

From limitation
to capacity.

FIRST QUARTER 2016

SpareBank 
SR-BANK


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	470.000
Market share	37%
Year of establishment	1839
Market strategy	Market leader
Unemployment rate	4.7%*

2 Hordaland 

Population	516.000
Market share	6%
Year of establishment	2006
Market strategy	Entry/growth
Unemployment rate	3.5%*

3 Agder 

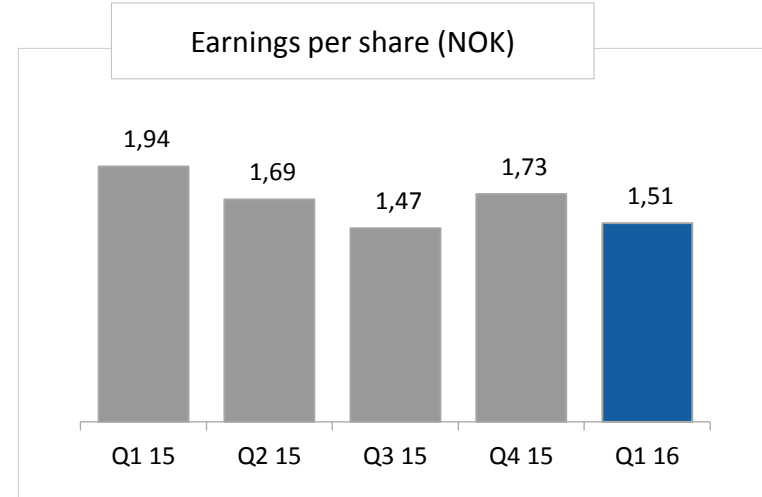
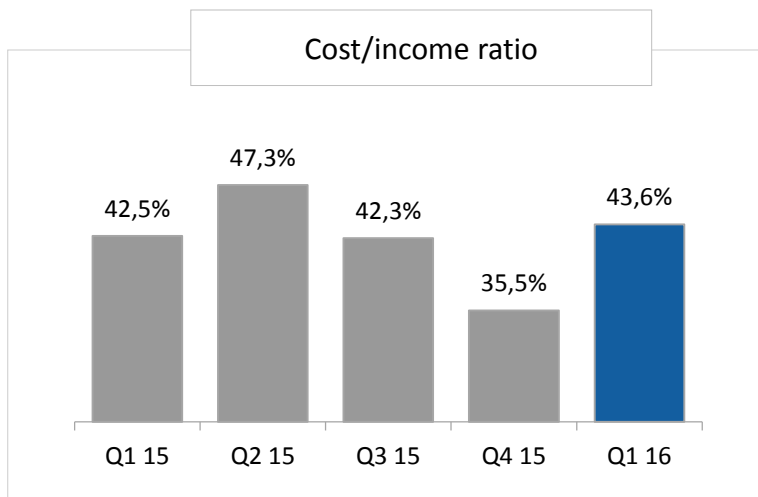
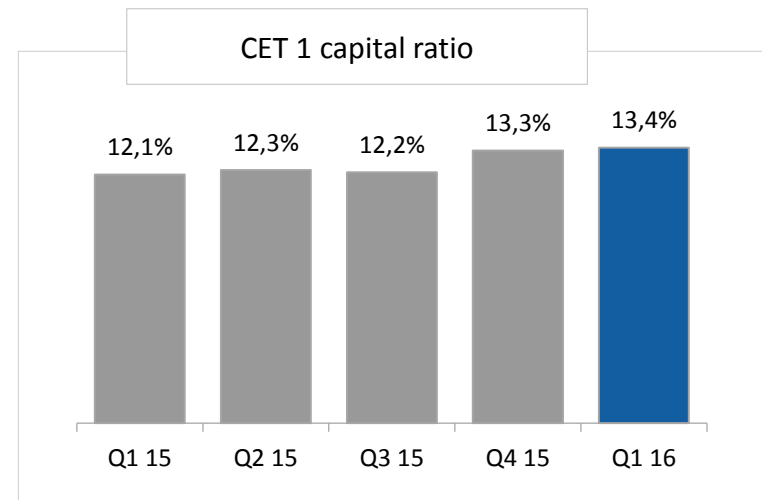
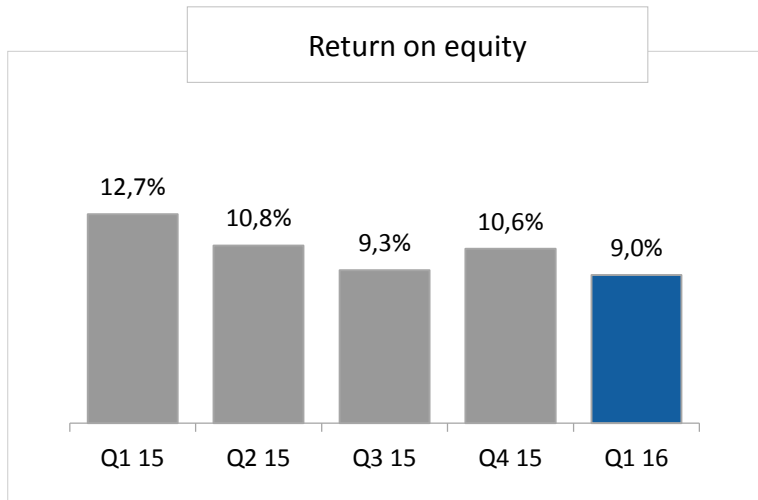
Population	298.000
Market share	9%
Year of establishment	2002
Market strategy	Growth
Unemployment rate	4.1%*



Good result with lower costs and stable operating income

- Pre-tax profit for the quarter is NOK 487 million compared to NOK 628 million last year
 - Return on equity after tax 9.0%
- Net income on financial investments are NOK 79 million compared to NOK 211 million last year
 - Decreased by NOK 132 million compared to last year, which of NOK 54 million is due to value change basis swap spread
- 12 months lending growth of 2.9%
 - Risk-weighted assets (RWA) is increased by 0.8% the last 12 months
- 12 months deposits growth of 1.2%
- Growth in costs of -7.2% over the last 12 months
 - Low cost growth is influenced by the changed pension scheme and lower bonus provisions
 - Normalised costs growth is -5.0%
- Moderate impairment losses on loans
 - 0.33% of gross lending including covered bonds as at 31 March 2016
 - Collective impairment loss for the quarter is NOK 60 million and NOK 180 million last 12 months
- Common equity tier 1 capital ratio increased to 13.4% from 12.1% last year

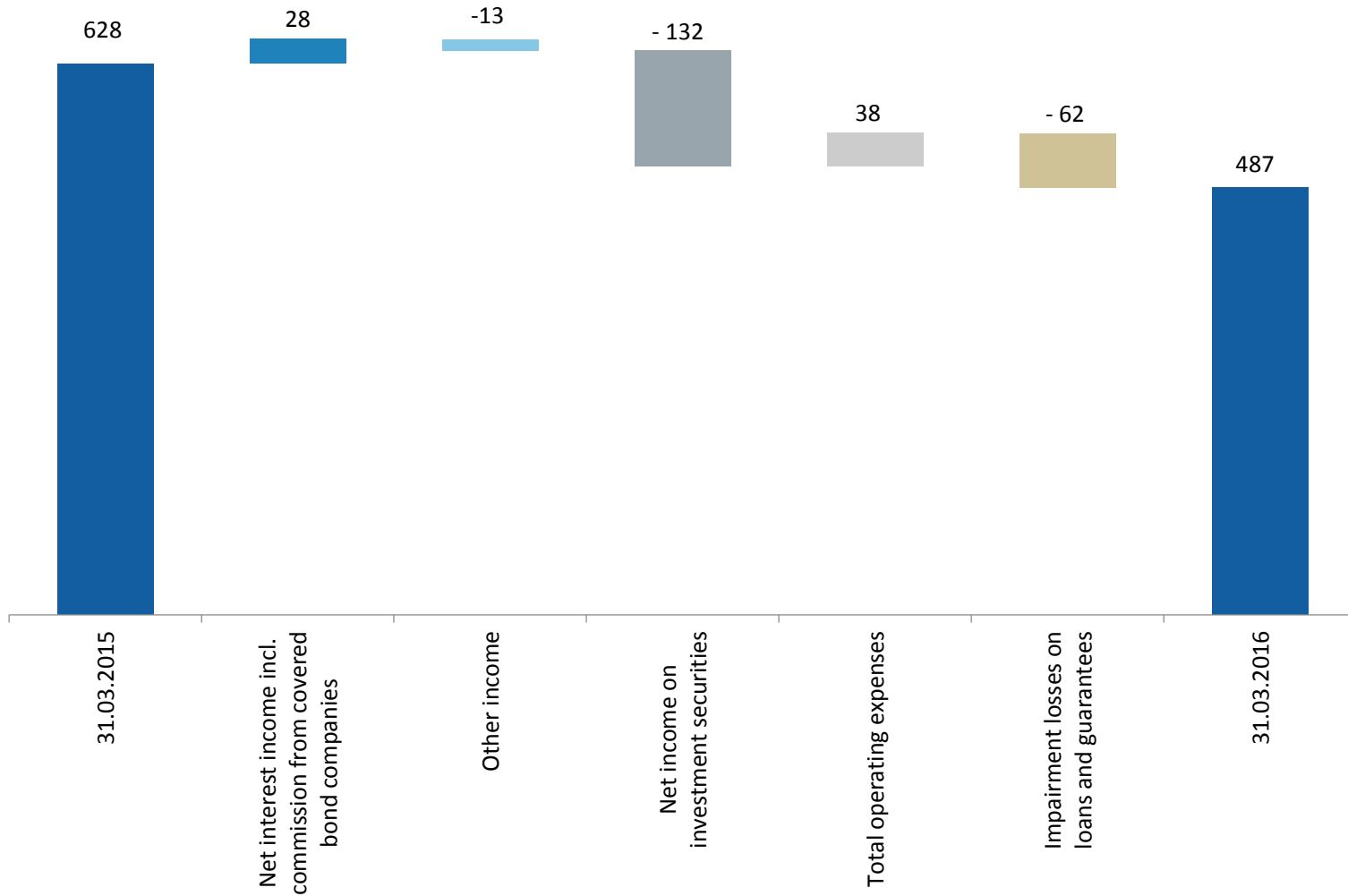
Key figures – quarterly development



Income statement

<i>Group Income Statement (MNOK)</i>	Q1 16	Q4 15	Q3 15	Q2 15	Q1 15
Net interest income	698	678	649	639	627
Net commission and other income	352	372	353	399	408
Net income on investment securities	79	-13	12	94	211
Total income	1.129	1.037	1.014	1.132	1.246
Total operating expenses	492	368	429	536	530
Operating profit before losses	637	669	585	596	716
Impairment losses on loans and guarantees	150	192	96	44	88
Operating profit before tax	487	477	489	552	628
Tax expense	101	35	112	121	132
Net profit	386	442	377	431	496

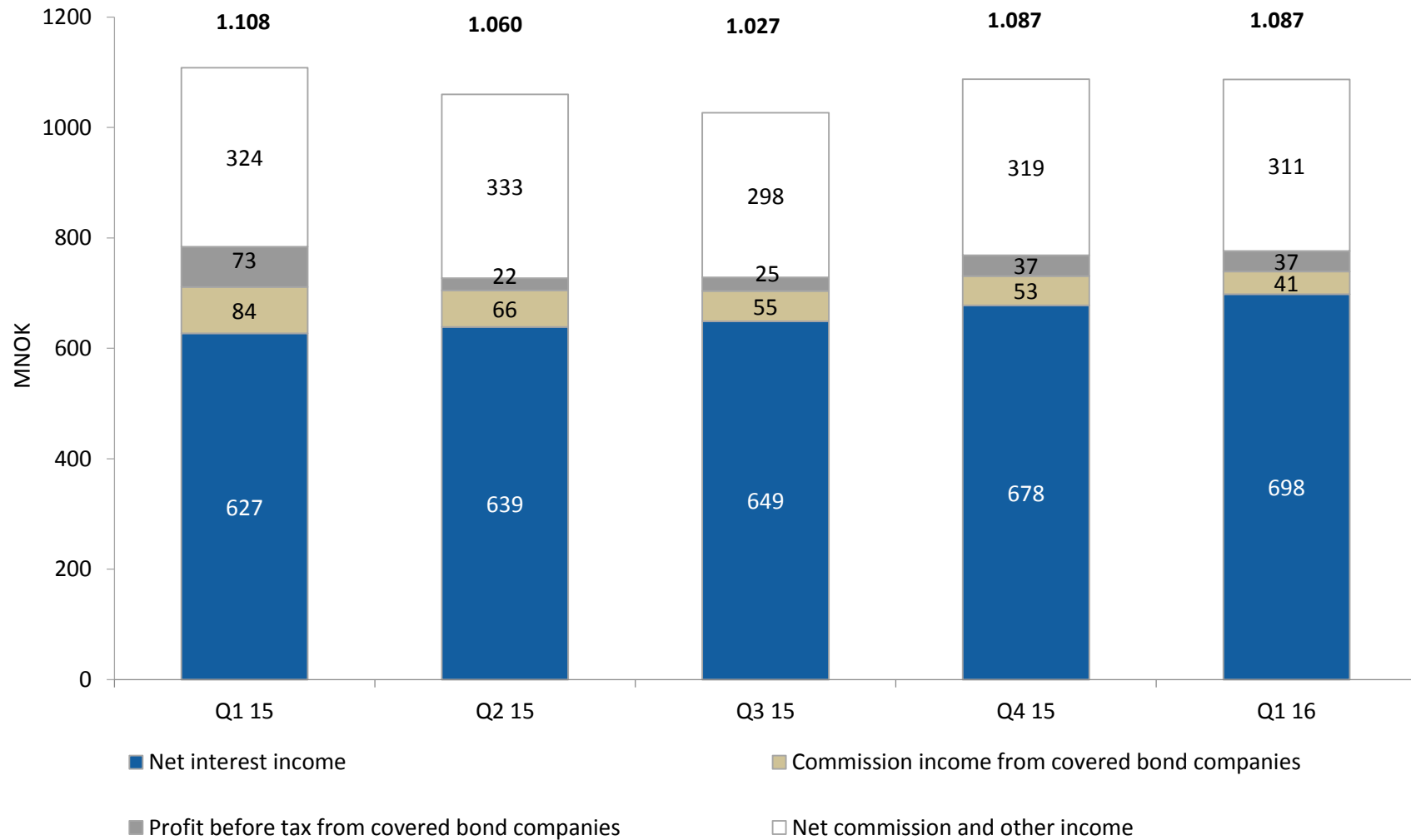
Change in profit 31.03.2015 – 31.03.2016



