

# CREDIT PROFILE OF SPAREBANK 1 SR-BANK

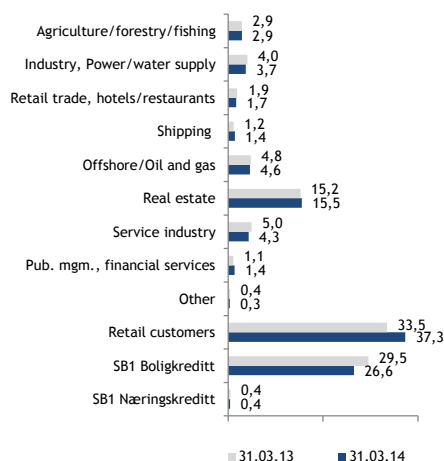
29 April 2014

SpareBank 1 SR-Bank is a Norwegian regional savings bank rated A2 / A-

## SpareBank 1 SR-Bank in brief

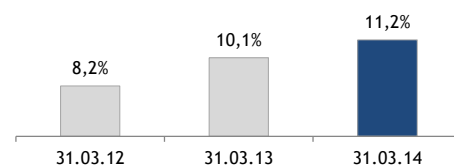
- SR-Bank is a Norwegian bank concentrating on the market in the Southwestern region of Norway. The Bank traces its roots to 1839 and business lines focus on traditional savings and mortgages
- SR-Bank is the market leader with a 38% market share. Our market share is underpinned by strong brand recognition and local presence and in recent years our presence has continued to grow in the adjacent Hordaland and Agder counties
- SR-Bank has three principal business areas: Retail Division, Corporate Division and Capital Markets Division. In addition, three fully owned subsidiaries, specialize in real estate brokerage, asset management and lease financing. SR-Bank is also the joint owner of the covered bond institutions, SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt
- SR-Bank operates as an independent financial institution within the SpareBank 1 Alliance. The Alliance was formed in 1996 as a strategic partnership with six other regional Norwegian banks in order to realize synergies with regards to expenses, IT solutions, marketing and branding
- SR-Bank's long-term rating is A2/A- and short term rating is P-1/F2 from Moody's and Fitch. Both agencies currently have SR-Bank on stable outlook

## Lending portfolio (in per cent)



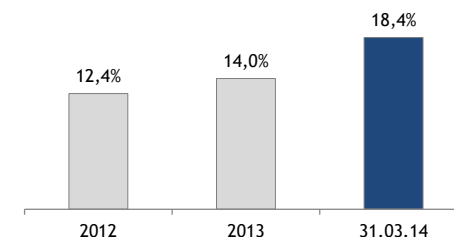
Key figures	Q1 2014	Q1 2013	2013	2012	2011
Net interest margin (%)	1,40	1,27	1,42	1,27	1,31
Net loans to customers (BNOK)	122	112	120	109	101
Impairment losses on loans (%)	0,18	0,09	0,11	0,13	0,13
Total assets (BNOK)	158	146	157	142	131
Total Equity (BNOK)	14,7	13,0	14,1	12,6	10,0

## CET1 ratio



Income statement (MNOK)	Q1 2014	Q1 2013	2013	2012	2011
Net interest income	547	451	2.119	1.742	1.756
Net commission and other income	480	404	1.824	1.466	1.192
Net investment income	319	161	555	578	319
Total Income	1.346	1.016	4.498	3.786	3.267
Total operating expenses	505	490	2.019	1.888	1.633
Operating Profit	841	526	2.479	1.898	1.634
Impairment Losses	54	25	132	137	139
Net Profit	659	394	1.860	1.361	1.081

## Return on equity

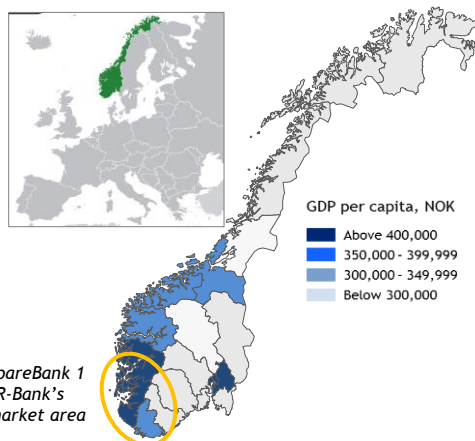


SR-Bank operates in the most expanding region of one of Europe's strongest economies

## Market characteristics

- The Norwegian economy remains one of the strongest globally, by a number of key metrics;
  - Government surplus expect to be equivalent to 16% of GDP
  - Unemployment rate of 3.6%
  - GDP growth of 2.4%
  - Second highest GDP per capita in Europe
- SR-Bank's principal regions, Rogaland, Hordaland and Agder are all part of the Southwestern region. This region is one of Norway's most populous, containing 76% of the country's registered oil service companies and accounting for 75% of the total revenues
- Stavanger, the regional capital of Rogaland and SR-Bank's headquarters, is the centre of the Norwegian oil industry. The oil industry constitutes the backbone of the region's strong economy and further growth is anticipated in the region as a result of recent oil and gas discoveries
- In addition to the strong commercial development in the region, government infrastructure investments continue to remain significant and are planned to reach 100 - 150 BNOK within the next ten years

