

# SpareBank 1 Nord-Norge

## Preliminary annual report and accounts 2013

5 February 2014



# SpareBank 1 Nord-Norge – The Group

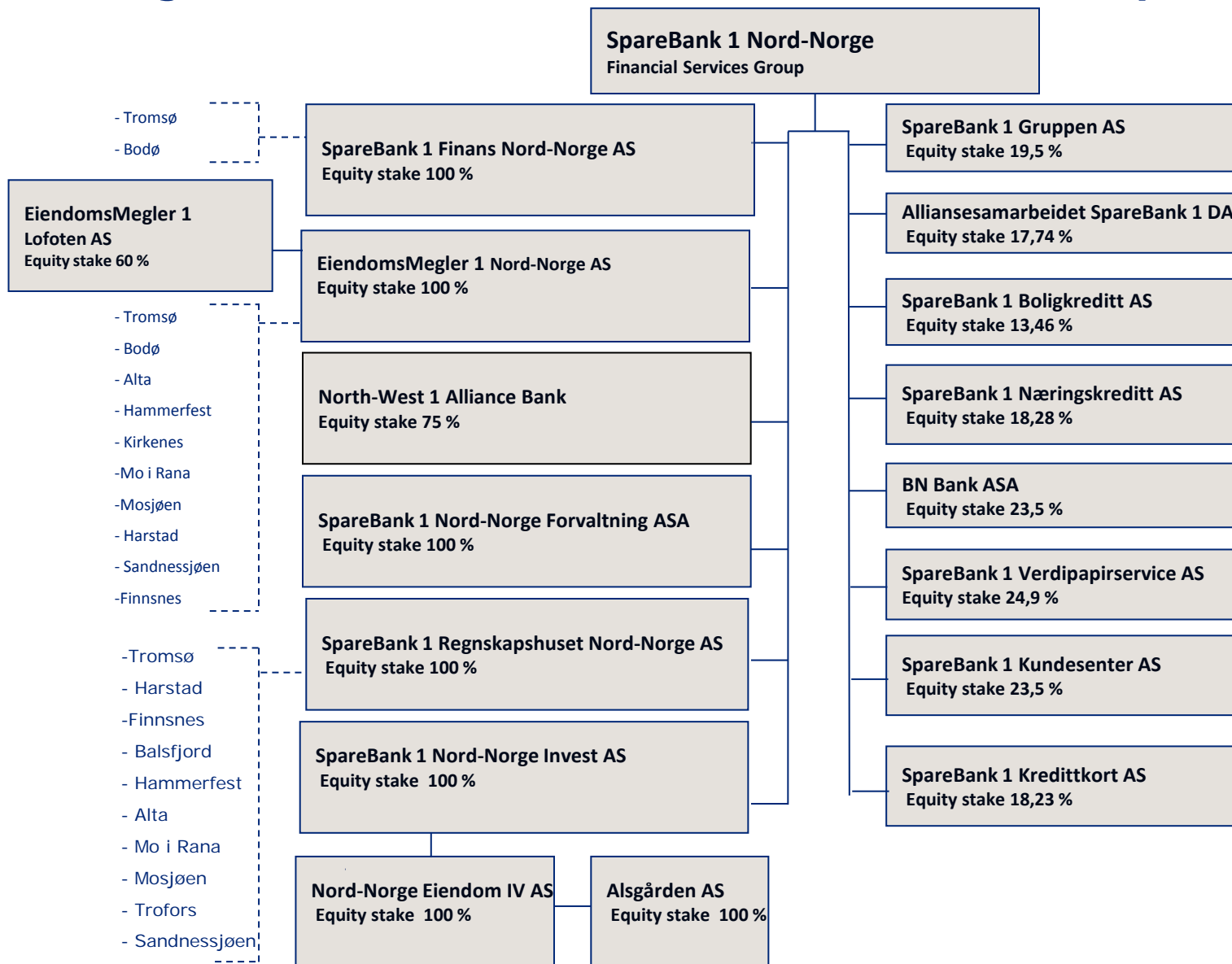
Vision statement: For North-Norway!

**Head office** Tromsø  
**Organisation:** 5 regioner  
**Regional offices :** Hammerfest  
Tromsø  
Harstad  
Bodø  
Mo i Rana

Branches: 74



# Organisation of the financial services Group



# Macro and Economic trends

## Q4 - 2013

## Nord-Norge - strengthened position

- High investment growth
- Less dependent on the petroleum sector compared with Norway as a whole
- Increased demand is important for the export industries
- Less risk in case of reduced housing prices
- Big public sector represents a stabilizing factor



## The growth in the north is twice as high compared to the south

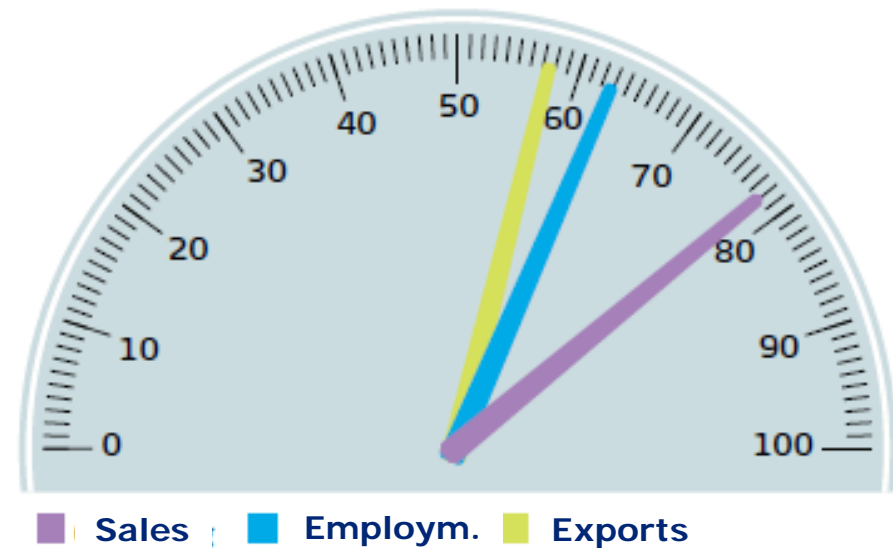
- Higher wealth creation
- Increased exports
- High, but somewhat
- High, but declining investment growth
- Lack of skilled manpower place a limitation on growth

North-Norway - Macroeconomic prognosis				
Percentage growth compared to last year				
	Norway		Nord-Norge	
	2013	2014	2013	2014
Private consumption	3	3	3	3
Public consumption	2	2	3	3
Gross investments	4,5	3,3	7	4
Exports	0	2	1	3
Imports	5	4	4	2
Wealth creation/GDP	3	2	3	4
Employment	1	0	1	0.5
Reported unemployment (level)	2,6	3,0	2.6	2.6

Source: Menon

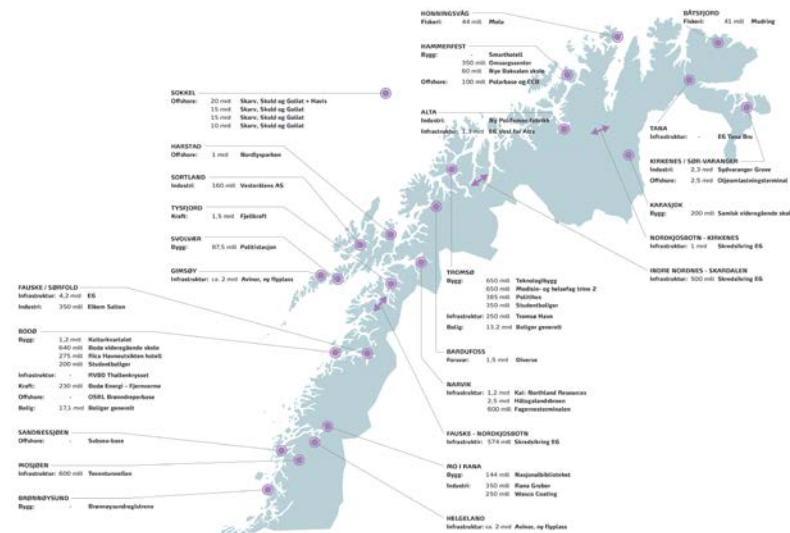
## Considerable optimism in the business sector

- High expectations with regard to higher sales
- Moderate expectations to increased exports
- Modest expectations to increased employment
- Expectations vary between the business sectors



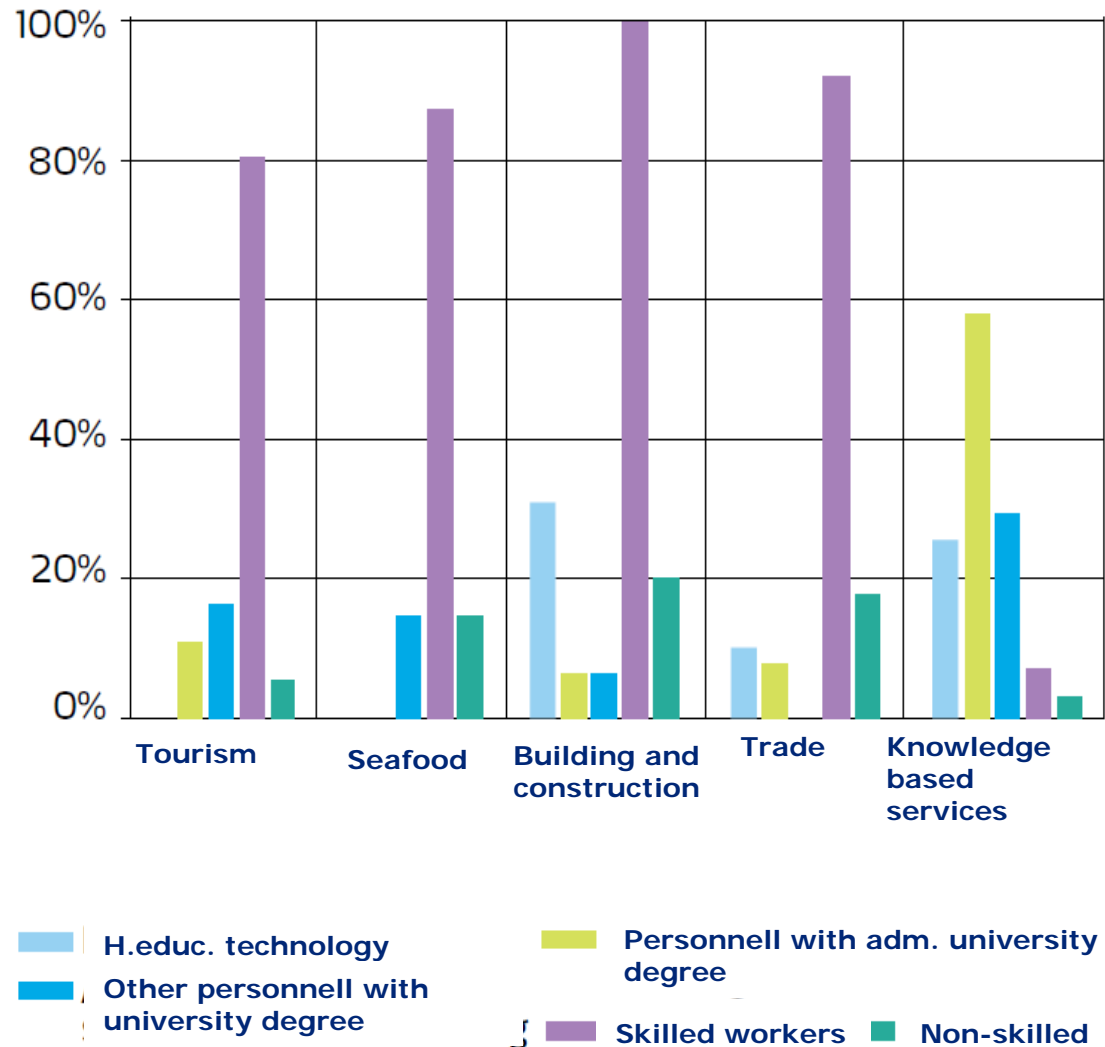
## North Norway: Investments are important

- NOK 200 bill. worth of investments projects identified for the period 2014 – 2020
- Biggest projects within housing, the continental shelf, and power supply
- Investments within industry and commerce are picking up
- Infrastructure investments are given political priority



## Lack of skilled workers

- Alarming number of businesses are experiencing lack of skilled workers
- Difficult to implement planned investments
- Should ensure access
  - Education
  - Eased work immigration



# Northern Norwegians return home

## Returning to work with Aker and to idyllic rural life

**KOM HEIM:** Da Familien Bamberg / Gleinsvåg fant besteforeldre, pendlerferge og en hagem...

... i sandnessjøen flyttet de heim til Dønna, til tre sett



**LEDER:** Linda Bamberg er prosjektleider for byggingen av utnyttet kantar og verkstedsbygg på Horvane.

**UTI IVERDENE:** Ekspansjonen øker å øge seg over endelene for i tillegg klystret orientert med i stadiet. Jeg får meg aldri nok her. Det er spesielt ikke arbeidsdagen som er viktig for oss, men også fysisk utdanning. Slik var det også for Egen, Gleinsvåg i Kløverålg (18) fra Dønna.

«Jeg vil gjerne snakke til ungdommene i Trondheim. For oss fra Eldfjord er det ikke det man skal dra fra å er arbeid. Det er heller fra Sandnessjøen og utover som er det. Trondheim er ikke tørt ut. Det er straks for å leve det glade endelene.

**STABILT:** Etter å ha blitt barn med Linda Bamberg (38) som også er utdannet i Trondheim for å bli arbeidsgiver. Etter fra Dønna, hun også. «Egen er levestandarden i endelene min, forteller Linda med et smil.

De vil gjerne å finne en familie i Trondheim. Og i dag har de to barna i Ullsfjord (7), Lovise (5) og Sandra (2). De ble godt etablert i Trondheim med to søsken og en god familie i tillegg på Tiller, også det med barn og mange venner. Men livet er det heim.

«Vi fungerer som hotell for familien hjemme når de er i tillegg og har på Rye, på bussene eller for å ha i Privat. Og i tillegg til Dønna på ferie var det en flott og god ferie, forteller Linda.

**BESTEMELSE:** Men livet er det med tre sønner og mange familie og venner og til daglig var med.

«Jeg hadde bare et sønn på jobb, men å ta barn med i Trondheim tar det en time og ender i tillegg, og Egen hadde et jobb som leder i Trondheim i tillegg.



**PLAUS:** Egen Gleinsvåg er prosjektleider for byggingen av utnyttet kantar og verkstedsbygg på Horvane. Han er også utdannet i Trondheim for å bli arbeidsgiver. Etter fra Dønna, hun også.

