



4th quarter 2013

Preliminary annual accounts 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.

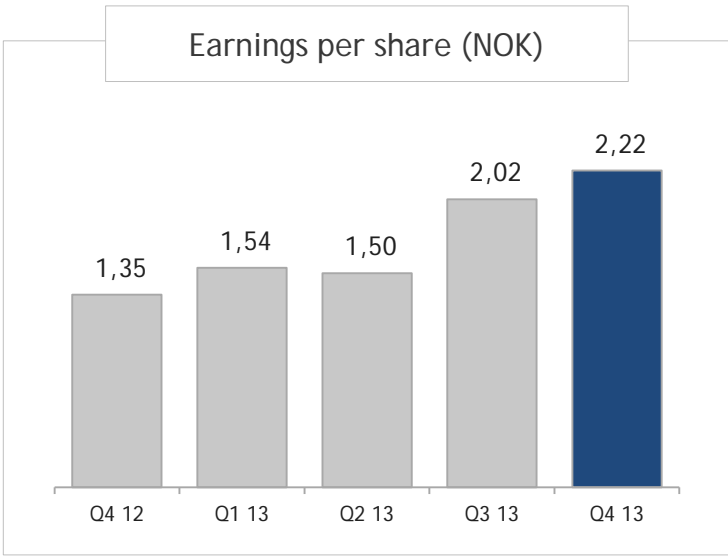
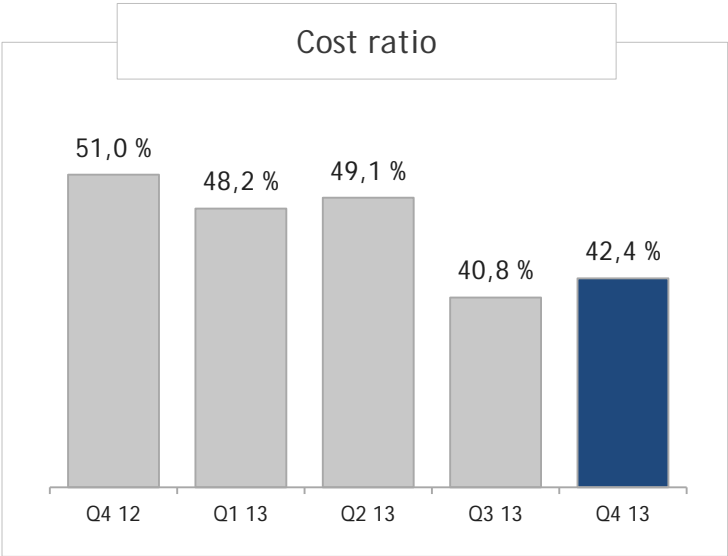
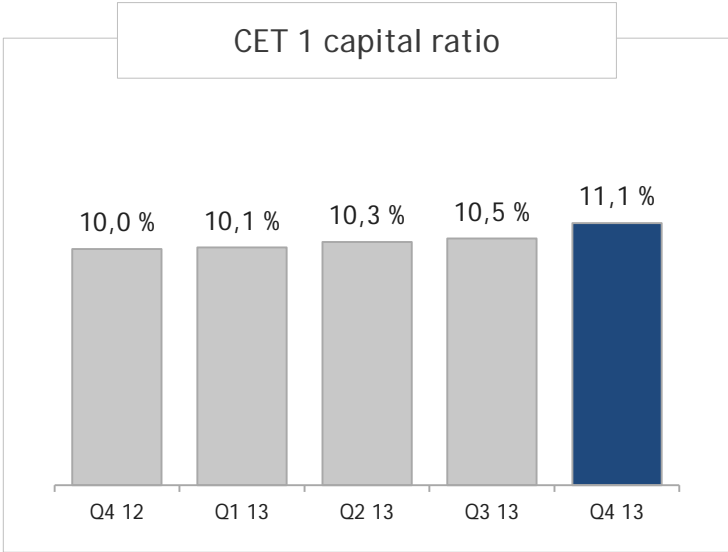
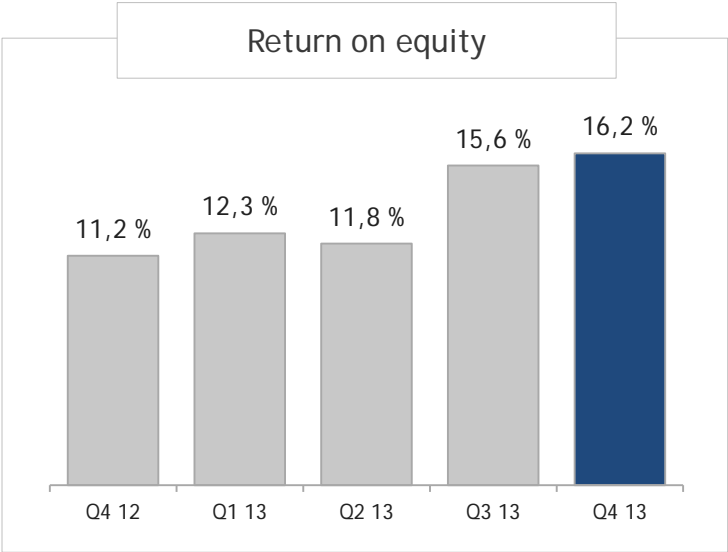
This presentation does not imply that SpareBank 1 SR-Bank has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements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

# A strong result ensures continued good lending capacity

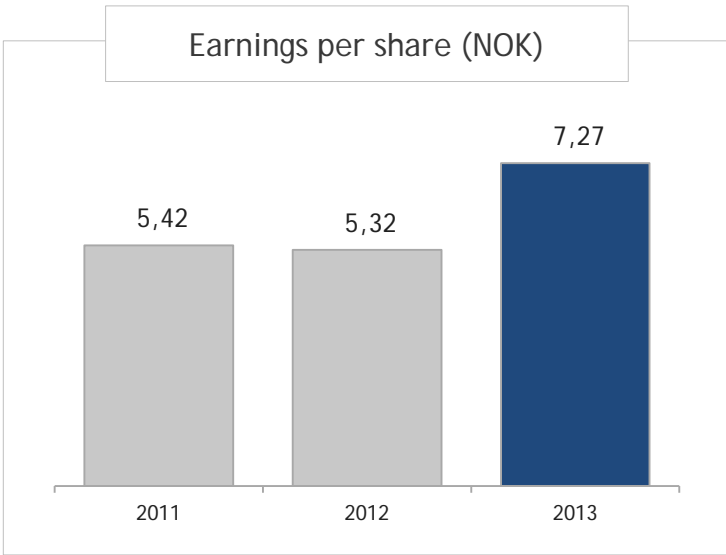
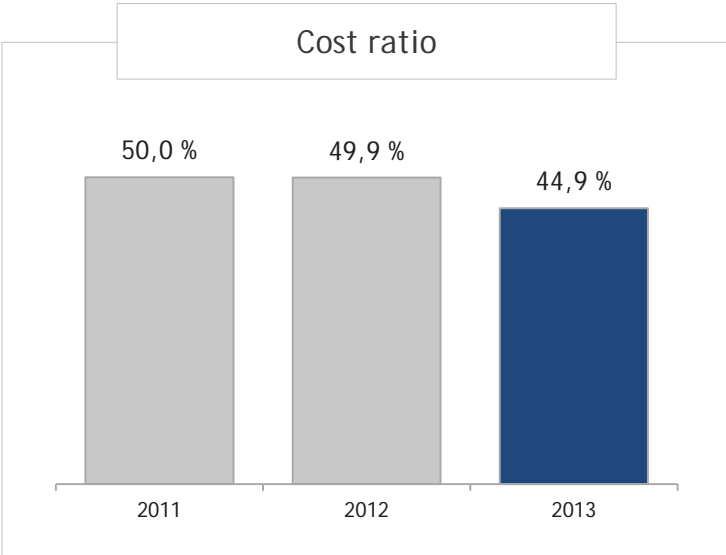
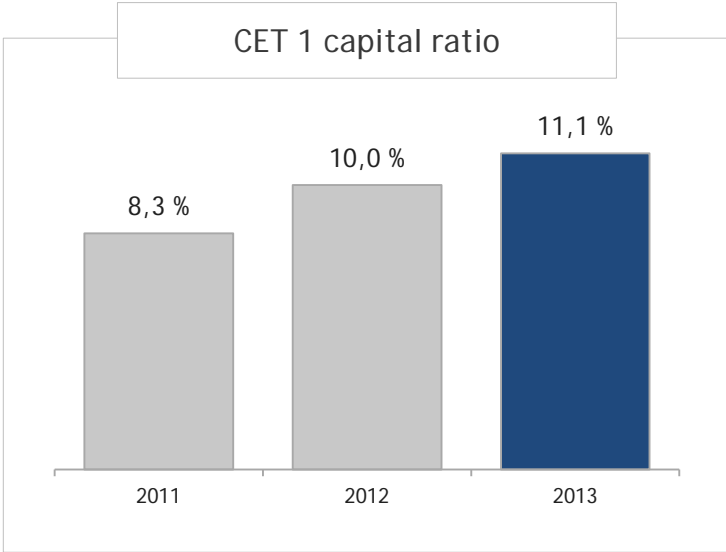
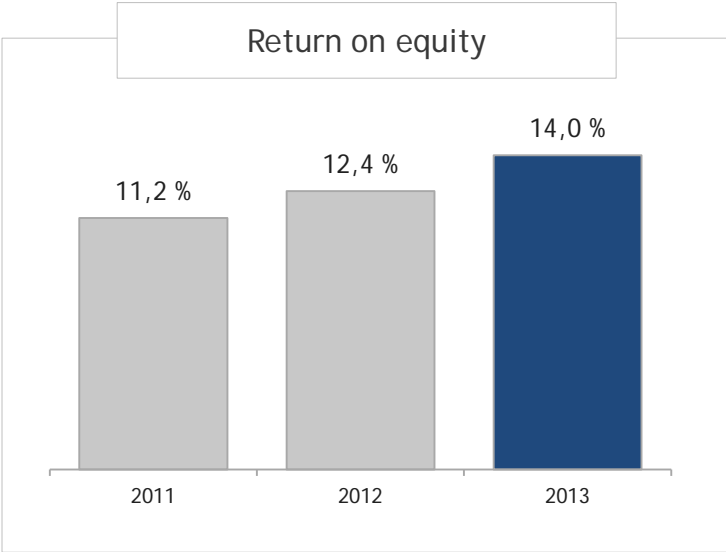
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- Pre-tax profit for the quarter of NOK 674 million (NOK 458 million)
  - Return on equity after tax: 16.2 % (11.2 %)
- Pre-tax profit for 2013 of NOK 2,347 million (NOK 1,761 million)
  - Return on equity after tax: 14.0 % (12.4 %)
- The net interest margin increased from 1.27 % to 1.42 % in 2013
- Lending growth of 5.3 % in 2013 - risk-weighted balance increased 1.7 %
- Stronger underlying operations and greater efficiency
  - Net interest income, commissions and profit contributions from the mortgage companies increased by 28 % in 2013
  - Underlying growth in costs 2.5 % corrected for non-recurring effects
- Low impairment losses on loans
  - 0.11 % of gross lending recognised on the balance sheet as of 31 December 2013
- The Board proposes a dividend of NOK 1.60 per share - retaining 78 % of profit
- Core equity tier 1 capital ratio increased from 10.0 % to 11.1 % in 2013
  - In line with the new requirements solvency will be strengthened further

# Key figures - quarterly development



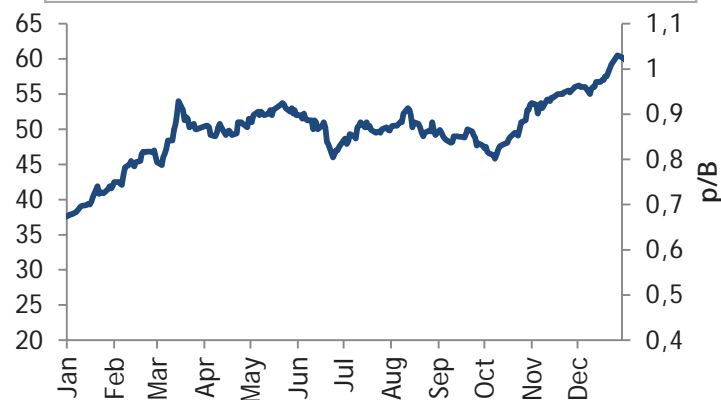
# Key figures - annual development



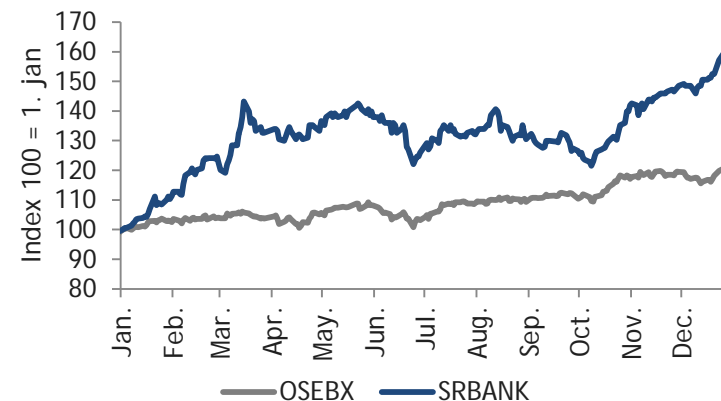
# Increased interest and good share price development 2013

- *Greater liquidity in the share in 2013, compared with 2012*
- *International ownership increased from 6.0 % to 14.1 %*
- *Share price increased by 62 %*
- *Total market capitalisation at the end of 2013 is NOK 15,4 million.*

