

# Investor Relations

Supplementary information  
Second Quarter 2014





## **SpareBank 1 SMN**

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### **Information on the Internet**

SpareBank 1 SMN's home page

[www.smn.no](http://www.smn.no)

Hugin-Online

[www.huginonline.no](http://www.huginonline.no)

ECC information in general

[www.egenkapitalbevis.no](http://www.egenkapitalbevis.no)

### **Financial Calendar 2014**

2<sup>nd</sup> quarter 2014

13 August

2014

3<sup>rd</sup> quarter 2014

30 October

2014

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## 1. SpareBank 1 SMN overview

### 1.1. Financial highlights

#### First half 2014

(Consolidated figures. Figures in parentheses refer to the same period of 2013 unless otherwise stated).

- Profit before tax and inv. held for sale: NOK 1,165m (782m)
- Net profit: NOK 963m (606m)
- Return on equity: 16.8 per cent (11.9 per cent)
- 12-month growth in lending: 5.1 per cent (8.4 per cent)
- 12-month growth in deposits: 7.4 per cent (7.3 per cent)
- Loan losses: NOK 32m (38m)
- Common equity tier 1 ratio: 11.4 per cent (10.3 per cent)
- Earnings per EC: NOK 4.77 (2.99)

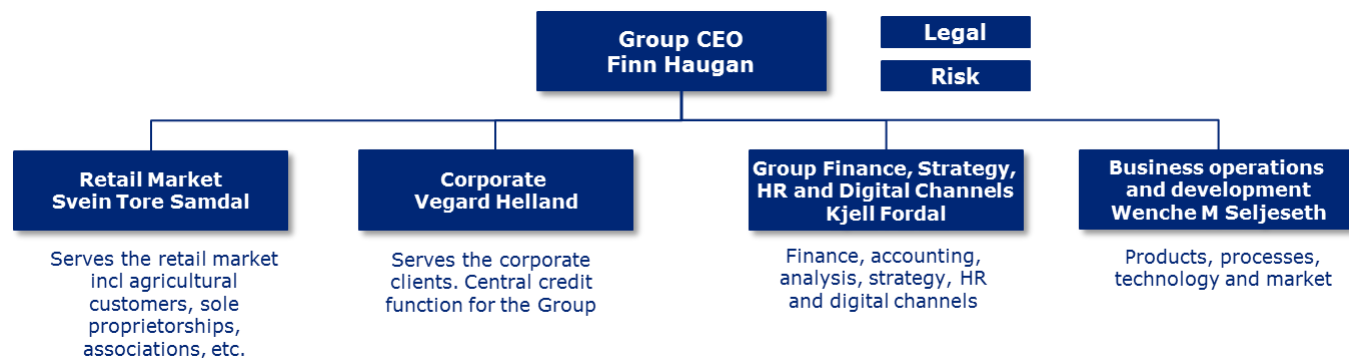
#### Second quarter 2014

- Profit before tax and inv. held for sale: NOK 568m (391m)
- Net profit: NOK 464m (285m)
- Return on equity: 16.0 per cent (11.1 per cent)
- Loan losses: NOK 15m (21m)
- Earnings per EC: NOK 2.29 (1.43)

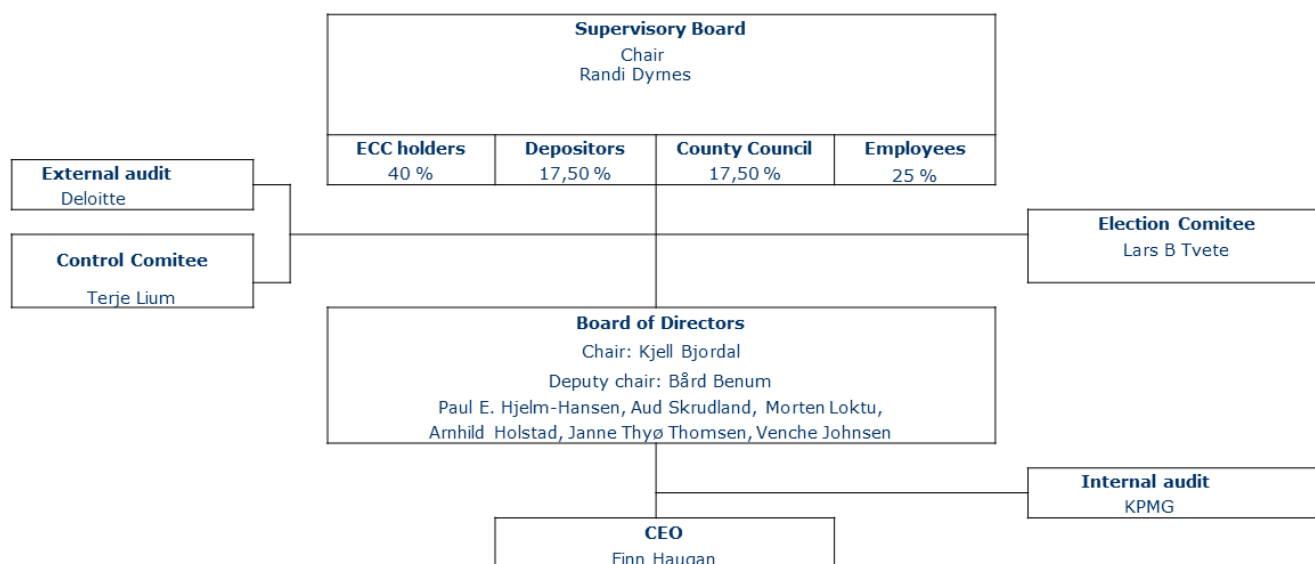
## 1.2. Business description

SpareBank 1 SMN is Mid-Norway's largest bank with assets totalling NOK 118.8 billion at the end of June 2014. Head office is in Trondheim and the Group employs 1,167 FTEs.

SpareBank 1 SMN is organized in four business areas:



## Overall organization



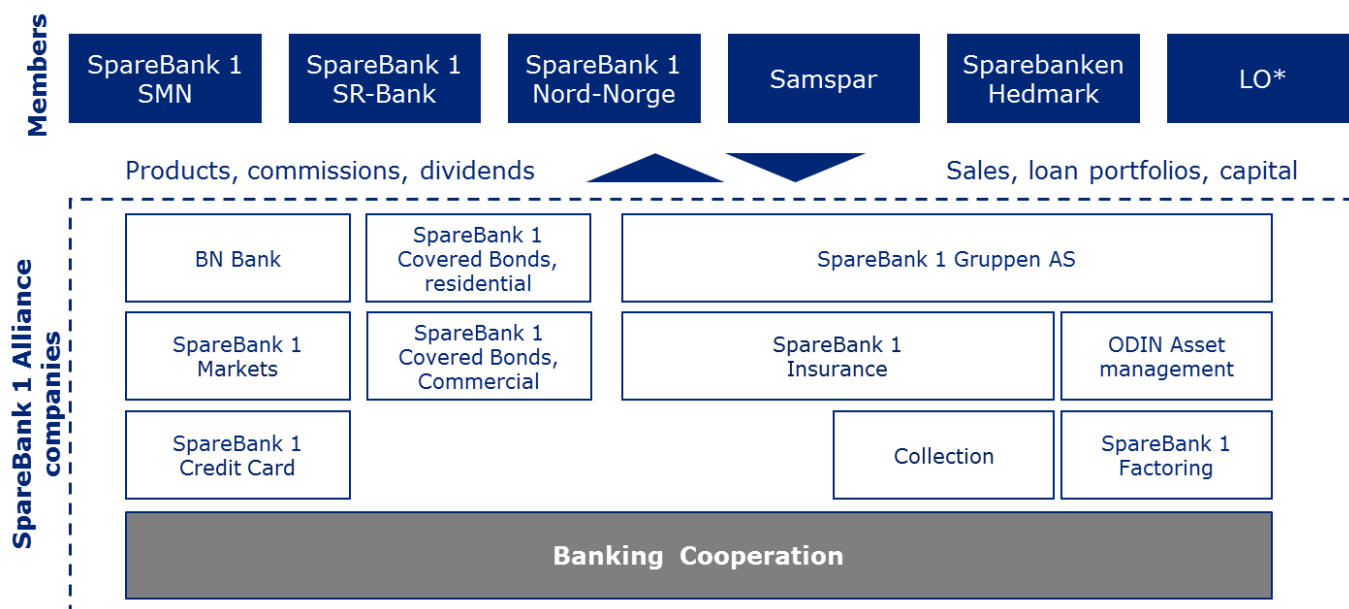
## SpareBank 1 SMN: Subsidiaries



## SpareBank 1 Group

The SpareBank 1 banks operate an alliance and develop product companies through the jointly owned holding company SpareBank 1 Gruppen. The paramount objective of the SpareBank 1 Alliance is to assure the individual bank's independence and regional identity through strong competitiveness, profitability and financial soundness. The Alliance is among the largest providers of financial services in Norway and a full-fledged alternative to traditional financial groups.

## SpareBank 1 Alliance Structure



\*) LO: The Norwegian Confederation of Trade Unions



### 1.3. Credit ratings

<i>Moody's</i>	<b>Todays rating</b>	<b>2013</b>	<b>2012</b>	<b>Year end</b>		
				<b>2011</b>	<b>2010</b>	<b>2009</b>
			Rating(s) under			
Outlook	Negative	Stable	review	Stable	Stable	Negative
Issuer Rating	A2	A2	A2	A1	A1	A1
Bank Deposits	A2/P-1	A2/P-1	A2/P-1	A1/P-1	A1/P-1	A1/P-1
Bank Financial Strenght	C-	C-	C-	C-	C-	C-
Senior Unsecured	A2	A2	A2	A1	A1	A1
Subordinate	Baa2	Baa3	Baa3	A2	A2	A2

<i>Fitch</i>	<b>Todays rating</b>	<b>2013</b>	<b>2012</b>	<b>Year end</b>		
				<b>2011</b>	<b>2010</b>	<b>2009</b>
Outlook	Stable	Stable	Stable	Stable	Negative	Negative
Long-term IDR	A-	A-	A-	A-	A	A
Short-term IDR	F2	F2	F2	F2	F1	F1
Support rating	3	3	3	3	3	3
Individual rating	B/C	B/C	B/C	B/C	B/C	B/C

## 1.4. Equity capital certificate (MING)

The key figures are corrected for issues.

30 June 2014 the price of the Bank's ECC was NOK 54.25 (NOK 46.50). Earnings per ECC were NOK 4.77 (NOK 2.99). Book value per ECC was NOK 58.32 (NOK 51.66) as of end second quarter 2014.

### Key figures

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014 2013		2013	2012
ECC price	54.25	53.75	55.00	45.70	46.50	54.25	46.50	55.00	34.80
Number of certificates issued, millions	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83
Booked equity capital per ECC (incl. dividend)	58.32	56.39	55.69	53.76	51.66	58.32	51.66	55.69	50.09
Adjusted profit per ECC	2.29	2.48	1.79	2.18	1.43	4.77	2.99	6.92	5.21
P/E per ECC	5.91	5.42	7.68	5.23	8.13	5.68	7.79	7.95	6.68
P/B equity capital	0.93	0.95	0.99	0.85	0.90	0.93	0.90	0.99	0.69

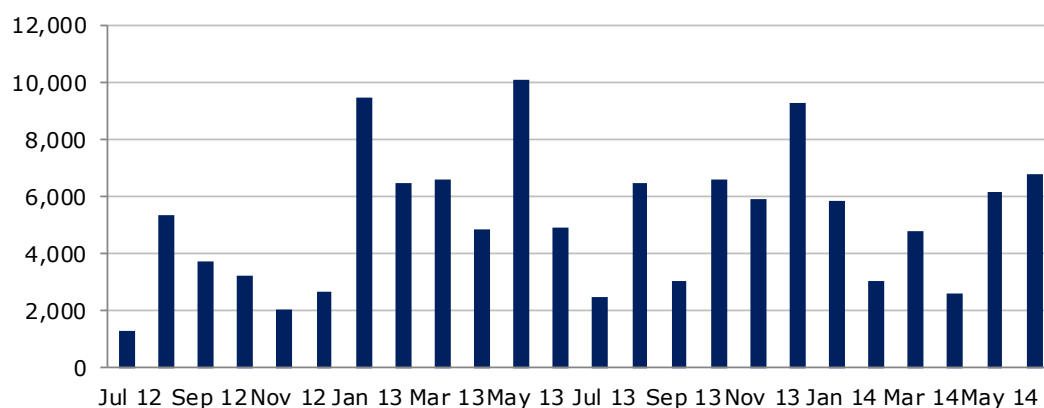
### Stock price compared with OSEBX and OSEEX 1 Jul 2012 to 30 Jun 2014



OSEBX = Oslo Stock Exchange Benchmark Index (rebased)  
OSEEX = Oslo Stock Exchange ECC Index (rebased)

### Trading statistics<sup>1)</sup>

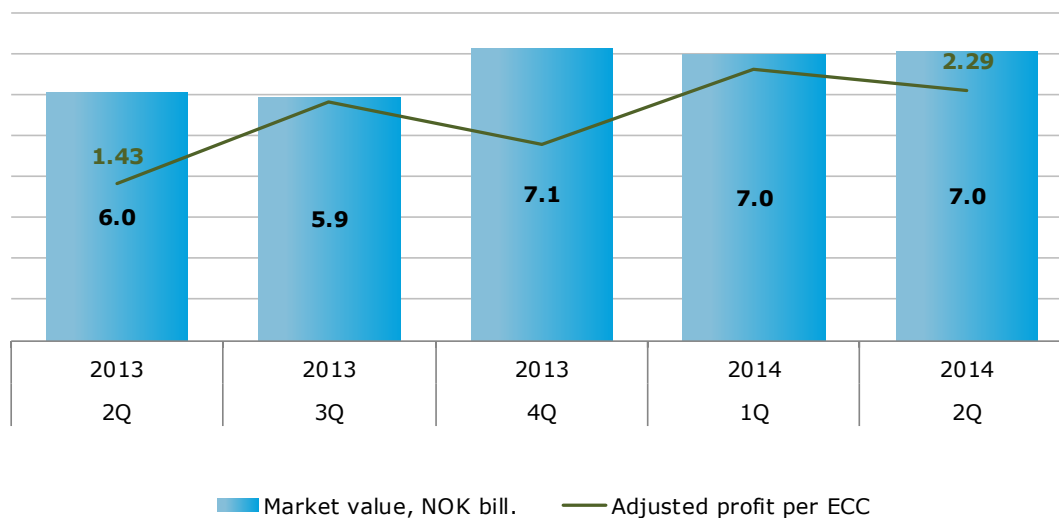
1 Jul 2012 to 30 Jun 2014



1) Total number of ECCs traded (1,000)



### Market value and profit per ECC



### Equity certificates ratio (parent bank)

(in NOK million)	30 Jun. 2014	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Dec. 2012
ECC capital	2,597	2,597	2,597	2,597	2,597	2,597
Dividend equalisation reserve	2,496	2,496	2,496	1,889	1,889	1,889
Premium reserve	895	895	895	895	895	895
Unrealised gains reserve	126	126	126	69	69	69
<b>A. The equity certificate owner's capital</b>	<b>6,114</b>	<b>6,114</b>	<b>6,114</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>
Saving bank reserve	3,276	3,276	3,276	2,944	2,944	2,944
Unrealised gains reserve	69	69	69	38	38	38
<b>B. The saving bank reserve</b>	<b>3,345</b>	<b>3,345</b>	<b>3,345</b>	<b>2,982</b>	<b>2,982</b>	<b>2,982</b>
Provision for gifts	-	-	124	-	-	-
Recommended dividends	-	-	227	-	-	-
<b>Equity ex. profit</b>	<b>9,459</b>	<b>9,459</b>	<b>9,811</b>	<b>8,431</b>	<b>8,431</b>	<b>8,431</b>
Equity certificates ratio A/(A+B)	64.64 %	64.64 %	64.64 %	64.64 %	64.64 %	64.64 %

## 20 largest ECC holders

Owner	Number	Ownership in %
Verdipapirfond Odin Norge	4,042,430	3.11 %
Sparebankstiftelsen SpareBank 1 SMN	3,965,391	3.05 %
Verdipapirfondet DNB Norge (IV)	3,576,856	2.75 %
Verdipapirfond Pareto Aksje Norge	3,462,308	2.67 %
Verdipapirfondet Nordea Norge Verdi	2,899,724	2.23 %
Verdipapirfond Odin Norden	2,854,979	2.20 %
State Street Bank and Trust CO (nominee)	2,757,847	2.12 %
Vind LV AS	2,736,435	2.11 %
Wimoh Invest AS	2,359,388	1.82 %
MP Pensjon PK	2,058,415	1.59 %
Verdipapirfondet Danske Invest Norske Aksjer	1,913,767	1.47 %
The Bank of New York Mellon (nominee)	1,887,323	1.45 %
Verdipapirfondet Fondsfinans Spar	1,500,000	1.16 %
Forsvarets Personellservice	1,491,146	1.15 %
Verdipapirfond Pareto Aktiv	1,413,900	1.09 %
DNB Livsforsikring ASA	1,314,507	1.01 %
Verdipapirfondet Nordea Kapital	1,161,289	0.89 %
Verdipapirfondet Danske Invest Norske Aksjer	1,124,723	0.87 %
Aksjefondet Handelsbanken Norge	1,100,000	0.85 %
The Bank of New York Mellon (nominee)	1,077,331	0.83 %
<b>Total 20 largest shareholders</b>	<b>44,697,759</b>	<b>34.43 %</b>
Others	85,138,684	65.57 %
<b>Total</b>	<b>129,836,443</b>	<b>100.00 %</b>

## ECC capital history

Year	Change	Change in ECC capital	Total ECC capital	No. of ECC's
1991	Placing	525	525	5,250,000
1992	Placing	75	600	6,000,000
2000	Employee placing	5	605	6,053,099
2001	Employee placing	5	610	6,099,432
2002	Employee placing	5	614	6,148,060
2004	Bonus Issue	154	768	7,685,075
2005	Placing	217	986	9,859,317
2005	Employee placing	24	1,009	10,097,817
2005	Split	-	1,009	40,391,268
2005	Bonus Issue	253	1,262	50,489,085
2007	Dividend Issue	82	1,344	53,752,203
2007	Employee placing	5	1,349	53,976,003
2008	Dividend Issue	91	1,440	57,603,748
2008	Employee placing	6	1,447	57,861,806
2009	Bonus Issue	289	1,736	69,434,167
2010	Placing	624	2,360	94,397,474
2010	Employee placing	13	2,373	94,905,286
2011	Issue	1	2,373	94,930,286
2012	Placing	95	2,468	123,407,456
2012	Employee placing	16	2,484	124,218,466
2012	Private placement	112	2,597	129,836,443

## 2. Financial results

### Accounting principles

SpareBank 1 SMN prepares and presents its quarterly accounts in compliance with the Stock Exchange Regulations, Stock Exchange Rules and International Financial Reporting Standards (IFRS), including IAS 34, Interim Financial Reporting. As from 2007 the company accounts are also prepared and presented under IFRS. This entails that investments in associates and subsidiaries are recognised using the cost method. For this reason results recorded by associates and subsidiaries are not included in the parent bank's accounts. Further, the Group has in this quarterly report mainly used the same accounting principles and calculation methods as in the latest annual report and accounts [Exceptions, see Note 1 – Accounting Principles in the Quarterly Report]. The quarterly accounts do not include all the information required in a complete set of annual financial statements and should be read in conjunction with the annual accounts for 2013.

