

SpareBank 1 SR-Bank ASA

# 2nd quarter 2013

14 August 2013

# Disclaimer

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This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although SpareBank 1 SR-Bank believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for SpareBank 1 SR-Bank include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

This presentation does not imply that SpareBank 1 SR-Bank has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

# 2013: A solid market position in a region enjoying growth

## 1 Rogaland

Population		440,000
Market share	<i>Retail market</i>	38 %
	<i>Corporate market</i>	21 %
Year of establishment		1839
Market strategy		Market leader
Important business segments		Oil & Gas, Oil service, Supply
Unemployment rate		2.0 %

## 2 Hordaland

Population		485,000
Market share	<i>Retail market</i>	4 %
	<i>Corporate market</i>	8 %
Year of establishment		2006
Market strategy		Entry/growth
Important business segments		Shipping, Oil & Gas, Tourism
Unemployment rate		2.4 %

## 3 Agder

Population		285,000
Market share	<i>Retail market</i>	7 %
	<i>Corporate market</i>	4 %
Year of establishment		2002
Market strategy		Growth
Important business segments		Commodities, Oil Service, Industry
Unemployment rate		3.25 %

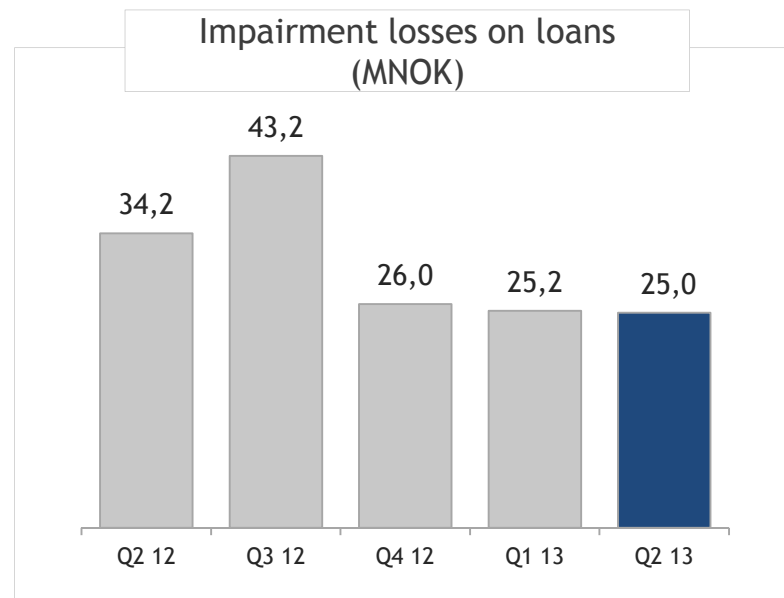
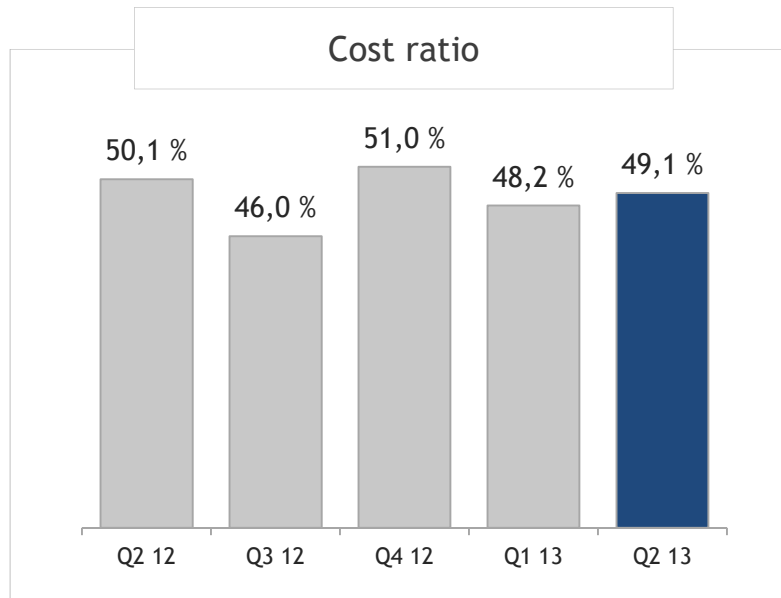
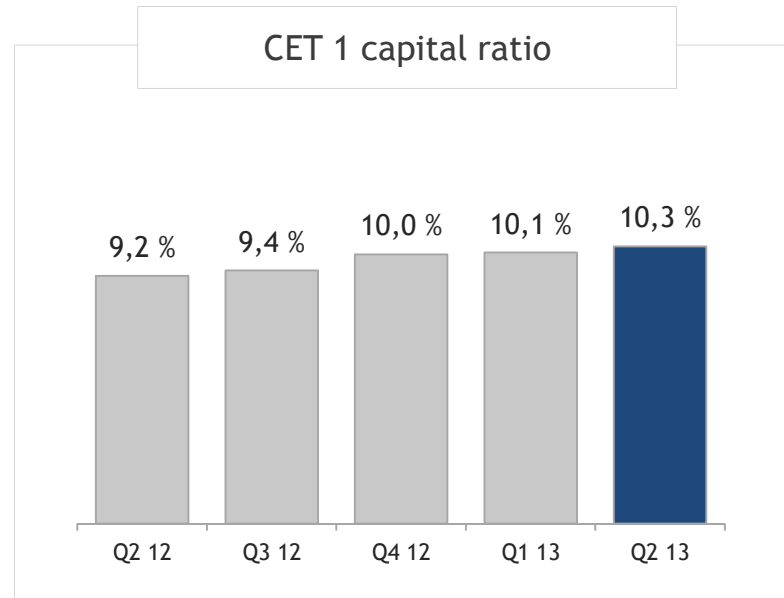
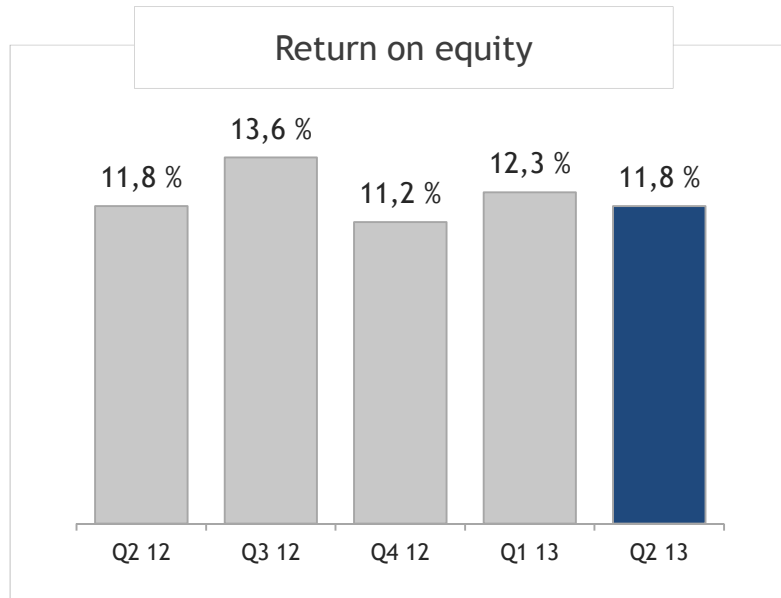


# Good result characterised by continued growth, low losses and efficient operations

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- Year-to-date pre-tax profit of NOK 1,012 million (NOK 798 million)
  - Return on equity after tax: 12.1% (12.3%)
- Pre-tax profit for the quarter of NOK 511 million (NOK 405 million)
  - Return on equity after tax: 11.8 % (11.8 %)
- Lending growth of 6.1% and growth in deposits of 2.8% over the past 12 months
  - Rolling 12-month lending growth is slowing and in line with forecasts for both the retail market and the corporate market
- Stronger underlying operations
  - Net interest income, commissions and profit contributions from the mortgage companies increased by 11.9% from the first quarter
  - Costs grew by 9.7% on a 12-month basis, 3.2% corrected for non-recurring effects
- Moderate increase in other operating income and reduction in income from financial investments
  - A write-down of shares in SpareBank 1 Markets had a negative impact of NOK 24 million on the result
- Low impairment losses on loans
  - Amount to 0.09% of gross lending recognised on the balance sheet in the second quarter
- Year-to-date core equity capital ratio has risen from 10.0% to 10.3% (8.2%)

# Key figures



# Income statement

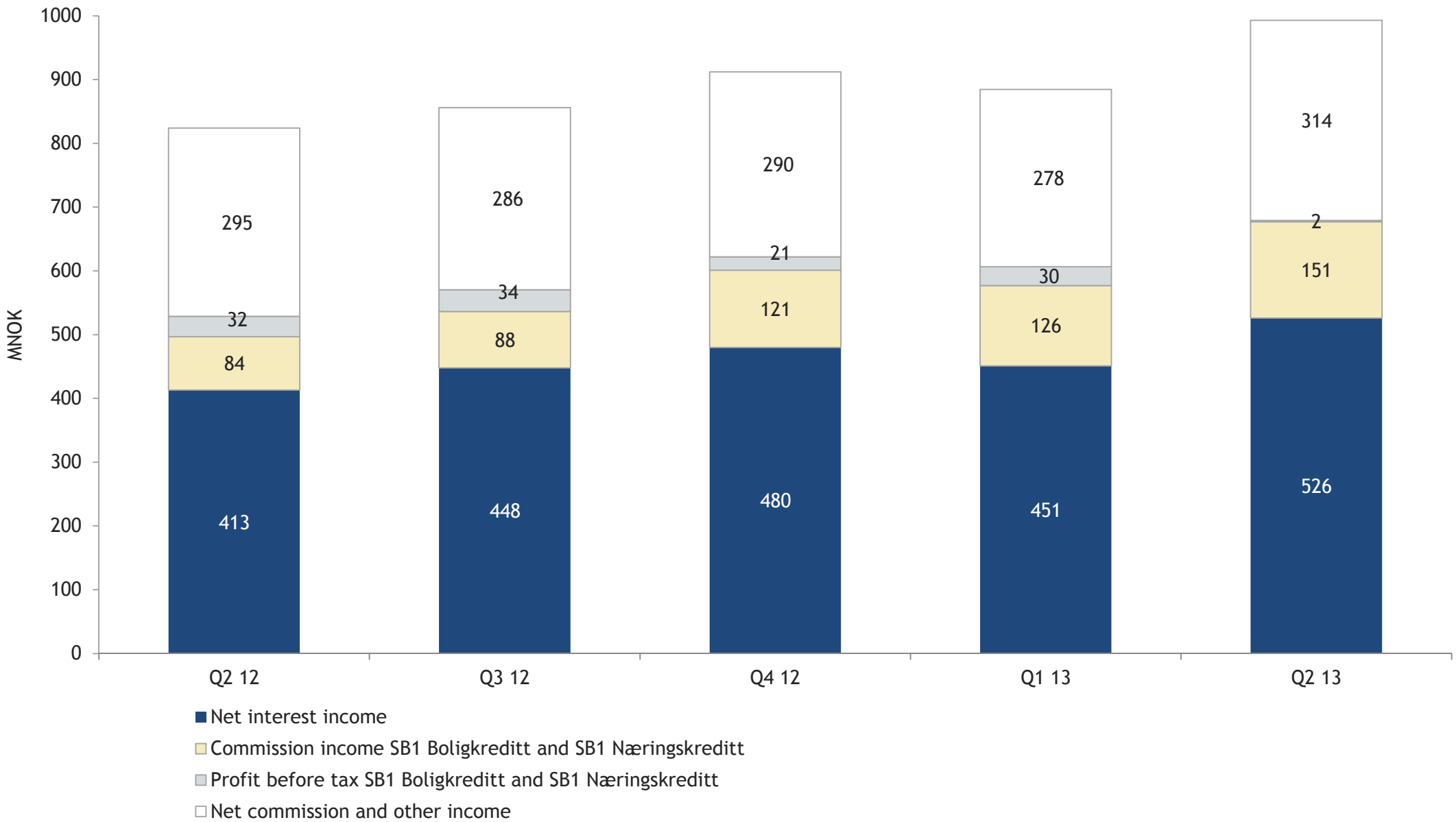
	30.06 13	30.06 12	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12
<i>Group Income Statement (MNOK)</i>							
Net interest income	977	814	526	451	480	448	413
Net commission and other income	869	681	465	404	411	374	379
Net income on investment securities	223	289	62	161	97	192	87
Total income	2.069	1.784	1.053	1.016	988	1.014	879
Total operating expenses	1.007	918	517	490	504	466	440
Operating profit before losses	1.062	866	536	526	484	548	439
Impairment losses on loans and guarantees	50	68	25	25	26	43	34
Operating profit before tax	1.012	798	511	501	458	505	405
Tax expense	235	179	128	107	114	107	102
Net profit	777	619	383	394	344	398	303

# Key figures

	30.06 13	30.06 12	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12
Return on equity after tax (%)	12,1	12,3	11,8	12,3	11,2	13,6	11,8
Net interest margin (%)	1,35	1,21	1,43	1,27	1,36	1,28	1,22
Impairment losses on loans and guarantees in % of gross loans	0,09	0,13	0,09	0,09	0,1	0,16	0,13
<i>-incl. SB1 Boligkreditt and SB1 Næringskreditt</i>	0,06	0,09	0,06	0,06	0,07	0,11	0,09
Non-performing and other problem commitments in % of gross loans	1,14	1,31	1,14	1,25	1,14	1,41	1,31
<i>-incl. SB1 Boligkreditt and SB1 Næringskreditt</i>	0,81	0,90	0,81	0,87	0,79	0,94	0,90
Cost ratio	48,7	51,5	49,1	48,2	51,0	46,0	50,1
Annual growth in loans to customers, gross incl. SB1 Boligkreditt and SB1 Næringskreditt	6,1	9,3	6,1	7,4	7,8	8,5	9,3
Annual growth in deposits from customers (%)	2,8	9,7	2,8	2,2	5,5	7,6	9,7
Total assets (BNOK)	151	140	151	146	142	139	140
Portfolio of loans in SB1 Boligkreditt and SB1 Næringskreditt (BNOK)	48	48	48	48	49	51	48
Earnings per share (NOK)	3,04	2,42	1,50	1,54	1,35	1,56	1,19
Book value per share (NOK)	50,9	44,8	50,9	50,9	49,5	46,7	44,8
Number of shares issued (million)	256	256	256	256	256	256	256

