

Presentation of 2nd Quarter Report 2012

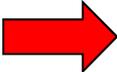
9 August 2012

Tromsø/Oslo, 9. august 2012

CEO Hans Olav Karde

The market situation in North Norway

- As for Norway as a whole, but with even stronger impulses for growth in some areas
- High investment levels in building and construction
- The supply industries are following the increasing oil and gas activities in the Norwegian Sea and Barents Sea
- Great activity in the tourism industry (knock-on effects)
- Satisfactory prospects for both aquaculture and traditional fisheries, although more of a challenge due to low growth in parts of Europe

 This leads to a high level of activity in the "home" markets, including the housing markets

Interim report for Q2 2012 – Group

Satisfactory result for Q2 2012

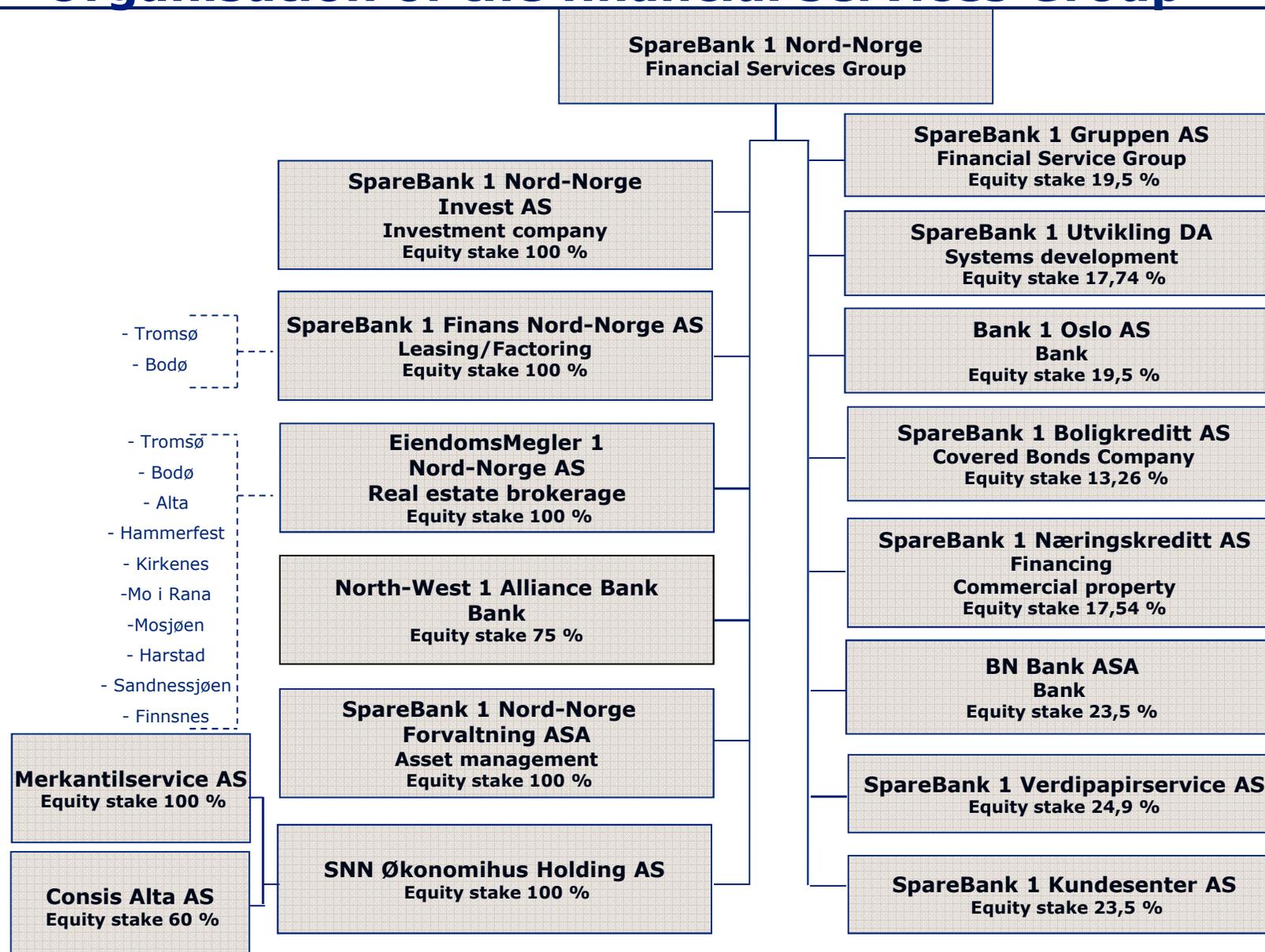
- Good growth in both lending and deposits (more customers and higher market share)
- Good earnings from activities aimed directly at the customer
- Low risk in the lending portfolio with very small losses
- Significant losses on share investments in North Norway
- The bank easily satisfies the authorities' more stringent requirements for increased financial strength

Interim report for Q2 2012 – Group

Satisfactory result for Q2 2012.

- ❑ Profit before tax NOK 392 million (NOK 573 million after NOK 189 million write up)
- ❑ Return on equity after tax: 9.2% (16.3%)
 - Earnings per equity certificate: NOK 1.89 (NOK 2.85)
- ❑ Positive development in net interest income including intermediary loan commission
- ❑ Low lending losses
- ❑ Good lending growth and increased market share: last 12 months 11.5% (6.3%)
 - Retail market 11.0%
 - Corporate market 12.6%
- ❑ Growth in deposits over the last 12 months 0.2% (9.1%)
 - Retail market 8.4%
 - Corporate market 5.9%
 - Public sector -26.2%
- ❑ Deposit-to-loan ratio: 78.4% (80.3%).
- ❑ Good financial strength: core capital adequacy (Group) 10.9% (11.3%).
- ❑ Continued satisfactory funding

Organisation of the financial services Group



Financial goals

- Solidity
- Profitability
- Top line growth
- Effectiveness
- Market shares

Financial targets

- **Capital adequacy ratio**

- Core-capital coverage 11 % or higher

- **Profitability**

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

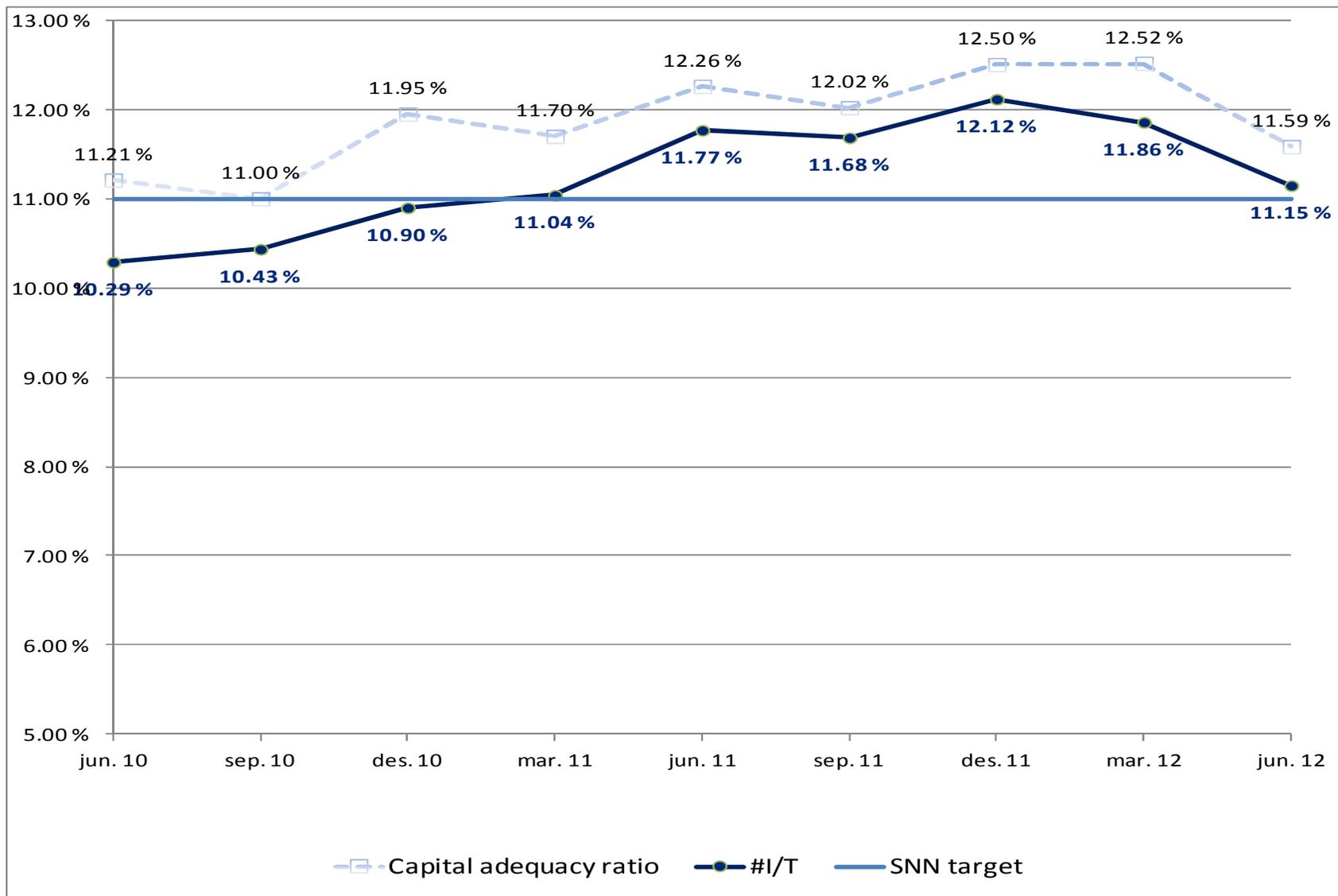
- **Effectiveness**

The targeted cost ratio is maximum 50 % of income and shall be comparable to the level of competing banks in Norway

- **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



Financial targets

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- Core-capital coverage 11 % or higher

- **Profitability**

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- 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)

	30.06.12	30.06.11
Net interest income	566	551
Net fee-, commision and other operating income	282	254
Net income from financial investments	151	300
Total net income	999	1 105
Total costs	559	507
Result before losses and write-downs	440	598
Net losses and write-downs	48	25
Result before tax	392	573
Tax	93	86
Minority interests	1	0
Result for the period	298	487

ROE
9.2 %

Results – the Group

In comparison with 2nd quarter 2011, the reasons for the change in the pre-tax result are as follows:

• Increase in net interest income	+ NOK	15 mill.
• Increase in net commission income	+ NOK	29 mill.
• Reduction in income from financial investments	- NOK	149 mill.
• Reduction other operating income	- NOK	1 mill.
• Increase in costs	- NOK	52 mill.
• Increase in net losses	- NOK	23 mill.
Total	- NOK	181 mill.

Quarterly Summary – Profit and loss account figures

(Amounts in NOK million)	2Q12	1Q12	4Q11	3Q11	2Q11
Net interest income	285	281	282	296	276
Net fee-, commision and other operating income	156	126	125	127	134
Net income from financial investments	2	149	-162	46	58
Total net income	443	556	245	469	468
Total costs	277	282	277	252	261
Result before losses and write-downs	166	274	-32	217	207
Net losses and write-downs	6	42	53	23	15
Result before tax	160	232	-85	194	192
Return on equity capital	6.4 %	12.1 %	-6.6 %	8.9 %	10.1 %
Cost/income	62.5 %	50.7 %	113.1 %	53.7 %	55.8 %

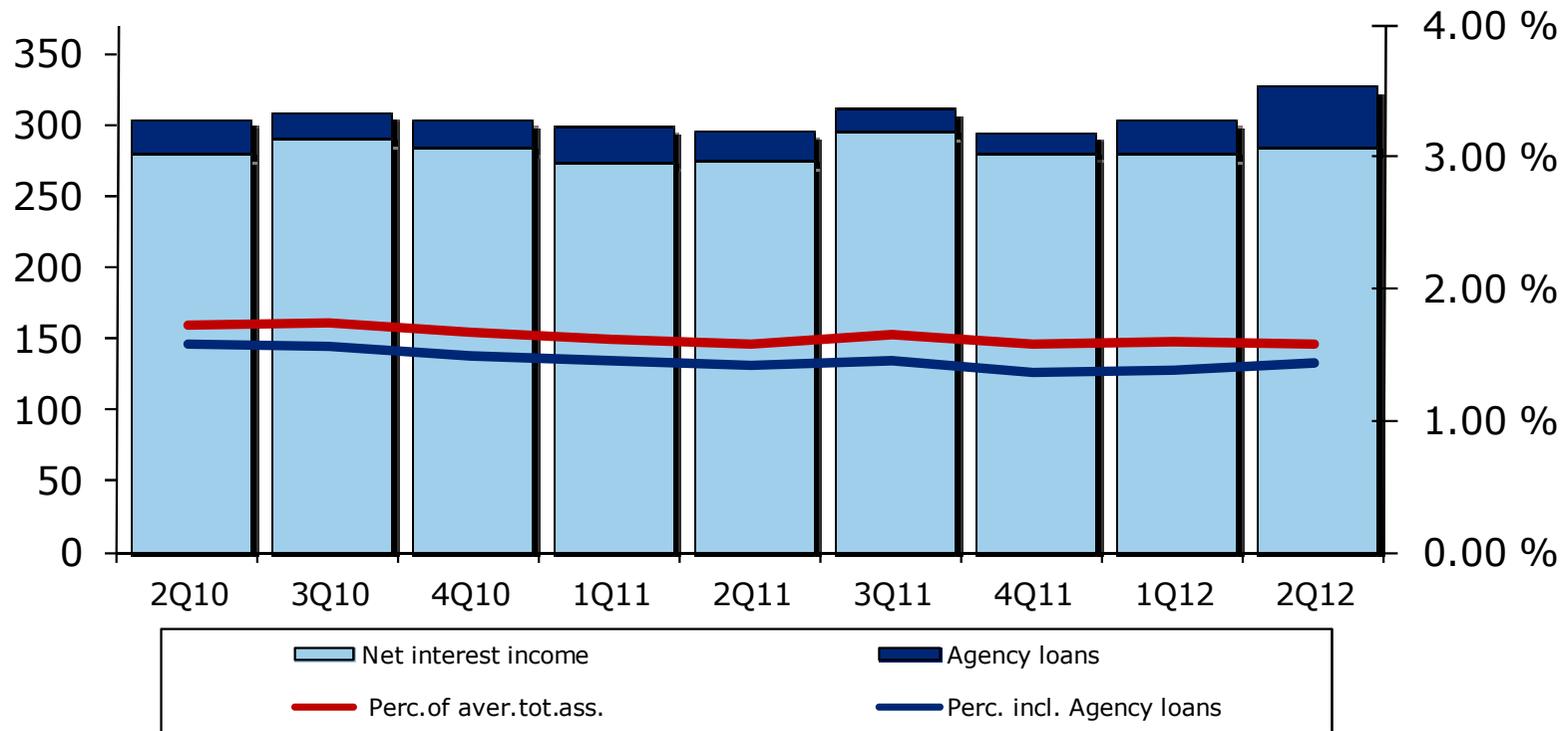
Underlying banking operations - (excl. income from financial investments)

Group

(Amounts in NOK million)

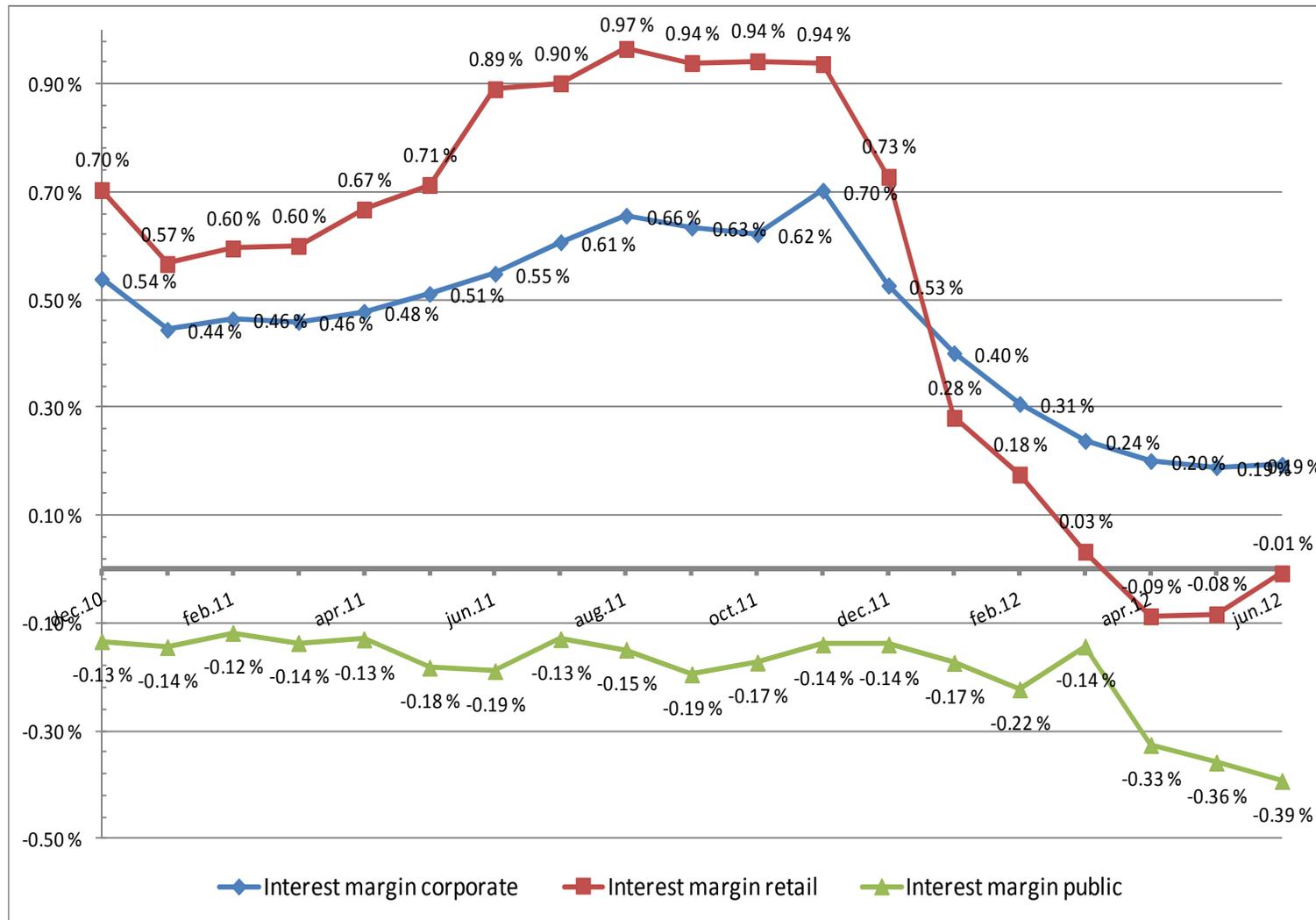
	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Net interest income	285	281	282	296	276	275	285
Net fee- and commission income	150	120	119	127	122	119	125
Other operating income	6	6	6	0	12	1	3
Total costs	277	282	277	252	261	246	276
Underliggende bankdrift	164	125	130	171	149	149	137
Net losses and write-downs	6	42	53	23	15	10	43

