

SpareBank 1 Nord-Norge

Presentation of 3rd Quarter Report 2013

31 October 2013



SpareBank 1 Nord-Norge Group

Vision: For Nord-Norge!



Head office:
Tromsø

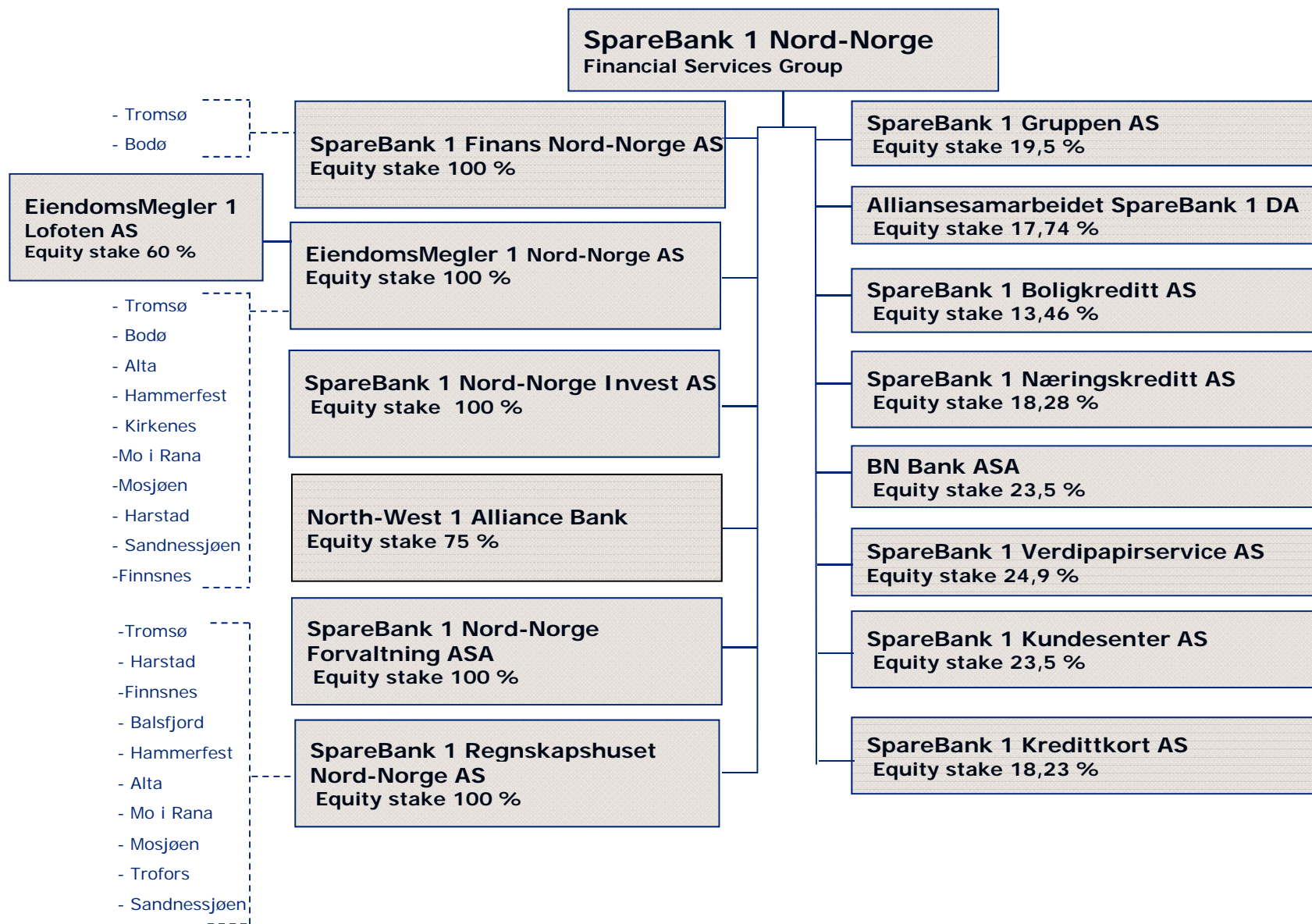
Organisation:
Regional offices:

5 regions
Hammerfest
Tromsø
Harstad
Bodø
Mo i Rana

Branches: 74

Man-years Group: 920

Organisation of the financial services Group



Market value NONG

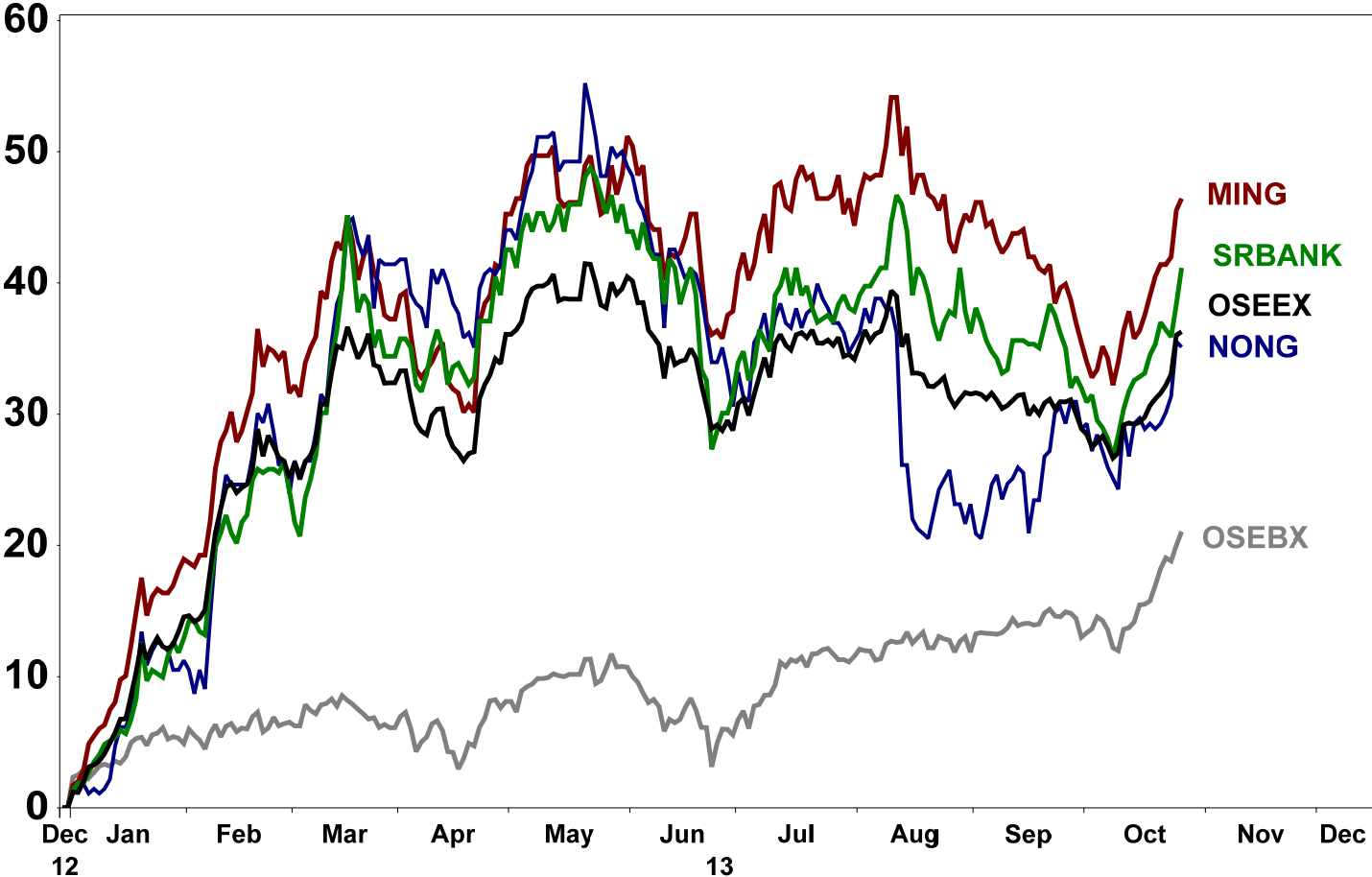


Return %

NONG:

+ 36.41 %
(per 29.10.13)

Market value NONG -2013



Northern Norway – current economic status

- **Strong growth in regional GDP since 2010**
- **Sustained high growth in 2013**
 - Signs of weakness in export industries
 - All-time high order reserves in building and construction
- **High investments in public sector, energy and housing**
 - Investments in traditional industries on hold
- **Household finances are healthy**
- **Strong employment growth**
 - Low jobless rate – 2.7 % September 2013
- **Promising prospects for 2014, though uncertainties**
 - Development in oil prices
 - Development in US and China, and Europe coming out of recession

Financial targets – maintained after the rights issue

Capital adequacy ratio

- CET-1 14.5 % or higher in 2016

Profitability

ROE shall be comparable to the performance of bank peers. This implies a ROE of 12 % or higher

Effectiveness

- Yearly average increase in costs shall be 2 % maximum
- The Parent bank cost ratio shall be comparable to or better than 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

SpareBank 1 Nord-Norge 3rd quarter report 2013

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

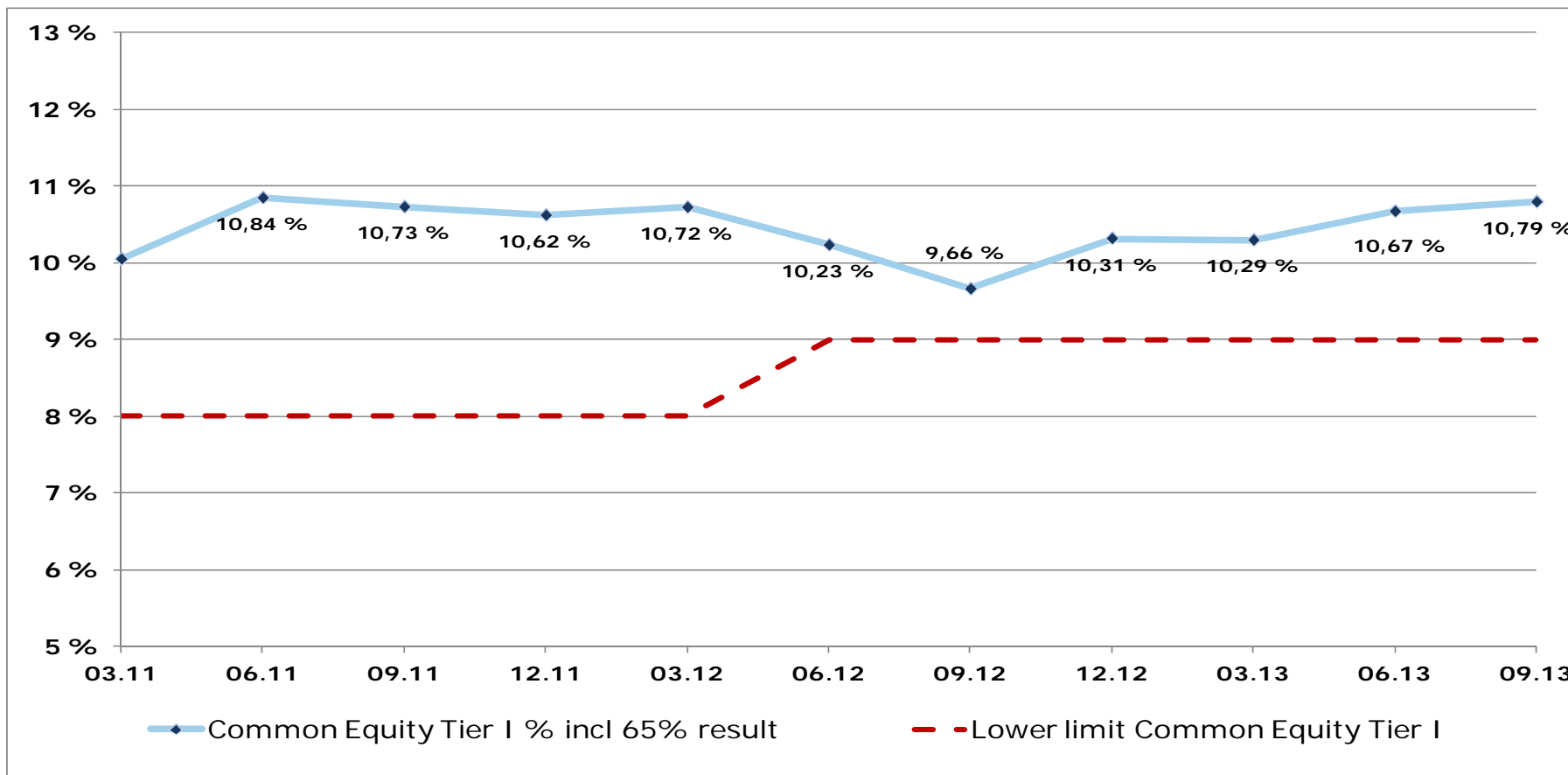
- Profit before tax NOK 856 million (NOK 555 million)
- Profit after tax NOK 692 million (NOK 437 million)
- Return on equity after tax of 12.9% (8.9%)
 - Earnings per equity certificate: NOK 4.35 (NOK 2.78)
- Good and improved underlying banking operations with profit before losses of NOK 717 million (NOK 488 million)
- Net income from financial assets NOK 261 million (NOK 230 million)
- Cost/income ratio 47.4% (53.5 %)
- Loan losses NOK 122 million (NOK 163 million)

SpareBank 1 Nord-Norge 3rd quarter report 2013

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

- Lending growth in last 12 months 5.9% (11.9%), including intermediary loans
 - Retail market 8.4% (11.2%)
 - Ret Corporate market 0.6% (13.5%)
- Growth in deposits in last 12 months 1.6% (3.1%)
 - Retail market 6.1% (8.9%)
 - Corporate market 0.9% (9,9%)
 - Public sector market -10.0% (-16.5%)
- Deposit coverage ratio 77.6% (76.5%)
- Satisfactory financial strength:
 - Group's common equity tier 1 capital 10.0% (10.1%)
 - Group's common equity tier 1 capital incl result as of 3Q 2013 10.79%
- In order to meet future capital requirements and to participate in the region's profitable growth, a successful NOK 750 million rights issue and a NOK 22.8 million private placement for employees have been carried out. The issues were recognised in the accounts at the beginning of the fourth quarter 2013.

Capital adequacy ratio - Group



Increased solidity - planned and implemented measures

	Measure	Status
1	Concentrate on core business	SNN Invest – Activities discontinued Sale of stake in Bank 1 Oslo (4.8 % remaining)
2	Increase cost efficiency	Reduced costs in parent bank in 1H2013
3	Increase interest margin to reflect cost of capital	General interest margin increase for mortgages (0,3%) Individual interest margin increase Corporate (average 0,65%)
4	Reduced payout ratio	2012 ECC dividend distribution; 35 % pay-out ratio. Total Group retained earnings: 82 %
5	IRB-A application	In approval-process with Norwegian FSA
6	Reduce lending growth	12 month lending growth retail from 11.5% to 6.8%, lending growth corporate from 12.6% to 2.1%
7	Equity issue	Completed

Solidity and capital adequacy – Equity issues

- New capital adequacy requirements lead to a sector wide need to increase solidity
- The bank has implemented various measures to strengthen the banks solidity, and will continue to do so. These measures include concentration on core business, repricing, cost control, reduced lending growth and strengthened capital allocation
- In order to ensure that the bank is able to take part in the positive economic development in the region through profitable growth, the banks has successfully completed a rights issue of NOK 750 mill.
- In addition, a private placements for employees of NOK 22.8 mill has been completed.
- The issues will be recognised in the accounts in the beginning of the fourth quarter 2013.

