

This is not a fishing boat.  
It's a gold mine.



**THIRD QUARTER 2014**  
SPAREBANK 1 SR-BANK

**SpareBank**  
SR-BANK 

Chief Executive, CEO

Arne Austreid

For further information, please contact

Inge Reinertsen, Chief Financial Officer	inge.reinertsen@sr-bank.no	+47 909 95 033
Vidar Torsøe, VP Investor Relations	vidar.torsoe@sr-bank.no	+47 970 80 656

#### **Address**

SpareBank 1 SR-Bank, Postboks 250, 4066 Stavanger  
Visiting address: Bjergsted Terrasse 1, 4001 Stavanger

SpareBank 1 SR-Bank Switchboard: +47 915 02002

#### **Information on the Internet**

SpareBank 1 SR-Bank's homepage [www.sr-bank.no](http://www.sr-bank.no)

#### **Financial Calendar 2014**

Third quarter 2014

30 October

## Table of Contents

<b>1. SpareBank 1 SR-Bank ASA</b> .....	<b>1</b>
1.1 Financial highlights .....	1
1.2 Business description: leading financial institution in Rogaland, Hordaland and Agder .....	3
Retail Market .....	3
Corporate Market .....	3
Capital Market .....	3
Vision and strategy .....	5
Legal and organizational structure .....	6
General Meeting.....	6
Supervisory Board.....	6
Control Committee .....	6
Board of Directors .....	6
Board committees .....	7
Organisation of SpareBank 1 SR-Bank ASA.....	7
The SpareBank 1 Alliance .....	7
1.3 Shareholder information - SRBANK .....	10
Investor relations policy .....	11
Shareholder and dividend policy .....	11
Ownership structure.....	12
1.4 Credit ratings .....	13
<b>2. Financial results and balance sheet</b> .....	<b>14</b>
2.1 Net interest income.....	19
2.2 Net other operating income.....	21
2.3 Operating expenses .....	23
2.5 Loans .....	28
2.6 Risk profile .....	29
2.7 Risk profile in bond and equity portfolios .....	33
2.8 Funding .....	34
2.9 Capital adequacy .....	36
<b>3. Business areas</b> .....	<b>39</b>
3.1 Business segments - Financial performance .....	39
3.2 Retail Market.....	40
Financial performance in the retail market segment .....	40
Development in average volume and interest margin .....	40
Growth in loans and deposits .....	41
3.3 Corporate Market.....	42
Financial performance in the corporate market segment.....	42
Development in average volume and interest margin .....	42
Growth in loans and deposits .....	43
3.4 Capital Market .....	44
3.5 Subsidiaries .....	45
EiendomsMegler 1 SR-Eiendom AS .....	45
SpareBank 1 SR-Finans AS .....	46
SR-Forvaltning AS.....	47
SR-Investering AS.....	48



# 1. SpareBank 1 SR-Bank ASA

## 1.1 Financial highlights

### Q3 2014

- Pre-tax profit: NOK 577 million (NOK 661 million)
- Profit after tax: NOK 454 million (NOK 516 million)
- Return on equity after tax: 12.2 % (15.6 %)
- Earnings per share: NOK 1.78 (NOK 2.02)
- Net interest income: NOK 621 million (NOK 568 million)
- Net commission and other income: NOK 403 million (NOK 466 million)
- Net income from financial investments: NOK 142 million (NOK 137 million)
- Operating expenses: NOK 520 million (NOK 478 million)
- Impairment losses on loans and guarantees: NOK 69 million (NOK 32 million)
- Total lending growth over past 12 months: 3.5 % (5.5%)
- Growth in deposits over past 12 months: 14.9% (2.2%)
- Tier 1 capital ratio: 13.1% (12.2%)
- CET 1 capital ratio: 11.3% (10.5%)  
*(Q3 2013 in parentheses)*

### As at 30 September 2014

- Pre-tax profit: NOK 2,048 million (NOK 1,673 million)
- Profit after tax: NOK 1,647 million (NOK 1,293 million)
- Return on equity after tax: 15.0 % (13.2 %)
- Earnings per share: NOK 6.45 (NOK 5.06)
- Net interest income: NOK 1,749 million (NOK 1,545 million)
- Net commission and other income: NOK 1,327 million (NOK 1,335 million)
- Net income from financial investments: NOK 662 million (NOK 360 million)
- Operating expenses: NOK 1,526 million (NOK 1,485 million)
- Impairment losses on loans and guarantees: NOK 164 million (NOK 82 million)
- Total lending growth over past 12 months: 3.5 % (5.5%)
- Growth in deposits over past 12 months: 14.9% (2.2%)
- Tier 1 capital ratio: 13.1% (12.2%)
- CET 1 capital ratio: 11.3% (10.5%)  
*(As at 30 September 2013 in parentheses)*

### Income statement

MNOK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Net interest income	621	581	547	574	568	1.749	1.545
Net commission and other income	403	444	480	489	466	1327	1.335
Net return on investment securities	142	201	319	195	137	662	360
Total income	1.166	1.226	1.346	1.258	1.171	3.738	3.240
Total operating expenses	520	501	505	534	478	1.526	1.485
Operating profit before losses	646	725	841	724	693	2.212	1.755
Losses on loans and guarantees	69	41	54	50	32	164	82
Operating profit before tax	577	684	787	674	661	2.048	1.673
Tax expense	123	150	128	107	145	401	380
Profit after tax	454	534	659	567	516	1.647	1.293

## Key figures

	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Return on equity <sup>1)</sup>	12,2 %	14,5 %	18,4 %	16,2 %	15,6 %	15,0 %	13,2 %
Cost ratio <sup>2)</sup>	44,6 %	40,9 %	37,5 %	42,4 %	40,8 %	40,8 %	45,8 %
Deposit-to-loan ratio	59,1 %	60,4 %	61,2 %	59,6 %	60,6 %	59,1 %	60,2 %
Growth in loans	17,7 %	17,5 %	8,4 %	9,8 %	11,7 %	17,7 %	11,7 %
Growth in loans incl. covered bond companies	3,5 %	3,6 %	3,8 %	5,3 %	5,5 %	3,5 %	5,5 %
Growth in deposits	14,9 %	11,5 %	8,5 %	6,0 %	2,2 %	14,9 %	2,2 %
Average total assets, MNOK	166.894	164.949	158.867	155.489	151.683	163.782	147.588
Total assets, MNOK	168.310	167.273	157.752	156.985	153.639	168.310	153.639
Impairment losses ratio <sup>3)</sup>	0,20	0,13	0,18	0,17	0,11	0,17	0,10
Capital ratio	15,4	14,6	14,5	14,1	13,1	15,4	13,1
Common Equity Tier 1 capital ratio	11,3	11,4	11,2	11,1	10,5	11,3	10,5
Share price	61,00	59,75	60,75	60,25	47,70	61,00	47,70
EPS (group)	1,78	2,09	2,58	2,22	2,02	6,45	5,06

<sup>1)</sup> Net profit as a percentage of average equity.

<sup>2)</sup> Total operating expenses as a percentage of total operating income

<sup>3)</sup> Net losses expressed as a percentage of average gross lending year to date, annualized

# 1.2 Business description: leading financial institution in Rogaland, Hordaland and Agder

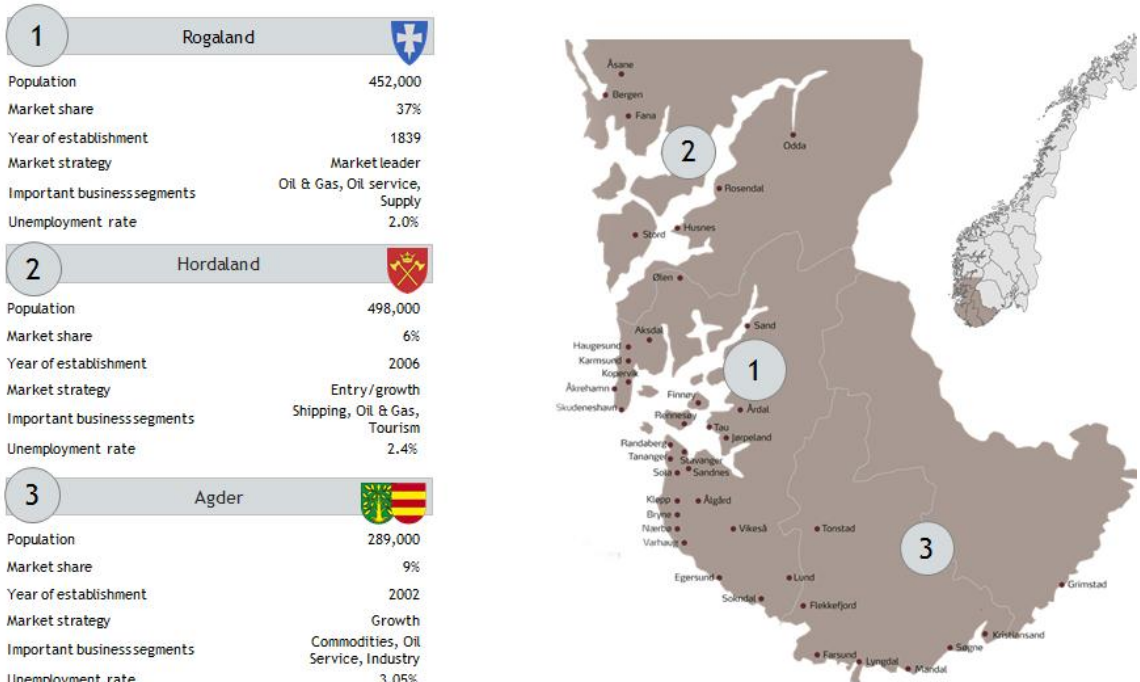


Figure 1.2.1: Operating areas (reducing the number of branches from 52 to 48 in 2014)

SpareBank 1 SR-Bank is Norway’s largest regional bank and the second largest Norwegian-owned bank (after DNB) with gross lending including covered bond companies of NOK 168 billion and market cap of NOK 15.6 billion as at 30 September 2014. Head office is in Stavanger. The market areas are the counties of Rogaland, Agder and Hordaland. SpareBank 1 SR-Bank ASA has 1 117 employees and provides a full range of products and services within financing, investments, money transfers, pensions as well as life and non-life insurance.

The customer-oriented activity is organized in three divisions; Retail Market, Corporate Market and Capital Market.

### Retail Market

SpareBank 1 SR-Bank ASA is the leading retail customer bank in Rogaland, with about 262,000 retail customers and a market share in Rogaland of about 40 per cent. The division also serves agricultural clients, sole proprietorships and associations.

### Corporate Market

SpareBank 1 SR-Bank ASA service about 12,000 customers in the business sector and public sector. These also include small businesses, agricultural customers, societies and associations. About 40 per cent of all businesses in the bank’s traditional market list SpareBank 1 SR-Bank ASA as their main bank.

### Capital Market

The Capital Market division comprises securities activities, SR-Markets and the subsidiary SR-Forvaltning that manage customers’ and the bank’s own assets in the form of securities, mutual funds and properties. SR-Markets primarily serve the group’s customers and other selected customers in defined market areas in the country as a whole.

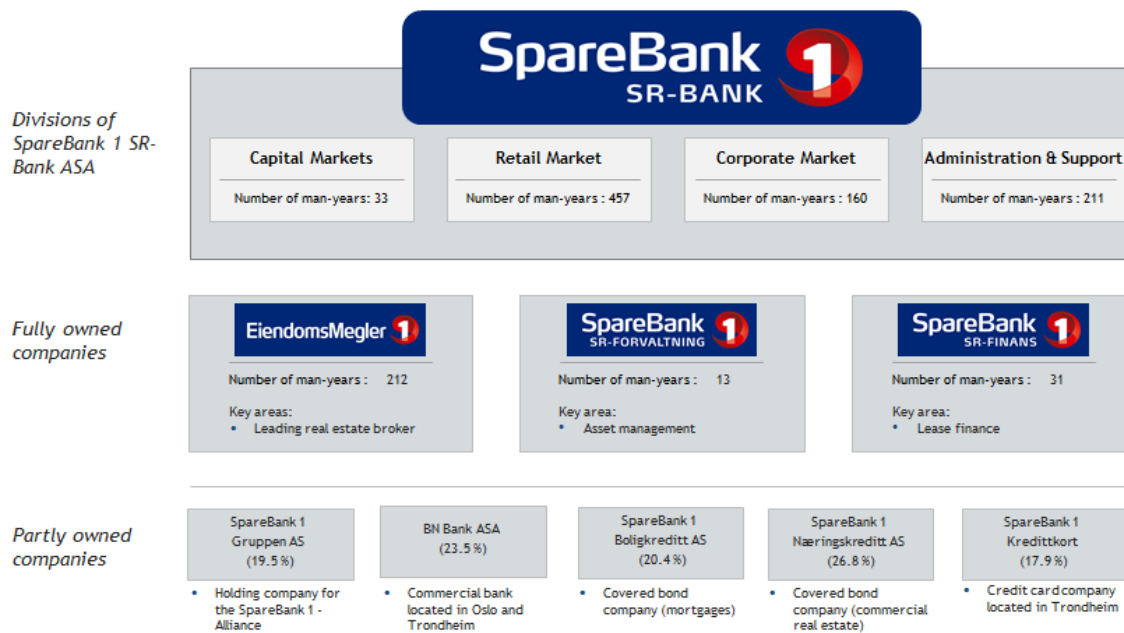


Figure 1.2.2: SpareBank 1 SR-Bank's activities

### Segment operating profit \*

MNOK	Retail market		Corporate market		Capital market	
	2014	2013	2014	2013	2014	2013
Operating profit before tax 3rd quarter only	340	352	202	257	6	(13)
Operating profit before tax as at 30 September	1.041	972	660	652	55	59
Gross loans to customers excl. SB1 Boligkreditt and SB1 Næringskreditt as at 30 September	77.924	59.459	49.931	48.700	521	431
Deposits from customers as at 30 September	44.192	40.956	32.977	25.792	1741	1783

\* not including subsidiaries



## Vision and strategy

### Our vision: Recommended by customers

Primary objective	Financial targets
<ul style="list-style-type: none"><li>• SpareBank 1 SR-Bank ASA is committed to value creation in the bank's core market area</li><li>• Sustainable contribution to the value creation process in the region through;<ul style="list-style-type: none"><li>• Sustainable and profitable business model</li><li>• Owner friendly and stable dividend policy</li></ul></li></ul>	<ul style="list-style-type: none"><li>• ROE above 13% at a normalised level of interest rates</li><li>• Top 50% ROE and cost/income in a Nordic benchmark</li><li>• CET1 capital ratio at 0.5-1.0% above the regulatory requirement</li></ul>
Strategic goals	Strategic focus
<ul style="list-style-type: none"><li>• <b>Most attractive and preferred partner for financial services in South-Western Norway, based on;</b><ul style="list-style-type: none"><li>• Good customer experience</li><li>• Strong team spirit and professionalism</li><li>• Local anchoring and local decisions</li><li>• Solvency, profitability and trust by the market</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Targeted customer growth and increased product mix</li><li>• Innovative and continuing focus on efficiency</li><li>• Expertise adapted to future customer needs</li><li>• Diversified funding platform</li></ul>

Figure 1.2.3: Vision and strategy

## Legal and organizational structure

SpareBank 1 SR-Banks's various management and control bodies have all been established with respect to Norwegian legislation. The figure below shows an overview of current management and control bodies:

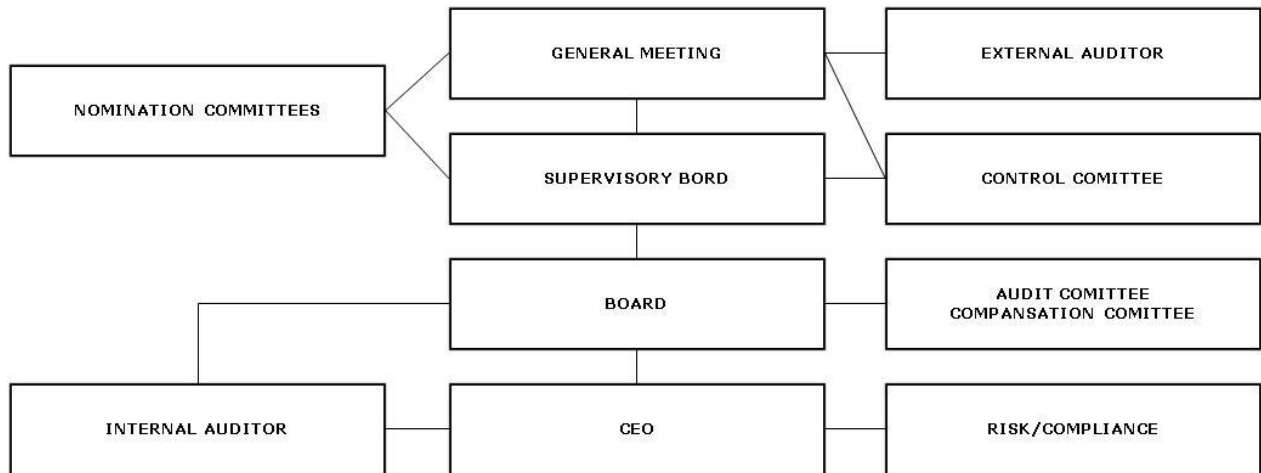


Figure 1.2.4: Overview of management and control bodies

### General Meeting

Through the General Meeting, the shareholders exercise the highest level of authority at SpareBank 1 SR-Bank ASA. The Ordinary General Meeting elects the members of the Supervisory Board, the Control Committee and the Nomination Committee, as well as approving the annual financial statements, including the allocation of a surplus or coverage of a deficit for a year.

### Supervisory Board

The Supervisory Board consists of 30 members and 15 deputy members. A total of 22 members and 11 deputy members are elected among the shareholders and eight members and four deputy members are elected by and among the employees.

The Supervisory Board conducts supervision of the administration by the Board of Directors and the CEO, elects the members and deputy members of the Board of Directors, elects the Nominating Committee, elects the auditor or auditing company, receives information on the operation and reviews extracts of SpareBank 1 SR-Bank's accounts and reports from the Control Committee, reviews the annual financial statements, annual report and auditor's report, and makes a statement to the General Meeting concerning the Board's proposal for the annual financial statements, and the Board's proposal for allocation of a surplus or coverage of a deficit as well as adopting decisions on remuneration for officers and auditors as well as compensation for the CEO.

### Control Committee

The Control Committee consists of three members and one deputy member who are elected for terms of two years at a time.

The Control Committee must see to it that the activities of SpareBank 1 SR-Bank are conducted in an appropriate manner, including co-operation and having on-going contact with other possible control committees of group companies, and conducting supervision that the Board and CEO have adequate supervision and control of the subsidiaries.

