

Presentation of 1st Quarter Report 2013



SpareBank 1 Nord-Norge Group

Vision: For Nord-Norge!



Head office:

Tromsø

Organisation:

Regional offices:

5 regions

Hammerfest

Tromsø

Harstad

Bodø

Mo i Rana

Branches:

74

Man-years Group:

873

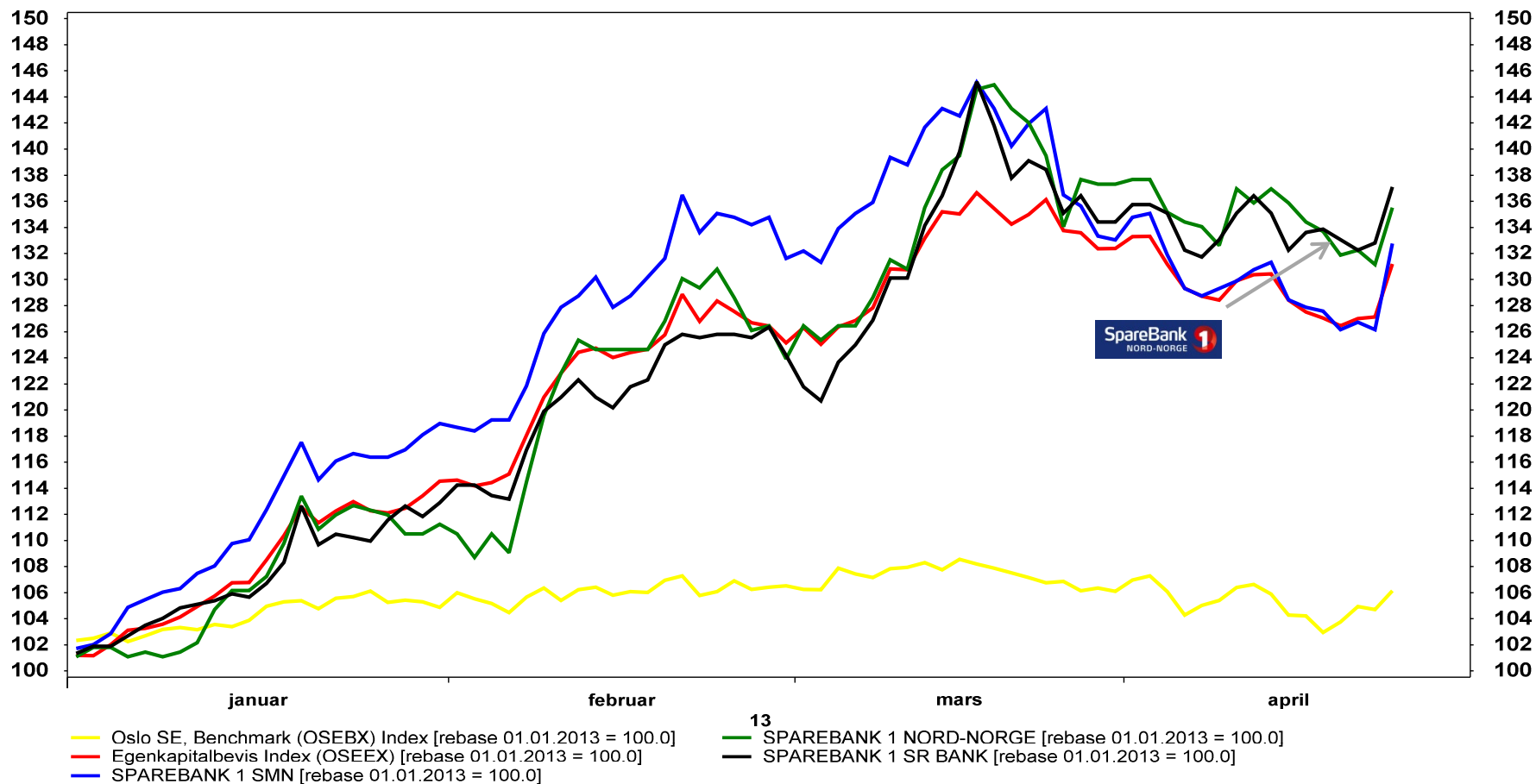
Man-years parent bank:

656

Interim report for Q1 2013 – Group

- Continuing good macroeconomic situation in Northern Norway
- Return on equity after tax; 11.3 % (12.1 %)
- Good core banking operations
- Increased interest margin within the corporate market is under implementation. Increased interest margin retail market with effect from end of April. Reduced deposit interest rates with effect from May/June
- Loan losses NOK 40 mill (42 mill)
- 12 month lending growth 8.5 % (10.1%) including intermediary loans
- 12 month deposit growth 9.0 % (0.7 %). Deposit to loan ratio: 80.9 % (77.9 %)
- Very good liquidity.
- Satisfactory financial strength.
- Organisational changes is strengthening the bank's position as northern Norway's own bank

Market value NONG - 2013



Market value NONG - 2013

Profit NONG 2013: + 38,48 % (as at 24.04.13)



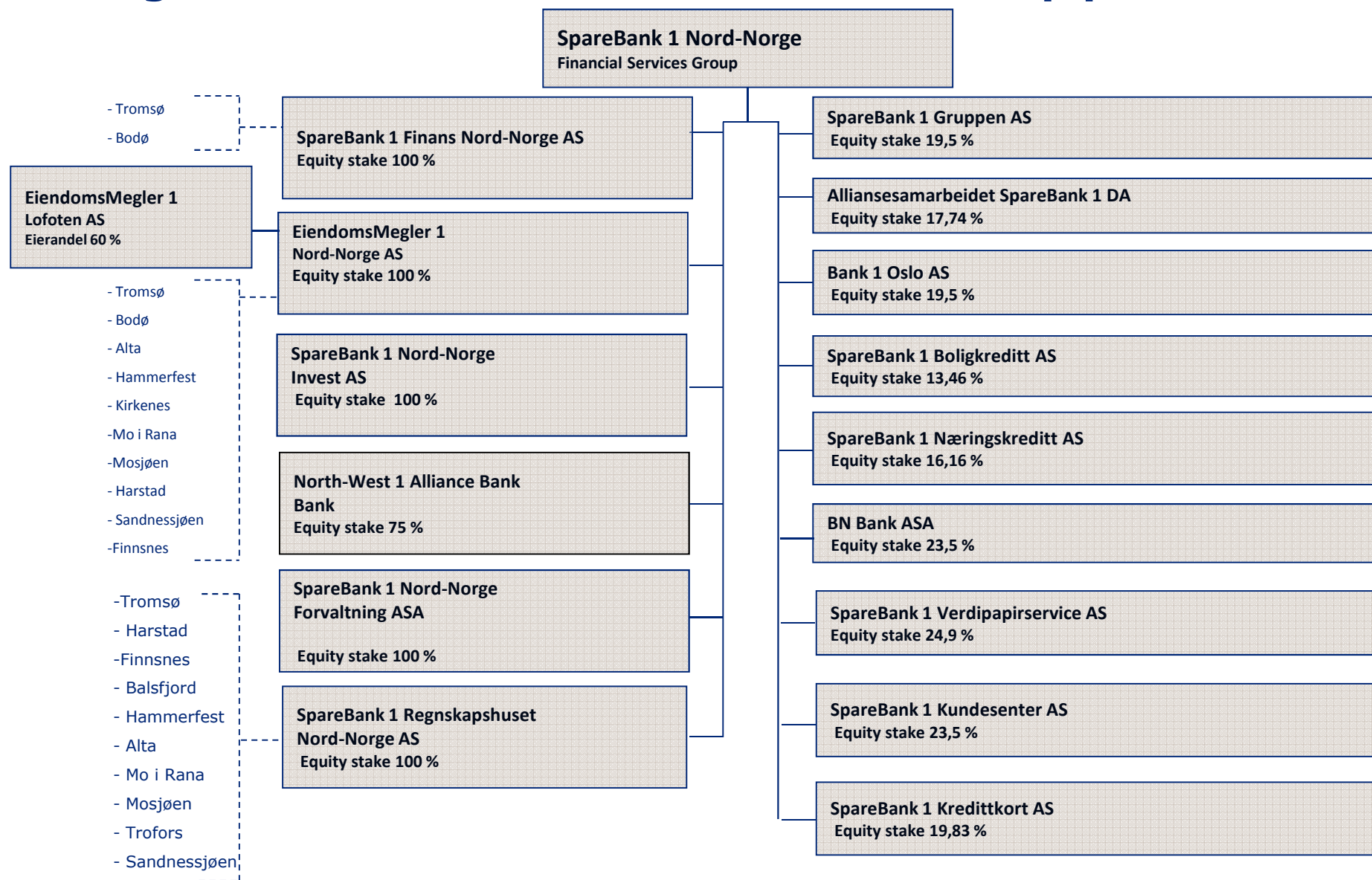
Northern Norway – current economic status

High activity level, growth and optimism

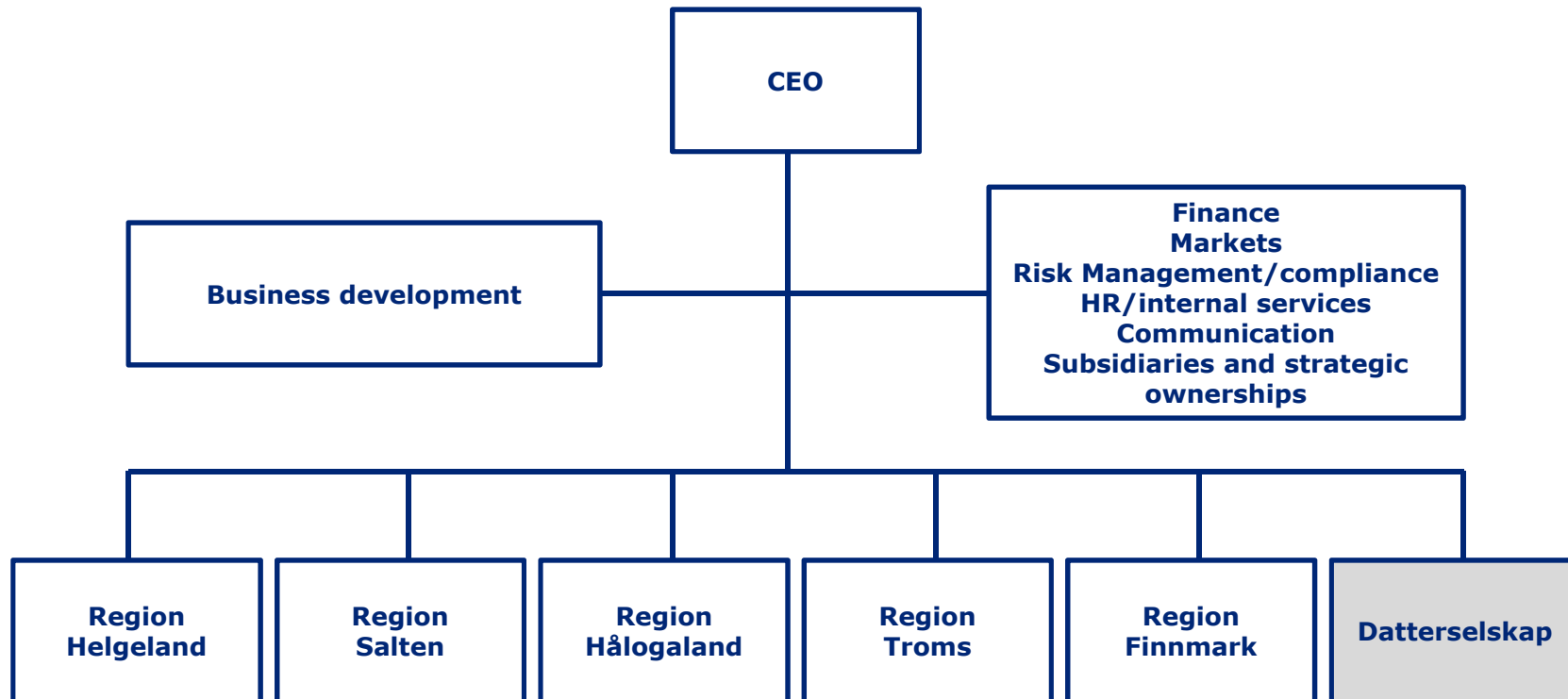
- Seafood; high production and prices for salmon - weak markets for cod
- Oil and gas activities moving North, oil services as well
- Mining and mineral sector expect slowdown in international markets
- Construction – all time high order reserves
- Tourist industry turning from mass market to high-value experience
- Growth in population 0.8 % in 2012
- Labour immigration – both domestic and from Europe
- Very low jobless rate – 2.9 % March 2013



Organisation of the financial services Group per 31.03.13



New organisation



- Increased business and customer orientation of the top management team
- Delegation of authority
- Simplified decision making processes
- Decisions are being made closer to the customer

The changes clarify the bank's position as northern Norway's own bank. SpareBank 1 Nord-Norge is strengthening the regional link to the important decisions

Financial targets

Capital adequacy ratio

- CET-1 12.5 % or higher in 2015

Profitability

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

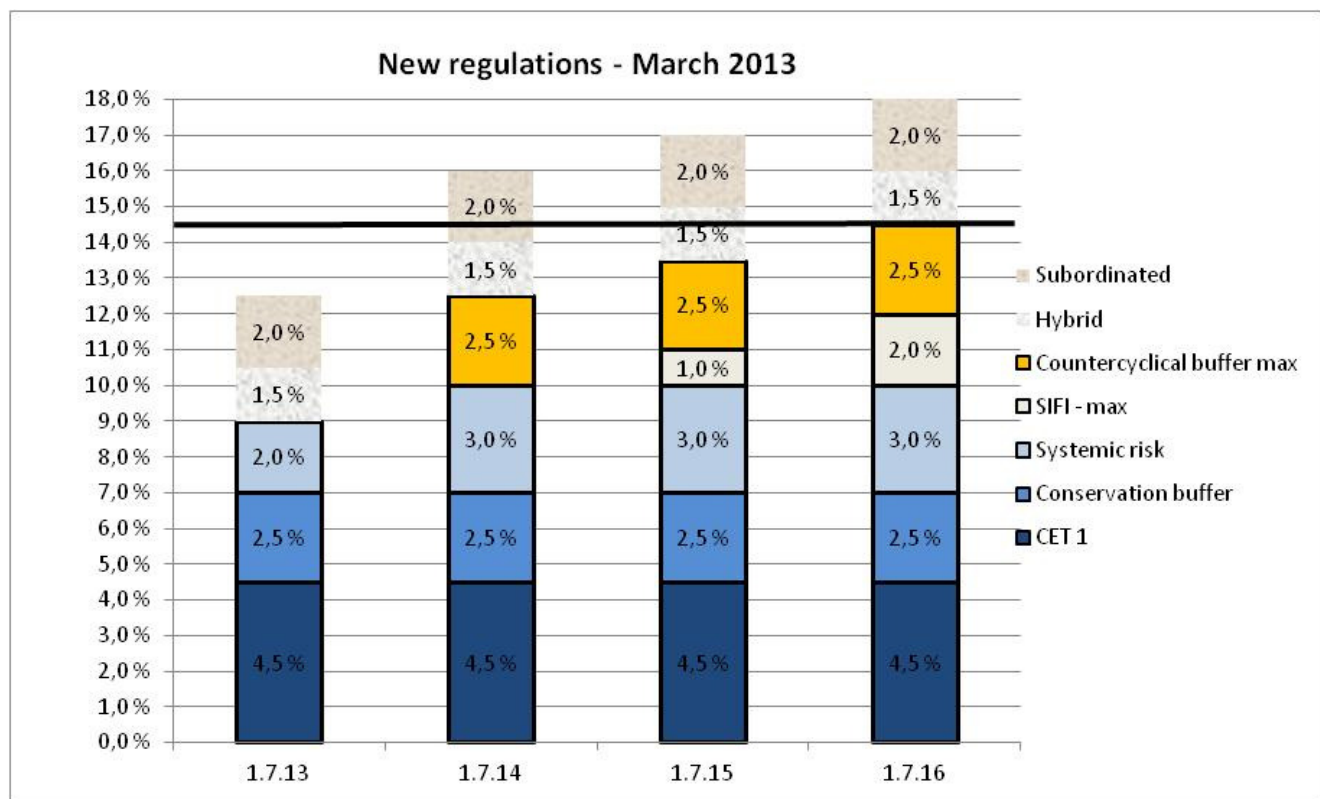
Effectiveness

- Yearly average increase in costs shall be 2 % maximum
- The Parent bank cost ratio shall be comparable to that of bank peers

