

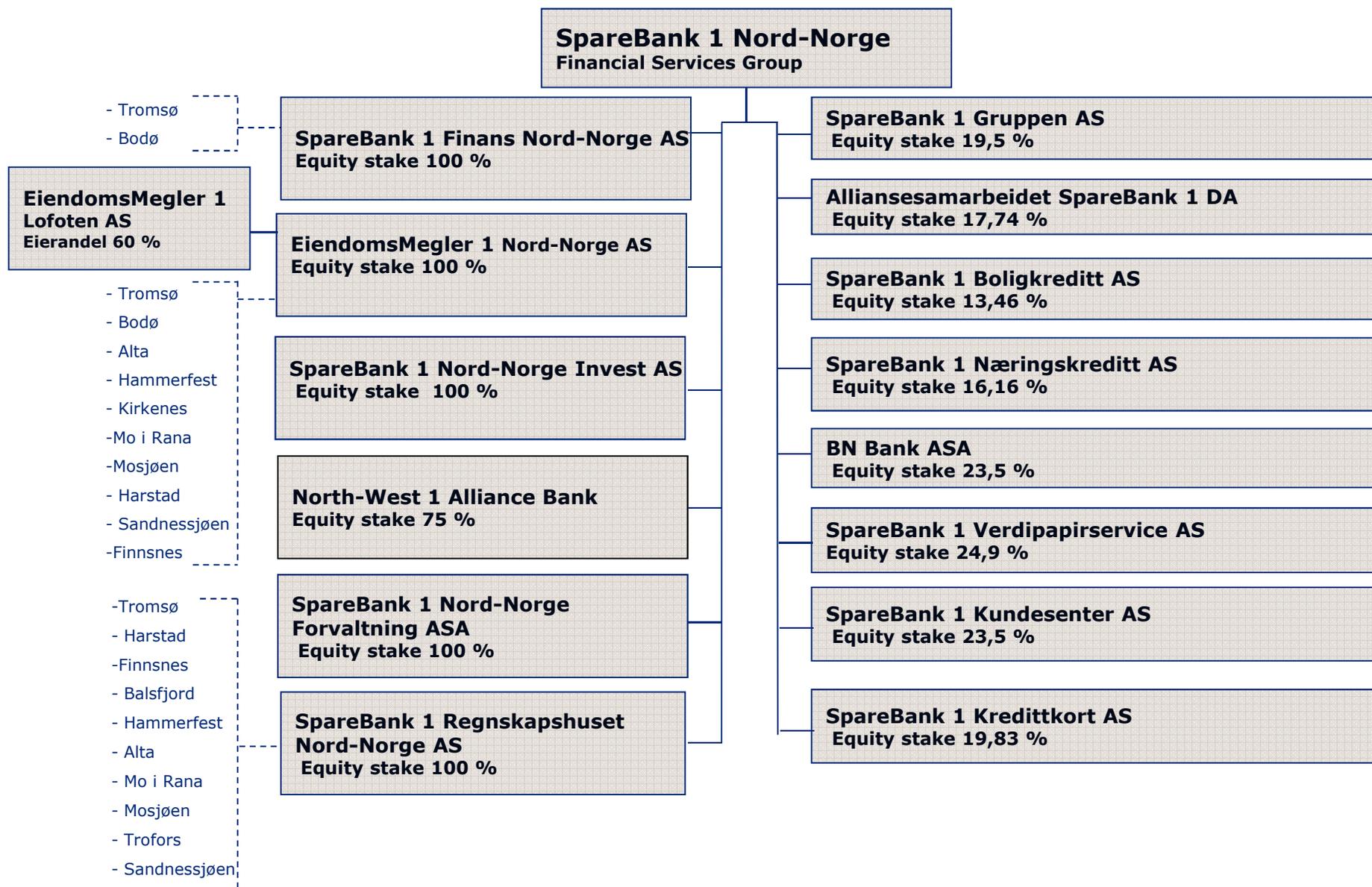
SpareBank 1 Nord-Norge

Presentation of 2nd Quarter Report 2013

14 August 2013



Organisation of the financial services Group



Market value NONG

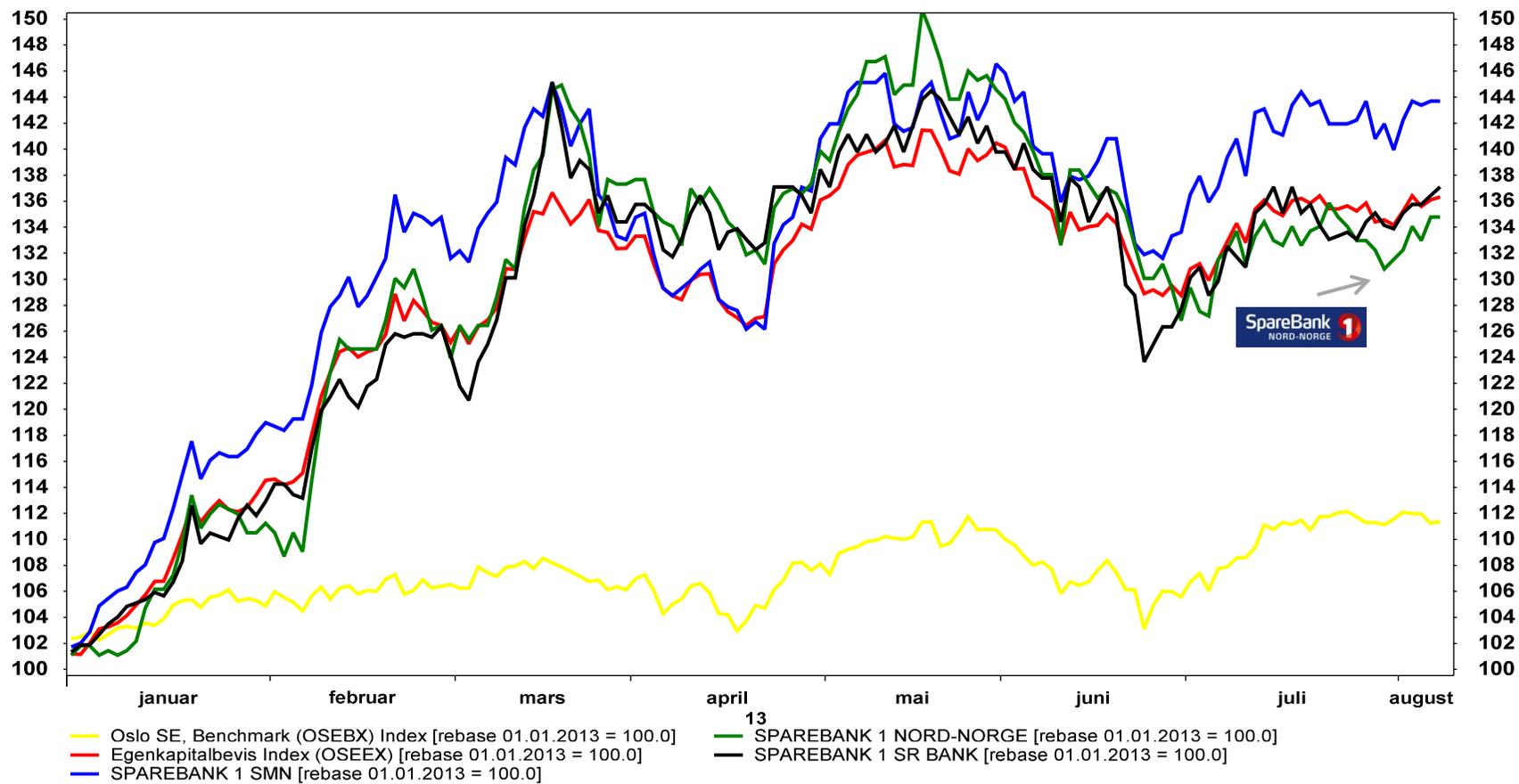


Profit NONG YTD:

+ 38,11%

(per 07.08.13)

Price development NONG - 2013



Northern Norway – current economic status

- **High level of activity**
 - High investment activity in corporate and public sector
 - Major companies within oil services – both domestic and international – are moving north
 - Private spending lower in Northern Norway compared to Norway
 - Labour immigration – Northern Norway has a higher share than rest of Norway
 - Very low jobless rate – 2.7 % June 2013

SpareBank 1 Nord-Norge 2nd quarter report 2013

Main features (figures and percentages in brackets refer to the same interim period in 2012):

- Profit before tax NOK 497 million (NOK 392 million)
- Profit after tax NOK 402 million (NOK 299 million)
- Return on equity after tax of 11.4% (9.2%)
 - Earnings per equity certificate: NOK 2.53 (NOK 1.89)
- Good and improved underlying banking operations with profit before losses of NOK 429 million (NOK 289 million)
- Net income from financial assets NOK 55 million (NOK 151 million)
- Cost/income ratio 50.5% (56.0 %)
- Loan losses NOK 87 million (NOK 48 million)

SpareBank 1 Nord-Norge 2nd quarter report 2013

Main features (figures and percentages in brackets refer to the same interim period in 2012):

- Lending growth in last 12 months 6.8% (11.5%), including intermediary loans
 - Retail market 9.0% (11.0%)
 - Corporate market 2.1% (12.6%)
- Growth in deposits in last 12 months 5.2% (0.2%)
 - Retail market 7.1% (8.4%)
 - Corporate market 5.6% (5.9%)
 - Public sector market -0.3% (-26.2%)
- Deposit coverage ratio 84.3% (82.9%)
- Very good liquidity
- Satisfactory financial strength:
 - Group's core tier 1 equity ratio 10.21% (9.96%)
- In order to meet future capital requirements, and in order to take part in a profitable growth in the region, the Main Board of Directors recommends conducting a rights issue and private placements of NOK 750 million and NOK 200 million respectively.

Financial targets

Capital adequacy ratio

- CET-1 12.5 % or higher in 2015

Profitability

ROE shall be comparable to the performance of bank peers. The targeted after-tax return is minimum 6 percentage points above the yield on long-term government bonds

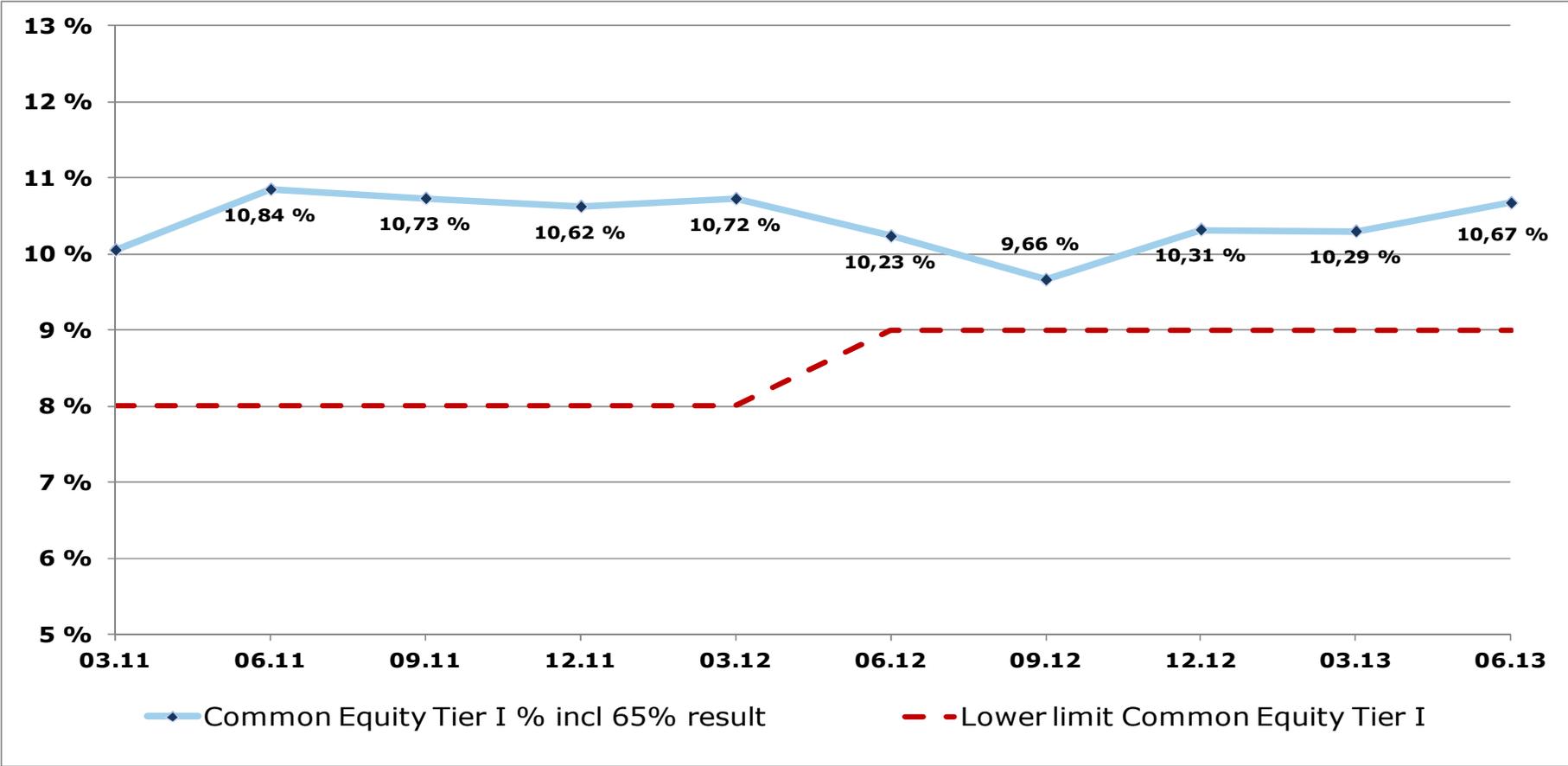
Effectiveness

- Yearly average increase in costs shall be 2 % maximum
- The Parent bank cost ratio shall be comparable to that of bank peers

Top-line growth

- The growth in interest contribution and provisions is targeted to be 2 percentage points above the growth in operating costs

Capital adequacy ratio - Group



Solidity and capital adequacy – Equity issues

- New capital adequacy requirements lead to a sector wide need to increase solidity
- SpareBank 1 Nord-Norge has implemented various measures to strengthen the banks solidity, and will continue to do so. One of these measures is reduced lending growth as compared to 2012, especially in the corporate segment.
- A continued reduction in lending growth will negatively affect short- and long-term profitability and the banks' long-term market position. In addition, a profitable participation in, and contribution to, the growth in the bank's market area represent an important part of the bank's social role as the region's own bank.
- The Main Board of Directors therefore proposes a rights issue of up to NOK 750 million towards existing equity certificate holders. In addition, private placements of up to NOK 200 million is planned, utilising the existing authorisation from the Supervisory Board.
- The rights issue is guaranteed by a consortium consisting of SpareBank 1 SMN, SpareBank 1 SR-bank, Sparebanken Hedmark, Samspar and Sparebankstiftelsen SpareBank 1 Nord-Norge.
- The planned equity issues of MNOK 750 to 950 will increase the group's core capital adequacy from 1.3 to 1.7 percentage points, based on the accounts as per 30 June 2013.

Rights issue and private placements

Rights issue of up to NOK 750 million:

- Size: MNOK 750 – fully underwritten
- The subscription price will be determined by the banks' Supervisory Board on the 9th of September 2013, in line with current market practice.
- The prospectus will be released prior to the start of the subscription period.

Private placements of up to NOK 200 million:

- Three target groups:
 - Sparebankstiftelsen SpareBank 1 Nord-Norge (the foundation currently have available funds of MNOK 200)
 - The bank's employees, the members of the Main Board of Directors and the regional Boards of Directors
 - Prospective institutional investors
- The private placement towards Sparebankstiftelsen and prospective institutional investors will be at market terms, after the completion of the rights issue. The private placement towards employees will be at a discount, and will be completed in parallel with the rights issue.
- The share premium that exceeds book equity per equity capital certificate on a group basis, will be allocated between the premium fund and the compensation fund according to the equity capital ratio after the issue.

