



From the fjord
to the world.

Photo: Martin Hansen

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	36%
Year of establishment	1839
Market strategy	Market leader
Unemployment rate	4.6%*

2 Hordaland

Population	516.000
Market share	6%
Year of establishment	2006
Market strategy	Entry/growth
Unemployment rate	3.6%*

3 Agder

Population	298.000
Market share	8%
Year of establishment	2002
Market strategy	Growth
Unemployment rate	4.0%*

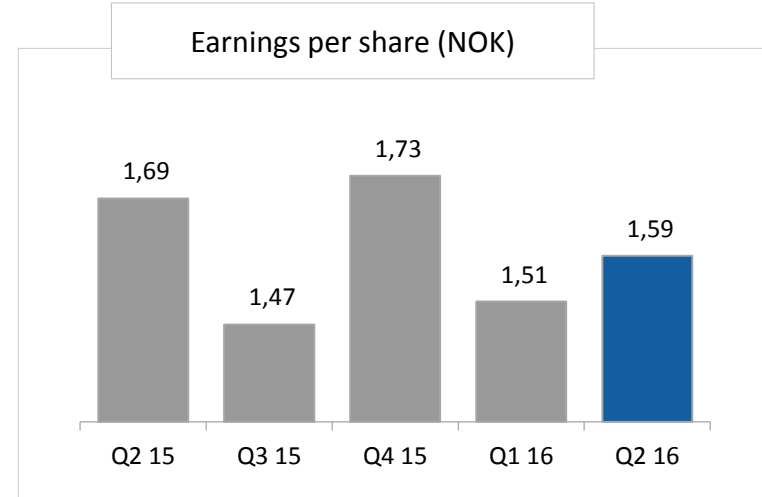
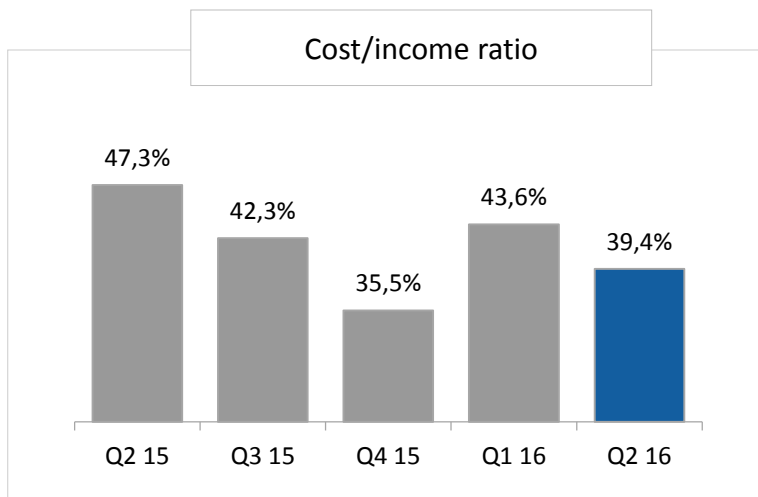
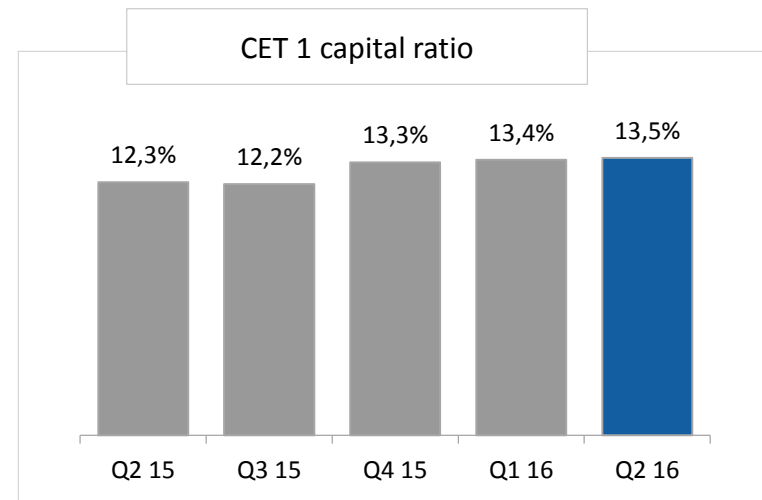
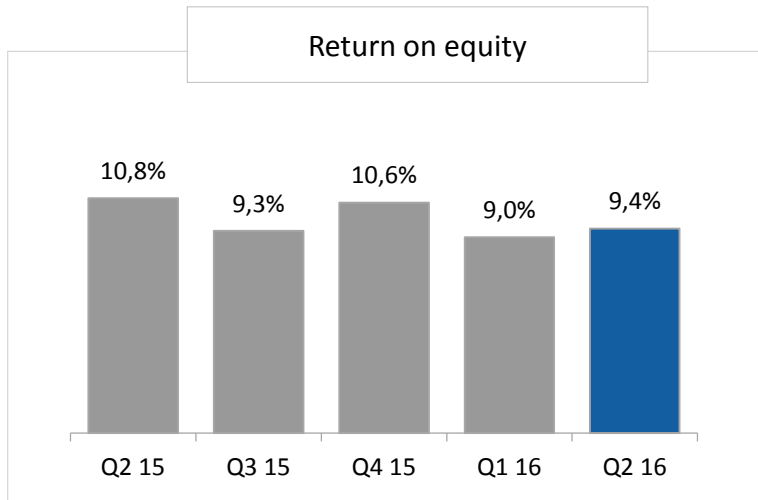


SpareBank 1
SR-BANK

Good underlying operations, but weaker result due to increased losses

- Pre-tax profit for the quarter is NOK 486 million compared to NOK 552 million last year
 - Return on equity after tax 9.4%
- Pre-tax profit year-to-date is NOK 973 million compared to NOK 1.180 million last year
 - Return on equity after tax 9.3%
- Impairment losses on loans is NOK 455 million compared to 132 million last year
 - 0.50% of gross lending including covered bond companies as at 30 June 2016
 - Collective impairment loss year-to-date is NOK 93 million and NOK 194 million last 12 months
- 12 months lending growth of 1.1%
 - Risk-weighted assets (RWA) is decreased by 0.5% the last 12 months
- 12 months deposits growth of -1.3%
- Growth in costs of -5.6% over the last 12 months
 - Low costs growth influenced by the changed pension scheme and low bonus provisions, as well as the effect of other cost-reducing measures
 - Normalised costs growth is -5.0%
- Common equity tier 1 capital ratio increased to 13.5% from 12.3% last year

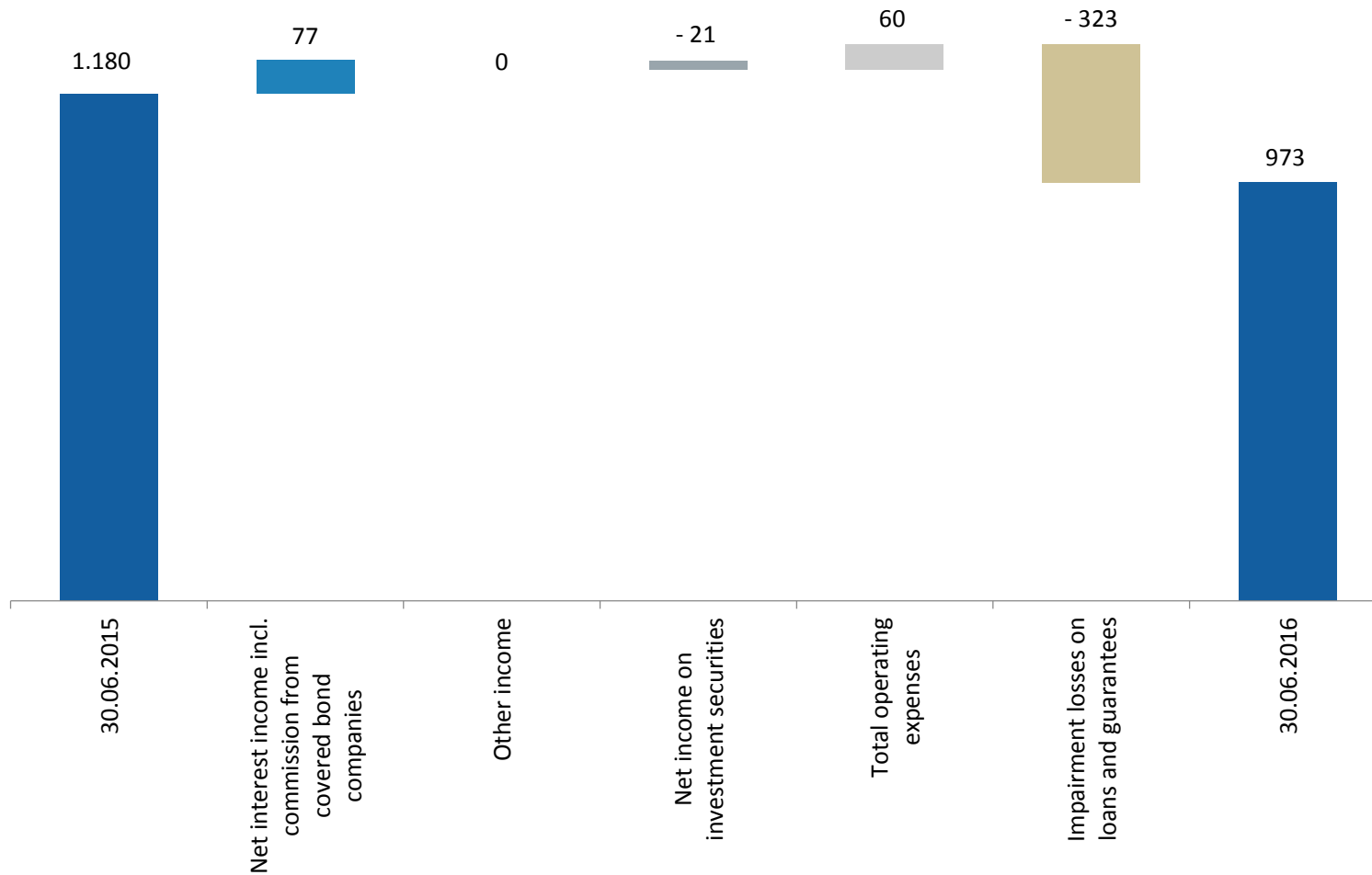
Key figures – quarterly development



Income statement

	30.06 16	30.06 15	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15
<i>Group Income Statement (MNOK)</i>							
Net interest income	1.409	1.266	711	698	678	649	639
Net commission and other income	741	807	389	352	372	353	399
Net income on investment securities	284	305	205	79	-13	12	94
Total income	2.434	2.378	1.305	1.129	1.037	1.014	1.132
Total operating expenses	1.006	1.066	514	492	368	429	536
Operating profit before losses	1.428	1.312	791	637	669	585	596
Impairment losses on loans and guarantees	455	132	305	150	192	96	44
Operating profit before tax	973	1.180	486	487	477	489	552
Tax expense	181	253	80	101	35	112	121
Net profit	792	927	406	386	442	377	431

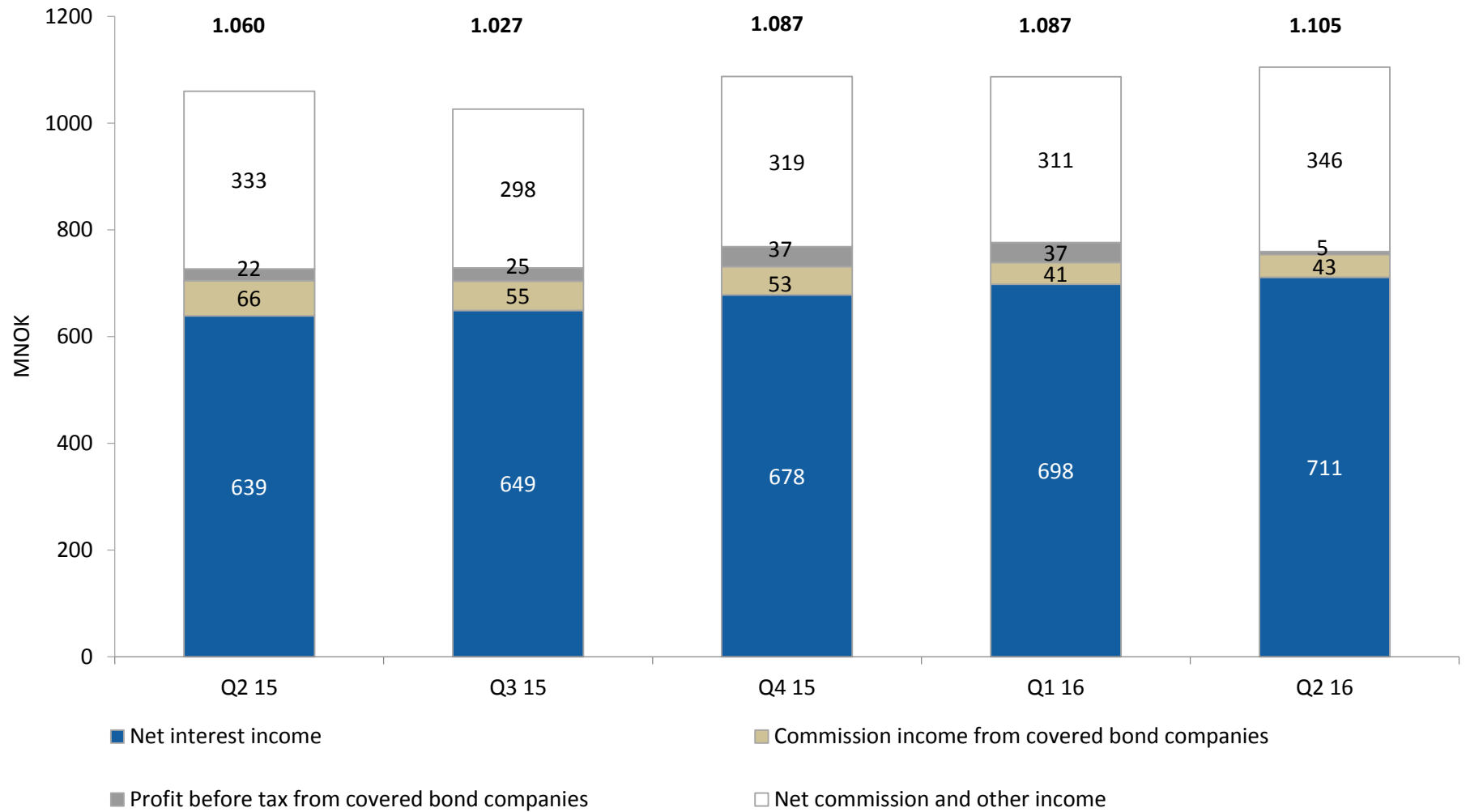
Change in profit 30.06.2015 – 30.06.2016



