



SpareBank 1 Nord-Norge

Interim report for Q4 2012 – Preliminary Annual Report, Group

(Figures in brackets are for the same period in 2011)

Main features:

- Profit before tax NOK 767 million (NOK 682 million).
- Profit after tax NOK 595 million (NOK 525 million).
- Good and further strengthened underlying banking operations before and after losses. Profit from core operations before losses of NOK 702 million (NOK 599 million). Improvement of 17,2 % compared with 2011.
- Return on equity after tax was 9.0% (8.5%).
 - Earnings per equity certificate of NOK 3.78 (NOK 3.07).
- Net loan losses 2012: NOK 195 million (NOK 101 million) Net loss Q4: NOK 32 million.
- Weak result from SNN Invest.
- Very high lending growth: last 12 months 11.6% (7.4%) including intermediary loans.
 - Retail market 11.0%.
 - Corporate market 12.9%.
- Growth in deposits over the last 12 months -1.3% (6.0%).
 - Retail market 8.8%.
 - Corporate market 3.4%.
 - Public sector -32.5%.
- Deposit-to-loan ratio: 75.6% (80.9%).
- Satisfactory financial strength: core capital adequacy (Group) 12.11% (11.61%). Pure core capital adequacy: 10.31%.
- Very good liquidity.
- Proposed cash dividend of NOK 1.15 (NOK 1.40) to the equity certificate holders.

Macroeconomic trends

North Norway is experiencing a period of stronger growth than ever before. This can be seen in all sectors of the society. The labour market is still very tight. New growth is being slowed to some extent by the lack of competent manpower. This is in spite of the region's significant population growth and of manpower commuting into the region. The reason for this strong growth is the richness of the region's natural resources and their exploitation. The substantial oil and gas discoveries in the Norwegian Sea and Barents Sea have meant strong growth in the oil industry, both directly and through related industries.

The situation for aquaculture and traditional fisheries is also good. There is considerable available capacity for growth in aquaculture in the north, and all the most important fish stocks show good and sustainable development. Historically, tourism has been important, especially in the summer season. Winter tourism is now in the process of becoming as important as summer tourism, which is also making this industry significant. As a result of the above factors, and of large public sector investment, there is also a very high level of activity in the building and civil engineering sector.

In addition to the above, recoverable deposits of minerals and other rock types of high value have been discovered.

This high level of economic activity in North Norway is shown in SpareBank 1 Nord-Norge through the high growth in loans and deposits for both retail and corporate customers. Loans to the retail sector increased by 11.0 % in 2012, while deposits increased by 8.8 %. Loans to the corporate sector increased by 12.9 % and deposits by 3.4 %. If this is compared with growth in the country as a whole, it can be seen that the bank has increased its market share in Norway - and probably also in North Norway - even though the general growth here is higher than for the country as a whole.

Accounting principles

The quarterly accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), including IAS 34 relating to interim reporting.

Earnings performance

Accounts as per Q4 2012 show operating profit before tax of NOK 767 million (NOK 682 million). The accounts for the last quarter further strengthened the core bank operations before losses, with increased net interest income, increased commission income, reduced operating costs and good growth in lending in both the retail and corporate markets. After relatively high losses on individual commitments in Q3, net losses in the last quarter were NOK 32 million.

The Group's return on equity after tax as at 31/12/2012 was 9.0% (8.5%). Earnings per equity certificate were NOK 3.78 (NOK 3.07). For the Parent Bank, earnings per equity certificate were NOK 3.27 (NOK 2.55).

Net interest income

The Group's net interest income as at 31/12/2012 amounted to NOK 1,166 million. This is NOK 37 million higher than the same period in 2011. As a percentage of average total assets, the net interest income was 1.60%, which is 0.01 percentage points lower than last year.

Income from the lending portfolio transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt is entered under commission income. This commission income totalled NOK 175 million at the end of Q4 2012. The corresponding figure for 2011 was NOK 73 million. Net interest income including the above named commission income shows an increase of NOK 131 million compared with Q4 2011.

Compared with Q3 2012, net interest income including commission income from the transferred lending portfolio has developed as follows:

<i>Amounts in NOK million</i>	Q4 2012	change	Q3 2012
Net interest income inc. commission from SB1 Boligkreditt	369	+28	341
Lending and deposit growth		+4	
Lending and deposit margins		+8	
Other balance sheet items, net		+16	

The lending and deposit margins are measured against the bank's average funding costs in the capital market.

The volume effect on net interest income is due to good growth in both the retail and corporate markets. Higher money market rates and borrowing costs (credit spreads) towards the end of 2011 meant that the bank took various measures involving pricing of parts of the banks lending and deposit products. In 2012, lower borrowing costs as a result of reduced money market rates in the capital market made a further contribution to increased interest margins and increased interest income.

In 2012 too, the bank is exempt from paying guarantee fund charges.

At the end of Q4 2012, home mortgages to the value of NOK 21.4 billion (NOK 14.7 billion) have been transferred to SpareBank 1 Boligkreditt. As at 31/12/2012, no loans have been transferred to SpareBank 1 Næringskreditt.

The increased requirements of the authorities for liquidity and equity capital have led to increased capital costs for banks. Some of these increased costs must be covered by increasing the prices of the bank's products, primarily loans. The Bank is working with, and is considering the need for increased lending margin.

When the Norwegian regulatory requirements for capital adequacy are finally determined, this may bring a need for further price increases, especially on loans.

Net commissions and other income

Net commissions and other income at the end of Q4 2012 were NOK 656 million, an increase of NOK 150 million when compared with the same quarter last year.

<i>Amounts in NOK million</i>	as at Q4 2012	Change	as at Q4 2011
Net commissions and other income	656	+150	506
Increased comm. income from SpareBank 1 Boligkreditt		+102	
Increased comm. income from EiendomsMegler 1 Nord-Norge		+16	
Increased income from accounting firm SNN Økonomihus		+33	
Increase in other commissions and other income		-1	

Income from financial investments

Total net income from financial investments as at Q4 2012 amounts to NOK 260 million (NOK 184 million). This has developed as follows:

<i>Amounts in NOK million</i>	as at Q4 2012	change	as at Q4 2011
Net income from financial investments	260	+76	184
Result from SpareBank 1 Gruppen	96	+2	94
Result from SpareBank 1 Boligkreditt	33	+20	13
Result from Bank 1 Oslo	25	+10	15
Result from BN Bank	52	-16	68
Result from SpareBank 1 Næringskreditt	4	+0	4
Share dividends	17	+3	14
Net change in share value	-104	-28	-76
Net change in bond value	71	+131	-60
Net change in value of currency and financial derivatives	66	-46	112

Profit contribution from joint venture companies

SpareBank 1 Gruppen

SpareBank 1 Gruppen's preliminary profit after tax as at Q4 2012 totalled NOK 452 million (NOK 482 million). The SpareBank 1 Nord-Norge Group's 19.5% share of the result, amounting to NOK 88 million (NOK 94 million), has been incorporated in the accounts. In addition to this, in Q1 2012 NOK 8 million has been incorporated as a result of the adjusted profit for the year for 2011. SpareBank 1 Livsforsikring and SpareBank 1 Skadeforsikring made the greatest contribution to profits in SpareBank 1 Gruppen.

For Q4 seen in isolation, the provisional result for SpareBank 1 Gruppen was – NOK 39.5 million (NOK 281.0 million), of which the Group's share was - NOK 8 million. The main cause of the weak and negative result for Q4 is very high tax costs as a result of changes in the rules for the exemption method for life insurance companies.

The average quarterly result for SpareBank 1 Gruppen for 2012 amounts to NOK 133 million, of which the SpareBank 1 Nord-Norge Group's share amounts to NOK 22 million (Q4 charged with – NOK 8 million). If the Group's results for Q4 are corrected for this circumstance, the return on equity for Q4 seen in isolation increases from 9.35% to 11.13%.

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

SpareBank 1 Boligkreditt was set up by the banks of the SpareBank 1 alliance to gain benefits from capital market funding through the use of covered bonds. The banks transfer mortgagees with very good security to this company. This reduces funding costs and increases the competitiveness of the SpareBank 1 banks.

The bank's stake in SpareBank 1 Boligkreditt is 13.26%, and the share of the company's profits as at Q4 2012 is NOK 33 million (NOK 13 million). As at 31/12/2012, the stake has changed to 13.46%.

The SpareBank 1 banks established SpareBank 1 Næringskreditt in 2009 on the same model and with the same administration as SpareBank 1 Boligkreditt. SpareBank 1 Nord-Norge's stake in the company is 23.5%, and the share of the company's profits as at Q4 2012 is NOK 4 million (NOK 4 million). As at 31/12/2012, the stake has changed to 16.16%.

Bank 1 Oslo Akershus

As at 31/12/2012, SpareBank 1 Nord-Norge had a 19.5% stake in Bank 1 Oslo Akershus. A share of the profits amounting to NOK 25 million (NOK 15 million) has been incorporated as at Q4 2012.

In January 2013, an agreement has been entered into to reduce the bank's stake in Bank 1 Oslo Akershus to 4.8%. This agreement has been entered into together with SpareBank 1 SR-Bank and SpareBank 1 SMN, and with Sparebanken Hedmark as the buyer. The agreement is conditional on final approval from the Financial Supervisory Authority of Norway. The completion of this agreement implies an estimated positive effect on the Group's core capital ratio compared with 31.12.12 with 0.28 percentage points.

BN Bank

SpareBank 1 Nord-Norge has a 23.5% stake in BN Bank as at 31/12/2012. The share of profits as at Q4 2012 amounts to NOK 52 million (NOK 68 million) including the effect of amortisation from the date of purchase.

Other companies

The alliance companies SpareBank 1 Verdipapirservice and SpareBank 1 Kundesenter were established at the end of Q2 2012. SpareBank 1 Nord-Norge has a stake of 24.9% and 23.5% respectively in these two companies. As at Q4 2012 there has been no profit share from these.

The Group's share portfolio

The Group's share portfolio as at 31/12/2012 amounts to NOK 553 million, which is NOK 54 million lower than on 31/12/2011. The changes have largely been in connection with the bank's subsidiary SpareBank 1 Nord-Norge Invest (SNN Invest).

During 2012, write-downs of NOK 133 million have been made in the share portfolio in SNN Invest. NOK 119 million of this relates to four individual items.

As shown in the Group's half-year report 2012, the stake in the oil company Front Exploration (FrontX) was written down by net NOK 41 million. No further write-downs have been made in this shareholding during the second half of 2012. The book value as at 31/12/2012 was NOK 18 million.

Write-downs have also been made this year in the value of shareholdings in the companies Bodø Gruppen AS by NOK 25 million, Nord I IS by NOK 45 million and Nord-Norge Eiendom IV AS by NOK 12 million.

Of the total write down in 2012, NOK 19 million was written down in Q4 2012.