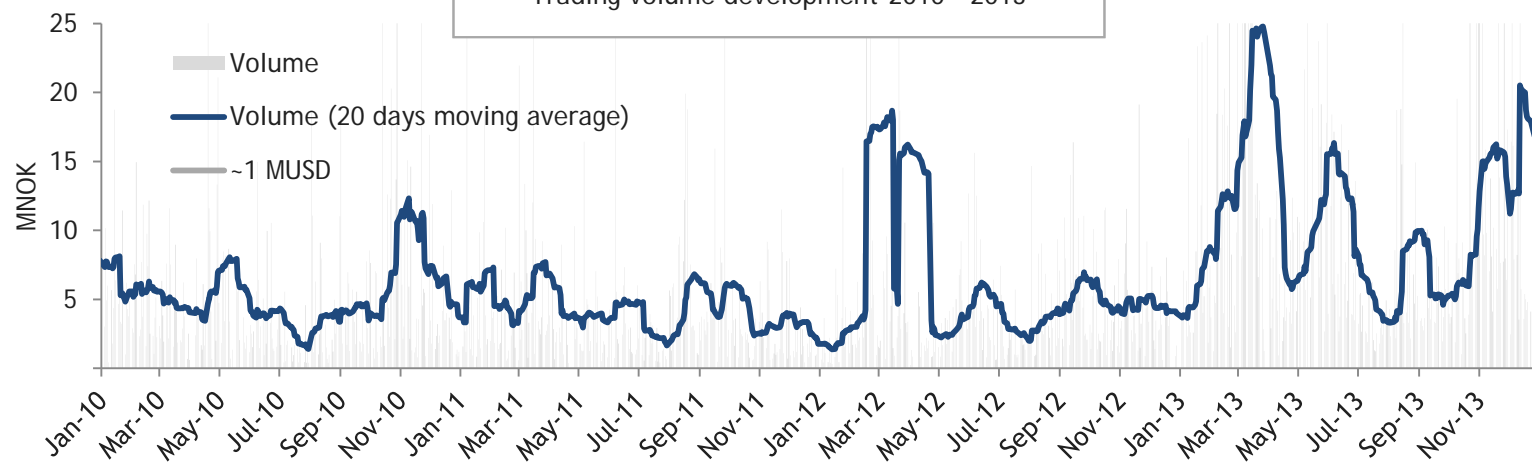
Development in Price/Book 2013



Relative share price development 2013



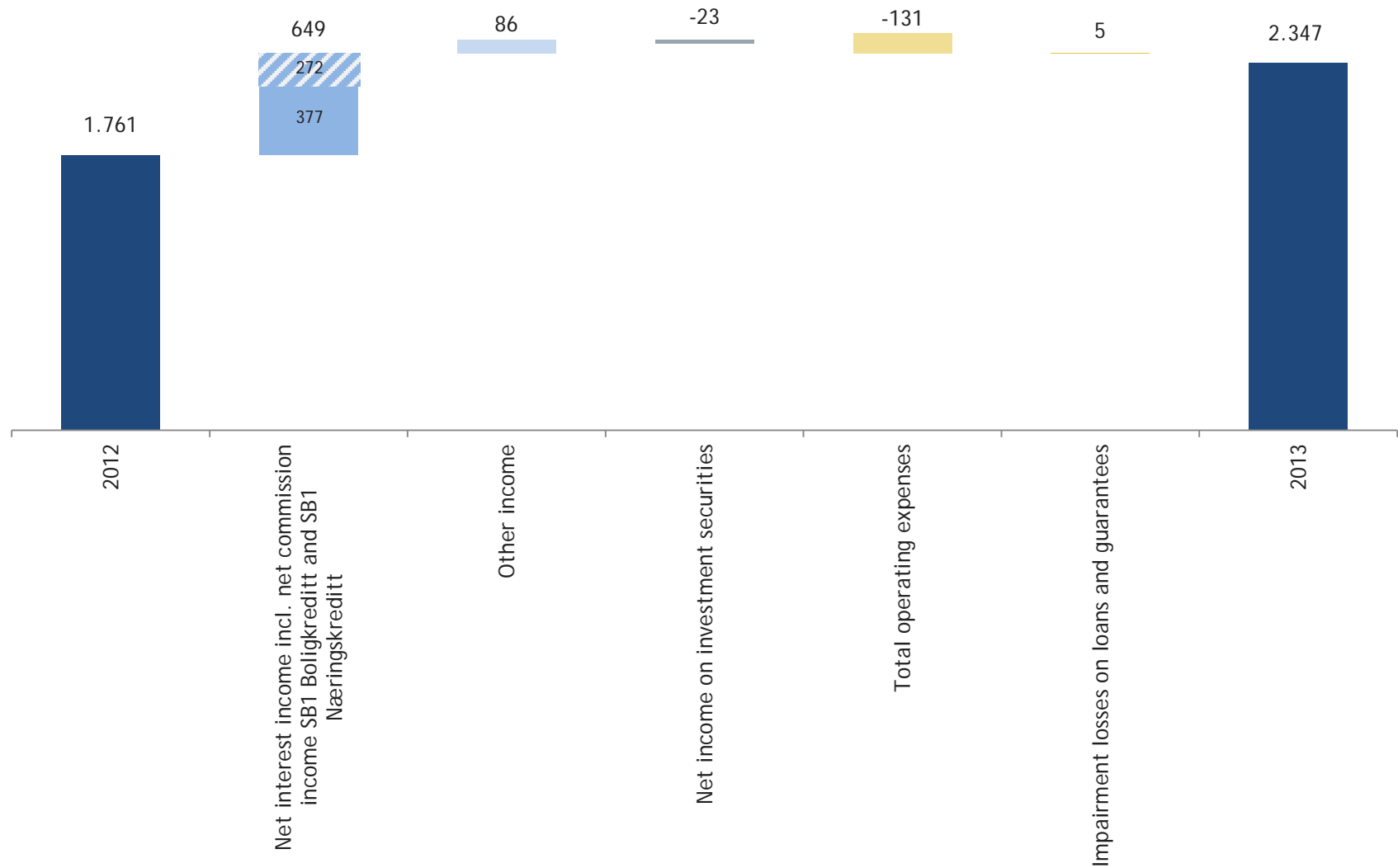
Trading volume development 2010 - 2013



# Income statement

<i>Group Income Statement (MNOK)</i>	31.12 13	31.12 12	Q4 13	Q3 13	Q2 13	Q1 13	Q4 12
Net interest income	2.119	1.742	574	568	526	451	480
Net commission and other income	1.824	1.466	489	466	465	404	411
Net income on investment securities	555	578	195	137	62	161	97
Total income	4.498	3.786	1.258	1.171	1.053	1.016	988
Total operating expenses	2.019	1.888	534	478	517	490	504
Operating profit before losses	2.479	1.898	724	693	536	526	484
Impairment losses on loans and guarantees	132	137	50	32	25	25	26
Operating profit before tax	2.347	1.761	674	661	511	501	458
Tax expense	487	400	107	145	128	107	114
Net profit	1.860	1.361	567	516	383	394	344

# Change in profit 2012 - 2013

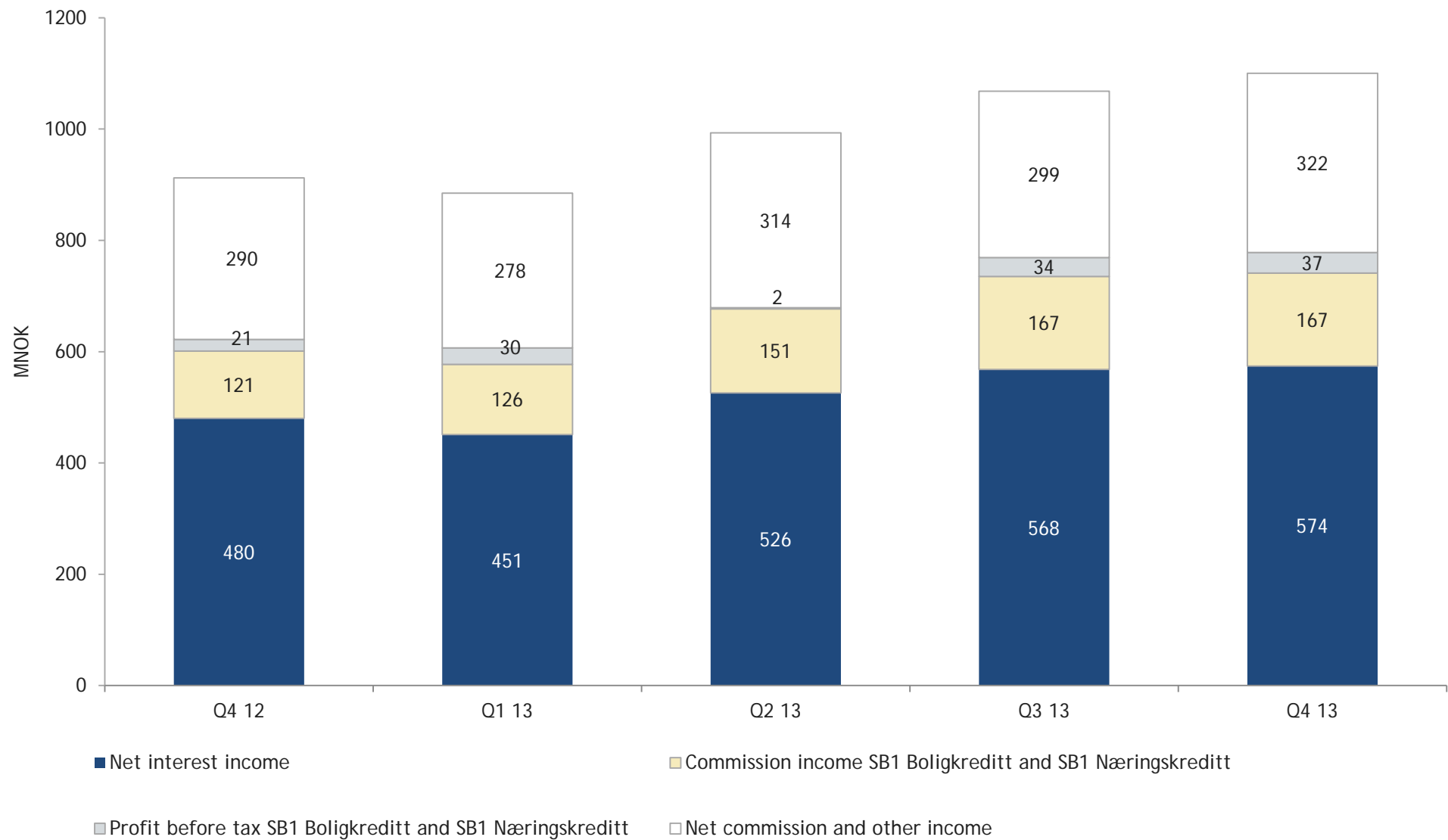




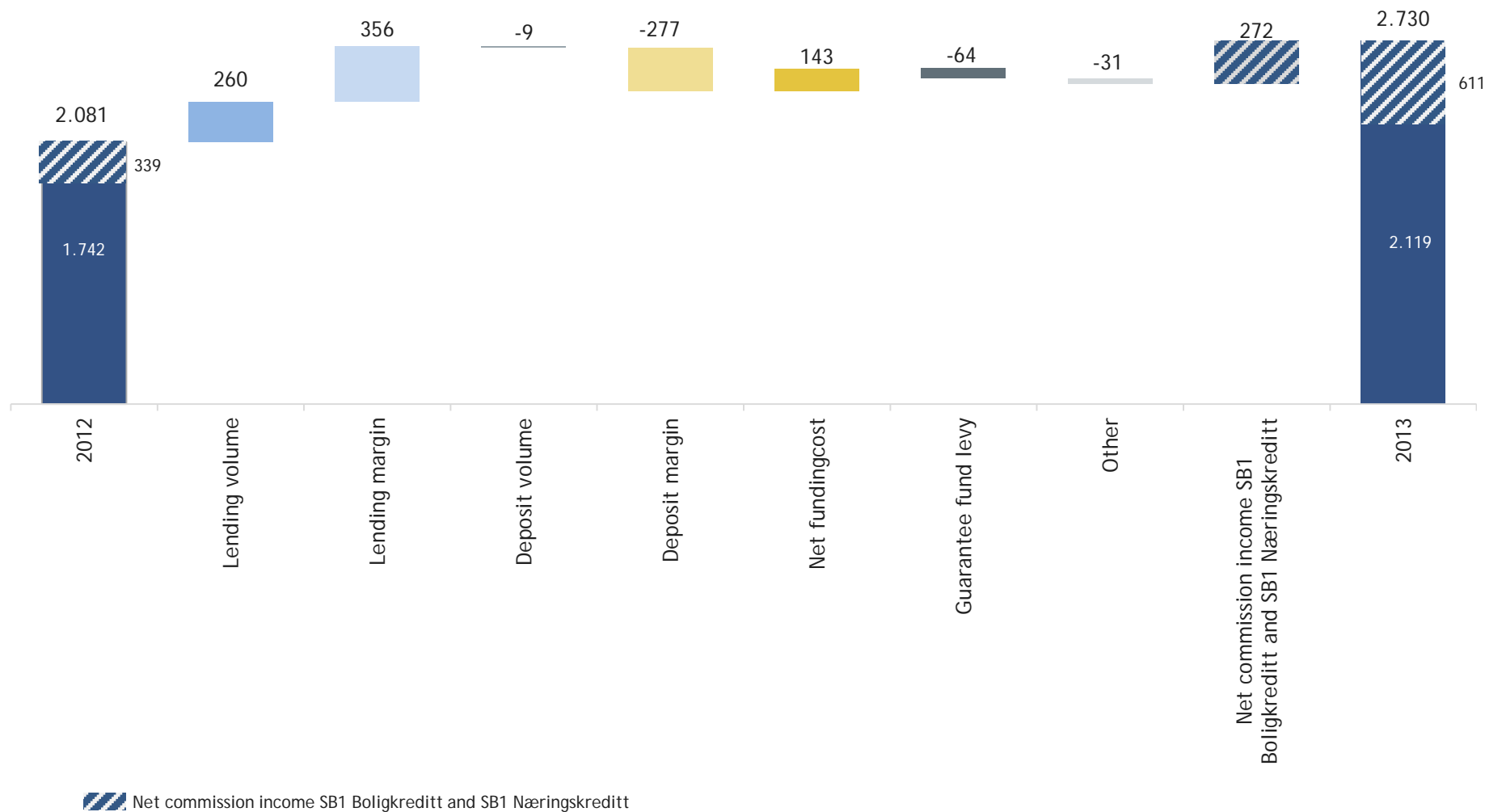
# Key figures

	31.12 13	31.12 12	Q4 13	Q3 13	Q2 13	Q1 13	Q4 12
Return on equity after tax (%)	14,0	12,4	16,2	15,6	11,8	12,3	11,2
Net interest margin (%)	1,42	1,27	1,46	1,49	1,43	1,27	1,36
Impairment losses on loans and guarantees in % of gross loans	0,11	0,13	0,17	0,11	0,09	0,09	0,10
<i>-incl. SB1 Boligkreditt and SB1 Næringskreditt</i>	0,08	0,09	0,12	0,08	0,06	0,06	0,07
Non-performing and other problem commitments in % of gross loans	1,26	1,14	1,26	1,24	1,14	1,25	1,14
<i>-incl. SB1 Boligkreditt and SB1 Næringskreditt</i>	0,91	0,79	0,91	0,88	0,81	0,87	0,79
Cost ratio	44,9	49,9	42,4	40,8	49,1	48,2	51,0
Annual growth in loans to customers, gross incl. SB1 Boligkreditt and SB1 Næringskreditt	5,3	7,8	5,3	5,5	6,1	7,4	7,8
Annual growth in deposits from customers (%)	6,0	5,5	6,0	2,2	2,8	2,2	5,5
Total assets (BNOK)	157,0	141,5	157,0	153,6	151,1	146,1	141,5
Portfolio of loans in SB1 Boligkreditt and SB1 Næringskreditt (BNOK)	46,4	48,7	46,4	47,8	47,5	48,1	48,7
Risk weighted assets (BNOK)	113,1	111,2	113,1	115,0	114,2	112,0	111,2
Earnings per share (NOK)	7,27	5,32	2,22	2,02	1,50	1,54	1,35
Book value per share (NOK)	55,00	49,48	55,00	52,87	50,89	50,92	49,48
Number of shares issued (million)	255,8	255,8	255,8	255,8	255,8	255,8	255,8