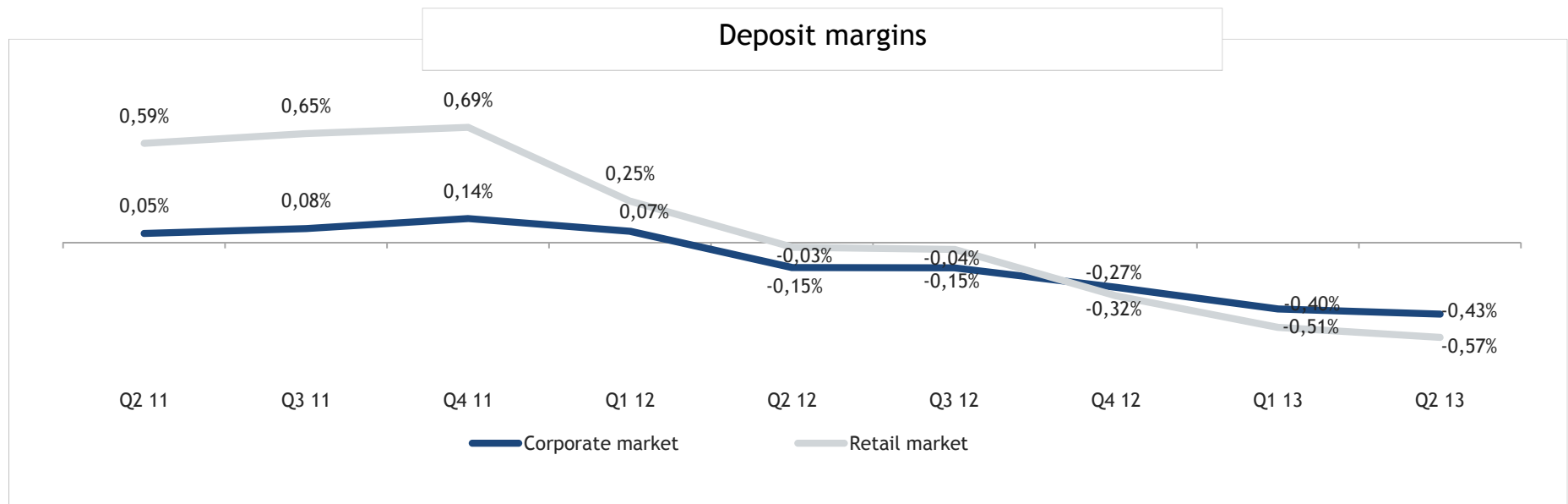
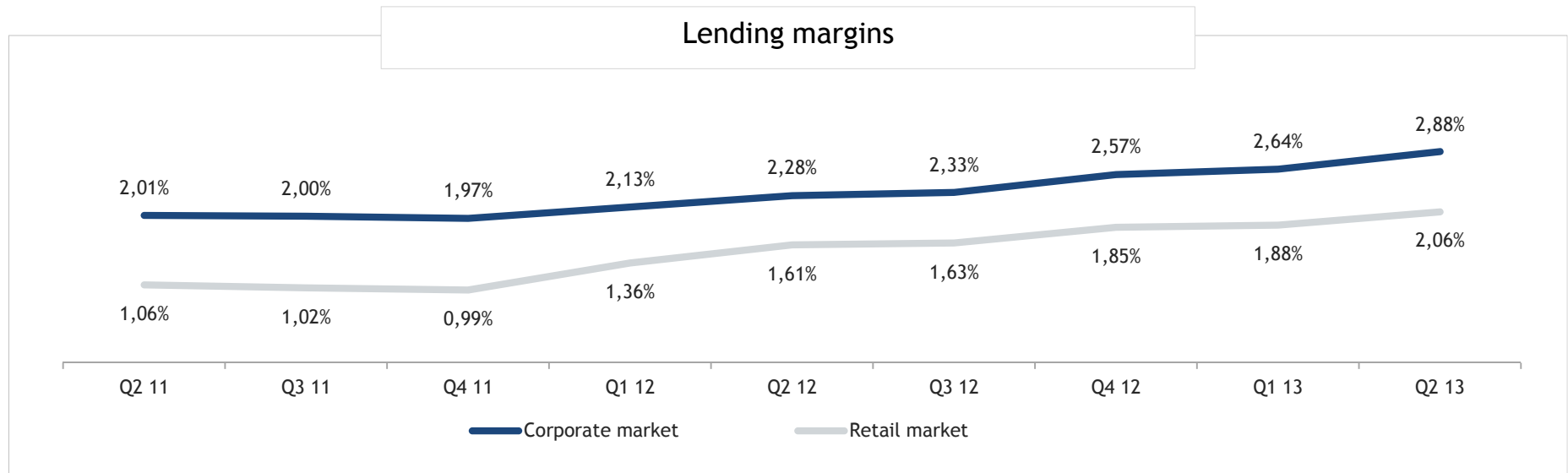
<sup>1)</sup> Number of shares was increased on 18 June 2012 from 199,489,669 to 255,751,082 as a result of a capital expansion. Earnings per share as from the second quarter 2012 are calculated based on the new number of shares.

# Consolidated income profile



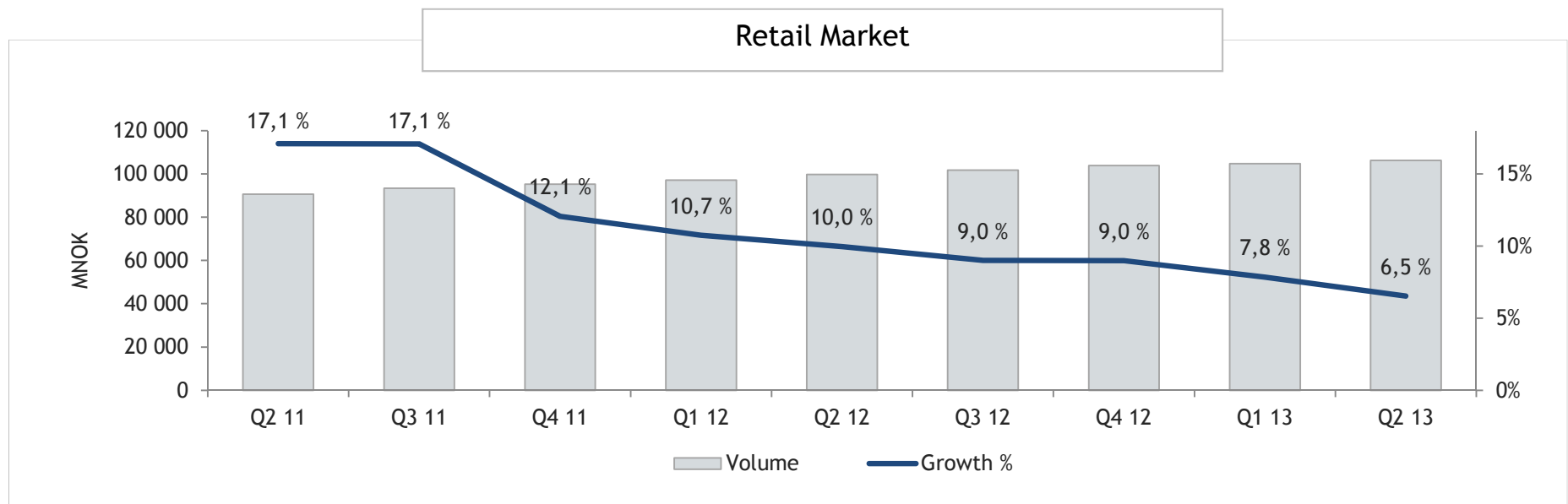
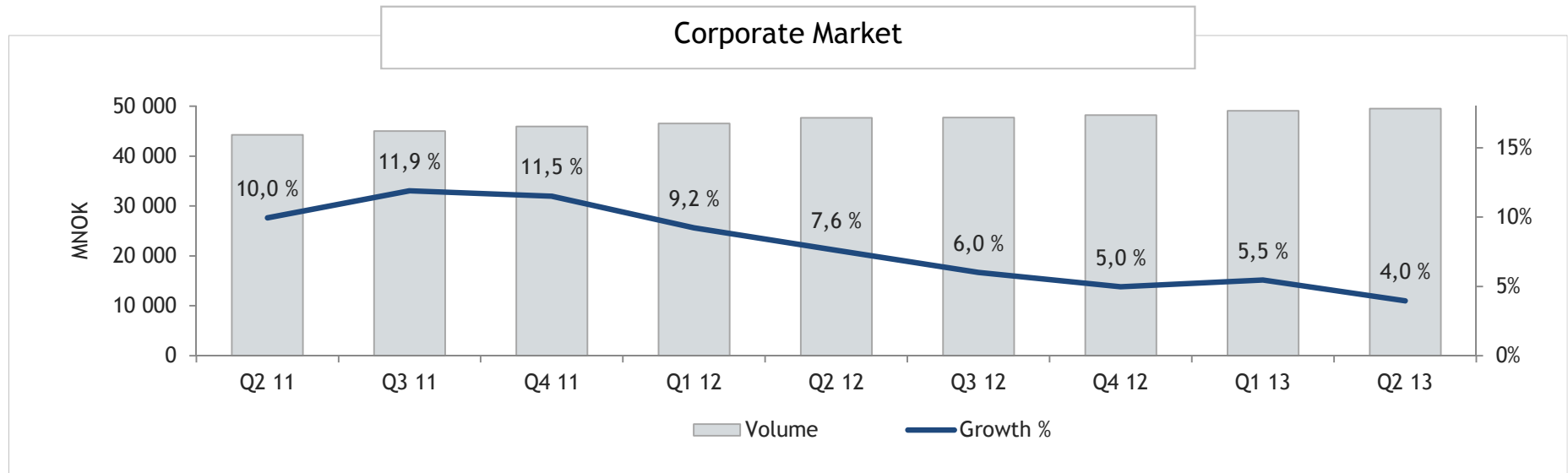


# Lending and deposit margins



Definition: Average customer interest rate against 3-month moving average for 3-month NIBOR. Lending margins include loan portfolio in SB1 Boligkreditt and SB1 Næringskreditt

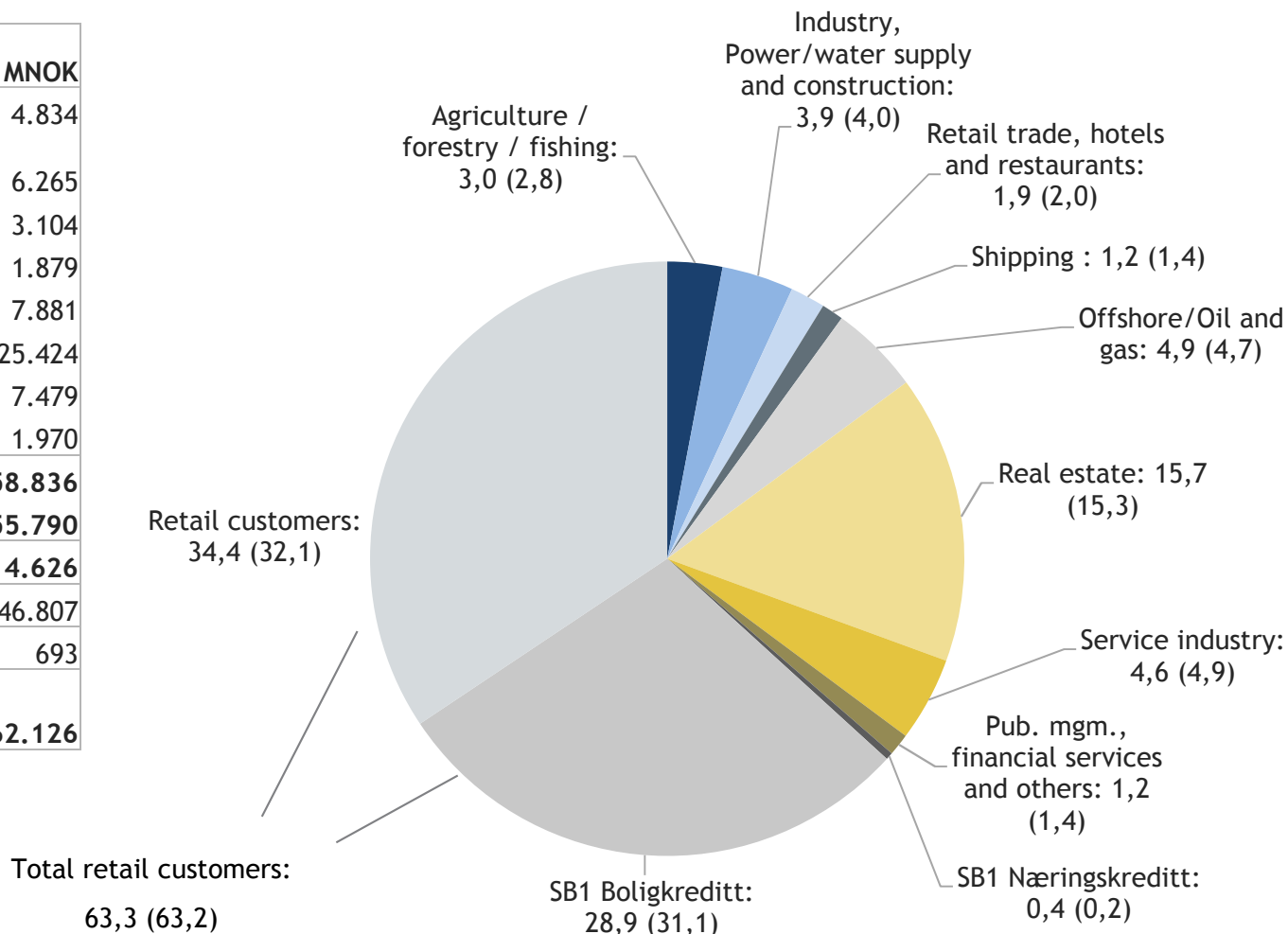
# Lending volum and 12 months growth



\* Incl. loan portfolio in SB1 Boligkreditt and SB1 Næringskreditt

# Loan portfolio as at 30.06.2013

	MNOK
Agriculture / forestry / fishing:	4.834
Industry, Power/water supply and construction:	6.265
Retail trade, hotels and restaurants:	3.104
Shipping :	1.879
Offshore/Oil and gas:	7.881
Real estate:	25.424
Service industry:	7.479
Pub. mgm., financial services and others:	1.970
<b>Total corporate sector</b>	<b>58.836</b>
<b>Total retail customers</b>	<b>55.790</b>
<b>Total SpareBank 1 SR-Bank</b>	<b>114.626</b>
SB1 Boligkreditt	46.807
SB1 Næringskreditt	693
<b>Total SpareBank 1 SR-Bank incl. SB1 Boligkreditt and SB1 Næringskreditt</b>	<b>162.126</b>



