

Presentation of 3rd Quarter Report 2012

Tromsø/Oslo, 31 October 2012

Interim report for Q3 2012 – Group Summary

- Good macroeconomic situation in Northern Norway
- Satisfactory result: Return on equity after tax: 8.9% (13.8%)
- High lending growth
- Increased net interest income and increased interest margin
- Reduced costs during the quarter
- Very good and further improved core operations before losses
- Increased lending losses after write-downs on individual commitments
- Increased loss on financial investments in SNN Invest
- Good liquidity and financial strength
- Good prospects for the future

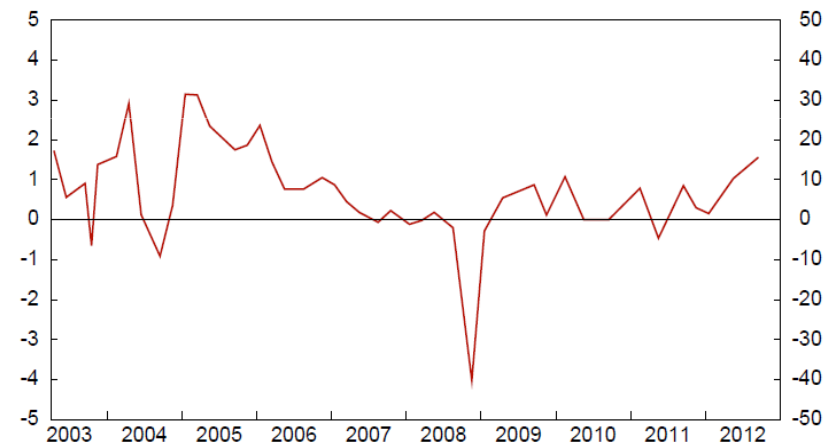
Good economic outlook for northern Norway

- Northern Norway has access to valuable natural resources - fish, minerals, petroleum, marine areas and natural attractions
- The petroleum industry is moving northwards - an extended drilling programme, commercial discoveries and new company start-ups are developing northern Norway's business sector
- Rapid growth in important industries - the supplier industry, building and construction, service industries aimed at business
- Companies are planning substantial investment growth in the next 12 months
- 34% of companies report limitations to capacity. The most important limiting factor is access to competence (22%)

Region Nord

3.2 Vekst i investeringer

Forventet endring i investeringer neste 12 måneder
Indeks¹ - venstre akse, prosent - høyre akse



¹) Indeksen går fra -5 til +5, der -5 indikerer stort fall mens +5 indikerer kraftig vekst. Se artikkelen 'Regionalt Nettverk: Fersk og nyttig informasjon' i Penger og Kredit 2/09 for nærmere omtale.

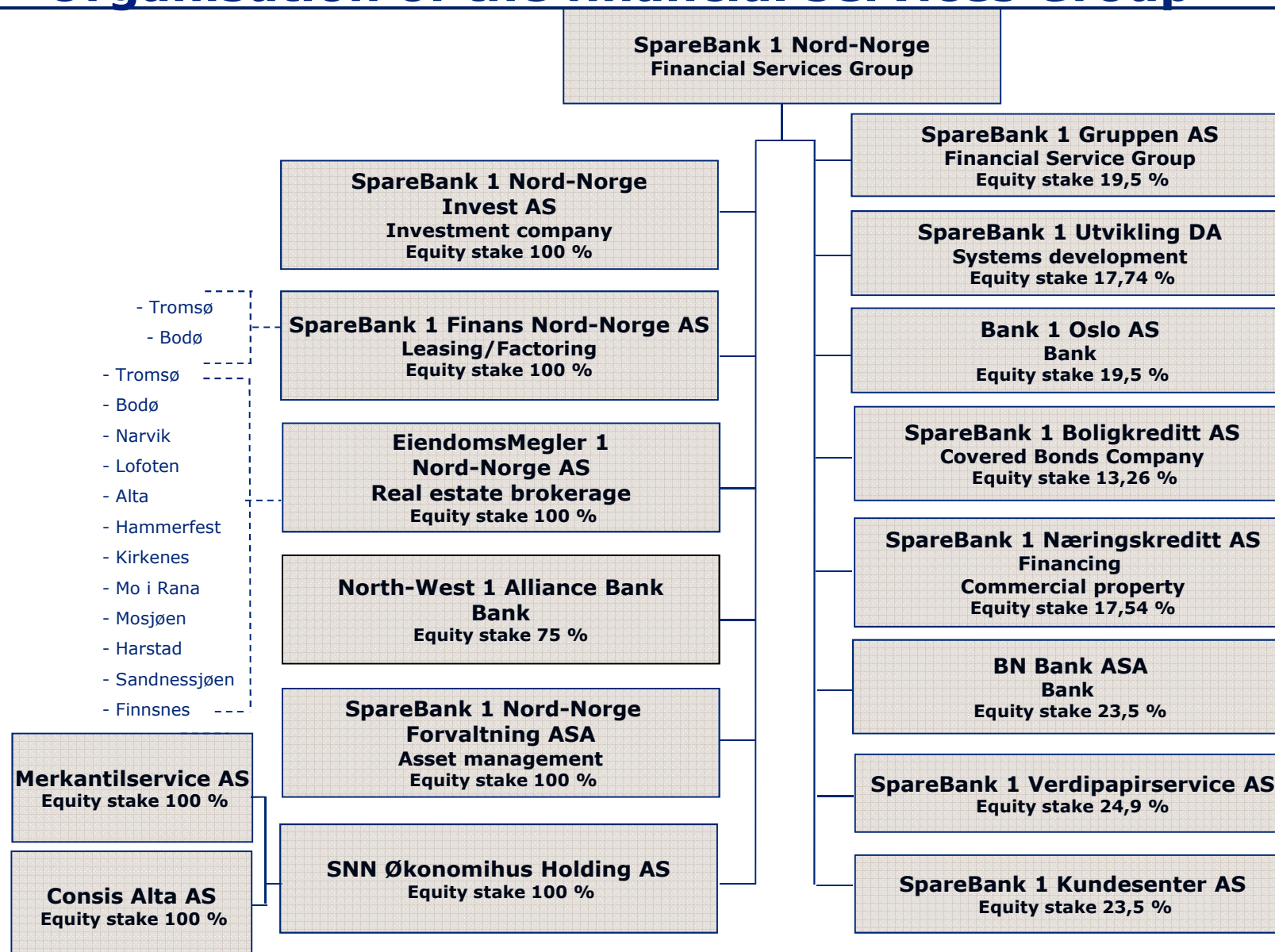
Kilde: Norges Banks regionale nettverk

NORGES BANK

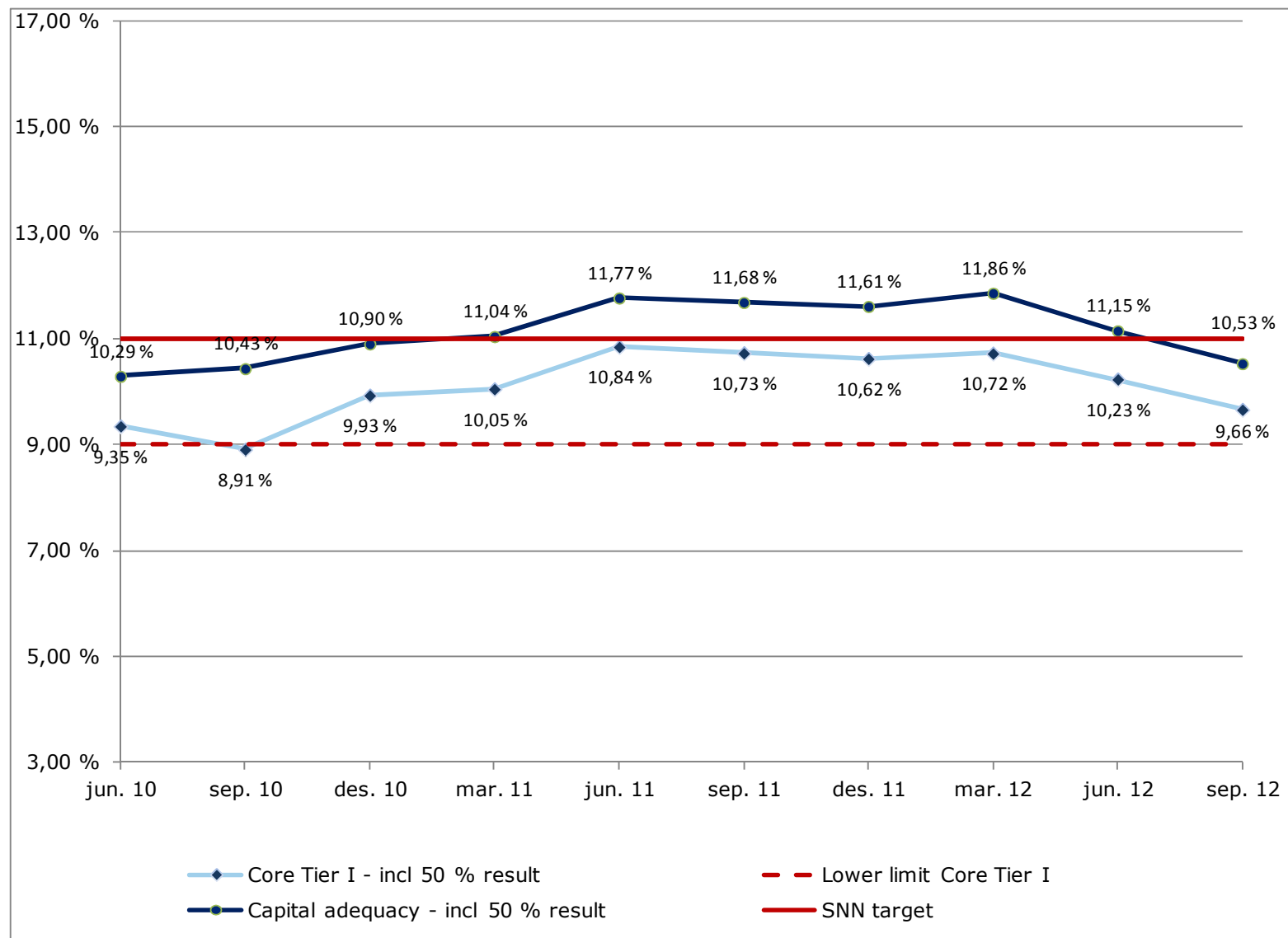
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➔ This leads to a high level of activity in the region, including the housing markets

Organisation of the financial services Group



Capital adequacy ratio - Group



Financial targets

- **Capital adequacy ratio**

- Core-capital coverage 11 % or higher

- **Profitability**

ROE shall be comparable to the performance of Norwegian bank peers. 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

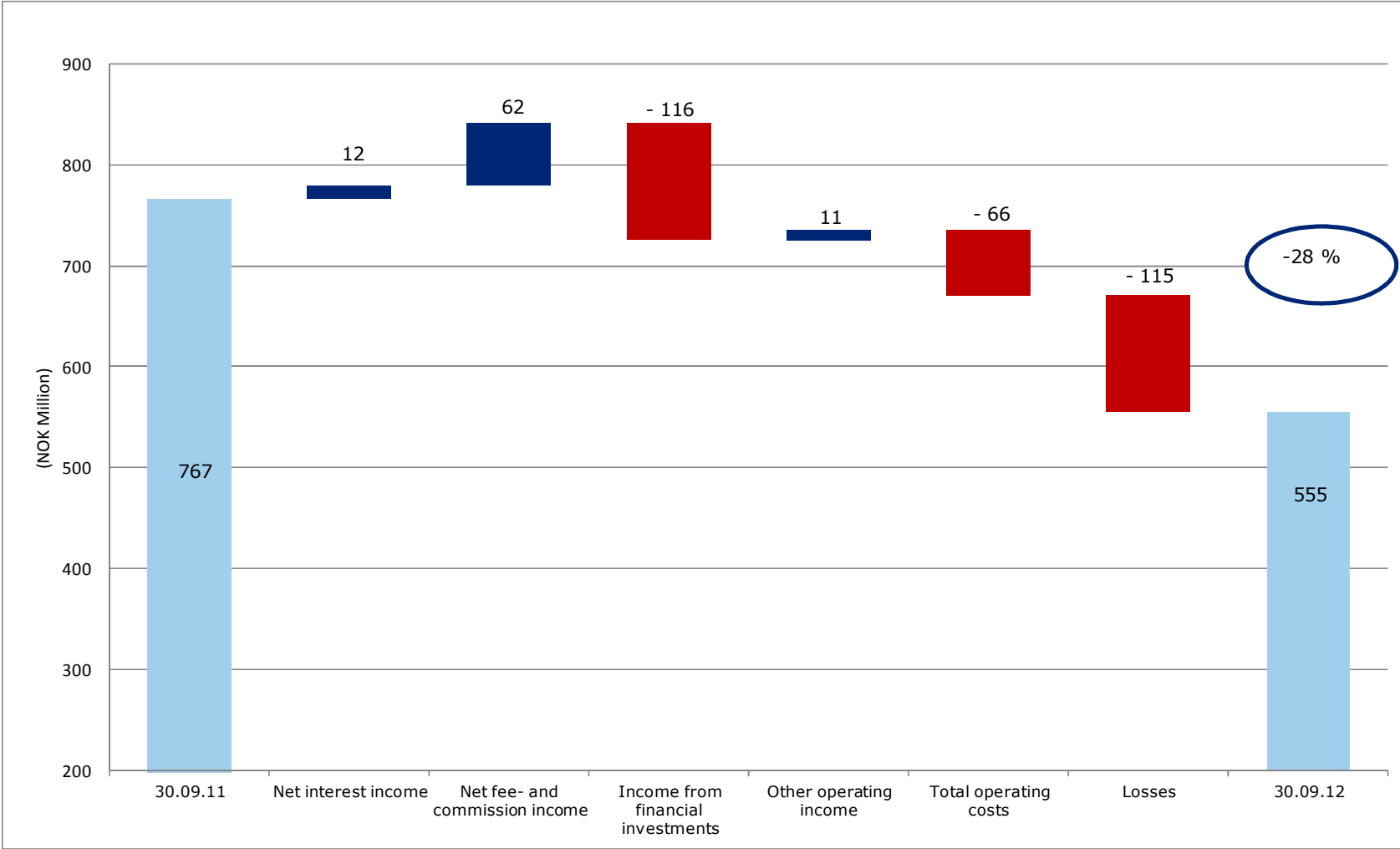
Profit and loss account - Group

(Amounts in NOK million)	30.09.12	30.09.11
Net interest income	859	847
Net fee-, commission and other operating income	454	381
Net income from financial investments	230	346
Total net income	1 543	1 574
Total costs	825	759
Result before losses and write-downs	718	815
Net losses and write-downs	163	48
Result before tax	555	767
Tax	118	134
Minority interests	0	0
Result for the period	437	633
Return on equity capital	8,9 %	13,8 %