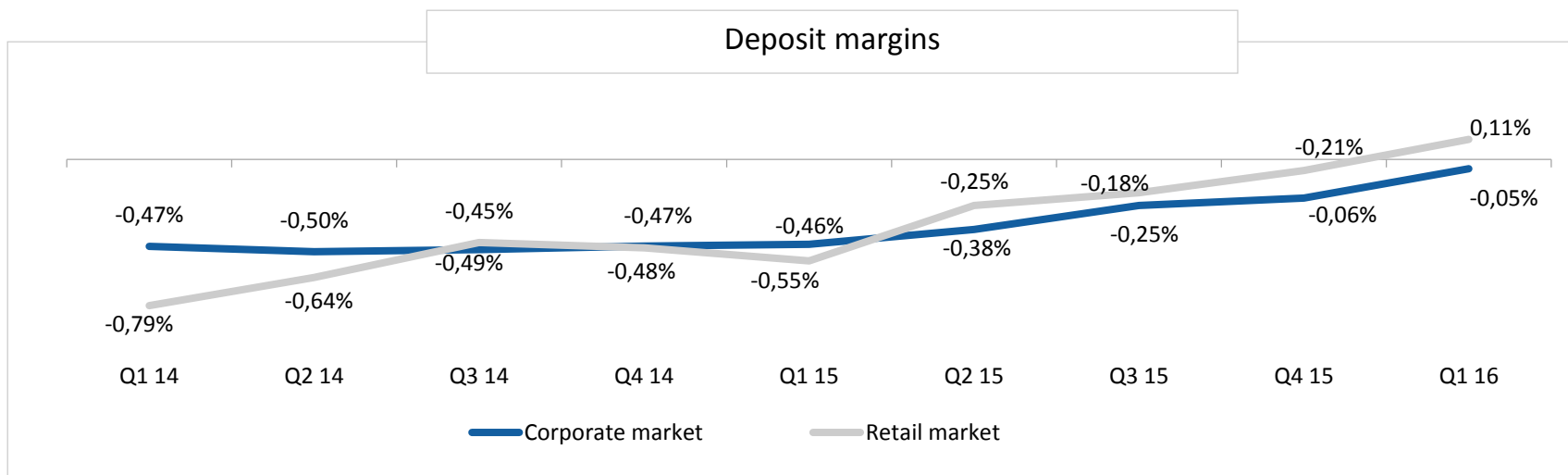
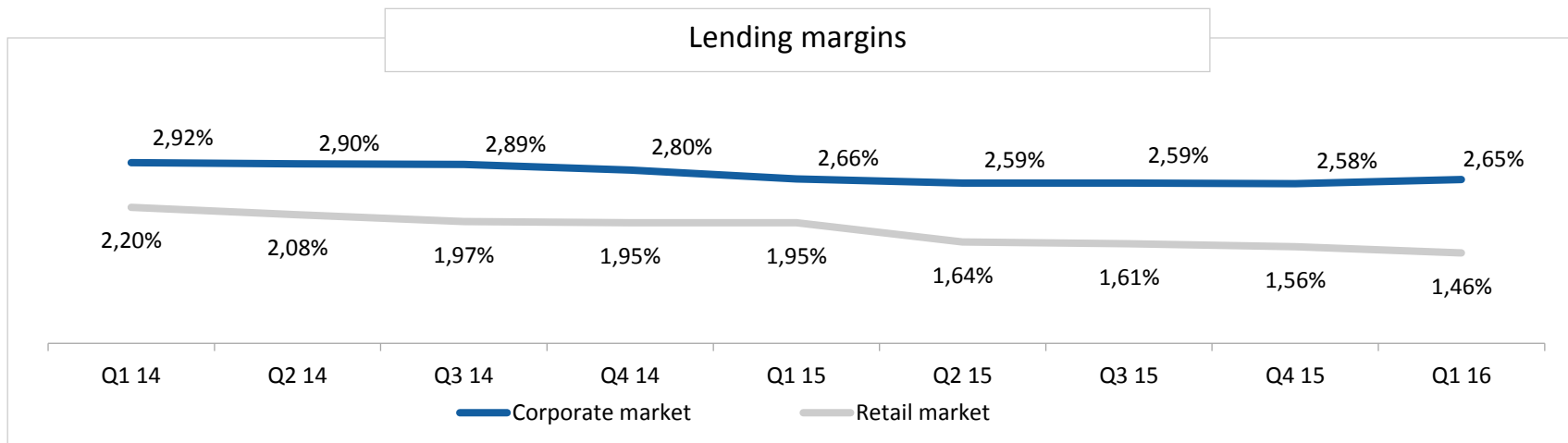
Key figures

	Q1 16	Q4 15	Q3 15	Q2 15	Q1 15
Return on equity after tax (%)	9,0	10,6	9,3	10,8	12,7
Net interest margin (%)	1,44	1,40	1,39	1,44	1,45
Impairment losses on loans and guarantees in % of gross loans	0,39	0,50	0,25	0,12	0,25
<i>-incl. covered bond companies</i>	0,33	0,42	0,21	0,10	0,20
Non-performing and other problem commitments in % of gross loans	1,10	0,90	0,68	0,78	0,81
<i>-incl. covered bond companies</i>	0,92	0,76	0,56	0,64	0,66
Cost to income ratio	43,6	35,5	42,3	47,3	42,5
Annual growth in loans to customers, gross incl. covered bond companies (%)	2,9	5,4	7,4	7,6	7,3
Annual growth in deposits from customers (%)	1,2	9,8	9,5	11,1	15,5
Total assets (BNOK)	194,8	192,0	191,5	181,9	176,9
Portfolio of loans in covered bond companies (BNOK)	28,8	28,7	31,0	31,2	34,1
Risk weighted assets (BNOK)	118,5	119,1	122,4	120,4	117,6
Liquidity Coverage Ratio (LCR) (%)	130	128	164	111	113
Earnings per share (NOK)	1,51	1,73	1,47	1,69	1,94
Book value per share (NOK)	67,68	66,14	64,02	62,56	62,40
Number of shares issued (million)	255,8	255,8	255,8	255,8	255,8

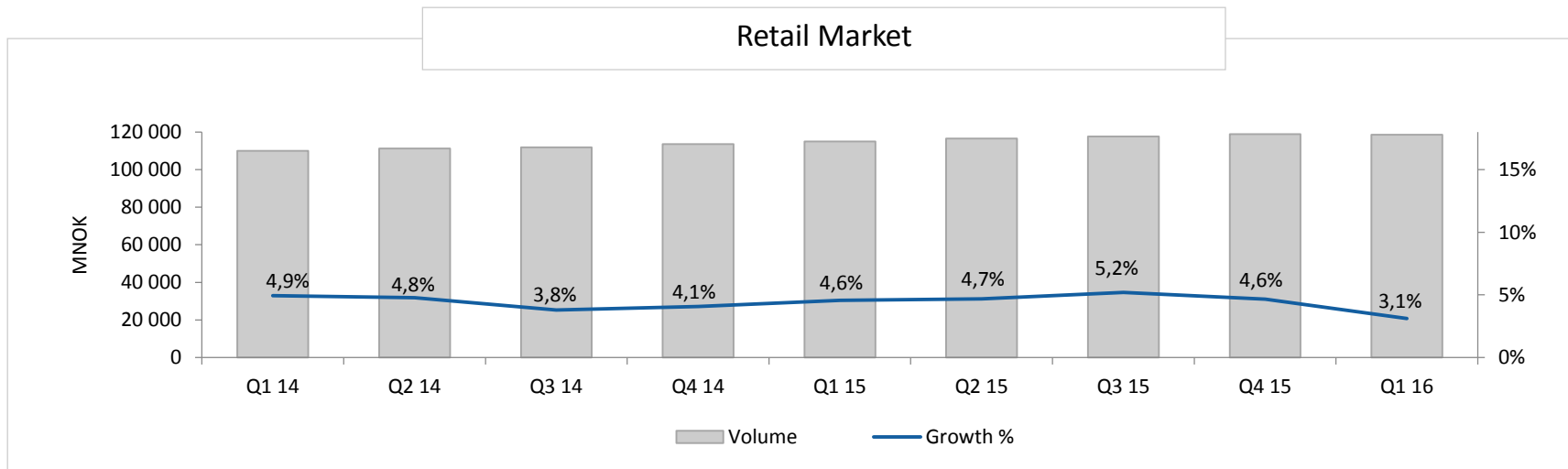
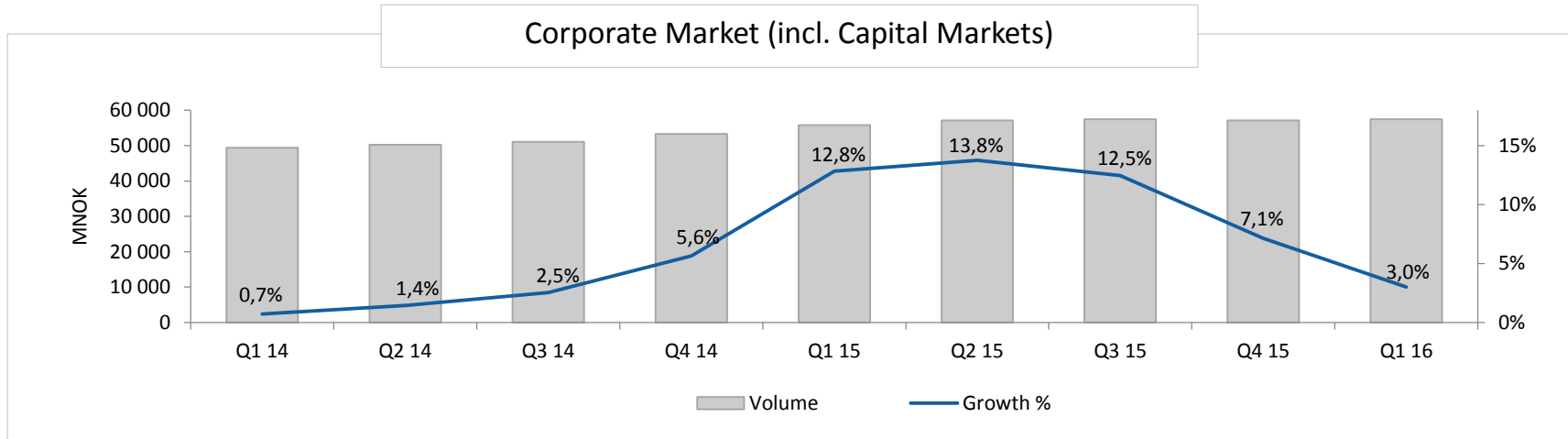
Consolidated income profile



Lending and deposit margins



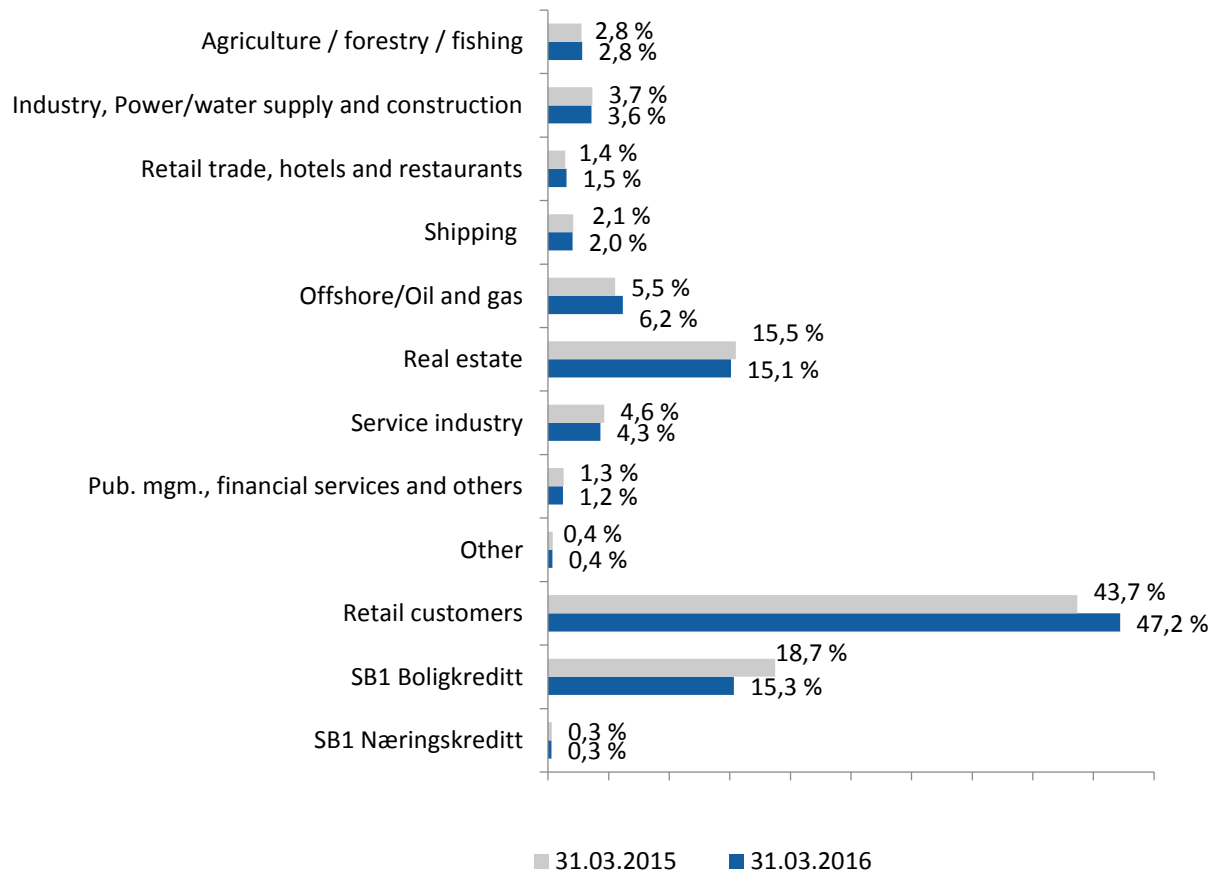
Lending volume and 12 months growth



Figures incl. loan portfolio in covered bond companies

Loan portfolio as at 31.03.2016

- Gross loans as at 31 March 2016 amount to NOK 183.9 billion compared with NOK 178.8 billion at the same time the year before.
- 12-month growth in loans of 2.9%.
- Loans to retail customers (incl. covered bond company) account for 62.5% of total loans.

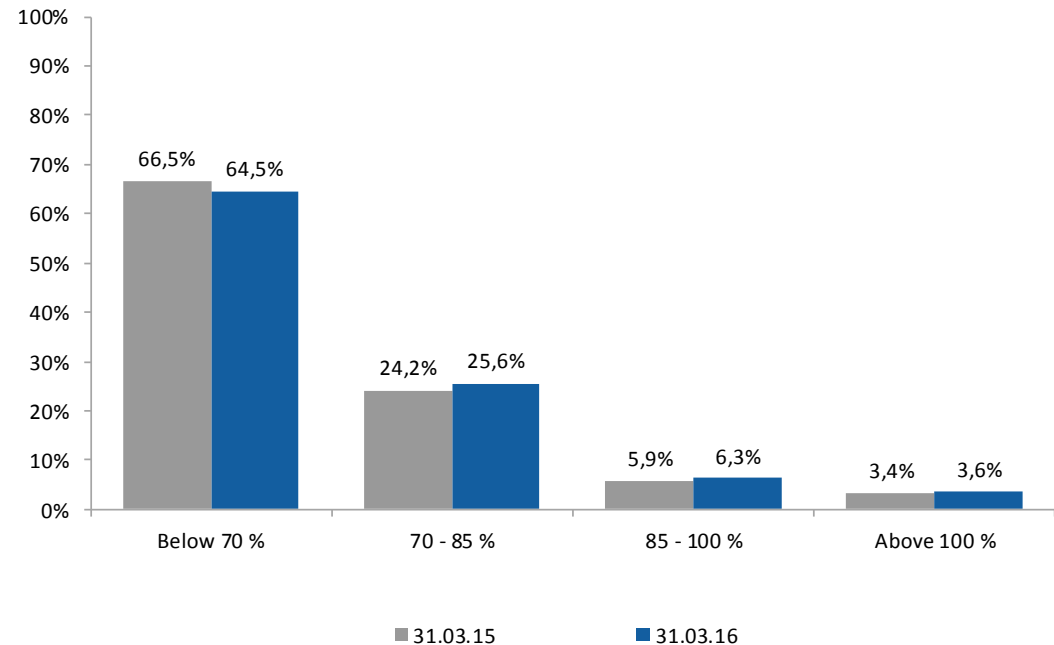


Loans before individual write-downs, nominal amounts.

