

From Rain
to Hydroelectric Power.

SpareBank 1 SR-Bank ASA

4th quarter 2014

Preliminary annual accounts

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.

The leading financial group in the southwest of Norway

1 Rogaland

Population	452,000
Market share	37%
Year of establishment	1839
Market strategy	Market leader
Unemployment rate	2.4%

2 Hordaland

Population	498,000
Market share	6%
Year of establishment	2006
Market strategy	Entry/growth
Unemployment rate	2.3%

3 Agder

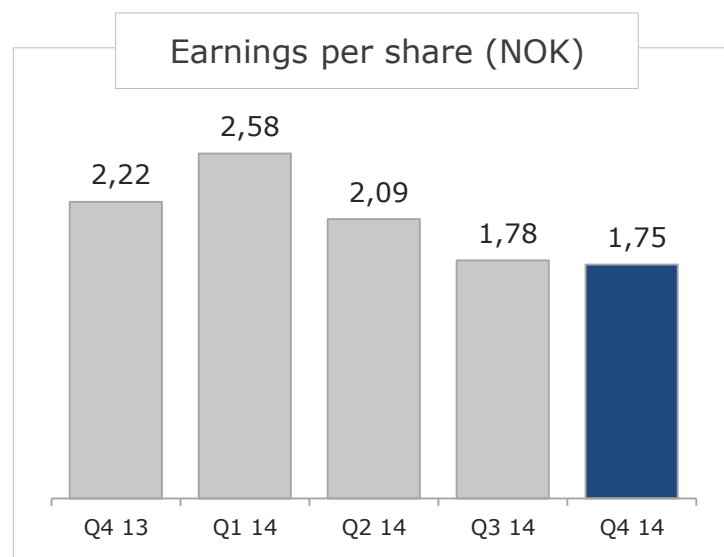
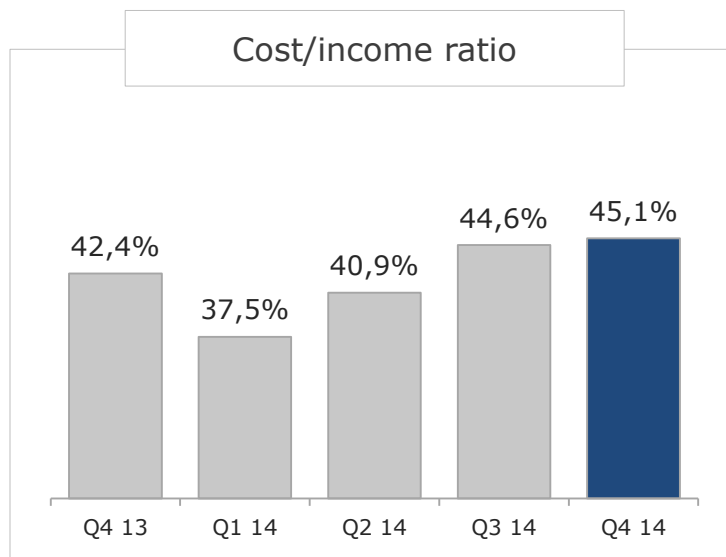
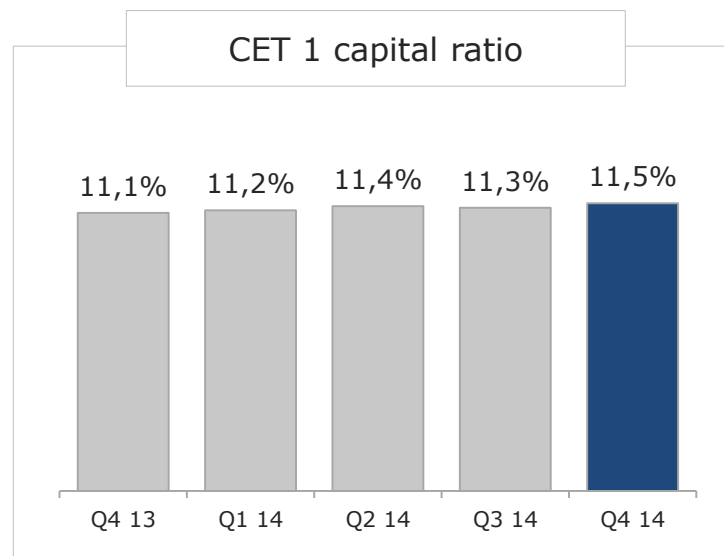
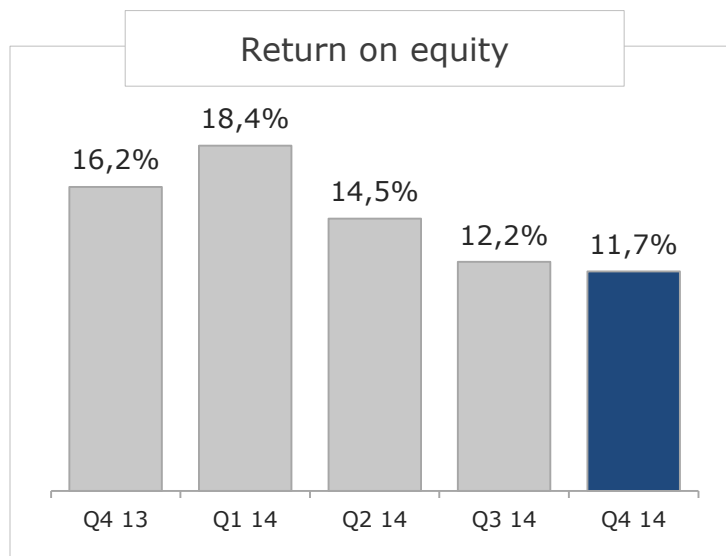
Population	289,000
Market share	9%
Year of establishment	2002
Market strategy	Growth
Unemployment rate	3.1%



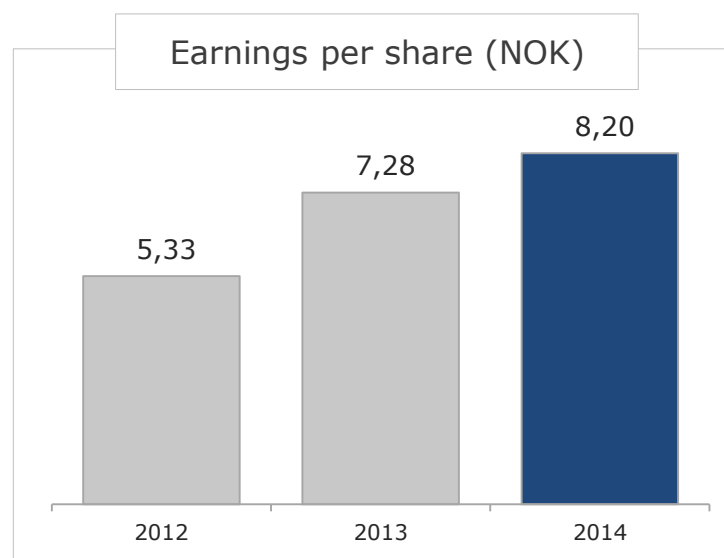
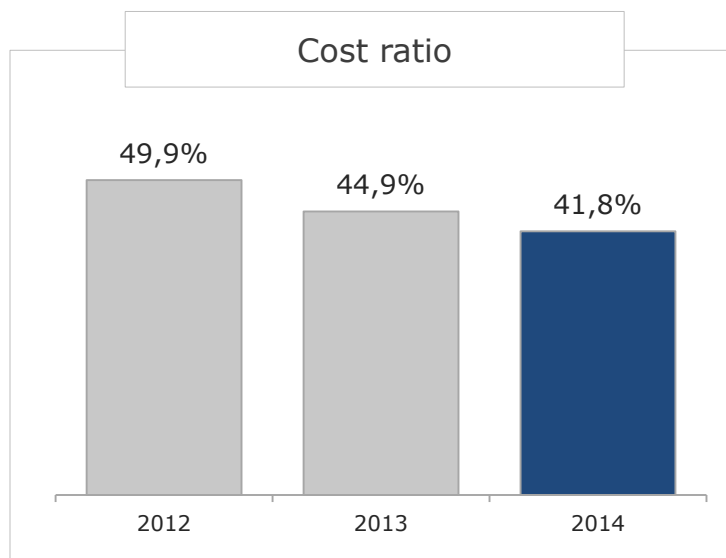
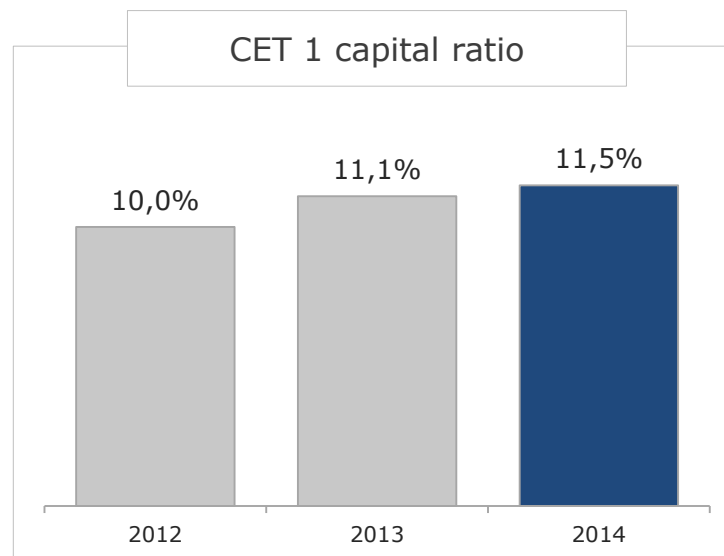
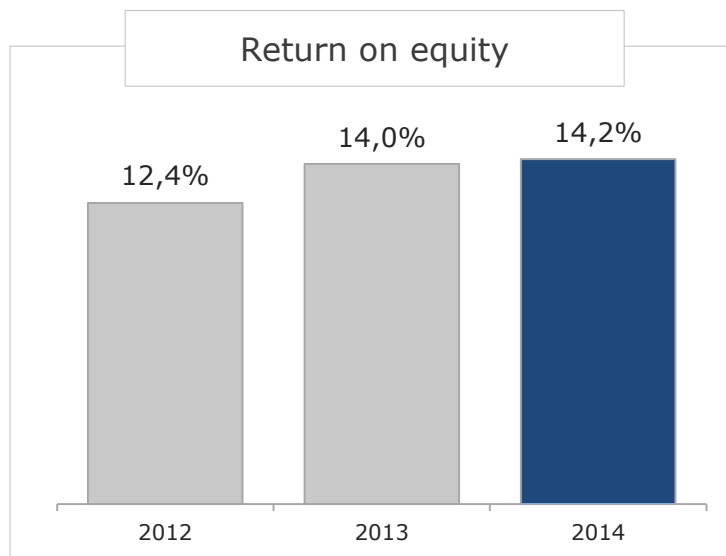
Strong result with higher income, moderate losses and good cost control

- Pre-tax profit for 4Q is NOK 553 million compared to NOK 674 million last year
 - Return on equity after tax 11.7% (16.2%)
- Pre-tax profit year-to-date increased to NOK 2.601 million from NOK 2.347 million last year
 - Return on equity after tax 14.2% (14.0%)
- 12 months lending growth of 4.7%
- 12 months deposits growth of 13.7%
 - In addition growth of 11% in other capital under management in the last 12 months
- The net interest margin increased by 3 basis points to 1.45% in the last 12 months
- Good cost control 12 months growth 1.8%
- Still moderate impairment losses on loans
 - 0.20% of gross lending recognised on the balance sheet as at 31 December 2014
- The Board proposes a dividend of NOK 2.0 per share
- Common equity tier 1 capital ratio increased to 11.5% from 11.1% last year

Key figures – quarterly development



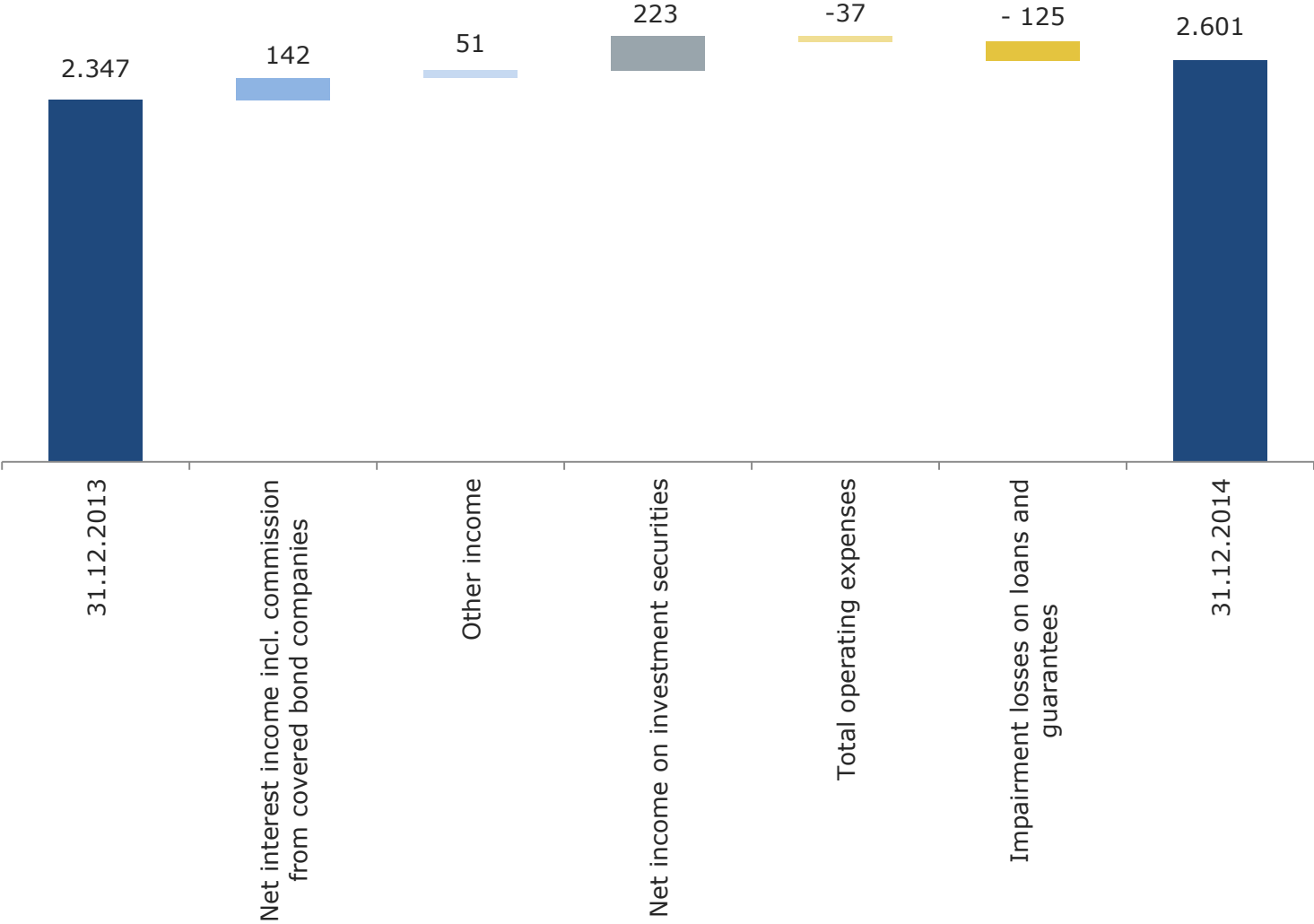
Key figures – annual development



Income statement

	31.12 14	31.12 13	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13
<i>Group Income Statement (MNOK)</i>							
Net interest income	2.404	2.119	655	621	581	547	574
Net commission and other income	1.732	1.824	405	403	444	480	489
Net income on investment securities	778	555	116	142	201	319	195
Total income	4.914	4.498	1.176	1.166	1.226	1.346	1.258
Total operating expenses	2.056	2.019	530	520	501	505	534
Operating profit before losses	2.858	2.479	646	646	725	841	724
Impairment losses on loans and guarantees	257	132	93	69	41	54	50
Operating profit before tax	2.601	2.347	553	577	684	787	674
Tax expense	506	487	105	123	150	128	107
Net profit	2.095	1.860	448	454	534	659	567