SpareBank 1 Nord-Norge – Equity issues

Tentative time schedule (most important dates):

- 9 Sept. 2013: Supervisory Board meetings to approve the main board of directors' suggested terms for the equity issues
- 10 Sept. 2013: The equity certificates are listed exclusive subscription rights
- 13-27 Sept. 2013: Subscription period and trade in subscription rights on the Oslo Stock Exchange
- 3 Oct. 2013: Allocation of new equity certificates in the rights issue and the employee issue
- 10 Oct. 2013: Listing of the new equity certificates from the rights issue and the employee issue on the Oslo Stock Exchange

The above mentioned time line can be delayed due to possible delays in approval of the prospectus and registration of new certificates with the Norwegian Register of Business Enterprises

Financial targets

Capital adequacy ratio

- CET-1 12.5 % or higher in 2015

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Effectiveness

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Top-line growth

- The growth in interest contribution and provisions is targeted to be 2 percentage points above the growth in operating costs

Profit and loss account - Group

(Amounts in NOK million)	30.06.13	30.06.12
Net interest income	589	566
Net fee-, commision and other operating income	436	282
Net income from financial investments	155	151
Total net income	1 180	999
Total costs	596	559
Result before losses and write-downs	584	440
Net losses and write-downs	87	48
Result before tax	497	392
Tax	95	93
Minority interests	0	1
Result for the period	402	298
Return on equity capital	11,4 %	9,2 %

Quarterly summary – Profit and loss account figures

(Amounts in NOK million)	2Q13	1Q13	4Q12	3Q12	2Q12
Net interest income	309	280	307	293	285
Net fee-, commission and other operating income	238	198	202	172	156
Net income from financial investments	64	91	30	79	2
Total net income	611	569	539	544	443
Total costs	302	294	295	266	277
Result before losses and write-downs	309	275	244	278	166
Net losses and write-downs	47	40	32	115	6
Result before tax	262	235	212	163	160
Return on equity capital	11,6 %	11,3 %	9,3 %	8,4 %	6,4 %
Cost/income	49,4 %	51,7 %	54,7 %	48,9 %	62,5 %

Quarterly results – net interest income

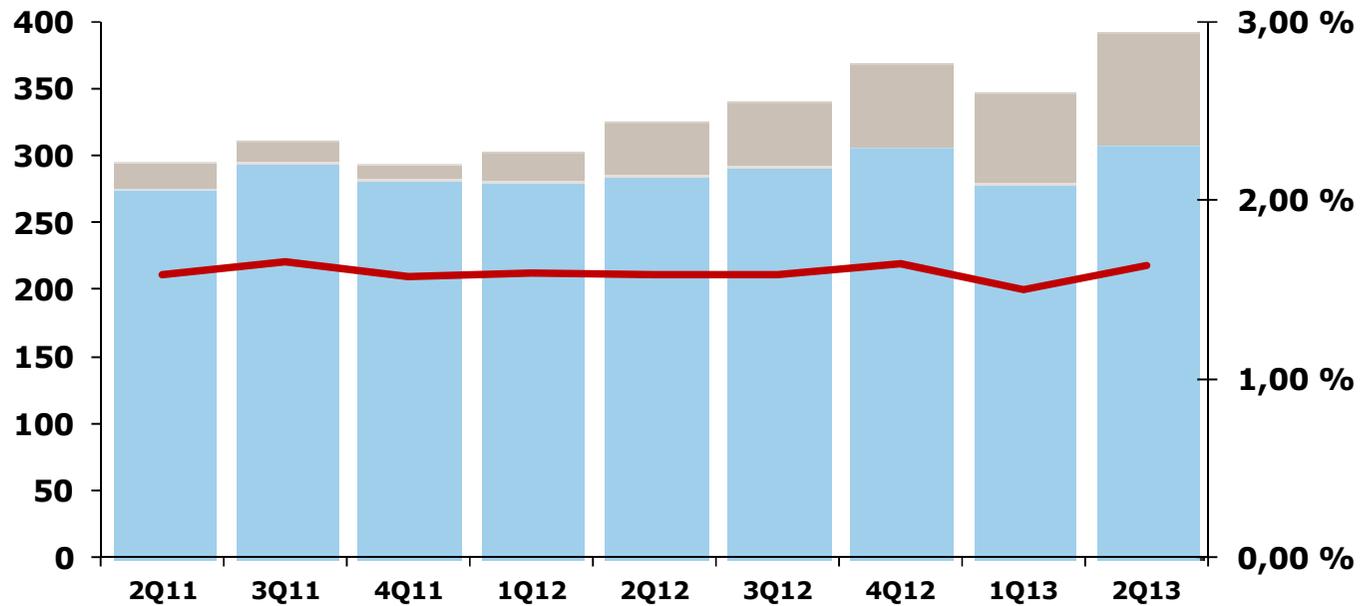
(Amounts in NOK million)

	2Q13	1Q13	4Q12	3Q12	2Q12
Interest and similar income from loans to and claims on credit institutions	5	6	7	2	10
Interest and similar income from loans to and claims on customers	634	615	623	627	620
Interest and similar income from certificates, bonds and other interest-bearing securities	78	73	76	78	78
Total interest income	0	0	0	0	0
Interest and similiar income	717	694	706	707	708
Interest and similar costs on liabilities to credit institutions	28	28	27	26	39
Interest and similar costs relating to deposits from and liabilities to customers	230	230	228	228	238
Interest and similar costs related to the issuance of securities	116	120	127	144	130
Interest and similar costs on subordinated loan capital	25	27	17	16	16
Payments made to The Norwegian Banks' Guarantee Fund	9	9	0	0	0
Total interest costs	408	414	399	414	423
Net interest income	309	280	307	293	285

Total commission and other income

(in NOK million)	2Q13	1Q13	4Q12	3Q12	2Q12
Guarantee commissions	10	6	7	8	7
Interbank commissions	5	4	4	4	4
Credit arrangement fee	3	2	3	4	3
Arrangement fee from SpareBank 1 Boligkreditt	84	67	62	48	42
Arrangement fee from SpareBank 1 NN Finans	2	0	0	2	0
Securities trading, administration and trust department services	9	7	9	12	10
Payment transmission services	52	48	53	57	49
Brokerage commission	23	20	20	18	22
Insurance services	31	29	36	26	27
Other commission income	12	8	3	0	5
Total commissions income	230	191	197	179	169
Operating- and sales income real estate	1	1	2	1	2
Other operating income	30	16	18	11	4
Total other operating income	31	17	20	12	6
Commission expenses	23	10	15	19	19
Total commissions and other income	238	198	202	172	156

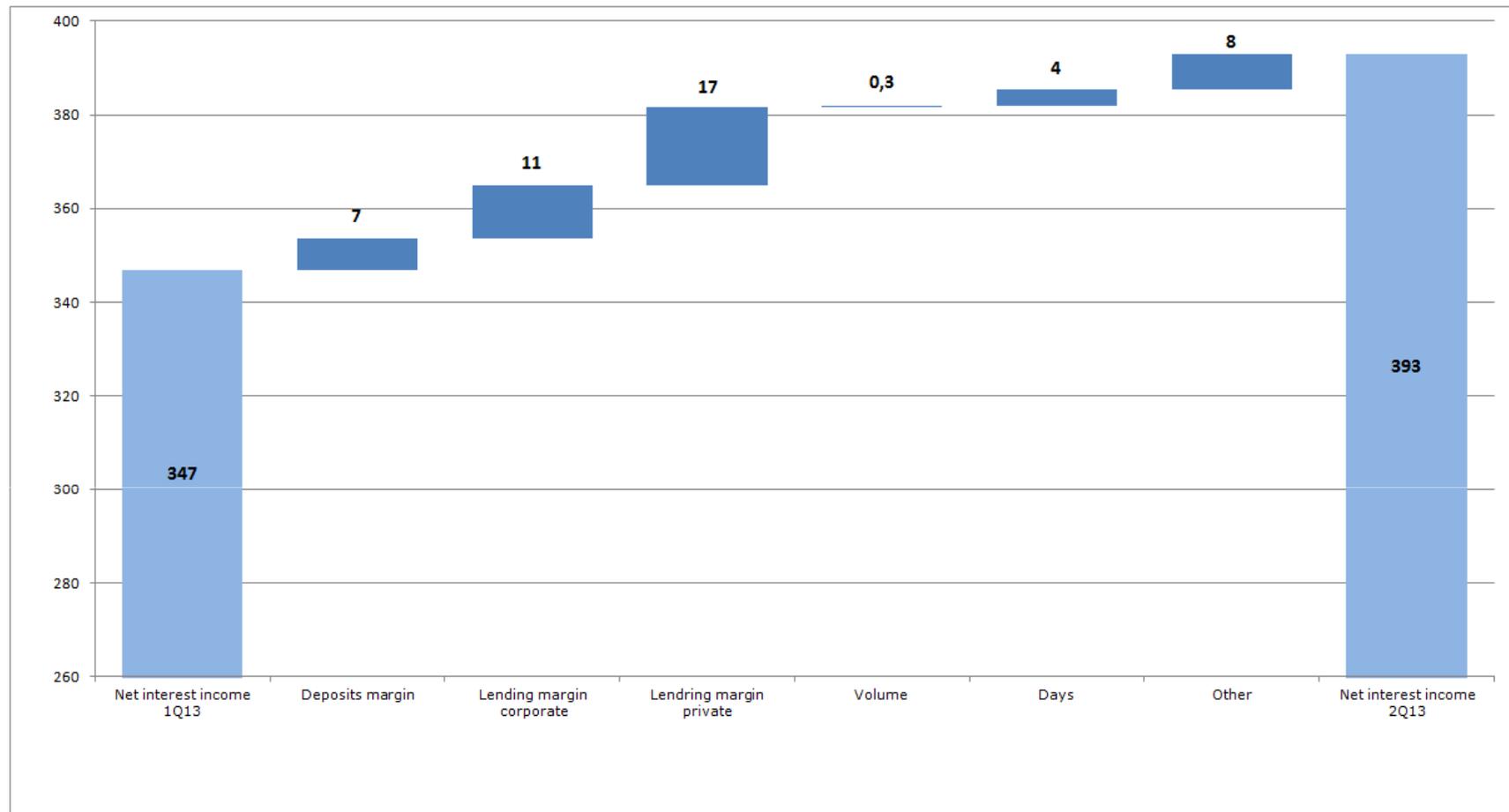
Net interest income - Group



■ Net interest income
 ■ Agency loans
 — Perc.of aver.tot.ass.

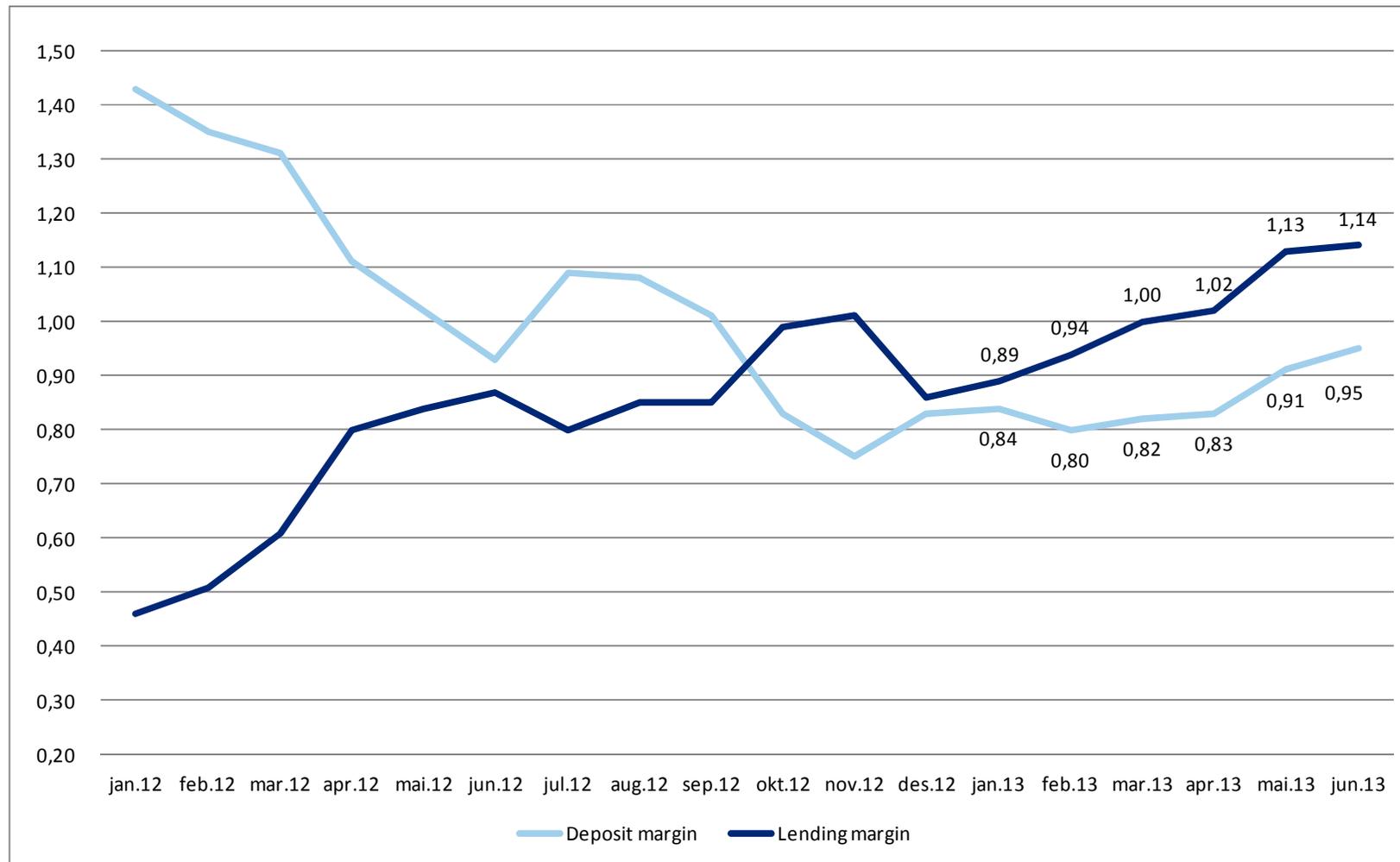
(Amounts in NOK million)	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13
Net interest income	276	296	282	281	285	293	307	280	309
Agency loans	20	16	13	23	42	48	62	67	84
TOTAL incl. Agency loans	296	312	295	304	327	341	369	347	393
Perc.of aver.tot.ass.	1,59 %	1,65 %	1,57 %	1,59 %	1,58 %	1,58 %	1,64 %	1,50 %	1,63 %

