

## Associates and subsidiaries

### **The SpareBank 1 alliance**

The Norwegian SpareBank 1 banks operate an alliance and develop products through the jointly owned companies SpareBank 1 Gruppen and Alliansesamarbeidet SpareBank 1.

The SpareBank 1 alliance is Norway's second largest financial services grouping. The alliance consists of independent banks that are fully-fledged providers of financial products and services to private individuals and firms.

The alliance wants customers to feel that SpareBank 1 is the best in terms of its closeness, local identity and competence. It has an overall workforce of about 6,800, of whom about 1,200 are attached to SpareBank 1 Gruppen and the latter's subsidiaries.

SpareBank 1 Gruppen and Alliansesamarbeidet SpareBank 1 make up the Alliansesamarbeidet. The purpose of the Alliansesamarbeidet is to deliver attractive products and services with a focus on good customer experience so as to contribute to the SpareBank 1 banks' competitiveness and profitability, enabling them to remain strong and independent. Alliansesamarbeidet's vision is: Attractive to the customers and the banks.

### **About SpareBank 1 Gruppen**

SpareBank 1 Gruppen is wholly owned by SpareBank 1 banks and the Norwegian Confederation of Trade Unions (LO) as follows:

SpareBank 1 SR-Bank (19.5 per cent), SpareBank 1 Nord-Norge (19.5 per cent), SpareBank 1 SMN (19.5 per cent), Sparebanken Hedmark (12 per cent), Samarbeidende Sparebanker AS (19.5 per cent), SpareBank 1 Oslo Akershus (1.4 per cent) and the Norwegian Confederation of Trade Unions and associated unions (9.6 per cent).

### **SpareBank 1 Gruppen owns 100 per cent of the shares of:**

- SpareBank 1 Forsikring
- SpareBank 1 Skadeforsikring
- ODIN Forvaltning
- SpareBank 1 Medlemskort
- SpareBank 1 Gruppen Finans
- Conecto

SpareBank 1 Gruppen also has administrative responsibility for collaborative processes and service deliveries to the SpareBank 1 alliance through the limited partnership SpareBank 1 Banksamarbeidet DA.

**SpareBank 1 Banksamarbeidet** is a limited partnership owned by SpareBank 1 Gruppen AS, Samarbeidende Sparebanker and SpareBank 1 Oslo Akershus with varying stakes.

SpareBank 1 Banksamarbeidet develops and delivers joint IT and mobile solutions, brand-building and marketing concepts, business concepts, products and services, competence, analyses, processes, best practices and procurement.

The company is also engaged in development work through three competence centres: Training (Tromsø), Cash Management (Trondheim) and Credit (Stavanger). SpareBank 1 Banksamarbeidet owns the following subsidiaries:

- Eiendomsmegler 1 Norge
- SpareBank 1 Kundesenter
- SpareBank 1 Verdipapirservice

### The SpareBank 1 Alliance banks and the LO hold direct stakes in the following companies:

- BN Bank
- SpareBank 1 Boligkreditt
- SpareBank 1 Næringskreditt
- SpareBank 1 Markets
- Bank 1 Oslo Akershus\*
- SpareBank 1 Mobilbetaling\*\*

\* In 2015 Sparebanken Hedmark purchased 100 per cent of the shares of SpareBank 1 Oslo Akershus with effect from 2016

\*\* SpareBank 1 Mobilbetaling was established in 2015

### BN Bank

SpareBank 1 SMN is the largest shareholder in BN Bank with a 33 per cent stake. Other owners are SpareBank 1 SR-Bank (23.5 per cent), SpareBank 1 Nord-Norge (23.5 per cent) and SamSpar Bankinvest (20 per cent).

The Board of Directors of BN Bank resolved in August 2015 to wind down the financing of commercial property in which the bank has been a substantial actor for many years. The wind-down is prompted by a capital adequacy regime specific to Norway.

