

# Sparebanken Sør

## Q3 2011

# Sparebanken Sør

1825	1973	1984	2007	2011	→
<p>Sparebanken Sør has its origin from 1825, when Arendal Sparebank was set up as one of the first six banks in Norway.</p>	<p>In 1973 the bank merged with four other savings banks in Aust-Agder, and formed Aust-Agder Sparebank.</p>	<p>Sparebanken Sør was established in 1984 after a merger between Aust-Agder Sparebank, two other savings banks in Aust-Agder og nine in Vest-Agder. Later, several banks have joined, many of them from Telemark. So today, we have also a strong orientation eastward.</p>	<p>In 2007 we opened a branch in Bø in Telemark and in 2008 we opened our first brance in Grenland.</p>	<p>Sparebanken Sør is an independet savings bank with total assets of 40,3 BNOK and 316 man-years as at 31. sept 2011. The Head Office is in Arendal. The bank serves retail, corporate and public sector from 29 branches in the counties of Agder and Telemark.</p>	<p>As an independent savings bank close to customers and with local decition-making, we will be the most important and best bank for the counties of Agder and Telemark. We will help create growth and value for people and businesses in the region.</p>

We have supported businesses and people in the region to realize their dreams for more than 180 years, and have thus influenced the local history...

## Vest Agder

- 172.000 inhabitants
- 7.276 square km
- 11 branches



## Aust Agder

- 108.000 inhabitants
- 9.212 square km
- 12 branches



## Telemark

- 169.000 inhabitants
- 15.299 square km
- 6 branches



# Highlights

**Sound growth on both loans and deposits**

**Positive development on income despite pressure on margins**

**Discipline on costs, reduced costs**

**Total assets exceeded NOK 40 billion**

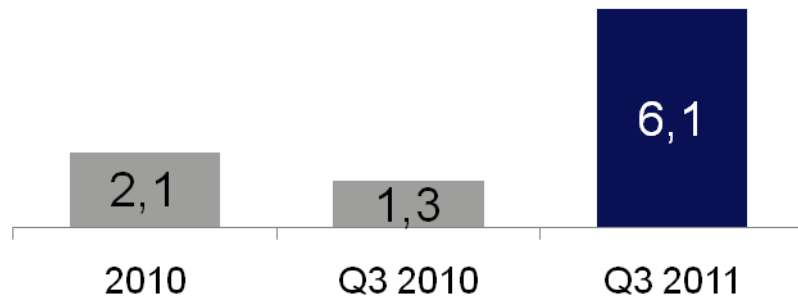
# Key figures

<b>Profit and loss</b>	<b>Q3 2011</b>	<b>Q3 2010</b>	<b>9M 2011</b>	<b>9M 2010</b>	<b>2010</b>
Net interest and credit commission income	162	166	478	503	668
Net commission income	38	41	111	122	152
Total other income	44	2	73	210	235
Total operating costs	115	126	344	341	459
Losses on loans, guarantees	18	15	64	57	122
Pre-tax profit	111	68	254	437	474

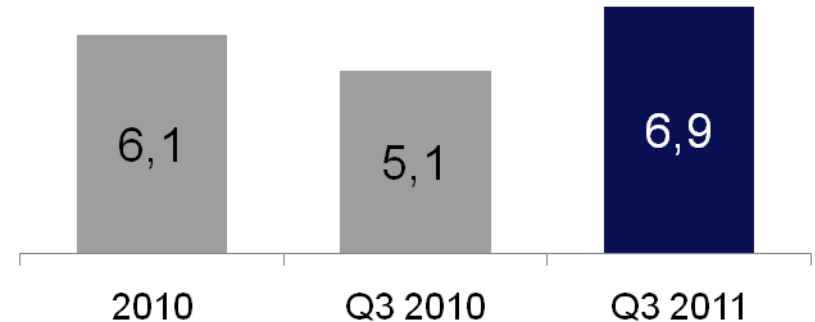
<b>Balance Sheet</b>			<b>9M 2011</b>	<b>9M 2010</b>	<b>2010</b>
Net loans			32.850	30.725	30.985
Deposits			17.911	16.877	17.319
Total assets			40.348	37.364	37.697

# Key figures

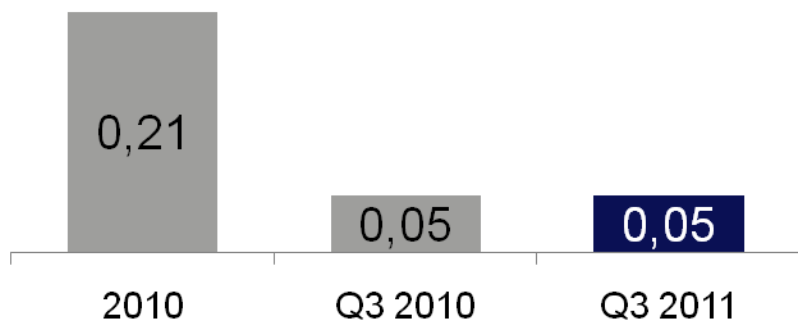
## Deposit growth (12 mnd)



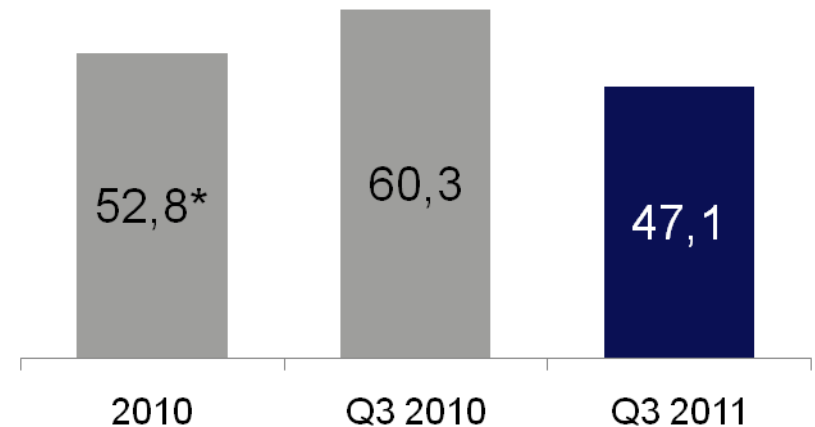
## Lending growth (12 mnd)



