

SpareBank 1 Nord-Norge

Presentation of 2nd Quarter
Report 2011

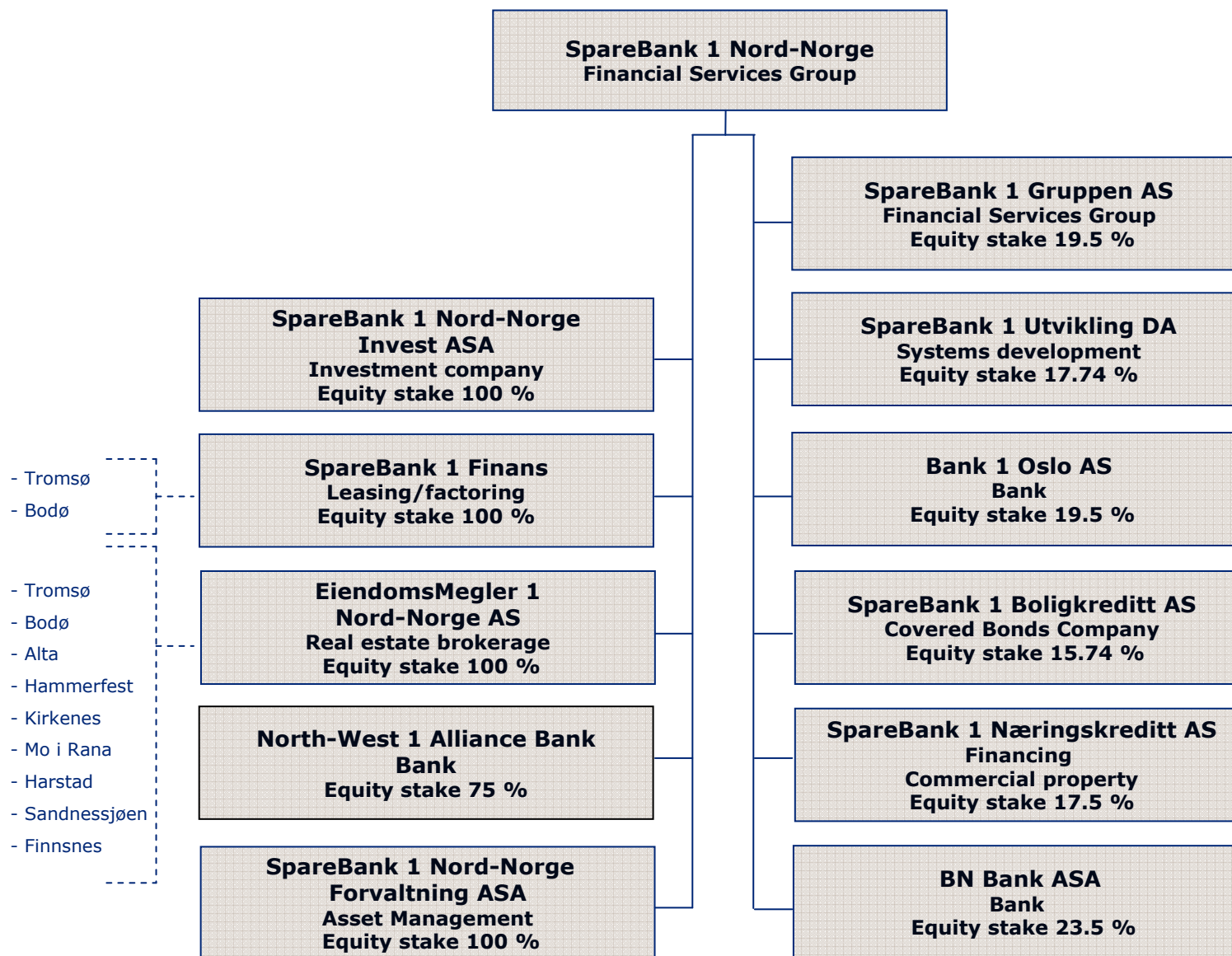
Oslo, 10 August 2011

SpareBank 1 Nord-Norge Group



Headoffice:	Tromsø
Organization:	5 regions
Regional branches:	Hammerfest
	Tromsø
	Harstad
	Bodø
	Mo i Rana
Local branches:	76
Number of man-years	786
Group:	786

Organisation of the financial services Group



Macro economy in North Norway: Status and possibilities



Northern Norwegian trade and industry on the right track

- Growth in production in Northern Norwegian trade and industry
 - Production from existing oil and gas resources
 - Export records in the marine sector
 - Moderate growth in building and construction
 - Major increase in number of foreign tourists
 - Winter tourism increasing
- Large investment plans ensure growth
 - Further development of oil and gas – Skrugard provides oil optimism
 - Land-based developments provide opportunities for the supplier industry
 - Investment plans in electricity supply
- Continued low unemployment: 2.5% completely unemployed in June



3 counties

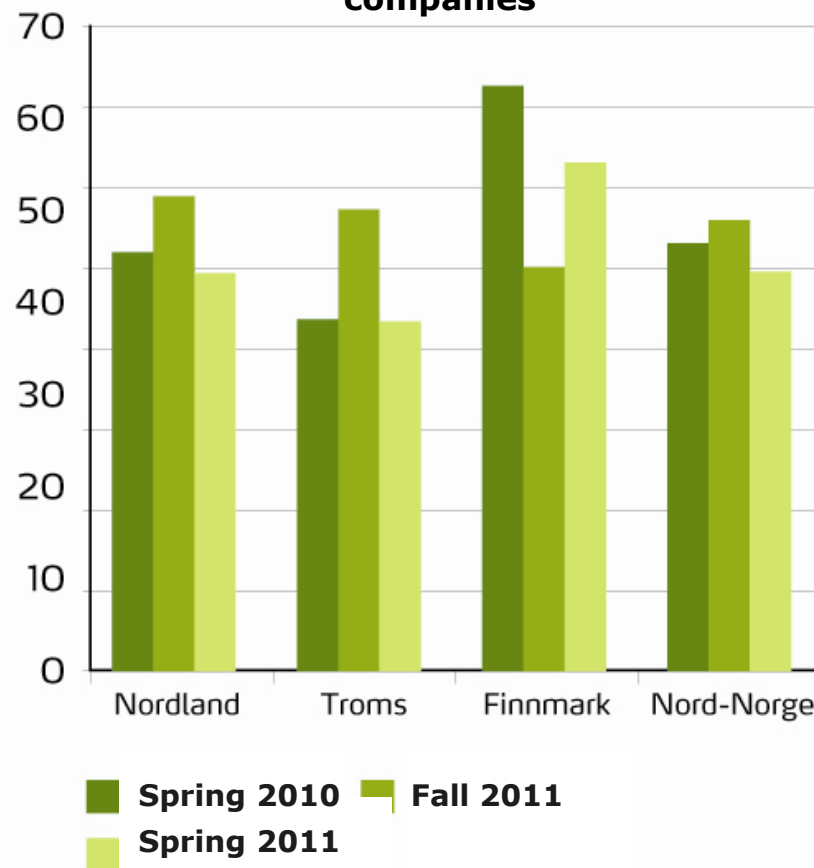
88 municipalities

465,000 inhabitants

Northern Norway - ready for growth?

- Abundant natural resources and increased tourism create faith in future growth
- Continued high optimism creates faith in sales growth
 - Indicates higher rate of activity
 - Finnmark most optimistic
 - Industry has the greatest faith in growth
- Low interest rates and low unemployment create expectations re. increased consumption of goods
- Tight labour market
 - Companies have a requirement for more employees

Expectations indicator, northern Norwegian companies



Lack of skilled labour creates challenges

- Stable low unemployment
- Major investments are dependent on comprehensive commuting
- Trade and industry need to reach out to obtain required expertise
- Both the private and public sectors need to get a grip on their recruitment strategies
- Big differences between companies creates different recruitment challenges
- A high drop-out rate from sixth form colleges and a lack of apprenticeships are creating challenges for this part of the country



Low unemployment in Northern Norway

Low unemployment – a challenge to the region

- Unemployment in Northern Norway lower than the country average
- Aging population reduces the working population
- Increased mismatch between supply and demand of competence
- Recruitment problems greater than country average in all sectors
- Lack of qualified labour may limit investments in the north

	Northern Norway		Norway	
	Number	%	Number	%
Completely unemployed	6,827	2.8	74,190	2.9
In schemes	1,527	0.6	18,022	0.7
Gross unemployed	8,354	3.4	92,212	3.6
Available jobs	4,003		30,879	
Job offers ratio (Gross unemployed/ available jobs)	2.1		3.0	

Source: NAV, 1 April 2011

Unrest in the global economy

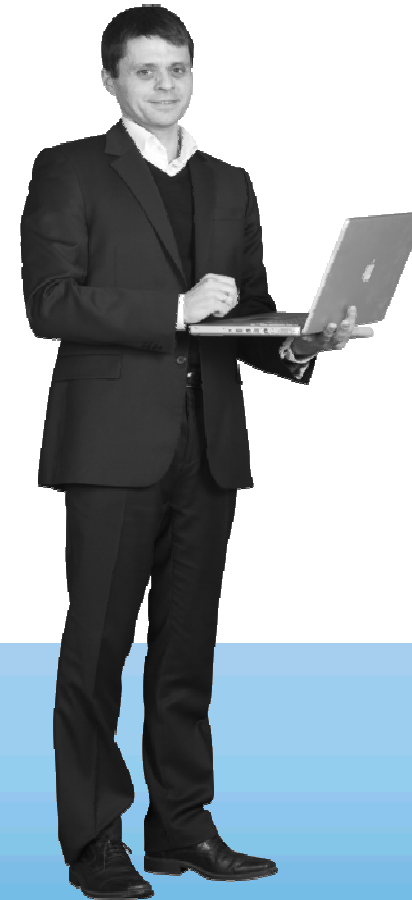
- Norway and North Norway are well-equipped to meet a possible global recession.
- The export industry in North Norway can be impacted primarily by
 - Lower demand
 - Strong Norwegian krone
- Psychological factors
- Higher money market rates and higher funding costs for the banks will result in higher interest rates on loans
- Norwegian authorities are prepared to implement the necessary measures as required



MAKRO: - Hvis det blir kritisk, så er Finansfondet og Obligasjonsfondet operativt, sier Sigsbjørn Johnsen.

Financial goals

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



Financial targets

- **Capital adequacy ratio**

- Core-capital coverage: 11 % or higher

- **Profitability**

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

- **Effectiveness**

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

- **Top-line growth**

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

Financial goals: Goal for capital adequacy ratio

- Core capital ratio: 11 per cent or higher
- SpareBank 1 Nord-Norge aims to emerge as an undisputedly solid bank.
- The capital adequacy goal is based on the Group's internal capital adequacy assessment process (ICAAP). The capital goal is expressed based on the current statutory regulation of capital adequacy.
- The Group's capital adequacy in a projected crisis scenario must have adequate buffers so that the core capital adequacy does not fall below 8 per cent.

Capital adequacy ratio - Group

Parent bank

Group

(Amounts in NOK million)

31.12.10	30.06.10	30.06.11		30.06.11	30.06.10	31.12.10
4 351	4 259	4 722	Core capital	5 831	4 682	5 334
549	910	520	Supplementary capital	499	640	515
4 900	5 169	5 242	Equity and related capital resources	6 330	5 322	5 849
Minimum requirements subordinated capital, Basel I I						
1 954	2 206	1 928	Total credit risk IRB	1 815	1 814	1 840
607	504	736	Credit risk standardised approach	1 786	1 456	1 492
130	127	118	Debt risk	106	128	126
19	17	17	Equity risk	65	40	46
17	0	29	Currency risk	29	0	17
242	242	258	Operational risk	273	284	284
0	0	0	Transitional arrangements	171	182	226
- 71	- 130	-76	Deductions	- 115	- 108	- 114
2 898	2 966	3 010	Minimum requirements subordinated capital	4 130	3 796	3 917
13.53 %	12.64 %	13.93 %	Capital adequacy ratio	12.26 %	11.21 %	11.95 %
12.01 %	11.04 %	12.55 %	Core capital ratio	11.30 %	9.86 %	10.90 %
1.52 %	1.60 %	1.38 %	Supplementary capital ratio	0.97 %	1.35 %	1.05 %
Capital adequacy - including 50 per cent of the result IRB/Basel II						
Core capital adequacy ratio				11.77 %	10.29 %	10.90 %

Equity matters - completed transactions 1st half of 2011

Equity issues

- Bonus issue and split were carried out in the 1st quarter
- Equity issues totalling 601,4 mill carried out in the 2nd quarter:
 - Rights issue NOK 451.4 mill
 - Private placement
 - Institutional investors: NOK 100.0 mill
 - Employees: NOK 16.3 mill
 - Savings Bank Foundation SpareBank 1 Nord-Norge: NOK 33.7 mill

Desired effects of the transactions:

- Increased capital adequacy
- Increased liquidity of the equity certificate (NONG)
- Increased accessibility of the equity certificate, thereby strengthening its position as being well suited for private savings

Equity matters - completed transactions (1)

- The bank's equity transactions are considered to have been highly successful - despite a turbulent market.
- The equity issues, bonus issue and split are expected to contribute towards increasing NONG's liquidity.
- NOK 451.4 million rights issue:
 - Substantial over-subscription (28%)
 - Most of the larger shareholders subscribed to the issue
 - Good sales of subscription rights during the subscription period, especially when taking into account the fact that the largest owners only sold a few subscription rights
 - NONG and its associated subscription rights were effectively priced in the market

Equity matters - completed transactions (2)

- NOK 150 million private placement issue:
 - Considerable interest displayed by major Norwegian and international investors
 - Over-subscription also for the private placement
 - Successful employee rights issue of NOK 16.3 million.
 - The Savings Bank Foundation participated with NOK 33.7 million
The Foundation has further approximately NOK 120 million in disposable assets
- These transactions show that the equity market has great faith in the economy of this part of the country and in SpareBank 1 Nord-Norge's growth opportunities
- Both the prices and volumes demanded show that the investor market still has faith in the equity certificate as a financial instrument

Savings Bank Foundation SpareBank 1 Nord-Norge

- The Foundation has been formally established
- The Foundation's main objective is to exercise a long-term, stable ownership of SpareBank 1 Nord-Norge, including participating in future new issues by the bank
- The Foundation has been allocated NOK 154.6 million from the 2009 and 2010 result. Participation in the private placement of the bank during the spring of 2011 constitutes NOK 33.7 million
- Chairman of the Board: Former Director, Information and Public Relations, Kjell Kolbeinsen

Ny Equity Capital (EC) fraction following the rights issue and private placements

- The new EC fraction effective from 01.01.12 is calculated to be 42.43 %
- When distributing the parent bank result for the financial year 2011, 6/12 of the net proceeds from the rights issue and private placements are included in the calculation of the EC fraction.
- The EC fraction for the accounting year 2011 is calculated to be 38.74 %.