### 2.1. Main figures

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013	2012
Net interest	430	412	436	434	403	843	746	1,616	1,477
Commission income and other income	394	385	382	367	396	780	713	1,463	1,139
Net return on financial investments	201	257	156	135	49	459	211	502	451
<b>Total income</b>	<b>1,026</b>	<b>1,055</b>	<b>974</b>	<b>937</b>	<b>849</b>	<b>2,081</b>	<b>1,670</b>	<b>3,580</b>	<b>3,067</b>
<b>Total operating expenses</b>	<b>443</b>	<b>441</b>	<b>465</b>	<b>406</b>	<b>436</b>	<b>884</b>	<b>850</b>	<b>1,722</b>	<b>1,654</b>
<b>Result before losses</b>	<b>583</b>	<b>614</b>	<b>508</b>	<b>530</b>	<b>413</b>	<b>1,197</b>	<b>820</b>	<b>1,859</b>	<b>1,414</b>
Loss on loans, guarantees etc.	15	17	32	30	21	32	38	101	58
<b>Result before tax</b>	<b>568</b>	<b>597</b>	<b>476</b>	<b>501</b>	<b>391</b>	<b>1,165</b>	<b>782</b>	<b>1,758</b>	<b>1,355</b>
Tax charge	103	99	110	98	102	202	179	388	295
Results investments held for sale, after tax	-1	1	-4	31	-4	0	3	30	16
<b>Net profit</b>	<b>464</b>	<b>500</b>	<b>361</b>	<b>433</b>	<b>285</b>	<b>963</b>	<b>606</b>	<b>1,400</b>	<b>1,077</b>

### Balance sheet - condensed

Balance (in NOK million)	30 Jun. 2014	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Dec. 2012
Total assets	118,758	111,609	115,360	111,977	113,190	107,919
Average total assets (quarterly)	115,184	113,485	113,668	112,583	111,979	105,372
Gross loans to customers *	114,561	111,560	112,038	110,237	108,968	104,909
Deposits from customers	59,408	54,736	56,074	53,423	55,294	52,252
Total equity capital	11,780	11,389	11,242	10,863	10,439	10,082

\* Loans to customers includes SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

### Key figures

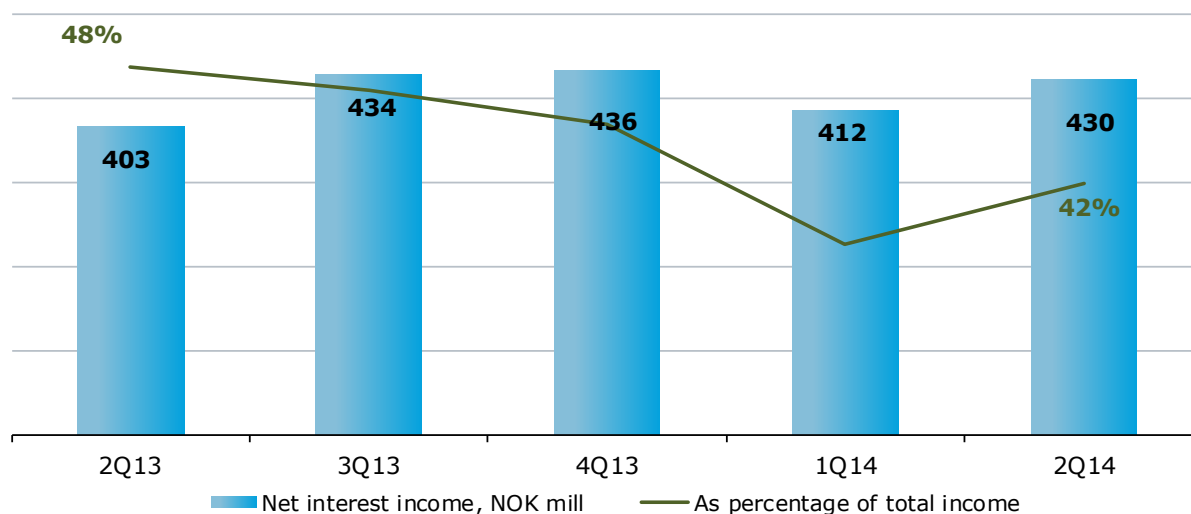
	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013	2012
Return on equity	16.0 %	17.7 %	13.1 %	16.3 %	11.1 %	16.8 %	11.9 %	13.3 %	11.7 %
Common Equity Tier 1 ratio	11.4 %	11.1 %	11.1 %	10.7 %	10.3 %	11.4 %	10.3 %	11.1 %	10.0 %
Cost/income ratio group	43 %	42 %	48 %	43 %	51 %	42 %	51 %	48 %	54 %
Growth in loans incl Boligkreditt and Næringskreditt last 12 months	5.1 %	4.4 %	6.8 %	6.7 %	8.4 %	5.1 %	8.4 %	6.8 %	10.2 %
Growth in deposits last 12 months	7.4 %	4.1 %	7.3 %	5.1 %	7.3 %	7.4 %	7.3 %	7.3 %	9.2 %
Deposits-to-loan ratio	70 %	69 %	70 %	67 %	70 %	70 %	70 %	70 %	70 %
Impairment losses ratio	0.05 %	0.06 %	0.12 %	0.11 %	0.08 %	0.06 %	0.07 %	0.09 %	0.06 %
Non-performing commitm. as % of gross loans	0.29 %	0.24 %	0.34 %	0.35 %	0.38 %	0.29 %	0.38 %	0.34 %	0.36 %
ECC price	54.25	53.75	55.00	45.70	46.50	54.25	46.50	55.00	34.80
Booked equity capital per ECC (incl. dividend)	58.32	56.39	55.69	53.76	51.66	58.32	51.66	55.69	50.09
Adjusted profit per ECC	2.29	2.48	1.79	2.18	1.43	4.77	2.99	6.92	5.21

## 2.2. Net interest income <sup>\*)</sup>

### Net interest income

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014 2013		2013	2012
Interest income	1,055	1,027	1,059	1,068	1,036	2,082	1,990	4,118	3,928
Interest expenses	625	615	624	634	633	1,239	1,244	2,502	2,451
<b>Net interest income</b>	<b>430</b>	<b>412</b>	<b>436</b>	<b>434</b>	<b>403</b>	<b>843</b>	<b>746</b>	<b>1,616</b>	<b>1,477</b>
<b>As percentage of total income</b>	<b>42 %</b>	<b>39 %</b>	<b>45 %</b>	<b>46 %</b>	<b>48 %</b>	<b>40 %</b>	<b>45 %</b>	<b>45 %</b>	<b>48 %</b>

### Development in net interest income



### Changes in interest income from lending and deposits, last 12 months

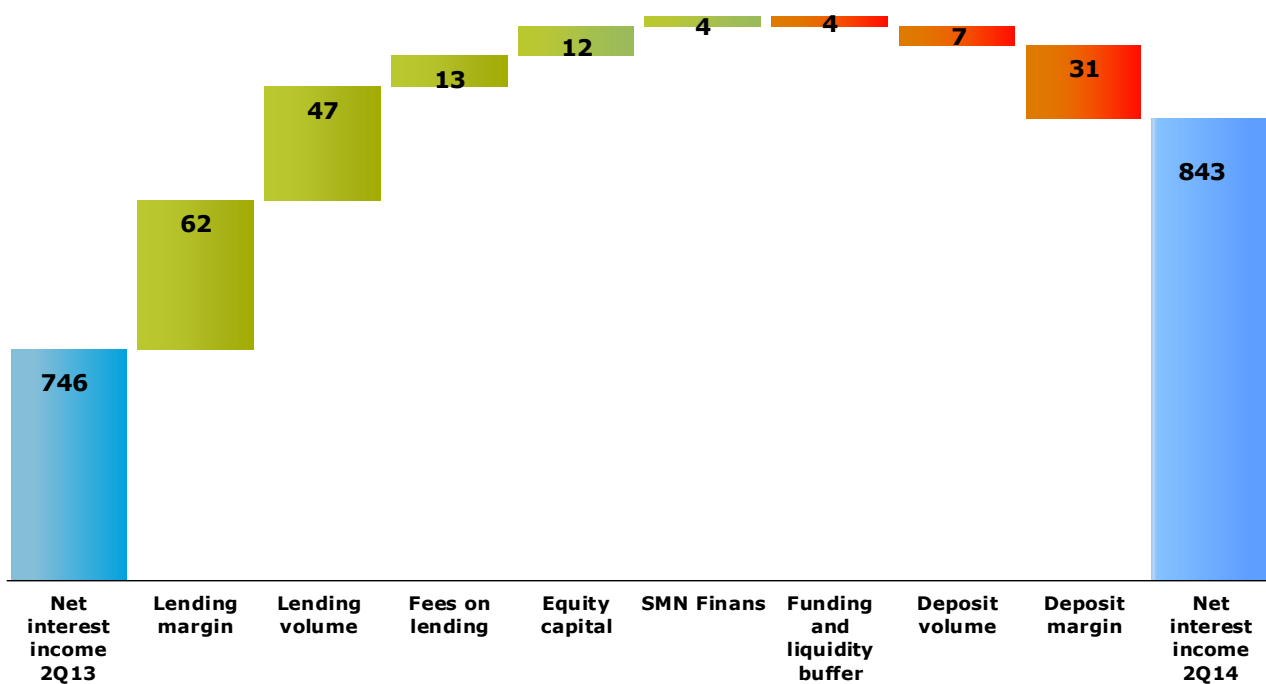
(in NOK million)	Volume	Margin	Total
Lending	47	62	109
Deposits	-7	-31	-38
<b>Total</b>	<b>40</b>	<b>31</b>	<b>71</b>

<sup>\*)</sup> Margins on loans sold to Sparebank 1 Boligkreditt and Sparebank 1 Næringskreditt are recorded as commission income. See 2.3. Commission Income

### Changes in net interest income

(in NOK million)

	2014	30 Jun. Change	2013
<b>Net interest income</b>	<b>843</b>	<b>96</b>	<b>746</b>
Equity capital		12	
Lending volume		47	
Fees on lending		13	
Deposit margin		-31	
SMN Finans		4	
Deposit volume		-7	
Lending margin		62	
Funding and liquidity buffer		-4	
<b>Change</b>		<b>96</b>	



## Margin development

Definition margin: Average customer interest minus 3 months average nibor

**2.65**                      **2.75**                      **2.75**                      **2.77**                      **2.63**

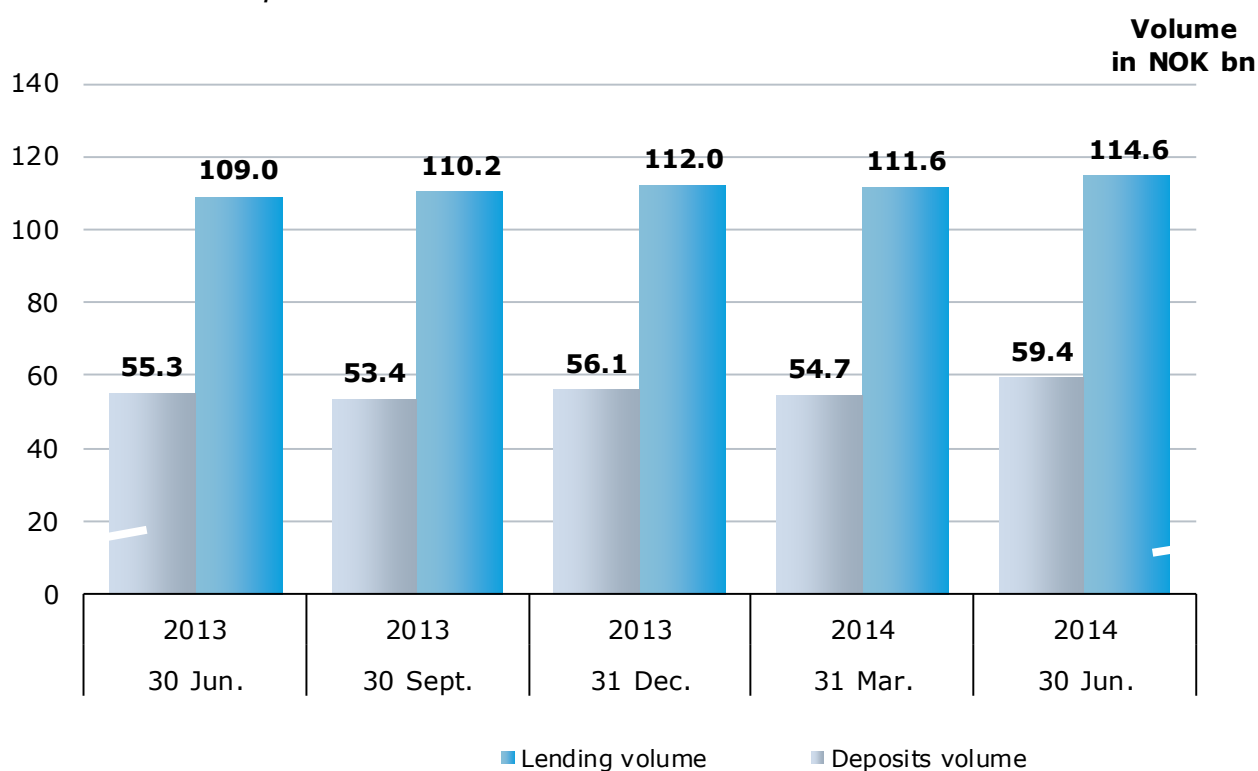
**-0.50**                      **-0.53**                      **-0.56**                      **-0.59**                      **-0.55**

2013 30 Jun.	2013 30 Sept.	2013 31 Dec.	2014 31 Mar.	2014 30 Jun.
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— Lending margin

— Deposits margin

## Volume development



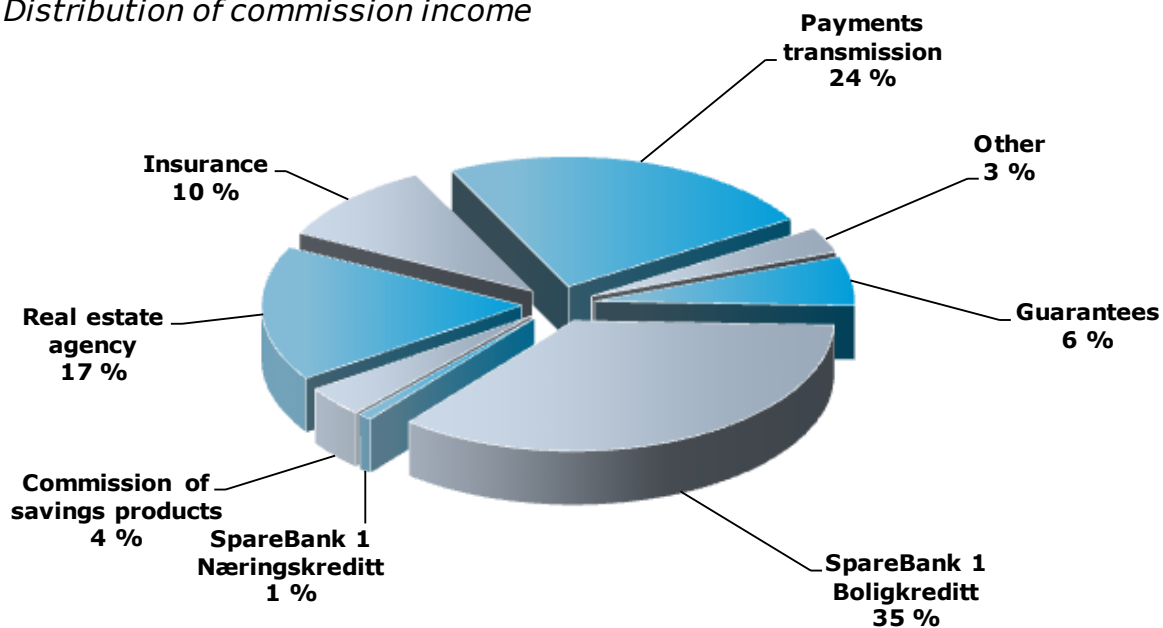


## 2.3. Commission income

### Total commission and other income

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014 2013		2013	2012
Guarantees	22	18	18	15	20	39	33	67	37
SpareBank 1 Boligkreditt	107	120	117	112	102	227	185	414	201
SpareBank 1 Næringskreditt	3	3	3	2	2	5	3	8	4
Commission of savings products	11	14	15	16	14	25	26	57	49
Real estate agency	60	49	46	55	71	108	122	224	239
Insurance	34	31	32	32	31	66	60	124	122
Payments transmission	79	73	83	81	71	152	135	300	282
Other	10	10	9	11	12	20	18	37	31
<b>Total commissions income</b>	<b>326</b>	<b>318</b>	<b>323</b>	<b>324</b>	<b>323</b>	<b>644</b>	<b>583</b>	<b>1,230</b>	<b>966</b>
Operating- and sales income real estate	22	20	17	24	27	43	48	88	91
Accounting services	54	45	26	23	40	99	73	122	99
Other operating income	19	28	41	25	27	47	51	118	79
<b>Total other operating income</b>	<b>96</b>	<b>93</b>	<b>84</b>	<b>71</b>	<b>95</b>	<b>189</b>	<b>171</b>	<b>327</b>	<b>269</b>
Commission expenses	28	25	25	28	21	53	41	94	96
<b>Total commissions and other income</b>	<b>394</b>	<b>385</b>	<b>382</b>	<b>367</b>	<b>396</b>	<b>780</b>	<b>713</b>	<b>1,463</b>	<b>1,139</b>
<b>As percentage of total income</b>	<b>38 %</b>	<b>37 %</b>	<b>39 %</b>	<b>39 %</b>	<b>47 %</b>	<b>37 %</b>	<b>43 %</b>	<b>41 %</b>	<b>37 %</b>

### Distribution of commission income



### Change in commission and other income

(in NOK million)	2013	30 Jun. Change	2012
<b>Total</b>	<b>780</b>	<b>67</b>	<b>713</b>
Real estate agency		-14	
Other operating income		-4	
Operating- and sales income real estate		-5	
Accounting services		27	
Insurance		6	
Commission of savings products		-1	
Commission expenses		-11	
Other		2	
Payments transmission		17	
Guarantees		6	
SpareBank 1 Boligkreditt		42	
SpareBank 1 Næringskreditt		2	

### Net return on financial investments, incl results from investments held for sale

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	30 Jun. 2013	2013	2012
Income from investment in related companies incl inv held for sale	<b>131</b>	<b>84</b>	<b>94</b>	<b>150</b>	<b>33</b>	<b>214</b>	<b>140</b>	<b>384</b>	<b>260</b>
of which SpareBank 1 Gruppen AS	105	46	56	74	18	150	79	210	94
BN Bank ASA	31	25	16	32	16	55	43	91	72
SpareBank 1 Boligkreditt AS	4	8	15	12	1	12	13	40	44
SpareBank 1 Næringskreditt AS	9	11	3	2	1	20	3	8	8
SpareBank 1 Markets	-14	-4	-3			-18		-3	
Other <sup>1)</sup>	-4	-2	6	30	-3	-6	2	39	42
Capital gains/dividends, shares and ECCs <sup>2)</sup>	<b>58</b>	<b>156</b>	<b>69</b>	<b>19</b>	<b>2</b>	<b>214</b>	<b>26</b>	<b>114</b>	<b>24</b>
of which dividends	14	46	0	11	30	60	31	41	12
capital gains on shares	41	110	65	7	-25	151	-11	64	13
capital gains on ECCs	3	0	4	1	-3	3	6	9	-1
Capital gains, bonds and derivatives	<b>-2</b>	<b>-1</b>	<b>-26</b>	<b>-19</b>	<b>-14</b>	<b>-3</b>	<b>5</b>	<b>-49</b>	<b>57</b>
Net gain on trading and derivatives Markets	<b>14</b>	<b>20</b>	<b>15</b>	<b>16</b>	<b>25</b>	<b>34</b>	<b>42</b>	<b>81</b>	<b>126</b>
<b>Net return on financial investments</b>	<b>201</b>	<b>259</b>	<b>151</b>	<b>166</b>	<b>45</b>	<b>459</b>	<b>214</b>	<b>531</b>	<b>467</b>
<b>As percentage of total income</b>	<b>20 %</b>	<b>24 %</b>	<b>16 %</b>	<b>17 %</b>	<b>5 %</b>	<b>22 %</b>	<b>13 %</b>	<b>15 %</b>	<b>15 %</b>

1) These companies were essentially established to handle corporate exposures taken over from other entities.

2) Including net gain/losses from SpareBank 1 SMN Invest AS, which manages parts of the Bank's share portfolio

### Change in net return on financial investments

(in NOK million)	2014	30 Jun. Change	2013
<b>Total</b>	<b>459</b>	<b>245</b>	<b>214</b>
Capital gains from bonds and derivatives		-8	
Capital gain, SMN Markets		-8	
Capital gains/dividends on shares and ECC's		188	
Income from investment in related companies, incl inv held for sale		74	

## 2.4. Operating expenses

### Operating expenses

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	30 Jun. 2013	2013	2012
Salary	196	197	182	175	189	393	379	737	733
Pension costs (defined benefit plan)	12	15	3	14	14	27	27	45	54
Employer's insurance contributions	5	7	0	4	6	12	10	14	11
Other personnel expenses	32	36	36	31	29	68	61	128	143
<b>Total personnel expenses</b>	<b>245</b>	<b>254</b>	<b>222</b>	<b>224</b>	<b>237</b>	<b>500</b>	<b>477</b>	<b>923</b>	<b>942</b>
EDP and telecommunication expenses	58	61	57	46	53	119	103	206	187
Postage and transportation services	6	7	8	7	7	13	14	29	28
Marketing	28	12	20	12	15	40	26	58	49
Operating exp. on properties and premises	23	22	45	24	25	45	49	118	101
Other external services	19	12	25	15	19	31	31	70	66
Other operating expenses	34	48	56	48	52	82	94	199	181
Depr./write-downs of fixed & intangible assets	29	26	33	28	28	55	57	118	102
<b>Other expenses</b>	<b>198</b>	<b>187</b>	<b>243</b>	<b>182</b>	<b>199</b>	<b>385</b>	<b>373</b>	<b>799</b>	<b>712</b>
<b>Total operating expenses</b>	<b>443</b>	<b>441</b>	<b>465</b>	<b>406</b>	<b>436</b>	<b>884</b>	<b>850</b>	<b>1,722</b>	<b>1,654</b>

Cost/income ratio	0.43	0.42	0.48	0.43	0.51	0.42	0.51	0.48	0.54
Cost/income ratio ex financial inv.	0.54	0.55	0.57	0.51	0.54	0.55	0.58	0.56	0.63
12-month cost growth*	4.0 %	6.5 %	4.1 %	3.3 %	6.9 %	4.0 %	6.9 %	4.1 %	11.6 %

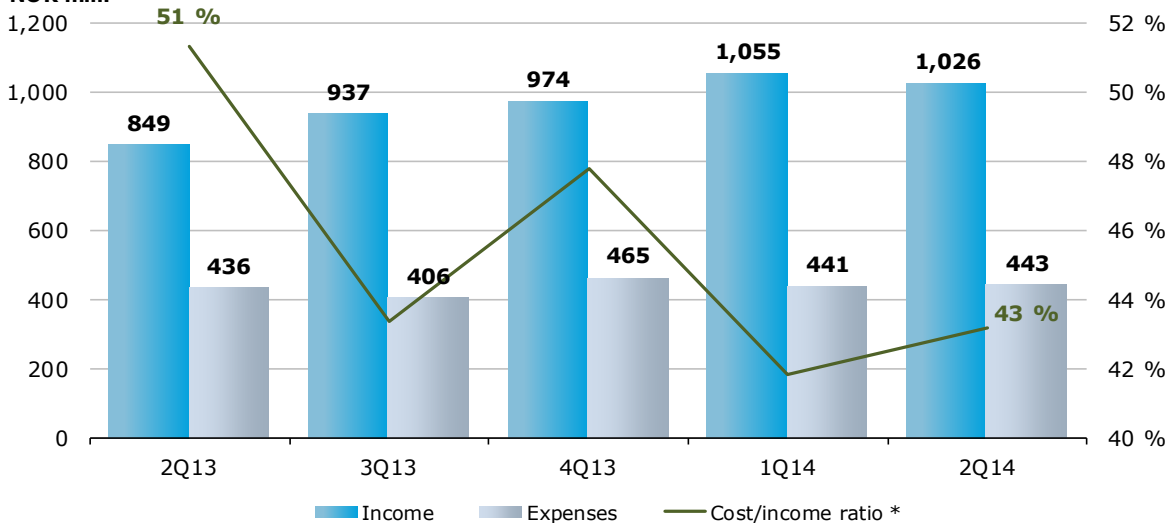
\* Year to date.

### Change in operating expenses

(in NOK million)	2014	30 Jun. Change	2013
<b>Total</b>	<b>884</b>	<b>34</b>	<b>850</b>
Total personnel expenses		22	
Depr./write-downs of fixed & intangible assets		- 2	
EDP and telecommunication expenses		16	
Other operating expenses		- 11	
Operating exp. on properties and premises		- 4	
Other external services		1	
Marketing		14	
Postage and transportation services		- 1	

### Cost/income ratio

NOK mill.



