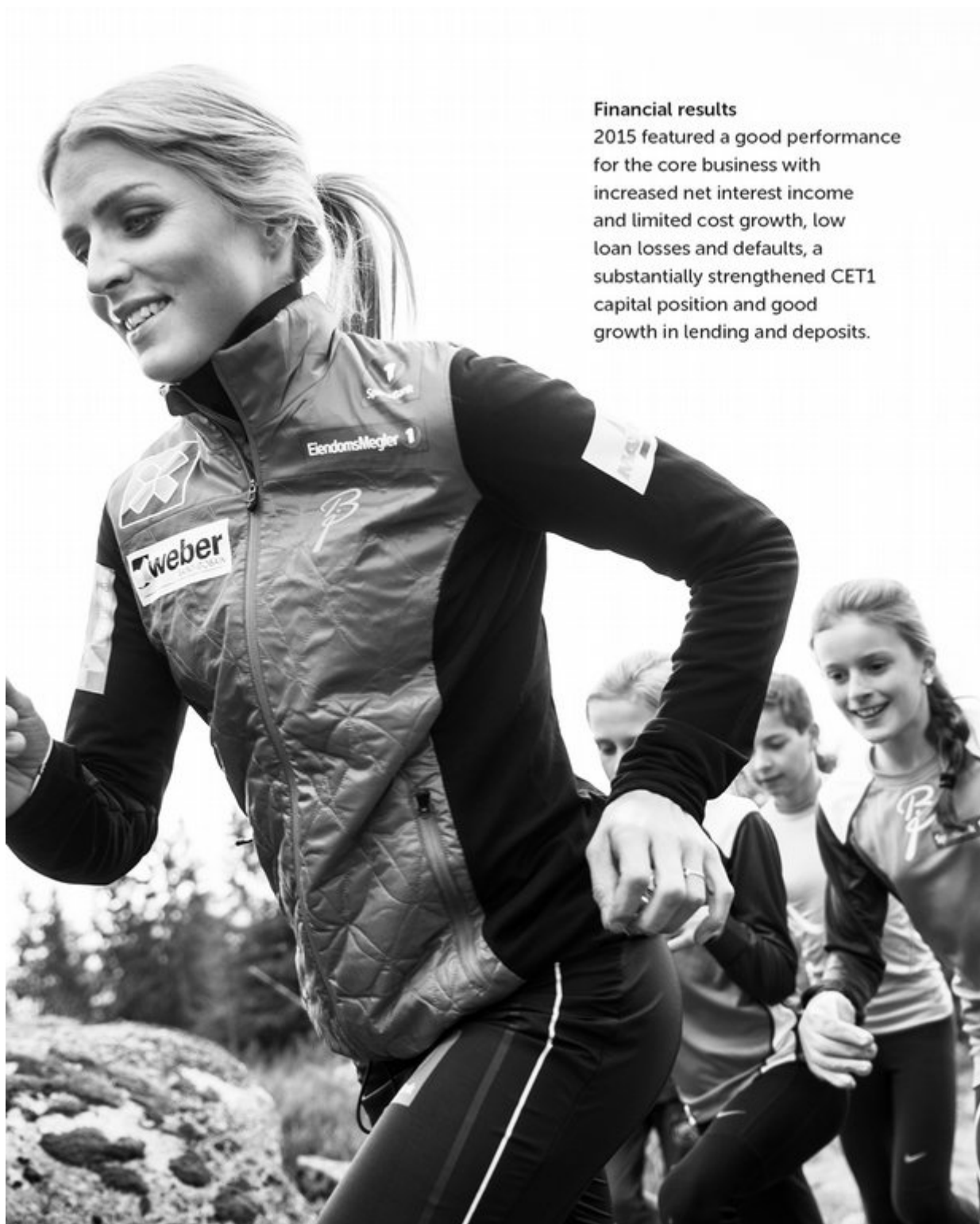


# General information



## Financial results

2015 featured a good performance for the core business with increased net interest income and limited cost growth, low loan losses and defaults, a substantially strengthened CET1 capital position and good growth in lending and deposits.