Certificates and bonds

As at 31/12/2012, the Group's portfolio of certificates and bonds was NOK 12,444 million, compared with NOK 11,234 million at the same time the previous year. The portfolio of interest-bearing securities includes covered bonds issued under the authorities' swap scheme.

On 1 July 2008, the bank completed a reclassification of large parts of the interest-bearing securities in the trading portfolio, from the category "At fair market value through the profit and loss account" to categories that are assessed at amortised cost. The effects of this reclassification appear in a note to the quarterly accounts. The reclassified portfolio is continuously assessed with regard to the need for permanent write-down in value. As at 31/12/2011, such write downs totalling NOK 75 million had been made. Further write-downs of NOK 5 million have been made during Q3 2012.

Currency and derivatives

The net change in value from currency and financial derivatives as per Q4 2012 amounts to NOK 66 million. This income includes part of the income from the bank's Markets division, as well as changes in the value of the bank's own positions in currency and financial derivatives.

Subsidiaries

	Stake in %	Profit before tax	
		31/12/2012	31/12/2011
<i>Amounts in whole NOK 1000</i>			
SpareBank 1 Finans Nord-Norge AS	100	75,575	69,370
SpareBank 1 Nord-Norge Invest AS	100	-147,523	-68,718
EiendomsMegler 1 Nord-Norge AS	100	7,291	4,089
SpareBank 1 Nord-Norge Forvaltning ASA	100	1,259	1,091
SNN Økonomihus AS	100	-1,163	60
North-West 1 Alliance Bank	75	647	82
Folk i husan	60	-285	0

The Group's subsidiaries have a combined result before tax as at Q4 2012 of NOK -64 million (NOK 6 million), which has been fully consolidated in the Group's accounts.

SpareBank 1 Finans Nord-Norge has a profit before tax as at Q4 2012 of NOK 76 million (NOK 69 million). The company has a good earnings base and total earnings year to date are NOK 114 million (NOK 103 million). Losses on leasing and seller's chattel mortgage commitments as at Q4 2012 were NOK 4 million (NOK 2 million). At the end of the year, the company managed leasing, consumer loan and vendor's security agreements to a total value of NOK 3,237 million, of which leasing agreements represented NOK 1,716 million.

North West 1-Alliance Bank in St. Petersburg, Russia (75 % owned) had a profit before tax for Q4 2012 of NOK 0.6 million (NOK 0.08 million).

SpareBank 1 Nord Norge Invest has a portfolio of unlisted shares and investments in funds. The company had a result before tax as at Q4 2012 of NOK -147 million (NOK -69 million). The write down in the company's share portfolio has been commented on above in the section "The Group's share portfolio". It is planned to restructure/wind up SpareBank 1 Nord Norge Invest. Remaining direct investments in this company is considered to have little loss potential.

EiendomsMegler 1 Nord Norge had a profit before tax as at Q4 2012 of NOK 7 million (NOK 4 million). The number of units sold so far in 2012 is 1,555 (1,438), with a total sales value of NOK 3,070 million, an increase of 13 % compared with 2011. As at 31/12/2012, EiendomsMegler 1 Nord-Norge owns 60 % of the company Folk i husan AS. The contribution to results during the ownership period of NOK -0.3 million has been incorporated.

SpareBank 1 Nord Norge Forvaltning, which manages a portfolio of NOK 1.87 billion, had a profit before tax of NOK 1.3 million (NOK 1 million) as at Q4 2012.

SNN Økonomihus is a holding company that invested in one accounting company at the end of 2011 and a further one as from 01/07/2012. The company's contribution to pre-tax profits as per Q4 2012 was NOK -1.1 million (including the proportion of profit from accounting companies). The 2012 figures are affected by acquisition and start-up costs, as well as naturally low seasonal activity in the second half year. As at 31/12/2012, The company owned 100% of the shares in Consis Alta AS and 100% of the shares in Merkantilservice AS in Tromsø. These companies have been merged in January 2013, with Merkantilservice as the overtaking company, and the name has been changed to SpareBank 1 Regnskapshuset Nord-Norge AS.

Operating costs

Ordinary operating costs at the end of Q4 2012 totalled NOK 1,120 million. Compared with the equivalent period in 2011, this represents an increase of NOK 84 million.

The changes in costs are as follows:

<i>Amounts in NOK million</i>	as at Q4 2012	change	as at Q4 2011
Operating costs	1,120	+84	1,036
Personnel costs	578	+67	514
Adm. costs	319	+6	313
Depreciation	54	+7	47
Other costs	166	+4	162

In relation to the average total assets, the costs amounted to 1.54% at the end of Q4 2012, an increase of 0.07 percentage points compared with the same period in 2011.

The Group has a cost-to-income ratio of 53.8% at the end of Q4 2012, compared with 57.0% at the end of Q4 2011.

The parent bank's operating costs as at 31/12/2012 were NOK 46 million higher than as at 31/12/2011, corresponding to an increase of 5.1 %. Of this, the increase in payroll costs amounts to NOK 35 million. This is mainly due to general pay increases, including higher payroll costs for new employees compared with the average for all employees. As at the end of Q4 2012, the bank employed 2 more people (FTEs) than at the same time the previous year.

Increased personnel costs of NOK 32 million in the Group's subsidiaries are largely due to the consolidation of a new subsidiary SNN Økonomihus (the accounting firms Consis Alta and Merkantilservice).

Group employees totalled 881 full time equivalents (FTEs) at the end of Q4 2012, of which the parent bank accounted for 672. The corresponding figures for the previous year were 776 and 670 respectively. The increase in the number of employees mainly relates to the Group's subsidiary in Russia (26 FTEs) and the acquisition of two accounting offices with a combined total of 55 FTEs.

It is the goal of the parent bank that average annual cost increases shall be a maximum of 2%. A programme of cost-reduction measures was started in the parent bank in 2012. This includes measures to improve efficiency in staffing and other costs. The full effect of these measures is expected to be seen during the course of 2013. Further cost-reduction measures are planned to take effect in 2013/2014 in order that the costs target can be met.

Net losses and commitments in default

The Group's net loan losses as at the end of Q4 amount to NOK 195 million (NOK 101 million), made up of NOK 207 million from the corporate market and NOK 12 million (income) from the retail market. Net losses for Q4 amount to NOK 32 million, made up of NOK 40 million from the corporate market and NOK 8 million (income) from the retail market. NOK 36 million of the losses in the corporate market were due to one commitment taken in the first half of 2012. There have also been losses on three individual commitments in Q3 2012 totalling NOK 120 million.

Net commitments in default and doubtful commitments totalled NOK 686 million (NOK 601 million) as at 31/12/2012, which represents 0.90% of gross lending, including intermediary loans. This is 0.02% higher than at 31/12/2011. The increase in doubtful commitments from Q3 2012 is mainly due to the individual commitments mentioned above on which losses were made.

The Group's total individual write-downs as at 31/12/2012 were NOK 303 million (NOK 206 million). The allocation was increased by NOK 16 million in the last quarter.

Group write downs as at 31/12/2012 were NOK 198 million (NOK 226 million) and have been reduced by NOK 12 million compared with the previous quarter. Group write-downs totalled 0.33% of the Group's combined gross lending as at 31/12/2012. (0.25% of gross lending including intermediary loans).

The Group's lending growth has been high in 2012, among other things due to the good regional macro situation. The Group's risk classification system shows that the total credit risk in the loan portfolio has improved during 2012. In the opinion of the Main Board of Directors, the quality of the bank's loan portfolio is good and the bank is doing high quality work in connection with Group commitments in default and doubtful commitments. The general level of losses in the near future is expected to be low.

Tax

At the end of Q4 2012, the Group's tax costs were estimated at NOK 172 million. In the Parent Bank's accounts, the taxable profit has been reduced by permanent differences coupled with the effects of the exemption model.

Total assets

The Group's total assets were NOK 75,261 million as at 31/12/2012. This represents an increase of NOK 4,222 million, or 5.9%, over the last 12 months.

Lending

As at 31/12/2012, lending totalling NOK 21.4 billion (NOK 14.7 billion) has been transferred to SpareBank 1 Boligkreditt. These loans do not appear as lending on the bank's balance sheet. Comments regarding increases in lending include lending transferred to SpareBank 1 Boligkreditt.

The Group's gross lending to customers including intermediary loans totalled NOK 75,914 million as at 31/12/2012. Compared with 31/12/2011, this represents an increase of 11.6%. Retail banking loans showed growth of 11.0%, while corporate and public sector loans showed growth of 12.9%. The Bank's share of lending to the retail market was at the same level as at the end of Q3 2012 and represented 68.5% of the total lending as at 31/12/2012.

Lending growth in Q4 in isolation was 6.7% (annualised) and can be broken down as follows:

Retail market	7.9%
Corporate and public sector market	4.0%

As a result of increased regulatory requirements for banks' core capital, lending growth in the corporate market will be reduced. In the case of new loans, particular emphasis is placed on customers' ability to service and repay their outstanding loans, and on a satisfactory level of collateral and other security to ensure that credit risk is maintained at an acceptable level.

Saving and investments

The Group's deposits from customers totalled NOK 41,220 million as at 31/12/2012. The decrease over the past 12 months was NOK 545 million, or 1.3%. The change in deposits was +8.8% in the retail market and +3.4% in the corporate market. Deposits from the public sector show a reduction of 32.5%, which is due to a strategic decision by the bank with regard to the pricing of deposits within this sector.

Liquidity

Deposits from customers represent the bank's main source of funding. At the end of Q4 2012, the deposit-to-loan ratio (excluding intermediary loans) was 75.6%, 5.3 percentage points lower than last year. The bank's remaining funding, apart from equity and subordinated capital and deposits from customers, is mainly from long-term funding from the capital markets. The bank's liquidity situation and access to liquidity is very good. The bank's strategic aim is to maintain liquidity risk at a low level.

Rating

SpareBank 1 Nord-Norge has long-term ratings from Moody's and Fitch Rating of A1 and A respectively. In common with many Norwegian banks, in March 2012 the bank was put under "review for downgrade". The bank's long-term rating from Moody's was confirmed in December 2012, but is still under "review for downgrade". The rating from Fitch has "stable outlook".

The Bank's equity certificate holders

As at 31/12/2012, the parent bank's equity certificate capital was NOK 1,655 million. The number of equity certificates as at 31/12/2012 was 66,208,987 each with a nominal value of NOK 25 and fully paid-up.

The equity certificate ratio as at 01/01/2012 was 42.07%. As at 31/12/2012, this has been calculated to be 41.59%.

The number of equity certificate holders was 8,015 as at 31/12/2012, a reduction of 124 over the last 12 months. The number of equity certificate holders from Northern Norway was 2,412. A summary of the Bank's 20 largest equity certificate holders is provided in the notes to the interim financial statements.

