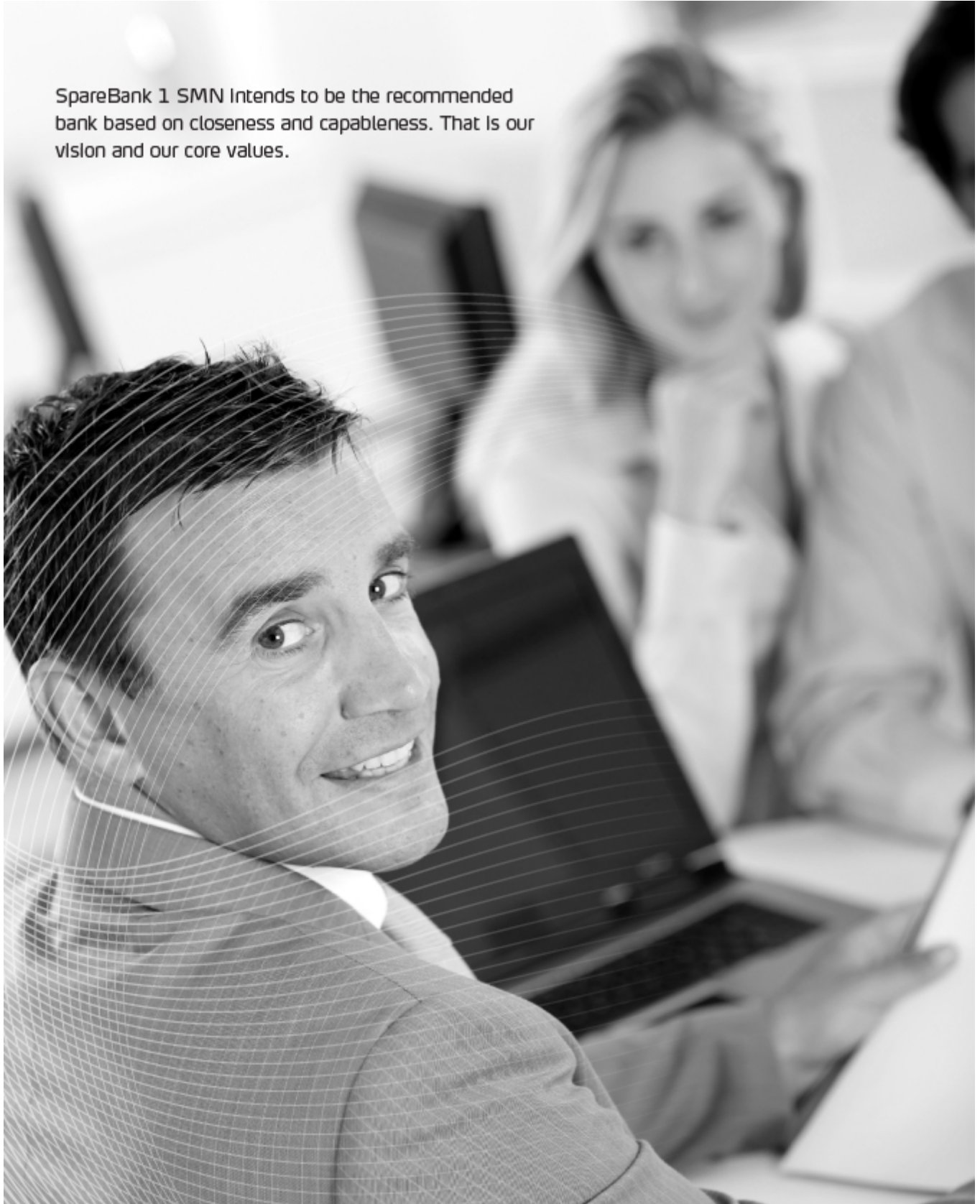


# General information

SpareBank 1 SMN Intends to be the recommended bank based on closeness and capableness. That is our vision and our core values.



## This is SpareBank 1 SMN

SpareBank 1 SMN is the region's leading financial services group and one of six owners of the SpareBank 1 Alliance. Its Head Office is in Trondheim and the Group and its subsidiaries have more than 1,100 staff. SpareBank 1 SMN is a regional independent savings bank with a local footing. Closeness and competence characterise our relationship to the market.

