

Second quarter 2003



Electronic distribution of the bank's interim accounts

Electronic distribution of the bank's interim accounts is both efficient and economic. From the third quarter onwards electronic distribution will be the standard method, via email, the bank's website or huginonline.no. Anyone preferring to receive the paper version should send an email to smn@smn.no giving the name and postal address of the recipient.

The quickest and safest way to receive a complete version of the accounts is to visit the bank's home page at www.smn.no (Investor Relations) and subscribe to press releases and reports from the bank.

Please note that the bank's Annual Report will be distributed in a paper version, as previously.

Second quarter 2003

Main figures SpareBank 1 Midt-Norge, the group

From the profit and loss account	30.06.03		30.06.02		2002	
	mill kr	%	mill kr	%	mill kr	%
Net interest and credit commission income	429	2,37	424	2,53	896	2,63
Total other operating income	202	1,12	117	0,70	62	0,18
Total income	631	3,49	541	3,23	958	2,81
Salaries, fees and other personnel costs	184	1,02	172	1,03	331	0,97
Total other operating expenses	181	1,00	178	1,06	350	1,03
Total operating expenses	365	2,02	350	2,09	681	2,00
Operating profit before losses, gains and write-downs	267	1,48	191	1,14	277	0,81
Losses on loans and guarantees	-237	-1,31	-53	-0,32	-229	-0,67
Gains and write-downs on disposals of fixed assets	6	0,03	36	0,22	30	0,09
Operating profit	36	0,20	175	1,04	77	0,23
Taxes	16	0,09	56	0,33	70	0,21
Profit	20	0,11	119	0,71	7	0,02

Key figures and ratios	30.06.03	30.06.02	2002
Average total assets	36 163	33 488	34 140
Core capital	8,3 %	8,3 %	8,1 %
Capital adequacy ratio	11,7 %	11,4 %	11,1 %
Loans to customers (net)	31 092	29 176	30 194
Customer deposits	19 981	18 513	19 049
Capital base	2 883	2 837	2 802
Post-tax return on equity	1,9 %	10,8 %	0,4 %
Cost/income ratio	0,58	0,65	0,71
Loan-to-deposit ratio	64 %	63 %	63 %
No. of branches	56	64	56

Key figures PCC	30.06.03	2002	2001	2000	1999	1998
PCC ratio	53,1 %	53,1 %	54,0 %	56,2 %	58,1 %	58,1 %
Total issued PCCs (mill)	6,15	6,15	6,10	6,05	6,00	6,00
PCC price	152	154	199	187	228	179
Stock value (mNOK)	935	947	1 214	1 131	1 368	1 074
Adjusted profit per PCC, in NOK	1,7	5,4	26,2	16,3	33,3	25,5
Dividend per PCC		7,50	18	17	17	16
P/E	43,8	28,7	7,6	11,5	6,8	7,0
Dividend per PCC / PCC price		4,9 %	9,0 %	9,1 %	7,5 %	8,9 %
Booked equity capital per PCC (including dividend)	187	189	199	197	182	160
Price / Booked equity capital	0,81	0,82	1,00	0,95	1,25	1,12