Book value per equity certificate on 31/12/2012 was NOK 43.34 and profit per equity certificate was NOK 3.78. As at 31/12/2012, the price was NOK 27.75 and in 2012 a dividend for 2011 of NOK 1.50 per equity certificate was paid.

Price/Earnings was 7.3 and Price/Book 0.6 as at 31/12/2012.

Financial strength and capital adequacy

SpareBank 1 Nord-Norge uses an Internal Rating Based Approach for credit risk. The statutory minimum capital adequacy requirement for credit risk is based on the bank's internal risk assessment and approved regulatory risk models. The rules and regulations render the statutory minimum requirement for capital adequacy more risk-sensitive, so that the capital requirement to a larger extent corresponds to the risk in the underlying portfolios. The use of internal measurement methods places great demands on the bank's organisation, competence, risk models and risk management systems.

As a result of the transitional rules in the new regulations, the IRB banks were to benefit in full from the reduced regulatory capital adequacy requirements as of 2010. This has been postponed until 2015, and the transitional rules therefore also apply in 2012.

The Group has been granted a permit by the Financial Supervisory Authority of Norway to use proportional consolidation for its capital adequacy reporting for SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt and BN Bank.

As at 31/12/2012, Group core capital adequacy amounted to 12.11% (11.61%) of the weighted asset calculation basis. The total capital adequacy ratio was 13.19% (12.50%). The Group's common equity Tier 1 (CET 1) at year end is 10.31%. If the full impact of the IRB approach is included (without a "floor"), the CET 1 ratio amounts to 11.41%. Reference is made otherwise to the relevant note in the quarterly accounts.

Given that the European Banking Authority (EBA) has decided in the latest Capital Requirements Directive (CRD IV) that the level of pure core capital in the largest banks must be a minimum of 9% by no later than 30/06/2012, the Norwegian authorities have also imposed this requirement on Norwegian banks. SpareBank 1 Nord-Norge's core capital adequacy as at 31/12/2012 satisfied this requirement.

New capital requirements have been published through Basel III. The new rules have increased the required level and quality of equity, with an introduction schedule that extends until 2018/2019. The Norwegian authorities have signalled both a further tightening up and the earlier introduction of such capital requirements. The Norwegian authorities are also considering introducing a risk weighting for bank mortgages of 35% or higher. A final clarification of the Norwegian regulatory requirements for bank equity - and the schedule for introducing these - is expected during the course of the current year.

SpareBank 1 Nord-Norge has established a goal of CET 1 of 12.5% or higher in 2015. This target may have to be changed in the near future, depending on the final clarification of the Norwegian regulatory requirements for financial strength. The Group shall however maintain incontestable financial strength and satisfy the defined minimum requirements for capital at all times. Several measures are planned to achieve the goal of pure core capital adequacy of 12.5% or higher in 2015, including

- various measures for increasing earnings, including increased mortgage prices
- reduced dividend payout ratio
- reduced lending growth, especially in the corporate market
- application for IRBA approval
- measures to increase utilisation of capital
- reduction of the bank's stake in SpareBank 1 Oslo Akershus (completed early 2013)
- utilisation of capital allocated to Sparebankstiftelsen SpareBank 1 Nord-Norge
- other measures

The bank's financial strength is deemed satisfactory.

Proposed profit allocation

The Bank's dividend policy states that the Bank aims to distribute up to 50 per cent of the profit for the year as a dividend (cash dividends and donations to charitable causes) provided the Bank's financial strength so permits. Increased regulatory requirements for bank equity will mean that a dividend payout ratio less than 50% must be expected in the years to come.

The Parent Bank's profit after tax is distributed between the equity certificate holders and the Bank's community-owned capital in accordance with the relative distribution of equity capital between the owner groups in the Parent Bank. The equity certificate ratio as at 01/01/2012 was 42.07%.

The Main Board of Directors is proposing a cash dividend of NOK 1.15 per equity certificate, for a total of NOK 76 million, and an allocation of NOK 141 million to the Dividend Equalisation Fund to the Bank's Supervisory Board. In addition, a combined transfer of NOK 30 million is proposed to charitable causes.

This gives the following proposal for allocation of the profit for the year:

Parent Bank's profit for the year after tax	NOK 515 million
Allocated to cash dividend	NOK 76 million
Allocated to equalisation reserve	NOK 141 million
Total to the equity certificate holders (42.07%)	NOK 217 million
Allocated to donations	NOK 30 million
Allocated to the Savings Bank's Fund.	NOK 268 million
Total to the Bank's community-owned capital (57.93%)	NOK 298 million
Total allocated	NOK 515 million

Dividends are distributed to registered equity certificate holders as at 20/03/2013. The Bank's equity certificates will be traded ex dividend as of 21/03/2013.

The proposed allocation of profits represents a payout ratio of Group profits of 30.4% to the bank's equity certificate holders and 8.7% to community-owned capital. This means that 82.2% of Group profits are retained in the Group. The above further implies an adjustment of the Equity Certificate owners' share of the Parent Bank equity (EC-ratio). The new EC-ratio is calculated to be 41.59 % (42.07 % as at 01.01.12).

Concluding remarks and outlook

The bank's core operations show further improvement of earnings and continue to be very satisfactory. Fluctuations in profits during 2012 are primarily due to changes in the value of the share portfolio in SpareBank 1 Nord-Norge Invest, increased losses in Q3 and negative results in SpareBank 1 Gruppen for Q4 2012.

There is continued optimism among business and industry in the region, which has resulted in increased demand for loans. As a result of increased regulatory requirements for banks' core capital, lending growth in the corporate market will be reduced. Positive growth is anticipated in deposits. It is the bank's ambition to maintain a strong position in the public sector. Deposit and lending margins are expected to be affected by continued strong competition, with deposit margins weakening somewhat and lending margins strengthening considerably.

It should be mentioned that continued international economic uncertainty may lead to reduced consumption and the postponement of investments, including in North Norway.

The bank has initiated several measures to further improve profitability. Such measures include margin increases in the corporate market, other activities to increase income and various cost-reducing measures. The above measures are expected to increase the Group's return on equity in 2013.

Tromsø, 6. February 2013

The Main Board of Directors of SpareBank 1 Nord-Norge

Kjell Olav Pettersen
(Chairman of the Board)

Pål Andreas Pedersen
(Deputy Chairman)

Sonja Djønne

Roar Dons

Greger Mannsverk

Ann-Christine Nybacka

Anita Persen

Vivi-Ann Pedersen
(employee-elected)

Jan-Frode Janson
(CEO)

Key figures group

<i>Amounts in NOK million and in % of average assets</i>		31.12.12	%	31.12.11	%	31.12.10	%
From the profit and loss account							
Net interest income		1 166	1.60 %	1 129	1.61 %	1 129	1.70 %
Net fee-, commission and other operating income		656	0.90 %	506	0.72 %	513	0.77 %
Net income from financial investments		260	0.36 %	184	0.26 %	404	0.61 %
Total income		2 082	2.86 %	1 819	2.59 %	2 046	3.09 %
Total costs		1 120	1.54 %	1 036	1.47 %	957	1.44 %
Result before losses		962	1.32 %	783	1.11 %	1 089	1.64 %
Losses		195	0.27 %	101	0.14 %	87	0.13 %
Result before tax		767	1.05 %	682	0.97 %	1 002	1.51 %
Tax		172	0.24 %	157	0.22 %	186	0.28 %
Minority interests		0	0.00 %	0	0.00 %	0	0.00 %
Result after tax		595	0.82 %	525	0.75 %	816	1.23 %
Profitability							
Return on equity capital	1	9.0 %		8.5 %		15.3 %	
Interest margin	2	1.60 %		1.61 %		1.70 %	
Cost/income	3	53.8 %		57.0 %		46.8 %	
Balance sheet figures							
Loans and advances to customers		54 551		51 642		49 046	
Loans and advances to customers including agency loans		75 914		68 034		63 334	
Growth in loans and advances to customers past 12 months		5.6 %		5.3 %		1.8 %	
Growth in loans and advances to cust. incl. agency loans past 12 months		11.6 %		7.4 %		7.2 %	
Deposits from customers		41 220		41 765		39 389	
Growth in deposits from customers past 12 months		-1.3 %		6.0 %		12.9 %	
Deposits as a percentage of gross lending	4	75.6 %		80.9 %		80.3 %	
Deposits as a percentage of gross lending including agency loans		54.3 %		61.4 %		62.2 %	
Average assets	5	72 921		70 291		66 245	
Total assets		75 261		71 039		68 780	
Losses on loans and commitments in default *)							
Losses on loans to customers as a percentage of gross loans incl. agency loans		0.26 %		0.15 %		0.14 %	
Commitments in default as a percentage of gross loans incl. agency loans		0.52 %		0.69 %		0.78 %	
Commitments at risk of loss as a percentage of gross loans incl. agency loans		0.78 %		0.50 %		0.60 %	
Net comm. in default and at risk of loss as a per. of gross loans incl. agency loans		0.90 %		0.88 %		0.94 %	
Solidity							
Capital adequacy ratio	6	13.19 %		12.50 %		11.95 %	
Core capital adequacy ratio	7	12.11 %		11.61 %		10.90 %	
Core capital		6 672		6 002		5 334	
Equity and related capital resources		7 270		6 465		5 849	
Adjusted risk-weighted assets base		55 098		51 704		48 966	
Branches and full-time employees							
Branches		74		75		75	
Manyear		881		794		788	
Equity Certificates **)							
		31.12.12	31.12.11	31.12.10	31.12.09	31.12.08	31.12.07
Equity Certificate ratio overall	8	42.07 %	38.74 %	34.54 %	34.54 %	34.54 %	34.22 %
Quoted/market price NONG as at		27.75	32.30	45.00	41.25	16.50	47.63
Quotation value	9	1 837	2 139	2 149	1 970	788	2 135
Equity capital per Equity Certificate - Group (NOK)	10	43.34	40.42	41.27	37.77	32.89	33.75
Result per Equity Certificate (Group)	11	3.78	3.07	5.90	6.20	2.52	5.37
Cash dividend per Equity Certificate to be paid	12	1.15	1.40	2.16	2.53	1.13	3.56
P/E (Price/Earnings) - Group	13	7.3	10.5	7.6	6.6	6.6	8.9
P/V (Price/Book Value) - Group	14	0.6	0.8	1.1	1.1	0.5	1.4

