

SpareBank 1 SR-Bank Group

3rd quarter 2011

28 October 2011

Arne Austreid, Chief Executive Officer
Inge Reinertsen, Chief Financial Officer

Creating value for more than 170 years



Southwestern Norway's leading financial group

- Group profit before tax of NOK 1,005 million at the end of 3rd quarter 2011
- Total assets of NOK 133 billion
- 54 branch offices in Hordaland, Rogaland and Agder
- Close to 300,000 customers – main bank for 28 municipalities or counties
- Around 1,200 employees
- Among the most profitable financial groups in the Nordic region over the past 15 years

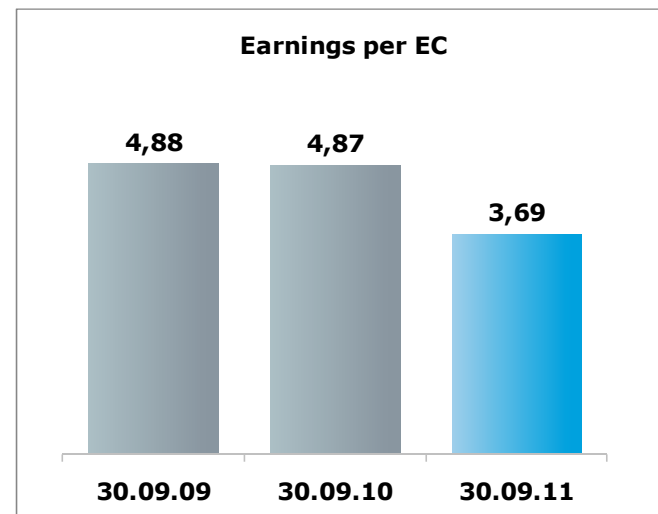
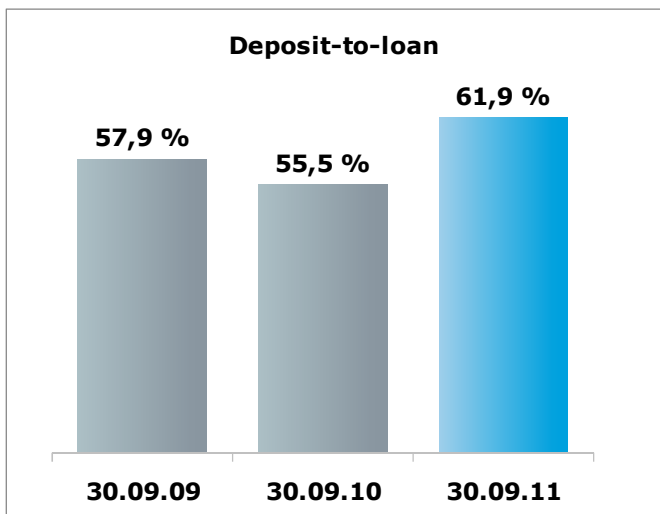
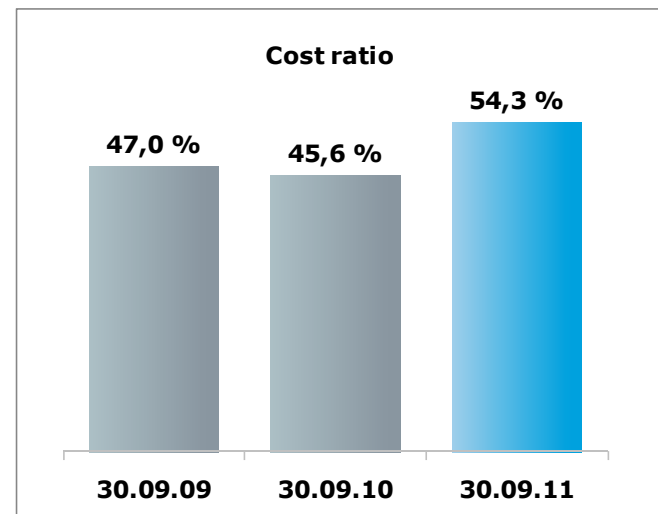
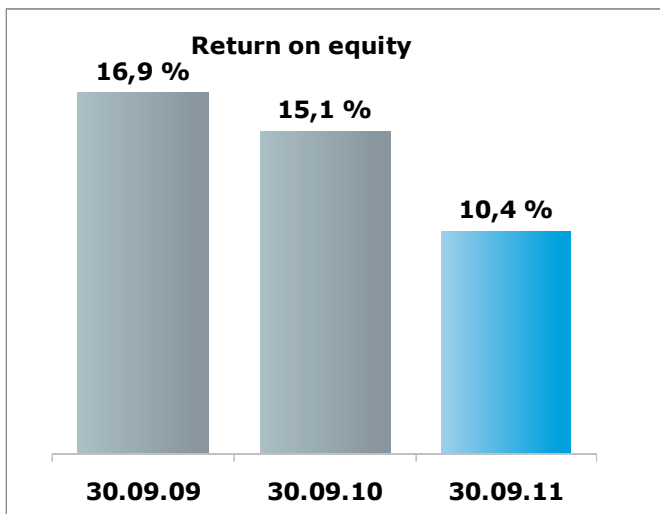


Highlights as at 30 September 2011

- Year-to-date profit before tax was NOK 1,005 million (NOK 1,200 million)
 - Corresponds to a return on equity after tax of 10.4% (15.1%)
- Profit before tax for Q3 was NOK 253 million (NOK 386 million)
 - Corresponds to a return on equity after tax of 7.2% (14.3%)
- Moderate increase in net interest income
- Lending growth of 15.3% and growth in deposits of 15.5% over the last 12 months
- Net growth in commission and other income
 - Increased product sales and higher number of brokerage assignments in EiendomsMegler 1 SR-Eiendom
 - Growth in the Capital Market Division
- Reduction in income from financial investments
- Low impairment losses on loans

(Figures in parentheses are from the same period in 2010)

Key figures



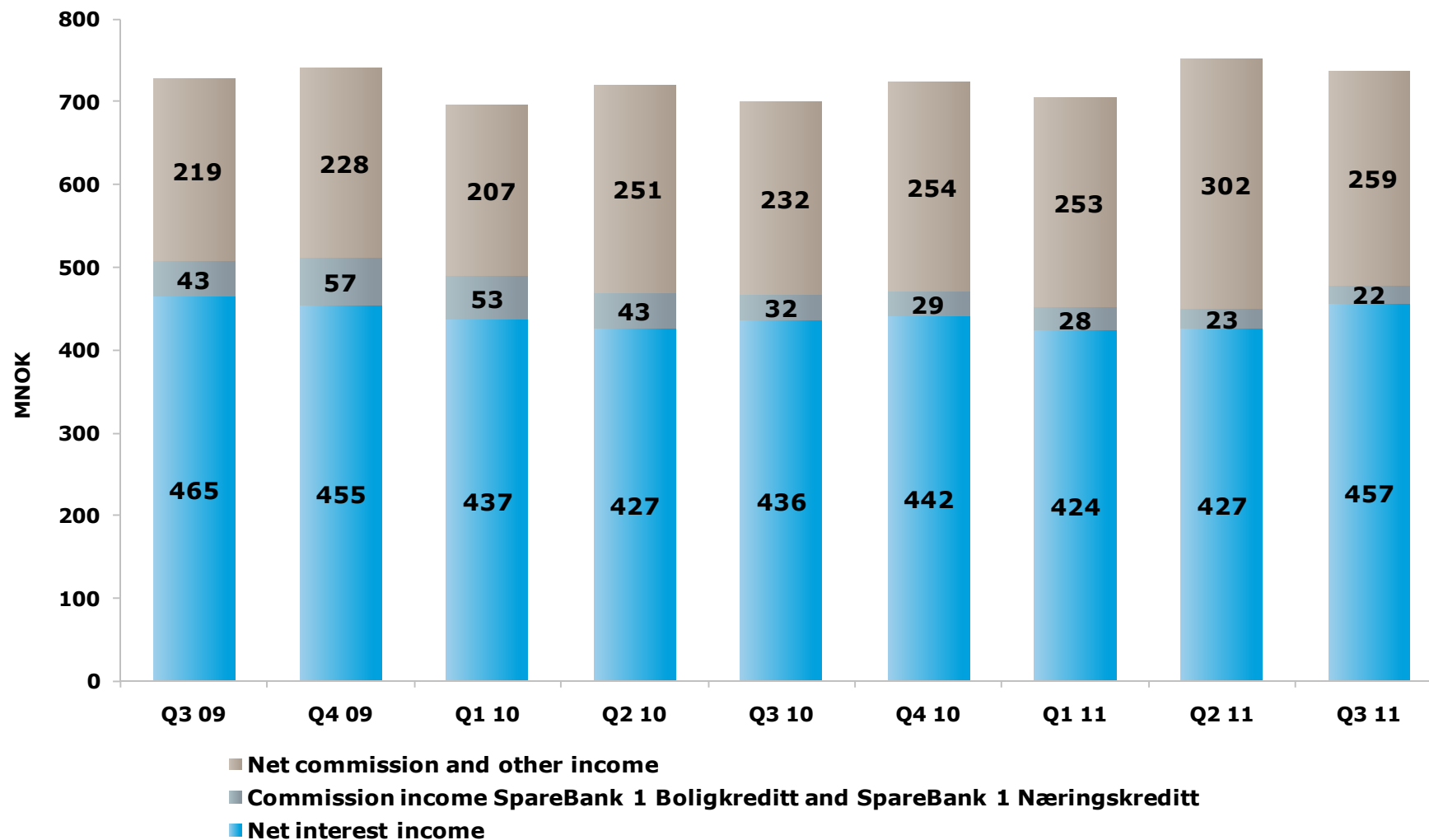
Earnings performance

<i>Group Income Statement (MNOK)</i>	30.09 2011	30.09 2010	Q3 11	Q2 11	Q1 11	Q4 10	Q3 10
Net interest income	1 308	1 300	457	427	424	442	436
Net commission and other income	887	818	281	325	281	283	264
Net return on investment securities	208	388	7	73	128	183	137
Total income	2 403	2 506	745	825	833	908	837
Total operating expenses	1 304	1 143	462	396	446	423	408
Operating profit before losses	1 099	1 363	283	429	387	485	429
Impairment losses on loans and guarantees	94	163	30	13	51	71	43
Operating profit before tax and min. int.	1 005	1 200	253	416	336	414	386
Tax expense	261	264	79	111	71	33	86
Net profit	744	936	174	305	265	381	300

