Investor Update
December 2013
Disclaimer

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.
Presentation of SpareBank 1 SR-Bank ASA

Financials

Solvency and liquidity position

Appendix
A unique situation with a continuing budget surplus...

<table>
<thead>
<tr>
<th>Economic Indicators (%)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013E</th>
<th>2014P</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth - mainland</td>
<td>-1.6</td>
<td>1.7</td>
<td>2.5</td>
<td>3.4</td>
<td>2.4</td>
<td>3.0</td>
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<tr>
<td>Household consumption growth</td>
<td>0.0</td>
<td>3.8</td>
<td>2.5</td>
<td>3.0</td>
<td>3.5</td>
<td>4.3</td>
</tr>
<tr>
<td>Investment growth - mainland</td>
<td>-13.2</td>
<td>-4.5</td>
<td>8.5</td>
<td>3.7</td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Investment growth oil &amp; gas</td>
<td>3.4</td>
<td>-9.5</td>
<td>14.1</td>
<td>14.5</td>
<td>8.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Inflation rate, CPI</td>
<td>2.1</td>
<td>2.5</td>
<td>1.2</td>
<td>0.8</td>
<td>1.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Interest rate (3 month NIBOR)</td>
<td>2.5</td>
<td>2.5</td>
<td>2.9</td>
<td>2.2</td>
<td>1.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Household savings ratio</td>
<td>7.1</td>
<td>5.8</td>
<td>7.3</td>
<td>8.5</td>
<td>8.5</td>
<td>8.3</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>3.2</td>
<td>3.6</td>
<td>3.3</td>
<td>3.2</td>
<td>3.6</td>
<td>3.5</td>
</tr>
<tr>
<td>HH sector disp. real inc. growth</td>
<td>4.1</td>
<td>2.7</td>
<td>4.1</td>
<td>3.7</td>
<td>3.3</td>
<td>3.9</td>
</tr>
<tr>
<td>Current Account Surplus / GDP</td>
<td>11.7</td>
<td>11.9</td>
<td>12.8</td>
<td>14.2</td>
<td>10.7</td>
<td>8.9</td>
</tr>
<tr>
<td>Gov Budget Surplus / GDP</td>
<td>11</td>
<td>10</td>
<td>14</td>
<td>14</td>
<td>12</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sovereign Wealth Fund / GDP</td>
<td>111</td>
<td>121</td>
<td>122</td>
<td>131</td>
<td>149</td>
<td>156</td>
</tr>
</tbody>
</table>

Sources: Statistics Norway, NBIM, Norwegian Ministry of Finance as of May 28, 2013

* Business, residential housing and public sector investments
Stavanger is the oil capital in Norway and a major player in Europe

Major oil companies are located in Stavanger...

<table>
<thead>
<tr>
<th>Company</th>
<th>Employees</th>
<th>Production (BOE/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statoil</td>
<td>5000</td>
<td>1 461 000</td>
</tr>
<tr>
<td>ExxonMobil</td>
<td>400</td>
<td>420 000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>264</td>
<td>335 000</td>
</tr>
<tr>
<td>ConocoPhillips</td>
<td>1900</td>
<td>210 000</td>
</tr>
<tr>
<td>Shell</td>
<td>600</td>
<td>150 000</td>
</tr>
<tr>
<td>Eni Norge</td>
<td>190</td>
<td>140 000</td>
</tr>
<tr>
<td>bp</td>
<td>680</td>
<td>55 600</td>
</tr>
</tbody>
</table>

Oil field service companies in SRBANK’s market area account for a significant amount of the revenues in the Norwegian oil field service industry...

...and the third largest discovery ever on the NCS was made 140 km from our headquarter in 2011

Revenues and companies in SRBANK’s market area compared to population

- Revenue: 75% Market area of SR-Bank, 25% Other
- Companies: 76% Market area of SR-Bank, 24% Other
- Norwegian population: 24% Market area of SR-Bank, 76% Other

...and activity is expected to increase significantly

Petroleum investments

Source: Ernst & Young The Norwegian Oilfield Service Analysis 2011, Oljedirektoratet, Stavanger Aftenblad, SR-Bank Markets, Norges Bank
One of Norway’s most prosperous regions

Strong growth prospects in the region

- Norway’s most rapidly growing population - currently 24% of the country’s total population
- Appr 25% of GDP are produced in the bank’s region
- Norway’s largest export region
- Unemployment rate under 3%

100 - 150 BNOK are planned to be spent on infrastructure

- New infrastructure projects creating business opportunities in Rogaland, Hordaland and Agder
- Among others are the E39 Rogfast project, a fast and ferry less connection between Stavanger and Haugesund, and the decision to invest in public transport in the Stavanger area over the next years
- Planned investments will imply:
  - Better infrastructure in the cities Stavanger and Bergen
  - Better connections between cities and low populated areas
  - Better connections between regions in Rogaland, Hordaland and Agder
- Large investments in infrastructure will develop the region further:

Source: Statens Vegvesen, SSB, SR-Markets
53 local bank offices in one of Norway’s most prosperous regions

1. **Rogaland**
   - Population: 440,000
   - Market share: 
     - Retail market: 38%
     - Corporate market: 21%
   - Year of establishment: 1839
   - Market strategy: Market leader
   - Important business segments: Oil & Gas, Oil service, Tourism
   - Unemployment rate: 2.0%

2. **Hordaland**
   - Population: 485,000
   - Market share: 
     - Retail market: 4%
     - Corporate market: 8%
   - Year of establishment: 2006
   - Market strategy: Entry/growth
   - Important business segments: Shipping, Oil & Gas, Tourism
   - Unemployment rate: 2.0%

3. **Agder**
   - Population: 285,000
   - Market share: 
     - Retail market: 7%
     - Corporate market: 4%
   - Year of establishment: 2002
   - Market strategy: Growth
   - Important business segments: Commodities, Oil service, Industry
   - Unemployment rate: 3.25%

*Estimates based on 2012 figures*
The SpareBank 1 Alliance - 2nd largest mortgage lender in Norway

Founded in 1996 based on efficiency and local market focus

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**Purpose**

Ensure the independence and regional foothold of the individual member banks by maximizing their:
- Competitiveness
- Profitability
- Capital strength

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**Cornerstones**

<table>
<thead>
<tr>
<th>Efficiency</th>
<th>Local Market Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase efficiency compared to competitors by:</td>
<td>Each bank continues to maintain its link with its local community by:</td>
</tr>
<tr>
<td>- Economies of scale</td>
<td>- Keeping its own name and legal identity</td>
</tr>
<tr>
<td>- Mutually increasing critical core competencies</td>
<td>- Taking advantage of its proximity to the local market</td>
</tr>
<tr>
<td>- Sharing development investments</td>
<td></td>
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</tbody>
</table>
### SRBANK’s activities

#### Divisions of SpareBank 1 SR-Bank ASA

<table>
<thead>
<tr>
<th>Division</th>
<th>Key Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Markets</strong></td>
<td>Number of man-years: 489</td>
</tr>
<tr>
<td><strong>Retail Market</strong></td>
<td>Number of man-years: 489</td>
</tr>
<tr>
<td><strong>Corporate Market</strong></td>
<td>Number of man-years: 173</td>
</tr>
<tr>
<td><strong>Administration &amp; Support</strong></td>
<td>Number of man-years: 215</td>
</tr>
</tbody>
</table>