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 – new regulations

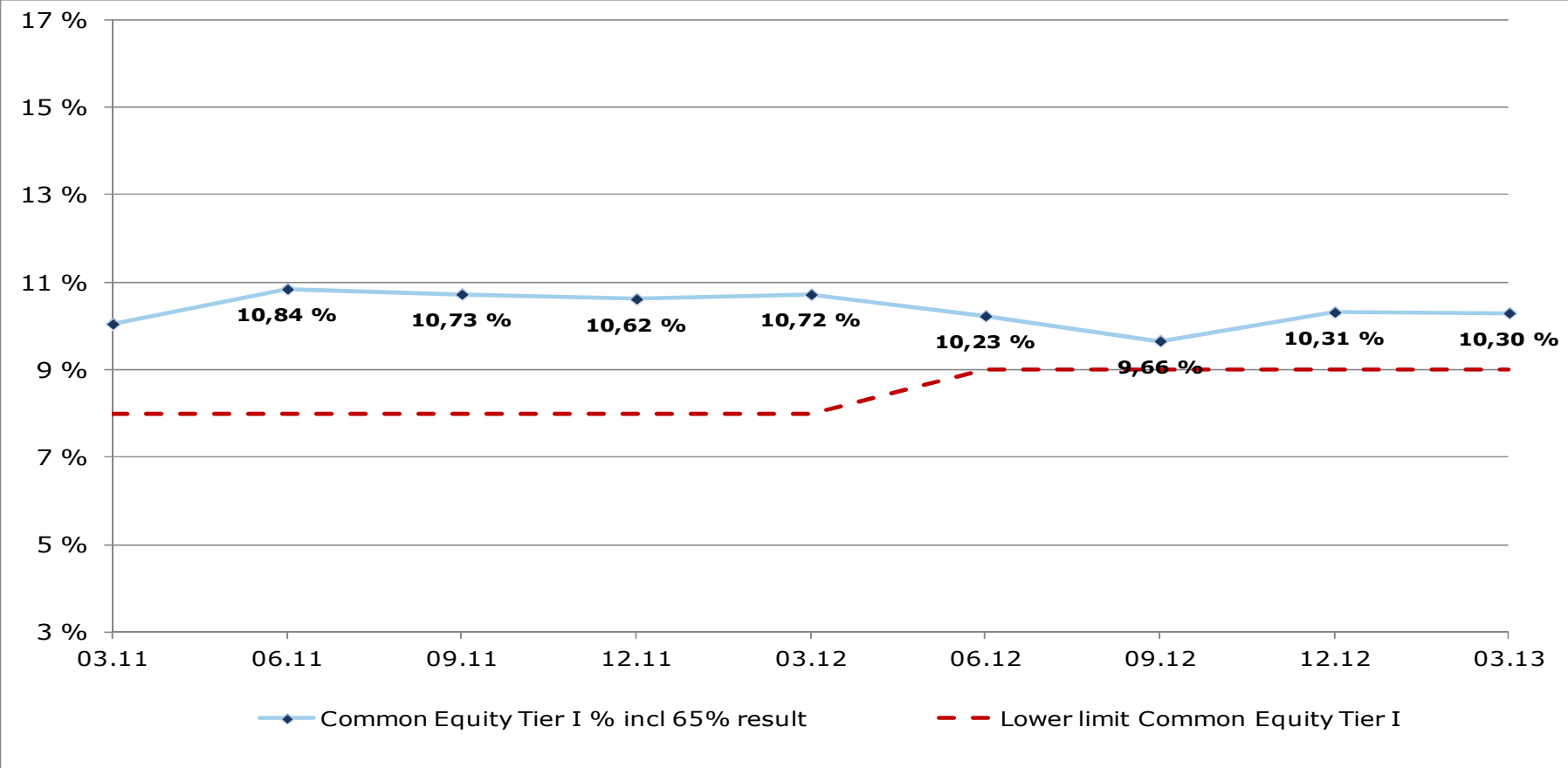


FINANSTILSYNET
THE FINANCIAL SUPERVISORY
AUTHORITY OF NORWAY

...“From 2013 the Board of Directors in the financial institutions are requested to decide upon their *long-term minimum goal for Common Tier 1 capital adequacy*”

The Board of Directors of SpareBank 1 Nord-Norge will review the bank’s capital adequacy goal in connection with the ICAAP process in 2013

Capital adequacy ratio - Group



Capital adequacy - Group

- SpareBank 1 Nord-Norge shall maintain incontestable financial strength and satisfy the defined minimum requirements for capital at all times. Current financial strength target: Common Equity Tier 1 (CET 1) of 12.5% or higher in 2015. The long term CET 1 target will be review in 2013.
- The bank's financial strength is deemed to be satisfactory at present. Further measures are planned to achieve the capital adequacy target, including:
 - Various measures for increasing earnings, including increased margins on loans
 - Reduced lending growth, especially in the corporate market
 - Application for IRBA approval
 - Measures to increase utilisation of capital
 - Reduction of the bank's stake in SpareBank 1 Oslo Akershus (completed early 2013)
 - Utilisation of capital allocated to Sparebankstiftelsen SpareBank 1 Nord-Norge
 - Reduced payout ratio
 - New equity will only be raised if a satisfactory return on new equity can be obtained
 - Other measures

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Profit and loss account - Group

Result for the period

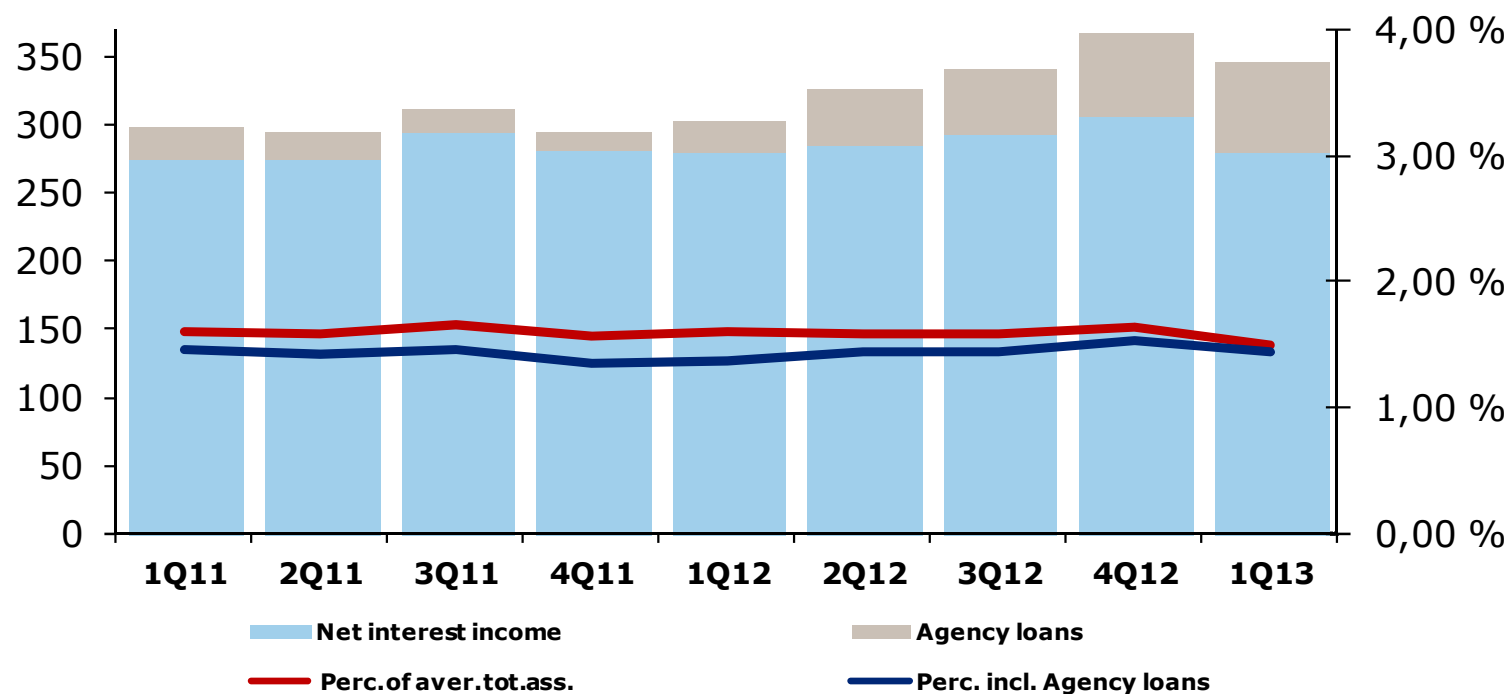
(Amounts in NOK million)

	31.03.13	31.03.12
Net interest income	280	281
Net fee-, commision and other operating income	198	126
Net income from financial investments	91	149
Total net income	569	556
Total costs	294	282
Result before losses and write-downs	275	274
Net losses and write-downs	40	42
Result before tax	235	232
Tax	39	38
Minority interests	0	0
Result for the period	196	194
Return on equity capital	11,3 %	12,1 %

Quarterly summary – Profit and loss account figures

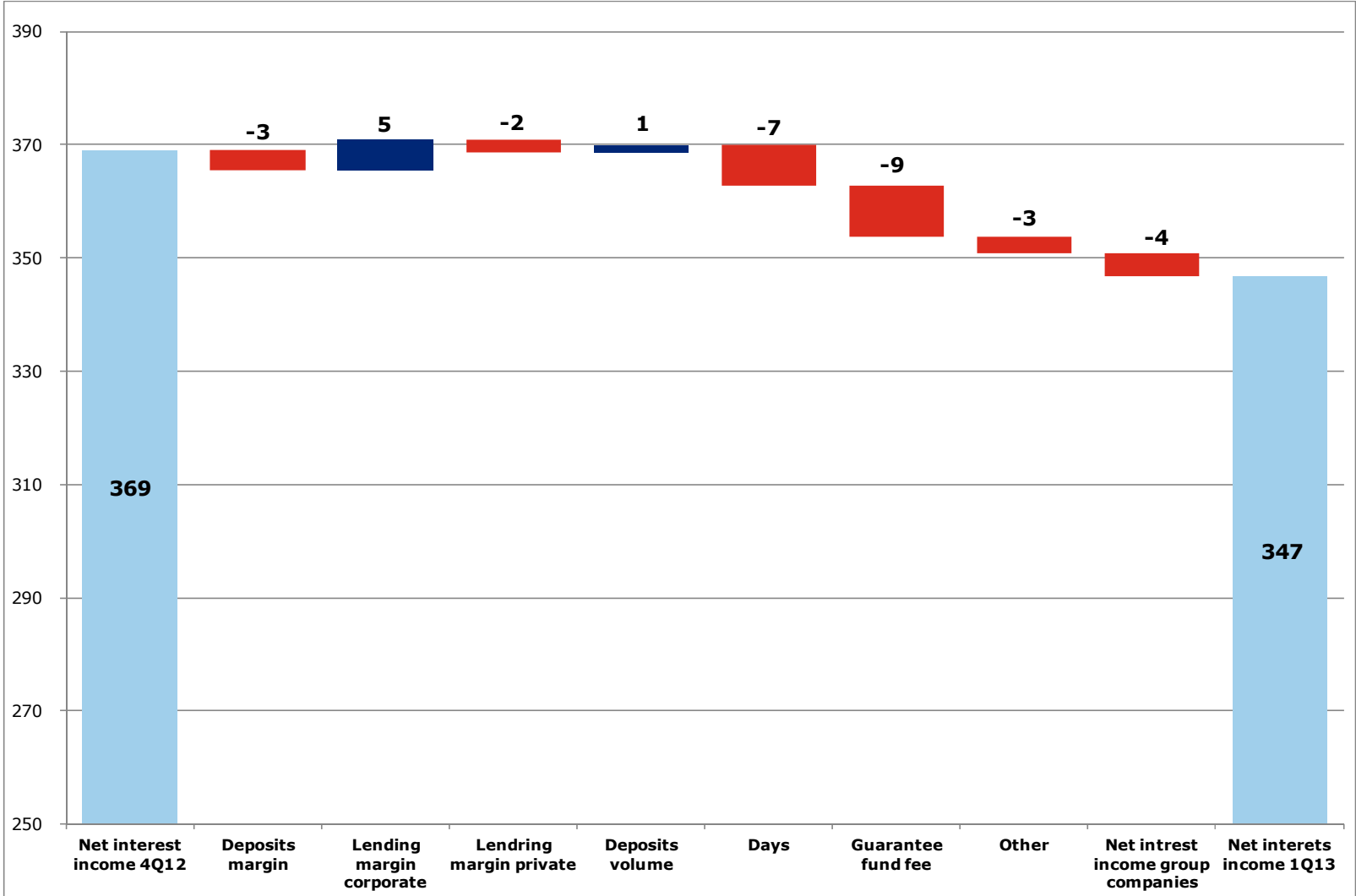
(Amounts in NOK million)	1Q13	4Q12	3Q12	2Q12	1Q12
Net interest income	280	307	293	285	281
Net fee-, commision and other operating income	198	202	172	156	126
Net income from financial investments	91	30	79	2	149
Total net income	569	539	544	443	556
Total costs	294	295	266	277	282
Result before losses and write-downs	275	244	278	166	274
Net losses and write-downs	40	32	115	6	42
Result before tax	235	212	163	160	232
Return on equity capital	11,3 %	9,3 %	8,4 %	6,4 %	12,1 %
Cost/income	51,7 %	54,7 %	48,9 %	62,5 %	50,7 %

Net interest income - Group



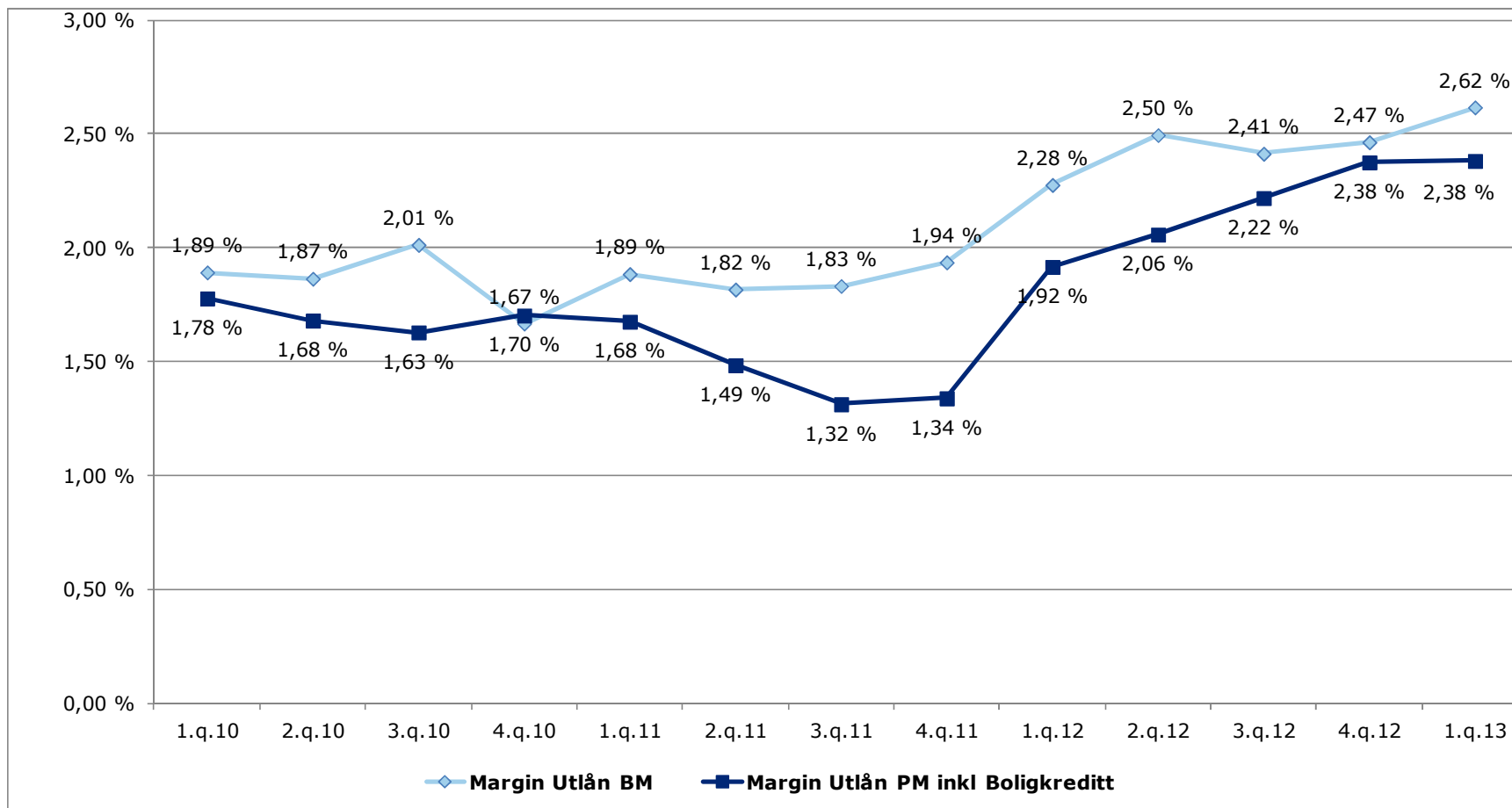
	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Net interest income	275	276	296	282	281	285	293	307	280
Agency loans	24	20	16	13	23	42	48	62	67
Perc. of aver. tot. ass.	1,61 %	1,59 %	1,65 %	1,57 %	1,59 %	1,58 %	1,58 %	1,64 %	1,50 %
Perc. incl. Agency loans	1,45 %	1,42 %	1,46 %	1,36 %	1,38 %	1,43 %	1,44 %	1,54 %	1,43 %

