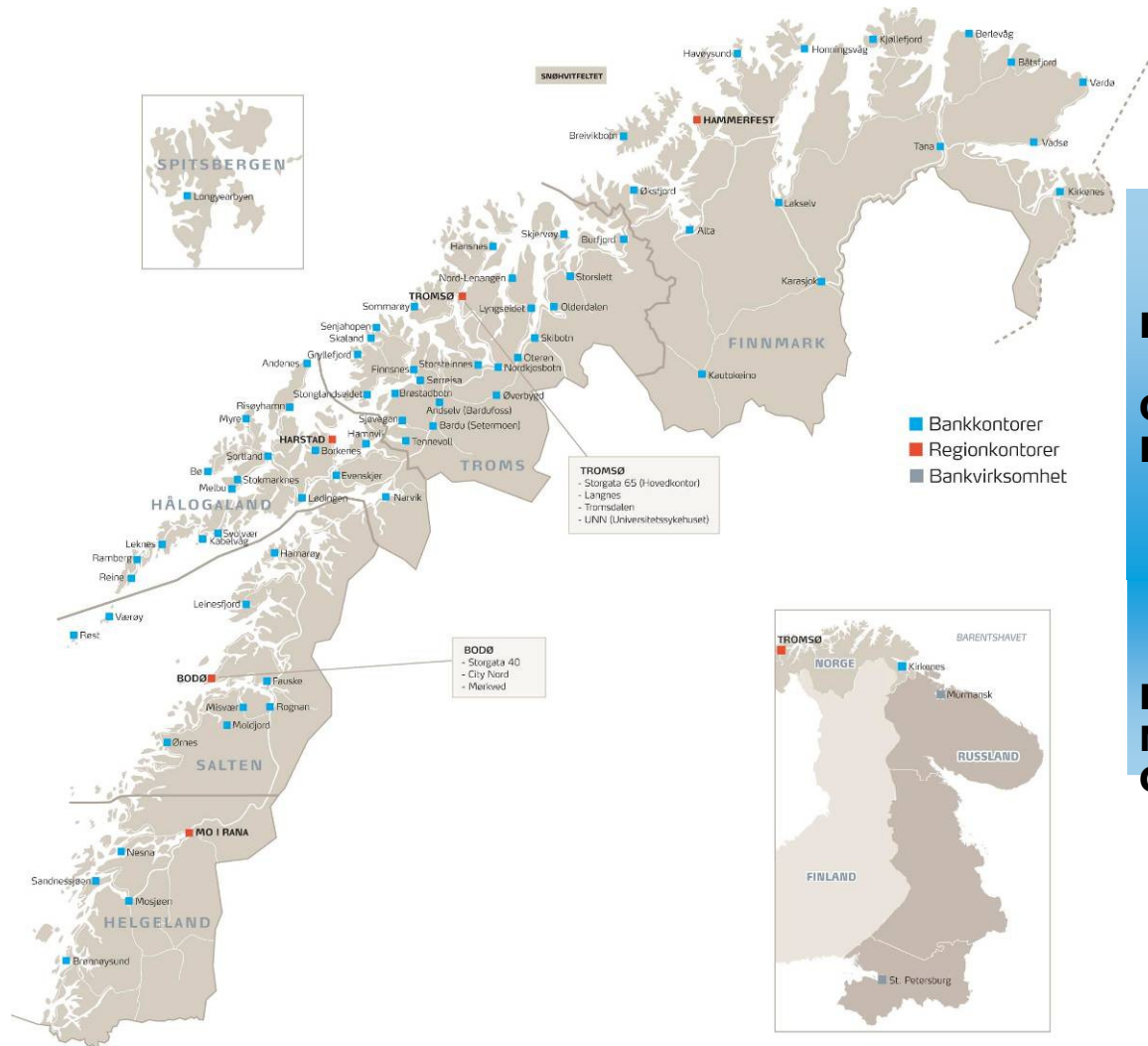


# SpareBank 1 Nord-Norge

## Preliminary annual report and accounts 2011 8 February 2012

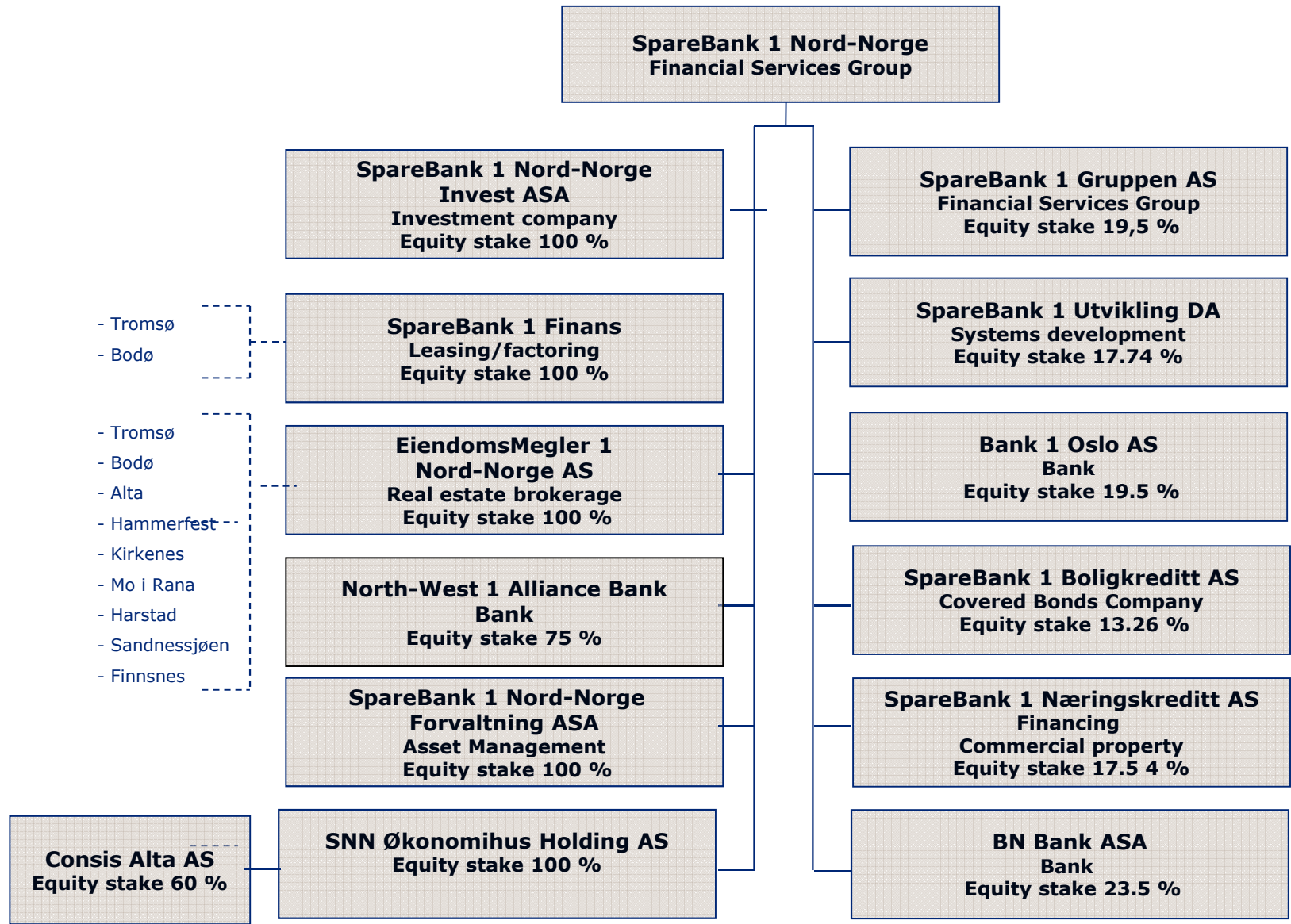


# SpareBank 1 Nord-Norge Group



<b>Headoffice:</b>	<b>Tromsø</b>
<b>Organization:</b>	<b>5 regions</b>
<b>Regional branches:</b>	<b>Hammerfest</b>
	<b>Tromsø</b>
	<b>Harstad</b>
	<b>Bodø</b>
	<b>Mo i Rana</b>
<b>Local branches:</b>	<b>76</b>
<b>Number of man-years</b>	
<b>Group:</b>	<b>794</b>

# Organisation of the financial services group



# North Norway: Status and possibilities



# Northern Norwegian economy remains strong

- Less affected by the uncertain international macroeconomic situation than the rest of the country
  - Reduced salmon prices is compensated by record high levels of catch and export of white fish
  - Large oil and gas discoveries lead to increased exploration and drilling activities
  - Good year for the tourist industry, the sector is growing in the central regions
  - Increased demand for metals leads to growth in production and employment in Northern Norwegian industry
  - Northern Norwegian businesses appear to be less dependent on exports to the countries hardest hit by the economic downturn
  - Large public sector
  - Large public investments help drive the construction sector
- Continued low unemployment: 2.5 % completely unemployed in December
  - Tight labour market is a challenge for future wealth creation
- Net immigration to the region
  - Growth in cities and stabilisation of rural areas
- The Government report on the High North ("Nordområdemeldingen") shows that Northern Norway is an important focus area for the Government

# Tight labour market in Northern Norway

Low unemployment is a challenge for the region

- Tight labour market
  - Companies need more employees
  - Not all jobs are advertised - the need for labour is greater than the statistics show
- Unemployment in Northern Norway is on the same level as the national average
- An ageing population is a challenge for rural areas
- Migrant labour and guest workers: Important groups that help meet labour requirements in the region
  - Immigrants meet labour requirements in all business sectors
  - Guest workers are heavily concentrated in specific industries

	Northern Norway		Norway	
	Number	%	Number	%
Completely unemployed	6 142	2.5	63 655	2.4
In schemes	1 303	0.5	17 376	0.7
Gross unemployed	7 445	3.0	81 031	3.1
Available jobs	2 402		23 070	
Job offers ratio (Gross unemployed/available jobs)	3.1		3.5	

Source: NAV, 01 January 2012

# Financial targets

- **Capital adequacy ratio**

- Core-capital coverage: 11 % or higher

- **Profitability**

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

- **Effectiveness**

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

- **Top-line growth**

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

# Capital adequacy ratio - Group

## Parent bank

## Group

(Amounts in NOK million)

31.12.09	31.12.10	31.12.11		31.12.11	31.12.10	31.12.09
3 703	4 351	<b>5 029</b>	Core capital	<b>6 094</b>	5 334	4 846
504	549	<b>518</b>	Supplementary capital	<b>490</b>	515	929
4 207	4 900	<b>5 547</b>	Equity and related capital resources	<b>6 584</b>	5 849	5 775
<b>Minimum requirements subordinated capital, Basel I I</b>						
1 818	1 954	<b>2 002</b>	Total credit risk IRB	<b>1 895</b>	1 840	1 762
487	607	<b>658</b>	Credit risk standardised approach	<b>1 683</b>	1 492	1 362
55	130	<b>9</b>	Debt risk	<b>9</b>	126	50
41	19	<b>9</b>	Equity risk	<b>68</b>	46	59
0	17	<b>29</b>	Currency risk	<b>29</b>	17	0
214	242	<b>258</b>	Operational risk	<b>273</b>	284	227
0	0	<b>0</b>	Transitional arrangements	<b>312</b>	226	257
- 69	- 71	<b>-80</b>	Deductions	<b>- 123</b>	- 114	- 98
2 546	2 898	<b>2 885</b>	Minimum requirements subordinated capital	<b>4 146</b>	3 917	3 619
15.27 %	13.53 %	<b>15.38 %</b>	Capital adequacy ratio	<b>12.71 %</b>	11.95 %	12.76 %
12.66 %	12.01 %	<b>13.95 %</b>	Core capital ratio	<b>11.76 %</b>	10.90 %	10.71 %
2.61 %	1.52 %	<b>1.44 %</b>	Supplementary capital ratio	<b>0.95 %</b>	1.05 %	2.05 %

# Capital adequacy

## **Successful equity issues completed. The Saving Banks foundation has been established**

- The Bank's equity has been strengthened with NOK 583 mill through equity issues during 1st half of 2011
  - The 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
- The Savings Bank Foundation SpareBank 1 Nord-Norge has been formally established
  - The Foundation's main objective is to exercise a long-term, stable ownership of SpareBank 1 Nord-Norge. The foundation shall also make donations
  - The Foundation's participation in the private placement constituted NOK 33.7 mill
  - Following allocation from the bank for the accounting year 2011, the accumulated allocation from the bank will amount to NOK 227 mill
  - The main Board of Directors has requested the Supervisory Board to authorise a private placement directed towards the Foundation in 2012 or 2013 in the amount of up to NOK 250 mill

# 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

## Profit and loss account - Group

(Amounts in NOK million)	<b>31.12.11</b>	31.12.10
Net interest income	<b>1 130</b>	1 129
Net fee-, commision and other operating income	<b>506</b>	513
Net income from financial investments	<b>275</b>	404
<b>Total net income</b>	<b>1 911</b>	2 046
Total costs	<b>1 036</b>	957
<b>Result before losses and write-downs</b>	<b>875</b>	1 089
Net losses and write-downs	<b>101</b>	87
<b>Result before tax</b>	<b>774</b>	1 002
Tax	<b>158</b>	186
Minority interests	<b>0</b>	0
<b>Result for the period</b>	<b>616</b>	816

**ROE**  
**9.9 %**

## Quarterly Summary – Profit and loss account figures

(Amounts in NOK million)	<b>4Q11</b>	3Q11	2Q11	1Q11	4Q10
Net interest income	<b>283</b>	296	276	275	285
Net fee-, commision and other operating income	<b>125</b>	127	134	120	128
Net income from financial investments	<b>-71</b>	46	58	242	148
Total net income	<b>337</b>	469	468	637	561
Total costs	<b>277</b>	252	261	246	276
Result before losses and write-downs	<b>60</b>	217	207	391	285
Net losses and write-downs	<b>53</b>	23	15	10	43
Result before tax	<b>7</b>	194	192	381	242
Return on equity capital	<b>-1.0 %</b>	8.9 %	10.1 %	23.3 %	14.7 %
Cost/income	<b>82.2 %</b>	53.7 %	55.8 %	38.6 %	49.2 %

**Result before losses, sum 1st and 4th quarters: 451**

## Group companies

### Result before tax

	<b>31.12.11</b>	31.12.10
SpareBank 1 Finans Nord-Norge AS	<b>69 370</b>	66 874
SpareBank 1 Nord-Norge Invest AS	<b>23 684</b>	6 985
SNN Økonomihus AS	<b>60</b>	0
EiendomsMegler 1 Nord-Norge AS	<b>4 089</b>	5 286
SpareBank 1 Nord-Norge Forvaltning ASA	<b>1 091</b>	4 289
North-West 1 Alliance Bank	<b>82</b>	-1 350
<b>Total</b>	<b>98 376</b>	82 084