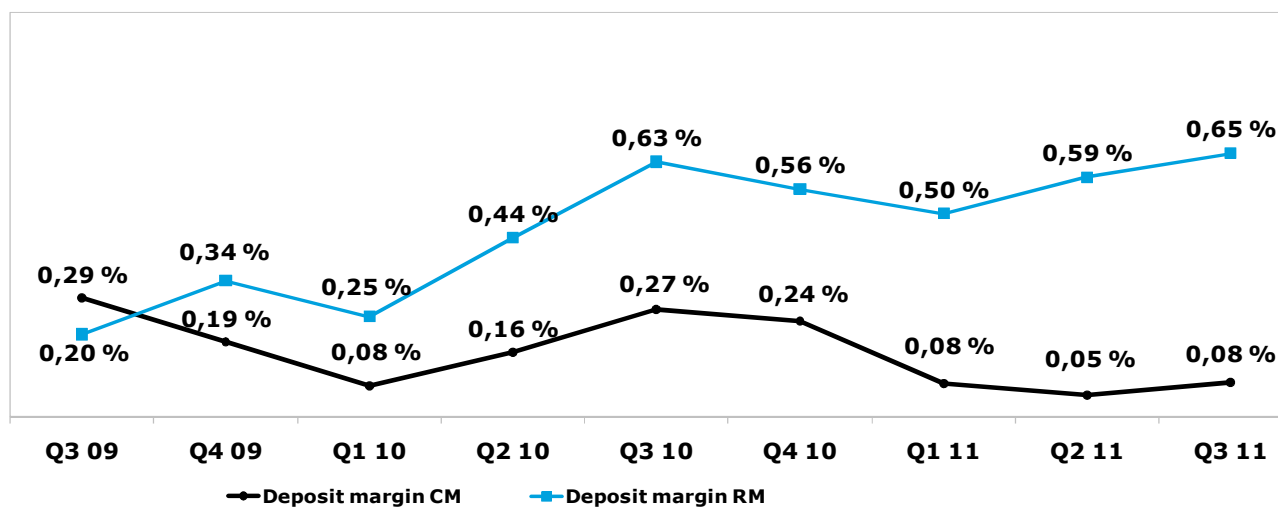
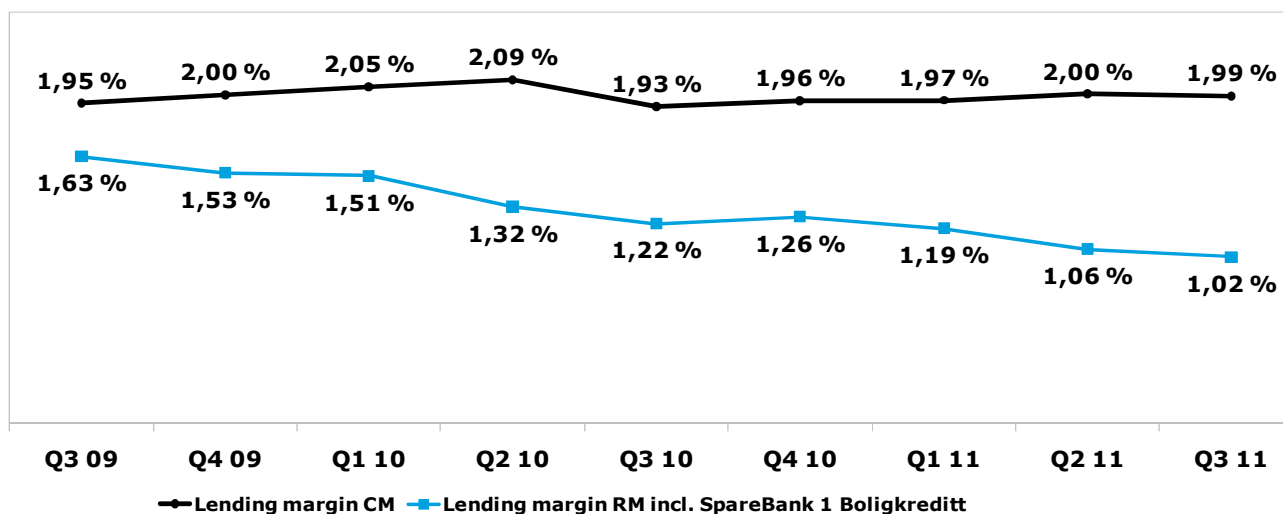
Key figures

	30.09 2011	30.09 2010	Q3 11	Q2 11	Q1 11	Q4 10	Q3 10
Return on equity after tax (%)	10,4	15,1	7,2	12,6	11,2	16,9	14,3
Net interest margin (%)	1,30	1,37	1,35	1,28	1,28	1,31	1,34
Impairment losses on loans and guarantees in % of gross loans incl. SpareBank 1 Boligkreditt*	0,09	0,18	0,08	0,04	0,15	0,22	0,14
Impairment losses on loans and guarantees in % of gross loans excl. SpareBank 1 Boligkreditt*	0,12	0,23	0,11	0,05	0,19	0,28	0,17
Non-performing and other problem commitments in % of gross loans incl. SpareBank 1 Boligkreditt	0,92	1,20	0,92	0,94	1,09	0,91	1,20
Non-performing and other problem commitments in % of gross loans excl. SpareBank 1 Boligkreditt	1,25	1,48	1,25	1,22	1,41	1,14	1,48
Cost ratio (%)	54,3	45,6	62,0	48,0	53,5	46,6	48,7
Annual growth in loans to customers, gross (incl. SpareBank 1 Boligkreditt)	15,3	6,8	15,6	14,5	12,5	11,6	6,6
Annual growth in deposits from customers	15,5	3,7	15,5	15,8	17,5	11,8	3,7
Total assets, BNOK	133	130	133	135	133	135	130
Mortgage loans transferred to SpareBank 1 Boligkreditt, BNOK	40	24	40	32	31	26	24
Result per equity certificate (EC), NOK	3,69	4,87	0,86	1,51	1,32	1,94	1,56
Book value per equity certificate (EC), NOK	47,7	44,1	47,7	48,5	47,2	47,5	44,1
Number of certificates issued, millions	127	121	127	127	127	127	121

Group's income profile



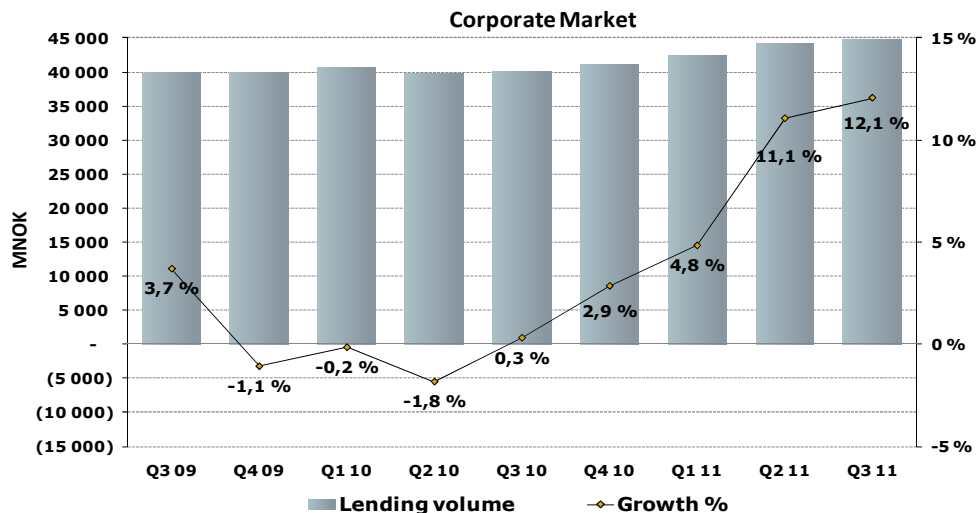
Lending and deposit margins



Definition: Average customer interest rate less 3-month moving average for 3-month NIBOR

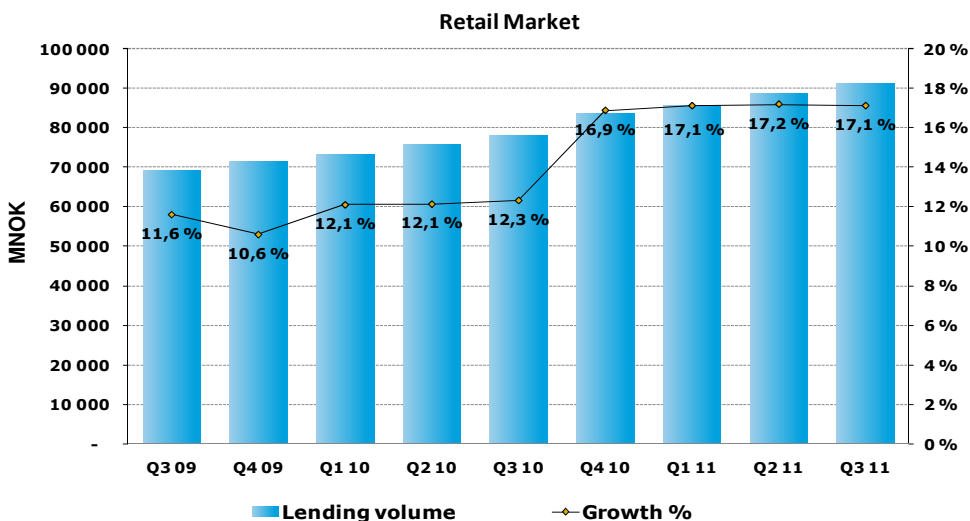
Lending volume and 12-month growth

Including portfolio in SB1 Boligkreditt and SB1 Næringskreditt



As at 30 September 2011:

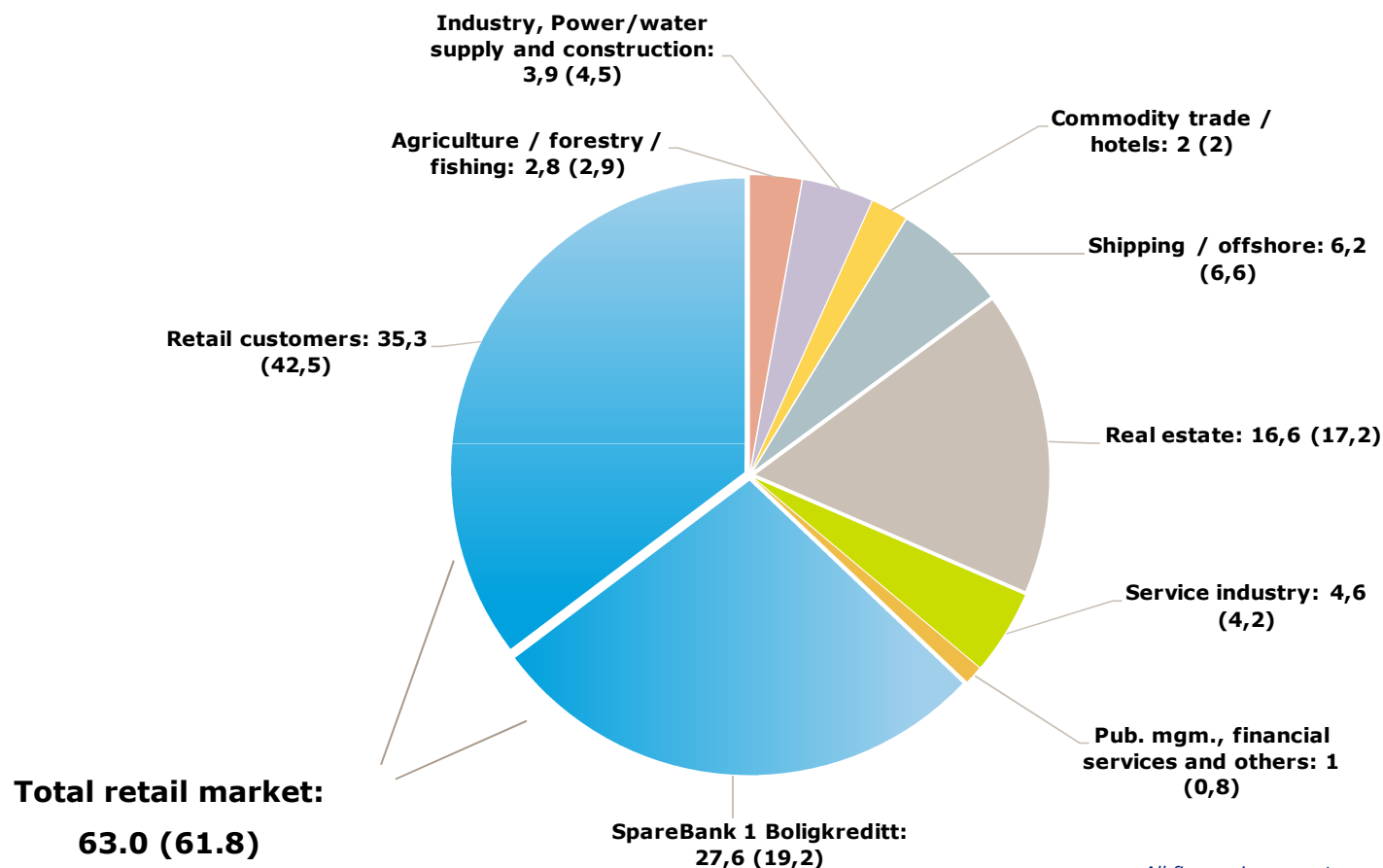
- 12-month growth including Kvinnherad 12.1%
- 12-month growth excluding Kvinnherad 10.2%



As at 30 September 2011:

- 12-month growth including Kvinnherad 17.1%
- 12-month growth excluding Kvinnherad 12.9%

