

4th Quarter 2005

SpareBank 1 SR-Bank Group



The new concert hall in Stavanger

Vit at vi er der.

SpareBank 1 SR-Bank



SpareBank 1 SR-Bank

Established in 1839

Main Office in Stavanger

50 offices in South-Western Norway

More than 200 000 customers

Chairman of the Board: Geir Worum

Chief Executive Officer: Terje Vareberg

Chairman Supervisory Board: Einar Risa

Chairman Audit Committee: Odd Rune Torstrup

External Auditor: PricewaterhouseCoopers



Strategy

SpareBank 1 SR-Bank shall be a profitable and solid bank that is attractive to customers, capital markets, owners and employees.

Through:

- A savings bank philosophy with a strong brand and modern bank operations, where value is created locally and further employed in the local community.
- Clear prioritization based on customer needs and profitability.
- Our market area is primarily Rogaland, Agder and Hordaland.
- Clear position in the savings/pension market.
- Competent employees who take pride in working for SpareBank 1 SR-Bank.



SpareBank 1 SR-Bank

EM 1 Rogaland
AS
100 %

■ Real-estate
agency:

- House
- Business
- Project

■ Market leader in
Rogaland

SB1 SR-Finans
AS
100 %

■ Leasing
■ Financing

SR-Investering
AS
100 %

■ Investment in
long term
Equities

SR-Forvaltning
ASA
67 %

■ Asset
Management

SpareBank 1 Gruppen AS
17,6 %

■ ODIN Forvaltning AS
■ SpareBank 1
Livsforsikring AS
■ SpareBank 1
Skadeforsikring AS
■ SpareBank 1
Fondsforsikring AS
■ First Securities ASA
■ Bank 1 Oslo AS
■ SpareBank 1 Bilplan AS



Customers

SpareBank 1-banks

290 offices/meeting places/distribution units

SpareBank 1 Gruppen AS

**Bank 1 Oslo AS
(100%)**

**SpareBank 1
Skadeforsikring
AS (100%)**

**SpareBank 1
Livsforsikring
AS (100%)**

**SpareBank 1
Fondsforsikring
AS (100%)**

**Eiendoms-
Megler 1**

**SpareBank 1
Bilplan AS
(67%)**

**ODIN Forvaltning AS
(100%)**

**First Securities ASA
(24,5%)**

**FSPA/
Swedbank
Oslo**

Owners

**SpareBank 1
SR-Bank**

17.6%

**SpareBank 1
Midt-Norge**

17.6%

**SpareBank 1
Nord-Norge**

17.6%

**Cooperating
Sparebanker AS**

17.6%

**LO og
fagforbund**

10%

**Förenings-
Sparbanken**

19,5%



Historically good results - high recoveries on losses and high return on financial investments

- Group profit before tax. NOK 1.096 mill (NOK 821 mill).
 - Return on equity after tax: 24,1% (20,3%).
 - Annual lending growth (12m growth): +13,5% (+11,3%) including Corporate Market: 15,8% and Retail Market 12,4%.
 - Annual growth in deposits from customers (12 m growth): 13,5 % (17,0 %), including Corporate Market 23,3% and Retail Market 4,0%.
 - Net recovered losses: NOK 70 million (Net losses NOK 81 million).
 - Net return on financial investments: NOK 349 million (NOK 190 million)
 - Net commission income: NOK 377 million (NOK 341 million).
 - Earnings pr Primary capital certificate: NOK 21 (NOK 15).
 - The Board of Directors proposes a dividend of NOK 14 (NOK 9,2) pr PCC.
 - The Board of Directors proposes an allocation of NOK 92 mill (NOK 60 Mill) to the endowment fund.
- (Figures from corresponding period in 2004 in parenthesis)



Allocation of 2005 Profit

	NOK mill	% of profit
2005 Profit	840	
Reserve for valuation variances	0	
2005 Profit	840	100,0 %
Dividend (NOK 14 per primary capital certificate)	317	37,7 %
Equalisation fund	156	18,6 %
Savings bank fund	275	32,7 %
Endowment fund	92	11,0 %
Total	840	100,0 %



Profit and loss account

<i>NOK million</i>	Q4 2005	Q4 2004	2005	2004
Net interest income	276	292	1.113	1.129
Commission income	124	110	453	405
Commission expenses	-21	-15	-76	-64
Other operating income	52	54	199	190
Net commission and other income	155	149	576	531
Dividend income	4	1	38	14
Income from investment in associates	56	19	119	45
Net gains/losses on financial instrument valued at fair value	37	32	192	131
Net return on investment securities	97	52	349	190
Total income	528	493	2.038	1.850
Personnel expenses	148	127	541	522
Administrative expenses	74	66	277	242
Capital losses on non-financial assets	13	13	48	49
Other operating expenses	37	36	146	135
Total operating expenses	272	242	1.012	948
Operating profit before impairment losses	256	251	1.026	902
Profit before taxes and minority interests	-37	0	-70	81
Losses on loans and guarantees	293	251	1.096	821
Tax expense	62	54	234	206
Minority interests	2	1	6	3
Net profit	229	196	856	612



Balance sheet

Balance (NOK million)	2005	2004
Cash and balances with central banks	351	942
Balances with credit institutions	43	67
Gross loans to customers	61.748	54.418
- individually losses on loans provisions	-163	-222
- collectively losses on loans provisions	-169	-176
Net loans to customers	61.416	54.020
Certificates, bonds and other fixed-income securities	3.159	2.867
Gains/losses on derivatives held for hedging	301	492
Shares, ownership stakes and other securities with variable return	1	8
Shares, ownership stakes and other securities with variable return	466	383
Investment in associates	498	301
Investment in subsidiaries	0	0
Tangible fixed assets	305	309
Other assets	628	483
Total assets	67.168	59.872
Balances with credit institutions	3.636	2.690
Deposits from customers	37.530	33.062
Listed debt securities	17.923	17.111
Gains/losses on derivatives held for hedging	311	488
Other liabilities	1.602	1.462
Subordinated loan capital	2.336	1.760
Total liabilities	63.338	56.573
Primary capital certificates	1.131	905
Holding of own primary capital certificates	-3	0
Premium reserve	21	20
Dividend equalisation reserve	712	813
Proposed dividend	317	208
Savings bank's reserve	1.536	1.279
Endowment fund	109	69
Minority interests	7	5
Total equity	3.830	3.299
Total liabilities and equity	67.168	59.872