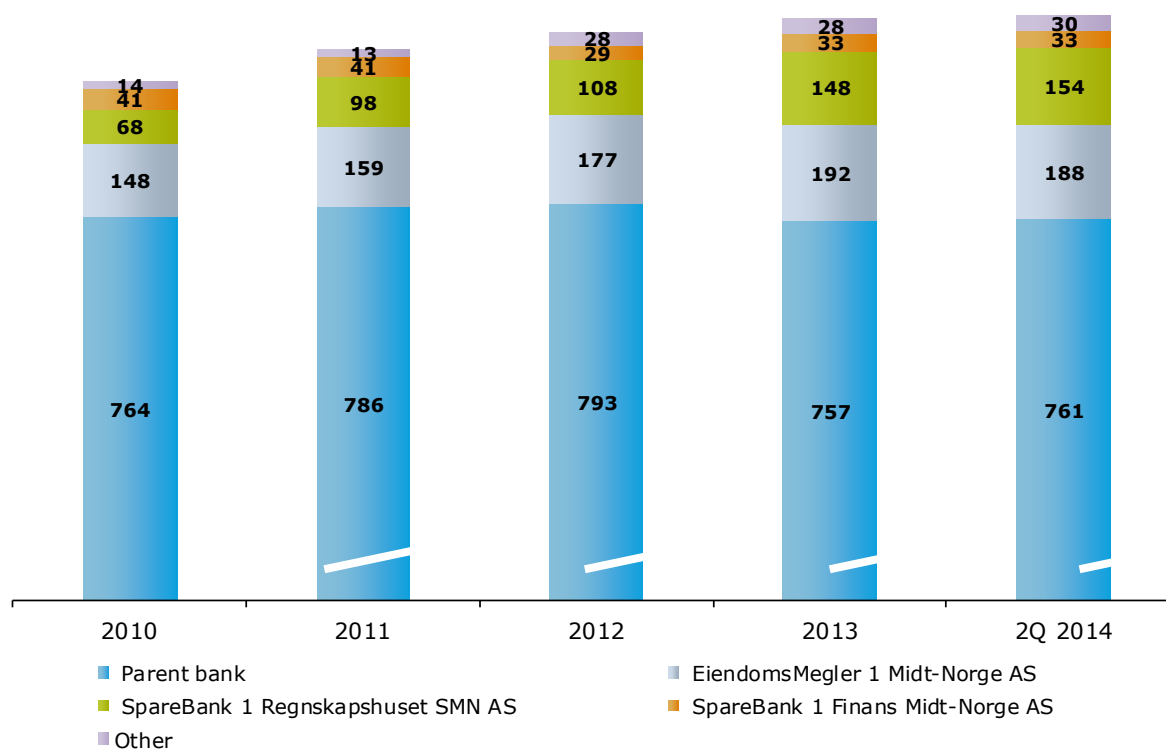
\* Total operating expenses as a percentage of total operating income

## Developement of employees

<i>Employees in employment</i>	<b>2Q 2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Retail market	385	422	374	392	378
Corporate market	123	104	199	187	172
SpareBank 1 SMN Markets	31	34	42	40	33
Business operations and development	162	138	120	112	128
Management and staff	60	59	59	55	53
<b>Parent bank</b>	<b>761</b>	<b>757</b>	<b>793</b>	<b>786</b>	<b>764</b>
EiendomsMegler 1 Midt-Norge AS	188	192	177	159	148
Allegro Finans AS	10	9	10	9	10
SpareBank 1 Finans Midt-Norge AS	33	33	29	41	41
SpareBank 1 Regnskapshuset SMN AS	154	148	108	98	68
SpareBank 1 Kvartalet and other	20	19	18	4	4
<b>Total</b>	<b>1,167</b>	<b>1,159</b>	<b>1,135</b>	<b>1,098</b>	<b>1,035</b>

The bank is reorganised as from 1 January 2013. Further adjustments are made in 2014. Figures for person-years worked in 2013 and 2014 are therefore not comparable with historical figures.

## Employees in employment



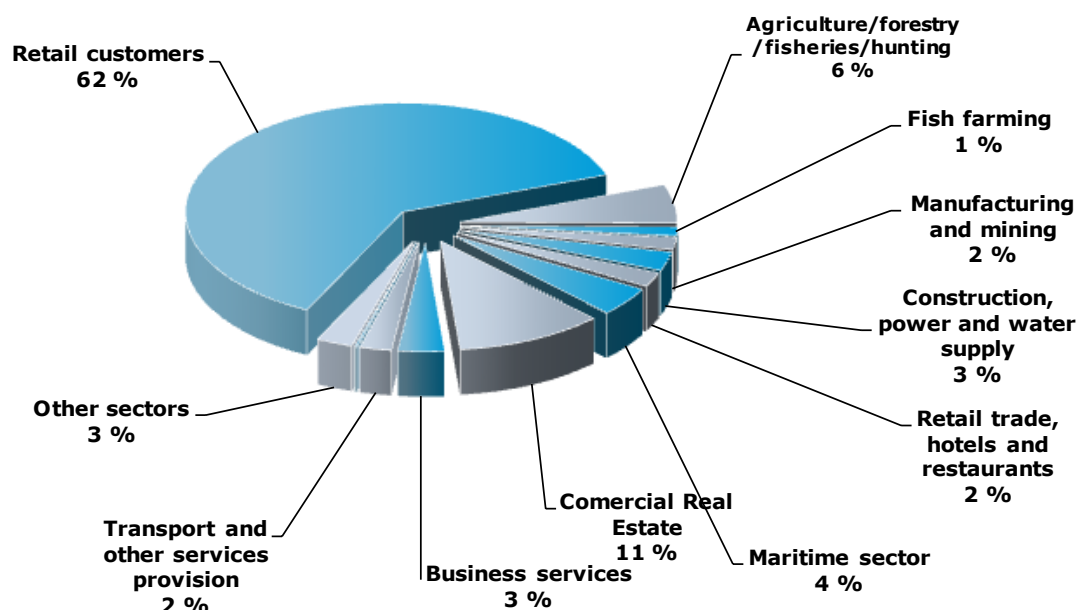
### 3. Loans to customers

#### 3.1. Distribution of loans by industry

##### *Distribution of loans by industry*

(in NOK million)	30 Jun. 2014	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Dec. 2012
Agriculture/forestry/fisheries/hunting	6,552	6,351	6,359	6,210	6,025	6,129
Fish farming	1,497	1,621	2,463	2,479	2,175	2,447
Manufacturing and mining	2,056	2,030	2,142	2,145	2,435	2,349
Construction, power and water supply	3,201	3,105	3,207	3,525	3,571	3,504
Retail trade, hotels and restaurants	2,473	2,375	2,442	2,464	2,694	2,804
Maritime sector	4,961	5,099	5,402	5,347	5,561	5,739
Comercial Real Estate	12,622	12,016	12,118	11,978	12,052	11,710
Business services	3,954	3,889	3,867	3,636	3,687	3,258
Transport and other services provision	2,701	2,685	2,706	2,899	2,737	2,364
Public administration	220	293	423	252	195	215
Other sectors	3,075	2,566	2,395	1,952	1,989	1,801
<b>Gross loans in corporate market</b>	<b>43,312</b>	<b>42,030</b>	<b>43,523</b>	<b>42,887</b>	<b>43,123</b>	<b>42,322</b>
<b>Retail customers</b>	<b>71,249</b>	<b>69,530</b>	<b>68,515</b>	<b>67,350</b>	<b>65,846</b>	<b>62,587</b>
<b>Gross loans incl. Boligkr. and Næringskr.</b>	<b>114,561</b>	<b>111,560</b>	<b>112,038</b>	<b>110,237</b>	<b>108,968</b>	<b>104,909</b>
- Adv. of this Boligkreditt	28,128	30,961	30,514	29,502	29,382	29,348
- Adv. of this Næringskreditt	1,227	1,233	1,221	892	611	618
<b>Gross loans in balance sheet</b>	<b>85,206</b>	<b>79,366</b>	<b>80,303</b>	<b>79,842</b>	<b>78,976</b>	<b>74,943</b>
<b>Share of loans, corporate market</b>	<b>38 %</b>	<b>38 %</b>	<b>39 %</b>	<b>39 %</b>	<b>40 %</b>	<b>40 %</b>
<b>Share of loans, retail market</b>	<b>62 %</b>	<b>62 %</b>	<b>61 %</b>	<b>61 %</b>	<b>60 %</b>	<b>60 %</b>

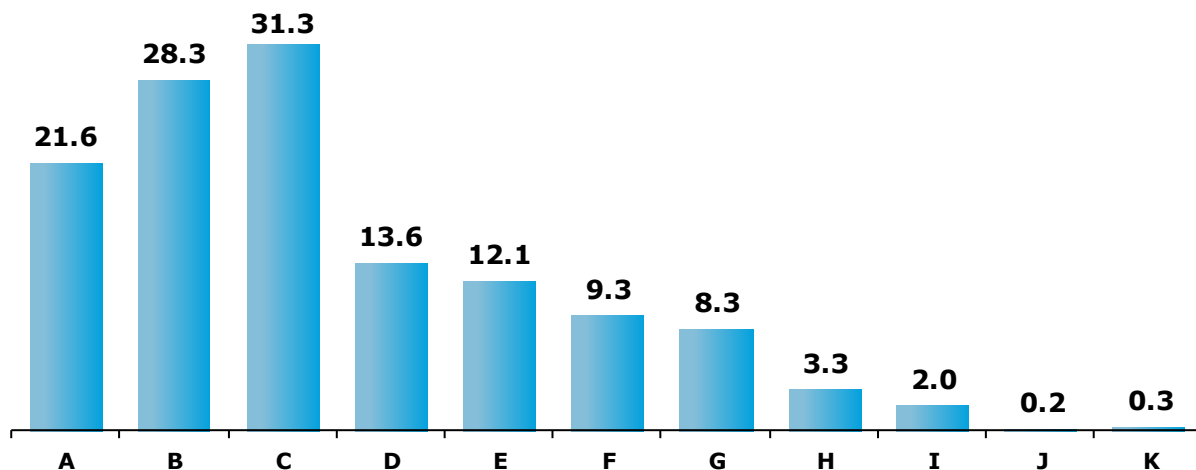
##### *Distribution of loans by industry*



### 3.2. Risk profile and write-downs

*Actual risk profil, Exposure At Default*

NOK billion



*Risk classification in SpareBank 1 SMN*

Risk class	PD* in percent		Corresponding ratingclass at Moody's
	Low	High	
A	0.01	0.10	AAA - A3
B	0.10	0.25	Baa1 - Baa2
C	0.25	0.50	Baa3
D	0.50	0.75	Ba1
E	0.75	1.25	Ba2
F	1.25	2.50	
G	2.50	5.00	Ba2 - B1
H	5.00	10.00	B1 - B2
I	10.00	99.99	B3 - caa3
J	Default		
K	Written down		

*Risk class A represents the lowest risk and class K the highest risk.*

\* Probability of default

*Write-downs on loans and guarantees*

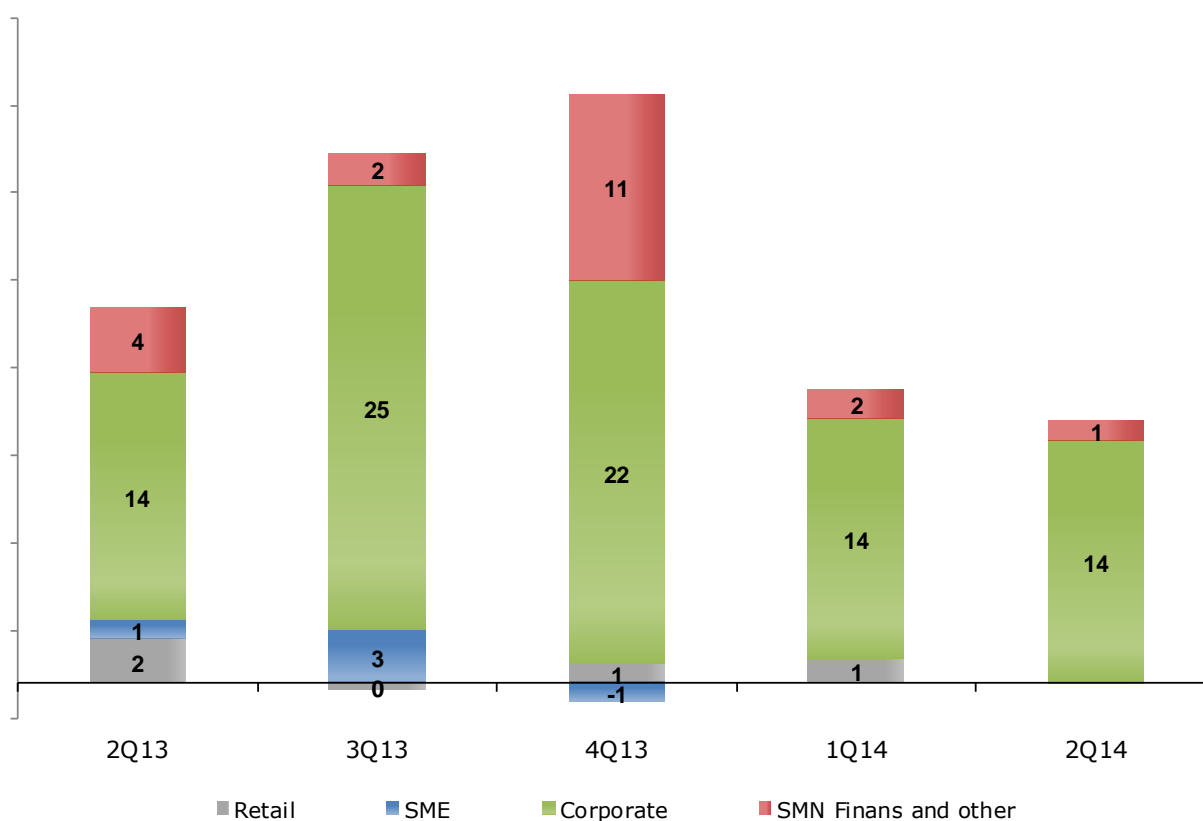
(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014 2013		2013	2012
Increase in and new individual write-downs	3	0	5	15	11	3	10	29	-28
Reassessments and recoveries	-12	-17	-28	-15	-10	-28	-29	-71	-81
Total individual write-downs	15	17	32	30	21	32	38	101	53
Change in group write-downs on loans	0	0	0	0	0	0	0	0	5
<b>Write-downs on loans and guarantees</b>	<b>15</b>	<b>17</b>	<b>32</b>	<b>30</b>	<b>21</b>	<b>32</b>	<b>38</b>	<b>101</b>	<b>58</b>
<b>As % of gross loans incl. Boligkredit</b>	0.05 %	0.06 %	0.12 %	0.11 %	0.08 %	0.06 %	0.07 %	0.09 %	0.06 %



### Loss on loans by segment

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014 2013		2013
Retail	0	1	1	0	2	1	6	6
SME *			-1	3	1		3	5
Corporate	14	14	22	25	14	28	24	71
SMN Finans and other	1	2	11	2	4	3	5	19
Collective write downs	0	0	0	0	0	0	0	0
Total loss on loans	15	17	32	30	21	32	38	101

\* As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively.



### Individual and collective write-downs

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013	2012
Individual write-downs to cover loss on loans, guarantees at start of period	173	173	168	153	143	173	144	144	172
Write downs of loans previously subject to individual write down	7	3	4	1	7	10	10	15	4
Reversal of previous years' write downs	-16	-2	-7	-4	-3	-18	-7	-18	-13
Increase in write downs of commitments not previously subject to individual write down	19	16	10	30	12	35	32	71	43
Confirmed losses in the period on loans, guarantees etc., prev. subject to ind. write down	-7	-16	-2	-12	-6	-23	-26	-40	-63
Individual write downs to cover loss	176	173	173	168	153	176	153	173	144
Collective write downs to cover loss on loans, guarantees at start of period	295	295	295	295	295	295	295	295	290
Period's collective write down to cover loss on loans, guarantees etc.	0	0	0	0	0	0	0	0	5
Collective write downs to cover loss on loans, guarantees	295	295	295	295	295	295	295	295	295

### Loans and guarantees by industry

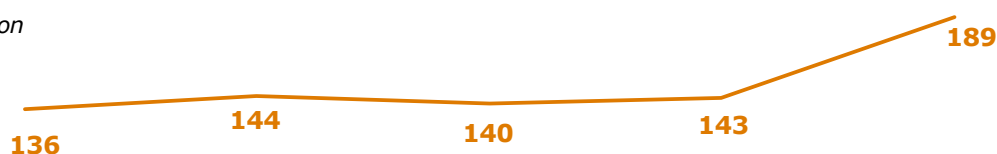
	Total	Very low risk	Low risk	Medium risk	High risk	Very high risk	Default and written down
Wage earners	76,480	60,199	10,425	3,950	804	858	244
Public administration	1,029	1,029	-	-	-	-	-
Agriculture and forestry	7,603	3,986	1,824	1,360	239	183	12
Sea farming industries	2,351	812	1,502	20	0	-	17
Manufacturing	2,741	716	665	1,211	121	7	20
Construction, power and water supply	4,979	1,179	1,168	2,175	208	169	79
Retail trade, hotels and restaurants	3,640	487	1,233	1,663	110	125	22
Maritime sector	535	64	284	89	98	1	-
Property management	13,784	4,784	4,067	3,664	945	250	75
Business services	5,458	1,396	1,433	2,111	133	358	28
Transport and other services provision	9,413	5,128	2,501	1,255	464	38	26
Finance	0	0	-	-	-	-	0
Other sectors	2,231	1,435	559	27	210	0	-
<b>2Q14</b>	130,244	81,214	25,660	17,525	3,335	1,988	523
<b>2013</b>	126,767	77,571	26,590	16,143	3,834	2,108	521
<b>2012</b>	120,010	71,896	24,459	17,174	4,374	1,629	479

### Write-down ratio

(in NOK million)	30 Jun. 2014	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Dec. 2012
Non-performing commitments (gross)	334	263	386	391	413	374
Impaired commitments (gross)	206	231	157	209	146	143
Gross non-performing and impaired commitments	540	494	543	600	559	517
Individual write-downs	176	173	173	168	153	145
Collective write-downs	295	295	295	295	295	295
Write-down ratio (%)	87.2 %	94.6 %	86.0 %	77.2 %	80.1 %	84.9 %

### Default in excess of 90 days

NOK million



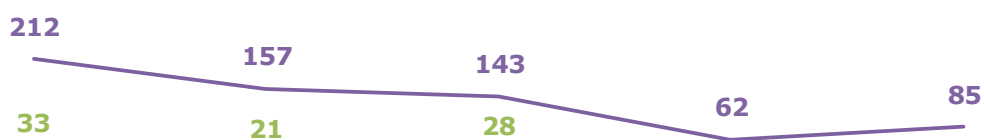
2013	2013	2013	2014	2014
2Q	3Q	4Q	1Q	2Q

— Retail\* > 90 d

\*As from 1 January 2014 the bank's SME portfolio is split up, and sole proprietorships, agricultural customers and associations etc are assigned to Retail Banking

### Default in excess of 90 days

NOK million



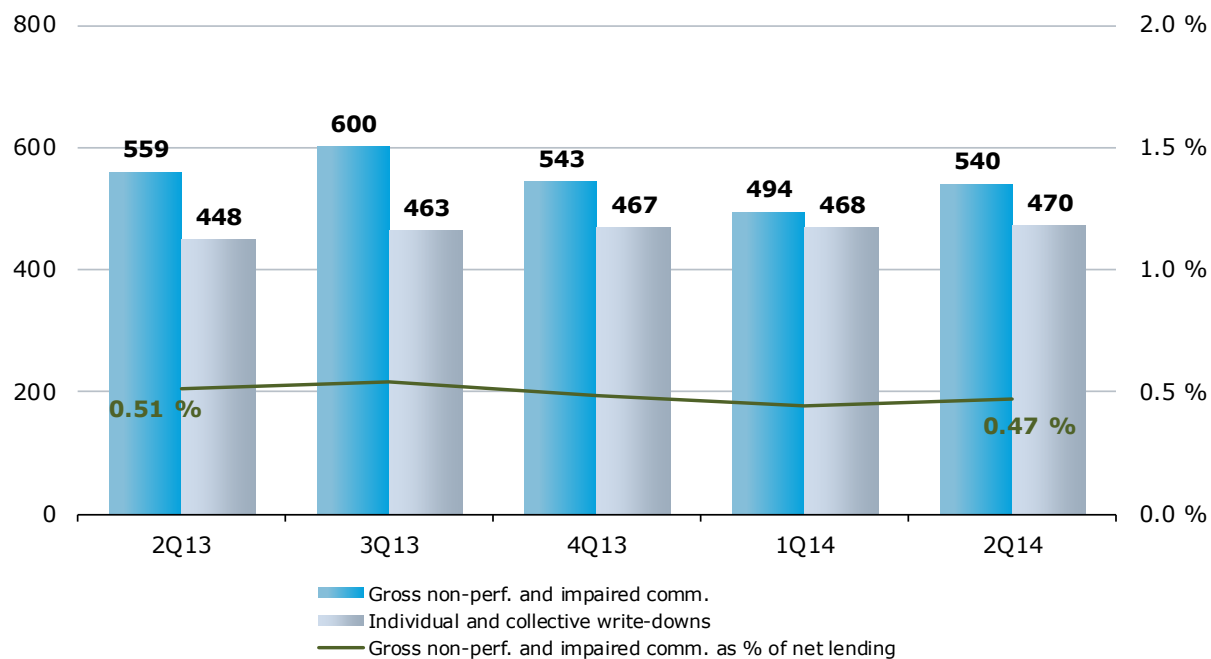
2013	2013	2013	2014	2014
2Q	3Q	4Q	1Q	2Q

— SME > 90 d — Corporates\* > 90 d

\* As from 1 January 2014 the bank's SME portfolio is split up and SME limited companies are assigned to Corporate Banking

## Net non-performing and impaired commitments

NOK million



## 4. Capital Adequacy

SpareBank 1 SMN has used IRB (Internal Rating Approach – Foundation) to calculate charges for credit risk since January 2007. Using IRB imposes wide-ranging requirements on the bank's organisation, competence, risk models and risk management systems. In June 2013 the bank applied for permission to switch to Advanced IRB for enterprise portfolios currently reported using the foundation approach. The effect of the risk weights under IRB is limited due to transitional rules set out in regulations issued by Finanstilsynet.

As from Q2 2013 the measurement method for operational risk was changed from the basic approach to the standardised approach at the parent bank. At the group level, subsidiaries are still measured using the basic approach.

As from 1 July 2013 new buffer requirements have been introduced; see the Financial Institutions Act section 2-9e. As of 30 June 2014 the capital conservation buffer requirement is 2.5 per cent and the systemic risk buffer requirement is 2 per cent. These requirements are in addition to the requirement that own funds should constitute at least 4.5 per cent common equity tier 1 (CET1) capital, bringing the overall minimum CET1 requirement to 9 per cent.

