



**4<sup>th</sup> quarter 2019**  
**Preliminary accounts 2019**

**5. February 2020**

# Good profits in 2019

## Net profit

NOK 2.563m (2.090)

---

## ROE

13.7 % (12.2)

---

## CET1

17.2 % (14.6)

Pre loss result of core business NOK 2.179m (1.956)  
Loan losses NOK 299 m (263)

ROE ex gain Fremtind 11.2 %

Leverage ratio 7.5 % (7.4)

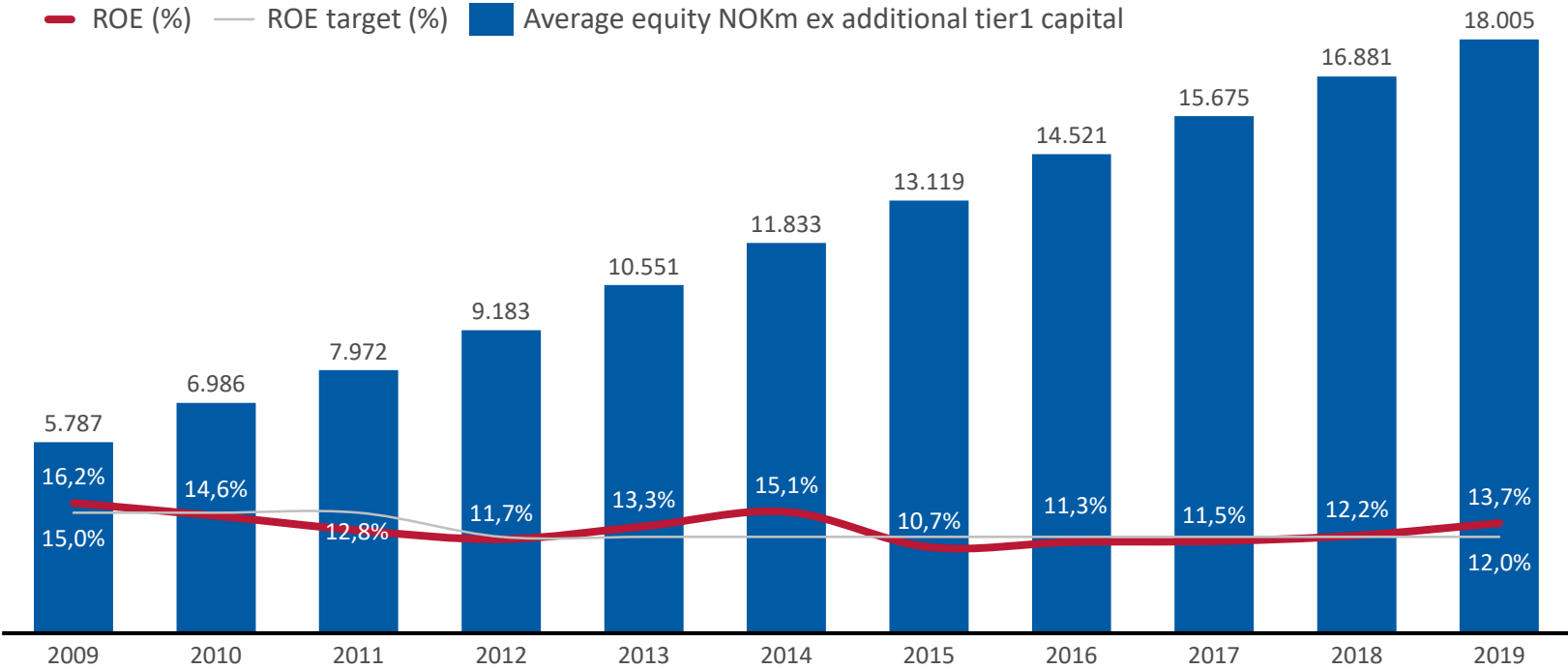
Growth in lending RM 6.4 % (9.6) CM 1.1% (4.2)  
Growth in deposits 6.6 % (5.4)

Proposed dividend NOK 6.50 (5.10)

Booked equity capital per ECC NOK 90.75 (83.87)

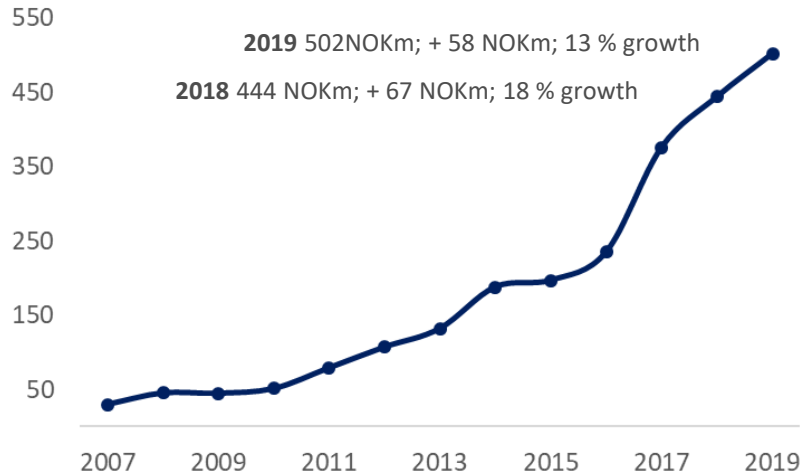
Profit per ECC NOK 12.14 (9.97)

# Stable profits on increased equity, 12% ROE target since 2012

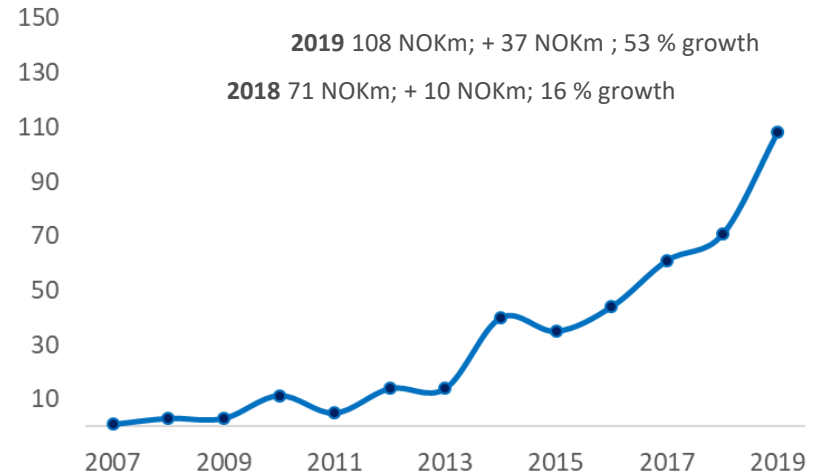


# SpareBank1 Regnskapshuset SMN with strong growth, good profitability and substantial strategic value

## Total income NOKm



## Pretax profit NOKm



Owned by SpareBank 1 SMN (88.7%), SpareBank 1 Søre Sunnmøre (4.6%), SpareBank 1 Gudbrandsdal (4.6%) and SpareBank 1 Lom og Skjåk (2.1%)

# SpareBank 1 Markets with high activity levels, especially within investment banking

<b>IPO</b>	 NORBIT - explore more - IPO June 2019 NOK 506,000,000	 OKEA IPO June 2019 NOK 362,000,000	 SpareBank 1 TELEMARK IPO October 2018 NOK 542,000,000	 SHELL DRILLING IPO June 2018 USD 225,000,000	 Fjordkraft IPO March 2018 NOK 1,400,000,000	 Crayon The Software Experts IPO November 2017 NOK 750,000,000	 WEBSTEP IPO October 2017 NOK 400,000,000
<b>ECM (Listed)</b>	 AFRICA ENERGY Private placement January 2020 USD 25,000,000	 nel Private placement January 2020 NOK 846,000,000	 BORGHESIA Private placement November 2019 NOK 100,000,000	 OCEAN YIELD Private placement November 2019 NOK 717,000,000	 VOW Private placement November 2019 NOK 107,000,000	 AGS Private placement October 2019 NOK 225,000,000	 datarespons Private placement May 2019 NOK 324,000,000
<b>ECM (Not listed)</b>	 NAP Private placement December 2019 NOK 600,000,000	 NorSun Private placement June 2019 NOK 230,000,000	 MARITIME & MERCHANT BANK ASA Private placement June 2019 NOK 102,000,000	 Christian Jakhellin Private placement May 2019 NOK 150,000,000	 QUANTAFUEL Private placement February 2019 NOK 150,000,000	 ARNARLAX Block sale of shares February 2019 NOK 180,000,000	 OTOVO Private placement October 2018 NOK 100,000,000
<b>M&amp;A</b>	 equinor Stake acquisition in Scatec Solar December 2019 NOK 754,000,000	 Eidsiva Merger with Hafslund E-CO September 2019 NOK 100,000,000,000	 Lundin Petroleum equinor Asset and cash swap for 16% own shares July 2019 SEK 14,500,000,000	 EURONEXT Acquisition of Oslo Børs VPS June 2019 NOK 6,790,000,000	 TrønderEnergi NTE M&A and project finance of 1.5 TWh wind portfolio January 2019 Undisclosed	 equinor Stake acquisition in Scatec Solar November 2018 NOK 700,000,000	 DNB SpareBank 1 Merger of non-life insurance September 2018 NOK 19,750,000,000
<b>DCM</b>	 OKEA Secured bond November 2019 USD 120,000,000	 SpareBank 1 Secured bond November 2019 SEK 500,000,000	 Crayon Unsecured bond November 2019 NOK 300,000,000	 Bonheur ASA Unsecured bond August 2019 NOK 800,000,000	 DNO Unsecured bond May 2019 USD 400,000,000	 EKORNES® Ekornes QM Holding AS Secured bond March 2019 NOK 2,000,000,000	 SICCAR POINT ENERGY Tap issue March 2019 USD 100,000,000
<b>IG</b>	 SpareBank 1 SMN Unsecured bonds January 2020 NOK 1,500,000,000	 Sparebanken Møre Unsecured bond December 2019 NOK 363,000,000	 Santander Consumer Bank Unsecured bond November 2019 NOK 250,000,000	 bustadkreditt sogn og fjordane Covered bonds November 2019 NOK 300,000,000	 Ferdal Unsecured bond October 2019 NOK 343,000,000	 Ferde Secured bond September 2019 NOK 275,000,000	 ALP Unsecured bond August 2019 NOK 200,000,000

# Events in 2019

In 2019 we stood up for public health  
and got people out of their sofa



Acquisition of  
accounting businesses in  
Stjørdal and Steinkjer



Acquisition of DeBank  
(now Spire Finans)