Key Figures

	2005	2004
Return on equity	24,1 %	20,3 %
Interest Rate Margin	1,75 %	2,03 %
Cost/income ratio - parent bank NRS*	48,4 %	49,9 %
Cost/income ratio - Group *	53,0 %	53,2 %
Loss percentage	-0,12 %	0,16 %
Annual growth in loans to customers	13,5 %	11,3 %
Gross loans to customers	61.748	54.418
Annual growth in deposits from customers	13,5 %	17,0 %
Deposits from customers	37.530	33.062
Deposit-to-loan ratio	60,8 %	60,8 %
Total assets	67.168	59.872
Capital adequacy ratio	11,84 %	11,57 %
Core capital ratio	8,98 %	9,08 %
Norges Bank's liquidity indicator**	100,8 %	97,3 %
Man years	845	813
Number of offices	50	50
Market price at end of period	230	144
Result per primary capital certificate	21,0	15,0

*Excluding gain/loss on securities trading

**Excl. EUR 270 mill revolving credit facility



Capital Adequacy

<i>NOK million</i>	31.des 2005	%	31.des 2004	%
Savings bank's reserve	1.505	3,34	1.212	3,18
Primary capital certificate capital	1128	2,50	905	2,37
Dividend equalization reserve	673	1,49	858	2,25
Premium reserve	21	0,05	20	0,05
Perpetual capital securities	505	1,12	452	1,19
Endowment reserve	109	0,24	69	0,18
Goodwill and other intangible fixed assets	-45	-0,10	-52	-0,14
Unrecognized actuarial gains and losses	155	0,34		0,00
Core capital	4.051	8,98	3.464	9,08
Supplementary capital	1.830	4,06	1.308	3,43
- Term subordinated loan capital	1.339	2,97	872	2,29
- Perpetual subordinated loan capital	491	1,09	436	1,14
Deductions	-543	-1,20	-361	-0,95
Net equity and subordinated loan capital	5.338	11,84	4.411	11,57
Total risk-weighted volume	45.098		38.136	



Underlying banking operations

<i>NOK million</i>	Q4 2005	Q3 2005	Q2 2005	Q1 2004	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Net interest income	276	280	279	278	292	282	289	266
Net gain/loss on foreign exchange and financial instruments	13	14	19	17	16	13	16	18
Other commission income	155	145	149	127	149	128	137	117
Operating expenses	-261	-246	-263	-231	-239	-222	-239	-230
Profit before losses and write-downs - Banking operations	183	193	184	191	218	201	203	171
Net gain/loss on securities trading	24	36	55	14	16	11	8	33
Dividend	4	18	12	4	1	1	9	3
Income from investment in associates	56	29	20	14	19	9	8	9
Allocations to personnel packages	-11	0	0	0	-3	0	0	-15
Operating profit before impairment losses	256	276	271	223	251	222	228	201
Impairment losses on loans and guarantees	-37	-35	-1	3	0	19	27	35
Result of ordinary activities	293	311	272	220	251	203	201	166