Changes in net interest income last quarter



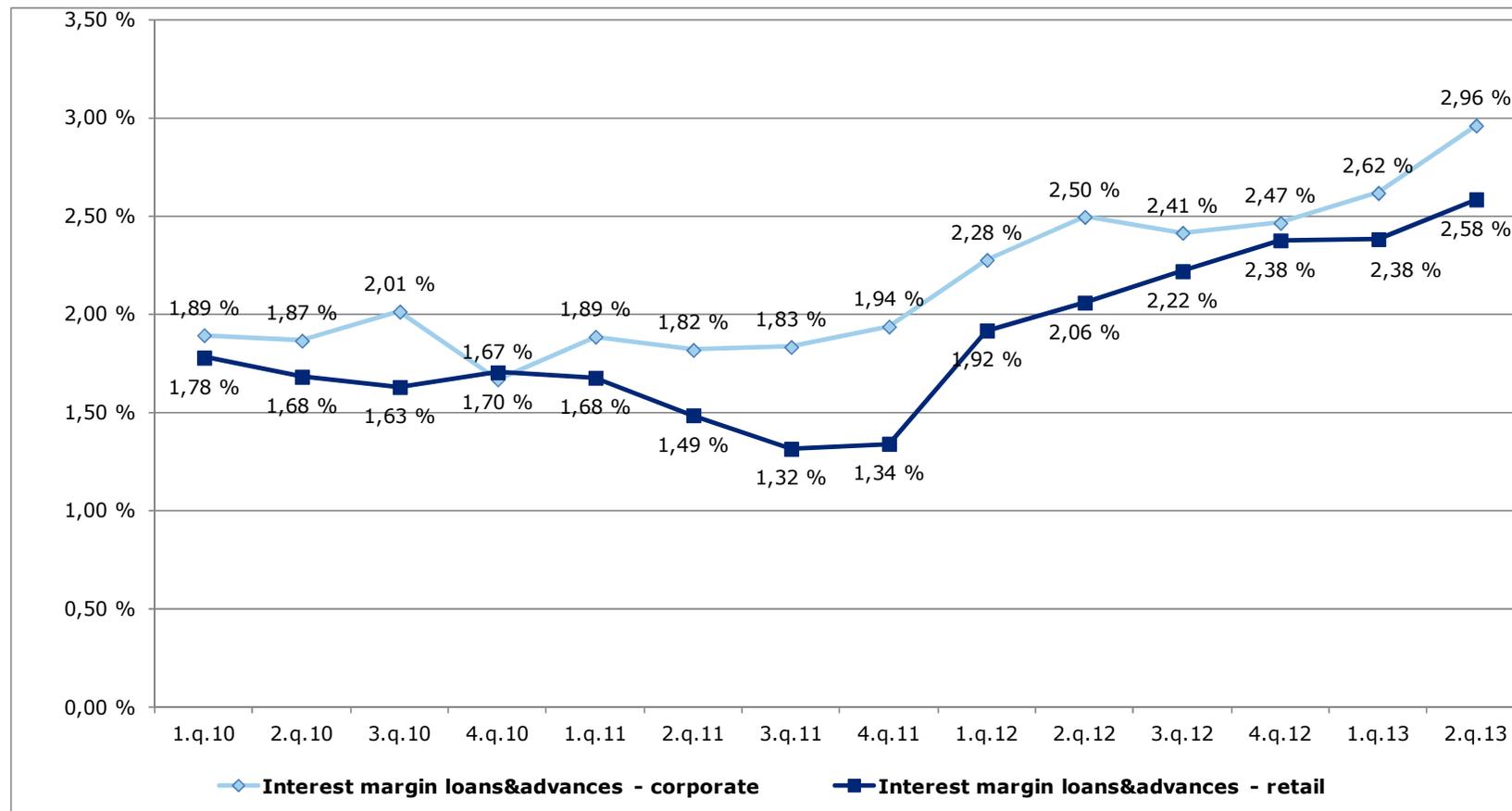
* Measured against average funding cost

Margin development



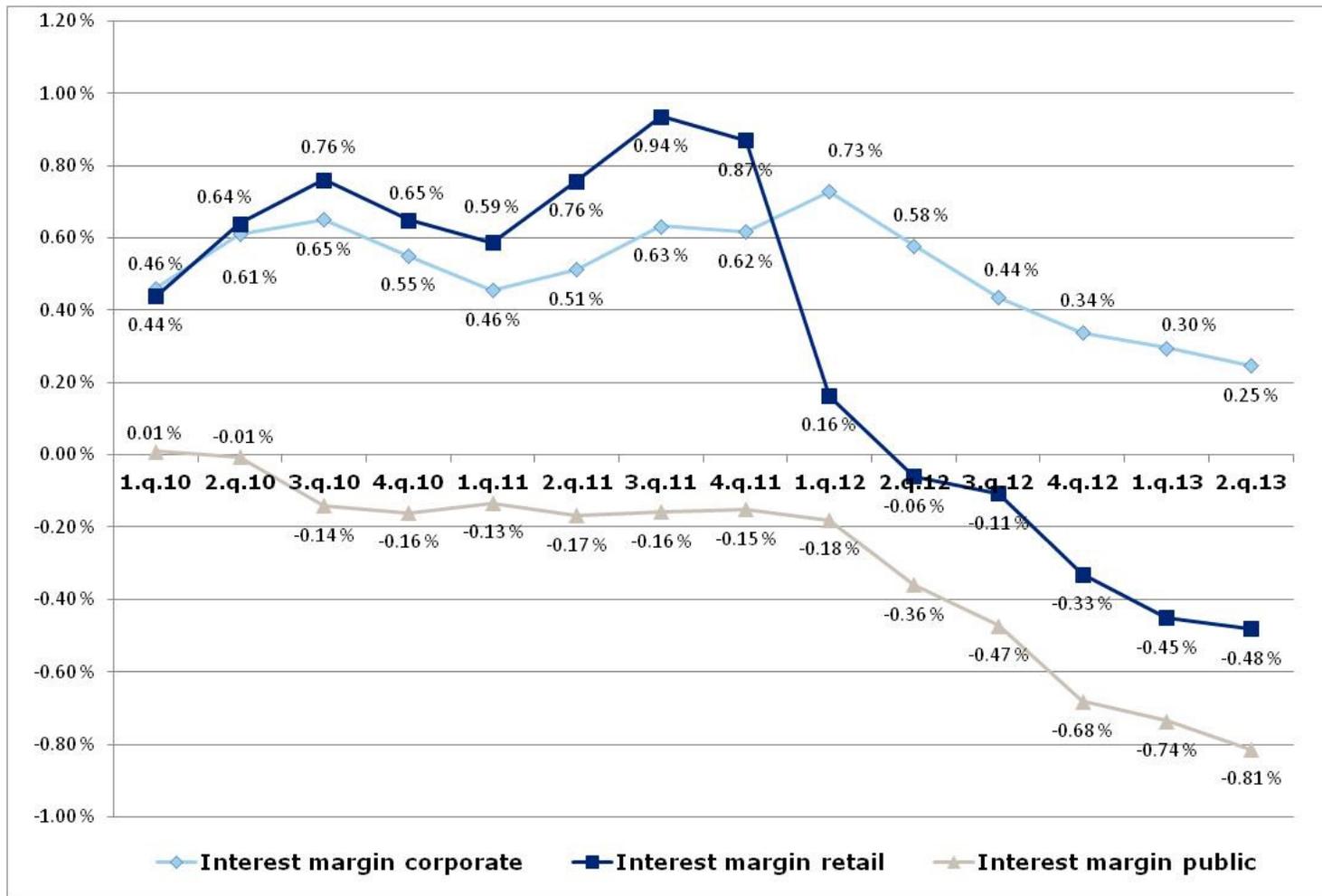
Measured against average funding cost

Lending margin, Parent bank



The interest margin is defined as the difference between the customer lending (deposit) interest rate and average 3 month NIBOR

Customer deposit, Parent bank



The interest margin is defined as the difference between average 3 month NIBOR and the customer deposit interest rate

Net fee, commission and other operating income

(Amounts in NOK million)	2Q13	1Q13	4Q12	3Q12	2Q12
Guarantee commissions	10	6	7	8	7
Other fee- and commission income	220	185	190	171	162
Fee- and commission income	230	191	197	179	169
Fee- and commission costs	23	10	15	19	19
Net fee- and commission income	207	181	182	160	150
Other operating income	29	16	19	10	5
Operating- and sales income real estate	2	1	1	2	1
Total commissions and other income	31	17	20	12	6
Net fee-, commission and other operating income	238	198	202	172	156

Income from financial investments

(Amounts in NOK million)

	30.06.13	30.06.12
Dividends	23	17
Income from joint ventures	116	120
Gains/losses and net value changes on shares	29	-77
Gains/losses and net value changes on certificates and bonds	-16	30
Gains/losses and net value changes on foreign exchange (incl. other financial derivatives)	3	60
Income from financial investments	155	150

Group operating costs

(Amounts in NOK million)

	30.06.13	30.06.12	Change
Wages and salaries	267	239	28
Pension costs	20	20	0
Social costs	26	22	4
Total personnel costs	313	281	32
Administration costs	167	167	0
Total personnel- and general administration costs	480	448	32
Depreciation and write-downs of fixed assets	27	25	2
Total operating costs	89	86	3
Total costs	596	559	37

Core banking operations- (excl. income from financial investments)

(Amounts in NOK million)

	2Q13	1Q13	4Q12	3Q12	2Q12
Net interest income	309	280	307	293	285
Net fee- and commission income	207	181	182	160	150
Other operating income	31	17	20	12	6
Total costs	302	294	295	266	277
Underlying banking operations	245	184	214	199	164
Net losses and write-downs	47	40	32	115	6
Underlying banking operations after losses	198	144	182	84	158

Group companies result before tax

(Amounts in NOK million)	30.06.13	30.06.12
SpareBank 1 Finans Nord-Norge AS	44 986	32 507
SpareBank 1 Nord-Norge Invest AS	-21 653	-65 753
SpareBank 1 Regnskapshuset Nord-Norge AS	6 685	- 336
EiendomsMegler 1 Nord-Norge AS	13 254	6 912
SpareBank 1 Nord-Norge Forvaltning ASA	860	746
North-West 1 Alliance Bank	383	946
EiendomsMegler 1 Lofoten AS (owned by EM1 60%)	134	0
Total	44 515	-24 978

Financial targets

Capital adequacy ratio

- CET-1 12.5 % or higher in 2015

Profitability

ROE shall be comparable to the performance of bank peers. The targeted after-tax return is minimum 6 percentage points above the yield on long-term government bonds

Effectiveness

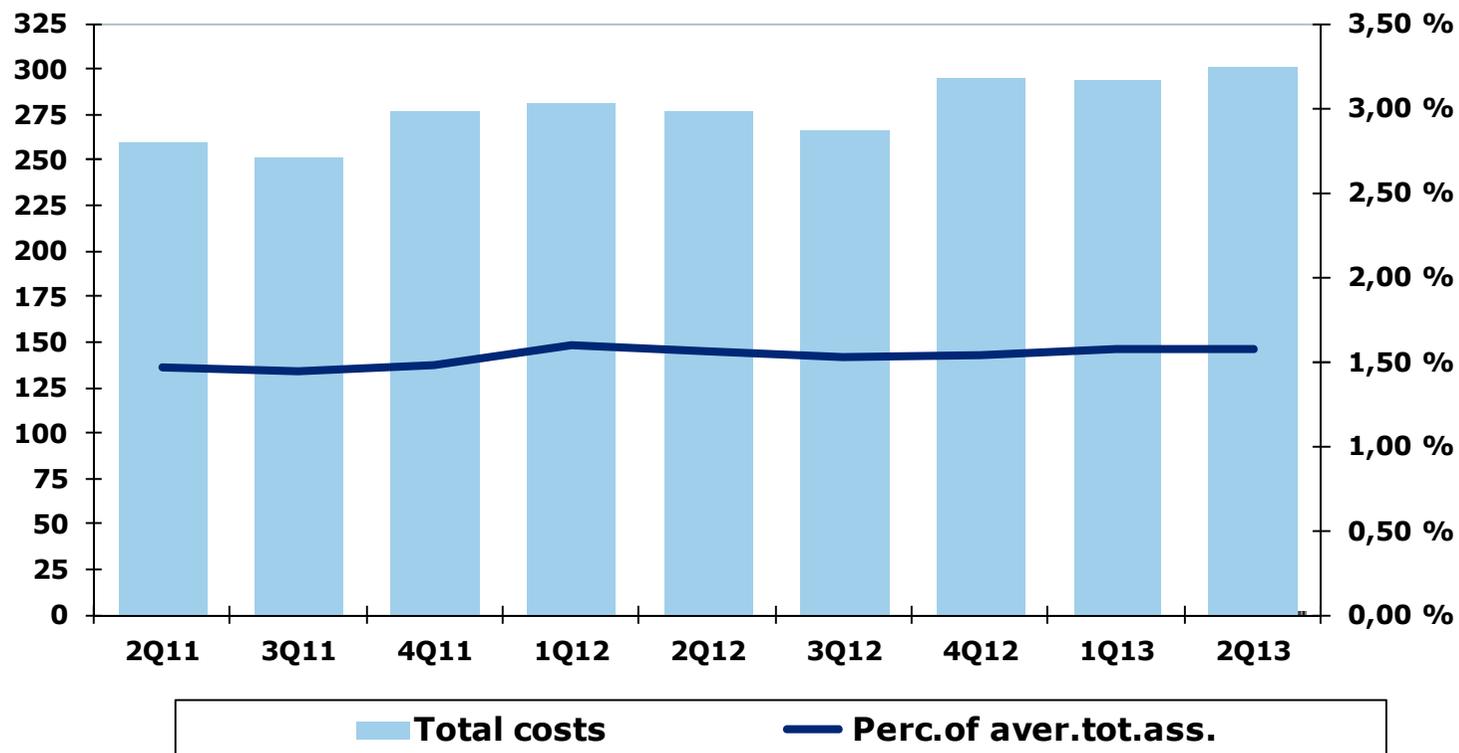
- Yearly average increase in costs shall be 2 % maximum
- The Parent bank cost ratio shall be comparable to that of bank peers

Top-line growth

- The growth in interest contribution and provisions is targeted to be 2 percentage points above the growth in operating costs

Group operating costs

NOK mill.



	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13
Total costs	261	252	277	282	277	266	295	294	302
Perc. of aver. tot. ass.	1,46 %	1,44 %	1,47 %	1,60 %	1,56 %	1,52 %	1,54 %	1,57 %	1,58 %

Operating expenses

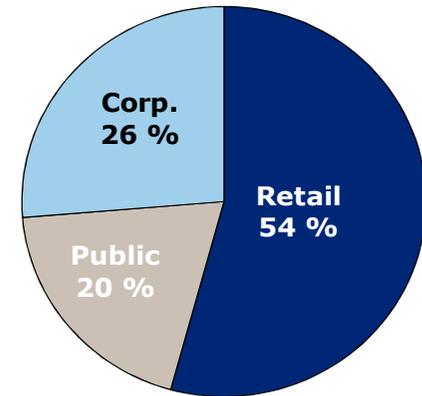
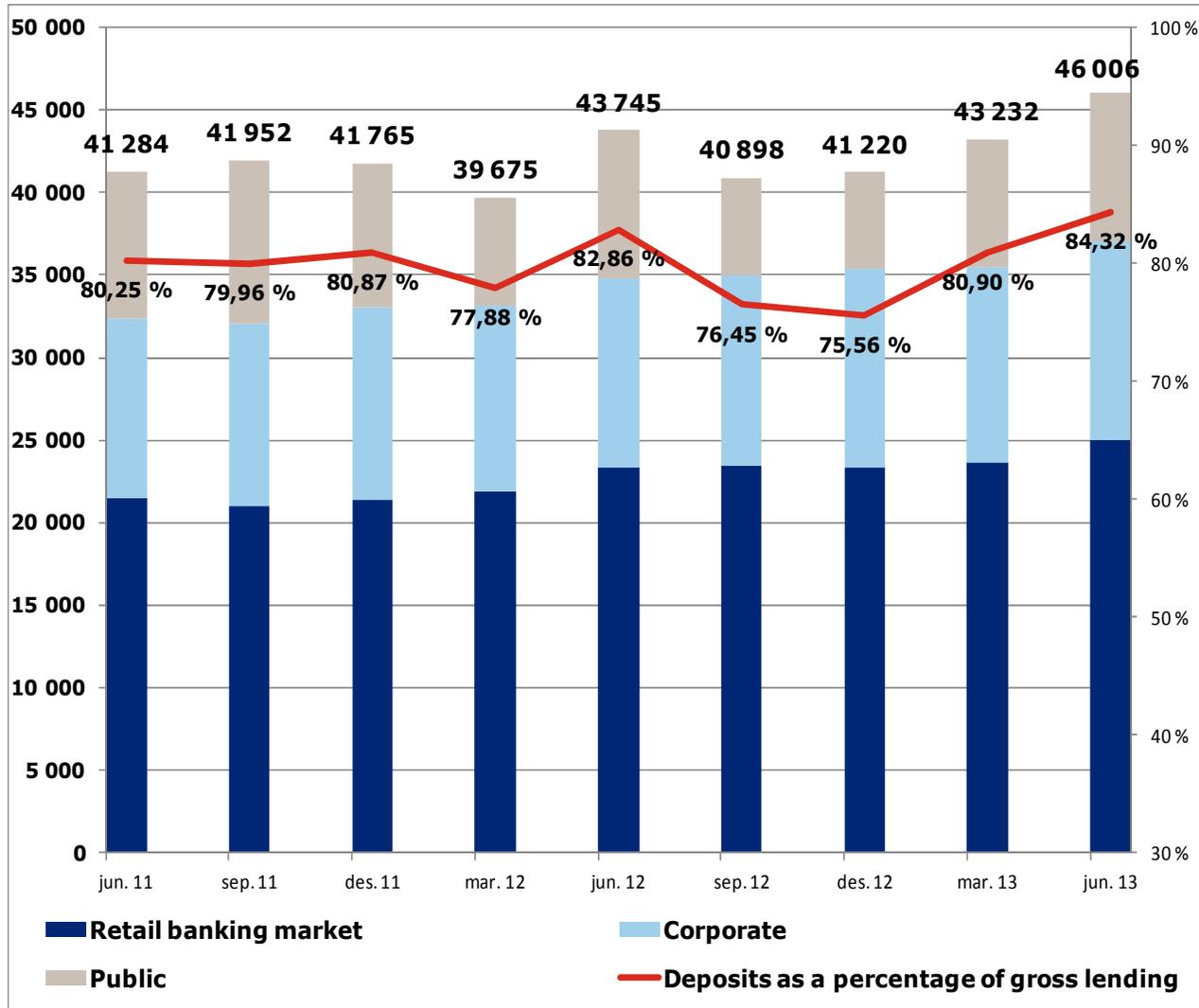
(in NOK million)	2Q13	1Q13	4Q12	3Q12	2Q12
Wages and salaries	138	129	134	126	126
Pension costs	11	9	4	10	12
Social costs	13	13	15	11	10
Total personnel expenses	162	151	153	147	148
Development costs	28	26	22	25	24
Electronic data processing costs	11	18	15	16	14
Marketing costs	21	16	15	11	19
Travel - and training costs	7	9	15	9	14
Communications	3	2	2	2	4
Postage	4	3	3	2	3
Consultancy services	4	4	5	2	4
Cost involving the handling of cash	3	3	5	3	2
Office-related costs	2	2	3	3	3
Collection costs	1	1	1	1	1
Ordinary depreciation	13	14	16	13	12
Operating costs buildings	6	6	4	4	5
Rent paid - premises and bank buildings	9	9	10	11	9
Operating costs - premises	4	6	5	5	6
Other operating costs	24	24	21	12	9
Other expenses	140	143	142	119	129
Total operating expenses	302	294	295	266	277

