

# Together we achieve the impossible



# Disclaimer

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance.

Although SpareBank 1 SR-Bank believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for SpareBank 1 SR-Bank include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

This presentation does not imply that SpareBank 1 SR-Bank has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.



# Introduction to SpareBank 1 SR-Bank ASA

Financials

Solvency and liquidity position

Appendix

# SR-Bank at a glance

- Second largest Norwegian bank
- Market cap: NOK 22.3 Billion
- Total assets: NOK 216.6 Billion
- Total lending: NOK 187.1 Billion
- Total deposits: NOK 95.4 Billion
- No. of branches: 36
- Employees: 1.142



- **1839:** The first bank that today forms part of SpareBank 1 SR-Bank was established.
- **1976:** 24 savings banks merge to form Sparebanken Rogaland.
- **1994:** SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange.
- **1996:** SR-Bank is one of the founders of SpareBank 1, an alliance.
- **2012:** SpareBank 1 SR-Bank converted from a savings bank to a public limited company (“limited liability savings bank”).

	Banks	Market share
1	DnB Bank	28.6
2	Nordea Bank Norge (Swedish)	12.0
3	Danske Bank (Danish)	6.1
4	Handelsbanken (Swedish)	5.1
5	SpareBank 1 SR-Bank	4.7



Arne Austreid  
CEO

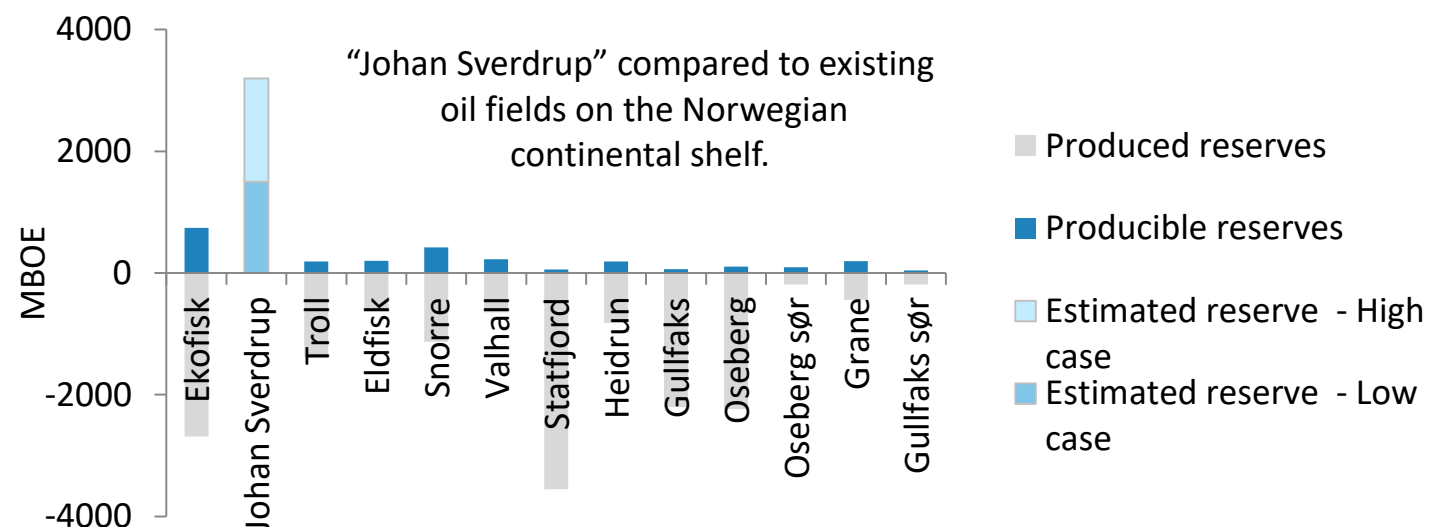
Headquarter: Stavanger

Bjergsted Terrasse 1  
Postboks 250  
4066 Stavanger

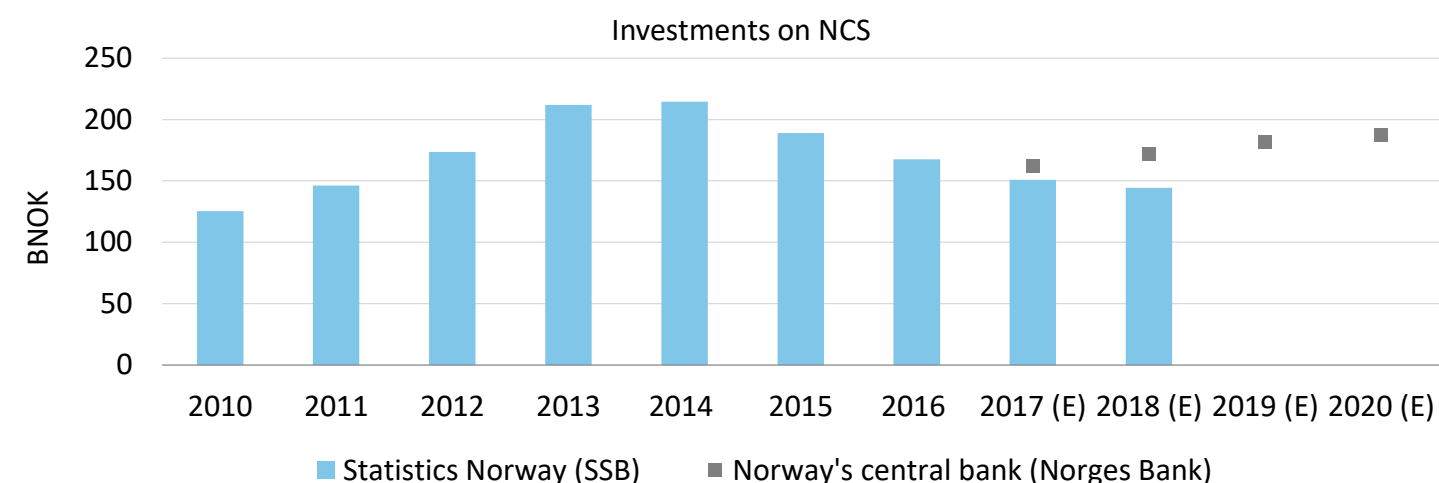
Tlf: +47 915 02002  
[www.sr-bank.no](http://www.sr-bank.no)

# One of Norway's most prosperous regions

The third largest discovery ever on the NCS was made 140 km from our headquarter in 2011

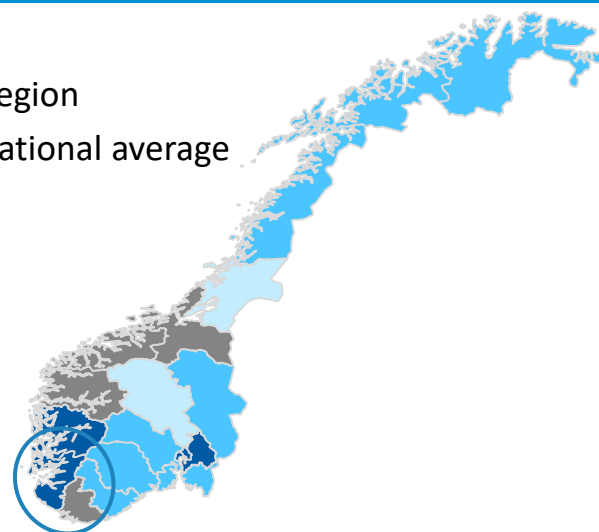


...and activity is expected to continue at high levels



Planned infrastructure project total 100-150BNOK

- Norway's largest export region
- Unemployment rate on national average



GDP per capita, EUR

- Above 50,000
- 43,750 – 50,000
- 37,500 – 43,750
- Below 37,500

SR-Bank's market area

Planned infrastructure project total 100-150BNOK

- Better infrastructure in the cities Stavanger and Bergen
- Better connections between cities and sparsely populated areas
- Better connections between regions in Rogaland, Hordaland and Agder



# The leading financial group in the southwest of Norway

## Rogaland

Population	472.000
Market share	36%
Year of establishment	1839
Market strategy	Market leader
Unemployment rate	3.3%*

## Hordaland

Population	520.000
Market share	6%
Year of establishment	2006
Market strategy	Entry/growth
Unemployment rate	2.9%*

## Agder

Population	301.000
Market share	8%
Year of establishment	2002
Market strategy	Growth
Unemployment rate	3.1%*

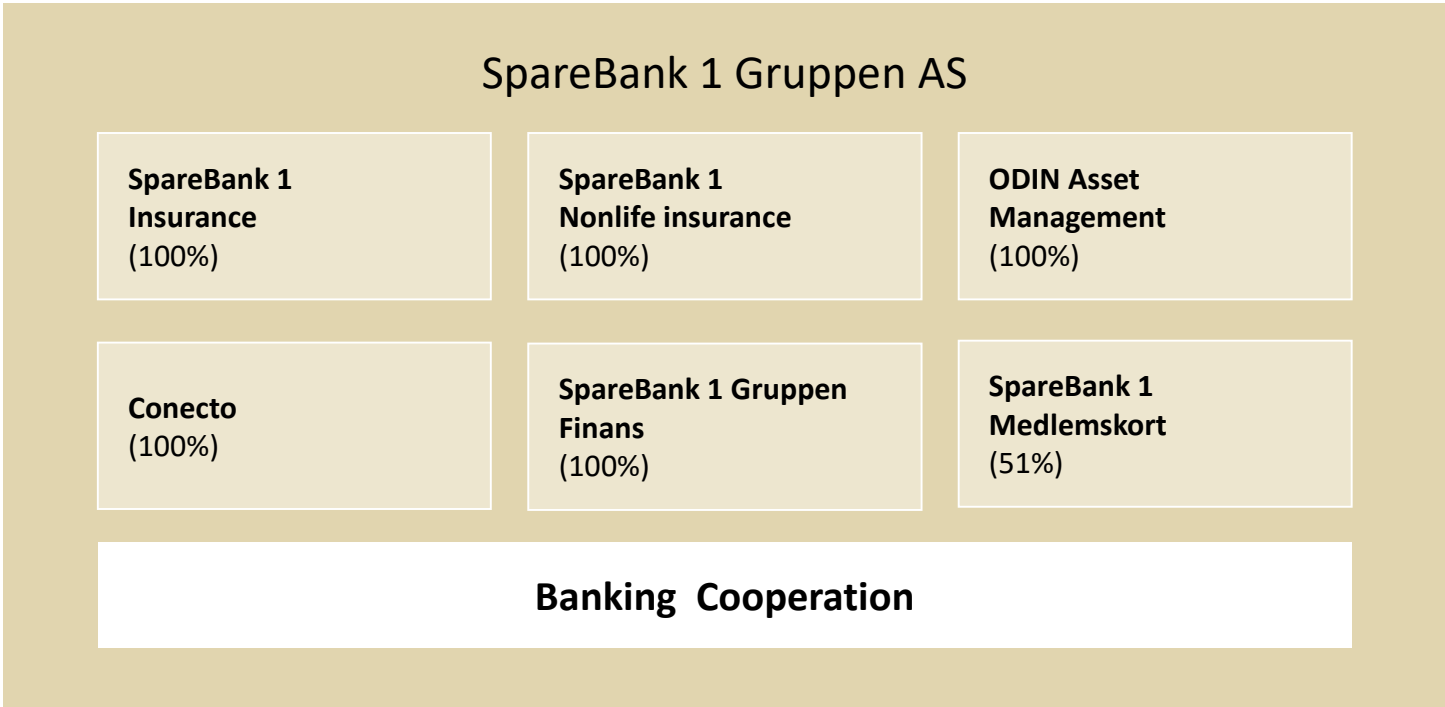


Source: Nav, SSB and SpareBank 1 SR-Bank  
\*Figures as at 31.01.2018

# SpareBank 1 Alliansen: Benefits in economies of scale



Products, commissions, dividends ↑ ↓ Sales, loan portfolios, capital



**Owners of the alliance**

Economies of scale related to expenses, IT solutions and branding  
 Separate legal entities – no cross guarantees between owner banks

# SRBANK's activities

## Divisions of SpareBank 1 SR-Bank ASA

### Capital Markets

Number of man-years: 26

### Retail Market

Number of man-years: 503

### Corporate Market

Number of man-years: 169

### Administration & Support

Number of man-years: 216

## Fully owned companies

### EiendomsMegler 1

Leading real estate broker  
Number of man-years: 199

### SpareBank 1 SR-Forvaltning

Asset management  
Number of man-years: 11

### SpareBank 1 Regnskapshuset SR

Accounting and advisory  
Number of man-years: 93

### SR-Boligkreditt

Covered Bond Funding  
Number of man-years: 1

### FinStart Nordic

The company will be a start-up factory for new ideas  
Number of man-years: start-up 1 January 2018

## Partly owned companies

### BN Bank

(23.5%)  
Commercial bank located in Oslo and Trondheim

### SpareBank 1 Boligkreditt

(8.0%)  
Covered bond company (mortgages)

### SpareBank 1 Kredittkort

(17.9%)  
Credit card company located in Trondheim

### SpareBank 1 Gruppen

(19.5%)  
Holding company for the SpareBank 1 - Alliance

### SpareBank 1 Næringskreditt

(19.2%)  
Covered bond company (commercial real estate)

### SpareBank 1 Betaling\*

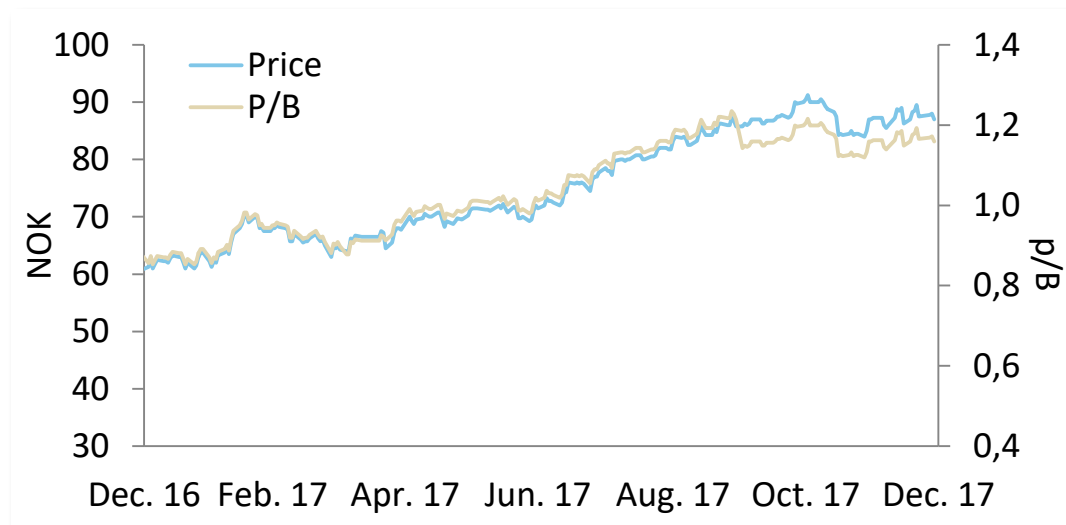
(19.7%)  
The company behind mobile payment solution  
\*Owner 25% in VIPPS AS



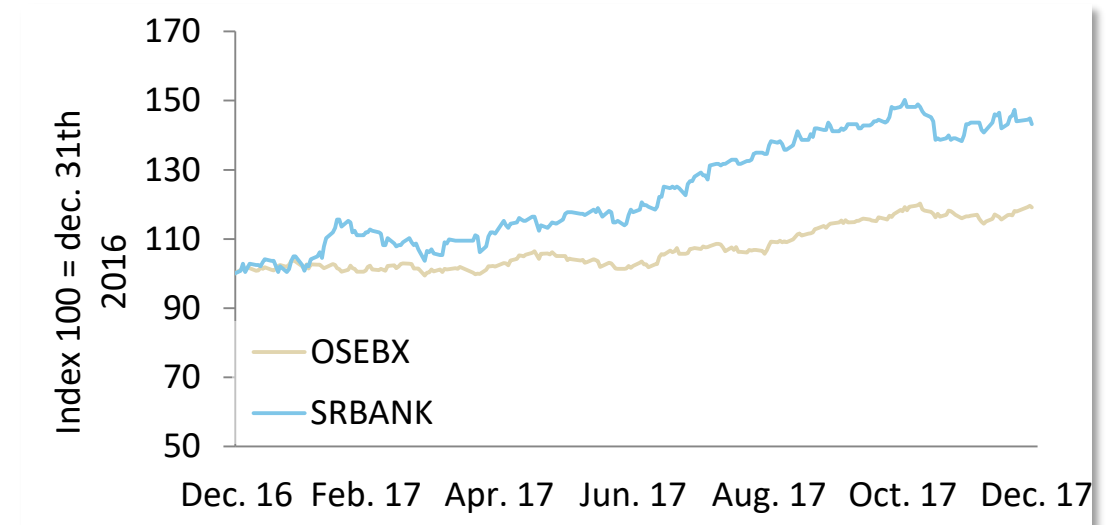
# SRBANK share

- Converted from equity certificates to shares in 2012.
- International ownership is 23.5% per 4. quarter 2017.
- Total market value at 4. quarter 2017 is NOK 22.3 billion.

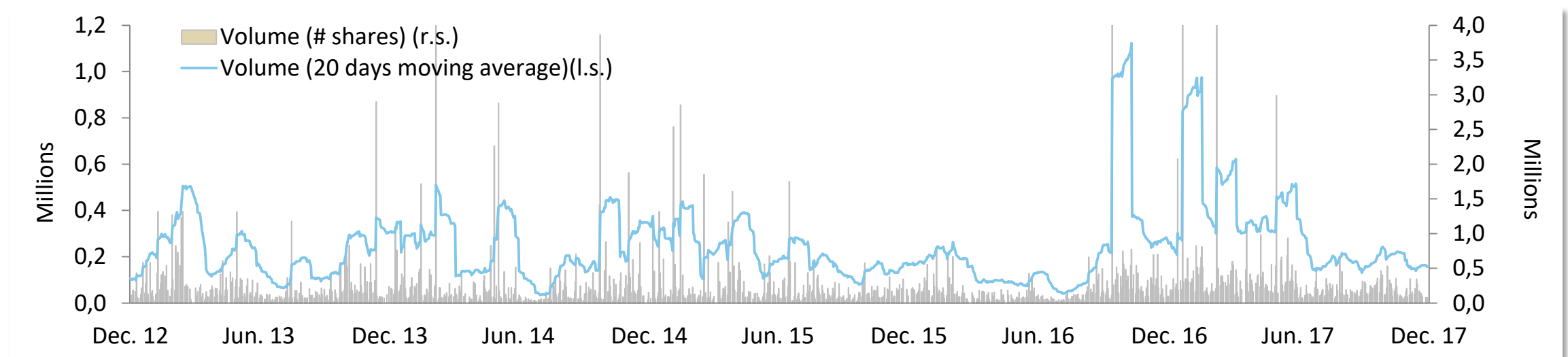
Development in Price/Book



Relativ share price development



Trading volume development



## 20 largest shareholders as at December 2017

- Ownership interests:
  - From Rogaland, Agder-counties and Hordaland: 44.7 % (49.9 %)
  - International: 23.5 % (19.1 %)
  - 10 largest: 49.5 % (49.2 %)
  - 20 largest: 56.6 % (56.9 %)
- Number of shareholders 31.12.2017: 10 834 (10 428)
- Employees owning 1.6 % (1.8 %)

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Folketrygdfondet		16.987.715	6,6%
State Street Bank and Trust Co, U.S.A.	Nominee	8.913.352	3,5%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Vpf Nordea Norge Verdi		5.957.547	2,3%
Danske Invest Norske Instit. II		3.574.538	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	3.024.820	1,2%
Clipper AS		2.565.000	1,0%
Pareto Aksje Norge		2.223.764	0,9%
KAS Bank NV, Nederland	Nominee	1.935.270	0,8%
Danske Invest Norske Aksjer Inst.		1.902.194	0,7%
Morgan Stanley and Co Intl plc, U.K.		1.885.627	0,7%
JPMorgan Chase Bank N.A., U.S.A.	Nominee	1.880.641	0,7%
KLP Aksjenorge Indeks		1.810.920	0,7%
Westco AS		1.662.987	0,7%
Pareto AS		1.640.867	0,6%
Vpf Nordea Norge Avkastning		1.639.620	0,6%
Forsvarets Personellservice		1.513.556	0,6%
Top 5		110.504.502	43,2%
Top 10		126.714.458	49,5%
Top 20		144.809.904	56,6%

Introduction to SpareBank 1 SR-Bank ASA

## **Financials**

Solvency and liquidity position

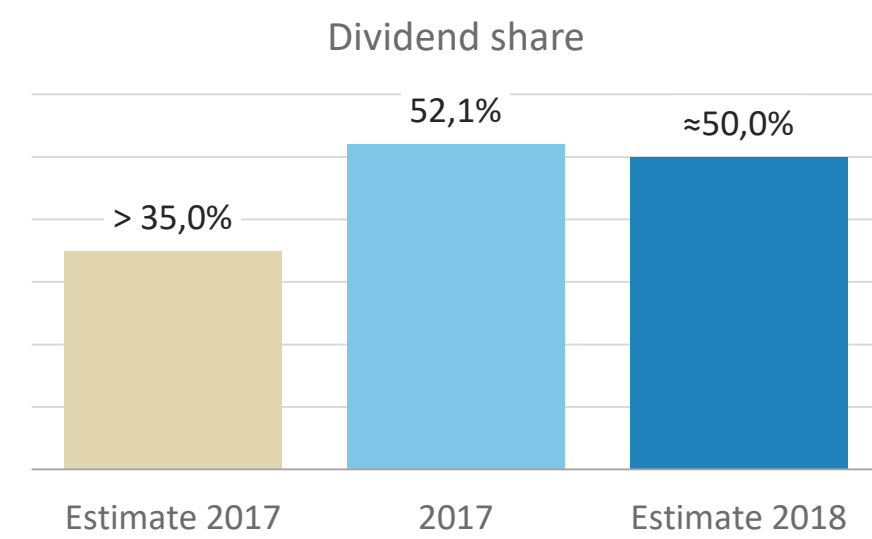
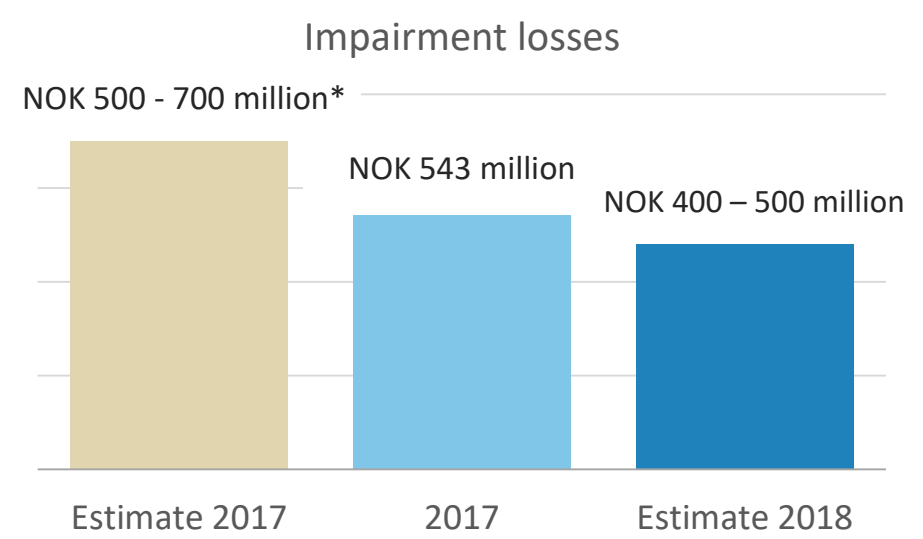
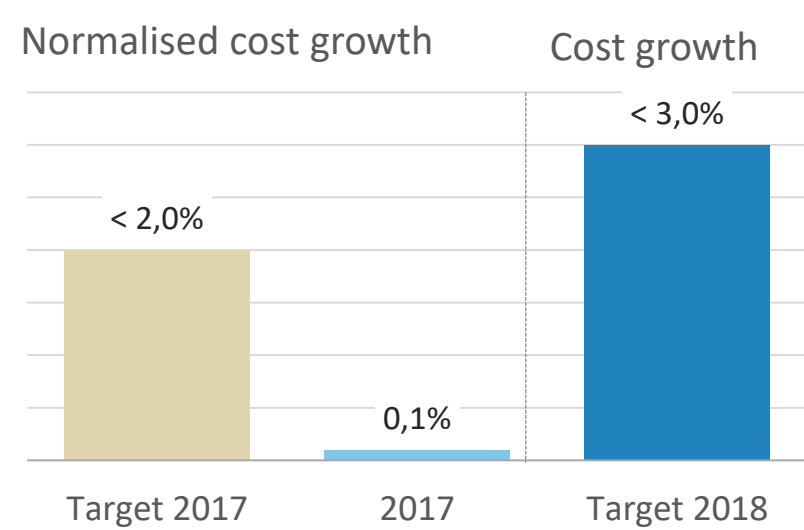
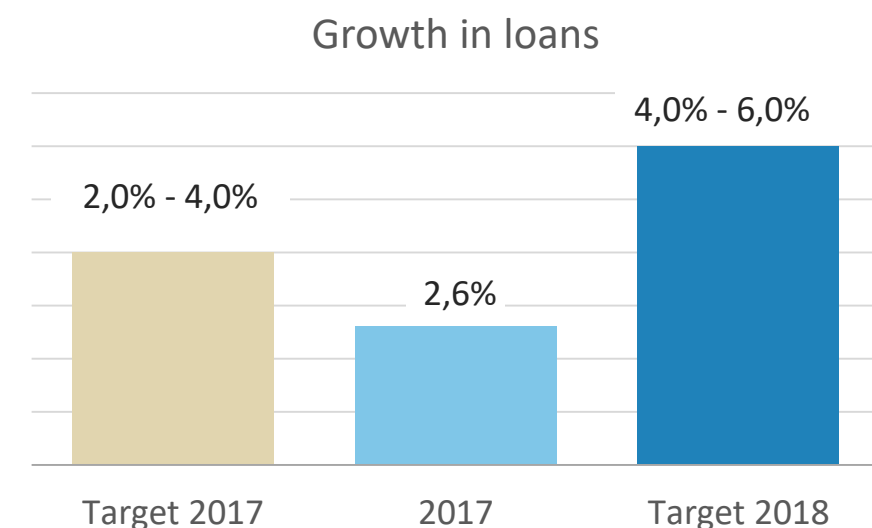
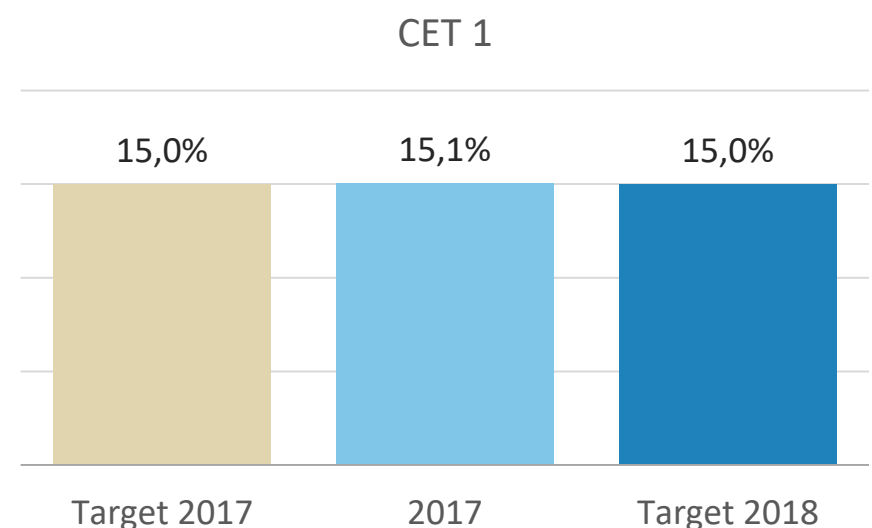
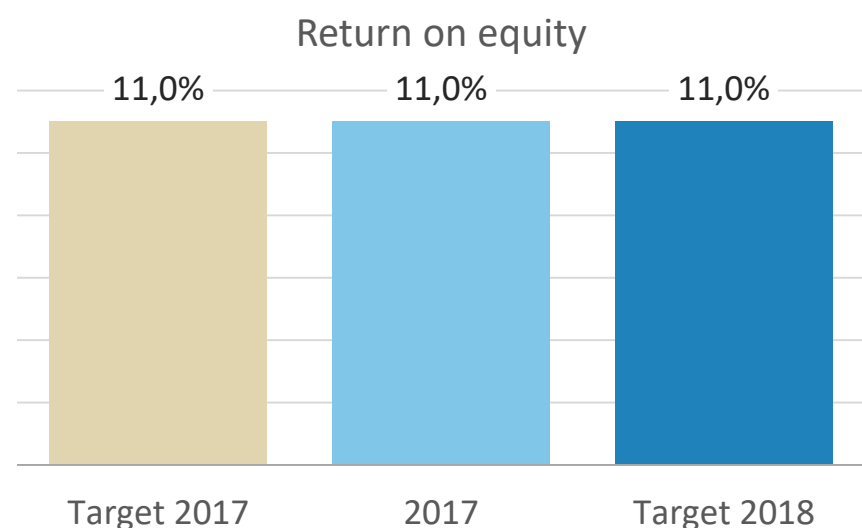
Appendix