### The region's largest financial services group

- one of Norway's oldest banks, founded in 1823
- present in 54 locations across 43 municipalities in both Trøndelag counties, Møre and Romsdal, and Sogn and Fjordane
- one-stop provider in the field of financing, saving and investment, insurance and payment service to retail customers and corporates
- 185,000 retail customers
- 13,000 corporate customers
- the region's leading real estate agent, through EiendomsMegler 1
- the region's leading leasing company, through SpareBank 1 SMN Finans
- the region's only full-fledged investment firm through SpareBank 1 SMN Markets
- the region's largest private contributor to business development and non-profit causes, through SpareBank 1 SMN Fondet



## Financial summary, last ten years

<b>From the income statement (mNOK)</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Net interest and credit commission income	1,281	1,210	1,279	1,345	1,125	1,008	961	864	864	896
Commission and fee income	919	855	756	610	671	580	537	443	332	282
Operating expenses	-1,482	-1,140	-1,253	-1,194	-1,103	-990	-906	-729	-733	-681
Operating profit before losses and return on financial investments	718	925	782	761	693	597	592	577	463	498
Income from investment in related companies	290	249	349	393	233	190	119	23	-5	-168
Return on financial investments	298	240	293	-181	113	245	170	55	81	-23
Loan losses and gains / write-downs on disposals of fixed assets	27	132	277	202	-6	-84	-38	81	229	229
<b>Pre-tax operating profit</b>	<b>1,279</b>	<b>1,282</b>	<b>1,147</b>	<b>771</b>	<b>1,045</b>	<b>1,116</b>	<b>919</b>	<b>574</b>	<b>311</b>	<b>77</b>

<b>From the balance sheet (mNOK)</b>										
Total assets	101,455	97,992	84,541	84,679	71,503	63,178	54,327	38,505	36,876	35,991
Outstanding loans (gross)	73,105	69,847	61,782	64,016	59,178	52,819	45,280	34,226	32,553	31,089
Outstanding loans including transf. SpareBank 1 Boligkreditt (gross)	95,232	87,665	77,429	71,317	61,910					
Gross loans in retail market	55,034	49,619	45,157	42,679	38,872	33,898	29,032	21,491	20,008	17,961
Gross loans in corporate market	40,198	38,046	32,272	28,638	23,038	18,921	16,248	12,735	12,545	13,128
Deposits	47,871	42,786	37,227	35,280	32,434	30,136	27,048	20,725	19,876	19,049
Deposits from retail market	20,860	19,052	17,898	17,566	16,070	14,707	14,080	11,256	11,252	10,981
Deposits from corporate market	27,011	23,734	19,330	17,715	16,363	13,967	12,968	9,469	8,624	8,068
Growth in lending, %	8.6 %	13.2 %	8.6 %	15.2 %	17.2 %	16.6 %	32.3 %	5.1 %	4.7 %	6.2 %
Growth in deposits, %	11.9 %	14.9 %	5.5 %	8.8 %	7.6 %	11.4 %	30.5 %	4.3 %	4.3 %	6.6 %

<b>Key figures and ratios</b>										
Return on equity	12.8 %	14.6 %	16.2 %	11.9 %	18.9 %	23.7 %	23.3 %	20.0 %	10.2 %	0.4 %
Cost-income ratio	53.2 %	44.6 %	46.8 %	55.1 %	51.5 %	49.0 %	50.7 %	52.7 %	57.6 %	69.0 %
Core capital ratio	10.4 %	10.9 %	10.5 %	8.1 %	8.4 %	8.6 %	8.8 %	10.8 %	10.1 %	8.1 %
Capital adequacy ratio	12.0 %	13.0 %	13.6 %	11.9 %	12.1 %	11.9 %	10.9 %	12.7 %	13.9 %	11.1 %
No. of staff	1,153	1,117	1,108	1,062	1,017	950	898	772	772	825
No. of person-years worked	1,109	1,035	1,017	973	940	841	806	637	713	718
No. of branches	54	54	55	56	56	58	62	56	56	56

<b>Key figures EC <sup>1)</sup></b>										
EC ratio	60.6 %	61.3 %	54.8 %	56.3 %	54.2 %	53.7 %	56.1 %	49.8 %	51.4 %	53.0 %
EC price (NOK)	39.30	54.00	49.02	22.85	54.65	61.65	59.19	41.60	29.05	17.55
Market value (mNOK)	3,731	5,124	3,749	1,750	3,900	4,140	3,951	2,113	1,476	891
Profit per EC (NOK)	6.61	6.43	6.73	4.49	6.16	6.57	5.63	2.91	2.34	0.66
Dividend per EC (NOK)	2.00	3.00	2.27	1.51	4.24	3.30	3.63	2.02	2.18	0.91
Booked equity capital per EC (including dividend)	54.44	50.61	44.89	40.03	38.35	35.06	31.85	26.31	24.05	22.69
P/E	5.94	8.40	7.29	5.09	8.87	9.38	10.52	14.28	12.43	26.67
Price / Booked equity capital	0.72	1.07	1.09	0.57	1.43	1.76	1.86	1.58	1.21	0.77

1) For definition of key figures for primary capital certificates, see chapter Equity capital certificates.

