

SpareBank 1 Nord-Norge

Interim report for Q1 2012 – the Group

Good result for Q1 2012. The bank's solvency is very good.

Highlights (figures in brackets refer to the same interim period in 2011):

- Operating result before tax for Q1 2012 amounted to NOK 232 million. (Q1 2011: NOK 381 million after revaluation of shareholding in FrontX by NOK 189 million).
- Return on equity after tax was 12.1% (23.3%).
 - Earnings per equity certificate (Group) of NOK 1.23 (NOK 2.41).
- Satisfactory underlying banking operations; profit from core operations before losses of NOK 125 million (NOK 149 million).
- Combined profit before tax for the Group's subsidiaries totalled NOK 18.3 million (NOK 195 million).
- Net gain on financial investments totalled NOK 149 million (NOK 242 million).
 - The profit contribution from SpareBank 1 Gruppen AS amounted to NOK 47 million (NOK 28 million).
 - Profit contribution from other joint ventures in the SpareBank 1 Alliance (Bank 1 Oslo, BN Bank, SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) totalled NOK 32 million (NOK 21 million).
 - Net recognised gain from the Bank's share portfolio totalled NOK 8 million (NOK 176 million).
 - Net recognised gain on the interest-bearing portfolio (including related financial derivatives transactions) totalled NOK 48 million (NOK 7 million).
 - Net recognised gain from currency and other financial derivatives totalled NOK 12 million (NOK 9 million).
- Cost/income ratio was 50.7% (38.6%).
- Lending losses: Net losses totalled NOK 42 million (NOK 10 million).
- Total lending growth over the last 12 months (including loans transferred to SpareBank 1 Boligkreditt): 10.1% (6.1%).
 - Retail market: 8.9% (incl. SpareBank 1 Boligkreditt AS (7.0%))
 - Corporate market 12.8% (4.1%).
- Accounts show lending growth of 2.6% (2.5%) over the last 12 months.
- Growth in deposits over the last 12 months: 0.7% (11.0%).
 - Retail market 8.7% (6.7%).
 - Corporate market -2.0% (14.6%).
 - Public sector market -16.1% (18.0%).
- Deposit-to-loan ratio: 77.9% (79.4%).
- The Bank is very strong financially with a core capital adequacy (Group) of 11,63% (10.7%) and total capital adequacy of 12,44 (11.7%).
- Liquidity remains satisfactory.

Introductory comments

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

IFRS involves the use of different principles for the incorporation of subsidiaries and joint-venture companies between parent bank and consolidated accounts. In the consolidated accounts, the equity method is applied, in accordance with which the profit/loss of joint-venture companies is incorporated in the Group's profit and loss account based on ownership interest, and is taken into consideration in the book value of the ownership interests on the balance sheet. The proportionate share of the subsidiaries' profit/loss is consolidated into the accounts. In accordance with IFRS, only the cost method of accounting shall be used in company accounts. This means that the book value of subsidiaries and joint-venture businesses in the Parent Bank's accounts is the historic cost. In the Parent Bank's profit and loss account, only the annual dividends received from these businesses are shown.

In accordance with the rules and regulations from the Ministry of Finance dated 16 October 2008, permission was given to reclassify securities in the trading portfolio from the category 'At fair market value with value changes through the profit and loss account' to categories which are assessed at amortised cost. The Group decided to make such a reclassification of large parts of the interest-bearing portfolio held available for sale as at 1 July 2008.

Future assessments in these categories shall be calculated at amortised cost using the effective interest method of accounting, which means that earlier value write-downs and interest are amortised and incorporated as interest income over the remaining life of the securities in question. The Bank's remaining portfolio of commercial paper and bonds is classified as 'At fair value through profit and loss'. To the extent that there is an active market for the securities involved, observable market prices are applied in order to assess fair value.

Financial performance

The operating result before tax at the end of Q1 2012 amounted to NOK 232 million. The profit for the equivalent period in 2011 was NOK 381 million. The

Group's core operations (operations excluding net income from financial investments) show a profit after losses of NOK 125 million, NOK 24 million lower than for the equivalent period in 2011.

The Group's return on equity after tax as at 31 March 2012 was 12.1% (23.3%). The earnings per equity certificate were NOK 1.23 (NOK 2.41). For the Parent Bank, the earnings per equity certificate were NOK 1.05 (NOK 1.50).

The tax cost has been estimated at NOK 38 million (NOK 48 million). Compared with Q1 2011, the reduction in the profit before tax of NOK 149 million is attributed to the following:

• Increase in net interest income	NOK 6 million
• Increase in net commission income	NOK 1 million
• Reduction in income from financial Investments	- NOK 93 million
• Increase in other operating income	NOK 5 million
• Increase in costs	- NOK 36 million
• Increase in net losses	- NOK 32 million

Share of profit of SpareBank 1 Gruppen and other joint ventures

SpareBank 1 Gruppen's preliminary profit after tax at the end Q1 2012 totalled NOK 199 million. The SpareBank 1 Nord-Norge Group's share of the profit, amounting to NOK 39 million, has been incorporated in the accounts. In addition to this, NOK 8 million has been incorporated as a result of the corrected profit for the year for 2011.

The following profit contributions have also been incorporated into the consolidated financial statements for Q1 2012:

• Bank 1 Oslo	NOK 11 million
• SpareBank 1 Boligkreditt	NOK 11 million
• SpareBank 1 Næringskreditt	NOK 1 million
• BN Bank	NOK 9 million
• BN Bank – amortisation	NOK 2 million

Subsidiaries

The Group's subsidiaries reported a combined net profit for Q1 2012 of NOK 18 million (NOK 195 million):

• SpareBank 1 Finans Nord-Norge	NOK 16 million
• North West 1 Alliance Bank	NOK 0 million
• SpareBank 1 Nord Norge Invest	NOK -2 million
• EiendomsMegler 1 Nord Norge	NOK 3 million
• SpareBank 1 Nord Norge Forvaltning	NOK 0 million
• SNN Økonomihus	NOK 1 million

Please also refer to the notes to the interim accounts and separate paragraph later in the interim report.

Interest margin

The Group's net interest income at the end of Q1 2012 amounted to NOK 281 million. This is NOK 6 million higher than at the end of Q3 2011. In relation to the average total assets, the net interest income at the end of Q1 2012 was 1.59%, which is 0.02 percentage points lower than the previous year.

Net interest income is affected by the transfer of loans to SpareBank 1 Boligkreditt. Income from the transferred

portfolio is recognised as commission income. This totalled NOK 23 million at the end of Q1 2012. The corresponding figure at the end of Q1 2011 was NOK 24 million.

As a result of higher money market rates and funding costs (credit spreads), the Bank increased its product interest rates in Q4 2011. The Bank has maintained its focus on the lending margin. We expect strong competition and low interest rates to keep the Bank's interest margin under pressure. Nonetheless, implemented and planned measures within pricing parts of the Bank's lending and deposit products are expected to result in increased net interest income in the coming period.

Net income from banking services and other income

Net commissions at the end of Q1 2012 were NOK 120 million, an increase of NOK 1 million when compared with the same period last year.

Other operating income at the end of Q1 2012 was NOK 6 million. This is NOK 5 million higher than the equivalent period last year and was primarily due to income from the Group's accounting firm in Alta.

Income from financial investments

Net income from financial investments for Q1 2012 totalled NOK 149 million. This income can be broken down as follows:

• Profit from SpareBank 1 Group	NOK 47 million
• Result from SpareBank 1 Boligkreditt	NOK 11 million
• Result from Bank 1 Oslo	NOK 11 million
• Result from BN Bank	NOK 9 million
• Amortised net lesser value booked as income, BN Bank	NOK 2 million
• Result from SpareBank 1 Næringskreditt	NOK 1 million
• Share dividends	NOK 2 million
• Net gains on shares	NOK 6 million
• Net gains on bonds	NOK 48 million
• Net gain on currency and financial derivatives	NOK 12 million

Net income from financial investments was NOK 93 million higher than for Q1 2011.

