

THIRD QUARTER 2017

The impossible is solved by incredible people

Towards a more competitive and robust region



HAND IN HAND WITH THE INCREDIBLE

SpareBank **1**
SR-BANK

Chief Executive, CEO

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Information on the Internet

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

Financial Calendar

Third quarter 2017 25 October

Table of Contents

1. SpareBank 1 SR-Bank ASA	4
1.1 Financial highlights	4
1.2 Business description: leading financial institution in Rogaland, Hordaland and Agder	6
Retail Market	6
Corporate Market	6
Capital Market	6
Vision and strategy	8
Legal and organizational structure	9
Annual General Meeting	9
Board of Directors	9
Board committees	9
Organisation of SpareBank 1 SR-Bank ASA.....	10
The SpareBank 1 Alliance	10
1.3 Shareholder information - SRBANK	13
Investor relations policy	14
Shareholder and dividend policy	14
Ownership structure as at 30 September 2017	15
1.4 Credit ratings	16
2. Financial results and balance sheet	17
2.1 Net interest income.....	23
2.2 Net other operating income.....	25
2.3 Operating expenses	27
2.5 Loans	32
2.6 Risk profile	33
2.7 Risk profile in bond and equity portfolios	36
2.8 Funding	37
2.9 Capital adequacy	38
3. Business areas	41
3.1 Business segments - Financial performance	41
3.2 Retail Market.....	42
Financial performance in the retail market segment	42
Development in average volume and interest margin	42
Growth in loans and deposits.....	43
3.3 Corporate Market.....	44
Financial performance in the corporate market segment.....	44
Development in average volume and interest margin	44
Growth in loans and deposits	45
3.5 Subsidiaries	47
EiendomsMegler 1 SR-Eiendom AS	47
SR-Forvaltning AS.....	48
FinStart Nordic AS.....	49
SpareBank 1 Regnskapshuset SR AS	50

1. SpareBank 1 SR-Bank ASA

1.1 Financial highlights

Q3 2017

- Pre-tax profit: NOK 750 million (NOK 660 million)
- Profit after tax: NOK 610 million (NOK 534 million)
- Return on equity after tax: 12.9% (12.2%)
- Earnings per share: NOK 2.39 (NOK 2.09)
- Net interest income: NOK 820 million (NOK 729 million)
- Net commission and other income: NOK 386 million (NOK 347 million)
- Net income on investment securities: NOK 198 million (NOK 231 million)
- Operating expenses: NOK 530 million (NOK 486 million)
- Impairment losses on loans and guarantees: NOK 124 million (NOK 161 million)
(Q3 2016 in parentheses)

30 September 2017

- Pre-tax profit: NOK 1,910 million (NOK 1,633 million)
- Profit after tax: NOK 1,527 million (NOK 1,326 million)
- Return on equity after tax: 10.9 % (10.2 %)
- Earnings per share: NOK 5.98 (NOK 5.19)
- Net interest income: NOK 2,343 million (NOK 2,138 million)
- Net commission and other income: NOK 1,157 million (NOK 1,088 million)
- Net income from financial investments: NOK 430 million (NOK 515 million)
- Operating expenses: NOK 1,597 million (NOK 1,492 million)
- Normalised costs growth* of 0.9% (-4.1%)
- Impairment losses on loans and guarantees: NOK 423 million (NOK 616 million)
- Total lending growth over past 12 months: 1.2% (0.1%)
- Growth in deposits over past 12 months: 13.0% (-2.0%)
- Tier 1 capital ratio: 15.8% (14.7%)
- CET 1 capital ratio: 14.8% (13.8%)
 - CET 1 capital ratio is 15.1% per 30.09.2017 taking into account rebalancing of ownership in SpareBank 1 Boligkreditt.

(30 September 2016 in parentheses)

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

Income statement

Financial results

MNOK	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Net interest income	820	784	739	733	729	2.343	2.138
Net commission and other income	386	400	371	355	347	1.157	1.088
Net return on investment securities	198	143	89	139	231	430	515
Total income	1.404	1.327	1.199	1.227	1.307	3.930	3.741
Total operating expenses	530	548	519	540	486	1.597	1.492
Operating profit before losses	874	779	680	687	821	2.333	2.249
Losses on loans and guarantees	124	131	168	162	161	423	616
Operating profit before tax	750	648	512	525	660	1.910	1.633
Tax expense	140	134	109	96	126	383	307
Profit after tax	610	514	403	429	534	1.527	1.326

Key figures

Key figures

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Return on equity ¹⁾	12,9 %	11,0 %	8,7 %	9,5 %	12,2 %	10,9 %	10,2 %
Cost ratio ²⁾	37,7 %	41,3 %	43,3 %	44,0 %	37,2 %	40,6 %	39,9 %
Deposit-to-loan ratio	59,0 %	60,5 %	58,3 %	54,5 %	55,4 %	59,0 %	55,4 %
Growth in loans	6,2 %	5,2 %	3,0 %	1,6 %	3,6 %	6,2 %	3,6 %
Growth in loans incl. covered bond companies	1,2 %	0,5 %	-0,4 %	-0,9 %	0,1 %	1,2 %	0,1 %
Growth in deposits	13,0 %	11,3 %	7,0 %	-3,9 %	-2,0 %	13,0 %	-2,0 %
Average total assets, MNOK	211.111	207.389	195.967	194.963	195.489	204.481	193.879
Total assets, MNOK	215.309	212.879	200.182	193.408	193.219	215.309	193.219
Impairment losses ratio incl. loans from covered bond companies ³⁾	0,27	0,29	0,37	0,35	0,35	0,31	0,45
Capital ratio	17,7	17,9	17,5	17,5	17,1	17,7	17,1
Common Equity Tier 1 capital ratio	14,8	14,7	14,7	14,7	13,8	14,8	13,8
Share price	85,75	71,50	64,25	60,75	45,60	85,75	45,60
EPS (group)	2,39	2,01	1,58	1,68	2,09	5,98	5,19

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

Rogaland	
Population	470.000
Market share	36 %
Year of establishment	1839
Market strategy	Market leader
Unemployment rate	3.4%
Hordaland	
Population	516.000
Market share	6 %
Year of establishment	2006
Market strategy	Entry/growth
Unemployment rate	2.8 %
Agder	
Population	298.000
Market share	8 %
Year of establishment	2002
Market strategy	Growth
Unemployment rate	3.0 %



Source: Nav, SSB and SpareBank 1 SR-Bank

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 185.2 billion and market cap of NOK 21.9 billion as at 30 September 2017. Head office is in Stavanger. The market areas are the counties of Rogaland, Agder and Hordaland. SpareBank 1 SR-Bank ASA has 1 151 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

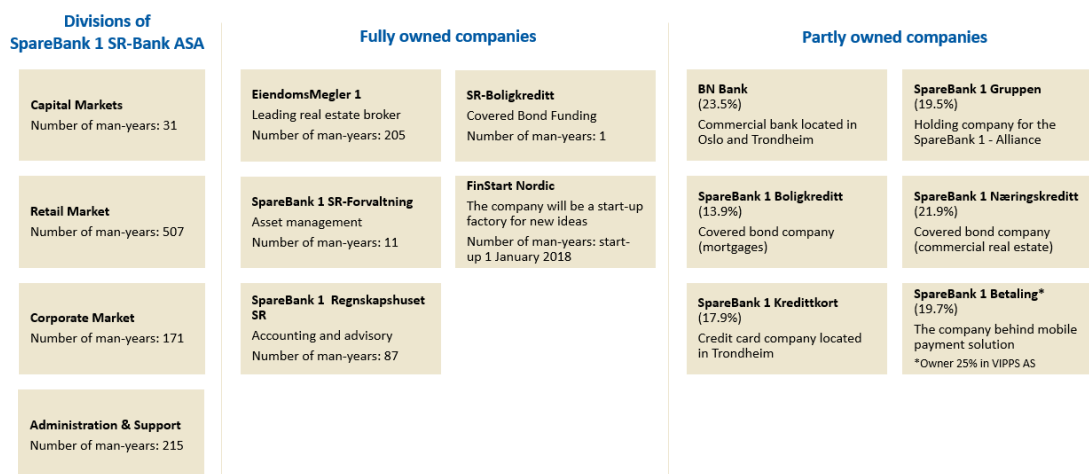
SpareBank 1 SR-Bank ASA service about 14,000 customers in the business sector and public sector. These also include small businesses, agricultural customers, societies and associations. About 40 per cent of all businesses in the bank’s traditional market list SpareBank 1 SR-Bank ASA as their main bank.

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)*

Q3 2017

MNOK	Retail market		Corporate market		Capital market	
	2017	2016	2017	2016	2017	2016
Operating profit before tax 3rd quarter only	418	338	280	207	15	25
Operating profit before tax as at 30 September	1.169	989	766	539	59	30
Gross loans to customers excl. SB1 Boligkreditt and SB1 Næringskreditt as at 30 September	104.059	94.734	60.261	59.441	283	460
Deposits from customers as at 30 September	49.703	48.157	47.878	37.503	15	1.863

*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.

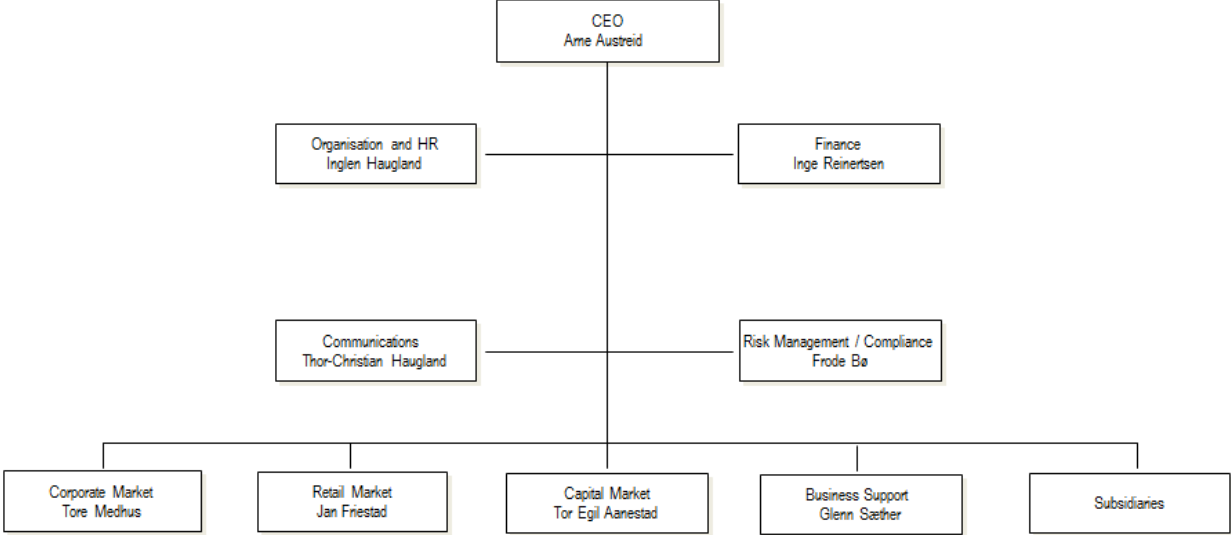


Figure 1.2.5: Organizational structure of SpareBank 1 SR-Bank

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 – 2nd largest mortgage lender in Norway

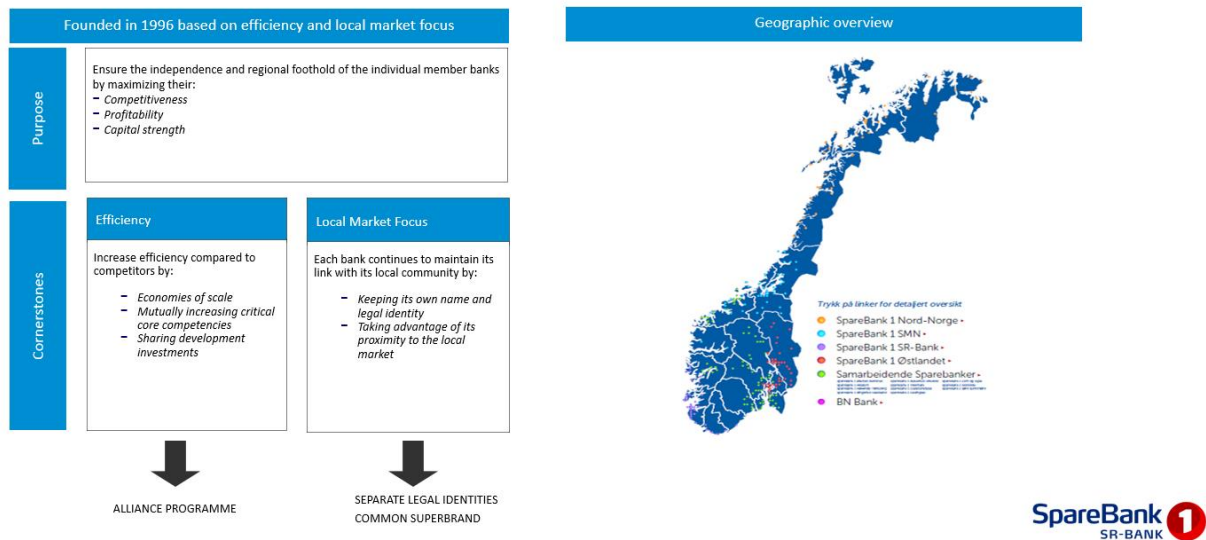


Figure 1.2.6: Geographic overview of the SpareBank 1 Alliance

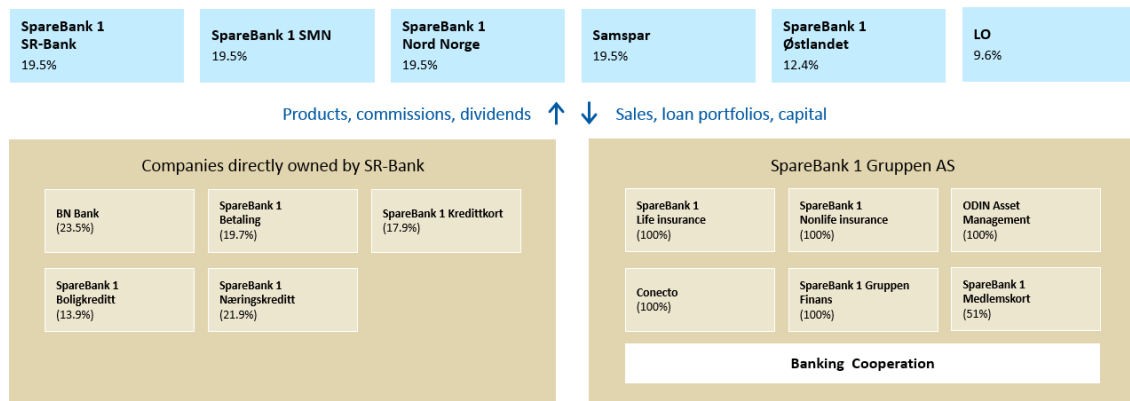
The member banks in the Alliance work in part through common projects and in part through the jointly owned holding company; SpareBank 1 Gruppen AS. In addition to SpareBank 1 SR-Bank, SpareBank 1 Gruppen AS is owned by SpareBank 1 Nord-Norge, SpareBank 1 SMN, SpareBank 1 Østlandet, Samarbeidende Sparebanker (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 Betaling and the bank; BN Bank ASA.