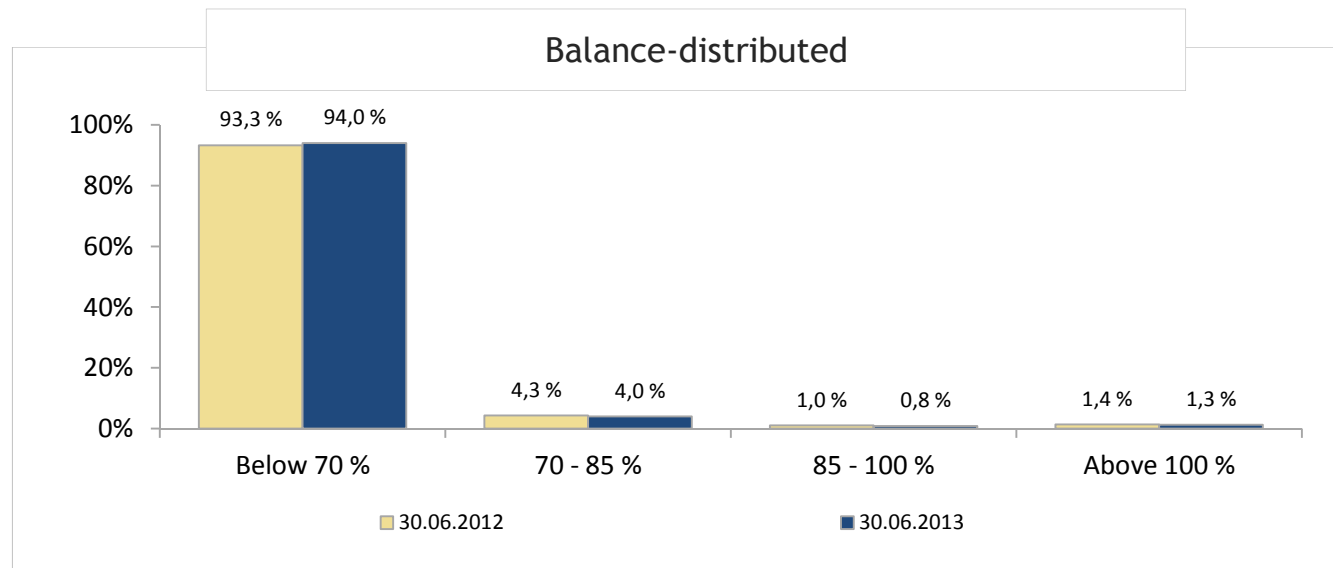
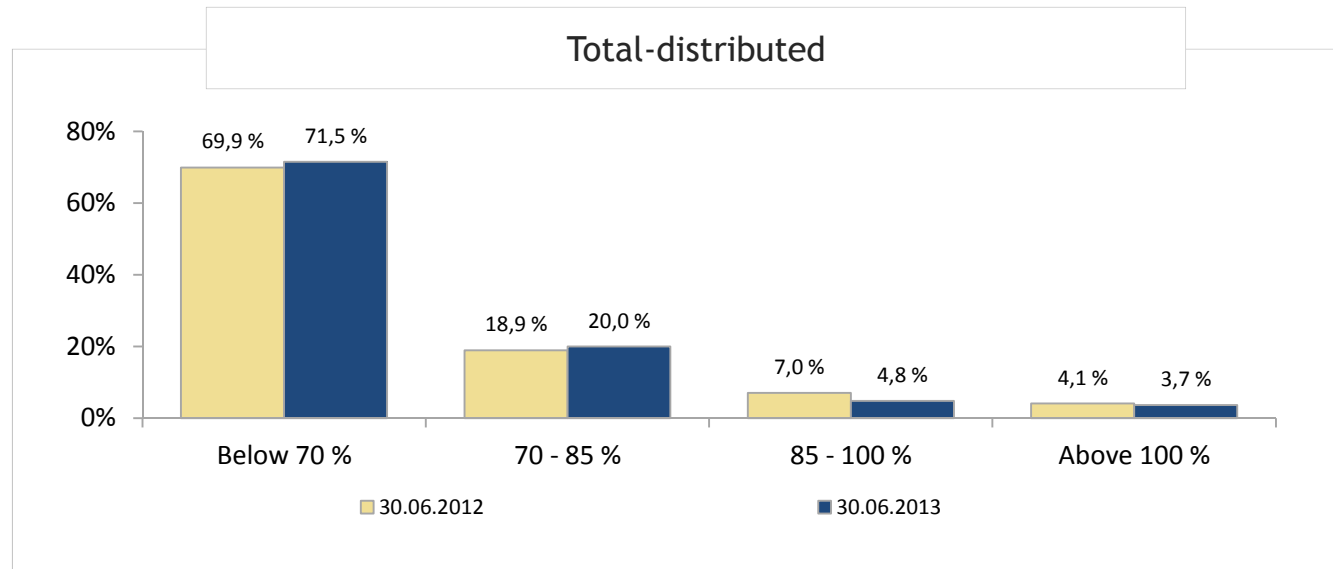
All figures in %. Figures as at 30.06.2012 in brackets.

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

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

# Loan to value ratio on home mortgage loans

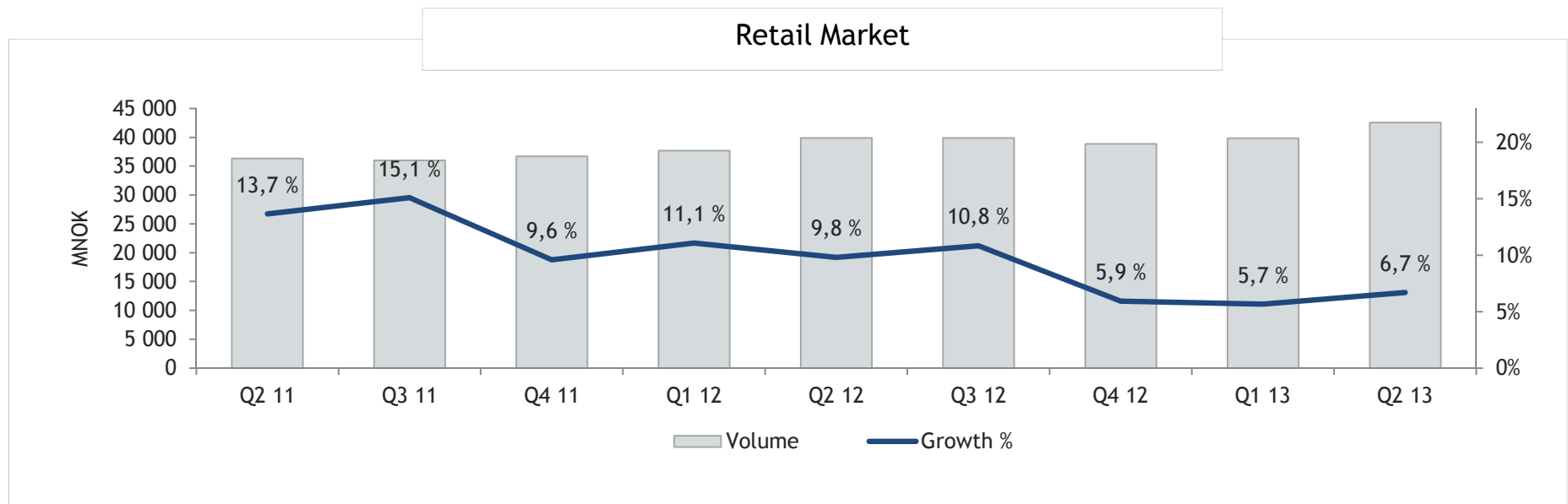
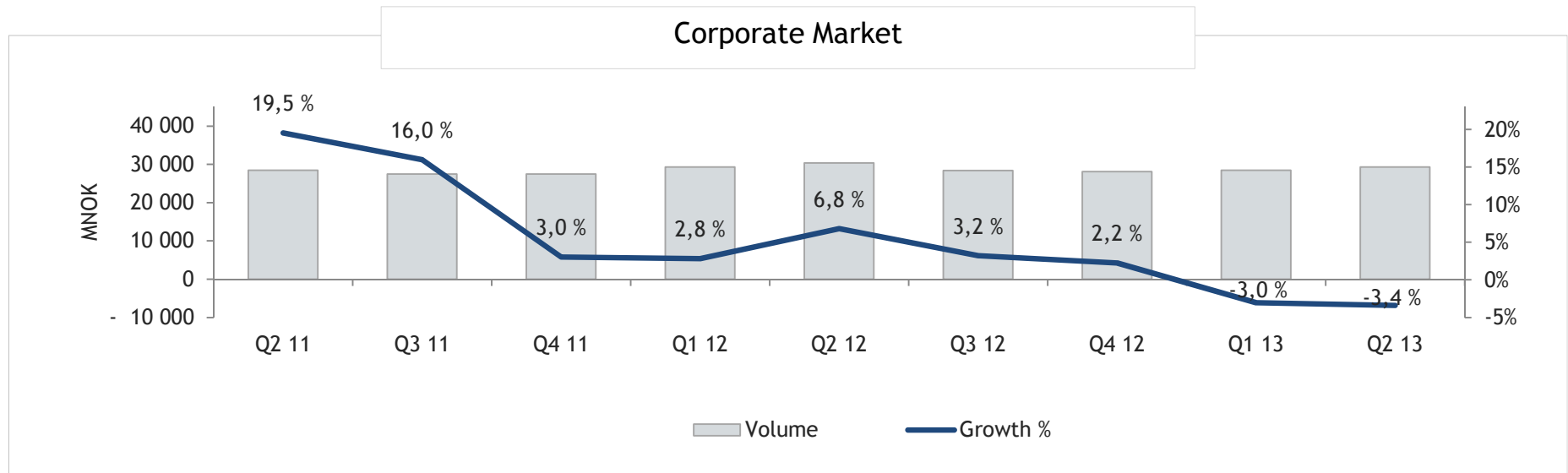
- *There is an increasing proportion of loans within a 70 % loan to value ratio during the last year and a diminishing proportion of loans that have a loan to value ratio exceeding 85 %.*
- *97.9 % of the exposure is within 85 % of the collateral's value, and only around 2.1 % of the exposure exceeds 85 % of the collateral's value.*



*In a balance-distributed loan to value ratio, for loans that exceed 70% of the collateral's estimated market value, the excess amount is distributed among the other intervals. In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.*

*The figures include the loan portfolio in SB1 Boligkreditt.*

# Deposits volume and 12 month growth



## Net commission and other income

	30.06 13	30.06 12	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12
<i>MNOK</i>							
Payment facilities	108	97	56	52	47	61	50
Savings/placements	72	71	37	35	36	33	36
Insurance products	82	69	42	40	51	36	35
Commission income real estate (EM1)	223	223	127	96	99	105	124
Guarantee commission	53	44	26	27	21	24	22
Arrangement- and customer fees	31	31	14	17	31	13	24
Other	23	16	12	11	5	14	4
<b>Net commission and other income excl. SB1 Boligkreditt and SB1 Næringskreditt</b>	<b>592</b>	<b>551</b>	<b>314</b>	<b>278</b>	<b>290</b>	<b>286</b>	<b>295</b>
Commission income SB1 Boligkreditt and SB1 Næringskreditt	277	130	151	126	121	88	84
<b>Net commission and other income incl. SB1 Boligkreditt and SB1 Næringskreditt</b>	<b>869</b>	<b>681</b>	<b>465</b>	<b>404</b>	<b>411</b>	<b>374</b>	<b>379</b>

# Net income on investment securities

	30.06	30.06	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12
<i>MNOK</i>	13	12					
Dividend	32	24	32	0	0	1	21
Investment income, associates	130	153	31	99	22	90	53
Securities gains/losses	-56	45	-55	-1	23	62	-23
- of which capital change in shares and certificates	-7	-20	-28	21	46	35	-34
- of which capital change in certificates and bonds	-49	65	-27	-22	-23	27	11
Currency/interest gains/losses	117	67	54	63	52	39	37
- of which currency customer- and own-account trading	65	70	35	30	33	33	34
- of which IFRS-effects	52	-3	19	33	19	5	3
<b>Net income on investment securities</b>	<b>223</b>	<b>289</b>	<b>62</b>	<b>161</b>	<b>97</b>	<b>192</b>	<b>87</b>

# Subsidiaries

<i>MNOK</i>	30.06.13	30.06.12
<b>EiendomsMegler 1 SR-Eiendom AS</b>		
Number of sales	3.863	3.795
Operating profit before tax	30,9	72,2
<b>SpareBank 1 SR-Finans AS</b>		
Total assets (BNOK)	6,2	5,8
Operating profit before tax	81,7	51,6
<b>SR-Forvaltning AS</b>		
Portfolio (BNOK)	6,8	6,1
Operating profit before tax	10,7	11,5
<b>SR-Investering AS</b>		
Operating profit before tax	8,2	4,1
<b>Other</b>		
Operating profit before tax	-1,6	0,6



# Ownership interests

<i>MNOK</i>	30.06.13	30.06.12
<b>SpareBank 1 Gruppen AS (19,5 % interest ownership)</b>		
Profit after tax	78,4	52,1
Adjusted profit previous years	-1,6	9,3
<b>SpareBank 1 Boligkreditt AS (29,9 % interest ownership)</b>		
Profit after tax	20,7	49,1
<b>SpareBank 1 Næringskreditt AS (27,8 % interest ownership)</b>		
Profit after tax	2,3	3,7
<b>BN Bank ASA (23,5 % interest ownership)</b>		
Profit after tax	26,2	15,6
Amortised	4,5	4,2
<b>Other</b>		
Profit after tax	-0,8	19,0
<b>Total ownership interests</b>		
Profit after tax	129,6	153,0

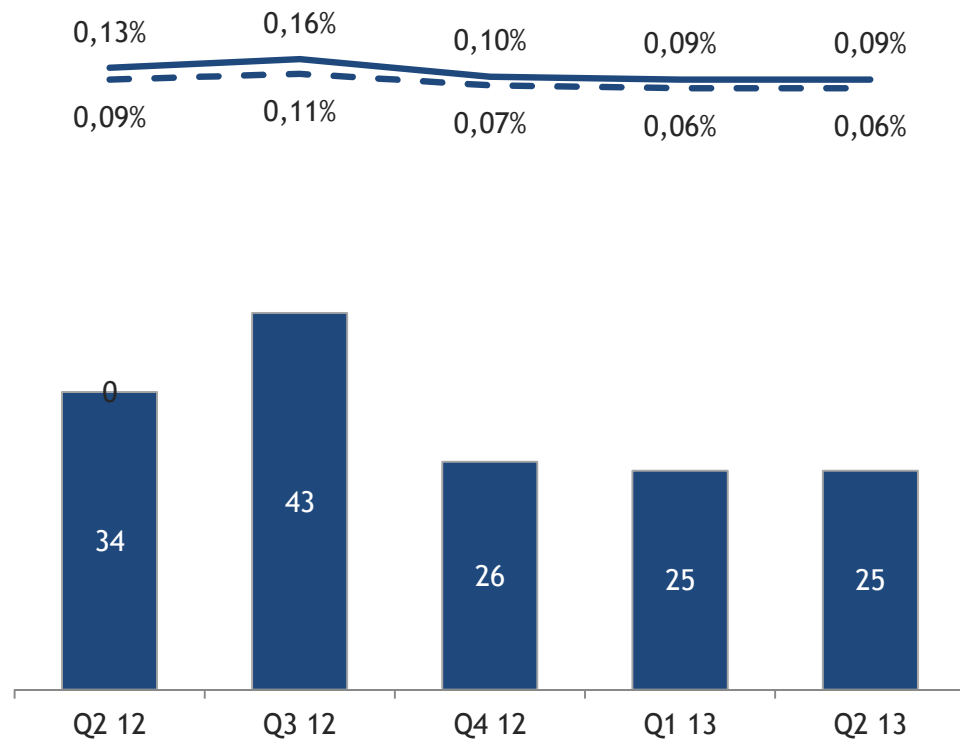
\* Bank 1 Oslo Akershus is included in Other at 30.06.12, with 19.0 mill kroner

# Operating expenses

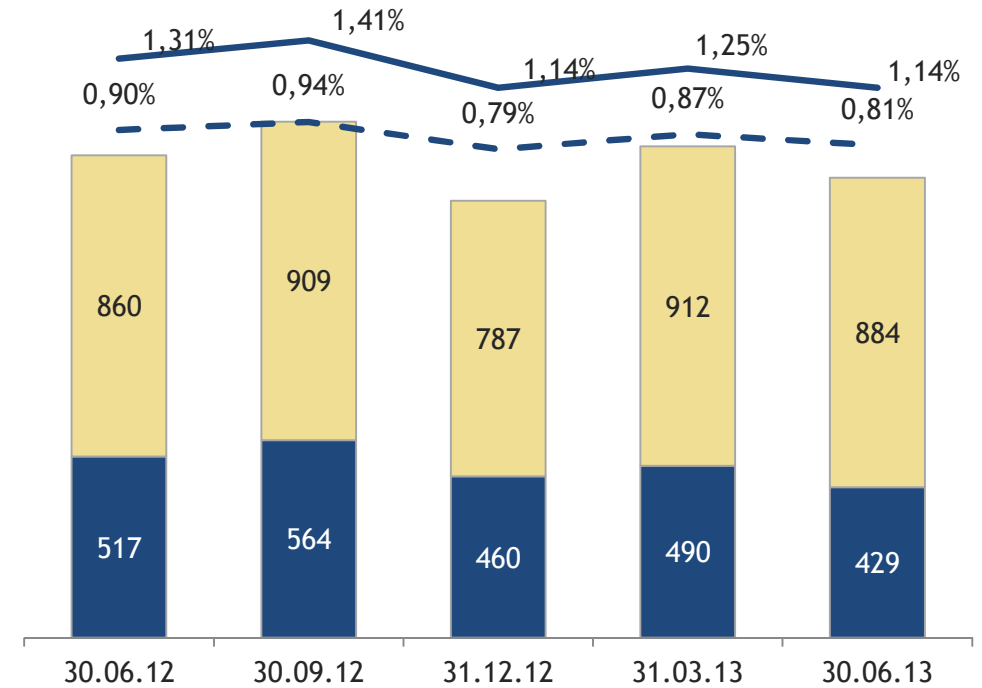
	30.06 13	30.06 12	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12
<i>MNOK</i>							
Personnel expenses	589	554	297	292	297	276	279
Non-recurring effect, pension-related items	0	-35	0	0	-5	-5	-35
Total personnel expenses	589	519	297	292	292	271	244
IT expenses	122	107	63	59	59	61	49
Marketing	48	42	29	19	23	16	21
Other administrative expenses	49	56	26	23	25	28	29
Total administrative expenses	219	205	118	101	107	105	99
Depreciation	36	38	18	18	30	19	19
Operating expenses from real estate	25	23	13	12	10	11	10
Other operating expenses	138	133	71	67	65	60	68
Total other operating expenses	199	194	102	97	105	90	97
Total operating expenses	1.007	918	517	490	504	466	440

