

Preliminary Annual Report 2002



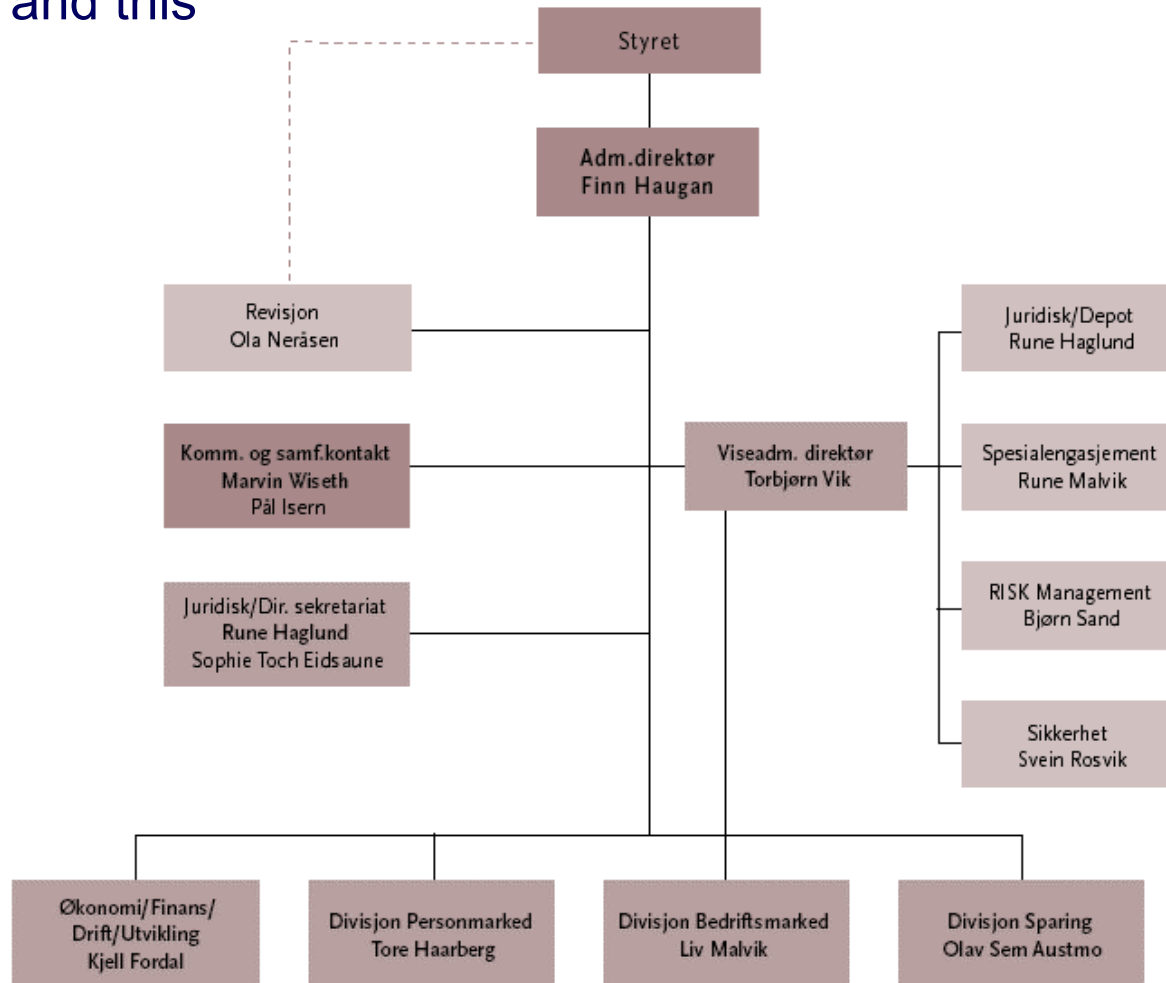


This is SpareBank 1 Midt-Norge





and this





Highlights 2002

Ordinary banking operations are on a very good trend – but results are coloured by extraordinary conditions



The result of ordinary operations is the best in the bank's history

- Marked improvement in income, particularly net interest income
- Only 2% rise in costs
- Strong growth in lending to retail market
- Sound deposit growth, good sales of insurance and savings products



...but the result is weakened by several extraordinary events

- Weak stock market produces loss on securities: NOK 53 million
- Deficits and extraordinary write-downs of goodwill and additional values in the SpareBank 1 Group: NOK 168 million
- Loss related to the Finance Credit affair: NOK 135 million



The underlying trend is nonetheless very buoyant

- A marked improvement of NOK 82 million (7.4%) on the income side
 - Net interest income up in a demanding market
 - Lending up 11.5% in the retail market
 - Deposits up 6.7%
 - Zero growth in the business market in line with strategy
- Highly satisfactory sales in key areas
- Improved cost-effectiveness in ordinary banking operations: 54% (57%)



The current trend builds on the bank's solid foundation

- The bank is in a very solid position after many years of unbroken sound operation and accumulation of reserves
- Defaults down
- Continued improvement of the credit process with credit score systems implemented in the retail and business market
- Enhancement measures producing measurable results in sales and service quality
- A sizeable customer base with further potentials



Profit and loss (mNOK)

	2002	%	2001	%
Net interest	896	2,62	827	2,61
Capital gains	-53	-0,15	59	0,19
SB1 Group	-168	-0,49	-58	-0,18
Net commisions	282	0,83	272	0,86
Operating expenses	-681	-1,99	-667	-2,10
Profit before loan losses	276	0,81	434	1,37
Loan losses (<i>of this Finance Credit 135</i>)	-229	-0,67	-138	-0,44
Profit fixed assets	30	0,09	23	0,07
Ordinary profits	75	0,22	319	1,00
Taxes	68	-0,20	-106	-0,33
Profit	7	0,02	213	0,67



Profit ordinary operations (mNOK) 2001/2002

	2002		2001		2000	
Net interest	896	2,62 %	827	2,60 %	785	2,82 %
Net commisions, currency gains	297	0,87 %	284	0,90 %	259	0,93 %
Operating expenses	681	1,99 %	667	2,10 %	635	2,28 %
Loan losses ordinary	146	0,43 %	138	0,43 %	130	0,47 %
Profit ordinary operations	365	1,07 %	307	0,97 %	279	1,00 %
Capital gains	-67	-0,20 %	32	0,10 %	-34	-0,12 %
SB1 Group	-168	-0,49 %	-58	-0,18 %	31	0,11 %
Capital gains fix assets	30	0,09 %	38	0,12 %	69	0,25 %
Finance Credit	-135	-0,40 %				
Change in uspec.loan loss prov.	52	0,15 %				
Ordinary profits	77	0,22 %	319	1,00 %	344	1,23 %



Main figures

	2002	2001	2000
Total assets	35,9 mrd kr	33,3 mrd kr	30,9 mrd kr
Loans	31,1 mrd kr	29,3 mrd kr	26,6 mrd kr
Deposits	19,1 mrd kr	17,9 mrd kr	17,3 mrd kr
Total income	957 mill kr	1101 mill kr	1041 mill kr
Total cost	681 mill kr	667 mill kr	635 mill kr
Loan losses	229 mill kr	138 mill kr	130 mill kr
(of this Finance Credit)	(135 mill kr)		
Cap gains fixes assets	30 mill kr	23 mill kr	69 mill kr
Ordinary profits	77 mill kr	319 mill kr	344 mill kr



Key figures

	2002	2001	2000
Net interest	2,62 %	2,61 %	2,82 %
Profit before losses	0,81 %	1,37 %	1,45 %
Operating profit	0,22 %	1,00 %	1,23 %
Capital adequacy ratio	11,0 %	12,1 %	10,7 %
Core capital ratio	8,0 %	8,8 %	8,3 %
Lending financed by deposits	63 %	61 %	67 %
Cost/income, Excl capital gains/SB1 Group	54 %	56 %	59 %
Return of equity	0,4 %	10,1 %	12,6 %



Key figures PCC

	2002	2001	2000	1999
PCC ratio	53,1 %	54,0 %	56,2 %	58,1 %
Total issued PCCs (mill)	6,15	6,10	6,05	6,00
PCC price	154	199	187	228
Stock value (mNOK)	947	1.214	1.131	1.368
Post-tax earnings per PCC, in NOK	0,7	19,6	23,9	33,3
Dividend per PCC	7,5	18	17	17
P/E		10,1	7,8	6,8
Dividend per PCC / PCC price	4,9 %	9,0 %	9,1 %	7,5 %
Booked equity capital per PCC (including dividend)	192	210	208	200
Price / Booked equity capital	83 %	95 %	90 %	114 %