# Strong result with significant income growth, good cost control and lower losses

- Pre-tax profit for the quarter is NOK 700 million compared to NOK 525 million last year
  - Return on equity after tax 11.4 %
- Pre-tax profit year-to-date is NOK 2.610 million compared to NOK 2.158 million last year
  - Return on equity after tax 11.0 %
- Impairment losses on loans is NOK 543 million compared to NOK 778 million last year
  - 0.29 % of gross lending including covered bond companies as at 31 December 2017
- 12 months lending growth of 2.6 %
  - Risk-weighted assets (RWA) is increased by 3.0% the last 12 months
- 12 months deposits growth of 11.0 %
- Normalised costs growth of 0.1 %\*
  - Growth in costs of 6.6 % (NOK 135 million) over the last 12 months, of which financial activity tax is NOK 34 million and EiendomsMegler 1 has increased costs by NOK 30 million. In addition, the costs increased due to the group's focus on further digital development and the robotisation of standardised work processes.
- Common equity tier 1 capital ratio increased to 15.1% from 14.7% last year
- The Board proposes a dividend of NOK 4.25 per share

*\*Normalised costs growth does not include costs from EiendomsMegler 1 AS and Regnskapshuset SR AS. In addition financial activity tax, bonuses- and restructuring costs, termination costs linked to tenancy agreements and costs regarding acquired assets are excluded from the calculation.*

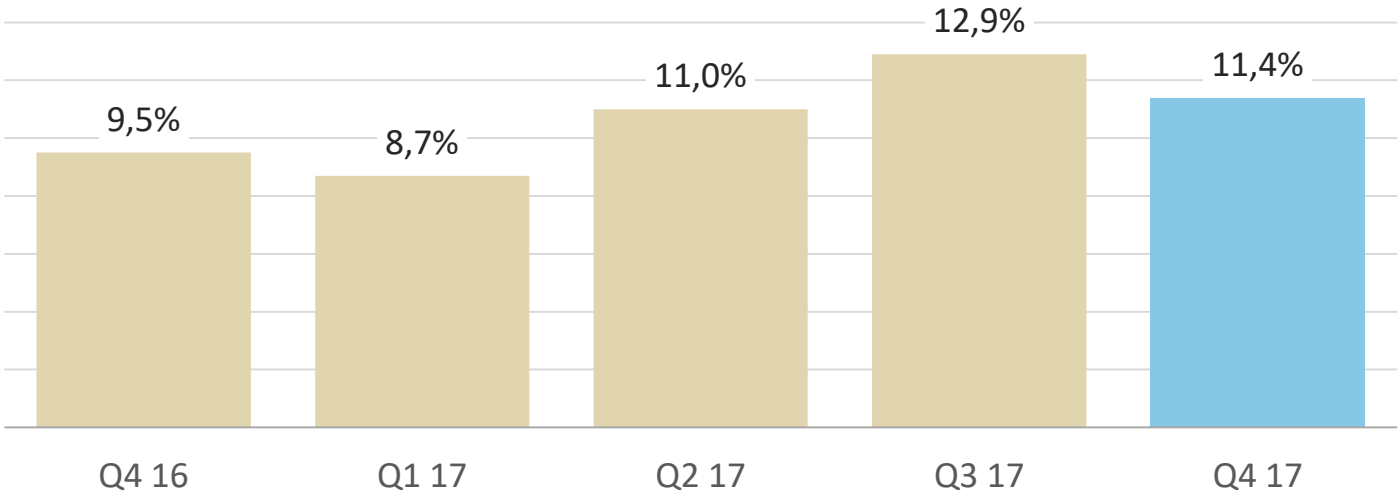
# Key figures 2017 and financial targets and estimates for 2018



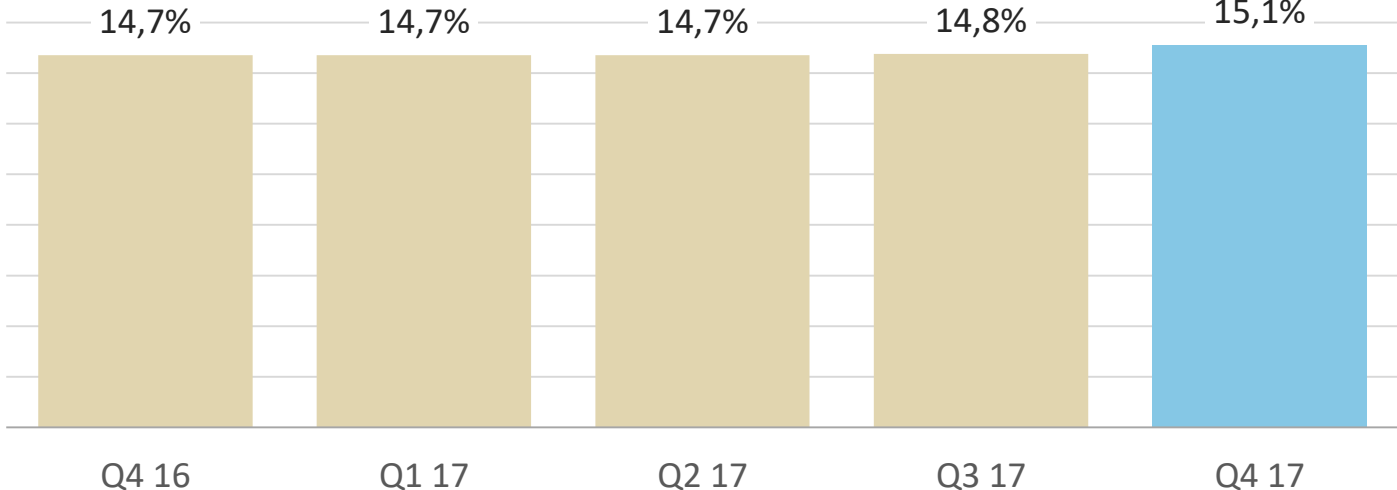
\*Estimate of impairment losses in 2017 were adjusted from MNOK 600 - 800 to MNOK 500 - 700 per 30.06.2017.

# Key figures – quarterly development

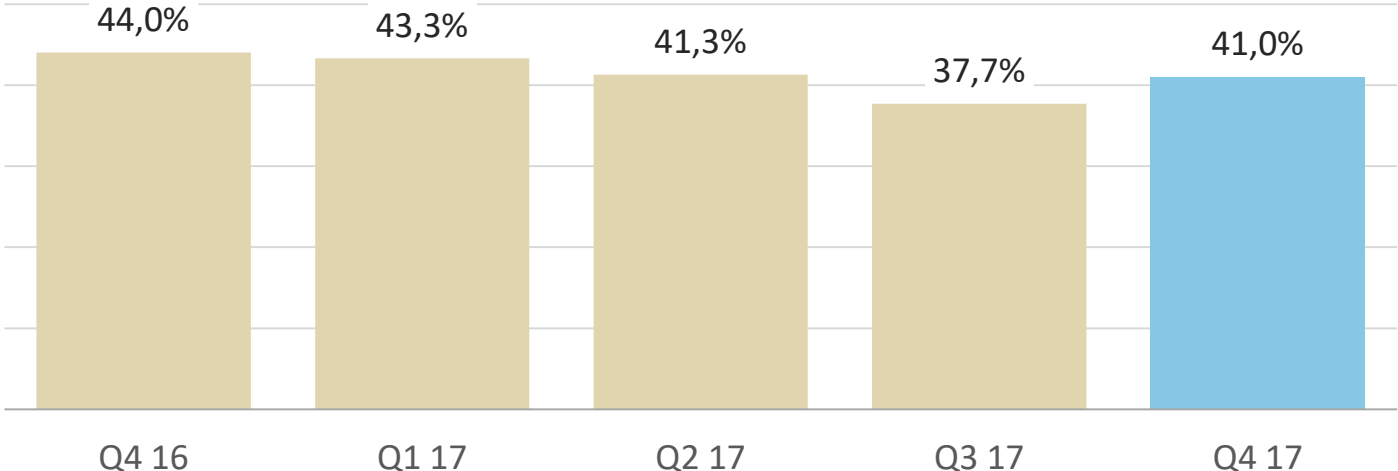
Return on equity



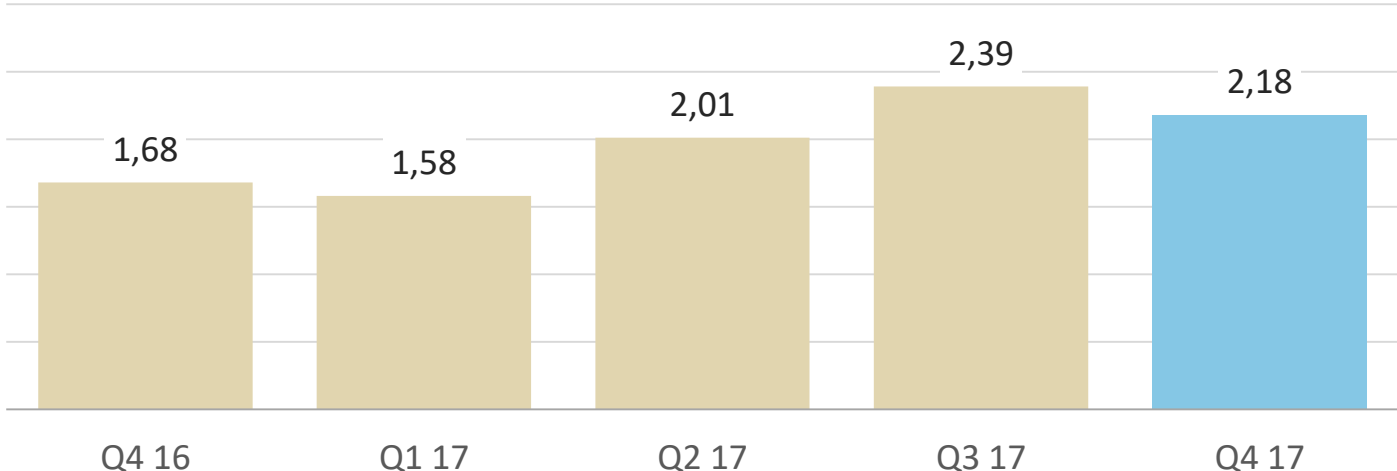
CET 1



Cost ratio

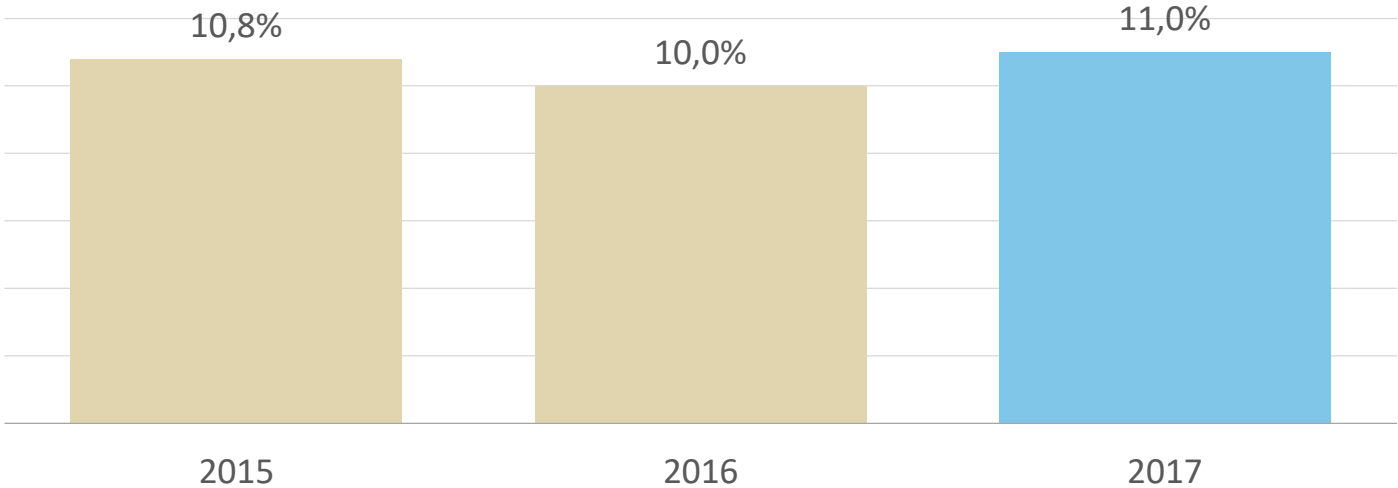


Earnings per share

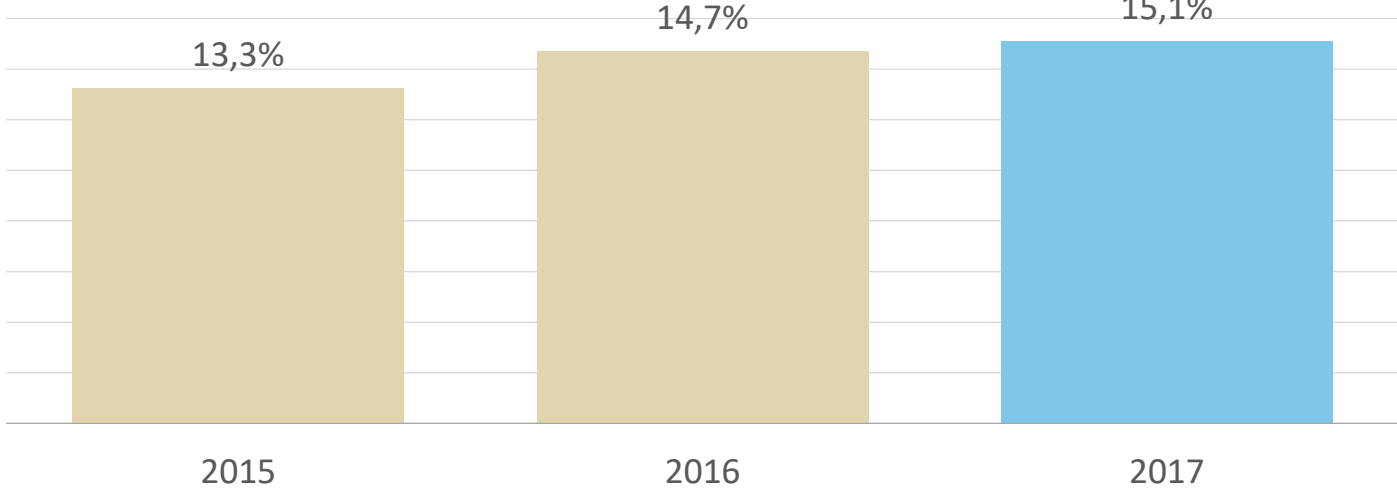


# Key figures – annual development

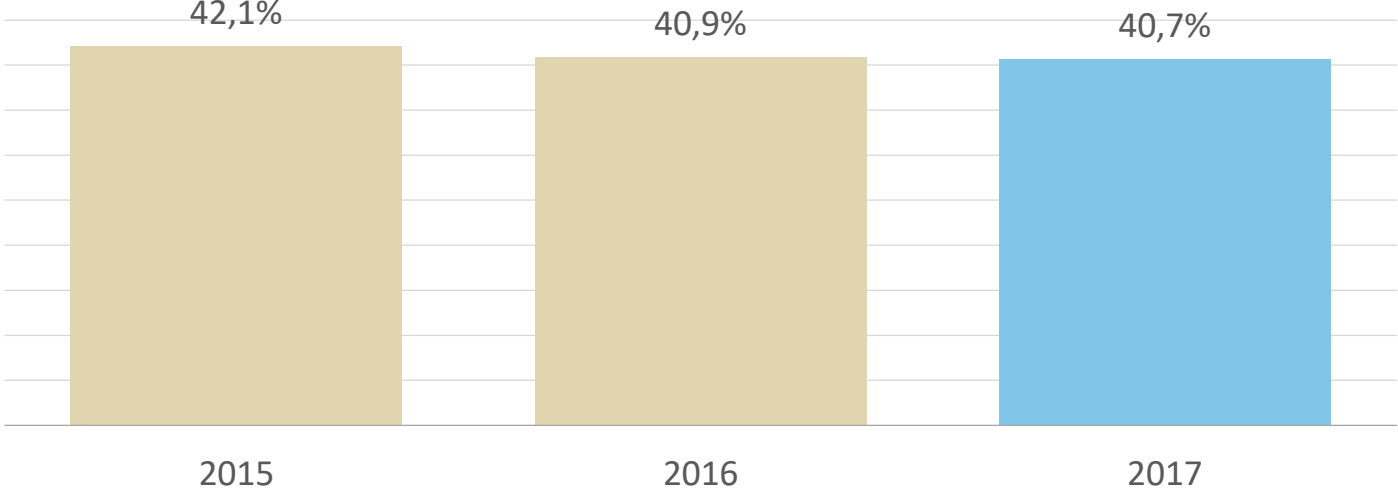
Return on equity



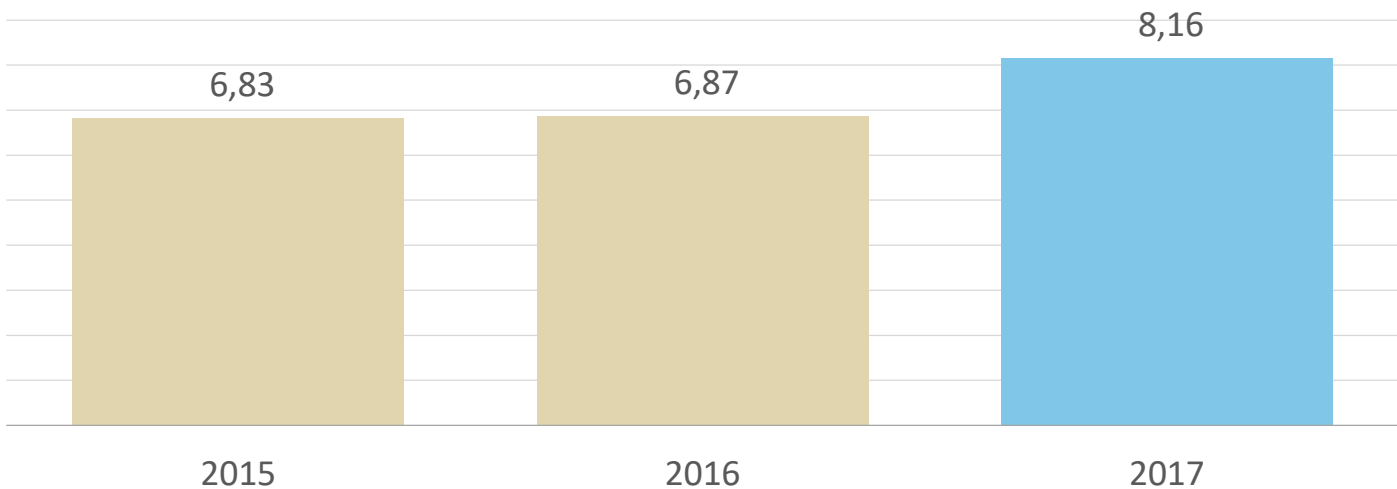
CET 1



Cost ratio



Earnings per share



# Key figures

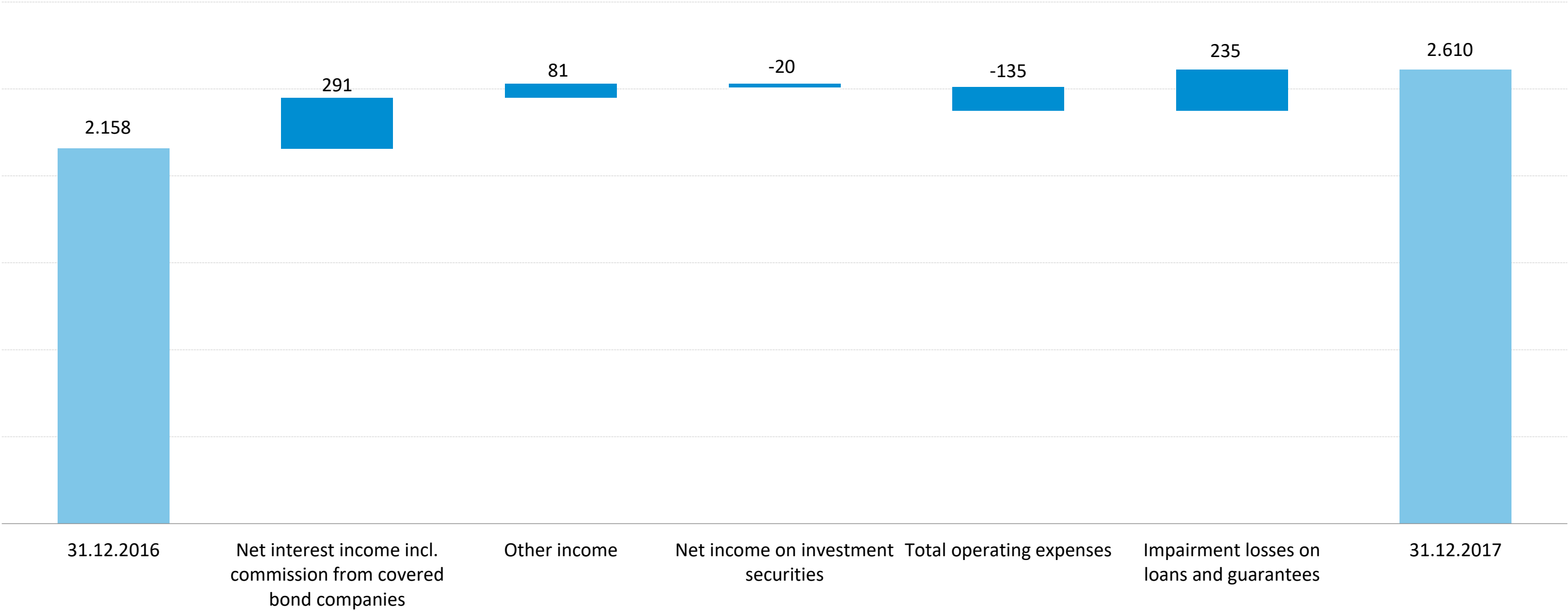
	31.12.2017	31.12.2016	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16
Return on equity after tax (%)	11,0	10,0	11,4	12,9	11,0	8,7	9,5
Net interest margin (%)	1,52	1,48	1,50	1,54	1,52	1,53	1,50
Impairment losses on loans and guarantees in % of gross loans incl. covered bond companies	0,29	0,42	0,26	0,27	0,29	0,37	0,35
Non-performing and other problem commitments in % of gross loans incl. covered bond companies	1,13	1,21	1,13	1,18	1,21	1,23	1,21
Cost to income ratio	40,7	40,9	41,0	37,7	41,3	43,3	44,0
Annual growth in loans to customers, gross incl. covered bond companies (%)	2,6	-0,9	2,6	1,2	0,5	-0,4	-0,9
Annual growth in deposits from customers (%)	11,0	-3,9	11,0	13,0	11,3	7,0	-3,9
Total assets (BNOK)	216,6	193,4	216,6	215,3	212,9	200,2	193,4
Portfolio of loans in covered bond companies (BNOK)	14,6	24,7	14,6	18,0	19,4	23,3	24,7
Risk weighted assets (BNOK)	120,2	116,7	120,2	121,8	120,7	118,4	116,7
Liquidity Coverage Ratio (LCR) (%)	168	174	168	212	212	200	174
Earnings per share (NOK)	8,16	6,87	2,18	2,39	2,01	1,58	1,68
Book value per share (NOK)	77,24	71,54	77,24	75,07	72,72	72,91	71,54



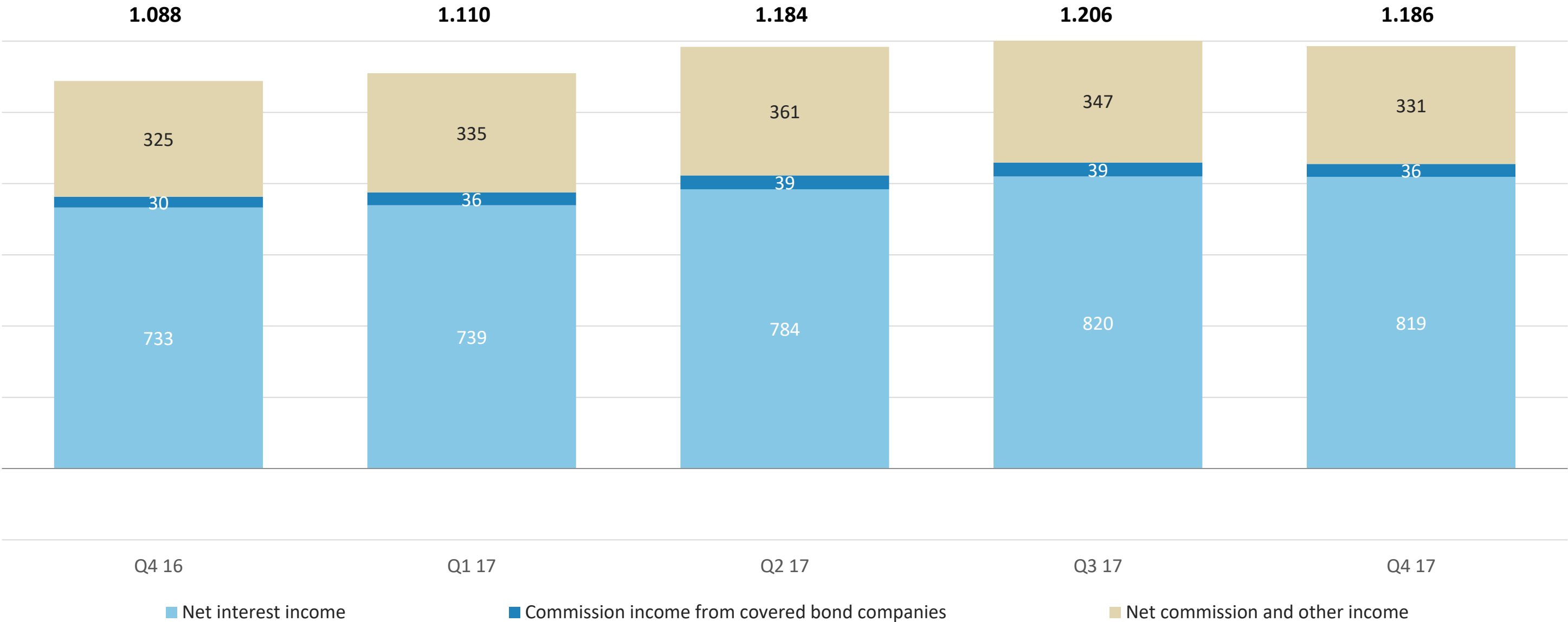
# Income statement

Group Income Statement (MNOK)	31.12.2017	31.12.2016	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16
Net interest income	3.162	2.871	819	820	784	739	733
Net commission and other income	1.524	1.443	367	386	400	371	355
Net income on investment securities	634	654	204	198	143	89	139
<b>Total income</b>	<b>5.320</b>	<b>4.968</b>	<b>1.390</b>	<b>1.404</b>	<b>1.327</b>	<b>1.199</b>	<b>1.227</b>
<b>Total operating expenses</b>	<b>2.167</b>	<b>2.032</b>	<b>570</b>	<b>530</b>	<b>548</b>	<b>519</b>	<b>540</b>
Operating profit before losses	3.153	2.936	820	874	779	680	687
Impairment losses on loans and guarantees	543	778	120	124	131	168	162
<b>Operating profit before tax</b>	<b>2.610</b>	<b>2.158</b>	<b>700</b>	<b>750</b>	<b>648</b>	<b>512</b>	<b>525</b>
Tax expense	524	403	141	140	134	109	96
<b>Net profit</b>	<b>2.086</b>	<b>1.755</b>	<b>559</b>	<b>610</b>	<b>514</b>	<b>403</b>	<b>429</b>