# Impairment losses on loans/Non-performing and doubtful commitments

## Impairment losses on loans



## Non-performing and doubtful commitments



- Collective impairment losses on loans, MNOK
- Individual impairment losses on loans, MNOK
- Loss ratio in % of average gross loans
- Loss ratio in % of average gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt

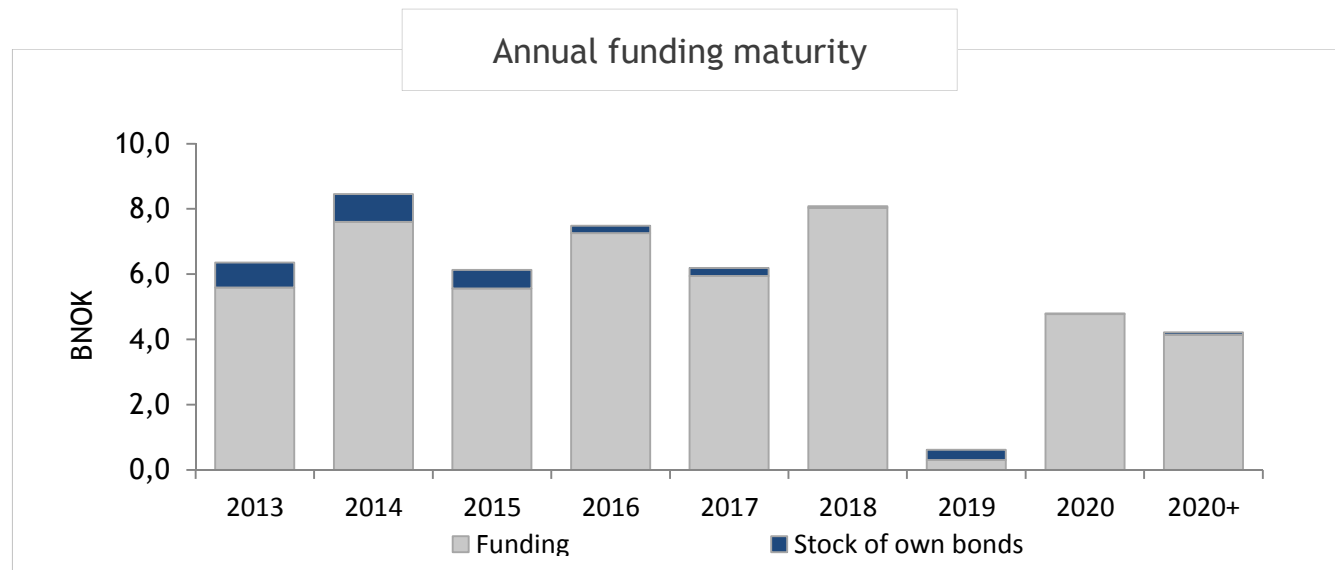
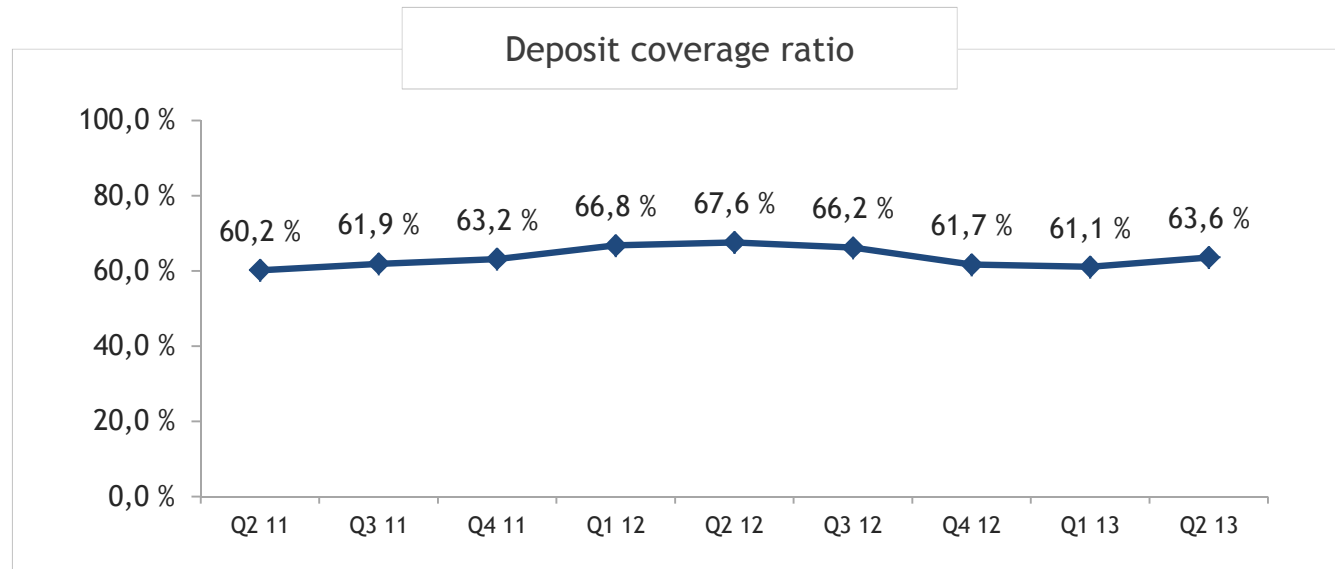
- Doubtful commitments, MNOK
- Non-performing loans, MNOK
- Non-performing and problem commitments in % of gross loans
- Non-performing and problem commitments in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt

# Impairment losses on loans and guarantees

	30.06	30.06					
<i>Losses on loans in income statement (MNOK)</i>	13	12	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12
Corporate customers	49	89	22	27	28	44	24
Retail customers	1	9	3	-2	-2	-1	10
Change in collective impairment losses on loans	0	-30	0	0	0	0	0
Net impairment losses on loans	50	68	25	25	26	43	34
	30.06	30.06	30.06	31.03	31.12	30.09	30.06
<i>Impairment losses on loans (MNOK)</i>	13	12	13	13	12	12	12
Corporate customers	311	390	311	340	326	419	390
Retail customers	78	110	78	91	97	101	110
Collective impairment losses on loans	332	332	332	332	332	332	332
Total impairment losses on loans	721	832	721	763	755	852	832

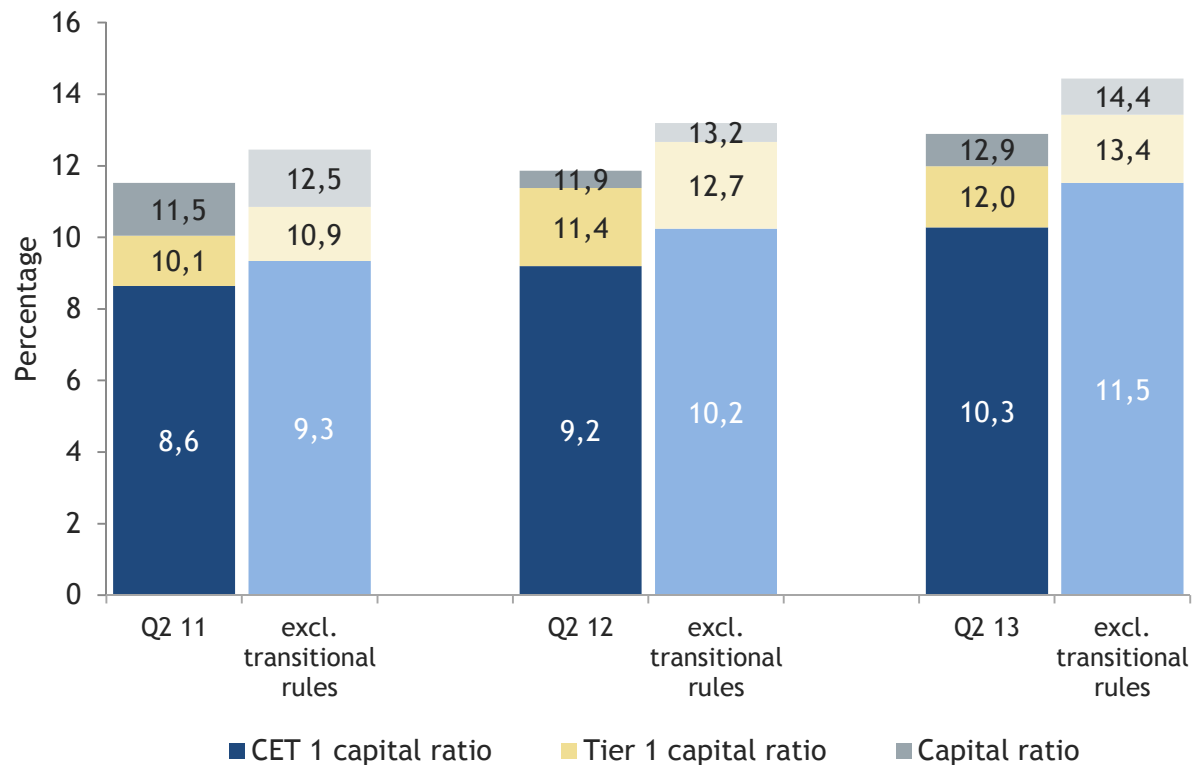
# Deposit coverage ratio and market funding




- *Good liquidity and good access to market funding*
- *NOK 6.6 billion has been issued in new borrowing in the year-to-date*
- *Net refinancing need over the next 12 months is NOK 11.0 billion (excl. swap scheme)*



# Solid equity - which will be further improved going forward

- Core equity capital ratio as per 30 June 2013 was 10.3% - up by 0.3% in the year-to-date.
- Tier 1 capital ratio was 12.0%
- Due to transitional rules the minimum requirement for the IRB capital ratio cannot be temporarily reduced to less than 80% in relation to the Basel I rules.
  - New Norwegian capital requirements apply from 1 July 2013
- The use of different calculation models in the various Nordic countries makes comparisons of actual financial strength difficult

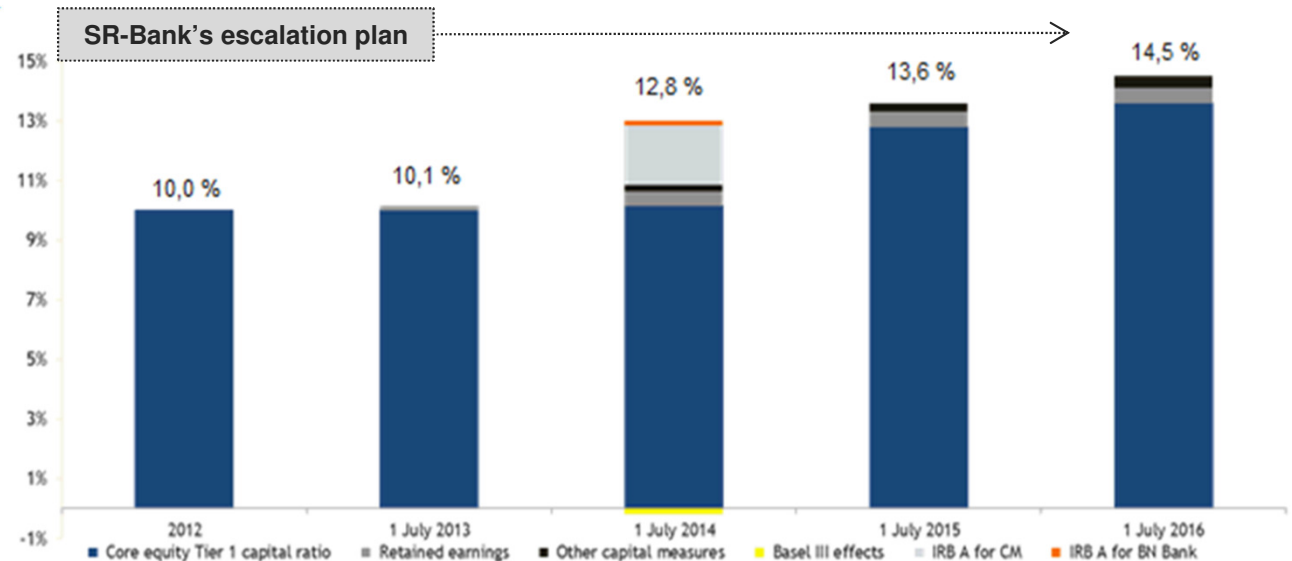
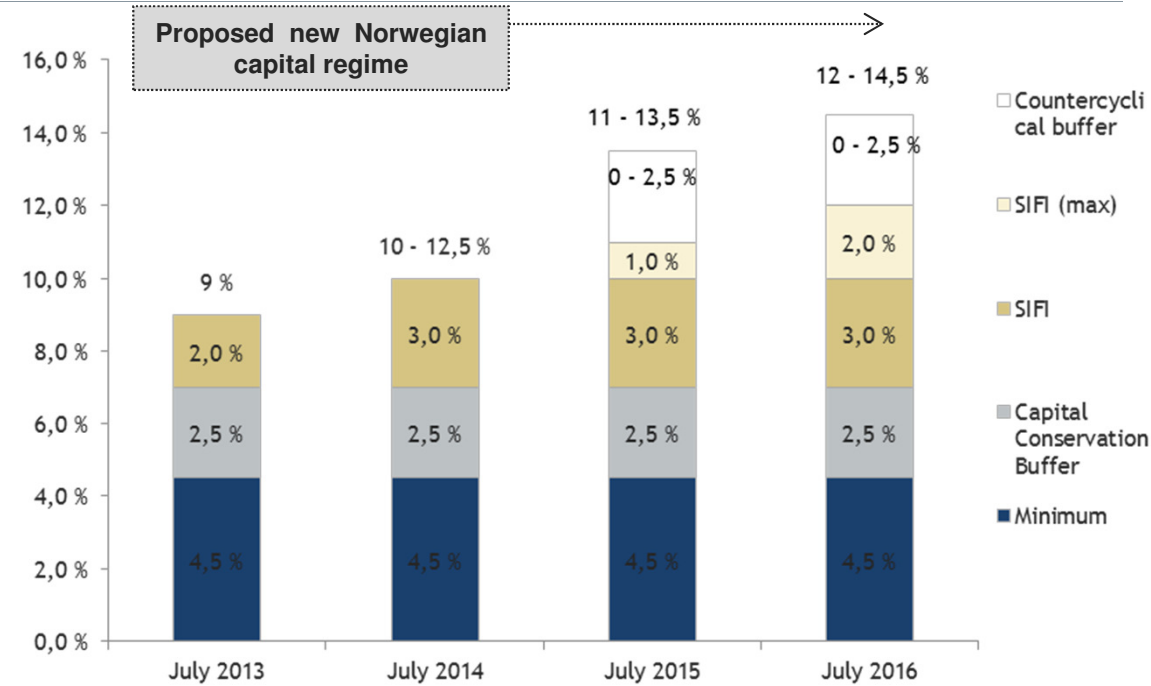


Pro-forma full Basel III (per 31.12.2012)	SpareBank 1 SR-BANK 	SpareBank 1 SR-BANK 	SpareBank 1 SR-BANK 
Core equity Tier 1 capital in NOK	11,1 billion	11,1 billion	11,1 billion
Est. RWA in NOK	86 billion	63 billion	71 billion
Reported Core equity Tier 1 capital ratio	13,0 %	17,6 %	15,6 %

\* 55% average RWA is used for IRB A corporate market. IRB A average RWA x 2 is used for home mortgages.