#### Fully owned companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of man-years</th>
<th>Key Area</th>
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</thead>
<tbody>
<tr>
<td>EiendomsMegler</td>
<td>224</td>
<td>Leading real estate broker</td>
</tr>
<tr>
<td>SpareBank SR-FORVALTNING</td>
<td>12</td>
<td>Asset management</td>
</tr>
<tr>
<td>SpareBank SR-FINANS</td>
<td>29</td>
<td>Lease finance</td>
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#### Partly owned companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Key Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>SpareBank 1 Gruppen AS (19.5 %)</td>
<td>Holding company for the SpareBank 1 - Alliance</td>
</tr>
<tr>
<td>BN Bank ASA (23.5 %)</td>
<td>Commercial bank located in Oslo and Trondheim</td>
</tr>
<tr>
<td>SpareBank 1 Boligkreditt AS (29.9 %)</td>
<td>Covered bond company (mortages)</td>
</tr>
<tr>
<td>SpareBank 1 Næringskreditt AS (24.1 %)</td>
<td>Covered bond company (commercial real estate)</td>
</tr>
</tbody>
</table>
From equity certificates to shares from 2012 «Top-20» based on market value of domestic listed companies
**SRBANK per 30.09.2013**

- **Greater liquidity in the share in 2013, compared with 2012**
- **International ownership increased in the quarter from 6.3% to 10.4% per 30.09.2013**

![Graphs showing development in Price/Book and Relative share price development 2013.](image)

**Development in Price/Book**

- **Relative share price development 2013**

![Graph showing Trading volume development 2010-30.09.2013.](image)
20 largest shareholders as at 30 September 2013

- **International ownership** increased in the quarter from 6.3% to 10.4% per 30.09.2013

<table>
<thead>
<tr>
<th>Investor</th>
<th>Number</th>
<th>Stake</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sparebankstiftelsen SR-Bank</td>
<td>76,835,551</td>
<td>30.0%</td>
</tr>
<tr>
<td>Gjensidige Forsikring ASA</td>
<td>26,483,470</td>
<td>10.4%</td>
</tr>
<tr>
<td>Folketrygdfondet</td>
<td>7,959,328</td>
<td>3.1%</td>
</tr>
<tr>
<td>SpareBank 1-stiftinga Kvinnherad</td>
<td>6,226,583</td>
<td>2.4%</td>
</tr>
<tr>
<td>Odin Norge</td>
<td>5,896,605</td>
<td>2.3%</td>
</tr>
<tr>
<td>Frank Mohn AS</td>
<td>5,372,587</td>
<td>2.1%</td>
</tr>
<tr>
<td>Odin Norden</td>
<td>4,148,475</td>
<td>1.6%</td>
</tr>
<tr>
<td>Skagen Global</td>
<td>3,943,743</td>
<td>1.5%</td>
</tr>
<tr>
<td>State Street Bank and Trust, U.S.A. (nom.)</td>
<td>2,681,852</td>
<td>1.0%</td>
</tr>
<tr>
<td>State Street Bank and Trust, U.S.A. (nom.)</td>
<td>2,527,305</td>
<td>1.0%</td>
</tr>
<tr>
<td>Clipper AS</td>
<td>2,178,837</td>
<td>0.9%</td>
</tr>
<tr>
<td>J.P. Morgan Chase Bank, U.K. (nom.)</td>
<td>2,115,427</td>
<td>0.8%</td>
</tr>
<tr>
<td>J.P. Morgan Chase Bank, Sverige (nom.)</td>
<td>2,014,054</td>
<td>0.8%</td>
</tr>
<tr>
<td>Fondsfinans Spar</td>
<td>1,450,000</td>
<td>0.6%</td>
</tr>
<tr>
<td>Westco AS</td>
<td>1,321,817</td>
<td>0.5%</td>
</tr>
<tr>
<td>Køhlergruppen AS</td>
<td>1,292,803</td>
<td>0.5%</td>
</tr>
<tr>
<td>Skagen Global II</td>
<td>1,279,174</td>
<td>0.5%</td>
</tr>
<tr>
<td>FLPS, U.S.A.</td>
<td>1,250,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>Varma Mutual Pension Insurance, Finland</td>
<td>1,248,017</td>
<td>0.5%</td>
</tr>
<tr>
<td>Vpf Nordea Norge</td>
<td>1,212,387</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group</th>
<th>Total Number</th>
<th>Total Stake</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5</td>
<td>123,401,537</td>
<td>48.3%</td>
</tr>
<tr>
<td>Top 10</td>
<td>142,075,499</td>
<td>55.6%</td>
</tr>
<tr>
<td>Top 20</td>
<td>157,438,015</td>
<td>61.6%</td>
</tr>
</tbody>
</table>
Agenda

Presentation of SpareBank 1 SR-Bank ASA

Financials

Solvency and liquidity position

Appendix
Solid earnings and low losses - good capital build-up

- Pre-tax profit for the quarter of NOK 611 million (NOK 505 million)
  - Return on equity after tax: 15.6 % (13.6 %)

- Year-to-date pre-tax profit of NOK 1,673 million (NOK 1,303 million)
  - Return on equity after tax: 13.2 % (12.8 %)

- Lending growth of 5.5 % and growth in deposits of 2.2 % over the past 12 months
  - Rolling 12-month lending growth is slowing and in line with forecasts for both the retail market and the corporate market
  - The development of house prices reflects a more moderated housing market and slightly lower demand for mortgages

- Stronger underlying operations
  - Net interest income, commissions and profit contributions from the mortgage companies increased by 13.2 % from the second quarter
  - Costs grew by 7.3 % on a 12-month basis, 2.1 % corrected for non-recurring effects

- Low impairment losses on loans
  - Amount to 0.10 % of gross lending recognised on the balance sheet in the third quarter

- Year-to-date core equity capital ratio has risen from 10.0 % to 10.5 % (9.4 %)
### Key figures

