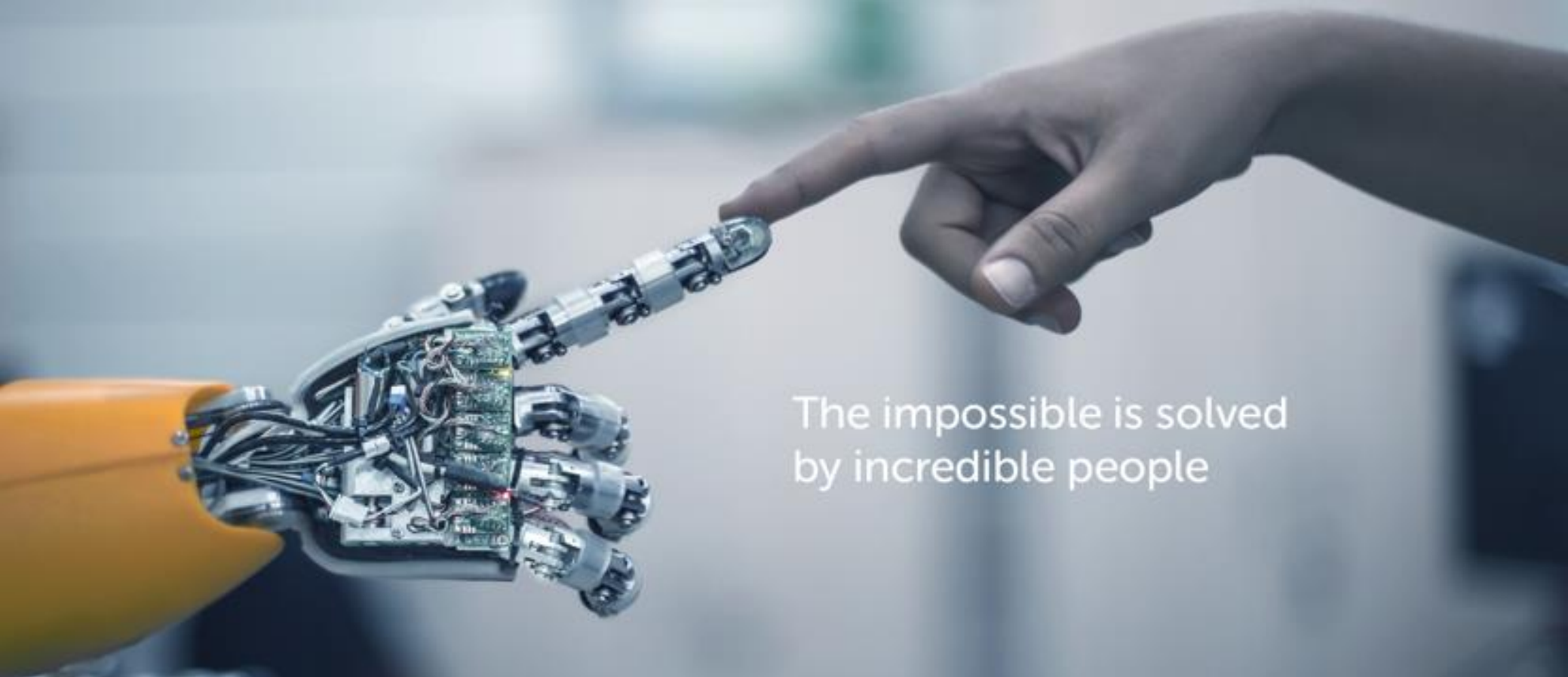


FOURTH QUARTER 2016



The impossible is solved  
by incredible people

HAND IN HAND WITH THE INCREDIBLE

SpareBank **1**  
SR-BANK

# Disclaimer

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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

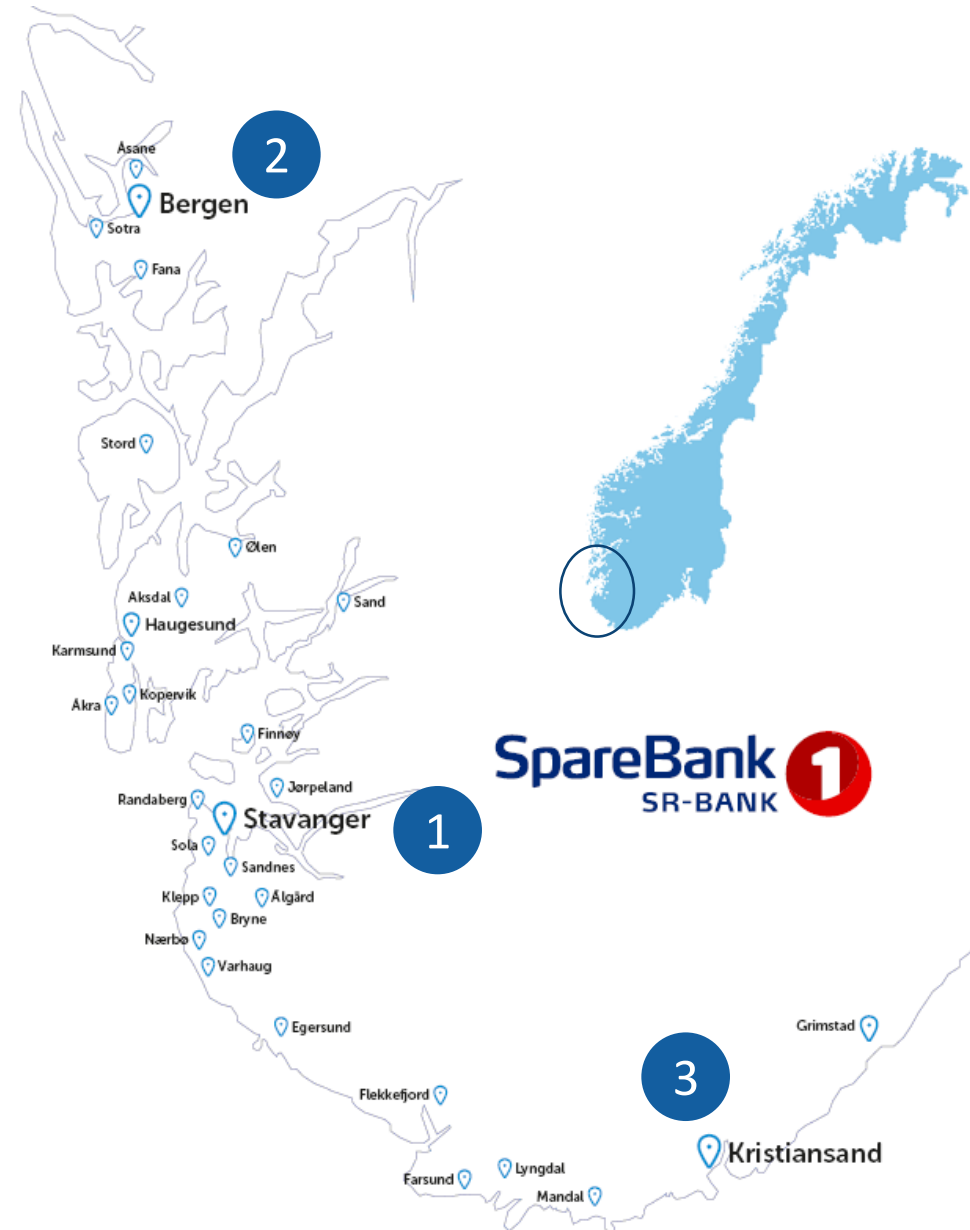
Population	470.000
Market share	36%
Year of establishment	1839
Market strategy	Market leader
Unemployment rate	4.9%*

## 2 Hordaland

Population	516.000
Market share	6%
Year of establishment	2006
Market strategy	Entry/growth
Unemployment rate	3.7%*

## 3 Agder

Population	298.000
Market share	8%
Year of establishment	2002
Market strategy	Growth
Unemployment rate	3.8%*

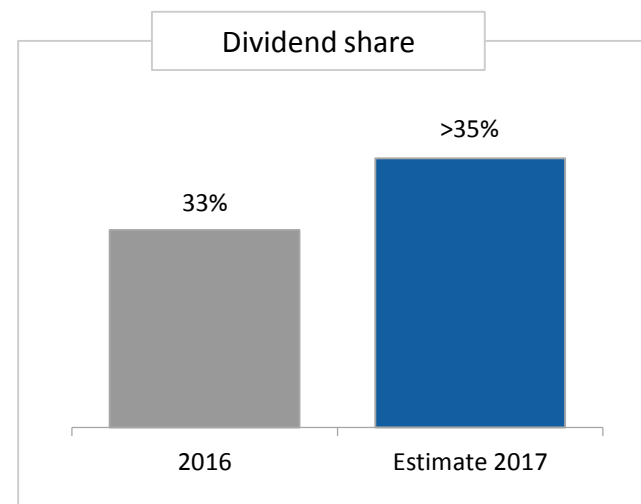
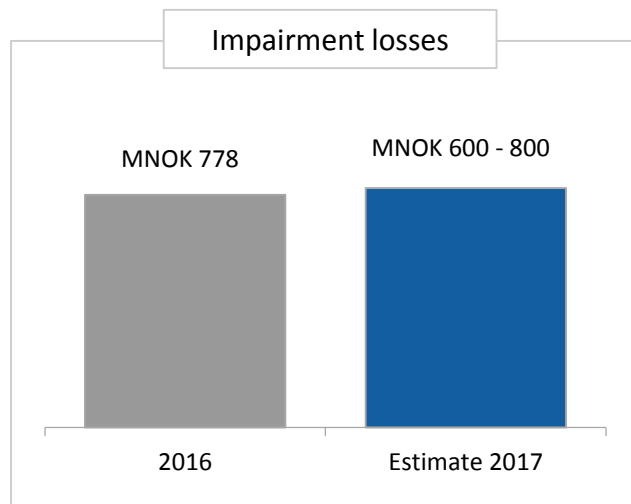
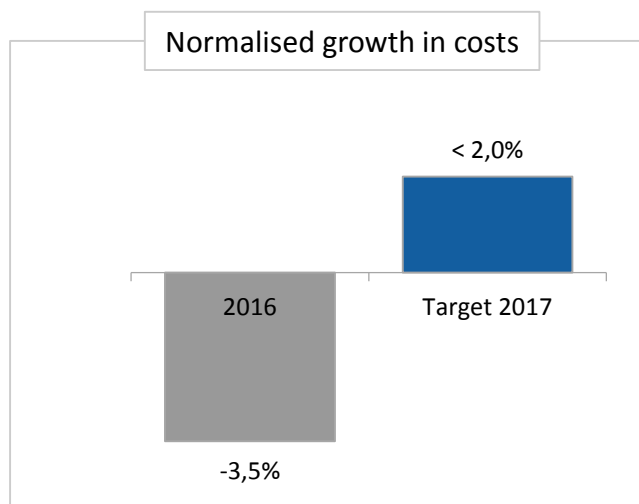
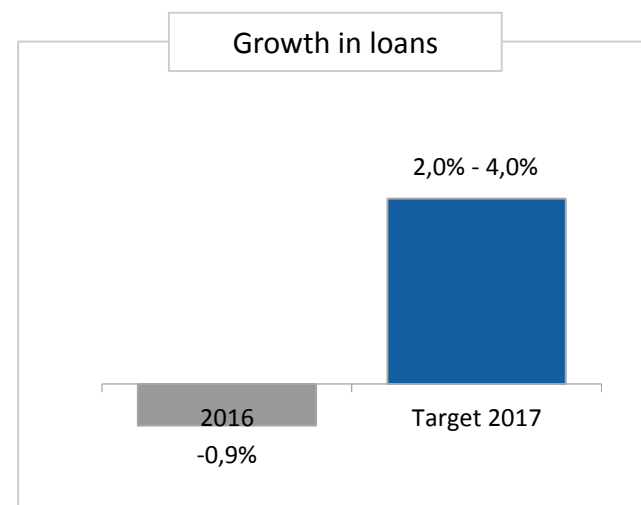
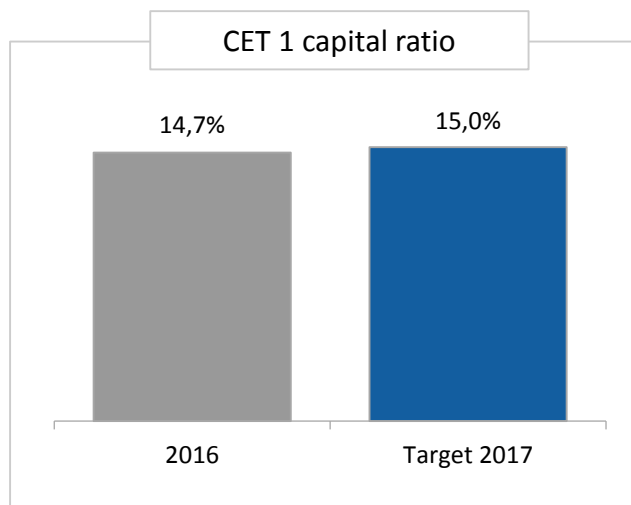
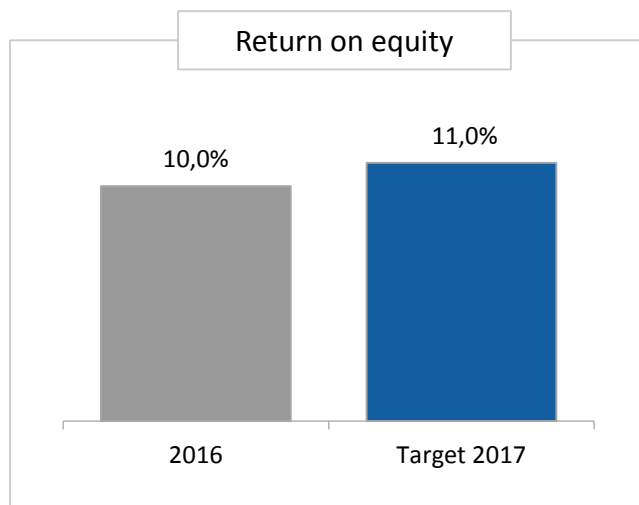


# A good result in a demanding year

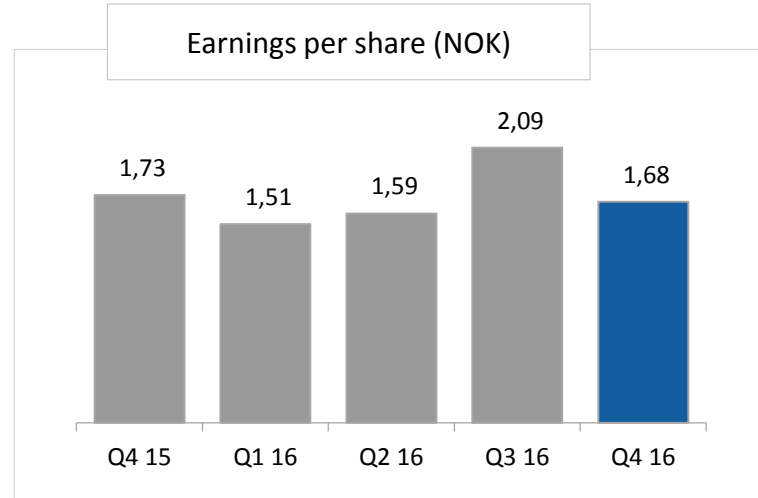
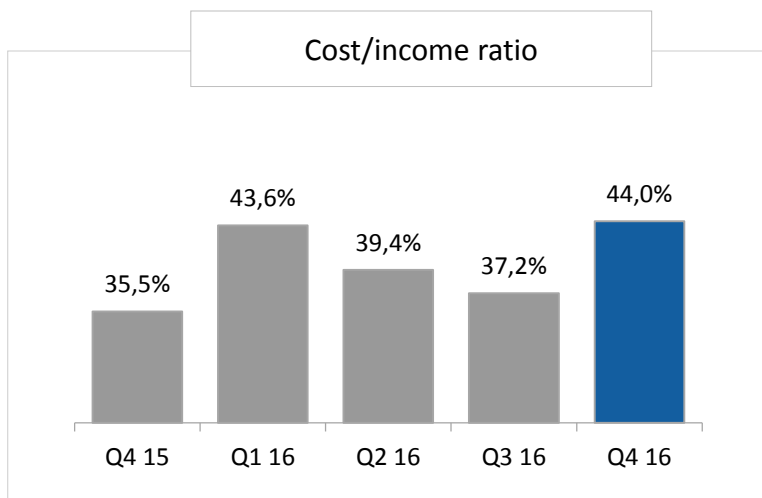
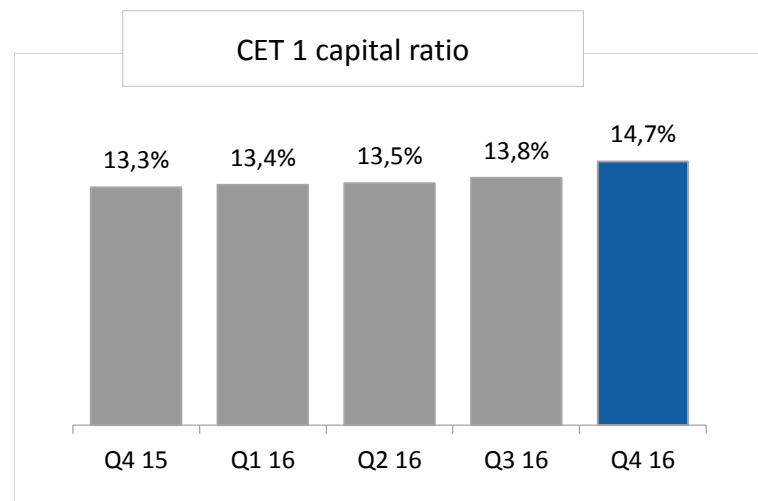
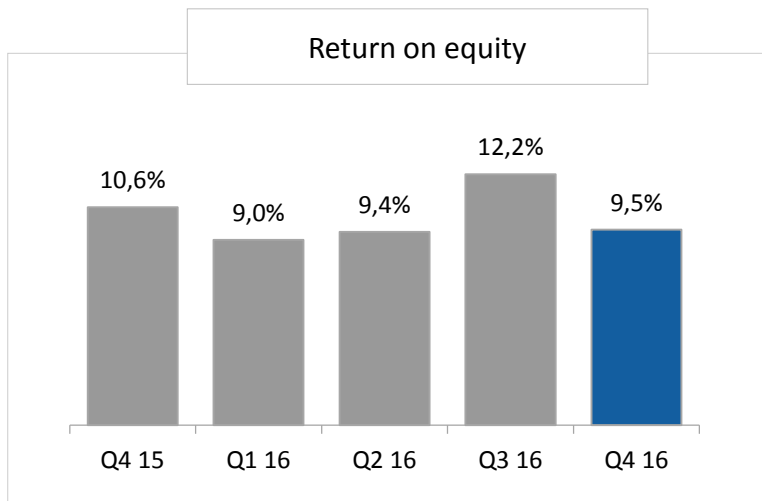
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- Pre-tax profit for the quarter is NOK 525 million compared to NOK 477 million last year
  - Return on equity after tax 9.5%
- Pre-tax profit for 2016 is NOK 2.158 million compared to NOK 2.146 million last year
  - Return on equity after tax 10.0%
- Impairment losses on loans is NOK 778 million compared to 420 million last year
  - 0.42% of gross lending including covered bond companies as at 31 December 2016
  - Increased collective impairment loss by NOK 158 million last 12 months
- 12 months lending growth of -0.9%
  - Risk-weighted assets (RWA) is decreased by 2.1% the last 12 months
- 12 months deposits growth of -3.9%
- Net income on investment securities for 2016 is NOK 654 million compared to NOK 304 million last year
- Normalised costs growth of -3,5%
  - Growth in costs of 9.1% (NOK 169 million) over the last 12 months. In 2015 there was a one-time cost savings of NOK 226 million due to changed pension scheme for employees.
- Common equity tier 1 capital ratio increased to 14.7% from 13.3% last year
- The Board proposes a dividend of NOK 2,25 per share