Second quarter 2003

2

Main figures

Results from quarter accounts

(Group) Figures in NOKm	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002	Q1 2002	Q4 2001	Q3 2001	Q2 2001
Interest income	591	645	757	675	644	630	695	626	682
Interest expenses	378	428	514	447	433	418	473	418	478
Net interest and credit commission income	213	216	244	228	211	213	222	208	204
Dividend on securities with variable return	3	2	5	1	4	8	10	0	4
Income holdings in associated controlled comp.	2	-4	-44	-102	-17	-6	-16	-22	-5
Income from holdings in group companies	0	0	0	0	0	0	0	0	0
Net gain/loss on securities	45	-11	-31	-35	-36	17	13	-14	9
Net gain/loss on currency	2	5	2	7	3	3	3	10	10
Commission income	90	79	77	82	82	69	74	68	74
Commission expenses	-18	-16	-17	-21	-18	-17	-20	-18	-17
Other operating income	12	10	12	11	13	10	13	12	26
Total other operating income	137	65	3	-57	31	85	78	36	101
Total income	350	281	246	171	243	297	300	243	305
Personnel expenses	91	92	69	90	85	86	80	85	88
Admin. expenses	60	59	52	56	58	58	60	51	51
Ordinary depreciation	10	10	11	11	10	10	11	10	12
Other operating expenses	21	22	21	21	20	21	20	23	19
Operating expenses	182	183	153	178	174	176	172	168	170
Profit before losses/gains and write-downs	168	99	93	-7	69	122	127	75	135
Loss on loans and guarantees	176	60	138	39	29	24	56	34	29
Write-downs and gain/loss on disposals	6	0	1	-8	7	29	-13	26	-1
Ordinary pre-tax profit	-3	38	-43	-55	48	127	58	67	105
Tax charge	4	12	0	14	18	37	21	27	29
Ordinary post-tax profit	-6	26	-42	-70	29	90	37	39	76
Balance sheet figures from quarterly accounts									
Loans to customers (gross)	32 004	31 448	31 089	30 691	29 983	29 464	29 278	28 451	28 136
Customer deposits	19 981	19 167	19 049	17 723	18 513	18 442	17 871	17 019	18 002
Total assets	37 581	35 422	35 991	34 509	33 951	32 970	33 286	31 728	33 296
Average total assets in the quarter	35 957	35 888	34 117	33 754	33 488	33 153	32 539	32 271	31 884
Change in outstanding loans, last 12 months	6,7 %	4,9 %	6,2 %	7,9 %	6,6 %	8,8 %	10,0 %	14,6 %	15,4 %
Change in deposits, last 12 months	7,9 %	3,5 %	6,6 %	4,1 %	2,8 %	6,7 %	3,4 %	8,9 %	11,5 %
Defaulted commitments									
Defaults more than 90 days	603	596	569	553	570	595	632	753	615
Defaults 30-90 days	315	283	174	278	314	291	273	332	293
Total defaults	918	879	743	831	884	886	905	1 085	908
Capital adequacy									
Primary capital	603	603	603	611	606	606	605	615	609
Dividend adjustment fund	472	472	472	490	490	491	489	443	443
Other core capital	979	974	974	984	983	983	984	867	867
Core capital	2 054	2 049	2 049	2 086	2 080	2 080	2 079	1 926	1 920
Capital base	2 883	2 819	2 802	2 891	2 837	2 853	2 842	2 677	2 696
Risk weighted volume	24 738	25 634	25 222	25 240	24 991	23 810	23 554	23 608	24 416
Core capital ratio	8,3 %	8,0 %	8,1 %	8,3 %	8,3 %	8,7 %	8,8 %	8,2 %	7,9 %
Overall capital ratio	11,7 %	11,0 %	11,1 %	11,5 %	11,4 %	12,0 %	12,1 %	11,3 %	11,0 %
Operations and profitability									
Interest margin in % p.a.	2,37%	2,41 %	2,85%	2,70%	2,53%	2,56%	2,71%	2,64%	2,61 %
Expenses / income (exc. cap. gains/dividend)	0,61	0,62	0,48	0,58	0,58	0,59	0,61	0,57	0,60
Return on equity per quarter	-1,2%	5,0 %	-7,6%	-12,6%	5,1%	16,4%	7,0%	7,8%	15,4 %
Key figures, primary capital certificates (PCCs)									
PCC price at end of quarter	152	140	154	189	228	222	199	177	176
Book equity per PCC, in NOK	187	188	189	196	199	202	199	190	190
Post-tax earnings per PCC for the year, in NOK	1,7	2,3	5,4	4,4	21,0	31,9	19,6	22,0	26
No. of person-years worked									
... of which at the parent bank	712	710	718	711	694	673	675	669	681
	594	593	594	596	586	568,5	570	563	573