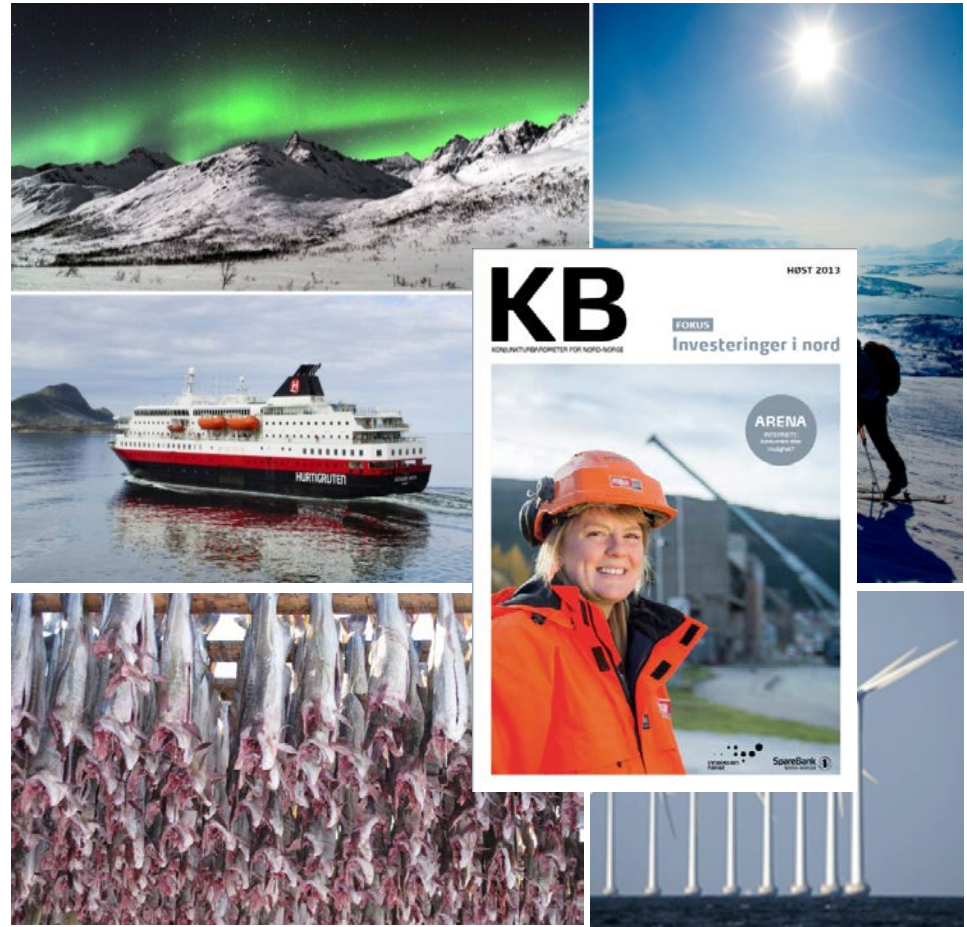
FORBETTER MESTE SODD >>>



**TILBAKEN:** I tillegg til skogen for det er en første prioritert for Egen Gleinsvåg når hun samler Linda Bamberg har kjøpt seg hus med store tomte ved Ofotvatnet på Dønna. Her er det Linné (7) som får prøve nyvinningen mens Lovise (5) og Sandra (2) venter på tur

# Regional business sectors in for the future

- Seafood
- Oil service businesses
- Tourism
- Energy
- Mining and minerals (?)
- Infrastructure; Building /construction and trade

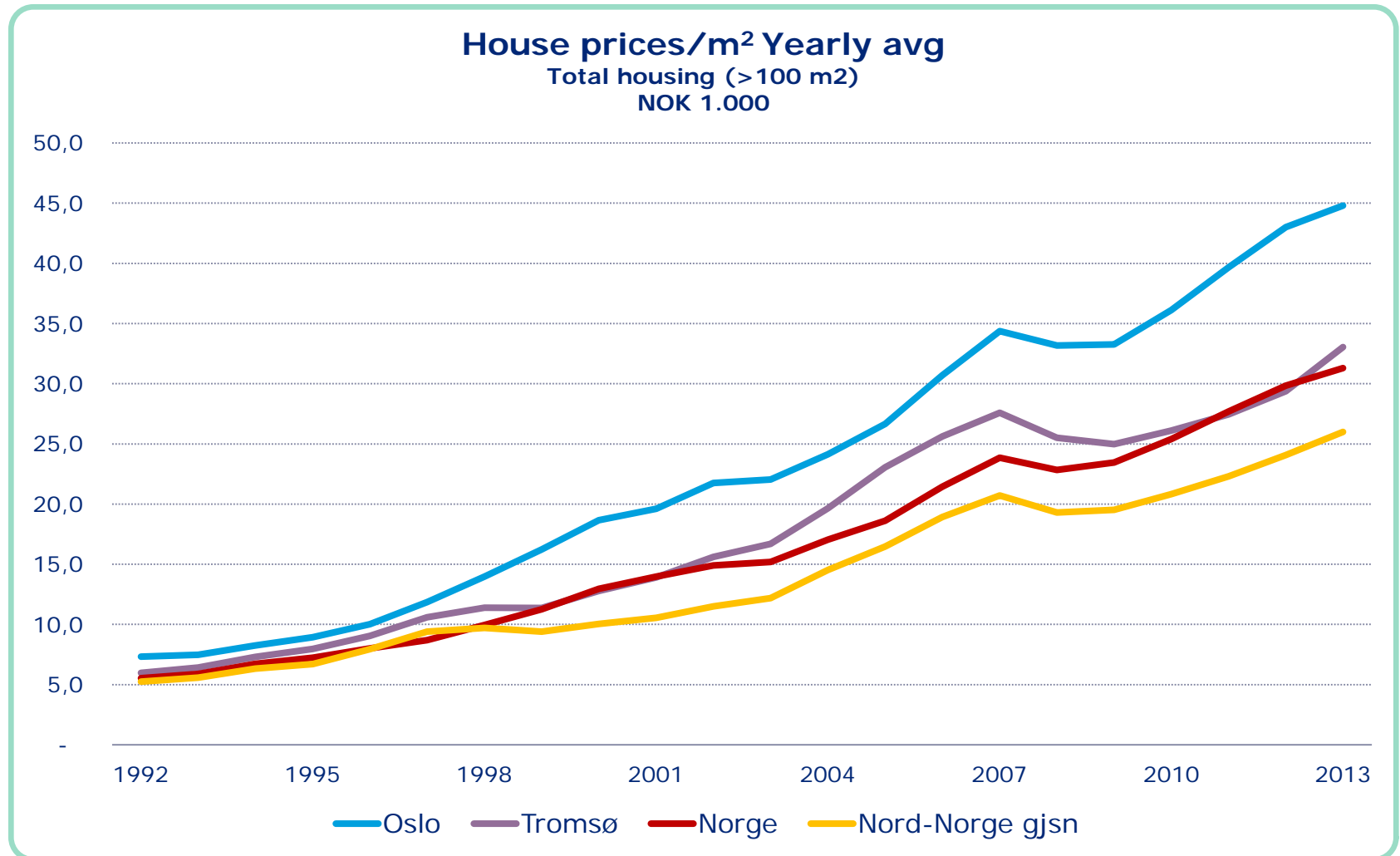


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# North Norway – Housing market

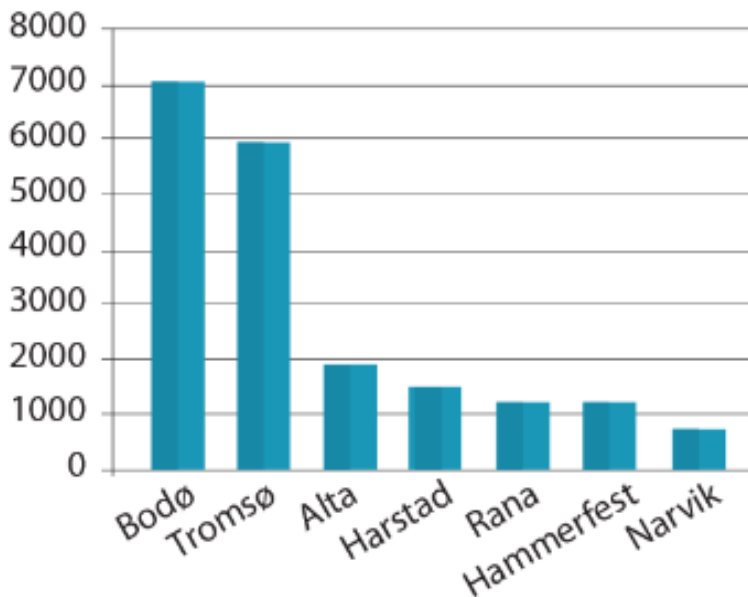
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## Moderate relative price level– also in the towns

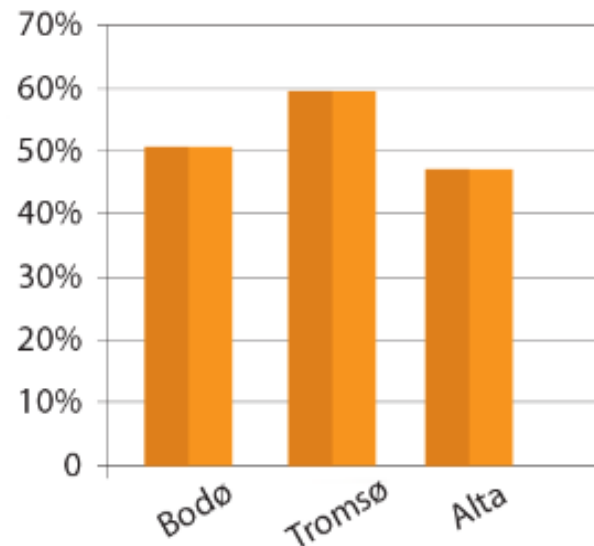


# Considerable need of new housing units in the towns

Need for housing units until 2030

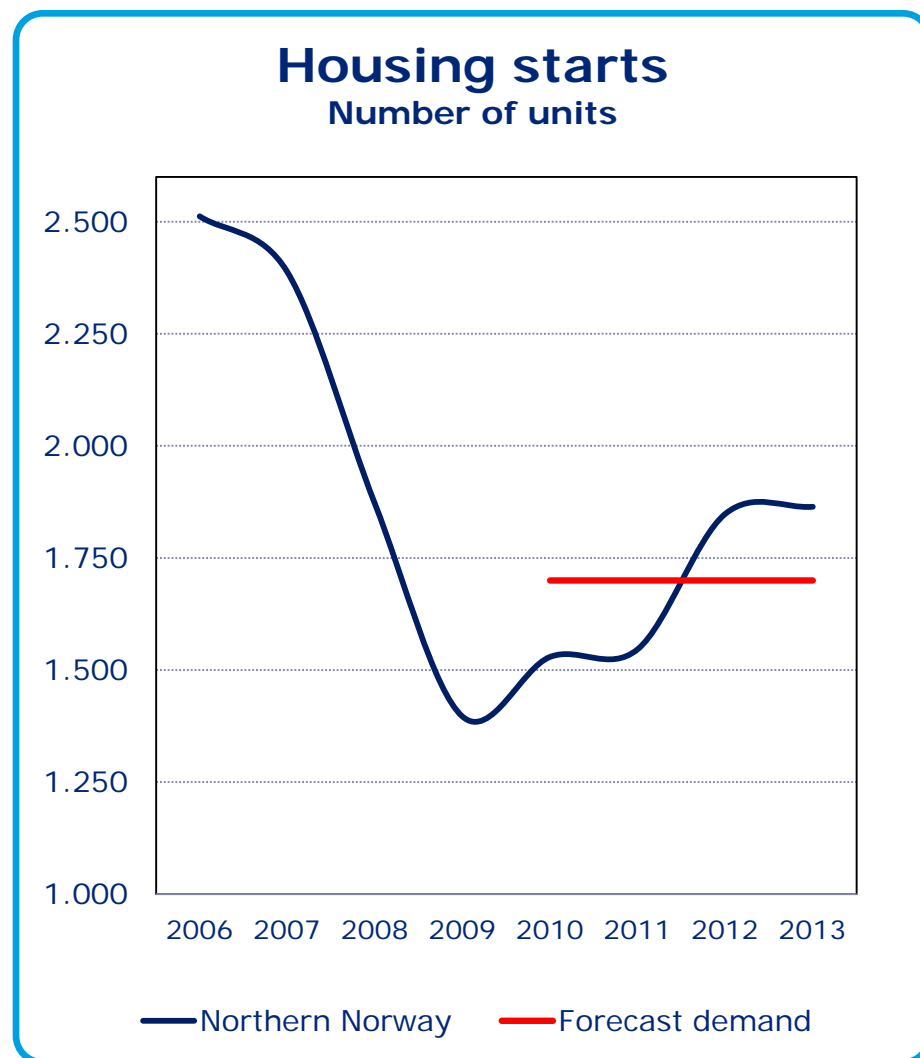


Share of planned new housing units in the towns per county - prognosis



# Housing market keeps up

- **Prices increased in 2013 (Q4)**
  - Northern Norway: 5,5 % ( 0,9)
  - Norway: 1,0 % (- 2,6)
- **10 % decrease in number of housing units for sale**
  - Low supply in the biggest towns
  - Low average transfer period in Tromsø - 27 days
- **Housing starts above forecast**
  - 1,850 units in 2013
  - Tromsø market is picking up, five years after the pre-crisis boom



# Vision statement



# JA, VI ELSKER DENNE LANDSDELEN

1871 nordlendinger har svart Nordlys på disse spørsmålene:

- Folkets dom overrasker Nord-Norge-ekspert
- Stort flertall mener nordnorsk samarbeid er viktig

9 av 10 nordlendinger ønsker mer samarbeid i nord. - Mye ligger til rette for en nordnorsk



blidhet er viktig eller svært viktig. - Mange har hevet et Nord-Norge og spilt ut en av åtte av 100 svar.

## Nordn

Mener du er viktig for eller det

## Nordn

Hvor viktig

# - Vi er ved et tidsskille

Kansellert Jan Frode Jensen i Spørsebutikken Nord-Norge ser tegn til grønne opplysninger og vil gi samarbeid i Nord-Norge.



- KAN IKKE FORTSETTE på samme måte som i dag

# DERFOR FØLER VI OSS NORDNORSKE



Hva får nordlendinger til å føle seg nordnorske? Vår siste spørsmålet til 60 personer i Alta, Bodø og Tromsø.

Det var Oskarielund og Samer... Nær og nordsiden som vander... Ligger til område som ble tvunget... de ulike departementene.



## Samlet landsdelen i sør

Under den store årlige Nord-Norge-kveld... Under den store årlige Nord-Norge-kveld i Oslo i går kveld, var det duket for nye tanker og tydeligere samhandling.

# #NORDNORSK DEBATT

Les kronikken fra NHO-toppene i nord

# NHO vil samle Nord-Norge



De tre NHO-toppene i nord ønsker å samle Nord-Norge i en sterkere samarbeidsstruktur. De tre NHO-toppene i nord ønsker å samle Nord-Norge i en sterkere samarbeidsstruktur.

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# Main financial targets

- Banking operations at top international level: Minimum 12 % ROE
- Undisputable solid: 14.5 % Core Tier 1 in 2016



# SpareBank 1 Nord-Norge 4th quarter report 2013

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

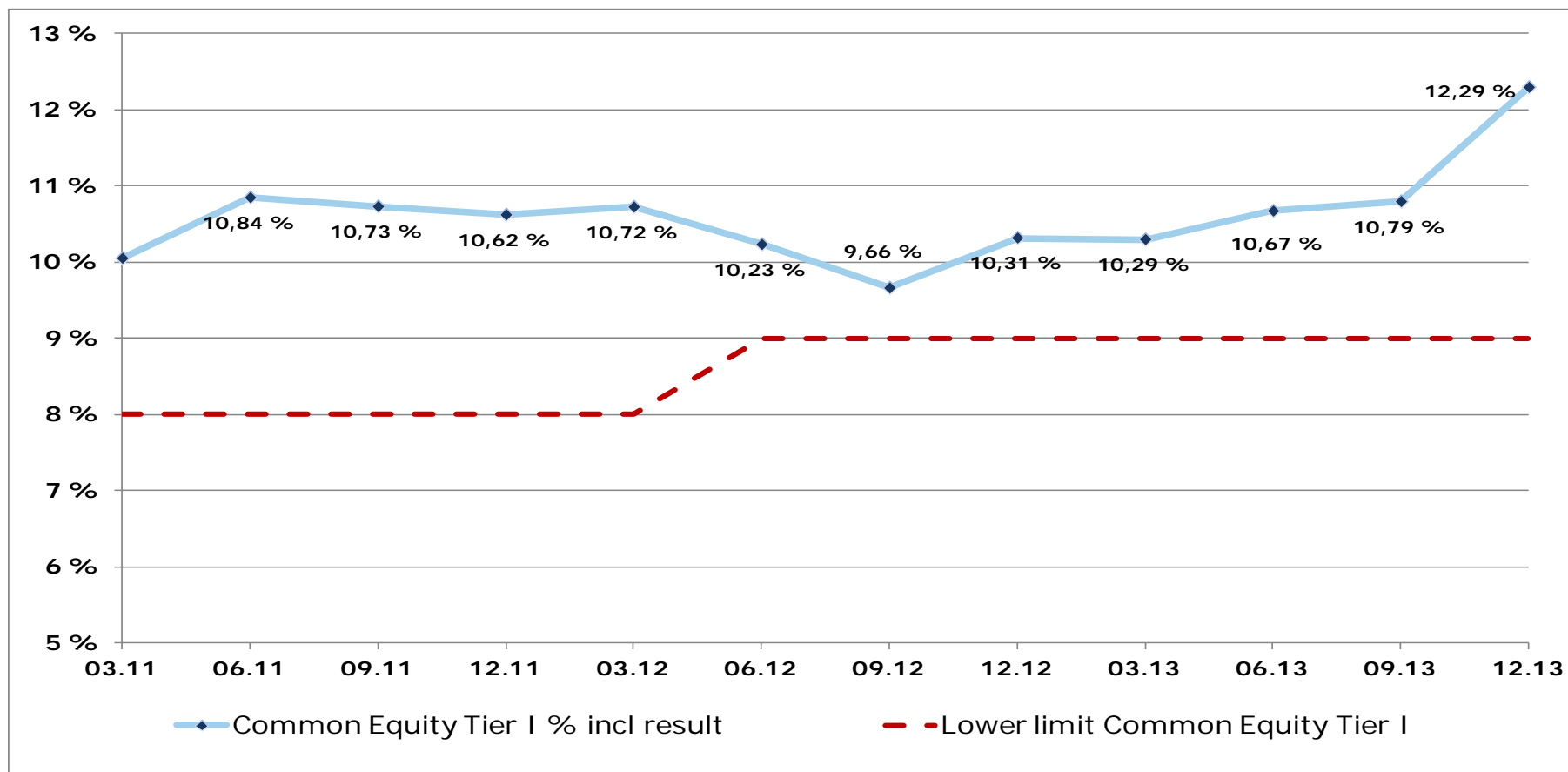
- Profit before tax NOK 1 179 million (NOK 767 million)
- Profit after tax NOK 963 million (NOK 525 million)
- Return on equity after tax of 13.0% (9.0%)
  - ROE last quarter: 13.6%
  - Earnings per equity certificate: NOK 4.12 (NOK 3.78)
- Very good and further improved underlying banking operations for the year with profit before losses of NOK 1 005 million (NOK 702 million)
- Net income from financial assets NOK 346 million (NOK 260 million)
- Cost/income ratio 47.2% (53.8 %)
- Loan losses NOK 172 million (NOK 195 million)