Loan portfolio as at 30 September 2011

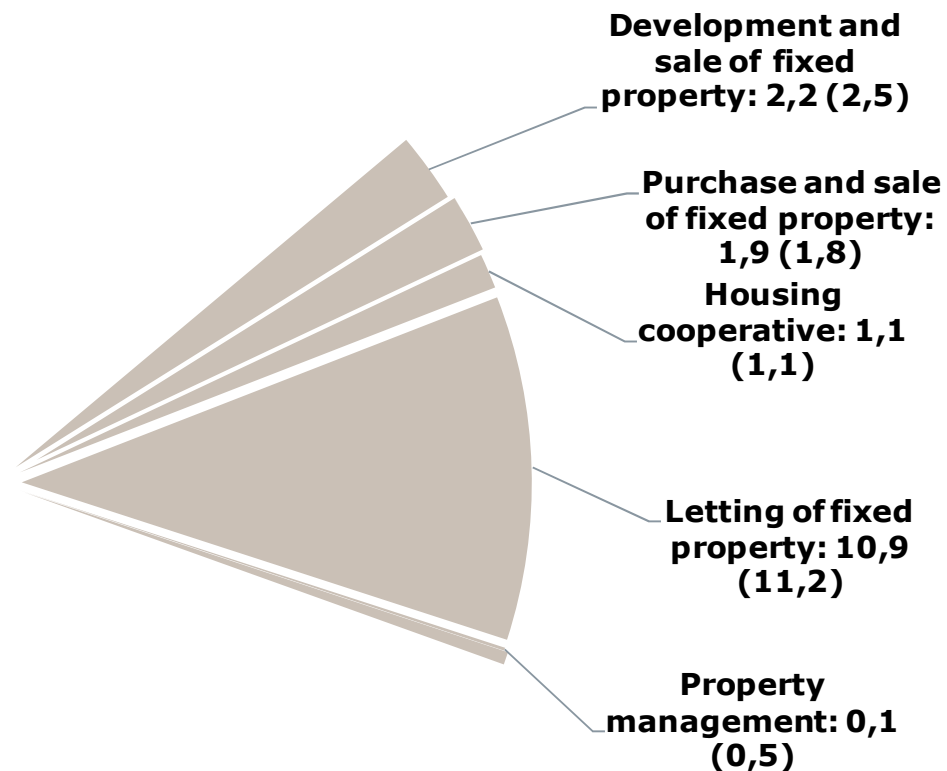


All figures in percentages. Figures as at 30 September 2010 in parentheses.

Lending before individual write-downs, nominal amounts, and excluding unallocated accrued interest.

Sector allocation in accordance with the standard categories from Statistics Norway.

Lending to property management as at 30 September 2011

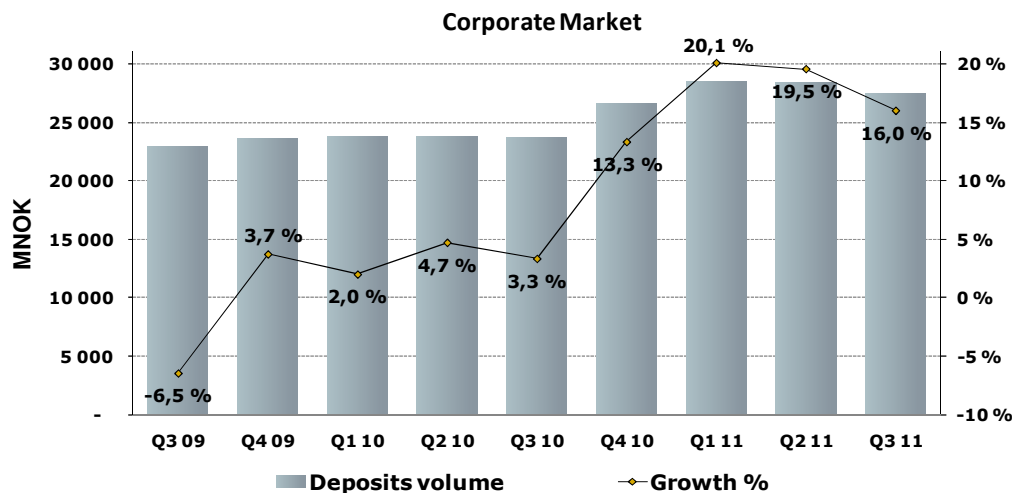


All figures in percentages. Figures as at 30 September 2010 in parentheses.

Lending before individual write-downs, nominal amounts, and excluding unallocated accrued interest.

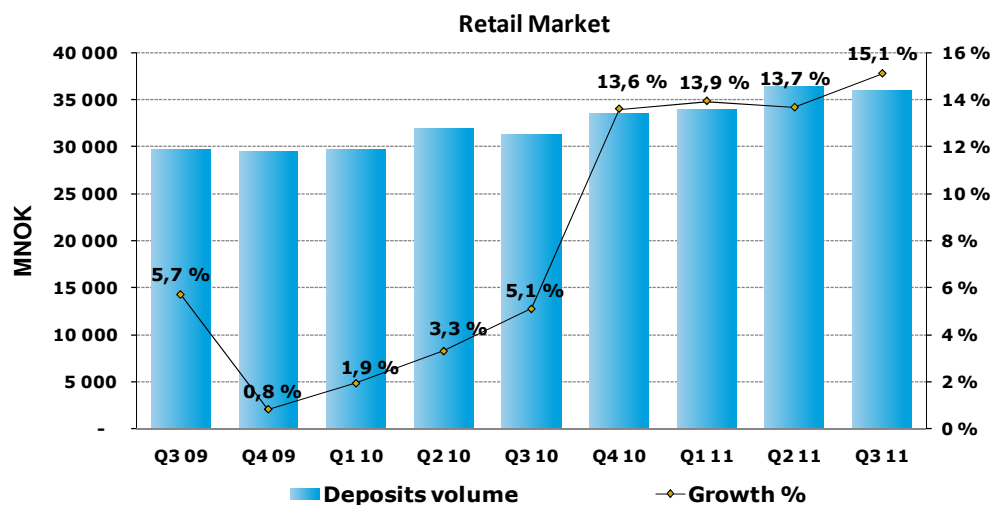
Sector allocation in accordance with the standard categories from Statistics Norway.

Deposit volume and 12-month growth



As at 30 September 2011:

- 12-month growth including Kvinnherad 16.0%
- 12-month growth excluding Kvinnherad 13.7%



As at 30 September 2011:

- 12-month growth including Kvinnherad 15.1%
- 12-month growth excluding Kvinnherad 9.7%

Net commission and other income

<i>MNOK</i>	30.09 2011	30.09 2010	Q3 11	Q2 11	Q1 11	Q4 10	Q3 10
Payment facilities	152	151	53	51	48	50	53
Savings/placements	106	102	31	37	38	34	29
Insurance products	101	81	34	34	33	33	25
Commission income real estate (EM1)	320	279	102	122	96	97	95
Guarantee commission	58	42	23	17	18	15	17
Arrangement- and customer fees	51	24	9	28	14	11	6
Other	26	12	7	13	6	14	7
Net commission and other income excl. SB1 Boligkreditt og SB1 Næringskreditt	814	690	259	302	253	254	232
Commission income SB1 Boligkreditt and SB1 Næringskreditt	73	128	22	23	28	29	32
Net commission and other income excl. SB1 Boligkreditt og SB1 Næringskreditt	887	818	281	325	281	283	264

Net return on investment securities

	30.09	30.09					
<i>MNOK</i>	2011	2010	Q3 11	Q2 11	Q1 11	Q4 10	Q3 10
Dividend	20	47	1	13	6	0	1
Investment income, associates	142	173	33	58	51	94	70
Securities gains/losses	-53	94	-34	-36	17	53	32
- of which capital change in shares and certificates	-43	64	-38	-33	28	71	12
- of which capital change in certificates and bonds	-10	30	4	-3	-11	-18	20
Currency/interest gains/losses	99	74	7	38	54	36	34
- of which currency customer- and own-account trading	101	103	40	31	30	28	35
- of which IFRS-effects	-2	-29	-33	7	24	8	-1
Net return on investment securities	208	388	7	73	128	183	137

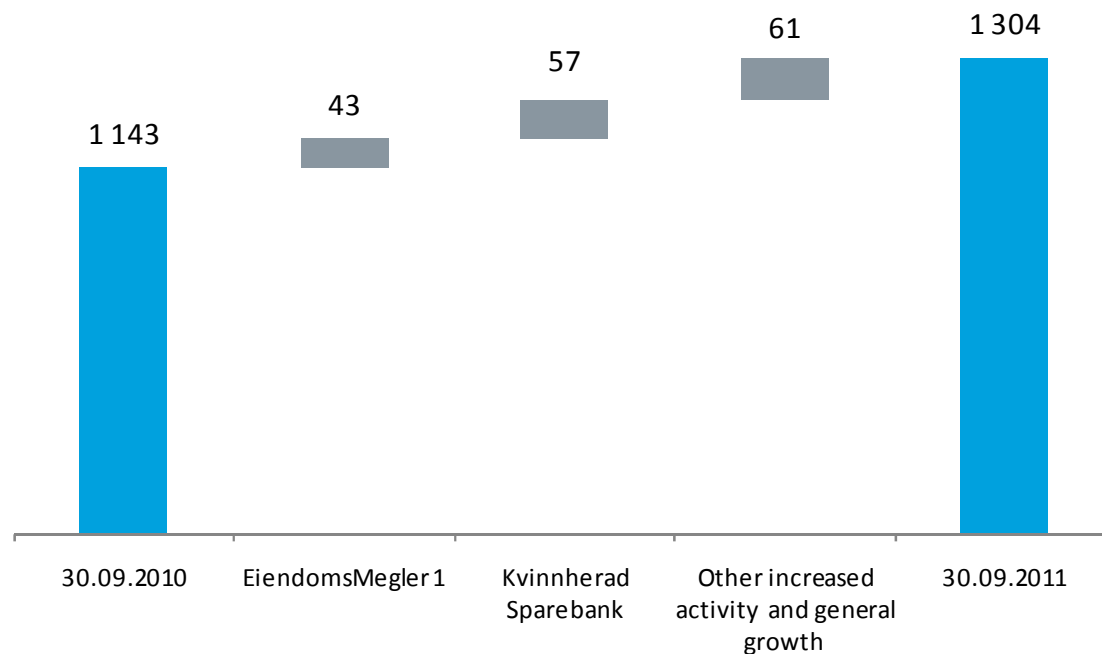
Profit attributable to subsidiaries

<i>MNOK</i>	30.09.11	30.09.10
EiendomsMegler 1 SR-Eiendom AS		
Number of sales	5 691	5 280
Operating profit before taxes	48,4	41,4
SpareBank 1 SR-Finans AS		
Total assets (BNOK)	5,2	5,0
Operating profit before taxes	56,8	52,8
SR-Forvaltning AS		
Portfolio (BNOK)	5,8	5,9
Operating profit before taxes	18,2	15,7
SR-Investering AS		
Investmentportfolio (MNOK)	131	123
Operating profit before taxes	6,0	5,9
Other		
Operating profit before taxes	1,0	-3,1

Profit attributable to associated companies

<i>MNOK</i>	30.09.11	30.09.10
SpareBank 1 Gruppen AS <i>(19,5% interest ownership)</i>		
Profit after tax	48,7	104,5
BN Bank ASA <i>(23,5% interest ownership)</i>		
Profit after tax	30,1	18,0
Amortised	21,9	4,8
SpareBank 1 Boligkreditt AS <i>(28,6% interest ownership)</i>		
Profit after tax	21,3	15,2
SpareBank 1 Næringskreditt AS <i>(30,7% interest ownership)</i>		
Profit after tax	5,1	1,5
SpareBank 1 Utvikling <i>(17,7% interest ownership)</i>		
Profit after tax	0,3	-2,8
Bank 1 Oslo AS <i>(19,5% interest ownership)</i>		
Profit after tax	14,4	32,0
Total owner interests		
Profit after tax	141,8	173,2