## Losses as % of total loans

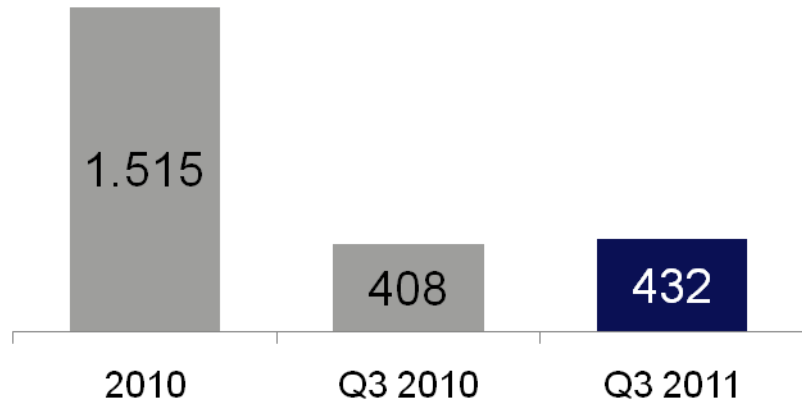


## Cost/income ratio

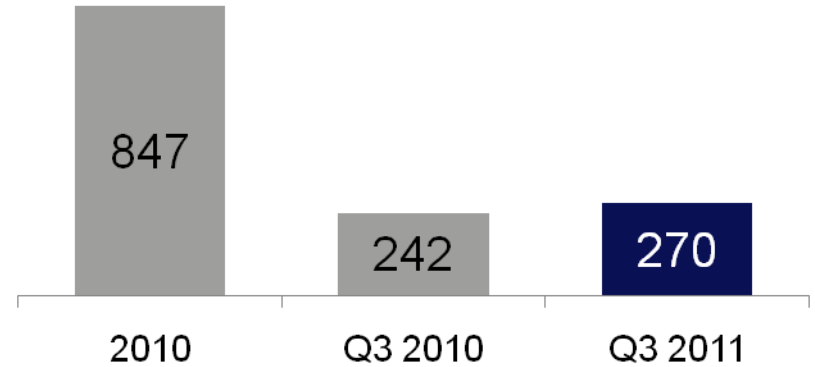


# Profit and loss

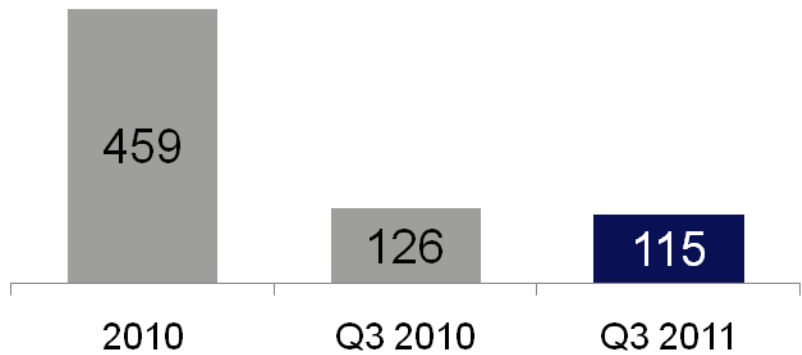