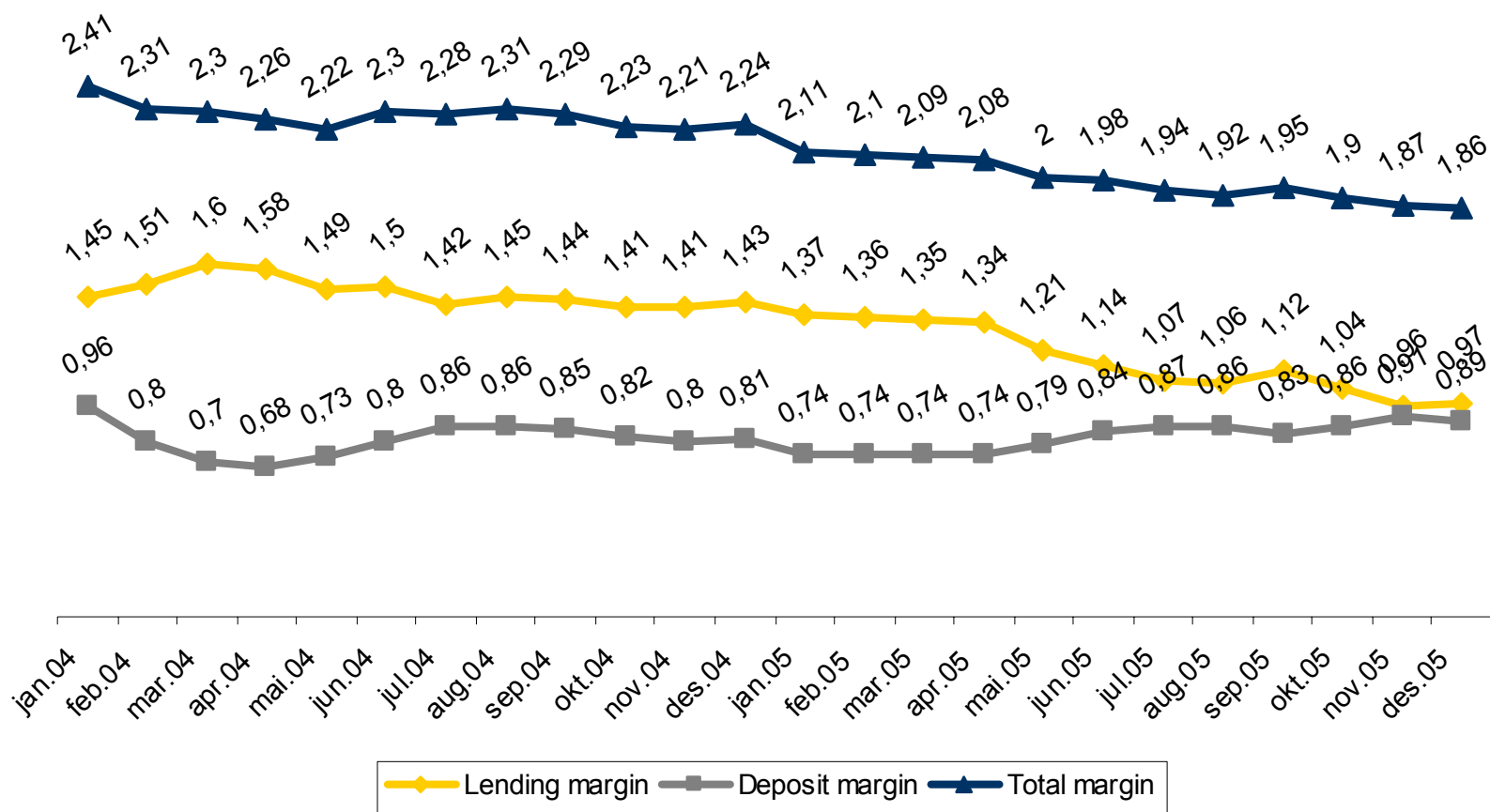


Change in net interest income

<i>NOK million</i>	31.12.2005	Change	31.12.2004
Net interest income	1.113	-16	1.129
Of this:			
Lending volume, parent bank		69	
Deposit volume, parent bank		38	
Lending margins, parent bank		-151	
Deposit margins, parent bank		9	
Capital		17	
Funding		8	
IFRS-effects		-5	
Other		1	