# SpareBank 1 Nord-Norge 4th quarter report 2013

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

- Lending growth in last 12 months 6.3% (11.6%), including intermediary loans
  - Retail market 8.4% (11.0%)
  - Ret Corporate market 1.6% (12.9%)
- Growth in deposits in last 12 months 3.1% (-1.3%)
  - Retail market 6.1% (8.8%)
  - Corporate market 5.0% (3.4%)
  - Public sector -8.1% (-32.5%)
- Deposit coverage ratio 78.3% (75.6%)
- Very good liquidity
- Good financial strength: Group's core tier 1 capital ratio 12.3% (10.3%)
- In order to satisfy future capital requirements and simultaneously participate in the region's profitable growth, a successful NOK 750 million rights issue and a NOK 22.6 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	Low parent bank cost increase in 2013
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	Implemented in 2012 and 2013
5	IRB-A application	In approval-process with Norwegian FSA
6	Reduce lending growth	12 month lending growth retail from 11.0% to 8.4 %, lending growth corporate from 12.9% to 1.6 %
7	Equity issue	Completed autumn 2013; NOK 773 mill

# Profit and loss account - Group

(Amounts in NOK million)	31.12.13	31.12.12
Net interest income	1 290	1 166
Net fee-, commission and other operating income	922	656
Net income from financial investments	346	260
<b>Total net income</b>	<b>2 558</b>	<b>2 082</b>
Total costs	1 207	1 120
<b>Result before losses and write-downs</b>	<b>1 351</b>	<b>962</b>
Net losses and write-downs	172	195
<b>Result before tax</b>	<b>1 179</b>	<b>767</b>
Tax	215	172
Minority interests	1	0
<b>Result for the period</b>	<b>963</b>	<b>595</b>
Return on equity capital	13,0 %	9,0 %

# Quarterly summary – Profit and loss account figures

(Amounts in NOK million)	4Q13	3Q13	2Q13	1Q13	4Q12
Net interest income	360	341	309	280	307
Net fee-, commission and other operating income	253	233	238	198	202
Net income from financial investments	85	106	64	91	30
<b>Total net income</b>	<b>698</b>	680	611	569	539
Total costs	325	286	302	294	295
Result before losses and write-downs	373	394	309	275	244
Net losses and write-downs	50	35	47	40	32
<b>Result before tax</b>	<b>323</b>	359	262	235	212
Return on equity capital	13,6 %	15,8 %	11,6 %	11,3 %	9,3 %
Cost/income	46,6 %	42,1 %	49,4 %	51,7 %	54,7 %

# Quarterly results – net interest income

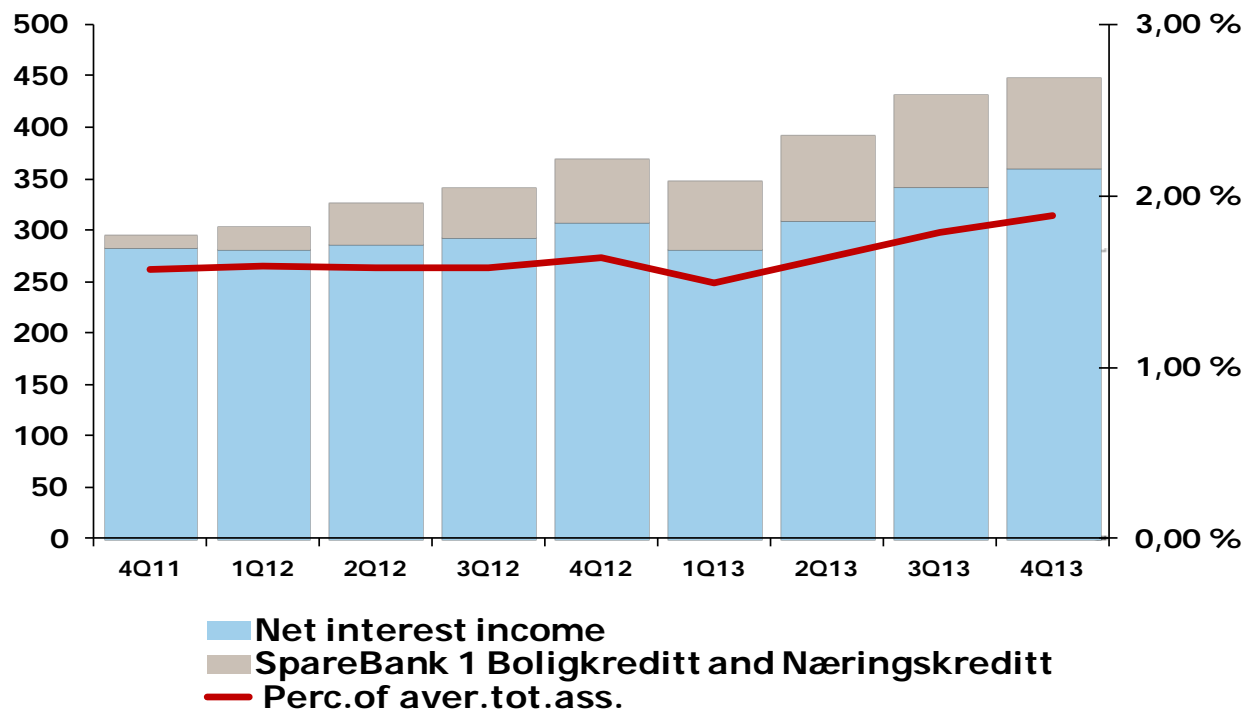
(Amounts in NOK million)

	4Q13	3Q13	2Q13	1Q13	4Q12
Interest and similar income from loans to and claims on credit institutions	1	7	5	6	7
Interest and similar income from loans to and claims on customers	778	664	634	615	623
Interest and similar income from certificates, bonds and other interest-bearing securities	65	69	78	73	76
<b>Total interest income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest and similar income	844	740	717	694	706
Interest and similar costs on liabilities to credit institutions	- 19	25	28	28	27
Interest and similar costs relating to deposits from and liabilities to customers	365	233	230	230	228
Interest and similar costs related to the issuance of securities	108	110	116	120	127
Interest and similar costs on subordinated loan capital	21	23	25	27	17
Payments made to The Norwegian Banks' Guarantee Fund	9	8	9	9	0
<b>Total interest costs</b>	<b>484</b>	<b>399</b>	<b>408</b>	<b>414</b>	<b>399</b>
<b>Net interest income</b>	<b>360</b>	<b>341</b>	<b>309</b>	<b>280</b>	<b>307</b>

# Total commission and other income

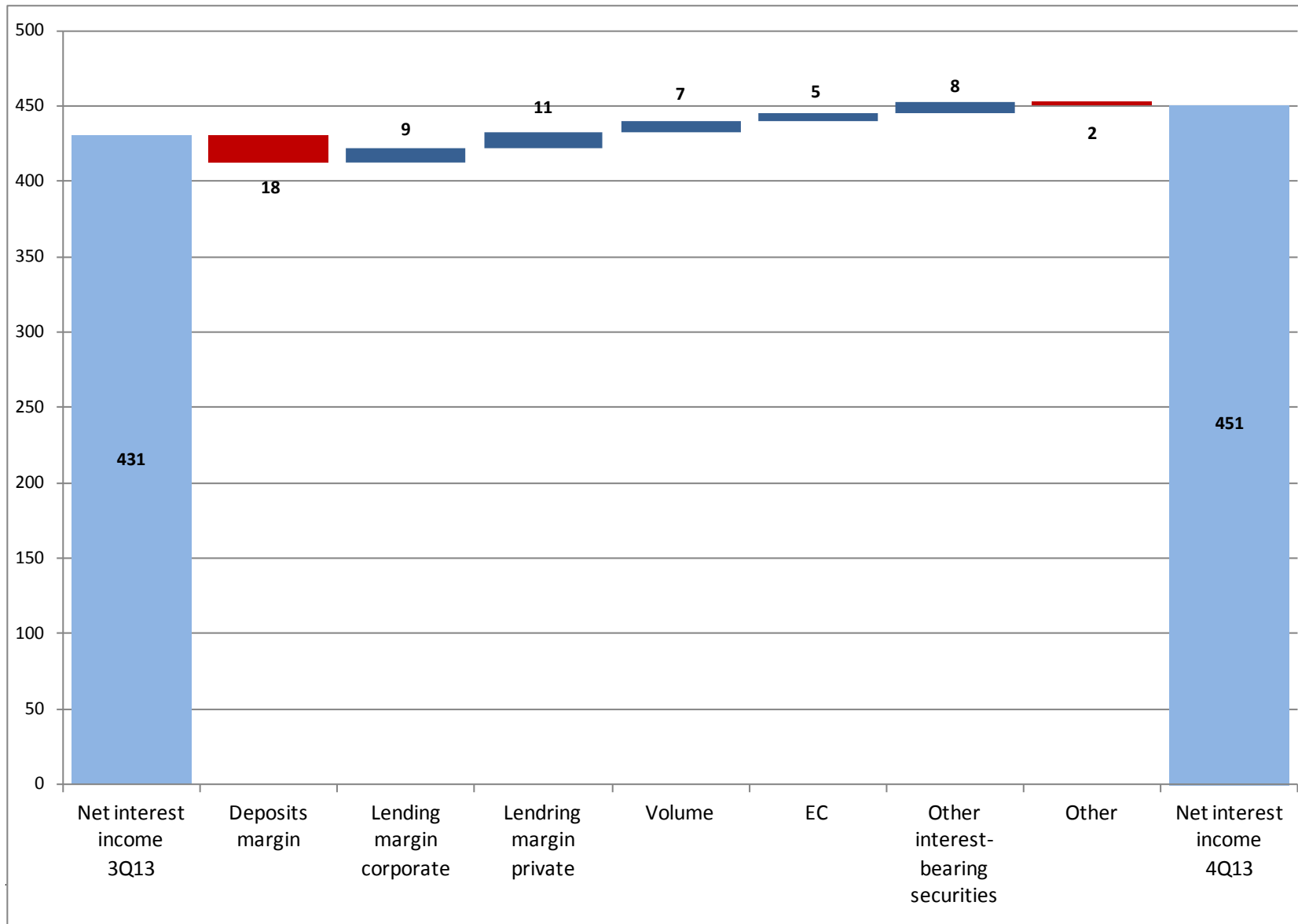
(in NOK million)	4Q13	3Q13	2Q13	1Q13	4Q12	Per 4Q	
						2013	2012
Guarantee commissions	9	9	10	6	7	34	27
Interbank commissions	5	5	5	4	4	18	16
Credit arrangement fee	3	3	3	2	3	10	13
Arrangement fee from SpareBank 1 Boligkreditt	91	90	84	67	62	332	175
Arrangement fee from SpareBank 1 NN Finans	0	0	2	0	0	2	2
Securities trading, administration and trust department services	9	8	9	7	9	33	40
Payment transmission services	55	68	52	48	53	223	206
Brokerage commission	18	22	23	20	20	83	84
Insurance services	32	30	31	29	36	122	113
Other commission income	11	4	12	8	3	35	10
<b>Total commissions income</b>	<b>233</b>	<b>238</b>	<b>230</b>	<b>191</b>	<b>197</b>	<b>892</b>	<b>686</b>
Operating- and sales income real estate	5	3	1	1	2	10	6
Other operating income	38	11	30	16	18	95	38
<b>Total other operating income</b>	<b>43</b>	<b>14</b>	<b>31</b>	<b>17</b>	<b>20</b>	<b>105</b>	<b>44</b>
Commission expenses	23	19	23	10	15	75	74
<b>Net fee-, commision and other operating income</b>	<b>253</b>	<b>233</b>	<b>238</b>	<b>198</b>	<b>202</b>	<b>922</b>	<b>656</b>

# Net interest income - Group

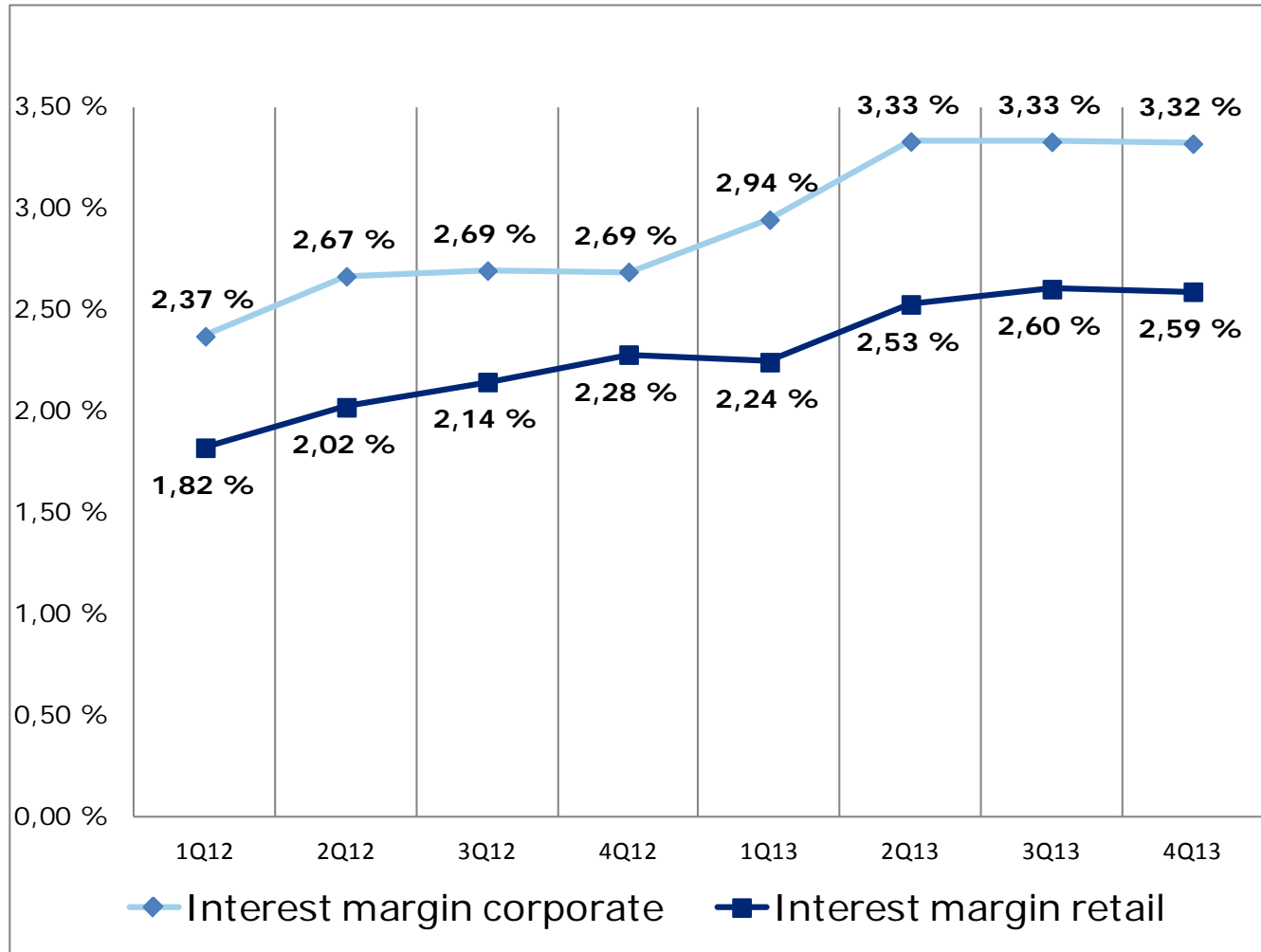


(Amounts in NOK million)	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13
Net interest income	282	281	285	293	307	280	309	341	<b>360</b>
SpareBank 1 Boligkreditt and Næringskreditt	13	23	42	48	62	67	84	90	<b>91</b>
TOTAL incl. SpareBank 1	295	304	327	341	369	347	393	431	<b>451</b>
Perc. of aver. tot. ass.	1,57 %	1,59 %	1,58 %	1,58 %	1,64 %	1,50 %	1,63 %	1,79 %	<b>1,88 %</b>