*) Agency loans includes loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

**) All key figures are recalculated due to new total of EC's

- Profit for the period as a percentage of average total equity, calculated as average amount of quarterly equity and per 01.01. and 31.12.
- Total interest margin as a percentage of average total assets
- Total costs as a percentage of total net income
- Deposits from customers as a percentage of gross lending
- Average assets are calculated as average assets each quarter and at 01.01. and 31.12.
- Net subordinated capital as a percentage of calculated risk-weighted balance
- Core capital as a percentage of calculated risk-weighted balance
- EC holders share of equity capital as at 01.01.
- Quoted price on Oslo Stock Exchange multiplied by numbers of EC's outstanding
- EC-capital + Premium Fund + Dividend Equalisation Fund + Equity Certificates holders' share of the equity capital as at 01.01. * (other equity capital + Result for the period, divided by number of EC's outstanding)
- Profit for the period (group) multiplied by Equity Certificates holders' share of the equity capital as at 01.01., in relation to total number of EC's
- Cash dividend per EC for the accounting year. Resolution made by Main Board of Directors
- Market price on Oslo Stock Exchange at end of period, divided by result for the period per EC
- Market price on Oslo Stock Exchange at end of period, divided by book value of equity capital per EC

Statement of comprehensive income

Parent Bank

Group

(Amounts in NOK million)

31.12.10	4Q11	4Q12	31.12.11	31.12.12		31.12.12	31.12.11	4Q12	4Q11	31.12.10
2 455	722	665	2 713	2 722	Interest income	2 845	2 823	706	749	2 549
1 424	473	401	1 700	1 688	Interest costs	1 679	1 694	399	467	1 420
1 031	249	264	1 013	1 034	Net interest income	1 166	1 129	307	282	1 129
501	119	173	483	590	Fee- and commission income	686	567	197	143	590
84	22	15	78	72	Fee- and commission costs	74	80	15	24	85
12	5	12	22	22	Other operating income	44	19	20	6	8
429	102	170	427	540	Net fee-, commision and other operating income	656	506	202	125	513
33	0	0	11	16	Dividend	17	14	- 1	- 3	43
100	- 135	- 19	98	81	Income from investments	210	195	14	63	251
100	17	36	33	175	Net gain from investments in securities	33	- 25	17	- 222	110
233	- 118	17	142	272	Net income from financial investments	260	184	30	- 162	404
1 693	233	451	1 582	1 846	Total income	2 082	1 819	539	245	2 046
407	117	116	436	471	Personnel costs	581	514	153	141	477
259	75	76	287	291	Administration costs	319	313	83	85	281
43	12	16	43	51	Ordinary depreciation	54	47	16	13	45
137	33	36	142	141	Other operating costs	166	162	43	38	154
846	237	244	908	954	Total costs	1 120	1 036	295	277	957
847	- 4	207	674	892	Result before losses	962	783	244	- 32	1 089
79	53	29	97	224	Losses	195	101	32	53	87
768	- 57	178	577	668	Result before tax	767	682	212	- 85	1 002
171	22	46	141	153	Tax	172	157	54	23	186
597	- 79	132	436	515	Result after tax	595	525	158	- 108	816
					Majority interest	595	525	158	- 108	816
					Minority interests	0	0	0	0	0
					Result per Equity Certificate					
4.32	-0.46	0.84	2.55	3.27	Result per Equity Certificate	3.78	3.07	1.00	-0.63	5.90
4.32	-0.46	0.84	2.55	3.27	Diluted result per Equity Certificate	3.78	3.07	1.00	-0.63	5.90

Comprehensive income

597	-79	132	436	515	Result after tax	595	525	158	-108	816
0	0	0	0	0	Recalculation differences	1	-2	0	0	-2
-3	2	1	-4	-1	Effective part of change in fair market value in cash flow hedging	-1	-4	0	0	-3
0	0	0	0	0	Net change in fair market value of investment in joint ventures	0	0	0	0	18
0	0	0	0	0	Net change in fair market value of financial assets available for sale	0	0	0	0	0
1	0	0	-1	0	Tax on other comprehensive income	0	1	0	0	1
-2	2	1	-5	-1	Other comprehensive income for the period	0	-5	0	0	14
595	-77	133	431	514	Total comprehensive income for the period	595	520	158	-108	830
					Majority interest	595	520	158	-108	830
					Minority interests	0	0	0	0	0
					Total result per Equity Certificate					
4.30	-0.45	0.85	2.52	3.27	Total result per Equity Certificate	3.78	3.04	1.00	-0.63	6.00
4.30	-0.45	0.85	2.52	3.27	Diluted total result per Equity Certificate	3.78	3.04	1.00	-0.63	6.00
					Tax on other comprehensive income:					
1	1	0	-1	0	Effective part of change in fair market value in cash flow hedging	0	1	0	0	1
0	0	0	0	0	Net change in fair market value of financial assets available for sale	0	0	0	0	0
1	1	0	-1	0	Tax on other comprehensive income	0	1	0	0	1

Statement of financial position

Parent Bank

Group

(Amounts in NOK million)

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
Assets						
2 471	1 869	244	Cash and balances with central banks	271	1 896	2 501
2 787	3 477	4 761	Loans and advances to credit institutions	1 871	970	793
46 726	48 749	51 139	Loans and advances to customers	54 551	51 642	49 046
256	191	287	- Individual write-downs for impaired value	303	206	271
192	213	182	- Collective write-downs for impaired value	198	226	200
46 278	48 345	50 670	Net loans and advances to customers	54 050	51 210	48 575
388	357	382	Shares	553	607	611
11 541	11 229	12 442	Certificates and bonds	12 444	11 234	11 567
692	850	1 240	Financial derivatives	1 234	850	692
358	356	402	Investments in Group Companies	0	0	0
1 820	1 983	2 407	Investments in associated companies and joint ventures	3 514	3 019	2 861
454	502	504	Property, plant and equipment	515	508	460
0	0	0	Intangible assets	53	26	22
652	713	716	Other assets	756	719	698
67 441	69 681	73 768	Total assets	75 261	71 039	68 780
Liabilities						
6 101	6 450	6 662	Deposits from credit institutions	6 663	6 446	6 123
39 352	41 748	41 182	Deposits from customers	41 220	41 765	39 389
14 477	13 342	16 534	Debt securities in issue	16 534	13 342	14 477
483	517	713	Financial derivatives	713	519	483
1 084	926	839	Other liabilities	1 021	1 083	1 224
50	78	154	Deferred tax liabilities	183	107	67
1 347	1 356	2 095	Subordinated loan capital	2 095	1 356	1 347
62 894	64 417	68 179	Total liabilities	68 429	64 618	63 110
Equity						
896	1 655	1 655	Equity Certificate capital	1 655	1 655	896
123	245	245	Equity Certificate premium reserve	245	245	123
566	333	456	Dividend Equalisation Fund	456	333	566
2 829	2 898	3 083	The Savings Bank's Fund	3 083	2 898	2 829
133	133	150	Donations	150	133	133
0	0	0	Fund for unrealised gains	- 3	- 4	- 2
0	0	0	Other equity capital	1 224	1 148	1 121
0	0	0	Result after tax	0	0	0
			Minority interests	22	13	4
4 547	5 264	5 589	Total equity	6 832	6 421	5 670
67 441	69 681	73 768	Total liabilities and equity	75 261	71 039	68 780

Result from the Group's quarterly accounts

(Amounts in NOK million)

	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Interest income	706	707	708	724	749	739	676	659	683
Interest costs	399	414	423	443	467	443	400	384	398
Net interest income	307	293	285	281	282	296	276	275	285
Fee- and commission income	197	179	169	141	143	146	140	138	147
Fee- and commission costs	15	19	19	21	24	19	18	19	22
Other operating income	20	12	6	6	6	0	12	1	3
Net fee-, commission and other operating income	202	172	156	126	125	127	134	120	128
Dividend	- 1	1	15	2	- 3	7	9	1	0
Income from investments	14	76	39	81	63	30	53	49	87
Net gain from investments in securities	17	2	- 52	66	- 222	9	- 4	192	61
Net income from financial investments	30	79	2	149	- 162	46	58	242	148
Total income	539	544	443	556	245	469	468	637	561
Personnel costs	153	147	148	133	141	131	123	119	152
Administration costs	83	69	83	84	85	75	85	68	77
Ordinary depreciation	16	13	12	13	13	11	12	11	12
Other operating costs	43	37	34	52	38	35	41	48	35
Total costs	295	266	277	282	277	252	261	246	276
Result before losses	244	278	166	274	- 32	217	207	391	285
Losses	32	115	6	42	53	23	15	10	43
Result before tax	212	163	160	232	- 85	194	192	381	242
Tax	54	25	55	38	23	48	38	48	37
Minority interests	0	- 1	1	0	0	0	0	0	0
Result after tax	158	139	104	194	- 108	146	154	333	205
Profitability									
Return on equity capital	9.35 %	8.40 %	6.40 %	12.07 %	-6.63 %	8.92 %	10.06 %	23.31 %	14.67 %
Interest margin	1.64 %	1.58 %	1.58 %	1.59 %	1.57 %	1.65 %	1.59 %	1.61 %	1.66 %
Cost/income	54.73 %	48.90 %	62.53 %	50.72 %	113.06 %	53.73 %	55.77 %	38.62 %	49.20 %
Balance sheet figures									
Loans and advances to customers	54 551	53 493	52 792	50 941	51 642	52 465	51 442	49 638	49 046
Growth in loans and advances to cust. incl. agency loans past 12 months	11.6 %	11.9 %	11.5 %	10.1 %	7.4 %	6.4 %	6.3 %	6.1 %	7.2 %
Deposits from customers	41 220	40 898	41 377	39 675	41 765	41 952	41 284	39 402	39 389
Growth in deposits from customers past 12 months	-1.3 %	-2.5 %	0.2 %	0.7 %	6.0 %	12.5 %	9.1 %	11.0 %	12.9 %
Deposits as a percentage of gross lending	75.6 %	76.5 %	78.4 %	77.9 %	80.9 %	80.0 %	80.3 %	79.4 %	80.3 %
Deposits as a percentage of gross lending including agency loans	54.3 %	54.8 %	57.2 %	56.7 %	61.4 %	62.9 %	63.6 %	62.0 %	62.2 %
Average assets	72 921	72 336	71 696	70 526	70 291	70 104	69 338	68 491	66 245
Total assets	75 261	74 258	74 036	70 012	71 039	72 402	71 033	68 202	68 780
Losses on loans and commitments in default									
Losses on loans to customers as a percentage of gross loans incl. agency loans	0.17 %	0.63 %	0.03 %	0.24 %	0.31 %	0.14 %	0.09 %	0.06 %	0.27 %
Commitments in default as a percentage of gross loans incl. agency loans	0.52 %	0.65 %	0.72 %	0.62 %	0.69 %	0.86 %	0.85 %	0.75 %	0.78 %
Commitments at risk of loss as a percentage of gross loans incl. agency loans	0.78 %	0.67 %	0.24 %	0.38 %	0.50 %	0.51 %	0.55 %	0.68 %	0.60 %
Net comm. in default and at risk of loss as a per. of gross loans incl. agency loans	0.90 %	0.92 %	0.71 %	0.69 %	0.88 %	0.96 %	1.00 %	1.00 %	0.94 %
Solidity									
Capital adequacy ratio	13.19 %	10.65 %	11.59 %	12.52 %	12.50 %	12.02 %	12.26 %	11.70 %	11.95 %
Core capital adequacy ratio	12.11 %	10.14 %	10.88 %	11.67 %	11.61 %	11.08 %	11.30 %	10.70 %	10.90 %
Core capital	6 672	5 767	6 081	6 099	6 002	5 806	5 832	5 259	5 334
Equity and related capital resources	7 270	6 056	6 474	6 541	6 465	6 299	6 331	5 749	5 849
Adjusted risk-weighted assets base	55 098	56 849	55 882	52 253	51 704	52 399	51 628	49 142	48 966