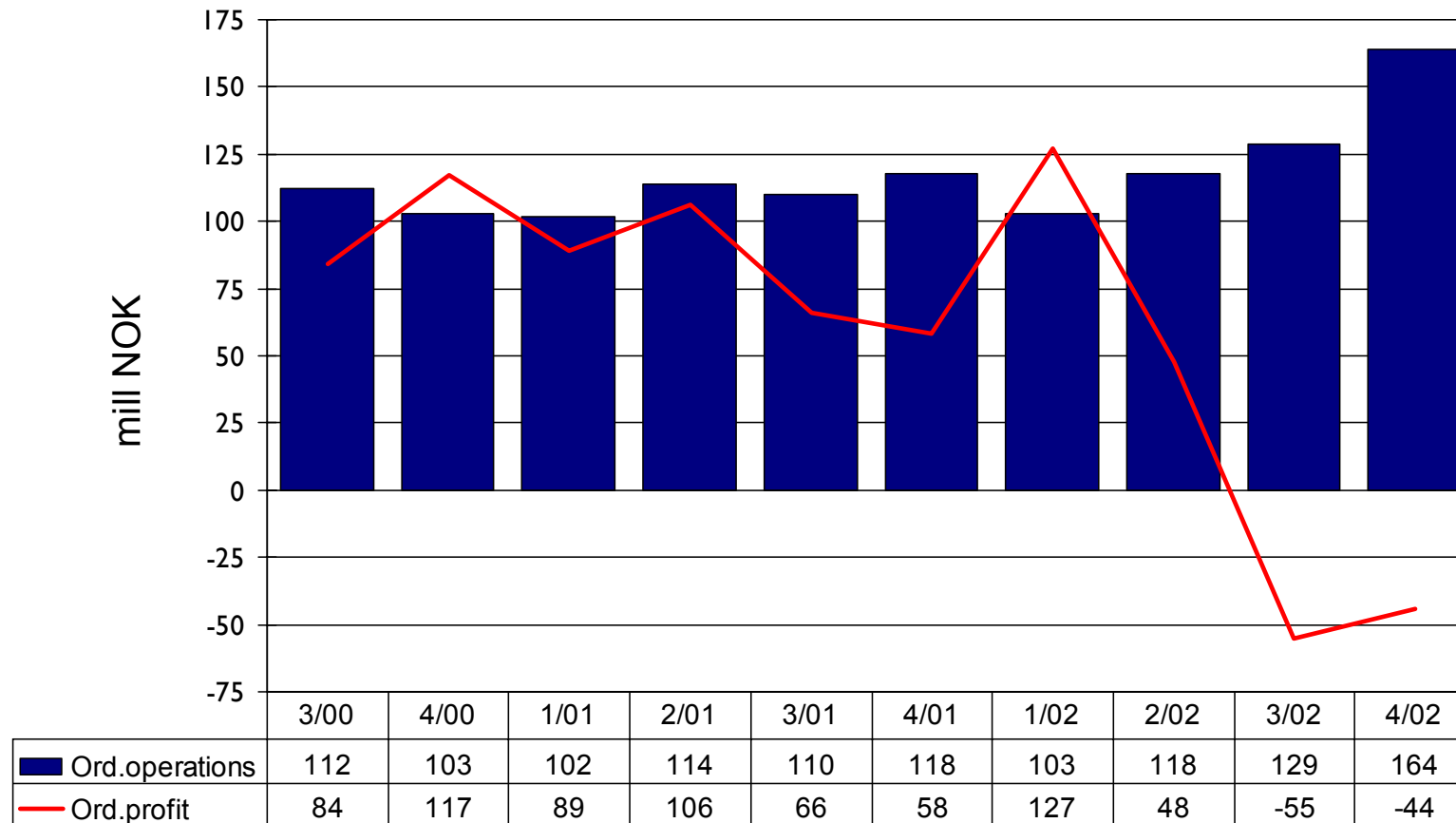


Proposed appropriation of the profit

	2002	2001	2000
Profit of the year	9	215	249
Fund for valuation differences	55	69	-79
Adjusted profit for the year	63	284	170
Allocated to dividend	46	109	103
Dividend equalisation fund	-12	51	-7
Savings bank's fund	29	114	58
Gift fund /gifts	0	11	10
Other funds/reserved	0	0	6
Total appropriated	63	284	170