# Changes in net interest income last quarter

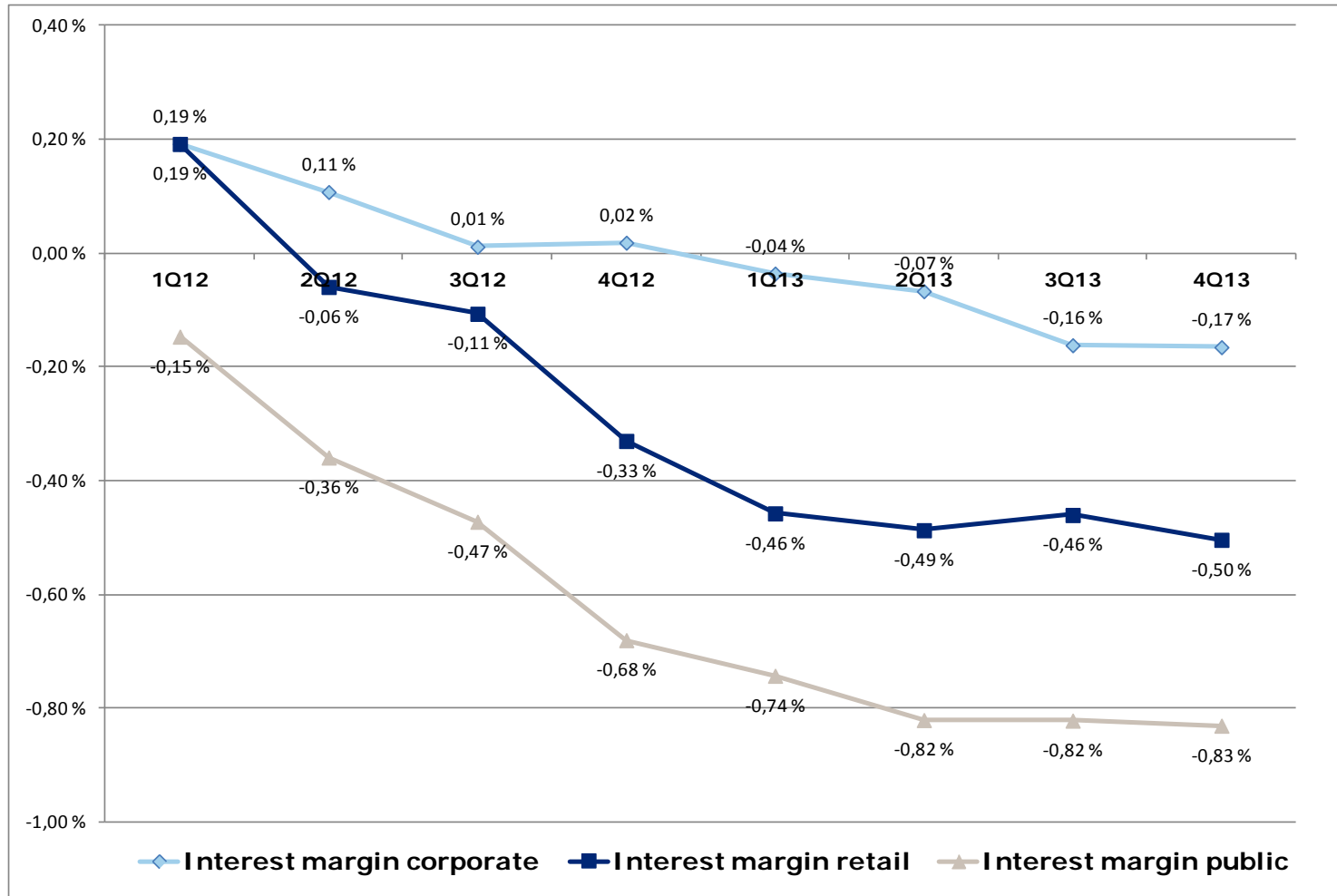


# Lending margin, Parent bank



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

# Net interest income –

- The future development in net interest income is mainly dependent on
  - The competitive situation
  - The bank's funding cost
- The competition within the retail market and corporate lending with low risk currently seem to be increasing.
- All other factors equal, a reduction in the bank's average capital market funding cost is expected to be further 0.04 percentage in 1Q 2014. In 2Q 2014 the same is expected to increase with 0.09 percentage points. This is due to final maturity of the government swap scheme in March and June 2014. The actual funding will be replaced with new funding with somewhat higher credit spreads

# Income from financial investments

(Amounts in NOK million)

	31.12.13	31.12.12
Dividends	27	17
Income from joint ventures	302	210
Gains/losses and net value changes on shares	57	-104
Gains/losses and net value changes on certificates and bonds	-30	67
Gains/losses and net value changes on foreign exchange (incl. other financial derivatives)	-10	70
<b>Income from financial investments</b>	<b>346</b>	<b>260</b>

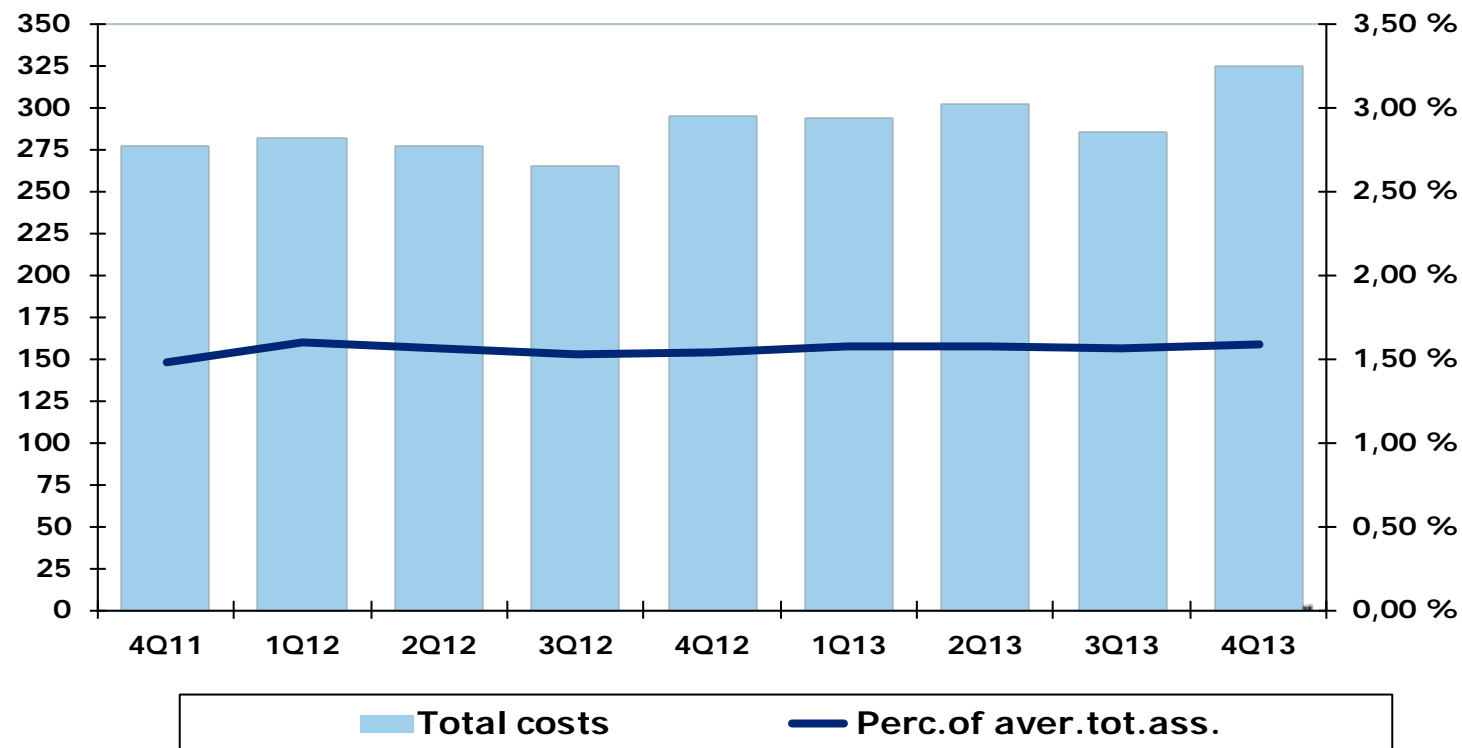
# Group operating costs

(Amounts in NOK million)

	31.12.13	31.12.12	Change
Wages and salaries	553	499	54
Pension costs	31	34	- 3
Social costs	54	48	6
<b>Total personnel costs</b>	<b>638</b>	581	57
<b>Administration costs</b>	<b>337</b>	319	18
<b>Total personnel- and general administration costs</b>	<b>975</b>	900	75
Depreciation and write-downs of fixed assets	53	54	- 1
<b>Total operating costs</b>	<b>179</b>	166	13
<b>Total costs</b>	<b>1 207</b>	1 120	87

# Group operating costs

NOK mill.



	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13
Total costs	277	282	277	266	295	294	302	286	<b>325</b>
Perc. of aver. tot. ass.	1,47 %	1,60 %	1,56 %	1,52 %	1,54 %	1,57 %	1,58 %	1,56 %	<b>1,59 %</b>

# Group operating expenses

(in NOK million)	4Q13	3Q13	2Q13	1Q13	4Q12	Per 4Q	
						2013	2012
Wages and salaries	154	131	138	129	134	552	499
Pension costs	3	9	11	9	4	32	34
Social costs	17	11	13	13	15	54	48
<b>Total personnel costs</b>	<b>174</b>	<b>151</b>	<b>162</b>	<b>151</b>	<b>153</b>	<b>638</b>	<b>581</b>
Development costs	29	27	28	26	22	109	97
Electronic data processing costs	14	15	11	18	15	58	57
Marketing costs	14	18	21	16	15	69	63
Travel - and training costs	10	6	7	9	15	32	53
Communications	3	3	3	2	2	10	12
Postage	3	3	4	3	3	12	11
Consultancy services	10	6	4	4	5	24	17
Cost involving the handling of cash	3	3	3	3	5	12	13
Office-related costs	1	2	2	2	3	7	12
Collection costs	1	1	1	1	1	4	4
Ordinary depreciation	13	13	13	14	16	53	54
Operating costs buildings	7	6	6	6	4	26	18
Rent paid - premises and bank buildings	8	11	9	9	10	37	39
Operating costs - premises	4	3	4	6	5	17	22
Other operating costs	32	19	24	24	21	99	67
<b>Other costs</b>	<b>151</b>	<b>135</b>	<b>140</b>	<b>143</b>	<b>142</b>	<b>569</b>	<b>539</b>
<b>Total operating expenses</b>	<b>325</b>	<b>286</b>	<b>302</b>	<b>294</b>	<b>295</b>	<b>1.207</b>	<b>1.120</b>

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

(Amounts in NOK million)	4Q13	3Q13	2Q13	1Q13	4Q12
Net interest income	360	341	309	280	307
Net fee- and commission income	210	219	207	181	182
Other operating income	43	14	31	17	20
Total costs	325	286	302	294	295
<b>Underlying banking operations</b>	<b>288</b>	288	245	184	214
Net losses and write-downs	50	35	47	40	32
<b>Underlying banking operations after losses</b>	<b>238</b>	253	198	144	182

## Group companies result before tax

(Amounts in NOK million)	31.12.13	31.12.12
SpareBank 1 Finans Nord-Norge AS	98 739	75 575
SpareBank 1 Nord-Norge Invest AS	-29 776	-147 523
SpareBank 1 Regnskapshuset Nord-Norge AS	2 909	- 498
EiendomsMegler 1 Nord-Norge AS	15 356	7 291
SpareBank 1 Nord-Norge Forvaltning ASA	2 395	1 259
North-West 1 Alliance Bank	1 586	647
EiendomsMegler 1 Lofoten AS (owned by EM1 60%)	- 52	- 285
Nord-Norge Eiendom IV AS	0	0
Alsgården AS	- 3	0
<b>Total</b>	<b>91 209</b>	<b>-63 249</b>

## Proposed profit allocation

(Amounts in NOK million)			
Parent Bank's profit after tax			<b>915,1</b>
Allocated to cash dividend		110,4	
Allocated to equalisation reserve		282,3	
Total to EC-holders	42,91 %	392,7	<b>392,7</b>
Pay-out ratio EC-holders	28,11 %		
Allocated to donations	8,25 %	43,1	
Allocated to the Savings Bank's Fund		479,3	
Total to bank's ownerless capital	57,09 %	522,4	<b>522,4</b>
<b>Total allocated</b>			<b>915,1</b>
Undistributed profit of Parent Bank's profit			<b>83,2 %</b>
Undistributed profit of Group's profit			<b>84,1 %</b>

Cash dividends of NOK 1.10 will be distributed to EC-holders as at 25.03.14.

The proposed allocation of profits represents a payout ratio of Group profits of 28.1 % to the bank's EC-holders and 8.2 % to the community-owned capital.

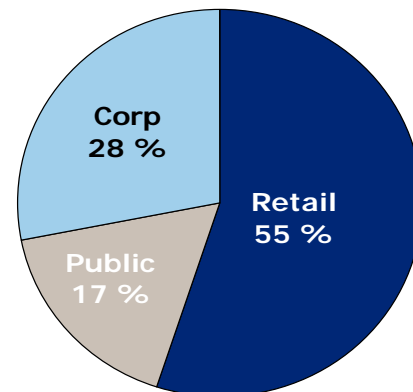
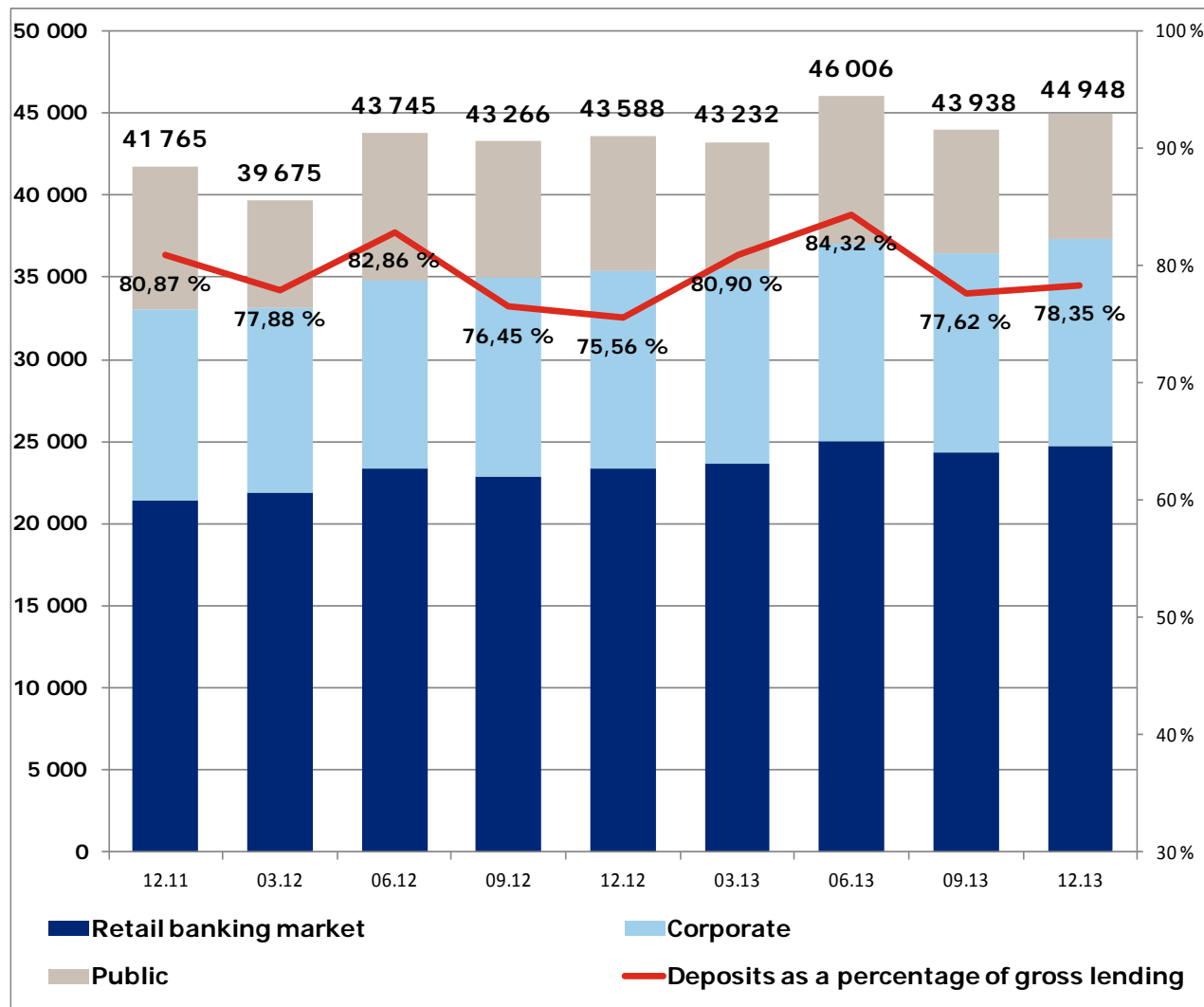
New EC-ratio per 01.01.14 is 47.86 % (41.59 % per 01.01.13 (post issue))

# Key figures balance sheet

(Amounts in NOK million)

	<b>31.12.13</b>	31.12.12	Change	Change %
Total assets	<b>77 513</b>	75 329	2 184	2,9%
Gross lending	<b>57 371</b>	54 551	2 820	5,2%
Loans and advances to customers incl SpareBank 1 Boligkreditt and Næringskreditt	<b>80 670</b>	75 914	4 756	6,3%
Deposits from customers	<b>44 948</b>	43 588	1 360	3,1%

