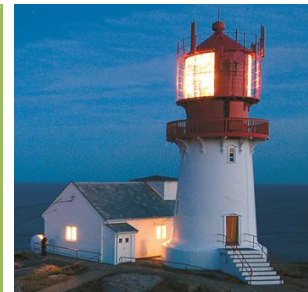


sparebanken

SØR

€



**Growth**

**Net interest**

**Commission income**

Costs

**Reduced losses**

**RESULTS**

Q1 2013

%

## 1825

Sparebanken Sør has its origin from 1825, when Arendal Sparebank was set up as one of the first six banks in Norway.

## 1984

Sparebanken Sør was established in 1984 after a merger between Aust-Agder Sparebank, 2 other savings banks in Aust-Agder and 9 from Vest-Agder.

## Aust Agder

- 108.000 inhabitants
- 9.212 square km
- 12 branches



## 2012

Sparebanken Sør is an independent savings bank with total assets BNOK 44.5 and 323.6 man-years as at 31. December 2012.

## 1973

In 1973 the bank merged with 4 other savings banks in Aust-Agder, and formed Aust-Agder Sparebank.

## Vest Agder

- 172.000 inhabitants
- 7.276 square km
- 11 branches



## Going forward ->

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...

## Telemark

- 169.000 inhabitants
- 15.299 square km
- 7 branches



## 2007

In 2007 we opened a branch in Bø and 8. October 2008 our first branch in Grenland. In autumn 2012, the bank opened its branch in Skien.

As an independent savings bank close to customers and with local decision-making, we will continue to be the most important and best bank for the counties of Agder and Telemark.

- Continued growth in lending and deposits in retail banking market
- Further strengthened net interest and improved lending margins
- Loan losses develops still in the right direction
- Positive development in underlying operations
- Valuation of debt affects negatively

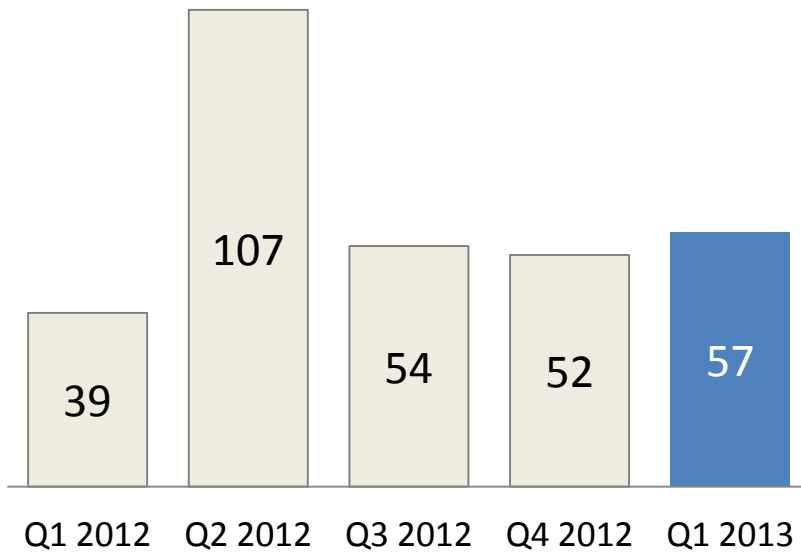
# Key figures - Group

<b>Profit and loss</b>	<b>Q1 2013</b>	<b>Q1 2012</b>	<b>2012</b>	<b>2011</b>
Net interest and credit commission income	184	156	705	631
Net commission income	34	37	175	153
Other income	- 1	25	70	24
Operating costs	124	121	513	483
Losses on loans, guarantees	- 6	- 11	61	71
Result ordinary operations	87	86	376	254
Valuation of debt	- 30	- 47	-125	71
Pre-tax profit	57	39	251	325

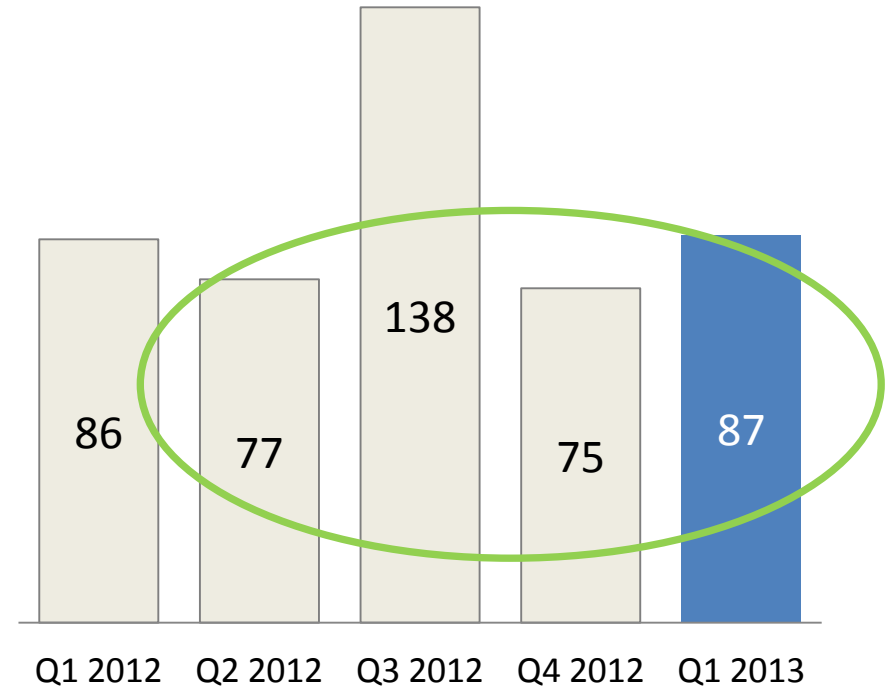
<b>Balance Sheet</b>	<b>Q1 2013</b>	<b>Q1 2012</b>	<b>2012</b>	<b>2011</b>
Net loans	37.394	34.218	36.850	33.581
Deposits	20.165	19.039	20.999	19.028
Total assets	44.835	42.396	44.456	41.860

# Increased profit from underlying operations

## Pre-tax profit



## Adjusted for valuation of debt

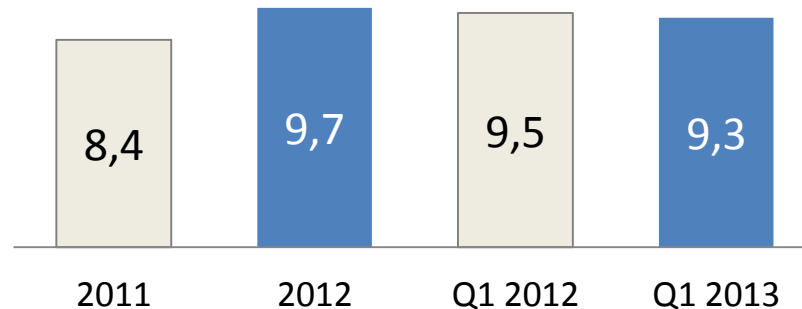


Valuation of debt affects negatively in Q1, but underlying operations shows positive development. Result adjusted for valuation of debt constitutes 87 MNOK in Q1 2013.