The systemic risk buffer requirement will increase by a further 1 percentage point, bringing the overall CET1 requirement as of 1 July 2014 to 10 per cent. As of 30 June 2015, a countercyclical buffer requirement of 1 percentage point will be applicable.

BN Bank received approval for the use of the advanced IRB approach for its corporate portfolio in April 2014. This brought a reduction of NOK 134m in the capital requirement on BN Bank over the course of the quarter, mainly due reduced risk weights in BN Bank's corporate portfolio.

Hybrid capital denotes bonds with a nominal interest rate, but the bank is not obliged to pay interest in a period where dividends are not paid, and neither is the investor subsequently entitled to interest that has not been paid, i.e. interest does not accumulate. Hybrid capital characterized by moderate repayment incentives is approved as an element of tier 1 capital up to limit of 15 per cent of aggregate tier 1 capital. If, on the other hand, hybrid capital has no fixed term to maturity and has no repayment incentives, it may be included as an element of core capital up to limit of 35 per cent of aggregate core capital.

Finanstilsynet (Norway's FSA) can require hybrid capital to be written down in proportion with equity capital should the bank's tier 1 capital adequacy fall below 5 per cent or total capital adequacy falls below 8 per cent. Written-down amounts on hybrid capital must be written up before dividends can be paid to shareholders or before equity capital is written up. Hybrid capital is recognised as other long-term debt at amortised cost.

In connection with change requirements regarding the conditions for hybrid capital, hybrid capital that does not satisfy the new requirements over time will not be eligible for inclusion in other core capital. Such hybrid capital will be reduced by 20 per cent in 2014 and 10 per cent thereafter. As of 30 June 2014, SpareBank 1 SMN held NOK 450m in hybrid capital which will be subject to reduction.

Subordinated debt ranks behind all other liabilities. Dated subordinated loans cannot constitute more than 50 per cent of tier 1 capital for capital adequacy purposes, while perpetual subordinated loans cannot constitute more than 100 per cent of tier 1 capital. Subordinated loans are classified as a liability in the balance sheet and are measured at amortised cost in the same way as other long-term loans.

## Capital Adequacy

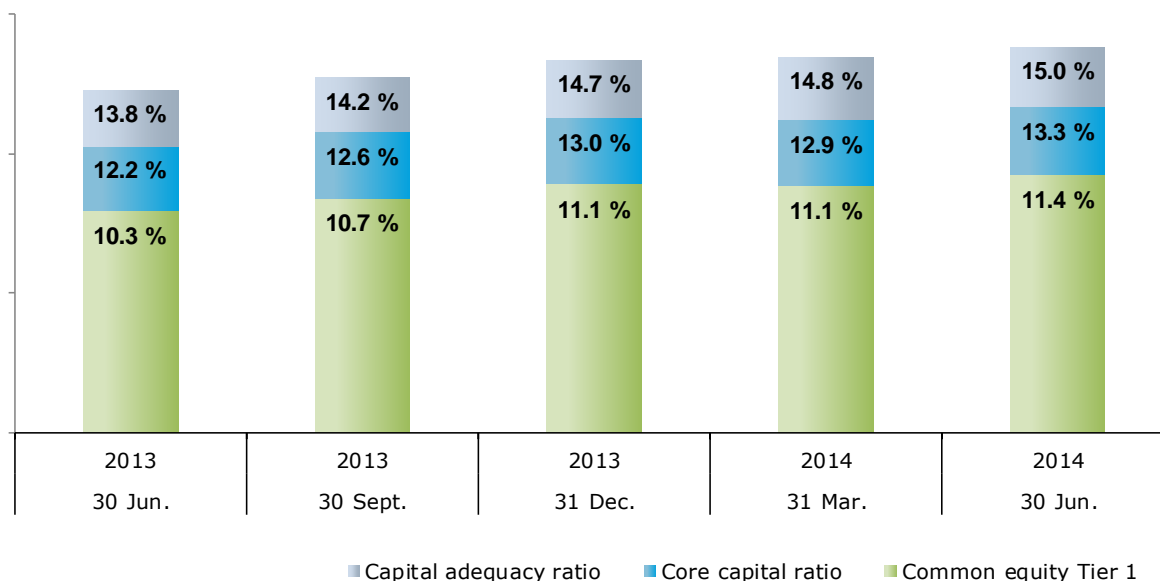
(in NOK million)	30 Jun. 2014	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Dec. 2012
Equity certificates capital	2,597	2,597	2,597	2,597	2,597	2,597
- Own equity certificates capital	0	0	0	0	0	0
Premium reserve	895	895	895	895	895	895
Equalisation reserve	2,496	2,496	2,496	1,889	1,889	1,889
Savings bank's reserve	3,276	3,276	3,276	2,944	2,944	2,944
Recommended dividends	0	0	227	0	0	195
Provision for gifts	0	0	124	0	0	30
Reserve for unrealised gains	206	206	206	123	123	123
Other equity and minority interest	1,347	1,419	1,421	1,377	1,386	1,370
Net profit	963	500	0	1,038	606	0
<b>Total book equity</b>	<b>11,780</b>	<b>11,389</b>	<b>11,242</b>	<b>10,863</b>	<b>10,439</b>	<b>10,042</b>
Deferred tax, goodwill and other intangible assets	-620	-613	-582	-589	-531	-674
Share of reserve for unrealised gains in associates	98	98	98	57	57	57
Deduction for allocated dividends	0	-4	-361	0	0	-238
50 % deduction for subordinated capital in other financial institutio	-101	-120	-106	-90	-93	-2
50 % deduction for expected losses on IRB, net of write-downs	-246	-259	-214	-210	-219	-179
50 % capital adequacy reserve	-685	-623	-595	-554	-500	-703
Share of non-performing, non-amortized estimate deviations	-21	-78	-107	-107	-107	-49
Net profit	-963	-500	0	-1,038	-606	0
Year-to-date profit included in core capital (50%)	703	365	0	758	442	0
<b>Total common equity Tier one</b>	<b>9,945</b>	<b>9,655</b>	<b>9,374</b>	<b>9,089</b>	<b>8,882</b>	<b>8,254</b>
Fund bonds, hybrid capital	1,690	1,647	1,615	1,619	1,625	1,103
<b>Total core capital</b>	<b>11,635</b>	<b>11,303</b>	<b>10,989</b>	<b>10,707</b>	<b>10,508</b>	<b>9,357</b>
<b>Supplementary capital in excess of core capital</b>						
Fund bonds, hybrid capital in excess of 15 %	0	0	31	28	31	31
Perpetual subordinated capital	306	362	363	307	307	312
Dated subordinated capital	2,254	2,230	1,950	1,866	1,861	2,127
50 % deduction for subordinated capital in other financial institutio	-101	-120	-106	-90	-93	-2
50 % deduction for expected losses on IRB, net of write-downs	-246	-259	-214	-210	-219	-179
50 % capital adequacy reserve	-685	-623	-595	-554	-500	-703
<b>Total supplementary capital</b>	<b>1,529</b>	<b>1,591</b>	<b>1,428</b>	<b>1,346</b>	<b>1,386</b>	<b>1,586</b>
<b>Net subordinated capital</b>	<b>13,164</b>	<b>12,893</b>	<b>12,417</b>	<b>12,053</b>	<b>11,894</b>	<b>10,943</b>

## Minimum requirements subordinated capital

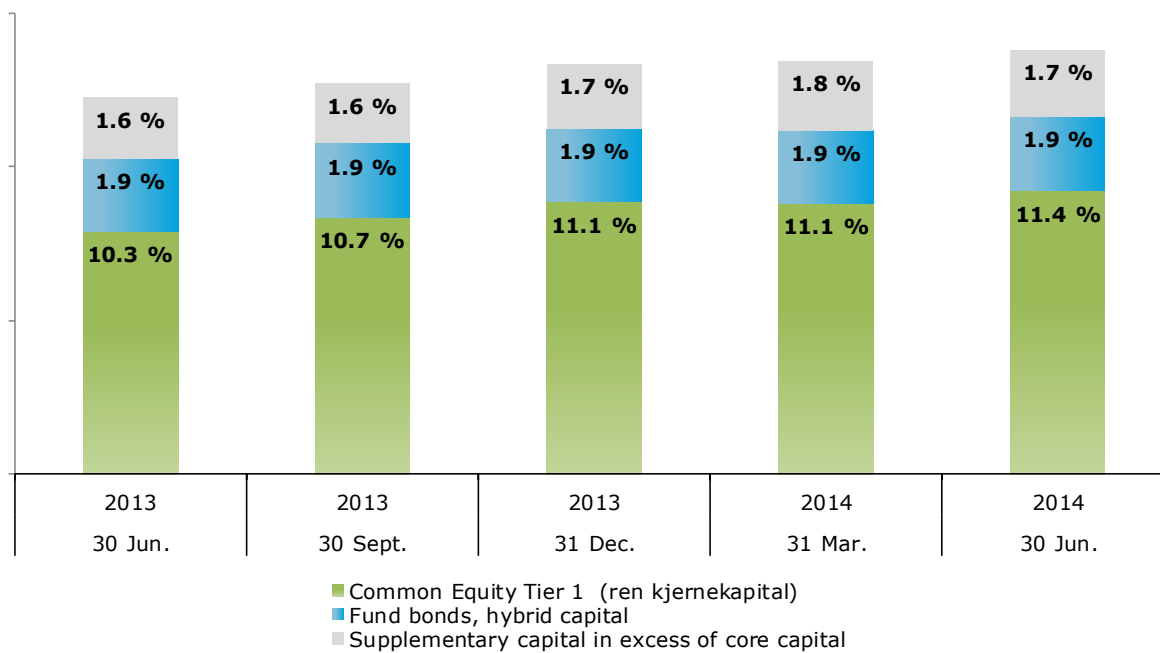
(in NOK million)	30 Jun. 2014	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Dec. 2012
Involvement with specialised enterprises	1,863	1,508	1,573	1,592	1,672	1,654
Other corporations exposure	1,472	1,381	1,479	1,443	1,504	1,470
SME exposure	146	145	74	76	68	42
Retail mortgage exposure	1,170	1,153	628	591	613	560
Other retail exposure	43	43	33	35	37	30
Equity investments	27	0	0	0	0	0
<b>Total credit risk IRB</b>	<b>4,722</b>	<b>4,229</b>	<b>3,787</b>	<b>3,736</b>	<b>3,895</b>	<b>3,756</b>
Debt risk	308	281	224	225	255	205
Equity risk	1	3	10	13	13	15
Currency risk	0	0	0	0	0	0
Operational risk	416	416	398	398	398	420
Exposures calculated using the standardised approach	1,682	2,186	2,151	2,135	2,106	2,074
Deductions	-130	-126	-119	-110	-102	-120
Transitional arrangements	0	0	316	403	322	246
<b>Minimum requirements subordinated capital</b>	<b>6,998</b>	<b>6,989</b>	<b>6,767</b>	<b>6,802</b>	<b>6,886</b>	<b>6,596</b>
<b>Risk Weighted Assets (RWA)</b>	<b>87,477</b>	<b>87,361</b>	<b>84,591</b>	<b>85,019</b>	<b>86,079</b>	<b>82,446</b>
Common equity Tier 1	11.4 %	11.1 %	11.1 %	10.7 %	10.3 %	10.0 %
Core capital ratio	13.3 %	12.9 %	13.0 %	12.6 %	12.2 %	11.3 %
Capital adequacy ratio	15.0 %	14.8 %	14.7 %	14.2 %	13.8 %	13.3 %



### Capital Adequacy



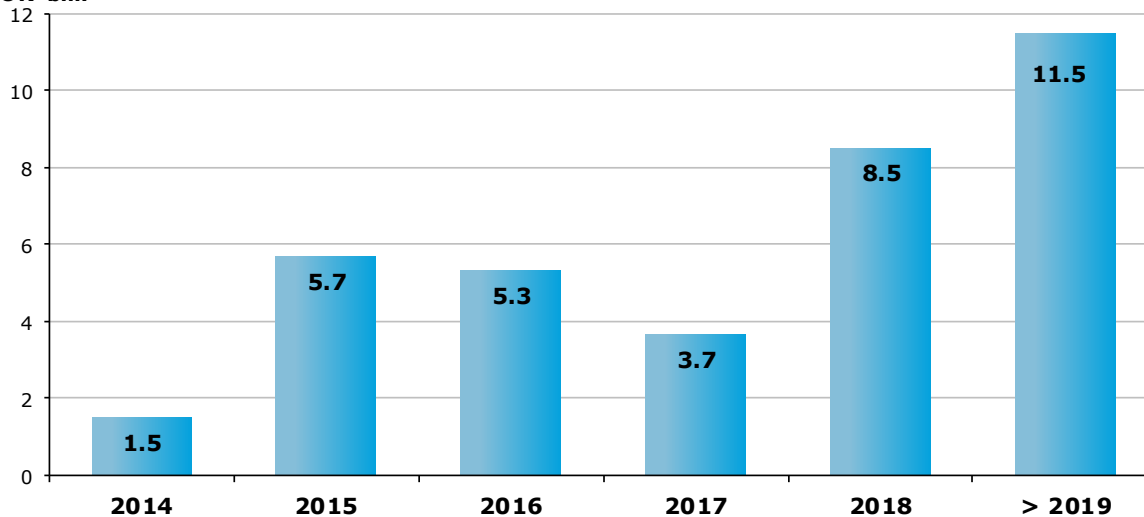
### Capital Adequacy



## 5. Funding

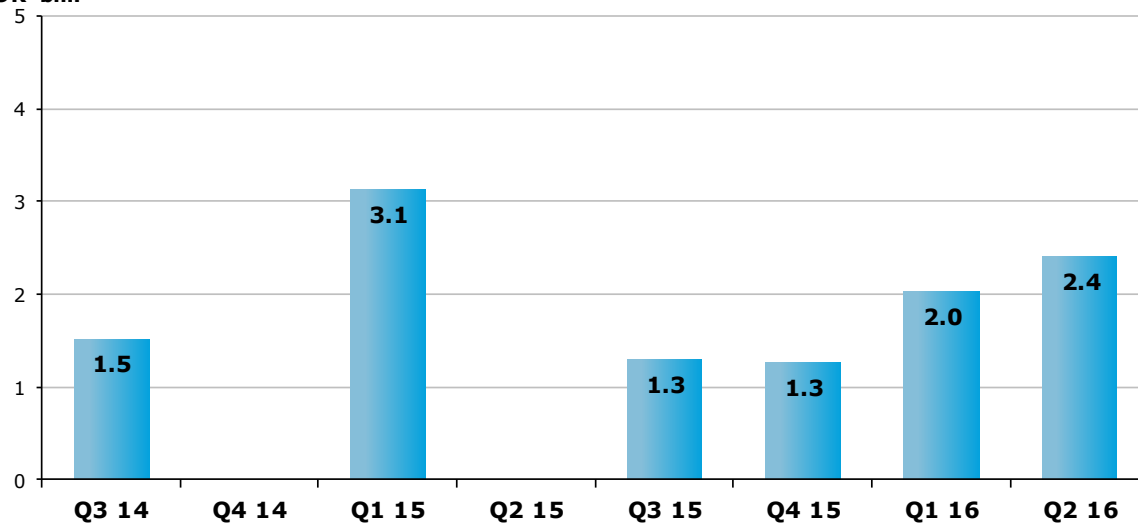
### *Funding maturity dates*

NOK bill.



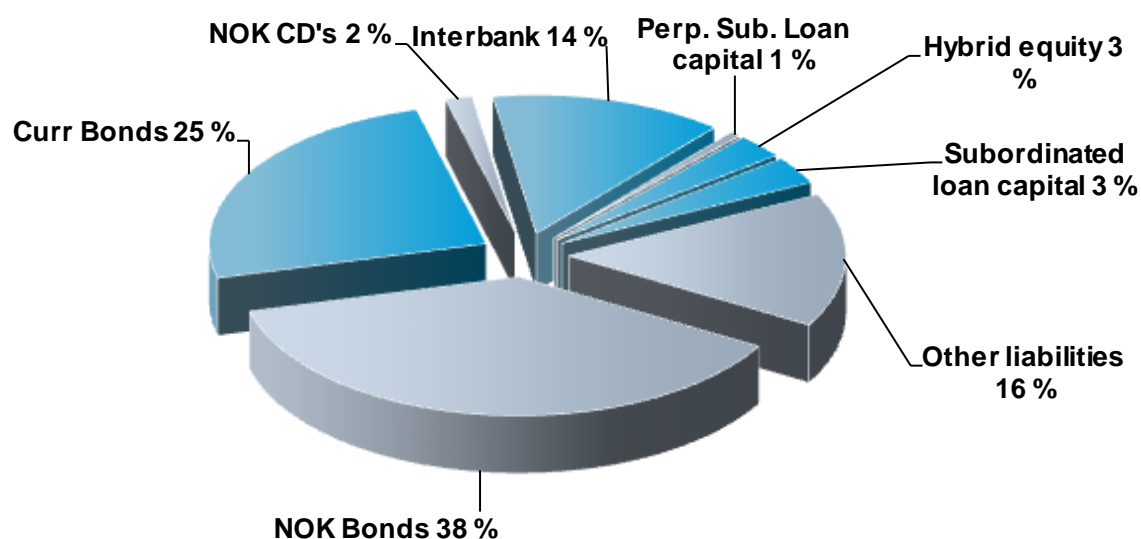
### *Funding maturity dates over the next eight quarters*

NOK bill.



## Capital markets funding

(in NOK million)	30 Jun. 2014	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Dec. 2012
NOK Bonds	18,753	19,403	18,953	19,686	21,336	22,858
Curr Bonds	12,403	8,022	11,451	9,832	9,550	6,944
NOK CD's	775	2,750	2,750	112	109	706
Interbank	6,777	5,565	5,159	5,615	6,372	5,137
Gov. Swap arrangement	-	1,143	1,220	2,273	2,273	2,273
Perp. Sub. Loan capital	306	304	304	307	307	12
Hybrid equity	1,400	1,433	1,431	1,431	1,441	432
Subordinated loan capital	1,600	1,576	1,569	1,602	1,598	1,810
Other liabilities	7,754	6,942	5,830	7,952	5,846	5,938
<b>Total</b>	<b>49,769</b>	<b>47,137</b>	<b>48,667</b>	<b>48,812</b>	<b>48,830</b>	<b>46,110</b>



## 6. Financial results

### Financial results

	2Q	1Q	4Q	3Q	2Q	30 Jun.			
(in NOK million)	2014	2014	2013	2013	2013	2014	2013	2013	2012
Interest income	1,055	1,027	1,059	1,068	1,036	2,082	1,990	4,118	3,928
Interest expenses	625	615	624	634	633	1,239	1,244	2,502	2,451
<b>Net interest</b>	<b>430</b>	<b>412</b>	<b>436</b>	<b>434</b>	<b>403</b>	<b>843</b>	<b>746</b>	<b>1,616</b>	<b>1,477</b>
Commission income	326	318	323	323	323	644	583	1,230	968
Commission expenses	28	25	25	28	21	53	41	94	96
Other operating income	96	93	84	72	95	189	171	327	267
<b>Commission income and other income</b>	<b>394</b>	<b>385</b>	<b>382</b>	<b>367</b>	<b>396</b>	<b>780</b>	<b>713</b>	<b>1,463</b>	<b>1,139</b>
Dividends	14	46	0	11	30	60	31	41	12
Income from investment in related companies	131	82	98	120	36	214	137	355	244
Net return on financial investments	56	129	58	5	-17	185	43	106	195
<b>Net return on financial investments</b>	<b>201</b>	<b>257</b>	<b>156</b>	<b>135</b>	<b>49</b>	<b>459</b>	<b>211</b>	<b>502</b>	<b>451</b>
<b>Total income</b>	<b>1,026</b>	<b>1,055</b>	<b>974</b>	<b>937</b>	<b>849</b>	<b>2,081</b>	<b>1,670</b>	<b>3,580</b>	<b>3,067</b>
Staff costs	245	254	222	224	237	500	477	923	942
Administration costs	126	123	134	100	117	248	214	447	411
Other operating expenses	72	64	110	83	81	136	159	352	301
<b>Total operating expenses</b>	<b>443</b>	<b>441</b>	<b>465</b>	<b>406</b>	<b>436</b>	<b>884</b>	<b>850</b>	<b>1,722</b>	<b>1,654</b>
<b>Result before losses</b>	<b>583</b>	<b>614</b>	<b>508</b>	<b>530</b>	<b>413</b>	<b>1,197</b>	<b>820</b>	<b>1,859</b>	<b>1,414</b>
Loss on loans, guarantees etc.	15	17	32	30	21	32	38	101	58
<b>Result before tax</b>	<b>568</b>	<b>597</b>	<b>476</b>	<b>501</b>	<b>391</b>	<b>1,165</b>	<b>782</b>	<b>1,758</b>	<b>1,355</b>
Tax charge	103	99	110	98	102	202	179	388	295
Results investments held for sale, after tax	-1	1	-4	31	-4	0	3	30	16
<b>Net profit</b>	<b>464</b>	<b>500</b>	<b>361</b>	<b>433</b>	<b>285</b>	<b>963</b>	<b>606</b>	<b>1,400</b>	<b>1,077</b>
Majority share	461	498	359	431	281	959	600	1,390	1,068
Minority interest	3	1	2	2	4	5	6	10	9

