

## **Preliminary annual accounts for 2002**

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### Ordinary operations continue on a positiv trend.

The result is impaired by deficits and write-downs in the Sparebank 1 Group, the Finance Credit affair, and capital loss on securities.

Pre tax profit NOK 77 mill (NOK 319 mill)

Net interest margin NOK 896 mill (NOK 827 mill).

ROE 0,4 % compared with 10,9 % as of Q4 2001

Lending growth last 12 month 6,2 %

Deposit growth last 12 month 6,7 %

Portfolio equity funds and other savings products fell by NOK 403 mill in 2002, insurance portfolio expanding

Net capital gain and dividend on short-term investments -NOK 70 mill (+NOK 13 mill)

Net gain on disposal and write-down of long-term shareholdings NOK 30 mill (NOK 29 mill)

SpareBank 1 Group's total losses NOK 1.3 billion, bank's share of deficit NOK 167,8 million (-NOK 58 mill)

### Main figures SpareBank 1 Midt-Norge, the group

Result	2002		2001		2000	
	mill NOK	%	mill NOK	%	mill NOK	%
Net interest and credit commission income	896	2,62	827	2,61	785	2,88
Total other operating income	62	0,18	273	0,86	256	0,94
<b>Total income</b>	<b>957</b>	<b>2,80</b>	<b>1.101</b>	<b>3,47</b>	<b>1.041</b>	<b>3,82</b>
Salaries, fees and other personnel costs	331	0,97	334	1,05	323	1,19
Total other operating expenses	350	1,02	332	1,05	312	1,15
<b>Total operating expenses</b>	<b>681</b>	<b>1,99</b>	<b>667</b>	<b>2,10</b>	<b>635</b>	<b>2,33</b>
Operating profit before losses, gains and write-downs	276	0,81	434	1,37	406	1,49
Losses on loans and guarantees	-229	-0,67	-138	-0,44	-130	-0,48
Gains and write-downs on disposals of fixed assets	30	0,09	23	0,10	69	0,25
<b>Operating profit</b>	<b>77</b>	<b>0,22</b>	<b>319</b>	<b>1,00</b>	<b>344</b>	<b>1,26</b>
Taxes	68	0,20	106	0,33	95	0,35
<b>Profit</b>	<b>9</b>	<b>0,03</b>	<b>213</b>	<b>0,67</b>	<b>249</b>	<b>0,91</b>

Key figures and ratios	2002	2001	2000
Average total assets	34.159	31.763	31.763
Core capital	8,0 %	8,2 %	8,8 %
Capital adequacy ratio	11,0 %	11,3 %	12,1 %
Loans to customers (net)	30.194	27.594	28.474
Customer deposits	19.061	17.019	17.871
Capital base	2.788	2.677	2.842
Post-tax return on equity	0,4 %	10,9 %	10,1 %
Cost/income ratio	0,71	0,62	0,61
Loan-to-deposit ratio	63,1 %	61,7 %	62,8 %
No. of branches	64	64	64

Key figures PCC	2002	2001	2000	1999	1998	1997
PCC ratio	53,1 %	54,0 %	56,2 %	58,1 %	58,1 %	58,1 %
Total issued PCCs (mill)	6,15	6,10	6,05	6,00	6,00	6,00
PCC price	154	199	187	228	179	248
Stock value (mNOK)	947	1.214	1.131	1.368	1.074	1.488
Post-tax earnings per PCC, in NOK	0,8	19,6	23,9	33,3	25,5	29,3
Dividend per PCC	7,50	18	17	17	16	16
P/E		10,1	7,8	6,8	7,0	8,5
Dividend per PCC / PCC price	4,9 %	9,0 %	9,1 %	7,5 %	8,9 %	6,5 %
Booked equity capital per PCC (including dividend)	192	210	208	200	176	163
Price / Booked equity capital	0,80	0,95	0,90	1,14	1,02	1,52