Changes in net interest income 4q12 to 1q13



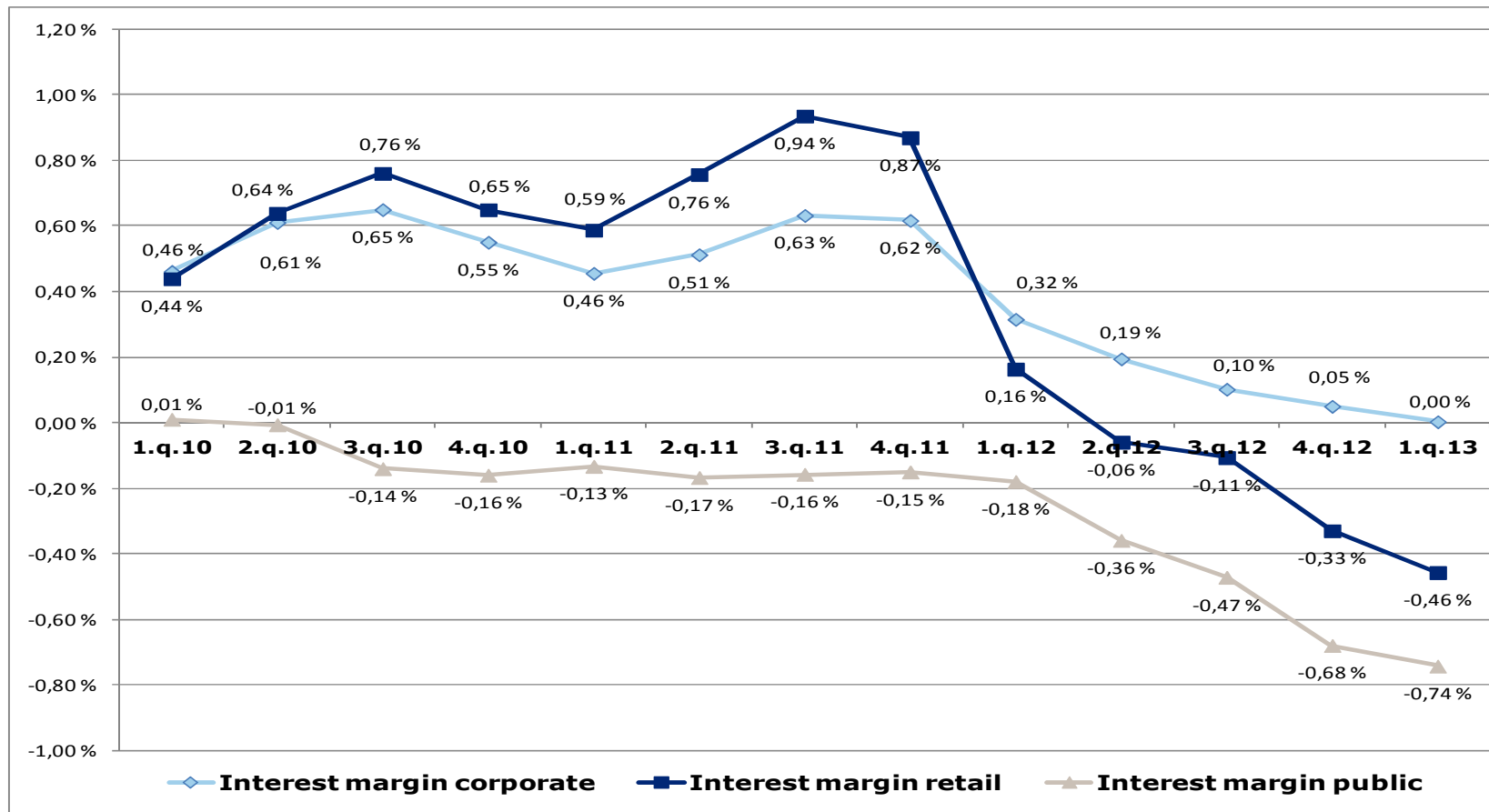
* Measured against average funding cost

Lending margin, Parent bank



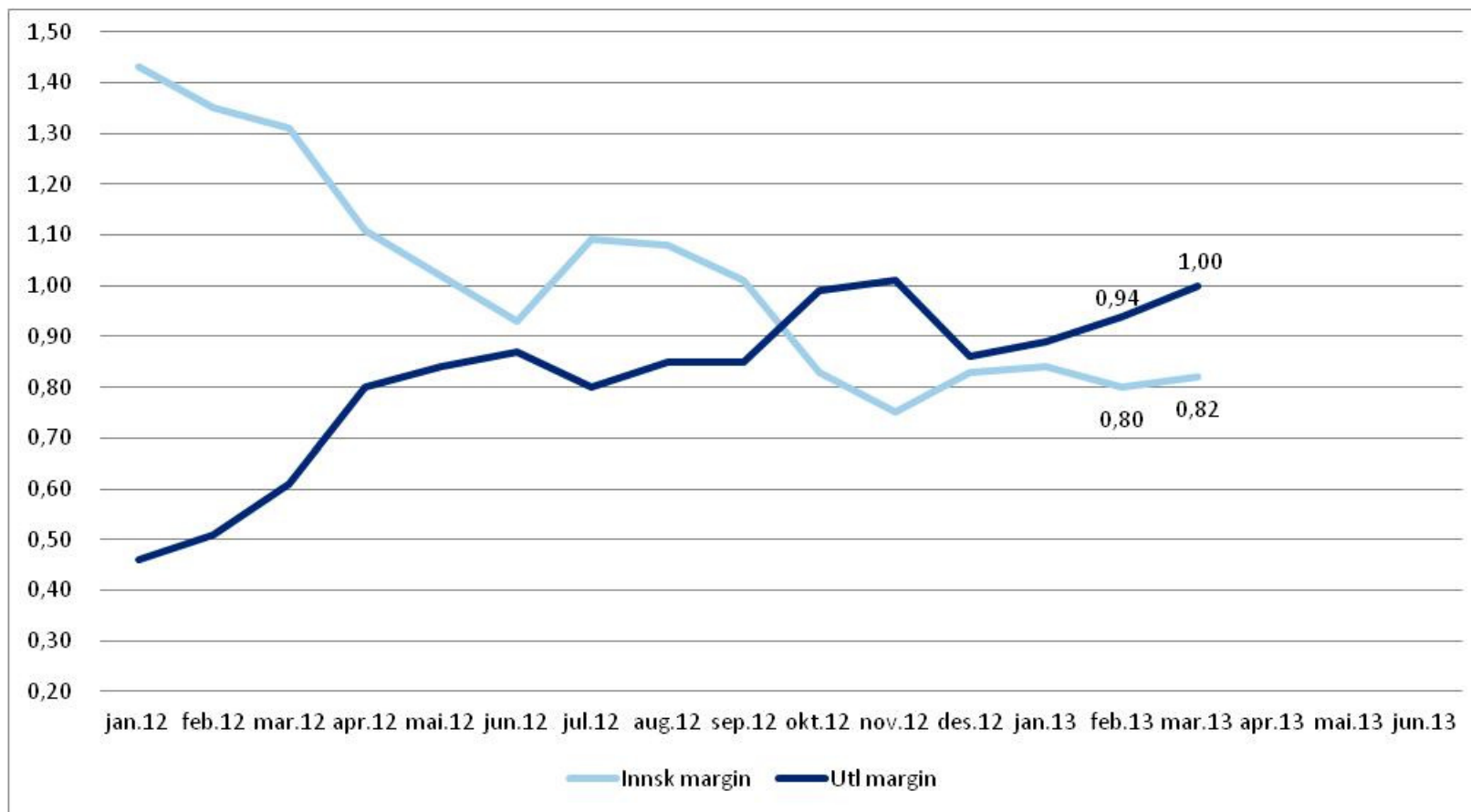
The interest margin is defined as the difference between the customer lending (deposit) interest rate and average 3 month NIBOR

Customer deposit, Parent bank



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

Margin development



Measured against average funding cost

Net fee, commission and other operating income

(Amounts in NOK million)	1Q13	4Q12	3Q12	2Q12	1Q12
Guarantee commissions	6	7	8	7	5
Other fee- and commission income	185	190	171	162	136
Fee- and commission income	191	197	179	169	141
Fee- and commission costs	10	15	19	19	21
Net fee- and commission income	181	182	160	150	120
Other operating income	16	19	10	5	5
Operating- and sales income real estate	1	1	2	1	1
Total commissions and other income	17	20	12	6	6
Net fee-, commission and other operating income	198	202	172	156	126

Income from financial investments

(Amounts in NOK million)

	31.03.13	31.03.12
Dividends	1	2
Income from joint ventures	89	81
Gains/losses and net value changes on shares	5	6
Gains/losses and net value changes on foreign exchange	8	12
Gains/losses and net value changes on certificates and bonds (incl. other financial derivatives)	-12	48
Income from financial investments	91	149

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

(Amounts in NOK million)	1Q13	4Q12	3Q12	2Q12	1Q12
Net interest income	280	307	293	285	281
Net fee- and commission income	181	182	160	150	120
Other operating income	17	20	12	6	6
Total costs	294	295	266	277	282
Underlying banking operations	184	214	199	164	125
Net losses and write-downs	40	32	115	6	42
Underlying banking operations after losses	144	182	84	158	83

Group companies result before tax

(Amounts in NOK million)

	31.03.13	31.03.12
SpareBank 1 Finans Nord-Norge AS	20 694	15 734
SpareBank 1 Nord-Norge Invest AS	-9 627	-1 574
SpareBank 1 Regnskapshuset Nord-Norge AS	4 163	266
EiendomsMegler 1 Nord-Norge AS	3 738	3 220
SpareBank 1 Nord-Norge Forvaltning ASA	249	297
North-West 1 Alliance Bank	- 741	21
EiendomsMegler 1 Lofoten AS (owned by EM1 60%)	- 54	0
Total	18 476	17 964

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Effectiveness

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- The Parent bank cost ratio shall be comparable to that of bank peers

Top-line growth

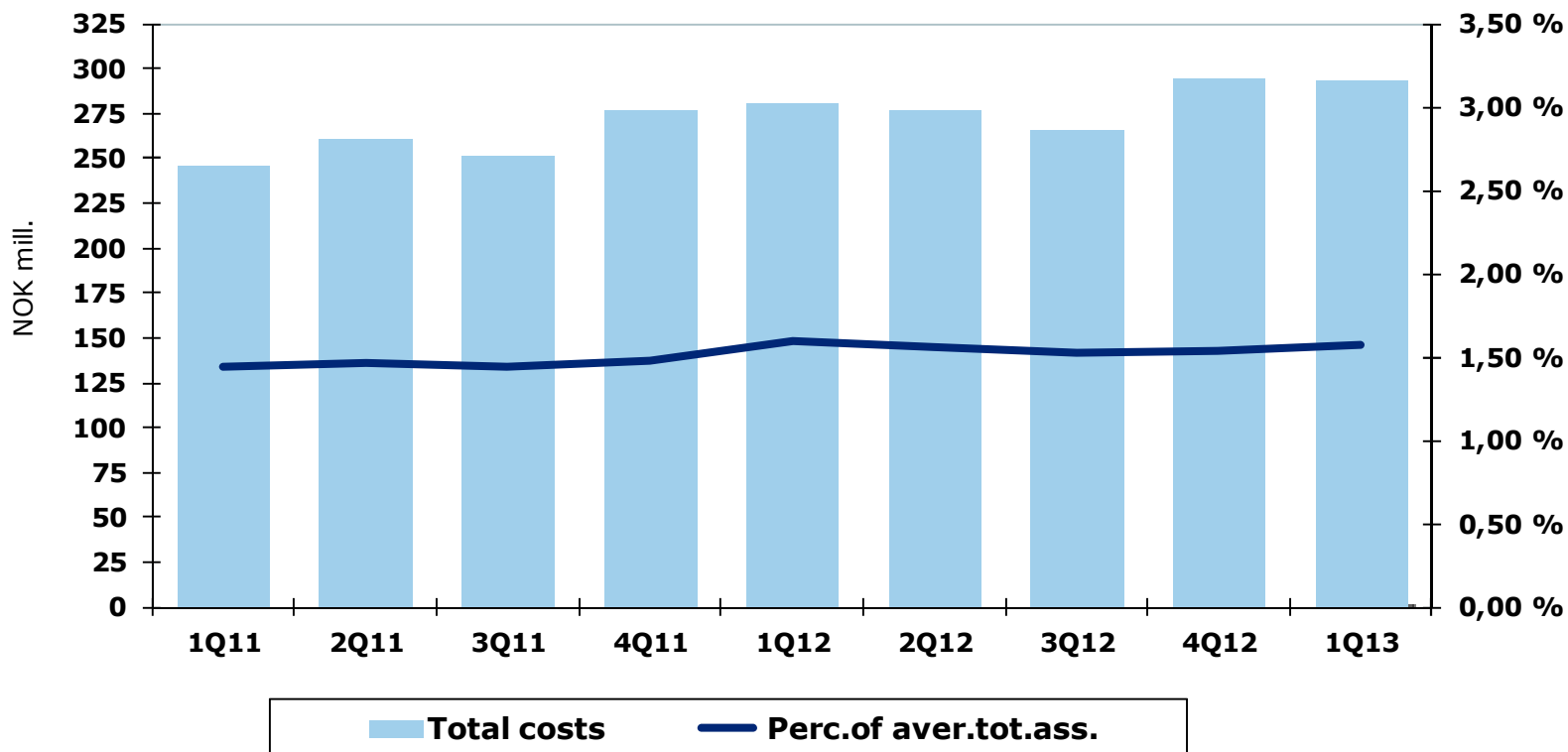
- The growth in interest contribution and provisions is targeted to be 2 percentage points above the growth in operating costs

Group operating costs

(Amounts in NOK million)

	31.03.13	31.03.12	Change
Wages and salaries	129	114	15
Pension costs	9	9	0
Social costs	13	10	3
Total personnel costs	151	133	18
Administration costs	84	84	0
Total personnel- and general administration costs	235	217	18
Depreciation and write-downs of fixed assets	14	13	1
Total operating costs	59	65	- 6
Total costs	294	282	12

Group operating costs



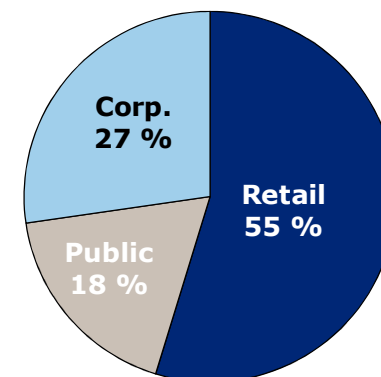
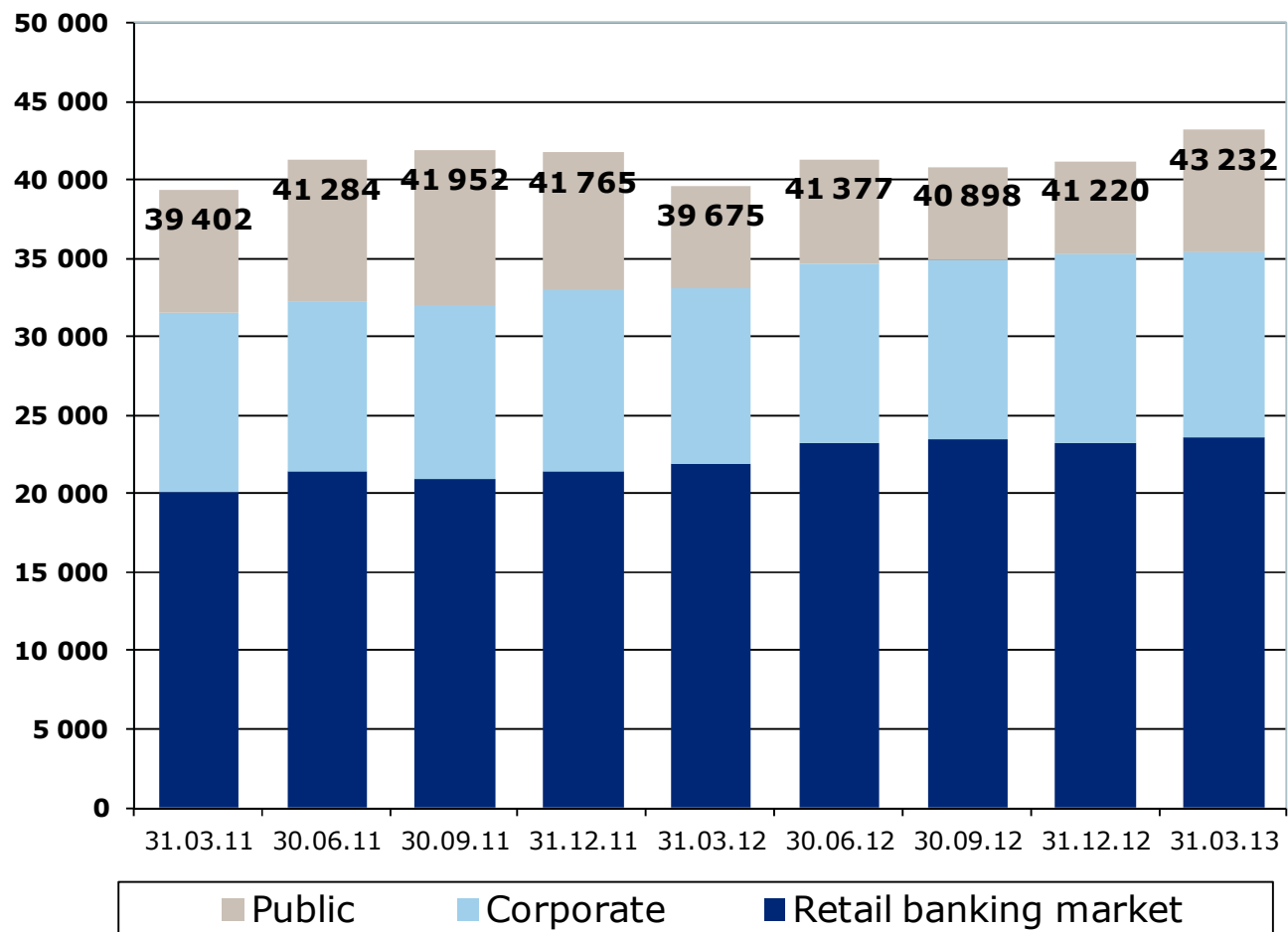
	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Total costs	246	261	252	277	282	277	266	295	294
Perc.of aver.tot.ass.	1,44 %	1,46 %	1,44 %	1,47 %	1,60 %	1,56 %	1,52 %	1,54 %	1,57 %

Key figures balance sheet

(Amounts in NOK million)