Net interest income - Group



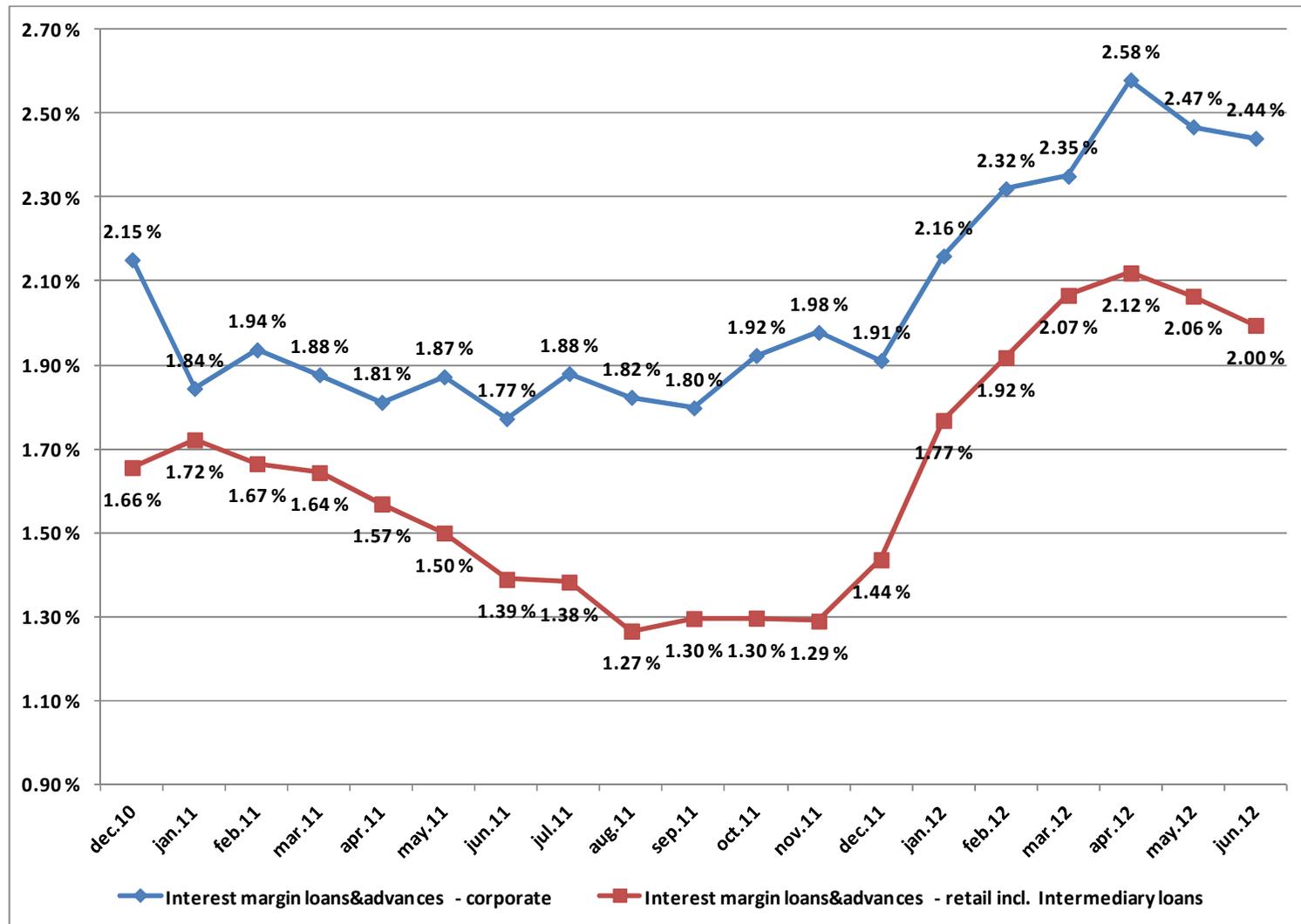
	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Net interest income	281	291	285	275	276	296	282	281	285
Agency loans	24	19	19	24	20	16	13	23	42
Perc. of aver. tot. ass.	1.73 %	1.74 %	1.66 %	1.61 %	1.59 %	1.65 %	1.57 %	1.59 %	1.58 %
Perc. incl. Agency loans	1.57 %	1.56 %	1.49 %	1.45 %	1.42 %	1.46 %	1.36 %	1.38 %	1.43 %

Customer deposit - Parent bank



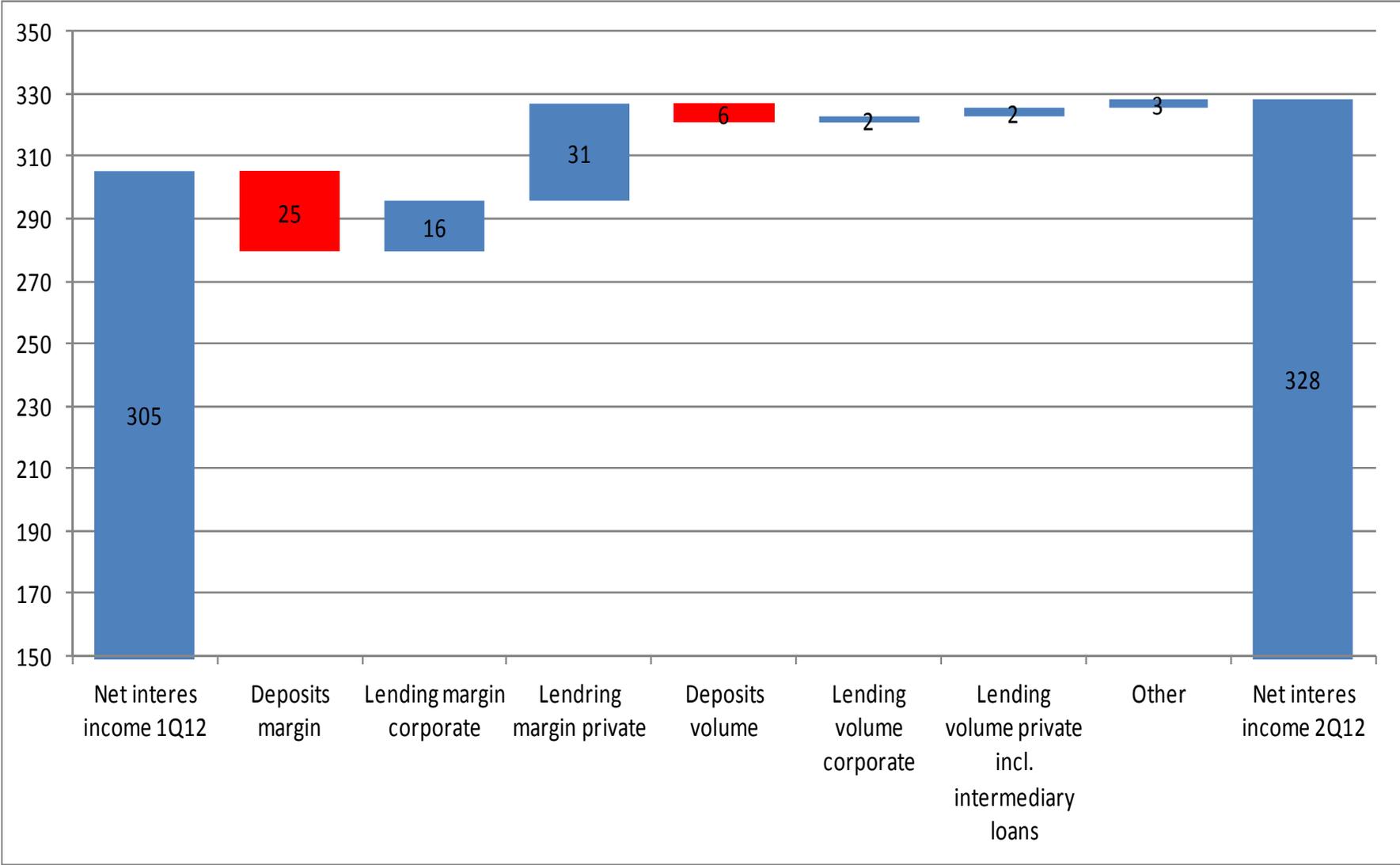
The interest margin is defined as the difference between average 3 month NIBOR and the customer deposit interest rate

Lending margin



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

Changes in net interest income Q1-12 to Q2-12



Income from financial investments

Group

(Amounts in NOK million)

	30.06.12	30.06.11
Dividends	17	10
Income from joint ventures	120	102
Gains/losses and net value changes on shares	-77	162
Gains/losses and net value changes on foreign exchange	21	20
Gains/losses and net value changes on certificates and bonds (incl. other financial derivatives)	70	6
Income from financial investments	151	300

Group companies

Result before tax

(Amounts in NOK million)

	30.06.12	30.06.11
SpareBank 1 Finans Nord-Norge AS	32 507	34 935
SpareBank 1 Nord-Norge Invest AS	-65 753	174 553
SNN Økonomihus AS	- 336	0
EiendomsMegler 1 Nord-Norge AS	6 912	1 601
SpareBank 1 Nord-Norge Forvaltning ASA	746	1 030
North-West 1 Alliance Bank	946	-1 201

Financial targets

- **Capital adequacy ratio**

- Core-capital coverage 11 % or higher

- **Profitability**

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- **Effectiveness**

The targeted cost ratio is maximum 50 % of income and shall be comparable to the level of competing banks in Norway

- **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 Million)

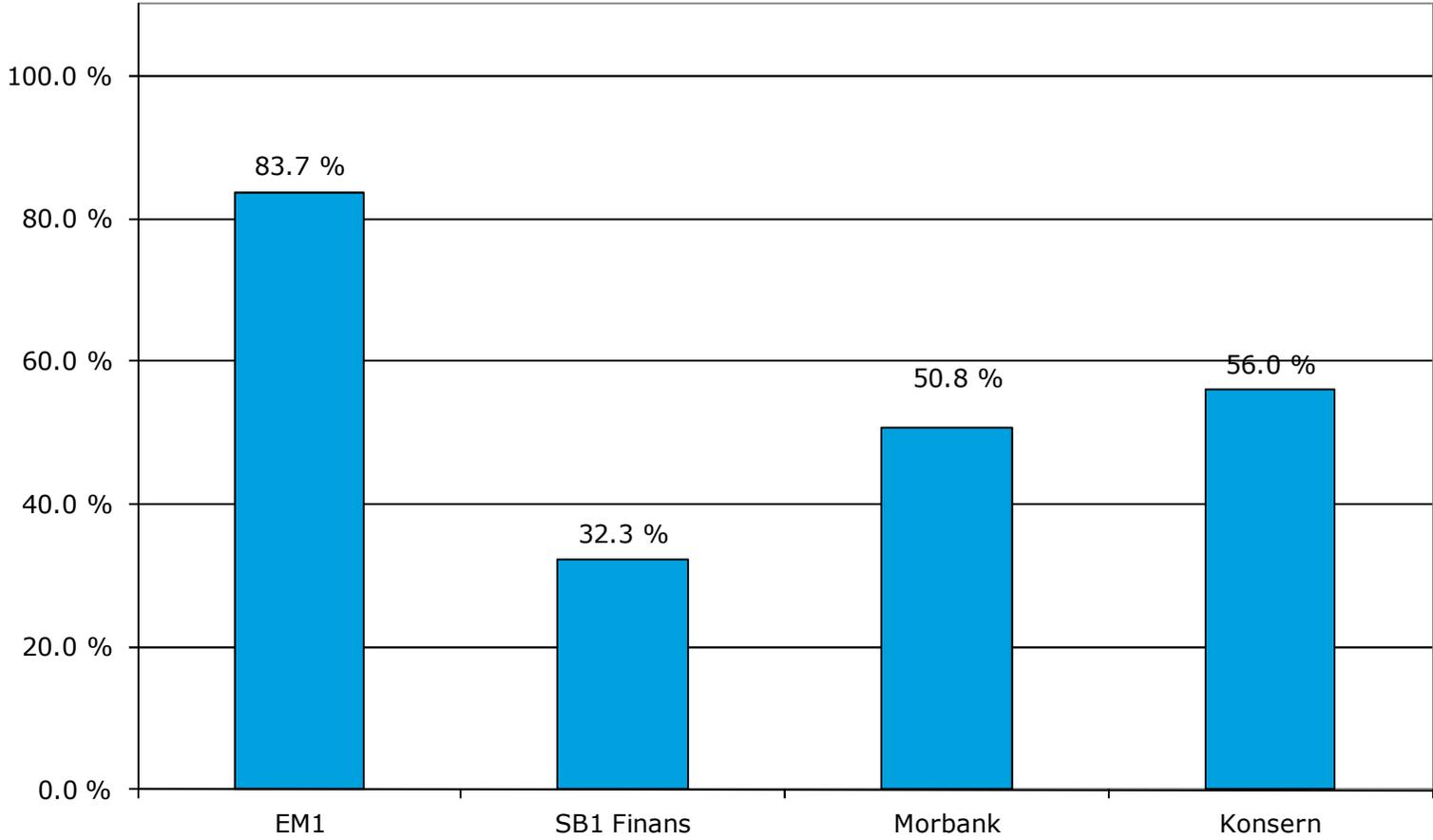
	30.06.12	30.06.11	Change
Wages and salaries	239	205	34
Pension costs	20	15	5
Social costs	22	22	0
Total personnel costs	281	242	39
Administration costs	167	153	14
Total personnel- and general administration costs	448	395	53
Depreciation and write-downs of fixed assets	25	23	2
Total operating costs	86	89	- 3
Total costs	559	507	52

Quarterly Summary

– operating costs

(Amounts in NOK million)	2Q12	1Q12	4Q11	3Q11
Wages and salaries	125	114	121	112
Pension costs	11	9	5	9
Social costs	12	10	15	10
Total personnel costs	148	133	141	131
Administration costs	83	84	85	75
Total personnel- and general administration costs	231	217	226	206
Depreciation and write-downs of fixed assets	12	13	13	11
Operating costs buildings	4	5	6	5
Other operating costs	30	47	32	30
Total operating costs	34	52	38	35
Total costs	277	282	277	252

Cost/income per 30.06.12

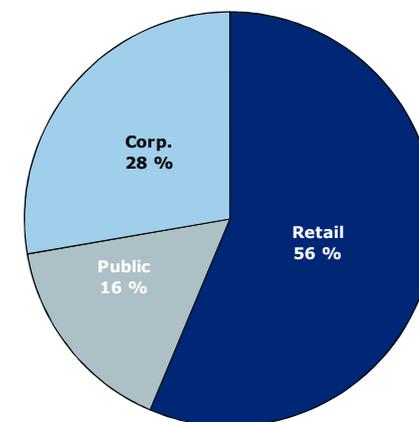
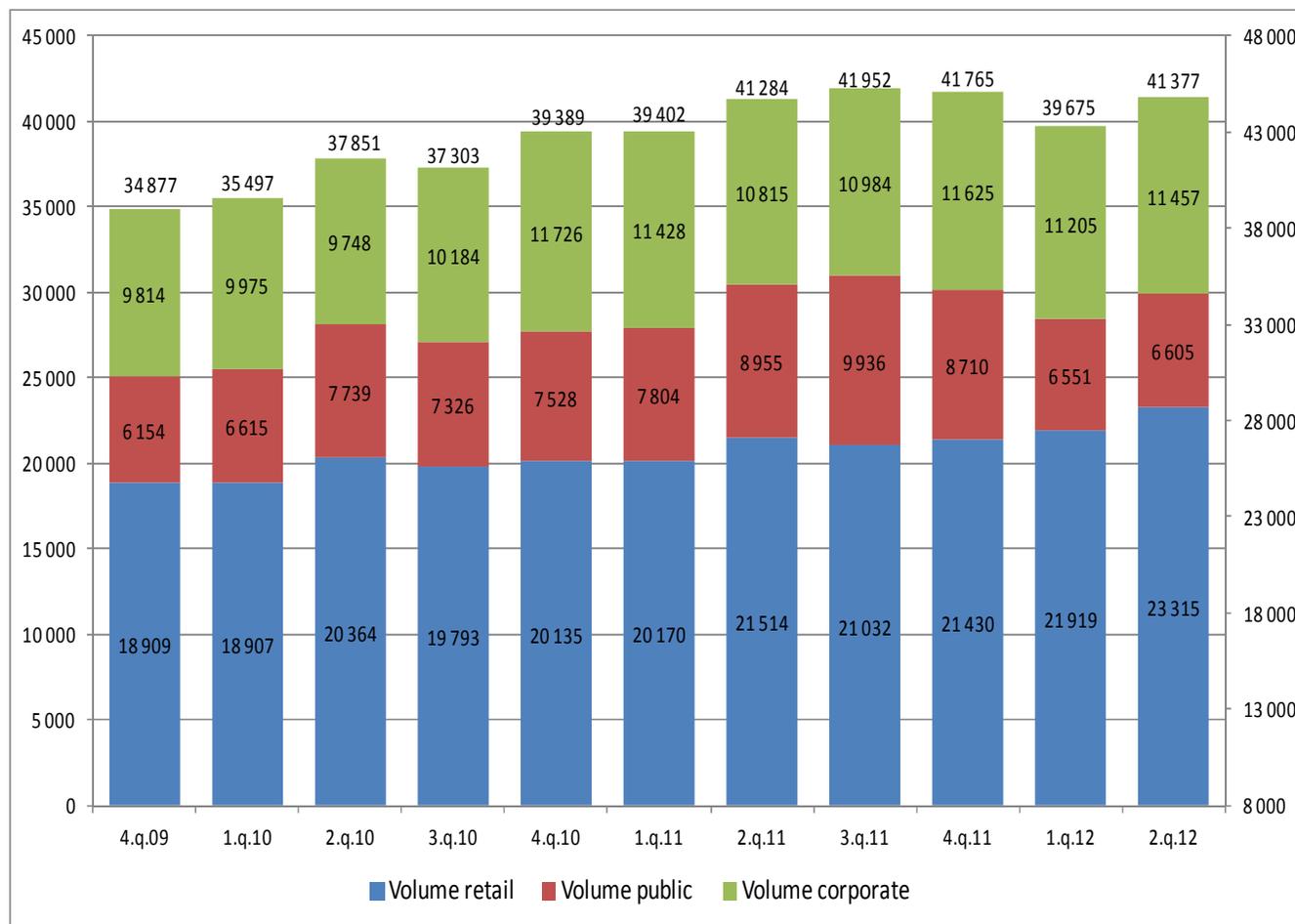