## Results – the Group

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

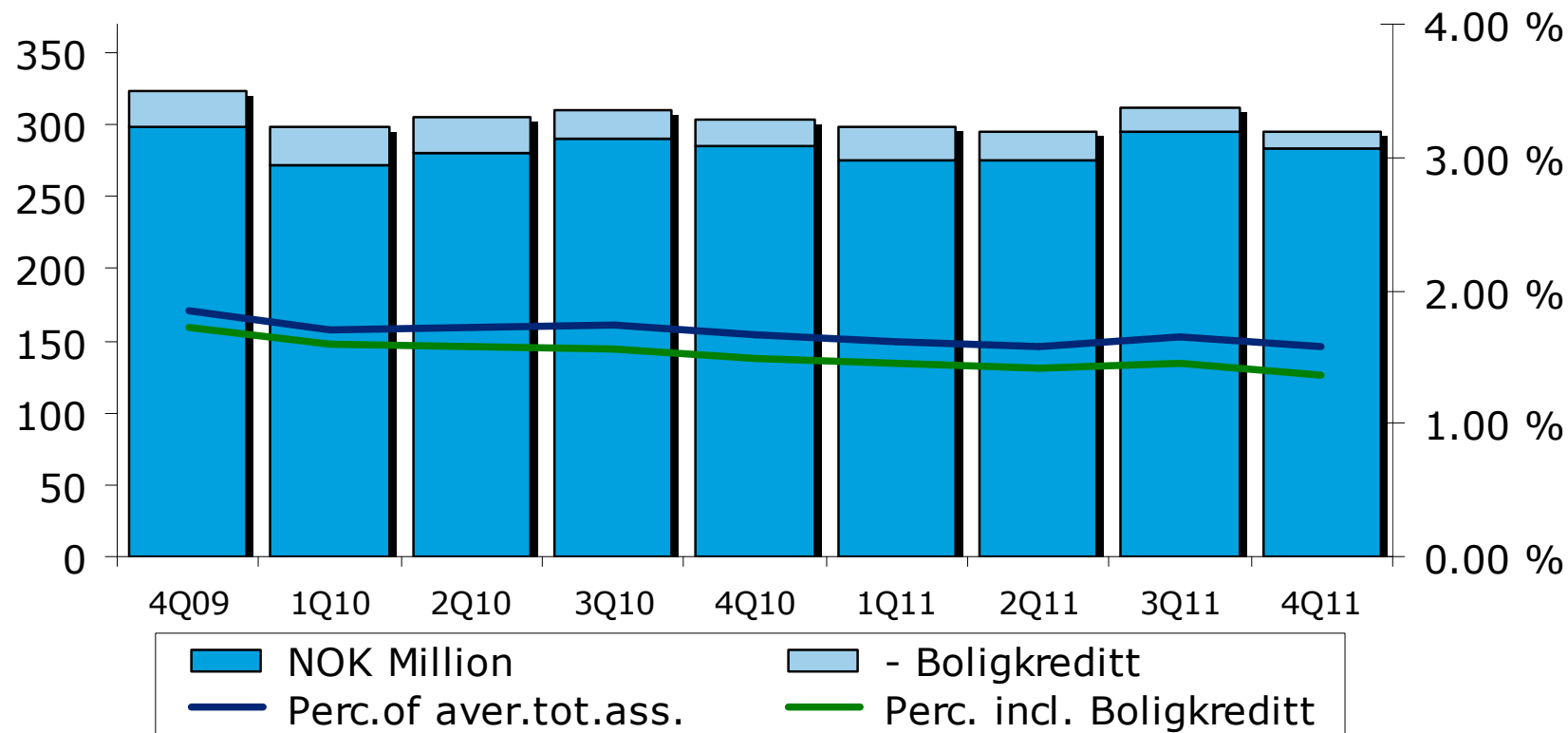
• Increase in net interest income	+ NOK 1 mill.
• Reduction in net commission income	- NOK 18 mill.
• Reduction in income from financial investments	- NOK 129 mill.
• Increase other operating income	+ NOK 11 mill.
• Increase in costs	- NOK 79 mill.
• Increase in net losses	- NOK 14 mill.
<hr/>	
Total	- NOK 228 mill.

## Core banking activities

(Amounts in NOK million)

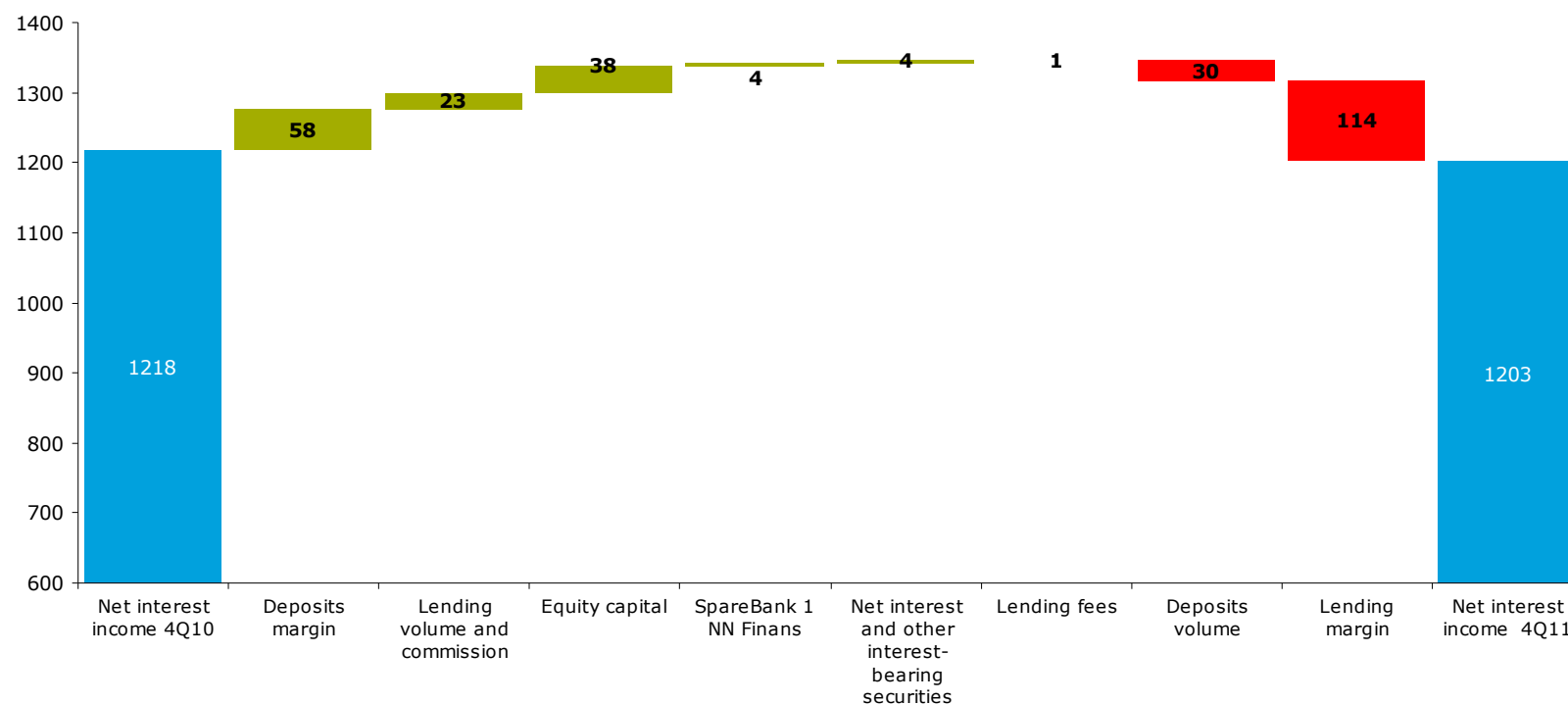
	<b>31.12.11</b>	31.12.10	Change
Earnings before losses	<b>600</b>	685	-85
Net losses	<b>101</b>	87	-14
A non-recurring effect of recognising income from reduced pension commitments	<b>0</b>	60	60
<hr/> Core banking activities after losses	<b>499</b>	538	-39

# Net interest income - Group



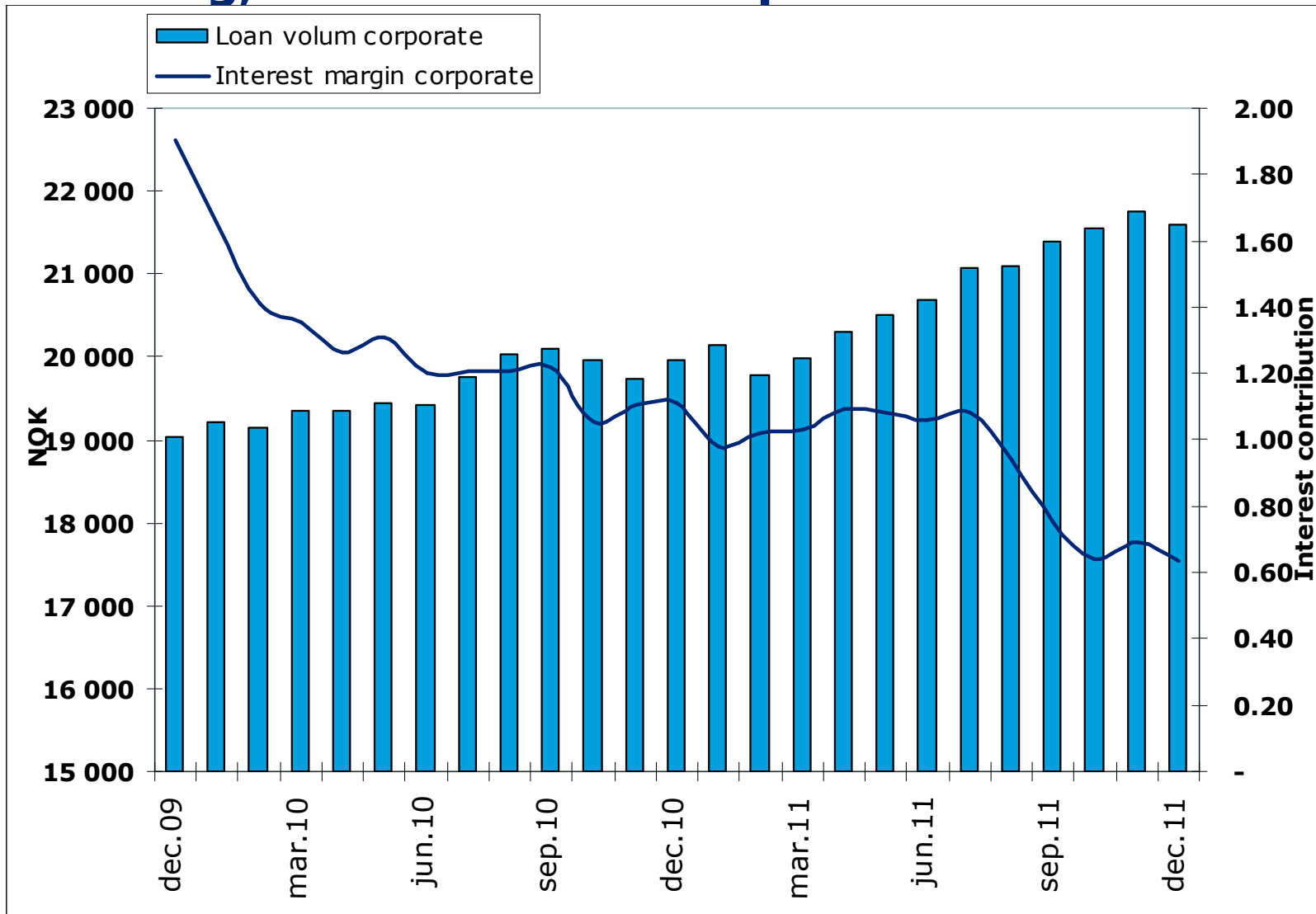
	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	<b>4Q11</b>
NOK Million	298	272	281	291	285	275	276	296	<b>283</b>
- Boligkreditt	26	27	24	19	19	24	20	16	<b>13</b>
Perc. of aver.tot.ass.	1.85 %	1.70 %	1.73 %	1.74 %	1.66 %	1.61 %	1.59 %	1.65 %	<b>1.58 %</b>
Perc. incl. Boligkreditt	1.72 %	1.59 %	1.58 %	1.56 %	1.49 %	1.45 %	1.42 %	1.46 %	<b>1.36 %</b>

# Changes in net interest income 2010 -2011



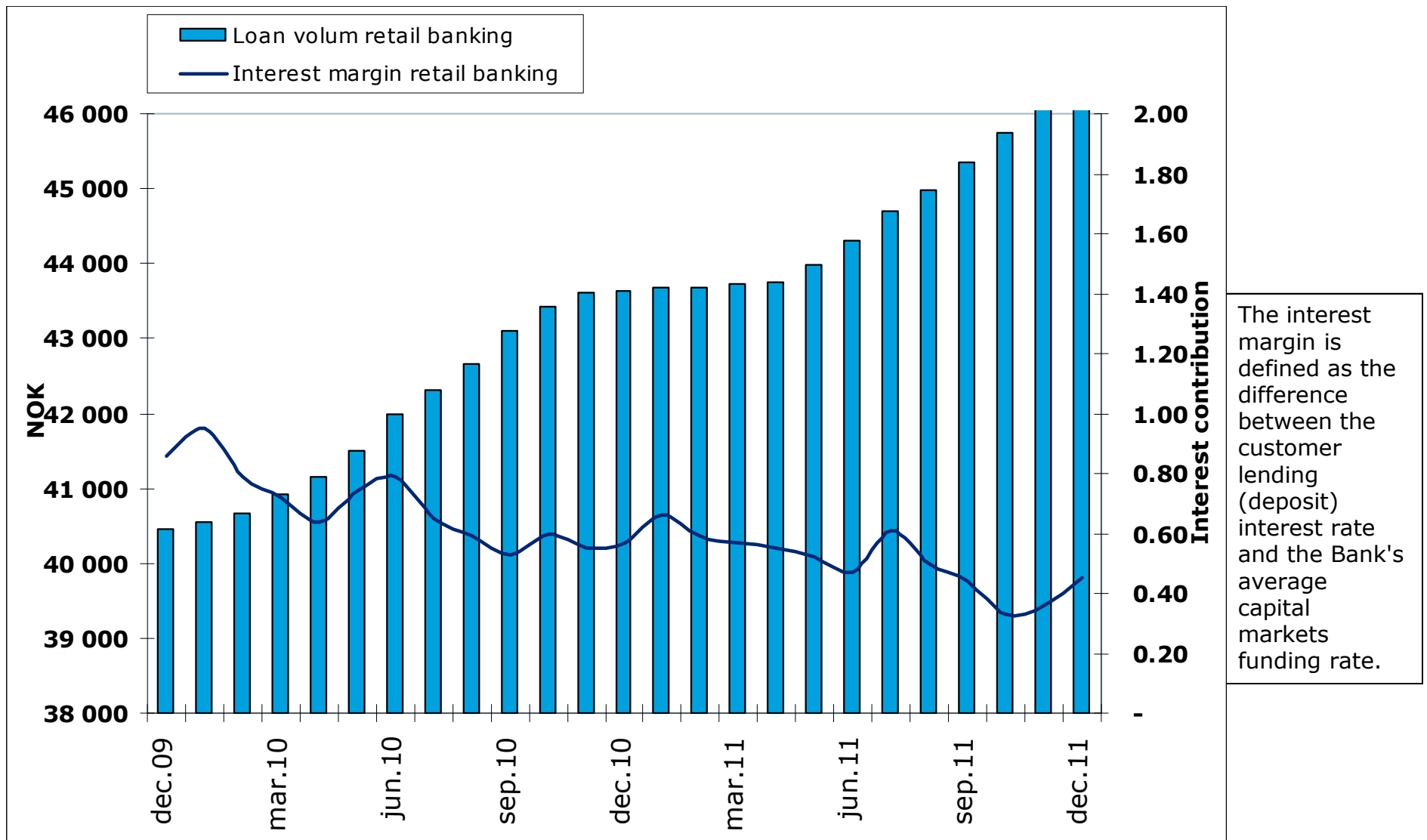
(in NOK million)	Per 4Q	
	2011	2010
<b>Net interest income incl. fee from SpareBank 1 Boligkreditt</b>	<b>1 203</b>	<b>1 218</b>
Lending margin	-114	
Lending fees	1	
Deposits volume	-30	
SpareBank 1 NN Finans	4	
Lending volume and commission	23	
Deposits margin	58	
Net interest and other interest-bearing securities	4	
Equity capital	38	
<b>Change</b>	<b>-15</b>	