## Balance sheet

(in NOK million)	30 Jun. 2014	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Dec. 2012
Cash and receivables from central banks	2,940	1,196	4,793	172	1,333	1,079
Deposits with and loans to credit institutions	1,088	1,086	1,189	988	2,140	3,012
Gross loans to customers before write-down	85,206	79,366	80,303	79,842	78,976	74,943
- Specified write-downs	-176	-173	-173	-168	-153	-144
- Write-downs by loan category	-295	-295	-295	-295	-295	-295
Net loans to and receivables from customers	84,735	78,898	79,836	79,379	78,528	74,504
Fixed-income CDs and bonds at fair value	15,743	17,623	16,887	19,192	19,402	17,164
Derivatives	4,366	3,205	3,050	2,609	2,784	3,100
Shares, units and other equity interests	1,138	1,108	1,030	995	981	777
Investment in related companies	4,783	4,787	4,624	4,440	4,294	4,573
Investments held for sale	62	62	113	118	145	486
Goodwill	522	521	495	491	491	482
Other assets	3,380	3,122	3,344	3,593	3,090	2,798
<b>Assets</b>	<b>118,758</b>	<b>111,609</b>	<b>115,360</b>	<b>111,977</b>	<b>113,190</b>	<b>107,975</b>
Deposits from credit institutions	6,774	6,710	6,379	7,888	8,644	7,410
Deposits from and debt to customers	59,408	54,736	56,074	53,423	55,294	52,252
Debt created by issue of securities	31,667	29,914	33,762	29,592	30,936	30,259
Derivatives	3,569	2,516	2,295	1,975	2,288	2,790
Other liabilities	2,222	3,036	2,303	4,862	2,210	2,070
Investments held for sale	0	0	0	32	31	72
Subordinated loan capital	3,338	3,308	3,304	3,341	3,345	3,040
<b>Total liabilities</b>	<b>106,978</b>	<b>100,220</b>	<b>104,118</b>	<b>101,114</b>	<b>102,750</b>	<b>97,892</b>
Equity capital certificate	2,597	2,597	2,597	2,597	2,597	2,597
Own holding of ECCs	0	0	0	0	0	0
Premium fund	895	895	895	895	895	895
Dividend equalisation fund	2,496	2,496	2,496	1,889	1,889	1,889
Recommended dividends	0	0	227	0	0	195
Provision for gifts	0	0	124	0	0	30
Savings bank's reserve	3,276	3,276	3,276	2,944	2,944	2,944
Unrealised gains reserve	206	206	206	123	123	123
Other equity capital	1,280	1,357	1,354	1,312	1,323	1,343
Result of the period	963	500	0	1,038	606	0
Minority interests	66	62	67	65	63	67
<b>Total equity capital</b>	<b>11,780</b>	<b>11,389</b>	<b>11,242</b>	<b>10,863</b>	<b>10,439</b>	<b>10,082</b>
<b>Total liabilities and equity</b>	<b>118,758</b>	<b>111,609</b>	<b>115,360</b>	<b>111,977</b>	<b>113,190</b>	<b>107,975</b>

## Key figures

	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	30 Jun. 2013	2013	2012
Return on equity	16.0 %	17.7 %	13.1 %	16.3 %	11.1 %	16.8 %	11.9 %	13.3 %	11.7 %
Cost/income ratio group	43 %	42 %	48 %	43 %	51 %	42 %	51 %	48 %	54 %
Cost/income ratio group, ex. financial inv.	54 %	55 %	57 %	51 %	54 %	55 %	58 %	56 %	63 %
12-month cost growth	4.0 %	6.5 %	4.1 %	3.3 %	6.9 %	4.0 %	6.9 %	4.1 %	11.6 %
Gross loans to customers*	114,561	111,560	112,038	110,237	108,968	114,561	108,968	112,038	104,909
Growth in loans last 12 months*	5.1 %	4.4 %	6.8 %	6.7 %	8.4 %	5.1 %	8.4 %	6.8 %	10.2 %
Growth in loans this period*	2.7 %	-0.4 %	1.6 %	1.2 %	2.0 %	2.3 %	3.9 %	6.8 %	10.2 %
Deposits from customers	59,408	54,736	56,074	53,423	55,294	59,408	55,294	56,074	52,252
Growth in deposits last 12 months	7.4 %	4.1 %	7.3 %	5.1 %	7.3 %	7.4 %	7.3 %	7.3 %	9.2 %
Growth in deposits this period	8.5 %	-2.4 %	5.0 %	-3.3 %	5.1 %	5.9 %	5.8 %	7.3 %	9.2 %
Ordinary lending financed by ordinary deposits	70 %	69 %	70 %	67 %	70 %	70 %	70 %	70 %	70 %
Total assets	118,758	111,609	115,360	111,977	113,190	118,758	113,190	115,360	107,919
Average total assets (quarterly)	115,184	113,485	113,668	112,583	111,979	115,243	110,626	111,843	105,372
Employees in employment group	1,167	1,157	1,159	1,165	1,164	1,167	1,164	1,159	1,135
Employees in employment parent bank	761	750	757	772	764	761	764	757	793
Employees in employment subsidiaries	405	407	401	393	399	405	400	401	342
Number of branches	49	50	50	48	50	49	50	50	51
Lending margin	2.63	2.77	2.75	2.75	2.65	2.69	2.51	2.64	2.07
Deposit margin	(0.55)	(0.59)	(0.56)	(0.53)	(0.50)	(0.57)	(0.46)	(0.51)	(0.05)
Net other operating income of total income	38 %	37 %	39 %	39 %	47 %	37 %	43 %	41 %	37 %
Common Equity Tier 1 ratio	11.4 %	11.1 %	11.1 %	10.7 %	10.3 %	11.4 %	10.3 %	11.1 %	10.0 %
Capital adequacy ratio	15.0 %	14.8 %	14.7 %	14.2 %	13.8 %	15.0 %	13.8 %	14.7 %	13.3 %
Core capital ratio	13.3 %	12.9 %	13.0 %	12.6 %	12.2 %	13.3 %	12.2 %	13.0 %	11.3 %
Total core capital	11,635	11,303	10,989	10,707	10,508	11,635	10,508	10,989	9,357
Net subordinated capital	13,164	12,893	12,417	12,053	11,894	13,164	11,894	12,417	10,943
Impairment losses ratio	0.05 %	0.06 %	0.12 %	0.11 %	0.08 %	0.06 %	0.07 %	0.09 %	0.06 %
Non-performing commitm. as % of gross loans	0.29 %	0.24 %	0.34 %	0.35 %	0.38 %	0.29 %	0.38 %	0.34 %	0.36 %
Other doubtful commitm. as % of gross loans	0.18 %	0.21 %	0.14 %	0.19 %	0.13 %	0.18 %	0.13 %	0.14 %	0.14 %
ECC price	54.25	53.75	55.00	45.70	46.50	54.25	46.50	55.00	34.80
Number of certificates issued, millions	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83
Booked equity capital per ECC (incl. dividend)	58.32	56.39	55.69	53.76	51.66	58.32	51.66	55.69	50.09
Adjusted profit per ECC	2.29	2.48	1.79	2.18	1.43	4.77	2.99	6.92	5.21
P/E per ECC	5.91	5.42	7.68	5.23	8.13	5.68	7.79	7.95	6.68
P/B equity capital	0.93	0.95	0.99	0.85	0.90	0.93	0.90	0.99	0.69

\* Gross loans to customers includes Sparebank1 Boligkreditt and Sparebank 1 Næringskreditt



## 7. Segment information

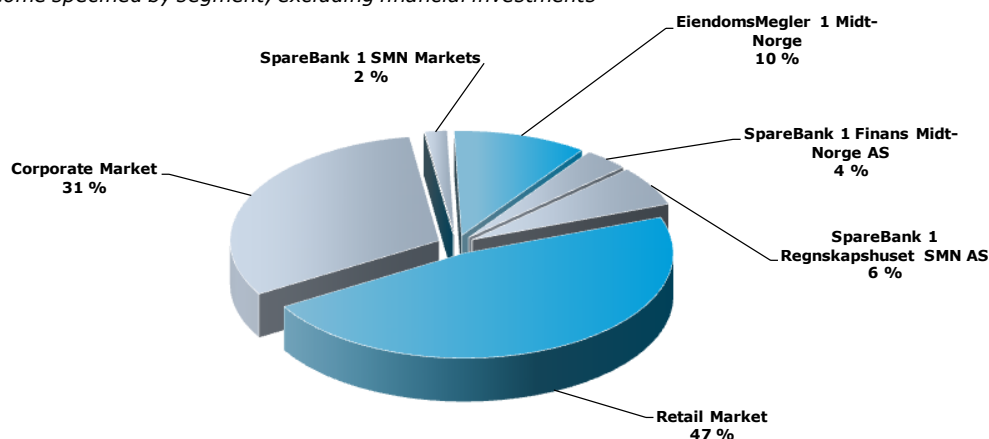
As of 1 January 2014 the bank's SME portfolio was split up and assigned to Retail Banking and Corporate Banking respectively. Limited companies are transferred to Corporate Banking. Sole proprietorships, agricultural customers and associations etc are transferred to Retail Banking. Historical data have not been reworked owing to the difficulty of reconstructing such data at a sufficiently precise level. In the segment information, historical data for Retail customers are exclusive sole proprietorships, agricultural customers and associations. Historical data for Corporate customers are the former Large Corporates. The SME portfolio is treated as a separate business line in figures for 2013.

For the subsidiaries, the figures refer to the respective company accounts, while for joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

### 7.1. Extract from income statement

Group (in NOK million)	Retail Market	Corporate Market	SpareBank 1 SMN Markets	EiendomsMegler 1 Midt-Norge	SpareBank 1 Finans Midt-Norge AS	SpareBank 1 Regnskapshuset SMN AS	SpareBank 1 Gruppen	BN Bank	Uncollated	Total
Net interest	404	411	-3	1	62	-0	-	-	-33	843
Allocated	21	33	0	-	-	-	-	-	-54	-
<b>Total interest income</b>	<b>425</b>	<b>444</b>	<b>-3</b>	<b>1</b>	<b>62</b>	<b>-0</b>	<b>-</b>	<b>-</b>	<b>-87</b>	<b>843</b>
Commission income and other income	383	80	12	177	-2	106	-	-	25	780
Net profit on financial investments	0	13	20	-	-	-	150	55	219	459
<b>Total income</b>	<b>809</b>	<b>537</b>	<b>30</b>	<b>178</b>	<b>60</b>	<b>106</b>	<b>150</b>	<b>55</b>	<b>156</b>	<b>2,081</b>
<b>Total operating expenses</b>	<b>380</b>	<b>150</b>	<b>31</b>	<b>152</b>	<b>26</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>884</b>
<b>Ordinary operating profit</b>	<b>428</b>	<b>387</b>	<b>-2</b>	<b>26</b>	<b>34</b>	<b>19</b>	<b>150</b>	<b>55</b>	<b>99</b>	<b>1,197</b>
Loss on loans, guarantees etc.	1	28	0	-	3	-	-	-	0	32
<b>Result before tax incl investments held for sale</b>	<b>427</b>	<b>359</b>	<b>-2</b>	<b>26</b>	<b>32</b>	<b>19</b>	<b>150</b>	<b>55</b>	<b>99</b>	<b>1,165</b>
<b>Post-tax return on equity</b>	<b>39.3 %</b>	<b>18.0 %</b>								<b>16.8 %</b>
<b>Balance sheet</b>										
Loans and advances to customers	75,490	34,656	-	-	3,511	-	-	-	903	114,561
adv. of this to Boligkreditt and Næringskreditt	-28,208	-1,146	-	-	-	-	-	-	-1	-29,355
Individual allowance for impairment on loan	-28	-134	-	-	-13	-	-	-	-0	-176
Group allowance for impairment on loan	-90	-188	-	-	-16	-	-	-	-	-295
Other assets	239	134	-	256	12	138	1,228	1,164	30,851	34,023
<b>Total assets</b>	<b>47,403</b>	<b>33,322</b>	<b>-</b>	<b>256</b>	<b>3,494</b>	<b>138</b>	<b>1,228</b>	<b>1,164</b>	<b>31,753</b>	<b>118,758</b>
Deposits to customers	32,150	25,872	-	-	-	-	-	-	1,386	59,408
Other liabilities and equity	15,253	7,450	-	256	3,494	138	1,228	1,164	30,367	59,351
<b>Total liabilities</b>	<b>47,403</b>	<b>33,322</b>	<b>-</b>	<b>256</b>	<b>3,494</b>	<b>138</b>	<b>1,228</b>	<b>1,164</b>	<b>31,753</b>	<b>118,758</b>

Income specified by segment, excluding financial investments



As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively. Limited companies are transferred to Corporate Banking. Sole proprietorships, agricultural customers and associations etc are transferred to Retail Banking. Figures for 2014 are therefore not directly comparable with historical figures.

#### *Interest income, Retail Market, Corporate Market and SME*

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013
Retail	207	197	172	172	151	404	285	630
Corporate	205	206	186	185	177	411	325	695
SME			71	74	70		139	284
<b>Net interest income</b>	<b>412</b>	<b>404</b>	<b>429</b>	<b>430</b>	<b>399</b>	<b>815</b>	<b>749</b>	<b>1,608</b>

#### *Development in margin, Retail Market and Corporate Market*

<b>Lending</b> (in percentage)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013
Retail	2.51	2.65	2.62	2.63	2.49	2.59	2.37	2.50
Corporate	2.93	3.03	3.03	2.93	2.93	2.97	2.72	2.82
<b>Total</b>	<b>2.63</b>	<b>2.77</b>	<b>2.75</b>	<b>2.75</b>	<b>2.65</b>	<b>2.69</b>	<b>2.51</b>	<b>2.64</b>

<b>Deposits</b> (in percentage)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013
Retail	-0.46	-0.53	-0.48	-0.39	-0.33	-0.49	-0.31	-0.37
Corporate	-0.63	-0.61	-0.61	-0.68	-0.67	-0.64	-0.63	-0.65
<b>Total</b>	<b>-0.55</b>	<b>-0.59</b>	<b>-0.56</b>	<b>-0.53</b>	<b>-0.50</b>	<b>-0.57</b>	<b>-0.46</b>	<b>-0.51</b>

\*Definition margin: Average customer interest minus 3 months average nibor

#### *Development in volume, Retail Market, Corporate Market and SME*

<b>Lending*</b> (in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013
Retail	75,490	73,735	63,518	62,233	60,832	75,490	60,832	63,518
Corporate	34,656	33,436	31,920	31,775	32,420	34,656	32,420	31,920
SME			9,055	9,124	8,827		8,827	9,055
<b>Total</b>	<b>110,147</b>	<b>107,171</b>	<b>104,492</b>	<b>103,131</b>	<b>102,079</b>	<b>110,147</b>	<b>102,079</b>	<b>104,492</b>

\* Gross loans to customers includes SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

<b>Deposits</b> (in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013
Retail	32,150	29,432	24,185	23,880	24,186	32,150	24,186	24,185
Corporate	25,872	24,740	21,544	19,330	20,601	25,872	20,601	21,544
SME			8,734	8,641	8,640		8,640	8,734
<b>Total</b>	<b>58,022</b>	<b>54,171</b>	<b>54,463</b>	<b>51,852</b>	<b>53,427</b>	<b>58,022</b>	<b>53,427</b>	<b>54,463</b>

#### *Development in commission income, Retail Market, Corporate Market and SME*

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013
Retail	190	194	200	194	173	384	311	705
Corporate	46	47	35	52	29	93	53	140
SME			21	19	20		39	80
<b>Total</b>	<b>236</b>	<b>240</b>	<b>256</b>	<b>266</b>	<b>222</b>	<b>476</b>	<b>403</b>	<b>925</b>

## 7.2. Retail Market

The Retail Market is responsible for all activity directed at the region's retail customers. The Retail Market provides personal financial advice. The Retail Market aims to attract and retain customers by developing a strong product range, first class advisers, unique accessibility and excellent customer handling. As from 1 January 2014 sole proprietorships, agricultural customers and associations are assigned to Retail Banking. Figures for 2014 are therefore not directly comparable with historical figures.

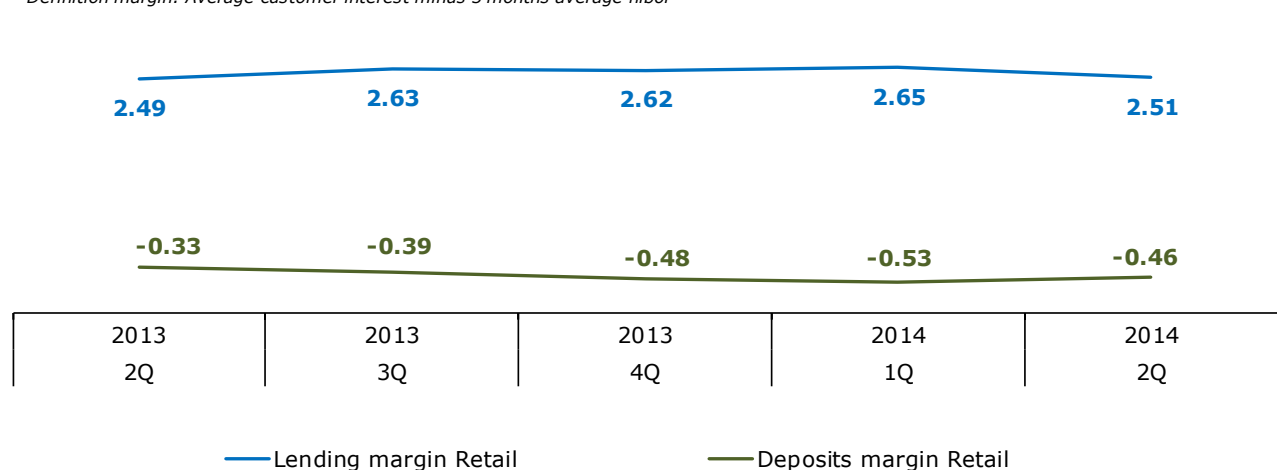
### Business description

	30 Jun. 2014
<i>Facts about the business area</i>	
Lending volume	75,490
Deposits volume	32,150
No. of active customers	198,106
FTEs	385

<i>Financial performance</i> (in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013
Net interest income lending	154	148	126	121	99	302	184	431
Net interest income deposits	53	50	47	51	53	103	101	199
Net interest income allocated capital	12	9	4	2	2	21	5	11
<b>Total interest income</b>	<b>219</b>	<b>206</b>	<b>177</b>	<b>174</b>	<b>154</b>	<b>425</b>	<b>291</b>	<b>641</b>
Net guarantee commission, incl. Boligkreditt	112	124	128	112	102	237	186	426
Net commission of savings products	10	8	10	12	10	18	17	38
Net commission insurance services	28	25	25	25	33	52	48	99
Net commission payment trans. services	39	37	36	45	28	76	60	141
Other commission income	0	0	0	0	0	0	0	0
<b>Net fee and commission income</b>	<b>190</b>	<b>194</b>	<b>200</b>	<b>194</b>	<b>173</b>	<b>383</b>	<b>310</b>	<b>704</b>
Net profit on financial investments	0	0	0	0	0	0	0	1
<b>Total income</b>	<b>408</b>	<b>400</b>	<b>377</b>	<b>368</b>	<b>327</b>	<b>809</b>	<b>601</b>	<b>1,346</b>
<b>Total operating expenses*</b>	<b>176</b>	<b>204</b>	<b>168</b>	<b>149</b>	<b>161</b>	<b>380</b>	<b>325</b>	<b>641</b>
<b>Results</b>	<b>232</b>	<b>196</b>	<b>209</b>	<b>219</b>	<b>166</b>	<b>428</b>	<b>277</b>	<b>705</b>
Loss on loans, guarantees etc.	0	1	1	0	2	1	6	6
<b>Results before tax</b>	<b>232</b>	<b>195</b>	<b>208</b>	<b>220</b>	<b>164</b>	<b>427</b>	<b>270</b>	<b>699</b>
*) Includes both direct and distributed expenses								
<b>Post-tax return on equity (annualized)</b>						<b>39.3 %</b>	<b>31.9 %</b>	<b>38.7 %</b>

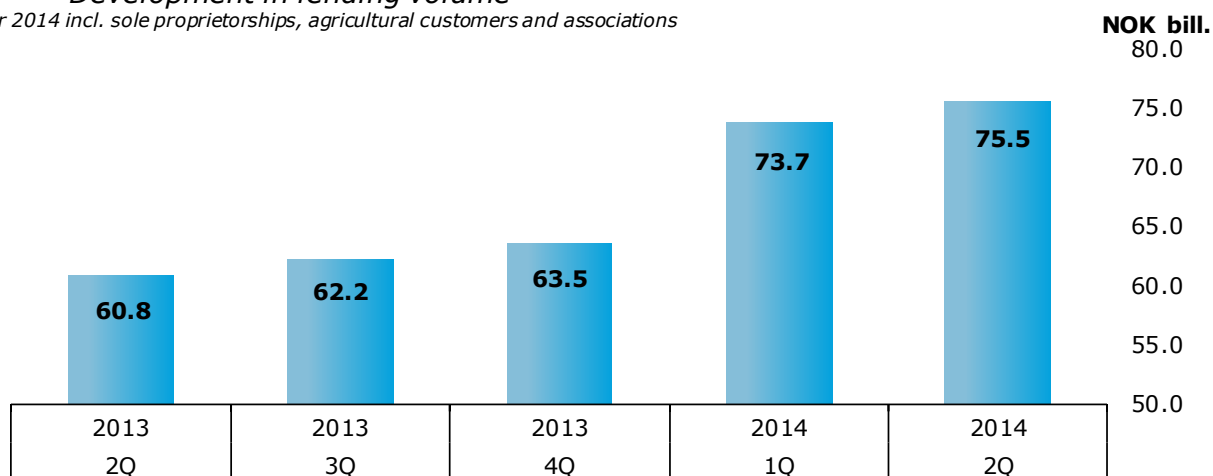
### Development in margin

Definition margin: Average customer interest minus 3 months average nibor



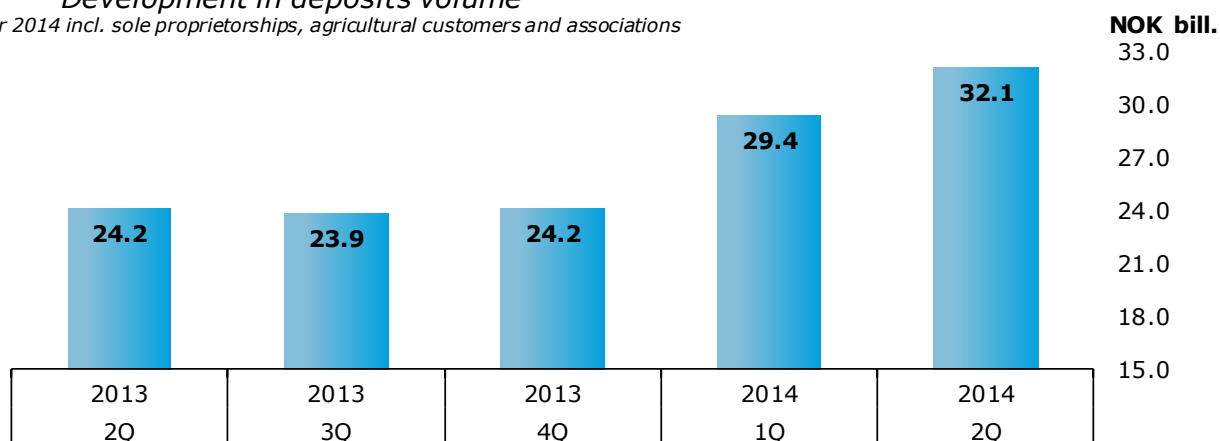
### Development in lending volume

Figures for 2014 incl. sole proprietorships, agricultural customers and associations



### Development in deposits volume

Figures for 2014 incl. sole proprietorships, agricultural customers and associations



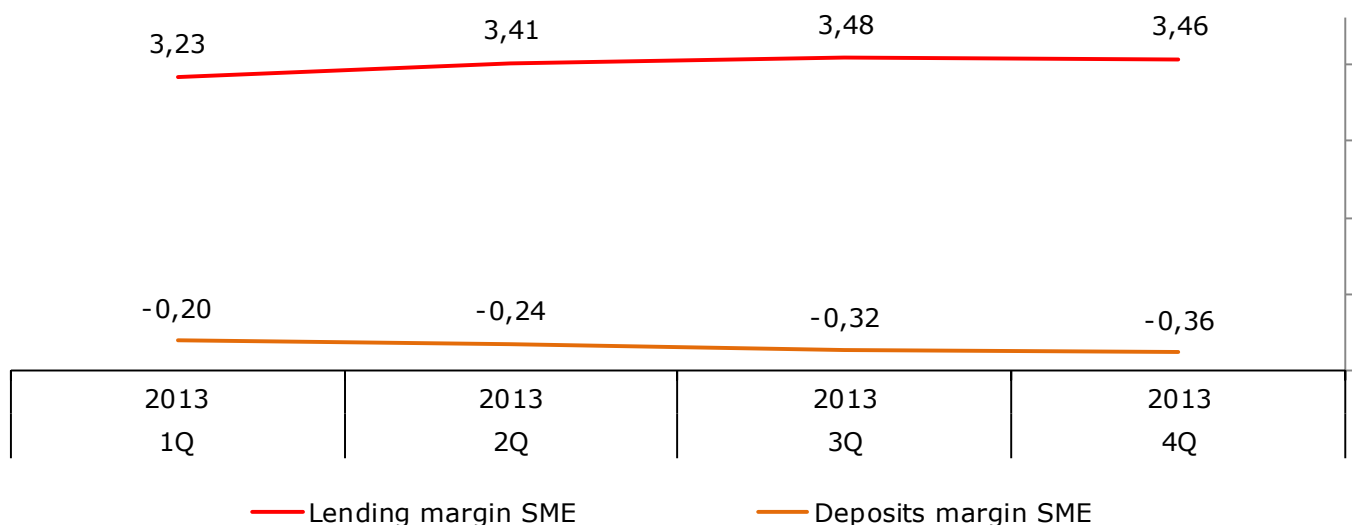
### 7.3. SME

The SME segment consists of costumers with an exposure size of +/- NOK 8m. As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively. This table shows historical data for the SME segment in 2013.