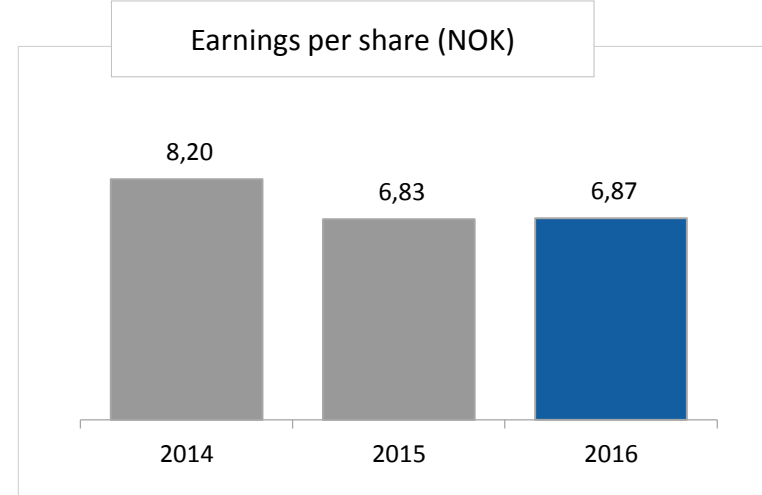
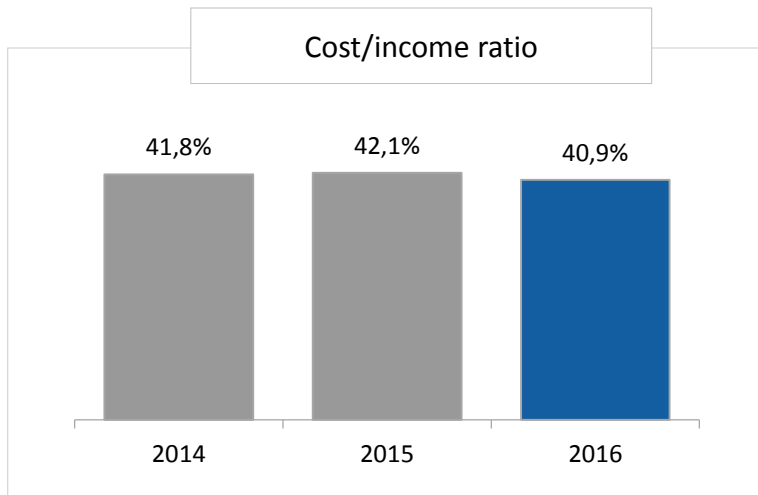
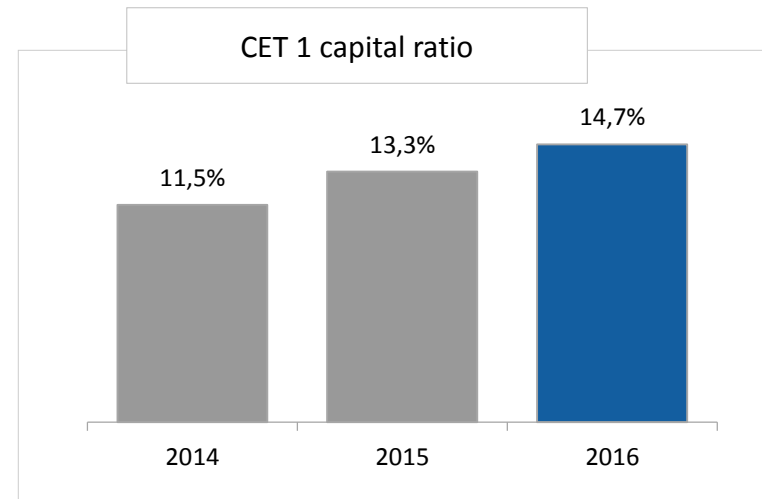
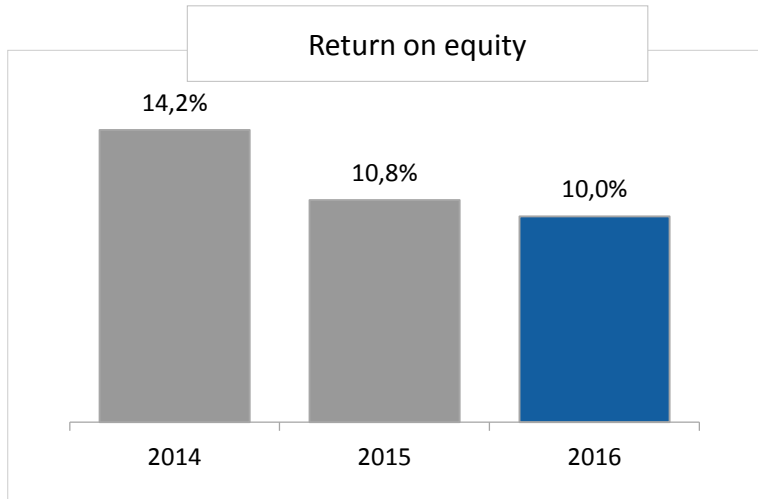
# Key figures 2016 and financial targets and estimates for 2017



# Key figures – quarterly development



# Key figures – annual development

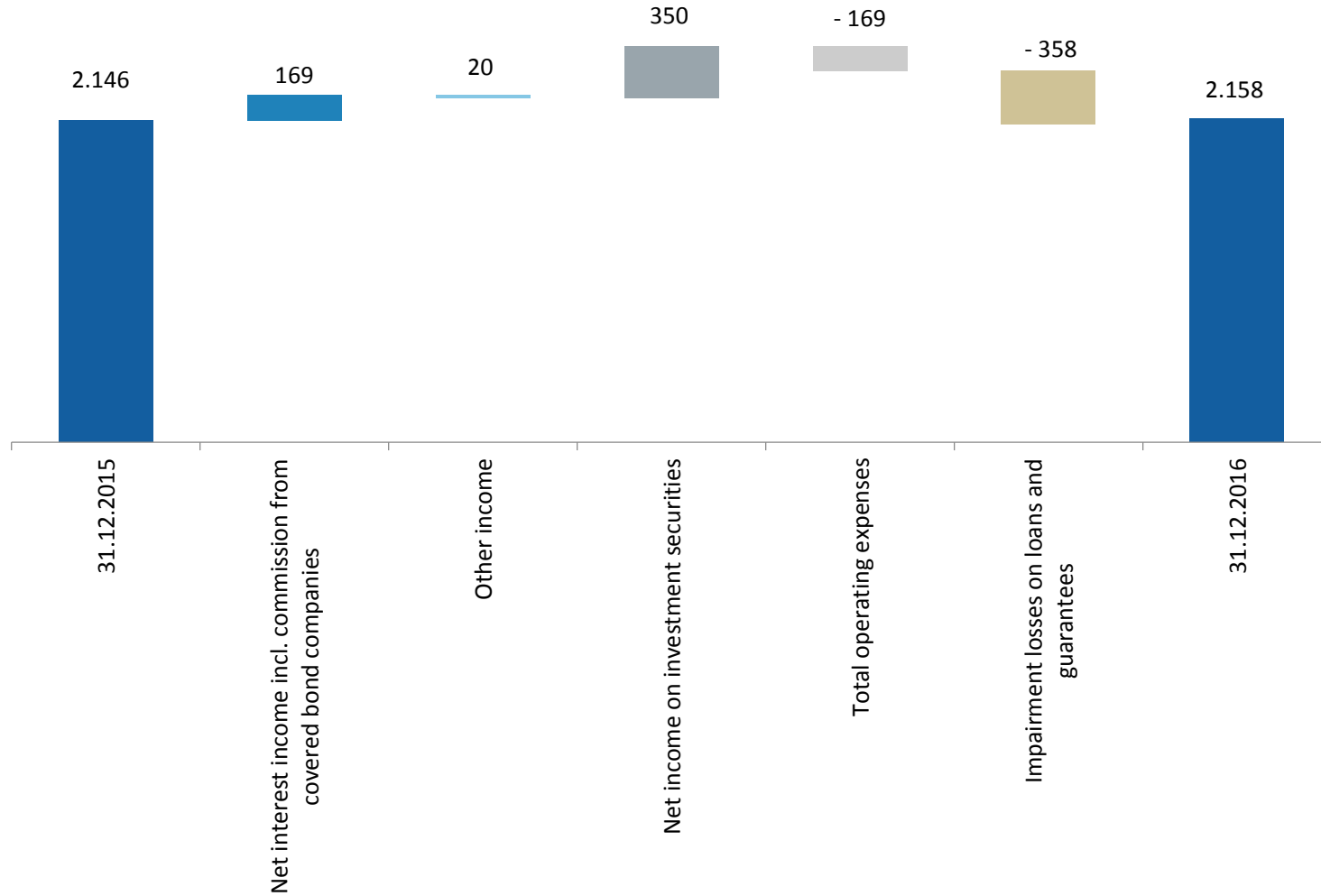


# Income statement

<i>Group Income Statement (MNOK)</i>	31.12 16	31.12 15	Q4 16	Q3 15	Q2 16	Q1 16	Q4 15
Net interest income	2.871	2.593	733	729	711	698	678
Net commission and other income	1.443	1.532	355	347	389	352	372
Net income on investment securities	654	304	139	231	205	79	-13
Total income	4.968	4.429	1.227	1.307	1.305	1.129	1.037
Total operating expenses	2.032	1.863	540	486	514	492	368
Operating profit before losses	2.936	2.566	687	821	791	637	669
Impairment losses on loans and guarantees	778	420	162	161	305	150	192
Operating profit before tax	2.158	2.146	525	660	486	487	477
Tax expense	403	400	96	126	80	101	35
Net profit	1.755	1.746	429	534	406	386	442



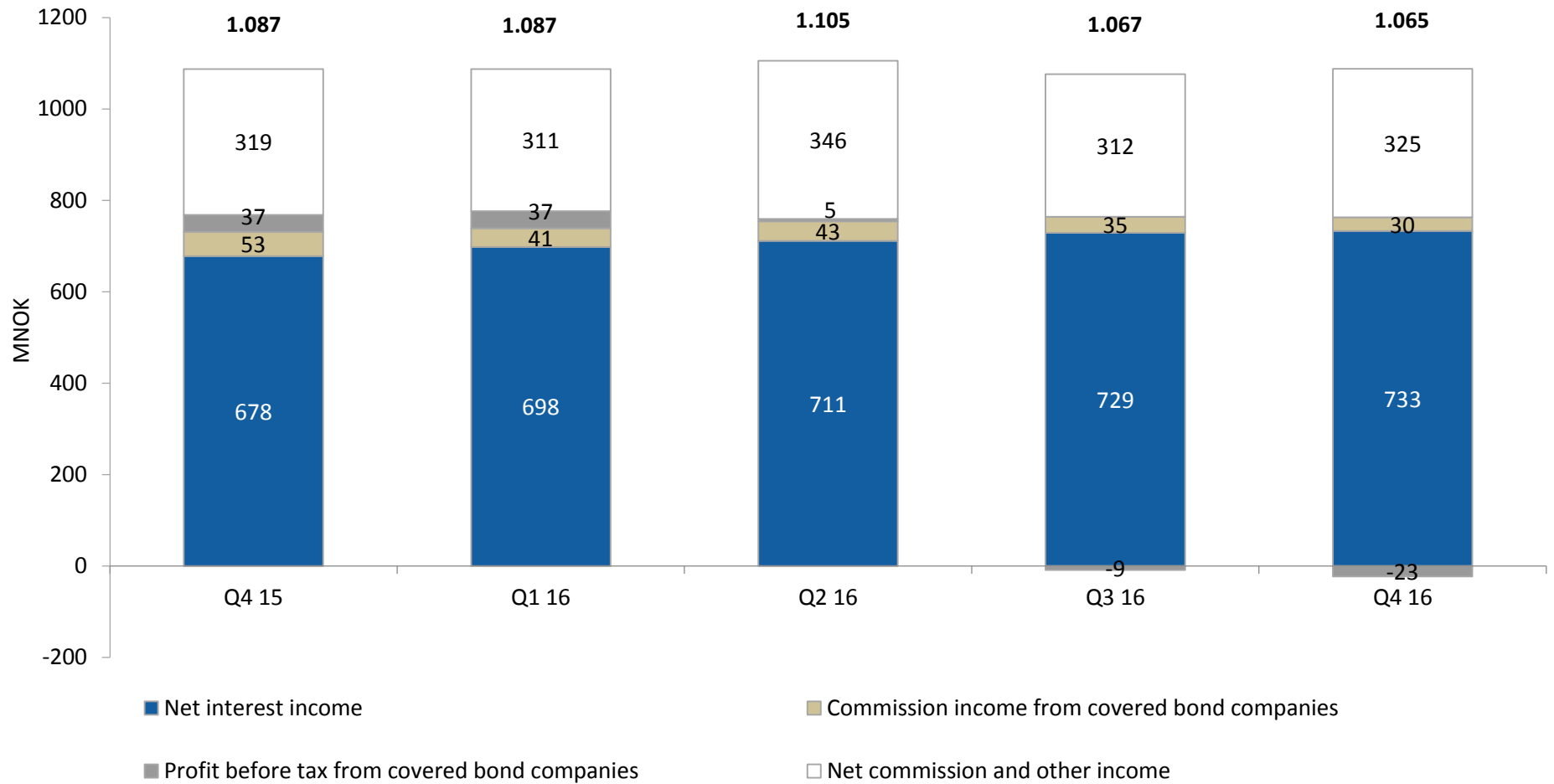
# Change in profit 31.12.2015 – 31.12.2016