# Lending, Parent bank – corporate market

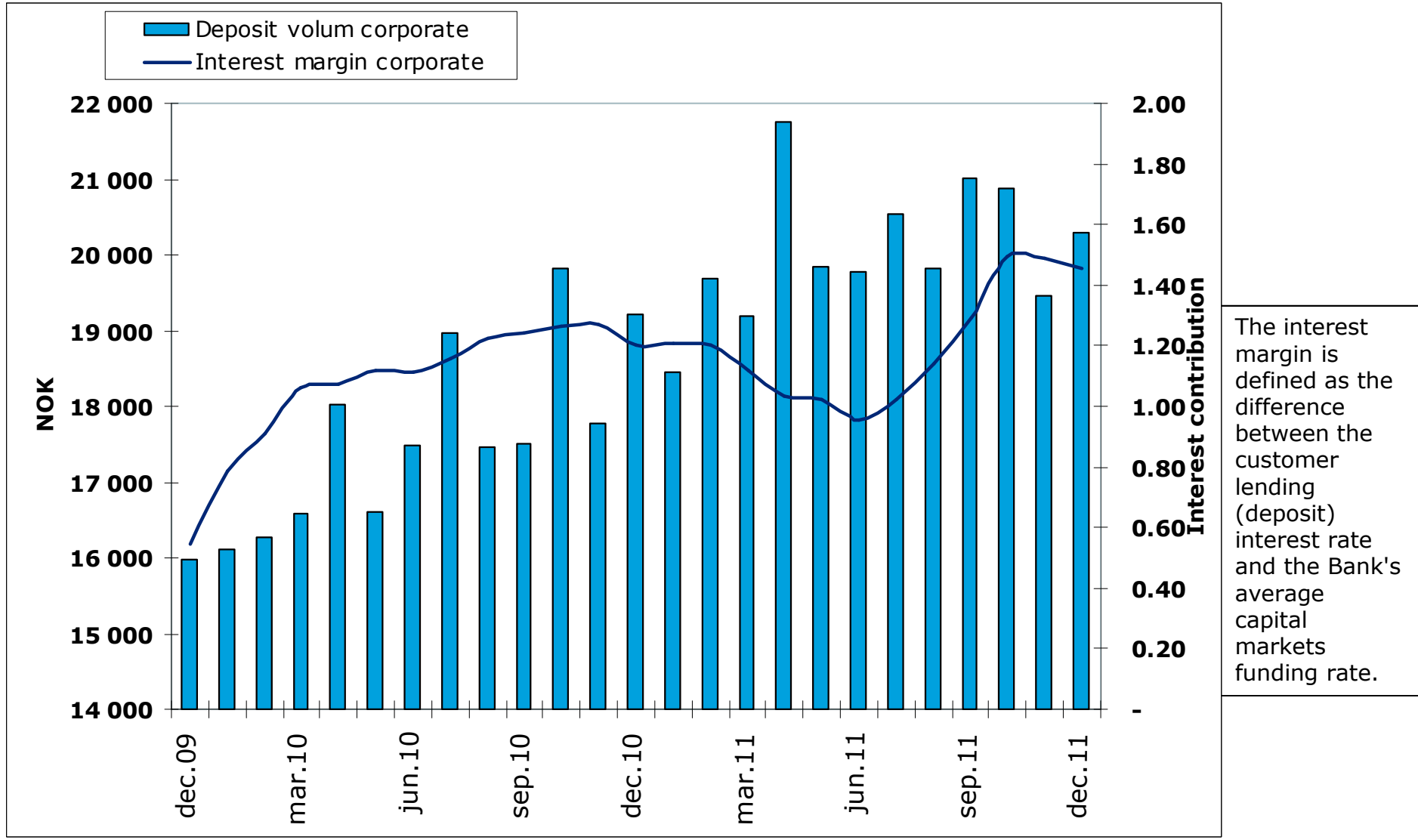


The interest margin is defined as the difference between the customer lending (deposit) interest rate and the Bank's average capital markets funding rate.

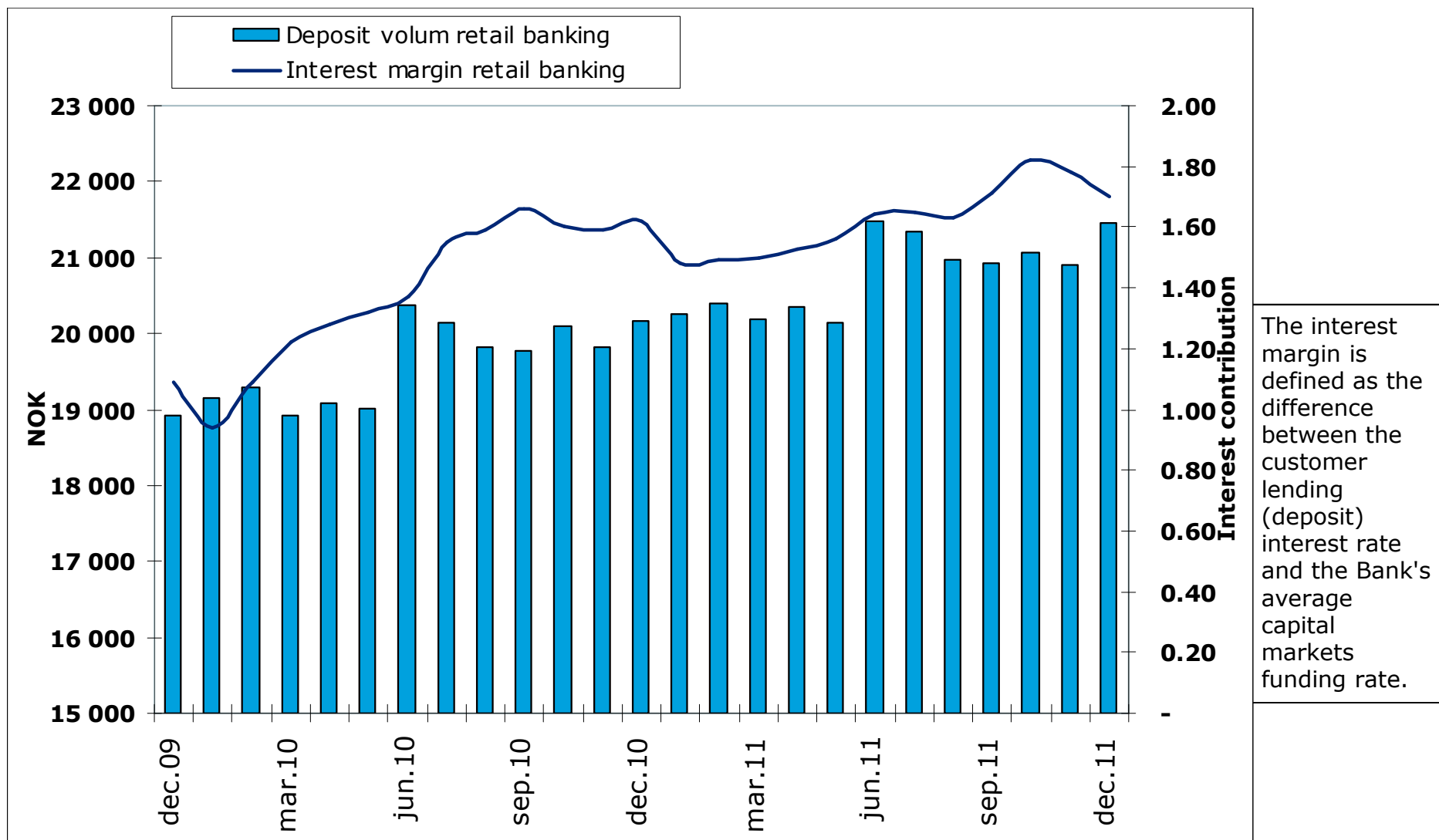
# Lending, Parent bank – retail market



# Customer deposits, Parent bank – corporate market



# Customer deposits, Parent bank – retail market



# 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

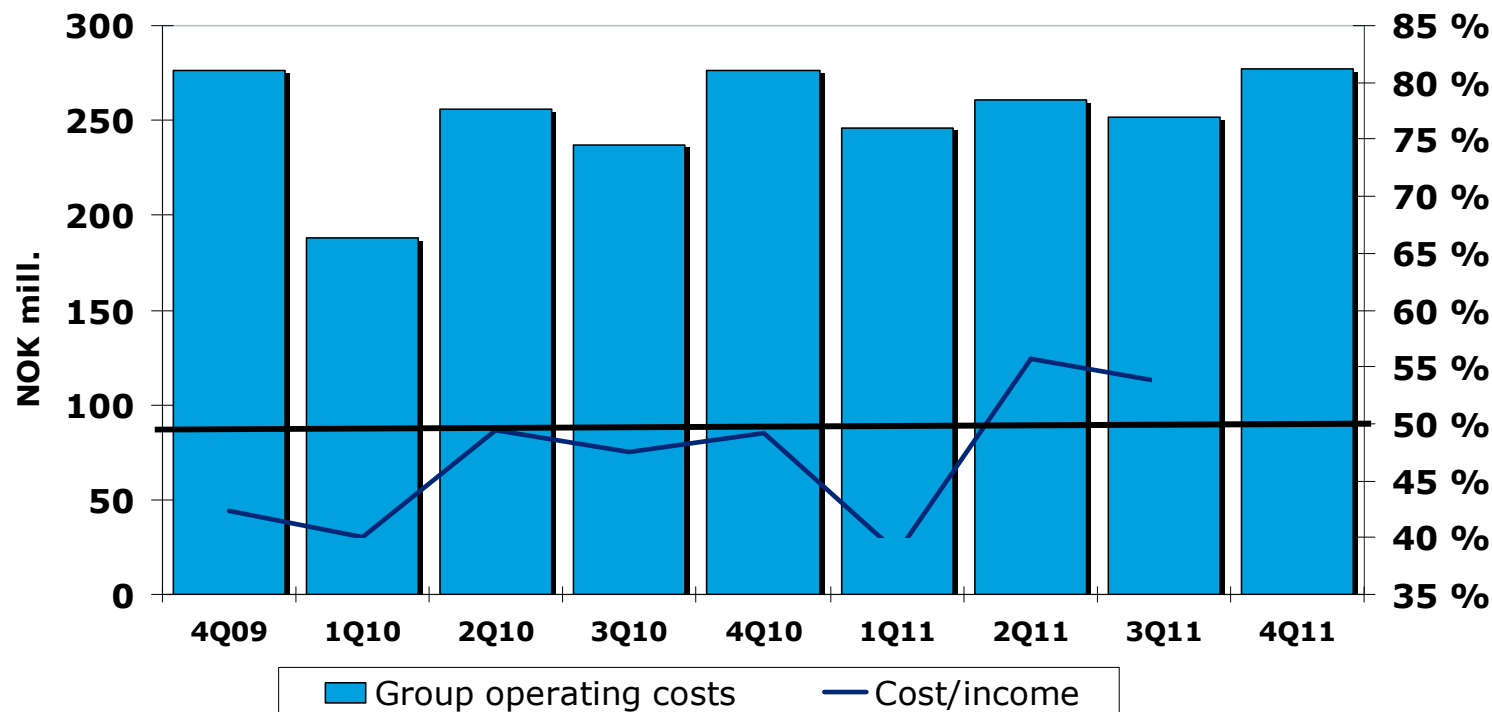
## Group operating costs

(NOK Million)

	<b>31.12.11</b>	31.12.10	Change
Wages and salaries	<b>438</b>	450	- 12
Pension costs	<b>29</b>	- 16	45
Social costs	<b>47</b>	43	4
<b>Total personnel costs</b>	<b>514</b>	477	37
<b>Administration costs</b>	<b>313</b>	281	32
<b>Total personnel- and general administration costs</b>	<b>827</b>	758	69
Depreciation and write-downs of fixed assets	<b>47</b>	45	2
<b>Total operating costs</b>	<b>162</b>	154	8
<b>Total costs</b>	<b>1 036</b>	957	79

•In 2010, personnell cost was reduced by the recognition of nonrecurring income of NOK 60 million as a result of the transition to the new early retirement pension scheme in the private sector.

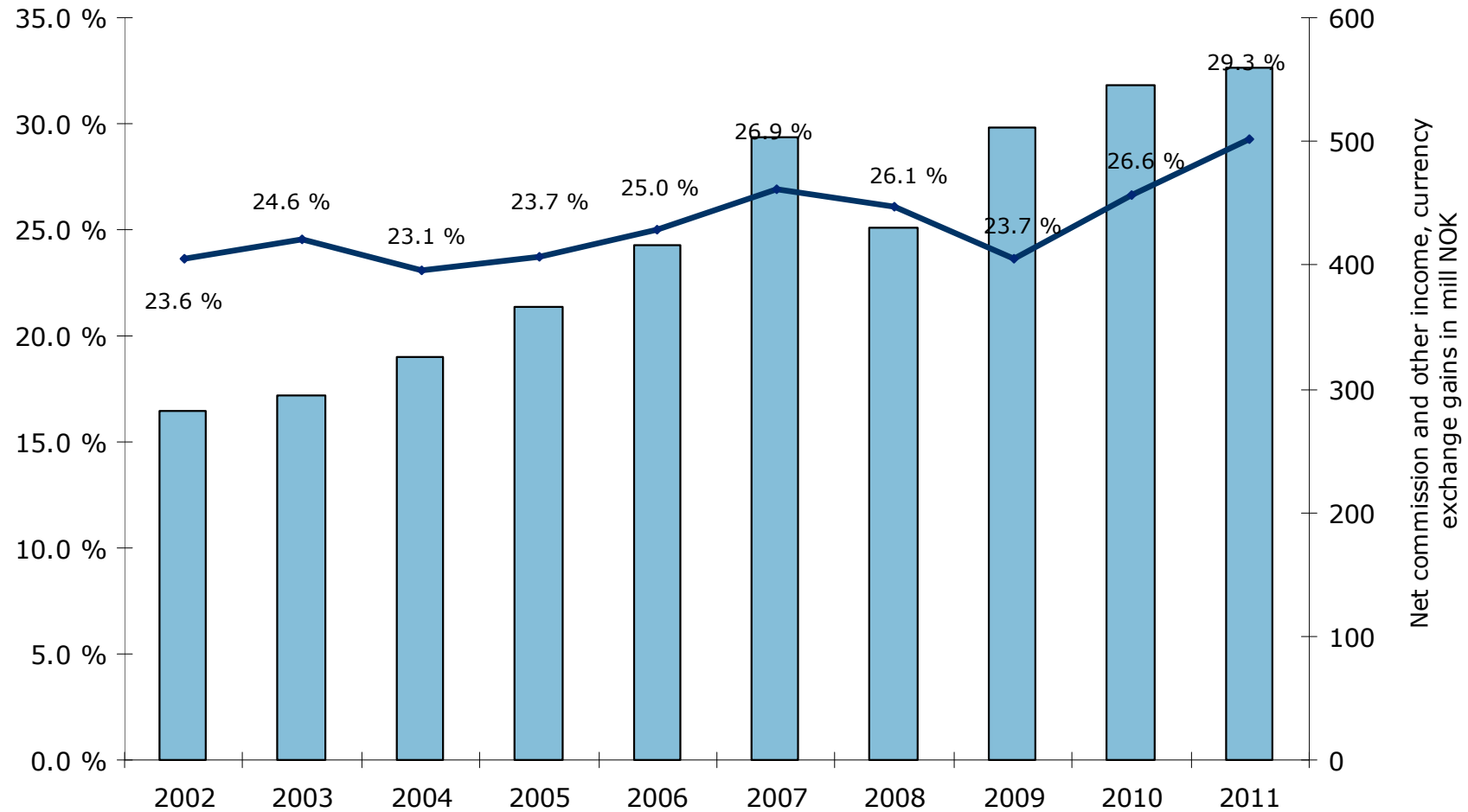
# Group operating costs



	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Group operating costs	276	188	256	237	276	246	261	252	<b>277</b>
Cost/income	42.4 %	40.1 %	49.4 %	47.6 %	49.2 %	38.6 %	55.8 %	53.7 %	<b>82.2 %</b>

•In 2010, personnell cost was reduced by the recognition of nonrecurring income of NOK 60 million as a result of the transition to the new early retirement pension scheme in the private sector.