Key figures balance sheet

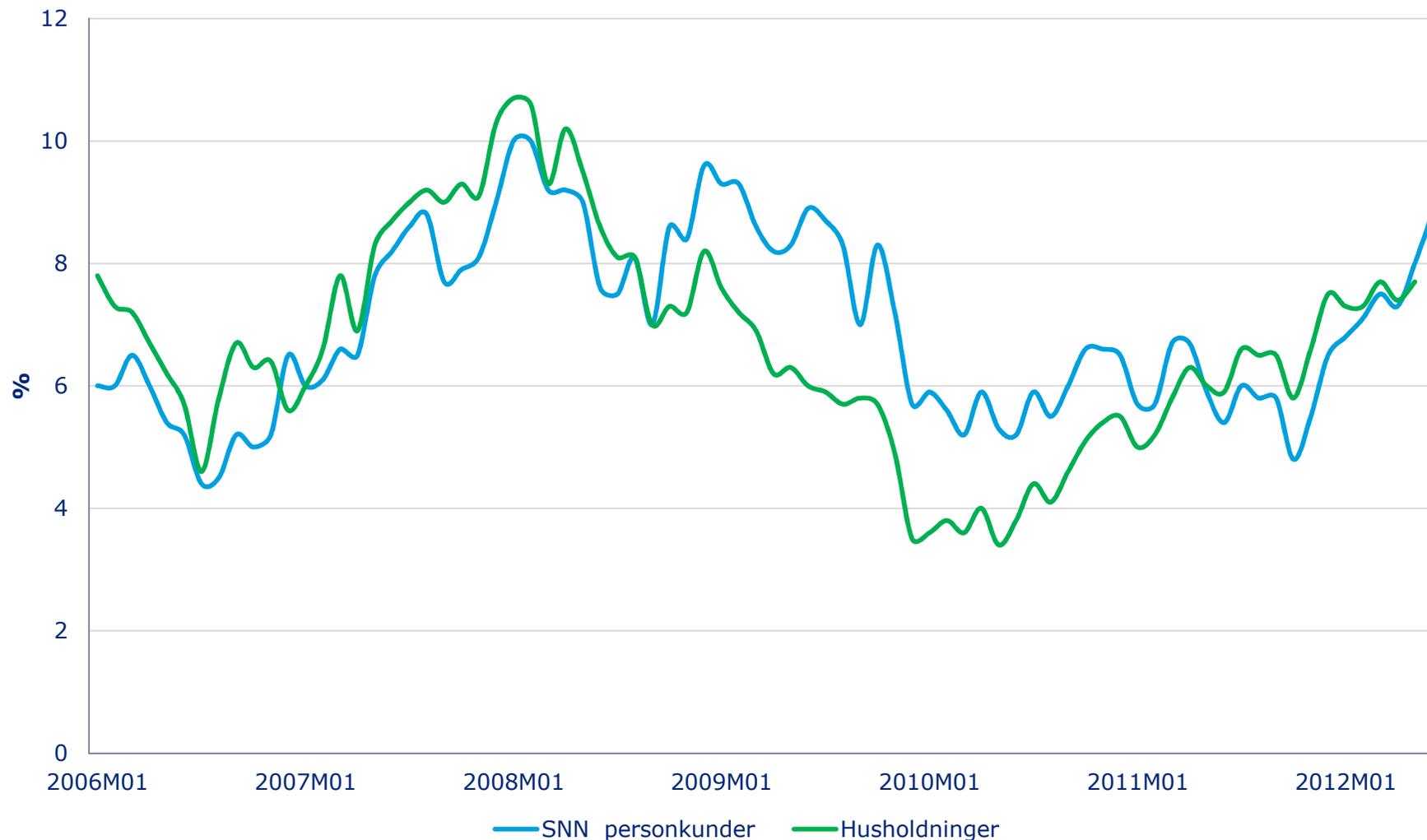
(Amounts in NOK million)

STATEMENT OF	30.06.12	30.06.11	Change	Change %
Total assets	74 036	71 033	3 003	4.2%
Gross lending	52 792	51 442	1 350	2.6%
Loans and advances to customers including agency loans	72 331	64 876	7 455	11.5%
Deposits from customers	41 377	41 284	93	0.2%

Deposit volume

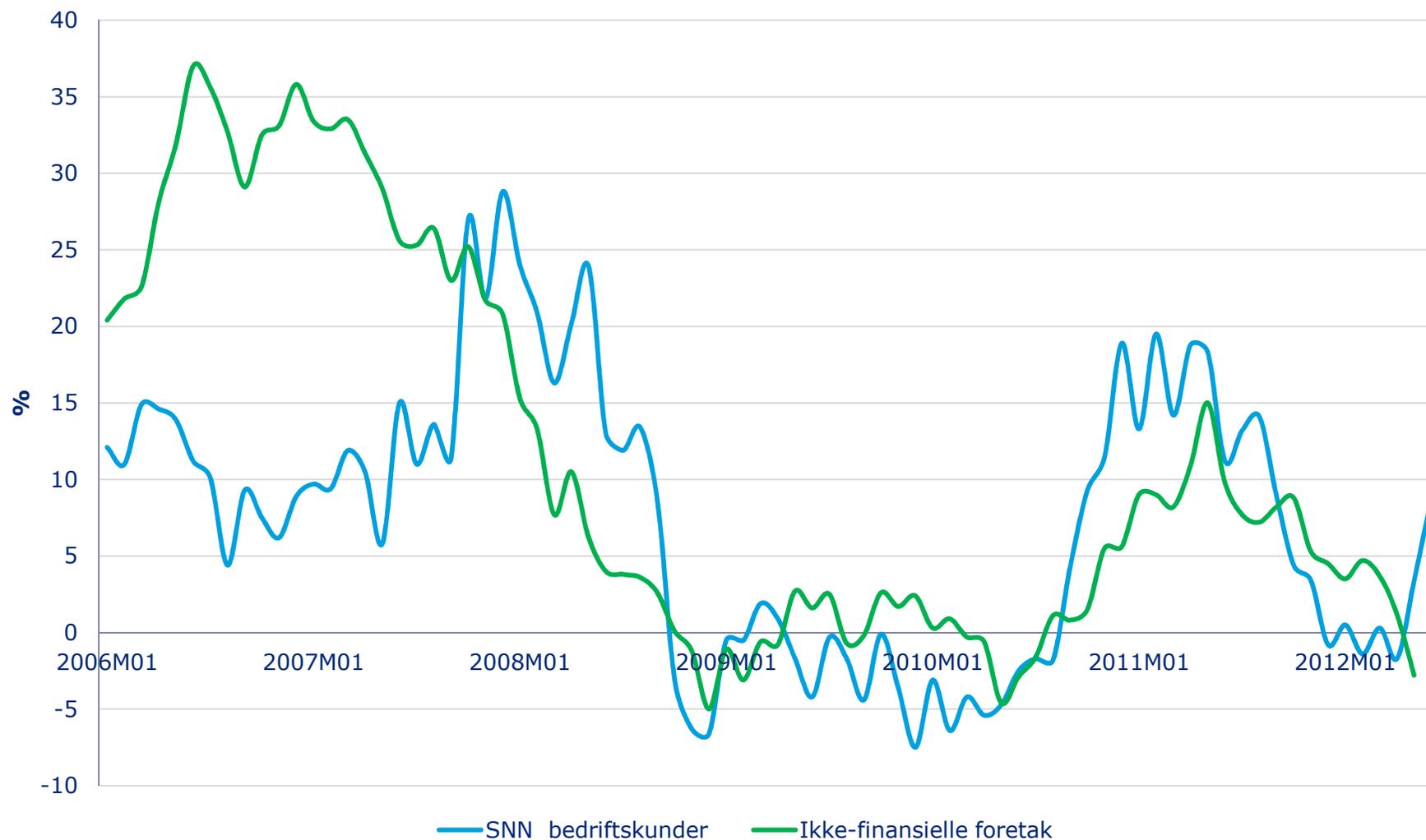


Deposit growth households



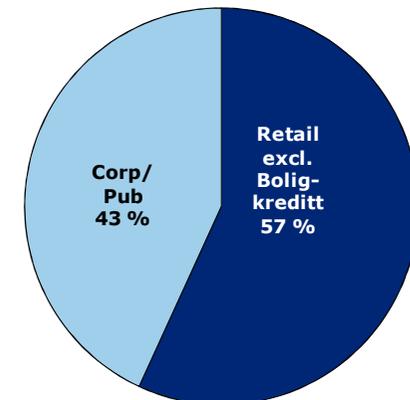
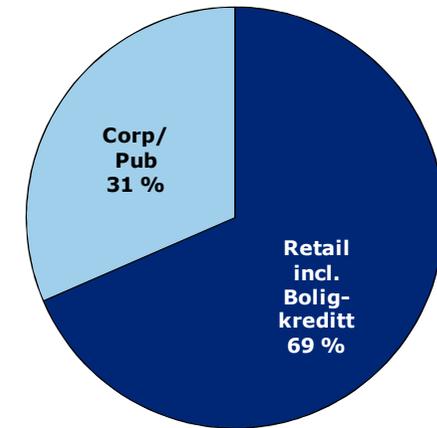
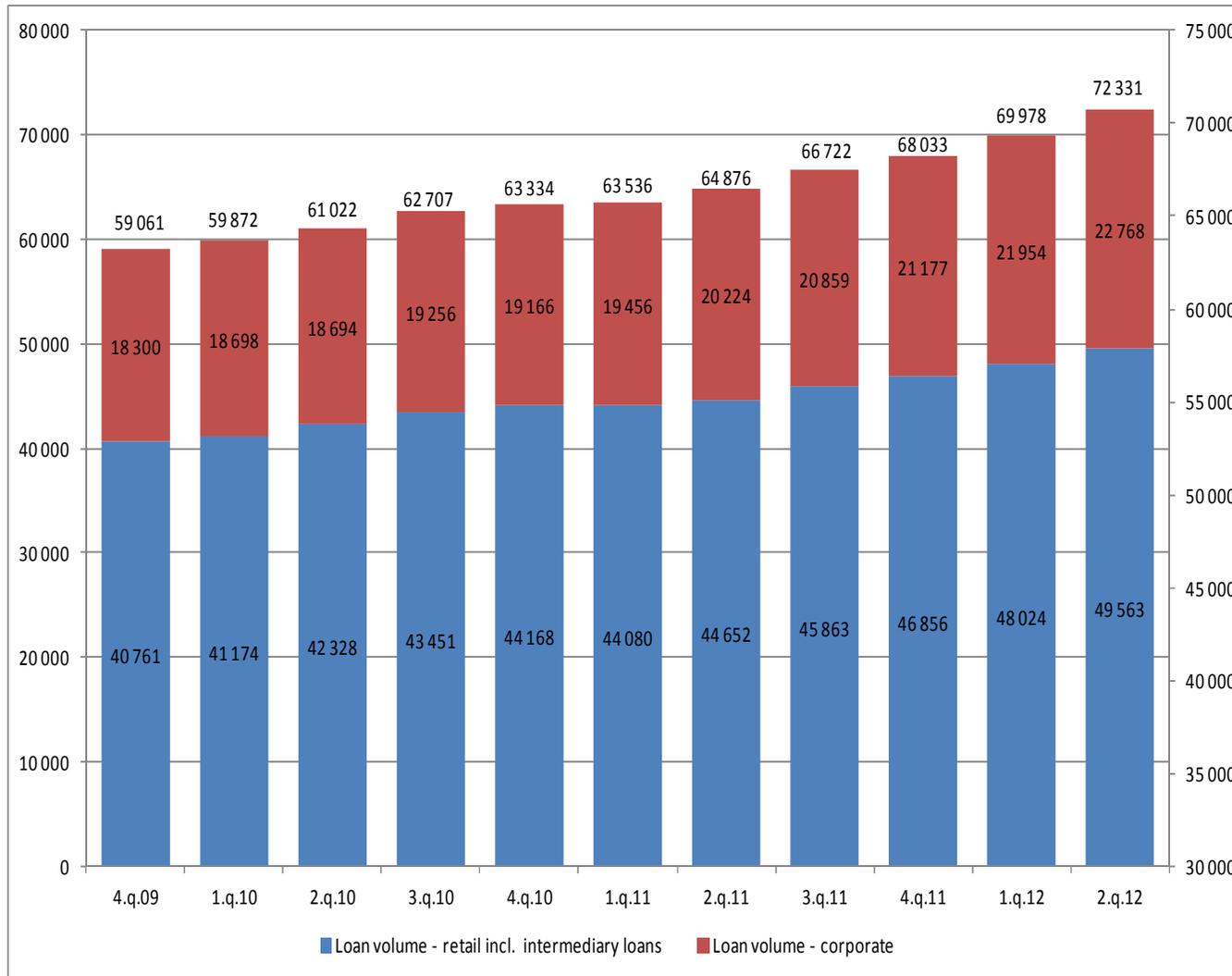
Kilde: Statistisk Sentralbyrå, Pengemengden M2, juli 2012 og SNN Bare, juli 2012

Deposit growth corporates



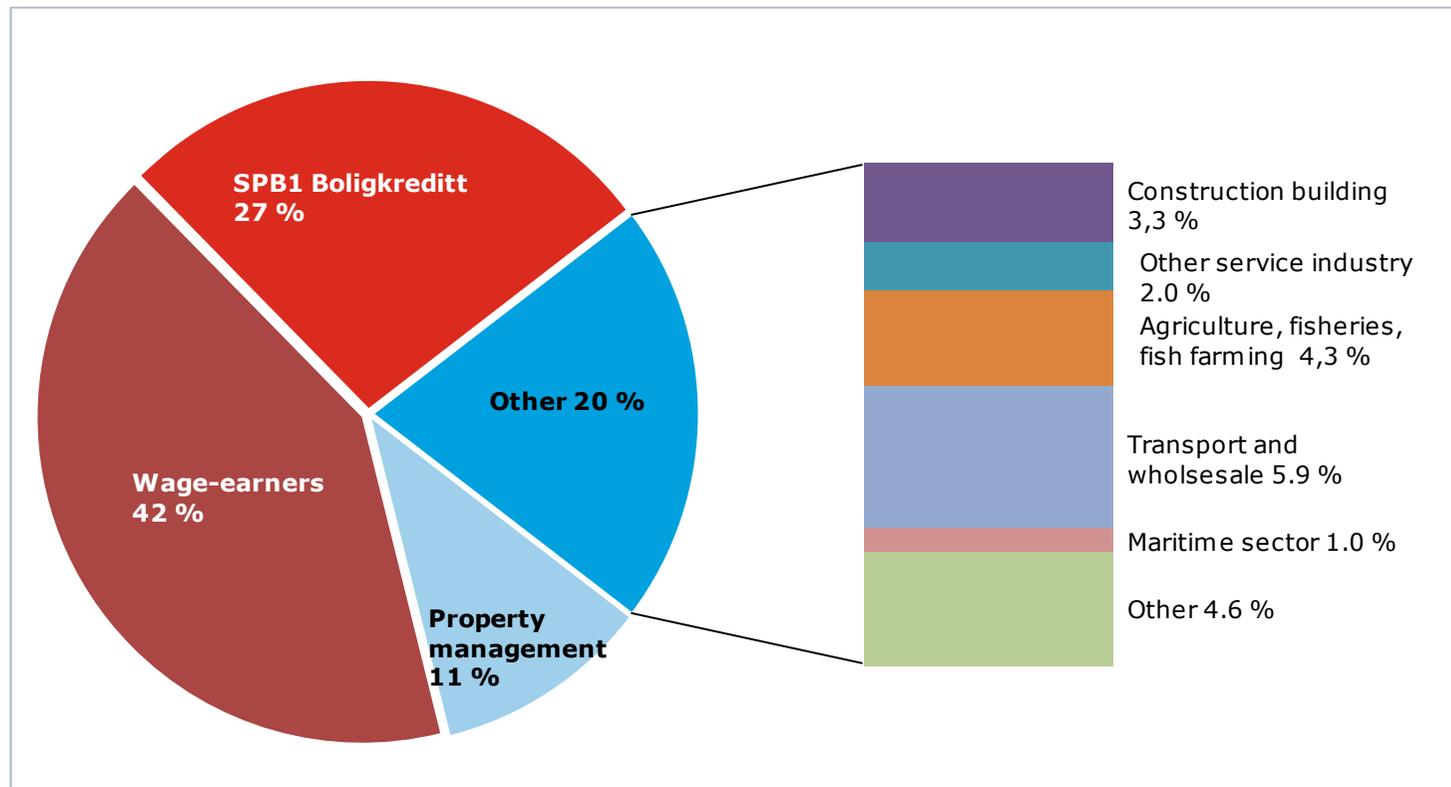
Kilde: Statistisk Sentralbyrå, Pengemengden M2, juli 2012 og SNN Bare, juli 2012

Lending volume



Distribution on segments shows good diversification

Loan portfolio including Boligkreditt

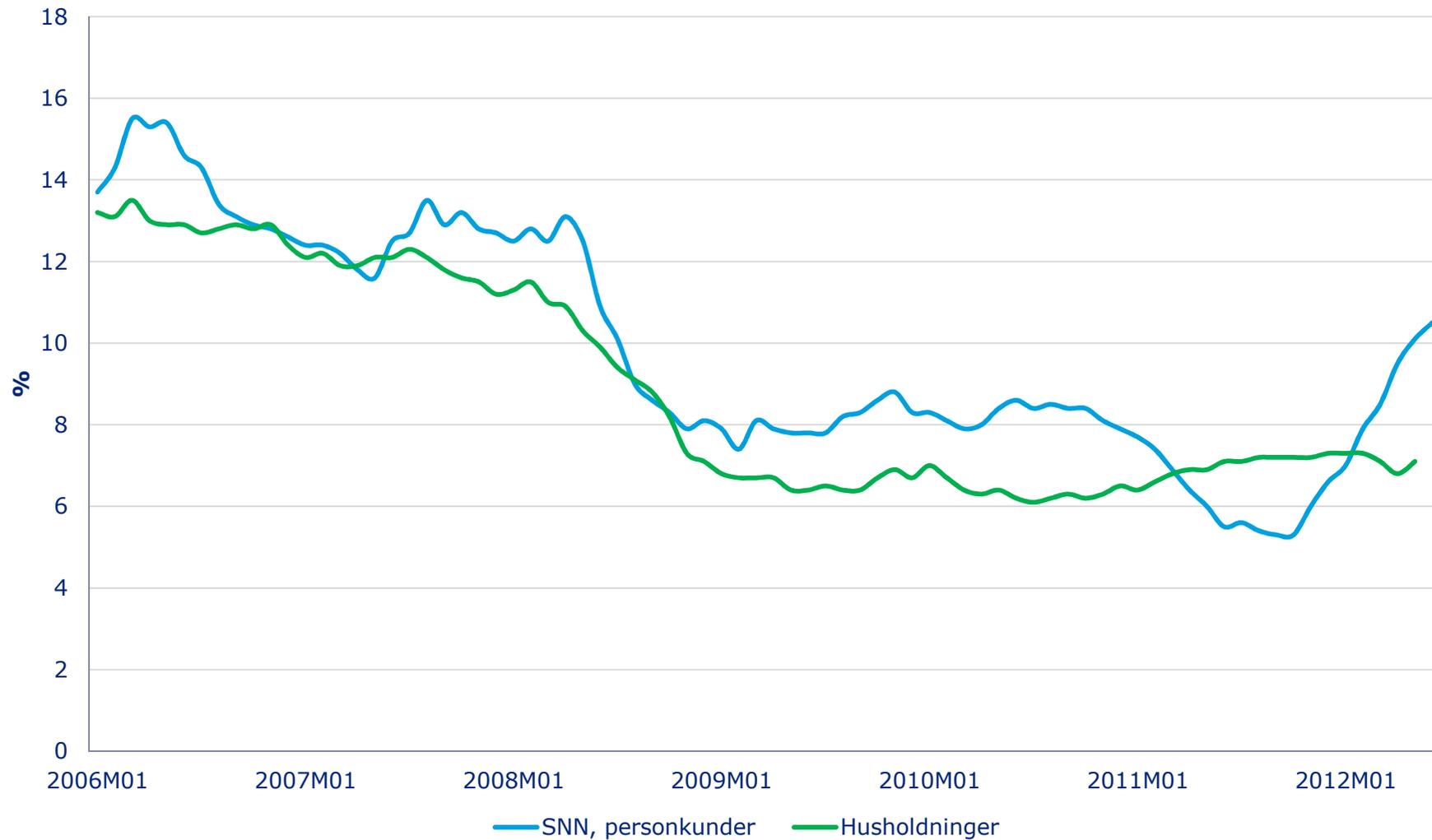


Large portions of the retail market and primary industries are risk-dampening.