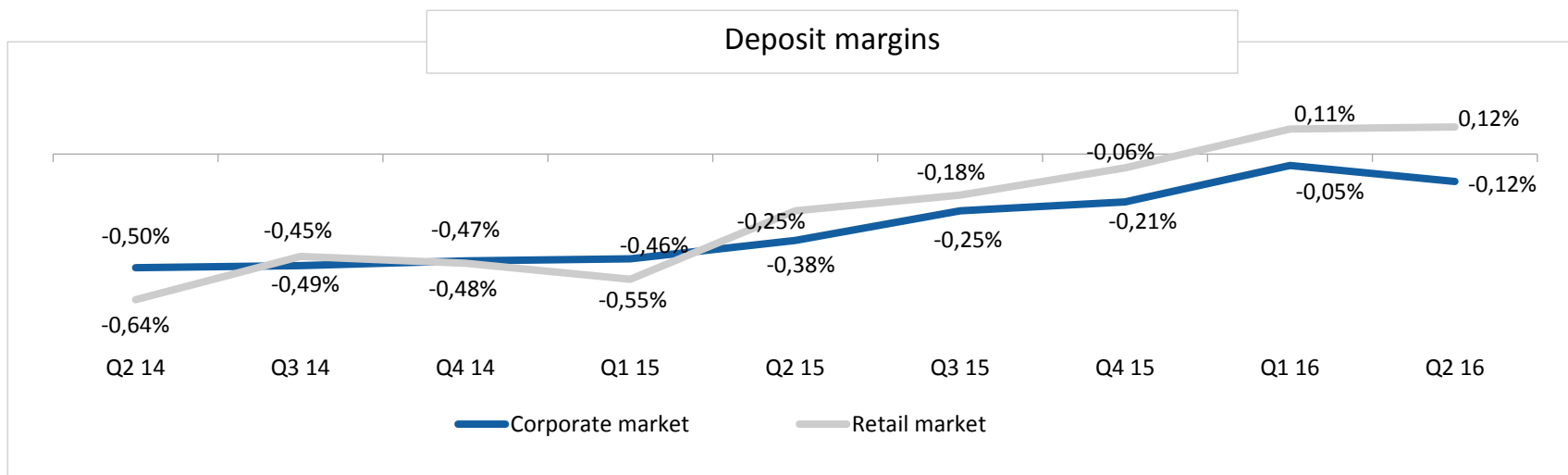
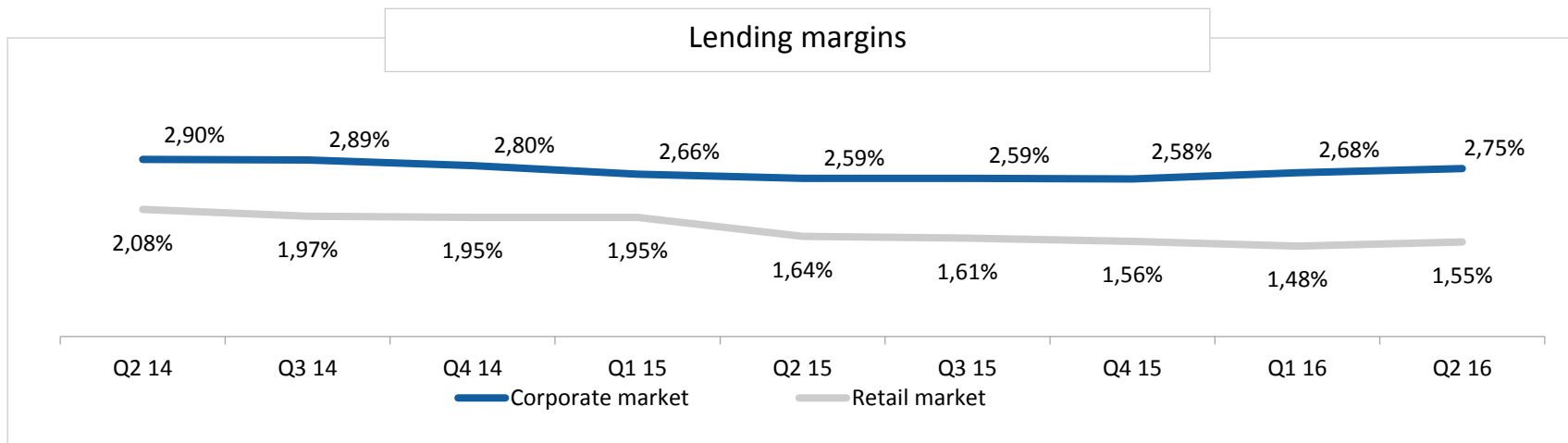
Key figures

	30.06 16	30.06 15	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15
Return on equity after tax (%)	9,3	11,7	9,4	9,0	10,6	9,3	10,8
Net interest margin (%)	1,47	1,44	1,48	1,44	1,40	1,39	1,44
Impairment losses on loans and guarantees in % of gross loans	0,58	0,18	0,78	0,39	0,50	0,25	0,12
<i>-incl. covered bond companies</i>	0,50	0,15	0,66	0,33	0,42	0,21	0,10
Non-performing and other problem commitments in % of gross loans	1,34	0,75	1,34	1,10	0,90	0,68	0,75
<i>-incl. covered bond companies</i>	1,15	0,62	1,15	0,92	0,76	0,56	0,62
Cost to income ratio	41,3	44,8	39,4	43,6	35,5	42,3	47,3
Annual growth in loans to customers, gross incl. covered bond companies (%)	1,1	7,6	1,1	2,9	5,4	7,4	7,6
Annual growth in deposits from customers (%)	-1,3	11,1	-1,3	1,2	9,8	9,5	11,1
Total assets (BNOK)	196,8	181,9	196,8	194,8	192,0	191,5	181,9
Portfolio of loans in covered bond companies (BNOK)	26,7	31,2	26,7	28,8	28,7	31,0	31,2
Risk weighted assets (BNOK)	119,7	120,4	119,7	118,5	119,1	122,4	120,4
Liquidity Coverage Ratio (LCR) (%)	173	111	173	130	128	164	111
Earnings per share (NOK)	3,10	3,63	1,59	1,51	1,73	1,47	1,69
Book value per share (NOK)	67,16	62,56	67,16	67,68	66,14	64,02	62,56
Number of shares issued (million)	255,8	255,8	255,8	255,8	255,8	255,8	255,8

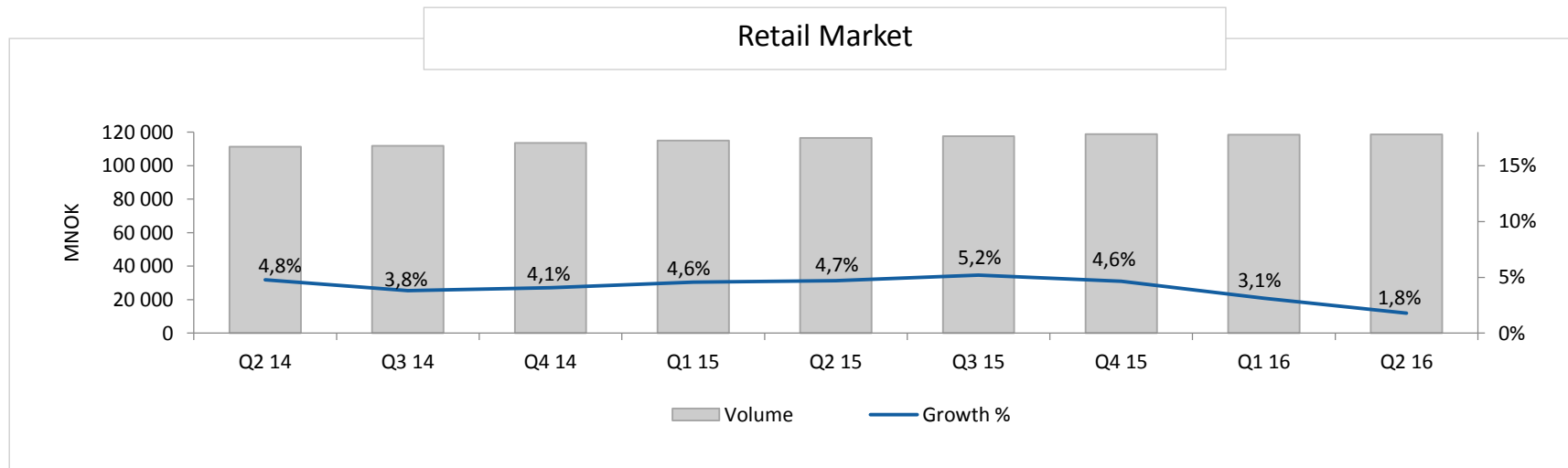
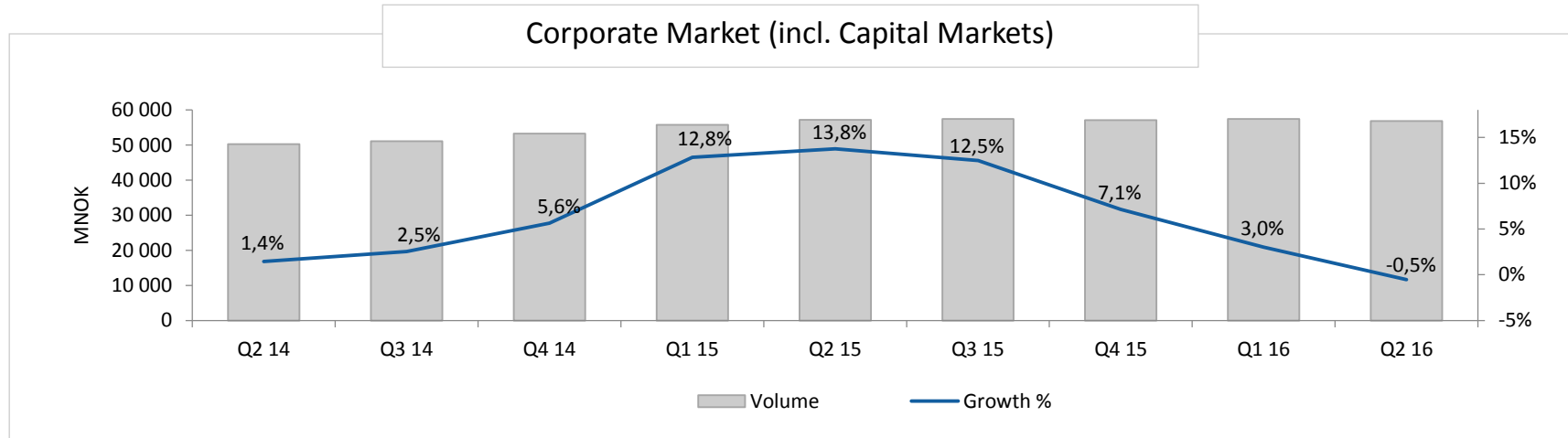
Consolidated income profile



Lending and deposit margins



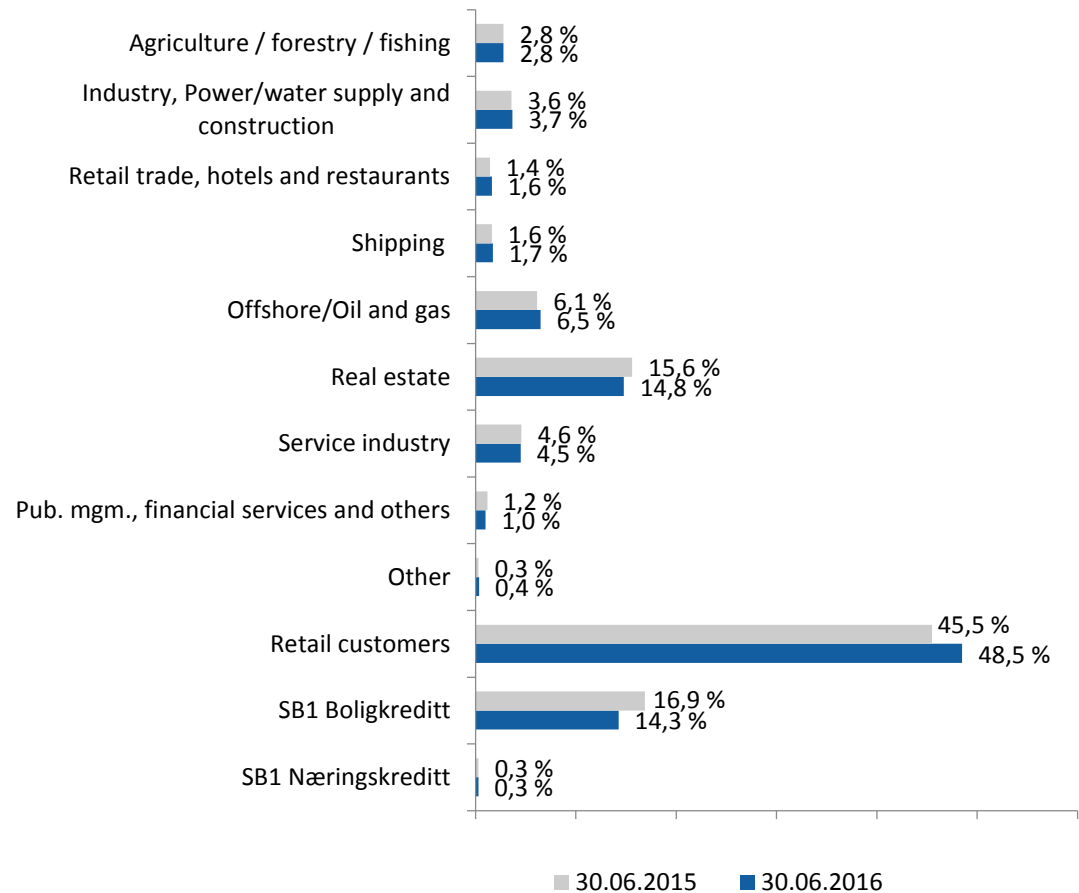
Lending volume and 12 months growth



Figures incl. loan portfolio in covered bond companies

Loan portfolio as at 30.06.2016

- Gross loans as at 30 June 2016 amount to NOK 183.4 billion compared with NOK 181.4 billion at the same time the year before.
- 12-month growth in loans of 1.1%.
- Loans to retail customers (incl. covered bond company) account for 62.8% of total loans.

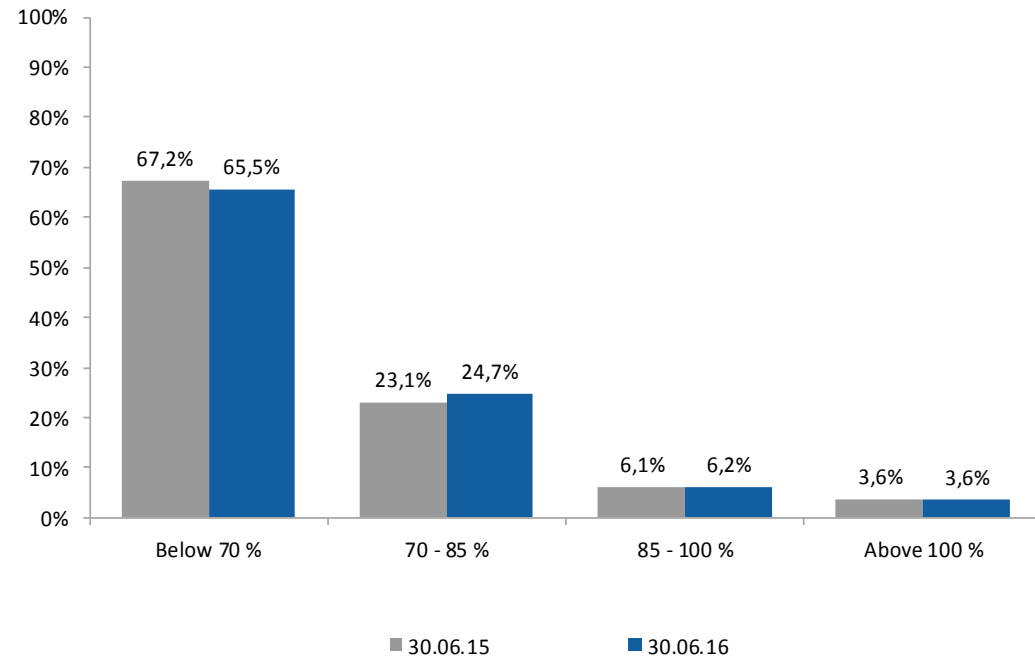


Loans before individual write-downs, nominal amounts.