Profit and loss account - Group

(Amounts in NOK million)	30.09.13	30.09.12	31.12.12
Net interest income	930	859	1 166
Net fee-, commision and other operating	669	454	656
Net income from financial investments	261	230	260
Total net income	1 860	1 543	2 082
Total costs	882	825	1 120
Result before losses and write-downs	978	718	962
Net losses and write-downs	122	163	195
Result before tax	856	555	767
Tax	164	118	172
Minority interests	0	0	0
Result for the period	692	437	595
Return on equity capital	12,9 %	8,9 %	9,0 %

Quarterly summary – Profit and loss account figures

(Amounts in NOK million)	3Q13	2Q13	1Q13	4Q12	3Q12
Net interest income	341	309	280	307	293
Net fee-, commission and other operating income	233	238	198	202	172
Net income from financial investments	106	64	91	30	79
Total net income	680	611	569	539	544
Total costs	286	302	294	295	266
Result before losses and write-downs	394	309	275	244	278
Net losses and write-downs	35	47	40	32	115
Result before tax	359	262	235	212	163
Return on equity capital	15,8 %	11,6 %	11,3 %	9,3 %	8,4 %
Cost/income	42,1 %	49,4 %	51,7 %	54,7 %	48,9 %

Quarterly results – net interest income

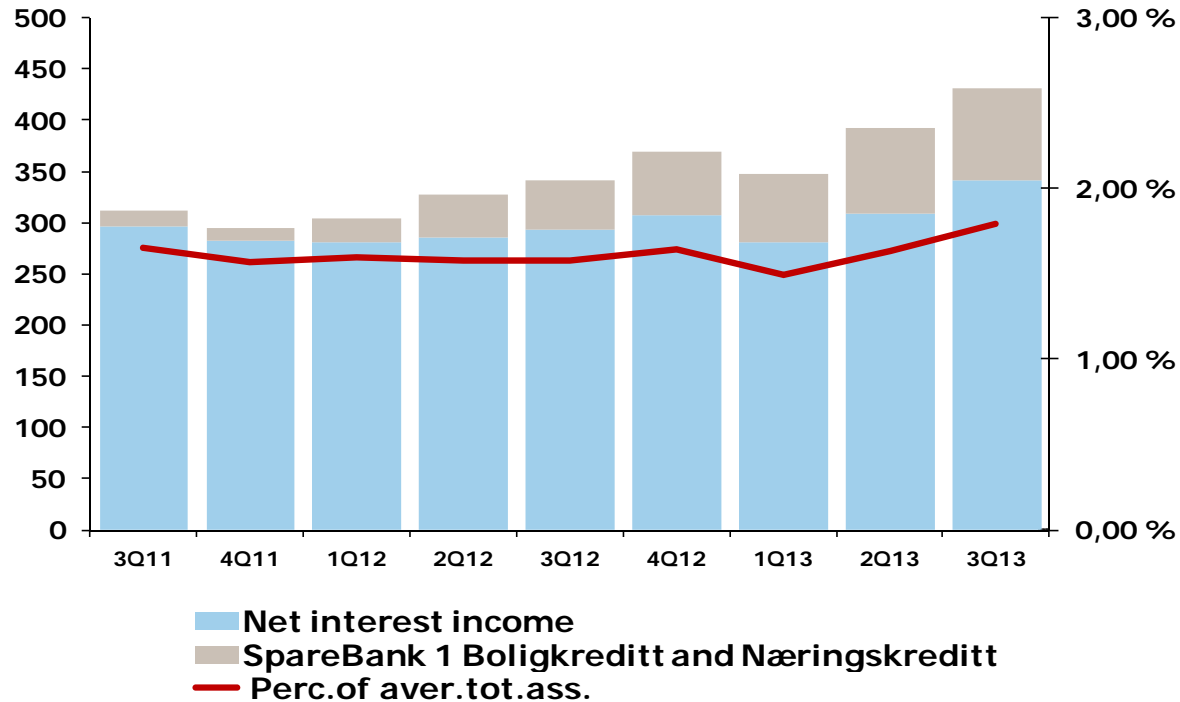
(Amounts in NOK million)

	3Q13	2Q13	1Q13	4Q12	3Q12
Interest and similar income from loans to and claims on credit institutions	7	5	6	7	2
Interest and similar income from loans to and claims on customers	664	634	615	623	627
Interest and similar income from certificates, bonds and other interest-bearing securities	69	78	73	76	78
Total interest income	0	0	0	0	0
Interest and similiar income	740	717	694	706	707
Interest and similar costs on liabilities to credit institutions	25	28	28	27	26
Interest and similar costs relating to deposits from and liabilities to customers	233	230	230	228	228
Interest and similar costs related to the issuance of securities	110	116	120	127	144
Interest and similar costs on subordinated loan capital	23	25	27	17	16
Payments made to The Norwegian Banks' Guarantee Fund	8	9	9	0	0
Total interest costs	399	408	414	399	414
Net interest income	341	309	280	307	293

Total commission and other income - Group

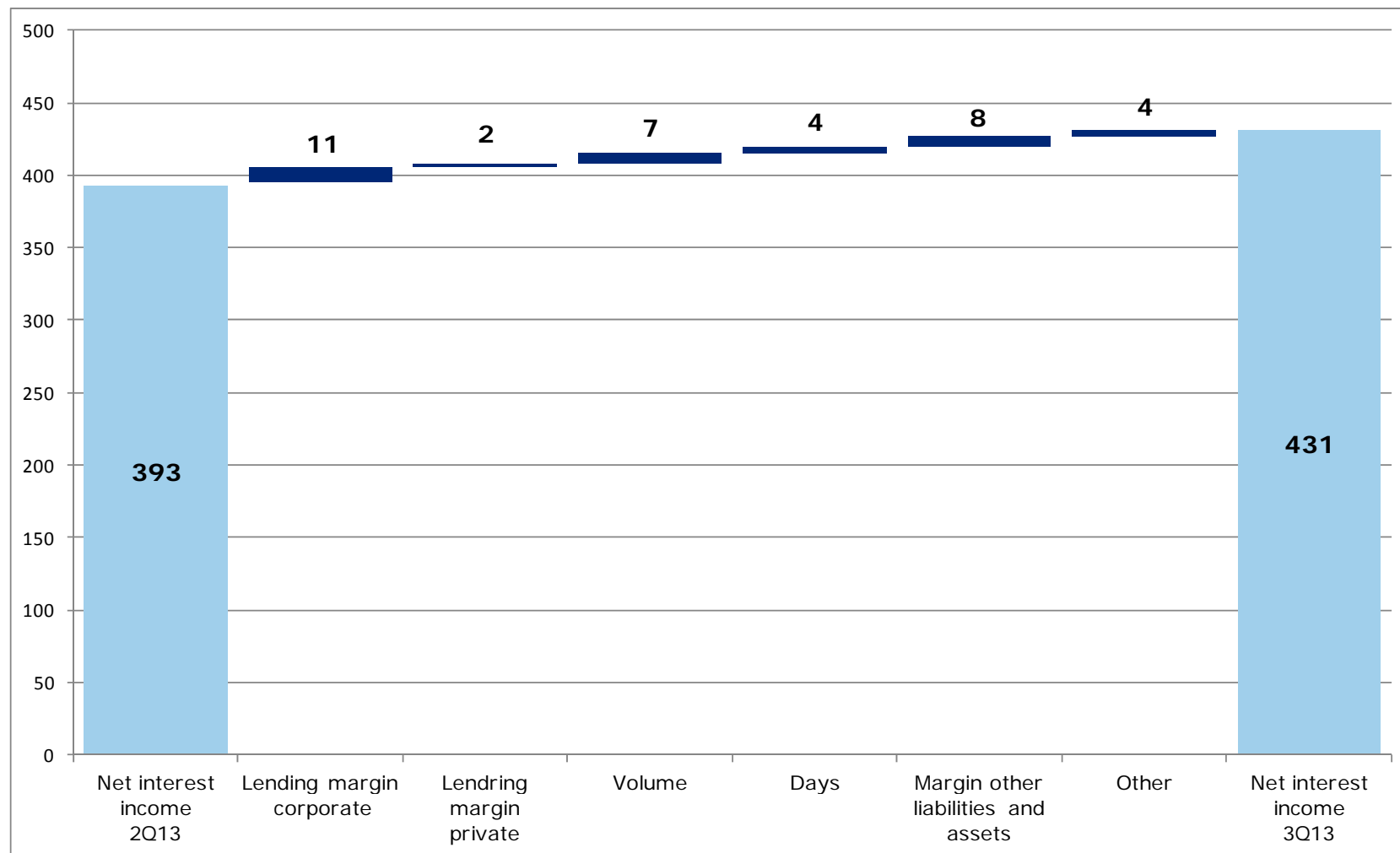
(in NOK million)	3Q13	2Q13	1Q13	4Q12	3Q12
Guarantee commissions	9	10	6	7	8
Interbank commissions	5	5	4	4	4
Credit arrangement fee	3	3	2	3	4
Arrangement fee from SpareBank 1 Boligkreditt	90	84	67	62	48
Arrangement fee from SpareBank 1 NN Finans	0	2	0	0	2
Securities trading, administration and trust department services	8	9	7	9	12
Payment transmission services	68	52	48	53	57
Brokerage commission	22	23	20	20	18
Insurance services	30	31	29	36	26
Other commission income	4	12	8	3	0
Total commissions income	238	230	191	197	179
Operating- and sales income real estate	3	1	1	2	1
Other operating income	11	30	16	18	11
Total other operating income	14	31	17	20	12
Commission expenses	19	23	10	15	19
Total commissions and other income	233	238	198	202	172

Net interest income - Group



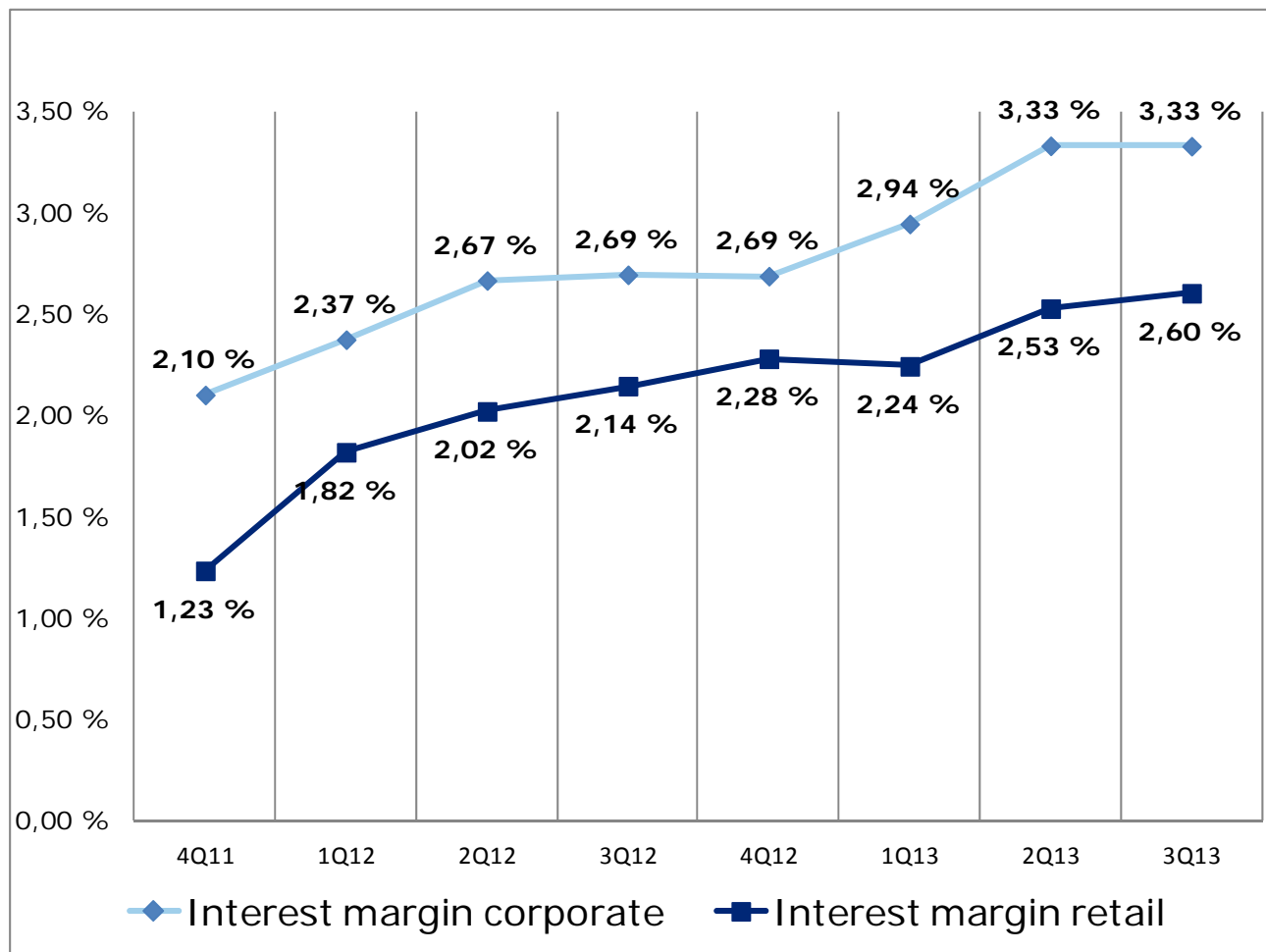
(Amounts in NOK million)	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13
Net interest income	296	282	281	285	293	307	280	309	341
SpareBank 1 Boligkreditt and Næringskreditt	16	13	23	42	48	62	67	84	90
TOTAL incl. SpareBank 1 Boligkreditt and Næringskreditt	312	295	304	327	341	369	347	393	431
Perc. of aver. tot. ass.	1,65 %	1,57 %	1,59 %	1,58 %	1,58 %	1,64 %	1,50 %	1,63 %	1,79 %

Changes in net interest income last quarter



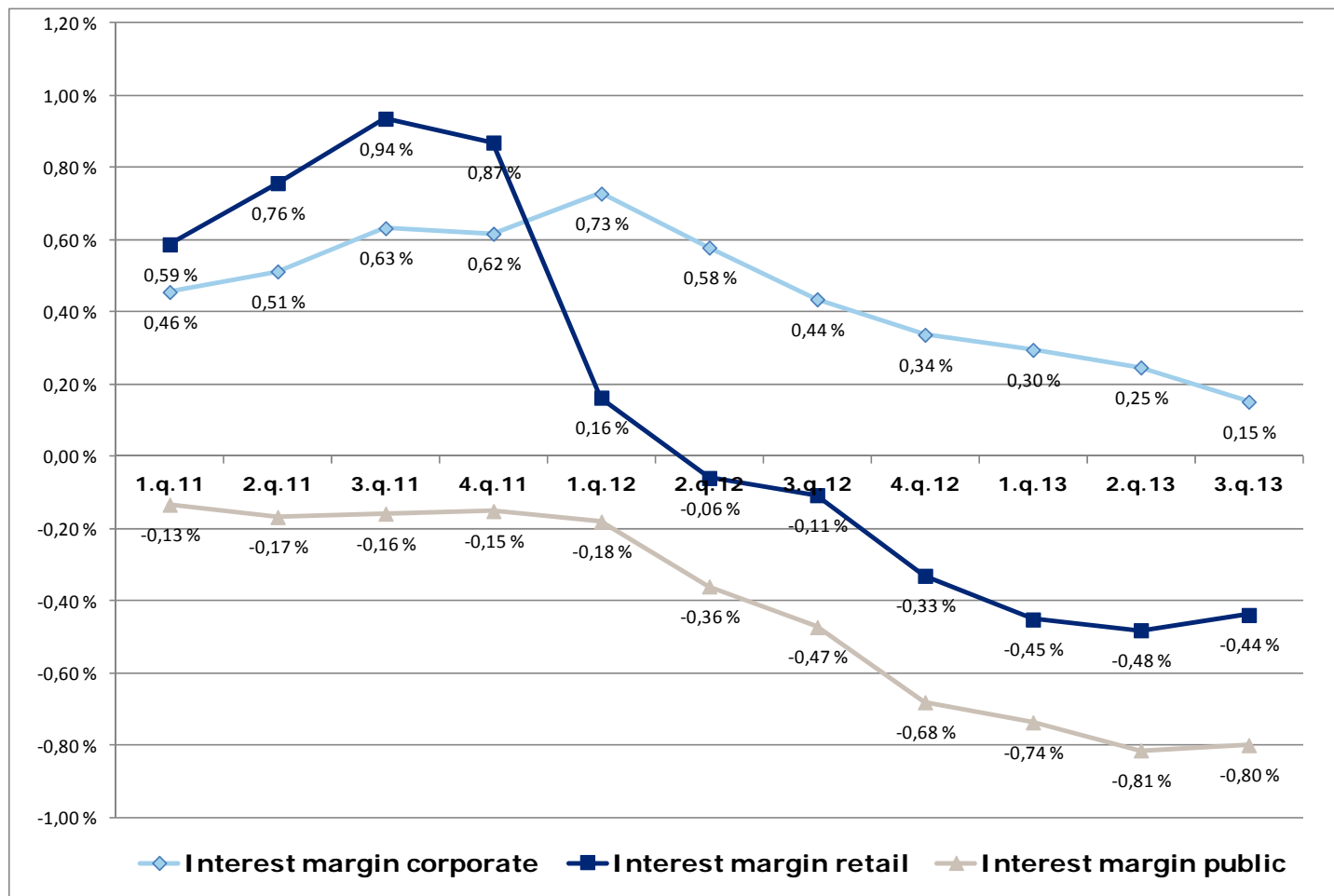
* Measured against average funding cost

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 margin, Parent bank



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

Net fee, commission and other operating income

(Amounts in NOK million)

	3Q13	2Q13	1Q13	4Q12	3Q12
Guarantee commissions	8	10	6	7	8
Other fee- and commission income	230	220	185	190	171
Fee- and commission income	238	230	191	197	179
Fee- and commission costs	19	23	10	15	19
Net fee- and commission income	219	207	181	182	160
Other operating income	12	29	16	19	10
Operating- and sales income real estate	2	2	1	1	2
Total commissions and other income	14	31	17	20	12
Net fee-, commission and other operating income	233	238	198	202	172