### Board of Directors

The Board of Directors consists of nine members and two deputy members, of which two members and one deputy member are elected by the employees.

The Board of Directors is responsible for the administration of the Bank's business. This includes making decisions on individual credit cases. The Board must ensure a satisfactory organisation of the Bank's operations, including ensuring that accounting and asset management are subjected to proper scrutiny.

### *Board committees*

The Board of Directors has established a Compensation Committee and an Audit Committee. The committees shall assist the Board of Directors in preparing cases, but the decision shall be made jointly by the Board of Directors. Both committees, on their own initiative, are able to conduct meetings and processes cases without participation by the administration.

Instructions for the committees are established by the Board of Directors.

### *Organisation of SpareBank 1 SR-Bank ASA*

The Bank's operational structure is illustrated in the figure below.

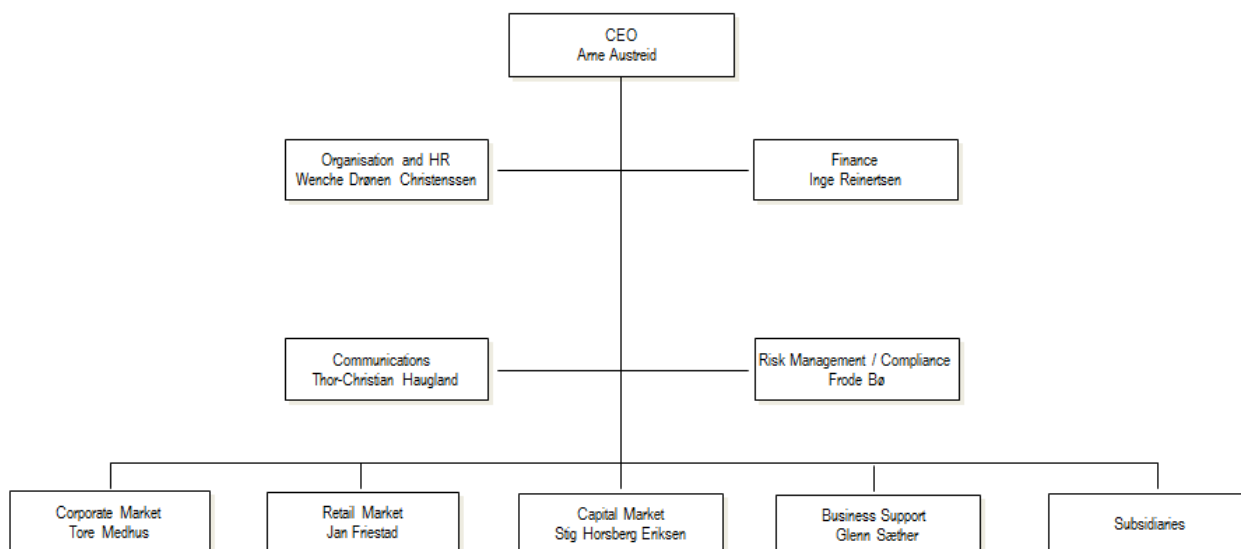


Figure 1.2.5: Organizational structure of SpareBank 1 SR-Bank

### *The SpareBank 1 Alliance*

SpareBank 1 SR-Bank is one of the founding partners of the SpareBank 1 Gruppen (“the Alliance”) in 1996. Through participation in the Alliance, SpareBank 1 SR-Bank is linked together in an alliance of independent and locally anchored banks. The purpose of the Alliance is for members to develop, procure and supply competitive financial services and products and to exploit economies of scale in the form of lower costs and higher quality, so that customers get the best advice and the best services on competitive terms. As shown in the figure below the Alliance has a wide distribution all over Norway.

## The SpareBank 1 Alliance - 2<sup>nd</sup> largest mortgage lender in Norway

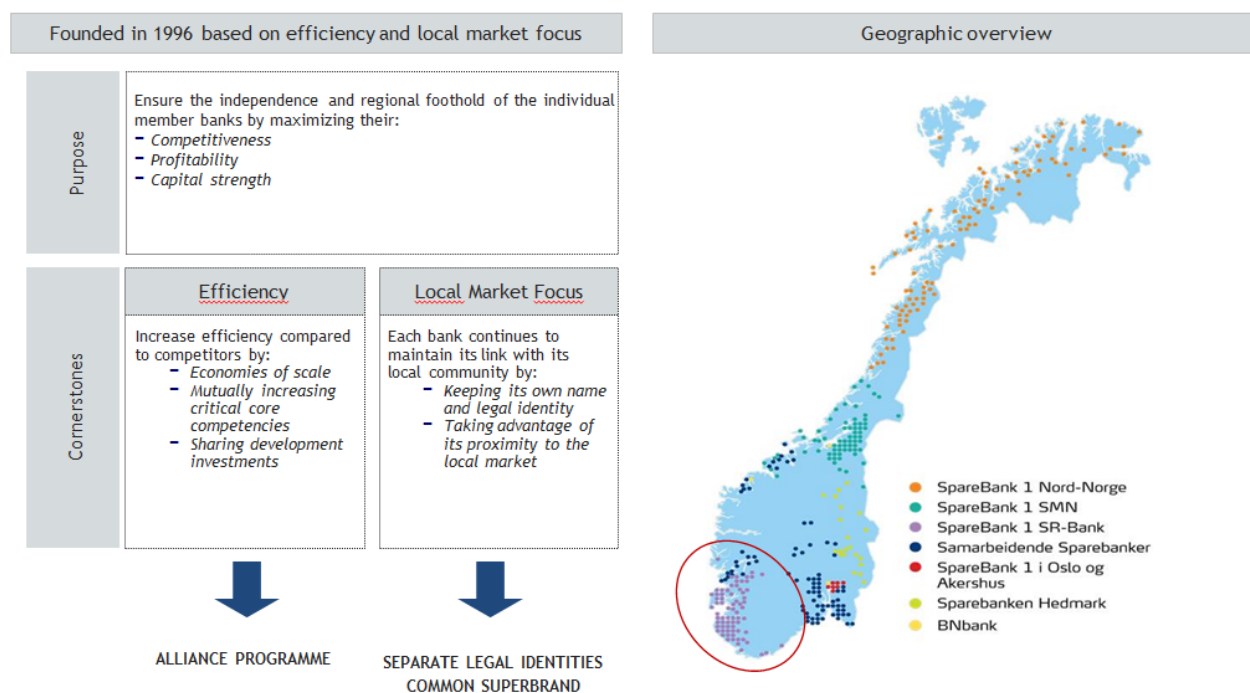


Figure 1.2.6: Geographic overview of the SpareBank 1 Alliance

The member banks in the Alliance work in part through common projects and in part through the jointly owned holding company; SpareBank 1 Gruppen AS. In addition to SpareBank 1 SR-Bank, SpareBank 1 Gruppen AS is owned by Sparebanken Nord-Norge, Sparebanken 1 SMN, Sparebanken Hedmark, Bank 1 Oslo/Akershus, Samarbeidende Sparebanker (14 local savings banks in southern Norway) and the Norwegian Confederation of Trade Unions (LO).

SpareBank 1 Gruppen AS owns all of the shares in SpareBank 1 Livsforsikring AS (life insurance), SpareBank 1 Skadeforsikring AS (non-life insurance), ODIN Forvaltning AS (asset management), SpareBank 1 Medlemskort (membership cards) and SpareBank 1 Gruppen Finans Holding AS (collection of bad debts).

The banks that are part of the Alliance also jointly own the two covered bond companies SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, EiendomsMegler 1 (chain of real estate brokers), Alliansesamarbeidet SpareBank 1 Utvikling DA, and the two banks; Bank 1 Oslo/Akershus AS and BN Bank ASA.

The SpareBank 1 Alliance structure is illustrated below in figure 1.2.7.

## SpareBank 1 Alliance

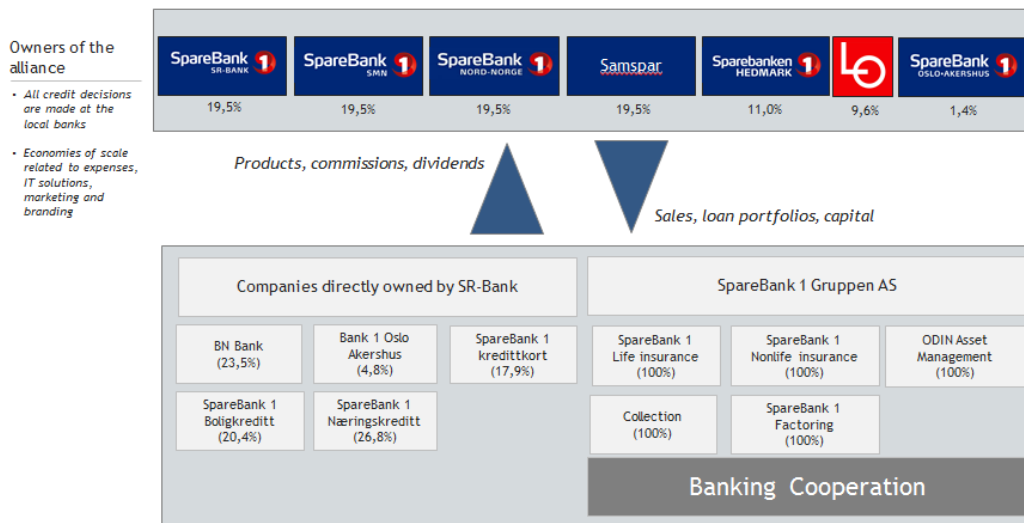


Figure 1.2.7: Structure of SpareBank 1 Alliance as per 30 September 2014

More information on the SpareBank 1 Alliance can be found on [www.sparebank1.no](http://www.sparebank1.no).

### 1.3 Shareholder information - SRBANK

SpareBank 1 SR-Bank's former Equity Certificates (EC) was listed on the Oslo stock exchange from 1994 until end 2011 under the ticker of ROGG. From 1 January 2012 the EC's were converted to ordinary shares. The share capital in SpareBank 1 SR-Bank is NOK 6,393,777,050 divided between 255,751,082, each with a nominal value of NOK 25.

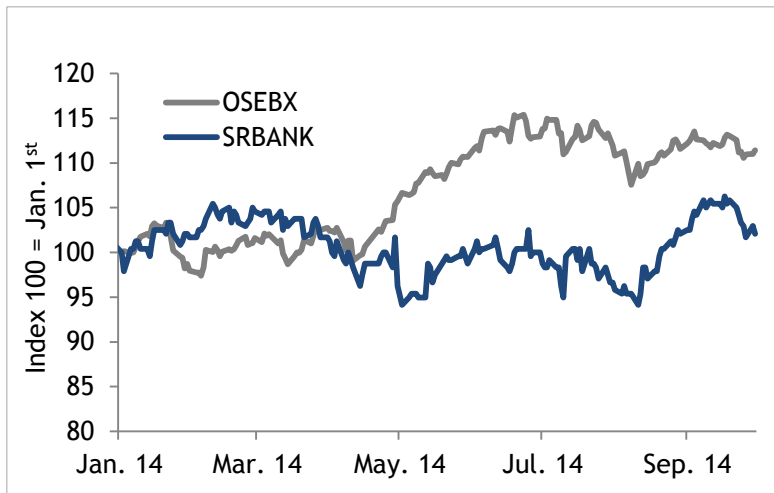


Figure 1.3.1: Relative performance; SRBANK vs OSEBX 1.1.2014 – 30.09.2014

The former ticker code ROGG was replaced by SRBANK and from 3 January 2012, SRBANK was included in the OSEAX All-Share index and sector index OSE40 Financials/OSE4010 Banks. Figure 1.3.1 shows the relative performance of SRBANK compared to OSEBX.

SpareBank 1 SR-Bank aims to ensure good liquidity in its shares and achieve a good diversity of shareholders who represent customers, regional interests, as well as Norwegian and international investors. Figure 1.3.2 shows how daily liquidity has developed in the period from 1 January 2010 to 30 September 2014. A general observation is that liquidity has increased after the conversion and issue of new shares.

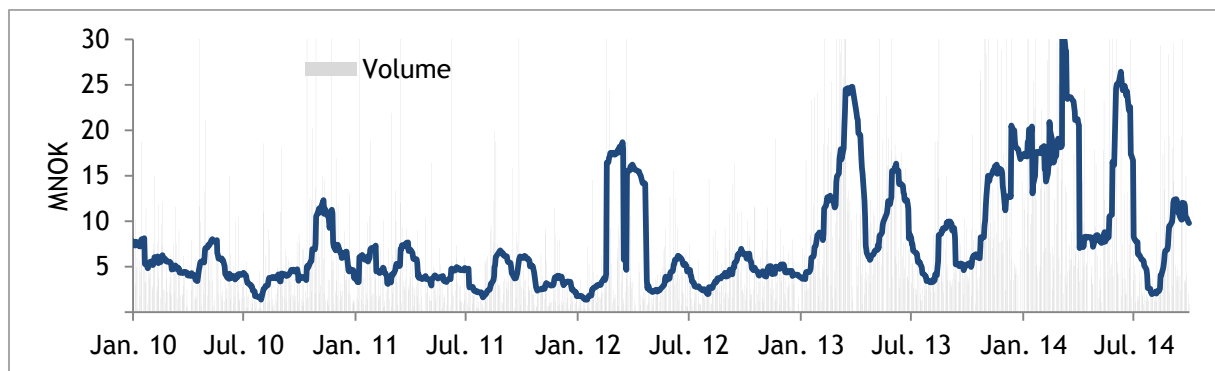


Figure 1.3.2 Development in liquidity; SRBANK 1.1.2010 – 30.09.2014

Figure 1.3.3 shows the share price movements and Price/Book development from 01.01.2014 to 30.09.2014.

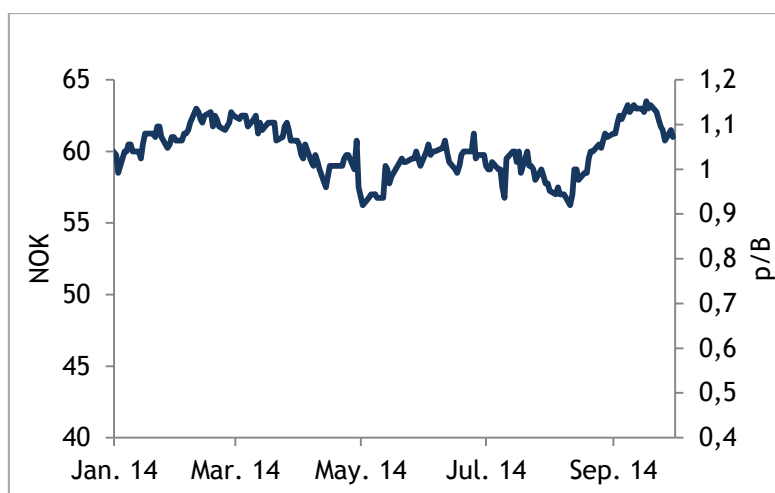


Figure 1.3.3: Share price and development in P/B; 1.1.2014 – 30.09.2014

### *Investor relations policy*

It is crucial to SpareBank 1 SR-Bank that accurate, relevant and timely information about the group's development and result inspires confidence in the investor market. Information is conveyed to the market mainly through quarterly investor presentations, websites, press releases and accounting reports. Regular presentations are also held for international partners, lenders and investors, mainly in the domestic and European market.

It is in SpareBank 1 SR-Bank's own interest that financial analyses are published with the highest possible quality. All analysts, irrespective of their recommendations and viewpoints regarding the stock are treated equally. As of today the following financial analysts have official coverage of SRBANK:

Arctic Securities, Karl Storvik: + 47 21 01 32 36, [karl.storvik@articsec.no](mailto:karl.storvik@articsec.no)  
SpareBank 1 Markets, Nils Kristian Øyen: + 47 24 14 74 00 [nils.oyen@sb1.markets.no](mailto:nils.oyen@sb1.markets.no)  
First Securities, Bengt Kirkøen +47 23 23 82 65 [bk@first.no](mailto:bk@first.no)  
Nordea Markets, Thomas Svendsen +47 22 48 79 21 [thomas.svendsen@nordea.com](mailto:thomas.svendsen@nordea.com)  
Pareto Securities, Vegard Eid Mediaas: +47 22 87 88 24, [vegard.eid.mediaas@pareto.no](mailto:vegard.eid.mediaas@pareto.no)  
DnB NOR Markets, Håkon Reistad Fure: + 47 22 94 89 12, [hakon.reistad.fure@dnb.no](mailto:hakon.reistad.fure@dnb.no)  
Keefe, Bruyette & Woods, Karl Morris: +44 207 663 5296, [kmorris@kbw.com](mailto:kmorris@kbw.com)  
Enskilda Securities, Christoffer Adams: +47 21 00 85 14, [christoffer.adams@seb.no](mailto:christoffer.adams@seb.no)  
Norne Securities, Andrius Valivonis: +47 55 55 91 30, [andrius.valivonis@norne.no](mailto:andrius.valivonis@norne.no)  
Warren Securities, Mille Fjeldstad: +47 99 03 89 16, [mille.fjeldstad@warren.no](mailto:mille.fjeldstad@warren.no)  
Fondsfinans, Geir Kristiansen: +47 23 11 30 11, [gk@fondsfinans.no](mailto:gk@fondsfinans.no)  
Carnegie, Asbjørn Nicholas Mørch: +45 32 88 03 35, [asbmoe@carnegie.dk](mailto:asbmoe@carnegie.dk)

### *Shareholder and dividend policy*

#### Shareholder policy

SpareBank 1 SR-Bank's objective is to manage the bank's resources in such a manner that shareholders receive a yield in the form of dividends and a value increase which is competitive in relation to comparable investments.

#### Dividend policy

The financial objective of SpareBank 1 SR-Bank's operations is to achieve earnings that yield adequate, stable returns on the bank's equity, thereby creating value for owners through competitive returns in the form of dividends and share appreciation.

In determining the size of the annual dividend, considerations will be made toward the group's capital, including capital adequacy requirements and the group's goals and strategic plans. Unless capital requirements otherwise dictate, the goal of the board is that approximately half of the annual profit after tax is distributed.