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

SpareBank 1 Alliansen



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 September 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.

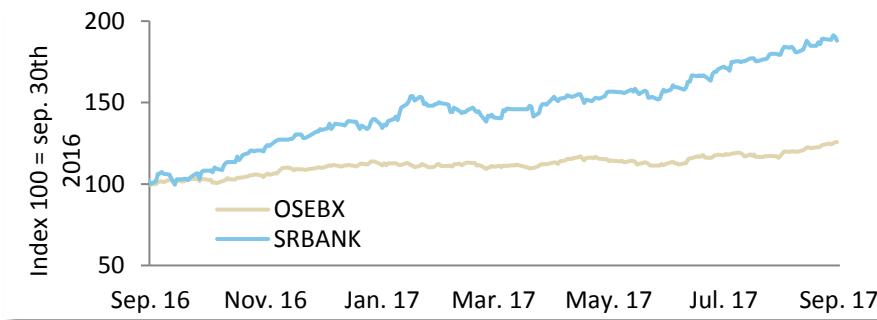


Figure 1.3.1: Relative performance; SRBANK vs OSEBX September 2016 – September 2017

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 September 2012 to 30 September 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.

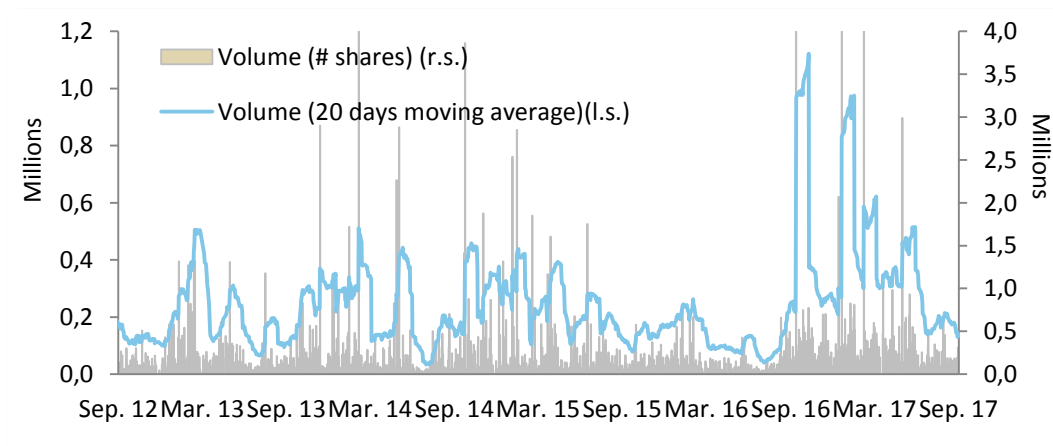


Figure 1.3.2 Development in liquidity; SRBANK September 2012 – September 2017

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

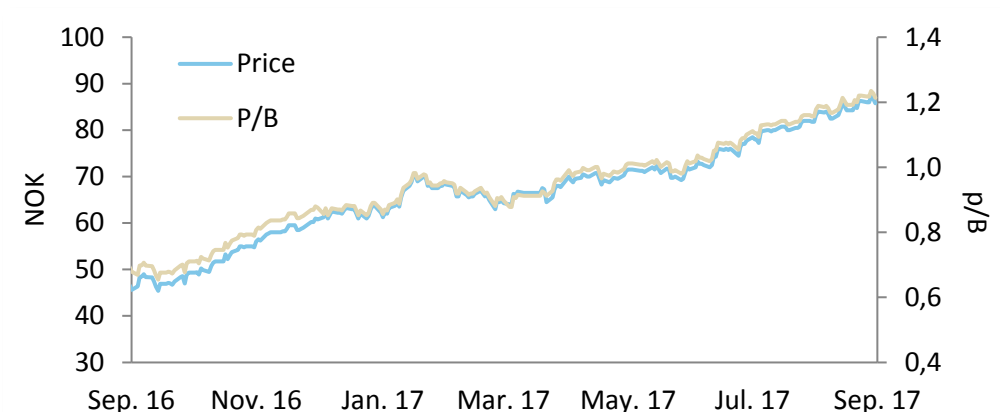


Figure 1.3.3: Share price and development in P/B; September 2016 – September 2017

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
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 Pareto Securities, Vegard Toverud: +47 22 87 88 24, vegard.toverud@pareto.no
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 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 September 2017

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Folketrygdfondet		14.627.715	5,7%
State Street Bank and Trust Co, U.S.A.	Nominee	8.345.484	3,3%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Vpf Nordea Norge Verdi		5.957.547	2,3%
Danske Invest Norske Instit. II		3.595.310	1,4%
Verdipapirfondet DNB Norge (IV)		3.539.205	1,4%
Odin Norge		3.506.393	1,4%
State Street Bank and Trust Co, U.S.A.	Nominee	2.860.548	1,1%
Clipper AS		2.565.000	1,0%
Pareto Aksje Norge		2.385.513	0,9%
KLP Aksjenorge Indeks		1.930.347	0,8%
Danske Invest Norske Aksjer Inst.		1.887.194	0,7%
JPMorgan Chase Bank N.A., U.S.A.	Nominee	1.880.641	0,7%
KAS Bank NV, Nederland	Nominee	1.877.761	0,7%
Vpf Nordea Norge Avkastning		1.664.410	0,7%
Westco AS		1.662.987	0,7%
Pareto AS		1.640.867	0,6%
Vpf Nordea Kapital		1.516.050	0,6%
Forsvarets Personellservice		1.513.556	0,6%
<hr/>			
Top 5		107.576.634	42,1%
Top 10		123.643.090	48,3%
Top 20		141.602.416	55,4%

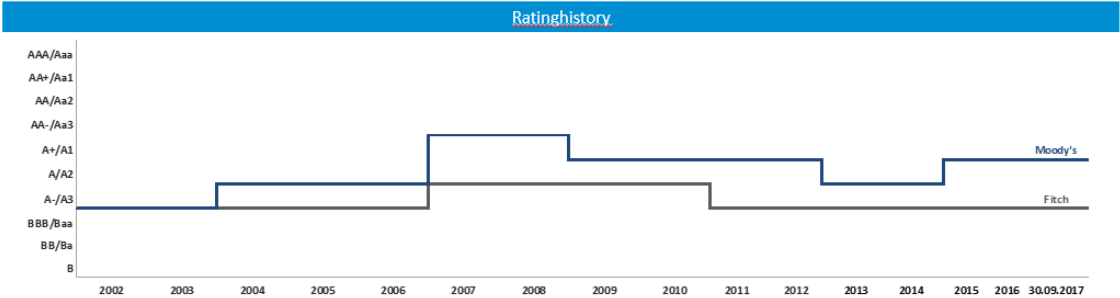
Table 1.3.1: 20 largest shareholders as at 30 September 2017

1.4 Credit ratings

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

Rating

Moody's		Fitch	
Long-term debt	A1	Long-term IDR	A-
Outlook	Negative	Outlook	Stable
Updated	28 September 2017	Updated	9 October 2017



2. Financial results and balance sheet

Income statement

Financial results

<i>MNOK</i>	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Interest income	1.455	1.437	1.392	1.400	1.384	4.284	4.163
Interest expense	635	653	653	667	655	1.941	2.025
Net interest income	820	784	739	733	729	2.343	2.138
Commission income	407	417	389	372	365	1.213	1.139
Commission expenses	22	19	19	18	18	60	54
Other operating income	1	2	1	1	0	4	3
Net commission and other income	386	400	371	355	347	1.157	1.088
Dividend income	2	4	5	5	0	11	105
Income from investment in associates	127	81	63	78	90	271	306
Net gains/losses on financial instruments	69	58	21	56	141	148	104
Net return on investment securities	198	143	89	139	231	430	515
Total income	1.404	1.327	1.199	1.227	1.307	3.930	3.741
Personnel expenses	312	312	306	293	282	930	873
Administrative expenses	111	127	112	133	115	350	331
Other operating expenses	107	109	101	114	89	317	288
Total operating expenses	530	548	519	540	486	1.597	1.492
Operating profit before losses	874	779	680	687	821	2.333	2.249
Losses on loans and guarantees	124	131	168	162	161	423	616
Operating profit before tax	750	648	512	525	660	1.910	1.633
Tax expense	140	134	109	96	126	383	307
Profit after tax from continuing operations	610	514	403	429	534	1.527	1.326

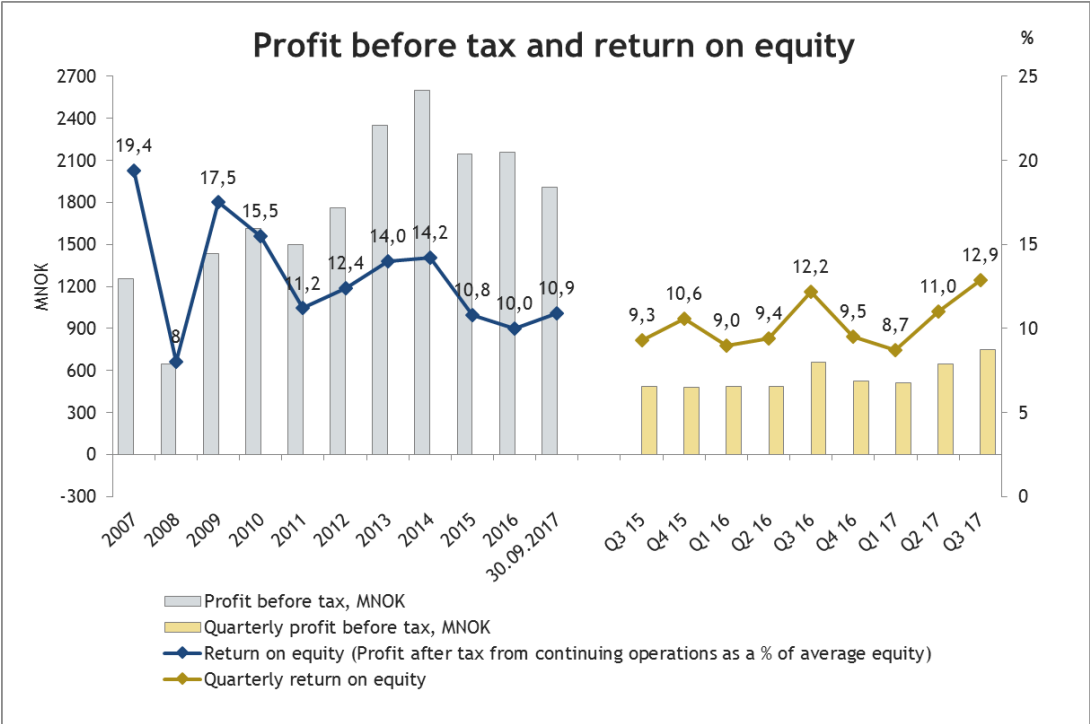
Key figures

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Return on equity ¹⁾	12,9 %	11,0 %	8,7 %	9,5 %	12,2 %	10,9 %	10,2 %
Cost ratio ²⁾	37,7 %	41,3 %	43,3 %	44,0 %	37,2 %	40,6 %	39,9 %
Net interest margin	1,54 %	1,52 %	1,53 %	1,50 %	1,48 %	1,53 %	1,47 %
Gross loans to customers	167.105	164.958	159.843	157.638	157.352	167.105	157.352
Gross loans to customers incl. covered bond companies	185.150	184.317	183.182	182.332	183.042	185.150	183.042
Deposits from customers	98.602	99.758	93.125	85.914	87.240	98.602	87.240
Deposit-to-loan ratio	59,0 %	60,5 %	58,3 %	54,5 %	55,4 %	59,0 %	55,4 %
Growth in loans	6,2 %	5,2 %	3,0 %	1,6 %	3,6 %	6,2 %	3,6 %
Growth in loans incl. covered bond companies	1,2 %	0,5 %	-0,4 %	-0,9 %	0,1 %	1,2 %	0,1 %
Growth in deposits	13,0 %	11,3 %	7,0 %	-3,9 %	-2,0 %	13,0 %	-2,0 %
Average total assets	211.111	207.389	195.967	194.963	195.489	204.481	193.879
Total assets	215.309	212.879	200.182	193.408	193.219	215.309	193.219
Impairment losses ratio ³⁾	0,30	0,32	0,42	0,41	0,41	0,35	0,53
Impairment losses ratio incl. loans from covered bond companies	0,27	0,29	0,37	0,35	0,35	0,31	0,45
Non-performing commitments as a percentage of gross loans	0,49	0,50	0,46	0,68	0,73	0,49	0,73
Non-performing commitments as a percentage of gross loans incl. loans from covered bond companies	0,45	0,45	0,40	0,59	0,63	0,45	0,63
Other doubtful commitments as a percentage of gross loans	0,81	0,84	0,95	0,72	0,64	0,81	0,64
Other doubtful commitments as a percentage of gross loans incl. loans from covered bond companies	0,73	0,76	0,83	0,62	0,55	0,73	0,55
Capital ratio	17,7	17,9	17,5	17,5	17,1	17,7	17,1
Tier 1 capital ratio	15,8	15,7	15,6	15,6	14,7	15,8	14,7
Common Equity Tier 1 capital ratio	14,8	14,7	14,7	14,7	13,8	14,8	13,8
Tier 1 capital	19.214	18.938	18.484	18.227	17.552	19.214	17.552
Net primary capital	21.515	21.623	20.744	20.443	20.386	21.515	20.386
RWA	121.818	120.683	118.410	116.651	119.118	121.818	119.118
Number of branches	36	36	36	36	47	36	47
Man-years (permanent)	1.151	1.125	1.142	1.127	1.154	1.151	1.154
Share price	85,75	71,50	64,25	60,75	45,60	85,75	45,60
Market capitalisation	21.931	18.286	16.432	15.537	11.662	21.931	11.662
Book equity per share (including dividends) (group)	75,07	72,72	72,91	71,54	69,36	75,07	69,36
Earnings per share (group)	2,39	2,01	1,58	1,68	2,09	5,98	5,19
Dividends per share	n.a	n.a	n.a	2,25	n.a.	n.a	n.a.
Price / Earnings per share	8,97	8,89	10,17	9,04	5,45	10,75	6,59
Price / Book equity (group)	1,14	0,98	0,88	0,85	0,66	1,14	0,66

¹⁾ Net profit as a percentage of average equity.