Key figures balance sheet

(Amounts in NOK million)

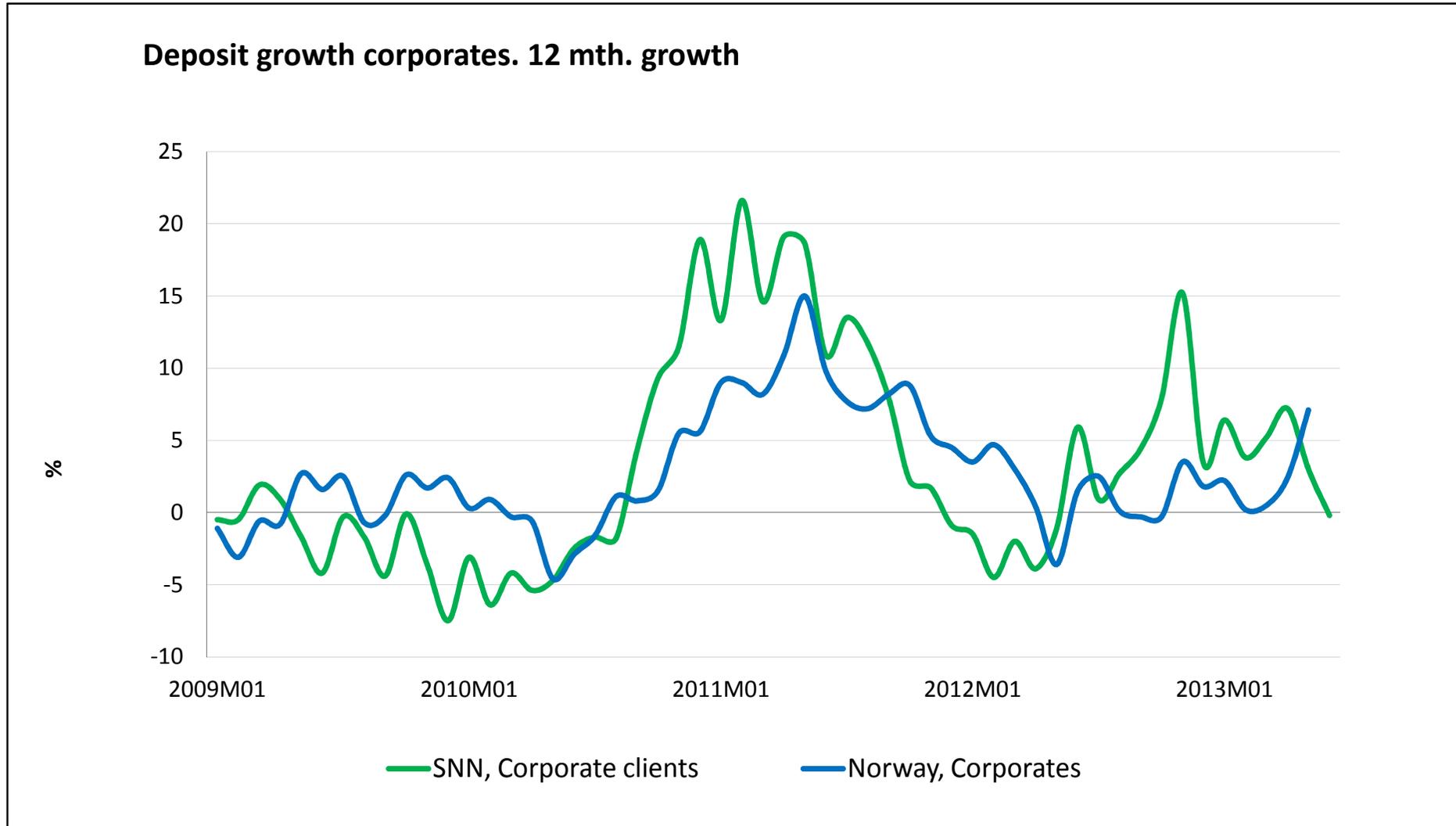
	30.06.13	30.06.12	Change	Change %
Total assets	76 759	74 029	2 730	3,7%
Gross lending	54 561	52 792	1 769	3,4%
Loans and advances to customers including agency loans	77 282	72 331	4 951	6,8%
Deposits from customers	46 006	43 745	2 261	5,2%