### *Ownership structure*

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Gjensidige Forsikring ASA		26.483.470	10,4%
Folketrygdfondet		9.895.706	3,9%
State Street Bank and Trust, U.S.A.	Nominee	8.816.417	3,4%
Morgan Stanley & Co, U.S.A.	Nominee	8.506.481	3,3%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Wimoh Invest AS		4.761.169	1,9%
Skagen Global		3.820.039	1,5%
Skandinaviska Enskilda Banken, Sverige	Nominee	3.794.099	1,5%
State Street Bank and Trust, U.S.A.	Nominee	2.829.076	1,1%
The Bank of New York Mellon, U.S.A.	Nominee	2.629.419	1,0%
Morgan Stanley & Co, U.S.A.		2.173.721	0,8%
J.P. Morgan Chase Bank, Sverige	Nominee	2.144.697	0,8%
Clipper AS		2.100.000	0,8%
J.P. Morgan Chase Bank, U.K.	Nominee	2.083.137	0,8%
State Street Bank and Trust, U.S.A.	Nominee	1.623.458	0,6%
J.P. Morgan Chase Bank, U.K.	Nominee	1.396.198	0,5%
FLPS, U.S.A.		1.339.700	0,5%
Westco AS		1.321.817	0,5%
Skagen Global II		1.223.751	0,5%
<hr/>			
Top 5		126.121.379	49,3%
Top 10		147.552.345	57,7%
Top 20		165.588.243	64,7%

Table 1.3.2: 20 largest shareholders as at 30 September 2014

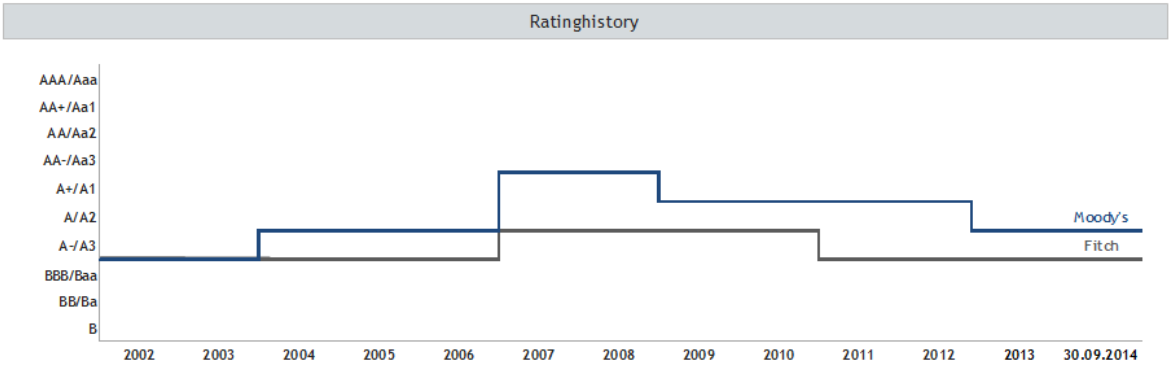


# 1.4 Credit ratings

Current credit rating status as at 30 September 2014 was as follows:

## Rating

Moody's		Fitch	
Long-term debt	A2	Long-term IDR	A-
Outlook	Negative	Outlook	Stable
Updated	30 May 2014	Updated	9 April 2014



## 2. Financial results and balance sheet

### Income statement

<i>MNOK</i>	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Interest income	1.568	1.543	1.438	1.466	1.451	4.549	4.178
Interest expense	947	962	891	892	883	2.800	2.633
<b>Net interest income</b>	<b>621</b>	<b>581</b>	<b>547</b>	<b>574</b>	<b>568</b>	<b>1.749</b>	<b>1.545</b>
Commission income	317	333	398	392	386	1.048	1.060
Commission expenses	20	19	20	12	23	59	60
Other operating income	106	130	102	109	103	338	335
<b>Net commission and other income</b>	<b>403</b>	<b>444</b>	<b>480</b>	<b>489</b>	<b>466</b>	<b>1.327</b>	<b>1.335</b>
Dividend income	10	7	18	-2	3	35	35
Income from investment in associates	150	137	81	95	130	368	260
Net gains/losses on financial instruments	-18	57	220	102	4	259	65
<b>Net return on investment securities</b>	<b>142</b>	<b>201</b>	<b>319</b>	<b>195</b>	<b>137</b>	<b>662</b>	<b>360</b>
<b>Total income</b>	<b>1.166</b>	<b>1.226</b>	<b>1.346</b>	<b>1.258</b>	<b>1.171</b>	<b>3.738</b>	<b>3.240</b>
Personnel expenses	307	293	294	323	284	894	873
Administrative expenses	114	120	106	109	104	340	323
Other operating expenses	99	88	105	102	90	292	289
<b>Total operating expenses</b>	<b>520</b>	<b>501</b>	<b>505</b>	<b>534</b>	<b>478</b>	<b>1.526</b>	<b>1.485</b>
<b>Operating profit before losses</b>	<b>646</b>	<b>725</b>	<b>841</b>	<b>724</b>	<b>693</b>	<b>2.212</b>	<b>1.755</b>
Losses on loans and guarantees	69	41	54	50	32	164	82
<b>Operating profit before tax</b>	<b>577</b>	<b>684</b>	<b>787</b>	<b>674</b>	<b>661</b>	<b>2.048</b>	<b>1.673</b>
Tax expense	123	150	128	107	145	401	380
<b>Profit after tax from continuing operations</b>	<b>454</b>	<b>534</b>	<b>659</b>	<b>567</b>	<b>516</b>	<b>1.647</b>	<b>1.293</b>

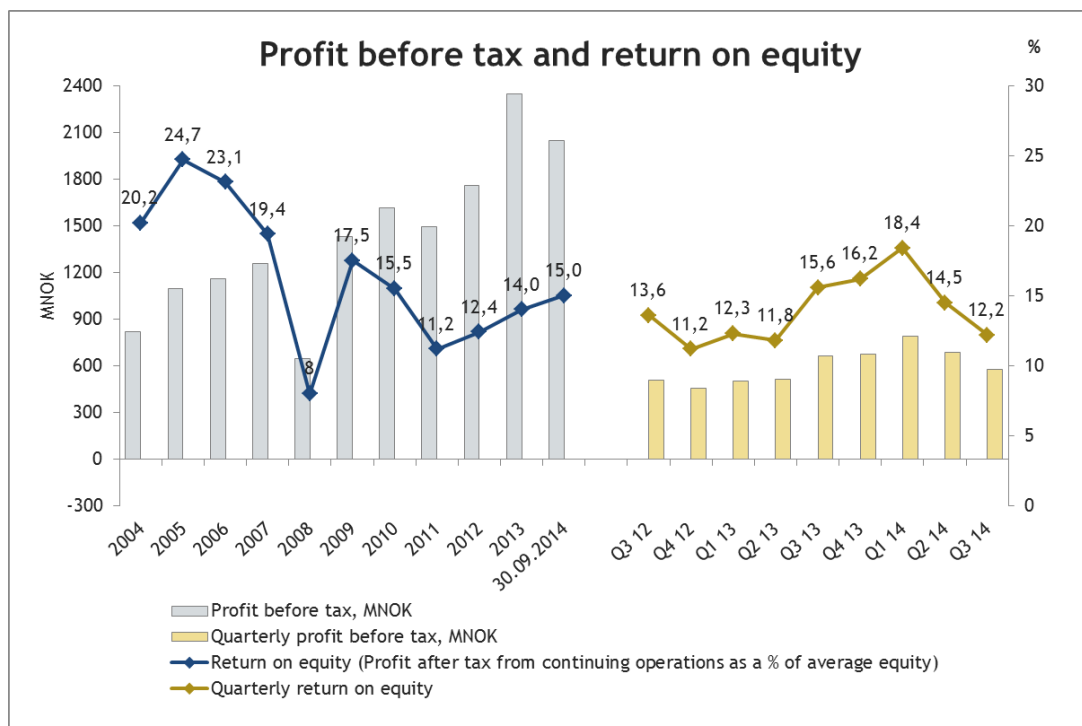
## Key figures

	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Return on equity <sup>1)</sup>	12,2 %	14,5 %	18,4 %	16,2 %	15,6 %	15,0 %	13,2 %
Cost ratio <sup>2)</sup>	44,6 %	40,9 %	37,5 %	42,4 %	40,8 %	40,8 %	45,8 %
Net interest margin	1,48 %	1,41 %	1,40 %	1,46 %	1,49 %	1,43 %	1,40 %
Gross loans to customers	137.343	135.335	121.723	120.273	116.720	137.343	116.720
Gross loans to customers incl. covered bond companies	170.270	168.624	166.593	166.662	164.538	170.270	164.538
Deposits from customers	81.228	81.728	74.440	71.667	70.714	81.228	70.714
Deposit-to-loan ratio	59,1 %	60,4 %	61,2 %	59,6 %	60,6 %	59,1 %	60,6 %
Growth in loans	17,7 %	17,5 %	8,4 %	9,8 %	11,7 %	17,7 %	11,7 %
Growth in loans incl. covered bond companies	3,5 %	3,6 %	3,8 %	5,3 %	5,5 %	3,5 %	5,5 %
Growth in deposits	14,9 %	11,5 %	8,5 %	6,0 %	2,2 %	14,9 %	2,2 %
Average total assets	166.899	164.949	158.867	155.489	151.683	163.784	147.588
Total assets	168.330	167.273	157.752	156.985	153.639	168.330	153.639
Impairment losses ratio <sup>3)</sup>	0,20	0,13	0,18	0,17	0,11	0,17	0,10
Non-performing commitments as a percentage of gross loans	0,38	0,40	0,52	0,69	0,40	0,38	0,40
Other doubtful commitments as a percentage of gross loans	0,39	0,41	0,38	0,37	0,69	0,39	0,69
Capital ratio	15,4	14,6	14,5	14,1	13,1	15,4	13,1
Tier 1 capital ratio	13,1	13,2	13,0	12,8	12,2	13,1	12,2
Common Equity Tier 1 capital ratio	11,3	11,4	11,2	11,1	10,5	11,3	10,5
Tier 1 capital	15.304	14.978	14.691	14.511	13.974	15.304	13.974
Net primary capital	18.037	16.584	16.407	15.915	15.034	18.037	15.034
RWA	117.278	113.725	113.413	113.075	115.038	117.278	115.038
Number of branches	48	48	52	52	53	48	53
Man-years (permanent)	1.117	1.126	1.148	1.165	1.182	1.117	1.182
Share price	61,00	59,75	60,75	60,25	47,70	61,00	47,70
Market capitalisation	15.601	15.281	15.537	15.409	12.199	15.601	12.199
Book equity per share (including dividends) (group)	59,21	57,63	57,45	55,00	52,89	59,21	52,89
Earnings per share (group)	1,78	2,09	2,58	2,22	2,02	6,45	5,06
Dividends per share	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Price / Earnings per share	8,57	7,15	5,89	6,78	5,90	7,09	7,07
Price / Book equity (group)	1,03	1,04	1,06	1,10	0,90	1,03	0,90

<sup>1)</sup> Net profit as a percentage of average equity.

<sup>2)</sup> Total operating expenses as a percentage of total operating income

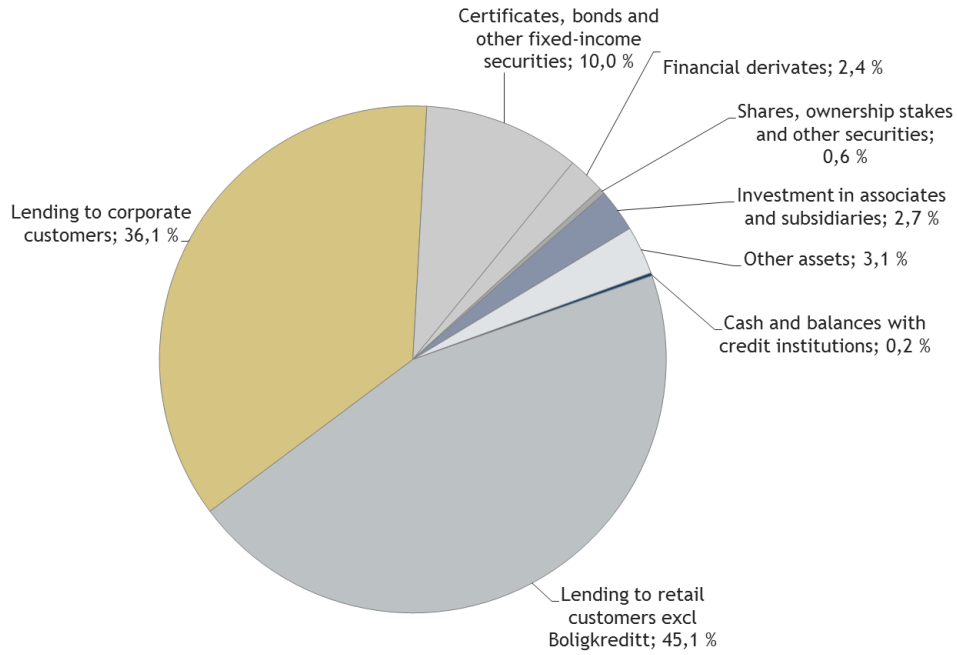
<sup>3)</sup> Net losses expressed as a percentage of average gross lending year to date, annualized



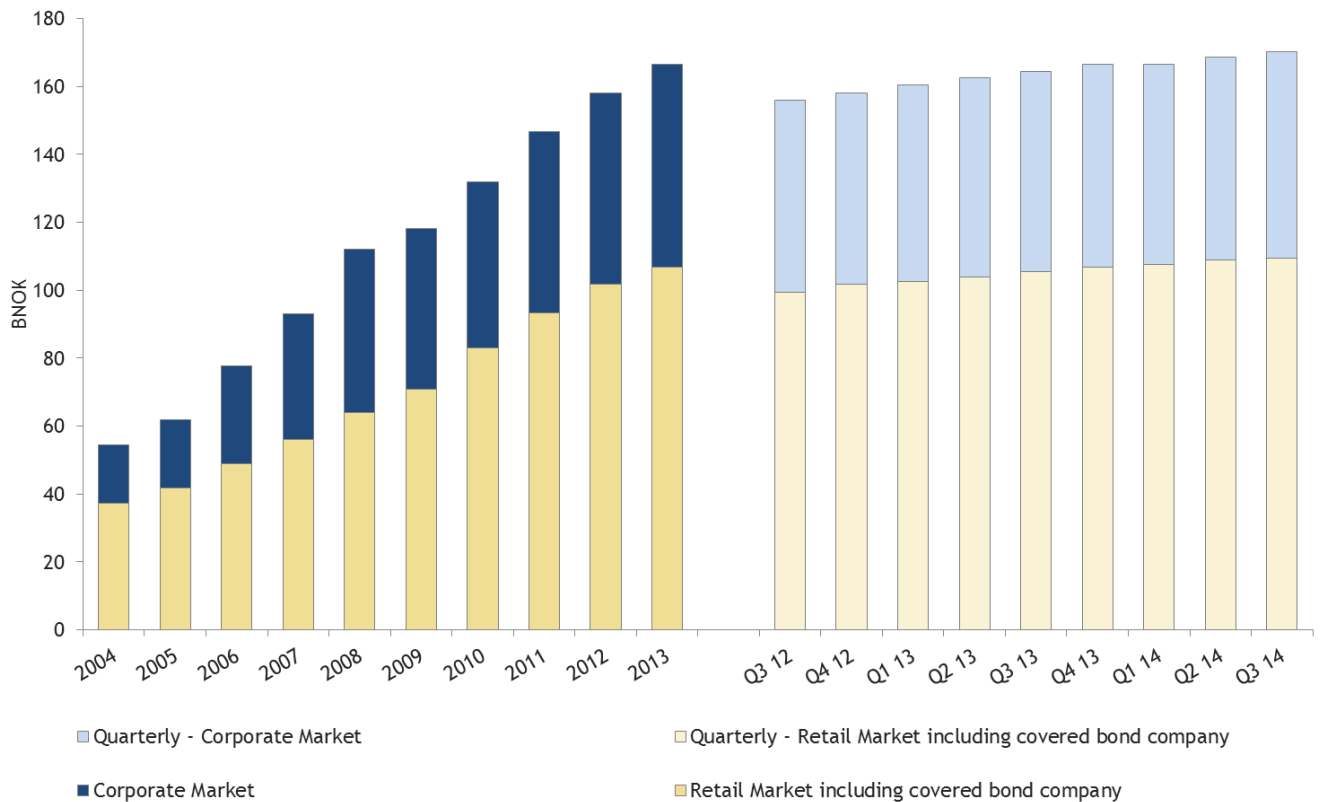
## Balance sheet

	30.09 2014	30.06 2014	31.03 2014	31.12 2013	30.09 2013
<b>MNOK</b>					
Cash and balances with central banks	336	1.985	770	1.265	588
Balances with credit institutions	2.216	2.333	1.092	1.253	1.732
Net loans to customers	136.685	134.680	121.037	119.525	115.992
Certificates, bonds and other fixed-income sec.	16.802	16.610	20.868	21.065	22.408
Financial derivatives	4.023	4.653	4.339	4.923	4.887
Shares, ownership stakes and other securities	623	1.176	1.154	938	880
Business available for sale	65	84	84	85	85
Investment in associates	4.601	4.422	4.910	4.710	4.804
Other assets	2.959	1.330	3.498	3.221	2.263
<b>Total assets</b>	<b>168.310</b>	<b>167.273</b>	<b>157.752</b>	<b>156.985</b>	<b>153.639</b>
Balances with credit institutions	5.493	4.207	4.801	3.742	4.719
Public deposits related to covered bond swap scheme	0	0	2.431	6.429	6.429
Deposits from customers	81.228	81.728	74.440	71.667	70.714
Listed debt securities	56.009	58.105	52.508	52.328	50.124
Financial derivatives	3.146	2.191	2.179	2.013	2.235
Other liabilities	3.195	2.222	2.659	2.746	2.310
Additional Tier 1 and Tier 2 capital instruments	4.109	4.094	4.065	4.004	3.597
<b>Total liabilities</b>	<b>153.180</b>	<b>152.547</b>	<b>143.083</b>	<b>142.929</b>	<b>140.128</b>
Share capital	6.394	6.394	6.394	6.394	6.394
Premium reserve	1.587	1.587	1.587	1.587	1.587
Proposed dividend	0	0	409	409	0
Fund for unrealised gains	162	162	162	162	72
Other equity	5.340	5.390	5.458	5.504	4.165
Profit/loss at period end	1.647	1.193	659	0	1.293
<b>Total equity</b>	<b>15.130</b>	<b>14.726</b>	<b>14.669</b>	<b>14.056</b>	<b>13.511</b>
<b>Total liabilities and equity</b>	<b>168.310</b>	<b>167.273</b>	<b>157.752</b>	<b>156.985</b>	<b>153.639</b>