Parent bank			Group			
31.12.2000	31.12.2001	31.12.2002	Profit and loss account (in NOKm)	31.12.2002	31.12.2001	31.12.2000
2.257	2.604	2.691	Interest income	2.707	2.617	2.261
1.477	1.797	1.818	Interest expenses	1.811	1.790	1.475
<b>779</b>	<b>807</b>	<b>873</b>	<b>Net interest and credit commission income</b>	<b>896</b>	<b>827</b>	<b>785</b>
-9	-58	-168	Dividends and profit from associated companies	-168	-58	31
47	23	25	Dividend on securities with variable return	18	19	-9
-25	14	-85	Net gain/loss on securities	-85	13	-25
15	27	15	Net gain/loss on currency	15	27	15
228	233	251	Commission income	310	285	265
-75	-70	-75	Commission expenses	-73	-70	-75
5	24	8	Other operating income	45	57	54
<b>185</b>	<b>193</b>	<b>-29</b>	<b>Total other operating income</b>	<b>62</b>	<b>273</b>	<b>256</b>
<b>965</b>	<b>1.000</b>	<b>844</b>	<b>Total income</b>	<b>957</b>	<b>1.101</b>	<b>1.041</b>
282	280	268	Salaries, fees and other personnel costs	331	334	323
190	190	205	Administrative expenses	224	211	201
27	32	34	Depreciation etc., of fixed assets etc.	42	41	33
67	70	73	Other operating expenses	84	81	78
<b>566</b>	<b>572</b>	<b>581</b>	<b>Total operating expenses</b>	<b>681</b>	<b>667</b>	<b>635</b>
<b>399</b>	<b>428</b>	<b>263</b>	<b>Operating profit before losses, gains and write-downs</b>	<b>276</b>	<b>434</b>	<b>406</b>
126	131	218	Losses on loans and guarantees	229	138	130
68	23	30	Gains and write-downs on disposals of fixed assets	30	23	69
<b>341</b>	<b>320</b>	<b>74</b>	<b>Operating profit</b>	<b>77</b>	<b>319</b>	<b>344</b>
92	105	65	Taxes	68	106	95
<b>249</b>	<b>215</b>	<b>9</b>	<b>Profit</b>	<b>9</b>	<b>213</b>	<b>249</b>
<b>31.12.2000</b>	<b>31.12.2001</b>	<b>31.12.2002</b>	<b>Key figures</b>	<b>31.12.2002</b>	<b>31.12.2001</b>	<b>31.12.2000</b>
			<i>Result as a percentage of average total assets:</i>			
2,75	2,54	2,55	Net interest and credit commission income	2,62	2,61	2,82
0,87	0,61	-0,09	Total operating income	0,18	0,86	0,92
1,86	1,80	1,70	Total operating expenses	1,99	2,10	2,28
1,76	1,34	0,77	Operating profit before losses and write-downs	0,81	1,37	1,46
0,38	0,41	0,64	Losses on loans and guarantees	0,67	0,44	0,47
1,56	1,01	0,22	Operating profit	0,22	1,00	1,24
0,59	0,57	0,69	Cost/income ratio	0,71	0,61	0,61
0,59	0,56	0,54	Cost/income ratio ex capital losses/SP1 group	0,57	0,59	0,61
68 %	62 %	65 %	Ordinary lending financed by ordinary deposits	63 %	61 %	67 %
12,9 %	10,2 %	0,4 %	Return on equity	0,4 %	10,1 %	12,6 %
<b>31.12.2000</b>	<b>31.12.2001</b>	<b>31.12.2002</b>	<b>Balance sheet (in NOKm)</b>	<b>31.12.2002</b>	<b>31.12.2001</b>	<b>31.12.2000</b>
602	243	884	Cash and claims on central banks	884	243	602
1.662	1.190	1.838	Loans to and claims on credit institutions	1.149	593	1.255
26.318	28.757	30.409	Loans before loss provisions	31.089	29.278	26.611
-433	-414	-525	- Specified loan loss provisions	-531	-417	-434
-346	-375	-349	- Unspecified loan loss provisions	-364	-388	-353
25.540	27.967	29.535	Loans to and claims on customers	30.194	28.474	25.824
1.796	1.868	2.342	CDs, bonds and other interest-bearing instruments	2.342	2.053	1.796
1.364	2.044	1.406	Other assets	1.426	1.923	1.452
<b>30.965</b>	<b>33.312</b>	<b>36.006</b>	<b>Total assets</b>	<b>35.996</b>	<b>33.286</b>	<b>30.929</b>
1.453	2.077	2.131	Debt to credit institutions	2.131	2.093	1.453
17.374	17.913	19.082	Deposits from, and debt to, customers	19.061	17.871	17.287
8.292	9.185	10.778	Debt incurred by issue of securities	10.778	9.185	8.292
782	781	765	Other liabilities	770	777	829
110	96	80	Provisions for commitments and expenses	86	100	114
900	1.113	1.064	Subordinated loan capital	1.064	1.113	900
<b>28.910</b>	<b>31.165</b>	<b>33.900</b>	<b>Total liabilities</b>	<b>33.891</b>	<b>31.139</b>	<b>28.874</b>
			Minority interests	0	0	
605	610	615	Primary capital	615	610	605
0	-5	-12	Holding of own primary capital certificates	-12	-5	0
443	489	472	Equalisation fund	472	489	443
4	6	10	Equity premium fund	10	6	4
124	54	0	Revaluation reserve	0	20	78
816	930	958	Permanent capital fund	958	930	816
6	6	6	Gift fund	6	6	6
57	57	57	Other equity	57	91	102
0	0	0	Retained profits after losses	0	0	0
<b>2.055</b>	<b>2.147</b>	<b>2.105</b>	<b>Total equity</b>	<b>2.105</b>	<b>2.147</b>	<b>2.055</b>
<b>30.965</b>	<b>33.312</b>	<b>36.006</b>	<b>Total liabilities and equity</b>	<b>35.996</b>	<b>33.286</b>	<b>30.929</b>