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.*
- *90.2% of the exposure is within 85% of the assessed value of collateral.*
- *Market value on real estate is slightly declining in SpareBank 1 SR-Bank's market area. This has led to a small decrease in the proportion of loans within 70% LTV.*

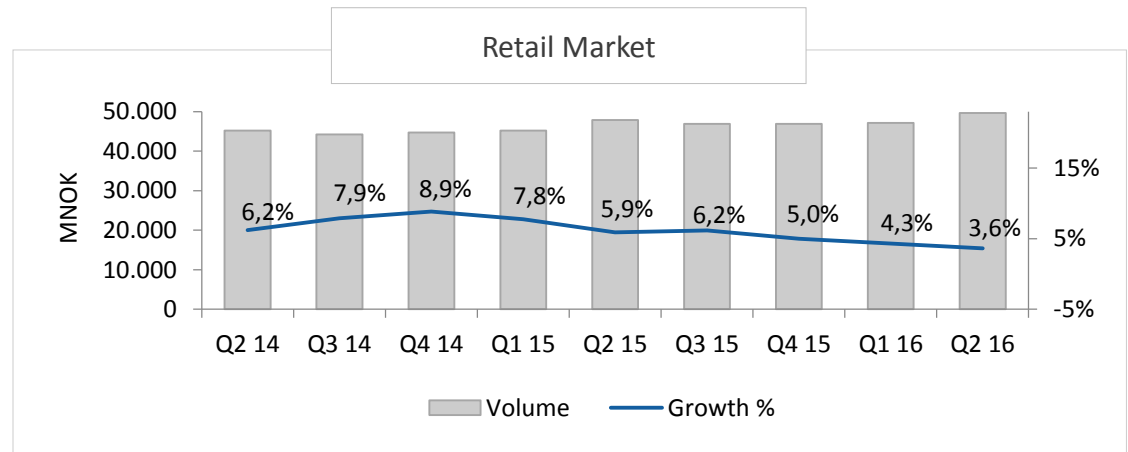
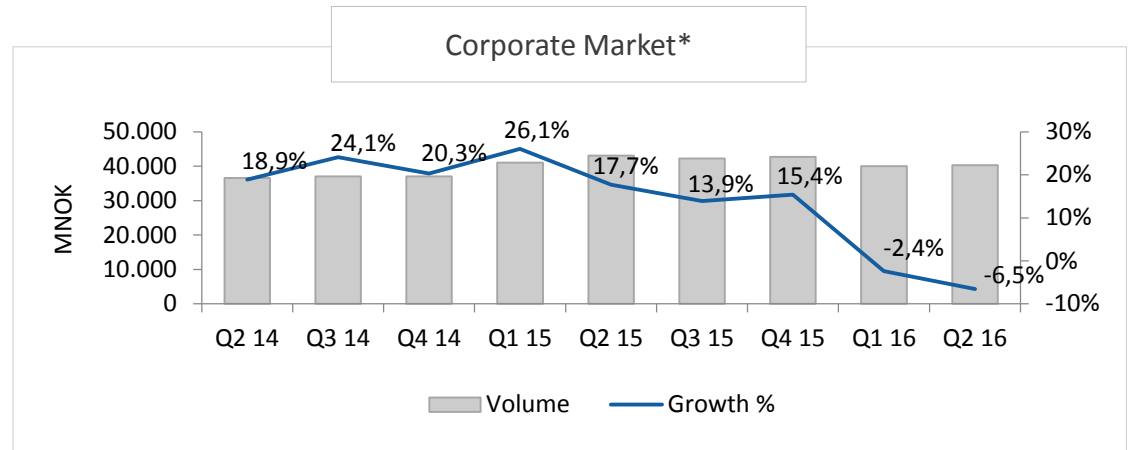


In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.

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 decreased by NOK 1.2 billion to 89.6 billion.
 - Corresponds to an decrease in the period of -1.3%.
- 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

	30.06 16	30.06 15	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15
<i>MNOK</i>							
Payment facilities	117	114	63	54	56	66	56
Savings/placements	95	97	44	51	48	45	48
Insurance products	100	94	50	50	48	48	47
Commission income real estate broking	176	217	107	69	82	84	113
Guarantee commission	59	67	31	28	34	28	33
Arrangement- and customer fees	54	42	24	30	27	16	26
Accounting services SpareBank 1 Regnskapshuset SR*	47	18	24	23	10	7	8
Other	9	8	3	6	14	4	2
Net commission and other income excl. covered bond companies	657	657	346	311	319	298	333
Commission income SB1 Boligkreditt and SB1 Næringskreditt	84	150	43	41	53	55	66
Net commission and other income incl. covered bond companies	741	807	389	352	372	353	399

*SpareBank 1 Regnskapshuset SR was established in the first quarter of 2015 in connection with the acquisition 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

	30.06 16	30.06 15	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15
<i>MNOK</i>							
Dividends*	105	15	97	8	1	1	8
Investment income, associates	216	234	112	104	110	78	101
Securities gains/losses	-102	-38	-36	-66	-87	-100	-14
- of which capital change in shares and certificates	-54	-1	-33	-21	-34	-6	-4
- of which capital change in certificates and bonds	-91	-94	-38	-53	-80	-100	-46
- of which derivatives; bonds and certificates	43	57	35	8	27	6	36
Currency/interest gains/loans	65	94	32	33	-37	33	-1
- of which currency customer- and own-account trading	58	48	32	26	25	31	17
- of which value change basis swap spread	12	70	-1	13	6	13	2
- of which counterparty risk derivatives including CVA	0	-	-1	1	-66	-	-
- of which IFRS-effects	-5	-24	2	-7	-2	-11	-20
Net income on investment securities	284	305	205	79	-13	12	94

*Include NOK 94 million for a received cash settlement in connection with the sale of Visa Europe Ltd to Visa Inc.

Subsidiaries

<i>MNOK</i>	30.06.16	30.06.15
EiendomsMegler 1 SR-Eiendom AS		
Number of sales	3.060	3.723
Operating profit before tax	13	30
SpareBank 1 SR-Finans AS		
Total assets (BNOK)	7	7
Operating profit before tax	45	75
SR-Forvaltning AS		
Total assets under management (BNOK)	9	9
Operating profit before tax	15	16
SR-Investering AS		
Operating profit before tax	-1	-11
SpareBank 1 Regnskapshuset SR AS		
Operating profit before tax*	5	2
SR-Boligkreditt AS		
Operating profit before tax**	72	6
Other		
Operating profit before tax	-1	-3
Total subsidiaries		
Profit before tax	148	115

*SpareBank 1 Regnskapshuset SR was established in the first quarter of 2015 in connection with the acquisition 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 0,8 million.

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

Ownership interests

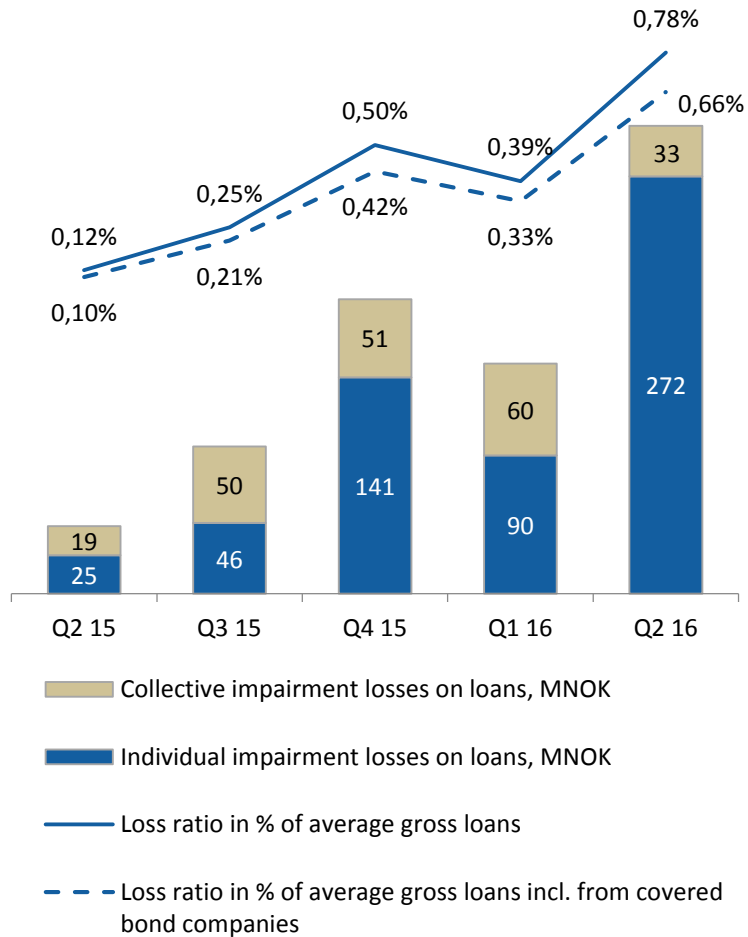
MNOK	30.06.16	30.06.15
SpareBank 1 Gruppen AS		
<i>Interest ownership</i>	19,5 %	19,5 %
Profit after tax	135	128
Adjusted profit previous years	6	0
SpareBank 1 Boligkreditt AS		
<i>Interest ownership</i>	16,7 %	20,1 %
Profit after tax	16	57
Adjusted profit previous years	4	0
SpareBank 1 Næringskreditt AS		
<i>Interest ownership</i>	26,8 %	26,8 %
Profit after tax	12	12
BN Bank ASA		
<i>Interest ownership</i>	23,5 %	23,5 %
Profit after tax	36	25
SpareBank 1 Kredittkort AS		
<i>Eierandel</i>	18,1 %	18,1 %
Resultat etter skatt	14	9
Other		
Profit after tax	-7	3
Total ownership interests		
Profit after tax	216	234

Operating expenses

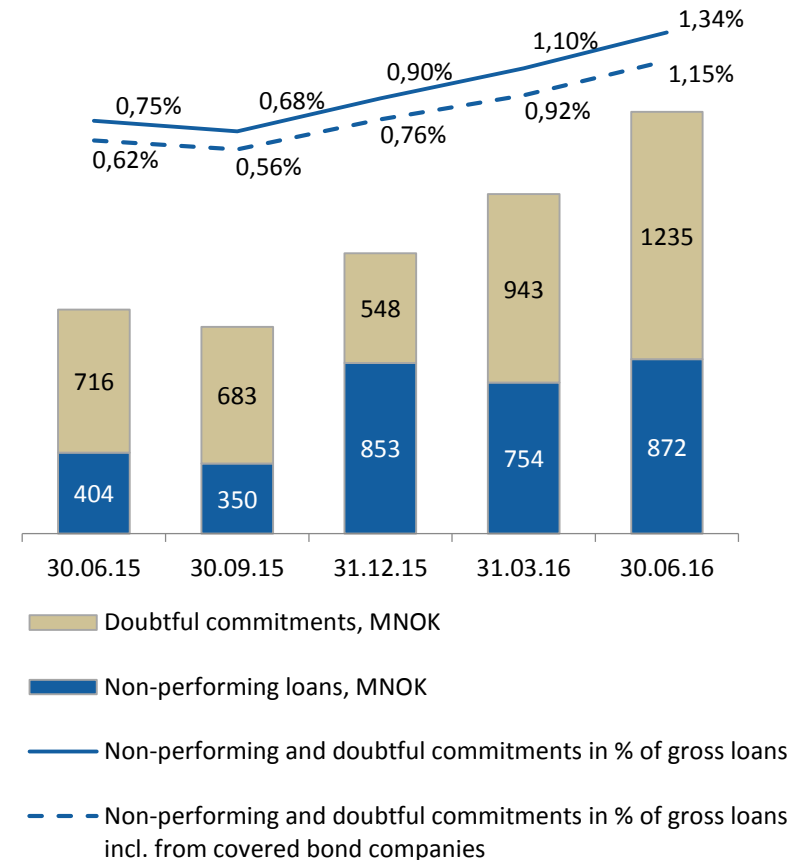
	30.06 16	30.06 15	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15
<i>MNOK</i>							
Personnel expenses	592	603	296	296	255	284	300
Restructuring- and non-recurring costs, pensions	-1	7	0	-1	-141	-63	0
Total personnel expenses	591	610	296	295	114	221	300
IT expenses	151	145	78	73	86	70	73
Marketing	34	47	20	14	19	24	26
Other administrative expenses	31	49	16	15	20	20	23
Total administrative expenses	216	241	114	102	125	114	122
Depreciation	37	42	19	18	23	20	22
Operating expenses from real estate	17	20	8	9	12	9	10
Other operating expenses	145	153	77	68	94	65	82
Total other operating expenses	199	215	104	95	129	94	114
Total operating expenses	1.006	1.066	514	492	368	429	536

Impairment losses on loans/ Non-performing and doubtful commitments

Impairment losses on loans



Non-performing and doubtful commitments

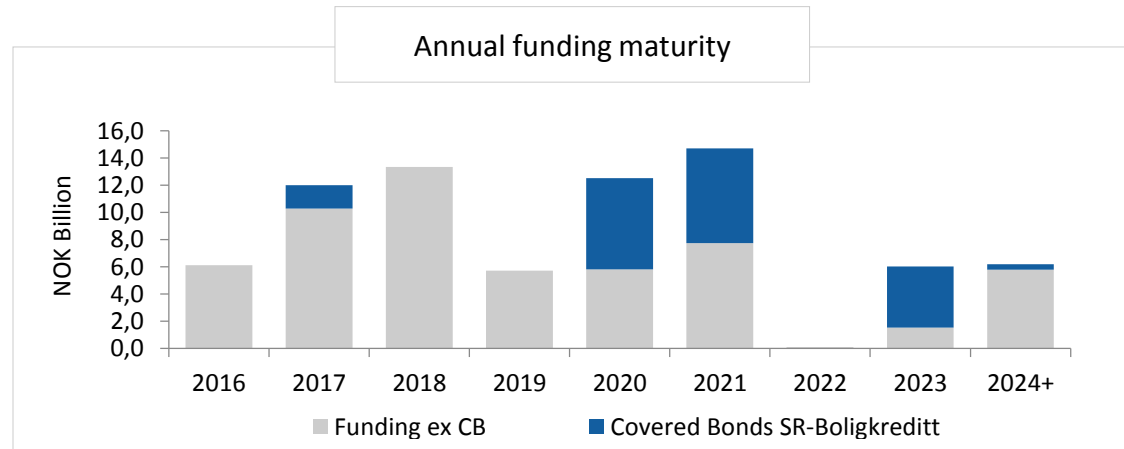
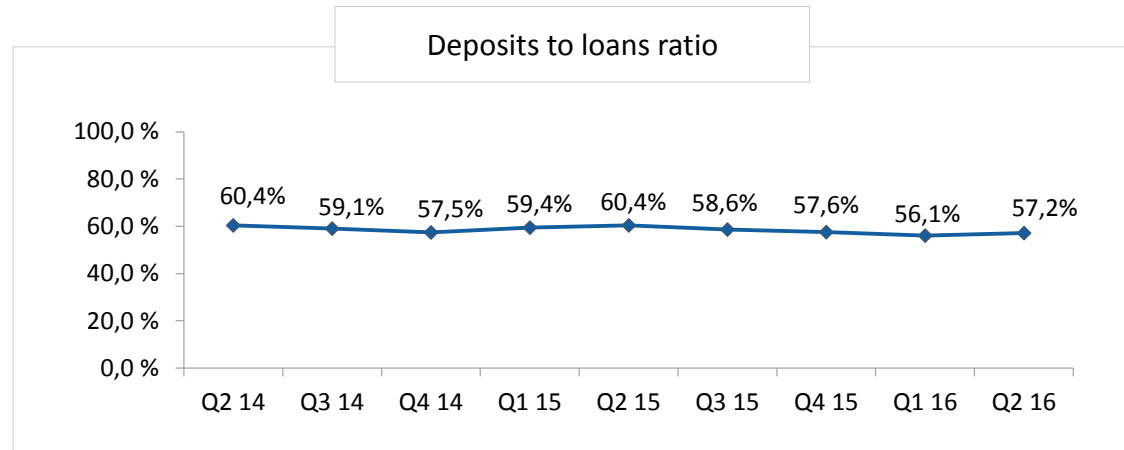