# Change in profit 31.12.2016 – 31.12.2017

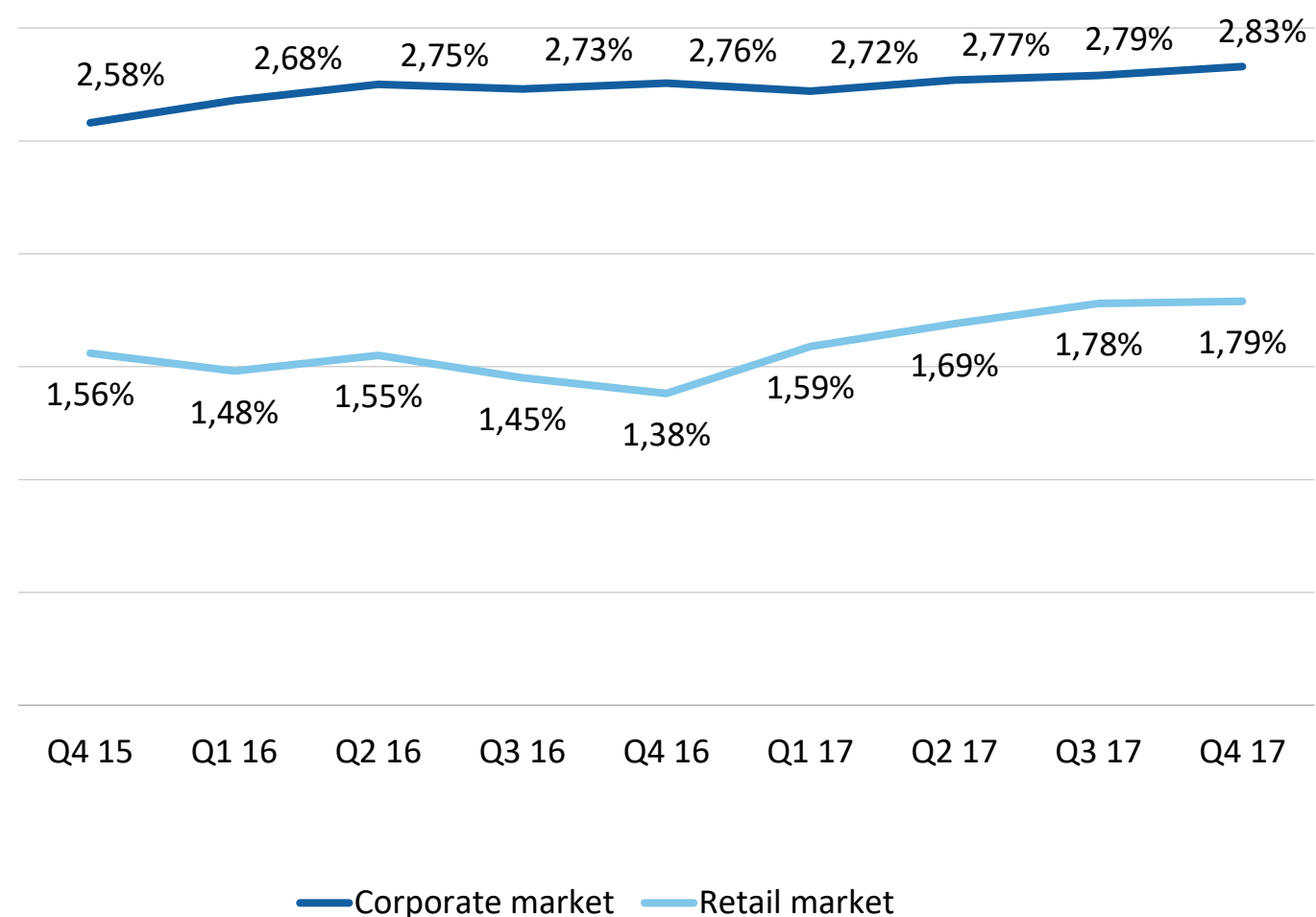


# Consolidated income profile

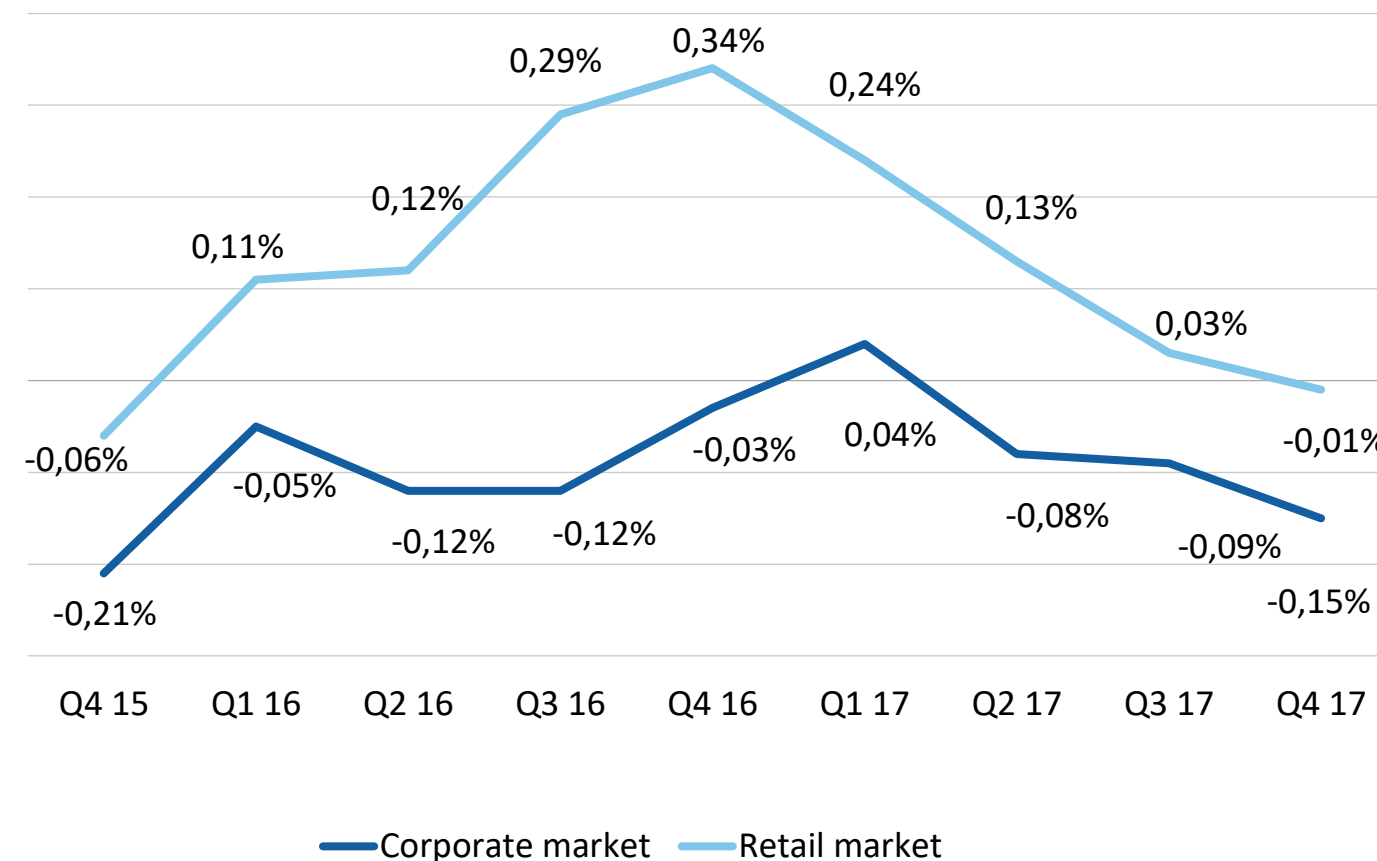


# Lending and deposit margins

Lending margins\*



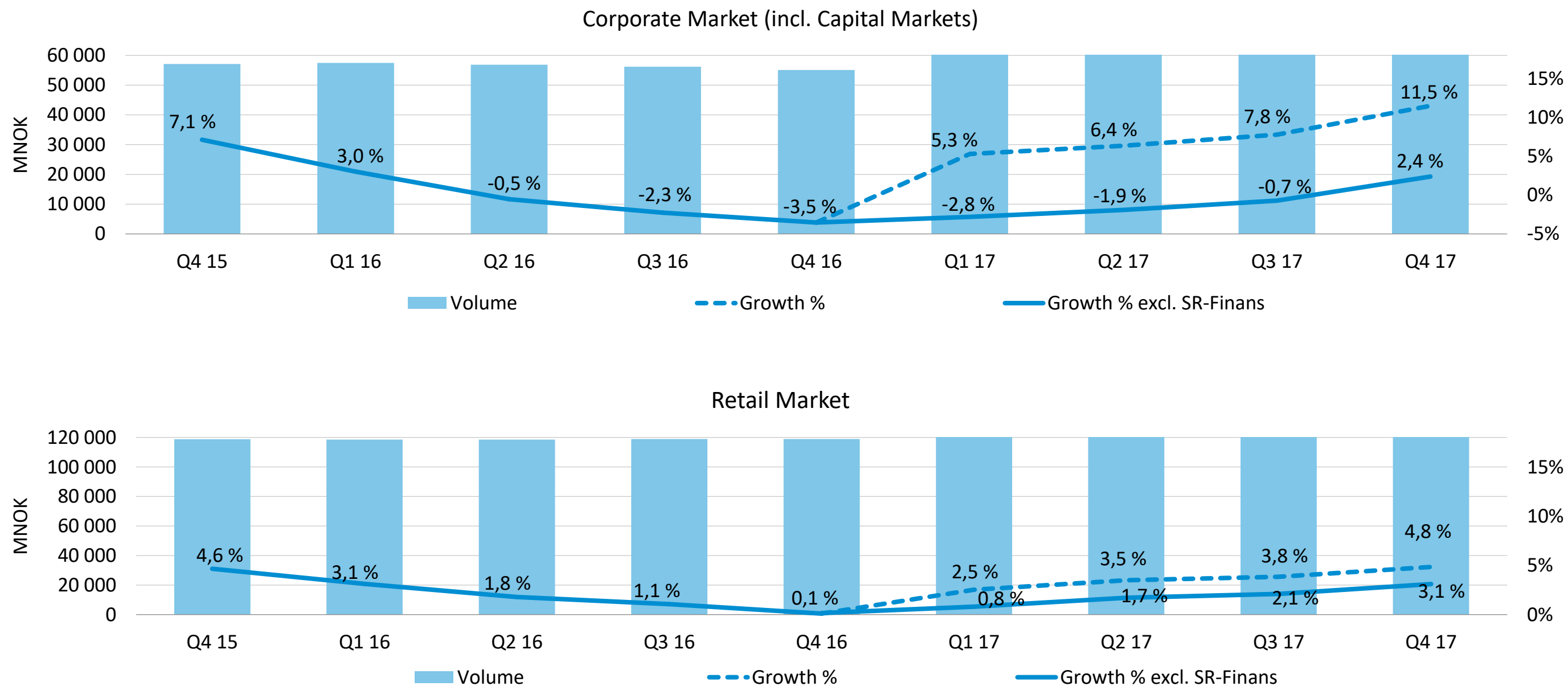
Deposit margins



\*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.

Definition: Average customer interest rate against 3-month moving average for 3-month NIBOR. Lending margins include loan portfolio in covered bond companies

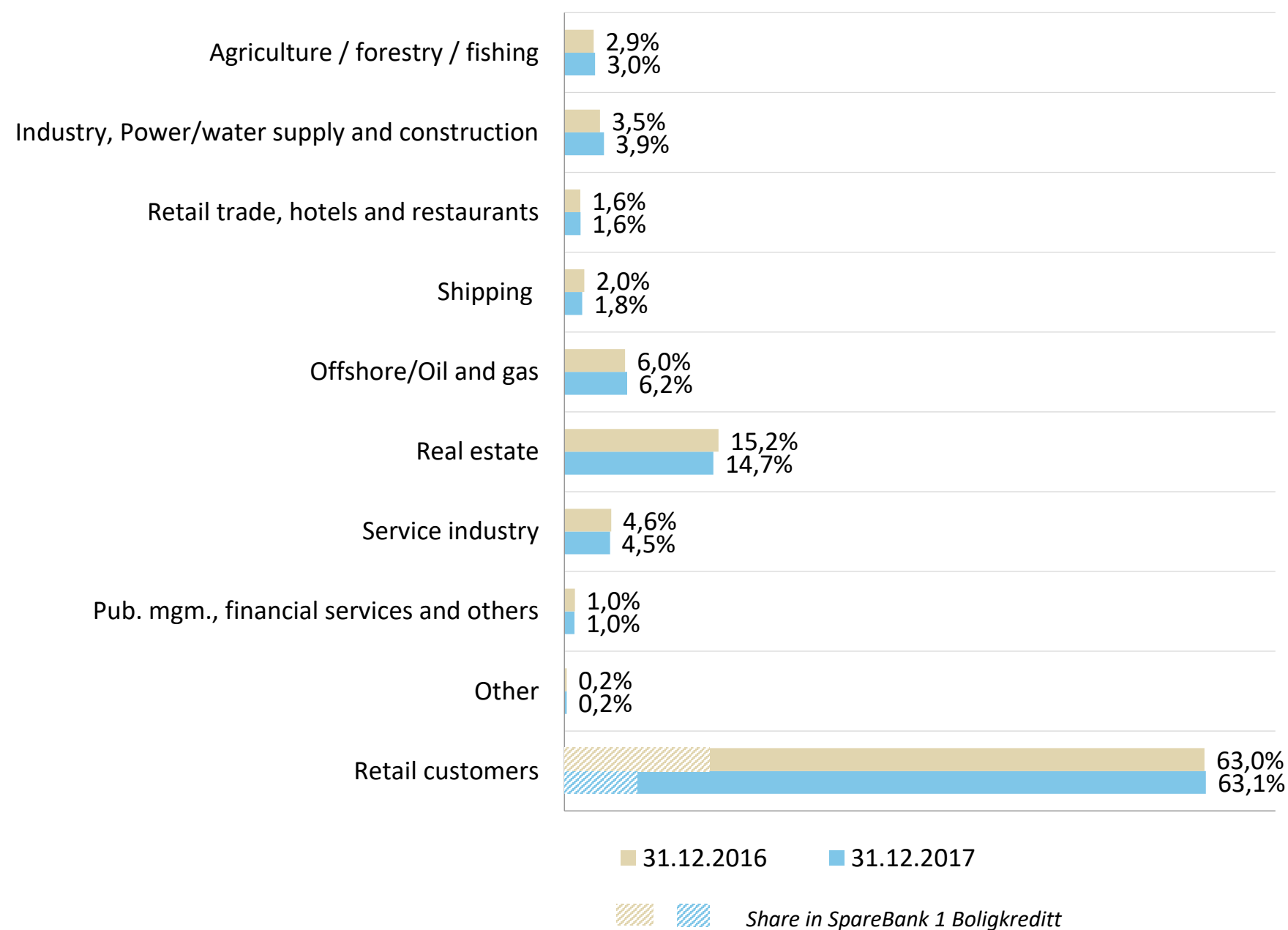
# Lending volume and 12 months growth



Figures incl. loan portfolio in covered bond companies. 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.

# Loan portfolio as at 31.12.2017

- Gross loans (incl. covered bond companies) as at 31 December 2017 amount to NOK 187.1 billion compared with NOK 182.3 billion at the same time the year before.
- 12-month growth in loans of 2.6%.
- Loans to retail customers (incl. covered bond company) account for 63.1% of total loans, of which 7.5%-points is in SpareBank 1 Boligkreditt.

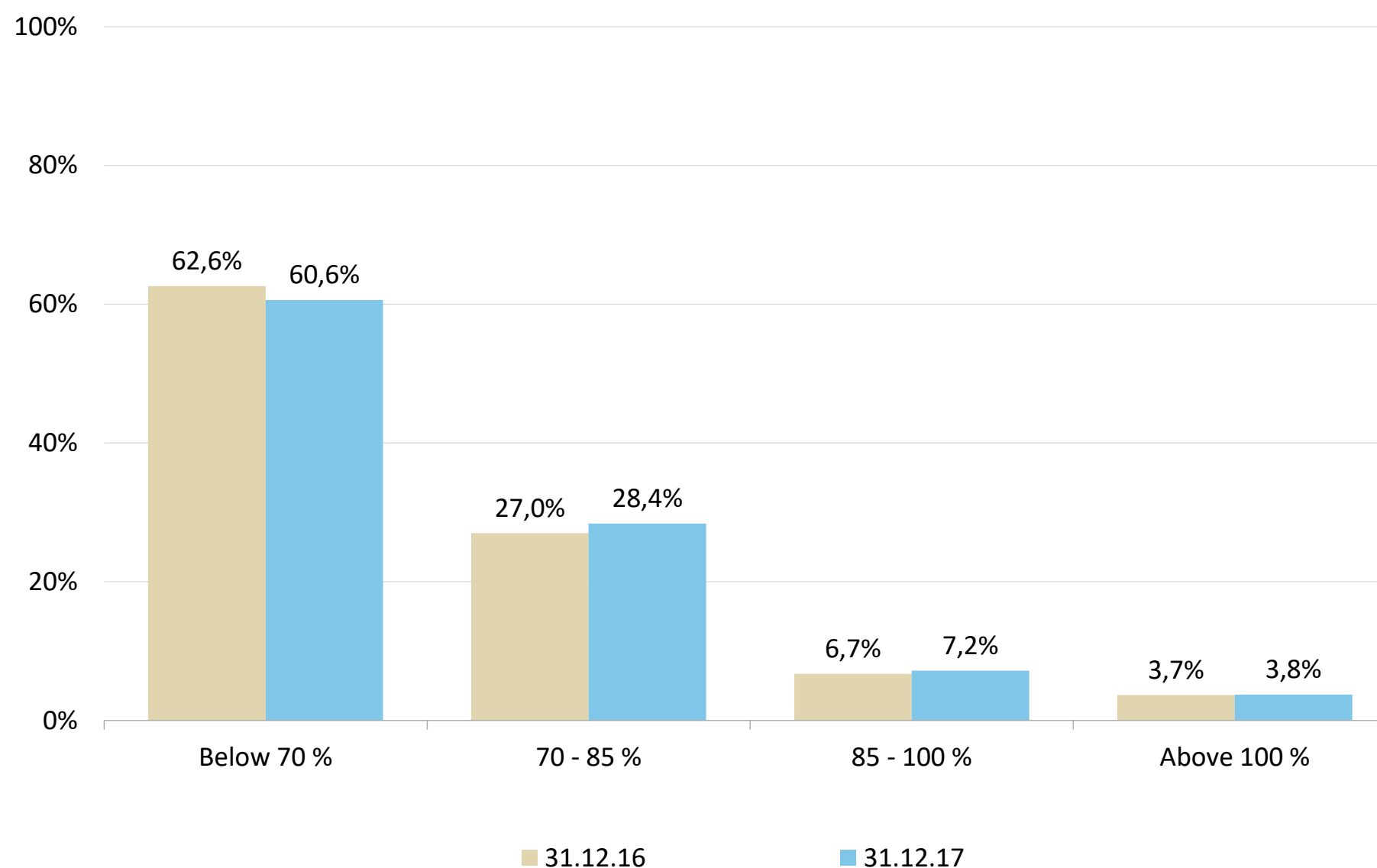


Loans before individual write-downs, nominal amounts.

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

# Loan to value ratio on home mortgage loans

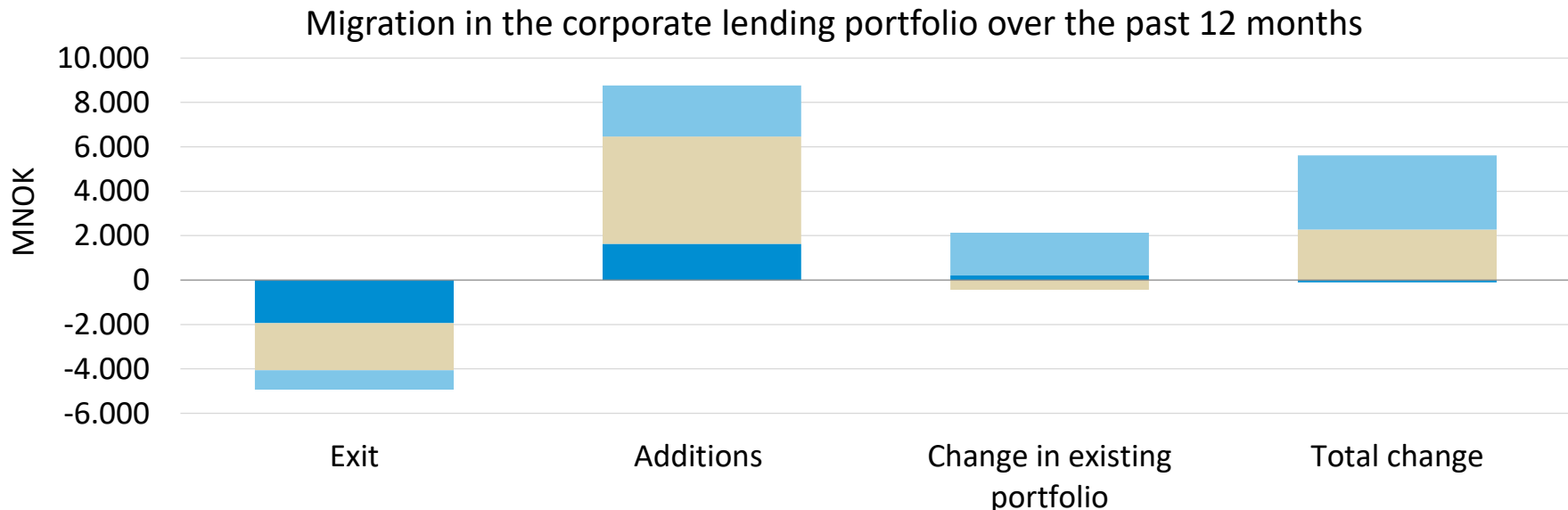
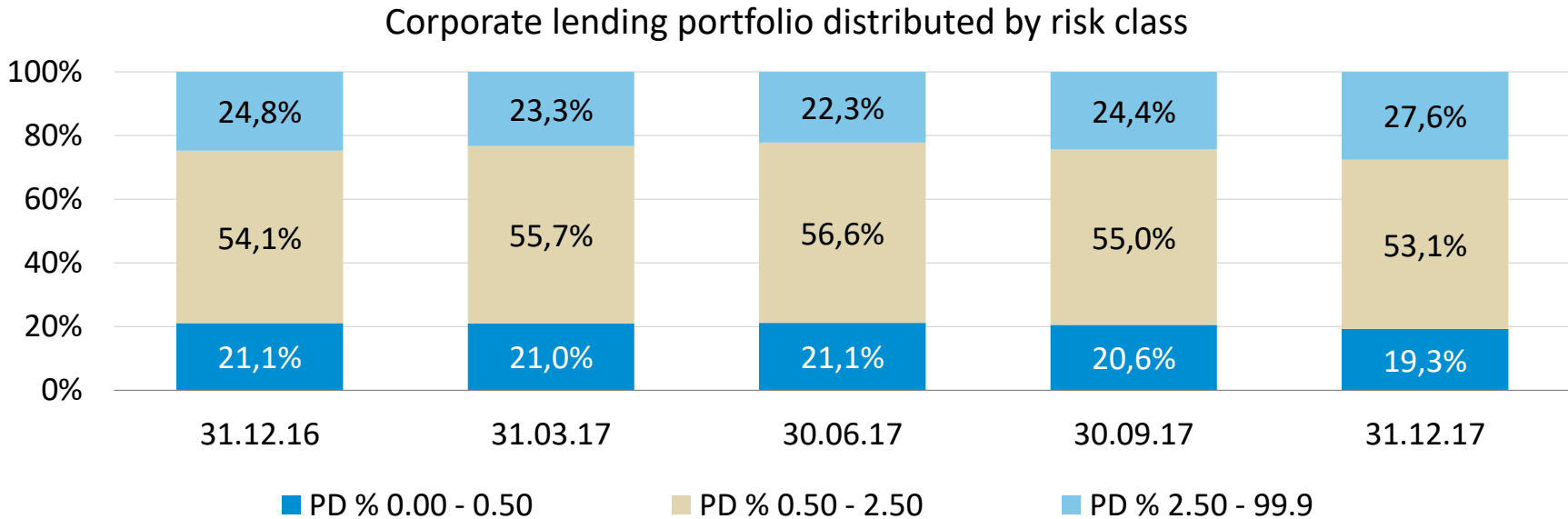
- The proportion of loans with a loan-to-value ratio of less than 85% is high.
  - 89.0% of the exposure is within 85% of the assessed value of collateral.



*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 19.3 %.

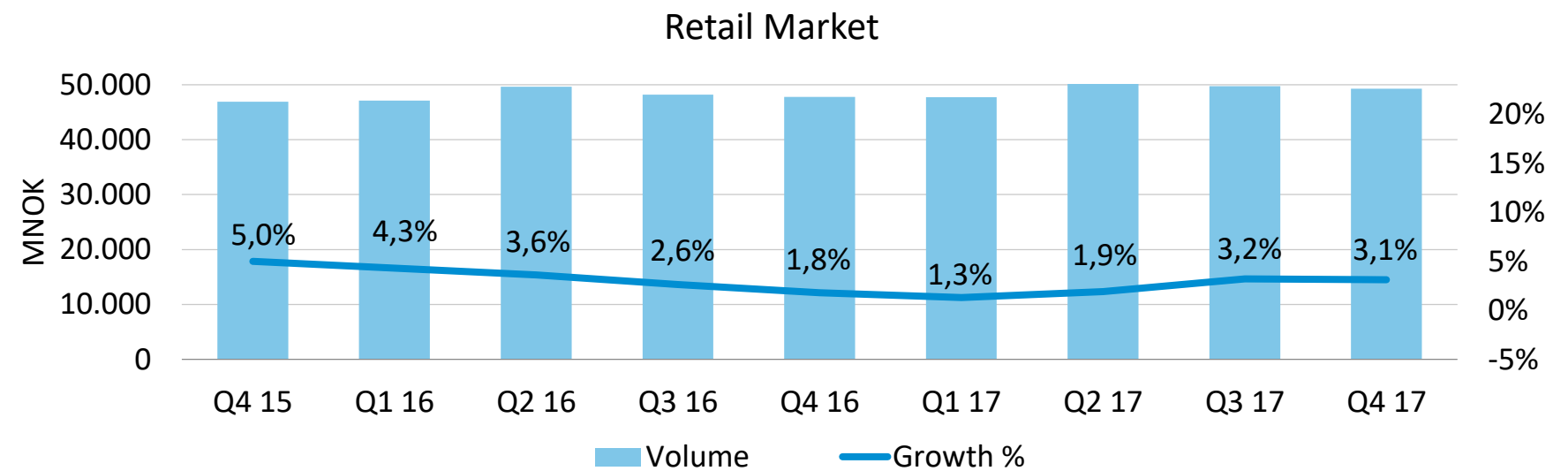
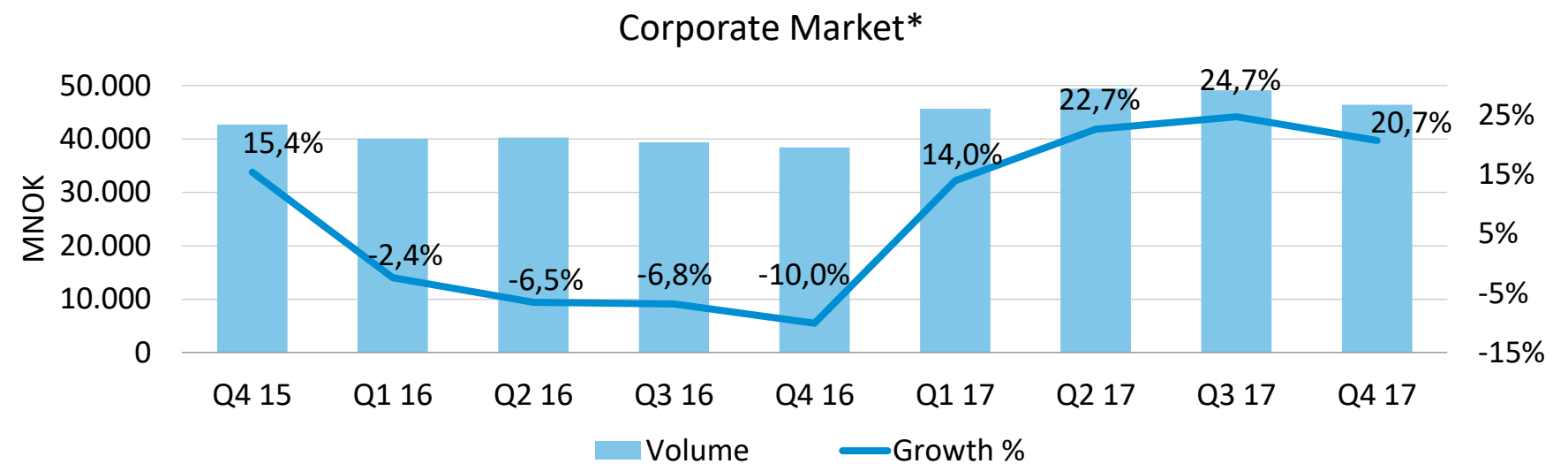


\*Probability of default (PD) through a full cycle of loss.  
 The figures include the loan portfolio in the covered bond companies (SpareBank 1 Næringskreditt AS).  
 SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and SR-Finans is included in the figures from first quarter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



# Deposits volume and 12 month growth

- Last 12 months deposits increased by NOK 9.5 billion to 95.4 billion.
  - Corresponds to an increase in the period of 11.0%.
- Increased deposit growth in the corporate market (incl. capital market) is due to larger deposits from public sector.
  - Deposit growth is 1.4% excl. deposits from public sector.