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.*
- *90.1% of the exposure is within 85% of the assessed value of collateral.*
- *Market value on real estate is slightly declining in Rogaland. This has lead to a small decrease in the proportion of loans within 70% LTV.*

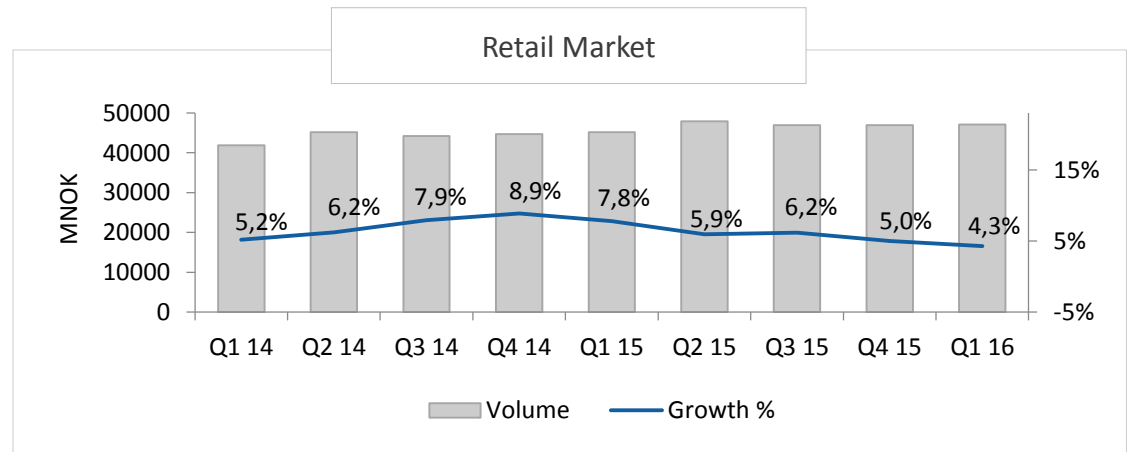
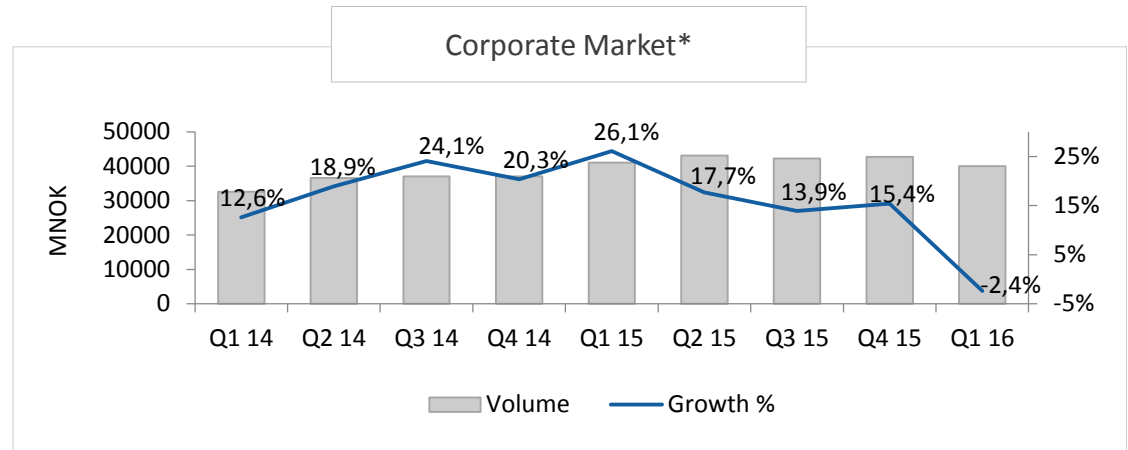


In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.

The figures include the loan portfolio in the covered bond company (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS).

Deposits volume and 12 month growth

- Last 12 months deposits increased by NOK 1.0 billion to 87.0 billion.
 - Corresponds to an increase in the period of 1.2%.
- Lower deposit growth in the corporate market (incl. capital market) is a result of larger deposits from institutional customers, held as part of the liquidity portfolio, having been replaced by other instruments to protect the group's liquidity.



* Includes also the Capital Markets Division.

Net commission and other income

<i>MNOK</i>	Q1 16	Q4 15	Q3 15	Q2 15	Q1 15
Payment facilities	54	56	66	56	58
Savings/placements	51	48	45	48	49
Insurance products	50	48	48	47	47
Commission income real estate broking	68	82	84	113	104
Guarantee commission	28	34	28	33	34
Arrangement- and customer fees	30	27	16	26	16
Accounting services SpareBank 1 Regnskapshuset SR*	23	10	7	8	10
Other	7	14	4	2	6
Net commission and other income excl. covered bond companies	311	319	298	333	324
Commission income SB1 Boligkreditt and SB1 Næringskreditt	41	53	55	66	84
Net commission and other income incl. covered bond companies	352	372	353	399	408

*SpareBank 1 Regnskapshuset SR was established in the first quarter of 2015 in connection with the acquire of the Rogaland branch of SpareBank 1 Regnskapshuset Østlandet AS. The company acquired a number of accounting firms in 2015.

Net income on investment securities

MNOK	Q1 16	Q4 15	Q3 15	Q2 15	Q1 15
Dividends	8	1	1	8	7
Investment income, associates	104	110	78	101	133
Securities gains/losses	-66	-87	-100	-14	-23
<i>- of which capital change in shares and certificates</i>	-21	-34	-6	-4	4
<i>- of which capital change in certificates and bonds</i>	-53	-80	-100	-46	-49
<i>- of which derivatives; bonds and certificates</i>	8	27	6	36	22
Currency/interest gains/losses	33	-37	33	-1	94
<i>- of which currency customer- and own-account trading</i>	29	25	31	17	31
<i>- of which value change basis swap spread</i>	13	6	13	2	67
<i>- of which counterparty risk derivatives including CVA</i>	1	-66	-	-	-
<i>- of which IFRS-effects</i>	-10	-2	-11	-20	-4
Net income on investment securities	79	-13	12	94	211

Subsidiaries

<i>MNOK</i>	31.03.16	31.03.15
EiendomsMegler 1 SR-Eiendom AS		
Number of sales	1.211	1.785
Operating profit before tax	-6	12
SpareBank 1 SR-Finans AS		
Total assets (BNOK)	7	7
Operating profit before tax	43	36
SR-Forvaltning AS		
Total assets under management (BNOK)	9	10
Operating profit before tax	8	8
SR-Investering AS		
Operating profit before tax	-1	0
SpareBank 1 Regnskapshuset SR AS		
Operating profit before tax*	1	1,7
SR-Boligkreditt AS		
Operating profit before tax**	38	-
Other		
Operating profit before tax	0	-3
Total subsidiaries		
Profit before tax	83	55

*SpareBank 1 Regnskapshuset SR was established in the first quarter of 2015 in connection with the acquire of the Rogaland branch of SpareBank 1 Regnskapshuset Østlandet AS. The company acquired a number of accounting firms in 2015. The result to Regnskapshuset SR includes amortization of intangible assets of NOK 0,4 million.

** SR-Boligkreditt AS was established in the second quarter of 2015.

Ownership interests

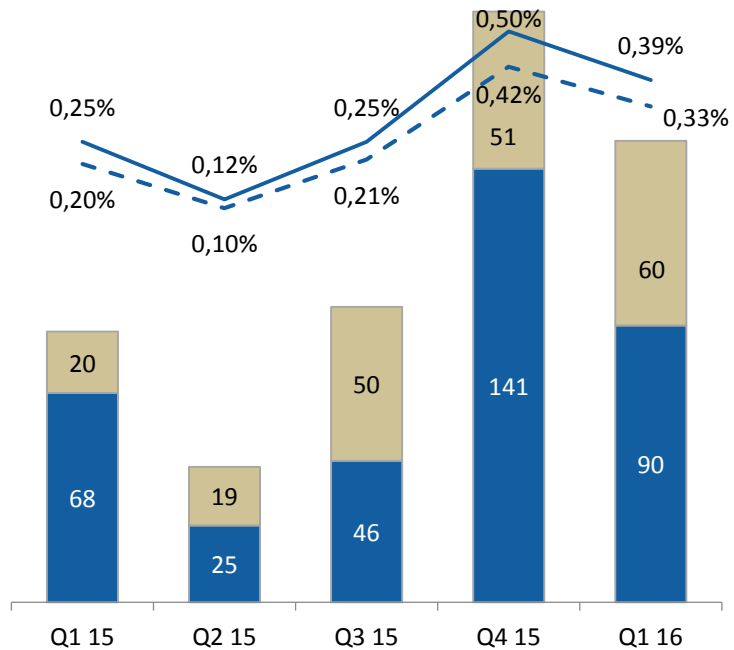
MNOK	31.03.16	31.03.15
SpareBank 1 Gruppen AS		
<i>Interest ownership</i>	19,5%	19,5%
Profit after tax	55	59
Adjusted profit previous years	6	0
SpareBank 1 Boligkreditt AS		
<i>Interest ownership</i>	16,7%	20,1%
Profit after tax	18	47
Adjusted profit previous years	4	0
SpareBank 1 Næringskreditt AS		
<i>Interest ownership</i>	26,8%	26,8%
Profit after tax	6	6
Adjusted profit previous years	0	0
BN Bank ASA		
<i>Interest ownership</i>	23,5%	23,5%
Profit after tax	14	13
SpareBank 1 Kredittkort AS		
<i>Eierandel</i>	18,1%	18,1%
Resultat etter skatt	6	4
Other		
Profit after tax	-5	4
Total ownership interests		
Profit after tax	104	133

Operating expenses

<i>MNOK</i>	Q1 16	Q4 15	Q3 15	Q2 15	Q1 15
Personnel expenses	296	255	284	300	304
Restructuring- and non-recurring costs, pensions	-1	-141	-63	0	6
Total personnel expenses	295	114	221	300	310
IT expenses	73	86	70	73	72
Marketing	14	19	24	26	21
Other administrative expenses	15	20	20	23	26
Total administrative expenses	102	125	114	122	119
Depreciation	18	23	20	22	20
Operating expenses from real estate	9	12	9	10	10
Other operating expenses	68	94	65	82	71
Total other operating expenses	95	129	94	114	101
Total operating expenses	492	368	429	536	530

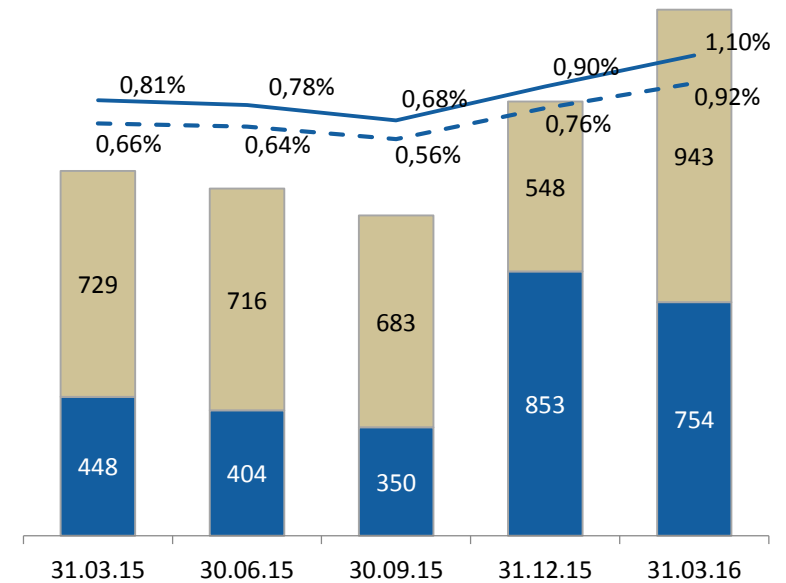
Impairment losses on loans/ Non-performing and doubtful commitments

Impairment losses on loans



- Collective impairment losses on loans, MNOK
- Individual impairment losses on loans, MNOK
- Loss ratio in % of average gross loans
- Loss ratio in % of average gross loans incl. from covered bond companies

Non-performing and doubtful commitments



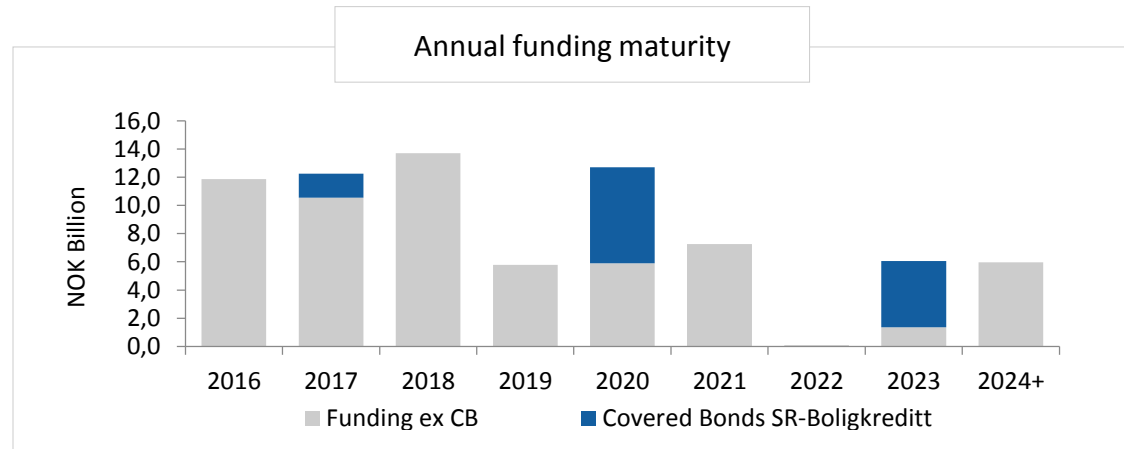
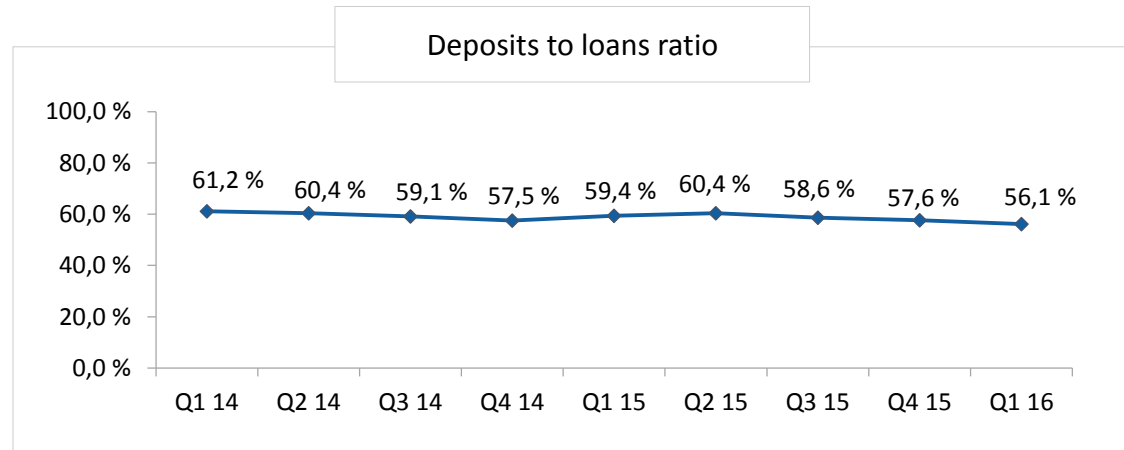
- Doubtful commitments, MNOK
- Non-performing loans, MNOK
- Non-performing and doubtful commitments in % of gross loans
- Non-performing and doubtful commitments in % of gross loans incl. from covered bond companies