One of the Bank's subsidiaries, SpareBank 1 Nord-Norge Invest, owns a stake in an oil company, Front Exploration (FrontX), in which there was a net write-down of NOK 24 million in 2011. Following this the book value of the shareholding was NOK 55 million as at 31 December 2011. Negotiations took place between FrontX and another oil company, North Energy, during Q1 2012 aimed at merging the two companies. As a result of these negotiations it was concluded that no basis exists for such a merger at the present time. FrontX has also recently announced the preliminary results of drilling in the Eik Project in the Barents Sea, which indicate that this well does not contain sufficient hydrocarbon deposits to make it economically viable. Alternative solution models are being looked at for the Group's stake in FrontX. No further write-downs of the Group's stake in the company had been made at the end of Q1 2012. A new valuation will take place during the course of Q2.

On 1 July 2008, the bank completed a reclassification of large parts of the interest-bearing securities in the trading

portfolio, from the category 'At fair market value through the profit and loss account' to categories which are assessed at amortised cost. This involved NOK 3,807 million of the book portfolio of NOK 4,981 million as at 30 June 2008. If such a reclassification had not taken place, additional unrealised losses of NOK 212 million would have been recognised for this portfolio from 1 July to 31 December 2008 as a result of higher credit spreads. Without the reclassification, this unrealised loss would have become an unrealised gain of NOK 4.2 million at 31 March 2012. As a result of scheduled amortisation, the value of the reclassified portfolio fell from NOK 3,807 to NOK 968 million during the period from 30 June 2008 to 31 March 2012. Previous write-downs of NOK 112 million on this part of the portfolio as at 30 June 2008 are now being recognised as income (amortised) over the remaining term to maturity for each individual security. In the period 2008 to 2011, NOK 73 million was recognised as income in connection with this. In addition to this, NOK 1 million was recognised as income in Q1 2012. At 31 March 2012, the average term to maturity for the reclassified part of the portfolio was 1.5 years.

The reclassified portfolio has been assessed with regard to the need for permanent write-down in value. As at 31 December 2008, a NOK 46 million write-down had been made on two of the Bank's investments as a result. During the period 2009-2011 it was decided to implement further write-downs totalling NOK 29 million on some papers in this portfolio. No further write-downs have been made in 2012. Reference is otherwise made to the relevant note in the quarterly accounts.

Operating costs

Ordinary operating costs as at 31 March 2012 totalled NOK 282 million. Compared with the equivalent period in 2011, this represents an increase of NOK 36 million, or 15%.

The increase was due to:

Payroll costs	+ NOK 15 million
Admin costs	+ NOK 17 million
- IT/telephony	+ NOK 12 million
- Marketing/sponsorships	+ NOK 3 million
- Org. Development	+ NOK 2 million
Depreciation	+ NOK 1 million
Other costs	+ NOK 3 million
Total	+ NOK 36 million

In relation to the average total assets, the costs amounted to 1.60% at the end Q1 2012, an increase of 0.16 percentage points compared with the same period in 2011.

The Group had a cost/income ratio of 50.7% at the end of Q1 2012, compared with 38.6% at the end of Q1 2011.

There were 808 full time equivalents at the end of Q1 2012, of which the Parent Bank accounted for 668. The corresponding figures for the previous year were 781 and 669, respectively.

A programme of cost reduction measures has started. This includes possible rationalisation measures within the areas of distribution and overall staffing levels during 2012. The expected annual effect of the measures is expected to be around NOK 70 million.

Net losses and commitments in default

The Group's net losses on lending at the end of Q1 2012 totalled NOK 42 million. The net losses were made up of a loss of NOK 38 million in the corporate market and a loss of NOK 4 million in the retail market. NOK 31 million of the loss in the corporate market was due to one commitment.

Net commitments in default and doubtful commitments totalled NOK 483 million as at 31 March 2012, which represents 0.69% of gross lending, including intermediary loans. This represents a reduction from 0.88% as at 31 December 2011.

The Group's total individual loss write-downs as at 31 March 2012 were NOK 222 million, incl. NOK 5 million relating to guarantees. The allocation was increased by NOK 14 million in the last quarter.

Group write-downs as at 31 March 2012 amounted to NOK 227 million, and are on the same level as at year-end 2011. Group write-downs totalled 0.4% of the Group's combined gross lending as at 31 March 2012. (0.3% of gross lending including intermediary loans).

In the opinion of the Main Board of Directors, the quality of the Bank's loan portfolio is good and the Bank is still doing excellent work in connection with commitments in default and doubtful commitments in the Group.

Tax

The Group's tax cost was estimated at NOK 38 million at the end of Q1 2012. In the Parent Bank's accounts, the taxable profit has been reduced by permanent differences coupled with the effects of the exemption model.

Total assets

The Group's total assets were NOK 70,012 million as at 31 March 2012. This represents an increase of NOK 1,810 million, or 2.6%, over the last 12 months.

Lending

The Group's gross lending to customers totalled NOK 50,941 million as at 31 March 2012. Compared with 31 March 2011, this represents an increase of 2.6%. Intermediary mortgage lending amounting to NOK 19 billion had been sold to SpareBank 1 Boligkreditt AS as at 31 March 2012. Lending growth including these loans amounted to 10.1%. Retail banking loans showed growth of 8.9%, while corporate and public sector loans showed growth of 12.8%. Including intermediary loans, 68.6% of the bank's total lending was to the retail market as at 31 March 2012, a slightly lower proportion than as at 31 December 2010.

The Main Board of Directors sustains its ambitions for lending growth and increased market shares. In the case of new loans, particular emphasis is placed on the customers' ability to service and repay their outstanding loans, and on a satisfactory level of collateral and other security to ensure that credit risk is maintained at an acceptable level. Lending growth in Q1 in isolation was 2.9% and can be broken down as follows:

Retail market	2.5%
Corporate and public sector market	3.7%

Saving and investments

The Group's deposits from customers totalled NOK 39,675 million as at 31 March 2012. The increase over the past 12 months was NOK 273 million, or 0.7%. The overall increase was made up of an increase of 8.7% in the retail market, a decrease of 16.1% in the public sector market, and a decrease of 2.0% in the corporate market.

Liquidity

Deposits from customers represent the Bank's main source of funding. At the end of Q1 2012, the deposit-to-loan ratio was 77.9%, 1.5 percentage points lower than at the same time last year. The Bank's remaining funding, apart from equity capital and deposits from customers, is mainly from long-term funding from the capital markets. The Bank's access to liquidity is still satisfactory. The Bank's strategic aim is to maintain the overall liquidity risk at a low level.

Portfolio of commercial paper and bonds

The Group's portfolio of commercial paper and bonds totalled NOK 11,670 million as at 31 March 2012. The corresponding figure as at 31 March 2011 was NOK 12,028 million. The portfolio of interest-bearing securities includes covered bonds issued under the authorities' swap scheme.

Equity and capital adequacy

SpareBank 1 Nord-Norge was granted a permit by the Financial Supervisory Authority to use internal measuring methods (Internal Rating Based approach) for credit risk as of 1 January 2007. The statutory minimum capital adequacy requirement for credit risk has therefore been based on the Bank's internal risk assessment as of 2007. The rules and regulations render the statutory minimum requirement for capital adequacy more risk-sensitive, so that the capital requirement to a larger extent corresponds to the risk in the underlying portfolios. The use of internal measurement measures places great demands on the Bank's organisation, competence, risk models and risk management systems.

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

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

As at 31 March 2012, the Group's core capital adequacy was 11.63% (10.90%) of the risk-weighted assets. The total capital adequacy ratio was 12.44% (11.95%). If 50% of the result was included, the Group's core capital ratio would be 11.86%. If the full impact of the IRB approach is included (without a 'floor'), the core capital adequacy ratio amounts to 13.10%.