Impairment losses on loans and guarantees

	30.06	30.06					
<i>Losses on loans in income statement (MNOK)</i>	16	15	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15
Corporate customers	340	81	258	82	145	40	18
Retail customers	22	12	14	8	-4	6	7
Change in collective impairment losses on loans	93	39	33	60	51	50	19
Net impairment losses on loans	455	132	305	150	192	96	44
	30.06	30.06	30.06	31.12	31.12	30.09	30.06
<i>Impairment losses on loans (MNOK)</i>	16	15	16	16	15	15	15
Corporate customers	446	292	446	304	249	301	292
Retail customers	68	64	68	69	66	65	64
Collective impairment losses on loans	612	417	612	578	518	467	417
Total impairment losses on loans	1.126	773	1.126	951	833	833	773

Funding

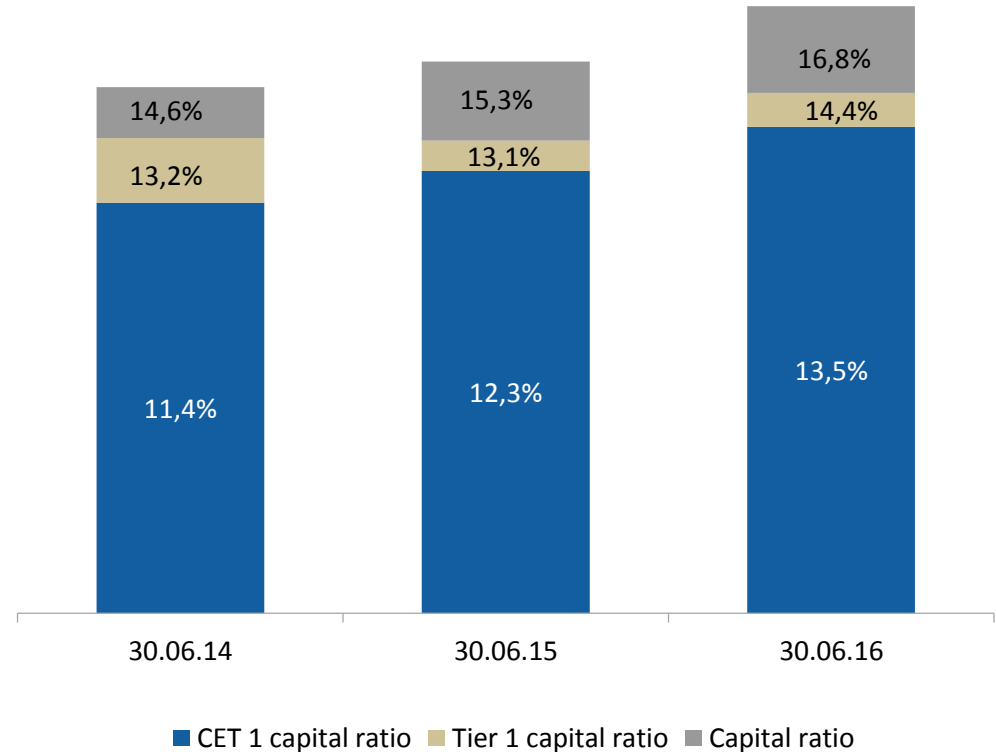
- *Well diversified funding.*
- *Greater share of senior and OMF funding last year.*
 - *Euro-benchmarks with due dates in each of the years 2017- 2021.*
 - *3 outstanding euro covered bonds Level 1B through SR-Boligkreditt.*
- *Funding indicator 1* is 108.3% on consolidated basis.*
- *Good liquidity*
 - *Net refinancing need over the next 12 months is NOK 14.8 billion.*
 - *Liquidity buffer is NOK 26.9 billion for normal operation in 28 months with closed markets. In addition to the liquidity buffer, NOK 15.7 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

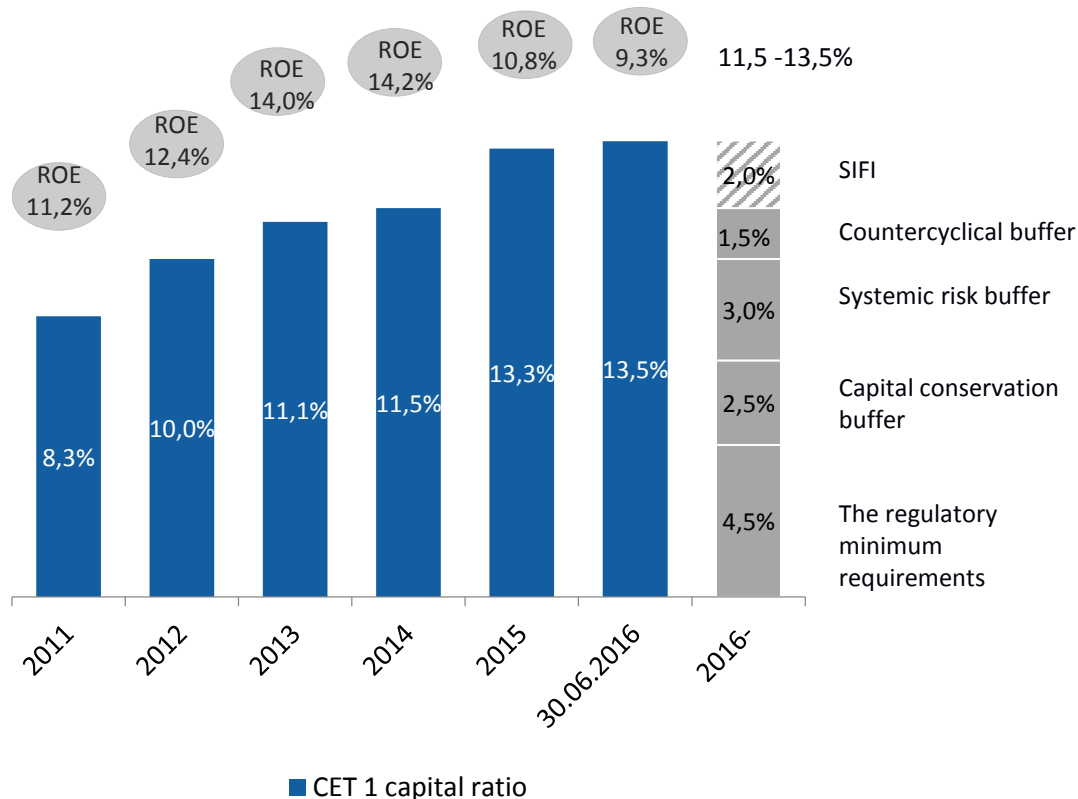
- SpareBank 1 SR-Bank is compliant with capital requirements as at 30.06.2016.
- SpareBank 1 SR-Bank received IRB Advanced approval for the corporate market portfolio in the first quarter of 2015.
- The use of different risk weights in the Nordic countries makes comparisons of actual financial strength difficult.
 - The Basel I floor is also practised differently.
- Leverage ratio is 6.4% as at 30.06.2016. 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.*
- *In addition, the Norwegian FSA will during the 2016 determining an individual Pillar 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.*



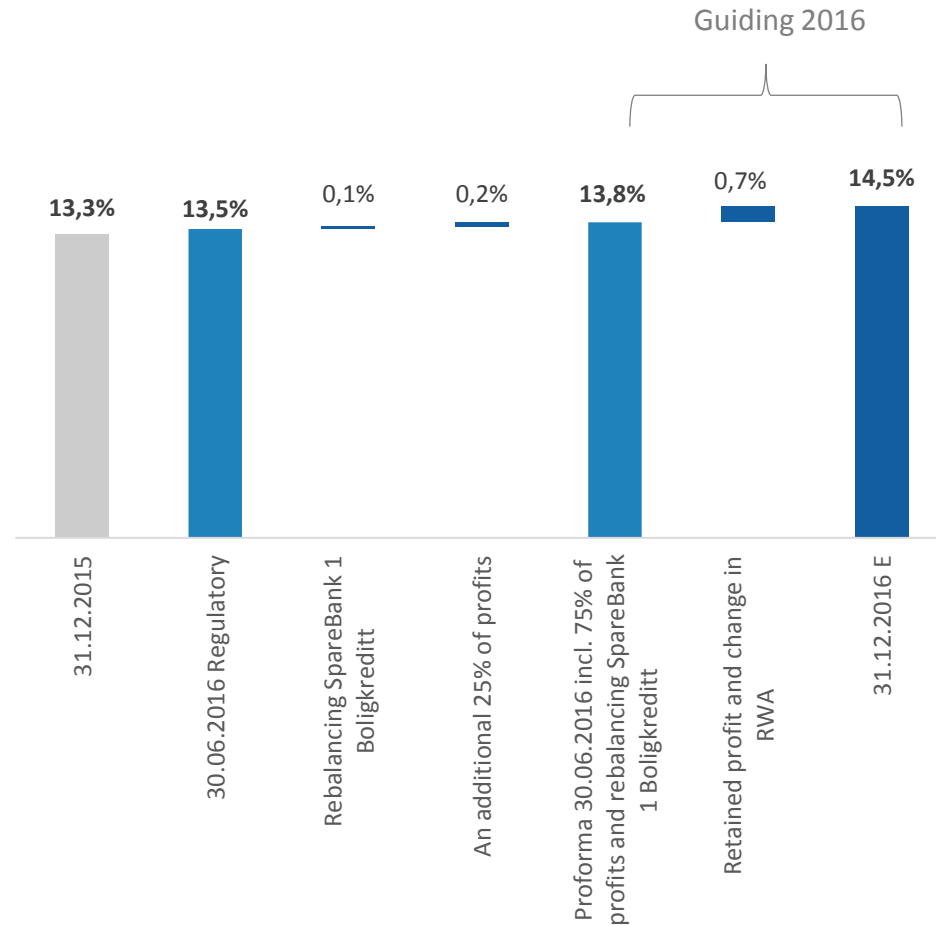
Increasing CET 1 – well prepered to reach capital requirements

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

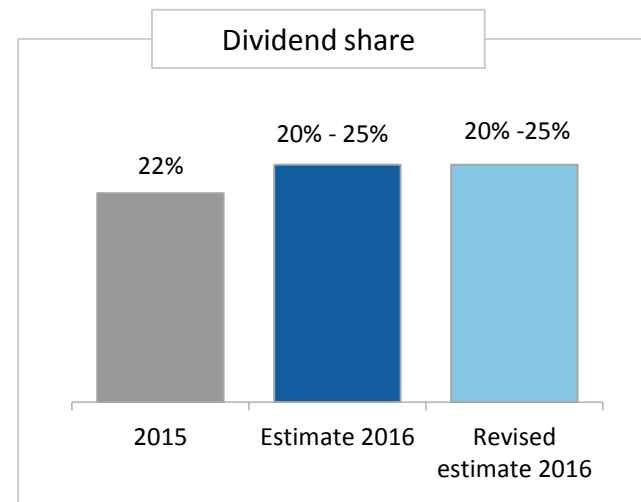
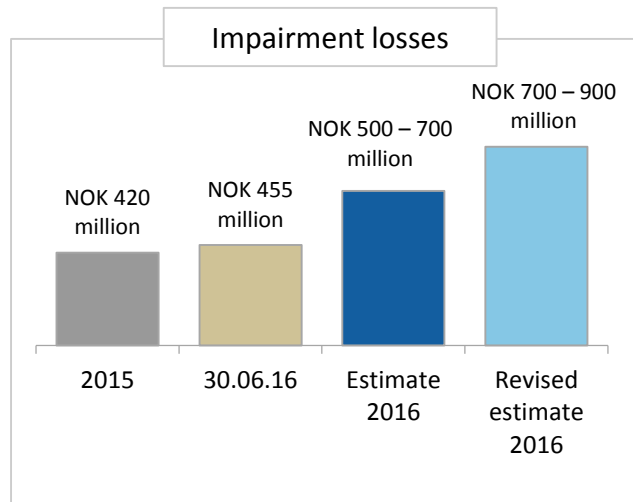
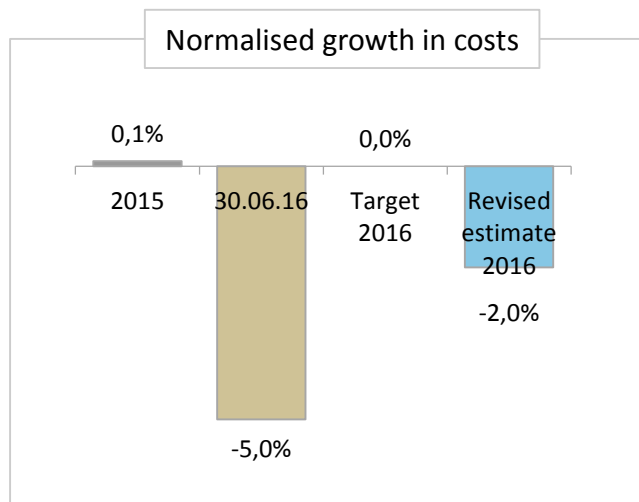
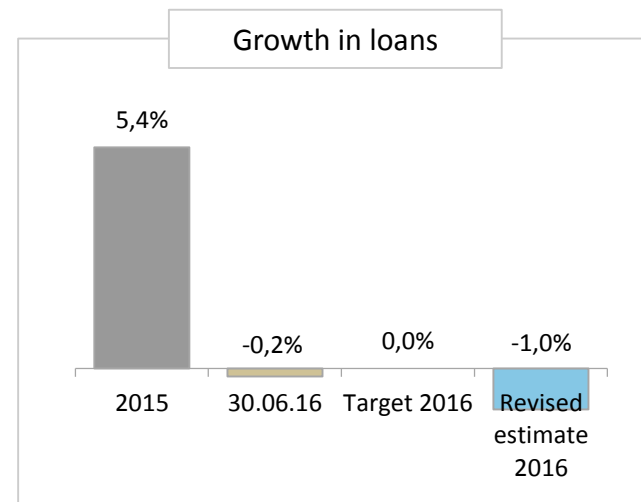
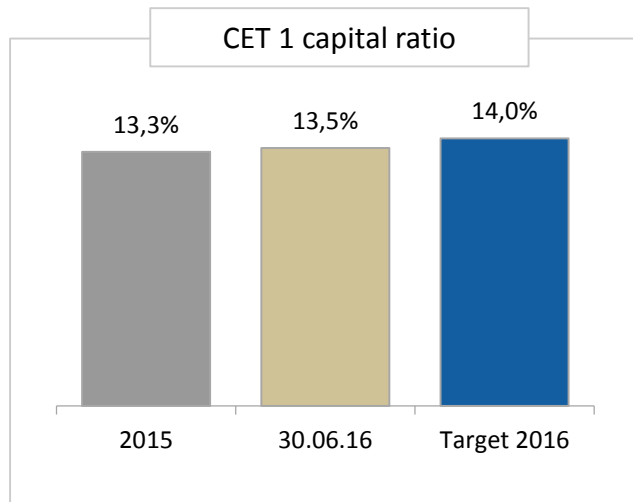
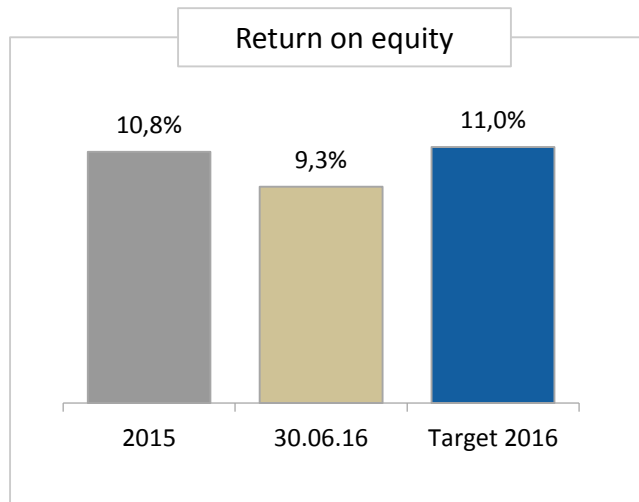
- Good profitability: Target 11% return on equity
- Marginal decline in risk-weighted assets (RWA)
- Runoff of BN Bank's corporate portfolio
- Moderate dividend



Outlook

- Norwegian exports more competitive due to a weaker exchange rate and interest rates stimulate business and household spending.
- Major infrastructure projects helps 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.
- SpareBank 1 SR-Bank expects in the coming quarters to make loan loss provisions at the same level as so far in 2016.
- 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 including investing in new technology and focus on accounting services and consulting.