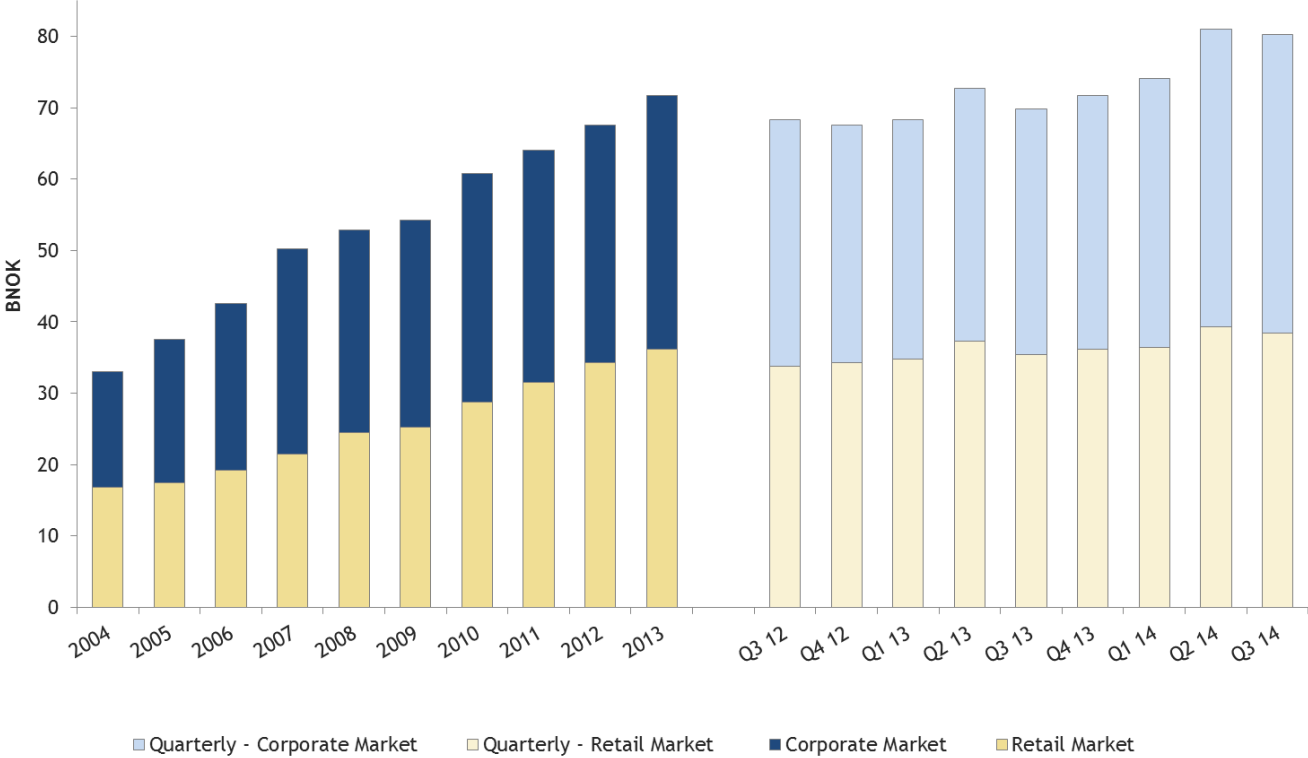
## Total assets as at 30 September 2014:



## Development in lending volume

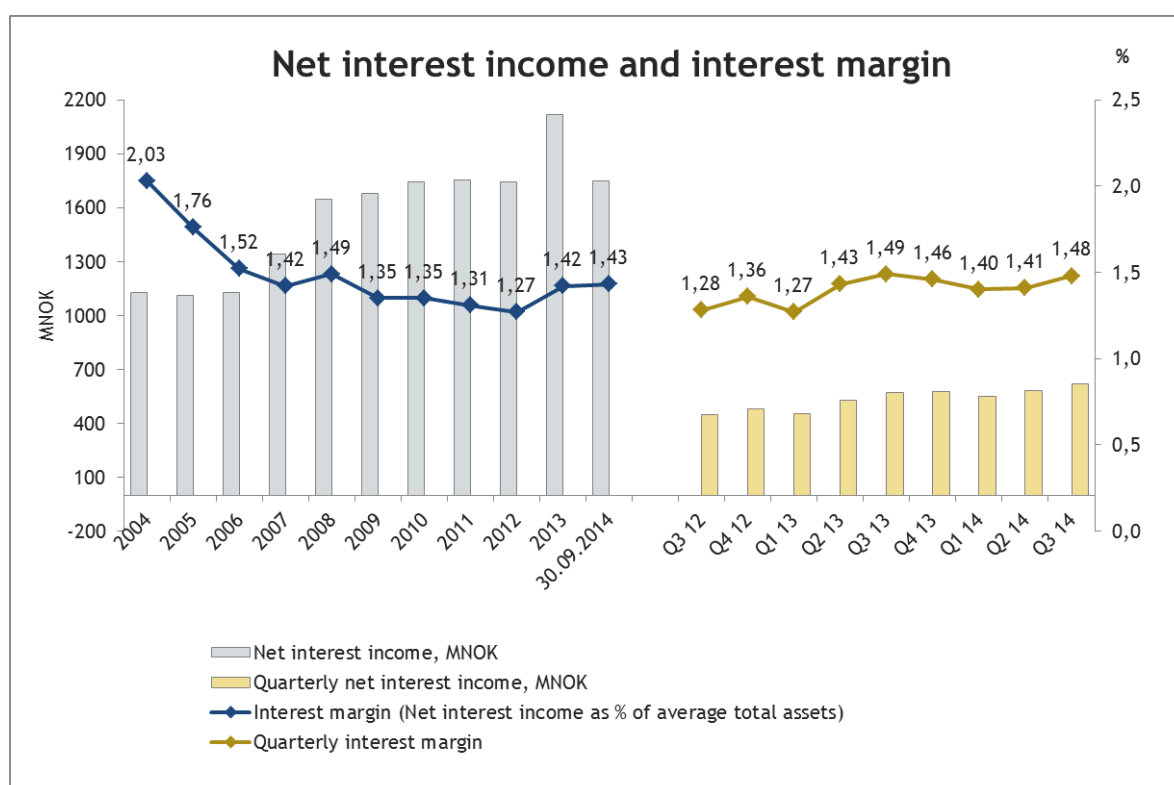


### Development in deposit volume

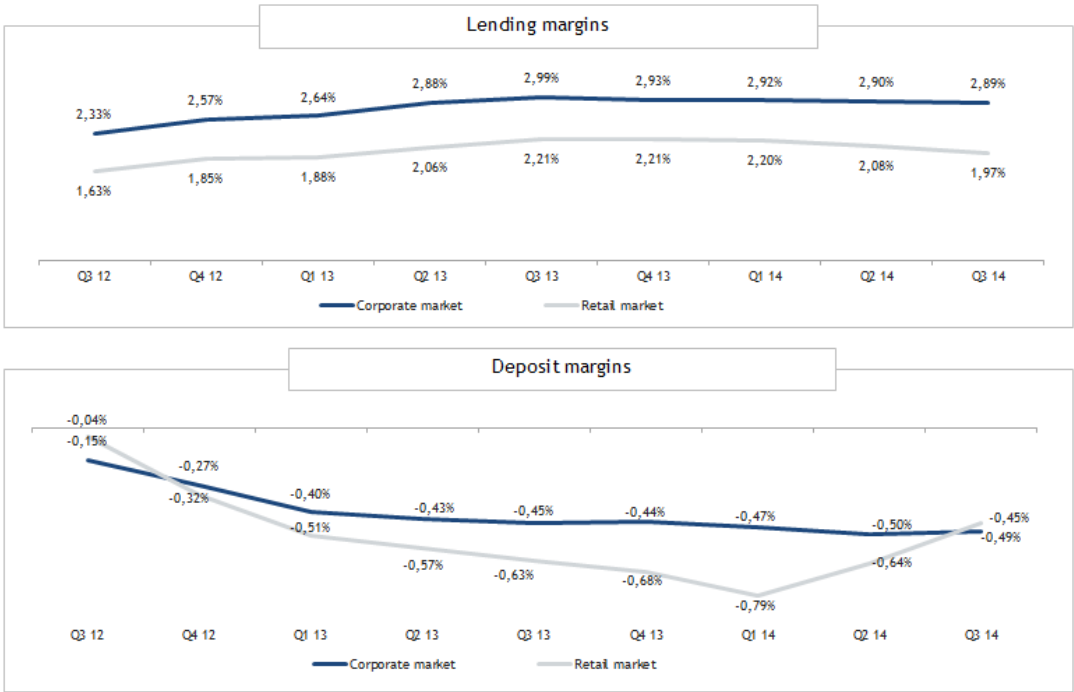


## 2.1 Net interest income

MNOK	Q3	Q2	Q1	Q4	Q3	30.09	30.09
	2014	2014	2014	2013	2013	2014	2013
Interest income	1.568	1.543	1.438	1.466	1.451	4.549	4.178
Interest expense	947	962	891	892	883	2.800	2.633
<b>Net interest income</b>	<b>621</b>	<b>581</b>	<b>547</b>	<b>574</b>	<b>568</b>	<b>1.749</b>	<b>1.545</b>
As % of average total assets	1,48 %	1,41 %	1,40 %	1,46 %	1,49 %	1,43 %	1,40 %



# Lending and deposit margins<sup>1</sup>



<sup>1</sup> Definition margin: Average customer interest rate measured against 3-month moving average for 3-month NIBOR. Lending margins include loan portfolio in covered bond companies.



## 2.2 Net other operating income

<i>MNOK</i>	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Net commission and other income	403	444	480	489	466	1.327	1.335
Net return on investment securities	142	201	319	195	137	662	360
Net other operating income	545	645	799	684	603	1.989	1.695
As % of total income	47 %	53 %	59 %	54 %	51 %	53 %	52 %

### Net commission and other income

<i>MNOK</i>	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Payment facilities	66	56	57	59	66	179	174
Savings/placements	45	40	45	39	40	130	112
Insurance products	45	44	42	41	41	131	123
Commission income from real estate broking	105	128	100	108	101	333	324
Guarantee commission	24	26	27	23	29	77	82
Arrangement fees	20	24	31	45	15	75	46
Other	5	6	13	7	7	24	30
<b>Net commission and other income excl. covered bond companies</b>	<b>310</b>	<b>324</b>	<b>315</b>	<b>322</b>	<b>299</b>	<b>949</b>	<b>891</b>
Commission income SB1 Boligkreditt and SB1 Næringskreditt	93	120	165	167	167	378	444
<b>Net commission and other income incl. covered bond companies</b>	<b>403</b>	<b>444</b>	<b>480</b>	<b>489</b>	<b>466</b>	<b>1.327</b>	<b>1.335</b>
As % of total income	35 %	36 %	36 %	39 %	40 %	36 %	41 %

### Change in net commission and other income

<i>MNOK</i>	Q3 2014	Change	Q3 2013
<b>Net commission and other income</b>	<b>403</b>	<b>-63</b>	<b>466</b>
Payment facilities		0	
Savings/placements		5	
Insurance products		4	
Commission income from real estate broking		4	
Guarantee commission		-5	
Arrangement fees		5	
Other		-2	
Commission income SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt		-74	

## Net return on investment securities

MNOK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Dividend	10	7	18	-2	3	35	35
Investment income, associates	150	137	81	95	130	368	260
Securities gains/losses	-52	24	205	13	-38	177	-94
- of which capital change in shares and certificates*	-22	10	220	42	11	208	4
- of which capital change in certificates and bonds	-30	14	-15	-29	-49	-31	-98
Currency/interest gains/losses	34	33	15	89	42	82	159
- of which currency customer- and own-account trading	40	37	24	46	24	101	89
- of which IFRS-effects	-6	-4	-9	43	18	-19	70
<b>Net return on investment securities</b>	<b>142</b>	<b>201</b>	<b>319</b>	<b>195</b>	<b>137</b>	<b>662</b>	<b>360</b>
As % of total income	12 %	16 %	24 %	16 %	12 %	18 %	11 %

\*Gains on the realization of shares in Nets Holding AS improves the result by NOK 202 million in Q1 2014.

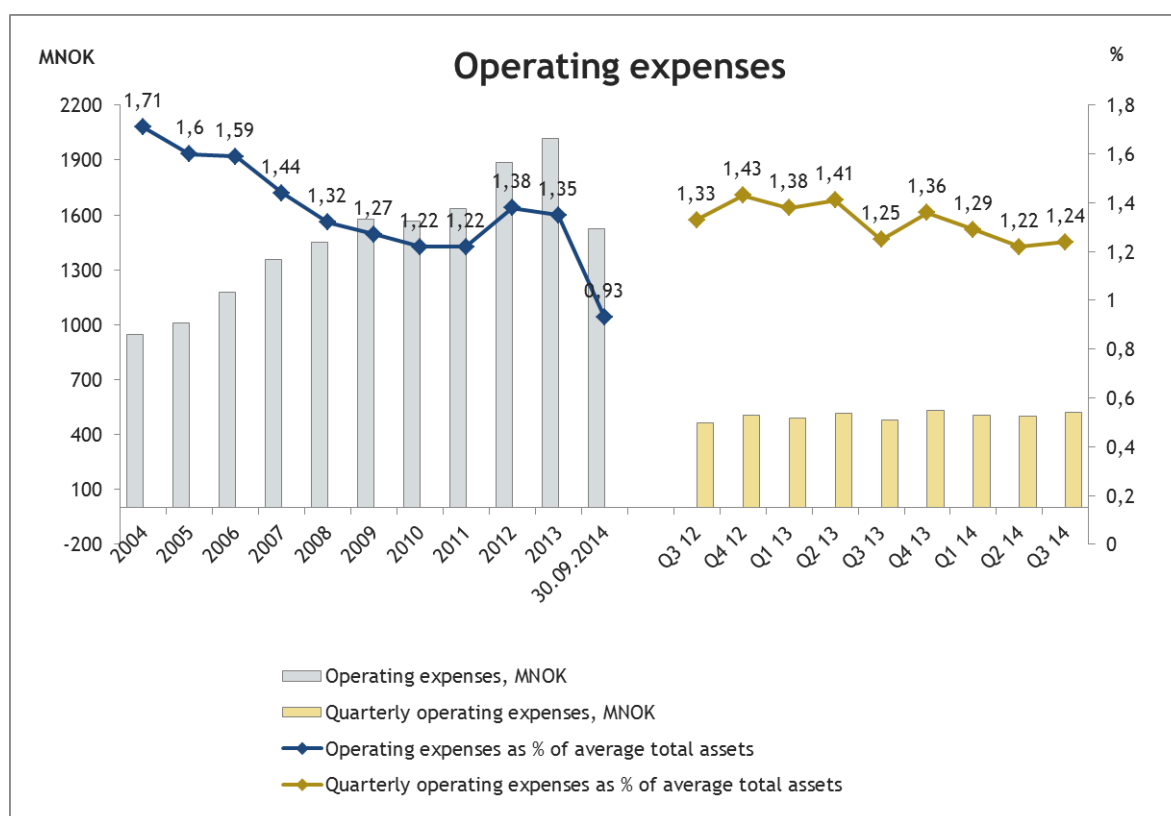
## Change in net return on investment securities

MNOK	Q3 2014	Change	Q3 2013
<b>Net return on investment securities</b>	<b>142</b>	<b>5</b>	<b>137</b>
Dividend		7	
Investment income, associates		20	
Securities gains/losses		-14	
- of which capital change in shares and certificates		-33	
- of which capital change in certificates and bonds		19	
Currency/interest gains/losses		-8	
- of which currency customer- and own-account trading		16	
- of which IFRS-effects		-24	

## 2.3 Operating expenses

	Q3	Q2	Q1	Q4	Q3	30.09	30.09
MNOK	2014	2014	2014	2013	2013	2014	2013
Wages	221	221	213	253	212	655	645
Of which restructuring costs	3	0	0	26	1	3	11
Pension expenses	31	29	36	20	28	96	81
Other personnel expenses	52	43	45	50	44	140	136
<b>Total personnel expenses</b>	<b>307</b>	<b>293</b>	<b>294</b>	<b>323</b>	<b>284</b>	<b>894</b>	<b>873</b>
IT expenses	69	67	66	65	63	202	185
Marketing expenses	21	29	17	21	17	67	65
Other administrative expenses	24	24	23	23	24	71	73
Write-down	32	17	17	21	17	66	53
Of which write-down of goodwill*	15	0	0	0	0	15	0
Expenses real property	7	7	13	5	10	27	35
Other operating expenses	60	64	75	76	63	199	201
<b>Other expenses</b>	<b>213</b>	<b>208</b>	<b>211</b>	<b>211</b>	<b>194</b>	<b>632</b>	<b>612</b>
<b>Total operating expenses</b>	<b>520</b>	<b>501</b>	<b>505</b>	<b>534</b>	<b>478</b>	<b>1.526</b>	<b>1.485</b>

\*Write-down of goodwill is linked to EiendomsMegler 1 Forvaltning AS



## Change in operating expenses

MNOK	Q3 2014	Change	Q3 2013
<b>Total</b>	<b>520</b>	<b>42</b>	<b>478</b>
Personnel expenses		23	
IT expenses		6	
Marketing expenses		4	
Other administrative expenses		0	
Write-down*		15	
Expenses real property		-3	
Other operating expenses		-3	

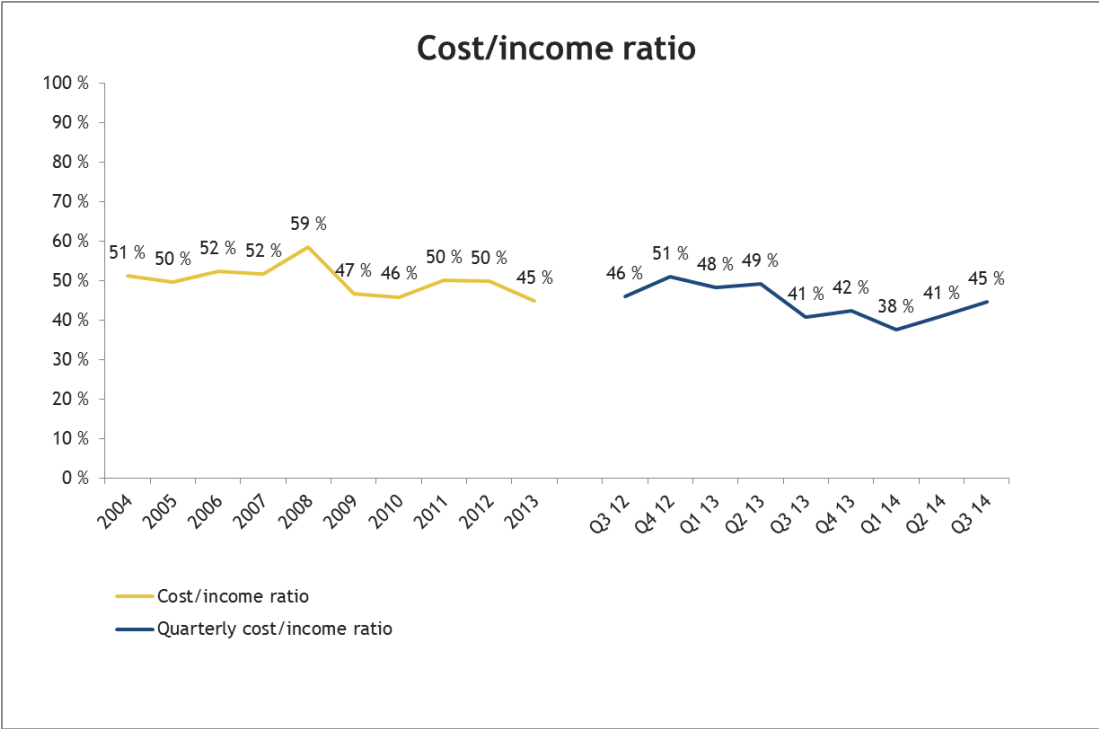
\*Due to write-down of goodwill (linked to EiendomsMegler 1 Forvaltning AS)