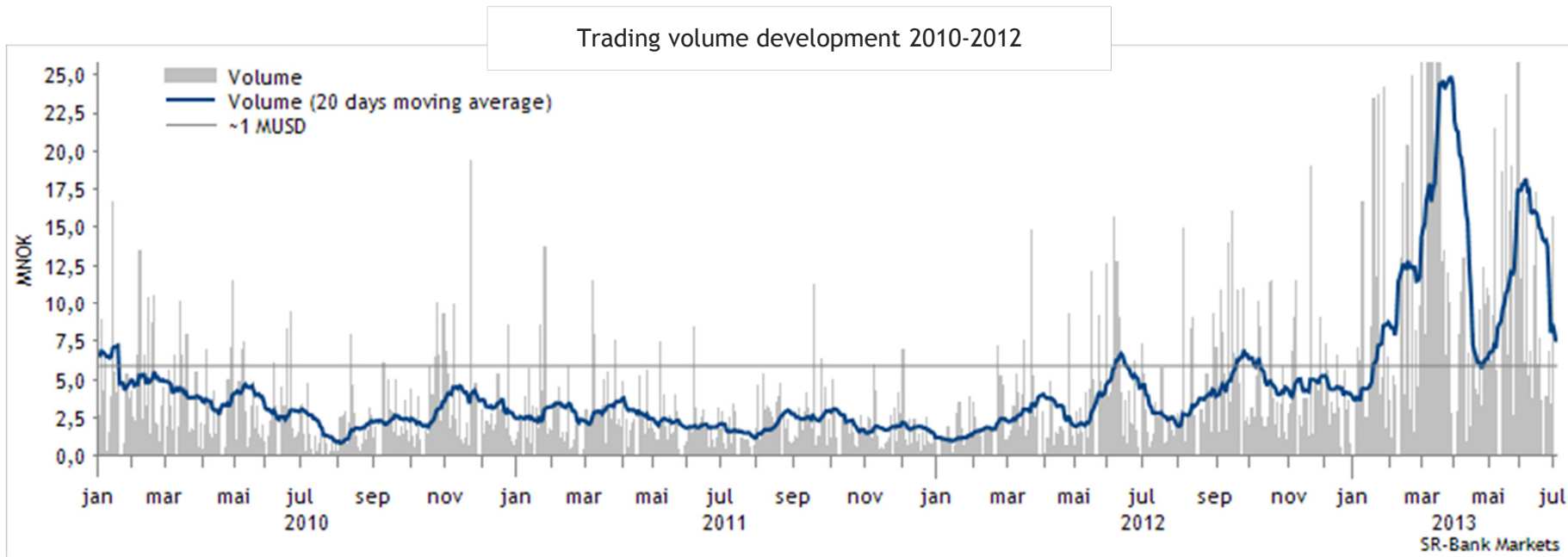
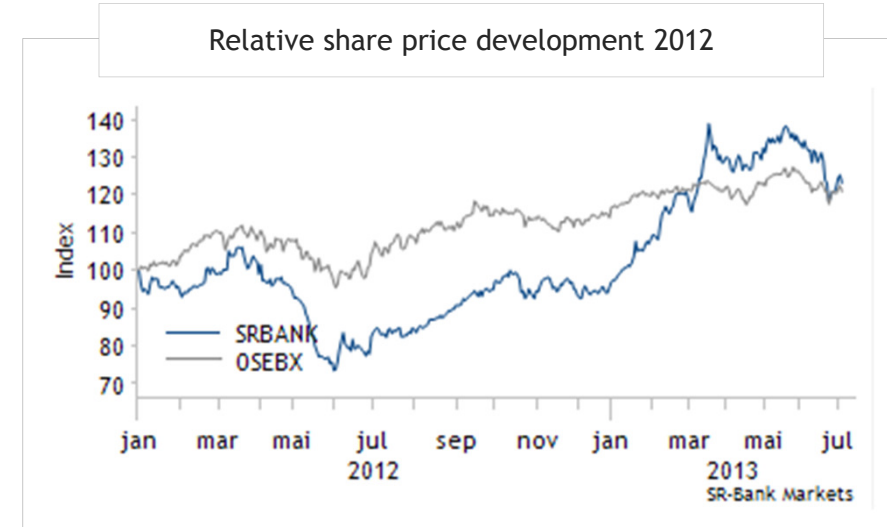
# Equity to be further strengthened towards 2016

- Strong history of delivering attractive total returns on assets for owners
  - Among the best in the Nordic region for the last 15 years
- Continued regulatory uncertainty, although minimum requirements and time horizon have been clarified
  - Risk weights of home mortgages
  - Countercyclical buffer, SIFI
- CET 1 capital ratio will be strengthened further through higher earnings and enduring good return on equity
- A number of available means are being and will be adopted
  - Improved margins
  - Controlled costs development
  - More capital efficient lending growth
  - Other capital rationalisation
    - Composition of existing loan portfolio
    - Other assets
  - IRB A corporate market
- The ambition is to deliver competitive and attractive total returns on assets for owners in the future as well



# SRBANK per 30.06.2013

- *Significantly greater liquidity in the share in the first half-year*
- *International ownership increased in the quarter from 6.3 % to 10.1 % per 30.06.2013*





# Outlook

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- The international uncertainty persists and there are signs of negative consequences for the Norwegian economy as well.
- A high level of activity in the petroleum sector, major infrastructure projects and increasing house building are, however, contributing to a high level of activity and low unemployment in the Group's core area.
- New regulations, in the form of significantly stricter requirements for equity and funding, necessitate less capital intensive lending growth going forward than has been the norm in the last few years. Unclarified risk-weighting and the possible phasing in of countercyclical buffers are some of the factors behind the greater need to build up capital organically.
- Good liquidity and good access to new long-term funding provide a good basis for taking our share of future market growth. Opportunities for new business with solid customers in markets with expanding margins.
- Continued sound portfolio quality and low losses are also assumed going forward.
- Higher earnings and more efficient operations in the most important business areas overall for 2013.

# APPENDIX

# SRBANK's activities



## Divisions of SpareBank 1 SR-Bank ASA

Capital Markets	Retail Market	Corporate Market	Administration & Support
Number of man-years: 39	Number of man-years : 498	Number of man-years : 180	Number of man-years : 216

## Fully owned companies

**EiendomsMegler 1**

Number of man-years : 221

Key areas:

- Leading real estate broker

**SpareBank 1 SR-FORVALTNING**

Number of man-years : 12

Key area:

- Asset management

**SpareBank 1 SR-FINANS**

Number of man-years : 30

Key area:

- Lease finance

## Partly owned companies

SpareBank 1 Gruppen AS (19.5 %)

- Holding company for the SpareBank 1 - Alliance

BN Bank ASA (23.5 %)

- Commercial bank located in Oslo and Trondheim

SpareBank 1 Boligkreditt AS (29.9 %)

- Covered bond company (mortgages)

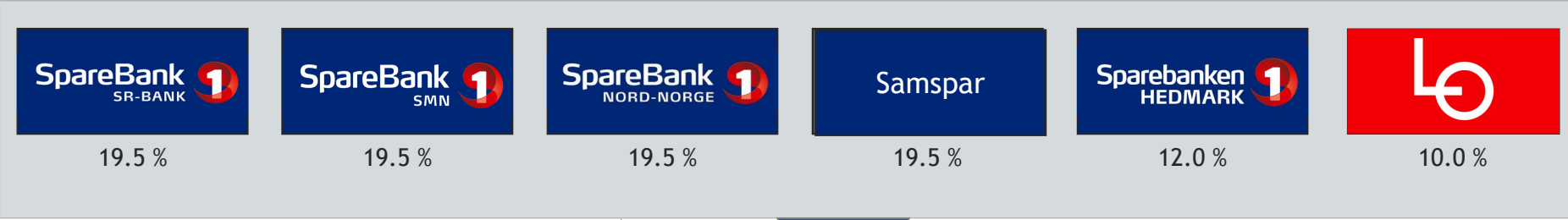
SpareBank 1 Næringskreditt AS (27.8 %)

- Covered bond company (commercial real estate)

# SpareBank 1 Alliance

## Owners of the alliance

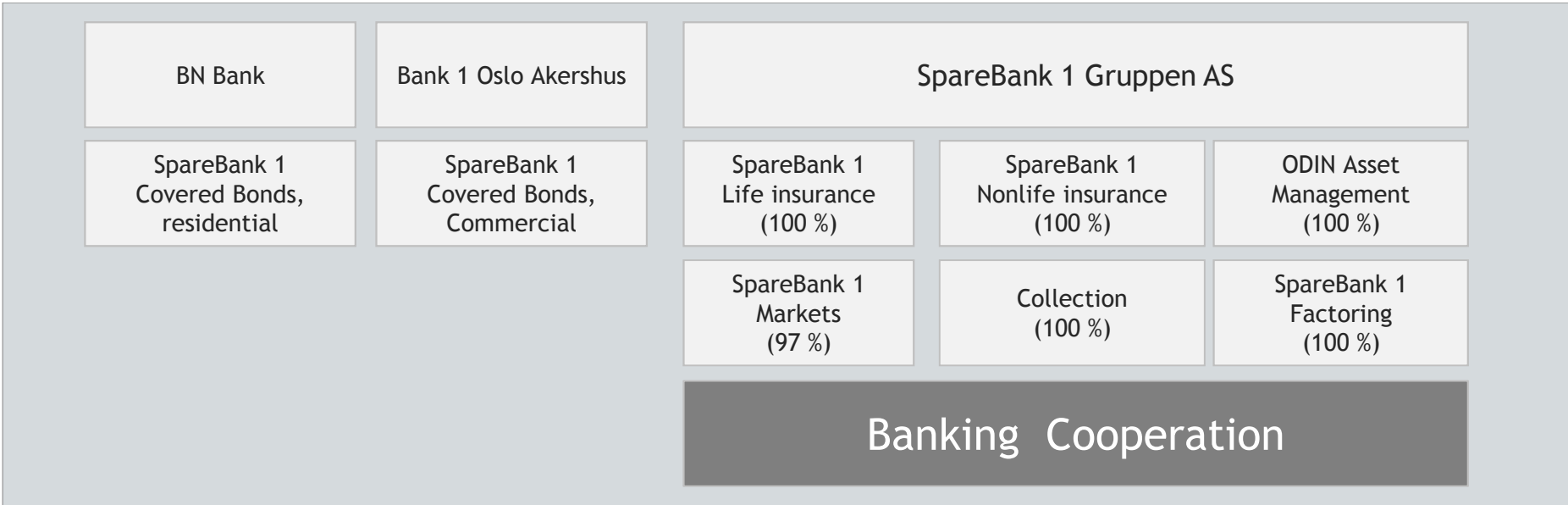
- All credit decisions are made at the local banks
- Economies of scale related to expenses, IT solutions, marketing and branding



Products, commissions, dividends

Sales, loan portfolios, capital

## SpareBank 1 Alliance companies



# Our vision: Recommended by customers

## Primary objective

- SpareBank 1 SR-Bank ASA is committed to value creation in the bank`s core market area
- Sustainable contribution to the value creation process in the region through;
  - Sustainable an profitable business model
  - Owner friendly and stable dividend policy

## Financial targets

- ROE 13-15 % in a normalized market
- Top 50 % ROE and cost/income in a Nordic benchmark
- Core equity Tier 1 capital ratio at minimum 10 %

## Strategic goals

- Most attractive and preffered partner for financial services in South-Western Norway, based on;
  - Good customer experience
  - Strong team spirit and professionalism
  - Local anchoring and local decisions
  - Solvency, profitability and trust by the market

## Strategic focus

- Targeted customer growth and increased product mix
- Innovative and continuing focus on efficiency
- Expertise adapted to future customer needs
- Sustainable and diversified funding mix

## 20 largest shareholders as at 30 June 2013

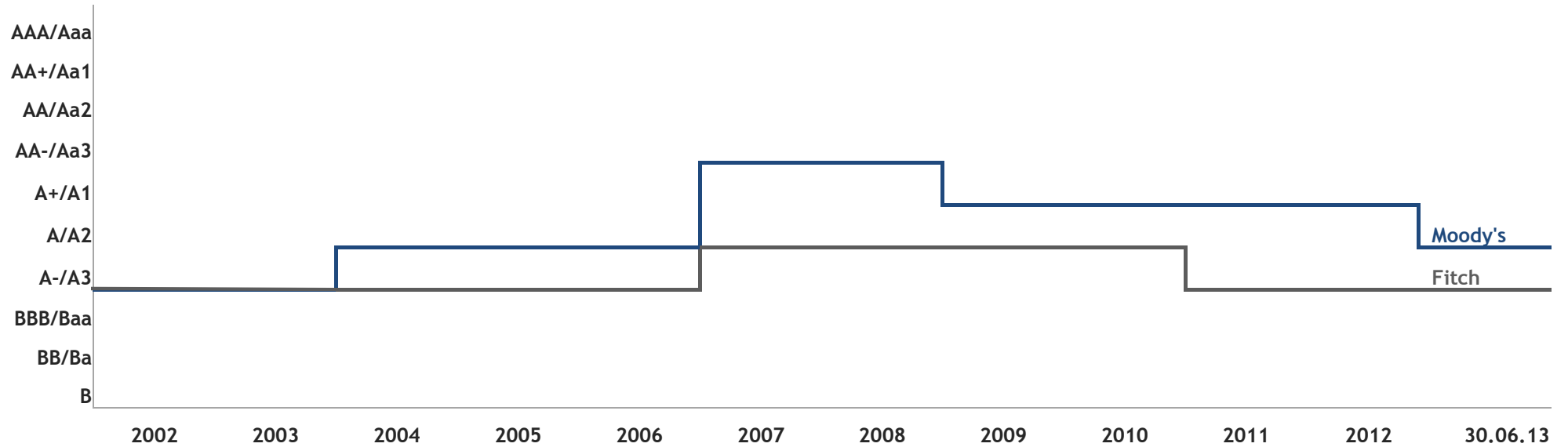
- *International ownership increased in the quarter from 6.3 % to 10.1 % per 30.06.2013*

Investor	Number	Stake
Sparebankstiftelsen SR-Bank	76.835.551	30,0 %
Gjensidige Forsikring ASA	26.483.470	10,4 %
Folketrygdfondet	7.909.328	3,1 %
SpareBank 1-stiftinga Kvinnherad	6.226.583	2,4 %
Odin Norge	5.896.605	2,3 %
Frank Mohn AS	5.372.587	2,1 %
Odin Norden	4.148.475	1,6 %
Skagen Global	3.883.743	1,5 %
State Street Bank and Trust, U.S.A.	2.227.157	0,9 %
Clipper AS	2.178.837	0,9 %
J.P. Morgan Chase Bank, U.K.	2.099.017	0,8 %
J.P. Morgan Chase Bank, Sverige	2.014.054	0,8 %
Fondsfinans Spar	1.670.936	0,7 %
The Bank of New York Mellon, U.S.A.	1.573.775	0,6 %
Tveteraas Finans AS	1.391.492	0,5 %
Westco AS	1.321.817	0,5 %
Skagen Global II	1.316.174	0,5 %
Køhlergruppen AS	1.292.803	0,5 %
FLPS, U.S.A.	1.250.000	0,5 %
Varma Mutual Pension Insurance, Finland	1.248.017	0,5 %
Top 5	123.351.537	48,2 %
Top 10	141.162.336	55,2 %
Top 20	156.340.421	61,1 %

