



SpareBank 1 Nord-Norge

Interim report for Q2 2012 – Group

(Figures in brackets are for the same period in 2011)

Satisfactory result for Q2 2012.

Main features:

- **Profit before tax NOK 392 million (NOK 573 million after write up of the stake in FrontX by NOK 189 million).**
- **Profit after tax NOK 298 million (NOK 487 million)**
- **Return on equity after tax was 9.2 % (16.3 %)**
 - **Earnings per equity certificate of NOK 1.89 (NOK 2.85)**
- **Low loan losses**
- **Good lending growth: last 12 months 11.5% (6.3%) including intermediary loans**
 - **Retail market 11.0%**
 - **Corporate market 12.6%**
- **Growth in deposits over the last 12 months 0.2% (9.1%)**
 - **Retail market 8.4%**
 - **Corporate market 5.9%**
 - **Public sector -26.2%**
- **Deposit-to-loan ratio: 78.4% (80.3%).**
- **Good financial strength: core capital adequacy Group 10.9% (11.3%). If 50% of the result was included, the core capital adequacy would be 11.2 %**
- **Continued satisfactory funding**
- **The Group is continuing its investment in accounting companies, with further acquisitions.**

Accounting principles

The quarterly accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), including IAS 34 relating to interim reporting.

Earnings performance

The accounts show a satisfactory result for the first half of 2012, with operating profit before tax of NOK 392 million. The accounts reflect the increased net interest income including commission on intermediary loans and a good growth in lending in both the retail and corporate markets. The results also reflect a further write down of the Group's stake in SpareBank 1 Nord-Norge Invest, including a write down of ownership of the oil company Front Exploration AS (FrontX) of NOK 41 million. Profit for the first half of 2011 was NOK 573 million, a result that was affected by the write up of the Group's stake in FrontX of NOK 189 million. The Group's customer-oriented operations show a profit before losses of NOK 289 million, NOK 9 million lower than for the equivalent period in 2011.

The Group's return on equity after tax as at 30.06.12 was 9.2% (16.3%). The earnings per equity certificate were NOK 1.89 (NOK 2.85). For the Parent Bank, the earnings per equity certificate were NOK 2.20 (NOK 2.45).

Net interest income

The Group's net interest income for the first half of 2012 amounted to NOK 566 million. This is NOK 15 million higher than the first half of 2011. In relation to the average total assets, the net interest income was 1.58 %, which is 0.01 percentage points lower than the previous year.

Income from the lending portfolio transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt is entered under commission income. For Q1 and Q2 2012, this commission income amounts to NOK 24 million and NOK 43 million respectively. The equivalent figures for 2011 were NOK 20 and 24 million. Net interest income including the above named commission income shows an increase of NOK 23 million from NOK 305 million for Q1 2012 to NOK 328 million for Q2 2012.

Compared with Q1 2012, net interest income including commission income from the transferred lending portfolio has developed as follows:

<i>Amounts in NOK million</i>	Q2 2012	Change	Q1 2012
Net interest income incl. comm. from Boligkreditt	328	+ 23.0	305
Lending and deposit volume		- 1.0	
Lending and deposit ma		+ 21.3	
Interest day		+ 3.3	
Other balance sheet items, net		- 0.6	

The lending and deposit margins are measured against the bank's average borrowing costs in the financial market.

The reduced volume effect on net interest income is due to lower deposits from the public sector. Higher money market rates and borrowing costs (credit spreads) towards the end of 2011 meant that the bank took various measures involving pricing of parts of the banks lending and deposit products. In 2012, lower money market rates contributed to lower borrowing costs from the capital market.

Seen against the funding costs, the lending margin has increased but the deposit margin has been reduced.

In 2012 too, the bank is exempt from paying guarantee fund charges.

At the end of the first half of 2012, home mortgages to the value of NOK 19 billion (NOK 13 billion) had been transferred to SpareBank1 Boligkreditt. As at 30.06.12, no loans had been transferred to SpareBank1 Næringskreditt.

Net commissions and other income

Net commissions and other income at the end of Q2 2012 were NOK 282 million, an increase of NOK 28 million when compared with the same quarter last year.

<i>Amounts in NOK million</i>	as at Q2 2012	Change	as at Q2 2011
Net commissions and other income	282	+28	254
Incr. comm. income from SpareBank 1 Boligkreditt		+22	
Incr. comm. income from SpareBank 1 Finans Nord-Norge		+ 3	
Incr. comm. income EiendomsMegler 1 Nord-Norge		+ 3	

Income from financial investments

Total net income from financial investments as at Q2 2012 amounts to NOK 151 million (NOK 300 million). This has developed as follows:

<i>Amounts in NOK million</i>	as at Q2 2012	Change	as at Q2 2011
Net income from financial investments	151	-149	300
Result from SpareBank 1 Gruppen	60	+ 12	48
Result SpareBank 1 Boligkreditt	19	+ 11	8
Result Bank 1 Oslo	19	+ 9	10
Result BN Bank	20	- 14	34
Result SpareBank 1 Næringskreditt	2	0	2
Share dividends	17	+ 7	10

Net change in share value	-79	-241	162
Net change in bond value	30	24	6
Net change in value of currency and financial derivatives	63	43	20

Profit contribution from joint venture companies

SpareBank 1 Gruppen

SpareBank 1 Gruppen's preliminary profit after tax for the first half of 2012 totalled NOK 267 million (NOK 249 million).

The SpareBank 1 Nord-Norge Group's 19.5% share of the result, amounting to NOK 52 million (NOK 48 million), has been incorporated in the accounts. In addition to this, in Q1 NOK 8 million has been incorporated as a result of the adjusted profit for the year for 2011. SpareBank 1 Livsforsikring and SpareBank 1 Skadeforsikring made the greatest contribution to profits.

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

SpareBank 1 Boligkreditt was set up by the banks of the SpareBank 1 alliance to gain benefits from capital market borrowing through the use of covered bonds. The banks will transfer the best-secured home mortgages to this company. This reduces funding costs and increases the competitiveness of the SpareBank 1 banks.

The bank's stake in SpareBank 1 Boligkreditt is 13.26%, and the share of the company's profits for the first half of 2012 is NOK 19 million (NOK 8 million).

The SpareBank 1 banks established SpareBank 1 Næringskreditt in 2009 on the same model and with the same administration as SpareBank 1 Boligkreditt. SpareBank 1 Nord-Norge's stake in the company is 23.5%, and the share of the company's profits for the first half of 2012 is NOK 2 million (NOK 2 million).

Bank 1 Oslo Akershus

SpareBank 1 Nord-Norge has a 19.5% stake in Bank 1 Oslo Akershus. A share of the profits amounting to NOK 19 million (NOK 10 million) has been incorporated in the first half of 2012.

BN Bank

SpareBank 1 Nord-Norge has a 23.5% stake in BN Bank as at 30.06.12. The share of profits for the first half of 2012 amounts to NOK 20 million (NOK 34 million) including the effect of amortisation from the date of purchase

Other companies

The alliance companies SpareBank 1 Verdipapirservice and SpareBank 1 Kundesenter were established at the end of Q2 2012. SpareBank 1 Nord-Norge has a stake of 24.9% and 23.5% respectively in these two companies. As at Q2 2012 there has been no profit share from these.

The Group's share portfolio

The bank's subsidiary SpareBank 1 Nord-Norge Invest owns a stake in the oil company Front Exploration (FrontX); in 2011, a net write down of NOK 24 million was made in this. The book value of the shareholding was NOK 55 million as at 01.01.12.

During the course of Q12012, there were merger negotiations between FrontX and the oil company North Energy, which did not come to a conclusion. There has been work on alternative solution models for the Group's stake in FrontX. At the end of June, it was decided to wind up the company, while an agreement was entered into with the Danish company Dong Energy to take over the employees and most of the assets of FrontX and to continue the activities of the company. In connection with this agreement, there have been further write downs of the company's shareholding in FrontX during Q2 amounting to NOK 41 million. After the write down, the book value as at 30.06.12 was NOK 14 million.

The remaining assets in the company will be realised in connection with the winding up of FrontX. The company's liabilities will be settled and surplus capital will be distributed to the company's shareholders. No further need for losses on the Group's commitment in the company is anticipated.

The overall change in value of the Group's share portfolio in the first half of 2012 is NOK -79 million, NOK 241 million weaker than the corresponding period in 2011. As mentioned in the introduction, during the first half of 2011 there was a write up of the Group's shareholding in FrontX of NOK 189 million. Combined with the NOK 41 million write down of the same shareholding in the first half of 2012, this represents the most important reason for the difference in net value between the first half of 2011 and the first half of 2012.

Certificates and bonds

As at 30.06.12, the Group's portfolio of certificates and bonds was NOK 12,141 million, compared with NOK 12,214 million at the same time the previous year. The portfolio of interest-bearing securities includes covered bonds issued under the authorities' swap scheme.

On 1 July 2008, the bank completed a reclassification of large parts of the interest-bearing securities in the trading portfolio, from the category "At fair market value through the profit and loss account" to categories that are assessed at amortised cost. The effects of this reclassification appear in a note to the quarterly accounts. The reclassified portfolio is continuously assessed with regard to the need for permanent write down in value. As at 31.12.11, such write downs totalling NOK 75 million had been made. No further write-downs have been made in 2012.

Currency and derivatives

The net change in value from currency and financial derivatives as per Q2 2012 amounts to NOK 63 million. This income includes part of the income from Markets, as well as changes in the value of the bank's own positions in currency and financial derivatives.

Subsidiaries

(Amounts in NOK 1 000)

	Share of equity %	Result before tax	
		30.06.12	30.06.11
SpareBank 1 Finans Nord-Norge AS	100	32 507	34 935
SpareBank 1 Nord-Norge Invest AS	100	-65 753	174 553
EiendomsMegler 1 Nord-Norge AS	100	6 912	1 601
SpareBank 1 Nord-Norge Forvaltning ASA	100	746	1 030
SNN Økonomihus AS	100	-336	0
North-West 1 Alliance Bank	75	946	- 1 201

The Group's subsidiaries have a combined result before tax for the first half of 2012 of NOK - 25 million (NOK 211 million), which has been fully consolidated in the Group's accounts.