## Geographical focus



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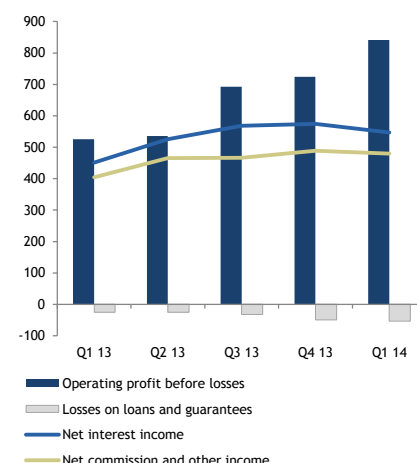
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Q1 2014 generated an improved result and stronger equity position - flavoured by one-off effect

Financial highlights	Measure	Q1 2014	2013	2012
Improved earnings y-o-y from underlying operations driven by increased lending margins while deposit margins came under pressure	Pre-tax profit (MNOK)	787	2.347	1.761
	Net interest margin (%)	1,40	1,42	1,27
	Return on equity after tax (%)	18,4	14,0	12,4
Low write-downs on loans and stable level of impaired loans	Impairment losses on loans and guarantees (% of gross loans)	0,18	0,11	0,13
Continued focus on cost structure and efficiency	Cost ratio	37,5	44,9	49,9
SR-Bank has experienced a solid growth in customers underpinned by strong brand recognition and local presence	Annual growth in loans to customers, gross	3,8	5,3	7,8
	Annual growth in deposits from customers (%)	8,5	6,0	5,5
Strong capital generation allowed an improved CET 1 while increase in balance sheet	Total assets on balance sheet (BNOK)	158	157	142
	CET 1 capital ratio (%)	11,2	11,1	10,0

## Quarterly financial development

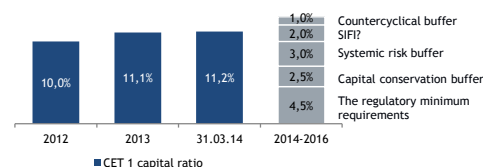
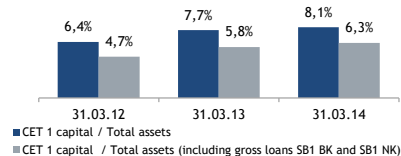
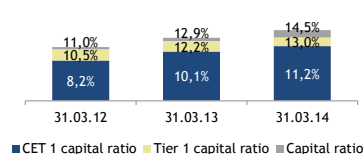


## SR-Bank displays high solidity

### Solvency

### "Leverage ratio"

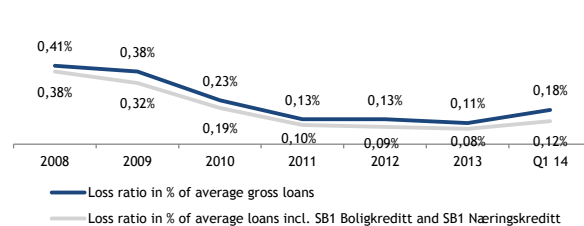
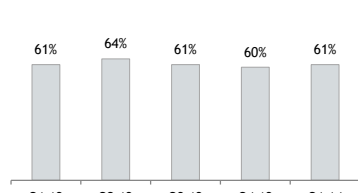
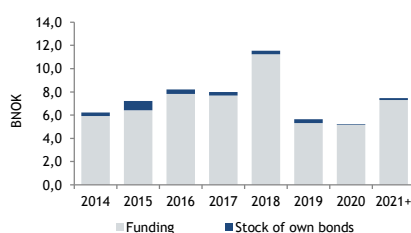
### Regulatory capital



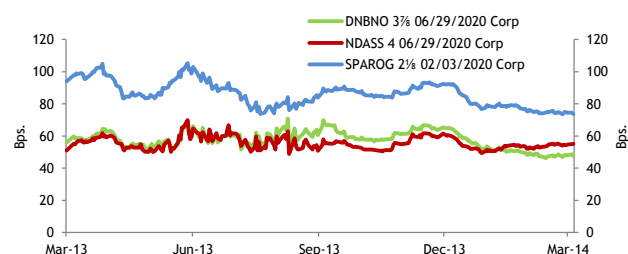
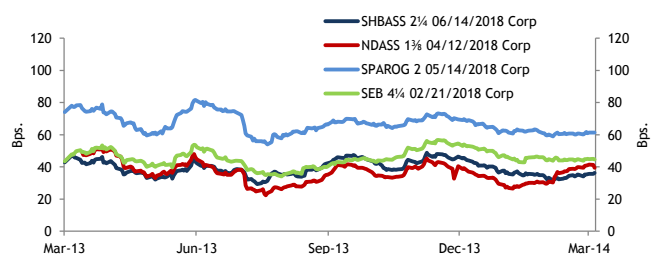
### Annual funding maturity

### Deposit to loan ratio

### Impairment losses



## SR-Bank's outstanding bonds offer pick-up to Nordic peers



Issuer / Ticker	Coupon	Amount	Maturity	ISIN
SR-Bank / SPAROG	3,625 %	EUR500mn	24-March-2015	XS0497119486
SR-Bank / SPAROG	3,500 %	EUR500mn	21-April-2016	XS0551556409
SR-Bank / SPAROG	3,500 %	EUR500mn	27-March-2017	XS0762421195
SR-Bank / SPAROG	2,000 %	EUR500mn	14-May-2018	XS0853250271
SR-Bank / SPAROG	2,125 %	EUR500mn	27-February-2019	XS0965489239
SR-Bank / SPAROG	2,125 %	EUR500mn	03-February-2020	XS0876758664
SR-Bank / SPAROG	2,125 %	EUR750mn	14-April-2021	XS105536251

Markets

SpareBank  
SR-BANK