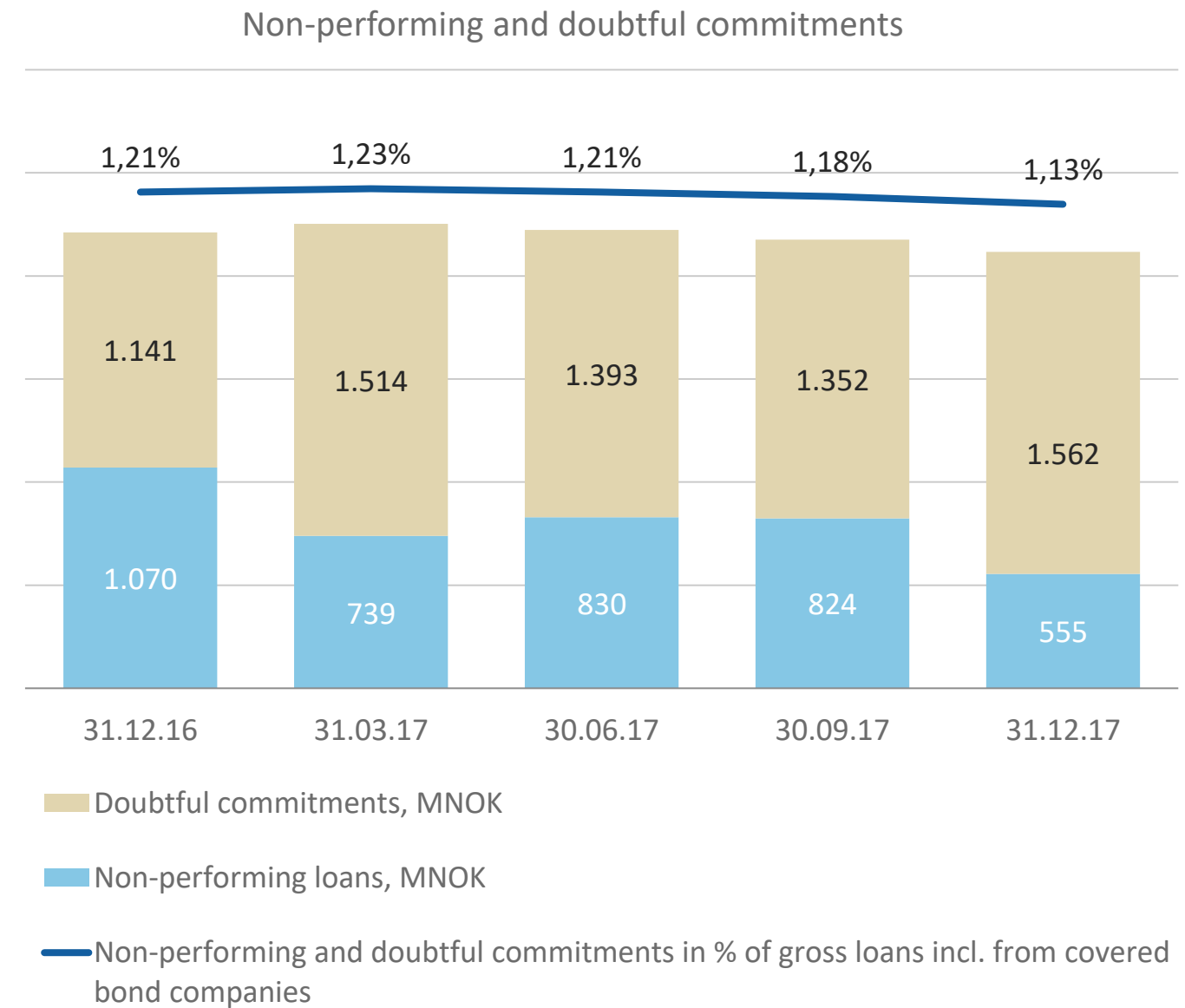
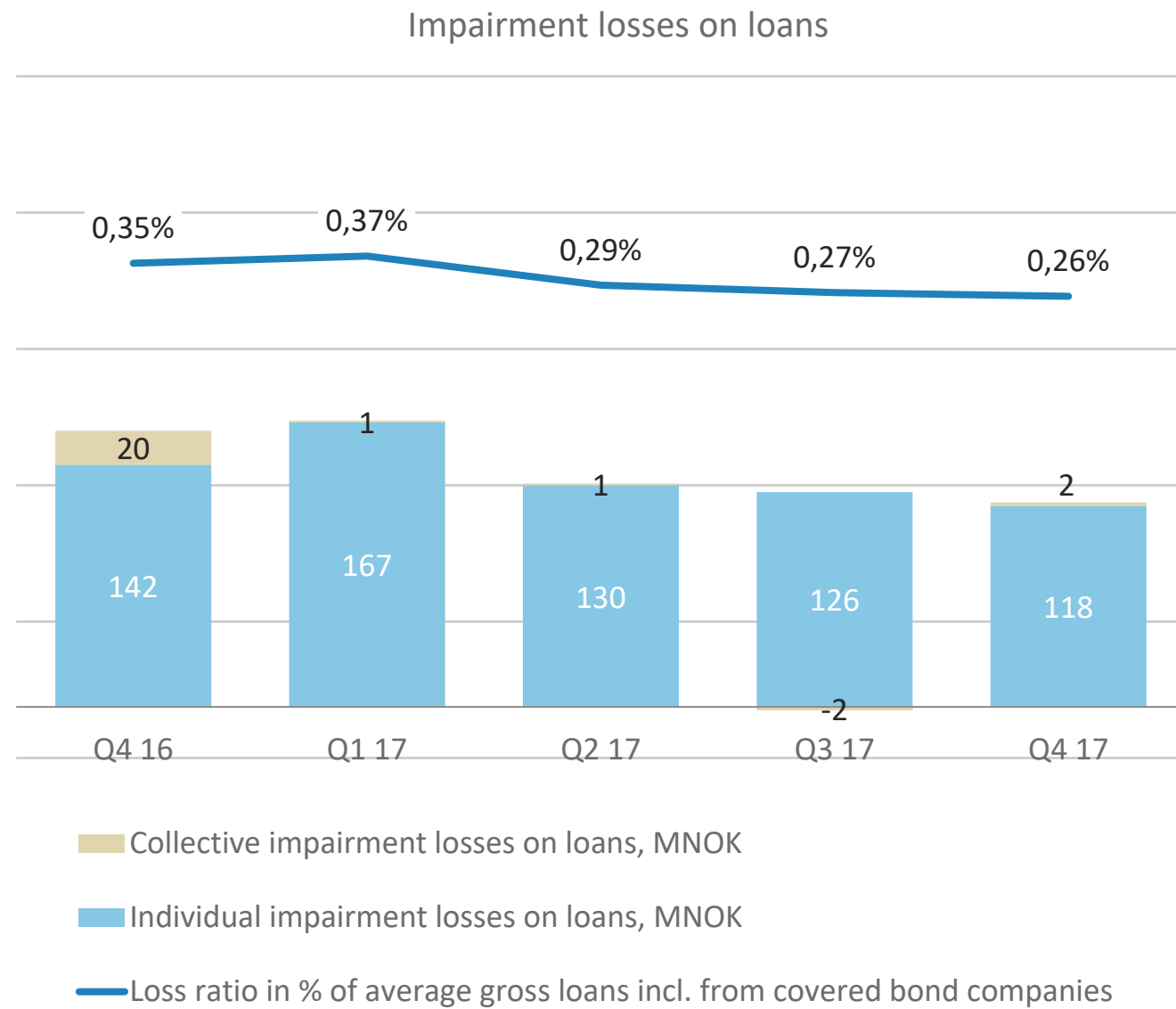
# Operating expenses

MNOK	31.12.2017	31.12.2016	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16
Personnel expenses	1.214	1.161	314	303	302	295	288
Financial activity tax*	39	5	9	9	10	11	5
Restructuring costs	10	0	10	0	0	0	0
<b>Total personnel expenses</b>	<b>1.263</b>	<b>1.166</b>	<b>333</b>	<b>312</b>	<b>312</b>	<b>306</b>	<b>293</b>
IT expenses	317	321	82	74	86	75	87
Marketing	73	74	20	16	21	16	23
Other administrative expenses	88	69	26	21	20	21	23
<b>Total administrative expenses</b>	<b>478</b>	<b>464</b>	<b>128</b>	<b>111</b>	<b>127</b>	<b>112</b>	<b>133</b>
Depreciation	74	81	17	21	18	18	24
Operating expenses from real estate	34	35	8	7	9	10	9
Other operating expenses	318	286	84	79	82	73	81
<b>Total other operating expenses</b>	<b>426</b>	<b>402</b>	<b>109</b>	<b>107</b>	<b>109</b>	<b>101</b>	<b>114</b>
<b>Total operating expenses</b>	<b>2.167</b>	<b>2.032</b>	<b>570</b>	<b>530</b>	<b>548</b>	<b>519</b>	<b>540</b>

## Operating expenses - normalised costs growth of 0.1 %

Operating expenses	MNOK	Percentage points
Operating expenses per 31.12.2016	2.032	
Financial activity tax	34	1,7 %
Increased costs Eiendomsmegler 1	30	1,5 %
Increased costs Regnskapshuset SR	15	0,7 %
Increased costs bonus provisions	31	1,5 %
Restructuring costs	10	0,5 %
Termination fee rent	10	0,5 %
Increased costs acquired assets	5	0,2 %
Operating expenses per 31.12.2017	2.167	6,6 %

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



Introduction to SpareBank 1 SR-Bank ASA

Financials

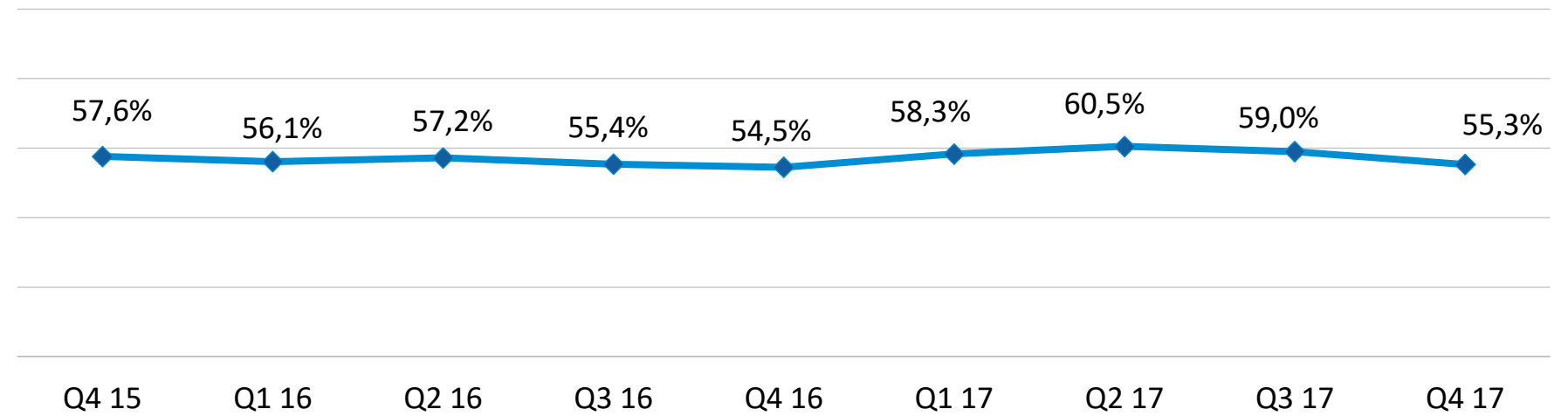
**Solvency and liquidity position**

Appendix

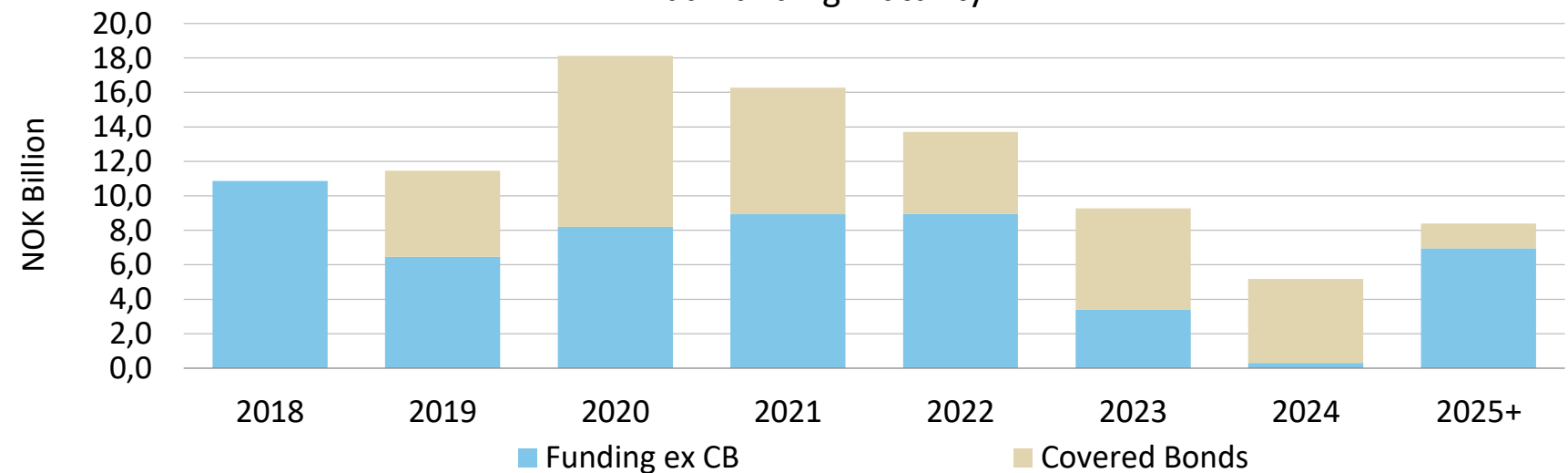
# Funding

- Well diversified funding.
- Net Stable Funding Ratio\* is 119% on consolidated basis.
- Good liquidity
  - Net refinancing need over the next 12 months is NOK 10.9 billion.
  - Liquidity buffer is NOK 32.3 billion for normal operation in 32 months with closed markets. In addition to the liquidity buffer, NOK 19.7 billion of home mortgages are prepared for covered bond funding.

Deposits to loans ratio

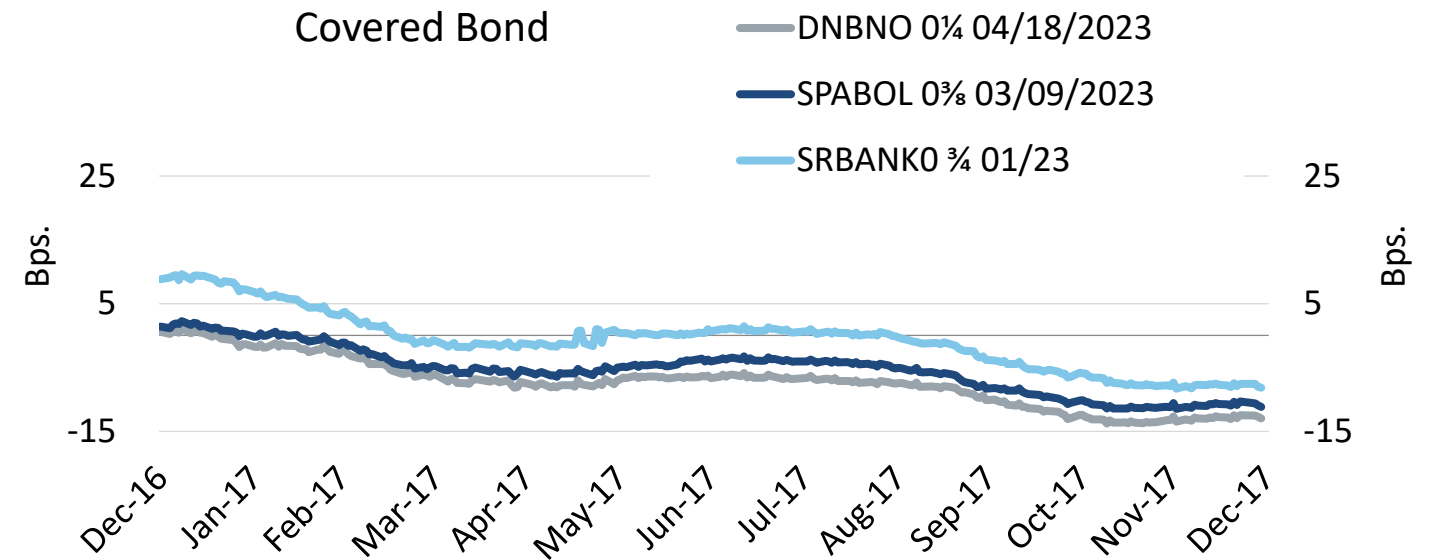
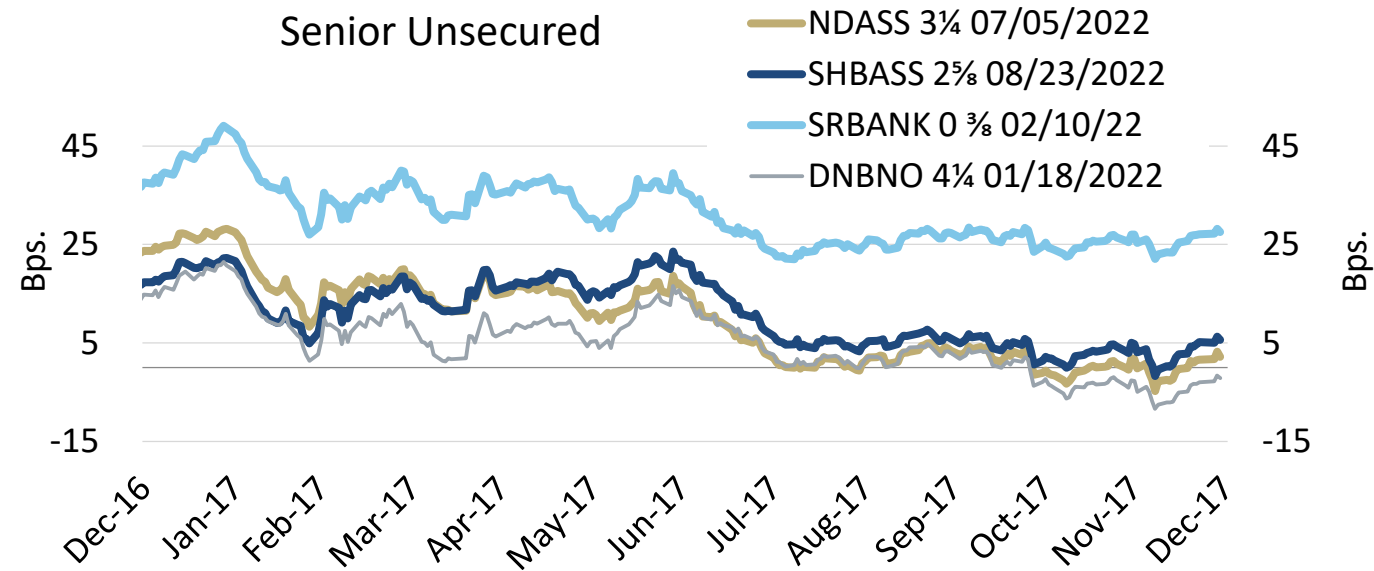


Annual funding maturity



\*The net stable funding ratio (NSFR) is defined as available stable funding relative to necessary stable funding. NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway.

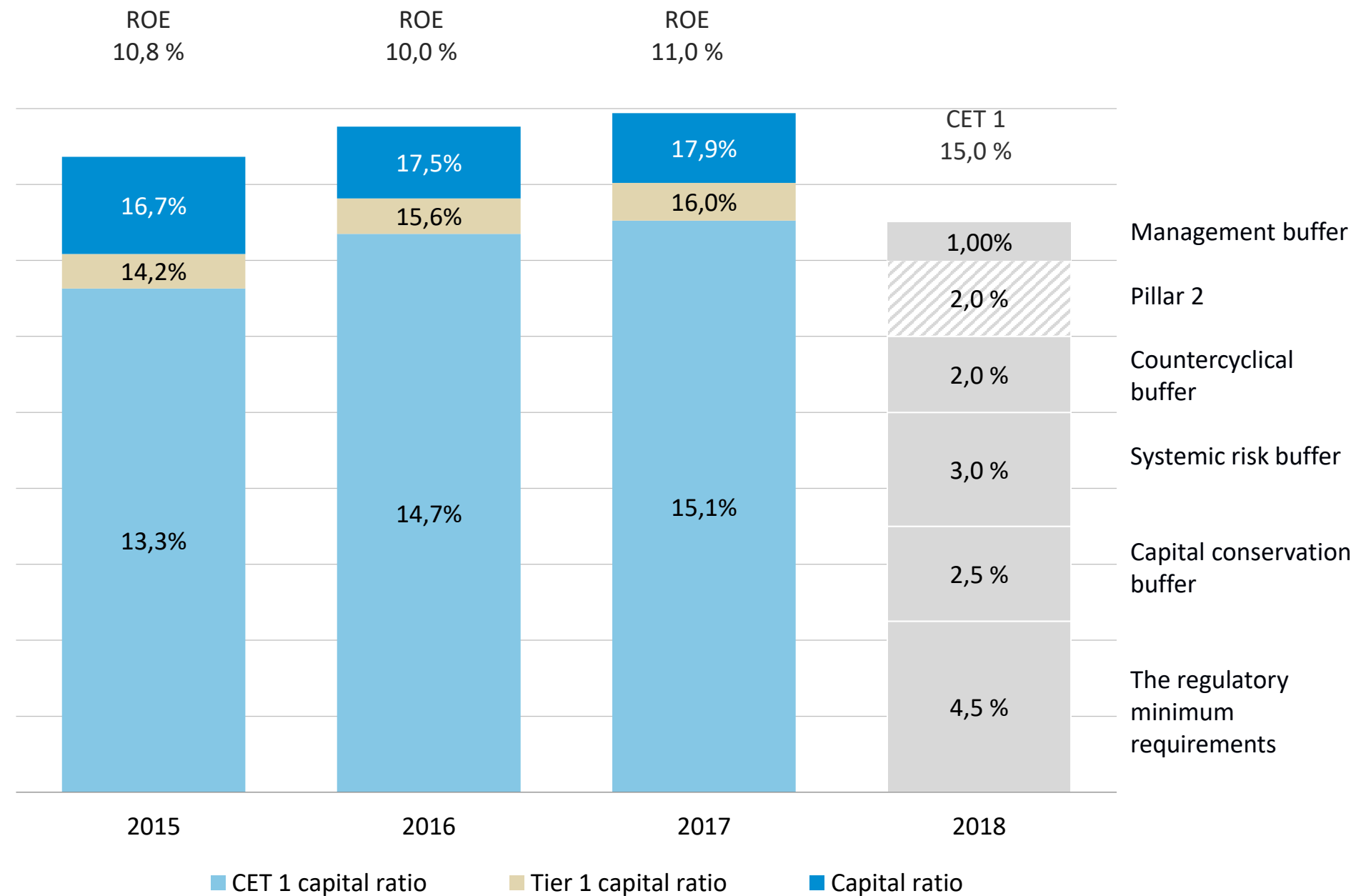
# An established borrower in the Euromarket



Issuer / Ticker	Coupon	Amount	Maturity	ISIN
SR-Bank / SRBANK	2,000%	EUR500mn	14-May-2018	XS0853250271
SR-Bank / SRBANK	2,125%	EUR500mn	27-February-2019	XS0965489239
SR-Bank / SRBANK	2,125%	EUR500mn	03-February-2020	XS0876758664
SR-Bank / SRBANK	2,125%	EUR750mn	14-April-2021	XS1055536251
SR-Bank / SRBANK	0,375%	EUR500mn	10-February-2022	XS1516271290
SR-BOL / SRBANK	0,500%	EUR500mn	28-September-2020	XS1297977115
SR-BOL / SRBANK	0,125%	EUR750mn	8-September-2021	XS1429577791
SR-BOL / SRBANK	0,750%	EUR600mn	18-January-2023	XS1344895450
SR-BOL / SRBANK	0,375 %	EUR 500mn	3-October-2024	XS1692489583
SR-BOL / SRBANK	2,500%	USD600mn	12-April-2022	XS1596016847
SR-BOL / SRBANK	Nibor3m + 34	NOK 5.000mm	25-November 2019	NO0010779176
SR-BOL / SRBANK	Nibor3m + 35	NOK 5.000mm	10-September 2020	NO0010740152

# Solid capital ratio

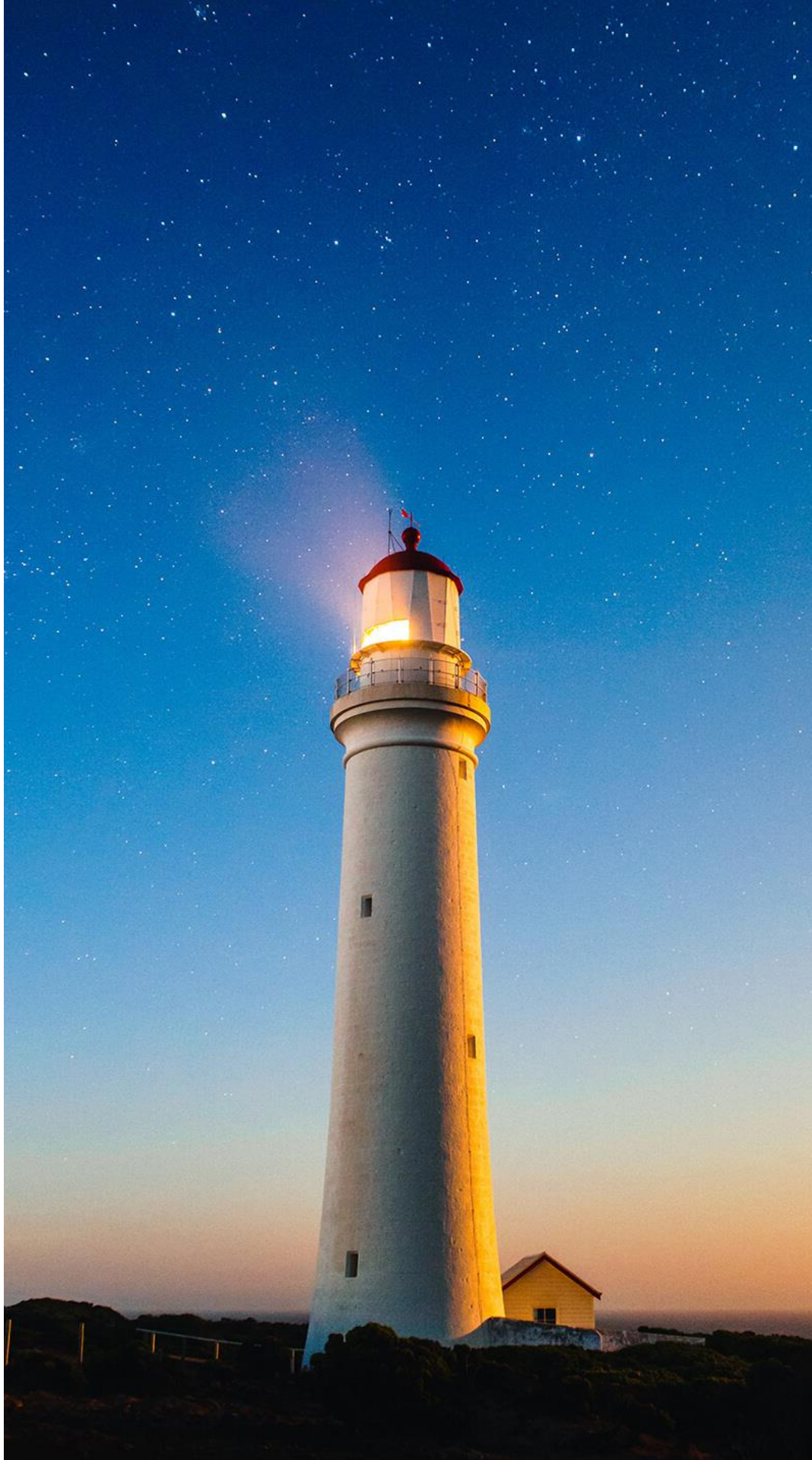
- SpareBank 1 SR-Bank is compliant with capital requirements as at 31.12.2017.
- The Pillar 2 requirement for SpareBank 1 SR-Bank is 2.0%.
- SpareBank 1 SR-Bank is not defined as a systemically important financial institution (SIFI).
- The use of different risk weights in the Nordic countries makes comparisons of actual financial strength difficult.
  - The Basel I floor is also practised differently.
- New accounting rules based on IFRS 9 will be introduced in January 2018. The introduction of the new rules is expected to weaken the common equity tier 1 capital ratio by between 9 and 13 basis points.
- Leverage ratio is 7.4% as at 31.12.2017. SpareBank 1 SR-Bank exceeds the levels being discussed and recommended internationally.