Financial targets

- **Capital adequacy ratio**

- Core-capital coverage: 11 % or higher

- **Profitability**

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- **Effectiveness**

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

- **Top-line growth**

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

Profit and loss account - Group

(Amounts in NOK million)	30.06.11	30.06.10
Net interest income	551	553
Net fee-, commision and other operating income	254	254
Net income from financial investments	300	180
Total net income	1 105	987
Total costs	507	444
Result before losses and write-downs	598	543
Net losses and write-downs	25	43
Result before tax	573	500
Tax	86	94
Minority interests	0	0
Result for the period	487	406

ROE
16.3 %

Quarterly Summary – Profit and loss account figures

(Amounts in NOK million)	2Q11	1Q11	4Q10	3Q10	2Q10
Net interest income	276	275	285	291	281
Net fee-, commision and other operating income	134	120	128	131	133
Net income from financial investments	58	242	148	76	104
Total net income	468	637	561	498	518
Total costs	261	246	276	237	256
Result before losses and write-downs	207	391	285	261	262
Net losses and write-downs	15	10	43	1	22
Result before tax	192	381	242	260	240
Return on equity capital	10.1 %	23.3 %	14.7 %	15.2 %	15.5 %
Cost/income	55.8 %	38.6 %	49.2 %	47.6 %	49.4 %

Quarterly Summary

– income from financial investments

(Amounts in NOK million)	2Q11	1Q11	4Q10	3Q10	2Q10
Dividends	9	1	0	1	33
Income from joint ventures	53	49	87	64	59
Gains/losses and net value changes on certificates and bonds	-1	7	-24	39	-23
Gains/losses and net value changes on shares	-14	176	58	-1	12
Gains/losses and net value changes on foreign exchange	12	8	8	7	9
Gains/losses and net value changes on other financial derivatives	-1	1	19	-34	14
Income from financial investments	58	242	148	76	104

Group companies

Result before tax

	30.06.11	30.06.10
SpareBank 1 Finans Nord-Norge AS	34 935	35 018
SpareBank 1 Nord-Norge Invest AS	174 553	-2 539
Eiendomsdrift AS	0	1 707
EiendomsMegler 1 Nord-Norge AS	1 601	4 046
SpareBank 1 Nord-Norge Forvaltning ASA	1 030	3 437
North-West 1 Alliance Bank	-1 201	0
Total	210 918	41 669

Core banking activities

(Amounts in NOK million)

	30.06.11	30.06.10	Change
Earnings before losses	298	363	-65
Net losses	25	43	18
A non-recurring effect of recognising income from reduced pension commitments	0	60	60
<hr/> Core banking activities after losses	273	260	13

Results – the Group

In comparison with 2010, the reasons for the change in the pre-tax result are as follows:

• Reduction in net interest income	- NOK 2 mill.
• Reduction in net commission income	- NOK 11 mill.
• Increase in income from financial investments	+ NOK 120 mill.
• Increase other operating income	+ NOK 11 mill.
• Increase in costs	- NOK 63 mill.
• <u>Reduction in net losses</u>	<u>+ NOK 18 mill.</u>
Total	+ NOK 73 mill.

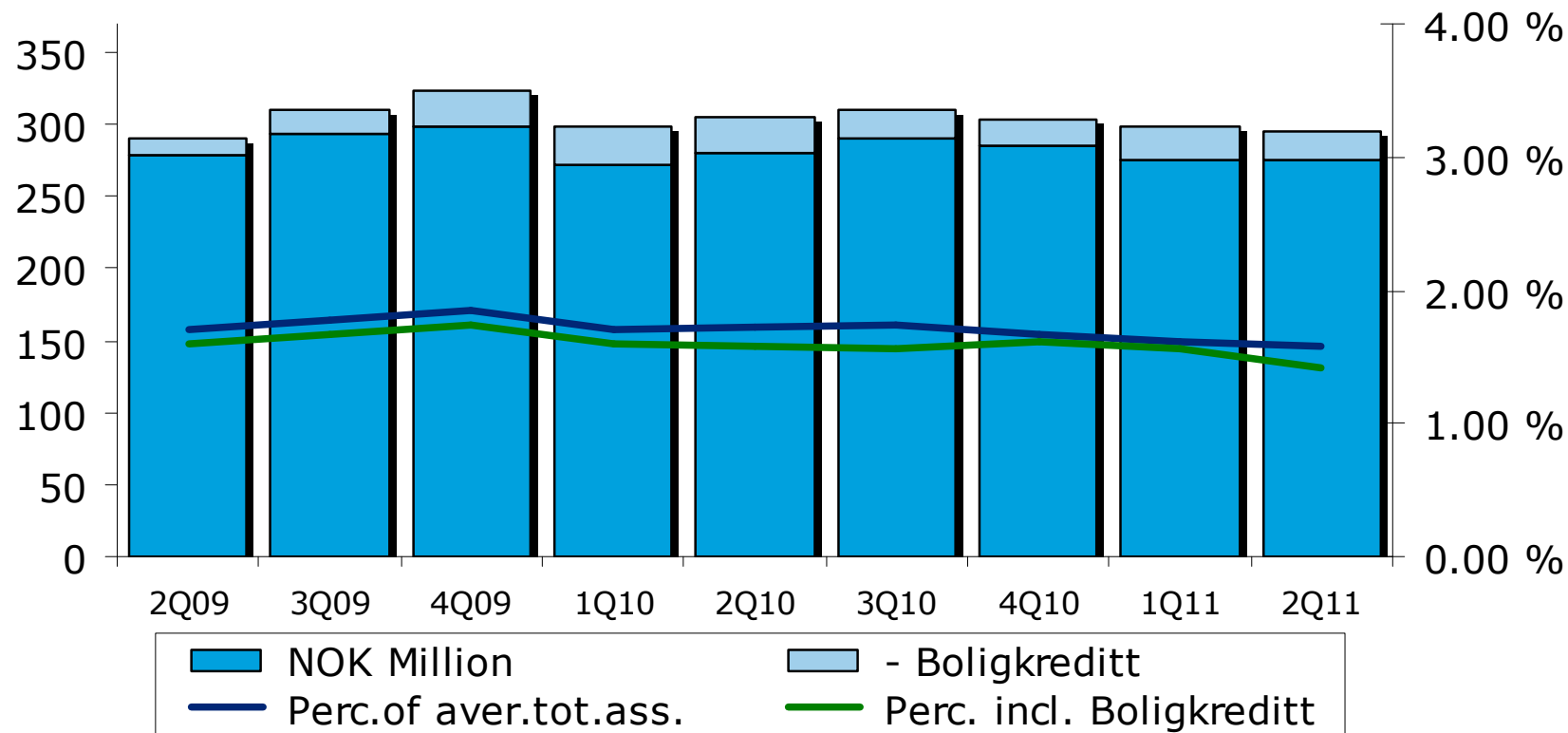
Very good underlying banking operations - (excl. income from financial investments)

Group

(Amounts in NOK million)

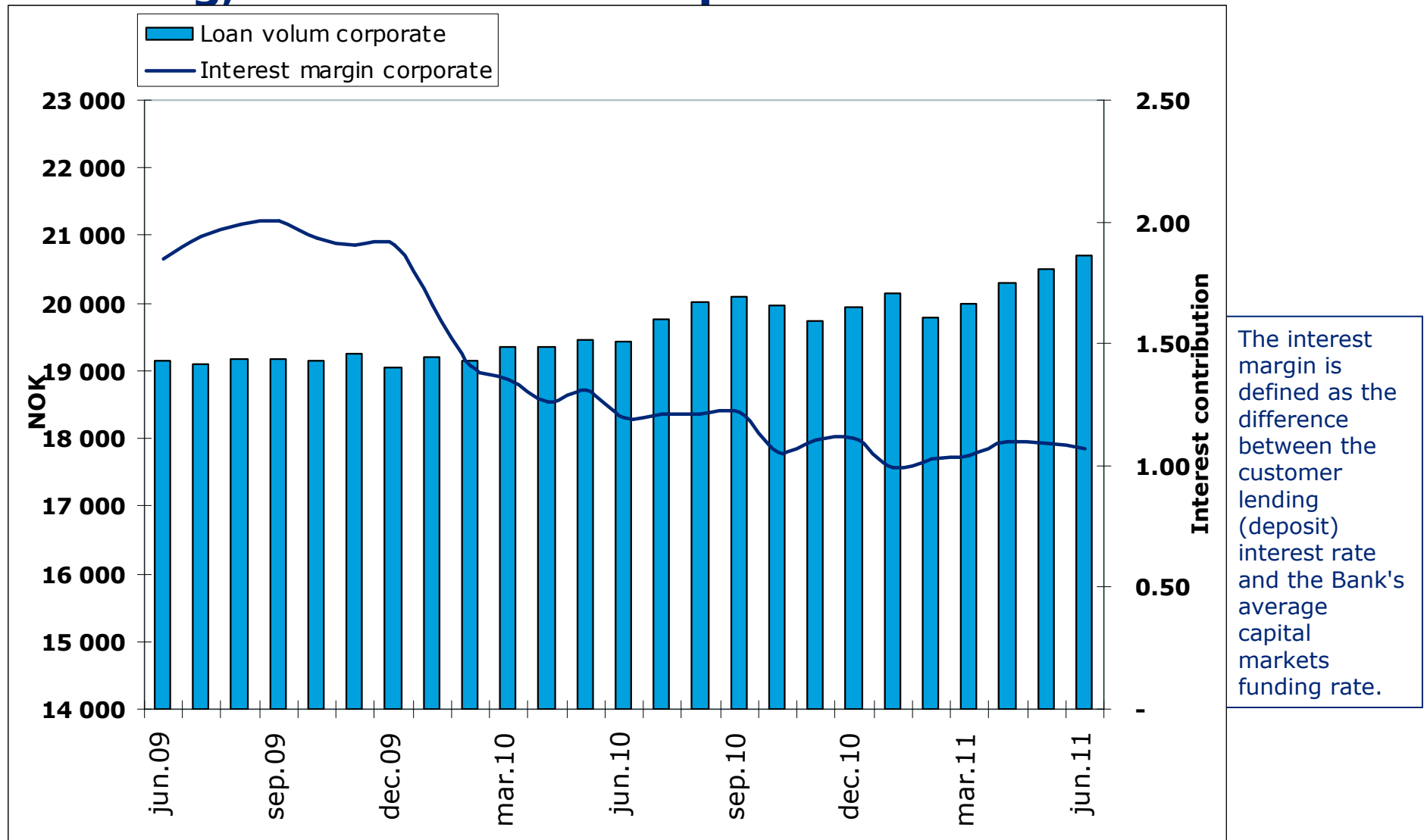
	2Q11	1Q11	4Q10	3Q10	2Q10
Net interest income	276	275	285	291	281
Net fee- and commission income	122	119	125	128	132
Other operating income	12	1	3	3	1
Total costs	261	246	276	237	256
Income, core banking	149	149	137	185	158
Net losses and write-downs	15	10	43	1	22
Income, core banking after losses and write-downs	134	139	94	184	136