The Group has a well diversified corporate market portfolio.

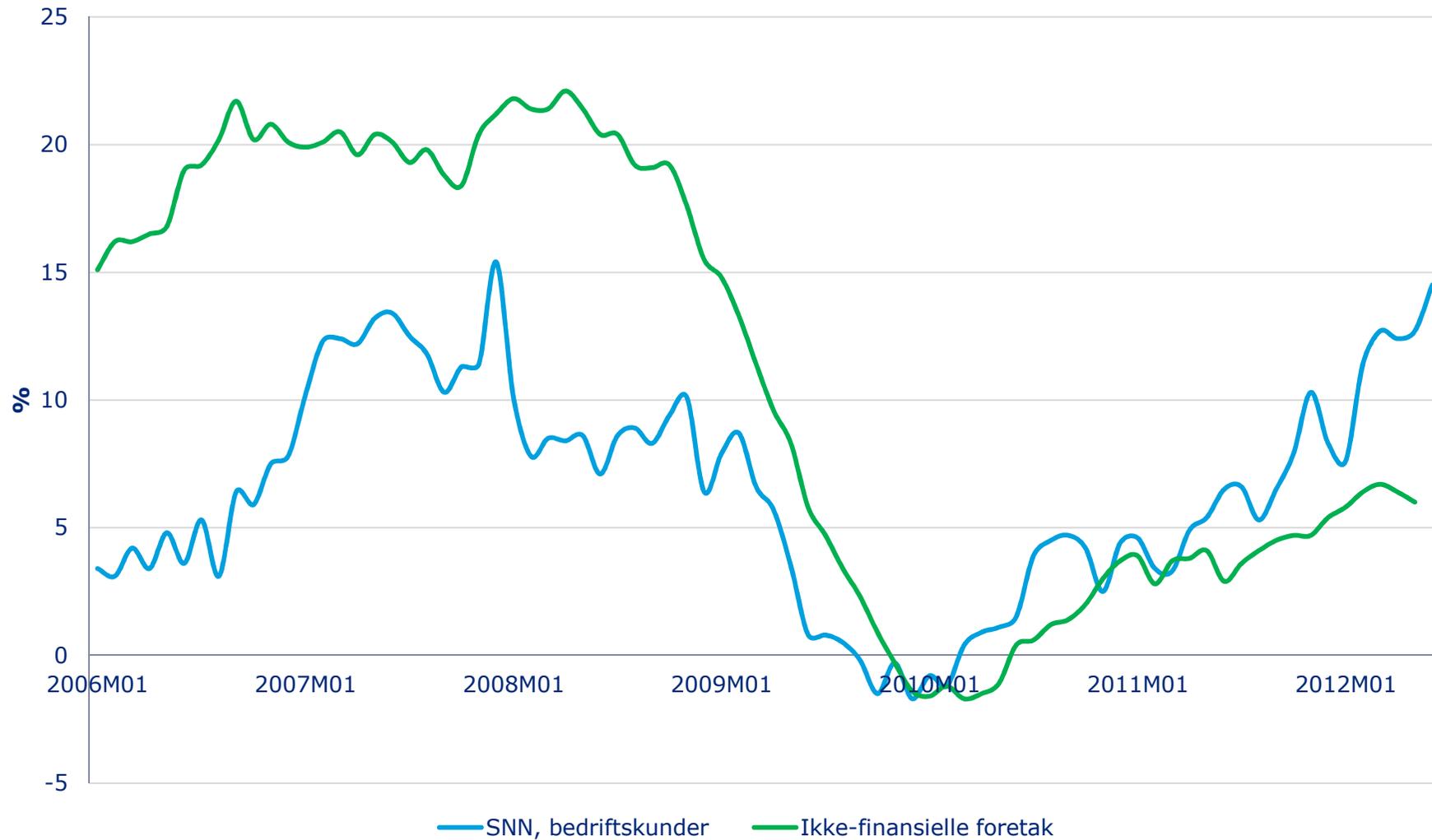
No specific concerns related to the bank's loans to commercial property. Low interest rates and good occupancy rates in the bank's market area.

Credit growth households



Kilde: Statistisk Sentralbyrå, Kredittindikatoren K2, juli 2012 og SNN Bare, juli 2012

Credit growth corporates



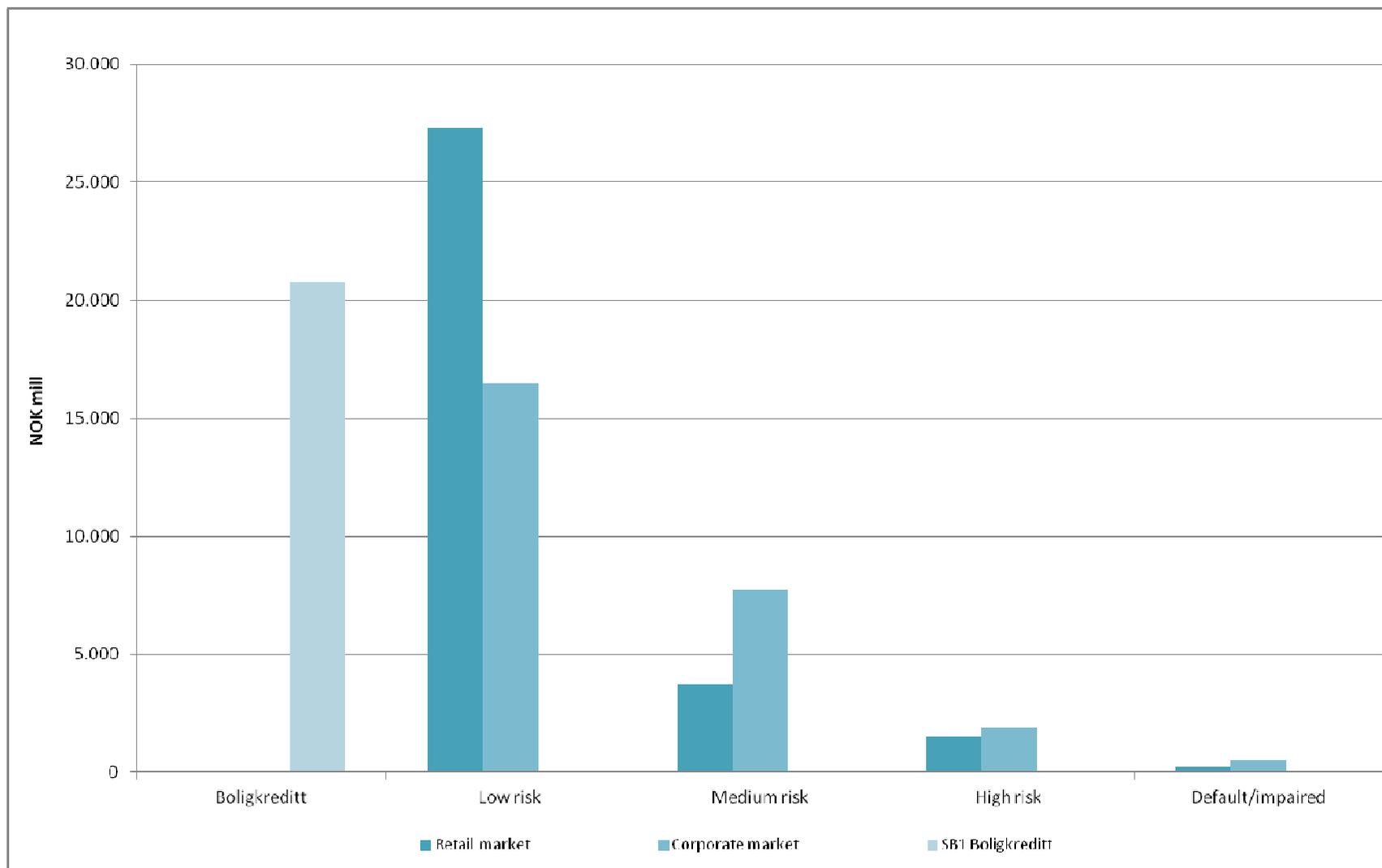
Kilde: Statistisk Sentralbyrå, Kredittindikatoren K2, juli 2012 og SNN Bare, juli 2012

Credit area

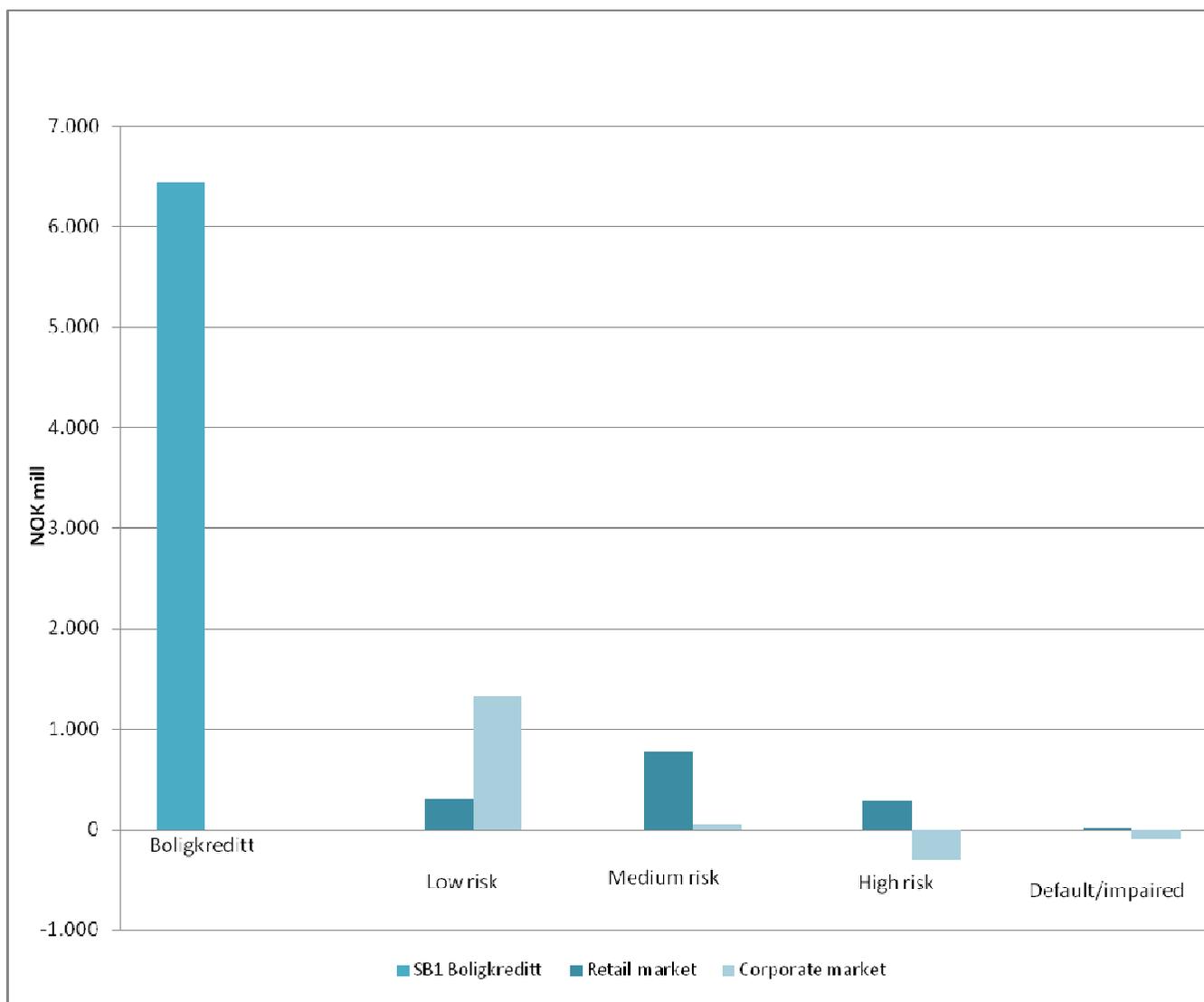
- Quality
- Portfolio
- Migration, commitments in default and losses

Portfolio

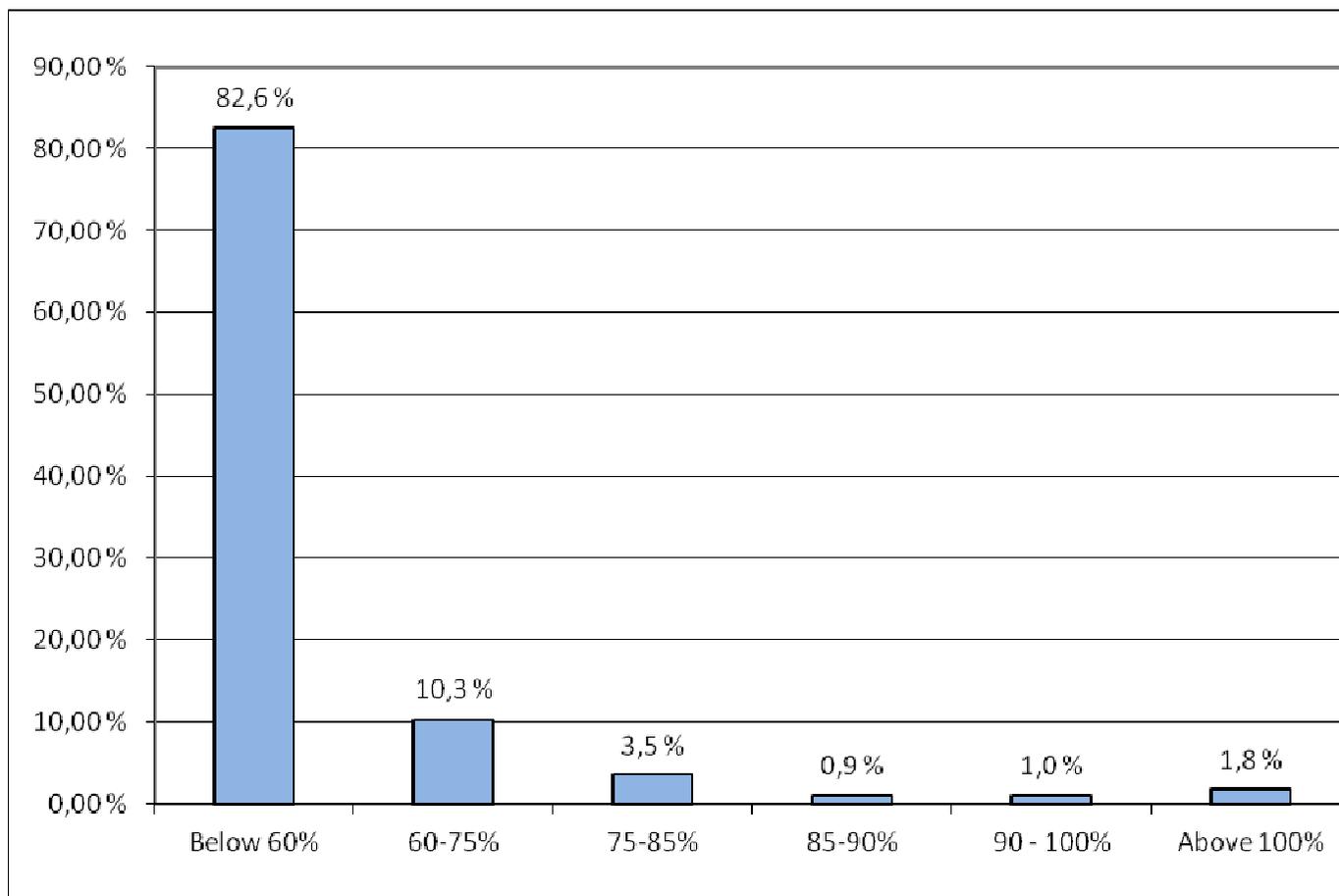
- exposure as of 30.06.12



Risk change - portfolio change Q2/11 – Q2/12



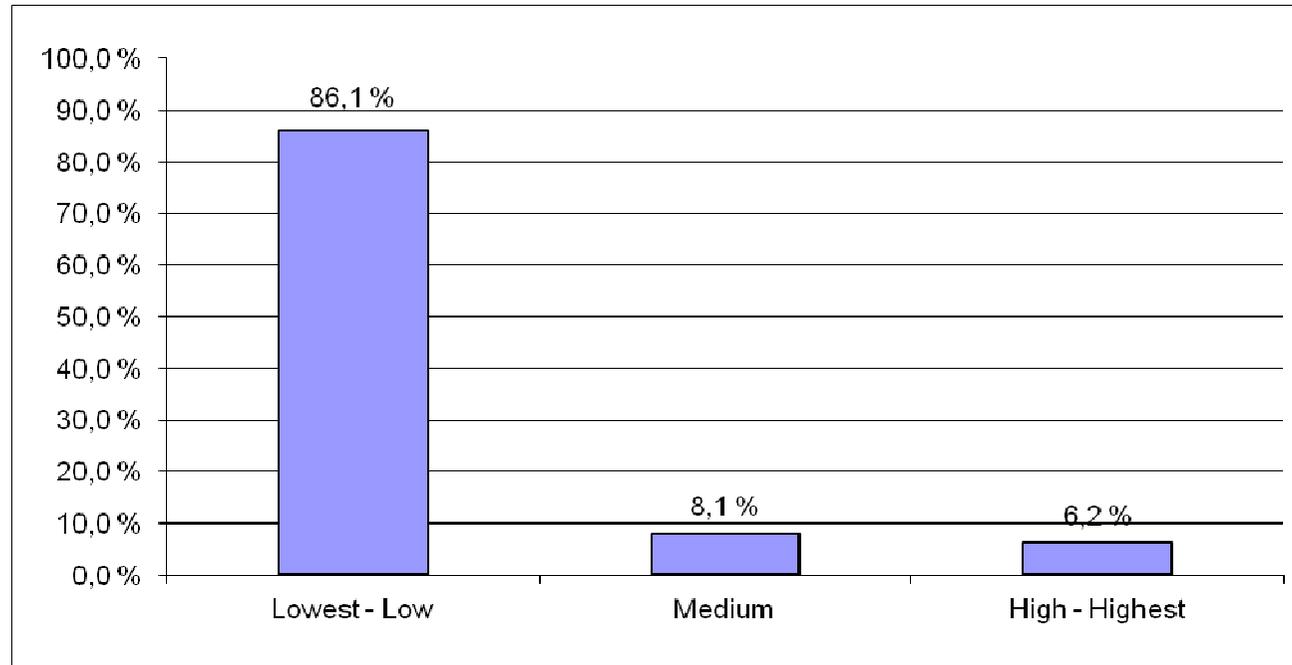
Loan to value – LTV in % of collateral



The calculation is based on the collaterals marketvalue and the loans are divided into one or more segments.

The numbers includes the Group's share of SB1 Boligkreditt-portofolio.