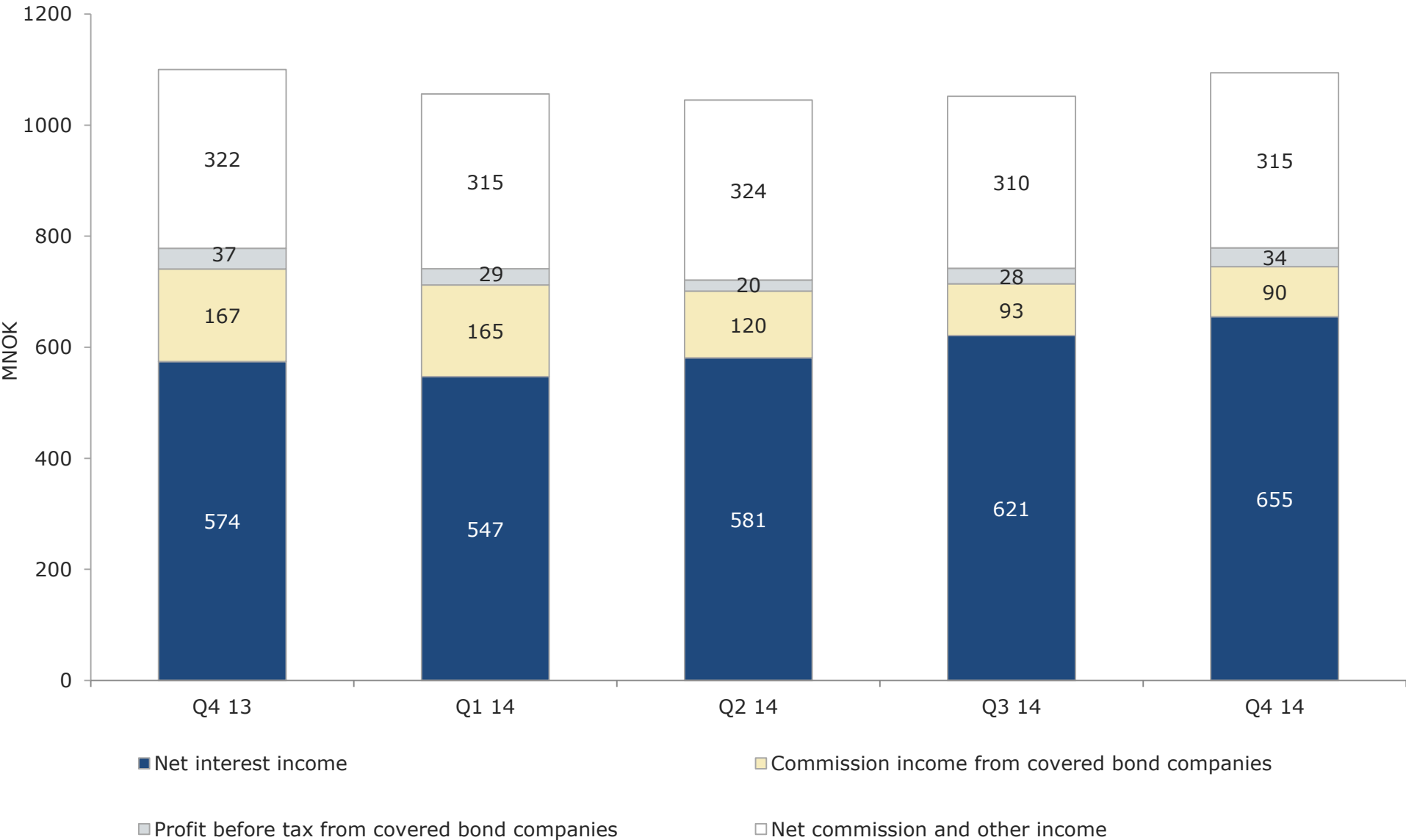
Change in profit 31.12.2013 – 31.12.2014



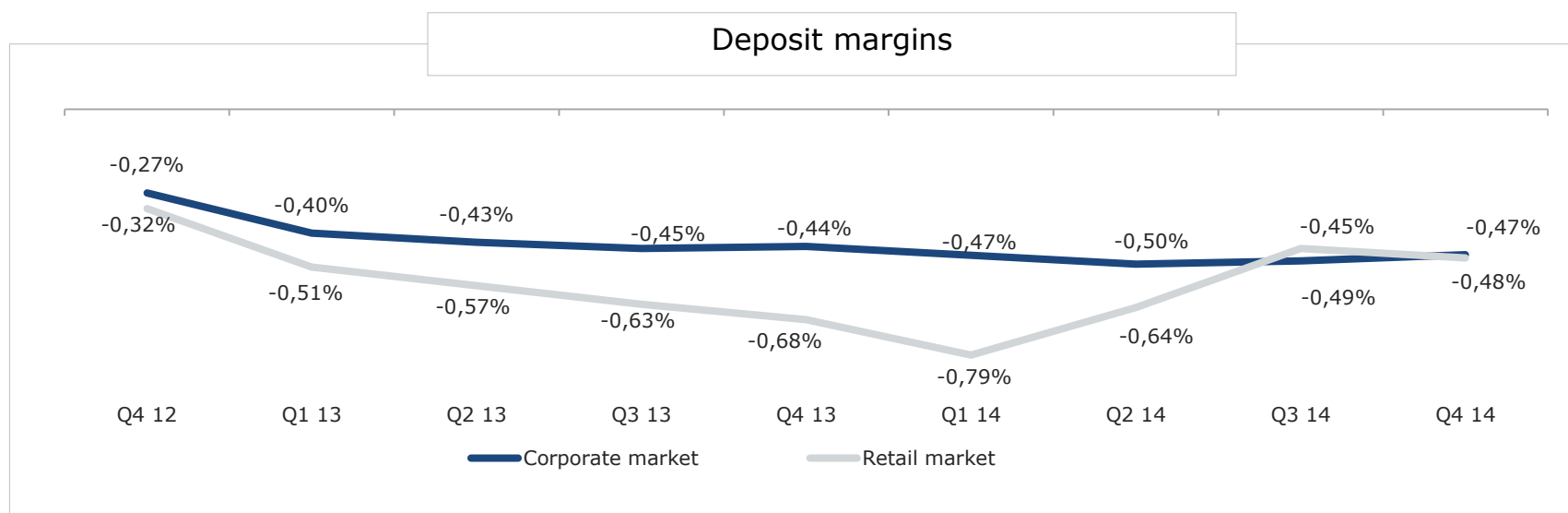
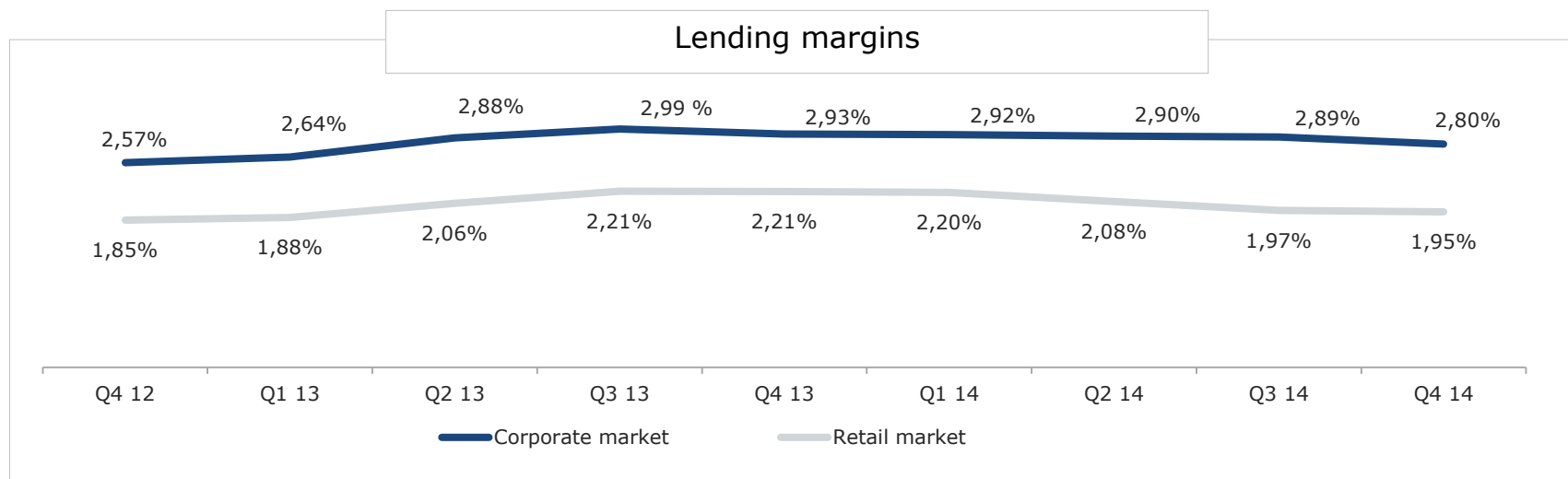
Key figures

	31.12 14	31.12 13	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13
Return on equity after tax (%)	14,2	14,0	11,7	12,2	14,5	18,4	16,2
Net interest margin (%)	1,45	1,42	1,51	1,48	1,41	1,40	1,46
Impairment losses on loans and guarantees in % of gross loans	0,20	0,11	0,27	0,20	0,13	0,18	0,17
<i>-incl. covered bond companies</i>	0,15	0,08	0,22	0,16	0,10	0,13	0,12
Non-performing and other problem commitments in % of gross loans	0,66	1,06	0,66	0,77	0,81	0,90	1,06
<i>-incl. covered bond companies</i>	0,54	0,76	0,54	0,62	0,65	0,66	0,76
Cost to income ratio	41,8	44,9	45,1	44,6	40,9	37,5	42,4
Annual growth in loans to customers, gross incl. covered bond companies	4,7	5,3	4,7	3,5	3,6	3,8	5,3
Annual growth in deposits from customers (%)	13,7	6,0	13,7	14,9	11,5	8,5	6,0
Total assets (BNOK)	174,9	157,0	174,9	168,3	167,3	157,8	157,0
Portfolio of loans in covered bond companies (BNOK)	32,9	46,4	32,9	32,9	33,3	44,9	46,4
Risk weighted assets (BNOK)	120,2	113,1	120,2	117,3	113,7	113,4	113,1
Earnings per share (NOK)	8,20	7,28	1,75	1,78	2,09	2,58	2,22
Book value per share (NOK)	60,28	55,00	60,28	59,21	57,63	57,45	55,00
Number of shares issued (million)	255,8	255,8	255,8	255,8	255,8	255,8	255,8

Consolidated income profile

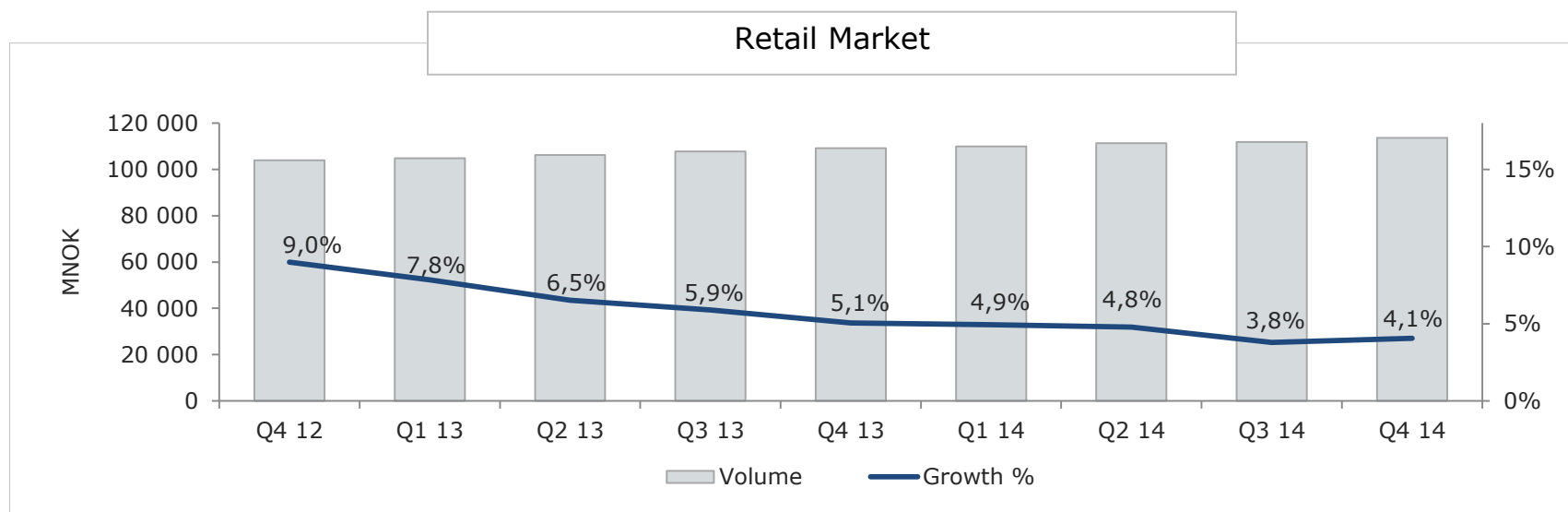
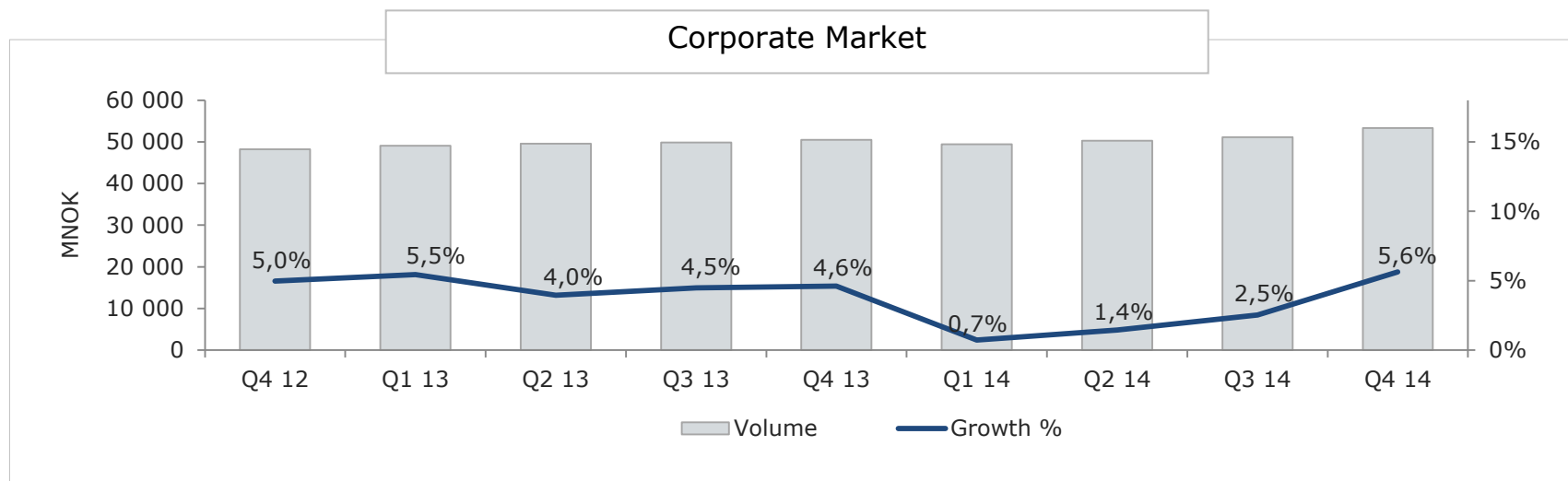


Lending and deposit margins



Definition: Average customer interest rate against 3-month moving average for 3-month NIBOR. Lending margins include loan portfolio in covered bond companies