SpareBank 1 Finans Nord-Norge has a profit before tax in the first half of 2012 of NOK 33 million (NOK 35 million). The company has a good earnings base and total earnings year to date are NOK 53 million, against NOK 49 million last year. Losses on leasing and seller's chattel mortgage as per Q2 2012 were NOK 3 million (NOK 1 million). At the end of the quarter, the company managed leasing and vendor's security agreements to a total value of NOK 3,017 million, of which leasing agreements represented NOK 1,604 million.

North West 1-Alliance Bank in St. Petersburg, Russia (75% stake) had a profit before tax for the first half of 2012 of NOK 1 million (NOK -1 million).

SpareBank 1 Nord-Norge Invest has a portfolio of unlisted shares and investments in funds. The company had a result before tax for the first half of 2012 of NOK -66 million (NOK 175 million). In addition to the previously mentioned write down of the stake in FrontX as at 30.06.12 (see above), further write downs of NOK 17 million were made to the share portfolio.

EiendomsMegler 1 Nord-Norge had a profit before tax for Q2 2012 of NOK 7 million (NOK 2 million). The number of units sold so far in 2012 is 777 (657), with a total sales value of NOK 1,483 million, an increase of 17% compared with the corresponding period in 2011.

SpareBank 1 Nord-Norge Forvaltning, which manages a portfolio of NOK 1,795 million, had a profit before tax of NOK 0.746 million (NOK 1,030 million) for the first half of 2012.

SNN Økonomihus is a holding company that invested in two accounting companies at the end of 2011 and in 2012. The company's contribution to pre-tax profits in the first half of 2012 was NOK - 0.336 million (including the proportion of profit from accounting companies). The company owns 60% of the shares in Consis Alta AS and 100% of the shares in Merkantilservice AS in Tromsø.

Operating costs

Ordinary operating costs at the end of the first half of 2012 totalled NOK 559 million. Compared with the equivalent period in 2011, this represents an increase of NOK 52 million.

The changes in costs are as follows:

<i>Amounts in NOK million</i>	as at Q2 2012	change	as at Q2 2011
Operating costs	559	+52	507
Personnel costs	281	+39	242
Adm. costs	167	+14	153
Depreciation	25	+2	23
Other costs	86	-3	89

In relation to the average total assets, the costs amounted to 1.6 % in Q2 2012, an increase of 0.1 percentage points compared with the same quarter in 2011.

The Group has a cost-to-income ratio of 56.0 % at the end of Q2 2012, compared with 45.9% at the end of Q2 2011. NOK 30.5 million of the increase in personnel costs relates to increased costs in the parent bank. NOK 5 million of this is due to deferral of bonus in 2011 (i.e. lower costs in 2011), costs of NOK 2.5 million relate to the sale of equity certificates to employees at a discount and NOK 5 million is due to increased pension costs (new contractual retirement plan). Most of the remaining increase of NOK 18 million is due to general pay increases, including higher than average payroll costs for new employees.

Increased personnel costs of NOK 9 million in the Group's subsidiaries are partly due to the consolidation of a new subsidiary (the accounting office Consis Alta). The increase is also due to increased activity and costs, particularly at SpareBank 1 Finans and Eiendomsmeidler 1 Nord-Norge.

Increased administrative costs relate to increased marketing costs, increased IT operational costs and the consolidation of a new subsidiary (Consis Alta).

Compared with Q1 2012, costs were reduced by NOK 5 million in Q2. Personnel costs have increased by NOK 15 million, while other administrative costs were reduced by NOK 18 million. The increased personnel costs were due to payment of holiday pay, costs from the discounted sale of equity certificates to employees and increased costs relating to the transition to a new pension scheme. The reduction in other operating costs from Q1 to Q2 was partly due to wealth tax entered as a cost in Q1 2012.

Group employees totalled 867 full time equivalents (FTE) at the end of Q2 2012, of which the parent bank accounted for 667. The corresponding figures for the previous year were 786 and 665 respectively. The increase in the number of employees mainly relates to the Group's subsidiary in Russia (19 FTEs) and the acquisition of two accounting offices with a combined total of 60 FTEs. The last acquisition of an accounting office occurred at the end of the half year (42 FTEs) and therefore had no effect on profits for the first half of 2012.

A programme of cost reduction measures has been started in 2012. This includes possible rationalisation measures within the areas of distribution and overall staffing levels. The effect of these measures is estimated to be approximately NOK 70 million, which is expected to come from the year end onward.

Net losses and commitments in default

The Group's losses on lending as at Q2 2012 amount to NOK 48 million (NOK 25 million). Net losses in Q2 were NOK 6 million. The net losses in the first half are made up of NOK 50 million from the corporate market and NOK -2 million from the retail market. NOK 36 million of the losses in the corporate market were due to one commitment during the first half of 2012.

Net commitments in default and doubtful commitments totalled NOK 514 million (NOK 649 million) as at 30.06.12, which represents 0.71 % of gross lending, including intermediary loans. This represents a reduction from 1.00 % as at 30.06.11.

The Group's total individual loss write downs as at 30.06.2012 were NOK 171 million (NOK 259 million). Provisions have been reduced by a net NOK 46 million in the last quarter after losses have been confirmed on a number of commitments that had previously been written down.

Group write downs as at 30.06.12 were NOK 221 million (NOK 201 million) and have also been reduced compared with the previous quarter. The Group uses a conservative calculation model in arriving at Group write downs. Group write downs totalled 0.42% of the Group's combined gross lending as at 30.06.12. (0.30 % of gross lending including intermediary loans).

In the opinion of the Main Board of Directors, the quality of the bank's loan portfolio is good and the bank is still doing high quality work in connection with commitments in default and doubtful commitments in the Group. The general level of losses is expected to remain low, even though losses might arise due to events connected with individual commitments.

Tax

The Group's tax cost was estimated at NOK 93 million at the end of Q2 2012. In the parent bank's accounts, the taxable profit has been reduced by permanent differences coupled with the effects of the exemption model.

Total assets

The Group's total assets were NOK 74,036 million as at 30.06.12. This represents an increase of NOK 3,003 million, or 4.2 %, over the last 12 months.

Lending

As at 30.06.12, lending totalling NOK 19 billion (NOK 13 billion) has been transferred to SpareBank-1 Boligkreditt. These loans do not appear as lending on the bank's balance sheet. Comments regarding increases in lending include lending transferred to SpareBank 1 Boligkreditt.

The Group's gross lending to customers including intermediary loans totalled NOK 72,331 million as at 30.06.12. Compared with 30.06.11, this represents an increase of 11.5%. Retail banking loans showed growth of 11.0%, while corporate and public sector loans showed growth of 12.6%. 69 % of the bank's total lending was to the retail market as at 30.06.12, a slightly lower proportion than as at the end of Q1.

Lending growth has increased during the course of 2012, especially in the corporate market. Lending growth in Q2 in isolation was 13.4% (annualised) and can be broken down as follows:

Retail market	12.7 %
Corporate and public sector market	14.8 %

The Main Board of Directors sustains its ambitions for lending growth and increased market shares. In the case of new loans, particular emphasis is placed on customers' ability to service and repay their outstanding loans, and on a satisfactory level of collateral and other security to ensure that credit risk is maintained at an acceptable level.

Saving and investments

The Group's deposits from customers totalled NOK 41,377 million as at 30.06.12. The increase over the past 12 months was NOK 93 million, or 0.2 %. Deposits increased 8.4 % in the retail market and 5.9 % in the corporate market. Deposits from the public sector show a reduction of 26.2%, which is due to a strategic decision by the bank with regard to the pricing of deposits in this sector.

A focus on a broader range of financial advice through the completion of authorisation of the bank's advisers is expected to give a growth in production of future sales in the savings and investment area.

Liquidity

Deposits from customers represent the bank's main source of funding. At the end of Q2 2012, the deposit-to-loan ratio (excluding intermediary loans) was 78.4%, 1.9 percentage points lower than at the same time last year. The bank's remaining funding, apart from equity and subordinated capital and deposits from customers, is mainly from long-term funding from the capital markets. The bank's liquidity situation and access to liquidity is still satisfactory. The bank's strategic aim is to maintain the overall liquidity risk at a low level.

Rating

SpareBank 1 Nord-Norge has long-term ratings from Moody's and Fitch Rating of A1 (negative outlook) and A (stable outlook) respectively. Like many other financial institutions, the bank received a notice in March about possible downgrading by up to one mark by Moody's.

The Bank's equity certificate holders

As at 30.06.12, the parent bank's equity certificate capital was NOK 1,655 million. The number of equity certificates as at 30.06.11 was 66,208,987 each with a nominal value of NOK 25 and fully paid-up.

The ownership fraction as at 1 January 2012 was calculated at 42.07%.

The number of equity certificate holders was 8,123 as at 30.06.12, a reduction of 86 over the last 12 months. The number of Norwegian equity certificate holders was 2,445. A summary of the Bank's 20 largest equity certificate holders is provided in the notes to the interim financial statements.

Book value per equity certificate on 30.06.12 was NOK 41.57 and profit per equity certificate was NOK 1.89. As at 30.06.12, the price was NOK 26 and in 2012 a dividend for 2011 of NOK 1.50 per equity certificate was paid. Price/Earnings was 6.9 and Price/Book 0.6 as at 30/06/2012.

Financial strength and capital adequacy

SpareBank 1 Nord-Norge uses an Internal Rating Based Approach for credit risk. The statutory minimum capital adequacy requirement for credit risk is based on the bank's internal risk assessment. The rules and regulations render the statutory minimum requirement for capital adequacy more risk-sensitive, so that the capital requirement to a larger extent corresponds to the risk in the underlying portfolios. The use of internal measurement measures places great demands on the bank's organisation, competence, risk models and risk management systems.

As a result of the transitional rules in the new regulations, the IRB banks were to benefit in full from the reduced regulatory capital adequacy requirements as of 2010. This has been postponed, and the transitional rules also apply in 2012.

