

Equity capital certificates

At end-2011 SpareBank 1 SMN's ECC capital totalled NOK 2,373m distributed on 94,905,280 ECCs with a nominal value of NOK 25 each. The Bank has an own holding of ECCs totalling NOK 0.2m distributed on 6,388 ECCs.

Dividend policy

A new act and regulations on equity capital certificates, which came into force on 1 July 2009, brings savings banks' ECCs more into line with shares. It entails greater equality of treatment of savings banks' various owner groupings and minimises previous concerns related to dilution of ECC holders upon payment of cash dividends.

In view of the new legislation, the following dividend policy was established in December 2009:

- SpareBank 1 SMN aims to manage the Group's resources in such a way as to provide ECC holders with a good, stable and competitive return in the form of dividend and a rising value of the Bank's equity capital certificate.
- The net profit for the year will be distributed between the owner capital (the ECC holders) and the ownerless capital in accordance with their respective shares of the Bank's total equity capital.
- SpareBank 1 SMN's intention is that up to one half of the owner capital's share of the net profit for the year should be disbursed in dividends and, similarly, that up to one half of the ownerless capital's share of the net profit for the year should be disbursed as gifts or transferred to a foundation. This is on the assumption that capital adequacy is at a satisfactory level. When determining dividend payout, account will be taken of the profit trend expected in a normalised market situation, external framework conditions and any need for tier 1 capital.

Distribution of profit

Distribution of the profit for the year is done on the basis of the Parent Bank's accounts. The Parent Bank's profit includes dividends received from subsidiaries, affiliates and joint ventures.

Subsidiaries are fully consolidated in the Group accounts, whereas profit shares from affiliates and joint ventures are consolidated using the equity method. Dividends are accordingly not included in the Group results.

Annual profit for distribution reflects changes of NOK -25m in the revaluation reserve, leaving the total amount for distribution at NOK 795m.

The profit is distributed between the ownerless capital and the equity certificate capital in proportion to their relative shares of the Bank's total equity, such that dividends to the dividend equalisation fund constitute 61.3 per cent of the distributed profit.

The Board of Directors recommends the Bank's Supervisory Board to set a cash dividend of NOK 2 per ECC, altogether totalling NOK 190m. This gives a payout ratio of 40 per cent. The Board of Directors further recommends the Supervisory Board to allocate NOK 40m as gifts to non-profit causes, representing a payout ratio of 13 per cent. NOK 297m and NOK 268m are added to the dividend equalisation fund and the ownerless capital respectively.

In light of new regulatory capital requirements and the expectation of more demanding market conditions, the Board of Directors has chosen to recommend lower payout ratios for 2011 than previous years.

The Board has further chosen to recommend a different payout ratio for the ownerless capital and the owner capital this year in order to partially offset the equity dilution resulting from the proposed stock issue.

After distribution of the profit for 2011 the ECC-holder ratio (ECC-holders' share of total equity) is 60.6 per cent.

| Distribution of profit, NOKm | 2011 | 2010 |
|--------------------------------------|-------------|-------------|
| Profit of the year, Parent Bank | 820 | 882 |
| Transferred from revaluation reserve | -25 | 65 |
| Profit for distribution | 795 | 947 |
| Dividends | 190 | 285 |
| Dividend equalisation fund | 297 | 281 |
| Equalisation fund | 268 | 189 |
| Gifts | 40 | 192 |
| Total distributed | 795 | 947 |

Stock issues

The Bank's Board of Directors is authorised by the Supervisory Board to launch a rights issue of up to NOK 750m in favour of existing owners.

The Board of Directors is also authorised to

- launch a placing of up to NOK 200m with the foundation, Sparebankstiftelsen SpareBank 1 SMN
- launch a placing of up to NOK 60m with employees of the Group

The Bank intends through these issue proposals to strengthen its core capital and the financial basis for profitable growth and for exploiting business potentials in its market area. The Bank considers it valuable for employees of the Group to have the opportunity to subscribe for equity capital certificates through a private placing. A placing in favour of the foundation is in keeping with the Bank's strategy behind the establishment of Sparebankstiftelsen SpareBank 1 SMN.