Net interest income - Group

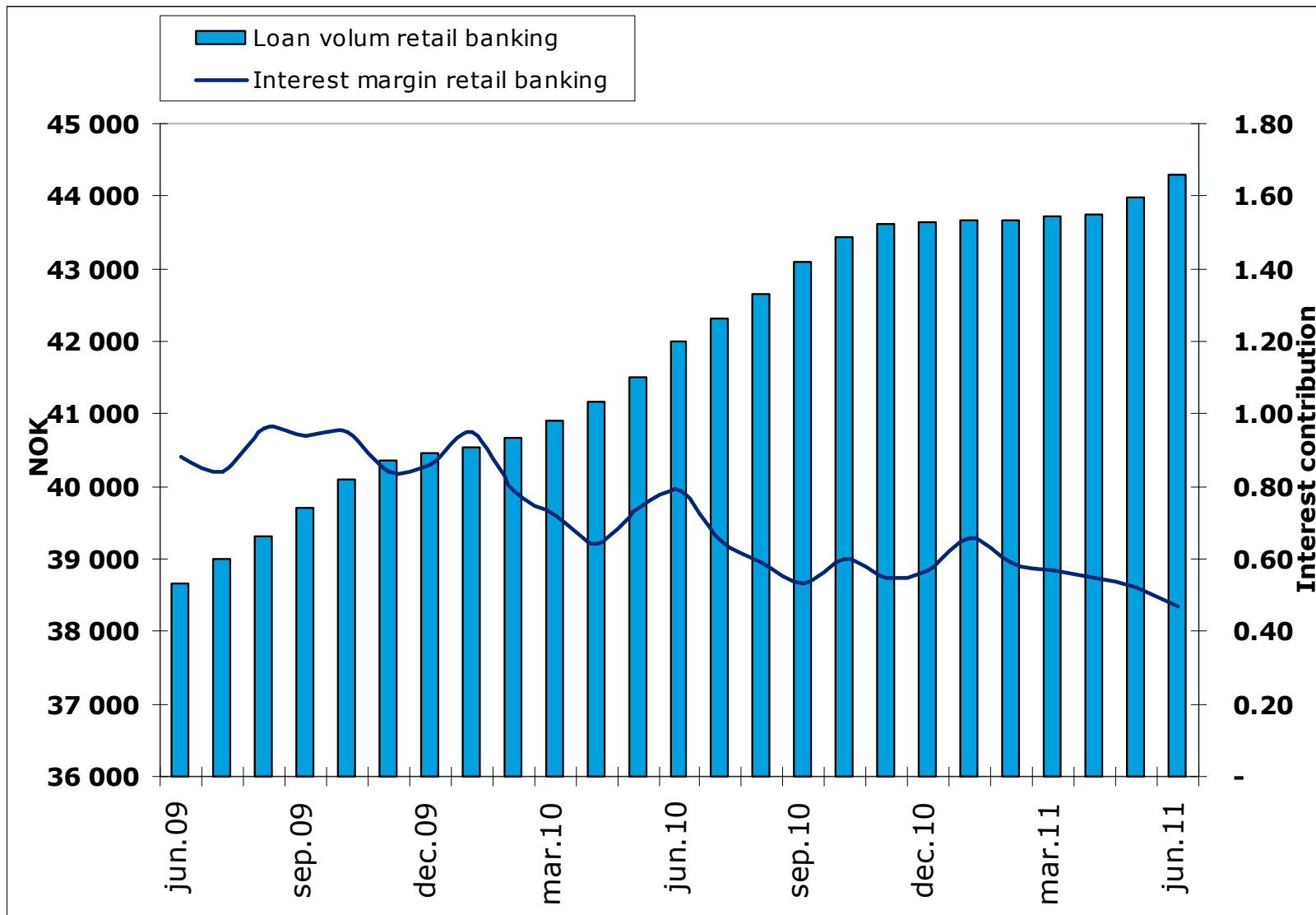


	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
NOK Million	279	294	298	272	281	291	285	275	276
- Boligkreditt	11	17	26	27	24	19	19	24	20
Perc. of aver.tot.ass.	1.70 %	1.77 %	1.85 %	1.70 %	1.73 %	1.74 %	1.66 %	1.61 %	1.59 %
Perc. incl. Boligkreditt	1.60 %	1.67 %	1.74 %	1.59 %	1.58 %	1.56 %	1.61 %	1.56 %	1.42 %

Lending, Parent bank – corporate market

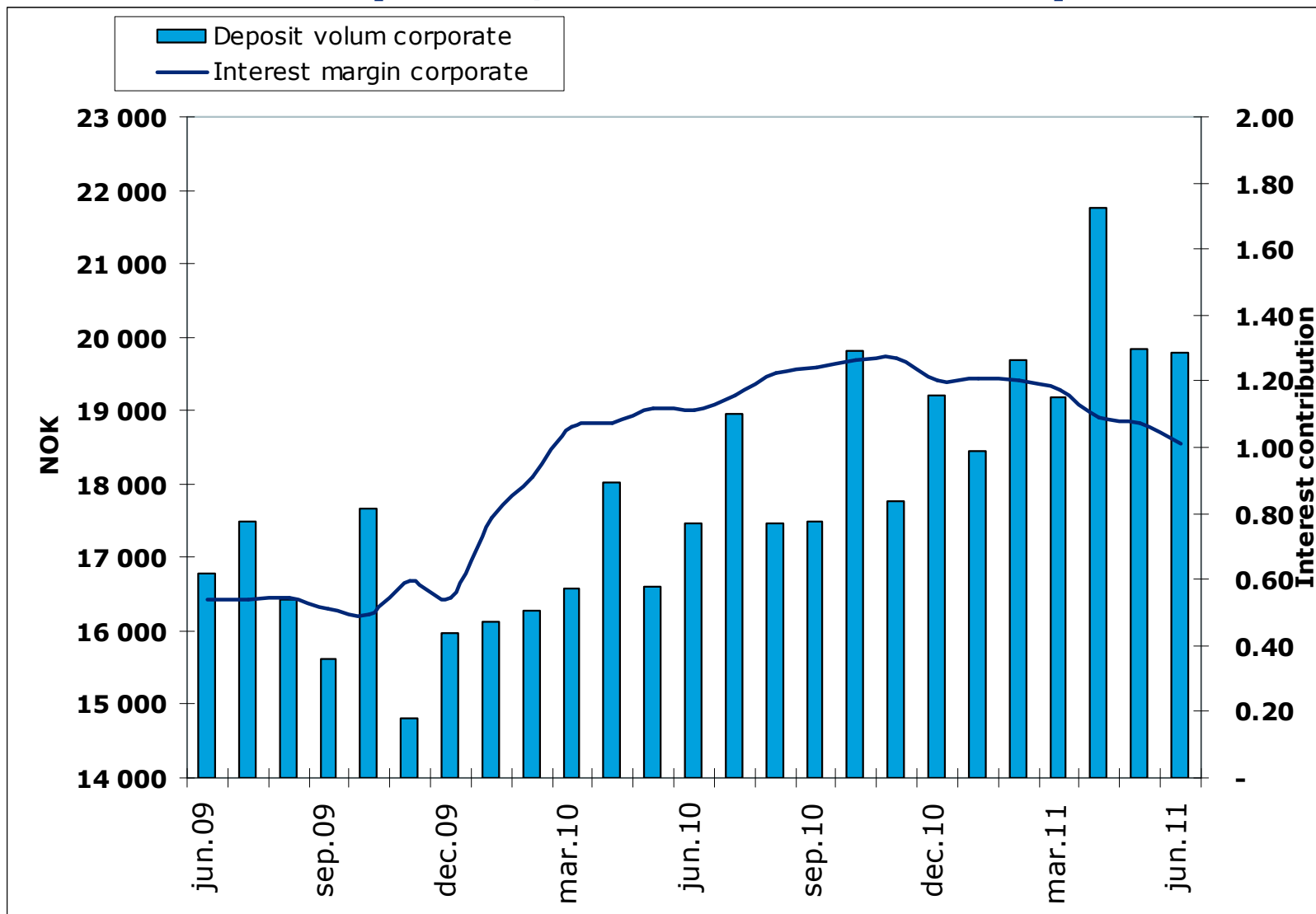


Lending, Parent bank – retail market



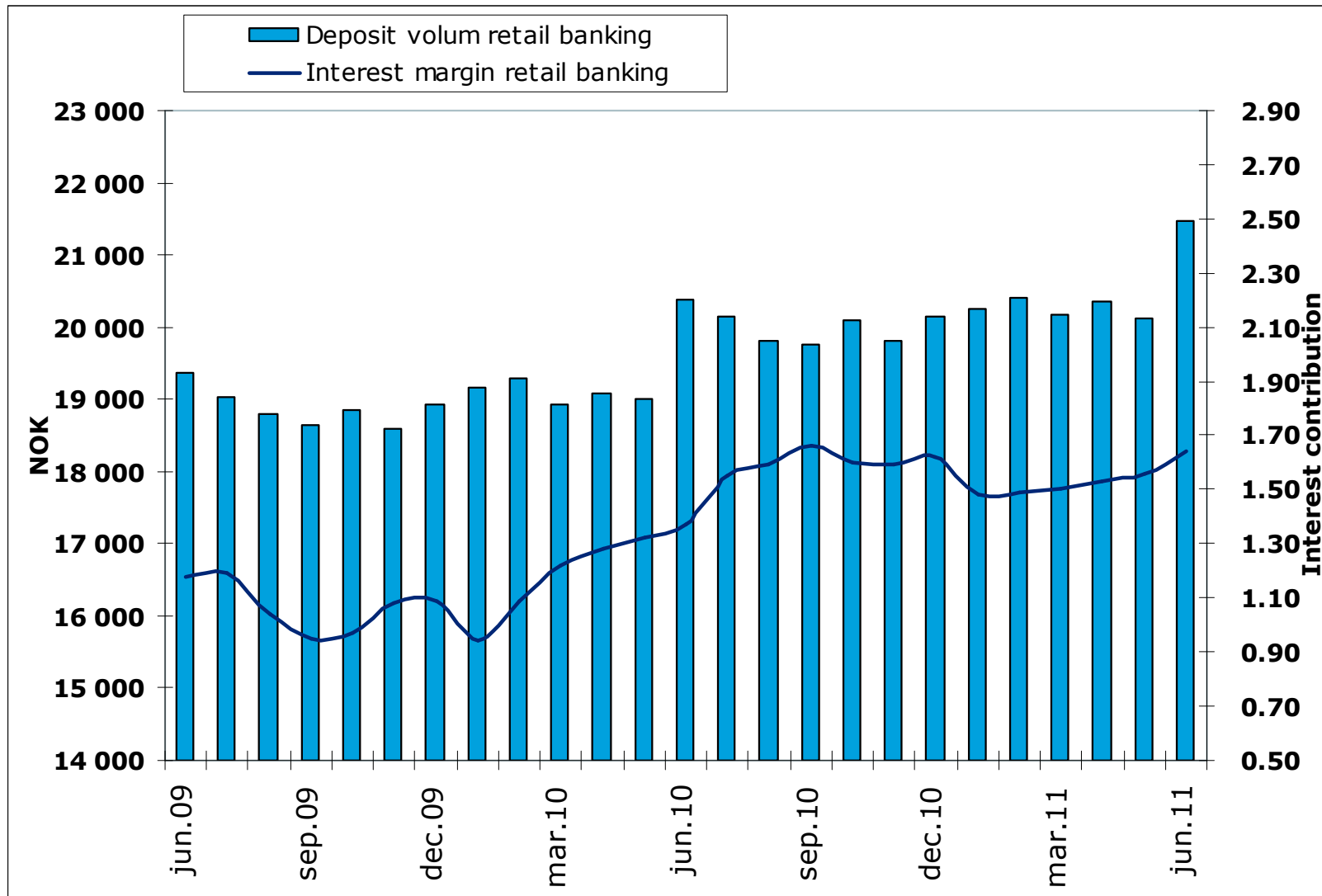
The interest margin is defined as the difference between the customer lending (deposit) interest rate and the Bank's average capital markets funding rate.

Customer deposits, Parent bank – corporate market



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Customer deposits, Parent bank – retail market



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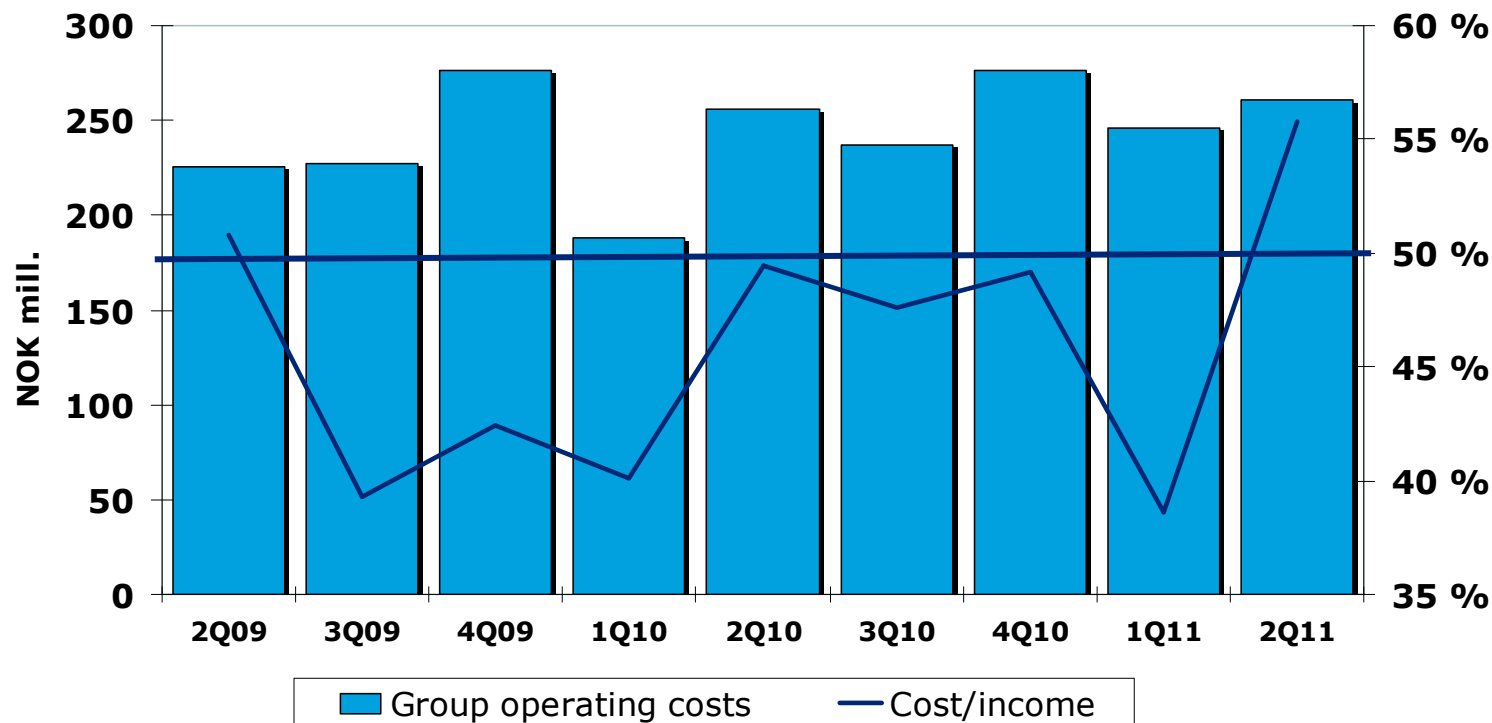
- The growth in interest contribution and provisions is targeted to be 2 percentage points above the growth in operating costs

Group operating costs

(NOK Million)

	30.06.11	30.06.10	Change
Wages and salaries	205	202	3
Pension costs	15	-33	48
Social costs	22	25	-3
Total personnel costs	242	194	48
Administration costs	153	142	11
Total personnel- and general administration costs	395	336	59
Depreciation and write-downs of fixed assets	23	22	1
Total operating costs	89	86	3
Total costs	507	444	63