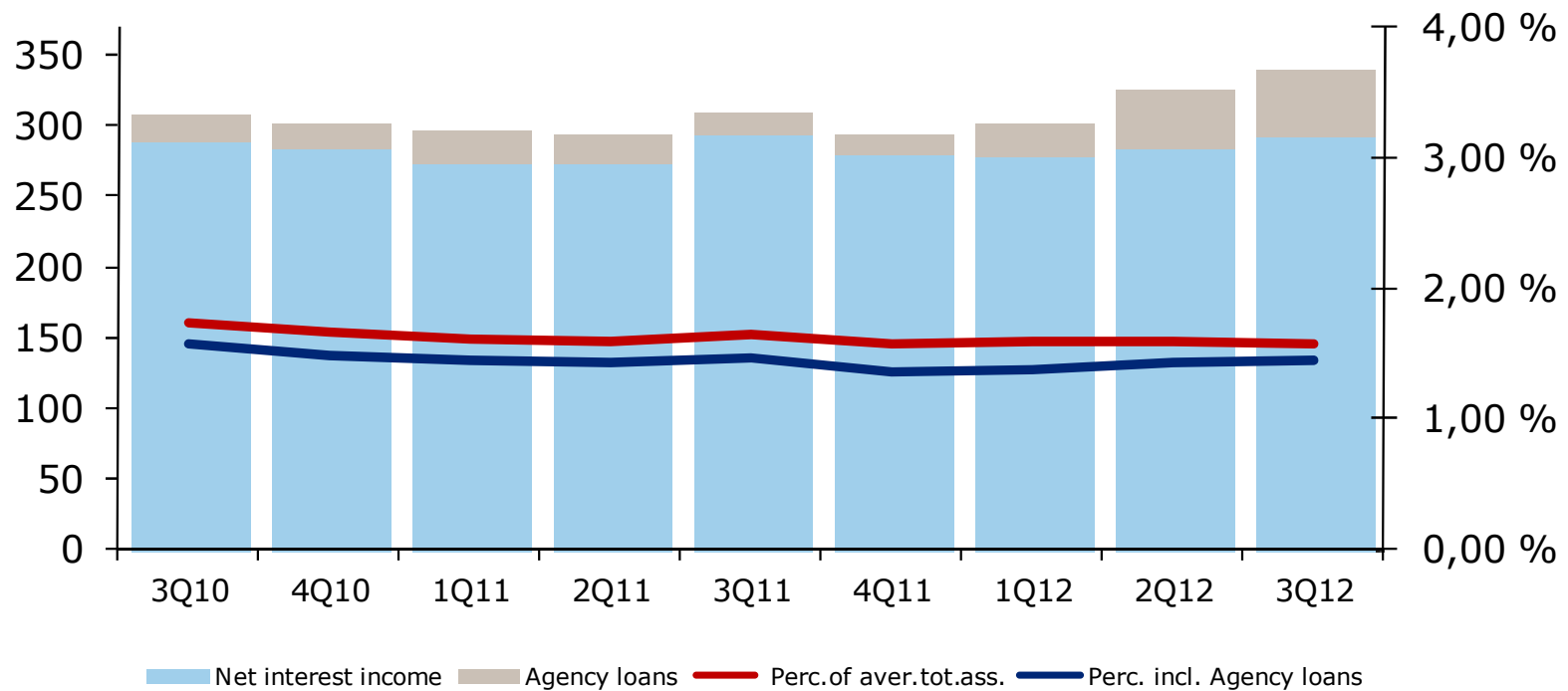
Quarterly Summary – profit and loss account

(Amounts in NOK million)	3Q12	2Q12	1Q12	4Q11	3Q11
Net interest income	293	285	281	282	296
Net fee-, commision and other operating income	172	156	126	125	127
Net income from financial investments	79	2	149	-162	46
Total net income	544	443	556	245	469
Total costs	266	277	282	277	252
Result before losses and write-downs	278	166	274	-32	217
Net losses and write-downs	115	6	42	53	23
Result before tax	163	160	232	-85	194
Return on equity capital	8,4 %	6,4 %	12,1 %	-6,6 %	8,9 %
Cost/income	48,9 %	62,5 %	50,7 %	113,1 %	53,7 %

Change in pre-tax result last 12 months – Group

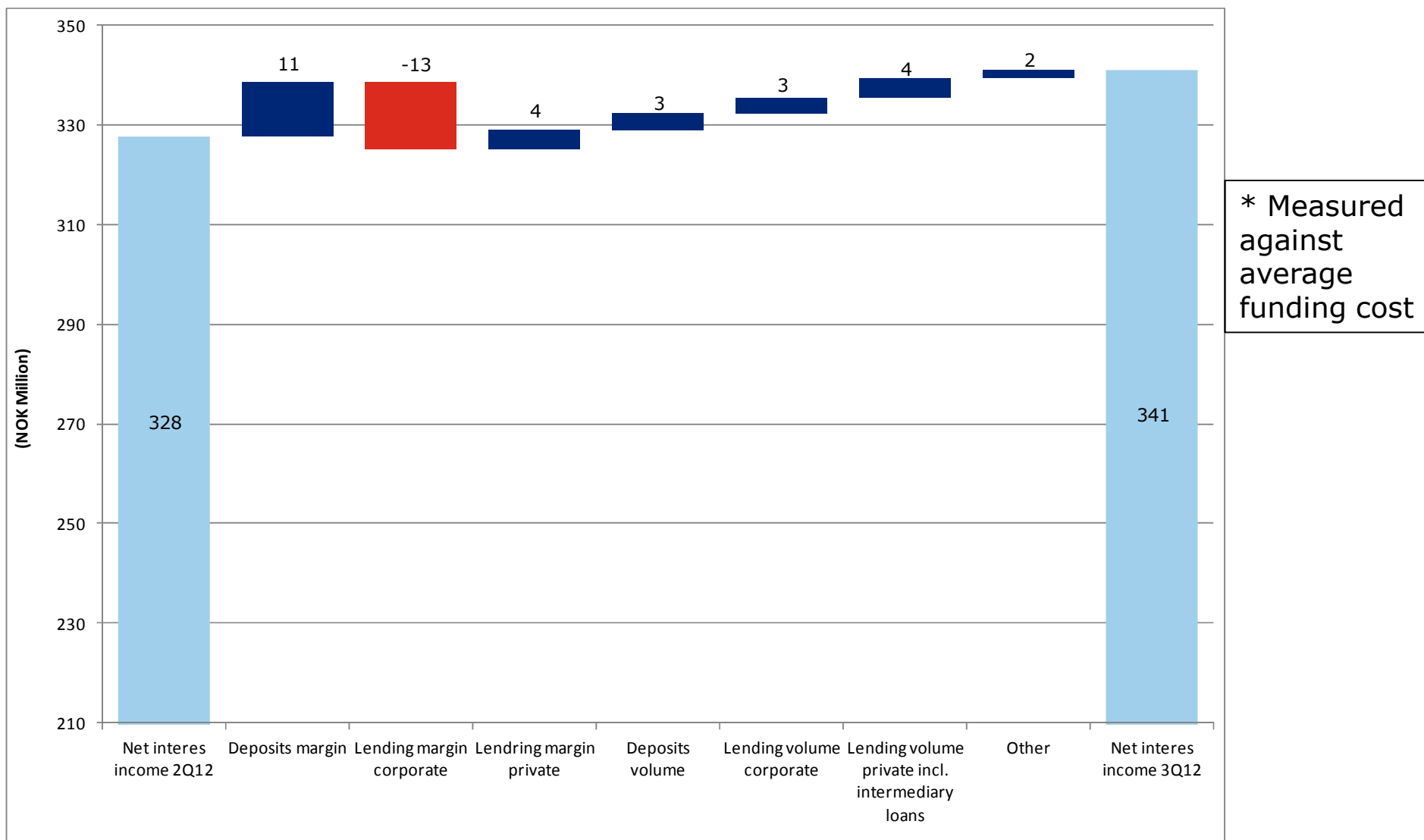


Net interest income - Group

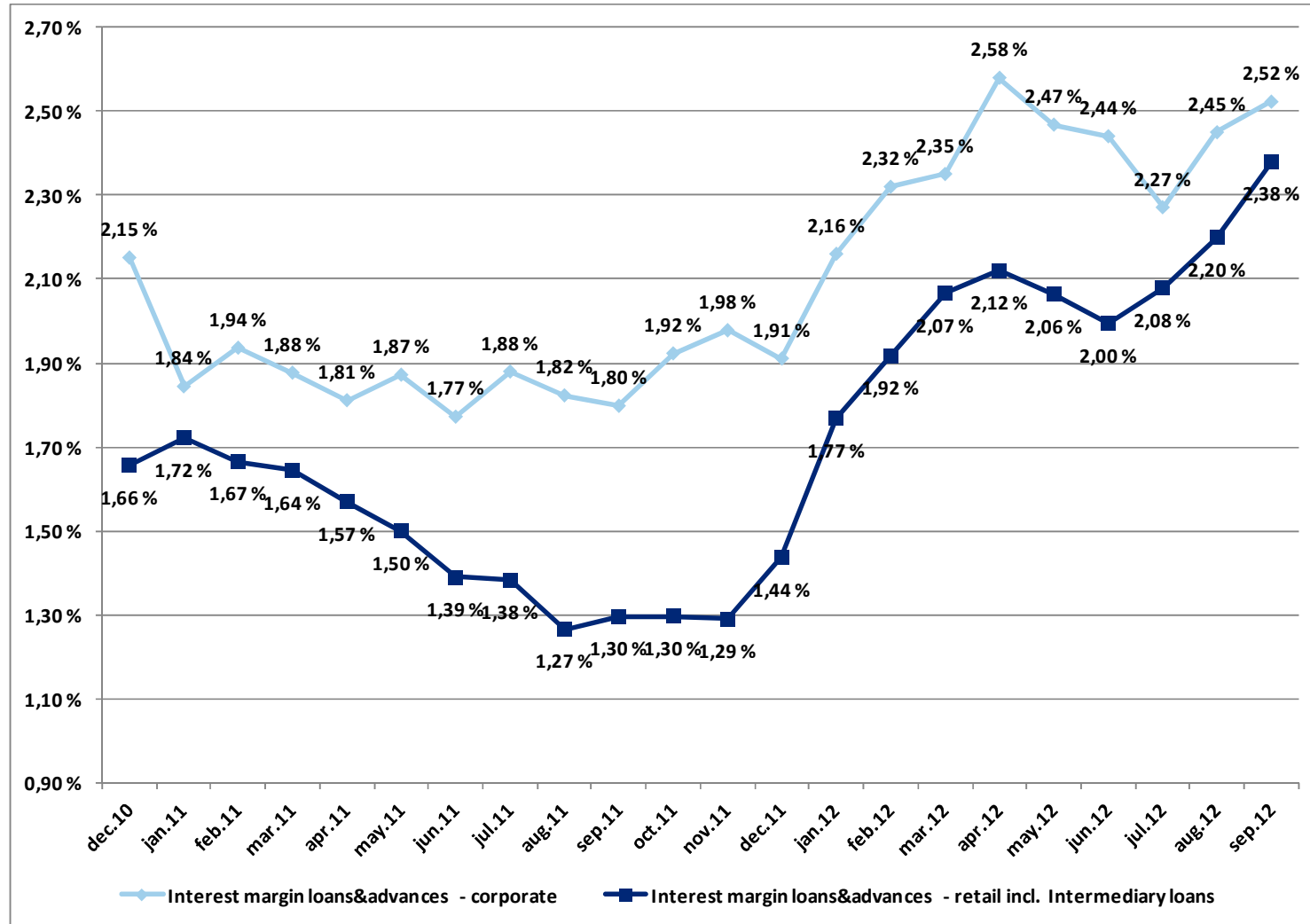


	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12
Net interest income	291	285	275	276	296	282	281	285	293
Agency loans	19	19	24	20	16	13	23	42	48
Perc. of aver. tot. ass.	1,74 %	1,66 %	1,61 %	1,59 %	1,65 %	1,57 %	1,59 %	1,58 %	1,58 %
Perc. incl. Agency loans	1,56 %	1,49 %	1,45 %	1,42 %	1,46 %	1,36 %	1,38 %	1,43 %	1,44 %

Changes in net interest income 2q12 to 3q12*

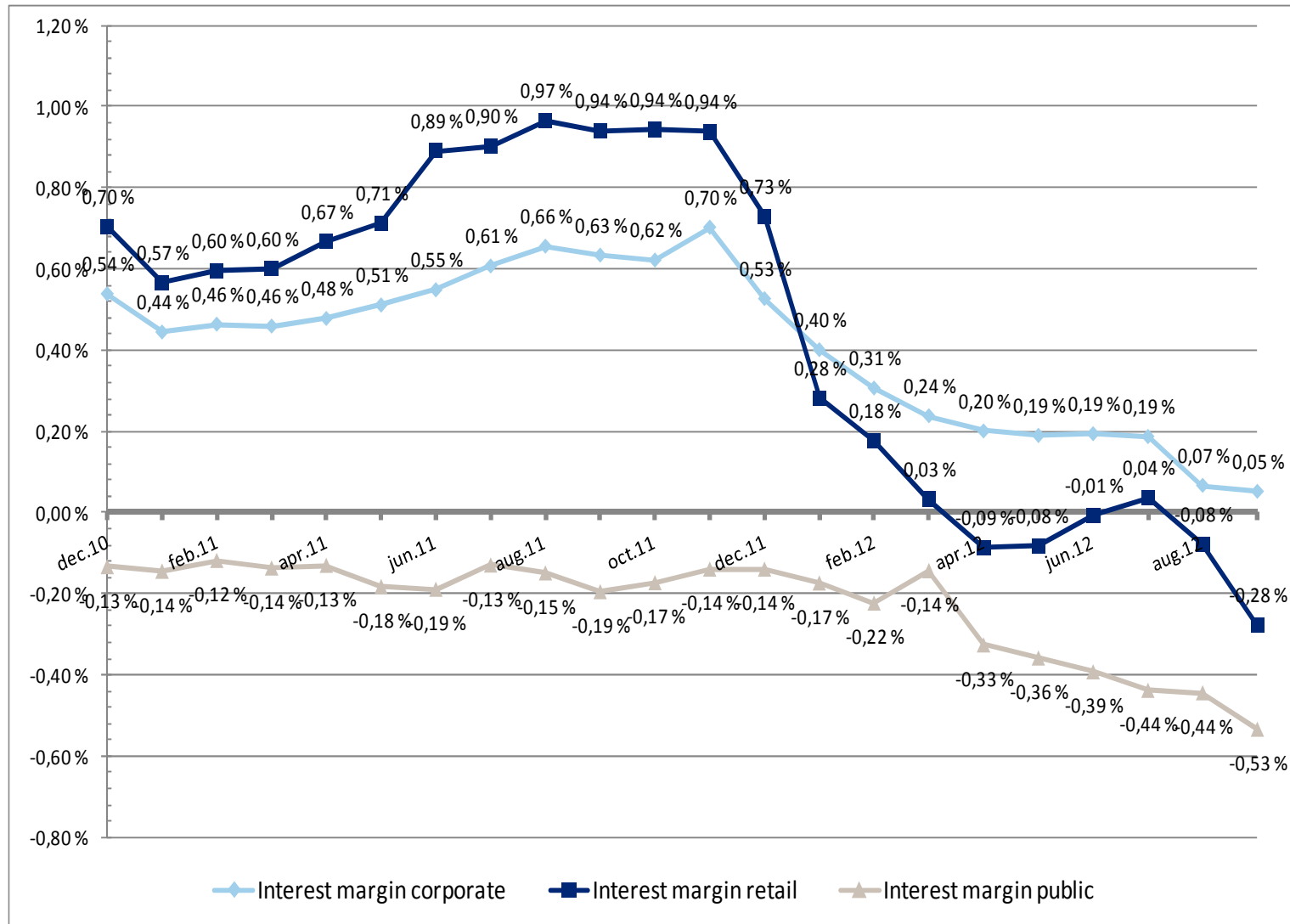


Lending margin



The interest margin is defined as the difference between the customer lending rate and 3 months NIBOR

Deposit margins



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

Income from financial investments per Q3-12

(Amounts in NOK million)

	30.09.12	30.09.11
Dividends	18	17
Income from joint ventures	196	132
Gains/losses and net value changes on shares	-105	158
Gains/losses and net value changes on foreign exchange	16	39
Gains/losses and net value changes on certificates and bonds (incl. other financial derivatives)	106	0
Income from financial investments	231	346

Group companies - result before tax

(Amounts in NOK million)

	30.09.12	30.09.11
SpareBank 1 Finans Nord-Norge AS	51 649	50 966
SpareBank 1 Nord-Norge Invest AS	-130 216	178 487
SNN Økonomihus AS	- 899	0
EiendomsMegler 1 Nord-Norge AS	8 726	5 068
SpareBank 1 Nord-Norge Forvaltning ASA	809	907
North-West 1 Alliance Bank	485	691
Folk i husan AS (owned by EM1 60%)	0	0

SpareBank 1 Nord-Norge Invest AS

Comprehensive measures have been taken to reduce the risk in the company:

- The company is making no new direct investments
- A substantial part of the portfolio has been sold to Nord Kapitalforvaltning (Nord 1 IS, own closed fund)
- Possible future investments will be made through Nord Kapitalforvaltning (Nord 2 IS and possible other funds)

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

(Amounts in NOK million)

	3Q12	2Q12	1Q12	4Q11	3Q11
Net interest income	293	285	281	282	296
Net fee- and commission income	160	150	120	119	127
Other operating income	12	6	6	6	0
Total costs	266	277	282	277	252
Underlying banking operations	199	164	125	130	171
Net losses and write-downs	115	6	42	53	23
Underlying banking operations after losses	84	158	83	77	148

Financial targets

- **Capital adequacy ratio**

- Core-capital coverage 11 % or higher

- **Profitability**

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

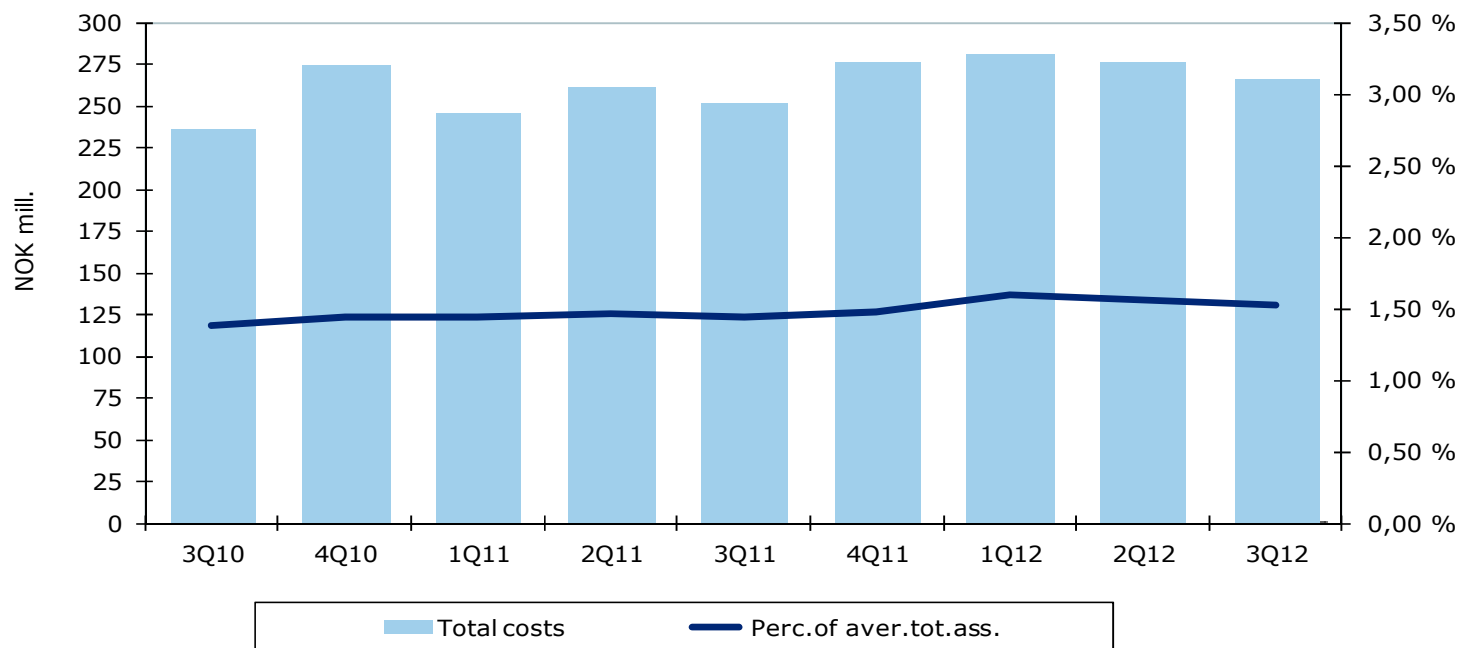
- **Effectiveness**

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

Group operating costs



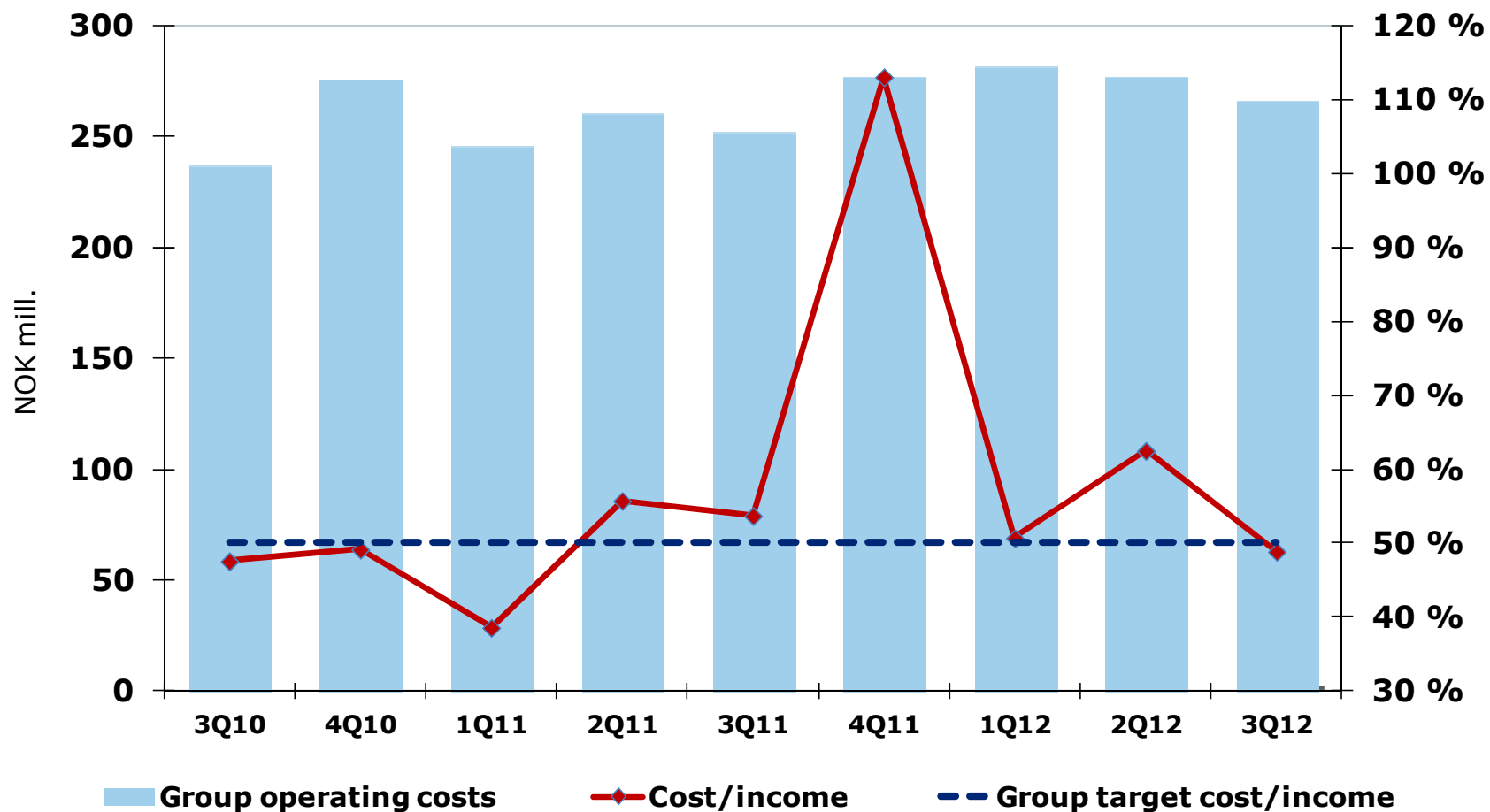
	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12
Total costs	237	276	246	261	252	277	282	277	266
Perc. of aver. tot. ass.	1,38 %	1,44 %	1,44 %	1,46 %	1,44 %	1,47 %	1,60 %	1,56 %	1,52 %

Group operating costs

(NOK Million)

	30.09.12	30.09.11	Change
Wages and salaries	365	317	48
Pension costs	30	24	6
Social costs	33	32	1
Total personnel costs	428	373	55
Administration costs	236	228	8
Total personnel- and general administration costs	664	601	63
Depreciation and write-downs of fixed assets	38	34	4
Total operating costs	161	158	3
Total costs	825	759	66

Group operating costs

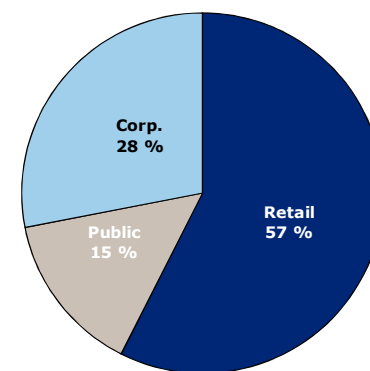
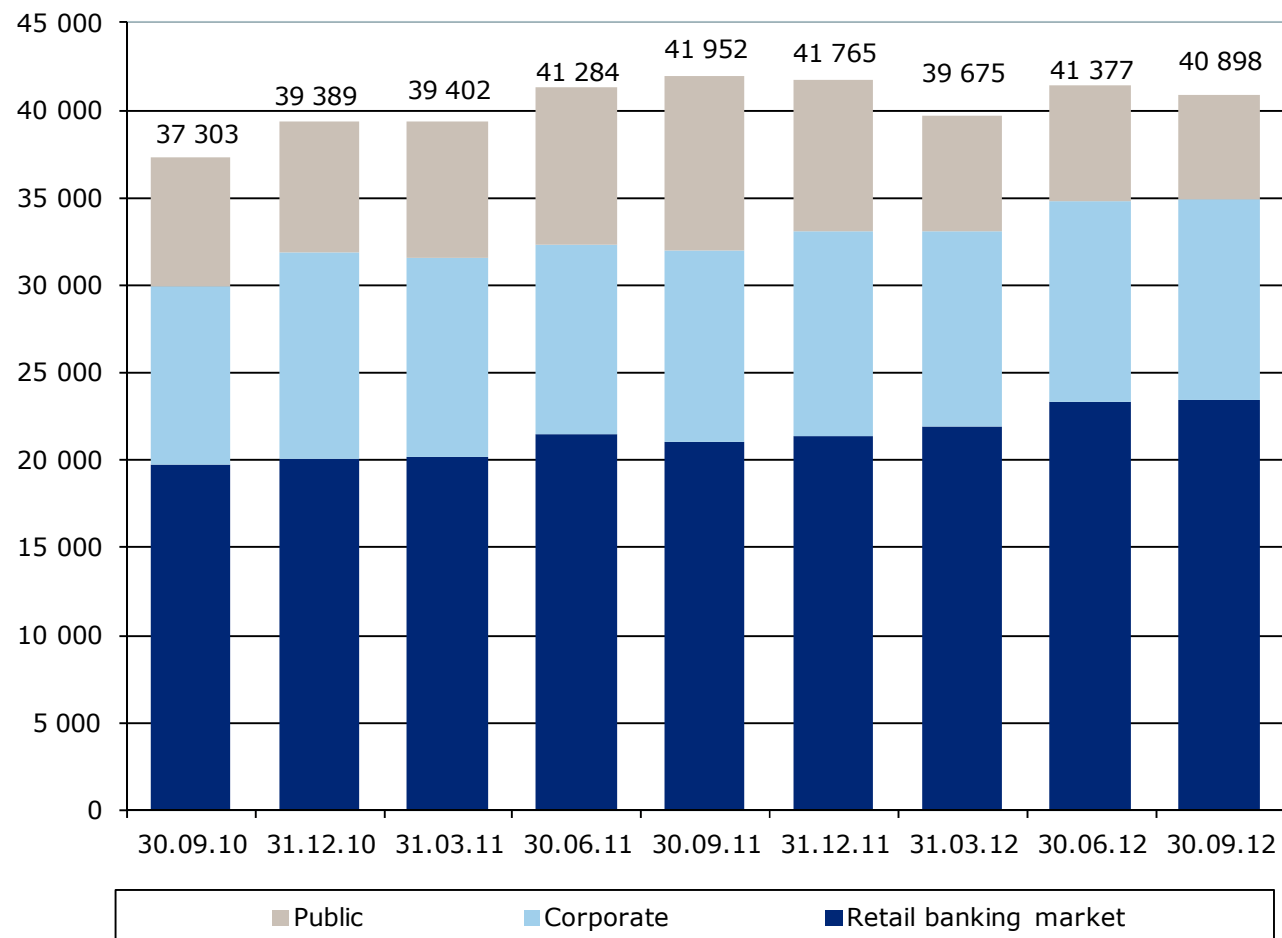


Key figures balance sheet

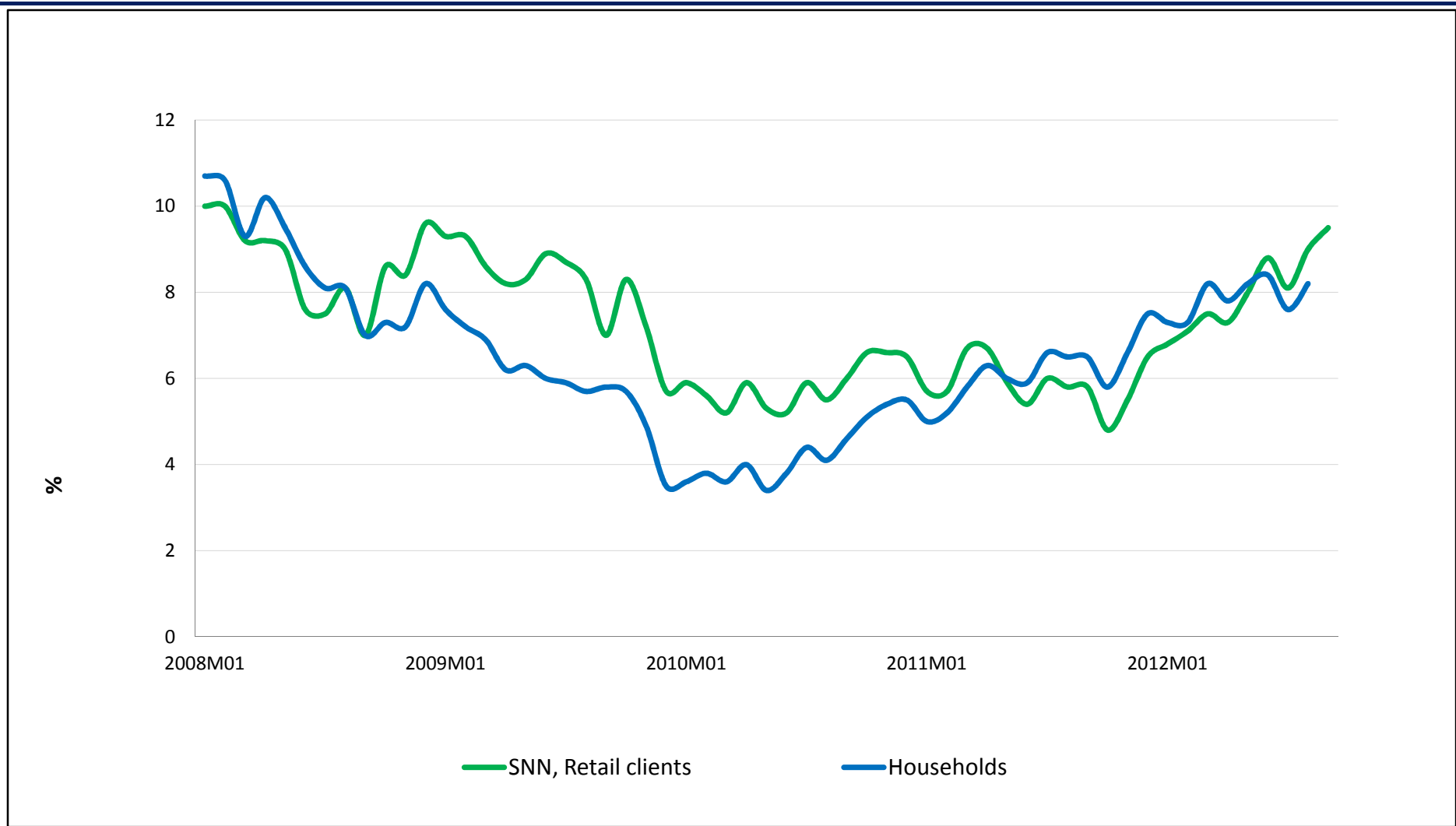
(Amounts in NOK million)