## Cost/income ratio

MNOK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Operating expenses	520	501	505	534	478	1.526	1.485
Cost/income ratio	44,6 %	40,9 %	37,5 %	42,4 %	40,8 %	40,8 %	45,8 %
Growth in expenses last 12 months*	8,8 %	-3,1 %	3,1 %	6,0 %	2,6 %	2,8 %	7,3 %

\*Not adjusted for non-recurring items

Development in cost/income ratio

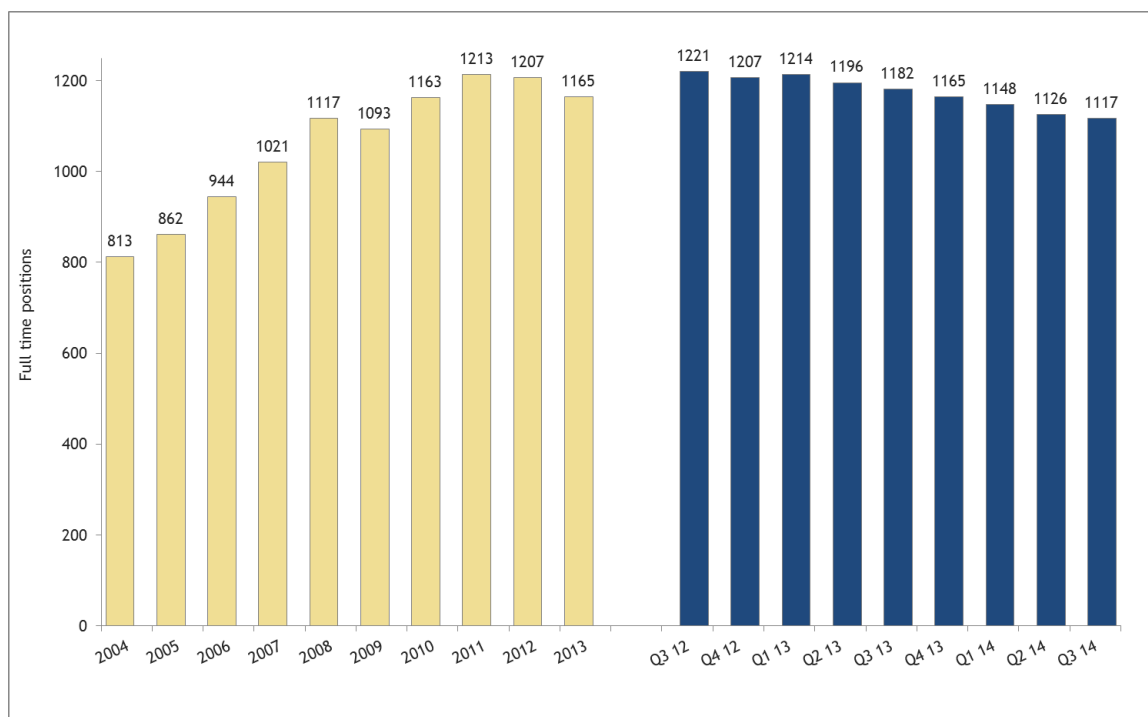


\* In accordance with the Generally Accepted Accounting Principles in Norway – IFRS from 2004

Number of full time positions (permanent employees, contracted staff not included)

<i>Full time positions</i>	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
SpareBank 1 SR-Bank	861	869	883	906	917
EiendomsMegler 1 SR-Eiendom AS	212	213	221	219	224
SR-Forvaltning AS	13	13	13	11	12
SR-Finans AS	31	31	31	29	29
<b>Total</b>	<b>1.117</b>	<b>1.126</b>	<b>1.148</b>	<b>1.165</b>	<b>1.182</b>

Full time positions 2004 – Q3 2014 (*permanent employees, contracted staff not included*)



## 2.4 Losses on loans and loss provisions

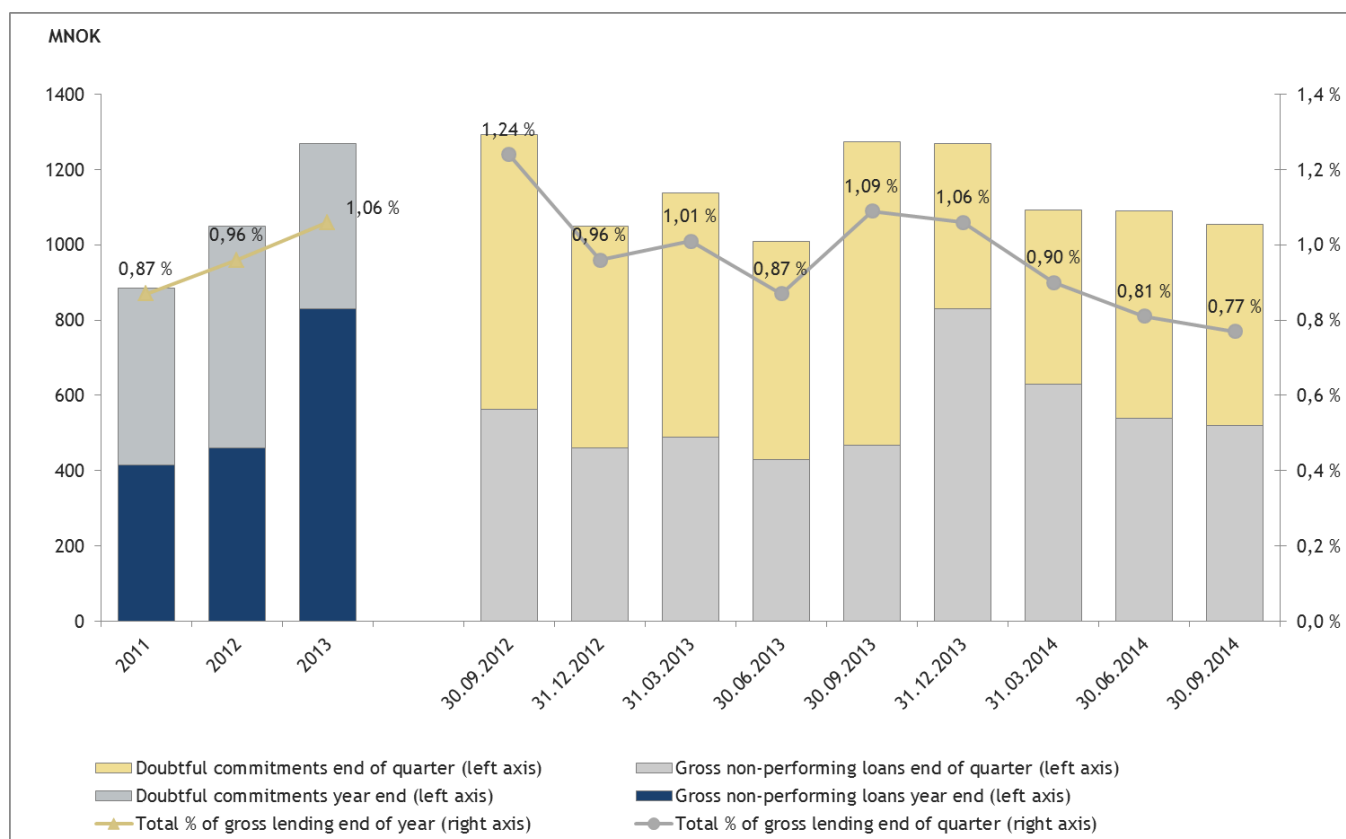
### Losses on loans and guarantees

MNOK	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013
Change in individual impairment losses provisions for the period	-100	-85	-64	23	-26
Change in collective impairment loss provisions for the period	13	-8	2	-30	-
Amortised cost	6	5	1	11	3
Actual loan losses on commitments for which provisions have been made	188	135	108	111	84
Actual loan losses on commitments for which no provision has been made	61	52	9	108	37
Change in assets take-over for the period	0	0	0	-30	16
Recoveries on commitments previously written-off	-4	-4	-2	-61	-32
<b>The period's net losses/(reversals) on loans and advances</b>	<b>164</b>	<b>95</b>	<b>54</b>	<b>132</b>	<b>82</b>

### Provisions for impairment losses on loans and guarantees

MNOK	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013
Provisions for individual impairment losses at start of period	446	446	446	423	423
Increases in previous provisions for individual impairment losses	29	31	27	131	77
Reversal of provisions from previous periods	-47	-40	-32	-183	-132
New provisions for individual impairment losses	105	63	50	186	115
Amortised cost	1	-4	-2	0	-2
Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-188	-135	-107	-111	-84
<b>Provisions for individual impairment losses at the end of period</b>	<b>346</b>	<b>361</b>	<b>382</b>	<b>446</b>	<b>397</b>
<b>Net losses</b>	<b>249</b>	<b>187</b>	<b>117</b>	<b>219</b>	<b>121</b>

### Non-performing loans and doubtful commitments

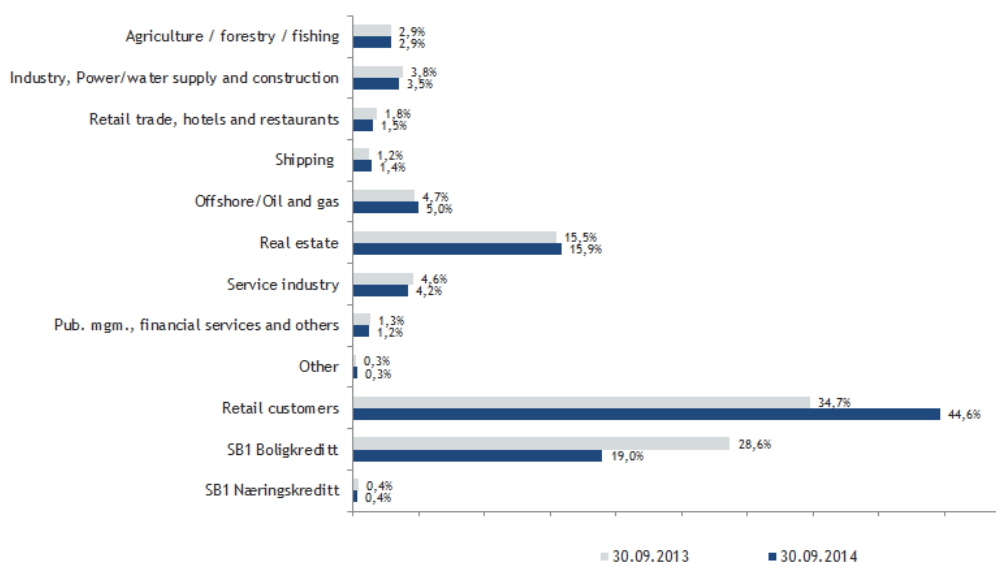


\* Loans defaulted in the range of 30-90 days are not including as problem loans as at Q2 2014. Historical figures have been restated.

## 2.5 Loans

MNOK	30 Sept. 2014	30 June 2014	31 March 2014	31 Dec. 2013	30 Sept. 2013
Agriculture/forestry	4.404	4.366	4.288	4.326	4.290
Fishing/Fish farming	558	542	510	541	518
Mining/extraction	3.550	3.301	3.072	2.829	2.571
Industry	2.563	2.728	3.000	3.403	2.869
Power and water supply/building and construction	3.439	3.408	3.151	3.100	3.389
Retail trade, hotel and restaurant business	2.638	2.812	2.777	2.877	3.022
Foreign trade shipping, pipeline transport and other transport activities	7.348	6.984	6.917	7.297	7.232
Real estate business	27.013	26.562	25.808	25.740	25.450
Service industry	7.155	6.917	7.174	7.545	7.626
Public sector and financial services	2.105	2.113	2.295	2.277	2.155
Retail customers	75.975	75.001	62.217	59.848	57.128
Unallocated (excess value fixed interest loans and amort. lending fees)	276	272	212	209	158
Accrued interests corporate sector and retail customers	319	329	302	281	312
Gross loans	137.343	135.335	121.723	120.273	116.720
SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	32.927	33.289	44.870	46.389	47.808
<b>Gross loans incl SpareBank 1 Boligkreditt and Næringskreditt</b>	<b>170.270</b>	<b>168.624</b>	<b>166.593</b>	<b>166.662</b>	<b>164.528</b>

### Loan portfolio as at 30.09.2014



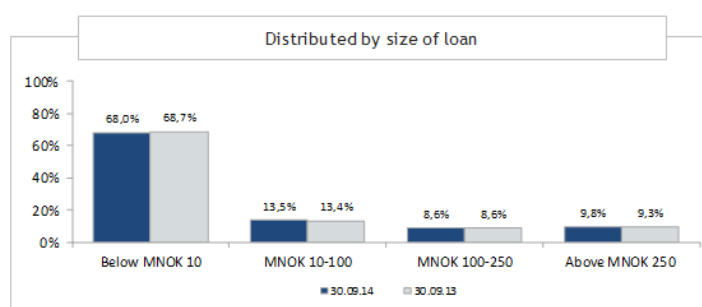
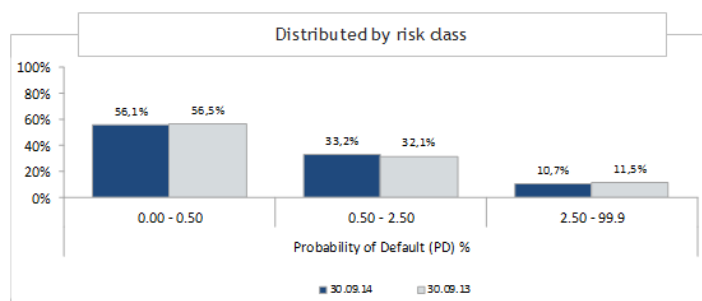
Loans before individual write-downs, nominal amount  
Sector allocation in accordance with the standard cat  
from Statistics Norway.



## 2.6 Risk profile

### Risk profile of the loan portfolio

- 56.1% of the loan portfolio has a probability of default (PD)\* below 0.5%.
- The proportion of loans with a PD above 2.5% has been reduced to 10.7% of the total portfolio.
- 68% is loans constituting gross exposures less than NOK 10 million.
- 18.4% 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.



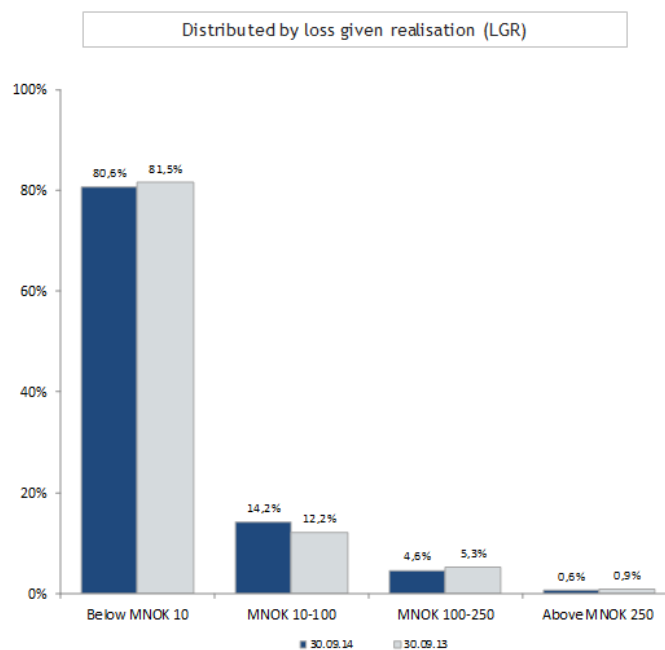
\* Probability of default through a businesscycle

### Low concentration of individual LGRs in the lending portfolio

- At the end of Q3 2014, SpareBank 1 SR-Bank had a total of 23 commitments with a loss potential exceeding NOK 100 million.
- These commitments represent 5.2% of the loan exposure.
- This is a reduction from Q3 2013 when 27 such commitments made up 6.2% 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.

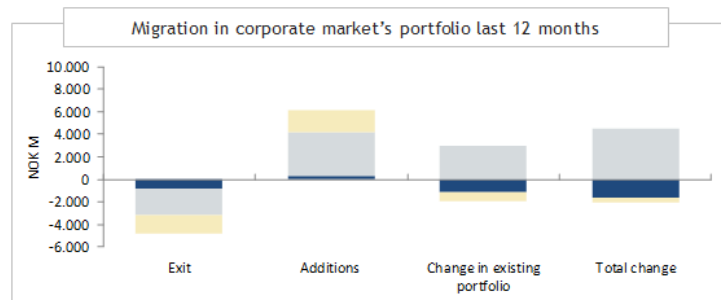
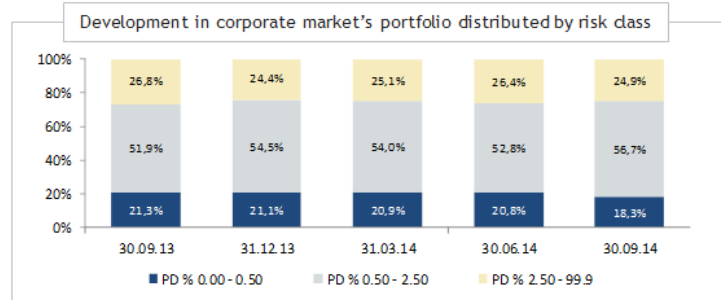
LGR (Loss given realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic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

The figures include lending portfolios from covered bond companies.