# Deposit volume

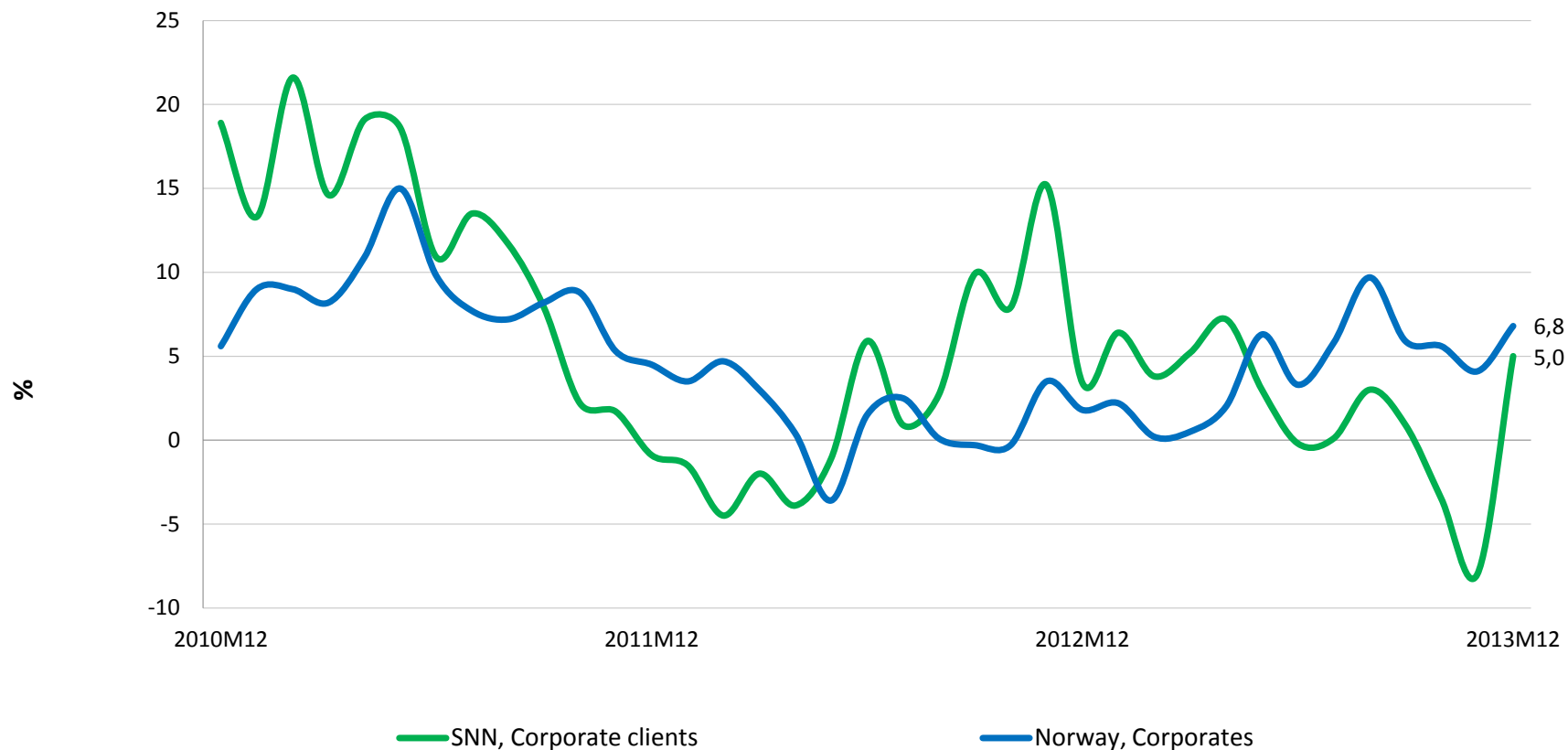


Deposit growth past 12 months: 3.1 %

Deposit coverage ratio: 78.3 %

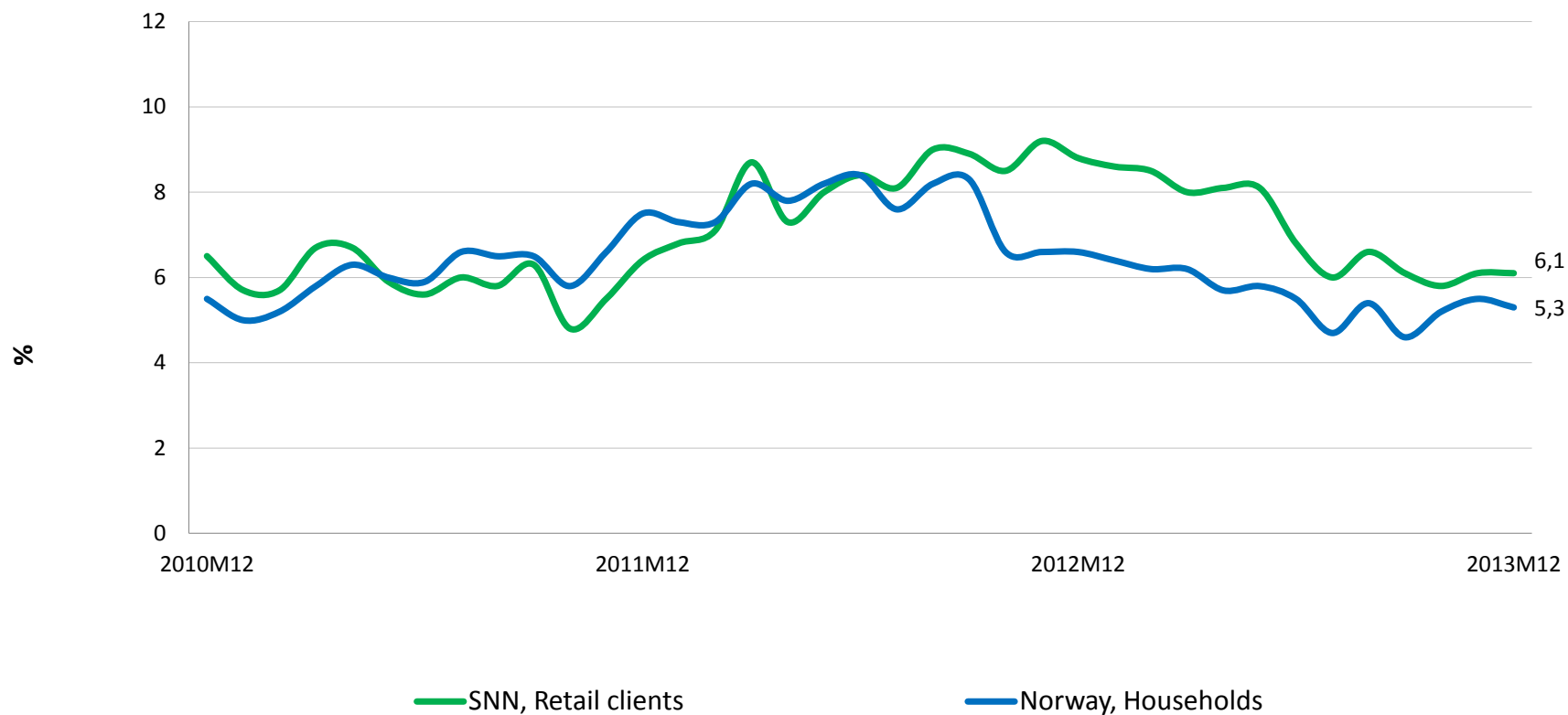
# Deposit growth households

## Deposit growth corporates. 12 mth. growth

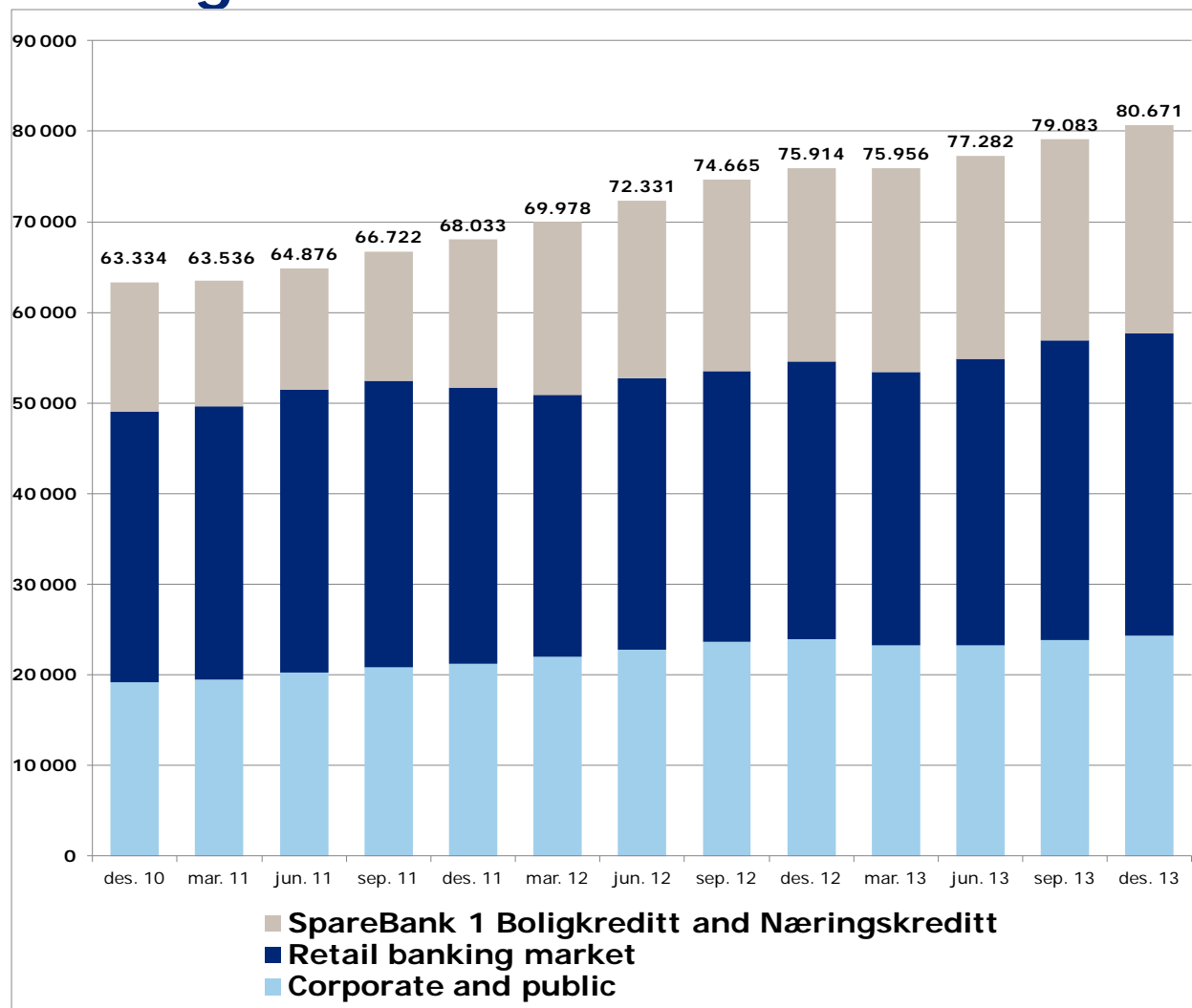


# Deposit growth corporates

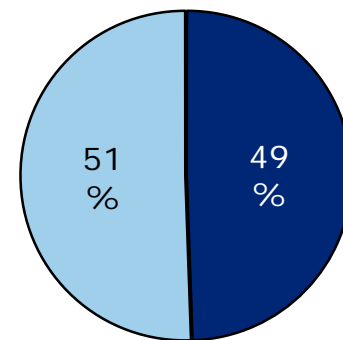
## Deposit growth households. 12 mth. growth



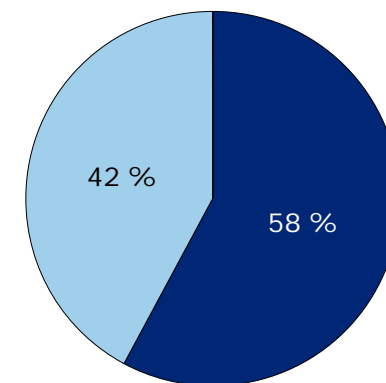
# Lending volume



Growth in loans and advances to customers incl. agency loans past 12 months: 6.3 %



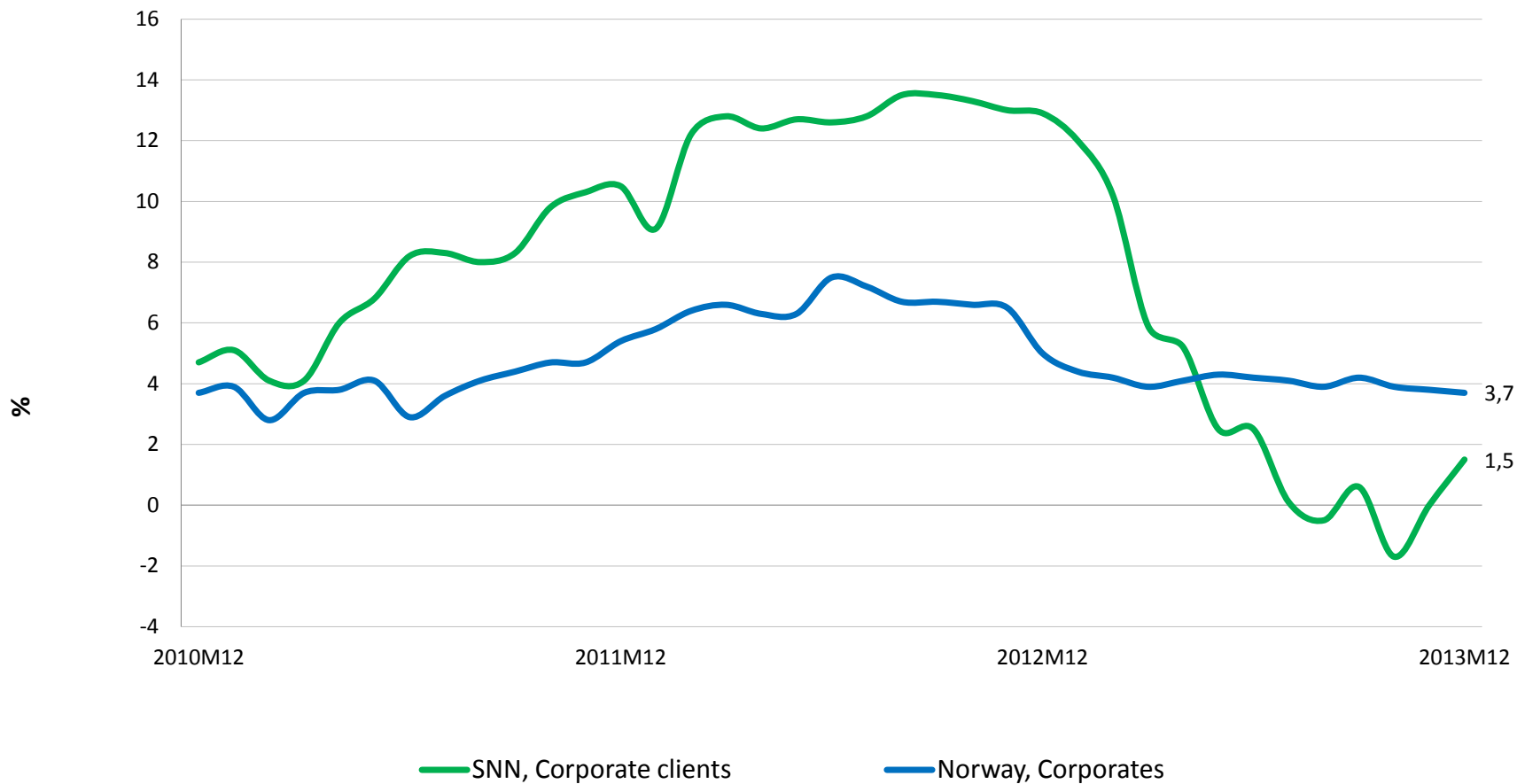
- Retail incl. SpareBank 1 Boligkreditt
- Corp/ Public