## Annual accounts for 2002

Unless otherwise stated, the comments and figures in this report refer to the Sparebanken Midt-Norge Group.

Figures in parenthesis refer to 2001.

### Results

Sparebanken Midt-Norge achieved a net profit of NOK 9 million in 2002 compared with NOK 215 million in 2001.

Ordinary operations before loan losses are substantially improved with sound net interest income, increased other income and low growth in costs.

The result is impaired by the Finance Credit affair, capital loss on securities and deficits and write-downs in the SpareBank 1 Group.

In the last quarter of 2002 the post-tax result of ordinary operations was a negative NOK 41 million compared with a negative 70 million in the previous quarter.

Expenses in terms of incomes excluding capital gains and affiliates improved to 57% (59%).

Profit measured 0.22% (1.00%) of average total assets for 2002.

Return on equity for 2002 was 0.4% (10.1%).

### Proposal for application of profit

The Directors propose to the bank's board of trustees that a cash dividend of NOK 7.50 be paid per PCC, in an overall amount totalling NOK 46 million.

Appropriation	2000	2001	2002
Profit for the year	249	215	9
Reval. reserve	-79	69	55
<b>Adjusted profit</b>	<b>170</b>	<b>284</b>	<b>63</b>
Dividend	103	109	46
Equalisation fund	-7	51	-12
Perm. capital fund	58	114	29
Gift fund	6	0	0
Gifts	4	11	0
Other equity	6	0	0
<b>Appropriated</b>	<b>170</b>	<b>284</b>	<b>63</b>

Net profit adjusted for revaluation reserves leaves NOK 63 million in available funds.

The profit is distributed between the savings bank's reserve and PCC capital by means of the PCC-holder fraction.

### Healthy growth in net interest income

Net interest and credit commission income totalled NOK 896 million, NOK 69 million more than in 2001. In the fourth quarter in isolation, net interest income totalled NOK 244 million, an increase of NOK 16 million on the third quarter. Net interest income for 2002 is debited with a guarantee fund levy of NOK 28 million (NOK 24 million).

The interest margin was 2.62% for 2002 (2.61%).

Net interest income improved due to higher business volumes and a greater degree of risk pricing of loans to the business market.

### Capital losses on equities

The bank's portfolio of short-term investments and PCCs produced an overall net capital loss and dividend of NOK 53 million (+NOK 12 million) after a weak stock market year in Norway as elsewhere. Relatively high capital losses were recorded in the last quarter as a result of somewhat high exposure in PCCs, which took a negative turn in the wake of the Finance Credit affair.

The bank's short-term investments produced a negative return of 26.2% in 2002 compared with a 31.3% decline in share values on Oslo Børs.

Currency gains came to NOK 15 million (27 million).

Overall dividend on and value change in money market funds came to a negative NOK 7 million (+ 20 million). 2002 also produced a negative result of NOK 7 million on fixed-income trading, booked in its entirety in the last quarter.

### Increasing commission income and other operating income

Net commission income and other operating income came to NOK 282 million (272 million), an increase of NOK 10 million. When adjusted for gains of NOK 15 million on property sales booked as other operating income in 2001, the increase comes to NOK 25 million.