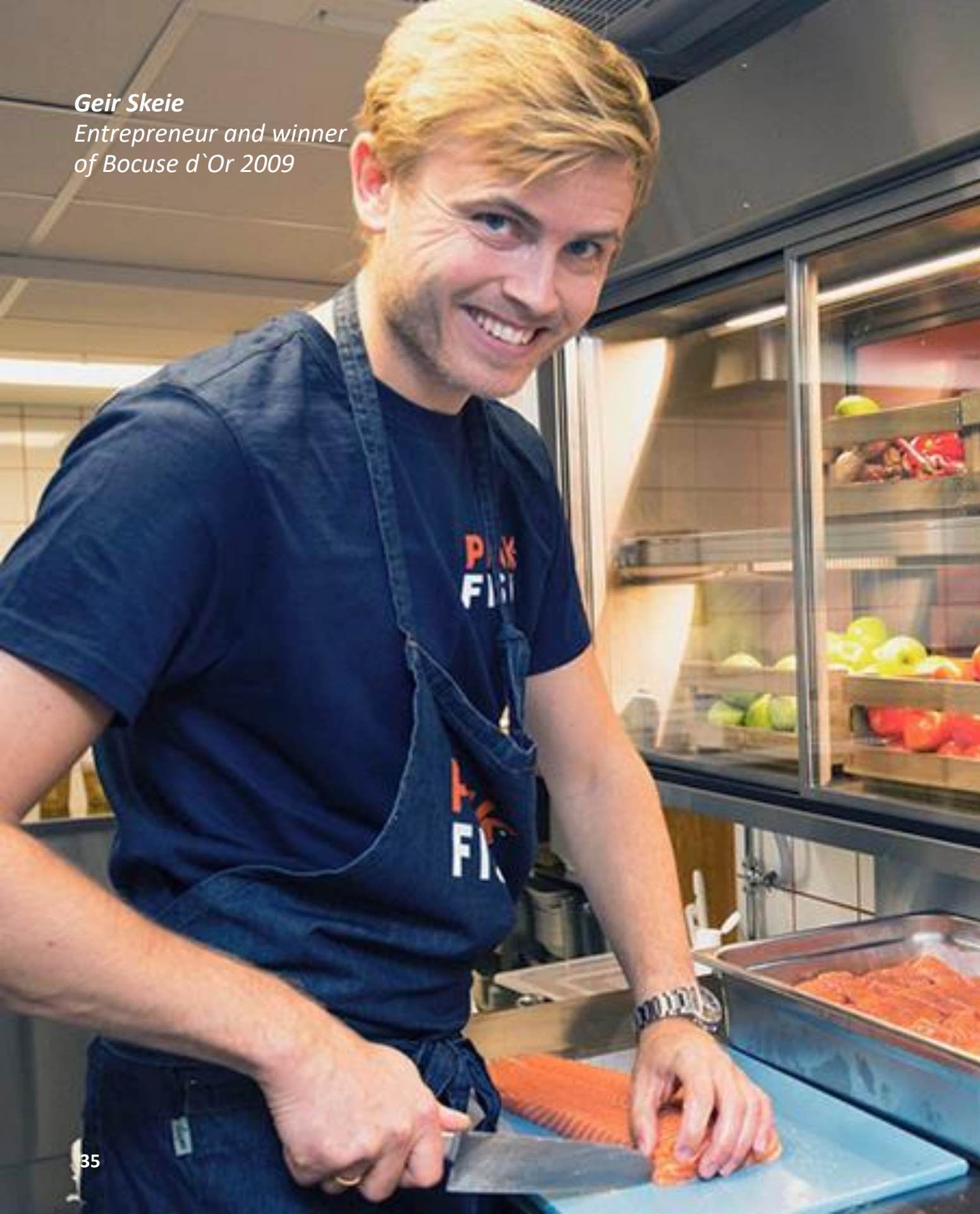
# Outlook

- The market is expected to grow. The development in the group's market area was positively affected by the adaptability of companies and higher oil prices.
- Oil investments on the Norwegian continental shelf are expected rise by up to 15% in 2019.
- Declining unemployment in the group's market area combined with an expected stable housing market are contributing to greater optimism among the bank's retail and corporate customers.
- Moderate demand for loans, stable house prices and continued strong competition for new home mortgage customers are expected.
- SpareBank 1 SR-Bank expects to make loan loss provisions at NOK 400 – 500 million in 2018.
- Solid earnings from a robust business model and capital optimisation means SpareBank 1 SR-Bank is well positioned to maintain a solid capital base, while ensuring good competitiveness and normalised dividends.
- An offensive approach for the future including investing in new technology, geographic expansion and focus on accounting services and consulting.



- Major customer growth and more attractive to small and medium-sized enterprises.
- Significantly brighter outlook for the region.
- Better customer services and greater efficiency thanks to new and innovative technological solutions.
- First in Norway and the Nordic region to launch robot technology that performs tasks for customers.

*Geir Skeie*  
Entrepreneur and winner  
of Bocuse d'Or 2009



**“We are going to grow big with fast food based on Norwegian salmon”**

**PINK FISH**  
FRESH NORWEGIAN SALMON

- In 2017, we gained 1,400 companies as new customers.
- Around 50% of these became customers via our new digital "onboarding" solutions, which were launched in September 2017.
- A large proportion of this good influx of customers was due to the combination of simple digital solutions and our targeted focus on entrepreneurs and the SME market.

# "The necessary steps were taken and have produced results"

- 1 Companies are expecting growth in 2018
- 2 Oil and industrial companies are the most positive
- 3 Optimism in all of the counties
- 4 More people are in work and unemployment is even lower
- 5 Robust upturn – increased order reserves and profitability



# "We are introducing new technology, both to improve customer services and to increase operating efficiency"

- In the last few years we have invested in new systems that mean we can now introduce unique technology that will both benefit customers and simplify in-house processes.
- First bank in Norway and the Nordic region (and one of the first in the world) to use robots to perform tasks on behalf of customers, after customer authentication.
- Banki will take the exam in 2018 and will then be able to become a certified customer adviser.
- We regularly introduce robot technology in our work on improving customer solutions and in-house processes and thereby improve customer satisfaction and reducing operating costs.



Hi! Now I know who you are and can perform tasks for you. I can understand, recognise and learn.

## New ventures in the group



- **Gründerhub** established in Stavanger, Bergen and Kristiansand. The group continues to support entrepreneurs by offering free entrepreneur programmes and free office space. The goal is to create an exciting environment and processes where people with good ideas can get help to take their idea to the next level and develop their company within 4 months.
- **FinStart Nordic AS** – start-up 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 goal is to develop new services at a faster pace and work more systematically with innovation in order to follow up the customers' expectations in relation to banking services and assert ourselves in the competition with other actors.
- **Establishment of an Oslo branch** – spring 2018. The retail market- and corporate market division will establish a branch in Oslo in order to be close to the customers and also follow them when their work moves out of the region. The branch will work with some of our largest corporate customers, where the trend is for decisions to be taken centrally in Oslo.
- **Regnskapshuset** – good growth since its start-up in 2015. Inclusive of the latest acquisition of Regnskapspartner Bergen AS from 1 January 2017. The company achieved a turnover of about NOK 100 million in 2017 and expects high growth going forward.
- **Cooperation with SpareBank 1 Markets.** This is helping to create a more robust national distribution platform. The cooperation means we are creating direct ties to one of Norway's best teams of analysts, while securities brokering on behalf of SR-Bank's customers will largely continue to take place locally from Stavanger.

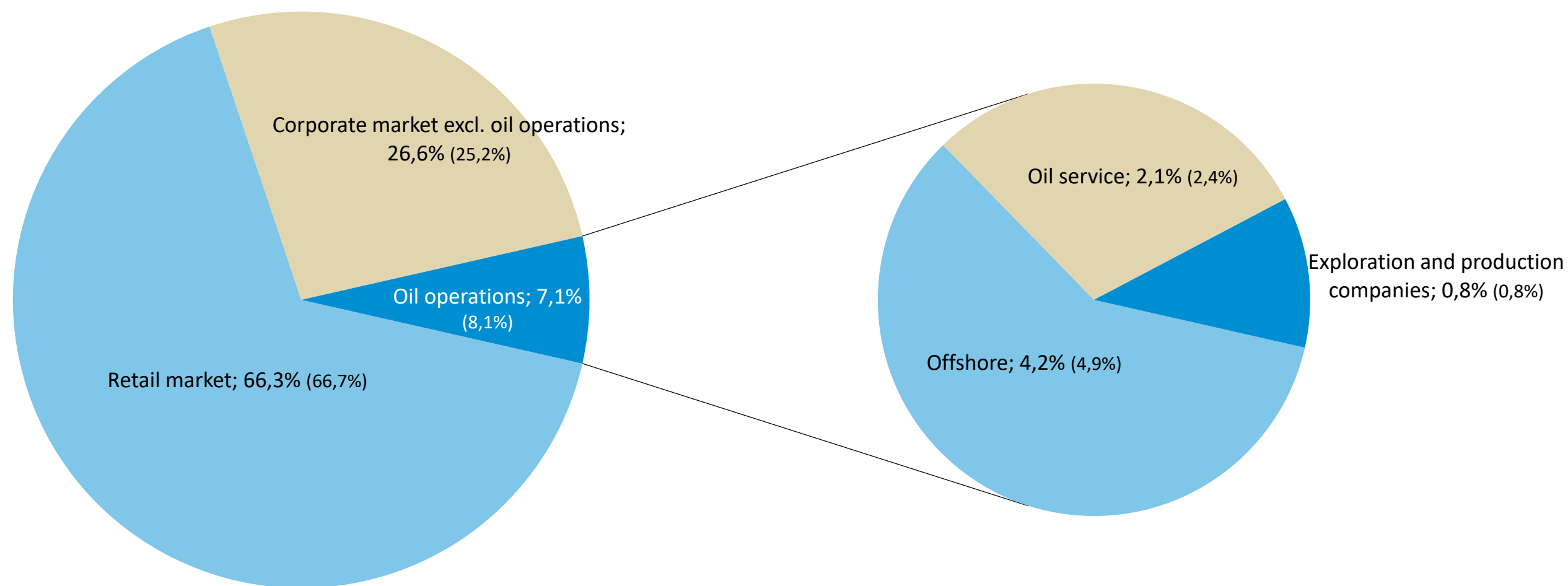
## APPENDIX

- 1) Oil related portfolio
- 2) Macro
- 3) Norwegian housing and mortgage markets
- 4) SpareBank 1 SR-Bank

# SpareBank 1 SR-Bank has a well diversified portfolio

7.1% (8.1%) of total EAD is related to oil operations

SpareBank 1 SR-Bank\* has total BNOK 209.3 (200.1) EAD per 31.12.2017      BNOK 14.8 (16.2) EAD is related to oil operations



EAD: Exposure at default

Figures as at 31.12.2017. Figures in parentheses as at 31.12.2016

\*Include portfolio in covered bond company (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS). SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and lending volumes from SR-Finans are included in the figures from first quarter 2017. This results in break in the historic figures.



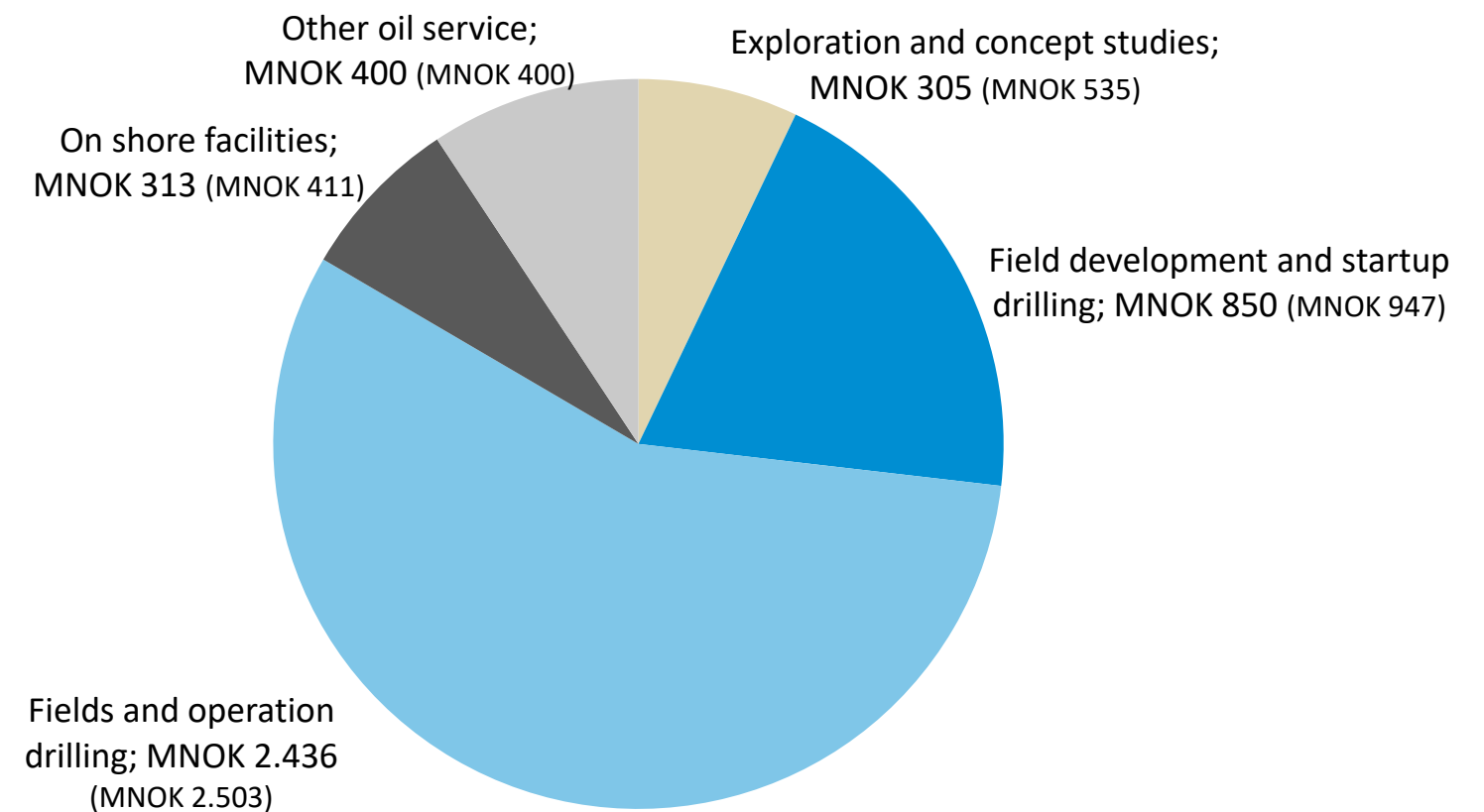
# Oil services - total NOK 4.3 billion

(NOK 4.8 billion as at 31.12.2016)

- Exploration and concept studies
  - EAD NOK 0.3 billion
  - Average weighted probability of default 2.8%
- Field development and start-up drilling
  - EAD NOK 0.9 billion
  - Average weighted probability of default 3.1%
- Operational fields and operational drilling
  - EAD NOK 2.4 billion
  - Average weighted probability of default 6.3%
- On shore facilities
  - EAD NOK 0.3 billion
  - Average weighted probability of default 4.0%
- Other oil services
  - EAD NOK 0.4 billion

## Oil services

- EAD NOK 4.3 *billion*, 2.1% of the bank's total EAD
- Average weighted probability of default for the oil services portfolio is 5.1%
- Funding of operating capital through current and fixed assets, as well as guarantees



EAD: Exposure at default  
 Figures as at 31.12.2017. Figures in parentheses as at 31.12.2016

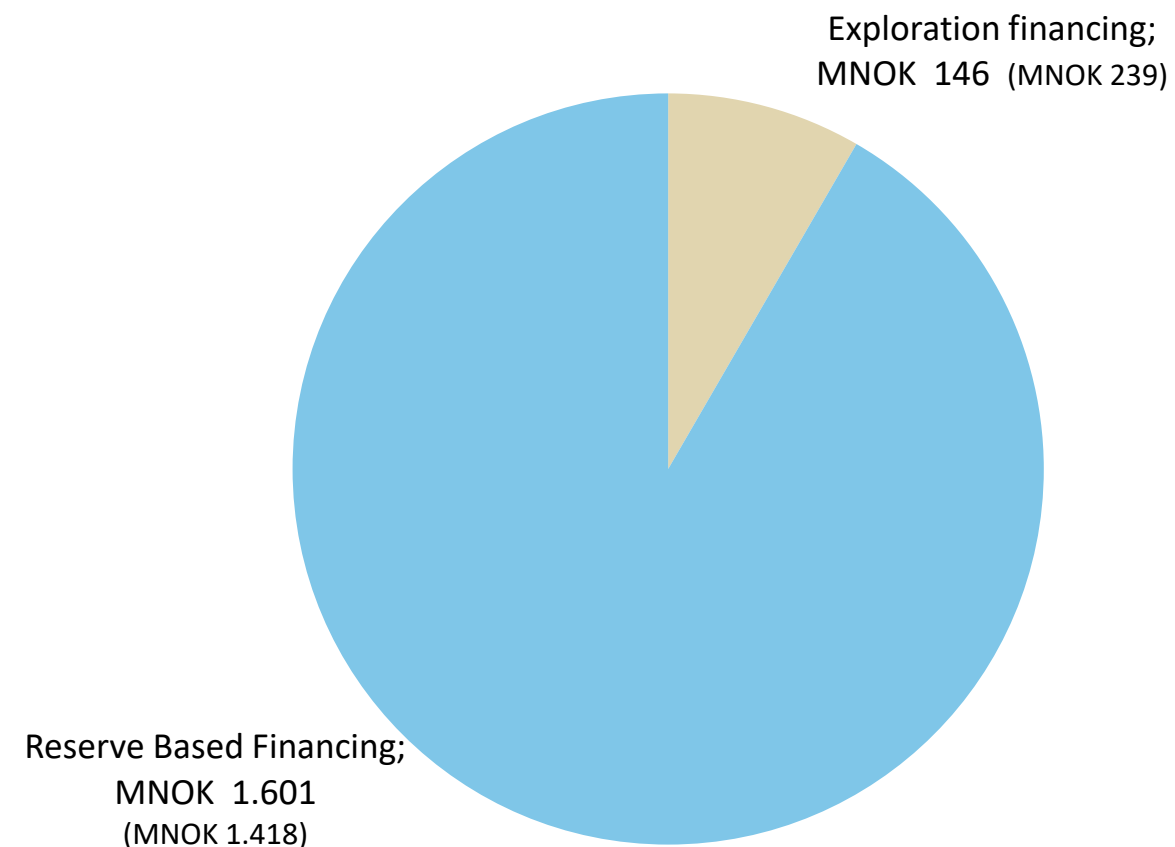
# Oil and gas - total NOK 1.7 billion

(NOK 1.6 billion as at 31.12.2016)

- Exploration financing
  - EAD NOK 0.1 billion
  - Average weighted probability of default 1.3%
  - Secured by a tax refund from the Norwegian State. No direct oil price risk
- Reserve based lending (RBL)
  - EAD NOK 1.6 billion
  - Average weighted probability of default 1.5%
  - Structured financing based on assumptions relating to reserves, production volume, investments, oil prices, etc. The basis for loans is adjusted semi-annually based on a review of total assumptions

## Exploration and production companies

- EAD NOK 1.7 billion, 0.8% of the bank's total EAD
- Average weighted probability of default for the oil and gas portfolio is 1.5%
- Exposure primarily to companies with activities on the Norwegian continental shelf



EAD: Exposure at default

Figures as at 31.12.2017. Figures in parentheses as at 31.12.2016.

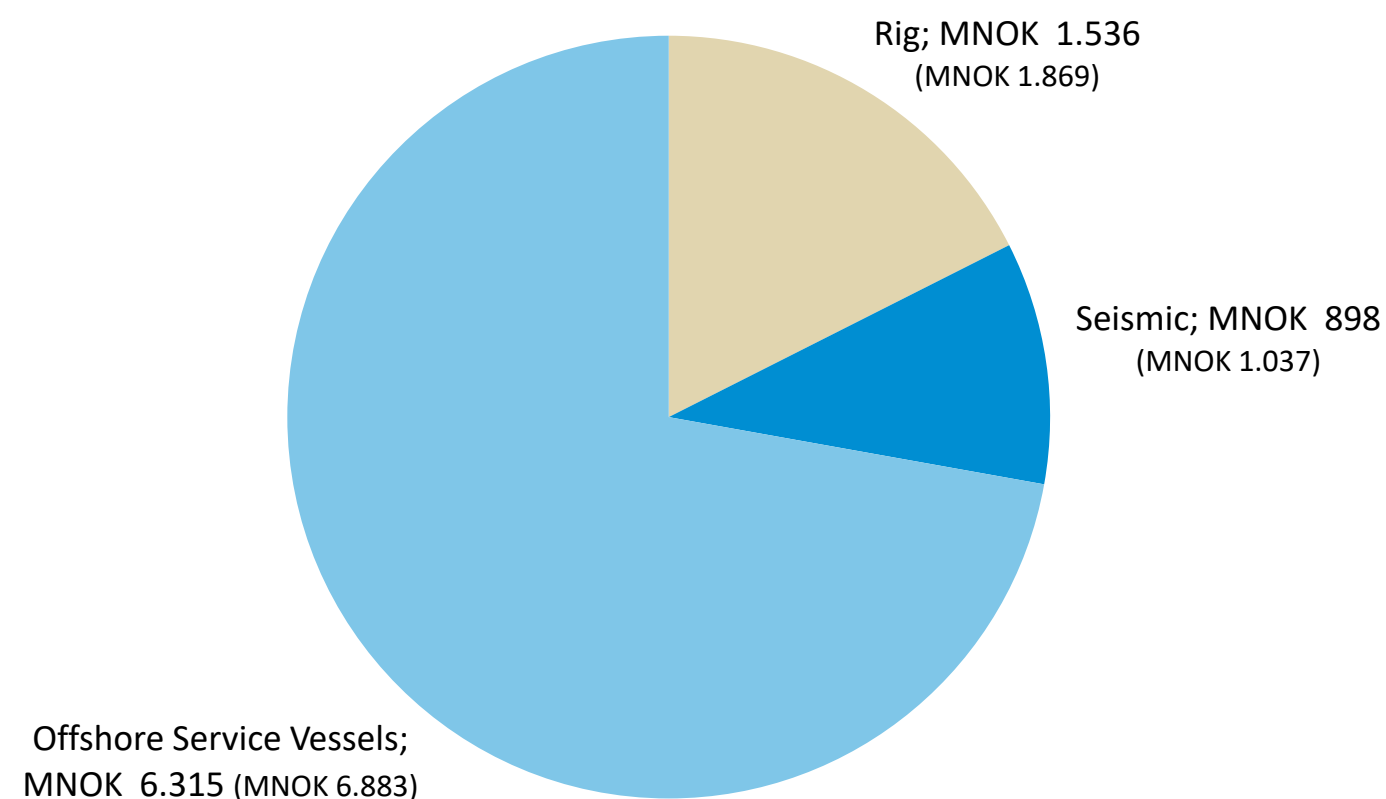
# Offshore - total NOK 8.7 billion

(NOK 9.8 billion as at 31.12.2016)

- Offshore Service Vessels
  - EAD NOK 6.3 billion, average weighted probability of default is 3.3%, weighted average age is 9.6 years, average weighted contract coverage for 2018 and 2019 of 49% and 26% respectively, average weighted LTV 94%, 88 vessels
- Rig
  - EAD NOK 1.5 billion, average weighted probability of default is 3.6%, weighted average age is 9.4 years, average weighted contract coverage for 2018 and 2019 of 51% and 38%, average weighted LTV 80%, 17 rigs
- Seismic vessels
  - EAD NOK 0.9 billion, average weighted probability 0.8%, weighted average age is 13.7 years, average weighted contract coverage for 2018 and 2019 of 66% and 66% respectively, average weighted LTV 112%, 7 vessels
  - Applies to ship financing, not seismic equipment

## Offshore

- EAD NOK 8.7 billion, 4.2% of the bank's total EAD
- Average weighted probability of default for the offshore portfolio is 3.1%
- Exposure primarily to industrial-oriented shipping companies with strong ownership and integrated organisation



EAD: Exposure at default

Figures as at 31.12.2017. Figures in parentheses as at 31.12.2016.

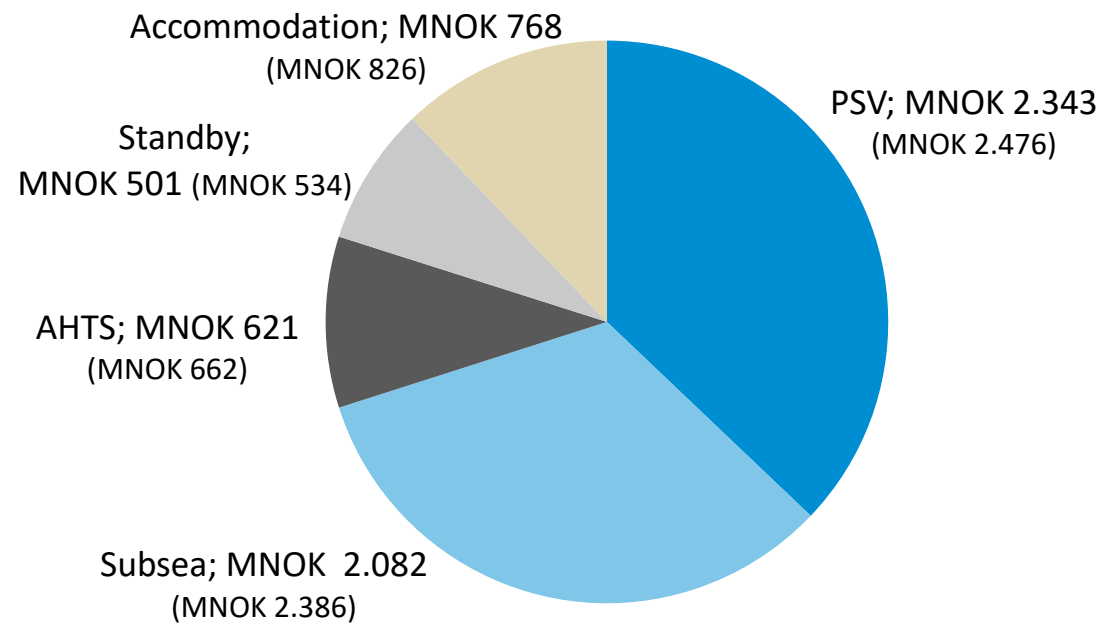
LTV: Loan to Value. Value estimates per 30.06.2017

# Offshore Service Vessels – total NOK 6.3 billion

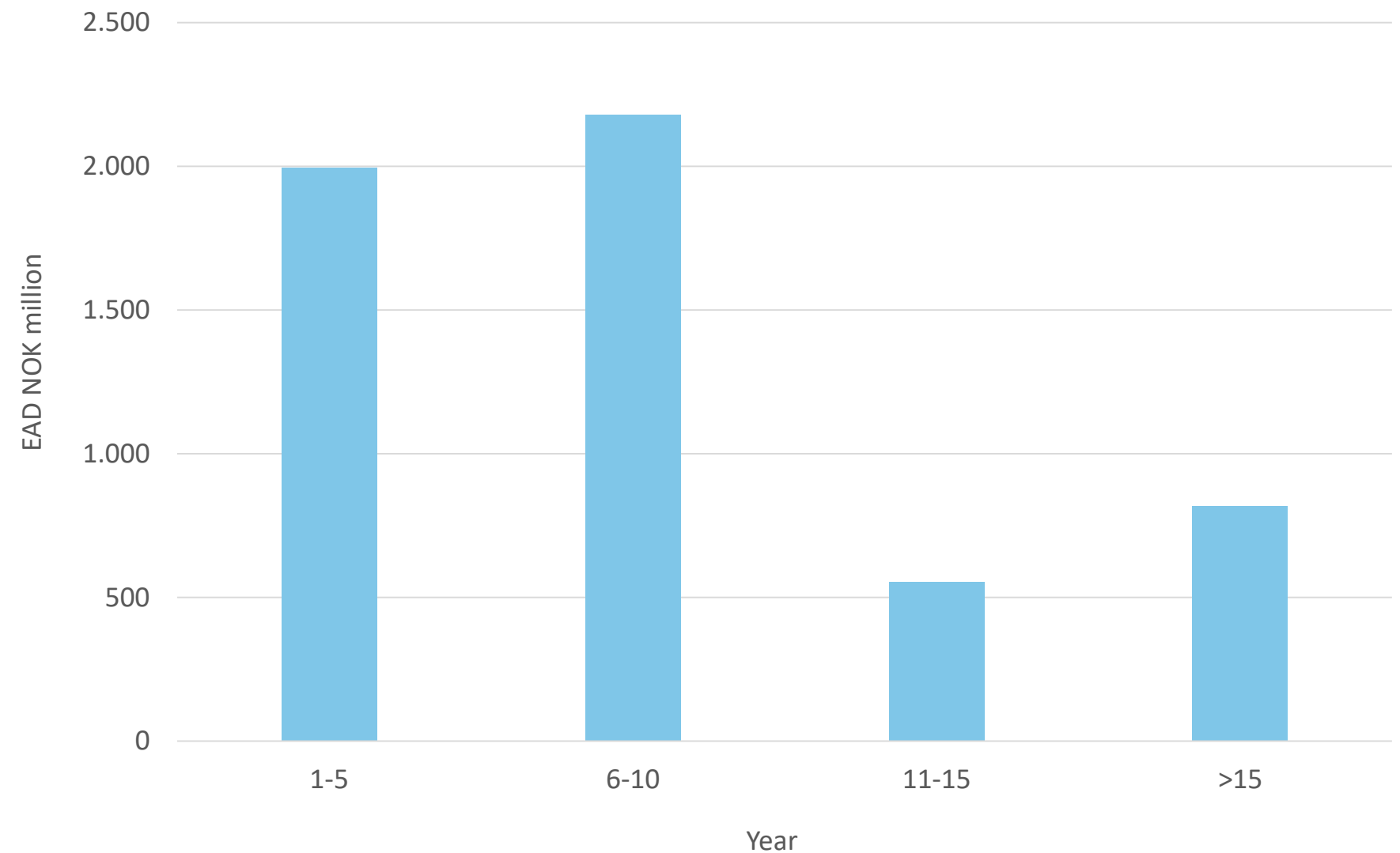
(NOK 6.9 billion as at 31.12.2016)

## Offshore Service Vessels

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



EAD per age of OSV excl. accomodation

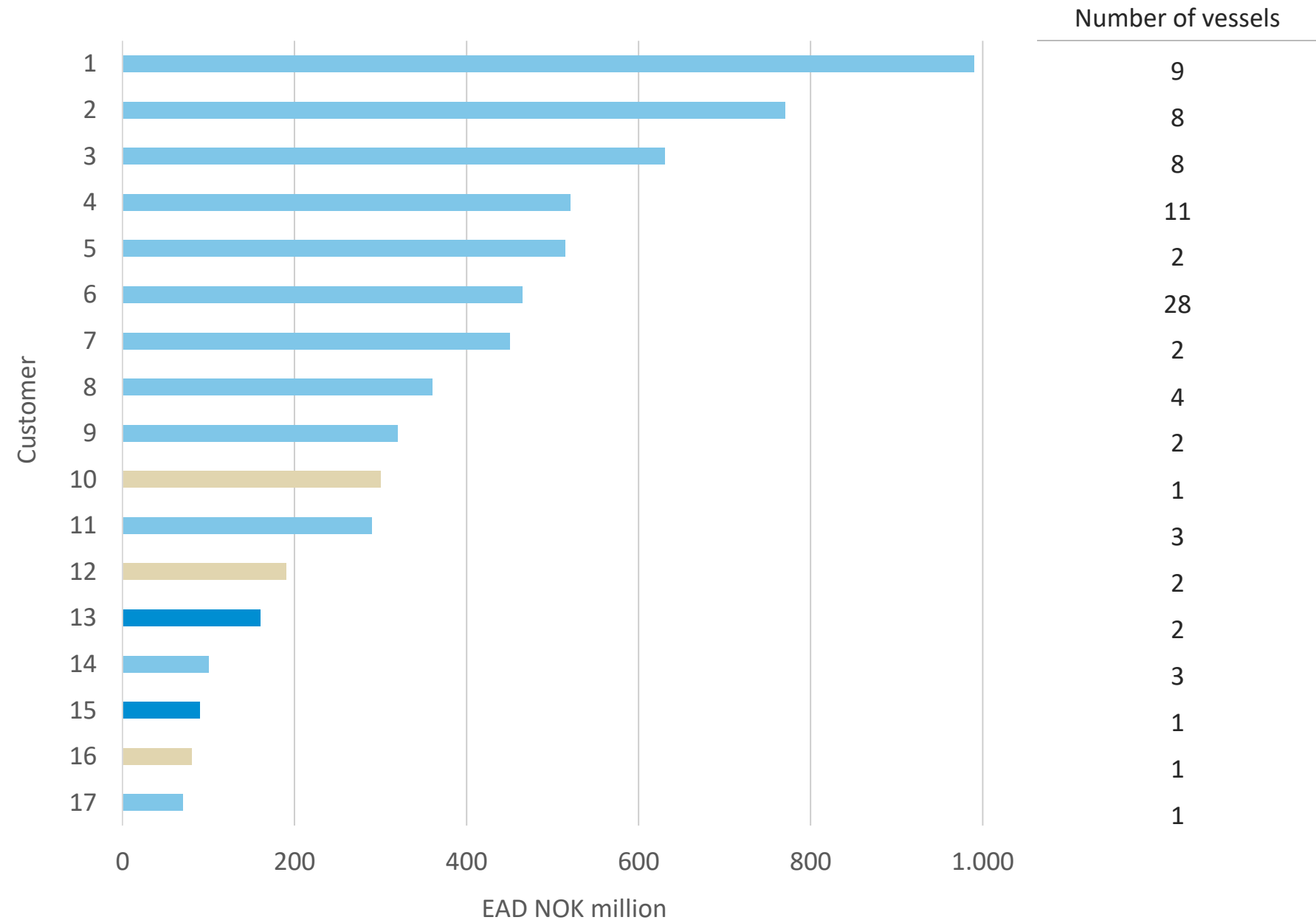


EAD: Exposure at default

Figures as at 31.12.2017. Figures in parentheses as at 31.12.2016.