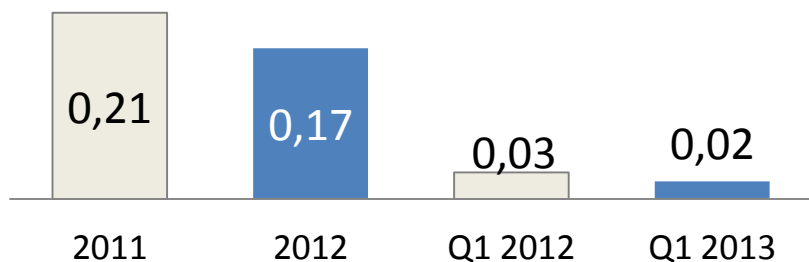
## Deposit growth



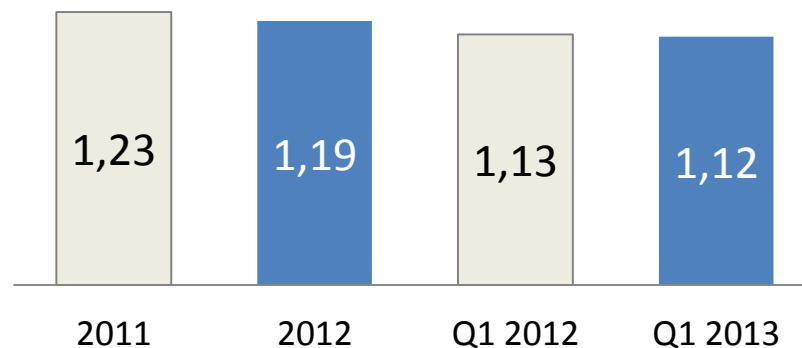
## Lending growth



## Losses as % of net loans



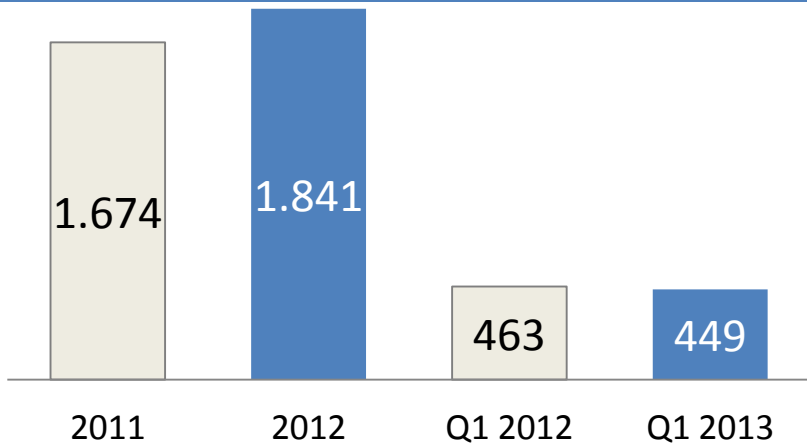
## Costs as % of average total assets



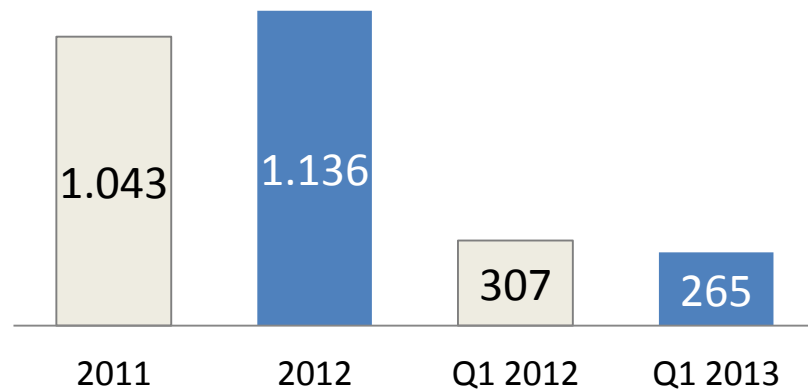
\* Costs annualized as % of average total assets