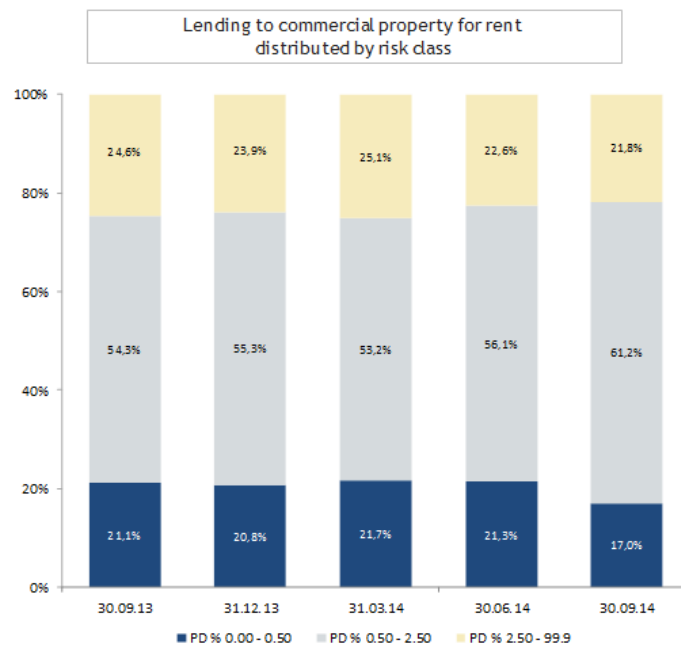
## Lending to the corporate market - risk profile

- The quality of the corporate market portfolio is good.
- The average PD has improved. This trend is particularly driven by an strengthened risk profile of existing customers.
- Loans with a PD above 2.5% represent 24.9% of the corporate loan portfolio.



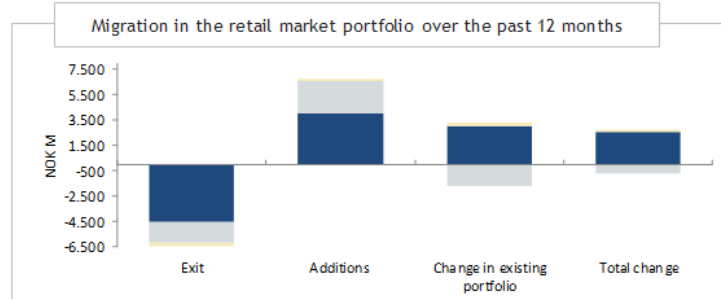
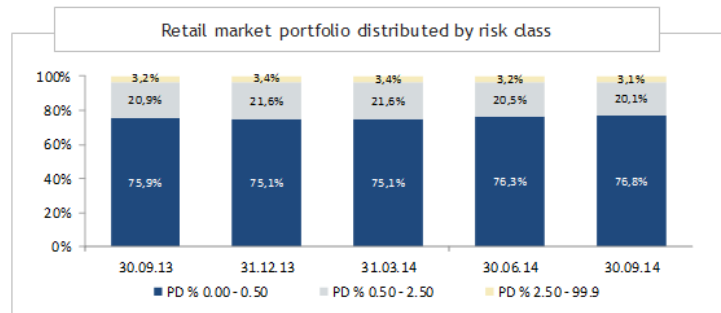
## Risk profile - Lending in the corporate market

- The portfolio of commercial property for rent represents the Group's largest concentration in a single sector and accounts for 10% of the total exposure (EAD) including retail market customers.
- 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.



## Lending to the retail market - risk profile

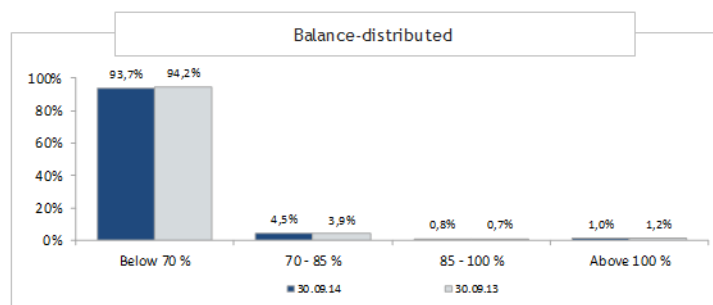
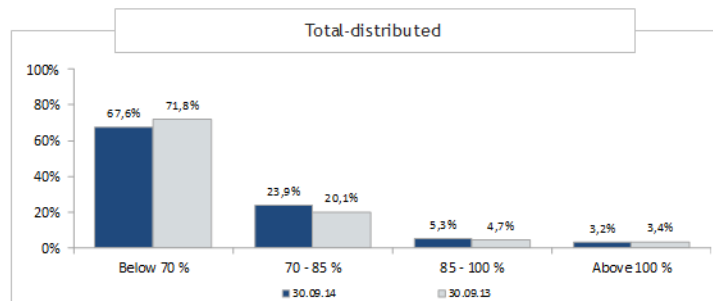
- The quality of the retail market portfolio is considered very good and with low potential losses.
- The proportion of loans with a PD below 0.5% has increased to 76.8% of the total retail portfolio.
- The low risk profile of the portfolio is achieved through prudent customer selection and requirements for moderate LTV.
- Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.



Figures include the portfolio sold to the covered bond company.

## Loan to value ratio on home mortgage loans

- The proportion of loans with a loan-to-value ratio of less than 85% is very high and stable at 91.5%.
- 98.2% of gross exposure is within 85% of the assessed value of collateral. This means that only 1.8% of gross exposure exceeds 85% of the assessed value of collateral.



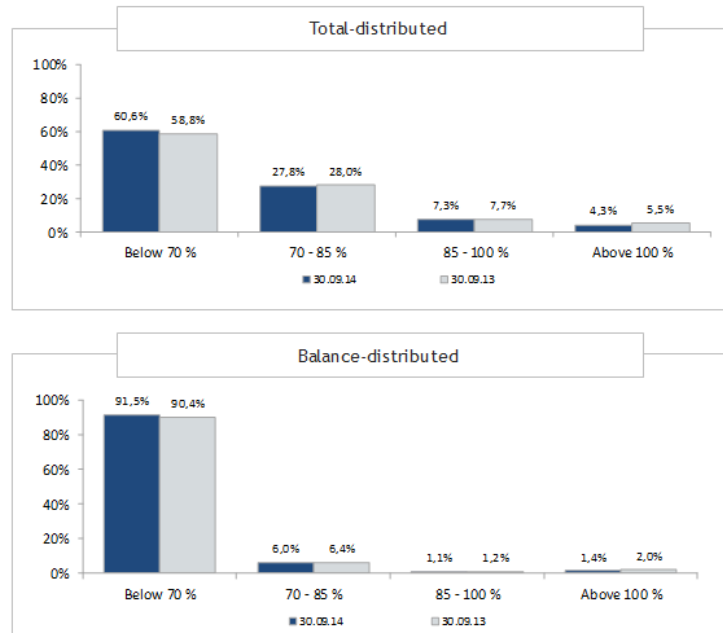
The calculation of the LTV is based on the collateral's market value. In a balance-distributed loan to value ratio, for loans that exceed 70% of the collateral's market value, the excess amount is distributed among the other intervals. In a total-distributed loan to value ratio, the entire loan is allocated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

The figures include the loan portfolio in the covered bond company.

## Loan to value ratio on home mortgage loans (excl loans in cover pool)

- There is an increasing proportion of loans within 70% LTV as well within 85% LTV.
- 97.5% of the exposure is within 85% of the collateral's value, and 2.5% of the exposure exceeds 85% of the collateral's value.

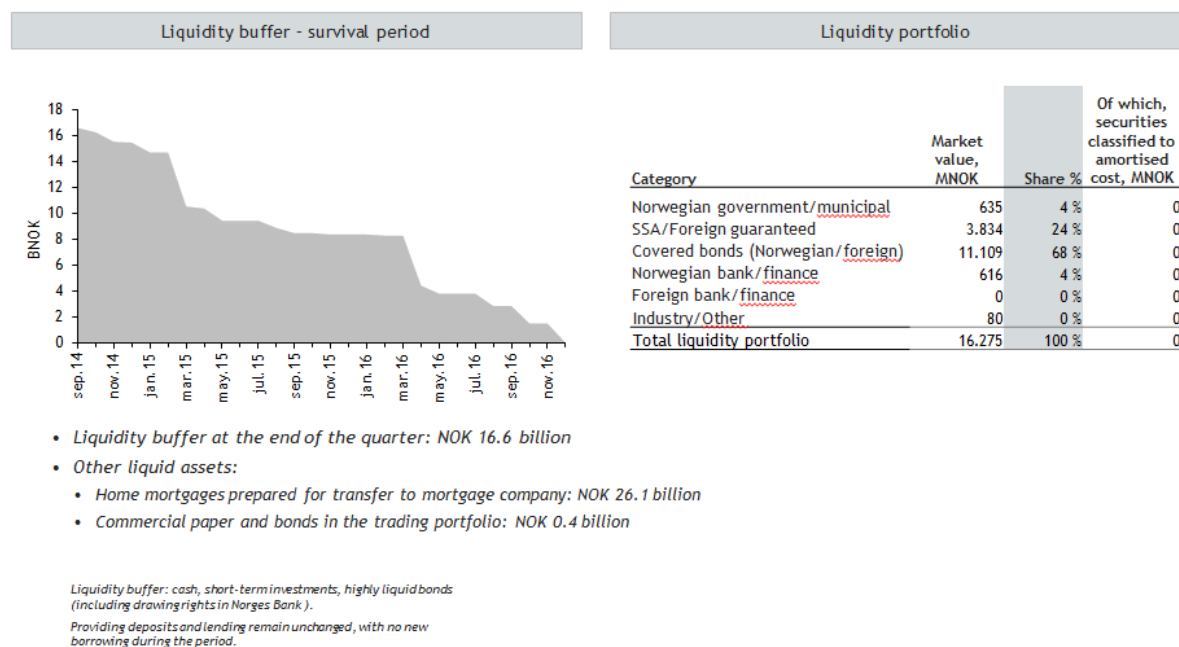
*The calculation of the LTV is based on the collateral's market value. In a balance-distributed loan to value ratio, for loans that exceed 70% of the collateral's market value, the excess amount is distributed among the other intervals. In a total-distributed loan to value ratio, the entire loan is allocated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



Further information regarding risk capital management can be found in Pilar III reports, see [www.sr-bank.no](http://www.sr-bank.no) under "Investor Relations".

## 2.7 Risk profile in bond and equity portfolios

### Liquidity portfolio



### 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-	15.600	93,5 %
Low risk	A+, A og A-	163	1,0 %
Moderate risk	BBB+, BBB og BBB-	543	3,3 %
High risk	BB+, BB og BB-	85	0,5 %
Very high risk	B+ and lower	292	1,7 %
<b>Total portfolio</b>		<b>16.683</b>	<b>100,0 %</b>
<i>Of which liquidity purposes:</i>			
Risk category	Rating		
Very low risk	AAA, AA+, AA og AA-	15.600	95,9 %
Low risk	A+, A og A-	161	1,0 %
Moderate risk	BBB+, BBB og BBB-	514	3,2 %
High risk	BB+, BB og BB-	0	0,0 %
Very high risk	B+ and lower	0	0,0 %
<b>Total liquidity purposes</b>		<b>16.275</b>	<b>100,0 %</b>
<i>Of which trading purposes:</i>			
Risk category	Rating		
Very low risk	AAA, AA+, AA og AA-	0	0,0 %
Low risk	A+, A og A-	2	0,5 %
Moderate risk	BBB+, BBB og BBB-	29	7,2 %
High risk	BB+, BB og BB-	85	20,8 %
Very high risk	B+ and lower	292	71,5 %
<b>Total trading portfolio</b>		<b>408</b>	<b>100,0 %</b>

All amounts in MNOK.

## 2.8 Funding

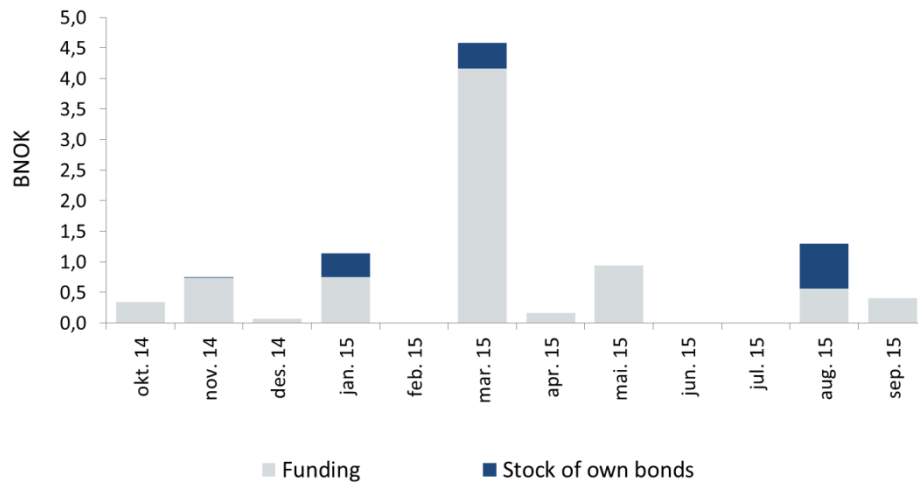


Figure 2.8.1: *Funding - quarterly*

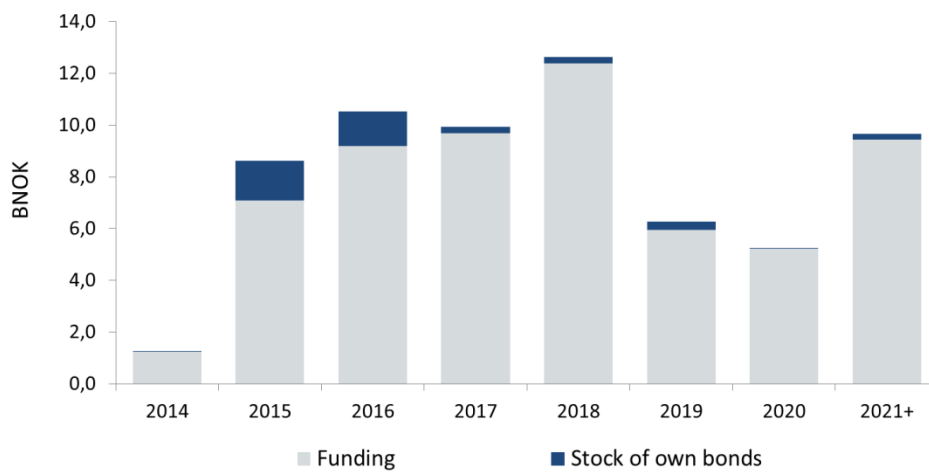
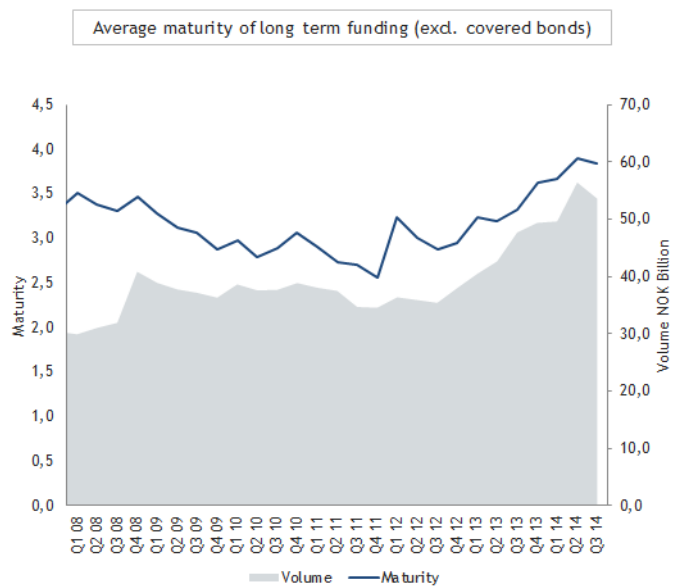


Figure 2.8.1: *Funding - annual*

## Significantly improved funding structure since 2008

- Funding indicator 1 (ratio of illiquid assets financed by issued securities with a duration of more than 1 year) is 106,5% for the parent bank and 106,4% on consolidated basis.
- LCR according to EC's delegated act of 84 %.



NOK 13.4 billion (gross) of new funding has been issued during the year. At the same time buy-backs equivalent to NOK 3.0 billion has been done. Average remaining maturity of the outstanding senior bonds is 3.8 years.

## 2.9 Capital adequacy

Basel II was introduced in Norway from 1 January 2007. Figure 2.8 shows the methods currently used by SpareBank 1 SR-Bank for calculating capital requirements for different types of risks. Using Internal Rating Based (IRB) methods for calculating capital requirements requires a formal approval from the FSAN (Finanstilsynet) on standards regarding organisation, competence, risk-modelling and risk-management systems.

In the autumn of 2009, the authorities resolved to postpone the final transition to the IRB rules from 1 January 2010 to 1 January 2012. It has later been decided to continue the transitional rule stating that the capital requirement using IRB cannot be less than 80% of the capital requirement under Basel I ("Basel I floor") until year-end 2017.

Risk	Portfolio	Regulatory method
Credit risk	Government	Standard method
	Institutions	Standard method
	Enterprise	IRB-Basic
	Mass market	IRB-Mass market
	SpareBank 1 Boligkreditt AS (mass market)	IRB-Mass market
	Other subsidiaries and associates	Standard method
Market risk	Equity risk	Standard method
	Debt risk	Standard method
	Currency risk	Standard method
Operational risk	SpareBank 1 SR-Bank incl. subsidiaries	Standardised approach
	Associates	Standard method

Figure 2.9.1: Methods currently used for calculating capital adequacy

SpareBank 1 SR-Bank has applied to the FSAN to use IRB Advanced method also for its exposures to the corporate market ("Enterprise"). A decision on approval is expected late 2014 or early 2015.

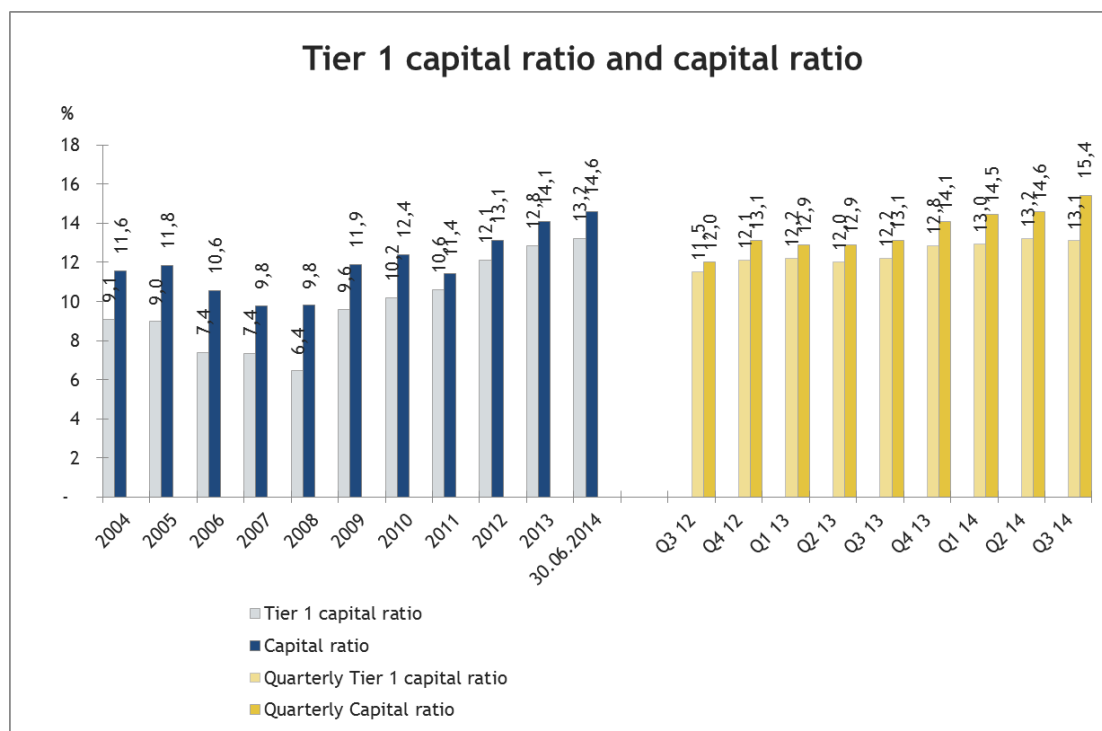


Figure 2.9.2: Development in capital ratios



Up until 30 June 2014, SpareBank 1 SR-Bank followed the Basel II regulations for capital adequacy calculations. On 22 August 2014, the Norwegian Ministry of Finance approved changes in a number of capital adequacy regulations. Parallel to this, Finanstilsynet changed the Consolidation Regulations to adapt to the EU's new capital adequacy regulations for banks and investment firms (CRD IV/CRR). As of 30 September 2014, capital adequacy is reported in accordance with the new reporting requirements. Valuation rules used in the statutory accounts form the basis for the consolidation, which is subject to special consolidation rules governed by the Consolidation Regulations.