Profit and loss account

<i>Morbank</i>					<i>Konsern</i>					
31.12.02	Q2.02	Q2. 03	30.06.02	30.06.03	Profit and loss account (in NOKm)	30.06.03	30.06.02	Q2. 03	Q2.02	31.12.02
2 691	641	588	1 268	1 228	Interest income	1 236	1 275	591	645	2 707
1 818	434	380	853	810	Interest expenses	807	851	378	433	1 811
873	207	208	415	418	Net interest and credit commission income	429	424	213	211	896
18	4	3	12	5	Dividend on securities with variable return	5	12	3	4	18
-168	-17	2	-22	-2	Income from holdings in associated/ jointly controlled companies	-2	-22	2	-17	-168
7	6	7	7	9	Income from holdings in group companies	0	0	0	0	0
-85	-36	45	-19	34	Net gain/loss on securities	34	-19	45	-37	-85
14	4	2	7	7	Net gain/loss on currency	7	7	2	4	14
251	64	72	120	134	Commission income	169	151	90	82	310
-75	-19	-19	-36	-36	Commission expenses	-33	-34	-18	-18	-73
8	0	2	1	3	Other operating income	22	23	12	13	45
-29	7	114	70	154	Total other operating income	202	117	137	32	62
844	214	321	485	572	Total income	631	541	350	243	958
268	70	75	142	151	Salaries, fees and other personnel costs	184	172	91	85	331
205	53	56	106	110	Administrative expenses	119	116	60	58	224
34	9	8	17	17	Depreciation etc., of fixed assets etc.	20	21	10	10	42
74	17	17	35	35	Other operating expenses	43	41	21	20	84
582	149	156	300	312	Total operating expenses	365	350	182	174	681
263	66	165	185	260	Operating profit before losses, gains and write-downs	267	191	168	69	277
218	26	176	49	234	Losses on loans and guarantees	237	53	176	29	229
30	7	6	36	6	Gains and write-downs on disposals of fixed assets	6	36	6	7	30
74	46	-5	172	32	Operating profit	36	175	-3	48	77
66	16	1	53	12	Taxes	16	56	4	18	70
7	29	-6	119	20	Profit	20	119	-6	29	7
31.12.02	Q2.02	Q2. 03	30.06.02	30.06.03	Key figures	30.06.03	30.06.02	Q2. 03	Q2.02	31.12.02
Result as a percentage of average total assets:										
2,56	2,48	2,29	2,48	2,31	Net interest and credit commission income	2,37	2,53	2,36	2,53	2,63
-0,08	0,42	1,25	0,42	0,85	Total operating income	1,12	0,70	1,52	0,70	0,18
1,70	1,79	1,72	1,79	1,72	Total operating expenses	2,02	2,09	2,02	2,09	2,00
0,77	1,10	1,82	1,10	1,44	Operating profit before losses and write-downs	1,48	1,14	0,93	1,14	0,81
0,64	0,29	1,94	0,29	1,29	Losses on loans and guarantees	1,31	0,32	0,98	0,32	0,67
0,22	1,03	-0,06	1,03	0,18	Operating profit	0,20	1,04	-0,01	1,04	0,23
0,69	0,62	0,49	0,62	0,55	Cost/income ratio	0,58	0,65	0,52	0,65	0,71
0,54	0,58	0,59	0,59	0,59	Cost/income ratio ex capital losses/SP1 group	0,61	0,61	0,61	0,59	0,57
65 %			65 %	66 %	Ordinary lending financed by ordinary deposits	64 %	63 %			63 %
0,4 %	5,1 %	-1,2 %	10,8 %	1,9 %	Return on equity	1,9 %	10,8 %	-1,2 %	5,1 %	0,4 %

Second quarter 2003

4

Profit and loss account

Balance sheet

<i>Parent bank</i>				<i>Group</i>		
31.12.02	30.06.02	30.06.03	Balance sheet (in NOKm)	30.06.03	30.06.02	31.12.02
884	221	564	Cash and claims on central banks	564	221	884
1 838	1 120	2 795	Loans to and claims on credit institutions	2 130	458	1 149
30 409	29 339	31 273	Loans before loss provisions	32 004	29 983	31 089
-525	-405	-586	- Specified loan loss provisions	-594	-407	-531
-349	-384	-303	- Unspecified loan loss provisions	-318	-399	-364
29 535	28 550	30 384	Loans to and claims on customers	31 092	29 176	30 194
2 342	2 507	2 443	CDs, bonds and other interest-bearing instruments	2 443	2 714	2 342
1 444	1 596	1 440	Other assets	1 353	1 382	1 422
36 044	33 993	37 626	Total assets	37 581	33 951	35 991
2 131	1 347	1 589	Debt to credit institutions	1 589	1 347	2 131
19 082	18 529	20 012	Deposits from, and debt to, customers	19 981	18 513	19 049
10 778	9 379	11 661	Debt incurred by issue of securities	11 661	9 379	10 778
294	587	341	Other current liabilities	304	554	250
508	714	679	Accrued expenses and prepaid incomes	694	716	527
80	93	79	Provisions for commitments and expenses	88	99	86
1 064	1 077	1 137	Subordinated loan capital	1 137	1 077	1 064
33 938	31 725	35 499	Total liabilities	35 455	31 683	33 885
615	610	615	Primary capital	615	610	615
-12	-4	-12	Holding of own primary capital certificates	-12	-4	-12
472	491	473	Equalisation fund	473	491	472
10	6	10	Equity premium fund	10	6	10
0	54	0	Revaluation reserve	0	20	0
958	930	958	Permanent capital fund	958	930	958
6	6	6	Gift fund	6	6	6
57	57	57	Other equity	57	91	57
0	119	20	Retained profits after losses	20	119	0
2 106	2 268	2 127	Total equity	2 127	2 268	2 106
36 044	33 993	37 626	Total liabilities and equity	37 581	33 951	35 991

Second quarter 2003

5

Balance sheet

Second quarter 2003

(Unless otherwise stated, the comments and figures in this report refer to the Sparebanken Midt-Norge Group. Unless otherwise stated, figures in parenthesis refer to 2002.)