Signed up to UN principles  
for responsible banking



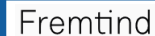
Three-year  
agreement signed  
with LO



Launch of  
green residential  
mortgage



Fremtind established  
in collaboration with DNB



Jan-Frode Janson takes  
up duties as CEO for  
SpareBank 1 SMN

First green bond issued  
in the euromarket

Sale of BN Bolig

Astrid Undheim  
appointed executive  
director for technology  
and development

Q1

Q2

Q3

Q4

4th quarter 2019

# The business sector of Central Norway is diversified and stable



## Retail trade

Status ■ Outlook ↘



## Construction

Status ■ Outlook →



## Fisheries

Status ■ Outlook →



## Maritime industry

Status ■ Outlook ↘



## Offshore services

Status ■ Outlook →



## Agriculture

Status ■ Outlook →



## Aquaculture

Status ■ Outlook →



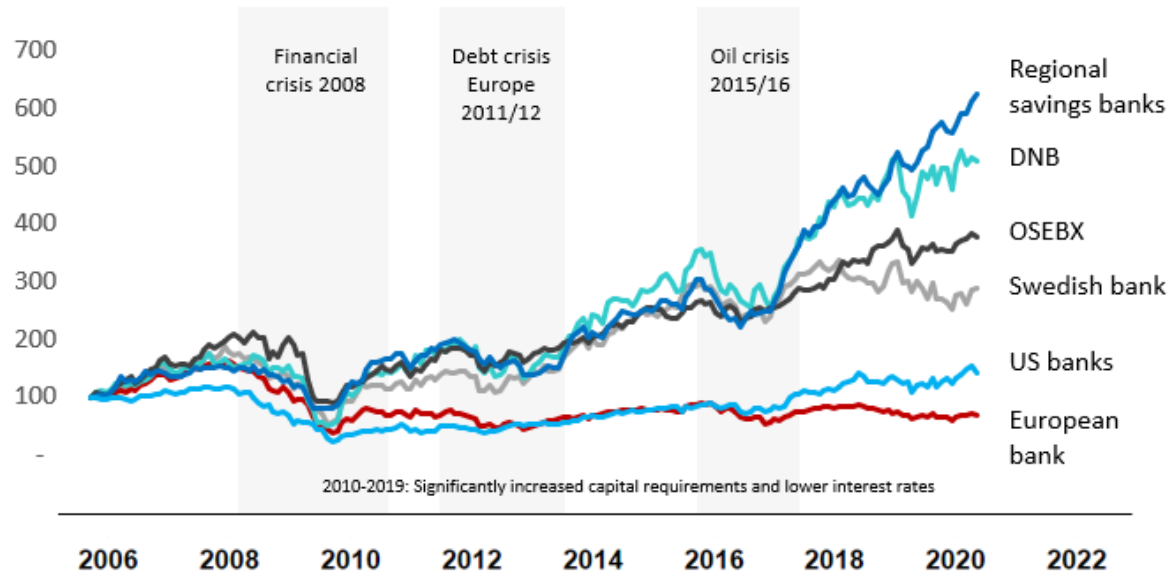
## Commercial property

Status ■ Outlook →

# Norwegian banks are adaptable to changed framework conditions

## Total return in % - selected banks last 15 years \*

\* Price increase from 31.12.2004 adjusted for dividend



Source: SpareBank 1 Markets, Weekly report Norwegian banks 9/1-20, Nils Christian Øyen





## Strategy 2020-2023

SpareBank 1 SMN to be the leading finance house in Central Norway, and among the best performers in the Nordic region

12%

## Financial ambitions

### Profitable

Return on equity of 12%

16.9%

### Financially sound

CET1 ratio 16.9%

Payout ratio of approx. 50%

< 2%

### Efficient

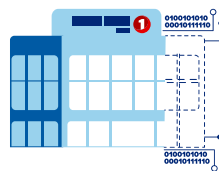
Annual cost growth in the Group to be limited to 2% in existing business

# Five strategic priorities for 2020-2023



## Create 'One SMN'

- Strengthen the customer offering and distribution
- Simplifications and efficiencies
- Attractive jobs



## Increase digitalisation and use of insight

- Ensure relevance
- New digital solutions
- New income flows
- Improved efficiency



## Head up the development of Norway's savings bank system

- Collaboration as a competitive advantage
- Growth



## Integrate sustainability into the business

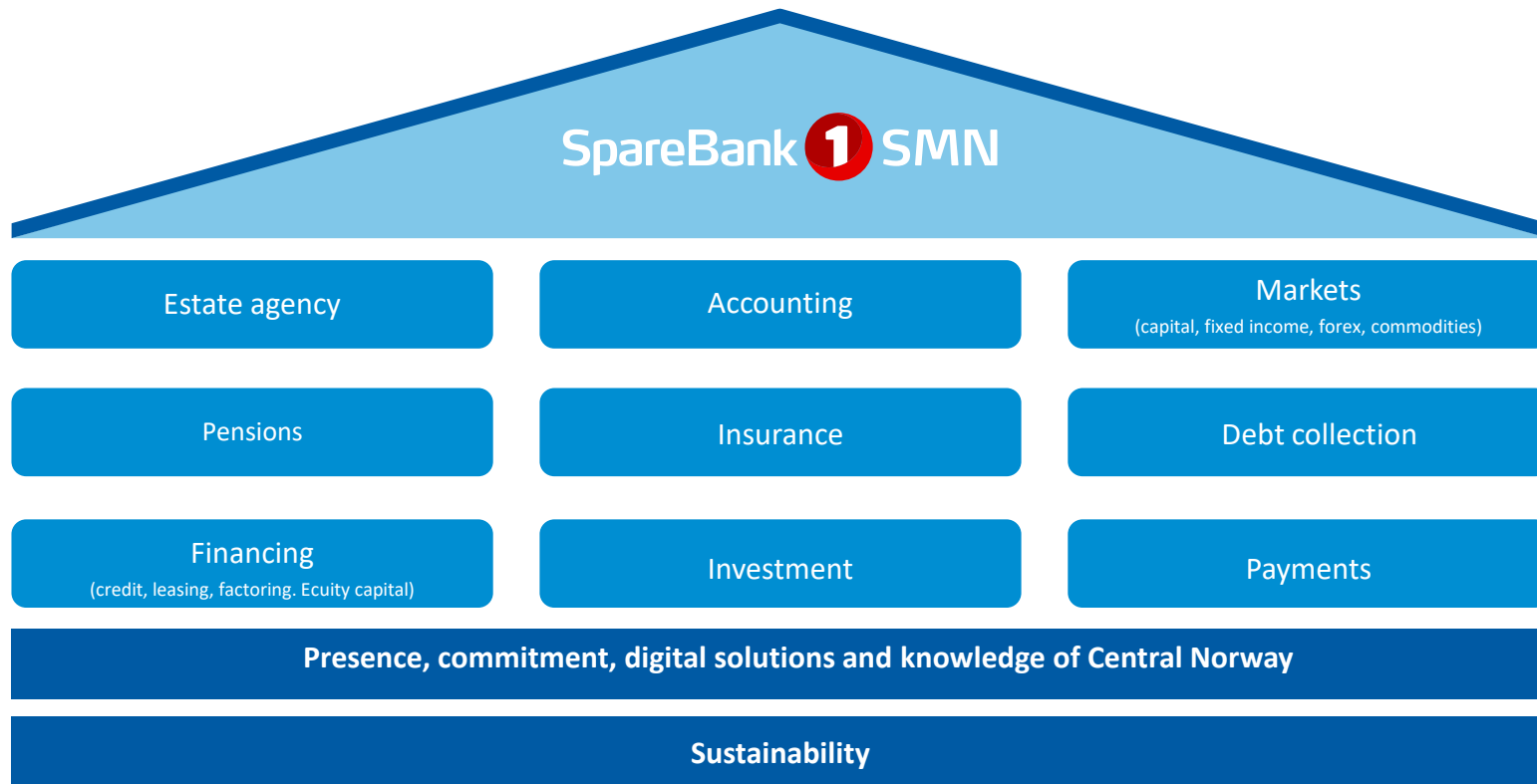
- Sustainable development
- Reduce risk
- Realise business opportunities



## Exploit the power in our ownership model

- The region's development and value creation
- Pride and commitment
- Strengthened position

# Norway's most complete finance house





4th quarter 2019

## Diversified income platform with further potential for increased earnings

### Profit before tax

---

Retail market	NOK 1,270m (1,206)
Corporate market	NOK 765m (744)
Sparebank 1 Finans Midt-Norge	NOK 150m (149)
SpareBank 1 Regnskapshuset SMN	NOK 108m (71)
EiendomsMegler 1 Midt-Norge	NOK 32m (18)
SpareBank 1 Markets	NOK 43m (15)

# Astrid blir ny konserndirektør i Trøndelags største bank

*Astrid Undheim slutter i Telenor, for å bli konserndirektør med ansvar for teknologi og utvikling i Sparebank1 SMN. Dette er en helt ny stilling i banken.*



4th quarter 2019

Source: Adresseavisen

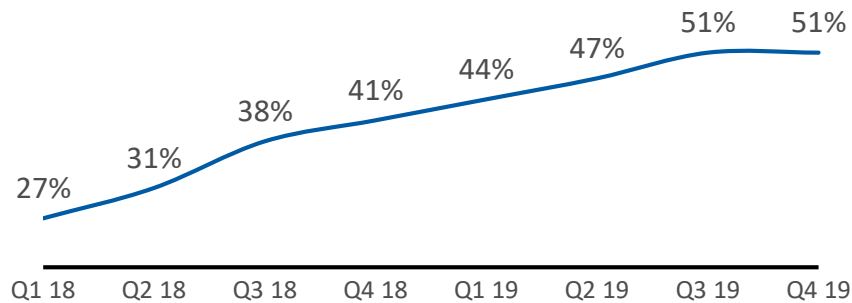
## Strengthening the team

**Astrid Undheim (39) holds a Masters Degree and PhD in Information and Communication Technology from NTNU**

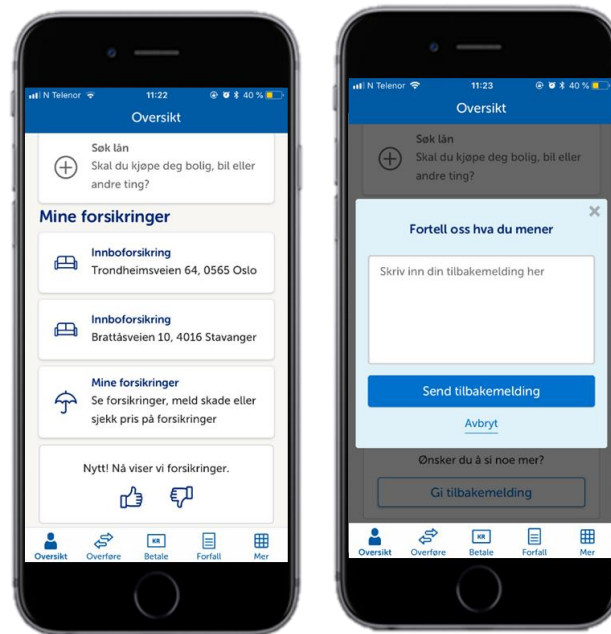
She has spent her entire career working on research, and comes from the position as Vice President Analytics and Artificial Intelligence in Telenor.