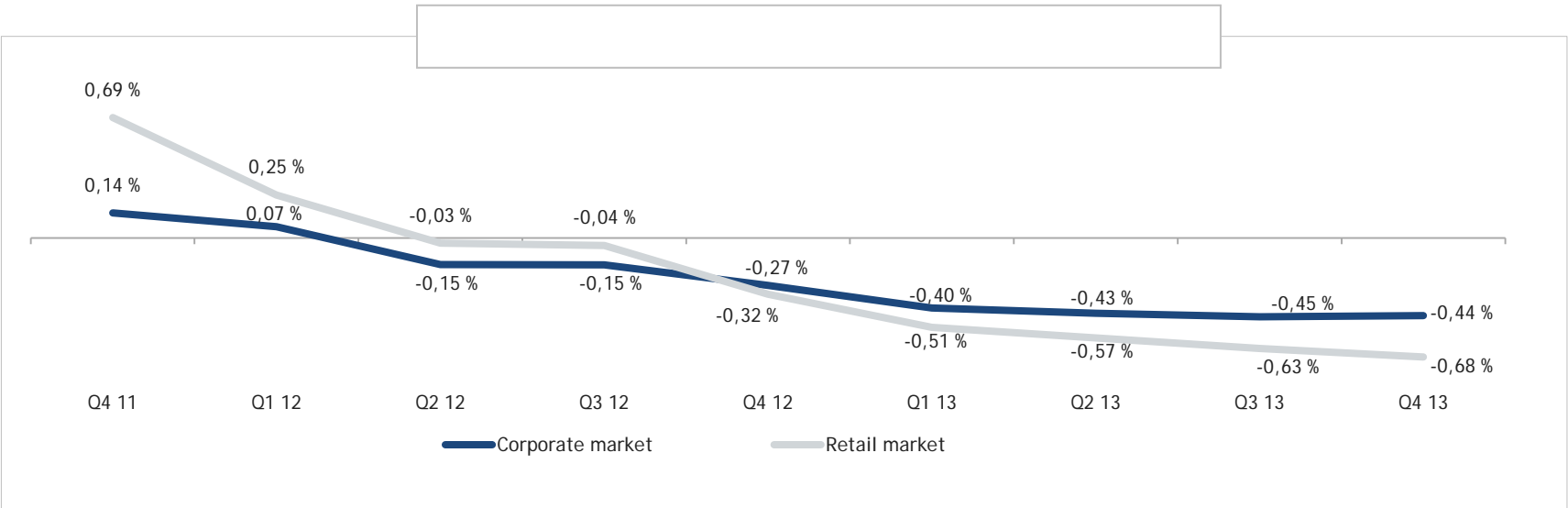
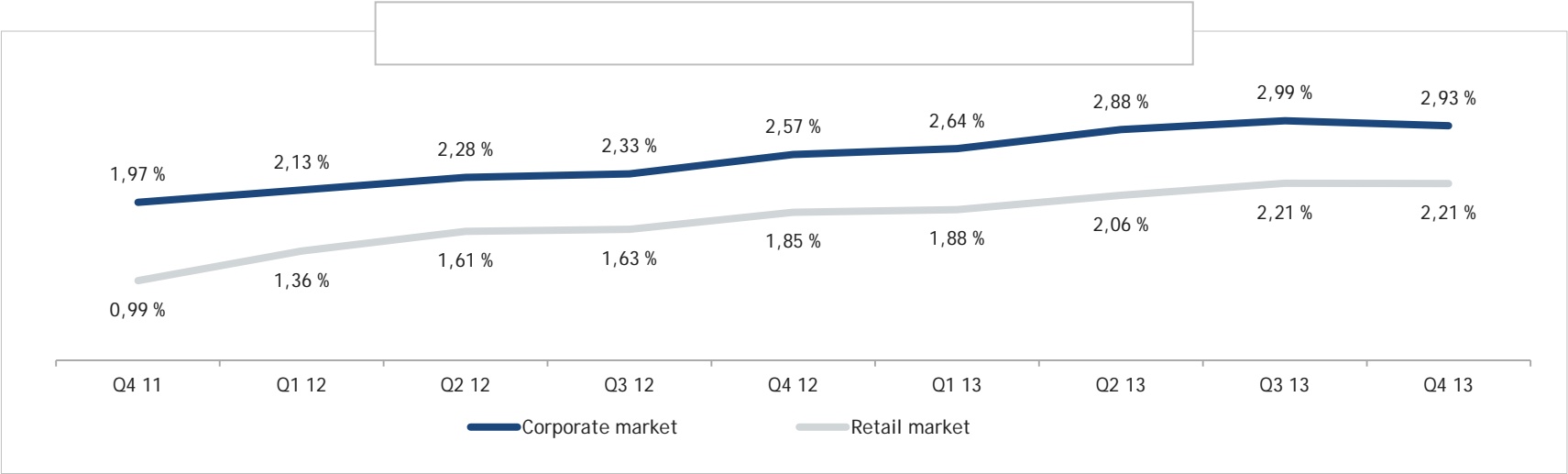
# Consolidated income profile



# Change in net interest income and net commission income BK and NK 2012 - 2013

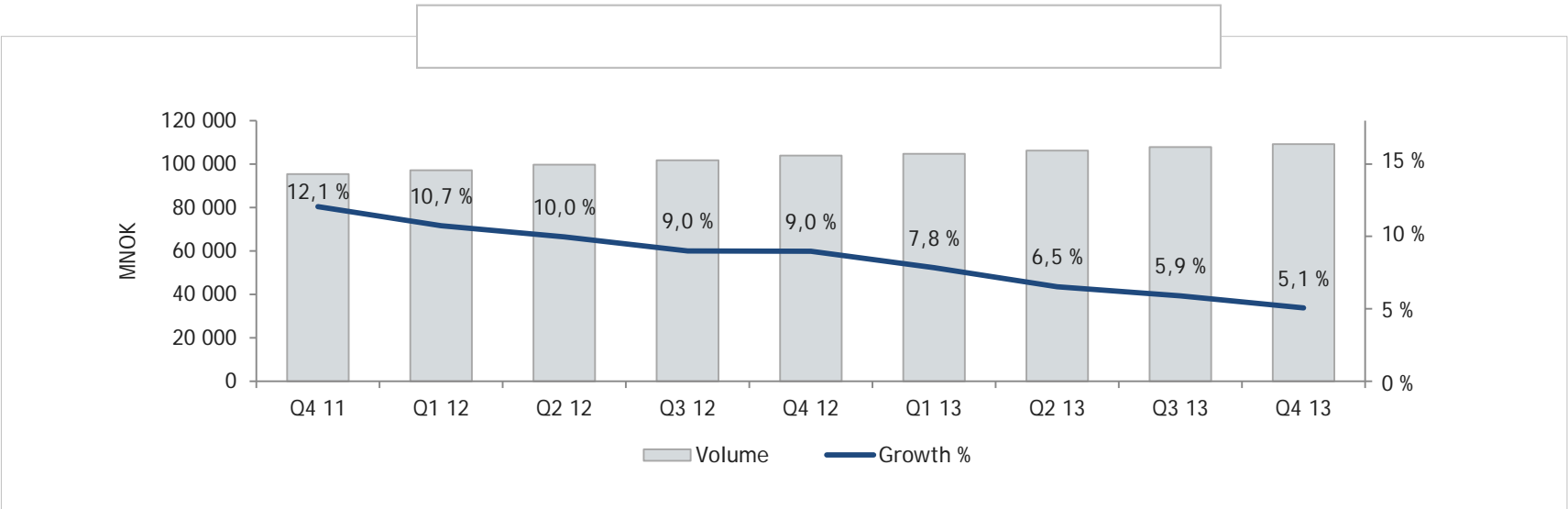
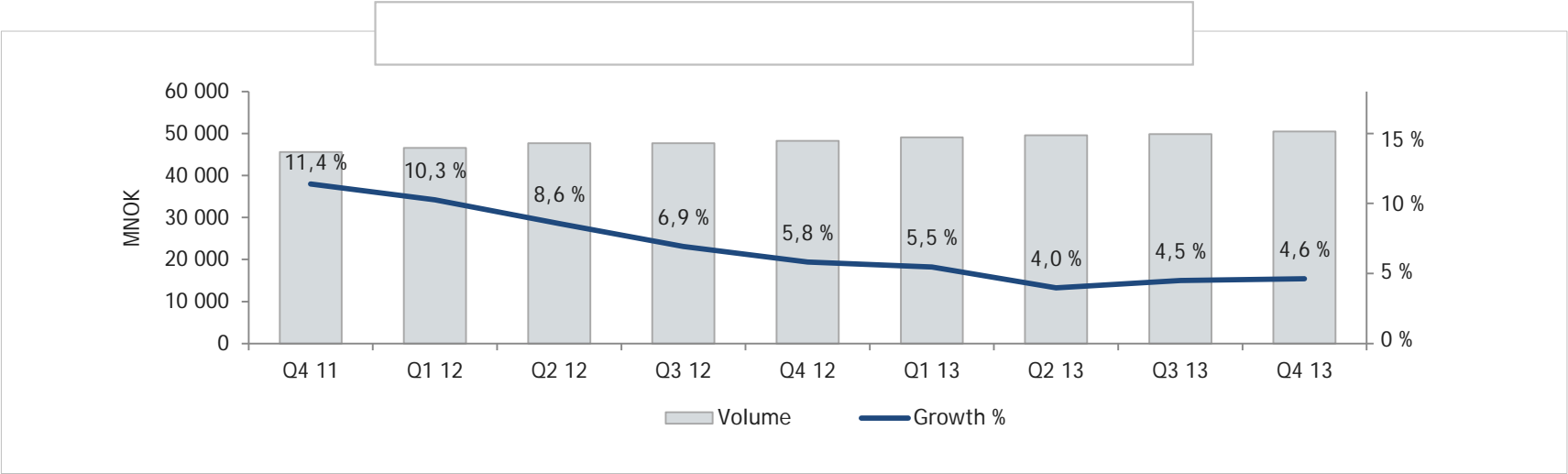


# Lending and deposit margins



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

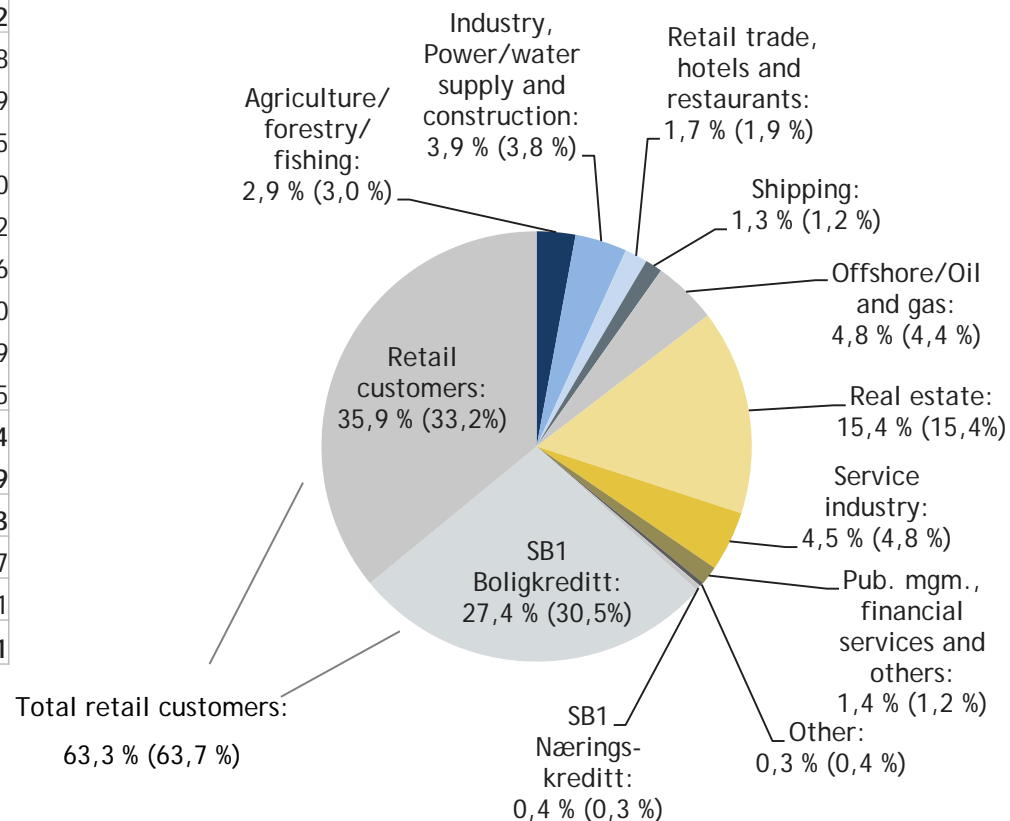
# Lending volum and 12 months growth



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

# Loan portfolio as at 31.12.2013

	Q4 2013	Q4 2012
Agriculture / forestry / fishing	4.867	4.738
Industry, Power/water supply and construction	6.503	5.939
Retail trade, hotels and restaurants	2.877	2.975
Shipping	2.085	1.830
Offshore/Oil and gas	8.041	6.972
Real estate	25.740	24.306
Service industry	7.545	7.650
Pub. mgm., financial services and others	2.277	1.949
Other	490	585
<b>Total corporate customers</b>	<b>60.425</b>	<b>56.944</b>
<b>Total retail customers</b>	<b>59.848</b>	<b>52.569</b>
<b>Total loans on own balance sheet</b>	<b>120.273</b>	<b>109.513</b>
Portfolio in SB1 Boligkreditt	45.747	48.217
Portfolio in SB1 Næringskreditt	642	471
<b>Gross loans</b>	<b>166.662</b>	<b>158.201</b>



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

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

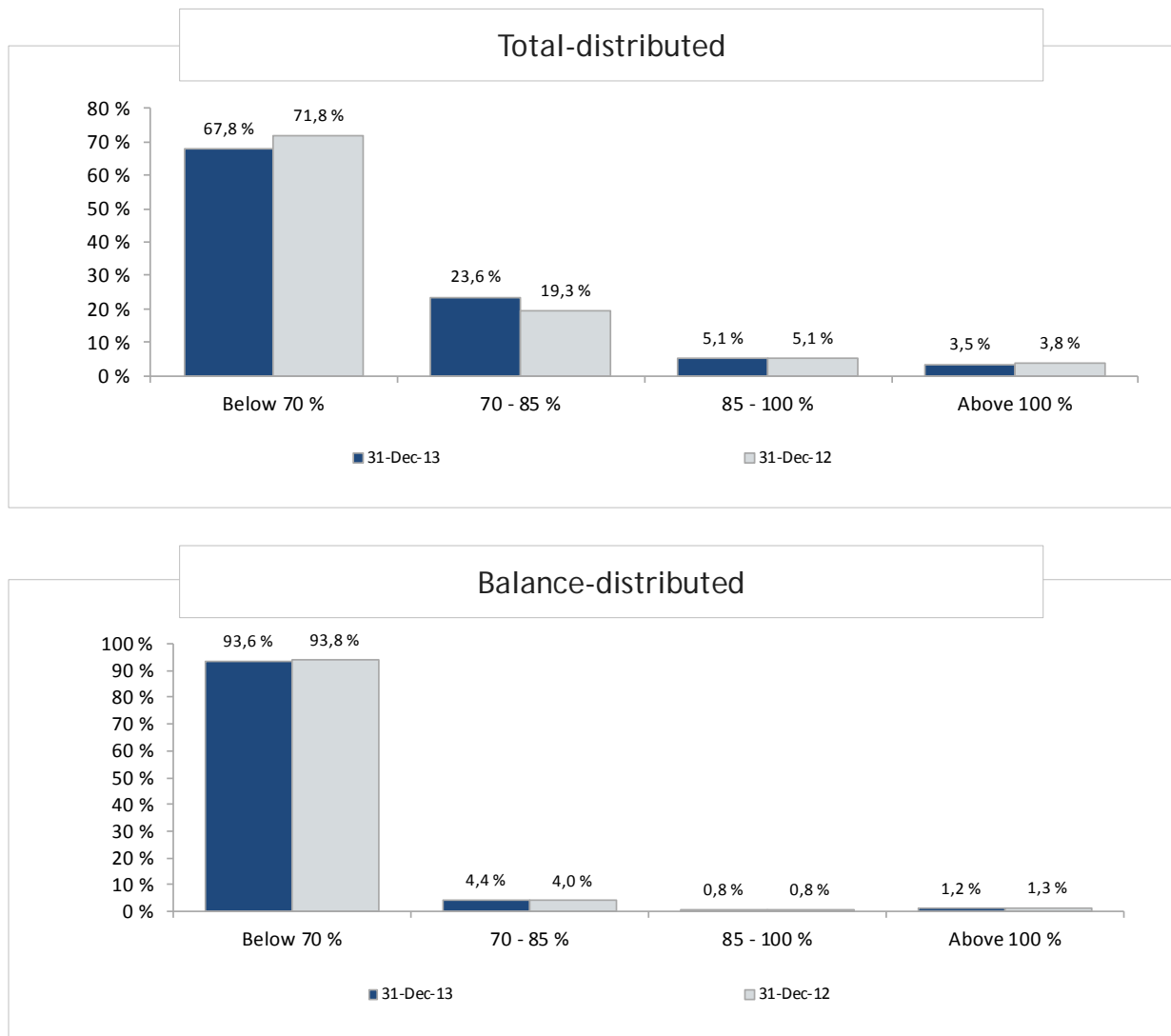
All figures in %. Figures as at 31.12.2012 in brackets.