Deposit volume

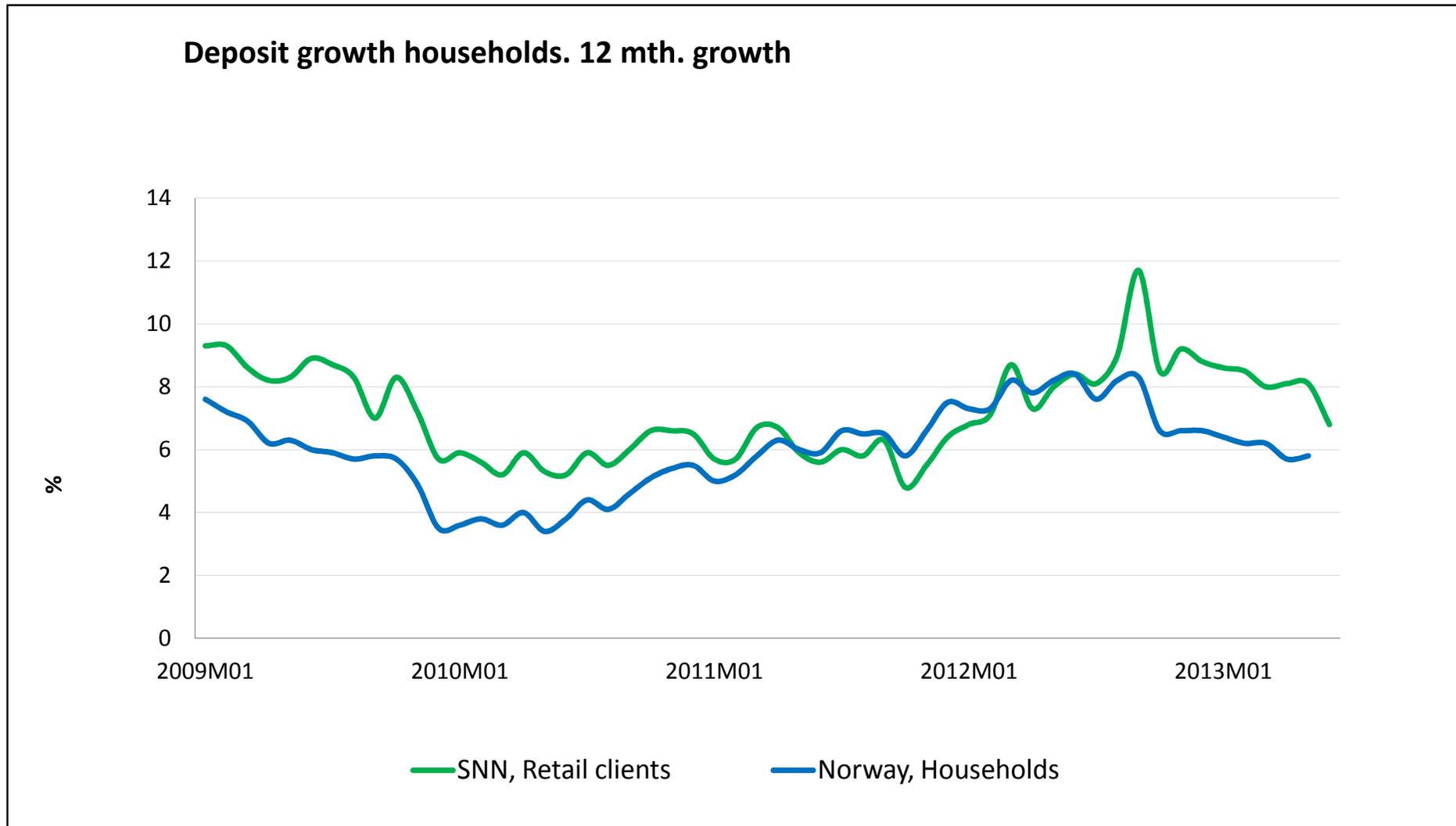


Deposit growth past 12 months: 5,2 %

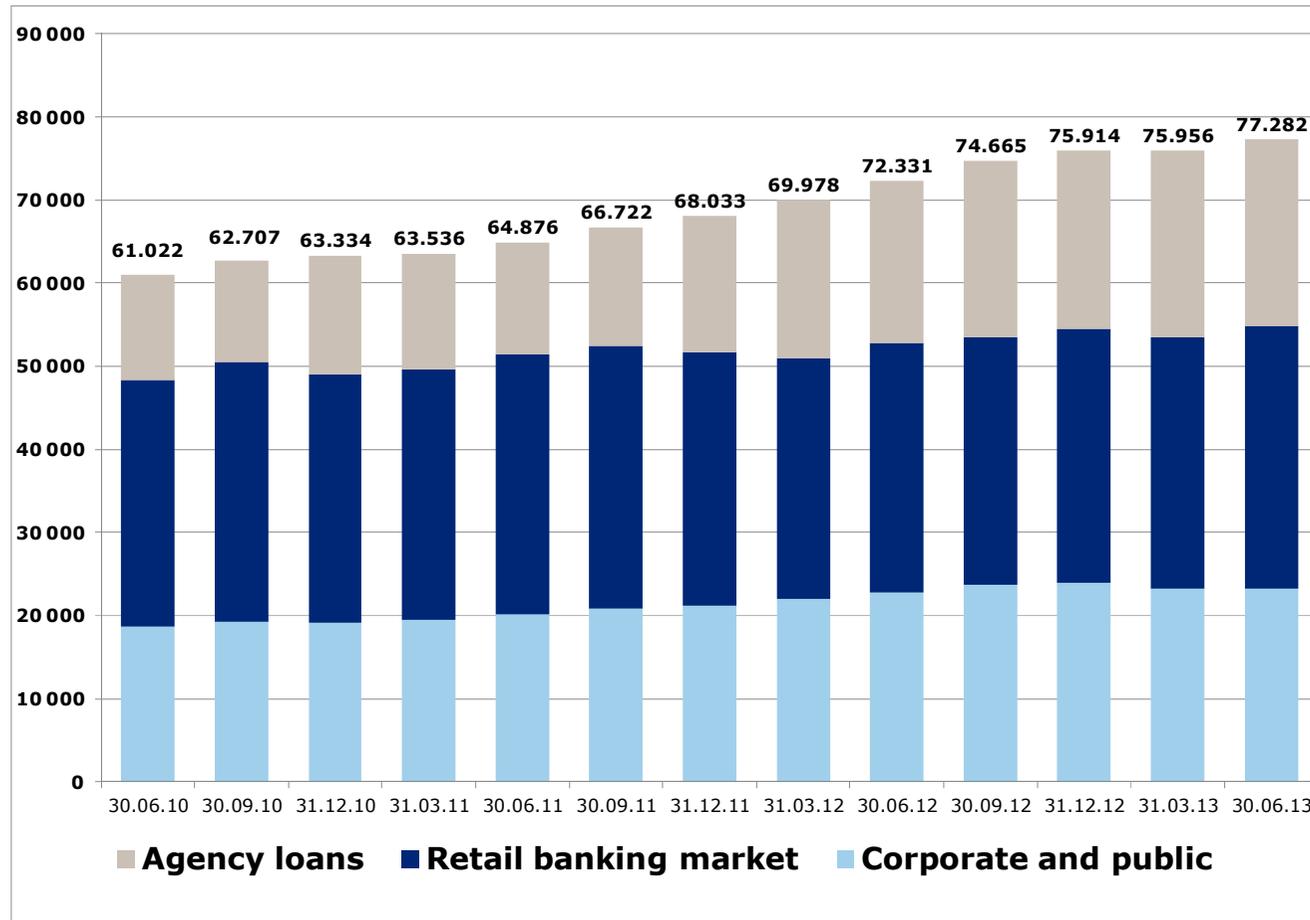
Deposit growth corporates



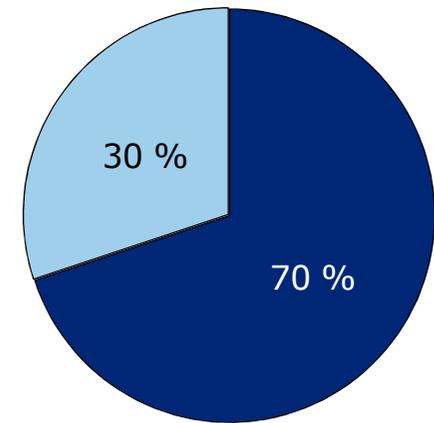
Deposit growth households



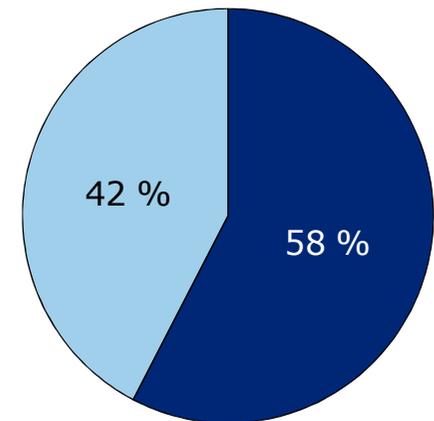
Lending volume



Lending growth incl. agency loans last 12 months: 6.8%

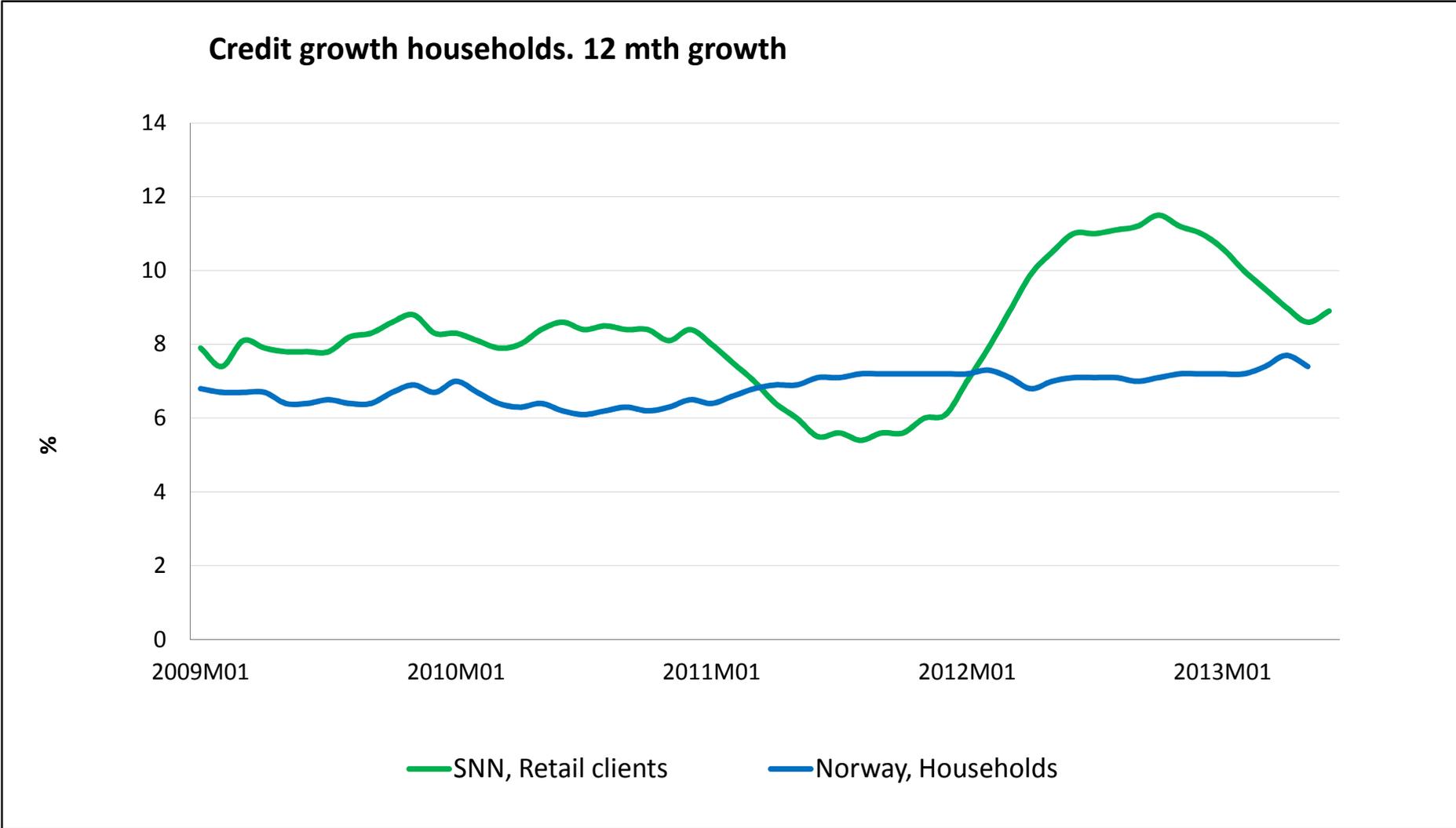


■ Retail incl. agency loans
■ Corp/ Pub



■ Retail excl. agency loans
■ Corp/ Pub

Credit growth households



Credit area

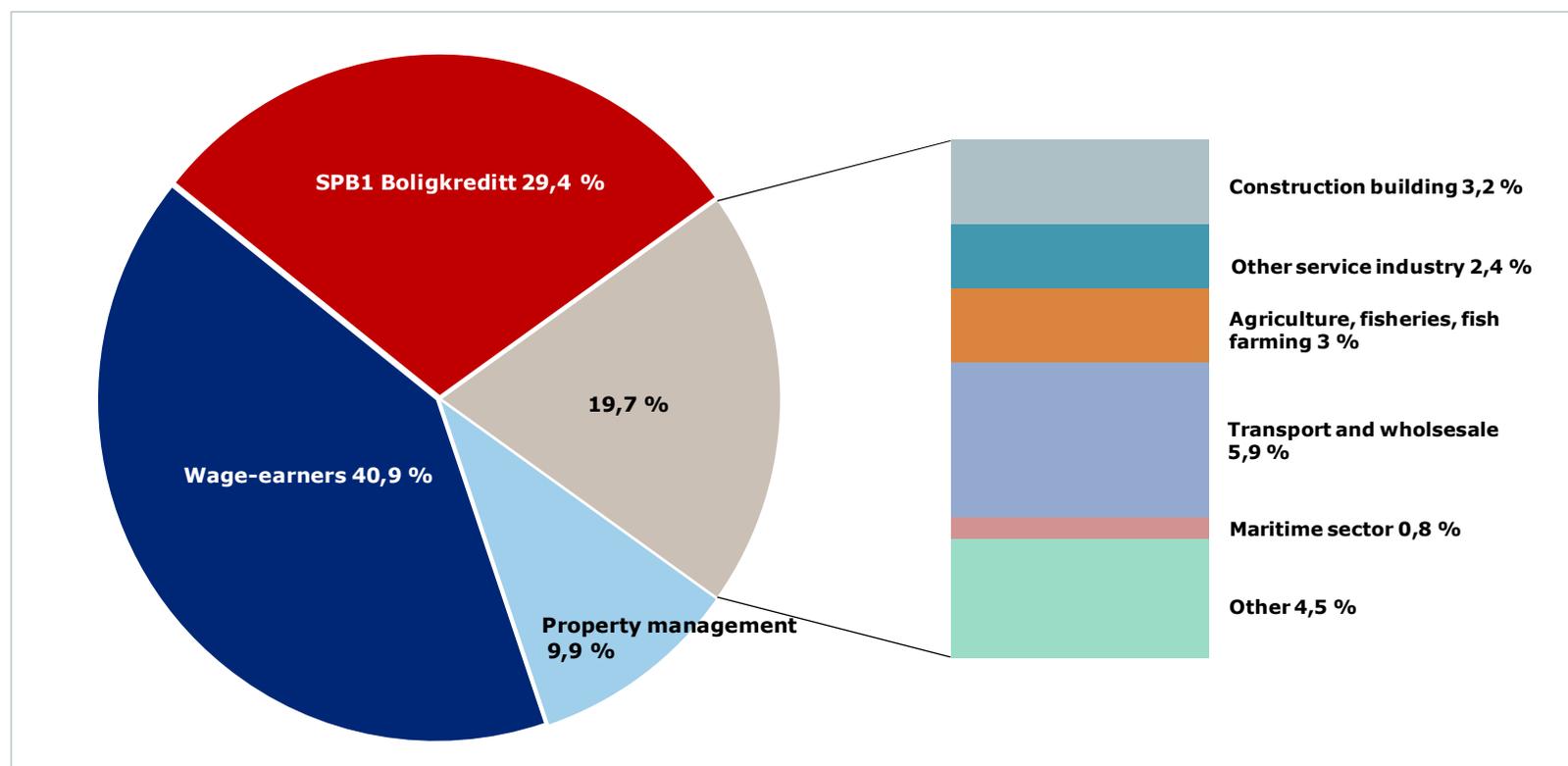
- Quality
- Portfolio
- Migration, commitments in default and losses

Lending portfolio - comments

- Good increase in retail lending, with focus on commitments qualifying for SpareBank 1 Boligkreditt (covered bond company).
- A small growth in corporate market lending last 12 months.
- The portfolio and growth in corporate sector lending is diversified.
- Good growth within low risk commitments in the electricity supply and transportation sectors compared with volume as of 30.06.12.
- Reduced exposure towards commercial real estate compared with volume as of 30.06.12.
- SpareBank 1 Nord-Norge has qualified and transferred a corporate loan to the bond company SpareBank 1 Næringskreditt during the 2nd quarter (NOK 300 mill)

Distribution on segments shows good diversification

Loan portfolio including SB1 Boligkreditt



A high share of retail- and primary industry lending represent a risk mitigating factor.

The Group has a well diversified corporate market lending portofolio.

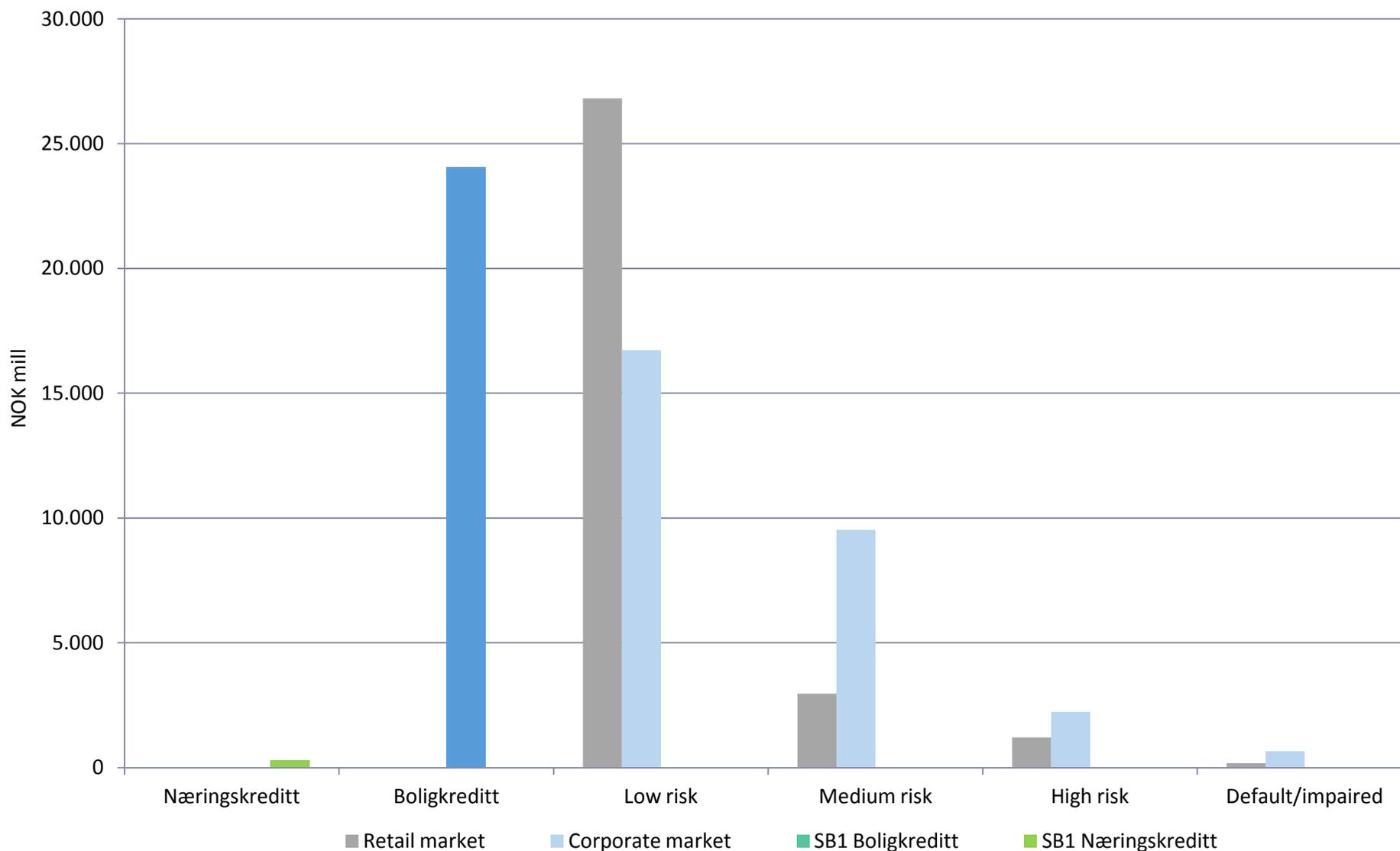
No specific concerns related to the bank's loans to commercial property. Low interest rates and good occupancy rates in the bank's market area. The share of commercial property lending is reduced over the past 12 months.

Group lending by sector

(NOK million)	30.06.13	Share	30.06.12	Share	Change	Change in %
Mining and quarrying	82	0,1 %	74	0 %	8	11 %
Construction	849	1,1 %	979	1 %	- 130	-13 %
Building of ships and boats	8	0,0 %	79	0 %	- 71	-90 %
Electricity, gas, steam an air conditioning supply	1 345	1,7 %	1 245	2 %	100	8 %
Professional, scientific and technical activities	697	0,9 %	662	1 %	35	5 %
Financial and insurance activities	0	0,0 %	0	0 %	0	0 %
Fishing	1 013	1,3 %	1 691	2 %	- 678	-40 %
Marine aquaculture	250	0,3 %	278	0 %	- 28	-10 %
Other business support activities	598	0,8 %	603	1 %	- 5	-1 %
Activities auxiliary to financial services and insurance activities	839	1,1 %	909	1 %	- 70	-8 %
County municipalities and municipalities	163	0,2 %	129	0 %	34	26 %
Manufacturing	1 779	2,3 %	1 270	2 %	509	40 %
Information and communication	145	0,2 %	163	0 %	- 18	-11 %
Crop and animal production	920	1,2 %	919	1 %	1	0 %
Foreign industrial	289	0,4 %	38	0 %	251	661 %
Real estate activities	7 687	9,9 %	7 742	11 %	- 56	-1 %
<i>Housing cooperatives</i>	1 071	1,4 %	1 177	2 %	- 105	-9 %
<i>Property project</i>	1 136	1,5 %	1 241	2 %	- 105	-8 %
<i>Property hiring out</i>	4 709	6,1 %	4 864	7 %	- 155	-3 %
<i>Real estate business</i>	770	1,0 %	461	1 %	309	67 %
Accomodation and food service activities	378	0,5 %	379	1 %	- 1	0 %
Forestry and logging	9	0,0 %	13	0 %	- 4	-31 %
Central government and social security funds	1	0,0 %	1	0 %	0	0 %
Support activities for petroleum and natural gas extraction	18	0,0 %	0	0 %	18	100 %
Other service industries	748	1,0 %	733	1 %	15	2 %
Transportation and storage	2 963	3,8 %	2 254	3 %	709	31 %
International shipping and pipeline transport	647	0,8 %	716	1 %	- 69	-10 %
Extraction of crude oil and natural gas	0	0,0 %	117	0 %	- 117	-100 %
Unspecified	0	0,0 %	0	0 %	0	0 %
Water supply; sewerage, waste management and remediation activities	288	0,4 %	135	0 %	153	113 %
Wholesale and retail trade; repair of motor vehicles and motorcycles	1 224	1,6 %	1 639	2 %	- 415	-25 %
Corporate market - SB 1 Næringskreditt	300	0,4 %	0	0 %	300	100 %
Retail banking market - domestic	31 442	40,7 %	29 985	41 %	1 457	5 %
Retail banking market - SB 1 Boligkreditt	22 420	29,0 %	19 539	27 %	2 881	15 %
Retail banking market - international	180	0,2 %	39	0 %	141	362 %
Total retail market incl. agency loans	54 042	69,9 %	49 563	69 %	4 479	9 %
Total corporate market incl. agency loans	23 076	29,9 %	22 638	31 %	437	2 %
Total government	164	0,2 %	130	0 %	34	26 %
Total loans	77 282	100,0 %	72 331	100 %	4 951	7 %