## Strong increase in share of digital sales in the past two years

Share of digital sales %



- Share of digital sales topped 50 per cent in 2019
- Almost a doubling in the space of two years
- Positive development in lending, savings and insurance



## Developmental power and underlying value in jointly owned companies



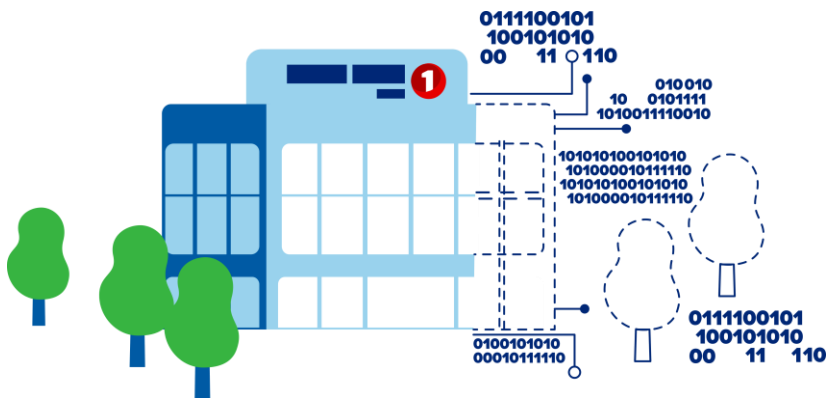
# Provider and «hub» for Norwegian savings banks

Loan syndication

Wholesale banking services

Products and services

Structure

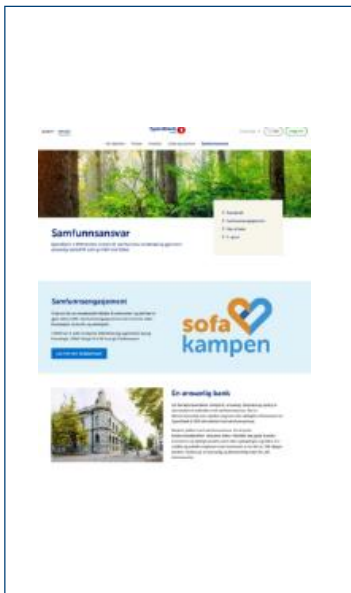


## Services currently provided to other savings banks

	EM1	Regnskap	Finans	Markets	Engros- bank	Syndi- kering	Annet
SpareBank 1 BV			X	X	X		
SpareBank 1 Gudbrandsdal		X	X	X	X		
SpareBank 1 Hallingdal Valdres			X	X	X		
SpareBank 1 Lom og Skjåk		X	X	X	X		
SpareBank 1 Modum			X	X	X		
SpareBank 1 Nord-Norge				X		X	
SpareBank 1 Nordvest	X		X	X	X	X	
SpareBank 1 Ringerike Hadeland				X	X		
SpareBank 1 SR-Bank				(X)		X	
SpareBank 1 Søre Sunnmøre	X	X	X	X	X	X	
SpareBank 1 Telemark			X	X	X		
SpareBank 1 Østfold Akershus			X	X	X		
SpareBank 1 Østlandet				X		X	
Sparebanken Møre							X
Sparebanken Sogn og Fjordane			X			X	
Helgeland Sparebank							X



# Adjustment and development based on the sustainability perspective



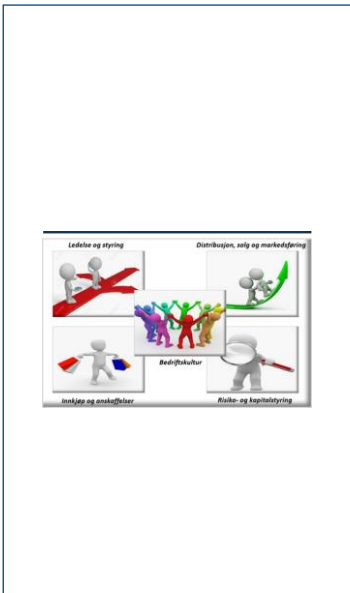
1) Documentation



2) Commitment and verification



3) Social engagement

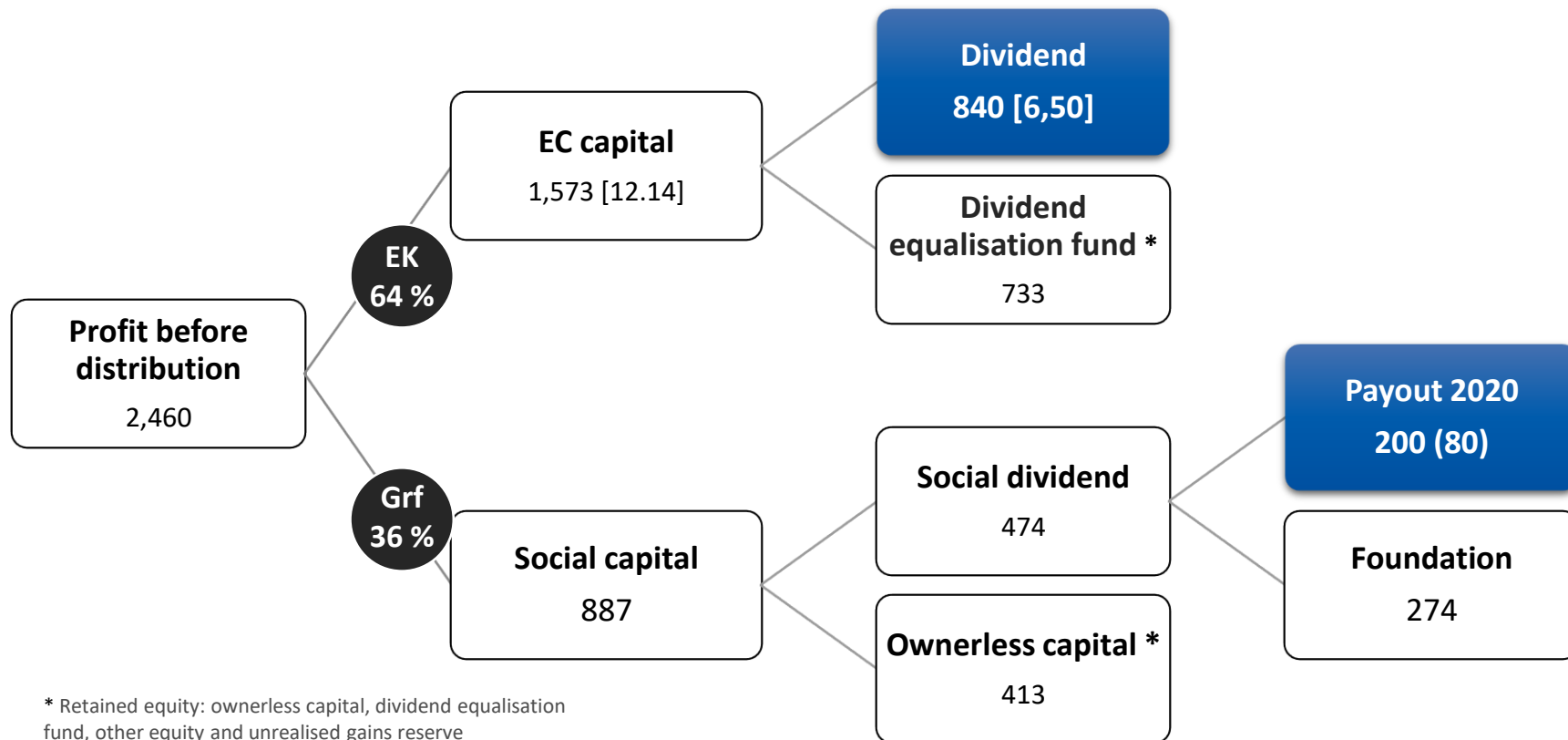


4) Integration into the business

# Social commitment as a competitive advantage



## Sharp increase in payout of social dividend



\* Retained equity: ownerless capital, dividend equalisation fund, other equity and unrealised gains reserve

## Why invest in SpareBank 1 SMN (MING)

- 1 High return over time and solid capitalisation. **Efficient** banking operations and unrealised income and cost synergies within the group. Shareholder-friendly dividend policy
- 2 Strong **position** and good **growth** in an attractive region and across all business lines. Diversified customer portfolio and income base
- 3 Good **brand** with development potential based on ownership model, local presence and sustainability
- 4 Substantial **underlying assets** through ownership in and outside the SpareBank1-alliance
- 5 Well positioned through **consolidation** of Norwegian savings banks