# Profit and loss

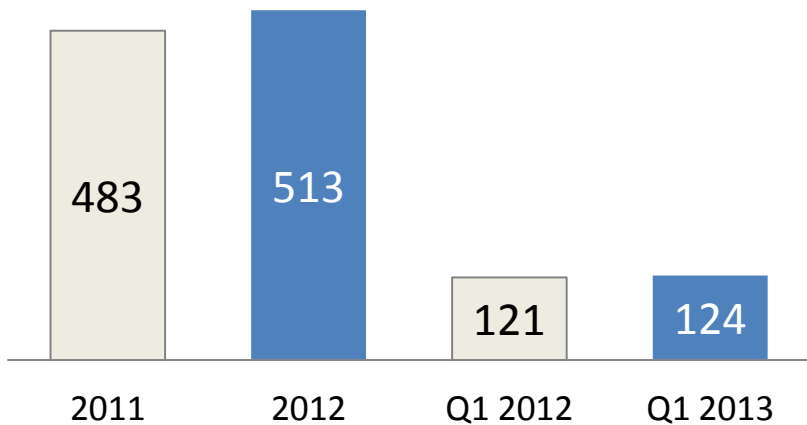
## Interest income



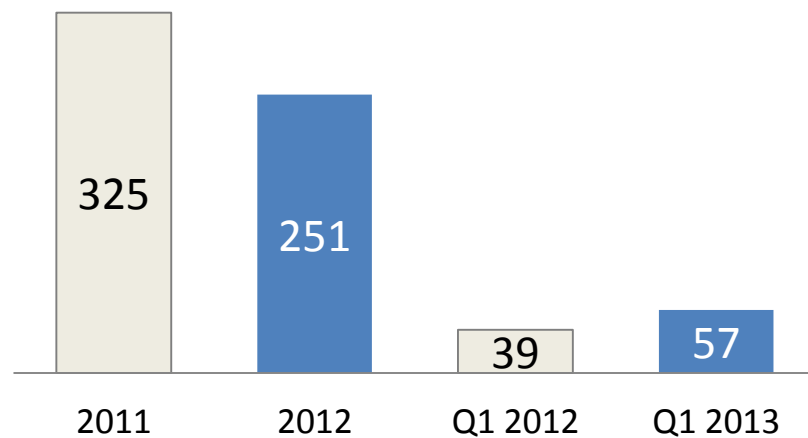
## Interest costs



## Operating costs

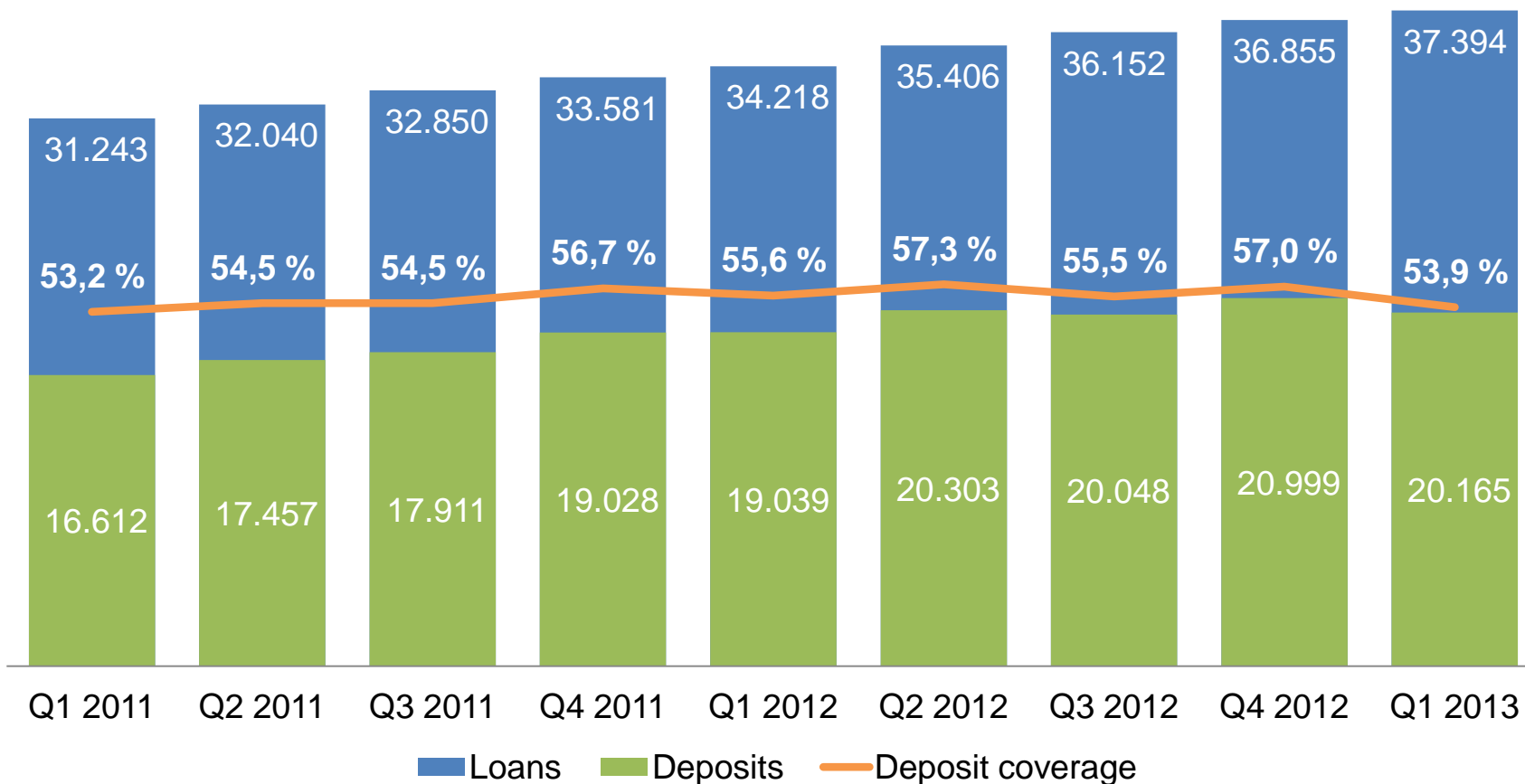


## Pre-tax profit



# Development deposits - loans

## Reduced deposit coverage in Q1

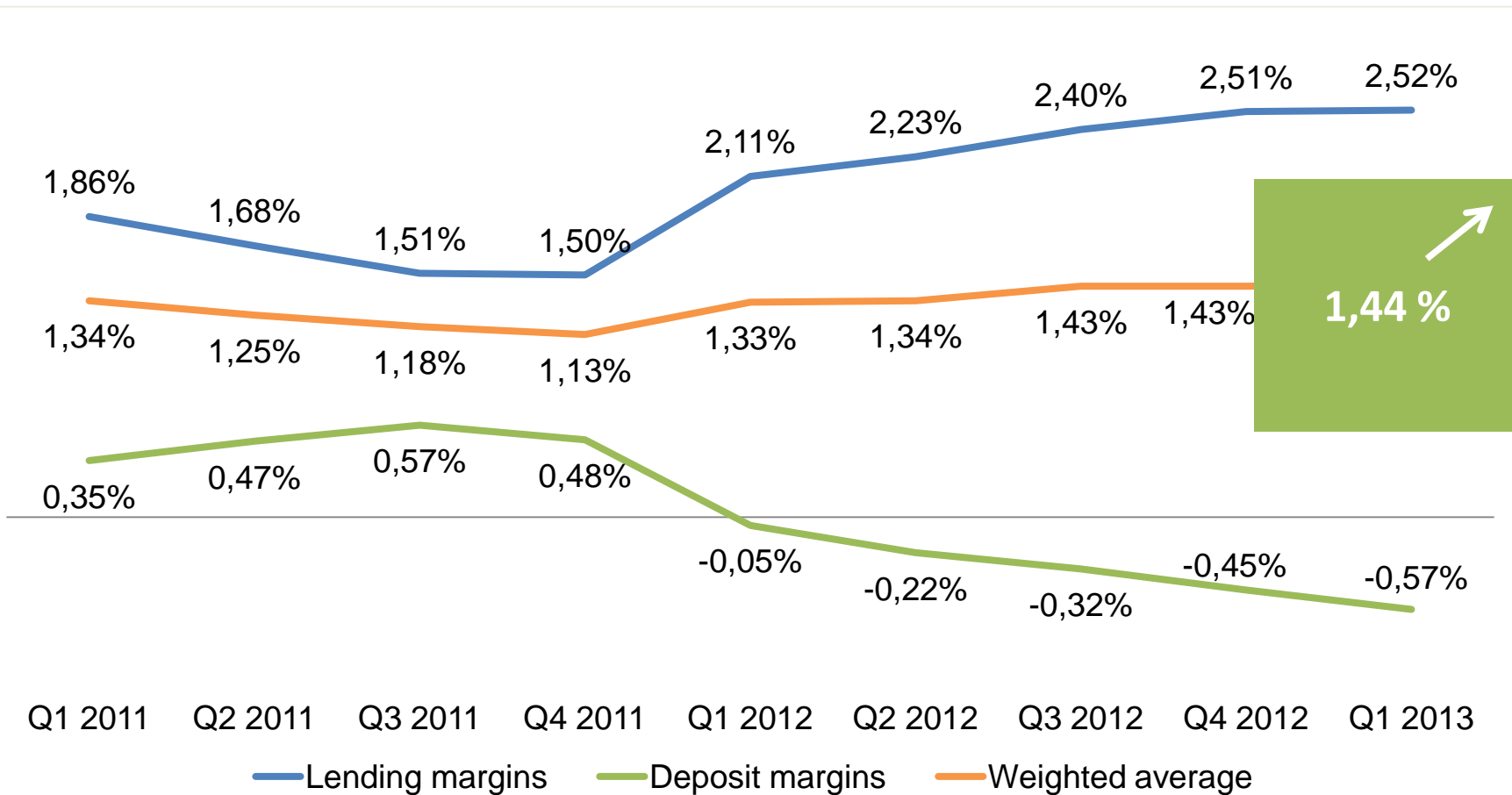