Operating expenses – group

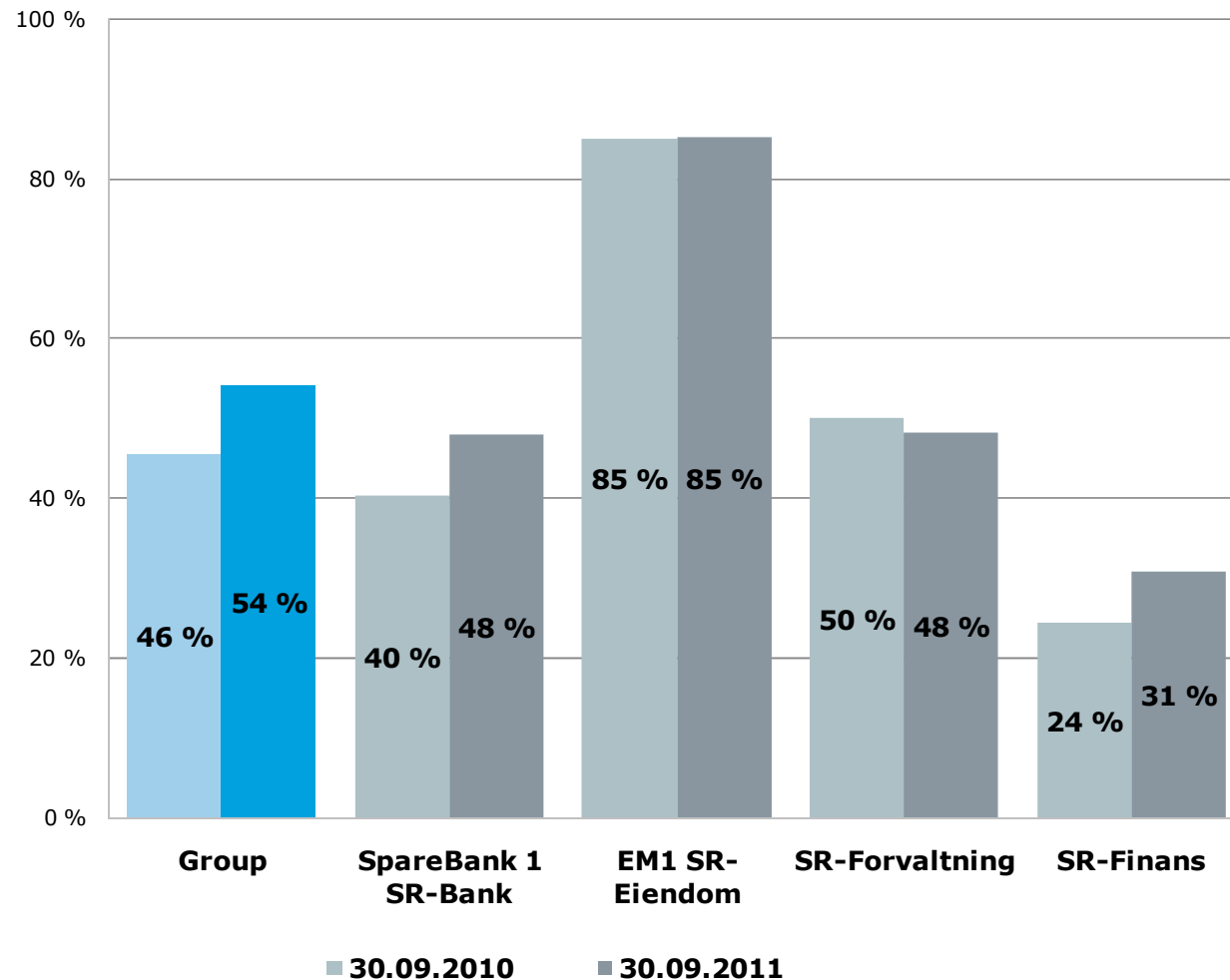


A large portion of the group's increase in expenses can be attributed to the merger with Kvinnherad Sparebank and increased expenses incurred by EiendomsMegler 1 SR-Eiendom AS in connection with acquisitions and a higher level of activity.

The higher level of activity in the parent bank's divisions also has an impact on cost growth.

The underlying growth in expenses from Q3 2010 to Q3 2011 is 5%

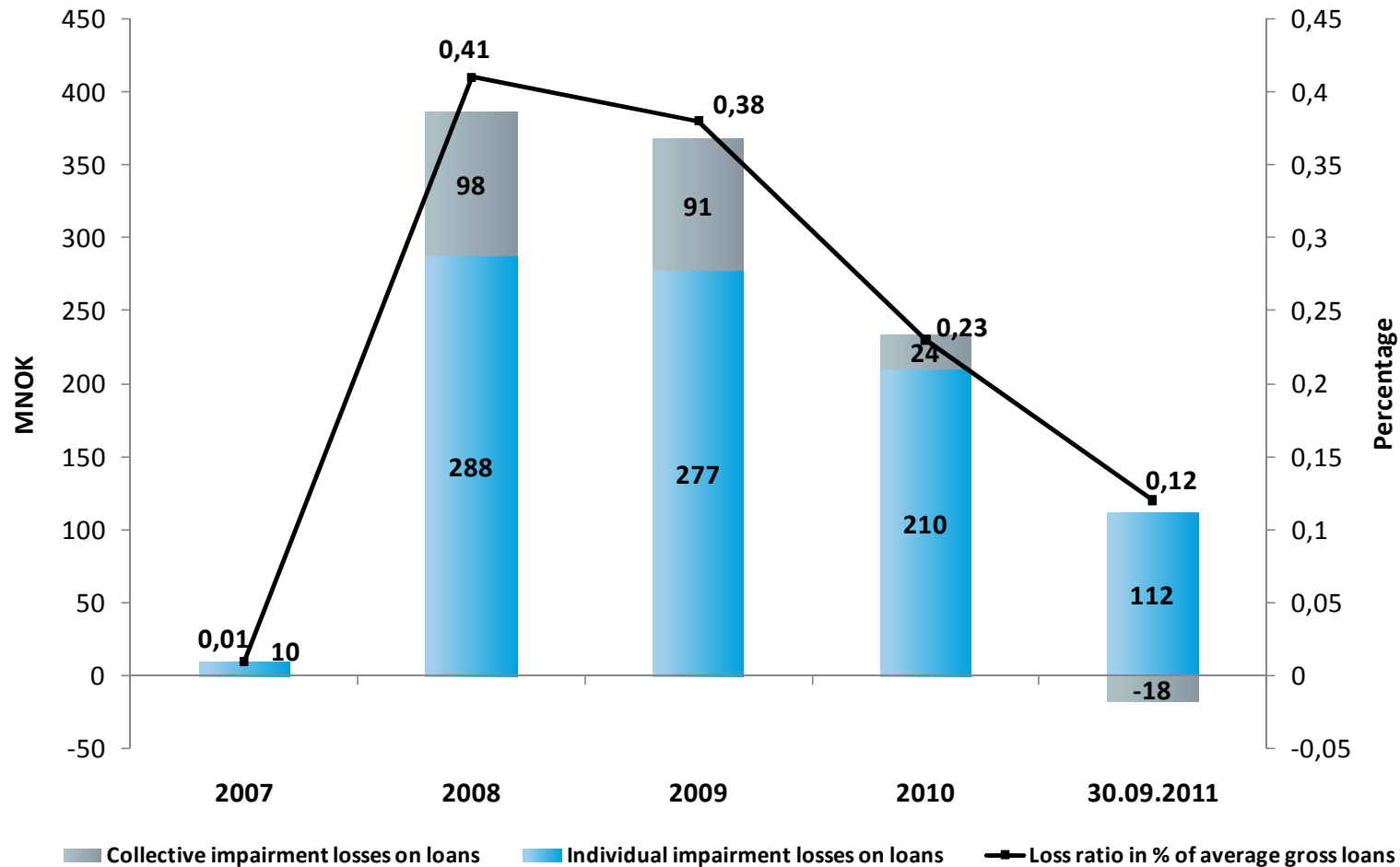
Cost-to-income ratio as at 30 September 2011



Impairment losses on loans and guarantees

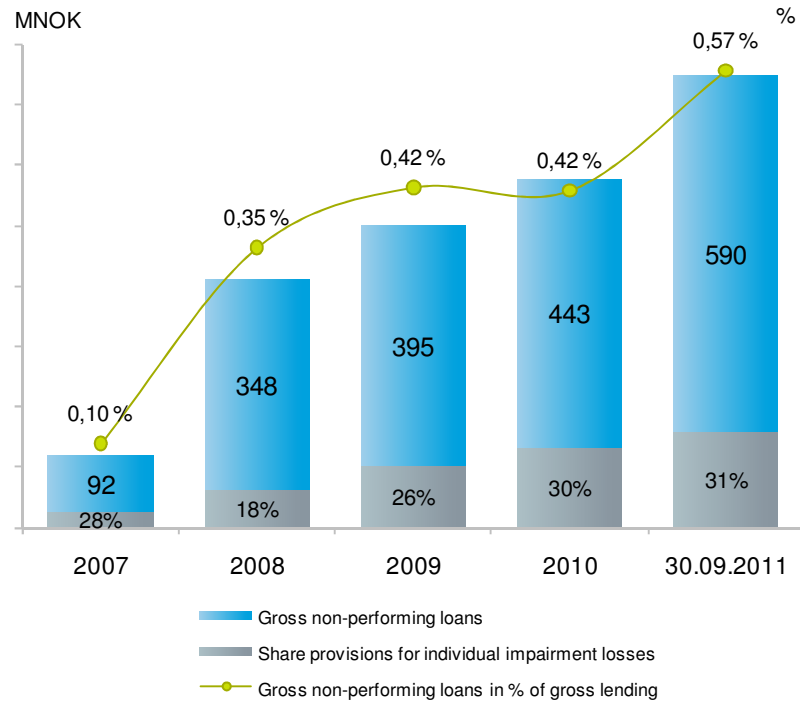
<i>Losses on loans in income statement</i>	30.09 2011	30.09 2010	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Corporate customers	89	140	16	-1	74	66	37
Retail customers	23	11	3	14	6	2	3
Change in collective impairment losses on	-18	12	11	-	-29	3	3
Net impairment losses on loans	94	163	30	13	51	71	43
Net impairment losses in % of average gross loans	0,12	0,23	0,11	0,05	0,19	0,28	0,17
<i>Impairment losses on loans (MNOK)</i>	30.06 2011	30.06 2010	30.06 2011	30.06 2011	31.03 2011	31.12 2010	30.09 2010
Individual impairment losses on loans	415	412	415	422	470	402	412
Collective impairment losses on loans	341	341	341	328	328	357	341
Total impairment losses on loans	756	753	756	750	798	759	746
Individual impairment losses ratio (%)	0,40	0,41	0,40	0,39	0,45	0,38	0,41
Collective impairment losses ratio (%)	0,33	0,34	0,33	0,30	0,31	0,34	0,34

Impairment losses on loans over last 5 years

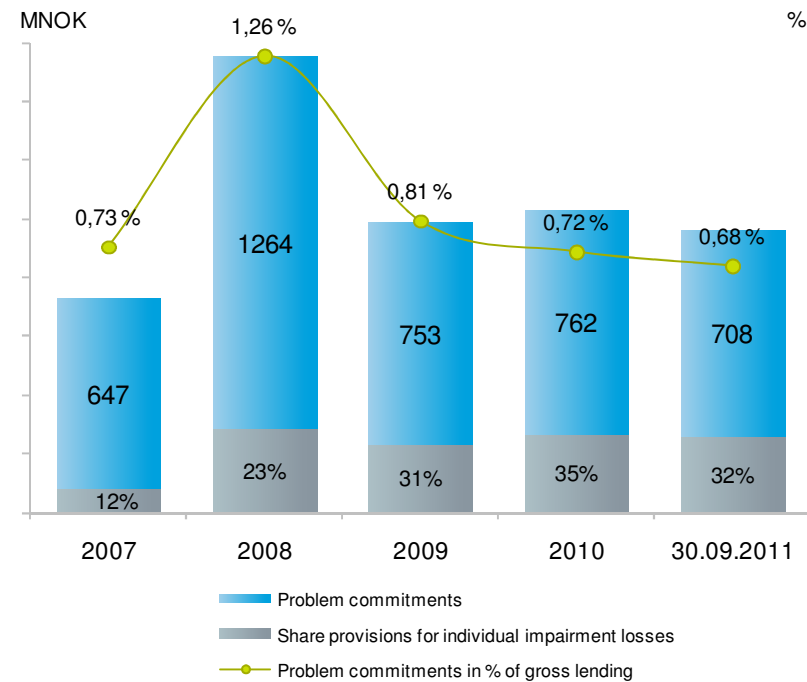


Provision ratio for problem and non-performing commitments

Non-performing commitments



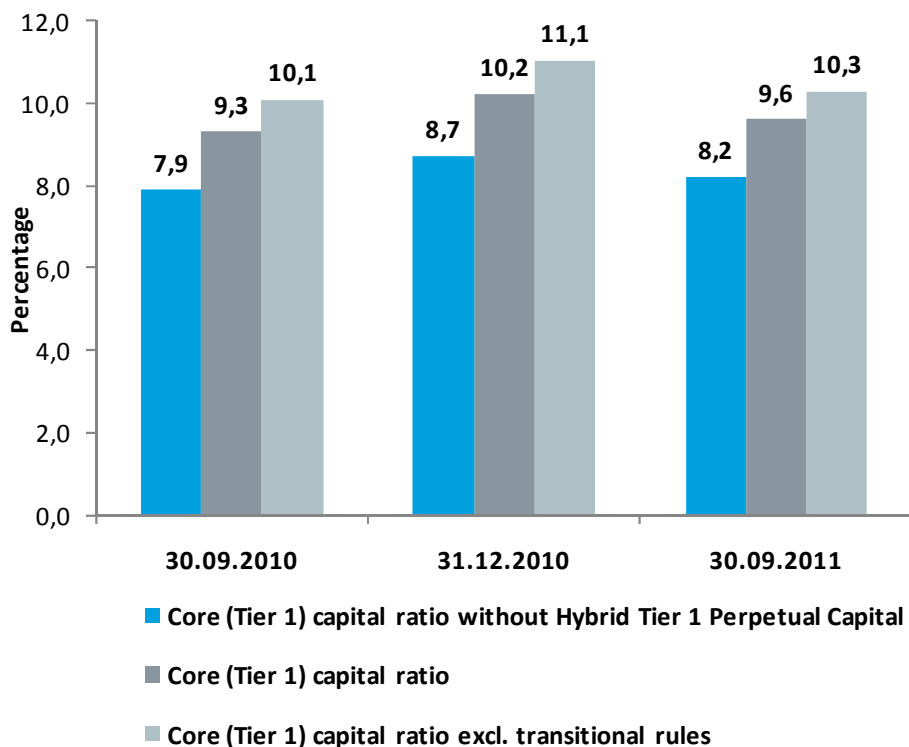
Performing problem commitments



Gross non-performing commitments – non-performing loans before deduction of individual write-downs. Non-performing loans in default over 90 days