Tromsø, 26 April 2012

The Main Board of Directors of SpareBank 1 Nord-Norge

As at 31 March 2012, the Parent Bank's capital adequacy ratio was 13.89% (13.53%), of which core capital constituted 12.65% (12.01%). If 50% of the result was included, the Parent Bank's core capital ratio would be 12.86%.

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

The Bank's equity certificate holders

The Parent Bank's equity certificate capital as at 31 March 2012 was NOK 1,655 million. The number of equity certificates as at 31 March 2012 was 66,208,987, each with a nominal value of NOK 25 and fully paid-up.

Following this the ownership fraction as at 1 January 2012 was calculated at 42.07%.

The number of equity certificate holders was 8,230 as at 31 March 2012, an increase of 228 over the past 12 months. The number of equity certificate holders from Northern Norway was 2,434. A summary of the Bank's 20 largest equity certificate holders is provided in the notes to the interim financial statements.

Concluding remarks and outlook

The profit for Q1 2012 was substantially better than that for the last quarter of 2011, but significantly poorer than at the end of Q1 2011. The fluctuations in the results were strongly influenced by changes in the value of the Group's equity portfolio.

The Bank's basic operations are satisfactory.

The business and industry in the region remains optimistic, which is resulting in greater demand for loans. Continued economic uncertainty internationally may, however, result in reduced consumption and the postponement of investments in Northern Norway as well. The Bank's interest margin is expected to remain under pressure.

The Bank believes balance sheet growth, in terms of both deposits and loans, is important. Importance is also attached to increasing other income through sales of various products and services. All lending growth should involve good quality. The level of losses is expected to remain low for the immediate future.

The Bank will continue to focus a great deal on cost-reducing measures and work on rationalisation measures within distribution and staffing.

Key figures group

<i>Amounts in NOK million and in % of average assets</i>		31.03.12	%	31.03.11	%	31.12.11	%
From the profit and loss account							
Net interest income		281	1.59 %	275	1.61 %	1 129	1.61 %
Net fee-, commission and other operating income		126	0.71 %	120	0.70 %	506	0.72 %
Net income from financial investments		149	0.85 %	242	1.41 %	184	0.26 %
Total income		556	3.15 %	637	3.72 %	1 819	2.59 %
Total costs		282	1.60 %	246	1.44 %	1 036	1.47 %
Result before losses		274	1.55 %	391	2.28 %	783	1.11 %
Losses		42	0.24 %	10	0.06 %	101	0.14 %
Result before tax		232	1.32 %	381	2.23 %	682	0.97 %
Tax		38	0.22 %	48	0.28 %	157	0.22 %
Minority interests		0	0.00 %	0	0.00 %	0	0.00 %
Result for the period		194	1.10 %	333	1.94 %	525	0.75 %
Profitability							
Return on equity capital	1	12.1 %		23.3 %		8.5 %	
Interest margin	2	1.59 %		1.61 %		1.61 %	
Cost/income	3	50.7 %		38.6 %		57.0 %	
Balance sheet figures							
Loans and advances to customers		50 941		49 638		51 642	
Loans and advances to customers including agency loans		69 978		63 536		68 034	
Growth in loans and advances to customers past 12 months		2.6 %		2.5 %		5.3 %	
Growth in loans and advances to cust. incl. agency loans past 12 months		10.1 %		6.1 %		7.4 %	
Deposits from customers		39 675		39 402		41 765	
Growth in deposits from customers past 12 months		0.7 %		11.0 %		6.0 %	
Deposits as a percentage of gross lending	4	77.9 %		79.4 %		80.9 %	
Deposits as a percentage of gross lending including agency loans		56.7 %		62.0 %		61.4 %	
Average assets	5	70 526		68 491		70 291	
Total assets		70 012		68 202		71 039	
Losses on loans and commitments in default *)							
Losses on loans to customers as a percentage of gross loans incl. agency loans		0.24 %		0.06 %		0.15 %	
Commitments in default as a percentage of gross loans incl. agency loans		0.62 %		0.75 %		0.69 %	
Commitments at risk of loss as a percentage of gross loans incl. agency loans		0.38 %		0.68 %		0.50 %	
Net comm. in default and at risk of loss as a per. of gross loans incl. agency loans		0.69 %		1.00 %		0.88 %	
Solidity							
Capital adequacy ratio	6	12.52 %		11.70 %		12.50 %	
Core capital adequacy ratio	7	11.67 %		10.70 %		11.61 %	
Core capital		6 099		5 259		6 002	
Equity and related capital resources		6 541		5 749		6 465	
Adjusted risk-weighted assets base		52 253		49 142		51 704	
Branches and full-time employees							
Branches		75		75		75	
Manyear		808		791		791	
Equity Certificates **)							
		31.03.12	31.12.11	31.12.10	31.12.09	31.12.08	31.12.07
Equity Certificate ratio overall	8	42.07 %	38.74 %	34.54 %	34.54 %	34.54 %	34.22 %
Quoted/market price NONG as at		31.70	32.30	45.00	41.25	16.50	47.63
Quotation value	9	2 099	2 139	2 149	1 970	788	2 135
Equity capital per Equity Certificate - Group (NOK)	10	40.85	40.42	41.27	37.77	32.89	33.75
Result per Equity Certificate (Group)	11	1.23	3.07	5.90	6.20	2.52	5.37
Cash dividend per Equity Certificate to be paid	12		1.40	2.16	2.53	1.13	3.56
P/E (Price/Earnings) - Group	13	6.4	10.5	7.6	6.6	6.6	8.9
P/V (Price/Book Value) - Group	14	0.8	0.8	1.1	1.1	0.5	1.4

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

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

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

Statement of comprehensive income

Parent Bank

Group

(Amounts in NOK million)

31.12.11	1Q11	1Q12	31.03.11	31.03.12		31.03.12	31.03.11	1Q12	1Q11	31.12.11
2 713	631	698	631	698	Interest income	724	659	724	659	2 823
1 700	383	446	383	446	Interest costs	443	384	443	384	1 694
1 013	248	252	248	252	Net interest income	281	275	281	275	1 129
483	122	120	122	120	Fee- and commission income	141	138	141	138	567
78	19	21	19	21	Fee- and commission costs	21	19	21	19	80
22	2	3	2	3	Other operating income	6	1	6	1	19
427	105	102	105	102	Net fee-, commission and other operating income	126	120	126	120	506
11	1	0	1	0	Dividend	2	1	2	1	14
98	91	68	91	68	Income from investments	81	49	81	49	195
33	10	66	10	66	Net gain from investments in securities	66	192	66	192	- 25
142	102	134	102	134	Net income from financial investments	149	242	149	242	184
1 582	455	488	455	488	Total income	556	637	556	637	1 819
436	101	112	101	112	Personnel costs	133	119	133	119	514
287	62	77	62	77	Administration costs	84	68	84	68	313
43	10	12	10	12	Ordinary depreciation	13	11	13	11	47
142	44	48	44	48	Other operating costs	52	48	52	48	162
908	217	249	217	249	Total costs	282	246	282	246	1 036
674	238	239	238	239	Result before losses	274	391	274	391	783
97	10	40	10	40	Losses	42	10	42	10	101
577	228	199	228	199	Result before tax	232	381	232	381	682
141	43	34	43	34	Tax	38	48	38	48	157
436	185	165	185	165	Result for the period	194	333	194	333	525
					Majority interest	194	333	194	333	525
					Minority interests	0	0	0	0	0
					Result per Equity Certificate					
2.55	1.50	1.05	1.50	1.05	Result per Equity Certificate	1.23	2.70	1.23	2.70	3.07
2.55	1.50	1.05	1.50	1.05	Diluted result per Equity Certificate	1.23	2.70	1.23	2.70	3.07