- Retail excl. SpareBank 1 Boligkreditt
- Corp/ Public

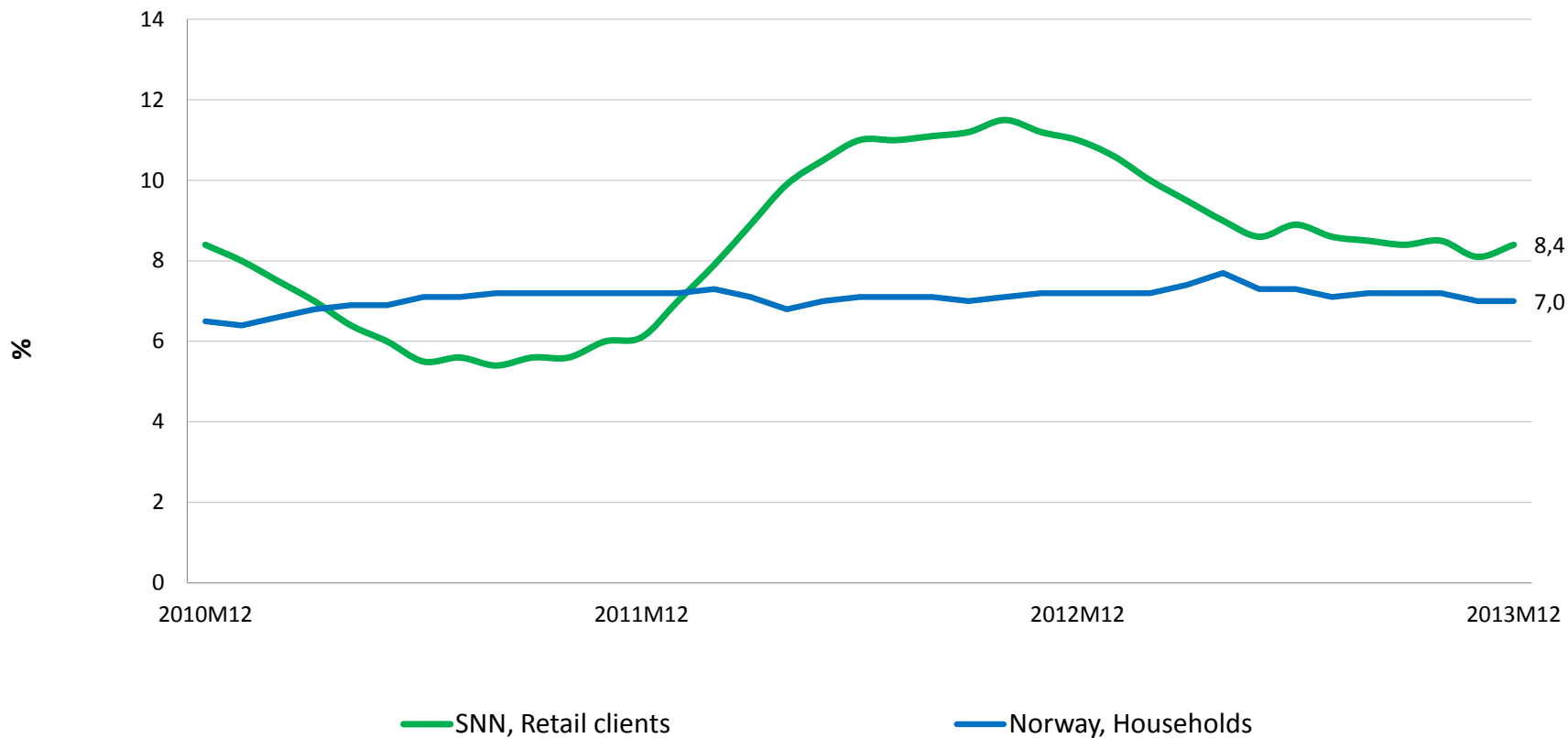
# Credit growth corporates

Credit growth corporates. 12 mth growth



# Credit growth households

Credit growth households. 12 mth growth



# Credit area

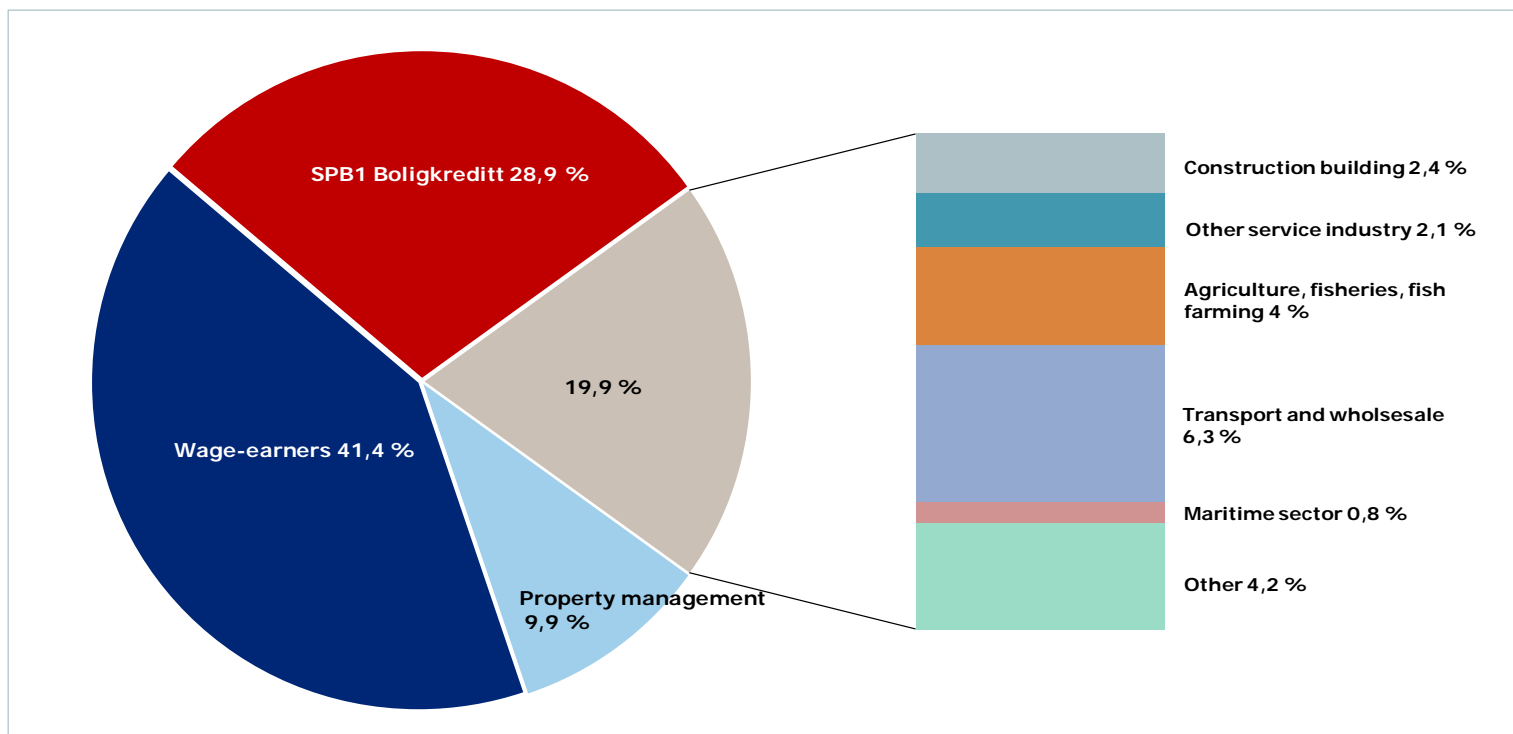
- Quality
- Portfolio
- Migration, commitments in default and losses

# Lending portfolio - comments

- Good increase in retail lending, with focus on commitments qualifying for SpareBank 1 Boligkreditt (covered bond company).
- Low growth in corporate market lending last 12 months.
- The portfolio and growth in corporate sector lending is diversified.
- Some increase in credit risk within corporate lending
- Reduced individual losses in 2013 compared with losses as in 2012.  
4<sup>th</sup> quarter 2013 losses at same level as 4<sup>th</sup> quarter 2012

# Distribution on segments shows good diversification

## Loan portfolio including Boligkreditt



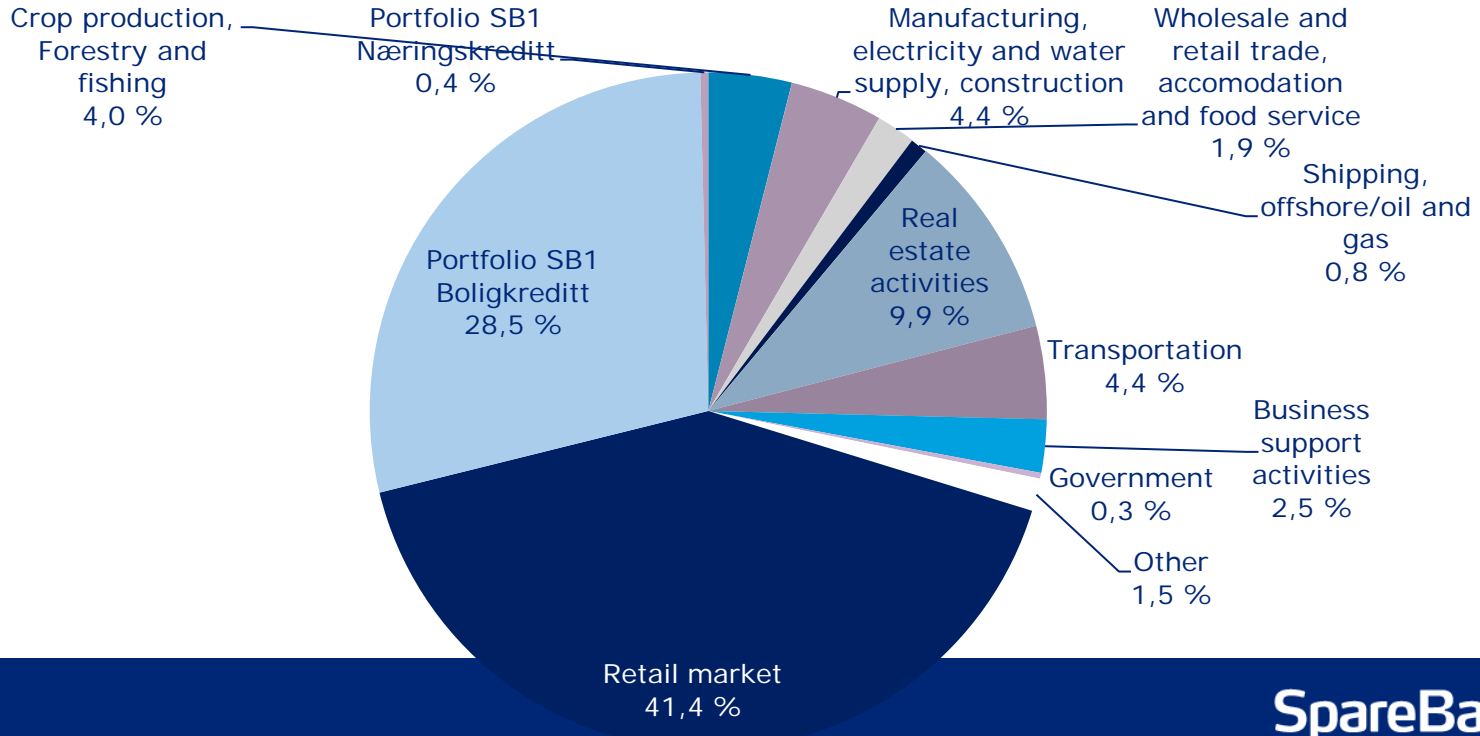
A high share of retail- and primary industry lending represent a risk mitigating factor.

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 past 12 months.

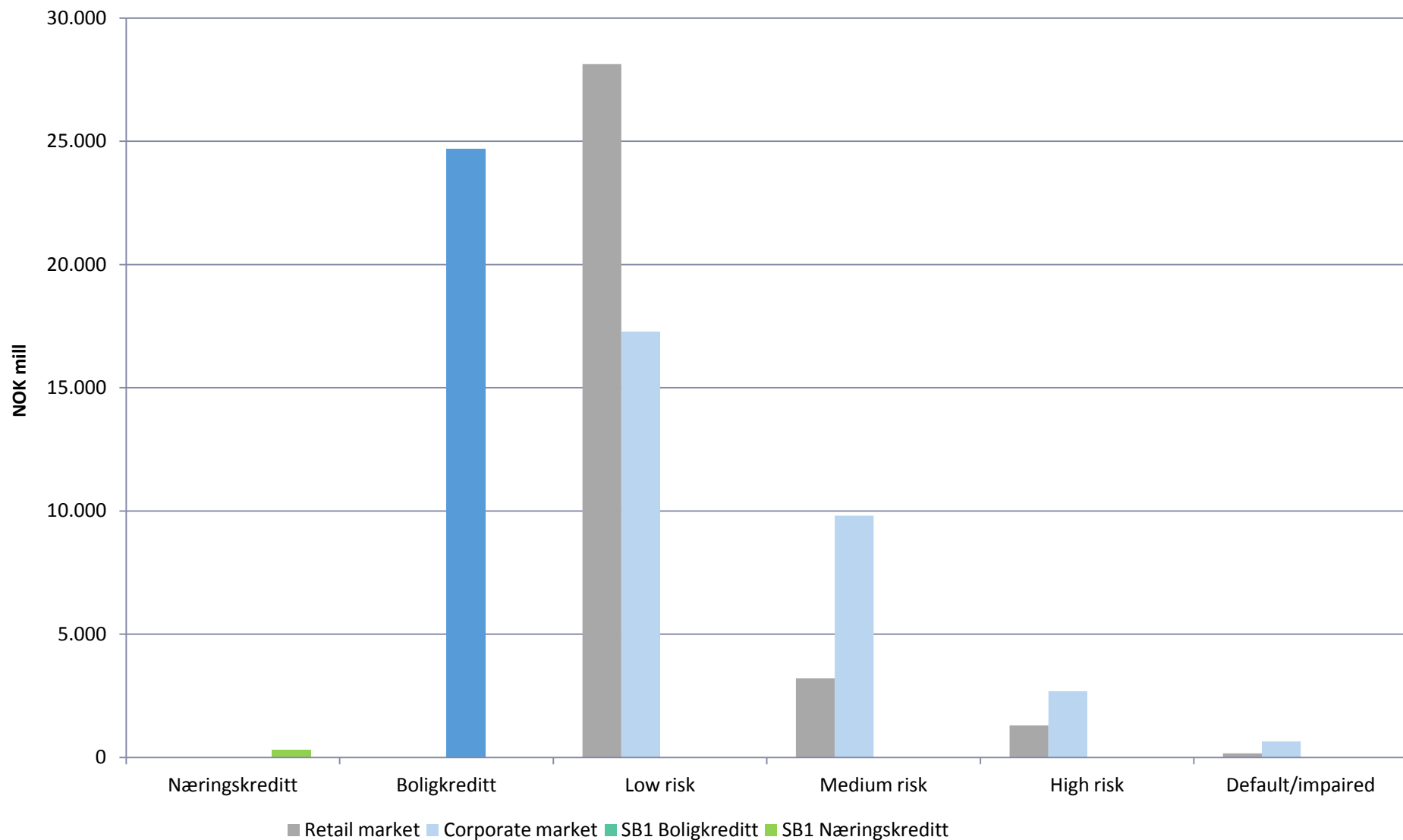
# Group lending by sector

(NOK million)	31.12.13	Share	31.12.12	Share	Change	Change in %
Crop production, Forestry and fishing	3 208	4,0 %	2 858	4 %	350	12 %
Manufacturing, electricity and water supply, construction	3 579	4,4 %	4 438	6 %	- 859	-19 %
Wholesale and retail trade, accomodation and food service	1 504	1,9 %	1 886	2 %	- 382	-20 %
Shipping, offshore/oil and gas	660	0,8 %	671	1 %	- 11	-2 %
Real estate activities	7 952	9,9 %	7 785	10 %	167	2 %
Transportation and storage	3 583	4,4 %	2 689	4 %	894	33 %
Business support activities	2 047	2,5 %	2 198	3 %	- 151	-7 %
Government	222	0,3 %	200	0 %	22	11 %
Other	1 243	1,5 %	1 186	2 %	57	5 %
<b>Total corporate market</b>	<b>23 998</b>	<b>29,7 %</b>	<b>23 911</b>	<b>31 %</b>	<b>87</b>	<b>0 %</b>
<b>Total retail market</b>	<b>33 373</b>	<b>41,4 %</b>	<b>30 640</b>	<b>40 %</b>	<b>2 733</b>	<b>9 %</b>
<b>Total loans own balance</b>	<b>57 371</b>	<b>71,1 %</b>	<b>54 551</b>	<b>72 %</b>	<b>2 820</b>	<b>5 %</b>
Portfolio SB1 Boligkreditt	22 996	28,5 %	21 363	28 %	1 633	8 %
Portfolio SB1 Næringskreditt	303	0,4 %	0	0 %	303	100 %
<b>Total loans</b>	<b>80 671</b>	<b>100,0 %</b>	<b>75 914</b>	<b>100 %</b>	<b>4 756</b>	<b>6 %</b>