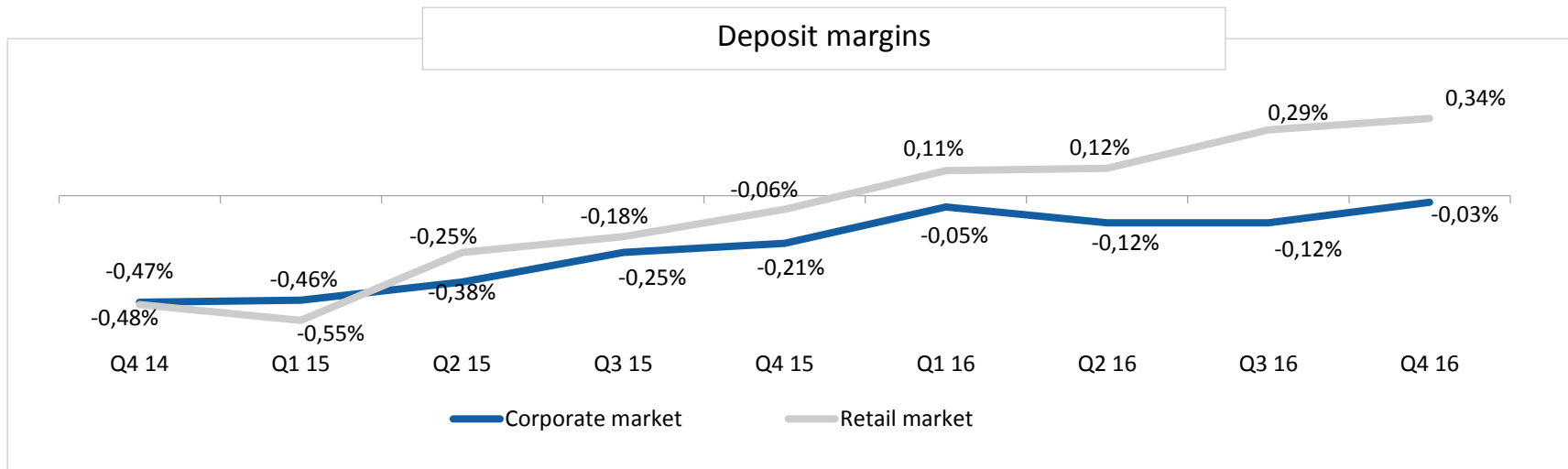
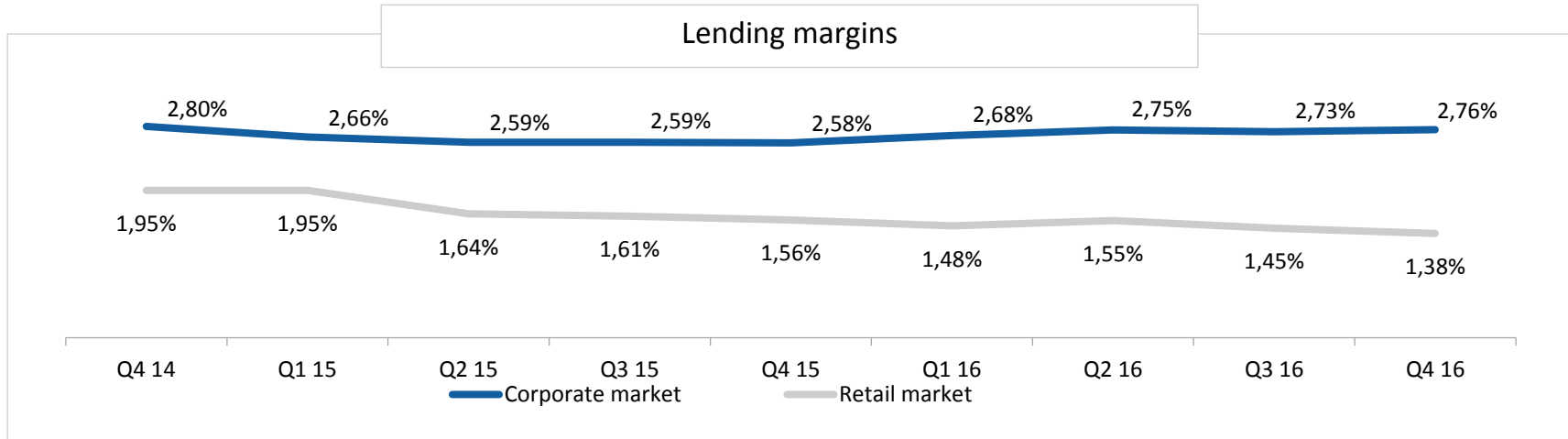
# Key figures

	31.12 16	31.12 15	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15
Return on equity after tax (%)	10,0	10,8	9,5	12,2	9,4	9,0	10,6
Net interest margin (%)	1,48	1,42	1,50	1,48	1,48	1,44	1,40
Impairment losses on loans and guarantees in % of gross loans incl. covered bond companies	0,42	0,23	0,35	0,35	0,66	0,33	0,42
Non-performing and other problem commitments in % of gross loans incl. covered bond companies	1,21	0,76	1,21	1,18	1,15	0,92	0,76
Cost to income ratio	40,9	42,1	44,0	37,2	39,4	43,6	35,5
Annual growth in loans to customers, gross incl. covered bond companies (%)	-0,9	5,4	-0,9	0,1	1,1	2,9	5,4
Annual growth in deposits from customers (%)	-3,9	9,8	-3,9	-2,0	-1,3	1,2	9,8
Total assets (BNOK)	193,4	192,0	193,4	193,2	196,8	194,8	192,0
Portfolio of loans in covered bond companies (BNOK)	24,7	28,7	24,7	25,7	26,7	28,8	28,7
Risk weighted assets (BNOK)	116,7	119,1	116,7	119,1	119,7	118,5	119,1
Liquidity Coverage Ratio (LCR) (%)	174	128	174	123	173	130	128
Earnings per share (NOK)	6,87	6,83	1,68	2,09	1,59	1,51	1,73
Book value per share (NOK)	71,54	66,14	71,54	69,36	67,16	67,68	66,14
Number of shares issued (million)	255,8	255,8	255,8	255,8	255,8	255,8	255,8

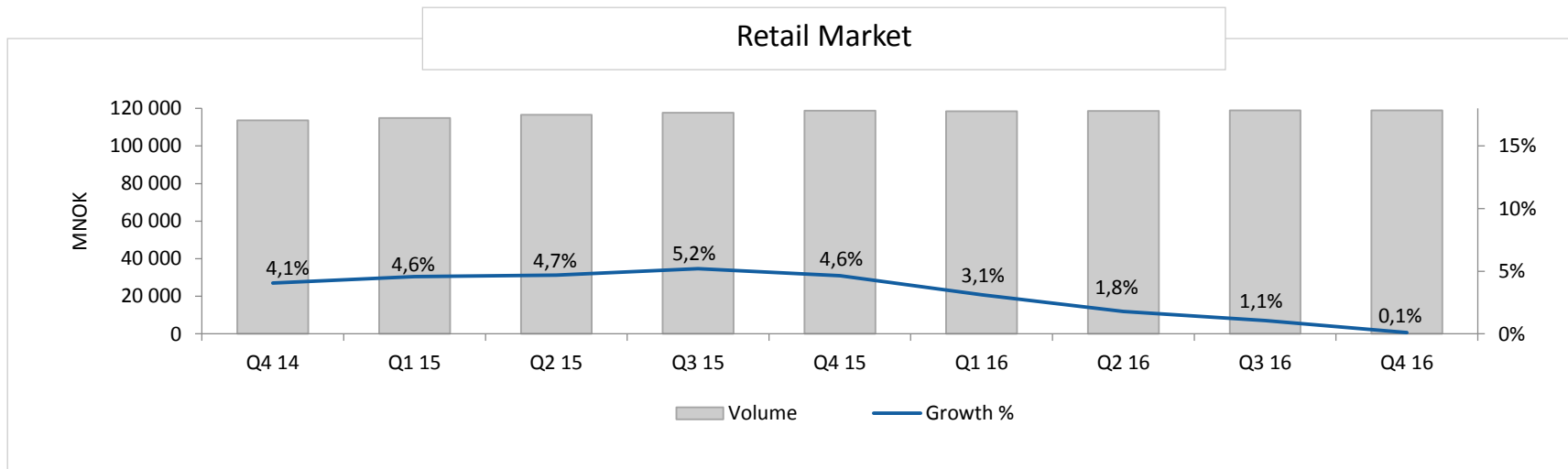
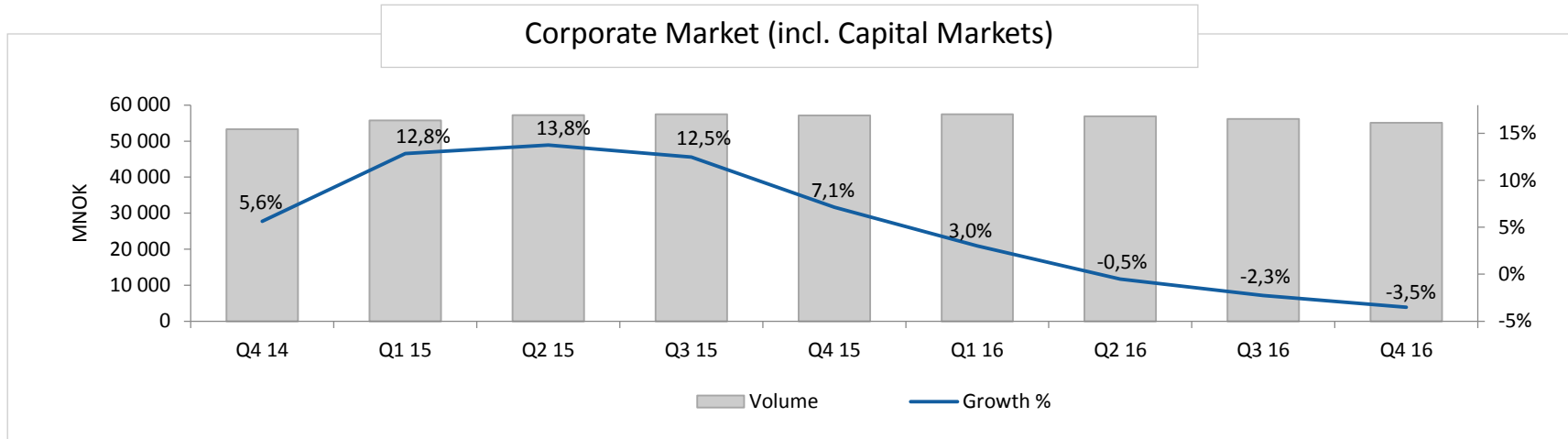
# Consolidated income profile



# Lending and deposit margins



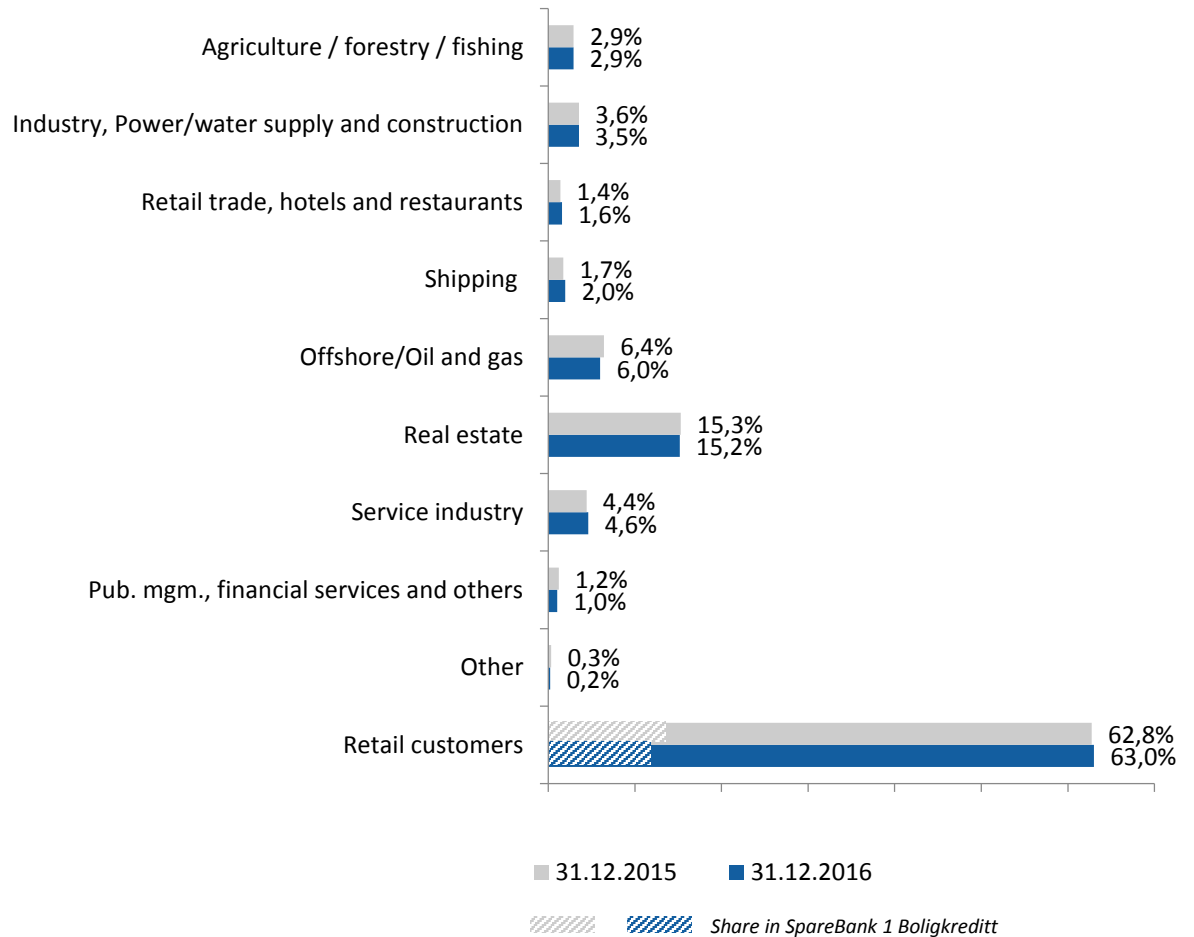
# Lending volume and 12 months growth



Figures incl. loan portfolio in covered bond companies

# Loan portfolio as at 31.12.2016

- Gross loans (incl. covered bond companies) as at 31 December 2016 amount to NOK 182.3 billion compared with NOK 183.9 billion at the same time the year before.
- 12-month growth in loans of -0.9%.
- Loans to retail customers (incl. covered bond company) account for 63.0% of total loans, of which 13,2% is in SpareBank 1 Boligkreditt.

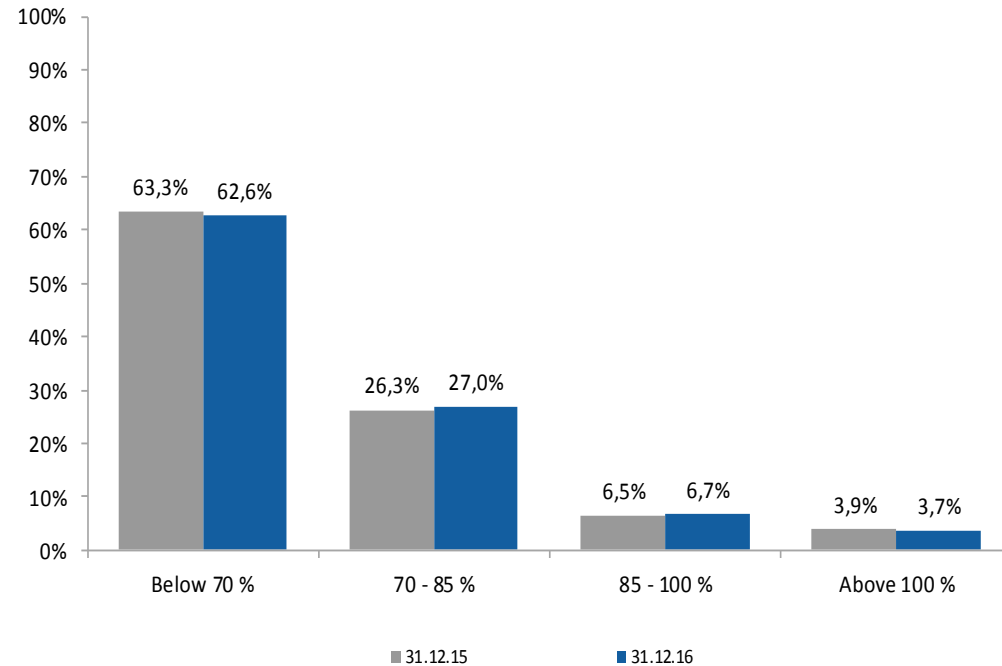


Loans before individual write-downs, nominal amounts.

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.*
- *89.6% 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.*

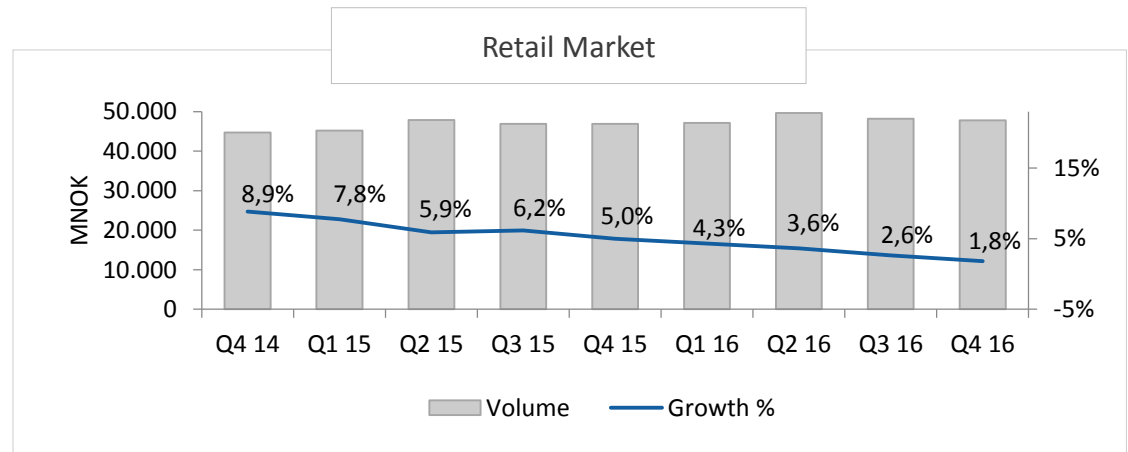
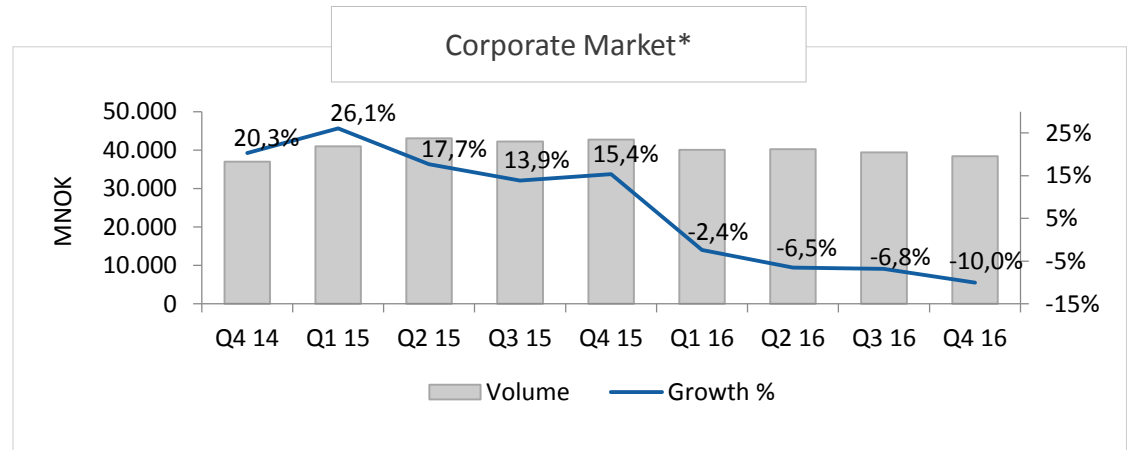


*In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.*

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

# Deposits volume and 12 month growth

- Last 12 months deposits decreased by NOK 3.5 billion to 85.9 billion.
  - Corresponds to an decrease in the period of -3.9%.
- 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

	31.12 16	31.12 15	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15
<i>MNOK</i>							
Payment facilities	252	236	60	75	63	54	56
Savings/placements	185	190	45	45	44	51	48
Insurance products	198	190	50	48	50	50	48
Commission income real estate broking	348	383	85	87	107	69	82
Guarantee commission	114	129	31	24	31	28	34
Arrangement- and customer fees	101	85	33	14	24	30	27
Accounting services SpareBank 1 Regnskapshuset SR*	81	35	18	16	24	23	10
Other	15	26	3	3	3	6	14
<b>Net commission and other income excl. covered bond companies</b>	<b>1.294</b>	<b>1.274</b>	<b>325</b>	<b>312</b>	<b>346</b>	<b>311</b>	<b>319</b>
Commission income SB1 Boligkreditt and SB1 Næringskreditt	149	258	30	35	43	41	53
<b>Net commission and other income incl. covered bond companies</b>	<b>1.443</b>	<b>1.532</b>	<b>355</b>	<b>347</b>	<b>389</b>	<b>352</b>	<b>372</b>

\*SpareBank 1 Regnskapshuset SR was established in the first quarter of 2015. In 2016 the company acquired Regnskap Partner Bergen AS from 1 January 2017.