Comprehensive income

436	185	165	185	165	Result for the period	194	333	194	333	525
0	0	0	0	0	Recalculation differences	1	1	1	1	-2
-4	6	1	6	1	Effective part of change in fair market value in cash flow hedging	1	6	1	6	-4
0	0	0	0	0	Net change in fair market value of investment in joint ventures	0	0	0	0	0
0	6	0	0	0	Net change in fair market value of financial assets available for sale	0	0	0	0	0
1	0	0	-2	0	Tax on other comprehensive income	0	-2	0	-2	1
-3	12	1	4	1	Other comprehensive income for the period	2	5	2	5	-5
433	197	166	189	166	Total comprehensive income for the period	196	338	196	338	520
					Majority interest	196	338	196	338	520
					Minority interests	0	0	0	0	0
					Total result per Equity Certificate					
2.53	1.60	1.05	1.54	1.05	Total result per Equity Certificate	1.25	2.74	1.25	2.74	3.04
2.53	1.60	1.05	1.54	1.05	Diluted total result per Equity Certificate	1.25	2.74	1.25	2.74	3.04
					Tax on other comprehensive income:					
1	-2	0	-2	0	Effective part of change in fair market value in cash flow hedging	0	-2	0	-2	1
0	2	0	0	0	Net change in fair market value of financial assets available for sale	0	0	0	0	0
1	0	0	-2	0	Tax on other comprehensive income	0	-2	0	-2	1

Statement of financial position

Parent Bank

Group

(Amounts in NOK million)

31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
			Assets			
1 869	866	274	Cash and balances with central banks	302	887	1 896
3 477	2 550	3 926	Loans and advances to credit institutions	1 351	551	970
48 749	47 171	48 025	Loans and advances to customers	50 941	49 638	51 642
191	255	201	- Individual write-downs for impaired value	217	269	206
213	184	215	- Collective write-downs for impaired value	227	195	226
48 345	46 732	47 609	Net loans and advances to customers	50 497	49 174	51 210
357	380	359	Shares	616	788	607
11 229	11 998	11 665	Certificates and bonds	11 670	12 028	11 234
850	495	868	Financial derivatives	867	495	850
356	461	363	Investments in Group Companies	0	0	0
1 983	1 855	2 150	Investments in associated companies and joint ventures	3 250	2 945	3 019
502	457	501	Property, plant and equipment	507	463	508
0	0	0	Intangible assets	27	22	26
713	863	905	Other assets	925	849	719
69 681	66 657	68 620	Total assets	70 012	68 202	71 039
			Liabilities			
6 450	6 619	5 440	Deposits from credit institutions	5 437	6 715	6 446
41 748	39 372	39 657	Deposits from customers	39 675	39 402	41 765
13 342	13 065	14 825	Debt securities in issue	14 825	13 065	13 342
517	284	490	Financial derivatives	490	284	519
926	1 468	1 536	Other liabilities	1 698	1 567	1 083
78	38	78	Deferred tax liabilities	106	68	107
1 356	1 330	1 339	Subordinated loan capital	1 339	1 341	1 356
64 417	62 176	63 365	Total liabilities	63 570	62 442	64 618
			Equity			
1 655	1 194	1 655	Equity Certificate capital	1 655	1 194	1 655
245	123	245	Equity Certificate premium reserve	245	123	245
333	166	241	Dividend Equalisation Fund	241	166	333
2 898	2 680	2 816	The Savings Bank's Fund	2 816	2 680	2 898
133	133	133	Donations	133	133	133
0	0	0	Fund for unrealised gains	- 1	- 1	- 4
0	0	0	Other equity capital	1 146	1 119	1 148
0	185	165	Result for the period	194	333	0
			Minority interests	13	13	13
5 264	4 481	5 255	Total equity	6 442	5 760	6 421
69 681	66 657	68 620	Total liabilities and equity	70 012	68 202	71 039

Result from the Group's quarterly accounts

(Amounts in NOK million)	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
Interest income	724	749	739	676	659	683	669	616	581
Interest costs	443	467	443	400	384	398	378	335	309
Net interest income	281	282	296	276	275	285	291	281	272
Fee- and commission income	141	143	146	140	138	147	149	152	142
Fee- and commission costs	21	24	19	18	19	22	21	20	22
Other operating income	6	6	0	12	1	3	3	1	1
Net fee-, commission and other operating income	126	125	127	134	120	128	131	133	121
Dividend	2	- 3	7	9	1	0	1	33	9
Income from investments	81	63	30	53	49	87	64	59	41
Net gain from investments in securities	66	- 222	9	- 4	192	61	11	12	26
Net income from financial investments	149	- 162	46	58	242	148	76	104	76
Total income	556	245	469	468	637	561	498	518	469
Personnel costs	133	141	131	123	119	152	131	133	61
Administration costs	84	85	75	85	68	77	62	73	69
Ordinary depreciation	13	13	11	12	11	12	11	10	12
Other operating costs	52	38	35	41	48	35	33	40	46
Total costs	282	277	252	261	246	276	237	256	188
Result before losses	274	- 32	217	207	391	285	261	262	281
Losses	42	53	23	15	10	43	1	22	21
Result before tax	232	- 85	194	192	381	242	260	240	260
Tax	38	23	48	38	48	37	55	38	56
Minority interests	0	0	0	0	0	0	0	0	0
Result for the period	194	- 108	146	154	333	205	205	202	204
Profitability									
Return on equity capital	12.07 %	-6.63 %	8.92 %	10.06 %	23.31 %	14.67 %	15.17 %	15.53 %	15.90 %
Interest margin	1.59 %	1.57 %	1.65 %	1.59 %	1.61 %	1.66 %	1.74 %	1.73 %	1.70 %
Cost/income	50.72 %	113.06 %	53.73 %	55.77 %	38.62 %	49.20 %	47.59 %	49.42 %	40.09 %
Balance sheet figures									
Loans and advances to customers	50 941	51 642	52 465	51 442	49 638	49 046	50 489	48 329	48 429
Growth in loans and advances to cust. incl. agency loans past 12 months	10.1 %	7.4 %	6.4 %	6.3 %	6.1 %	7.2 %	7.3 %	6.2 %	5.2 %
Deposits from customers	39 675	41 765	41 952	41 284	39 402	39 389	37 303	37 851	35 497
Growth in deposits from customers past 12 months	0.7 %	6.0 %	12.5 %	9.1 %	11.0 %	12.9 %	8.9 %	4.8 %	4.2 %
Deposits as a percentage of gross lending	77.9 %	80.9 %	80.0 %	80.3 %	79.4 %	80.3 %	73.9 %	78.3 %	73.3 %
Deposits as a percentage of gross lending including agency loans	56.7 %	61.4 %	62.9 %	63.6 %	62.0 %	62.2 %	59.5 %	62.0 %	59.3 %
Average assets	70 526	70 291	70 104	69 338	68 491	66 245	65 611	64 728	64 163
Total assets	70 012	71 039	72 402	71 033	68 202	68 780	68 261	65 859	64 086
Losses on loans and commitments in default									
Losses on loans to customers as a percentage of gross loans incl. agency loans	0.24 %	0.31 %	0.14 %	0.09 %	0.06 %	0.27 %	0.01 %	0.15 %	0.14 %
Commitments in default as a percentage of gross loans incl. agency loans	0.62 %	0.69 %	0.86 %	0.85 %	0.75 %	0.78 %	0.34 %	0.51 %	0.56 %
Commitments at risk of loss as a percentage of gross loans incl. agency loans	0.38 %	0.50 %	0.51 %	0.55 %	0.68 %	0.60 %	0.93 %	0.85 %	0.71 %
Net comm. in default and at risk of loss as a per. of gross loans incl. agency loans	0.69 %	0.88 %	0.96 %	1.00 %	1.00 %	0.94 %	0.88 %	0.99 %	0.91 %
Solidity									
Capital adequacy ratio	12.52 %	12.50 %	12.02 %	12.26 %	11.70 %	11.95 %	11.00 %	11.21 %	11.79 %
Core capital adequacy ratio	11.67 %	11.61 %	11.08 %	11.30 %	10.70 %	10.90 %	9.78 %	9.86 %	10.38 %
Core capital	6 099	6 002	5 806	5 832	5 259	5 334	4 595	4 682	4 687
Equity and related capital resources	6 541	6 465	6 299	6 331	5 749	5 849	5 167	5 322	5 323
Adjusted risk-weighted assets base	52 253	51 704	52 399	51 628	49 142	48 966	46 963	47 463	45 163