Increases are posted both in the bank (NOK 12 million) and in the subsidiaries (NOK 13 million). For the bank the trend in pay-

ment transmission income has been particularly positive. Among the subsidiaries, the strongest income increases were posted by Eiendomsme-gler 1, SpareBank 1 Finans and Allegro.

### Stable results for subsidiaries

Overall profit reported by the bank's subsidiaries came to NOK 7.3 million (3.4 million) after tax. Of this, Eiendomsme-gler 1 Midt-Norge posted a profit of NOK 3.5 million (5 million), SpareBank 1 Finans Midt-Norge NOK 5.7 million (4 million) and Midt-Norge Regnskap NOK 0.7 million (0.6 million). Allegro Finans ASA reported a loss of NOK 0.8 million (1.9 million) and the bank's property company a loss of NOK 1.8 million (4.2 million).

### SpareBank 1 Alliance

The bank's stake in the Spare-Bank 1 Group is regarded as participation in a joint venture, and is accounted for by the equity method in the bank's accounts. A 13 per cent share of the SpareBank 1 Group's result has accordingly been included in the bank's 2002 accounts.

The SpareBank 1 Group's preliminary result for 2002 – after tax – is a negative NOK 1,290 million. This is about NOK 35 million lower than announced in the press release and stock exchange notice dated 19 December 2002.

The result reflects extraordinary write-downs of goodwill and additional values of NOK 593 million, along with ordinary write-downs of goodwill and additional values. Goodwill and additional values arose in all essentials through the premium paid for the VÅR Group in 2000. Negative contributions from banking operations and life and non-life insurance after extraordinary conditions seen in 2002, also play a part.

The SpareBank 1 Group has implemented a broad-based efficiency programme as from the fourth quarter of 2002. The goal is to achieve efficiency gains of NOK 234 million per year, with the full effect seen from 2004 onwards. In the event that business areas are hived off, this programme will further expanded.

For 2002 the bank's overall

share of the result came to a negative NOK 168 million. The bank's stake is shown under "Shares and ownership interests" in an amount equivalent to 14 per cent of the SpareBank 1 Group's equity capital. The SpareBank 1 Alliance is a Nordic banking and bank product venture in which the SpareBank 1 banks in Norway collaborate via a jointly-owned holding company, SpareBank 1 Gruppen AS (the SpareBank 1 Group). Other owners and partners in the SpareBank 1 Group are FöreningsSparbanken AB (plc) in Sweden and the Norwegian Confederation of Trade Unions.

The SpareBank 1 Alliance's overarching goal is to secure its individual member bank's independence and regional footing via strong competitiveness, profitability and solidity. At the same time the Alliance represents a fully competitive alternative at the national and Nordic level. The strategy underlying the collaboration and the establishment of the SpareBank 1 Group was reviewed in 2002. The review confirmed that 18 of the 19 SpareBank 1 banks wholeheartedly supported the strategy. Sparebanken Vest did not, and opted to leave the Alliance as of 31 December 2003.

#### Only 2% growth in expenses

The group's overall operating expenses totalled NOK 681 million in 2002 (667 million). The increase of NOK 14 million from 2001 is a mere 2.1%.

Personnel expenses came to NOK 331 million, down NOK 3 million on 2001. A contributory factor is the non-disbursement of bonuses in 2002.

Other operating expenses amounted to NOK 350 million (333 million) in 2001, an increase of 4.9%. The increase is evenly spread across the respective cost categories.

At year-end the parent bank employed 594 staff (FTEs) compared with 570 at end-2001 (reduced average resources). All in all the group employed 825 staff (718 FTEs) at end-2001.

Relative operating expenses for the group measured 1.99% (2.10%) of average total assets, for the parent bank 1.70% (1.80%).

In terms of income (exc. capital gains and affiliates), group expenses measured 57% (59%) while parent bank expenses measured 54% (56%).

#### Write-down of long-term shareholdings and gain on disposal of fixed assets

Net write-downs and gains on disposals of long-term shareholdings totalled NOK 30 million (23 million) in 2002. Disposal gains totalled NOK 50 million (39 million), write-downs of long-term shareholdings NOK 20 million (16 million).

#### Loan losses and defaults

Loan losses totalled NOK 229 million (138 million). Net fourth quarter losses came to NOK 138 million.