# Offshore Service Vessels – largest customer group

- Well diversified portfolio. One commitment of NOK 1.0 billion, rest of NOK 800 or lower.
- Total EAD for the portfolio is NOK 6.3 billion of which;
  - NOK 5.5 billion consists of 12 restructured commitments
  - NOK 0.2 billion consists of 2 commitments under consideration
  - NOK 0.6 billion consists of 3 commitments where it is not required
- Financing of 88 vessels, all with 1. priority pledge



■ Restructured   
 ■ Under consideration   
 ■ Not required

## APPENDIX

- 1) Oil related portfolio
- 2) **Macro**
- 3) Norwegian housing and mortgage markets
- 4) SpareBank 1 SR-Bank

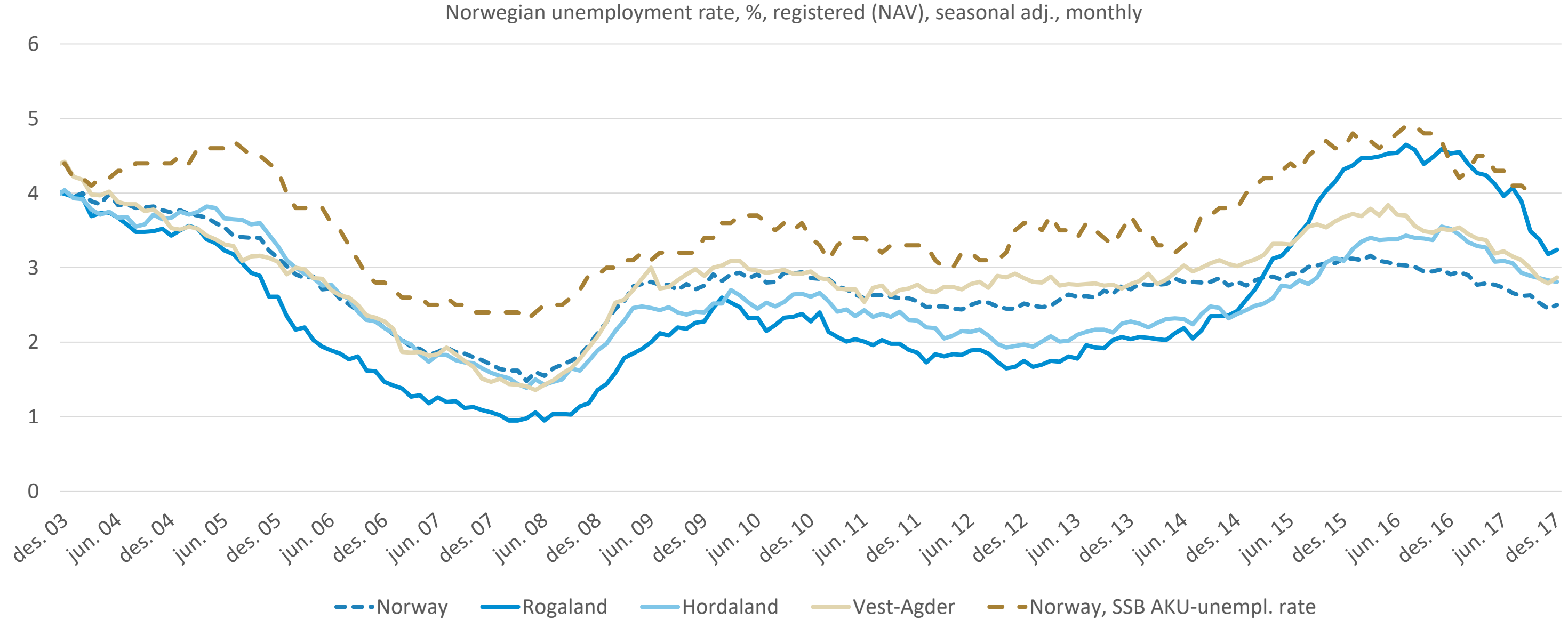
# A unique situation with a continuing budget surplus...



<b>Economic Indicators (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017P</b>	<b>2018P</b>
GDP mainland, annual change (%)	1,9	3,8	2,3	2,2	1,1	1,0	1,9	2,3
Household consumption, annual change (%)	2,3	3,5	2,7	1,9	2,1	1,6	2,2	2,2
Public consumption, annual change (%)	1,0	1,6	1,0	2,7	2,1	2,3	1,9	1,8
Investment mainland, annual change (%)	5,0	7,4	2,9	0,4	0,6	6,2	5,4	2,4
Investment public sector	1,1	-1,8	11,8	4,4	3,0	6,9	5,1	2,5
Investment offshore oil and gas, annual change (%)	11,3	15,1	19,3	-3,2	-15,0	-16,9	-2,0	6,0
Oil price, USD/bbl	111	112	109	99	53	44	54	61
Inflation rate (CPI) %	1,2	0,8	2,1	2,0	2,1	3,6	2,1	2,0
3 month NIBOR %	2,9	2,2	1,8	1,7	1,3	1,1	0,9	0,9
Mortgage rate %	3,6	3,9	4,0	3,9	3,2	2,6	2,5	2,4
Household savings ratio	5,8	7,1	7,6	8,2	10,4	7,2	6,4	6,8
Unemployment rate (registered at labour office)	2,6	2,6	2,7	2,7	3,0	3,0	2,8	2,6
HH sector real disposable income, annual change (%)	4,0	4,4	3,8	2,8	5,3	-1,5	1,9	2,7
Current account surplus, share of GDP (%)	12	12	10	11	9	5	6	6
Gov. budget surplus, share of GDP (%)	14	14	12	10	7	3	4	
Sovereign Wealth Fund, share of GDP (%)	118	129	164	204	244	234	240	

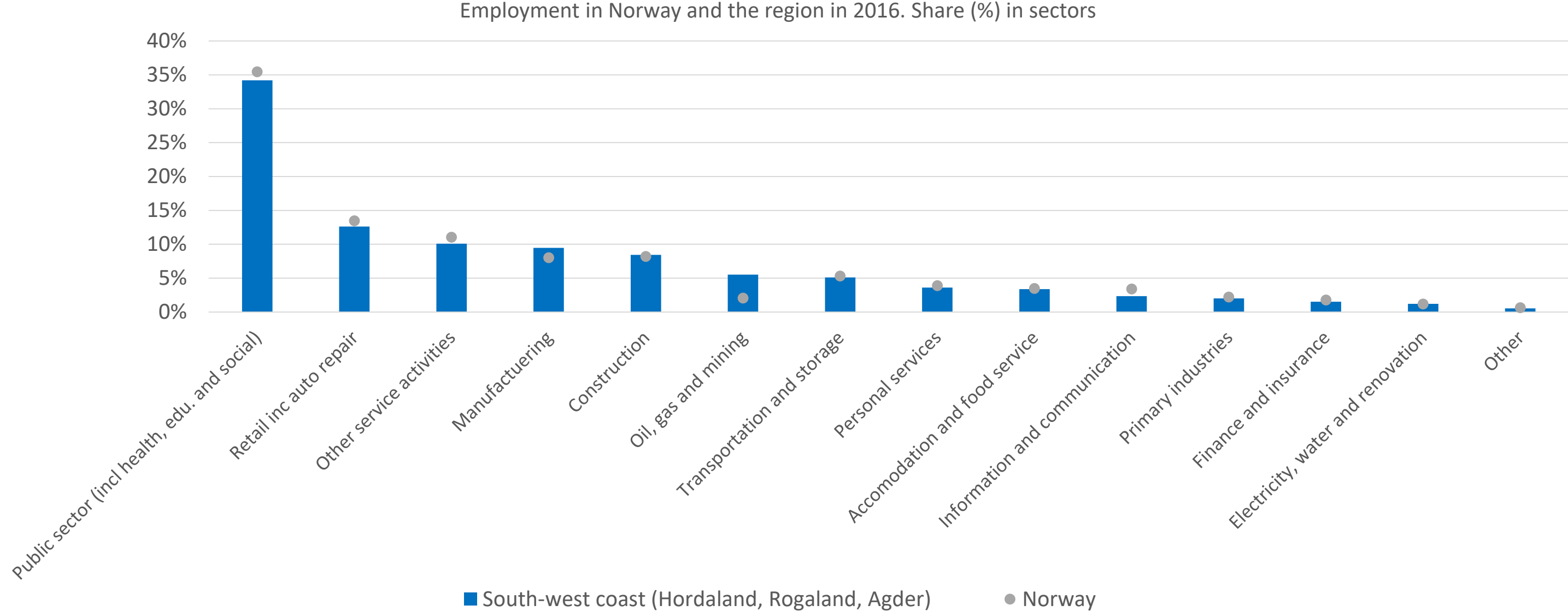
# Lower unemployment rate

Marked reduction in Rogaland in 2017





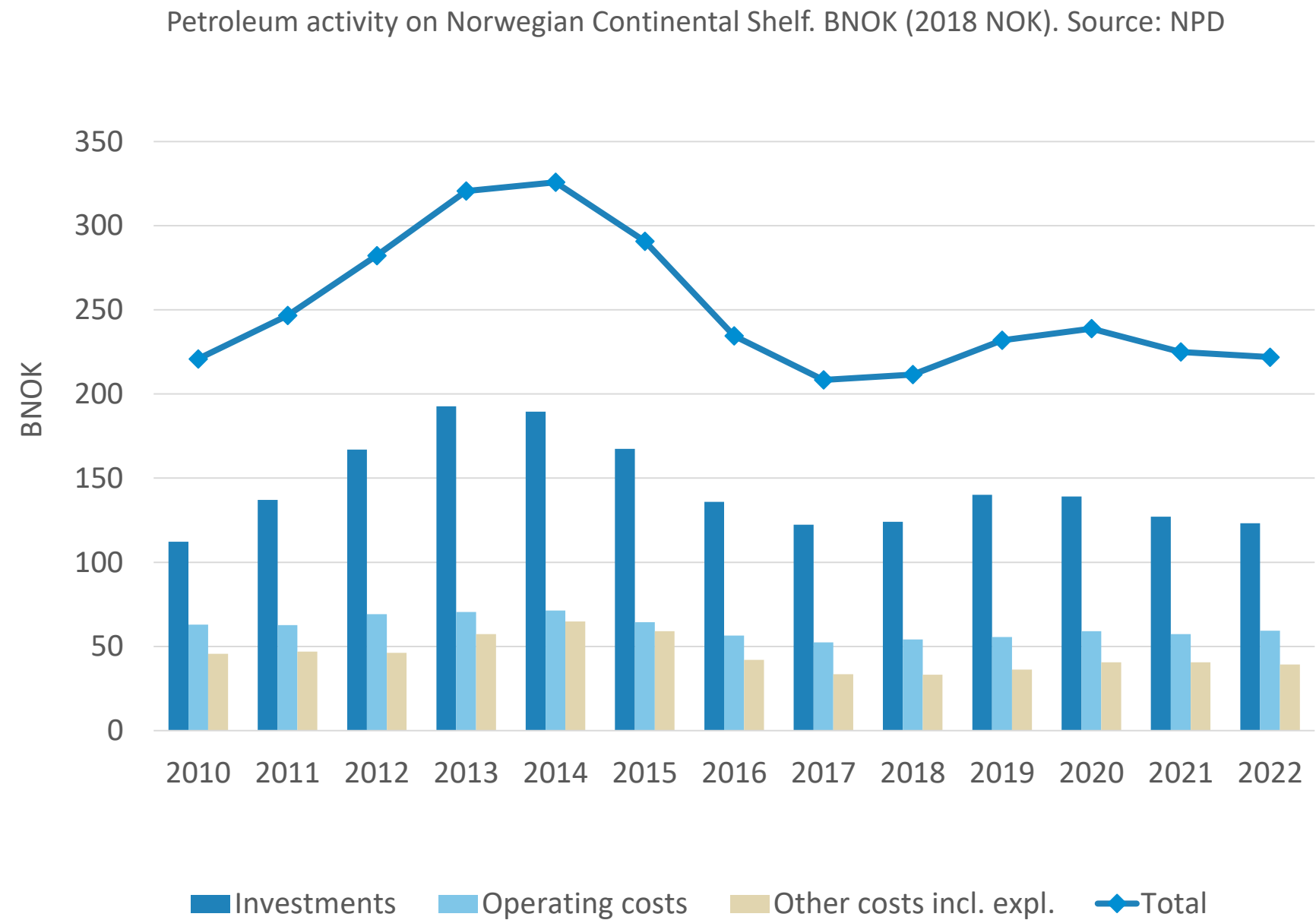
# Employment by sector



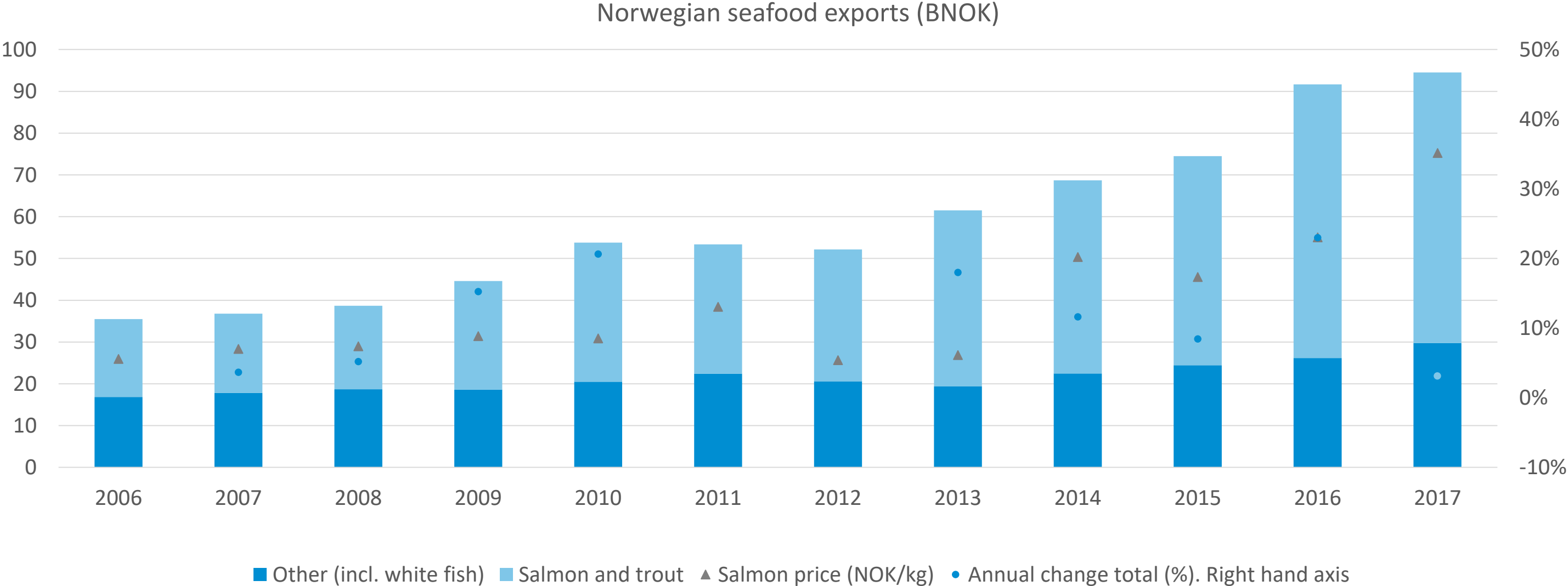
# Petroleum activity slowed down in 2017 and is expected to increase coming years

Activity down 35% from top to bottom, but is expected to increase by 15% towards 2020

- After reaching record levels in 2013 and 2014, petroleum activity fell in 2015 and 2016. The activity leveled out in 2017, and is expected to increase slightly in 2018 and more in 2019.
- Investments fell about 35% from top to bottom. In 2018, near-flat development is expected and in 2019 an increase of 15% is expected.
- The operating costs, which are important for the activity in the region, are more stable. These were reduced by about 25% from top to bottom and are expected to increase by 13% towards 2020.

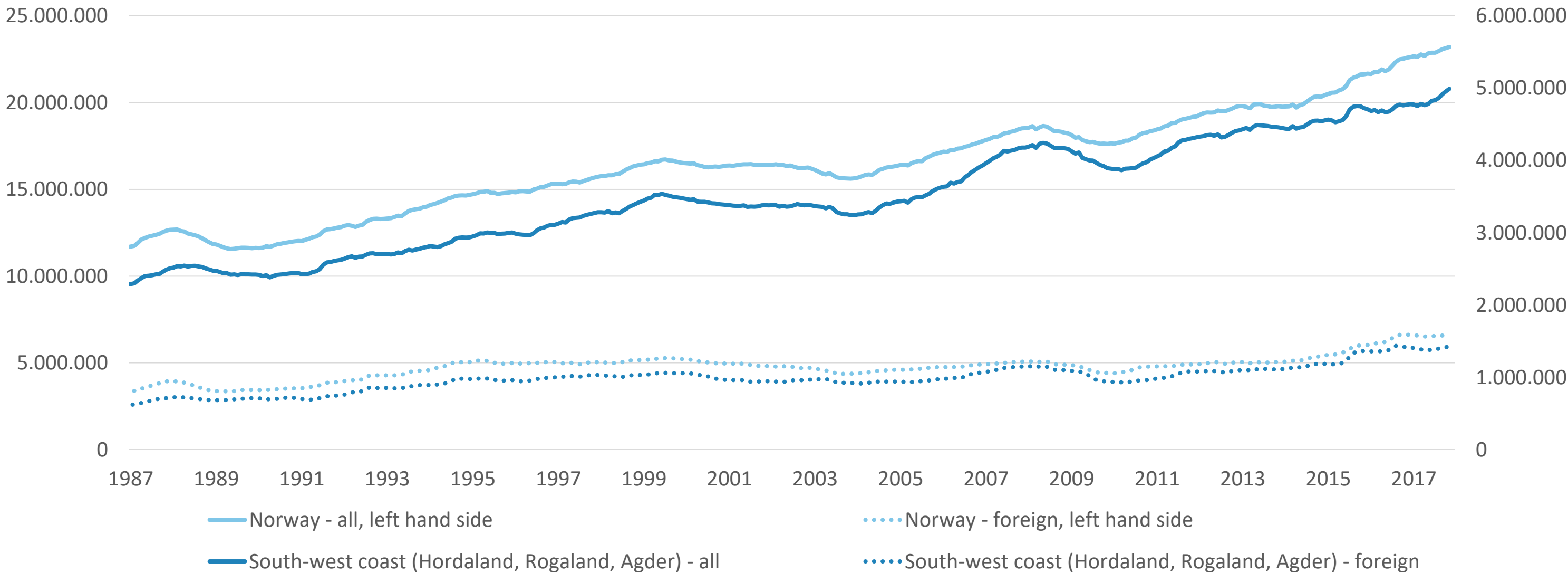


# Norwegian seafood exports increasing

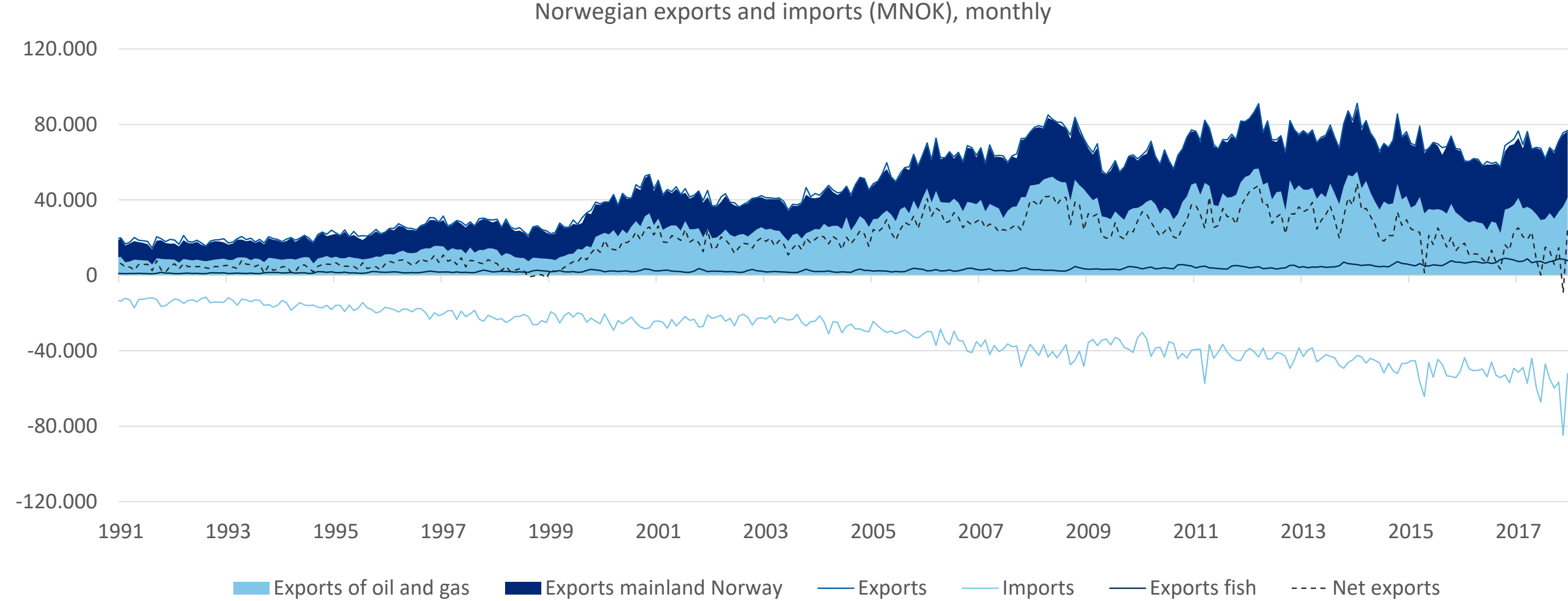


# Norwegian hotels – guest nights by foreign and domestic

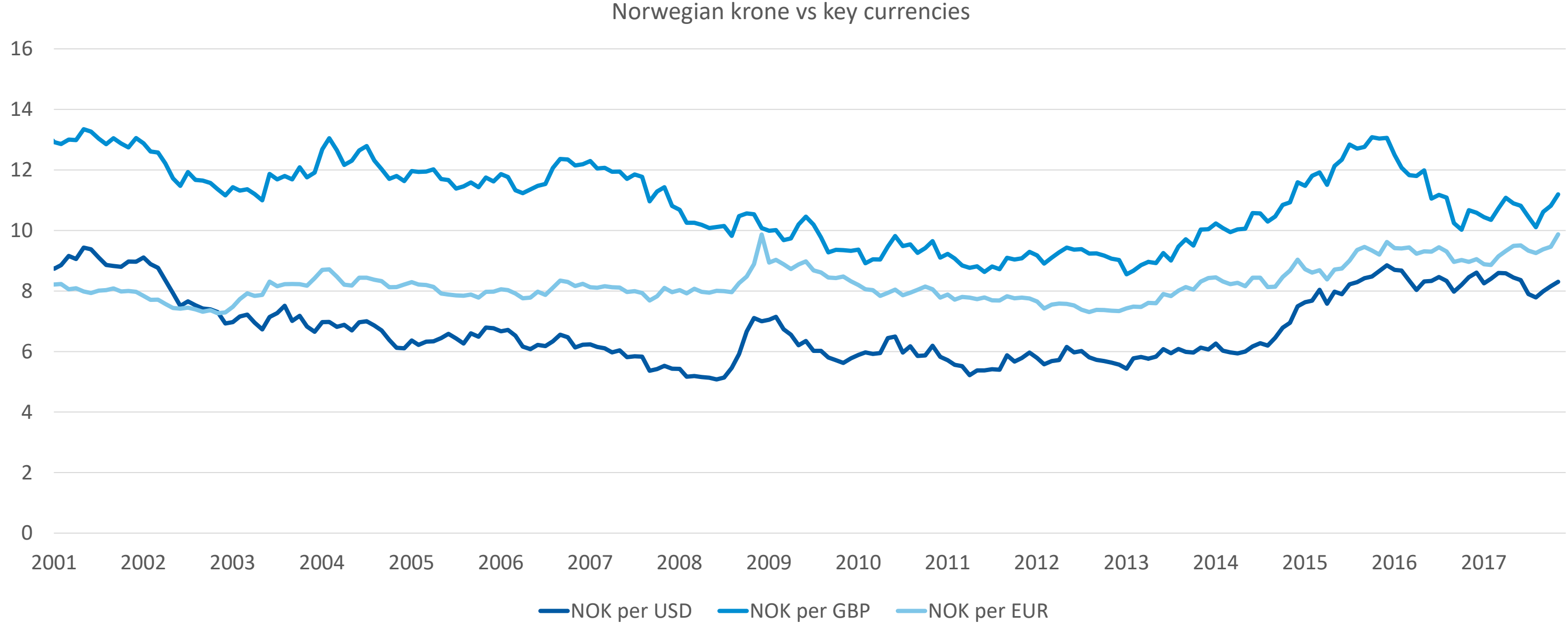
Norwegian hotels and similar establishments. Guest nights, by foreign and domestic. 12-month rolling sum



