

# General information

SpareBank 1 SMN Intends to be the recommended bank based on its being close at hand and its competence.



## 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 1,200 staff. SpareBank 1 SMN is a regional independent savings bank with a local footing. Closeness and competence characterize our relationship to the market.

### The region's largest financial services group

- One of Norway's oldest banks, founded in 1823
- Present in 51 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
- 188,000 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's monetary gift work



## Financial summary, last ten years

From the income statement (NOKm)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net interest and credit commission income	1,477	1,392	1,317	1,325	1,350	1,139	1,024	974	877	871
Commission and fee income	1,139	919	855	756	610	671	580	537	443	332
Operating expenses	-1,654	-1,482	-1,140	-1,253	-1,194	-1,103	-990	-906	-729	-733
Operating profit before losses and return on financial investments	962	829	1,032	828	766	707	613	605	590	470
Income from investment in related companies	244	248	276	349	393	233	190	119	23	-5
Return on financial investments	207	186	133	247	-186	99	229	157	42	74
Loan losses and gains/write-downs on disposals of fixed assets	58	27	132	277	202	-6	-84	-38	81	229
<b>Pre-tax operating profit</b>	<b>1,355</b>	<b>1,236</b>	<b>1,309</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>From the balance sheet (NOKm)</b>										
Total assets	107,919	101,455	97,992	84,541	84,679	71,503	63,178	54,327	38,505	36,876
Outstanding loans (gross)	74,943	73,105	69,847	61,782	64,016	59,178	52,819	45,280	34,226	32,553
Outstanding loans including transf. SpareBank 1 Boligkreditt (gross)	104,909	95,232	87,665	77,429	71,317	61,910	-	-	-	-
Gross loans in retail market	62,587	55,034	49,619	45,157	42,679	38,872	33,898	29,032	21,491	20,008
Gross loans in corporate market	42,322	40,198	38,046	32,272	28,638	23,038	18,921	16,248	12,735	12,545
Deposits	52,252	47,871	42,786	37,227	35,280	32,434	30,136	27,048	20,725	19,876
Deposits from retail market	22,279	20,860	19,052	17,898	17,566	16,070	14,707	14,080	11,256	11,252
Deposits from corporate market	29,973	27,011	23,734	19,330	17,715	16,364	15,429	12,968	9,469	8,624
Growth in lending, %	10.2 %	8.6 %	13.2 %	8.6 %	15.2 %	17.2 %	16.6 %	32.3 %	5.1 %	4.7 %
Growth in deposits, %	9.2 %	11.9 %	14.9 %	5.5 %	8.8 %	7.6 %	11.4 %	30.5 %	4.3 %	4.3 %
<b>Key figures and ratios</b>										
Return on equity	11.7 %	12.8 %	14.6 %	16.2 %	11.9 %	18.9 %	23.7 %	23.3 %	20.0 %	10.2 %
Cost-income ratio	54.0 %	53.2 %	44.2 %	46.8 %	55.1 %	51.5 %	49.0 %	50.7 %	52.7 %	57.6 %
Tier 1 ratio	11.4 %	10.4 %	10.9 %	10.5 %	8.1 %	8.4 %	8.6 %	8.8 %	10.8 %	10.1 %
Capital adequacy ratio	13.3 %	12.0 %	13.0 %	13.6 %	11.9 %	12.1 %	11.9 %	10.9 %	12.7 %	13.9 %
No. of staff	1,216	1,153	1,117	1,108	1,062	1,017	950	898	772	772
No. of person-years worked	1,135	1,109	1,035	1,017	973	940	841	806	637	713
No. of branches	51	54	54	55	56	56	58	62	56	56
<b>Key figures EC 1)</b>										
EC ratio	64.6 %	60.6 %	61.3 %	54.8 %	56.3 %	54.2 %	53.7 %	56.1 %	49.8 %	51.4 %
EC price (NOK)	34.80	36.31	49.89	45.06	21.00	50.28	56.72	54.46	38.27	26.72
Market value (NOKm)	4,518	3,731	5,124	3,749	1,750	3,900	4,140	3,951	2,113	1,476
Profit per EC (NOK)	50.09	48.91	46.17	42.11	38.07	36.43	33.31	30.26	24.99	22.85
Dividend per EC (NOK)	5.21	6.06	5.94	6.37	4.16	5.86	6.24	5.35	2.77	2.22
Booked equity capital per EC (including dividend)	1.50	1.85	2.77	2.10	2.77	3.90	3.04	3.34	1.85	2.00
P/E	6.68	5.99	8.40	7.07	5.05	8.59	9.08	10.19	13.83	12.03
Price/Booked equity capital	0.69	0.74	1.08	1.07	0.55	1.38	1.70	1.80	1.53	1.17

## 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 EC holders. To fulfil 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 be profitable and best for customer experience. SpareBank 1 SMN is unquestionably solid and its return on equity puts it among the three best banks in Norway. In 2015 SpareBank 1 SMN will have strengthened its market position and significantly improved 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, 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.