Results

Sparebanken Midt-Norge recorded a net post-tax profit of NOK 20 (119) million in the first half-year.

The bank recorded an operating profit before losses, gains and write-downs of NOK 267 (191) million in the first half-year.

The profit reduction of NOK 99 million compared with the same period last year is due to the bank's takeover of business and assets in the integrated fish farming company Midnor Group AS. Loan losses totalling NOK 207 million were booked in connection with the takeover.

Profit measured 0.20% (1.04%) of average total assets.

Return on equity for the first half-year was 1.9% (10.8%).

The price of the bank's primary capital certificate (PCC) declined from NOK 154 at end-2002 to NOK 152 at end-June 2003. Dividend of NOK 7.50 per PCC was paid in the period.

Net interest income

Net interest and credit commission income totalled NOK 429 (424) million.

The interest spread was 2.37% (2.53%) as of the second quarter of 2003. The spread for the full year 2002 was 2.63%.

The reduction in the interest spread is mainly due to a lower deposit spread resulting from the generally low level of interest rates. The higher lending spread in the business market resulting from the continuing increase in risk pricing has not been sufficient to compensate for this.

Any assessment of the bank's interest spread has to take into account the fact that interest income of NOK 8 (7) million on the bank's investment in fixed income funds and treasury bills is recorded as a gain on securities in the profit and loss account.

Capital gains

Overall capital gains and dividends on securities came to NOK 39 (-7) million. As of the second quarter of 2003 the bank's portfolio of short-term

share investments and PCCs showed a first half return of NOK 31 (-14) million.

Return on money market funds, treasury bills, bonds and derivatives came to NOK 8 (7) million.

Currency gains came to NOK 7 (7) million.

Commission income and other operating income
Net commission income and other operating income totalled NOK 158 (140) million, an increase of 13.3 since last year.

Both ordinary commission income and income from the subsidiaries is increasing. Of the net increase of NOK 18 million in commission income, NOK 6 million refers to money transfer services, NOK 6 million to savings products and insurance, and NOK 5 million to increased income generated by the subsidiaries.

Subsidiaries

Overall profit reported by the bank's subsidiaries came to NOK 8.8 (6.6) million after tax. EiendomsMegler 1 posted a profit of NOK 4.1 (3.8) million, SpareBank 1 Finans NOK 5.0 (3.3) million and Midt-Norge Regnskap NOK 0.6 (1.1) million. Allegro Finans ASA reported a loss of NOK 0.4 (-0.3) million and the bank's property company a loss of NOK 0.4 (-1.2) million.

SpareBank 1 Group AS

The bank's stake in the SpareBank 1 Group is regarded as participation in a joint venture, and is accounted for by the equity method in the bank's accounts. SpareBank 1 Midt-Norge's stake is 14.1%.

The SpareBank 1 Group recorded a first-half loss of NOK 13.8 (-171) million. SpareBank 1 Midt-Norge's share of the SpareBank 1 Group's first-half result is a negative NOK 2 (-22) million.

The non-life and life insurance companies showed a positive trend compared with the first half of 2002.

Bank 1 Oslo AS reported a pre-tax loss of NOK 28 (+23) million in the first half of 2003. The loss is due to loan losses of NOK 112 million so far this year.

The SpareBank 1 Group posted a net profit of NOK 14 million in the second quarter in isolation of which NOK 2 million accrues to SpareBank 1 Midt-Norge.

Thus far steps taken in connection with the efficiency drive by the SpareBank 1 Group are estimated to produce an effect of about NOK 130 million in 2003. The change process initiated in the SpareBank 1

Group is producing the results planned for. The mid-year result is all of NOK 157 million better than at the same point in 2002

Operating expenses

Operating expenses total NOK 365 (350) million, showing overall growth of 4.3%.

Personnel expenses amounted to NOK 184 (172) million, other operating expenses amounted to NOK 181 (178) million as of the second quarter.