Portfolio of corporate property



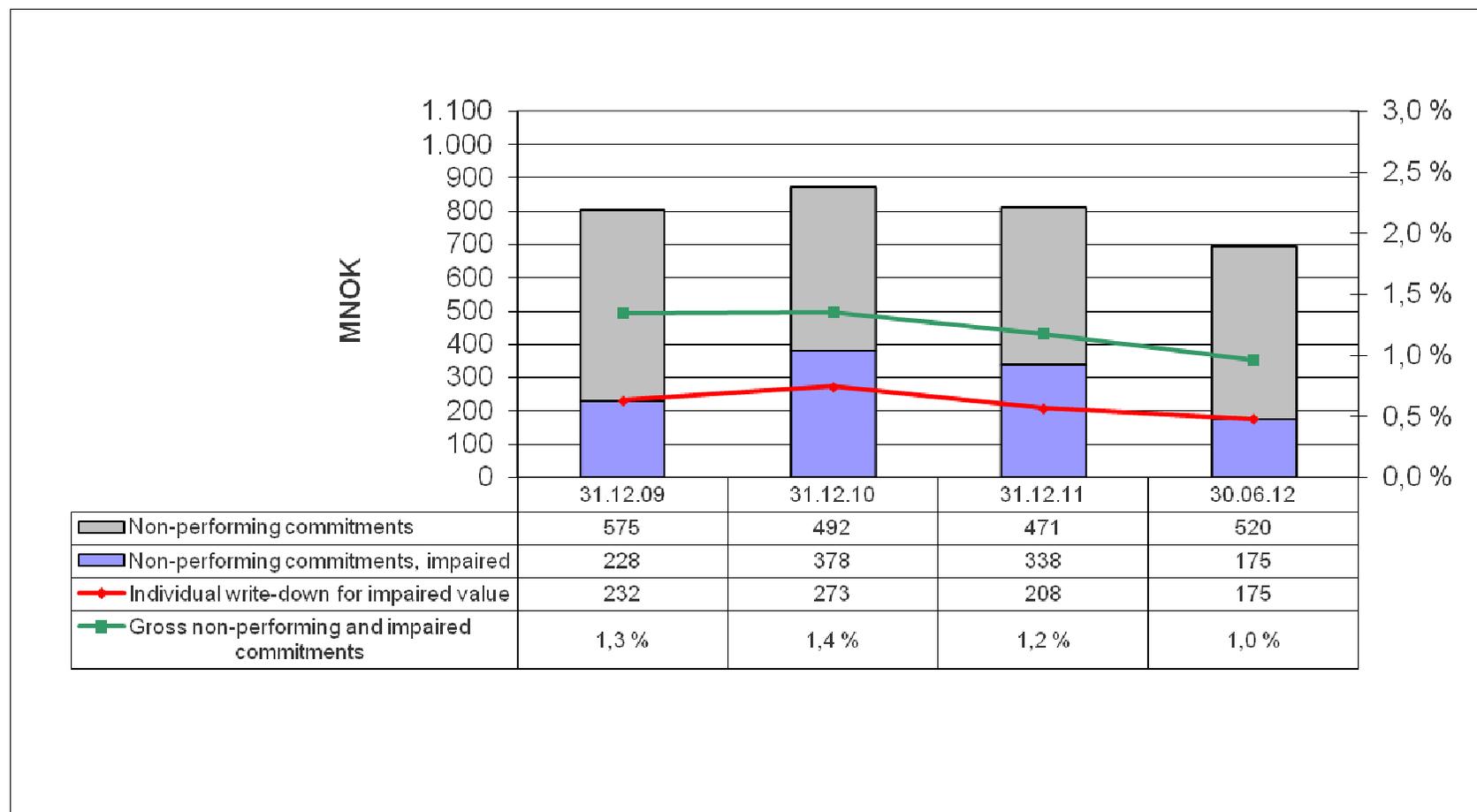
- Lowest – Low risk, expected loss 0 - 0,50%
- Medium risk, expected loss 0,50 - 2,00%
- High - Highest risk, expected loss over 2,00%

The portfolio of corporate property represents the Group's highest concentration concerning one single sector

The portfolio of corporate property is being dominated by commitments with low/medium risk

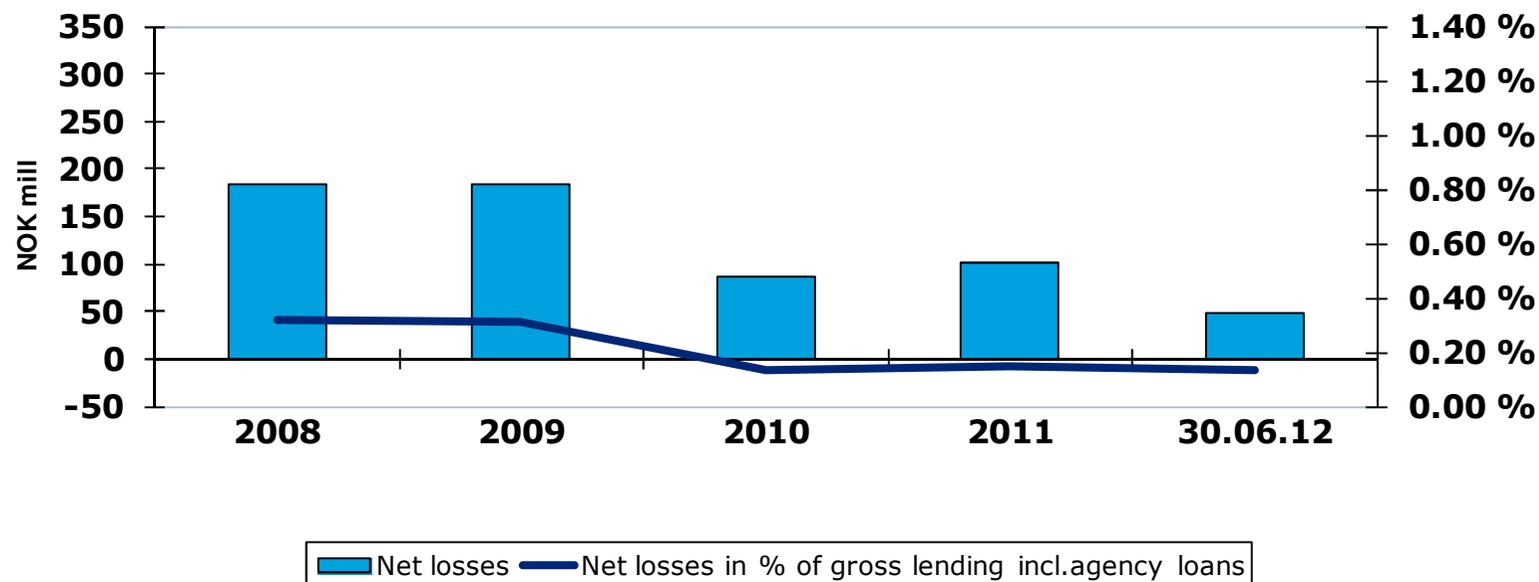
SNN has started the work for qualifying corporate properties for SB1 Næringskreditt

The Group's defaulted commitments



Positive development in defaulted and impaired commitments last 6 months

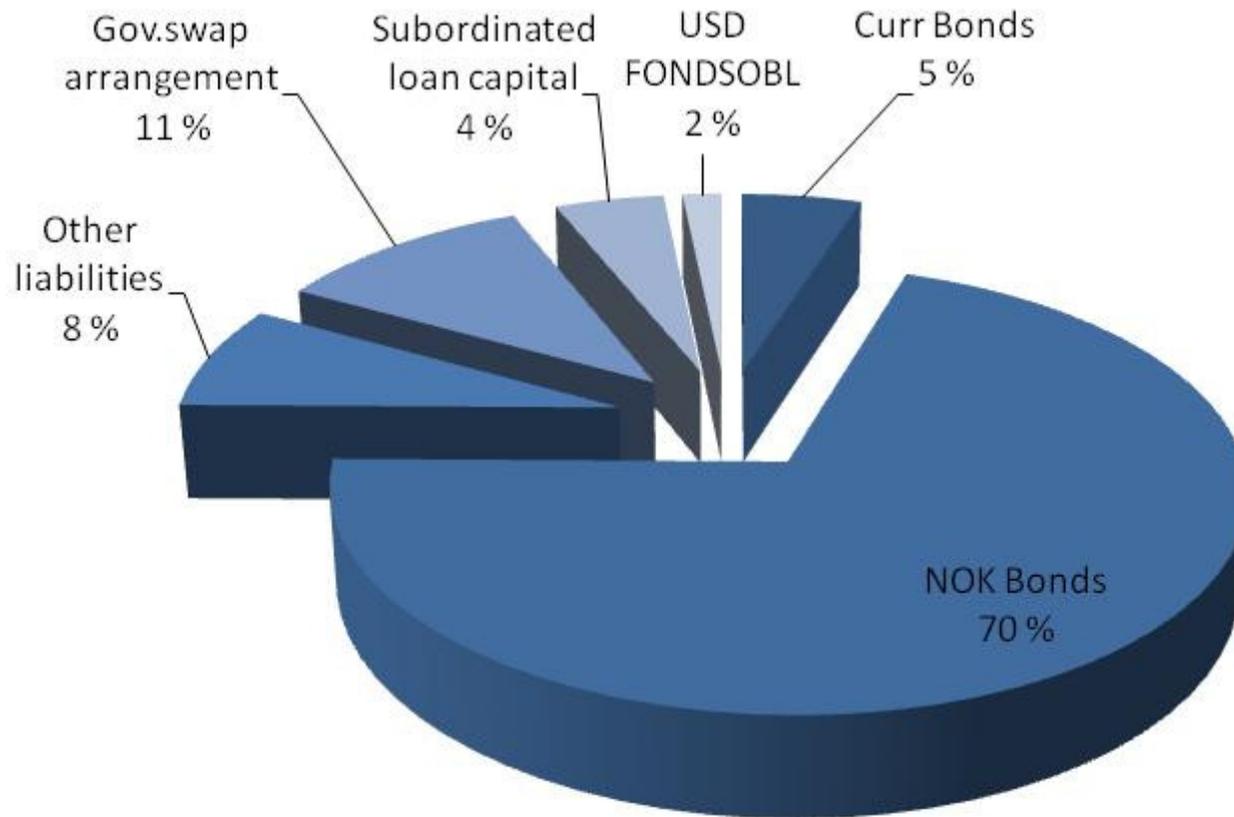
Losses on loans and guarantees - Group



	2008	2009	2010	2011	30.06.12
Individual write-downs for impaired value	202	163	133	84	69
Collective write-downs imp. value	40	36	-39	26	-15
Recoveries, previously confirmed losses	59	14	7	9	6
Net losses	183	185	87	101	48
Net losses in % of gross lending incl. agency loans	0.32 %	0.31 %	0.14 %	0.15 %	0.13 %

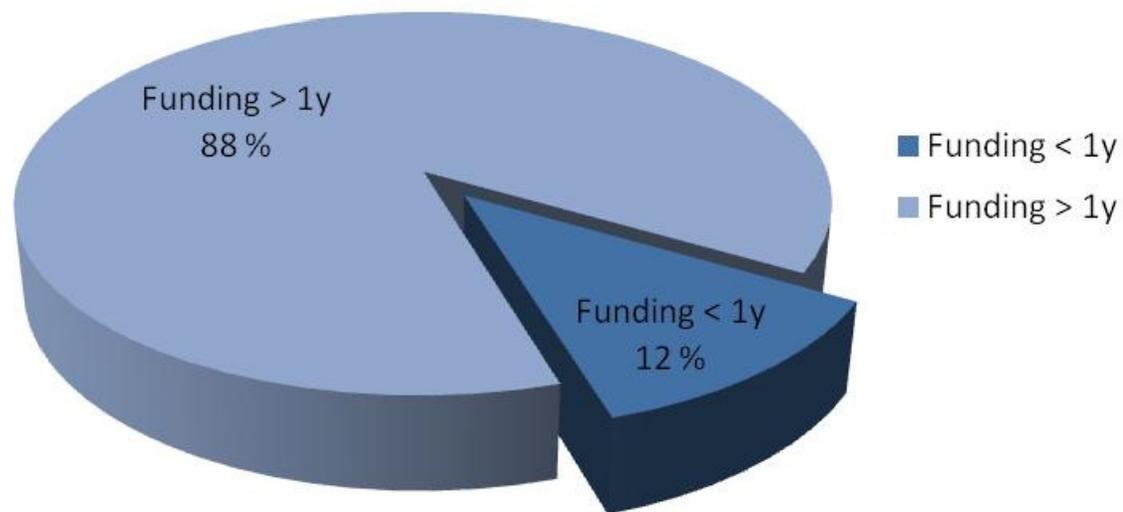
Funding- and liquidity management

Funding distribution Q2-2012



Satisfying share of long funding

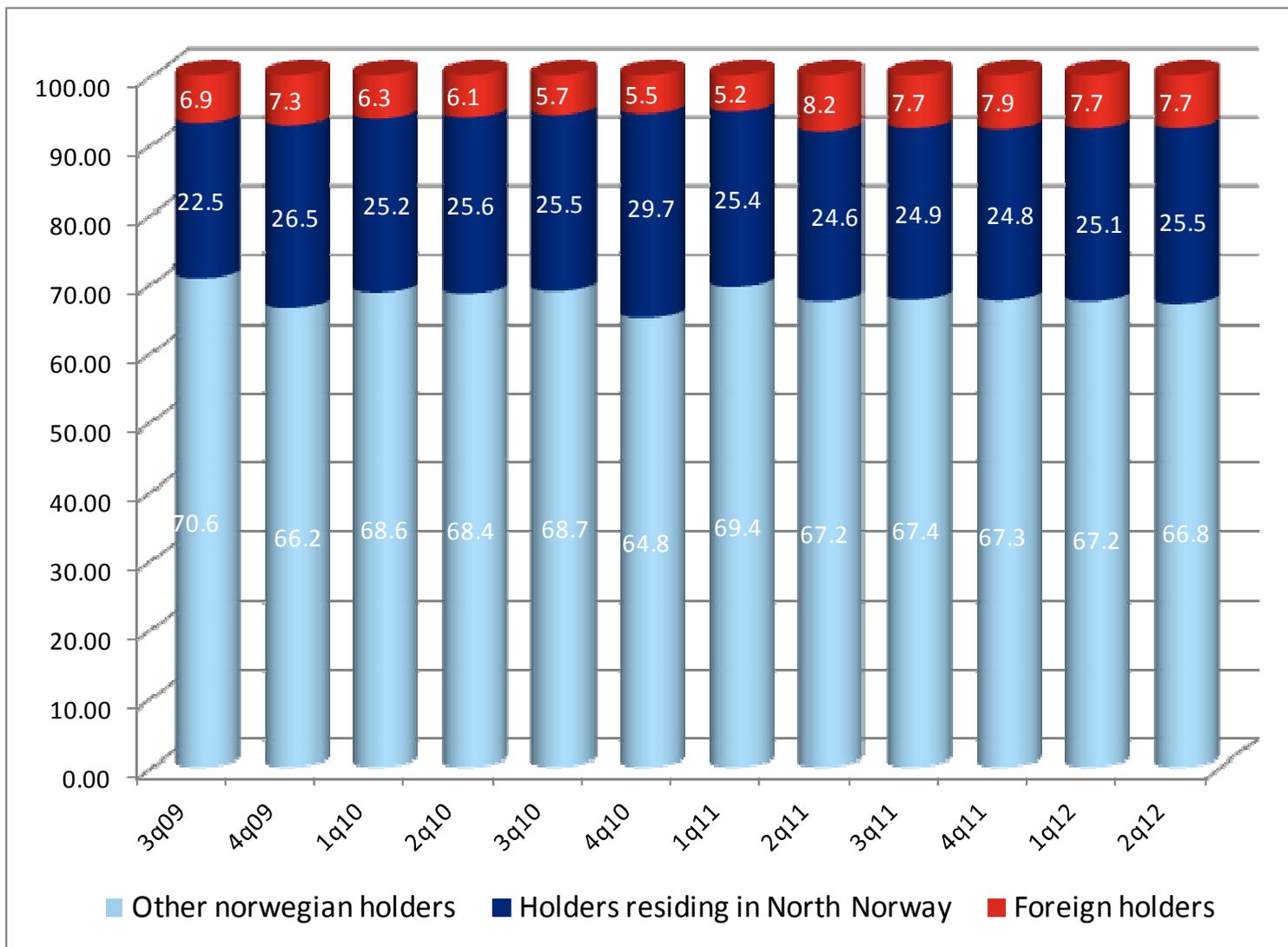
Sum av Beløp Kilde2	Løpetid		Totalt
	< 1 år	>1 år	
NOK Bonds	2.169.500.000,00	13.252.000.000,00	15.421.500.000,00
Curr Bonds	188.625.000,00	905.400.000,00	1.094.025.000,00
FONDSOBL		359.370.000,00	359.370.000,00
Other liabilities		1.720.291.168,00	1.720.291.168,00
Gov.swap arrangement	266.406.033,00	2.101.608.767,00	2.368.014.800,00
Subordinated loan capital		1.000.000.000,00	1.000.000.000,00
Totalt	2.624.531.033,00	19.338.669.935,00	21.963.200.968,00



Equity certificate holders



Equity Certificates (EC) - holder structure



The 20 largest EC holders as at 31.03.12

Equity Certificate holders	Number of Equity Certificates	Share of total Equity Certificate capital
Pareto Aksjer Norge	3 332 440	5.03 %
MP Pensjon	1 622 879	2.45 %
Pareto Aktiv	1 560 783	2.36 %
Frank Mohn AS	1 355 745	2.05 %
Morgan Stanley & Co. Llc - Client account 2,	1 315 552	1.99 %
Tonsenhagen Forretningssentrum AS	1 134 493	1.71 %
Fokus Bank	1 118 552	1.69 %
SPBstiftelsen Sparebank 1 Nord-Norge	916 561	1.38 %
Pareto VPF	883 284	1.33 %
Framo Development AS	848 925	1.28 %
Goldman Sachs & Co.- Equity	804 184	1.21 %
Sparebanken Rogalands Pensjonskasse	782 386	1.18 %
Nordea Bank Norge ASA	764 436	1.15 %
Citibank N.A.	703 629	1.06 %
Forsvarets Personellservice	620 854	0.94 %
Sparebankstiftelsen DNBNOR	545 614	0.82 %
Trond Mohn	509 354	0.77 %
Terra Utbytte Verdipapirfond	499 256	0.75 %
Consept Eiendom A/S	479 731	0.72 %
Karl Ditlefsen, Tromsø	459 243	0.69 %
SUM	20 257 901	30.60 %

Summary – key figures

Group

Amounts in NOK million	30.06.12	30.06.11	Change	Change %
RESULT				
Result before tax	392	573	- 181	-31.6%
STATEMENT OF FINANCIAL POSITION				
Total assets	74 036	71 033	3 003	4.2%
Gross lending	52 792	51 442	1 350	2.6%
Deposits from customers	41 377	41 284	93	0.2%
KEY FIGURES	30.06.12	30.06.11	Change	Change %
Core capital adequacy ratio	10.9%	11.3%		-0.4%
After-tax return on equity capital	9.2%	16.3%		-7.1%
Cost/income	56.0%	45.9%		10.1%
Manyear	868	786	82	
Parent bank				
Result per Equity Certificate	2.20	2.45	-0.25	