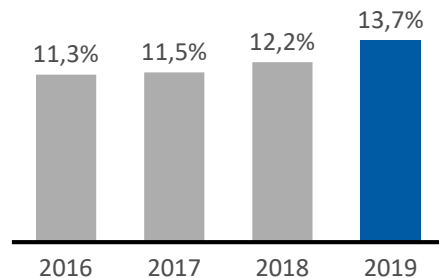
SpareBank  
SMN 

## Financial information

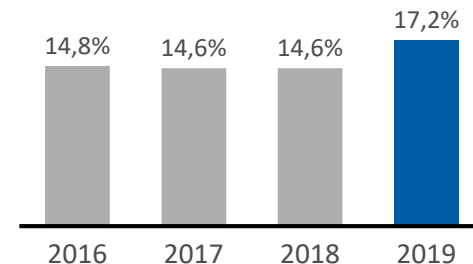
Kjell Fordal, CFO

## Good profits and strong capitalization over a long period

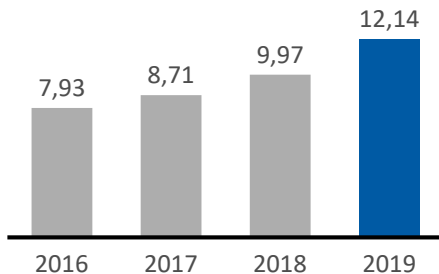
### ROE



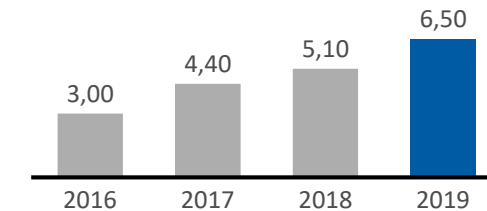
### CET1



### Earnings per ECC

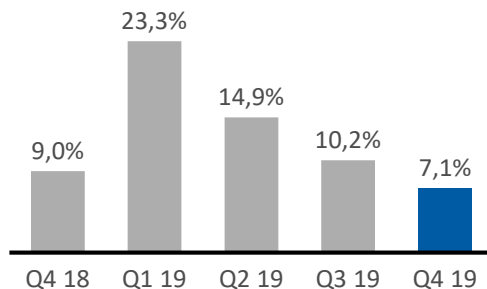


### Dividend per ECC

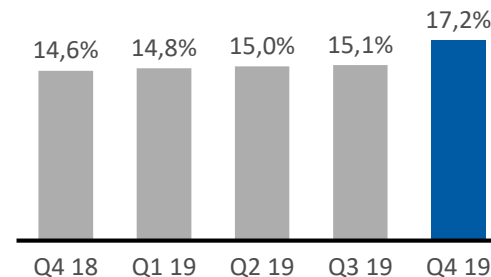


## Good profits and strong capitalization over a long period

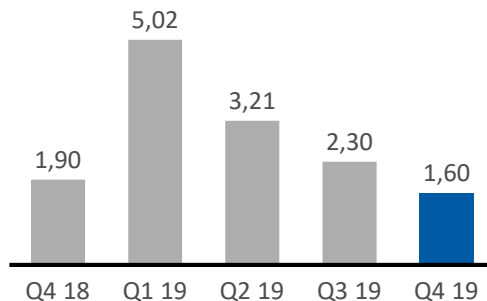
### ROE



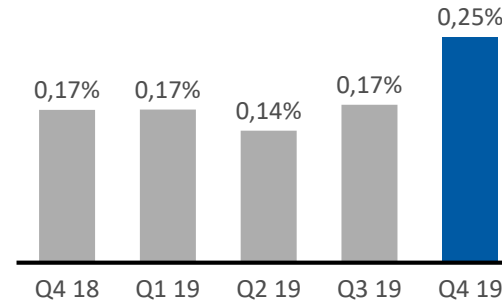
### CET1



### Profit per ECC



### Loan losses as a percentage of total loans



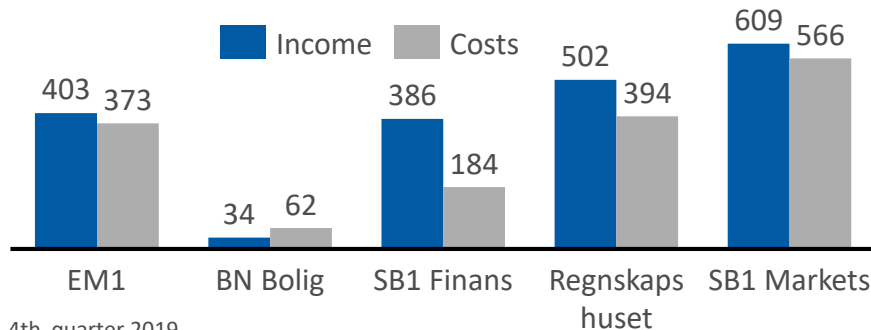
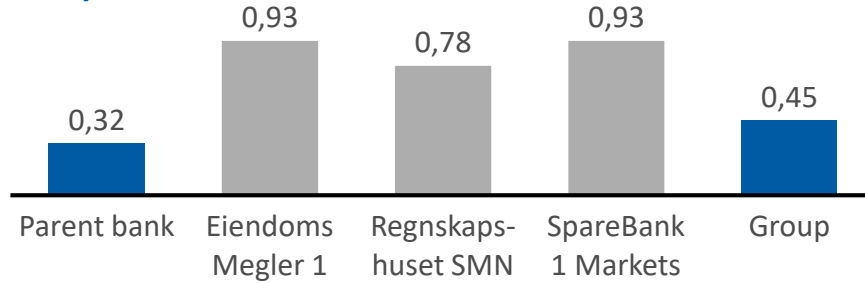
## Profits

NOK mill	2019	2018	Change	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18
Net interest	2.687	2.403	284	697	678	664	649	644
Commission income and other income	2.290	2.177	113	579	554	606	551	543
<b>Operating income</b>	<b>4.976</b>	<b>4.580</b>	<b>397</b>	<b>1.276</b>	<b>1.232</b>	<b>1.271</b>	<b>1.200</b>	<b>1.187</b>
Total operating expenses	2.797	2.624	174	720	673	701	704	701
<b>Pre-loss result of core business</b>	<b>2.179</b>	<b>1.956</b>	<b>223</b>	<b>556</b>	<b>559</b>	<b>570</b>	<b>496</b>	<b>486</b>
Losses on loans and guarantees	299	263	36	103	71	59	67	67
<b>Post-loss result of core business</b>	<b>1.880</b>	<b>1.693</b>	<b>187</b>	<b>453</b>	<b>487</b>	<b>511</b>	<b>428</b>	<b>418</b>
Related companies	419	416	3	8	85	231	95	130
Gain Fremtind	460		460				460	
Securities, foreign currency and derivates	322	341	-19	9	36	105	172	-35
<b>Result before tax</b>	<b>3.081</b>	<b>2.450</b>	<b>631</b>	<b>469</b>	<b>609</b>	<b>848</b>	<b>695</b>	<b>513</b>
Tax	518	509	8	123	121	165	109	104
Result investment held for sale	0	149	-149	0	0	0	0	-8
<b>Net profit</b>	<b>2.563</b>	<b>2.090</b>	<b>474</b>	<b>346</b>	<b>488</b>	<b>683</b>	<b>586</b>	<b>401</b>
<b>Return on equity</b>	<b>13,7 %</b>	<b>12,2 %</b>		<b>7,1 %</b>	<b>10,2 %</b>	<b>14,9 %</b>	<b>23,3 %</b>	<b>9,0 %</b>



# SpareBank 1 SMN will come across as cost-efficient not just on an individual basis but also as a group

## Cost / Income



4th quarter 2019

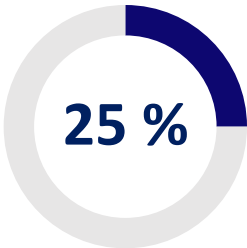
## Profitable and non-capital-intensive subsidiaries:

- The subsidiaries are making a sound profit – and requiring little equity capital compared with the group’s other businesses
- In their respective segments they are cost-efficient
- But pose a challenge to the group’s cost / income ratio

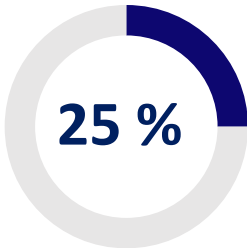
# Strong market position in financial services in Central Norway

## Market shares

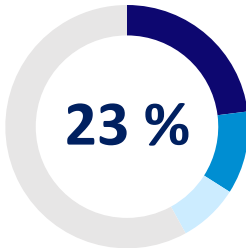
Parent bank retail



Parent bank SMB

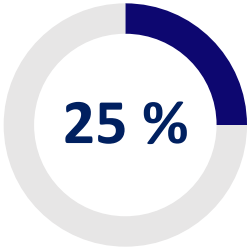


Collateral, residential mortgages

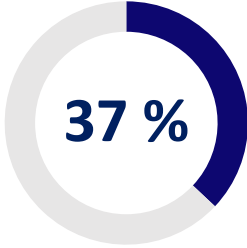


DNB 11 %  
Nordea 8 %

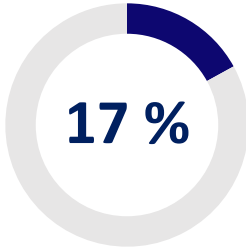
Accounts



Estate agency

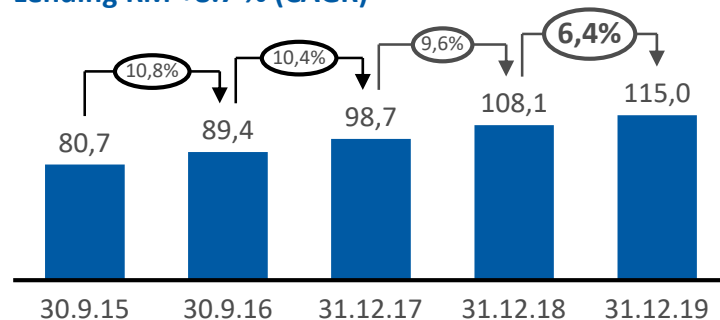


Vendor's liens

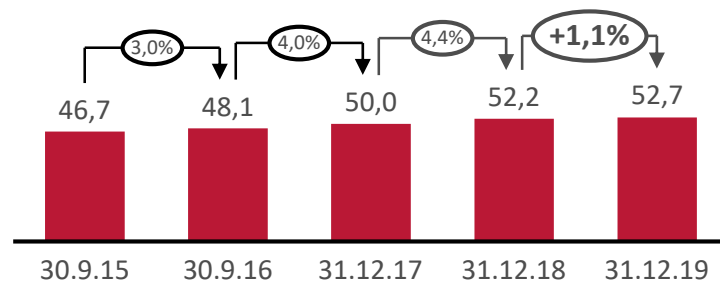


## Total growth lending 4.7 % last 12 months

### Lending RM +8.7 % (CAGR)



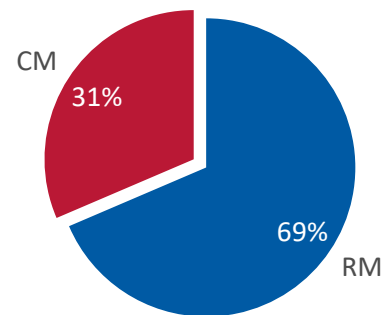
### Lending CM + 3.0 % (CAGR)



## High growth in home mortgage lending

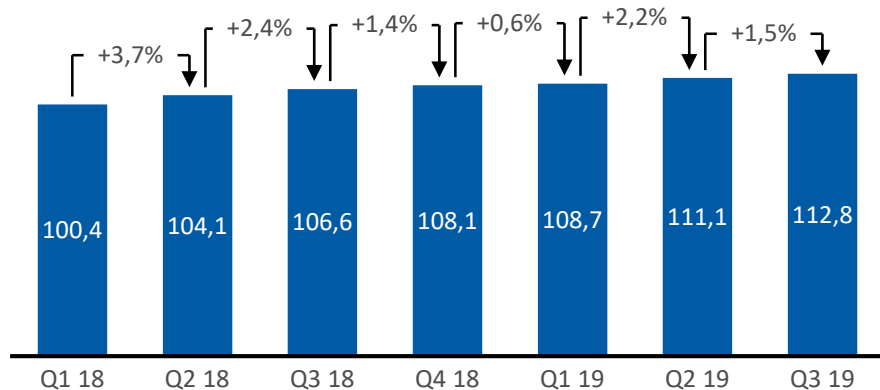
- Residential mortgage market growth of about 5.2 % (C2) last 12 months.
- Growth in retail lending quickened from the second quarter of 2019 after a weak first quarter
- Share of loans to personal borrowers up from 61 to 69 per cent in last four years

## Share of lending



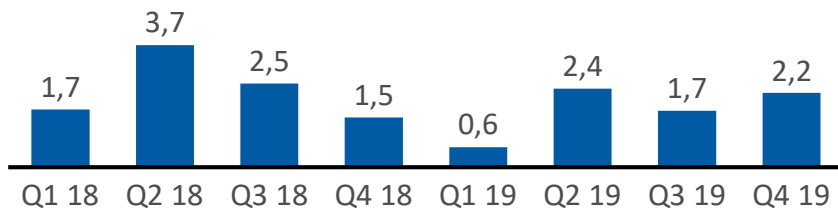
# Development in lending, Retail Market

## Lending NOKbn and growth per cent per quarter 2018 and 2019



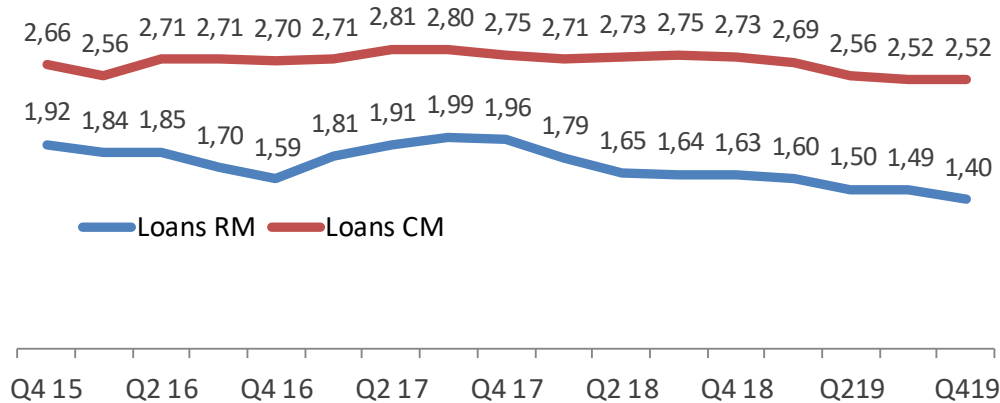
- The bank's retail market growth has been very high for a long period
- Decline in growth in the first quarter of 2019 due to sharper competition
- But growth quickened from the second quarter of 2019. A significant portion of the growth in the fourth quarter is from LO-affiliated customers.