Quarterly Report - Changes in equity

(Amounts in NOK million)

Group	PCC capital	Premium Fund	Dividend Equalisation Fund	Saving Bank's Fund	Donations Fund	Fair value reserve	Other equity	Period result	Total	Minority	Total equity
									Majority interests	interests	
Equity at 01.01.11	896	123	566	2 829	133	- 2	1 121		5 666	4	5 670
Total comprehensive income for the											
Period result			169	228	39		89		525		525
<i>Other comprehensive income:</i>											
Net change in fair market value of investment in joint ventures											
Effective part of change in fair market value in cash flow hedging			- 1	- 3					- 4		- 4
Net change in financial assets available for sale, transferred to the statement											
Total other comprehensive income			- 1	- 2		- 2			- 5		- 5
Total comprehensive income for the period			168	226	39	- 2	89		520		520
Transactions with owners											
Equity issue											
Set aside for dividend payments			- 93	- 83					- 176		- 176
Reversal of dividend payments			93	83					176		176
Dividend paid			- 103	- 154	- 39				- 296		- 296
Payments from Donations Fund											
Total transactions with owners	759	122	- 401	- 157	- 39		- 62		222	9	231
Equity at 31.03.11	1 655	245	333	2 898	133	- 4	1 148		6 408	13	6 421
Equity at 01.01.12	1 655	245	333	2 898	133	- 4	1 148		6 408	13	6 421
Total comprehensive income for the											
Period result								194	194		194
<i>Other comprehensive income:</i>											
Recalculation differences						3			3		3
Net change in fair market value of investment in joint ventures											
Effective part of change in fair market value in cash flow hedging				1					1		1
Tax on other comprehensive income											
Total other comprehensive income				1		3			4		4
Total comprehensive income for the period				1		3		194	198		198
Transactions with owners											
Equity issue											
Set aside for dividend payments											
Reversal of dividend payments											
Changes in minority interests											
Dividend paid			- 92	- 83					- 175		- 175
Other transactions								- 2	- 2		- 2
Payments from Donations Fund											
Total transactions with owners			- 92	- 83				- 2	- 177		- 177
Equity at 31.03.12	1 655	245	241	2 816	133	- 1	1 146	194	6 429	13	6 442

ECC ratio overall

Parent Bank

(Amounts in NOK million)

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

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

Statement of cash flows

Parent Bank
Group
(Amounts in NOK million)

31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
577	228	199	Result before tax	232	381	682
43	10	12	+ Ordinary depreciation	13	11	47
- 8	0	0	+ Write-downs, gains/losses fixed assets	0	0	- 8
97	10	40	+ Losses on loans and guarantees	42	10	102
141	43	34	- Tax	38	48	158
0	0	0	- Group contributions	0	0	0
257	257	176	- Dividends/donations	176	257	257
311	- 52	41	Provided from the year's operations	73	97	408
- 140	179	584	Change in sundry liabilities: + increase/ - decrease	587	159	- 162
- 219	- 14	- 210	Change in various claims: - increase/ + decrease	- 224	46	- 183
-2 164	- 464	696	Change in gross lending to and claims on customers: - increase/ + decrease	671	- 609	-2 737
343	- 449	- 438	Change in short term-securities: - increase/ + decrease	- 445	- 638	336
2 396	20	-2 090	Change in deposits from and debt owed to customers: + increase/ - decrease	-2 089	13	2 376
349	518	-1 010	Change in debt owed to credit institutions: + increase/ - decrease	-1 009	592	323
876	- 262	-2 427	A. Net liquidity change from operations	-2 436	- 340	361
- 91	- 13	- 11	- Investment in fixed assets (incl merger effects)	- 12	- 14	- 95
8	0	0	+ Sale of fixed assets	0	0	8
- 161	- 138	- 174	Change in holdings of long-term securities: - increase/ + decrease	- 231	- 84	- 158
- 244	- 151	- 185	B. Liquidity change from investments	- 243	- 98	- 245
-1 135	-1 412	1 483	Change in borrowings through the issuance of securities: + increase/ - decrease	1 483	-1 412	-1 135
591	- 17	- 17	Change in Equity Certificate/subordinated loan capital: + increase/ - decrease	- 17	- 6	591
- 544	-1 429	1 466	C. Liquidity change from financing	1 466	-1 418	- 544
88	-1 842	-1 146	A + B + C. Total change in liquidity	-1 213	-1 856	- 428
5 258	5 258	5 346	+ Liquid funds at the start of the period	2 866	3 294	3 294
5 346	3 416	4 200	= Liquid funds at the end of the period	1 653	1 438	2 866

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

Notes

Note 1 - Accounting Principles

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

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

Note 2 - Capital Adequacy

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

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

(Amounts in NOK million)

31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
Note 2 - Capital Adequacy						
1 655	1 194	1 655	Equity certificates	1 655	1 194	1 655
0	0	0	- Own equity certificates	0	0	0
245	123	245	Premium reserve	245	123	245
333	166	241	Equalisation reserve	241	166	333
2 898	2 680	2 816	Savings bank's reserve	2 816	2 680	2 898
133	133	133	Endowment fund	133	133	133
0	0	0	Other equity	1 146	1 119	1 148
0	0	0	Deduction Fund for unrealised gains	- 1	- 1	- 4
0	0	0	Minority interests	13	13	13
0	185	165	Period result	194	333	0
5 264	4 481	5 255	Total equity	6 442	5 760	6 421
0	0	0	Minority interests	-13	- 13	- 13
0	- 185	- 165	Period result	- 194	- 333	0
Core capital						
0	0	0	Adjusted subordinated capital from consolidated financial institutions	- 52	57	- 17
8	0	- 8	Intangible assets	- 51	- 19	- 48
0	0	0	Fund for unrealised gains	45	46	66
- 175	0	0	Deduction for allocated dividends	0	0	- 175
- 428	- 359	- 423	50 % deduction for subordinated capital in other financial institutions	- 21	0	- 27
- 77	- 84	- 91	50 % deduction for expected losses on IRB, net of writedowns	- 72	- 85	- 71
0	0	0	50 % capital adequacy reserve	- 676	- 641	- 646
360	334	343	Hybrid Tier 1 bonds	497	488	512
4 936	4 187	4 911	Total core capital	6 099	5 259	6 002
Supplementary capital						
996	995	996	Nonperpetual subordinated capital	1 211	1 216	1 207
- 428	- 359	- 423	50% deduction for subordinated capital in other financial institutions	- 21	0	- 27
- 77	- 84	- 91	50% deduction for expected losses on IRB, net of writedowns	- 72	- 85	- 71
0	0	0	50% capital adequacy reserve	- 676	- 641	- 646
491	552	482	Total supplementary capital	442	490	463
5 427	4 739	5 393	Equity and related capital resources	6 541	5 749	6 465
Minimum requirements subordinated capital, Basel I I						
834	755	915	Specialised lending exposure	915	755	834
580	564	579	Other corporations exposure	579	569	580
16	15	15	SME exposure	17	17	17
284	284	271	Property retail mortgage exposure	429	407	425
38	31	35	Other retail exposure	37	31	39
250	237	276	Equity investments	0	0	0
2 002	1 886	2 091	Total credit risk IRB	1 977	1 779	1 895
651	636	775	Credit risk standardised approach	1 730	1 647	1 678
9	216	7	Debt risk	7	178	9
9	16	12	Equity risk	53	65	51
29	16	29	Currency risk	29	16	29
258	258	259	Operational risk	289	273	273
0	0	0	Transitional arrangements	211	91	328
- 85	- 71	-68	Deductions	- 116	- 117	- 127
2 873	2 957	3 105	Minimum requirements subordinated capital	4 180	3 932	4 136
15.11 %	12.82 %	13.89 %	Capital adequacy ratio	12.52 %	11.70 %	12.50 %
13.75 %	11.33 %	12.65 %	Core capital ratio	11.67 %	10.70 %	11.61 %
1.37 %	1.50 %	1.24 %	Supplementary capital ratio	0.85 %	1.00 %	0.89 %