Group operating costs



	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Group operating costs	226	227	276	188	256	237	276	246	261
Cost/income	50.8 %	39.3 %	42.4 %	40.1 %	49.4 %	47.6 %	49.2 %	38.6 %	55.8 %

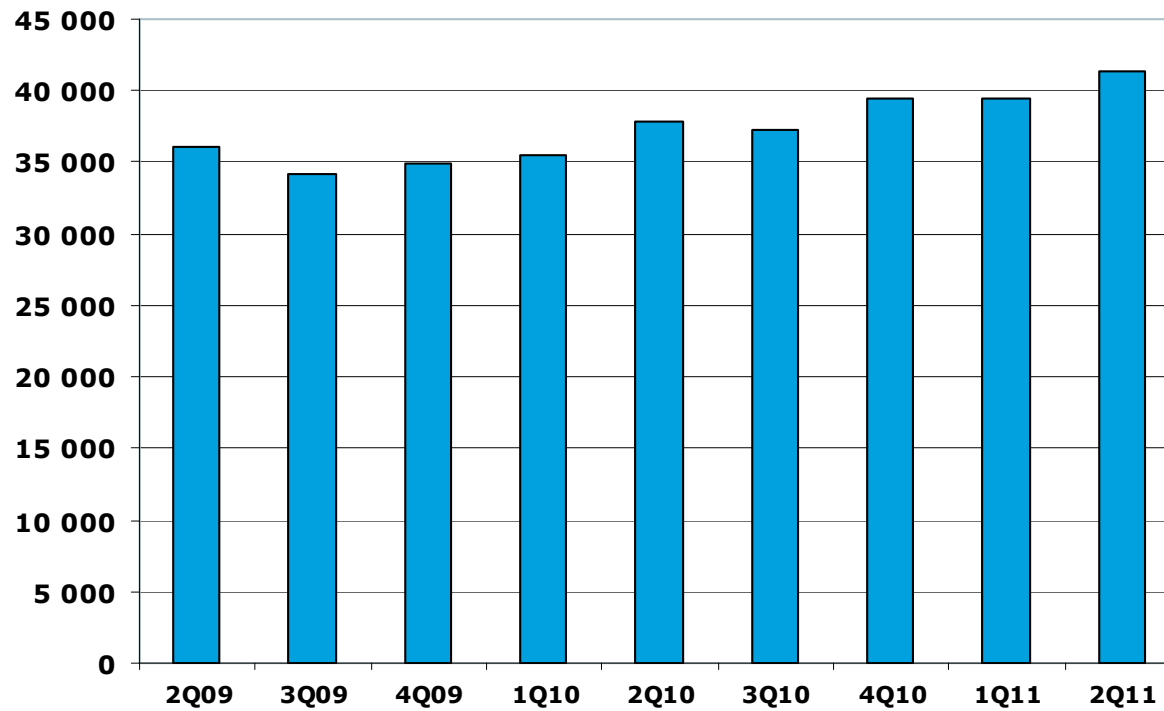
Key figures balance sheet

(Amounts in NOK million)

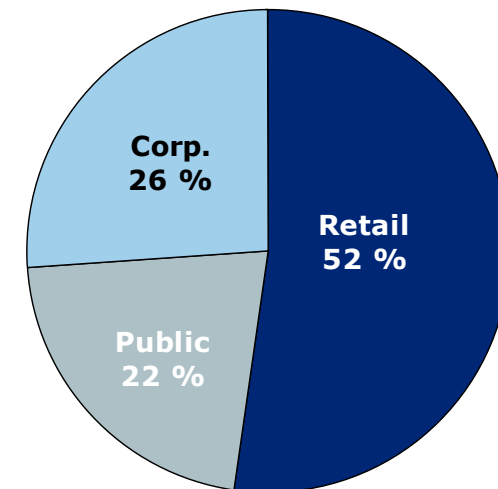
STATEMENT OF	30.06.11	30.06.10	Change	Change %
Total assets	71 033	65 859	5 174	7.9%
Gross lending	51 442	48 329	3 113	6.4%
Loans and advances to customers including agency loans	64 876	61 022	3 854	6.3%
Deposits from customers	41 284	37 851	3 433	9.1%

Good development of customer deposits

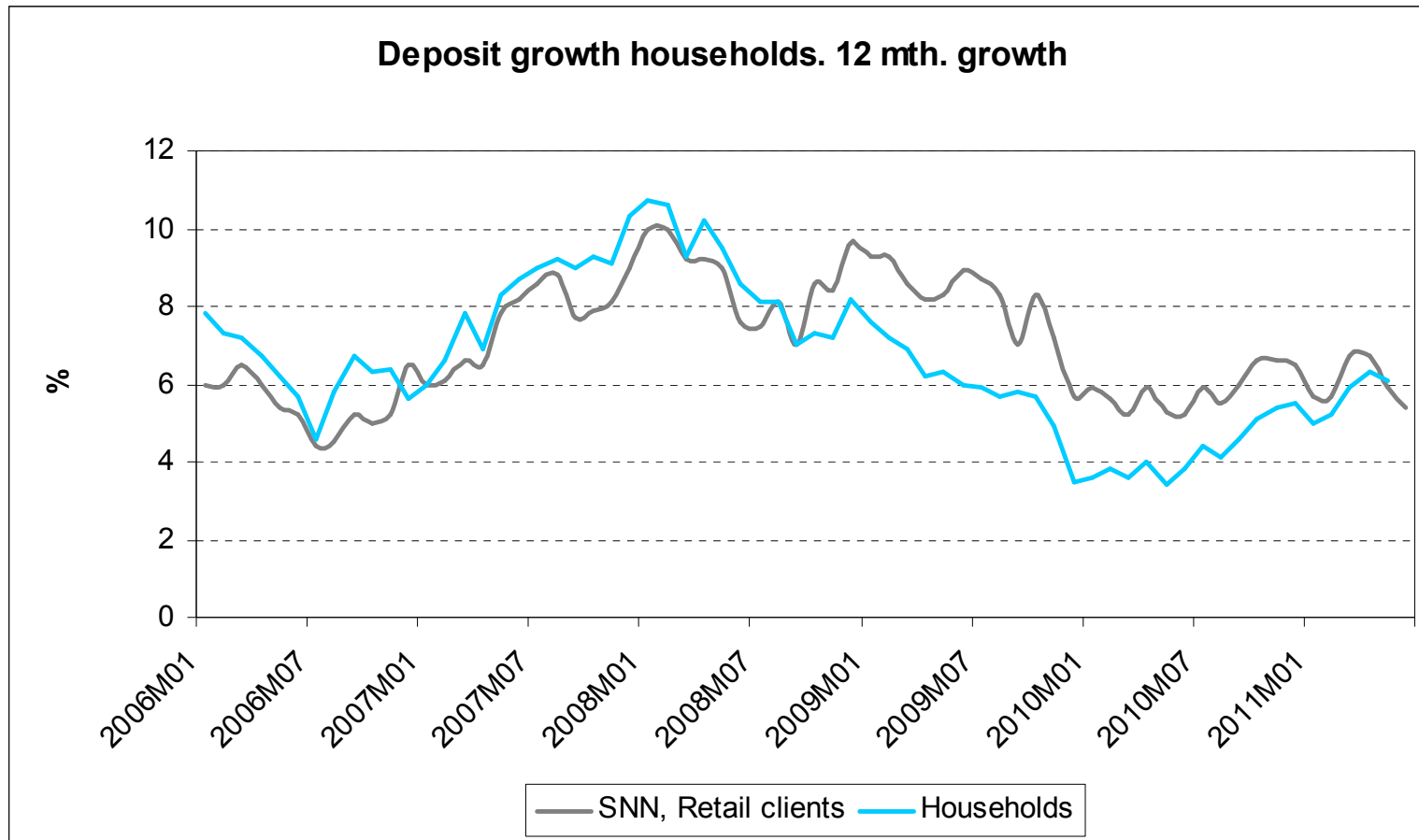
Deposits from customers



Volume according to markets 30.06.11

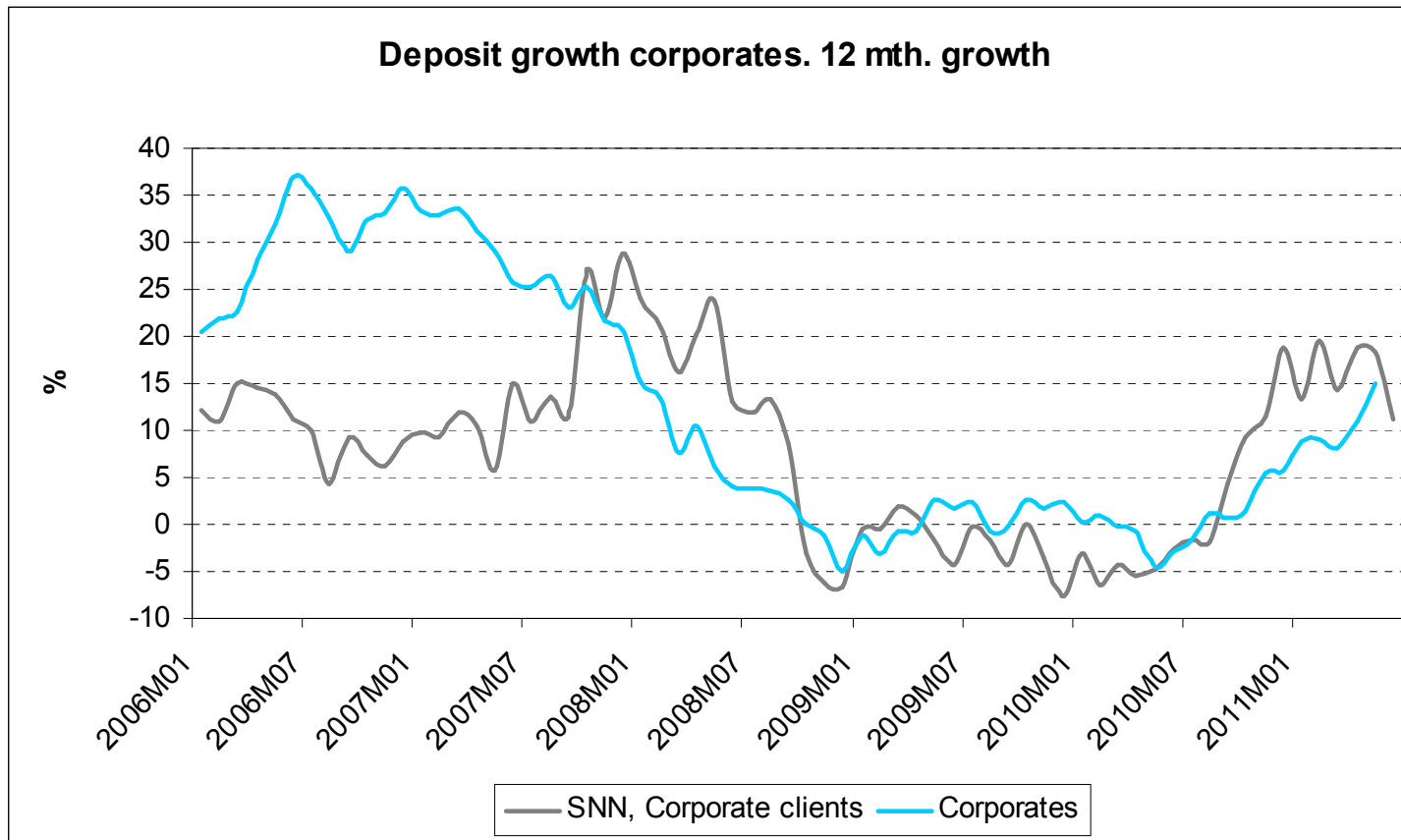


Deposit growth households



Source: Statistisk Sentralbyrå, The money supply M2, June 2011 & SNN Bare, June 2011