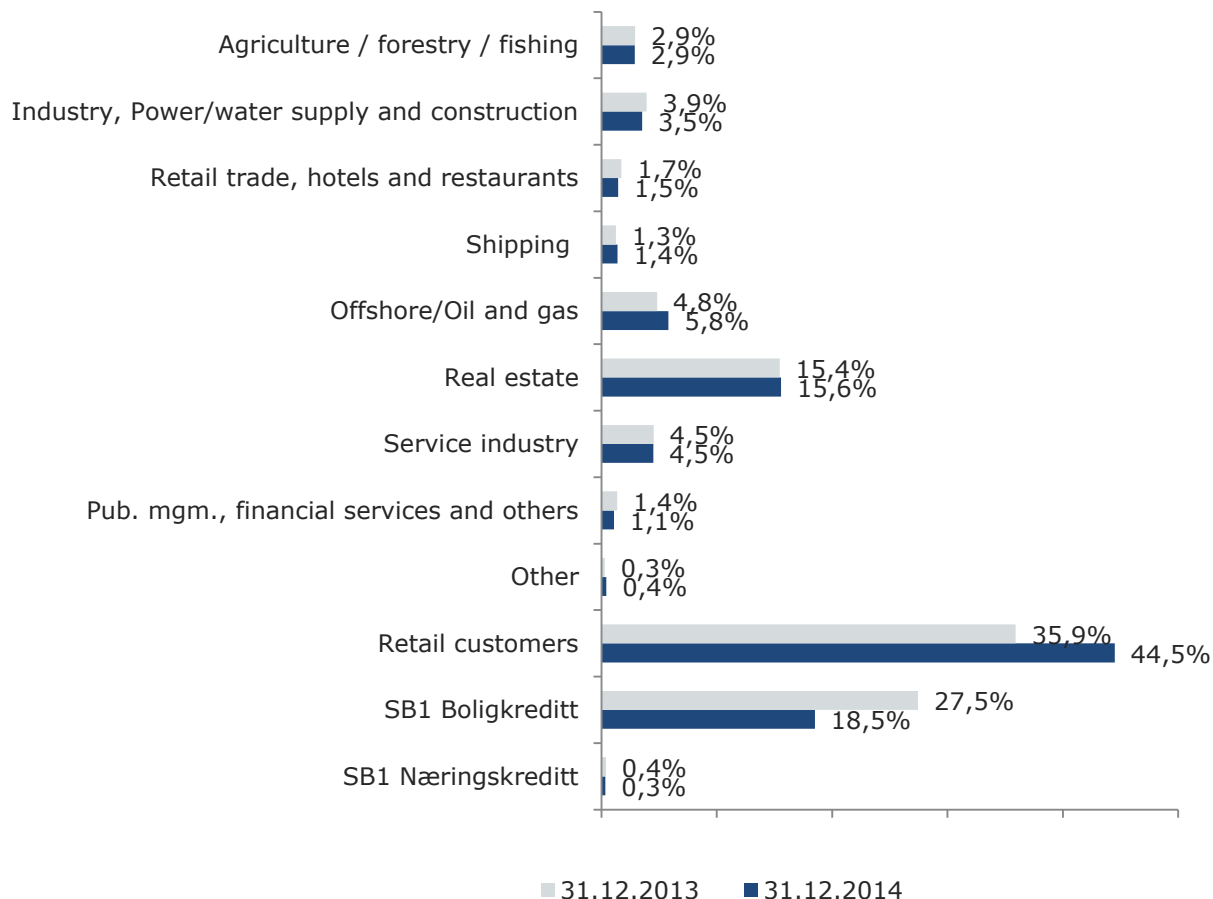
Lending volume and 12 months growth



* Incl. loan portfolio in covered bond companies

Loan portfolio as at 31.12.2014

- *Gross loans as at 31 December 2014 amount to NOK 174.5 billion compared with NOK 166.7 billion at the same time last year.*
- *12-month growth in loans of 4.7%.*
- *Loans to retail customers (incl. covered bond company) account for 63.0% of total loans.*
- *Loans to the commercial property sector account for 15.6% of total loans, an increase of 0,2%-points compared at the same time last year.*
- *See appendix for further information on loans to oil operations.*



Loans before individual write-downs, nominal amounts.

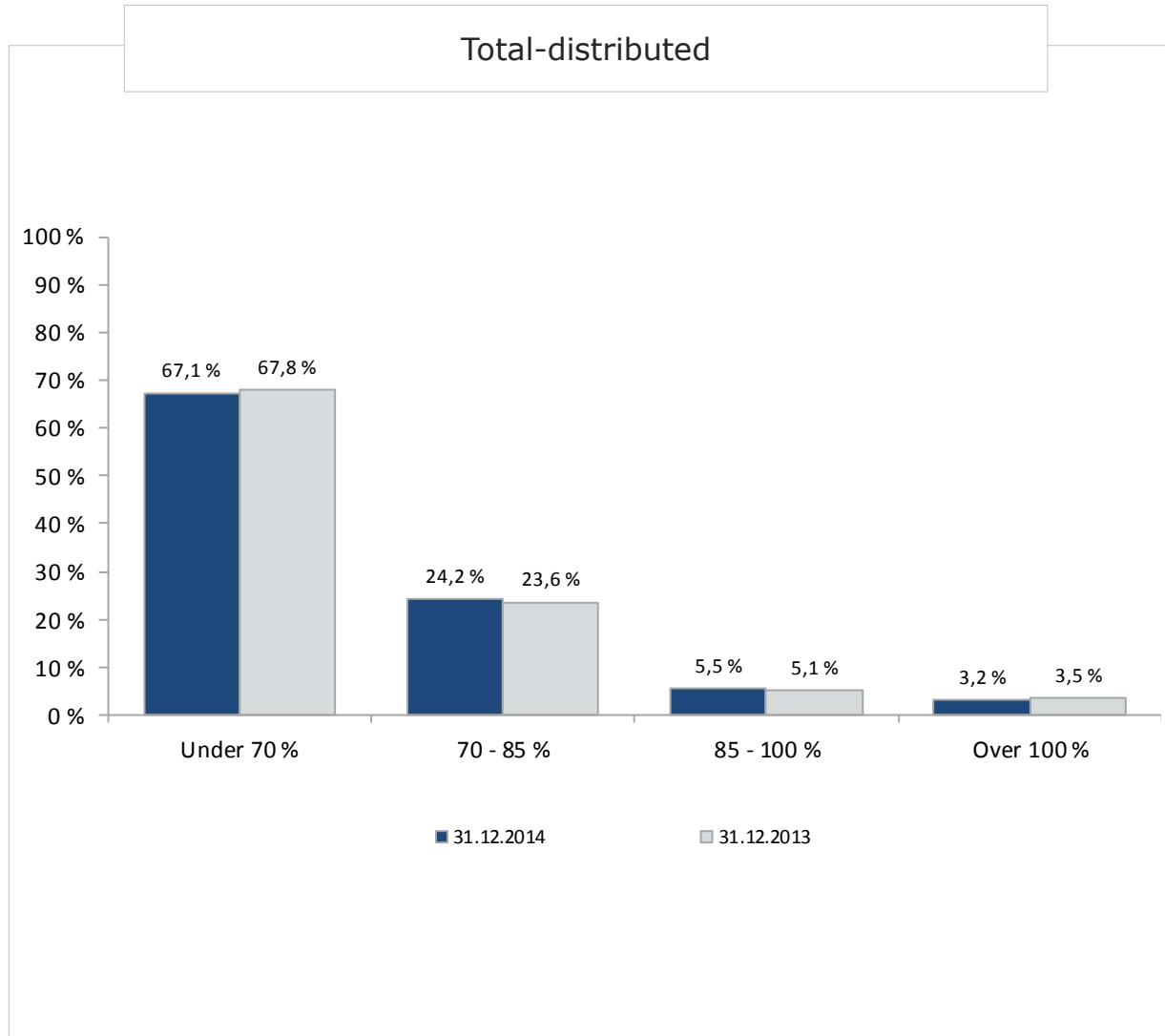
Sector allocation in accordance with the standard categories from Statistics Norway.

Loan to value ratio on home mortgage loans

- *The proportion of loans with a loan-to-value ratio of less than 85% is high and stable.*
- *91.3% of the exposure is within 85% of the assessed value of collateral. This means that only 8.7% of exposure exceeds 85% of the assessed value of collateral.*
- *LTV is expected to decrease as a result of tightening credit policies related to home equity loans. The maximum LTV for such loans has been reduced from 70% to 60%, and a reduction of the credit limit after 10 years is now required.*

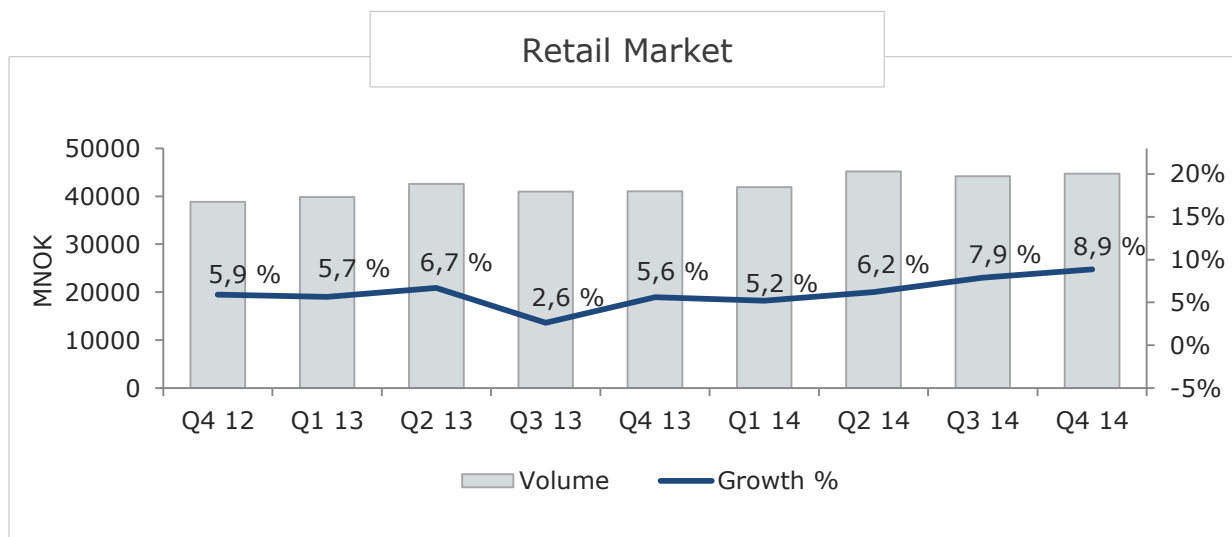
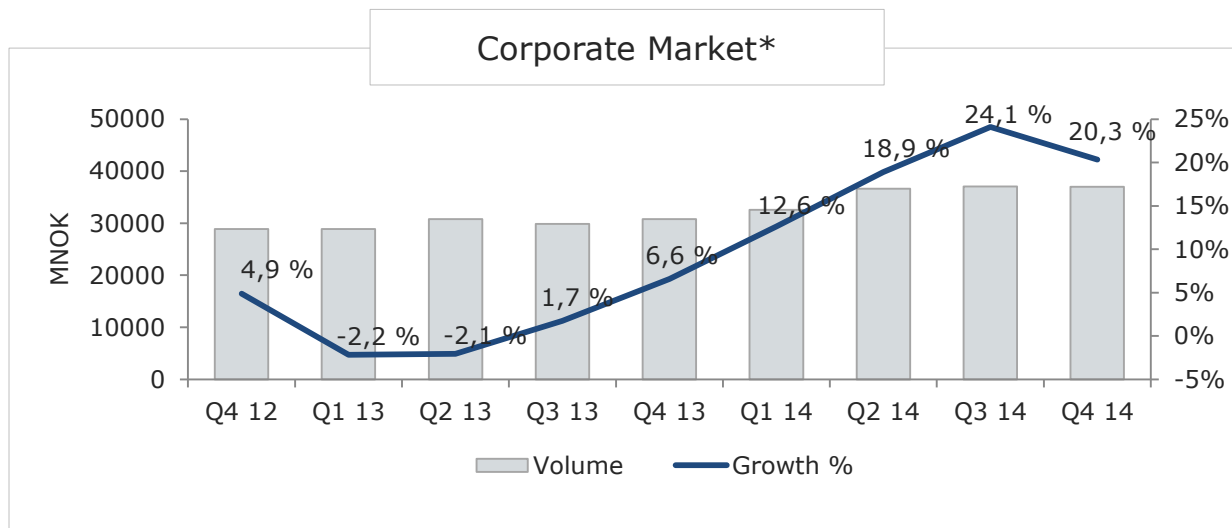
In a total-distributed loan to value ratio the entire loan is allocated to one and the same interval.

The figures include the loan portfolio in the covered bond company.



Deposits volume and 12 month growth

- Last 12 months deposits increased by NOK 9.8 billion to 81.5 billion.
- Corresponds to an increase in the period of 13.7%.



* Includes also the Capital Market Division.

Net commission and other income

	31.12 14	31.12 13	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13
<i>MNOK</i>							
Payment facilities	236	233	57	66	56	57	59
Savings/placements	172	151	42	45	40	45	39
Insurance products	177	164	46	45	44	42	41
Commission income real estate broking	434	433	101	105	128	100	108
Guarantee commission	103	104	26	24	26	27	23
Arrangement- and customer fees	115	91	40	20	24	31	45
Other	27	37	3	5	6	13	7
Net commission and other income excl. covered bond companies	1.264	1.213	315	310	324	315	322
Commission income SB1 Boligkreditt and SB1 Næringskreditt	468	611	90	93	120	165	167
Net commission and other income incl. covered bond companies	1.732	1.824	405	403	444	480	489

Net income on investment securities

	31.12	31.12	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13
<i>MNOK</i>	14	13					
Dividends	36	33	1	10	7	18	-2
Investment income, associates	506	355	138	150	137	81	95
Securities gains/losses	140	-81	-37	-52	24	205	13
- of which capital change in shares and certificates*	232	46	24	-22	10	220	42
- of which capital change in certificates and bonds	-92	-127	-61	-30	14	-15	-29
Currency/interest gains/loans	96	248	14	34	33	15	89
- of which currency customer- and own-account trading	107	135	6	40	37	24	46
- of which IFRS-effects	-11	113	8	-6	-4	-9	43
Net income on investment securities	778	555	116	142	201	319	195

Subsidiaries

<i>MNOK</i>	31.12.14	31.12.13
EiendomsMegler 1 SR-Eiendom AS		
Number of sales	7.540	7.246
Operating profit before tax	55,5	41,9
SpareBank 1 SR-Finans AS		
Total assets (BNOK)	7,0	6,4
Operating profit before tax	145,9	149,0
SR-Forvaltning AS		
Total assets under management (BNOK)	9,3	7,7
Operating profit before tax	26,7	22,4
SR-Investering AS		
Operating profit before tax	0,5	11,8
Other		
Operating profit before tax	7,0	-1,4
Total subsidiaries		
Profit before tax	235,6	223,7

Ownership interests

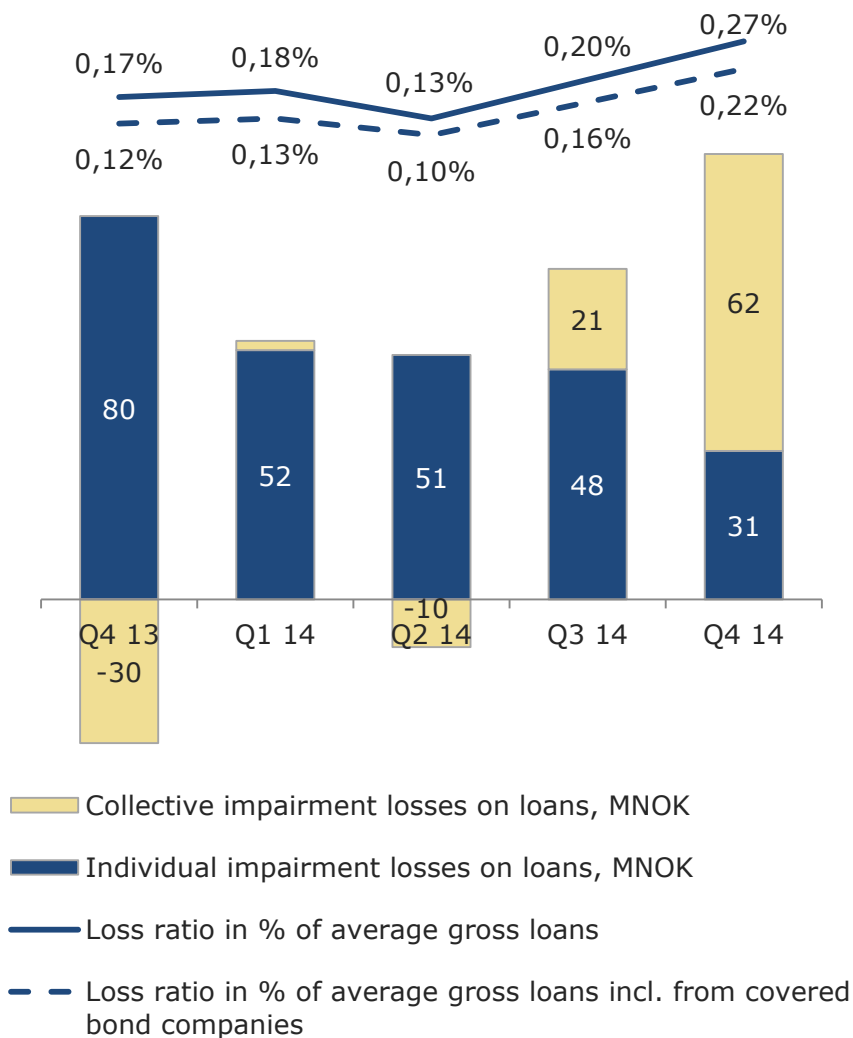
<i>MNOK</i>	31.12.14	31.12.13
SpareBank 1 Gruppen AS		
<i>Interest ownership</i>	19,5 %	19,5 %
Profit after tax	360,5	218,1
Adjusted profit previous years	-4,2	-1,6
SpareBank 1 Boligkreditt AS		
<i>Interest ownership</i>	20,1 %	26,2 %
Profit after tax	47,0	64,7
Adjusted profit previous years	1,9	1,8
SpareBank 1 Næringskreditt AS		
<i>Interest ownership</i>	26,8 %	27,3 %
Profit after tax	31,7	7,5
Adjusted profit previous years	0,7	0,0
BN Bank ASA		
<i>Interest ownership</i>	23,5 %	23,5 %
Profit after tax	66,0	59,2
Amortised	0,0	7,2
Other		
Profit after tax	2,3	-1,8
Total ownership interests		
Profit after tax	505,9	355,1