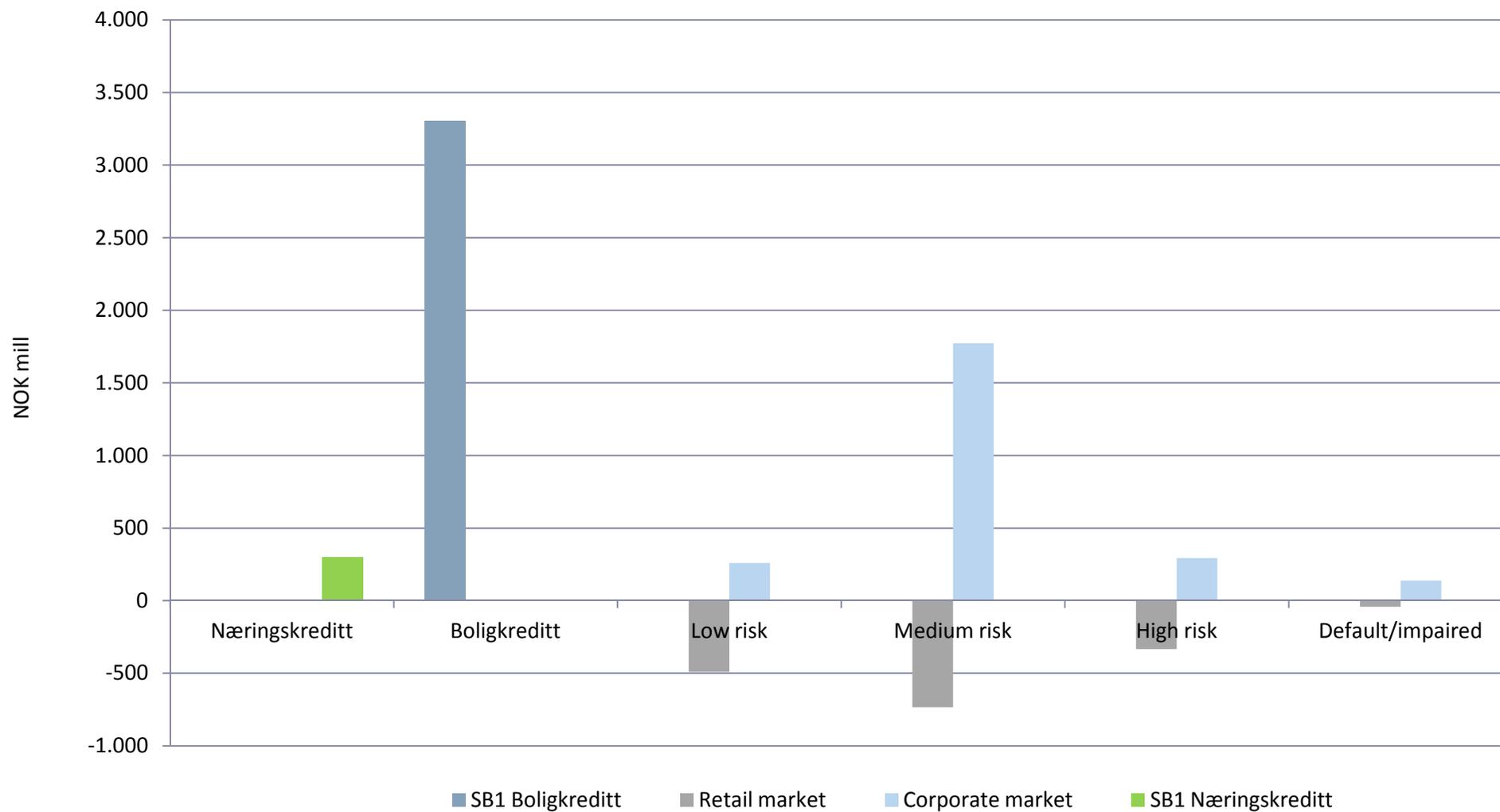
Portfolio

- exposure as of 30.06.13

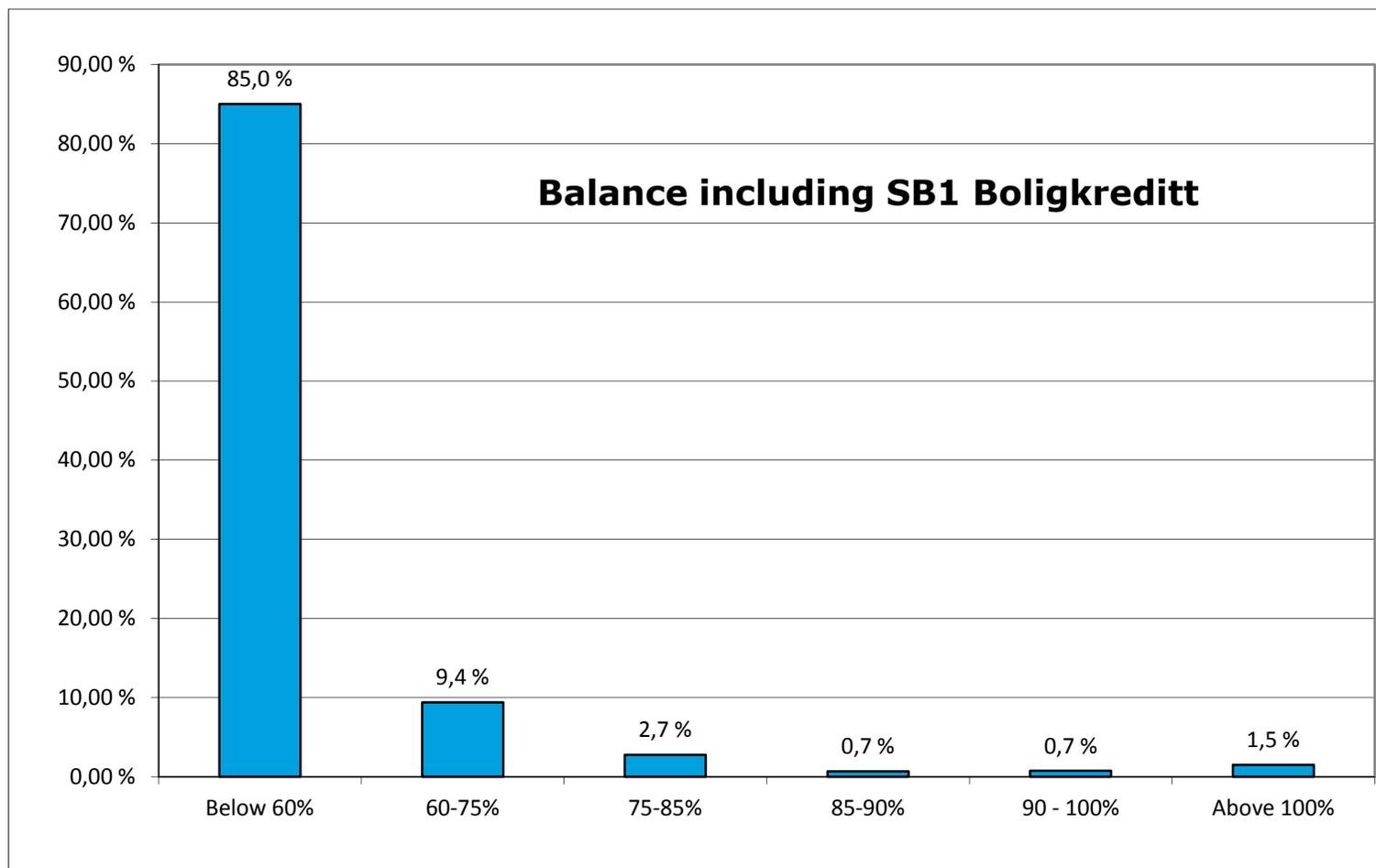


Risk change

- portfolio change Q2/12 – Q2/13

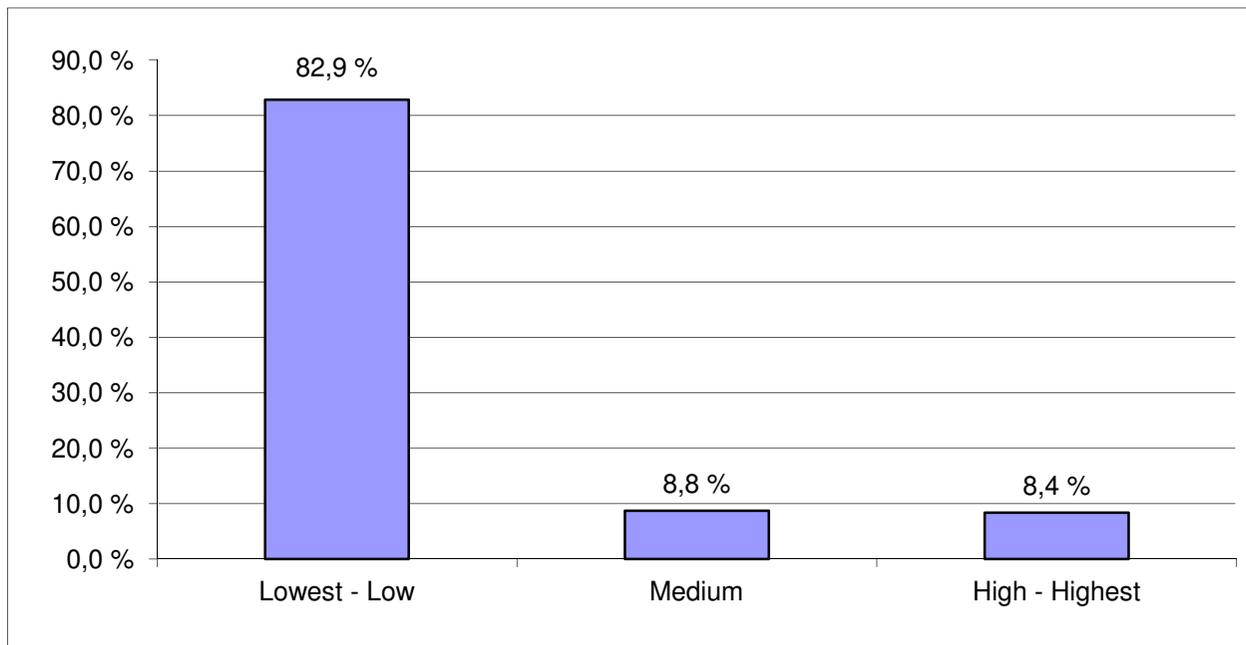


Loan to value – LTV in % of collateral – mortgages



The calculation is based on market value of the collateral. The figures include loans transferred to SB1 Boligkreditt.

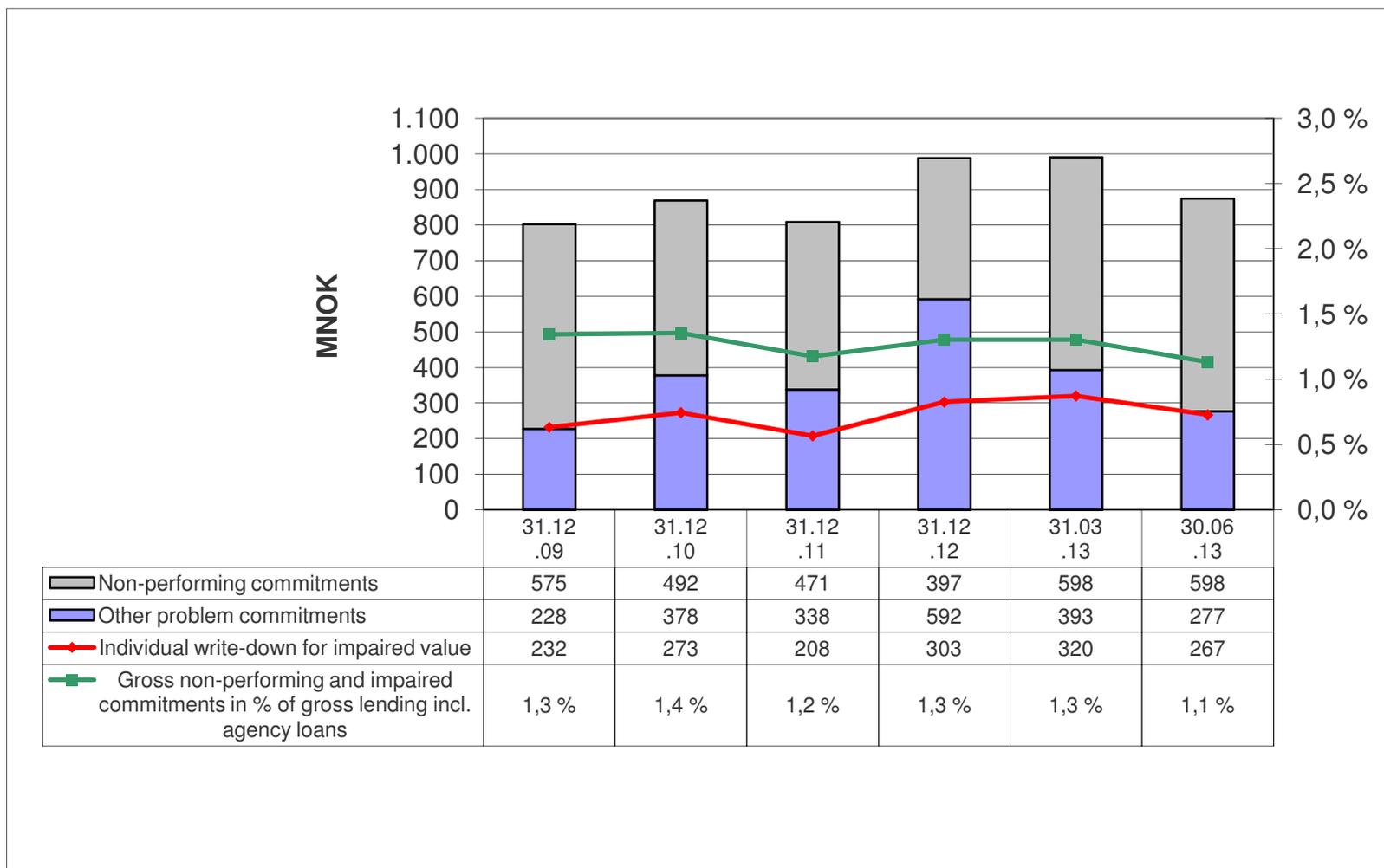
Portfolio of corporate property lending



- Lowest- low risk, expected loss 0 % - 0,50 %
- Medium risk, expected loss 0,50 - 2,00 %
- Highest - high risk, expected loss 2,00 %

The portfolio of corporate property lending represents the Group's highest single sector concentration.

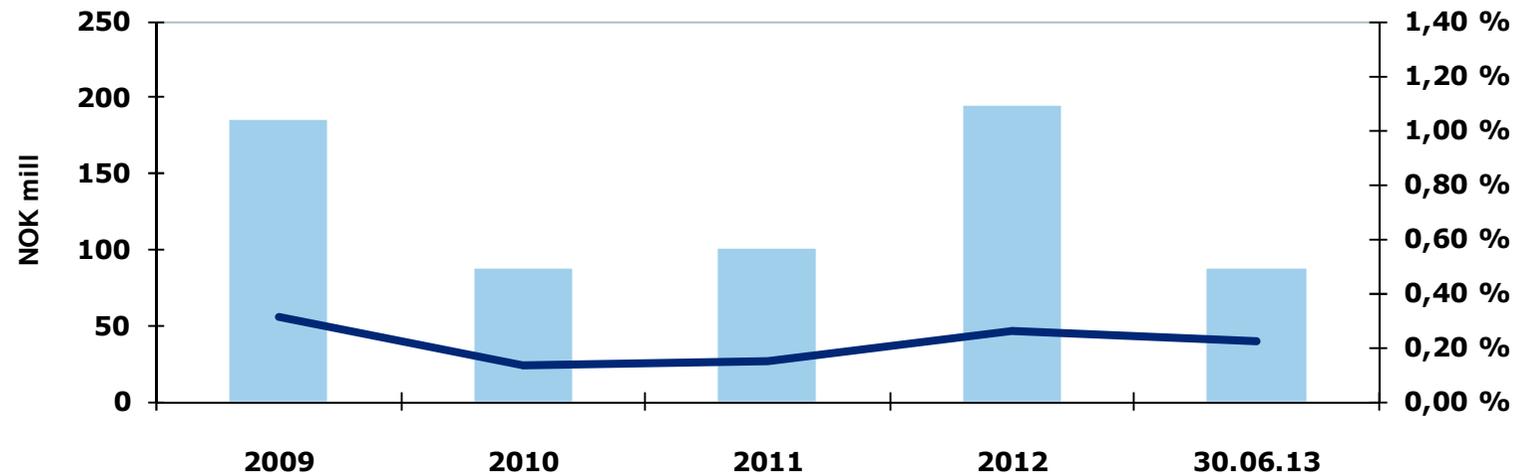
The Group's non-performing, impaired and other problem commitments



Loan losses: The Group's write-downs as of Q2 2013

	Write-downs			
	2nd quarter 2013	2nd quarter 2012	2nd quarter 2011 (iso)	2012
Individual write-downs				
<i>Retail market</i>	7	5	5	5
<i>Corporate market</i>	77	55	46	223
<i>SpareBank 1 Finans Nord-Norge</i>	5	3	2	6
<i>Other group units</i>	3	0	1	1
Total individual write-downs	92	63	54	235
Collective write downs and other value change items	-5	-15	-7	-40
Total write-down on loans and guarantees	87	48	47	195