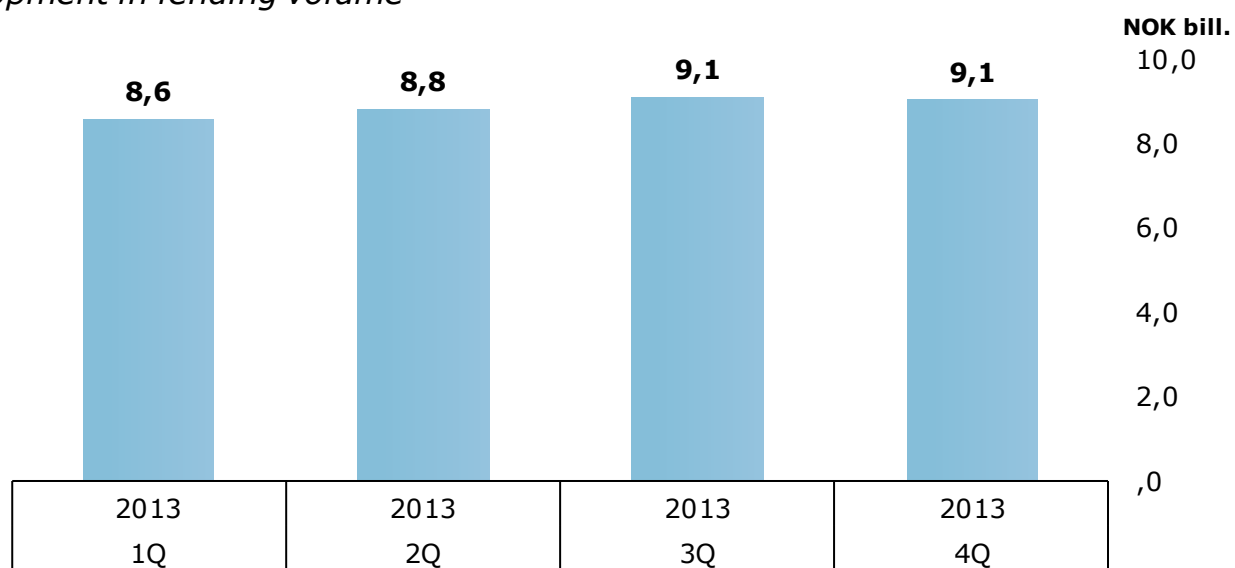
<i>Financial performance</i>	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>	
(in NOK million)	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
Net interest income lending	51	53	49	47	200
Net interest income deposits	20	21	22	21	84
Net interest income allocated capital	1	1	1	0	3
<b>Total interest income</b>	<b>72</b>	<b>74</b>	<b>72</b>	<b>69</b>	<b>286</b>
Net guarantee commission, incl. Boligkreditt	4	5	5	4	18
Net commission of savings products	4	2	1	1	8
Net commission insurance services	4	5	5	4	18
Net commission payment trans. services	9	8	8	9	35
<b>Net fee and commission income</b>	<b>21</b>	<b>20</b>	<b>19</b>	<b>19</b>	<b>79</b>
Net profit on financial investments	-	0	0	1	1
<b>Total income</b>	<b>93</b>	<b>94</b>	<b>91</b>	<b>88</b>	<b>366</b>
<b>Total operating expenses*</b>	<b>58</b>	<b>31</b>	<b>34</b>	<b>34</b>	<b>156</b>
<b>Results</b>	<b>35</b>	<b>63</b>	<b>58</b>	<b>54</b>	<b>209</b>
Loss on loans, guarantees etc.	-1	3	1	2	5
<b>Results before tax</b>	<b>36</b>	<b>60</b>	<b>57</b>	<b>53</b>	<b>205</b>
*) Includes both direct and distributed expenses					
<b>Post-tax return on equity (annualized)</b>					<b>29,4 %</b>

### Development in margin

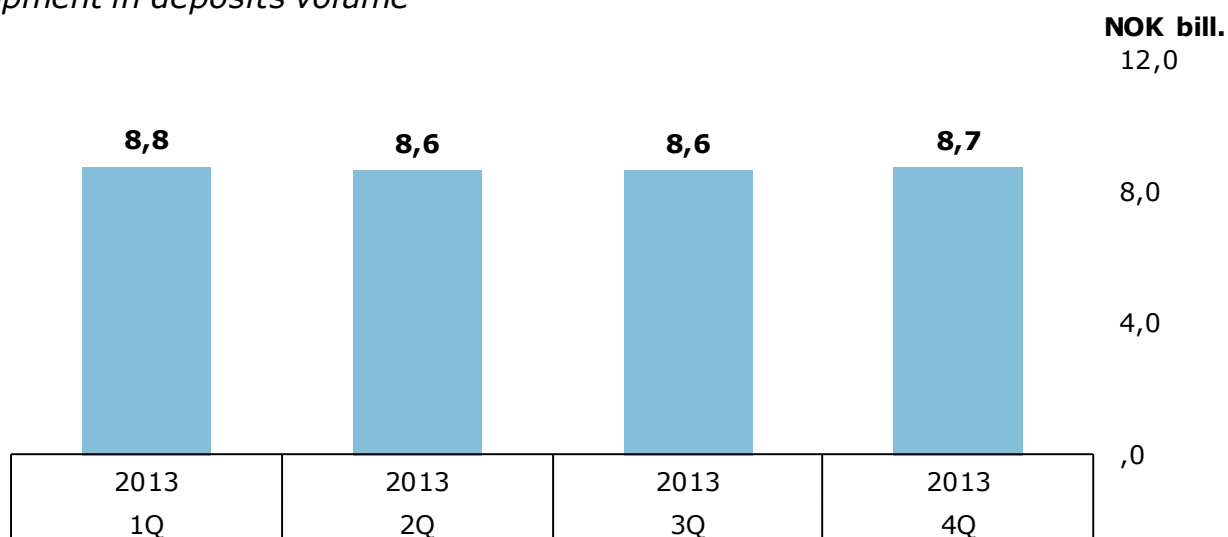
Definition margin: Average customer interest minus 3 months average nibor



*Development in lending volume*



*Development in deposits volume*



## 7.4. Corporate

The Corporate segment is responsible for activity regarding the banks's corporate customers. As from 1 January 2014 the bank's SME portfolio is split up, and limited companies are transferred to the Corporate Market (former Large Corporates). Figures for 2013 are the former Large Corporates.

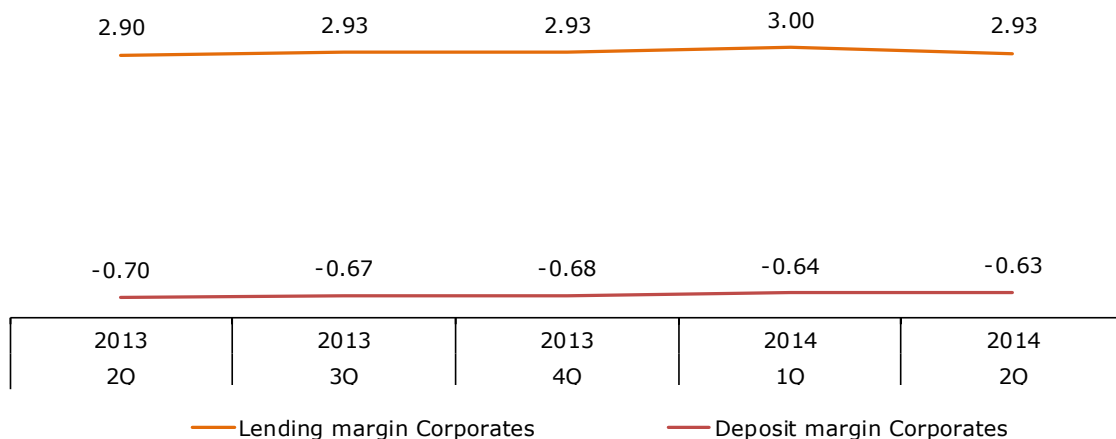
### Business description

	30 Jun. 2014
<i>Facts about the business area</i>	
Lending volume	34,656
Deposits volume	25,872
No. of active customers	6,618
FTEs	123

<i>Financial performance</i>	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	30 Jun. 2013	2013
(in NOK million)								
Net interest income lending	172	171	158	155	150	342	270	583
Net interest income deposits	33	36	27	30	27	69	55	112
Net interest income allocated capital	19	14	15	1	11	33	19	34
<b>Total interest income</b>	<b>224</b>	<b>220</b>	<b>200</b>	<b>185</b>	<b>188</b>	<b>444</b>	<b>344</b>	<b>729</b>
Net guarantee commission, incl. Boligkreditt	19	15	16	10	18	34	28	53
Net commission of savings products	1	1	0	0	0	2	1	1
Net commission insurance services	5	5	1	1	1	10	2	4
Net commission payment trans. services	17	17	15	4	3	34	12	31
Other commission income	0	0	1	1	0	0	0	2
<b>Net fee and commission income</b>	<b>42</b>	<b>38</b>	<b>33</b>	<b>16</b>	<b>22</b>	<b>80</b>	<b>42</b>	<b>91</b>
Net profit on financial investments	4	9	2	38	3	13	11	49
<b>Total income</b>	<b>270</b>	<b>267</b>	<b>235</b>	<b>239</b>	<b>213</b>	<b>537</b>	<b>397</b>	<b>869</b>
<b>Total operating expenses*</b>	<b>66</b>	<b>84</b>	<b>72</b>	<b>47</b>	<b>77</b>	<b>150</b>	<b>138</b>	<b>257</b>
<b>Results</b>	<b>204</b>	<b>182</b>	<b>163</b>	<b>193</b>	<b>136</b>	<b>387</b>	<b>259</b>	<b>612</b>
Loss on loans, guarantees etc.	14	14	22	25	14	28	24	71
<b>Results before tax</b>	<b>190</b>	<b>169</b>	<b>141</b>	<b>167</b>	<b>122</b>	<b>359</b>	<b>235</b>	<b>541</b>
*) Includes both direct and distributed expenses								
<b>Post-tax return on equity (annualized)</b>						<b>18.0 %</b>	<b>10.0 %</b>	<b>12.8 %</b>

### Development in margin

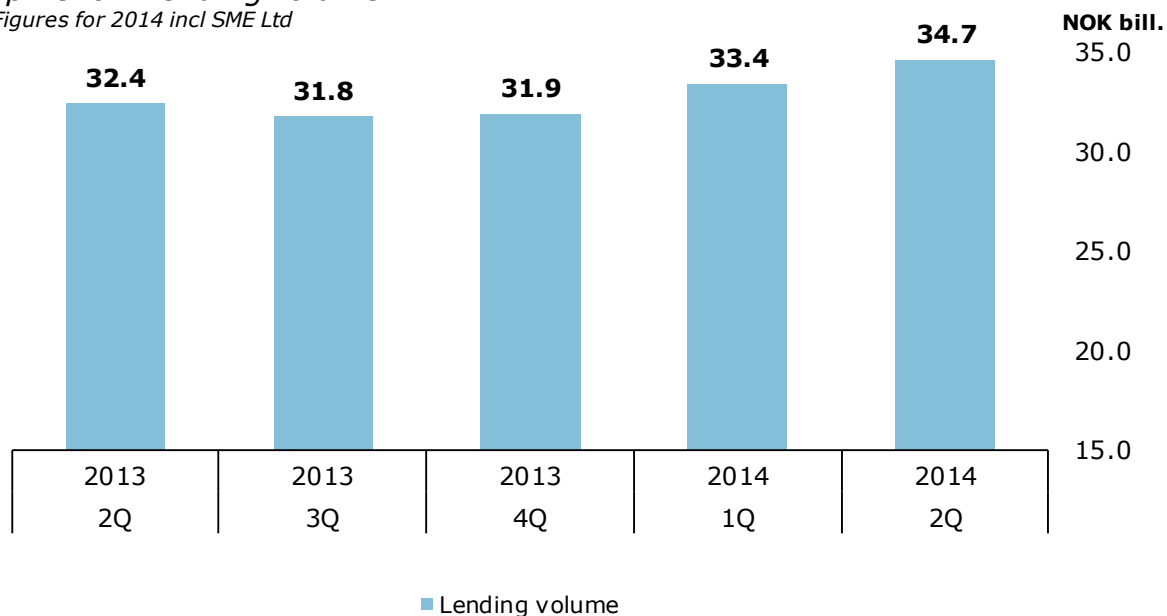
Definition margin: Average customer interest minus 3 months average nibor. Figures for 2014 incl SME Ltd. Figures for 2013 are Large Corporates





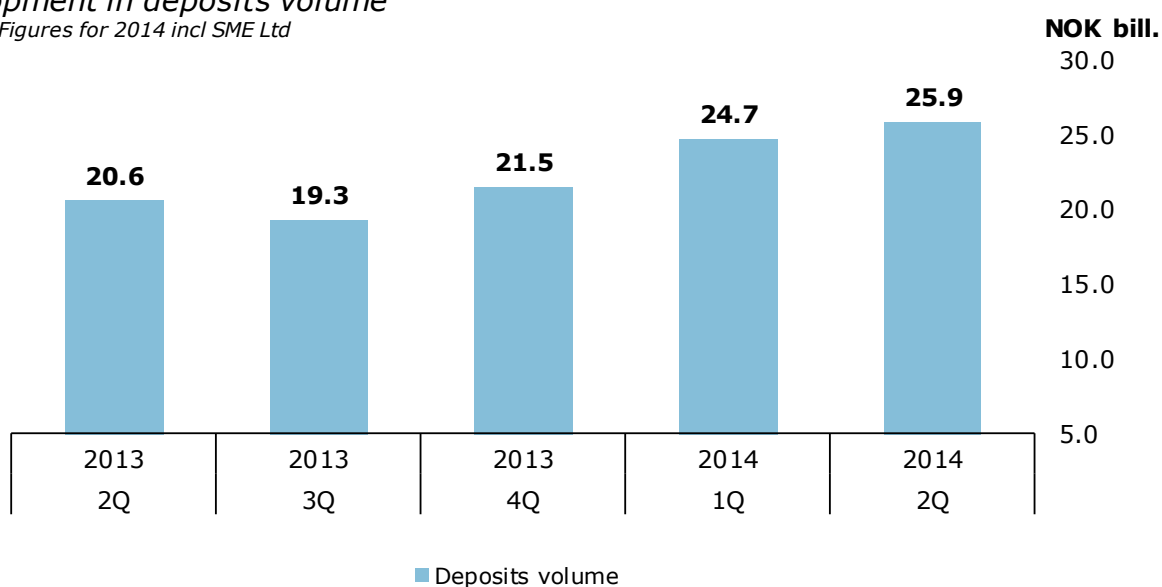
### Development in lending volume

Figures for 2014 incl SME Ltd



### Development in deposits volume

Figures for 2014 incl SME Ltd



## 7.6. Markets

SpareBank 1 SMN Markets is considered as a separate business line within the Group. It comprises two income generating units: Fixed income/Foreign exchange and Securities along with Back Office and Mid Office. As from the fourth quarter 2013, SpareBank 1 SMN's corporate business was transferred to SpareBank 1 Markets.

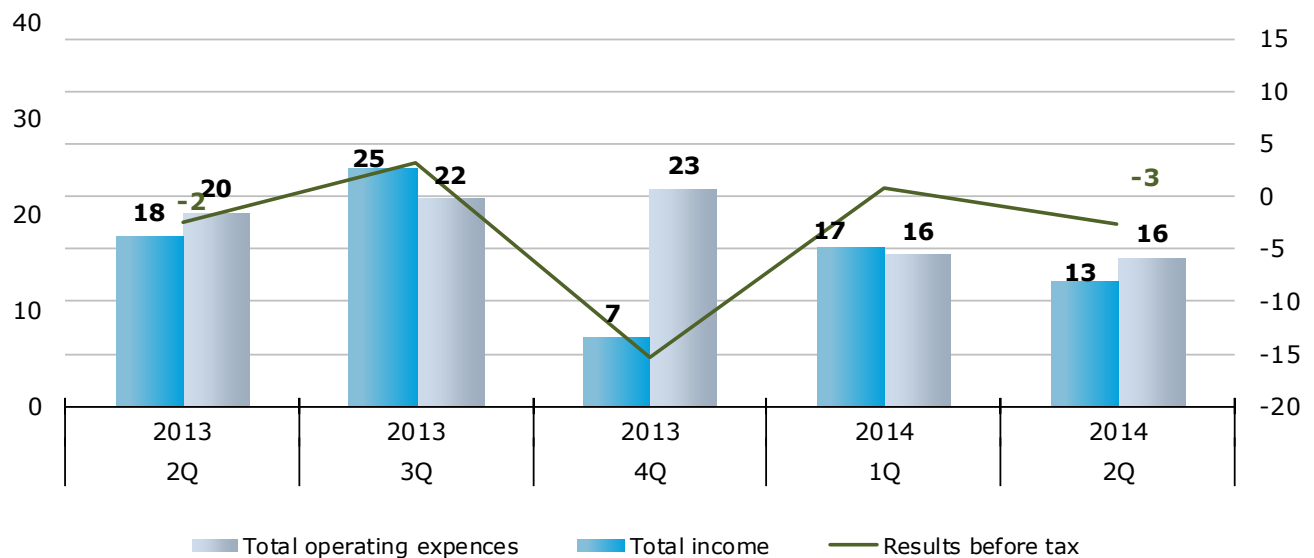
### *SpareBank 1 SMN Markets*

#### *Financial performance*

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013
Net interest income	-1	-3	-5	12	3	-3	-2	5
Net interest income allocated capital	0	0	-0	-0	-0	0	-0	-1
<b>Total interest income</b>	<b>-1</b>	<b>-2</b>	<b>-5</b>	<b>12</b>	<b>3</b>	<b>-3</b>	<b>-2</b>	<b>4</b>
Net fee and commission income	4	8	3	6	12	12	19	29
Capital gain/Agio Securities	9	11	9	7	4	20	24	40
<b>Total income</b>	<b>13</b>	<b>17</b>	<b>7</b>	<b>25</b>	<b>18</b>	<b>30</b>	<b>41</b>	<b>73</b>
<b>Total operating expenses</b>	<b>16</b>	<b>16</b>	<b>23</b>	<b>22</b>	<b>20</b>	<b>31</b>	<b>41</b>	<b>85</b>
<b>Results</b>	<b>-3</b>	<b>1</b>	<b>-15</b>	<b>3</b>	<b>-2</b>	<b>-2</b>	<b>-0</b>	<b>-13</b>
Loss on loans, guarantees etc.	0	-	-	-	-	0	-	-
<b>Results before tax</b>	<b>-3</b>	<b>1</b>	<b>-15</b>	<b>3</b>	<b>-2</b>	<b>-2</b>	<b>-0</b>	<b>-13</b>

#### **Cost and income (NOK mill.)**

#### **Result before tax (NOK mill.)**



### **Merger and ownership changes in SpareBank 1 Markets**

SpareBank 1 SMN Markets in Trondheim will be fully integrated in SpareBank 1 Markets as a result of a merger. SpareBank 1 SMN will integrate its markets operation into SpareBank 1 Markets. The settlement will be in SpareBank 1 Markets shares. Consequently, SpareBank 1 SMN will become the principal shareholder in the combined company.

Following the merger and a planned equity issue of MNOK 65 in September 2014, the ownership structure in SpareBank 1 Markets will be as follows:

SpareBank 1 SMN:	73.3 % (previously 27.0 %)
SpareBank 1 Nord-Norge:	10.0 % (27.0 %)
SamSpar:	10.0 % (27.0 %)
Sparebanken Hedmark:	6.1 % (16.6 %)
Other shareholders:	0.6 % (2.2%)

The operations of the two companies will primarily continue as-is, with 70 employees in Oslo and 40 employees in Trondheim. The merged company will be led by Stein Husby. The business area 'Foreign Exchange and Derivatives', as well as certain supporting functions, will be located in Trondheim. Finn Haugan, CEO of SpareBank 1 SMN, will be appointed Chairman of the Board in SpareBank 1 Markets.