Impairment losses on loans and guarantees

	Q1 16	Q4 15	Q3 15	Q2 15	Q1 15
<i>Losses on loans in income statement (MNOK)</i>					
Corporate customers	82	145	40	18	62
Retail customers	8	-4	6	7	6
Change in collective impairment losses on loans	60	51	50	19	20
Net impairment losses on loans	150	192	96	44	88
	31.12	31.12	30.09	30.06	31.03
<i>Impairment losses on loans (MNOK)</i>	16	15	15	15	15
Corporate customers	304	249	301	292	292
Retail customers	69	66	65	64	59
Collective impairment losses on loans	578	518	467	417	398
Total impairment losses on loans	951	833	833	773	749

Funding

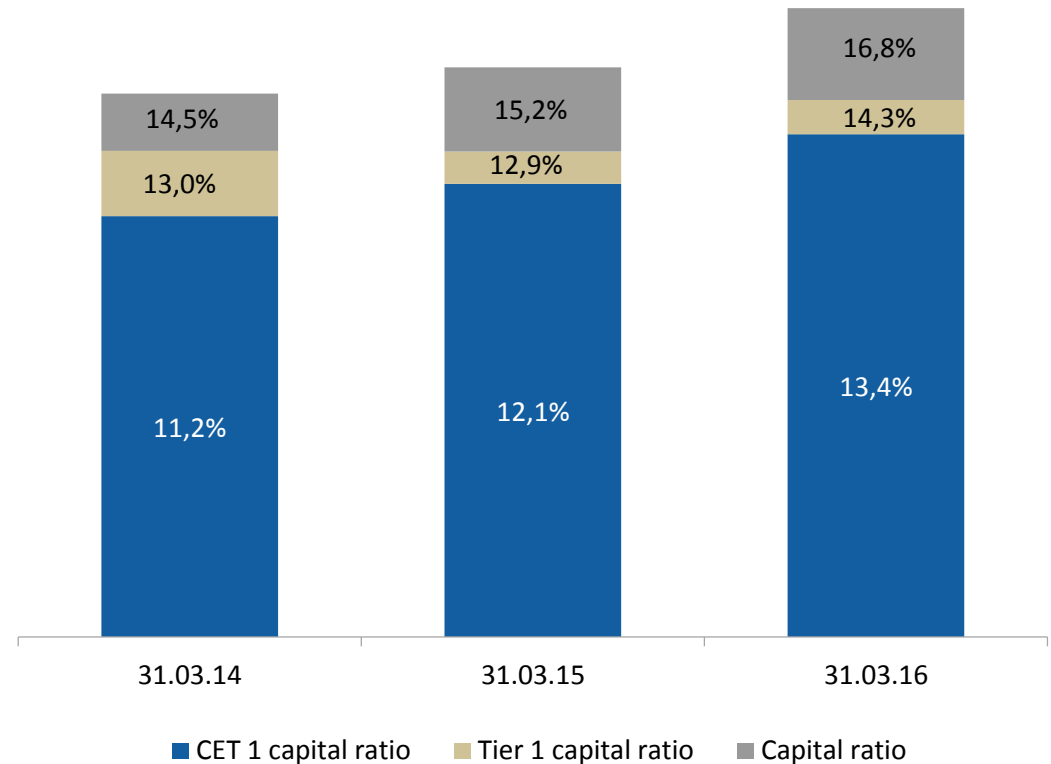
- *Well diversified funding.*
- *Greater share of senior and OMF funding last year.*
 - *Euro-benchmarks with due dates in each of the years 2016- 2021.*
 - *2 outstanding euro covered bonds Level 1B through SR-Boligkreditt.*
- *Funding indicator 1* is 107.0% on consolidated basis.*
- *Good liquidity*
 - *Net refinancing need over the next 12 months is NOK 20.1 billion.*
 - *Liquidity buffer is NOK 25.4 billion for normal operation in 25 months with closed markets. In addition to the liquidity buffer, NOK 22.4 billion of home mortgages are prepared for covered bond funding.*



*Funding indicator 1 is a ratio of illiquid assets financed by issued securities with a duration of more than 1 year.

Stronger capital ratio

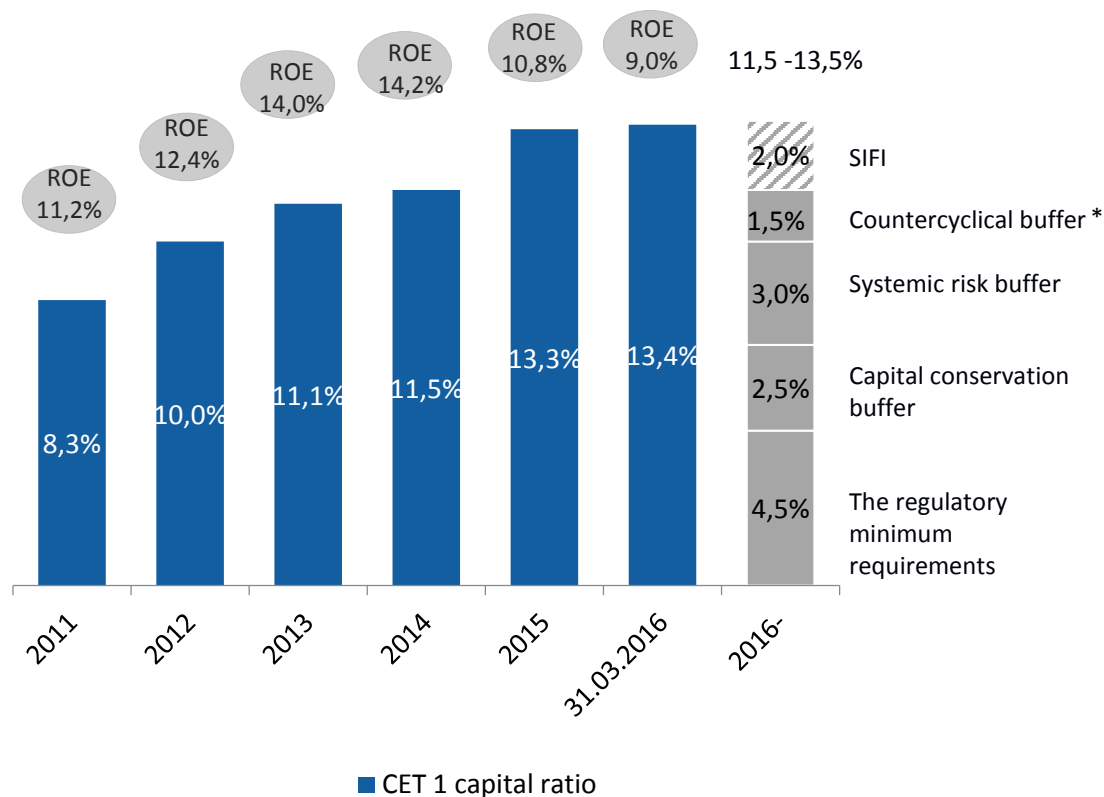
- SpareBank 1 SR-Bank is compliant with capital requirements as at 31.03.2016.
- SpareBank 1 SR-Bank received IRB Advanced approval for the corporate market portfolio in the first quarter of 2015.
- The use of different risk weights in the Nordic countries makes comparisons of actual financial strength difficult.
 - The Basel I floor is also practised differently.
- Leverage ratio is 6.4% as at 31.03.2016. SpareBank 1 SR-Bank exceeds the levels being discussed internationally.



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.

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.*
- *Norges Bank has decided that the countercyclical buffer will increase to 1.5% from 30 of June 2016.*
- *In addition, the Norwegian FSA will during the 2016 determining an individual Pilar 2-requirements that will be added on the regulatory minimum requirements for CET 1.*
- *SpareBank 1 SR-Bank is not defined as a systemically important financial institution (SIFI).*
- *To meet regulatory and market requirements for solvency, the target CET 1 level is minimum 14.0% in 2016 and 14.5% during 2017. The target expected to be reached through good profitability and retained earnings combined with limited growth in risk-weighted assets.*



* Countercyclical buffer is 1% as at 31 March 2016.

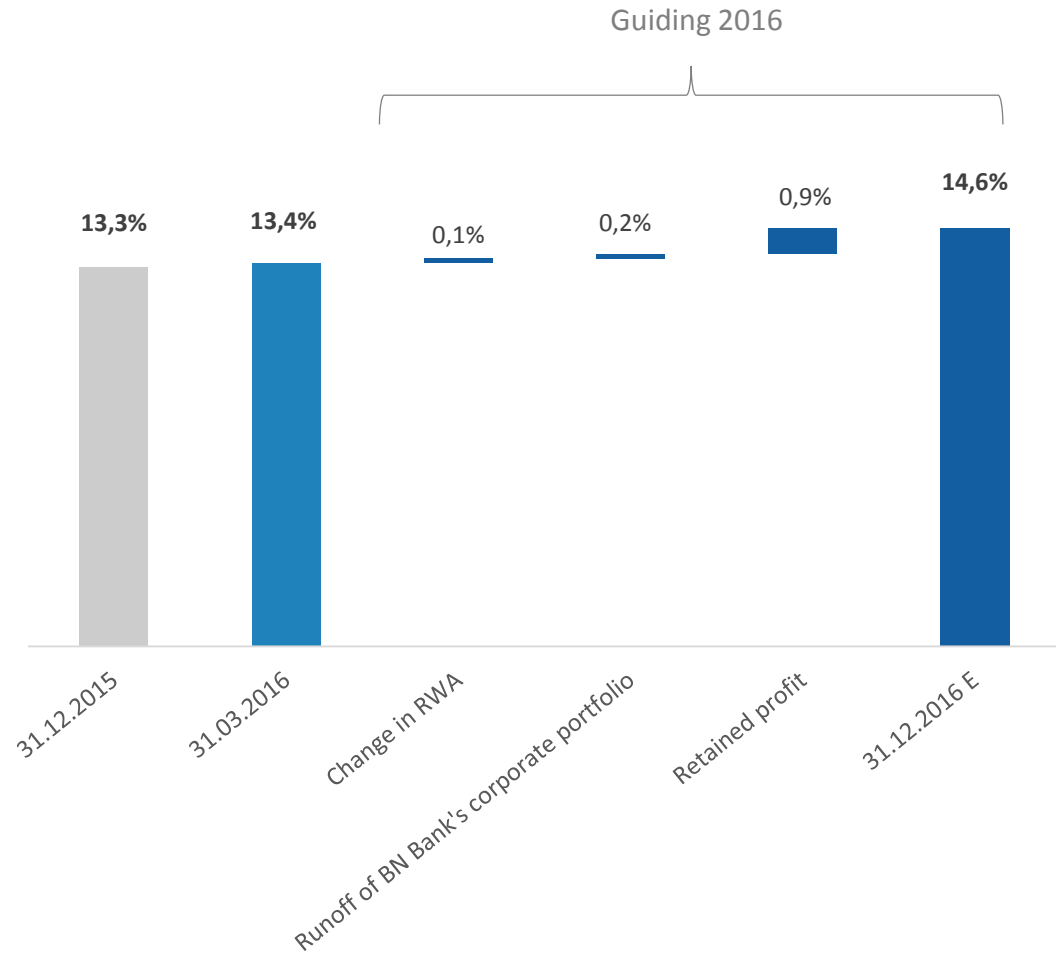
Increasing CET 1 – well prepered to reach capital requirements

Stronger common equity tier 1 in 2015

- IRB Advanced approval for the corporate market portfolio
- Changed pension scheme
- Good profitability
- Moderate growth
- Capital efficiency
- Moderate dividend

Guiding 2016

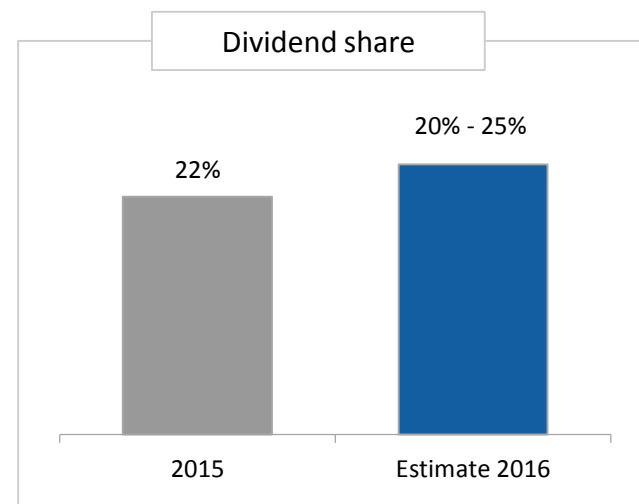
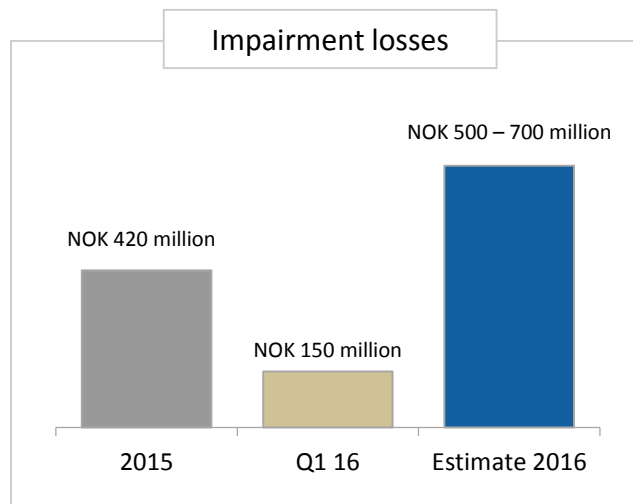
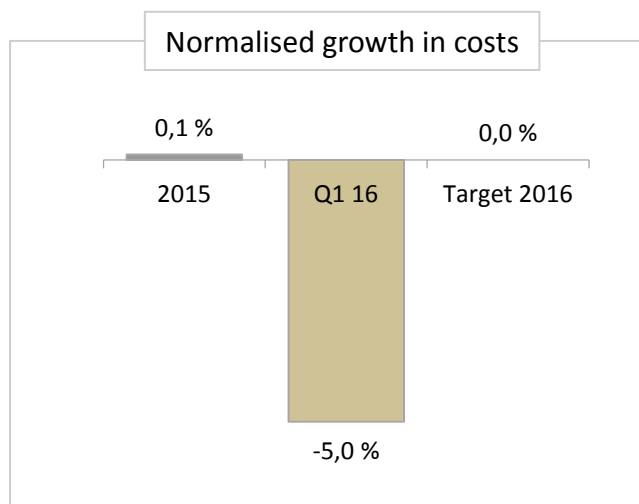
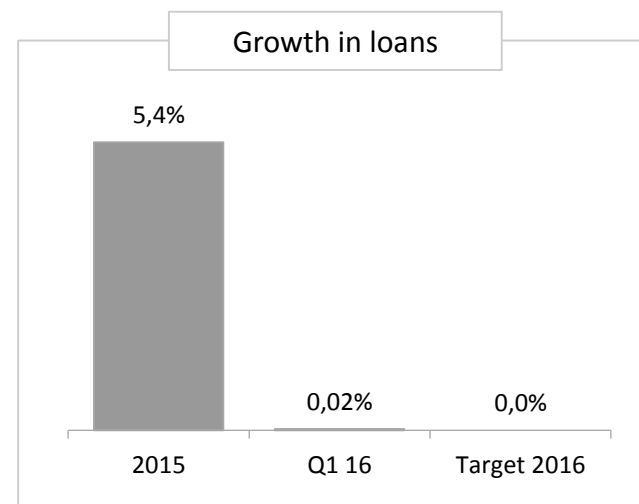
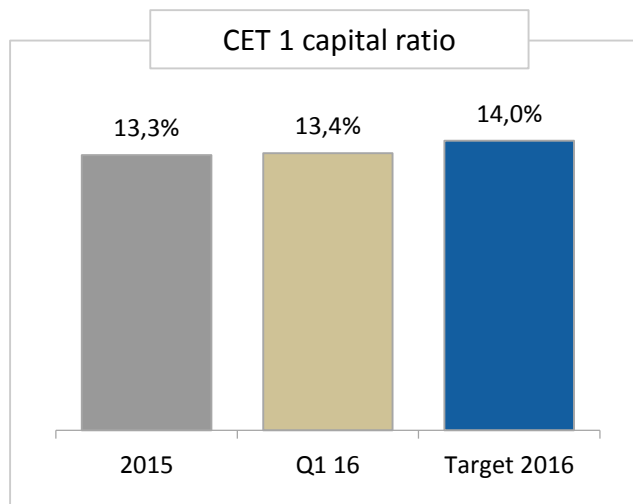
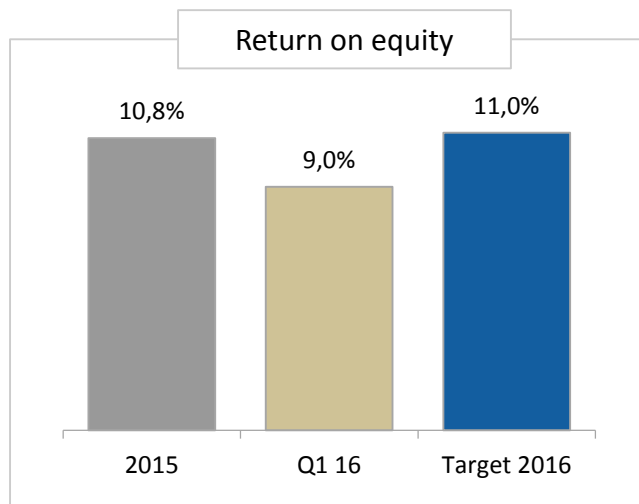
- Good profitability: Target 11% return on equity
- Marginal decline in risk-weighted assets (RWA)
- Runoff of BN Bank's corporate portfolio
- Moderate dividend