# Norwegian exports and imports

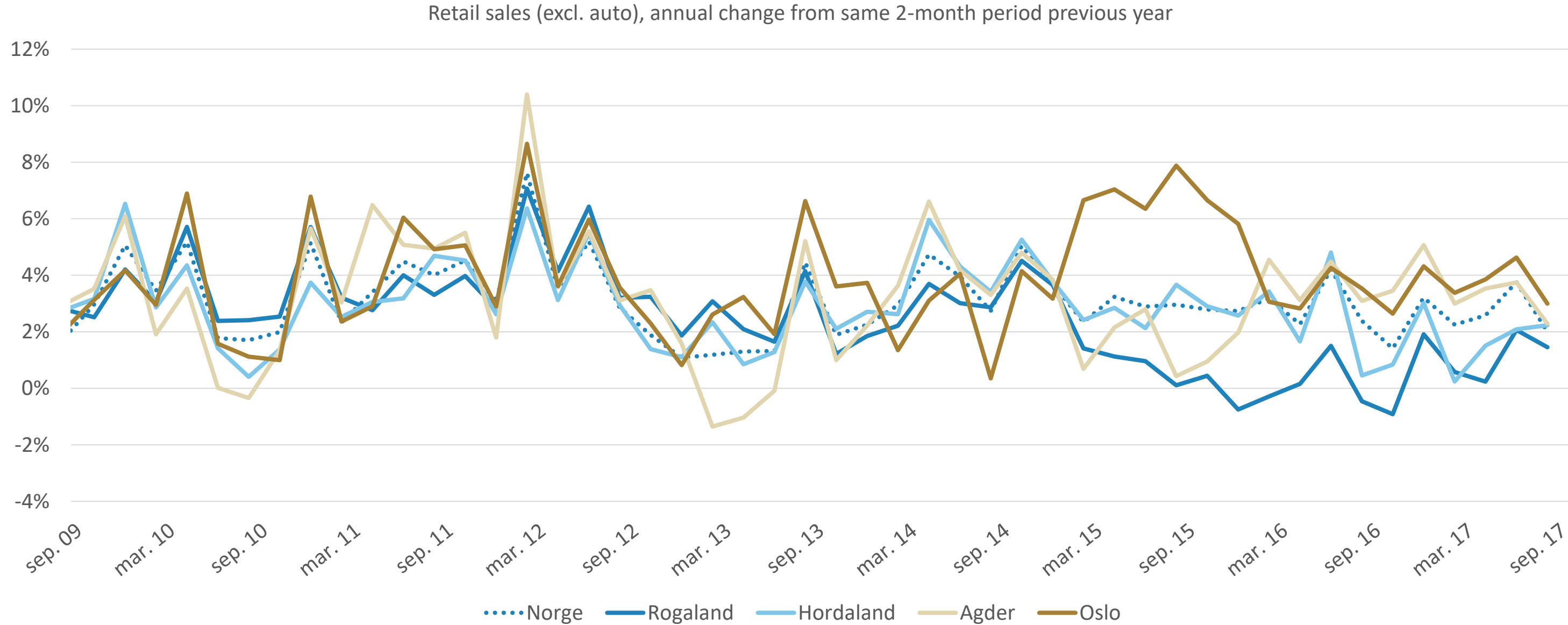


# Norwegian krone vs key currencies

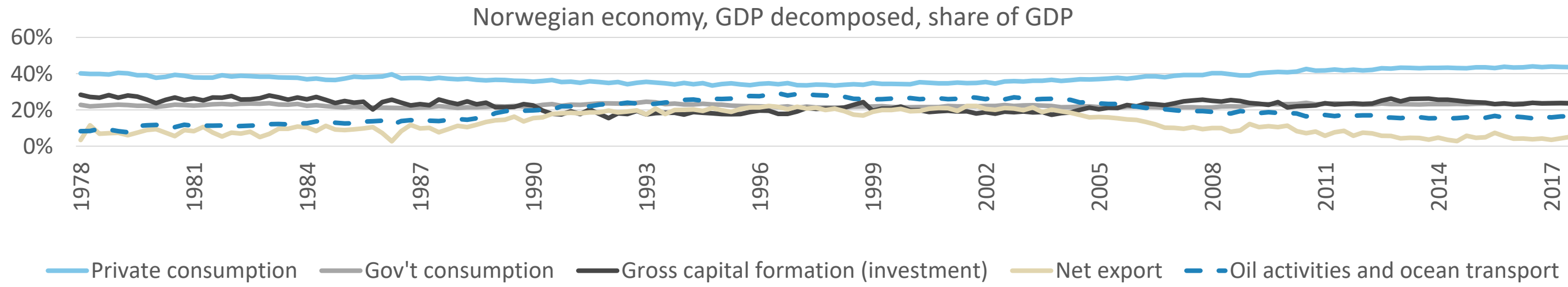
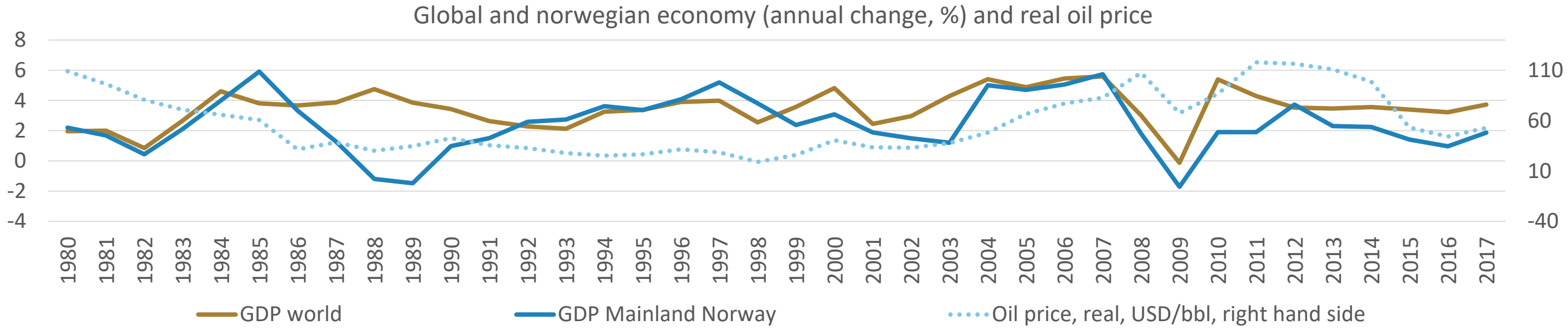


# Retail trade increasing in Norway by 2-4%

In Rogaland, the level is somewhat higher than last year

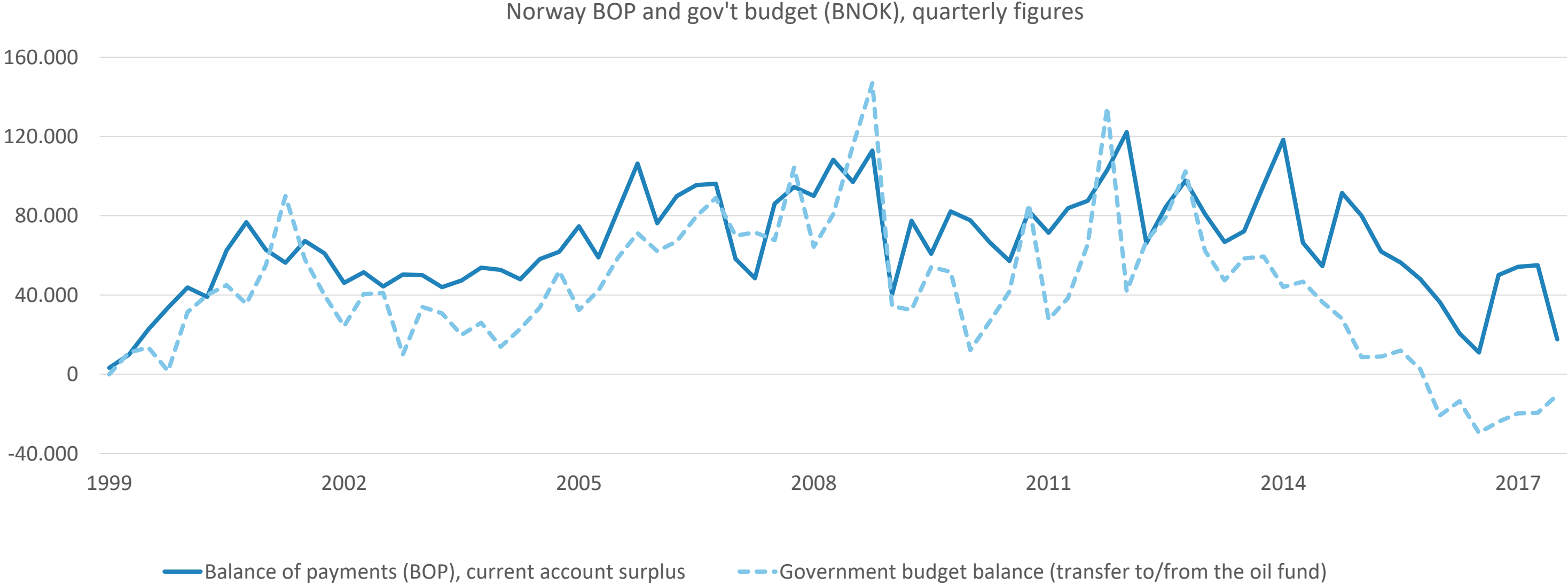


# Norwegian Economy – GDP

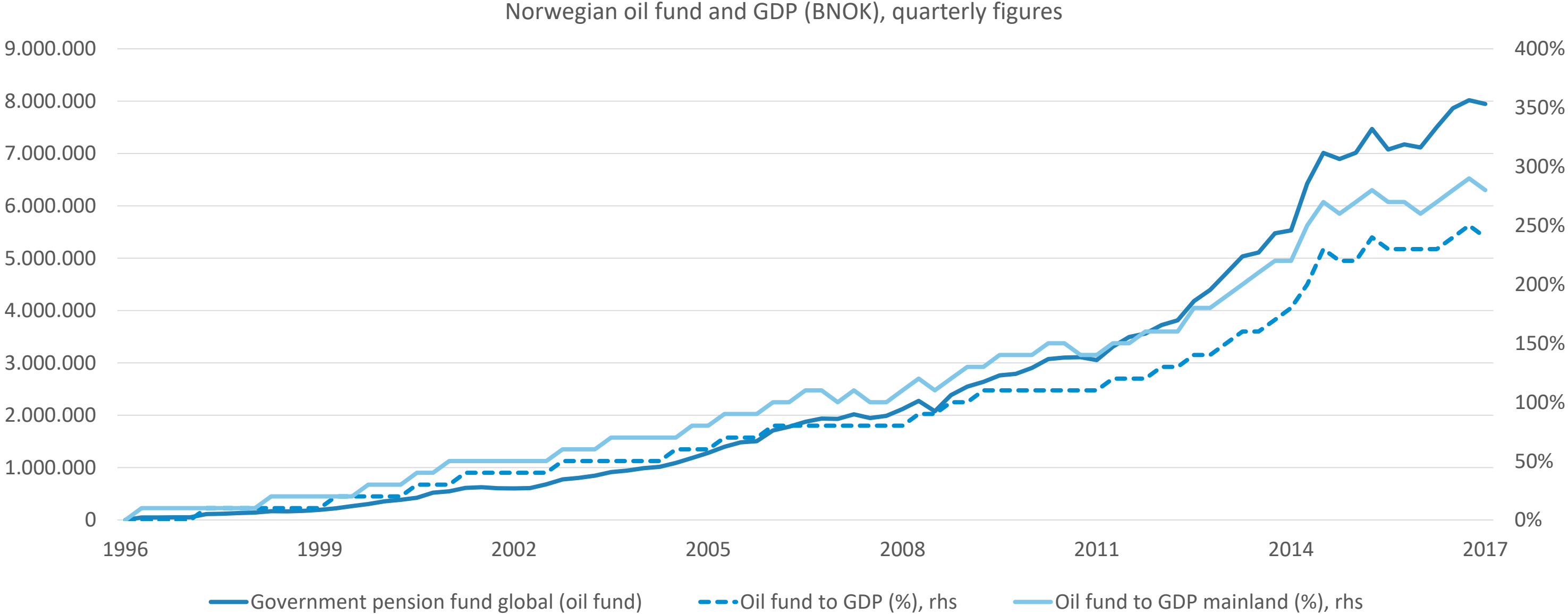




# Norway balance of payments and government budget



# Norway oil fund and GDP

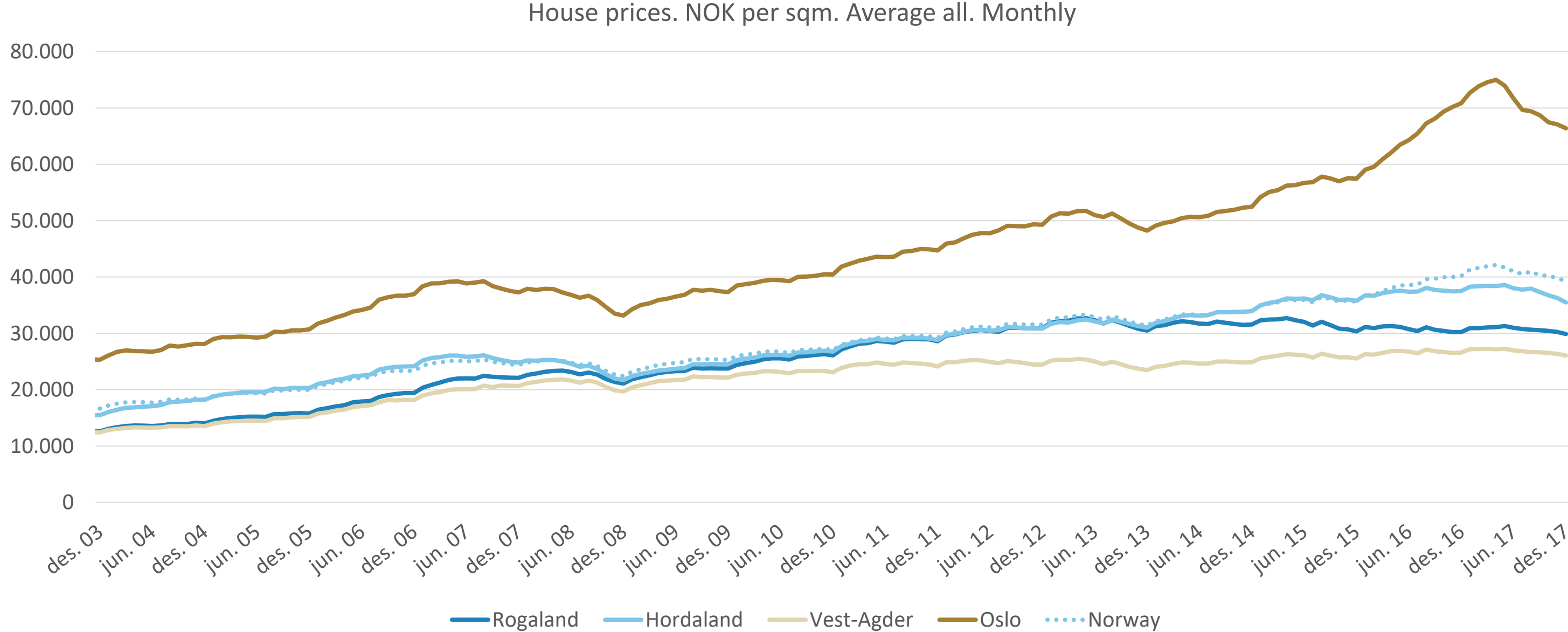


## APPENDIX

- 1) Oil related portfolio
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- 4) SpareBank 1 SR-Bank

# Housing prices slightly down in Norway due to decline in Oslo

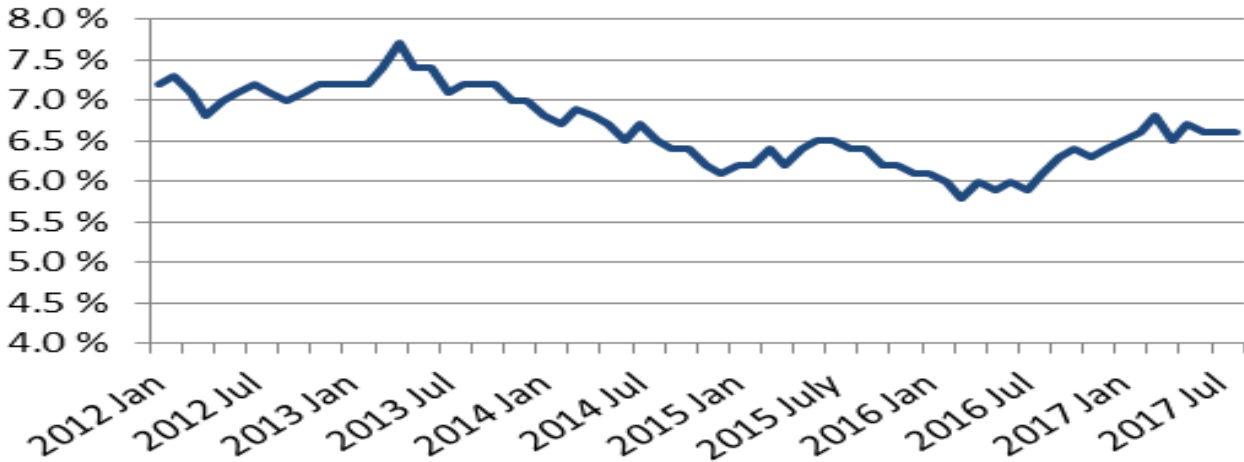
Prices in many counties close to the same as last year



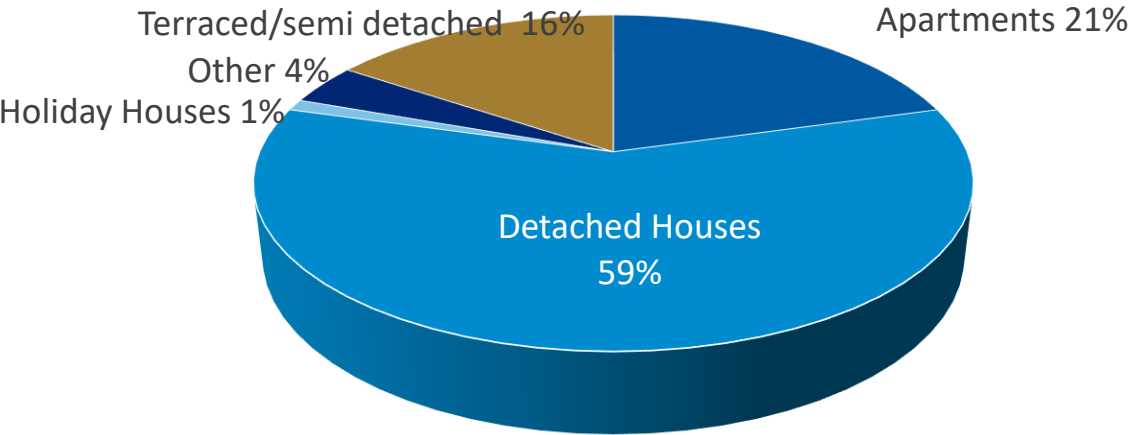
# Housing and mortgage markets – Key characteristics

<b>Mortgage Market</b>	<ul style="list-style-type: none"> <li>• Total size approximately NOK 3,000 billion (USD 375bn, €330bn)</li> <li>• Private banks (incl. savings banks) are the dominant suppliers of mortgages with over 95% market share</li> <li>• Scheduled repayment mortgages: 83.4%, flexible: 16.6%</li> <li>• Typical maturity: 25 years</li> <li>• First priority security market with high doc. standard</li> </ul>
<b>Home Ownership</b>	<ul style="list-style-type: none"> <li>• Over 80% of households owner occupied (little buy to let)</li> <li>• Between 50% and 60% are detached one-family houses</li> </ul>
<b>Social security</b>	<ul style="list-style-type: none"> <li>• Unemployment benefit represents ca 60% of final salary for 2 years</li> </ul>
<b>Personal Liability</b>	<ul style="list-style-type: none"> <li>• Borrowers are personally liable for their debt</li> <li>• Swift foreclosure regime upon non-payment</li> <li>• Transparent information about borrowers</li> </ul>
<b>Regulation</b>	<ul style="list-style-type: none"> <li>• Loan to value: 85% (75% legal limit for cover pool)</li> <li>• Flexible repayment mortgages: max 60% LTV</li> <li>• 5% mortgage interest rate increase as stress test</li> <li>• High risk weighting for banks for mortgage lending (20-25%)</li> <li>• Maximum 5x debt / gross income for borrowers</li> </ul>
<b>Interest Payments</b>	<ul style="list-style-type: none"> <li>• 90-95% of mortgages are variable rate</li> <li>• Interest rates can be reset at the lender’s discretion, by giving the debtor 6 weeks notice</li> </ul>
<b>Tax Incentives</b>	<ul style="list-style-type: none"> <li>• 23% of interest paid is tax deductible (equal to the basic rate of tax)</li> <li>• Low effective real estate tax (lower net worth tax on real estate than financial assets)</li> </ul>

Household credit growth (12 months growth rate)

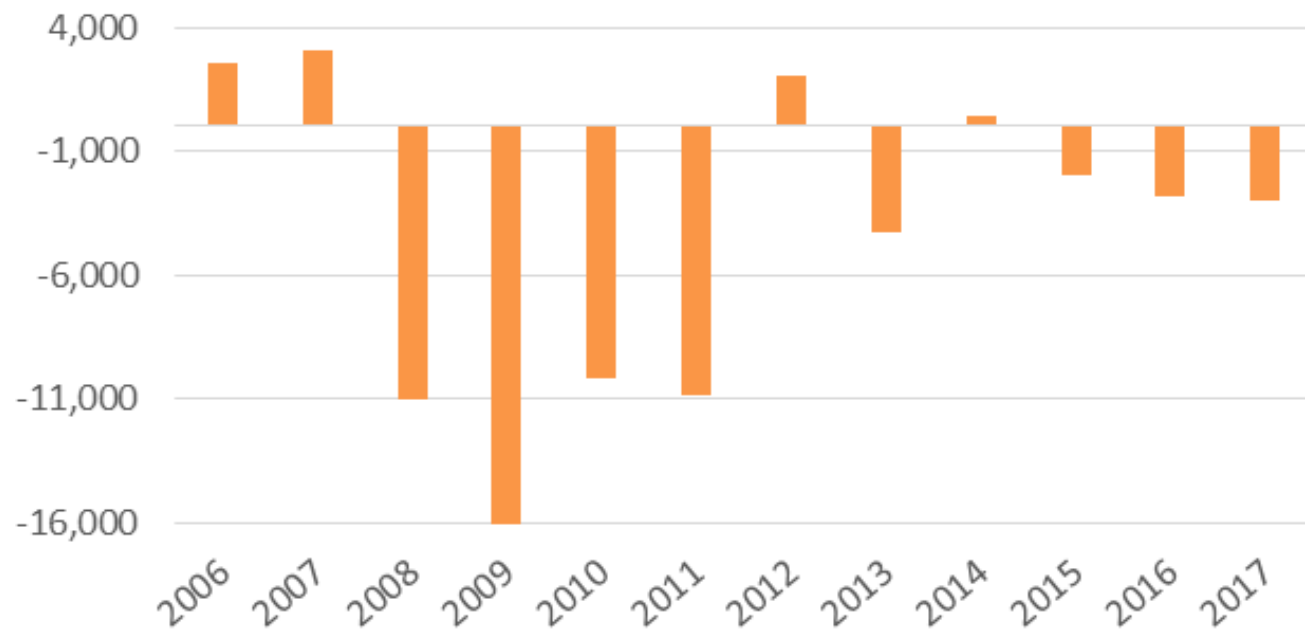


Norwegian Mortgages (by type of property)

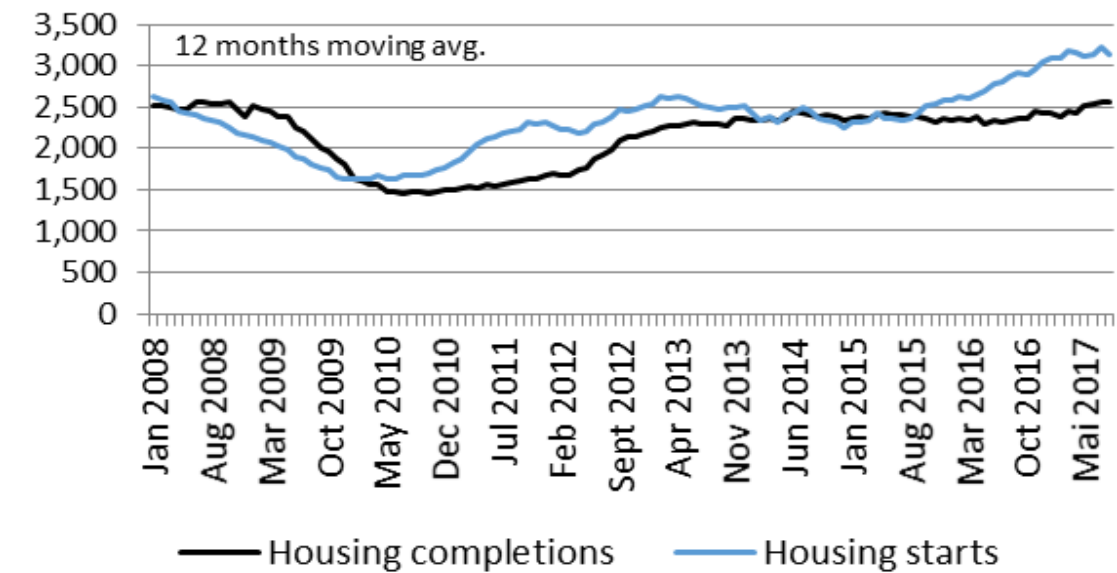
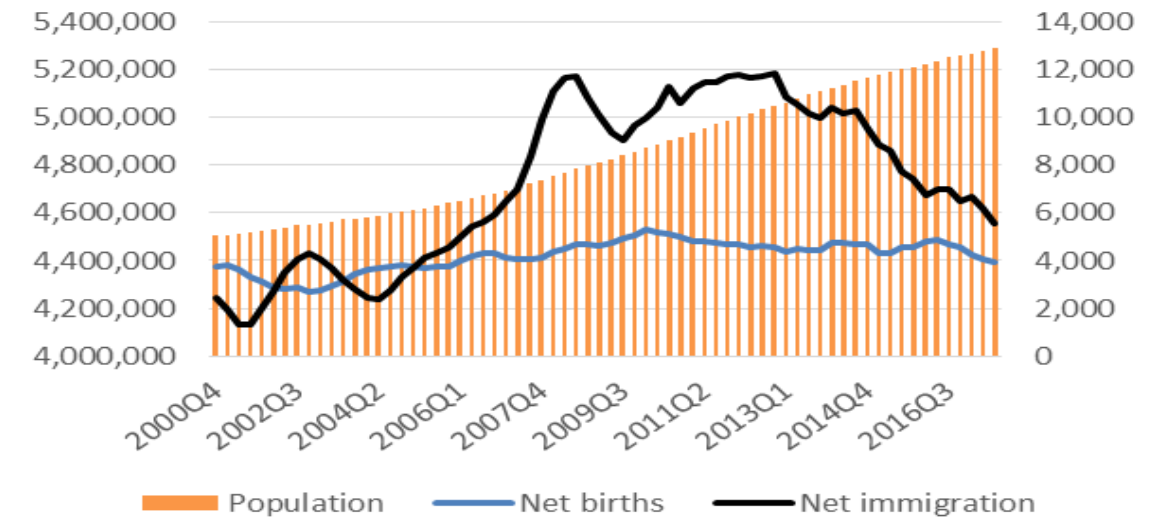


# Norwegian housing and mortgage markets – Population change and completed housing units

Completed housing units less newly formed households



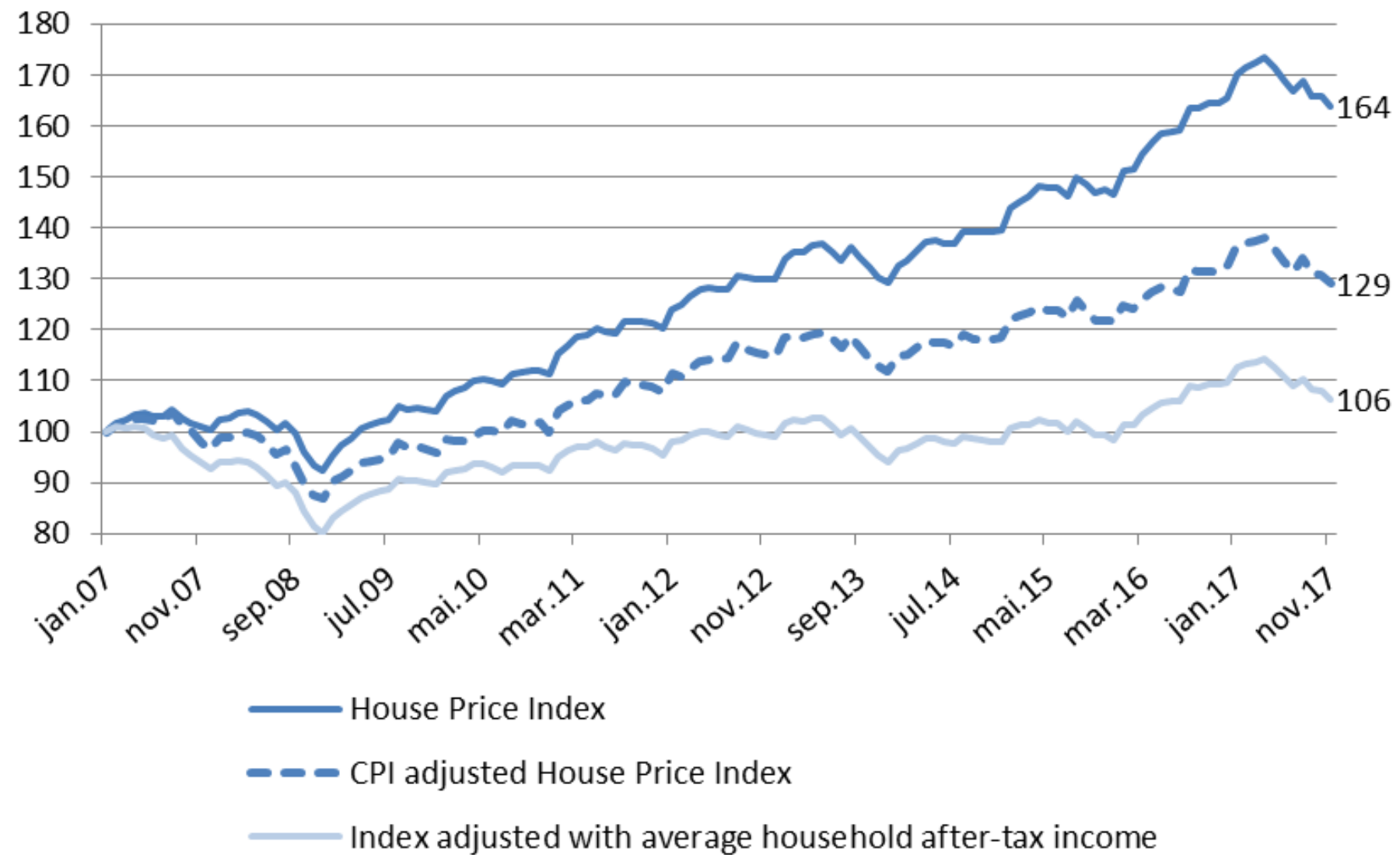
Population development and house building