The Group has been granted a permit by the Financial Supervisory Authority of Norway to use proportional consolidation for its capital adequacy reporting for SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt and BN Bank.

As at 30.06.12, Group core capital adequacy amounted to 10.88% (11.30%) of the weighted asset calculation basis. The total capital adequacy ratio was 11.59% (12.26%). If 50% of the result was included, the core capital ratio would be 11.15%. If the full impact of the IRB approach is included (without a "floor"), the core capital adequacy ratio was 12.99%. Reference is made otherwise to the relevant note in the quarterly accounts.

Given that the European Banking Authority (EBA) has decided in the latest Capital Requirements Directive (CRD IV) that the level of pure core capital in the largest banks must be a minimum of 9% by no later than 30 June 2012, the Norwegian authorities have also imposed this requirement on Norwegian banks. SpareBank 1 Nord-Norge's core capital adequacy as at 30.06.12 satisfied this requirement by a good margin. The bank's financial position is deemed to be very good.

Concluding remarks and outlook

The results for the first half year are regarded as satisfactory, even though profits for Q2 were weaker than for Q1. The bank's core operations continue to be very good. Fluctuations in profits are primarily due to value changes connected with the share portfolio of SpareBank 1 Nord-Norge Invest.

The business and industry in the region remains optimistic, which is resulting in greater demand for loans. Lending growth is expected to continue to be relatively strong in both retail and corporate markets. The growth in deposits from the retail and corporate markets is expected to continue, but growth in deposits in the public sector is not expected to be as strong. Both deposit and lending margins are expected to be affected by continued strong competition, with deposit margins weakening and lending margins strengthening. Continued strong lending growth could lead to a need for increased equity. In this context, Sparebankstiftelsen SpareBank 1 Nord-Norge represents unexploited potential for increased equity.

Even so, it should be mentioned that continued international economic uncertainty may lead to reduced consumption and the postponement of investments, including in North Norway.

The bank attaches importance to balance sheet growth, in terms of deposits and loans alike. Importance is also attached to increasing other income through sales of various products and services. All lending growth shall continue to involve good quality.

The bank has a clear focus on cost-reducing measures and work continues on measures to improve efficiency in distribution and staffing.

Tromsø, 08 August 2012

The Main Board of Directors of SpareBank 1 Nord-Norge

Kjell Olav Pettersen
(Chairman of the Board)

Pål Andreas Pedersen
(Deputy Chairman)

Sonja Djønnne

Roar Dons

Greger Mannsverk

Ann-Christine Nybacka

Anita Persen

Vivi-Ann Pedersen
(employee-elected)

Hans Olav Karde
Chief Executive Officer

Key figures group

<i>Amounts in NOK million and in % of average assets</i>		30.06.12	%	30.06.11	%	31.12.11	%
From the profit and loss account							
Net interest income		566	1.58 %	551	1.59 %	1 129	1.61 %
Net fee-, commission and other operating income		282	0.79 %	254	0.73 %	506	0.72 %
Net income from financial investments		151	0.42 %	300	0.87 %	184	0.26 %
Total income		999	2.79 %	1 105	3.19 %	1 819	2.59 %
Total costs		559	1.56 %	507	1.46 %	1 036	1.47 %
Result before losses		440	1.23 %	598	1.72 %	783	1.11 %
Losses		48	0.13 %	25	0.07 %	101	0.14 %
Result before tax		392	1.09 %	573	1.65 %	682	0.97 %
Tax		93	0.26 %	86	0.25 %	157	0.22 %
Minority interests		1	0.00 %	0	0.00 %	0	0.00 %
Result after tax		298	0.83 %	487	1.40 %	525	0.75 %
Profitability							
Return on equity capital	1	9.2 %		16.3 %		8.5 %	
Interest margin	2	1.58 %		1.59 %		1.61 %	
Cost/income	3	56.0 %		45.9 %		57.0 %	
Balance sheet figures							
Loans and advances to customers		52 792		51 442		51 642	
Loans and advances to customers including agency loans		72 331		64 876		68 034	
Growth in loans and advances to customers past 12 months		2.6 %		6.4 %		5.3 %	
Growth in loans and advances to cust. incl. agency loans past 12 months		11.5 %		6.3 %		7.4 %	
Deposits from customers		41 377		41 284		41 765	
Growth in deposits from customers past 12 months		0.2 %		9.1 %		6.0 %	
Deposits as a percentage of gross lending	4	78.4 %		80.3 %		80.9 %	
Deposits as a percentage of gross lending including agency loans		57.2 %		63.6 %		61.4 %	
Average assets	5	71 696		69 338		70 291	
Total assets		74 036		71 033		71 039	
Losses on loans and commitments in default *)							
Losses on loans to customers as a percentage of gross loans incl. agency loans		0.13 %		0.08 %		0.15 %	
Commitments in default as a percentage of gross loans incl. agency loans		0.72 %		0.85 %		0.69 %	
Commitments at risk of loss as a percentage of gross loans incl. agency loans		0.24 %		0.55 %		0.50 %	
Net comm. in default and at risk of loss as a per. of gross loans incl. agency loans		0.71 %		1.00 %		0.88 %	
Solidity							
Capital adequacy ratio	6	11.59 %		12.26 %		12.50 %	
Core capital adequacy ratio	7	10.88 %		11.30 %		11.61 %	
Core capital		6 081		5 832		6 002	
Equity and related capital resources		6 474		6 331		6 465	
Adjusted risk-weighted assets base		55 882		51 628		51 704	
Branches and full-time employees							
Branches		75		75		75	
Manyear		868		786		791	
Equity Certificates **)							
		30.06.12	31.12.11	31.12.10	31.12.09	31.12.08	31.12.07
Equity Certificate ratio overall	8	42.07 %	38.74 %	34.54 %	34.54 %	34.54 %	34.22 %
Quoted/market price NONG as at		26.00	32.30	45.00	41.25	16.50	47.63
Quotation value	9	1 721	2 139	2 149	1 970	788	2 135
Equity capital per Equity Certificate - Group (NOK)	10	41.57	40.42	41.27	37.77	32.89	33.75
Result per Equity Certificate (Group)	11	1.89	3.07	5.90	6.20	2.52	5.37
Cash dividend per Equity Certificate to be paid	12		1.40	2.16	2.53	1.13	3.56
P/E (Price/Earnings) - Group	13	6.9	10.5	7.6	6.6	6.6	8.9
P/V (Price/Book Value) - Group	14	0.6	0.8	1.1	1.1	0.5	1.4

*) Agency loans includes loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

**) All key figures are recalculated due to new total of EC's

- Profit for the period as a percentage of average total equity, calculated as average amount of quarterly equity and per 01.01. and 31.12.
- Total interest margin as a percentage of average total assets
- Total costs as a percentage of total net income
- Deposits from customers as a percentage of gross lending
- Average assets are calculated as average assets each quarter and at 01.01. and 31.12.
- Net subordinated capital as a percentage of calculated risk-weighted balance
- Core capital as a percentage of calculated risk-weighted balance
- EC holders share of equity capital as at 01.01.
- Quoted price on Oslo Stock Exchange multiplied by numbers of EC's outstanding
- EC-capital + Premium Fund + Dividend Equalisation Fund + Equity Certificates holders' share of the equity capital as at 01.01. * (other equity capital + Result for the period, divided by number of EC's outstanding)
- Profit for the period (group) multiplied by Equity Certificates holders' share of the equity capital as at 01.01., in relation to total number of EC's
- Cash dividend per EC for the accounting year. Resolution made by Main Board of Directors
- Market price on Oslo Stock Exchange at end of period, divided by result for the period per EC
- Market price on Oslo Stock Exchange at end of period, divided by book value of equity capital per EC

Statement of comprehensive income

Parent Bank

Group

(Amounts in NOK million)

31.12.11	2Q11	2Q12	30.06.11	30.06.12		30.06.12	30.06.11	2Q12	2Q11	31.12.11
2 713	649	673	1 280	1 371	Interest income	1 455	1 335	731	676	2 823
1 700	401	418	784	864	Interest costs	889	784	446	400	1 694
1 013	248	255	496	507	Net interest income	566	551	285	276	1 129
483	119	143	241	263	Fee- and commission income	310	278	169	140	567
78	18	18	37	39	Fee- and commission costs	40	37	19	18	80
22	14	4	16	7	Other operating income	12	13	6	12	19
427	115	129	220	231	Net fee-, commision and other operating income	282	254	156	134	506
11	9	15	10	15	Dividend	17	10	15	9	14
98	142	66	233	134	Income from investments	120	102	39	53	195
33	- 3	11	7	77	Net gain from investments in securities	14	188	- 52	- 4	- 25
142	148	92	250	226	Net income from financial investments	151	300	2	58	184
1 582	511	476	966	964	Total income	999	1 105	443	468	1 819
436	107	126	208	238	Personnel costs	281	242	148	123	514
287	80	75	142	152	Administration costs	167	153	83	85	313
43	11	11	21	23	Ordinary depreciation	25	23	12	12	47
142	33	27	77	75	Other operating costs	86	89	34	41	162
908	231	239	448	488	Total costs	559	507	277	261	1 036
674	280	237	518	476	Result before losses	440	598	166	207	783
97	11	5	21	45	Losses	48	25	6	15	101
577	269	232	497	431	Result before tax	392	573	160	192	682
141	35	50	78	84	Tax	93	86	55	38	157
436	234	182	419	347	Result after tax	299	487	105	154	525
					Majority interest	298	487	104	154	525
					Minority interests	1	0	1	0	0
					Result per Equity Certificate					
2.55	1.37	1.16	2.45	2.20	Result per Equity Certificate	1.89	2.85	0.66	0.90	3.07
2.55	1.37	1.16	2.45	2.20	Diluted result per Equity Certificate	1.89	2.85	0.66	0.90	3.07