Quarterly Report - Changes in equity

(Amounts in NOK million)	PCC capital	Premium Fund	Dividend		Saving Bank's Fund	Donations Fund	Fair value reserve	Other equity	Period result	Total Majority interests	Minority interests	Total equity
			Equalisation Fund	Fund								
Group												
Equity at 01.01.11	896	123	566		2 829	133	- 2	1 121		5 666	4	5 670
Total comprehensive income for the period												
Period result			169		228	39		89		525		525
Other comprehensive income:												
Recalculation differences							- 2			- 2		- 2
Effective part of change in fair market value in cash flow hedging			- 1		- 2					- 3		- 3
Tax on other comprehensive income										- 5		- 5
Total other comprehensive income			- 1		- 2		- 2			- 5		- 5
Total comprehensive income for the period			168		226	39	- 2	89		520		520
Transactions with owners												
Equity issue	759	122	- 298							583		583
Set aside for dividend payments			- 93		- 120					- 213		- 213
Reversal of dividend payments			93		120					213		213
Dividend paid			- 103		- 154					- 257		- 257
Other transactions					- 3					- 3		- 3
Changes in minority interests											9	9
Payments from Donations Fund						- 39		- 62		- 101		- 101
Total transactions with owners	759	122	- 401		- 157	- 39		- 62		222	9	231
Equity at 31.12.11	1 655	245	333		2 898	133	- 4	1 148		6 408	13	6 421
Equity at 01.01.12	1 655	245	333		2 898	133	- 4	1 148		6 408	13	6 421
Total comprehensive income for the period												
Period result			216		268	30	1	80		595		595
Other comprehensive income:												
Recalculation differences												
Net change in fair market value of investment in joint ventures												
Effective part of change in fair market value in cash flow hedging					- 1					- 1		- 1
Net change in fair market value of cash flow hedging which has been transferred to the profit and loss account												
Tax on other comprehensive income												
Total other comprehensive income	0	0	0		- 1	0	0	0		- 1		- 1
Total comprehensive income for the period			216		267	30	1	80		594		594
Transactions with owners												
Set aside for dividend payments			- 76							- 76		- 76
Reversal of dividend payments			76							76		76
Dividend paid			- 93		- 83					- 176		- 176
Other transactions					1			- 4		- 3	9	6
Payments from Donations Fund						- 13				- 13		- 13
Total transactions with owners			- 93		- 82	- 13		- 4		- 192	9	- 183
Equity at 31.12.12	1 655	245	456		3 083	150	- 3	1 224		6 810	22	6 832

ECC ratio overall

Parent Bank

(Amounts in NOK million)

	31.12.08	31.12.09	Original calculation 31.12.10 (01.01.11)	Revised calculation 31.12.10 (01.01.11)	31.12.11 (01.01.12)	31.12.12
Equity Certificate capital	896	896	896	1 275	1 655	1 655
Equity Certificate premium reserve	123	123	123	184	245	245
Dividend Equalisation Fund	277	471	566	408	319	453
Set aside dividend	- 54	- 121	- 103	- 103	- 93	- 76
Share Fund Fair Value Options	- 5	- 30	- 3	- 3	- 14	- 33
A. Equity attributable to Equity Certificate holders of the Bank	1 237	1 339	1 479	1 761	2 112	2 244
The Savings Bank's Fund	2 221	2 623	2 829	2 811	2 902	3 107
Allocated dividends to ownerless capital	0	- 161	- 154	- 154	- 107	- 30
Donations	133	133	133	133	133	120
Share Fund Fair Value Options	- 10	- 57	- 5	- 5	- 20	- 45
B. Total ownerless capital	2 344	2 538	2 803	2 785	2 908	3 152
Equity Certificate Ratio overall (A/(A+B))	34.54 %	34.54 %	34.54 %	38.74 %	42.07 %	41.59 %

Following the equity issues in June 2011, the Equity Capital fraction has been recalculated.

Statement of cash flows

Parent Bank

Group

(Amounts in NOK million)

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
768	577	668	Result before tax	767	682	1 002
43	43	51	+ Ordinary depreciation	54	47	45
0	- 8	- 4	+ Write-downs, gains/losses fixed assets	- 4	- 8	0
79	97	224	+ Losses on loans and guarantees	195	102	87
171	141	153	- Tax	172	158	186
281	257	189	- Dividends/donations	189	257	281
438	311	597	Provided from the year's operations	651	408	667
190	- 140	184	Change in sundry liabilities: + increase/ - decrease	213	- 162	185
- 218	- 219	- 393	Change in various claims: - increase/ + decrease	- 448	- 183	- 272
- 369	-2 164	-2 549	Change in gross lending to and claims on customers: - increase/ + decrease	-3 035	-2 737	- 948
-2 628	343	-1 238	Change in short term-securities: - increase/ + decrease	-1 156	336	-2 725
4 460	2 396	- 566	Change in deposits from and debt owed to customers: + increase/ - decrease	- 545	2 376	4 512
- 768	349	212	Change in debt owed to credit institutions: + increase/ - decrease	217	323	- 745
1 105	876	-3 753	A. Net liquidity change from operations	-4 103	361	674
- 387	- 91	- 53	- Investment in fixed assets (incl merger effects)	- 61	- 95	- 36
0	8	4	+ Sale of fixed assets	4	8	0
- 344	- 161	- 470	Change in holdings of long-term securities: - increase/ + decrease	- 495	- 158	- 465
- 731	- 244	- 519	B. Liquidity change from investments	- 552	- 245	- 501
315	-1 135	3 192	Change in borrowings through the issuance of securities: + increase/ - decrease	3 192	-1 135	315
- 261	591	739	Change in Equity Certificate/subordinated loan capital: + increase/ - decrease	739	591	- 261
54	- 544	3 931	C. Liquidity change from financing	3 931	- 544	54
428	88	- 341	A + B + C. Total change in liquidity	- 724	- 428	227
4 830	5 258	5 346	+ Liquid funds at the start of the period	2 866	3 294	3 067
5 258	5 346	5 005	= Liquid funds at the end of the period	2 142	2 866	3 294

Liquid funds are defined as cash-in-hand, claims on central banks, plus loans to and claims on credit institutions.

Notes

Note 1 - Accounting Principles

The Group's quarterly accounts have been prepared in accordance with stock exchange rules and regulations and International Financial Reporting Standards (IFRS), including IAS 34 relating to interim reporting. The quarterly accounts do not comprise all information which is required in complete annual accounts and should be read in conjunction with the 2008 Annual Accounts. IAS 1 – presentation of the financial accounts – has been amended in 2009, involving several changes in the presentation of the profit and loss account – now "Statement of comprehensive income" as well as the statement of changes in equity capital. Items which are recognised directly in equity capital shall now also be presented in the Statement of comprehensive income as extended profit and loss account items. In the equity capital statement transactions between the owners and other transactions are kept separate.

In accordance with the rules and regulations dated 16 October 2008 issued by the Ministry of Finance, it is now permitted to reclassify securities in a trading portfolio from the category 'Market value with any value changes shown through the profit and loss account' to the category 'Hold until maturity' and 'Loans and claims'. The SNN Group decided to apply such reclassification to large parts of its interest-bearing portfolio with effect from 01.07.08. Future assessments within these categories shall be calculated at amortized cost, which means that earlier write-downs of values and interest are to be amortized and included in the profit and loss account as interest income over the remaining life of the items in question. Reference is made to note 12. The remaining portfolio of certificates and bonds is assessed at market value through the profit and loss account.

Note 2 - Capital Adequacy

New capital adequacy rules and regulations (Basel II – EU's new directives for capital adequacy) were implemented in Norway with effect from 1 January 2007. SpareBank 1 Nord-Norge has received permission from The Financial Supervisory Authority of Norway (FSAN) to apply internal calculation methods (Internal Rating-Based Approach) for credit risk from 1 January 2007. With effect from 2007, therefore, the statutory minimum capital adequacy requirement for credit risk will be based on the Bank's internal assessment of risk. This will make the statutory minimum capital adequacy requirement more risk-sensitive, which means that the capital requirement will to a larger extent correspond to the risk contained in the underlying portfolios in question. The use of internal calculation methods will involve comprehensive demands on the Bank's organisation, competence, risk models and risk management systems. As a result of transitional rules relating to the new directive mentioned above, IRB-banks would not experience the full impact of the reduced regulatory capital requirements until 2010. Until 2010, banks had to report on a parallel basis, both according to the old capital adequacy calculations and Basel II. During the period 2007-2010, an annual adjustment of the risk-adjusted calculation basis in relation to the old method (so-called correction of "floor") was permitted. A resolution has now been reached to postpone this issue, and the transition rules for 2009 will continue to apply in 2010, 2011 and 2012.

The calculation basis in 2012 therefore amounts to 80 per cent of the calculated basis according to the Basel I rules and regulations.