	30.09.12	30.09.11	Change	Change %
Total assets	74 258	72 402	1 856	2,6%
Gross lending	53 493	52 465	1 028	2,0%
Loans and advances to customers including agency loans	74 665	66 722	7 943	11,9%
Deposits from customers	40 898	41 952	-1 054	-2,5%

Deposit volume

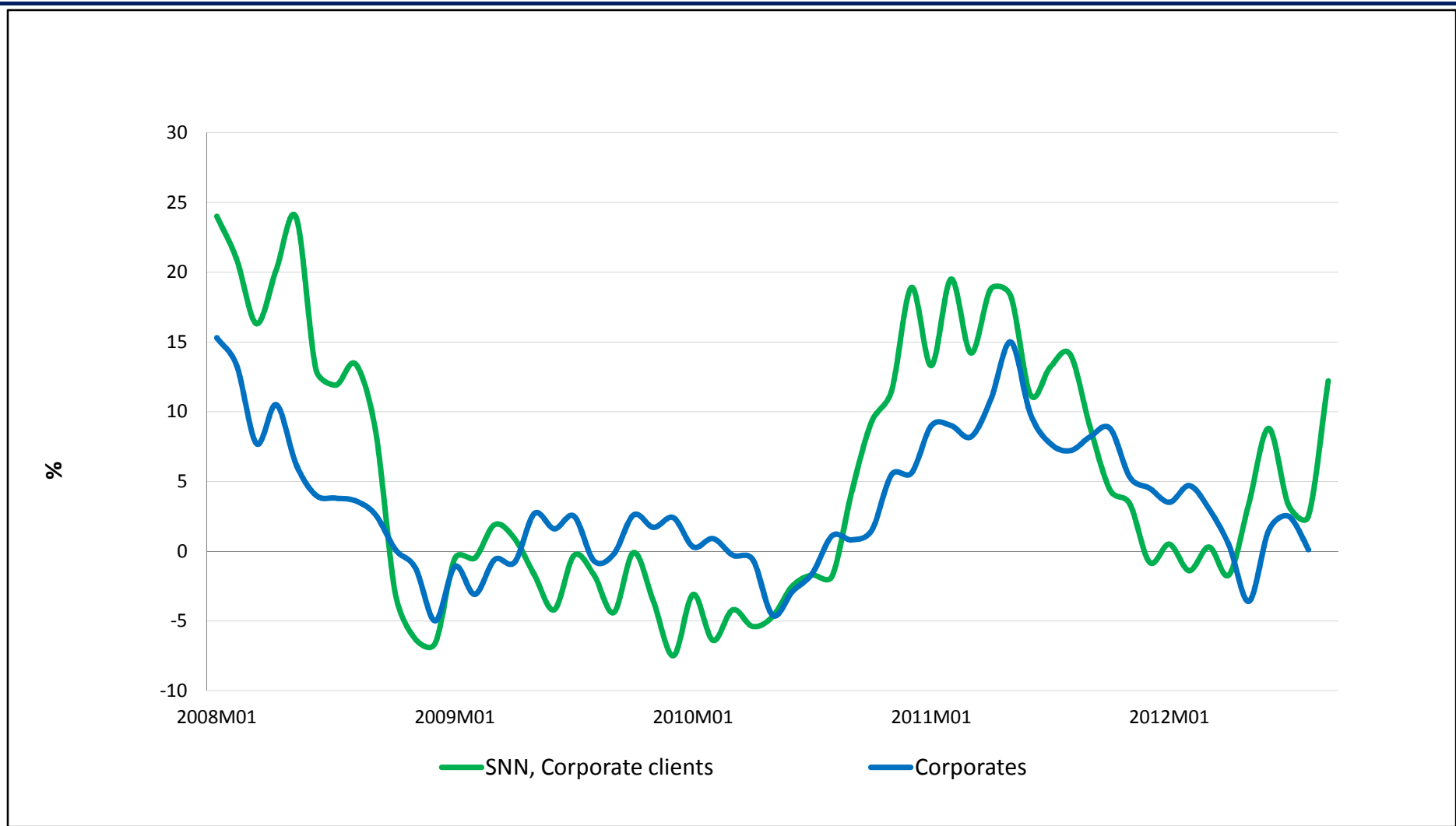


Deposit growth households – 12 month growth



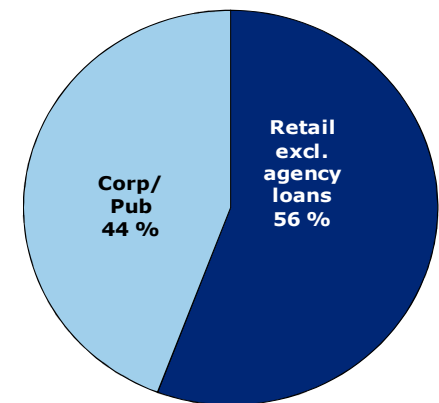
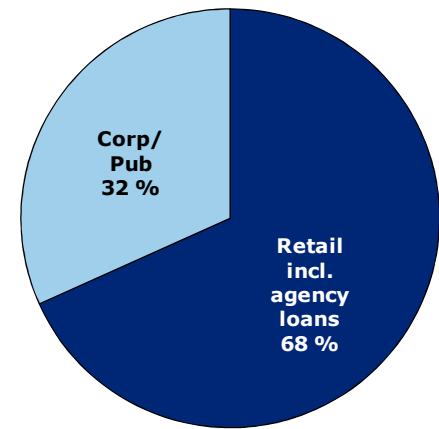
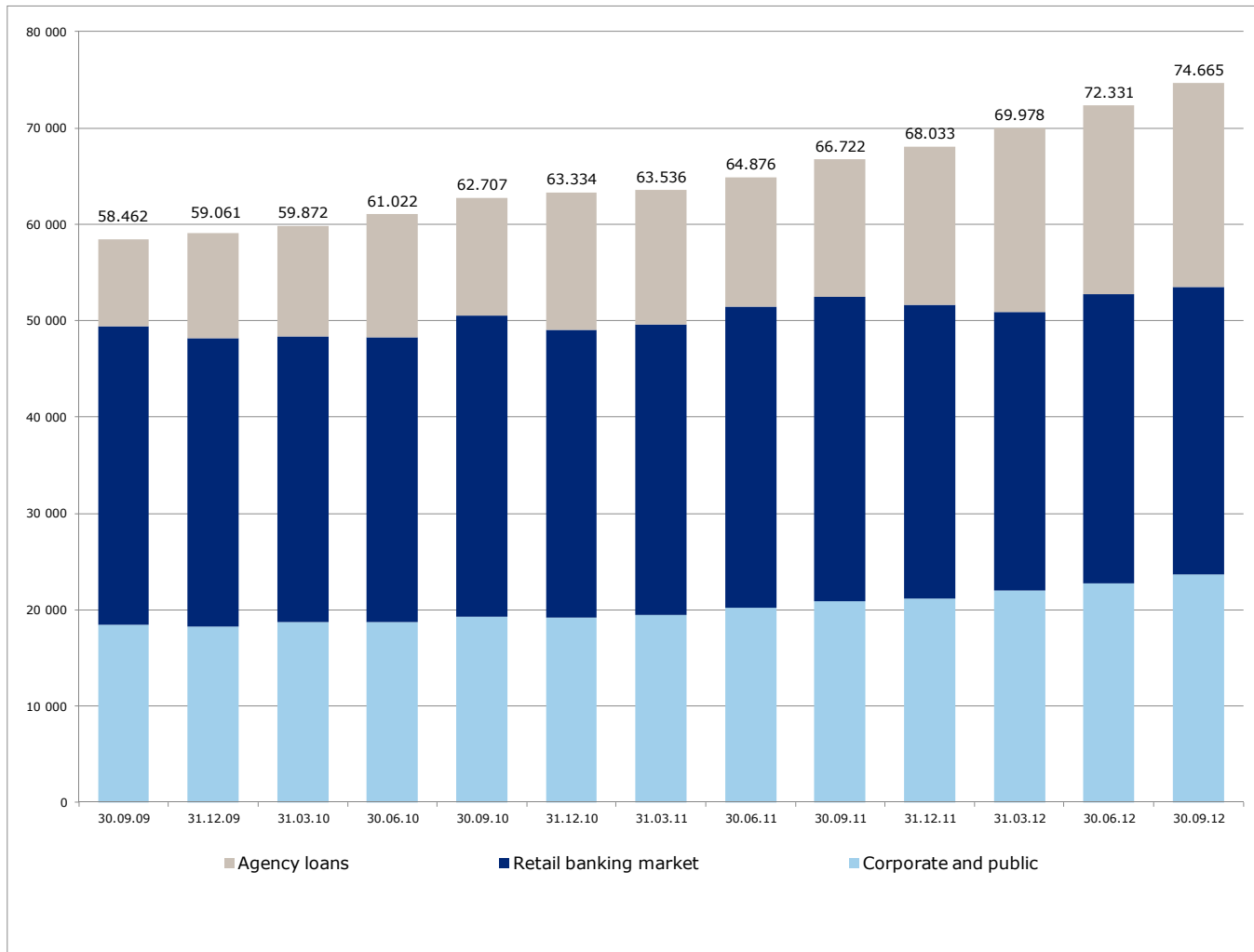
Kilde: Statistisk Sentralbyrå, Pengemengden M2, Oct 2012 og SNN Bare, Oct 2012

Deposit growth corporates – 12 month growth

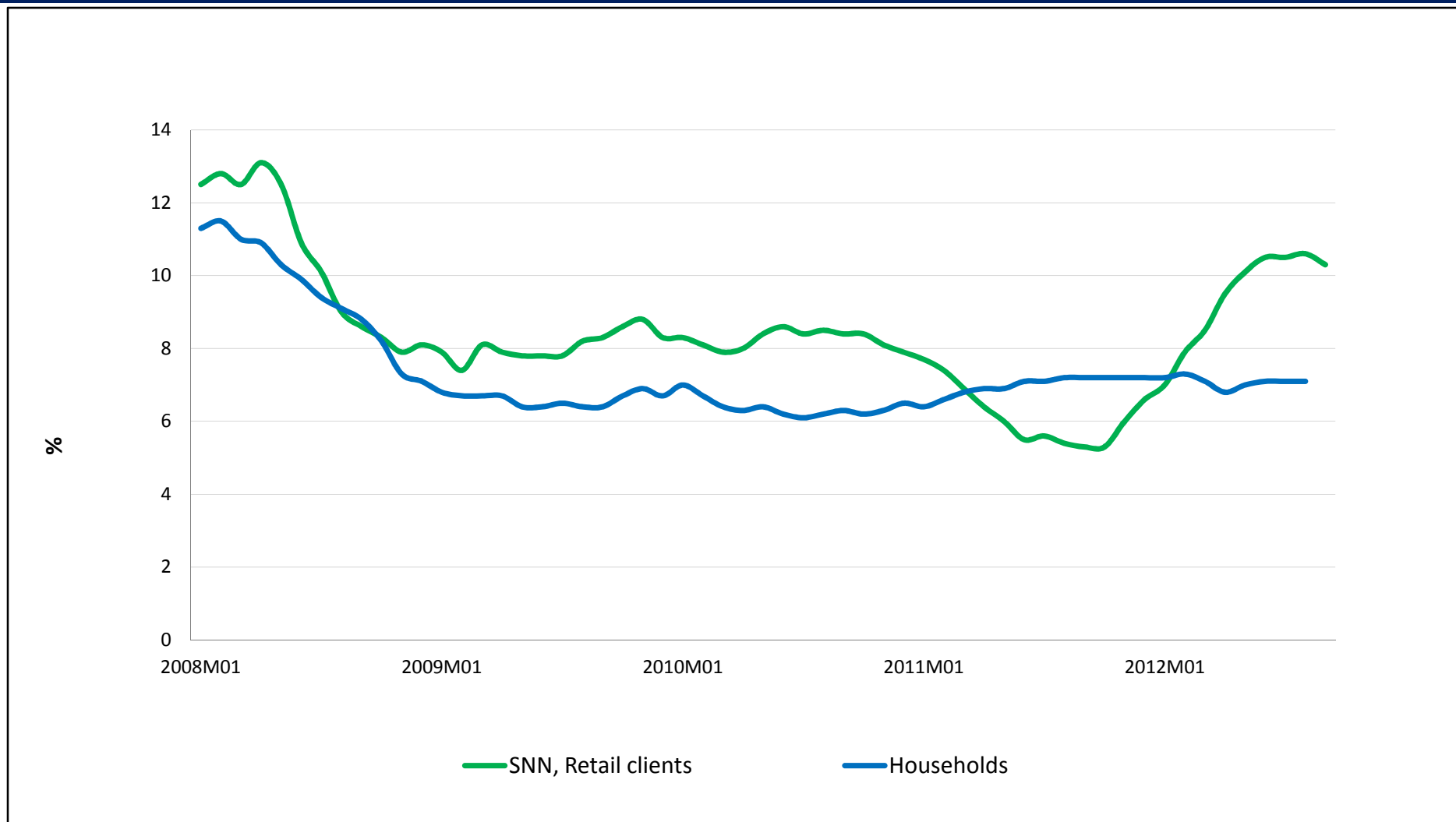


Kilde: Statistisk Sentralbyrå, Pengemengden M2, Oct 2012 og SNN Bare, Oct 2012

Lending volume



Credit growth households – 12 month growth



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

Credit growth corporates – 12 month growth



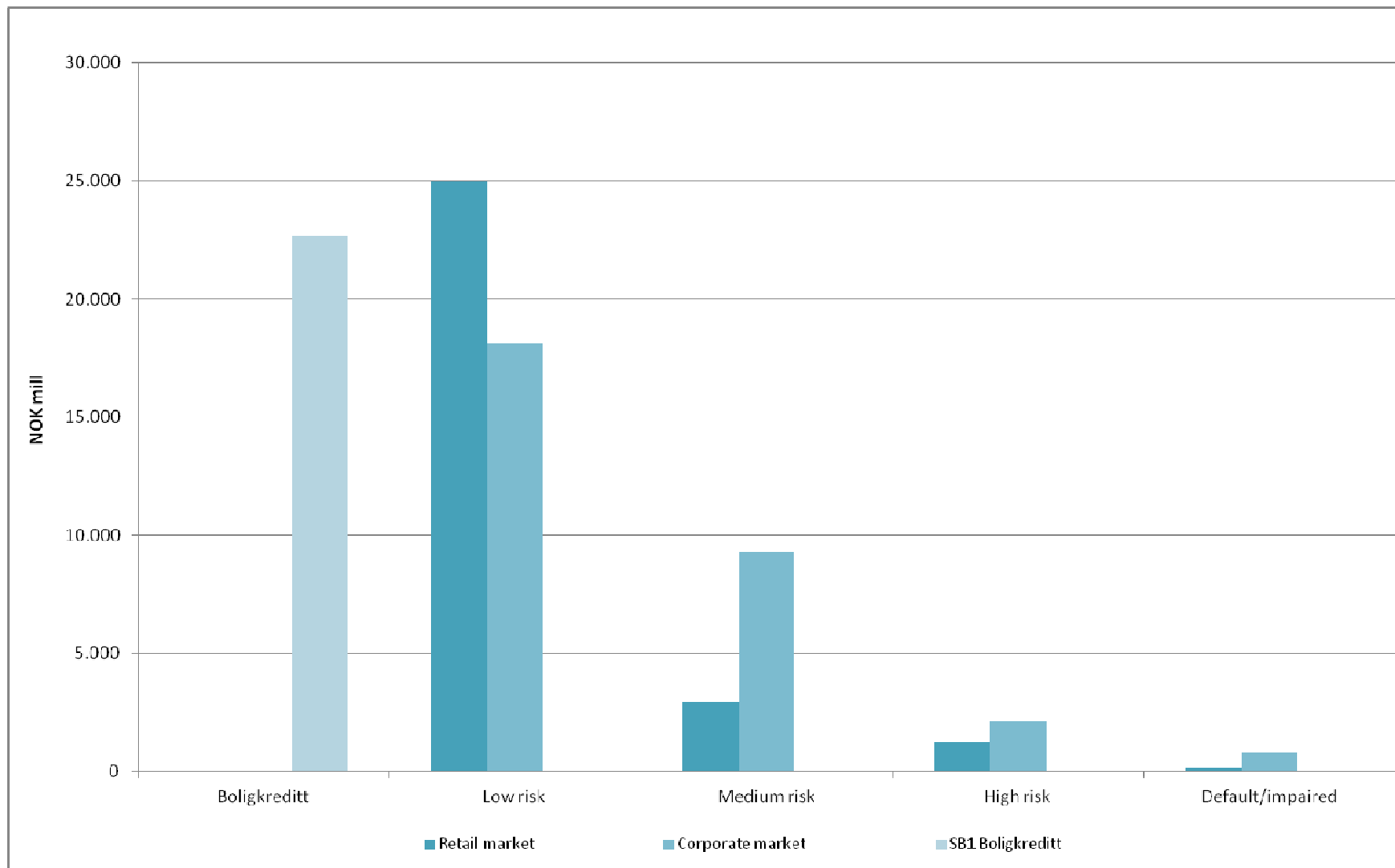
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Credit area