# Net income on investment securities

	31.12	31.12	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15
<i>MNOK</i>	16	15					
Dividends*	110	17	5	0	97	8	1
Investment income, associates	384	422	78	90	112	104	110
Securities gains/losses	53	-224	50	105	-36	-66	-87
- of which capital change in shares and certificates	51	-40	42	63	-33	-21	-34
- of which capital change in certificates and bonds	-156	-275	-44	-21	-38	-53	-80
- of which derivatives; bonds and certificates	158	91	52	63	35	8	27
Currency/interest gains/losses	107	89	6	36	32	33	-37
- of which currency customer- and own-account trading	137	104	39	40	32	26	25
- of which value change basis swap spread	-15	88	-16	-11	-1	13	6
- of which counterparty risk derivatives including CVA	2	-66	1	1	-1	1	-66
- of which IFRS-effects	-17	-37	-18	6	2	-7	-2
<b>Net income on investment securities</b>	<b>654</b>	<b>304</b>	<b>139</b>	<b>231</b>	<b>205</b>	<b>79</b>	<b>-13</b>

\*Include in 2Q 2016 NOK 94 million for a received cash settlement in connection with the sale of Visa Europe Ltd to Visa Inc.

# Subsidiaries

<i>MNOK</i>	31.12.16	31.12.15
<b>EiendomsMegler 1 SR-Eiendom AS</b>		
Number of sales	6.042	6.551
Operating profit before tax	16	30
<b>SpareBank 1 SR-Finans AS</b>		
Total assets (BNOK)	7	7
Operating profit before tax	84	150
<b>SR-Forvaltning AS</b>		
Total assets under management (BNOK)	10	9
Operating profit before tax	28	36
<b>SR-Investering AS</b>		
Operating profit before tax	-1	-24
<b>SpareBank 1 Regnskapshuset SR AS</b>		
Operating profit before tax*	2	1
<b>SR-Boligkreditt AS</b>		
Operating profit before tax**	113	39
<b>Other</b>		
Operating profit before tax	-1	-11
<b>Total subsidiaries</b>		
Profit before tax	241	221

\*SpareBank 1 Regnskapshuset SR was established in the first quarter of 2015. One acquisition was made in 2016, Regnskap Partner Bergen AS, which was taken over with effect from 1 January 2017. The result to Regnskapshuset SR includes amortization of intangible assets of NOK 1,6 million (NOK 0,8 million in 2015).

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

# Ownership interests

MNOK	31.12.16	31.12.15
<b>SpareBank 1 Gruppen AS</b>		
<i>Interest ownership</i>	19,5 %	19,5 %
Profit after tax	312	251
Adjusted profit previous years	6	0
<b>SpareBank 1 Boligkreditt AS</b>		
<i>Interest ownership</i>	13,9 %	16,7 %
Profit after tax	-18	91
Adjusted profit previous years	4	0
<b>SpareBank 1 Næringskreditt AS</b>		
<i>Interest ownership</i>	21,9 %	26,8 %
Profit after tax	22	24
<b>BN Bank ASA</b>		
<i>Interest ownership</i>	23,5 %	23,5 %
Profit after tax	61	29
<b>SpareBank 1 Kredittkort AS</b>		
<i>Interest ownership</i>	17,9 %	18,1 %
Profit after tax	23	20
<b>SpareBank 1 Mobilbetaling AS</b>		
<i>Interest ownership</i>	19,7 %	
Profit after tax	-27	
Adjusted profit previous years	-2	
<b>Other</b>		
Profit after tax	3	7
<b>Total ownership interests</b>		
Profit after tax	384	422

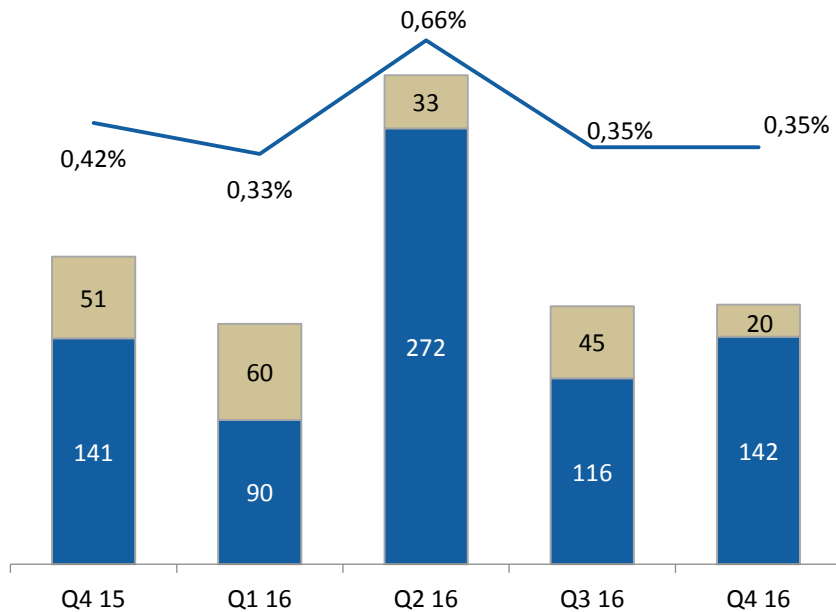
# Operating expenses

	31.12 16	31.12 15	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15
<i>MNOK</i>							
Personnel expenses	1.166	1.143	293	282	296	295	255
Restructuring- and non-recurring costs, pensions	0	-198	0	0	0	0	-141
Total personnel expenses*	1.166	945	293	282	296	295	114
IT expenses	321	301	87	83	78	73	86
Marketing	74	90	23	17	20	14	19
Other administrative expenses	69	89	23	15	16	15	20
Total administrative expenses	464	480	133	115	114	102	125
Depreciation	81	85	24	20	19	18	23
Operating expenses from real estate	35	41	9	9	8	9	12
Other operating expenses	286	312	81	60	77	68	94
Total other operating expenses	402	438	114	89	104	95	129
Total operating expenses	2.032	1.863	540	486	514	492	368

\*Personnel expenses in 2015 were affected by a one-time reduction in costs of NOK 226 million (curtailment) due to changed pension scheme for employees.

# Impairment losses on loans/ Non-performing and doubtful commitments

Impairment losses on loans

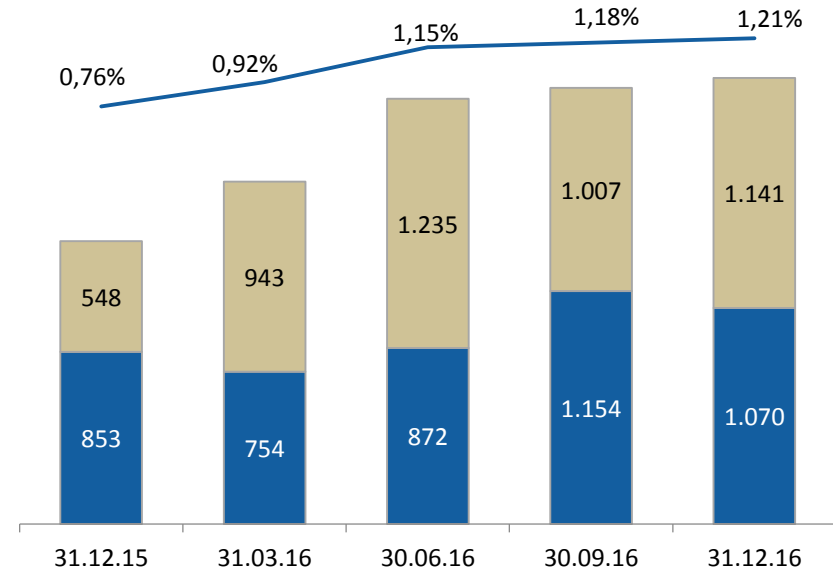


Collective impairment losses on loans, MNOK

Individual impairment losses on loans, MNOK

Loss ratio in % of average gross loans incl. from covered bond companies

Non-performing and doubtful commitments



Doubtful commitments, MNOK

Non-performing loans, MNOK

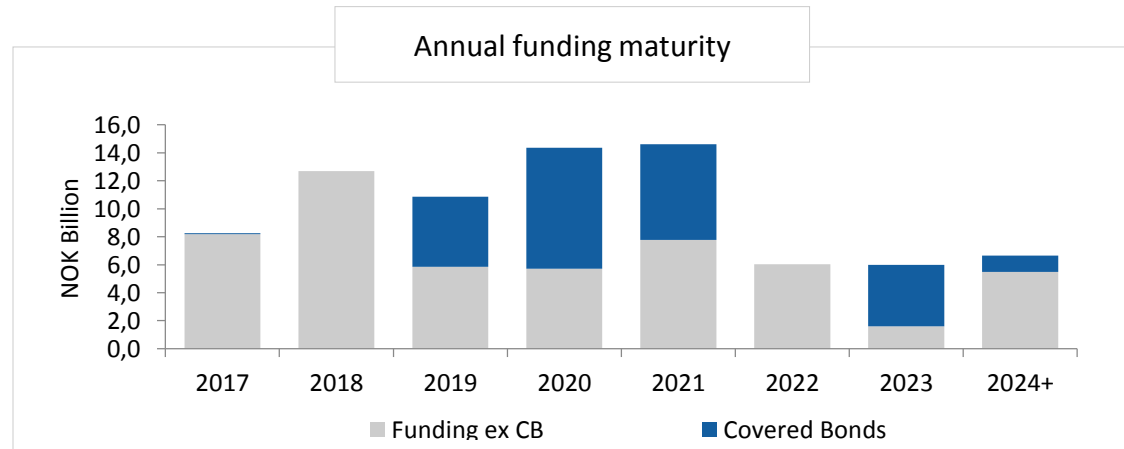
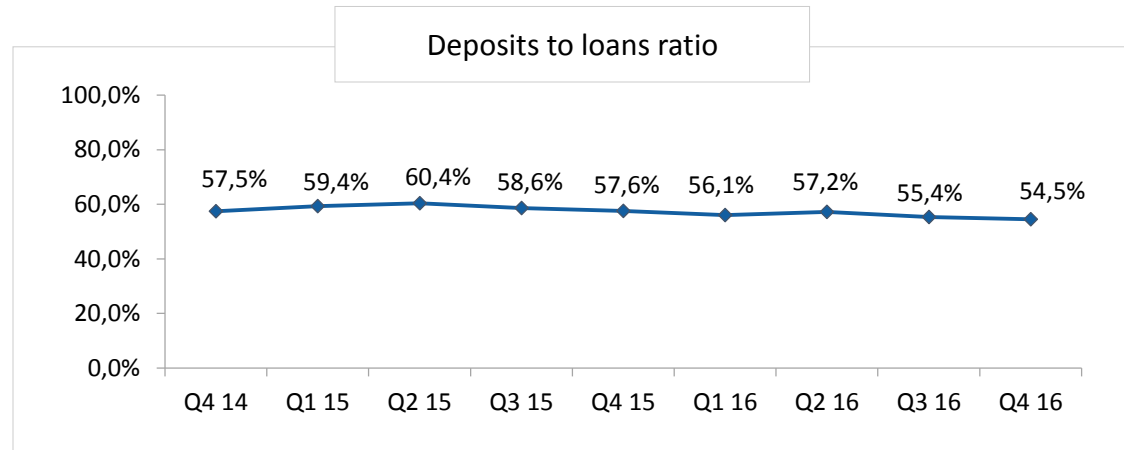
Non-performing and doubtful commitments in % of gross loans incl. from covered bond companies

# Impairment losses on loans and guarantees

	31.12	31.12	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15
<i>Losses on loans in income statement (MNOK)</i>	16	15					
Corporate customers	580	265	131	109	258	82	145
Retail customers	40	15	11	7	14	8	-4
Change in collective impairment losses on loans	158	140	20	45	33	60	51
Net impairment losses on loans	778	420	162	161	305	150	192
	31.12	31.12	31.12	30.09	30.06	31.03	31.12
<i>Impairment losses on loans (MNOK)</i>	16	15	16	16	16	16	15
Corporate customers	530	249	530	475	446	304	249
Retail customers	60	66	60	69	68	69	66
Collective impairment losses on loans	676	518	676	656	612	578	518
Total impairment losses on loans	1.266	833	1.266	1200	1126	951	833

# 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.*
  - *5 outstanding euro covered bonds Level 1B through SR-Boligkreditt.*
- *Funding indicator 1\* is 113.9% on consolidated basis.*
- *Good liquidity*
  - *Net refinancing need over the next 12 months is NOK 7.4 billion.*
  - *Liquidity buffer is NOK 24.7 billion for normal operation in 25 months with closed markets. In addition to the liquidity buffer, NOK 14.8 billion of home mortgages are prepared for covered bond funding.*

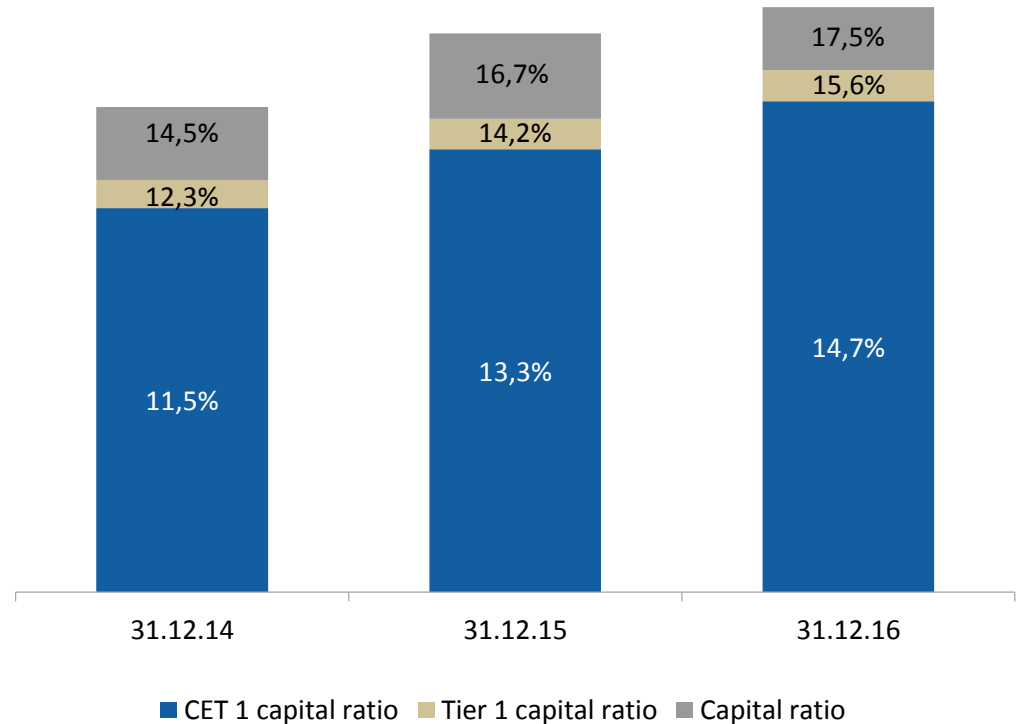


\*Funding indicator 1 is a ratio of illiquid assets financed by issued securities with a duration of more than 1 year.