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

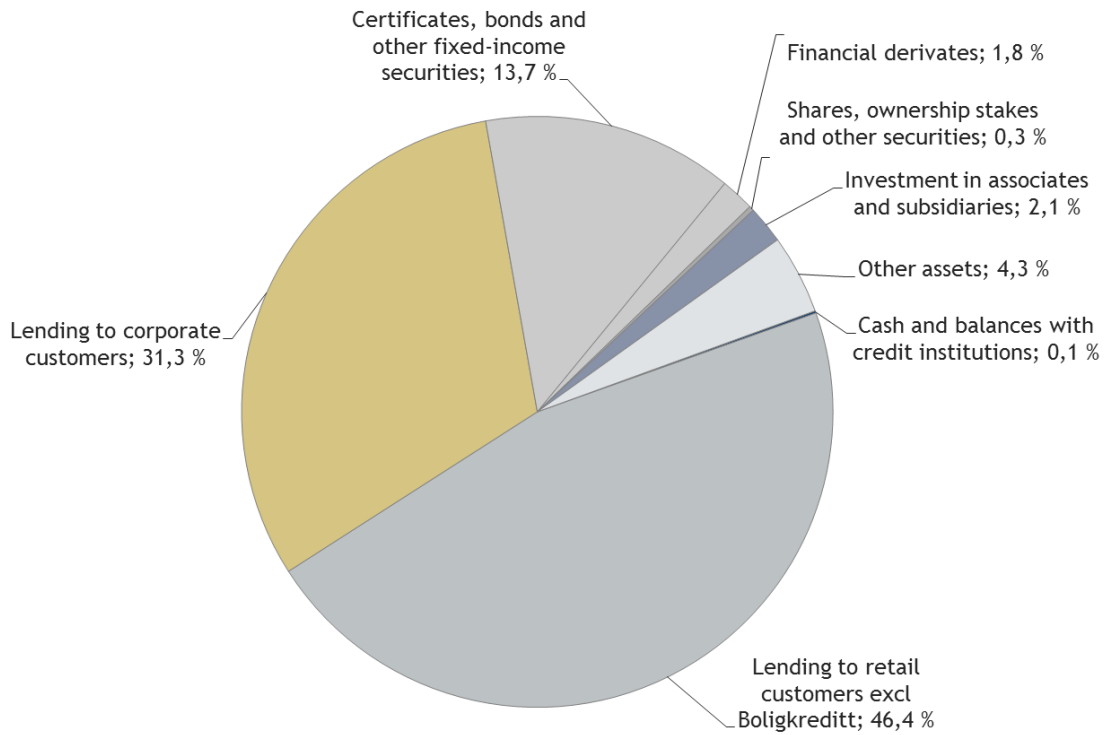
³⁾ Net losses expressed as a percentage of average gross lending year to date, annualized



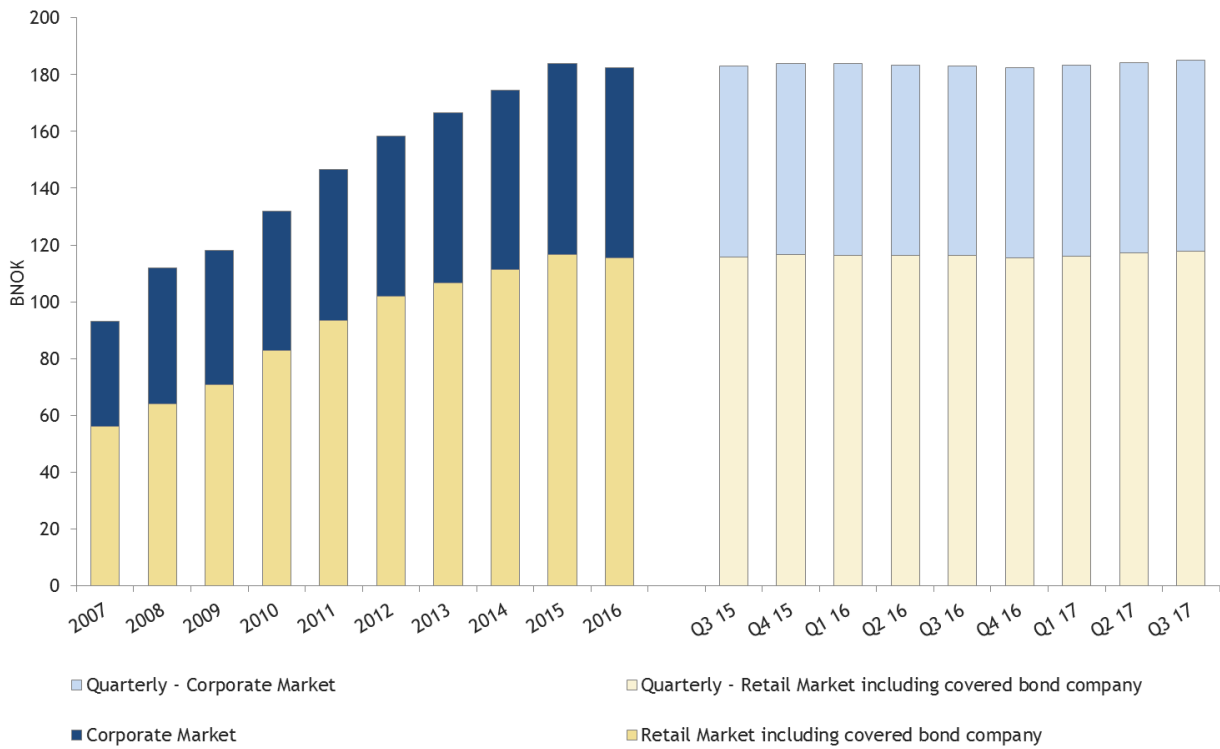
Balance sheet

<i>MNOK</i>	30.09 2017	30.06 2017	31.03 2017	31.12 2016	30.09 2016
Cash and balances with central banks	271	747	965	1.079	172
Balances with credit institutions	4.135	8.335	7.148	4.334	1.073
Net loans to customers	165.787	163.703	158.628	156.372	156.153
Certificates, bonds and other fixed-income sec.	29.579	28.451	22.078	21.024	21.737
Financial derivatives	3.960	5.354	4.329	4.315	4.653
Shares, ownership stakes and other securities	562	528	623	596	579
Business available for sale	0	22	22	22	23
Investment in associates	4.450	4.277	4.537	4.460	4.858
Other assets	6.565	1.462	1.852	1.206	3.971
Total assets	215.309	212.879	200.182	193.408	193.219
Balances with credit institutions	2.172	2.805	2.847	2.674	4.729
Deposits from customers	98.602	99.758	93.125	85.914	87.240
Listed debt securities	86.341	83.222	77.946	79.183	74.140
Financial derivatives	2.113	3.622	2.623	2.515	3.554
Other liabilities	3.586	1.633	2.338	2.188	2.570
Additional Tier 1 and Tier 2 capital instruments	3.161	3.105	2.671	2.646	3.256
Total liabilities	195.975	194.145	181.550	175.120	175.489
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	0	575	575	0
Fund for unrealised gains	52	52	52	52	163
Hybrid capital	150	150	0	0	0
Other equity	9.624	9.634	9.621	9.680	8.260
Profit/loss at period end	1.527	917	403	0	1.326
Total equity	19.334	18.734	18.632	18.288	17.730
Total liabilities and equity	215.309	212.879	200.182	193.408	193.219

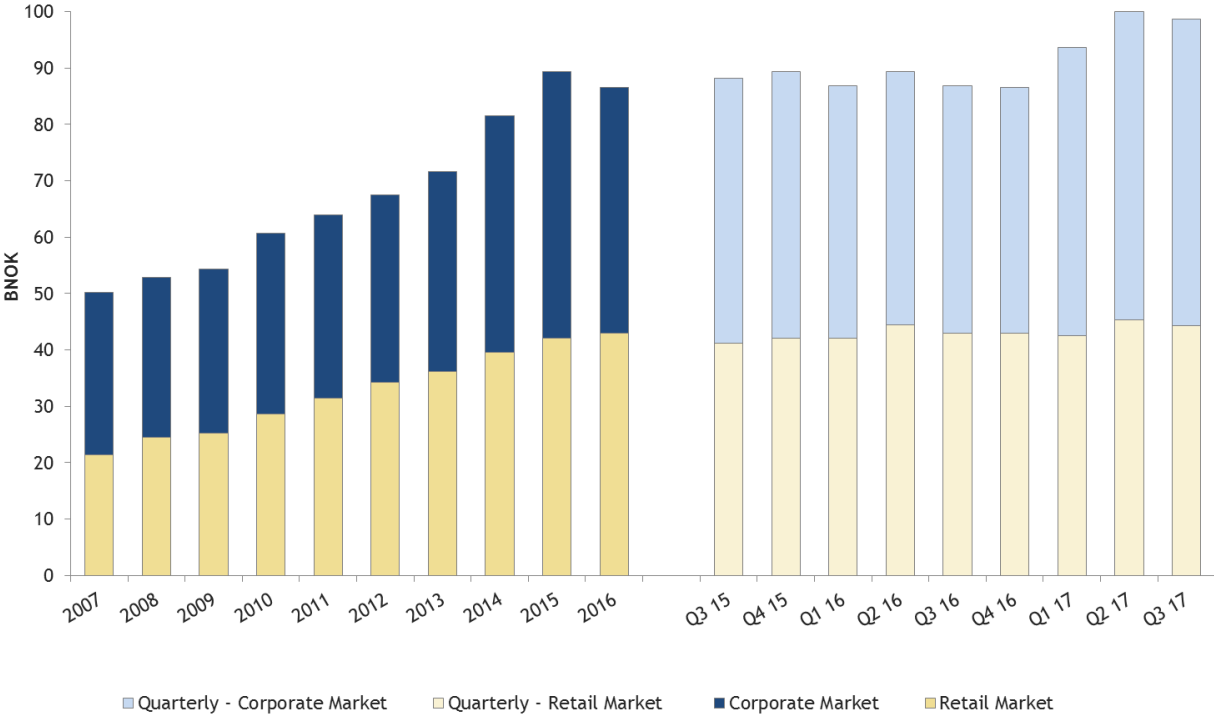
Total assets as at 30 September 2017:



Development in lending volume

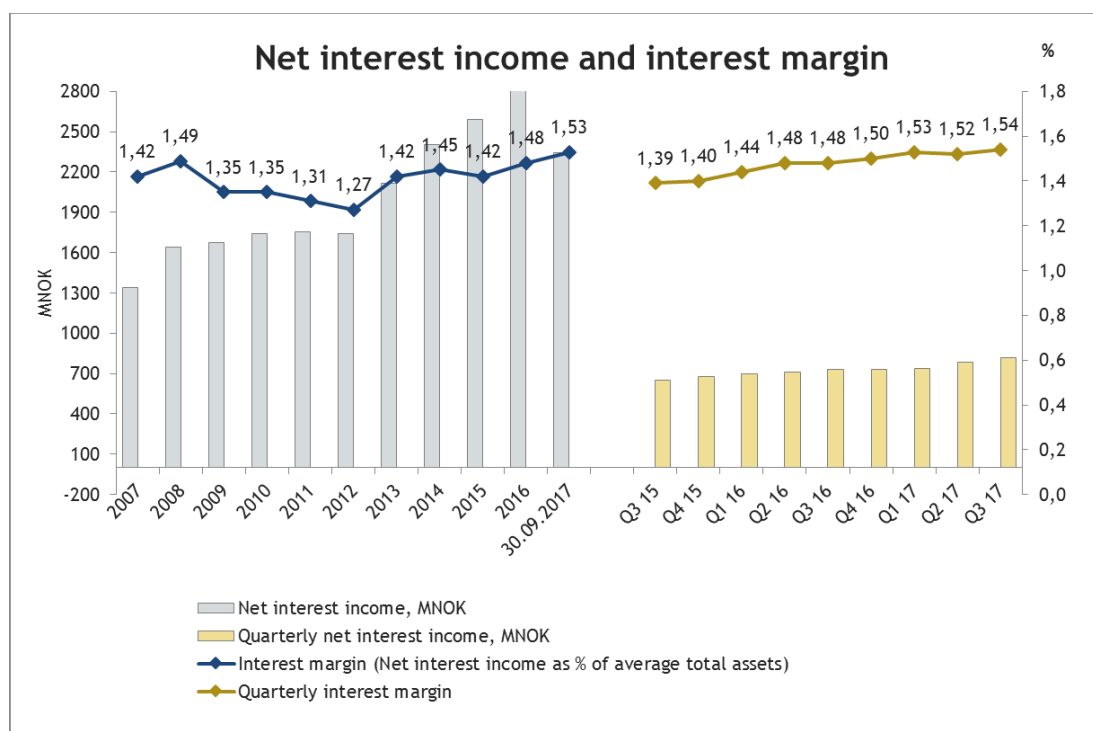


Development in deposit volume



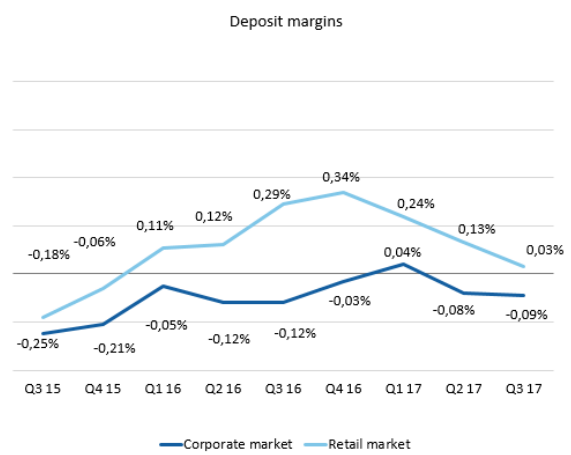
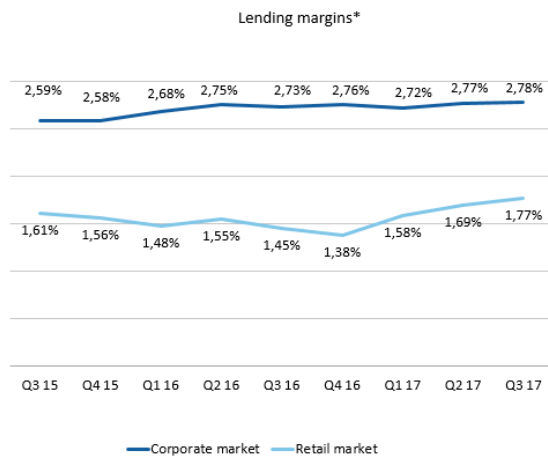
2.1 Net interest income