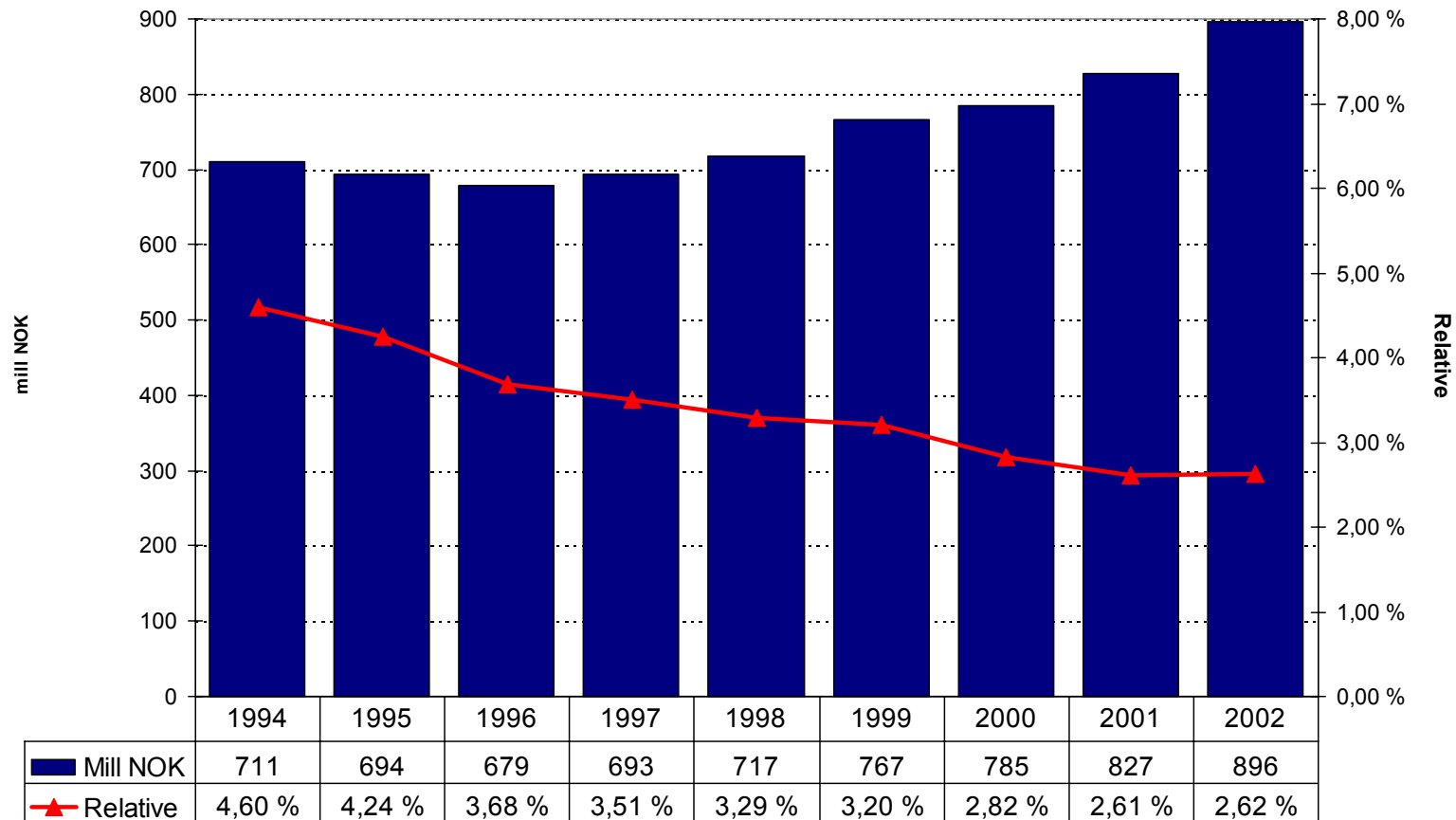


Profit ordinary operations - quarterly trend



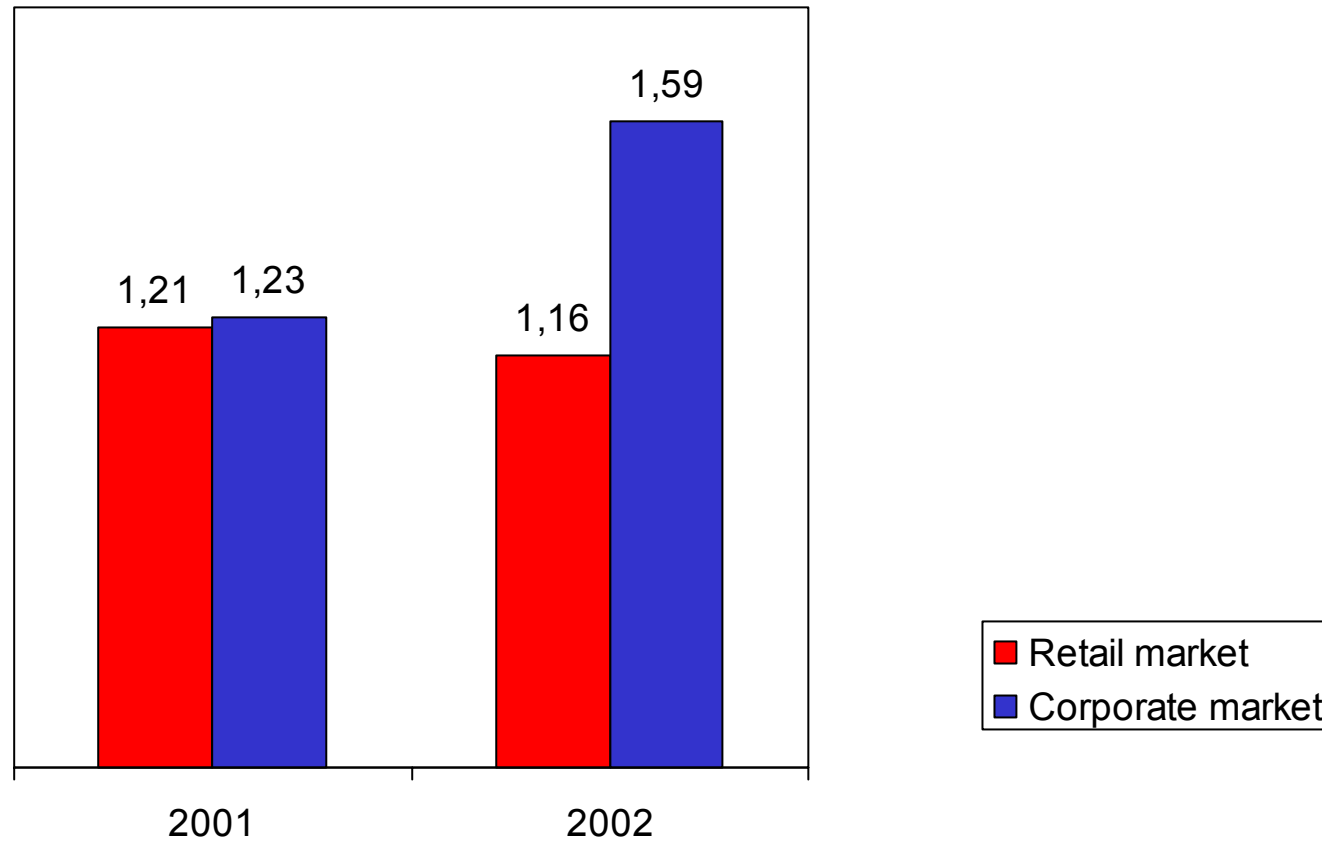


Net interest



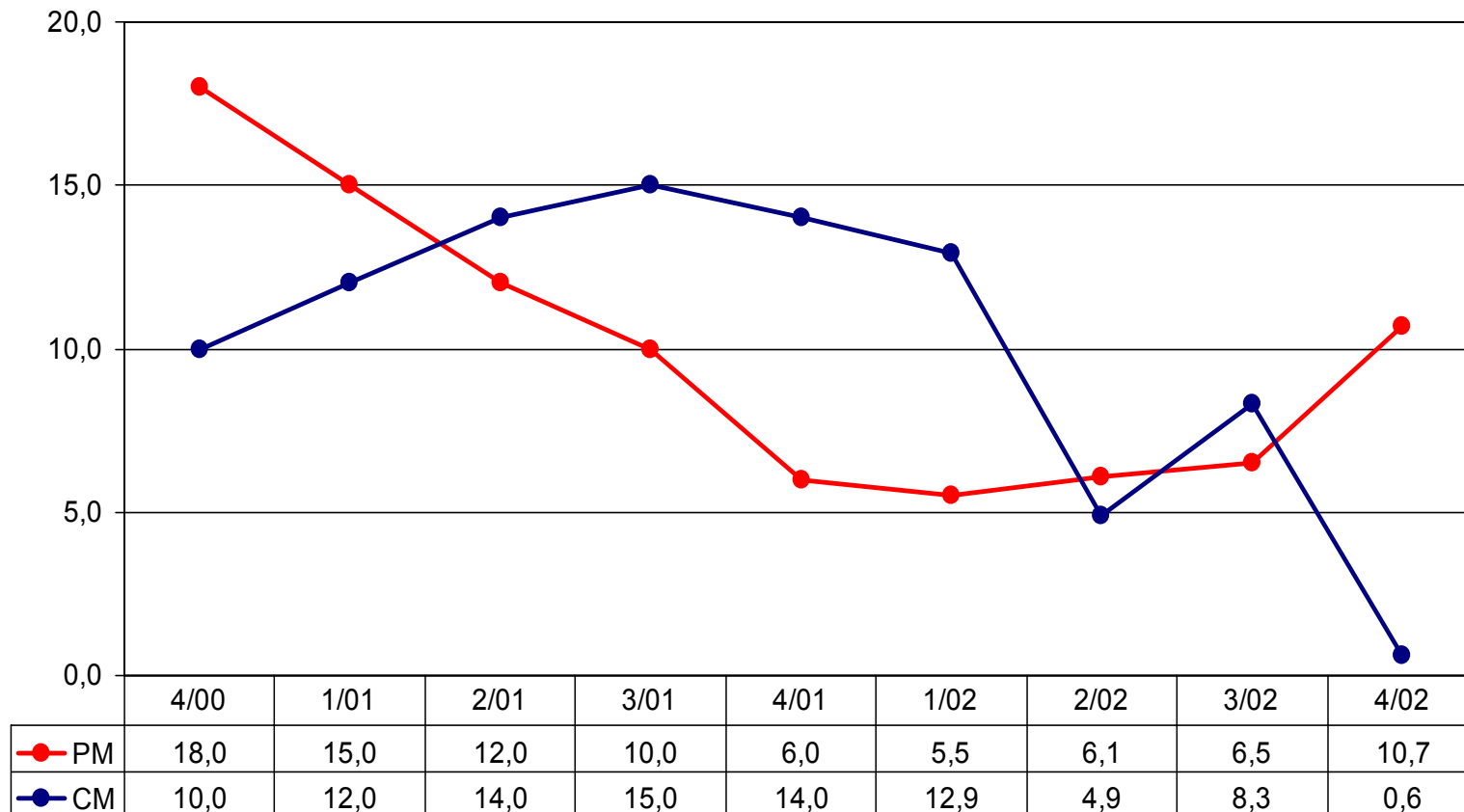


Lending margin



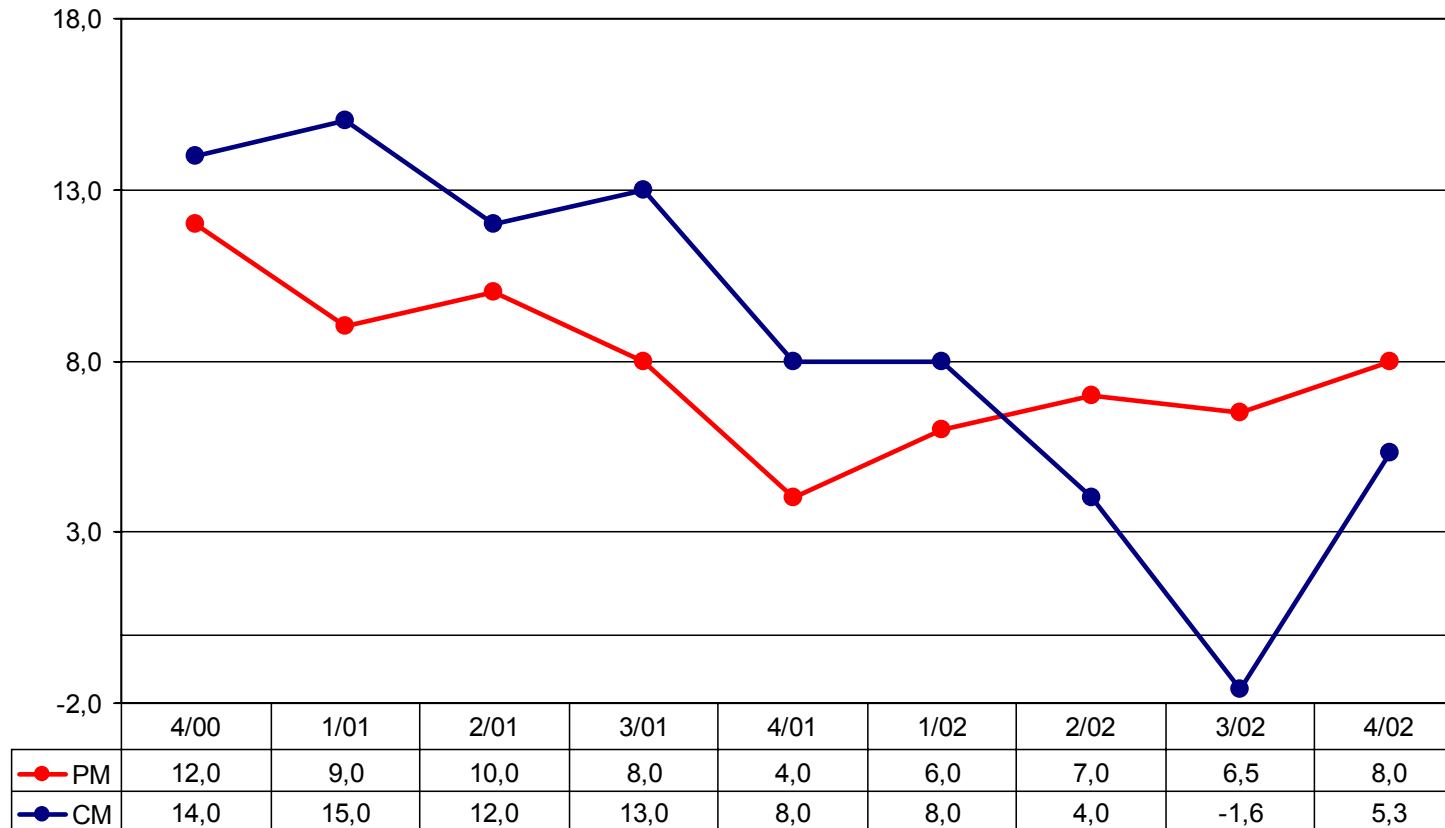


Loans, growth last 12 months, PM og CM



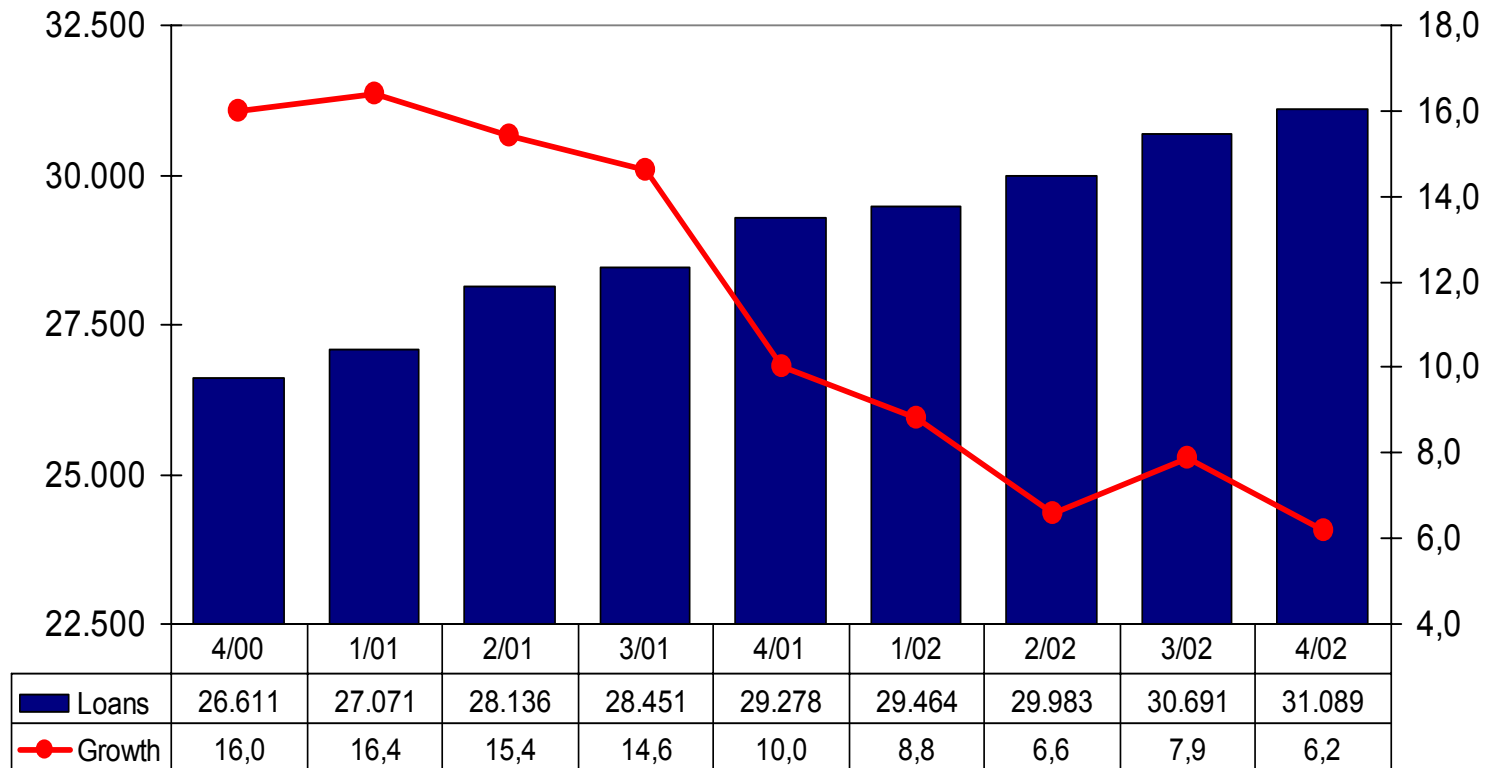


Deposits growth last 12 months, PM og CM