Financial targets and estimates for 2016

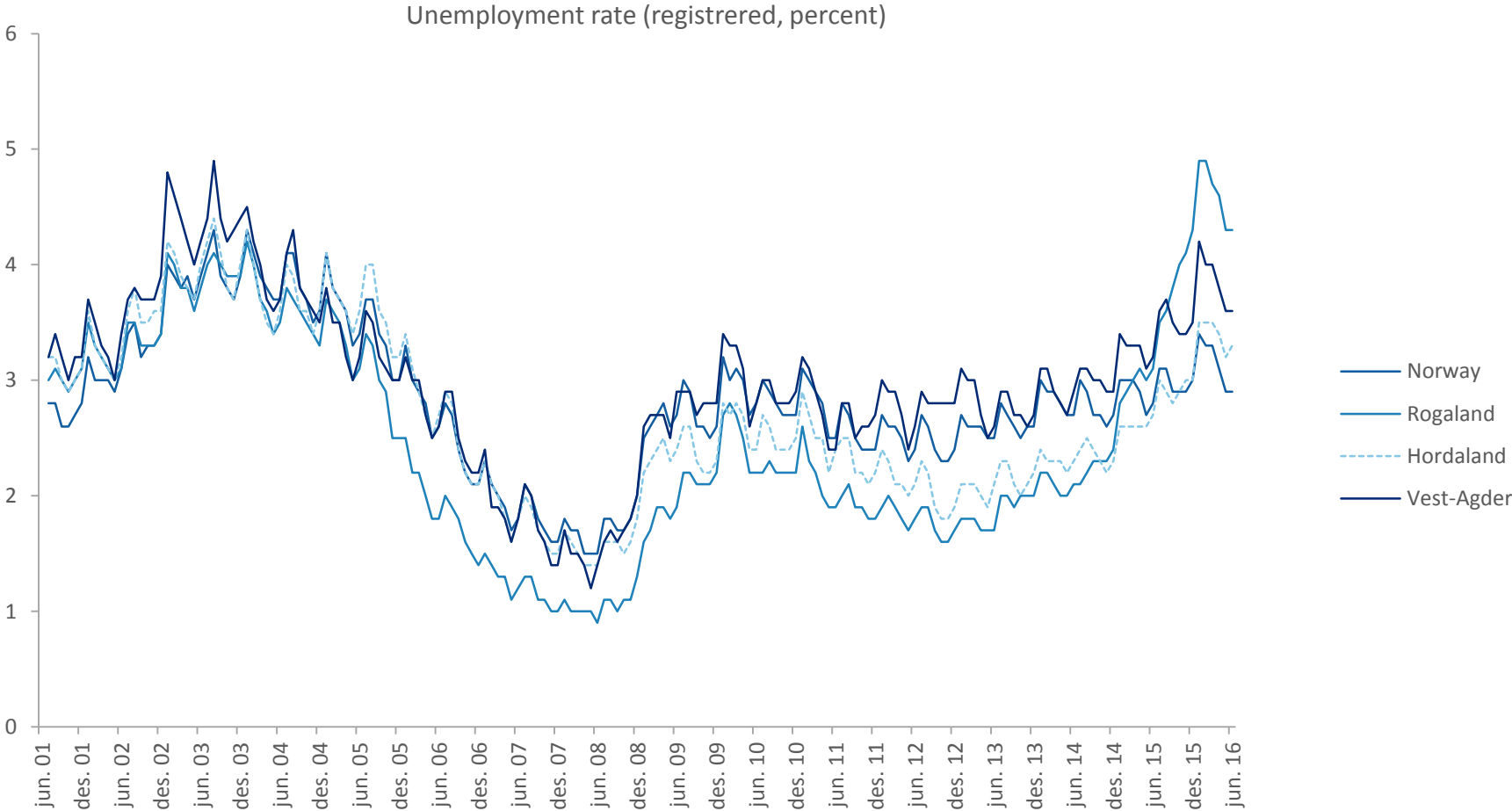


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APPENDIX

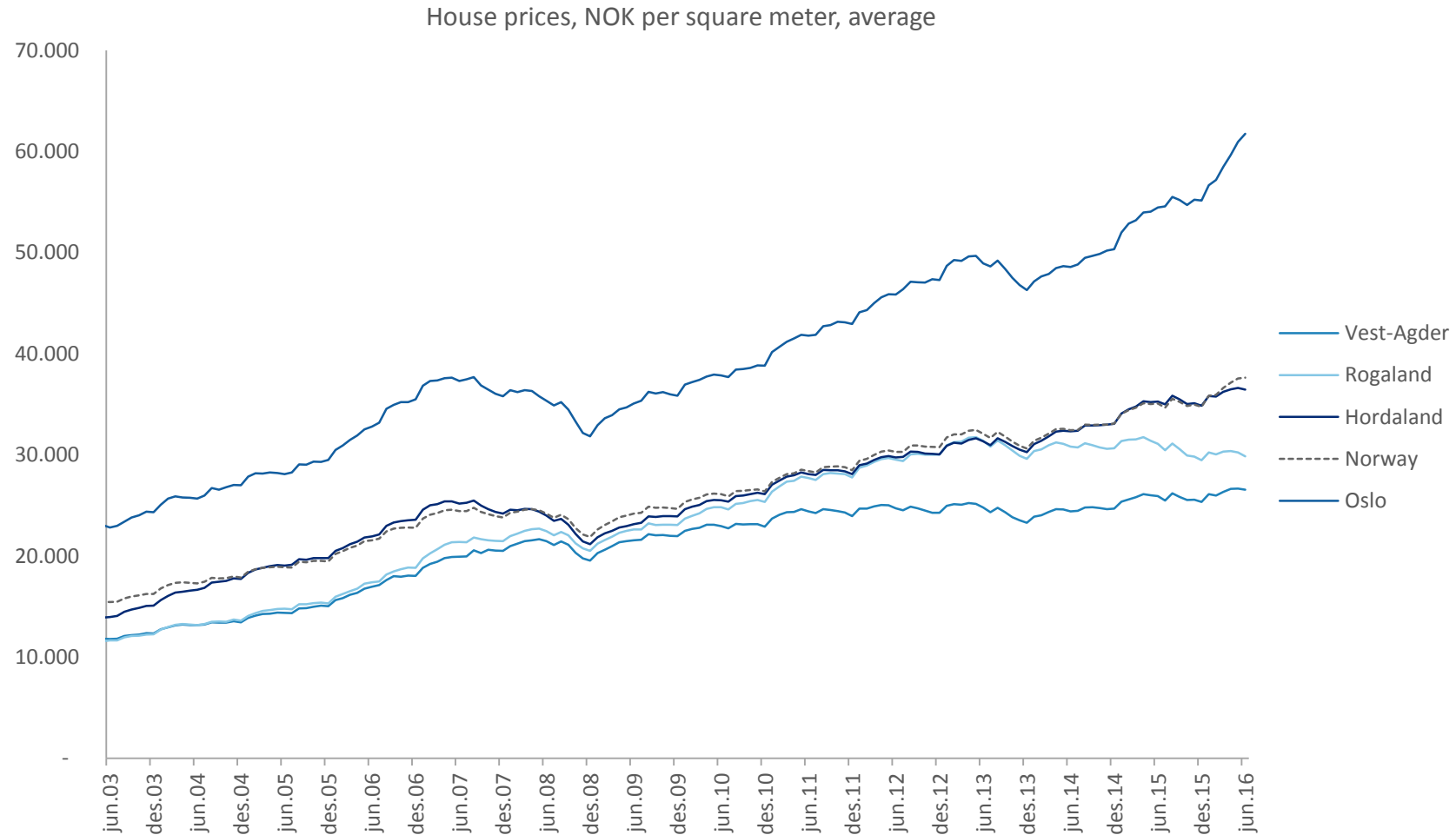
Unemployment rate trending down last months

Rogaland above the national average



Source: NAV

House prices increasing in Norway. Flattening out in Rogaland

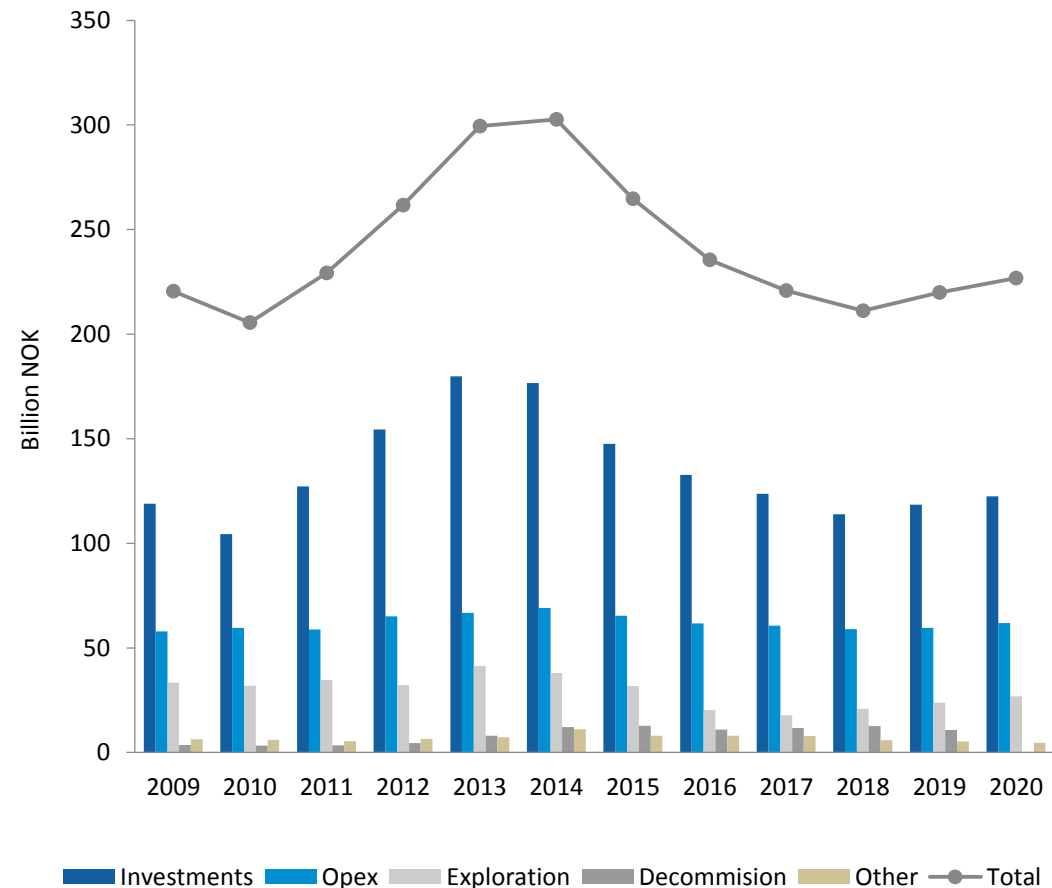


Source: Finn.no, Eiendom Norge and Eiendomsverdi

Reduced petroleum activity in 2016

The major part of the decline is done during 2016

- Petroleum activity fell in 2015 after reaching record levels in 2013 and 2014. The Petroleum Directorate expects decrease of 11% in 2016 for activity overall after reduction of 13% in 2015. Activity in 2016 will then be 22% lower than in 2014. The decline is expected to slow in 2017 and 2018.*
- Investments were reduced by 16% last year and is expected to fall by 10% this year. It is expected less decline of 7% in 2017. Operating expenses (opex), which are important for activity in the region, are more stable. These fell 5% last year and is expected to fall 5% this year.*

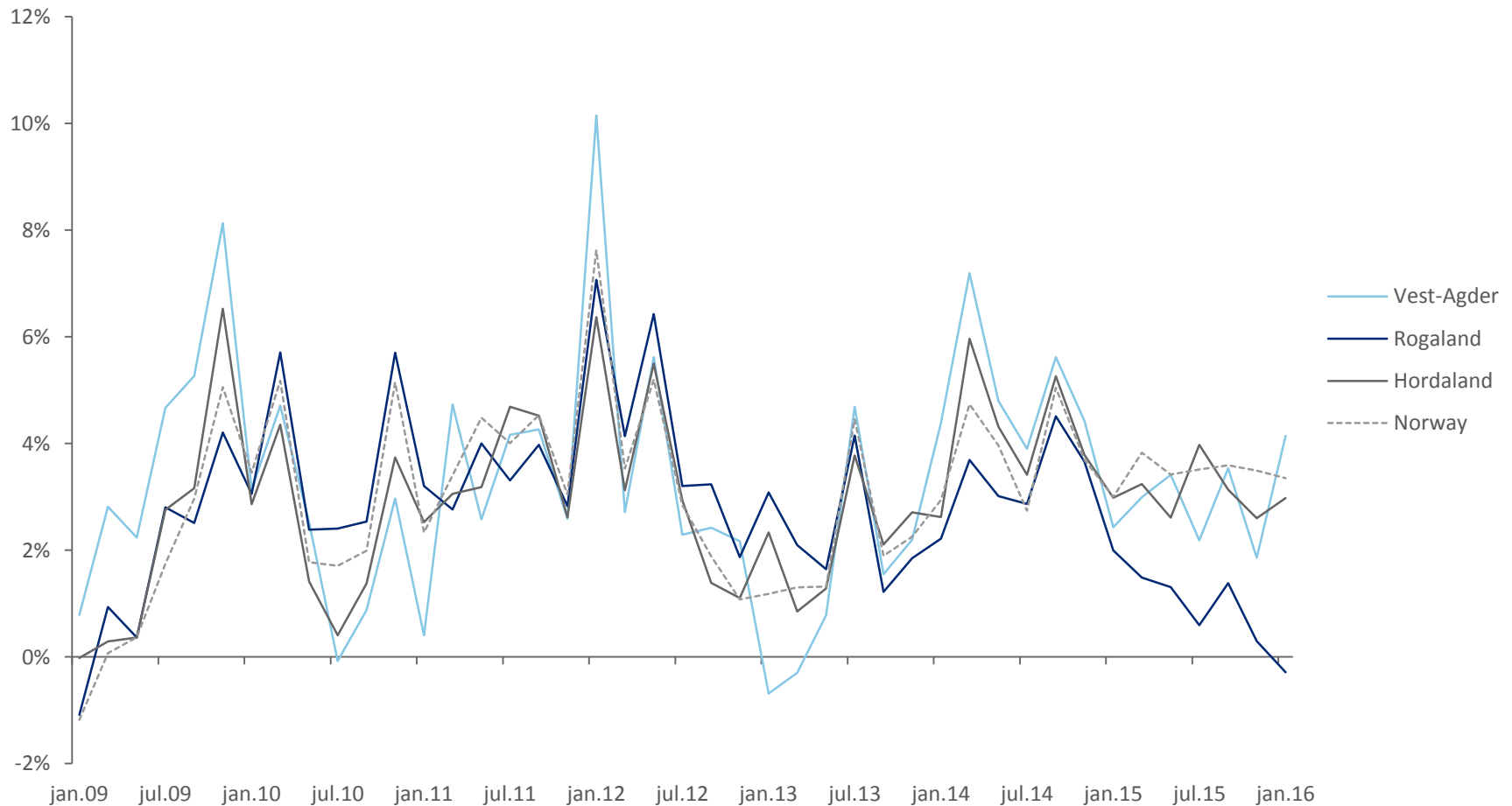


Source: Norwegian Petroleum Directorate

Retail trade increasing in Norway

In Rogaland growth has slowed towards zero

Retail trade, except sales of motor vehicles. Change from the same two-month period a year earlier