	Q3	Q2	Q1	Q4	Q3	30.09	30.09
MNOK	2017	2017	2017	2016	2016	2017	2016
Interest income	1.455	1.437	1.392	1.400	1.384	4.284	4.163
Interest expense	635	653	653	667	655	1.941	2.025
Net interest income	820	784	739	733	729	2.343	2.138
As % of average total assets	1,54 %	1,52 %	1,53 %	1,50 %	1,48 %	1,53 %	1,47 %



Lending and deposit margins¹

Lending and deposit margins



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

	Q3	Q2	Q1	Q4	Q3	30.09	30.09
<i>MNOK</i>	2017	2017	2017	2016	2016	2017	2016
Net commission and other income	386	400	371	355	347	1.157	1.088
Net return on investment securities	198	143	89	139	231	430	515
Net other operating income	584	543	460	494	578	1.587	1.603
As % of total income	42 %	41 %	38 %	40 %	44 %	40 %	43 %

Net commission and other income

	Q3	Q2	Q1	Q4	Q3	30.09	30.09
<i>MNOK</i>	2017	2017	2017	2016	2016	2017	2016
Payment facilities	71	63	63	60	75	197	192
Savings/placements	51	49	51	45	45	151	140
Insurance products	52	52	52	50	48	156	148
Commission income from real estate broking	90	112	93	85	87	295	263
Guarantee commission	29	26	25	31	24	80	83
Arrangement fees	28	24	13	33	14	65	68
Accounting Services SpareBank 1 Regnskapshuset SR	18	27	28	18	16	73	63
Other	8	8	10	3	3	26	12
Net commission and other income excl. covered bond companies	347	361	335	325	312	1.043	969
Commission income SB1 Boligkreditt and SB1 Næringskreditt	39	39	36	30	35	114	119
Net commission and other income incl. covered bond companies	386	400	371	355	347	1.157	1.088
As % of total income	27 %	30 %	31 %	29 %	27 %	29 %	29 %

Change in net commission and other income

	Q3		Q3
<i>MNOK</i>	2017	Change	2016
Net commission and other income	386	39	347
Payment facilities		-4	
Savings/placements		6	
Insurance products		4	
Commission income from real estate broking		3	
Guarantee commission		5	
Arrangement fees		14	
Accounting Services SpareBank 1 Regnskapshuset SR		2	
Other		5	
Commission income SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt		4	

Net return on investment securities

MNOK	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Dividend	2	4	5	5	0	11	105
Investment income, associates	127	81	63	78	90	271	306
Securities gains/losses	46	32	25	50	105	103	3
- of which capital change in shares and certificates	57	28	7	42	63	92	9
- of which capital change in certificates and bonds	-41	-34	-7	-44	-21	-82	-112
- of which derivatives; bonds and certificates	30	38	25	52	63	93	106
Currency/interest gains/losses	23	26	-4	6	36	45	101
- of which currency customer- and own-account trading	24	28	17	39	40	69	98
- of which value change basis swap spread	-4	-7	-16	-16	-11	-27	1
- of which counterparty risk derivatives including CVA	1	0	1	1	1	2	1
- of which other IFRS-effects	2	5	-6	-18	6	1	1
Net return on investment securities	198	143	89	139	231	430	515
As % of total income	14 %	11 %	7 %	11 %	18 %	11 %	14 %

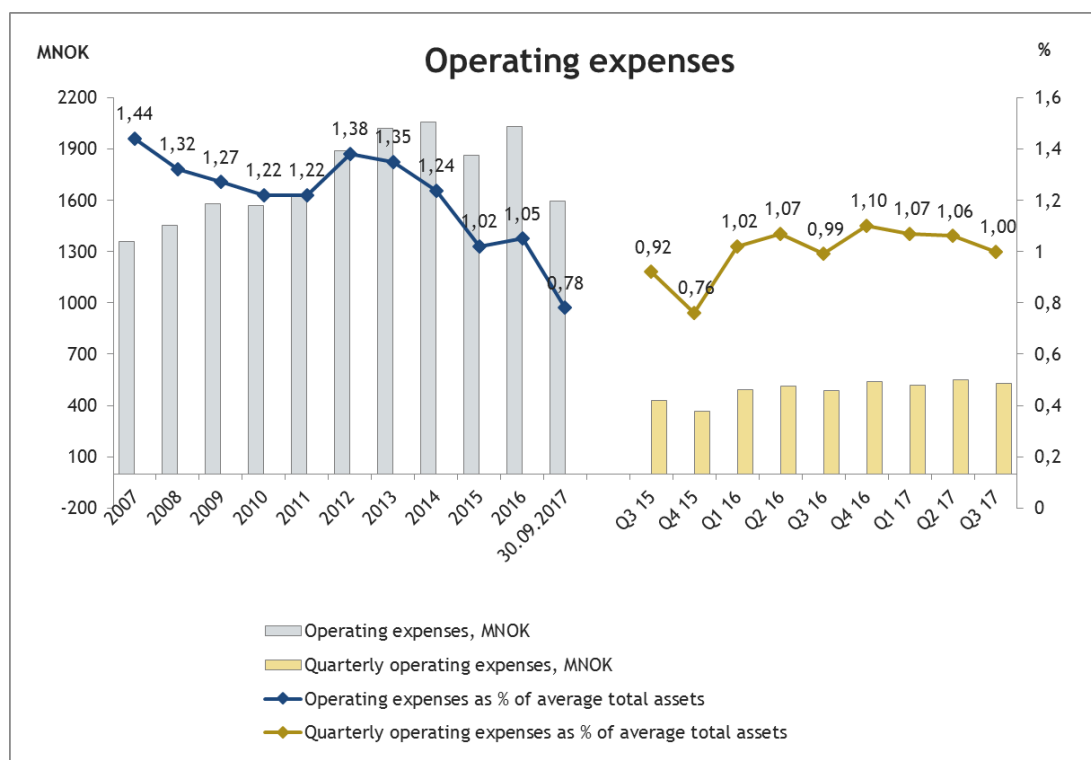
Change in net return on investment securities

MNOK	Q3 2017	Change	Q3 2016
Net return on investment securities	198	-33	231
Dividend*		2	
Investment income, associates		37	
Securities gains/losses		-59	
- of which capital change in shares and certificates		-6	
- of which capital change in certificates and bonds		-20	
- of which derivatives; bonds and certificates		-33	
Currency/interest gains/losses		-13	
- of which currency customer- and own-account trading		-16	
- of which value change basis swap spread		7	
- of which counterparty risk derivatives including CVA		0	
- of which other IFRS-effects		-4	
Net return on investment securities		-33	

*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

MNOK	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Wages	227	226	223	221	212	676	652
Of which financial activity tax	9	10	11	0	0	30	0
Pension expenses	28	27	26	21	25	81	83
Other personnel expenses	57	59	57	51	45	173	138
Total personnel expenses	312	312	306	293	282	930	873
IT expenses	74	86	75	87	83	235	234
Marketing expenses	16	21	16	23	17	53	51
Other administrative expenses	21	20	21	23	15	62	46
Write-down	21	18	18	24	20	57	57
Expenses real property	7	9	10	9	9	26	26
Other operating expenses	79	82	73	81	60	234	205
Other expenses	218	236	213	247	204	667	619
Total operating expenses	530	548	519	540	486	1.597	1.492



Change in operating expenses

MNOK	Q3 2017	Change	Q3 2016
Total	530	44	486
Personnel expenses*		30	
IT expenses		-9	
Marketing expenses		-1	
Other administrative expenses		6	
Write-down		1	
Expenses real property		-2	
Other operating expenses		19	

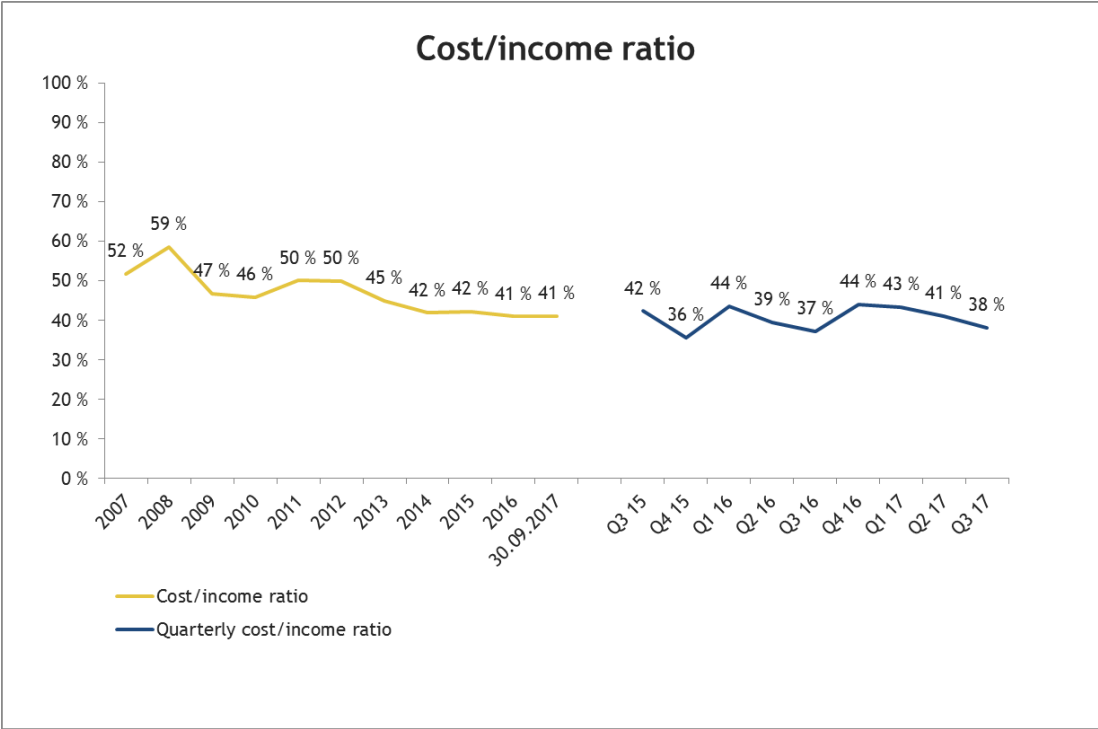
*Increase in personnel expenses are due to financial activity tax that was introduced on 1 January 2017.

Cost/income ratio

MNOK	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Operating expenses	530	548	519	540	486	1.597	1.492
Cost/income ratio	37,7 %	41,3 %	43,3 %	44,0 %	37,2 %	40,6 %	39,9 %
Growth in expenses last 12 months*	9,1 %	6,6 %	5,5 %	46,7 %	13,3 %	7,0 %	-0,2 %

*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

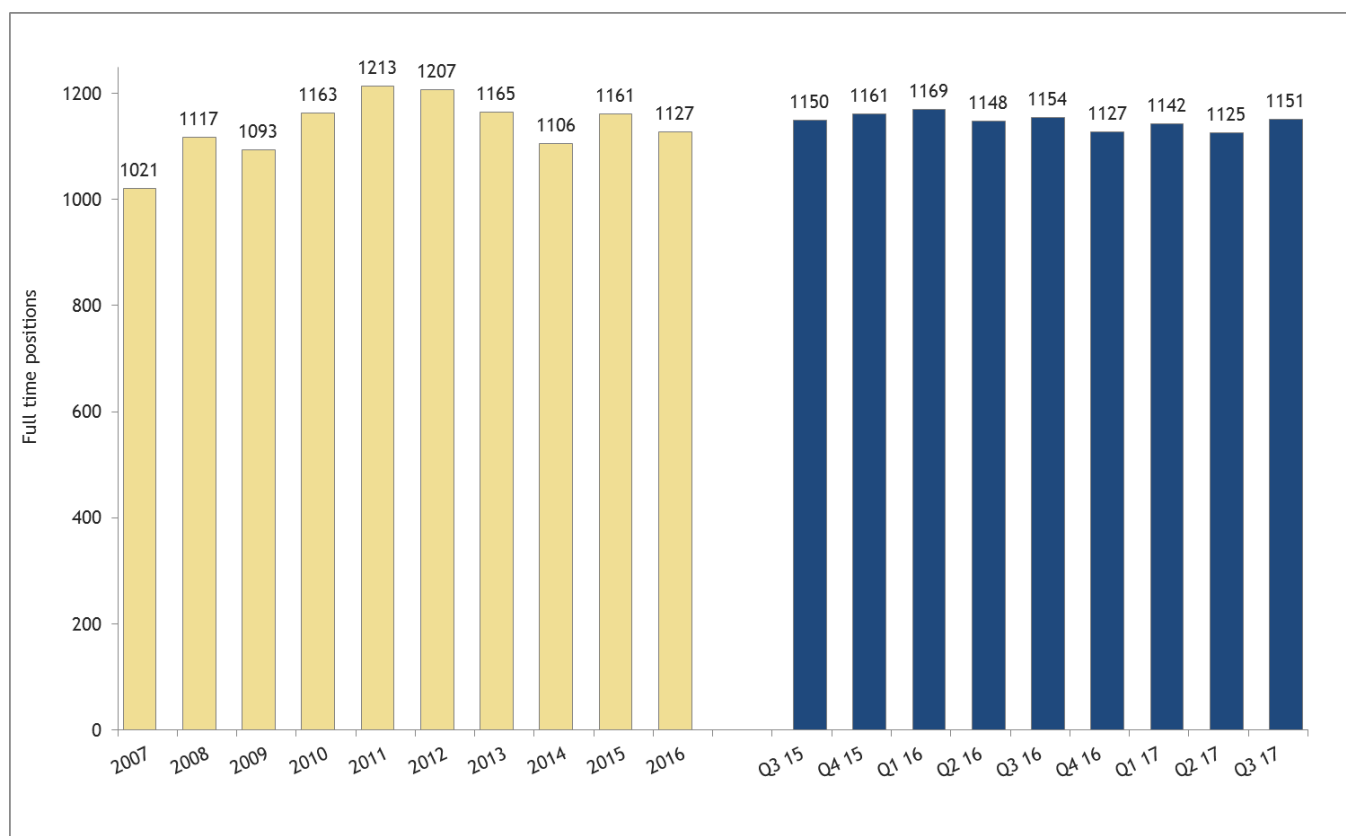


Number of full time positions (permanent employees, contracted staff not included)

