

Chief Executive, CEO

Arne Austreid

For further information, please contact

Inge Reinertsen, Chief Financial Officer	inge.reinertsen@sr-bank.no	+47 909 95 033
Stian Helgøy, VP Investor Relations	stian.helgoy@sr-bank.no	+47 906 52 173

Address

SpareBank 1 SR-Bank, Postboks 250, 4066 Stavanger
Visiting address: Bjergsted Terrasse 1, 4001 Stavanger

SpareBank 1 SR-Bank Switchboard: +47 915 02002

Information on the Internet

SpareBank 1 SR-Bank's homepage www.sr-bank.no

Financial Calendar

Second quarter 2017	9 August
Third quarter 2017	27 October

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1. SpareBank 1 SR-Bank ASA

1.1 Financial highlights

Q2 2017

- Pre-tax profit: NOK 648 million (NOK 486 million)
- Profit after tax: NOK 514 million (NOK 406 million)
- Return on equity after tax: 11.0% (9.4%)
- Earnings per share: NOK 2.01 (NOK 1.59)
- Net interest income: NOK 784 million (NOK 711 million)
- Net commission and other income: NOK 400 million (NOK 389 million)
- Net income on investment securities: NOK 143 million (NOK 205 million)
- Operating expenses: NOK 548 million (NOK 514 million)
- Impairment losses on loans and guarantees: NOK 131 million (NOK 305 million)
(Q2 2016 in parentheses)

1st half 2017

- Pre-tax profit: NOK 1,160 million (NOK 973 million)
 - Profit after tax: NOK 917 million (NOK 792 million)
 - Return on equity after tax: 9.9 % (9.3 %)
 - Earnings per share: NOK 3.59 (NOK 3.10)
 - Net interest income: NOK 1,523 million (NOK 1,409 million)
 - Net commission and other income: NOK 771 million (NOK 741 million)
 - Net income from financial investments: NOK 232 million (NOK 284 million)
 - Operating expenses: NOK 1,067 million (NOK 1,006 million)
 - Normalised costs growth* of 0.9% (-0.5%)
 - Impairment losses on loans and guarantees: NOK 299 million (NOK 455 million)
 - Total lending growth over past 12 months: 0.5% (1.1%)
 - Growth in deposits over past 12 months: 11.3% (-1.3%)
 - Tier 1 capital ratio: 15.7% (14.4%)
 - CET 1 capital ratio: 14.7% (13.5%)
 - CET 1 capital ratio is 14.9% per 30.06.2017 taking into account rebalancing of ownership in SpareBank 1 Boligkreditt.
- (1st half 2016 in parentheses)*

*Normalised costs growth does not include costs from EiendomsMegler 1 AS and Regnskapshuset SR AS. In addition financial tax, bonuses and restructuring costs are excluded from the calculation.

Income statement

Financial results

MNOK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Net interest income	784	739	733	729	711	1.523	1.409
Net commission and other income	400	371	355	347	389	771	741
Net return on investment securities	143	89	139	231	205	232	284
Total income	1.327	1.199	1.227	1.307	1.305	2.526	2.434
Total operating expenses	548	519	540	486	514	1.067	1.006
Operating profit before losses	779	680	687	821	791	1.459	1.428
Losses on loans and guarantees	131	168	162	161	305	299	455
Operating profit before tax	648	512	525	660	486	1.160	973
Tax expense	134	109	96	126	80	243	181
Profit after tax	514	403	429	534	406	917	792

Key figures

Key figures

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Return on equity ¹⁾	11,0 %	8,7 %	9,5 %	12,2 %	9,4 %	9,9 %	9,3 %
Cost ratio ²⁾	41,3 %	43,3 %	44,0 %	37,2 %	39,4 %	42,2 %	41,3 %
Deposit-to-loan ratio	60,5 %	58,3 %	54,5 %	55,4 %	57,2 %	60,5 %	57,2 %
Growth in loans	5,2 %	3,0 %	1,6 %	3,6 %	4,3 %	5,2 %	4,3 %
Growth in loans incl. covered bond companies	0,5 %	-0,4 %	-0,9 %	0,1 %	1,1 %	0,5 %	1,1 %
Growth in deposits	11,3 %	7,0 %	-3,9 %	-2,0 %	-1,3 %	11,3 %	-1,3 %
Average total assets, MNOK	207.389	195.967	194.963	195.489	192.792	201.892	193.372
Total assets, MNOK	212.879	200.182	193.408	193.219	196.763	212.879	196.763
Impairment losses ratio incl. loans from covered bond companies ³⁾	0,29	0,37	0,35	0,35	0,66	0,33	0,50
Capital ratio	17,9	17,5	17,5	17,1	16,8	17,9	16,8
Common Equity Tier 1 capital ratio	14,7	14,7	14,7	13,8	13,5	14,7	13,5
Share price	71,50	64,25	60,75	45,60	41,20	71,50	41,20
EPS (group)	2,01	1,58	1,68	2,09	1,59	3,59	3,10

¹⁾ Net profit as a percentage of average equity.

²⁾ Total operating expenses as a percentage of total operating income

³⁾ Net losses expressed as a percentage of average gross lending year to date, annualized

1.2 Business description: leading financial institution in Rogaland, Hordaland and Agder

The leading financial group in the southwest of Norway

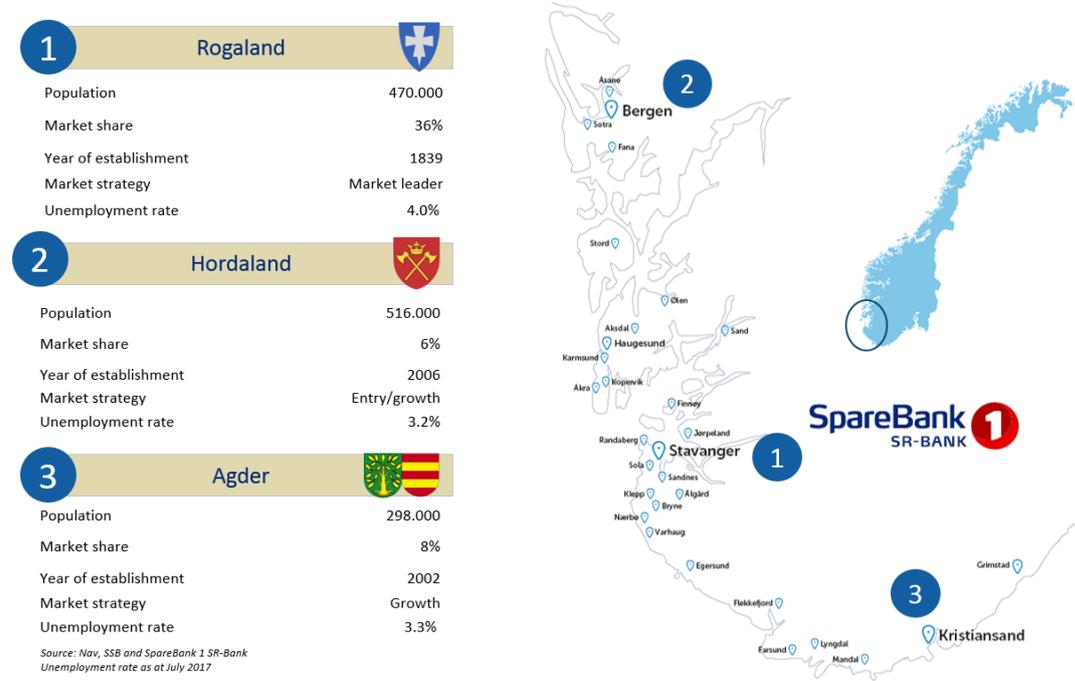


Figure 1.2.1: Operating areas

SpareBank 1 SR-Bank is Norway’s largest regional bank and the second largest Norwegian-owned bank (after DNB) with gross lending including covered bond companies of NOK 184.3 billion and market cap of NOK 18.3 billion as at 30 June 2017. Head office is in Stavanger. The market areas are the counties of Rogaland, Agder and Hordaland. SpareBank 1 SR-Bank ASA has 1 125 employees and provides a full range of products and services within financing, investments, money transfers, pensions as well as life and non-life insurance.

The customer-oriented activity is organized in three divisions: Retail Market, Corporate Market and Capital Market.

Retail Market

SpareBank 1 SR-Bank ASA is the leading retail customer bank in Rogaland, with about 275,000 retail customers and a market share in Rogaland of about 40 per cent. The division also serves agricultural clients, sole proprietorships and associations.

Corporate Market

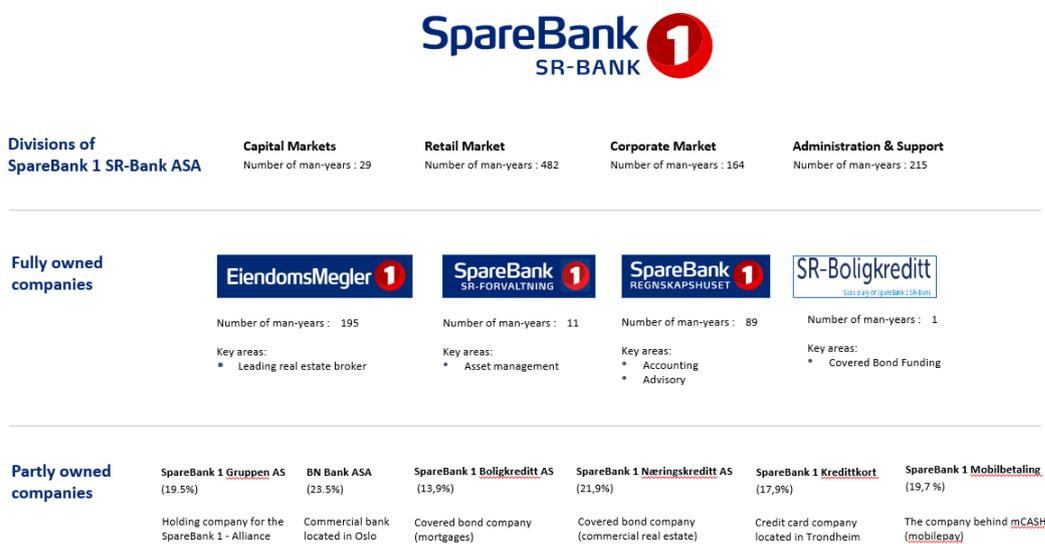
SpareBank 1 SR-Bank ASA service about 14,000 customers in the business sector and public sector. These also include small businesses, agricultural customers, societies and associations. About 40 per cent of all businesses in the bank’s traditional market list SpareBank 1 SR-Bank ASA as their main bank.

Capital Market

The Capital Market division comprises securities activities, SR-Markets and the subsidiary SR-Forvaltning that manage customers’ and the bank’s own assets in the form of securities, mutual funds and properties. SR-Markets primarily serve the group’s customers and other selected customers in defined market areas in the country as a whole.

Figure 1.2.2: SpareBank 1 SR-Bank's activities

SRBANK's activities



Segment operating profit (not including subsidiaries)*

Q2 2017

MNOK	Retail market		Corporate market		Capital market	
	2017	2016	2017	2016	2017	2016
Operating profit before tax 2nd quarter only	402	353	293	99	9	9
Operating profit before tax as at 30 June	752	651	486	333	44	5
Gross loans to customers excl. SB1 Boligkreditt and SB1 Næringskreditt as at 30 June	102.049	93.435	60.082	59.969	341	616
Deposits from customers as at 30 June	50.552	49.611	47.496	38.072	16	2.205

*On 1 January 2017, SR-Finans was merged into the parent bank and the accounting figures for 2016 were distributed on the basis of estimates of 38% for the retail market and 62% for the corporate market in order to produce comparable figures.

Vision and strategy

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

Objectives	Financial goals
<ul style="list-style-type: none">• 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:<ul style="list-style-type: none">• A sustainable and profitable business model• An owner-friendly, stable dividend policy	<ul style="list-style-type: none">• Return on equity of 11% after tax in 2017. The longer term target is a minimum of 12%.• Top 50% return on equity and cost/income in a Nordic benchmark
Strategic goals	Strategic focus
<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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

Figure 1.2.3: Vision and strategy

Legal and organizational structure

SpareBank 1 SR-Banks's various management and control bodies have all been established with respect to Norwegian legislation. The figure below shows an overview of current management and control bodies:



Figure 1.2.4: Overview of management and control bodies

Annual General Meeting

Through the Annual General Meeting, the shareholders exercise the highest level of authority at SpareBank 1 SR-Bank ASA. The Ordinary General Meeting elects the members of the Nomination Committee, as well as approving the annual financial statements, including the allocation of a surplus or coverage of a deficit for a year.

Board of Directors

The Board of Directors consists of eight members and one deputy member, of which two members and one deputy member are elected by the employees.

The Board of Directors is responsible for the administration of the Bank's business. This includes making decisions on individual credit cases. The Board must ensure a satisfactory organisation of the Bank's operations, including ensuring that accounting and asset management are subjected to proper scrutiny.

Board committees

The Board of Directors has established a Remuneration Committee, an Audit Committee and a Risk Committee. The committees make no decisions but supervise, on behalf of the board, the executive management team's work and prepare matters for the board's consideration within their areas of responsibility. The committees are free to draw on resources in the group and on resources, advice and recommendations from sources outside the group. Instructions for the committees are established by the Board of Directors.

Organisation of SpareBank 1 SR-Bank ASA

The Bank's operational structure is illustrated in the figure below.

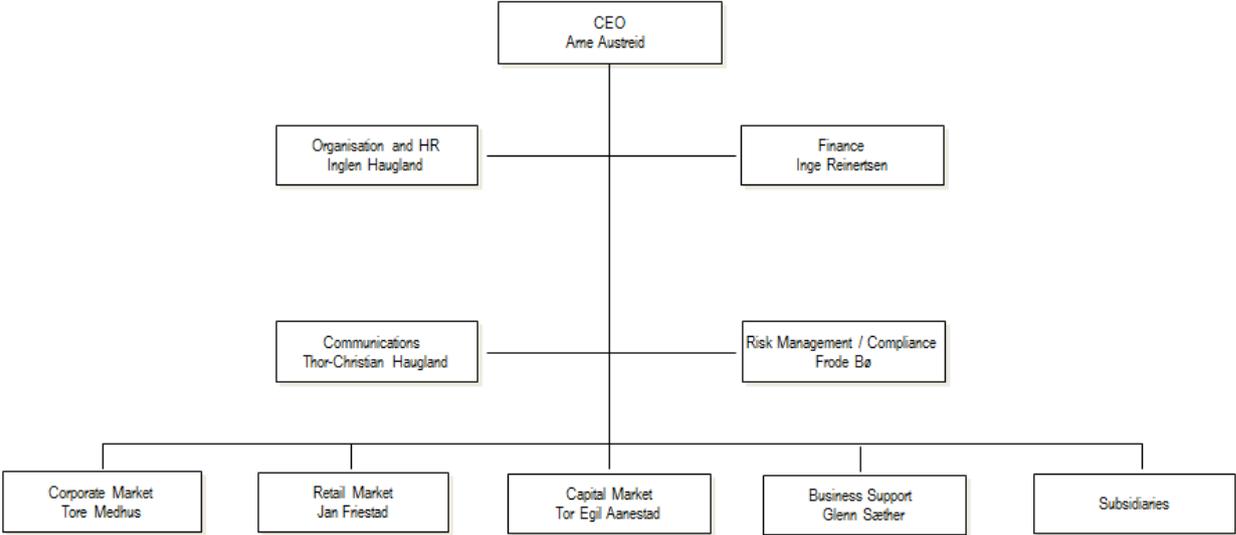


Figure 1.2.5: Organizational structure of SpareBank 1 SR-Bank

The SpareBank 1 Alliance

SpareBank 1 SR-Bank is one of the founding partners of the SpareBank 1 Gruppen (“the Alliance”) in 1996. Through participation in the Alliance, SpareBank 1 SR-Bank is linked together in an alliance of independent and locally anchored banks. The purpose of the Alliance is for members to develop, procure and supply competitive financial services and products and to exploit economies of scale in the form of lower costs and higher quality, so that customers get the best advice and the best services on competitive terms. As shown in the figure below the Alliance has a wide distribution all over Norway.