# Rating

	Moody's		Fitch
Long-term debt	A2	Long-term IDR	A-
Outlook	Stable	Outlook	Stable
Updated	5. March 2013	Updated	19. February 2013

## Ratinghistory



# Balance sheet

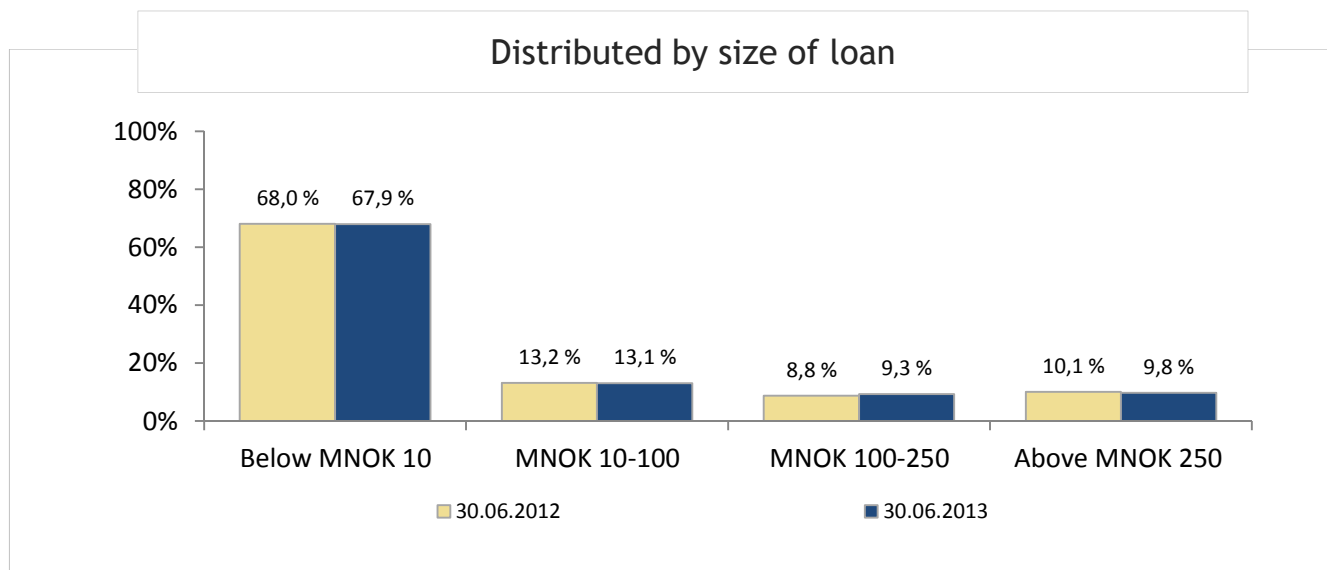
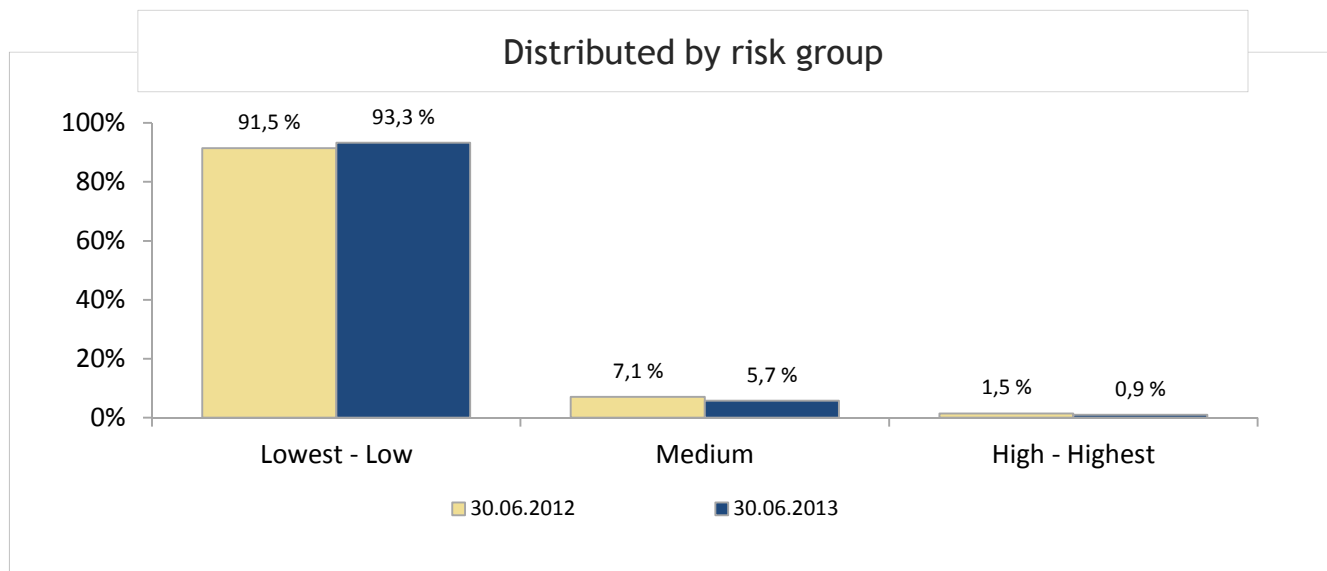
<i>Balance sheet (MNOK)</i>	30.06.13	30.06.12
Cash and balances with central banks	1.762	290
Balances with credit institutions	2.612	1.160
<b>Net loans to customers</b>	<b>114.493</b>	<b>104.597</b>
Certificates, bonds and other fixed-income securities	19.852	22.539
Financial derivatives	4.936	4.102
Shares, ownership stakes and other securities	879	623
Business available for sale	85	85
Investment in associates	4.682	4.944
Other	1.809	1.275
<b>Total assets</b>	<b>151.110</b>	<b>139.615</b>
Balances with credit institutions	4.681	3.418
Public deposits related to covered bond swap scheme	6.429	7.299
Deposits from customers	73.281	71.285
Listed debt securities	45.006	38.101
Financial derivatives	2.486	2.158
Other liabilities	2.264	2.262
Additional Tier 1 and Tier 2 capital instruments	3.958	3.661
<b>Total liabilities</b>	<b>138.105</b>	<b>128.184</b>
<b>Total equity</b>	<b>13.005</b>	<b>11.431</b>
<b>Total liabilities and equity</b>	<b>151.110</b>	<b>139.615</b>



# Risk profile of the loan portfolio

- *93.3 % 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 at 0.03 %.*
- *Exposure to high or the highest risk accounts for 0.9 % of the bank's loan exposure. Expected losses in this portion of the portfolio are 4.2 %.*
- *67.9 % of the bank's loan exposure is to loans constituting less than NOK 10 million. This corresponds to 99 % of all customers.*
- *19.0 % of the bank's loan exposure is to customers who have an exposure in excess of NOK 100 million. The credit quality in this portion of the portfolio is better than in the rest of the corporate market portfolio.*

\* Expected loss through a business cycle

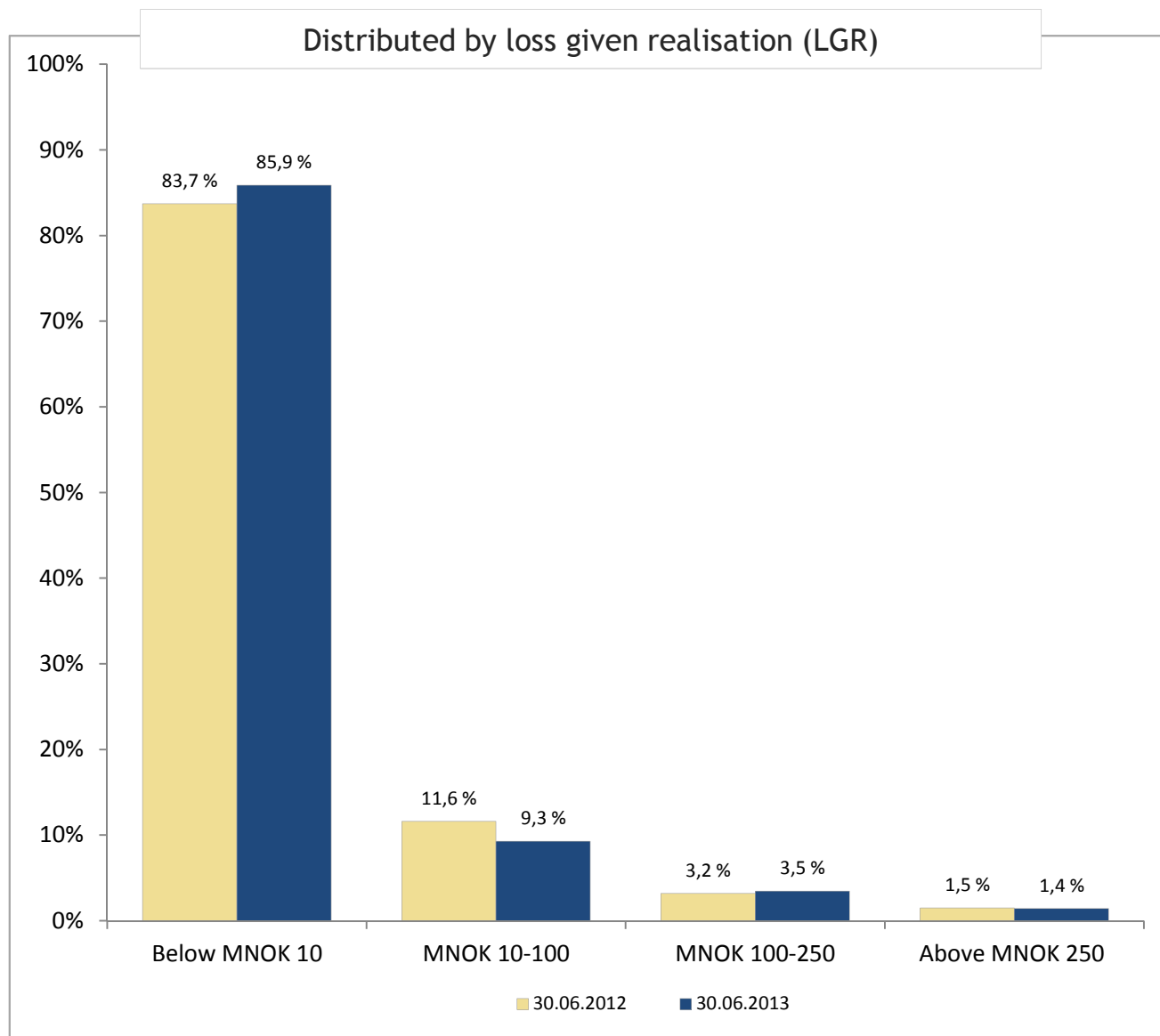


# Low concentration of individual LGRs in the lending portfolio

- At the end of the second quarter of 2013, SpareBank 1 SR-Bank had a total of 27 commitments with a loss potential exceeding NOK 100 million.
  - These commitments represent less than 5 % of the loan exposure.
- This is a reduction compared with the previous quarter in which there were 24 such commitments, which accounted for 5 % of the loan exposure.
- There is a clearly defined strategy behind this portfolio composition. The growth and risk profile are managed, for example, through special credit strategy limits for concentration risk.

LGR (Loss given realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic downturn.

The figures include lending portfolios in SB1 Boligkreditt and SB1 Næringskreditt.

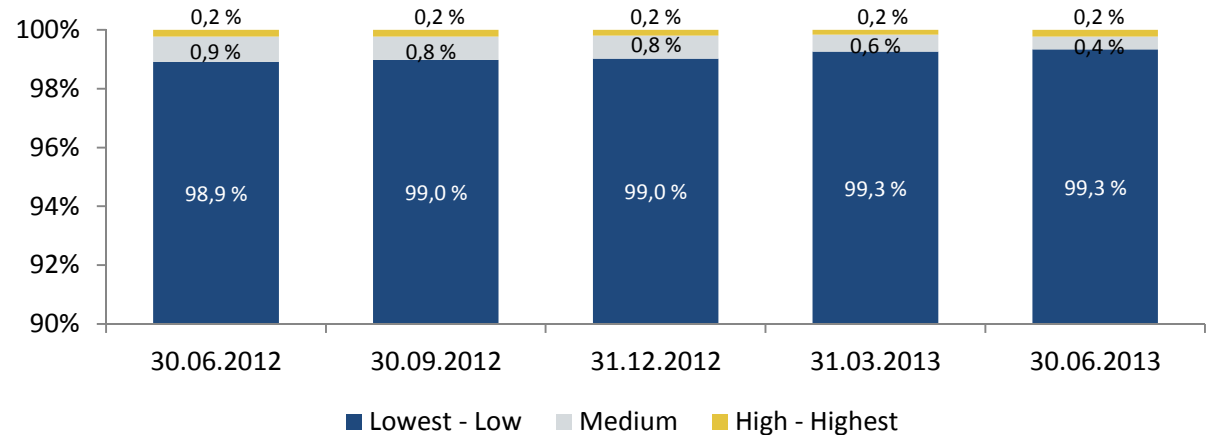


# Lending to the retail market - risk profile

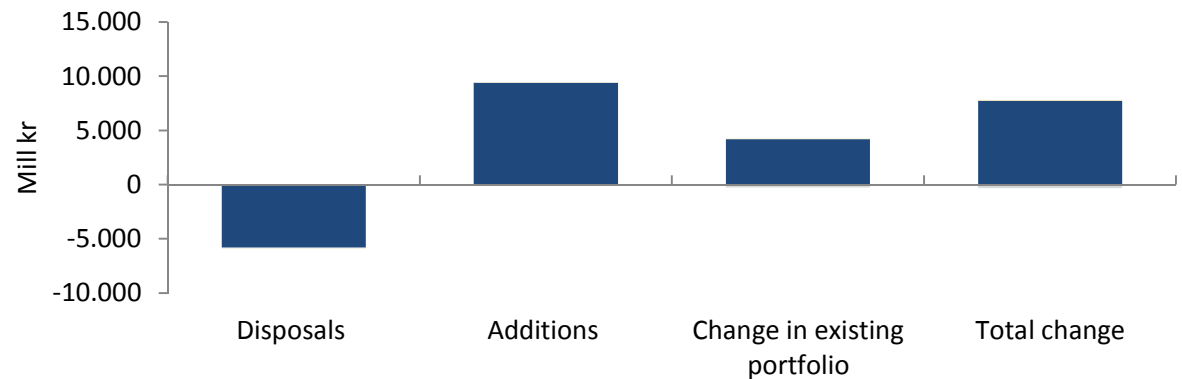
- *The quality of the retail market portfolio is considered very good and with low potential losses.*
- *The development is characterised by stability, and 99.3 % are assessed to represent a low or the lowest risk for the bank.*
- *Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to security value.*