Income from financial investments

(Amounts in NOK million)

	30.09.13	30.09.12
Dividends	27	18
Income from joint ventures	226	196
Gains/losses and net value changes on shares	34	-105
Gains/losses and net value changes on certificates and bonds	-24	48
Gains/losses and net value changes on foreign exchange (incl. other financial derivatives)	-2	73
Income from financial investments	261	230

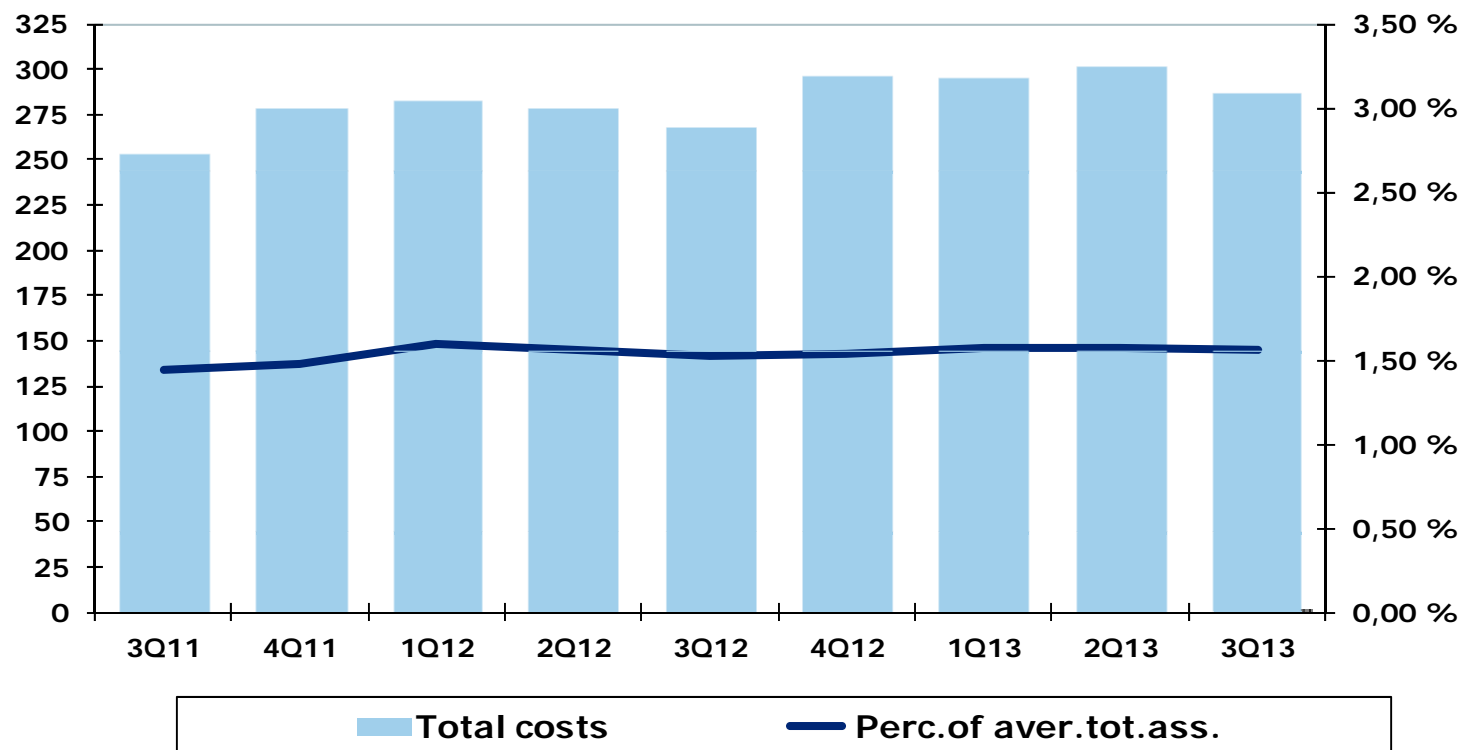
Group operating costs

(Amounts in NOK million)

	30.09.13	30.09.12	Change
Wages and salaries	398	365	33
Pension costs	29	30	- 1
Social costs	37	33	4
Total personnel costs	464	428	36
Administration costs	250	236	14
Total personnel- and general administration costs	714	664	50
Depreciation and write-downs of fixed assets	40	38	2
Total operating costs	128	123	5
Total costs	882	825	57

Group operating costs

NOK mill.



	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13
Total costs	252	277	282	277	266	295	294	302	286
Perc. of aver. tot. ass.	1,44 %	1,47 %	1,60 %	1,56 %	1,52 %	1,54 %	1,57 %	1,58 %	1,56 %

Operating expenses, Group

(in NOK million)	3Q13	2Q13	1Q13	4Q12	3Q12
Wages and salaries	131	138	129	134	126
Pension costs	9	11	9	4	10
Social costs	11	13	13	15	11
Total personnel expenses	151	162	151	153	147
Development costs	27	28	26	22	25
Electronic data processing costs	15	11	18	15	16
Marketing costs	18	21	16	15	11
Travel - and training costs	6	7	9	15	9
Communications	3	3	2	2	2
Postage	3	4	3	3	2
Consultancy services	6	4	4	5	2
Cost involving the handling of cash	3	3	3	5	3
Office-related costs	2	2	2	3	3
Collection costs	1	1	1	1	1
Ordinary depreciation	13	13	14	16	13
Operating costs buildings	6	6	6	4	4
Rent paid - premises and bank buildings	11	9	9	10	11
Operating costs - premises	3	4	6	5	5
Other operating costs	19	24	24	21	12
Other expenses	135	140	143	142	119
Total operating expenses	286	302	294	295	266

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

(Amounts in NOK million)

	3Q13	2Q13	1Q13	4Q12	3Q12
Net interest income	341	309	280	307	293
Net fee- and commission income	219	207	181	182	160
Other operating income	14	31	17	20	12
Total costs	286	302	294	295	266
Underlying banking operations	288	245	184	214	199
Net losses and write-downs	35	47	40	32	115
Underlying banking operations after losses	253	198	144	182	84

Group companies result before tax

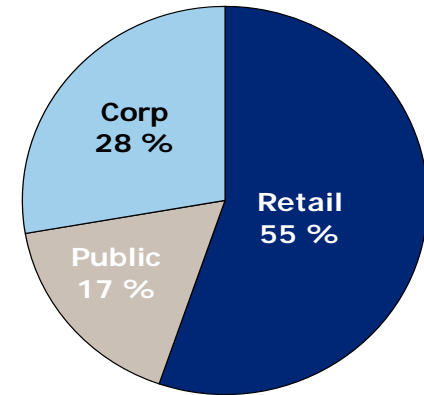
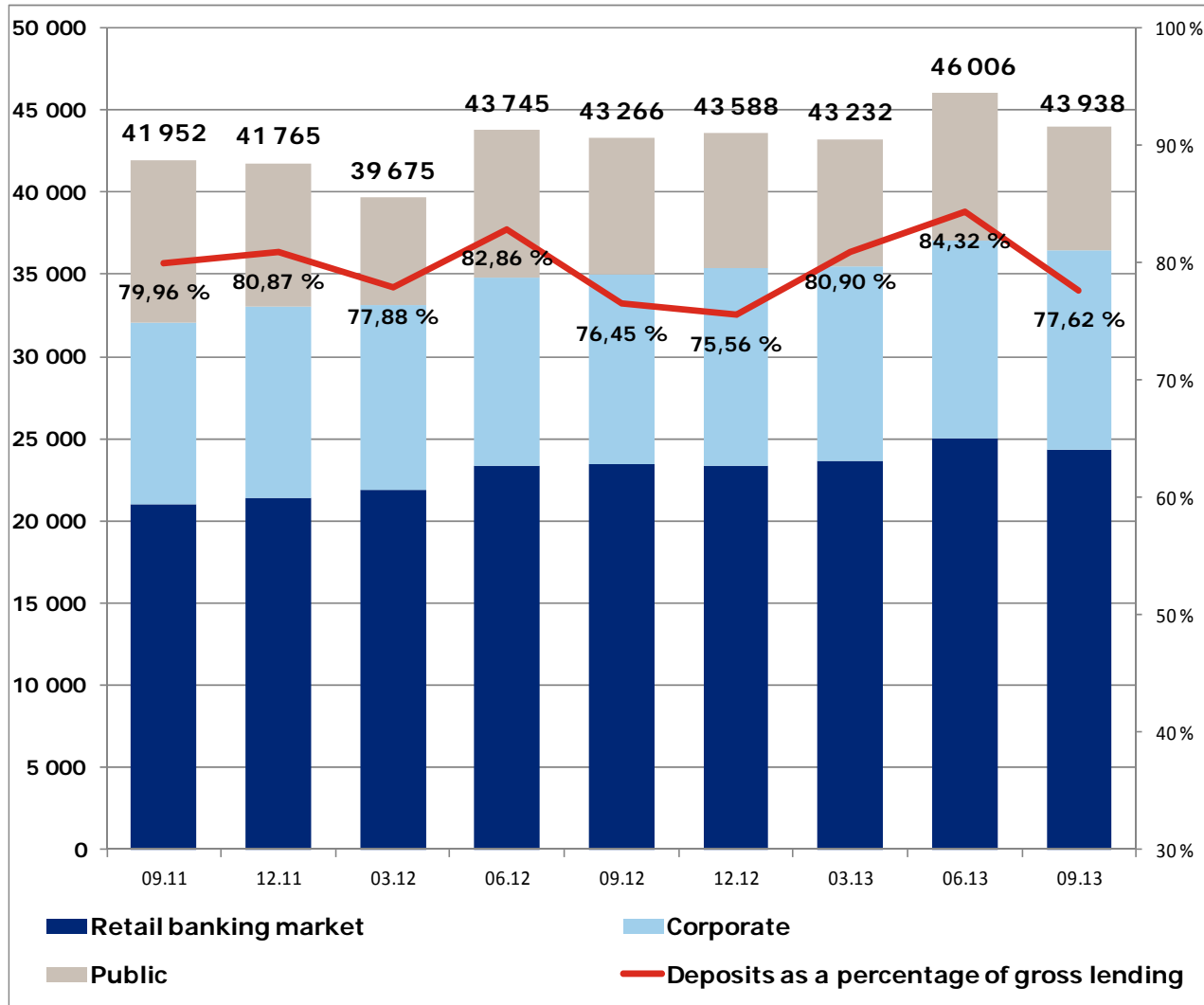
(Amounts in NOK million)	30.09.13	30.09.12
SpareBank 1 Finans Nord-Norge AS	72 051	51 649
SpareBank 1 Nord-Norge Invest AS	-25 337	-130 216
SpareBank 1 Regnskapshuset Nord-Norge AS (including result from subsidiaries)	5 733	- 899
EiendomsMegler 1 Nord-Norge AS	15 435	8 726
SpareBank 1 Nord-Norge Forvaltning ASA	1 546	809
North-West 1 Alliance Bank	164	485
EiendomsMegler 1 Lofoten AS (owned by EM1 60%)	112	0
Total	69 592	-69 446

Key figures balance sheet

(Amounts in NOK million)

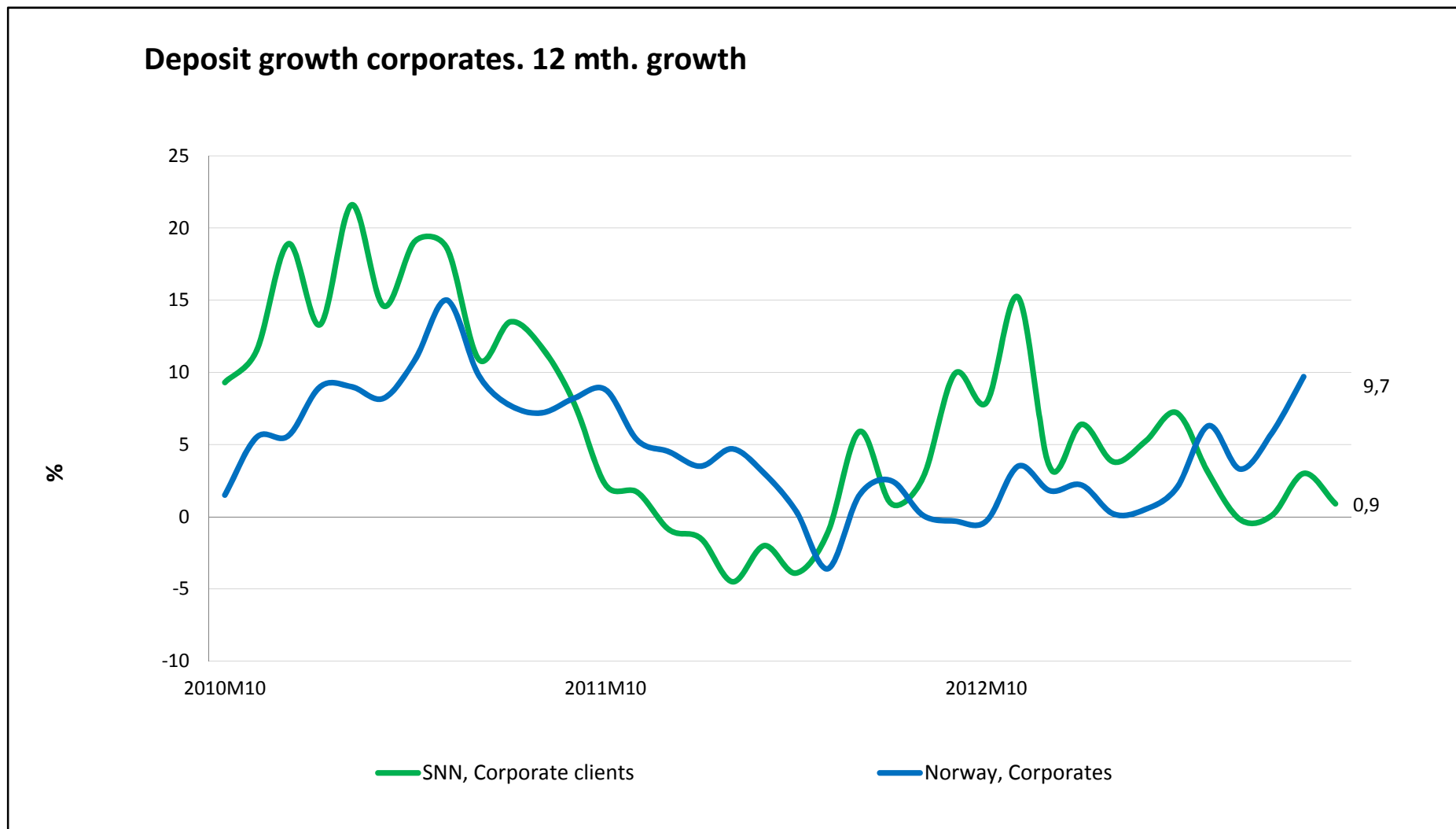
	30.09.13	30.09.12	Change	Change %
Total assets	75 670	74 251	1 419	1,9%
Gross lending	56 605	53 493	3 112	5,8%
Loans and advances to customers incl SpareBank 1 Boligkreditt and Næringskreditt	79 083	74 665	4 418	5,9%
Deposits from customers	43 938	43 266	672	1,6%