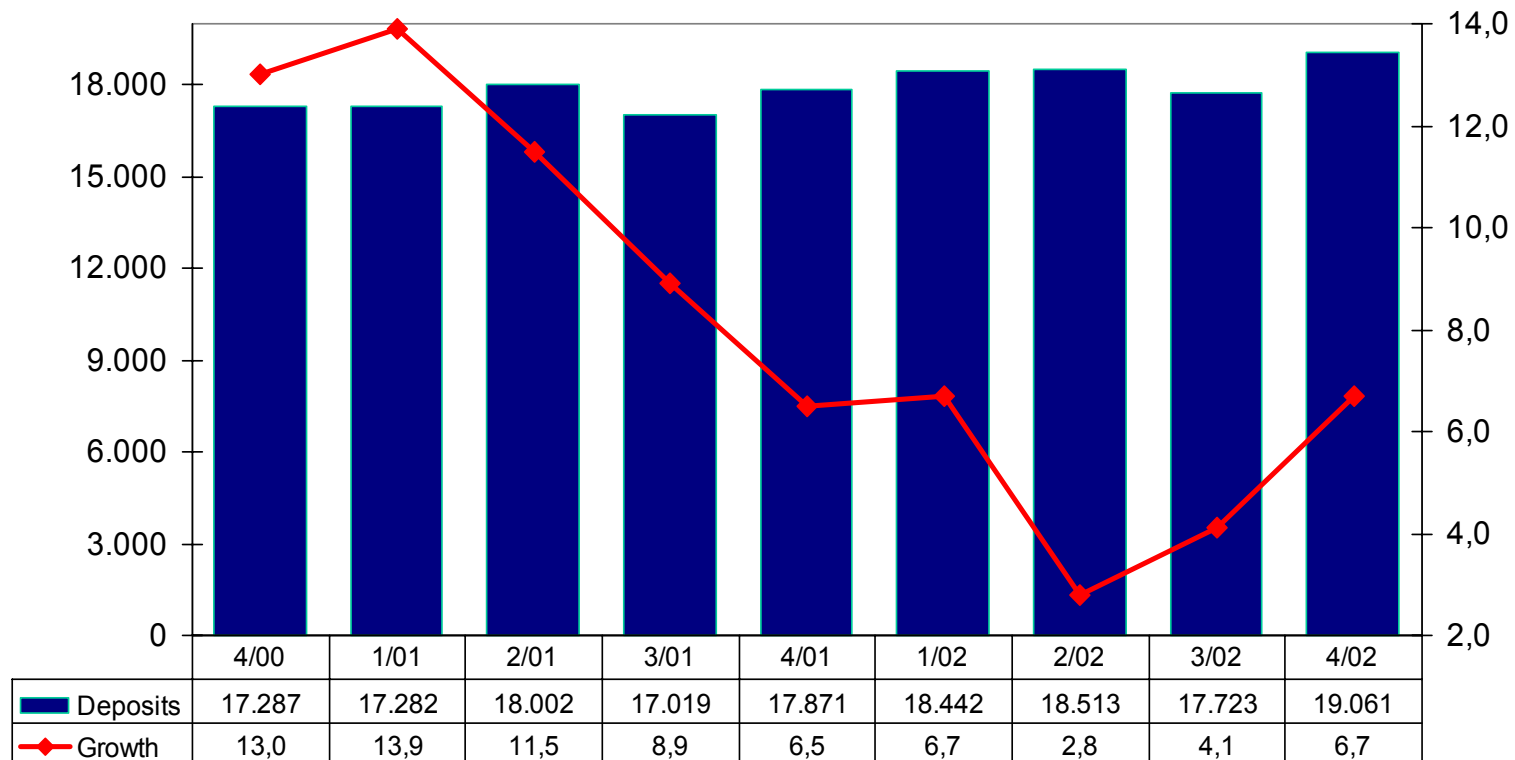


Loans (gross) mNOK and 12 month growth





Deposits in mNOK and 12 month growth





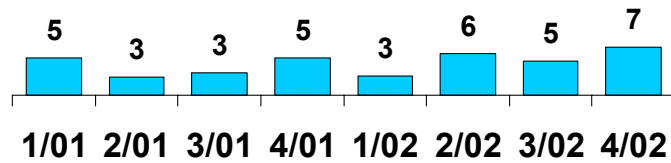
Other income, excl capital gains

	2002	2001	Change
Payment transmission income	98	81	17
Commissions savings	23	24	-1
Commissions insurance	36	34	2
Other operating income	27	33	-6
Subsidiaries	98	85	13
Total	282	257	25