The SpareBank 1 Alliance – strong benefits in economies of scale

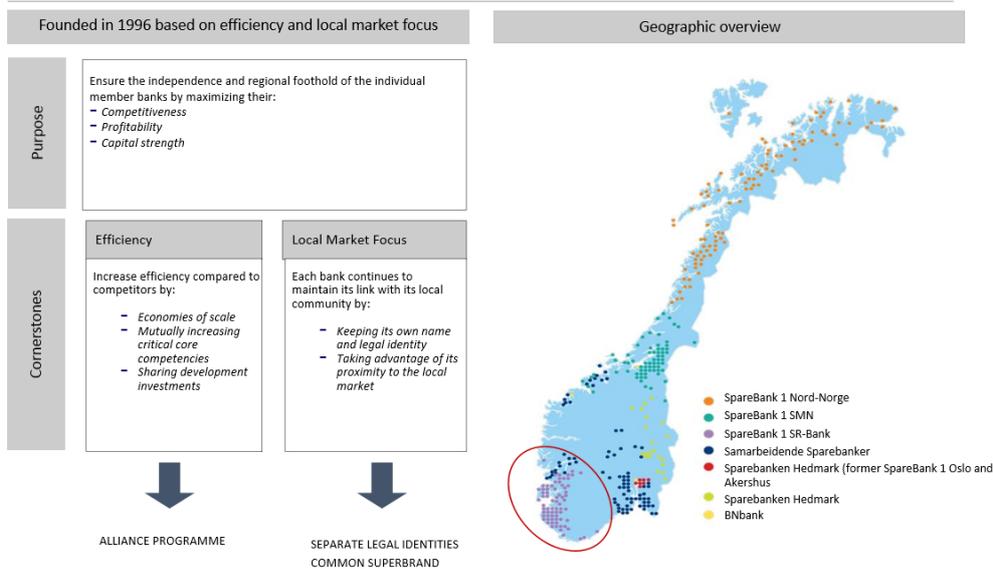


Figure 1.2.6: Geographic overview of the SpareBank 1 Alliance

The member banks in the Alliance work in part through common projects and in part through the jointly owned holding company; SpareBank 1 Gruppen AS. In addition to SpareBank 1 SR-Bank, SpareBank 1 Gruppen AS is owned by Sparebanken Nord-Norge, Sparebanken 1 SMN, Sparebanken Hedmark, Bank 1 Oslo/Akershus, Samarbeidende Sparebanker (14 local savings banks in southern Norway) and the Norwegian Confederation of Trade Unions (LO).

SpareBank 1 Gruppen AS owns all of the shares in SpareBank 1 Livsforsikring AS (life insurance), SpareBank 1 Skadeforsikring AS (non-life insurance), ODIN Forvaltning AS (asset management), SpareBank 1 Medlemskort (membership cards) and SpareBank 1 Gruppen Finans Holding AS (collection of bad debts).

The banks that are part of the Alliance also jointly own the two covered bond companies SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, EiendomsMegler 1 (chain of real estate brokers), Alliansesamarbeidet SpareBank 1 Utvikling DA, SpareBank 1 Kredittkort, SpareBank 1 Mobilbetaling and the bank; BN Bank ASA.

The SpareBank 1 Alliance structure is illustrated below in figure 1.2.7.

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

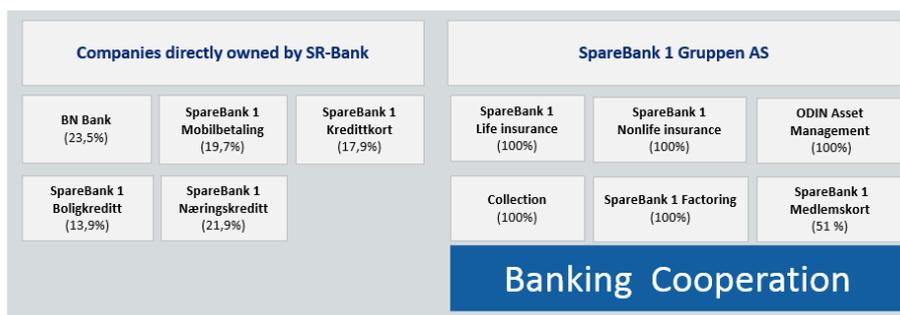
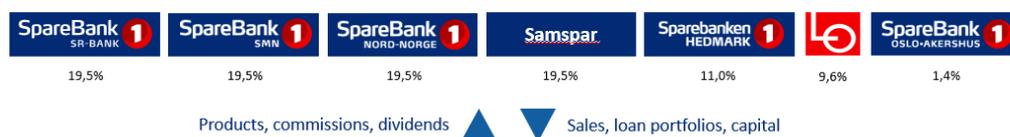


Figure 1.2.7: Structure of SpareBank 1 Alliance as at 30 June 2017

More information on the SpareBank 1 Alliance can be found on www.sparebank1.no.

1.3 Shareholder information - SRBANK

SpareBank 1 SR-Bank's former Equity Certificates (EC) was listed on the Oslo stock exchange from 1994 until end 2011 under the ticker of ROGG. From 1 January 2012 the EC's were converted to ordinary shares. The share capital in SpareBank 1 SR-Bank is NOK 6,393,777,050 divided between 255,751,082, each with a nominal value of NOK 25.

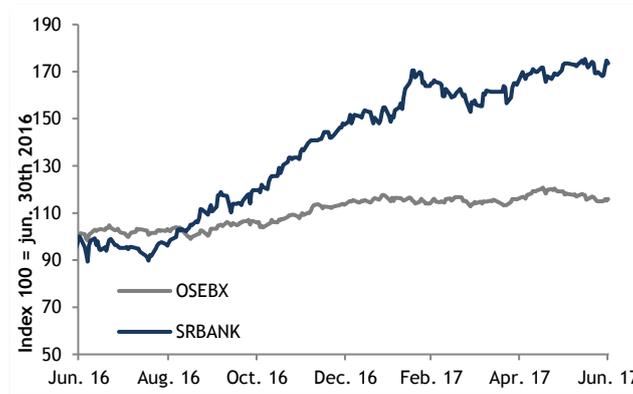


Figure 1.3.1: Relative performance; SRBANK vs OSEBX June 2016 – June 2017

The former ticker code ROGG was replaced by SRBANK and from 3 January 2012, SRBANK was included in the OSEAX All-Share index and sector index OSE40 Financials/OSE4010 Banks. Figure 1.3.1 shows the relative performance of SRBANK compared to OSEBX.

SpareBank 1 SR-Bank aims to ensure good liquidity in its shares and achieve a good diversity of shareholders who represent customers, regional interests, as well as Norwegian and international investors. Figure 1.3.2 shows how daily liquidity has developed in the period from June 2012 to 30 June 2017. A general observation is that liquidity has increased after the conversion and issue of new shares. On 1 June 2017, the SR-Bank share was included in the Oslo Stock Exchange's main index and this may result in increased trading of the share going forward.

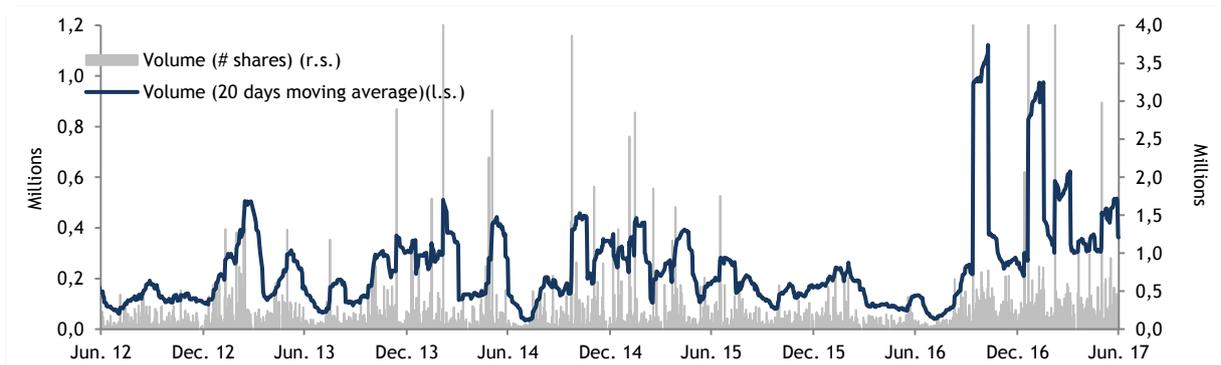


Figure 1.3.2 Development in liquidity; SRBANK June 2012 – June 2017

Figure 1.3.3 shows the share price movements and Price/Book development from June 2016 to June 2017.

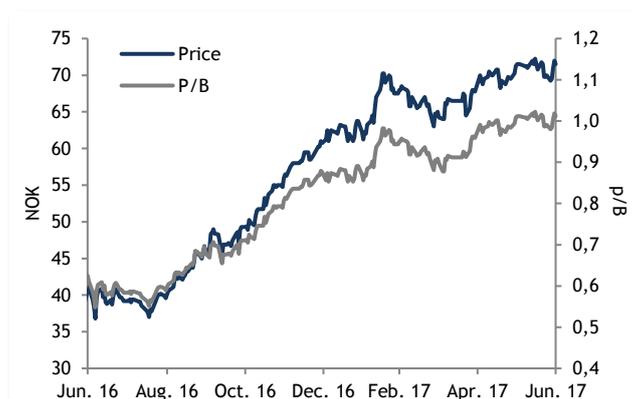


Figure 1.3.3: Share price and development in P/B; June 2016 – June 2017

Investor relations policy

It is crucial to SpareBank 1 SR-Bank that accurate, relevant and timely information about the group's development and result inspires confidence in the investor market. Information is conveyed to the market mainly through quarterly investor presentations, websites, press releases and accounting reports. Regular presentations are also held for international partners, lenders and investors, mainly in the domestic and European market.

It is in SpareBank 1 SR-Bank's own interest that financial analyses are published with the highest possible quality. All analysts, irrespective of their recommendations and viewpoints regarding the stock are treated equally. As of today the following financial analysts have official coverage of SRBANK:

Arctic Securities, Roy Tilley: +47 21 01 32 24, Roy.Tilley@articsec.no

SpareBank 1 Markets, Nils Christian Øyen: +47 24 14 74 00 nils.oyen@sb1.markets.no

Swedbank First Securities, Bengt Kirkøen +47 23 23 82 65 bk@swedbank.no

Nordea Markets, Thomas Svendsen +47 22 48 79 21 thomas.svendsen@nordea.com

Pareto Securities, Vegard Toverud: +47 22 87 88 24, vegard.toverud@pareto.no

DnB Markets, Håkon Astrup: +47 24 16 91 99, hakon.astrup@dnb.no

Keefe, Bruyette & Woods, Karl Morris: +44 207 663 5296, kmorris@kbw.com

Enskilda Securities, Christoffer Adams: +47 21 00 85 14, christoffer.adams@seb.no

Norne Securities, Zilvinas Jusaitis: +47 21 95 37 03, zilvinas.jusaitis@norne.no

Fondsfinans, Geir Kristiansen: +47 23 11 30 11, gk@fondsfinans.no

ABG Sundal Collier, Jan Erik Gjerland: +47 46 93 04 10, jan.gjerland@abgsc.no

Carnegie, Johan Strøm: +47 22 00 93 52, js@carnegie.no

Shareholder and dividend policy

Shareholder policy

SpareBank 1 SR-Bank's objective is to manage the bank's resources in such a manner that shareholders receive a yield in the form of dividends and a value increase which is competitive in relation to comparable investments.

Dividend policy

The financial objective of SpareBank 1 SR-Bank's operations is to achieve earnings that yield adequate, stable returns on the bank's equity, thereby creating value for owners through competitive returns in the form of dividends and share appreciation.

In determining the size of the annual dividend, considerations will be made toward the group's capital, including capital adequacy requirements and the group's goals and strategic plans. Unless capital requirements otherwise dictate, the goal of the board is that approximately half of the annual profit after tax is distributed.

Ownership structure as at 30 June 2017

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Folketrygdfondet		12.977.715	5,1%
State Street Bank and Trust Co, U.S.A.	Nominee	7.738.480	3,0%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Vpf Nordea Norge Verdi		6.057.547	2,4%
Verdipapirfondet DNB Norge (IV)		4.273.842	1,7%
Odin Norge		4.120.982	1,6%
Danske Invest Norske Instit. II		3.595.310	1,4%
State Street Bank and Trust Co, U.S.A.	Nominee	2.737.473	1,1%
Pareto Aksje Norge		2.703.141	1,1%
Clipper AS		2.565.000	1,0%
KLP Aksjenorge Indeks		1.894.815	0,7%
JPMorgan Chase Bank, U.S.A.	Nominee	1.879.751	0,7%
Danske Invest Norske Aksjer Inst.		1.817.194	0,7%
KAS Bank NV, Nederland	Nominee	1.804.586	0,7%
State Street Bank and Trust Co, U.S.A.	Nominee	1.683.846	0,7%
Vpf Nordea Norge Avkastning		1.664.410	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	1.521.354	0,6%
<hr/>			
Top 5		105.419.630	41,2%
Top 10		122.850.378	48,0%
Top 20		140.980.738	55,1%

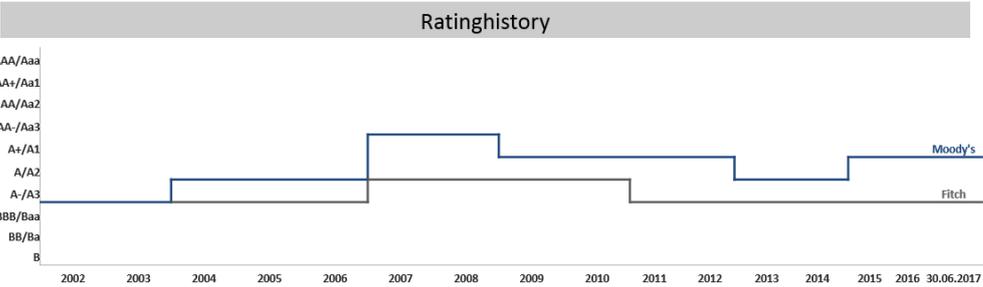
Table 1.3.1: 20 largest shareholders as at 30 June 2017

1.4 Credit ratings

Current credit rating status as at 30 June 2017 was as follows:

Rating

Moody's		Fitch	
Long-term debt	A1	Long-term IDR	A-
Outlook	Negative	Outlook	Stable
Updated	10 April 2017	Updated	26 January 2017



2. Financial results and balance sheet

Income statement

Financial results

<i>MNOK</i>	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Interest income	1.437	1.392	1.400	1.384	1.379	2.829	2.779
Interest expense	653	653	667	655	668	1.306	1.370
Net interest income	784	739	733	729	711	1.523	1.409
Commission income	417	389	372	365	405	806	774
Commission expenses	19	19	18	18	17	38	36
Other operating income	2	1	1	0	1	3	3
Net commission and other income	400	371	355	347	389	771	741
Dividend income	4	5	5	0	97	9	105
Income from investment in associates	81	63	78	90	112	144	216
Net gains/losses on financial instruments	58	21	56	141	-4	79	-37
Net return on investment securities	143	89	139	231	205	232	284
Total income	1.327	1.199	1.227	1.307	1.305	2.526	2.434
Personnel expenses	312	306	293	282	296	618	591
Administrative expenses	127	112	133	115	114	239	216
Other operating expenses	109	101	114	89	104	210	199
Total operating expenses	548	519	540	486	514	1.067	1.006
Operating profit before losses	779	680	687	821	791	1.459	1.428
Losses on loans and guarantees	131	168	162	161	305	299	455
Operating profit before tax	648	512	525	660	486	1.160	973
Tax expense	134	109	96	126	80	243	181
Profit after tax from continuing operations	514	403	429	534	406	917	792