Operating expenses

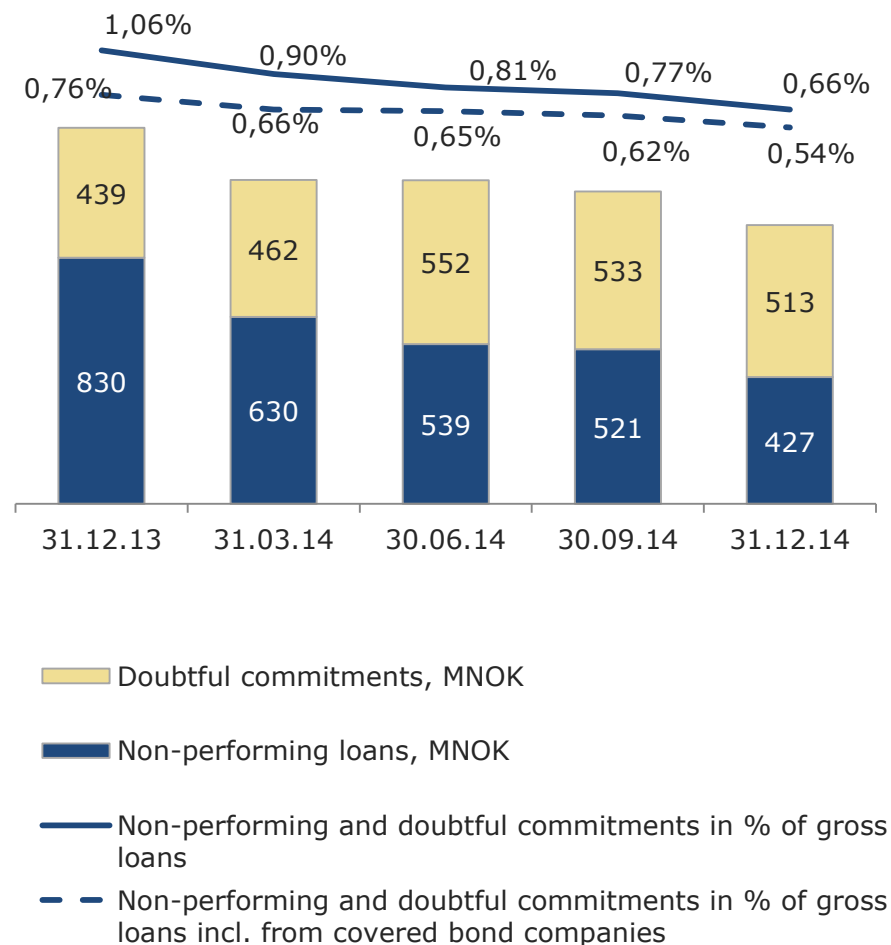
	31.12 14	31.12 13	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13
<i>MNOK</i>							
Personnel expenses	1.187	1.159	303	304	293	287	297
Restructuring costs	13	37	10	3	0	0	26
Non-recurring effect, pension-related items	2	0	-5	0	0	7	0
Total personnel expenses	1.202	1.196	308	307	293	294	323
IT expenses	277	250	75	69	67	66	65
Marketing	96	86	29	21	29	17	21
Other administrative expenses	95	96	24	24	24	23	23
Total administrative expenses	468	432	128	114	120	106	109
Depreciation	88	74	22	32	17	17	21
Operating expenses from real estate	37	40	10	7	7	13	5
Other operating expenses	261	277	62	60	64	75	76
Total other operating expenses	386	391	94	99	88	105	102
Total operating expenses	2.056	2.019	530	520	501	505	534

Impairment losses on loans/Non-performing and doubtful commitments

Impairment losses on loans



Non-performing and doubtful commitments



Impairment losses on loans and guarantees

	31.12	31.12	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13
<i>Losses on loans in income statement (MNOK)</i>	14	13					
Corporate customers	167	145	27	39	48	53	87
Retail customers	15	17	4	9	3	-1	-7
Change in collective impairment losses on loans	75	-30	62	21	-10	2	-30
Net impairment losses on loans	257	132	93	69	41	54	50

	31.12	31.12	31.12	30.09	30.06	31.03	31.12
<i>Impairment losses on loans (MNOK)</i>	14	13	14	14	14	14	13
Corporate customers	262	382	262	285	307	329	382
Retail customers	60	64	60	58	54	53	64
Collective impairment losses on loans	378	302	378	315	294	304	302
Total impairment losses on loans	700	748	700	658	655	686	748

Deposits to loans ratio and market funding

- *Development in deposits to loans ratio reflects our funding strategy with a greater share of senior funding and the reduced use of covered bond funding.*

- *Seven outstanding euro-benchmarks (EUR 500 million) with due dates in each of the years 2015- 2021.*

- *Funding indicator 1* is 109,0% for the parent bank and 110,7% on consolidated basis.*

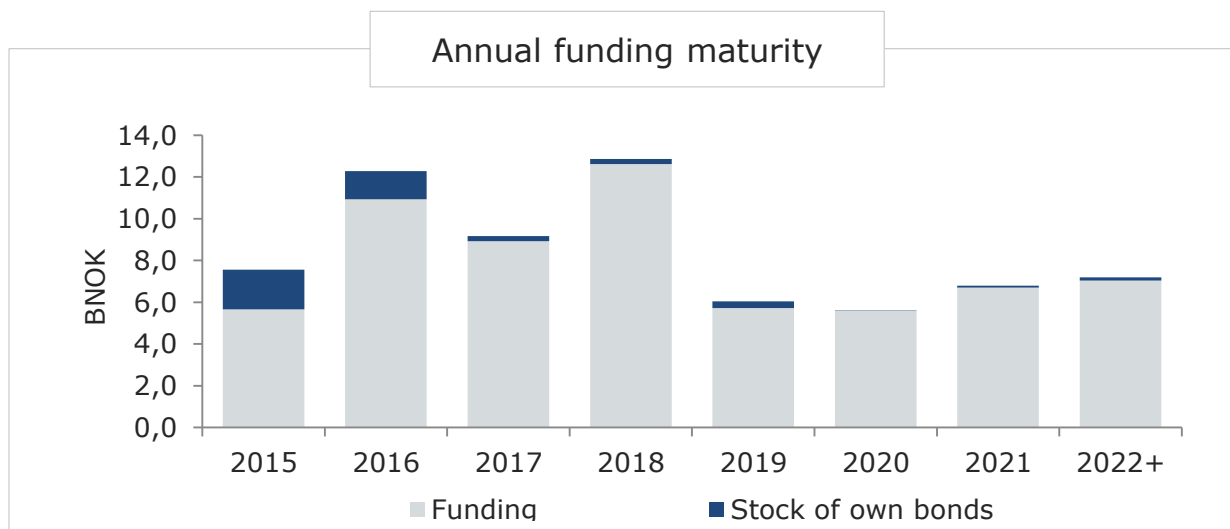
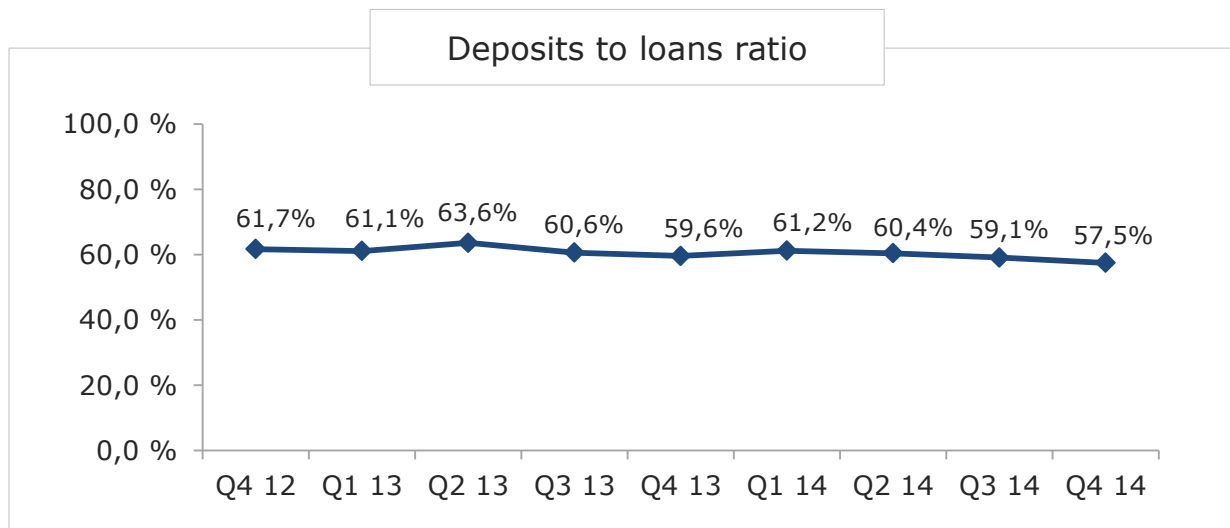
- *Good liquidity and good access to market funding*

- *Net refinancing need over the next 12 months is NOK 5.7 billion*

- *Liquidity buffer is NOK 18.2 billion for normal operation in 24 months with closed markets. In addition to the liquidity buffer, NOK 27.4 billion of home mortgages are prepared for the covered bond funding.*

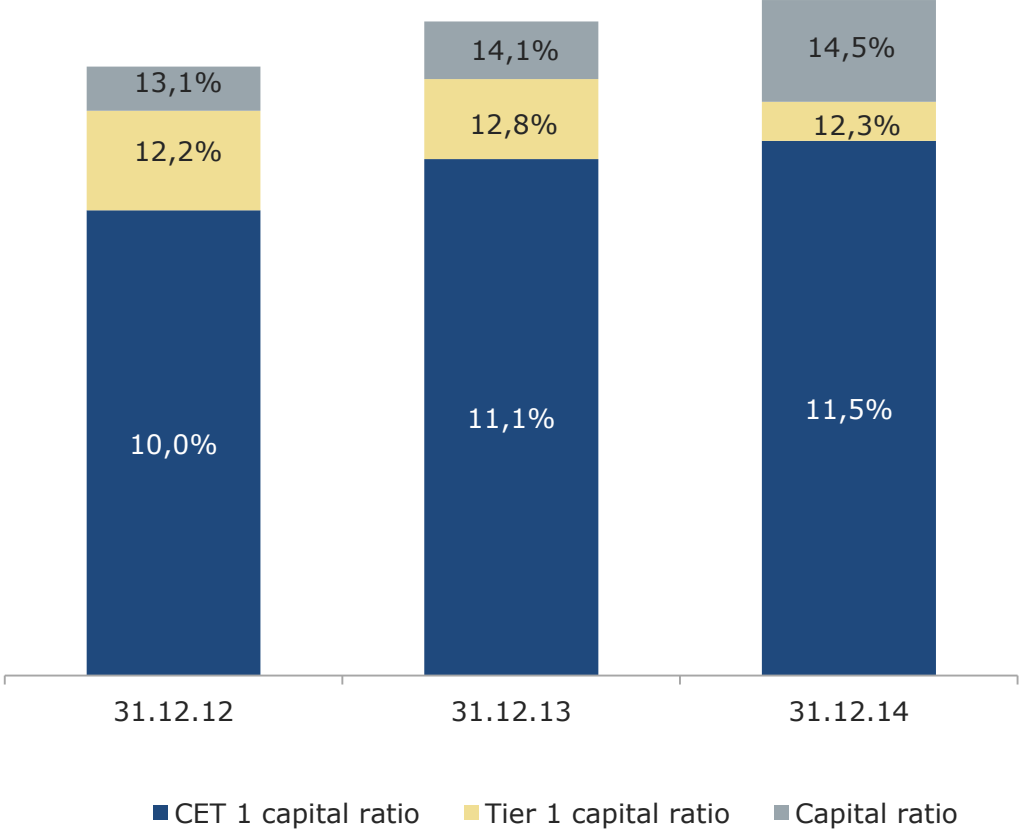
- *SpareBank 1 SR-Bank has received license to establish a 100% owned covered bond company as a supplement to SpareBank 1 Boligkreditt.*

- *The purpose is to optimize funding mix and eliminate possible limitations due to regulatory limits on large exposures.*



Stronger capital ratio

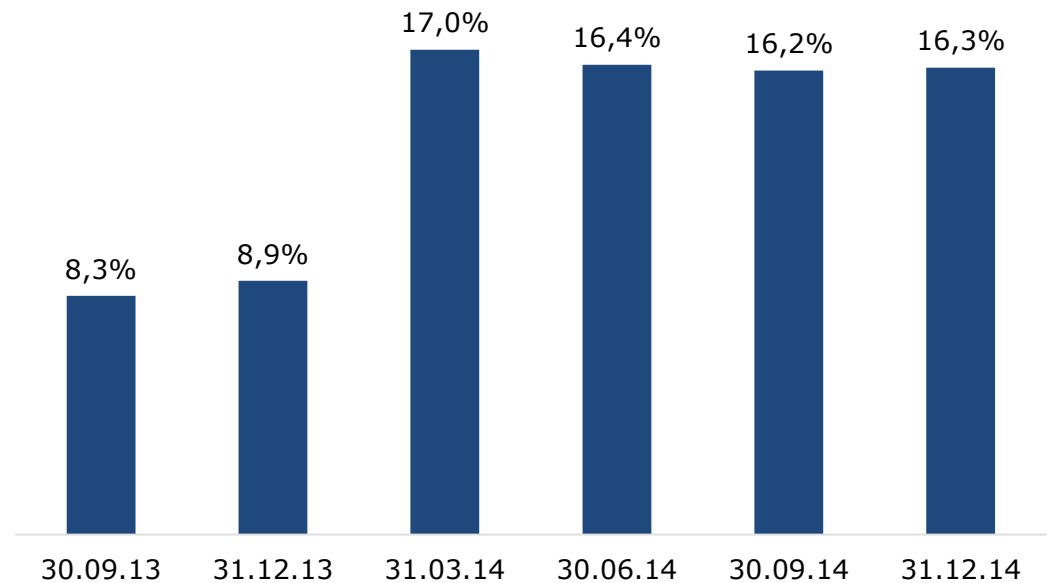
- SpareBank 1 SR-Bank is compliant with all capital requirements per 31.12.2014.
- The use of different risk weights in the Nordic countries makes comparisons of actual financial strength difficult.
 - The Basel I floor is also practised differently.



Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations. Until 30.06.2014 the transitional rule was binding for SpareBank 1 SR-Bank and will apply again when IRB A approval is granted for the corporate portfolio.

RWA home mortgages (incl. SpareBank 1 Boligkreditt)

- RWA on home mortgages is stable. *The shift that occurs from Q1 2014 is due to increased regulatory LGD from 10% to 20%.*
- The Norwegian FSA has indicated that there may be imposed further restrictions, from 2015, on how to calculate RWA for home mortgages. This in combination with the so-called LGD floor from 1st January 2014 will mean that the average risk weight for existing mortgages will increase to the range 22 - 24%.