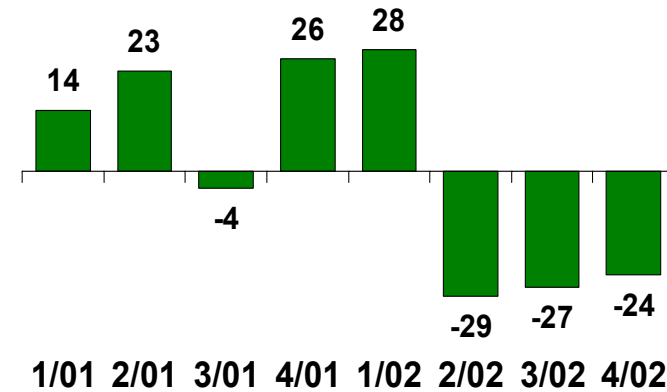


Income specifications - quarterly trend

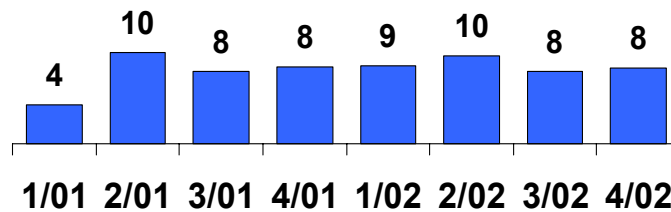
Commissions savings



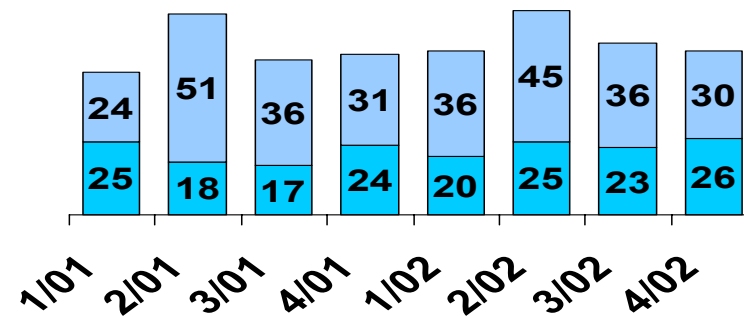
Capital gains



Commissions insurance

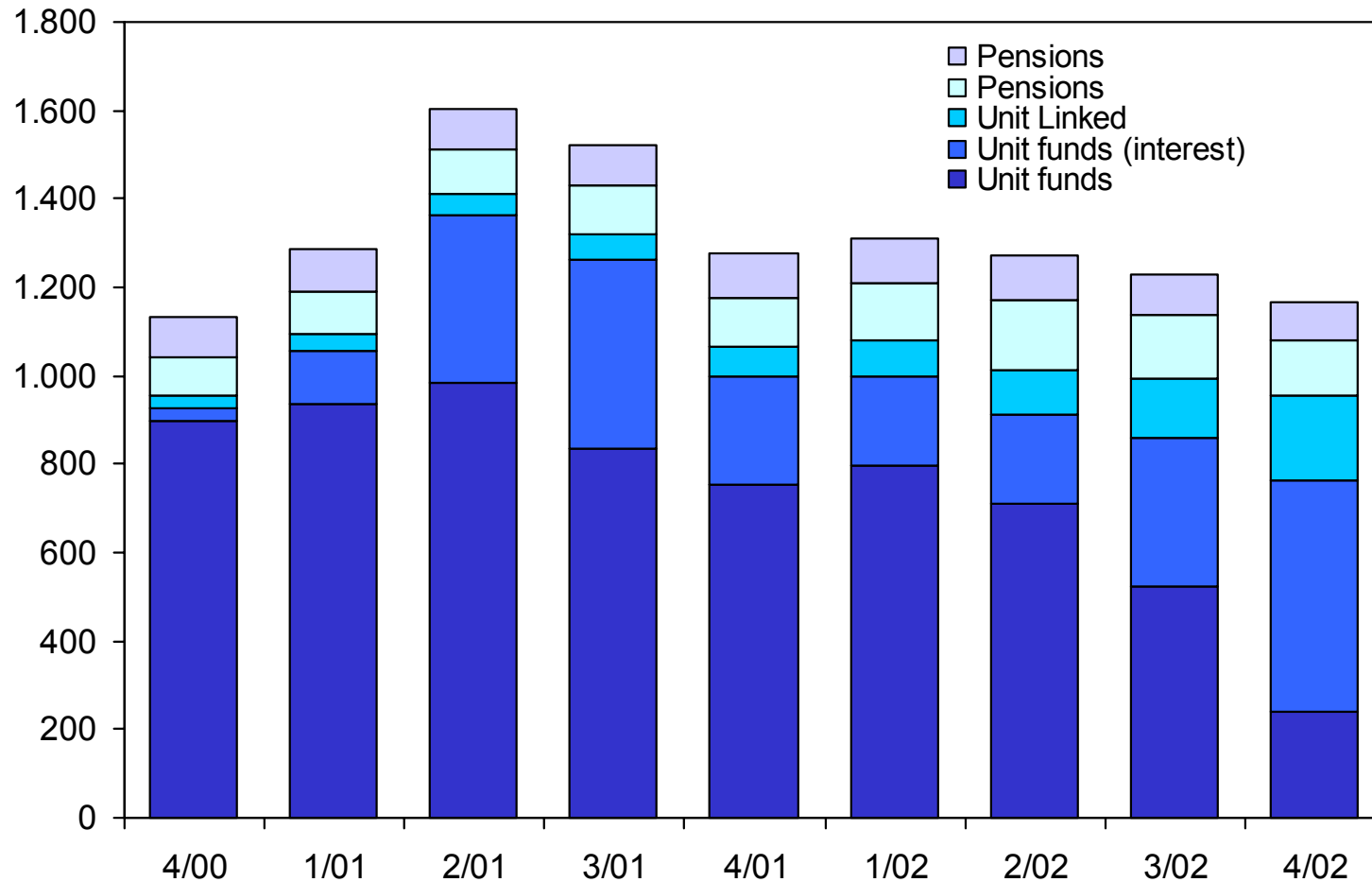


■ Paym ■ Others





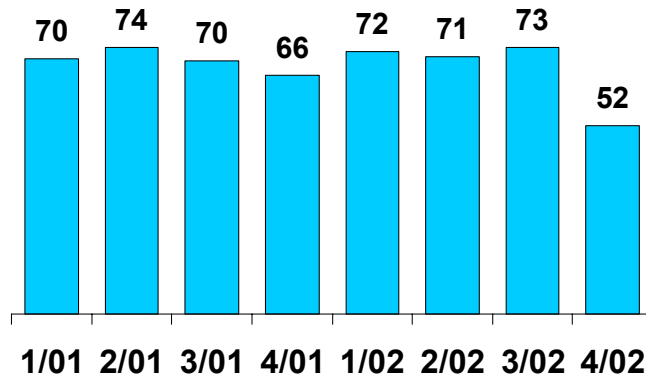
Other saving products (mill NOK)