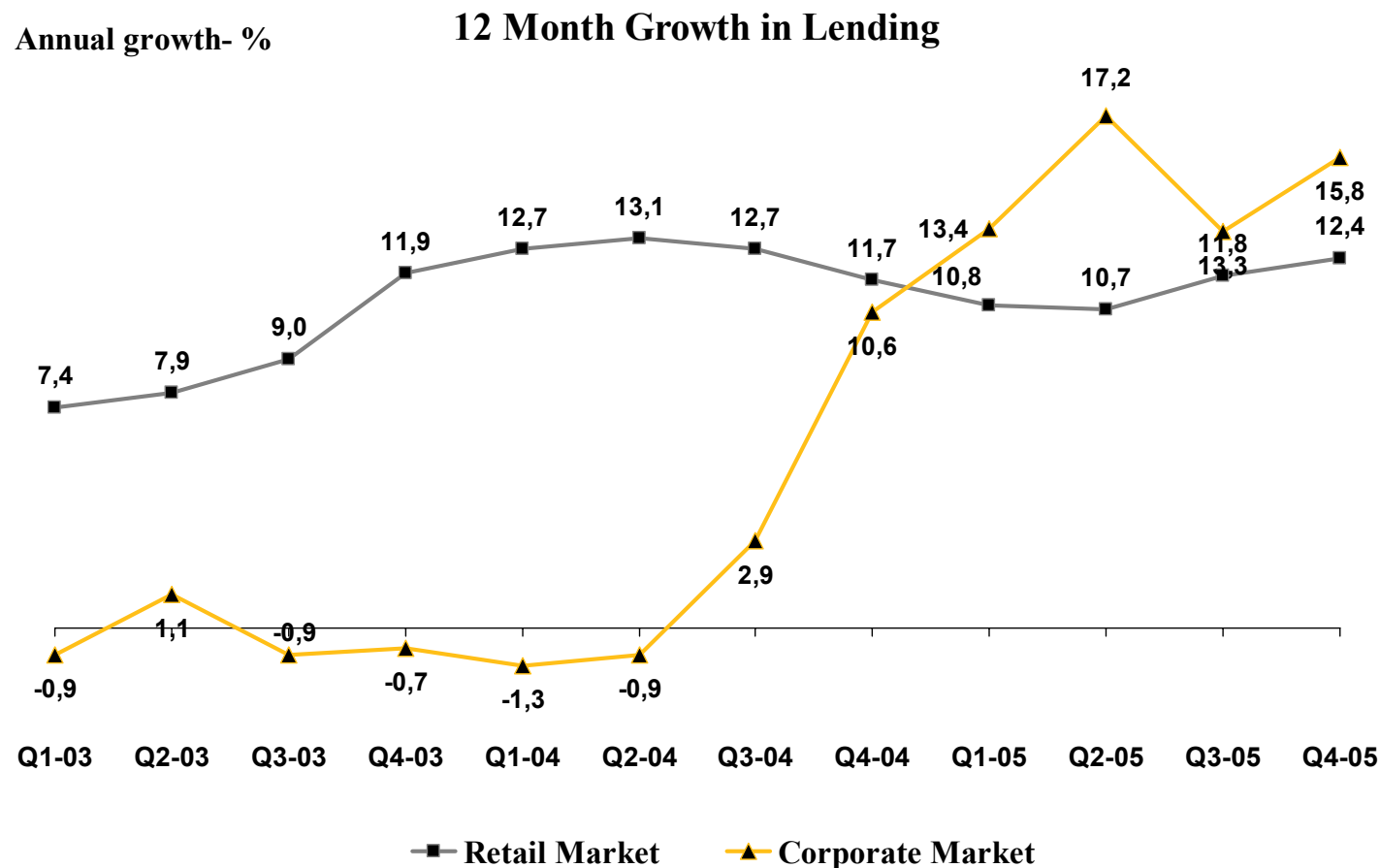


Increased pressure on margins

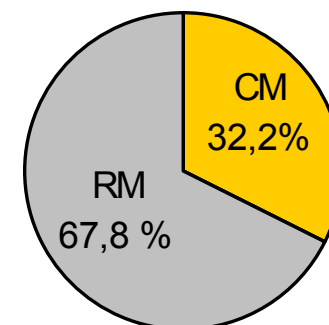




Growth in lending



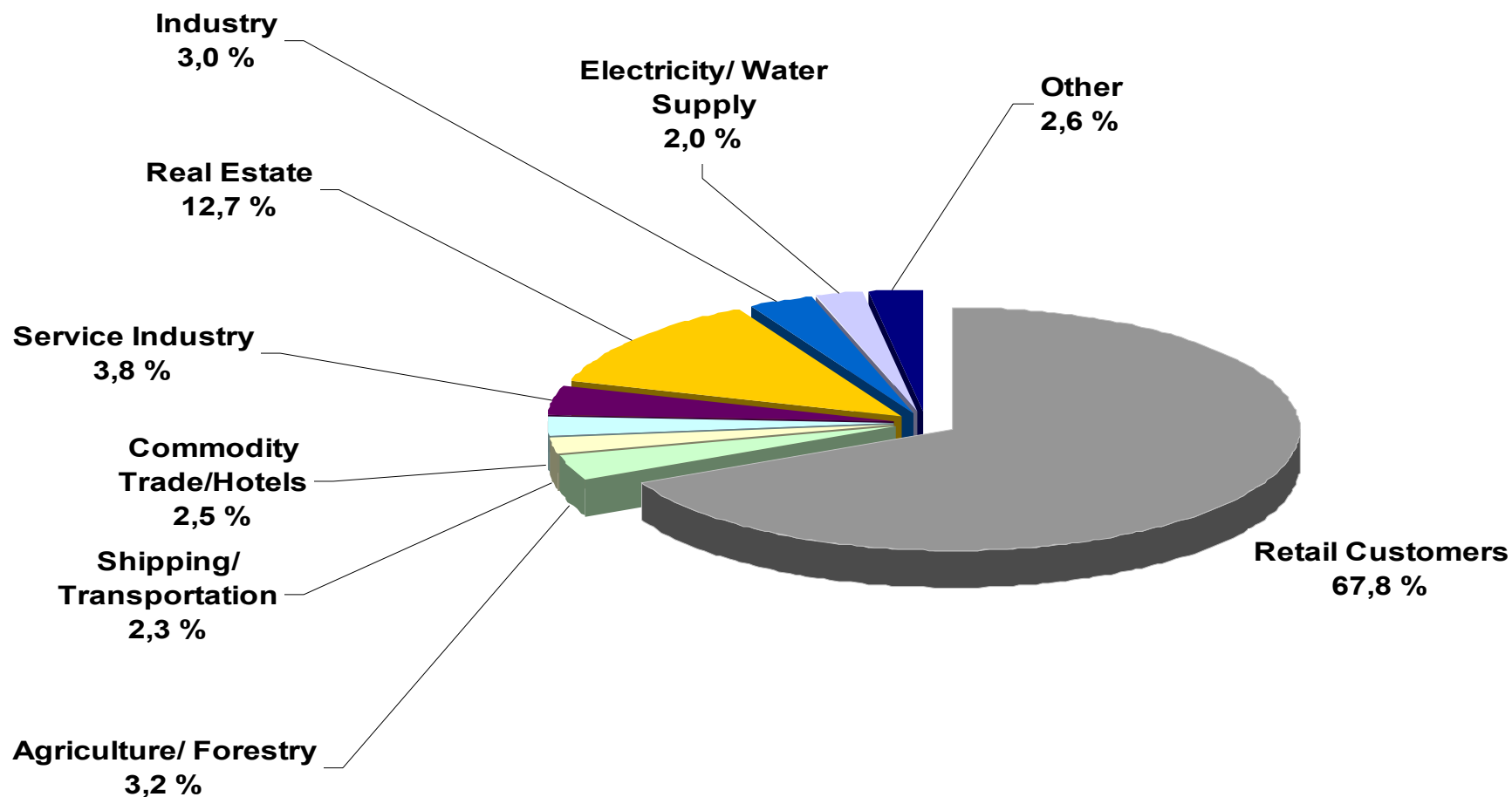
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Lending by industri