# Key goals and strategies

## Vision and values

### Vision

We intend to be the recommended bank. This vision entails a weighty commitment to our customers, partners, staff and ECC holders. To fulfill this vision we must strive continuously to improve ourselves and to stay abreast of market and customer needs.

### Values

We want our customers to perceive us as close at hand and capable. This means being close to our customers through personal contact, taking the initiative to meet the customer with the best advice and products, and being an active mainstay of the region. 'Capable' means offering a broad product range that is right for the times, and employing staff with solid professional competence and first rate skills. We aim to maintain a high ethical standard in everything we do, and want our customers to feel that their needs for financial advice and services are met in a professional manner. Our values of being close at hand and capable are our guiding principle, qualities we strive for every single day. They help us to achieve our goals and to make the right priorities.

### Strategic ambition

At the end of the strategy period SpareBank 1 SMN will continue to be an independent, regional finance house – a powerhouse for development of the region. SpareBank 1 SMN will come across as profitable and known for excellent customer experience. SpareBank 1 SMN is unquestionably solid and its return on equity puts it among the three best banks in Norway. SpareBank 1 SMN has a strengthened market position and has significantly improved its market shares in Trondheim, Molde and Ålesund, as well as its position in the SMB market and the deposit market.

Our ambition is to **remain an independent, regional and profitable** bank that means more to firms and individuals in our market area than any other bank.

The SpareBank 1 Alliance is the bank's strategic foundation and the basis for SpareBank 1 SMN's regional business strategies and independence. SpareBank 1 SMN will play an active role in developing the SpareBank 1 Alliance as a leading financial services grouping.

### Some main strategy themes in the run-up to 2015

- solid and profitable with a return on equity among the three best-performing comparable banks
- continued growth in market shares
- developing a position as bank with Excellent Customer Experience
- further develop and renew the brand and position in the market area
- further develop an organisation that generates commitment and good performances
- continuous improvement of work processes to create maximum customer value

**Solid, with profitability ratios among the three best-performing comparable banks**

Profitability ratios on a par with the three best-performing comparable banks. SpareBank 1 SMN intends to be unquestionably solid with funding that enables it to survive at least 12 months without access to money market finance. SpareBank 1 SMN has a good supply of deposit financing and aims to continue to increase shares in the savings and deposit markets.

**Continued growth in market shares**

SpareBank 1 SMN is a clear cut market leader in Trøndelag and Nordvestlandet, but sees further growth potentials in retail markets and the corporate market. Growth will be achieved by further developing customer portfolios across the Group and increasing customer migration from competitors. SpareBank 1 SMN sees potentials in further developing and strengthening the group's position in the larger towns and urban areas and in maintaining a very strong market position in the districts. Skilled advisers that meet customer needs by identifying the right product range and product coverage for the individual customer will promote continued sound growth for SpareBank 1 SMN.

**Excellent Customer Experience**

Based on an assessment of opportunities present in the market, the competitive situation and customers' expectations, the Bank will in the strategy period take measures to develop and take its place as the best bank Excellent Customer Experience. A strategic position in which the bank is regarded as a bank with "Excellent Customer Experience" is a position that affords competitive power and considerable potential for continued growth.

**Further develop and renew the brand and position in the market area**

SpareBank 1 SMN holds a prominent position and is the most familiar banking group to existing and potential customers in the Bank's market area and the one of which people are most aware. We see further potential for growth by strengthening the content of the SpareBank 1 SMN brand and the market's awareness of what it stands for.

**Further develop an organisation that generates commitment and good performances**

Further development of organisational and managerial capability will be a central area for development in the strategy period. Opportunities exist to strengthen and further develop customer relationships by profiling the competence and skills possessed by staff at SpareBank 1 SMN.

**Coming across as service-minded and enthusiastic**

SpareBank 1 SMN sees possibilities for and potentials in strengthening customers' experience of the bank and their meeting with the bank's staff. Through the programme "Excellent Customer Experience" we wish to generate a commitment and passion in the organisation that inspires us to turn every point of contact with the customer into an opportunity to confirm and reinforce their choice of SpareBank 1 SMN as their main bank.