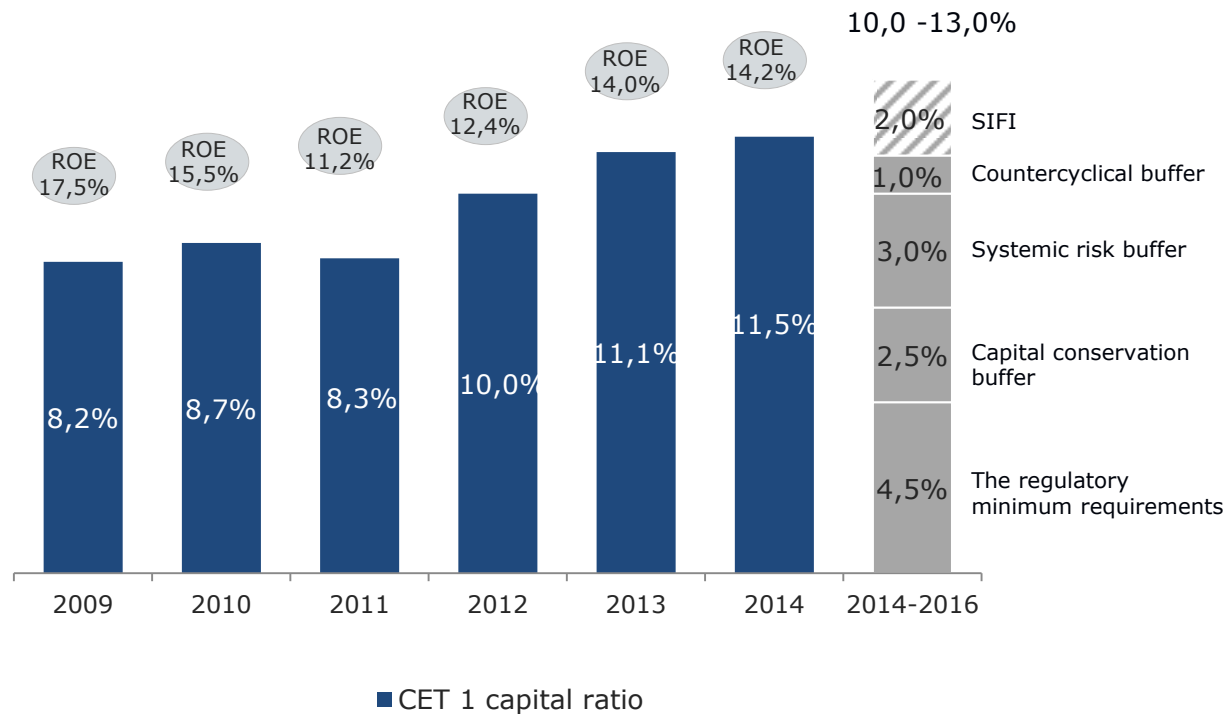


LGD (Loss Given Default). Estimated loss given default of one single loan. The calculation is based on the realisation value of assets pledged as security in an economic downturn

Home mortgages as defined in the Norwegian IRB framework; residential property must make up at least 30 % of a loan's security

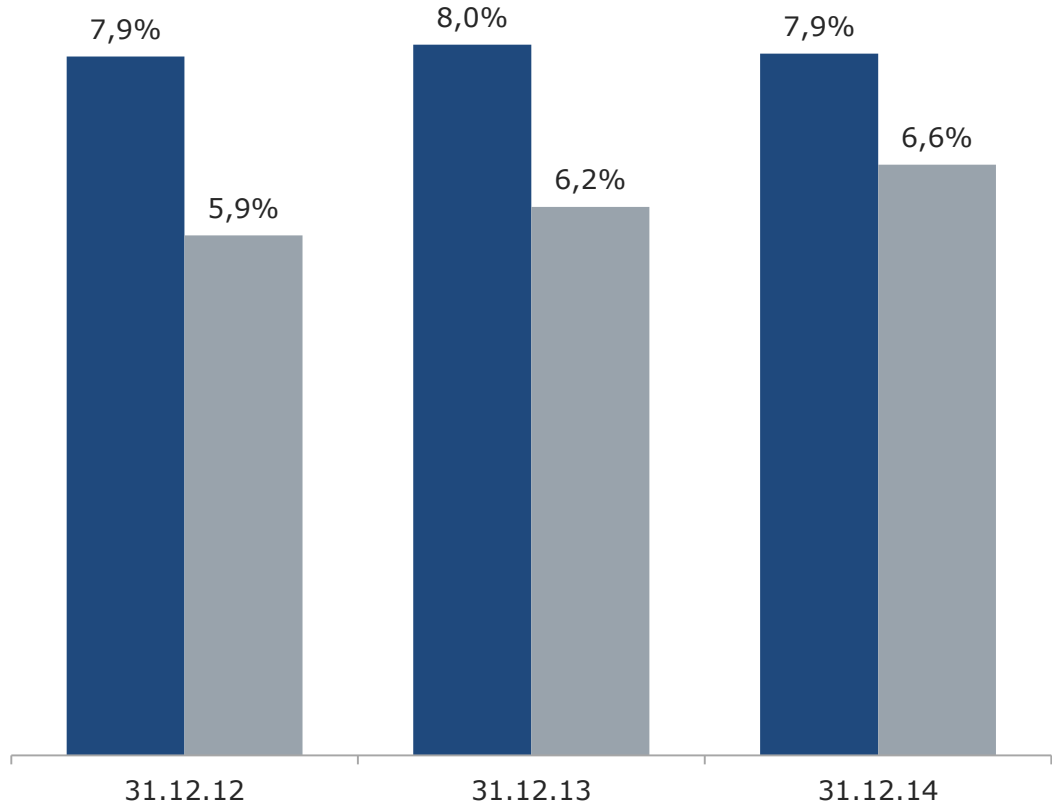
Common equity tier 1 being strengthened in line with stricter regulatory requirements

- *New capital requirements entail a need to continue increasing common equity tier 1 capital going forward.*
- *SpareBank 1 SR-Bank is not defined as systemically important financial institution (SIFI) according to the Regulations of 12 May 2014 but is close at SIFI-requirement for market share.*
- *Common equity tier 1 capital will be strengthened further through good profitability and retained earnings, combined with limited growth in risk weighted assets.*
- *The target CET 1 level will, over time, be 0.5-1.0% above the regulatory requirement.*



Strengthened core equity tier 1 capital ratio calculated on basis of total assets

- Core equity tier 1 capital ratio calculated on basis of total assets as at 31 December 2014 was 7.9%.
- Measured according to this expression of financial strength, SpareBank SR-Bank is very well capitalised and substantially exceeds the levels being discussed internationally.



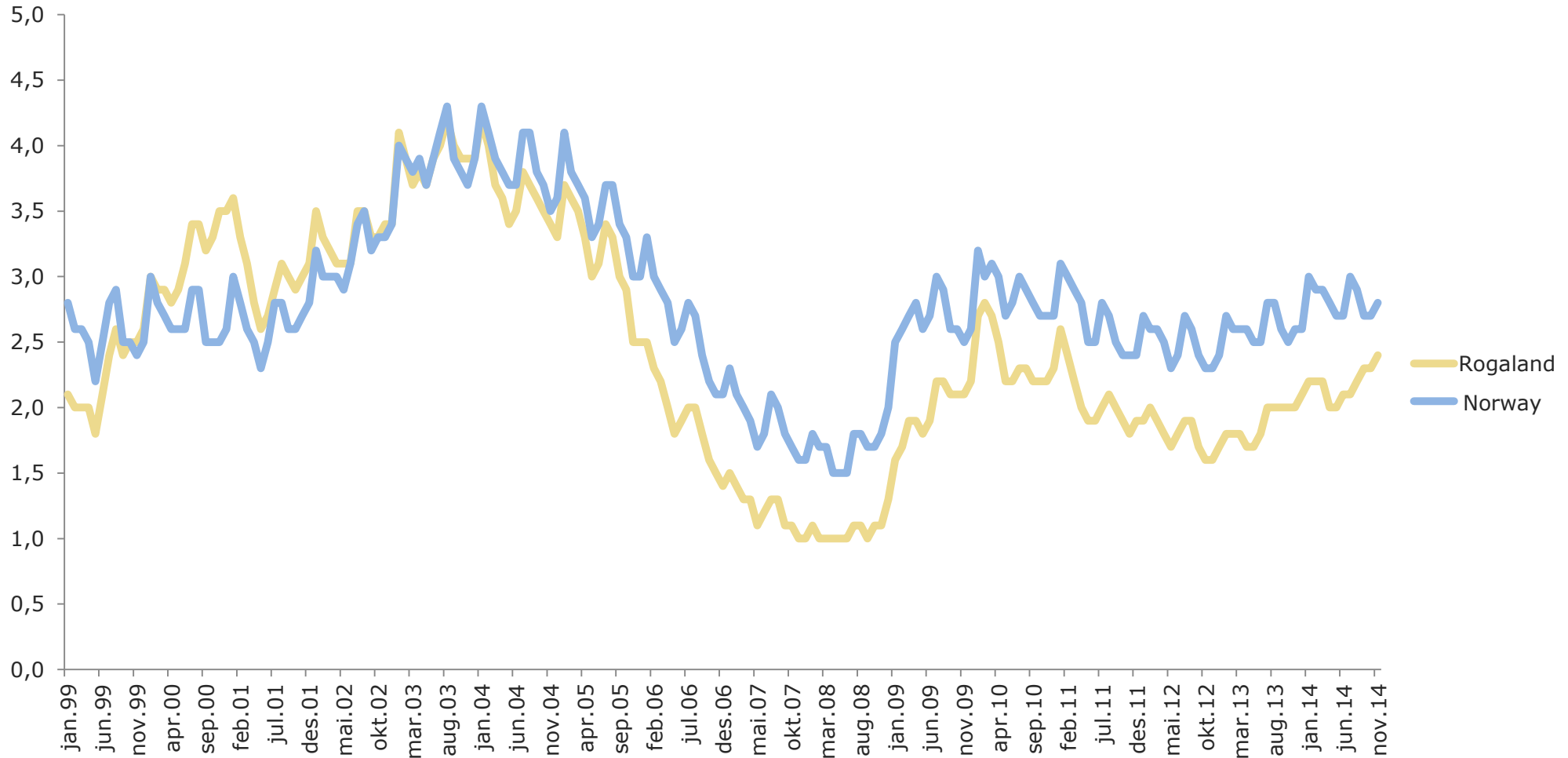
■ CET 1 capital / Total assets
■ CET 1 capital / Total assets (including gross loans in covered bond companies)

- From record high levels, oil investments are expected to be somewhat reduced in 2015. A continued high level of investment involves strong activity in the petroleum sector, but uncertainty has increased due to lower oil prices.
- Major infrastructure projects and high activity in house building are helping to ensure good conditions for the region's business and population growth, with lasting low unemployment.
- A weaker exchange rate makes Norwegian exports more competitive, while interest rates also stimulate business and household spending.
- Slightly greater uncertainty about economic developments may help to dampen demand for loans, while low interest rates and wage inflation work in the opposite direction. We expect stable house prices going forward and still strong competition for new home mortgage customers.
- Non-performance and loan impairment losses are expected to remain relatively low in the coming quarters.
- Solid earnings from a robust business model indicates we are well positioned to build up the necessary capital going forward, while ensuring continued competitiveness.
- An offensive approach for the future
 - The acquisition of Swedbank's Stavanger office, increased focus on capital services
 - The acquisition of 3 accounting office, establishes "accounting house"
 - Investing in new CM system, more and more customers in international markets
 - Investing in new technology, customer behavior changes as a result of digitization

APPENDIX

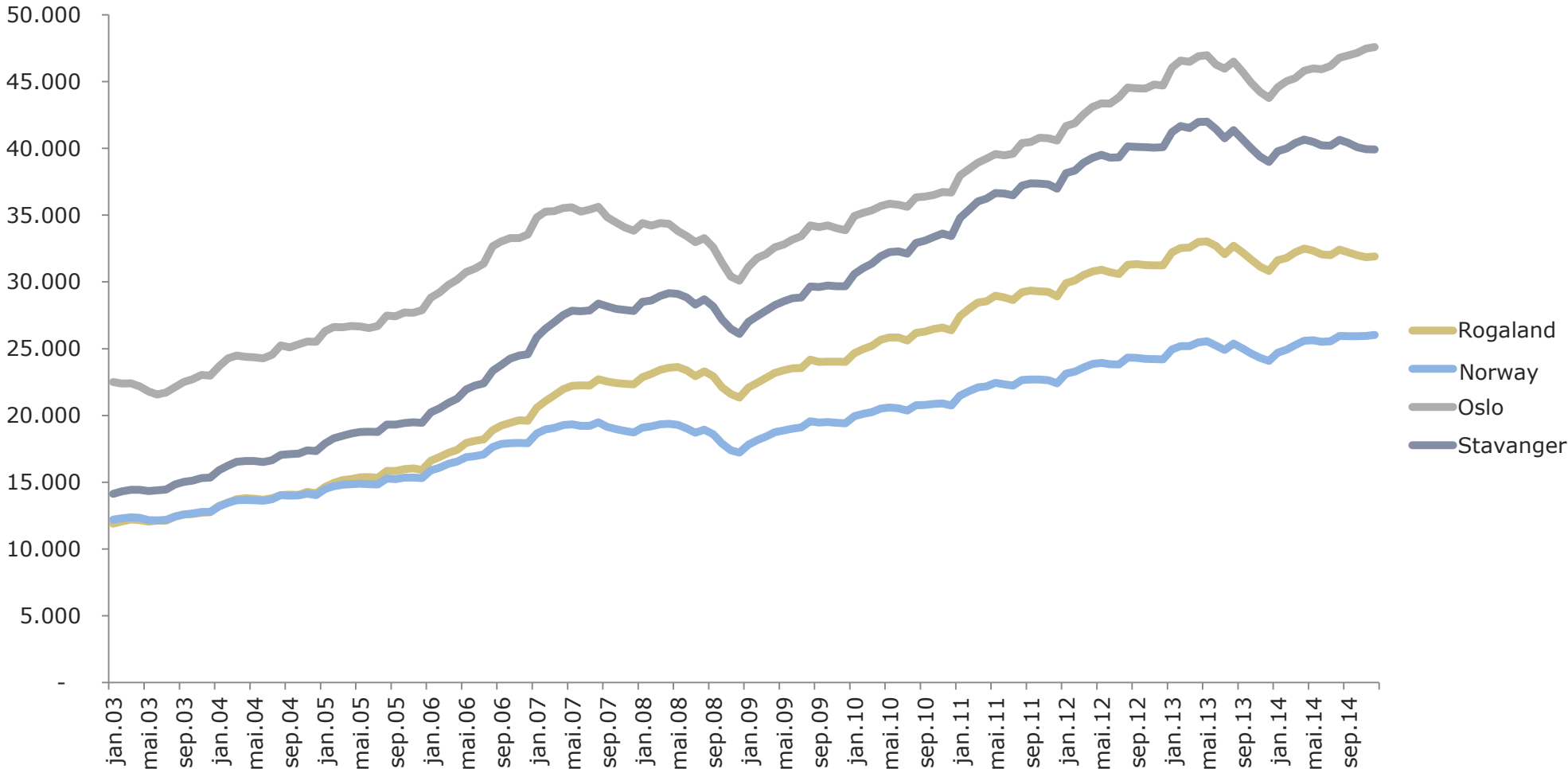
Unemployment remains low - and lower in Rogaland than the average in Norway