# Loan to value ratio on home mortgage loans

- The proportion of loans with a loan-to-collateral value ratio of less than 85 % is very high and has also increased in 2013. It currently stands at 91.4 %.
- 98 % of gross exposure is within 85 % of the assessed value of collateral. This means that only 2 % of gross exposure exceeds 85 % of the assessed value of collateral.

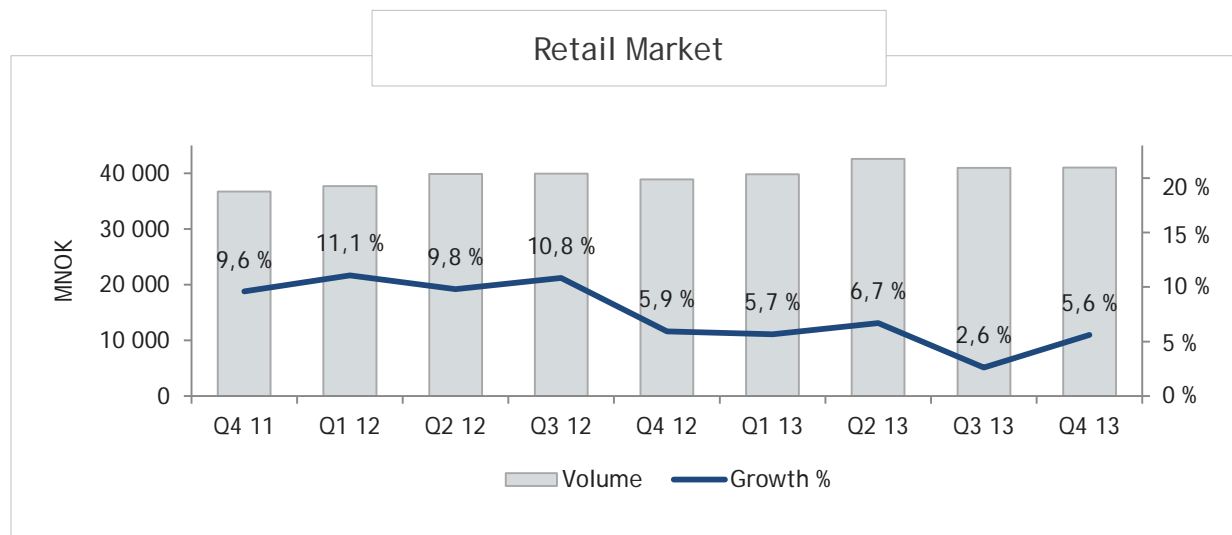
*In a balance-distributed loan to value ratio, for loans that exceed 70% of the collateral's estimated market value, the excess amount is distributed among the other intervals. In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.*

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



# Deposits volume and 12 month growth

- The deposits volume in the corporate market includes here institutional deposits from money market funds, etc. The willingness to pay is deliberately reduced in this segment. The 12-month growth in the corporate market excluding these is 6.3 %.
- The growth in deposit volumes has been affected by the transfer of customers between the retail and corporate markets. In the fourth quarter 2012, around NOK 1.2 billion was transferred from the retail market to the corporate market.





# Net commission and other income

	31.12 13	31.12 12	Q4 13	Q3 13	Q2 13	Q1 13	Q4 12
<i>MNOK</i>							
Payment facilities	233	205	59	66	56	52	47
Savings/placements	151	140	39	40	37	35	36
Insurance products	164	156	41	41	42	40	51
Commission income real estate (EM1)	433	427	108	101	127	97	99
Guarantee commission	104	89	23	29	26	26	21
Arrangement- and customer fees	91	75	45	15	14	17	31
Other	37	35	7	7	12	11	5
<b>Net commission and other income excl. SB1 Boligkreditt and SB1 Næringskreditt</b>	<b>1.213</b>	<b>1.127</b>	<b>322</b>	<b>299</b>	<b>314</b>	<b>278</b>	<b>290</b>
Commission income SB1 Boligkreditt and SB1 Næringskreditt	611	339	167	167	151	126	121
<b>Net commission and other income incl. SB1 Boligkreditt and SB1 Næringskreditt</b>	<b>1.824</b>	<b>1.466</b>	<b>489</b>	<b>466</b>	<b>465</b>	<b>404</b>	<b>411</b>

# Net income on investment securities

MNOK	31.12 13	31.12 12	Q4 13	Q3 13	Q2 13	Q1 13	Q4 12
Dividend	33	25	-2	3	32	0	0
Investment income, associates	355	265	95	130	31	99	22
Securities gains/losses	-81	130	13	-38	-55	-1	23
<i>- of which capital change in shares and certificates</i>	46	61	42	11	-28	21	46
<i>- of which capital change in certificates and bonds</i>	-127	69	-29	-49	-27	-22	-23
Currency/interest gains/losses	248	158	89	42	54	63	52
<i>- of which currency customer- and own-account trading</i>	135	136	46	24	35	30	33
<i>- of which IFRS-effects</i>	113	22	43	18	19	33	19
Net income on investment securities	555	578	195	137	62	161	97

# Subsidiaries

<i>MNOK</i>	31.12.13	31.12.12
<b>EiendomsMegler 1 SR-Eiendom AS*</b>		
Number of sales	7.246	7.449
Operating profit before tax	41,9	86,4
<b>SpareBank 1 SR-Finans AS</b>		
Total assets (BNOK)	6,4	6,1
Operating profit before tax	149,0	115,2
<b>SR-Forvaltning AS</b>		
Portfolio (BNOK)	7,7	6,1
Operating profit before tax	22,4	18,5
<b>SR-Investering AS</b>		
Operating profit before tax	11,8	21,5
<b>Other</b>		
Operating profit before tax	-1,4	0,5
<b>Total subsidiaries</b>		
Profit before tax	223,7	242,1

\* 2012 was affected by non-recurring items (decrease in costs) of NOK 40.0 million related to a changed pension scheme.

# Ownership interests

<i>MNOK</i>	31.12.13	31.12.12
<b>SpareBank 1 Gruppen AS (19,5 % interest ownership)</b>		
Profit after tax	218,1	88,0
Adjusted profit previous years	-1,6	9,3
<b>SpareBank 1 Boligkreditt AS (26,2 % interest ownership)</b>		
Profit after tax	64,7	84,3
Adjusted profit previous years	1,8	
<b>SpareBank 1 Næringskreditt AS (27,3 % interest ownership)</b>		
Profit after tax	7,5	6,7
<b>BN Bank ASA (23,5 % interest ownership)</b>		
Profit after tax	59,2	43,7
Amortised	7,2	8,3
<b>Other*</b>		
Profit after tax	-1,8	25,0
<b>Total ownership interests</b>		
Profit after tax	355,1	265,4

\*Bank 1 Oslo Akershus is included in Other at 31.12.12, with 23.9 MNOK

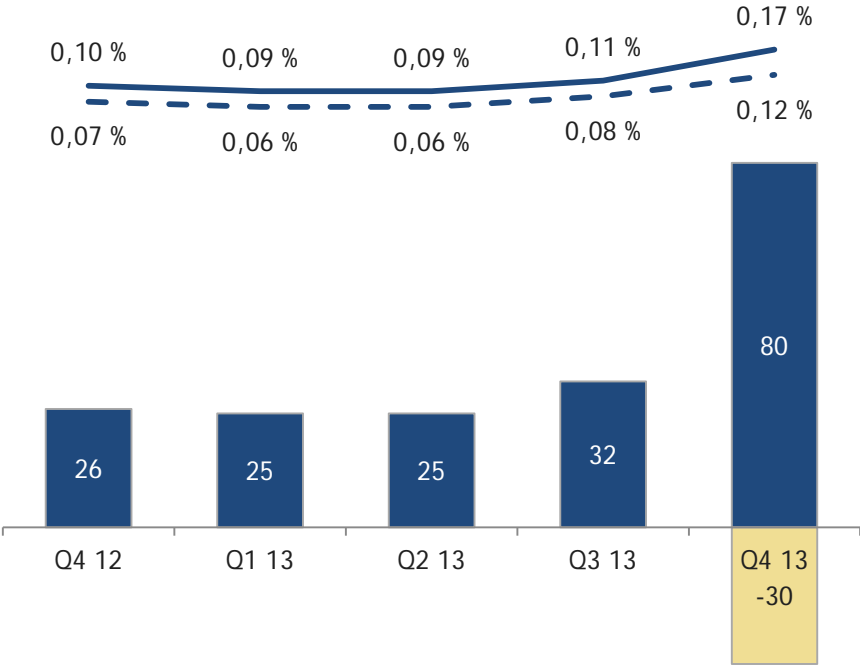
# Operating expenses

	31.12	31.12					
<i>MNOK</i>	13	12	Q4 13	Q3 13	Q2 13	Q1 13	Q4 12
Personnel expenses	1.159	1.125	297	283	294	285	295
Restructuring costs	37	2	26	1	3	7	2
Non-recurring effect, pension-related items	0	-45	0	0	0	0	-5
Total personnel expenses	1.196	1.082	323	284	297	292	292
IT expenses	250	228	65	63	63	59	59
Marketing	86	81	21	17	29	19	23
Other administrative expenses	96	108	23	24	26	23	25
Total administrative expenses	432	417	109	104	118	101	107
Depreciation	74	87	21	17	18	18	30
Operating expenses from real estate	40	44	5	10	13	12	10
Other operating expenses	277	258	76	63	71	67	65
Total other operating expenses	391	389	102	90	102	97	105
Total operating expenses	2.019	1.888	534	478	517	490	504

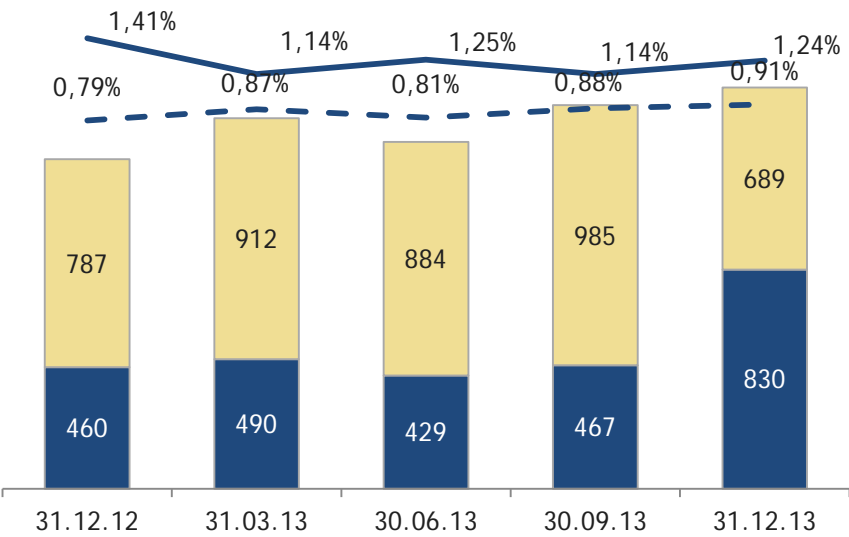
# Impairment losses on loans/Non-performing and doubtful commitments

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 doubtful commitments in % of gross loans
- Non-performing and doubtful commitments in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt

# Impairment losses on loans and guarantees

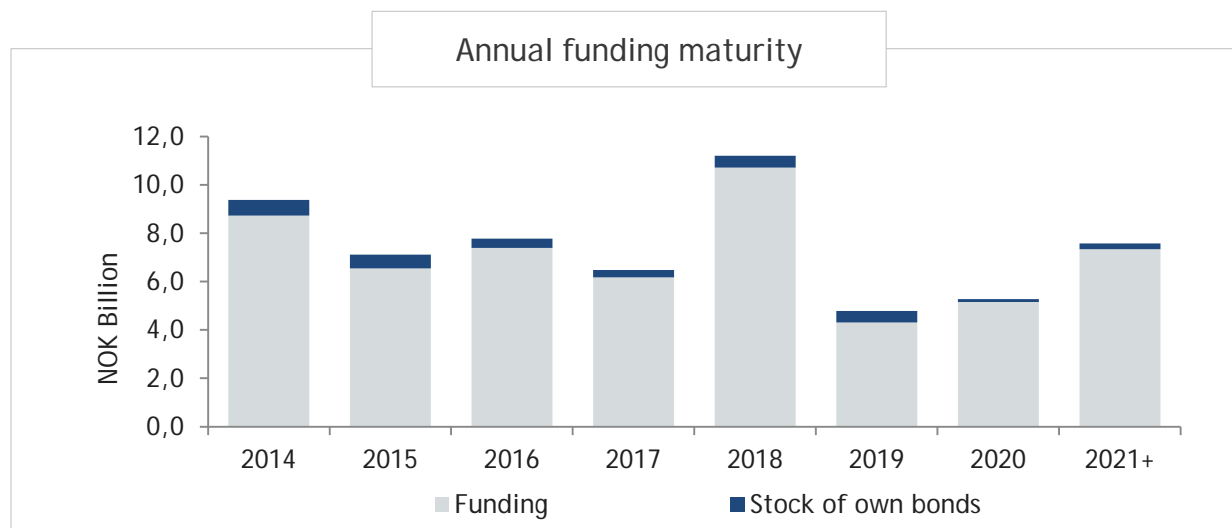
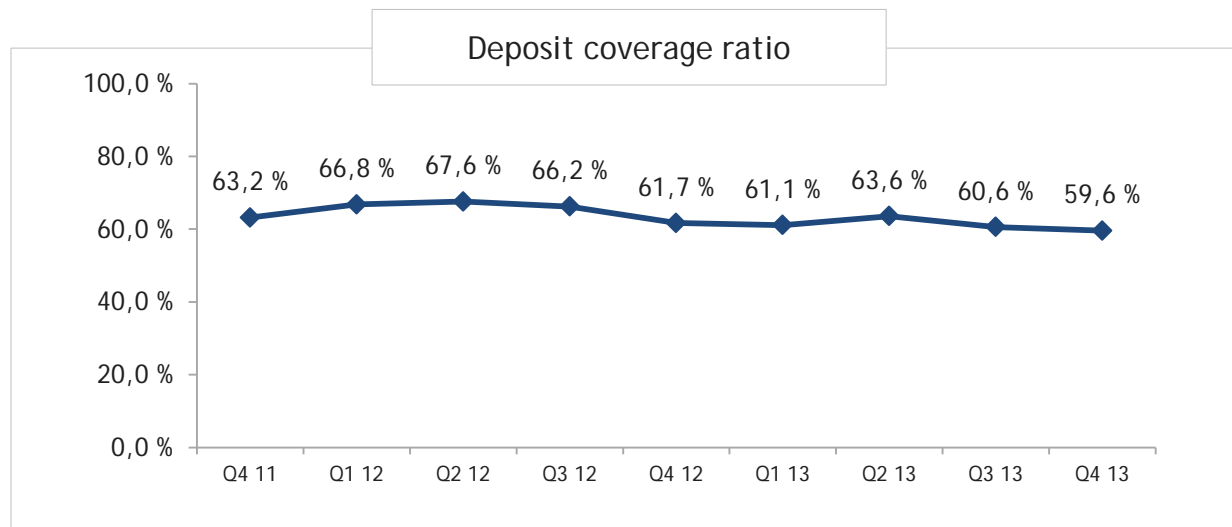
	31.12 13	31.12 12	Q4 13	Q3 13	Q2 13	Q1 13	Q4 12
<i>Losses on loans in income statement (MNOK)</i>							
Corporate customers	145	161	87	9	22	27	28
Retail customers	17	6	-7	23	3	-2	-2
Change in collective impairment losses on loans	-30	-30	-30	0	0	0	0
Net impairment losses on loans	132	137	50	32	25	25	26

	31.12 13	31.12 12	31.12 13	30.09 13	30.06 13	31.03 13	31.12 12
<i>Impairment losses on loans (MNOK)</i>							
Corporate customers	382	326	382	293	311	340	326
Retail customers	64	97	64	104	78	91	97
Collective impairment losses on loans	302	332	302	332	332	332	332
Total impairment losses on loans	748	755	748	729	721	763	755