## Interest income



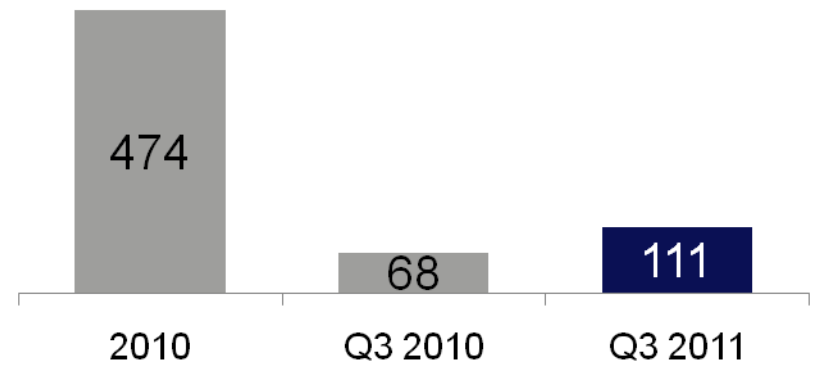
## Interest costs



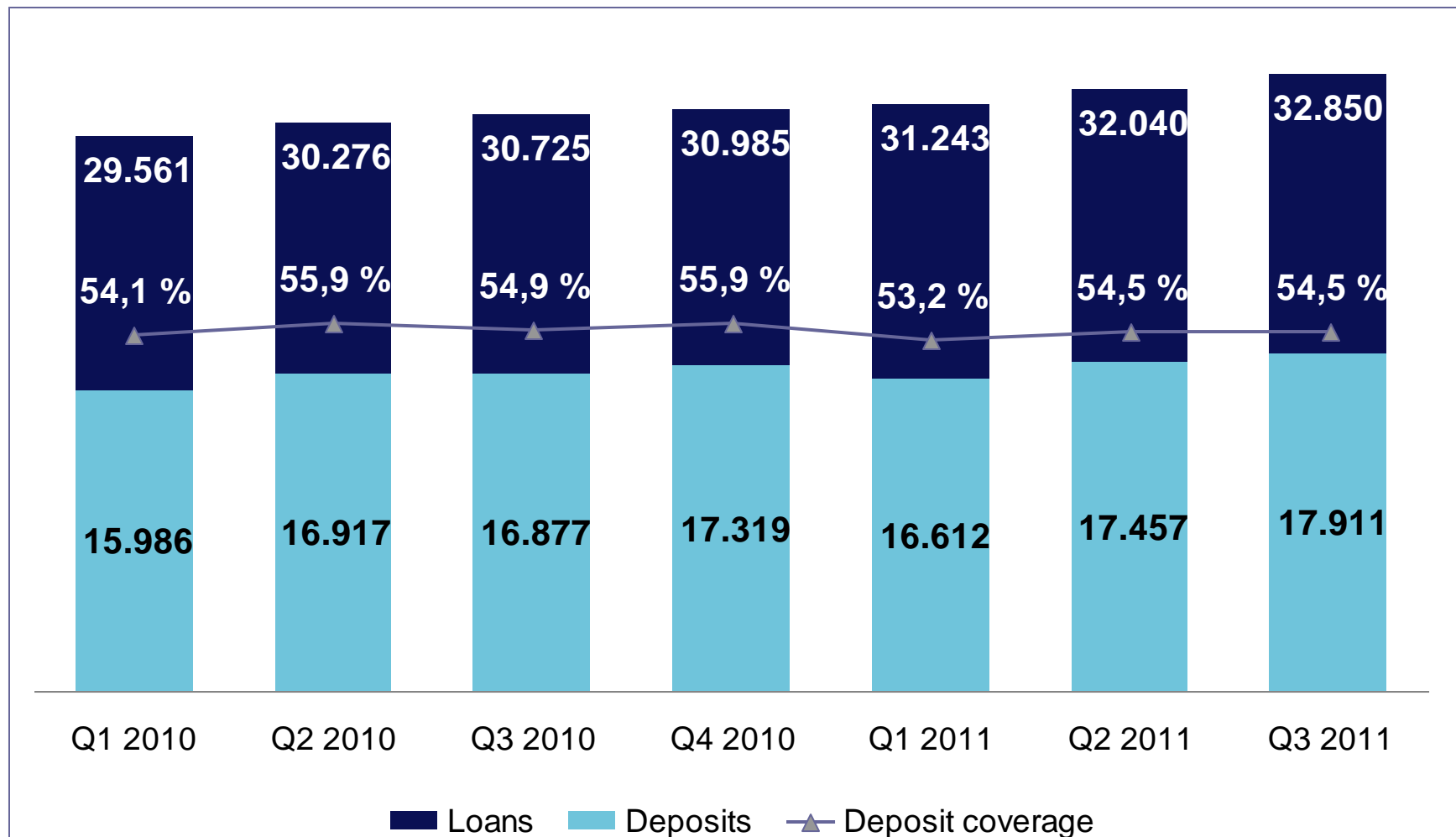
## Operating costs



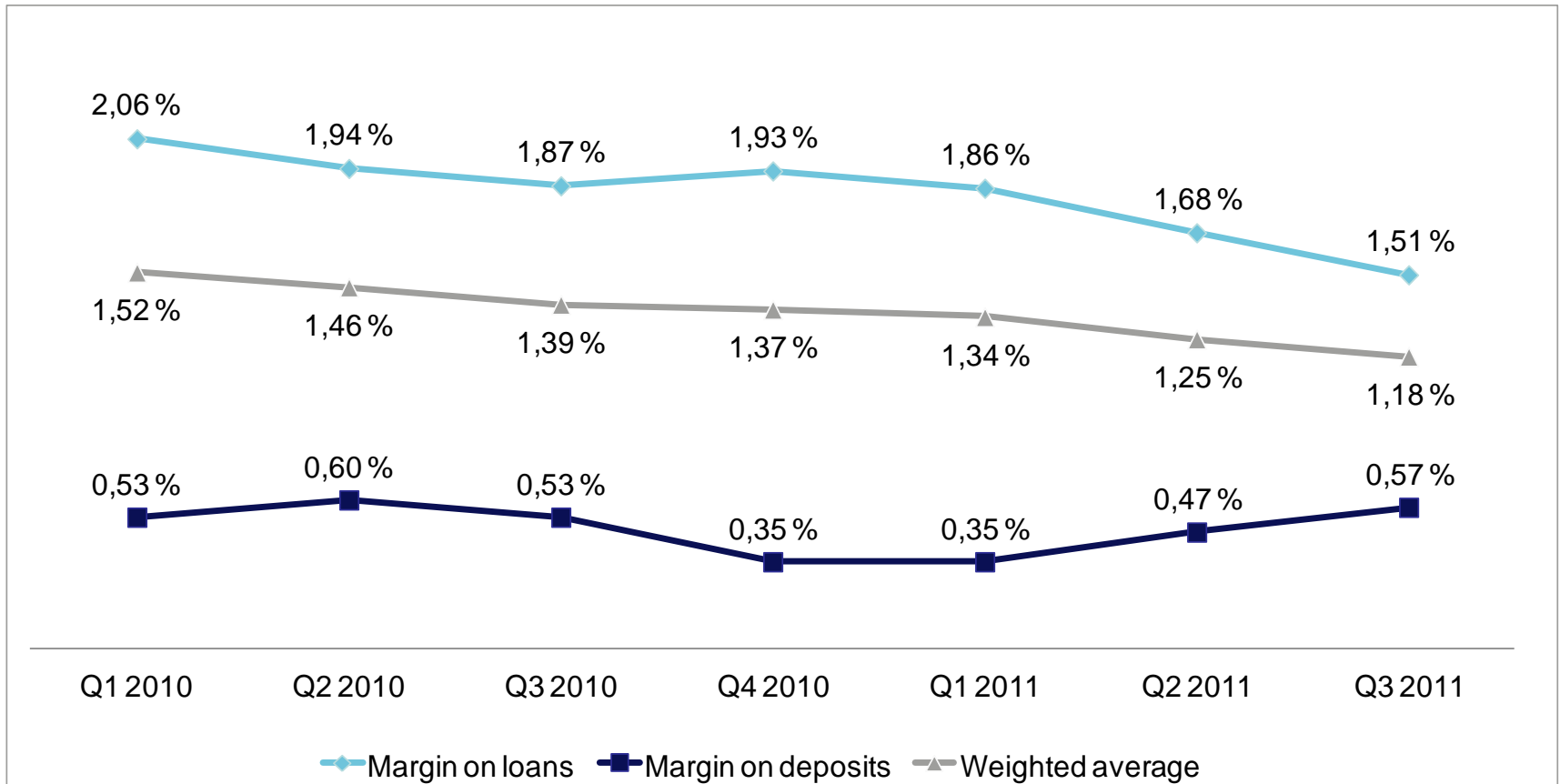
## Pre-tax profit



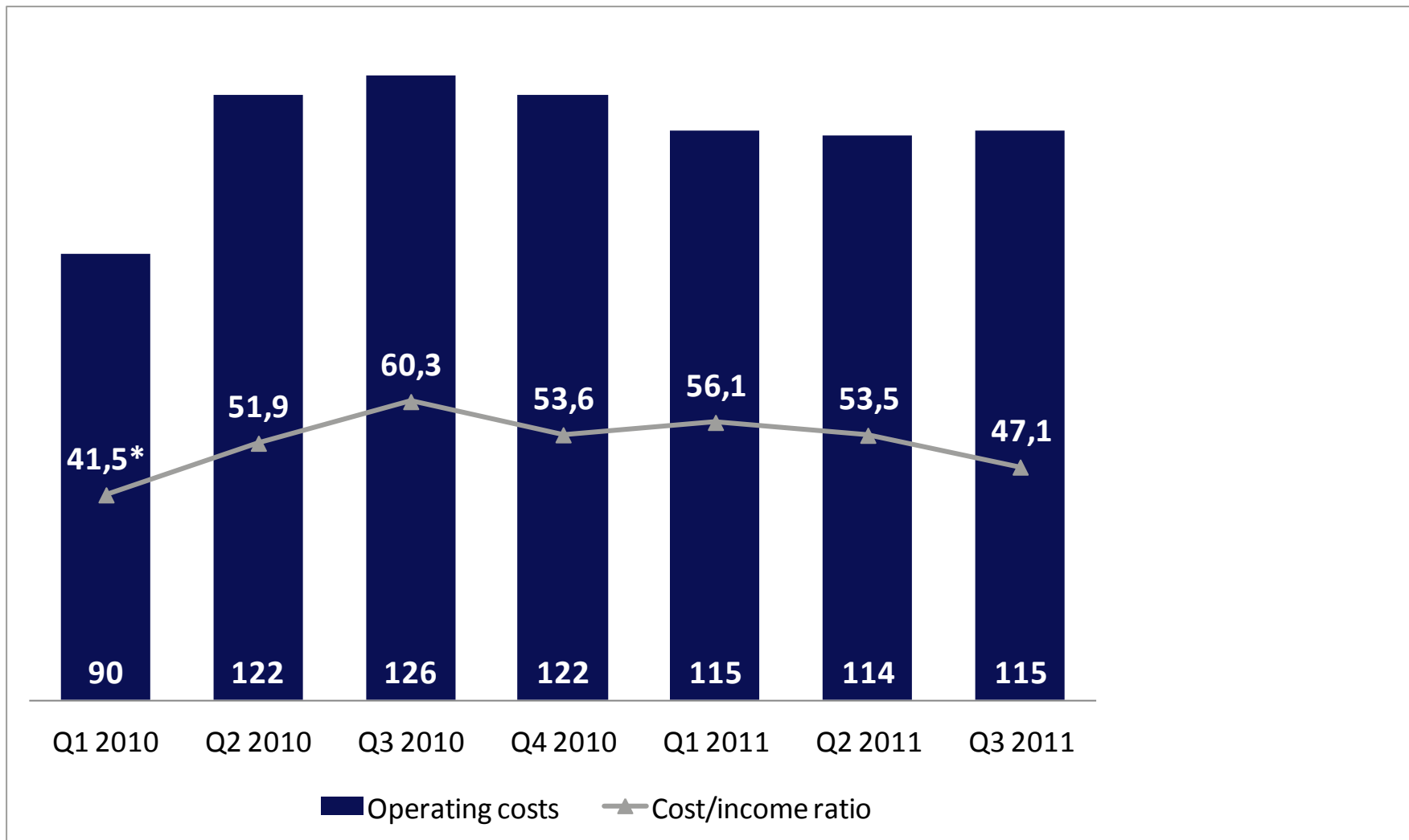