\* Deposit coverage as % of net loans



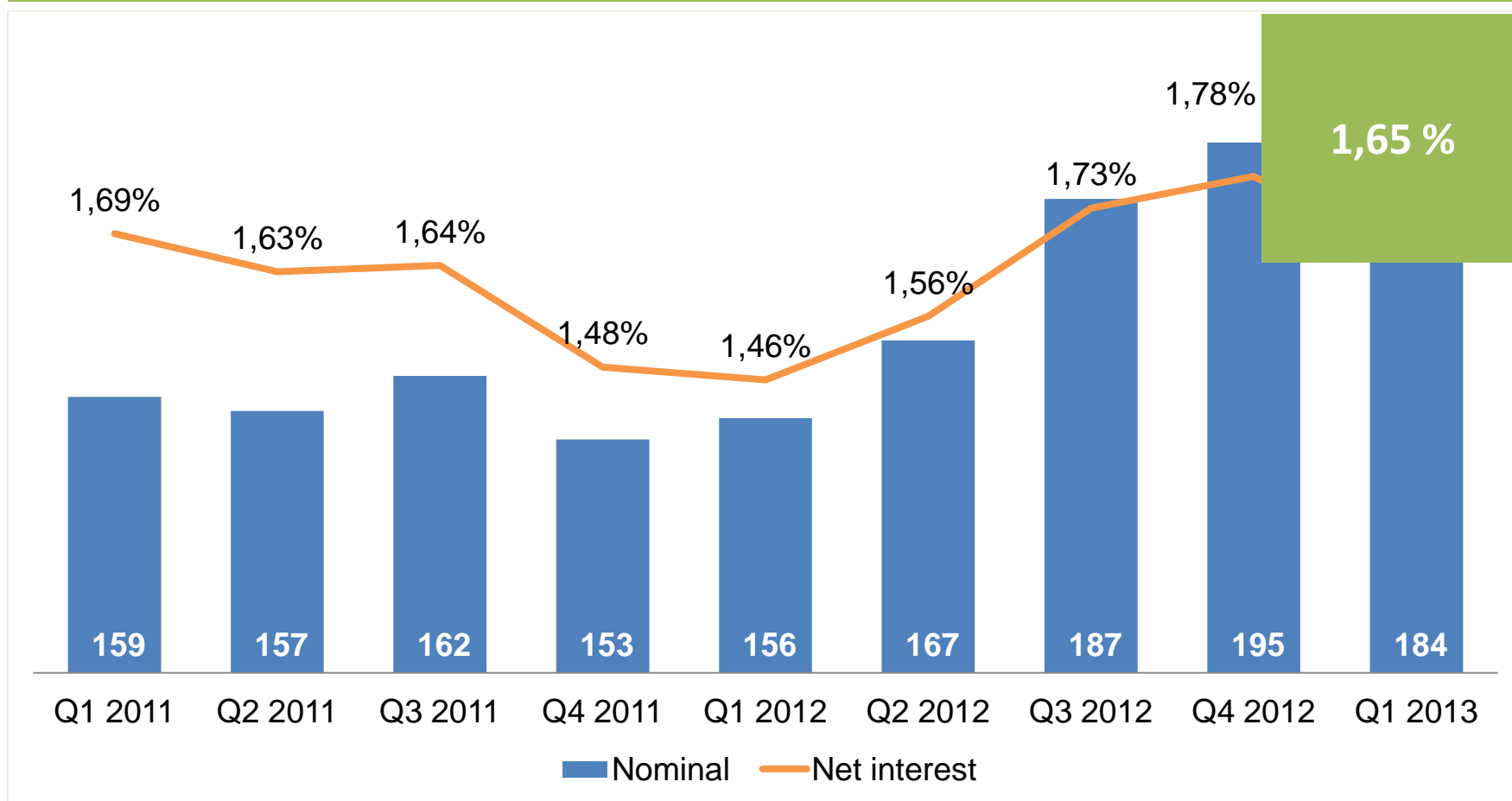
# Lending and deposit margins

## Increased lending margins, but still lower deposit margins



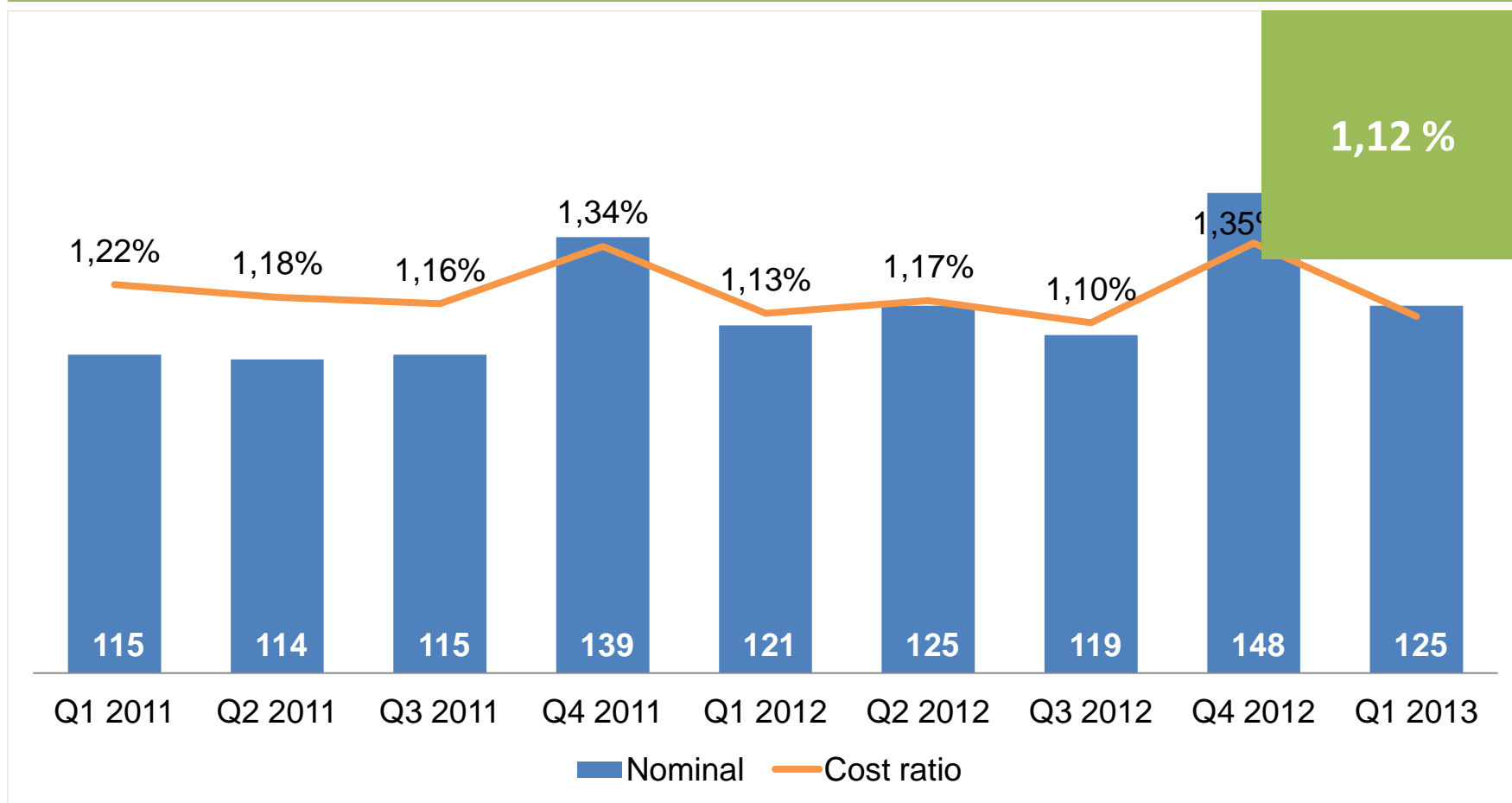
\* Margin relative to 3 months NIBOR