<table>
<thead>
<tr>
<th></th>
<th>30.09 13</th>
<th>30.09 12</th>
<th>Q3 13</th>
<th>Q2 13</th>
<th>Q1 13</th>
<th>Q4 12</th>
<th>Q3 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity after tax (%)</td>
<td>13,2</td>
<td>12,8</td>
<td>15,6</td>
<td>11,8</td>
<td>12,3</td>
<td>11,2</td>
<td>13,6</td>
</tr>
<tr>
<td>Net interest margin (%)</td>
<td>1,40</td>
<td>1,24</td>
<td>1,49</td>
<td>1,43</td>
<td>1,27</td>
<td>1,36</td>
<td>1,28</td>
</tr>
<tr>
<td>Impairment losses on loans and guarantees in % of gross loans</td>
<td>0,10</td>
<td>0,14</td>
<td>0,11</td>
<td>0,09</td>
<td>0,09</td>
<td>0,1</td>
<td>0,16</td>
</tr>
<tr>
<td>-incl. SB1 Boligkreditt and SB1 Næringskreditt</td>
<td>0,07</td>
<td>0,10</td>
<td>0,08</td>
<td>0,06</td>
<td>0,06</td>
<td>0,07</td>
<td>0,11</td>
</tr>
<tr>
<td>Non-performing and other problem commitments in % of gross loans</td>
<td>1,24</td>
<td>1,41</td>
<td>1,24</td>
<td>1,14</td>
<td>1,25</td>
<td>1,14</td>
<td>1,41</td>
</tr>
<tr>
<td>-incl. SB1 Boligkreditt and SB1 Næringskreditt</td>
<td>0,88</td>
<td>0,94</td>
<td>0,88</td>
<td>0,81</td>
<td>0,87</td>
<td>0,79</td>
<td>0,94</td>
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<tr>
<td>Cost ratio</td>
<td>45,8</td>
<td>49,5</td>
<td>40,8</td>
<td>49,1</td>
<td>48,2</td>
<td>51,0</td>
<td>46,0</td>
</tr>
<tr>
<td>Annual growth in loans to customers, gross incl. SB1 Boligkreditt and SB1 Næringskreditt</td>
<td>5,5</td>
<td>8,5</td>
<td>5,5</td>
<td>6,1</td>
<td>7,4</td>
<td>7,8</td>
<td>8,5</td>
</tr>
<tr>
<td>Annual growth in deposits from customers (%)</td>
<td>2,2</td>
<td>7,6</td>
<td>2,2</td>
<td>2,8</td>
<td>2,2</td>
<td>5,5</td>
<td>7,6</td>
</tr>
<tr>
<td>Total assets (BNOK)</td>
<td>153,6</td>
<td>138,7</td>
<td>153,6</td>
<td>151,1</td>
<td>146,1</td>
<td>141,5</td>
<td>138,7</td>
</tr>
<tr>
<td>Portfolio of loans in SB1 Boligkreditt and SB1 Næringskreditt (BNOK)</td>
<td>47,8</td>
<td>51,4</td>
<td>47,8</td>
<td>47,5</td>
<td>48,1</td>
<td>48,7</td>
<td>51,4</td>
</tr>
<tr>
<td>Risk weighted assets (BNOK)</td>
<td>115,0</td>
<td>110,7</td>
<td>115,0</td>
<td>114,2</td>
<td>112,0</td>
<td>111,2</td>
<td>110,7</td>
</tr>
<tr>
<td>Earnings per share (NOK)</td>
<td>5,06</td>
<td>3,98</td>
<td>2,02</td>
<td>1,50</td>
<td>1,54</td>
<td>1,35</td>
<td>1,56</td>
</tr>
<tr>
<td>Book value per share (NOK)</td>
<td>52,87</td>
<td>46,68</td>
<td>52,87</td>
<td>50,89</td>
<td>50,92</td>
<td>49,48</td>
<td>46,68</td>
</tr>
<tr>
<td>Number of shares issued (million)</td>
<td>255,8</td>
<td>255,8</td>
<td>255,8</td>
<td>255,8</td>
<td>255,8</td>
<td>255,8</td>
<td>255,8</td>
</tr>
</tbody>
</table>
## Income statement

<table>
<thead>
<tr>
<th>Group Income Statement (MNOK)</th>
<th>30.09</th>
<th>30.09</th>
<th>Q3 13</th>
<th>Q2 13</th>
<th>Q1 13</th>
<th>Q4 12</th>
<th>Q3 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>1.545</td>
<td>1.262</td>
<td>568</td>
<td>526</td>
<td>451</td>
<td>480</td>
<td>448</td>
</tr>
<tr>
<td>Net commission and other income</td>
<td>1.335</td>
<td>1.055</td>
<td>466</td>
<td>465</td>
<td>404</td>
<td>411</td>
<td>374</td>
</tr>
<tr>
<td>Net income on investment securities</td>
<td>360</td>
<td>481</td>
<td>137</td>
<td>62</td>
<td>161</td>
<td>97</td>
<td>192</td>
</tr>
<tr>
<td>Total income</td>
<td>3.240</td>
<td>2.798</td>
<td>1.171</td>
<td>1.053</td>
<td>1.016</td>
<td>988</td>
<td>1.014</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>1.485</td>
<td>1.384</td>
<td>478</td>
<td>517</td>
<td>490</td>
<td>504</td>
<td>466</td>
</tr>
<tr>
<td>Operating profit before losses</td>
<td>1.755</td>
<td>1.414</td>
<td>693</td>
<td>536</td>
<td>526</td>
<td>484</td>
<td>548</td>
</tr>
<tr>
<td>Impairment losses on loans and guarantees</td>
<td>82</td>
<td>111</td>
<td>32</td>
<td>25</td>
<td>25</td>
<td>26</td>
<td>43</td>
</tr>
<tr>
<td>Operating profit before tax</td>
<td>1.673</td>
<td>1.303</td>
<td>661</td>
<td>511</td>
<td>501</td>
<td>458</td>
<td>505</td>
</tr>
<tr>
<td>Tax expense</td>
<td>380</td>
<td>286</td>
<td>145</td>
<td>128</td>
<td>107</td>
<td>114</td>
<td>107</td>
</tr>
<tr>
<td>Net profit</td>
<td>1.293</td>
<td>1.017</td>
<td>516</td>
<td>383</td>
<td>394</td>
<td>344</td>
<td>398</td>
</tr>
</tbody>
</table>
Consolidated income profile strengthened over time

- **Q3 12**: 
  - Net interest income: 448 MNOK
  - Commission income SB1 Boligkreditt and SB1 Næringskreditt: 34 MNOK
  - Profit before tax SB1 Boligkreditt and SB1 Næringskreditt: 88 MNOK
  - Net commission and other income: 286 MNOK

- **Q4 12**: 
  - Net interest income: 480 MNOK
  - Commission income SB1 Boligkreditt and SB1 Næringskreditt: 21 MNOK
  - Profit before tax SB1 Boligkreditt and SB1 Næringskreditt: 121 MNOK
  - Net commission and other income: 290 MNOK

- **Q1 13**: 
  - Net interest income: 451 MNOK
  - Commission income SB1 Boligkreditt and SB1 Næringskreditt: 30 MNOK
  - Profit before tax SB1 Boligkreditt and SB1 Næringskreditt: 126 MNOK
  - Net commission and other income: 278 MNOK

- **Q2 13**: 
  - Net interest income: 526 MNOK
  - Commission income SB1 Boligkreditt and SB1 Næringskreditt: 151 MNOK
  - Profit before tax SB1 Boligkreditt and SB1 Næringskreditt: 2 MNOK
  - Net commission and other income: 314 MNOK

- **Q3 13**: 
  - Net interest income: 568 MNOK
  - Commission income SB1 Boligkreditt and SB1 Næringskreditt: 167 MNOK
  - Profit before tax SB1 Boligkreditt and SB1 Næringskreditt: 34 MNOK
  - Net commission and other income: 299 MNOK
Loan portfolio as at 30.09.2013

<table>
<thead>
<tr>
<th>Category</th>
<th>3Q 2013</th>
<th>3Q 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture / forestry / fishing</td>
<td>4.808</td>
<td>4.533</td>
</tr>
<tr>
<td>Industry, Power/water supply and construction</td>
<td>6.258</td>
<td>5.816</td>
</tr>
<tr>
<td>Retail trade, hotels and restaurants</td>
<td>3.022</td>
<td>2.940</td>
</tr>
<tr>
<td>Shipping</td>
<td>2.050</td>
<td>1.704</td>
</tr>
<tr>
<td>Offshore/Oil and gas</td>
<td>7.753</td>
<td>7.474</td>
</tr>
<tr>
<td>Real estate</td>
<td>25.450</td>
<td>24.033</td>
</tr>
<tr>
<td>Service industry</td>
<td>7.626</td>
<td>7.849</td>
</tr>
<tr>
<td>Pub. mgm., financial services and others</td>
<td>2.155</td>
<td>2.277</td>
</tr>
<tr>
<td>Other</td>
<td>470</td>
<td>442</td>
</tr>
<tr>
<td><strong>Total corporate customers</strong></td>
<td>59.592</td>
<td>57.068</td>
</tr>
<tr>
<td><strong>Total retail customers</strong></td>
<td>57.128</td>
<td>47.453</td>
</tr>
<tr>
<td><strong>Total loans on own balance sheet</strong></td>
<td>116.720</td>
<td>104.521</td>
</tr>
<tr>
<td>Portfolio in SB1 Boligkreditt</td>
<td>47.124</td>
<td>51.103</td>
</tr>
<tr>
<td>Portfolio in SB1 Næringskreditt</td>
<td>684</td>
<td>337</td>
</tr>
<tr>
<td><strong>Gross loans</strong></td>
<td>164.528</td>
<td>155.961</td>
</tr>
</tbody>
</table>