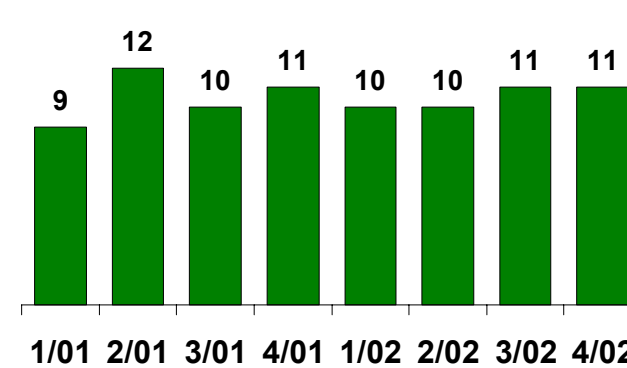


Ordinary expenses - quarterly trend

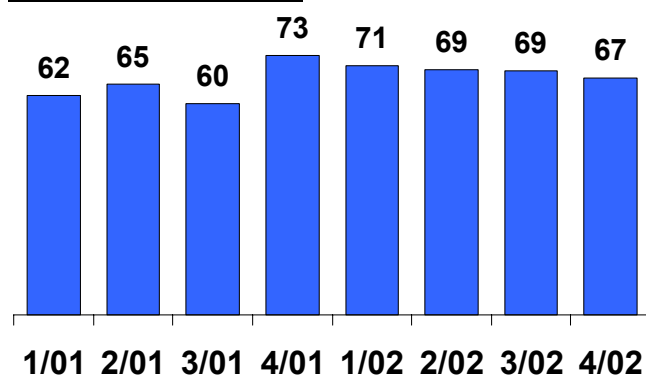
Personell cost mother bank



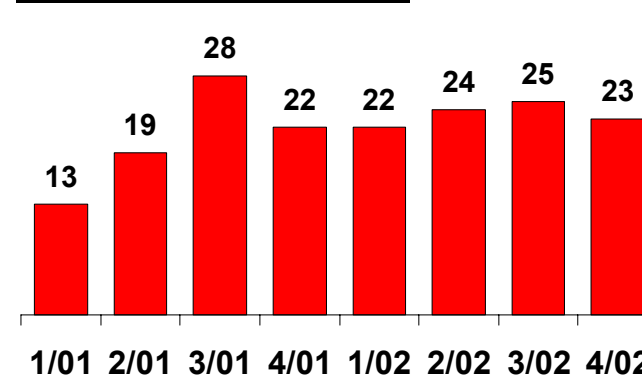
Depreciations



Other expences Mother

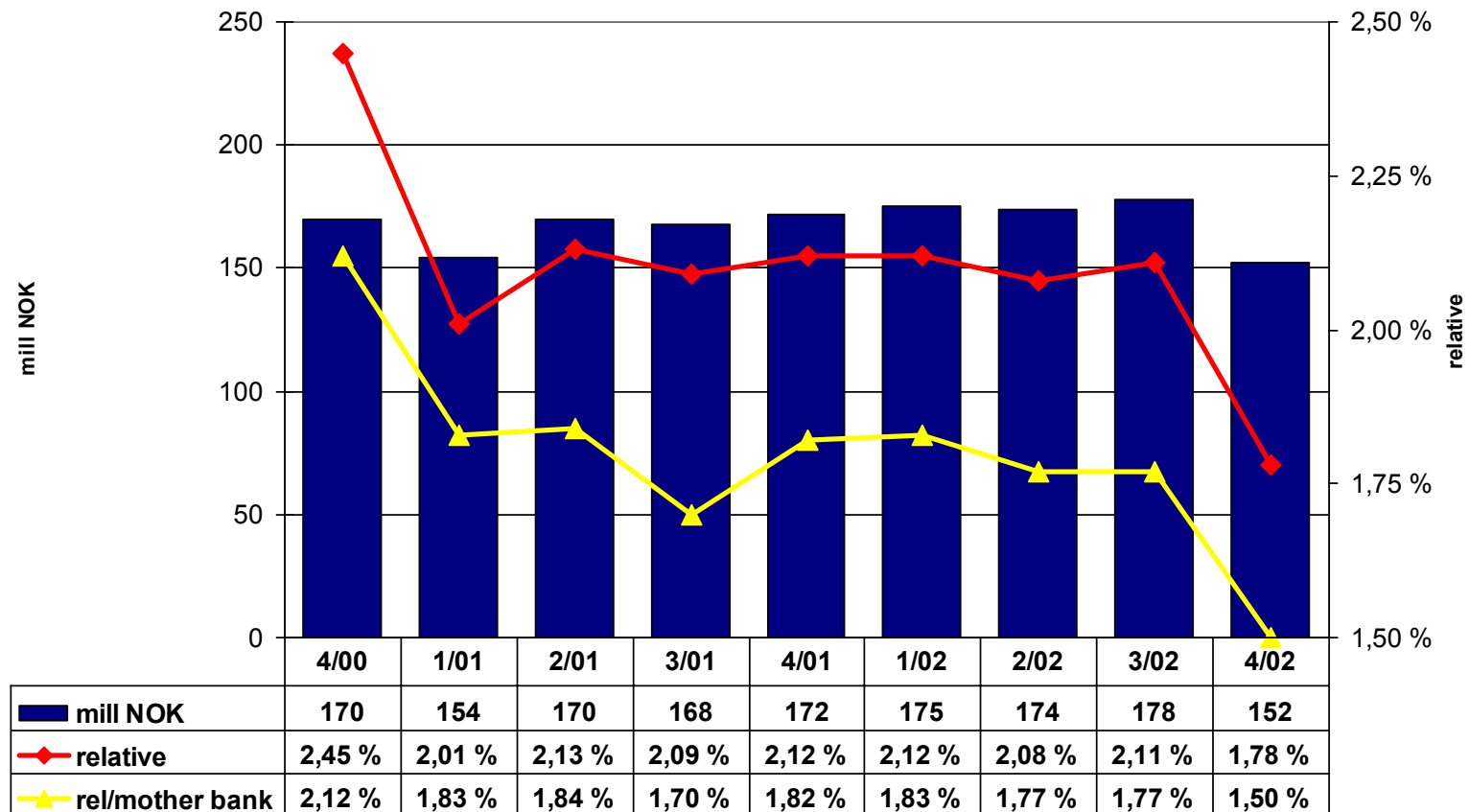


Total cost daughter companies





Ordinary expences - quarterly trend



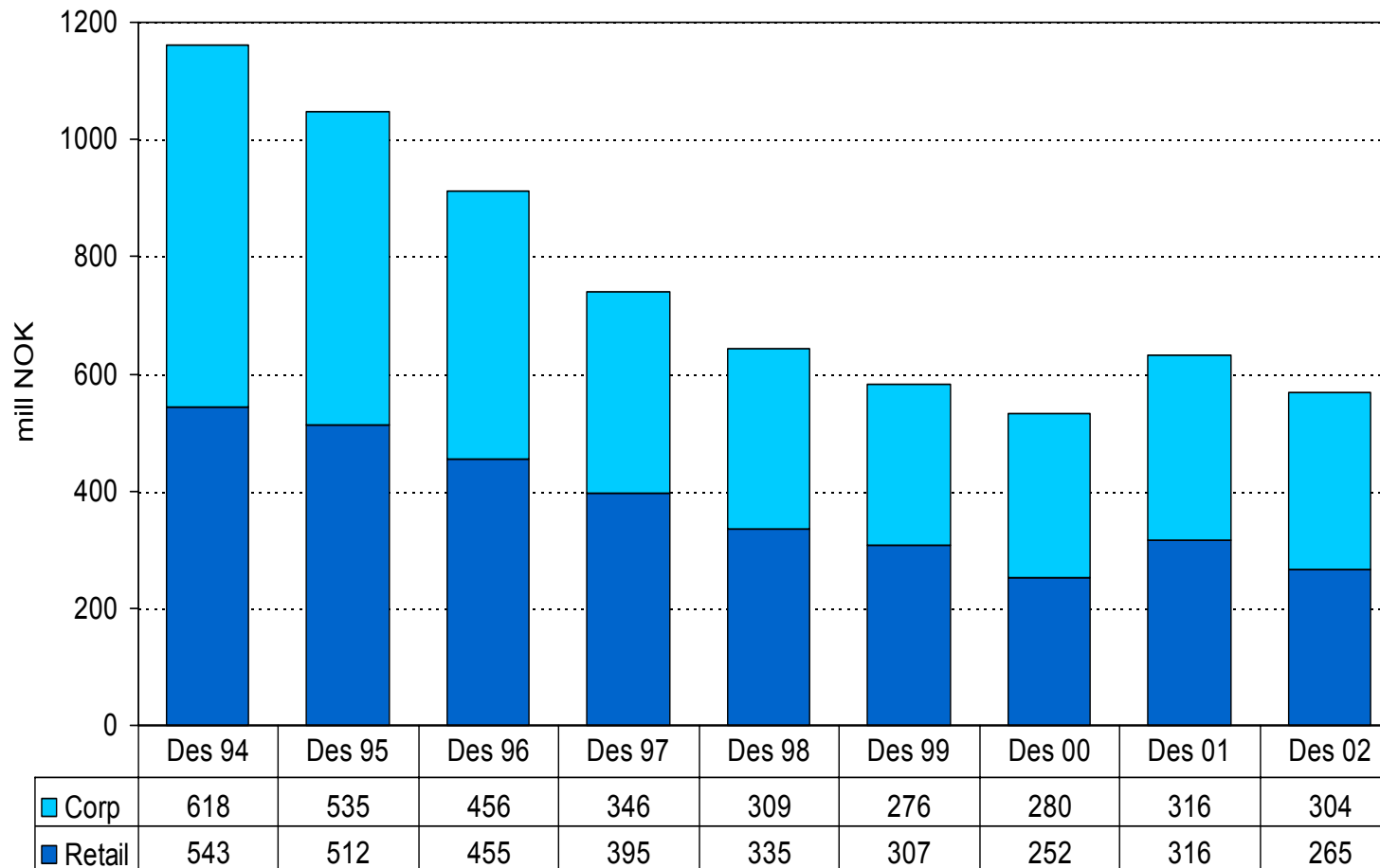


Loan losses as at Q4 2002

(mill NOK)	PM	CM	Total 2002	Total 2001
New loss provisions	24	298	322	164
(of this Finance Credit)			(135)	
Reduces loss provisions	35	34	69	-61
Total spec loss provisions	-11	264	253	103
Unspecified loss provisions			-23	35
Net loan loss provisions			229	138



Non performing loans (mNOK, Past 90 days)



Balance sheet (mNOK)