# Development deposits - loans



# Lending and deposit margins

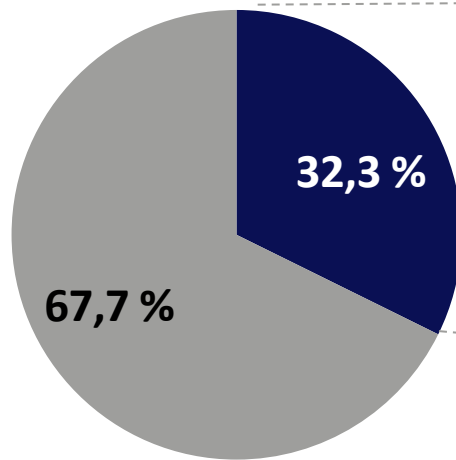


# Costs

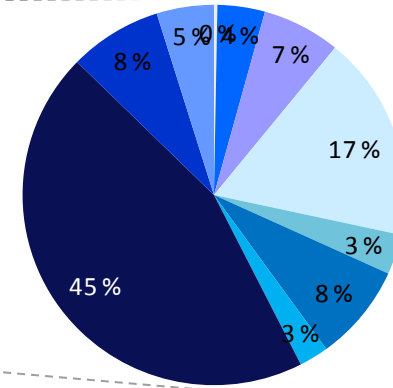


## Loans

## Corporate Market



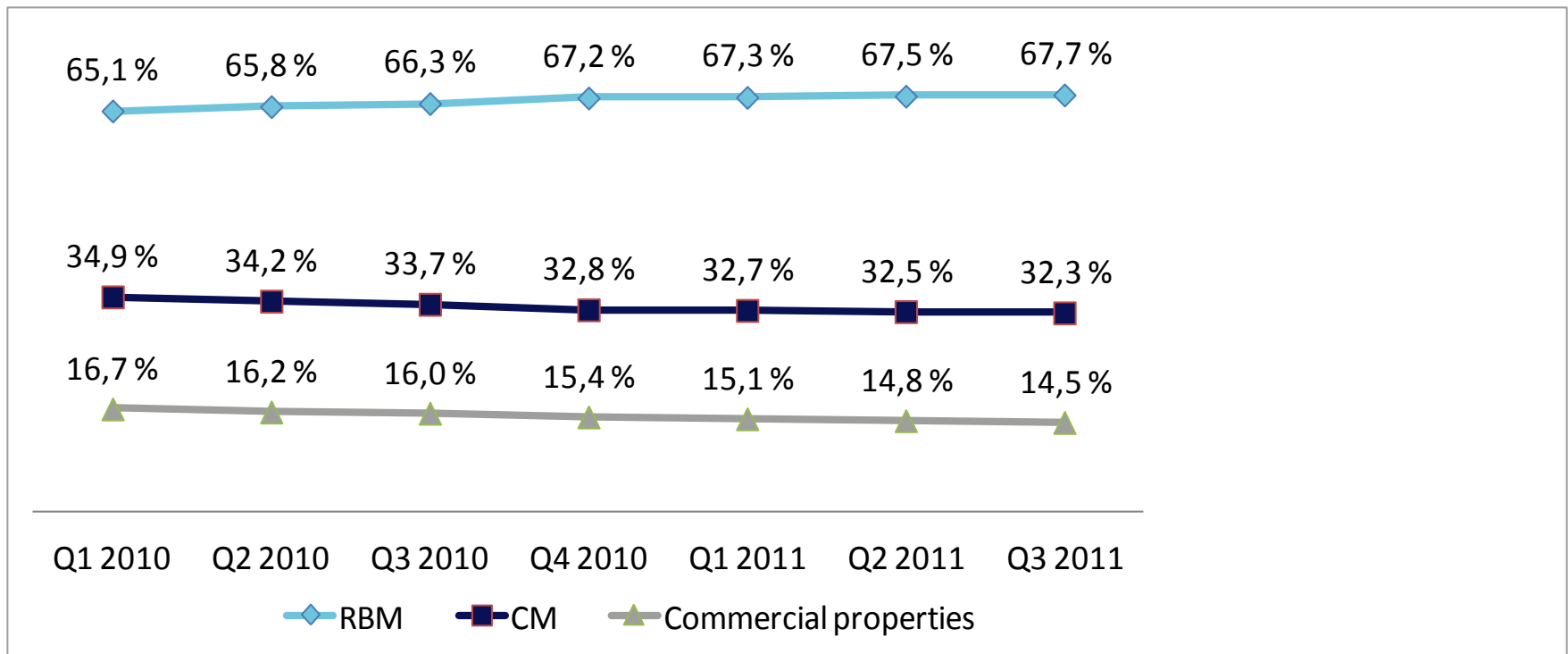
■ CM ■ RBM



- Public Sector
- Primary Industries
- Industry
- Building and Constructions
- Transport
- Wholesale and Retail Trade
- Hotel and Restaurant
- Commercial Properties
- Financial Services
- Sundry/Other Industries