Staffing was stable in the second quarter. As of 30 June 2003 the group employed 712 FTEs, of which the parent bank accounted for 594 (586), i.e. the same as at the end of 2002.

Relative operating expenses measured 2.02% (2.09%) of average total assets. In terms of income (exc. capital gains and affiliates), group expenses measured 61% (61%) while parent bank expenses measured 59% (59%).

The rise in personnel expenses is ascribable to wage growth and to some increase in resource use on the part of both the parent bank and subsidiaries. Other operating expenses are rising primarily as a result of a new agreement with Fellesdata AS.

To meet future competitive challenges and the effect of the generally low level of interest rates, the bank will implement a cost-reduction programme designed to identify measures that will achieve an annual cost reduction of at least NOK 50 million from 2004 onwards.

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

Reversals of previous write-downs of long-term shareholdings totalled NOK 6 (+36) million, net, in the first half-year.

Loan losses and defaults

Loan losses totalled NOK 237 (53) million.

The main reason for the rise in loan losses is the bank's involvement with the fish farming company Midnor Group AS which alone accounts for NOK 207 million of the loss figure.

Of the losses, NOK 269 (35) million are specified losses referring to business customers, while specified losses on retail customers came to NOK 14 (7) million.

In the period under review the bank carried out a thoroughgoing review of risk represented by loans to the real estate industry. As a result of this, and of specified loss provisioning of the bank's largest fish farming commitments, unspecified loss provisions were reduced by NOK 46 (+11) million.

After the review unspecified loss provisions totalled NOK 318 (399) million, 1.0% of overall lending.

As of 30 June 2003, specified loss provisions totalled NOK 594 million, an increase of NOK 64 million since end-2002.

Loans in default for more than 90 days have risen by NOK 34 million to NOK 603 million since year-end. Loans in default between 30 and 90 days have risen by NOK 141 million to NOK 315 million.

Of defaults exceeding 90 days totalling NOK 603 (571) million, NOK 291 (271) million or 48% (47%) are loss provisioned.

Other doubtful commitments total NOK 802 (339) million of which NOK 303 (135) million or 38% (40%) are loss provisioned. The increase in other doubtful commitments is entirely ascribable to Midnor Group AS and Pan Fish.

The default in the retail market is reduced.

Nye Midnor AS

It became clear in the course of the second quarter that the bank's customer Midnor Group AS would be unable to continue operations without a substantial capital injection. The main reason for the company's problems was the low salmon price. The company's owners were unable to raise the capital needed.

After a thorough review the bank opted to take over the business in order to secure its claim and position as far as possible, which included securing an opportunity to recover all or parts of the loss totalling NOK 207 million that was recorded upon taking over the business.

The bank took over the business by acquiring a recently founded company, Nye Midnor AS, which prior to the takeover had taken over the core business of former Midnor Group AS and its subsidiaries. The business taken over includes smolt production with five hatchery licences, fish breeding with 26 food fish licences, as well as slaughter and processing operations.

Nye Midnor AS is a wholly-owned subsidiary of the bank. First Securities ASA has been engaged as adviser in connection with the takeover, restructuring and subsequent sale of the company. The bank will take the time needed to ensure that any sale to previous owners or new partners takes due account of the bank's aim to recover its loss and its desire to safeguard the jobs of the company's more than 250 employees. A number of potential investors have already indicated their, in some cases keen, interest in the company.

Balance sheet

The bank's assets totalled NOK 37.6 billion at 30 June 2003, NOK 1.6 billion (4.4%) more than at the end of 2002.

Loans

Total outstanding loans rose by NOK 0.9 billion (3.0%) in the first half-year to reach NOK 32.0 billion at mid-year. Loans to the retail market rose by 5.0% (4.6%), while loans to the business market fell by 0.4% (-0.3%).

Lending grew by NOK 2 billion (6.7%) in the 12 months to end-June. Loans to the retail market grew by 11.2% in the same period, loans to the business market by 0.9%.

Loans to the retail market accounted for 59% (57%) of ordinary loans to customers as of 30 June 2003.

Deposits

Total customer deposits rose by NOK 0.9 billion (4.9%) to reach NOK 20.0 billion at end-June.

Retail customer deposits grew by NOK 0.9 billion (9.5%) in the second quarter, business customer deposits showed zero growth. These figures do not include capitalised interest.

Deposits grew by NOK 1.5 billion (7.9%) in the 12 months to end-June. Growth from the retail market was 6.6%, from the business market 9.5%.