# Net commission and other income/total income



## Allocation of the result for the year

Parent bank result after tax	NOK 527 mill
Allocation for cash dividend	NOK 93 mill
To dividend equalisation fund	NOK 111 mill
<b>Total to equity certificate (38,74%)</b>	<b>NOK 204 mill</b>
Allocation to donations	NOK 75 mill
Allocation to "Sparebankstiftelsen SpareBank 1 Nord-Norge" (Savings bank foundation)	NOK 72 mill
Allocation to the savings bank's reserve	NOK 176 mill
<b>Total to the Bank's community-owned Capital (61,26 %)</b>	<b>NOK 323 mill</b>
<b>Total allocations</b>	<b>NOK 527 mill</b>

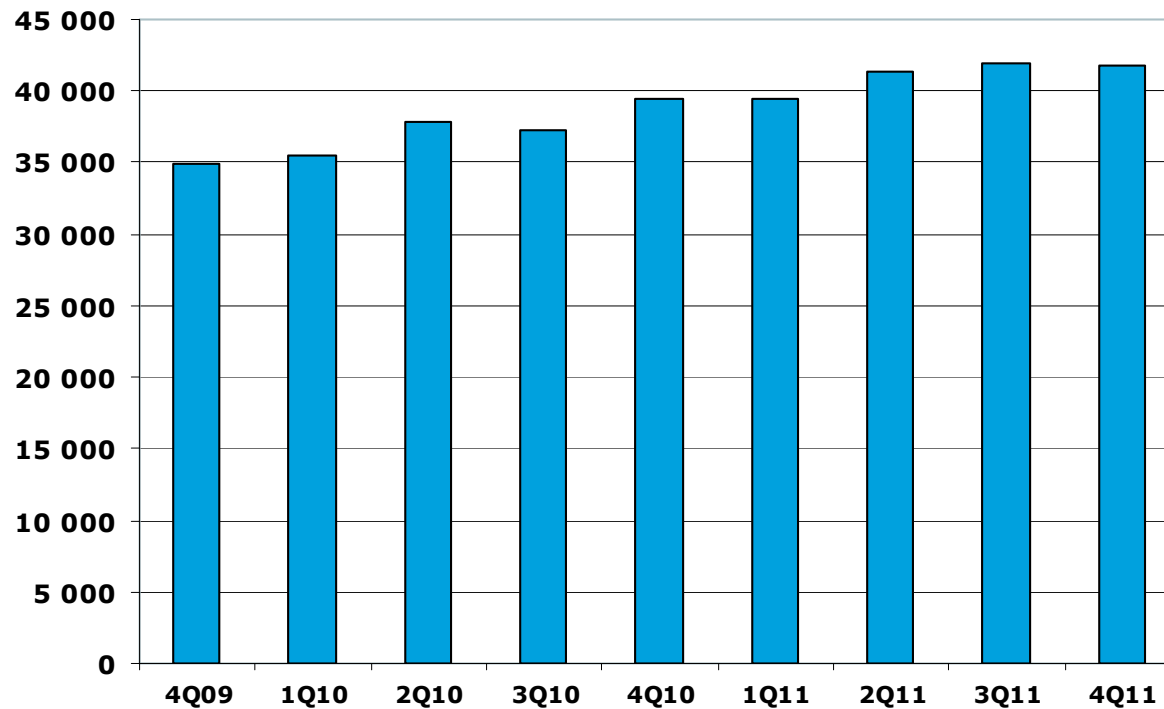
## Key figures balance sheet

(Amounts in NOK million)

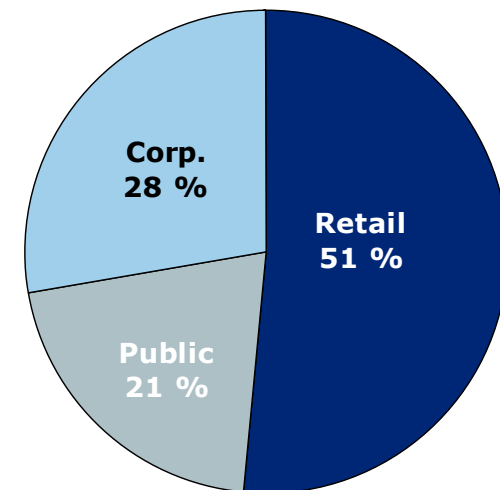
<b>STATEMENT OF</b>	<b>31.12.11</b>	31.12.10	Change	Change %
Total assets	<b>71 131</b>	68 780	2 351	3.4%
Gross lending	<b>51 641</b>	49 046	2 595	5.3%
Loans and advances to customers including agency loans	<b>68 033</b>	63 334	4 699	7.4%
Deposits from customers	<b>41 765</b>	39 389	2 376	6.0%

# Good development of customer deposits

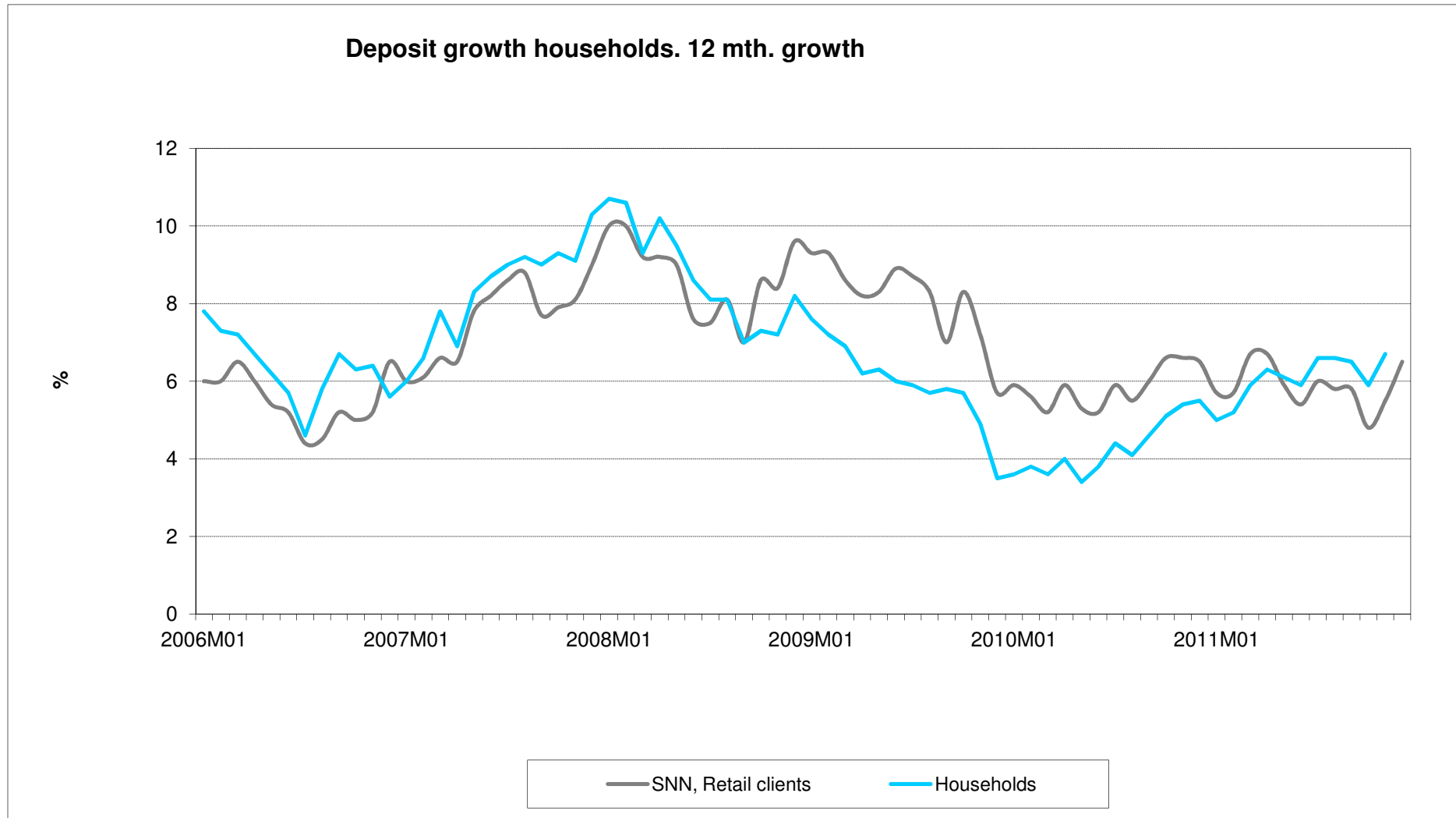
Deposits from customers



Volume according to markets 31.12.11

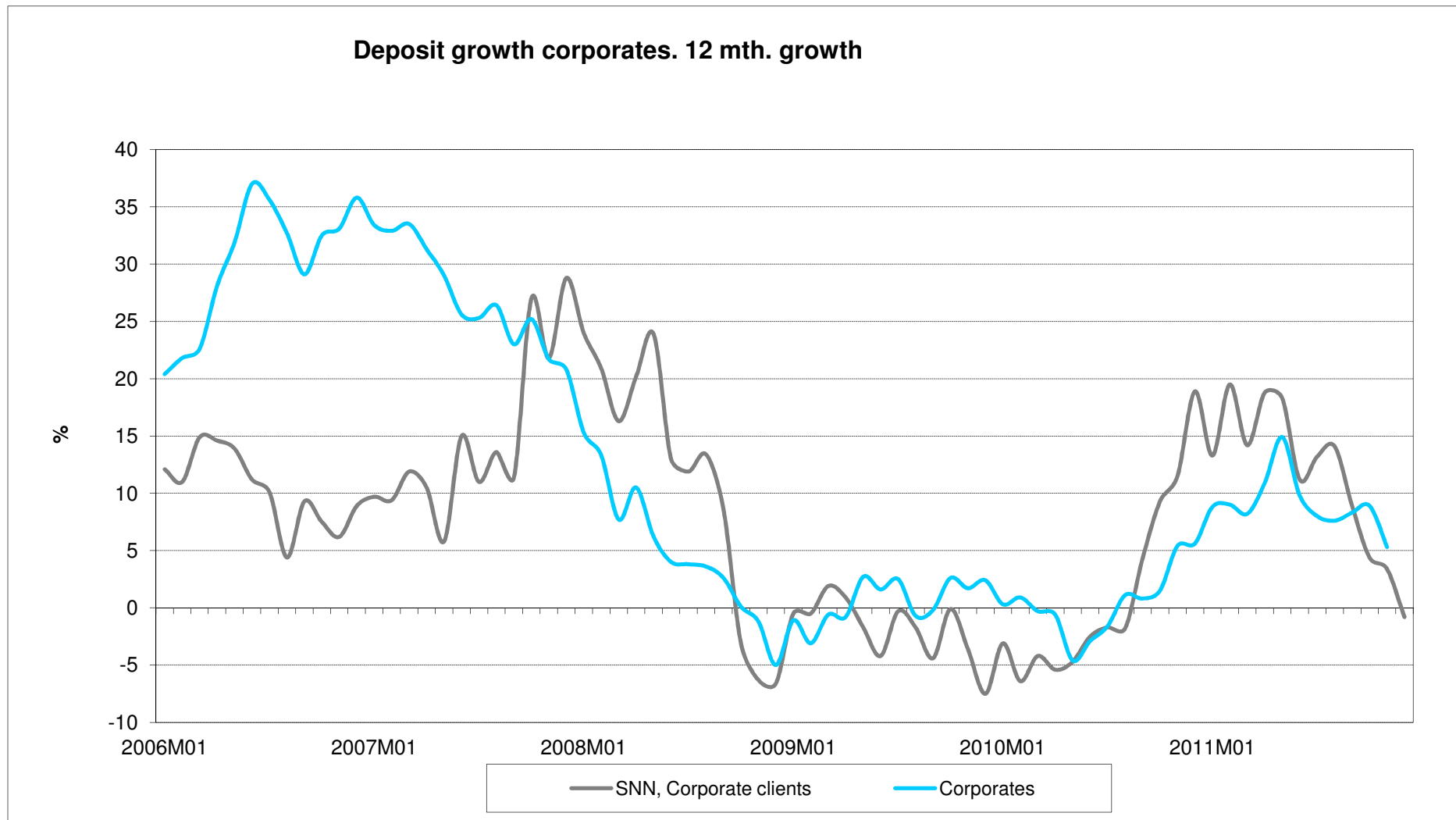


# Deposit growth households



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

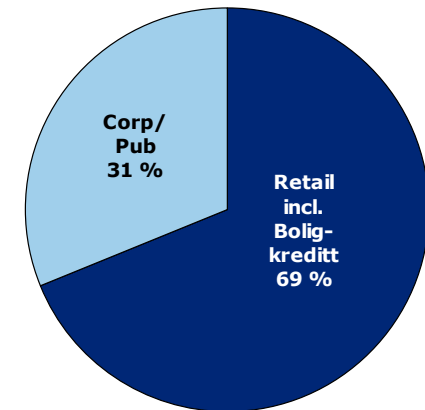
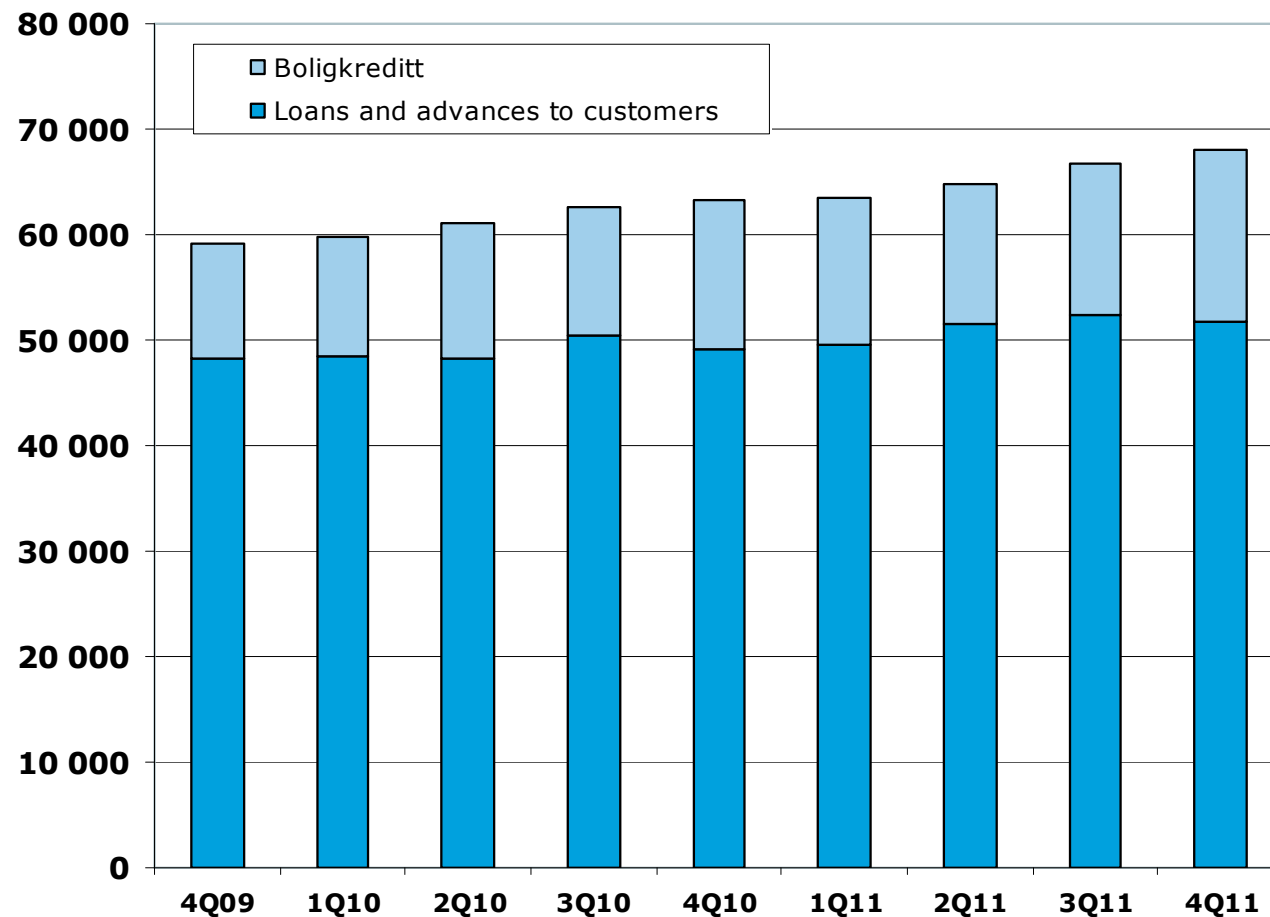
# Deposit growth corporate