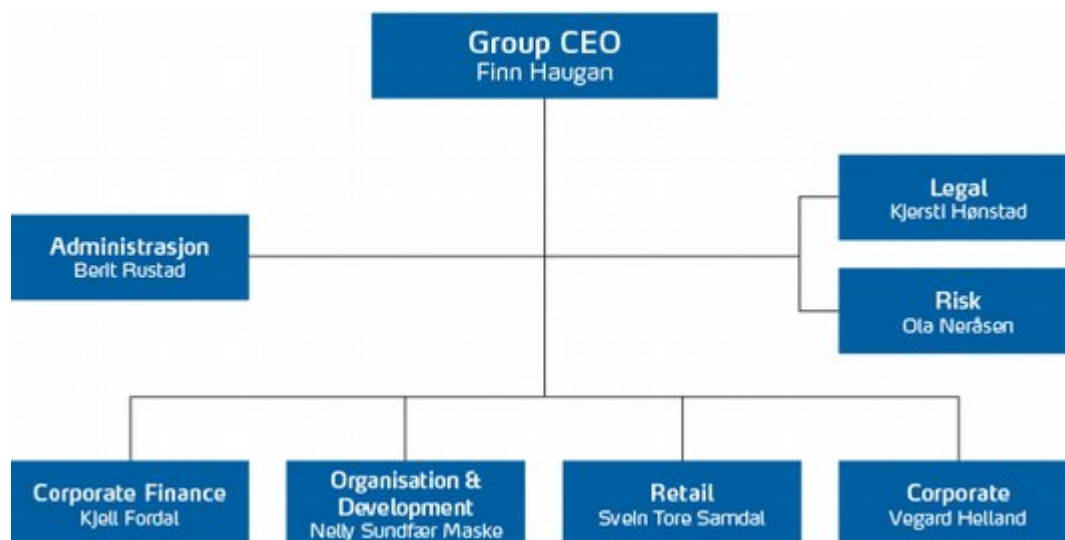
## This is SpareBank 1 SMN

SpareBank 1 SMN is the region's leading financial services group and one of six owners of the SpareBank 1 Alliance. The head office is in Trondheim and the group and its subsidiaries employ a total of 1,200 staff.

SpareBank 1 SMN is a regional independent bank with a local footing. Closeness and capability are the hallmarks of our relationship to the market.

### The region's largest financial services group

- Present in 48 locations across 42 municipalities in both Trøndelag counties, Møre og Romsdal along with Sogn og Fjordane
- One-stop provider to households and firms in the fields of financing, savings and investment, insurance and payment services
- 209,000 retail customers
- 20,000 corporate customers
- The region's leading real estate agent - EiendomsMegler 1 Midt-Norge
- The region's leading leasing company - SpareBank 1 Finans Midt-Norge
- The region's only full-fledged investment firm - SpareBank 1 SMN Markets
- The region's largest private contributor to business development and non-profit causes through SpareBank 1 SMN's donation work