### Main strategy themes in the period 2012-2015

- Solid and profitable with a return on equity among the three best-performing comparable banks
- A common equity tier 1 capital ratio of at least 12.5 per cent by period's end
- Continued growth in market shares
- Developing a position as best for 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 efficiency and work processes to create maximum customer value

SpareBank 1 SMN intends to be unquestionably solid with funding that enables it to survive at least 12 months without access to external funding. 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 the clear cut market leader in Trøndelag and in Møre and Romsdal 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.

## Key goals and strategies

**Best for 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 launch measures to develop and take its place as the best bank for customer experience. A strategic position in which the bank is regarded as the best for 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 "Best for 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.

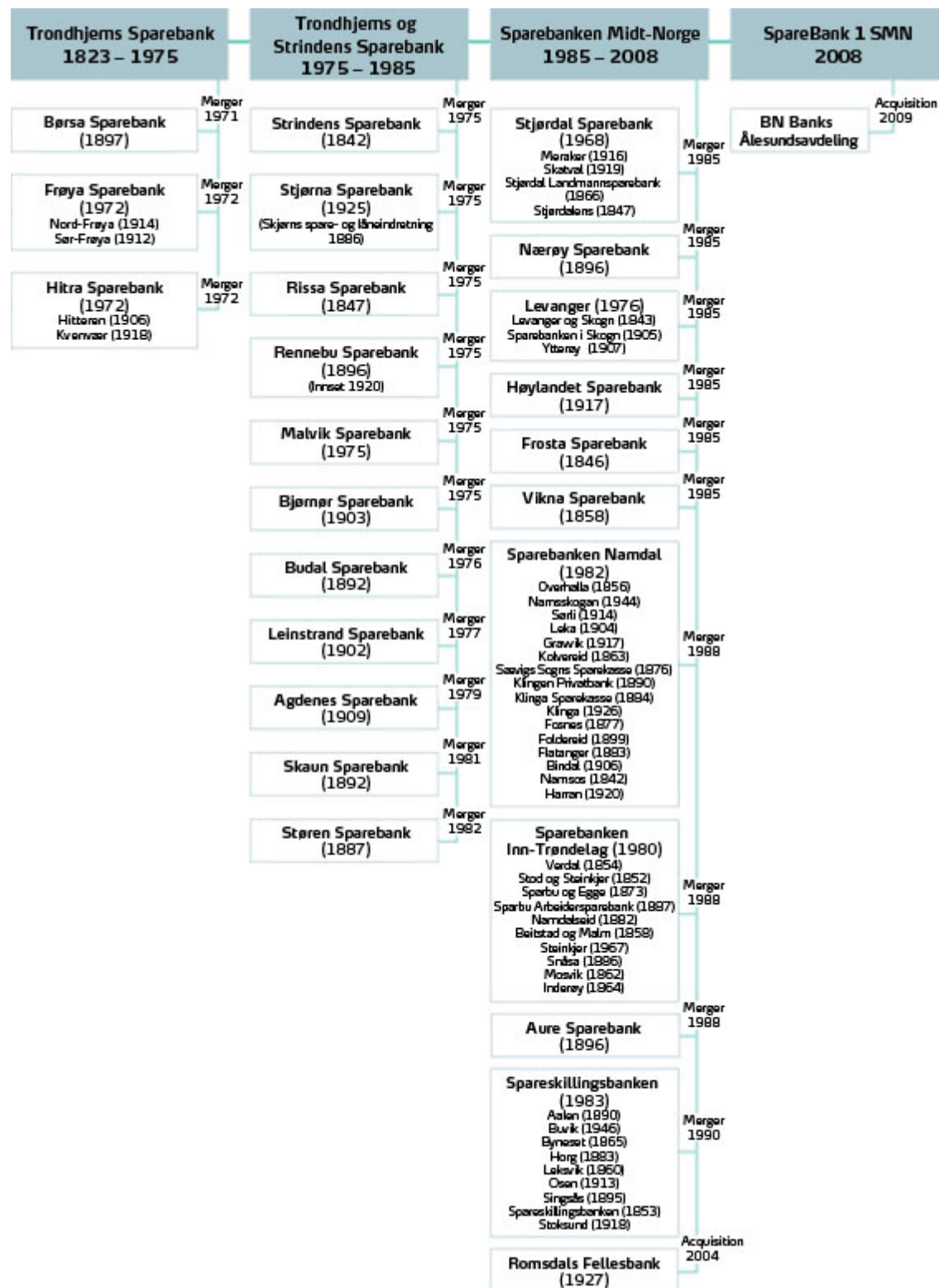
**Continuous improvement**

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. By intensifying its effort to continuously improve, SpareBank 1 SMN will develop 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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