In September 2014, an equity issue of MNOK 65 in SpareBank 1 Markets will be completed. The issue is a part of an already planned recapitalisation of the company, independent of the merger.

SpareBank 1 Markets recorded a loss of MNOK 69 as of 2Q14. Restructuring costs constitute MNOK 40 of the loss, whilst trading losses constitute MNOK 17.

The transaction is expected to be completed within 4(th) quarter of 2014, subject to regulatory approval and final Board approvals.

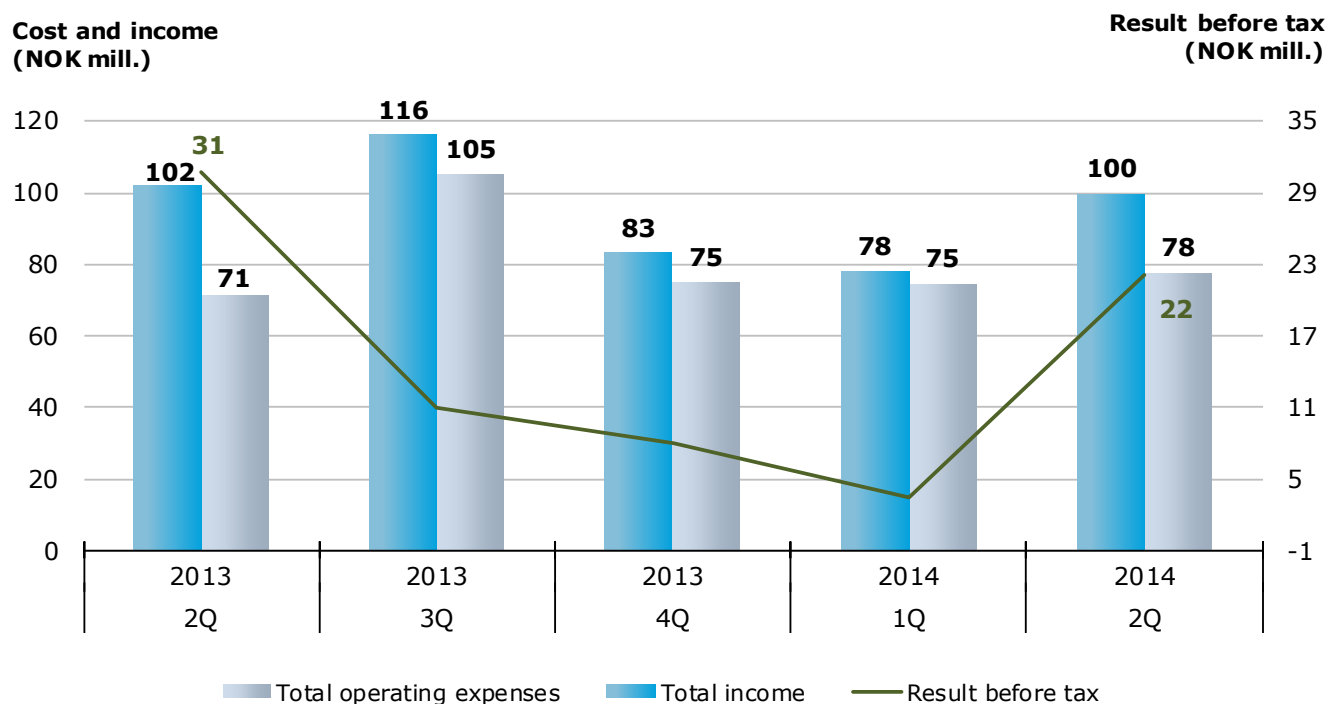
## 7.7. Subsidiaries

### *EiendomsMegler 1 Midt-Norge AS*

EiendomsMegler 1 Midt-Norge has a solid market-leader position in Nord-Trøndelag and Sør-Trøndelag as well as Møre and Romsdal. The company is owned by SpareBank 1 SMN (87 per cent), SpareBank 1 Nordvest (7.6 per cent) and SpareBank 1 Søre Sunnmøre (5.4 per cent).

#### *Financial performance*

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	2013	2013
Net interest	2	-1	4	1	1	1	2	7
Commission income and other income	98	79	79	115	101	177	174	368
<b>Total income</b>	<b>100</b>	<b>78</b>	<b>83</b>	<b>116</b>	<b>102</b>	<b>178</b>	<b>176</b>	<b>375</b>
<b>Total operating expenses</b>	<b>78</b>	<b>75</b>	<b>75</b>	<b>105</b>	<b>71</b>	<b>152</b>	<b>134</b>	<b>314</b>
<b>Result before tax</b>	<b>22</b>	<b>3</b>	<b>8</b>	<b>11</b>	<b>31</b>	<b>26</b>	<b>42</b>	<b>61</b>



## SpareBank 1 Finans Midt-Norge AS

SpareBank 1 Finans Midt-Norge is the region's leading finance company and an active partner for businesses. SpareBank 1 Finans Midt-Norge emphasises local competence, and works for greater value creation in Trøndelag and Nordvestlandet. The company services the market through its own sales operation and through the Bank's offices and suppliers.

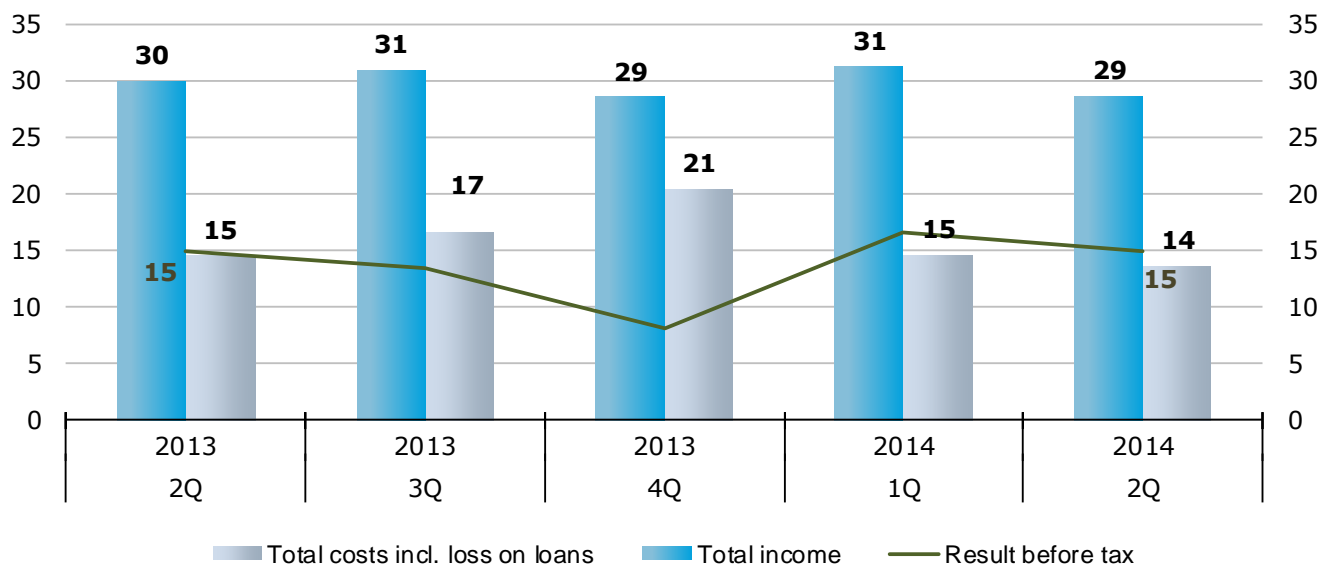
The company is owned by SpareBank 1 SMN (90.9 per cent), SpareBank 1 Nordvest and SpareBank 1 Søre Sunnmøre (9.9 per cent).

### Financial performance

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	30 Jun. 2013	2013
<b>Total interest income</b>	<b>31</b>	<b>32</b>	<b>29</b>	<b>26</b>	<b>33</b>	<b>62</b>	<b>58</b>	<b>118</b>
Commission income and other income	-2	-0	-1	5	-4	-2	-1	-3
<b>Total income</b>	<b>29</b>	<b>31</b>	<b>29</b>	<b>31</b>	<b>30</b>	<b>60</b>	<b>57</b>	<b>116</b>
<b>Total operating expenses</b>	<b>13</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>26</b>	<b>21</b>	<b>45</b>
<b>Ordinary operating profit</b>	<b>16</b>	<b>19</b>	<b>16</b>	<b>19</b>	<b>19</b>	<b>34</b>	<b>35</b>	<b>70</b>
Loss on loans, guarantees etc.	1	2	9	5	4	3	6	20
Total costs incl. loss on loans	14	15	21	17	15	28	28	65
<b>Result before tax</b>	<b>15</b>	<b>17</b>	<b>8</b>	<b>14</b>	<b>15</b>	<b>32</b>	<b>29</b>	<b>51</b>

Cost and income  
(NOK mill.)

Result before tax  
(NOK mill.)



## SpareBank 1 Regnskapshuset SMN AS

SpareBank 1 Regnskapshuset SMN is a wholly-owned subsidiary of SpareBank 1 SMN. In collaboration with other SpareBank 1 banks, SpareBank 1 Regnskapshuset SMN has launched a nationwide drive in the accounting business through SpareBank 1 Regnskapshuset. SpareBank 1 Regnskapshuset intends to be one of Norway's leading actors in the accounting industry by building up a national accounting enterprise based on regional ownership, strong links to the owner banks and closeness to the market.

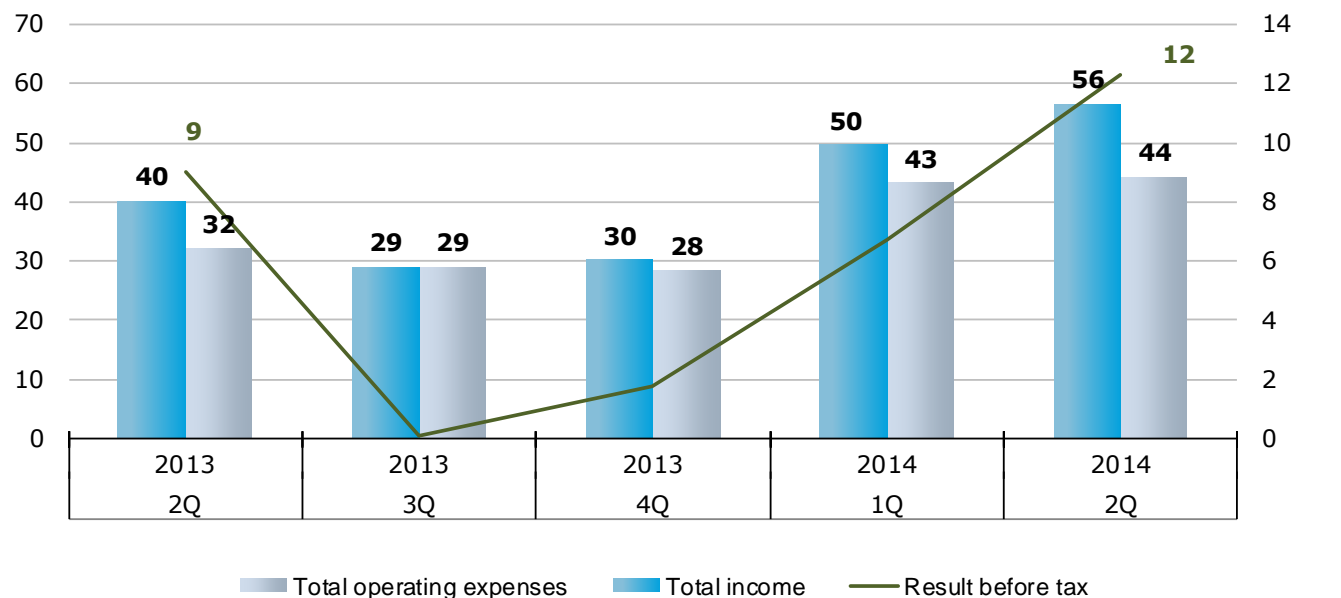
SpareBank 1 Regnskapshuset SMN took over six accounting firms in 2013. Four further accounting firms were acquired in the first half of 2014. The strategy of growth through acquisitions represents a consolidation of a fragmented accounting industry.

### Financial performance

(in NOK million)	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	30 Jun. 2014	30 Jun. 2013	2013
Total interest income	-0	0	-0	-0	-0	-0	-0	-0
Commission income and other income	57	50	31	29	40	106	73	133
<b>Total income</b>	<b>56</b>	<b>50</b>	<b>30</b>	<b>29</b>	<b>40</b>	<b>106</b>	<b>73</b>	<b>132</b>
<b>Total operating expenses</b>	<b>44</b>	<b>43</b>	<b>28</b>	<b>29</b>	<b>32</b>	<b>87</b>	<b>61</b>	<b>118</b>
<b>Result before tax</b>	<b>12</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>9</b>	<b>19</b>	<b>12</b>	<b>14</b>

Cost and income  
(NOK mill.)

Result before tax  
(NOK mill.)





## 8. Development last ten years

### Financial results

(in NOK million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net interest	877	974	1,024	1,139	1,350	1,325	1,317	1,392	1,477	1,616
Commission income and other income	443	537	580	671	610	756	855	919	1,139	1,463
Net return on financial investments	65	276	419	332	207	596	410	434	451	502
<b>Total income</b>	<b>1,385</b>	<b>1,787</b>	<b>2,022</b>	<b>2,142</b>	<b>2,167</b>	<b>2,677</b>	<b>2,582</b>	<b>2,746</b>	<b>3,067</b>	<b>3,580</b>
Staff costs	379	485	512	583	623	725	583	810	942	923
Other operating expenses	350	421	478	519	571	528	557	672	712	799
<b>Total operating expenses</b>	<b>729</b>	<b>906</b>	<b>990</b>	<b>1,102</b>	<b>1,194</b>	<b>1,253</b>	<b>1,140</b>	<b>1,482</b>	<b>1,654</b>	<b>1,722</b>
<b>Result before losses</b>	<b>655</b>	<b>881</b>	<b>1,032</b>	<b>1,039</b>	<b>975</b>	<b>1,424</b>	<b>1,441</b>	<b>1,264</b>	<b>1,414</b>	<b>1,859</b>
Loss on loans, guarantees etc.	81	-38	-84	-6	202	277	132	27	58	101
<b>Result before tax</b>	<b>574</b>	<b>919</b>	<b>1,116</b>	<b>1,045</b>	<b>773</b>	<b>1,147</b>	<b>1,309</b>	<b>1,236</b>	<b>1,355</b>	<b>1,758</b>
Tax charge	144	199	219	200	156	210	260	255	295	388
Results investments held for sale, after tax							-27	43	16	30
<b>Net profit</b>	<b>430</b>	<b>720</b>	<b>898</b>	<b>846</b>	<b>617</b>	<b>937</b>	<b>1,022</b>	<b>1,024</b>	<b>1,077</b>	<b>1,400</b>

### Balance sheet

(in NOK million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cash and loans to and claims on credit institutions	1,541	2,123	2,323	3,878	4,548	1,260	2,532	4,075	4,091	5,981
CDs, bonds and other interest-bearing securities	2,566	4,133	5,602	7,246	12,036	19,302	22,948	21,485	25,614	25,591
Gross loans to customers before write-downs	34,226	45,280	52,819	59,178	64,016	61,782	69,847	73,105	74,943	80,303
- Specified write-downs	-290	-236	-147	-116	-215	-219	-222	-172	-144	-173
- Write-downs by loan category	-314	-278	-184	-185	-245	-289	-290	-290	-295	-295
Other assets	775	3,304	2,765	1,502	4,540	2,704	3,182	3,252	3,766	3,952
<b>Assets</b>	<b>38,505</b>	<b>54,327</b>	<b>63,178</b>	<b>71,503</b>	<b>84,679</b>	<b>84,541</b>	<b>97,997</b>	<b>101,455</b>	<b>107,975</b>	<b>115,360</b>
Deposits from credit institutions	48	1,029	2,766	5,346	9,000	11,310	13,062	9,118	7,410	6,379
Deposits from and debt to customers	20,725	27,048	30,136	32,434	35,280	37,227	42,786	47,871	52,252	56,074
Debt created by issue of securities	13,048	18,036	21,911	23,950	29,680	24,070	29,625	31,306	33,121	36,057
Other liabilities	822	2,876	1,799	2,265	2,045	1,876	1,922	2,122	2,070	2,303
Subordinated loan capital	1,347	1,667	2,383	2,648	3,156	3,875	2,758	2,690	3,040	3,304
Total equity capital	2,515	3,671	4,183	4,860	5,518	6,183	7,846	8,348	10,082	11,242
<b>Total liabilities and equity</b>	<b>38,505</b>	<b>54,327</b>	<b>63,178</b>	<b>71,503</b>	<b>84,679</b>	<b>84,541</b>	<b>97,997</b>	<b>101,455</b>	<b>107,975</b>	<b>115,360</b>



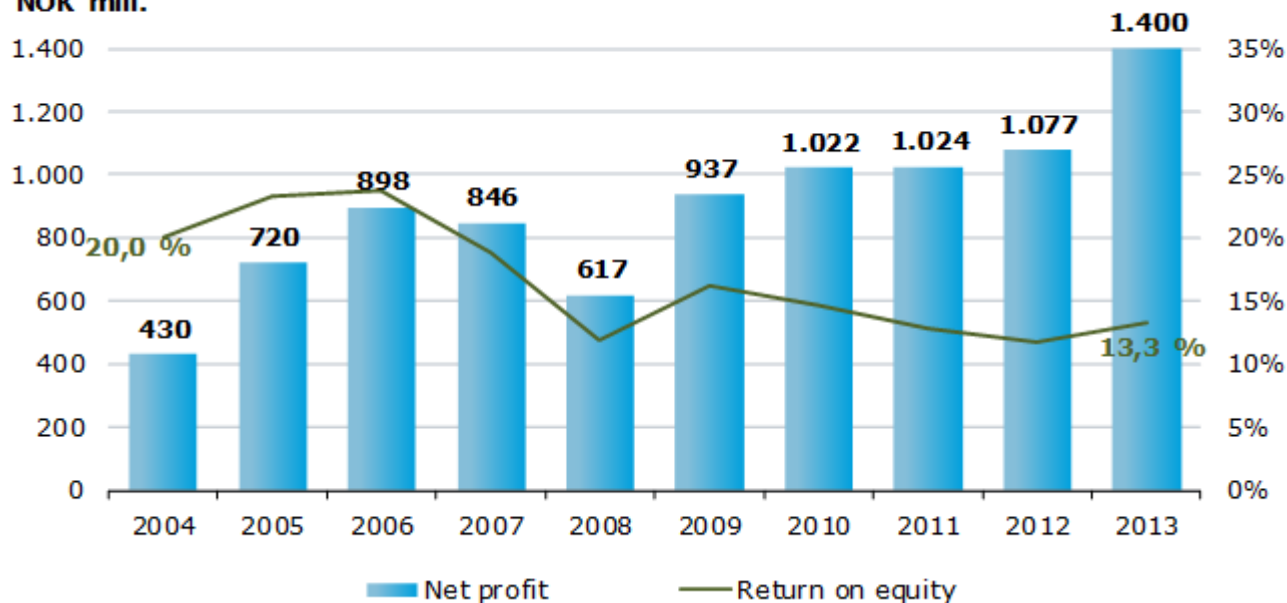
### Key figures

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Return on equity	20,0 %	23,3 %	23,7 %	18,9 %	11,9 %	16,2 %	14,6 %	12,8 %	11,7 %	13,3 %
Cost/income ratio group	52,7 %	50,7 %	49,0 %	51,7 %	55,0 %	46,8 %	44,2 %	54,0 %	53,9 %	48,1 %
Cost/income ratio group, ex. financial inv.	60,0 %	61,7 %	61,1 %	60,8 %	60,2 %	52,5 %	52,5 %	64,1 %	63,2 %	55,9 %
Cost/income ratio parent bank	48,5 %	50,0 %	47,6 %	52,4 %	55,3 %	47,2 %	40,2 %	50,5 %	47,5 %	40,2 %
12-month cost growth	-0,5 %	24,3 %	9,3 %	11,8 %	7,9 %	4,9 %	-9,0 %	30,0 %	11,6 %	4,1 %
Gross loans to customers*	34,226	45,280	52,819	61,910	71,317	77,429	87,665	95,232	104,909	112,038
Gross loans in retail market	21,491	29,032	33,808	38,872	42,679	45,157	49,619	55,034	62,587	68,515
Gross loans in corporate market	12,735	16,248	19,011	23,038	28,638	32,272	38,046	40,198	42,322	43,523
Growth in loans last 12 months*	5,1 %	32,3 %	16,6 %	17,2 %	15,2 %	8,6 %	13,2 %	8,6 %	10,2 %	6,8 %
Deposits from customers	20,725	27,048	30,136	32,434	35,280	37,227	42,786	47,871	52,252	56,074
Deposits from retail market	11,256	14,080	15,408	16,070	17,566	17,898	19,052	20,860	22,279	24,185
Deposits from corporate market	9,469	12,968	13,967	16,363	17,715	19,330	23,734	27,011	29,973	30,278
Growth in deposits last 12 months	4,3 %	30,5 %	11,4 %	7,6 %	8,8 %	5,5 %	14,9 %	11,9 %	9,2 %	7,3 %
Ordinary lending financed by ordinary deposit	60,6 %	59,7 %	57,1 %	54,8 %	55,1 %	60,3 %	61,3 %	65,5 %	69,7 %	69,8 %
Total assets	38,505	54,327	63,178	71,503	84,679	84,541	97,997	102,479	107,975	115,360
Average total assets	36,965	47,753	56,434	67,202	75,820	86,679	91,317	98,465	105,372	111,843
Employees in employment group	637	806	841	931	982	1,016	1,035	1,098	1,135	1,159
Employees in employment parent bank	510	669	661	723	750	767	764	786	793	757
Employees in employment subsidiaries	127	137	180	208	232	250	271	312	342	401
Net other operating income of total income	32,0 %	30,1 %	28,7 %	31,3 %	28,2 %	28,2 %	33,1 %	33,5 %	37,1 %	40,8 %
Common Equity Tier 1 ratio	9,1 %	7,5 %	7,5 %	7,4 %	7,1 %	7,7 %	9,3 %	8,9 %	10,0 %	11,1 %
Capital adequacy ratio	12,7 %	10,9 %	11,9 %	12,1 %	11,9 %	13,6 %	13,0 %	12,0 %	13,3 %	14,7 %
Core capital ratio	10,9 %	8,8 %	8,6 %	8,4 %	8,1 %	10,4 %	10,9 %	10,4 %	11,3 %	13,0 %
Total core capital	2,773	3,073	3,614	4,019	4,967	6,730	7,283	7,856	9,357	10,989
Net subordinated capital	3,239	3,808	5,229	5,762	7,312	8,730	8,646	9,055	10,943	12,417
Impairment losses ratio	-0,01 %	-0,09 %	-0,03 %	-0,01 %	0,21 %	0,31 %	0,16 %	0,03 %	0,06 %	0,09 %
Non-perf. commitm. as % of gross loans	1,03 %	0,78 %	0,41 %	0,39 %	0,46 %	0,49 %	0,57 %	0,36 %	0,36 %	0,34 %
Other doubtful commitm. as % of gross loans	0,91 %	0,60 %	0,51 %	0,37 %	1,33 %	0,57 %	0,24 %	0,21 %	0,14 %	0,14 %