# Stronger capital ratio

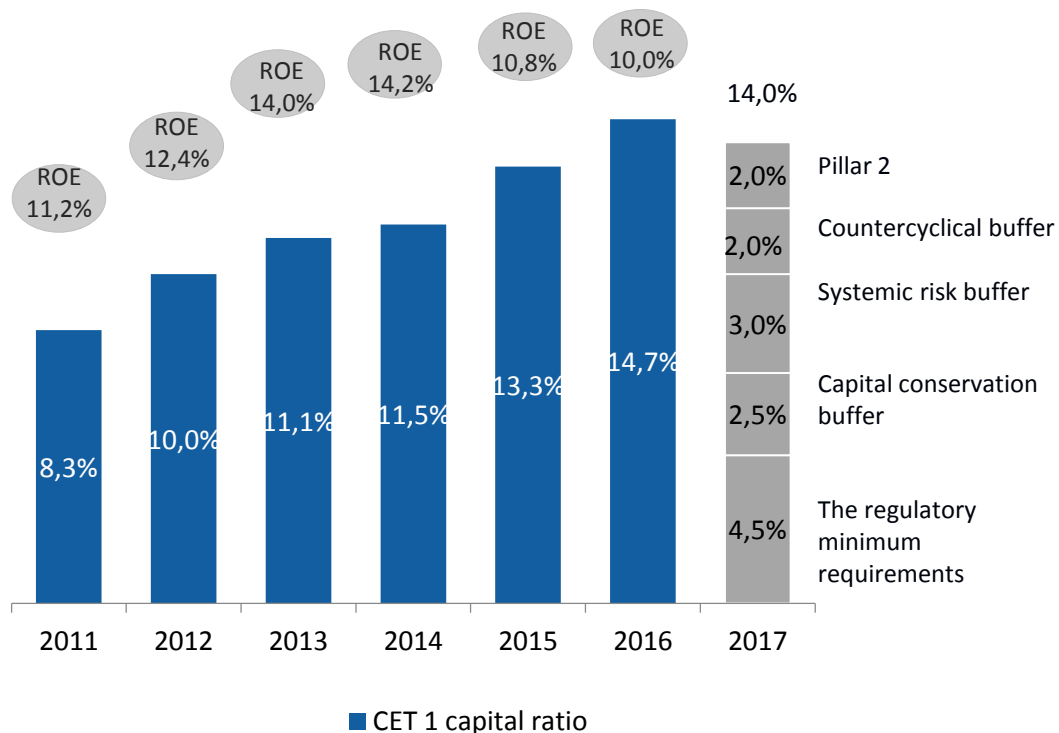
- *SpareBank 1 SR-Bank is compliant with capital requirements as at 31.12.2016.*
- *SpareBank 1 SR-Bank received IRB Advanced approval for the corporate market portfolio in 2015.*
- *The use of different risk weights in the Nordic countries makes comparisons of actual financial strength difficult.*
  - *The Basel I floor is also practised differently.*
- *Leverage ratio is 7.3% as at 31.12.2016.*  
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.*
- *Countercyclical buffer is 1.5% at the end of 2016, and will increase to 2% per 31. december 2017.*
- *The Pillar 2 requirement for SpareBank 1 SR-Bank is 2%.*
- *SpareBank 1 SR-Bank is not defined as a systemically important financial institution (SIFI).*
- *To meet future regulatory requirements for solvency, the target CET 1 level is 15.0% in 2017. The target expected to be reached through good profitability and retained earnings.*



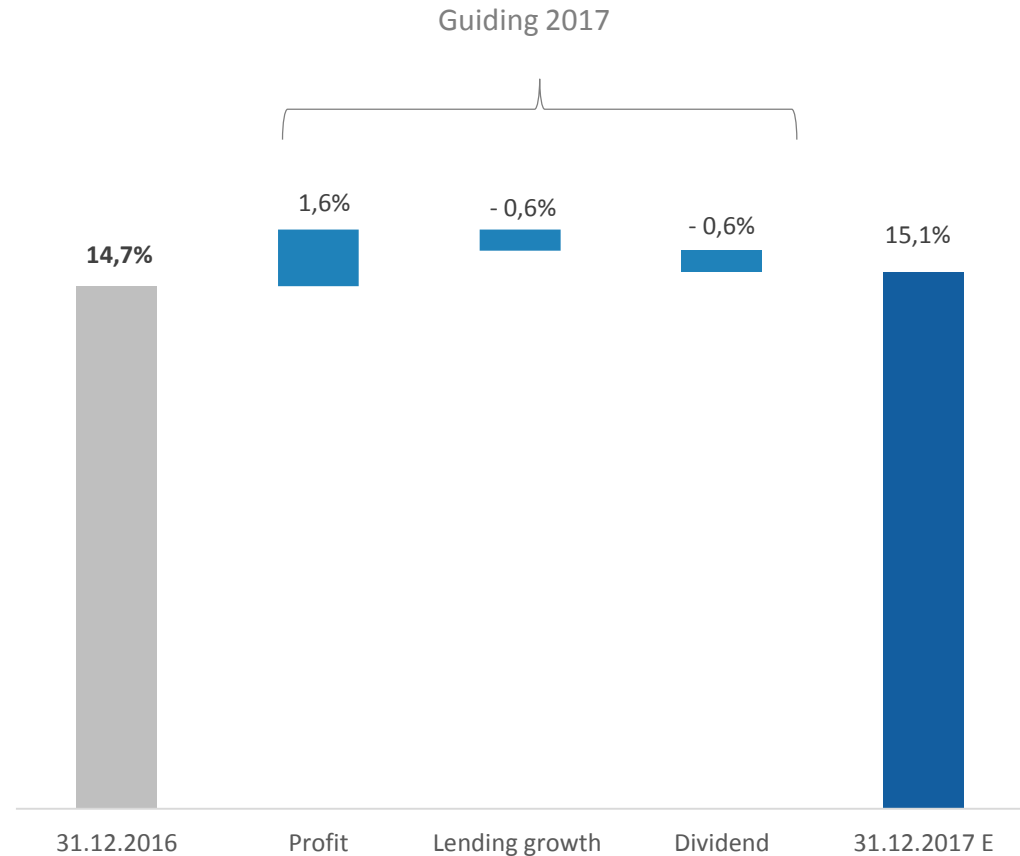
# Increasing CET 1 – well prepared to meet capital requirements

## **Stronger common equity tier 1 in 2016**

- Good profitability
- Low growth
- Capital efficiency
- Moderate dividend

## **Guiding 2017**

- Good profitability: Expectation 10% return on equity
- Lending growth between 3% and 4%
- Good dividend capacity, >35% in 2017



# Outlook

---

- Major infrastructure projects helps to ensure good conditions for the region's business and population growth, with moderate unemployment.
- Expectations concerning future market performance improved somewhat in the last year, but some uncertainty still exists about the group's market area.
- From record high levels, oil investments are reduced with approximately 16% in 2016, and continue decreasing with approximately 10% in 2017.
- Uncertainty about economic developments may dampen demand for loans, while low interest rates work in the opposite direction. We expect stable 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 to make loan loss provisions at NOK 600 – 800 million in 2017.
- Solid earnings from a robust business model and capital efficiency indicates SpareBank 1 SR-Bank well positioned to build up the necessary capital going forward, while ensuring continued competitiveness and normalized dividend from 2018.
- An offensive approach for the future including investing in new technology and focus on accounting services and consulting.

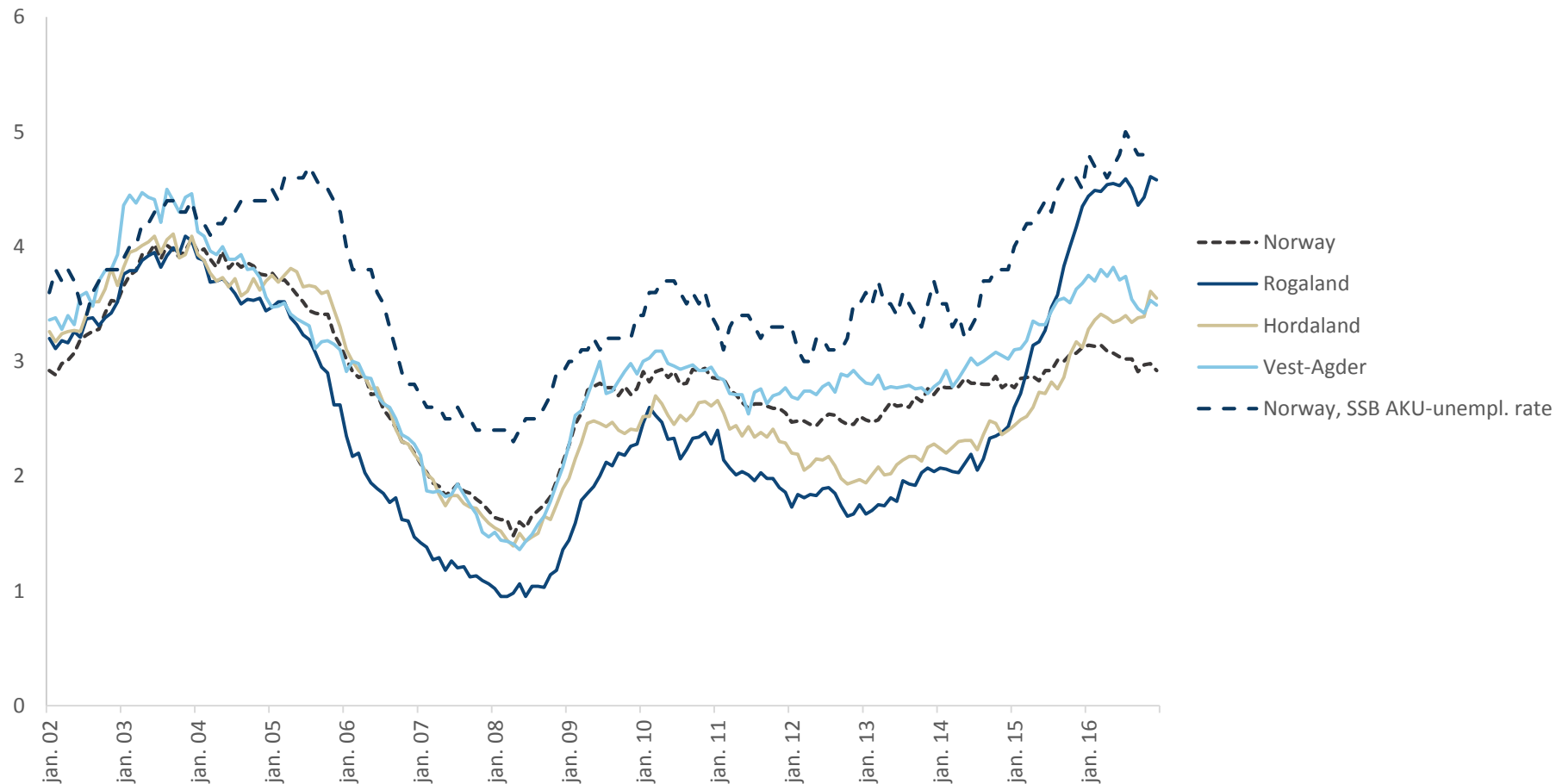
”

# APPENDIX

# The unemployment rate is stabilizing

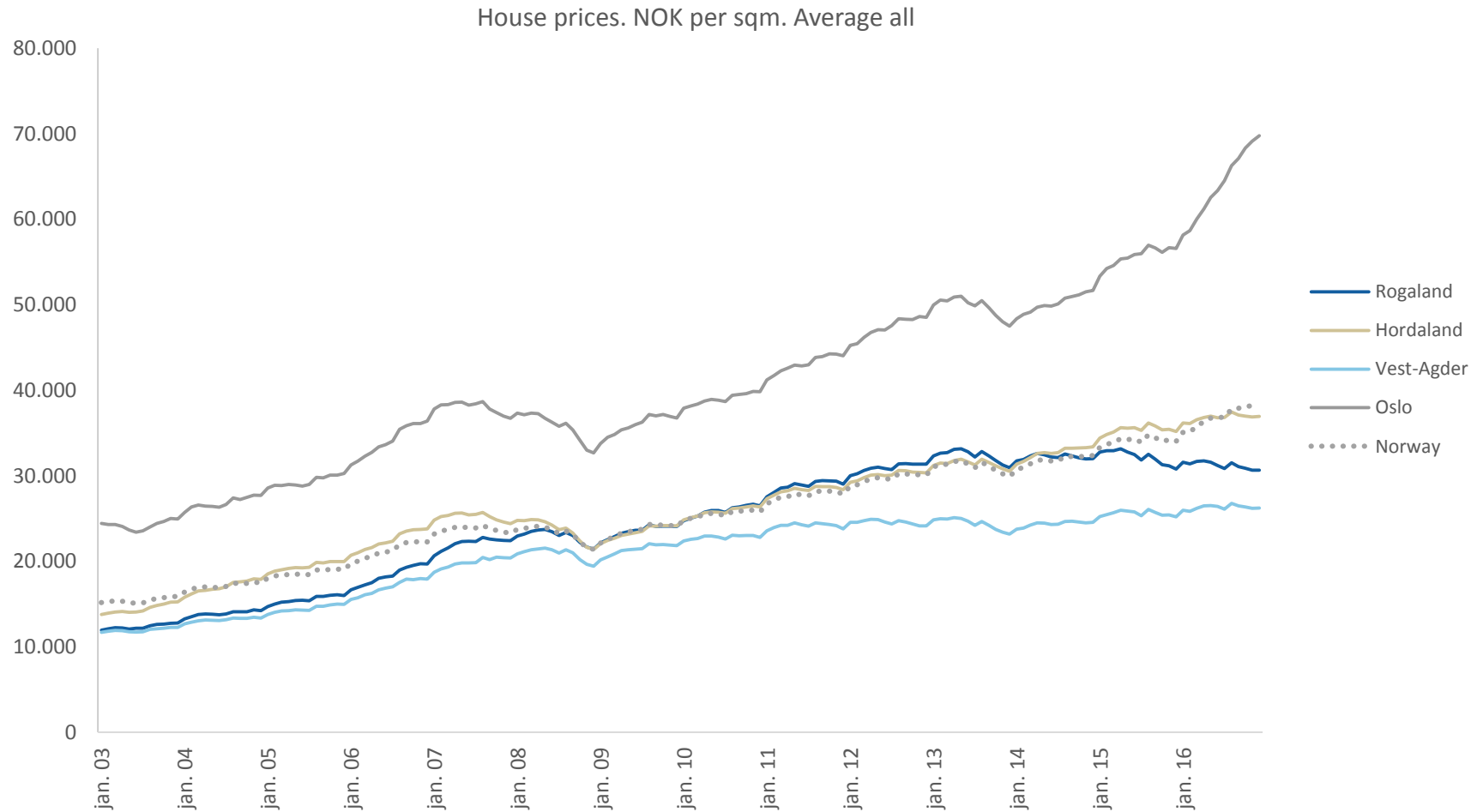
## Rogaland still somewhat above the national average

Norwegian unemployment rate, %, registered (NAV), seasonal adj.



Source: NAV and SSB

# House prices increasing in Norway. Flattening out in Rogaland



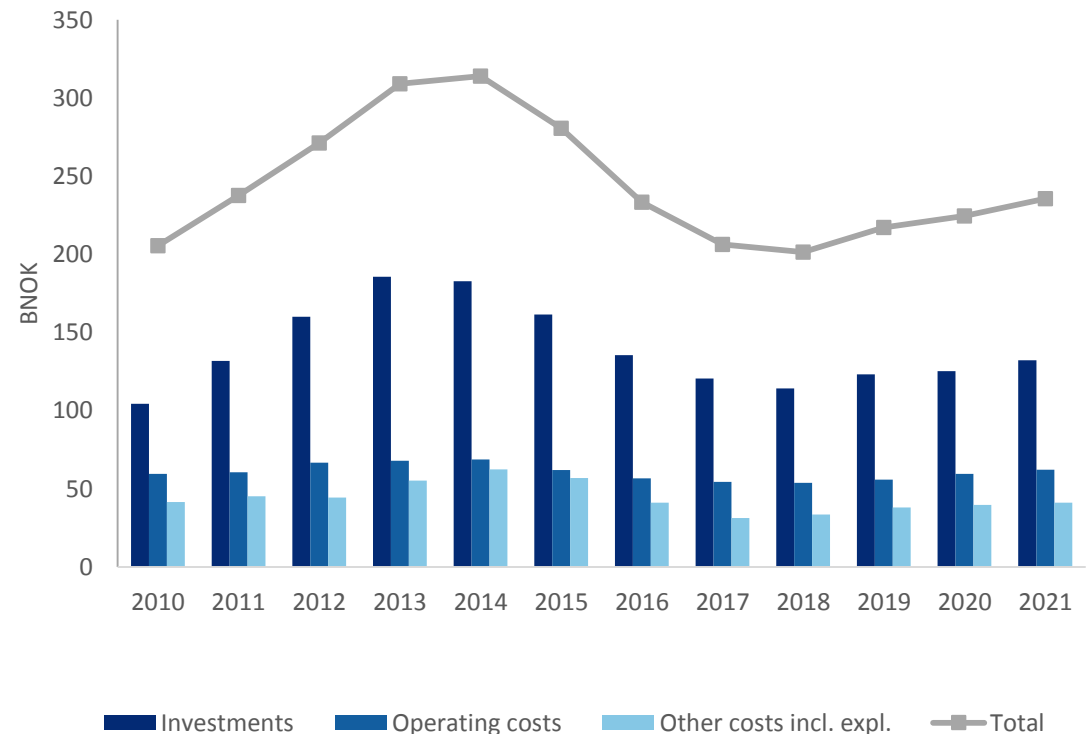
Source: Finn.no, Eiendom Norge and Eiendomsverdi

# The decline in oil industry abates

Marked downturn in 2015 and 2016, expected to flatten in 2017

- *Petroleum activity fell in 2015 and 2016 after reaching record levels in 2014. Total activity has fallen by close to 30% from 2014 to 2016. Investments have fallen most.*
- *The Petroleum Directorate expects decrease of close to 10% in 2017 and thereafter more stable and a slight upturn*
- *Operational expenditures, which are important for the region, are more stable than activity related to investments and exploration*

Petroleum activity on Norwegian Continental Shelf. BNOK (2016 NOK)