BN Bank is being cultivated as a nationwide, internet- and telephone-based bank. Its strategy is to be a straightforward and effective bank for the retail market offering deposit and loan services to small and medium-sized businesses against collateral in residential property.

BN Bank was among the growth winners in 2015, and saw growth of more than 14 per cent in residential mortgages.

As at 31 December 2015 BN Bank had 117 FTEs, deposits totalling NOK 14.8bn and loans worth NOK 46.5bn (including loans transferred to SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt). Total assets of the BN Bank Group at the same point came to NOK 32.6bn.

As from the second quarter 2014 the bank started reporting corporate exposures under the advanced IRB approach, and in June was granted permission to apply the advanced IRB approach to its home loan portfolio.

## Subsidiaries

### EiendomsMegler 1 Midt-Norge

The estate agency firm EiendomsMegler 1 Midt-Norge is the leading broker of new and existing homes in Trøndelag and in Møre og Romsdal, and reinforced this position in 2015.

The company delivered in 2015 a profit of NOK 47m before tax.

In 2015 the company came fourth on the Great Place to Work's list of Norway's best employers. The company has a very high customer satisfaction rating, enjoys high preference among housing stakeholders, and can safely vouch for its vision of being Norway's most profitable real estate agency for its customers, staff and owners alike.

EiendomsMegler 1 Midt-Norge's strategy of taking on, developing and retaining the best staff in the business was reinforced in 2015, and person-years worked rose substantially over the year, in keeping with the company's growth strategy.

The company has specialised operations which include separate units for project and commercial property broking. These operations complement its traditional residential estate agency business which performs a specialist function through its local presence, co-located with banking, in various parts of Trondheim and the surrounding district.

EiendomsMegler 1 Midt-Norge sold 6,615 properties in 2015, representing a market share of 40 per cent in our region.

The company is equipped for continued growth both in profit and in market shares. 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).

### **SpareBank 1 SMN Finans Midt-Norge**

SpareBank 1 SMN Finans Midt-Norge is the region's leading finance company and an active partner for businesses and private individuals. SpareBank 1 SMN offers loans and leasing to businesses along with car loans (vendor's lien) and consumer loans to private individuals. The company services the market through the owner banks' offices, other partners and its own sales operation.

SpareBank 1 SMN Finans maintains a presence in ten counties across Midt- og Sør-Norge; Nord og Sør-Trøndelag, Møre og Romsdal, Sogn og Fjordane, Oppland, Buskerud, Telemark, Akershus, Vestfold and Østfold.

At year-end the company managed leasing and loan agreements worth NOK 4.3bn. The company has 35 employees in Trondheim, Steinkjer, Kristiansund, Molde and Ålesund. The company posted a pre-tax profit of NOK 83.1m in 2015.

SpareBank 1 SMN Finans's values are its easy access, prompt response, proactive stance, solution focus and probity.

The company has developed a leading concept for distribution via its owner banks. This brought substantial results in 2015 with the establishment in June of cooperation agreements with a further eight SpareBank 1 banks for distribution of the company's products. The agreement entailed that the banks concerned acquired an owner stake of 20 per cent in SpareBank 1 Finans. The expansion of distribution capacity has resulted in a steep increase in the portfolio of vendor's lien loans and in leasing.

At year-end the company was owned by SpareBank 1 SMN (72.08 per cent), SpareBank 1 Buskerud-Vestfold (4.98 per cent), SpareBank 1 Telemark (4.22 per cent), SpareBank 1 Østfold-Akershus (4.10 per cent), SpareBank 1 Nordvest (3.96 per cent), SpareBank 1 Søre Sunnmøre (3.96 per cent),

SpareBank 1 Hallingdal Valdres (1.71 per cent), SpareBank 1 Nøtterøy-Tønsberg (1.51 per cent), SpareBank 1 Modum (1.37 per cent), SpareBank 1 Gudbrandsdal (1.17 per cent) and SpareBank 1 Lom og Skjåk (0.94 per cent).