Comprehensive income

436	234	182	419	347	Result after tax	299	487	105	154	525
0	0	0	0	0	Recalculation differences	-2	0	0	0	-2
-4	-3	-1	3	0	Effective part of change in fair market value in cash flow hedging	0	3	0	-3	-4
0	0	0	0	0	Net change in fair market value of investment in joint ventures	0	0	0	0	0
0	0	0	0	0	Net change in fair market value of financial assets available for sale	0	0	0	0	0
-1	3	0	1	0	Tax on other comprehensive income	0	-1	0	1	1
-5	0	-1	4	0	Other comprehensive income for the period	-2	2	0	-2	-5
431	234	181	423	347	Total comprehensive income for the period	297	489	105	152	520
					Majority interest	297	489	105	152	520
					Minority interests	0	0	0	0	0
					Total result per Equity Certificate					
2.52	1.37	1.15	2.48	2.20	Total result per Equity Certificate	1.89	2.86	0.67	0.89	3.04
2.52	1.37	1.15	2.48	2.20	Diluted total result per Equity Certificate	1.89	2.86	0.67	0.89	3.04
					Tax on other comprehensive income:					
-1	1	0	1	0	Effective part of change in fair market value in cash flow hedging	0	-1	0	1	1
0	0	0	0	0	Net change in fair market value of financial assets available for sale	0	0	0	0	0
-1	1	0	1	0	Tax on other comprehensive income	0	-1	0	1	1

Statement of financial position

Parent Bank

Group

(Amounts in NOK million)

31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
Assets						
1 869	250	504	Cash and balances with central banks	536	274	1 896
3 477	3 822	5 330	Loans and advances to credit institutions	2 584	1 508	970
48 749	48 724	49 731	Loans and advances to customers	52 792	51 442	51 642
191	244	158	- Individual write-downs for impaired value	171	259	206
213	184	203	- Collective write-downs for impaired value	221	201	226
48 345	48 296	49 370	Net loans and advances to customers	52 400	50 982	51 210
357	377	345	Shares	549	781	607
11 229	12 207	12 135	Certificates and bonds	12 141	12 214	11 234
850	581	1 115	Financial derivatives	1 111	581	850
356	476	344	Investments in Group Companies	0	0	0
1 983	2 043	2 278	Investments in associated companies and joint ventures	3 296	3 044	3 019
502	479	507	Property, plant and equipment	514	484	508
0	0	0	Intangible assets	49	22	26
713	1 102	785	Other assets	856	1 143	719
69 681	69 633	72 713	Total assets	74 036	71 033	71 039
Liabilities						
6 450	5 644	5 398	Deposits from credit institutions	5 405	5 694	6 446
41 748	41 258	41 359	Deposits from customers	41 377	41 284	41 765
13 342	13 975	17 021	Debt securities in issue	17 021	13 975	13 342
517	315	557	Financial derivatives	557	315	519
926	1 791	1 510	Other liabilities	1 666	1 882	1 083
78	38	78	Deferred tax liabilities	106	62	107
1 356	1 319	1 355	Subordinated loan capital	1 355	1 330	1 356
64 417	64 340	67 278	Total liabilities	67 487	64 542	64 618
Equity						
1 655	1 655	1 655	Equity Certificate capital	1 655	1 655	1 655
245	245	245	Equity Certificate premium reserve	245	245	245
333	165	240	Dividend Equalisation Fund	240	165	333
2 898	2 676	2 815	The Savings Bank's Fund	2 815	2 676	2 898
133	133	133	Donations	133	133	133
0	0	0	Fund for unrealised gains	- 6	- 2	- 4
0	0	0	Other equity capital	1 156	1 120	1 148
0	419	347	Result after tax	299	487	0
			Minority interests	12	12	13
5 264	5 293	5 435	Total equity	6 549	6 491	6 421
69 681	69 633	72 713	Total liabilities and equity	74 036	71 033	71 039

Result from the Group's quarterly accounts

(Amounts in NOK million)	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10
Interest income	731	724	749	739	676	659	683	669	616
Interest costs	446	443	467	443	400	384	398	378	335
Net interest income	285	281	282	296	276	275	285	291	281
Fee- and commission income	169	141	143	146	140	138	147	149	152
Fee- and commission costs	19	21	24	19	18	19	22	21	20
Other operating income	6	6	6	0	12	1	3	3	1
Net fee-, commission and other operating income	156	126	125	127	134	120	128	131	133
Dividend	15	2	- 3	7	9	1	0	1	33
Income from investments	39	81	63	30	53	49	87	64	59
Net gain from investments in securities	- 52	66	- 222	9	- 4	192	61	11	12
Net income from financial investments	2	149	- 162	46	58	242	148	76	104
Total income	443	556	245	469	468	637	561	498	518
Personnel costs	148	133	141	131	123	119	152	131	133
Administration costs	83	84	85	75	85	68	77	62	73
Ordinary depreciation	12	13	13	11	12	11	12	11	10
Other operating costs	34	52	38	35	41	48	35	33	40
Total costs	277	282	277	252	261	246	276	237	256
Result before losses	166	274	- 32	217	207	391	285	261	262
Losses	6	42	53	23	15	10	43	1	22
Result before tax	160	232	- 85	194	192	381	242	260	240
Tax	55	38	23	48	38	48	37	55	38
Minority interests	1	0	0	0	0	0	0	0	0
Result after tax	104	194	- 108	146	154	333	205	205	202
Profitability									
Return on equity capital	6.40 %	12.07 %	-6.63 %	8.92 %	10.06 %	23.31 %	14.67 %	15.17 %	15.53 %
Interest margin	1.58 %	1.59 %	1.57 %	1.65 %	1.59 %	1.61 %	1.66 %	1.74 %	1.73 %
Cost/income	62.53 %	50.72 %	113.06 %	53.73 %	55.77 %	38.62 %	49.20 %	47.59 %	49.42 %
Balance sheet figures									
Loans and advances to customers	52 792	50 941	51 642	52 465	51 442	49 638	49 046	50 489	48 329
Growth in loans and advances to cust. incl. agency loans past 12 months	11.5 %	10.1 %	7.4 %	6.4 %	6.3 %	6.1 %	7.2 %	7.3 %	6.2 %
Deposits from customers	41 377	39 675	41 765	41 952	41 284	39 402	39 389	37 303	37 851
Growth in deposits from customers past 12 months	0.2 %	0.7 %	6.0 %	12.5 %	9.1 %	11.0 %	12.9 %	8.9 %	4.8 %
Deposits as a percentage of gross lending	78.4 %	77.9 %	80.9 %	80.0 %	80.3 %	79.4 %	80.3 %	73.9 %	78.3 %
Deposits as a percentage of gross lending including agency loans	57.2 %	56.7 %	61.4 %	62.9 %	63.6 %	62.0 %	62.2 %	59.5 %	62.0 %
Average assets	71 696	70 526	70 291	70 104	69 338	68 491	66 245	65 611	64 728
Total assets	74 036	70 012	71 039	72 402	71 033	68 202	68 780	68 261	65 859
Losses on loans and commitments in default									
Losses on loans to customers as a percentage of gross loans incl. agency loans	0.03 %	0.24 %	0.31 %	0.14 %	0.09 %	0.06 %	0.27 %	0.01 %	0.15 %
Commitments in default as a percentage of gross loans incl. agency loans	0.72 %	0.62 %	0.69 %	0.86 %	0.85 %	0.75 %	0.78 %	0.34 %	0.51 %
Commitments at risk of loss as a percentage of gross loans incl. agency loans	0.24 %	0.38 %	0.50 %	0.51 %	0.55 %	0.68 %	0.60 %	0.93 %	0.85 %
Net comm. in default and at risk of loss as a per. of gross loans incl. agency loans	0.71 %	0.69 %	0.88 %	0.96 %	1.00 %	1.00 %	0.94 %	0.88 %	0.99 %
Solidity									
Capital adequacy ratio	11.59 %	12.52 %	12.50 %	12.02 %	12.26 %	11.70 %	11.95 %	11.00 %	11.21 %
Core capital adequacy ratio	10.88 %	11.67 %	11.61 %	11.08 %	11.30 %	10.70 %	10.90 %	9.78 %	9.86 %
Core capital	6 081	6 099	6 002	5 806	5 832	5 259	5 334	4 595	4 682
Equity and related capital resources	6 474	6 541	6 465	6 299	6 331	5 749	5 849	5 167	5 322
Adjusted risk-weighted assets base	55 882	52 253	51 704	52 399	51 628	49 142	48 966	46 963	47 463

Quarterly Report - Changes in equity

(Amounts in NOK million)

Group	PCC capital	Premium Fund	Dividend Equalisation Fund	Saving Bank's Fund	Donations Fund	Fair value reserve	Other equity	Period result	Total	Minority	Total equity
									Majority interests	interests	
Equity at 01.01.11	896	123	566	2 829	133	- 2	1 121		5 666	4	5 670
Total comprehensive income for the											
Period result			169	228	39		89		525		525
<i>Other comprehensive income:</i>											
Recalculation differences						- 2			- 2		- 2
Effective part of change in fair market value in cash flow hedging			- 1	- 2					- 3		- 3
Tax on other comprehensive income											
Total other comprehensive income			- 1	- 2		- 2			- 5		- 5
Total comprehensive income for the period			168	226	39	- 2	89		520		520
Transactions with owners											
Equity issue	759	122	- 298						583		583
Set aside for dividend payments			- 93	- 83					- 176		- 176
Reversal of dividend payments			93	83					176		176
Dividend paid			- 103	- 154	- 39				- 296		- 296
Andre f�ringer mot EK				- 3					- 3		- 3
Endringer i minoritetsinteresser										9	9
Payments from Donations Fund								- 62	- 62		- 62
Total transactions with owners	759	122	- 401	- 157	- 39		- 62		222	9	231
Egenkapital 31.12.11	1 655	245	333	2 898	133	- 4	1 148		6 408	13	6 421
Equity at 01.01.12	1 655	245	333	2 898	133	- 4	1 148		6 408	13	6 421
Total comprehensive income for the											
Period result								298	298	1	299
<i>Other comprehensive income:</i>											
Recalculation differences						- 2			- 2		- 2
Net change in fair market value of investment in joint ventures											
Effective part of change in fair market value in cash flow hedging											
Net change in fair market value of cash flow hedging which has been transferred to the profit and loss account											
Tax on other comprehensive income											
Total other comprehensive income						- 2			- 2		- 2
Total comprehensive income for the period						- 2		298	296	1	297
Transactions with owners											
Equity issue											
Changes in minority interests											
Dividend paid			- 92	- 83					- 175		- 175
Other transactions			- 1				8	1	8	- 2	
Payments from Donations Fund											
Total transactions with owners			- 93	- 83			8	1	- 167	- 2	
Equity at 30.06.12	1 655	245	240	2 815	133	- 6	1 156	299	6 537	12	6 549