Share of total lending as of 31.12.2005

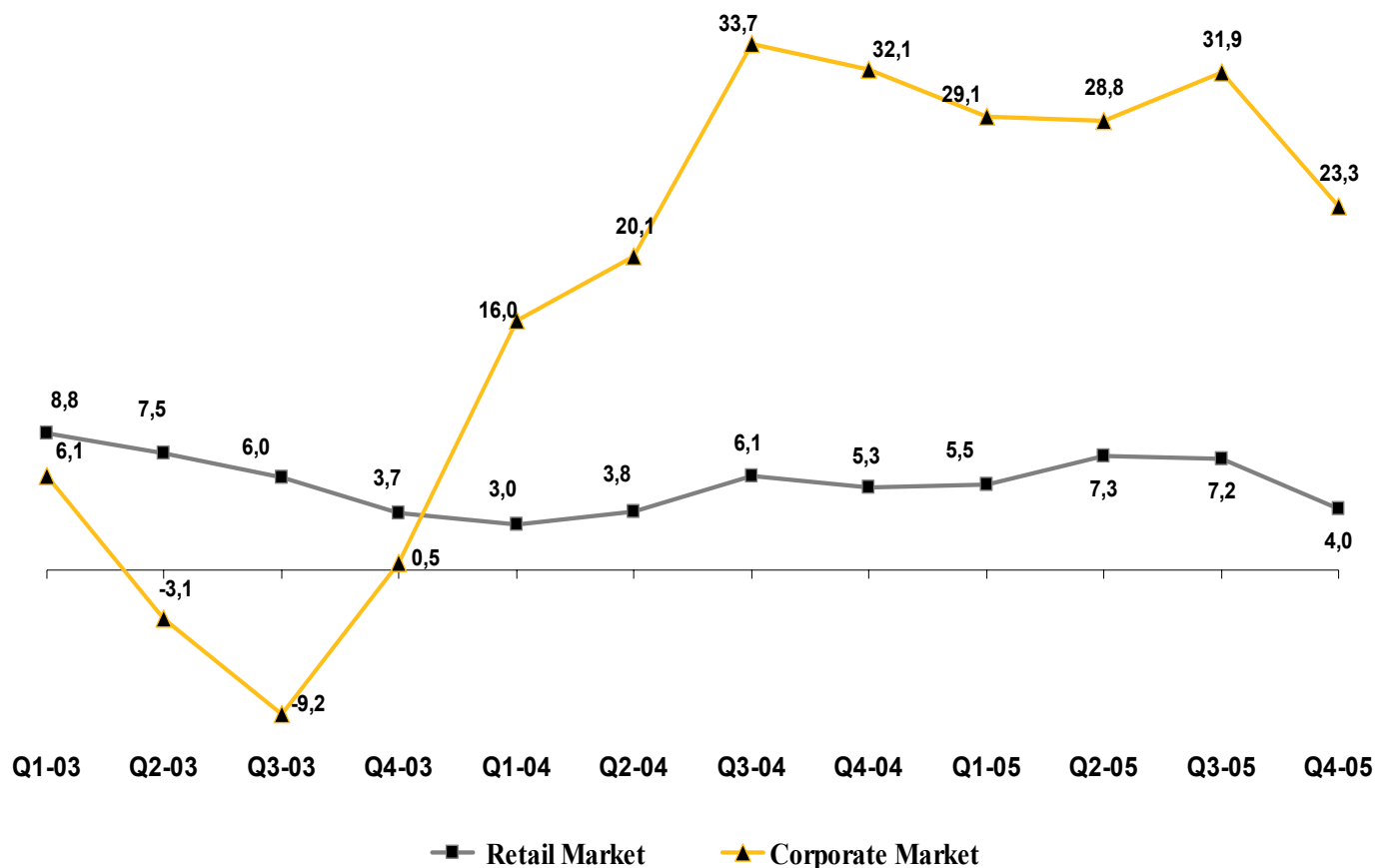




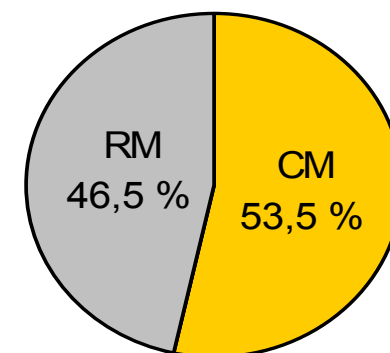
High growth in deposits from corporate customers

Annual growth - %

12 Month Growth in Deposits



31.12.05





Continued high return on financial investments

<i>NOK million</i>	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Dividend	4	18	12	4	1	1	9	3
Sparebank 1 Group	56	29	20	14	19	9	8	9
Net gain/loss on securities trading	24	36	55	14	16	11	8	33
Net gain/loss on foreign exchange and financial instr.	13	14	19	17	16	13	16	18
Total return on financial investments	97	97	106	49	52	34	41	63