In November a cooperation agreement was also entered with Sparebanken Sogn og Fjordane for sale of the company's products. Under the agreement Sparebanken Sogn og Fjordane becomes the next largest owner of SpareBank 1 Finans with a stake of 7.5 per cent. Settlement is through the sale of shares and is scheduled for January 2016. SpareBank 1 SMN remains the largest shareholder, now with a stake of 64.6 per cent.

### **SpareBank 1 Bilplan**

SpareBank 1 Bilplan delivers car fleet management solutions to the public and private sectors nationwide. The company services the market through its own sales operation and through cooperation with SpareBank 1 Finans Midt-Norge, SpareBank 1 SR-Finans, SpareBank 1 Finans Nord-Norge and through the bank's branch network.

The organisation focuses on being close at hand and accessible to customers. SpareBank 1 Bilplan's main mission is to ensure problem-free car maintenance for its customers. SpareBank 1 Bilplan's solutions give the customer a continuous overview and access to reporting from the overall level down to each individual car.

The company is located in Trondheim. The business has good competence and motivated staff. In 2015 the company recorded a loss of NOK 485,000 before tax. The company is wholly owned by SpareBank 1 SMN.

### **SpareBank 1 Regnskapshuset SMN**

In 2015 SpareBank 1 Regnskapshuset SMN achieved a pre-tax profit of NOK 34.8m on a turnover of NOK 196m. With 7.4 per cent turnover growth in 2015, the company has a market share of 10 per cent in Midt-Norge. SpareBank 1 Regnskapshuset SMN is now one of the three largest actors in the accountancy business in Norway with 201 staff at year-end.

The company is seeing a growing influx of new customers. In 2015, 367 new customer agreements were established. While the bulk of the growth is in the corporate market, new customers are also noted in the following customer segments: farming, housing cooperatives/co-ownerships and pools/associations.

The company has a strong ambition for further growth in the period to 2020, and to that end has signed a strategic cooperation agreement with the IT company Areto Solutions. This agreement is part of Regnskapshuset's focus on digitalisation.

SpareBank 1 Regnskapshuset SMN acquired in 2015 the subsidiary Avito Regnskap which it absorbed along with the subsidiaries SpareBank 1 Regnskapshuset Merkantilservice and SpareBank 1 Regnskapshuset Ålesund.

In conjunction with the other regional banks in the SpareBank 1 alliance, the company is well on the way to building up a strong national player in the accounting business.

### **Allegro Kapitalforvaltning**

Allegro Kapitalforvaltning, headquartered in Trondheim, is the largest management company in the region. The company is owned by SpareBank 1 SMN (90.1 per cent) and the Reitan Group (9.9 per cent). The company is licensed to carry on active asset management. It manages assets for external public, private and

institutional clients. The company's services are sold exclusively through external distributors that are licensed to engage in such activity. The company has distribution agreements with a number of banks in the SpareBank 1 alliance.

The company has 12 employees and assets totalling some NOK 5.5bn.

The company offers primarily management services designed to capture the effect of changes in market conditions. Hence the portfolio array mainly comprises asset allocation portfolios, where the company has the largest business volume. The company's allocation portfolios performed better than their benchmarks in 2015.

The accounts show a profit of NOK 1.4m before tax.

### **SpareBank 1 SMN Card Solutions**

SpareBank 1 SMN Card Solutions sells and administrates prepaid cards. The company is a wholly-owned subsidiary of SpareBank 1 SMN. It primarily sells and administrates the SpendOn card. It also performs services for the bank in regard to the bank's closed loop gift card solutions and Visa prepaid cards.

The company sells cards to the corporate and private segments in grocery stores in Norway.

The company delivered a profit of NOK 1.5m before tax in 2015.

### **SpareBank 1 SMN Invest**

The company's strategy is to carry out investments in regional seedcorn, venture and private equity funds and to invest directly in growth companies with national/international market potential in the same market area in which SpareBank 1 SMN operates. By this means the company will foster competence-based jobs and regional value creation. SpareBank 1 SMN Invest contributes capital, network and competence.