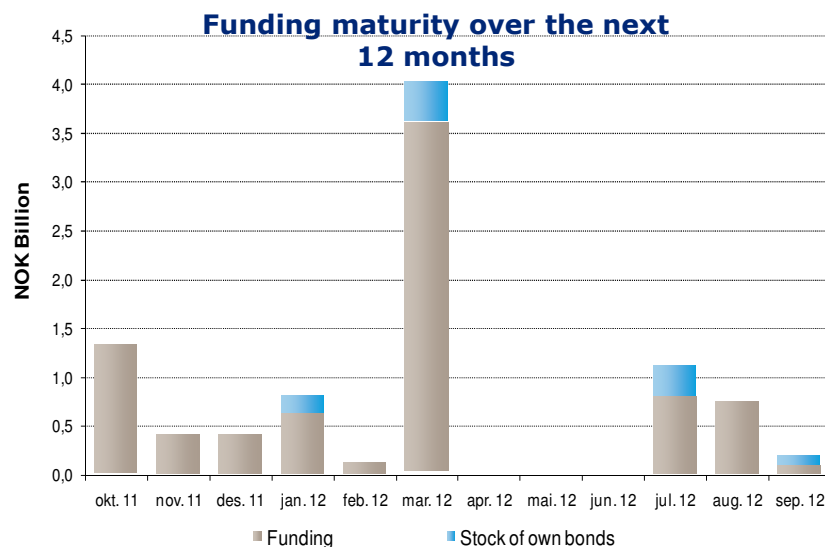
Problem commitments – commitments that have been written down, but are not in default, where there is objective proof of an impairment in value as a result of loss incidents registered for the debtor that are assessed to reduce the loan's future cash flow.

Capital strength

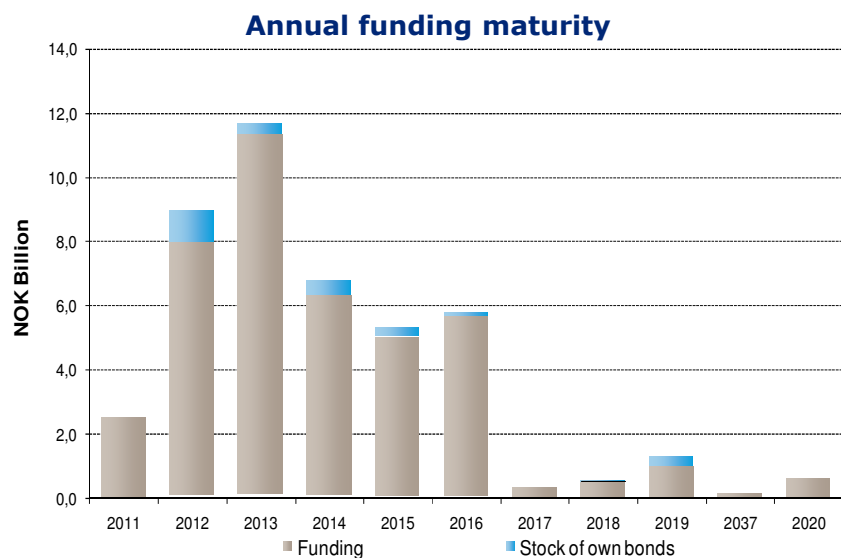


- The core capital adequacy ratio at the end of Q3 2011 was 9.6% – an improvement from 9.3% for the same period last year.
- Due to transitional rules the minimum capital adequacy requirements for 2011 may be reduced to no less than 80% in accordance with the Basel I rules.
 - The core capital adequacy ratio excluding the transitional rules is 10.3%.
- SpareBank 1 SR-Bank's strategic aim is that the core capital adequacy ratio shall be at least 9%.

Funding and liquidity management



- Good liquidity
- Liquidity buffer of NOK 16.0 billion as at 30 September 2011.
- Net refinancing need over the next 12 months is NOK 8.2 billion.



Key financial figures

<i>Figures in %</i>	30.09.2011
Return on equity after tax	10,4
Core capital ratio	9,6
Capital adequacy ratio	11,2

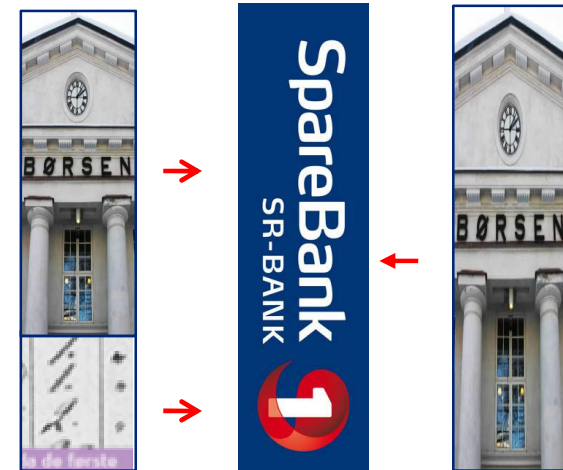
- SpareBank 1 SR-Bank has a goal to be among the best third banks on return on equity capital of the Norwegian banks that are naturally comparable
- SpareBank 1 SR-Bank's strategic aim is a core capital adequacy ratio of at least 9%

Outlook

- The unrest in the European banking sector creates uncertainty for Norway as well.
- Despite the unrest in the financial markets, a good level of activity in business and industry is expected with continued low unemployment and optimism among households.
- The development of funding costs and an intensive competitive situation has resulted in a reduction of the bank's interest margins over time, especially for new home mortgage loans.
 - will likely result in a gradual increase in customer interest rates.
- Even though strong competition is expected in the traditional deposit and lending product areas, the group is well equipped for future growth through efficient operations and solid income from other product and service areas.
- SpareBank 1 SR-Bank has a good foundation for strengthening its market position through its high level of customer satisfaction, and continued good underlying performance is expected in the business areas in the future..
- The credit quality of the group's loan portfolio is good, and non-performing loans and write-downs on loans are expected to remain low for the current year. International unrest entails some uncertainty for the future.

Conversion to a limited liability savings bank

- On 21 June, the Ministry of Finance gave permission for SpareBank 1 SR-Bank to be converted from a savings bank to a limited liability company ("limited liability savings bank") and to establish a savings bank foundation in accordance with specific terms and conditions.
- In its assessment of the application, the Ministry of Finance has attached decisive importance to SpareBank 1 SR-Bank's commercial and industrial policy and the desire to be able to obtain future capital in the equity market.
- The intention is to carry out the conversion in 2011 and for the company to be listed on Oslo Børs, as SpareBank 1 SR-Bank ASA, from 2 January 2012.



Appendix



Equity certificate – ROGG

- Ownership interests as at 30 September 2011:
 - From Rogaland, Agder counties and Hordaland: 46.9% (46.4%)
 - From abroad: 9.9% (8.0%)
 - 10 largest: 33.3% (31.9%)
 - 20 largest: 40.1% (38.8%)
- Number of ROGG owners as at 30 September 2011: 11,907 (12,065)
- Group employees owned 3.5% of the equity certificates at the end of Q3 2011
- Trading volume Q3 2011: 5.6% (2.7%) of the total number of outstanding certificates

(Figures as at 30 September 2010 in parentheses)

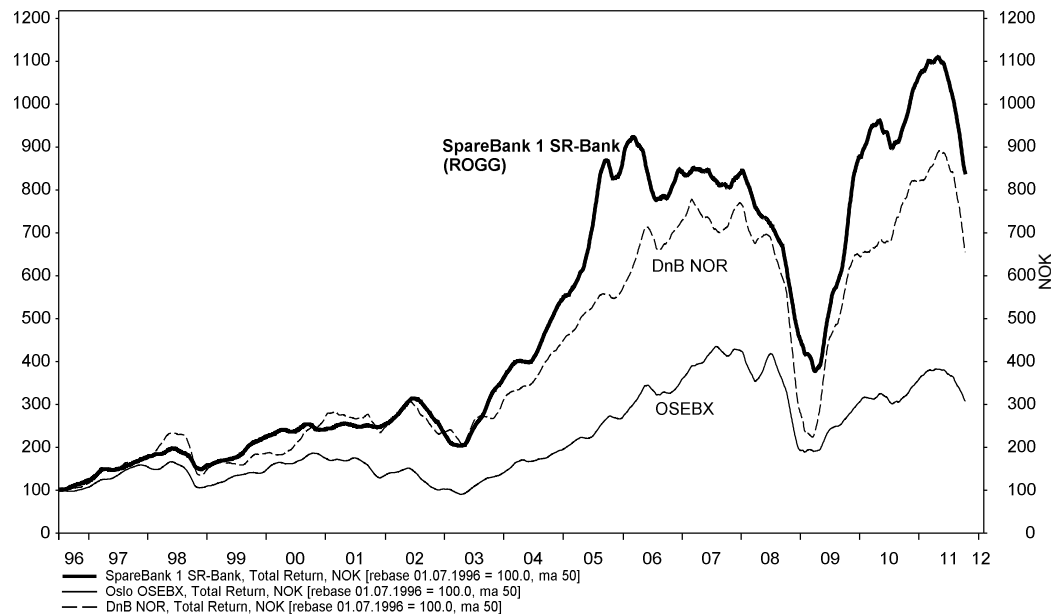
	30.09.2011	2010	2009	2008	2007
EC percentage	63,8	63,2	62,9	56,1	54,9
Market price	40,70	57,00	50,00	27,08	55,21
Stock value (MNOK)	5 182	7 257	6 047	2 434	4 702
Book value per EC, NOK (group)	47,67	47,45	42,07	37,23	37,64
Book value per EC, NOK (parentbank)	42,01	41,80	36,85	32,06	34,02
Earnings per EC	3,69	6,84	6,88	3,00	6,54
Dividend per EC	n.a.	2,75	1,75	0,83	3,96
P/E	8,27	8,33	7,27	9,03	8,44
P/BV (group)	0,85	1,20	1,19	0,73	1,47
P/BV (parentbank)	0,97	1,36	1,36	0,84	1,62