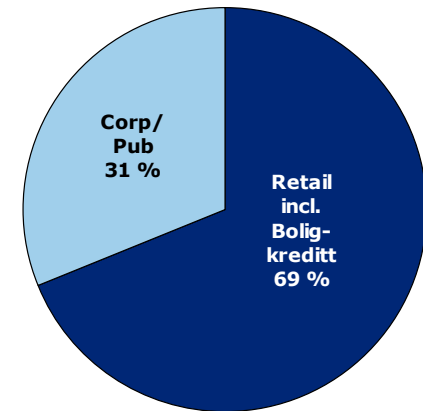
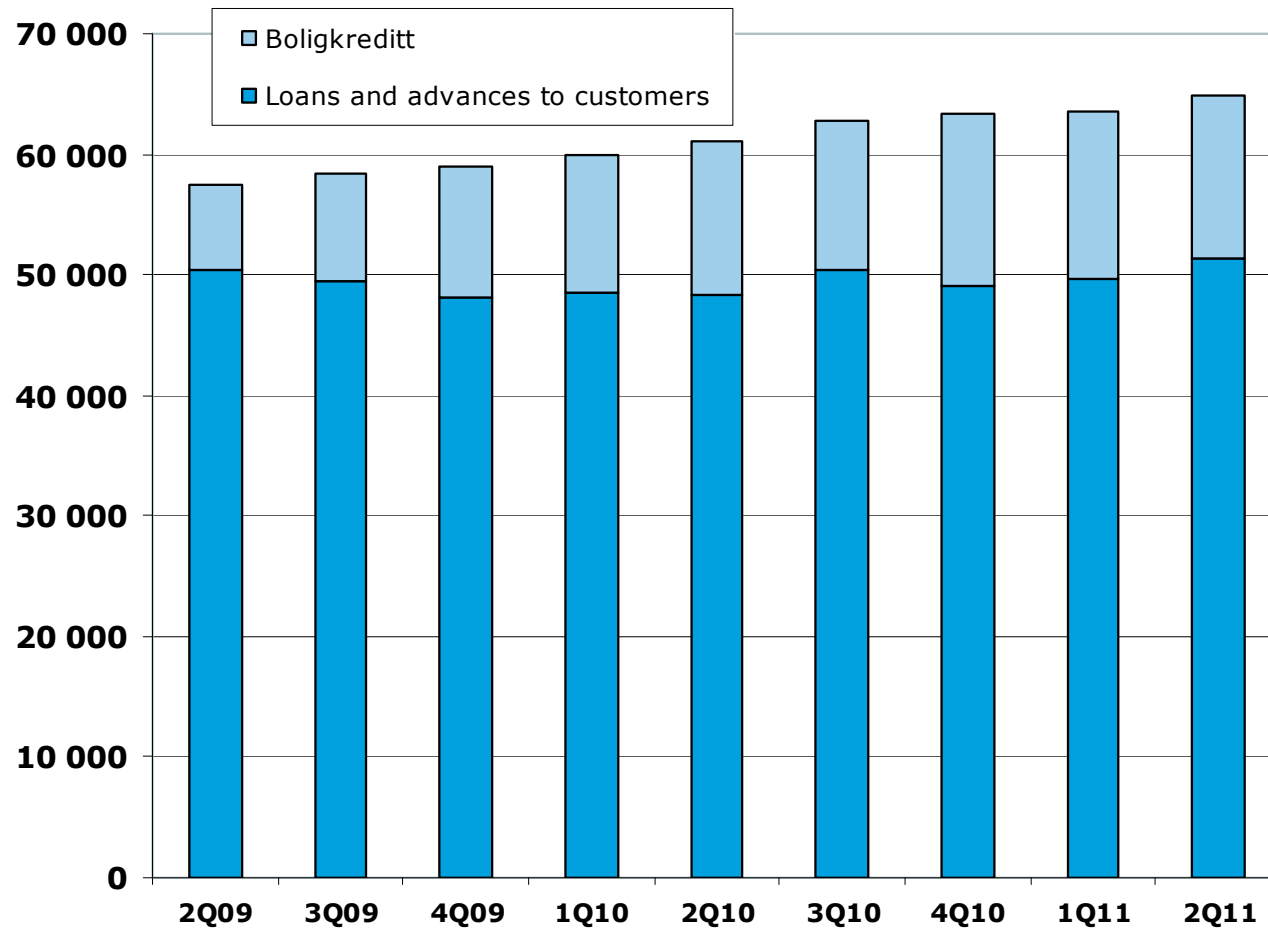
Deposit growth corporates



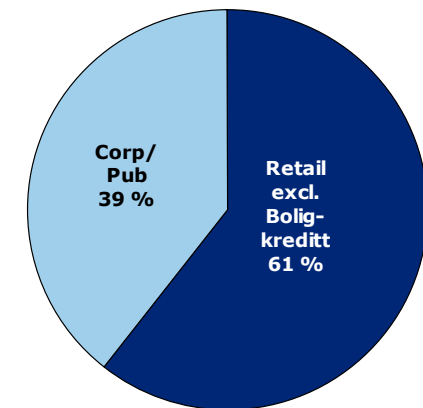
Source: Statistisk Sentralbyrå, The money supply M2, June 2011 & SNN Bare, June 2011

Group lending portfolio according to markets

Volume according to markets 30.06.11

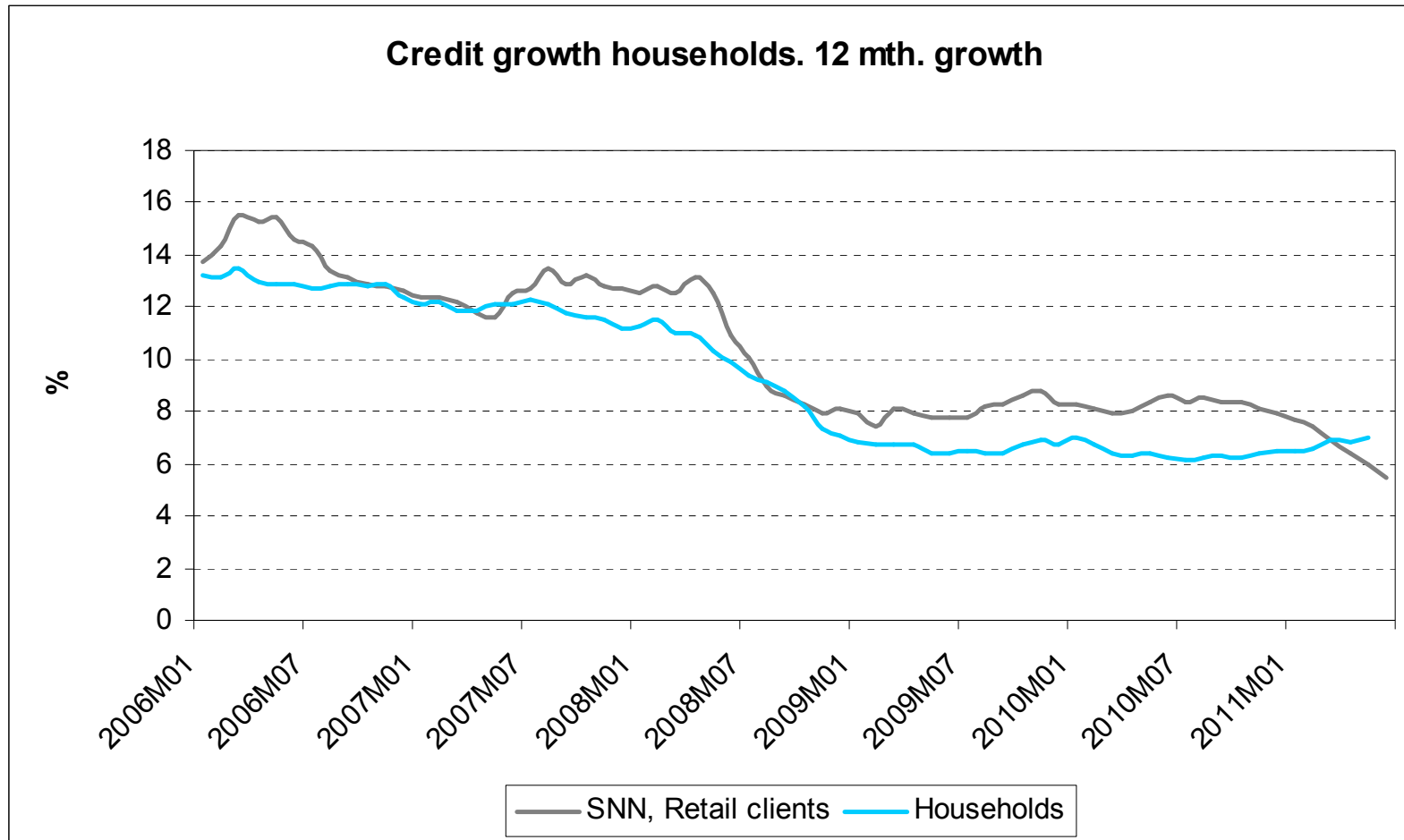


Volume incl. Boligkreditt



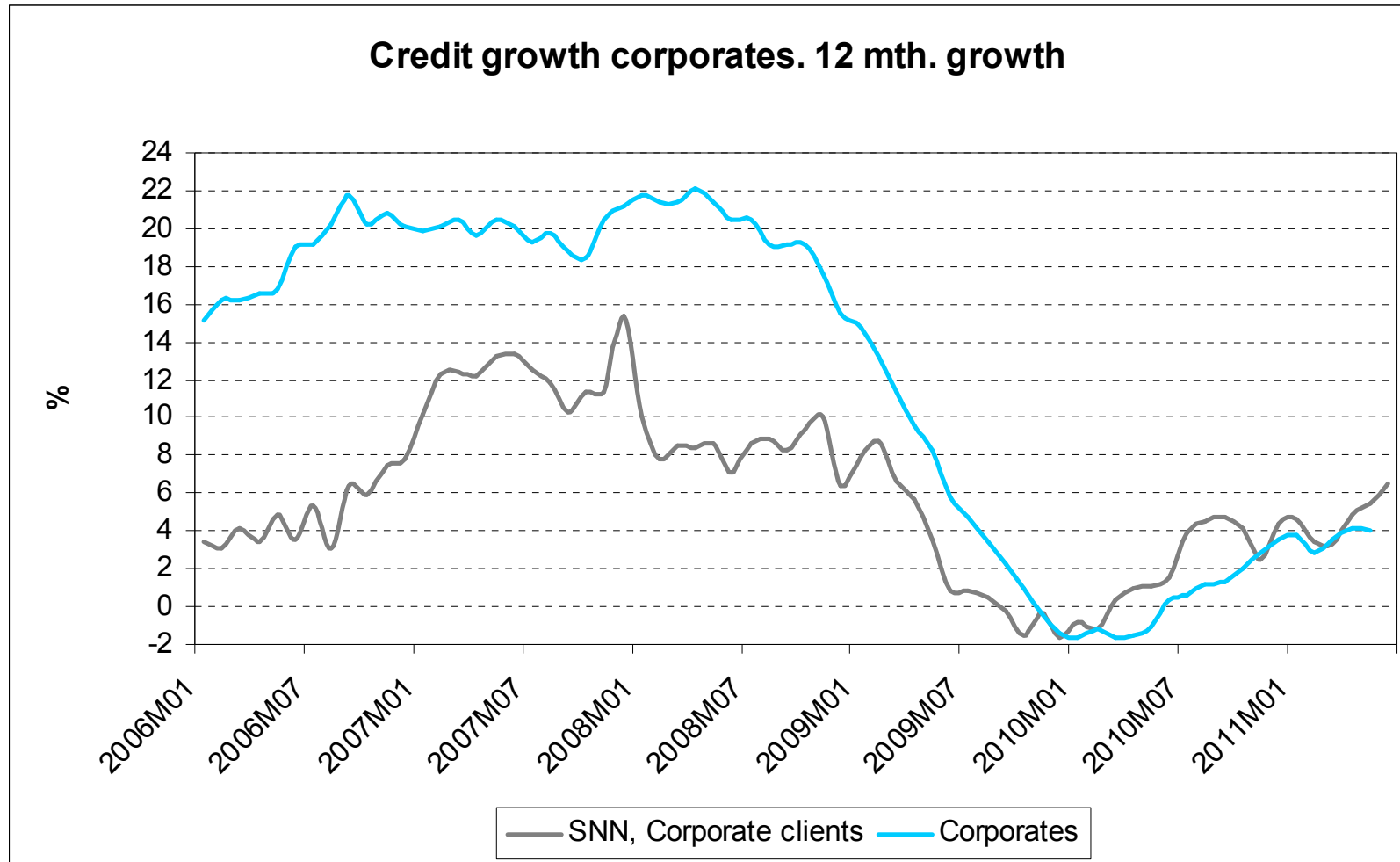
Volume excl. Boligkreditt

Credit growth households



Source: Statistisk Sentralbyrå, The credit indicator C2, June 2011 & SNN Bare, June 2011

Credit growth corporates



Source: Statistisk Sentralbyrå, The credit indicator C2, June 2011 & SNN Bare, June 2011