# Deposit coverage ratio and market funding

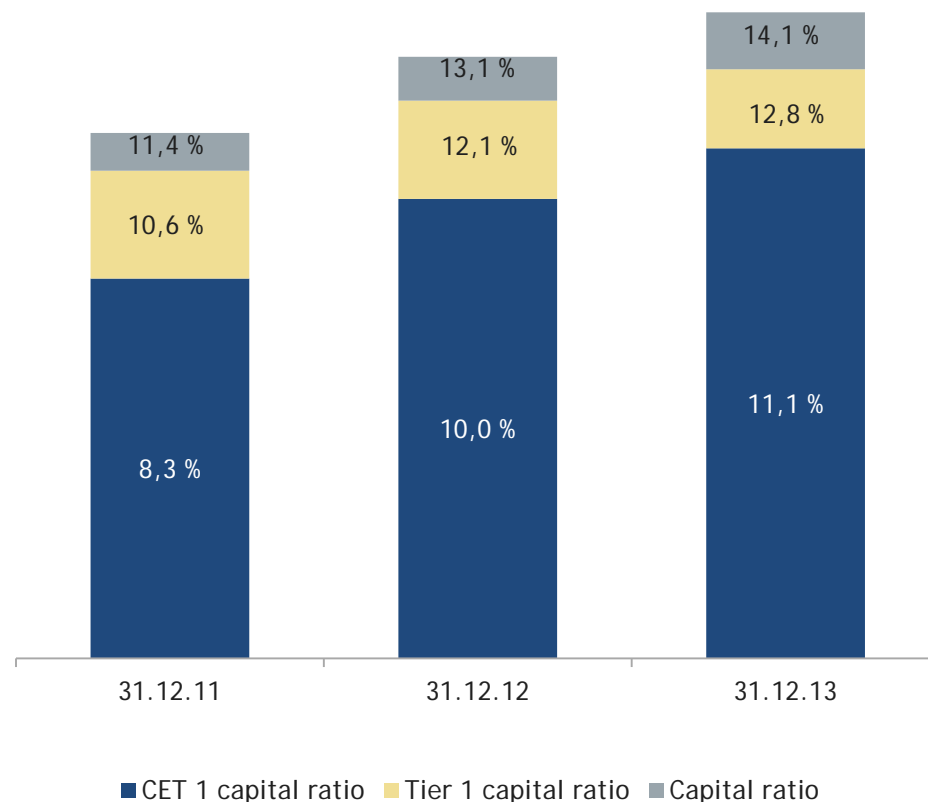
- *The reduced deposit coverage ratio reflects our funding strategy in 2013 with a greater share of unsecured funding and the slightly reduced use of covered bond funding.*
  - 6 outstanding euro-benchmarks (MEUR 500), one of which will mature every year from 2015 - 2020
- *Funding indicator 1 (ratio of illiquid assets financed by debt with a duration of more than 1 year) increased from 105,1 % to 111,5 % for the parent bank and from 103,9 % to 107,7 % on consolidated basis.*
- *Good liquidity and good access to market funding*
  - Net refinancing need over the next 12 months is NOK 8.7 billion (excl. swap scheme)
  - Liquidity buffer for normal operation in 19 months without access to external funding.
  - In addition to the liquidity buffer, NOK 12.1 billion of home mortgages are prepared for transfer to SpareBank 1 Boligkreditt.





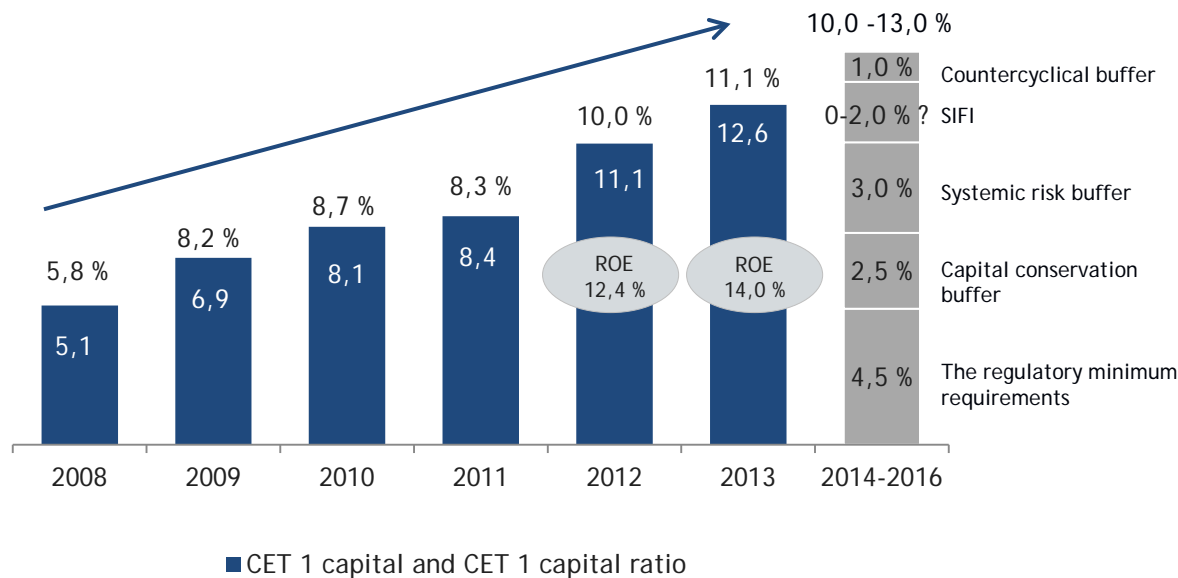
# Stronger capital ratio - Basel I floor taken into account

- The "transitional rule" that the minimum requirement for IRB capital ratio cannot be reduced to less than 80 % in relation to the Basel I rules will be in force until the end of 2017.
- The use of different calculation models in the Nordic countries makes comparisons of actual financial strength difficult.
  - The Basel I floor is also practised differently. Norway applies the strongest interpretation.
- The increased LGD floor from 10 % to 20 % from 1 January 2014, would not have affected formal capital adequacy figures as per 31.12.2013.



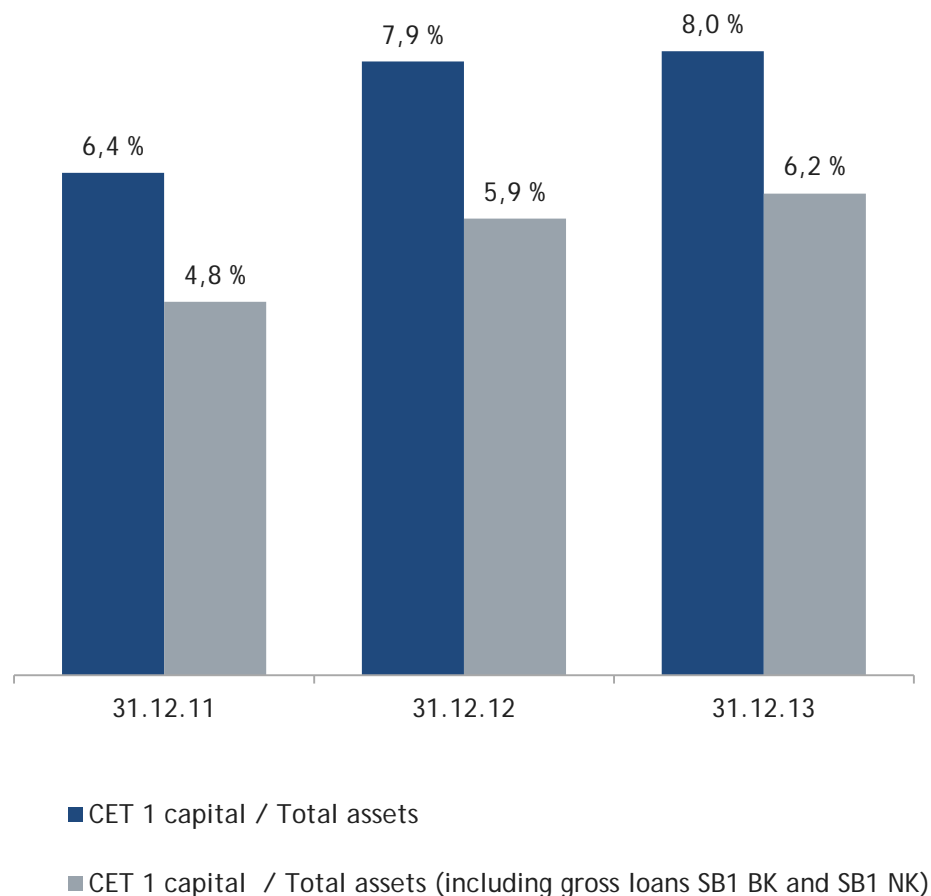
# Core equity tier 1 capital being strengthened in line with the stricter regulatory requirements

- The new capital requirements entail a need to continue increasing core equity tier 1 capital
- Over the last two years the equity is strengthened by appr. NOK 4.0 billion, of which NOK 2.5 billion from retained earnings and NOK 1.5 billion through share issues.
- Core equity tier 1 capital will be strengthened further through good profitability and retained earnings, combined with limited growth in risk weighted balance.
- The target capitalisation level will, over time, be 0.5-1.0 % above the regulatory requirement.



# Stronger core equity tier 1 capital ratio calculated on basis of unweighted balance sheet

- *Core equity tier 1 capital ratio calculated on basis of unweighted balance sheet as of 31 December 2013 was 8.0 % - 0.1 percentage points stronger than last year.*
- *Measured according to this expression of financial strength, SpareBank SR-Bank is very well capitalised and substantially exceeds the levels being discussed internationally.*

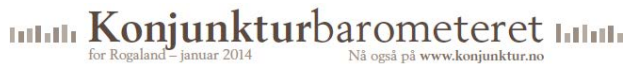


# Outlook

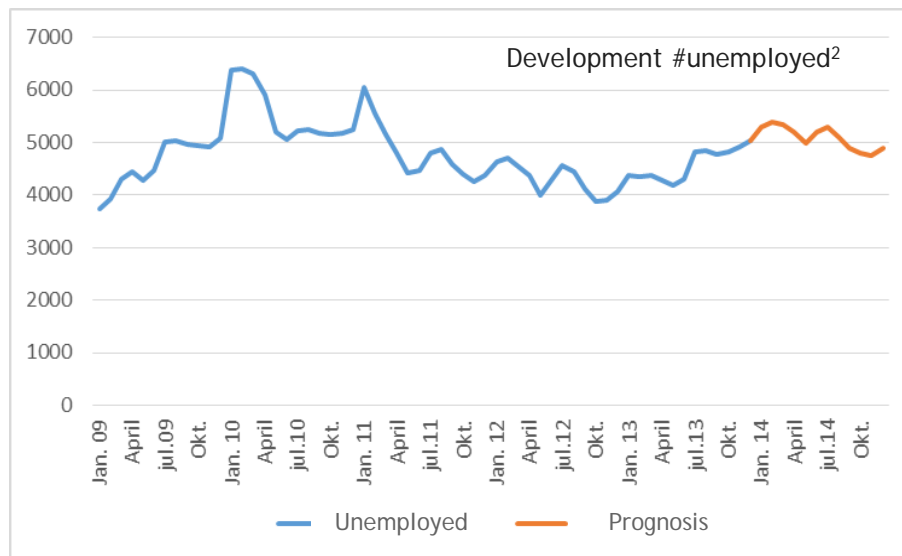
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- Further reinforce our financial strength and funding in line with the new requirements. Will gradually adapt until the overall requirements have been fully clarified.
- Macroeconomic developments indicate moderate and subdued international growth.
- A somewhat higher level of uncertainty concerning economic developments, an increased supply of new homes, and stricter guidelines could affect house prices and result in a continued slowdown in the housing market.
- A high level of activity in the petroleum sector, major infrastructure projects and increasing house building are, however, contributing to a good level of activity and low unemployment in our core market area.
- Good access to long-term funding provide a good basis for sustaining our strong market position. Opportunities for new business with solid customers in markets with sensible margins.
- Continued sound portfolio quality and impairment losses on a par with 2013 are expected in the future as well.
- Good earnings from a diversified business model, more efficient operations and a continued moderate level of dividends, indicates we are well positioned to build up the necessary capital going forward.

An important indicator - companies are relatively positive to 2014



- *Business survey conducted November 2013*
- *334 companies participated - represents approximately 40 000 employees*
- *4 clusters and 7 industries covers a representative number of companies*



<sup>1</sup> Share of companies that expecting an increase minus those expecting a decline

<sup>2</sup> Source: NAV (The Norwegian Labour and Welfare Service)

# APPENDIX

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

## 1 Rogaland

Population	452,000
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	498,000
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	289,000
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	3.05 %



# SRBANK's activities



*Divisions of SpareBank 1 SR-Bank ASA*

Capital Markets	Retail Market	Corporate Market	Administration & Support
Number of man-years: 37	Number of man-years : 482	Number of man-years : 168	Number of man-years : 219

*Fully owned companies*

EiendomsMegler 1	SpareBank 1 SR-FORVALTNING	SpareBank 1 SR-FINANS
Number of man-years : 219	Number of man-years : 11	Number of man-years : 29
Key areas: <ul style="list-style-type: none"><li>Leading real estate broker</li></ul>	Key area: <ul style="list-style-type: none"><li>Asset management</li></ul>	Key area: <ul style="list-style-type: none"><li>Lease finance</li></ul>

*Partly owned companies*

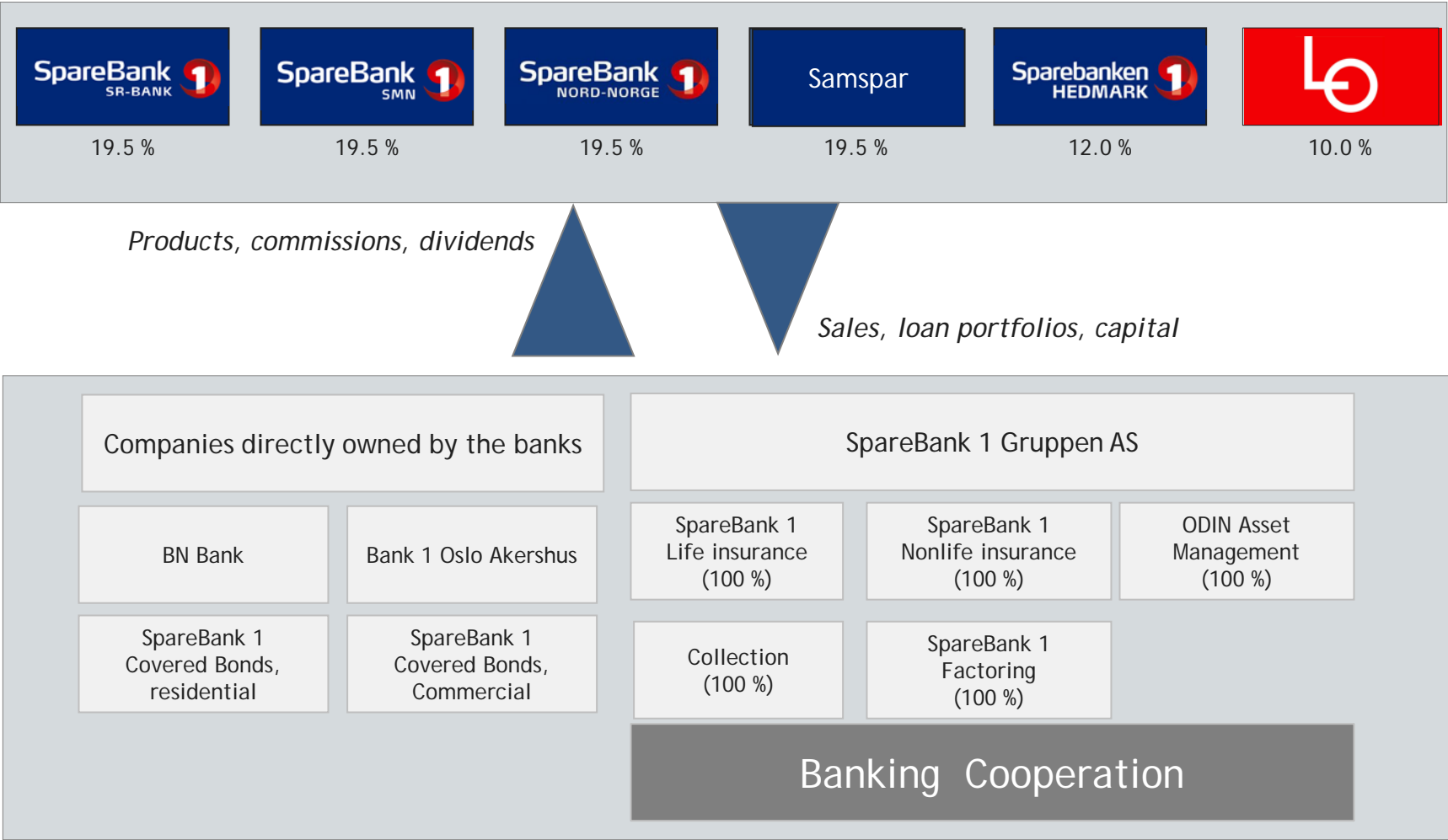
SpareBank 1 Gruppen AS (19.5 %)	BN Bank ASA (23.5 %)	SpareBank 1 Boligkreditt AS (26.2 %)	SpareBank 1 Næringskreditt AS (27.3 %)
<ul style="list-style-type: none"><li>Holding company for the SpareBank 1 - Alliance</li></ul>	<ul style="list-style-type: none"><li>Commercial bank located in Oslo and Trondheim</li></ul>	<ul style="list-style-type: none"><li>Covered bond company (mortgages)</li></ul>	<ul style="list-style-type: none"><li>Covered bond company (commercial real estate)</li></ul>