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

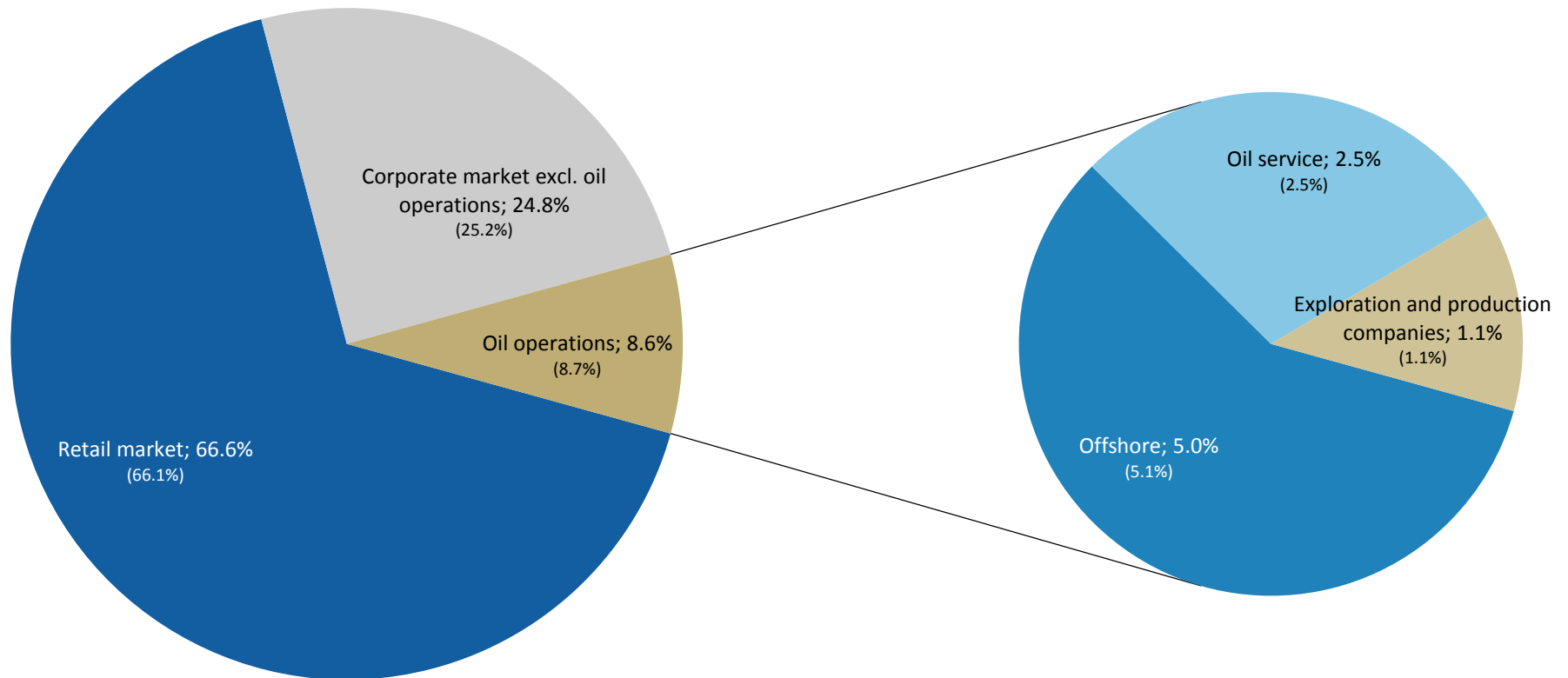
- The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk
 - SpareBank 1 SR-Bank therefore invests significant resources in developing risk management systems, processes and expertise that are in line with leading international practice
- The bank's primary 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

8.6% (8.7%) of total EAD is related to oil operations

SpareBank 1 SR-Bank* has total BNOK 202.9 (202.5) EAD per 30.06.2016

BNOK 17.4 (17.6) EAD is related to oil operations



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

* Include portfolio in covered bond company.

Oil services - total NOK 5.0 billion

(NOK 5.0 billion as at 31.12.2015)

Exploration and concept studies

- EAD NOK 0.7 billion
- Average weighted probability of default 1.0%

Field development and start-up drilling

- EAD NOK 1.0 billion
- Average weighted probability of default 1.5%

Operational fields and operational drilling

- EAD NOK 2.6 billion
- Average weighted probability of default 1.8%

On shore facilities

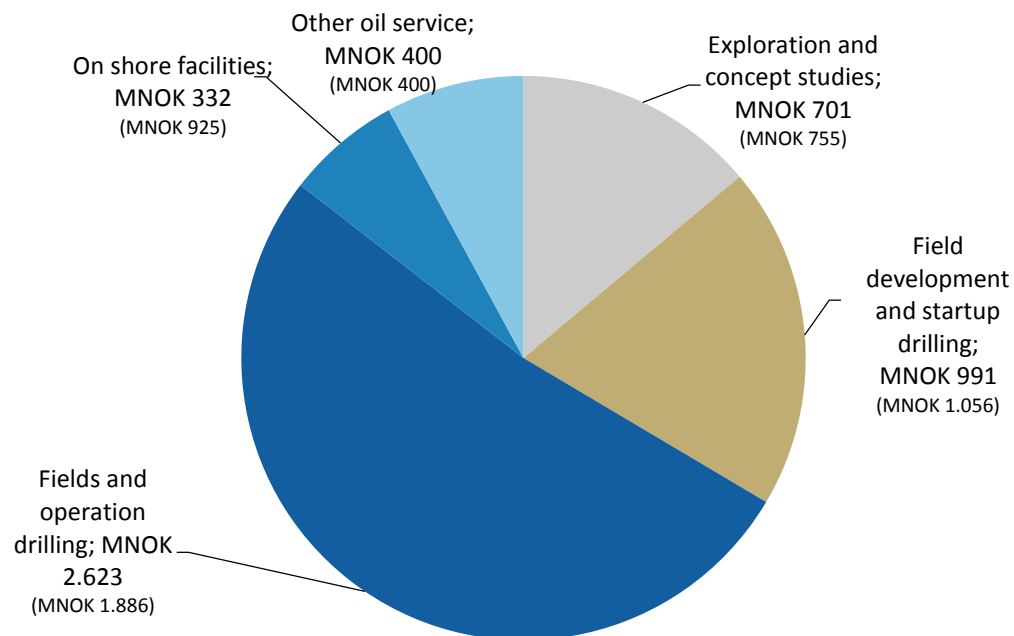
- EAD NOK 0.3 billion
- Average weighted probability of default 1.9%

Other oil services

- EAD NOK 0.4 billion

Oil services

- EAD NOK 5.0 billion, 2.5% of the bank's total EAD
- Average weighted probability of default for the oil services portfolio is 1.6%
- Funding of operating capital through current and fixed assets, as well as guarantees



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

Oil and gas - total NOK 2.2 billion

(NOK 2.2 billion as at 31.12.2015)

Exploration financing

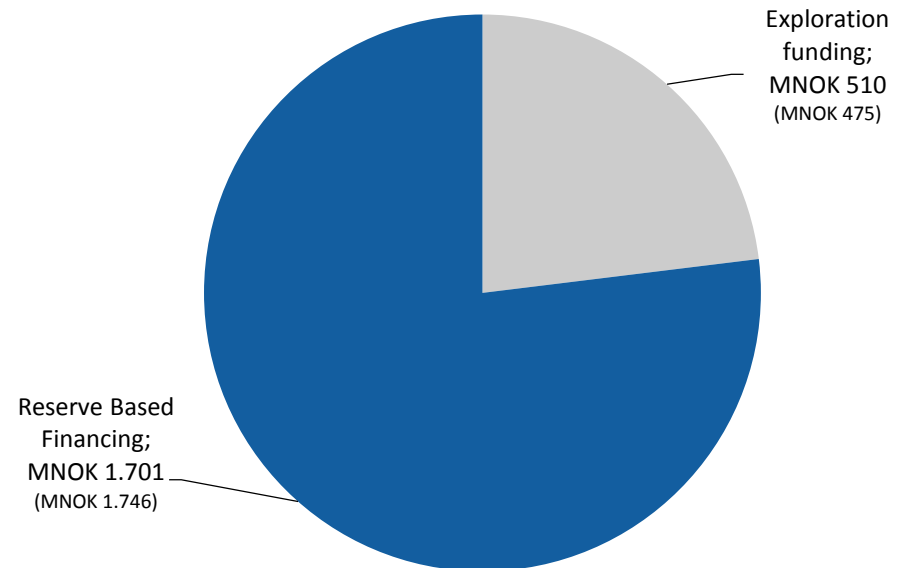
- EAD NOK 0,5 billion
- Average weighted probability of default 1.2%
- Secured by a tax refund from the Norwegian State. No direct oil price risk

Reserve based lending (RBL)

- EAD NOK 1.7 billion
- Average weighted probability of default 2.8%
- 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 2.2 billion, 1.1% of the bank's total EAD
- Average weighted probability of default for the oil and gas portfolio is 2.4%
- Exposure primarily to companies with activities on the Norwegian continental shelf



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

Offshore - total NOK 10.2 billion

(NOK 10.4 billion as at 31.12.2015)

Offshore Service Vessels

- EAD NOK 7.2 billion, average weighted probability of default is 1.4%, weighted average age is 7.7 years, average weighted contract coverage for 2016 and 2017 of 57% and 46% respectively, average weighted LTV 67%, 77 vessels

Rigs

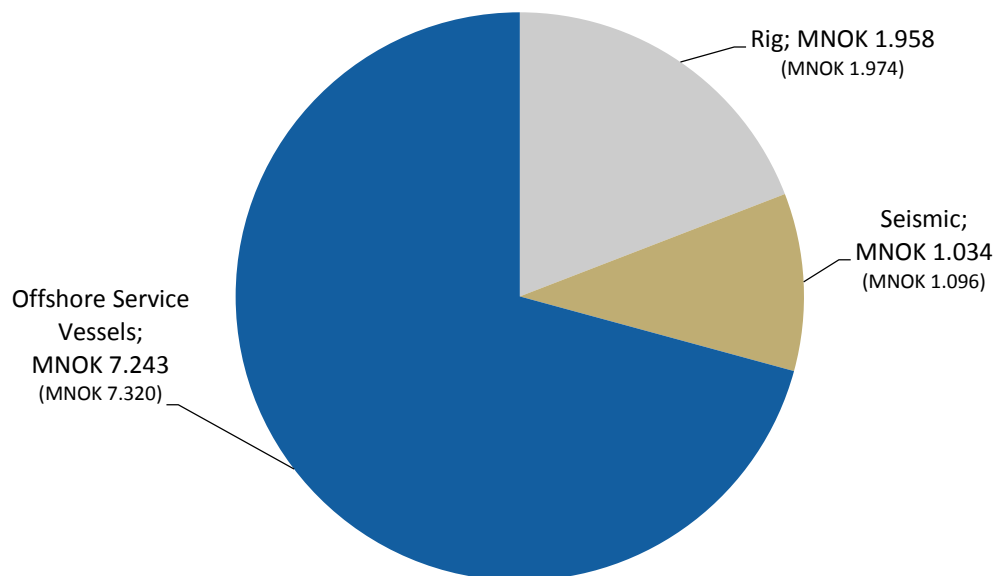
- EAD NOK 2.0 billion, average weighted probability of default is 5.1%, weighted average age is 9.1 years, average weighted contract coverage for 2016 and 2017 of 78% and 63% respectively, average weighted LTV 68%, 17 rigs

Seismic vessels

- EAD NOK 1.0 billion, average weighted probability of default is 1.5%, weighted average age is 11.8 years, average weighted contract coverage for 2016 and 2017 of 69% and 68% respectively, average weighted LTV 76%, 7 vessels
- Applies to ship financing, not seismic equipment

Offshore

- EAD NOK 10.2 billion, 5.0% of the bank's total EAD
- Average weighted probability of default for the offshore portfolio is 2.1%
- Exposure primarily to industrial-oriented shipping companies with strong ownership and integrated organisation



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

Offshore Service Vessels - total NOK 7.2 billion

(NOK 7.3 billion as at 31.12.2015)

PSV

- EAD NOK 2.6 billion, weighted average age is 4.9 years

AHTS

- EAD NOK 0.6 billion, weighted average age is 8.0 years

Subsea

- EAD NOK 2.6 billion, weighted average age is 7.7 years

Standby/area contingency

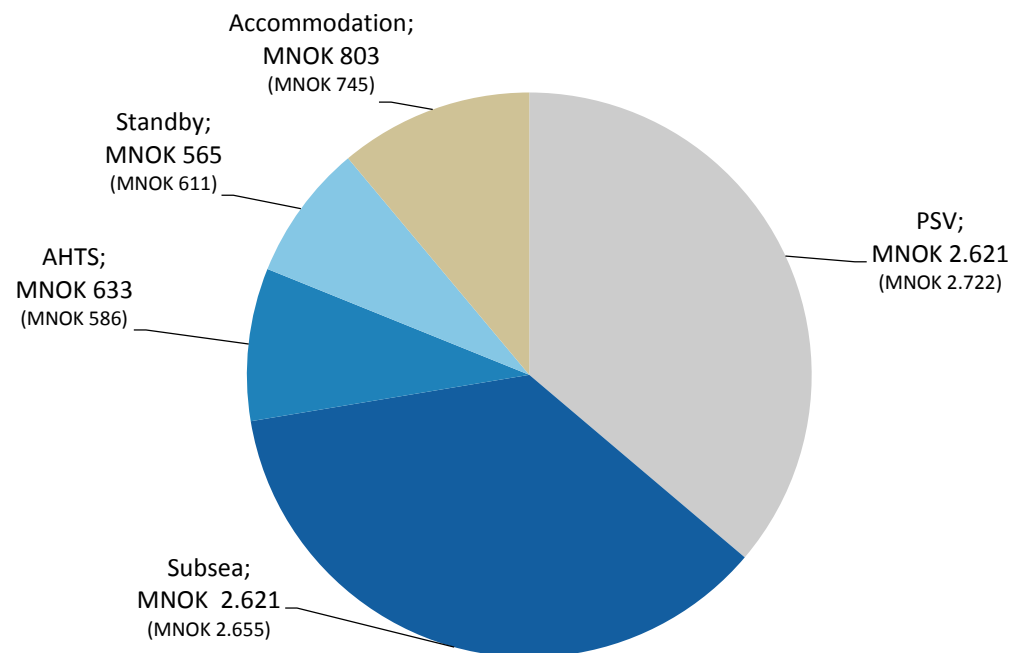
- EAD NOK 0.6 billion, weighted average age is 4.8 years