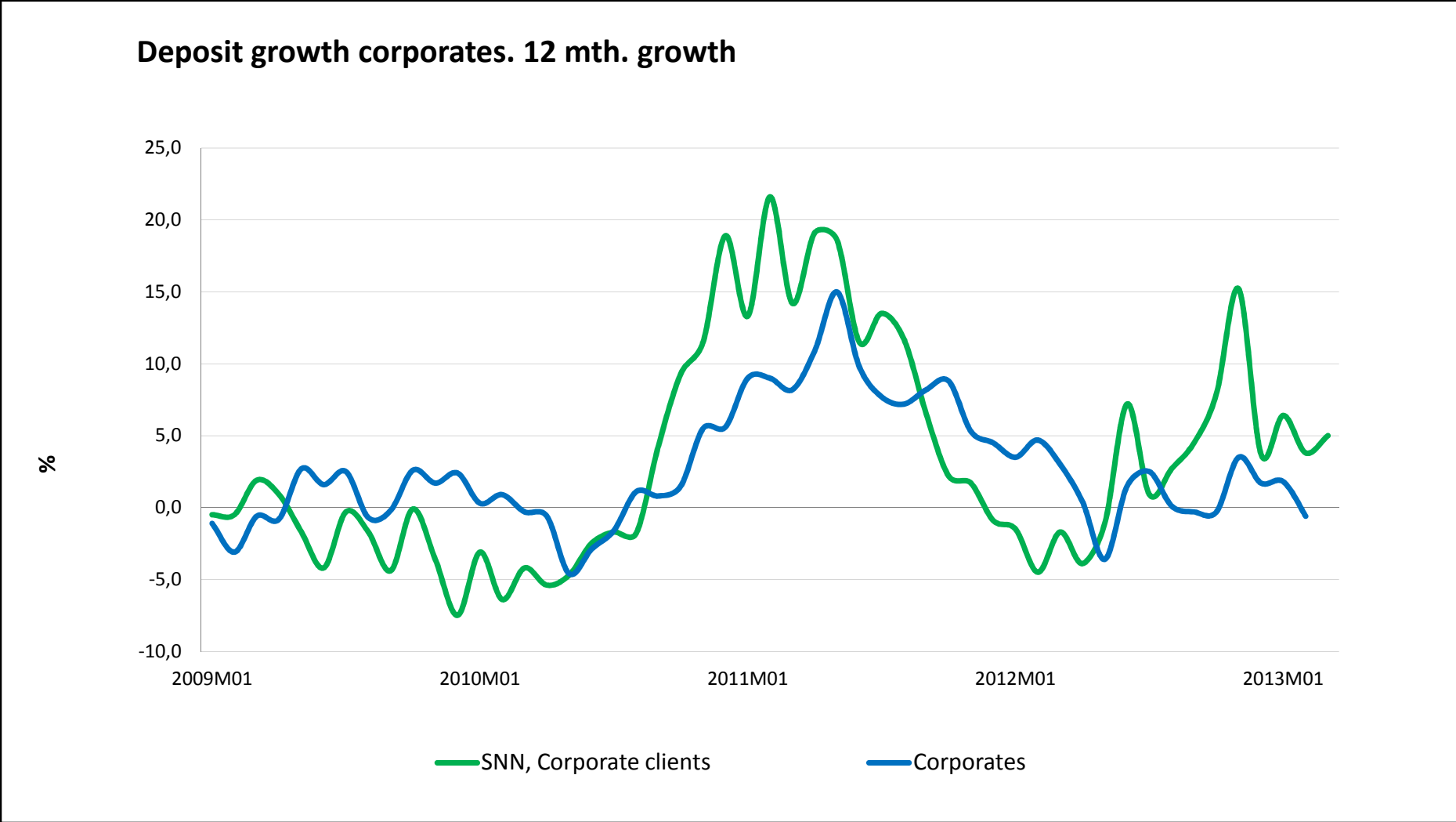
	31.03.13	31.03.12	Change	Change %
Total assets	74 484	69 997	4 487	6,4%
Gross lending	53 441	50 941	2 500	4,9%
Loans and advances to customers including agency loans	75 956	69 978	5 978	8,5%
Deposits from customers	43 232	39 675	3 557	9,0%

Deposit volume



Deposit coverage ratio as at 31.03.13: 80,9 %

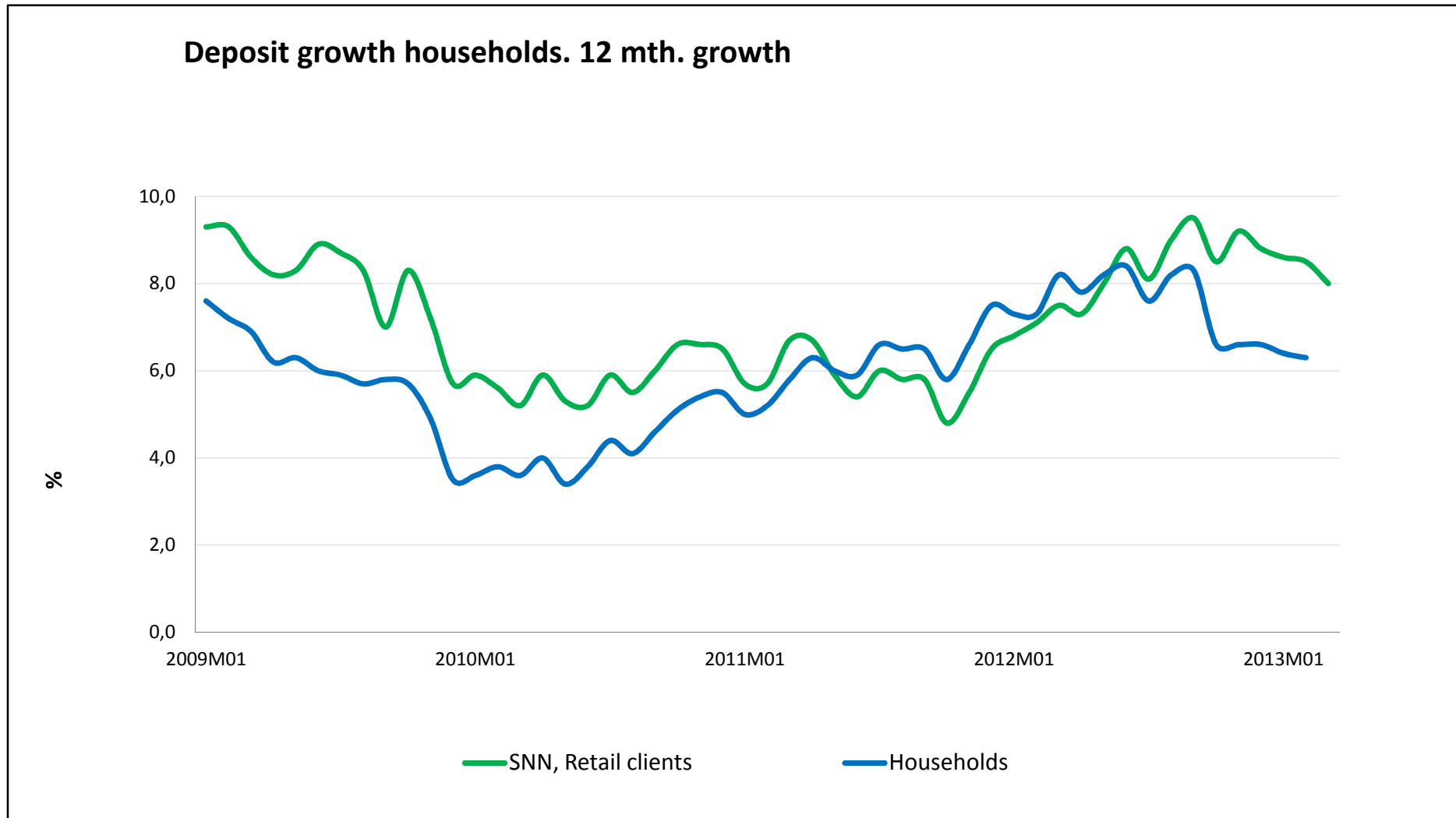
Deposit growth corporates Parent Bank



Source: Statistisk Sentralbyrå, The money supply M2, March 2013 & SNN Bare, March 2013

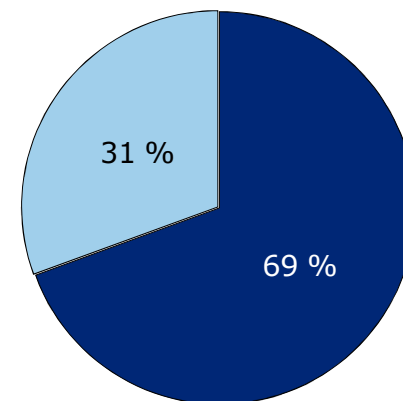
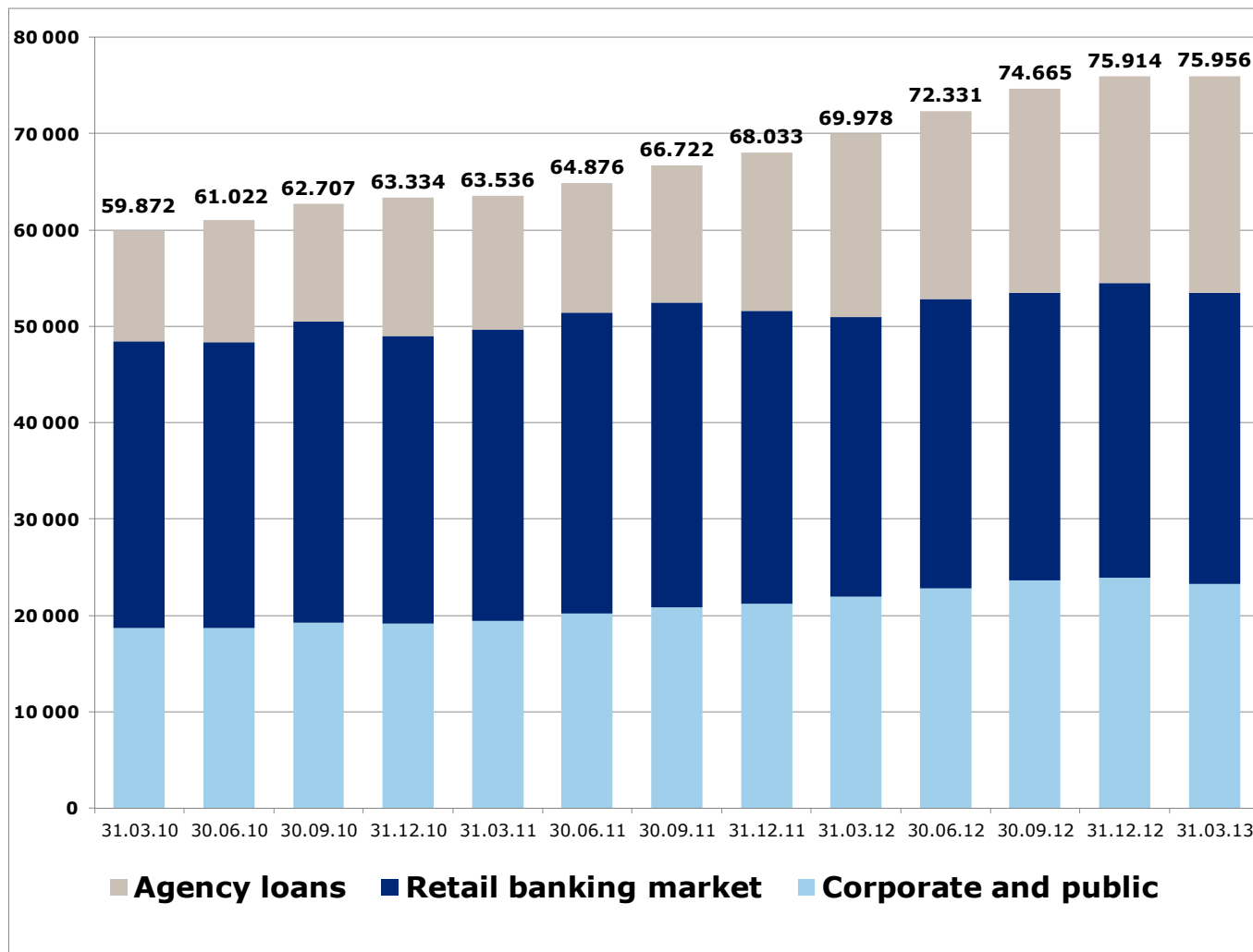
Deposit growth households

Parent Bank

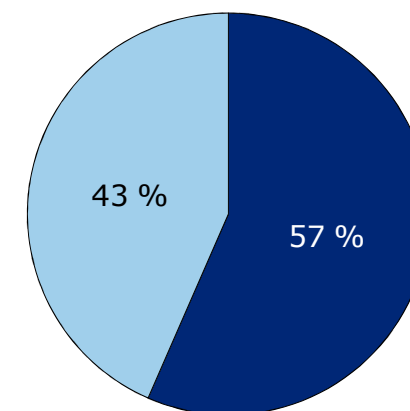


Source: Statistisk Sentralbyrå, The money supply M2, March 2013 & SNN Bare, March 2013

Lending volume



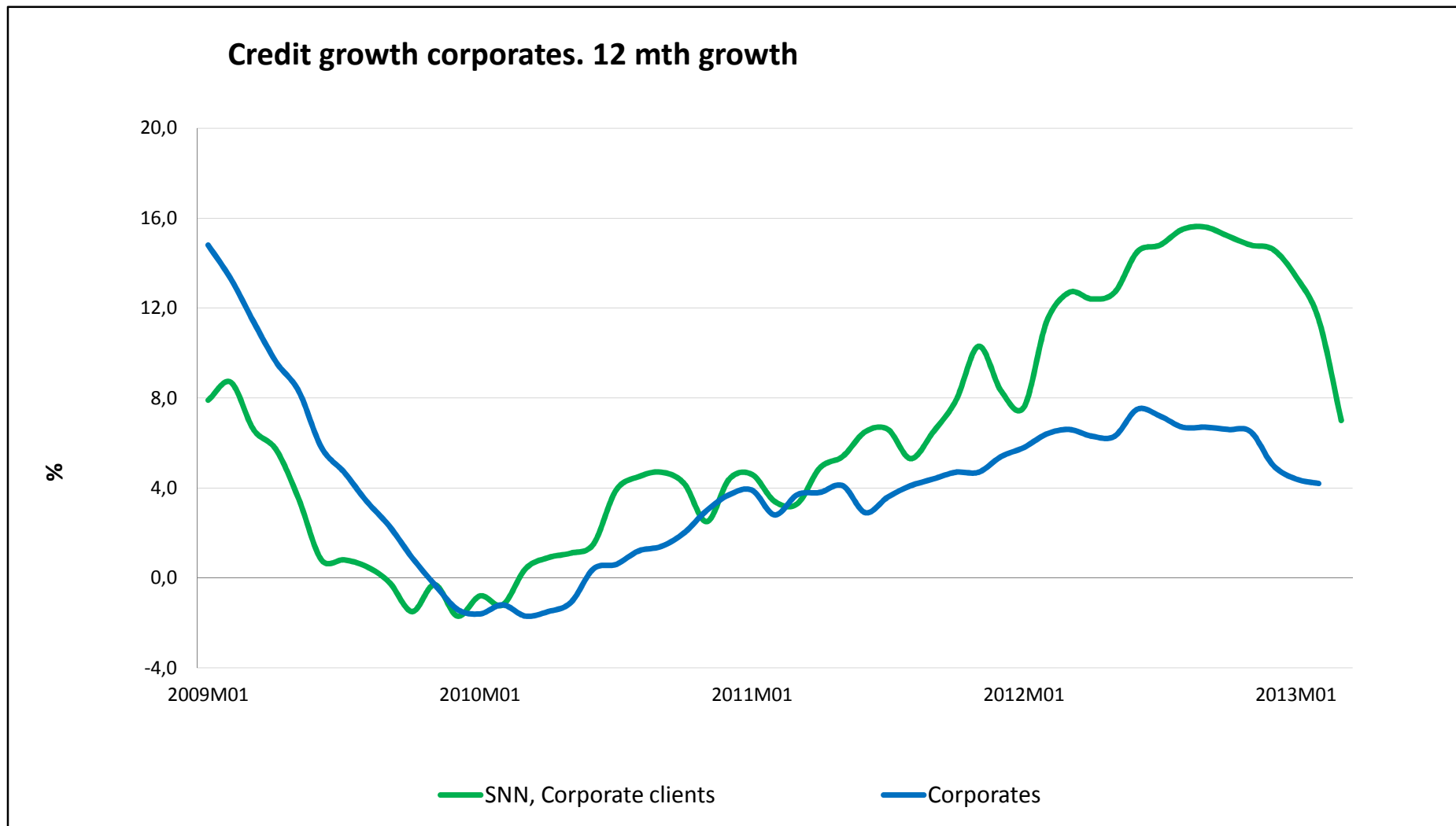
■ Retail incl. agency loans
□ Corp/ Pub



■ Retail excl. agency loans
□ Corp/ Pub

Credit growth corporates

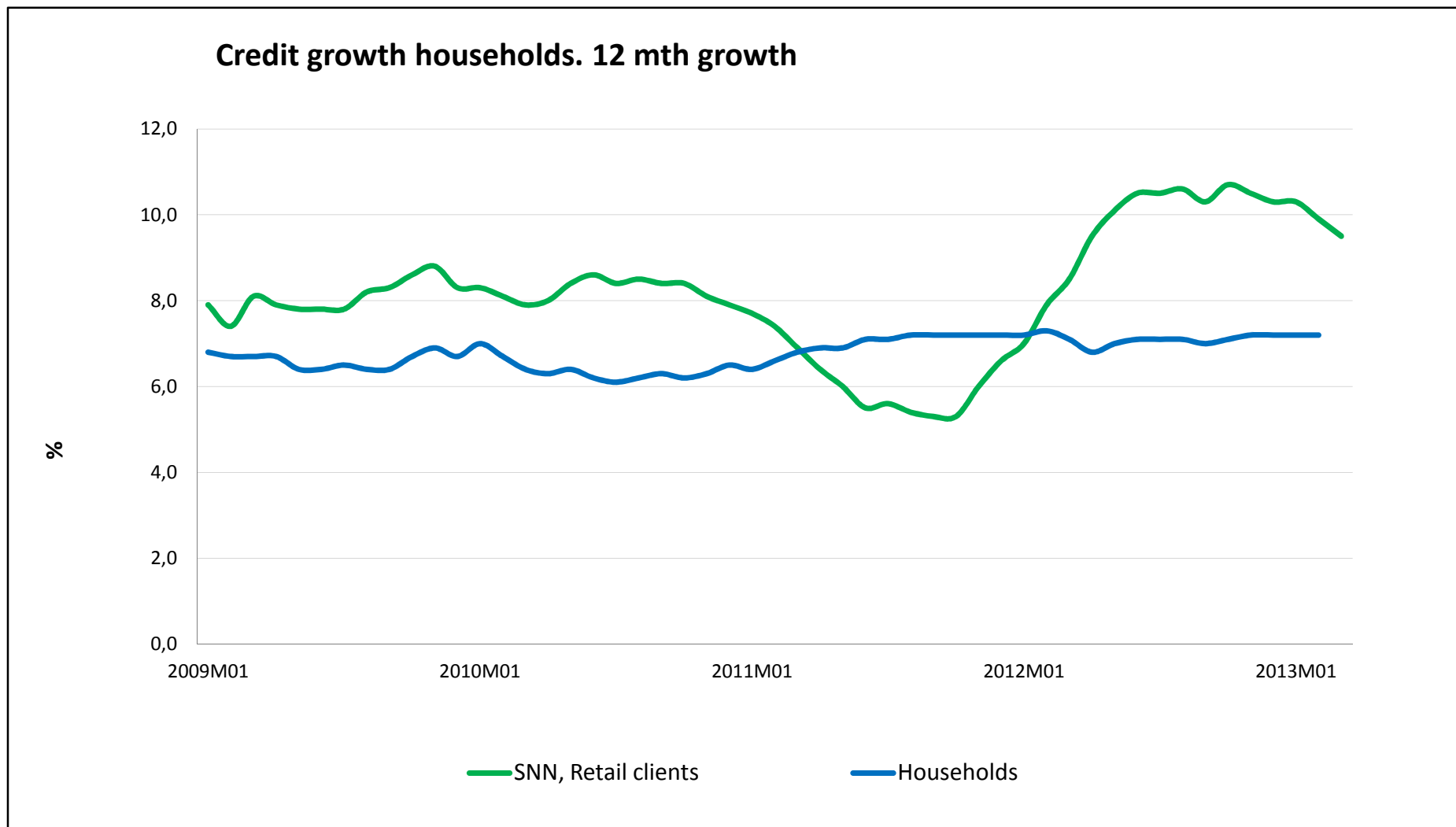
Parent Bank



Source: Statistisk Sentralbyrå, The credit indicator C2, March 2013 & SNN Bare, March 2013