20 largest equity certificate holders

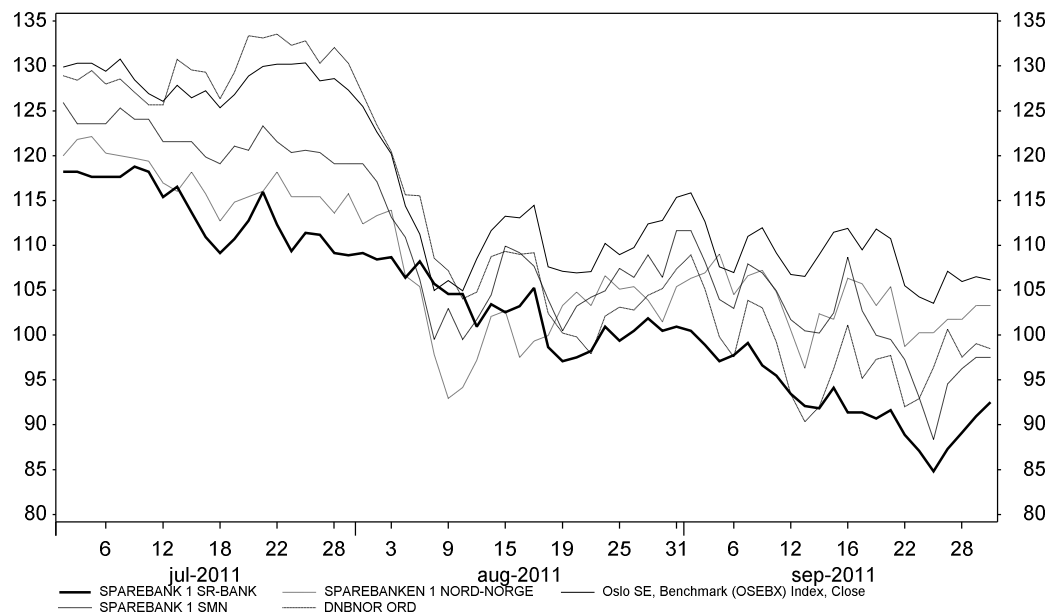
20 largest EC holders per 30.09.11	Number	Stake
Gjensidige Forsikring	20 713 065	16,3%
SpareBank 1-stiftinga Kvinnherad	6 069 934	4,8%
Odin Norge	3 320 672	2,6%
Odin Norden	3 083 853	2,4%
Clipper AS	1 685 357	1,3%
Frank Mohn AS	1 666 142	1,3%
Trygve Stangeland dødsbo	1 632 048	1,3%
JPMorgan Chase Bank, U.K.	1 598 223	1,3%
Varma Mutual Pension Insurance, Finland	1 496 091	1,2%
SHB Stockholm Clients Account, Sverige	1 174 235	0,9%
Trygves Holding AS	1 070 939	0,8%
Fidelity Low-Priced Stock Fund, U.S.A.	1 061 327	0,8%
Westco AS	1 015 049	0,8%
Køhlergruppen AS	1 000 000	0,8%
State Street Bank and Trust, U.S.A.	935 836	0,7%
Forsand kommune	769 230	0,6%
Tveteraas Finans AS	722 000	0,6%
Bjergsted Investering AS	720 055	0,6%
Solvang Shipping AS	701 034	0,6%
Leif Inge Slethei AS	672 772	0,5%
Total 20 largest holders	51 107 862	40,1%

Price performance 1996–2011

– effective return (dividends reinvested)



Source: Reuters EcoWin, SR-Markets

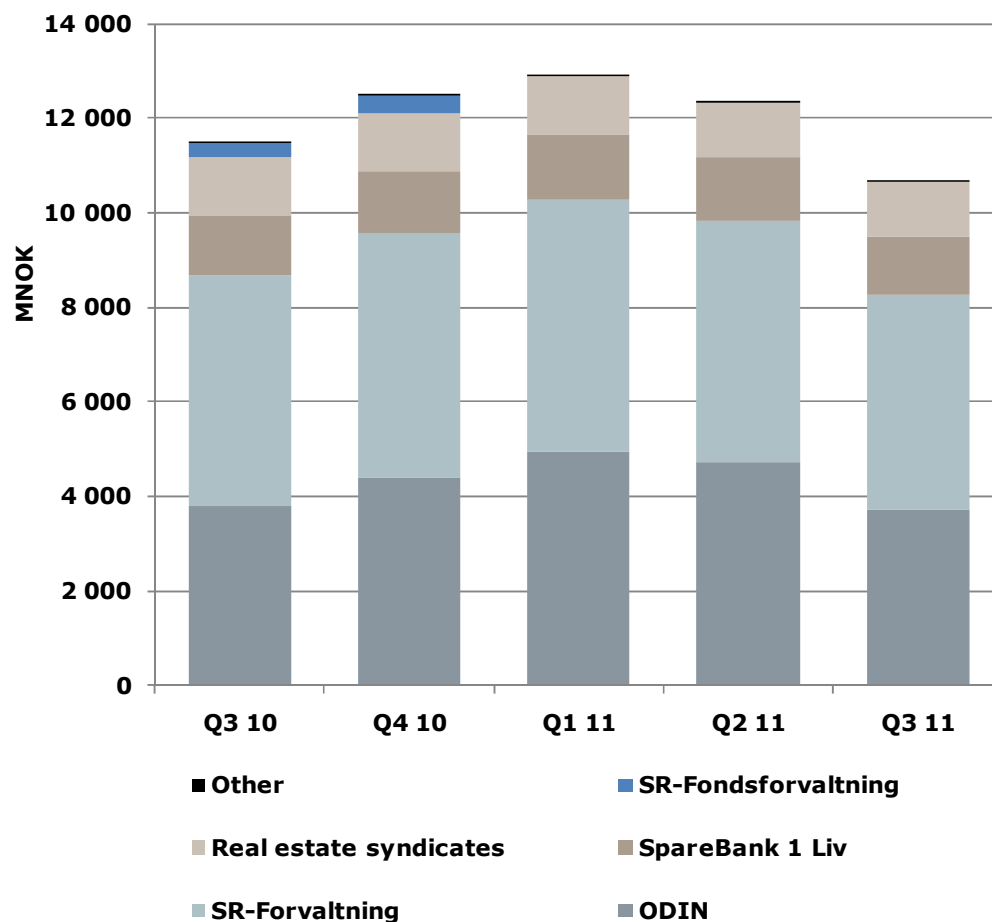


Source: Reuters EcoWin, SR-Markets

Rating

	Moody's		Fitch
Long-term debt	A1	Long-term IDR	A -
Outlook	Stable	Outlook	Stable Outlook
Sist endret	7. september 2010		25. mars 2011

Savings/investments – portfolio development

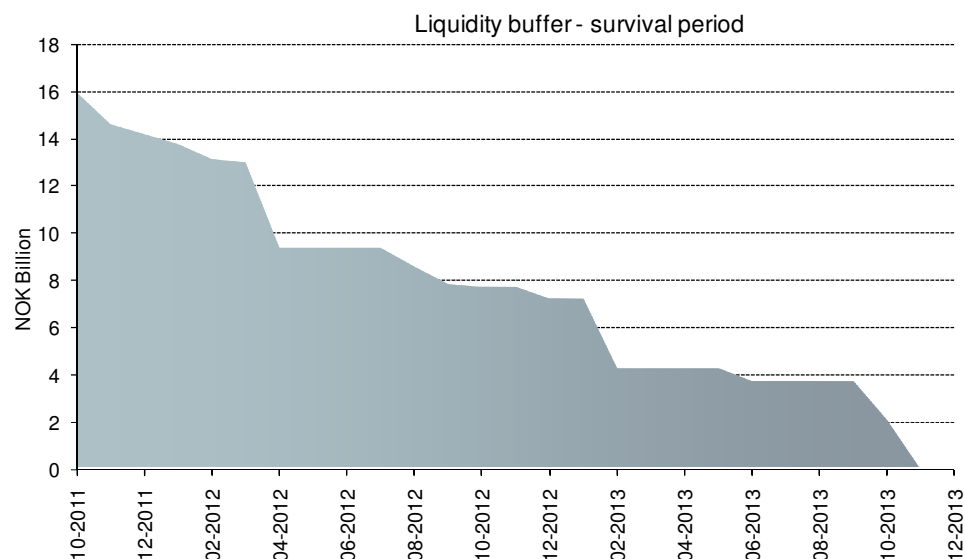


- Assets under management of NOK 10.7 billion as at 30 September 2011
 - Increased from NOK 11.5 billion as at 30 September 2010
 - 57,918 active savings contracts
 - Average per contract is NOK 774 per month, which corresponds to NOK 44.8 million in monthly savings
- Most of the assets are managed by SR-Forvaltning and ODIN
- SR-Fondsforvaltning sold to ODIN Forvaltning AS with effect from 1 January 2011

Liquidity buffer and bond portfolio

as at 30 September 2011

Liquidity buffer:



- Liquidity buffer: cash, short-term investments, drawing rights in Norges Bank (bonds, including covered bonds) and home mortgage loans that are currently ready to be transferred to Boligkreditt.
- Providing deposits and lending remain unchanged, with no new borrowing during the period.

Bond portfolio:

Category	Market value		Of which, securities classified to amortised cost
	MNOK	Share	
Norwegian state/municipal	2 662	15 %	80
Foreign covered bonds	471	3 %	0
Norwegian covered bonds	12 454	68 %	9 324
Norwegian bank/finance	1 153	6 %	75
Foreign bank/finance	737	4 %	544
Other Norwegian bonds	619	3 %	0
Industry	95	1 %	0
Total	18 191	100 %	10 022

Securities investments

Risk profile in bond portfolio

Risk categories	Rating	Market	
		value NOK million	Percentage Total
Swap facility	AAA	9 324	51 %
Very low risk	AAA, AA+, AA and AA-	6 419	35 %
Low risk	A+, A and A-	1 360	7 %
Moderate risk	BBB+, BBB and BBB-	500	3 %
High risk	BB+, BB and BB-	372	2 %
Very high risk	B+ and lower	215	1 %
Total		18 191	100 %

Treasury -

Risk categories	Rating	Market	
		value NOK million	Percentage Treasury
Swap facility	AAA	9 324	53 %
Very low risk	AAA, AA+, AA and AA-	6 419	36 %
Low risk	A+, A and A-	1 357	8 %
Moderate risk	BBB+, BBB and BBB-	458	3 %
High risk	BB+, BB and BB-	33	0 %
Very high risk	B+ and lower	0	0 %
Total		17 591	100 %

Trading/Sales -

Risk categories	Rating	Market	
		value NOK million	Percentage Trading
Very low risk	AAA, AA+, AA and AA-	0	0 %
Low risk	A+, A and A-	2	0 %
Moderate risk	BBB+, BBB and BBB-	42	7 %
High risk	BB+, BB and BB-	339	57 %
Very high risk	B+ and lower	215	36 %
Total		599	100 %

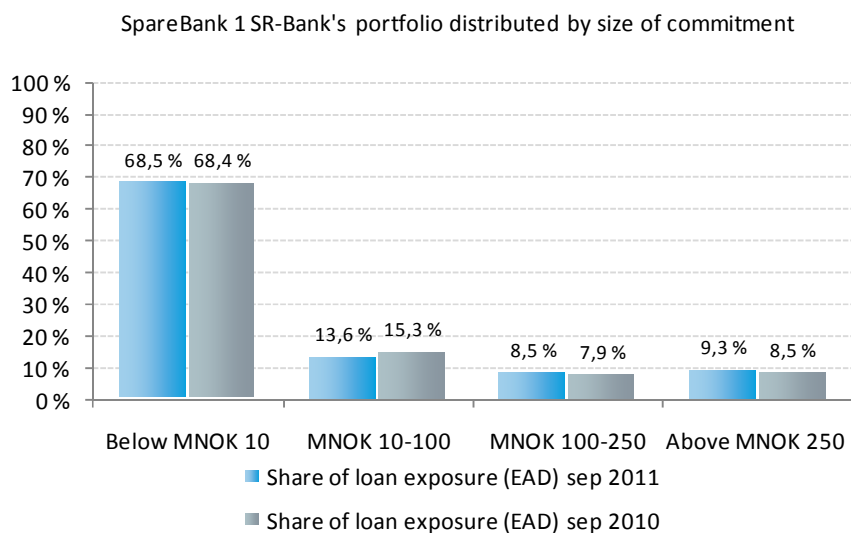
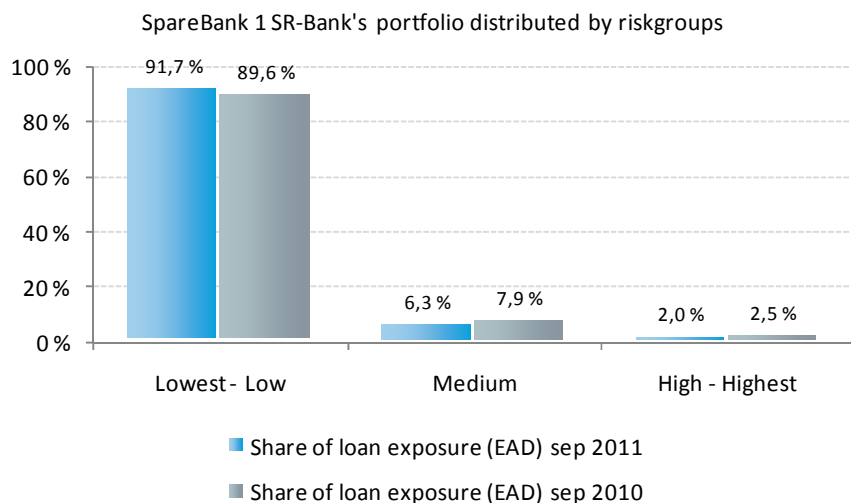
The treasury portfolio has very low risk.