**Well-diversified portfolio that reflects the business-activity in the region. Increased proportion of RBM.**

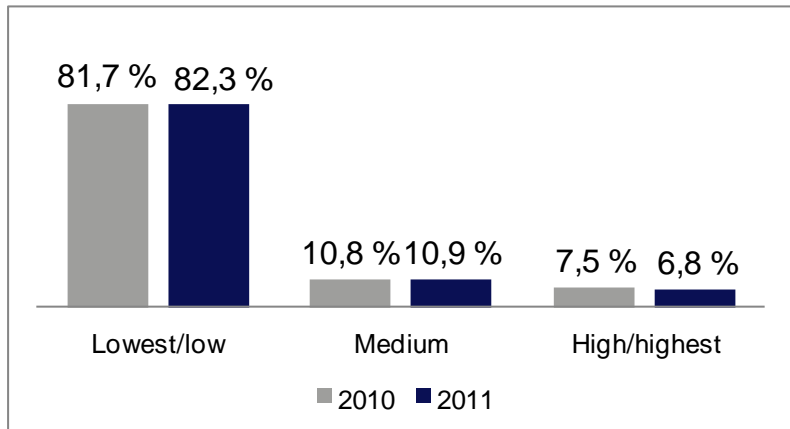
# Lending distribution – development



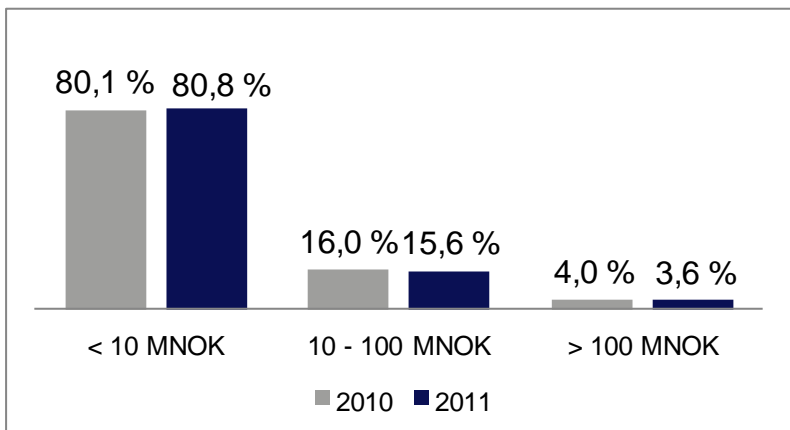
- Changed balance between RBM and CM reduces risk in the portfolio
- Greater diversification in CM reduces exposure to individual industries

# Risk profile

## Portfolio according to risk groups

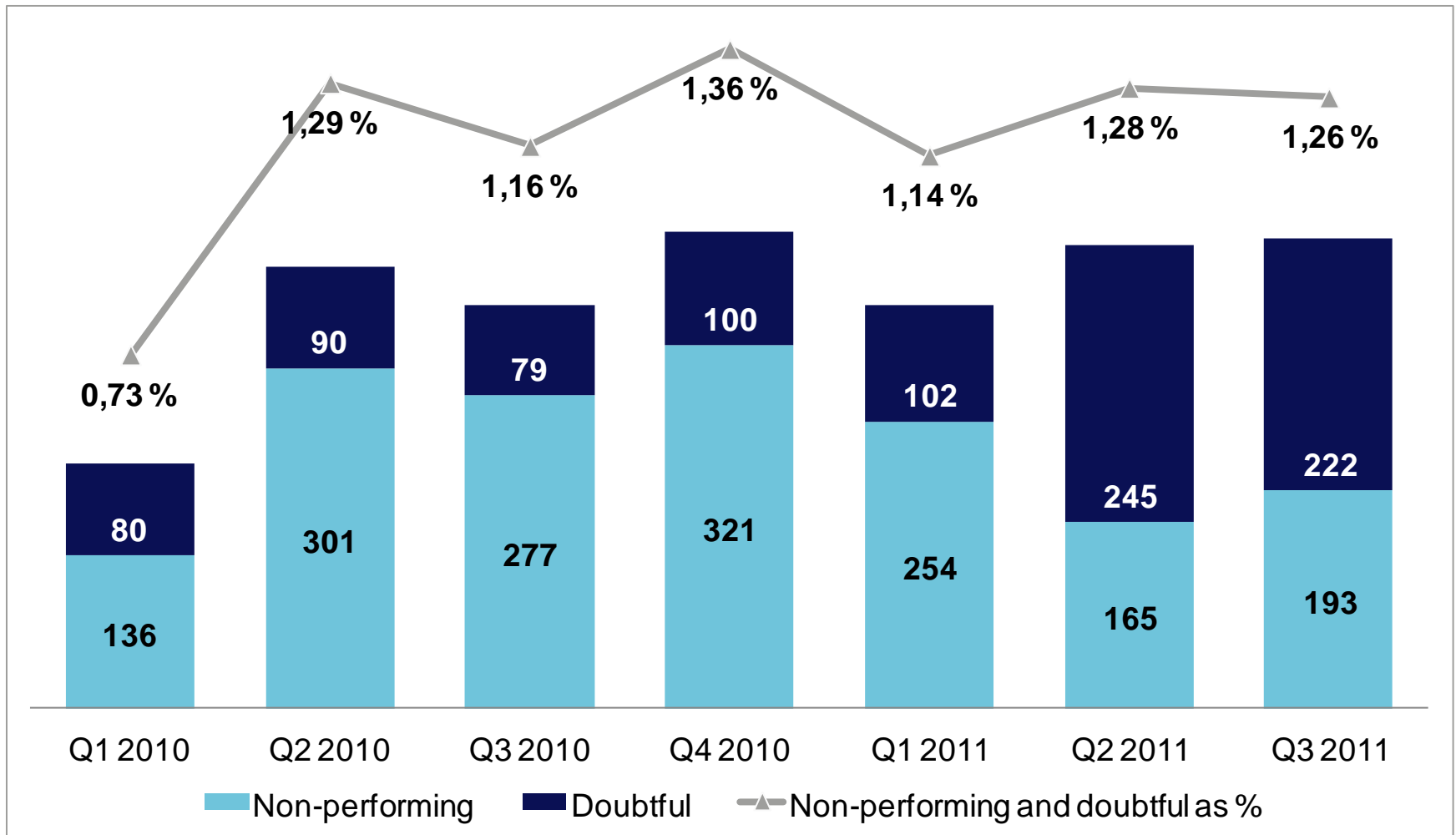


## Loans according to size of commitments



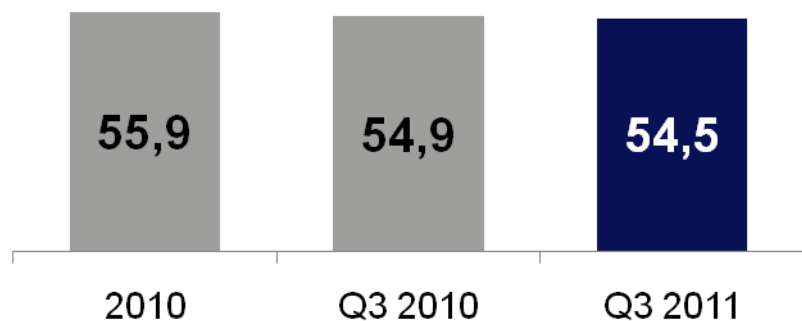
- Sør has a high share of loans with low risk, and the share is stable (82,3%)
- Sør has a low share of loans with high risk, and the share is decreasing (6,8%)
- The share of commitments below 10 MNOK is 80,8 %
- The share of commitments between 10 and 100 MNOK is 15,6 %
- The share of commitments larger than 100 MNOK is 3,6 %