Of the losses, NOK 135 million are related to Finance Credit. Of the remaining net change in specified loss provisions, business customers accounted for NOK 128 million (84 million) while retail customers accounted for net incomings of NOK 10 million (losses of NOK 19 million) in 2002.

The recording of income on retail market losses is due to reduced defaults in the retail market portfolio.

Based on an overall assessment of risk in the retail market portfolio, provisioning for unspecified losses has been revised with effect from the accounting year 2002. The provisioning ratio for loans to business customers has concurrently been raised slightly.

Overall unspecified loss provisions were reduced by NOK 24 million in 2002 to NOK 364 million. This constitutes 1.2% (1.3%) of total outstanding loans.

Specified loss provisions totalled NOK 531 million (417 million) at end-2002, NOK 114 million more than at the start of the year. The increase is largely related to Finance Credit

Loans in default for more than 90 days were reduced by NOK 63 million to NOK 569 million (632 million) over the year. Loans in default between 30 and 90 days were reduced by NOK 99 million and now total NOK 174 million (273 million). This brings overall defaults in excess

of 30 days to NOK 743 million, NOK 162 million less than at the start of 2002.

#### Sound growth in the retail market, no growth in loans to the business market.

#### Balance sheet

The bank's assets totalled NOK 36 billion at year-end, NOK 2.7 billion (8.1%) more than at the end of 2001.

#### Loans

Total outstanding loans came to NOK 31.1 billion (29.3 billion) at 31.12.2002, NOK 1.8 billion or 6.2% more than at the start of the year. Loans to the retail market rose by 11.5%, while lending to the business market showed zero growth.

Loans to the retail market accounted for 58% of ordinary loans to customers as of 31 December 2002, compared with 57% at end-2001.

#### Deposits

Total customer deposits rose by NOK 1.2 billion (6.7%) in 2002 to reach NOK 19.1 billion (17.9 billion) at end-2002. Retail customer deposits grew by 8%, business customer deposits by 5.3%.

The ratio of deposits to loans rose from 61% to 63% in 2002.

#### Financial strength

The bank maintains a satisfactory financial position with an overall capital ratio of 11% and a core capital ratio of 8%.

	2002	2001
Core capital	2.035	2.079
Subordinated depts	1.063	1.113
Cross-ownership items	-308	-350
<b>Capital base</b>	<b>2.790</b>	<b>2.842</b>
Risk-weight volume	25.401	23.554
<b>Overall capital adequacy</b>	<b>10,98 %</b>	<b>12,07 %</b>
Core capital adequacy	8,01 %	8,83 %

#### Primary capital certificates (PCCs)

The number of PCC holders declined from 3,347 to 3,276 in the course of 2002. Of these, 32 are foreign, while 1,665 PCC

holders are domiciled in Trøndelag. FöreningsSparbanken remains the largest owner with a holding of 9.7%.

At the start of the year the price of the bank's PCC was NOK 207, at year-end NOK 154.

As of December 2001 the PCC's book value was NOK 207 compared with NOK 192 per PCC as of December 2002.

As in 2001 a placing was targeted at the bank's workforce. This increased the PCC capital by NOK 4.9 million and the equity premium fund by NOK 4.5 million.

In the course of 2002, 70,800 of the bank's own PCCs were repurchased, bringing the bank's overall holding to 117,550 PCCs at year-end.

#### **Outlook ahead**

Events in 2002 prompted the Directors to initiate a number of measures to limit risk from similar events in the future. Changes in the bank's and the SpareBank 1 Alliance's credit process and follow-up routines, along with reduction of risk exposure in the securities market, are of key significance.

A reduction in the bank's lending

to the business market, combined with continued growth in lending to the retail market, is targeted in the bank's operative plans.

Despite the negative outlook for Norwegian business and industry with a risk of higher lending losses, the Directors expect the bank to achieve a far better result in 2003 than in 2002. This is based on sound underlying banking operations and confidence that the measures implemented in the SpareBank 1 Group will have a positive impact.