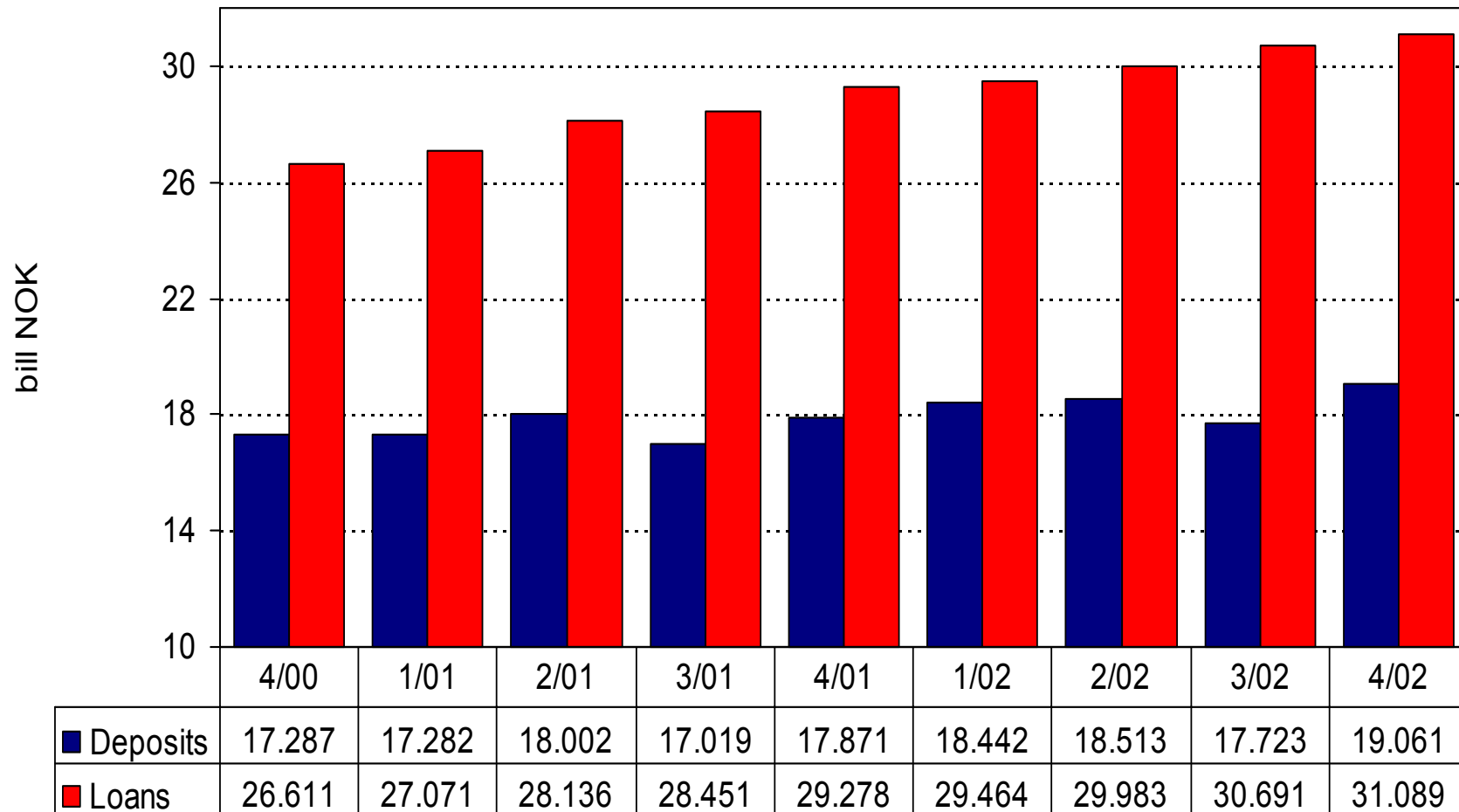
Annual report 2002



	31.12.02	31.12.01	31.12.00
Cash	2.033	836	1.857
Securities	2.342	2.059	1.797
Gross loans	31.089	29.278	26.611
- spec provosions	-531	-417	-434
- unspec provisions	<u>-364</u>	<u>-388</u>	<u>-353</u>
Net Loans	30.194	28.474	25.824
Other assets	1.426	1.923	1.452
TOTAL ASSETS	35.996	33.286	30.929
Money marked funding	12.909	11.278	9.745
Deposits	19.061	17.871	17.287
Othe liabilities	856	877	943
Subordinated debt	1.064	1.113	900
Equity	2.105	2.147	2.055
TOTAL DEBT AND EQUITY	35.996	33.286	30.929



Loans – deposits quarterly trends



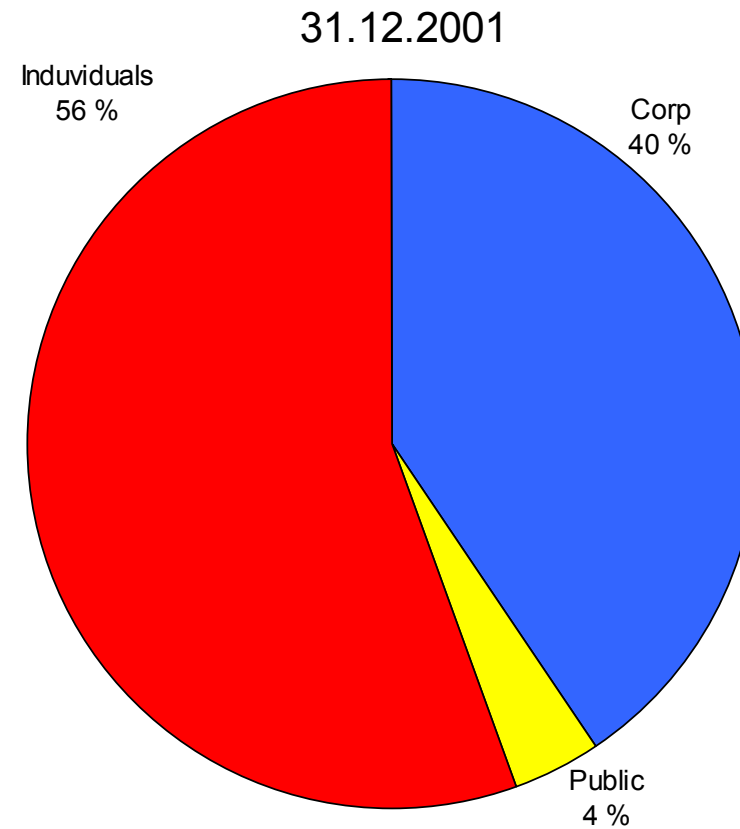
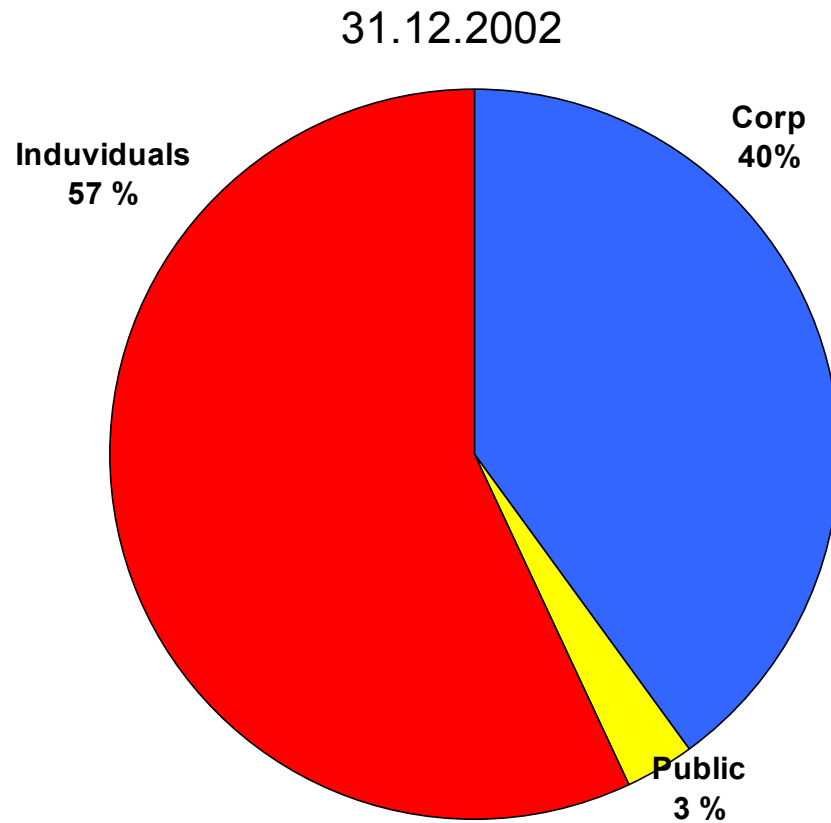


Equity

	2002	2001	2000
Primary capital PPC (net)	603	605	605
Equity premium fund	10	6	4
Equalisation fun	472	489	443
PPC owners	1.085	1.100	1.052
Savings bank's fund	958	930	816
Gift fund	6	6	6
Savings bank	964	936	822
Fund for valuation differances	0	54	124
Other equity	57	57	57
Total equity	2.105	2.146	2.055