# Portfolio

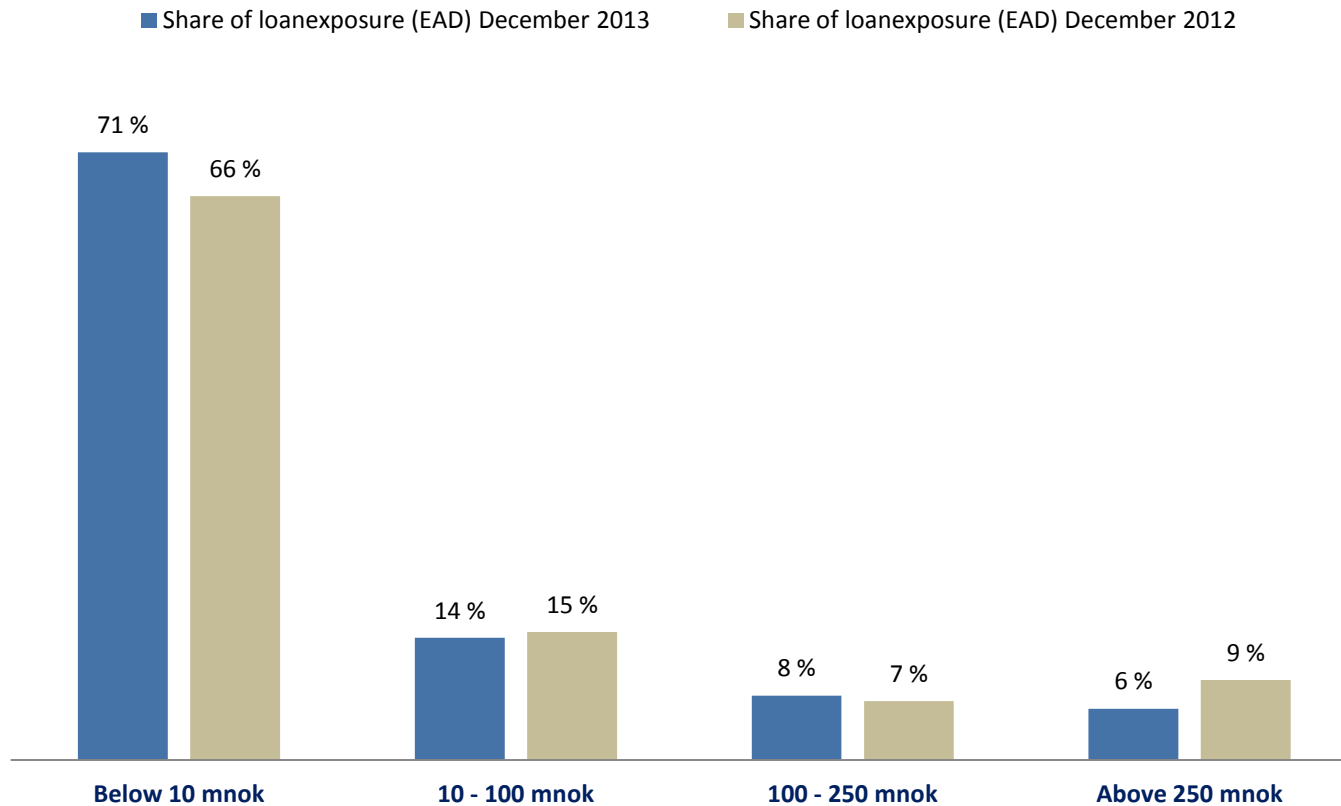
## - exposure as of 31.12.13, parent bank



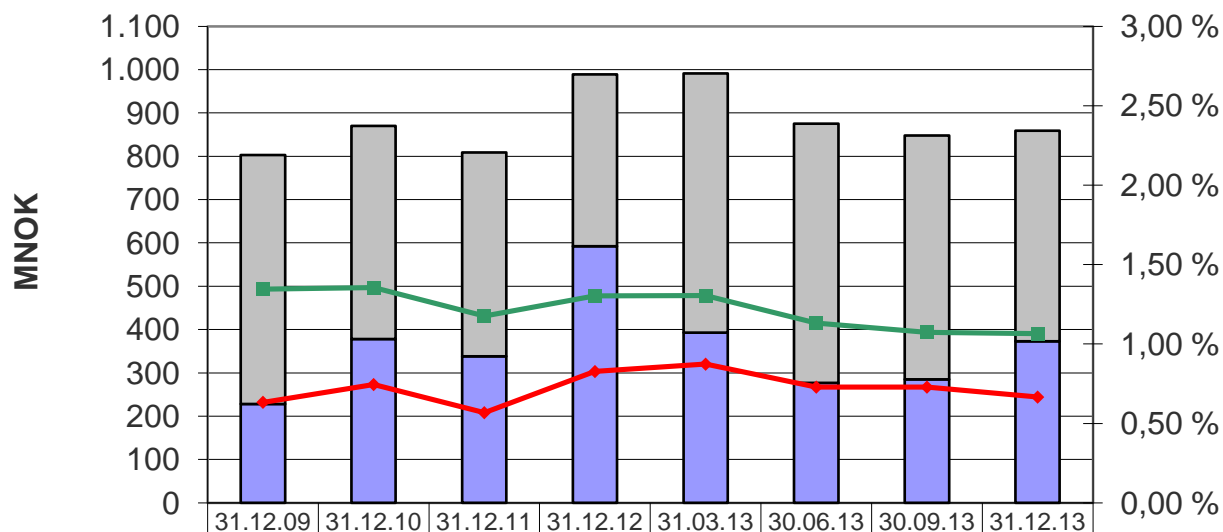
# Portfolio

## - exposure as of 31.12.13

Loans distributed by exposure and share of EAD (Exposure at Default)



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

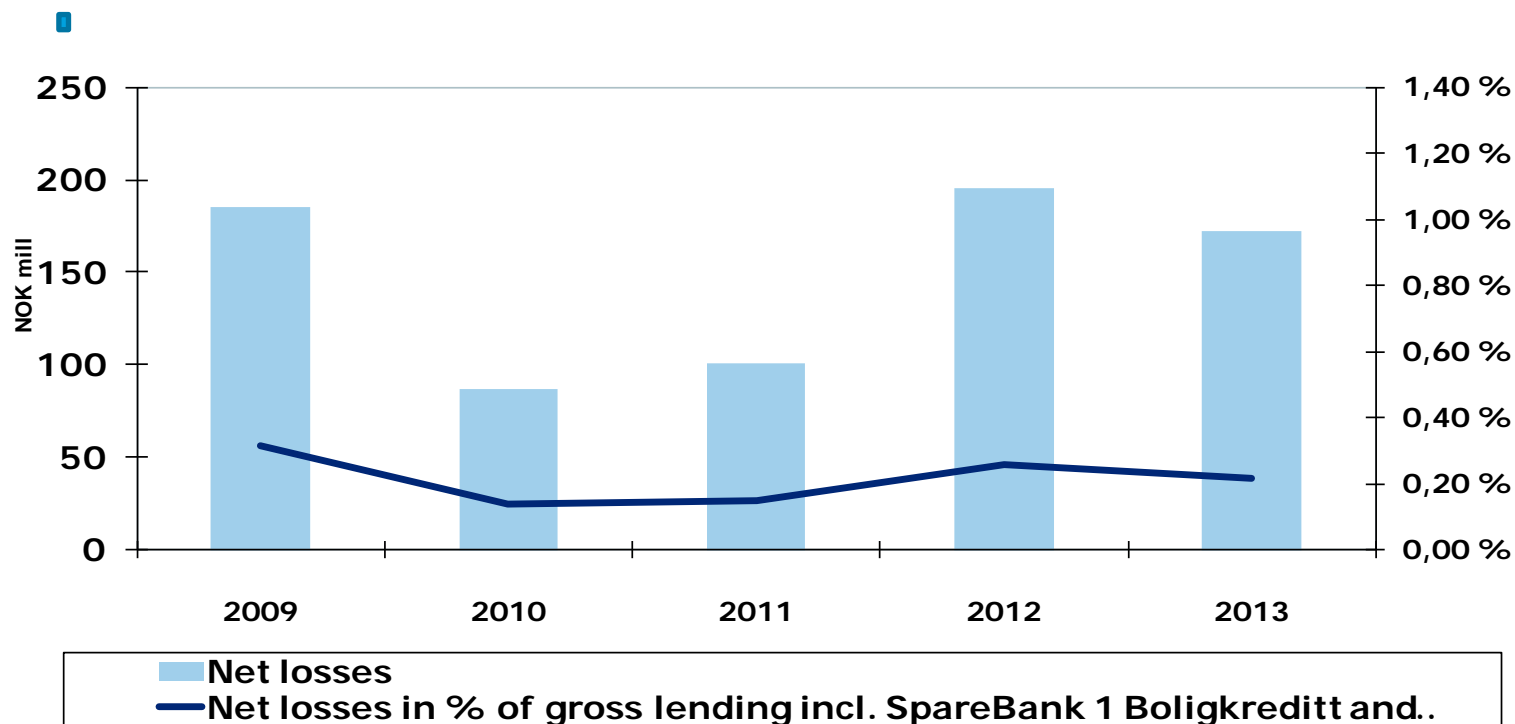


	31.12.09	31.12.10	31.12.11	31.12.12	31.03.13	30.06.13	30.09.13	31.12.13
Non-performing commitments	575	492	471	397	598	598	563	486
Other problem commitments	228	378	338	592	393	277	285	373
Individual write-down for impaired value	232	273	208	303	320	267	267	244
Gross non-performing and impaired commitments in % of gross lending incl. agency loans	1,34 %	1,36 %	1,18 %	1,30 %	1,30 %	1,13 %	1,07 %	1,06 %

# Loan losses: The Group's write-downs as of Q4 2013

	Write-downs			
	2013	2012	4th quarter 2013 (iso)	4th quarter 2012 (iso)
Individual write-downs				
<i>Retail market</i>	14	5	2	0
<i>Corporate market</i>	136	223	34	43
<i>SpareBank 1 Finans Nord-Norge</i>	9	6	4	4
<i>Other group units</i>	13	1	4	0
Total individual write-downs	172	235	44	47
Collective write downs and other value change items	0	-40	6	-15
Total write-down on loans and guarantees	172	195	50	32

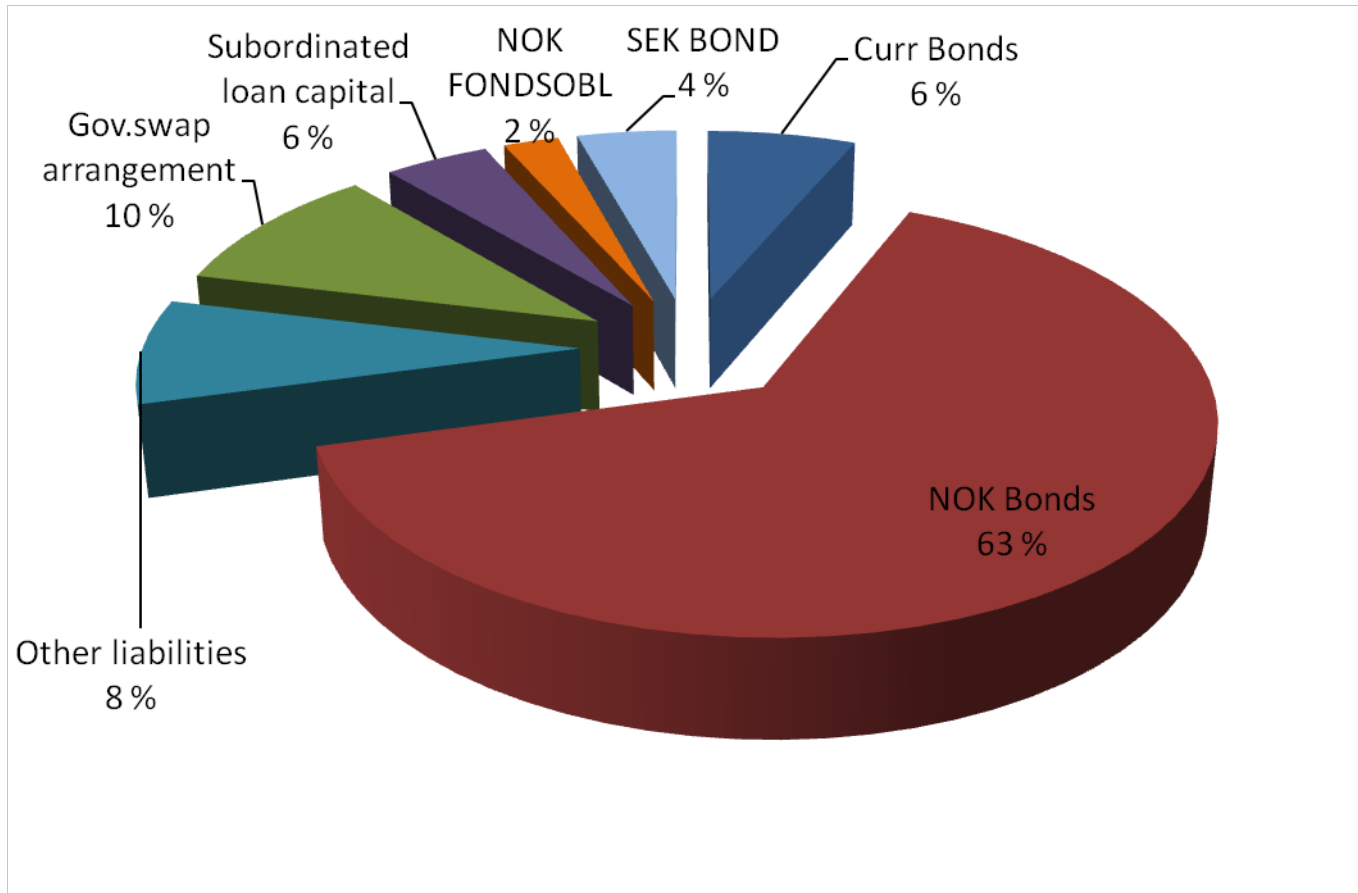
# Losses on loans and guarantees



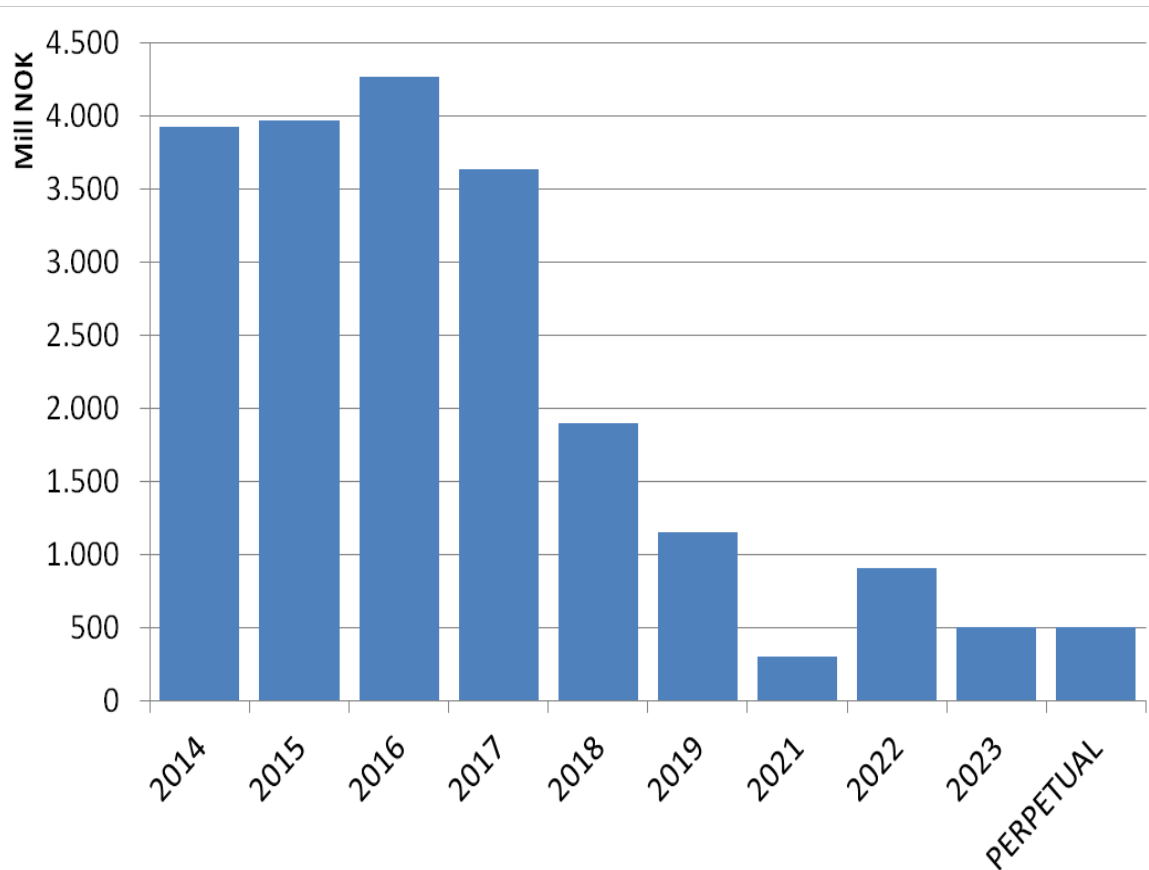
	2009	2010	2011	2012	2013
Individual write-downs for impaired value	163	133	84	246	<b>168</b>
Collective write-downs imp. value	36	-39	26	-40	<b>12</b>
Recoveries, previously confirmed losses	-14	-7	-9	-11	<b>-8</b>
<b>Net losses</b>	<b>185</b>	<b>87</b>	<b>101</b>	<b>195</b>	<b>172</b>
<b>Boligkreditt and Næringskreditt</b>	<b>0,31 %</b>	<b>0,14 %</b>	<b>0,15 %</b>	<b>0,26 %</b>	<b>0,21 %</b>