# 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



# 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 and profitable business model
  - Owner friendly and stable dividend policy

## Financial targets

- ROE 13-15 % at a normalised level of interest rates
- Top 50 % ROE and cost/income in a Nordic benchmark
- CET1 capital ratio at 0.5-1.0 % above the regulatory requirement

## Strategic goals

- Most attractive and preferred 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 December 2013

- *International ownership increased from 6.0 % to 14.1 %*

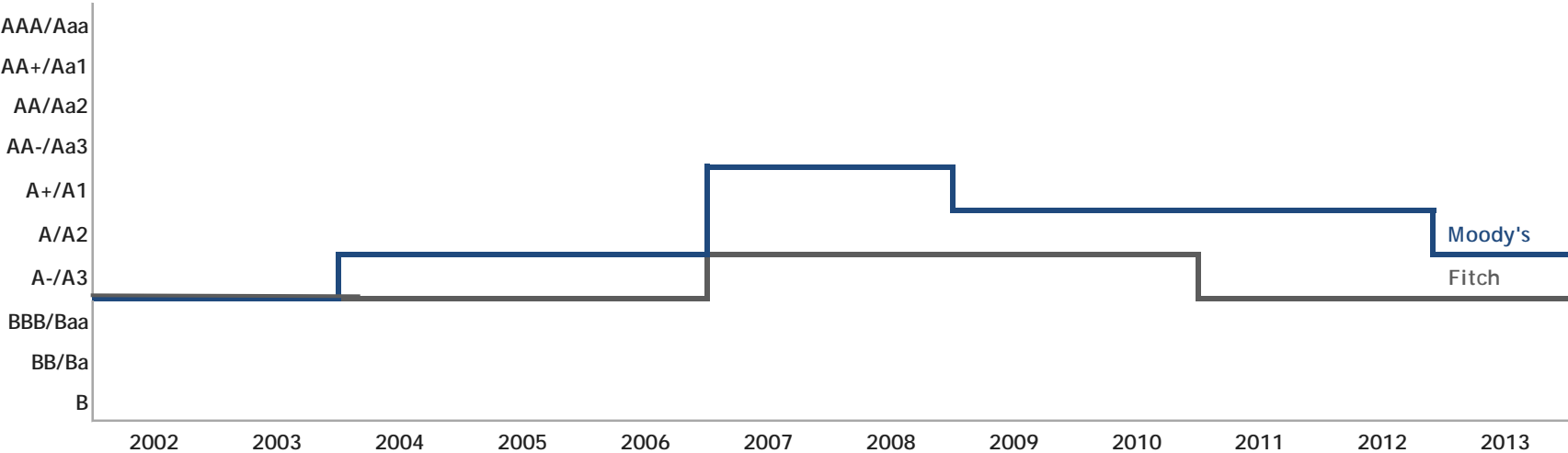
Investor	Number	Stake
Sparebankstiftelsen SR-Bank	76.835.551	30,0 %
Gjensidige Forsikring ASA	26.483.470	10,4 %
Folketrygdfondet	7.934.328	3,1 %
SpareBank 1-stiftinga Kvinnherad	6.226.583	2,4 %
Odin Norge	5.896.605	2,3 %
Frank Mohn AS	5.680.920	2,2 %
Morgan Stanley & Co, U.S.A.	4.359.373	1,7 %
Odin Norden	4.085.363	1,6 %
Skagen Global	3.943.743	1,5 %
State Street Bank and Trust, U.S.A.	3.683.118	1,4 %
State Street Bank and Trust, U.S.A.	2.542.777	1,0 %
J.P. Morgan Chase Bank, U.K.	2.364.569	0,9 %
Clipper AS	2.178.837	0,9 %
J.P. Morgan Chase Bank, U.K.	2.083.137	0,8 %
J.P. Morgan Chase Bank, Sverige	2.014.054	0,8 %
Westco AS	1.321.817	0,5 %
Skagen Global II	1.264.174	0,5 %
FLPS, U.S.A.	1.250.000	0,5 %
Goldman Sachs & Co, U.S.A.	1.249.123	0,5 %
Vpf Nordea Kapital	1.161.371	0,5 %
Top 5	123.376.537	48,2 %
Top 10	145.129.054	56,7 %
Top 20	162.558.913	63,6 %

# Rating

Moody's	
Long-term debt	A2
Outlook	Stable
Updated	30 August 2013

Fitch	
Long-term IDR	A-
Outlook	Stable
Updated	20 December 2013

## Ratinghistory



# Balance sheet

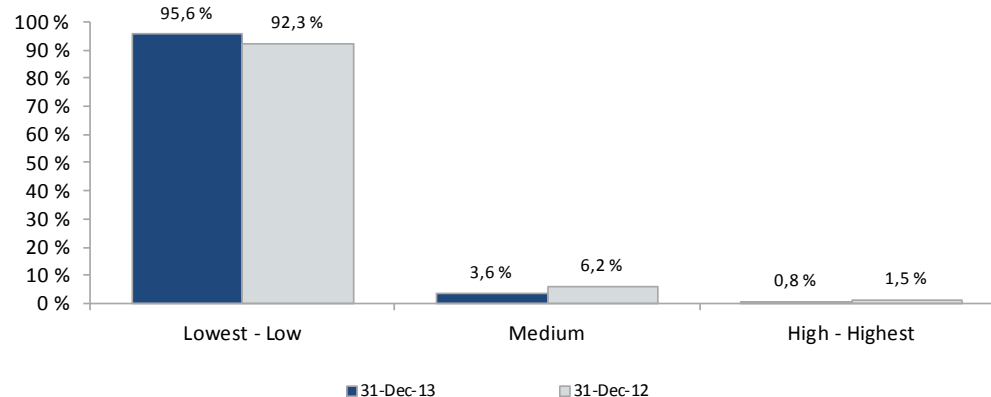
<i>Balance sheet (MNOK)</i>	31.12.2013	31.12.2012
Cash and balances with central banks	1.265	1.314
Balances with credit institutions	1.253	1.087
<b>Net loans to customers</b>	<b>119.525</b>	<b>108.758</b>
Certificates, bonds and other fixed-income securities	21.065	18.677
Financial derivatives	4.923	4.578
Shares, ownership stakes and other securities	938	671
Business available for sale	85	85
Investment in associates	4.710	4.964
Other	3.221	1.409
<b>Total assets</b>	<b>156.985</b>	<b>141.543</b>
Balances with credit institutions	3.742	4.522
Public deposits related to covered bond swap scheme	6.429	7.299
Deposits from customers	71.667	67.594
Listed debt securities	52.328	40.691
Financial derivatives	2.013	2.282
Other liabilities	2.746	2.295
Additional Tier 1 and Tier 2 capital instruments	4.004	4.223
<b>Total liabilities</b>	<b>142.929</b>	<b>128.906</b>
<b>Total equity</b>	<b>14.056</b>	<b>12.637</b>
<b>Total liabilities and equity</b>	<b>156.985</b>	<b>141.543</b>

# Risk profile of the loan portfolio

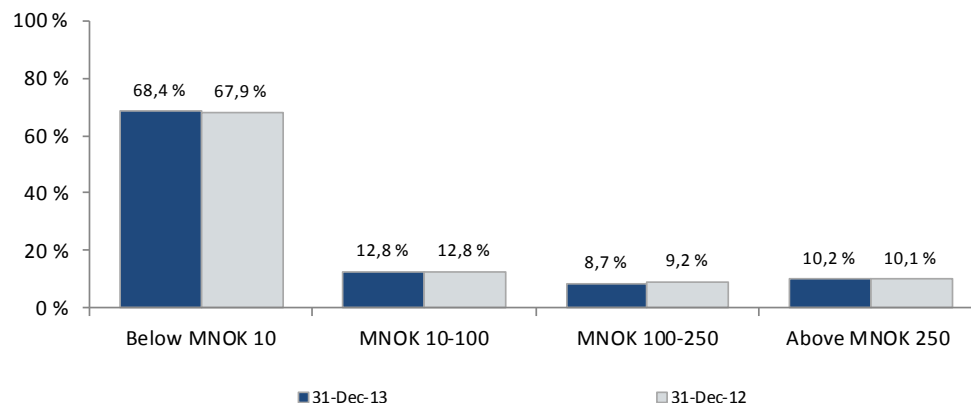
- 95.6 % of the loan portfolio satisfies the criteria for low and the lowest risk. Expected losses in this portion of the portfolio are very limited at 0.03 %.
- Exposure to high or the highest risk accounts for 0.8 %. Expected losses in this portion of the portfolio are 3.7 %.
- 68.4 % is to loans constituting exposures less than NOK 10 million. This corresponds to 99 % of all customers.
- 18.8 % 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

Distributed by risk group



Distributed by size of loan

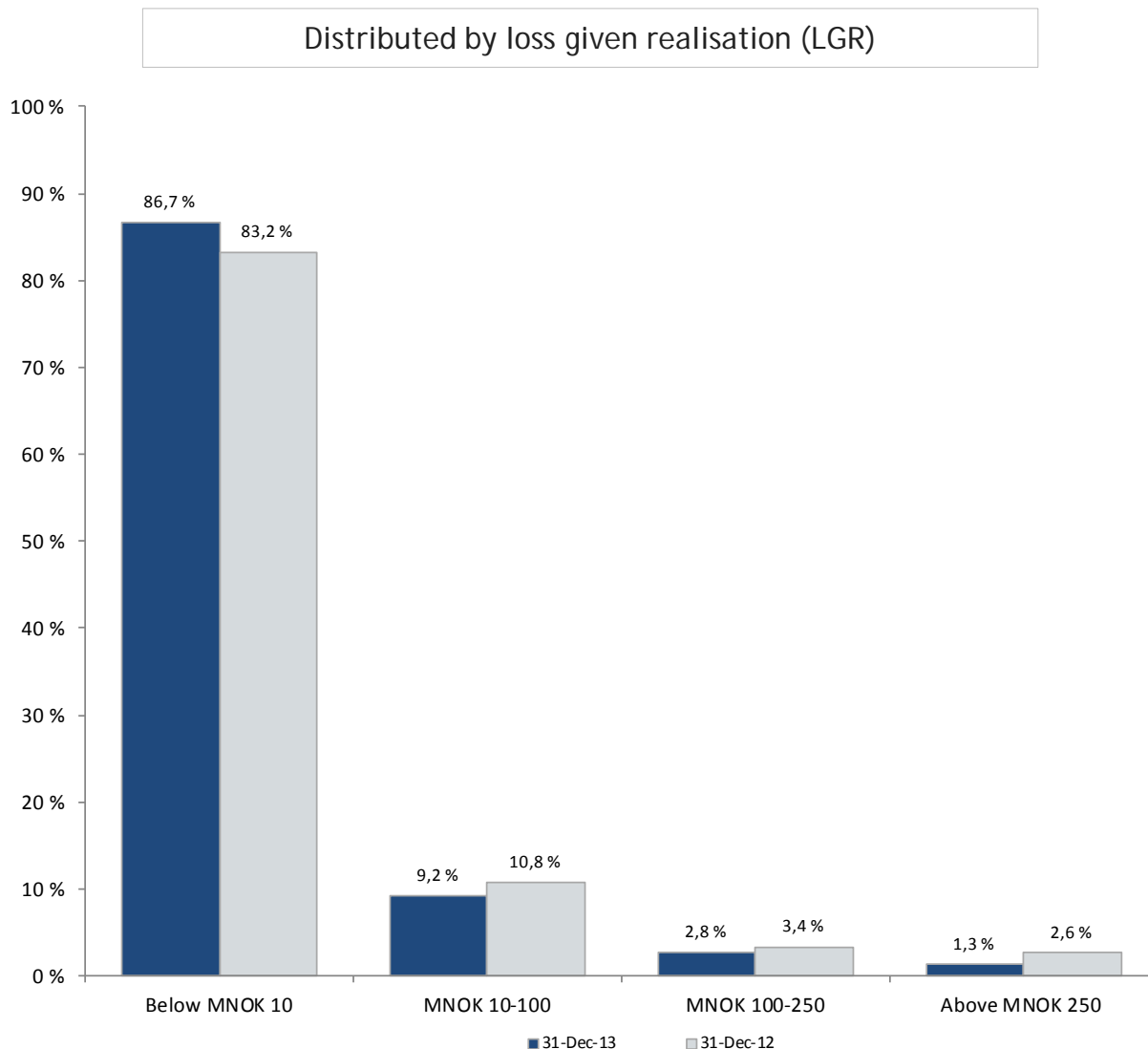


# Low concentration of individual LGRs in the lending portfolio

- *At the end of 2013, SpareBank 1 SR-Bank had a total of 23 commitments with estimated loss potential exceeding NOK 100 million.*
- *These commitments represent approximately 4 % of the total portfolio.*
- *This is a reduction from the end of 2012 when 32 such commitments made up 6 % of the portfolio.*
- *There is a clearly defined strategy behind this composition. The growth and risk profile are managed, for example, through special credit strategy limits for concentration risk.*