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

Retail market portfolio distributed by risk group



Migration in the retail market portfolio over the past 12 months

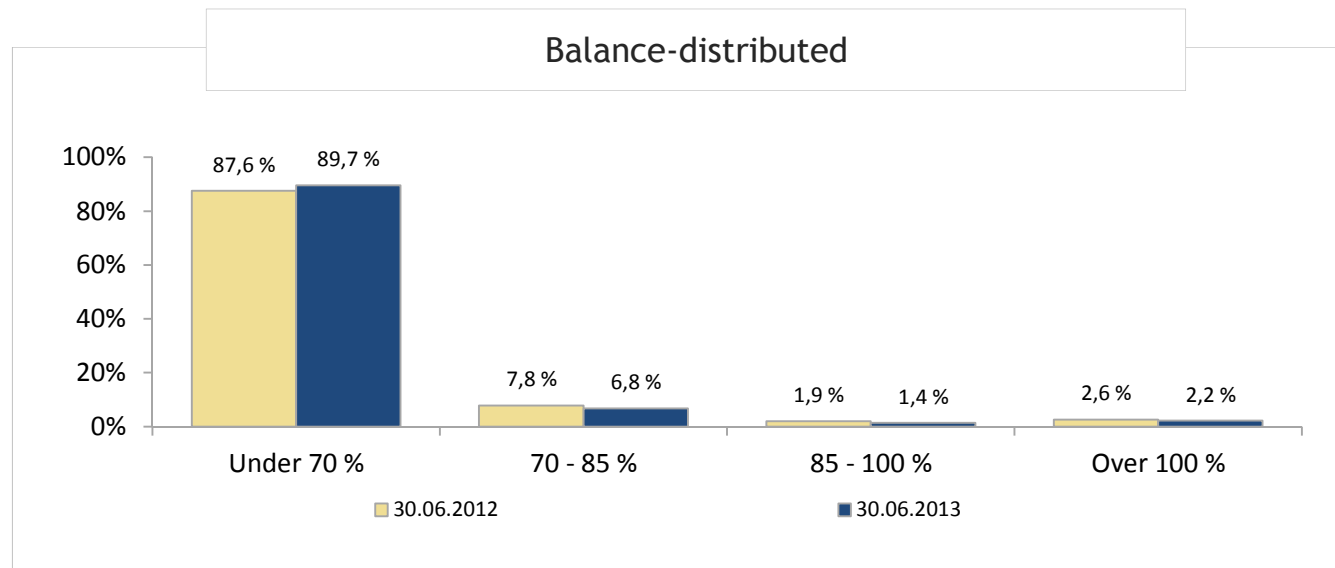
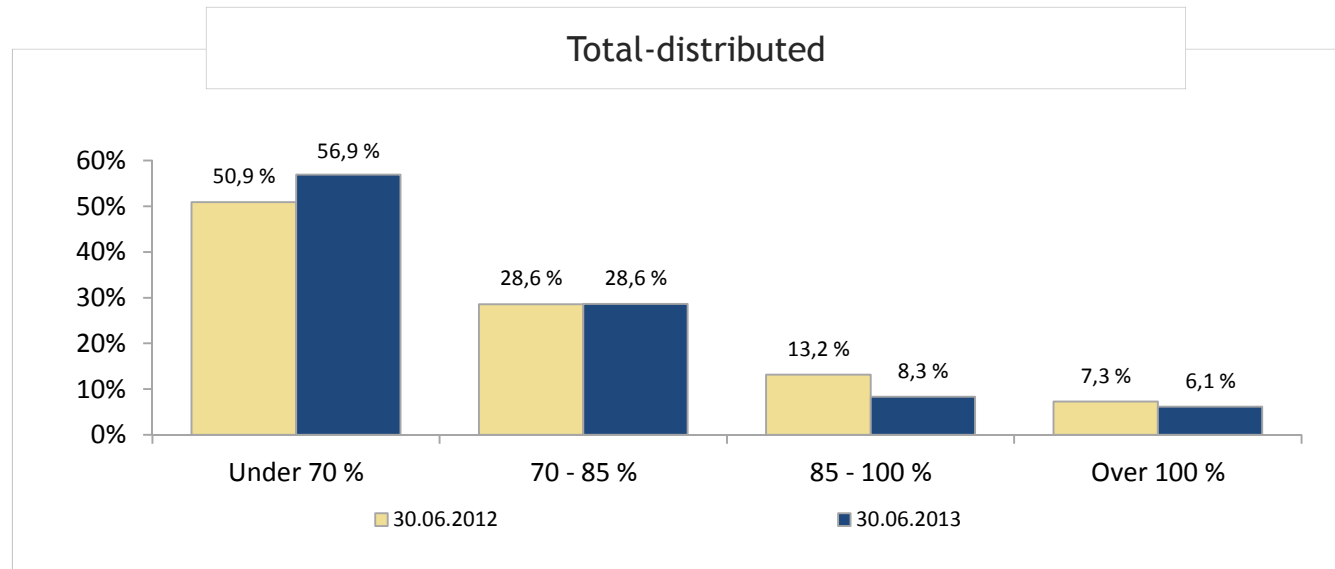


Figures include the portfolio transferred to SpareBank 1 Boligkreditt AS.

# Loan to value ratio on home mortgage loans (excl Boligkreditt)

- *SpareBank 1 SR-Bank has in the last year introduced restrictions to reduce the risk associated with new mortgages. These include stricter mortgage deposit requirements and liquidity assessments when buying property, as well as more thorough risk assessments.*
- *There is an increasing proportion of loans within a 70 % loan to value ratio during the last year and a diminishing proportion of loans that have a loan to value ratio exceeding 85 %.*
- *96 % of the exposure is within 85 % of the collateral's value, and about 3.6 % of the exposure exceeds 85 % of the collateral's value.*

*In a balance-distributed loan to value ratio, for loans that exceed 70 % of the collateral's estimated market value, the excess amount is distributed among the other intervals. In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.*



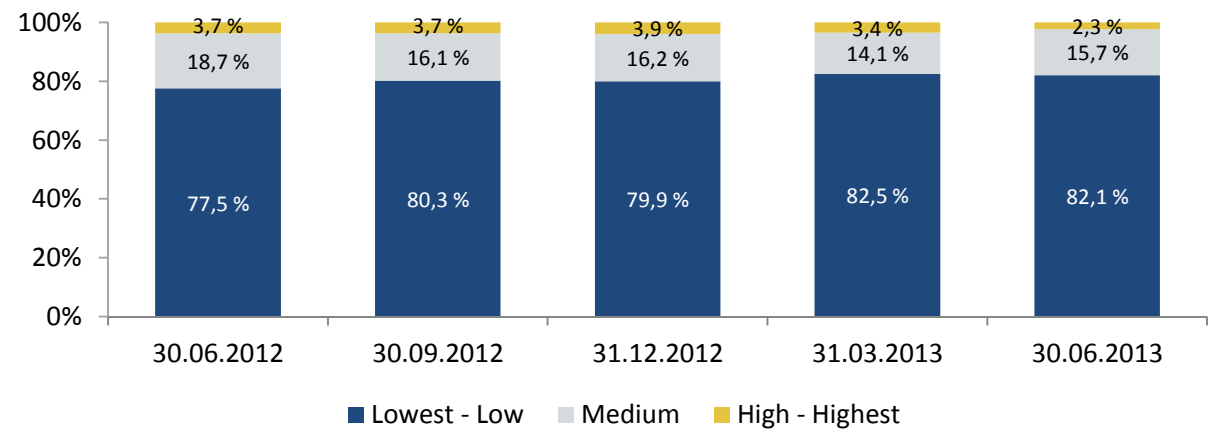
# Lending to the corporate market - risk profile

- The quality of the corporate market portfolio is considered to be good.
- The risk profile has seen a relatively stable development over time. The proportion of loans with expected losses of less than 0.5 % at the end of the quarter represent 82.1 %.
- The proportion of loans with expected losses in excess of 2 % at the end of the quarter represent 2.3 %.

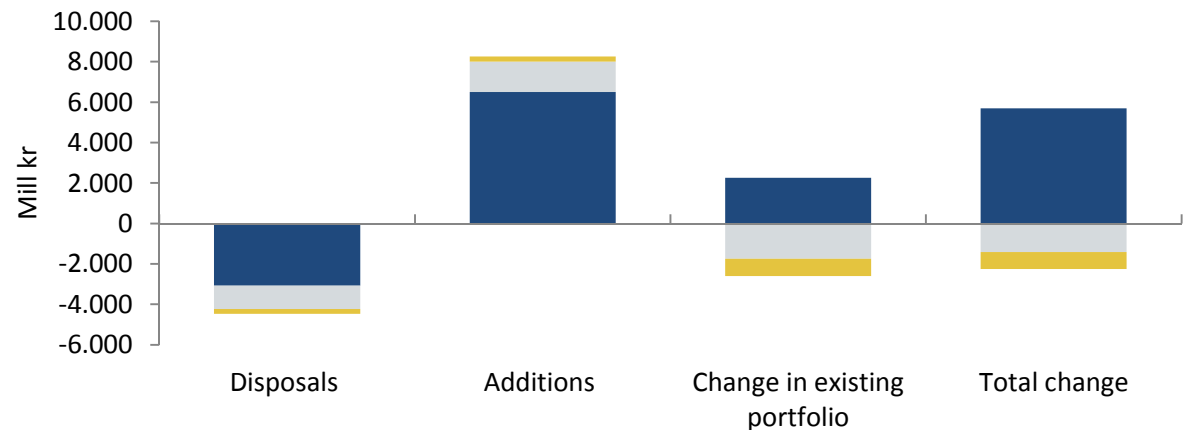
\* SpareBank 1 SR-Bank implemented an improved version of the scoring model for the corporate market portfolio in the first quarter of 2013. The effect of this is limited, but it means that historic figures are not fully comparable.

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

Development in corporate market's portfolio distributed by risk group

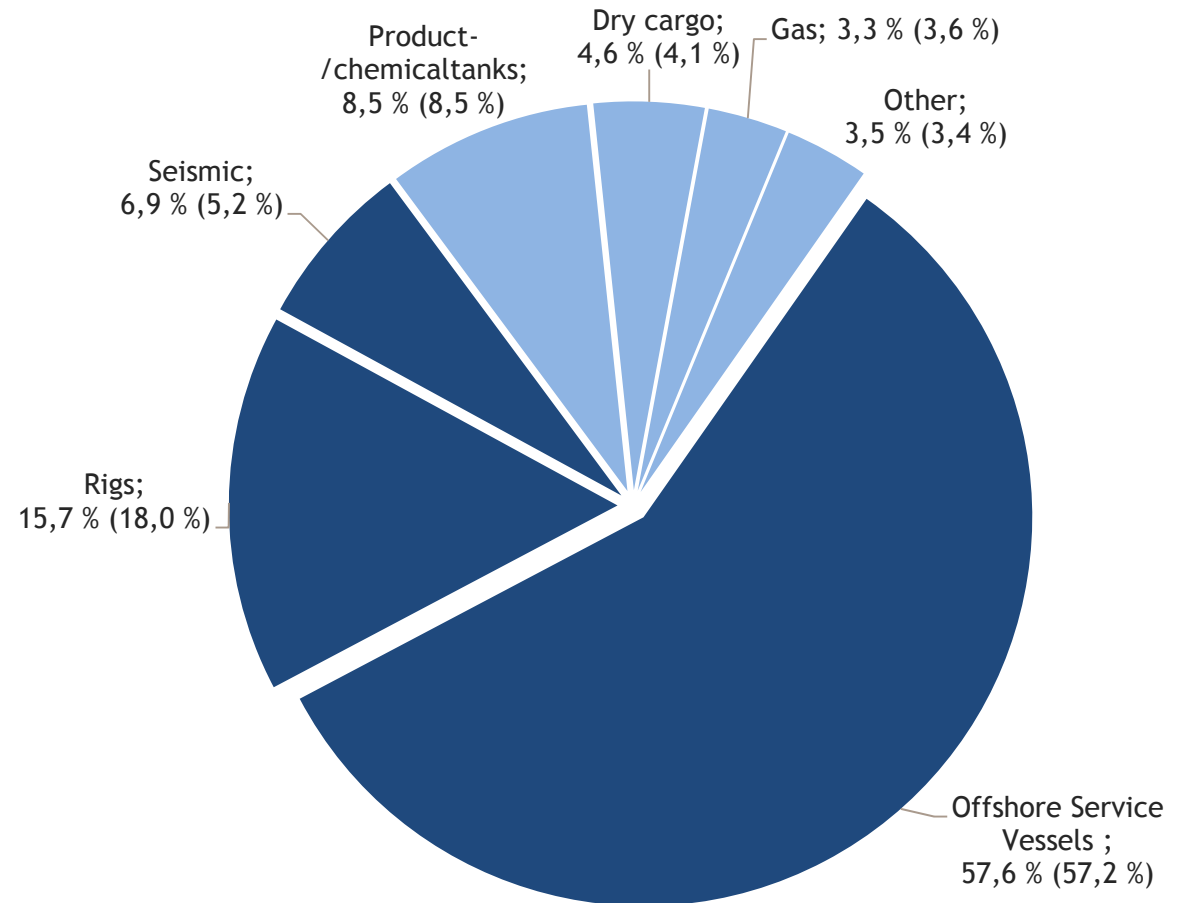


Migration in corporate market's portfolio last 12 months



# Low exposure to the shipping segment

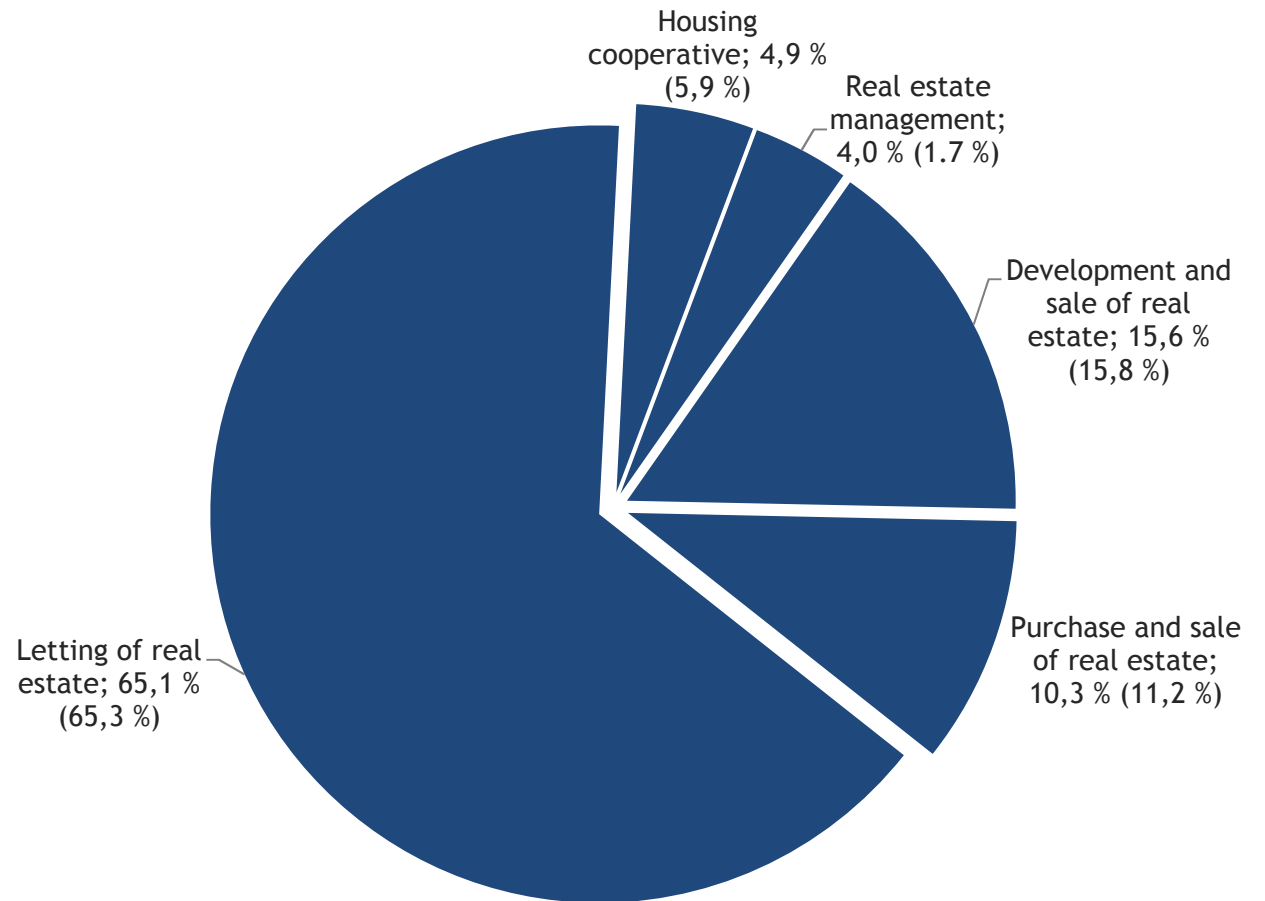
- *Lending to conventional shipping is low and represents 1.2 % of total loans*
- *Lending to the offshore sector represents 5.3 % of total loans*
- *Lending, undrawn credit limits and guarantees to these sectors total NOK 10.5 billion.*
  - *19.9 % of the exposure is to conventional shipping*
  - *80.1 % of the exposure is to the offshore sector*