Other savings products and insurance

The value of equity and fixed income funds sold to our customers in the first half-year totalled NOK 844 million, NOK 81 million higher than at year-end. The bank's overall portfolio of unit linked, pension saving and annuity products rose from NOK 404 million to NOK 501 million in the first half of 2003.

The bank's insurance portfolio continues to show moderate but stable growth, both for life and non-life products.

Financial strength

At end-June total capital adequacy was 11.7% compared with 11.1% at year-end. For core capital adequacy the figures were 8.3%, 8,1% at year-end.

Over the year the bank has reduced its risk-weighted assets (measurement base) due to reduced exposure to the business market and reduced market risk.

<i>Financial strength</i>	30.06.03	2002
Core capital	2.054	2.049
Subordinated loans	1.137	1.064
Capital adequacy reserve	-308	-310
Capital base	2.883	2.802
Risk-weighted volume	24.738	25.222
Capital adequacy	11,7 %	11,1 %
Core capital share	8,3 %	8,1 %

Primary capital certificates (PCCs)

The book value of the bank's PCC as of end-June was NOK 187.

The price of the bank's primary capital certificate (PCC) declined from NOK 154 at end-2002 to NOK 152 at end-June 2003. Dividend of NOK 7.50 per PCC was paid in the period.

Outlook ahead

Disregarding the loss provisions on Midnor Group AS, the bank's operations are satisfactory. The Directors prioritise measures designed to reduce exposure to the bond market, including reduction of lending activity targeted at large customers, higher risk pricing and general improvement of portfolio quality.

The Directors will also focus on measures designed to maintain sound underlying banking operations in the longer term. In view of the prospect that interest rates will remain low for some time, the Directors consider it particularly important to reduce the bank's operating expenses.

SpareBanken Midt-Norge is satisfied with the positive trend now shown by the Group

The Directors expect therefore substantially improved results for the second half of 2003.

Trondheim, 12. August 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


Egil Hestnes


Frode Kalland
(employee rep.)


Finn Haugan
(man.dir.)

Notes

Note 1 Accounting principles

The accounts are set up in accordance with the same principles as the annual accounts for 2002.

Note 2 Other off balance sheet commitments

Parent bank				Group		
31.12.02	30.06.02	30.06.03		30.06.03	30.06.02	31.12.02
			Commitments:			
18 090	12 619	17 298	Sales agreements	17 298	12 619	18 090
18 656	12 475	17 281	Purchase agreements	17 281	12 475	18 656
2 887	3 040	2 690	Other commitments	2 615	3 040	2 887
			Conditional commitments			
1 079	1 171	830	Guarantee liabilities	830	1 171	1 079

Note 3 Losses on loans and guarantees

Parent bank				Group		
31.12.02	30.06.02	30.06.03		30.06.03	30.06.02	31.12.02
110	-10	62	Change in specified losses in the period	63	-10	114
-26	10	-46	Change in general losses in the period	-46	11	-23
106	50	189	Actual losses in the period on loans for which loss provisions were made earlier.	190	51	110
43	5	34	Actual losses in the period on loans for which not loss provisions were made earlier.	35	5	43
-14	-6	-4	Incomings in the period on loans for which loss provisions were not made earlier.	-5	-6	-14
218	49	234	Losses of the year on loans and guarantees	237	53	229

Note 4 Losses

Parent bank				Group		
31.12.02	30.06.02	30.06.03		30.06.03	30.06.02	31.12.02
414	414	525	Specification of loss provisions at start of period	531	417	417
19	34	17	+ Increase in spec. loss provisions in prev. periods	18	34	22
55	15	10	- Reduction in spec. loss provisions in prev. periods	10	15	55
252	22	244	+ New specified loss provisions during the period	246	23	256
106	50	189	- Actual losses previously provided for	190	51	110
525	405	586	Specification of loss provisions at end of period	594	407	531
149	55	222	Actual losses	225	57	153

Note 5 Defaults

Parent bank				Group		
31.12.02	30.06.02	30.06.03		30.06.03	30.06.02	31.12.02
			Total defaults			
569	571	603	Loans in default for more than 90 days	603	571	569
240	271	291	- Specified loss provision	291	271	240
329	300	312	Net defaults	312	300	329
42 %	47 %	48 %	Provision rate	48 %	47 %	42 %
			Problem Loans			
519	339	802	Problem loans (not in default)	802	339	519
285	134	295	- Specified loss provision	303	134	291
234	205	507	Net problem loans	499	205	228
55 %	40 %	37 %	Provision rate	38 %	40 %	56 %