Trondheim, 28 January 2003  
The Board of Directors of Sparebanken Midt-Norge

*Per Axel Koch (chair)*

*Eli Arnstad (deputy chair)*

*Terje Roll Danielsen*

*Grete Bakken Hoem*

*Anne-Brit Skjetne*

*Egill Vatne jr.*

*Kjell Eriksen*

*Frode Kalland (employee rep.)*

*Finn Haugan (man.dir.)*

## Results from quarter accounts

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(Group) Figures in millions of kroner	2002	2002	2002	2002	2001	2001	2001	2001	2000
Interest income	757	675	644	630	695	626	682	614	734
Interest expenses	514	447	433	418	473	418	478	420	530
<b>Net interest and credit commission income</b>	<b>244</b>	<b>228</b>	<b>211</b>	<b>213</b>	<b>222</b>	<b>208</b>	<b>204</b>	<b>194</b>	<b>204</b>
Dividends and profit from associated companies	-44	-102	-17	-6	-16	-22	-5	-15	-7
Dividend on securities with variable return	5	1	4	8	10	0	4	4	20
Net gain/loss on securities	-31	-35	-36	17	13	-14	9	5	-31
Net gain/loss on currency	2	7	3	3	3	10	10	5	4
Commission income	77	82	82	69	74	68	74	67	69
Commission expenses	-17	-21	-18	-17	-20	-18	-17	-16	-20
Other operating income	12	11	13	10	13	12	26	7	33
<b>Total other operating income</b>	<b>3</b>	<b>-57</b>	<b>31</b>	<b>85</b>	<b>78</b>	<b>36</b>	<b>101</b>	<b>58</b>	<b>67</b>
<b>Total income</b>	<b>246</b>	<b>171</b>	<b>243</b>	<b>297</b>	<b>300</b>	<b>243</b>	<b>305</b>	<b>252</b>	<b>270</b>
Personnel expenses	69	90	85	86	80	85	88	80	92
Admin. expenses	52	56	58	58	60	51	51	49	44
Ordinary depreciation	11	11	10	10	11	10	12	9	3
Other operating expenses	21	21	20	21	20	23	19	17	31
<b>Operating expenses</b>	<b>153</b>	<b>178</b>	<b>174</b>	<b>175</b>	<b>172</b>	<b>168</b>	<b>170</b>	<b>154</b>	<b>170</b>
<b>Profit before losses/gains and write-downs</b>	<b>93</b>	<b>-7</b>	<b>69</b>	<b>122</b>	<b>127</b>	<b>75</b>	<b>135</b>	<b>97</b>	<b>100</b>
Loss on loans and guarantees	138	39	29	24	56	34	29	21	24
Write-downs and gain/loss on disposals	1	-8	7	29	-13	26	-1	12	43
<b>Ordinary pre-tax profit</b>	<b>-43</b>	<b>-55</b>	<b>48</b>	<b>127</b>	<b>58</b>	<b>67</b>	<b>105</b>	<b>89</b>	<b>118</b>
Tax charge	-2	14	18	37	21	27	29	29	35
<b>Ordinary post-tax profit</b>	<b>-41</b>	<b>-70</b>	<b>29</b>	<b>90</b>	<b>37</b>	<b>39</b>	<b>76</b>	<b>60</b>	<b>84</b>

## Balance sheet figures from quarterly accounts

Loans to customers (gross)	31.089	30.691	29.983	29.464	29.278	28.451	28.136	27.071	26.611
Customer deposits	19.061	17.723	18.513	18.442	17.871	17.019	18.002	17.282	17.287
Total assets	35.996	34.509	33.951	32.970	33.286	31.728	33.296	30.524	30.929
Average total assets in the quarter	34.159	33.754	33.488	33.153	32.539	32.271	31.884	30.653	27.882
Change in outstanding loans, last 12 months	6,2 %	7,9 %	6,6 %	8,8 %	10,0 %	14,6 %	15,4 %	16,4 %	16,0 %
Change in deposits, last 12 months	6,7 %	4,1 %	2,8 %	6,7 %	3,4 %	8,9 %	11,5 %	13,9 %	13,4 %

## Defaulted commitments

Defaults more than 90 days	569	553	570	595	632	753	615	546	532
Defaults 30-90 days	174	278	314	291	273	332	293	306	294
Total defaults	743	831	884	886	905	1.085	908	852	826