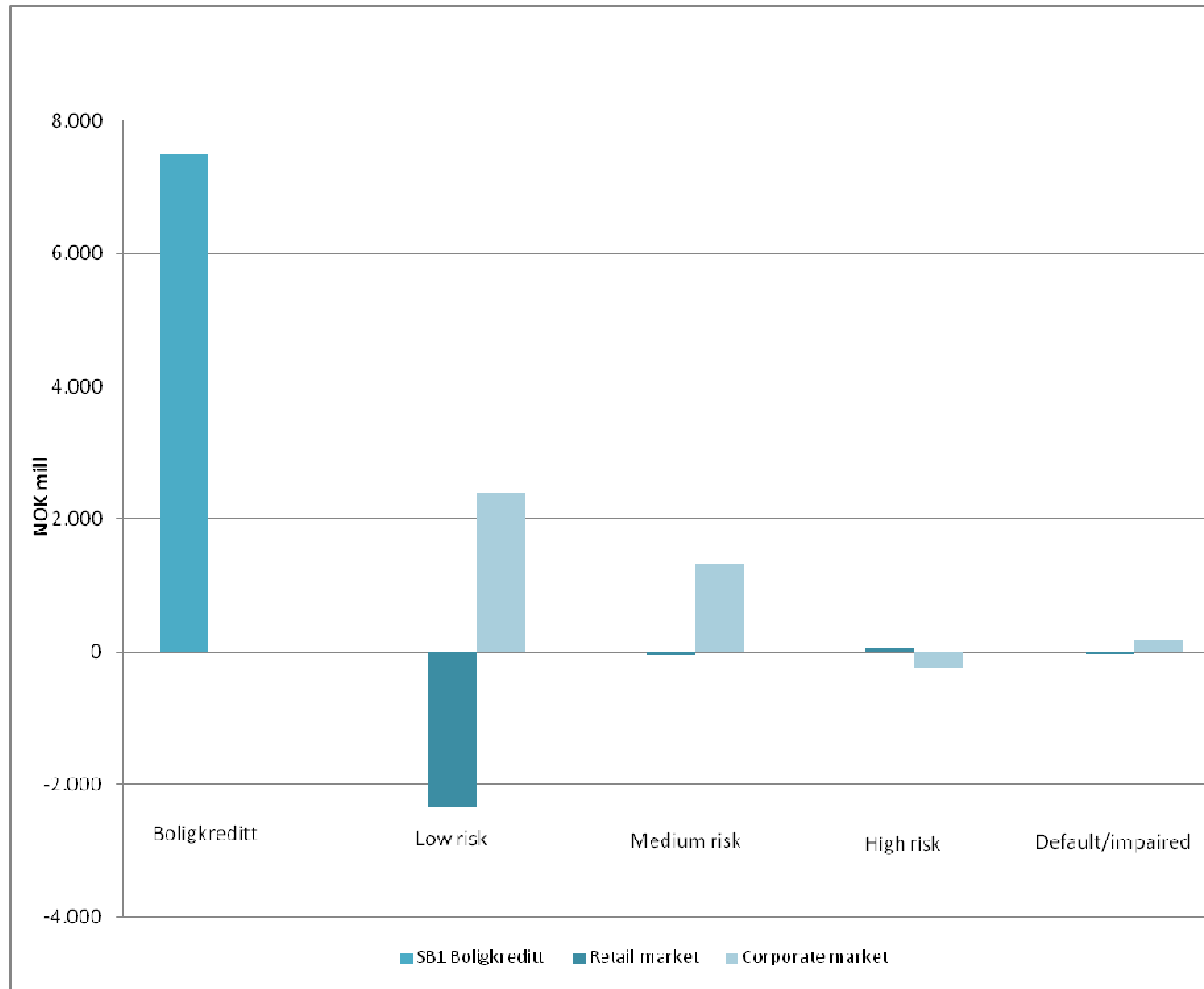
- Quality
- Portfolio
- Migration, commitments in default and losses

Portfolio

- exposure as of 30.09.12



Risk change - portfolio change Q3/11 – Q3/12



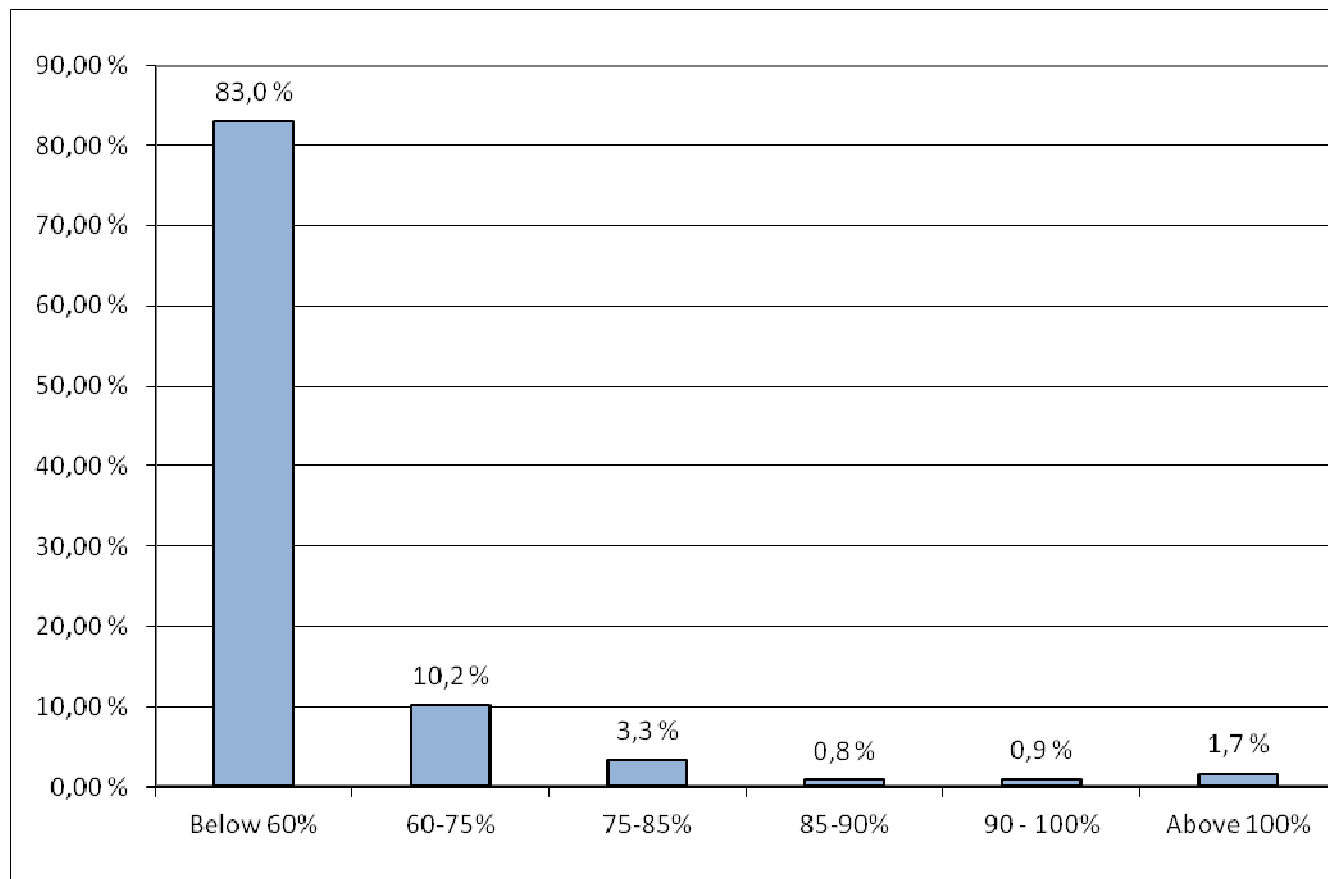
Group lending by sector

(NOK million)	30.09.12	Share	30.09.11	Share	Change	Change in %
Mining and quarrying	83	0,1 %	73	0 %	10	14 %
Construction	1 043	1,4 %	892	1 %	151	17 %
Building of ships and boats	123	0,2 %	25	0 %	98	392 %
Electricity, gas, steam an air conditioning supply	1 307	1,8 %	873	1 %	434	50 %
Professional, scientific and technical activities	582	0,8 %	763	1 %	- 181	-24 %
Financial and insurance activities	0	0,0 %	0	0 %	0	0 %
Fishing	1 700	2,3 %	1 394	2 %	306	22 %
Marine aquaculture	280	0,4 %	359	1 %	- 79	-22 %
Other business support activities	501	0,7 %	563	1 %	- 62	-11 %
Activities auxiliary to financial services and insurance act	684	0,9 %	247	0 %	437	177 %
County municipalities and municipalities	173	0,2 %	143	0 %	30	21 %
Manufacturing	1 571	2,1 %	1 113	2 %	458	41 %
Information and communication	154	0,2 %	163	0 %	- 9	-6 %
Crop and animal production	937	1,3 %	907	1 %	30	3 %
Foreign industrial	224	0,3 %	0	0 %	224	100 %
Real estate activities	7 763	10,4 %	7 858	12 %	- 95	-1 %
<i>Housing cooperatives</i>	1 167	1,6 %	1 529	2 %	- 362	-24 %
<i>Property project</i>	1 297	1,7 %	1 115	2 %	182	16 %
<i>Property hiring out</i>	4 797	6,4 %	4 751	7 %	46	1 %
<i>Real estate business</i>	502	0,7 %	463	1 %	39	9 %
Accommodation and food service activities	370	0,5 %	406	1 %	- 36	-9 %
Forestry and logging	13	0,0 %	14	0 %	- 1	-7 %
Central government and social security funds	1	0,0 %	1	0 %	0	0 %
Support activities for petroleum and natural gas extractio	0	0,0 %	1	0 %	- 1	-100 %
Other service industries	735	1,0 %	723	1 %	12	2 %
Transportation and storage	2 671	3,6 %	1 760	3 %	911	52 %
International shipping and pipeline transport	682	0,9 %	740	1 %	- 58	-8 %
Extraction of crude oil and natural gas	126	0,2 %	73	0 %	53	73 %
Unspecified	0	0,0 %	0	0 %	0	0 %
Water supply; sewerage, waste management and remedia	283	0,4 %	157	0 %	126	80 %
Wholesale and retail trade; repair of motor vehicles and n	1 667	2,2 %	1 640	2 %	27	2 %
Retail banking market - domestic	29 683	39,8 %	31 569	47 %	-1 886	-6 %
Retail banking market - SB 1 Boligkreditt	21 172	28,4 %	14 257	21 %	6 915	49 %
Retail banking market - international	137	0,2 %	37	0 %	100	270 %
Total retail market	50 992	68,3 %	45 863	69 %	5 129	11 %
Total corporate market	23 499	31,5 %	20 744	31 %	2 755	13 %
Total government	174	0,2 %	144	0 %	30	21 %
Total loans	74 665	100,0 %	66 751	100 %	7 914	12 %

Portfolio - comments

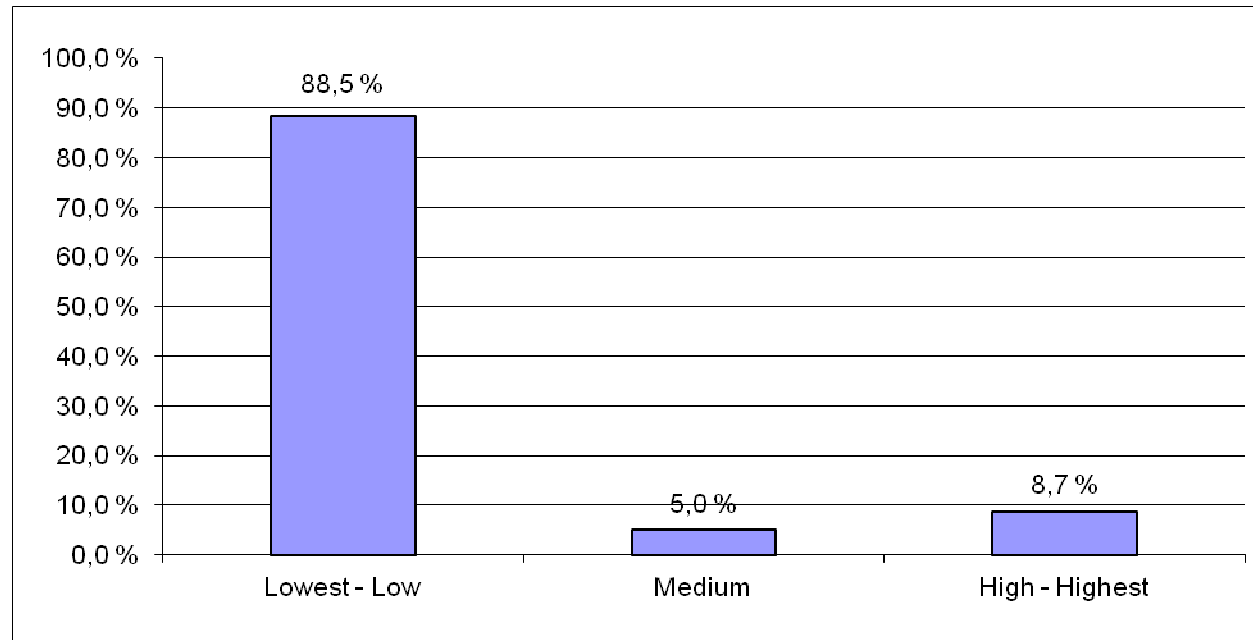
- Increase within retail banking, with focus on commitments qualifying for the covered bond company (SB1 Boligkreditt)
- Positive macro economic development in the region lead to high corporate lending growth
- The portfolio and growth in corporate sector lending is diversified
- The “Sebra analysis” carried out covering 72 % of SNN corporate lending as of 31.12.11 by The Financial Supervisory Authority of Norway shows a robust portfolio
- Good growth within low risk commitments within: utilities sector (power supply), transportation & storage, and fishing vessels
- Reduced exposure towards commercial real estate and marine aquaculture
- Reduced lending growth during the next quarters

Mortgage lending– LTV



The calculation is based on the collateral market value. The loans are divided into one or more segments. The figures include the Group's share of SB1 Boligkreditt-portfolio