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
<i>Full time positions</i>					
SpareBank 1 SR-Bank	848	830	850	813	833
EiendomsMegler 1 SR-Eiendom AS	205	195	194	192	199
SR-Forvaltning AS	11	11	11	12	12
SR-Finans AS*				31	31
SpareBank 1 Regnskapshuset SR AS	87	89	87	79	79
Total	1.151	1.125	1.142	1.127	1.154

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

Full time positions 2007 – Q3 2017 (permanent employees, contracted staff not included)



2.4 Losses on loans and loss provisions

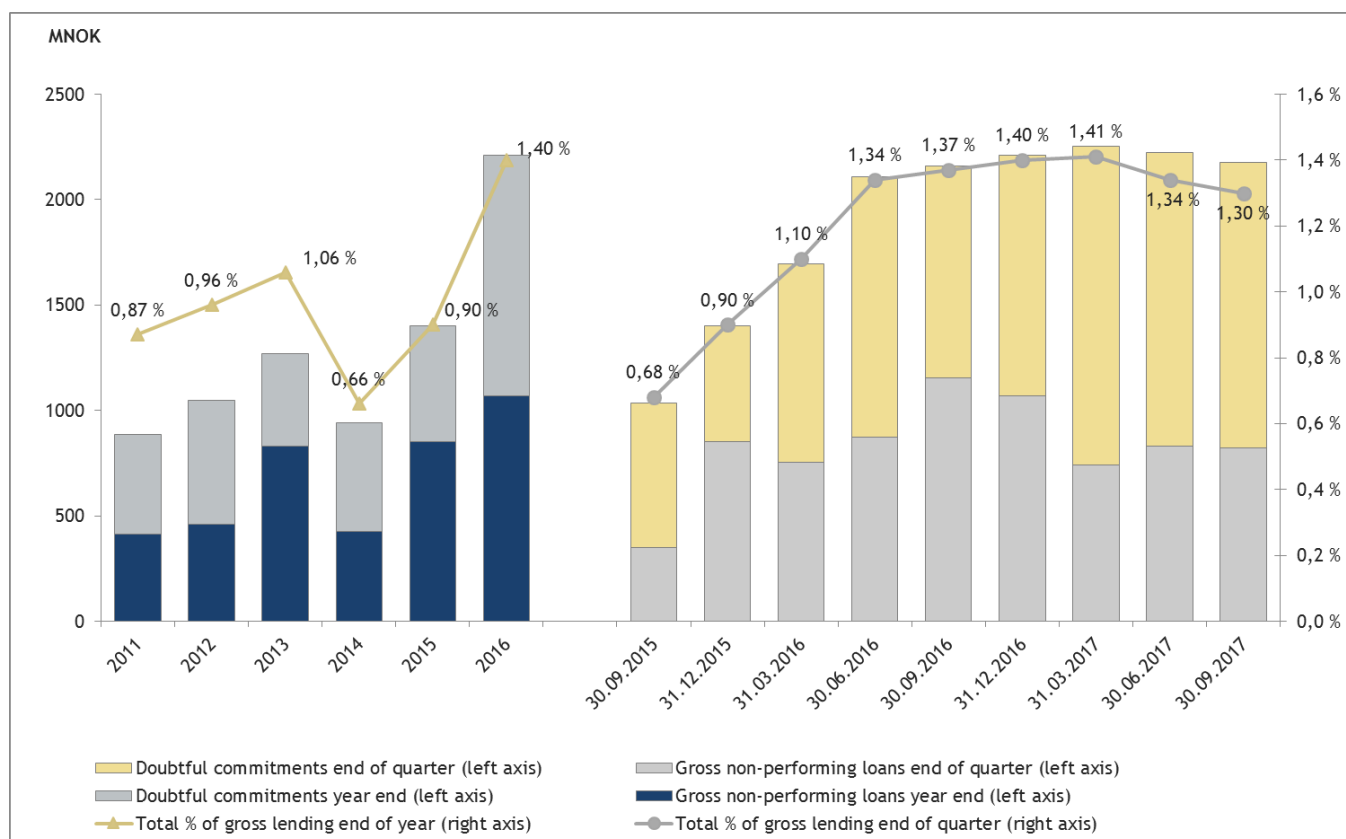
Losses on loans and guarantees

MNOK	30 Sept. 2017	30 June 2017	31 March 2017	31 Dec. 2016	30 Sept. 2016
Change in individual individual impairment losses provisions for the period	93	28	-54	277	229
Change in collective impairment loss provisions for the period	0	2	1	158	138
Amortised cost	6	4	0	6	6
Actual loan losses on commitments for which provisions have been made	162	156	132	142	108
Actual loan losses on commitments for which no provision has been made	123	67	45	208	134
Change in assets take-over for the period	48	48	47	0	10
Recoveries on commitments previously written-off	-9	-6	-3	-13	-9
The period's net losses/(reversals) on loans and advances	423	299	168	778	616

Provisions for impairment losses on loans and guarantees

MNOK	30 Sept. 2017	30 June 2017	31 March 2017	31 Dec. 2016	30 Sept. 2016
Provisions for individual impairment losses at start of period	521	521	521	318	318
Provisions for Individual impairment losses at start of period SR-	74	74	74	0	0
Increases in previous provisions for individual impairment losses	160	75	70	33	26
Reversal of provisions from previous periods	-74	-77	-77	-51	-44
New provisions for individual impairment losses	171	189	84	443	357
Amortised cost	-2	-2	1	-7	-3
Actual loan losses during the period for which provisions for individual impairment losses have been made previously	-162	-156	-132	-141	-108
Provisions for individual impairment losses at the end of period	688	624	541	595	547
Net losses	285	223	177	350	242

Non-performing loans and doubtful commitments



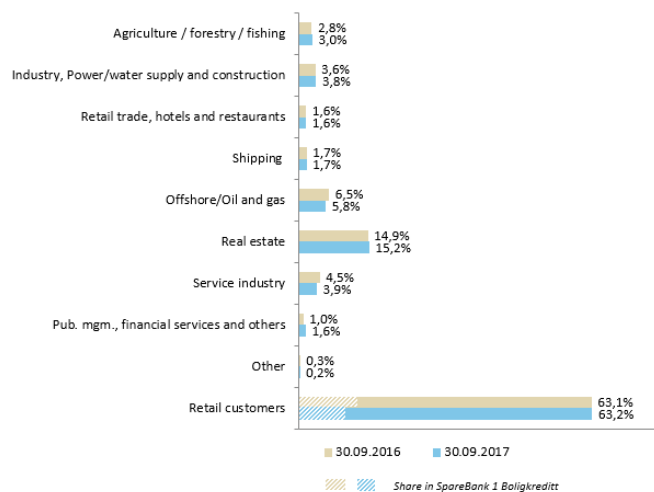
* Loans defaulted in the range of 30-90 days are not including as problem loans as at Q2 2014. Historical figures have been restated.

2.5 Loans

MNOK	30 Sept. 2017	30 June 2017	31 March 2017	31 Dec. 2016	30 Sept. 2016
Agriculture/forestry	4.715	4.617	4.543	4.549	4.460
Fishing/Fish farming	796	698	748	755	729
Mining/extraction	4.626	4.942	5.159	4.780	6.029
Industry	3.477	3.369	3.003	2.914	3.031
Power and water supply/building and construction	3.509	3.417	3.385	3.533	3.493
Retail trade, hotel and restaurant business	2.988	2.990	2.870	2.885	2.934
Foreign trade shipping, pipeline transport and other transport activities	9.354	10.006	9.769	9.766	9.044
Real estate business	27.730	27.624	27.630	27.269	26.751
Service industry	7.255	7.531	7.960	8.441	8.267
Public sector and financial services	2.881	1.973	2.127	1.898	1.838
Retail customers	99.808	97.853	92.893	91.171	90.267
Unallocated (excess value fixed interest loans and amort. lending fees)	144	114	117	118	219
Accrued interests corporate sector and retail customers	320	278	292	301	290
Net cooperate accounts currency	-500	-454	-655	-741	
Gross loans	167.105	164.958	159.843	157.638	157.352
SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	18.045	19.359	23.339	24.694	25.690
Gross loans incl SpareBank 1 Boligkreditt and Næringskreditt	185.150	184.317	183.182	182.332	183.042

Loan portfolio as at 30.09.2017

- Gross loans (incl. covered bond companies) as at 30 September 2017 amount to NOK 185.2 billion compared with NOK 183.0 billion at the same time the year before.
- 12-month growth in loans of 1.2%. Growth year-to-date is 1.5%.
- Loans to retail customers (incl. covered bond company) account for 63.2% of total loans, of which 9.4%-points is in SpareBank 1 Boligkreditt.

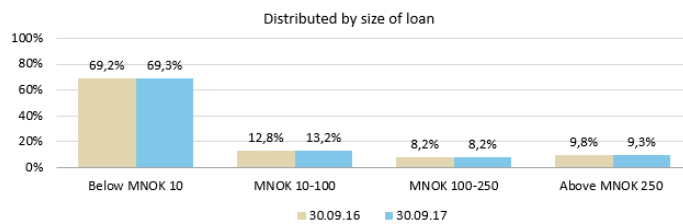
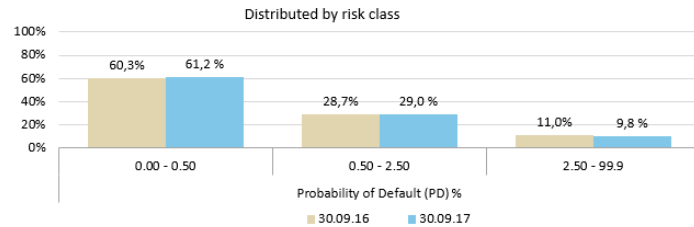


Loans before individual write-downs, nominal amounts.
Sector allocation in accordance with the standard categories from Statistics Norway.

2.6 Risk profile

Risk profile of the loan portfolio

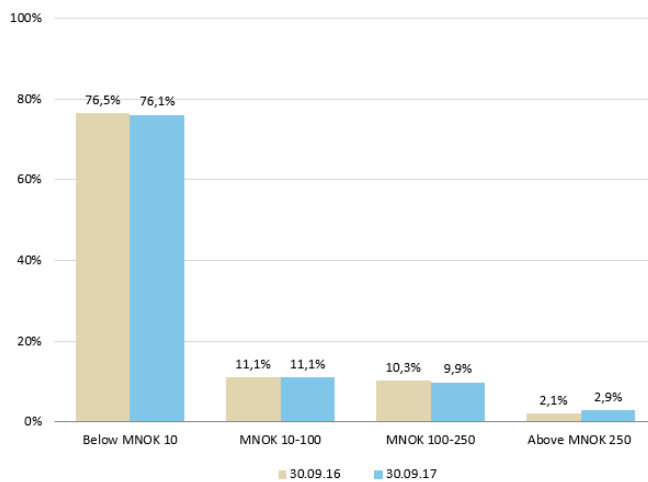
- SpareBank 1 SR-Bank has a solid loan portfolio.
- 61.2% of the bank's loan exposure has a PD* below 0.5%.
- Single loan exposures less than NOK 10 million aggregates 69.3% of total loan portfolio.
- Single loan exposures above NOK 250 million is 9.3% of total loan portfolio.



*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 76.1% of the loan portfolio.

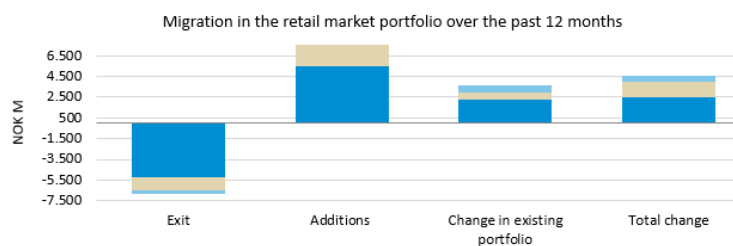
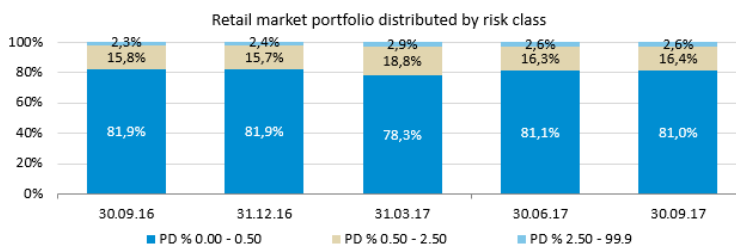


LGR (Loss Given Realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic 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 81.0 % 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.



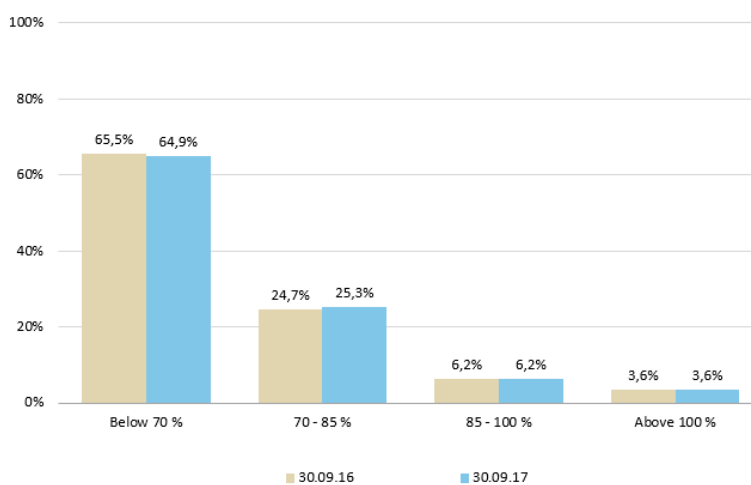
*Probability of default (PD) through a full cycle of loss.