The subscription period for the rights issue is 12-23 March 2012.

The Board of Directors recommends transferring parts of the ECC capital prescribed by the articles of association to the Bank's ECC premium reserve by way of a reduction in the nominal value of the Bank's ECC from NOK 25 to NOK 20. This will facilitate stock issues on market terms and a more appropriate distribution of the savings bank's ECC capital. Changing the nominal value will not affect the 'owner fraction' (ratio of ECC capital to total equity capital) or the market value of the ECCs.

Investor policy

The Bank attaches much importance to correct, relevant and timely information on the Bank's progress and performance as a means of instilling investor market confidence. Information is communicated to the market via quarterly investor presentations and press releases. Presentations for international partners, lenders and investors are also arranged on a regular basis, mainly in London.

Updated information for investors, the press and brokers is available at all times at smn.no/ir.

Other financial information can be found at huginonline.no

Financial calendar for 2012

- 1st quarter: 2 May 2012
- 2nd quarter: 9 August 2012
- 3rd quarter: 26 October 2012

Ownership

SpareBank 1 SMN aims for good ECC liquidity and to achieve a good spread across ECC holders representing customers, regional investors and Norwegian and foreign institutions.

The number of ECC holders was reduced by 122 to 9,532 in the course of 2011. The Bank's 20 largest ECC holders controlled 32.8 per cent of the Bank's ECCs at year-end, and 22. million ECCs were traded under the MING ticker symbol on the Oslo Stock Exchange in 2011.

ECCs owned by investors in Sør- and Nord-Trøndelag, Møre and Romsdal and Sogn and Fjordane account for 30 (31) per cent of the total, other Norwegian investors account for 56 (54) per cent and foreign owners for 13 (15) per cent. Foreign owners make up 2 per cent of the total number of owners as of 31 December 2011.

Tax credit

In order to prevent double taxation of the Bank and its ECC holders, rules on tax credits have been introduced (section 10-12 of the Tax Act, replacing previous 'RISK' rules). The tax credit, computed for each share/ECC, equals the share's/ECC's tax-credit base multiplied by a tax-free interest rate. The tax-credit base equals the share's/ECC's opening value. The tax-free interest rate is determined by the Ministry of Finance in regulations. The tax credit is assigned to the holder of the share/ECC on 31 December of the income year.

Market trend for the Bank's ECC in 2011

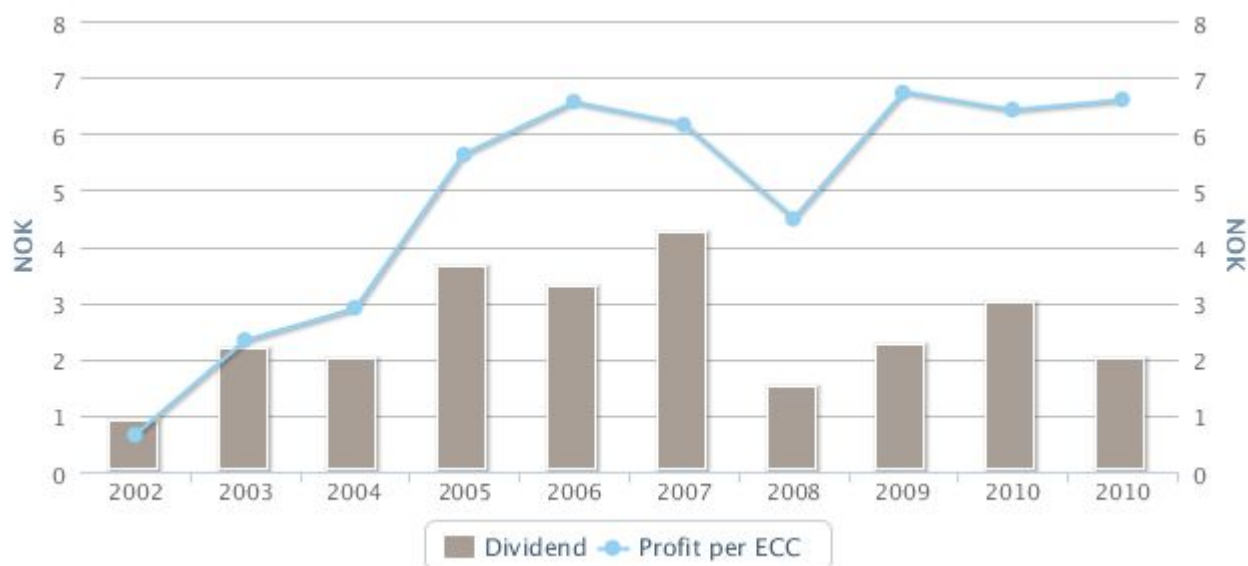
At year-end the market price of SpareBank 1 SMN's ECC (MING) was NOK 39.30. At end-2010 the price was NOK 54.00. With a cash dividend of NOK 2.00 for 2011, the direct return on the ECC is 5.1 per cent.