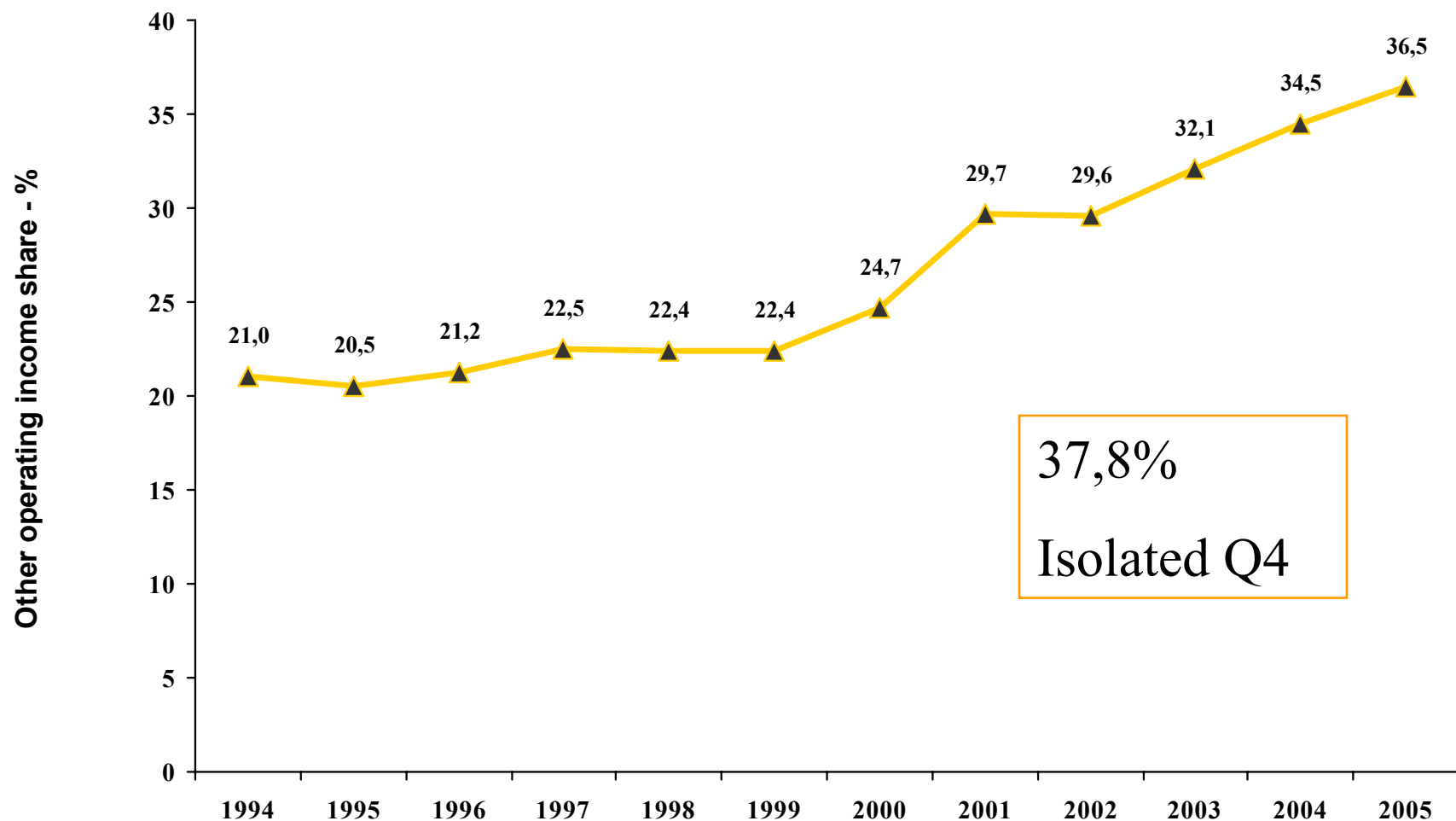


Net commision- and Other operating income

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NOK million	2005	2005	2005	2004	2004	2004	2004	2004
Payment facilities	38	44	40	40	39	46	38	36
Savings products	29	26	22	20	19	16	21	19
Insurance products	27	19	19	19	29	19	18	18
Commission income, real estate	52	46	53	39	48	41	52	39
Other commission income	9	10	15	9	14	6	8	5
Net other operating income	155	145	149	127	149	128	137	117



Other operating income in % of total income



*Excluding gain/loss on securities trading, dividend and ownership stakes

Financial statements before 2004 is not prepared according to IFRS



Subsidiaries

NOK million	2005	2004
<i>EiendomsMegler 1 AS</i>		
Number of sales	5.113	4.958
Profit from ordinary activities before tax	25,4	23,7
<i>SpareBank 1 SR-Finans AS</i>		
Total assets	2.122	1.794
Profit from ordinary activities before tax	20,5	20,8
<i>SR Forvaltning ASA</i>		
Portfolio	4.347	2.964
Profit from ordinary activities before tax	24,7	13,3



Operating costs

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>NOK million</i>	2005	2005	2005	2004	2004	2004	2004	2004
Personnel expenses	137	132	138	123	124	126	131	123
Allocations to personnel packages	11	0	0	0	3	0	0	15
Administrative expenses	74	67	73	63	66	52	62	62
Capital losses on non-financial assets	13	12	11	12	13	11	12	13
Other operating expenses	37	35	41	33	36	33	34	32
Total operating expenses	272	246	263	231	242	222	239	245