The company has two employees in Trondheim. The business has highly qualified staff and ample competence. The company reported a profit of 38.9m before tax for 2015.

### **SpareBank 1 Markets**

SpareBank 1 Markets is an analysis-based investment firm. The company aspires to be a profitable capital market operation which in collaboration with its owner banks can deliver all capital market services including customer trading and own account trading in fixed income and forex instruments, bonds and equities, advisory services and the facilitating of internal and external equity finance as well as securities administration services.

The largest owners are SpareBank 1 SMN (73.4 per cent), SpareBank 1 Nord-Norge (9.9 per cent), Samarbeidende Sparebanker (9.9 per cent) and Sparebanken Hedmark (6.1 per cent).

In 2015 the company delivered a profit of minus NOK 93m after tax. The company has 109 employees. The company is the leading capital market entity in SpareBank 1 SMN's market area. SpareBank 1 Markets is headquartered in Trondheim and has departments in Trondheim and Ålesund.

#### *Customers and market position*

SpareBank 1 Markets' main focus is on clients where the company itself has a strong competitive position alone or in collaboration with its owner banks.

The securities broking arm has its own customer base, built up over a number of years, as well as customers from the owner banks.

In the other product areas, customer activities in collaboration with the owner banks' other business lines are the main business, combining specialist competence with local knowledge and understanding. Own account trading is intended to support customer servicing with products and prices.

### **Property companies**

**SpareBank 1 SMN Kvartalet's** purpose to own, develop and manage real property. The company was in charge of the construction of SpareBank 1 SMN's new head office in Søndre gate, Trondheim. The building was completed on 20 October 2010. The new head office is a low energy building certified in energy class A.

**SpareBank 1 Bygget Steinkjer's** purpose is to own, develop and manage the new bank building on the station site in Steinkjer. The company completed in May 2012 a new office building of about 1,800 sq.m. for the Group in Steinkjer. The building is on lease to SpareBank 1 SMN which subleases it to EiendomsMegler 1 and SpareBank 1 Regnskapshuset SMN.

**Brannstasjonen SMN's** purpose is to own, develop and manage property. The company acquired Trondheim Brannstasjon (fire station) at Kongens gate 2 from the City of Trondheim in 2012. The building was erected in two stages in 1943 and 1948/49 with a total area of about 680 sq.m. distributed over eight floors, of which two floors are below ground. After partitioning, the owned site measures about 900 sq.m. The fire station is classified as a building of high antiquarian value. The property will be rehabilitated to a modern office/commercial building standard. A turnkey contract has been signed for renovation of the property with completion scheduled for August 2016.

**St Olavs Plass 1 SMN** was founded for the purpose of owning, developing and managing property. The company acquired the St Olavs Plass 1 property in Ålesund in October 2012. The building measures 3,979 sq.m. distributed over six floors, of which one floor is below ground. The building was erected in 1907 and extended in 1963 and 1996. In addition to SpareBank 1 SMN, the following undertakings are tenants in the building: Innovation Norway, Salmar Sales and Golden Energy Offshore Management.

**Jernbanegata 19 SMN's** purpose is to own, develop and manage property in Verdal. The company acquired the property in September 2013. The building measures 2,407 sq.m. distributed over four floors, of which one floor is below ground. The building was erected in 1983. In addition to SpareBank 1 SMN, the following are tenants in the building: Attorney-at-Law Marcus Amdahl, Dental Practitioner Kjetil Kroglund, Dental Practitioner Otto Indgul and Dental Practitioner Unni Walberg.

**SpareBank 1 Bygget Trondheim** owns, operates and leases parts of the property at Søndre gate in Trondheim. Parts of the building are leased to SpareBank 1 SMN which in turn subleases to EiendomsMegler 1 Midt-Norge, SpareBank 1 SMN Markets, SpareBank 1 Bygget Trondheim and SpareBank 1 Regnskapshuset SMN. The company operates a dedicated conference centre and is responsible for the staff canteen and the reception at the Head Office.