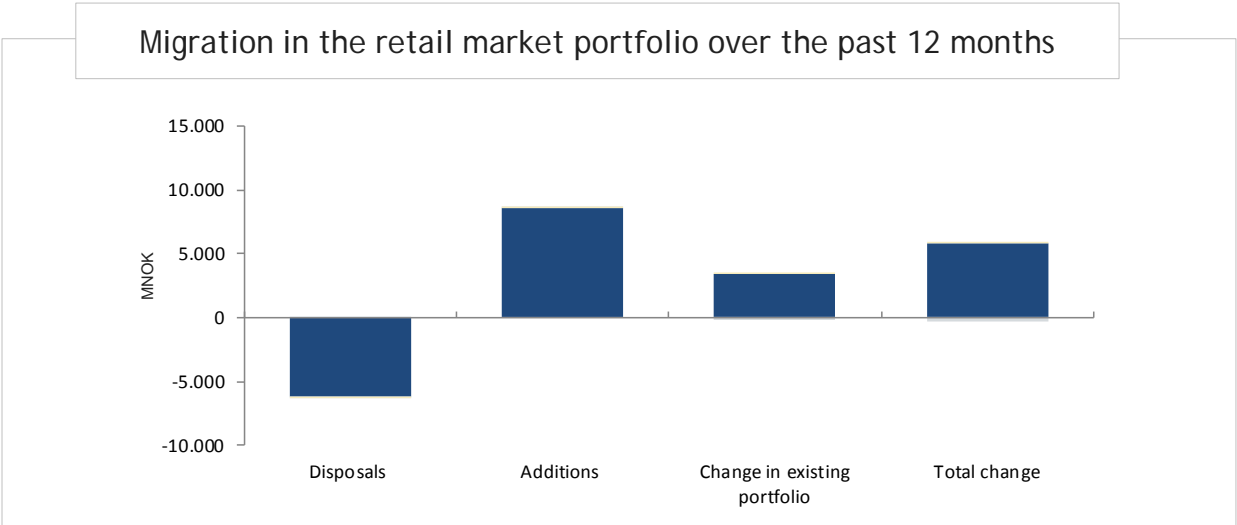
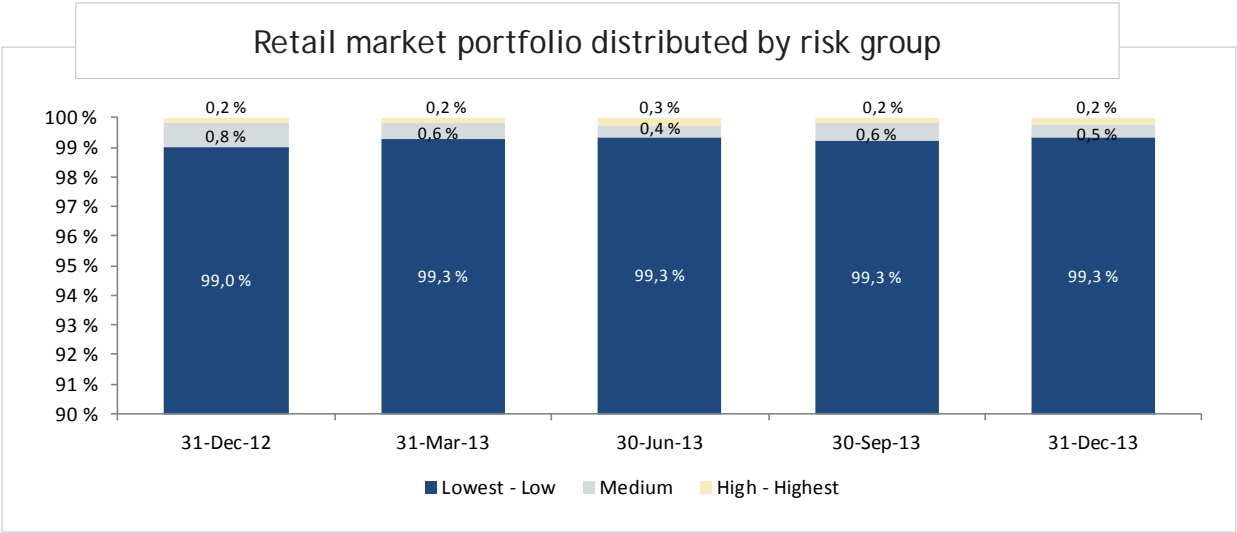
*LGR (Loss given realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic 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.
- Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset 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 %

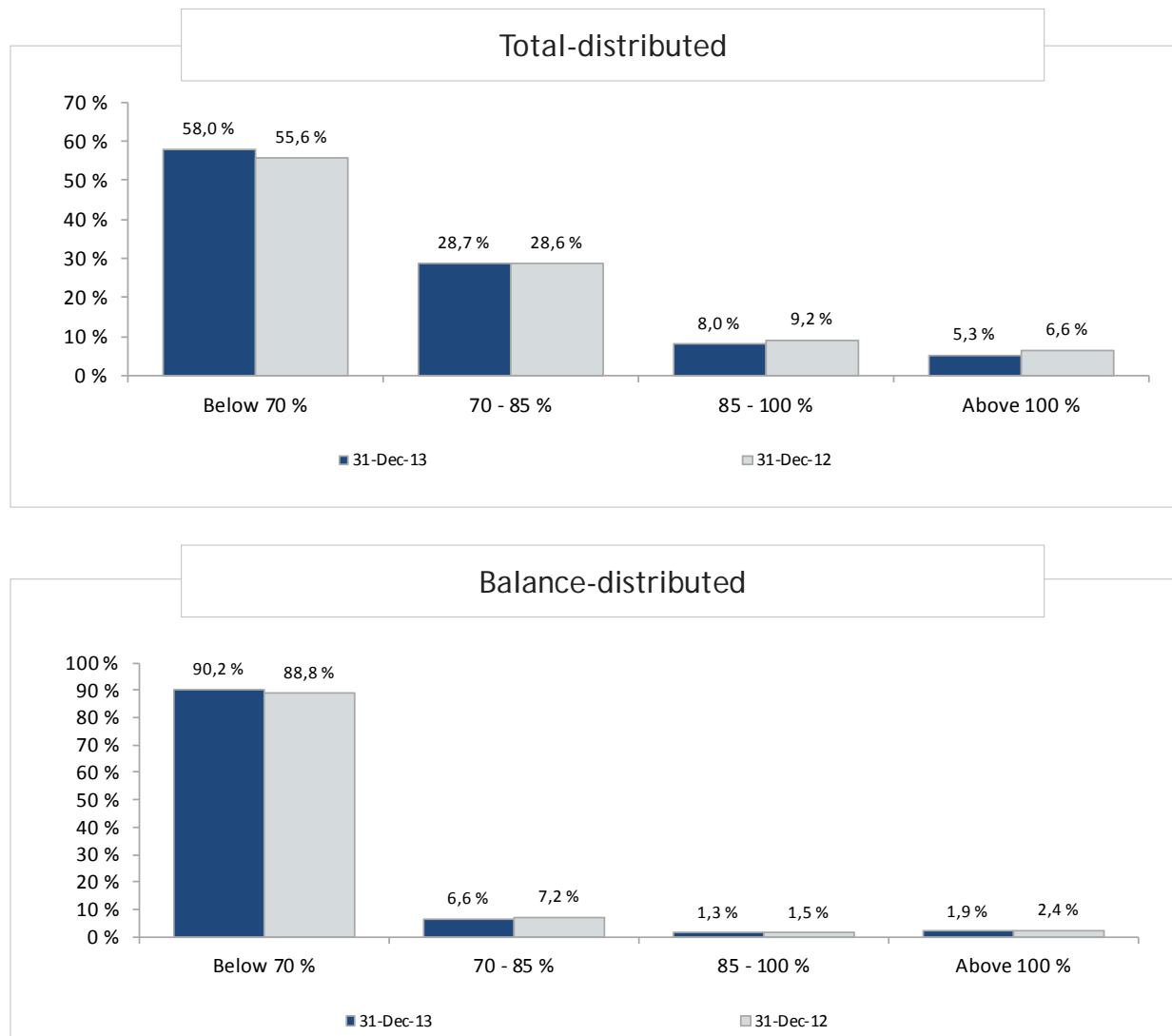
Figures include the portfolio transferred to SpareBank 1 Boligkreditt AS.



# 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 equity 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 %.*
- *Approximately 97 % of the exposure is within 85 % of the collateral's value, and about 3 % 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.*



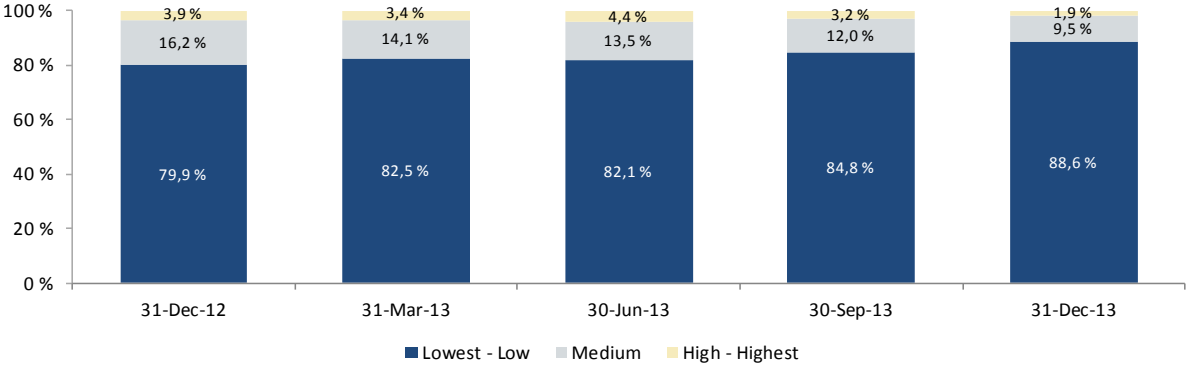
# Lending to the corporate market - risk profile

- The quality of the corporate market portfolio is considered to be good.
- The risk profile has improved\*. The proportion of loans with expected losses of less than 0.5 % at the end of the quarter represent 88.6 %.
- The proportion of loans with expected losses in excess of 2 % has been reduced by approximately 50 % over the last 12 months and represented 1.9 % at the end of 2013.

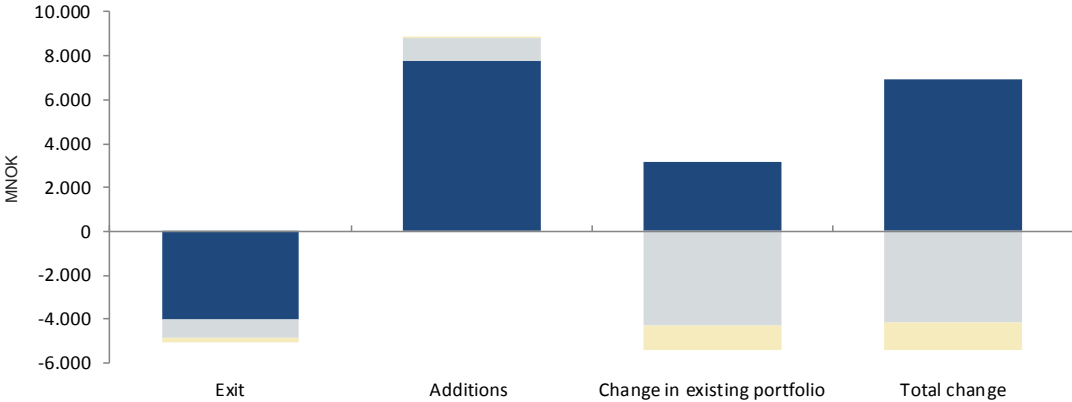
\* SpareBank 1 SR-Bank implemented an improved version of the scoring model for the corporate market portfolio in the first quarter of 2013. The effect of this is limited, but it means that historic figures are not fully comparable.

■ 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

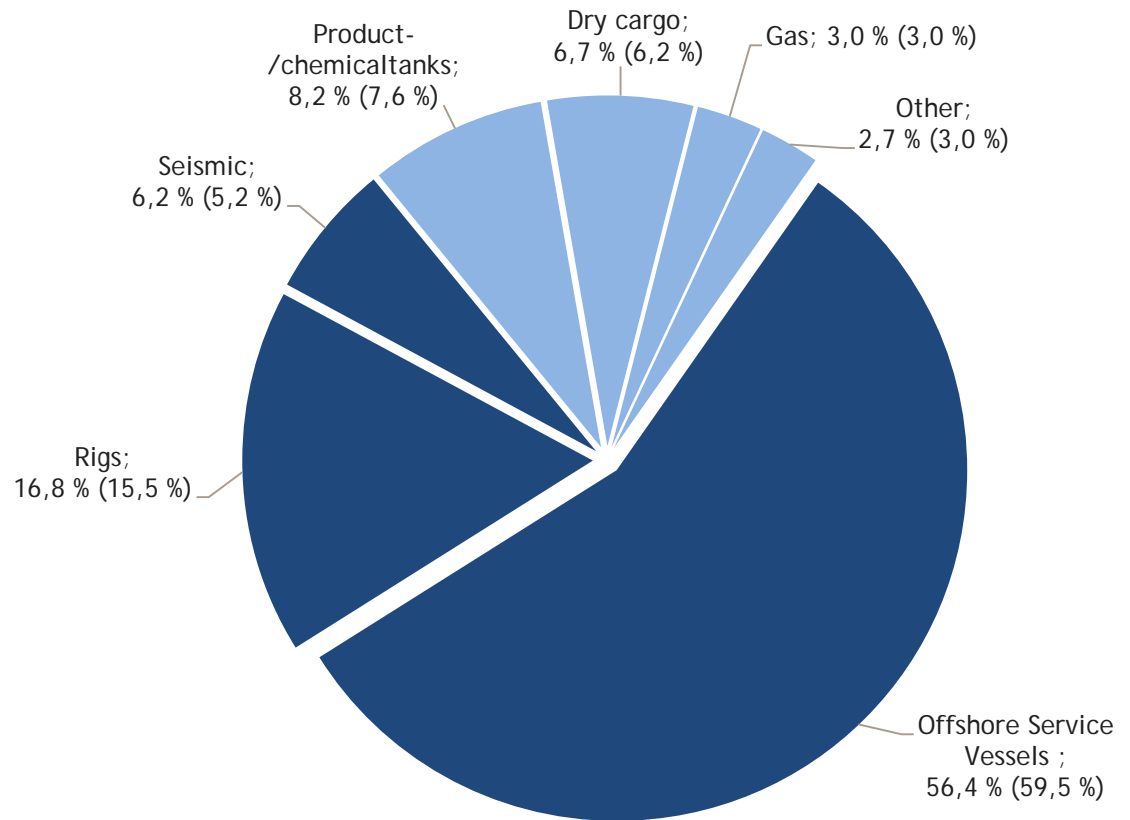


Migration in corporate market's portfolio last 12 months



# Low exposure to the shipping segment

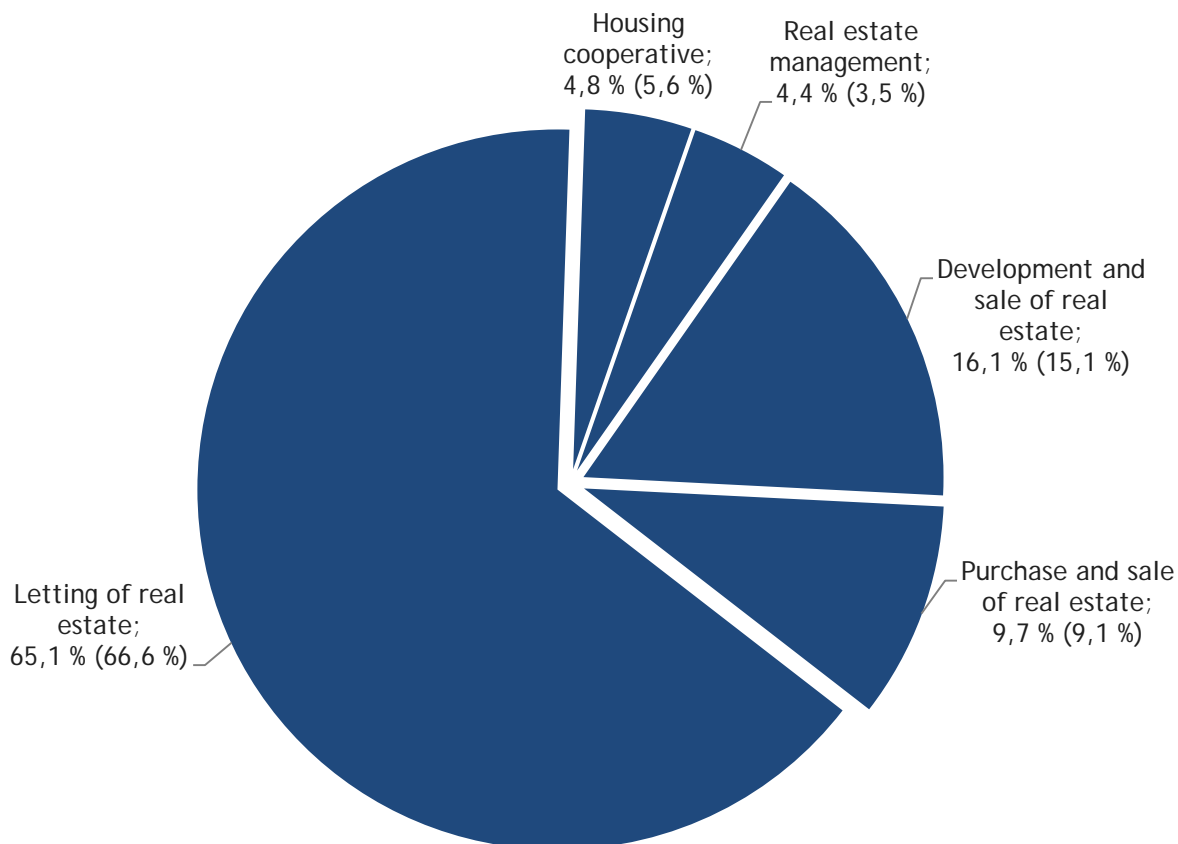
- Lending to conventional shipping is low and represents 1.4 % of total loans
- Lending to the offshore sector represents 5.2 % of total loans
- Lending, undrawn credit limits and guarantees to these sectors total NOK 11.0 billion.
  - 20.6 % of the exposure is to conventional shipping
  - 79.4 % of the exposure is to the offshore sector



Sector allocation in accordance with the standard categories from Statistics Norway.  
All figures in %. Figures as at 31.12.2012 in brackets.