Deposit volume



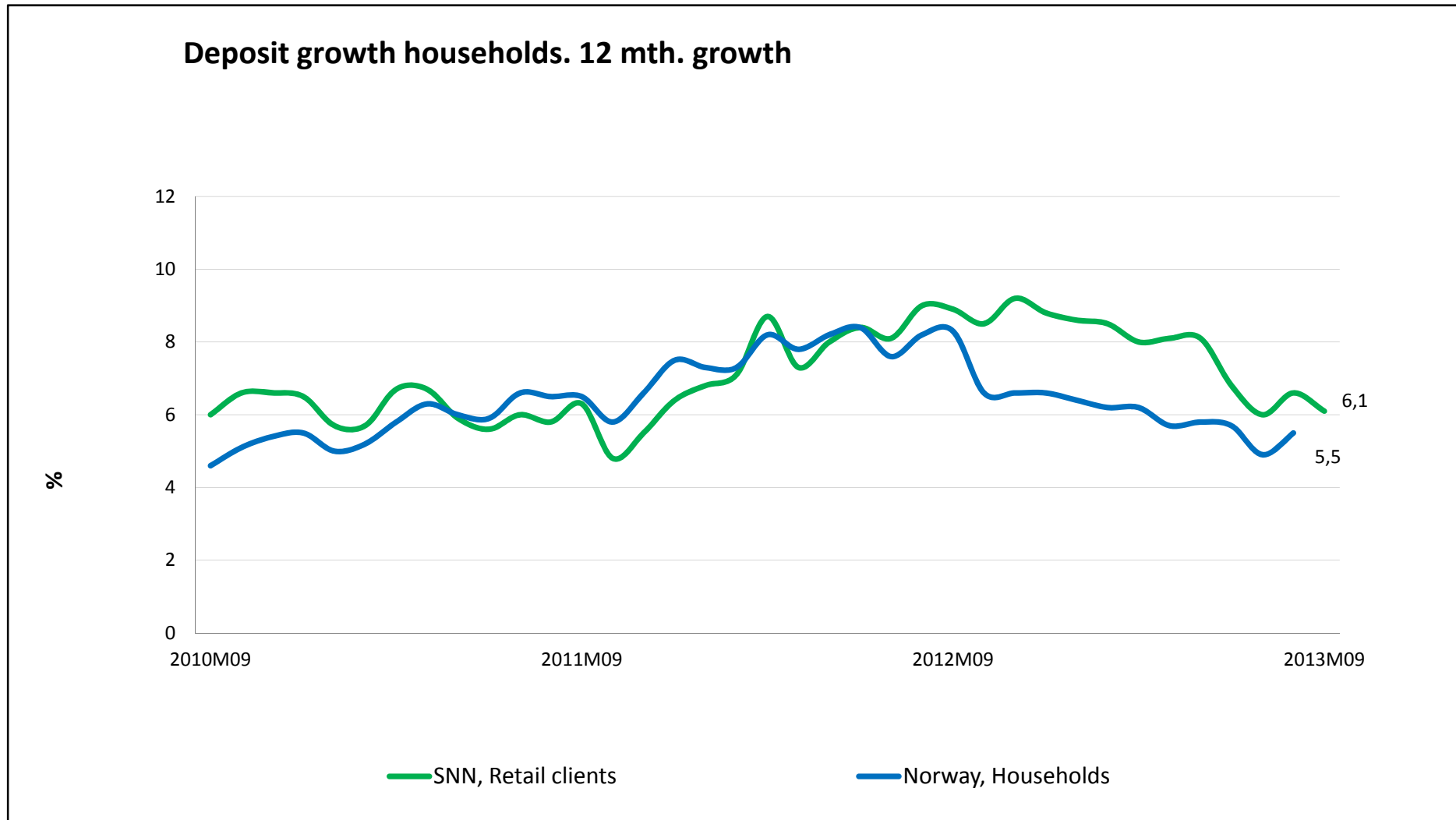
Deposit growth last 12 months: 1,6 %

Deposit growth corporates



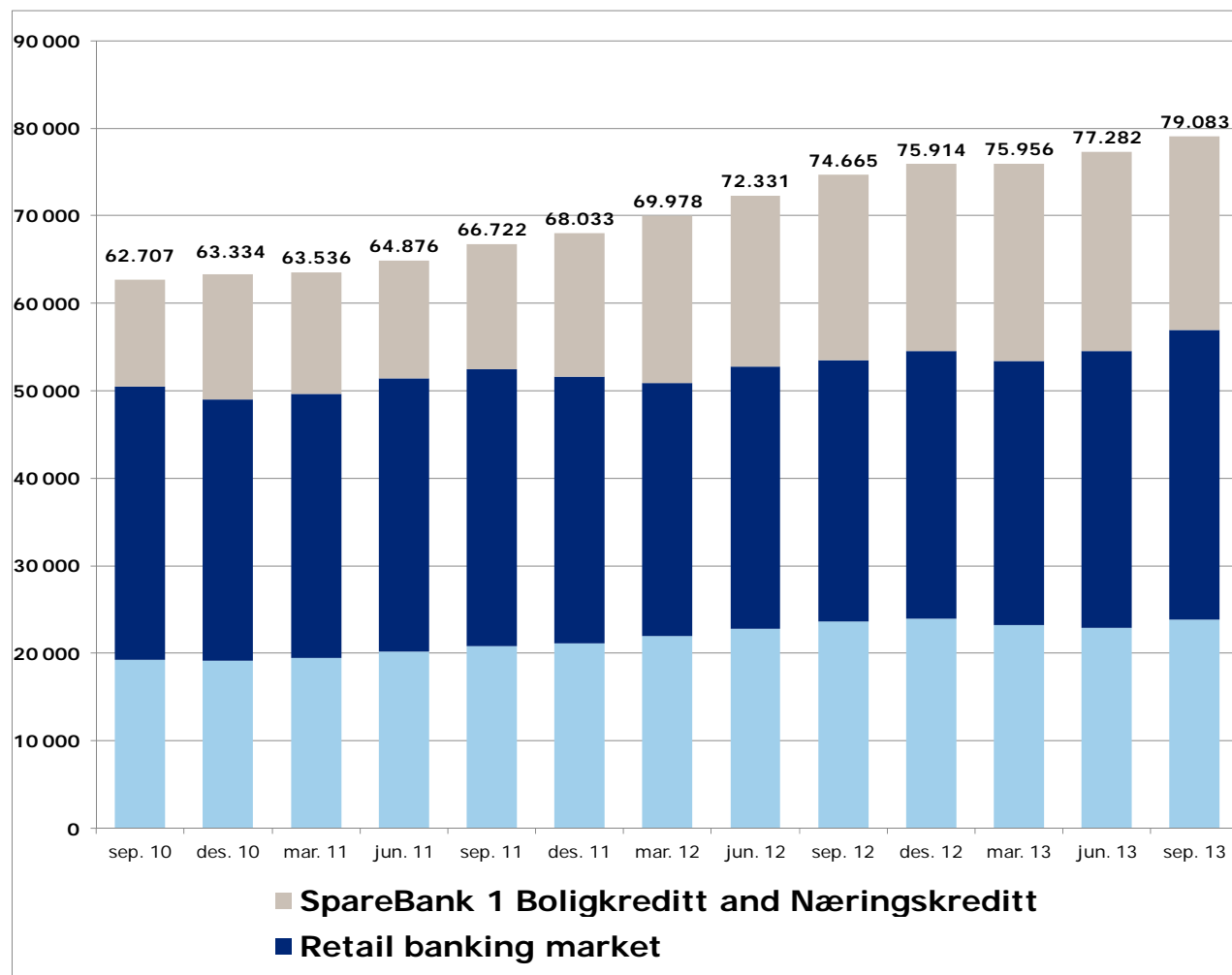
Source: Statistics Norway, The money supply M2, Sept 2013 & SNN Bare, Sept 2013

Deposit growth households

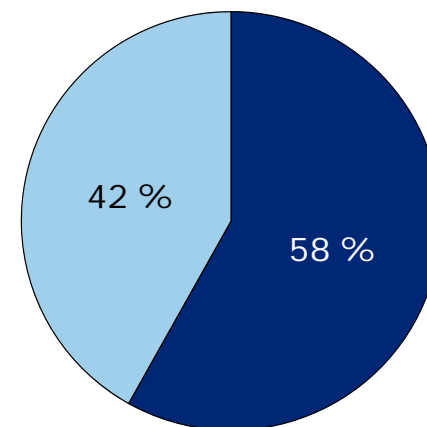
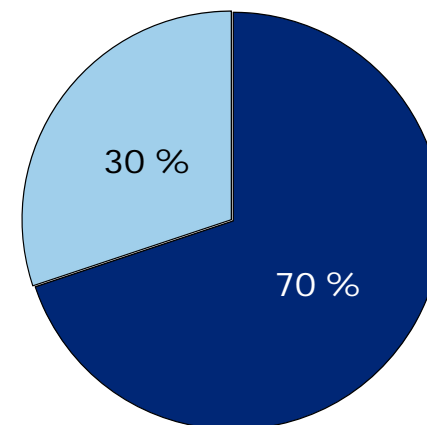


Source: Statistics Norway, The money supply M2, Sept 2013 & SNN Bare, Sept 2013

Lending volume



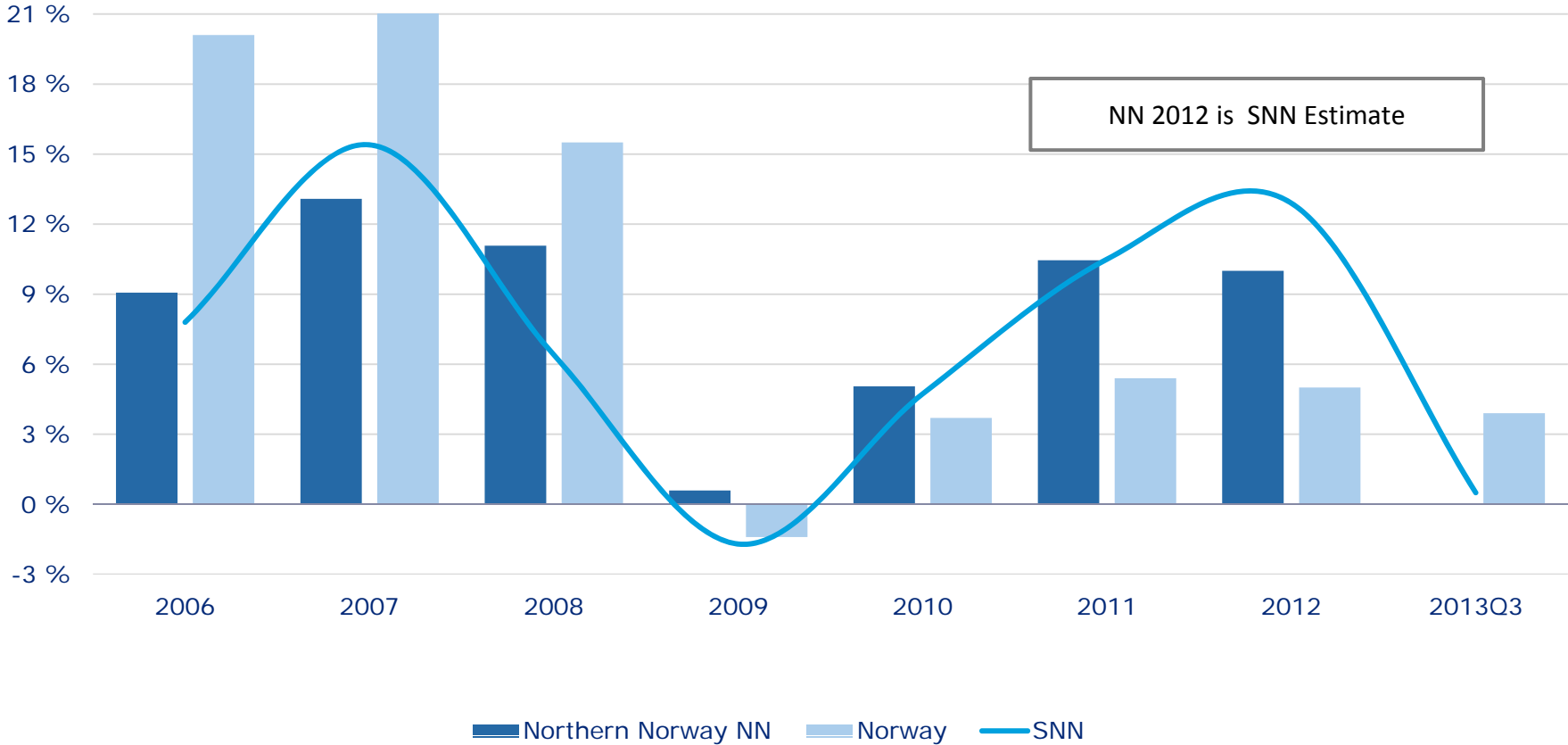
Growth in loans and advances to customers incl. agency loans past 12 months: 5,9 %



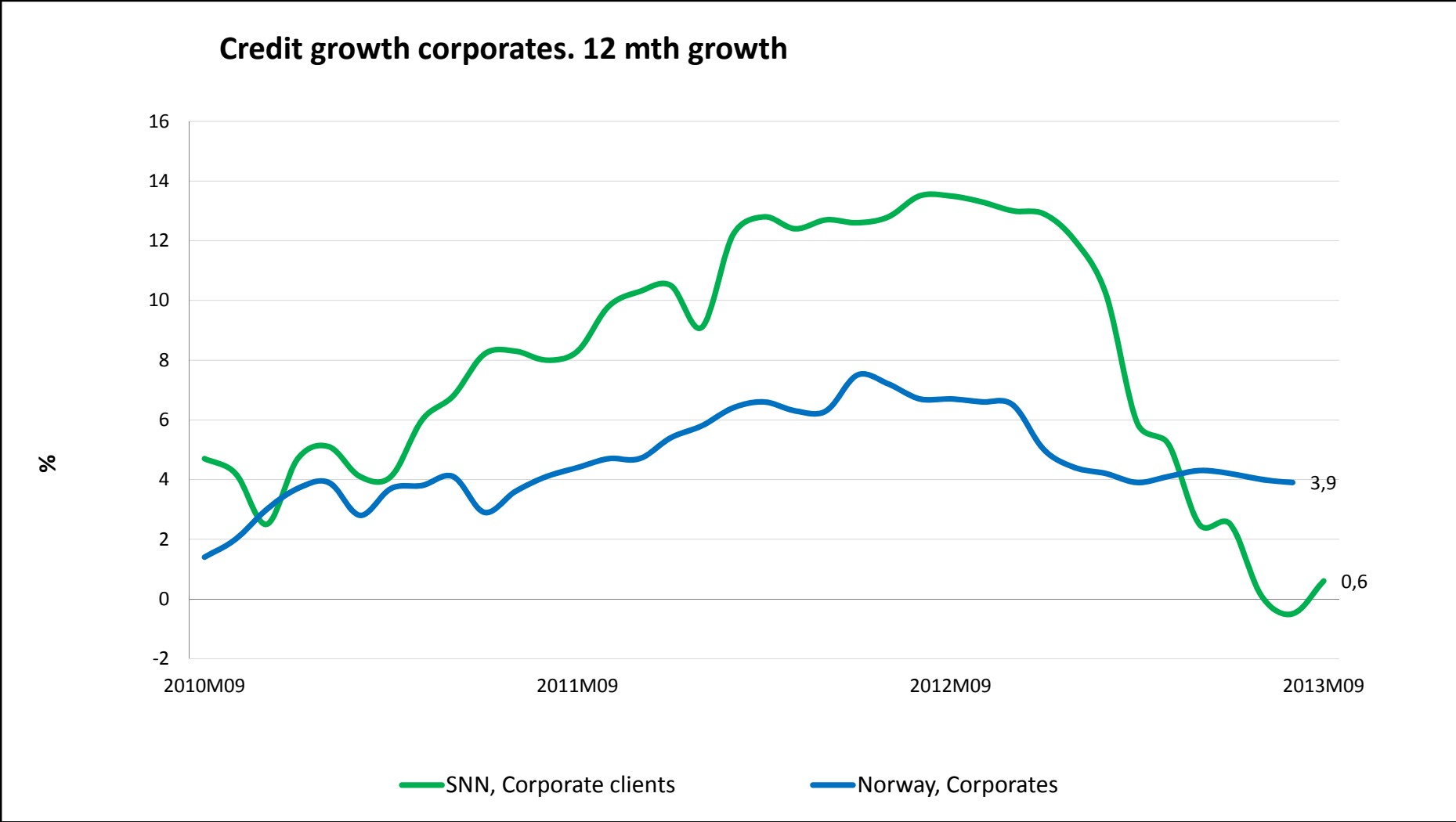
■ Retail excl. SpareBank 1 Boligkreditt
■ Corp/ Public