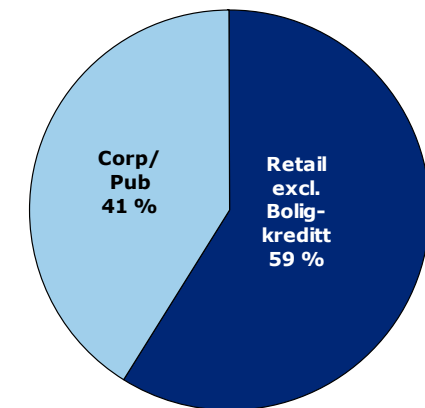
Source: Statistisk Sentralbyrå, The credit indicator C2, December 2011 & SNN Bare, December 2011

# Group lending portfolio according to markets

## Volume according to markets 31.12.11

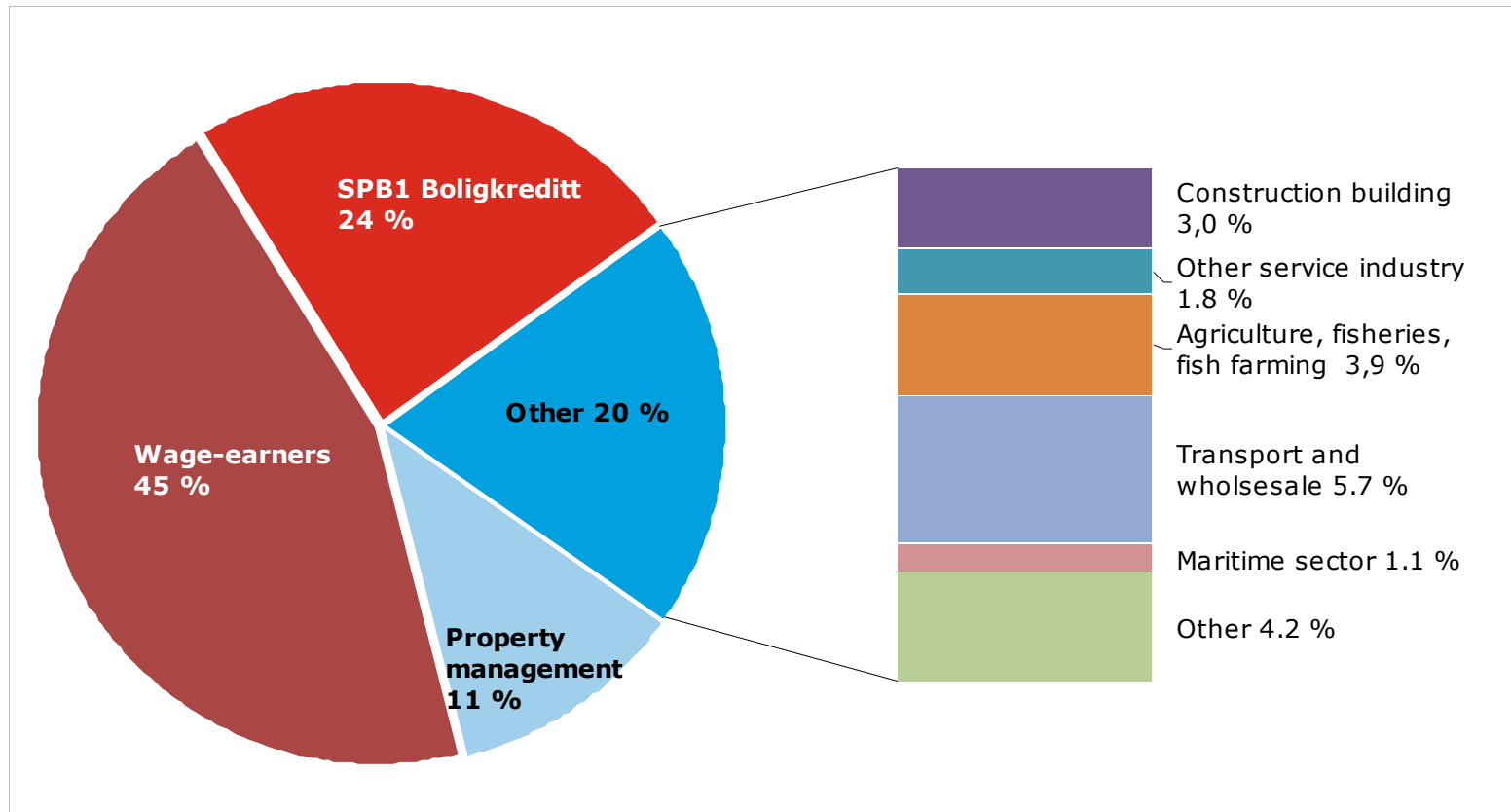


Volume incl. Boligkreditt



Volume excl. Boligkreditt

## Distribution on segments shows good diversification. Loan portfolio including Boligkreditt

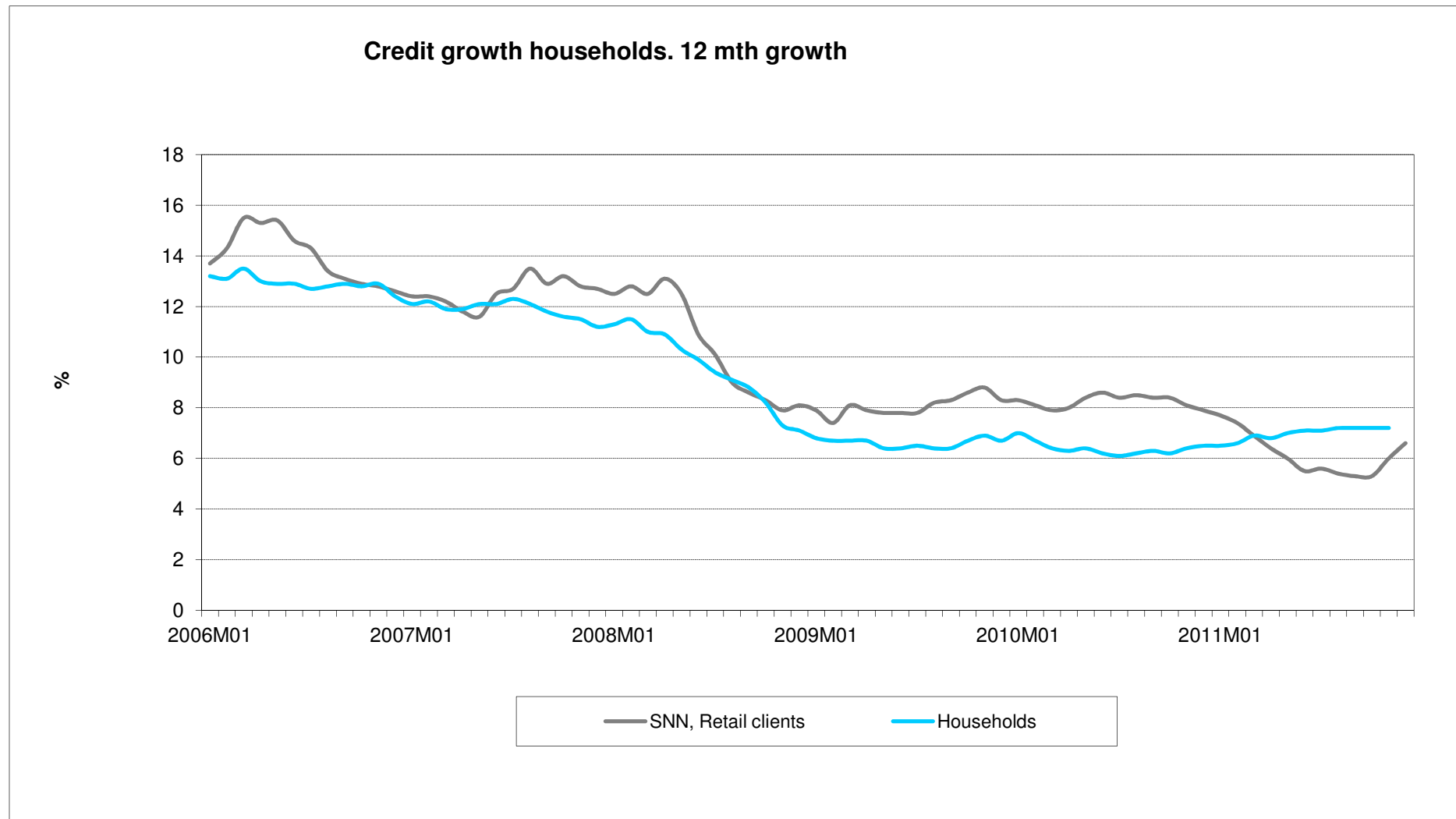


Large portions of the retail market and primary industries are risk-dampening.

The Group has a well diversified corporate market portofolio.

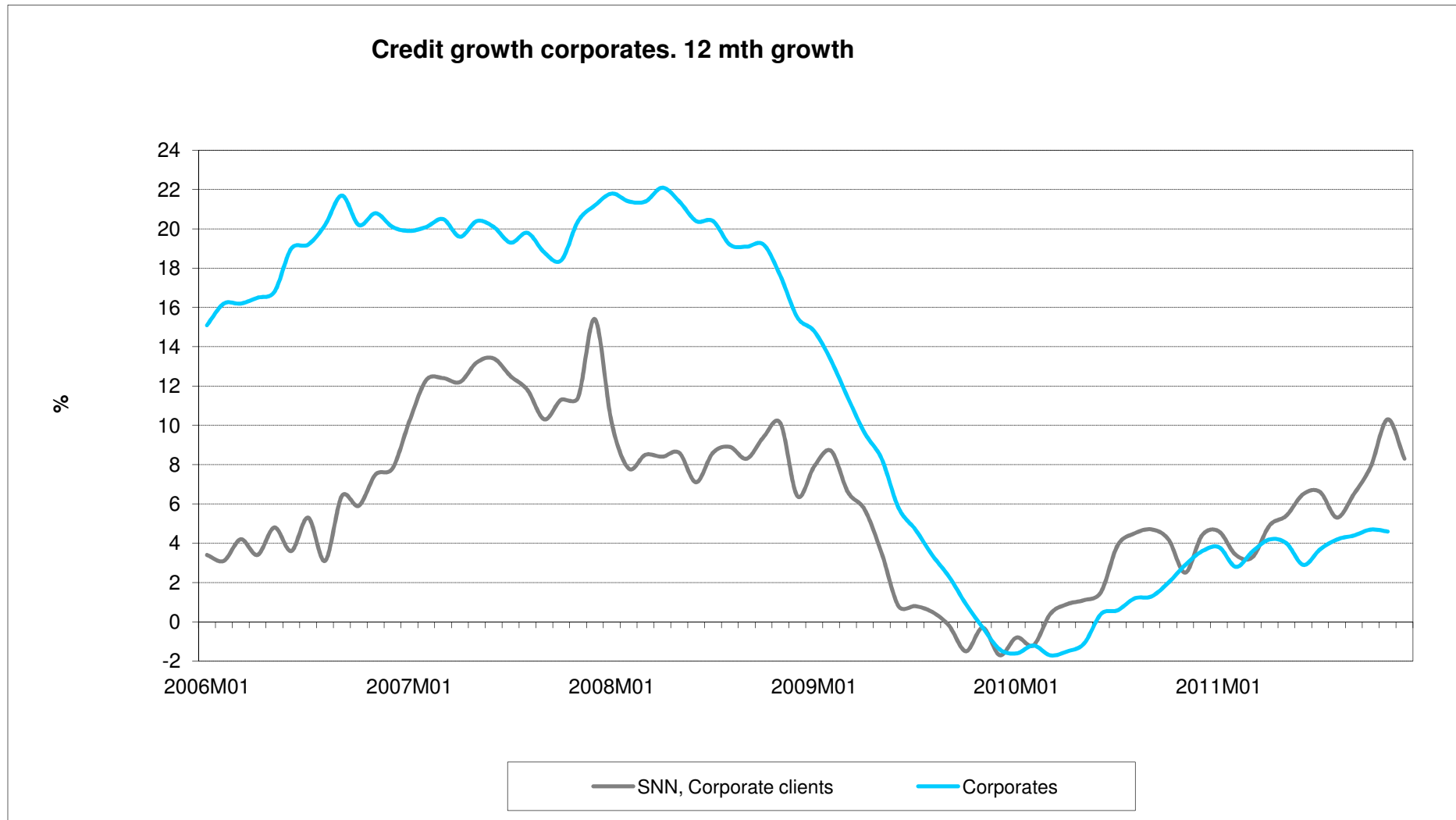
No specific concerns related to the bank's loans to commercial property. Low interest rates and good occupancy rates in the bank's market area.

# Credit growth households



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

# Credit growth corporate



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

# Credit area

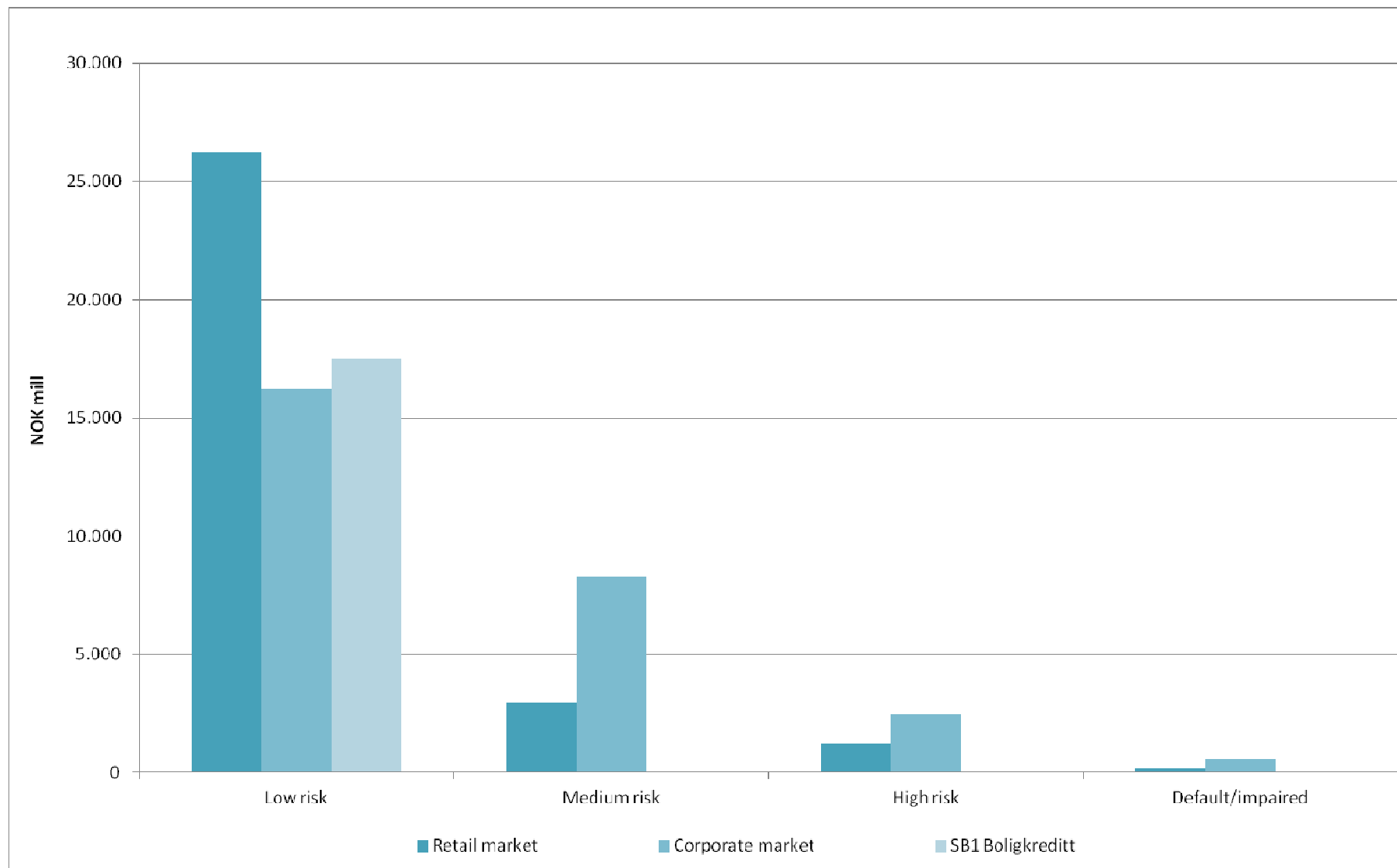
- Quality
- Portfolio
- Migration, commitments in default and losses