# Net non-performing and doubtful commitments

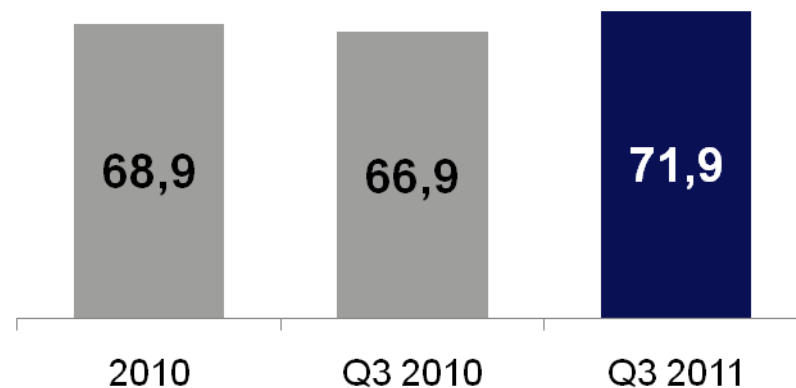


# Deposit coverage

## Deposit coverage - Group



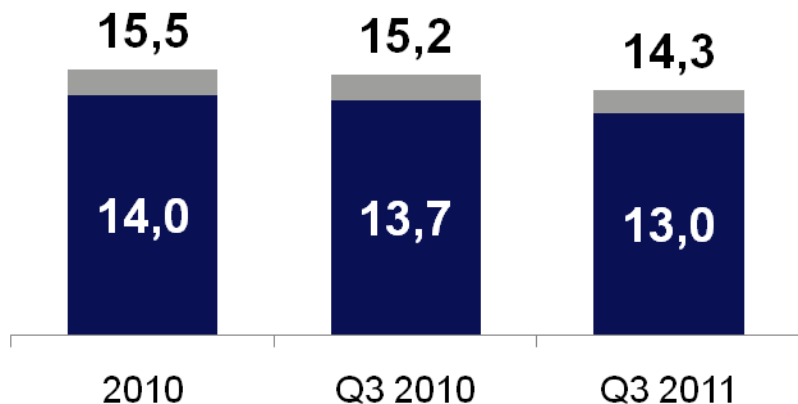
## Deposit coverage - Parent Bank



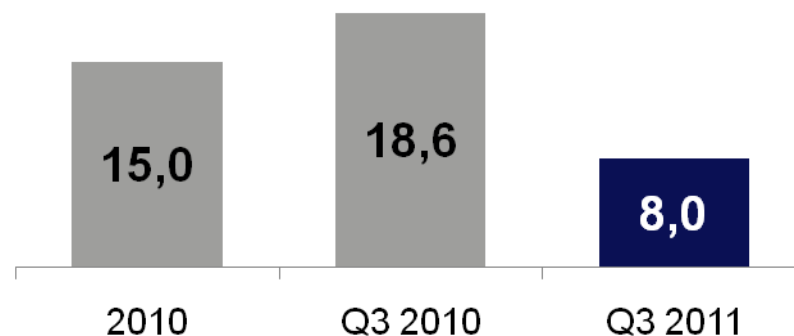
- The trend of falling deposit coverage is reversed, goal > 56 %
- Continued high deposit coverage in parent bank - 71,9 %