Credit growth households

Parent Bank



Source: Statistisk Sentralbyrå, The credit indicator C2, March 2013 & SNN Bare, March 2013

Credit area

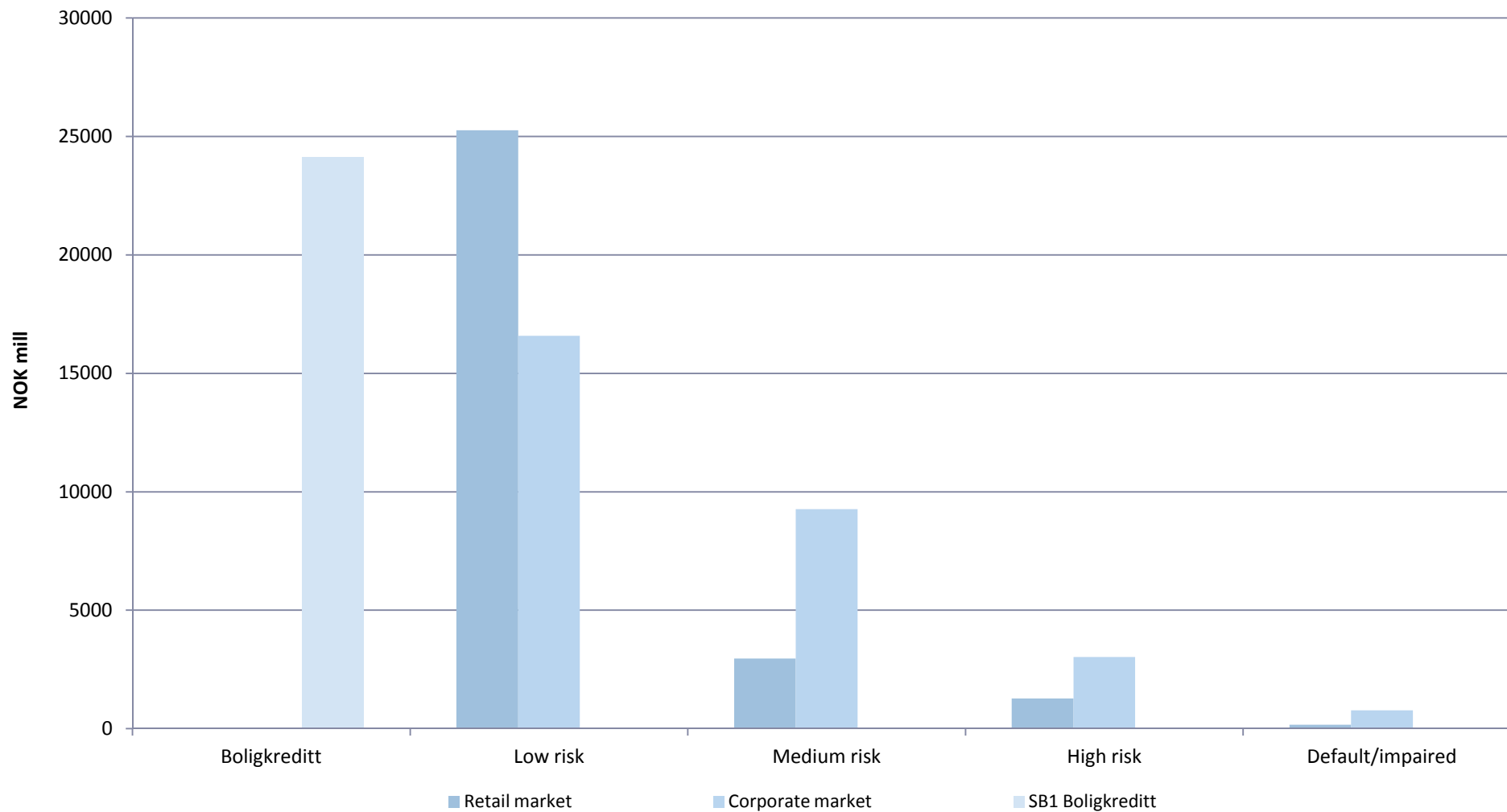
- Quality
- Portfolio
- Migration, commitments in default and losses

Lending portfolio - comments

- Increase within retail banking, with focus on commitments qualifying for SpareBank 1 Boligkreditt (covered bond company).
- Positive macro economic development in northern Norway has resulted in growth in corporate market lending last 12 months. Reduced lending Q1 2013.
- The portfolio and growth in corporate sector lending is diversified.
- Good growth within low risk commitments in the sectors electricity supply and transportation & storage.
- Reduced exposure towards commercial real estate.

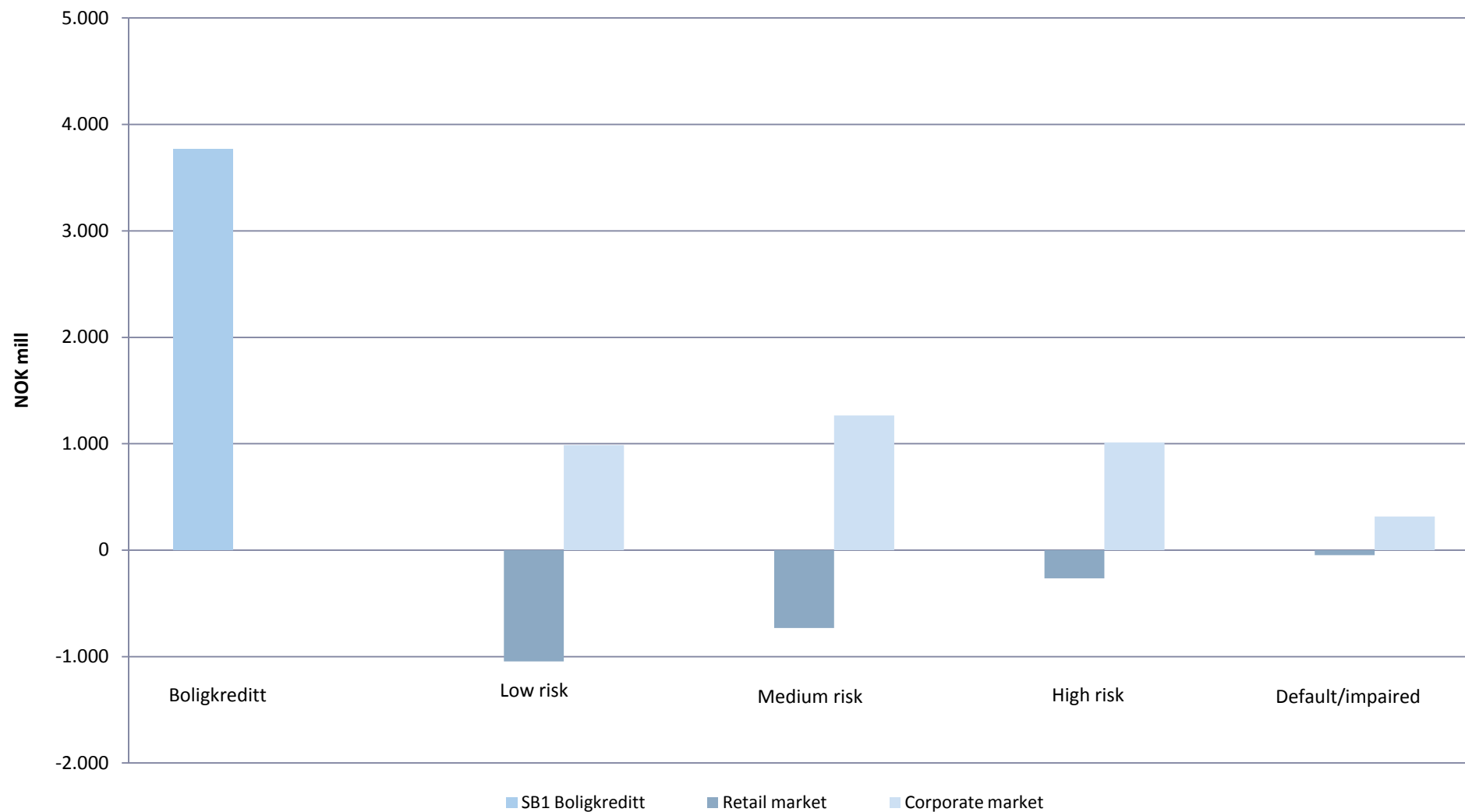
Portfolio

- exposure as of 31.03.13

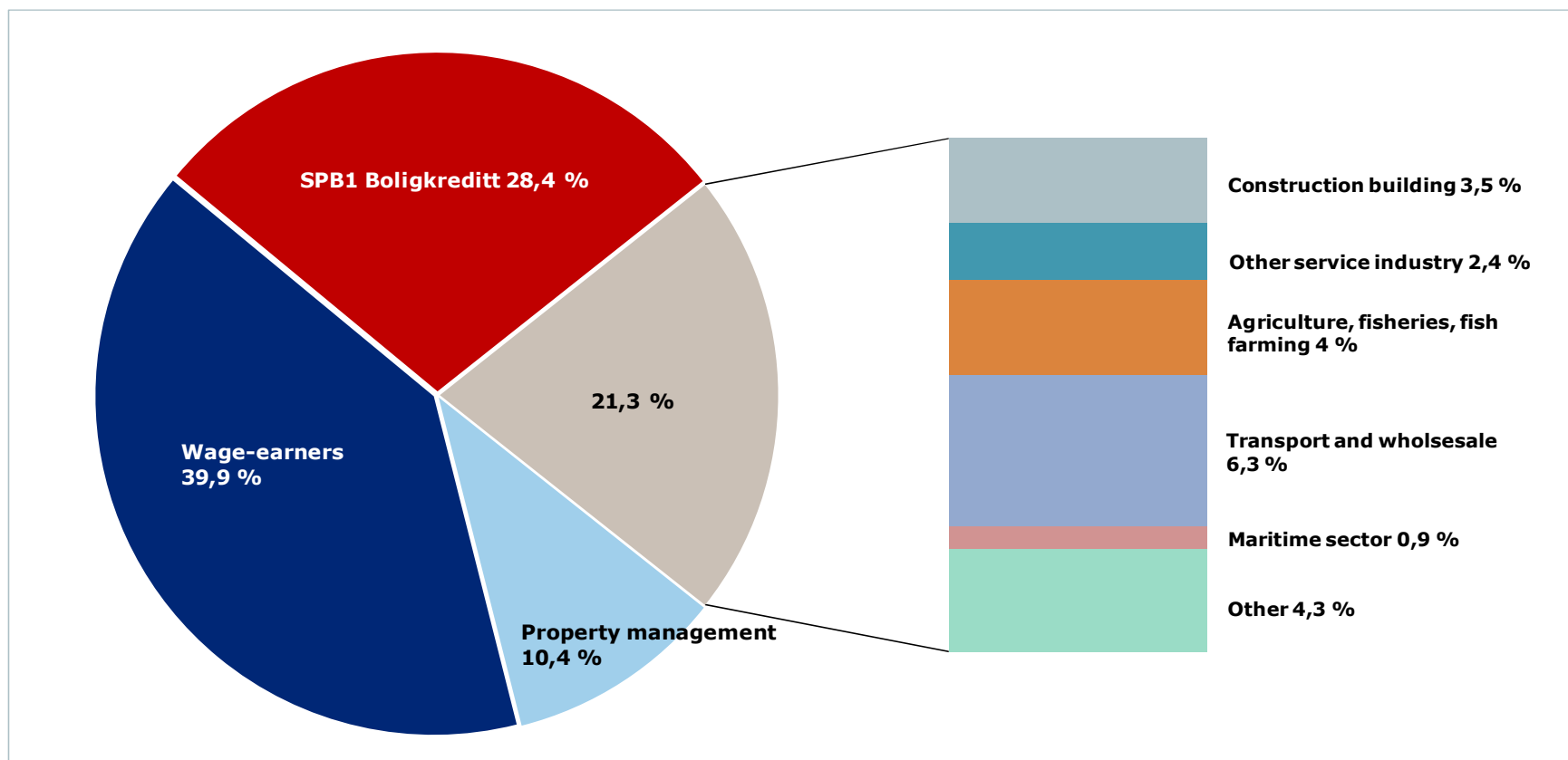


Risk change

- portfolio change Q1/12 – Q1/13



Distribution on segments shows good diversification Loan portfolio including Boligkreditt



A high share of retail- and primary industry lending represent a risk mitigating factor.

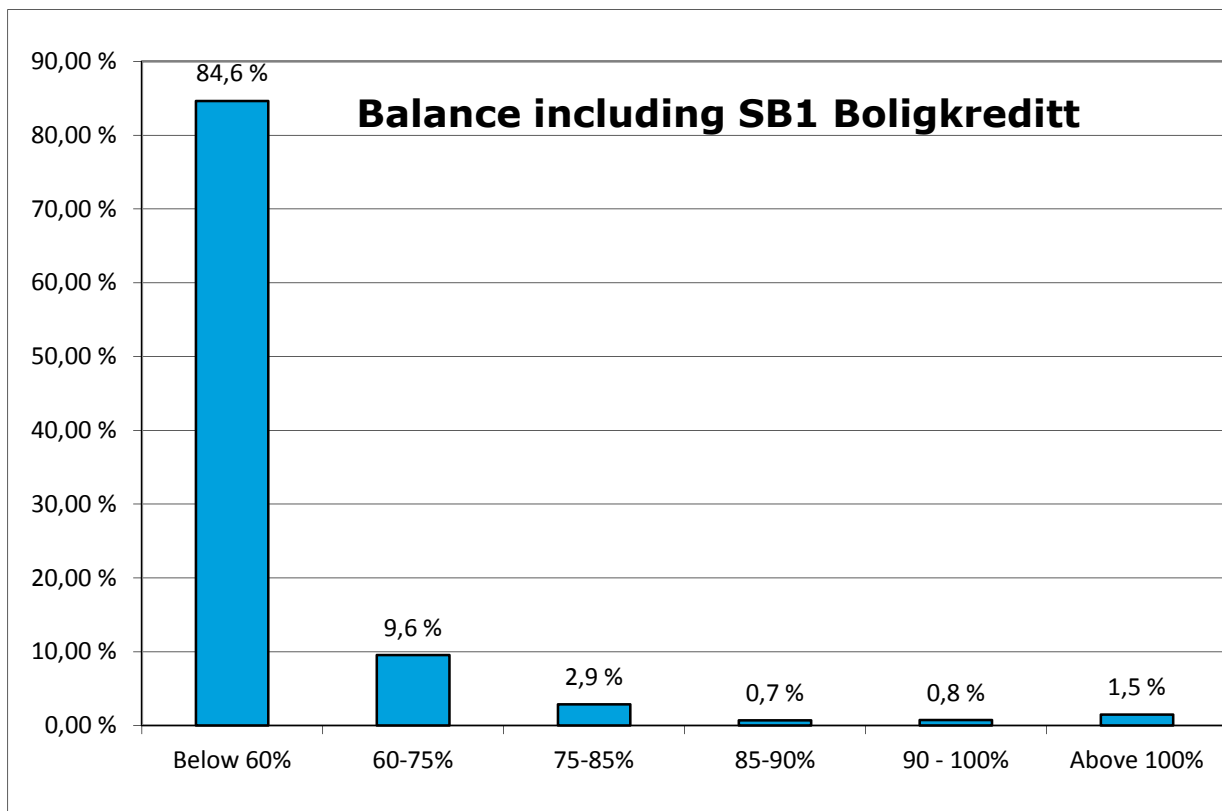
The Group has a well diversified corporate market lending portfolio.

No specific concerns related to the bank's loans to commercial property. Low interest rates and good occupancy rates in the bank's market area. The share of commercial property lending is reduced over the last 12 month period.