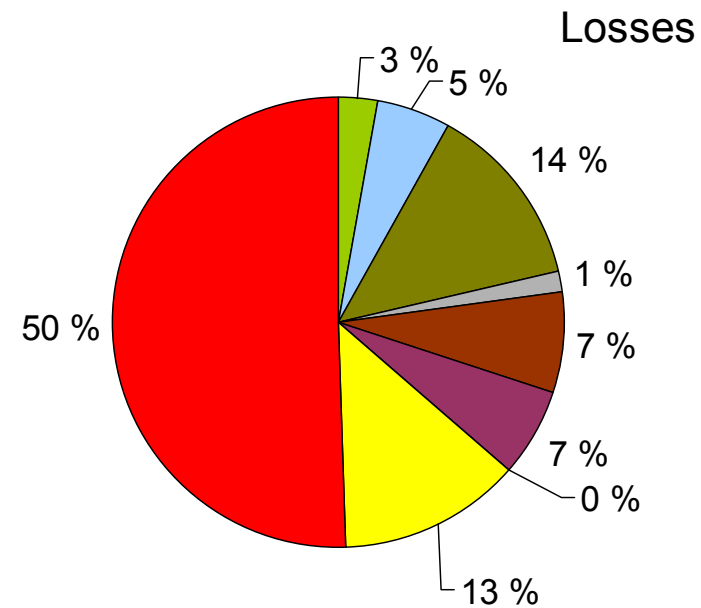
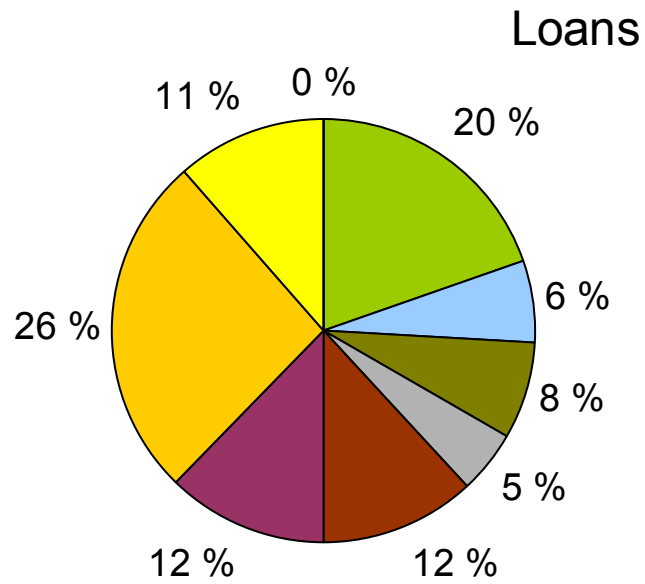


Loans by industrial sector





Loans by industry 31.12.2002



- | | | |
|--|--|---|
| ■ Agri | ■ Aquaculture | ■ Industry |
| ■ Const | ■ Trade | ■ Transp |
| ■ Property | ■ Sevice (excl FC) | ■ Finance Credit |



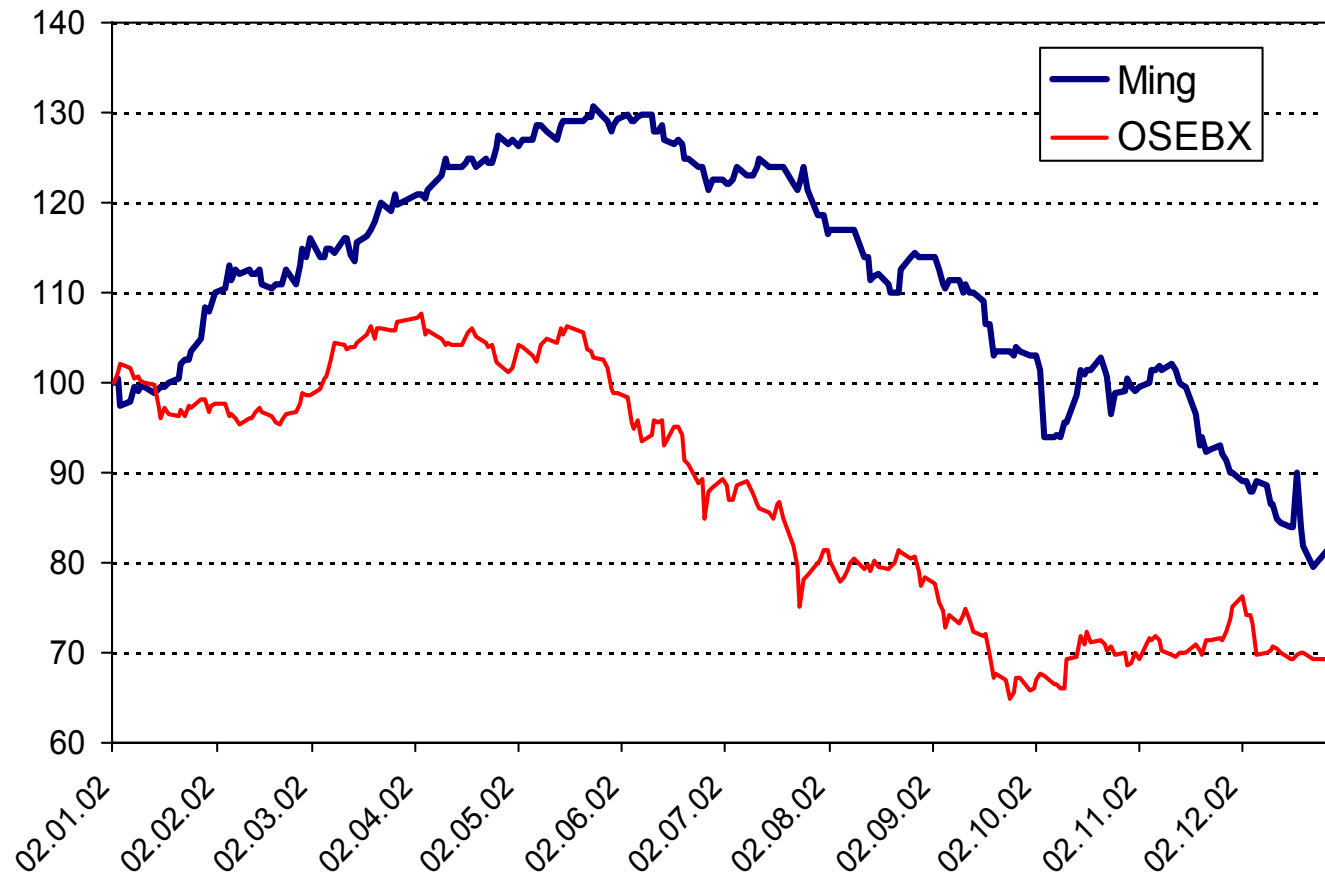
Capital ratio

	31.12.02	31.12.01	31.12.00
Core capital	2.035	2.079	1.920
Subordinated debt	1.063	1.113	900
Capital adequacy reserve	-308	-350	-360
Total capital	2.790	2.842	2.460
Capital base	25.401	23.554	23.019
Capital ratio	11,0 %	12,1 %	10,7 %
Core capital ratio	8,0 %	8,8 %	8,3 %



Stock Price MING/OSE

Januar 2002 – December 2002





Dividend policy

The financial objective of Sparebanken Midt-Norge's operations is to achieve results that provide a sound return on the bank's overall equity capital.

The aim is to distribute the annual profit between PCC holders and the bank's reserves so as to reflect their share of the equity capital.

Sparebanken Midt-Norge will attach importance to competitive cash dividends.

Variations may occur in the relative distribution between cash dividend and the dividend-equalisation fund in situations where particular importance must be attached to the trend in the bank's equity capital.



10 largest PCC Owners

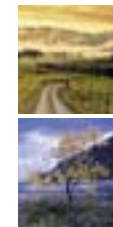
as at 31.December.2002

Owner	Number	Share
FöreningsSparbanken	598.300	9,73%
Gjensidige NOR	313.865	5,11%
Folketrygdfondet	294.300	4,79%
Frank Mohn AS	246.575	4,01%
Investors Bank & Trust	176.820	2,88%
Sparebanken Rogaland	146.900	2,39%
Sparebanken Midt-Norge finansavd.	141.300	2,30%
I.K. Lykke, T.Lykke m.fl.	112.100	1,82%
Tveteraas Invest AS m.fl.	109.572	1,78%
Wenaas Holding AS	104.050	1,69%

SpareBank 1 Midt-Norge

7467 TRONDHEIM

Annual report 2002



Managing director CEO:
Finn Haugan

Finance calendar 2003:

Q1 29 April
Q2 11 August
Q3 23 October
Q4 29 January 2004

contact:

Kjell Fordal, director (CFO)
Marvin Wiseth, director (CIO)
Switchboard

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SMN website og internetbank:
Hugin-Online:
PCCs in general :

www.smn.no
www.huginonline.no
www.grunnfondsbevis.no



Ratings

Moody's		Fitch	
Bank Deposits	A3/P-2	Long-term	A-
Bank Financial Strength	C	Short-term	F2
Issuer Rating	A3	Outlook	Stable
Senior Unsecured MTN	A3	Individual	B/C
Subordinate MTN	Baa1	Support	4



Vision

The recommended bank