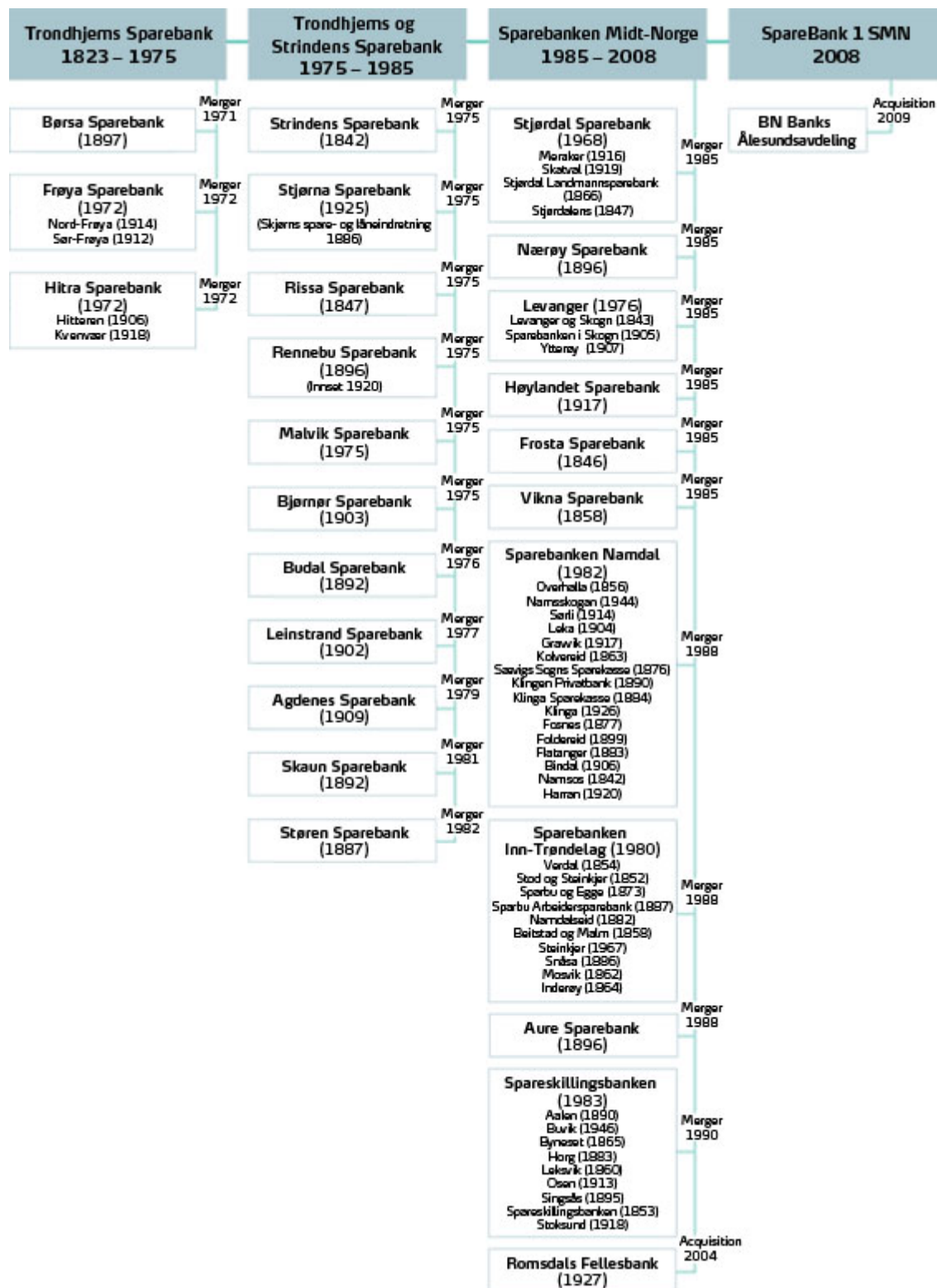
**Continuous improvement**

Potential gains can be made by applying a structured approach to optimise, on a continuous basis, processes and tasks that create customer value. The Group will launch improvement projects designed to

create increased value for the customer, shorten delivery times and establish a consistent and predictable customer experience. SpareBank 1 SMN will escalate work on continuous improvement, developing processes to assure a constant effort to create maximum value for our customers.

## The story of SpareBank 1 SMN

The first customers entered Trondhjems Sparebank in the year 1823. Our offering of financial services has evolved in keeping with society as a whole. Initially the Bank's goal was to combat poverty and give ordinary people the opportunity to save. Today SpareBank 1 SMN is one of Norway's largest banks and a complete financial department store.



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