Group lending by sector

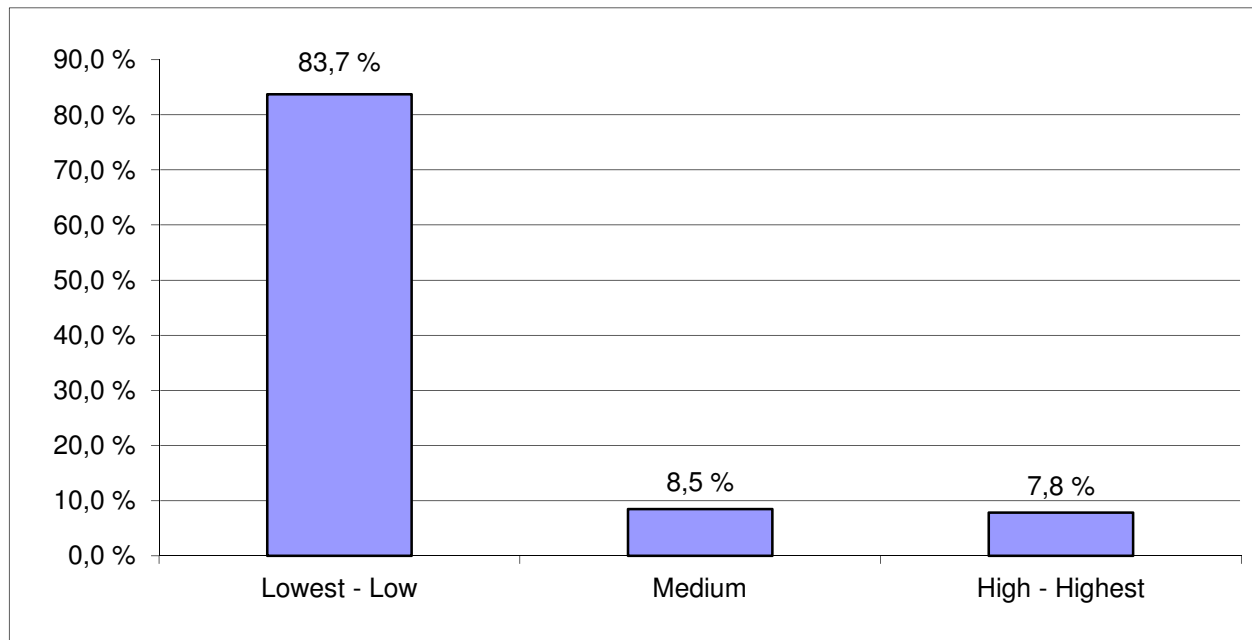
(NOK million)	31.03.13	Share	31.03.12	Share	Change	Change in %
Mining and quarrying	82	0,1 %	72	0 %	10	14 %
Construction	1 089	1,4 %	956	1 %	133	14 %
Building of ships and boats	12	0,0 %	26	0 %	- 14	-54 %
Electricity, gas, steam an air conditioning supply	1 417	1,9 %	1 189	2 %	228	19 %
Professional, scientific and technical activities	689	0,9 %	335	0 %	354	106 %
Financial and insurance activities	0	0,0 %	0	0 %	0	0 %
Fishing	1 064	1,4 %	1 755	3 %	- 691	-39 %
Marine aquaculture	227	0,3 %	298	0 %	- 71	-24 %
Other business support activities	599	0,8 %	580	1 %	19	3 %
Activities auxiliary to financial services and insurance activities	737	1,0 %	669	1 %	68	10 %
County municipalities and municipalities	188	0,2 %	181	0 %	7	4 %
Manufacturing	1 736	2,3 %	1 148	2 %	588	51 %
Information and communication	144	0,2 %	161	0 %	- 17	-11 %
Crop and animal production	941	1,2 %	923	1 %	18	2 %
Foreign industrial	266	0,4 %	0	0 %	266	100 %
Real estate activities	7 662	10,1 %	7 698	11 %	- 36	0 %
<i>Housing cooperatives</i>	1 096	1,4 %	1 242	2 %	- 146	-12 %
<i>Property project</i>	1 406	1,9 %	1 181	2 %	225	19 %
<i>Property hiring out</i>	4 635	6,1 %	4 782	7 %	- 147	-3 %
<i>Real estate business</i>	525	0,7 %	493	1 %	32	7 %
Accomodation and food service activities	362	0,5 %	389	1 %	- 27	-7 %
Forestry and logging	9	0,0 %	13	0 %	- 4	-31 %
Central government and social security funds	1	0,0 %	1	0 %	0	0 %
Support activities for petroleum and natural gas extraction	0	0,0 %	0	0 %	0	0 %
Other service industries	733	1,0 %	725	1 %	8	1 %
Transportation and storage	2 767	3,6 %	2 204	3 %	563	26 %
International shipping and pipeline transport	665	0,9 %	710	1 %	- 45	-6 %
Extraction of crude oil and natural gas	7	0,0 %	75	0 %	- 68	-91 %
Unspecified	0	0,0 %	0	0 %	0	0 %
Water supply; sewerage, waste management and remediation activities	293	0,4 %	171	0 %	122	71 %
Wholesale and retail trade; repair of motor vehicles and motorcycles	1 538	2,0 %	1 675	2 %	- 137	-8 %
Retail banking market - domestic	30 032	39,5 %	28 946	42 %	1 086	4 %
Retail banking market - SB 1 Boligkreditt	22 515	29,6 %	17 239	25 %	5 275	31 %
Retail banking market - international	181	0,2 %	41	0 %	140	341 %
Total retail market	52 728	69,4 %	46 226	68 %	6 501	14 %
Total corporate market	23 039	30,3 %	21 772	32 %	1 267	6 %
Total government	189	0,2 %	182	0 %	7	4 %
Total loans	75 956	100,0 %	68 180	100 %	7 775	11 %

Loan to value – LTV in % of collateral – home loans



The calculation is based on market value of the collateral. The numbers includes loans transferred to SB1 Boligkreditt.

Portfolio of corporate property lending

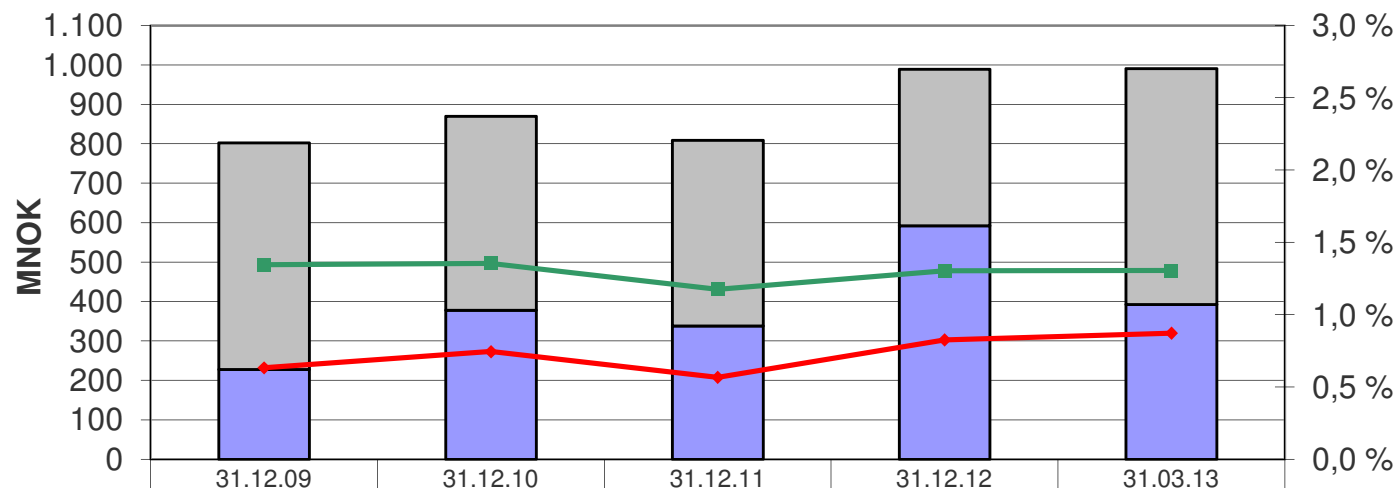


- Lowest- low risk, expected loss 0 % - 0,50 %
- Medium risk, expected loss 0,50 - 2,00 %
- Highest - high risk, expected loss 2,00 %

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

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

The Group's non-performing, impaired and other problem commitments

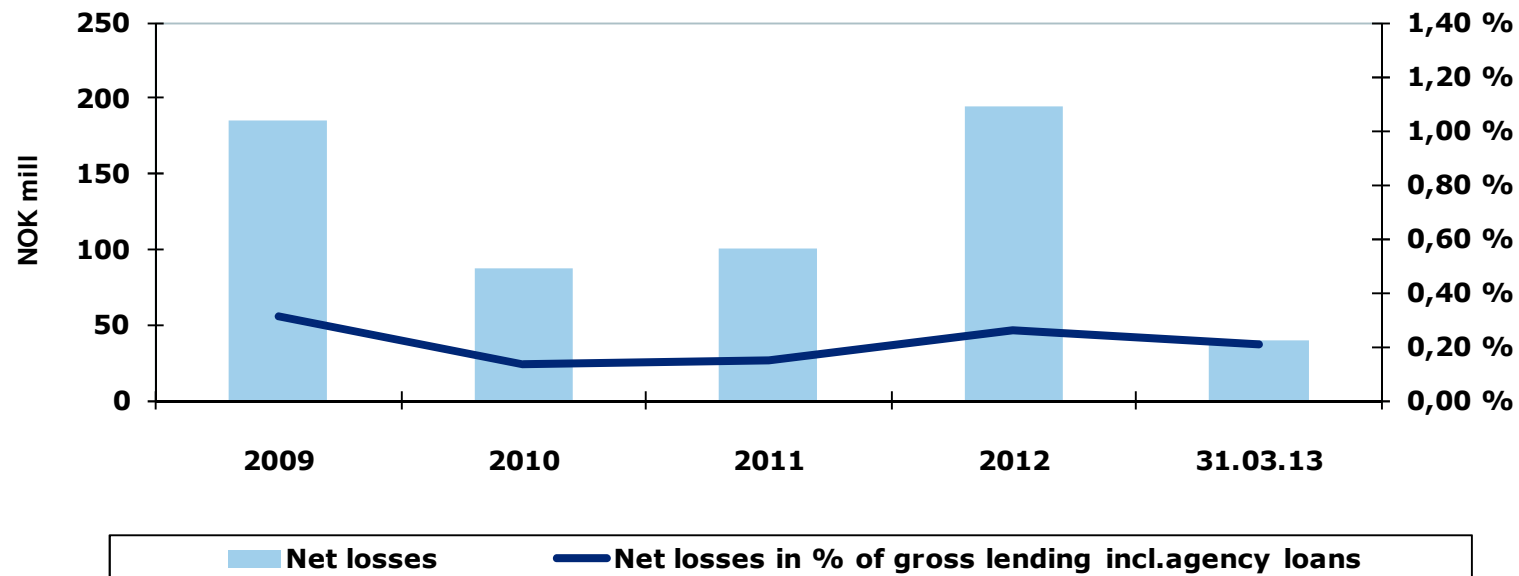


■ Non-performing commitments	575	492	471	397	598
■ Other problem commitments	228	378	338	592	393
◆ Individual write-down for impaired value	232	273	208	303	320
■ Gross non-performing and impaired commitments in % of gross lending incl. Boligkreditt	1,3 %	1,4 %	1,2 %	1,3 %	1,3 %

Loan losses: The Group's write-downs in Q1 2013

	Write-downs			
	2013	1th quarter 2012 (iso)	4th quarter 2012 (iso)	2012
Individual write-downs				
<i>Retail market</i>	2	4	0	5
<i>Corporate market</i>	31	36	43	223
<i>SpareBank 1 Finans Nord-Norge</i>	3	1	4	6
<i>Other group units</i>	2	1	0	1
Total individual write-downs	38	42	47	235
Collective write downs and other value change items	2	0	-15	-40
Total write-down on loans and guarantees	40	42	32	195

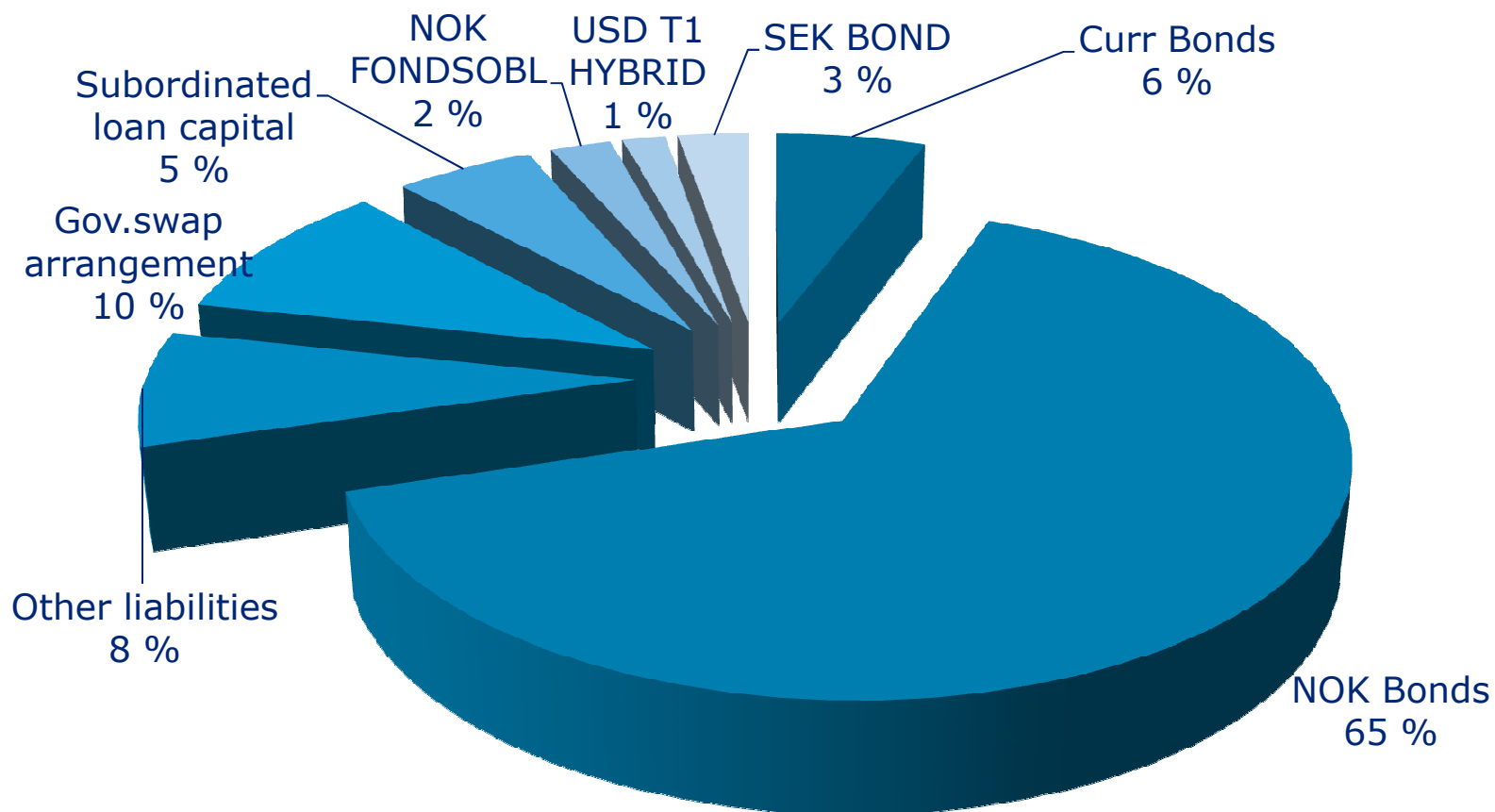
Losses on loans and guarantees



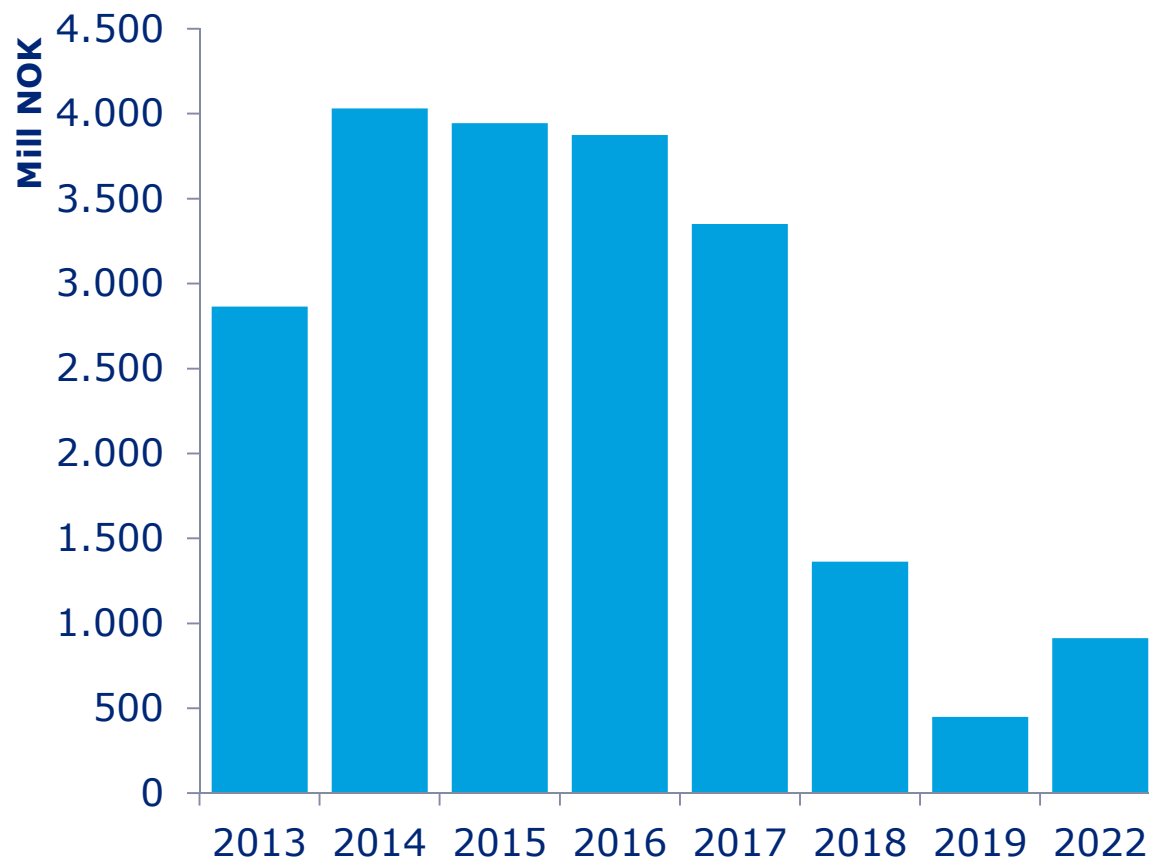
	2009	2010	2011	2012	31.03.13
Individual write-downs for impaired value	163	133	84	246	40
Collective write-downs imp. value	36	-39	26	-40	2
Recoveries, previously confirmed losses	-14	-7	-9	-11	-2
Net losses	185	87	101	195	40
Net losses in % of gross lending incl. agency loans	0,31 %	0,14 %	0,15 %	0,26 %	0,21 %