Contact information

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Deputy CEO
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CFO
Rolf Eigil Bygdnes
Tlph 905 19 774

Internet:

SNN home page and internet bank: www.snn.no
Hugin Online: www.huginonline.no
Equity capital certificates in general: www.egenkapitalbevis.no

Financial calendar 2011

Q1 28. April
Q2 10. August
Q3 26. October

Enclosures

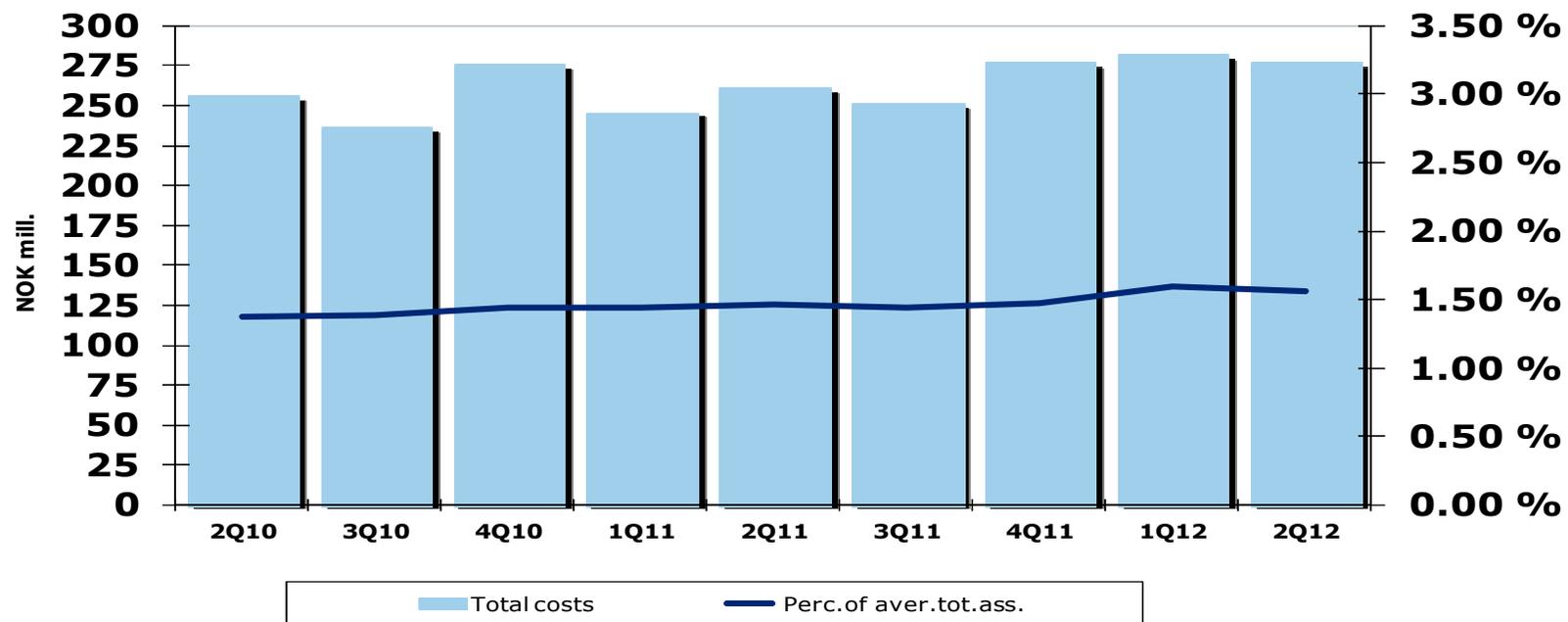
Group net fee, commission and other operating costs

(Amounts in NOK million)	2Q12	1Q12	4Q11	3Q11
Guarantee commissions	7	5	7	3
Other fee- and commission income	162	136	136	143
Fee- and commission income	169	141	143	146
Fee- and commission costs	19	21	24	19
Net fee- and commission income	150	120	119	127
Other operating income	5	5	2	0
Operating- and sales income real estate	1	1	4	0
Total commissions and other income	6	6	6	0
Net fee-, commission and other operating income	156	126	125	127

Total commission and other income

(in NOK million)	2Q12	1Q12	4Q11	3Q11	2Q11	Per 2Q	
						2012	2011
Guarantee commissions	7	5	5	4	4	12	8
Interbank commissions	4	4	5	6	5	8	10
Credit arrangement fee	3	3	4	4	3	6	6
Arrangement fee from SpareBank 1 Boligkreditt	42	23	13	16	20	65	44
Arrangement fee from SpareBank 1 NN Finans	0	0	1	0	1	0	1
Securities trading, administration and trust department services	10	9	17	11	13	19	24
Payment transmission services	49	47	53	56	49	96	97
Brokerage commission	22	24	12	21	20	46	35
Insurance services	27	24	27	26	24	51	48
Other commission income	6	7	6	2	1	13	5
Total commissions income	170	146	143	146	140	316	278
Operating- and sales income real estate	1	1	3	0	10	2	11
Other operating income	4	0	3	0	2	4	2
Total other operating income	5	1	6	0	12	6	13
Commission expenses	19	21	24	19	18	40	37
Total commissions and other income	156	126	125	127	134	282	254

Group operating costs



	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Total costs	256	237	276	246	261	252	277	282	277
Perc. of aver. tot. ass.	1,37 %	1,38 %	1,44 %	1,44 %	1,46 %	1,44 %	1,47 %	1,60 %	1,56 %

Distribution of loans by industry

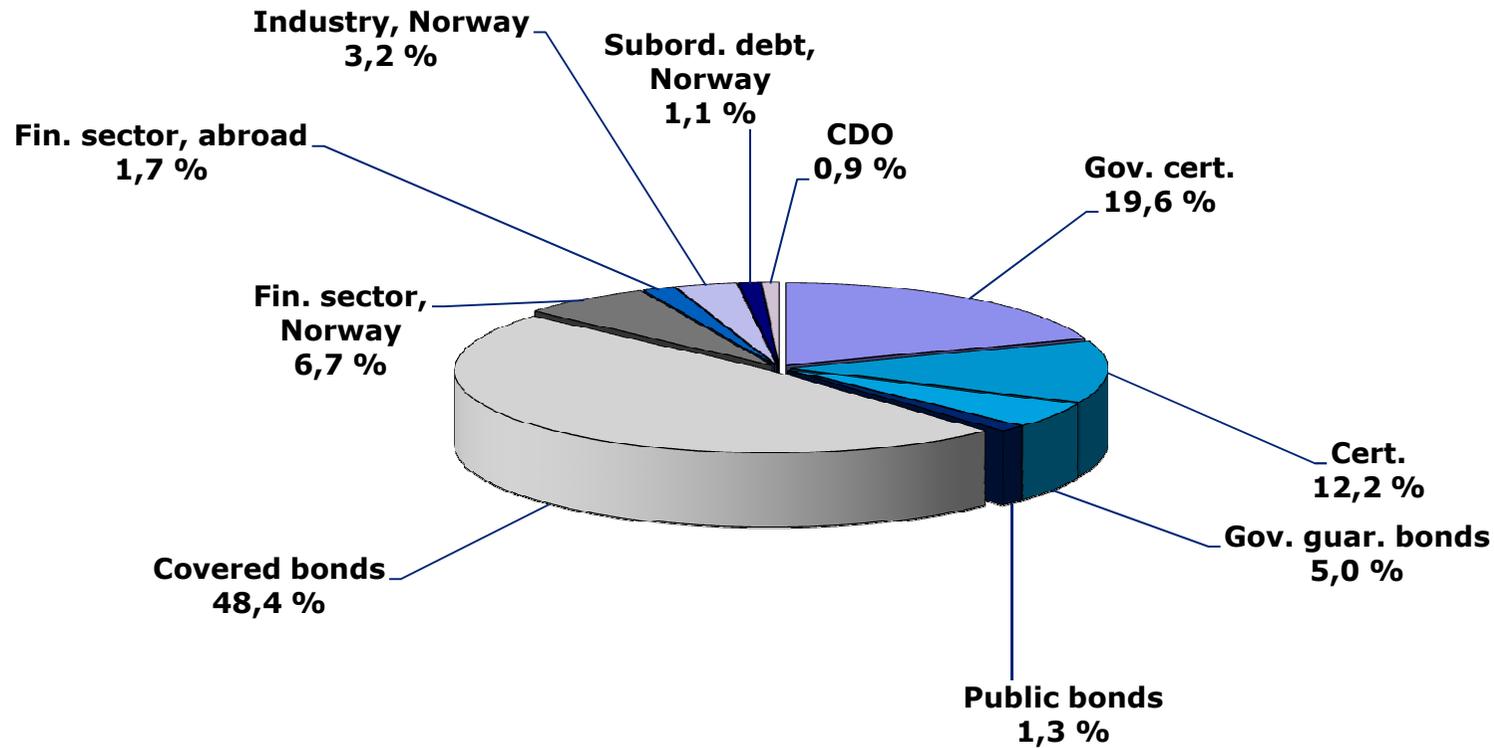
(in NOK million)	2Q12	Andel	2Q11	Andel	Change NOK	Change %
Mining and quarrying	74	0.1 %	78	0.2 %	-4	-5.1 %
Construction	979	1.9 %	844	1.6 %	135	16.0 %
Building of ships and boats	79	0.1 %	30	0.1 %	49	163.3 %
Electricity, gas, steam an air conditioning supply	1 245	2.4 %	822	1.6 %	423	51.5 %
Professional, scientific and technical activities	662	1.3 %	780	1.5 %	-118	-15.1 %
Financial and insurance activities	0	0.0 %	0	0.0 %	0	0.0 %
Fishing	1 691	3.2 %	1 418	2.8 %	273	19.3 %
Marine aquaculture	278	0.5 %	318	0.6 %	-40	-12.6 %
Other business support activities	603	1.1 %	591	1.1 %	12	2.0 %
Activities auxiliary to financial services and insurance activities	909	1.7 %	277	0.5 %	632	228.2 %
County municipalities and municipalities	129	0.2 %	164	0.3 %	-35	-21.3 %
Manufacturing	1 270	2.4 %	1 073	2.1 %	197	18.4 %
Information and communication	163	0.3 %	163	0.3 %	0	0.0 %
Crop and animal production	919	1.7 %	859	1.7 %	60	7.0 %
Foreign industrial	38	0.1 %	38	0.1 %	0	0.0 %
Real estate activities	7 068	13.4 %	6 855	13.3 %	213	3.1 %
Accommodation and food service activities	379	0.7 %	404	0.8 %	-25	-6.2 %
Forestry and logging	13	0.0 %	11	0.0 %	2	18.2 %
Central government and social security funds	1	0.0 %	1	0.0 %	0	0.0 %
Support activities for petroleum and natural gas extraction	0	0.0 %	1	0.0 %	-1	-100.0 %
Other service industries	733	1.4 %	732	1.4 %	1	0.1 %
Transportation and storage	2 254	4.3 %	1 680	3.3 %	574	34.2 %
International shipping and pipeline transport	716	1.4 %	570	1.1 %	146	25.6 %
Development of building projects	674	1.3 %	652	1.3 %	22	3.4 %
Extraction of crude oil and natural gas	117	0.2 %	42	0.1 %	75	178.6 %
Unspecified	0	0.0 %	0	0.0 %	0	0.0 %
Water supply; sewerage, waste management and remediation activities	135	0.3 %	145	0.3 %	-10	-6.9 %
Wholesale and retail trade; repair of motor vehicles and motorcycles	1 639	3.1 %	1 676	3.3 %	-37	-2.2 %
Retail banking market - domestic	29 985	56.8 %	31 178	60.6 %	-1 193	-3.8 %
Retail banking market - international	39	0.1 %	40	0.1 %	-1	-2.5 %
Gross loans corporate market	22 768	43.1 %	20 224	39.3 %	2 544	12.6 %
Retail market	30 024	56.9 %	31 218	60.7 %	-1 194	-3.8 %
- Loans transferred to SpareBank 1 Boligkreditt	19 539	37.0 %	13 434	26.1 %	6 105	45.4 %
Gross loans incl. SpareBank 1 Boligkreditt	72 331	137.0 %	64 876	126.1 %	7 455	11.5 %
Gross loans in balance sheet	52 792	100.0 %	51 442	100.0 %	1 350	2.6 %

Loss on lending: The Group's write-downs in Q2 2012

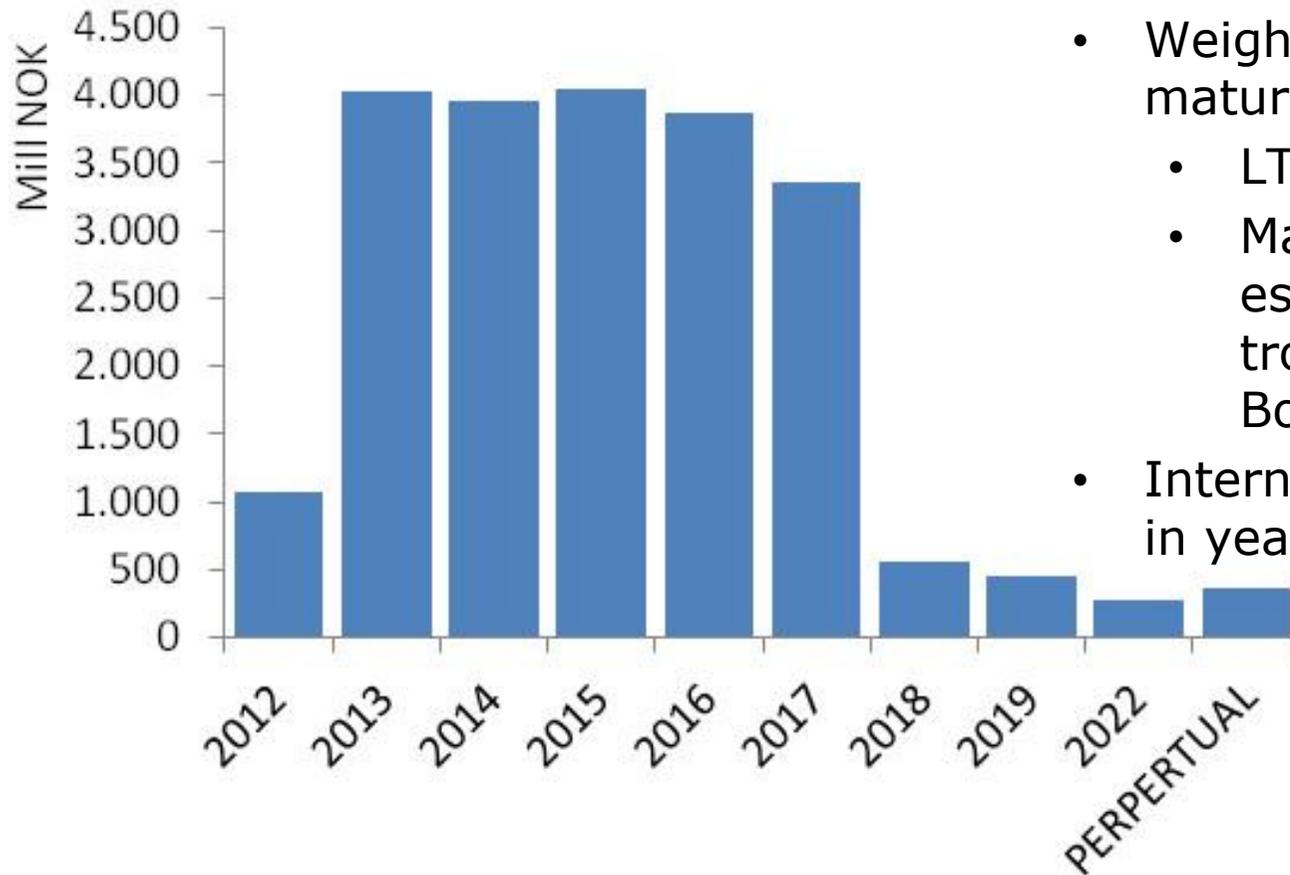
	Write-downs			2011
	2nd quarter 2012	2nd quarter 2012 (iso)	2nd quarter 2011	
Individual write-downs				
<i>Retail market</i>	5	1	5	10
<i>Corporate market</i>	55	19	19	63
<i>SpareBank 1 Finans Nord-Norge</i>	3	2	1	1
<i>Other group units</i>	0	-1	2	1
Total individual write-downs	63	21	27	75
Collective write downs and other value change items	-15	-15	-2	26
Total write-down on loans and guarantees	48	6	25	101