Credit area

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

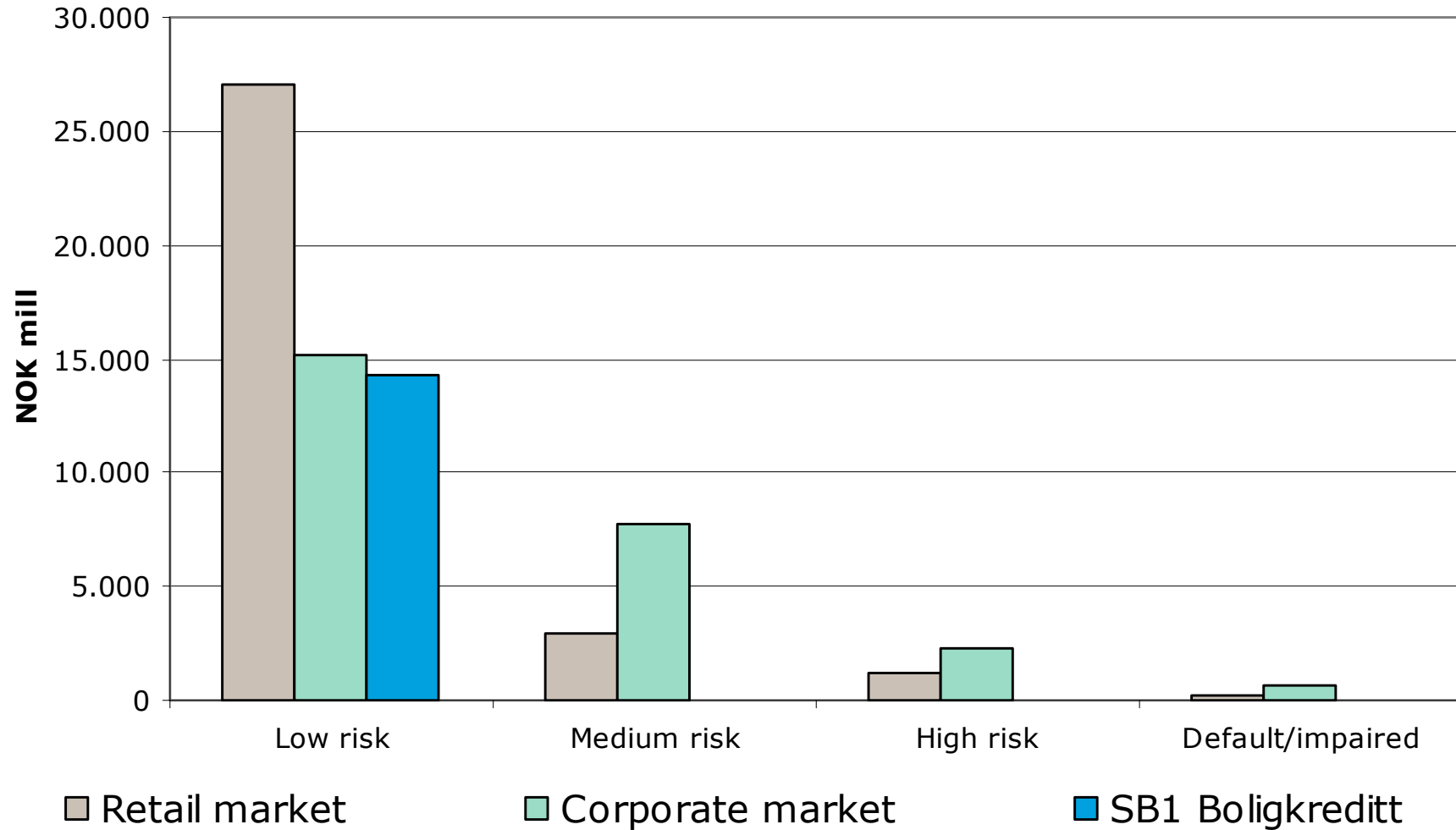


Portfolio

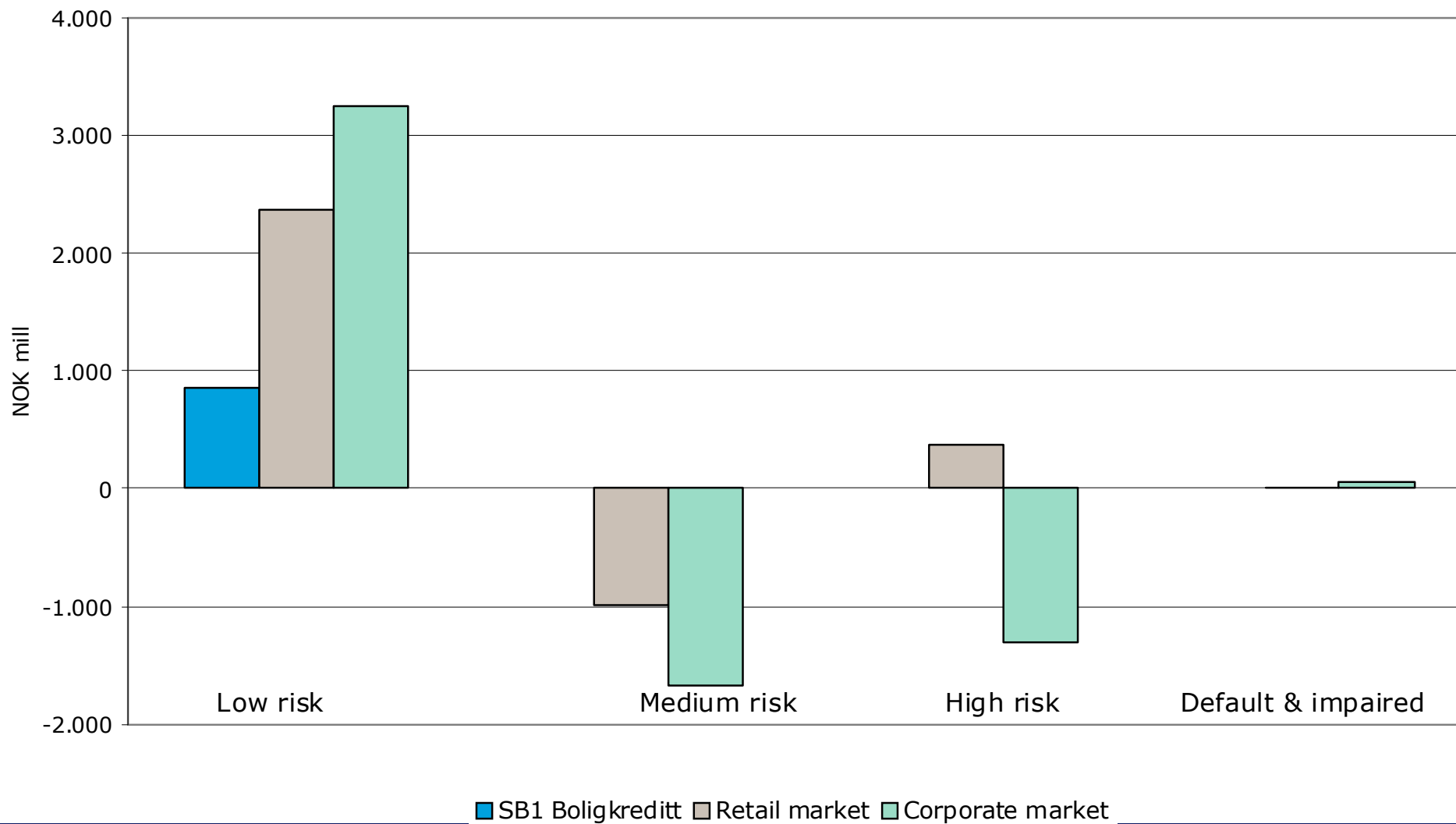
- High quality in the lending portfolio. Steady level of commitments in default - still at low levels.
- Few large corporate exposures and few corporate exposures in high risk industries has contributed to an overall low portfolio risk.
- The Group's total write-downs in Q2 2011 is lower than the expected normalized level.
- The Group's corporate portfolio is well diversified
- Growth in portfolio in sectors with low/moderate risk
 - Property hiring out
 - Transportation
 - Retail trade
 - Building and construction
- Positive migration developments in retail and corporate portfolio

Portfolio

- exposure as of 30.06.11



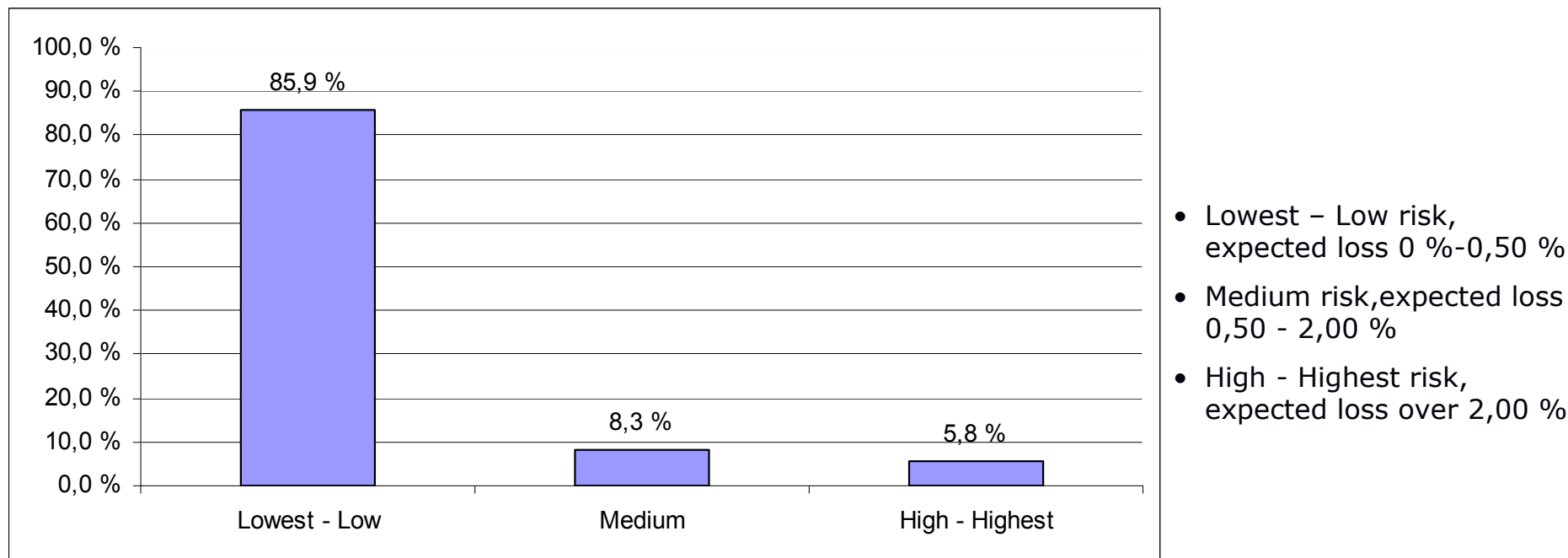
Risk change - portfolio change Q2/10 – Q2/11



Group lending by sector

(NOK million)	30.06.11	Share	30.06.10	Share	Change	Change in %
Mining and quarrying	78	0,2 %	79	0 %	- 1	-1 %
Construction	844	1,6 %	697	1 %	147	21 %
Building of ships and boats	30	0,1 %	22	0 %	8	36 %
Electricity, gas, steam an air conditioning supply	822	1,6 %	1 026	2 %	- 204	-20 %
Professional, scientific and technical activities	780	1,5 %	642	1 %	138	21 %
Financial and insurance activities	0	0,0 %	25	0 %	- 25	-100 %
Fishing	1 418	2,8 %	1 367	3 %	51	4 %
Marine aquaculture	356	0,7 %	223	0 %	133	60 %
Other business support activities	591	1,1 %	385	1 %	206	54 %
Activities auxiliary to financial services and insurance activit	277	0,5 %	98	0 %	179	183 %
County municipalities and municipalities	164	0,3 %	181	0 %	- 17	-9 %
Manufacturing	1 073	2,1 %	1 267	3 %	- 194	-15 %
Information and communication	163	0,3 %	227	0 %	- 64	-28 %
Crop and animal production	859	1,7 %	803	2 %	56	7 %
Foreign industrial	0	0,0 %	47	0 %	- 47	-100 %
Real estate activities	7 507	14,6 %	6 238	13 %	1 269	20 %
<i>Housing cooperatives</i>	1 598	3,1 %	1 534	3 %	64	4 %
<i>Property project</i>	1 105	2,1 %	1 004	2 %	101	10 %
<i>Property hiring out</i>	4 535	8,8 %	3 537	7 %	998	28 %
<i>Real estate business</i>	269	0,5 %	163	0 %	106	65 %
Accommodation and food service activities	404	0,8 %	383	1 %	21	5 %
Forestry and logging	11	0,0 %	7	0 %	4	57 %
Central government and social security funds	1	0,0 %	0	0 %	1	0 %
Support activities for petroleum and natural gas extraction	1	0,0 %	0	0 %	1	100 %
Other service industries	732	1,4 %	801	2 %	- 69	-9 %
Transportation and storage	1 680	3,3 %	1 299	3 %	381	29 %
International shipping and pipeline transport	570	1,1 %	646	1 %	- 76	-12 %
Extraction of crude oil and natural gas	42	0,1 %	143	0 %	- 101	-71 %
Unspecified	0	0,0 %	0	0 %	0	0 %
Water supply; sewerage, waste management and remediati	145	0,3 %	119	0 %	26	22 %
Wholesale and retail trade; repair of motor vehicles and mo	1 676	3,3 %	1 394	3 %	282	20 %
Retail banking market - domestic	31 178	60,6 %	29 589	61 %	1 589	5 %
Retail banking market - international	40	0,1 %	46	0 %	- 6	-13 %
Total retail market	31 218	60,7 %	29 635	61 %	1 583	5 %
Total public market	20 059	39,0 %	18 513	38 %	1 546	8 %
Total government	165	0,3 %	181	0 %	- 16	-9 %
Total loans	51 442	100,0 %	48 329	100 %	3 113	6 %

Portfolio of corporate property lending



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

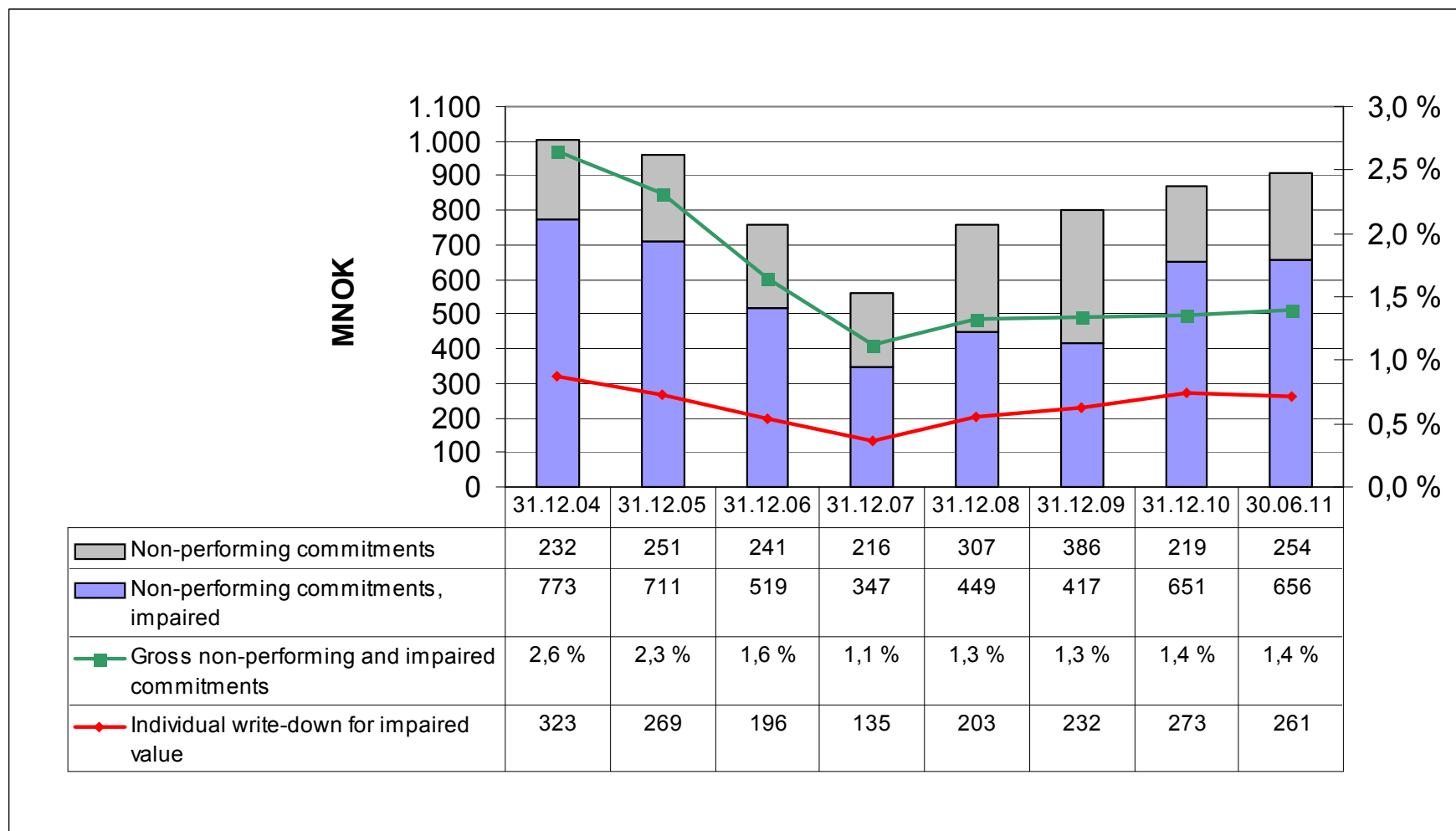
– Constitutes 14,6 percent of corporate property lending portfolio