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 30.09.2012 in brackets.
Lending and deposit margins

**Lending margins**

- **Q3 11:** 2.00% Corporate market, 1.02% Retail market
- **Q4 11:** 1.97% Corporate market, 0.99% Retail market
- **Q1 12:** 2.13% Corporate market, 1.36% Retail market
- **Q2 12:** 2.28% Corporate market, 1.61% Retail market
- **Q3 12:** 2.33% Corporate market, 1.63% Retail market
- **Q4 12:** 2.57% Corporate market, 1.85% Retail market
- **Q1 13:** 2.64% Corporate market, 1.88% Retail market
- **Q2 13:** 2.88% Corporate market, 2.06% Retail market
- **Q3 13:** 2.99% Corporate market, 2.21% Retail market

**Deposit margins**

- **Q3 11:** 0.65% Corporate market, 0.08% Retail market
- **Q4 11:** 0.69% Corporate market, 0.14% Retail market
- **Q1 12:** 0.25% Corporate market, 0.07% Retail market
- **Q2 12:** -0.03% Corporate market, -0.15% Retail market
- **Q3 12:** -0.04% Corporate market, -0.04% Retail market
- **Q4 12:** -0.15% Corporate market, -0.15% Retail market
- **Q1 13:** -0.27% Corporate market, -0.32% Retail market
- **Q2 13:** -0.40% Corporate market, -0.43% Retail market
- **Q3 13:** -0.45% Corporate market, -0.57% Retail market

**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 volume and 12 months growth

Corporate Market

Volume (MNOK)  | Growth %
--- | ---
Q3 11 | 11,9 %
Q4 11 | 11,5 %
Q1 12 | 9,2 %
Q2 12 | 7,6 %
Q3 12 | 6,0 %
Q4 12 | 5,0 %
Q1 13 | 5,5 %
Q2 13 | 4,0 %
Q3 13 | 4,5 %

Retail Market

Volume (MNOK)  | Growth %
--- | ---
Q3 11 | 17,1 %
Q4 11 | 12,1 %
Q1 12 | 10,7 %
Q2 12 | 10,0 %
Q3 12 | 9,0 %
Q4 12 | 9,0 %
Q1 13 | 7,8 %
Q2 13 | 6,5 %
Q3 13 | 5,9 %

* Incl. loan portfolio in SB1 Boligkreditt and SB1 Næringskreditt
Deposits volume and 12 month growth

- The deposits volume in the corporate market includes here institutional deposits from money market funds, etc. The Group has deliberately reduced its willingness to pay in this segment. The 12-month growth in the corporate market excluding these is 2.4%.

- The growth in deposits in the retail market in the third quarter 2013 was weaker due to a reduction in assets under management from the public guardian.

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

<table>
<thead>
<tr>
<th>Q3 12</th>
<th>Q4 12</th>
<th>Q1 13</th>
<th>Q2 13</th>
<th>Q3 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>43</td>
<td>26</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

**Impairment losses on loans**

- 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

**Non-performing and doubtful commitments**

- Doubtful commitments, MNOK
- Non-performing loans, MNOK
- Non-performing and problem commitments in % of gross loans
- Non-performing and problem commitments in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt
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Appendix
Deposit coverage ratio and market funding

- **Good liquidity and good access to market funding**

- **The EUR issue in the third quarter 2013 means that SpareBank 1 SR-Bank now has six outstanding euro-benchmarks (MEUR 500), one of which will mature every year from 2015-2020.**

- **Net refinancing need over the next 12 months is NOK 11.4 billion (excl. swap scheme)**
Improved access to long-term funding in the Euromarket

<table>
<thead>
<tr>
<th>Issuer / Ticker</th>
<th>Coupon</th>
<th>Amount</th>
<th>Maturity</th>
<th>ISIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>SR-Bank / SPAROG</td>
<td>3.625%</td>
<td>EUR500mn</td>
<td>24-March-2015</td>
<td>XS0497119486</td>
</tr>
<tr>
<td>SR-Bank / SPAROG</td>
<td>3.500%</td>
<td>EUR500mn</td>
<td>21-April-2016</td>
<td>XS0551556409</td>
</tr>
<tr>
<td>SR-Bank / SPAROG</td>
<td>3.500%</td>
<td>EUR500mn</td>
<td>27-March-2017</td>
<td>XS0762421195</td>
</tr>
<tr>
<td>SR-Bank / SPAROG</td>
<td>2.000%</td>
<td>EUR500mn</td>
<td>14-May-2018</td>
<td>XS0853250271</td>
</tr>
<tr>
<td>SR-Bank / SPAROG</td>
<td>2.125%</td>
<td>EUR500mn</td>
<td>27-February-2019</td>
<td>XS0965489239</td>
</tr>
<tr>
<td>SR-Bank / SPAROG</td>
<td>2.125%</td>
<td>EUR500mn</td>
<td>03-February-2020</td>
<td>XS0876758664</td>
</tr>
</tbody>
</table>
Development in capital ratio taking Basel I floor into account

- New capital requirements apply from 1 July 2013
  - The LGD floor will rise from 10% to 20% from 1 January 2014.
  - Would not have affected formal capital adequacy figures as of 30 September 2013.

- 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 continued until the end of 2017.

- The use of different calculation models in the various Nordic countries makes comparisons of actual financial strength difficult.
  - The Basel I floor is also practised differently. Norway applies the strongest interpretation.
Core equity tier 1 capital being strengthened in line with the stricter regulatory requirements

- The new capital requirements entail a need to continue substantially increasing tier 1 capital up to 2016

Factors still requiring clarification:
- Countercyclical buffer (phasing in/level) and SIFI buffer (level) - further clarification expected in fourth quarter

- A clear ambition to deliver competitive and attractive total return on assets for shareholders in the future as well

- Core equity tier 1 capital will therefore be strengthened further through a combination of various means:
  - Lending and deposit margins
  - Adjusting pace of growth
  - Strong costs control
  - Increased retained earnings
  - Other capital release

![Chart showing ROE and Capital Ratios]

<table>
<thead>
<tr>
<th>Year</th>
<th>ROE</th>
<th>Cet 1 capital (BNOK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5.8%</td>
<td>5.1</td>
</tr>
<tr>
<td>2009</td>
<td>8.2%</td>
<td>6.9</td>
</tr>
<tr>
<td>2010</td>
<td>8.7%</td>
<td>8.1</td>
</tr>
<tr>
<td>2011</td>
<td>8.4%</td>
<td>8.4</td>
</tr>
<tr>
<td>2012</td>
<td>10.0%</td>
<td>11.1</td>
</tr>
<tr>
<td>30.09.2013</td>
<td>12.0%</td>
<td>10.5%</td>
</tr>
<tr>
<td>2013-2016</td>
<td>10.5% - 14.5%</td>
<td>10% - 14.5%</td>
</tr>
</tbody>
</table>
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 30 September 2013 was 7.8% - 0.3 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

- The international uncertainty persists and there are signs of negative consequences for the Norwegian economy as well.

- A high level of activity in the petroleum sector, major infrastructure projects and increasing house building are, however, contributing to a high level of activity and low unemployment in the Group's core area.

- New regulations, in the form of significantly stricter requirements for equity and funding, necessitate less capital intensive lending growth going forward than has been the norm in the last few years. Any phasing in of countercyclical buffers will add to a need to build up capital organically. SpareBank 1 SR-Bank will gradually adapt until the overall requirements have been clarified.