Portfolio of corporate property lending



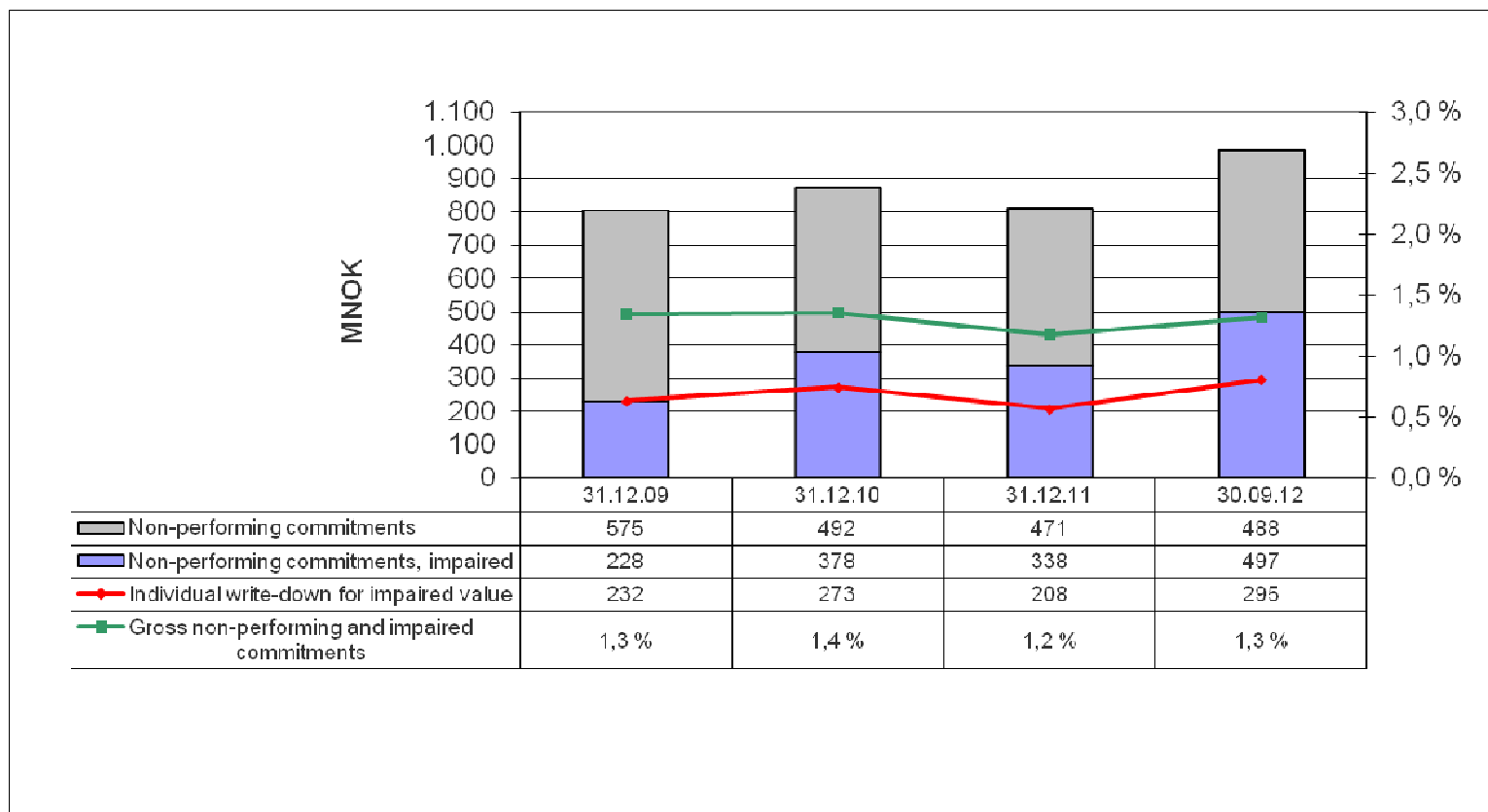
- Lowest – Low risk, expected loss 0 % - 0,50 %
- Medium risk, expected loss 0,50 - 2,00 %
- High - Highest risk, expected loss over 2,00 %

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

The portfolio of corporate property lending is dominated by commitments in low/medium risk

SNN has started the work for qualifying corporate property lending for transfer to SB1 Næringskreditt

Non-performing and impaired commitments



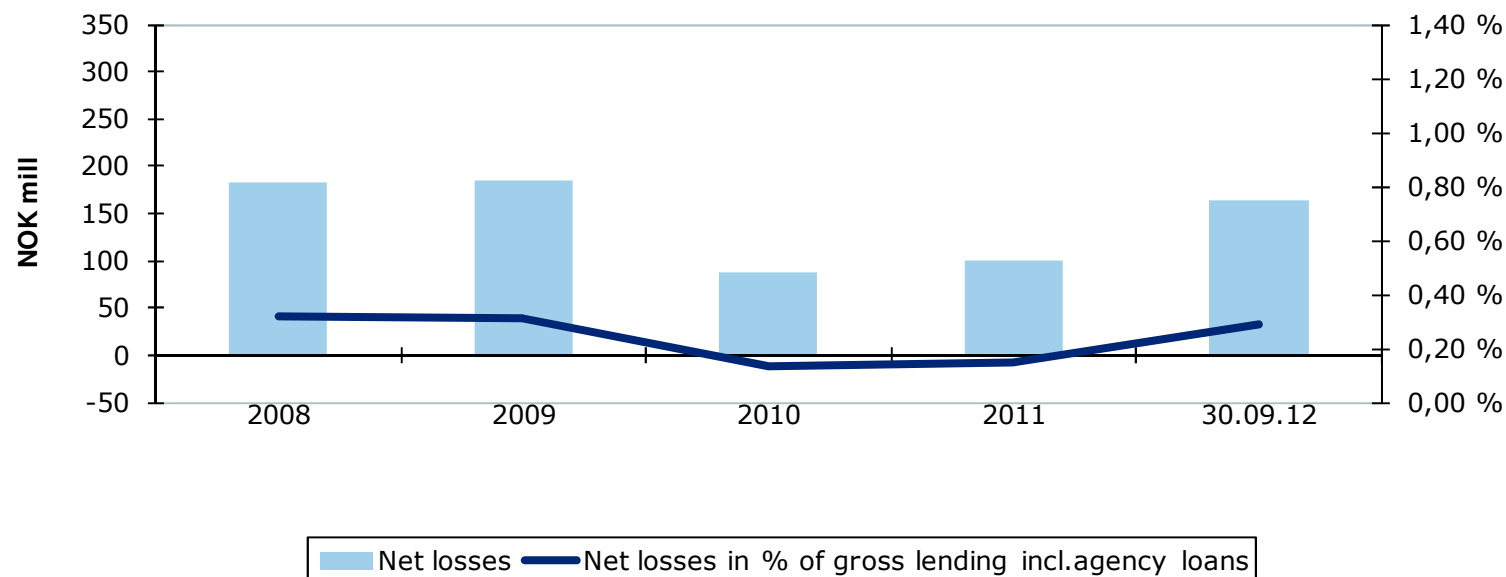
Loan losses: The Group's write-downs 2012

	Write-downs			2011
	3rd quarter 2012	3rd quarter 2012 (iso)	3rd quarter 2011	
Individual write-downs				
<i>Retail market</i>	5	0	8	10
<i>Corporate market</i>	180	125	39	63
<i>SpareBank 1 Finans Nord-Norge</i>	2	-1	2	1
<i>Other group units</i>	1	1	-2	1
Total individual write-downs	188	125	47	75
Collective write downs and other value change items	-25	-10	1	26
Total write-down on loans and guarantees	163	115	48	101

The Group's total write-downs are above an expected normalized level

The write-downs are connected to a few commitments with limited further downside potential

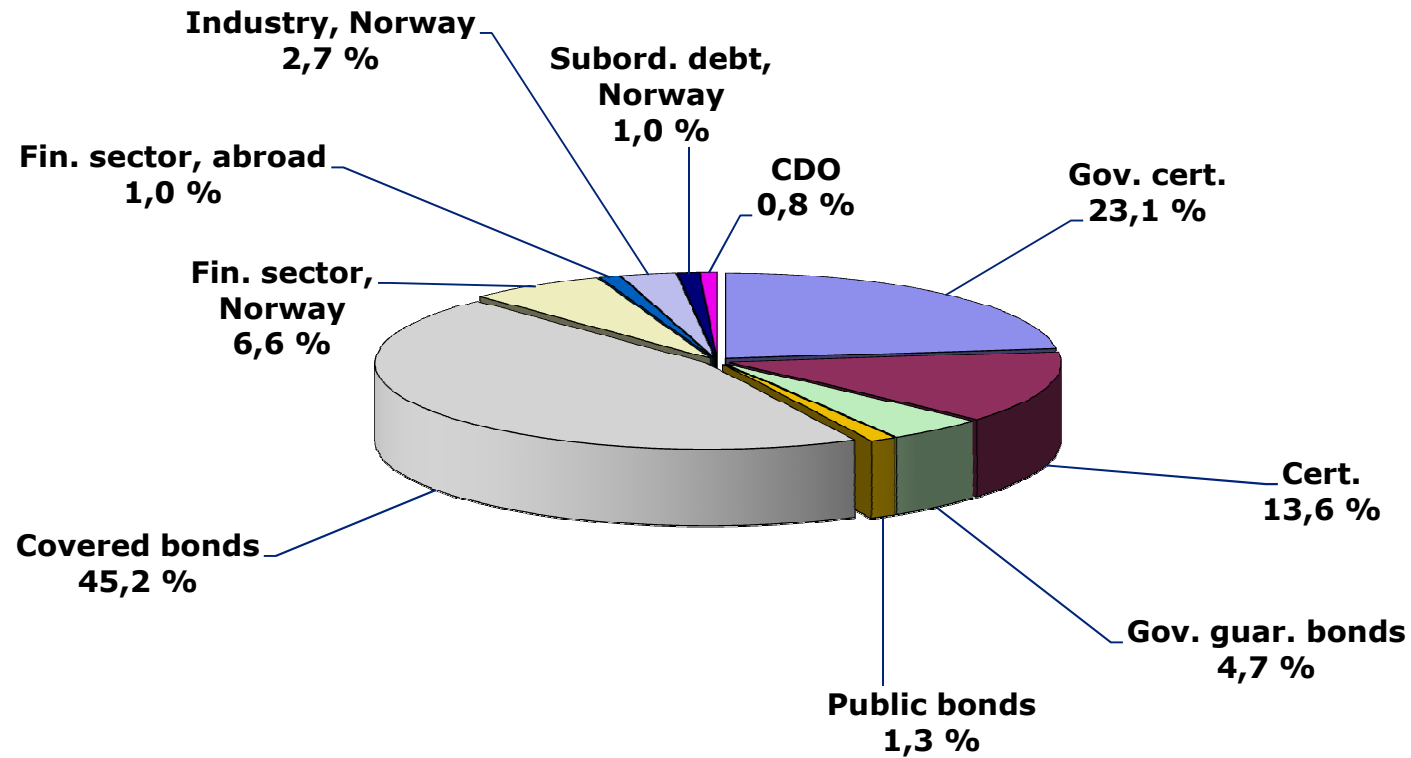
Losses on loans and guarantees – the Group



	2008	2009	2010	2011	30.09.12
Individual write-downs for impaired value	202	163	133	84	197
Collective write-downs imp. value	40	36	-39	26	-25
Recoveries, previously confirmed losses	59	14	7	9	9
Net losses	183	185	87	101	163
Net losses in % of gross lending incl. agency loans	0,32 %	0,31 %	0,14 %	0,15 %	0,29 %