Accommodation

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

Offshore Service Vessels

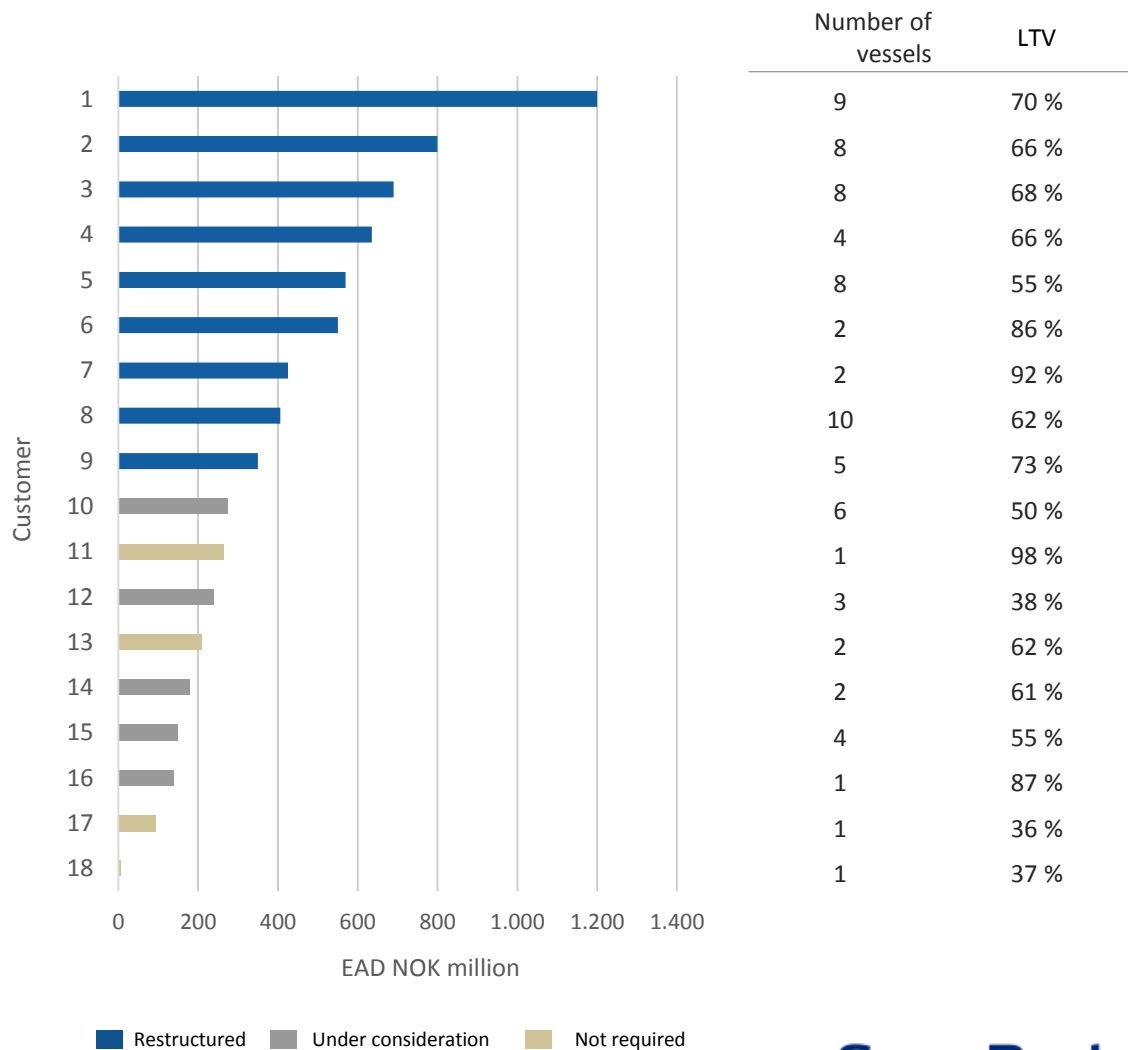
- Most customers with long history as a borrower in SpareBank 1 SR-Bank
- Most of the companies are listed on stock exchange or family owned
- A major part is industrially focused companies, only a small number of financially oriented owners



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

Offshore Service Vessels – largest customer group

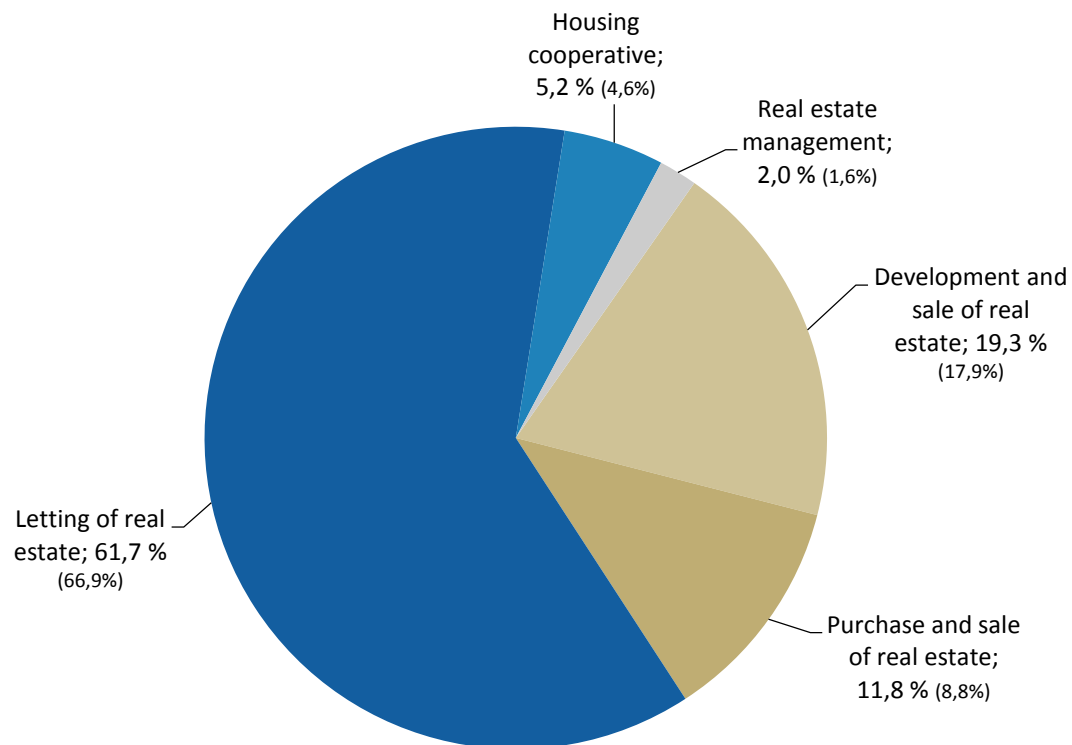
- Well diversified portfolio. One commitment of NOK 1.2 billion, rest of NOK 800 million or lower
- Total EAD for the portfolio is NOK 7.2 billion of which;
 - NOK 5.7 billion consists of 9 restructured commitments
 - NOK 1.0 billion consists of 5 commitments under consideration
 - NOK 0.5 billion consists of 4 commitments where it is not required
- Financing of 77 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



Lending to commercial property

Lending to commercial property

- NOK 27.1 billion, 14.8% 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.



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

Figures in parentheses as at 30.06.2015.

SRBANK's activities



Divisions of SpareBank 1 SR-Bank ASA

Capital Markets

Number of man-years : 30

Retail Market

Number of man-years : 460

Corporate Market

Number of man-years : 158

Administration & Support

Number of man-years : 209

Fully owned companies



Number of man-years : 200

Key areas:

- Leading real estate broker



Number of man-years : 13

Key areas:

- Asset management



Number of man-years : 32

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)

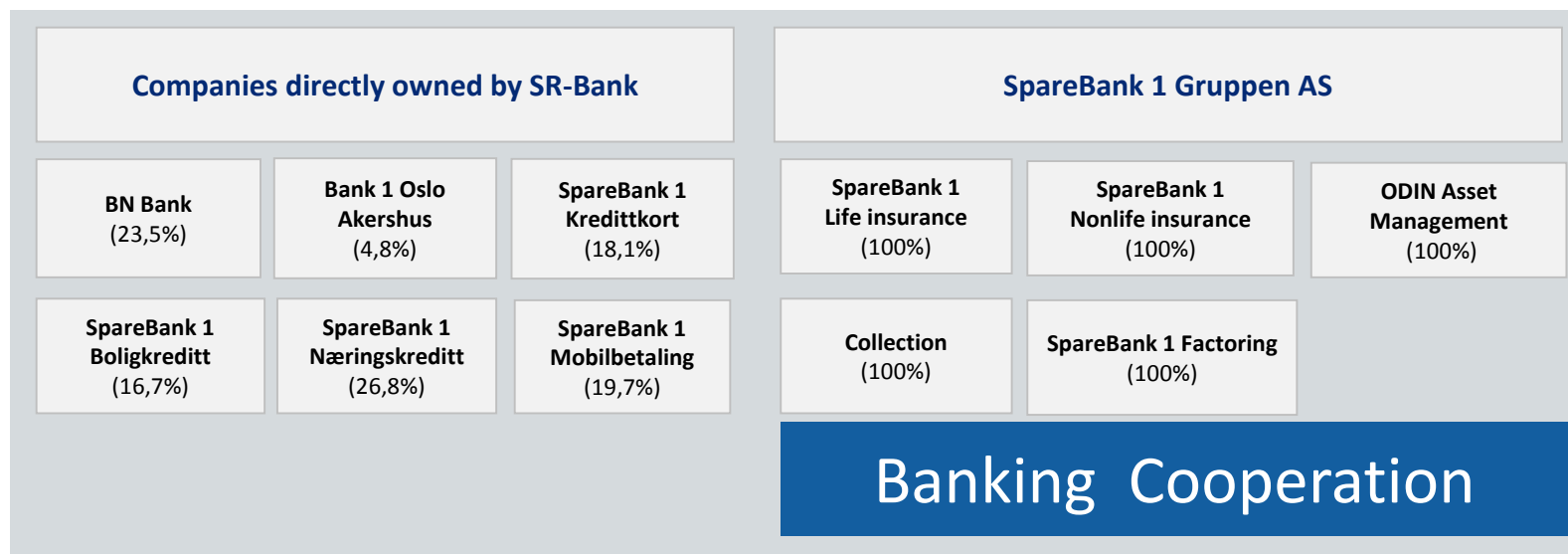
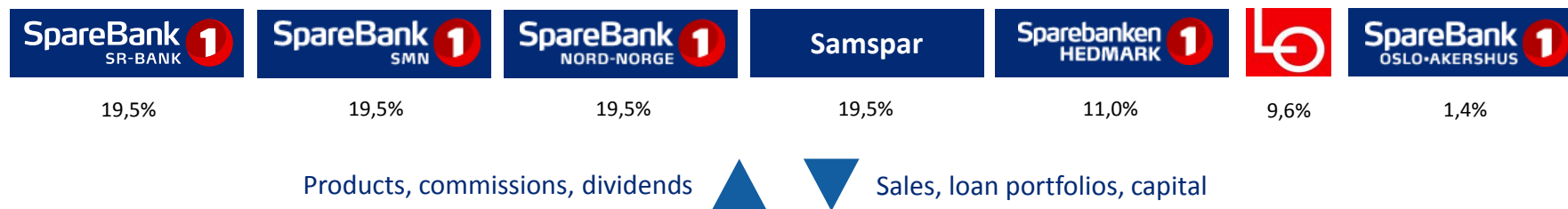
SpareBank 1 Kredittkort
(18,1%)

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

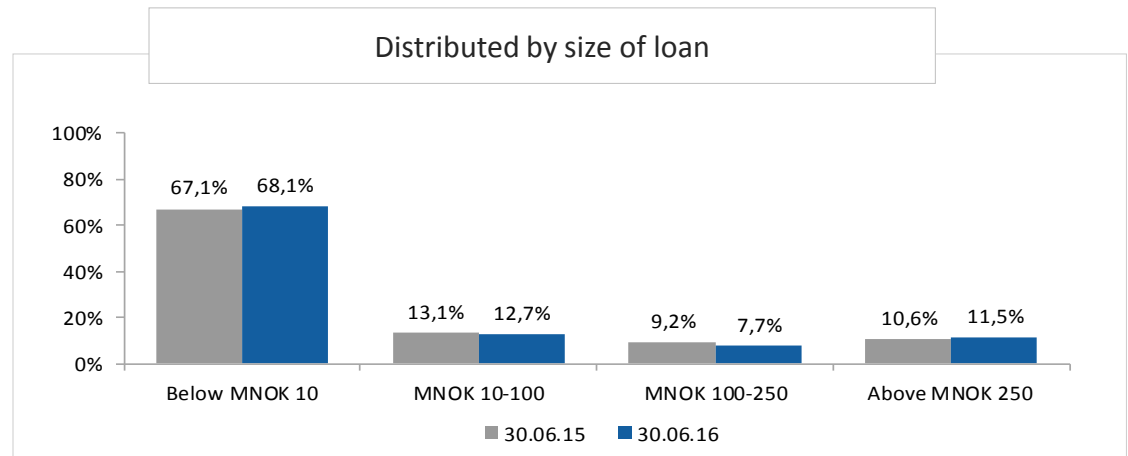
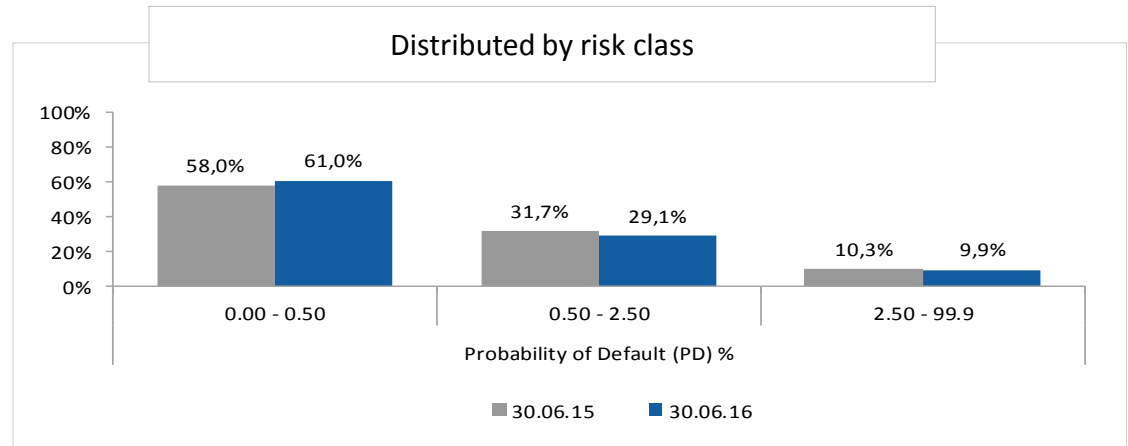
- Portfolio quality
- Managed and selective growth, greater product mix
- Risk pricing
- Portfolio management
- Innovation, digitalisation and continuous streamlining - cost effectiveness
- Strengthening capital
- Diversified funding platform

Balance sheet

<i>Balance sheet (MNOK)</i>	30.06.2016	30.06.2015
Cash and balances with central banks	910	2.841
Balances with credit institutions	2.188	2.224
Net loans to customers	155.612	149.472
Certificates, bonds and other fixed-income securities	24.814	16.116
Financial derivatives	5.056	4.878
Shares, ownership stakes and other securities	535	523
Business available for sale	22	129
Investment in associates	4.792	4.677
Other	2.834	1.029
Total assets	196.763	181.889
Balances with credit institutions	3.934	3.874
Deposits from customers	89.633	90.788
Listed debt securities	76.830	62.992
Financial derivatives	3.047	2.766
Other liabilities	2.867	2.491
Additional Tier 1 and Tier 2 capital instruments	3.284	2.980
Total liabilities	179.595	165.891
Total equity	17.168	15.998
Total liabilities and equity	196.763	181.889

Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a solid loan portfolio with positive development in risk profile.
- 61.0% of the bank's loan exposure has a PD* below 0.5%.
- Single loan exposures less than NOK 10 million aggregates 68.1% of total loan portfolio.
- Single loan exposures above NOK 250 million is slightly increasing and aggregates 11.5% of total loan portfolio.