Registered unemployment (percent), by region



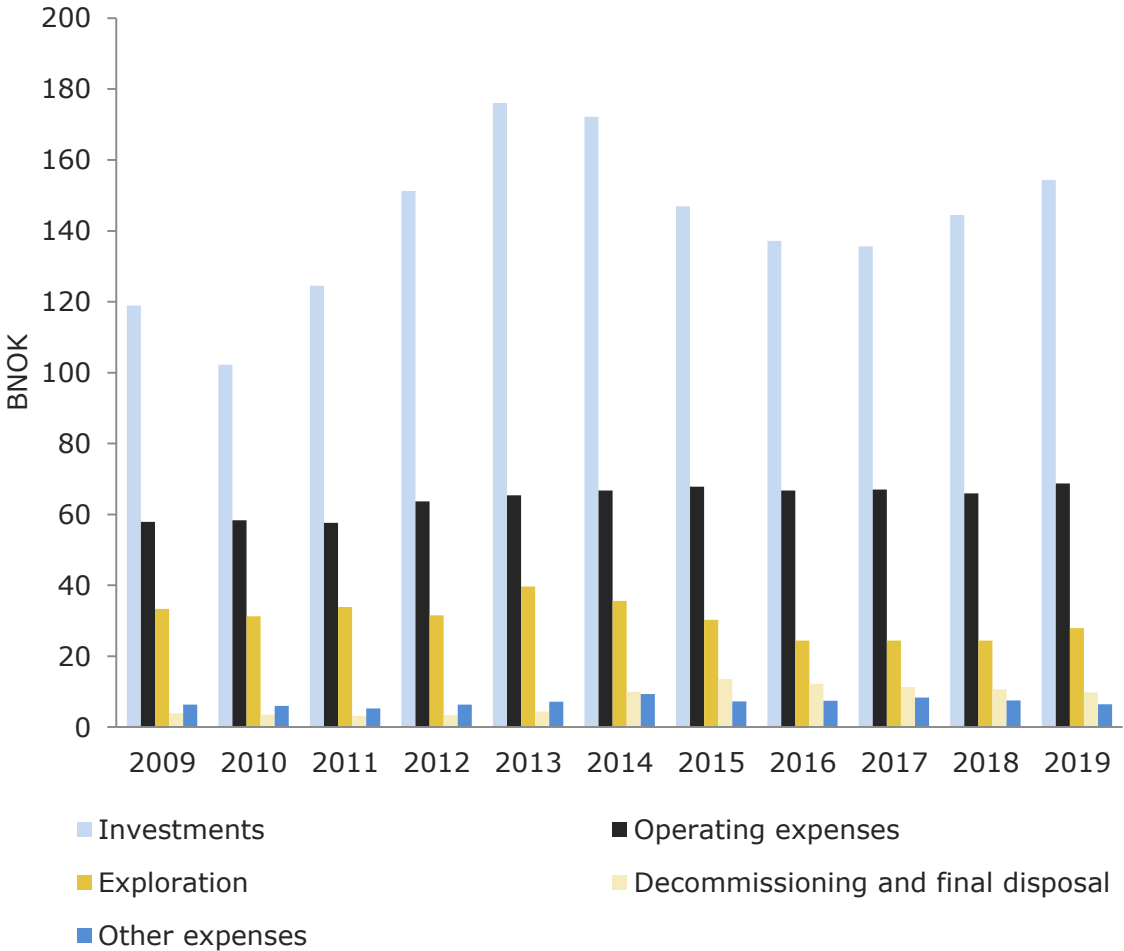
House prices in Rogaland has flattened last 2 years

House prices, average all homes per sq.m.



Petroleum activity includes more than just investments - operating costs are a significant element and are important for the activity in the region

- *Investments vary*
- *Operating costs are more stable - and are expected to remain steady for the next few years*



Kilde: NPD

The group has a moderate risk profile in which no single event should be capable of seriously harming the group's financial position

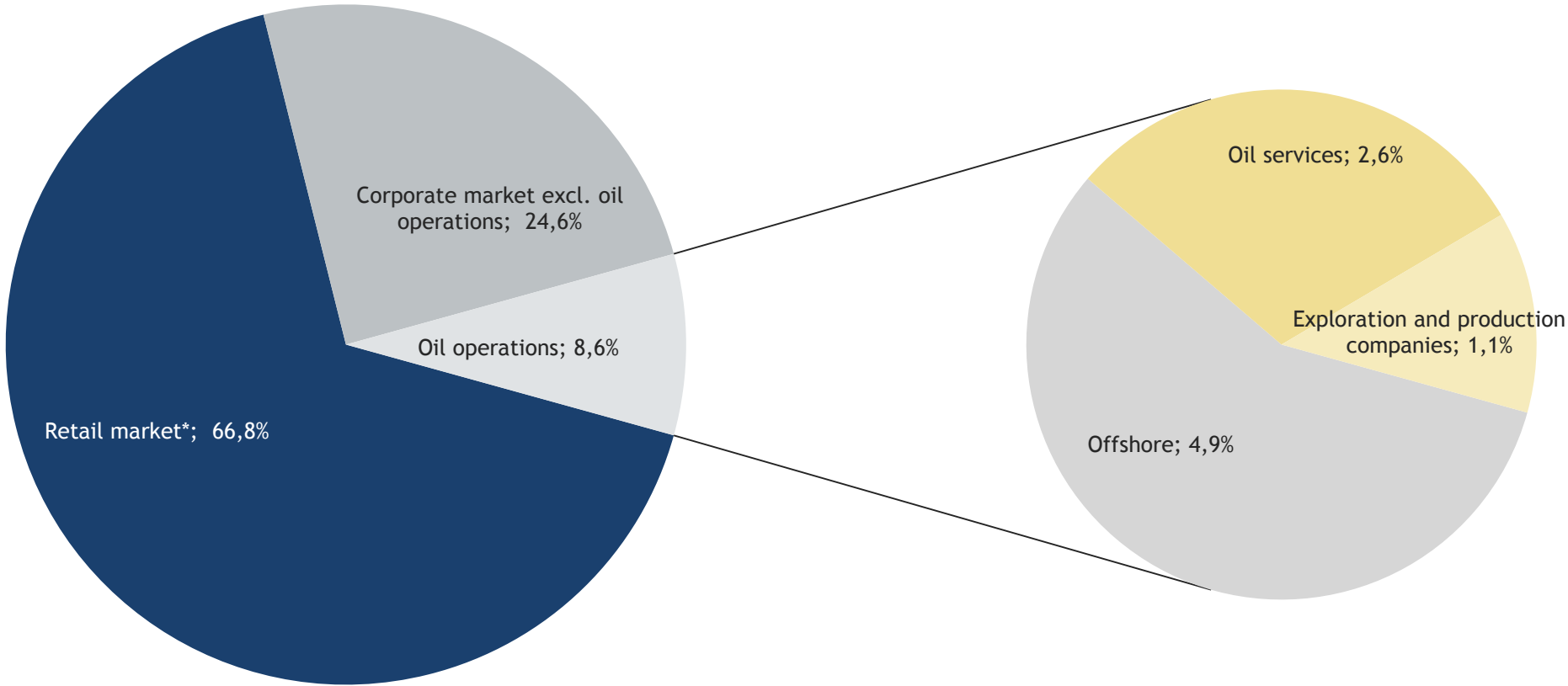
- The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk
 - SpareBank 1 SR-Bank therefore invests significant resources in developing risk management systems, processes and expertise that are in line with leading international practice
- The group's primary market areas are Rogaland, the Agder counties and Hordaland
 - Financing outside this market area is based on customers based in the group's market area
- The group's set clear requirements for loan activities in the corporate market
 - The activities that are financed must have a long-term perspective
 - The group must be very familiar with the ownership and management of the company
 - All financing decisions are based on the customer's debt-servicing capacity and a lack of debt-servicing capacity may not be compensated for through higher security
 - Shipping and offshore related financing (including significant parts of oil-related activities) are handled by centralised expertise
- The group sets specific limits for the size of commitments as well as requirements concerning industry diversification
 - The maximum total exposure to an individual customer must be significantly lower than the regulatory requirements
 - The maximum unsecured exposure to an individual customer must not be so great that the potential loss cannot be absorbed without the group's financial position being significantly affected
 - This requires a diversified portfolio. The exposure to specific industries is subject to specific limits.
- The group sets special requirements for all property financing
 - Self-financing requirements apply for all types of property financing - in relation to both residential and commercial property
 - Advanced sales requirements also apply for financing housing development projects
 - In addition to this, requirements that limit loan size/rent income ratio apply for financing commercial property

SpareBank 1 SR-Bank has a well diversified portfolio

8,6 % of total EAD is related to oil operations

SpareBank 1 SR-Bank* has total BNOK 201,4 (EAD) per 31.12.2014

BNOK 17,6 (EAD) is related to oil operations



EAD: Exposure at default

* Include the portfolio sold to the covered bond company

Oil services - total NOK 5.2 billion

Exploration and concept studies

- EAD NOK 0,6 billion
- Average weighted probability of default 2.63%

Field development and start-up drilling

- EAD NOK 1,3 billion
- Average weighted probability of default 1,68 %

Operational fields and operational drilling

- EAD NOK 2,1 billion
- Average weighted probability of default 1,87 %

On shore facilities

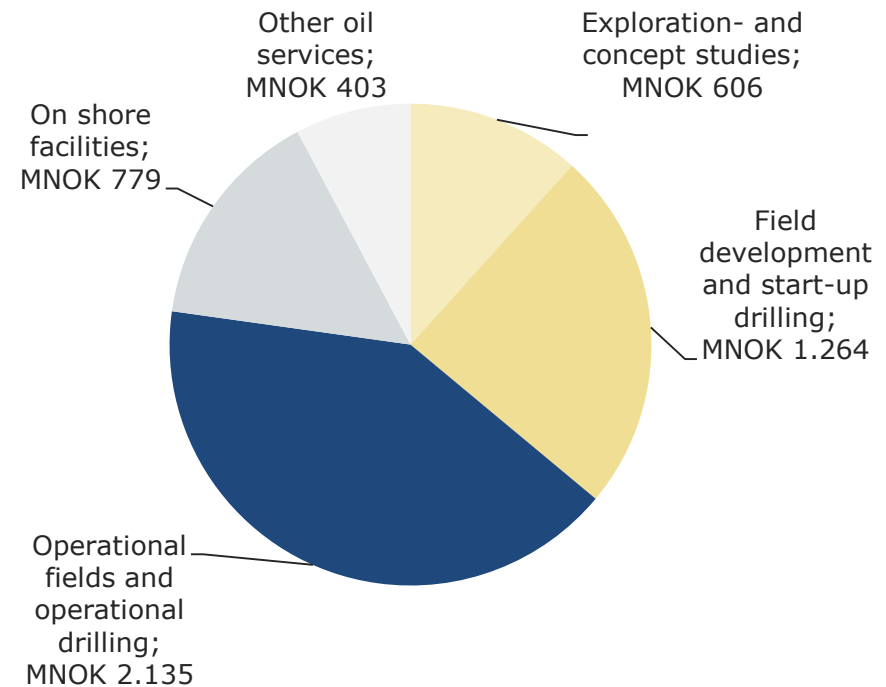
- EAD NOK 0,8 billion
- Average weighted probability of default 1,71 %

Other oil services

- EAD NOK 0,4 billion

Oil services

- EAD NOK 5,2 billion, 2,6% of the group's total EAD
- Average weighted probability of default for the oil services portfolio is 1.89%
- Funding of operating capital through current and fixed assets, as well as guarantees



Offshore - total NOK 9.9 billion

Offshore Service Vessels

- EAD NOK 6.8 billion, average weighted probability of default is 1.28%, weighted average age is 7 years, average weighted contract coverage for 2015 and 2016 of 66% and 51% respectively

Rigs

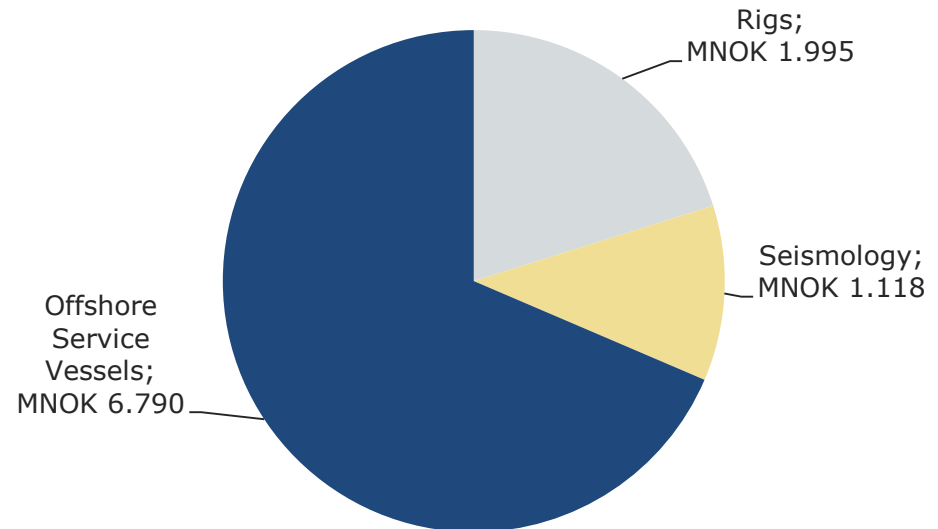
- EAD NOK 2 billion, average weighted probability of default is 1.94%, weighted average age is 11.2 years, average weighted contract coverage for 2015 and 2016 of 87% and 63% respectively

Seismology

- EAD NOK 1.1 billion, average weighted probability of default is 0.72%, weighted average age is 13.5 years, average weighted contract coverage for 2015 and 2016 of 93% and 80% respectively
- Applies to ship financing, not seismic equipment

Offshore

- EAD NOK 9.9 billion, 4.9% of the group's total EAD
- Average weighted probability of default for the offshore portfolio is 1.35%
- Exposure primarily to industrial-oriented shipping companies with strong ownership and integrated organisation



Exploration and production companies - total NOK 2.2 billion

Exploration financing

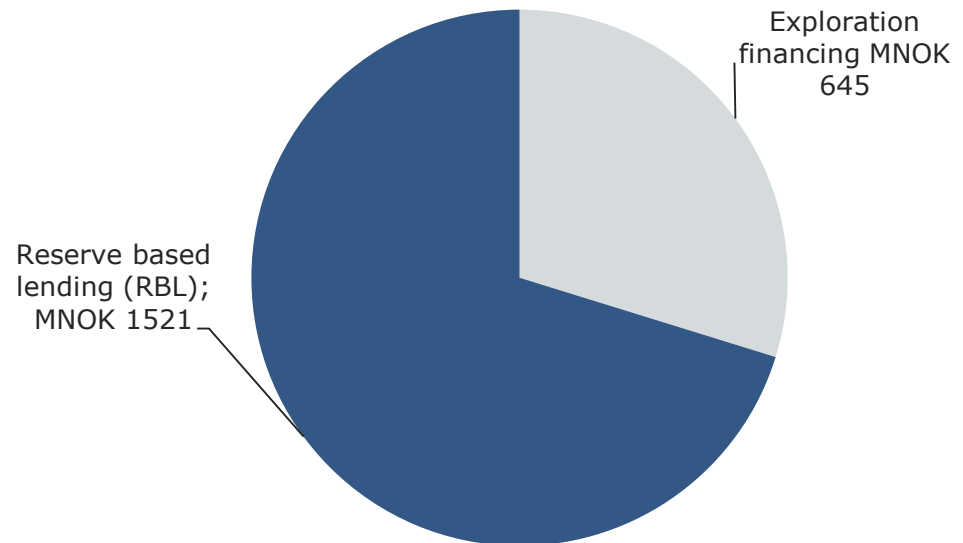
- EAD NOK 645 million
- Average weighted probability of default 4.13%
- Sikret med pant i skatterefusjon fra den norske stat. Ingen direkte oljeprisrisiko

Reserve based lending (RBL)

- EAD NOK 1.5 billion
- Average weighted probability of default 1.54%
- Structured financing based on assumptions relating to spares, production volume, investments, oil prices, etc. The basis for loans is adjusted semi-annually based on a review of total assumptions

Exploration and production companies

- EAD NOK 2.2 billion, 1.1% of the group's total EAD
- Average weighted probability of default for the oil and gas portfolio is 2.31%
- Exposure primarily to companies with activities on the Norwegian continental shelf



Lending to commercial property

Letting of real estate - oil operations

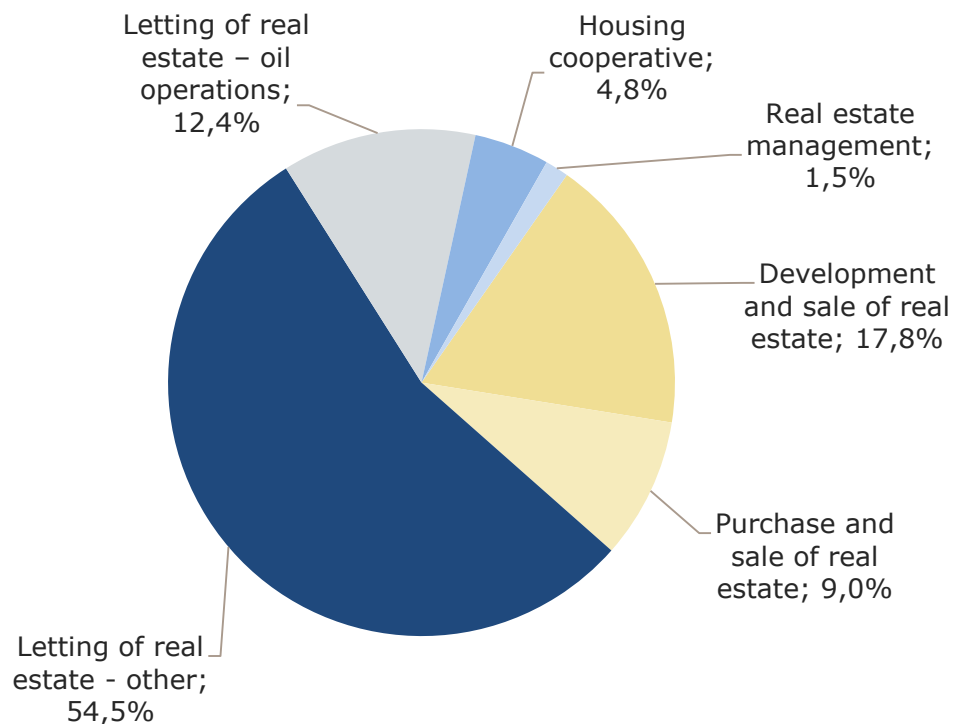
- EAD NOK 3,4 billion 1,7% of the group's total EAD, which of;
 - Oil operations: EAD NOK 1,5 billion
 - Business services which of oil related: EAD NOK 0,6 billion
 - Transportation/storage: EAD NOK 0,4 billion
 - Industry, which of oil related : EAD NOK 0,9 billion

Letting of real estate - other

- EAD NOK 14,8 billion, 7,4% of the group's total EAD

Lending to commercial property

- EAD NOK 27,2 billion 13,5% of the group's total EAD
- 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.