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

# Lending to property management

- *Lending to property management constitutes 15.7 % of total loans, which is a reduction of 0.4 % compared with the same time last year.*
- *The portfolio is characterised by lending to commercial properties for leasing with long-term contracts and financially solid tenants. The vacancy rate is low. Interest rates for a significant portion of this portfolio have been hedged.*



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

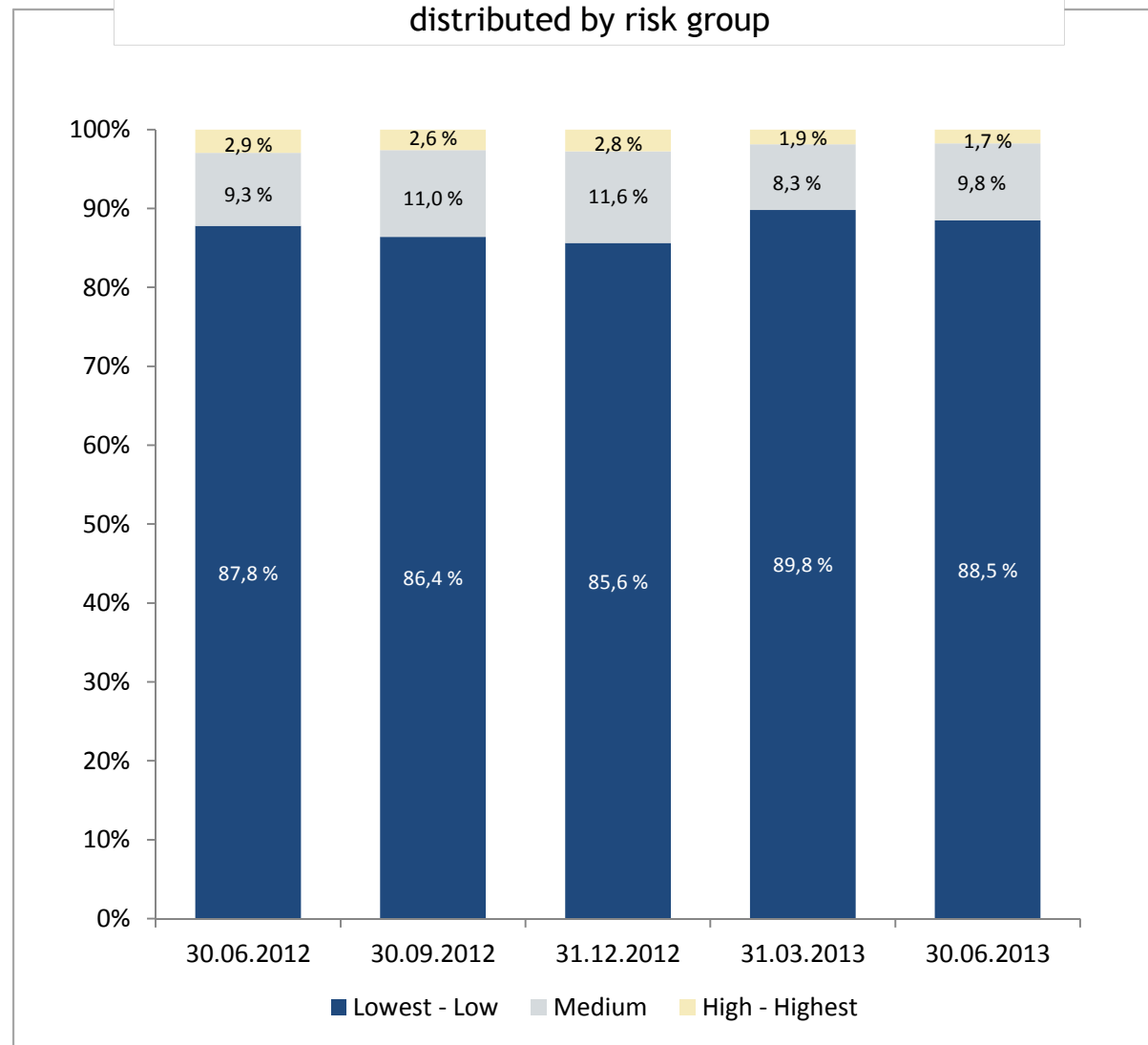
# Risk profile - Lending in the corporate market

- The portfolio of commercial property for rent represents the Group's largest concentration in a single sector and accounts for around 10 % of the total exposure (EAD) including retail market customers.
- The portfolio of commercial property for rent is dominated by low risk commitments. 88.5 % of the exposure is classified as low risk, while 1.7 % is classified as high risk\*.
- The portfolio is characterised by commercial properties with long-term lease contracts and financially solid tenants. The vacancy rate is low. Interest rates for a significant portion of the portfolio have been hedged.

\*SpareBank 1 SR-Bank implemented an improved version of the scoring model for the corporate market portfolio in the first quarter of 2013. The effect of this is limited, but it means that historic figures are not fully comparable.

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

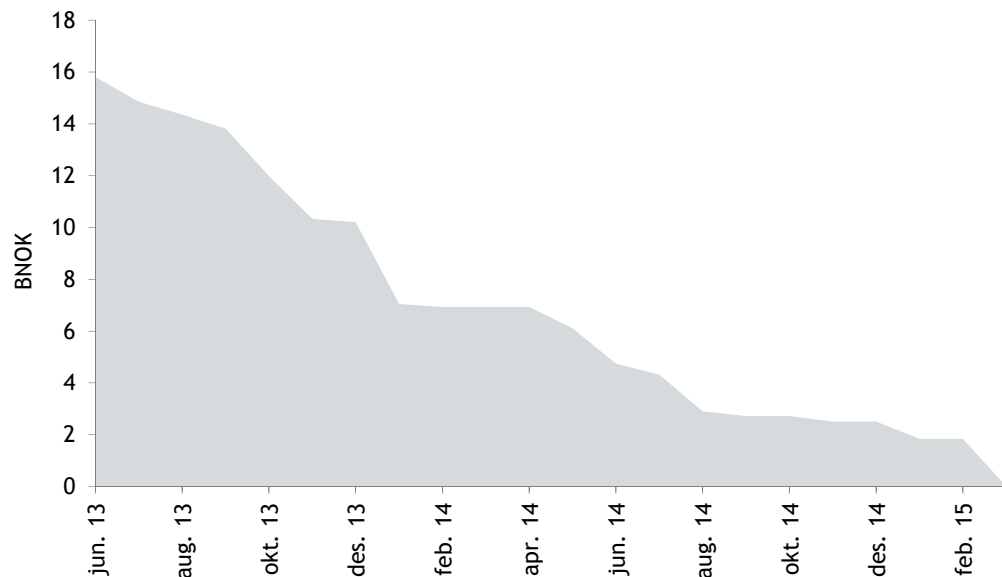
Lending to commercial property for rent distributed by risk group





# Liquidity buffer and bond portfolio

## Liquidity buffer - survival period



- *Liquidity buffer at the end of the quarter: NOK 15.8 billion*
- *Other liquid assets:*
  - *Home mortgages prepared for transfer to mortgage company: NOK 9.4 billion*
  - *Commercial paper and bonds in the trading portfolio: NOK 0.6 billion*

*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

Bond investments	Market value, MNOK	Share %	Of which, securities classified to amortised cost, MNOK
Norwegian government/municipal	694	6 %	0
SSA/Foreign guaranteed	2.871	23 %	0
Covered bonds (Norwegian/foreign)	8.325	67 %	0
Norwegian bank/finance	188	2 %	0
Foreign bank/finance	118	1 %	117
Industry/Other	209	2 %	0
<b>Total</b>	<b>12.405</b>	<b>100 %</b>	<b>117</b>

# Investments in bonds and certificates

- *Most of the bond portfolio is managed as part of the bank's liquidity management activities. Bonds held for liquidity purposes are generally very low risk.*
- *The bank has no direct exposure to debt in EU peripheral countries, outside the nordic issuers.*

## Risk profile - bonds

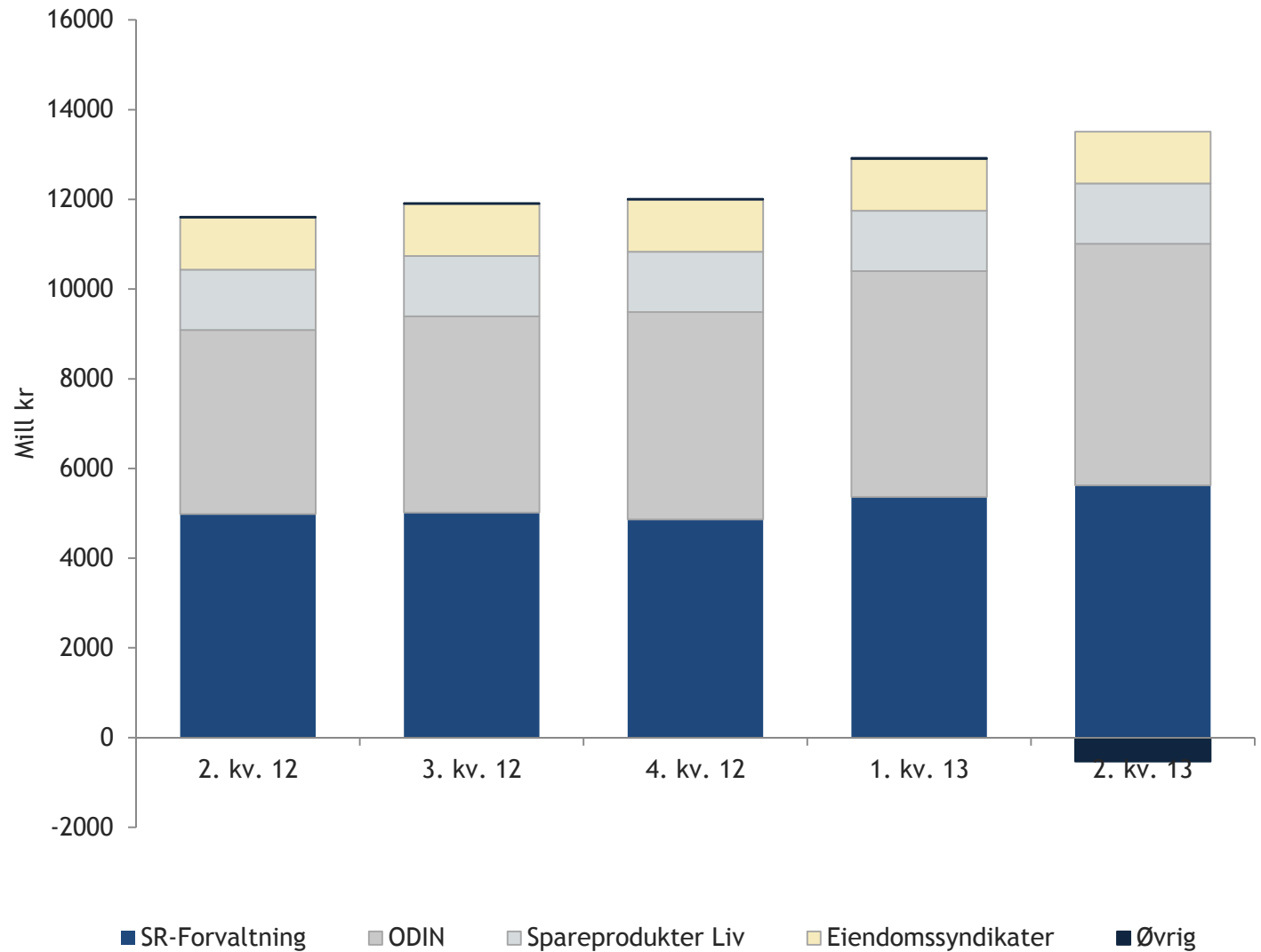
Total portfolio		Market value	Percent
Risk category	Rating	NOK million	Total
Government swap scheme	AAA	6.805	34 %
Very low risk	AAA, AA+, AA og AA-	11.920	60 %
Low risk	A+, A og A-	455	2 %
Moderate risk	BBB+, BBB og BBB-	117	1 %
High risk	BB+, BB og BB-	226	1 %
Very high risk	B+ and lower	246	1 %
<b>Total</b>		<b>19.769</b>	<b>100 %</b>

Treasury purposes:		Market value	Percent
Risk category	Rating	NOK million	Treasury
Government swap scheme	AAA	6.805	35 %
Very low risk	AAA, AA+, AA og AA-	11.920	62 %
Low risk	A+, A og A-	454	2 %
Moderate risk	BBB+, BBB og BBB-	31	0 %
High risk	BB+, BB og BB-	0	0 %
Very high risk	B+ and lower	0	0 %
<b>Total</b>		<b>19.211</b>	<b>100 %</b>

Trading purposes		Market value	Percent
Risk category	Rating	NOK million	Trading
Very low risk	AAA, AA+, AA og AA-	0	0 %
Low risk	A+, A og A-	1	0 %
Moderate risk	BBB+, BBB og BBB-	86	15 %
High risk	BB+, BB og BB-	226	40 %
Very high risk	B+ and lower	246	44 %
<b>Total</b>		<b>559</b>	<b>100 %</b>

# Savings/placements - portfolio development

- *Assets under management of NOK 13.0 billion as at 30 June 2013*
  - *Increase from NOK 11.6 billion as at 30 June 2012*
  - *51 797 active savings contracts - approximately NOK 45.0 million in monthly savings*
- *Most of the assets are managed by SR-Forvaltning and ODIN Forvaltning.*



# SRBANK as at 30 June 2013

- **Ownership interests:**
  - From Rogaland, Agder-counties and Hordaland: 57.2 %
  - International: 10.1 %
  - 10 largest: 55.2 %
  - 20 largest: 61.1 %
- **Number of owners: 11 527 (12 259)**
- **Employees owning 2.1 %**
- **Trading volume in Q2 2013: 5.0 % (3.5 %)**

	30.06.13	2012	2011	2010	2009
Market price	47,50	37,20	40,70	57,00	50,00
Stock value (MNOK)	12.148	9.514	5.182	7.257	6.047
Book value per share, NOK (group)	50,89	49,48	48,75	47,45	42,07
Book value per share, NOK (parentbank)	46,78	44,23	42,81	41,80	36,85
Earnings per share	3,04	5,32	5,42	6,84	6,88
Dividend per share	n.a.	1,50	1,50	2,75	1,75
P/E	7,81	6,99	7,51	8,33	7,27
P/BV (group)	0,93	0,75	0,83	1,20	1,19
P/BV (parentbank)	1,02	0,84	0,95	1,36	1,36

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