Losses on loans and guarantees

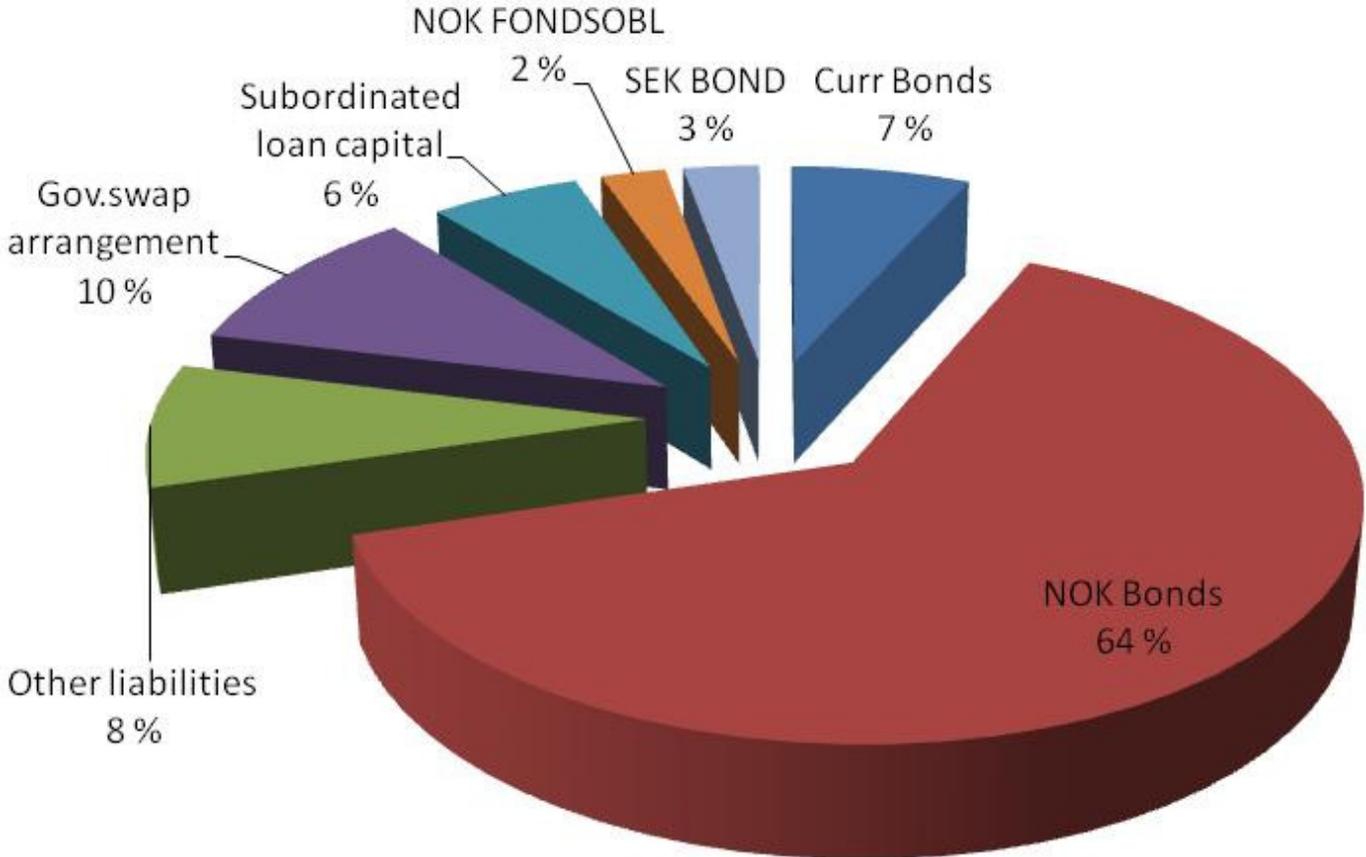


■ Net losses — Net losses in % of gross lending incl. agency loans

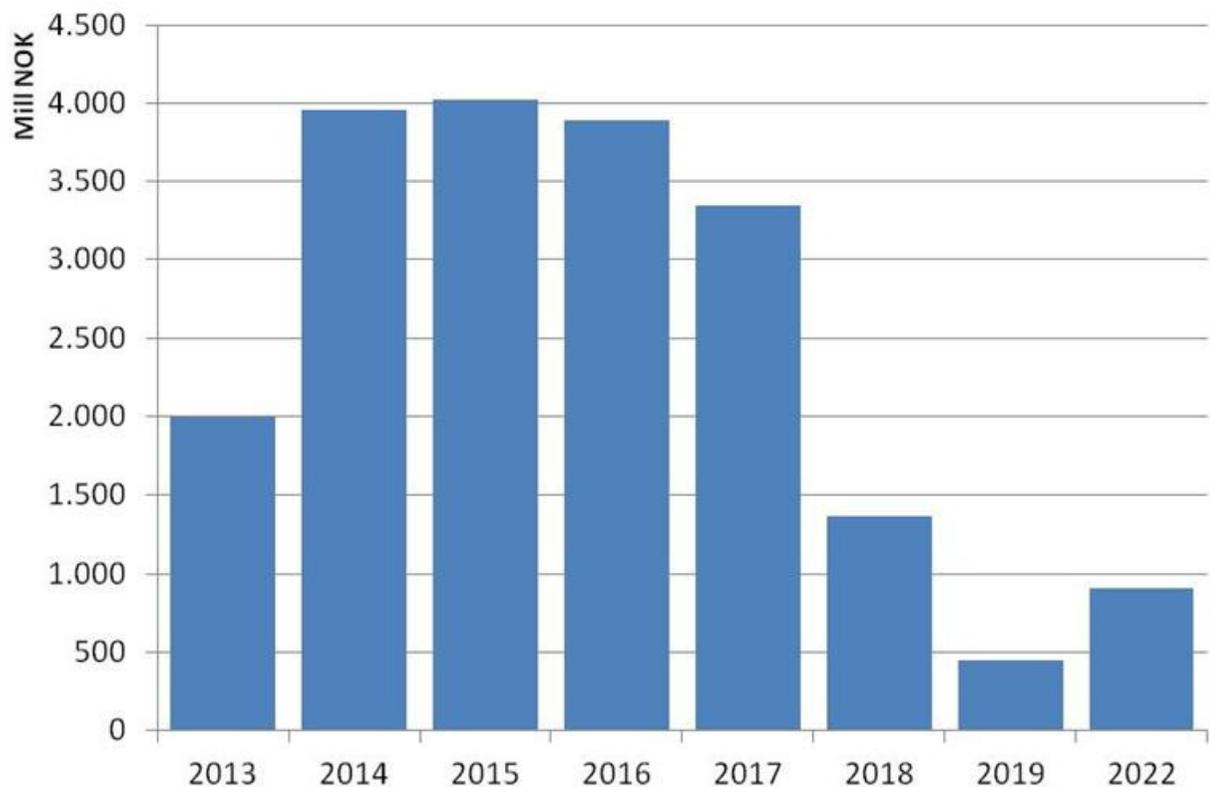
	2009	2010	2011	2012	30.06.13
Individual write-downs for impaired value	163	133	84	246	86
Collective write-downs imp. value	36	-39	26	-40	4
Recoveries, previously confirmed losses	-14	-7	-9	-11	-3
Net losses	185	87	101	195	87
Net losses in % of gross lending incl. agency loans	0,31 %	0,14 %	0,15 %	0,26 %	0,23 %

Liquidity/funding

Funding instruments / diversification, 30.06.13



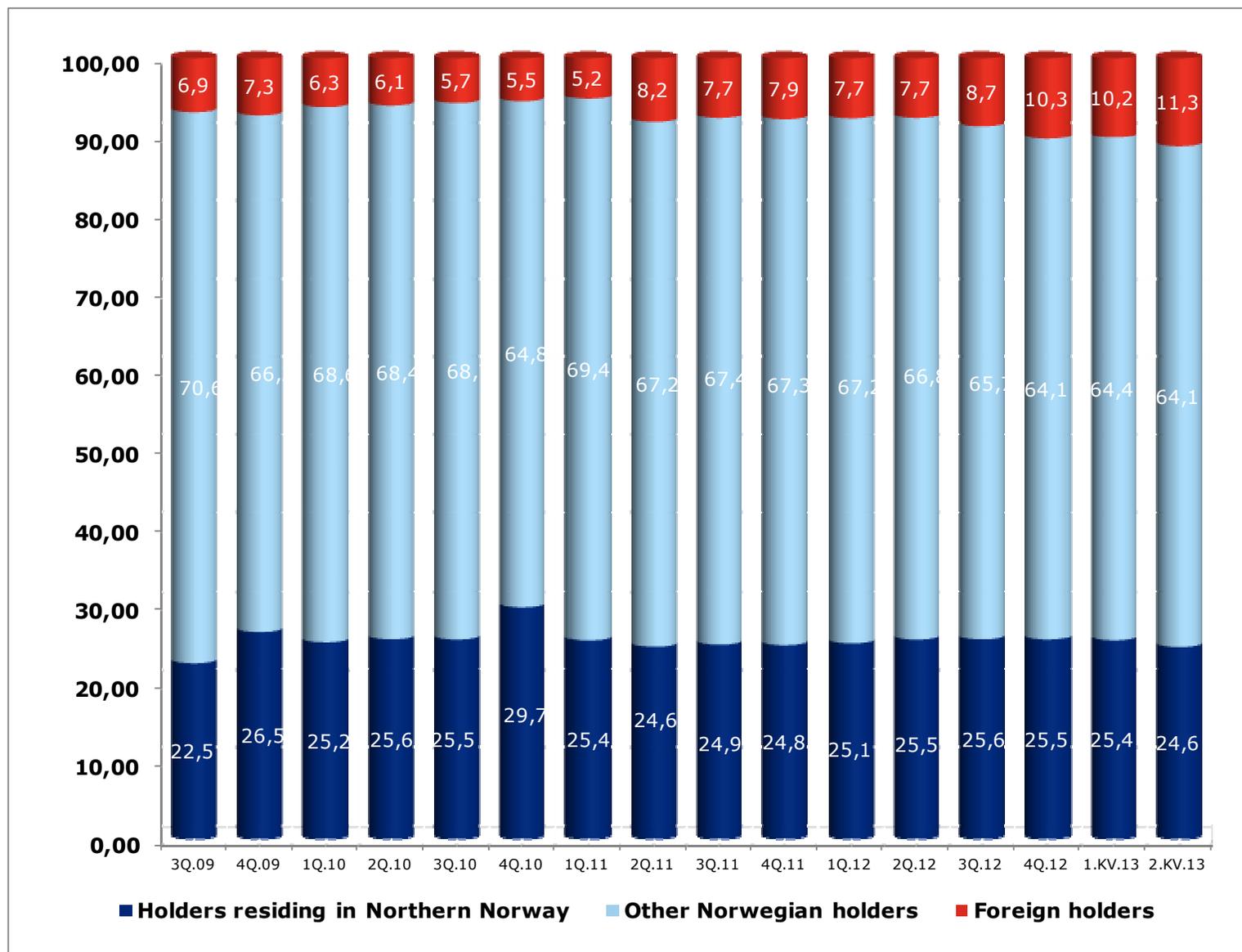
Maturity profile of capital markets funding, 30.06.13 (excl. SB1 Boligkreditt)



- Good diversification in terms of maturities
- NOK 19 942 mill in capital market funding exclusive of SB1 Boligkreditt
- SpareBank 1 Boligkreditt is an important funding source. Mortgage loans of NOK 22,4 bill transferred as at 30.06.13.
- Amount of gross maturities of capital market funding next 12 months is NOK 4 971 mill NOK

Equity certificate holders

Equity Certificates (EC) - holder structure



The 20 largest EC holders

Equity Certificate holders	Number of Equity Certificates	Share of total capital
PARETO AKSJE NORGE	3.453.305	5,22 %
MP PENSJON PK	1.766.431	2,67 %
PARETO AKTIV	1.455.279	2,20 %
FRANK MOHN A/S	1.355.745	2,05 %
CITIBANK, N.A.	1.336.210	2,02 %
TONSENHAGEN FORRETNINGSSENTRUM AS	1.134.493	1,71 %
J.P. MORGAN CHASE BANK N.A. LONDON	1.010.401	1,53 %
MORGAN STANLEY & CO LLC	923.995	1,40 %
SPAREBANKSTIFTELSEN SPAREBANK 1 NORD-NORGE	916.561	1,38 %
FRAMO DEVELOPMENTS AS	848.925	1,28 %
PARETO VERDI VPF	794.024	1,20 %
FORSVARETS PERSONELLSERVICE	620.854	0,94 %
SPAREBANK 1 SR-BANK PENSJONSKASSE	590.946	0,89 %
SPAREBANKSTIFTELSEN DNB NOR	545.614	0,82 %
TROND MOHN	509.354	0,77 %
CONSEPT EIENDOM AS	480.169	0,73 %
KARL DITLEFSEN	459.243	0,69 %
SPAREBANK 1 MARKETS AS	444.188	0,67 %
NORGES RÅFISKLAG	438.587	0,66 %
TROMS KRAFT AS	409.224	0,62 %
The 20 largest EC holders	19 493 548	29,44 %

The 20 largest EC holders residing in Northern Norway

Equity Certificate holders	Number of Equity Certificates	Share of total Equity Certificate capital
SPAREBANKSTIFTELSEN SPAREBANK 1 NORD-NORGE	916.561	1,38 %
CONSEPT EIENDOM AS	480.169	0,73 %
KARL DITLEFSEN	459.243	0,69 %
NORGES RÅFISKLAG	438.587	0,66 %
TROMS KRAFT AS	409.224	0,62 %
TROMSTRYGD	289.308	0,44 %
BODØ KOMMUNE	221.604	0,33 %
TOR OVESEN	206.556	0,31 %
OLE ALFRED ROLF OVESEN	205.554	0,31 %
GADD HOLDING AS	174.539	0,26 %
JARLE FOSSHAUG	142.882	0,22 %
RIGAMONTI A/S	126.393	0,19 %
AGNAR HOLDING AS	111.277	0,17 %
ENTREPRENØRCOMPANIET NORD AS	110.121	0,17 %
HEMMING LEONHARTH ANDERSEN	109.167	0,16 %
KRÆMER AS	103.999	0,16 %
TROMSØ SKOTØIMAGASIN A/S	102.000	0,15 %
COOP NORD BA	97.848	0,15 %
STIG VONKA	95.861	0,14 %
AS FERDIGHUS	95.765	0,14 %
The 20 largest EC holders residing in Northern Norway ¹⁾	4 896 658	7,40 %

¹⁾ Postal code > 7999

Contact information

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CFO
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Tel 905 19 774

Internet:

SNN home page and internet bank: www.snn.no
Thomson Reuters: www.thomsonreutersone.com
Equity capital certificates in general: www.egenkapitalbevis.no

Financial calendar 2013

Q4-2012	7 February
Q1	25 April
Q2	14 August
Q3	31 October



Enclosures

Macro and economic trends

The most important industries

- Seafood
 - Export growth and record high price for the salmon industry
 - Low cod fishing due to low market prices
 - Important export markets experience problems in national economy
- Petroleum
 - High level of exploration activities - Barents Sea South open for petro activity in April
 - More national and international establishment in the region
 - Supplier industry still small, but expecting high growth
- Building and construction
 - High level of activity in the construction sector and growth in residential building
 - The industry still expects growth – lack of skilled labour can restrain further growth
- Tourism
 - Strong growth – especially from Russia and China, but Europe still dominate
 - Niche products attracts tourist to Northern Norway

Labour market and private economy

- Moderate increase in employment
 - Companies anticipate weak growth in employment next 3 months
 - 40 % of businesses report capacity constraints due to lack of skilled workers
- Tight labour market
 - Unemployment: 2.7 % in June 2013
 - Same level as for Norway as a whole
- Strong private sector finances
 - Strong growth in real income
 - Debt growth higher than national average, but declining
 - Strong growth in savings
 - Private consumption ratio is lower in Northern Norway than rest of Norway

	Northern Norway		Norway
	Antall	%	%
Jobless	6.612	2,7	2,5
On schemes	1.108	0,6	0,6
Gross employment	7.720	3,5	3,1
Available jobs	2.177		
Job offers ratio	3,5		3,6