Parent Bank
Group
(Amounts in NOK million)

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
Note 2 - Capital Adequacy						
896	1 655	1 655	Equity certificates	1 655	1 655	896
0	0	0	- Own equity certificates	0	0	0
123	245	245	Premium reserve	245	245	123
566	333	456	Equalisation reserve	456	333	566
2 829	2 898	3 083	Savings bank's reserve	3 083	2 898	2 829
133	133	150	Endowment fund	150	133	133
0	0	0	Other equity	1 224	1 148	1 121
0	0	0	Deduction Fund for unrealised gains	- 3	- 4	- 2
0	0	0	Minority interests	22	13	4
0	0	0	Period result	0	0	0
4 547	5 264	5 589	Total equity	6 832	6 421	5 670
0	0	0	Minority interests	-22	- 13	- 4
0	0	0	Period result	0	0	0
Core capital						
0	0	0	Adjusted subordinated capital from consolidated financial institutions	- 59	- 17	- 18
0	8	- 30	Intangible assets	- 94	- 48	- 20
0	0	0	Fund for unrealised gains	41	66	46
- 103	- 175	- 106	Deduction for allocated dividends	- 106	- 175	- 103
- 353	- 428	- 542	50 % deduction for subordinated capital in other financial institutions	- 106	- 27	0
- 93	- 77	- 95	50 % deduction for expected losses on IRB, net of writedowns	- 97	- 71	- 86
0	0	0	50 % capital adequacy reserve	- 706	- 646	- 624
353	360	836	Hybrid Tier 1 bonds	989	512	473
4 351	4 936	5 652	Total core capital	6 672	6 002	5 334
Supplementary capital						
995	996	1 259	Nonperpetual subordinated capital	1 507	1 207	1 225
- 353	- 428	- 542	50% deduction for subordinated capital in other financial institutions	- 106	- 27	0
- 93	- 77	- 95	50% deduction for expected losses on IRB, net of writedowns	- 97	- 71	- 86
0	0	0	50% capital adequacy reserve	- 706	- 646	- 624
549	491	622	Total supplementary capital	598	463	515
4 900	5 427	6 274	Equity and related capital resources	7 270	6 465	5 849
Minimum requirements subordinated capital, Basel I I						
801	834	921	Specialised lending exposure	921	834	801
591	580	646	Other corporations exposure	646	580	596
15	16	18	SME exposure	21	17	17
281	284	277	Property retail mortgage exposure	456	425	393
32	38	32	Other retail exposure	34	39	33
234	250	318	Equity investments	0	0	0
1 954	2 002	2 212	Total credit risk IRB	2 078	1 895	1 840
607	651	690	Credit risk standardised approach	1 701	1 678	1 492
130	9	12	Debt risk	11	9	126
19	9	11	Equity risk	38	51	46
17	29	32	Currency risk	31	29	17
242	258	226	Operational risk	265	273	284
0	0	0	Transitional arrangements	422	328	226
- 71	- 85	-88	Deductions	- 138	- 127	- 114
2 898	2 873	3 095	Minimum requirements subordinated capital	4 408	4 136	3 917
13.53 %	15.11 %	16.22 %	Capital adequacy ratio	13.19 %	12.50 %	11.95 %
12.01 %	13.75 %	14.61 %	Tier I	12.11 %	11.61 %	10.90 %
1.52 %	1.37 %	1.61 %	Supplementary capital ratio	1.08 %	0.89 %	1.05 %

Parent Bank
(Amounts in NOK million)

 31.12.10 31.12.11 **31.12.12**
Group
31.12.12 31.12.11 31.12.10

Note 3 - Net bad and doubtful commitments

475	452	357	Non-performing commitments	397	471	492
361	322	586	+ Other doubtful commitments	592	338	378
836	774	943	+ Total commitments in default and doubtful commitments	989	809	870
129	88	104	- Individual write-downs in default	120	96	137
129	105	183	- Other doubtful individual write-downs	183	112	136
258	193	287	+ Total individual write-downs	303	208	273
578	581	656	= Net commitments in default and doubtful commitments	686	601	597
31 %	25 %	30 %	Loan loss provision ratio	31 %	26 %	31 %

Note 4 - Losses incorporated in the accounts

38	- 64	94	+ Period's change in individual write-down for impaired value	97	- 68	38
- 37	24	- 40	+ Period's change in collective write-down for impaired value	- 40	26	- 39
84	144	141	+ Period's confirmed losses against which individual write-downs were previously made	144	151	88
1	1	40	+ Period's confirmed losses against which individual write-downs were previously not made	5	1	7
7	8	11	- Recoveries in respect of previously confirmed losses	11	9	7
79	97	224	= Total losses on loans	195	101	87

Note 5 - Individual- and collective write-downs for impaired value

220	258	193	<i>Individual write-downs for impaired value:</i> on loans and guarantees as at 01.01.	208	273	232
84	144	141	- Confirmed losses during the period on loans and guarantees, against which individual write-downs for impaired value has prev. been made	144	150	88
69	24	22	- Reversal of previous years' individual write-downs for impaired value	24	24	52
14	13	4	+ Increase in write-downs for impaired value for commitments against which individual write-downs for impaired value were previously made	9	17	21
177	90	253	+ Write-downs for impaired value for commitments against which no individual write-downs for impaired value was previously raised	254	92	160
258	193	287	= Individual write-downs for impaired value on loans and guarantees *	303	208	273
227	192	213	<i>Collective write-downs for impaired value on loans:</i> and guarantees as at 01.01.	226	200	238
- 35	21	- 31	+ Period's collective write-downs for impaired value on loans and guarantees	- 28	26	- 38
192	213	182	= Collective write-downs for impaired value on loans, and guarantees	198	226	200

*Individual write-downs for impaired value on guarantees, parent bank NOK 0.2 million and group NOK 0.2 million, are included in the Balance Sheet as liabilities under 'Other liabilities'.

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
			Note 6 - Loans broken down by sector and industry			
66	57	54	Mining and quarrying	81	71	78
491	632	724	Construction	1 037	916	759
23	25	10	Building of ships and boats	12	28	26
1 216	970	1 429	Electricity, gas, steam an air conditioning supply	1 434	977	1 223
660	774	678	Professional, scientific and technical activities	705	792	676
89	0	0	Financial and insurance activities	0	0	45
1 015	1 345	1 609	Fishing	1 619	1 359	1 024
222	170	144	Marine aquaculture	257	268	302
276	366	356	Other business support activities	577	578	412
196	348	978	Activities auxiliary to financial services and insurance activities	807	361	40
135	128	176	County municipalities and municipalities	199	148	156
1 195	974	1 532	Manufacturing	1 677	1 126	1 316
207	154	145	Information and communication	150	162	216
772	855	876	Crop and animal production	971	949	857
43	0	37	Foreign industrial	286	38	43
6 489	7 147	7 026	Real estate activities	7 081	7 188	6 512
378	388	345	Accommodation and food service activities	359	405	395
5	9	6	Forestry and logging	11	12	8
0	0	0	Central government and social security funds	1	1	1
1	1	0	Support activities for petroleum and natural gas extraction	0	1	1
730	637	682	Other service industries	766	722	814
1 005	1 325	2 119	Transportation and storage	2 689	1 797	1 407
667	738	671	International shipping and pipeline transport	671	738	668
593	648	703	Development of building projects	704	648	594
42	75	0	Extraction of crude oil and natural gas	0	75	42
1	0	0	Unspecified	0	0	1
99	122	210	Water supply; sewerage, waste management and remediation activities	290	171	138
1 329	1 409	1 239	Wholesale and retail trade; repair of motor vehicles and motorcycles	1 527	1 644	1 413
28 736	29 410	29 344	Retail banking market - domestic	30 506	30 422	29 834
45	42	46	Retail banking market - international	134	42	46
28 781	29 452	29 390	Total retail market	30 640	30 464	29 880
17 809	19 169	21 573	Total public market	23 711	21 029	19 010
135	128	176	Total government	200	148	157
46 726	48 749	51 139	Total loans	54 551	51 641	49 046

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
0	0	1	Mining and quarrying	- 1	0	1
0	4	3	Construction	4	6	1
0	0	1	Building of ships and boats	1	0	0
0	0	0	Electricity, gas, steam an air conditioning supply	1	0	0
0	0	4	Professional, scientific and technical activities	4	0	0
0	0	35	Financial and insurance activities	- 1	0	0
3	0	- 1	Fishing	0	0	3
- 6	0	1	Marine aquaculture	1	0	- 6
- 3	0	- 3	Other business support activities	- 1	0	- 3
4	- 1	0	Activities auxiliary to financial services and insurance activities	0	- 1	4
0	0	0	County municipalities and municipalities	0	0	0
20	1	4	Manufacturing	3	1	21
0	0	2	Information and communication	2	0	0
5	9	4	Crop and animal production	4	9	5
0	0	0	Foreign industrial	0	0	0
51	21	96	Real estate activities	96	21	51
6	5	0	Accommodation and food service activities	0	5	6
0	0	0	Forestry and logging	0	0	0
0	0	0	Central government and social security funds	0	0	0
0	0	0	Support activities for petroleum and natural gas extraction	0	0	0
17	12	- 1	Other service industries	1	12	17
0	- 1	- 2	Transportation and storage	- 1	- 1	5
0	10	10	International shipping and pipeline transport	10	10	0
0	0	49	Development of building projects	49	0	0
0	0	- 3	Extraction of crude oil and natural gas	- 3	0	0
0	0	0	Unspecified	0	0	0
1	0	40	Water supply; sewerage, waste management and remediation activities	39	0	1
3	2	- 2	Wholesale and retail trade; repair of motor vehicles and motorcycles	- 1	2	3
20	22	- 3	Retail banking market - domestic	- 1	23	23
- 35	32	0	Collective write-downs public market	0	33	- 36
0	- 11	0	Collective write-downs retail market	0	- 11	- 2
86	105	235	Losses on loans to customers	206	109	94
7	8	11	Recoveries from previously written off losses	11	8	7
79	97	224	Net losses	195	101	87

Parent Bank
(Amounts in NOK million)
Group

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
Note 8 - Deposits broken down by sector and industry						
24	48	33	Mining and quarrying	33	48	24
762	866	948	Construction	948	866	762
4	4	1	Building of ships and boats	2	4	4
817	652	853	Electricity, gas, steam an air conditioning supply	853	652	817
1 332	1 302	1 155	Professional, scientific and technical activities	1 155	1 302	1 332
1 065	413	0	Financial and insurance activities	0	0	1 102
516	630	731	Fishing	731	630	516
34	22	45	Marine aquaculture	45	22	34
271	347	325	Other business support activities	325	347	271
0	0	397	Activities auxiliary to financial services and insurance activities	412	430	0
6 948	7 476	5 873	County municipalities and municipalities	5 871	7 476	6 948
431	478	447	Manufacturing	447	478	431
221	295	229	Information and communication	229	295	221
320	354	353	Crop and animal production	353	354	320
0	0	27	Foreign industrial	50	0	0
1 670	1 312	1 360	Real estate activities	1 360	1 312	1 670
17	199	235	Accomodation and food service activities	235	199	17
18	12	11	Forestry and logging	11	12	18
580	1 234	10	Central government and social security funds	10	1 234	580
0	1	0	Support activities for petroleum and natural gas extraction	1	1	0
1 973	1 998	2 228	Other service industries	2 228	1 998	1 973
525	663	522	Transportation and storage	522	663	525
34	18	15	International shipping and pipeline transport	15	18	34
180	189	173	Development of building projects	173	189	180
2	195	450	Extraction of crude oil and natural gas	450	195	2
0	0	0	Unspecified	0	0	0
135	162	211	Water supply; sewerage, waste management and remediation activities	211	162	135
1 338	1 449	1 235	Wholesale and retail trade; repair of motor vehicles and motorcycles	1 235	1 448	1 338
19 875	21 172	23 014	Retail banking market - domestic	23 014	21 173	19 875
260	257	301	Retail banking market - international	301	257	260
20 135	21 429	23 315	Total retail market	23 315	21 430	20 135
11 689	11 609	11 984	Total public market	12 024	11 625	11 726
7 528	8 710	5 883	Total government	5 881	8 710	7 528
39 352	41 748	41 182	Total deposits	41 220	41 765	39 389