ECC ratio overall

Parent Bank

(Amounts in NOK million)

	Original calculation		Revised calculation		31.12.11 (01.01.12)
	31.12.08	31.12.09	31.12.10 (01.01.11)	31.12.10 (01.01.11)	
Equity Certificate capital	896	896	896	1 275	1 655
Equity Certificate premium reserve	123	123	123	184	245
Dividend Equalisation Fund	277	471	566	408	319
Set aside dividend	- 54	- 121	- 103	- 103	- 93
Share Fund Fair Value Options	- 5	- 30	- 3	- 3	- 14
A. Equity attributable to Equity Certificate holders of the Bank	1 237	1 339	1 479	1 761	2 112
The Savings Bank's Fund	2 221	2 623	2 829	2 811	2 902
Allocated dividends to ownerless capital	0	- 161	- 154	- 154	- 107
Donations	133	133	133	133	133
Share Fund Fair Value Options	- 10	- 57	- 5	- 5	- 20
B. Total ownerless capital	2 344	2 538	2 803	2 785	2 908
Equity Certificate Ratio overall (A/(A+B))	34.54 %	34.54 %	34.54 %	38.74 %	42.07 %

Following the equity issues in June 2011, the Equity Capital fraction has been recalculated.

Statement of cash flows

Parent Bank

Group

(Amounts in NOK million)

31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
577	497	431	Result before tax	392	573	682
43	21	23	+ Ordinary depreciation	25	23	47
- 8	0	0	+ Write-downs, gains/losses fixed assets	0	0	- 8
97	21	45	+ Losses on loans and guarantees	48	25	102
141	78	79	- Tax	88	86	158
0	0	0	- Group contributions	0	0	0
257	257	176	- Dividends/donations	176	257	257
311	204	244	Provided from the year's operations	201	278	408
- 140	515	619	Change in sundry liabilities: + increase/ - decrease	620	480	- 162
- 219	- 331	- 337	Change in various claims: - increase/ + decrease	- 421	- 326	- 183
-2 164	-2 039	-1 070	Change in gross lending to and claims on customers: - increase/ + decrease	-1 238	-2 432	-2 737
343	- 663	- 894	Change in short term-securities: - increase/ + decrease	- 849	- 825	336
2 396	1 906	- 389	Change in deposits from and debt owed to customers: + increase/ - decrease	- 388	1 895	2 376
349	- 457	-1 052	Change in debt owed to credit institutions: + increase/ - decrease	-1 041	- 429	323
876	- 865	-2 879	A. Net liquidity change from operations	-3 116	-1 359	361
- 91	- 46	- 28	- Investment in fixed assets (incl merger effects)	- 31	- 47	- 95
8	0	0	+ Sale of fixed assets	0	0	8
- 161	- 341	- 283	Change in holdings of long-term securities: - increase/ + decrease	- 277	- 183	- 158
- 244	- 387	- 311	B. Liquidity change from investments	- 308	- 230	- 245
-1 135	- 502	3 679	Change in borrowings through the issuance of securities: + increase/ - decrease	3 679	- 502	-1 135
591	568	- 1	Change in Equity Certificate/subordinated loan capital: + increase/ - decrease	- 1	579	591
- 544	66	3 678	C. Liquidity change from financing	3 678	77	- 544
88	-1 186	488	A + B + C. Total change in liquidity	254	-1 512	- 428
5 258	5 258	5 346	+ Liquid funds at the start of the period	2 866	3 294	3 294
5 346	4 072	5 834	= Liquid funds at the end of the period	3 120	1 782	2 866

Liquid funds are defined as cash-in-hand, claims on central banks, plus loans to and claims on credit institutions.

Notes

Note 1 - Accounting Principles

The Group's quarterly accounts have been prepared in accordance with stock exchange rules and regulations and International Financial Reporting Standards (IFRS), including IAS 34 relating to interim reporting. The quarterly accounts do not comprise all information which is required in complete annual accounts and should be read in conjunction with the 2008 Annual Accounts. IAS 1 – presentation of the financial accounts – has been amended in 2009, involving several changes in the presentation of the profit and loss account – now "Statement of comprehensive income" as well as the statement of changes in equity capital. Items which are recognised directly in equity capital shall now also be presented in the Statement of comprehensive income as extended profit and loss account items. In the equity capital statement transactions between the owners and other transactions are kept separate.

In accordance with the rules and regulations dated 16 October 2008 issued by the Ministry of Finance, it is now permitted to reclassify securities in a trading portfolio from the category 'Market value with any value changes shown through the profit and loss account' to the category 'Hold until maturity' and 'Loans and claims'. The SNN Group decided to apply such reclassification to large parts of its interest-bearing portfolio with effect from 01.07.08. Future assessments within these categories shall be calculated at amortized cost, which means that earlier write-downs of values and interest are to be amortized and included in the profit and loss account as interest income over the remaining life of the items in question. Reference is made to note 12. The remaining portfolio of certificates and bonds is assessed at market value through the profit and loss account.

Note 2 - Capital Adequacy

New capital adequacy rules and regulations (Basel II – EU's new directives for capital adequacy) were implemented in Norway with effect from 1 January 2007. SpareBank 1 Nord-Norge has received permission from The Financial Supervisory Authority of Norway (FSAN) to apply internal calculation methods (Internal Rating-Based Approach) for credit risk from 1 January 2007. With effect from 2007, therefore, the statutory minimum capital adequacy requirement for credit risk will be based on the Bank's internal assessment of risk. This will make the statutory minimum capital adequacy requirement more risk-sensitive, which means that the capital requirement will to a larger extent correspond to the risk contained in the underlying portfolios in question. The use of internal calculation methods will involve comprehensive demands on the Bank's organisation, competence, risk models and risk management systems. As a result of transitional rules relating to the new directive mentioned above, IRB-banks would not experience the full impact of the reduced regulatory capital requirements until 2010. Until 2010, banks had to report on a parallel basis, both according to the old capital adequacy calculations and Basel II. During the period 2007-2010, an annual adjustment of the risk-adjusted calculation basis in relation to the old method (so-called correction of 'floor') was permitted. A resolution has now been reached to postpone this issue, and the transition rules for 2009 will continue to apply in 2010, 2011 and 2012.

The calculation basis in 2012 therefore amounts to 80 per cent of the calculated basis according to the Basel I rules and regulations.

(Amounts in NOK million)

31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
Note 2 - Capital Adequacy						
1 655	1 655	1 655	Equity certificates	1 655	1 655	1 655
0	0	0	- Own equity certificates	0	0	0
245	245	245	Premium reserve	245	245	245
333	165	240	Equalisation reserve	240	165	333
2 898	2 676	2 815	Savings bank's reserve	2 815	2 676	2 898
133	133	133	Endowment fund	133	133	133
0	0	0	Other equity	1 156	1 120	1 148
0	0	0	Deduction Fund for unrealised gains	- 6	- 2	- 4
0	0	0	Minority interests	12	12	13
0	419	347	Period result	299	487	0
5 264	5 293	5 435	Total equity	6 549	6 491	6 421
0	0	0	Minority interests	-12	- 12	- 13
0	- 419	- 347	Period result	- 299	- 487	0
Core capital						
0	0	0	Adjusted subordinated capital from consolidated financial institutions	- 71	62	- 17
8	0	- 8	Intangible assets	- 71	- 28	- 48
0	0	0	Fund for unrealised gains	45	46	66
- 175	0	0	Deduction for allocated dividends	0	0	- 175
- 428	- 399	- 533	50 % deduction for subordinated capital in other financial institutions	- 87	0	- 27
- 77	- 76	- 98	50 % deduction for expected losses on IRB, net of writedowns	- 94	- 67	- 71
0	0	0	50 % capital adequacy reserve	- 637	- 650	- 646
360	323	359	Hybrid Tier 1 bonds	514	477	512
4 936	4 722	4 808	Total core capital	6 081	5 832	6 002
Supplementary capital						
996	995	996	Nonperpetual subordinated capital	1 211	1 216	1 207
- 428	- 399	- 533	50% deduction for subordinated capital in other financial institutions	- 87	0	- 27
- 77	- 76	- 98	50% deduction for expected losses on IRB, net of writedowns	- 94	- 67	- 71
0	0	0	50% capital adequacy reserve	- 637	- 650	- 646
491	520	365	Total supplementary capital	393	499	463
5 427	5 242	5 173	Equity and related capital resources	6 474	6 331	6 465
Minimum requirements subordinated capital, Basel I I						
834	764	942	Specialised lending exposure	942	764	834
580	575	603	Other corporations exposure	603	582	580
16	15	15	SME exposure	17	17	17
284	288	280	Property retail mortgage exposure	446	416	425
38	34	36	Other retail exposure	38	36	39
250	252	276	Equity investments	0	0	0
2 002	1 928	2 152	Total credit risk IRB	2 046	1 815	1 895
651	736	771	Credit risk standardised approach	1 726	1 786	1 678
9	118	6	Debt risk	6	106	9
9	17	15	Equity risk	47	65	51
29	29	29	Currency risk	29	29	29
258	258	226	Operational risk	265	273	273
0	0	10	Transitional arrangements	485	171	328
- 85	- 76	-85	Deductions	- 134	- 115	- 127
2 873	3 010	3 124	Minimum requirements subordinated capital	4 470	4 130	4 136
15.11 %	13.93 %	13.25 %	Capital adequacy ratio	11.59 %	12.26 %	12.50 %
13.75 %	12.55 %	12.31 %	Core capital ratio	10.88 %	11.30 %	11.61 %
1.37 %	1.38 %	0.94 %	Supplementary capital ratio	0.70 %	0.97 %	0.89 %