Parent Bank
(Amounts in NOK million)

 31.12.11 31.03.11 **31.03.12**
Group
31.03.12 31.03.11 31.12.11

Note 3 - Net bad and doubtful commitments

452	452	422	Non-performing commitments	437	475	471
322	410	253	+ Other doubtful commitments	268	431	338
774	862	675	+ Total commitments in default and doubtful commitments	705	906	809
88	113	102	- Individual write-downs in default	110	120	96
105	144	104	- Other doubtful individual write-downs	112	151	112
193	257	206	+ Total individual write-downs	222	271	208
581	605	469	= Net commitments in default and doubtful commitments	483	635	601
25 %	30 %	31 %	Loan loss provision ratio	31 %	30 %	26 %

Note 4 - Losses incorporated in the accounts

- 64	- 1	14	+ Period's change in individual write-down for impaired value	14	- 2	- 68
24	- 2	0	+ Period's change in collective write-down for impaired value	0	- 3	26
144	15	28	+ Period's confirmed losses against which individual write-downs were previously made	29	17	151
1	0	2	+ Period's confirmed losses against which individual write-downs were previously not made	3	0	1
8	2	4	- Recoveries in respect of previously confirmed losses	4	2	9
97	10	40	= Total losses on loans	42	10	101

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

			<i>Individual write-downs for impaired value:</i>			
258	258	193	Individual write-downs for impaired value on loans and guarantees as at 01.01.	208	273	273
144	15	28	- Confirmed losses during the period on loans and guarantees, against which individual write-downs for impaired value has prev. been made	29	17	150
24	8	7	- Reversal of previous years' individual write-downs for impaired value	7	8	24
13	2	29	+ Increase in write-downs for impaired value for commitments against which individual write-downs for impaired value were previously made	31	3	17
90	20	19	+ Write-downs for impaired value for commitments against which no individual write-downs for impaired value was previously raised	19	20	92
193	257	206	= Individual write-downs for impaired value on loans and guarantees *	222	271	208
			<i>Collective write-downs for impaired value:</i>			
192	192	213	Collective write-downs for impaired value on loans and guarantees as at 01.01.	226	200	200
21	- 8	2	+ Period's collective write-downs for impaired value on loans and guarantees	1	- 5	26
213	184	215	= Collective write-downs for impaired value on loans, and guarantees	227	195	226

* Individual write-downs for impaired value on guarantees, NOK 5 million, are included in the Balance Sheet as liabilities under 'Other liabilities'.

31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
			Note 6 - Loans broken down by sector and industry			
57	70	56	Mining and quarrying	72	83	71
632	524	671	Construction	956	788	916
25	21	23	Building of ships and boats	26	23	28
970	980	1 182	Electricity, gas, steam an air conditioning supply	1 189	987	977
774	769	315	Professional, scientific and technical activities	335	785	792
0	0	0	Financial and insurance activities	0	0	0
1 345	1 016	1 745	Fishing	1 755	1 027	1 359
170	206	173	Marine aquaculture	298	267	268
366	260	361	Other business support activities	580	397	578
348	205	666	Activities auxiliary to financial services and insurance activities	669	194	361
128	152	158	County municipalities and municipalities	181	169	148
974	1 299	1 002	Manufacturing	1 148	1 437	1 126
154	159	155	Information and communication	161	168	162
855	776	830	Crop and animal production	923	860	949
0	0	0	Foreign industrial	0	38	38
7 147	6 596	7 010	Real estate activities	7 051	6 619	7 188
388	378	376	Accommodation and food service activities	389	395	405
9	5	7	Forestry and logging	13	8	12
0	0	0	Central government and social security funds	1	1	1
1	1	0	Support activities for petroleum and natural gas extraction	0	1	1
637	685	641	Other service industries	725	760	722
1 325	1 082	1 714	Transportation and storage	2 204	1 487	1 797
738	576	710	International shipping and pipeline transport	710	576	738
648	596	646	Development of building projects	647	596	648
75	42	75	Extraction of crude oil and natural gas	75	42	75
0	0	0	Unspecified	0	0	0
122	105	115	Water supply; sewerage, waste management and remediation activities	171	142	171
1 409	1 396	1 401	Wholesale and retail trade; repair of motor vehicles and motorcycles	1 675	1 606	1 644
29 410	29 228	27 951	Retail banking market - domestic	28 946	30 138	30 422
42	44	41	Retail banking market - international	41	44	42
29 452	29 272	27 993	Total retail market	28 987	30 182	30 464
19 169	17 747	19 874	Total public market	21 772	19 286	21 029
128	152	158	Total government	182	170	148
48 749	47 171	48 025	Total loans	50 941	49 638	51 641

Parent Bank
Group

(Amounts in NOK million)

31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
Note 7 - Losses broken down by sector and industry						
0	0	0	Mining and quarrying	0	0	0
4	1	5	Construction	6	1	6
0	0	0	Building of ships and boats	0	0	0
0	0	0	Electricity, gas, steam an air conditioning supply	0	0	0
0	0	- 1	Professional, scientific and technical activities	- 1	0	0
0	0	0	Financial and insurance activities	0	0	0
0	- 1	0	Fishing	0	- 1	0
0	0	0	Marine aquaculture	0	0	0
0	0	0	Other business support activities	0	0	0
- 1	0	0	Activities auxiliary to financial services and insurance activities	0	0	- 1
0	0	0	County municipalities and municipalities	0	0	0
1	2	3	Manufacturing	3	2	1
0	0	0	Information and communication	0	0	0
9	5	0	Crop and animal production	0	5	9
0	0	0	Foreign industrial	0	0	0
21	0	- 1	Real estate activities	- 1	0	21
5	1	0	Accomodation and food service activities	0	1	5
0	0	0	Forestry and logging	0	0	0
0	0	0	Central government and social security funds	0	0	0
0	0	0	Support activities for petroleum and natural gas extraction	0	0	0
12	0	0	Other service industries	0	0	12
- 1	0	0	Transportation and storage	1	0	- 1
10	0	0	International shipping and pipeline transport	0	0	10
0	0	0	Development of building projects	0	0	0
0	0	0	Extraction of crude oil and natural gas	0	0	0
0	0	0	Unspecified	0	0	0
0	0	31	Water supply; sewerage, waste management and remediation activities	31	0	0
2	0	1	Wholesale and retail trade; repair of motor vehicles and motorcycles	1	0	2
22	12	6	Retail banking market - domestic	6	12	23
32	- 4	3	Collective write-downs public market	3	- 4	33
- 11	- 4	- 3	Collective write-downs retail market	- 3	- 4	- 11
105	12	44	Losses on loans to customers	46	12	109
8	2	4	Recoveries from previously written off losses	4	2	8
97	10	40	Net losses	42	10	101

Parent Bank
Group

(Amounts in NOK million)