Note 9 - Subsidiaries

(Amounts in NOK 1 000)	Share of Eq.%	Profit from ordinary operations			Equity		
		31.12.12	31.12.11	31.12.10	31.12.12	31.12.11	31.12.10
		befor tax					
SpareBank 1 Finans Nord-Norge AS	100	75 575	69 370	66 874	374 038	301 762	269 923
SpareBank 1 Nord-Norge Invest AS	100	-147 523	-68 718	6 985	17 378	78 977	111 613
Eiendomsdrift AS	100	0	0	0	0	0	0
EiendomsMegler 1 Nord-Norge AS	100	7 291	4 089	5 286	29 236	23 962	21 141
SpareBank 1 Nord-Norge Forvaltning ASA	100	1 259	1 091	4 289	6 589	3 051	2 268
SNN Økonomihus AS	100	-1 163	60	0	6 401	100	0
North-West 1 Alliance Bank	75	647	82	-1 350	62 774	35 280	14 178
Folk i husan AS (owned by EM1 60%)	60	- 285	0	0	1 109	0	0

Parent Bank
Group
Note 10 - Other assets
(Amounts in NOK million)

31.12.10	31.12.11	31.12.12		31.12.12	31.12.11	31.12.10
4	0	7	Reposessed assets	7	0	0
282	342	323	Accrued income	357	362	291
19	115	93	Prepayments	99	82	18
347	256	293	Other assets	293	275	389
652	713	716	Total other assets	756	719	698

Note 11 - Other liabilities

489	403	426	Costs incurred	557	523	597
23	2	0	Provisioning against incurred liabilities and costs	4	2	25
572	521	413	Other liabilities	460	558	602
1 084	926	839	Total other liabilities	1 021	1 083	1 224

Note 12 - Investment in bonds

As a result of extraordinary market conditions, parts of the Bank's ordinary securities portfolio became illiquid in 2008.

Following the changes in international accounting standards in October 2008 (see note 1), the SNN Group decided to reclassify parts of the Bank's bond portfolio as at 01.07.08 from the category 'Market value with inclusion of value changes over the profit and loss account' to the categories 'Hold until maturity' and 'Loans and claims' as the securities in question no longer was expected to be sold before maturity. In the category 'Hold until maturity' the Bank includes quoted securities, whereas unquoted securities has been put into the category of 'Loans and claims.'

In the categories 'Hold until maturity' and 'Loans and claims' the securities are assessed at amortized cost. After the reclassification, the writedowns made earlier will be reversed over the portfolio's remaining life, which on average is 1.8 year as at 31.12.12, and included in the profit and loss account as interest income. For the period 01.01.12-31.12.12 such reversed writedowns has been included in the profit and loss account with NOK 3.5 million. Total inclusion of income are NOK 73 million for the period 01.07.08-31.12.11. If this reclassification had not been made, the Group would have charged NOK 212 million to the profit and loss account in the third and fourth quarter of 2008 due to increased credit spreads. This would have been an unrealised gain NOK 3.9 million as at 31.12.12. It was necessary to apply a NOK 75 million write-down due to the permanent impairment of value in this portfolio as at 31.12.11. Further writedowns has been made in 2012 with NOK 5 million.

(Amounts in NOK million)	01.07.08	31.12.08	31.12.09	31.12.10	31.12.11	31.12.12
Hold until maturity						
Book value	3 109	3 498	2 650	1 624	858	355
Nominal value (nominal amount)	3 182	3 588	2 689	1 644	869	366
Theoretical market value	3 109	3 358	2 623	1 615	842	355
Loans and claims						
Book value	698	739	629	464	262	142
Nominal value (nominal amount)	737	809	656	489	279	156
Theoretical market value	698	675	599	443	250	134
Total book value	3 807	4 237	3 279	2 088	1 120	497

Note 13 - Securities issued and subordinated loan capital

Parent Bank and Group

(Amounts in NOK million)

Securities issued

	31.12.10	31.12.11	31.12.12
Certificates and other short-term borrowings			
Bond debt	14 477	13 342	16 534
Total debt securities in issue	14 477	13 342	16 534

	Statement of financial position 31.12.11	Issued 31.12.12	Matured/ redeemed 31.12.12	Exchange rate movements 31.12.12	Other adjustments 31.12.12	Statement of financial position 31.12.12
Changes in securities issued:						
Certificates and other short-term borrowings						
Bond debt	13 342	5 772	-2 758	- 4	182	16 534
Total debt securities issued	13 342	5 772	-2 758	- 4	182	16 534

Subordinated loan capital and hybrid Tier 1 instruments.

	31.12.10	31.12.11	31.12.12
Hybrid Tier 1 instruments			
2033 6mnd Nibor + margin (USD 60 mill.)(call op. 2013)	370	370	370
2099 3mnd Nibor+ 4,75 (call op. 2017)			500
Hybrid Tier 1 instruments - foreign currency	- 18	- 10	- 34
Total hybrid Tier 1 instruments	352	360	836
Subordinated loan capital			
Subordinated loan capital with definite maturities	995	996	1 259
Total subordinated loan capital	995	996	1 259
Total subordinated loan capital and hybrid Tier 1	1 347	1 356	2 095

Changes in subordinated loan capital and hybrid Tier 1 instruments	financial position 31.12.11	Issued 31.12.12	Matured/ redeemed 31.12.12	rate movements 31.12.12	Other adjustments 31.12.12	of financial position 31.12.12
Subordinated loan capital with definite maturities	996	500	- 238		1	1 259
Hybrid Tier 1 instruments	360	500		- 24		836
instruments	1 356	1 000	- 238	- 24	1	2 095

Note 14 - Financial derivatives

Parent Bank and Group

(Amounts in NOK million)

Interest rate swaps:

Commitments to exchange one set of cash flow for another over an agreed period.

Foreign exchange derivatives:

Agreements to buy or sell a fixed amount of currency at an agreed future date at a rate of exchange which has been agreed in advance

Currency swaps:

Agreements relating to the swapping of currency- and interest rate terms and conditions, periods and amounts having been agreed in advance.

Interest rate- and currency swap agreements:

Agreements involving the swapping of currency- and interest rate terms and conditions, periods and amounts having been agreed in advance.

Options:

Agreements where the seller gives the buyer a right, but not an obligation to either sell or buy a financial instrument or currency at an agreed date or before, and at an agreed amount.

SpareBank 1 Nord-Norge enters into hedging contracts with respected Norwegian and foreign banks in order to reduce its own risk. Financial derivatives transactions are related to ordinary banking operations and are done in order to reduce the risk relating to the Bank's funding loans from the financial markets, and in order to cover and reduce risk relating to customer-related activities. Only hedging transactions relating to the Bank's funding loan operations are defined as 'fair value hedging' in accordance with IFRS standard IAS 39. Other hedging transactions are defined as ordinary accounts-related hedging. The Bank does not use cash flow hedging.

	31.12.12	31.12.11	31.12.10
Fair value hedging transactions			
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value	266	- 61	1
Total gain from hedging objects relating to the hedged risk	- 267	61	- 4
Total fair value hedging transactions	- 1		- 3

The Bank's main Board of Directors has determined limits for maximum risk for the Bank's interest rate positions. Routines have been established to ensure that positions are maintained within these limits.

(Amounts in NOK million)

Fair value through statement of comprehensive income	31.12.12			31.12.11			31.12.10		
	Contract	Assets	Liabilities	Contract	Assets	Liabilities	Contract	Assets	Liabilities
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)	1 678	39	6	2 936	43	25	2 816	69	57
Currency swaps	4 996	146	67	5 708	178	74	5 011	172	109
Currency options									
Total non-standardised contracts	6 674	185	73	8 644	221	99	7 827	241	166
Standardised foreign currency contracts (futures)									
Total foreign currency instruments	6 674	185	73	8 644	221	99	7 827	241	166
Interest rate instruments									
Interest rate swaps (including cross currency)	23 275	448	618	19 363	282	389	15 370	161	285
Short-term interest rate swaps (FRA)									
Other interest rate contracts	1 811	8	7	4 211	3	4	242	1	2
Total non-standardised contracts	25 086	456	625	23 574	285	393	15 612	162	287
Standardised interest rate contracts (futures)									
Total interest rate instruments	25 086	456	625	23 574	285	393	15 612	162	287
Hedging of funding loans									
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)									
Currency swaps									
Total, non-standardised contracts									
Standardised foreign currency contracts (futures)									
Total foreign currency instruments									
Interest rate instruments									
Interest rate swaps (including cross currency)	8 318	593	15	9 125	344	27	8 108	289	30
Short-term interest rate swaps (FRA)									
Other interest rate contracts									
Total, non-standardised contracts	8 318	593	15	9 125	344	27	8 108	289	30
Standardised interest rate contracts (futures)									
Total interest rate instruments	8 318	593	15	9 125	344	27	8 108	289	30
Total interest rate instruments	33 404	1 049	640	32 699	629	420	23 720	451	317
Total foreign currency instruments	6 674	185	73	8 644	221	99	7 827	241	166
Total	40 078	1 234	713	41 343	850	519	31 547	692	483

Note 15 - Business Areas

Management has made an assessment of which business areas are deemed reportable with respect to form of distribution, products and customers. The primary format of reporting takes as a starting point risk and yield profiles of various assets and reporting is divided into private customers (Retail Banking Market), Corporate / Public Market, leasing and Markets. Apart from what is included in this list, the Group does not have any companies or segments which are of significant importance. The Bank operates in a limited geographical area and reporting along the lines of geographic segments provides little additional information.