Liquidity/funding

Funding instruments / diversification, 31.03.13



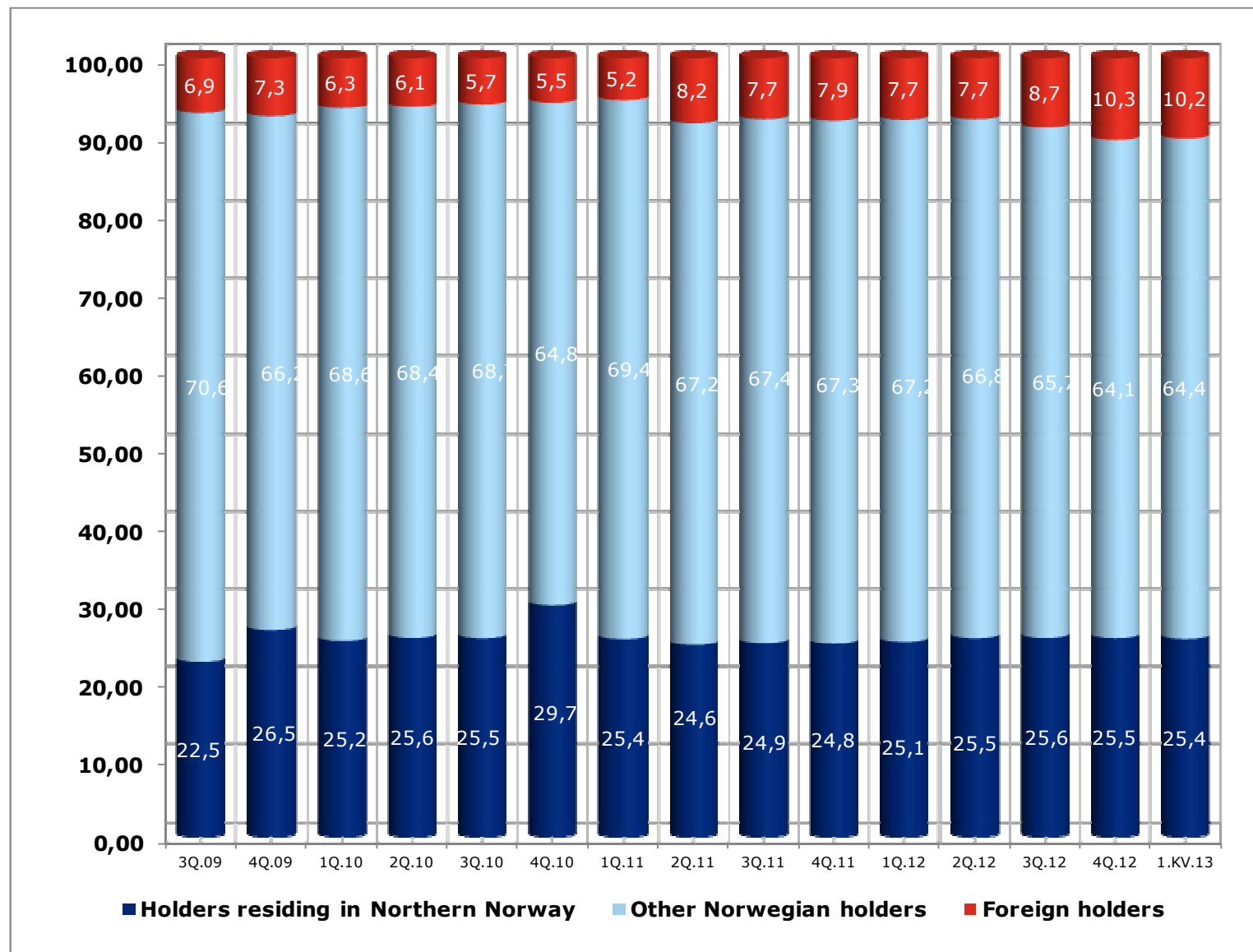
Maturity profile of capital markets funding, 31.03.13 (excl. SB1 Boligkreditt)



- Good diversification in terms of maturities
- NOK 20,514 mill in capital market funding exclusive of SB1 Boligkreditt
- SpareBank 1 Boligkreditt is an important funding source. Mortgage loans of NOK 22,514 mill transferred as at 31.03.13.
- Amount of gross maturities of capital market funding next 12 months is NOK 5,427 bill

Equity certificate holders

Equity Certificates (EC) - holder structure



The 20 largest EC holders at 31.03.13

Equity Certificate holders	Number of Equity Certificates	Share of total capital
PARETO AKSJE NORGE	3.437.310	5,19 %
MP PENSJON PK	1.766.431	2,67 %
PARETO AKTIV	1.453.779	2,20 %
CITIBANK NA NEW YORK BRANCH	1.382.402	2,09 %
FRANK MOHN A/S	1.355.745	2,05 %
MORGAN STANLEY & CO LLC	1.315.774	1,99 %
TONSENHAGEN FORRETNINGSSENTRUM AS	1.134.493	1,71 %
SPAREBANKSTIFTELSEN SPAREBANK 1 NORD-NORGE	916.561	1,38 %
FRAMO DEVELOPMENTS AS	848.925	1,28 %
PARETO VERDI	770.074	1,16 %
FORSVARETS PERSONELLSERVICE	620.854	0,94 %
SPAREBANK 1 SR-BANK PENSJONSKASSE	590.946	0,89 %
SPAREBANKSTIFTELSEN DNB NOR	545.614	0,82 %
TROND MOHN	509.354	0,77 %
GOLDMAN SACHS & CO - EQUITY	497.318	0,75 %
CONSEPT EIENDOM AS	480.482	0,73 %
JPMORGAN CHASE BANK, NA	466.638	0,70 %
KARL DITLEFSEN	459.243	0,69 %
NORGES RÅFISKLAG	438.587	0,66 %
SPAREBANK 1 MARKETS AS	435.441	0,66 %
The 20 largest EC holders	19 425 971	29,34 %

The 20 largest EC holders residing in Northern Norway

Equity Certificate holders	Number of Equity Certificates	Share of total Equity Certificate capital
SPAREBANKSTIFTELSEN SPAREBANK 1 NORD- NORGE	916.561	1,38 %
CONSEPT EIENDOM AS	480.482	0,73 %
KARL DITLEFSEN	459.243	0,69 %
NORGES RÅFISKLAG	438.587	0,66 %
TROMS KRAFT AS	409.224	0,62 %
TROMSTRYGD	289.308	0,44 %
BODØ KOMMUNE	221.604	0,33 %
TOR OVESEN	206.556	0,31 %
OLE ALFRED ROLF OVESEN	205.554	0,31 %
GADD HOLDING AS	179.329	0,27 %
HELGELAND SPAREBANK	161.252	0,24 %
JARLE FOSSHAUG	142.882	0,22 %
RIGAMONTI A/S	126.393	0,19 %
BJ.RASCH-TELLEFSEN A/S	119.272	0,18 %
AGNAR HOLDING AS	118.404	0,18 %
ENTREPRENØRCOMPANIET NORD AS	110.121	0,17 %
HEMMING LEONARTH ANDERSEN	109.167	0,16 %
KRÆMER AS	103.999	0,16 %
TROMSØ SKOTØIMAGASIN A/S	102.000	0,15 %
COOP NORD BA	97.848	0,15 %
The 20 largest EC holders residing in Northern Norway ¹⁾	4 997 786	7,55 %

¹⁾ Postal code > 7999

SpareBank 1 Nord-Norge 1st quarter report 2013

Main features (figures and percentages in brackets refer to the same interim period in 2012):

- Profit before tax NOK 235 million (NOK 232 million)
- Return on equity after tax of 11.3% (12.1%)
 - Earnings per equity certificate: NOK 1.23 (NOK 1.23)
- Continued good underlying banking operations with profit before losses of NOK 184 million (NOK 125 million)
- Net income from financial assets NOK 91 million (NOK 149 million)
- Cost/income ratio 51.7% (50.7%)
- Loan losses NOK 40 million (NOK 42 million)

SpareBank 1 Nord-Norge 1st quarter report 2013

Main features (figures and percentages in brackets refer to the same interim period in 2012):

- Lending growth in last 12 months 8.5% (10.1%), including intermediary loans
 - Retail market 9.8% (8.9%)
 - Corporate market 5.8% (12.8%)
- Growth in deposits in last 12 months 9.0% (0.7%)
 - Retail market 8.2% (8.7%)
 - Corporate market 5.0% (-2.0%)
 - Public sector market 18.7% (-16.1%)
- Deposit coverage ratio 80.9% (77.9%)
- Satisfactory financial strength:
 - Group's common equity tier 1 capital 10.07% (10.72%)
 - Group's common equity tier 1 capital incl result 10.30% (10.96%)
- Very good liquidity

Contact information

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9298 Tromsø

CEO
Jan-Frode Janson
Tel 909 075183

CFO
Rolf Eigil Bygdnes
Tel 905 19 774

Internet:

SNN home page and internet bank: www.snn.no
Thomson Reuters: www.thomsonreutersone.com
Equity capital certificates in general: www.egenkapitalbevis.no

Financial calendar 2013

Q4-2012	7 February
Q1	25 April
Q2	14 August
Q3	31 October



Enclosures

Quarterly results – net interest income

(Amounts in NOK million)

	1Q13	4Q12	3Q12	2Q12	1Q12
Interest and similar income from loans to and claims on credit institutions	6	7	2	10	18
Interest and similar income from loans to and claims on customers	615	623	627	620	615
Interest and similar income from certificates, bonds and other interest-bearing securities	73	76	78	78	91
Total interest income	0	0	0	0	0
Interest and similiar income	694	706	707	708	724
Interest and similar costs on liabilities to credit institutions	28	27	26	39	44
Interest and similar costs relating to deposits from and liabilities to customers	230	228	228	238	254
Interest and similar costs related to the issuance of securities	120	127	144	130	128
Interest and similar costs on subordinated loan capital	27	17	16	16	17
Payments made to The Norwegian Banks' Guarantee Fund	9	0	0	0	0
Total interest costs	414	399	414	423	443
Net interest income	280	307	293	285	281

Total commission and other income

(in NOK million)	1Q13	4Q12	3Q12	2Q12	1Q12
Guarantee commissions	6	7	8	7	5
Interbank commissions	4	4	4	4	4
Credit arrangement fee	2	3	4	3	3
Arrangement fee from SpareBank 1 Boligkreditt	67	62	48	42	23
Arrangement fee from SpareBank 1 NN Finans	0	0	2	0	0
Securities trading, administration and trust department services	7	9	12	10	9
Payment transmission services	48	53	57	49	47
Brokerage commission	20	20	18	22	24
Insurance services	29	36	26	27	24
Other commission income	8	3	0	5	2
Total commissions income	191	197	179	169	141
Operating- and sales income real estate	1	2	1	2	1
Other operating income	16	18	11	4	5
Total other operating income	17	20	12	6	6
Commission expenses	10	15	19	19	21
Total commissions and other income	198	202	172	156	126

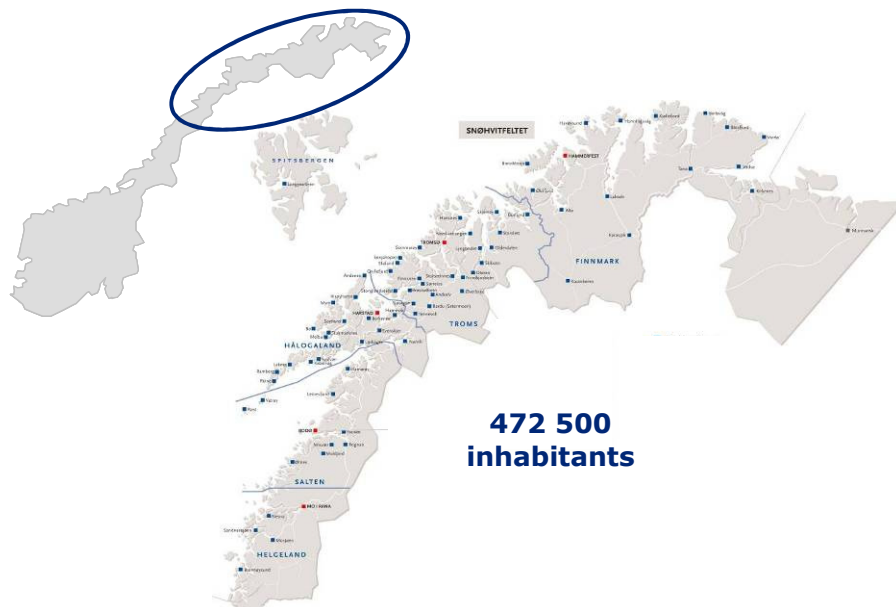
Operating expenses

(in NOK million)	1Q13	4Q12	3Q12	2Q12	1Q12
Wages and salaries	129	134	126	126	113
Pension costs	9	4	10	12	8
Social costs	13	15	11	10	12
Total personnel expenses	151	153	147	148	133
Development costs	26	22	25	24	26
Electronic data processing costs	18	15	16	14	12
Marketing costs	16	15	11	19	18
Travel - and training costs	9	15	9	14	15
Communications	2	2	2	4	4
Postage	3	3	2	3	3
Consultancy services	4	5	2	4	6
Cost involving the handling of cash	3	5	3	2	3
Office-related costs	2	3	3	3	3
Collection costs	1	1	1	1	1
Ordinary depreciation	14	16	13	12	13
Operating costs buildings	6	4	4	5	5
Rent paid - premises and bank buildings	9	10	11	9	9
Operating costs - premises	6	5	5	6	6
Other operating costs	24	21	12	9	25
Other expenses	143	142	119	129	149
Total operating expenses	294	295	266	277	282

SpareBank 1 Nord-Norge:

Introduction to SpareBank 1 Nord-Norge

SpareBank 1 Nord-Norge's core market



Employment in North-Norway 239.680

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

Overview of SpareBank 1 Nord-Norge

- SpareBank 1 Nord-Norge is an independent savings bank with head office in Tromsø and 74 branches. 656 man-years
- SpareBank 1 Nord-Norge is a leading provider of financial products and services within the retail and corporate sector throughout Nord-Norge
- Participant in the SpareBank 1 alliance (third largest banking group in Norway) and 19.5% ownership in the SpareBank 1 Group AS

Brief history of SpareBank 1 Nord-Norge

- Established in 1836
- Listed on the Oslo Stock Exchange in 1994
- Participated in the establishment of the SpareBank 1 alliance in 1996
- Established North-West Alliance Bank in Russia in 2011, with offices in St. Petersburg and Murmansk, in cooperation with Tavrishesky Bank

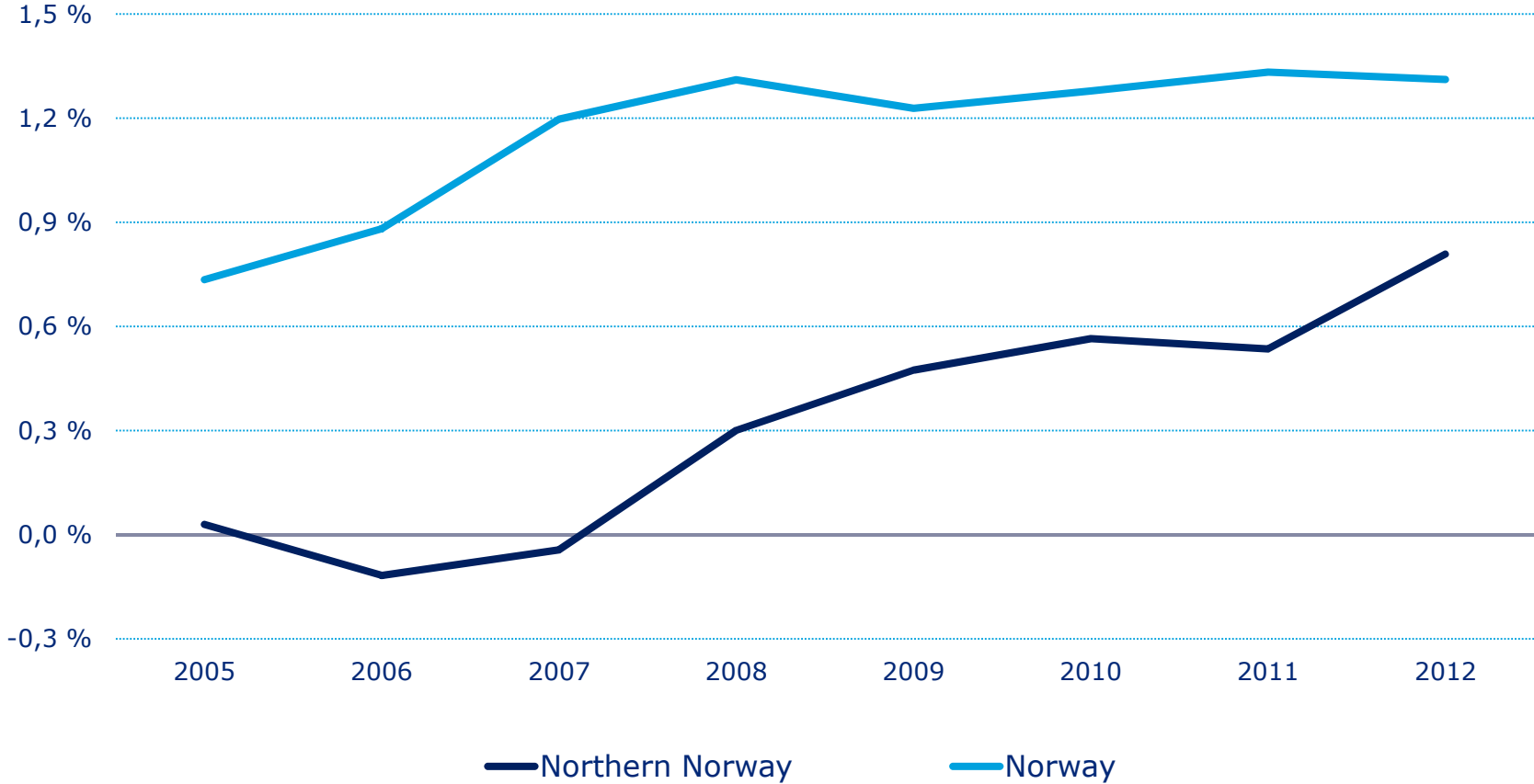
Macro and Economic trends

Northern Norway – current economic status

- **High activity level, growth and optimism**
 - Seafood; high production and prices for salmon - weak markets for cod
 - Oil and gas activities moving North, oil services as well
 - Mining and mineral sector expect slowdown in international markets
 - Construction – strong order reserves, further growth expected
 - Tourist industry turning from mass market to high-value experience
 - Growth in population; 0.8 % 2012
 - Labour immigration – both domestic and from Europe
 - Low jobless rate – 2.9 % March 2013