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

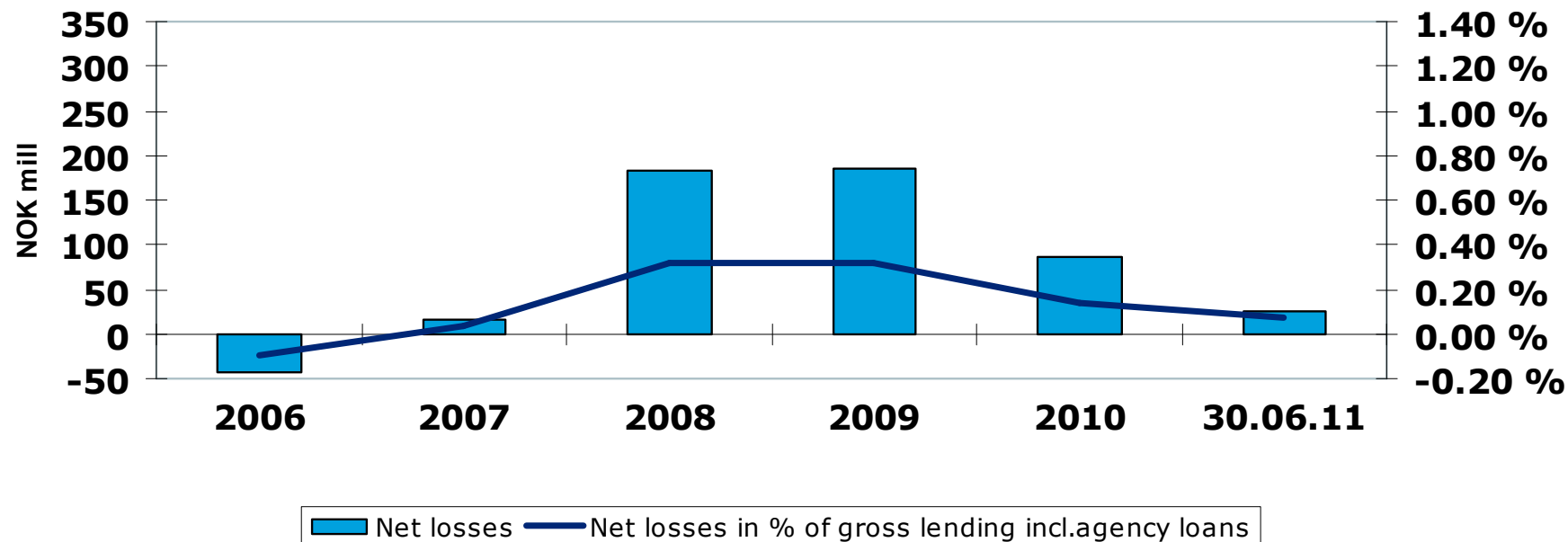
Losses and commitments in default

- Positive loss development. No new losses of essential character.
- Commitments in default and commitments in certain sectors are monitored closely.
 - Property projects
 - Housing co-operatives
- Small losses in the retail market

Non-performing and impaired commitments



Losses on loans and guarantees - Group



	2006	2007	2008	2009	2010	30.06.11
Individual write-downs for impaired value	20	55	202	163	133	32
Collective write-downs imp. value	-36	-13	40	36	-39	-2
Recoveries, previously confirmed losses	27	25	59	14	7	5
Net losses	-43	17	183	185	87	25
Net losses in % of gross lending incl. agency loans	-0.09 %	0.03 %	0.32 %	0.31 %	0.14 %	0.08 %

Loss on lending: The Group's write-downs in 2011

	Write-downs			2010
	2nd quarter 2011	2nd quarter 2011 (iso)	2nd quarter 2010	
Individual write-downs				
<i>Retail market</i>	5	1	7	16
<i>Corporate market</i>	19	11	33	100
<i>SpareBank 1 Finans Nord-Norge</i>	1	0	4	7
<i>Other group units</i>	2	2	0	4
Total individual write-downs	27	14	45	127
Collective write downs and other value change items	-2	1	-2	-40
Total write-down on loans and guarantees	25	15	43	87

- The Group's total write-downs in 2011 is lower than the expected normalized level.

Securities

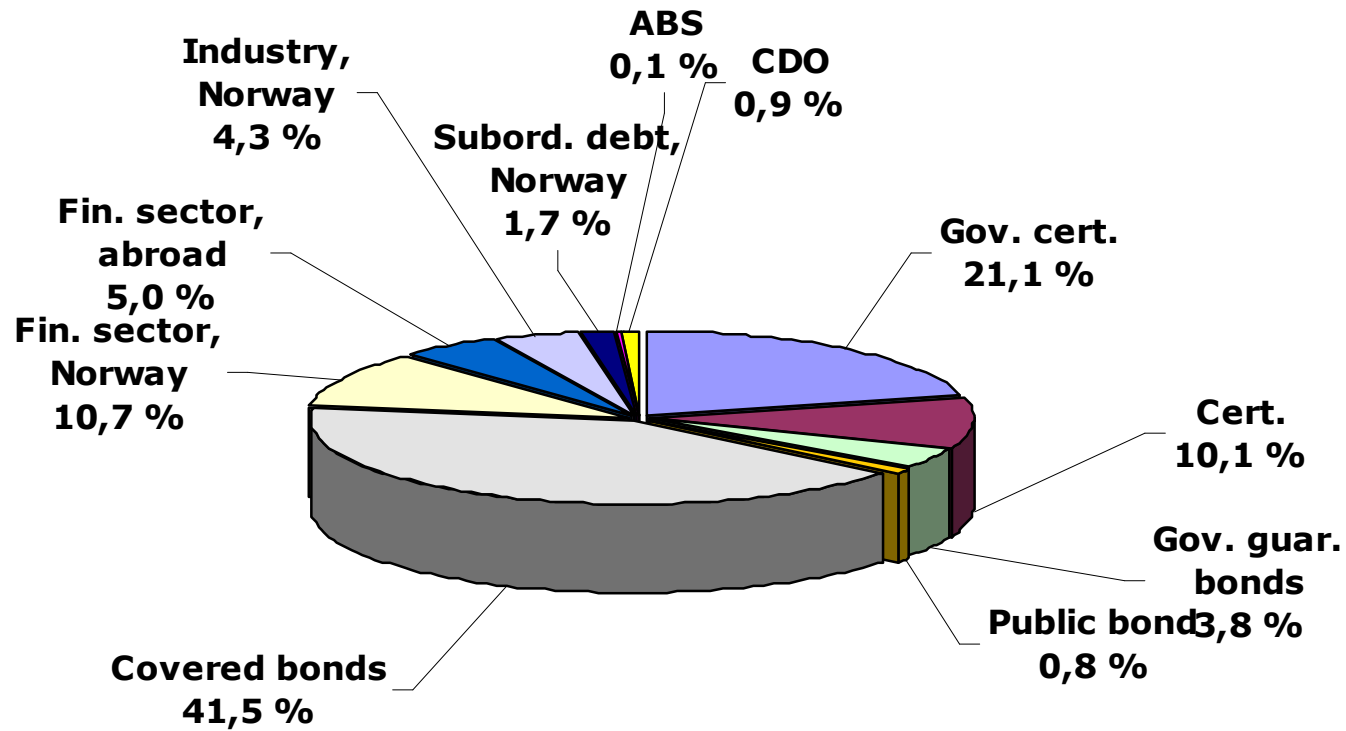


Income from financial investments

(Amounts in NOK million)

	30.06.11	30.06.10
Dividends	10	42
Income from joint ventures	102	100
Gains/losses and net value changes on shares	162	33
Gains/losses and net value changes on foreign exchange	20	17
Gains/losses and net value changes on certificates and bonds (incl. other financial derivatives)	6	-12
Income from financial investments	300	180