| Key figures and ratios | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|----------------------------|---------|--------|---------|---------|--------|--------|--------|--------|--------|---------|
| Quoted price | 39.30 | 54.00 | 49.02 | 22.85 | 54.65 | 61.65 | 59.19 | 41.60 | 29.05 | 17.55 |
| No. of ECs issued, million | 94.92 | 94.90 | 69.43 | 57.86 | 71.36 | 50.49 | 50.49 | 38.43 | 38.43 | 38.43 |
| Market value (NOKm) | 3,731 | 5,124 | 3,749 | 1,750 | 3,900 | 4,140 | 3,951 | 2,113 | 1,476 | 891 |
| EC capital (NOKm) | 2,373 | 2,373 | 1,734 | 1,445 | 1,349 | 1,262 | 1,262 | 769 | 607 | 603 |
| Equalisation fund (NOKm) | 1,457 | 1,159 | 877 | 768 | 675 | 624 | 581 | 400 | 482 | 472 |
| EC premium reserve (NOKm) | 183 | 182 | 0 | 236 | 138 | 0 | 0 | 10 | 10 | 10 |
| Dividend per EC | 2.00 | 3.00 | 2.27 | 1.51 | 4.24 | 3.30 | 3.63 | 2.02 | 2.18 | 0.91 |
| Direct return 1) | 5.1 % | 5.6 % | 4.6 % | 6.6 % | 7.8 % | 5.4 % | 6.1 % | 4.8 % | 7.5 % | 5.2 % |
| Dividend yield 2) | -23.5 % | 16.3 % | 124.5 % | -55.4 % | -4.5 % | 9.7 % | 51.0 % | 50.2 % | 77.9 % | -23.4 % |
| Book value per EC 3) | 54.44 | 50.61 | 44.89 | 40.03 | 38.35 | 35.06 | 31.85 | 26.31 | 24.05 | 22.69 |
| Profit per EC 4) | 6.61 | 6.43 | 6.73 | 4.49 | 6.16 | 6.57 | 5.63 | 2.91 | 2.34 | 0.66 |
| Price-Earnings Ratio | 5.94 | 8.40 | 7.29 | 5.09 | 8.87 | 9.38 | 10.52 | 14.28 | 12.43 | 26.67 |
| Price-Book Value Ratio | 0.72 | 1.07 | 1.09 | 0.57 | 1.43 | 1.76 | 1.86 | 1.58 | 1.21 | 0.77 |
| Payout ratio 5) | 30 % | 47 % | 34 % | 34 % | 69 % | 50 % | 65 % | 69 % | 93 % | 138 % |
| EC fraction 6) | 60.6 % | 61.3 % | 54.8 % | 56.3 % | 54.2 % | 53.7 % | 56.1 % | 49.8 % | 51.4 % | 53.0 % |
| RISK-amount | | | | | | | 2.39 | 2.26 | 0.37 | -0.52 |