## Main figures, last ten years

<b>From the income statement (mNOK)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Net interest and credit commission income	1,872	1,790	1,616	1,477	1,392	1,317	1,325	1,350	1,139	1,024
Commission and fee income	1,545	1,512	1,463	1,139	919	855	756	610	671	580
Operating expenses	-1,931	-1,789	-1,722	-1,654	-1,482	-1,140	-1,253	-1,194	-1,103	-990
Operating profit before losses and return on financial investments	1,486	1,513	1,357	962	829	1,032	828	766	707	613
Income from investment in related companies	448	527	355	244	248	276	349	393	233	190
Return on financial investments	11	193	147	207	186	133	247	-186	99	229
Loan losses and gains / write-downs on disposals of fixed assets	169	89	101	58	27	132	277	202	-6	-84
<b>Pre-tax operating profit</b>	<b>1,776</b>	<b>2,143</b>	<b>1,758</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>From the balance sheet (mNOK)</b>										
Total assets	131,914	126,047	115,360	107,919	101,455	97,992	84,541	84,679	71,503	63,178
Outstanding loans (gross)	93,974	90,339	80,317	74,943	73,105	69,847	61,782	64,016	59,178	52,819
Outstanding loans including transf. SpareBank 1 Boligkreditt (gross)	127,378	120,196	112,038	104,909	95,232	87,665	77,429	71,317	61,910	
Gross loans in retail market	80,725	74,004	68,515	62,587	55,034	49,619	45,157	42,679	38,872	33,898
Gross loans in corporate market	46,653	46,192	43,523	42,322	40,198	38,046	32,272	28,638	23,038	18,921
Deposits	64,090	60,655	56,074	52,252	47,871	42,786	37,227	35,280	32,434	30,136
Deposits from retail market	28,336	26,479	23,865	22,279	20,860	19,052	17,898	17,566	16,070	14,707
Deposits from corporate market	35,754	34,176	32,209	29,973	27,011	23,734	19,330	17,715	16,364	15,429
Growth in lending, %	5.8 %	7.3 %	6.8 %	10.2 %	8.6 %	13.2 %	8.6 %	15.2 %	17.2 %	16.6 %
Growth in deposits, %	5.60 %	8.20 %	7.30 %	9.20 %	11.9 %	14.9 %	5.5 %	8.8 %	7.6 %	11.4 %
<b>Key figures and ratios</b>										
Return on equity	10.7 %	15.1 %	13.3 %	11.7 %	12.8 %	14.6 %	16.2 %	11.9 %	18.9 %	23.7 %
Cost-income ratio	49.8 %	44.5 %	48.1 %	54.0 %	53.2 %	44.2 %	46.8 %	55.1 %	51.5 %	49.0 %
CET 1 Capital	13.6 %	11.2 %	11.1 %	10.0 %	8.9 %	9.3 %	7.7 %	7.1 %	7.4 %	7.5 %
Core capital ratio	15.6 %	13.0 %	13.0 %	11.4 %	10.4 %	10.9 %	10.5 %	8.1 %	8.4 %	8.6 %
Capital adequacy ratio	18.3 %	15.7 %	14.7 %	13.3 %	12.0 %	13.0 %	13.6 %	11.9 %	12.1 %	11.9 %
No. of staff	1,273	1,273	1,238	1,216	1,153	1,117	1,108	1,062	1,017	950
No. of person-years worked	1,208	1,192	1,192	1,135	1,109	1,035	1,017	973	940	841
No. of branches	49	49	50	51	54	54	55	56	56	58
<b>Key figures EC</b>										
EC ratio	64.0 %	64.6 %	64.6 %	64.6 %	60.6 %	61.3 %	54.8 %	56.3 %	54.2 %	53.7 %
Number of Ecs issued (m)	129.83	129.83	129.83	129.83	102.76	102.74	82.78	82.41	76.65	71.7
EC price (NOK)	50.5	58.5	55	34.8	36.31	49.89	45.06	21	50.28	56.72
Market value (mNOK)	6,556	7,595	7,141	4,518	3,731	5,124	3,749	1,750	3,900	4,140
Profit per EC (NOK)	7.02	8.82	6.92	5.21	6.06	5.94	6.37	4.16	5.86	6.24
Dividend per EC (NOK)	2.25	2.25	1.75	1.5	1.85	2.77	2.1	2.77	3.9	3.04
Booked equity capital per EC (including dividend)	67.65	62.04	55.69	50.09	48.91	46.17	42.11	38.07	36.43	33.31
P/E	7.19	6.63	7.95	6.68	5.99	8.4	7.29	5.09	8.87	9.38
Price/Booked equity capital	0.75	0.94	0.99	0.69	0.74	1.07	1.09	0.57	1.43	1.76

# 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

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 particular in the towns of Trondheim, Molde and Ålesund, as well as its position in the SMB 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 Norwegian financial services grouping.

## Main strategy themes

- Solid and profitable with a return on equity among the three best-performing comparable banks.
- A common equity tier 1 capital ratio of 14.5 per cent by 31 December 2016.
- 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 ample access to deposit financing and aims to continue to increase its market shares in savings and deposits.

### **Continued growth in market shares**

SpareBank 1 SMN leads the market in Trøndelag and in Møre og Romsdal, but sees further potentials for growth in market shares on the retail and corporate front alike. Growth will be achieved by further developing customer portfolios across the group and by increasing the influx of new customers. 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.

### **Best for customer experience**

A strategic position whereby the Bank is regarded as the best for customer experience is a position that affords competitive power and considerable potential for continued growth.

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

SpareBank 1 SMN sees possibilities for and potentials in enhancing 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.