The Group's total write-downs is at an expected normalized level

Interest-bearing portfolio

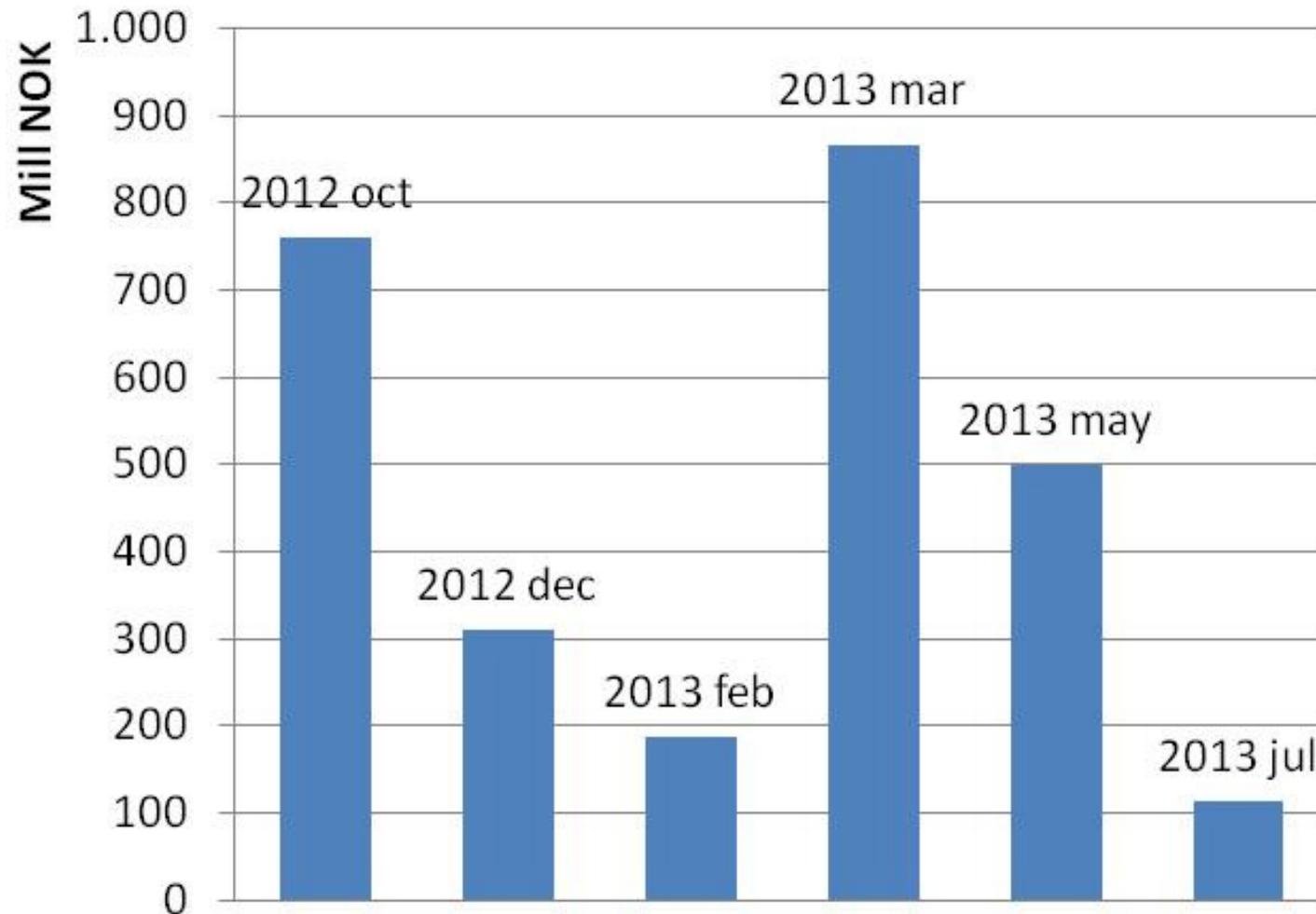


Maturity profile of capital markets funding Q2-2012

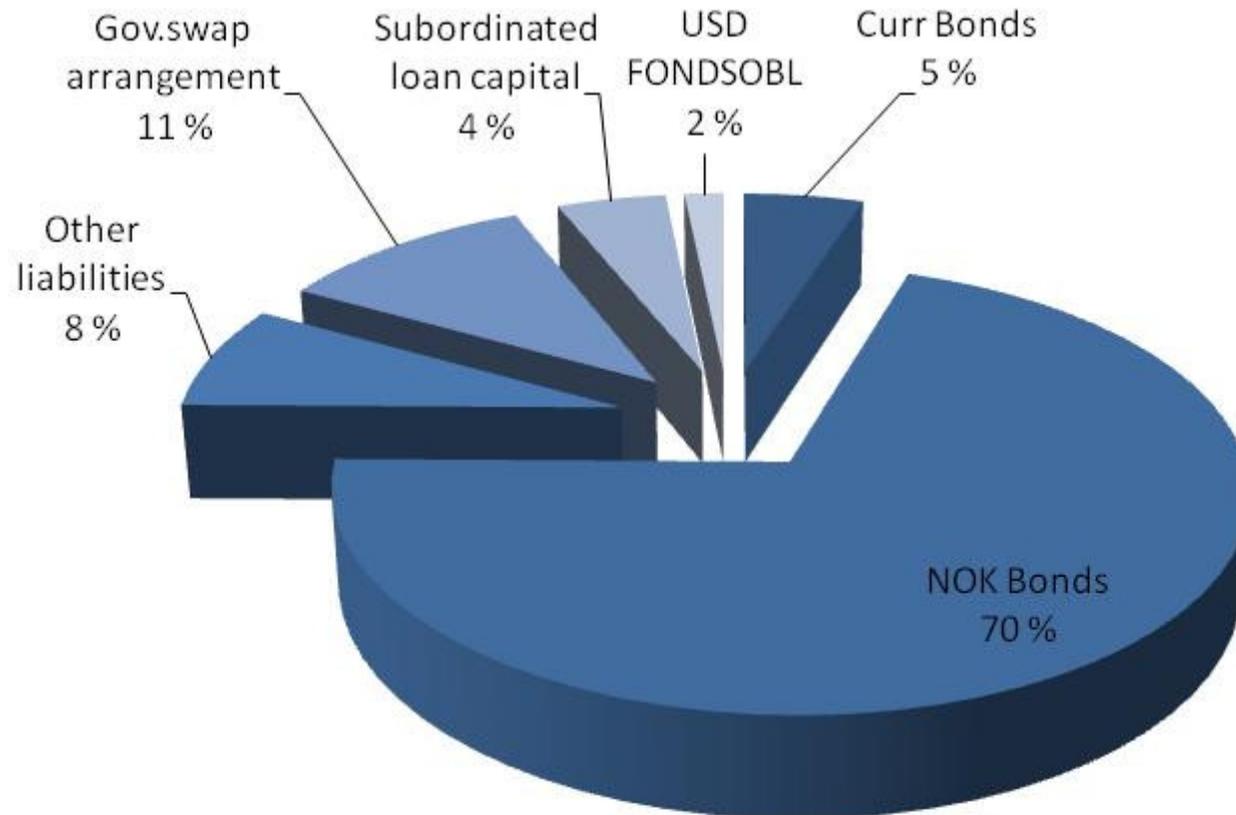


- Well diversified in terms of maturities
- Weighted average, time to maturity, is 2.8 years
 - LT2/T1 is set to call
 - Maturity profile is excluded funding through SpareBank1 Boligkreditt
- Internal limits < 8bn NOK in yearly maturities

Maturity profile next 12 months

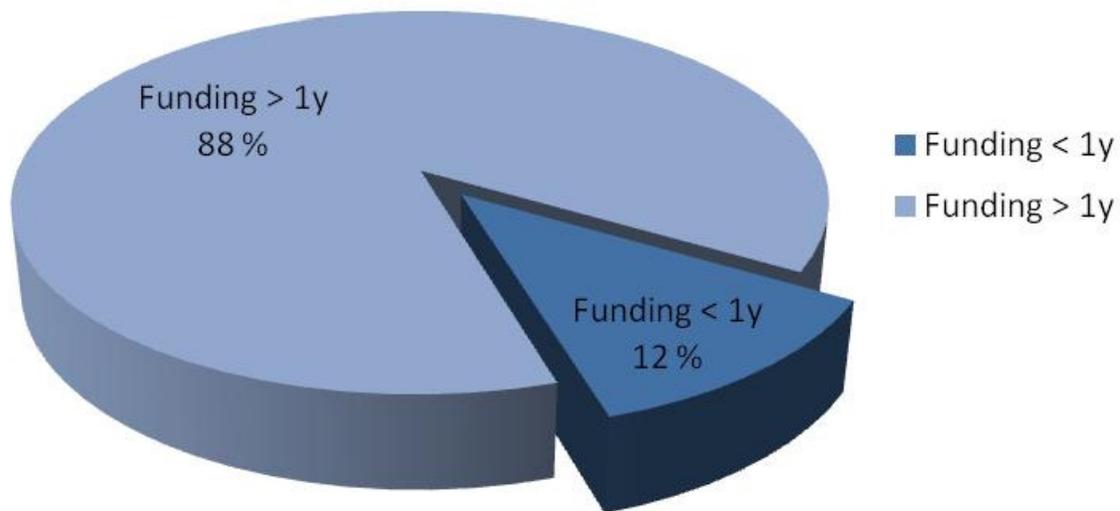


Fundingdistribution Q2-2012

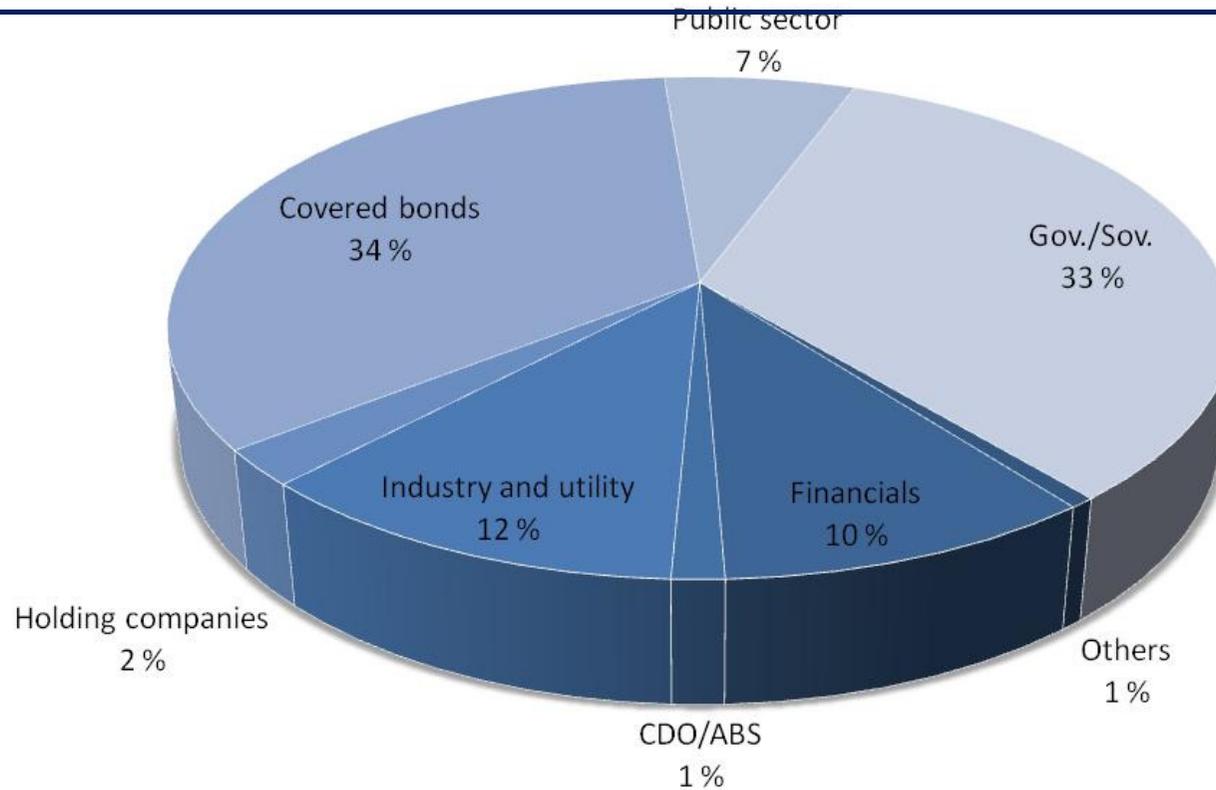


Satisfying share of long funding

Sum av Beløp Kilde2	Løpetid		Totalt
	< 1 år	>1 år	
NOK Bonds	2.169.500.000,00	13.252.000.000,00	15.421.500.000,00
Curr Bonds	188.625.000,00	905.400.000,00	1.094.025.000,00
FONDSOBL		359.370.000,00	359.370.000,00
Other liabilities		1.720.291.168,00	1.720.291.168,00
Gov.swap arrangement	266.406.033,00	2.101.608.767,00	2.368.014.800,00
Subordinated loan capital		1.000.000.000,00	1.000.000.000,00
Totalt	2.624.531.033,00	19.338.669.935,00	21.963.200.968,00

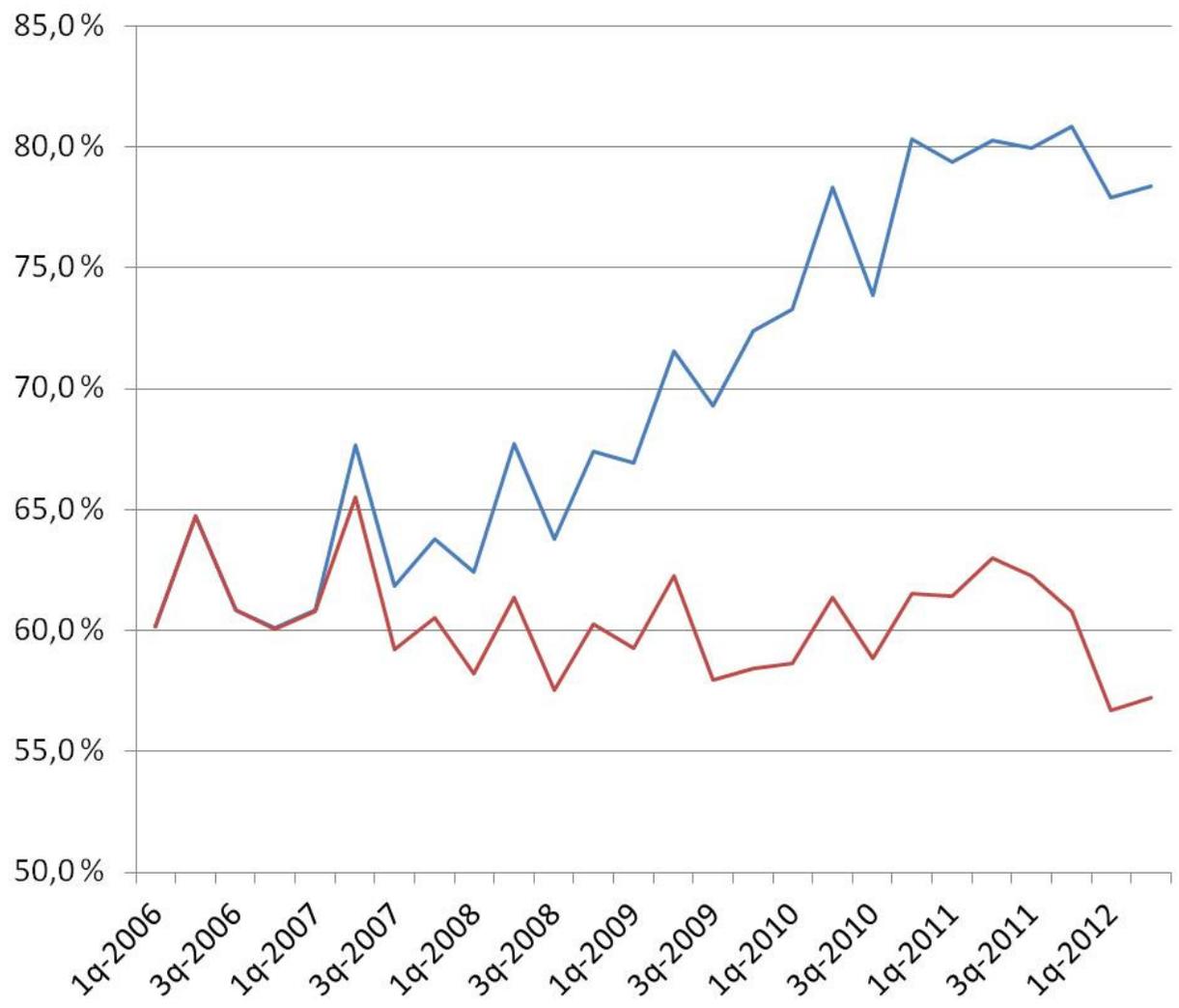


Liquidity reserve Q2-2012



- Liquidity reserve of 9bn NOK excluded holdings in SpareBank 1 Boligkreditt
- Internal mandates shifting more towards guidelines from Basel III/CEBS

Deposits/loan ratio



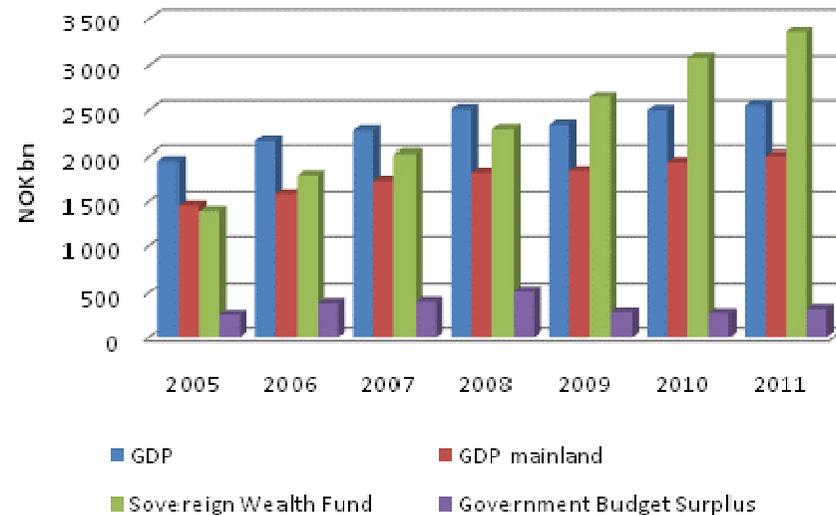
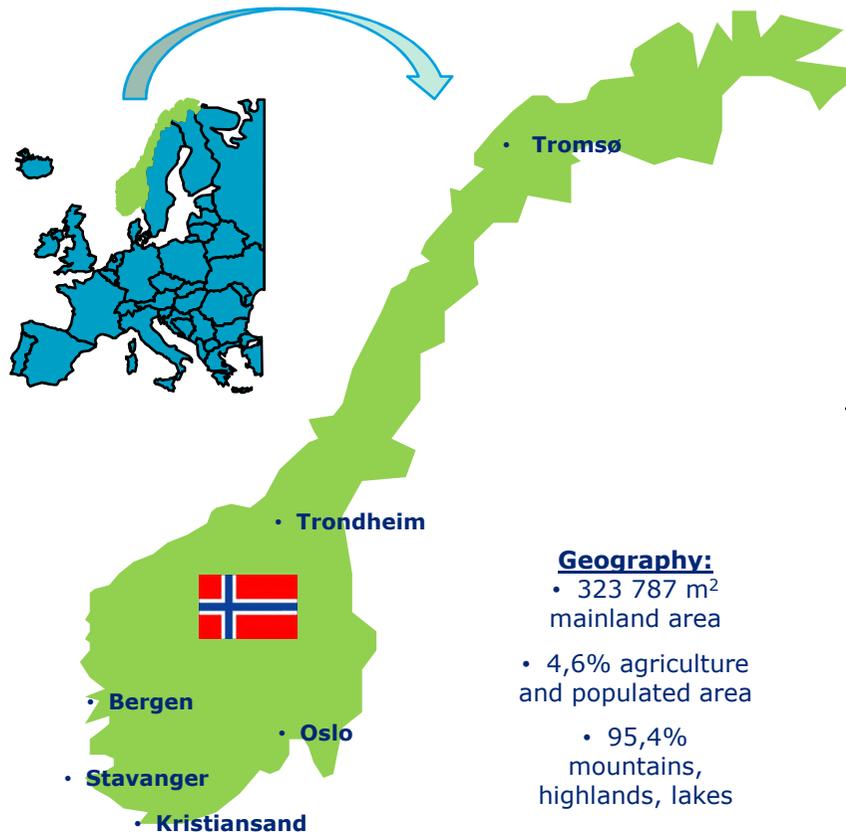
Lending book, excluded loans sold to SpareBank 1 Boligkreditt

Lending book, included loans sold to SpareBank 1 Boligkreditt

The 20 largest EC holders residence in Northern Norway - 30.06.12

Equity Certificate holders	Number of Equity Certificates	Share of total Equity Certificate capital
SPBstiftelsen Sparebank 1 Nord-Norge	916 561	1.38 %
Consept Eiendom A/S	479 731	0.72 %
Karl Ditlefsen, Tromsø	459 243	0.69 %
Norges Råfisklag, Tromsø	414 018	0.63 %
Troms Kraft AS, Tromsø	409 224	0.62 %
Tromstrygd, Tromsø	289 308	0.44 %
Ole Alfred Rolf Ovesen, Sørreisa	226 404	0.34 %
Bodø Kommune, Bodø	221 604	0.33 %
Tor Ovesen, Sørreisa	206 556	0.31 %
Gadd Holdning AS, Sørreisa	204 329	0.31 %
Helgeland Sparebank, Mosjøen	161 252	0.24 %
Jarle Fosshaug, Bardu	142 882	0.22 %
Rigamonti AS, Tromsø	121 452	0.18 %
Bj. Rasch-Tellefsen, Harstad	119 272	0.18 %
Eriksen Eiendom AS, Bardufoss	110 000	0.17 %
Hemming Andersen, Kvaløysletta	109 167	0.16 %
Agnar Holding AS	106 800	0.16 %
Kræmer A/S	103 999	0.16 %
Entreprenørcompagniet, Tromsø	103 680	0.16 %
Tromsø Skotøimagasin A/S	102 000	0.15 %
SUM	5 007 482	7.56 %