Parent Bank
(Amounts in NOK million)

 31.12.11 30.06.11 **30.06.12**
Group
30.06.12 30.06.11 31.12.11

Note 3 - Net bad and doubtful commitments

452	511	491	Non-performing commitments	520	553	471
322	316	175	+ Other doubtful commitments	175	357	338
774	827	666	+ Total commitments in default and doubtful commitments	695	910	809
88	122	103	- Individual write-downs in default	120	130	96
105	124	61	- Other doubtful individual write-downs	61	131	112
193	246	164	+ Total individual write-downs	181	261	208
581	581	502	= Net commitments in default and doubtful commitments	514	649	601
25 %	30 %	25 %	Loan loss provision ratio	26 %	29 %	26 %

Note 4 - Losses incorporated in the accounts

- 64	- 12	- 30	+ Period's change in individual write-down for impaired value	- 28	- 11	- 68
24	- 3	- 15	+ Period's change in collective write-down for impaired value	- 15	- 2	26
144	39	93	+ Period's confirmed losses against which individual write-downs were previously made	94	42	151
1	0	3	+ Period's confirmed losses against which individual write-downs were previously not made	3	1	1
8	3	6	- Recoveries in respect of previously confirmed losses	6	5	9
97	21	45	= Total losses on loans	48	25	101

Note 5 - Individual- and collective write-downs for impaired value

<i>Individual write-downs for impaired value:</i>						
258	258	193	Individual write-downs for impaired value on loans and guarantees as at 01.01.	208	273	273
144	39	93	- Confirmed losses during the period on loans and guarantees, against which individual write-downs for impaired value has prev. been made	96	42	150
24	15	9	- Reversal of previous years' individual write-downs for impaired value	10	15	24
13	6	3	+ Increase in write-downs for impaired value for commitments against which individual write-downs for impaired value were previously made	8	6	17
90	36	69	+ Write-downs for impaired value for commitments against which no individual write-downs for impaired value was previously raised	71	39	92
193	246	163	= Individual write-downs for impaired value on loans and guarantees *	181	261	208
<i>Collective write-downs for impaired value:</i>						
192	192	213	Collective write-downs for impaired value on loans and guarantees as at 01.01.	226	200	200
21	- 8	- 10	+ Period's collective write-downs for impaired value on loans and guarantees	- 5	1	26
213	184	203	= Collective write-downs for impaired value on loans, and guarantees	221	201	226

*Individual write-downs for impaired value on guarantees, parent bank NOK 5 million and group NOK 10 million, are included in the Balance Sheet as liabilities under 'Other liabilities'.

31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
			Note 6 - Loans broken down by sector and industry			
57	64	58	Mining and quarrying	74	78	71
632	574	682	Construction	979	844	916
25	26	76	Building of ships and boats	79	30	28
970	816	1 239	Electricity, gas, steam an air conditioning supply	1 245	822	977
774	763	642	Professional, scientific and technical activities	662	780	792
0	0	0	Financial and insurance activities	0	0	0
1 345	1 407	1 680	Fishing	1 691	1 418	1 359
170	237	155	Marine aquaculture	278	318	268
366	387	377	Other business support activities	603	591	578
348	277	909	Activities auxiliary to financial services and insurance activities	909	277	361
128	144	106	County municipalities and municipalities	129	164	148
974	937	1 129	Manufacturing	1 270	1 073	1 126
154	155	157	Information and communication	163	163	162
855	773	823	Crop and animal production	919	859	949
0	0	38	Foreign industrial	38	38	38
7 147	6 833	7 026	Real estate activities	7 068	6 855	7 188
388	385	363	Accommodation and food service activities	379	404	405
9	7	8	Forestry and logging	13	11	12
0	0	0	Central government and social security funds	1	1	1
1	1	0	Support activities for petroleum and natural gas extraction	0	1	1
637	650	646	Other service industries	733	732	722
1 325	1 216	1 744	Transportation and storage	2 254	1 680	1 797
738	570	716	International shipping and pipeline transport	716	570	738
648	653	673	Development of building projects	674	652	648
75	42	117	Extraction of crude oil and natural gas	117	42	75
0	0	0	Unspecified	0	0	0
122	108	82	Water supply; sewerage, waste management and remediation activities	135	145	171
1 409	1 452	1 370	Wholesale and retail trade; repair of motor vehicles and motorcycles	1 639	1 676	1 644
29 410	30 207	28 876	Retail banking market - domestic	29 985	31 178	30 422
42	40	39	Retail banking market - international	39	40	42
29 452	30 247	28 915	Total retail market	30 024	31 218	30 464
19 169	18 333	20 710	Total public market	22 638	20 059	21 029
128	144	106	Total government	130	165	148
48 749	48 724	49 731	Total loans	52 792	51 442	51 641

Parent Bank
(Amounts in NOK million)
Group

31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
Note 7 - Losses broken down by sector and industry						
0	0	- 4	Mining and quarrying	- 4	0	0
4	5	4	Construction	5	6	6
0	0	0	Building of ships and boats	0	0	0
0	0	1	Electricity, gas, steam an air conditioning supply	0	0	0
0	0	2	Professional, scientific and technical activities	2	0	0
0	0	- 3	Financial and insurance activities	- 3	0	0
0	0	3	Fishing	3	1	0
0	0	1	Marine aquaculture	1	0	0
0	0	- 3	Other business support activities	- 3	0	0
- 1	0	0	Activities auxiliary to financial services and insurance activities	0	0	- 1
0	0	0	County municipalities and municipalities	0	0	0
1	- 3	3	Manufacturing	3	- 3	1
0	0	2	Information and communication	2	0	0
9	5	4	Crop and animal production	4	5	9
0	0	0	Foreign industrial	0	0	0
21	8	8	Real estate activities	7	9	21
5	3	- 2	Accomodation and food service activities	- 2	3	5
0	0	0	Forestry and logging	0	0	0
0	0	0	Central government and social security funds	0	0	0
0	0	0	Support activities for petroleum and natural gas extraction	0	0	0
12	0	- 4	Other service industries	- 3	0	12
- 1	- 1	- 1	Transportation and storage	0	- 1	- 1
10	0	- 4	International shipping and pipeline transport	- 4	0	10
0	0	0	Development of building projects	0	0	0
0	0	- 5	Extraction of crude oil and natural gas	- 5	0	0
0	0	0	Unspecified	0	0	0
0	0	35	Water supply; sewerage, waste management and remediation activities	36	0	0
2	1	11	Wholesale and retail trade; repair of motor vehicles and motorcycles	11	1	2
22	14	3	Retail banking market - domestic	4	16	23
32	- 4	0	Collective write-downs public market	0	- 3	33
- 11	- 4	0	Collective write-downs retail market	0	- 4	- 11
105	24	51	Losses on loans to customers	54	30	109
8	3	6	Recoveries from previously written off losses	6	5	8
97	21	45	Net losses	48	25	101

Parent Bank
Group
(Amounts in NOK million)

31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
Note 8 - Deposits broken down by sector and industry						
48	119	28	Mining and quarrying	28	119	48
866	619	745	Construction	745	619	866
4	4	3	Building of ships and boats	2	4	4
652	686	731	Electricity, gas, steam an air conditioning supply	730	686	652
1 302	1 379	981	Professional, scientific and technical activities	981	1 379	1 302
413	254	0	Financial and insurance activities	0	254	0
630	545	736	Fishing	736	545	630
22	20	17	Marine aquaculture	17	20	22
347	320	322	Other business support activities	322	320	347
0	0	405	Activities auxiliary to financial services and insurance activities	424	0	430
7 476	8 099	6 575	County municipalities and municipalities	6 575	8 099	7 476
478	493	424	Manufacturing	424	493	478
295	213	293	Information and communication	294	213	295
354	400	416	Crop and animal production	416	400	354
0	0	15	Foreign industrial	15	0	0
1 312	1 536	1 575	Real estate activities	1 575	1 536	1 312
199	184	261	Accomodation and food service activities	261	184	199
12	11	10	Forestry and logging	11	11	12
1 234	856	30	Central government and social security funds	30	856	1 234
1	1	0	Support activities for petroleum and natural gas extraction	0	1	1
1 998	2 005	2 168	Other service industries	2 168	2 005	1 998
663	496	529	Transportation and storage	529	496	663
18	18	11	International shipping and pipeline transport	11	18	18
189	182	225	Development of building projects	225	182	189
195	0	195	Extraction of crude oil and natural gas	195	0	195
0	0	0	Unspecified	0	0	0
162	159	181	Water supply; sewerage, waste management and remediation activities	180	159	162
1 449	1 171	1 168	Wholesale and retail trade; repair of motor vehicles and motorcycles	1 168	1 171	1 448
21 172	21 222	23 033	Retail banking market - domestic	23 033	21 222	21 173
257	266	282	Retail banking market - international	282	292	257
21 429	21 488	23 315	Total retail market	23 315	21 514	21 430
11 609	10 815	11 439	Total public market	11 457	10 815	11 625
8 710	8 955	6 605	Total government	6 605	8 955	8 710
41 748	41 258	41 359	Total deposits	41 377	41 284	41 765

Note 9 - Subsidiaries

(Amounts in NOK 1 000)	Share of Eq.%	Profit from ordinary operations			Equity		
		before tax	30.06.11	31.12.11	30.06.12	30.06.11	31.12.11
SpareBank 1 Finans Nord-Norge AS	100	32 507	34 935	69 370	310 292	262 039	301 762
SpareBank 1 Nord-Norge Invest AS	100	-65 753	174 553	-68 718	25 321	317 712	78 977
Eiendomsdrift AS	100	0	0	0	0	0	0
EiendomsMegler 1 Nord-Norge AS	100	6 912	1 601	4 089	29 000	22 171	23 962
SpareBank 1 Nord-Norge Forvaltning ASA	100	746	1 030	1 091	2 618	3 011	3 051
SNN Økonomihus AS	100	- 336	0	60	6 493	0	100
North-West 1 Alliance Bank	75	946	-1 201	82	31 665	37 118	35 280

Parent Bank
Group
Note 10 - Other assets
(Amounts in NOK million)

31.12.11	30.06.11	30.06.12		30.06.12	30.06.11	31.12.11
0	3	12	Repossessed assets	0	3	0
342	327	362	Accrued income	399	337	362
115	43	148	Prepayments	171	41	82
256	729	263	Other assets	286	762	275
713	1 102	785	Total other assets	856	1 143	719

Note 11 - Other liabilities

403	782	945	Costs incurred	1 056	899	523
2	2	5	Provisioning against incurred liabilities and costs	7	3	2
521	1 007	560	Other liabilities	603	980	558
926	1 791	1 510	Total other liabilities	1 666	1 882	1 083

Note 12 - Investment in bonds

As a result of extraordinary market conditions, parts of the Bank's ordinary securities portfolio became illiquid in 2008.