Credit growth corporate – 2006 – 2013

Credit growth - corporate
y/y growth



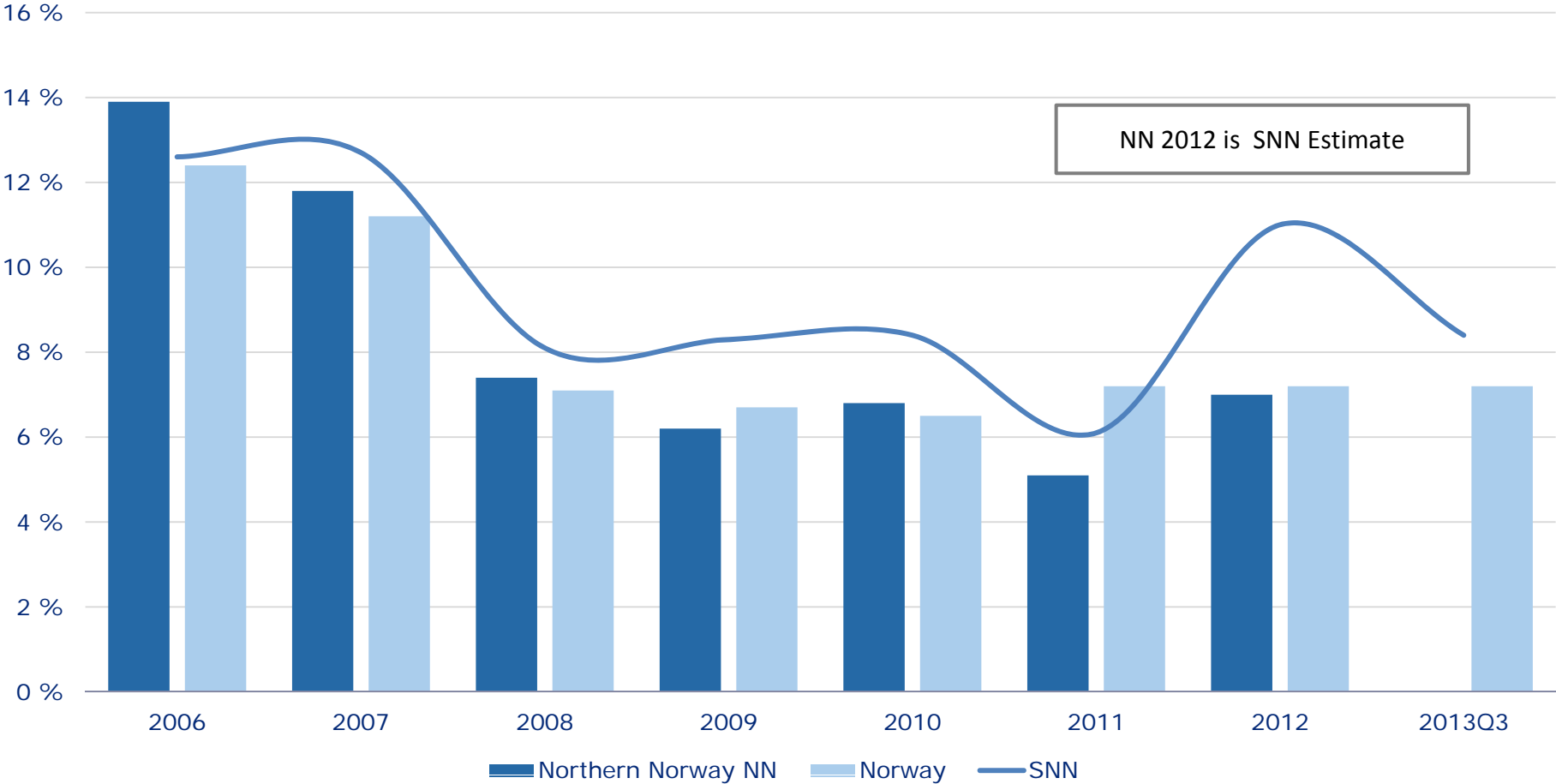
Credit growth corporates



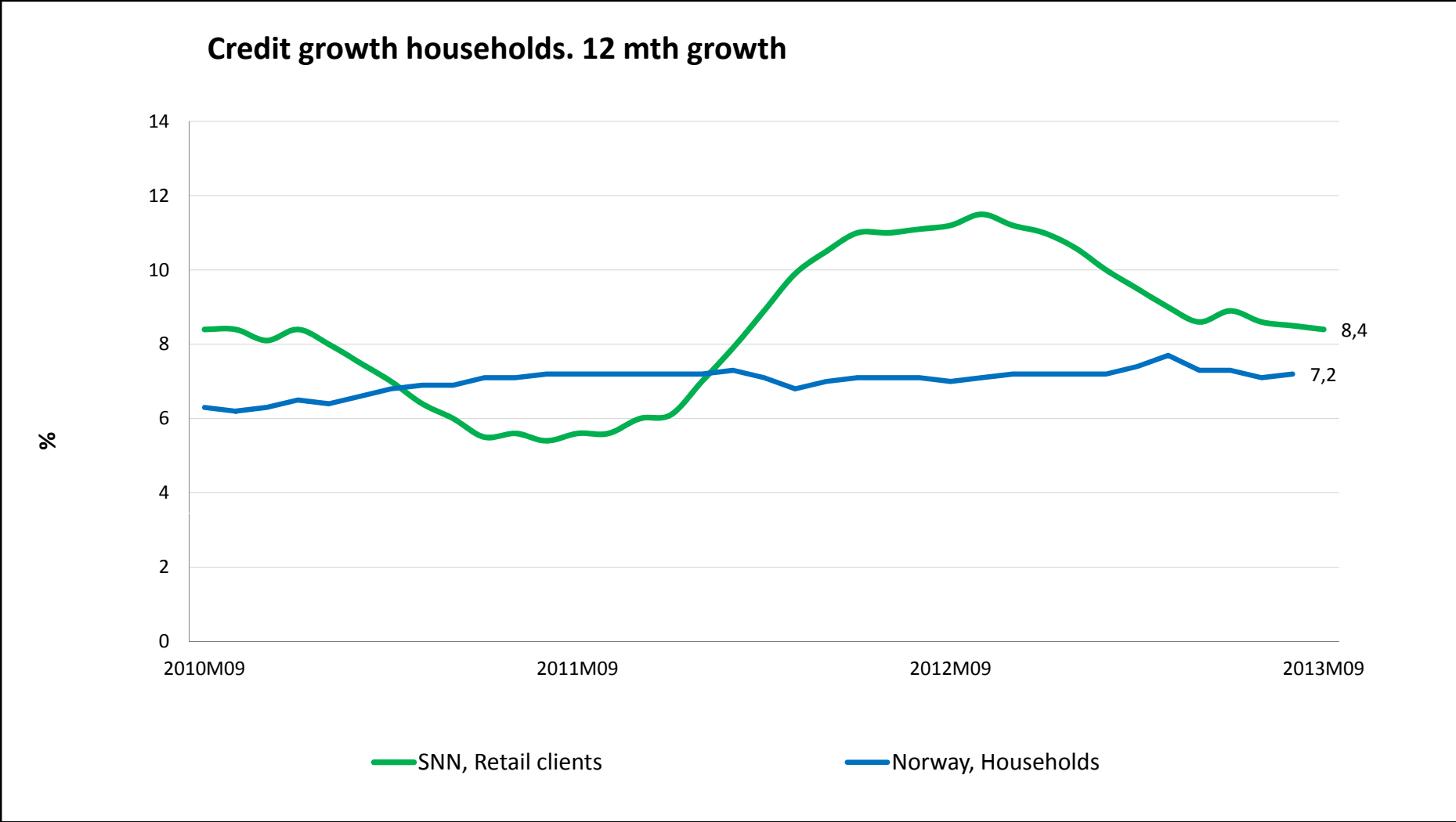
Source: Statistics Norway, The credit indicator C2, Sept 2013 & SNN Bare, Sept 2013

Credit growth – households 2006 - 2013

Credit growth - households
y/y growth



Credit growth households



Source: Statistics Norway, The credit indicator C2, Sept 2013 & SNN Bare, Sept 2013

Credit area

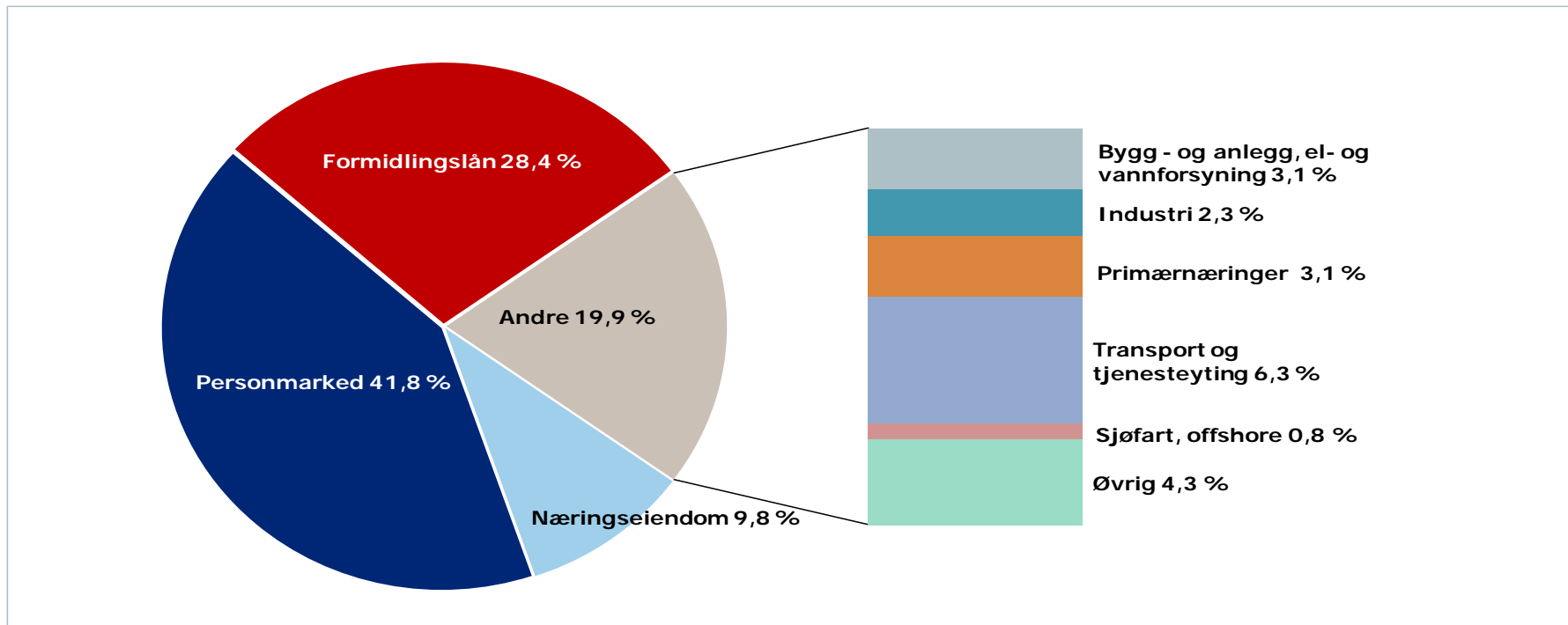
- Quality
- Portfolio
- Migration, commitments in default and losses

Lending portfolio - comments

- Good increase in retail lending, with focus on commitments qualifying for SpareBank 1 Boligkreditt (covered bond company).
- Low growth in corporate lending last 12 months.
- The portfolio and growth in corporate lending is diversified.
- Good growth within low risk commitments in the transportation & storage sector compared with volume as of 30.9.12.
- Reduced losses in 3rd quarter isolated compared with previous quarters.
- Reduced losses in 2013 compared with losses as of 30.9.12.

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 portofolio.

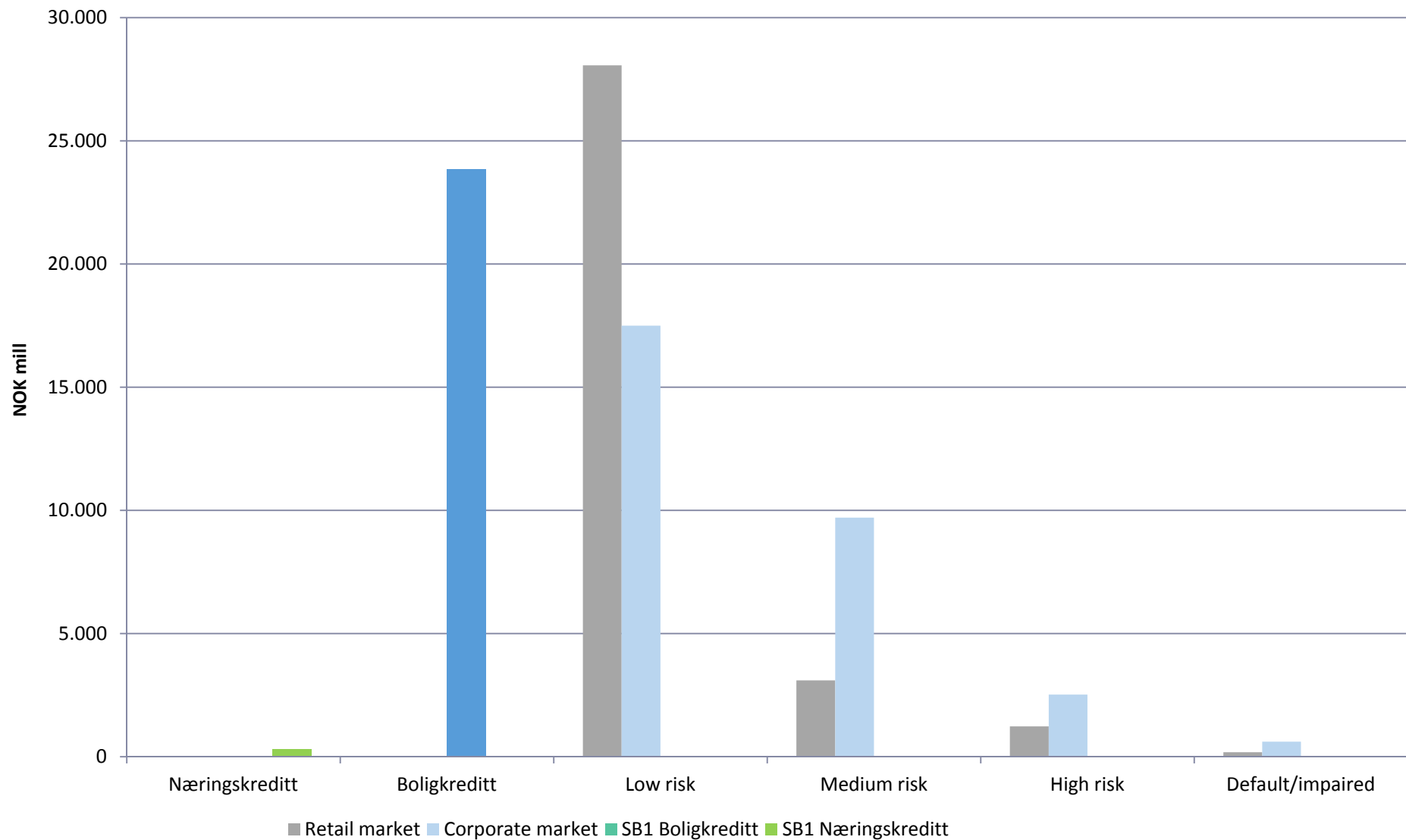
No specific concerns related to the bank's loans to commercial property due to low interest rates and good occupancy rates in the bank's market area. The share of commercial property lending is reduced over the last 12 months.

Group lending by sector

(NOK million)	30.09.13	Share	30.09.12	Share	Change	Change in %
Mining and quarrying	82	0,1 %	83	0 %	- 1	-1 %
Construction	827	1,0 %	1 043	1 %	- 216	-21 %
Building of ships and boats	6	0,0 %	123	0 %	- 117	-95 %
Electricity, gas, steam an air conditioning supply	1 323	1,7 %	1 307	2 %	16	1 %
Professional, scientific and technical activities	711	0,9 %	582	1 %	129	22 %
Financial and insurance activities	0	0,0 %	0	0 %	0	0 %
Fishing	1 168	1,5 %	1 700	2 %	- 532	-31 %
Marine aquaculture	279	0,4 %	280	0 %	- 1	0 %
Other business support activities	612	0,8 %	501	1 %	111	22 %
Activities auxiliary to financial services and insurance activities	799	1,0 %	684	1 %	115	17 %
County municipalities and municipalities	173	0,2 %	173	0 %	0	0 %
Manufacturing	1 757	2,2 %	1 571	2 %	186	12 %
Information and communication	146	0,2 %	154	0 %	- 8	-5 %
Crop and animal production	958	1,2 %	937	1 %	21	2 %
Foreign industrial	162	0,2 %	224	0 %	- 62	-28 %
Real estate activities	7 779	9,8 %	7 763	10 %	16	0 %
<i>Housing cooperatives</i>	996	1,3 %	1 167	2 %	- 172	-15 %
<i>Property project</i>	1 189	1,5 %	1 297	2 %	- 107	-8 %
<i>Property hiring out</i>	4 765	6,0 %	4 797	6 %	- 32	-1 %
<i>Real estate business</i>	829	1,0 %	502	1 %	326	65 %
Accomodation and food service activities	363	0,5 %	370	0 %	- 7	-2 %
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	21	0,0 %	0	0 %	21	100 %
Other service industries	742	0,9 %	735	1 %	7	1 %
Transportation and storage	3 502	4,4 %	2 671	4 %	831	31 %
International shipping and pipeline transport	667	0,8 %	682	1 %	- 15	-2 %
Extraction of crude oil and natural gas	0	0,0 %	126	0 %	- 126	-100 %
Unspecified	0	0,0 %	0	0 %	0	0 %
Water supply; sewerage, waste management and remediation activities	286	0,4 %	283	0 %	3	1 %
Wholesale and retail trade; repair of motor vehicles and motorcycles	1 146	1,4 %	1 667	2 %	- 521	-31 %
Corporate market - SB 1 Næringskreditt	297	0,4 %	0	0 %	297	100 %
Retail banking market - domestic	32 739	41,4 %	29 683	40 %	3 056	10 %
Retail banking market - SB 1 Boligkreditt	22 182	28,0 %	21 172	28 %	1 010	5 %
Retail banking market - international	347	0,4 %	137	0 %	210	153 %
Total retail market incl. agency loans	55 268	69,9 %	50 992	68 %	4 276	8 %
Total corporate market incl. agency loans	23 642	29,9 %	23 499	31 %	143	1 %
Total government	174	0,2 %	174	0 %	0	0 %
Total loans	79 084	100,0 %	74 665	100 %	4 419	6 %