The bank has no exposure to the sovereign debt of peripheral EU countries

Stocks/Equity certificate	Market value MNOK
Sandnes Sparebank	40
SpareBan 1 Nord-Norge	13
Investor AB	11
Statoil ASA	10
SpareBan 1 SMN	9
Kongsberg Gruppen ASA	9
Telenor ASA	8
Norsk Hydro ASA	7
Austevoll Seafood ASA	5
Other	52
Total	165

Risk profile of SpareBank 1 SR-Bank

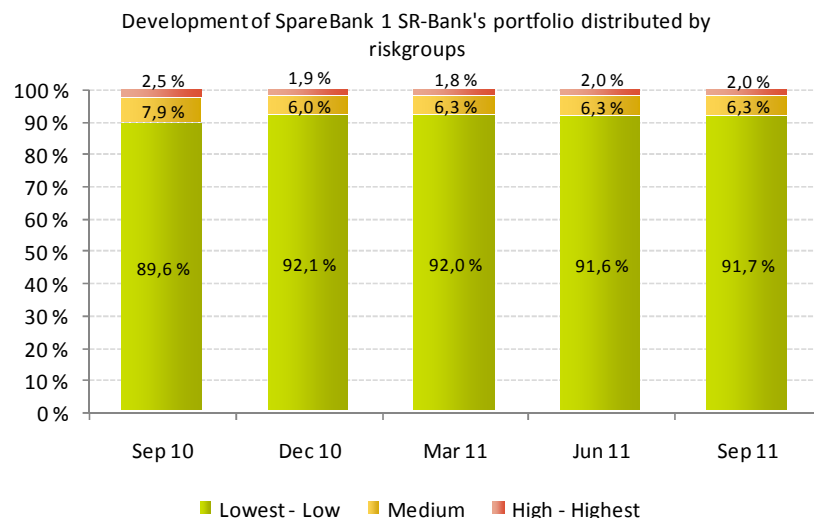
Portfolio is dominated by commitments with low risk



- 92% of the bank's loan exposure satisfies the criteria for low and the lowest risk. Expected losses in this portion of the portfolio are very limited and account for 0.05%.
- Exposure to high or the highest risk accounts for 2% of the bank's loan exposure. Expected losses in this portion of the portfolio are 4.2%.
- 69% of the bank's loan exposure is to commitments that account for less than NOK 10 million. This corresponds to 99% of all the customers.
- 18% of the bank's loan exposure is to customers that have an exposure in excess of NOK 100 million. The credit quality in this portion of the portfolio is better than the rest of the portfolio.

SpareBank 1 SR-Bank's risk profile

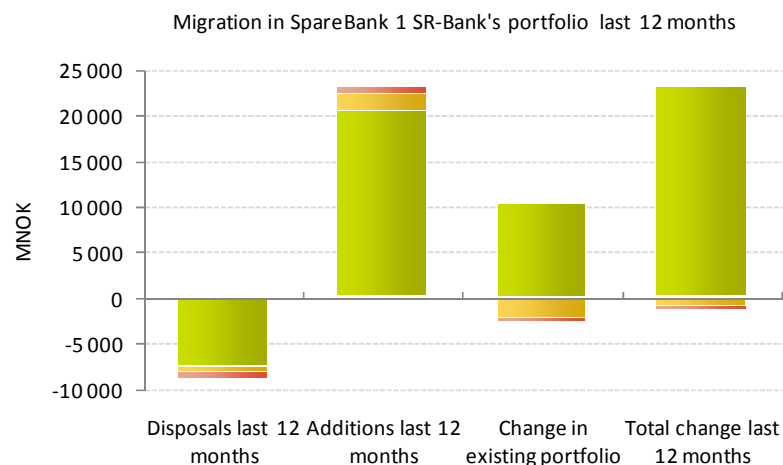
The good credit quality in the group's portfolio is maintained.



The group's moderate risk profile remains unchanged.

The group's market area is marked by a high level of activity and low unemployment.

Market developments, together with focusing on good risk management, help maintain the good credit quality of the group's portfolios in line with the primary goal.



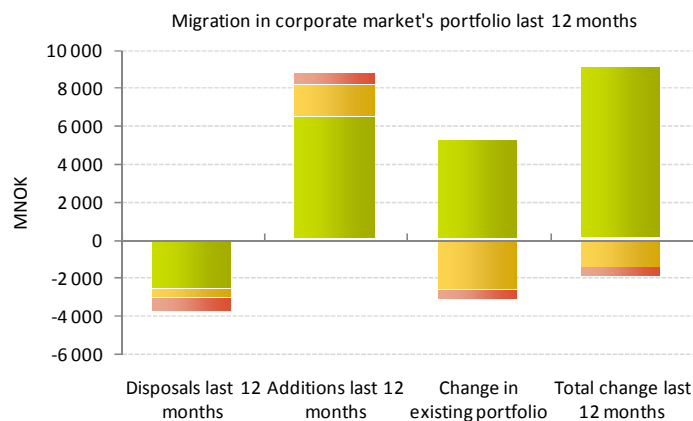
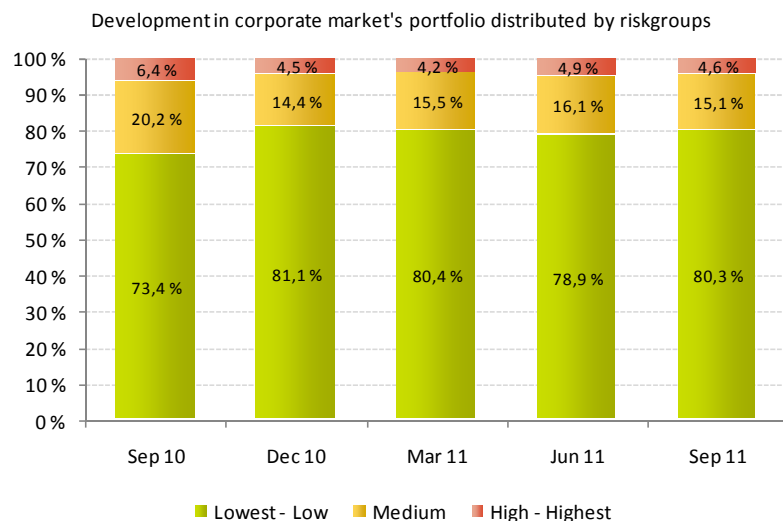
- Lowest - Low risk, expected losses 0% - 0.50%
- Medium risk, expected losses 0.50% - 2.00%
- High - Highest risk, expected losses over 2.00%

Risk profile of the corporate market portfolio

The portfolio quality is good and the development has been relatively stable over the past quarter.

The quality of the corporate market portfolio is considered good.

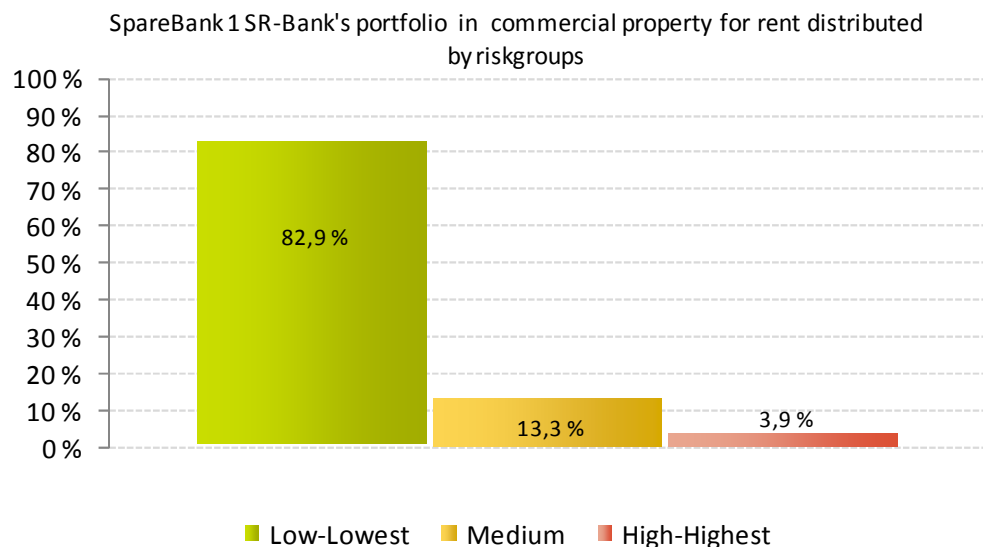
The portfolio's risk profile still shows a stable development, but the unrest internationally may result in increased uncertainty related to future developments. At the same time it is expected that the major new oil discovery recently in the North Sea may further strengthen parts of the group's customer base.



- Lowest - Low risk, expected losses 0% - 0.50%
- Medium risk, expected losses 0.50% - 2.00%
- High - Highest risk, expected losses over 2.00%

Portfolio of commercial property for rental

Portfolio is dominated by commitments with low risk



- Lowest – Low risk, expected losses 0% – 0.50%
- Medium risk, expected losses 0.50% – 2.00%
- High – Highest risk, expected losses over 2.00%

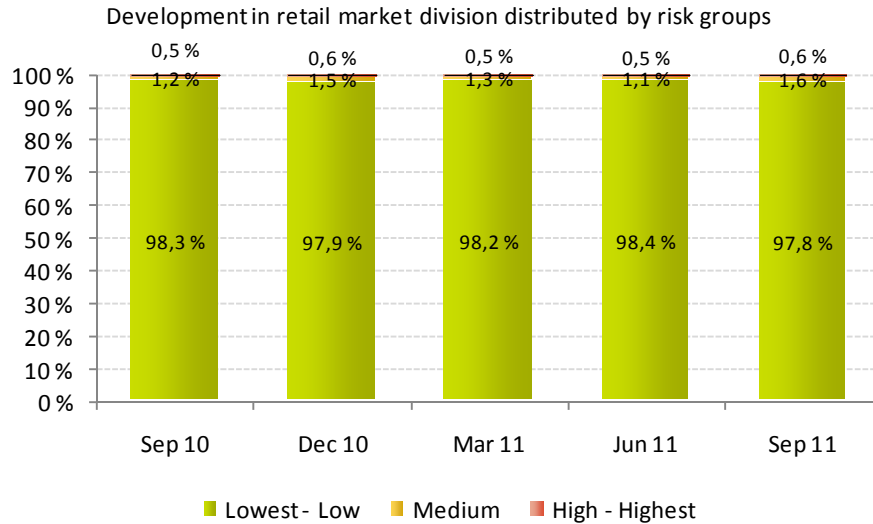
The portfolio of commercial property for rental represents the group's largest concentration in a single sector and accounts for around 11% of the total exposure (EAD) including retail market customers.

The portfolio of commercial property for rental is dominated by commitments with low risk. 83% of the exposure is classified as low risk, while 4% is classified as high risk.

The portfolio is marked by long-term leases with financially solid tenants. The vacancy rate is low. Interest rates for a significant portion of the portfolio have been hedged.