Key figures

Key figures

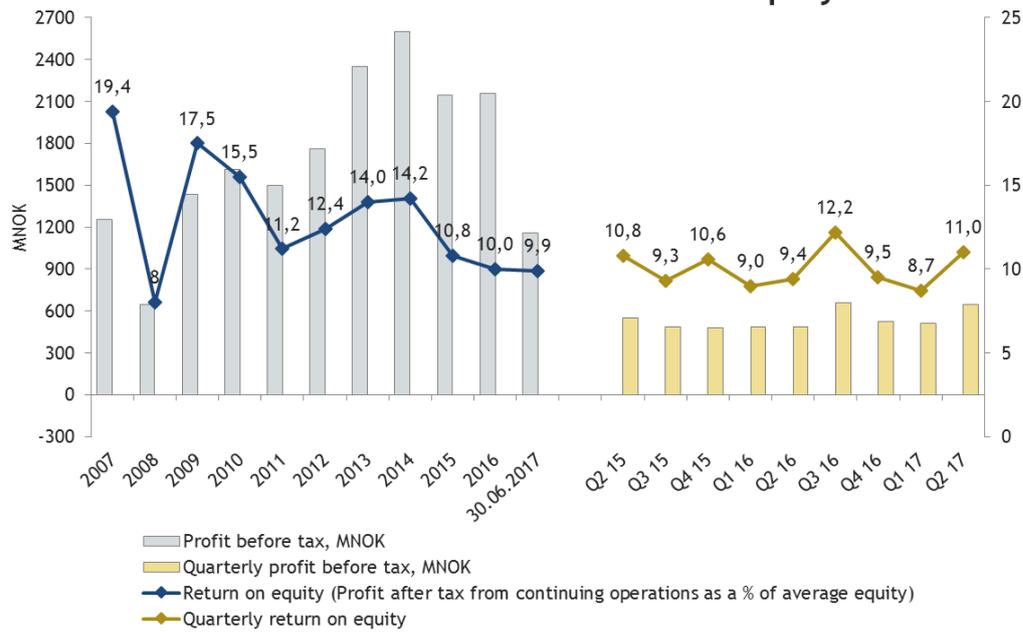
	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Return on equity ¹⁾	11,0 %	8,7 %	9,5 %	12,2 %	9,4 %	9,9 %	9,3 %
Cost ratio ²⁾	41,3 %	43,3 %	44,0 %	37,2 %	39,4 %	42,2 %	41,3 %
Net interest margin	1,52 %	1,53 %	1,50 %	1,48 %	1,48 %	1,52 %	1,47 %
Gross loans to customers	164.958	159.843	157.638	157.352	156.738	164.958	156.738
Gross loans to customers incl. covered bond companies	184.317	183.182	182.332	183.042	183.438	184.317	183.438
Deposits from customers	99.758	93.125	85.914	87.240	89.633	99.758	89.633
Deposit-to-loan ratio	60,5 %	58,3 %	54,5 %	55,4 %	57,2 %	60,5 %	57,2 %
Growth in loans	5,2 %	3,0 %	1,6 %	3,6 %	4,3 %	5,2 %	4,3 %
Growth in loans incl. covered bond companies	0,5 %	-0,4 %	-0,9 %	0,1 %	1,1 %	0,5 %	1,1 %
Growth in deposits	11,3 %	7,0 %	-3,9 %	-2,0 %	-1,3 %	11,3 %	-1,3 %
Average total assets	207.389	195.967	194.963	195.489	192.792	201.892	193.372
Total assets	212.879	200.182	193.408	193.219	196.763	212.879	196.763
Impairment losses ratio ³⁾	0,32	0,42	0,41	0,41	0,78	0,37	0,58
Impairment losses ratio incl. loans from covered bond companies	0,29	0,37	0,35	0,35	0,66	0,33	0,50
Non-performing commitments as a percentage of gross loans	0,50	0,46	0,68	0,73	0,56	0,50	0,56
Non-performing commitments as a percentage of gross loans incl. loans from covered bond companies	0,45	0,40	0,59	0,63	0,48	0,45	0,48
Other doubtful commitments as a percentage of gross loans	0,84	0,95	0,72	0,64	0,78	0,84	0,78
Other doubtful commitments as a percentage of gross loans incl. loans from covered bond companies	0,76	0,83	0,62	0,55	0,67	0,76	0,67
Capital ratio	17,9	17,5	17,5	17,1	16,8	17,9	16,8
Tier 1 capital ratio	15,7	15,6	15,6	14,7	14,4	15,7	14,4
Common Equity Tier 1 capital ratio	14,7	14,7	14,7	13,8	13,5	14,7	13,5
Tier 1 capital	18.938	18.484	18.227	17.552	17.266	18.938	17.266
Net primary capital	21.623	20.744	20.443	20.386	20.139	21.623	20.139
RWA	120.683	118.410	116.651	119.118	119.705	120.683	119.705
Number of branches	36	36	36	47	49	36	49
Man-years (permanent)	1.125	1.142	1.127	1.154	1.148	1.125	1.148
Share price	71,50	64,25	60,75	45,60	41,20	71,50	41,20
Market capitalisation	18.286	16.432	15.537	11.662	10.537	18.286	10.537
Book equity per share (including dividends) (group)	72,72	72,91	71,54	69,36	67,16	72,72	67,16
Earnings per share (group)	2,01	1,58	1,68	2,09	1,59	3,59	3,10
Dividends per share	n.a	n.a	2,25	n.a.	n.a	n.a	n.a
Price / Earnings per share	8,89	10,17	9,04	5,45	6,48	9,96	6,65
Price / Book equity (group)	0,98	0,88	0,85	0,66	0,61	0,98	0,61

¹⁾ Net profit as a percentage of average equity.

²⁾ Total operating expenses as a percentage of total operating income

³⁾ Net losses expressed as a percentage of average gross lending year to date, annualized

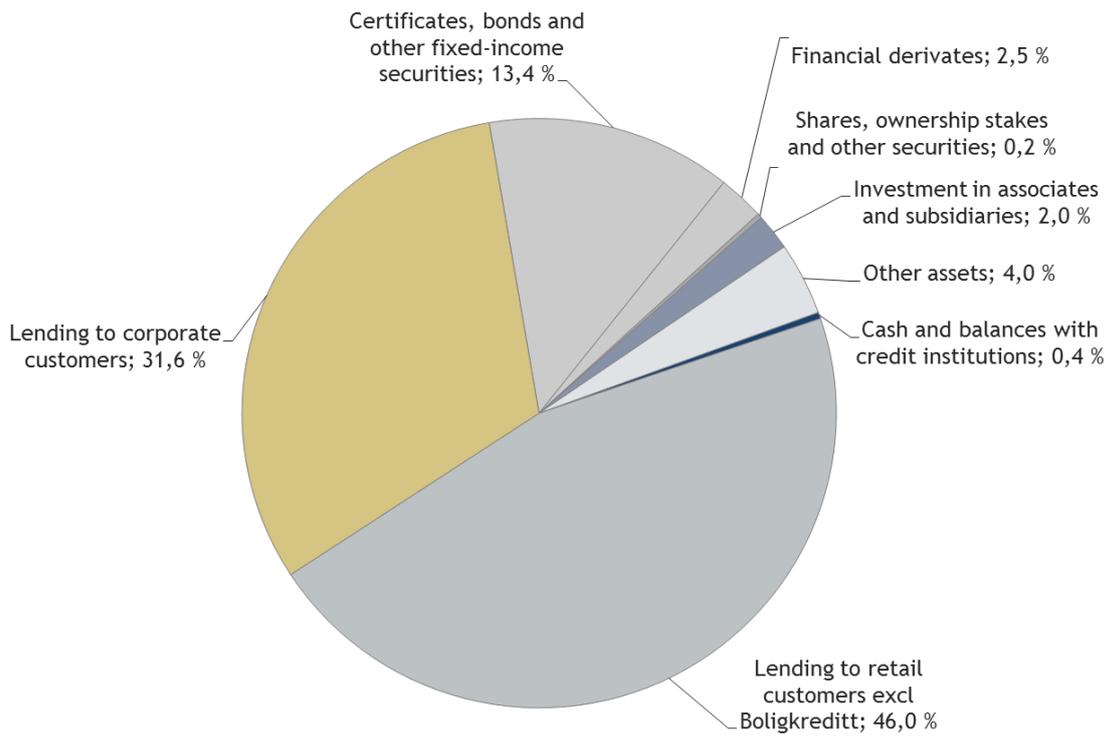
Profit before tax and return on equity



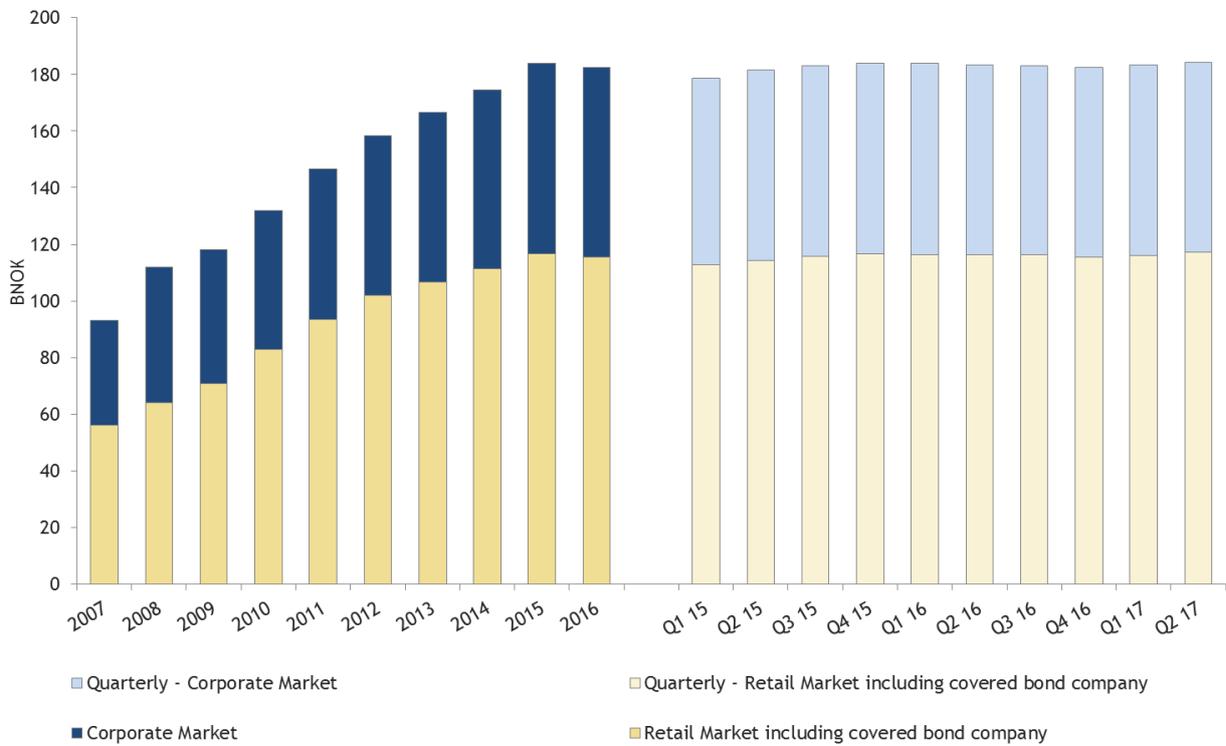
Balance sheet

<i>MNOK</i>	30.06 2017	31.03 2017	31.12 2016	30.09 2016	30.06 2016
Cash and balances with central banks	747	965	1.079	172	910
Balances with credit institutions	8.335	7.148	4.334	1.073	2.188
Net loans to customers	163.703	158.628	156.372	156.153	155.612
Certificates, bonds and other fixed-income sec.	28.451	22.078	21.024	21.737	24.814
Financial derivatives	5.354	4.329	4.315	4.653	5.056
Shares, ownership stakes and other securities	528	623	596	579	535
Business available for sale	22	22	22	23	22
Investment in associates	4.277	4.537	4.460	4.858	4.792
Other assets	1.462	1.852	1.206	3.971	2.834
Total assets	212.879	200.182	193.408	193.219	196.763
Balances with credit institutions	2.805	2.847	2.674	4.729	3.934
Deposits from customers	99.758	93.125	85.914	87.240	89.633
Listed debt securities	83.222	77.946	79.183	74.140	76.830
Financial derivatives	3.622	2.623	2.515	3.554	3.047
Other liabilities	1.633	2.338	2.188	2.570	2.867
Additional Tier 1 and Tier 2 capital instruments	3.105	2.671	2.646	3.256	3.284
Total liabilities	194.145	181.550	175.120	175.489	179.595
Share capital	6.394	6.394	6.394	6.394	6.394
Premium reserve	1.587	1.587	1.587	1.587	1.587
Proposed dividend	0	575	575	0	0
Fund for unrealised gains	52	52	52	163	163
Hybrid capital	150	0	0	0	0
Other equity	9.634	9.621	9.680	8.260	8.232
Profit/loss at period end	917	403	0	1.326	792
Total equity	18.734	18.632	18.288	17.730	17.168
Total liabilities and equity	212.879	200.182	193.408	193.219	196.763

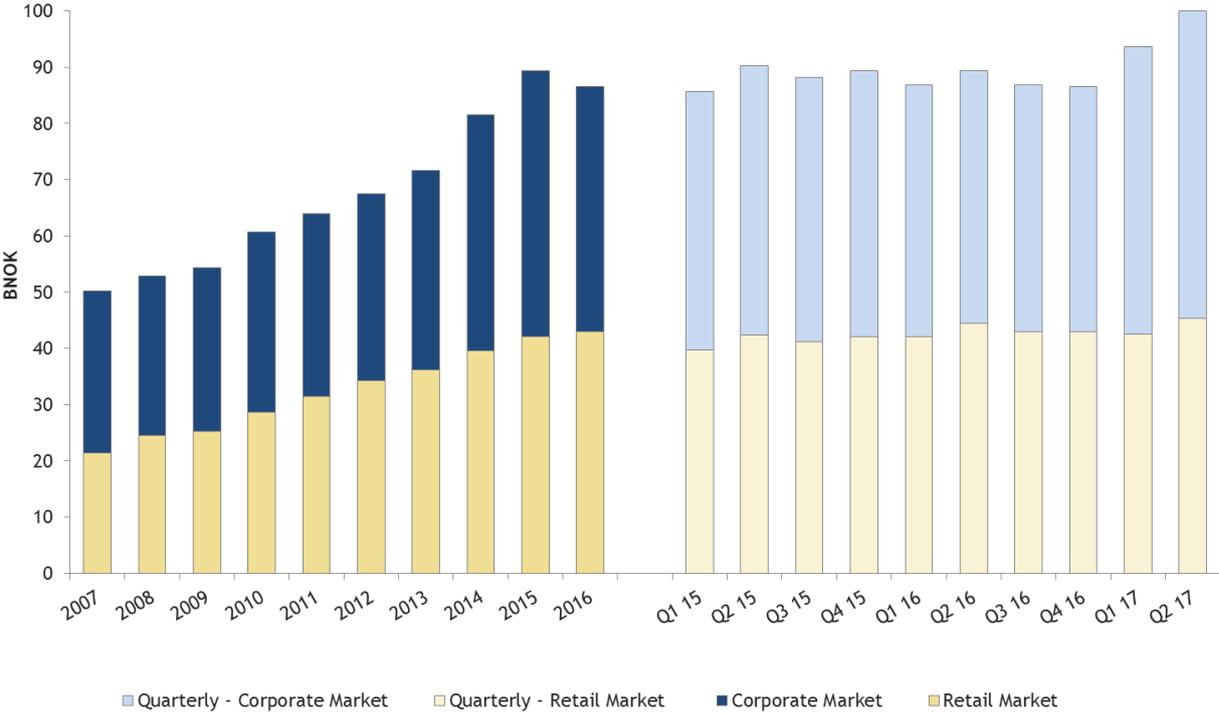
Total assets as at 30 June 2017:



Development in lending volume

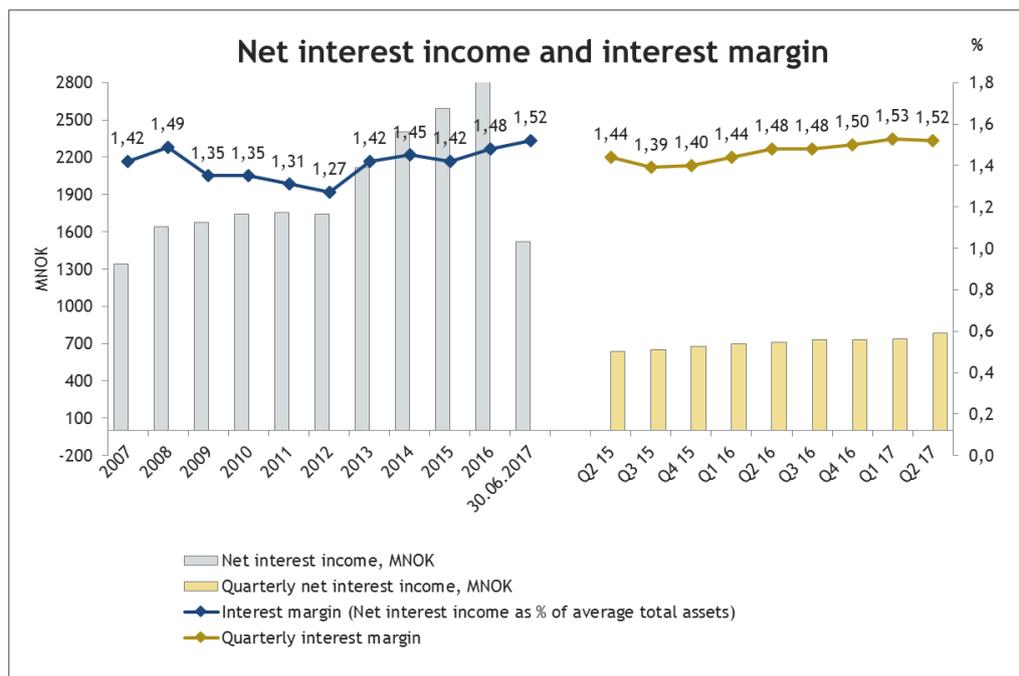


Development in deposit volume

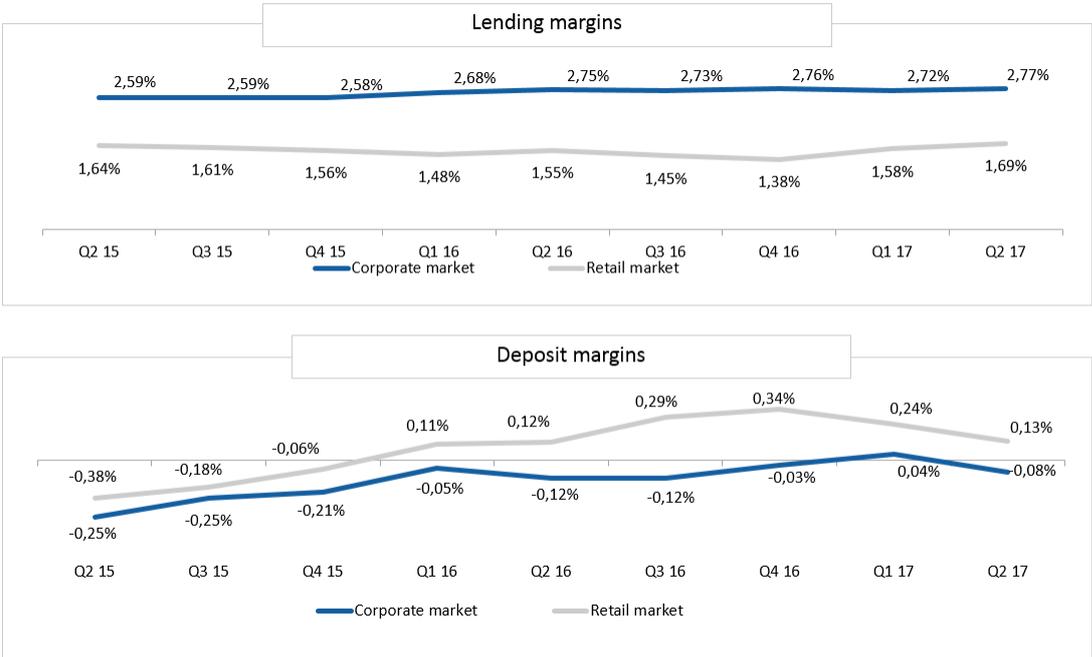


2.1 Net interest income

	Q2	Q1	Q4	Q3	Q2	30.06	30.06
MNOK	2017	2017	2016	2016	2016	2017	2016
Interest income	1.437	1.392	1.400	1.384	1.379	2.829	2.779
Interest expense	653	653	667	655	668	1.306	1.370
Net interest income	784	739	733	729	711	1.523	1.409
As % of average total assets	1,52 %	1,53 %	1,50 %	1,48 %	1,48 %	1,52 %	1,47 %



Lending and deposit margins¹



¹ Definition margin: Average customer interest rate measured against 3-month moving average for 3-month NIBOR. Lending margins include loan portfolio in covered bond companies. SpareBank 1 SR-Finans AS was merged into SpareBank 1 SR-Bank from 1 January 2017. The figures (lending margins) are therefore not entirely comparable.

2.2 Net other operating income

MNOK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Net commission and other income	400	371	355	347	389	771	741
Net return on investment securities	143	89	139	231	205	232	284
Net other operating income	543	460	494	578	594	1.003	1.025
As % of total income	41 %	38 %	40 %	44 %	46 %	40 %	42 %

Net commission and other income

MNOK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Payment facilities	63	63	60	75	63	126	117
Savings/placements	49	51	45	45	44	100	95
Insurance products	52	52	50	48	50	104	100
Commission income from real estate broking	112	93	85	87	107	205	176
Guarantee commission	26	25	31	24	31	51	59
Arrangement fees	24	13	33	14	24	37	54
Accounting Services SpareBank 1 Regnskapshuset SR*	27	28	18	16	24	55	47
Other	8	10	3	3	3	18	9
Net commission and other income excl. covered bond companies	361	335	325	312	346	696	657
Commission income SB1 Boligkreditt and SB1 Næringskreditt	39	36	30	35	43	75	84
Net commission and other income incl. covered bond companies	400	371	355	347	389	771	741
As % of total income	30 %	31 %	29 %	27 %	30 %	31 %	30 %

*SpareBank 1 SR-Bank acquired the Rogaland branch of SpareBank 1 Regnskapshuset Østlandet in the first quarter of 2015.

Change in net commission and other income

MNOK	Q2 2017	Change	Q2 2016
Net commission and other income	400	11	389
Payment facilities		0	
Savings/placements		5	
Insurance products		2	
Commission income from real estate broking		5	
Guarantee commission		-5	
Arrangement fees		0	
Accounting Services SpareBank 1 Regnskapshuset SR		3	
Other		5	
Commission income SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt		-4	

Net return on investment securities

MNOK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Dividend	4	5	5	0	97	9	105
Investment income, associates	81	63	78	90	112	144	216
Securities gains/losses	32	25	50	105	-36	57	-102
- of which capital change in shares and certificates	28	7	42	63	-33	35	-54
- of which capital change in certificates and bonds	-34	-7	-44	-21	-38	-41	-91
- of which derivatives; bonds and certificates	38	25	52	63	35	63	43
Currency/interest gains/losses	26	-4	6	36	32	22	65
- of which currency customer- and own-account trading	28	17	39	40	32	45	58
- of which value change basis swap spread	-7	-16	-16	-11	-1	-23	12
- of which counterparty risk derivatives including CVA	0	1	1	1	-1	1	0
- of which other IFRS-effects	5	-6	-18	6	2	-1	-5
Net return on investment securities	143	89	139	231	205	232	284
As % of total income	11 %	7 %	11 %	18 %	16 %	9 %	12 %

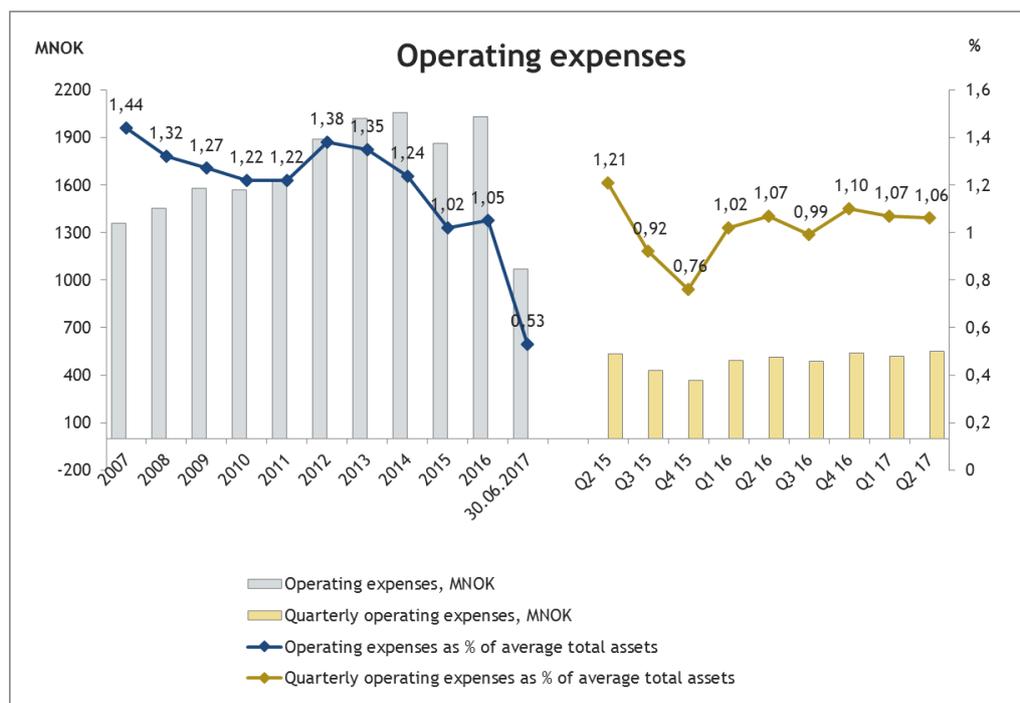
Change in net return on investment securities

MNOK	Q2 2017	Change	Q2 2016
Net return on investment securities	143	-62	205
Dividend*		-93	
Investment income, associates		-31	
Securities gains/losses		68	
- of which capital change in shares and certificates		61	
- of which capital change in certificates and bonds		4	
- of which derivatives; bonds and certificates		3	
Currency/interest gains/losses		-6	
- of which currency customer- and own-account trading		-4	
- of which value change basis swap spread		-6	
- of which counterparty risk derivatives including CVA		1	
- of which other IFRS-effects		3	
Net return on investment securities		-62	

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

2.3 Operating expenses

	Q2	Q1	Q4	Q3	Q2	30.06	30.06
MNOK	2017	2017	2016	2016	2016	2017	2016
Wages	226	223	221	212	221	449	441
Of which financial activity tax	10	11	0	0	0	21	0
Pension expenses	27	26	21	25	30	53	58
Other personnel expenses	59	57	51	45	45	116	93
Total personnel expenses	312	306	293	282	296	618	591
IT expenses	86	75	87	83	78	161	151
Marketing expenses	21	16	23	17	20	37	34
Other administrative expenses	20	21	23	15	16	41	31
Write-down	18	18	24	20	19	36	37
Expenses real property	9	10	9	9	8	19	17
Other operating expenses	82	73	81	60	77	155	145
Other expenses	236	213	247	204	218	449	415
Total operating expenses	548	519	540	486	514	1.067	1.006



Change in operating expenses

<i>MNOK</i>	Q2 2017	Change	Q2 2016
Total	548	34	514
Personnel expenses*		16	
IT expenses		8	
Marketing expenses		1	
Other administrative expenses		4	
Write-down		-1	
Expenses real property		1	
Other operating expenses		5	

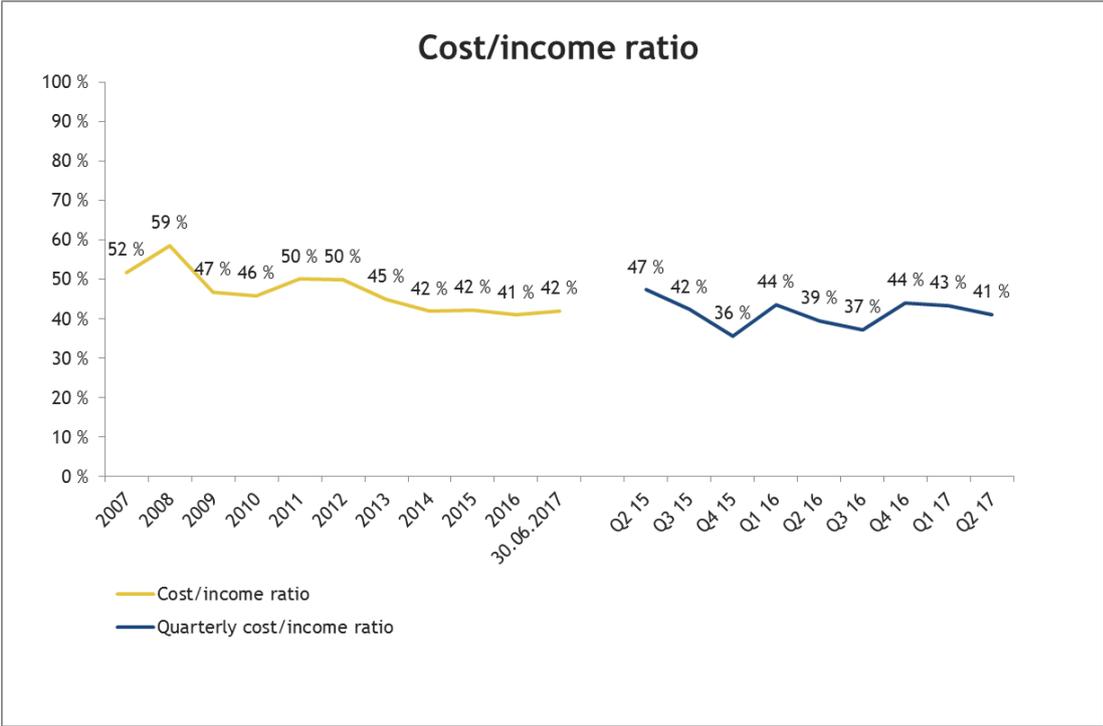
*Increase in personnel expenses are due to financial activity tax that was introduced on 1 January 2017.

Cost/income ratio

<i>MNOK</i>	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Operating expenses	548	519	540	486	514	1.067	1.006
Cost/income ratio	41,3 %	43,3 %	44,0 %	37,2 %	39,4 %	42,2 %	41,3 %
Growth in expenses last 12 months*	6,6 %	5,5 %	46,7 %	13,3 %	-4,1 %	6,1 %	-5,6 %
Normalised growth in expenses last 12 months	0,9 %	0,1 %	-3,5 %	-4,1 %	-5,0 %	0,9 %	-5,0 %

*Growth of cost in Q4 2016 is affected by a one-time cost savings of NOK 226 million due to changed pension scheme for employees in 2015.