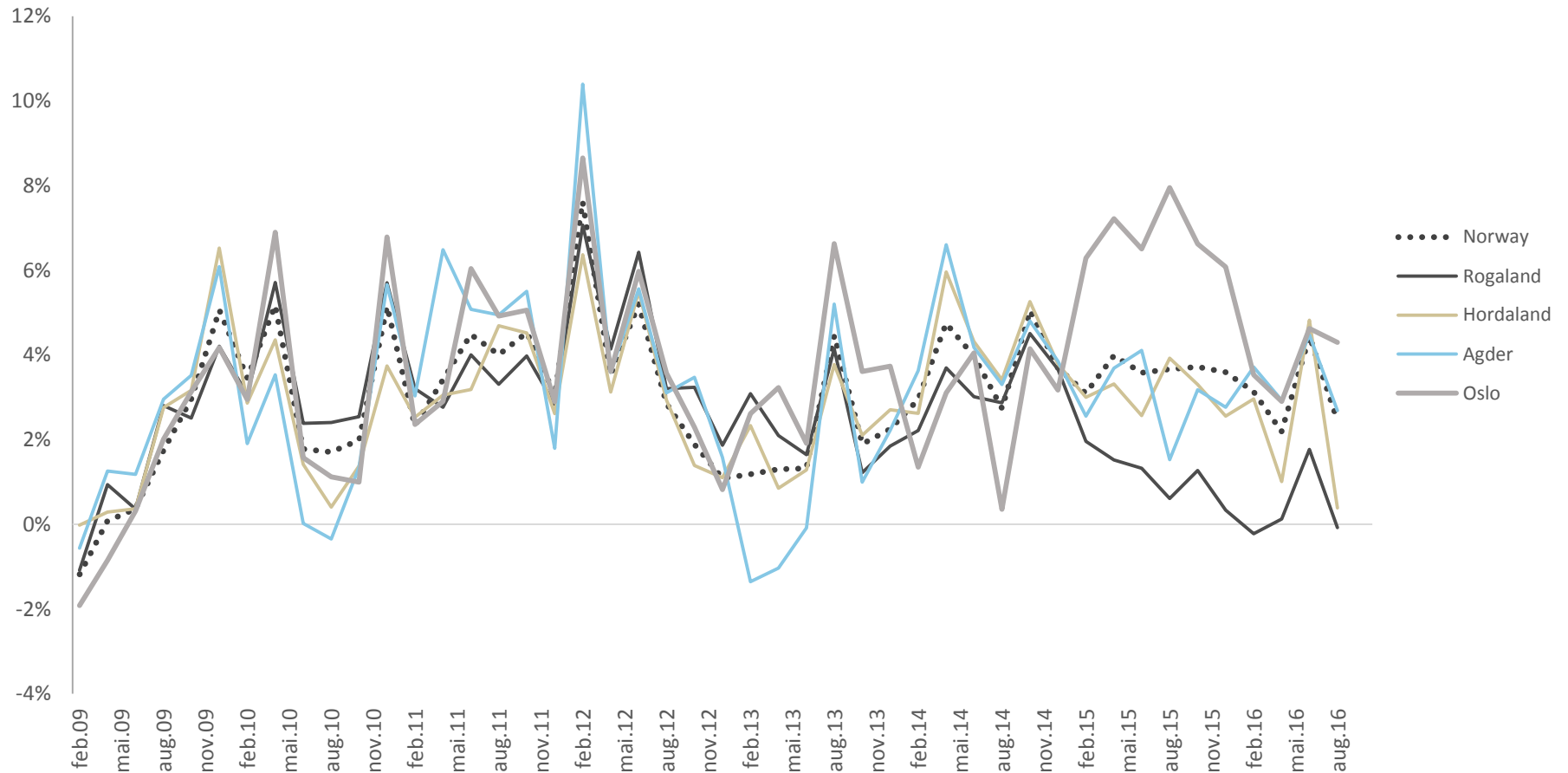




# Retail trade increasing in Norway

## Retail trade in Rogaland approx the same as last year

Retail sales (excl. auto), annual change from same 2-month period previous year



Kilde: Statistics Norway (SSB)

# 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

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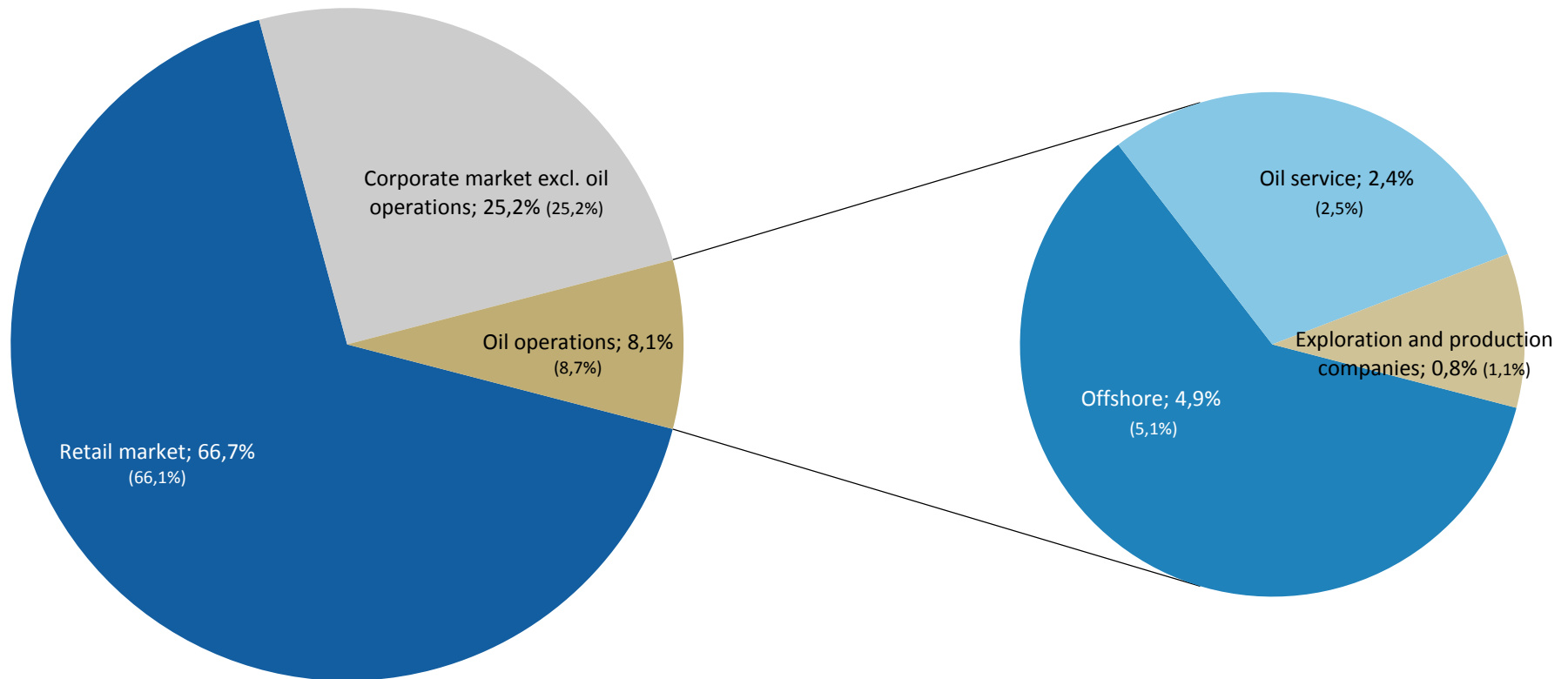
- The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk
  - SpareBank 1 SR-Bank therefore invests significant resources in developing risk management systems, processes and expertise that are in line with leading international practice
- The bank's primary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

## 8.1% (8.7%) of total EAD is related to oil operations

SpareBank 1 SR-Bank\* has total BNOK 200.1 (202.5) EAD per 31.12.2016

BNOK 16.2 (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 4.8 billion

(NOK 5.0 billion as at 31.12.2015)

## Exploration and concept studies

- EAD NOK 0.5 billion
- Average weighted probability of default 1.5%

## Field development and start-up drilling

- EAD NOK 0.9 billion
- Average weighted probability of default 1.9%

## Operational fields and operational drilling

- EAD NOK 2.5 billion
- Average weighted probability of default 2.3%

## On shore facilities

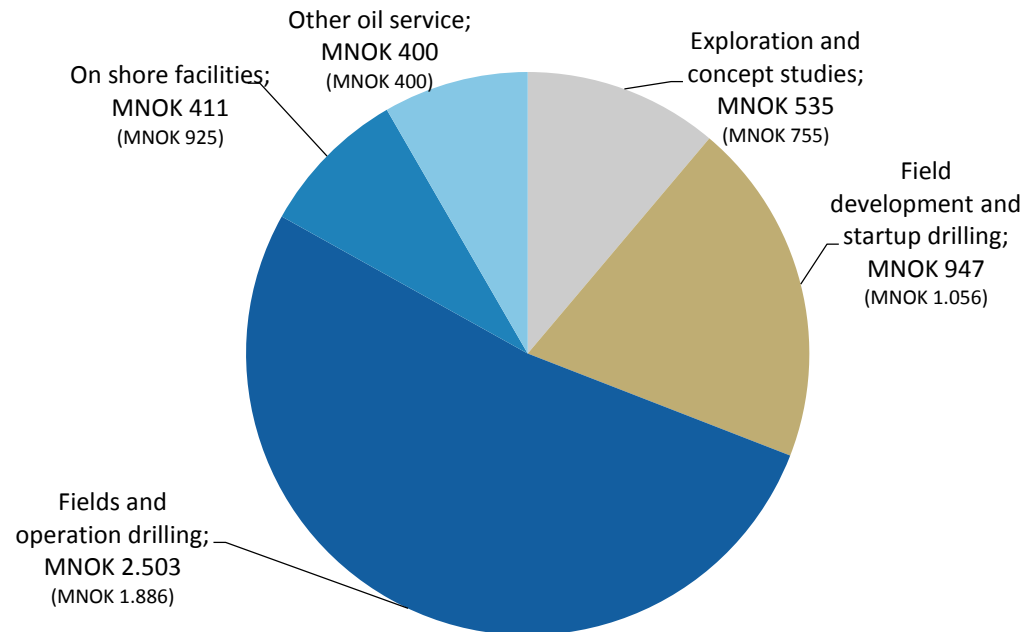
- EAD NOK 0.4 billion
- Average weighted probability of default 3.5%

## Other oil services

- EAD NOK 0.4 billion

## Oil services

- EAD NOK 4.8 billion, 2.4% of the bank's total EAD
- Average weighted probability of default for the oil services portfolio is 2.2%
- 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 1.6 billion

(NOK 2.2 billion as at 31.12.2015)

## Exploration financing

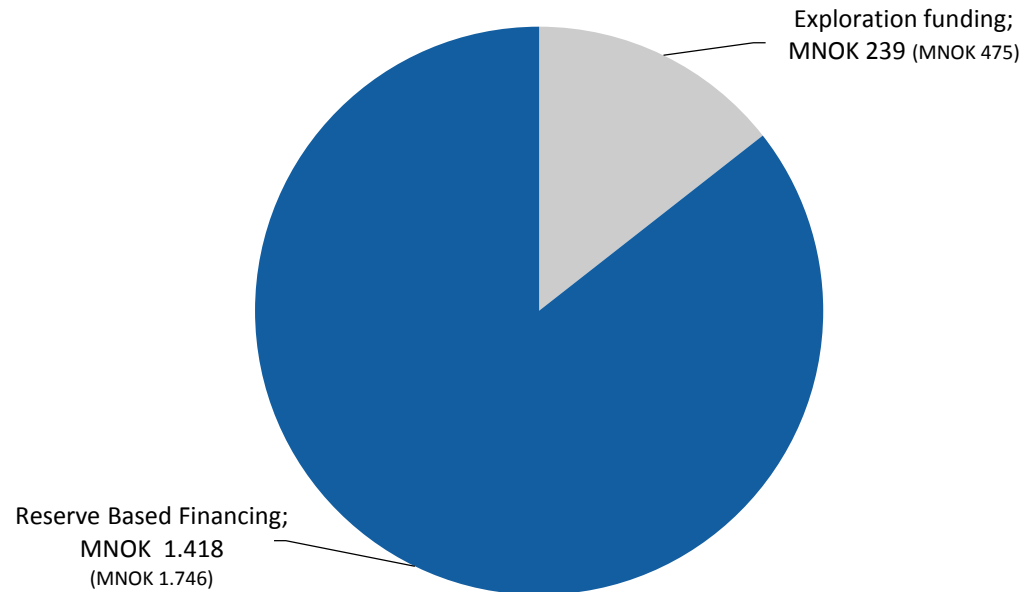
- EAD NOK 0,2 billion
- Average weighted probability of default 0.8%
- Secured by a tax refund from the Norwegian State. No direct oil price risk

## Reserve based lending (RBL)

- EAD NOK 1.4 billion
- Average weighted probability of default 3.3%
- 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 1.6 billion, 0.8% of the bank's total EAD
- Average weighted probability of default for the oil and gas portfolio is 2.9%
- 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 9.8 billion (NOK 10.4 billion as at 31.12.2015)

## Offshore Service Vessels

- EAD NOK 6.9 billion, average weighted probability of default is 2.0%, weighted average age is 8.8 years, average weighted contract coverage for 2017 and 2018 of 53% and 31% respectively, average weighted LTV 84%, 98 vessels

## Rigs

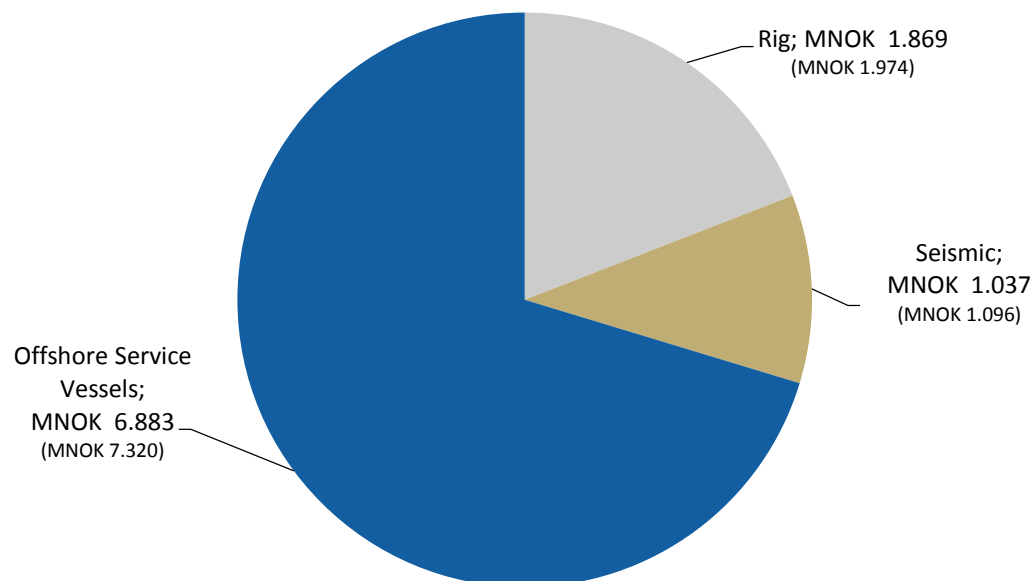
- EAD NOK 1.9 billion, average weighted probability of default is 1.7%, weighted average age is 9.7 years, average weighted contract coverage for 2017 and 2018 of 60% and 40% respectively, average weighted LTV 81%, 17 rigs

## Seismic vessels

- EAD NOK 1.0 billion, average weighted probability of default is 1.4%, weighted average age is 13.3 years, average weighted contract coverage for 2017 and 2018 of 68% and 60% respectively, average weighted LTV 112%, 7 vessels
- Applies to ship financing, not seismic equipment

## Offshore

- EAD NOK 9.8 billion, 4.9% of the bank's total EAD
- Average weighted probability of default for the offshore portfolio is 1.9%
- Exposure primarily to industrial-oriented shipping companies with strong ownership and integrated organisation



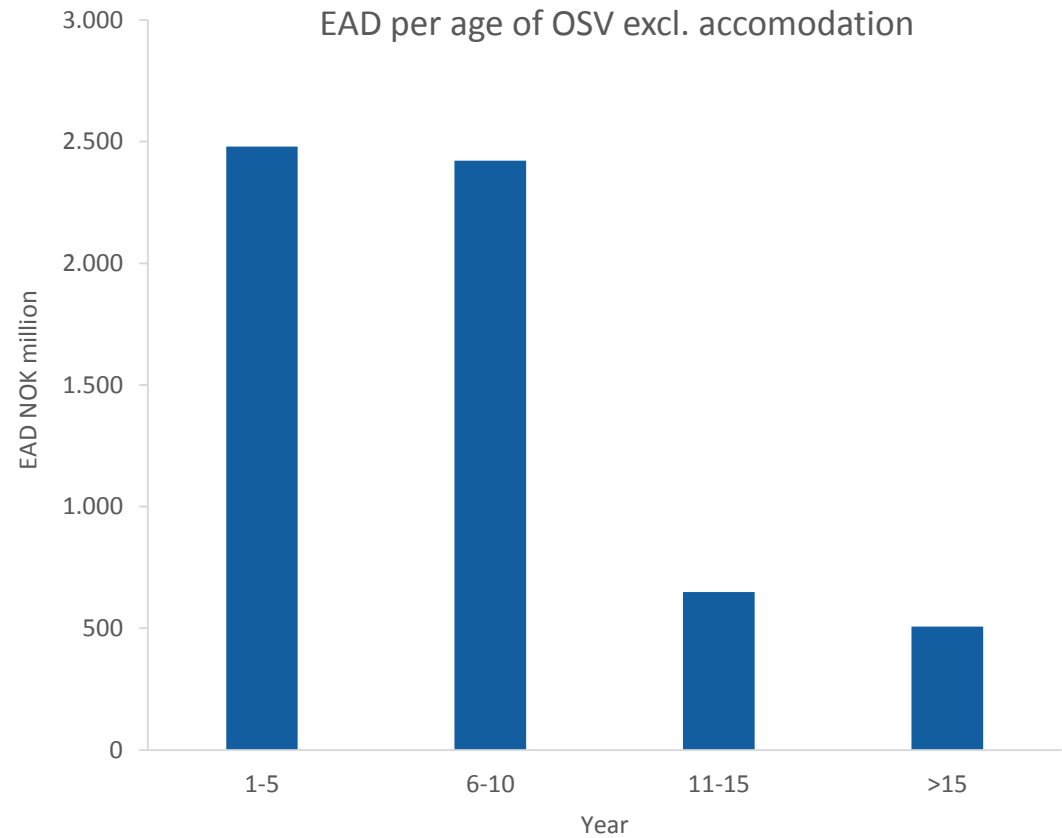
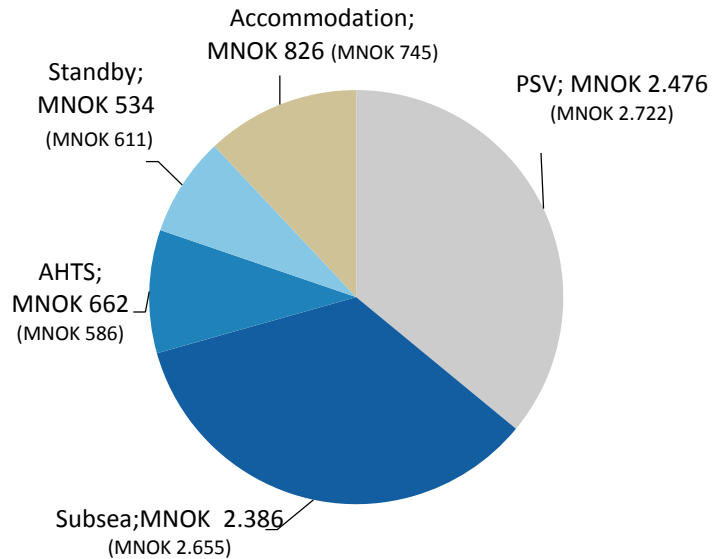
EAD: Exposure at default  
 Figures in parentheses as at 31.12.2015.  
 LTV: Loan to Value. Value estimates per 30.06.2016