## Capital adequacy

Primary capital	627	611	606	606	605	615	609	609	609
Dividend adjustment fund	472	490	490	491	489	443	443	443	443
Other core capital	937	984	983	983	984	867	867	867	868
Core capital	2.035	2.086	2.080	2.080	2.079	1.926	1.920	1.920	1.920
Capital base	2.788	2.891	2.837	2.853	2.842	2.677	2.696	2.474	2.460
Risk weighted volume	25.401	25.240	24.991	23.810	23.554	23.608	24.416	23.495	23.019
Core capital ratio	8,0%	8,3%	8,3%	8,7%	8,8%	8,2%	7,9%	8,2%	8,3%
Overall capital ratio	11,0%	11,5%	11,4%	12,0%	12,1%	11,3%	11,0%	10,5%	10,7%

## Operations and profitability

Interest margin in % p.a.	2,85%	2,70%	2,53%	2,56%	2,71%	2,64%	2,61%	2,54%	2,77%
Expenses / income (exc. cap. gains/dividend)	0,48	0,58	0,60	0,63	0,59	0,60	0,57	0,60	0,59
Return on equity per quarter	-7,8%	-12,6%	5,1%	16,4%	7,0%	7,8%	15,4%	12,0%	17,2%

## Key figures, primary capital certificates (PCCs)

PCC price at end of quarter	154	189	228	222	199	177	176	174	187
Book equity per PCC, in NOK	186	196	210	202	212	190	190	190	190
Post-tax earnings per PCC for the year, in NOK	1	4	21	32	20	22	26	23	24

## No. of person-years worked

	718	711	694	673	675	669	681	712	709
... of which at the parent bank	594	596	586	569	570	563	573	614	619

## Notes

### 1. Accounting principles

The accounts are set up in accordance with the same principles as the annual accounts for 2001.

### 2. Off-balance sheet items

Commitments	Morbank		Konsern	
	31.12.2002	31.12.2001	31.12.2002	31.12.2001
Sales agreements		12.199		12.199
Purchase agreements		12.449		12.449
Other commitments	2.932	4.270	2.834	4.270
Conditional commitments				
Guarantee liabilities	1.066	1.113	1.066	1.113

Figures in NOK 1000

### 3. Loss expenses 2002

Change in specified loss provisions in period	114.222
Change in general loss provisions in period	-23.470
Actual losses in period for which specified loss provisions previously made	109.669
Actual losses in period for which specified loss provisions not previously made	43.324
Incomings in period on previous periods' actual losses	14.423
Loss expenses in period	229.322

Figures in NOK 1000

### 4. Losses

	31.12.2002	31.12.2001	31.12.00	31.12.99 *	31.12.98	31.12.97
Specification of loss provisions at start of period	417	434	448	508	541	633
+ Increase in spec. loss provisions in prev. periods	22	25	37	48	20	25
- Reduction in spec. loss provisions in prev. periods	55	42	53	53	60	59
+ New specified loss provisions during the period	256	84	101	61	62	32
- Actual losses previously provided for	110	89	99	117	57	91
+ Provision for non-acrued interest receivable	0	5	0	0	0	0
Specification of loss provisions at end of period	531	417	434	448	505	541
Actual losses	153	140	106	127	56	73

Figures in NOKm

\* Specified loan loss provisions are NOK 3 million higher by start of period than by end of previous period due to changes in accounting principles.

### 5. Defaults

	31.12.2002	31.12.2001	31.12.2000	31.12.99	31.12.98	31.12.97
Defaults 90 - 180 days	233	227	136			
Defaults 180 - 360 days	126	168	79			
Defaults in excess of 360 days	210	237	317			
<b>Defaults over 90 days</b>	569	632	532	583	643	741
<b>Defaults between 30 and 90 days</b>	174	273	294	171	238	315
<b>Total defaults</b>	743	905	826	754	881	1.056
Specified loan loss provisions	531	417	434	448	505	541
Specified loss provisions in per cent of defaults	72%	46%	53%	59%	57%	51%

Figures in NOKm

### 6. Distribution of loans by sector/industry

	31.12.2002	31.12.2001	31.12.2000	31.12.99	31.12.98	31.12.97
Retail customers	17.961	16.286	15.407	13.041	11.536	10.812
Public sector	270	400	402	481	533	434
Wholesale and retail trade	1.466	1.450	1.188	967	892	853
Primary industries	3.166	3.059	2.980	2.684	2.603	2.403
Financing, real estate etc.	4.233	4.028	3.190	2.774	2.302	1.715
Building and construction	571	489	483	445	310	349
Manufacturing	938	1.000	864	767	670	648
Transportation and services	1.908	1.869	1.628	1.687	1.148	1.058
Other	578	757	469	108	150	285
	31.089	29.338	26.611	22.954	20.144	18.557