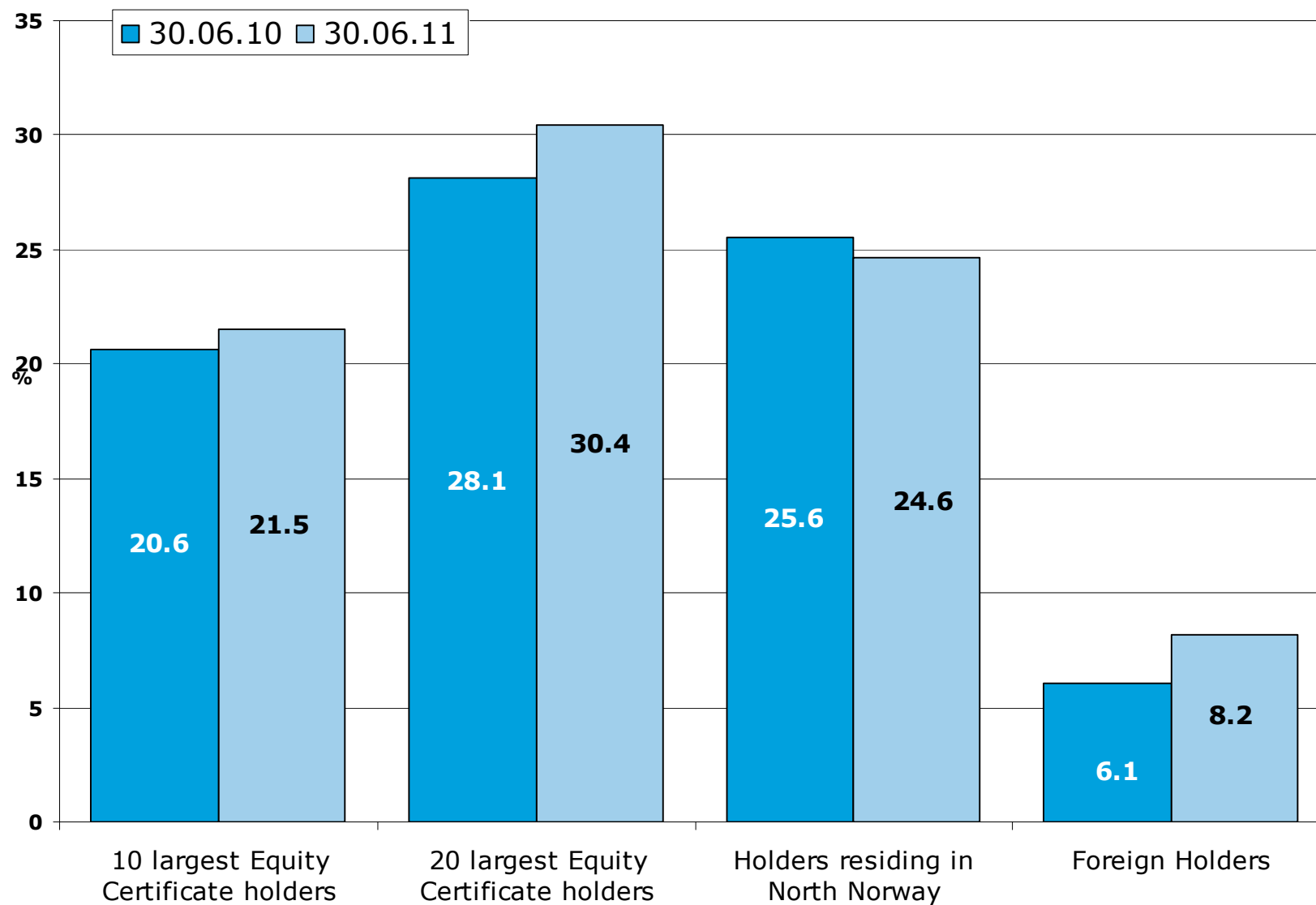
Interest-bearing portfolio



Equity certificate holders



Equity Certificates (EC) - holder structure



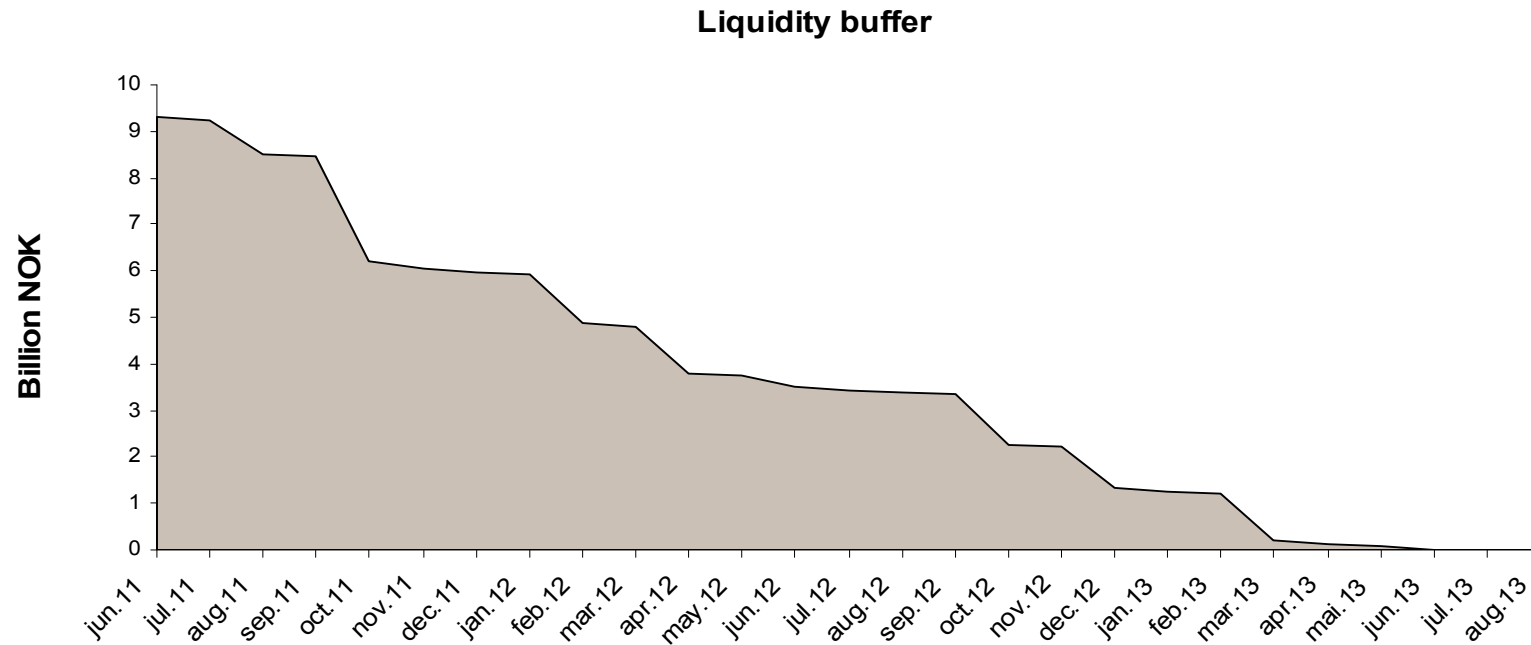
The 20 largest EC holders as at 30.06.11

Equity Certificate holders	Number of Equity Certificates	Share of total Equity Certificate capital
Pareto Aksjer Norge	3 278 879	4.95 %
MP Pensjon	1 622 879	2.45 %
Pareto Aktiv	1 498 112	2.26 %
Protector Eiendom AS	1 482 414	2.24 %
Frank Mohn AS	1 355 745	2.05 %
Morgan Stanley & Co. Inc- New York	1 315 774	1.99 %
Tonsenhagen Forretningsentrum AS	1 134 493	1.71 %
SPBstiftelsen Sparebank 1 Nord-Norge	916 561	1.38 %
Framo Development AS	848 925	1.28 %
Pareto VPF	790 111	1.19 %
Goldman Sachs & Co.- Equity	784 184	1.18 %
Sparebanken Rogalands Pensjonskasse	782 386	1.18 %
Citibank N.A.	753 151	1.14 %
Forsvarets Personellservice	619 754	0.94 %
Sparebankstiftelsen DNBNOR	545 614	0.82 %
Nordisk Finans Invest A/S	525 695	0.79 %
Nordea Bank Norge - markets	512 845	0.77 %
Trond Mohn	509 354	0.77 %
Karl Ditlefsen, Tromsø	459 243	0.69 %
Fred Olsen & Co's pensjonskasse	422 193	0.64 %
SUM	20 158 312	30.45 %

Liquidity/funding



Liquidity buffer as per 30.06.11



- Liquidity buffer: Cash, drawing rights in Norges Bank, bond portfolio (not deposited in Norges Bank), equities and mortgage loans prepared for transfer to SpareBank 1 Boligkreditt.
- Assumption: No new capital markets funding and 7 % growth in both lending and deposits.

Summary – key figures

Group				
Amounts in NOK million	30.06.11	30.06.10	Change	Change %
RESULT				
Result before tax	573	500	73	14.6%
STATEMENT OF FINANCIAL POSITION				
Total assets	71 033	65 859	5 174	7.9%
Gross lending	51 442	48 329	3 113	6.4%
Deposits from customers	41 284	37 851	3 433	9.1%
KEY FIGURES				
Core capital adequacy ratio	11.3%	9.9%		1.4%
After-tax return on equity capital	16.3%	15.7%		0.7%
Cost/income	45.9%	45.0%		0.9%
Manyear	786	766	20	
Parent bank				
Result per Equity Certificate	2.45	2.70	-0.25	

SpareBank 1 Nord-Norge 2nd quarter report 2011

Good result. The Bank's financial strength remains strong .

Main features (figures and percentages in brackets refer to the same interim period in 2010):

- Operating result before tax NOK 573 million (NOK 500 million).
 - ROE after tax 16.3 per cent (15.7 per cent).
 - Result per Equity Certificate (EC) (Parent Bank): NOK 2.85 (NOK 2.94).
- The underlying banking operations is good. Result from core operations after losses NOK 273 million (NOK 260 million).
- The total contribution to result from subsidiaries is NOK 211 million (NOK 42 million).
- Net result from financial investments NOK 300 million (NOK 180 million)
- Overall cost control under control. Cost income ratio: 45.9 % (45.0 %).
- Low losses on loans: Net losses totalled NOK 25 million (NOK 43 million).
- Lending growth during the last 12 months (including loans transferred to SpareBank 1 Boligkreditt): 6.3 per cent (6.2 per cent).
 - Retail market 5.5 per cent
 - Corporate market 8.2 per cent
- During the last 12 months, the accounts show an increase in lending of 6.4 per cent (-4.2 per cent).
- Deposit growth last 12 months: 9.1 per cent (4.8 per cent).
 - Retail market 5.6 per cent
 - Corporate market 11.0 per cent
 - Public market 15.7 per cent
- Overall deposit coverage ratio: 80.3 per cent (78.3 %).
- The Bank has good financial strength with the Group's core capital adequacy ratio at 11.3 per cent.
- Continued satisfactory liquidity.
- The Bank's equity was strengthened by NOK 583 million in the 2nd quarter through new equity issues.

Contact information

SpareBank 1 Nord-Norge
P O Box 6800
9298 Tromsø

CEO
Hans Olav Karde
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 2011

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

Strategy



Strategy 2012 – Market forces

The strongest market forces:

- More stringent regulations and public control
- Higher capital requirements, the banks are building capacity for growth
- Increased funding costs
- Increased pressure on margins
- Increased customer power
- Focus on profitable customers
- Focus on new revenue opportunities
- Simplified business models
- Better risk management
- Reduction of the cost level

Strategy 2012 – Customer-oriented distribution

Target

- Clear differentiation and increased interaction between distribution channels

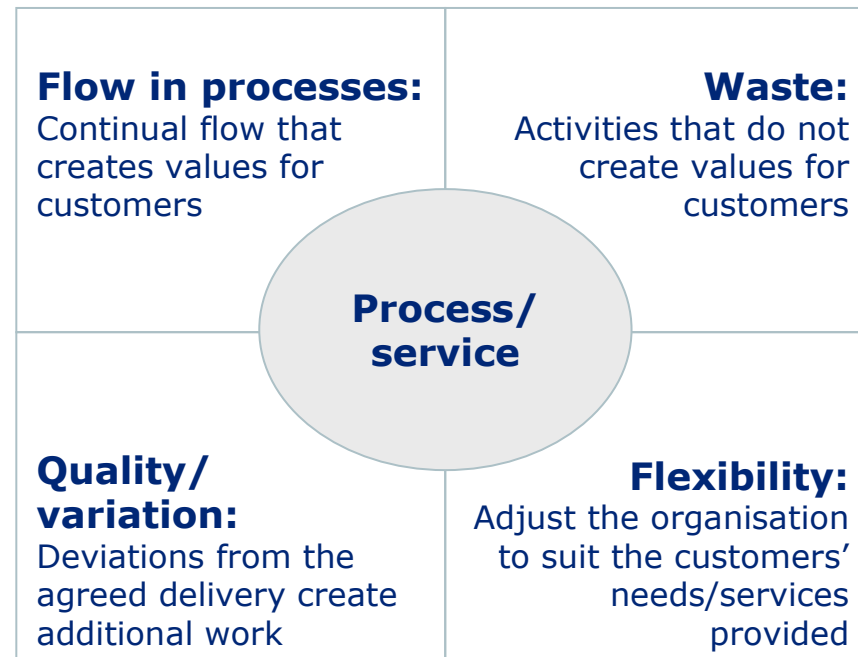
Process and measures

- Local bank– cultivate advisory services
 - Financing, savings, insurance
 - All advisers are to be authorised
 - Cashier desks to be phased out in 2011
 - Larger entities, fewer traditional branches
- Customer centre– first line and hub
 - First line customer service
 - Hub in channel interaction
- Online bank and mobile bank; wider range of services in digital channels
 - Personal finance
 - Standard banking services
 - Standard advisory services

Enhancing the efficiency of staff processes

- Start-up of “Lean” project 2011
- Project mandate
 - Purpose
 - Simplify processes
 - Incorporate Lean as practice
 - Scope: all specialist departments, intensive internal involvement
 - External expertise on methodology and working model
 - Time frame:
 - April – December 2011

Lean:
Create more with less



SpareBank 1 Nord-Norge and the stock savings bank model



SpareBank 1 Nord-Norge and the stock savings bank model

Current conclusion:

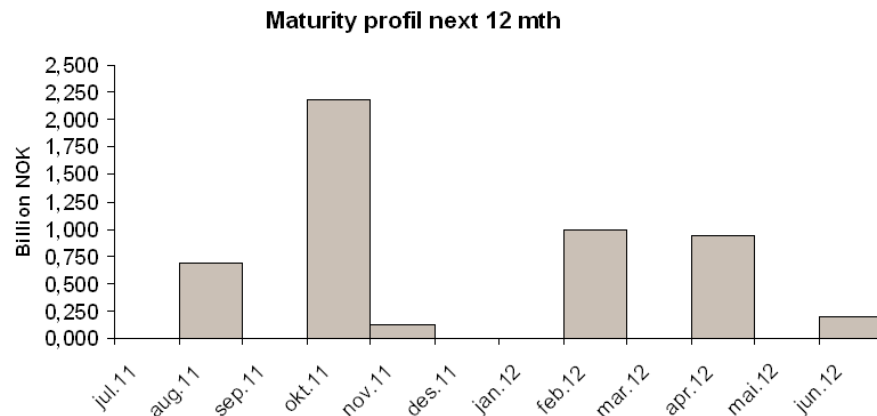
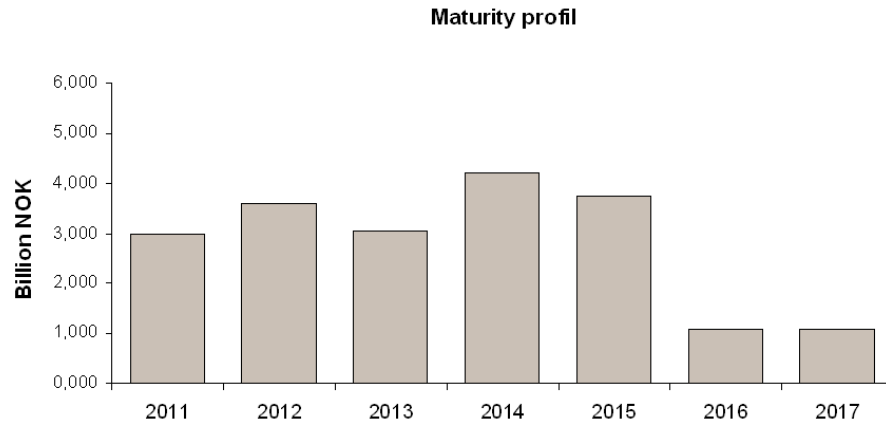
- SpareBank 1 Nord-Norge is not currently considering conversion to a stock savings bank.
- One of SpareBank 1 Nord-Norge's objectives is to ensure that the bank shall continue to be a savings bank with a high degree of community-based ownership.
- The bank wishes to help ensure that equity certificates are regarded as being an attractive, liquid financial instrument.
- The bank believes that its current ownership model is suitable. This ownership model does not serve as a limiting factor for the bank's expansion and growth.

Funding instruments/diversification, 30.06.2011

Category	< 1yr	> 1yr	Total
Lower Tier 2, EUR	0	0	0
Lower Tier 2, NOK	0	1.000	1.000
EMTN, EUR	2.189	935	3.124
Tier 1, Perpetual, USD	0	323	323
NOK BONDS	1.623	9.042	10.665
Government, F-loan	1.000	0	1.000
Financial institutions, NOK	131	1.600	1.731
Gov. swap arr.	194	2.368	2.562
TOTAL, SHORT FUNDING	5.137		
TOTAL, LONG FUNDING		15.268	
TOTAL, ALL FUNDING			20.405

Funding and liquidity management

Maturity profile of capital markets funding, 30.06.2011



- Good liquidity
- Liquidity buffer 9,2 billion NOK as at 30.06.2011
- Net refinancing need next 12 months 5,137 billion NOK

Interest-bearing portfolio – PIIGS exposure

Country	Instr type	Issuer name	Currency	Clean value NOK	Nominal	Final maturity date	Rating
ES	Bond	Caja de Ahorros y Pensiones de Barcelona	EUR	39.085.844,87	5.000.000	06.07.2012	A-
IT	Bond	BANCA NATIONALE del LAVORO	EUR	63.260.202,64	8.000.000	06.03.2013	AA-
ES	Bond	Caja De Ahorros De Valencia	EUR	60.272.365,18	7.750.000	30.11.2013	AA+
				162.618.412,69			

The bonds are classified as "held to maturity"/"loans and receivables", with the exception of Caja De Ahorros de Valencia