# Lending to commercial property

- *Lending to commercial property constitutes 15.4 % of total loans, which is stable compared to 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 limited. Interest rates for a significant portion of this portfolio have been hedged.*



*Sector allocation in accordance with the standard categories from Statistics Norway.  
All figures in %. Figures as at 31.12.2012 in brackets.*

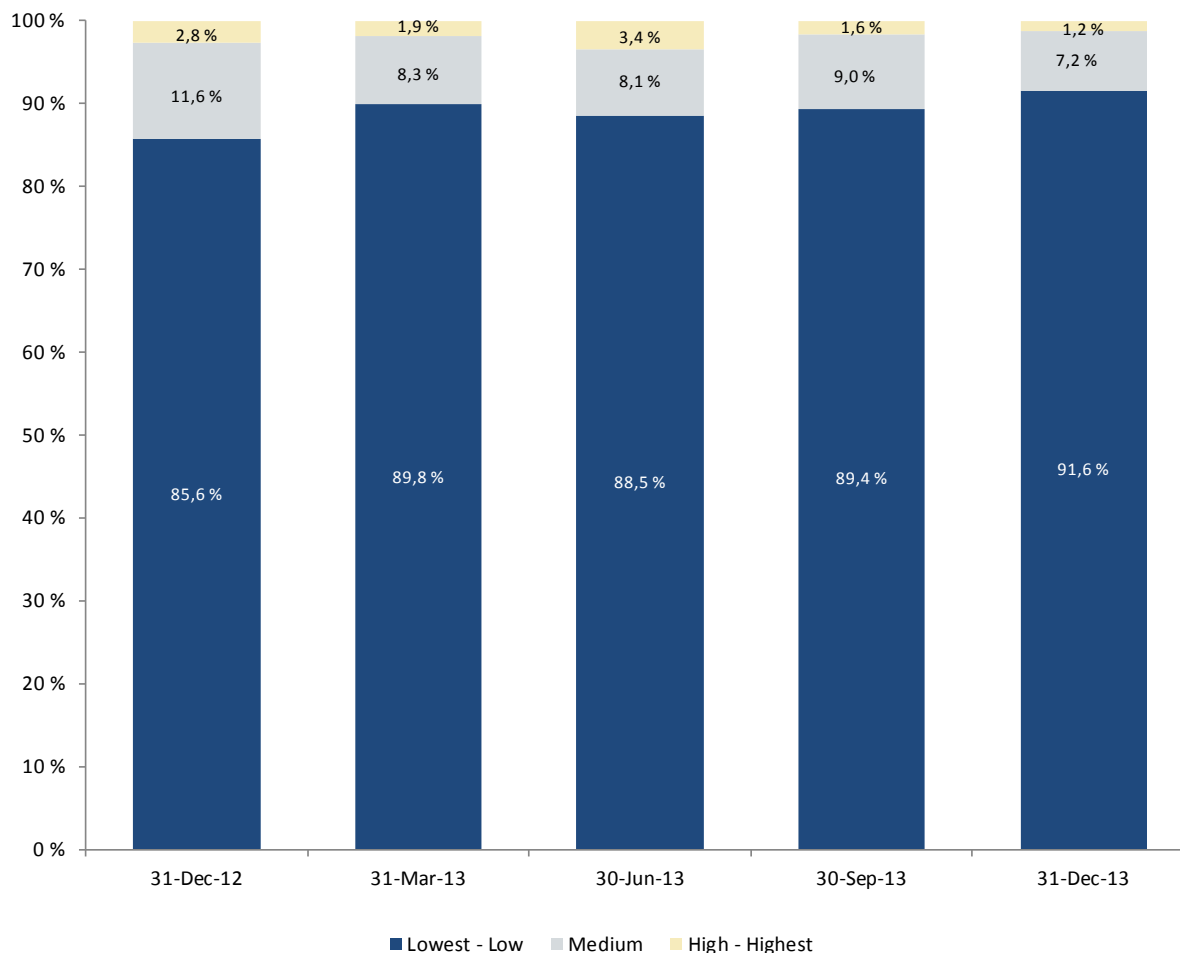
# Risk profile - Lending in the corporate market

- The portfolio of commercial property for rent represents the largest concentration in a single sector and accounts for 9.2 % of the total exposure (EAD) including retail market customers.
- The portfolio is dominated by low risk commitments. 91.6 % of the exposure is classified as low risk, while only 1.2 % 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 limited. 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.

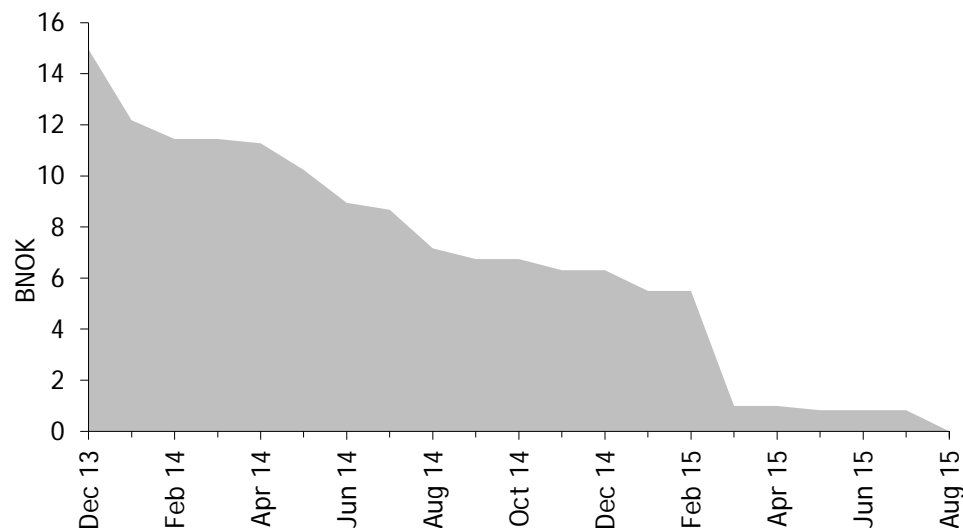
■ Lowest - Low risk, expected losses	0% - 0.50%
■ Medium risk, expected losses	0.50% - 2.00%
■ High - Highest risk, expected losses	over 2.00%

Lending to commercial property for rent distributed by risk group



# Liquidity portfolio

Liquidity buffer – survival period



Liquidity portfolio

Category	Market value, MNOK	Share %	Of which, securities classified to amortised cost, MNOK
Norwegian government/municipal	1.010	7 %	0
SSA/Foreign guaranteed	2.522	18 %	0
Covered bonds (Norwegian/foreign)	9.897	72 %	0
Norwegian bank/finance	222	2 %	0
Foreign bank/finance	42	0 %	41
Industry/Other	146	1 %	0
<b>Total liquidity portfolio</b>	<b>13.839</b>	<b>100 %</b>	<b>41</b>

- *Liquidity buffer at the end of the quarter: NOK 15.0 billion*
- *Other liquid assets:*
  - *Home mortgages prepared for transfer to mortgage company: NOK 12.1 billion*
  - *Commercial paper and bonds in the trading portfolio: NOK 0.3 billion*

*Liquidity buffer: cash, short-term investments, highly liquid bonds (including drawing rights in Norges Bank ).*

*Providing deposits and lending remain unchanged, with no new borrowing during the period.*

# Investments in bonds and certificates

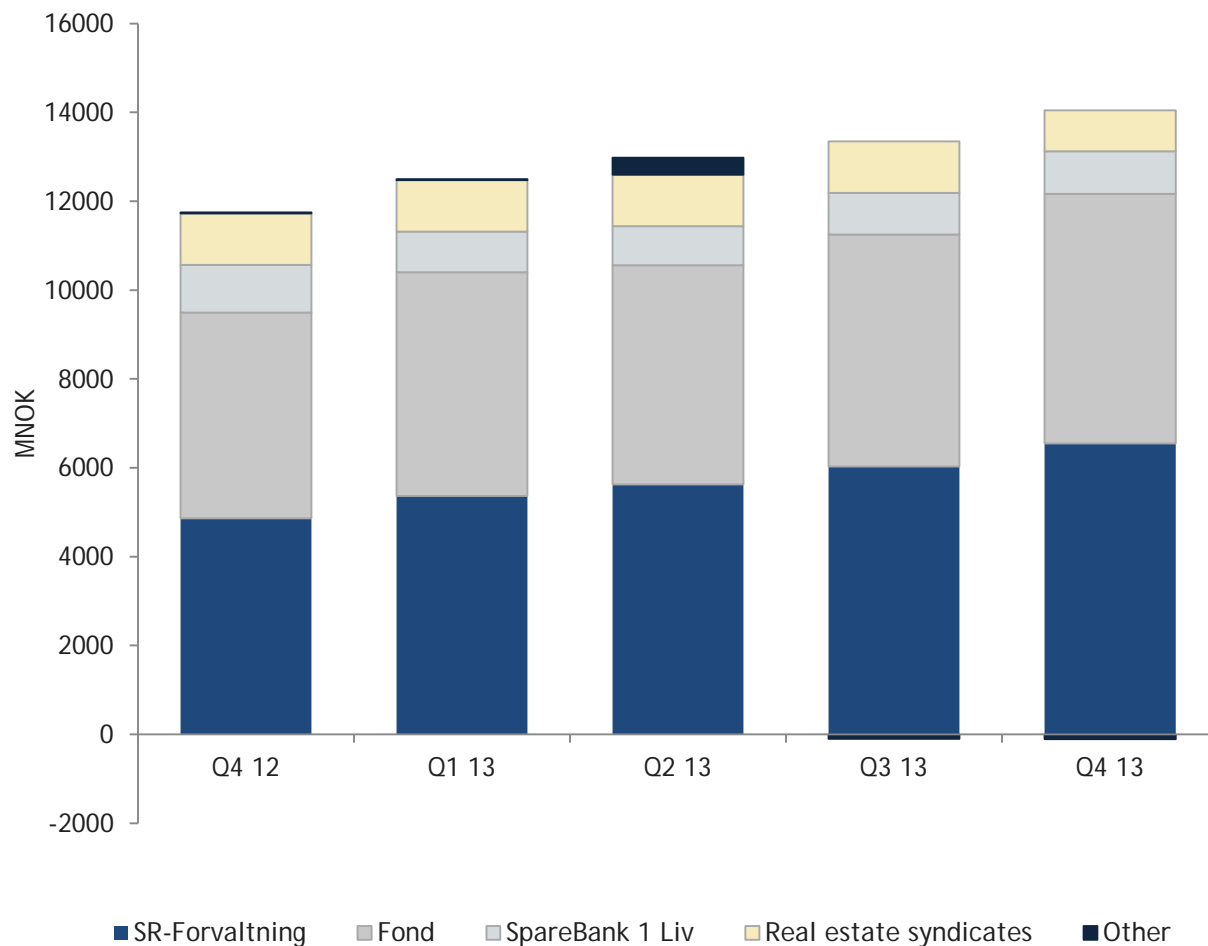
- *Most of the bond portfolio is managed as part of the liquidity management activities. Bonds held for liquidity purposes are generally very low risk.*
- *No direct exposure to debt in EU peripheral countries.*

Risk category	Rating	Market value	Share
Very low risk	AAA, AA+, AA og AA-	13.514	64,5 %
Low risk	A+, A og A-	269	1,3 %
Moderat risk	BBB+, BBB og BBB-	142	0,7 %
High risk	BB+, BB og BB-	90	0,4 %
Very high risk	B+ og lavere	151	0,7 %
<i>Total excl. Government swap scheme</i>		<i>14.166</i>	<i>67,6 %</i>
Government swap scheme	AAA	6.796	32,4 %
<i>Total portfolio</i>		<i>20.962</i>	<i>100,0 %</i>
<i>Of which liquidity purposes:</i>			
Very low risk	AAA, AA+, AA og AA-	13.514	64,5 %
Low risk	A+, A og A-	264	1,3 %
Moderat risk	BBB+, BBB og BBB-	60	0,3 %
High risk	BB+, BB og BB-	0	0,0 %
Very high risk	B+ og lavere	0	0,0 %
<i>Total liquidity portfolio</i>		<i>13.839</i>	<i>66,0 %</i>
Government swap scheme	AAA	6.796	32,4 %
<i>Total liquidity purposes</i>		<i>20.635</i>	<i>100,0 %</i>
<i>Of which trading purposes:</i>			
Very low risk	AAA, AA+, AA og AA-	0	0,0 %
Low risk	A+, A og A-	5	1,4 %
Moderat risk	BBB+, BBB og BBB-	81	24,8 %
High risk	BB+, BB og BB-	90	27,5 %
Very high risk	B+ og lavere	151	46,3 %
<i>Total trading portfolio</i>		<i>327</i>	<i>100,0 %</i>

*All amounts in MNOK.*

# Savings/placements - portfolio development

- *Assets under management of NOK 13.9 billion as at 31 December 2013*
  - *Increase from NOK 12.0 billion as at 31 December 2012*
  - *52 185 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 31 December 2013

- *Ownership interests:*
  - From Rogaland, Agder-counties and Hordaland: 53.0 %
  - International: 14.1 %
  - 10 largest: 56.7 %
  - 20 largest: 63.6 %
- *Number of owners: 11 151 (11 959)*
- *Employees owning 2.0 %*
- *Trading volume in Q4 2013: 6.3 % (4.2 %)*

	2013	2012	2011	2010	2009
Share price	60,25	37,20	40,70	57,00	50,00
Marketvalue (MNOK)	15.409	9.514	5.182	7.257	6.047
Book value per share, NOK (group)	55,00	49,48	48,75	47,45	42,07
Book value per share, NOK (parentbank)	49,71	44,23	42,81	41,80	36,85
Earnings per share	7,27	5,32	5,42	6,84	6,88
Dividend per share	1,60	1,50	1,50	2,75	1,75
P/E	8,29	6,99	7,51	8,33	7,27
P/BV (group)	1,10	0,75	0,83	1,20	1,19
P/BV (parentbank)	1,21	0,84	0,95	1,36	1,36

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