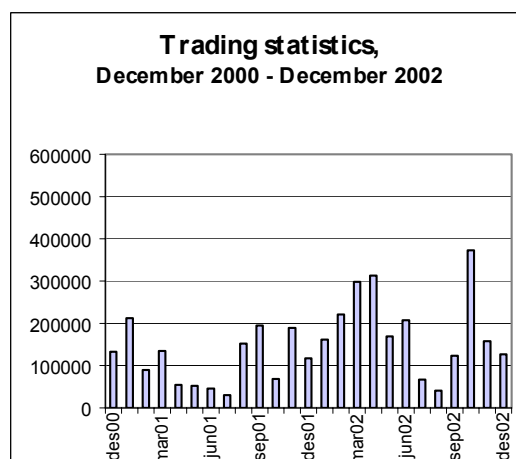
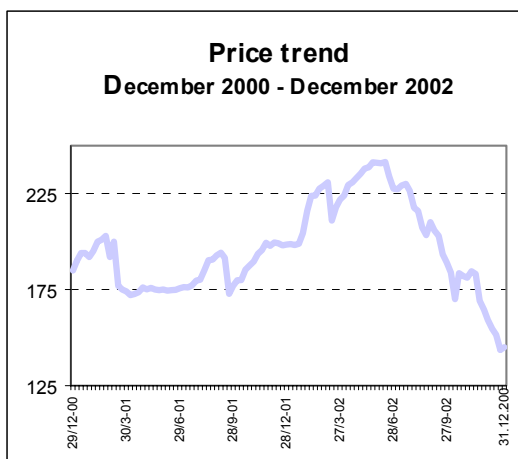
The group, figures are inclusive interests

### 7. Capital adequacy

	31.12.2002	31.12.2001	31.12.2000	31.12.99	31.12.98	31.12.97
Core capital	2.035	2.079	1.920	1.867	1.634	1.476
Qualifying subordinated loan capital	1.064	1.113	900	500	350	350
Qualifying unspecified loan loss provisions	0	0	0	0	0	0
- Capital adequacy reserve	311	350	417	224	15	22
Capital base	2.788	2.842	2.460	2.160	1.969	1.804
Risk-weighted asset base (basis of calculation)	25.401	23.554	23.019	19.736	17.482	15.223
Core capital ratio	8,01%	8,83%	8,34%	9,46%	9,35%	9,70%
Capital adequacy ratio	10,98%	12,07%	10,69%	10,94%	11,26%	11,85%

The group, figures in NOKm

# Primary capital certificates (PCCs)



## 20 largest owners as at 31 December 2002

	Antall	Andel
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 Finansa	141.300	2,30 %
I.K. Lykke, T.Lykke m.fl.	112.100	1,82 %
Tveterås Invest AS m.fl.	109.572	1,78 %
Wenaas Holding AS	104.050	1,69 %
Haugaland Kraft AS	100.000	1,63 %
SMN Ansattes Fond Stiftelsen	65.450	1,06 %
Roll Severin AS	55.850	0,91 %
Ringerikes Sparebank	51.700	0,84 %
Tine Pensjonskasse	51.500	0,84 %
Postfolkets Personellservice	48.000	0,78 %
Adresseavisens pensjonskasse	42.500	0,69 %
Corneliussen Invest AS	40.000	0,65 %
Adresseavisens pensjonskasse	42.500	0,69 %
Corneliussen Invest AS	40.000	0,65 %
	<b>2.781.282</b>	<b>45,24 %</b>

## Dividend policy

Sparebanken Midt-Norge har som økonomisk mål for sin virksomhet å oppnå resultater som gir god avkastning på den samlede egenkapital.

Av det årlige overskuddet tas det sikte på en fordeling av dette mellom grunnfondsbeviserne og sparebankens fond som reflekterer deres egenkapitalandel.

Sparebanken Midt-Norge vil vektlegge et konkurransedyktig kontantutbytte.

I den forholdsmessige fordeling mellom kontantutbytte og utbytteutjevningfond vil variasjoner kunne fremkomme i situasjoner hvor bankens egenkapitalutvikling spesielt må vektlegges.