Development in cost/income ratio



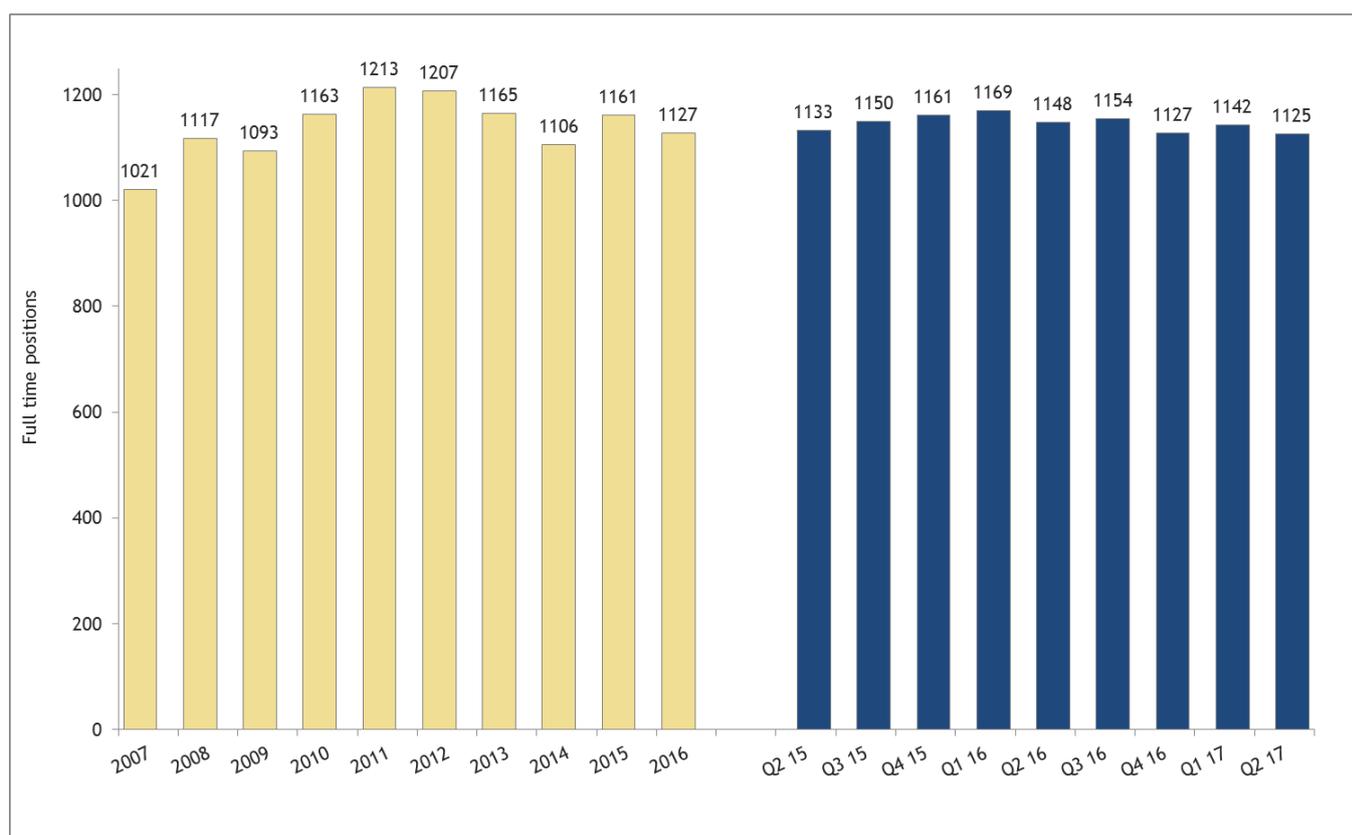
Number of full time positions (permanent employees, contracted staff not included)

Number of employees

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<i>Full time positions</i>					
SpareBank 1 SR-Bank	830	850	813	833	824
EiendomsMegler 1 SR-Eiendom AS	195	194	192	199	200
SR-Forvaltning AS	11	11	12	12	13
SR-Finans AS*			31	31	32
SpareBank 1 Regnskapshuset SR AS	89	87	79	79	79
Total	1.125	1.142	1.127	1.154	1.148

*SpareBank 1 SR-Finans AS has been merged into SpareBank 1 SR-Bank from 1 January 2017

Full time positions 2007 – Q2 2017 (permanent employees, contracted staff not included)



2.4 Losses on loans and loss provisions

Losses on loans and guarantees

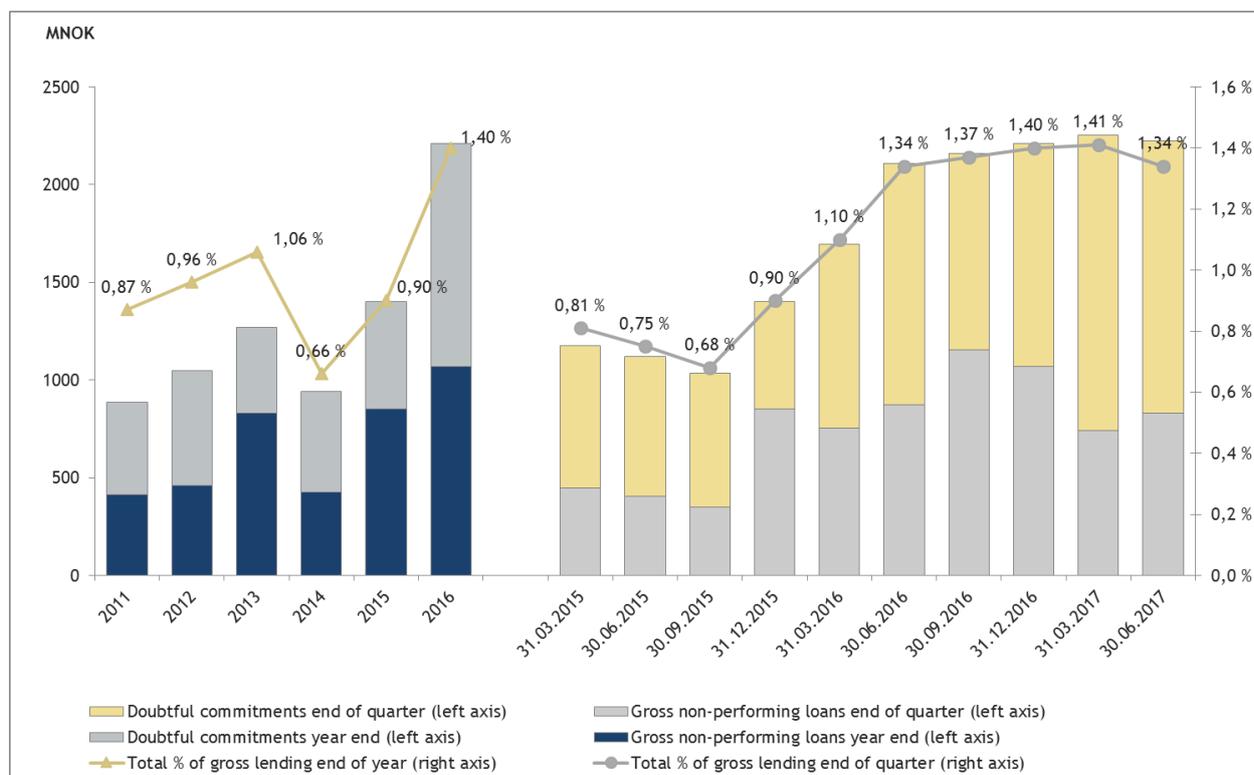
Losses on loans and guarantees

MNOK	30 June 2017	31 March 2017	31 Dec. 2016	30 Sept. 2016	30 June 2016
Change in individual individual impairment losses provisions for the period	28	-54	277	229	273
Change in collective impairment loss provisions for the period	2	1	158	138	93
Amortised cost	4	0	6	6	4
Actual loan losses on commitments for which provisions have been made	156	132	142	108	66
Actual loan losses on commitments for which no provision has been made	67	45	208	134	16
Change in assets take-over for the period	48	47	0	10	10
Recoveries on commitments previously written-off	-6	-3	-13	-9	-7
The period's net losses/(reversals) on loans and advances	299	168	778	616	455

Provisions for impairment losses on loans and guarantees

MNOK	30 June 2017	31 March 2017	31 Dec. 2016	30 Sept. 2016	30 June 2016
Provisions for individual impairment losses at start of period	521	521	318	318	318
Provisions for Individual impairment losses at start of period SR-	74	74	0	0	0
Increases in previous provisions for individual impairment losses	75	70	33	26	26
Reversal of provisions from previous periods	-77	-77	-51	-44	-53
New provisions for individual impairment losses	189	84	443	357	367
Amortised cost	-2	1	-7	-3	-2
Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-156	-132	-141	-108	-66
Provisions for individual impairment losses at the end of period	624	541	595	547	591
Net losses	223	177	350	242	82

Non-performing loans and doubtful commitments



* Loans defaulted in the range of 30-90 days are not including as problem loans as at Q2 2014. Historical figures have been restated.

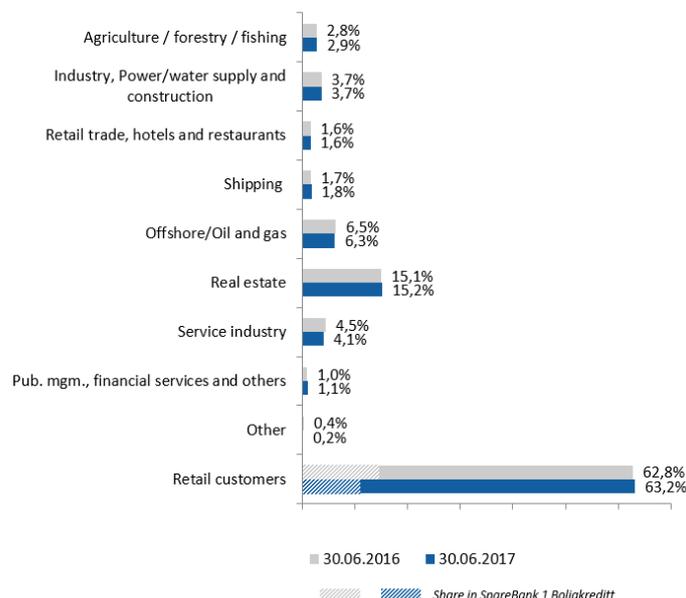
2.5 Loans

DISTRIBUTION OF LOANS by industry

MNOK	30 June 2017	31 March 2017	31 Dec. 2016	30 Sept. 2016	30 June 2016
Agriculture/forestry	4.617	4.543	4.549	4.460	4.409
Fishing/Fish farming	698	748	755	729	705
Mining/extraction	4.942	5.159	4.780	6.029	5.739
Industry	3.369	3.003	2.914	3.031	3.240
Power and water supply/building and construction	3.417	3.385	3.533	3.493	3.527
Retail trade, hotel and restaurant business	2.990	2.870	2.885	2.934	2.992
Foreign trade shipping, pipeline transport and other transport activities	10.006	9.769	9.766	9.044	9.326
Real estate business	27.624	27.630	27.269	26.751	27.102
Service industry	7.531	7.960	8.441	8.267	8.254
Public sector and financial services	1.973	2.127	1.898	1.838	1.854
Retail customers	97.853	92.893	91.171	90.267	88.945
Unallocated (excess value fixed interest loans and amort. lending fees)	114	117	118	219	345
Accrued interests corporate sector and retail customers	278	292	301	290	300
Net cooperate accounts currency	-454	-655	-741		
Gross loans	164.958	159.843	157.638	157.352	156.738
SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	19.359	23.339	24.694	25.690	26.700
Gross loans incl SpareBank 1 Boligkreditt and Næringskreditt	184.317	183.182	182.332	183.042	183.438

Loan portfolio as at 30.06.2017

- Gross loans (incl. covered bond companies) as at 30 June 2017 amount to NOK 184.3 billion compared with NOK 183.4 billion at the same time the year before.
- 12-month growth in loans of 0.5%.
- Loans to retail customers (incl. covered bond company) account for 63.2% of total loans, of which 10.2%-points is in SpareBank 1 Boligkreditt.



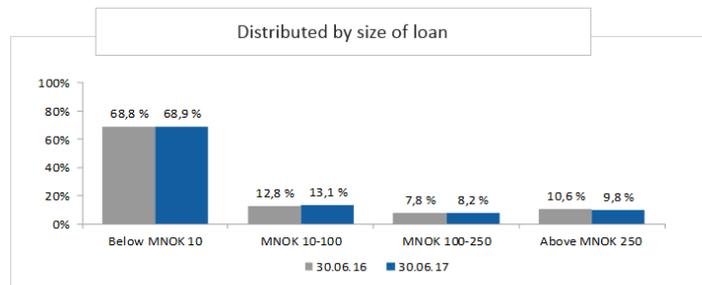
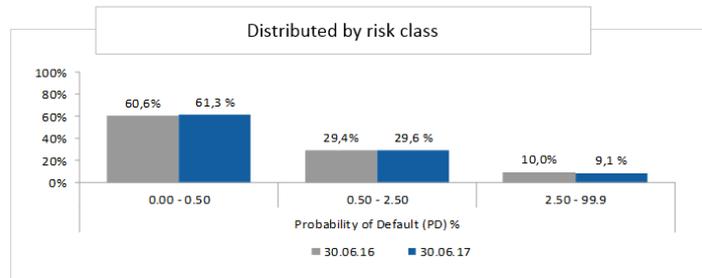
2.6 Risk profile

Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a solid loan portfolio.
- 61.3% of the bank's loan exposure has a PD* below 0.5%.
- Single loan exposures less than NOK 10 million aggregates 68.9% of total loan portfolio.
- Single loan exposures above NOK 250 million is 9.8% 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). SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and the SR-Finans portfolio is included in the figures from January 2017.

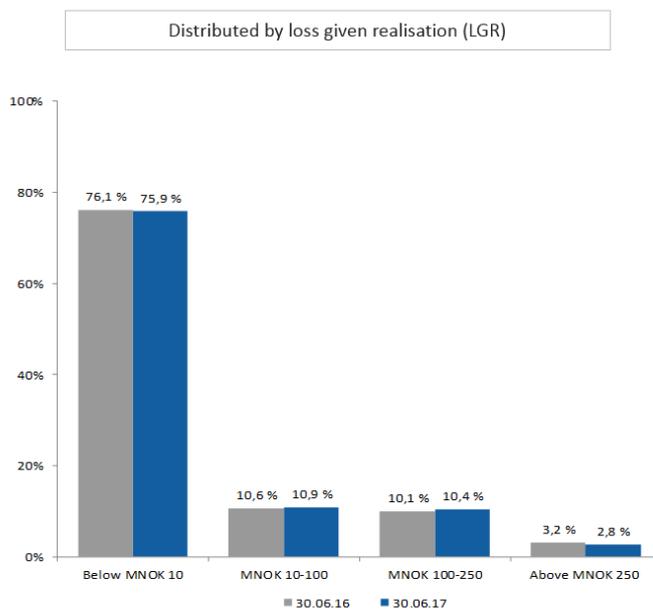


Low concentration of individual LGRs in the lending portfolio

- There is a clearly defined strategy behind this portfolio composition. The growth and risk profile are managed, for example, through special credit strategy limits for concentration risk.
- The proportion of loans with loss potential below NOK 10 million is now at 75.9% of the loan portfolio.

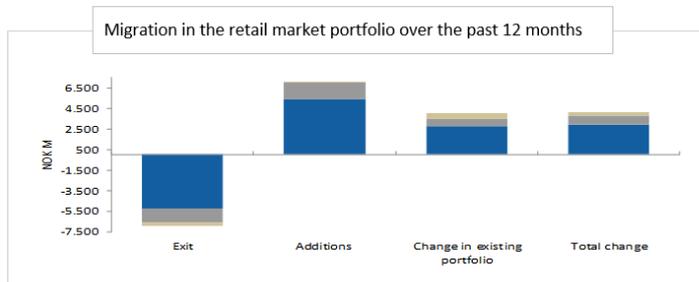
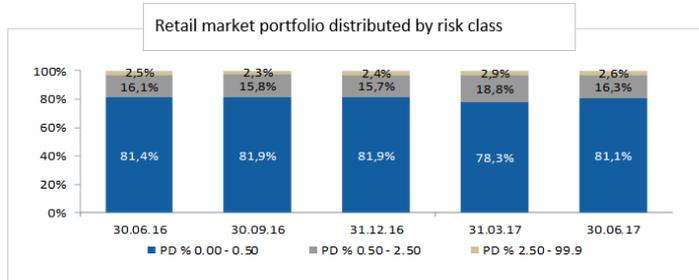
LGR (Loss Given Realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic downturn.

The figure includes the loan portfolio in the covered bond companies (SpareBank 1 Næringskreditt AS, SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS). SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and the SR-Finans portfolio is included in the figures from 1 January 2017.



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% is 81.1% 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.
- Merged portfolio from SpareBank 1 SR-Finans consists of object and consumer finance, which has a higher risk than the bank's portfolio of lending secured by real estate.