Outlook

- Norwegian exports more competitive due to a weaker exchange rate , while interest rates also stimulate business and household spending.
- Major infrastructure projects are helping to ensure good conditions for the region's business and population growth, with moderate unemployment.
- Uncertainty, especially in the petroleum sector, has increased due to lower oil prices. From record high levels, oil investments are reduced with approximately 16% in 2015, and continue decreasing with approximately 10% in 2016.
- Uncertainty about economic developments may dampen demand for loans, while low interest rates work in the opposite direction. We expect stable to slightly declining house prices going forward and still strong competition for new home mortgage customers.
- Long-lasting low oil prices may have negative impacts for the construction sector and the retail sector in the region.
- Non-performance and loan impairment losses are expected to increase to moderate in the future.
- Solid earnings from a robust business model indicates SpareBank 1 SR-Bank well positioned to build up the necessary capital going forward, while ensuring continued competitiveness.
- An offensive approach for the future
 - Investing in new technology, customer behavior changes as a result of digitization
 - The acquisition of 5 accounting offices to satisfy customers needs better by offering accounting services and advise

Financial targets and estimates for 2016

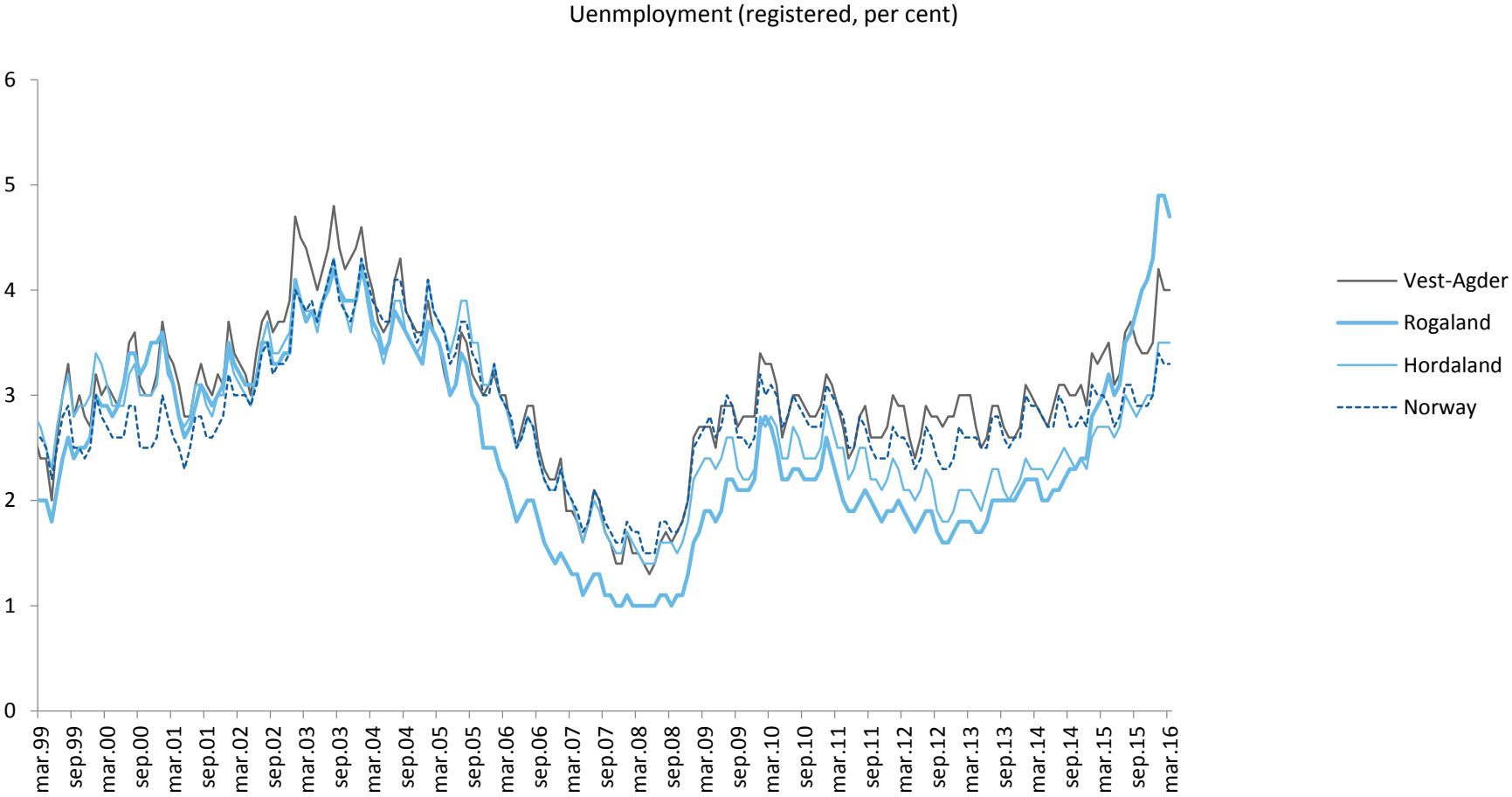


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APPENDIX

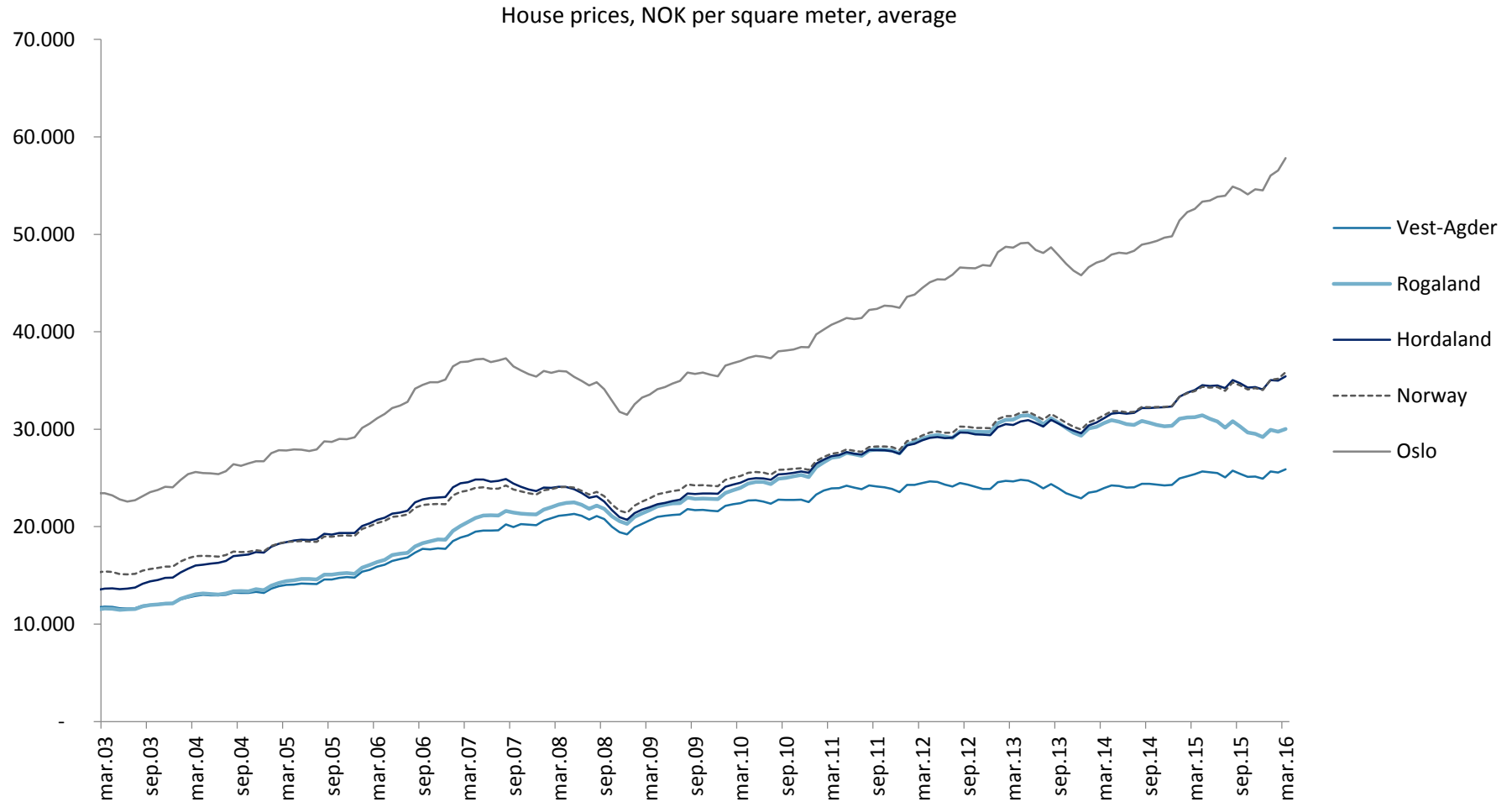
Unemployment has increased, but remains moderate

Rogaland above the national average



Source: NAV

House prices in Rogaland flattened last 3 years

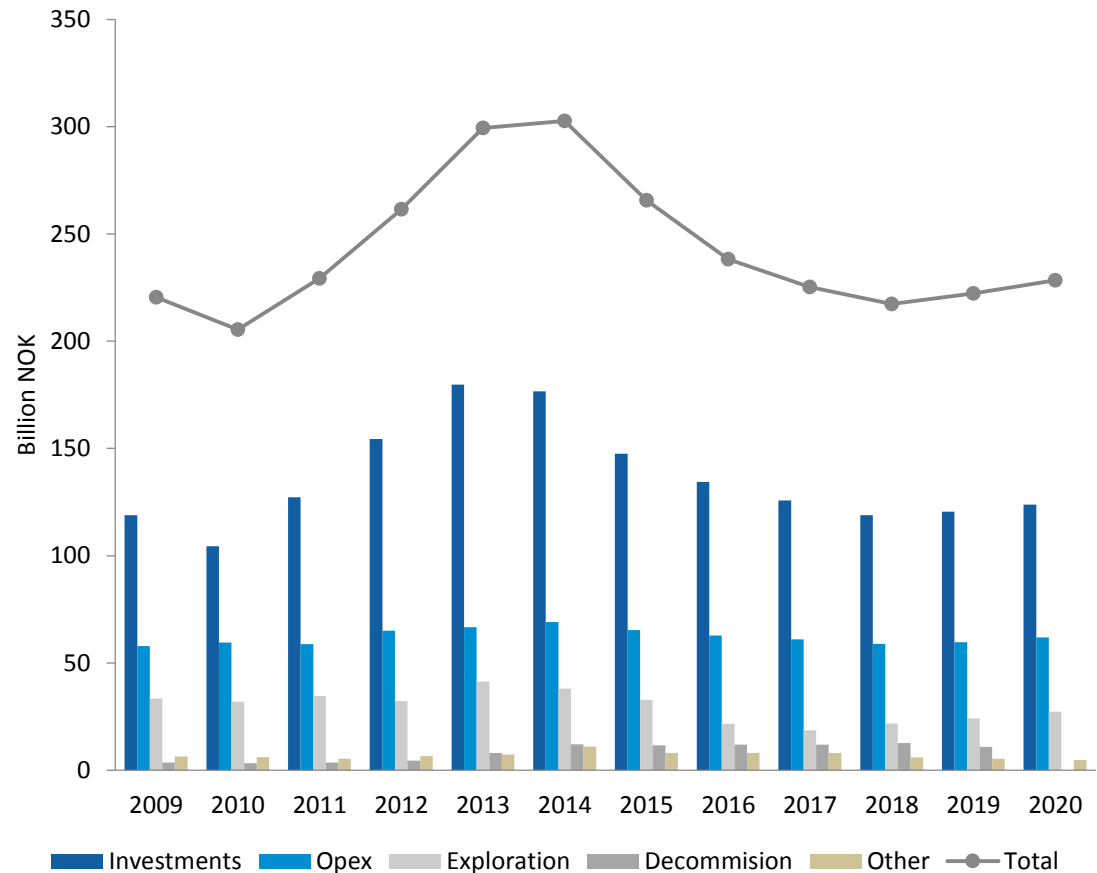


Source: Finn.no, Eiendom Norge and Eiendomsverdi

Reduced petroleum activity

Lower investments, whereas operating expenditures are more stable

- *Petroleum activity on the Norwegian Continental Shelf levelled out in 2014 following several years of growth. Total activity expected to be reduced 10% this year following 12% decline last year.*
- *Investments reduced 16% last year and are expected to be reduced by 10% this year. Operating expenditures (opex), which are important for the region, are more stable. Opex are expected to be reduced somewhat in 2016*