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-Finans is 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.

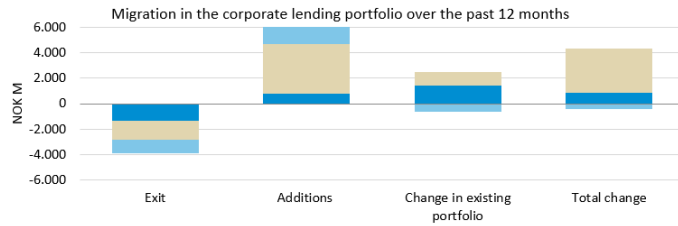
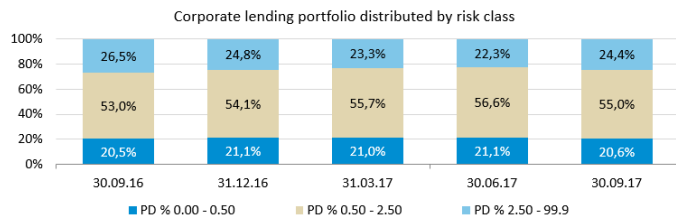


In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.

The figures include the loan portfolio in the covered bond companies (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 limit 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 has approximately the same risk profile as the bank's portfolio.
- The share of costumers with PD* below 0.5 % is at 20.6 %.



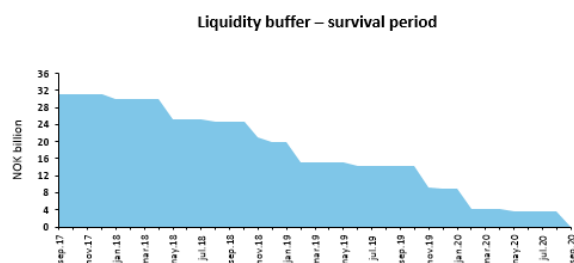
*Probability of default (PD) through a full cycle of loss.
The figures include the loan portfolio in the covered bond companies (SpareBank 1 Næringskreditt AS).
SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and SR-Finans is included in the figures from first quarter of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

Category	NOK million	Share %	Of which, securities classified to amortised cost, MNOK
Norwegian government/municipal	758	3 %	0
SSA/Foreign guaranteed	8.424	29 %	494
Covered bonds (Norwegian/foreign)	20.067	68 %	2.073
Norwegian bank/finance	49	0 %	0
Foreign bank/finance	0	0 %	0
Industry/Other	0	0 %	0
Total liquidity portfolio	29.298	100 %	2.567

- Liquidity buffer at the end of the quarter: NOK 31.2 billion
- Other liquid assets:
 - Home mortgages prepared for covered bond funding: NOK 15.6 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-	29.249	98,8 %
Low risk	A+, A and A-	0	0,0 %
Moderate risk	Not rated	123	0,4 %
High risk	Not rated	140	0,5 %
Very high risk	Not rated	97	0,3 %
Total portfolio		26.609	100,0 %

Of which liquidity purposes:

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	29.249	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		29.298	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	74	23,9 %
High risk	Not rated	140	45,0 %
Very high risk	Not rated	97	31,1 %
Total SR-Bank Markets portfolio		311	100,0 %

All amounts in MNOK.

2.8 Funding

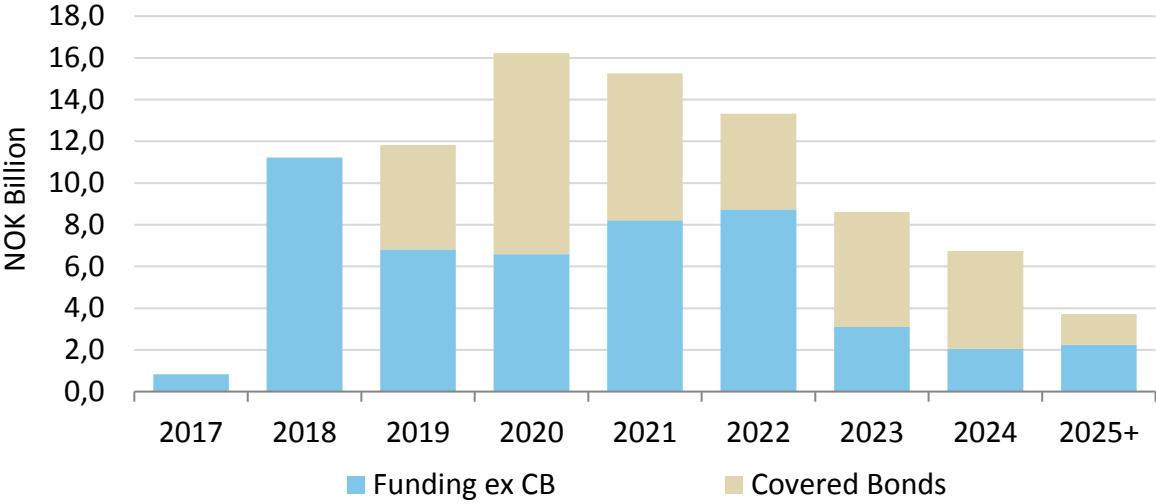


Figure 2.8.1: *Funding - annual*

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").

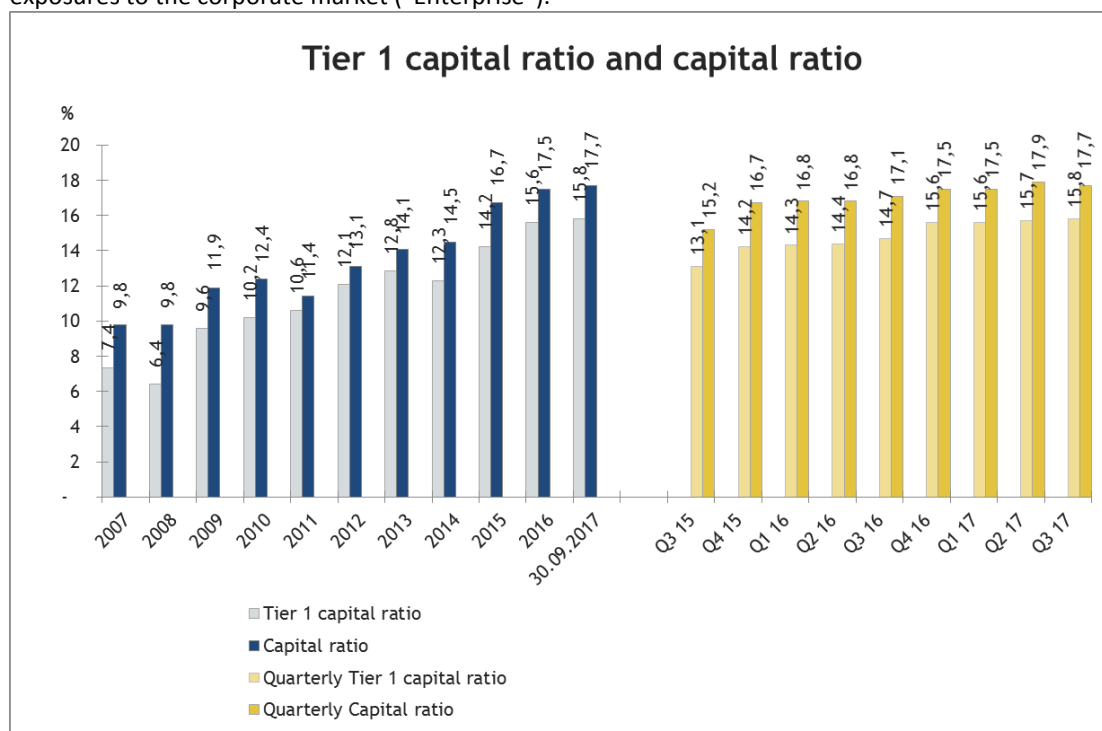


Figure 2.9.2: Development in capital ratios

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 September 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 September 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 Sep.	30 Jun.	31 Mar.	31 Dec.	30 Sep.
<i>MNOK</i>	2017	2017	2017	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	0	575	575	0
Reserve for unrealised gains	52	52	52	52	163
Hybrid capital	150	150	0	0	0
Other equity	9.624	9.634	9.621	9.680	8.260
Profit for the year	1.527	917	403		1.326
Total book equity	19.334	18.734	18.632	18.288	17.730
Tier 1 capital					
Deferred taxes, goodwill and other intangible assets	-117	-120	-122	-94	-96
Deduction for allocated dividends	0	0	-575	-575	0
Deduction for expected losses on IRB, net of write-downs	-283	-255	-289	-263	-304
Hybrid capital	-150	-150	0	0	0
Year-to-date profit not included in common equity Tier 1 capital	-763	-458	-202		-663
Deduction for common equity Tier 1 capital in significant investments in financial institutions	0	0	0	-163	-183
The institution's own credit risk related to derivative liabilities	-45	-50	-49	-50	-56
Hybrid capital	353	150			
Tier 1 capital instruments	885	1.087	1.087	1.084	1.124
Total Tier 1 capital	19.214	18.938	18.482	18.227	17.552
Tier 2 capital					
Term subordinated loan capital	2.343	2.728	2.305	2.276	2.894
Deduction for significant investments in financial institutions	-42	-43	-43	-60	-60
Total Tier 2 capital	2.301	2.685	2.262	2.216	2.834
Net primary capital	21.515	21.623	20.744	20.443	20.386

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 Sep.	30 Jun.	31 Mar.	31 Dec.	30 Sep.
	2017	2017	2017	2016	2016
SME	18.407	18.847	18.780	17.231	16.974
Specialised lending	20.719	20.082	21.027	19.471	19.203
Other corporations	7.136	7.068	8.343	6.785	6.933
SME retail	1.282	1.311	1.266	1.194	1.229
Retail mortgage (properties)	26.658	26.785	26.410	25.899	27.020
Other retail	2.052	2.060	2.059	2.027	787
Equity investments	0	0	0	0	0
Total credit and counterparty risk IRB	76.254	76.153	77.885	72.607	72.146
States and central banks	48	48	47	68	68
Local and regional authorities, state-owned enterprises	217	172	114	333	123
Institutions	1.922	3.272	3.212	2.169	2.742
Enterprises	8.964	9.124	8.057	7.446	7.324
Mass market	2.963	2.868	2.886	2.058	1.505
Mass market - mortgage on real estate	1.405	1.401	2.399	2.506	3.227
Covered bonds	2.572	2.484	1.904	1.817	2.059
Equity positions	4.852	4.458	4.907	4.950	4.959
Other assets	1.720	1.758	1.597	1.726	2.269
Total credit and counterparty risk standard method	24.663	25.585	25.123	23.073	24.276
Credit value adjustment risk (CVA)	992	821	968	701	890
Operational risk	7.480	7.480	7.473	7.054	7.079
Transitional scheme	12.429	10.644	6.961	13.216	14.727
Risk weighted balance	121.818	120.683	118.410	116.651	119.118
Minimum requirement for common equity Tier 1 capital ratio 4,5 %	5.482	5.431	5.328	5.249	5.360
Buffer requirement					
Capital conservation buffer 2,5 %	3.045	3.017	2.960	2.916	2.978
Systemic risk buffer 3 %	3.655	3.620	3.552	3.500	3.574
Countercyclical capital buffer 1 %	1.827	1.810	1.776	1.750	1.787
Total buffer requirement to common equity Tier 1 capital ratio	8.527	8.448	8.289	8.166	8.338
Available common equity Tier 1 capital ratio after buffer requirement	3.967	3.822	3.778	3.728	2.729
Common Equity Tier 1 capital ratio ¹⁾	14,76 %	14,67 %	14,69 %	14,70 %	13,79 %
Tier 1 capital ratio	15,77 %	15,69 %	15,61 %	15,63 %	14,73 %
Tier 2 capital ratio	17,66 %	17,92 %	17,52 %	17,52 %	17,11 %
Common Equity Tier 1 capital ratio, IRB	16,43 %	16,09 %	15,61 %	16,57 %	15,74 %
Tier 1 capital ratio, IRB	17,56 %	17,21 %	16,59 %	17,62 %	16,81 %
Tier 2 capital ratio, IRB	19,67 %	19,65 %	18,61 %	19,76 %	19,53 %

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	
	Q3 17	Q3 16	Q3 17	Q3 16	Q3 17	Q3 16	Q3 17	Q3 16	Q3 17	Q3 16	Q3 17	Q3 16
Net interest income	405	329	374	359	9	12	1	1	31	28	820	729
Net commission and other income	175	165	86	60	2	8	90	87	33	27	386	347
Net return on investment securities	-1	2	3	8	24	23	0	0	172	198	198	231
Operating expenses	153	150	67	66	20	19	89	84	201	167	530	486
Operating profit before losses	426	346	396	361	15	25	2	4	35	85	874	821
Change in individual write-downs in the period	10	10	116	107	0	0	0	0	-2	-1	124	116
Change in group write-downs in the period	-2	-2	0	47	0	0	0	0	2	0	0	45
Operating profit before tax	418	338	280	207	15	25	2	4	35	86	750	660
Gross loans to customers excl. covered bond companies	104.059	94.734	60.261	59.441	283	460	0	0	2.502	2.718	167.105	157.353
Deposits from customers	49.703	48.157	47.878	37.503	15	1.863	0	0	1.006	-283	98.602	87.240

MNOK	SpareBank 1 SR-Bank Group pr 30.09											
	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	1.132	948	1.099	1.078	28	36	2	2	82	74	2.343	2.138
Net commission and other income	492	477	231	213	19	33	295	263	120	102	1.157	1.088
Net return on investment securities	5	8	20	19	69	20	0	0	336	468	430	515
Operating expenses	432	411	189	187	57	60	274	248	645	586	1.597	1.492
Operating profit before losses	1.197	1.022	1.161	1.123	59	30	23	16	-107	58	2.333	2.249
Change in individual write-downs in the period	30	29	393	449	0	0	0	0	0	0	423	478
Change in group write-downs in the period	-2	4	2	134	0	0	0	0	0	0	0	138
Operating profit before tax	1.169	989	766	539	59	30	23	16	-107	59	1.910	1.633
Gross loans to customers excl. covered bond companies	104.059	94.734	60.261	59.441	283	460	0	0	2.502	2.718	167.105	157.353
Deposits from customers	49.703	48.157	47.878	37.503	15	1.863	0	0	1.006	-283	98.602	87.240

* Includes SR-Forvaltning, FinStart Nordic AS 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.