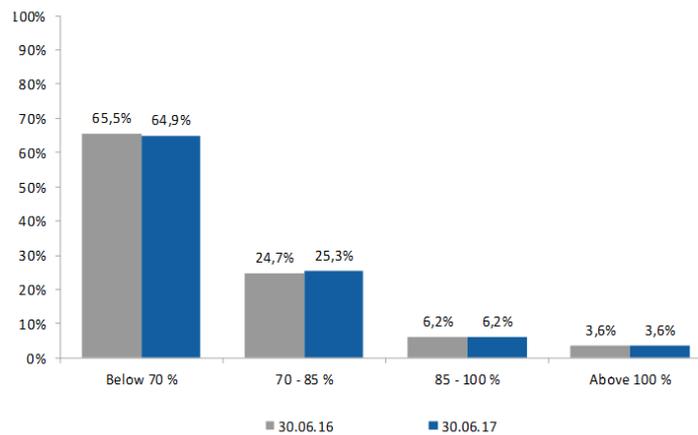


*Probability of default (PD) through a full cycle of loss.

The figures include the loan portfolio in the covered bond companies (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS). SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and SR-Finance are included in the figures from first quarter of 2017.

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, same as last year.



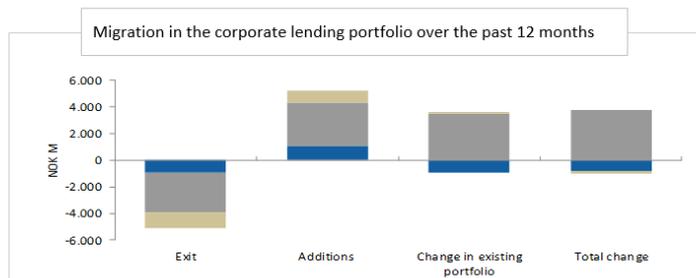
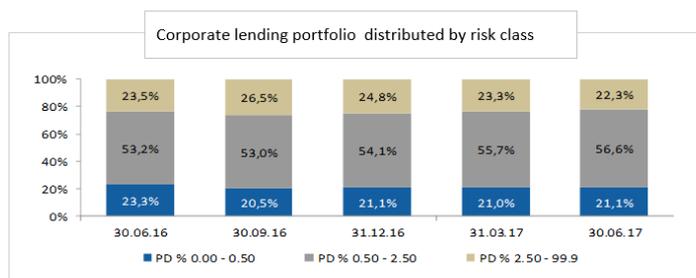
In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.

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

Lending to the corporate market – risk profile

- 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.
- Merged corporate lending portfolio from SpareBank 1 SR-Finans from 1 January 2017 primarily consists of leasing, and have approximately the same risk profile as the bank's portfolio.
- The share of customers with PD* below 0.5% is at 21.1 %.

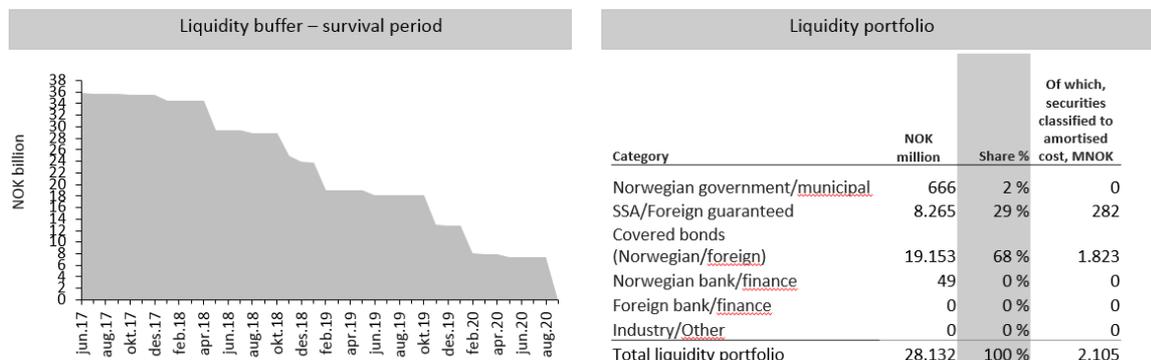
*Probability of default (PD) through a full cycle of loss. The figures include the loan portfolio in the covered bond company (SpareBank 1 Næringskreditt AS) SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and SR-Finance are included in the figures from first quarter of 2017.



Further information regarding risk capital management can be found in Pillar III reports, see www.sr-bank.no under "Investor Relations".

2.7 Risk profile in bond and equity portfolios

Liquidity portfolio



- *Liquidity buffer at the end of the quarter: NOK 35.9 billion*
- *Other liquid assets:*
 - *Home mortgages prepared for covered bond funding: NOK 16.3 billion*
 - *Commercial paper and bonds in the trading portfolio: NOK 0.3 billion*

Liquidity buffer: cash, highly liquid bonds.

Providing deposits and lending remain unchanged, with no new borrowing during the period.

Investments in bonds and certificates

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	28.083	98,7 %
Low risk	A+, A and A-	0	0,0 %
Moderate risk	Not rated	125	0,4 %
High risk	Not rated	143	0,5 %
Very high risk	Not rated	94	0,3 %
Total portfolio		28.445	100,0 %

Of which liquidity purposes:

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	28.083	99,8 %
Low risk	A+, A and A-	0	0,0 %
Moderate risk	Not rated	49	0,2 %
High risk	Not rated	0	0,0 %
Very high risk	Not rated	0	0,0 %
Total liquidity purposes		28.132	100,0 %

Of which SR-Bank Markets:

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	0	0,0 %
Low risk	A+, A and A-	0	0,0 %
Moderate risk	Not rated	76	24,3 %
High risk	Not rated	143	45,7 %
Very high risk	Not rated	94	30,0 %
Total trading portfolio		313	100,0 %

All amounts in MNOK.

2.8 Funding

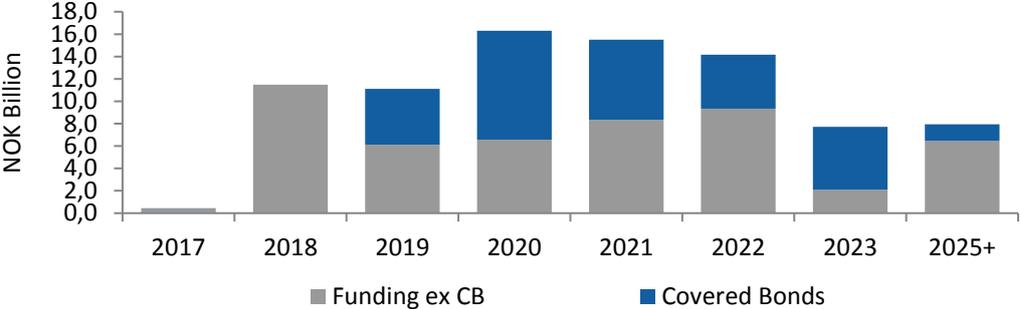


Figure 2.8.1: *Funding - annual*

2.9 Capital adequacy

Basel II was introduced in Norway from 1 January 2007. Figure 2.9 shows the methods currently used by SpareBank 1 SR-Bank for calculating capital requirements for different types of risks. Using Internal Rating Based (IRB) methods for calculating capital requirements requires a formal approval from the FSAN (Finanstilsynet) on standards regarding organisation, competence, risk-modelling and risk-management systems.

In the autumn of 2009, the authorities resolved to postpone the final transition to the IRB rules from 1 January 2010 to 1 January 2012. It has later been decided to continue the transitional rule stating that the capital requirement using IRB cannot be less than 80% of the capital requirement under Basel I ("Basel I floor") until year-end 2017.

Type of risk	Portfolio	Regulatory method
Credit risk	States – parent bank	Standard method
	Institutions – parent bank	Standard method
	Housing cooperatives, clubs and associations – parent bank	Standard method
	Enterprises – parent bank	Advanced IRB Approach
	Mass market – parent bank	IRB – mass market (advanced)
	SpareBank 1 SR-Finans AS – subsidiary	Standard method
	SpareBank 1 SR-Investering AS – subsidiary	Standard method
	SpareBank 1 SR-Forvaltning AS – subsidiary	Standard method
	Mass market – SpareBank 1 Boligkreditt AS	IRB – mass market (advanced)
	Enterprises – SpareBank 1 Næringskreditt AS	Standard method
	Enterprises – BN Bank AS	Advanced IRB Approach
	Mass market – BN Bank AS	Standard method
	Market risk	Equity risk – parent bank
Debt risk – parent bank		Standard method
Currency risk – parent bank		Standard method
Subsidiaries and part-owned companies		Standard method
Operational risk	SpareBank 1 SR-Bank including subsidiaries	Standardised approach
	Other part-owned companies	Standard method

Figure 2.9.1: SpareBank 1 SR-Bank's methods for calculating the minimum regulatory capital requirements

SpareBank 1 SR-Bank has in 2015 received from the FSAN approval to use IRB Advanced method also for its exposures to the corporate market ("Enterprise").

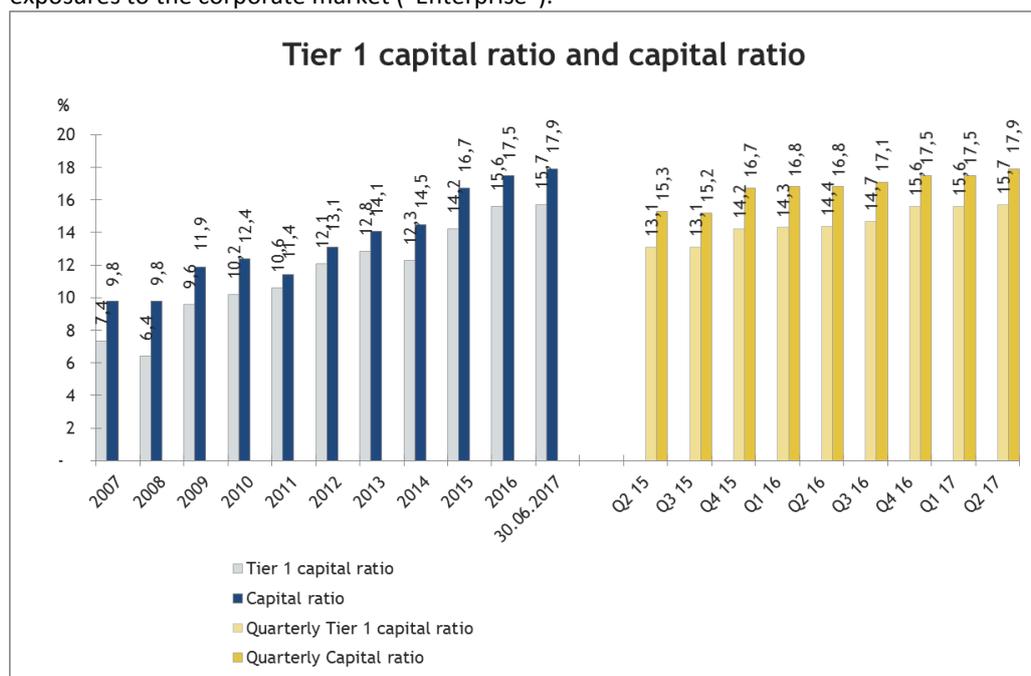


Figure 2.9.2: Development in capital ratios

Up until 30 June 2014, SpareBank 1 SR-Bank followed the Basel II regulations for capital adequacy calculations. On 22 August 2014, the Norwegian Ministry of Finance approved changes in a number of capital adequacy regulations. Parallel to this, FSAN changed the Consolidation Regulations to adapt to the EU's new capital adequacy regulations for banks and investment firms (CRD IV/CRR). As of 30 September 2014, capital adequacy is reported in accordance with the new reporting requirements. Valuation rules used in the statutory accounts form the basis for the consolidation, which is subject to special consolidation rules governed by the Consolidation Regulations.

The total common equity tier 1 capital ratio requirement for SpareBank 1 SR-Bank, inclusive of the countercyclical buffer and Pillar 2 premium, as at 30 June 2017 was 13.5%. Banks classified as systemically important financial institutions are also subject to a special capital buffer requirement. SpareBank 1 SR-Bank has not been identified as a systemically important financial institution.

There is a countercyclical capital buffer requirement in Norway in the range of 0-2.5% in the form of common equity tier 1 capital. The purpose of the countercyclical capital buffer is to make the banks more solid and robust in relation to lending losses. The capital buffer requirement was 1.5 percentage points as at 30 June 2017. The Ministry of Finance has decided to increase the requirement to 2.0 percentage points from 31 December 2017. The total minimum requirement for common equity tier 1 capital will thus increase to 14.0% at year-end 2017.

The Pillar 2 premium is an institution-specific premium intended to ensure that Norwegian banks have adequate capital to cover the risk associated with operations, including risks not covered by the regulatory minimum requirement. The Financial Supervisory Authority of Norway has in its assessment of the group stipulated a Pillar 2 premium of 2.0%.

Capital Adequacy

	30 Jun.	31 Mar.	31 Dec.	30 Sep.	30 Jun.
MNOK	2017	2017	2016	2016	2016
Share capital	6.394	6.394	6.394	6.394	6.394
Premium reserve	1.587	1.587	1.587	1.587	1.587
Allocated to dividend	0	575	575	0	0
Reserve for unrealised gains	52	52	52	163	163
Hybrid capital	150	0	0	0	0
Other equity	9.634	9.621	9.680	8.260	8.232
Profit for the year	917	403		1.326	792
Total book equity	18.734	18.632	18.288	17.730	17.168
Tier 1 capital					
Deferred taxes, goodwill and other intangible assets	-120	-122	-94	-96	-97
Deduction for allocated dividends	0	-575	-575	0	0
Deduction for expected losses on IRB, net of write-downs	-255	-289	-263	-304	-273
Hybrid capital	-150	0	0	0	0
Year-to-date profit not included in common equity Tier 1 capital	-458	-202		-663	-396
Deduction for common equity Tier 1 capital in significant investments in financial institutions	0	0	-163	-183	-209
The institution's own credit risk related to derivative liabilities	-50	-49	-50	-56	-58
Hybrid capital	150				
Tier 1 capital instruments	1.087	1.087	1.084	1.124	1.131
Total Tier 1 capital	18.938	18.482	18.227	17.552	17.266
Tier 2 capital					
Term subordinated loan capital	2.728	2.305	2.276	2.894	2.933
Deduction for significant investments in financial institutions	-43	-43	-60	-60	-60
Total Tier 2 capital	2.685	2.262	2.216	2.834	2.873
Net primary capital	21.623	20.744	20.443	20.386	20.139

Table 2.9.1: *Specification of consolidated primary capital*

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.

Credit risk Basel II

MNOK	30 Jun.	31 Mar.	31 Dec.	30 Sep.	30 Jun.
	2017	2017	2016	2016	2016
SME	18.847	18.780	17.231	16.974	17.276
Specialised lending	20.082	21.027	19.471	19.203	20.153
Other corporations	7.068	8.343	6.785	6.933	6.262
SME retail	1.311	1.266	1.194	1.229	1.256
Retail mortgage (properties)	26.785	26.410	25.899	27.020	26.920
Other retail	2.060	2.059	2.027	787	871
Equity investments	0	0	0	0	0
Total credit and counterparty risk IRB	76.153	77.885	72.607	72.146	72.738
States and central banks	48	47	68	68	68
Local and regional authorities, state-owned enterprises	172	114	333	123	112
Institutions	3.272	3.212	2.169	2.742	5.175
Enterprises	9.124	8.057	7.446	7.324	6.510
Mass market	2.868	2.886	2.058	1.505	1.630
Mass market - mortgage on real estate	1.401	2.399	2.506	3.227	3.606
Covered bonds	2.484	1.904	1.817	2.059	2.204
Equity positions	4.458	4.907	4.950	4.959	4.566
Other assets	1.758	1.597	1.726	2.269	1.842
Total credit and counterparty risk standard method	25.585	25.123	23.073	24.276	25.713
Position risk for equity instruments	0	0	0	0	0
Credit value adjustment risk (CVA)	821	968	701	890	941
Operational risk	7.480	7.473	7.054	7.079	7.084
Transitional scheme	10.644	6.961	13.216	14.727	13.229
Risk weighted balance	120.683	118.410	116.651	119.118	119.705
Minimum requirement for common equity Tier 1 capital ratio 4,5 %	5.431	5.328	5.249	5.360	5.387
Buffer requirement					
Capital conservation buffer 2,5 %	3.017	2.960	2.916	2.978	2.993
Systemic risk buffer 3 %	3.620	3.552	3.500	3.574	3.591
Countercyclical capital buffer 1 %	1.810	1.776	1.750	1.787	1.796
Total buffer requirement to common equity Tier 1 capital ratio	8.448	8.289	8.166	8.338	8.379
Available common equity Tier 1 capital ratio after buffer requirement	3.822	3.778	3.728	2.729	2.369
Common Equity Tier 1 capital ratio ¹⁾	14,67 %	14,69 %	14,70 %	13,79 %	13,48 %
Tier 1 capital ratio	15,69 %	15,61 %	15,63 %	14,73 %	14,42 %
Tier 2 capital ratio	17,92 %	17,52 %	17,52 %	17,11 %	16,82 %
Common Equity Tier 1 capital ratio, IRB	16,09 %	15,61 %	16,57 %	15,74 %	15,15 %
Tier 1 capital ratio, IRB	17,21 %	16,59 %	17,62 %	16,81 %	16,22 %
Tier 2 capital ratio, IRB	19,65 %	18,61 %	19,76 %	19,53 %	18,91 %

¹⁾ 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.