Source: Norwegian Petroleum Directorate

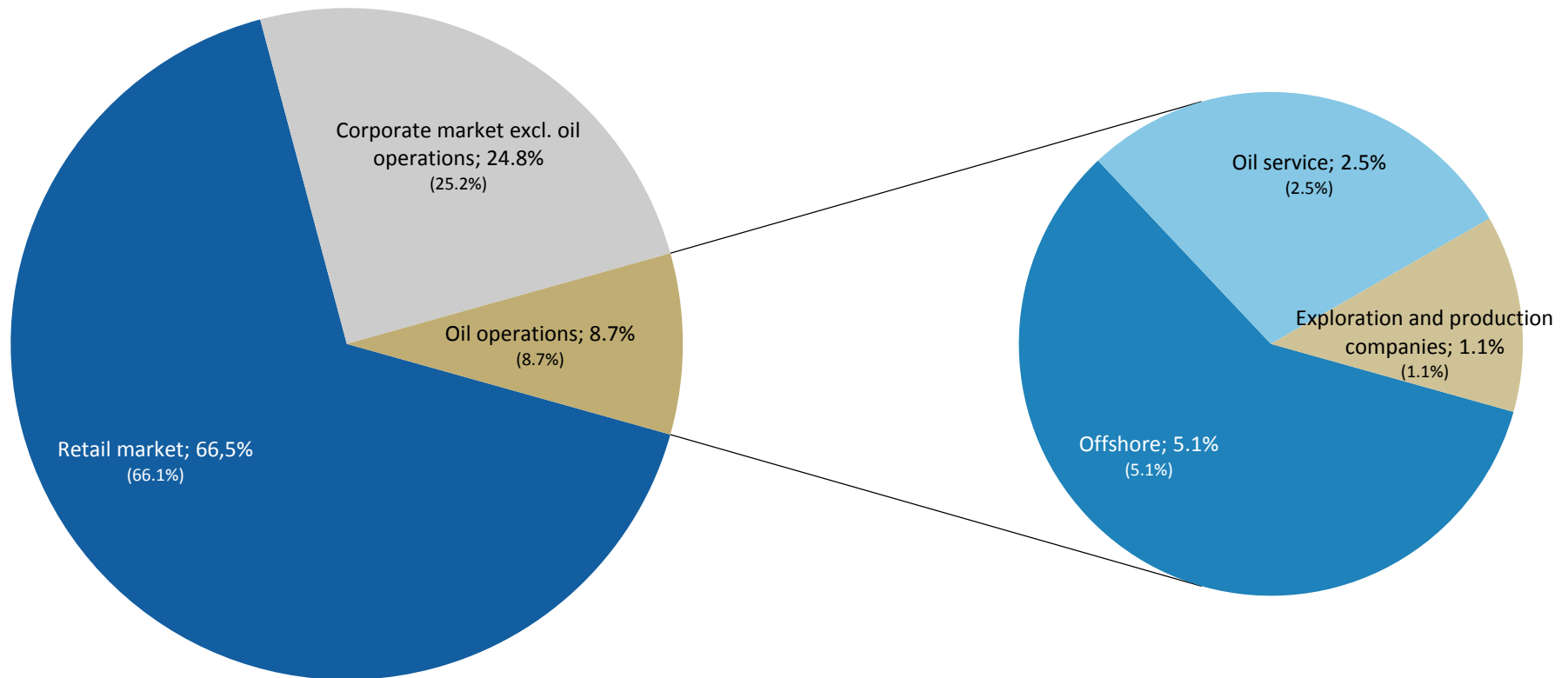
SpareBank 1 SR-Bank has a moderate risk profile in which no single event should be capable of seriously harming the bank's financial position

- 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 bank'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 bank'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 bank 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 bank 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 8.7% (8.7%) of total EAD is related to oil operations

SpareBank 1 SR-Bank* has total BNOK 201.5 (202.5) EAD per 31.03.2016

BNOK 17.6 (17.6) EAD is related to oil operations



EAD: Exposure at default

Figures as at 31.03.2016. Figures in parentheses as at 31.12.2015.

* Include portfolio in covered bond company.

Oil services - total NOK 5.1 billion

(NOK 5.0 billion as at 31.12.2015)

Exploration and concept studies

- EAD NOK 0.7 billion
- Average weighted probability of default 0.8%

Field development and start-up drilling

- EAD NOK 1.0 billion
- Average weighted probability of default 1.4%

Operational fields and operational drilling

- EAD NOK 2.6 billion
- Average weighted probability of default 2.3%

On shore facilities

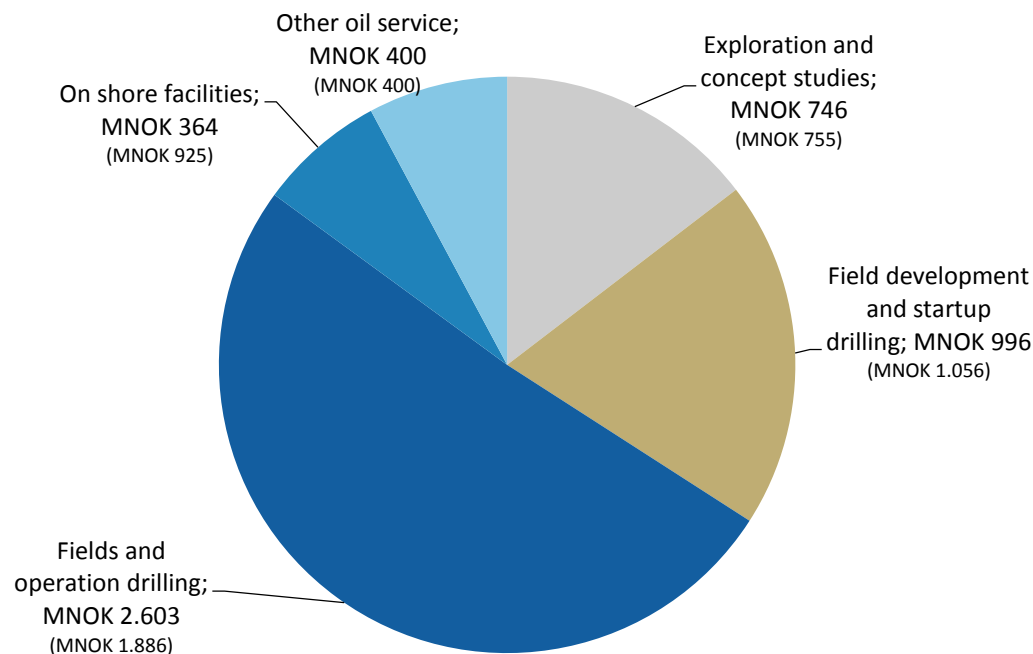
- EAD NOK 0.4 billion
- Average weighted probability of default 2.3%

Other oil services

- EAD NOK 0.4 billion

Oil services

- EAD NOK 5.1 billion, 2.5% of the bank's total EAD
- Average weighted probability of default for the oil services portfolio is 2.0%
- Funding of operating capital through current and fixed assets, as well as guarantees



EAD: Exposure at default

Figures as at 31.03.2016. Figures in parentheses as at 31.12.2015.

Oil and gas - total NOK 2.1 billion

(NOK 2.2 billion as at 31.12.2015)

Exploration financing

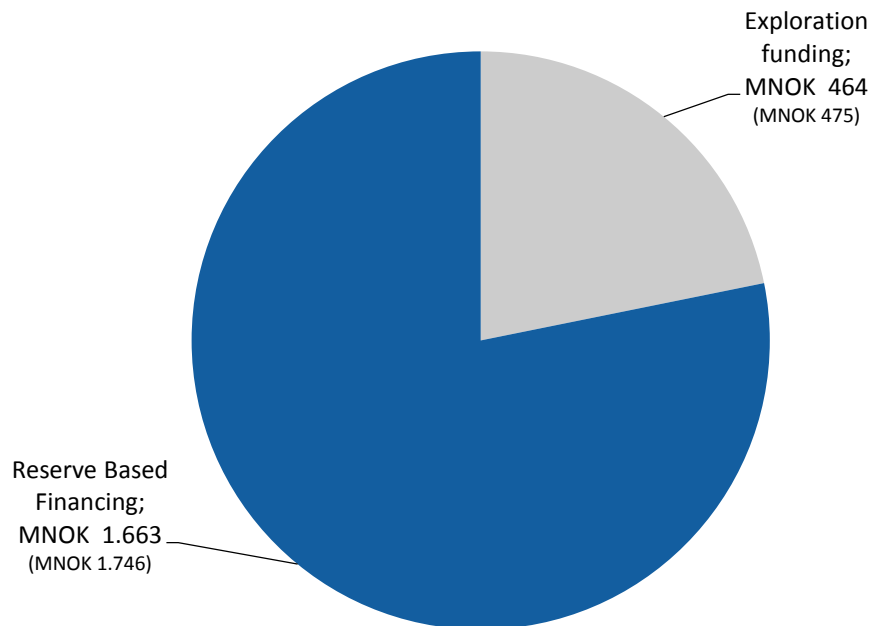
- EAD NOK 0,5 billion
- Average weighted probability of default 2.5%
- Secured by a tax refund from the Norwegian State. No direct oil price risk

Reserve based lending (RBL)

- EAD NOK 1.7 billion
- Average weighted probability of default 2.6%
- Structured financing based on assumptions relating to reserves, 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 2.1 billion, 1.1% of the bank's total EAD
- Average weighted probability of default for the oil and gas portfolio is 2.6%
- Exposure primarily to companies with activities on the Norwegian continental shelf



EAD: Exposure at default

Figures as at 31.03.2016. Figures in parentheses as at 31.12.2015.

Offshore - total NOK 10.3 billion

(NOK 10.4 billion as at 31.12.2015)

Offshore Service Vessels

- EAD NOK 7.3 billion, average weighted probability of default is 1.1%, weighted average age is 7.7 years, average weighted contract coverage for 2016 and 2017 of 60% and 46% respectively, average weighted LTV 68%, 78 vessels

Rigs

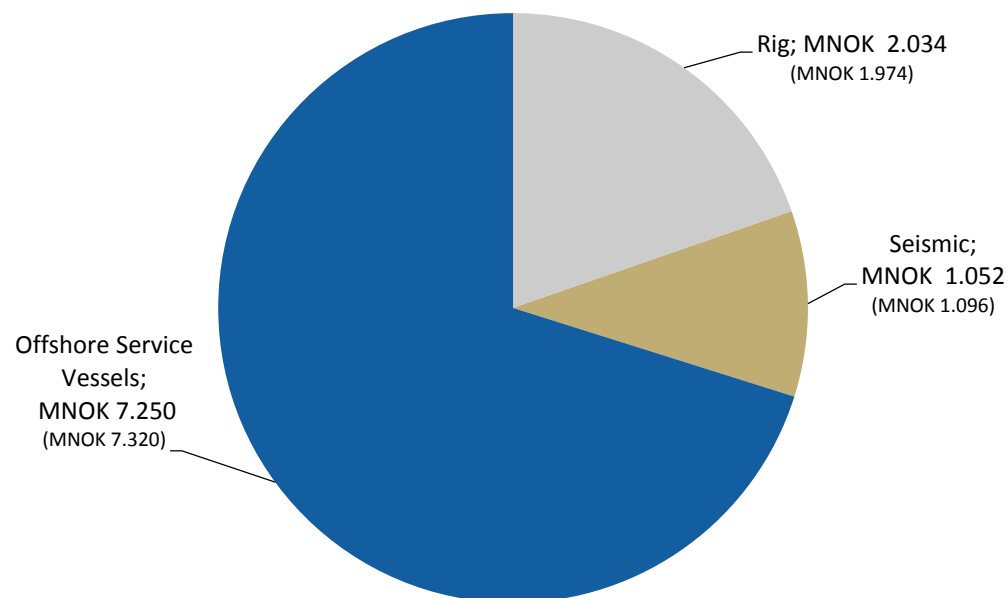
- EAD NOK 2.0 billion, average weighted probability of default is 4.8%, weighted average age is 9.4 years, average weighted contract coverage for 2016 and 2017 of 82% and 66% respectively, average weighted LTV 78%, 17 rigs

Seismic vessels

- EAD NOK 1.1 billion, average weighted probability of default is 1.3%, weighted average age is 11.9 years, average weighted contract coverage for 2016 and 2017 of 70% and 69% respectively, average weighted LTV 68%, 7 vessels
- Applies to ship financing, not seismic equipment

Offshore

- EAD NOK 10.3 billion, 5.1% of the bank's total EAD
- Average weighted probability of default for the offshore portfolio is 1.8%
- Exposure primarily to industrial-oriented shipping companies with strong ownership and integrated organisation



EAD: Exposure at default
 Figures as at 31.03.2016. Figures in parentheses as at 31.12.2015.
 LTV: Loan to Value. Value estimates per 31.12.2015

Offshore Service Vessels - total NOK 7.3 billion

(NOK 7.3 billion as at 31.12.2015)

PSV

- EAD NOK 2.6 billion, weighted average age is 5.0 years

AHTS

- EAD NOK 0.7 billion, weighted average age is 8.5 years

Subsea

- EAD NOK 2.6 billion, weighted average age is 7.5 years

Standby/area contingency

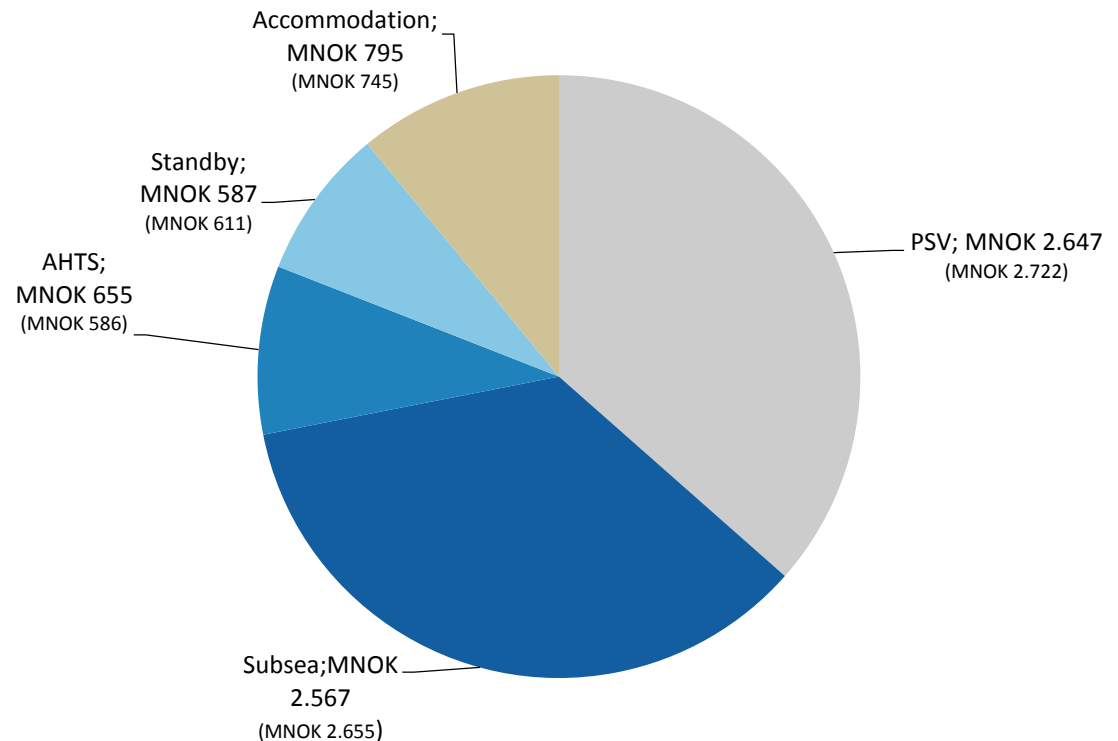
- EAD NOK 0.6 billion, weighted average age is 4.8 years