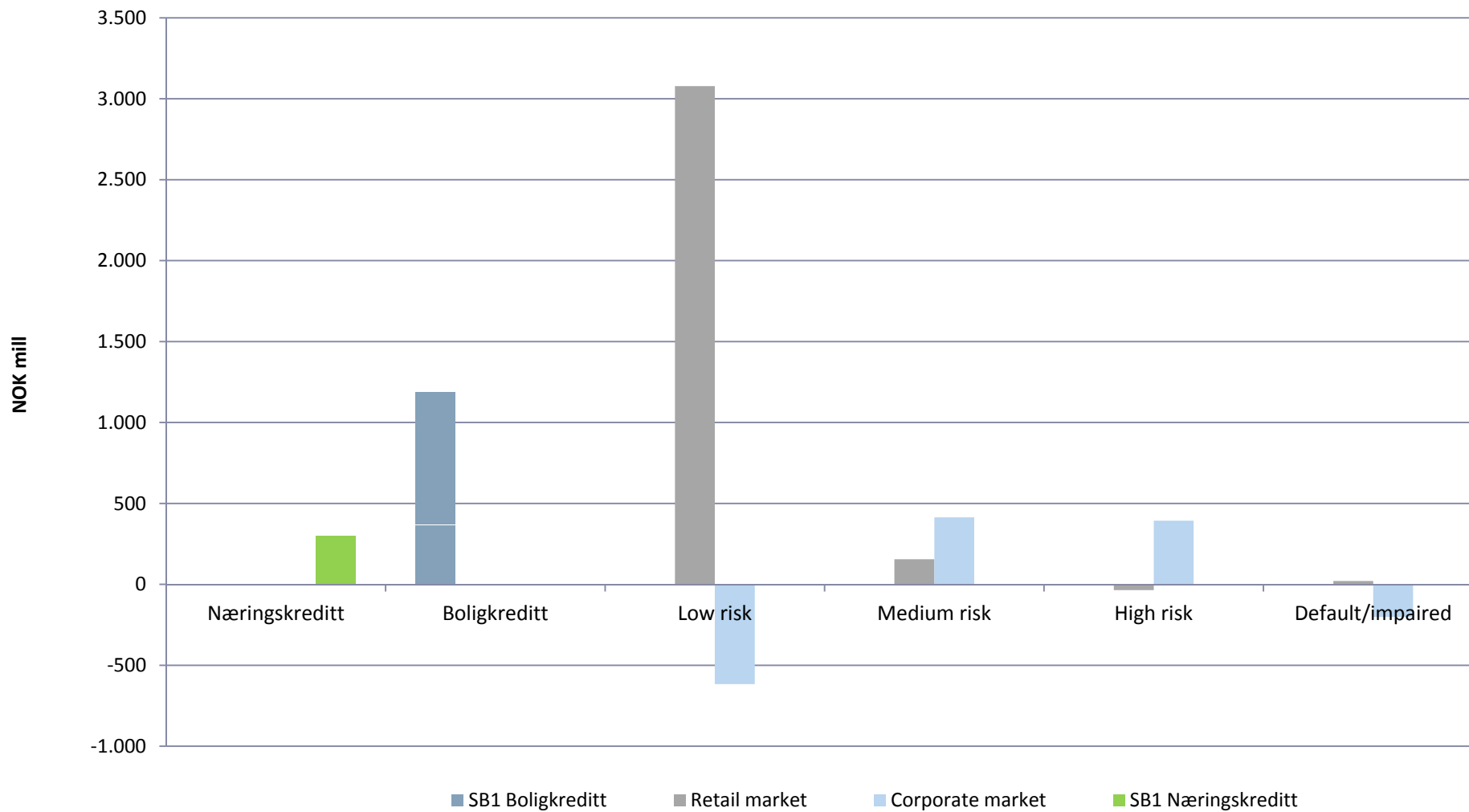
Portfolio

- exposure as of 30.09.13

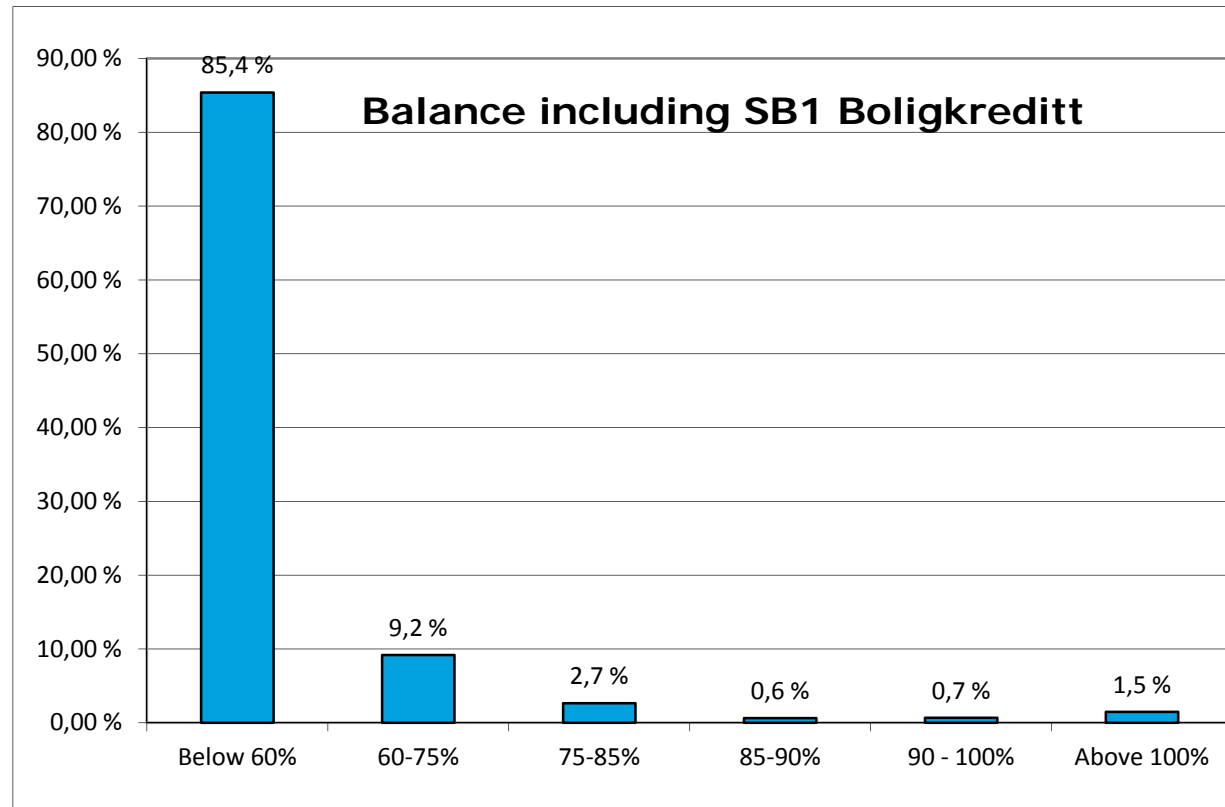


Risk change

- portfolio change Q3/12 – Q3/13

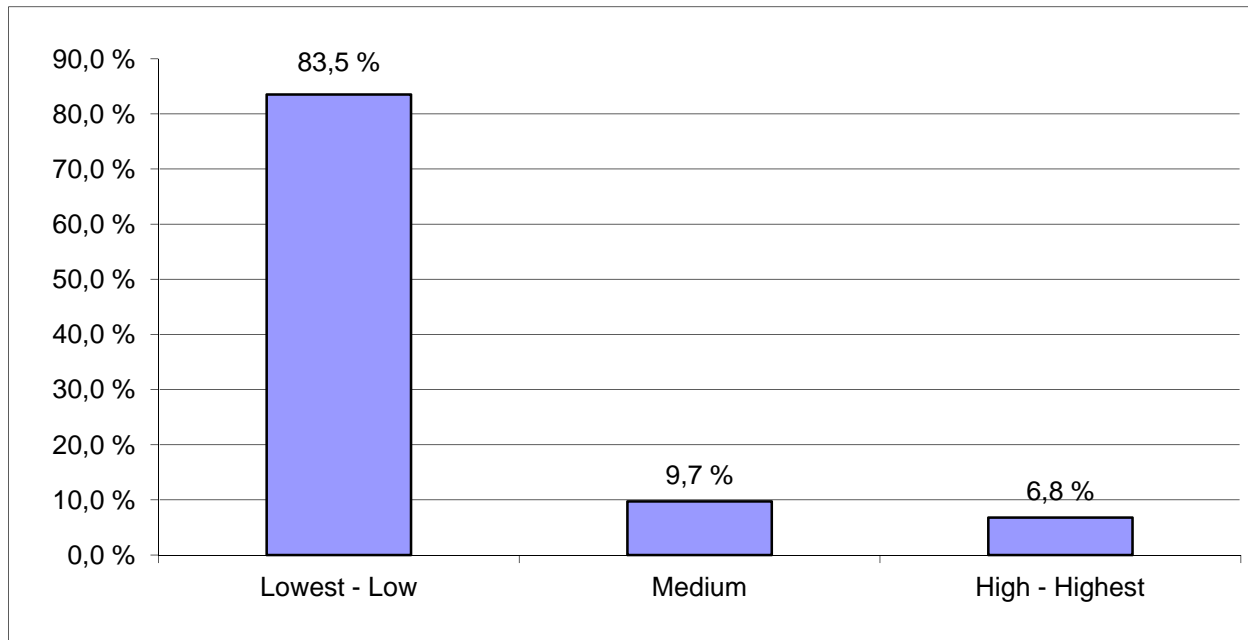


Loan to value – LTV in % of collateral – mortgages



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

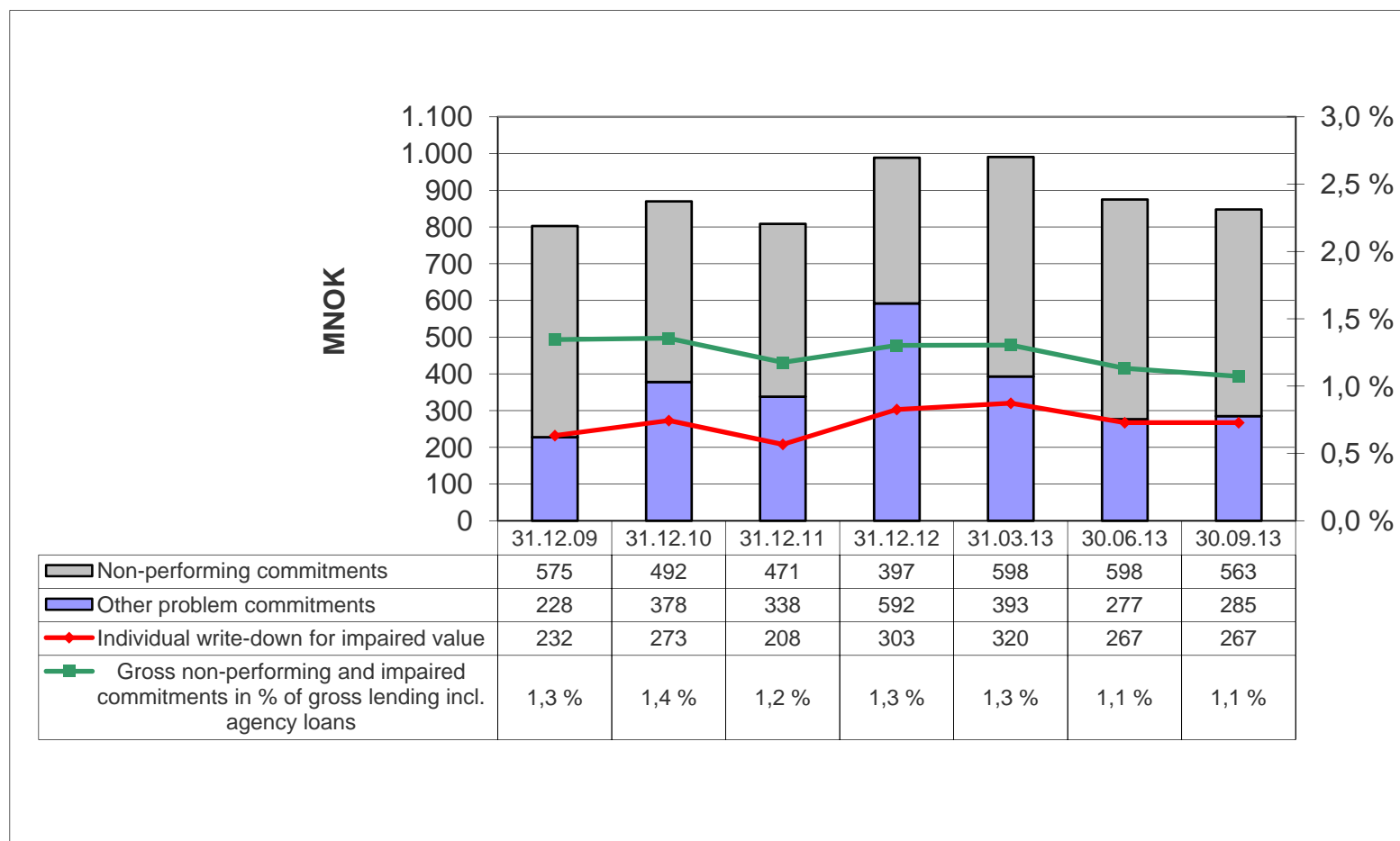
Portfolio of corporate property lending



- 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.

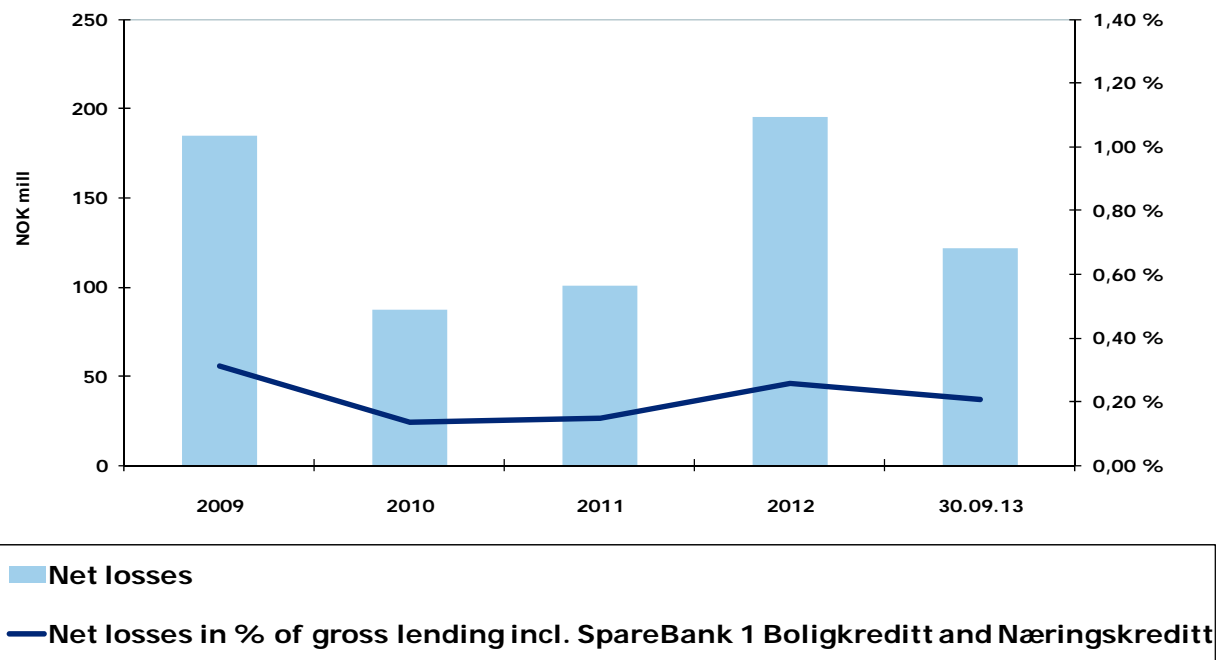
The Group's non-performing, impaired and other problem commitments



Loan losses: The Group's write-downs as of Q3 2013

	Write-downs			
	3rd quarter 2013	3rd quarter 2012	3rd quarter 20113(iso)	2012
Individual write-downs				
<i>Retail market</i>	11	5	5	5
<i>Corporate market</i>	102	180	25	223
<i>SpareBank 1 Finans Nord-Norge</i>	5	2	0	6
<i>Other group units</i>	9	1	6	1
Total individual write-downs	127	188	35	235
Collective write downs and other value change items	-5	-25	-1	-40
Total write-down on loans and guarantees	122	163	35	195