Table 2.9.2: Specification of minimum capital requirement

3. Business areas

3.1 Business segments - Financial performance

MNOK	SpareBank 1 SR-Bank Group											
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		Other*		Total	
	Q2 17	Q2 16	Q2 17	Q2 16	Q2 17	Q2 16	Q2 17	Q2 16	Q2 17	Q2 16	Q2 17	Q2 16
Net interest income	376	318	371	362	10	10	1	0	26	21	784	711
Net commission and other income	160	161	78	76	4	7	112	108	46	37	400	389
Net return on investment securities	5	4	11	7	12	9	0	0	115	185	143	205
Operating expenses	124	116	51	56	17	17	96	89	260	236	548	514
Operating profit before losses	417	367	409	389	9	9	17	19	-73	7	779	791
Change in individual write-downs in the period	15	11	115	260	0	0	0	0	0	1	130	272
Change in group write-downs in the period	0	3	1	30	0	0	0	0	0	0	1	33
Operating profit before tax	402	353	293	99	9	9	17	19	-73	6	648	486
Gross loans to customers excl. covered bond companies	102.049	93.435	60.082	59.969	341	616	0	0	2.486	2.718	164.958	156.738
Deposits from customers	50.552	49.611	47.496	38.072	16	2.205	0	0	1.694	-255	99.758	89.633

MNOK	SpareBank 1 SR-Bank Group pr 30.06											
	Retail Market		Corporate Market		Capital Market		Eiendoms-Megler 1		Other*		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net interest income	727	619	725	719	19	24	1	1	51	46	1.523	1.409
Net commission and other income	317	312	145	153	17	25	205	176	87	75	771	741
Net return on investment securities	6	6	17	11	45	-3	0	0	164	270	232	284
Operating expenses	278	261	122	121	37	41	185	164	445	419	1.067	1.006
Operating profit before losses	772	676	765	762	44	5	21	13	-143	-28	1.459	1.428
Change in individual write-downs in the period	20	19	277	342	0	0	0	0	0	1	297	362
Change in group write-downs in the period	0	6	2	87	0	0	0	0	0	0	2	93
Operating profit before tax	752	651	486	333	44	5	21	13	-143	-29	1.160	973
Gross loans to customers excl. covered bond companies	102.049	93.435	60.082	59.969	341	616	0	0	2.486	2.718	164.958	156.738
Deposits from customers	50.552	49.611	47.496	38.072	16	2.205	0	0	1.694	-255	99.758	89.633

* Includes SR-Forvaltning, SR-Investering and SpareBank 1 Regnskapshuset SR

On 1 January 2017, SR-Finans was merged into the parent bank and the accounting figures for 2016 were distributed on the basis of estimates of 38% for the retail market and 62% for the corporate market in order to produce comparable figures.

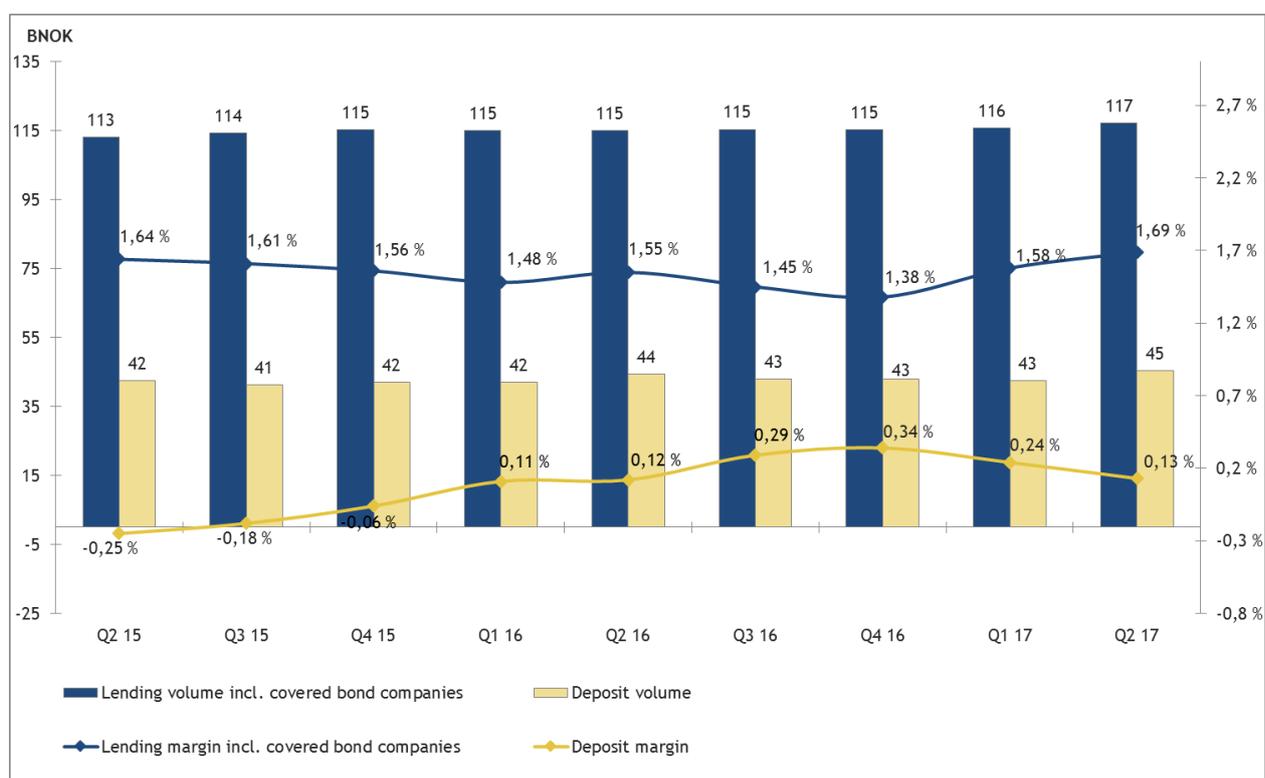
3.2 Retail Market²

Financial performance in the retail market segment

MNOK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Net interest income	376	351	303	307	318	727	619
Net other income	165	158	150	169	165	323	318
Total income	541	509	453	476	483	1.050	937
Total operating expenses	124	154	175	147	116	278	261
Operating profit before losses	417	355	278	329	367	772	676
Change in individual write-downs in the period	15	5	8	7	11	20	19
Change in group write-downs in the period	0	0	1	1	3	0	6
Operating profit before tax	402	350	269	321	353	752	651

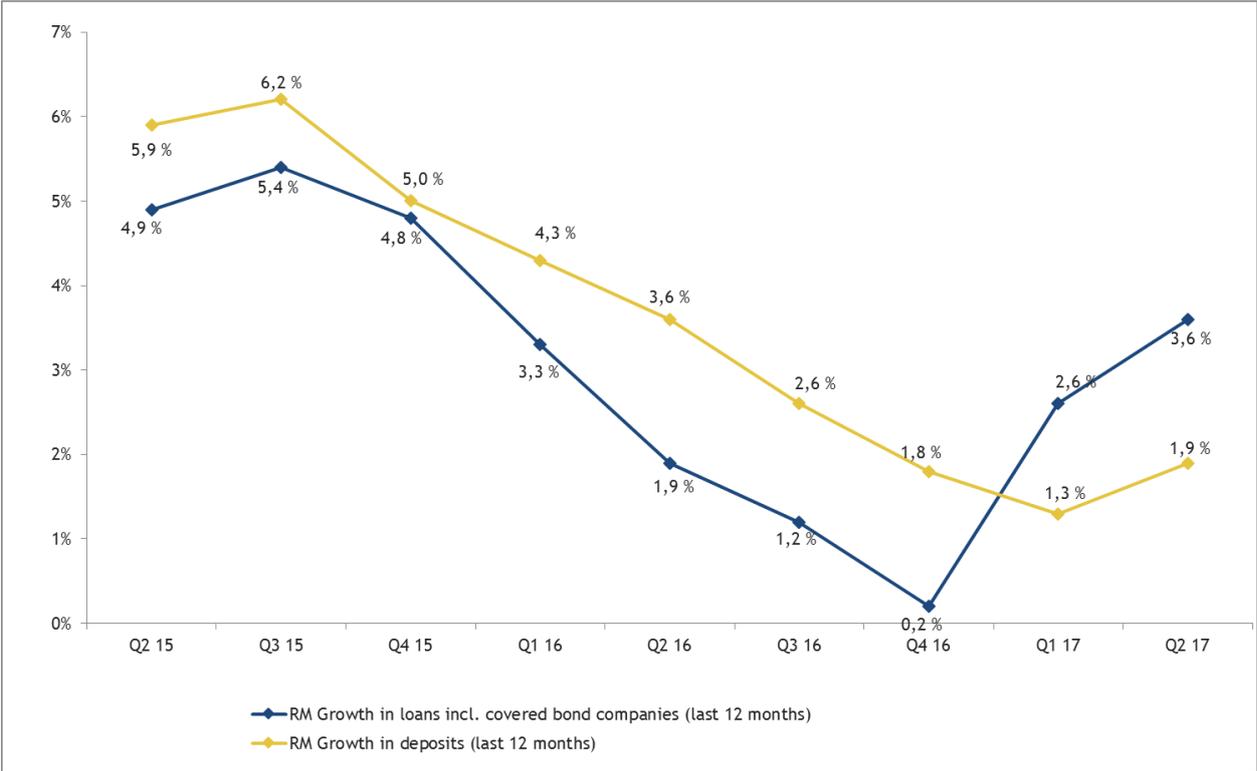
SpareBank 1 SR-Finans AS was merged into SpareBank 1 SR-Bank from 1 January 2017. This results in break in the historic figures and the figures are therefore not entirely comparable.

Development in average volume and interest margin



² The interest on intercompany receivables for the retail market division and the corporate market division is determined on the basis of expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long-term funding (credit premium). Differences between the group's actual funding costs and the interest applied on intercompany receivables are eliminated at the group level.

Growth in loans and deposits



SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and the lending volume from SR-Finans is included in the figures from first quarter 2017. This results in break in the historic figures. 12 month lending growth was, for the second quarter of 2017, 1.7% for retail market excluding the effect of the merger.