# Offshore Service Vessels - total NOK 6.9 billion

(NOK 7.3 billion as at 31.12.2015)

## Offshore Service Vessels

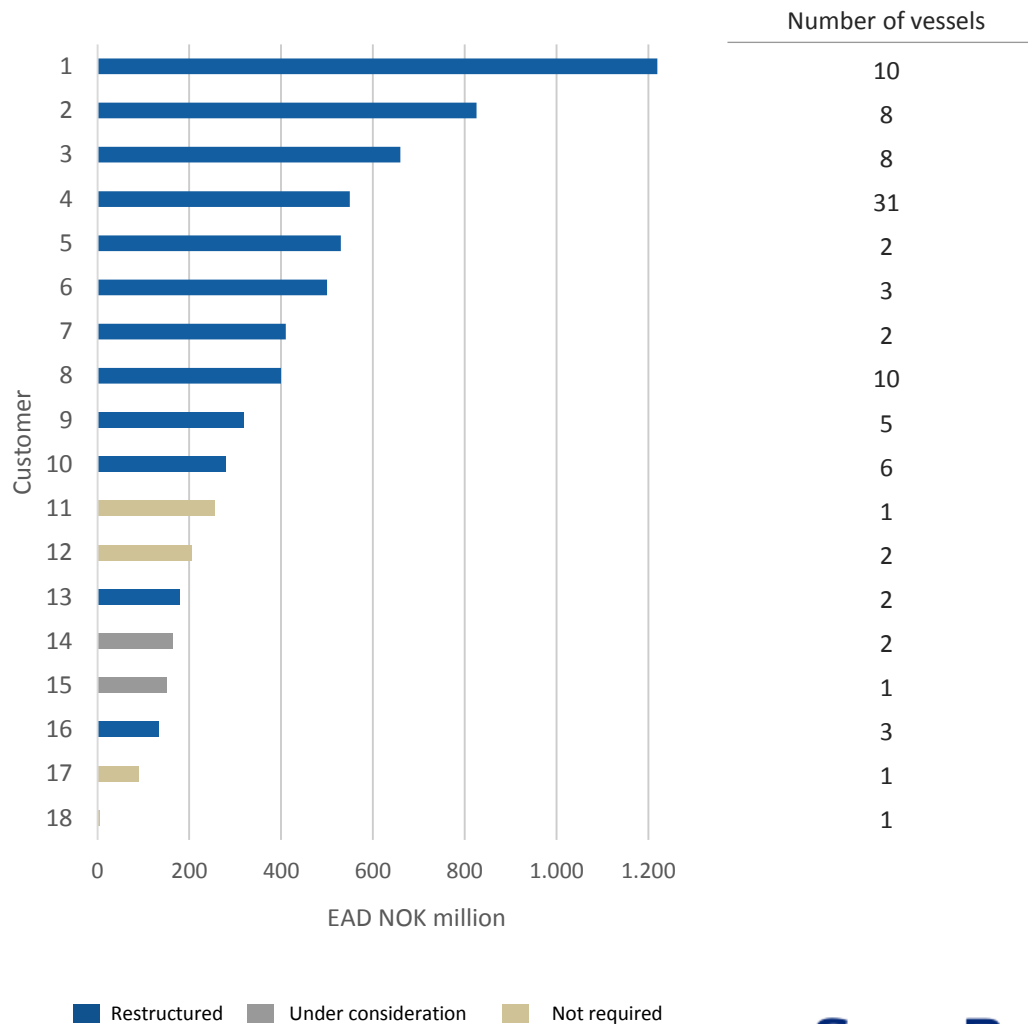
- Most customers with long history as a borrower in SpareBank 1 SR-Bank
- Most of the companies are listed on stock exchange or family owned
- A major part is industrially focused companies, only a small number of financially oriented owners



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 850 million or lower
- Total EAD for the portfolio is NOK 6.9 billion of which;
  - NOK 6.0 billion consists of 12 restructured commitments
  - NOK 0.3 billion consists of 2 commitments under consideration
  - NOK 0.6 billion consists of 4 commitments where it is not required
- Financing of 98 vessels, all with 1. priority pledge

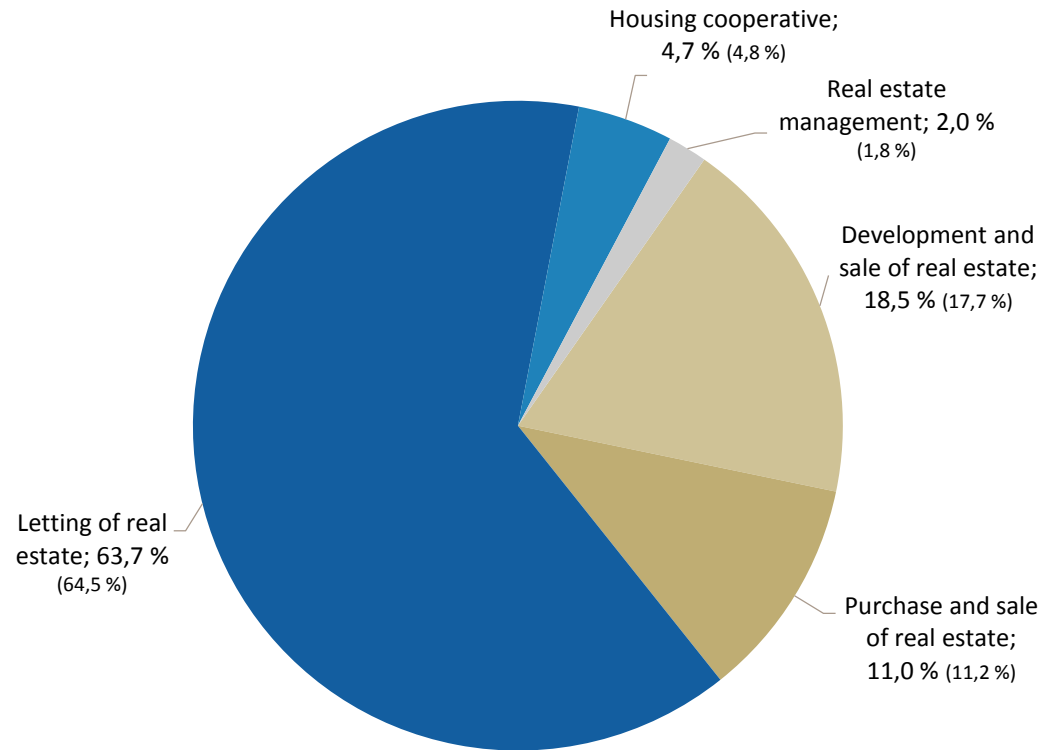




# Lending to commercial property

## Lending to commercial property

- NOK 27.3 billion, 15.0% 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 31.12.2015.

# SRBANK's activities



## Divisions of SpareBank 1 SR-Bank ASA

### Capital Markets

Number of man-years : 28

### Retail Market

Number of man-years : 469

### Corporate Market

Number of man-years : 150

### Administration & Support

Number of man-years : 210

## Fully owned companies



Number of man-years : 192

Key areas:

- Leading real estate broker



Number of man-years : 12

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**  
(13,9%)

Covered bond company (mortgages)

**SpareBank 1 Næringskreditt AS**  
(21,9%)

Covered bond company (commercial real estate)

**SpareBank 1 Kredittkort**  
(17,9%)

Credit card company located in Trondheim

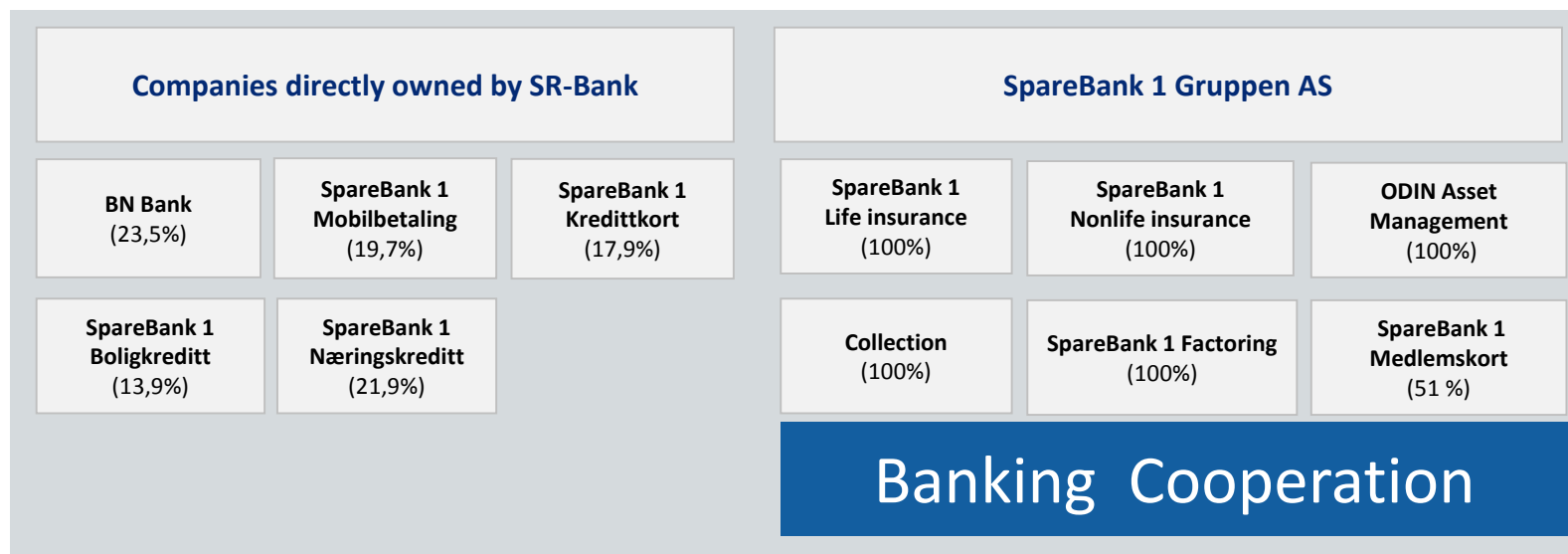
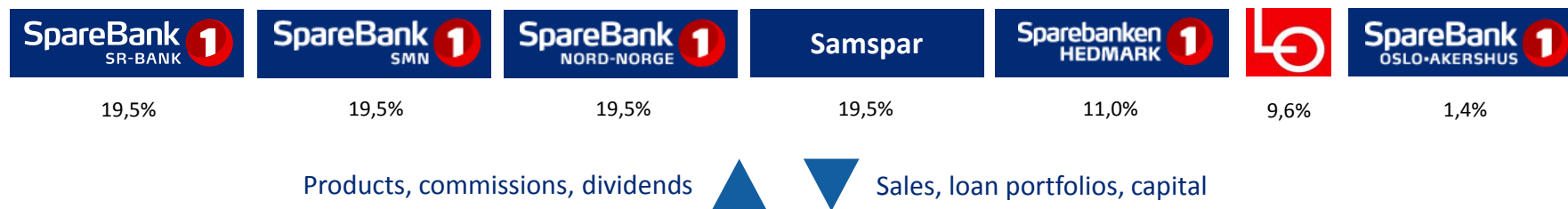
**SpareBank 1 Mobilbetaling**  
(19,7%)

The company behind mCASH (mobilepay)

# 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

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## 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 2017. 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

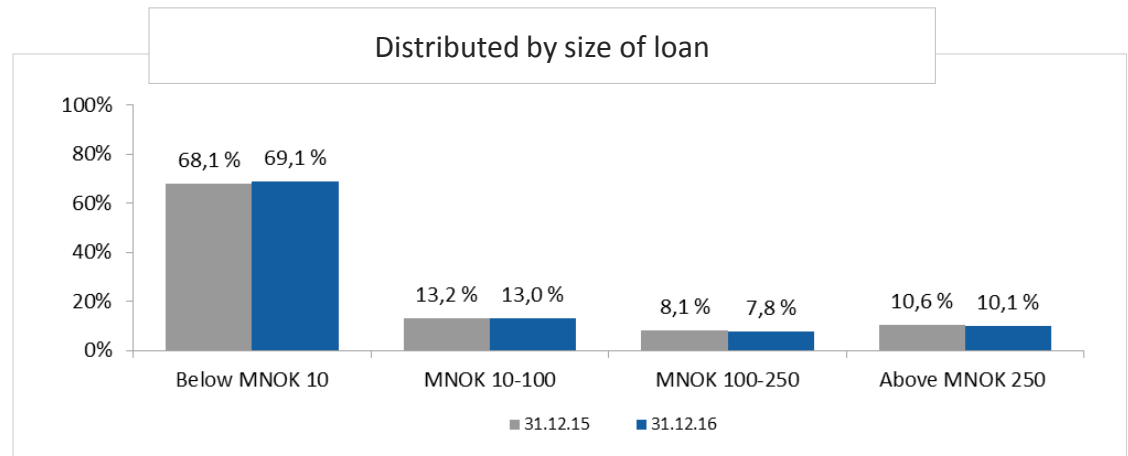
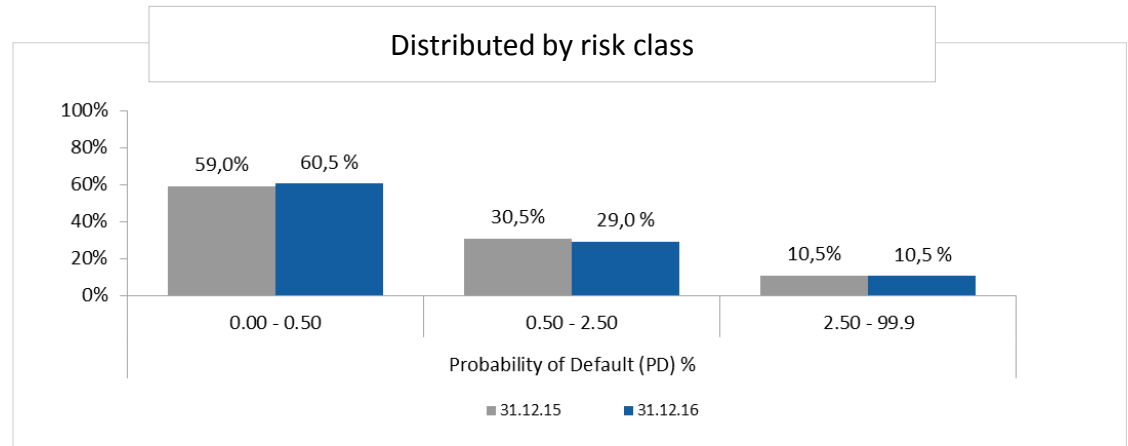
<i>Balance sheet (MNOK)</i>	31.12.2016	31.12.2015
Cash and balances with central banks	1.079	931
Balances with credit institutions	4.334	2.984
<b>Net loans to customers</b>	<b>156.372</b>	<b>154.357</b>
Certificates, bonds and other fixed-income securities	21.024	19.533
Financial derivatives	4.315	6.135
Shares, ownership stakes and other securities	596	441
Business available for sale	22	168
Investment in associates	4.460	4.792
Other	1.206	2.708
<b>Total assets</b>	<b>193.408</b>	<b>192.049</b>
Balances with credit institutions	2.674	4.343
Deposits from customers	85.914	89.444
Listed debt securities	79.183	71.979
Financial derivatives	2.515	3.739
Other liabilities	2.188	2.171
Additional Tier 1 and Tier 2 capital instruments	2.646	3.459
<b>Total liabilities</b>	<b>175.120</b>	<b>175.135</b>
<b>Total equity</b>	<b>18.288</b>	<b>16.914</b>
<b>Total liabilities and equity</b>	<b>193.408</b>	<b>192.049</b>

# Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a solid loan portfolio.
- 60.5% of the bank's loan exposure has a PD\* below 0.5%.
- Single loan exposures less than NOK 10 million aggregates 69.1% of total loan portfolio.
- Single loan exposures above NOK 250 million is slightly decreasing and aggregates 10.1% of total loan portfolio.