## Growth NOKbn per quarter



# Lending margins

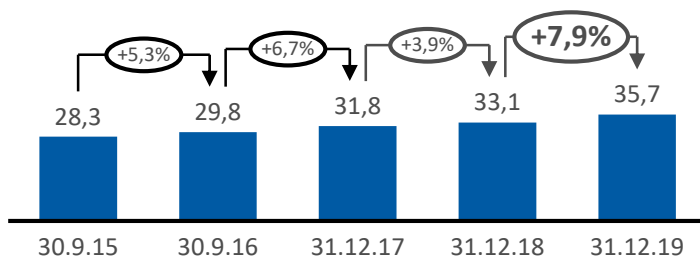
## Increasing Nibor challenges the lending margins



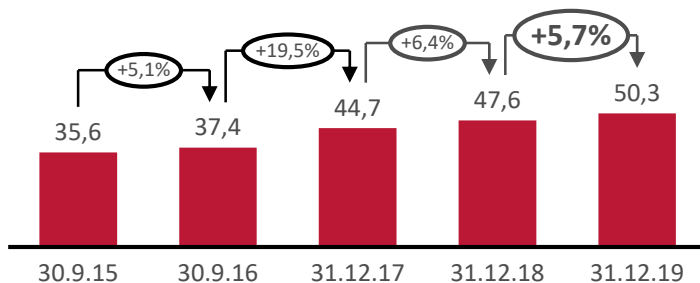
- Increased Nibor with about 80 bps in 2019
- Four general increase in residential lending rates carried out since fourth quarter 2018, The last one carried out from 7. November 2019

## Total growth deposits 6.6 % last 12 months

### Deposits RM + 5.6 % (CAGR)



### Deposits CM + 8.4 % (CAGR)

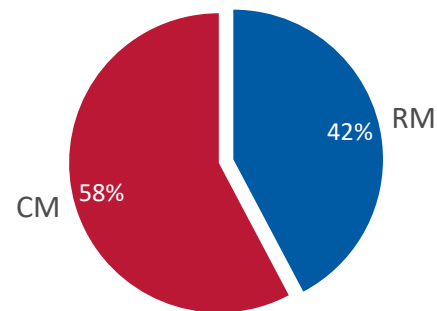


4th quarter 2019

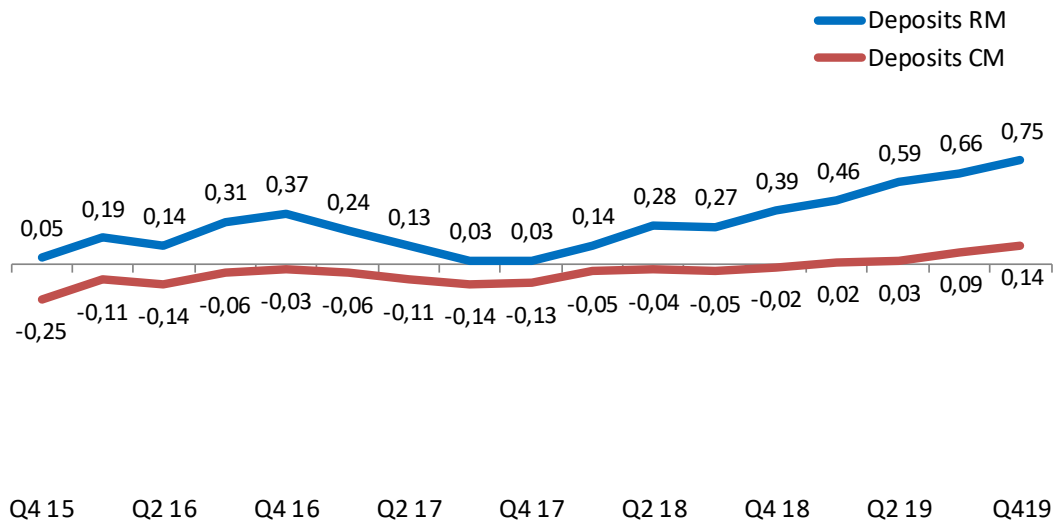
## Good growth in deposits

- Stable and good growth in deposits from retail customers
- High growth in deposits from corporate customers 2019
- Deposit-to-loan ratio 68 % (67 %), including loans sold to Bolig- and Næringskreditt 51 % (50 %)
- Of the Corporate Market deposits 25 % are from public sector

## Share of deposits



## Deposit margins Retail and Corporate



- Increased Nibor in 2018 and 2019 has strengthened the margins

# Change in net interest income

## 2019 compared with 2018

Net interest 2019	2.687
Net interest 2018	2.403
<b>Change</b>	<b>284</b>

### **Obtained as follows:**

Fees on lending	9
Lending volume	111
Deposit volume	7
Lending margin	-218
Deposit margin	177
Equity capital	81
Funding and liquidity buffer	60
Subsidiaries	56
<b>Change</b>	<b>284</b>

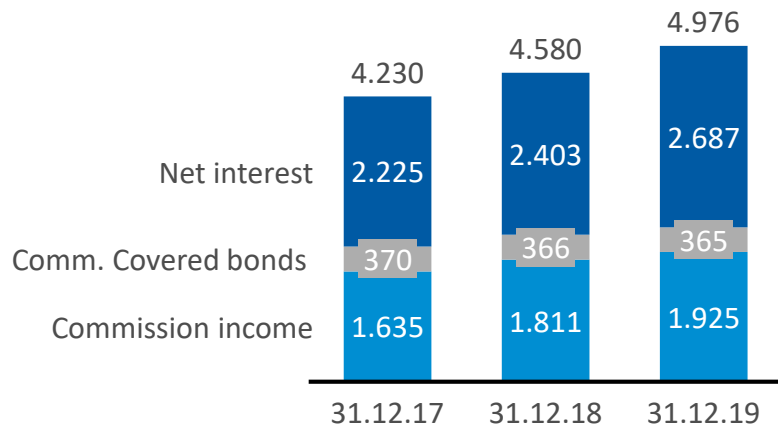
## Net interest income strengthened by growth and increased deposit margin

- Net interest income strengthened by increased lending volume
- Margins on mortgages weakened by higher Nibor in 2018 and 2019 and strengthened deposit margins
- Four general increases in mortgage interest carried out since Q4 2018
- Net interest income strengthened by higher interest on equity



# Robust income platform and increased commission income

## Net interest and other income



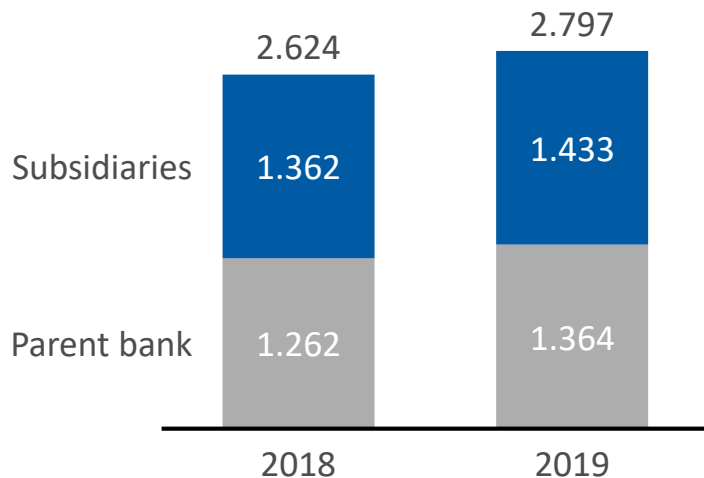
## Commissions 2019 and 2018

<i>mill kr</i>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Payment transmission income	233	208	25
Creditcards	59	60	0
Commissions savings and asset management	100	102	-2
Commissions insurance	183	174	9
Guarantee commissions	51	60	-8
Estate agency	390	369	21
Accountancy services	473	411	62
Securities	386	350	36
Other commissions	49	78	-29
<b>Commissions ex. Bolig/Næringskreditt</b>	<b>1.925</b>	<b>1.811</b>	<b>114</b>
Commissions Boligkreditt (cov. bonds)	349	350	-1
Commissions Næringskreditt (cov. bonds)	16	16	0
<b>Total commission income</b>	<b>2.290</b>	<b>2.177</b>	<b>113</b>

- Robust income platform
- A wide range of products both from the parent bank, the subsidiaries, and the SpareBank 1 Group

# Cost growth brought by initiatives both at the subsidiaries and the bank

## Costs 2018 and 2019



### Cost growth at the subsidiaries

- Acquisitions by SMN Regnskapshuset
- Strengthened commitment at SpareBank 1 Markets
- Acquisition of DeBank

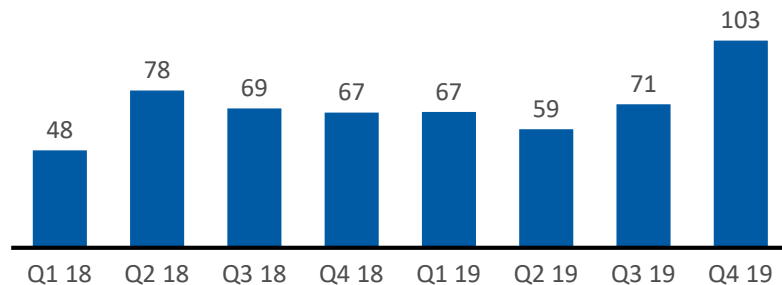
### Cost growth at the parent bank

- New self-service solutions and CRM system
- Regulatory requirements bring a need for increased capacity and competence
- Anti-money laundering has high priority and requires resources