Note 6 Other assets

Parent bank				Group		
31.12.02	30.06.02	30.06.03		30.06.03	30.06.02	31.12.02
486	581	459	Shares (and other securities with variable yield)	459	375	487
439	442	443	Holdings in associated companies and group companies	266	303	269
44	40	44	Immaterial assets	53	50	57
148	90	149	Fixed assets	185	191	184
35	146	98	Other assets	144	159	133
293	298	247	Prepayments and accrued incomes	247	305	293
1 444	1 596	1 440	Other assets	1 353	1 382	1 422

Note 7 Distribution of loans by sector/industry

Parent bank				Group		
31.12.02	30.06.02	30.06.03		30.06.03	30.06.02	31.12.02
17 958	16 951	18 852	Retail customers	18 855	16 954	17 961
246	393	99	Public sector	126	416	270
1 271	1 296	1 421	Wholesale and retail trade	1 620	1 505	1 466
3 097	2 988	3 236	Primary industries	3 306	3 038	3 166
4 184	3 635	3 657	Financing, real estate etc.	3 760	3 665	4 233
410	402	482	Building and construction	633	542	571
855	892	869	Manufacturing	975	1 012	938
1 810	1 827	2 065	Transportation and services	2 135	1 896	1 908
578	955	592	Other	592	955	578
30 409	29 339	31 273		32 004	29 983	31 089

Note 8 Capital adequacy

Parent bank				Group		
31.12.02	30.06.02	30.06.03		30.06.03	30.06.02	31.12.02
2 062	2 055	2 063	Core capital	2 054	2 080	2 049
1 064	1 077	1 137	Qualifying subordinated loan capital	1 137	1 077	1 064
0	0	0	- Capital adequacy reserve	308	319	310
3 125	3 132	3 200	Capital base	2 883	2 837	2 802
25 742	25 383	25 141	Risk-weighted asset base (basis of calculation)	24 738	24 991	25 222
8,01 %	8,10 %	8,20 %	Core capital ratio	8,30 %	8,32 %	8,12 %
12,14%	12,34%	12,73%	Capital adequacy ratio	11,65%	11,35%	11,11%

Note 9 Equity capital

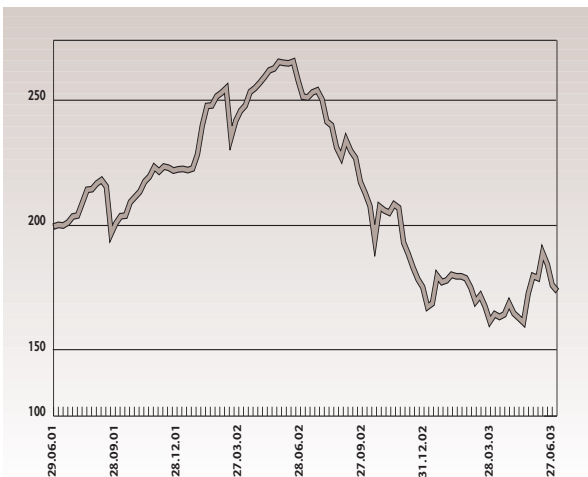
	Total equity capital	Owners' capital contribution	Premium fund	Equalisation fund	Savings bank's fund	Other funds and gift fund
Book figures, parent bank 01.01.03	2 106	603	10	472	958	63
Reversals of dividend of own holding of PPC's	1			1		
Result at 30 June 2003	20					20
Equity capital at 30 June 2003	2 127	603	10	473	958	83
Book figures, parent bank	2 127	603	10	473	958	83
Book figures, group	2 127	603	10	473	958	83