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

The figure includes lending portfolios from covered bond companies.

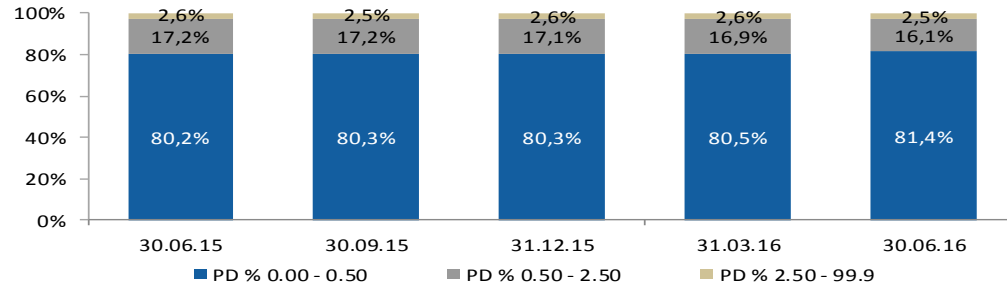
Risk profile – Lending to the retail market

- *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 81.4% 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.*

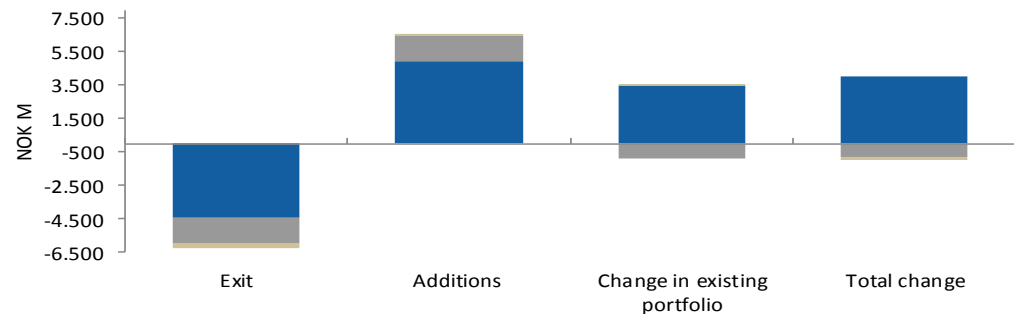
*Probability of default (PD) through a full cycle of loss.

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

Retail market portfolio distributed by risk class



Migration in the retail market portfolio over the past 12 months



RWA home mortgages

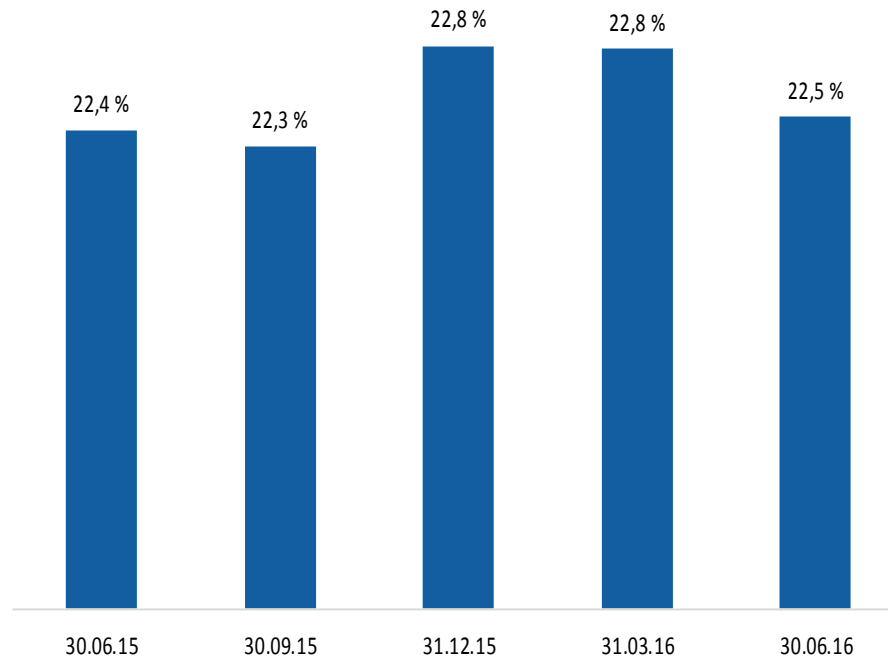
- *RWA on home mortgages reflects a solid and stable portfolio.*
- *The Norwegian FSA tightened the requirements for mortgage models in 2015 imposed by restrictions on PD and LGD.*

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.

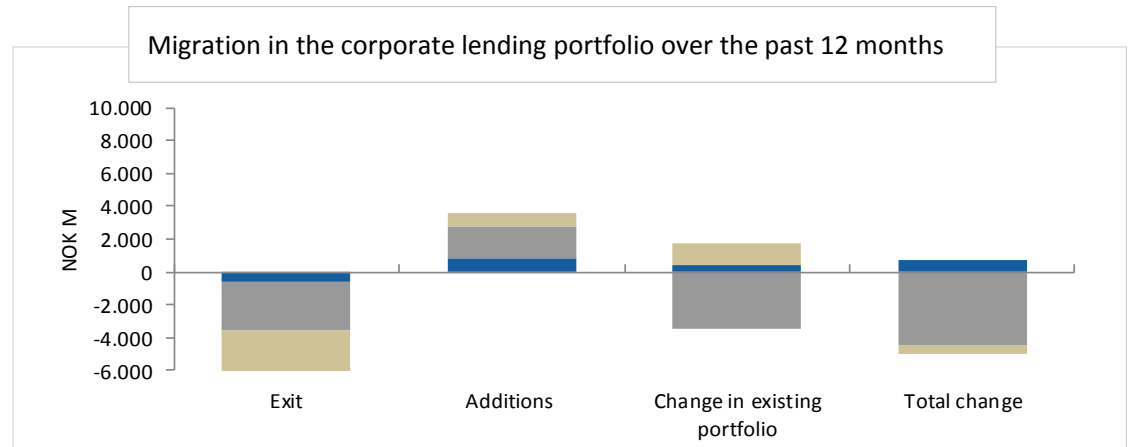
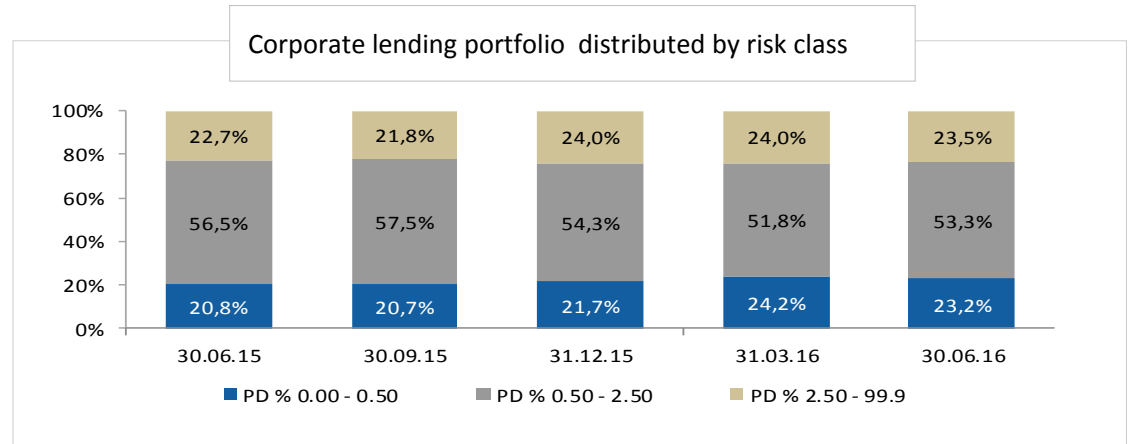
Home mortgages as defined in the Norwegian IRB framework; residential property must make up at least 30 % of a loan's security.

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 0.5% is increasing and is now at 23.2 %.*
- *SpareBank 1 SR-Bank monitors PD above 2.5% continuously, and the development in this segment has been stable in 2016.*
- *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.

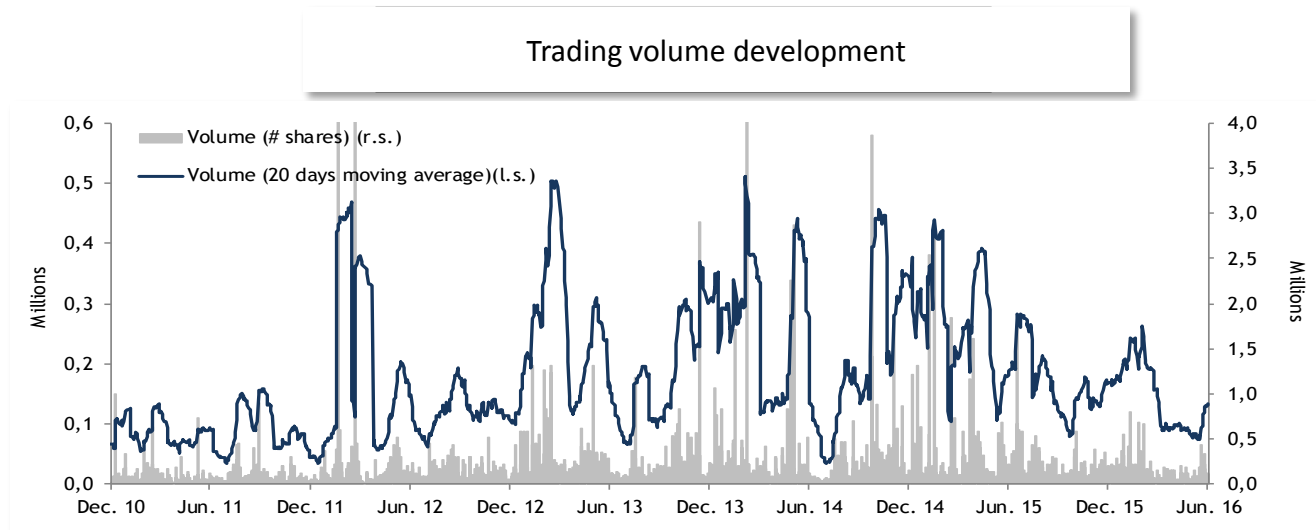
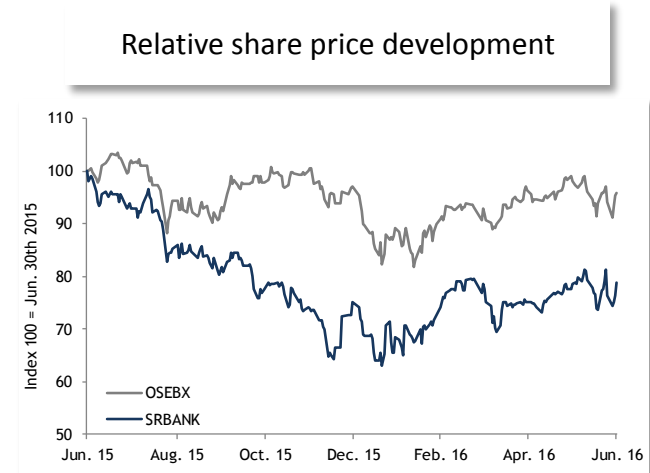
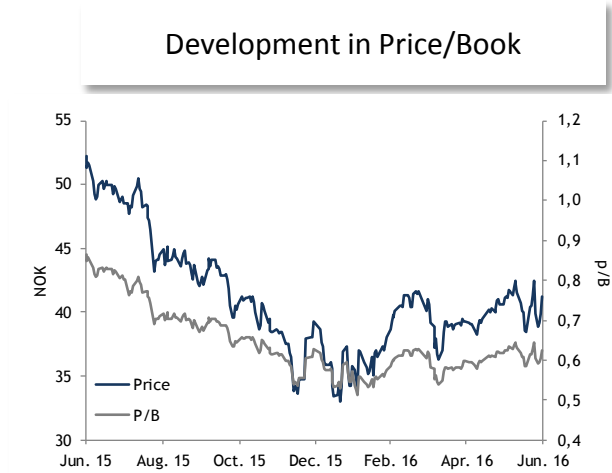
SpareBank 1 SR-Bank faces this uncertainty with a solid portfolio, a solid framework for lending and continuous focus on managing and controlling risk:

- 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 16.5% per 2. quarter 2016.*
- *Total market value at 2. quarter 2016 is NOK 10.5 billion.*



20 largest shareholders as at June 2016

- *Ownership interests:*
 - *From Rogaland, Agder-counties and Hordaland: 50.0%*
 - *International: 16.5%*
 - *10 largest: 55.4%*
 - *20 largest: 62.4%*
- *Number of shareholders: 9 820 (10 070)*
- *Employees owning: 1,9%*

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Gjensidige Forsikring ASA		26.808.416	10,5%
Vpf Nordea Norge Verdi		7.982.657	3,1%
State Street Bank and Trust Co, U.S.A.	Nominee	7.494.726	2,9%
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		3.536.161	1,4%
Danske Invest Norske Instit. II		3.448.585	1,3%
Clipper AS		2.565.000	1,0%
State Street Bank and Trust Co, U.S.A.	Nominee	2.436.539	1,0%
State Street Bank and Trust Co, U.S.A.	Nominee	2.067.767	0,8%
Danske Invest Norske Aksjer Inst.		1.820.694	0,7%
The Bank of New York Mellon, U.S.A.	Nominee	1.792.683	0,7%
KAS Bank NV, Nederland	Nominee	1.762.160	0,7%
Westco		1.658.537	0,6%
Pareto AS		1.640.867	0,6%
Vpf Nordea Avkastning		1.630.410	0,6%
State Street Bank and Trust Co, U.S.A.	Nominee	1.587.649	0,6%
Vpf Nordea Kapital		1.528.050	0,6%
<hr/>			
Top 5		120.931.687	47,3%
Top 10		141.624.395	55,4%
Top 20		159.549.751	62,4%

SRBANK as at June 2016

- *Trading volume in Q2 2016: 2.5% (5.6%)*

	30.06.2016	2015	2014	2013	2012	2011
Share price	41,20	39,30	52,50	60,25	37,20	40,70
Stock value (MNOK)	10.537	10.051	13.427	15.409	9.514	5.182
Book value per share, NOK (group)	67,16	66,14	60,28	55,00	49,48	48,75
Earnings per share	3,10	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	6,65	5,75	6,40	8,28	6,99	7,51
P/BV (group)	0,61	0,59	0,87	1,10	0,75	0,83

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