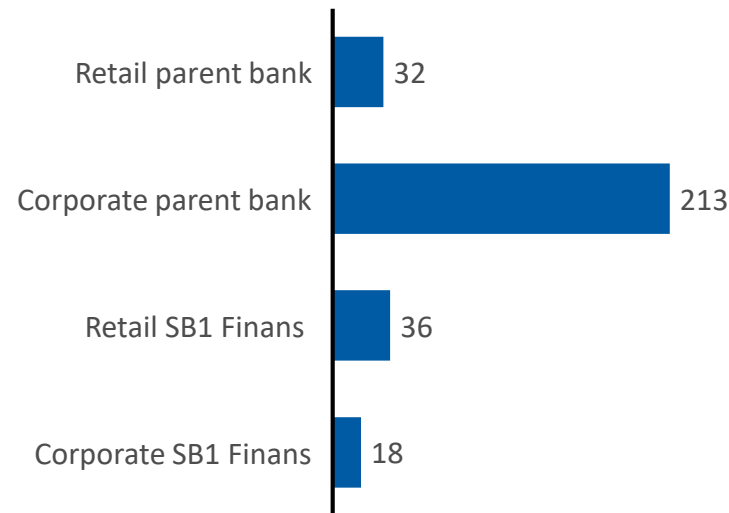
# Loan losses

Losses mainly in the offshore industry

Losses per quarter, NOKm



Distribution loan losses 2019

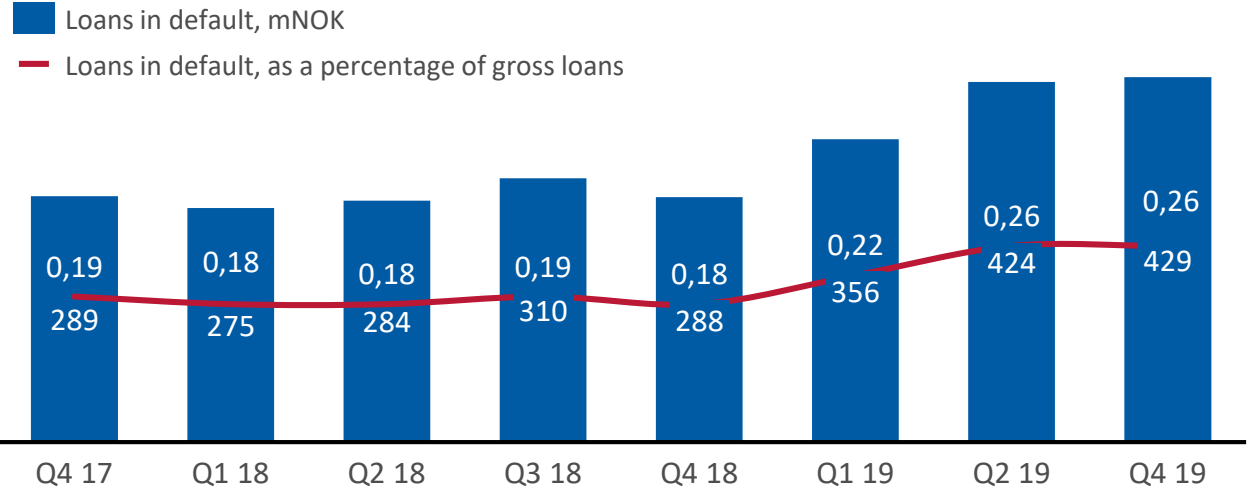


Loan losses including collective losses provisions 0.18 % (0.17 %) of gross lending as of 31.12.2019

# Low levels on loans in default (0,26 %)

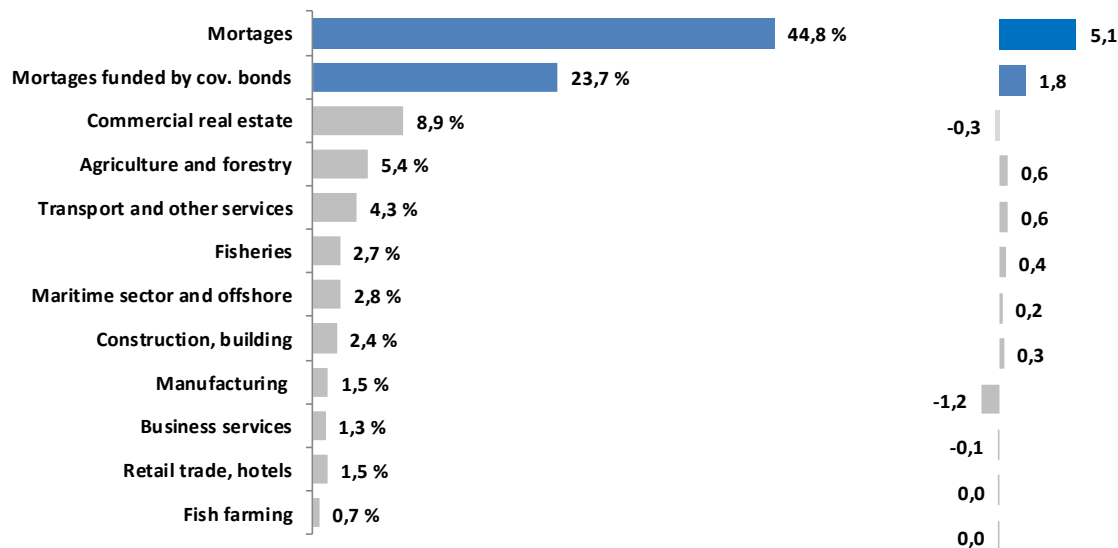
## Some increase in default from retail customers in 2019

### Last two years, per quarter



# High share mortgages of 69 % and diversified portfolio SMEs. Total lending NOK 168bn

Lending by sector as a share of total lending and change last 12 months, NOKbn

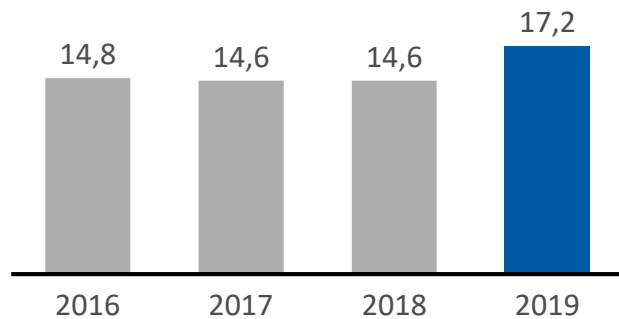


## Balance sheet

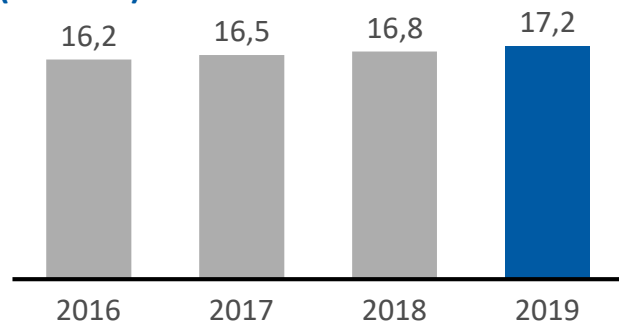
	<b>31.12.19</b>	<b>31.12.18</b>	<b>31.12.17</b>
Funds available	26,0	26,3	27,3
Net loans	125,3	119,7	111,0
Securities	3,0	1,9	1,8
Investment in related companies	6,5	6,1	6,4
Goodwill	0,9	0,9	0,8
Other assets	5,1	5,8	6,0
<b>Total Assets</b>	<b>166,7</b>	<b>160,7</b>	<b>153,3</b>
Capital market funding	51,9	53,5	51,8
Deposits	85,9	80,6	76,5
Other liabilities	6,4	5,7	5,3
Subordinated debt	2,1	2,3	2,2
Equity ex hybrid bonds	19,1	17,6	16,5
Hybrid bonds	1,3	1,0	1,0
<b>Total liabilities and equity</b>	<b>166,7</b>	<b>160,7</b>	<b>153,3</b>
in addition loans sold to Boligkreditt and Næringskreditt	41,5	39,8	36,7

## Strong capitalization

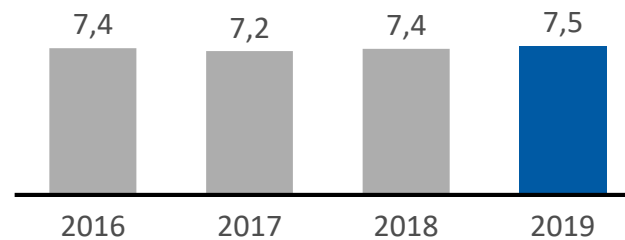
### CET1



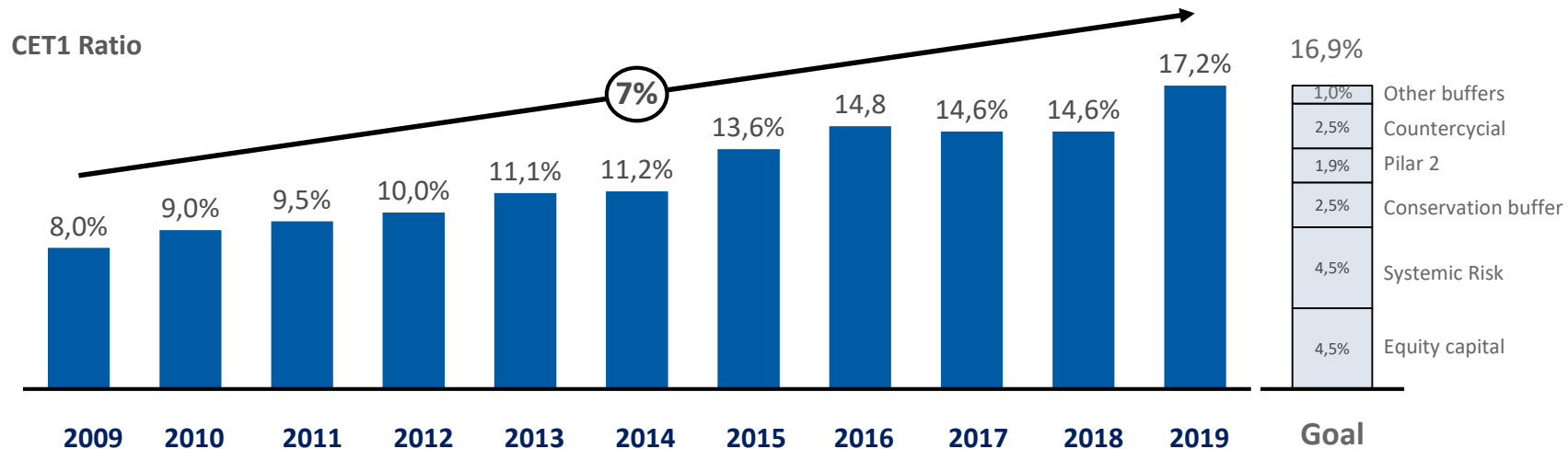
### CET 1 without transitional arrangements (Basel III)



### Leverage ratio



# Strong development in CET 1 (capital and ratio)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
CET1 Capital	4,938	6,177	6,687	8,254	9,374	10,679	12,192	13,115	13,820	14,727	15,830
ROE	16.2 %	14.6 %	12.8 %	11.7 %	13.3 %	15.1 %	10.7 %	11.3 %	11.5 %	12.2 %	13.7 %
RWA	64,400	66,688	75,337	82,450	84,591	95,322	89,465	88,788	94,807	101,168	91,956

4th quarter 2019



# SpareBank 1 SMN

## 7467 TRONDHEIM



### CEO Jan-Frode Janson

Tel +47 909 75 183

E-mail [jan-frode.janson@smn.no](mailto:jan-frode.janson@smn.no)

### CFO Kjell Fordal

Tel +47 905 41 672

E-mail [kjell.fordal@smn.no](mailto:kjell.fordal@smn.no)

### Switchboard

Tel +47 915 07 300



### Internet addresses:

SMN homepage and internet bank:  
Equity capital certificates in general:

[www.smn.no](http://www.smn.no)

[www.grunnfondsbevis.no](http://www.grunnfondsbevis.no)