- Good liquidity and good access to new long-term funding provide a good basis for taking our share of future market growth. Opportunities for new business with solid customers in markets with expanding margins.

- Continued sound portfolio quality and low losses are also assumed going forward.

- Solid earnings, efficient operations and good access to long-term funding mean SpareBank 1 SR-Bank is well-positioned to satisfy new regulatory requirements through continued organic capital build-up.
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Norwegian Economy
- A unique situation with a continuing budget surplus...

**GDP per capita in PPS, index, EU 27 = 100**

![GDP per capita chart]

**Regional overview of GDP per capita**

![GDP per capita map]

**2013 expected government deficit/surplus (in per cent of GDP)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Deficit/Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>-2.1</td>
</tr>
<tr>
<td>Finland</td>
<td>-1.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>-0.8</td>
</tr>
<tr>
<td>Norway</td>
<td>16.0</td>
</tr>
<tr>
<td>U.S.</td>
<td>-6.8</td>
</tr>
<tr>
<td>U.K.</td>
<td>-6.9</td>
</tr>
<tr>
<td>OECD Area</td>
<td>-4.6</td>
</tr>
<tr>
<td>France</td>
<td>-3.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>-3.0</td>
</tr>
<tr>
<td>Euro Area</td>
<td>-2.8</td>
</tr>
<tr>
<td>Germany</td>
<td>-0.4</td>
</tr>
</tbody>
</table>

**The market view; 5 year Sovereign CDS levels**

![Sovereign CDS levels chart]

Source: Eurostat, SSB, OECD Economic Outlook no. 92, Bloomberg
Norwegian Housing and Mortgage Market

Population Change and Completed Housing Units

Completed housing units less newly formed households (left hand axis)
Population change, number of persons (right hand axis)

Source: Statistics Norway and Norwegian Central Bank
Norwegian Housing and Mortgage Market
- Nominal and real house price development

Index of House Prices, Norway, Monthly (Jan 2002 = 100)

Source: Norwegian Association of Realtors and Statistics Norway
Dividend policy

“The financial objective of SpareBank 1 SR-Bank ASA 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 level of the annual dividend, considerations will be made towards SpareBank 1 SR-Bank ASA’s future need for capital, including capital adequacy requirements, and strategic plans and targets. Unless capital requirements otherwise dictate, the Board of Directors’ aim is that approximately half of the EPS is paid out.”
### Rating

<table>
<thead>
<tr>
<th></th>
<th>Moody's</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long-term debt</strong></td>
<td>A2</td>
<td>A-</td>
</tr>
<tr>
<td><strong>Outlook</strong></td>
<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td><strong>Updated</strong></td>
<td>5. March 2013</td>
<td>19. February 2013</td>
</tr>
</tbody>
</table>

#### Rating history

The rating history is depicted graphically, showing the changes in ratings from 2002 to 30.09.13. The graph includes ratings such as AAA/Aaa, AA+/Aa1, AA/Aa2, AA-/Aa3, A+/A1, A/A2, A-/A3, BBB/Baa, BB/Ba, and B. The timeline spans from 2002 to 2013, with updates marked at specific years.
SRBANK as at 30 September 2013

- **Ownership interests:**
  - From Rogaland, Agder-counties and Hordaland: 56.6 %
  - International: 10.4 %
  - 10 largest: 55.6 %
  - 20 largest: 61.6 %

- **Number of owners:** 11 387 (12 090)

- **Employees owning:** 2.1 %

- **Trading volume in Q3 2013:** 3.1 % (3.1 %)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market price</td>
<td>47,70</td>
<td>37,20</td>
<td>40,70</td>
<td>57,00</td>
<td>50,00</td>
</tr>
<tr>
<td>Stock value (MNOK)</td>
<td>12.199</td>
<td>9.514</td>
<td>5.182</td>
<td>7.257</td>
<td>6.047</td>
</tr>
<tr>
<td>Book value per share, NOK (group)</td>
<td>52,89</td>
<td>49,48</td>
<td>48,75</td>
<td>47,45</td>
<td>42,07</td>
</tr>
<tr>
<td>Book value per share, NOK (parentbank)</td>
<td>48,14</td>
<td>44,23</td>
<td>42,81</td>
<td>41,80</td>
<td>36,85</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>5,06</td>
<td>5,32</td>
<td>5,42</td>
<td>6,84</td>
<td>6,88</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>n.a.</td>
<td>1,50</td>
<td>1,50</td>
<td>2,75</td>
<td>1,75</td>
</tr>
<tr>
<td>P/E</td>
<td>7,07</td>
<td>6,99</td>
<td>7,51</td>
<td>8,33</td>
<td>7,27</td>
</tr>
<tr>
<td>P/BV (group)</td>
<td>0,9</td>
<td>0,75</td>
<td>0,83</td>
<td>1,20</td>
<td>1,19</td>
</tr>
<tr>
<td>P/BV (parentbank)</td>
<td>0,99</td>
<td>0,84</td>
<td>0,95</td>
<td>1,36</td>
<td>1,36</td>
</tr>
</tbody>
</table>
## Balance sheet

### Balance sheet (MNOK)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with central banks</td>
<td>588</td>
<td>224</td>
</tr>
<tr>
<td>Balances with credit institutions</td>
<td>1,732</td>
<td>481</td>
</tr>
<tr>
<td><strong>Net loans to customers</strong></td>
<td><strong>115,992</strong></td>
<td><strong>103,671</strong></td>
</tr>
<tr>
<td>Certificates, bonds and other fixed-income securities</td>
<td>22,408</td>
<td>22,156</td>
</tr>
<tr>
<td>Financial derivatives</td>
<td>4,887</td>
<td>4,769</td>
</tr>
<tr>
<td>Shares, ownership stakes and other securities</td>
<td>880</td>
<td>546</td>
</tr>
<tr>
<td>Business available for sale</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>4,804</td>
<td>5,182</td>
</tr>
<tr>
<td>Other</td>
<td>2,263</td>
<td>1,549</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>153,639</strong></td>
<td><strong>138,663</strong></td>
</tr>
<tr>
<td>Balances with credit institutions</td>
<td>4,719</td>
<td>3,657</td>
</tr>
<tr>
<td>Public deposits related to covered bond swap scheme</td>
<td>6,429</td>
<td>7,299</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>70,714</td>
<td>69,195</td>
</tr>
<tr>
<td>Listed debt securities</td>
<td>50,124</td>
<td>37,935</td>
</tr>
<tr>
<td>Financial derivatives</td>
<td>2,235</td>
<td>2,665</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2,310</td>
<td>2,284</td>
</tr>
<tr>
<td>Additional Tier 1 and Tier 2 capital instruments</td>
<td>3,597</td>
<td>3,706</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>140,128</strong></td>
<td><strong>126,741</strong></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>13,511</strong></td>
<td><strong>11,922</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>153,639</strong></td>
<td><strong>138,663</strong></td>
</tr>
</tbody>
</table>
## Net commission and other income