Following the changes in international accounting standards in October 2008 (see note 1), the SNN Group decided to reclassify parts of the Bank's bond portfolio as at 01.07.08 from the category 'Market value with inclusion of value changes over the profit and loss account' to the categories 'Hold until maturity' and 'Loans and claims' as the securities in question no longer was expected to be sold before maturity. In the category 'Hold until maturity' the Bank includes quoted securities, whereas unquoted securities has been put into the category of 'Loans and claims.'

In the categories 'Hold until maturity' and 'Loans and claims' the securities are assessed at amortized cost. After the reclassification, the writedowns made earlier will be reversed over the portfolio's remaining life, which on average is 1.8 year as at 30.06.12, and included in the profit and loss account as interest income. For the period 01.01.12-30.06.12 such reversed writedowns has been included in the profit and loss account with NOK 2 million. Total inclusion of income are NOK 73 million for the period 01.07.08-31.12.11. If this reclassification had not been made, the Group would have charged NOK 212 million to the profit and loss account in the third and fourth quarter of 2008 due to increased credit spreads. This would have been an unrealised loss NOK 0.6 million as at 30.06.12. It was necessary to apply a NOK 75 million write-down due to the permanent impairment of value in this portfolio as at 31.12.11. No further writedowns has been made in 2012.

(Amounts in NOK million)	01.07.08	31.12.08	31.12.09	31.12.10	31.12.11	30.06.12
Hold until maturity						
Book value	3 109	3 498	2 650	1 624	858	517
Nominal value (nominal amount)	3 182	3 588	2 689	1 644	869	525
Theoretical market value	3 109	3 358	2 623	1 615	842	510
Loans and claims						
Book value	698	739	629	464	262	146
Nominal value (nominal amount)	737	809	656	489	279	160
Theoretical market value	698	675	599	443	250	137
Total book value	3 807	4 237	3 279	2 088	1 120	663

Note 13 - Securities issued and subordinated loan capital
Parent Bank and Group
(Amounts in NOK million)
Securities issued

	31.12.11	30.06.11	30.06.12
Certificates and other short-term borrowings			
Bond debt	13 342	13 975	17 021
Total debt securities in issue	13 342	13 975	17 021

Changes in securities issued:	Statement of financial position 31.12.11	Issued 30.06.12	Matured/ redeemed 30.06.12	Exchange rate movements 30.06.12	Other adjustments 30.06.12	Statement of financial position 30.06.12
Certificates and other short-term borrowings						
Bond debt	13 342	5 080	-1 557	- 33	189	17 021
Total debt securities issued	13 342	5 080	-1 557	- 33	189	17 021

Subordinated loan capital and hybrid Tier 1 instruments.

	31.12.11	30.06.11	30.06.12
Hybrid Tier 1 instruments			
Hybrid Tier 1 instruments	370	370	370
Hybrid Tier 1 instruments - foreign currency	- 10	- 47	- 11
Total hybrid Tier 1 instruments	360	323	359

Subordinated loan capital

Subordinated loan capital with definite maturities	996	1 007	996
Total subordinated loan capital	996	1 007	996

Total subordinated loan capital and hybrid Tier 1

Changes in subordinated loan capital and hybrid Tier 1 instruments	Statement of financial position 31.12.11	Issued 30.06.12	Matured/ redeemed 30.06.12	Exchange rate movements 30.06.12	Other adjustments 30.06.12	Statement of financial position 30.06.12
Subordinated loan capital with definite maturities	996					996
Hybrid Tier 1 instruments	360			- 1		359
instruments	1 356					1 355

Note 14 - Financial derivatives

Parent Bank and Group

(Amounts in NOK million)

Interest rate swaps:

Commitments to exchange one set of cash flow for another over an agreed period.

Foreign exchange derivatives:

Agreements to buy or sell a fixed amount of currency at an agreed future date at a rate of exchange which has been agreed in advance

Currency swaps:

Agreements relating to the swapping of currency- and interest rate terms and conditions, periods and amounts having been agreed in advance.

Interest rate- and currency swap agreements:

Agreements involving the swapping of currency- and interest rate terms and conditions, periods and amounts having been agreed in advance.

Options:

Agreements where the seller gives the buyer a right, but not an obligation to either sell or buy a financial instrument or currency at an agreed date or before, and at an agreed amount.

SpareBank 1 Nord-Norge enters into hedging contracts with respected Norwegian and foreign banks in order to reduce its own risk. Financial derivatives transactions are related to ordinary banking operations and are done in order to reduce the risk relating to the Bank's funding loans from the financial markets, and in order to cover and reduce risk relating to customer-related activities. Only hedging transactions relating to the Bank's funding loan operations are defined as 'fair value hedging' in accordance with IFRS standard IAS 39. Other hedging transactions are defined as ordinary accounts-related hedging. The Bank does not use cash flow hedging.

	30.06.12	30.06.11	31.12.11
Fair value hedging transactions			
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value	205	64	- 61
Total gain from hedging objects relating to the hedged risk	- 202	- 60	61
Total fair value hedging transactions	3	4	

The Bank's main Board of Directors has determined limits for maximum risk for the Bank's interest rate positions. Routines have been established to ensure that positions are maintained within these limits.

(Amounts in NOK million)

Fair value through statement of comprehensive income	30.06.12 Fair value			30.06.11 Fair value			31.12.11 Fair value		
	Contract	Assets	Liabilities	Contract	Assets	Liabilities	Contract	Assets	Liabilities
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)	2 873	42	26	3 104	44	33	2 936	43	25
Currency swaps	6 419	181	61	6 248	193	95	5 708	178	74
Currency options									
Total non-standardised contracts	9 292	223	87	9 352	237	128	8 644	221	99
Standardised foreign currency contracts (futures)									
Total foreign currency instruments	9 292	223	87	9 352	237	128	8 644	221	99
Interest rate instruments									
Interest rate swaps (including cross currency)	13 289	339	443	15 922	139	173	19 363	282	389
Short-term interest rate swaps (FRA)									
Other interest rate contracts	3 012	2	3	199	1	2	4 211	3	4
Total non-standardised contracts	16 301	341	446	16 121	140	175	23 574	285	393
Standardised interest rate contracts (futures)									
Total interest rate instruments	16 301	341	446	16 121	140	175	23 574	285	393
Hedging of funding loans									
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)									
Currency swaps									
Total, non-standardised contracts									
Standardised foreign currency contracts (futures)									
Total foreign currency instruments									
Interest rate instruments									
Interest rate swaps (including cross currency)	8 741	547	25	7 890	204	12	9 125	344	27
Short-term interest rate swaps (FRA)									
Other interest rate contracts									
Total, non-standardised contracts	8 741	547	25	7 890	204	12	9 125	344	27
Standardised interest rate contracts (futures)									
Total interest rate instruments	8 741	547	25	7 890	204	12	9 125	344	27
Total interest rate instruments	25 042	888	471	24 011	344	187	32 699	629	420
Total foreign currency instruments	9 292	223	87	9 352	237	128	8 644	221	99
Total	34 334	1 111	558	33 363	581	315	41 343	850	519

Note 15 - Business Areas

Management has made an assessment of which business areas are deemed reportable with respect to form of distribution, products and customers. The primary format of reporting takes as a starting point risk and yield profiles of various assets and reporting is divided into private customers (Retail Banking Market), Corporate / Public Market, leasing and Markets. Apart from what is included in this list, the Group does not have any companies or segments which are of significant importance. The Bank operates in a limited geographical area and reporting along the lines of geographic segments provides little additional information.

						30.06.12
<i>(Amounts in NOK million)</i>	Retail Banking	Corporate Banking	Finans NN	Markets	Unallocated	Total
Net interest income	266	237	53	6	4	566
Net fee- and commission income	136	120	0	0	14	270
Other operating income	0	0	0	35	129	163
Operating costs	256	228	17	15	43	559
Result before losses	146	129	36	26	104	440
Losses	- 2	47	3	0	0	48
Result before tax	148	82	33	26	104	392
Loans and advances to customers	30 024	19 751	3 017	0	0	52 792
Individual write-downs for impaired value on loans and advances to customers	- 28	- 130	- 11	0	- 2	- 171
Collective write-downs for impaired value on loans and advances to customers	- 46	- 157	- 8	0	- 10	- 221
Other assets	0	0	42	0	21 594	21 636
Total assets per business area	29 950	19 464	3 040	0	21 582	74 036
Deposits from customers	23 315	18 062	0	0	0	41 377
Other liabilities and equity capital	0	0	3 040	0	29 619	32 659
Total equity and liabilities per business area	23 315	18 062	3 040	0	29 619	74 036
						30.06.11
Net interest income	266	230	50	0	5	551
Net fee- and commission income	118	102	- 1	0	35	254
Other operating income	0	0	0	0	300	300
Operating costs	241	207	14	0	45	507
Result before losses	143	125	35	0	295	598
Losses	10	11	1	0	3	25
Result before tax	133	114	34	0	292	573
Loans and advances to customers	30 247	18 477	2 693	0	25	51 442
Individual write-downs for impaired value on loans and advances to customers	- 32	- 214	- 11	0	- 2	- 259
Collective write-downs for impaired value on loans and advances to customers	- 54	- 130	- 8	0	- 9	- 201
Other assets	0	0	23	0	20 028	20 051
Total assets per business area	30 161	18 133	2 697	0	20 042	71 033
Deposits from customers	21 488	19 770	0	0	26	41 284
Other liabilities and equity capital	0	0	2 697	0	27 052	29 749
Total equity and liabilities per business area	21 488	19 770	2 697	0	27 078	71 033