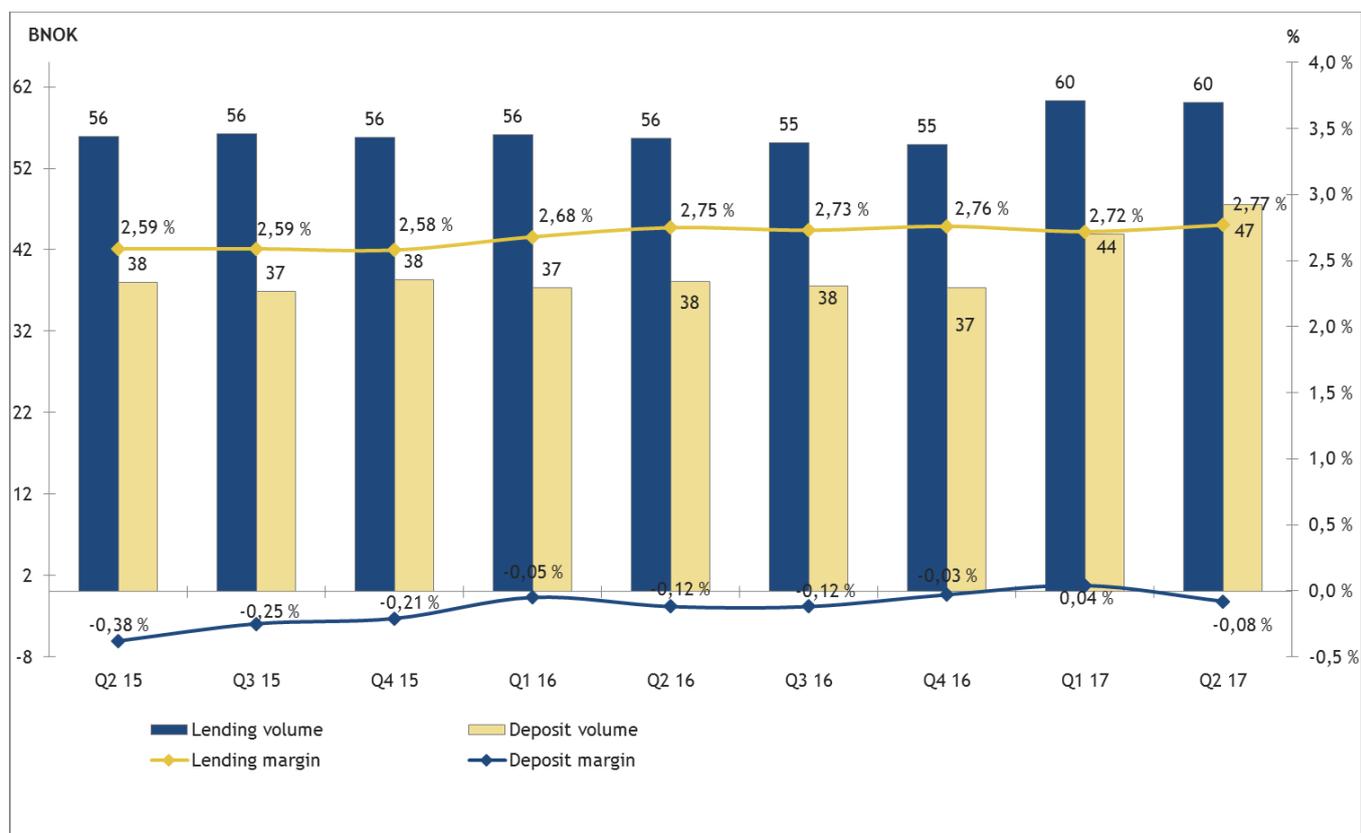
3.3 Corporate Market

Financial performance in the corporate market segment

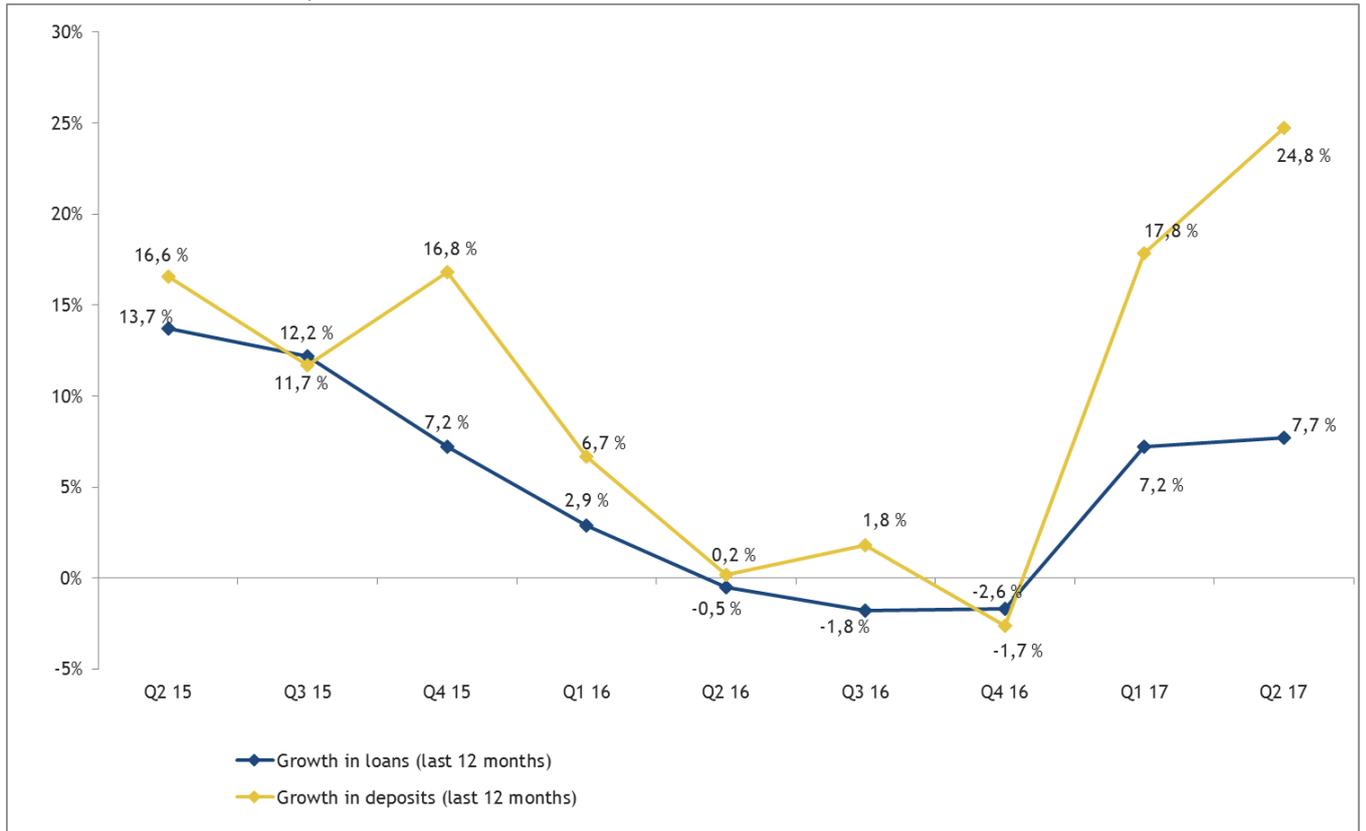
MNOK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Net interest income	371	354	341	325	362	725	719
Net other income	89	73	93	69	83	162	164
Total income	460	427	434	394	445	887	883
Total operating expenses	51	71	72	59	56	122	121
Operating profit before losses	409	356	362	335	389	765	762
Change in individual write-downs in the period	115	162	97	104	260	277	342
Change in group write-downs in the period	1	1	14	42	30	2	87
Operating profit before tax	293	193	251	189	99	486	333

SpareBank 1 SR-Finans AS was merged into SpareBank 1 SR-Bank from 1 January 2017. This results in break in the historic figures and the figures are therefore not entirely comparable.

Development in average volume and interest margin



Growth in loans and deposits



SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and the lending volume from SR-Finans is included in the figures from first quarter 2017. This results in break in the historic figures. 12 month lending growth was, for the second quarter of 2017, -0,7% for corporate market excluding the effect of the merger.

Increased deposit growth in the corporate market in 2017 is due to larger deposits from public sector.

3.4 Capital Market

The securities activities are organised under the SR-Markets brand and include own account and customer trading in interest rate instruments, foreign exchange and equities, and corporate finance services, as well as settlement and administrative securities services. Management is organised in a separate subsidiary, SR-Forvaltning AS.

Financial performance in the capital market segment

<i>MNOK</i>	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Net interest income	10	9	10	12	10	19	24
Net other operating income	16	46	29	32	16	62	22
Total income	26	55	39	44	26	81	46
Total operating expenses	17	20	21	19	17	37	41
Operating profit before losses	9	35	18	25	9	44	5
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	9	35	18	25	9	44	5

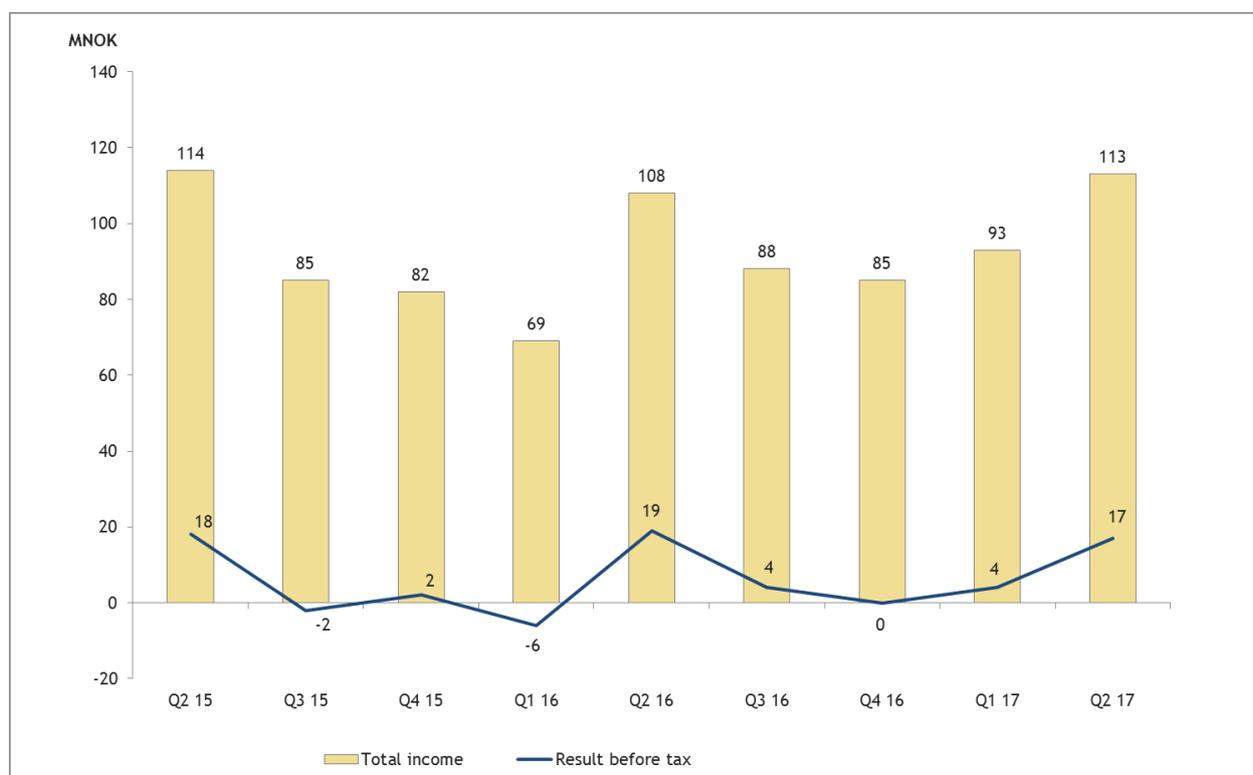
3.5 Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

EiendomsMegler 1 SR-Eiendom AS, which is fully owned by SpareBank 1 SR-Bank, is our region's market leader and the largest company in the nationwide EiendomsMegler 1 chain. This chain is the largest chain of real estate agents in Norway. As at 30 June 2017, the company sold 3519 properties from its 30 real estate offices in Rogaland, Agder and Hordaland. The activities cover commercial real estate, holiday homes, housing rental and new-builds and used homes.

Financial performance

MNOK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Interest income	1	0	0	1	0	1	1
Other income	112	93	85	87	108	205	176
Total income	113	93	85	88	108	206	177
Total operating expenses	96	89	85	84	89	185	164
Operating profit before losses	17	4	0	4	19	21	13
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	17	4	0	4	19	21	13

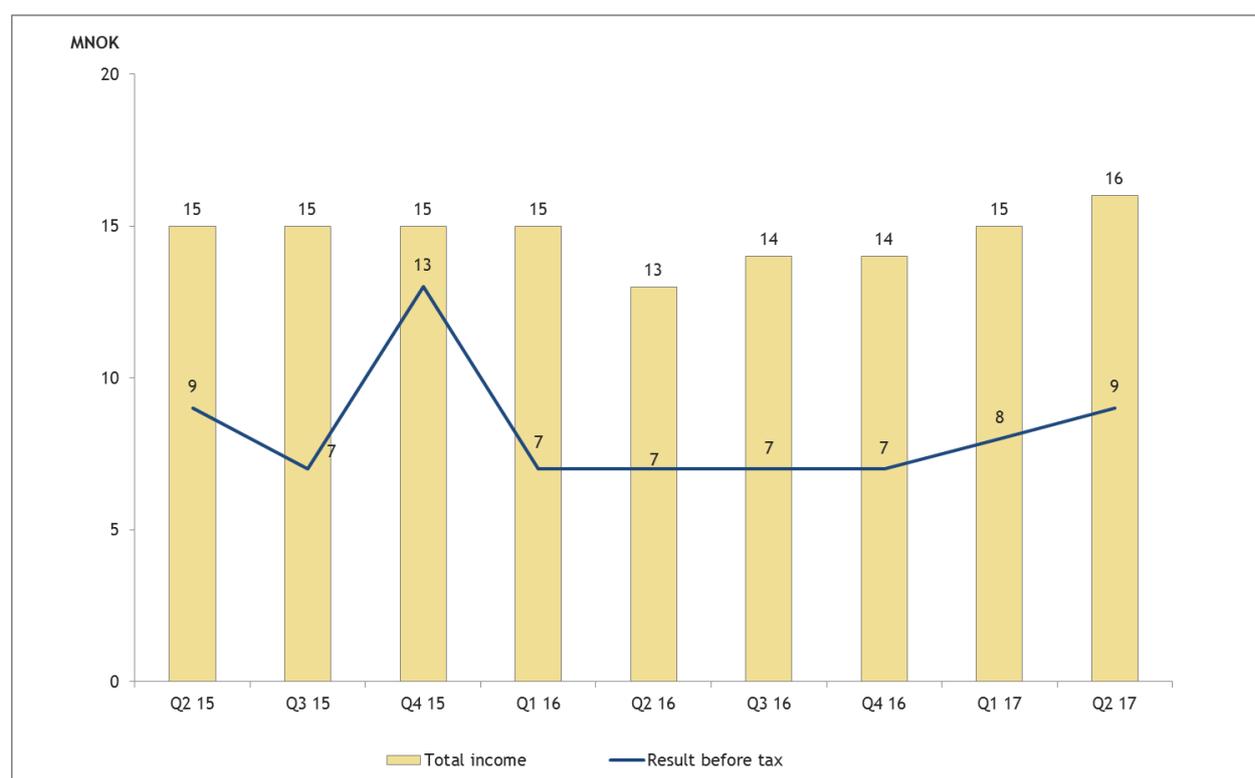


SR-Forvaltning AS

SR-Forvaltning AS is a securities firm with a licence to provide asset management services. The company's objective is to be a local alternative with a high level of expertise in financial management. The company manages portfolios for SpareBank 1 SR-Bank and SpareBank 1 SR-Bank's pension fund, in addition to portfolios for about 2,500 external customers. The external customer base is made up of pension funds, public and private enterprises and affluent private individuals. Total assets amount to approximately NOK 11 billion as at 30 June 2017. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Interest income	0	0	1	0	0	0	0
Other income	16	15	13	14	13	31	28
Total income	16	15	14	14	13	31	28
Total operating expenses	7	7	7	7	6	14	14
Operating profit before losses	9	8	7	7	7	17	14
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	9	8	7	7	7	17	14

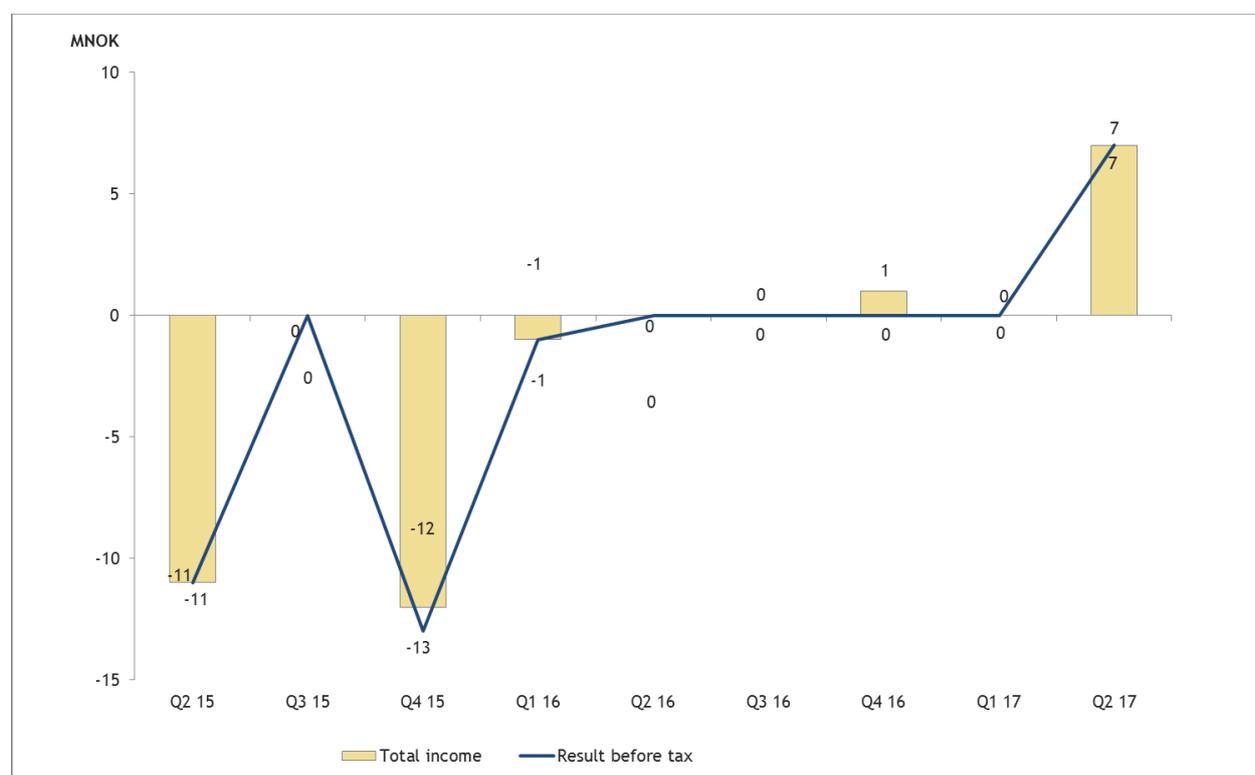


SR-Investering AS

The company's objective is to contribute to long-term value creation, through investment in business in the group's market segment. The company invests primarily in private equity funds and small and medium-sized companies that need capital to develop and grow further. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Interest income	0	0	0	0	1	0	1
Other income	7	0	1	0	-1	7	-2
Total income	7	0	1	0	0	7	-1
Total operating expenses	0	0	1	0	0	0	0
Operating profit before losses	7	0	0	0	0	7	-1
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	7	0	0	0	0	7	-1



SpareBank 1 Regnskapshuset SR AS

The company was established in the first quarter of 2015 and has through the acquisitions that have been made gained a solid foothold in Southern and Western Norway with branches in Straume, Haugesund, Stavanger, Sandnes and Ålgård. The accounting firm venture will enable the group to satisfy customers' total needs better by being able to offer customers in the region accounting services and advice.

Financial performance

<i>MNOK</i>	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	30.06 2017	30.06 2016
Interest income	0	0	0	0	0	0	0
Other income	27	28	19	16	24	55	47
Total income	27	28	19	16	24	55	47
Personal expenses	18	20	15	12	15	38	31
Other expenses	6	6	6	5	5	12	11
Total operating expenses	24	26	21	17	20	50	42
Operating profit before losses	3	2	-2	-1	4	5	5
Change in individual write-downs in the period	0	0	0	0	0	0	0
Change in group write-downs in the period	0	0	0	0	0	0	0
Operating profit before tax	3	2	-2	-1	4	5	5