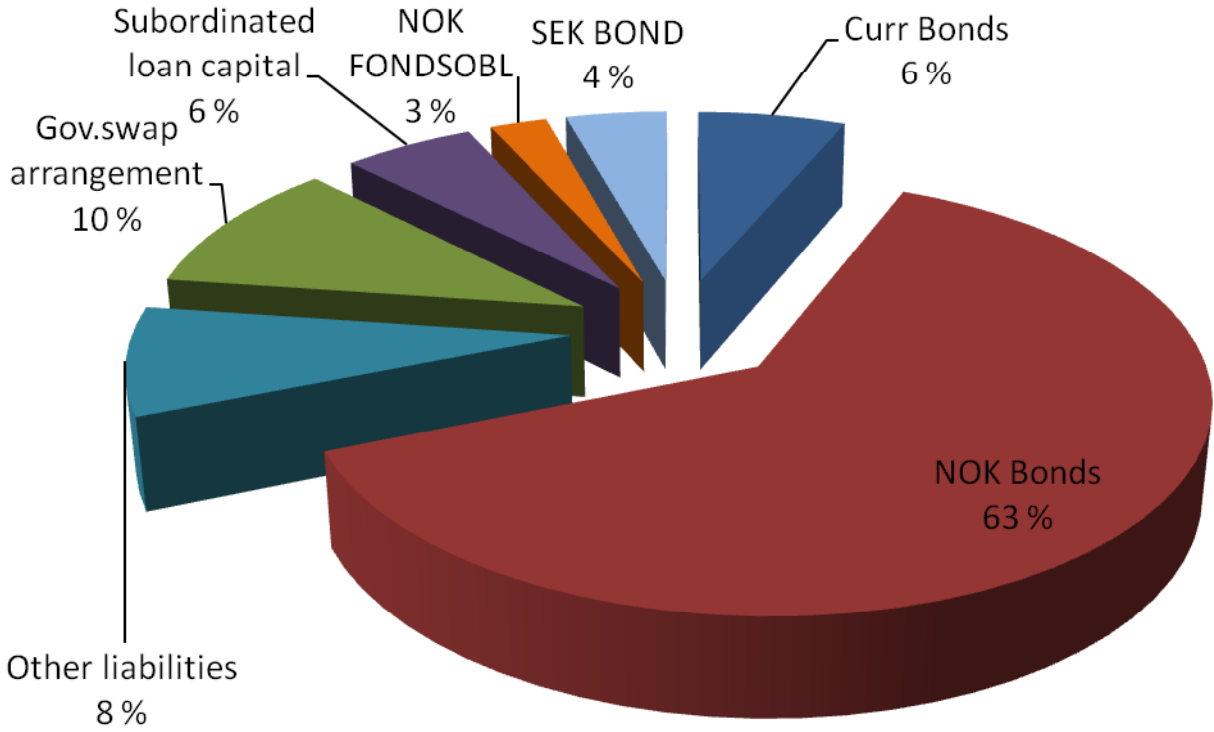
Losses on loans and guarantees - Group



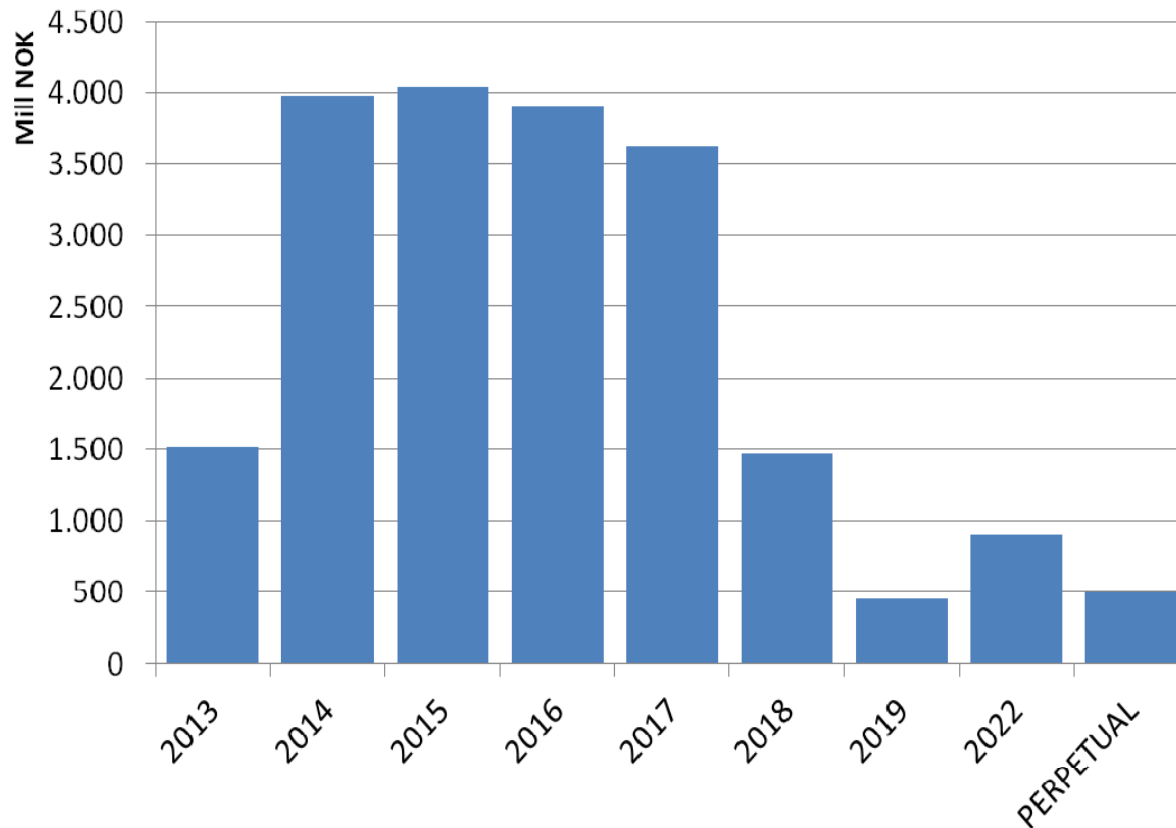
	2009	2010	2011	2012	30.09.13
Individual write-downs for impaired value	163	133	84	246	120
Collective write-downs imp. value	36	-39	26	-40	7
Recoveries, previously confirmed losses	-14	-7	-9	-11	-5
Net losses	185	87	101	195	122
Net losses in % of gross lending incl. SpareBank 1 Boligkreditt and Næringskreditt	0,31 %	0,14 %	0,15 %	0,26 %	0,21 %

Liquidity/funding

Funding instruments /diversification, 30.09.13



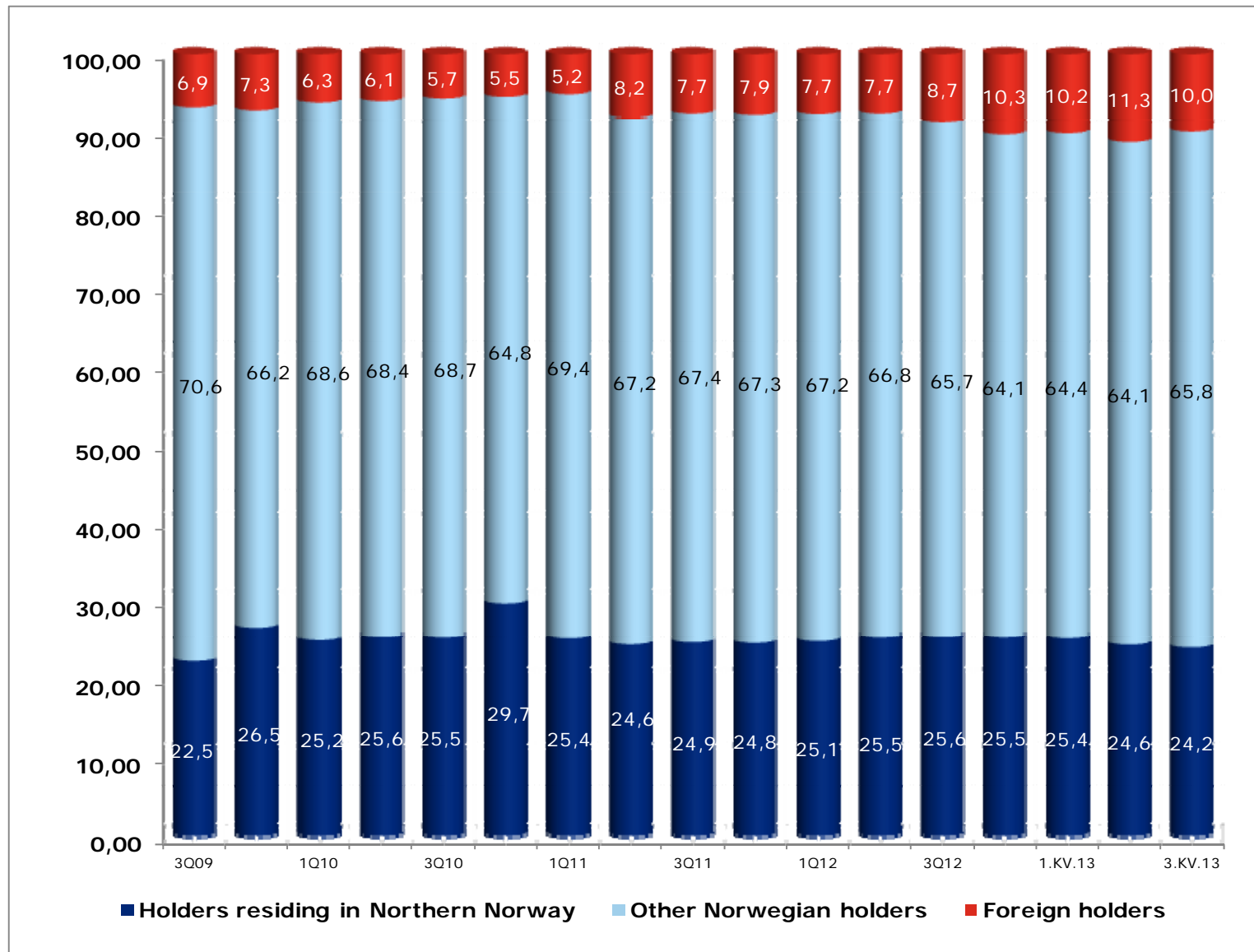
Maturity profile of capital markets funding, 30.09.13 (excl. SB1 Boligkreditt)



- Good diversification in terms of maturities
- NOK 20.375 mill in capital market funding exclusive of SB1 Boligkreditt
- SpareBank 1 Boligkreditt is an important funding source. Mortgage loans of NOK 22.500 mill transferred as at 30.09.13.
- Amount of gross maturities of capital market funding next 12 months is NOK 5.128 mill NOK

Equity certificate holders

Equity Certificates (EC) - holder structure



The 20 largest EC holders

Equity Certificate holders	Number of Equity Certificates	Share of total capital
Pareto Aksje Norge	3.489.005	5,27 %
Mp Pensjon Pk	1.766.431	2,67 %
Pareto Aktiv	1.458.279	2,20 %
Citibank, N.A.	1.410.210	2,13 %
Frank Mohn A/S	1.355.745	2,05 %
Tonsenhagen Forretningssentrum AS	1.134.493	1,71 %
Sparebankstiftelsen Sparebank 1 Nord-Norge	916.561	1,38 %
Framo Developments AS	848.925	1,28 %
Morgan Stanley & Co LLC	804.081	1,21 %
Pareto Verdi VPF	745.324	1,13 %
Forsvarets Personellservice	694.554	1,05 %
Sparebank 1 Sr-Bank Pensjonskasse	590.946	0,89 %
Sparebankstiftelsen Dnb Nor	545.614	0,82 %
Mohn, Trond	509.354	0,77 %
Renterisiko AS	507.151	0,77 %
Consept Eiendom AS	480.169	0,73 %
Ditlefsen, Karl	459.243	0,69 %
Norges Råfisklag	438.587	0,66 %
Troms Kraft AS	409.224	0,62 %
Nordenfjelske Bykreditts Stiftelse	370.708	0,56 %
The 20 largest EC holders	18 934 604	28,60 %

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	480.169	0,73 %
Ditlefsen, Karl	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 %
Ovesen, Tor	206.556	0,31 %
Ovesen, Ole Alfred Rolf	205.554	0,31 %
Gadd Holding AS	174.539	0,26 %
Rigamonti A/S	126.393	0,19 %
Agnar Holding AS	111.277	0,17 %
Entreprenørcompagniet Nord AS	110.121	0,17 %
Andersen, Hemming Leonharth	109.167	0,16 %
Kræmer AS	103.999	0,16 %
Tromsø Skotøimagasin A/S	102.000	0,15 %
T Berset Holding AS	100.000	0,15 %
Coop Nord BA	97.848	0,15 %
AS Ferdighus	95.765	0,14 %
Karlsen, Arne Torleif	95.424	0,14 %
The 20 largest EC holders residing in Northern Norway ¹⁾	4 853 339	7,33 %

¹⁾ Postal code > 7999

Contact information

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9298 Tromsø

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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

Macro and economic trends

Northern Norway – current economic status

- **Strong growth in regional GDP since 2010**
- **Sustained high growth in 2013**
 - Signs of weakness in export industries
 - All-time high order reserves in building and construction
- **High investments in public sector, energy and housing**
 - Investments in traditional industries on hold
- **Household finances are healthy**
- **Strong employment growth**
 - Low jobless rate – 2.7 % September 2013
- **Promising prospects for 2014, though uncertainties**
 - Development in oil prices
 - Development in US and China, and Europe out of recession

The most important industries

- **Seafood**
 - Salmon industry - export growth and high prices
 - Northern Norway - 37 pct of salmon production
 - Cod sector - high catch quotas, low prices, need for restructuring
- **Petroleum**
 - Norne FPSO (1997), Hammerfest LNG (2007) and Skarv FPSO (2013)
 - Goliat FPSO (oil) in production 2014, Aasta Hansteen FPSO (2017)
 - Regional oil service business up 20 pct in 2012
 - Barents Sea South East opened for exploration in April 2013
- **Building and construction**
 - Peak order reserve in construction activity
 - Residential construction back on track
- **Tourism**
 - Strong winter season followed by substantial drop this summer