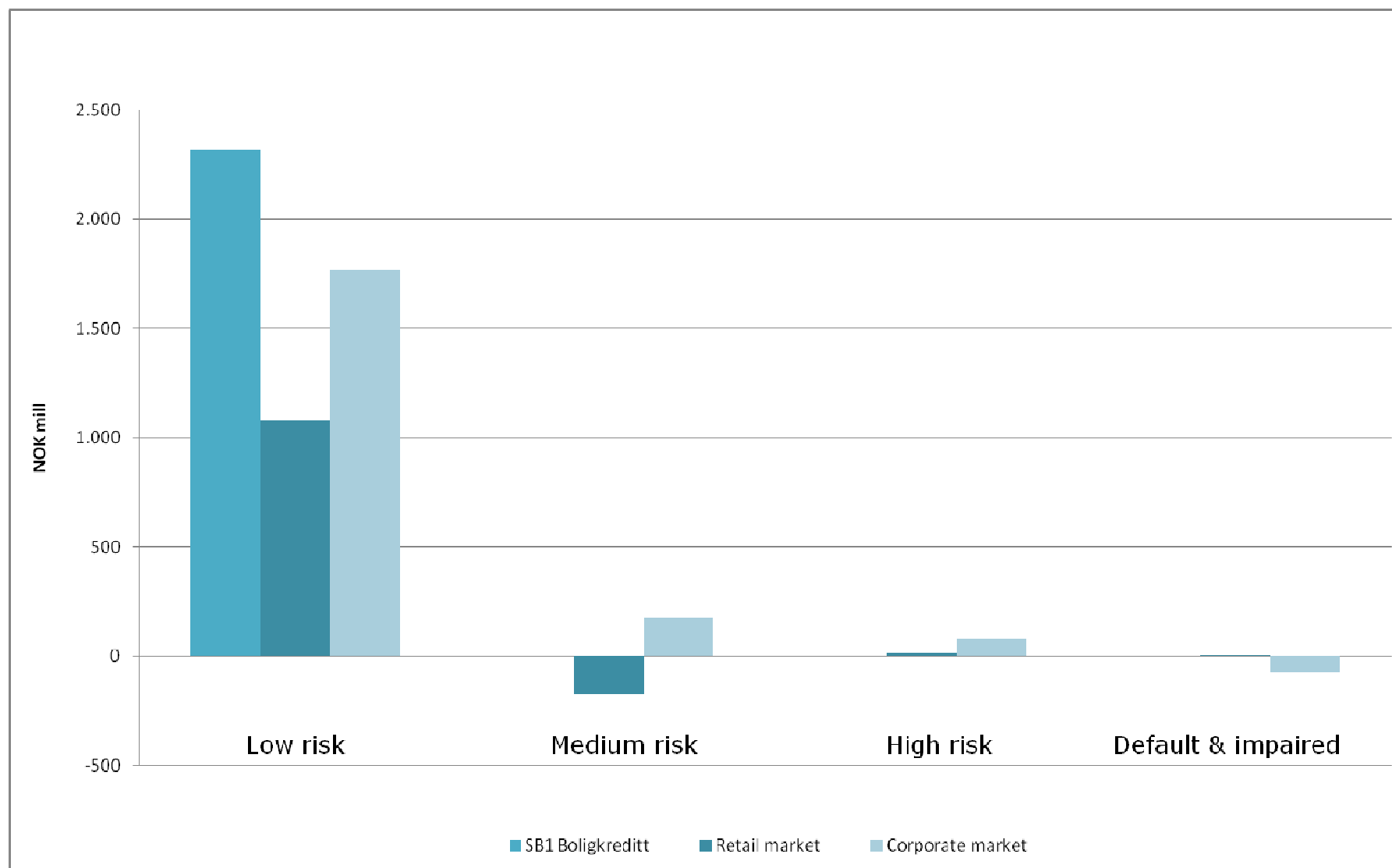
# Portfolio

- High quality in lending portfolio. Moderate levels of default
- Few large corporate exposures and few corporate exposures in high risk industries has contributed to an overall low portfolio risk.
- The Group's corporate portfolio is well diversified
- Loan growth in sectors with low/moderate risk
  - Property hiring out
  - Transportation
  - Retail trade
  - Building and construction
- Reduced exposure towards housing cooperatives and industry
- Positive development both in the retail and corporate portfolio. Growth in low and medium risk, decrease in default/impaired commitments

# Portfolio - exposure as of 31.12.11



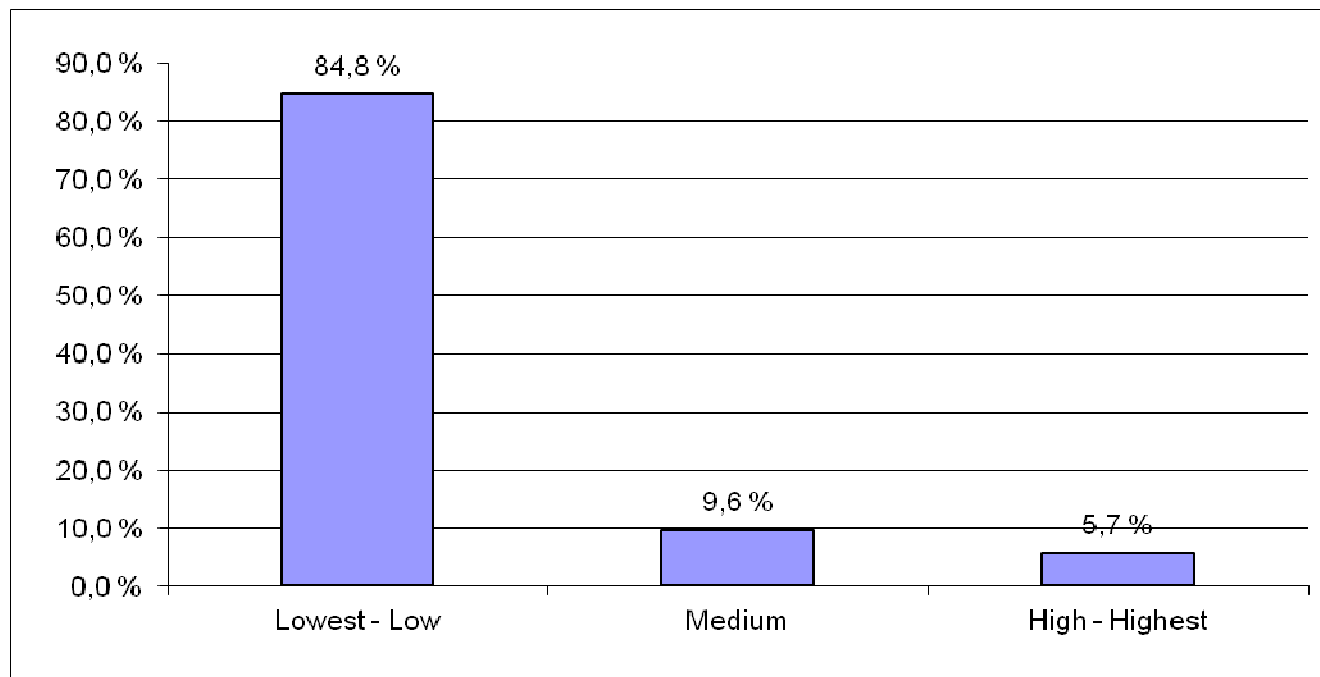
## Risk change - portfolio change Q4/10 – Q4/11



# Group lending by sector

(NOK million)	31.12.11	Share	31.12.10	Share	Change	Change in %
Mining and quarrying	71	0,1 %	78	0 %	- 7	-9 %
Construction	916	1,8 %	759	2 %	157	21 %
Building of ships and boats	28	0,1 %	26	0 %	3	10 %
Electricity, gas, steam an air conditioning supply	977	1,9 %	1 223	2 %	- 246	-20 %
Professional, scientific and technical activities	792	1,5 %	676	1 %	116	17 %
Finanical and insurance activities	0	0,0 %	45	0 %	- 45	-100 %
Fishing	1 359	2,6 %	1 024	2 %	336	33 %
Marine aquaculture	306	0,6 %	302	1 %	5	2 %
Other business support activities	578	1,1 %	412	1 %	167	40 %
Activities auxiliary to financial services and insurance act	361	0,7 %	40	0 %	321	803 %
County municipalities and municipalities	148	0,3 %	156	0 %	- 8	-5 %
Manufacturing	1 126	2,2 %	1 316	3 %	- 189	-14 %
Information and communication	162	0,3 %	216	0 %	- 54	-25 %
Crop and animal production	949	1,8 %	857	2 %	92	11 %
Foreign industrial	0	0,0 %	43	0 %	- 43	-100 %
Real estate activities	7 836	15,2 %	7 107	14 %	729	10 %
<i>Housing cooperatives</i>	1 404	2,7 %	1 641	3 %	- 238	-14 %
<i>Property project</i>	1 129	2,2 %	952	2 %	178	19 %
<i>Property hiring out</i>	4 916	9,5 %	4 312	9 %	604	14 %
<i>Real estate business</i>	387	0,7 %	201	0 %	186	92 %
Accomodation and food service activities	405	0,8 %	395	1 %	10	3 %
Forestry and logging	12	0,0 %	8	0 %	5	62 %
Central government and social security funds	1	0,0 %	1	0 %	0	-21 %
Support activities for petroleum and natural gas extractio	1	0,0 %	1	0 %	0	-19 %
Other service industries	722	1,4 %	814	2 %	- 92	-11 %
Transportation and storage	1 797	3,5 %	1 407	3 %	390	28 %
International shipping and pipeline transport	738	1,4 %	668	1 %	70	10 %
Extraction of crude oil and natural gas	75	0,1 %	42	0 %	33	78 %
Unspecified	0	0,0 %	1	0 %	- 1	0 %
Water supply; sewerage, waste management and remedi:	171	0,3 %	138	0 %	32	23 %
Wholesale and retail trade; repair of motor vehicles and n	1 644	3,2 %	1 413	3 %	231	16 %
Retail banking market - domestic	30 422	58,9 %	29 834	61 %	588	2 %
Retail banking market - international	42	0,1 %	46	0 %	- 3	-7 %
Total retail market	30 464	59,0 %	29 880	61 %	584	2 %
Total corporate market	21 029	40,7 %	19 010	39 %	2 019	11 %
Total government	148	0,3 %	157	0 %	- 8	-5 %
Total loans	51 641	100,0 %	49 046	100 %	2 596	5 %

# Corporate property portfolio



- Lowest – Low risk, expected loss 0 % - 0.50 %
- Medium risk, expected loss 0.50 – 2.00 %
- High - Highest risk, expected loss over 2.00 %

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

– Constitute about 15 percent of total lending

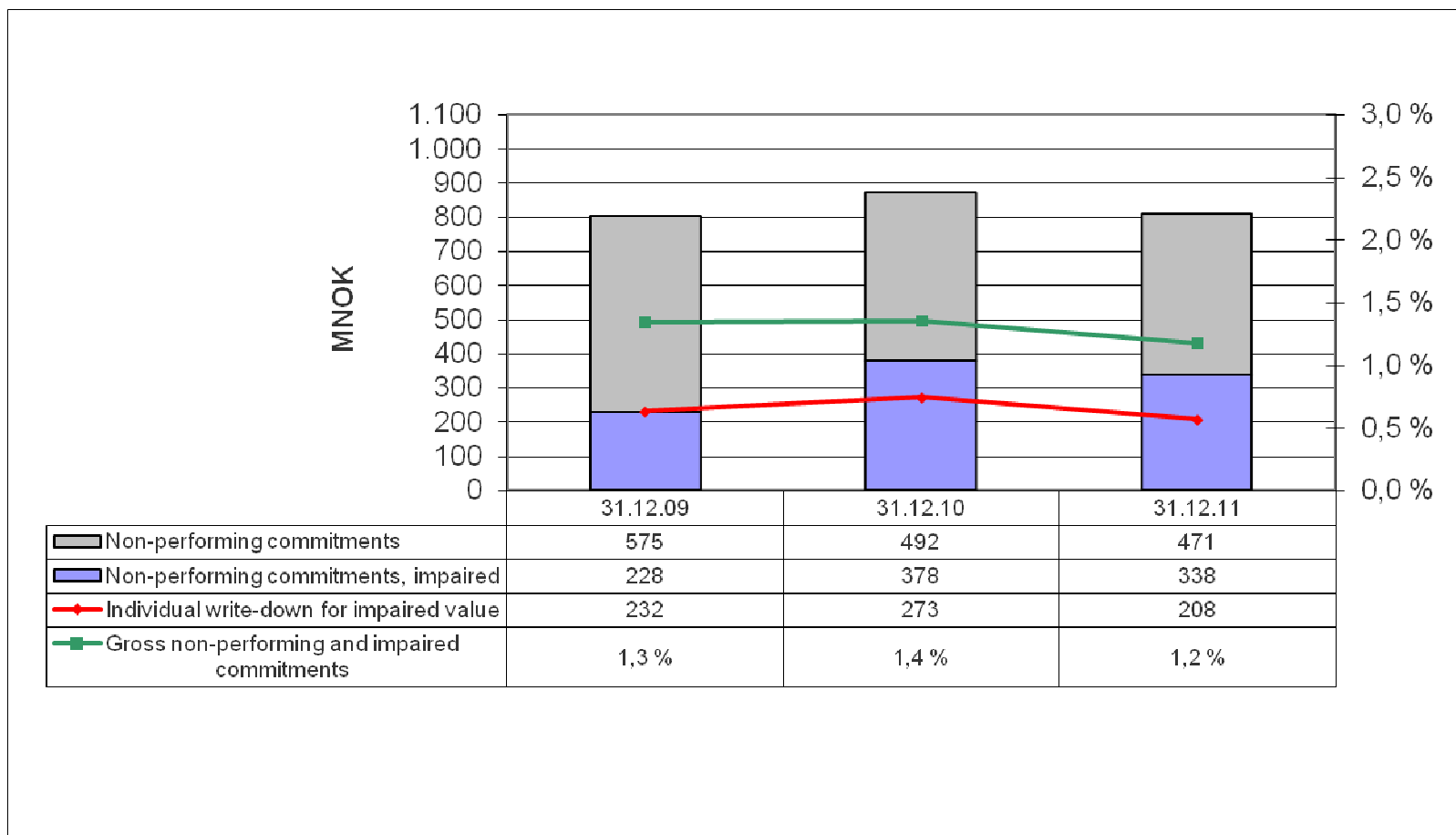
The portfolio of corporate property is being dominated by commitments with low/medium risk