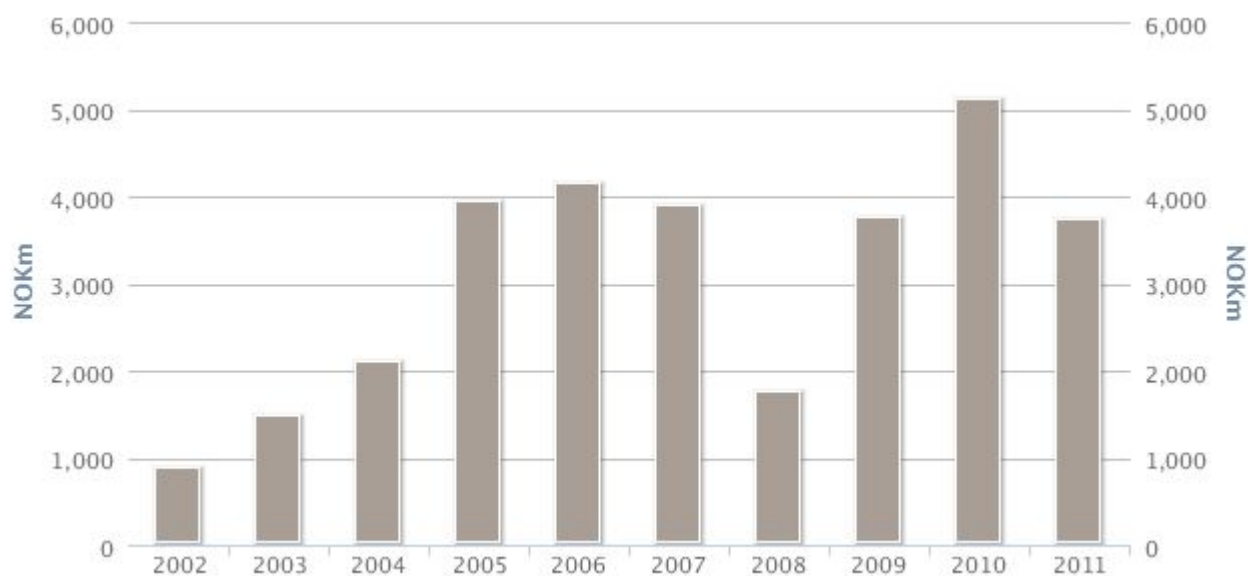
The key figures are corrected for issues. No change in number of ECCs

- 1) Dividend as per cent of quoted price at year-end.
- 2) Price rise over the year plus paid dividend as per cent of quoted price at start of year.
- 3) Book equity (after deduction of own ECs) multiplied by the EC fraction divided by the number of ECs (less own ECs) including cash dividend.
- 4) ECs' portion of the consolidated result (less own ECs).
- 5) Dividend per EC as per cent of profit per EC.
- 6) Book equity of EC holders (after deduction of own ECs) as per cent of parent Bank's equity at year-end (after deduction of own ECs and other equity). The rate applies as from 1 January the following year.