Note 16 - Equity Certificates (ECs)

The 20 largest EC holders as at 30.06.12

EC Holders	Number of ECs	Share of EC Capital
Pareto Aksjer Norge	3 332 440	5.03%
MP Pensjon	1 622 879	2.45%
Pareto Aktiv	1 560 783	2.36%
Frank Mohn AS	1 355 745	2.05%
Morgan Stanley & Co. Llc - Client account 2, USA	1 315 552	1.99%
Tonsenhagen Forretningsentrum AS	1 134 493	1.71%
Fokus Bank	1 118 552	1.69%
SPBstiftelsen Sparebank 1 Nord-Norge	916 561	1.38%
Pareto VPF	883 284	1.33%
Framo Development AS	848 925	1.28%
Goldman Sachs & Co. - Equity	804 184	1.21%
Sparebanken Rogalands Pensjonskasse	782 386	1.18%
Nordea Bank Norge ASA	764 436	1.15%
Citibank N.A.	703 629	1.06%
Forsvarets Personellservice	620 854	0.94%
Sparebankstiftelsen DNB NOR	545 614	0.82%
Trond Mohn	509 354	0.77%
Terra Utbytte Verdipapirfond	499 256	0.75%
Concept Eiendom A/S	479 731	0.72%
Karl Ditlefsen, Tromsø	459 243	0.69%
TOTAL	20 257 901	30.60%

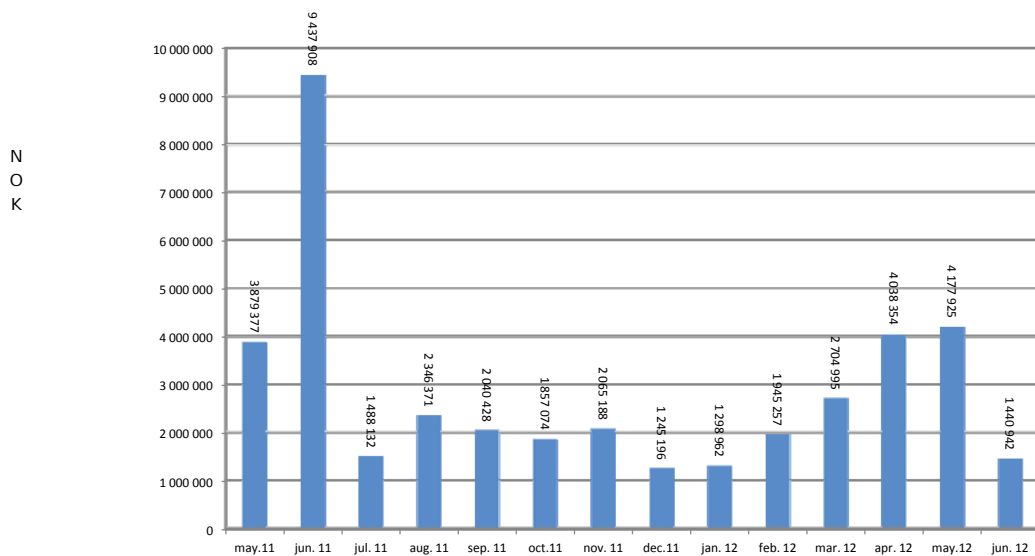
Dividend policy

Through its policy regarding owners of its capital and its dividend policy, the bank intends to ensure that

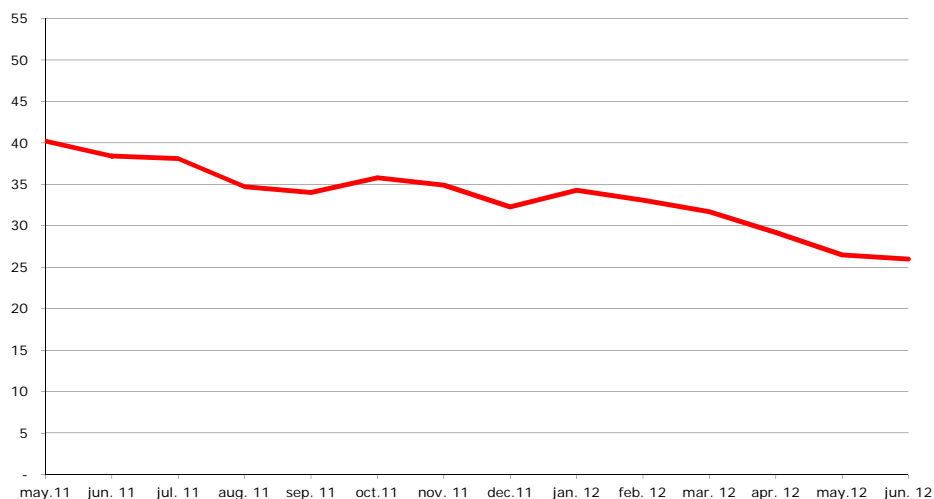
and liquid financial instruments. The bank's objective is to manage the group's resources in such a way that, compared to comparable investments and taking into account the bank's risk profile, a good, long-term and competitive return on the bank's equity is achieved. For the owners of the bank's equity certificates, the return will be in the form of cash dividends and changes in the market price of the certificates.

SpareBank 1 Nord-Norge's equity comprises two principal groups: the equity capital owned by the owners of the bank's equity certificates, and the equity capital that is socially owned. The bank's aim is to ensure that, over time, it will be a savings bank with a considerable element of socially-owned capital. Furthermore, the bank's goal is to treat the owner groups equitably, in accordance with the intentions in the current legislation. This implies that the bank will seek to avoid undesirable equity dilution effects that result from inequitable treatment of the two groups of owners. The profit for the individual year is to be split proportionately between the owner groups in relation to their relative share of the bank's equity. Dividends will, as far as possible, be set so that each of the groups has at its disposal equally large relative shares of the profit as a dividend. Dividends will comprise cash payments to equity certificate holders and funds allocated to reserves for donations and endowments etc. The bank's aim is to distribute a total of up to 50 per cent of the profit for the year in the form of dividends.

Trading statistics



Price trend NONG



Note 17 - SpareBank 1 Boligkreditt

In the third quarter 2010, SpareBank 1 Nord-Norge agreed, together with the other shareholders of SpareBank 1 Boligkreditt, to provide a liquidity facility to SpareBank 1 Boligkreditt. This involves the banks committing themselves to buying residential mortgage bonds with a maximum total value of SpareBank 1 Boligkreditt's debt maturing over the next twelve months. The agreement means that each shareholder has principal responsibility for his share of the requirement, and secondary responsibility for double the value of his principal responsibility. The bonds can be deposited with Norges Bank, which means that they do not significantly increase the Bank's risk exposure.

The SpareBank 1 Nord-Norge Group – a Statement from the Board of Directors and Chief Executive Officer

The Board of Directors and Chief Executive Officer have today discussed and approved the accounts and the abridged consolidated half-year report and accounts for SpareBank 1 Nord-Norge as at 30 June 2012, including abridged consolidated comparative figures as at 30 June 2011 and for the year of 2011.

According to our full and firm conviction, the half-year report and accounts have been prepared in compliance with the requirements contained in IAS approved by the EU, and in compliance with Norwegian supplementary requirements forming part of the Securities Trading Act.

According to our full and firm conviction, the 2012 half-year report and accounts have been prepared in compliance with currently valid accounting standards, and the information provided in the report and accounts gives a true and correct picture of the Group's assets, liabilities and financial position and result as a whole as at 30 June 2012 and 30 June 2011. Furthermore, according to our full and firm conviction, the half-year report and accounts provide a true and correct

- overview of important events during the accounting period in question and their impact on the half-year report and accounts
- description of the most central risk- and uncertainty factors facing the operations during the next accounting period
- a description of close individuals' significant transactions

Tromsø, 8 August 2012

The main Board of Directors of SpareBank 1 Nord-Norge

Kjell Olav Pettersen

Paal A. Pedersen

Roar Dons

Sonja Djonne

Anita Persen

Greger Mannsverk

Ann-Christine Nybacka

Vivi Ann Pedersen

Hans Olav Karde
(Chief Executive Officer)

SpareBank 1 Nord-Norge
P.O. Box 6800
N-9298 Tromsø

Telephone: (+47 915) 02244
Web: www.snn.no
E-mail: 02244@snn.no

Org.number: 952 706 365
Headoffice: Storgata 65, Tromsø

SpareBank 1 Nord-Norge Main Board of Directors:

Kjell Olav Pettersen, Tromsø (Chairman)
Pål Andreas Pedersen, Bodø (Deputy Chairman)
Roar Dons, Tromsø
Sonja Djønne, Mo i Rana
Ann-Christine Nybacka, Brønnøysund
Greger Mannsverk, Kirkenes
Anita Persen, Alta
Vivi Ann Pedersen, Tromsø (elected from the employees)
Gunnar Kristiansen, Sortland (elected from the employees, deputy)

Members of the Group Management Committee:

Hans Olav Karde (Chief Executive Officer)
Oddmund Åsen (Deputy Chief Executive Officer)
Liv Bortne Ulriksen (Senior Group General Manager Retail and Corporate Banking Market)
Rolf Eigil Bygdnes (Senior Group General Manager CFO)
Elisabeth Utheim (Senior Group General Manager Support Functions)
Geir Andreassen (Senior Group General Manager Risk Management)
Stig Arne Engen (Director, Communication)

Investor Relations

Rolf Eigil Bygdnes (Senior Group General Manager CFO)
Telephone +47 776 222211
e-mail: reb@snn.no

Interim reports and accounts 2011:

1st quarter 26 April 2012
2nd quarter 9 August 2012
3rd quarter 31 October 2012
4th quarter medio February 2013