31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
Note 8 - Deposits broken down by sector and industry						
48	120	35	Mining and quarrying	35	120	48
866	665	761	Construction	761	665	866
4	2	1	Building of ships and boats	1	2	4
652	901	722	Electricity, gas, steam an air conditioning supply	722	901	652
1 302	1 322	1 025	Professional, scientific and technical activities	1 025	1 322	1 302
413	1 031	389	Financial and insurance activities	0	1 045	0
630	602	700	Fishing	700	602	630
22	26	21	Marine aquaculture	21	26	22
347	274	364	Other business support activities	364	274	347
0	0	0	Activities auxiliary to financial services and insurance activities	407	0	430
7 476	7 013	5 773	County municipalities and municipalities	5 773	7 013	7 476
478	312	454	Manufacturing	453	312	478
295	222	289	Information and communication	289	222	295
354	366	397	Crop and animal production	397	366	354
0	0	0	Foreign industrial	0	0	0
1 312	1 455	1 331	Real estate activities	1 331	1 471	1 312
199	157	241	Accomodation and food service activities	242	157	199
12	12	10	Forestry and logging	10	12	12
1 234	791	778	Central government and social security funds	778	791	1 234
1	0	0	Support activities for petroleum and natural gas extraction	0	0	1
1 998	1 883	2 122	Other service industries	2 122	1 883	1 998
663	522	593	Transportation and storage	592	522	663
18	20	13	International shipping and pipeline transport	14	20	18
189	196	166	Development of building projects	166	196	189
195	0	195	Extraction of crude oil and natural gas	195	0	195
0	0	0	Unspecified	0	0	0
162	142	146	Water supply; sewerage, waste management and remediation activities	146	142	162
1 449	1 168	1 213	Wholesale and retail trade; repair of motor vehicles and motorcycles	1 212	1 168	1 448
21 172	19 904	21 647	Retail banking market - domestic	21 647	19 904	21 173
257	266	272	Retail banking market - international	272	266	257
21 429	20 170	21 919	Total retail market	21 919	20 170	21 430
11 609	11 398	11 188	Total public market	11 205	11 428	11 625
8 710	7 804	6 551	Total government	6 551	7 804	8 710
41 748	39 372	39 658	Total deposits	39 675	39 402	41 765

Note 9 - Subsidiaries

(Amounts in NOK 1 000)	Share of Eq.%	Profit from ordinary operations			Equity		
		after tax	31.03.11	31.12.11	31.03.12	31.03.11	31.12.11
SpareBank 1 Finans Nord-Norge AS	100	11 329	12 315	49 877	263 216	234 202	301 762
SpareBank 1 Nord-Norge Invest AS	100	- 233	177 489	-63 566	78 744	320 033	78 977
Eiendomsdrift AS	100	0	0	0	0	0	0
EiendomsMegler 1 Nord-Norge AS	100	2 318	- 319	2 944	26 341	20 699	23 962
SpareBank 1 Nord-Norge Forvaltning ASA	100	214	322	784	2 295	2 591	3 051
SNN Økonomihus AS	100	192	0	60	8 444	0	100
North-West 1 Alliance Bank	75	35	- 184	138	35 315	38 786	35 280

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

31.12.11	31.03.11	31.03.12		31.03.12	31.03.11	31.12.11
0	0	25	Repossessed assets	25	0	0
342	414	397	Accrued income	434	375	362
115	129	107	Prepayments	113	132	82
256	320	376	Other assets	353	342	275
713	863	905	Total other assets	925	849	719

Note 11 - Other liabilities

403	650	683	Costs incurred	808	759	523
2	- 5	6	Provisioning against incurred liabilities and costs	7	3	2
521	823	847	Other liabilities	883	805	558
926	1 468	1 536	Total other liabilities	1 698	1 567	1 083

Note 12 - Investment in bonds

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

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

In the categories 'Hold until maturity' and 'Loans and claims' the securities are assessed at amortized cost. After the reclassification, the writedowns made earlier will be reversed over the portfolio's remaining life, which on average is 1.5 year as at 31.03.12, and included in the profit and loss account as interest income. For the period 01.01.12-31.03.12 such reversed writedowns has been included in the profit and loss account with NOK 1 million. Total inclusion of income are NOK 73 million for the period 01.07.08-31.12.11. If this reclassification had not been made, the Group would have charged NOK 212 million to the profit and loss account in the third and fourth quarter of 2008 due to increased credit spreads. This would have been an unrealised gain NOK 4,2 million as at 31.03.12. It was necessary to apply a NOK 75 million write-down due to the permanent impairment of value in this portfolio as at 31.12.11. No further writedowns has been made in 2012.

(Amounts in NOK million)	01.07.08	31.12.08	31.12.09	31.12.10	31.12.11	31.03.12
Hold until maturity						
Book value	3 109	3 498	2 650	1 624	858	713
Nominal value (nominal amount)	3 182	3 588	2 689	1 644	869	722
Theoretical market value	3 109	3 358	2 623	1 615	842	705
Loans and claims						
Book value	698	739	629	464	262	255
Nominal value (nominal amount)	737	809	656	489	279	271
Theoretical market value	698	675	599	443	250	246
Total book value	3 807	4 237	3 279	2 088	1 120	968

Note 13 - Securities issued and subordinated loan capital

Parent Bank and Group

(Amounts in NOK million)

Securities issued

	31.12.11	31.03.11	31.03.12
Certificates and other short-term borrowings			
Bond debt	13 342	13 065	14 825
Total debt securities in issue	13 342	13 065	14 825

	Statement of financial position 31.12.11	Issued 31.03.12	Matured/ redeemed 31.03.12	Exchange rate movements 31.03.12	Other adjustments 31.03.12	Statement of financial position 31.03.12
Changes in securities issued:						
Certificates and other short-term borrowings						
Bond debt	13 342	1 970	- 464	- 20	- 3	14 825
Total debt securities issued	13 342	1 970	- 464	- 20	- 3	14 825

Subordinated loan capital and hybrid Tier 1 instruments.

	31.12.11	31.03.11	31.03.12
Hybrid Tier 1 instruments			
Hybrid Tier 1 instruments	370	370	370
Hybrid Tier 1 instruments - foreign currency	- 10	- 35	- 27
Total hybrid Tier 1 instruments	360	335	343

Subordinated loan capital

Subordinated loan capital with definite maturities	996	995	996
Total subordinated loan capital	996	995	996

Total subordinated loan capital and hybrid Tier 1

	Statement of financial position 31.12.11	Issued 31.03.12	Matured/ redeemed 31.03.12	Exchange rate movements 31.03.12	Other adjustments 31.03.12	Statement of financial position 31.03.12
Changes in subordinated loan capital and hybrid Tier 1 instruments						
Subordinated loan capital with definite maturities	996					996
Hybrid Tier 1 instruments	360			- 17		343
instruments	1 356			- 17		1 339

Note 14 - Financial derivatives

Parent Bank and Group

(Amounts in NOK million)

Interest rate swaps:

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

Foreign exchange derivatives:

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

Currency swaps:

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

Interest rate- and currency swap agreements:

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

Options:

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

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

	31.03.12	31.03.11	31.12.11
Fair value hedging transactions			
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value	- 14	85	- 61
Total gain from hedging objects relating to the hedged risk	13	- 82	61
Total fair value hedging transactions	- 1	3	

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

(Amounts in NOK million)

Fair value through statement of comprehensive income	31.03.12			31.03.11			31.12.11		
	Contract	Assets	Liabilities	Contract	Assets	Liabilities	Contract	Assets	Liabilities
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)	2 458	41	25	3 502	46	39	2 936	43	25
Currency swaps	6 598	186	69	4 469	132	53	5 708	178	74
Currency options									
Total non-standardised contracts	9 056	227	94	7 971	178	92	8 644	221	99
Standardised foreign currency contracts (futures)									
Total foreign currency instruments	9 056	227	94	7 971	178	92	8 644	221	99
Interest rate instruments									
Interest rate swaps (including cross currency)	20 539	284	365	15 479	125	178	19 363	282	389
Short-term interest rate swaps (FRA)									
Other interest rate contracts	3 611	2	3	242		1	4 211	3	4
Total non-standardised contracts	24 150	286	368	15 721	125	179	23 574	285	393
Standardised interest rate contracts (futures)									
Total interest rate instruments	24 150	286	368	15 721	125	179	23 574	285	393
Hedging of funding loans									
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)									
Currency swaps									
Total, non-standardised contracts									
Standardised foreign currency contracts (futures)									
Total foreign currency instruments									
Interest rate instruments									
Interest rate swaps (including cross currency)	8 524	354	28	7 605	192	13	9 125	344	27
Short-term interest rate swaps (FRA)									
Other interest rate contracts									
Total, non-standardised contracts	8 524	354	28	7 605	192	13	9 125	344	27
Standardised interest rate contracts (futures)									
Total interest rate instruments	8 524	354	28	7 605	192	13	9 125	344	27
Total interest rate instruments	32 674	640	396	23 326	317	192	32 699	629	420
Total foreign currency instruments	9 056	227	94	7 971	178	92	8 644	221	99
Total	41 730	867	490	31 297	495	284	41 343	850	519