Norway – Key Characteristics



Demographics:

- 4,9 million population
- 2,202 million households
 - Fertility rate: 1.98
- 5 year pop CAGR: 1,2%

Government and Affiliations

- Constitutional Monarchy
- Non-EU member (EEA member)
- Currency: NOK (7,5-8 NOK/EUR, 5-6 NOK/USD)

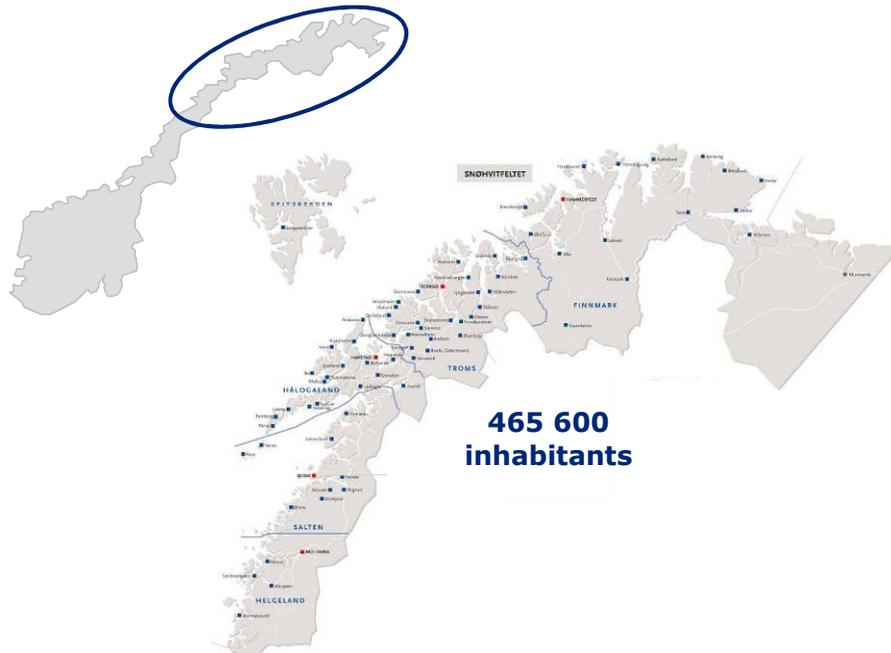
Household debt:

- Number of households with debt (2009): 83%
 - Average HH debt (2009): NOK 939 000
- Average gross income per HH (2009): NOK 617 000
- HH debt multiple of gross income (2009): 1.52x

SpareBank 1 Nord-Norge: at a Glance

Introduction to SpareBank 1 Nord-Norge

SpareBank 1 Nord-Norge's core market



Employment in North-Norway 223.000

Public sector	39.5%	(29.4%)
Fishing and agriculture	8.5%	(5.1%)
Mining & manufacturing	5.3%	(9.5%)
Construction	7.7%	(7.4%)
Tourism & transport	9.1%	(8.0%)
Private services & trade	28.8%	(39.1%)
Energy	1.0%	(1.6%)

Overview of SpareBank 1 Nord-Norge

- SpareBank 1 Nord-Norge is an independent savings bank with head office in Tromsø and 76 branches. 786 man-years
- SpareBank 1 Nord-Norge is a leading provider of financial products and services within the retail and corporate sector throughout Nord-Norge
- Participant in the SpareBank 1 alliance (third largest banking group in Norway) and 19.5% ownership in the SpareBank 1 Group AS

Brief history of SpareBank 1 Nord-Norge

- Established in 1836
- Listed on the Oslo Stock Exchange in 1994
- Participated in the establishment of the SpareBank 1 alliance in 1996
- Established a representative office in Murmansk, Russia in 2007. September 2010: Bank operations opened in St. Petersburg and Murmansk in cooperation with Tavrichesky Bank, St. Petersburg

Macro and economic trends

Economic outlook for Northern Norway

- Competitive advantages due to proximity of natural resources and knowledge production
- Petroleum industry moving northwards - large finds and important start-ups making northern Norwegian business more petroleum oriented
- Good activity growth with optimism in important industries - strong growth in deliveries to the petroleum industry
- Northern Norwegian business increasingly attractive - internationalisation through ownership integration
- Low unemployment and fight for qualified employees - commuting and labour migration important contributors to economic growth

Labour market and private economy

- Labour migration counteracting grey wave
 - Labour migration increasing proportion of those of employable age
 - Migration important for the regions
 - Challenges associated with domestic outward migration
- Continued low unemployment
 - Unemployment on a par with rest of country - but fewer unemployed per vacant position (2.9 versus 3.8)
 - Increasing lack of labour
 - Weak employment growth expected
- Good private economy
 - More people taking higher education
 - Stronger debt growth than national average
 - Increased consumption and saving

	Northern Norway		Norway	
	Number	%	Number	%
Completely unemployed	6 180	2.6	64 196	2.4
On schemes	1 029	0.4	15 338	0.6
Gross unemployed	7 209	3.0	79 534	3.0
Available jobs	2 494		20 665	
Job offers ratio (Gross unemployed/ available jobs)	2.9		3.8	

Source: NAV, 9 July 2012

The most important industries

- Petroleum
 - High level of exploration and drilling activities
 - Strengthened competence through establishment of operations and base organisations in the region
- Maritime
 - Output growth
 - Economic problems in important markets challenging salted and dried fish industry
- Building and construction
 - High level of activity despite low private house building - employment growth expected
 - Record oil reserves - increase in larger construction projects
- Tourism
 - Continued growth in winter tourism - focus on year-round tourism
 - Region winning market share - growing more than national average

Northern focus - important priority area

Concretisation of last period's measures

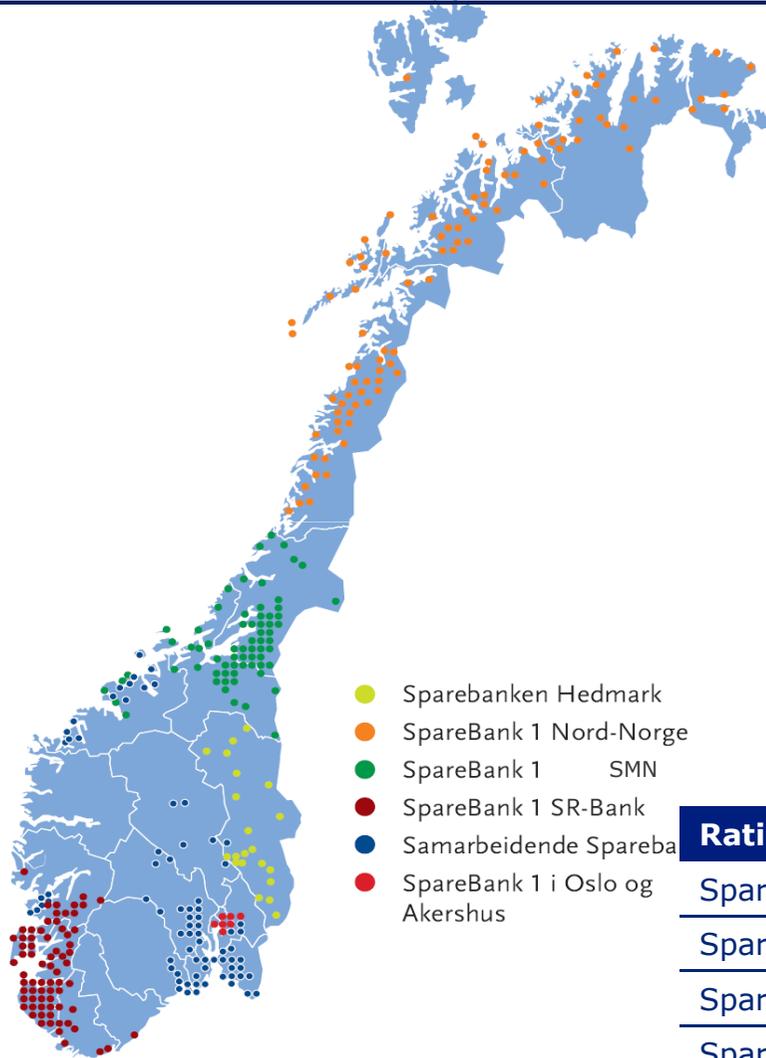
- Local border traffic permit established with Russia
 - Important step in simplification of a more open border
 - Facilitates increased contact between Norway and Russia
- Arctic Council based in Tromsø
 - Establishment of secretariat in Tromsø
 - Strengthens region's position
- Establishment of BarentsWatch
 - Comprehensive monitoring and information system for the northern maritime and coastal areas
 - Parts of BarentsWatch run from Tromsø
- National Transport Plan 2014 – 2023
 - Focus on infrastructure in the northern regions

Presentation of SpareBank 1

SpareBank 1 Gruppen og the Alliance

SpareBank 1 Alliance

Strong alliance of Norwegian retail banks



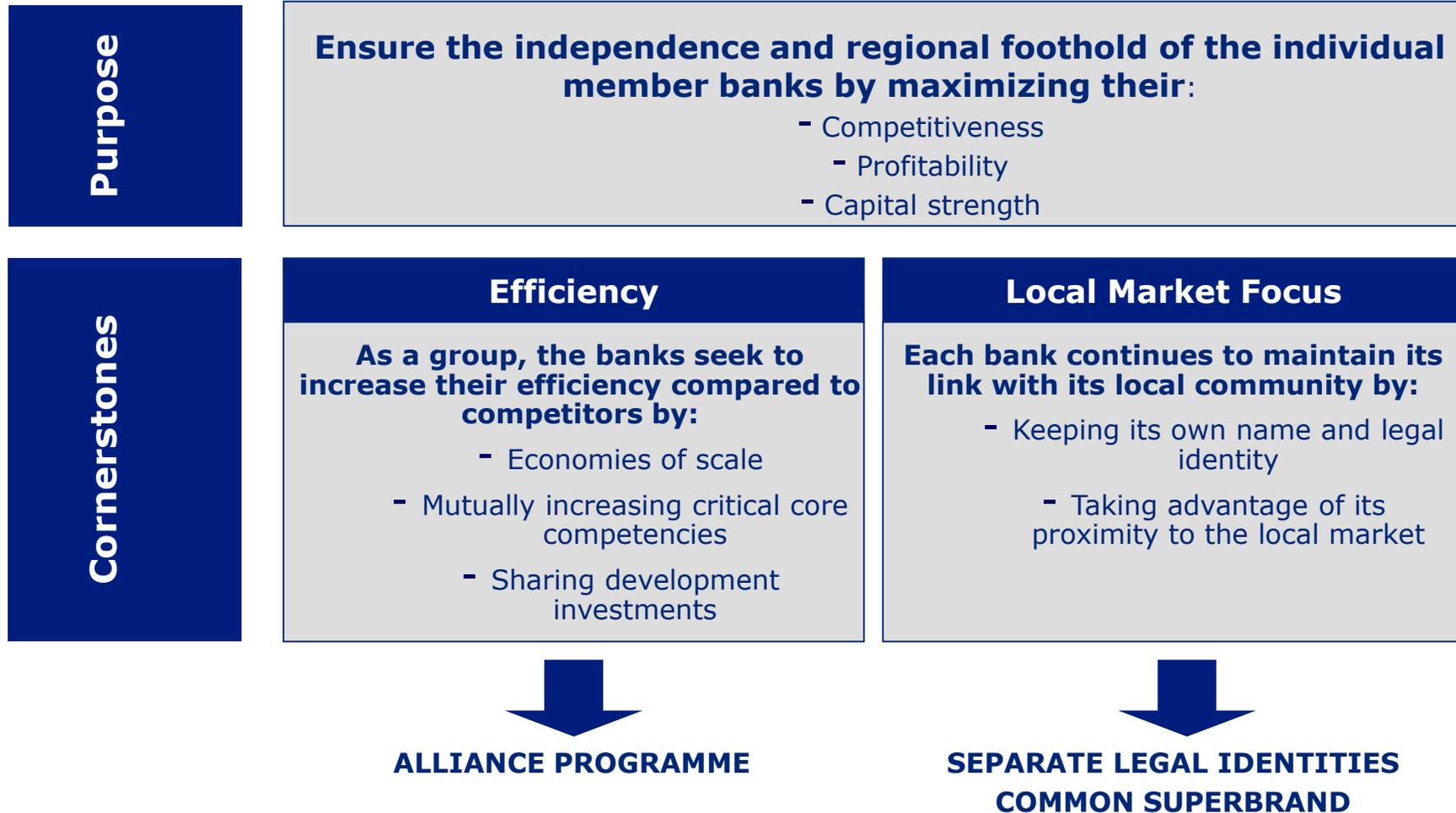
Source: Published quarterly reports from respective banks

- **Founded 1996 - Economies of Scale**
- **Local presence – extensive branch network**
- **2nd largest mortgage lender in the Norwegian Retail Market**
- **Market leader in its local markets**
- The neighbourhood bank with market shares from 30 - 50%
- **Approx two thirds are retail lending**
- Rest is SME lending
- **Key banks in the Alliance trace their history back to the 1820's**

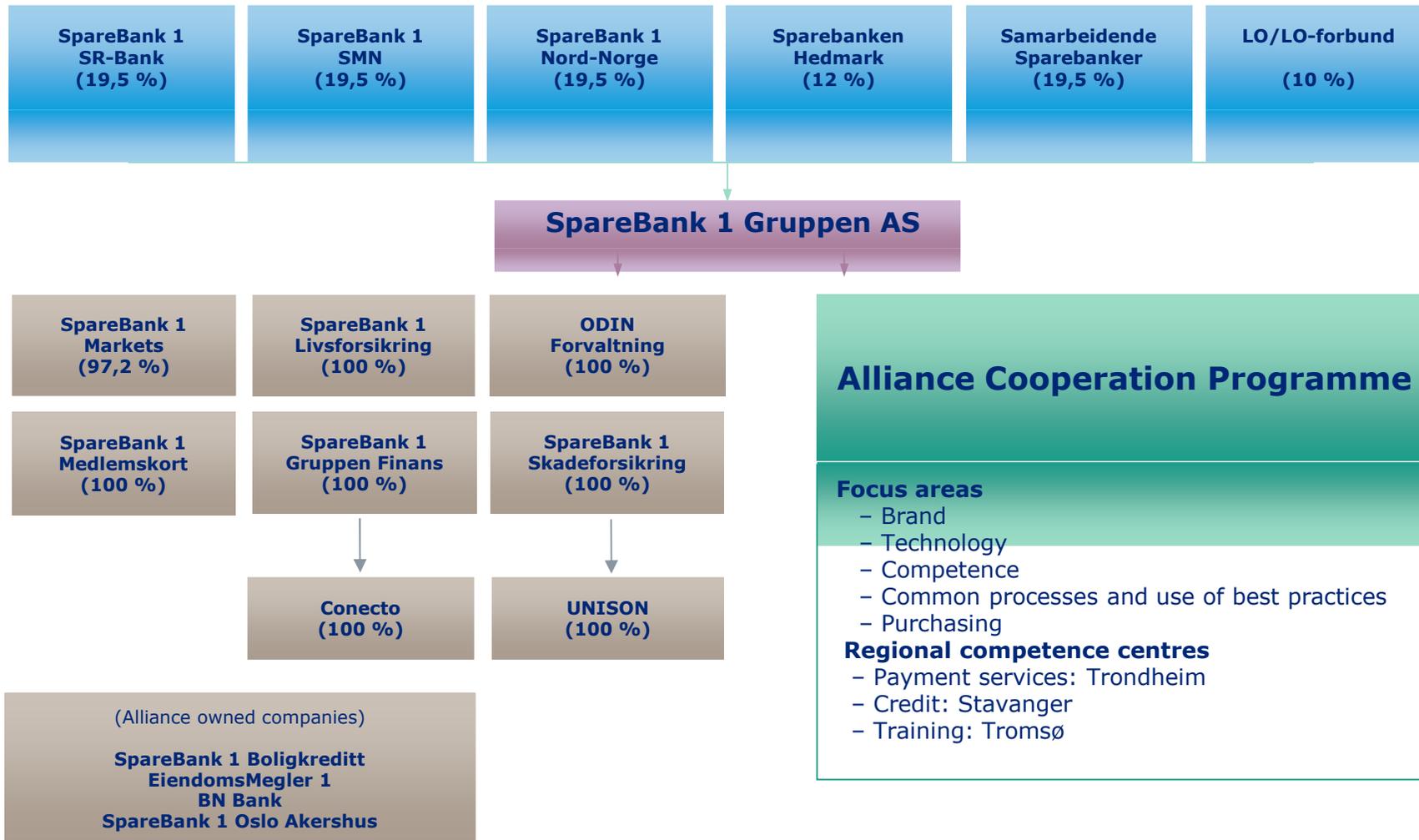
Ratings	Fitch	Moody's
SpareBank 1 SMN	A -/ F1	A1 / P-1
SpareBank 1 SR-Bank	A -/ F1	A1 / P-1
SpareBank 1 Nord-Norge	A / F1	A1 / P-1
Sparebanken Hedmark	na.	A1 / P-1

The SpareBank 1 Alliance

Strategic platform for the Alliance



The Alliance structure



Strategy

Market conditions

- Financial markets and regulation
 - Capital markets impacted by European debt crisis and high credit premiums
 - Stricter capital adequacy, liquidity and funding requirements increasing costs
 - Low interest rates mean that increased capital costs having little impact on demand for loans
- Banking sector and competitive conditions
 - Competition in the retail and SMB markets getting tougher
 - Continued squeeze on margins - increased competition for deposits
 - Reduced costs
- Market in Northern Norway
 - Strong upturn in corporate market since 2010, continuing in 2012
 - Increasing growth in retail market in 2012, both credit and saving
 - Good growth and liquidity in the public sector

Bank's market position

- SpareBank 1 Nord-Norge is a regionally based bank and its main market is Northern Norway
 - SNN will also actively support customers' business in areas outside the region
 - SNN owns 75% of North-West 1 Alliance Bank in Russia
- Market targets: 30% market share for all business areas
 - Strong position in growth areas in the region
- Market shares

– Customers/main bank:	35%
– Deposits:	33%
– Lending:	23%
– Insurance: home and car	20%



Our strategic core

- The good customer experience
 - How the customer experiences meetings and interacting with the bank
 - Capable advisers know the customer and understand the customer's needs
 - Relevant initiatives and solutions tailored to the customer
 - Seamless interaction between customer contact points
- Business and personal advice
 - Customers are offered a permanent personal adviser
 - All advisers are authorised
- Accessible to customers
 - Broad network of offices - 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
 - 20 000 customers use the new mobile bank to pay bills

SpareBank 1 first in Norway with mobile bank for companies

- First version delivered with the six most used services
 - Logging on
 - Overview of accounts
 - Transaction details
 - Payment approval
 - Payment due register
 - Transfers between accounts



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

Lanserer mobilbank for bedrifter

Sparebank 1 er først ute med et mobilbanktilbud som også bedrifter kan bruke.