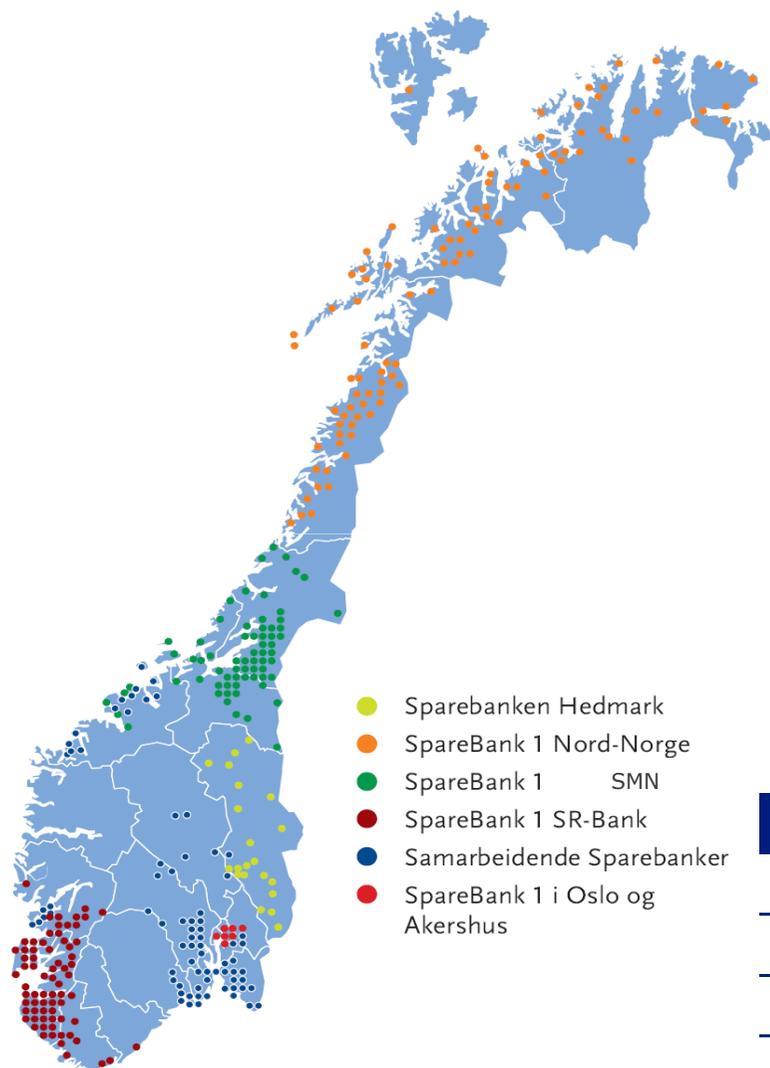
Source: NAV, July 2013

SpareBank 1

SpareBank 1 Group and the SpareBank 1 alliance

SpareBank 1 Alliance

Strong alliance of Norwegian retail banks



Source: Published quarterly reports from respective banks

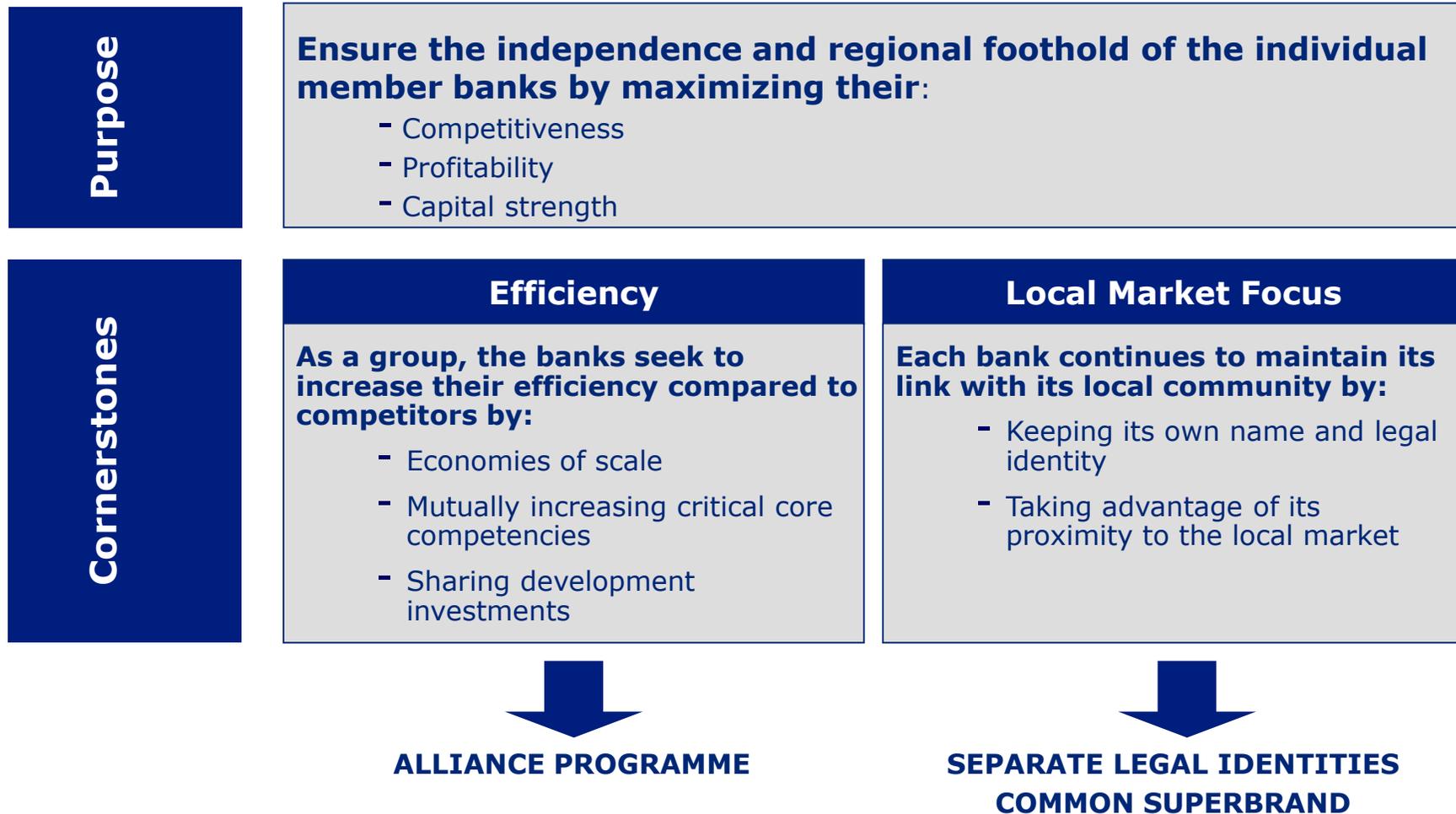
Key figures SpareBank 1-alliance

- Founded 1996
- 15 independent saving banks
 - Including 6 listed banks
- Two jointly owned commercial banks
 - BN Bank and Bank 1 Oslo
- SpareBank 1 Gruppen – product companies and cooperation in the alliance
- Total assets: approx NOK 800 bill
- Branches: 351
- Total man-years: approx. 6 300

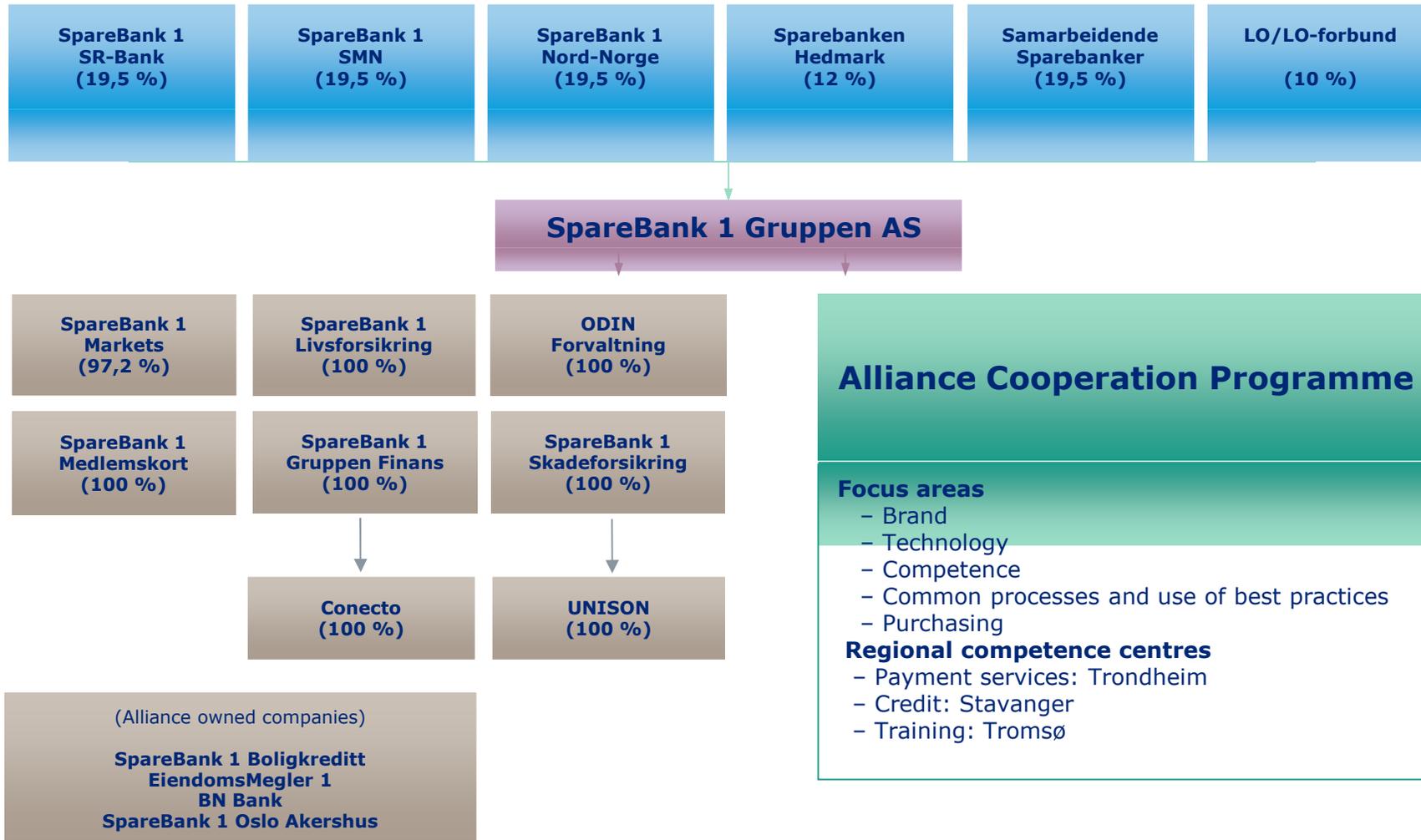
Ratings	Fitch	Moody's
SpareBank 1 SMN	A - / F1	A2 / P-1
SpareBank 1 SR-Bank	A - / F1	A2 / P-1
SpareBank 1 Nord-Norge	A / F1	A2 / P-1
Sparebanken Hedmark	na.	A2 / P-1

The SpareBank 1 Alliance

Strategic platform for the Alliance



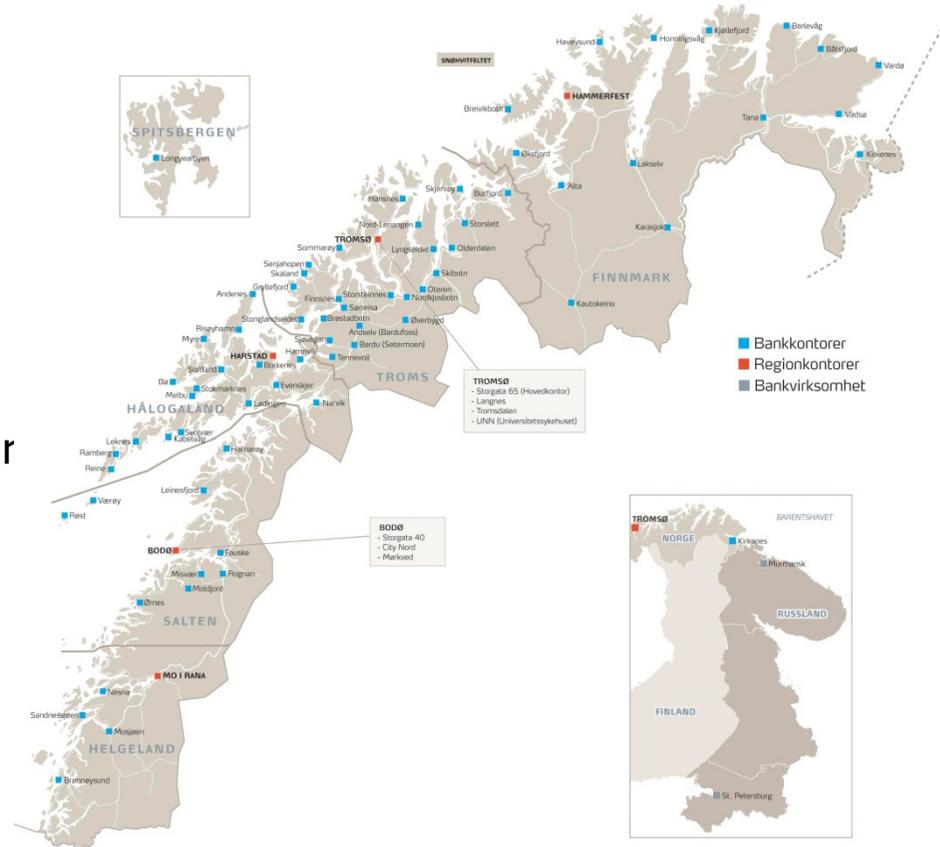
The Alliance structure



Strategy

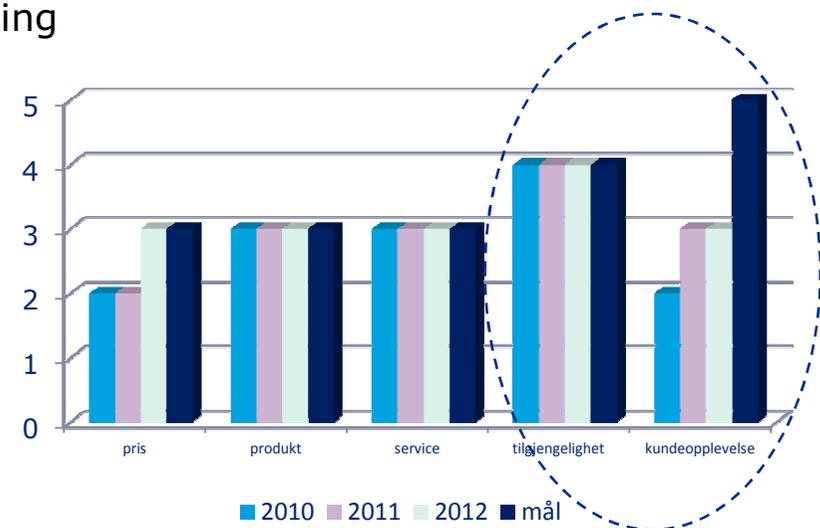
Market position

- SpareBank 1 Nord-Norge is a regionally based savings bank
- Main market is Northern Norway
 - SNN owns 75% of *North-West 1 Alliance Bank in Russia*
- Market targets: 30% market share for all business areas
- Market shares (2012)
 - Customers/main bank 35%
 - Deposits 32%
 - Lending 24%
 - Insurance; home and car 20%



Strategic core

- The best customer experience
 - The bank is trustable; keeping its promises
 - Personal advisers know the customers and understand their needs
 - Relevant initiatives and solutions tailored to the customer
 - All advisers are authorised
 - Seamless interaction between customer contact points
- Accessible to customers
 - Branch network - 76 branches offer customer meetings and advice
 - Call centre - front line customer service
 - Online bank - wide range of self-service solutions
 - Mobile bank - simplifies the customer's banking
 - 31,000 customers using mobile for paying bills
- Price and products – industry par



Increase in customer experience and access

- The best customer experience our customer strategy
 - Higher levels of satisfied customers achieved
 - The increase most visible among young customers (18-29 yrs)
- Availability increased through several initiatives
 - Longer opening hours customer service centre (Alliance)
 - Mobile banking services still market leading
 - Opening hours extended in branches
- Better and more competitive products and solutions
 - SpareBank1 Verdipapirservice established
 - New and improved self-service solutions for savings
 - PRO solution for SME a success in the market



SpareBank 1 lanserer en egen mobilbank for bedrifter, designet for småbedrifters behov for daglige bankoppgaver på farten. Foto: SpareBank 1

PRO
TM

Gjør hverdagen
enklere >>