### **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**

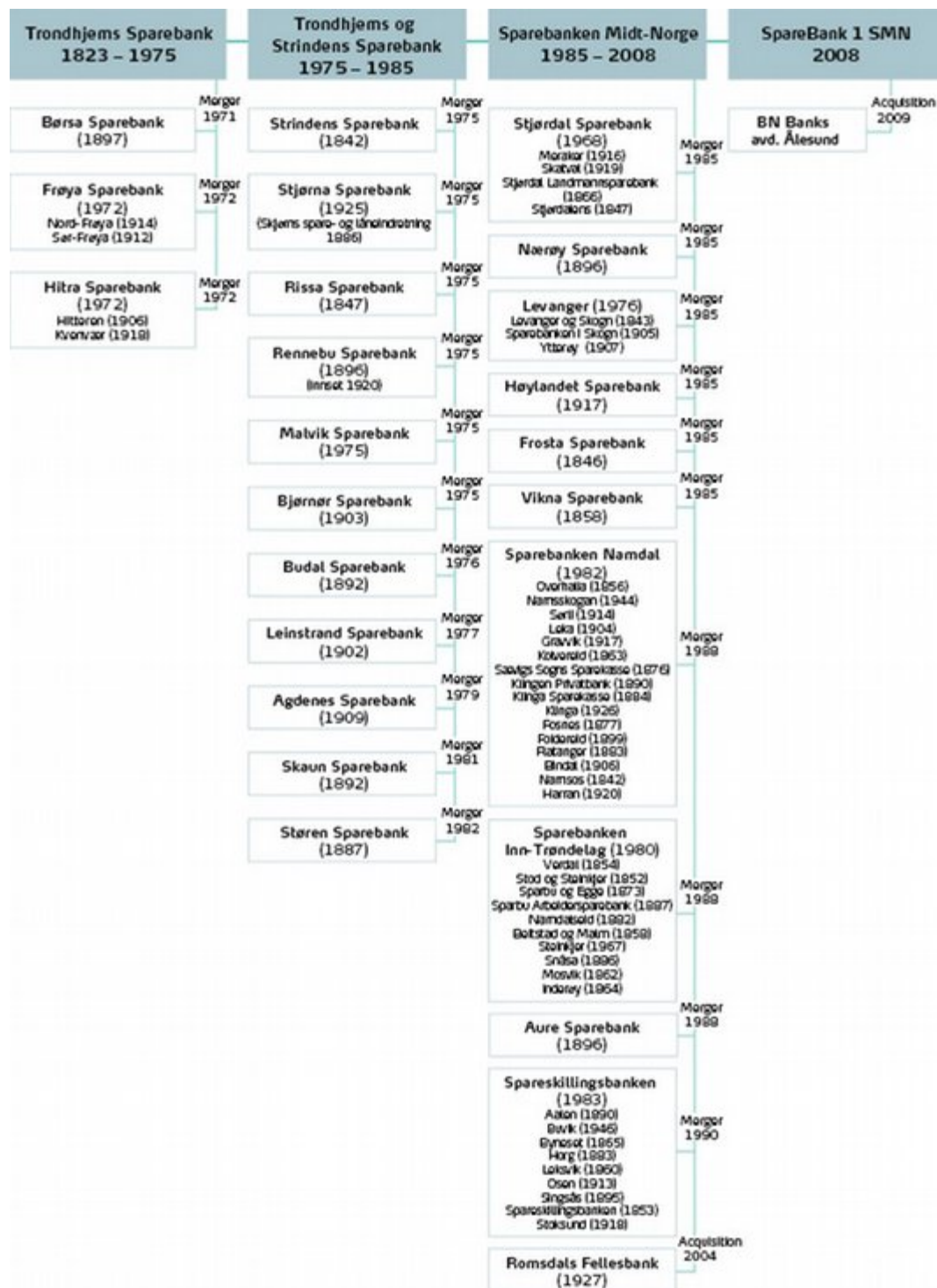
Further development of organisational and managerial capability will be a central area for development in the strategy period. The Bank will further develop customer relationships by highlighting the competence and skills possessed by staff at SpareBank 1 SMN.

### **Continuous improvement**

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 its 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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