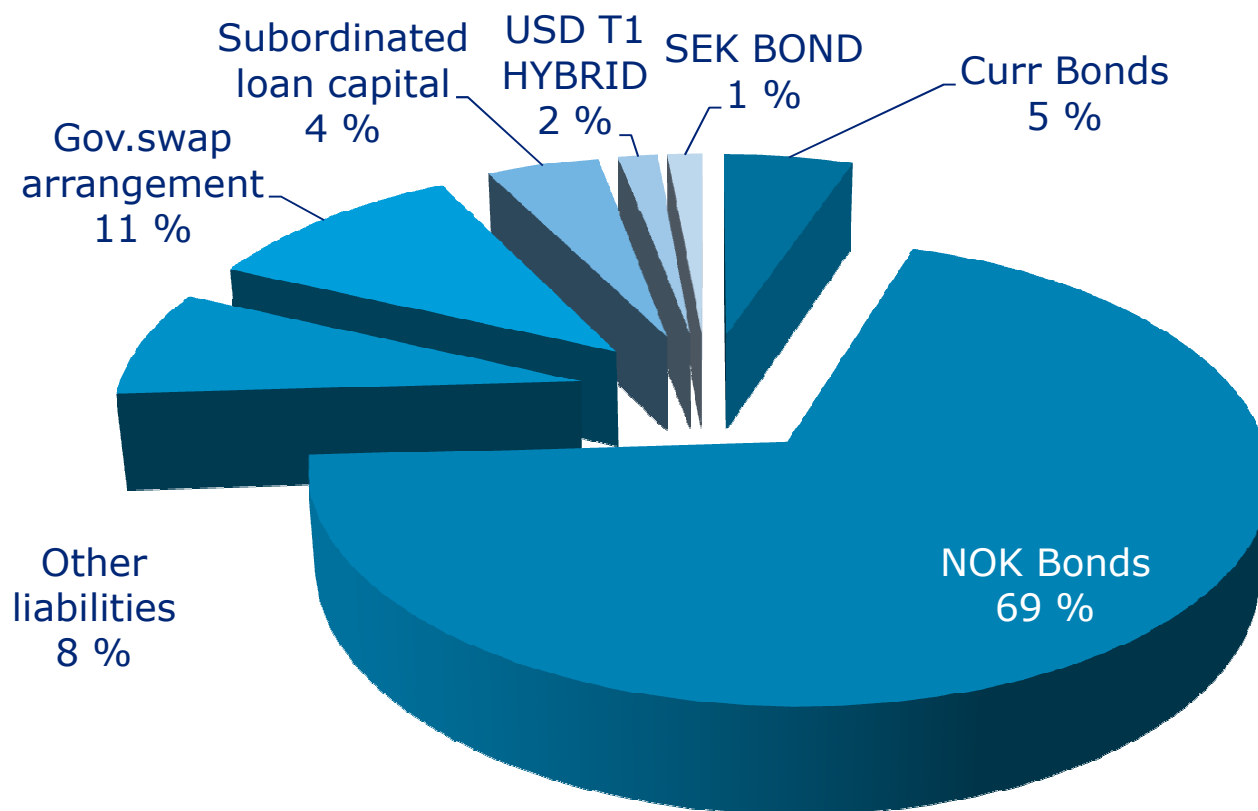
Funding and liquidity management

Interest-bearing portfolio

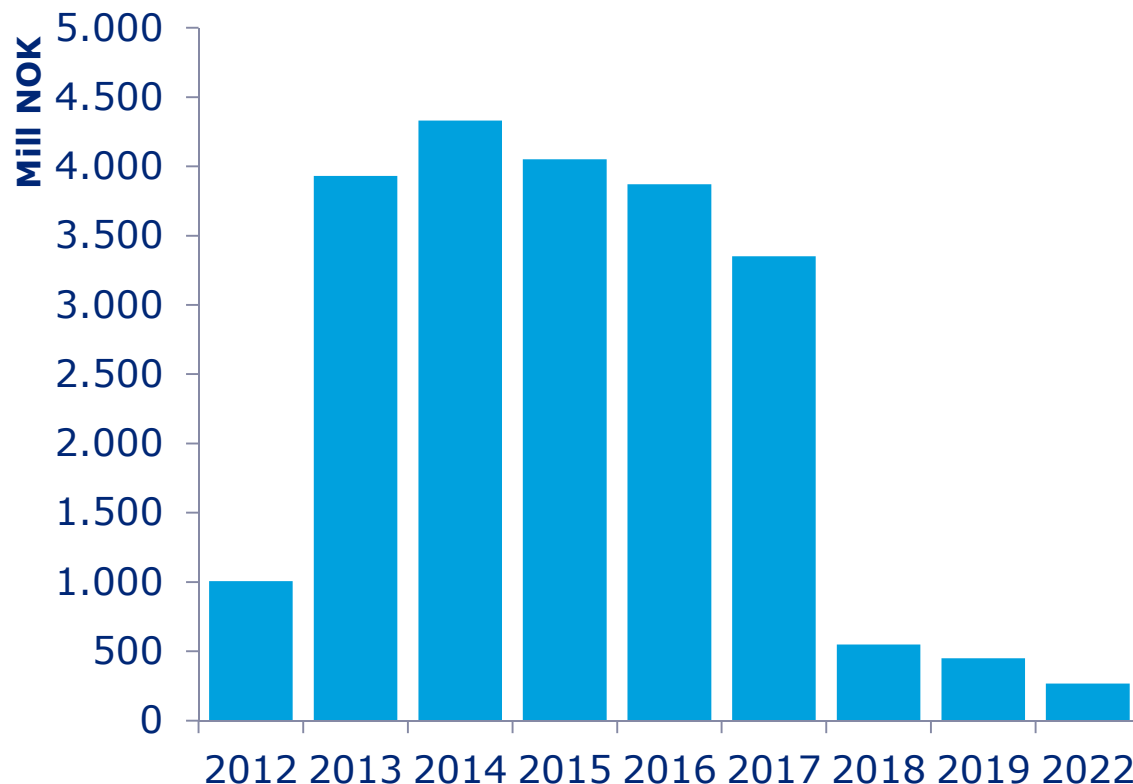


Total portfolio 12,329 mnok

Funding instruments/diversification per 30.09.12



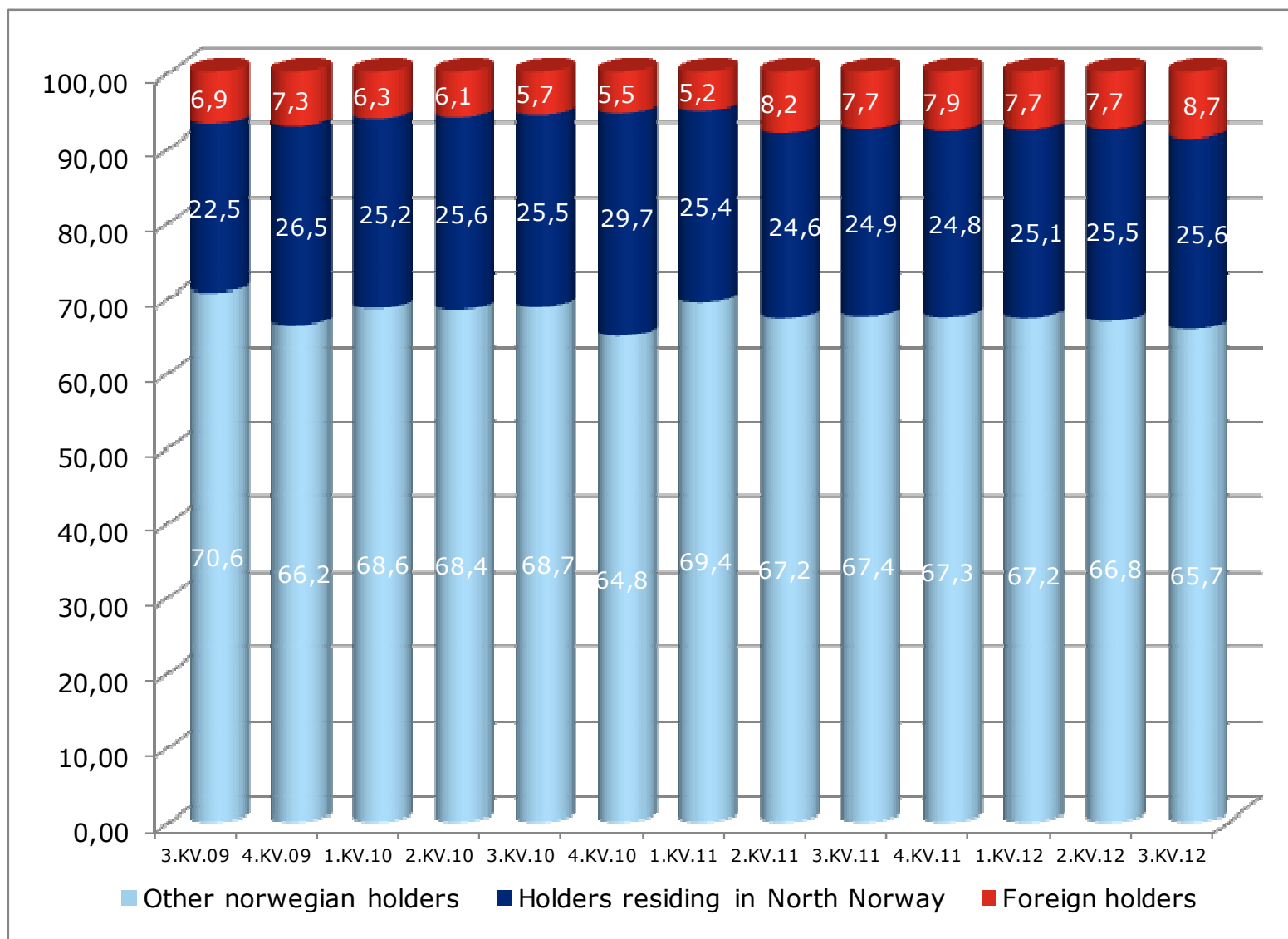
Maturity profile of capital markets funding, 30.09.12 (excl. SpareBank 1 Boligkreditt)



- Good diversification in terms of maturities
- NOK 22,148 mill in capital markets funding exclusive of SpareBank 1 Boligkreditt
- SpareBank 1 Boligkreditt represents a substantial funding source, mortgage loans for NOK 21,2 bn transferred as of 30.09.12
- Gross maturities on capital market funding next 12 months is NOK 3,053 mill

Equity certificate holders

Equity Certificates (EC) - holder structure



The 20 largest ECC holders

Equity Certificate holders	Number of Equity Certificates	Share of total Equity Certificate capital
Pareto Aksje Norge	3 365 719	5,08 %
MP Pensjon PK	1 766 431	2,67 %
Pareto Aktiv	1 483 334	2,24 %
Frank Mohn A/S	1 355 745	2,05 %
Morgan Stanley & Co. LLC, USA	1 315 552	1,99 %
Citibank NA New York Branch	1 303 215	1,97 %
Tonsenhagen Foorretningssentrum A/S	1 134 493	1,71 %
SPBstiftelsen Sparebank 1 Nord Norge	916 561	1,38 %
Pareto Verdi vpf.	895 374	1,35 %
Framo Developments A/S	848 925	1,28 %
Nordea Bank Norge ASA	829 200	1,25 %
Goldman Sachs & Co. Equity, USA	804 184	1,21 %
Sparebank 1 SR-Bank pensj.kasse	782 386	1,18 %
Forsvarets Personellservice	620 854	0,94 %
Sparebankstiftelsen DNBNOR	545 614	0,82 %
Trond Mohn	509 354	0,77 %
Consept Eiendom A/S	479 950	0,72 %
Terra Utbytte vpf.	464 664	0,70 %
Karl Ditlefsen	459 243	0,69 %
Olsen & Co's pensjonskasse	422 193	0,64 %
SUM	20 302 991	30,67 %

The 20 largest ECC 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 A/S	479 950	0,72 %
Karl Ditlefsen	459 243	0,69 %
Norges Råfisklag	414 018	0,63 %
Troms Kraft A/S	409 224	0,62 %
Tromstrygd	289 308	0,44 %
Ole Alfred Ovesen	226 404	0,34 %
Bodø Kommune	221 604	0,33 %
Tor Ovesen	206 556	0,31 %
Gadd Holding A/S	204 329	0,31 %
Helgeland Sparebank	161 252	0,24 %
Jarle Fosshaug	142 882	0,22 %
Rigamonti A/S	126 393	0,19 %
Bj. Rasch-Tellefsen A/S	119 272	0,18 %
Eriksen Eiendom A/S	110 000	0,17 %
Hemming Andersen	109 167	0,16 %
Agnar Holding A/S,	106 800	0,16 %
Kræmer A/S	103 999	0,16 %
Entreprenørcompaniet	103 680	0,16 %
Tromsø Skotøimagasin A/S	102 000	0,15 %
SUM	5 012 642	7,57 %

Future development

- A favourable macroeconomic situation leads to a continuing high activity level in the region
- Lending growth in the corporate market is expected to lessen
- Continued relatively high lending growth in the retail market is expected
- Strengthened core operations are expected to continue:
 - Increased net interest income. This is the result of increased volume and interest margin
 - Continuing high focus on costs: the effect of ongoing measures in staffing and other costs is estimated to represent about NOK 70 million/year with the full effect expected during the course of 2013
 - Low lending losses
- Stricter regulatory requirements for financial strength indicate that under the bank's dividend policy a dividend payout ratio below 50% should be expected in the near future

Source: Regionalt Nettverk Nord, 17 October 2012

Summary – key figures

Amounts in NOK million	30.09.12	30.09.11	Change	Change %
Group				
RESULT				
Result before tax	555	767	- 212	-27,6%
STATEMENT OF FINANCIAL POSITION				
Total assets	74 258	72 402	1 856	2,6%
Gross lending	53 493	52 465	1 028	2,0%
Deposits from customers	40 898	41 952	-1 054	-2,5%
KEY FIGURES				
Core capital adequacy ratio	10,14%	11,08%		-0,9%
After-tax return on equity capital	8,9%	13,8%		-4,8%

Summary Q3-2012 – the Group

Satisfactory result

- Profit before tax NOK 555 million (NOK 767 million after write up of the stake in FrontX by NOK 189 million)
- Profit after tax NOK 437 million (NOK 633 million)
- Very good and further strengthened underlying banking operations after losses; profit from core operations before losses of NOK 488 million (NOK 469 million)
- Return on equity after tax: 8.9% (13.8%)
 - Earnings per equity capital certificate: NOK 2.78 (NOK 3.70)
- Increased lending losses after write-downs on individual commitments

Summary Q3-2012 – the Group (cont.)

Satisfactory result

- High lending growth: last 12 months 11.9% (6.4%) including intermediary loans
 - Retail market 11.2%
 - Corporate market 13.5%
- Growth in deposits over the last 12 months -2.5% (12.5%)
 - Retail market 11.7%
 - Corporate market 4.4 %
- Deposit-to-loan ratio: 76.5% (80.0%).
- Continuing good financial strength: core capital adequacy (Group) 10.1% (11.1%). If 50% of the result was included, the core capital adequacy would be 10.5%
- Continued satisfactory funding

Contact information

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9298 Tromsø

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Tlph 901 51 981

Deputy CEO
Oddmund Åsen
Tlph 906 72 757

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 2013

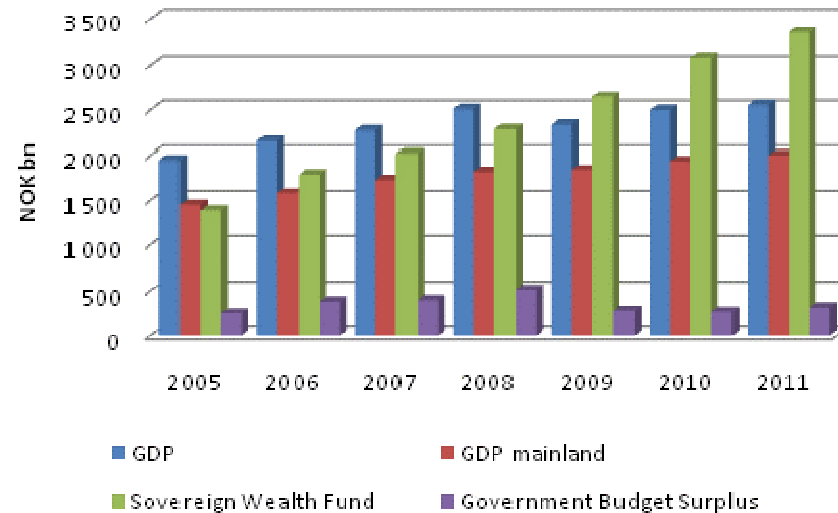
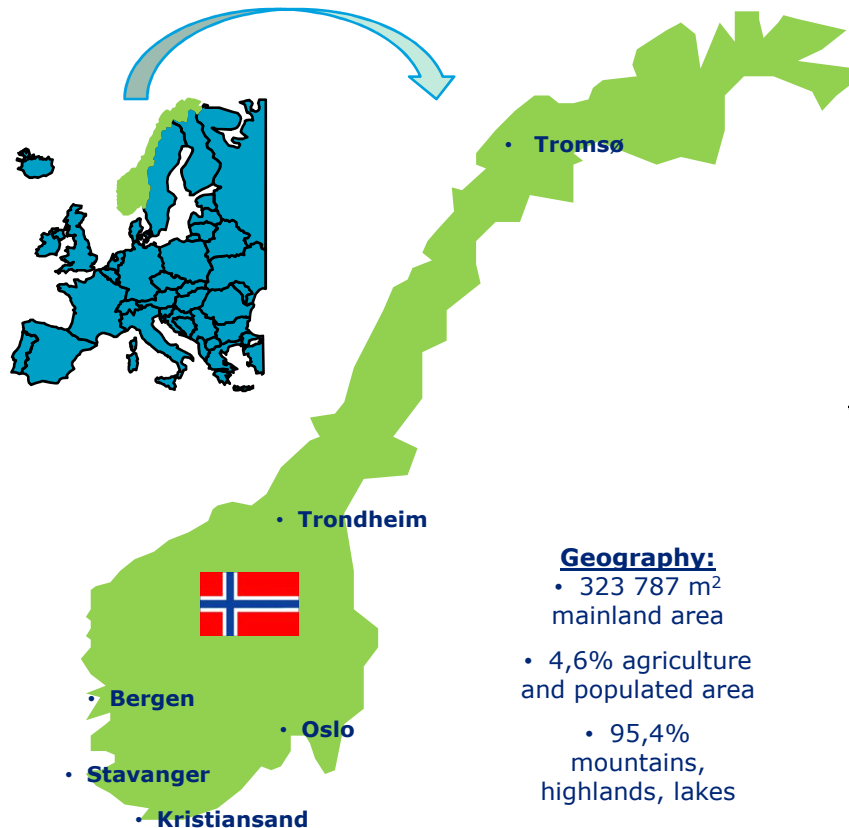
Q4-2012	7 February
Q1	26 April
Q2	14 August
Q3	31 October



Bank. Forsikring. Og deg.