# Liquidity/funding

# Funding instruments /diversification, 31.12.13



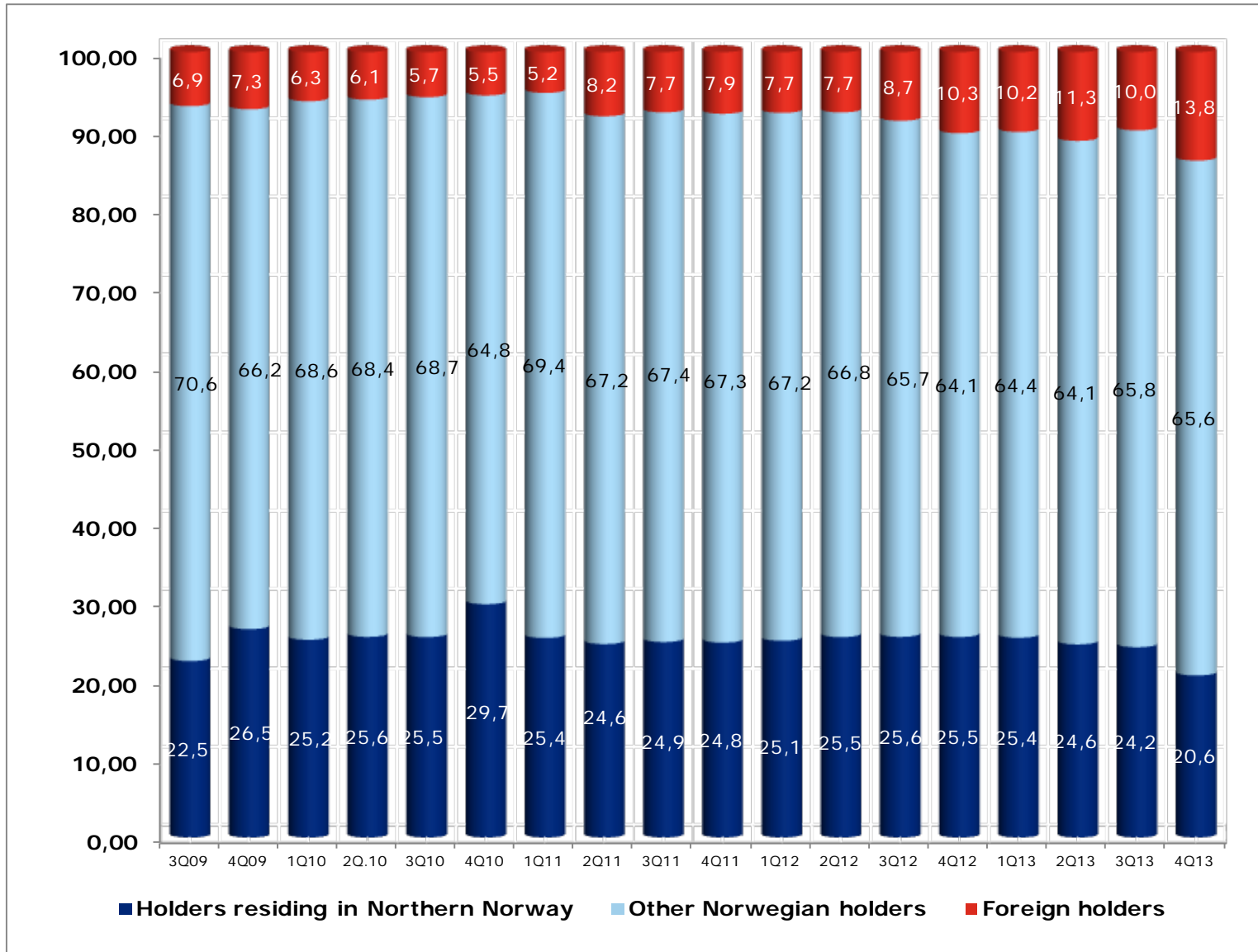
# Maturity profile of capital markets funding, 31.12.13 (excl. SB1 Boligkreditt)



- Good diversification in terms of maturities
- NOK 21.031 mill in capital market funding exclusive of SB1 Boligkreditt
- SpareBank 1 Boligkreditt is an important funding source. Mortgage loans of NOK 23.000 mill transferred as at 31.12.13.
- Amount of gross maturities of capital market funding next 12 months is NOK 3.924 mill

# Equity certificate holders

# Equity Certificates (EC) - holder structure



# The 20 largest EC holders

<b>Equity Certificate holders</b>	<b>Number of Equity Certificates</b>	<b>Share of total capital</b>
Pareto Aksje Norge	5.253.551	5,23 %
MP Pensjon PK	2.720.503	2,71 %
Citibank N.A.	2.385.597	2,38 %
Pareto Aktiv	2.209.269	2,20 %
Frank Mohn A/S	2.204.670	2,20 %
Fips - Princ All Sec Stock Sub	1.795.800	1,79 %
Sparebankstiftelsen Sparebank 1 Nord-Norge	1.411.606	1,41 %
Forsvarets Personellservice	1.233.930	1,23 %
Arctic Funds PLC	1.184.907	1,18 %
Verdipapirfondet DnB Norge (IV)	1.066.353	1,06 %
Pareto Verdi VPF	1.056.986	1,05 %
J.P. Morgan Chase Bank N.A. London	918.400	0,91 %
Morgan Stanley & Co LLC	912.064	0,91 %
Larre Eiendom 2 AS	873.623	0,87 %
Tonsenhagen Forretningssentrum 2 A	873.623	0,87 %
Sparebankstiftelsen DnB NOR	840.306	0,84 %
AS Atlantis Vest	806.114	0,80 %
Renterisiko AS	770.265	0,77 %
Consept Eiendom AS	739.796	0,74 %
Morgan Stanley & Co LLC	662.873	0,66 %
<b>The 20 largest EC holders</b>	<b>29 920 236</b>	<b>29,80 %</b>

# The 20 largest EC holders residing in Northern Norway

<b>Equity Certificate holders</b>	<b>Number of Equity Certificates</b>	<b>Share of total Equity Certificate capital</b>
Sparebankstiftelsen Sparebank 1 Nord-Norge	1.411.606	1,41 %
Consept Eiendom AS	739.796	0,74 %
Ditlefsen, Karl	547.543	0,55 %
Norges Råfisklag	457.490	0,46 %
Troms Kraft AS	409.224	0,41 %
Tromstrygd	289.308	0,29 %
Taj Holding AS	260.000	0,26 %
Hansen Dahl Fiskeri AS	216.046	0,22 %
Ovesen, Tor	206.556	0,21 %
Ovesen, Ole Alfred Rolf	205.554	0,20 %
Agnar Holding AS	189.022	0,19 %
Gadd Holding AS	174.539	0,17 %
Entreprenørcompagniet Nord AS	169.596	0,17 %
Tromsø Skotøimagasin A/S	157.090	0,16 %
Rigamonti A/S	141.393	0,14 %
Brødrene Karlsen Holding AS	119.705	0,12 %
Odd Berg AS	119.545	0,12 %
Andersen, Hemming Leonharth	113.567	0,11 %
Steiland, Geir Andre	110.000	0,11 %
Hamneidet Eiendom AS	102.062	0,10 %
<b>The 20 largest EC holders residing in Northern Norway <sup>1)</sup></b>	<b>6 139 642</b>	<b>6,12 %</b>

<sup>1)</sup> Postal code > 7999



# Contact information

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Jan-Frode Janson  
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Tel +47 905 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 2014

Q4-2013	5 February
Q1	6 May
Q2	13 August
Q3	29 October

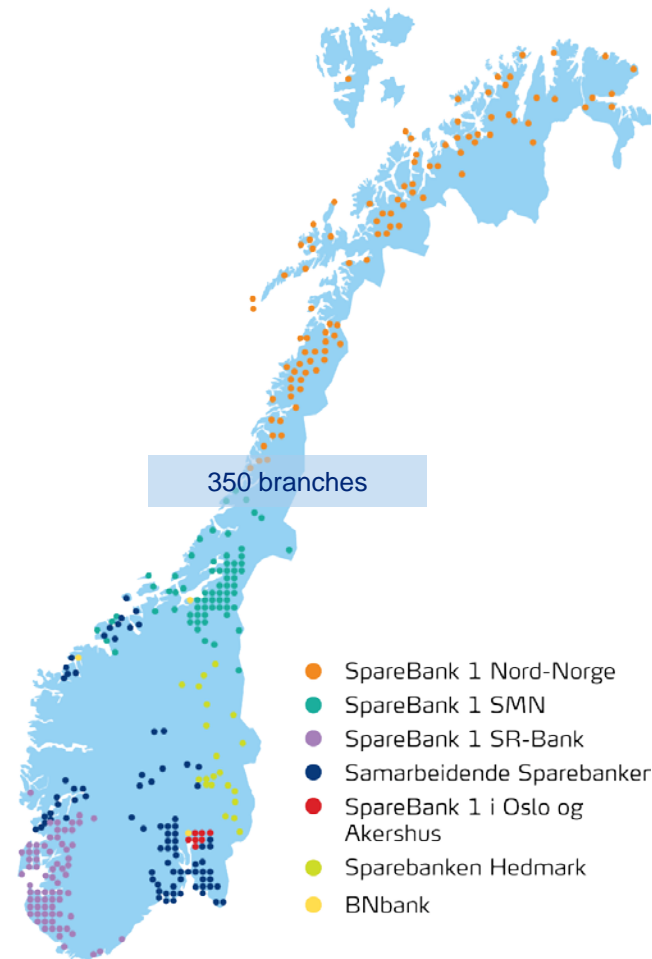
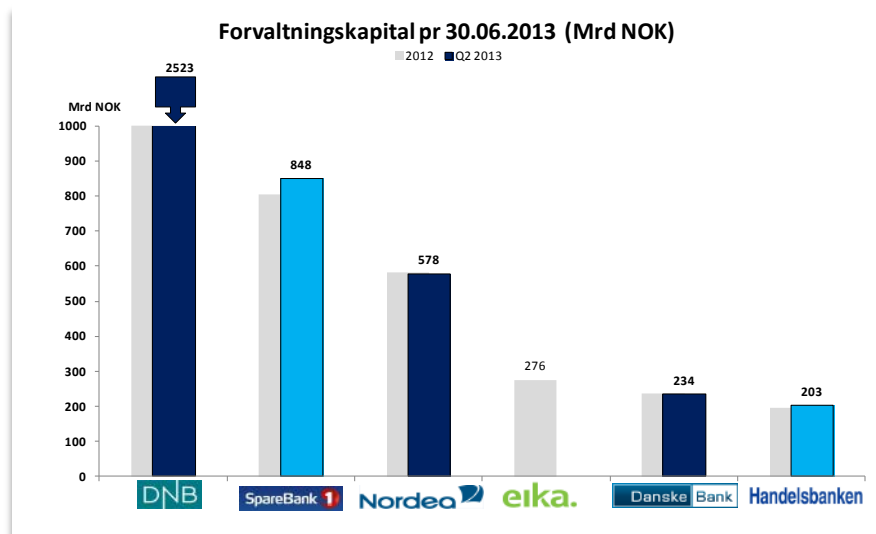
# Enclosures



# SpareBank 1 Group and Alliance

# SpareBank 1 is the second largest financial group in Norway – (total assets) - with good profitability

- Founded in 1996
- 15 independent savings banks
  - Of six listed ECC banks and one commercial bank
- Two jointly owned commercial banks
  - BN Bank and Bank 1 Oslo Akershus
- Sparebank 1 Gruppen: product companies and alliance cooperation
- Total assets: about NOK 850 billion (30/06/2013)
- Branches: 350
- Total number of employees: approx. 6 300



# The SpareBank 1 alliance has a solid business model, with proximity to customers and a conservative risk profile

Shareholders and distributors

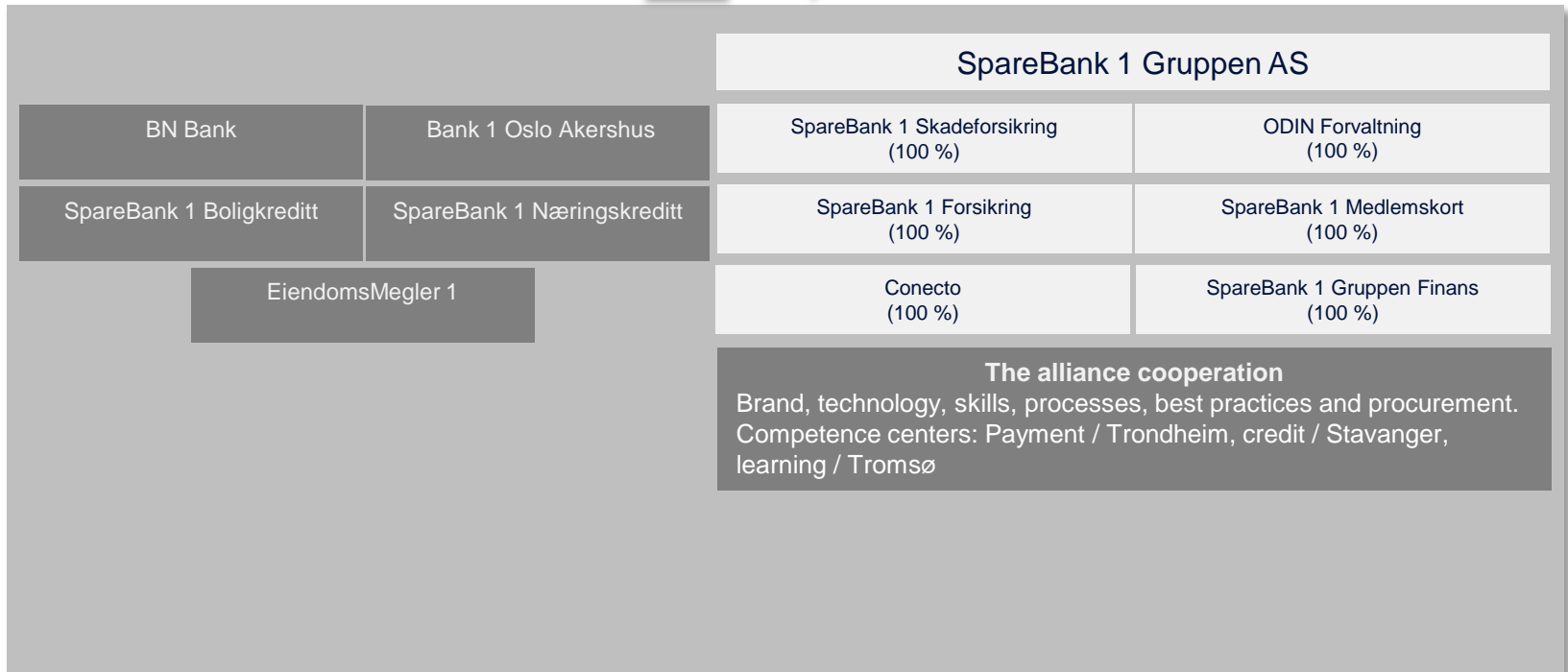


Products, commissions and dividends



Sales

Businesses in the SpareBank 1 Alliance



# The SpareBank 1 alliance includes three areas:

The SpareBank 1 banks	The alliance cooperation	Companies owned by the banks
<ul style="list-style-type: none"><li>• SpareBank 1 Nord-Norge</li><li>• SpareBank 1 SMN</li><li>• SpareBank 1 SR-Bank</li><li>• Sparebanken Hedmark</li><li>• SpareBank 1 Ringerike Hadeland</li><li>• SpareBank 1 Østfold Akershus</li><li>• SpareBank 1 Hallingdal</li><li>• SpareBank 1 Buskerud-Vestfold</li><li>• SpareBank 1 Gudbrandsdal</li><li>• SpareBank 1 Nordvest</li><li>• SpareBank 1 Telemark</li><li>• SpareBank 1 Modum</li><li>• SpareBank 1 Lom og Skjåk</li><li>• SpareBank 1 Nøtterøy og Tønsberg</li><li>• SpareBank 1 Søre Sunnmøre</li><li>• SpareBank 1 Oslo Akershus</li></ul>	<ul style="list-style-type: none"><li>• The management of the Alliance cooperation and underlying business areas and Customer Advisory boards</li><li>• The business segments are organized through; <b>SpareBank 1 Gruppen AS</b> and subsidiaries:<ul style="list-style-type: none"><li>- SpareBank 1 Forsikring</li><li>- ODIN Forvaltning</li><li>- SpareBank 1 Gruppen Finans</li><li>- Conecto</li><li>- SpareBank 1 Medlemskort</li></ul><b>Alliansesamarbeidet SpareBank 1 DA</b> and subsidiaries:<ul style="list-style-type: none"><li>- EiendomsMegler 1 Norge</li><li>- SpareBank 1 Verdipapirservice</li><li>- SpareBank 1 Kundesenter</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Companies owned by at least two banks and that may promote itself as a SpareBank 1 company;<ul style="list-style-type: none"><li>- SpareBank 1 Boligkreditt</li><li>- SpareBank 1 Næringskreditt</li><li>- SpareBank 1 Kredittkort</li><li>- SpareBank 1 Markets</li><li>- BN Bank</li></ul></li></ul>