Interest rate adjustments will contribute further during the year



\* Quarterly net interest annualized as % of average total assets

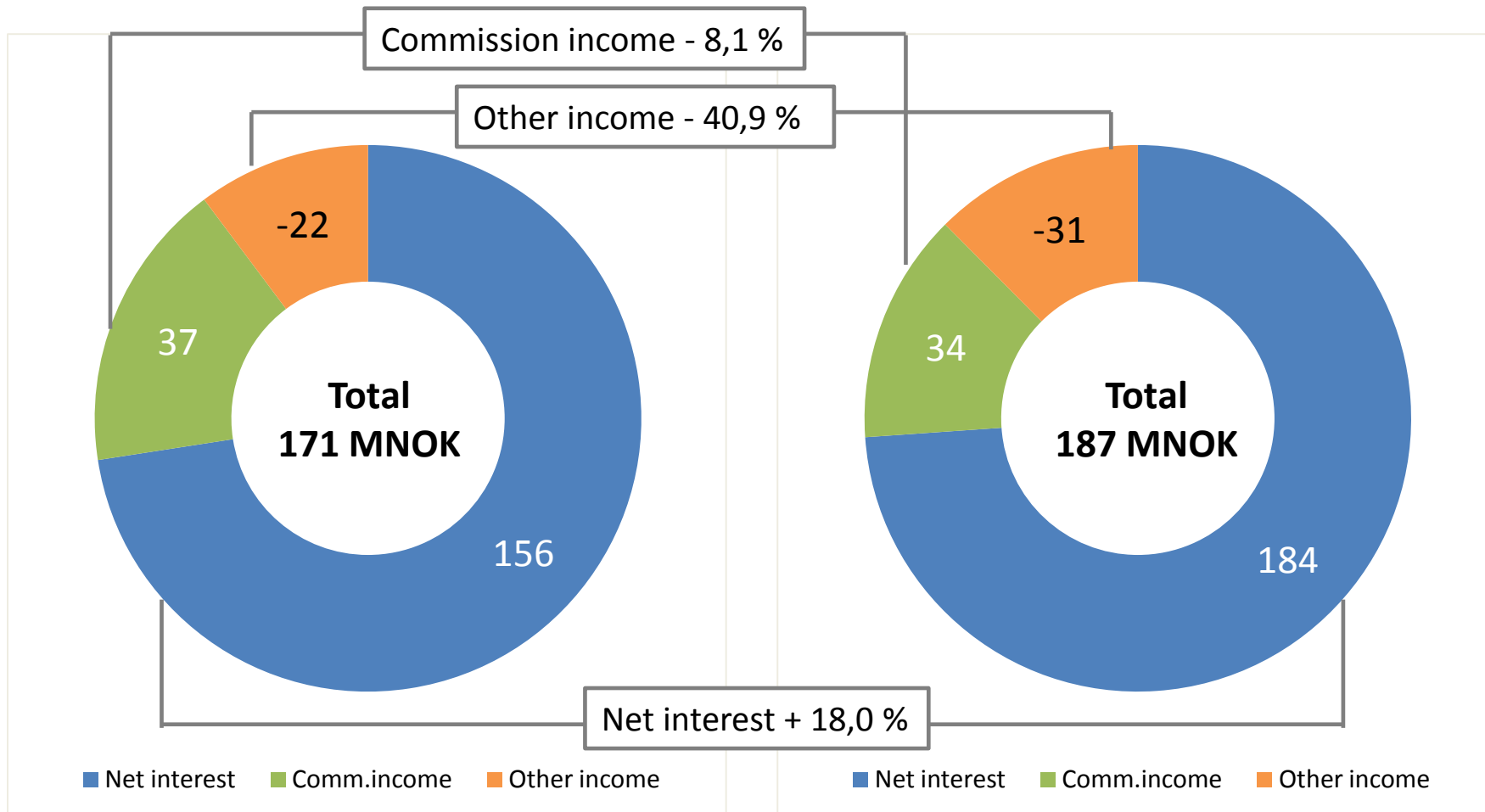
## Efforts to reduce costs continues



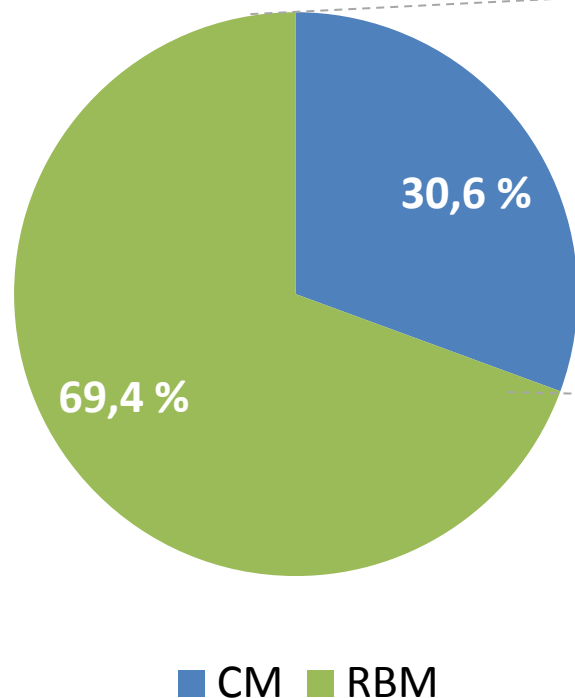
•Quarterly costs annualized as % of average total assets