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

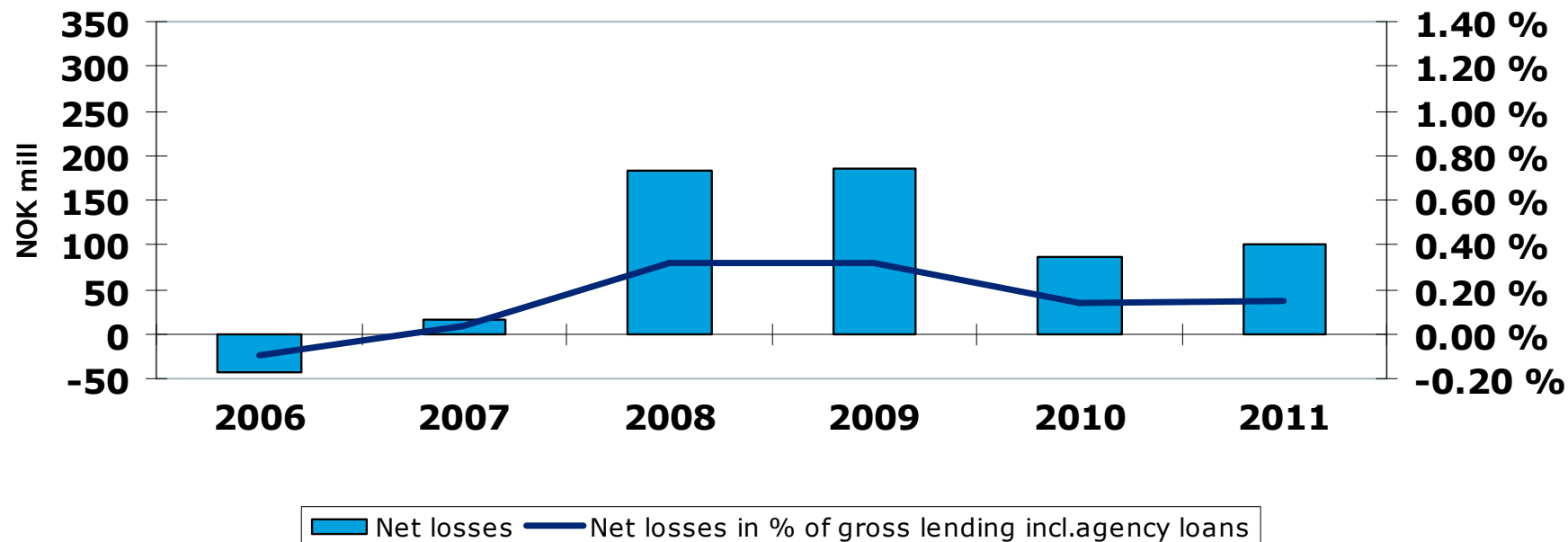
## Losses and commitments in default

- The Group's total write-downs in Q4 2011 is larger than the expected normalized level due to increased collective write-downs. Individual write-downs are on a normalized level in Q4.
- Positive loss development. No new losses of essential character.
- Decrease in write-downs on commitments that are already written down
- Commitments in default and commitments in certain sectors are monitored closely.
  - Property projects
  - Housing co-operatives
- Still small losses in the retail market

# Non-performing and impaired commitments - Group



# Losses on loans and guarantees - Group



	2006	2007	2008	2009	2010	2011
<b>Individual write-downs for impaired value</b>	20	55	202	163	133	<b>84</b>
<b>Collective write-downs imp. value</b>	-36	-13	40	36	-39	<b>26</b>
<b>Recoveries, previously confirmed losses</b>	27	25	59	14	7	<b>9</b>
<b>Net losses</b>	-43	17	183	185	87	<b>101</b>
<b>Net losses in % of gross lending incl. agency loans</b>	-0.09 %	0.03 %	0.32 %	0.31 %	0.14 %	<b>0.15 %</b>

## Loan losses: The Group's write-downs in 2011

	2011	4th quarter 2011 (iso)	4th quarter 2010	2010
Individual write-downs				
<i>Retail market</i>	<b>10</b>	<b>1</b>	<b>12</b>	<b>16</b>
<i>Corporate market</i>	<b>63</b>	<b>24</b>	<b>83</b>	<b>100</b>
<i>SpareBank 1 Finans Nord-Norge</i>	<b>1</b>	<b>-1</b>	<b>5</b>	<b>7</b>
<i>Other group units</i>	<b>1</b>	<b>3</b>	<b>1</b>	<b>4</b>
Total individual write-downs	<b>75</b>	<b>27</b>	<b>101</b>	<b>127</b>
Collective write downs and other value change items	<b>26</b>	<b>25</b>	<b>-36</b>	<b>-40</b>
Total write-down on loans and guarantees	<b>101</b>	<b>52</b>	<b>65</b>	<b>87</b>

- The Group's total individual write-downs in Q4 are on an expected normalized level.
- Following FSA letter of December 2011, collective write-downs have been increased

# Securities



## Income from financial investments

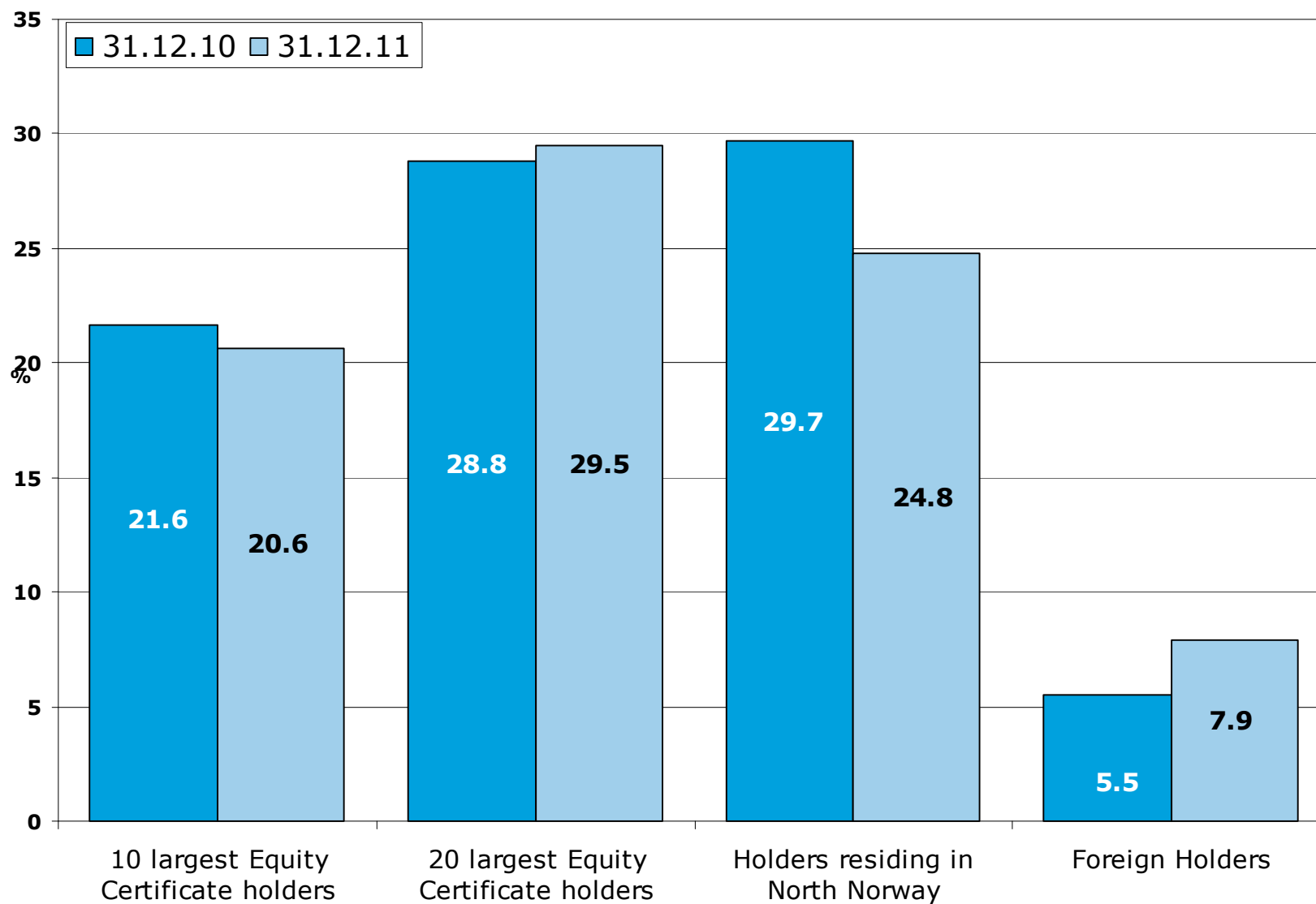
(Amounts in NOK million)

	<b>31.12.11</b>	31.12.10
Dividends	<b>14</b>	43
Income from joint ventures	<b>195</b>	251
Gains/losses and net value changes on shares	<b>15</b>	90
Gains/losses and net value changes on foreign exchange	<b>54</b>	32
Gains/losses and net value changes on certificates and bonds (incl. other financial derivatives)	<b>-3</b>	-12
<b>Income from financial investments</b>	<b>275</b>	404

# Equity certificate holders



# Equity Certificates (EC) - holder structure



## The 20 largest EC holders as at 31.12.11

Equity Certificate holders	Number of Equity Certificates	Share of total Equity Certificate capital
Pareto Aksjer Norge	3 353 468	5.06 %
Morgan Stanley & Co. Llc - Client account 1, Pareto Aktiv	1 622 879	2.45 %
Frank Mohn AS	1 540 783	2.33 %
Protector Eiendom AS	1 355 745	2.05 %
Tonsenhagen Forretningsentrum AS	1 175 052	1.77 %
SPBstiftelsen Sparebank 1 Nord-Norge	1 134 493	1.71 %
Morgan Stanley & Co. Llc - Client account 1, Framo Development AS	916 561	1.38 %
Nordea Bank Norge ASA	865 063	1.31 %
Pareto Verdi	848 925	1.28 %
Sparebanken Rogalands Pensjonskasse	825 736	1.25 %
Citibank N.A.	822 544	1.24 %
Forsvarets Personellservice	782 386	1.18 %
Sparebankstiftelsen DNBNOR	715 095	1.08 %
Goldman Sachs & Co.- Equity	620 854	0.94 %
Trond Mohn	545 614	0.82 %
Karl Ditlefsen, Tromsø	542 731	0.82 %
Terra Utbytte Verdipapirfond	509 354	0.77 %
Morgan Stanley & Co. Llc - Client account 2,	459 243	0.69 %
<b>SUM</b>	<b>19 541 767</b>	<b>29.52 %</b>

# Liquidity/funding



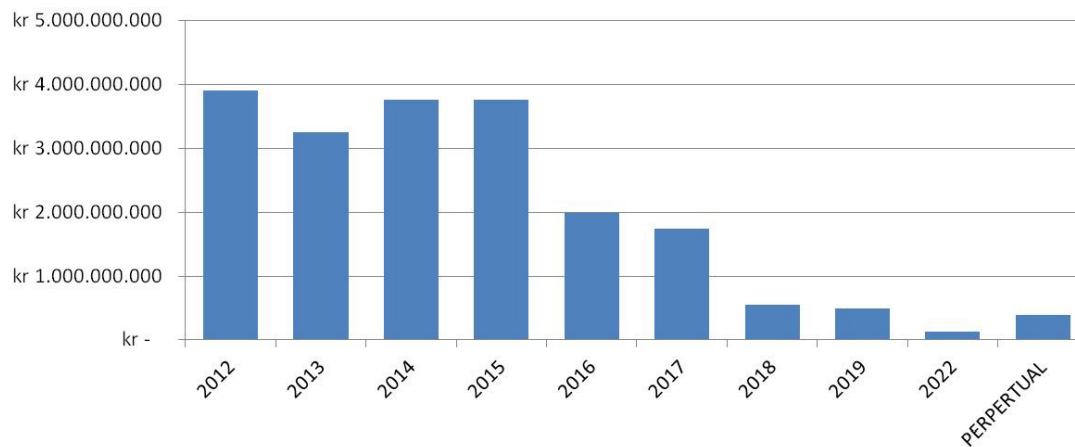
## Funding instruments/diversification, 31.12.11

Category	<1yr	>1yr	Sum
Lower Tier 2, NOK		1000	<b>1000</b>
EMTN, EUR	389	739	<b>1127</b>
Tier 1, Perpetual, USD		360	<b>360</b>
Senior Unsecured, NOK	2316	11308	<b>11898</b>
Government, F-loan	1000		<b>1000</b>
Financial Institutions, NOK		1726	<b>1726</b>
Government swap arr.	194	2368	<b>2562</b>
TOTAL, SHORT FUNDING	3898		
TOTAL, LONG FUNDING		15775	
TOTAL, ALL FUNDING			19673

# Funding and liquidity management

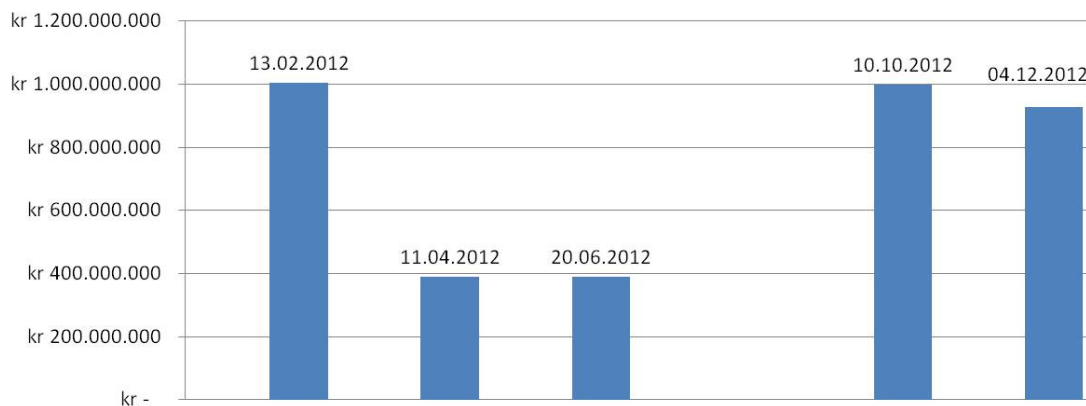
## Maturity profile of capital markets funding, 31.12.11

Maturity profile ex. SpareBank 1 Boligkreditt

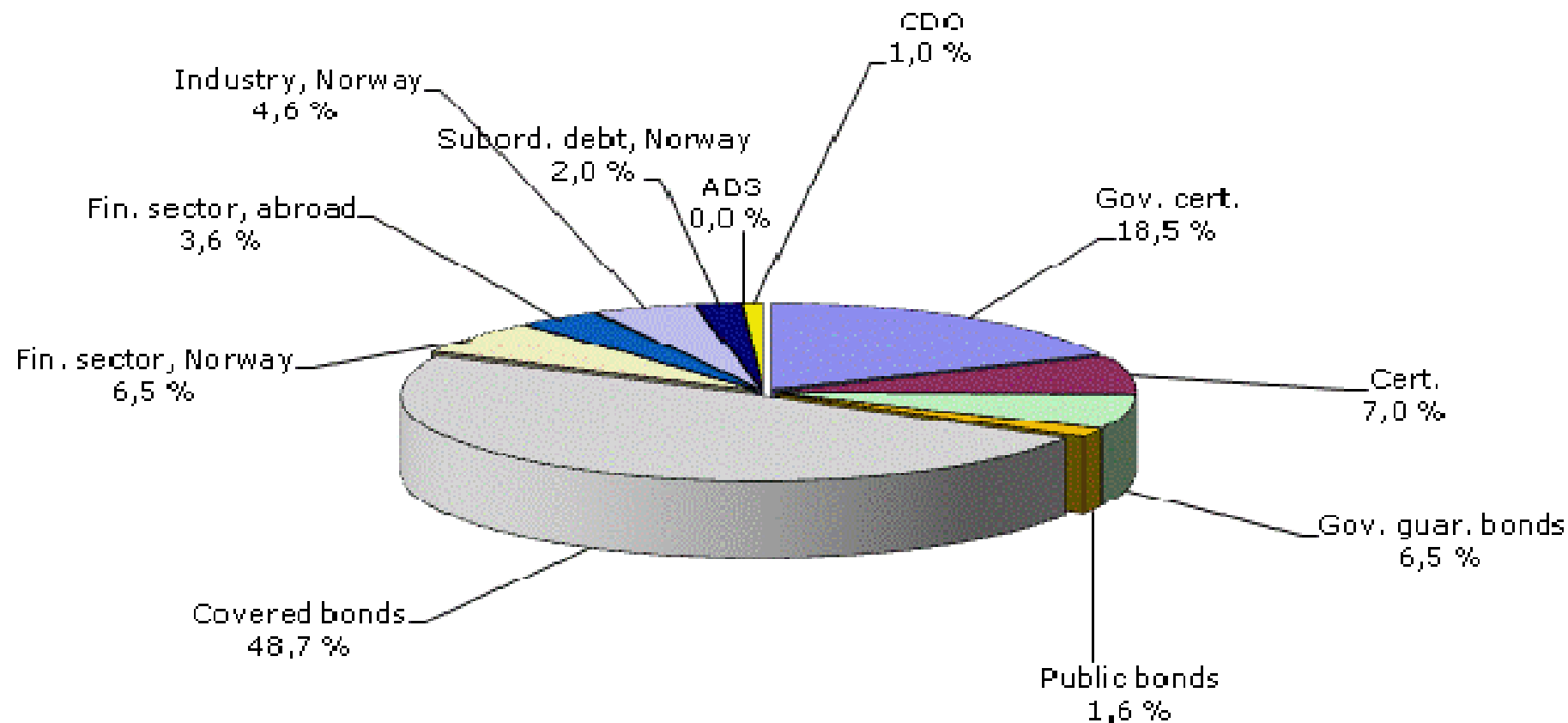


- Good diversification in terms of maturities.
- SpareBank 1 Boligkreditt is a substantial fundingsource, NOK 16.4 bn transferred as of 31.12.2011.
- Gross maturities of capital market funding in 2012 is NOK 3,9 bn.