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

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

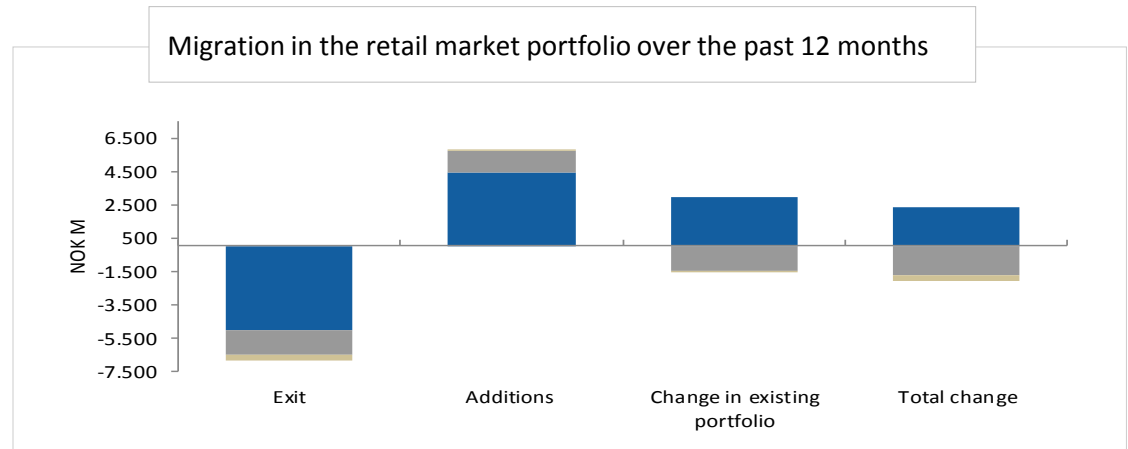
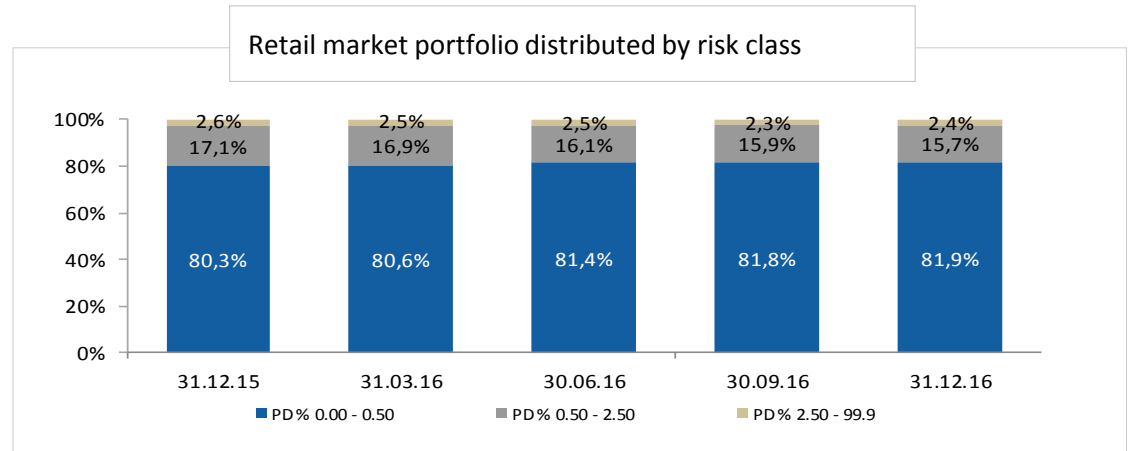


# Risk profile – Lending to the retail market

- *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 81.9% 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.*

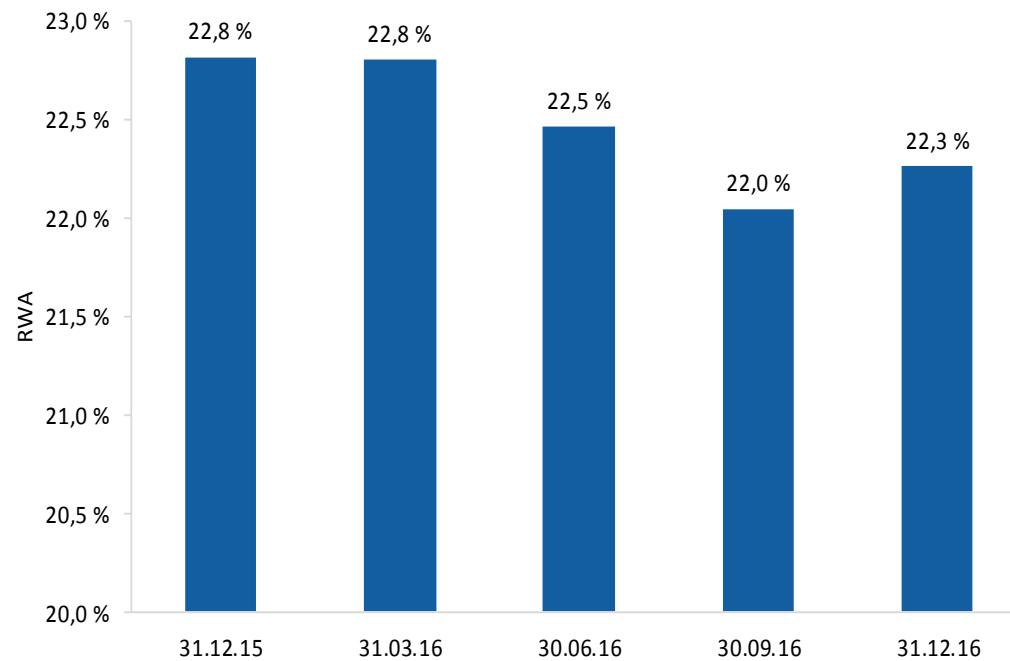
\*Probability of default (PD) through a full cycle of loss.

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



# RWA home mortgages

- *RWA on home mortgages reflects a solid and stable portfolio.*



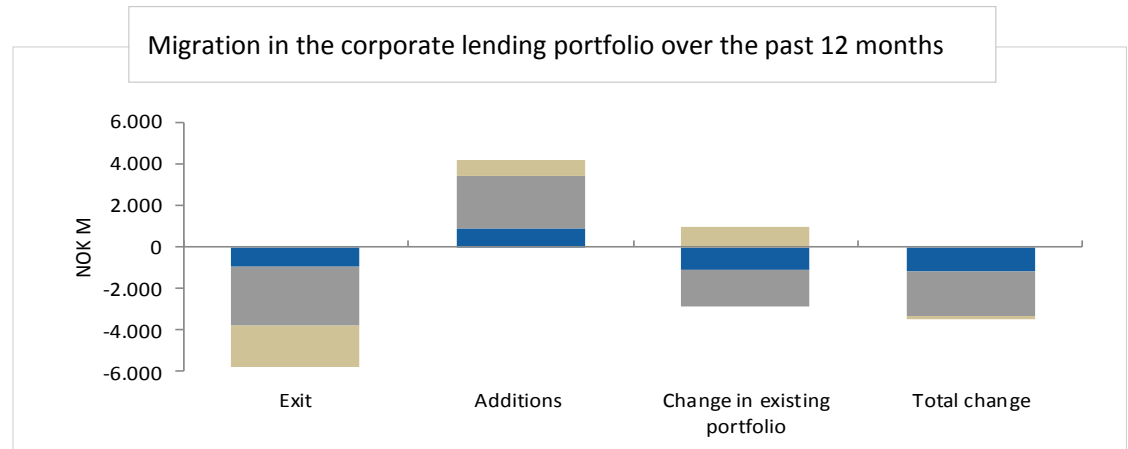
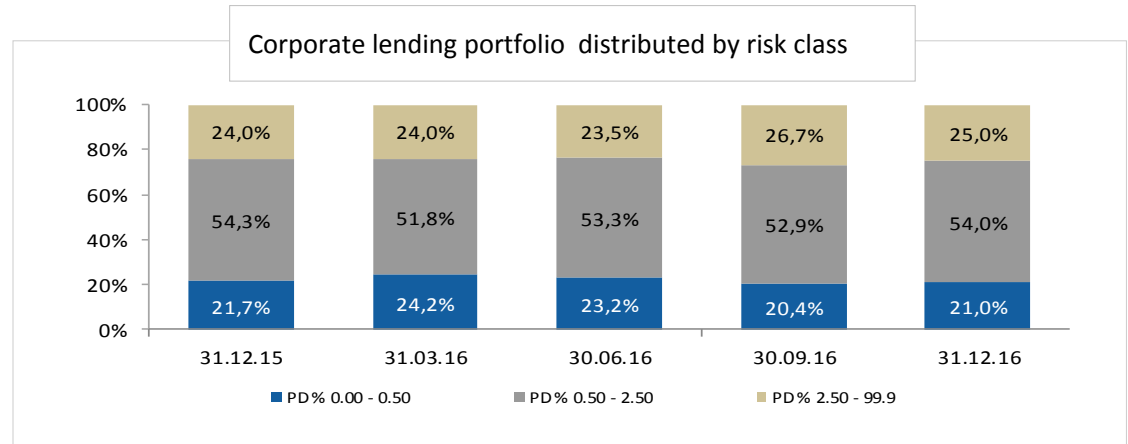
*Home mortgages as defined in the Norwegian IRB framework; residential property must make up at least 30 % of a loan's security.*

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



# Risk profile - Corporate lending

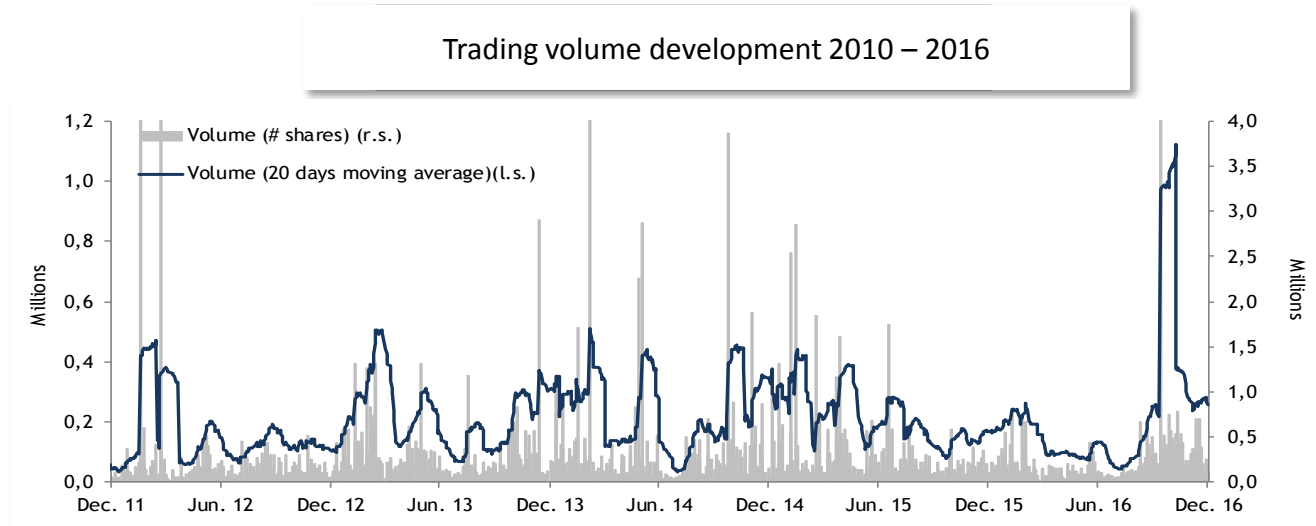
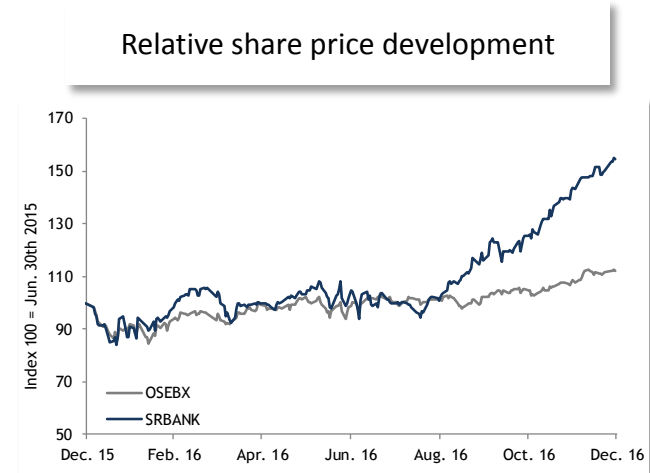
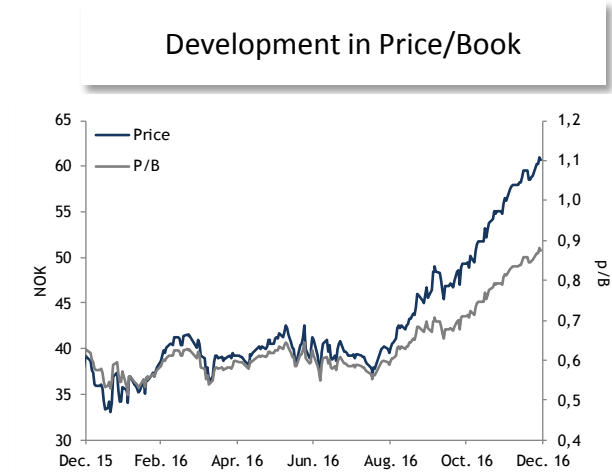
- *The quality of the corporate market portfolio is good. There is a clearly defined framework that sets limits on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.*
- *The share of customers with PD\* below 0.5% is at 21.0 %.*
- *Despite the regional economic downturn, the quality of the corporate market portfolio is maintained over the past 12 months.*



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

# SRBANK

- *International ownership is 19.1% per 4. quarter 2016.*
- *Total market value at 4. quarter 2016 is NOK 15,5 billion.*



# 20 largest shareholders as at December 2016

- *Ownership interests:*
  - *From Rogaland, Agder-counties and Hordaland: 49.9%*
  - *International: 19.1%*
  - *10 largest: 49.2%*
  - *20 largest: 56.9%*
- *Number of shareholders: 10 428 (10 153)*
- *Employees owning: 1,8%*

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Gjensidige Forsikring ASA		12.308.416	4,8%
State Street Bank and Trust Co, U.S.A.	Nominee	7.561.759	3,0%
Vpf Nordea Norge Verdi		7.454.497	2,9%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Wimoh Invest AS		5.761.169	2,3%
Odin Norge		4.384.644	1,7%
Danske Invest Norske Instit. II		3.646.410	1,4%
Pareto Aksje Norge		3.065.035	1,2%
Verdipapirfondet DNB Norge (IV)		2.963.871	1,2%
State Street Bank and Trust Co, U.S.A.	Nominee	2.851.948	1,1%
Clipper AS		2.565.000	1,0%
State Street Bank and Trust Co, U.S.A.	Nominee	2.247.876	0,9%
Verdipapirfondet Alfred Berg Gambak		1.833.914	0,7%
KAS Bank NV, Nederland	Nominee	1.804.586	0,7%
Danske Invest Norske Aksjer Inst.		1.770.594	0,7%
Folketrygdfondet		1.688.000	0,7%
JPMorgan Chase Bank, U.S.A.	Nominee	1.671.233	0,7%
Vpf Nordea Avkastning		1.664.410	0,7%
Westco		1.658.537	0,6%
<hr/>			
Top 5		105.970.560	41,4%
Top 10		125.791.689	49,2%
Top 20		145.547.787	56,9%

# 20 largest shareholders as at 24 January 2017

- *Overview as at 24 January 2017 after Gjensidige Forsikring AS has divested shares.*

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
State Street Bank and Trust Co, U.S.A.	Nominee	7.582.448	3,0%
Vpf Nordea Norge Verdi		7.000.623	2,7%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Wimoh Invest AS		5.761.169	2,3%
Verdipapirfondet DNB Norge (IV)		4.725.767	1,8%
Odin Norge		4.270.982	1,7%
Danske Invest Norske Instit. II		3.646.410	1,4%
Pareto Aksje Norge		3.050.908	1,2%
State Street Bank and Trust Co, U.S.A.	Nominee	2.881.272	1,1%
Folketrygdfondet		2.838.000	1,1%
Clipper AS		2.565.000	1,0%
Gjensidige Forsikring ASA		2.308.416	0,9%
State Street Bank and Trust Co, U.S.A.	Nominee	2.247.307	0,9%
Verdipapirfondet Alfred Berg Gambak		1.833.914	0,7%
KAS Bank NV, Nederland	Nominee	1.804.586	0,7%
Swedbank Generator		1.761.000	0,7%
Danske Invest Norske Aksjer Inst.		1.746.094	0,7%
State Street Bank and Trust Co, U.S.A.	Nominee	1.704.380	0,7%
JPMorgan Chase Bank, U.S.A.	Nominee	1.671.233	0,7%
Top 5		98.990.128	38,7%
Top 10		117.565.467	46,0%
Top 20		138.045.397	54,0%

# SRBANK as at December 2016

- *Trading volume in Q4 2016: 12.9% (3.4%)*

	<b>31.12.16</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Share price	60,75	39,30	52,50	60,25	37,20	40,70
Stock value (MNOK)	15.537	10.051	13.427	15.409	9.514	5.182
Book value per share, NOK (group)	71,54	66,14	60,28	55,00	49,48	48,75
Earnings per share	6,87	6,83	8,20	7,28	5,33	5,42
Dividend per share	2,25	1,50	2,00	1,60	1,50	1,50
P/E	8,84	5,75	6,40	8,28	6,99	7,51
P/BV (group)	0,85	0,59	0,87	1,10	0,75	0,83

# Contact Details

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