<table>
<thead>
<tr>
<th>MNOk</th>
<th>30.09 13</th>
<th>30.09 12</th>
<th>Q3 13</th>
<th>Q2 13</th>
<th>Q1 13</th>
<th>Q4 12</th>
<th>Q3 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment facilities</td>
<td>174</td>
<td>158</td>
<td>66</td>
<td>56</td>
<td>52</td>
<td>47</td>
<td>61</td>
</tr>
<tr>
<td>Savings/placements</td>
<td>112</td>
<td>104</td>
<td>40</td>
<td>37</td>
<td>35</td>
<td>36</td>
<td>33</td>
</tr>
<tr>
<td>Insurance products</td>
<td>123</td>
<td>105</td>
<td>41</td>
<td>42</td>
<td>40</td>
<td>51</td>
<td>36</td>
</tr>
<tr>
<td>Commission income real estate (EM1)</td>
<td>324</td>
<td>328</td>
<td>101</td>
<td>127</td>
<td>96</td>
<td>99</td>
<td>105</td>
</tr>
<tr>
<td>Guarantee commission</td>
<td>82</td>
<td>68</td>
<td>29</td>
<td>26</td>
<td>27</td>
<td>21</td>
<td>24</td>
</tr>
<tr>
<td>Arrangement- and customer fees</td>
<td>46</td>
<td>44</td>
<td>15</td>
<td>14</td>
<td>17</td>
<td>31</td>
<td>13</td>
</tr>
<tr>
<td>Other</td>
<td>30</td>
<td>31</td>
<td>7</td>
<td>12</td>
<td>11</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Net commission and other income excl. SB1 Boligkreditt and SB1 Næringskreditt</td>
<td>891</td>
<td>837</td>
<td>299</td>
<td>314</td>
<td>278</td>
<td>290</td>
<td>286</td>
</tr>
<tr>
<td>Commission income SB1 Boligkreditt and SB1 Næringskreditt</td>
<td>444</td>
<td>218</td>
<td>167</td>
<td>151</td>
<td>126</td>
<td>121</td>
<td>88</td>
</tr>
<tr>
<td>Net commission and other income incl. SB1 Boligkreditt and SB1 Næringskreditt</td>
<td>1.335</td>
<td>1.055</td>
<td>466</td>
<td>465</td>
<td>404</td>
<td>411</td>
<td>374</td>
</tr>
</tbody>
</table>
## Net income on investment securities

<table>
<thead>
<tr>
<th></th>
<th>30.09 13</th>
<th>30.09 12</th>
<th>Q3 13</th>
<th>Q2 13</th>
<th>Q1 13</th>
<th>Q4 12</th>
<th>Q3 12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dividend</strong></td>
<td>35</td>
<td>25</td>
<td>3</td>
<td>32</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Investment income, associates</strong></td>
<td>260</td>
<td>243</td>
<td>130</td>
<td>31</td>
<td>99</td>
<td>22</td>
<td>90</td>
</tr>
<tr>
<td><strong>Securities gains/losses</strong></td>
<td>-94</td>
<td>107</td>
<td>-38</td>
<td>-55</td>
<td>-1</td>
<td>23</td>
<td>62</td>
</tr>
<tr>
<td>- of which capital change in shares and certificates</td>
<td>4</td>
<td>15</td>
<td>11</td>
<td>-28</td>
<td>21</td>
<td>46</td>
<td>35</td>
</tr>
<tr>
<td>- of which capital change in certificates and bonds</td>
<td>-98</td>
<td>92</td>
<td>-49</td>
<td>-27</td>
<td>-22</td>
<td>-23</td>
<td>27</td>
</tr>
<tr>
<td><strong>Currency/interest gains/loans</strong></td>
<td>159</td>
<td>106</td>
<td>42</td>
<td>54</td>
<td>63</td>
<td>52</td>
<td>39</td>
</tr>
<tr>
<td>- of which currency customer- and own-account trading</td>
<td>89</td>
<td>103</td>
<td>24</td>
<td>35</td>
<td>30</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>- of which IFRS-effects</td>
<td>70</td>
<td>3</td>
<td>18</td>
<td>19</td>
<td>33</td>
<td>19</td>
<td>5</td>
</tr>
<tr>
<td><strong>Net income on investment securities</strong></td>
<td>360</td>
<td>481</td>
<td>137</td>
<td>62</td>
<td>161</td>
<td>97</td>
<td>192</td>
</tr>
</tbody>
</table>
## Operating expenses

<table>
<thead>
<tr>
<th>MNO\k</th>
<th>30.09 13</th>
<th>30.09 12</th>
<th>Q3 13</th>
<th>Q2 13</th>
<th>Q1 13</th>
<th>Q4 12</th>
<th>Q3 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses</td>
<td>873</td>
<td>831</td>
<td>284</td>
<td>297</td>
<td>292</td>
<td>297</td>
<td>276</td>
</tr>
<tr>
<td>Non-recurring effect, pension-related items</td>
<td>0</td>
<td>-40</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-5</td>
<td>-5</td>
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<tr>
<td>Total personnel expenses</td>
<td>873</td>
<td>790</td>
<td>284</td>
<td>297</td>
<td>292</td>
<td>292</td>
<td>271</td>
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<tr>
<td>IT expenses</td>
<td>185</td>
<td>168</td>
<td>63</td>
<td>63</td>
<td>59</td>
<td>59</td>
<td>61</td>
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<tr>
<td>Marketing</td>
<td>65</td>
<td>58</td>
<td>17</td>
<td>29</td>
<td>19</td>
<td>23</td>
<td>16</td>
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<tr>
<td>Other administrative expenses</td>
<td>73</td>
<td>84</td>
<td>24</td>
<td>26</td>
<td>23</td>
<td>25</td>
<td>28</td>
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<tr>
<td>Total administrative expenses</td>
<td>323</td>
<td>310</td>
<td>104</td>
<td>118</td>
<td>101</td>
<td>107</td>
<td>105</td>
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<tr>
<td>Depreciation</td>
<td>53</td>
<td>57</td>
<td>17</td>
<td>18</td>
<td>18</td>
<td>30</td>
<td>19</td>
</tr>
<tr>
<td>Operating expenses from real estate</td>
<td>35</td>
<td>34</td>
<td>10</td>
<td>13</td>
<td>12</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>201</td>
<td>193</td>
<td>63</td>
<td>71</td>
<td>67</td>
<td>65</td>
<td>60</td>
</tr>
<tr>
<td>Total other operating expenses</td>
<td>289</td>
<td>284</td>
<td>90</td>
<td>102</td>
<td>97</td>
<td>105</td>
<td>90</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>1,485</td>
<td>1,384</td>
<td>478</td>
<td>517</td>
<td>490</td>
<td>504</td>
<td>466</td>
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## Subsidiaries

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>30.09.13</th>
<th>30.09.12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MNOK</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EiendomsMegler 1 SR-Eiendom AS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of sales</td>
<td>5,615</td>
<td>5,681</td>
</tr>
<tr>
<td>Operating profit before tax</td>
<td>37,8</td>
<td>81,7</td>
</tr>
<tr>
<td><strong>SpareBank 1 SR-Finans AS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets (BNOK)</td>
<td>6,3</td>
<td>6,0</td>
</tr>
<tr>
<td>Operating profit before tax</td>
<td>120,7</td>
<td>77,3</td>
</tr>
<tr>
<td><strong>SR-Forvaltning AS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portfolio (BNOK)</td>
<td>7,2</td>
<td>6,3</td>
</tr>
<tr>
<td>Operating profit before tax</td>
<td>16,7</td>
<td>16,4</td>
</tr>
<tr>
<td><strong>SR-Investering AS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit before tax</td>
<td>9,9</td>
<td>5,9</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit before tax</td>
<td>-2,7</td>
<td></td>
</tr>
<tr>
<td><strong>Total subsidiaries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>182,4</td>
<td>181,3</td>
</tr>
</tbody>
</table>
Ownership interests