Cash Flow Statement

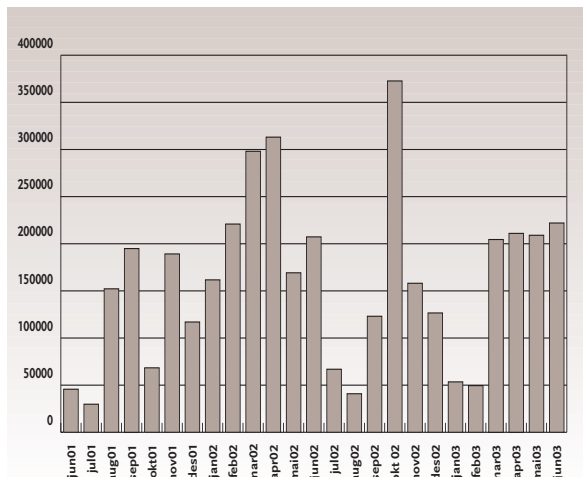
<i>Parent bank</i>				<i>Group</i>		
31.12.02	30.06.02	30.06.03		30.06.03	30.06.02	31.12.02
74	172	32	Profit before tax	36	175	77
-50	-43	-3	-/+ Gains/Loss on sale of fixed assets	-3	-43	-50
54	23	13	+ Depreciations and write-downs on fixed assets	16	27	62
218	49	234	Losses on loans and guarantees	237	53	229
-70	-53	-12	- Payable tax	-15	-56	-66
-46			- Dividend			-46
181	149	264	Net cash increase from ordinary operations	270	156	207
559	443	-17	Decrease/(increase) other receivables	36	477	472
21	519	218	Increase/(decrease) short term debt	224	493	-8
-10	0	0	Increase/(decrease) pension cost commitments	-	0	-8
-6	-2	-1	Increase/(decrease) other debt	-1	-2	-6
565	960	200	Net cash changes in profit and loss accounts	259	968	451
-1 787	-632	-1 083	Decrease/(increase) loans to customers	-1 135	-756	-1 938
-648	70	-957	Decrease/(increase) loans credit institutions	-981	135	-556
1 169	616	929	Increase/(decrease) deposits and debt to customers	931	642	1 178
55	-730	-542	Increase/(decrease) debt to credit institutions	-542	-746	55
-370	-656	-101	Increase/(decrease) in short term investments	-101	-629	-369
-835	-223	-1 290	A) NET CASH FLOW FROM OPERATIONS	-1 299	-230	-972
-88	-11	-18	Increase in tangible fixed assets	-20	-7	-96
1	0	2	Reductions in tangible fixed assets	6	0	79
21	52	29	Net investments in long-term shares and partnerships	36	56	87
-66	41	13	B) NET CASH FLOW FROM INVESTMENTS	22	49	71
0	0	0	Increase/(decrease) in deposits from Norges Bank	0	0	0
-49	-36	74	Increase/(decrease) in subordinated loan capital	74	-36	-49
-2	2	0	Increase/(decrease) in equity	-	2	-2
1 593	194	883	Increase/(decrease) in other long term loans	883	194	1 593
1 541	159	957	C) NET CASH FLOW FROM FINANCIAL ACTIVITIES	957	159	1 542
641	-23	-320	A) + B) + C) NET CHANGES IN CASH AND CASH EQUIVALENTS	-320	-23	641
243	243	884	Cash and cash equivalents at 01.01	884	243	243
884	221	564	Cash and cash equivalents at 31.12	564	221	884
-641	23	320	Net changes in cash and cash equivalents	320	23	-641

Primary capital certificates (PCCs)

Price trend june 2001 - june 2003



Trading statistics june 2001 - june 2003



20 largest PCC holders

	Number	Share
FöreningsSparbanken	598 300	9,73%
Gjensidige NOR	313 865	5,11%
Folketrygdfondet	294 300	4,79%
Frank Mohn AS	258 625	4,21%
Investors Bank & Trust	177 255	2,88%
Sparebanken Midt-Norge Finansavd.	161 300	2,62%
I.K. Lykke, T.Lykke m.fl.	112 100	1,82%
Sparebanken Rogaland	105 830	1,72%
Haugaland Kraft AS	83 050	1,35%
Tveteraas Invest AS m.fl.	81 072	1,32%
Studentsamskipnaden i Trondheim	59 900	0,97%
Roll Severin AS	55 850	0,91%
Wenaas Holding AS	54 050	0,88%
Ringerikes Sparebank	51 700	0,84%
Tine Pensjonskasse	51 500	0,84%
Brødrene Johanssen Holding AS	51 000	0,83%
Otto Morcken	46 000	0,75%
SMN Ansattes Fond Stiftelsen	45 450	0,74%
Corneliussen Invest AS	40 000	0,65%
Johan Wullum	41 000	0,67%
2 682 147	43,63%	
Others	3 465 913	56,37%
Total issued PCCs	6 148 060	100,00%

Dividend policy

SpareBank 1 Midt-Norge's financial goals for its operations are to achieve results that yield a good and stable return on the bank's total equity.

SpareBank 1 Midt-Norge's basis is that profit will be divided between the primary capital certificate owners and the savings bank's reserves so as to reflect their share of overall core capital.

SpareBank 1 Midt-Norge will place emphasis on achieving a competitive cash dividend. Variations may exist in the proportionate distribution between cash dividend and the equalization reserve when the consideration for the bank's equity development is emphasized.