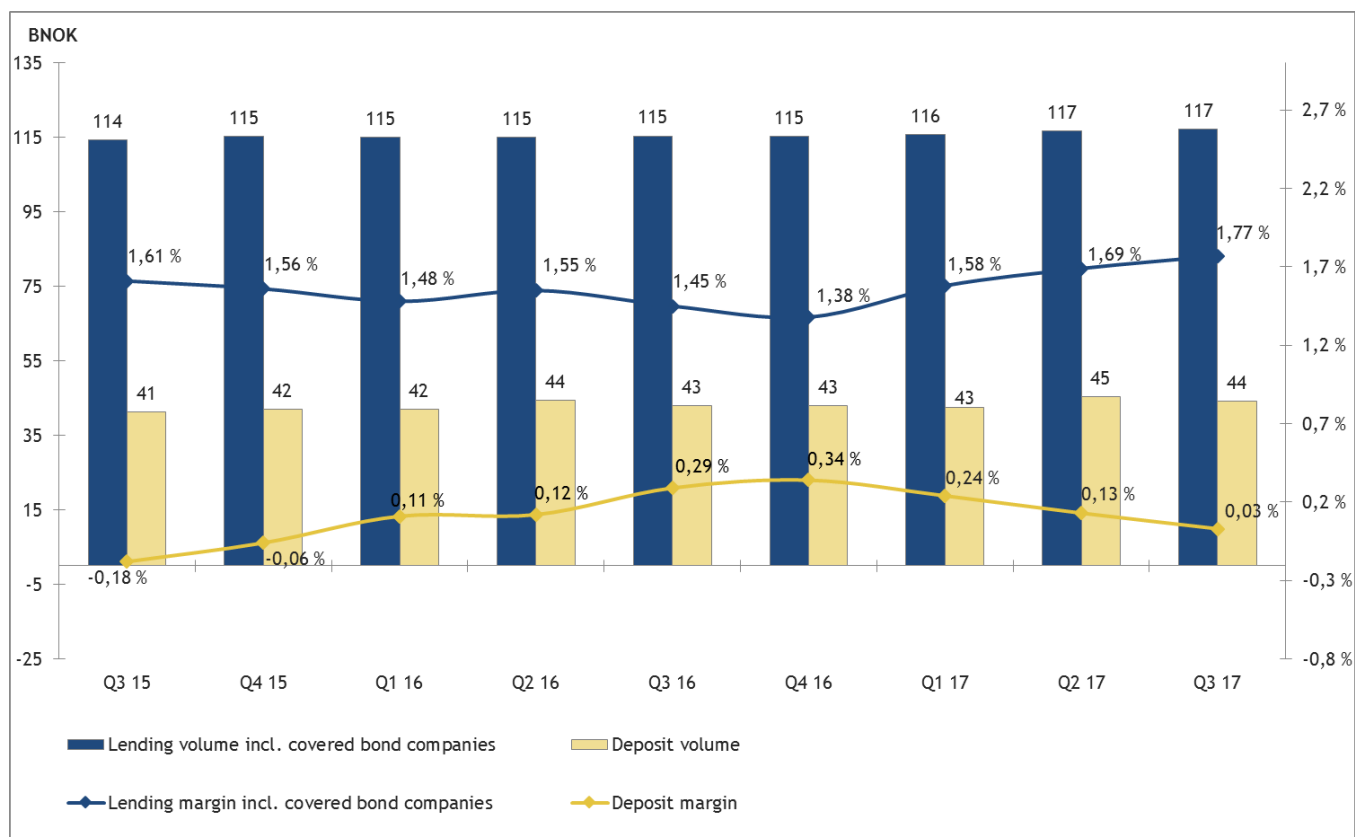
3.2 Retail Market²

Financial performance in the retail market segment

MNOK	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Net interest income	405	376	351	303	329	1.132	948
Net other income	174	165	158	150	167	497	485
Total income	579	541	509	453	496	1.629	1.433
Total operating expenses	153	124	154	175	150	432	411
Operating profit before losses	426	417	355	278	346	1.197	1.022
Change in individual write-downs in the period	10	15	5	8	10	30	29
Change in group write-downs in the period	-2	0	0	1	-2	-2	4
Operating profit before tax	418	402	350	269	338	1.169	989

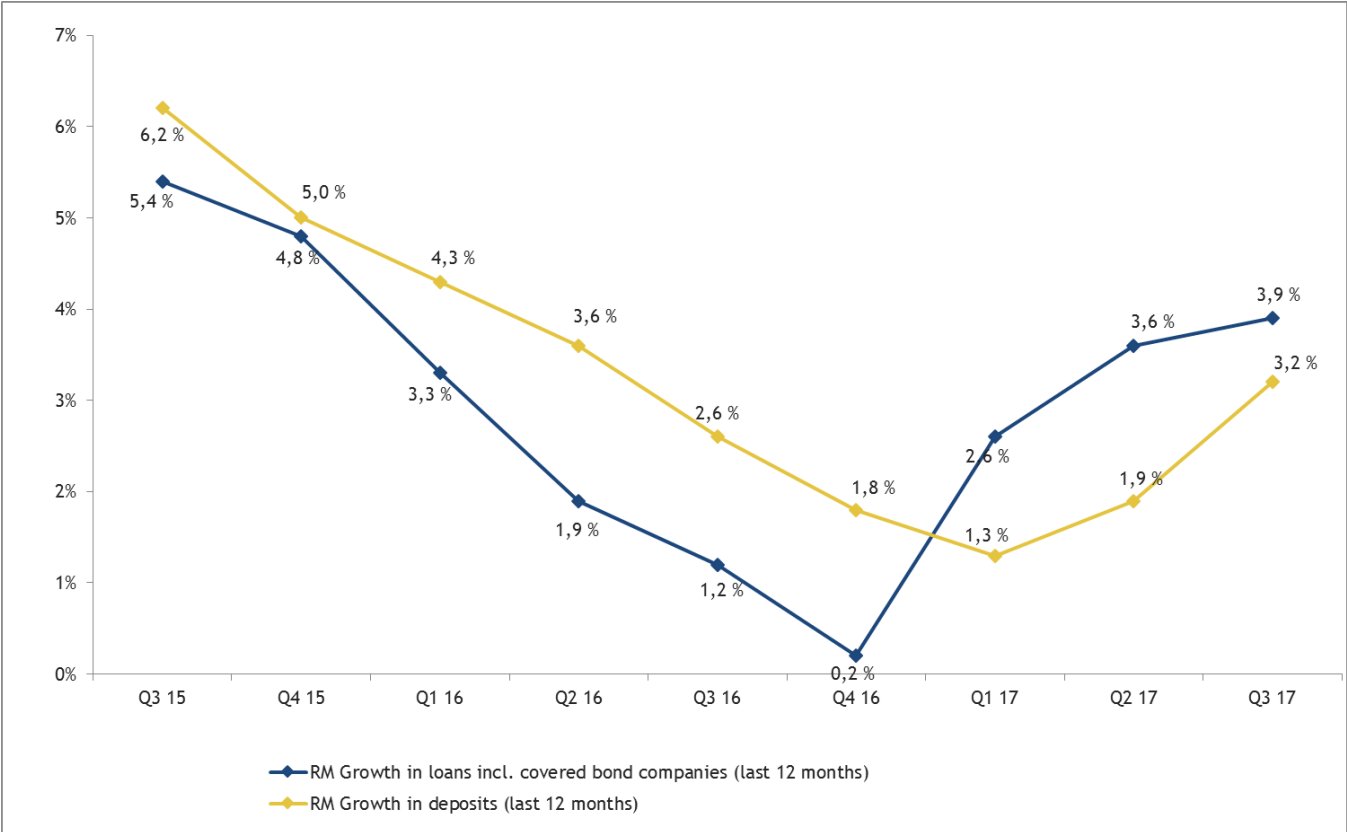
SpareBank 1 SR-Finans AS was merged into SpareBank 1 SR-Bank from 1 January 2017. This results in break in the historic figures and the figures are therefore not entirely comparable.

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 third quarter of 2017, 2.1% for retail market excluding the effect of the merger.

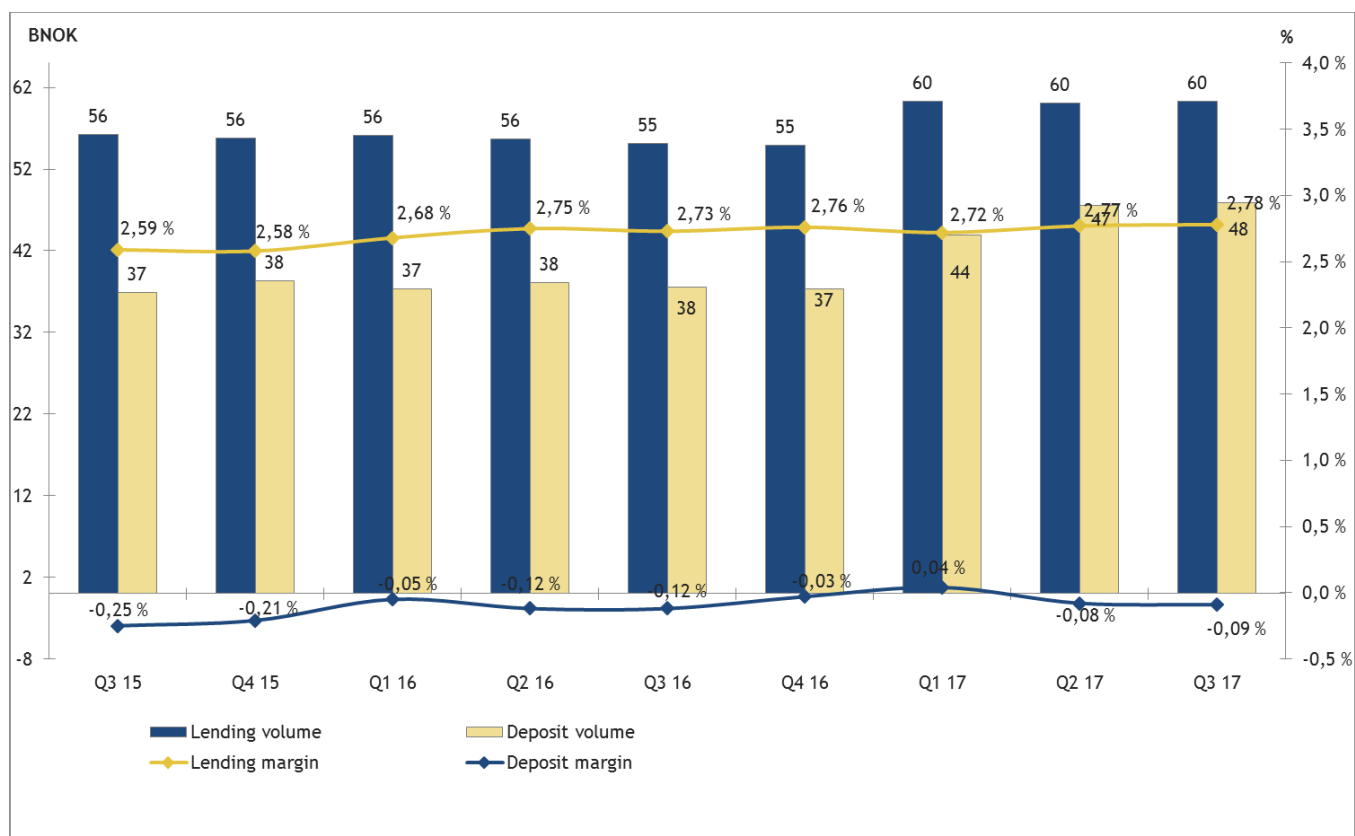
3.3 Corporate Market

Financial performance in the corporate market segment

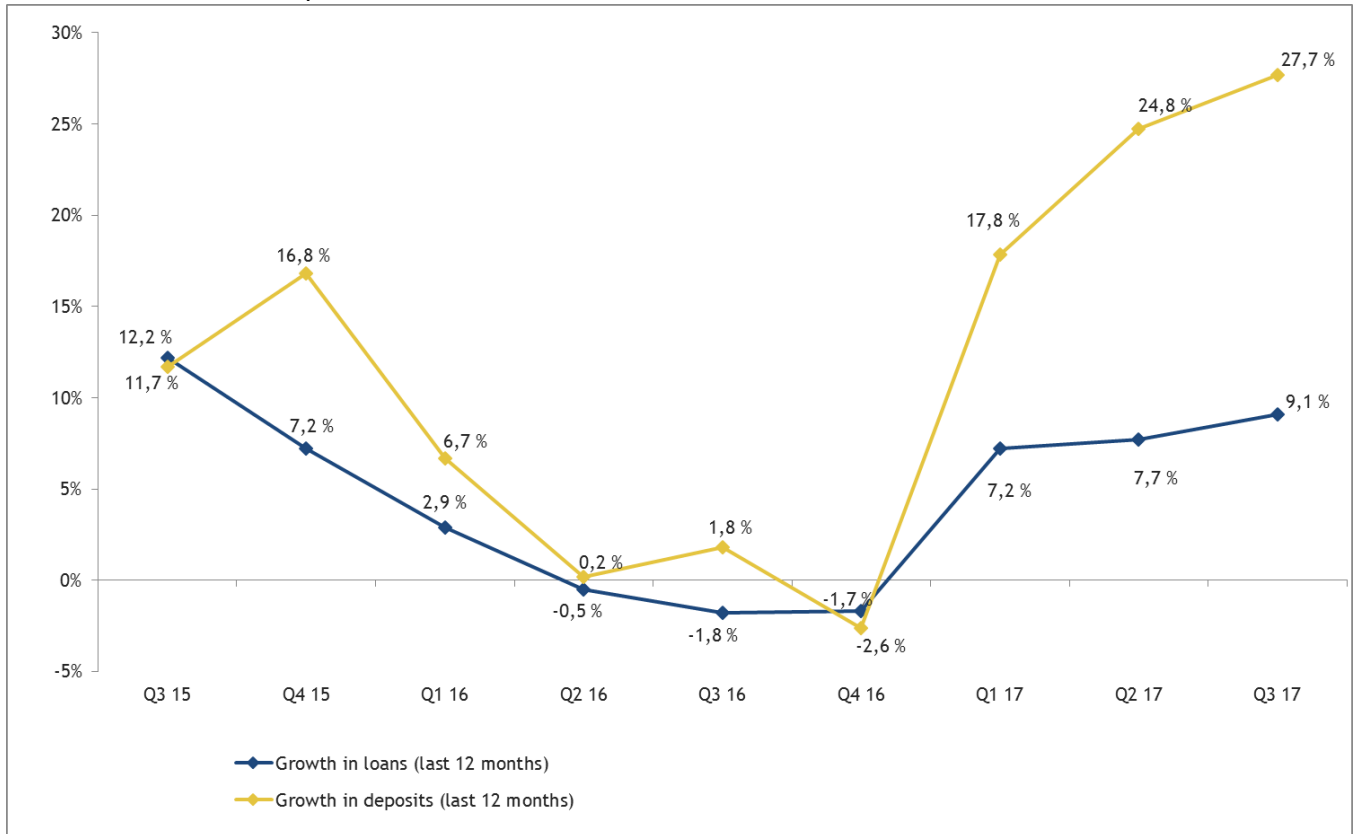
MNOK	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Net interest income	374	371	354	341	359	1.099	1.078
Net other income	89	89	73	93	68	251	232
Total income	463	460	427	434	427	1.350	1.310
Total operating expenses	67	51	71	72	66	189	187
Operating profit before losses	396	409	356	362	361	1.161	1.123
Change in individual write-downs in the period	116	115	162	97	107	393	449
Change in group write-downs in the period	0	1	1	14	47	2	134
Operating profit before tax	280	293	193	251	207	766	539

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 third quarter of 2017, 0,5% 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.