### Financial calendar 2020

Q4 19 5. February 2020

Q1 20 7. May 2020

Q2 20 11. August 2020

Q3 20 30. October 2020

# Appendix

4th quarter 2019





**Norway's largest equity-certificate-issuing bank**

4th quarter 2019

**Finance house offering  
a wide range of products**

**Retail customers  
226 000**

**Corporate customers  
15 000**

**Loan volume  
168 bn**

**Market leader in the region  
Co-owner of SpareBank 1 Alliance**



## History through almost 200 years Strong financial results over time

**1823** Established

**1985** Sparebanken Midt-Norge

**1994** Listed on Oslo Børs

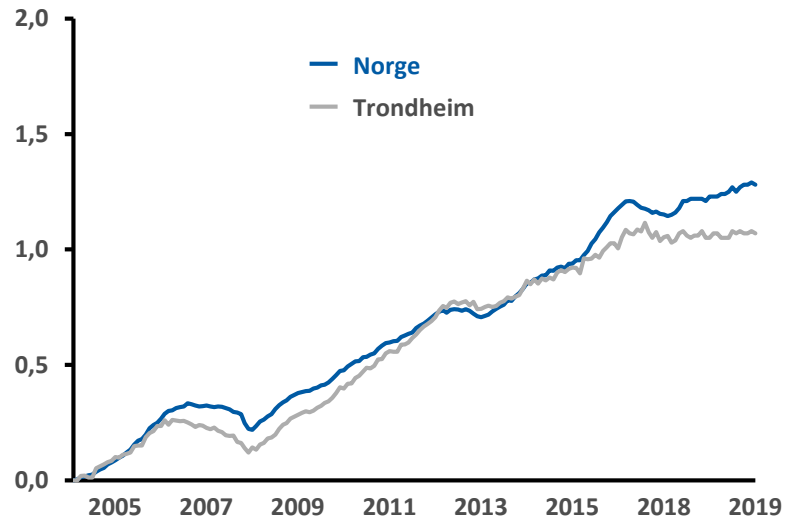
**1996** SpareBank 1 Alliance

**2005** Acquired Romsdals Fellesbank

**2009** Acquired BN Bank/Sunnmøre

# House prices levelling out at a high level

## House prices 2005 – 2019

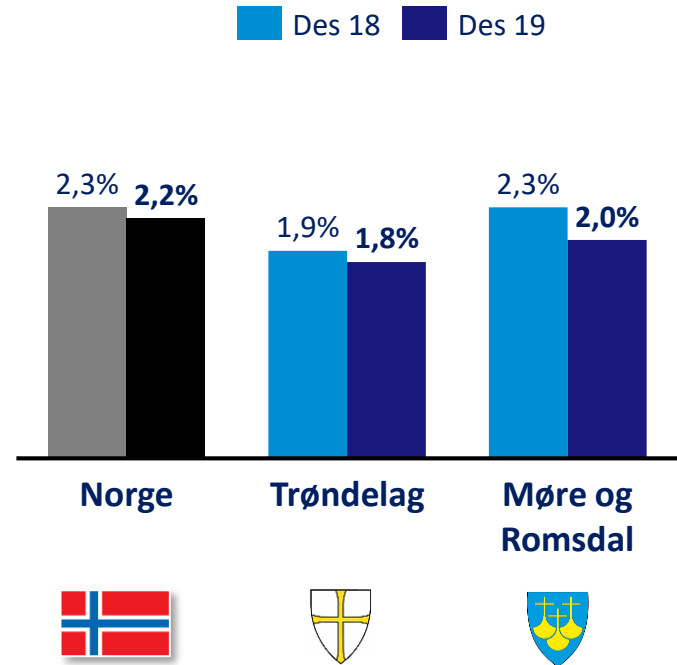


4th quarter 2019

Sources: Statistics Norway for house prices, unemployment from NAV

# Low unemployment

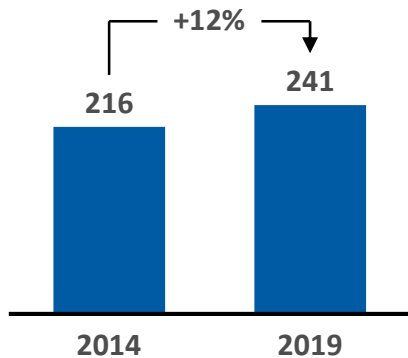
## Monthly figures December 2018 and December 2019



45

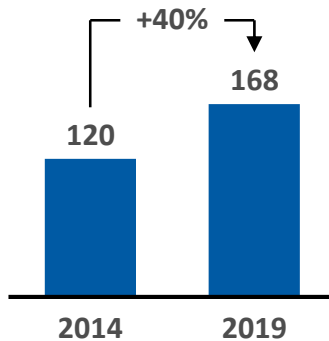
## Increased revenues, number of customers and volumes

Number of customers



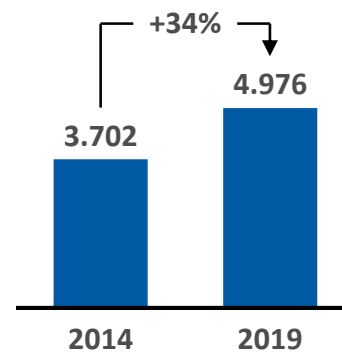
Stronger customer growth than population growth

Total loan volume



Stronger lending growth than credit growth

Operating income



Strengthening incomes on a diversified platform

## Change in net interest income

### Change third quarter 2019 – fourth quarter 2019

Net interest this quarter	697
Net interest previous quarter	678
<b>Change</b>	<b>19</b>

#### **Obtained as follows:**

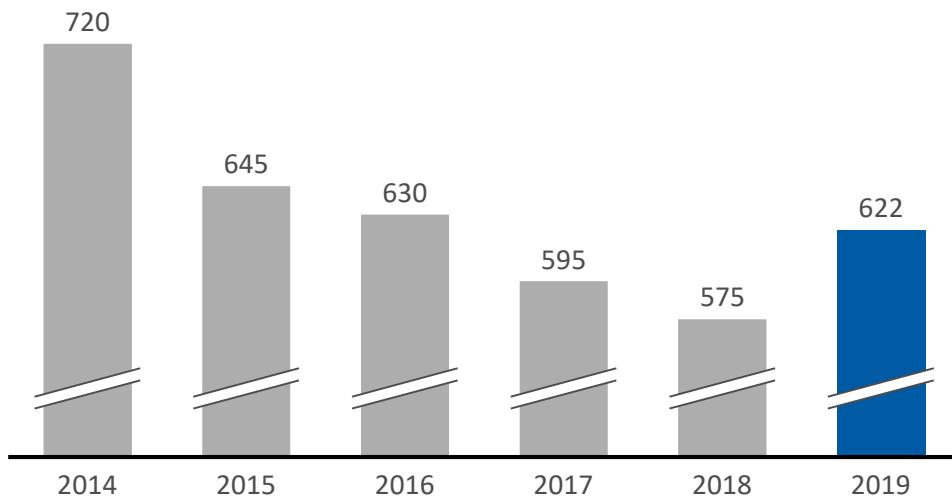
Fees on lending	-2
Lending volume	12
Deposit volume	1
Lending margin	-23
Deposit margin	15
Equity capital	0
Funding and liquidity buffer	17
Subsidiaries	0
<b>Change</b>	<b>19</b>

### Net interest income strengthened by growth and increased deposit margin

- Net interest income strengthened by increased lending volume
- Margins on mortgages weakened by higher Nibor in third quarter 2019 and strengthened deposit margins

## Improved efficiency in parent bank

### FTEs at parent bank



- After a long period of decline in FTEs, staffing increased in 2019
- New staff have been recruited particularly in the areas of digital development and control functions
- Both distribution and internal processes have been made more efficient, at the same time as the bank has acquired far more customers and an increased business volume



## Subsidiaries

### Pre tax profit subsidiaries

mNOK, SMN's share in parentheses	2019	2018	Change	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18
EiendomsMegler 1 Midt-Norge (87 %)	31	18	14	0	0	31	0	-19
BN Bolig (subsidiary of EM1)	-30	-41	10	-7	-7	-8	-9	-10
SpareBank 1 Regnskapshuset SMN (89 %)	108	71	38	27	20	41	21	14
SpareBank 1 Finans Midt-Norge (61 %)	150	149	1	35	41	35	40	42
SpareBank 1 Markets (67 %)	43	15	28	4	11	26	2	-6
SpareBank 1 SMN Invest (100%)	48	8	40	4	-3	21	26	-20
DeBank (100%)	-20	0	-20	-6	-5	-3	-5	0
Other companies	16	6	10	4	3	4	5	-1
<b>Subsidiaries</b>	<b>347</b>	<b>225</b>	<b>121</b>	<b>62</b>	<b>59</b>	<b>147</b>	<b>79</b>	<b>1</b>

*The results refer to the respective company accounts*

## Associated companies

### Profit shares after tax

<b>mNOK, SMN's share in parentheses</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>Q1 19</b>	<b>Q4 18</b>
SpareBank 1 Gruppen (19,5 %)	252	289	-37	-12	40	186	38	99
Gain Fremtind	460	0	460	0	0	0	460	0
SpareBank 1 Boligkreditt (20,9 %)	26	-7	33	0	3	8	14	-9
SpareBank 1 Næringskreditt (31,0 %)	21	15	6	6	5	2	8	4
BN Bank (35,0 %)	113	97	16	28	33	27	24	24
SpareBank 1 Kredittkort (17,3 %)	13	23	-10	0	5	5	3	6
SpareBank 1 Betaling (19,5 %)	3	-12	15	-5	-2	-2	12	-3
Other companies	-3	-1	-2	-5	-4	5	0	-1
<b>Associated companies</b>	<b>883</b>	<b>402</b>	<b>481</b>	<b>12</b>	<b>81</b>	<b>231</b>	<b>560</b>	<b>120</b>

## Return on financial investments

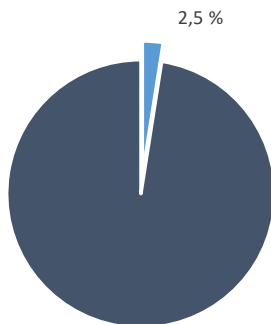
<b>NOKm</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>Q1 19</b>	<b>Q4 18</b>
Capital gains shares	120	96	24	11	1	23	84	-48
Gain/(Loss) on certificates and bonds	-20	-77	56	-42	-26	15	32	5
Gain/(loss) on derivatives	132	187	-55	40	29	40	23	-5
Gain/(loss) on financial instruments related to hedging	-9	-4	-6	-8	4	-1	-4	1
Gain/(loss) on other financial instruments at fair value	9	10	-1	-2	4	-4	10	-13
Foreign exchange gain / (loss)	22	63	-40	-10	10	14	9	16
Gains/(Loss) on shares and share derivatives at SpareBank 1 Markets	54	58	-5	17	13	8	15	7
<b>Net return on financial instruments</b>	<b>307</b>	<b>335</b>	<b>-26</b>	<b>7</b>	<b>35</b>	<b>95</b>	<b>169</b>	<b>-37</b>

*Including result investment held for sale*

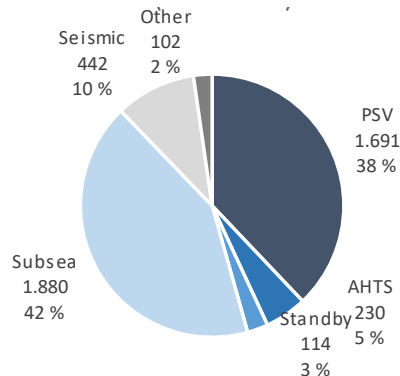
# Offshore constitutes a small share of total credit risk (2.5 per cent)