Q1 2012

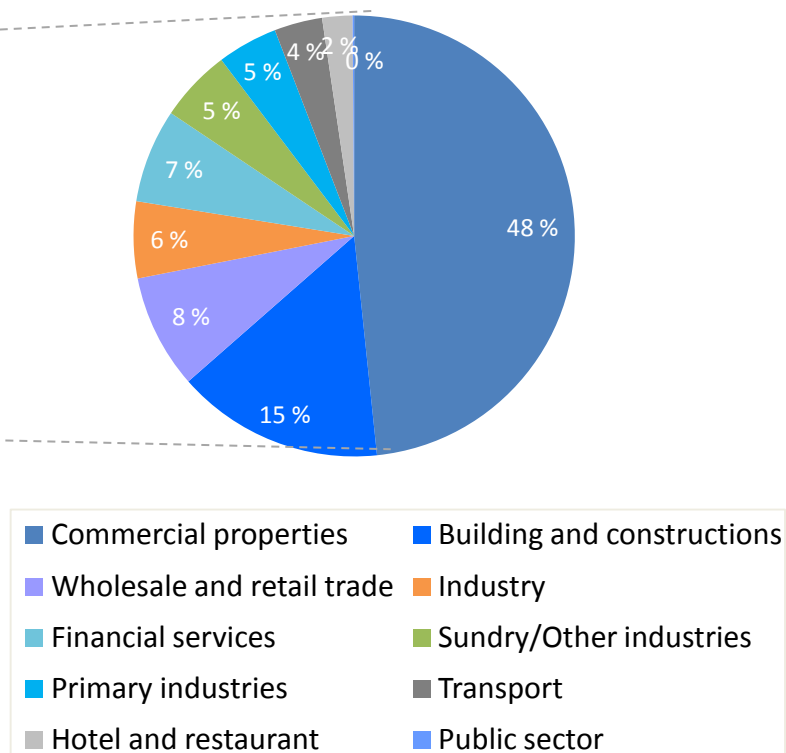
Q1 2013



## Distribution RBM/CM

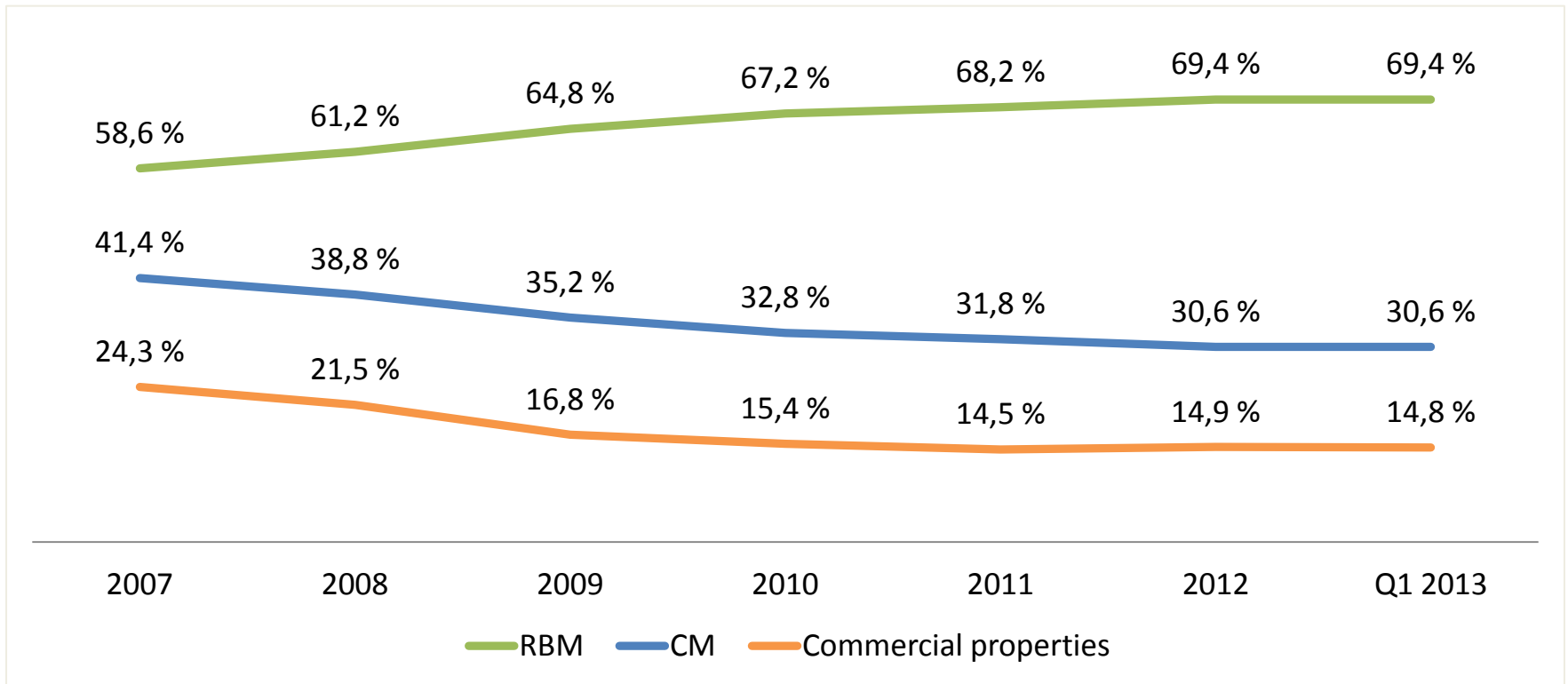


## Distribution Corporate Market



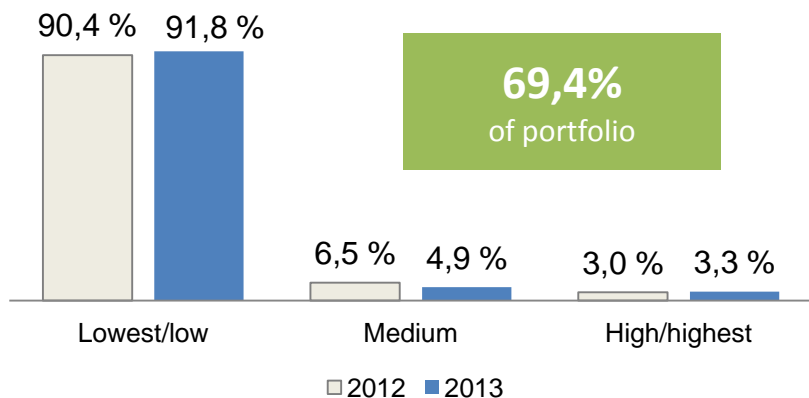
Well-diversified portfolio that reflects the business activity in the region.  
Largest growth in CM, is in Transport and communications.

# Lending distribution – development

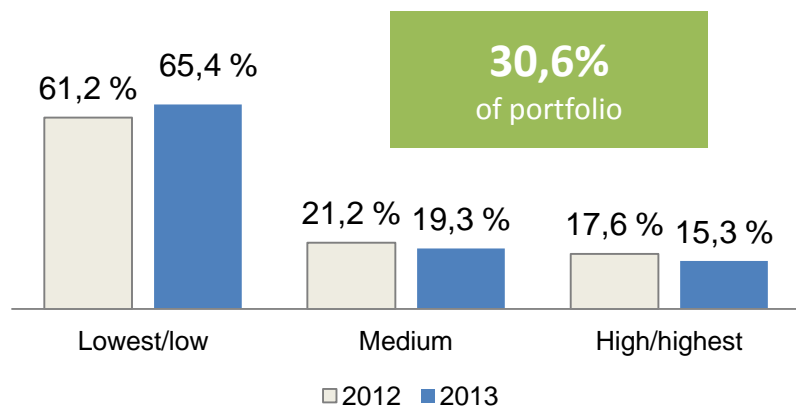


Altered ratio between RBM and CM reduces the risk in the portfolio over time

## Portfolio according to risk groups RBM



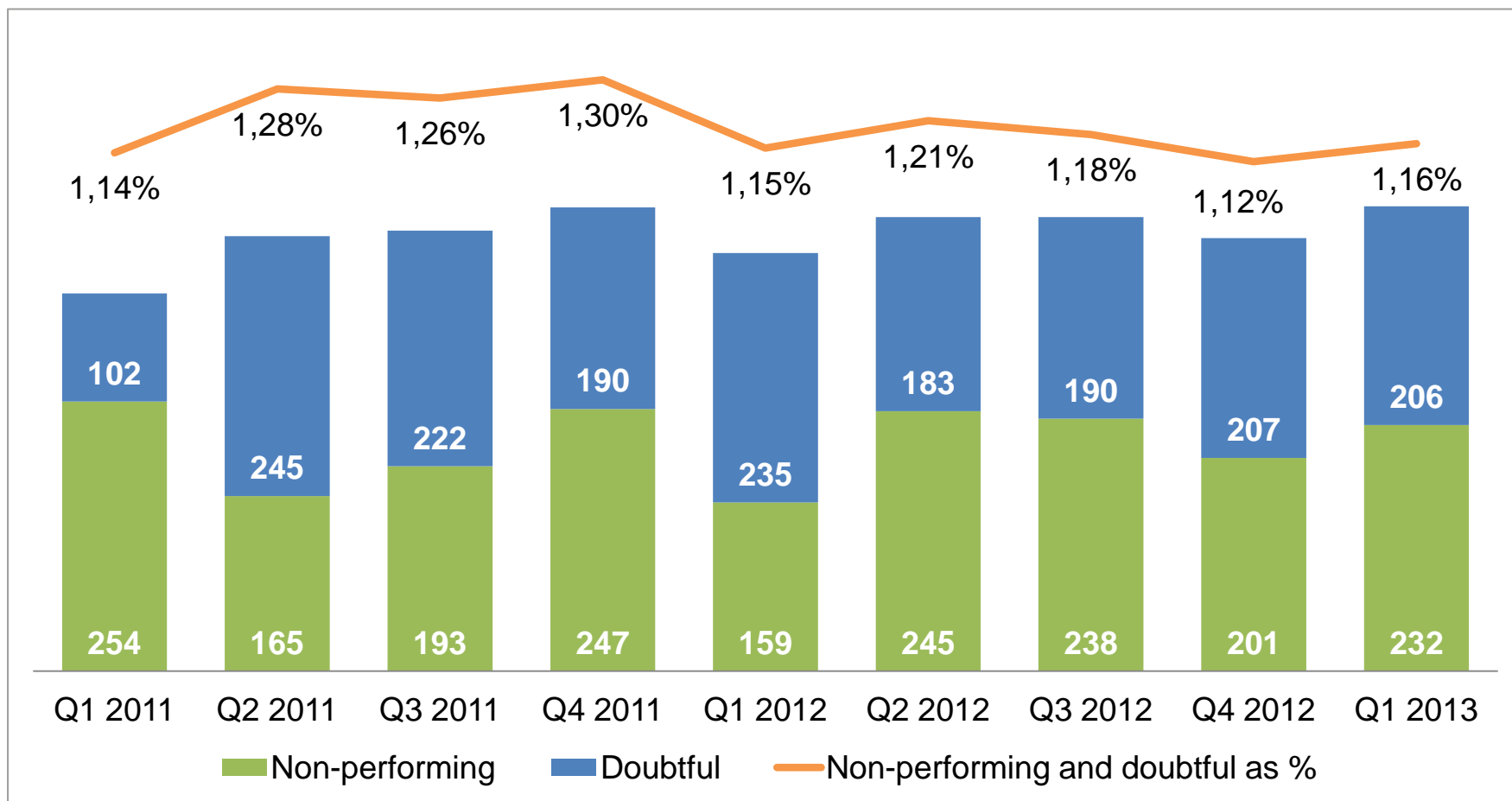
## Portfolio according to risk groups CM



- RBM Sør has a high proportion of loans with low risk
- RBM Sør has a low proportion of loans with high risk
- CM Sør has a moderate to high proportion of loans with low risk
- CM Sør has a moderate to low proportion of loans with high risk

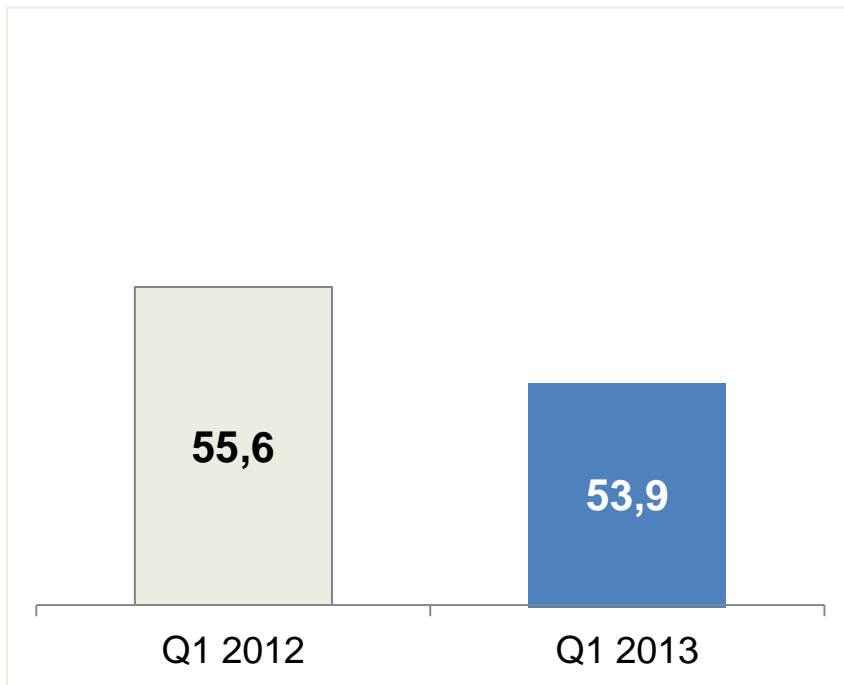
# Net non-performing and doubtful commitments