Enclosures

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)

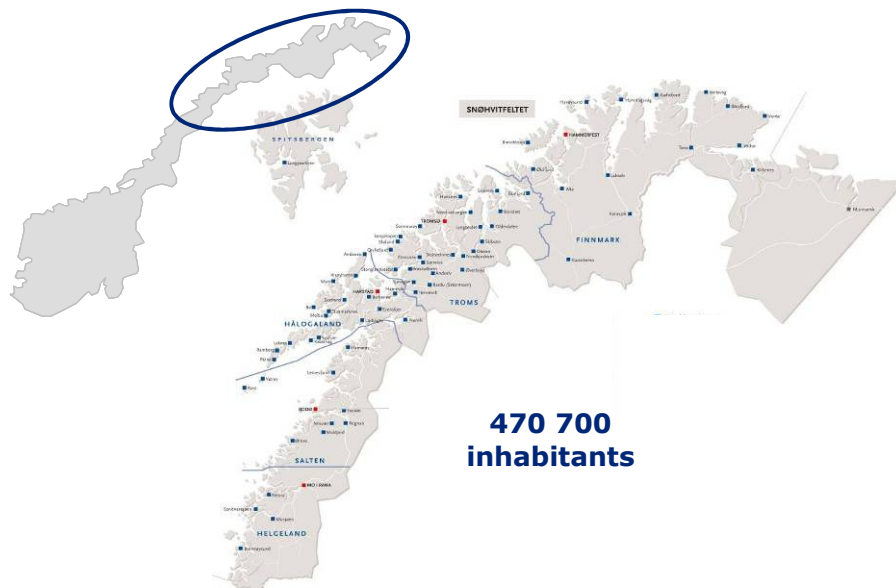
Household debt:

- 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 239.680

Public sector	41.3%	(33.8%)
Marine industry	4.5%	(2.0%)
Agriculture	2.2%	(1.4%)
Mining & manufacturing	6.5%	(10.4%)
Construction	7.8%	(7.7%)
Tourism & transport	9.7%	(8.7%)
Private services & trade	26.5%	(34.8%)
Energy	1.5%	(1.1%)

Overview of SpareBank 1 Nord-Norge

- SpareBank 1 Nord-Norge is an independent savings bank with head office in Tromsø and 76 branches. 876 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 North-West Alliance Bank in Russia in 2011, with offices in St. Petersburg and Murmansk, in cooperation with Tavrishesky Bank

Macro and economic trends

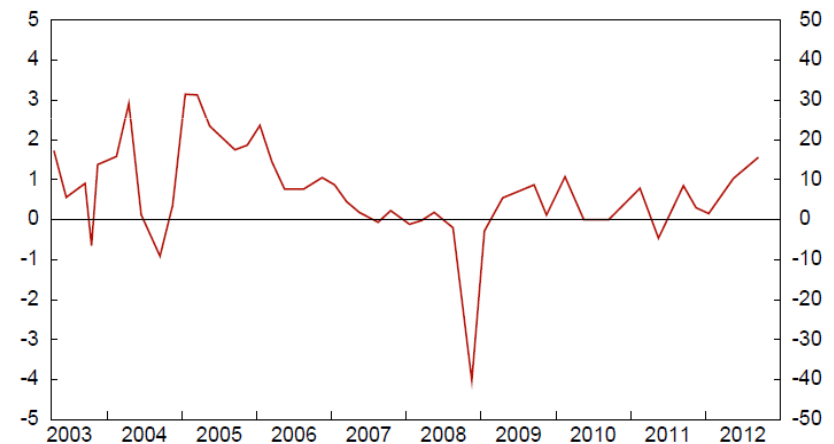
Economic outlook for Northern Norway

- Northern Norway has access to valuable natural resources - fish, minerals, petroleum, marine areas and natural attractions
- The petroleum industry is moving northwards - an extended drilling programme, commercial discoveries and new company start-ups are developing northern Norway's business sector
- Rapid growth in important industries - the supplier industry, building and construction, service industries aimed at business
- Companies are planning substantial investment growth in the next 12 months
- 34% of companies report limitations to capacity. The most important limiting factor is access to competence (22%)

Region Nord

3.2 Vekst i investeringer

Forventet endring i investeringer neste 12 måneder
Indeks¹ - venstre akse, prosent - høyre akse



¹) Indeksen går fra -5 til +5, der -5 indikerer stort fall mens +5 indikerer kraftig vekst. Se artikkelen 'Regionalt Nettverk: Fersk og nyttig informasjon' i Penger og Kredit 2/09 for nærmere omtale.

Kilde: Norges Banks regionale nettverk

NORGES BANK

20

Labour market and private economy

- Employment increasing
 - Positive but weak population growth
 - Labour migration vital for business capacity
- Tight labour market
 - Continued low unemployment: 2.4% in September
 - Companies anticipate weak growth in employment over the next 3 months
 - Continued tight labour market
- Good private economy
 - Strong growth in real income
 - Stronger debt growth than national average
 - Increased consumption and higher savings

	Northern Norway		Norway	
	Number	%	Number	%
Completely unemployed	5,893	2.4	63,060	2.4
On schemes	1,016	0.4	14,918	0.6
Gross unemployed	6,909	2.8	77,978	3.0
Available jobs	2,097		17,579	
Job offers ratio (Gross unemployed/ available jobs)	3,3		4,4	

Source: NAV, 27 Sep 2012

The most important industries

- Seafood
 - Production growth and stable prices for the salmon industry
 - Record high quotas but falling market prices for cod
 - Economic problems in important export markets
- Petroleum
 - High level of exploration and drilling activities in the Norwegian Sea and Barents Sea
 - Strengthening of operational and base organisations in the region
 - *Skarv* starts production in 2012, *Goliat* in 2014
- Building and construction
 - High level of activity in the construction sector and growth in residential building
 - Record order books: companies anticipate strong growth in the next 6 months
- Tourism
 - Tourism in the north is growing strongly - fastest growth in winter tourism and cruise traffic
 - The market is turning towards resource-rich segments in Northern and Eastern Europe

The northern regions – the Government's most important strategic focus area (National Budget for 2013)

- Focus on knowledge and research
 - New ice-breaking research vessels
 - New science building for the University of Tromsø
 - Funding for the High North Centre in Bodø
- Further development of BarentsWatch
 - Monitoring and information system for the northern maritime and coastal areas
 - Parts of BarentsWatch run from Tromsø
- Further development of collaboration with Russia
 - Local border traffic permit introduced in 2012; possibility of extension being investigated
 - Simplification of visa procedures and electronic border control
- National Transport Plan 2014–2023
 - Adoption of plan in 2013 important for the development of infrastructure in the northern regions



Source: National Budget 2013 - Northern regions focus

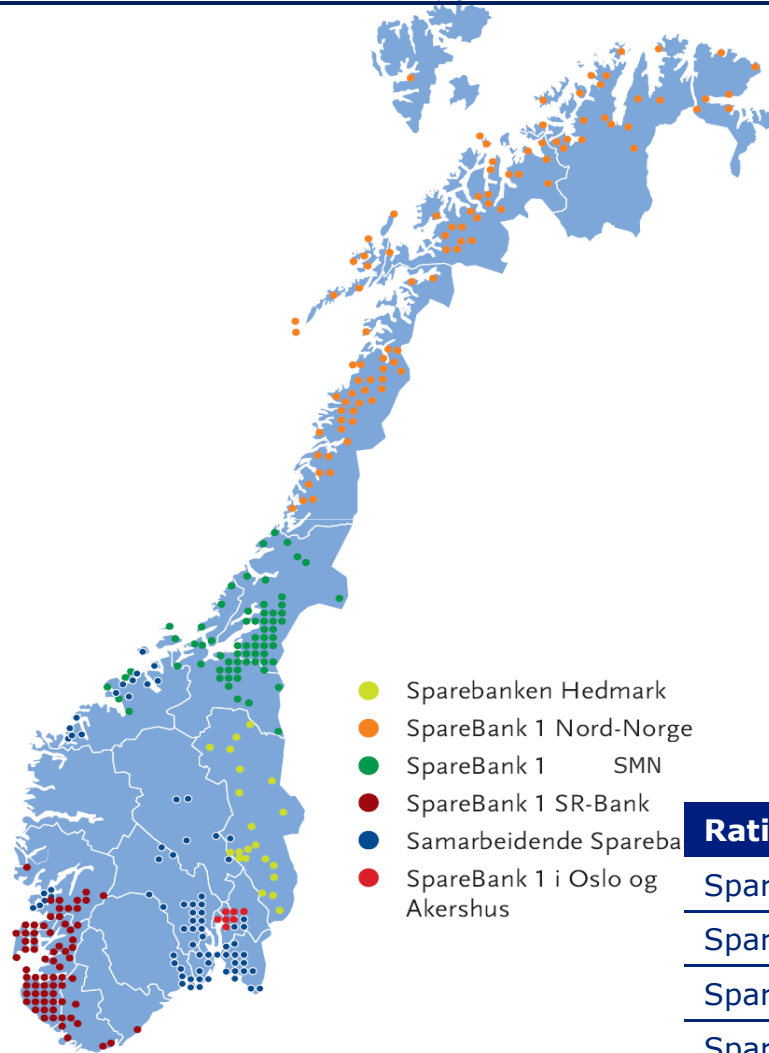
Presentation of SpareBank 1

SpareBank 1 Group and the Alliance



SpareBank 1 Alliance

Strong alliance of Norwegian retail banks



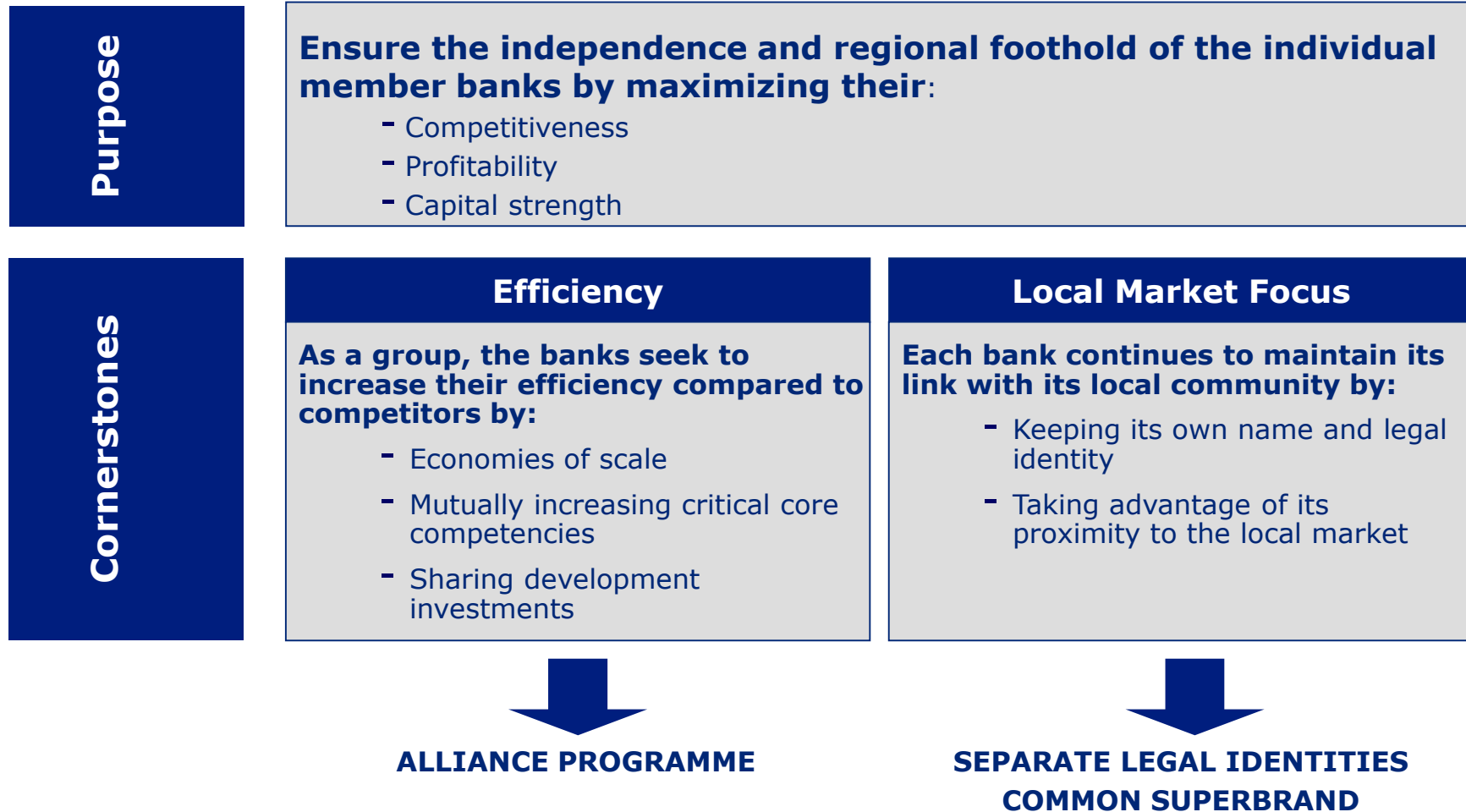
Source: Published quarterly reports from respective banks

- 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

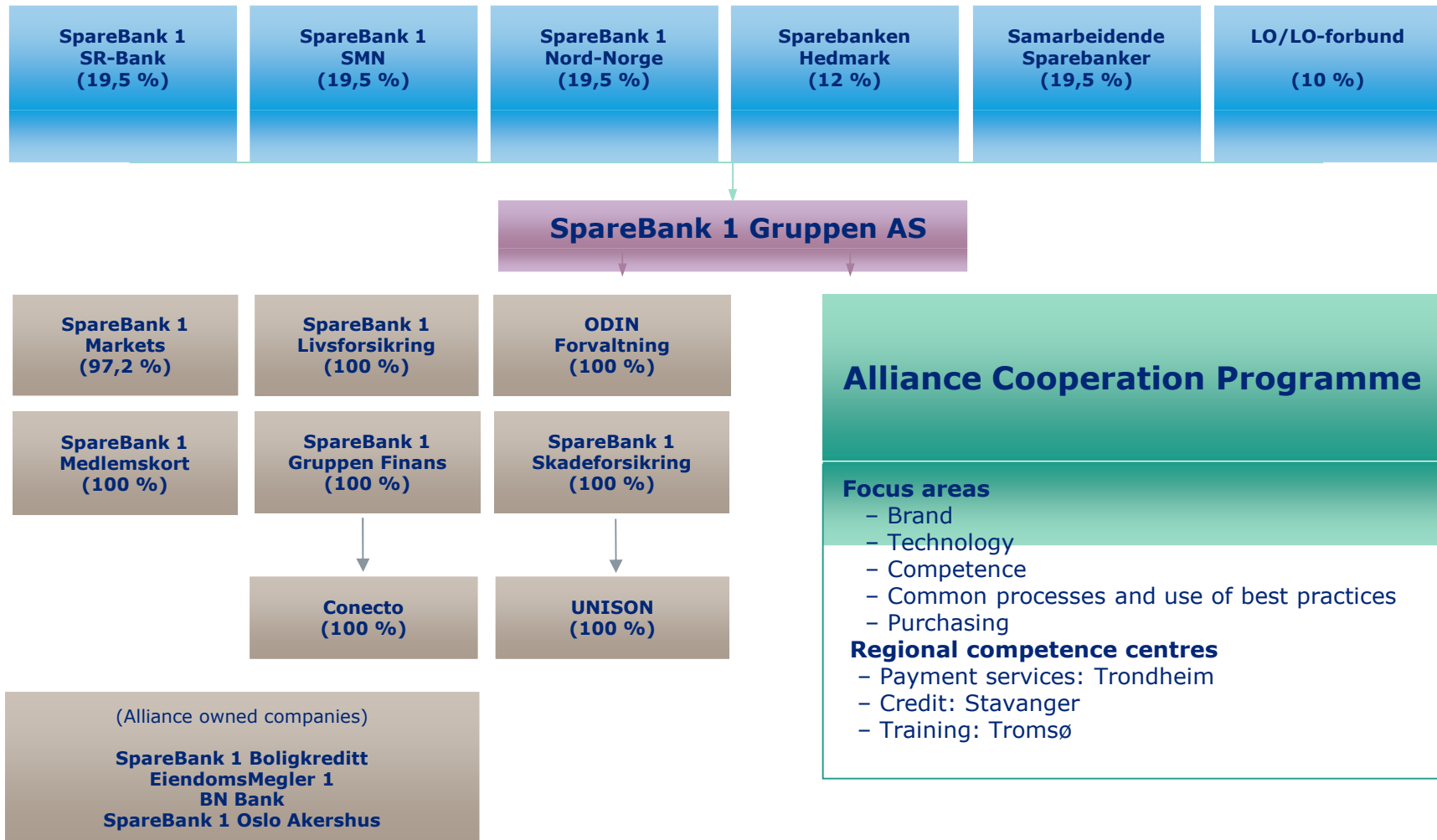
Ratings	Fitch	Moody's
SpareBank 1 SMN	A -/ F1	A1 / P-1
SpareBank 1 SR-Bank	A -/ F1	A1 / P-1
SpareBank 1 Nord-Norge	A / F1	A1 / P-1
Sparebanken Hedmark	na.	A1 / P-1

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 are using the new mobile bank for paying 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.