Sector allocation in accordance with the standard categories from Statistics Norway.

SpareBank 1 SR-Bank monitors and follows up pro-actively

- The bank continuously monitors portfolios
- If special incidents occur, special portfolio reviews are conducted
- The customer units continuously and pro-actively follow up the bank's credit customers
- Commitments where the risk of poorer debt-servicing capacity increases significantly are included on the bank's watch list:
 - subject to special follow-up
 - use of the bank's total resources
 - if necessary resources from the bank's 'work out' unit
- The bank's loan portfolio with individual commitments, where EAD is more than NOK 50 million, has recently been analysed in order to identify commitments that might be affected by a prolonged fall in oil prices. The main observations are:
 - Good diversification
 - The majority of the exposure is related to businesses:
 - with a clear industrial profile
 - linked to exploration and production companies in oil and gas
 - where the primary activity is linked to the Norwegian continental shelf
 - good order book for 2015
 - Low exposure to the most risky part of the value chain that is exploration and development

SRBANK's activities



Divisions of SpareBank 1 SR-Bank ASA

<p>Capital Markets</p> <p>Number of man-years: 32</p>	<p>Retail Market</p> <p>Number of man-years : 463</p>	<p>Corporate Market</p> <p>Number of man-years : 161</p>	<p>Administration & Support</p> <p>Number of man-years : 210</p>
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Fully owned companies

<p>EiendomsMegler 1</p> <p>Number of man-years : 194</p> <p>Key areas:</p> <ul style="list-style-type: none"> • Leading real estate broker 	<p>SpareBank 1 SR-FORVALTNING</p> <p>Number of man-years : 13</p> <p>Key area:</p> <ul style="list-style-type: none"> • Asset management 	<p>SpareBank 1 SR-FINANS</p> <p>Number of man-years : 33</p> <p>Key area:</p> <ul style="list-style-type: none"> • Lease finance
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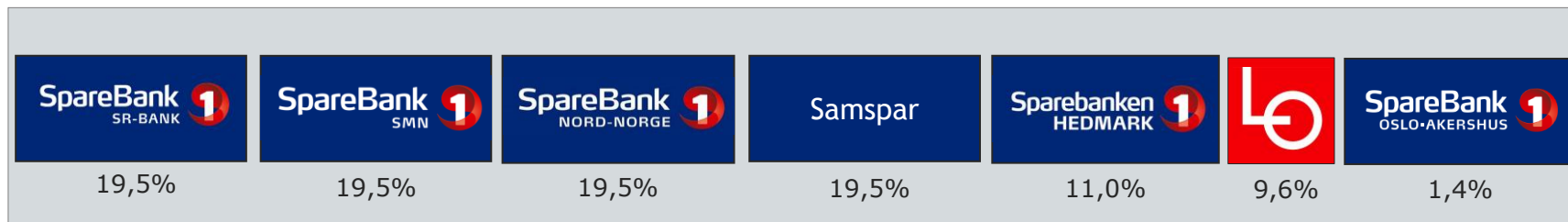
Partly owned companies

<p>SpareBank 1 Gruppen AS (19.5 %)</p> <ul style="list-style-type: none"> • Holding company for the SpareBank 1 - Alliance 	<p>BN Bank ASA (23.5 %)</p> <ul style="list-style-type: none"> • Commercial bank located in Oslo and Trondheim 	<p>SpareBank 1 Boligkreditt AS (20.1 %)</p> <ul style="list-style-type: none"> • Covered bond company (mortgages) 	<p>SpareBank 1 Næringskreditt AS (26.8 %)</p> <ul style="list-style-type: none"> • Covered bond company (commercial real estate) 	<p>SpareBank 1 Kredittkort (17.9 %)</p> <ul style="list-style-type: none"> • Credit card company located in Trondheim
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SpareBank 1 Alliance

Owners of the alliance

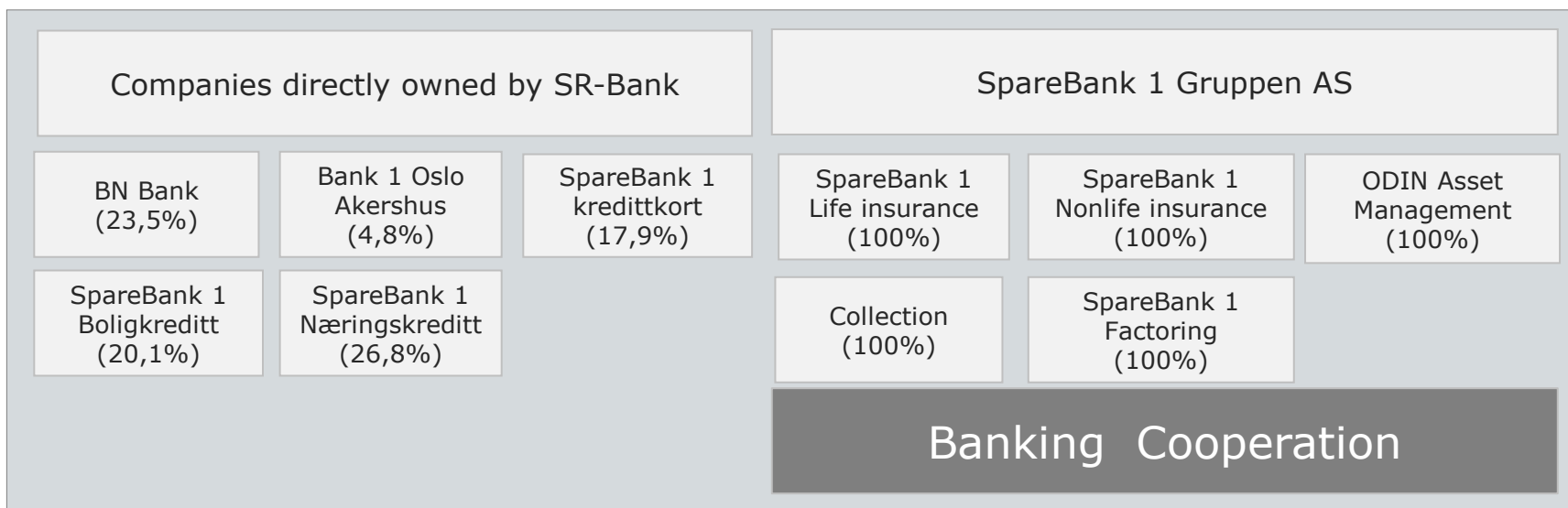
- All credit decisions are made at the local banks
- Economies of scale related to expenses, IT solutions, marketing and branding



Products, commissions, dividends



Sales, loan portfolios, capital



Our vision: Recommended by customers

Primary objective

- SpareBank 1 SR-Bank ASA is committed to value creation in the bank's core market area
- Sustainable contribution to the value creation process in the region through;
 - Sustainable and profitable business model
 - Owner friendly and stable dividend policy

Financial targets

- ROE above 13% at a normalised level of interest rates
- Top 50% ROE and cost/income in a Nordic benchmark
- CET1 capital ratio at 0.5-1.0% above the regulatory requirement

Strategic goals

- Most attractive and preferred partner for financial services in South-Western Norway, based on;
 - Good customer experience
 - Strong team spirit and professionalism
 - Local anchoring and local decisions
 - Solvency, profitability and trust by the market

Strategic focus

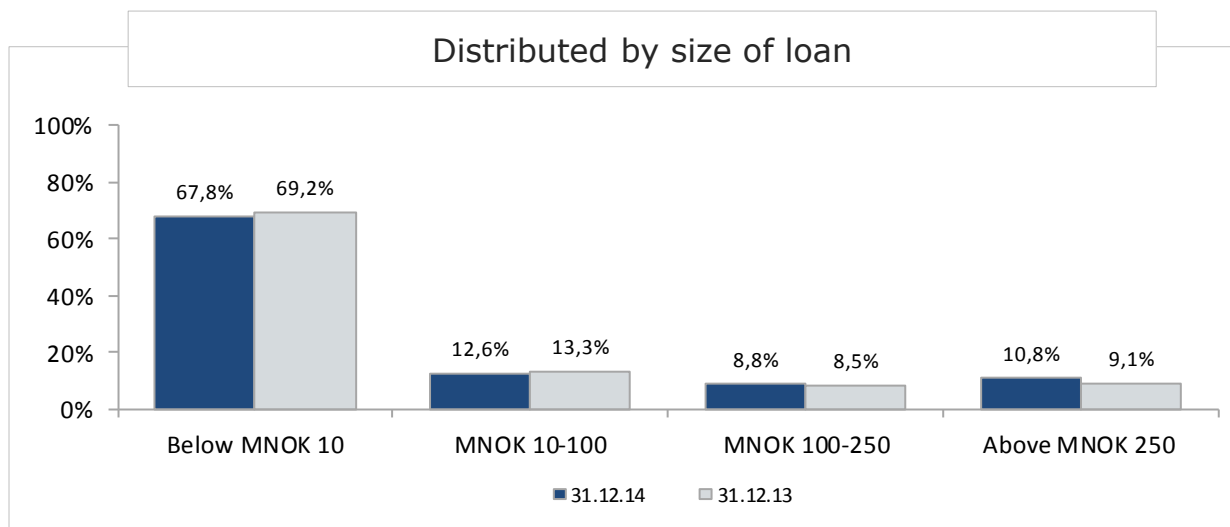
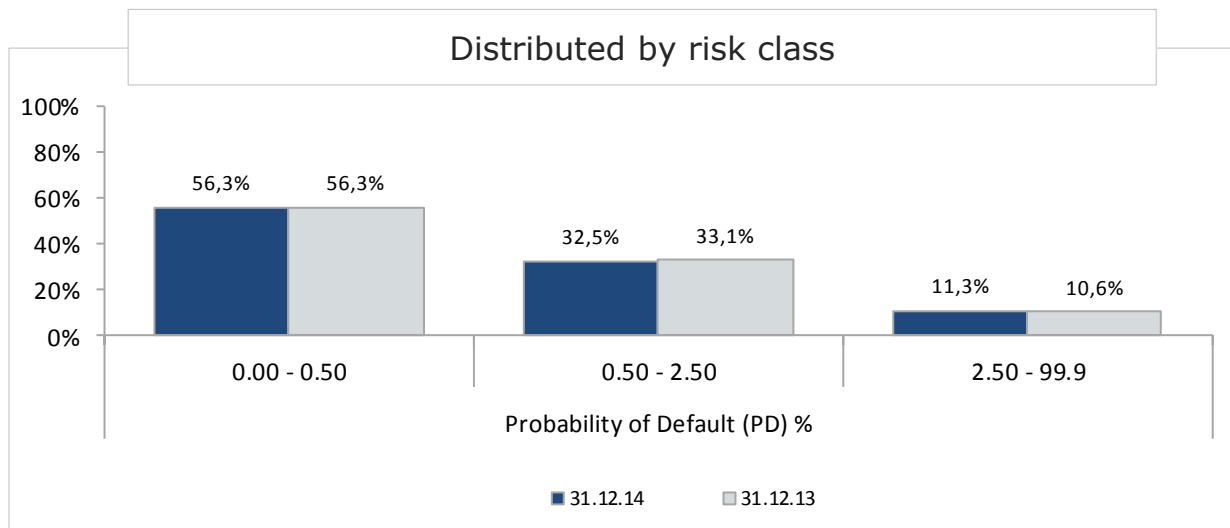
- Targeted customer growth and increased product mix
- Innovative and continuing focus on efficiency
- Expertise adapted to future customer needs
- Diversified funding platform

Balance sheet

<i>Balance sheet (MNOK)</i>	31.12.2014	31.12.2013
Cash and balances with central banks	1.847	1.265
Balances with credit institutions	2.222	1.253
Net loans to customers	140.920	119.525
Certificates, bonds and other fixed-income securities	15.261	21.065
Financial derivatives	7.340	4.923
Shares, ownership stakes and other securities	626	938
Business available for sale	22	85
Investment in associates	4.727	4.710
Other	1.961	3.221
Total assets	174.926	156.985
Balances with credit institutions	6.139	3.742
Public deposits related to covered bond swap scheme	0	6.429
Deposits from customers	81.489	71.667
Listed debt securities	63.253	52.328
Financial derivatives	3.317	2.013
Other liabilities	2.361	2.746
Additional Tier 1 and Tier 2 capital instruments	2.964	4.004
Total liabilities	159.523	142.929
Total equity	15.403	14.056
Total liabilities and equity	174.926	156.985

Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a stable and low risk portfolio.
- More than half of the bank's loan exposure has a PD* below 0.5%.
- 68% is loans constituting gross exposures less than NOK 10 million.