Note 15 - Business Areas

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

Group

						31.03.12
<i>(Amounts in NOK million)</i>	Retail Banking	Corporate Banking	Leasing	Markets	Unallocated	Total
Net interest income	157	93	23	2	6	281
Net fee- and commission income	62	37	0	1	21	121
Other operating income	0	0	0	16	139	154
Operating costs	155	92	9	2	24	282
Result before losses	64	38	14	17	142	274
Losses	0	40	1	0	1	42
Result before tax	64	- 2	13	17	141	232
Loans and advances to customers	30 104	17 921	2 900	0	16	50 941
Individual write-downs for impaired value on loans and advances to customers	- 28	- 173	- 11	0	- 5	- 217
Collective write-downs for impaired value on loans and advances to customers	- 46	- 169	- 8	0	- 4	- 227
Other assets	0	0	0	0	19 515	19 515
Total assets per business area	30 030	17 579	2 881	0	19 522	70 012
Deposits from customers	26 264	13 411	0	0	0	39 675
Other liabilities and equity capital	0	0	2 881	0	27 456	30 337
Total equity and liabilities per business area	26 264	13 411	2 881	0	27 456	70 012
						31.03.11
Net interest income	134	114	26	0	1	275
Net fee- and commission income	57	48	0	0	15	120
Other operating income	0	0	0	0	242	242
Operating costs	117	100	9	0	20	246
Result before losses	74	62	17	0	238	391
Losses	7	3	0	0	0	10
Result before tax	67	59	17	0	238	381
Loans and advances to customers	29 272	17 899	2 481	0	0	49 652
Individual write-downs for impaired value on loans and advances to customers	- 38	- 219	- 12	0	0	- 269
Collective write-downs for impaired value on loans and advances to customers	- 54	- 130	- 8	0	- 3	- 195
Other assets	0	0	19	0	18 995	19 014
Total assets per business area	29 180	17 550	2 480	0	18 992	68 202
Deposits from customers	19 904	19 468	0	0	30	39 402
Other liabilities and equity capital	0	0	2 480	0	26 320	28 800
Total equity and liabilities per business area	19 904	19 468	2 480	0	26 350	68 202

Note 16 - Equity Certificates (ECs)

The 20 largest EC holders as at 31.03.12

EC Holders	Number of ECs	Share of EC Capital
Pareto Aksjer Norge	3 382 268	5.11%
MP Pensjon	1 622 879	2.45%
Pareto Aktiv	1 520 783	2.30%
Frank Mohn AS	1 355 745	2.05%
Morgan Stanley & Co. Llc - Client account 1, USA	1 315 552	1.99%
Protector Eiendom AS	1 175 052	1.77%
Tonsenhagen Forretningssentrum AS	1 134 493	1.71%
SPBstiftelsen Sparebank 1 Nord-Norge	916 561	1.38%
Pareto VPF	898 684	1.36%
Nordea Bank ASA, Danmark	880 447	1.33%
Framo Development AS	848 925	1.28%
Goldman Sachs & Co.- Equity	784 184	1.18%
Sparebanken Rogalands Pensjonskasse	782 386	1.18%
Citibank N.A.	703 629	1.06%
Forsvarets Personellservice	620 854	0.94%
Sparebankstiftelsen DNB NOR	545 614	0.82%
Terra Utbytte Verdipapirfond	518 137	0.78%
Trond Mohn	509 354	0.77%
Concept Eiendom A/S	480 116	0.73%
Karl Ditlefsen, Tromsø	459 243	0.69%
TOTAL	20 454 906	30.89%

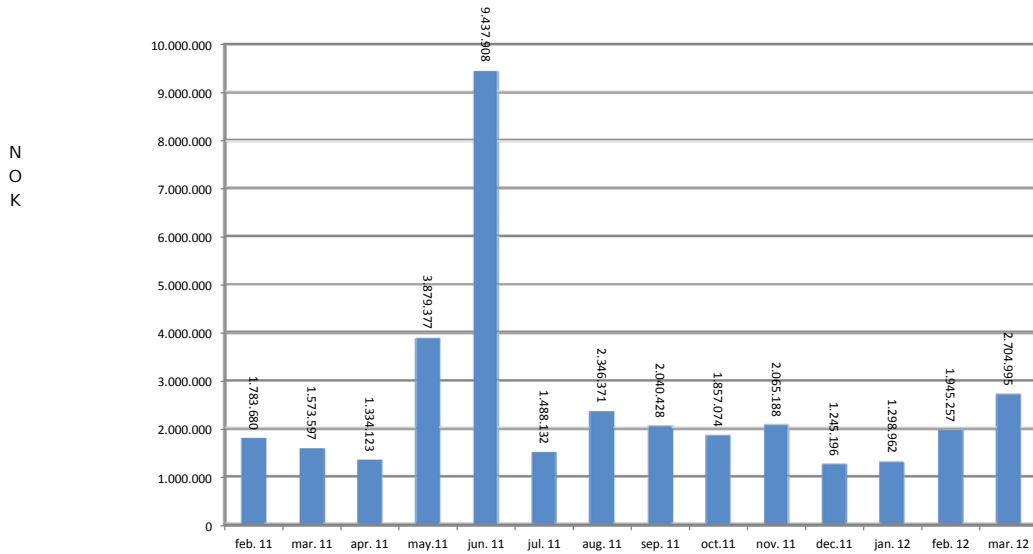
Dividend policy

Through its policy regarding owners of its capital and its dividend policy, the bank intends to ensure that

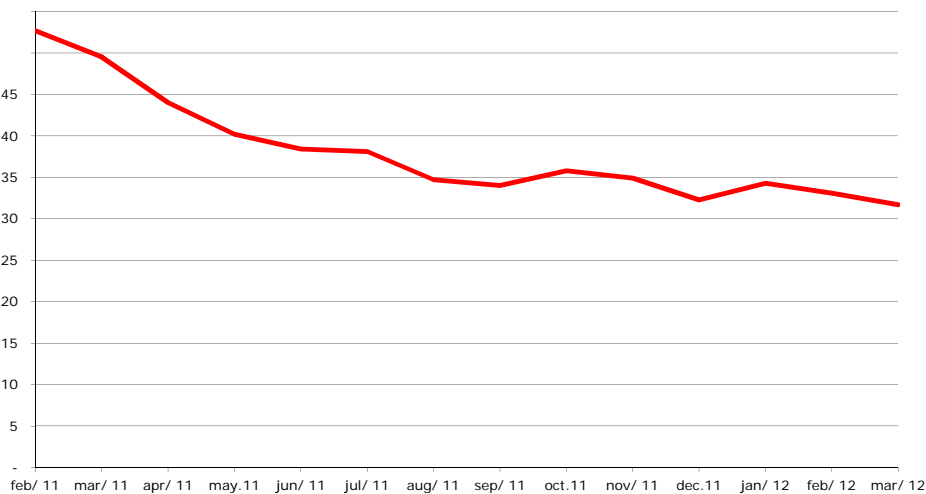
and liquid financial instruments. The bank's objective is to manage the group's resources in such a way that, compared to comparable investments and taking into account the bank's risk profile, a good, long-term and competitive return on the bank's equity is achieved. For the owners of the bank's equity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

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

Trading statistics



Price trend NONG



Note 17 - SpareBank 1 Boligkreditt

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

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SpareBank 1 Nord-Norge Main Board of Directors:

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

Members of the Group Management Committee:

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

Investor Relations

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Interim reports and accounts 2011:

1st quarter 26 April 2012
2nd quarter 9 August 2012
3rd quarter 31 October 2012
4th quarter medio February 2013