Accommodation

- EAD NOK 0.8 billion, weighted average age is 18.9 years

Offshore Service Vessels

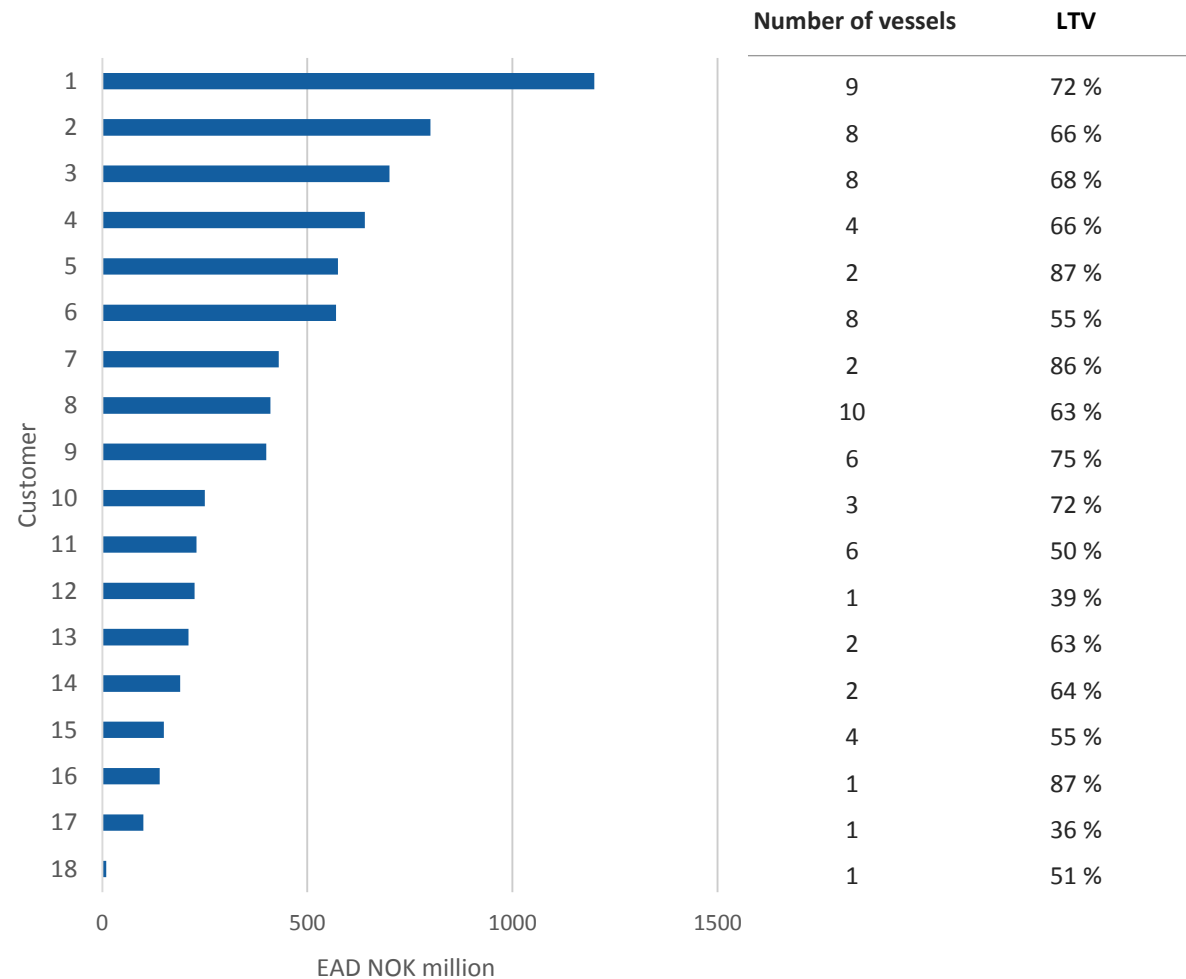
- Most customers with long history as a borrower in SpareBank 1 SR-Bank
- Most of the companies are listed on stock exchange or family owned
- A major part is industrially focused companies, only a small number of financially oriented owners



EAD: Exposure at default
Figures as at 31.03.2016. Figures in parentheses as at 31.12.2015.

Offshore Service Vessels – largest customer group

- Well diversified portfolio. One commitment of NOK 1.2 billion, rest of NOK 800 million or lower
- Financing of 78 vessels, all with 1. priority pledge
- Generally low loan to value (LTV). Valuations made by 3. party brokerage companies as of 31.12.2015. Value estimates reduced by 20% from 31.12.2014

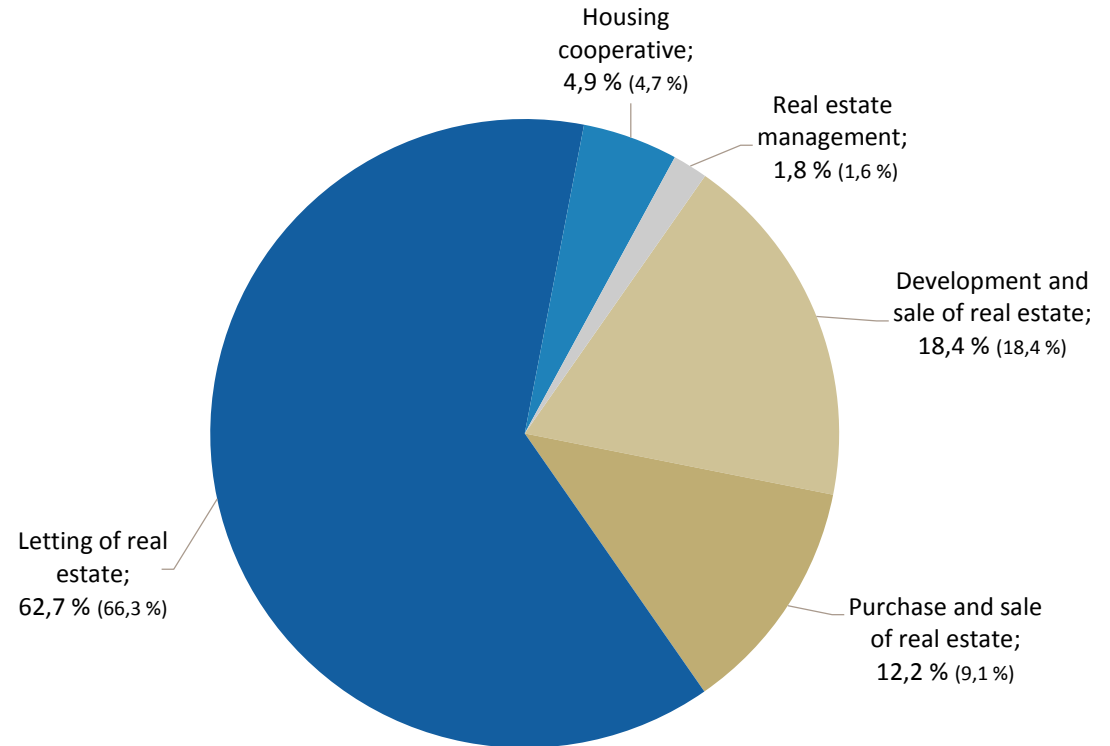


Total EAD NOK 7.3 billion

Lending to commercial property

Lending to commercial property

- NOK 27.7 billion, 15.1% of the bank's total loans.
- 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.
- NOK 3.3 billion is related to letting of real estate to oil related activities.



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

Figures as at 31.03.2016. Figures in parentheses as at 31.03.2015.

SRBANK's activities



Divisions of SpareBank 1 SR-Bank ASA

Capital Markets

Number of man-years : 34

Retail Market

Number of man-years : 468

Corporate Market

Number of man-years : 163

Administration & Support

Number of man-years : 207

Fully owned companies



Number of man-years : 197

Key areas:

- Leading real estate broker



Number of man-years : 14

Key areas:

- Asset management



Number of man-years : 31

Key areas:

- Leasing



Number of man-years : 79

Key areas:

- Accounting
- Advisory



Number of man-years : 1

Key areas:

- Covered Bond Funding

Partly owned companies

SpareBank 1 Gruppen AS
(19.5%)

Holding company for the SpareBank 1 - Alliance

BN Bank ASA
(23.5%)

Commercial bank located in Oslo and Trondheim

SpareBank 1 Boligkreditt AS
(16,7%)

Covered bond company (mortgages)

SpareBank 1 Næringskreditt AS
(26,8%)

Covered bond company (commercial real estate)

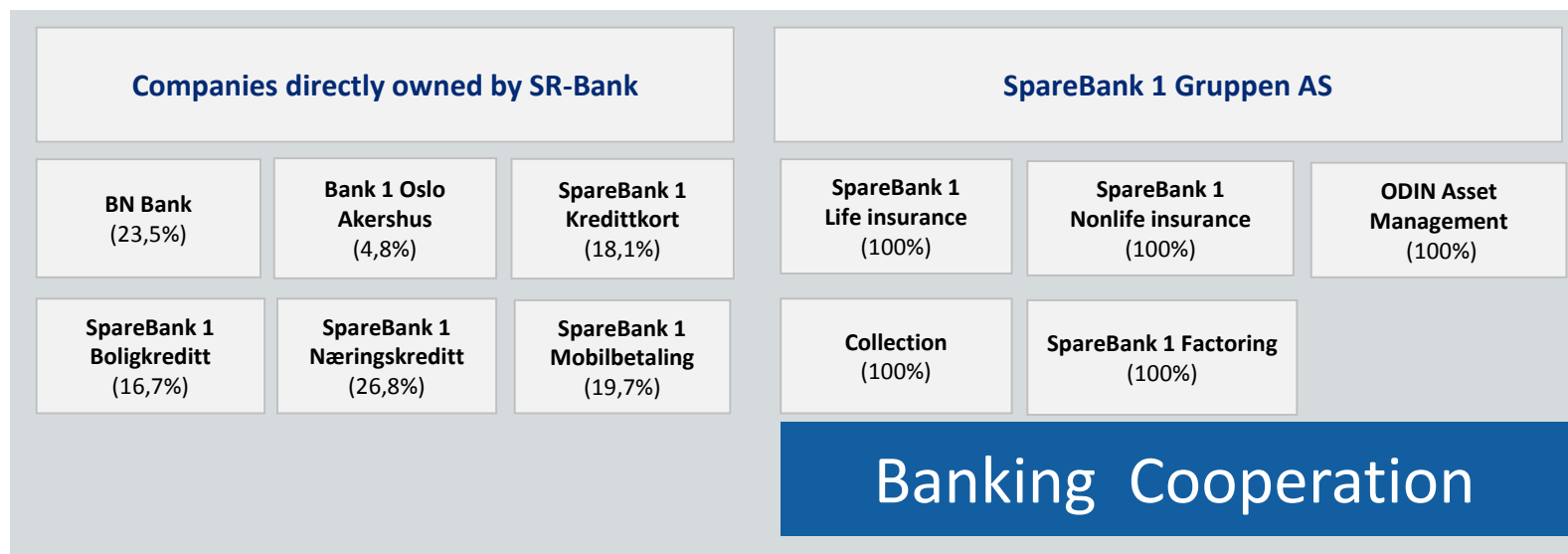
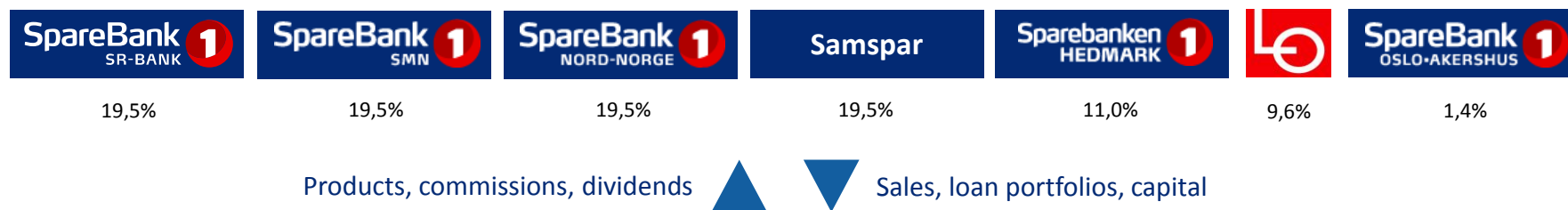
SpareBank 1 Kredittkort
(18,1%)

Credit card company located in Trondheim

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



Our vision: the customer's first choice in Southern and Western Norway

Objectives

- SpareBank 1 SR-Bank's objectives are to stimulate growth and development in the region
- To provide a sustainable contribution to the wealth creation process in the region through:
 - A sustainable and profitable business model
 - An owner-friendly, stable dividend policy

Financial goals

- Return on equity of 11% after tax in 2016. The longer term target is a minimum of 11%.
- Top 50% return on equity and cost/income in a Nordic benchmark

Strategic goals

- Nearer to people and companies
- We want to be nearer to people and companies than our competitors by understanding the people, companies and markets in the region better than our competitors.
- We want to learn what is important for our customers through a combination of close, personal relationships and the proper utilisation of customer data. We want to be an accessible, long-term partner whom the customers trust.

Strategic focus

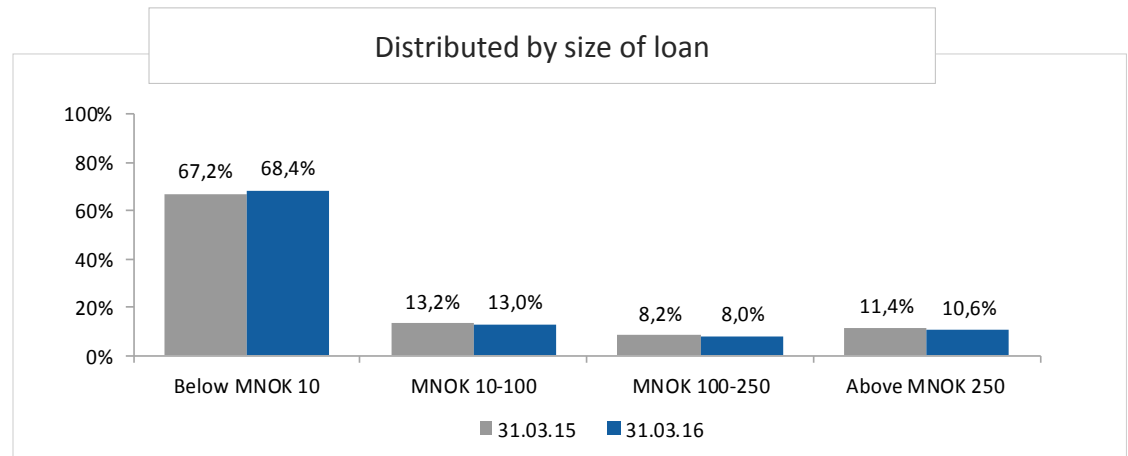
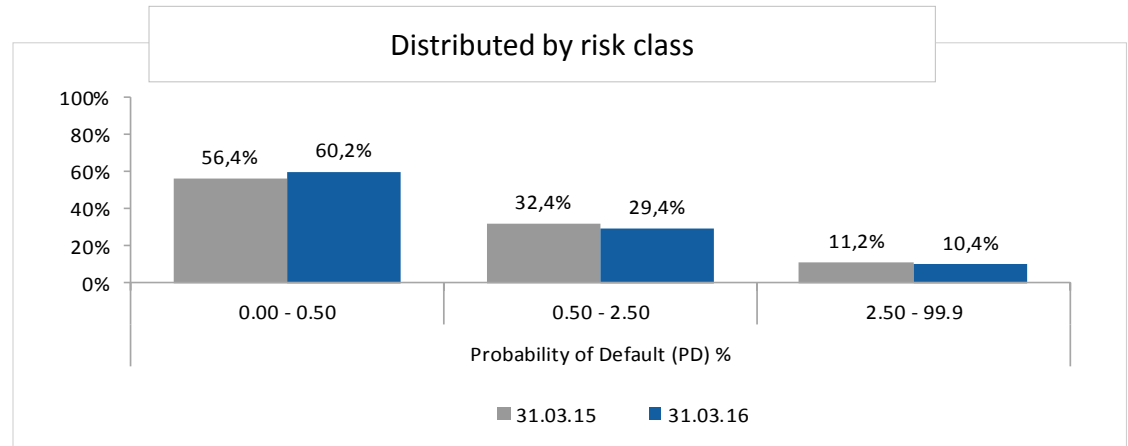
- Portfolio quality
- Managed and selective growth, greater product mix
- Risk pricing
- Portfolio management
- Innovation, digitalisation and continuous streamlining - cost effectiveness
- Strengthening capital
- Diversified funding platform

Balance sheet

<i>Balance sheet (MNOK)</i>	31.03.2016	31.03.2015
Cash and balances with central banks	1.497	2.400
Balances with credit institutions	5.059	2.533
Net loans to customers	154.221	143.937
Certificates, bonds and other fixed-income securities	20.963	14.789
Financial derivatives	5.403	5.760
Shares, ownership stakes and other securities	428	631
Business available for sale	162	22
Investment in associates	5.017	4.886
Other	2.013	1.955
Total assets	194.763	176.913
Balances with credit institutions	4.174	4.803
Deposits from customers	87.023	85.984
Listed debt securities	75.737	60.198
Financial derivatives	3.064	3.916
Other liabilities	4.160	3.093
Additional Tier 1 and Tier 2 capital instruments	3.310	2.975
Total liabilities	177.468	160.969
Total equity	17.295	15.944
Total liabilities and equity	194.763	176.913

Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a solid loan portfolio with positive development in risk profile.
- 60.2% of the bank's loan exposure has a PD* below 0.5%.
- Single loan exposures less than NOK 10 million aggregates 68.4% of total loan portfolio.
- Single loan exposures above NOK 250 million is stable and aggregates 10.6% of total loan portfolio.