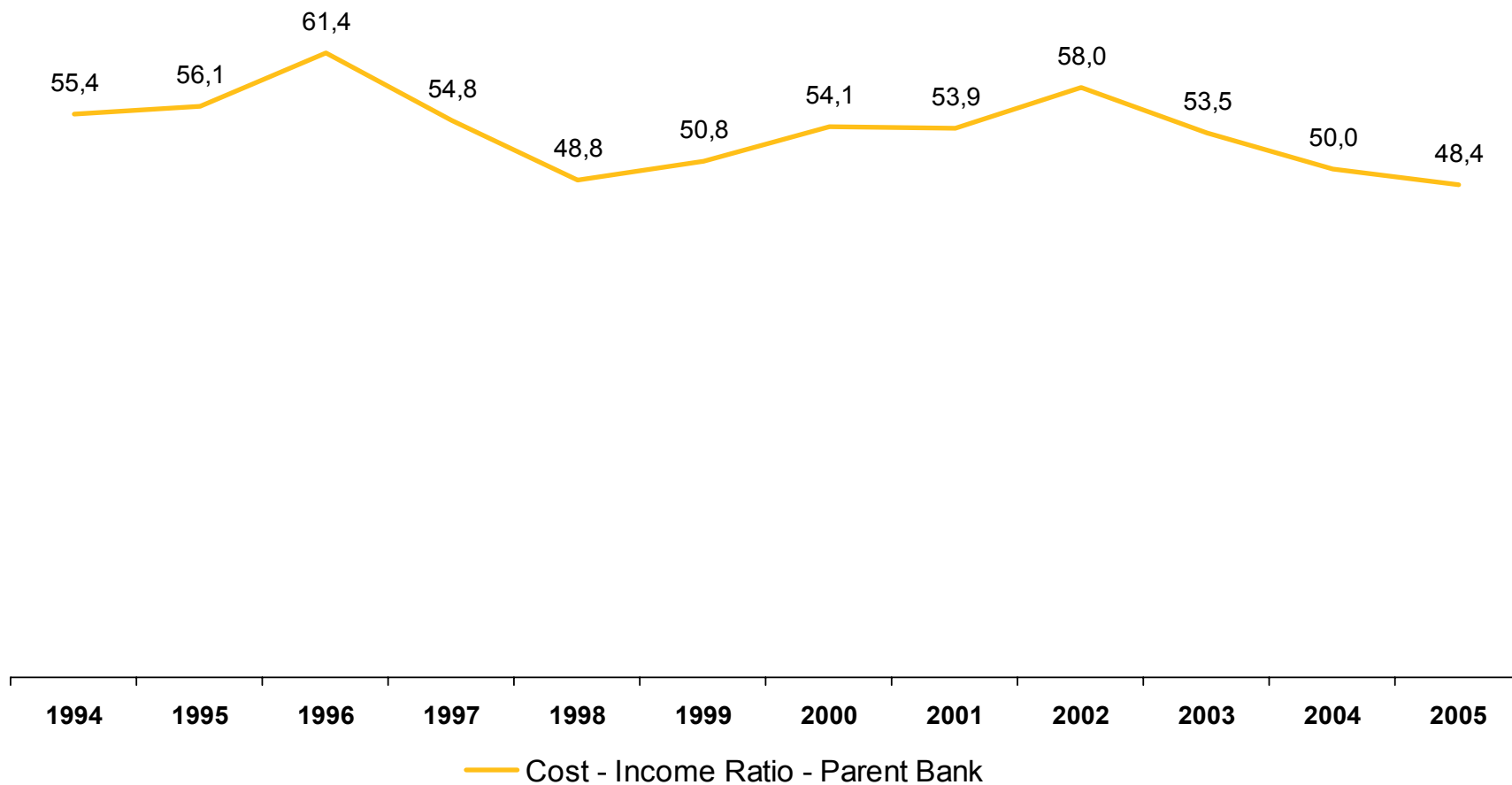


High priority areas for 2005/2006 - cost implications

Mandatory Occupational Pension	NOK	7 mill
New Offices (Bergen, Grimstad)	"	4 mill
Competance Development Programme	"	8 mill
EiendomsMegler 1's Real Estate Periodical	"	4 mill
Sparebank 1 Group Projects	"	16 mill
Stavanger 2008 (European Capital of Culture)	"	3 mill
Total	NOK	42 mill



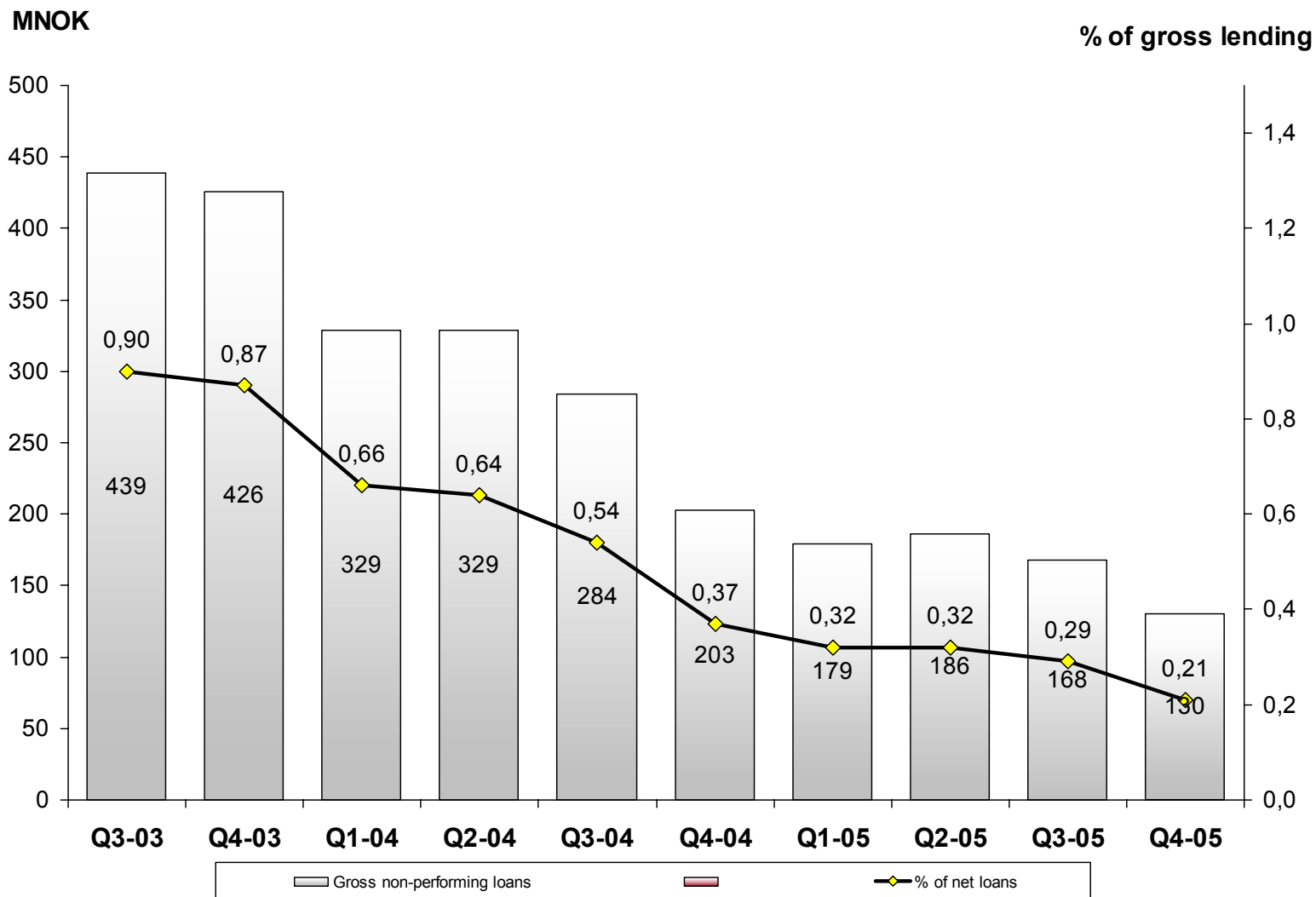
Cost/income ratio - parent bank NRS



Excluding gain/loss on securities trading



Gross non-performing loans





The Primary Capital Certificate - ROGG

- Trading volume Q4: 8% .
- Number of ROGG owners: 10.361.
- Distribution of owners:
 - Owners from Rogaland og Agder: 44,8%. (43,3% Only Rogaland)
 - Non-domestic owners: 19,4%.
 - 10 largest owners: 25,8%.
 - 20 largest owners: 32,1%
- *Dividend yield 31.12.2005:
 - ROGG: 66,1%
 - GFBX: 47,4%
 - OSEBX: 40,5%