## Impairment level corresponds to 13.5 per cent of the offshore portfolio

Offshore : 2,5 % av EAD



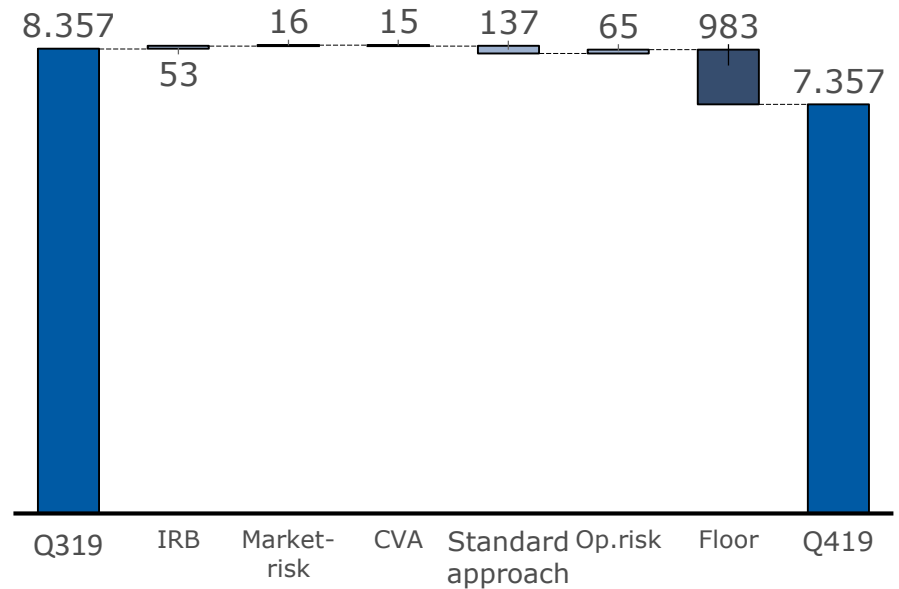
Subsea and PSV largest segments (EAD mill kr)



mill kr	EAD	Loans	Individual	Total impairments	IFRS 9	Share of EAD
7 % Low risk	305	193	0	0,6	1	0,2 %
45 % Medium risk	2.013	1.701	0	87	87	4,3 %
15 % High risk	681	439	0	27	27	4,0 %
33 % Obligors with impairments / defaulted	1.459	1.148	487	487	0	33,4 %
<b>100 % Total</b>	<b>4.459</b>	<b>3.482</b>	<b>487</b>	<b>602</b>	<b>115</b>	<b>13,5 %</b>

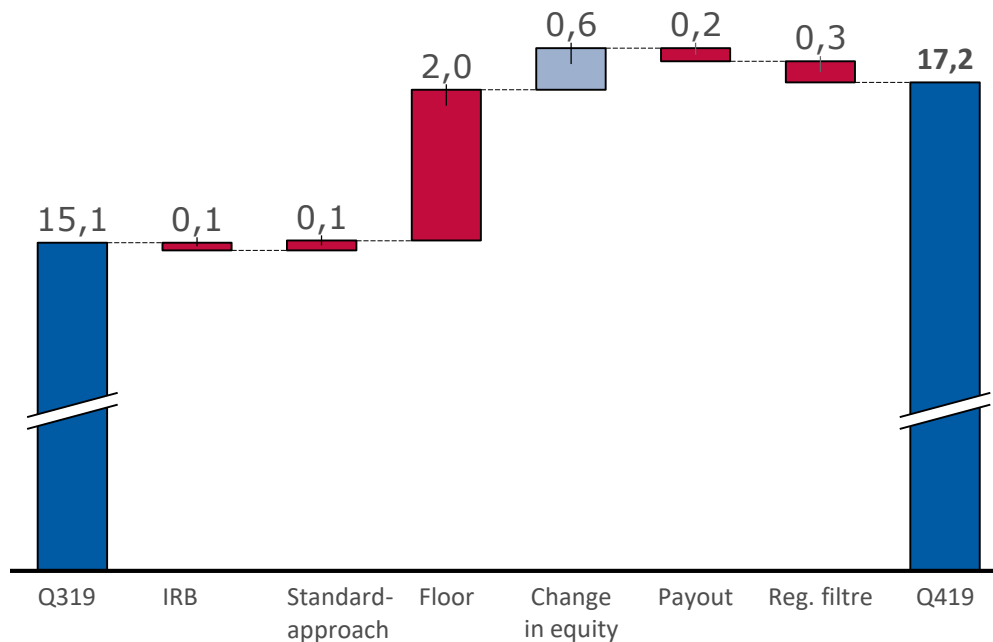
## The capital requirement fell by 12% in Q4; the removal of the Basel 1 floor explains almost the entire change

- Removal of the Basel I floor provides a substantial positive effect.
- Introduction of the SMB rebate also has a substantial effect
- Riskweights for IRB-RM are increasing



## The Group's CET1 ratio 17.2%

- Removal of the floor lifts CET1 ratio by 2 %
- The effect of the SMB rebate of NOK 2.7bn corresponds to about 0.4 %, and is distributed on IRB and the standardised approach
- No other significant changes
- Change in equity affected by issuance of hybrid capital



## Key figures

	<b>31.12.19</b>	<b>31.12.18</b>	<b>31.12.17</b>
CET 1 ratio	17,2 %	14,6 %	14,6 %
Core capital ratio	19,3 %	16,3 %	16,6 %
Capital adequacy	21,6 %	18,5 %	18,6 %
<b>Leverage ratio</b>	7,5 %	7,4 %	7,2 %
Growth in loans (incl.Boligkreditt and Næringskreditt)	4,7 %	7,8 %	8,2 %
Growth in deposits	6,6 %	5,4 %	13,9 %
Deposit-to-loan ratio	68,0 %	66,9 %	68,2 %
RM share loans	68,6 %	67,4 %	66,3 %
Cost-income ratio	45,3 %	49,2 %	47,5 %
Return of equity	13,7 %	12,2 %	11,5 %
Impairment losses ratio	0,18 %	0,17 %	0,24 %

## Key figures ECC

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
ECC ratio	64,0 %	64,0 %	64,0 %	64,0 %	64,0 %
Total issued ECCs (mill)	129,30	129,62	129,38	129,64	129,43
ECC price	100,20	84,20	82,25	64,75	50,50
Market value (NOKm)	12.956	10.914	10.679	8.407	6.556
Booked equity capital per ECC	90,75	83,87	78,81	73,35	67,39
Post-tax earnings per ECC, in NOK	12,14	9,97	8,71	7,93	6,96
Dividend per ECC	6,50	5,10	4,40	3,00	2,25
P/E	8,26	8,44	9,44	8,17	7,26
Price / Booked equity capital	1,10	1,00	1,04	0,88	0,75





4th quarter 2019

## Agreement with the LO generating new growth

- Three-year agreement between the LO and SpareBank 1 SMN and SpareBank 1 Østlandet as preferred partner banks
- The LO is Norway's largest labour union with almost a million members in total, and about 175,000 members in the bank's catchment area
- SpareBank 1 SMN has since the agreement was signed succeeded well in recruiting new customers in the LO segmentet, and this largely involves the entire customer relationship

## Stronger focus on combating money laundering

- SpareBank 1 SMN 1 has a targeted focus on AML, and has in 2019 made the adjustments needed to bring the bank into line with the new Anti-Money Laundering Act
- A considerable effort has been made in 2019 to update customer identity verification and customer data across the entire customer portfolio
- In 2019 more than 50 staff members have been dedicated to tasks related to the bank's effort to combat money laundering and terrorist financing.

# Important instruments for taking an even clearer position in the region among target groups: the family and small and medium businesses

Battle arena:

**Prioritised target groups**

FAMILIES



YOUNG PEOPLE

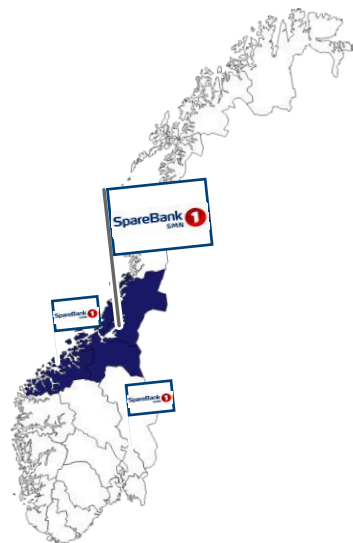


SMBS



Battle arena:

**Geographical catchment area**



Battle arena:

**Channels**

Kraftfull distribusjon

Serviced channel



Remote channel

Digital channel



Battle arena:

**Customer needs**

**Everyday**

Payments, Digital Bank, Vipps

**Business**

Invoicing, accounts, financing

**Owning**

Loan, dwelling, car, credit card

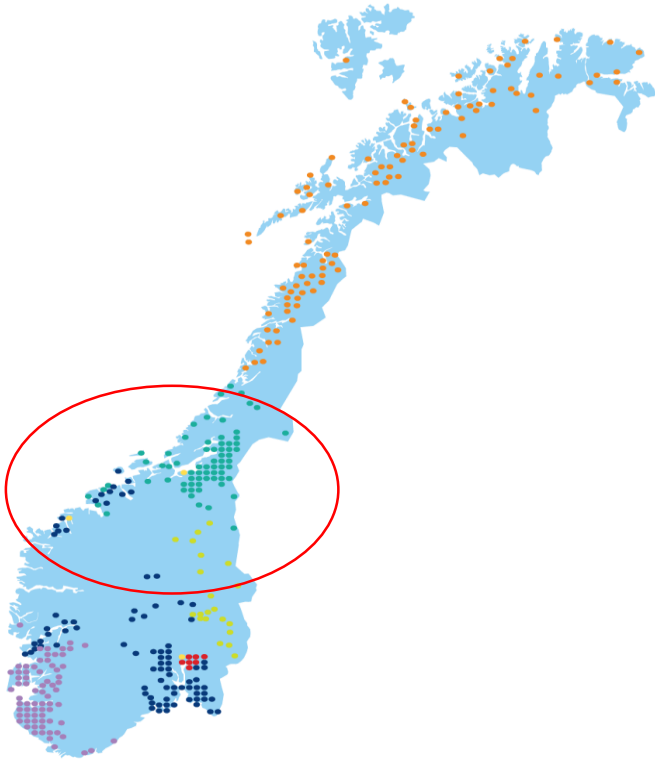
**Security**

Insurance

**Future**

Saving, pension, share savings account, mutual funds, deposits

## SpareBank 1 Alliance: National champion, regional focus



4th quarter 2019  
60

- The SpareBank 1-alliance consists of 14 banks
- Operate exclusively in Norway – Norway’s most extensive branch network with approx. 350 branches
- SpareBank 1-banks are at the forefront of technological innovation
- Operate as independent banks in each their respective Norwegian region
- Market leaders in their core regional markets
- The largest banks (~ 80% of total assets) have the following ratings:

Sr. Unsec. Ratings	Fitch	Moody’s
SpareBank 1 SMN	A- / F2	A1 / P-1
SpareBank 1 SR	A- / F2	A1 / P-1
SpareBank 1 SNN	A / F1	A1 / P-1
SpareBank 1 East	n/a	A1 / P-1

# Spare Bank 1 Alliance