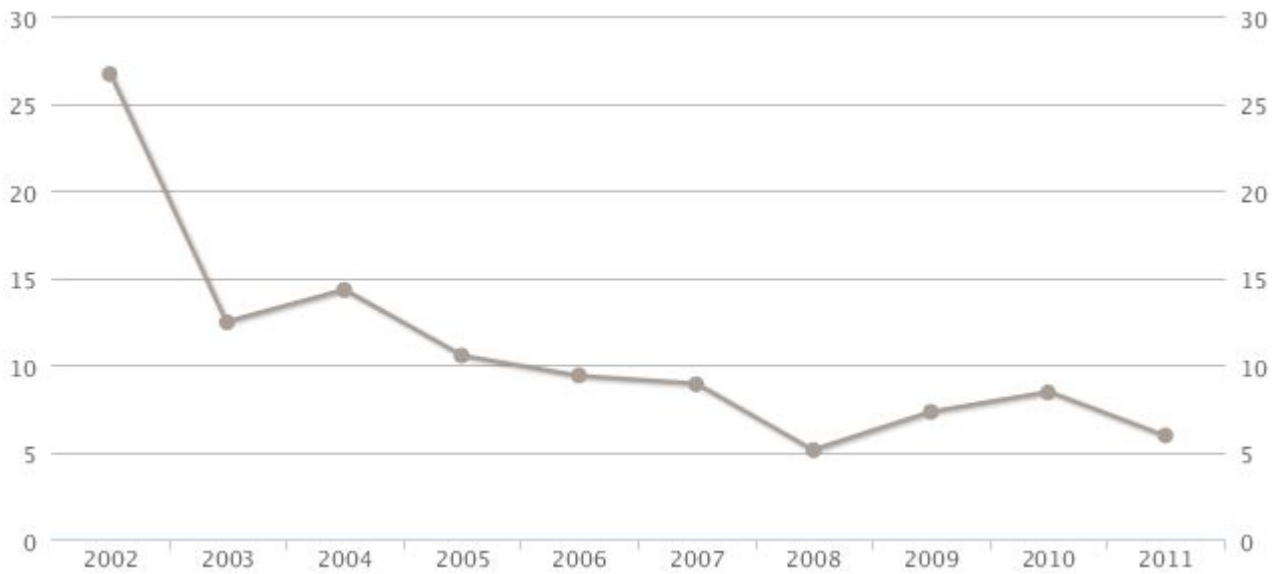
Dividend and profit per ECC (NOK)



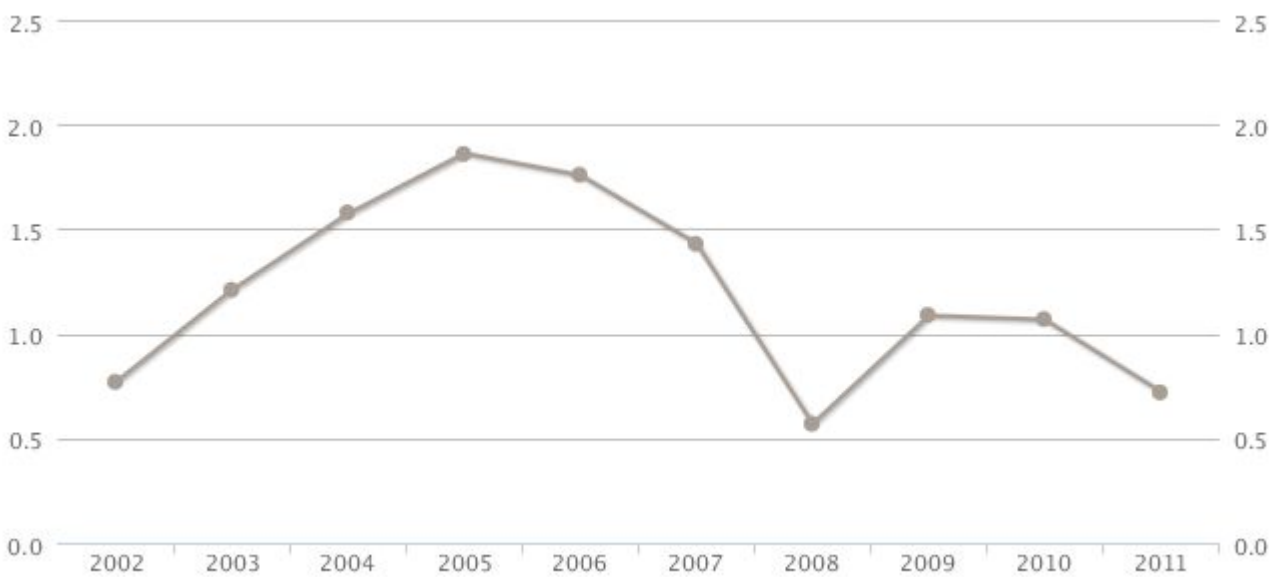
Market value



Price/ earnings



Price/book



Stock price compared with OSEBX and OSEEX



OSEBX = Oslo Stock Exchange Benchmark Index (rebased)

OSEEX = Oslo Stock Exchange ECC Index (rebased)