Group

						31.12.12
<i>(Amounts in NOK million)</i>	Retail Banking	Corporate Banking	Finans NN	Markets	Unallocated	Total
Net interest income	834	186	115	14	17	1 166
Net fee- and commission income	418	93	0	22	79	612
Other operating income	0	0	0	44	260	304
Operating costs	769	171	37	30	113	1 120
Result before losses	483	108	78	50	243	962
Losses	13	178	4	0	0	195
Result before tax	470	- 70	74	50	243	767
Loans and advances to customers	30 640	20 499	3 412	0	0	54 551
Individual write-downs for impaired value on loans and advances to customers	- 29	- 258	- 12	0	- 4	- 303
Collective write-downs for impaired value on loans and advances to customers	- 36	- 146	- 7	0	- 9	- 198
Other assets	0	0	0	0	21 211	21 211
Total assets per business area	30 575	20 095	3 393	0	21 198	75 261
Deposits from customers	23 315	17 905	0	0	0	41 220
Other liabilities and equity capital	0	0	3 393	0	30 648	34 041
Total equity and liabilities per business area	23 315	17 905	3 393	0	30 648	75 261
						31.12.11
Net interest income	547	466	104	6	6	1 129
Net fee- and commission income	219	186	0	39	43	487
Other operating income	0	0	0	50	153	203
Operating costs	490	418	32	34	62	1 036
Result before losses	276	234	72	61	140	783
Losses	4	93	2	0	2	101
Result before tax	272	141	70	61	138	682
Loans and advances to customers	29 452	19 297	2 852	0	41	51 642
Individual write-downs for impaired value on loans and advances to customers	- 31	- 160	- 9	0	- 6	- 206
Collective write-downs for impaired value on loans and advances to customers	- 47	- 166	- 9	0	- 4	- 226
Other assets	0	0	29	522	19 278	19 829
Total assets per business area	29 374	18 971	2 863	522	19 309	71 039
Deposits from customers	21 429	20 319	0	0	17	41 765
Other liabilities and equity capital	0	0	2 863	522	25 889	29 274
Total equity and liabilities per business area	21 429	20 319	2 863	522	25 906	71 039

Note 16 - Equity Certificates (ECs)

The 20 largest EC holders as at 31.12.12

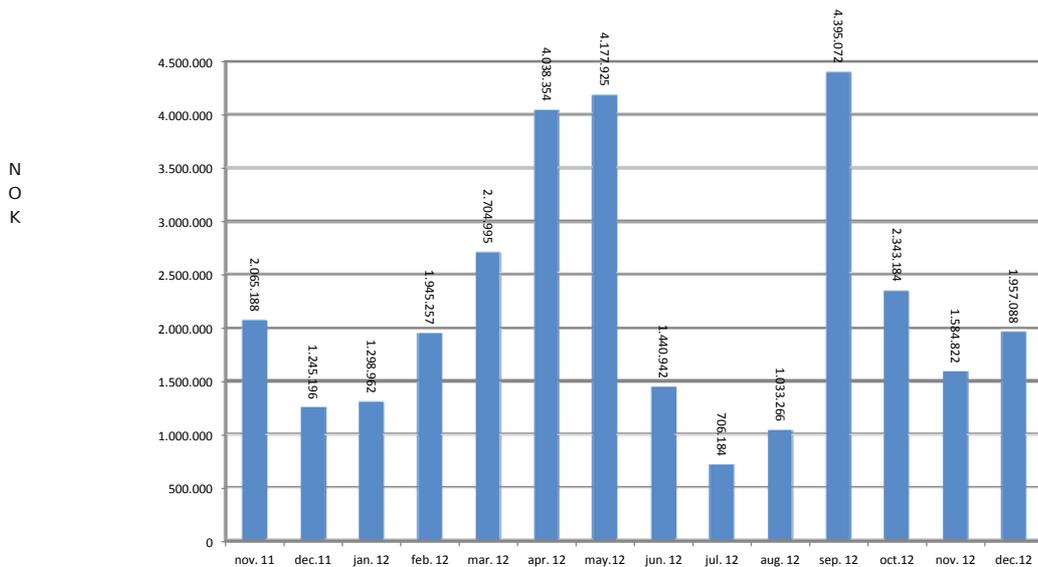
EC Holders	Number of ECs	Share of EC Capital
PARETO AKSJE NORGE	3 356 910	5.07%
MP PENSJON PK	1 766 431	2.67%
PARETO AKTIV	1 433 383	2.16%
FRANK MOHN A/S	1 355 745	2.05%
CITIBANK NA NEW YORK BRANCH	1 327 479	2.00%
MORGAN STANLEY & CO LLC	1 314 149	1.98%
TONSENHAGEN FORRETNINGSSENTRUM AS	1 134 493	1.71%
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	916 561	1.38%
NORDEA BANK NORGE ASA	906 588	1.37%
FRAMO DEVELOPMENTS AS	848 925	1.28%
GOLDMAN SACHS & CO - EQUITY	804 184	1.21%
SPAREBANK 1 SR-BANK PENSJONSKASSE	782 386	1.18%
PARETO VERDI	763 674	1.15%
FORSVARETS PERSONELLSERVICE	620 854	0.94%
SPAREBANKSTIFTELSEN DNB NOR	545 614	0.82%
TROND MOHN	509 354	0.77%
CONSEPT EIENDOM AS	479 950	0.72%
KARL DITLEFSEN	459 243	0.69%
BERGEN KOMMUNALE PENSJONSKASSE	450 000	0.68%
TERRA UTBYTTE	446 664	0.67%
TOTAL	20 222 587	30.54%

Dividend policy

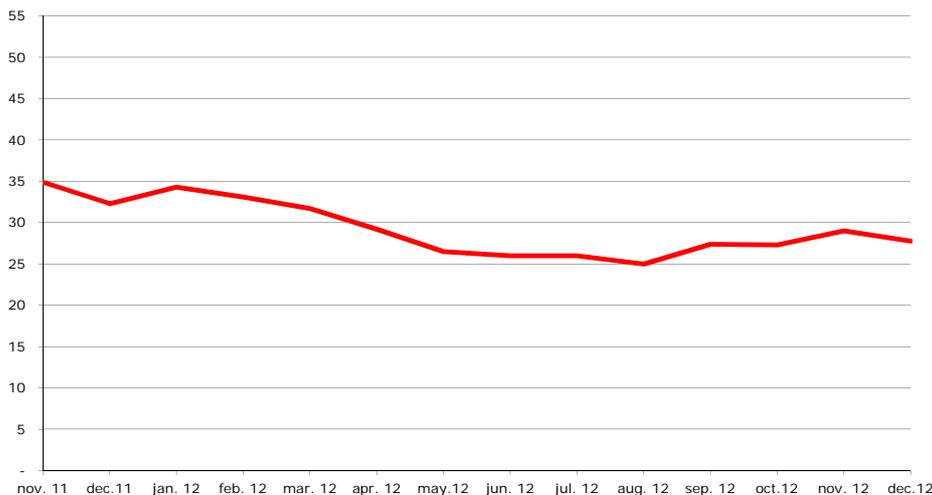
Through its policy regarding owners of its capital and its dividend policy, the bank intends to ensure that its equity certificates are regarded as attractive and liquid financial instruments. The bank's objective is to manage the group's resources in such a way that, compared to comparable investments and taking into account the bank's risk profile, a good, long-term and competitive return on the bank's equity is achieved. For the owners of the bank's equity certificates, the return will be in the form of cash dividends and changes in the market price of the certificates.

SpareBank 1 Nord-Norge's equity comprises two principal groups: the equity capital owned by the owners of the bank's equity certificates, and the equity capital that is socially owned. The bank's aim is to ensure that, over time, it will be a savings bank with a considerable element of socially-owned capital. Furthermore, the bank's goal is to treat the owner groups equitably, in accordance with the intentions in the current legislation. This implies that the bank will seek to avoid undesirable equity dilution effects that result from inequitable treatment of the two groups of owners. The profit for the individual year is to be split proportionately between the owner groups in relation to their relative share of the bank's equity. Dividends will, as far as possible, be set so that each of the groups has at its disposal equally large relative shares of the profit as a dividend. Dividends will comprise cash payments to equity certificate holders and funds allocated to reserves for donations and endowments etc. The bank's aim is to distribute a total of up to 50 per cent of the profit for the year in the form of dividends.

Trading statistics



Price trend NONG



Note 17 - SpareBank 1 Boligkreditt

In the third quarter 2010, SpareBank 1 Nord-Norge agreed, together with the other shareholders of SpareBank 1 Boligkreditt, to provide a liquidity facility to SpareBank 1 Boligkreditt. This involves the banks committing themselves to buying residential mortgage bonds with a maximum net value of SpareBank 1 Boligkreditt's debt maturing over the next twelve months. The agreement means that each shareholder has principal responsibility for his share of the requirement, and secondary responsibility for double the value of his principal responsibility. The bonds can be deposited with Norges Bank, which means that they do not significantly increase the Bank's risk exposure.

The SpareBank 1 Nord-Norge Group – a Statement from the Board of Directors and Chief Executive Officer

The Board of Directors and Chief Executive Officer have today discussed and approved the annual report and accounts and the abridged, consolidated annual report and accounts for SpareBank 1 Nord-Norge as at 31 December 2012 and for year 2012 including abridged, consolidated comparative figures as at 31 December 2011 and for the year 2011.

According to our full and firm conviction, the annual report and accounts have been prepared in compliance with the requirements contained in IAS approved by the EU, and in compliance with Norwegian supplementary requirements forming part of the Securities Trading Act.

According to our full and firm conviction, the 2012 annual report and accounts have been prepared in compliance with currently valid accounting standards, and the information provided in the report and accounts gives a true and correct picture of the Group's assets, liabilities and financial position and result as a whole as at 31 December 2012 and 31 December 2011. Furthermore, according to our full and firm conviction, the annual report and accounts provide a true and correct

- overview of important events during the accounting period in question and their impact on the annual report and accounts
- description of the most central risk- and uncertainty factors facing the operations during the next accounting period
- a description of close individuals' significant transactions

Tromsø, 6 February 2013

The main Board of Directors of SpareBank 1 Nord-Norge

Kjell Olav Pettersen

Pål A. Pedersen

Sonja Djønnne

Roar Dons

Greger Mannsverk

Anita Persen

Ann-Christine Nybacka

Vivi Ann Pedersen

Jan-Frode Janson
(Chief Executive Officer)

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Org.number: 952 706 365
Headoffice: Storgata 65, Tromsø

SpareBank 1 Nord-Norge Main Board of Directors:

Kjell Olav Pettersen, Tromsø (Chairman)
Pål Andreas Pedersen, Bodø (Deputy Chairman)
Roar Dons, Tromsø
Sonja Djønne, Mo i Rana
Ann-Christine Nybacka, Brønnøysund
Greger Mannsverk, Kirkenes
Anita Persen, Alta
Vivi Ann Pedersen, Tromsø (elected from the employees)
Gunnar Kristiansen, Sortland (elected from the employees, deputy)

Members of the Group Management Committee:

Jan Frode Janson (Chief Executive Officer)
Oddmund Åsen (Deputy Chief Executive Officer)
Liv Bortne Ulriksen (Senior Group General Manager Retail and Corporate Banking Market)
Rolf Eigil Bygdnes (Senior Group General Manager CFO)
Elisabeth Utheim (Senior Group General Manager Support Functions)
Geir Andreassen (Senior Group General Manager Risk Management)
Stig Arne Engen (Director, Communication)

Investor Relations

Rolf Eigil Bygdnes (Senior Group General Manager CFO)
Telephone +47 90519774
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Interim reports and accounts 2013

1st quarter 26 April 2013
2nd quarter 14 August 2013
3rd quarter 31 October 2013
4th quarter-2012 medio February 2013
4th quarter-2013 medio February 2014