<table>
<thead>
<tr>
<th>MNOK</th>
<th>30.09.13</th>
<th>30.09.12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SpareBank 1 Gruppen AS (19.5% interest ownership)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>159.7</td>
<td>95.7</td>
</tr>
<tr>
<td>Adjusted profit previous years</td>
<td>-1.6</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>SpareBank 1 Boligkreditt AS (29.9% interest ownership)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>40.6</td>
<td>70.3</td>
</tr>
<tr>
<td>Adjusted profit previous years</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td><strong>SpareBank 1 Næringskreditt AS (24.1% interest ownership)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>4.9</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>BN Bank ASA (23.5% interest ownership)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>48.0</td>
<td>23.8</td>
</tr>
<tr>
<td>Amortised</td>
<td>6.1</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>0.8</td>
<td>31.5</td>
</tr>
<tr>
<td><strong>Total ownership interests</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>260.3</td>
<td>243.3</td>
</tr>
</tbody>
</table>

* On 28 September 2013, SpareBank 1 Gruppen AS sold its stake in SpareBank 1 Markets.
**Bank 1 Oslo Akershus is included in Other at 30.09.12, with 31.1 MNOK
### Impairment losses on loans and guarantees

<table>
<thead>
<tr>
<th></th>
<th>30.09</th>
<th>30.09</th>
<th>Q3 13</th>
<th>Q2 13</th>
<th>Q1 13</th>
<th>Q4 12</th>
<th>Q3 12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Losses on loans in income statement (MNOK)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate customers</td>
<td>13</td>
<td>12</td>
<td>9</td>
<td>22</td>
<td>27</td>
<td>28</td>
<td>44</td>
</tr>
<tr>
<td>Retail customers</td>
<td>24</td>
<td>8</td>
<td>23</td>
<td>3</td>
<td>-2</td>
<td>-2</td>
<td>-1</td>
</tr>
<tr>
<td>Change in collective impairment losses on loans</td>
<td>0</td>
<td>-30</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net impairment losses on loans</td>
<td>82</td>
<td>111</td>
<td>32</td>
<td>25</td>
<td>25</td>
<td>26</td>
<td>43</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>30.09</th>
<th>30.09</th>
<th>30.09</th>
<th>30.06</th>
<th>31.03</th>
<th>31.12</th>
<th>30.09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impairment losses on loans (MNOK)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate customers</td>
<td>293</td>
<td>419</td>
<td>293</td>
<td>311</td>
<td>340</td>
<td>326</td>
<td>419</td>
</tr>
<tr>
<td>Retail customers</td>
<td>104</td>
<td>101</td>
<td>104</td>
<td>78</td>
<td>91</td>
<td>97</td>
<td>101</td>
</tr>
<tr>
<td>Collective impairment losses on loans</td>
<td>332</td>
<td>332</td>
<td>332</td>
<td>332</td>
<td>332</td>
<td>332</td>
<td>332</td>
</tr>
<tr>
<td>Total impairment losses on loans</td>
<td>729</td>
<td>852</td>
<td>729</td>
<td>721</td>
<td>763</td>
<td>755</td>
<td>852</td>
</tr>
</tbody>
</table>
Savings/placements – portfolio development

- **Assets under management of NOK 13.2 billion as at 30 September 2013**
  - Increase from NOK 11.7 billion as at 30 September 2012
  - 51,964 active savings contracts - approximately NOK 45.0 million in monthly savings

- **Most of the assets are managed by SR-Forvaltning and ODIN Forvaltning.**
• 94.3 % of the bank's loan exposure satisfies the criteria for low and the lowest risk. Expected losses in this portion of the portfolio are very limited at 0.04 %.

• Exposure to high or the highest risk accounts for 1.2 % of the bank's loan exposure. Expected losses in this portion of the portfolio are 3.4 %.

• 68.1 % of the bank's loan exposure is to loans constituting less than NOK 10 million. This corresponds to 99 % of all customers.

• 19.1 % of the bank's loan exposure is to customers who have an exposure in excess of NOK 100 million. The credit quality in this portion of the portfolio is better than in the rest of the corporate market portfolio.

* Expected loss through a business cycle
Low concentration of individual LGRs in the lending portfolio

- At the end of the third quarter of 2013, SpareBank 1 SR-Bank had a total of 24 commitments with a loss potential exceeding NOK 100 million.

- These commitments represent less than 5% of the loan exposure.

- This is a reduction compared with the previous quarter in which there were 27 such commitments, which accounted for 5% of the loan exposure.

- There is a clearly defined strategy behind this portfolio composition. The growth and risk profile are managed, for example, through special credit strategy limits for concentration risk.

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

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

Distributed by loss given realisation (LGR)
Lending to the retail market - risk profile

- The quality of the retail market portfolio is considered very good and with low potential losses.

- The development is characterised by stability, and 99.3% are assessed to represent a low or the lowest risk for the bank.

- Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to security value.

Figures include the portfolio transferred to SpareBank 1 Boligkreditt AS.
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 the last 12 months. It currently stands at 91.9%.

- 98.1% of gross exposure is also within 85% of the assessed value of collateral. This means that only 1.9% 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.
SpareBank 1 SR-Bank has in the last year introduced restrictions to reduce the risk associated with new mortgages. These include stricter mortgage deposit requirements and liquidity assessments when buying property, as well as more thorough risk assessments.

There is an increasing proportion of loans within a 70% loan to value ratio during the last year and a diminishing proportion of loans that have a loan to value ratio exceeding 85%.

Over 96% of the exposure is within 85% of the collateral’s value, and about 3.2% of the exposure exceeds 85% of the collateral’s value.

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

- The quality of the corporate market portfolio is considered to be good.

- The risk profile has seen a relatively stable development over time*. The proportion of loans with expected losses of less than 0.5% at the end of the quarter represent 84.8%.

- The proportion of loans with expected losses in excess of 2% at the end of the quarter represent 3.2%.

* 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.
Historical LTV development for home mortgage loans

- **Total incl. SpareBank 1 Boligkreditt AS**
- **SpareBank 1 SR-Bank ASA**

- LTV < 70 %
- LTV 70 - 85 %
- LTV 85 - 100 %
- LTV > 100 %

Graphs showing the distribution of loan to value (LTV) ratios for different quarters from 2011Q3 to 2013Q3.
Low exposure to the shipping segment

- Lending to conventional shipping is low and represents 1.2% of total loans.
- Lending to the offshore sector represents 5.0% of total loans.
- Lending, undrawn credit limits and guarantees to these sectors total NOK 10.5 billion.
- 21.3% of the exposure is to conventional shipping.
- 78.7% 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 30.09.2012 in brackets.
Lending to real estate

- Lending to real estate constitutes 15.5% of total loans, which is an increase of 0.1% compared with the same time last year.

- The portfolio is characterised by lending to commercial properties for leasing with long-term contracts and financially solid tenants. The vacancy rate is limited. Interest rates for a significant portion of this portfolio have been hedged.

All figures in %. Figures as at 30.09.2012 in brackets.