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

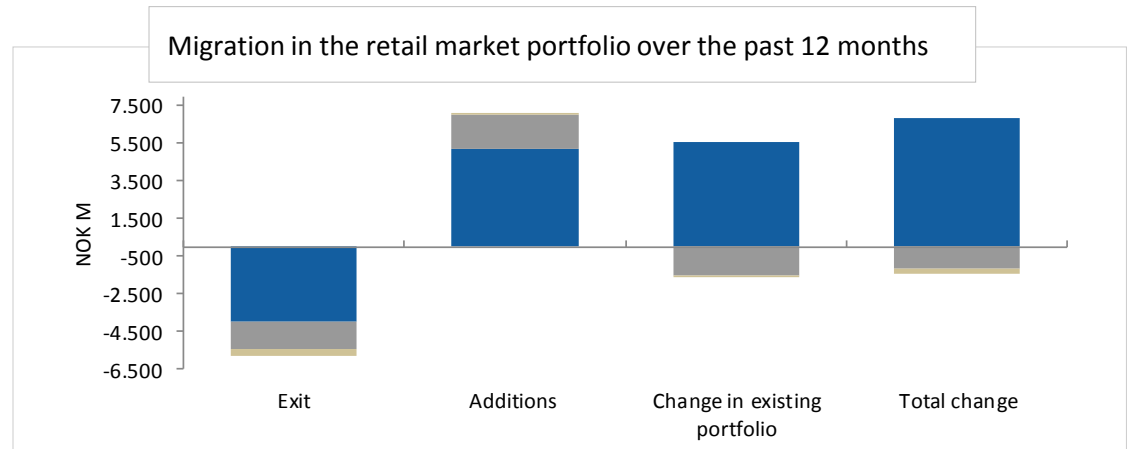
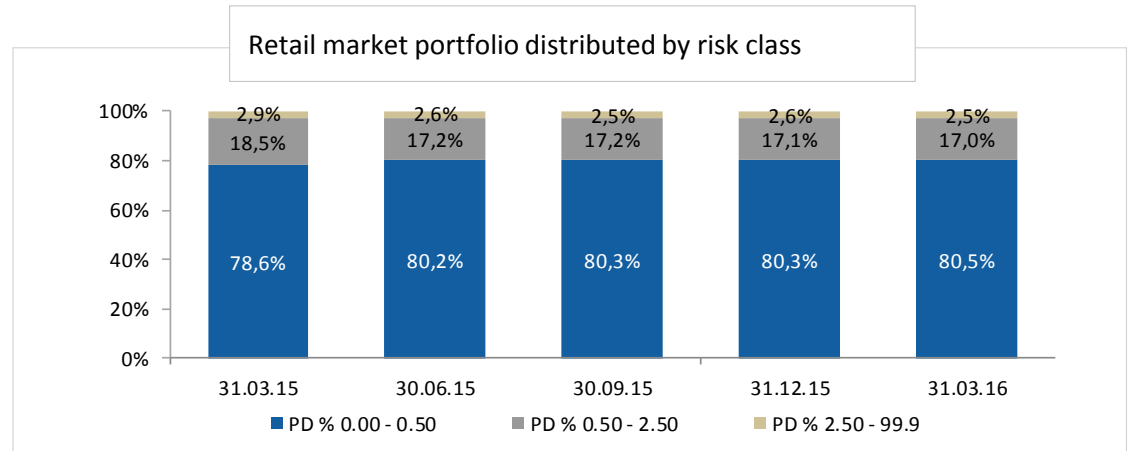
The figure includes lending portfolios from covered bond companies.

Risk profile – Lending to the retail market

- *The quality of the retail market portfolio is considered to be good and has low potential losses.*
- *The proportion of loans with a PD* below 0.5% has increased to 80.5% of the total retail portfolio.*
- *The low risk profile 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.*

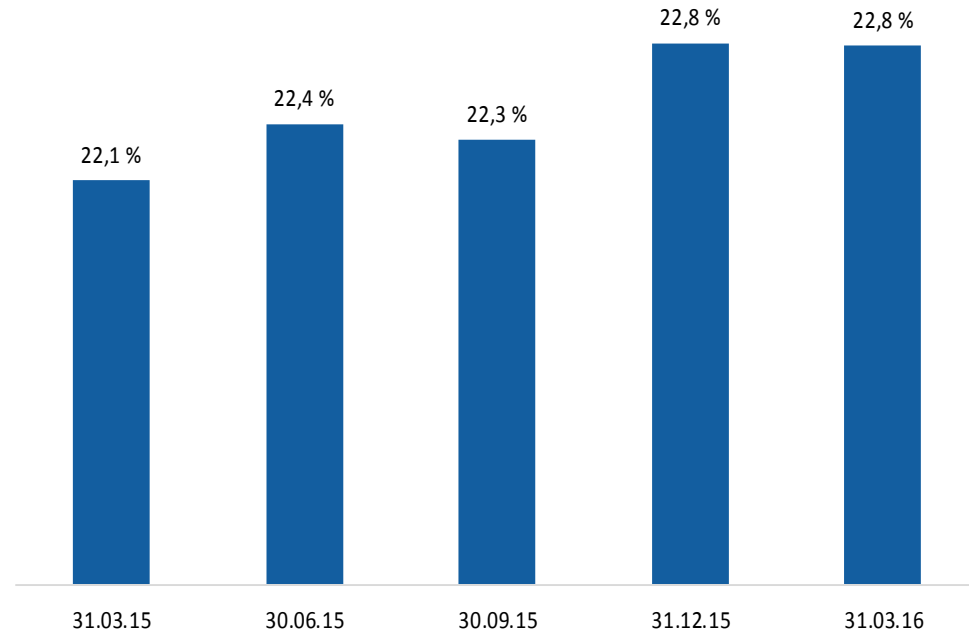
*Probability of default (PD) through a full cycle of loss.

Figures include portfolio in covered bond companies (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS).



RWA home mortgages

- *RWA on home mortgages reflects a solid and stable portfolio.*
- *The Norwegian FSA tightened the requirements for mortgage models in 2015 imposed by restrictions on PD and LGD.*



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

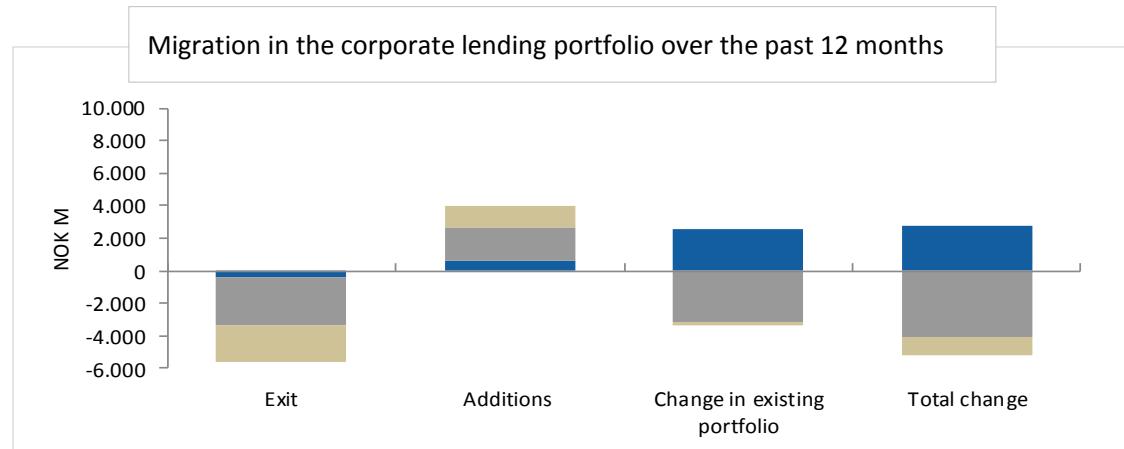
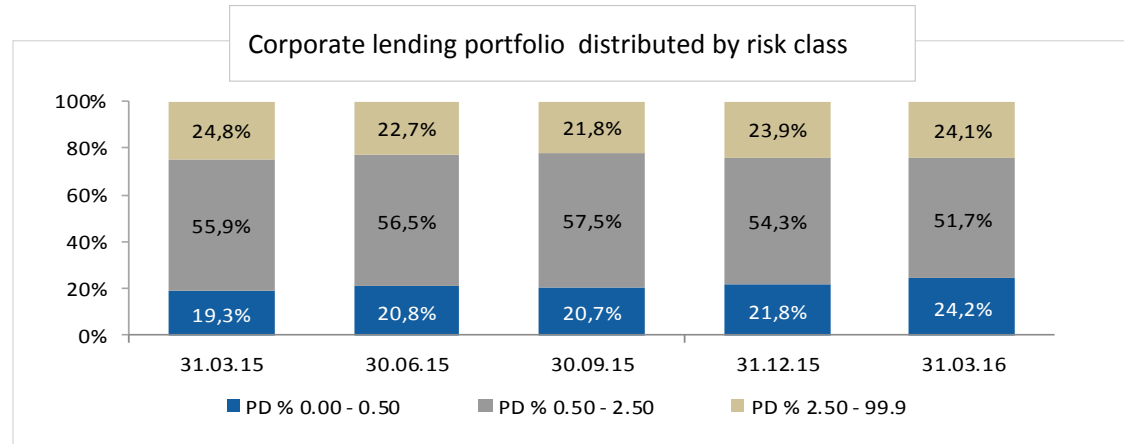
LGD (Loss Given Default): Estimated loss given default of one single loan. The calculation is based on the realisation value of assets pledged as security in an economic downturn.

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

Figures include the portfolio sold to the covered bond company (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS).

Risk profile - Corporate lending

- *The quality of the corporate market portfolio is good.*
- *The share of customers with PD* below 2.5% has increased, mainly due to a strengthened risk profile in existing portfolio.*
- *SpareBank 1 SR-Bank monitors PD above 2.5% continuously, and there has been a positive development in this segment since 1. quarter 2015.*
- *There is a clearly defined framework that sets limits on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.*



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

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.
- Enhanced risk models for estimating EAD and LGD were developed as part of AIRB approach for Corporates.
- 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.

In total, the effect in terms of good management and control of both new customers and existing portfolio.

SRBANK

- *International ownership is 16.7% per 1. quarter 2016.*
- *Total market value at 1. quarter 2016 is NOK 10.4 billion.*

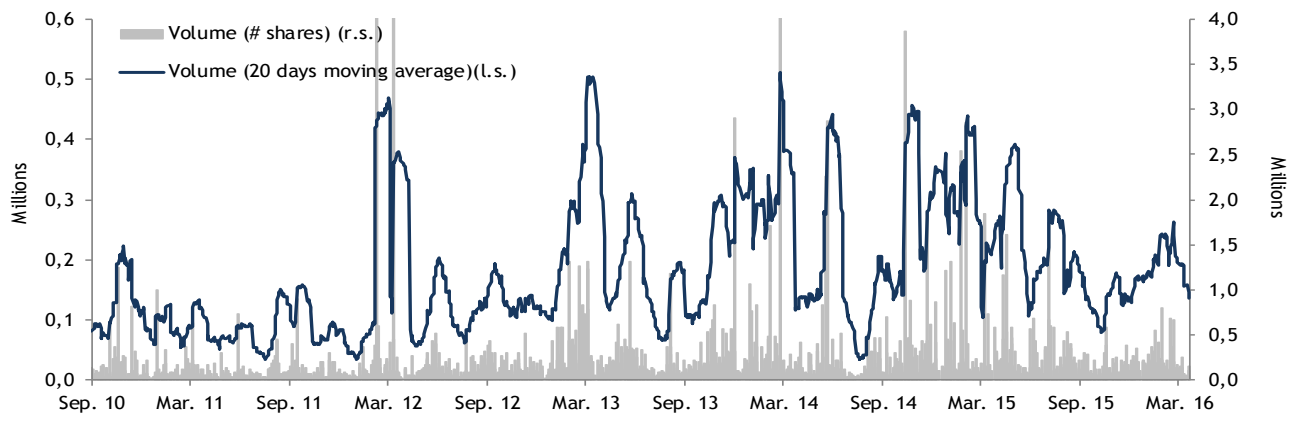
Development in Price/Book



Relative share price development



Trading volume development



20 largest shareholders as at March 2016

- *Ownership interests:*
 - *From Rogaland, Agder-counties and Hordaland: 50.2%*
 - *International: 16.7%*
 - *10 largest: 55.6%*
 - *20 largest: 62.8%*
- *Number of shareholders: 10 129 (10 214)*
- *Employees owning: 1,8%*

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Gjensidige Forsikring ASA		26.808.416	10,5%
State Street Bank and Trust Co, U.S.A.	Nominee	8.310.831	3,2%
Vpf Nordea Norge Verdi		7.971.560	3,1%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Wimoh Invest AS		5.761.169	2,3%
Odin Norge		5.381.793	2,1%
Pareto Aksje Norge		3.657.156	1,4%
Danske Invest Norske Instit. II		3.058.058	1,2%
State Street Bank and Trust Co, U.S.A.	Nominee	2.578.782	1,0%
Clipper AS		2.565.000	1,0%
The Bank of New York Mellon, U.S.A.	Nominee	2.415.162	0,9%
State Street Bank and Trust Co, U.S.A.	Nominee	2.086.067	0,8%
Danske Invest Norske Aksjer Inst.		1.668.794	0,7%
Westco		1.658.537	0,6%
Pareto AS		1.640.867	0,6%
State Street Bank and Trust Co, U.S.A.	Nominee	1.638.501	0,6%
Vpf Nordea Avkastning		1.630.410	0,6%
Vpf Nordea Kapital		1.528.050	0,6%
Forsvarets Personellservice		1.513.556	0,6%
<hr/>			
Top 5		121.736.695	47,6%
Top 10		142.173.653	55,6%
Top 20		160.518.597	62,8%

SRBANK as at March 2016

- *Trading volume in Q1 2016: 4.6% (7.4%)*

	31.03.2016	2015	2014	2013	2012	2011
Share price	40,60	39,30	52,50	60,25	37,20	40,70
Stock value (MNOK)	10.383	10.051	13.427	15.409	9.514	5.182
Book value per share, NOK (group)	67,68	66,14	60,28	55,00	49,48	48,75
Earnings per share	1,51	6,83	8,20	7,28	5,33	5,42
Dividend per share	n.a	1,50	2,00	1,60	1,50	1,50
P/E	6,72	5,75	6,40	8,28	6,99	7,51
P/BV (group)	0,60	0,59	0,87	1,10	0,75	0,83

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