Risk profile of the retail market portfolio

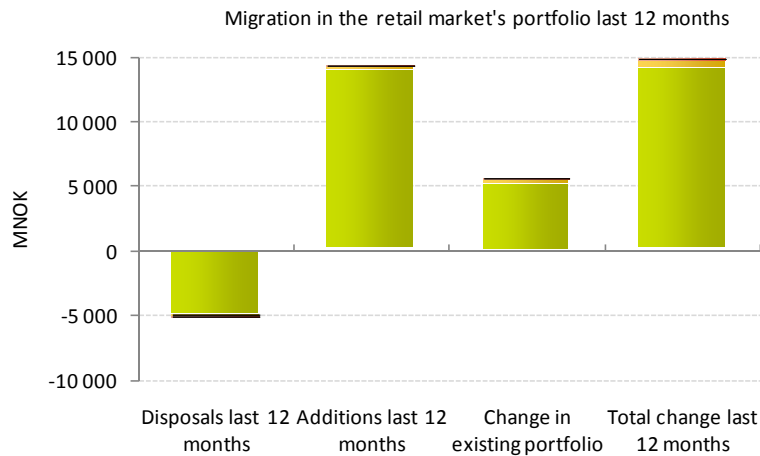
The portfolio's quality is very good and the loss potential is limited.



The quality of the retail market portfolio is very good.

The development is characterised by stability and the low risk profile has been maintained.

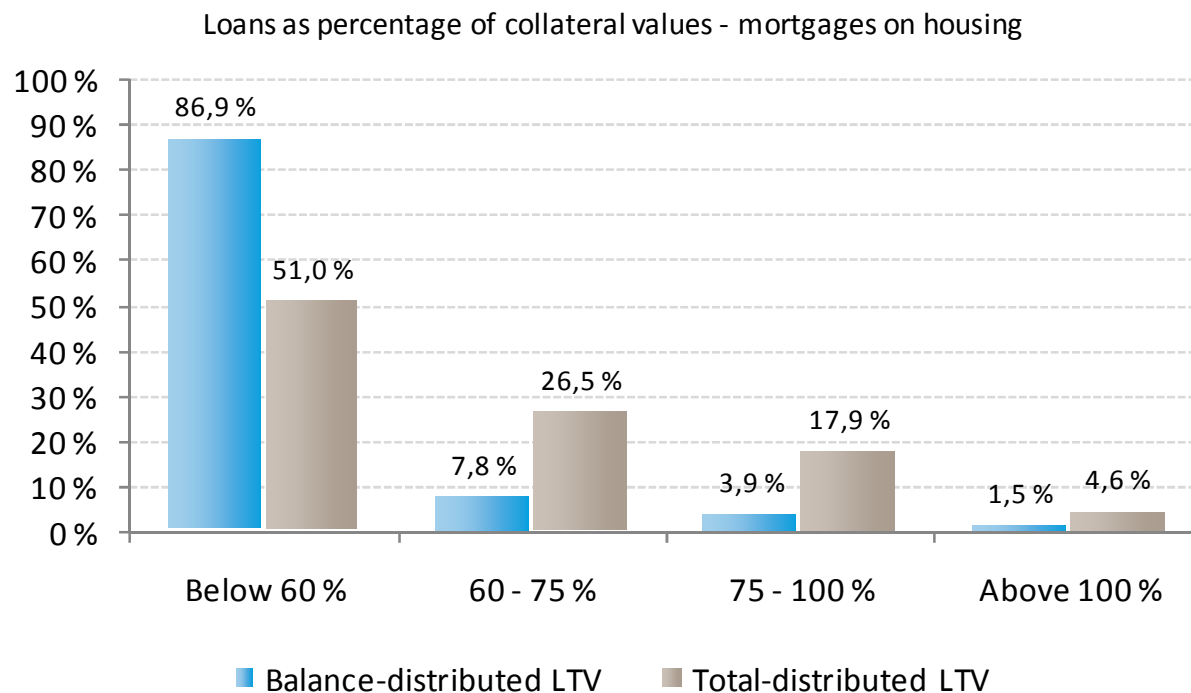
Most of the portfolio is secured by mortgages on real estate, and the LTV is for the most part moderate. This implies that potential losses are limited as long as the values are not significantly impaired.



- Lowest - Low risk, expected losses 0% - 0.50%
- Medium risk, expected losses 0.50% - 2.00%
- High - Highest risk, expected losses over 2.00%

Loans as a percentage of the collateral value – LTV

Moderate borrowing in general in relation to the value of the collateral

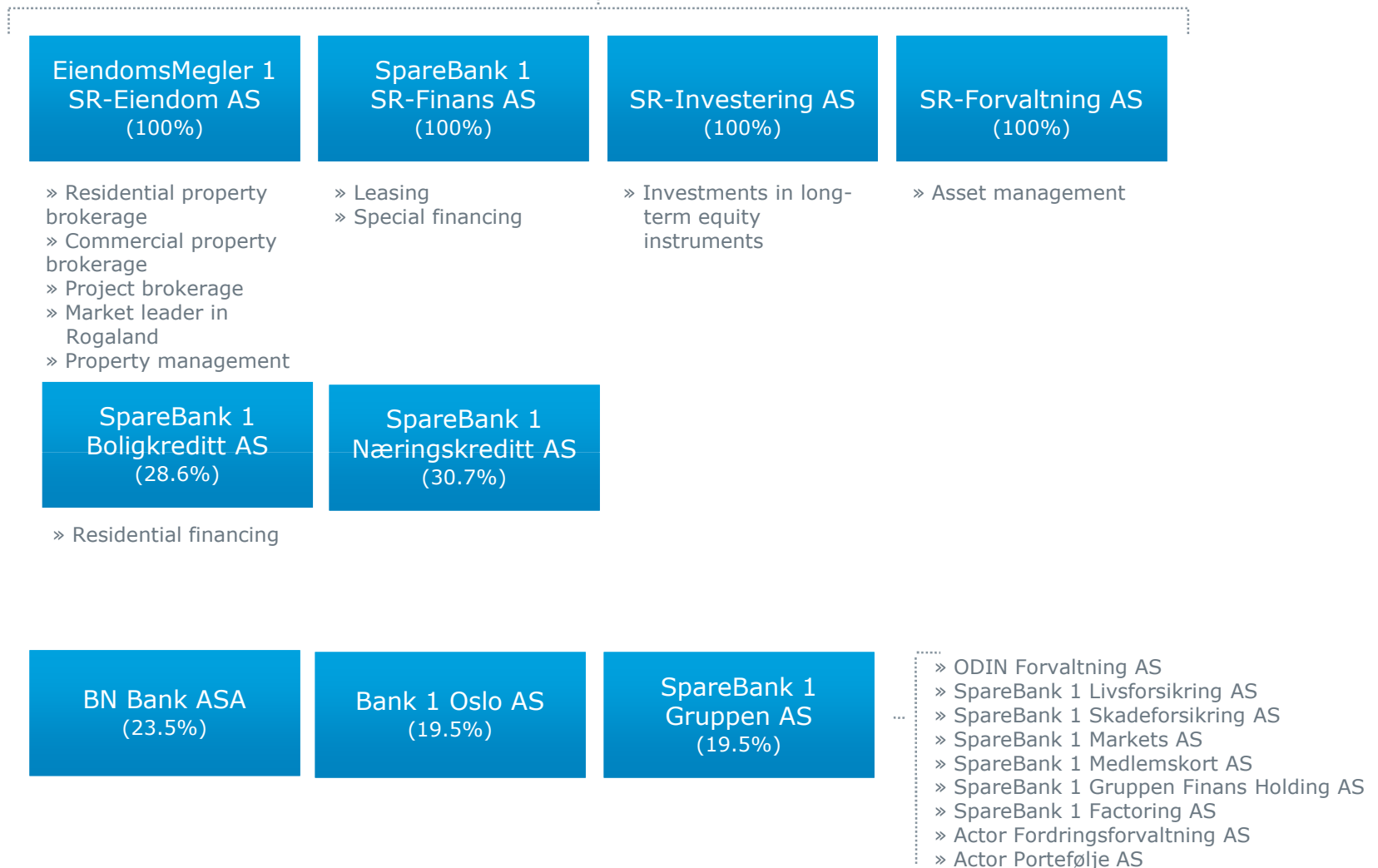


There is moderate borrowing in general in relation to the value of the collateral.

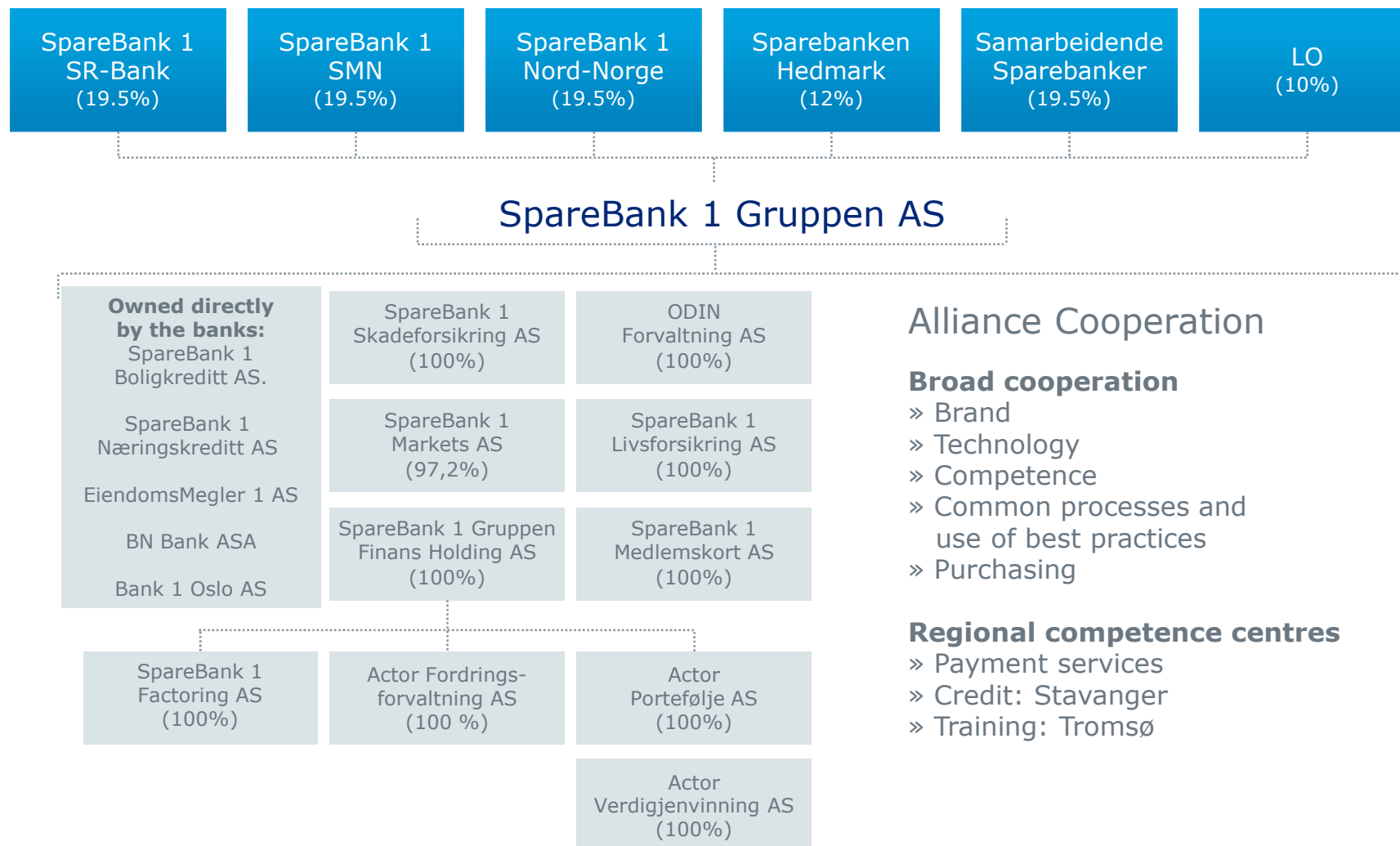
Less than 6% of the exposure exceeds 75% of the collateral value.

There have been no significant changes in the LTV values over the past quarter.

SpareBank 1 SR-Bank



SpareBank 1 Alliance



Recommended by the customer

SPAREBANK 1 SR-BANK'S STRATEGY

We shall be southern and western Norway's most attractive supplier of financial services

Based on:

- Good customer experiences
- Strong team spirit and professionalism
- Local roots and decisiveness
- Financial strength, profitability and confidence in the market

OUR PURPOSE

SpareBank 1 SR-Bank shall create value for the region of which we are part

OUR VALUES

"Courage to speak your mind, strength to create"

By being

- Able to view things in a long-term perspective
- Open and sincere

By showing

- Responsibility and respect
- A will and an ability to improve

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