Maturity profile 12 mth ex. SpareBank 1 Boligkreditt



## Interest-bearing portfolio



**Total portfolio 11,235 mnok**

# SpareBank 1 Nord-Norge 4th quarter report 2011

**Good result for 2011. Weak result for Q4 following writedowns in the equity portfolio. Continued good core operations. The bank's solvency continues to be very good.**

- Operating result before tax NOK 774 million (NOK 1 002 million).
  - Return on equity capital after tax 9.9 % (15.3 %).
  - Result per Equity Certificate (EC): NOK 3.60 (NOK 5.90).
- The underlying banking operations is good. Result from core operations after losses NOK 601 million (NOK 625 million adjusted for reduced pension costs).
- The total contribution to result from subsidiaries is NOK 81 million (NOK 67 million).
- Net result from financial investments NOK 275 million (NOK 404 million);
- Overall cost development under control. Cost income ratio: 54.2 % (46.8 %).
- Low losses on loans: Net losses totalled NOK 101 million (NOK 87 million).
- Lending growth during the last 12 months (including loans transferred to SpareBank 1 Boligkreditt): 7.4 % (7.2 %).
  - Retail banking market 6.1 %
  - Corporate banking market 10.5 %
- The accounts show a 12 month increase in lending of 5.3 per cent (1.8 per cent).
- Deposit growth last 12 months: 6.0 % (12.9 %)
- Overall deposit coverage ratio: 80.9 % (80.3 %).
- The Bank has a very good financial strength with the Group's core capital adequacy ratio at 11.8 %.
- Liquidity remains satisfactory.
- The Bank's equity was strengthened by NOK 568 million in the 2nd quarter through new certificate issues.
- Proposed payment of cash dividend: NOK 1.40 per Equity Certificate (5.75)

# Contact information

SpareBank 1 Nord-Norge  
P O Box 6800  
9298 Tromsø

---

CEO  
Hans Olav Karde  
Tel 901 51 981

Deputy CEO  
Oddmund Åsen  
Tel 906 72 757

CFO  
Rolf Eigil Bygdnes  
Tel 905 19 774

## Internet:

SNN home page and internet bank: [www.snn.no](http://www.snn.no)  
Hugin Online: [www.huginonline.no](http://www.huginonline.no)  
Equity capital certificates in general: [www.egenkapitalbevis.no](http://www.egenkapitalbevis.no)

## Financial calendar 2012

Q1 26. April  
Q2 9. August  
Q3 31. October

# Enclosures



## Summary – key figures

<b>Group</b>				
Amounts in NOK million	<b>31.12.11</b>	31.12.10	Change	Change %
<b>RESULT</b>				
Result before tax	<b>774</b>	1 002	- 228	-22.8%
<b>STATEMENT OF FINANCIAL POSITION</b>				
Total assets	<b>71 131</b>	68 780	2 351	3.4%
Gross lending	<b>51 641</b>	49 046	2 595	5.3%
Deposits from customers	<b>41 765</b>	39 389	2 376	6.0%
<b>KEY FIGURES</b>				
Core capital adequacy ratio	<b>11.8%</b>	10.9%		0.9%
After-tax return on equity capital	<b>9.9%</b>	15.3%		-5.3%
Cost/income	<b>54.2%</b>	46.8%		7.4%
Manyear	<b>794</b>	788	6	
<b>Parent bank</b>				
Result per Equity Certificate	<b>3.08</b>	4.32	-1.23	

## Total commission and other income

(in NOK million)	4Q11	3Q11	2Q11	1Q11	4Q10	Per 4Q	
						2011	2010
Guarantee commissions	5	4	4	4	4	17	15
Interbank commissions	5	6	5	5	7	21	33
Credit arrangement fee	4	4	3	3	4	14	15
Arrangement fee from SpareBank 1 Boligkreditt	13	16	20	24	19	73	89
Arrangement fee from SpareBank 1 NN Finans	1	0	1	0	0	2	2
Securities trading, administration and trust department services	17	11	13	11	14	52	47
Payment transmission services	53	56	49	48	51	206	203
Brokerage commission	12	21	20	15	16	68	73
Insurance services	27	26	24	24	27	101	100
Other commission income	6	2	1	4	5	13	13
<b>Total commissions income</b>	<b>143</b>	<b>146</b>	<b>140</b>	<b>138</b>	<b>147</b>	<b>567</b>	<b>590</b>
Operating- and sales income real estate	3	0	10	1	2	14	6
Other operating income	3	0	2	0	1	5	2
<b>Total other operating income</b>	<b>6</b>	<b>0</b>	<b>12</b>	<b>1</b>	<b>3</b>	<b>19</b>	<b>8</b>
Commission expenses	24	19	18	19	22	80	85
<b>Total commissions and other income</b>	<b>125</b>	<b>127</b>	<b>134</b>	<b>120</b>	<b>128</b>	<b>506</b>	<b>513</b>

## Group operating costs

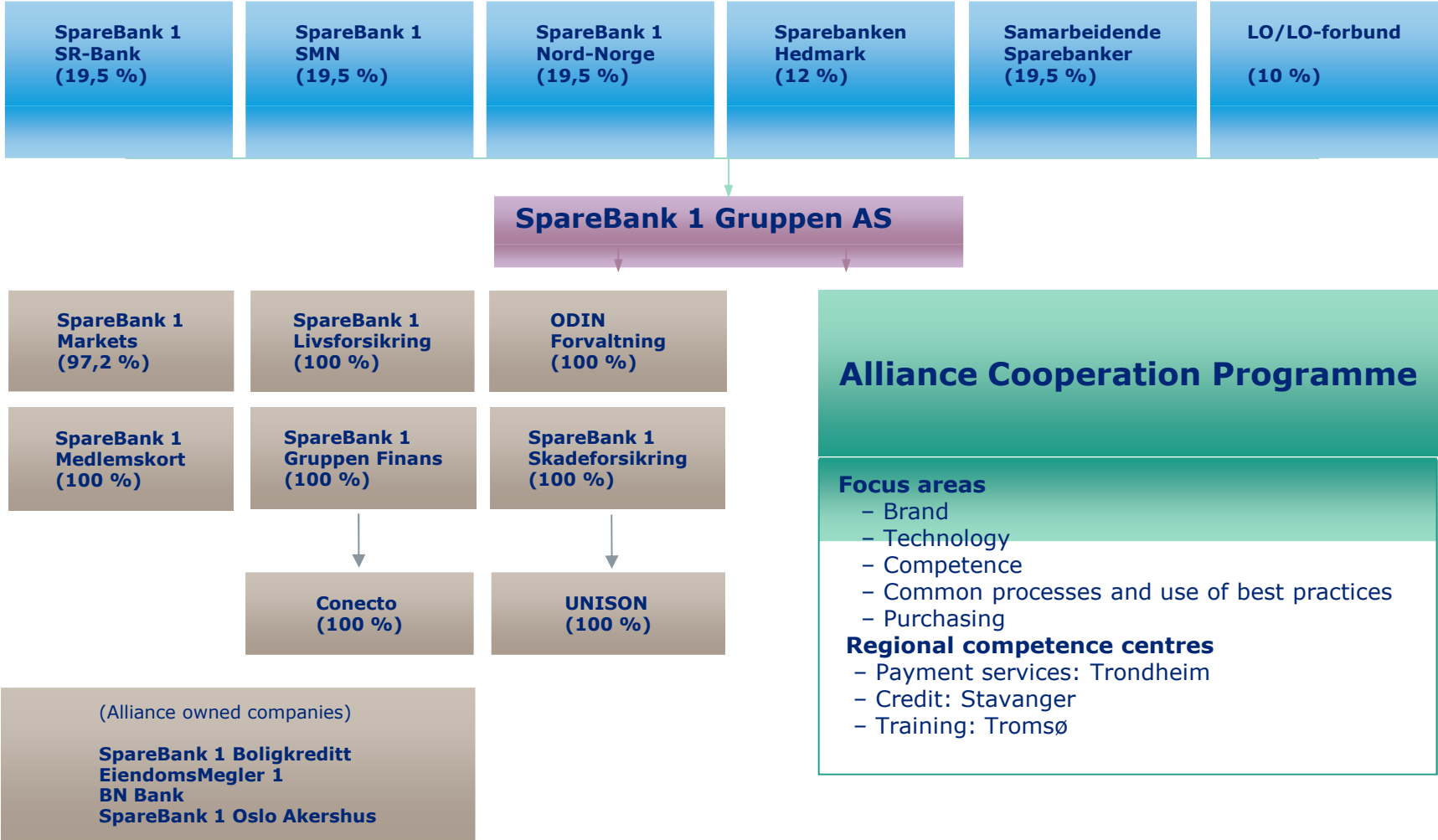
(in NOK million)	4Q11	3Q11	2Q11	1Q11	4Q10	Per 4Q	
						2011	2010
Wages and salaries	121	112	106	99	140	438	450
Pension costs	5	9	6	9	3	29	-16
Social costs	15	10	11	11	9	47	43
<b>Total personnel expenses</b>	<b>141</b>	<b>131</b>	<b>123</b>	<b>119</b>	<b>152</b>	<b>514</b>	<b>477</b>
Development costs	24	23	23	20	23	90	80
Electronic data processing costs	11	16	13	12	11	52	48
Marketing costs	17	12	21	13	18	63	56
Travel - and training costs	16	7	8	10	8	41	32
Communications	3	4	3	0	2	10	13
Postage	3	3	2	4	3	12	12
Consultancy services	4	4	7	3	5	18	14
Cost involving the handling of cash	3	3	4	3	3	13	13
Office-related costs	3	3	3	2	3	11	11
Collection costs	1	0	1	1	0	3	2
Ordinary depreciation	15	11	12	11	12	49	45
Operating costs buildings	6	5	2	6	8	19	17
Rent paid - premises and bank buildings	9	10	12	8	12	39	38
Operating costs - premises	6	3	6	9	-3	24	23
Other operating costs	15	17	21	25	19	78	76
<b>Other expenses</b>	<b>136</b>	<b>121</b>	<b>138</b>	<b>127</b>	<b>124</b>	<b>522</b>	<b>480</b>
<b>Total operating expenses</b>	<b>277</b>	<b>252</b>	<b>261</b>	<b>246</b>	<b>276</b>	<b>1 036</b>	<b>957</b>

## Quarterly Summary – operating costs

(Amounts in NOK million)	<b>4Q11</b>	3Q11	2Q11	1Q11	4Q10
Wages and salaries	<b>121</b>	112	106	99	140
Pension costs	<b>5</b>	9	6	9	3
Social costs	<b>15</b>	10	11	11	9
Total personnel costs	<b>141</b>	131	123	119	152
Administration costs	<b>85</b>	75	85	68	77
costs	<b>226</b>	206	208	187	229
Depreciation and write-downs of fixed assets	<b>13</b>	11	12	11	12
Operating costs buildings	<b>6</b>	5	3	5	-4
Other operating costs	<b>32</b>	30	38	43	39
Total operating costs	<b>38</b>	35	41	48	35
Total costs	<b>277</b>	252	261	246	276

# SpareBank 1 Group and Alliance

# The Alliance structure



# The SpareBank 1 Alliance

## The SpareBank 1 Alliance - Key numbers

- 15 saving banks
- 2 alliance owned commercial banks
  - BN Bank og SpareBank 1 Oslo Akershus
- Total assets (pro forma): ca NOK 712 billion (30.09.11)
- Number of branches: 351
- Number of employees (full-time equivalents): ca 6 300 (2011)
- Number of internet customers approx 600.000

## SpareBank 1 - banks:

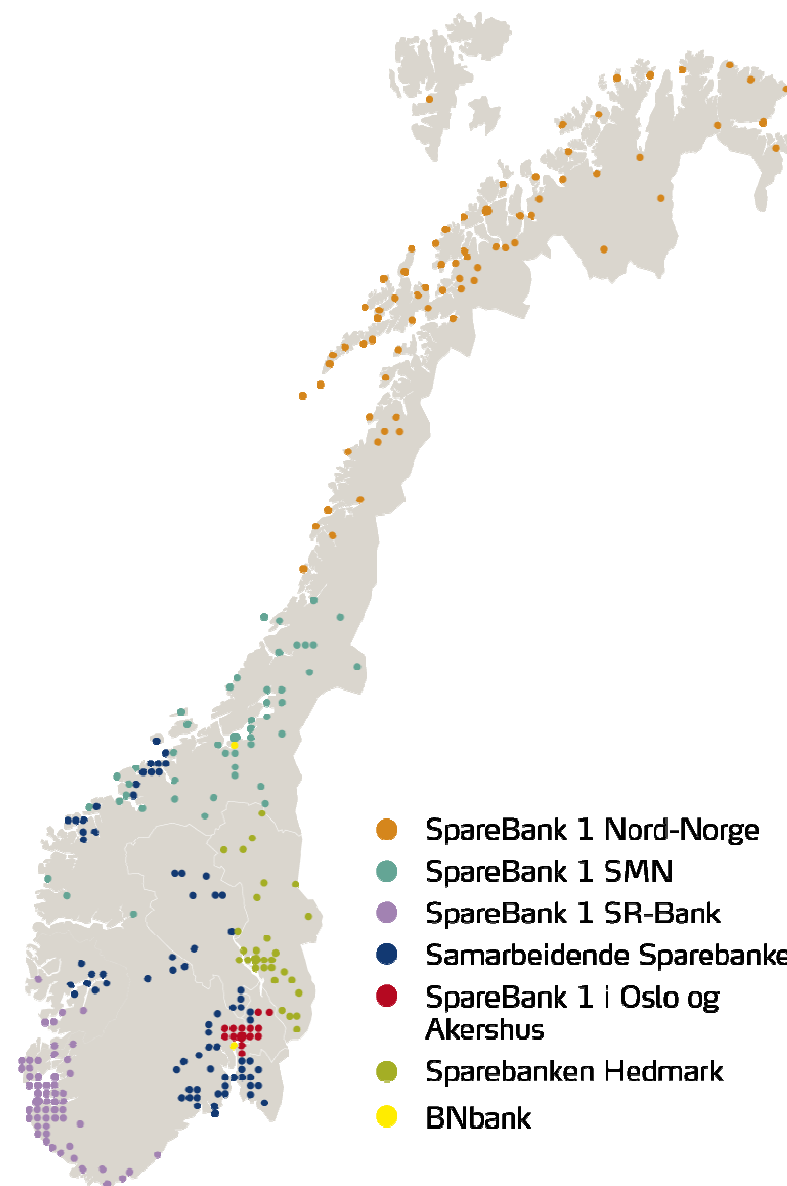
SpareBank 1 Nord-Norge, SpareBank 1 SMN, SpareBank 1 SR-Bank, Sparebanken Hedmark, SpareBank 1 Ringerike Hadeland, SpareBank 1 Hallingdal Valdres, SpareBank 1 Buskerud-Vestfold, SpareBank 1 Gudbrandsdal, SpareBank 1 Nordvest, SpareBank 1 Østfold Akershus, SpareBank 1 Telemark, SpareBank 1 Modum, SpareBank 1 Lom og Skjåk, SpareBank 1 Nøtterøy og Tønsberg, SpareBank 1 Søre Sunnmøre, SpareBank 1 Oslo Akershus og BN Bank.

## Subsidiaries of SpareBank 1 Gruppen AS:

SpareBank 1 Livsforsikring, SpareBank 1 Skadeforsikring (including Unison Forsikring), ODIN Forvaltning, SpareBank 1 Markets (97,2 %) and SpareBank 1 Gruppen Finans (100%) – including Conecto (100 %).

## Alliance owned companies:

SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, SpareBank 1 Oslo Akershus, BN Bank and EiendomsMegler 1.





Bank. Forsikring. Og deg.