At level of same quarter last year

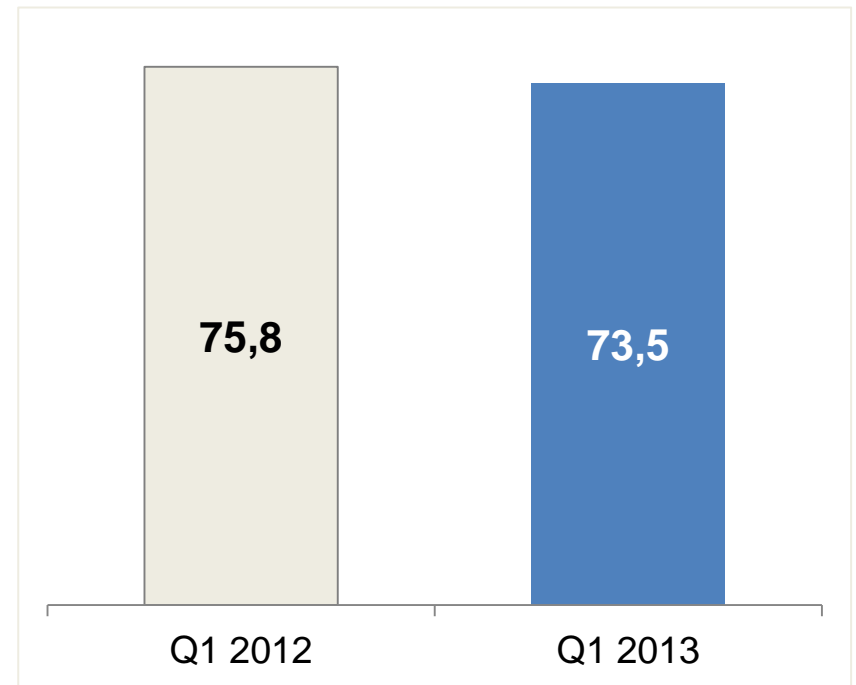




## Group



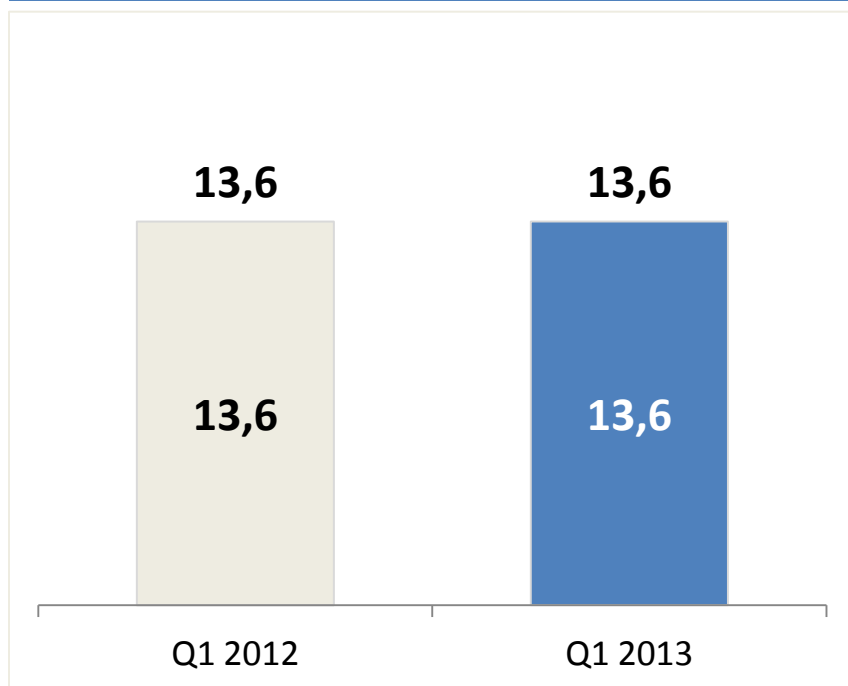
## Group ex Sør Boligkreditt



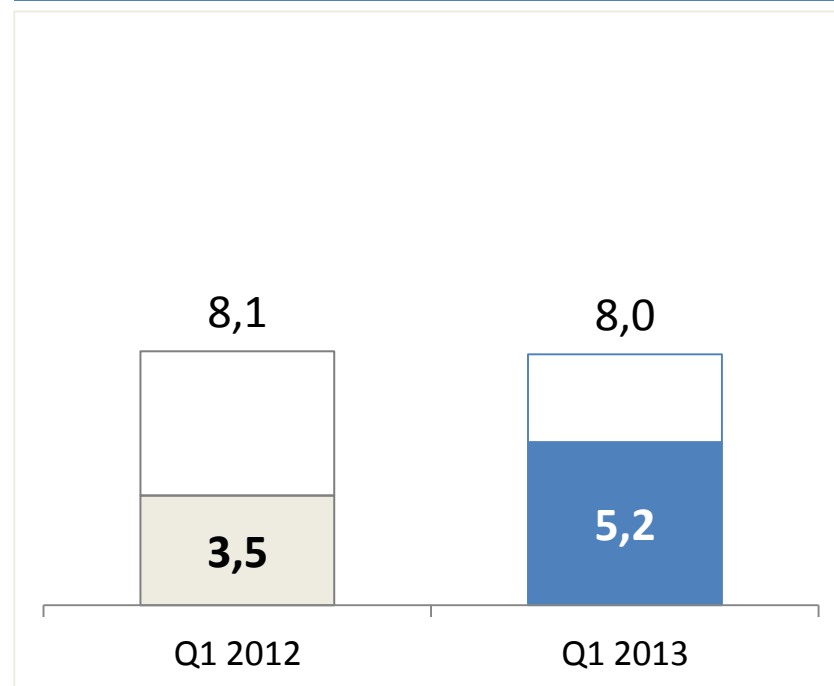
\* Deposit coverage as % of net loans

- Deposit coverage under target level at > 56 %
- High deposit coverage in Group ex Sør Boligkreditt at 73,5 %