# Core Capital and Return on Equity

## Capital/Core Capital adequacy ratio



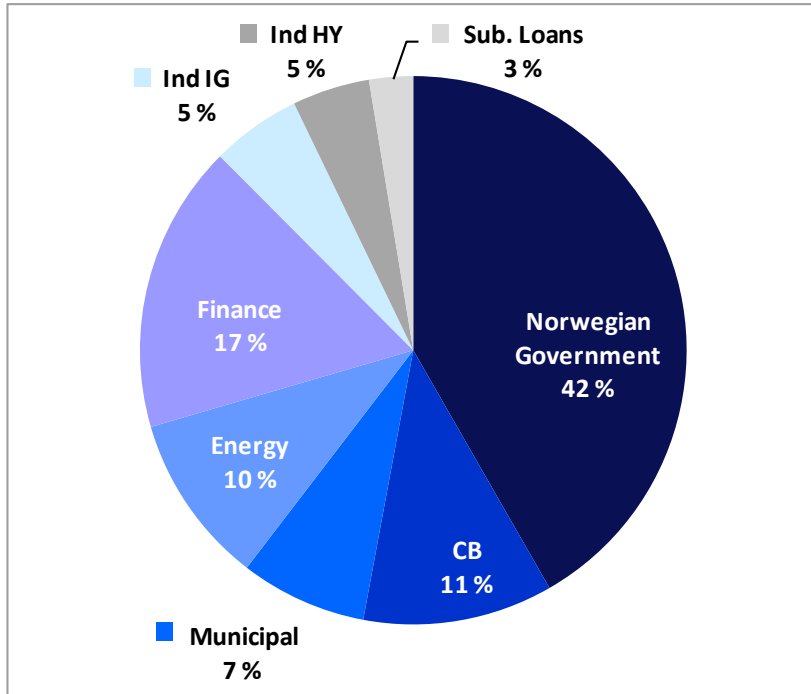
## Return on Equity



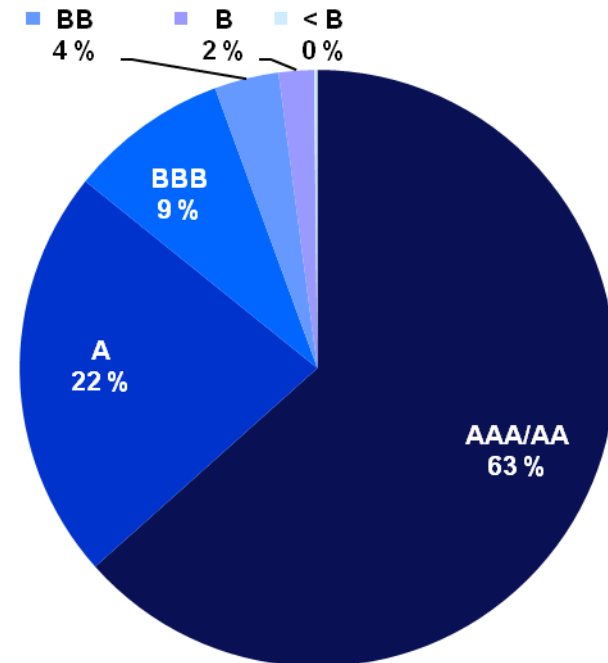
- Tier 1 Capital 13% - required > 8 % and goal > 12 %
- High Return on Equity 2010 due to special items

# Certificates and bonds

## Assets

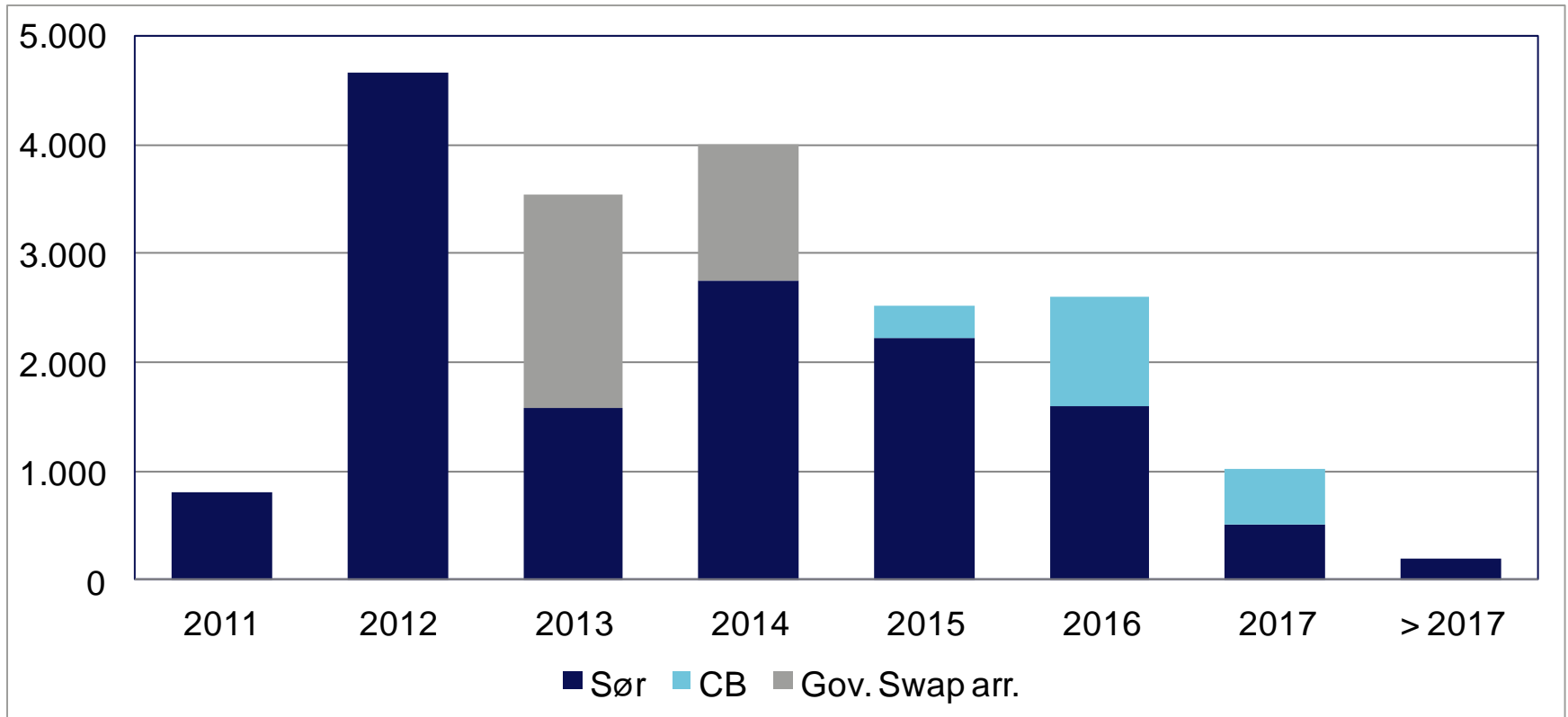


## Rating



- Total portfolio 6.3 BNOK
- > 90 % investment grade, < 0,2 % ratet below B

# Maturity structure



**Funding > 12 mnd constitute 72 %**

# Sparebanken Sør

## The Advisor Bank



## Product Range

→ Lending

→ Insurance

→ Savings

→ Sør Markets

→ Real Estate Broker