Sector allocation in accordance with the standard categories from Statistics Norway.
Liquidity buffer and bond portfolio

Liquidity buffer - survival period

- **Liquidity buffer at the end of the quarter**: NOK 16.5 billion
- **Other liquid assets**:
  - Home mortgages prepared for transfer to mortgage company: NOK 9.7 billion
  - Commercial paper and bonds in the trading portfolio: NOK 0.4 billion

Bond portfolio

<table>
<thead>
<tr>
<th>Bond investments</th>
<th>Market value, MNOK</th>
<th>Share %</th>
<th>Of which, securities classified to amortised cost, MNOK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norwegian government/municipal</td>
<td>1.021</td>
<td>7 %</td>
<td>0</td>
</tr>
<tr>
<td>SSA/Foreign guaranteed</td>
<td>2.121</td>
<td>14 %</td>
<td>0</td>
</tr>
<tr>
<td>Covered bonds (Norwegian/foreign)</td>
<td>10.611</td>
<td>70 %</td>
<td>0</td>
</tr>
<tr>
<td>Norwegian bank/finance</td>
<td>690</td>
<td>5 %</td>
<td>0</td>
</tr>
<tr>
<td>Foreign bank/finance</td>
<td>299</td>
<td>2 %</td>
<td>81</td>
</tr>
<tr>
<td>Industry/Other</td>
<td>329</td>
<td>2 %</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15.071</strong></td>
<td><strong>100 %</strong></td>
<td><strong>81</strong></td>
</tr>
</tbody>
</table>


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 bank’s liquidity management activities. Bonds held for liquidity purposes are generally very low risk.**

- **The bank has no direct exposure to debt in EU peripheral countries.**

<table>
<thead>
<tr>
<th>Total portfolio</th>
<th>Market value</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk category</td>
<td>Rating</td>
<td>NOK million</td>
</tr>
<tr>
<td>Government swap scheme</td>
<td>AAA</td>
<td>6.799</td>
</tr>
<tr>
<td>Very low risk</td>
<td>AAA, AA+, AA og AA-</td>
<td>13.838</td>
</tr>
<tr>
<td>Low risk</td>
<td>A+, A og A-</td>
<td>893</td>
</tr>
<tr>
<td>Moderate risk</td>
<td>BBB+, BBB og BBB-</td>
<td>426</td>
</tr>
<tr>
<td>High risk</td>
<td>BB+, BB og BB-</td>
<td>173</td>
</tr>
<tr>
<td>Very high risk</td>
<td>B+ and lower</td>
<td>179</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>22.308</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Treasury purposes:</th>
<th>Market value</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk category</td>
<td>Rating</td>
<td>NOK million</td>
</tr>
<tr>
<td>Government swap scheme</td>
<td>AAA</td>
<td>6.799</td>
</tr>
<tr>
<td>Very low risk</td>
<td>AAA, AA+, AA og AA-</td>
<td>13.838</td>
</tr>
<tr>
<td>Low risk</td>
<td>A+, A og A-</td>
<td>892</td>
</tr>
<tr>
<td>Moderate risk</td>
<td>BBB+, BBB og BBB-</td>
<td>341</td>
</tr>
<tr>
<td>High risk</td>
<td>BB+, BB og BB-</td>
<td>0</td>
</tr>
<tr>
<td>Very high risk</td>
<td>B+ and lower</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td>21.870</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Trading purposes</th>
<th>Market value</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk category</td>
<td>Rating</td>
<td>NOK million</td>
</tr>
<tr>
<td>Very low risk</td>
<td>AAA, AA+, AA og AA-</td>
<td>0</td>
</tr>
<tr>
<td>Low risk</td>
<td>A+, A og A-</td>
<td>1</td>
</tr>
<tr>
<td>Moderate risk</td>
<td>BBB+, BBB og BBB-</td>
<td>85</td>
</tr>
<tr>
<td>High risk</td>
<td>BB+, BB og BB-</td>
<td>173</td>
</tr>
<tr>
<td>Very high risk</td>
<td>B+ and lower</td>
<td>179</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>438</td>
</tr>
</tbody>
</table>
Norwegian Housing and Mortgage Market
Key Characteristics

| Market | • Total mortgage market approx NOK 2,000 billion (approx USD 360bn, €260bn)  
|        | • Banks and credit institutions are the dominant supplier of mortgages with over 90% market share  
|        | • Typical maturity 25-30 years and repayment mortgages  
|        | • No subprime market |

| Home Ownership | • 80% of households owner occupied (little buy to let)  
|                | • Amongst the highest home ownership in the world |

| Social Security | • Generous unemployment benefits  
|                | • Unemployment benefit represents ca 60% of final salary for 104 weeks |

| Personal Liability | • Borrowers are personally liable for their debt, also for outstanding debt post foreclosure and forced sale  
|                    | • Swift foreclosure regime upon non-payment  
|                    | • Individual borrowers have tight relationship with their lenders  
|                    | • Transparent information about borrowers |

| Regulation | • Max Loan to value: 85% (75% legal limit for cover pool)  
|            | • Interest only mortgages: max70% LTV  
|            | • 5% mortgage interest rate increase as stress test  
|            | • New Proposed risk weighting for mortgages 35% |

| Interest Payments | • 90-95% of mortgages are variable rate  
|                   | • Interest rates can be reset at the lender’s discretion, by giving the debtor 6 weeks notice |

| Tax Incentives | • 28% of interest paid is tax deductible (equal to the basic rate of tax)  
|                | • Low effective real estate tax (lower net worth tax on real estate than financial assets) |

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Source: Statistics Norway for household credit growth and mortgage split
Norwegian Economy - international context

Unemployment rates

- Norway
- Sweden
- Denmark
- UK
- US
- Euro area

GDP growth rates

- Norway (mainland)
- Sweden
- Denmark
- UK
- US
- Euro area

Source: OECD Economic Outlook no.92 and Statistics Norway
Norwegian Economy
..has translated into a solid net financial position

2013 governments financial liabilities (in per cent of GDP)

Source: OECD Economic Outlook no. 92
Aggregate Household Debt Burden

Total Debt burden in per cent of household income (after tax)

Norway:

- All HH debts included in the statistic, question of int’l comparability
- High home ownership (mortgage debt rather than rent commitments)
- Generous benefits (pensions, healthcare, education, childcare, maternity, unemployment)
- Income growth over the last decades has far outpaced the cost of necessities in the time period shown
- HH savings rate is high (8.2% in 2011): debt reduction possible
- FSA advises limit on mortgage debt underwriting in private banks: 85% LTV; 3x HH income; stress-test of ability to repay; effective from 2H 2011
Owners of the alliance

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

Products, commissions, dividends

Sales, loan portfolios, capital

Companies directly owned by the banks

- BN Bank
- Bank 1 Oslo Akershus
- SpareBank 1 Covered Bonds, residential
- SpareBank 1 Covered Bonds, Commercial

SpareBank 1 Gruppen AS

- SpareBank 1 Life insurance (100 %)
- SpareBank 1 Nonlife insurance (100 %)
- ODIN Asset Management (100 %)
- Collection (100 %)
- SpareBank 1 Factoring (100 %)

Banking Cooperation
**Our vision: Recommended by customers**

<table>
<thead>
<tr>
<th>Primary objective</th>
<th>Financial targets</th>
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<tr>
<td>• SpareBank 1 SR-Bank ASA is committed to value creation in the bank’s core market area</td>
<td>• ROE 13-15% at a normalised level of interest rates</td>
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<td>• Sustainable contribution to the value creation process in the region through;</td>
<td>• Top 50% ROE and cost/income in a Nordic benchmark</td>
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<td>• Sustainable and profitable business model</td>
<td>• Core equity Tier 1 capital ratio at minimum 10%</td>
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<td>• Owner friendly and stable dividend policy</td>
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<table>
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<tr>
<th>Strategic goals</th>
<th>Strategic focus</th>
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<tr>
<td>• Most attractive and preferred partner for financial services in South-Western Norway, based on;</td>
<td>• Targeted customer growth and increased product mix</td>
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<td>• Good customer experience</td>
<td>• Innovative and continuing focus on efficiency</td>
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<td>• Strong team spirit and professionalism</td>
<td>• Expertise adapted to future customer needs</td>
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<td>• Local anchoring and local decisions</td>
<td>• Sustainable and diversified funding mix</td>
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<td>• Solvency, profitability and trust by the market</td>
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