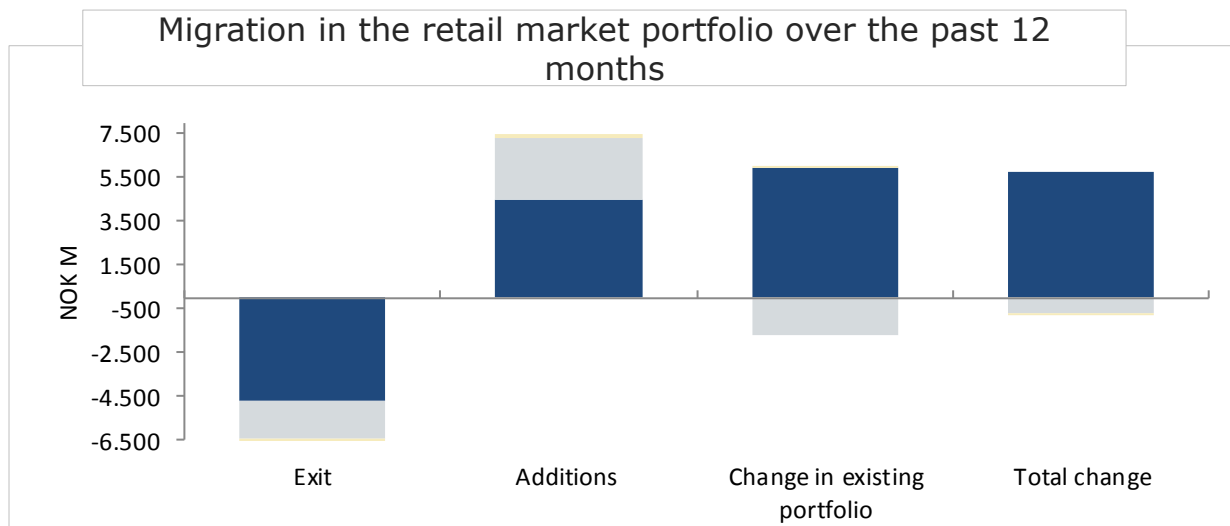
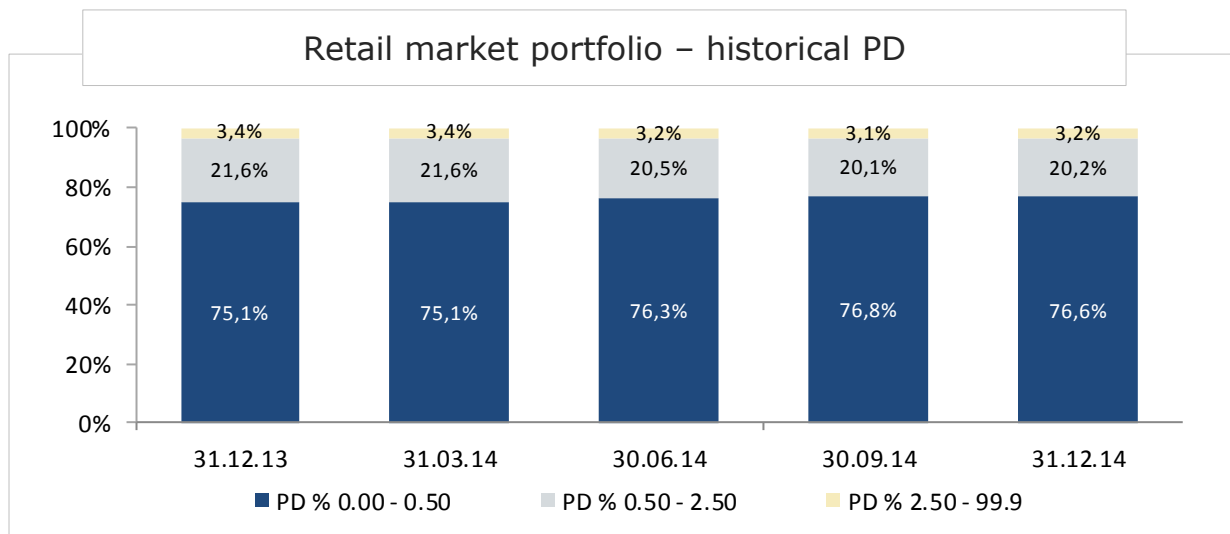
* Probability of default (PD) through a full cycle of loss.

Lending to the retail market - risk profile

- The quality of the retail market portfolio is considered very good and has low potential losses.
- The proportion of loans with a PD* below 0.5% is stable and now at 76.6% of the total retail portfolio.
- The low risk profile of the portfolio is achieved through prudent customer selection and requirements for moderate LTV.
- Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.

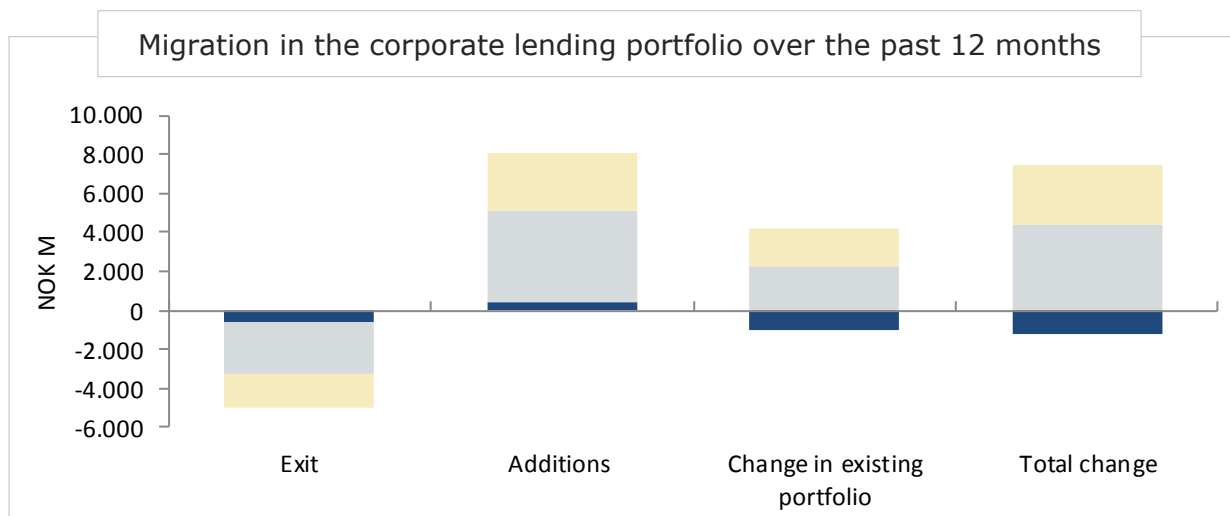
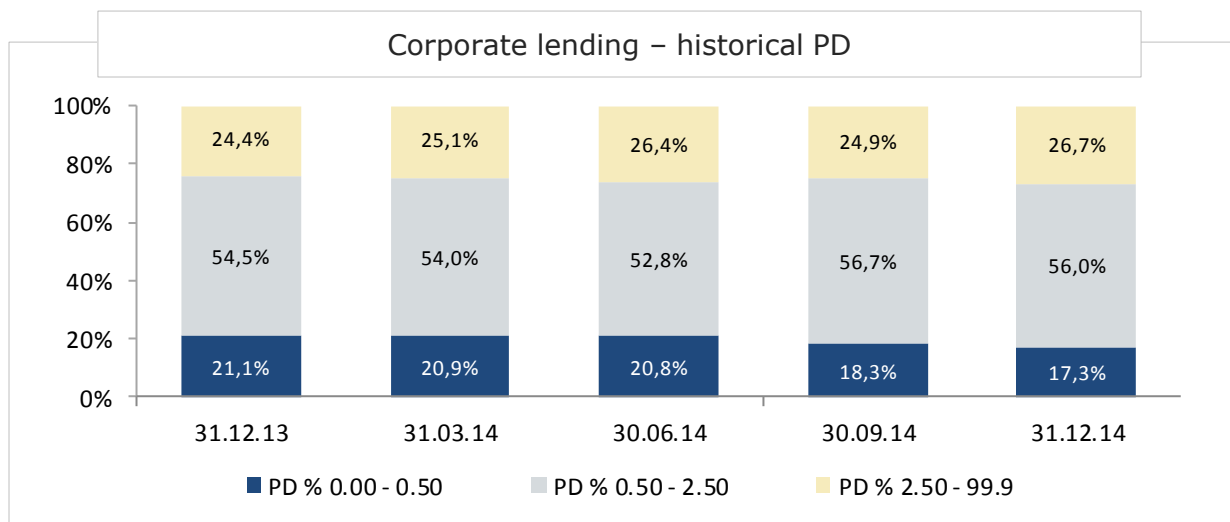
* Probability of default (PD) through a full cycle of loss.

Figures include the portfolio sold to the covered bond company.



Lending to the corporate market – risk profile

- *The quality of the corporate market portfolio is good.*
- *The share of customers with PD* above 2.5 % increased slightly during the second half of 2014, mainly due to new customer acquisition. In the longer term average PD* is decreasing as a result of improvements in existing portfolio.*
- *There is a clearly defined framework that sets limits on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.*
- *SpareBank 1 SR-Bank has performed a special review of the portfolio to identify potential effects of the decrease in oil price the last six months. The review has not yet identified engagements with increased loss potential due to the decrease in oil price.*



A strengthened framework to meet increased economic uncertainty

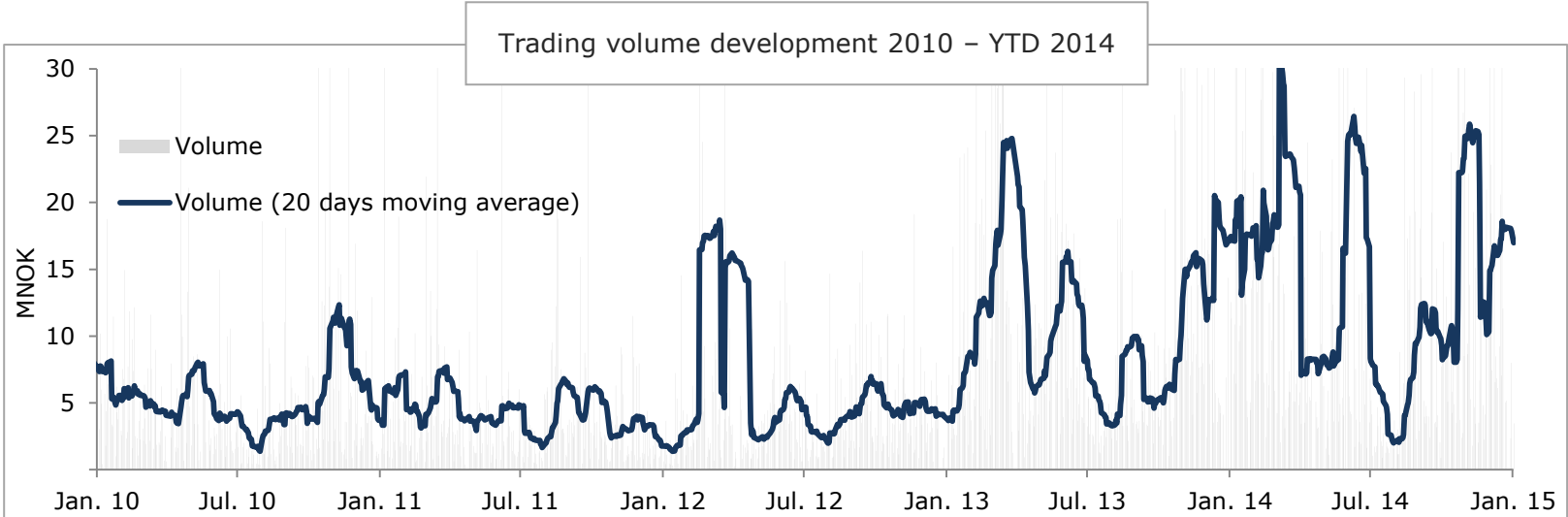
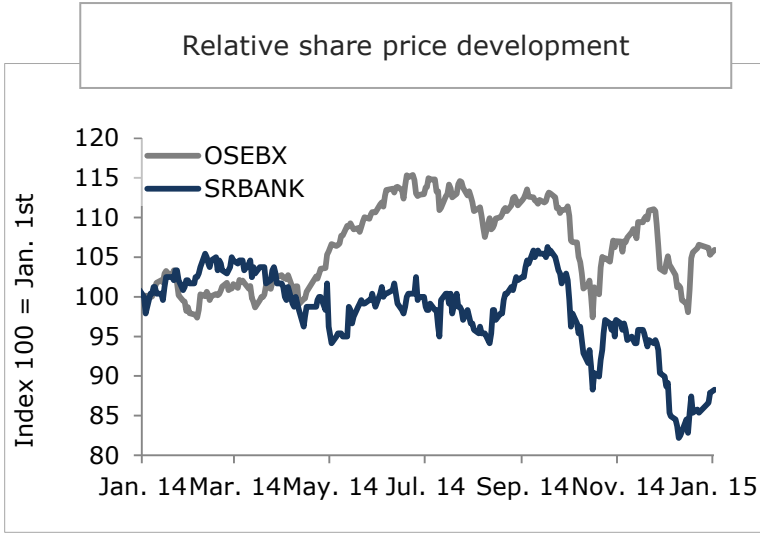
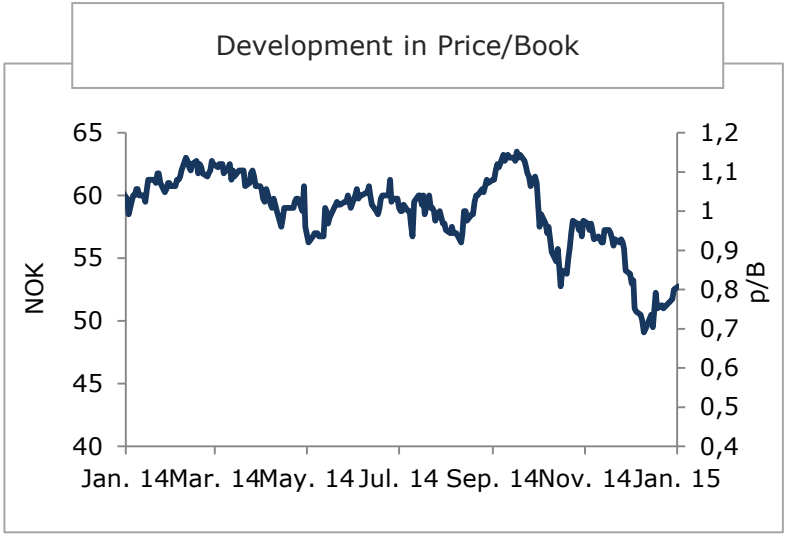
Uncertainty regarding the outlook for the Norwegian economy has increased due to lower oil prices.

SpareBank 1 SR-Bank faces this uncertainty with a solid portfolio, a solid framework for lending and continuous focus on managing and controlling risk:

- Concentration risk in the corporate portfolio has been significantly reduced in recent years as a result of strict underwriting guidelines and active portfolio management.
- Guidelines for home equity loans have been further tightened in 2014.
- Enhanced risk models for estimating EAD and LGD were developed as part of applying for corporate AIRB.
- In 2014, the bank has also developed and adopted a new model for stress testing credit risk that enables instant simulation of the vulnerability of the credit portfolio.
- More accurate PD models for commercial real estate for lease and development projects were adopted in 2013. The models provide detailed information on the commercial real estate portfolio and thereby increases the understanding of its related risks.

Increased international interest in SRBANK

- *International ownership increased from 14.1% at 2013 to 22.4% at 2014.*
- *Total market value at 2014 is NOK 13,4 million.*



20 largest shareholders as at December 2014

- *International ownership increased from 14.1% at 2013 to 22.4% at 2014*

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Gjensidige Forsikring ASA		26.748.416	10,5%
State Street Bank and Trust Co, U.S.A.	Nominee	8.643.971	3,4%
Morgan Stanley & Co LLC, U.S.A.	Nominee	8.231.700	3,2%
Folketrygdfondet		7.069.608	2,8%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Wimoh Invest AS		5.761.169	2,3%
Skandinaviska Enskilda Banken, Sverige	Nominee	3.907.817	1,5%
Vpf Nordea Norge Verdi		3.259.776	1,3%
State Street Bank and Trust Co, U.S.A.	Nominee	3.043.658	1,2%
State Street Bank and Trust Co, U.S.A.	Nominee	2.748.403	1,1%
Clipper AS		2.525.000	1,0%
MSCO Equity Firm Account, U.S.A.		2.287.448	0,9%
J.P. Morgan Chase Bank N.A., U.K.	Nominee	2.083.137	0,8%
Danske Invest Norske Instit. II		1.924.571	0,8%
The Bank of New York Mellon, U.S.A.	Nominee	1.865.430	0,7%
Westco		1.577.534	0,6%
Pareto Aksje Norge		1.543.600	0,6%
Odin Norge		1.473.591	0,6%
FLPS-Princ All Sec Stock Sub, U.S.A.		1.433.800	0,6%
Top 5		123.113.000	48,1%
Top 10		145.312.003	56,8%
Top 20		164.774.517	64,4%

SRBANK as at 31 December 2014

- *Ownership interests:*
 - From Rogaland, Agder-counties and Hordaland: 48.9%
 - International: 22.4%
 - 10 largest: 56.8%
 - 20 largest: 64.4%
- *Number of shareholders: 10 422 (11 151)*
- *Employees owning 1.8%*
- *Trading volume in Q4 2014: 7.7% (6.3%)*

	2014	2013	2012	2011	2010
Share price	52,50	60,25	37,20	40,70	57,00
Stock value (MNOK)	13.427	15.409	9.514	5.182	7.257
Book value per share, NOK (group)	60,28	55,00	49,48	48,75	47,45
Earnings per share	8,20	7,28	5,33	5,42	6,84
Dividend per share	2,00	1,60	1,50	1,50	2,75
P/E	6,40	8,28	6,99	7,51	8,33
P/BV (group)	0,87	1,10	0,75	0,83	1,20

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