\* Gross loans to customers includes SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

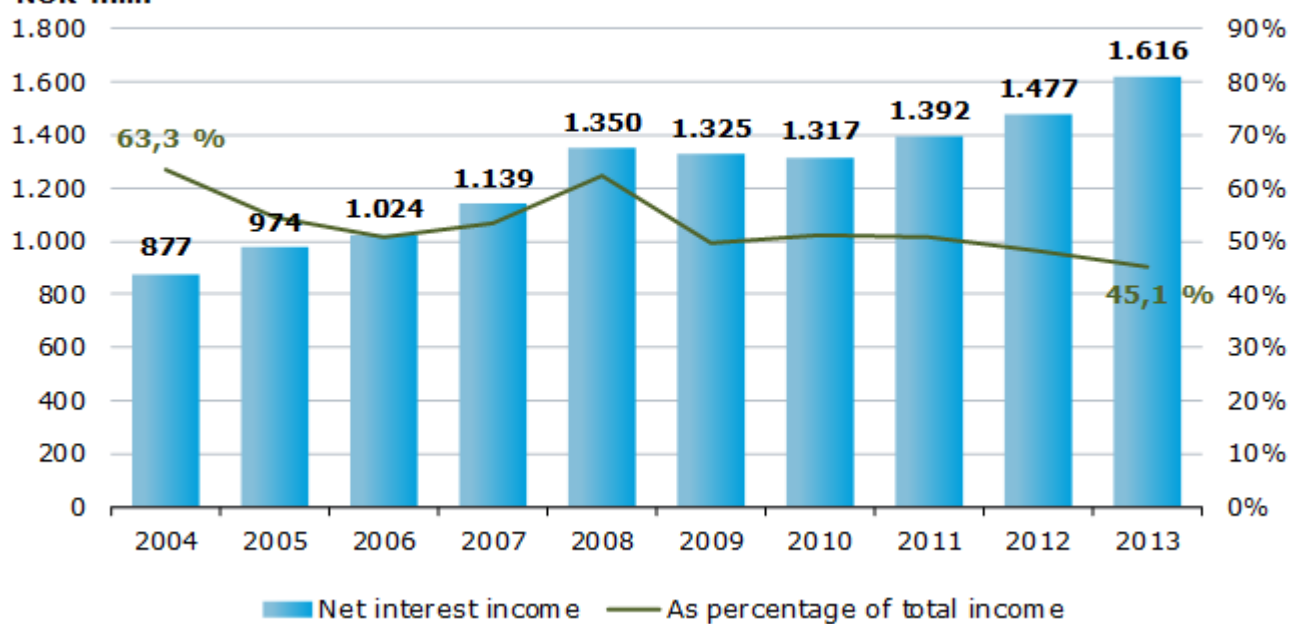
### Net profit and return on equity

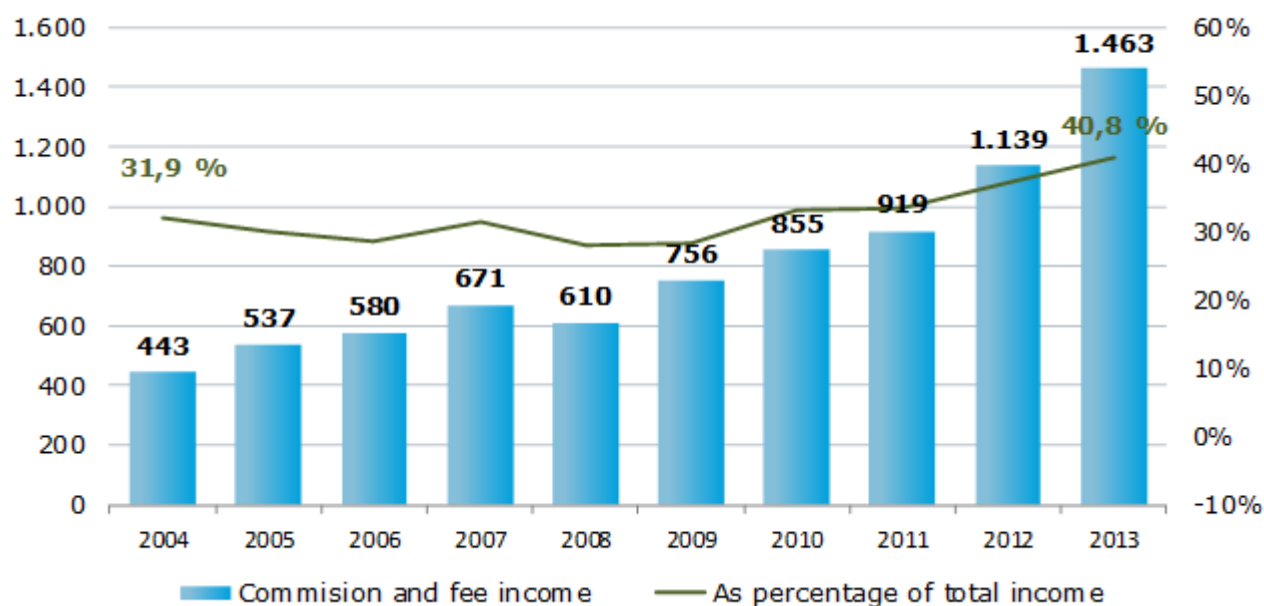
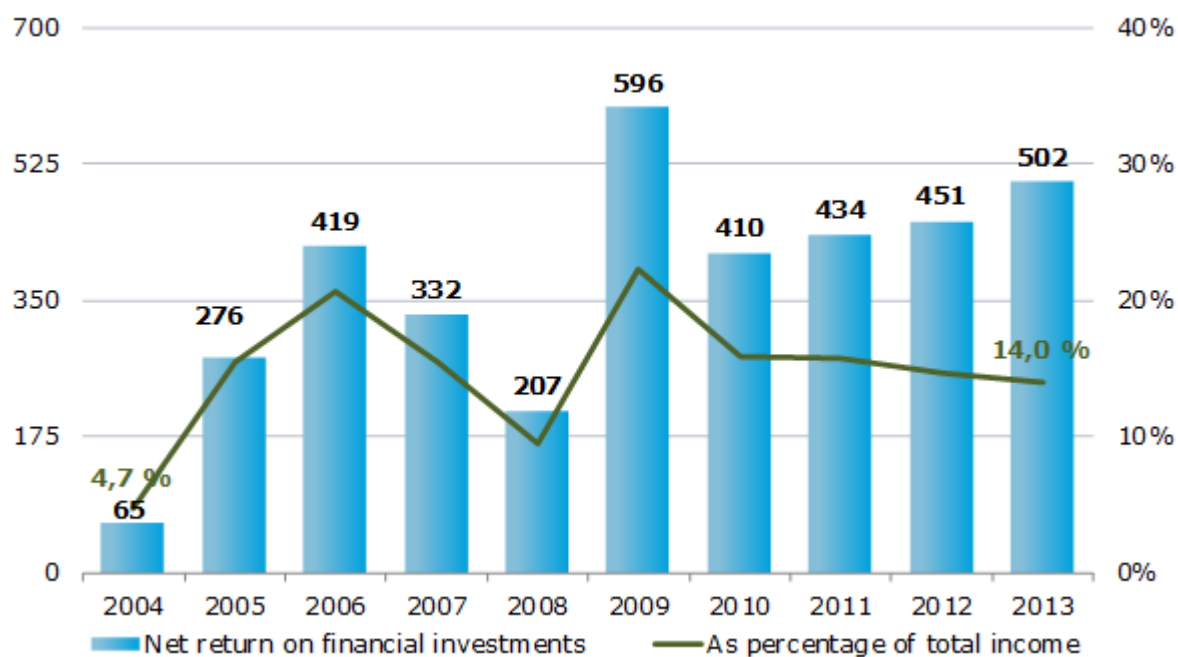
NOK mill.



### Development in net interest income

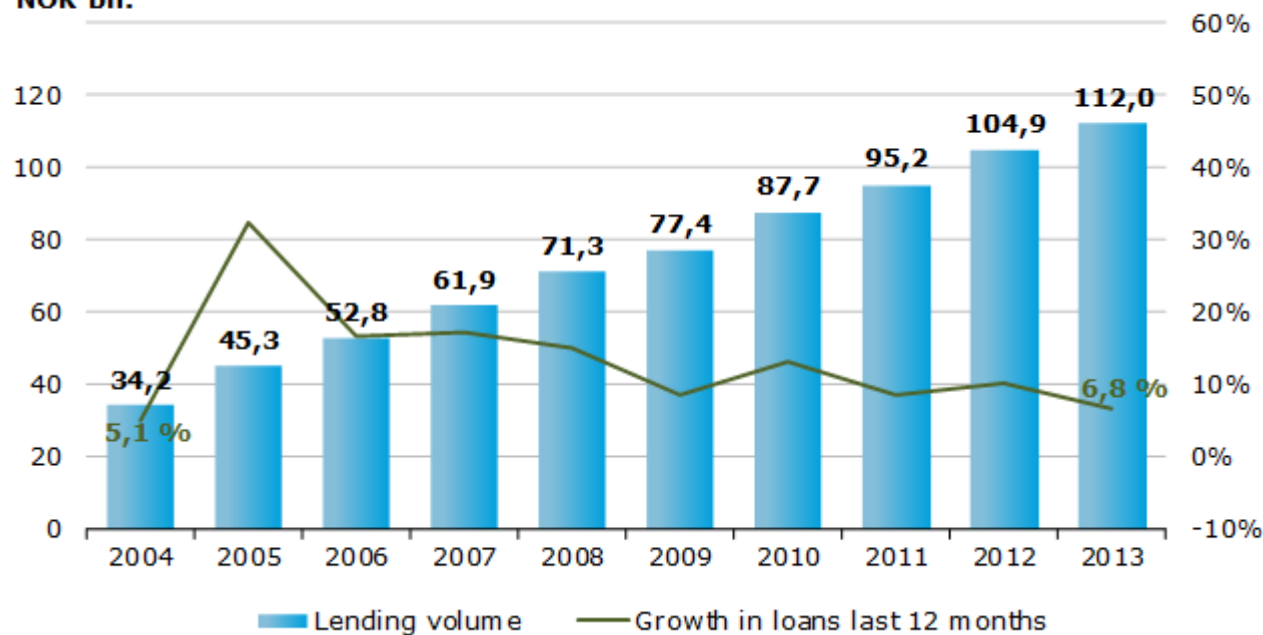
NOK mill.



*Development in commission income and other income**Development in net return on financial investments*

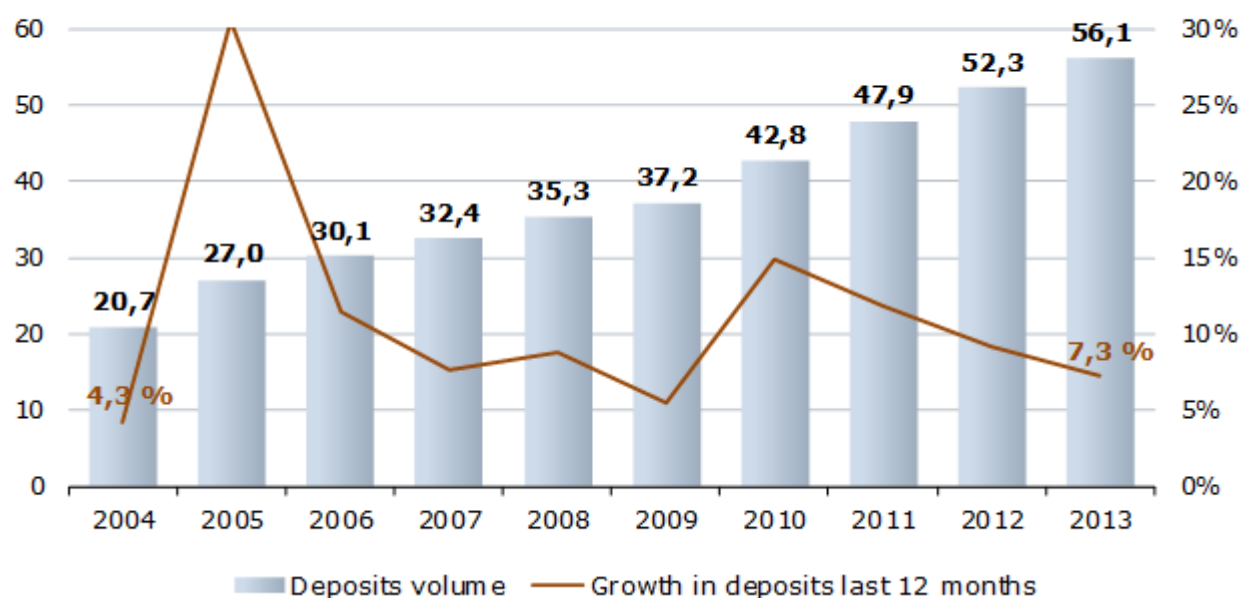
### Volume development, Lending\*

NOK bn.



### Volume development, Deposits\*

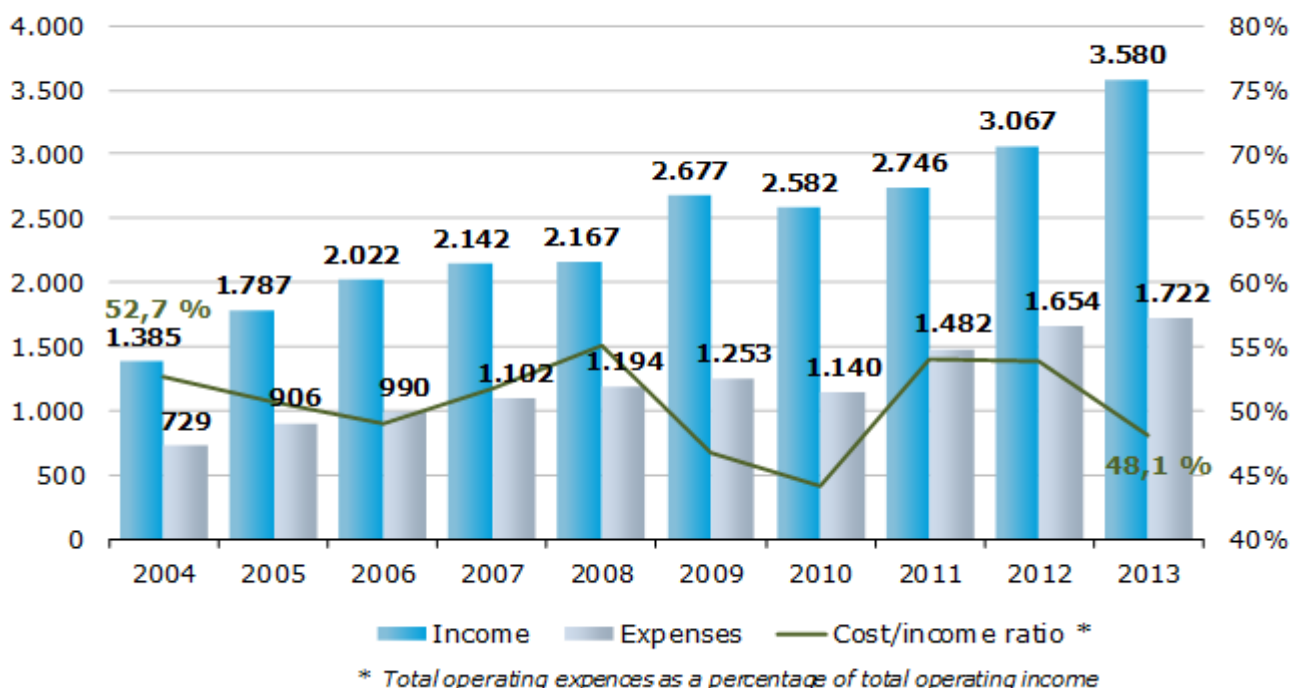
NOK bn.



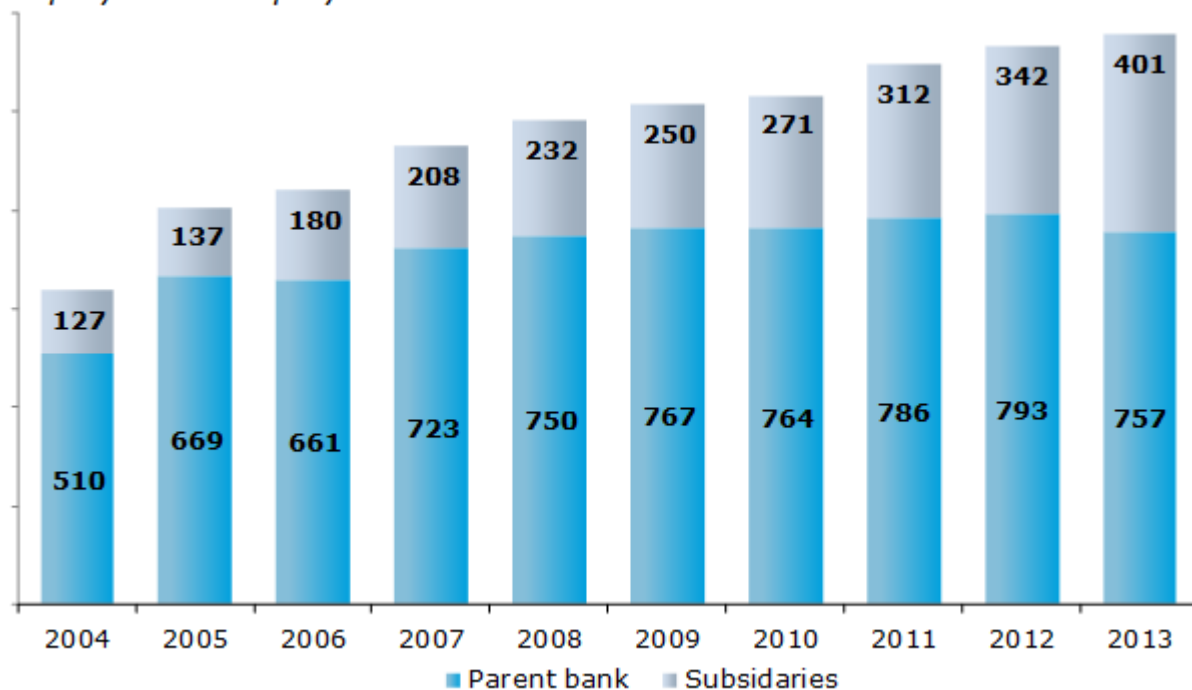
\*) The strong growth in 2005 in lending and deposits is related to the acquisition of 100 per cent of Romsdals Fellesbank.

### Cost/income ratio

NOK mill.

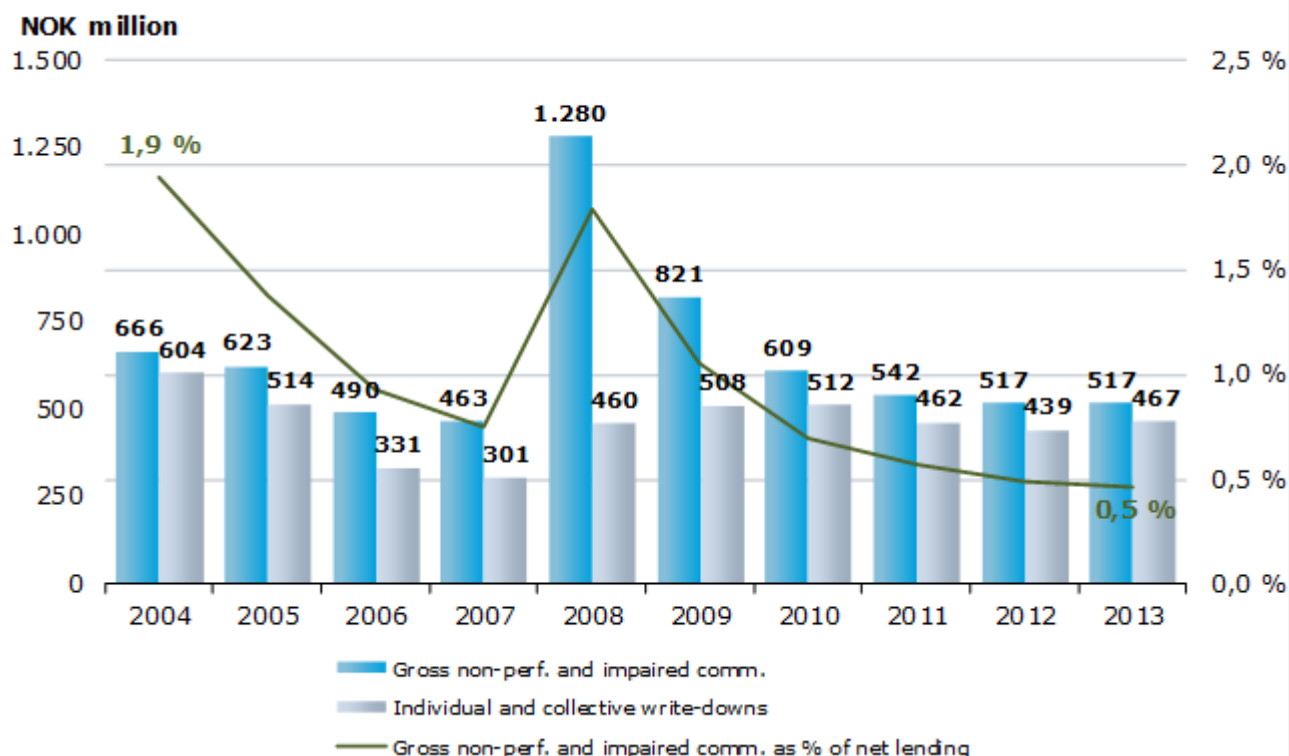


### Employees in employment





### Net non-performing and impaired commitments



### Capital Adequacy