## Capital/Core capital adequacy ratio



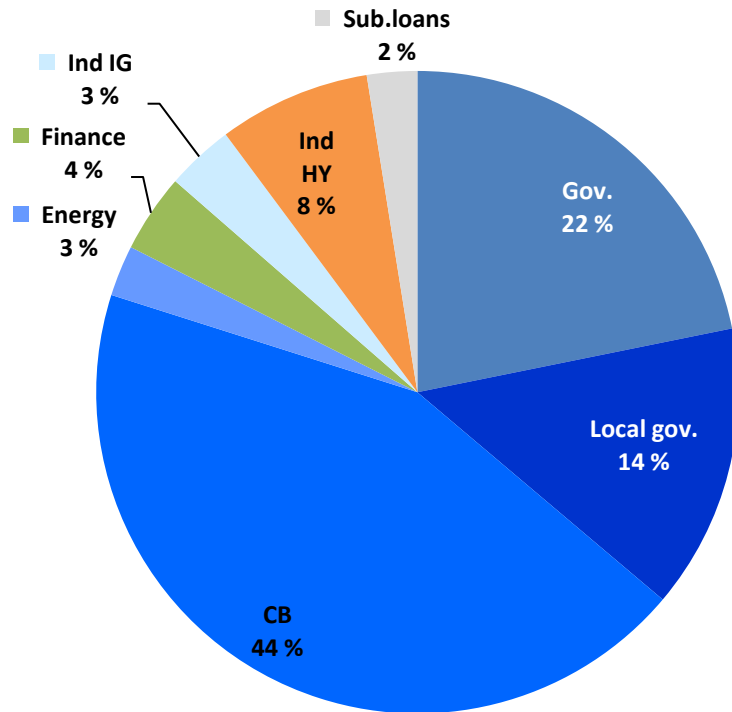
## Return on equity



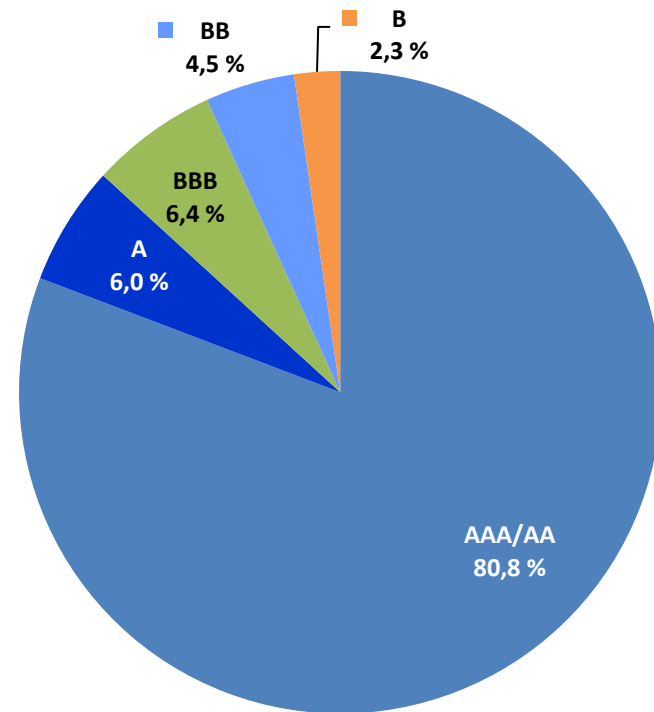
\* Return on Equity annualized

- Tier 1 Capital 12,7 % – required > 9 %
- Return on equity 8,0 % in Q1 2013 adjusted for valuation of debt

## Assets



## Rating



- Total portfolio BNOK 5,9 – Liquidity buffers BNOK 3,8
- 93 % investment grade – Liquidity buffers 100 % AAA/AA

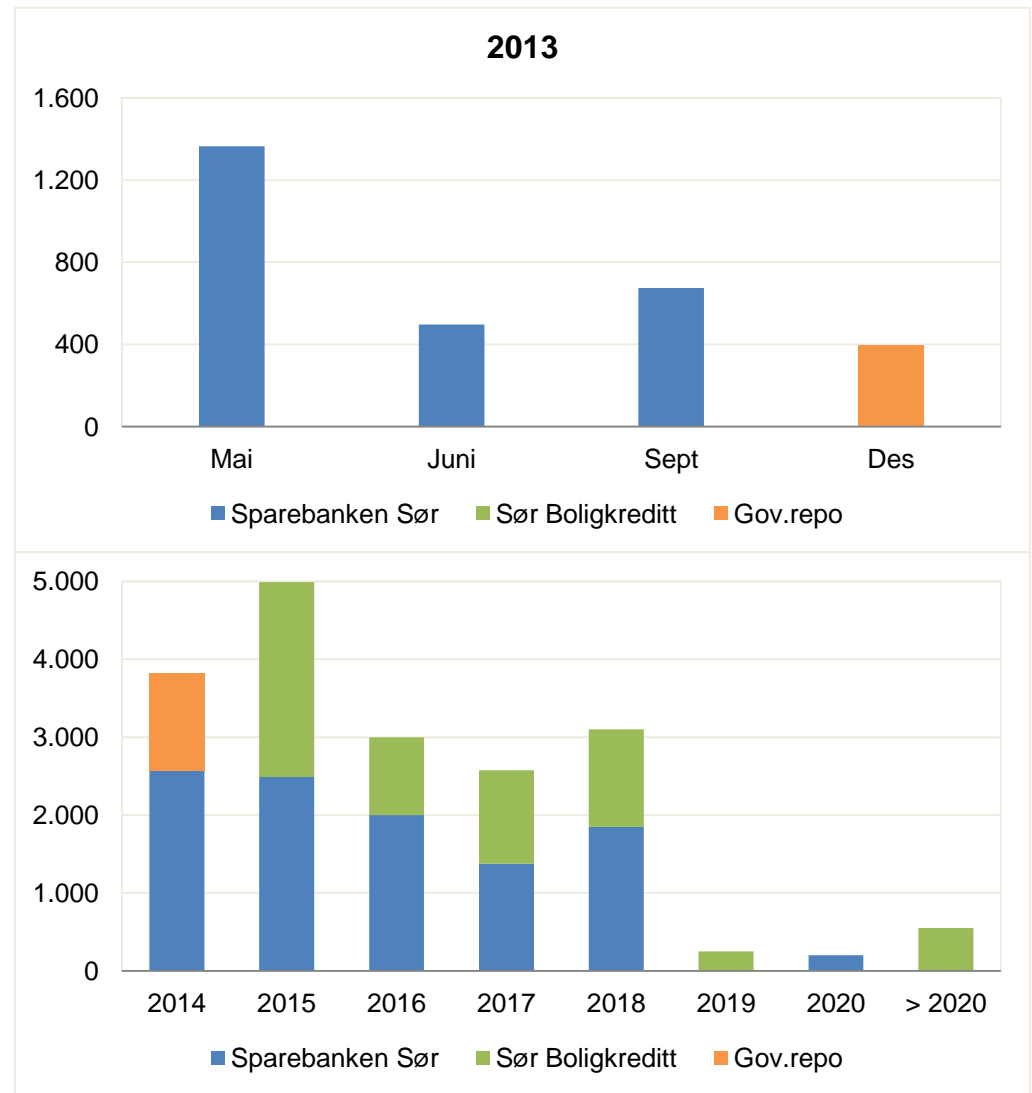
# Maturity structure - debt

Good access to new funding at reasonable market prices.

Good maturity structure, provides greater security under volatile market conditions.

Funding > 12 months constitutes 78,5 %.

Stable maturities on average funding.



# Stable access to long-term funding

2013

	BNOK	Maturity	Margin (bp) 3 months NIBOR
Covered bonds	1,0	9,5	53
Senior bonds	0,5	4,8	95
<b>Total</b>	<b>1,5</b>	<b>7,9</b>	<b>68</b>

	BNOK	Maturity	Margin (bp) 3 months NIBOR
Covered bonds	3,4	4,4	49
Senior bonds	2,5	5,4	168
<b>Total</b>	<b>5,9</b>	<b>4,8</b>	<b>100</b>

2012

<b>Income</b>	Net interest income improved 18 % over the same period last year; a positive start this year.
<b>Costs</b>	Costs under control and essentially flat nominal development.
<b>Growth</b>	Continued growth in lending and deposits in retail banking market.
<b>Funding</b>	Funding of the Group is done on long maturities.
<b>Total</b>	Good underlying operations but valuation of debt lowers the quarterly result.

## Income

Interest rate adjustments will contribute positively.

## Growth

Expectations of sustained good progress in specific priority areas, Kristiansand and Grenland.

## Costs

Effects of cost reductions balanced against necessary investments.

## Funding

Improved conditions in international financial markets in Q1 lower credit spreads.

## Macro

Growth in the Norwegian economy is still good, but lower than previously assumed.

sparebanken

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INSURANCE

SØR  
MARKETS

LOANS

Norne

Frende

Brage

We contribute to a better life in the region



SAVINGS

ABCcenter