Increasing growth in population

Population growth, annually



The most important industries

- Seafood
 - Export growth and increasing prices for the salmon industry
 - Record high volumes, but low market prices and low prices to the fisher
 - Weak economy in important export markets
- Petroleum
 - High level of exploration and drilling activities in the Norwegian Sea and Barents Sea
 - Strengthening of operational and base organisations in the region
 - *Skarv* started production December 31, 2012, *Goliat* in 2014
- Building and construction
 - High level of activity in the construction sector and growth in residential building
 - Record high order books: the sector anticipate strong growth in the next 6 months
- Tourism
 - Tourist industry is growing strongly – especially in winter tourism
 - The market is turning towards high-end segments in Europe and Asia

Employment by industry divisions (2011)

Industry divisions	Employed persons	Northern Norway	Norway
Fishing, fish farming and agriculture	12,174	5,2 %	3 %
Mining, extraction and manufacturing	17,586	7,5 %	11 %
Electricity, water and waste	3,521	1,5 %	1 %
Construction	18,360	7,8 %	8 %
Trade, accommodation and transportation ¹⁾	52,490	22,4 %	23 %
Business and personal services	31,678	13,5 %	21 %
Public administration, education and health	98,532	42,0 %	34 %
Total	234,341	100 %	100 %

¹⁾ Including Tourist industry: 12.574 (5.4 %)

Labour market and private economy

- Employment increasing
 - Companies anticipate moderate growth in employment next 3 months
 - 40 % of businesses report capacity constraint due to lack of skilled workers
- Tight labour market
 - Unemployment: 2.9 % in March 2013
 - Equal to national level
- Strong private economy
 - Strong growth in real income
 - Debt growth at national average
 - Strong savings growth
 - Private consumption flattens

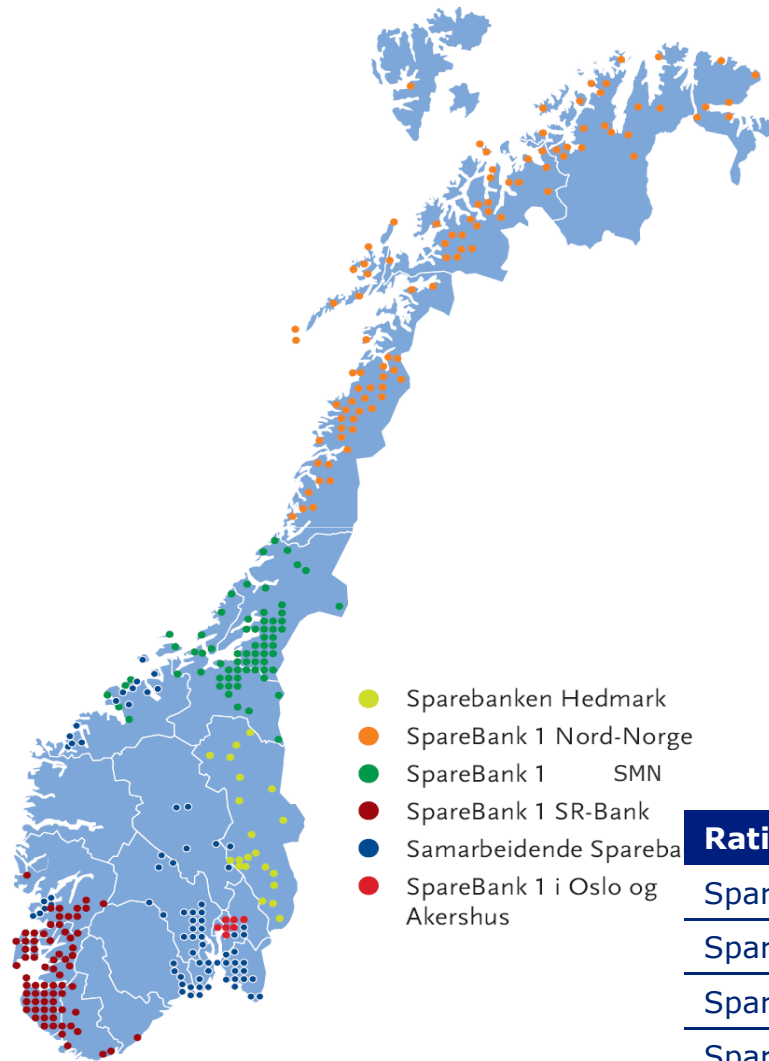
	Northern Norway		Norway
	Number	%	%
Jobless	6,854	2.9	2.7
On schemes	1,555	0.6	0.7
Gross unemployed	8,409	3.5	3.4
Available jobs	2,209		
Job offers ratio	3,8		5,0

Source: NAV, March 2013

SpareBank 1 Group and Alliance

SpareBank 1 Alliance

Strong alliance of Norwegian retail banks



- Sparebanken Hedmark
- SpareBank 1 Nord-Norge
- SpareBank 1 SMN
- SpareBank 1 SR-Bank
- Samarbeidende Sparebanker
- SpareBank 1 i Oslo og Akershus

Key figures SpareBank 1-alliance

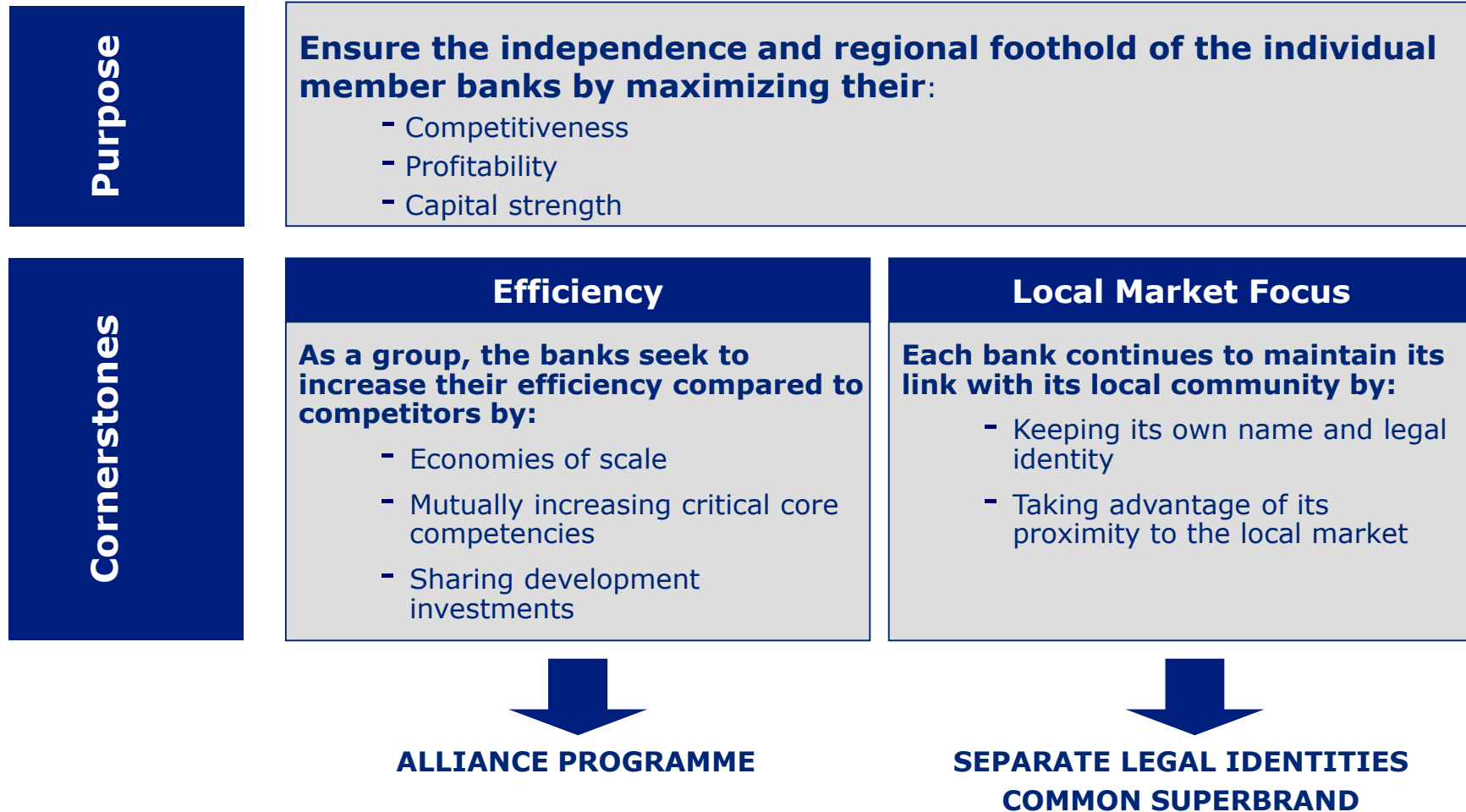
- Founded 1996
- 15 independent saving banks
 - Including 6 listed banks
- Two jointly owned commercial banks
 - BN Bank and Bank 1 Oslo
- SpareBank 1 Gruppen – product companies and cooperation in the alliance
- Total assets: approx NOK 795 bill (31.09.12)
- Branches: 351
- Totalkl man-years: approx. 6 300

Ratings	Fitch	Moody's
SpareBank 1 SMN	A -/ F1	A2 / P-1
SpareBank 1 SR-Bank	A -/ F1	A2 / P-1
SpareBank 1 Nord-Norge	A / F1	A2 / P-1
Sparebanken Hedmark	na.	A2 / P-1

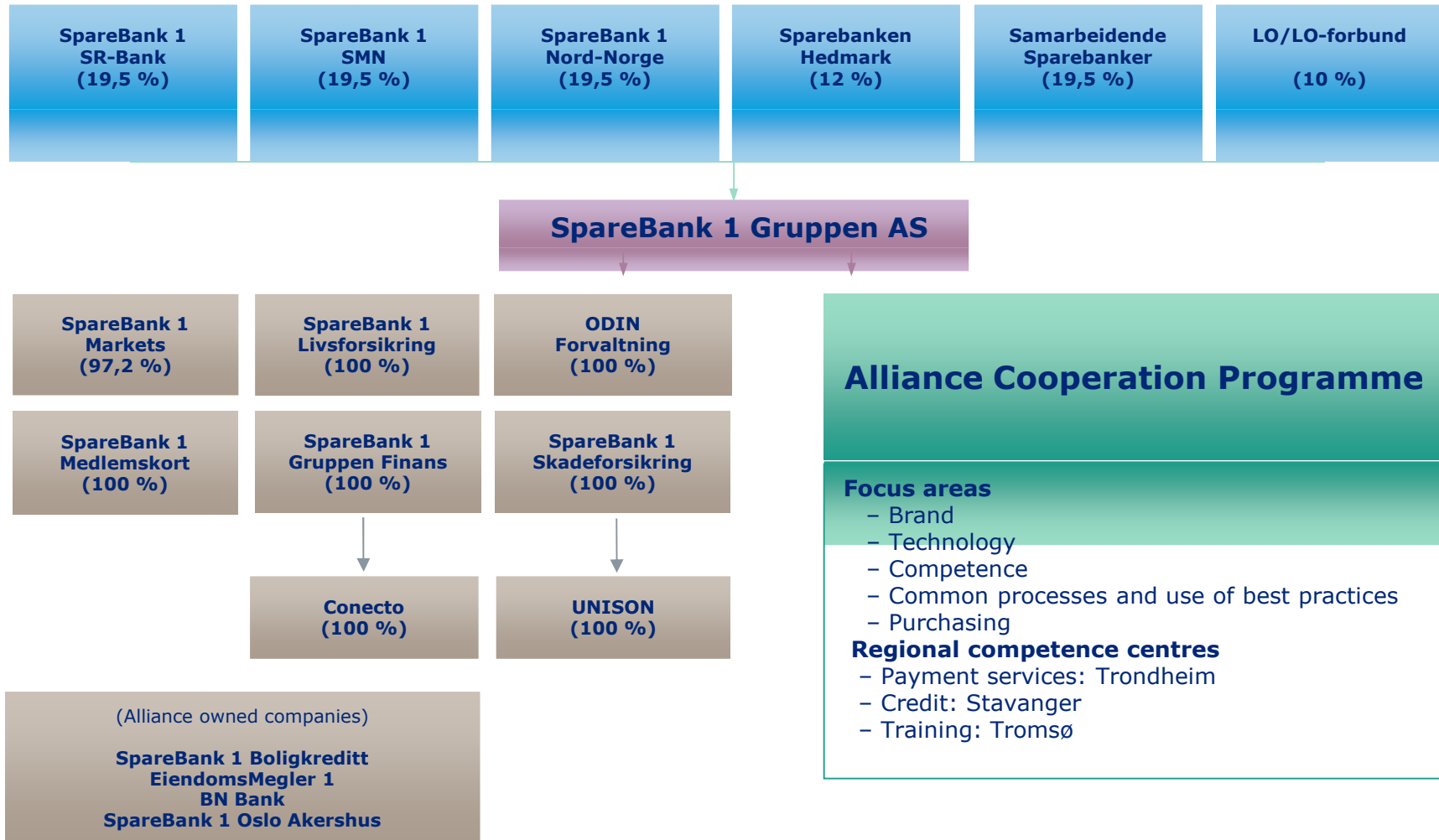
Source: Published quarterly reports from respective banks

The SpareBank 1 Alliance

Strategic platform for the Alliance



The Alliance structure



Strategy

Strategic core

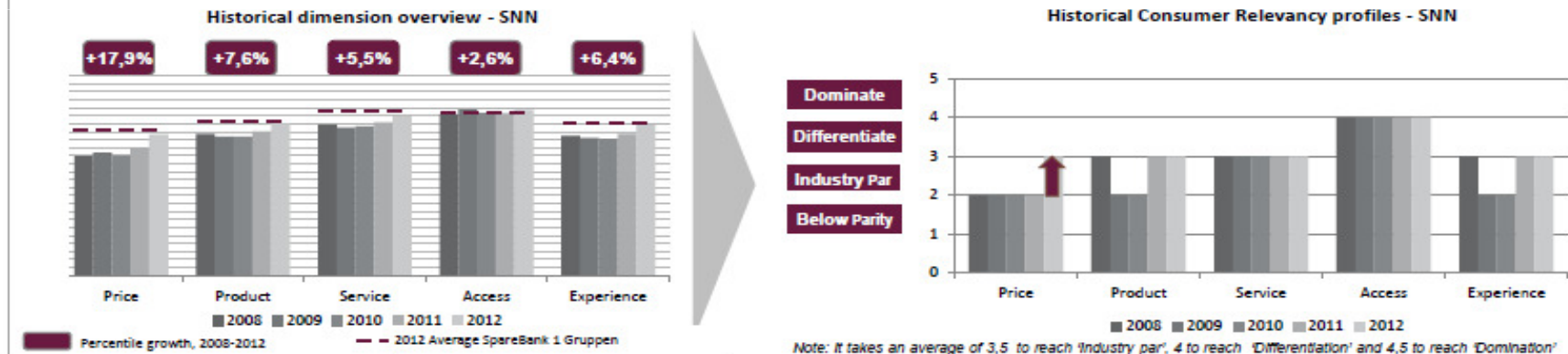
- The best customer experience
 - The bank is trustable; keeping its promises
 - Personal advisers know the customers and understand their needs
 - Relevant initiatives and solutions tailored to the customer
 - All advisers are authorised
 - Seamless interaction between customer contact points
- Accessible to customers
 - Branch network - 75 branches offer customer meetings and advice
 - Call centre - front line customer service
 - Online bank - wide range of self-service solutions
 - Mobile bank - simplifies the customer's banking
 - 31,000 customers using mobile for paying bills
- Price and products – industry par

Customer Relevancy – improvement in all areas

SpareBank 1 Nord-Norge has experienced a great increase on all dimensions over the past five years

Historical development in dimensions and Consumer Relevancy profile - SNN

- SpareBanken 1 Nord-Norge (SNN) has increased on all dimensions since 2008. The largest increase is on Price
- Above half of the increase on all attributes has occurred from 2011 to 2012
- SNN is perceived to be strongest on Access, but the differences between the dimensions have decreased
- SNN has experienced the largest increases on the dimensions which had a relatively low historical score and the dimensions are therefore perceived more similar



Prioritizing dimensions and choosing position will be a main concern for SNN.

Improving customers access – branch and mobile

- Implementing new customer strategy
 - New customer proposition
 - Internal change programme
- Extending branch opening hours
- Launching new branch concept
 - Jekta, large shopping centre in Tromsø
- Leading edge mobile banking services
- Rapid customer adaption; March 2013
 - 31,000 users (25 % of internet users)
 - 585,000 logons (50 % of internet logons)
- Launched mobile bank for corporate



Jekta – modern branch office opened December 8, 2012



SpareBank 1 launched first mobile bank for corporate