<b>Capital Adequacy</b>					
<i>MNOK</i>	<b>30 Sept. 2014</b>	<b>30 June 2014</b>	<b>31 March 2014</b>	<b>31 Dec. 2013</b>	<b>30 Sept. 2013</b>
<b>Total book equity</b>	<b>13.483</b>	<b>13.533</b>	<b>14.010</b>	<b>14.056</b>	<b>12.218</b>
<b>Tier 1 capital</b>					
Share capital	6.394	6.394	6.394	6.394	6.394
Premium reserve	1.587	1.587	1.587	1.587	1.587
Allocated to dividend	0		409	409	0
Reserve for unrealised gains	162	162	162	162	72
Other equity	5.340	5.390	5.458	5.504	4.165
<b>Total Tier 1 capital</b>	<b>15.304</b>	<b>14.978</b>	<b>14.691</b>	<b>14.511</b>	<b>13.974</b>
<b>Tier 2 capital</b>					
Tier 2 capital - Tier 1 capital instruments in excess of 15%	0	0	0	0	0
Term subordinated loan capital	2.776	2.750	2.890	2.451	1.852
50% deduction for investment in capital instruments in other financial institutions	0	-149	-131	-104	-51
50% deduction for expected losses on IRB, net of write-downs	0	-376	-432	-356	-223
Deduction for significant investments in financial institutions	-43	0	0	0	0
50 % capital adequacy reserve	0	-619	-611	-587	-518
<b>Total Tier 2 capital</b>	<b>2.733</b>	<b>1.606</b>	<b>1.716</b>	<b>1.404</b>	<b>1.060</b>
<b>Net primary capital</b>	<b>18.037</b>	<b>16.584</b>	<b>16.407</b>	<b>15.915</b>	<b>15.034</b>

<sup>1)</sup> As a result of CRD IV / CRR, the entire amount will be deducted from common equity Tier 1 capital as of 30 September 2014. Up until 30 September 2014, 50% of the amount was deducted from common equity Tier 1 capital and 50% from Tier 2 capital

Table 2.9.1: *Specification of consolidated primary capital*

Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations. Until 06.30.2014 the transitional rule was binding for SpareBank 1 SR-Bank and will apply again when IRB A approval is granted for the corporate portfolio.

**Credit risk Basel II**

MNOK	30 Sept.	30 June	31 March	31 Dec.	30 Sept.
	2014	2014	2014	2013	2013
Specialised lending exposure	33.689	33.000	29.013	28.175	29.462
Other corporations exposure	27.764	27.438	26.313	27.238	27.150
SME exposure	1.181	1.175	1.200	650	625
Retail mortgage exposure (properties)	20.261	19.913	20.575	10.713	10.450
Other retail exposure	849	900	1.038	762	913
Equity investments	0	0	0	0	0
<b>Total credit risk IRB</b>	<b>83.744</b>	<b>82.425</b>	<b>78.138</b>	<b>67.538</b>	<b>68.600</b>
Debt risk	2.099	2.000	2.388	2.088	2.288
Equity risk	670	675	688	675	675
Currency risk	0	0	0	0	0
Participations calculated after other market risk	6.598	3.550	3.863	3.675	3.525
Credit value adjustment risk (CVA)	1.709	0	0	0	0
Operational risk	6.222	6.238	6.238	5.713	5.713
Transitional arrangements	0	4.575	3.188	14.487	14.862
Participations calculated using standard method	16.909	15.850	20.475	20.362	20.575
Deductions	-673	-1.588	-1.563	-1.463	-1.200
<b>Minimum capital requirement</b>	<b>117.278</b>	<b>113.725</b>	<b>113.414</b>	<b>113.075</b>	<b>115.038</b>
<b>Common Equity Tier 1 capital ratio <sup>1)</sup></b>	<b>11,31 %</b>	<b>11,38 %</b>	<b>11,21 %</b>	<b>11,11 %</b>	<b>10,45 %</b>
Tier 1 capital ratio	13,05 %	13,17 %	12,95 %	12,83 %	12,15 %
Tier 2 capital ratio	15,38 %	14,58 %	14,47 %	14,07 %	13,07 %
Common Equity Tier 1 capital ratio, IRB	11,31 %	11,86 %	11,54 %	12,74 %	12,00 %
Tier 1 capital ratio, IRB	13,05 %	13,72 %	13,33 %	14,72 %	13,95 %
Tier 2 capital ratio, IRB	15,38 %	15,19 %	14,89 %	16,14 %	15,01 %

<sup>1)</sup> Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations. Until 30.06.2014 the transitional rule was binding for SpareBank 1 SR-Bank and will apply again when IRB A approval is granted for the corporate portfolio.

Table 2.9.2: Specification of minimum capital requirement

## 3. Business areas

### 3.1 Business segments - Financial performance

	SpareBank 1 SR-Bank Group													
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		SR-Finans		Other*		Total	
	Q3 14	Q3 13	Q3 14	Q3 13	Q3 14	Q3 13	Q3 14	Q3 13	Q3 14	Q3 13	Q3 14	Q3 13	Q3 14	Q3 13
<b>MNOK</b>														
Net interest income	283	244	246	247	14	14	2	1	58	55	18	7	621	568
Net commission and other income	212	281	72	67	2	4	105	101	-5	-5	17	18	403	466
Net return on investment securities	3	4	-4	1	10	-1	0	0	0	0	133	133	142	137
Operating expenses	149	153	56	59	20	19	96	95	13	13	186	139	520	478
Operating profit before losses	349	376	258	256	6	-2	11	7	40	37	-18	19	646	693
Change in individual write-downs in the period	9	24	38	-1	0	11	0	0	1	-1	0	-1	48	32
Change in group write-downs in the period	0	0	18	0	0	0	0	0	3	0	0	0	21	0
<b>Operating profit before tax</b>	<b>340</b>	<b>352</b>	<b>202</b>	<b>257</b>	<b>6</b>	<b>-13</b>	<b>11</b>	<b>7</b>	<b>36</b>	<b>38</b>	<b>-18</b>	<b>20</b>	<b>577</b>	<b>661</b>
Gross loans to customers excl. covered bond companies	77.924	59.459	49.931	48.700	521	431	0	0	6.719	6.353	2.248	1.777	137.343	116.720
Deposits from customers	44.192	40.956	32.977	25.792	1.741	1.783	0	0	0	0	2.318	2.183	81.228	70.714

	SpareBank 1 SR-Bank Group pr 30.09													
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		SR-Finans		Other*		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>MNOK</b>														
Net interest income	761	659	713	662	35	41	4	4	166	160	70	19	1.749	1.545
Net commission and other income	701	751	230	198	23	23	333	325	-14	-12	54	50	1.327	1.335
Net return on investment securities	7	10	17	6	51	59	0	0	0	0	587	285	662	360
Operating expenses	412	425	154	170	54	53	290	291	40	39	576	507	1.526	1.485
Operating profit before losses	1.057	995	806	696	55	70	47	38	112	109	135	-153	2.212	1.755
Change in individual write-downs in the period	11	24	140	44	0	11	0	0	0	-11	0	15	151	83
Change in group write-downs in the period	5	0	6	0	0	0	0	0	2	0	0	0	13	0
<b>Operating profit before tax</b>	<b>1.041</b>	<b>971</b>	<b>660</b>	<b>652</b>	<b>55</b>	<b>59</b>	<b>47</b>	<b>38</b>	<b>110</b>	<b>120</b>	<b>135</b>	<b>-168</b>	<b>2.048</b>	<b>1.672</b>
Gross loans to customers excl. covered bond companies	77.924	59.459	49.931	48.700	521	431	0	0	6.719	6.353	2.248	1.777	137.343	116.720
Deposits from customers	44.192	40.956	32.977	25.792	1.741	1.783	0	0	0	0	2.318	2.183	81.228	70.714

\* Includes SR-Forvaltning and SR-Investering

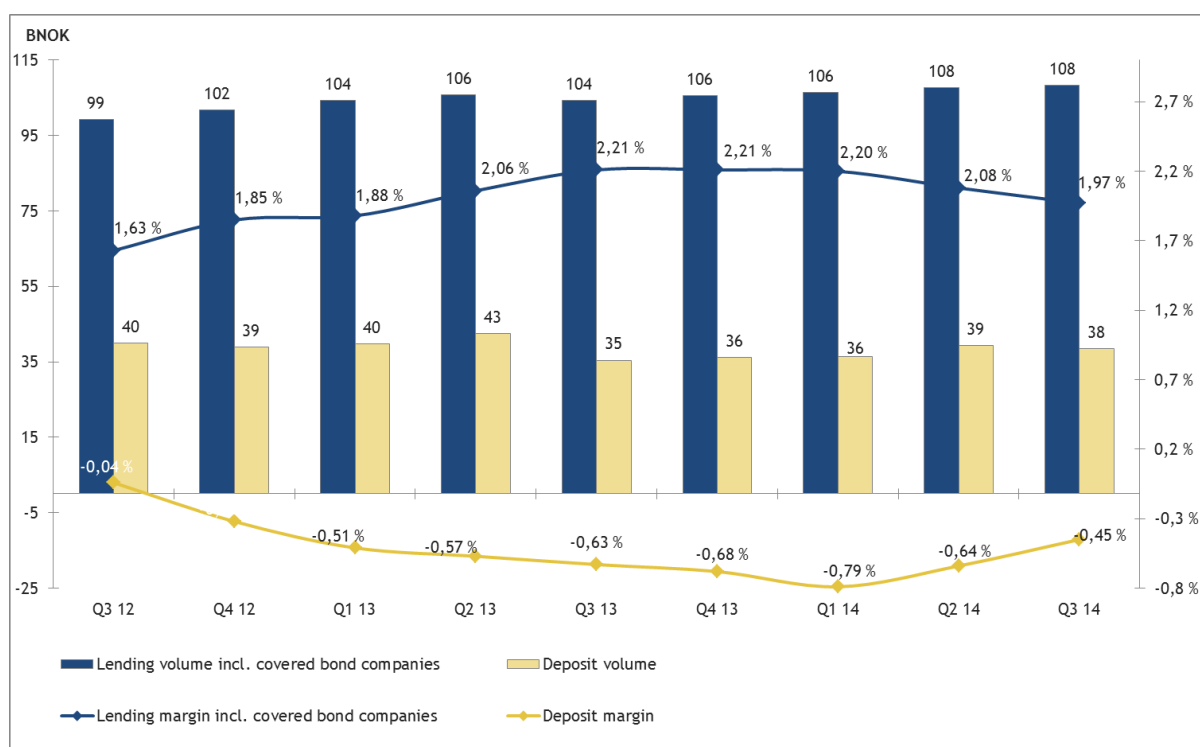
\* Includes SR-Forvaltning and SR-Investering

## 3.2 Retail Market<sup>2</sup>

### Financial performance in the retail market segment

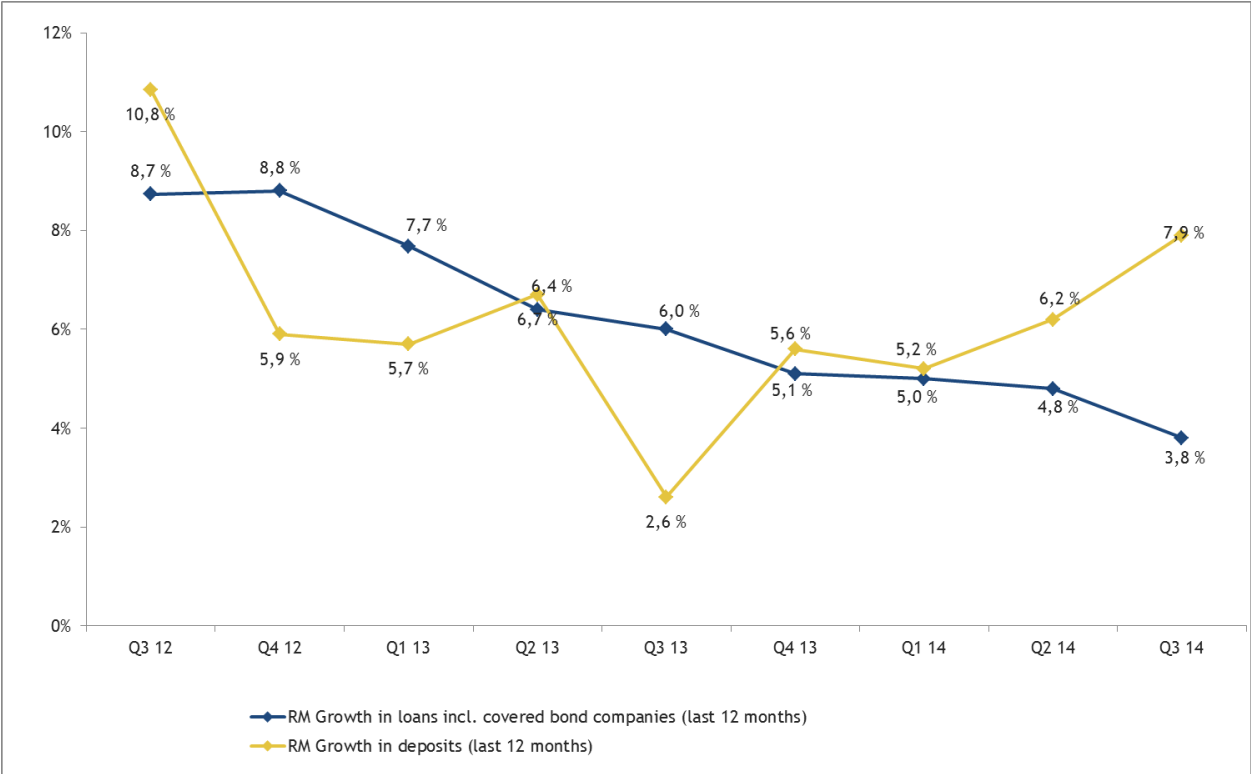
MNOK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Net interest income	283	260	218	245	244	761	659
Net other income	215	225	268	275	285	708	761
Total income	498	485	486	520	529	1.469	1.420
Total operating expenses	149	116	147	190	153	412	425
Operating profit before losses	349	369	339	330	376	1.057	995
Change in individual write-downs in the period	9	3	-1	-7	24	11	24
Change in group write-downs in the period	0	5	0	13	0	5	0
Operating profit before tax	340	361	340	324	352	1.041	971

### Development in average volume and interest margin



<sup>2</sup> Interest on intercompany receivables for the retail market division and the corporate market division is determined based on expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long term financing (credit premium). Deviations between the group's actual financing costs and the applied interest on intercompany receivables are eliminated at the group level. In the year to date, the group's real financing cost has been higher than the interest on intercompany receivables, principally due to the falling NIBOR.