Oil and gas exploration – from two to six fields

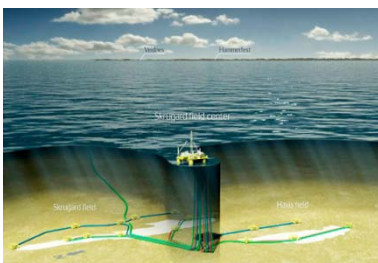
SNØHVIT
Start up 2007



AASTA HANSTEEN
Start up 2017



JOHAN CASTBERG
Start up before 2020



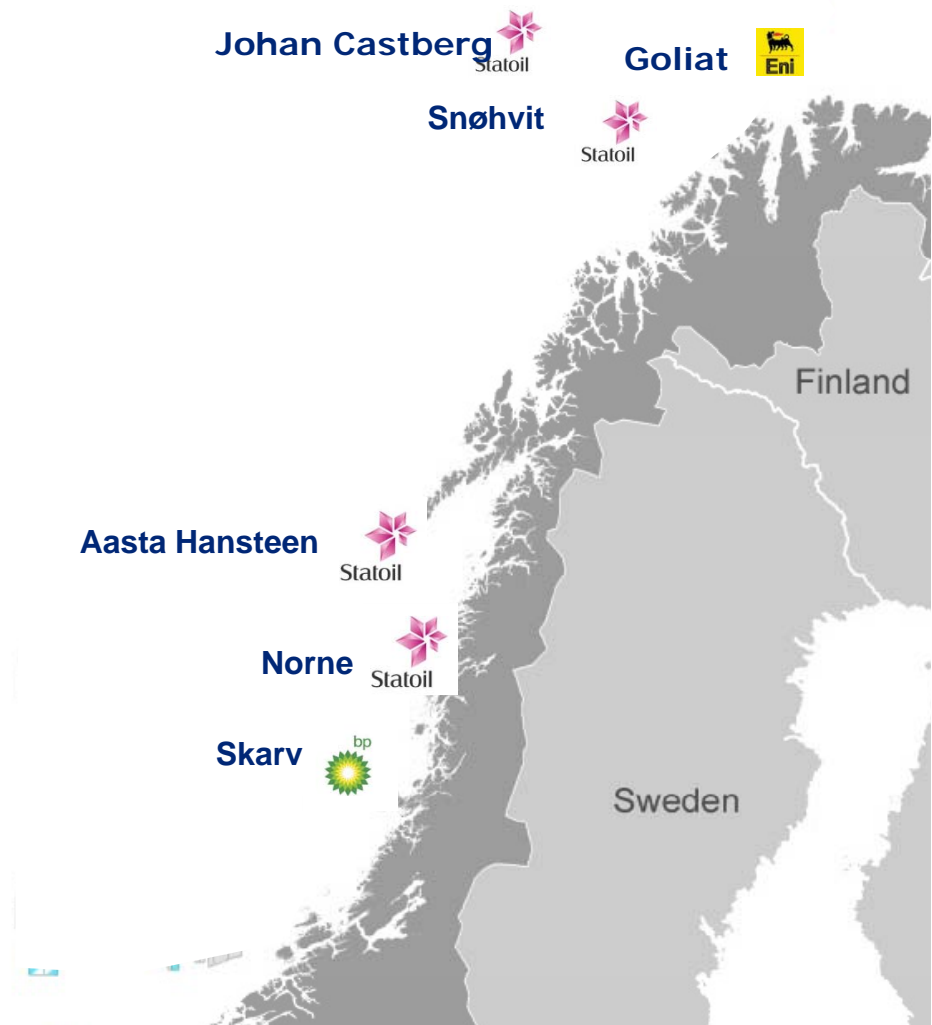
SKARV
Start up 2012



GOLIAT
Start up 2013

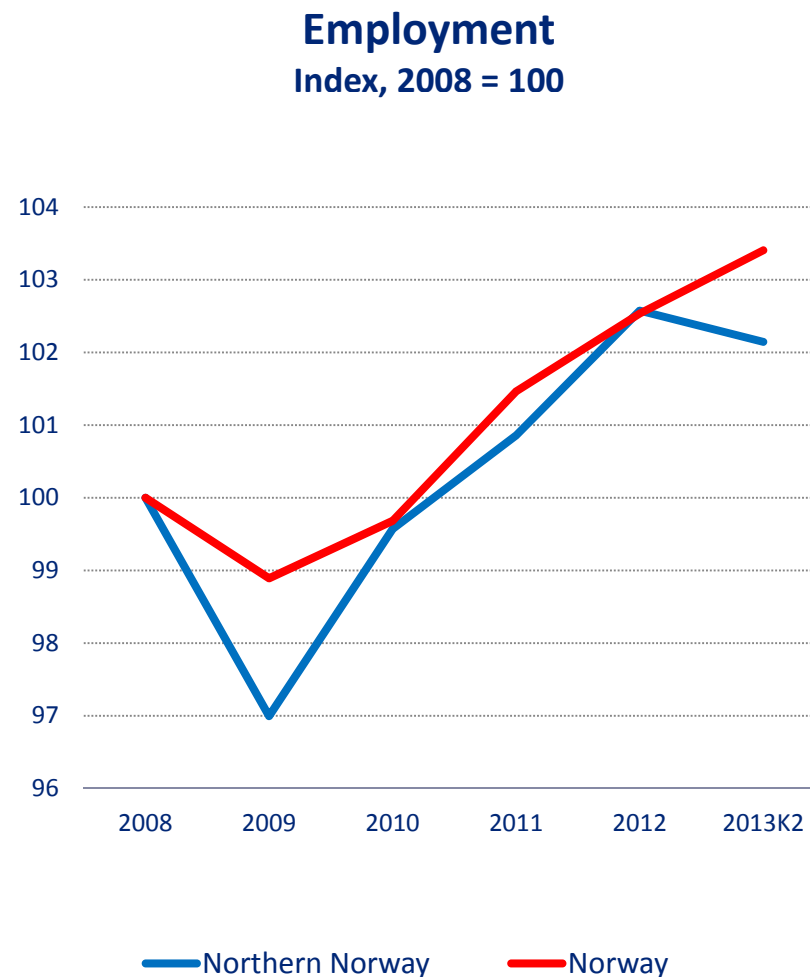


NORNE
Start up 1997



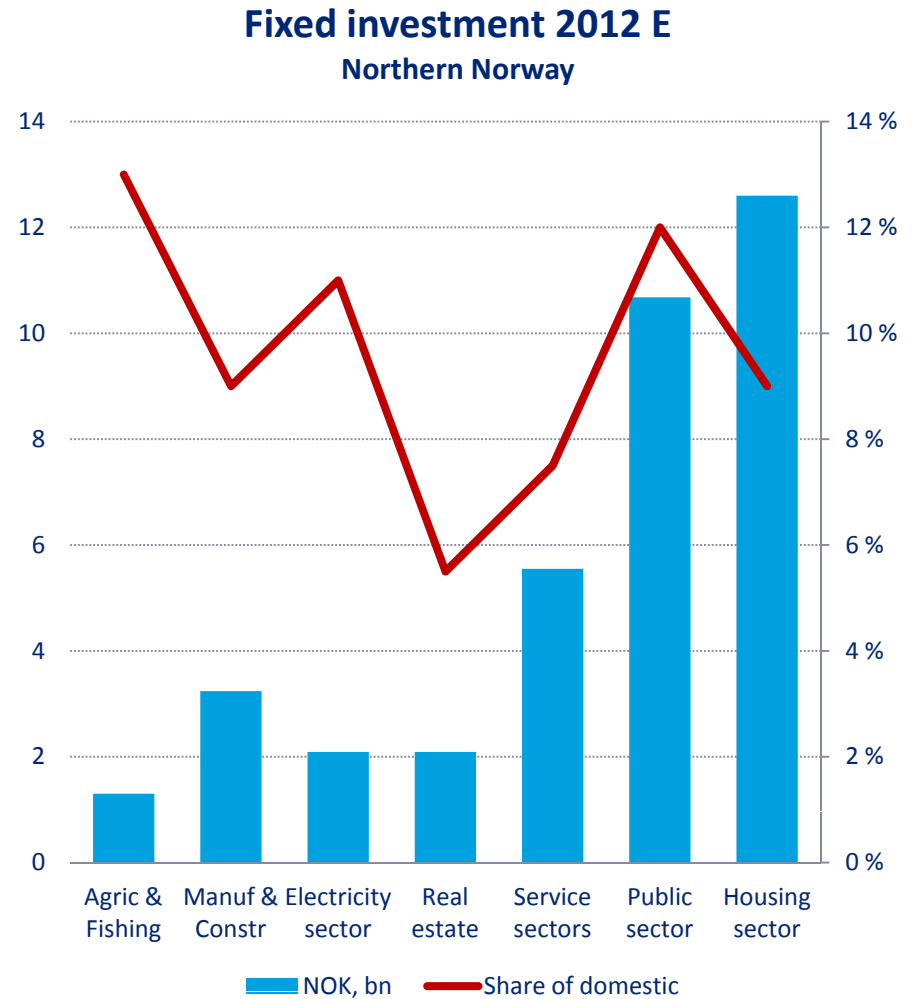
Household finances are healthy

- **Strong employment growth**
 - Growth levelled out in 2013, still
 - Jobless ratio below 3 percent
- **Growth in real income**
 - Sustained high wage growth; 3.5 pct
 - Low inflation, CPI-ATE at 1,7 pct
 - Low interest rate, and rate forecast
- **Low debt ratio**
 - 12 pct below average (Norway)
 - 20 pct below average, 17–34 year
- **Sustained growth in savings**
 - Above 6 percent y/y growth since 2010



High investments – manufacturing lagging behind

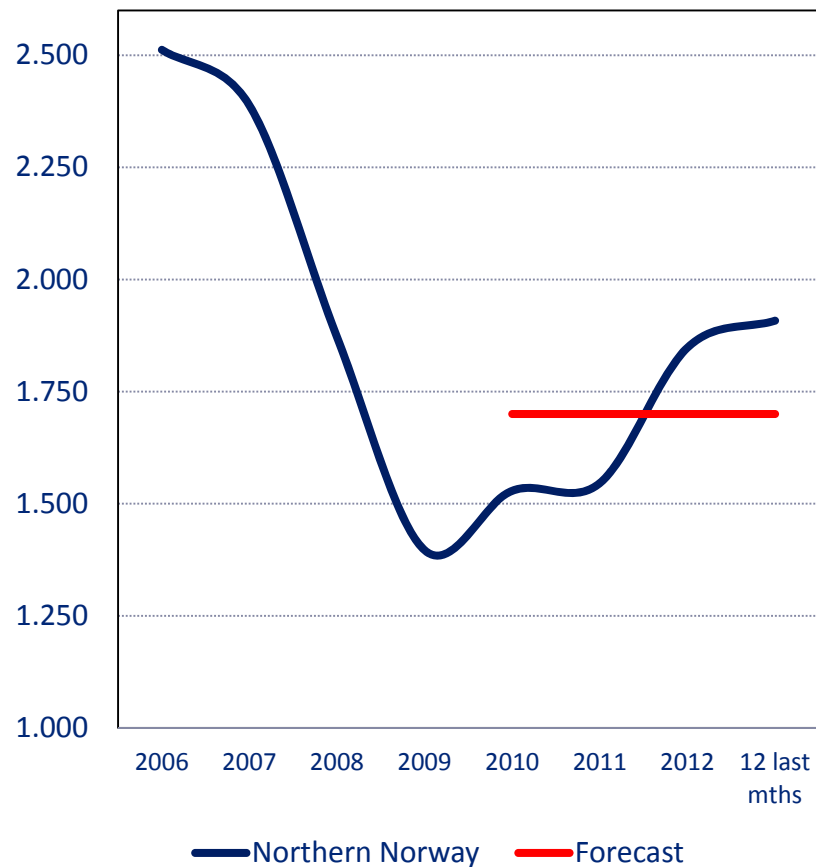
- **Fixed investment growth**
 - 7 pct annually over last three years
 - Public sector will keep investments at high level
- **Infrastructure measures to be more important**
 - National Transport Plan 2014 - 23
 - Power exchange network upgrade
 - Joint Barents Transport Plan 2025 - 2030; proposals for studies of future traffic corridors
- **Industry investment on hold**
 - Growth in fish farming
 - Maritime industry looking north
 - Process industries and mining sensitive to market fluctuation



Housing sector at a turning point ?

- **Two-tier housing market in Northern Norway**
 - Ten largest towns: house prices exceed building costs
 - Rural districts: valuation < costs
- **Long-term forecast**
 - 1,700 new houses per year → 2030
- **Housing investment growth**
 - 1,900 units in 2013
 - Tromsø market is picking up, five years after the pre-crisis boom

Housing starts
Number of units

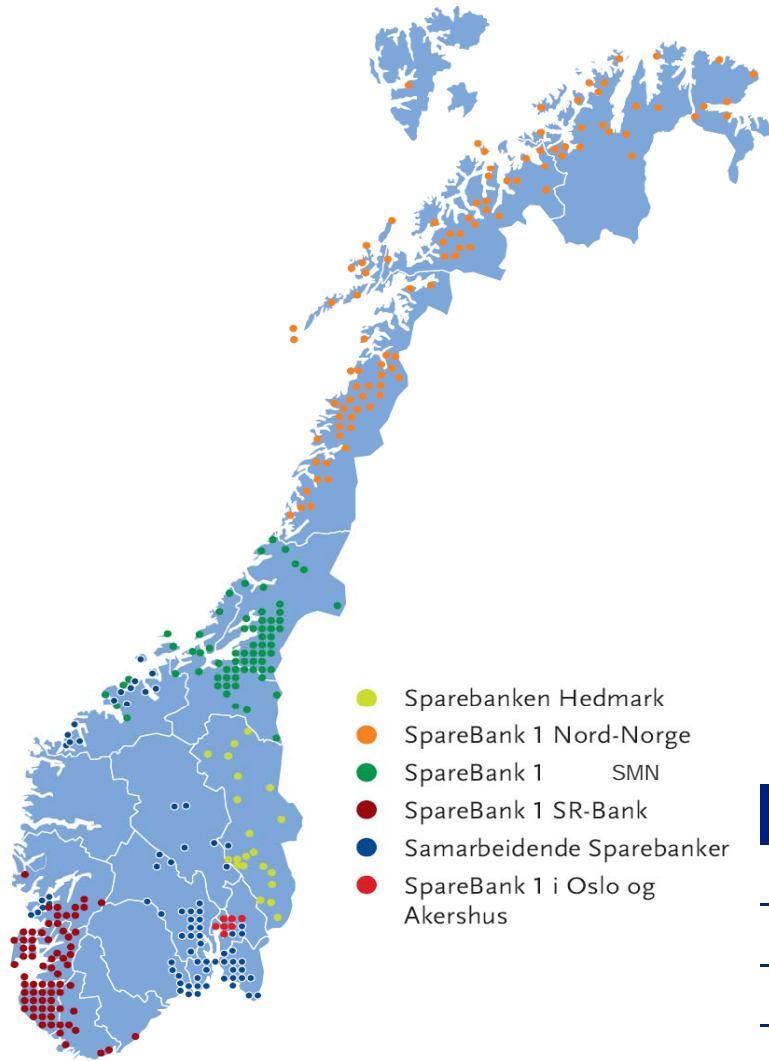


SpareBank 1

SpareBank 1 Group and the SpareBank 1 alliance

SpareBank 1 Alliance

Strong alliance of Norwegian retail banks



Source: Published quarterly reports from respective banks

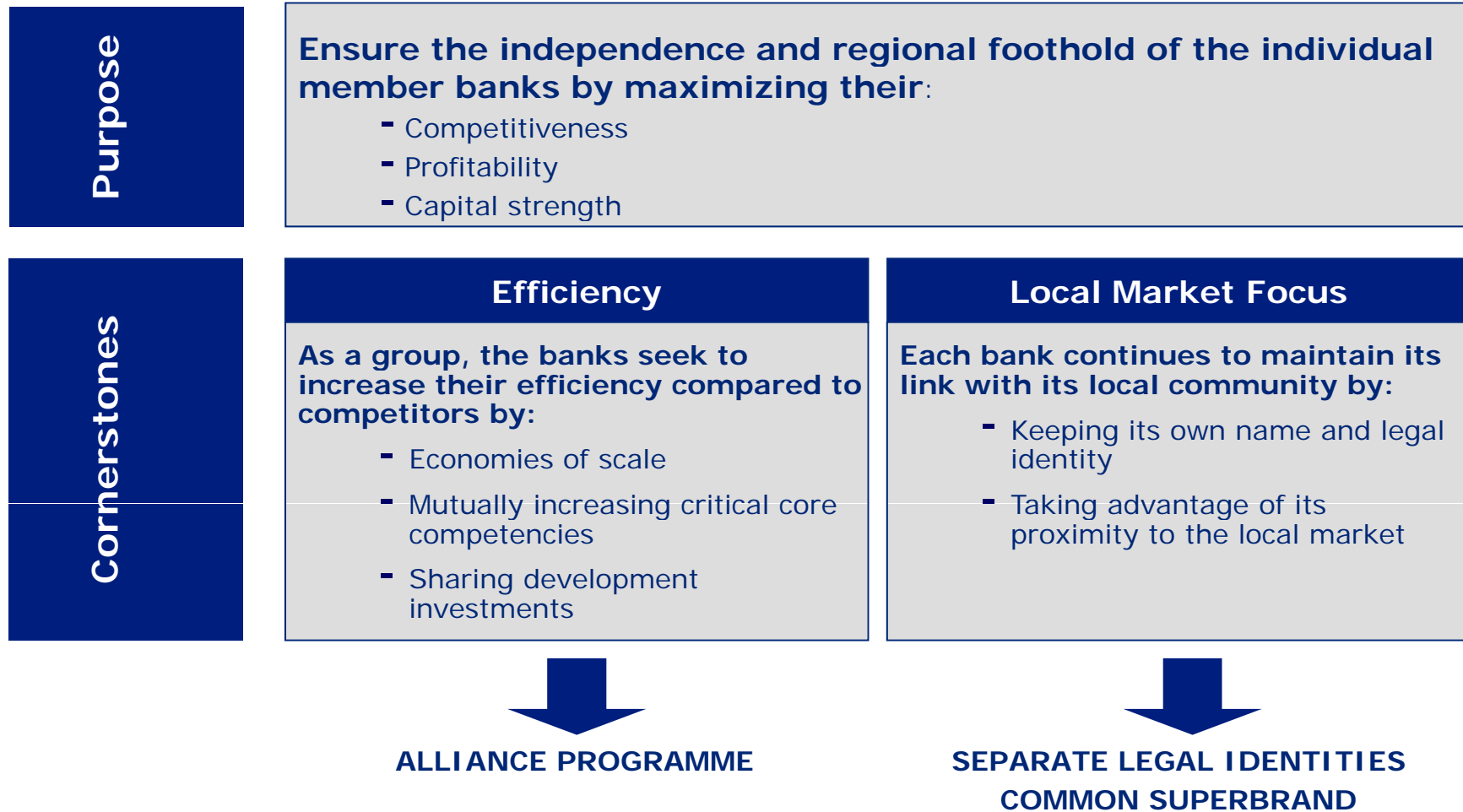
Key figures SpareBank 1-alliance

- 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 800 bill
- Branches: 351
- Total 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

The SpareBank 1 Alliance

Strategic platform for the Alliance



The Alliance structure