Rating

Moody's

Fitch

Bank Deposits

A2

Long-term

A-

Outlook

Stable

Outlook

Stable



New, more advanced risk management systems are expected to result in relatively large and long term gains for SR-Bank

Reduced Losses

- Reduced losses as a result of better risk management

Higher Profitability

- Improved models and systems for measuring and allocating capital
- Increased risk adjusted return due to more effective risk pricing

Disengage Equity

- Lower core capital requirements

Improved Reputation

- Element in rating process
- Reduced fundingcost

Added value to owners
of primary capital
certificates and other
interest groups



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SpareBank 1 SR-Bank



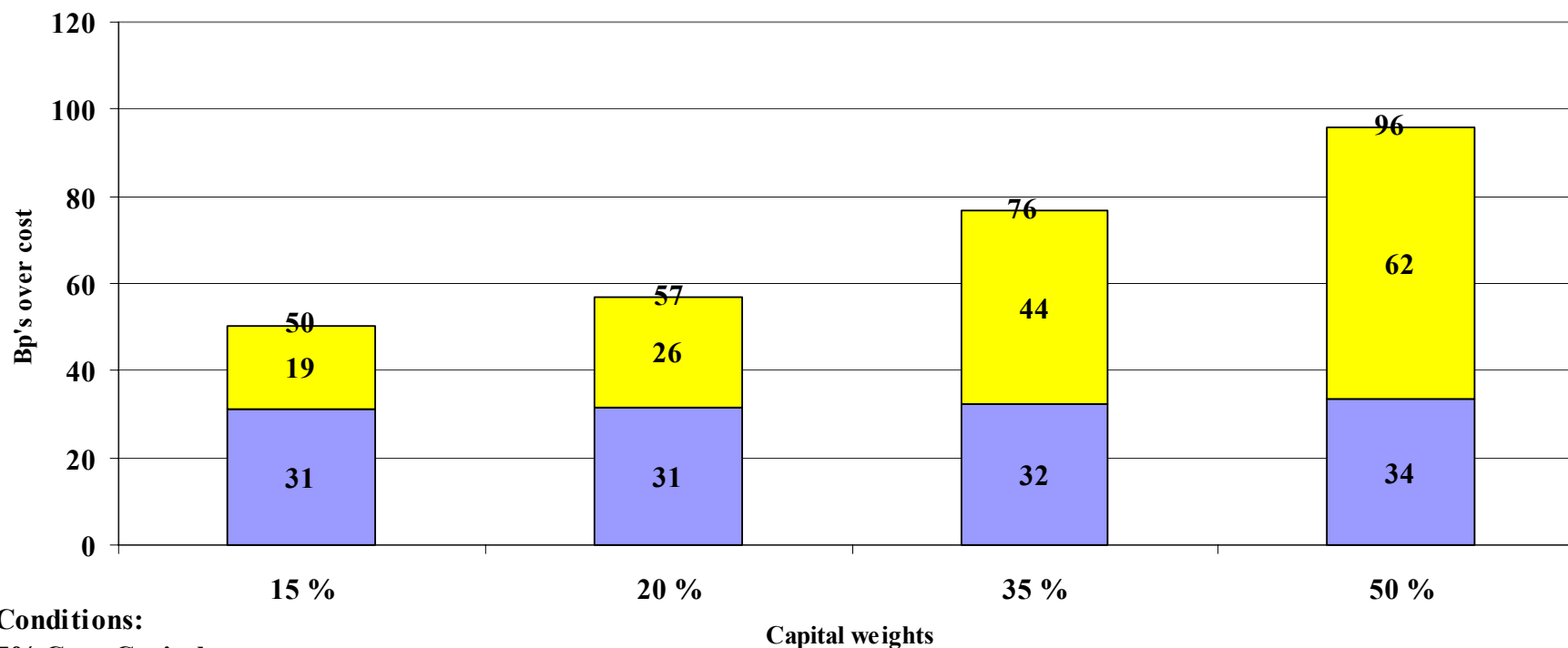
SpareBank 1 SR-Bank focuses on risk management

- SpareBank 1 SR-Bank has applied to the Financial Supervisory Authority in Norway for permission to use the Internal Ratings-Based Approach – IRB) to determine credit risk.
- The banks who are granted this permission will from 2007 be able to use internal risk systems to determine capital adequacy.
- The new demands (IRB - Basel II) makes the legal minimum requirement for capital more risk sensitive in such a manner that the demand for capital in a greater degree corresponds to the risk in actual portfolios.
- The bank must satisfy extensive demands to be approved by the Financial Supervisory Authority for the use of IRB.
- The Financial Supervisory Authority expects the majority of applications to be considered by autumn 2006.



BASEL II can have a considerable effect on the margins demanded – particularly for mortgages

Calculation of Margins for Mortgages given a 15% return on equity



Conditions:

7% Core Capital

10,5% Net equity and subord.
loan capital

■ Costs and other variables

■ Required return on equity



Strategic focus areas for 2005/2006:

- Establishing covered bonds company
- New offices in Grimstad, Farsund and Bergen
- Ambitious Basel II application
- Strong focus on the sale of Mandatory Occupational Pensions
- Increased effort in Cash Management
- Establishing SR Investering AS
- Wholesale banking
- Co-operation with ING Bank
- Competance development project