The equities desk was sold to SpareBank 1 Markets with effect from 15 October 2017. SpareBank 1 SR-Bank receives a stake in SpareBank 1 Markets and a cooperation agreement has been entered into covering a number of areas.

Financial performance in the capital market segment

<i>MNOK</i>	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Net interest income	9	10	9	10	12	28	36
Net other operating income	26	16	46	29	32	88	54
Total income	35	26	55	39	44	116	90
Total operating expenses	20	17	20	21	19	57	60
Operating profit before losses	15	9	35	18	25	59	30
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	15	9	35	18	25	59	30

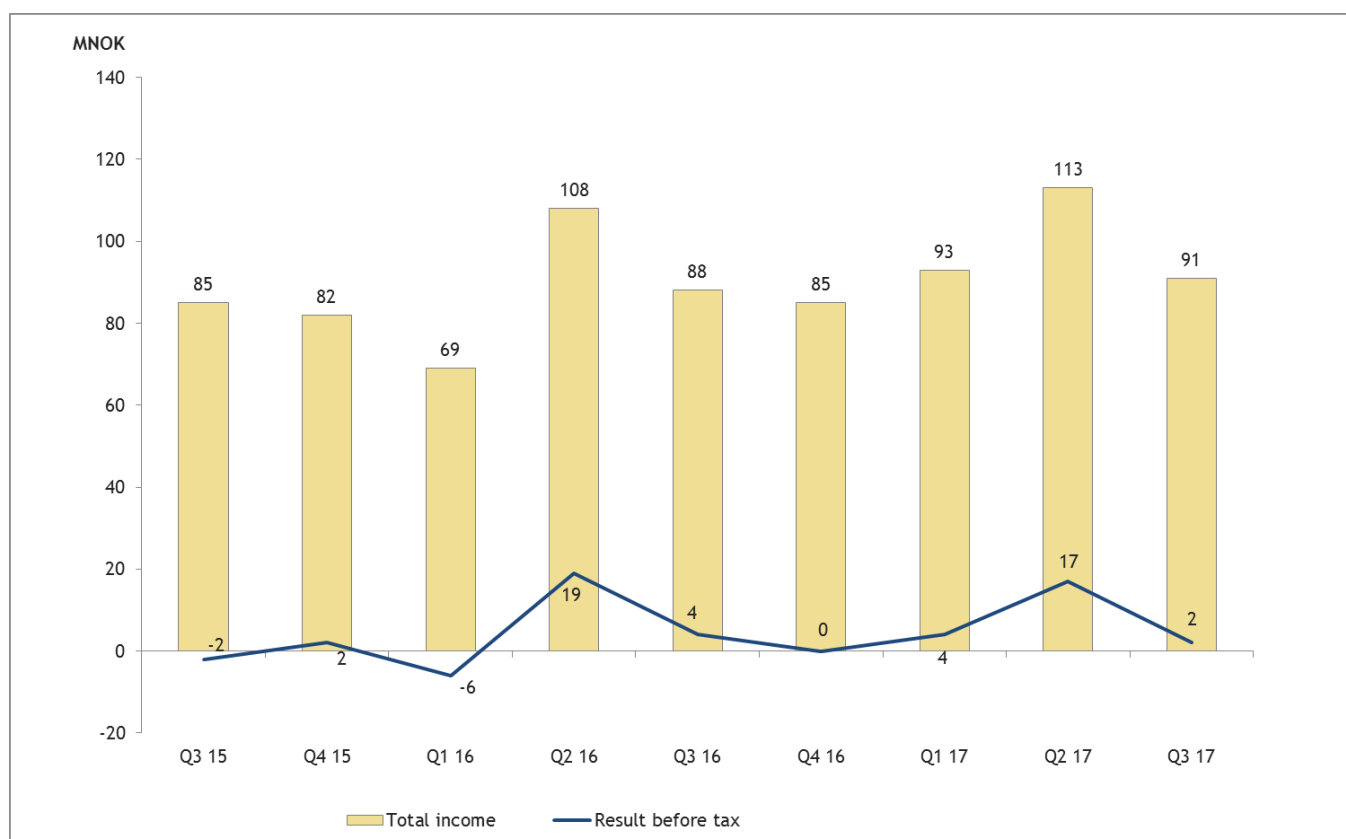
3.5 Subsidiaries

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 September 2017, the company sold 5074 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	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Interest income	1	1	0	0	1	2	2
Other income	90	112	93	85	87	295	263
Total income	91	113	93	85	88	297	264
Total operating expenses	89	96	89	85	84	274	248
Operating profit before losses	2	17	4	0	4	23	16
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	2	17	4	0	4	23	16

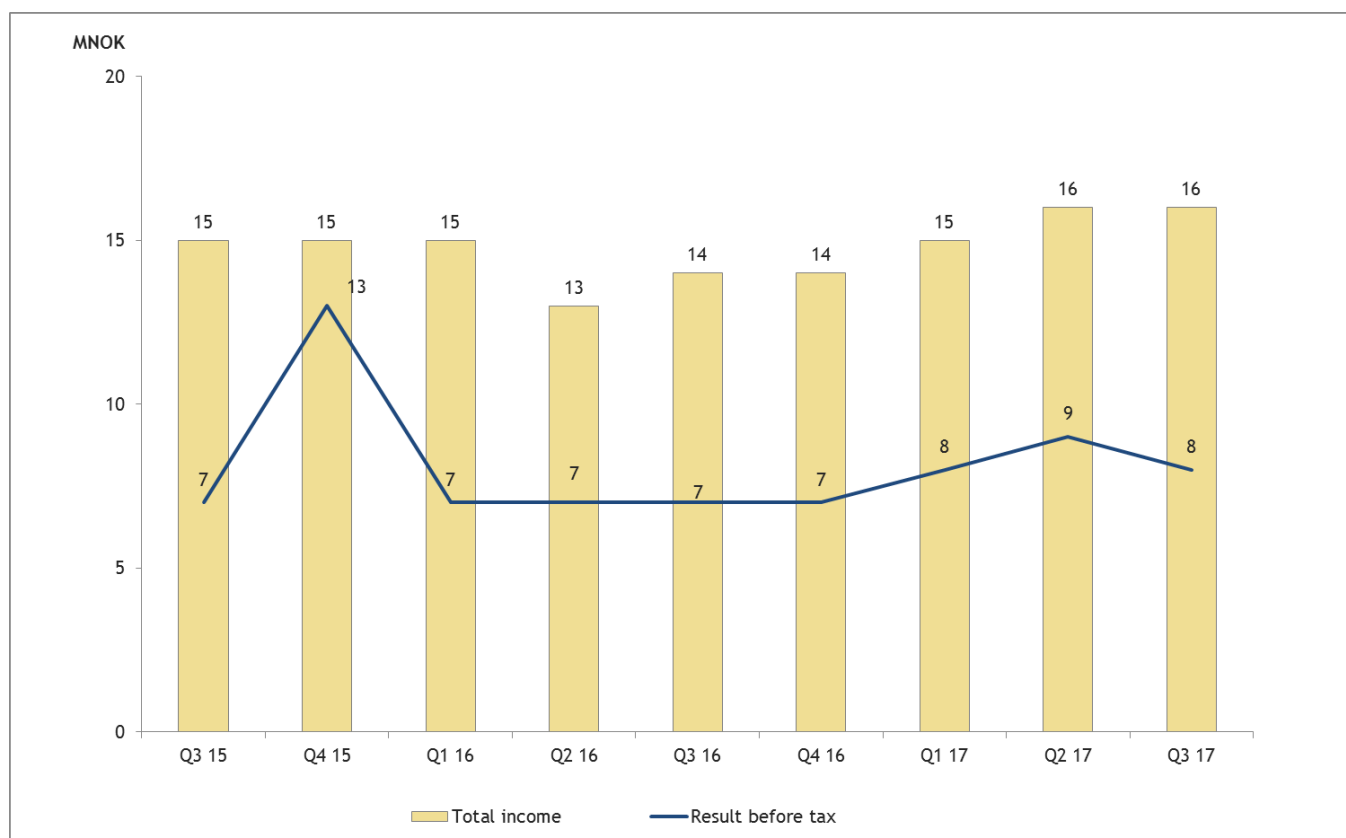


SR-Forvaltning AS

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 September 2017. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Interest income	0	0	0	1	0	0	0
Other income	16	16	15	13	14	47	42
Total income	16	16	15	14	14	47	42
Total operating expenses	8	7	7	7	7	22	21
Operating profit before losses	8	9	8	7	7	25	21
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	8	9	8	7	7	25	21

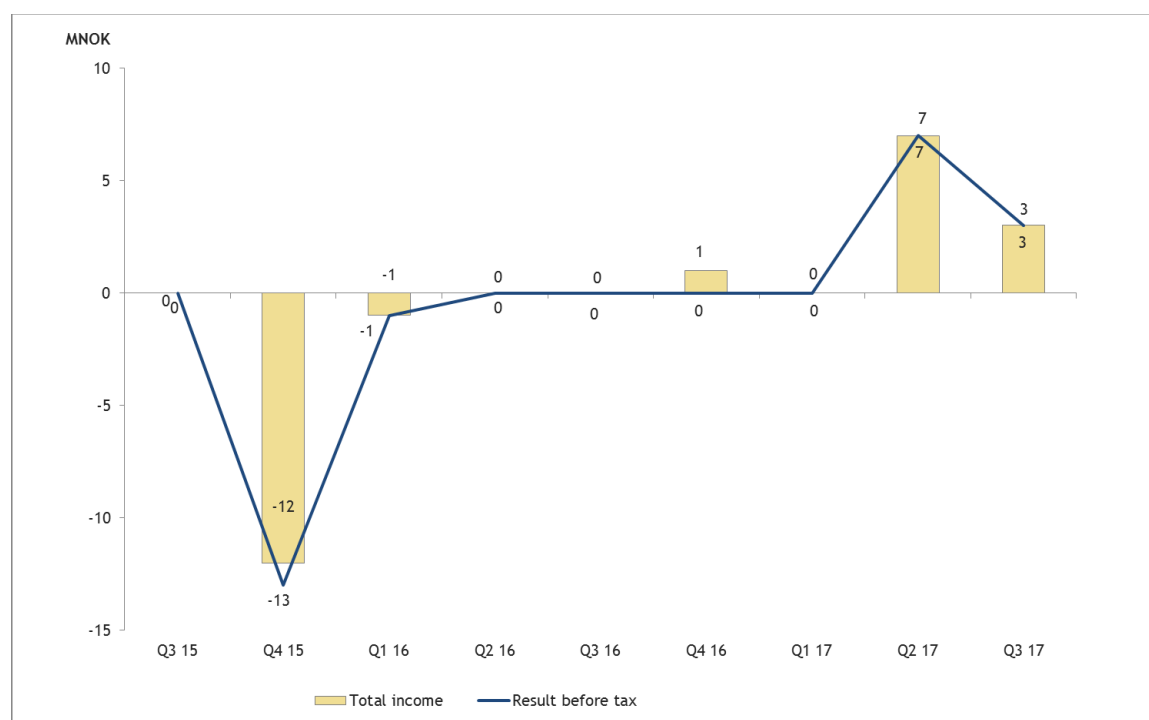


FinStart Nordic AS

In September 2017, SR-Investering AS changed its name to FinStart Nordic AS. Start up on 1 January 2018. The company will be a start-up factory for new ideas and the venture will challenge the bank's own business models. The company is fully owned by SpareBank 1 SR-Bank.

Financial performance

MNOK	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Interest income	0	0	0	0	0	0	1
Other income	3	7	0	1	0	10	-2
Total income	3	7	0	1	0	10	-1
Total operating expenses	0	0	0	1	0	0	0
Operating profit before losses	3	7	0	0	0	10	-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	3	7	0	0	0	10	-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 Bergen, Åsane, 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>	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	30.09 2017	30.09 2016
Interest income	0	0	0	0	0	0	0
Other income	19	27	28	19	16	74	63
Total income	19	27	28	19	16	74	63
Personal expenses	15	18	20	15	12	53	43
Other expenses	5	6	6	6	5	17	5
Total operating expenses	20	24	26	21	17	70	11
Operating profit before losses	-1	3	2	-2	-1	4	4
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	-1	3	2	-2	-1	4	4