Growth in loans and deposits

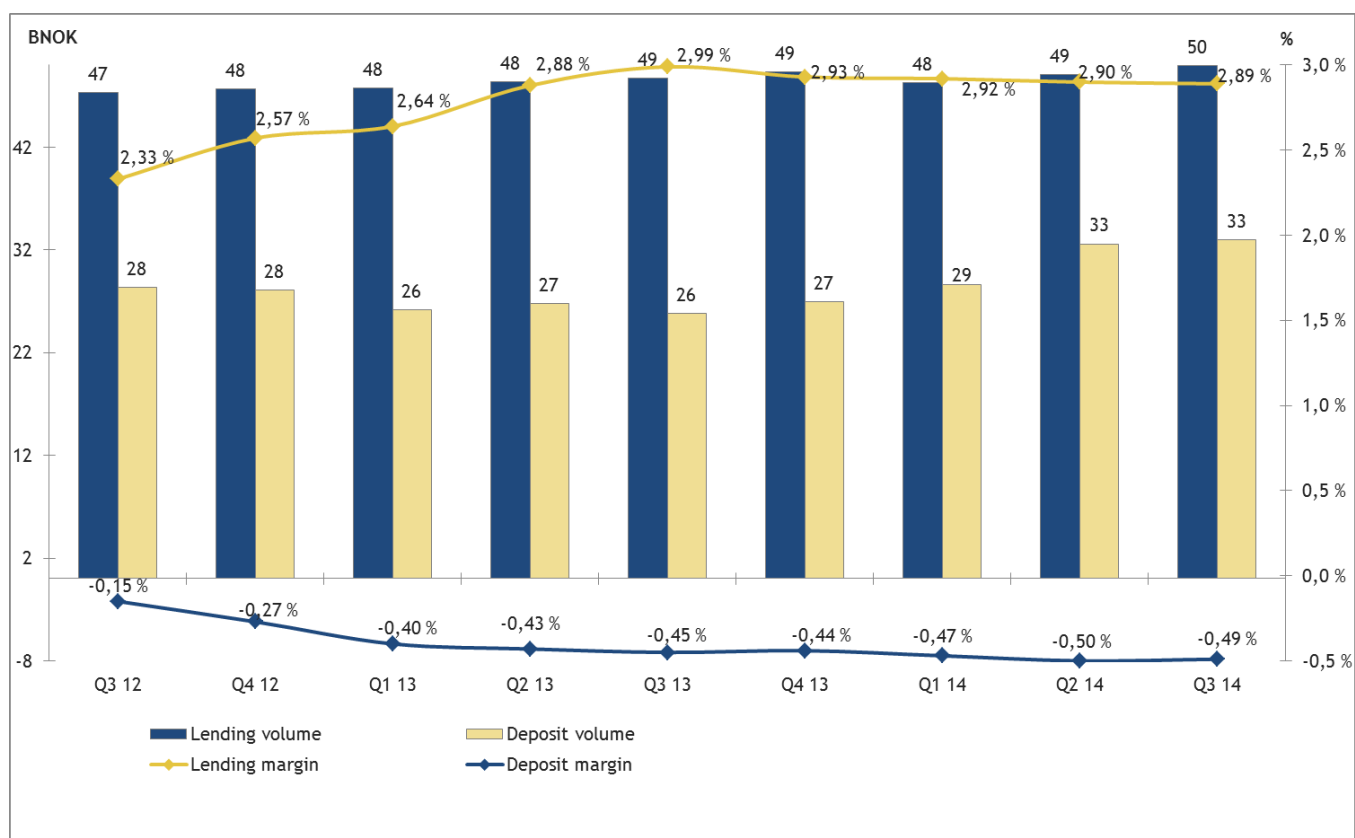


### 3.3 Corporate Market

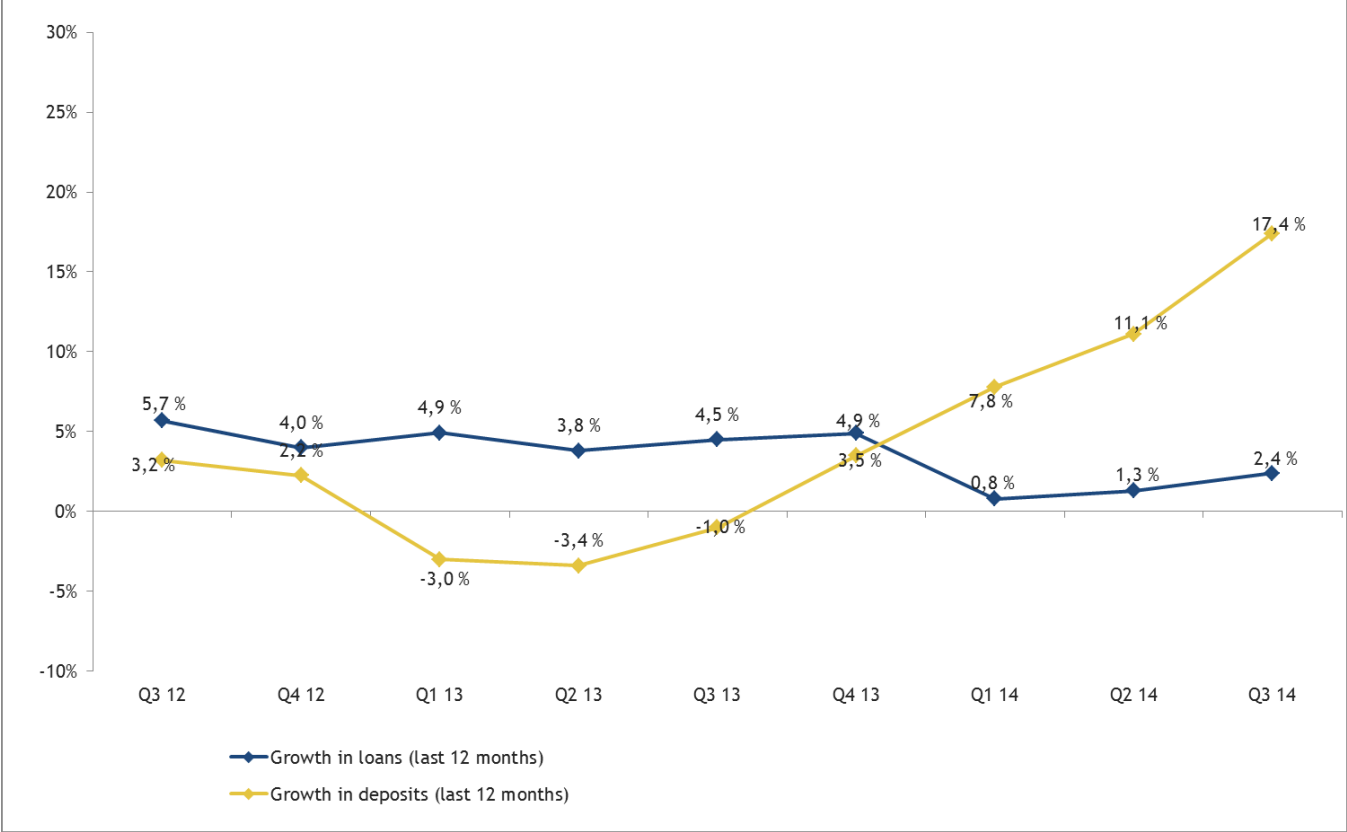
#### Financial performance in the corporate market segment

MNOK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Net interest income	246	236	231	247	247	713	662
Net other income	68	84	95	87	68	247	204
Total income	314	320	326	334	315	960	866
Total operating expenses	56	41	57	71	59	154	170
Operating profit before losses	258	279	269	263	256	806	696
Change in individual write-downs in the period	38	48	54	86	-1	140	44
Change in group write-downs in the period	18	-12	0	-53	0	6	0
Operating profit before tax	202	243	215	230	257	660	652

#### Development in average volume and interest margin



Growth in loans and deposits



### 3.4 Capital Market

The securities activities are organised under the SR-Markets brand and include own account and customer trading in interest rate instruments, foreign exchange and equities, and corporate finance services, as well as settlement and administrative securities services. Management is organised in a separate subsidiary, SR-Forvaltning AS.

#### Financial performance in the capital market segment

<i>MNOK</i>	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Net interest income	14	10	11	13	14	35	41
Net other operating income	12	33	29	39	3	74	82
Total income	26	43	40	52	17	109	123
Total operating expenses	20	14	20	17	19	54	53
Operating profit before losses	6	29	20	35	-2	55	70
Change in individual write-downs in the period	0	0	0	-1	11	0	11
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	6	29	20	36	-13	55	59



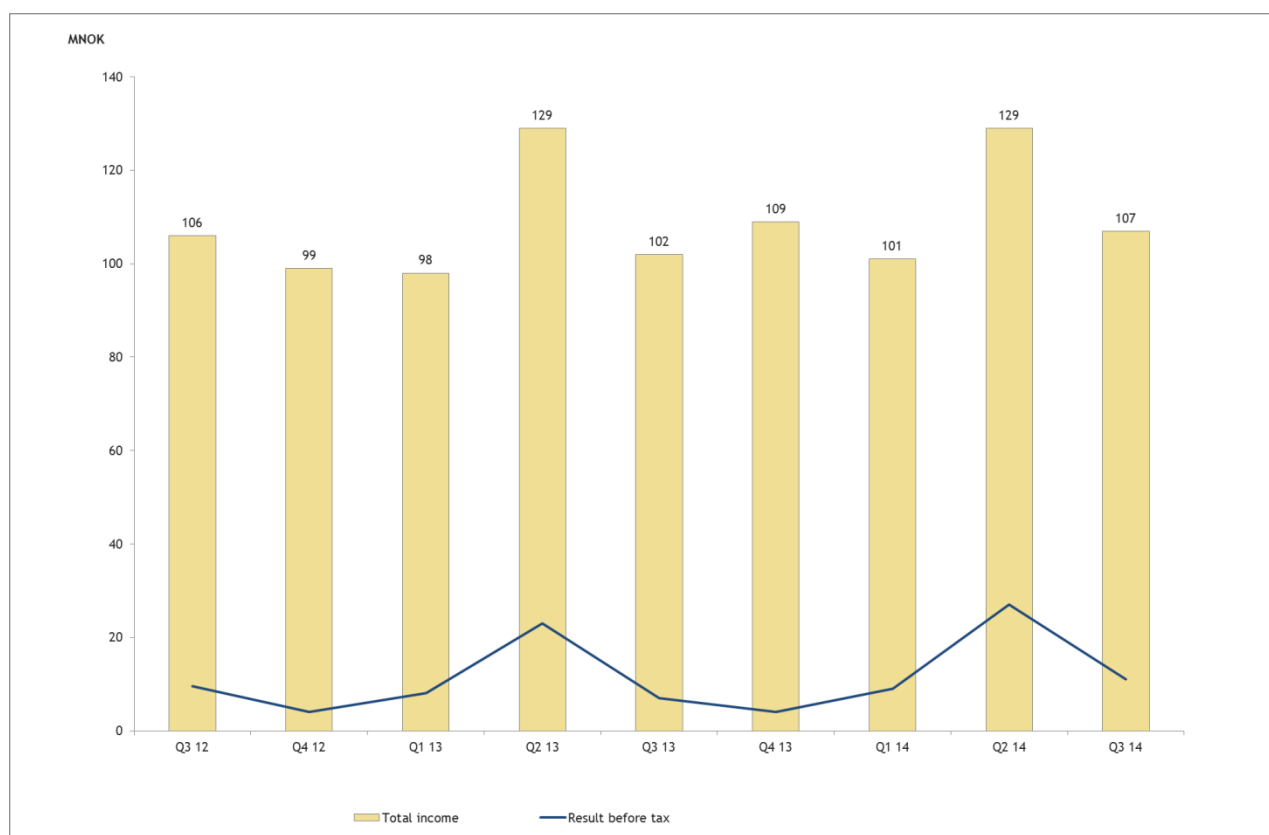
## 3.5 Subsidiaries

### *EiendomsMegler 1 SR-Eiendom AS*

EiendomsMegler 1 SR-Eiendom AS, which is fully owned by SpareBank 1 SR-Bank, is our region's market leader and the largest company in the nationwide EiendomsMegler 1 chain. This chain is the largest chain of real estate agents in Norway. As at 30 September 2014, the company sold 5793 properties from its 30 real estate offices in Rogaland, Agder and Hordaland. The activities cover commercial real estate, holiday homes, housing rental and new-builds and used homes.

### Financial performance

MNOK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Interest income	2	1	1	1	1	4	4
Other income	105	128	100	108	101	333	325
Total income	107	129	101	109	102	337	329
Total operating expenses	96	102	92	105	95	290	291
Operating profit before losses	11	27	9	4	7	47	38
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	11	27	9	4	7	47	38

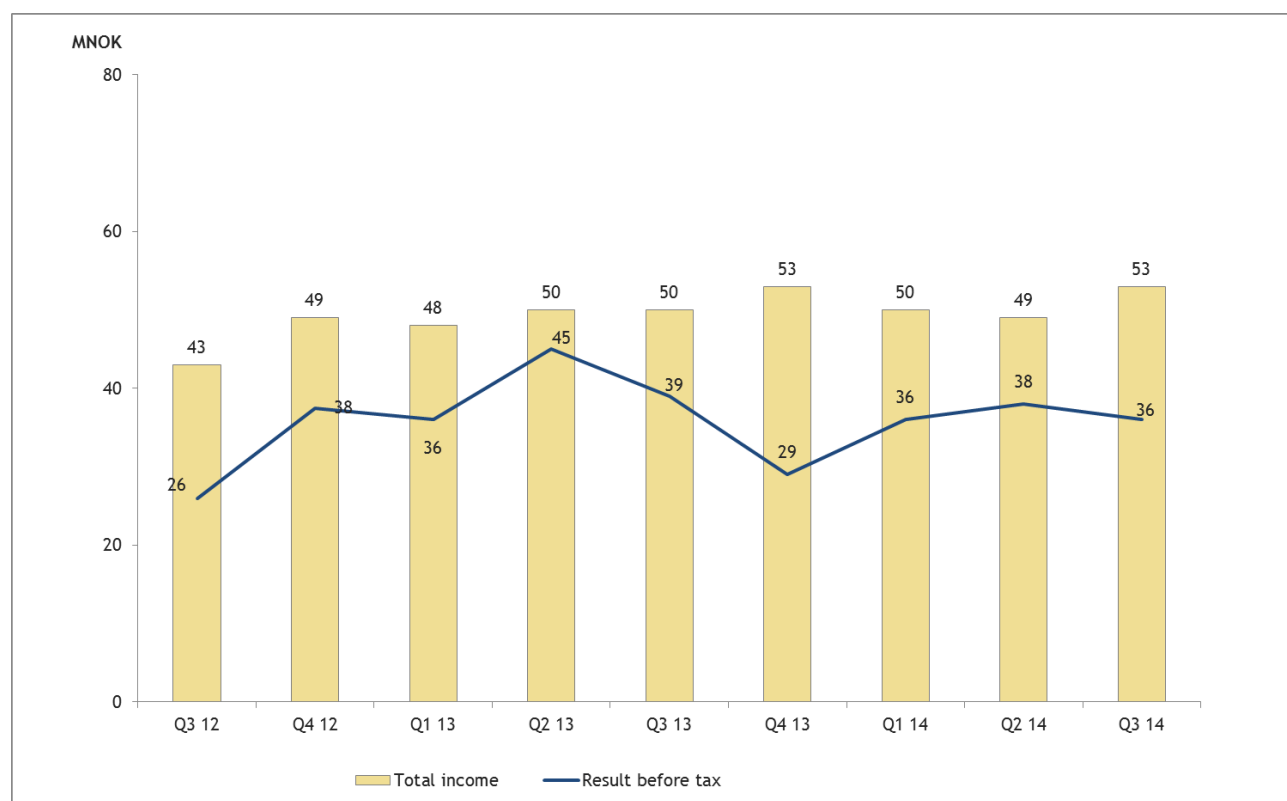


## SpareBank 1 SR-Finans AS

SpareBank 1 SR-Finans AS is the leading leasing company in Rogaland with approximately NOK 6.7 billion in total assets. The company's principal activities are lease financing for corporate customers and secured car loans for retail customers.

### Financial performance

MNOK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Interest income	57	54	54	56	55	165	160
Other income	-4	-5	-4	-3	-5	-13	-12
Total income	53	49	50	53	50	152	148
Total operating expenses	13	14	13	12	13	40	39
Operating profit before losses	40	35	37	41	38	112	109
Change in individual write-downs in the period	1	0	-1	2	-1	0	-11
Change in group write-downs in the period	3	-3	2	10	0	2	0
Operating profit before tax	36	38	36	29	39	110	120

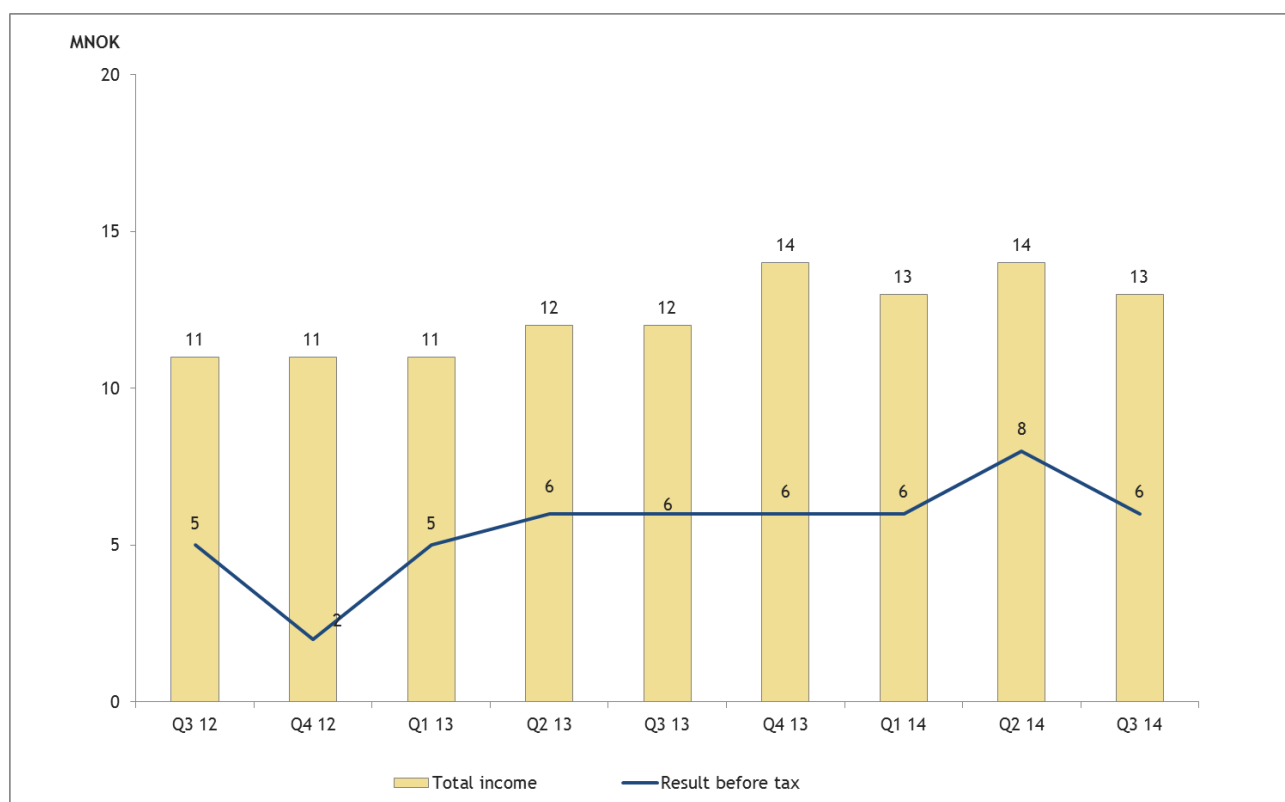


## SR-Forvaltning AS

SR-Forvaltning AS is a securities firm with a licence to provide asset management services. The company's objective is to be a local alternative with a high level of expertise in financial management. The company manages portfolios for SpareBank 1 SR-Bank and SpareBank 1 SR-Bank's pension fund, in addition to portfolios for about 2,500 external customers. The external customer base is made up of pension funds, public and private enterprises and affluent private individuals. Total assets amount to approximately NOK 9.0 billion as at 30.09.2014. The company is fully owned by SpareBank 1 SR-Bank.

### Financial performance

MNOK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Interest income	0	0	0	0	0	0	0
Other income	13	14	13	14	12	40	35
Total income	13	14	13	14	12	40	35
Total operating expenses	7	6	7	8	6	20	18
Operating profit before losses	6	8	6	6	6	20	17
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	6	8	6	6	6	20	17



## SR-Investering AS

The company's objective is to contribute to long-term value creation, through investment in business in the group's market segment. The company invests primarily in private equity funds and small and medium-sized companies that need capital to develop and grow further. The company is fully owned by SpareBank 1 SR-Bank.

### Financial performance

MNOK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	30.09 2014	30.09 2013
Interest income	0	0	0	0	0	0	0
Other income	0	-1	13	2	1	12	9
Total income	0	-1	13	2	2	12	9
Total operating expenses	0	0	0	1	0	0	0
Operating profit before losses	0	-1	13	2	2	12	10
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	0	-1	13	2	2	12	10