# Norwegian Housing and mortgage market

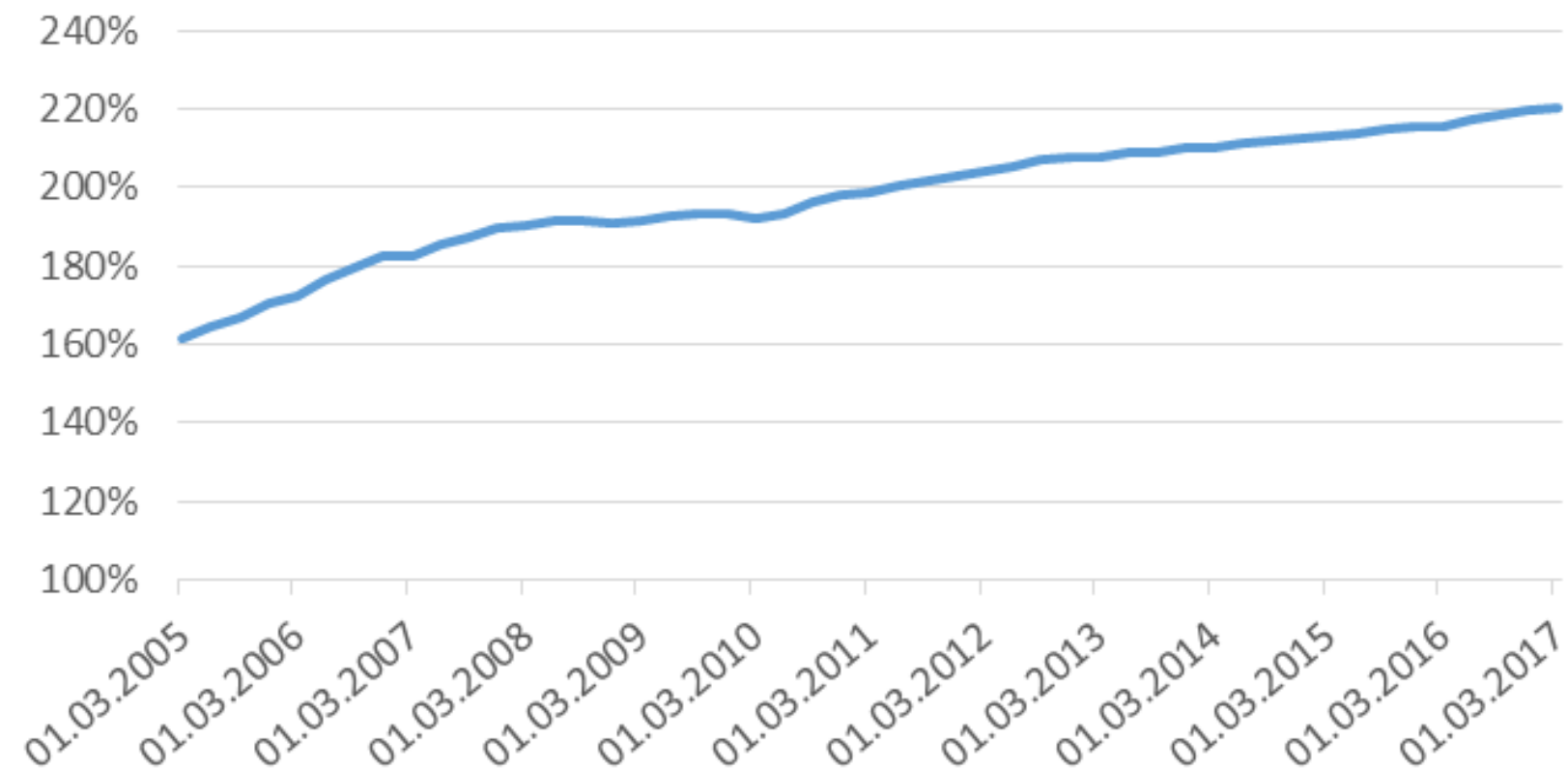
- Adjusted price developments

Index of House Prices, Norway, Monthly (Jan 2007 = 100)



# Aggregate household indebtedness

Debt as a share of after tax disposable income



Norway:

- All HH debts included in the statistic, question of int'l comparability
- High home ownership (mortgage debt rather than rent commitments)
- Generous benefits (pensions, healthcare, education, childcare, maternity, unemployment)
- Income growth over the last decades has far outpaced the cost of necessities in the time period shown
- Household savings rate is high: debt reduction possible



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# Our vision: the customer's first choice

## Objectives

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

## Strategic goals

- Nearer to people and companies
- We want to be nearer to people and companies than our competitors by understanding the people, companies and markets 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.

## Financial goals

- Return on equity of 11% after tax in 2018. The longer term (2020) target is a minimum of 12%.
- Top 50% return on equity and cost/income in a Nordic benchmark

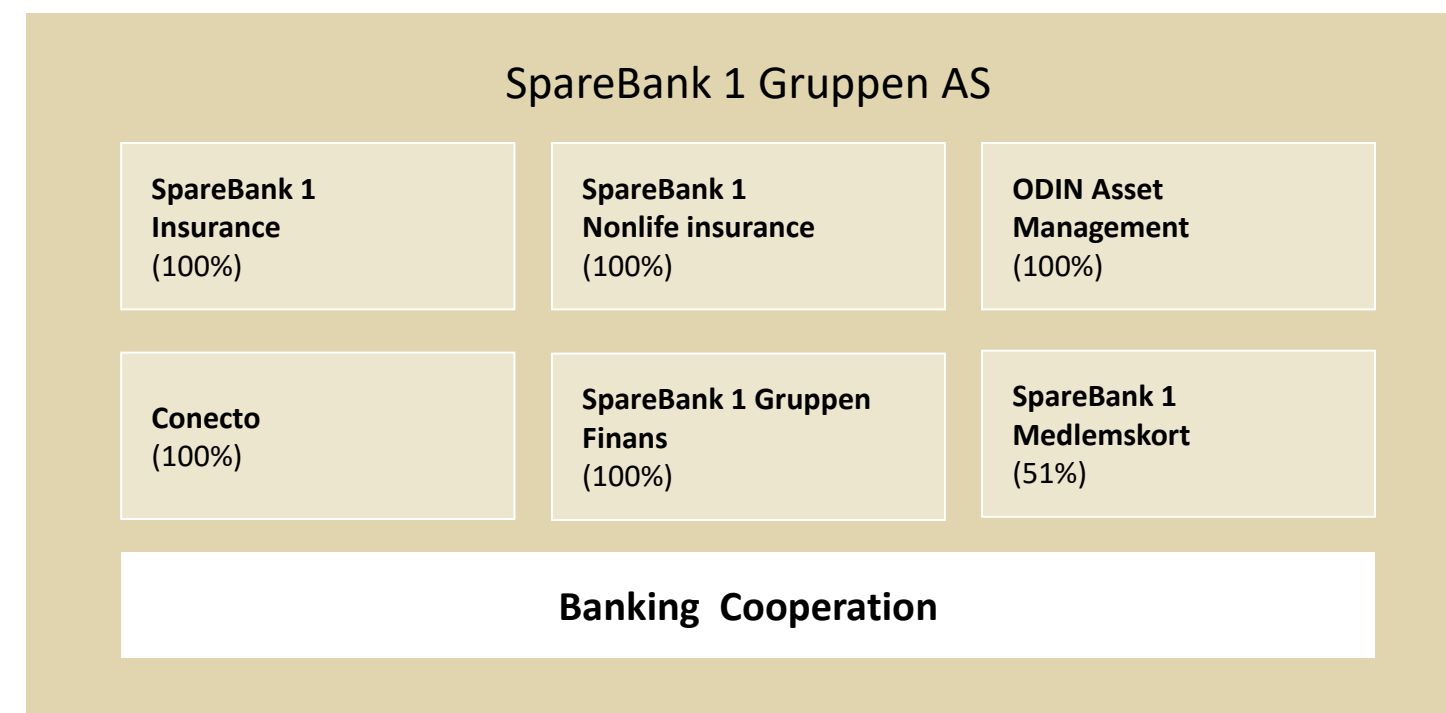
## Strategic focus

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

# SpareBank 1 Alliansen



Products, commissions, dividends ↑ ↓ Sales, loan portfolios, capital



## Owners of the alliance

All credit decisions are made at the local banks

Economies of scale related to expenses, IT solutions, marketing and branding

# Balance sheet

Balance sheet (MNOK)	31.12.2017	31.12.2016
Cash and balances with central banks	207	1.079
Balances with credit institutions	1.608	4.334
Net loans to customers	171.237	156.372
Certificates, bonds and other fixed-income securities	31.909	21.024
Financial derivatives	5.541	4.315
Shares, ownership stakes and other securities	717	596
Business available for sale	0	22
Investment in associates	3.953	4.460
Other	1.446	1.206
<b>Total assets</b>	<b>216.618</b>	<b>193.408</b>
Balances with credit institutions	2.335	2.674
Deposits from customers	95.384	85.914
Listed debt securities	90.497	79.183
Financial derivatives	3.787	2.515
Other liabilities	1.962	2.188
Additional Tier 1 and Tier 2 capital instruments	2.764	2.646
<b>Total liabilities</b>	<b>196.729</b>	<b>175.120</b>
<b>Total equity</b>	<b>19.889</b>	<b>18.288</b>
<b>Total liabilities and equity</b>	<b>216.618</b>	<b>193.408</b>

## Net commission and other income

MNOK	31.12.2017	31.12.2016	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16
Payment facilities	262	252	65	71	63	63	60
Savings/placements	198	185	47	51	49	51	45
Insurance products	208	198	52	52	52	52	50
Commission income real estate broking	389	348	94	90	112	93	85
Guarantee commission	107	114	27	29	26	25	31
Arrangement- and customer fees	93	101	28	28	24	13	33
Accounting services SpareBank 1 Regnskapshuset SR*	96	81	23	18	27	28	18
Other	22	15	-5	8	9	10	3
<b>Net commission and other income excl. covered bond companies</b>	<b>1.375</b>	<b>1.294</b>	<b>331</b>	<b>347</b>	<b>362</b>	<b>335</b>	<b>325</b>
Commission income SB1 Boligkreditt and SB1 Næringskreditt	149	149	36	39	38	36	30
<b>Net commission and other income incl. covered bond companies</b>	<b>1.524</b>	<b>1.443</b>	<b>367</b>	<b>386</b>	<b>400</b>	<b>371</b>	<b>355</b>

## Net income on investment securities

MNOK	31.12.2017	31.12.2016	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16
Dividends*	11	110	0	2	4	5	5
Investment income, associates	425	384	154	127	81	63	78
Securities gains/losses	127	53	24	46	32	25	50
- of which capital change in shares and certificates	136	51	44	57	28	7	42
- of which capital change in certificates and bonds	-152	-156	-70	-41	-34	-7	-44
- of which derivatives; bonds and certificates	143	158	50	30	38	25	52
Currency/interest gains/loans	71	107	26	23	26	-4	6
- of which currency customer- and own-account trading	104	137	35	24	28	17	39
- of which value change basis swap spread	-32	-15	-5	-4	-7	-16	-16
- of which counterparty risk derivatives including CVA	2	2	0	1	0	1	1
- of which IFRS-effects	-3	-17	-4	2	5	-6	-18
<b>Net income on investment securities</b>	<b>634</b>	<b>654</b>	<b>204</b>	<b>198</b>	<b>143</b>	<b>89</b>	<b>139</b>

# Subsidiaries

Subsidiaries	MNOK	31.12.2017	31.12.2016
EiendomsMegler 1 SR-Eiendom AS	Number of sales	6.565	6.042
	Operating profit before tax	27	16
SpareBank 1 SR-Finans AS*	Total assets (BNOK)	-	7
	Operating profit before tax	-	84
SR-Forvaltning AS	Capital under management (BNOK)	11	10
	Operating profit before tax	33	28
FinStart Nordic AS**	Operating profit before tax	6	-1
SpareBank 1 Regnskapshuset SR AS	Operating profit before tax***	4	2
SR-Boligkreditt AS	Operating profit before tax	273	113
Other	Operating profit before tax	-19	-1
<b>Total subsidiaries</b>	<b>Operating profit before tax</b>	<b>324</b>	<b>241</b>

\*SpareBank 1 SR-Finans AS was merged into SpareBank 1 SR-Bank from 1 January 2017, and the profit contribution from SpareBank 1 SR-Finans is included in the parent bank's results from 1 January 2017.

\*\*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 result to Regnskapshuset SR includes amortization of intangible assets of NOK 1.9 million (NOK 1.6 million per 31.12.2016).

# Ownership interests

Ownership interests	MNOK	31.12.2017	31.12.2016
SpareBank 1 Gruppen AS	Interest ownership	19,5 %	19,5 %
	Profit after tax	353	312
	Adjusted profit previous years	-4	6
SpareBank 1 Boligkreditt AS	Interest ownership	8,0 %	13,9 %
	Profit after tax	-25	-18
	Adjusted profit previous years	0	4
SpareBank 1 Næringskreditt AS	Interest ownership	19,2 %	21,9 %
	Profit after tax	13	22
BN Bank ASA	Interest ownership	23,5 %	23,5 %
	Profit after tax	70	61
SpareBank 1 Kredittkort AS	Interest ownership	17,9 %	17,9 %
	Profit after tax	15	23
SpareBank 1 Betaling AS*	Interest ownership	19,7 %	19,7 %
	Profit after tax	-7	-27
	Adjusted profit previous years	-7	-2
Other	Profit after tax	17	3
<b>Total ownership interests</b>	<b>Profit after tax</b>	<b>425</b>	<b>384</b>



# Impairment losses on loans

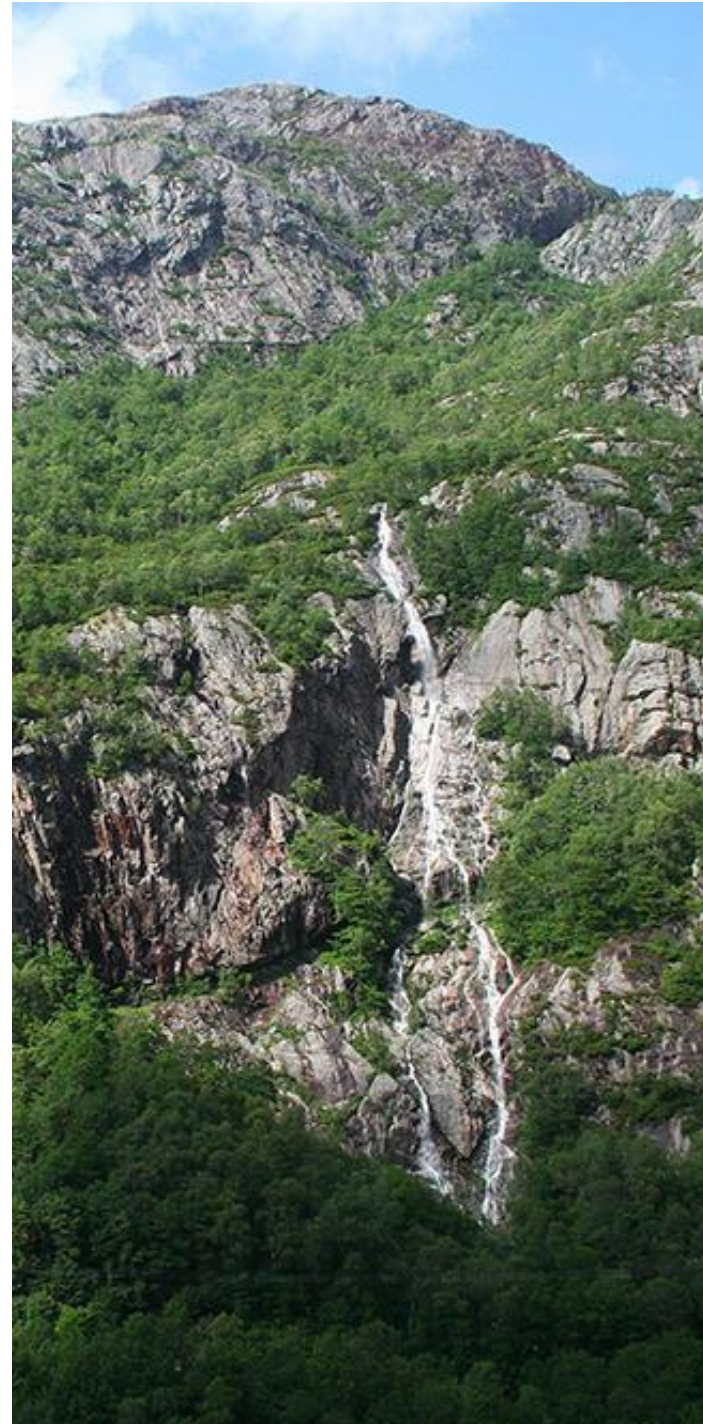
Losses on loans in income statement (MNOK)	31.12.2017	31.12.2016	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16
Corporate customers	482	581	89	116	115	162	131
Retail customers	59	39	29	10	15	5	11
Change in collective impairment losses on loans	2	158	2	-2	1	1	20
Net impairment losses on loans	543	778	120	124	131	168	162

Impairment losses on loans (MNOK)	31.12.2017	31.12.2016	31.12.2017	30.09.2017	30.06.2017	31.03.2017	31.12.2016
Corporate customers	546	525	546	572	508	478	525
Retail customers	93	65	93	69	69	60	65
Collective impairment losses on loans	678	676	678	677	678	677	676
Total impairment losses on loans	1.317	1.266	1.317	1.318	1.255	1.215	1.266

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



- The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk
  - SpareBank 1 SR-Bank therefore invests significant resources in developing risk management systems, processes and expertise that are in line with leading international practice
- The bank's primary market areas are Rogaland, the Agder counties and Hordaland
  - The bank's primary market areas for credit exposure are Rogaland, the Agder counties and Hordaland as well as Oslo and Akershus within the person- and the large customer segment
- The bank's set clear requirements for loan activities in the corporate market
  - The activities that are financed must have a long-term perspective
  - The group must be very familiar with the ownership and management of the company
  - All financing decisions are based on the customer's debt-servicing capacity and a lack of debt-servicing capacity may not be compensated for through higher security
  - Shipping and offshore related financing (including significant parts of oil-related activities) are handled by centralised expertise

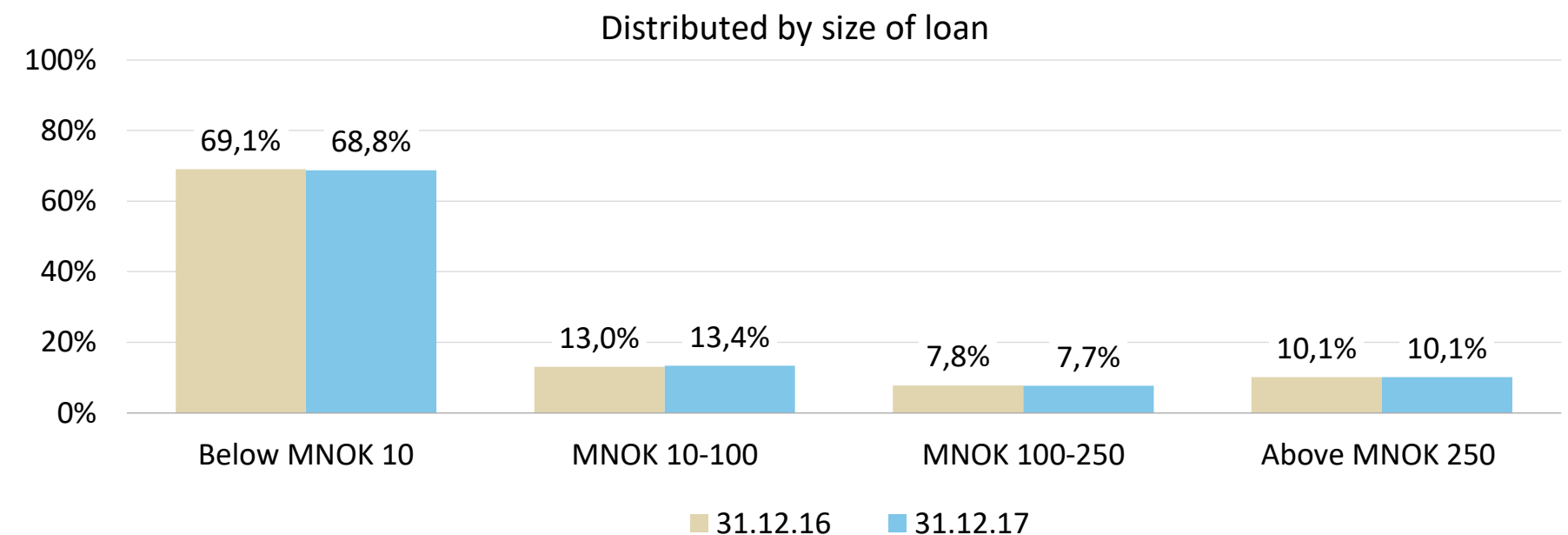
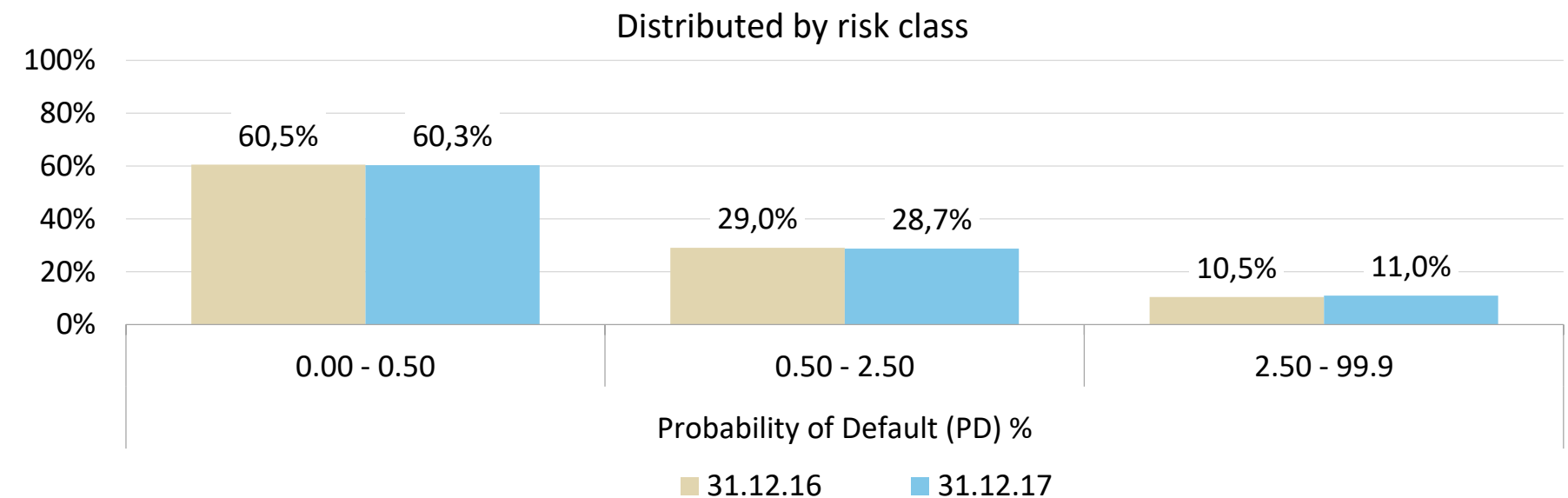


- The bank sets specific limits for the size of commitments as well as requirements concerning industry diversification
  - The maximum total exposure to an individual customer must be significantly lower than the regulatory requirements
  - The maximum unsecured exposure to an individual customer must not be so great that the potential loss cannot be absorbed without the group's financial position being significantly affected
  - This requires a diversified portfolio. The exposure to specific industries is subject to specific limits.
- The bank sets special requirements for all property financing
  - Self-financing requirements apply for all types of property financing - in relation to both residential and commercial property
  - Advanced sales requirements also apply for financing housing development projects
  - In addition to this, requirements that limit loan size/rent income ratio apply for financing commercial property



# Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a solid loan portfolio.
- 60.3% of the bank's loan exposure has a PD\* below 0.5%.
- Single loan exposures less than NOK 10 million aggregates 68.8% of total loan portfolio.
- Single loan exposures above NOK 250 million is 10.1% of total loan portfolio.



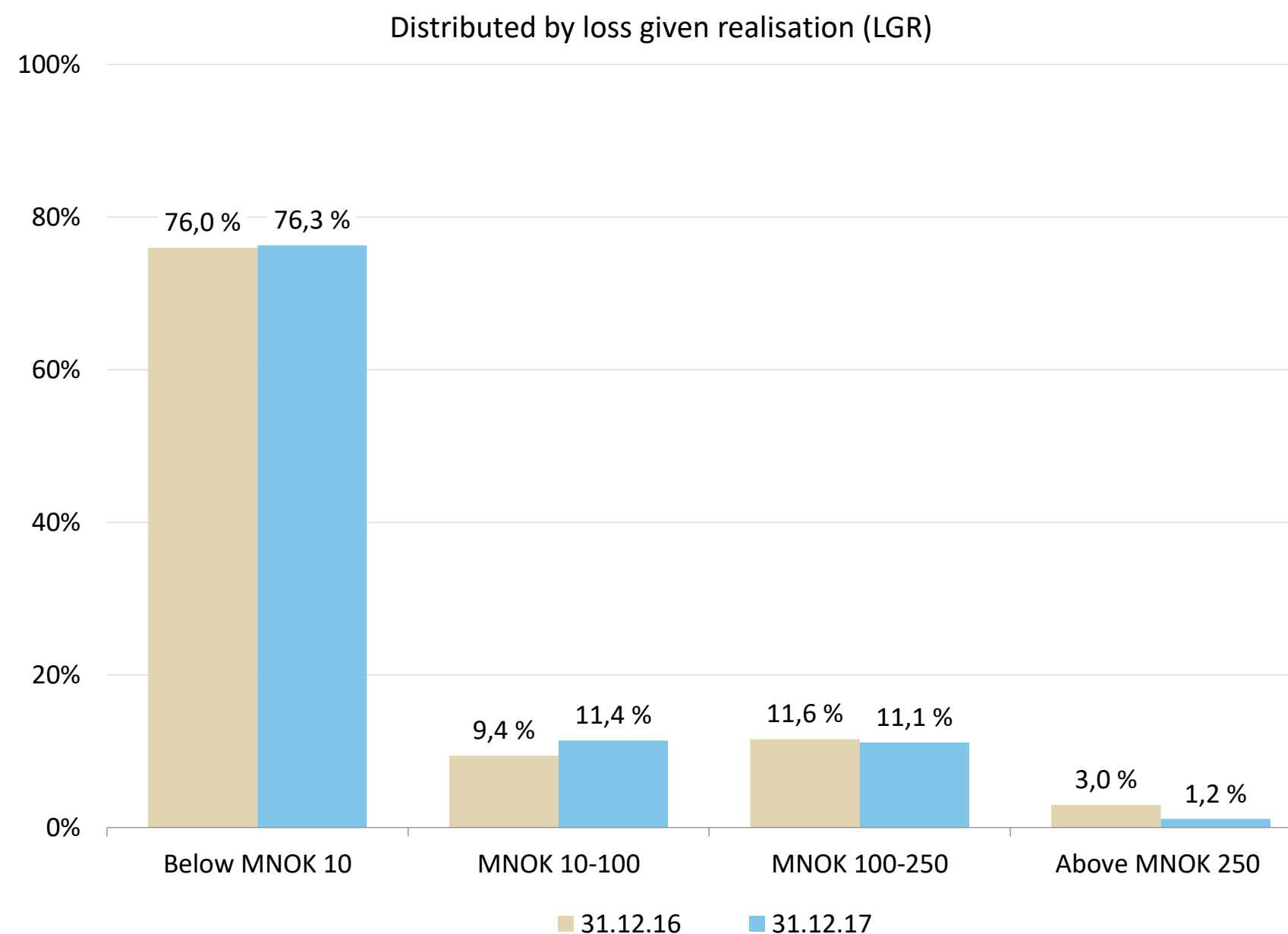
\*Probability of default (PD) through a full cycle of loss.

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

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 76.3% of the loan portfolio.

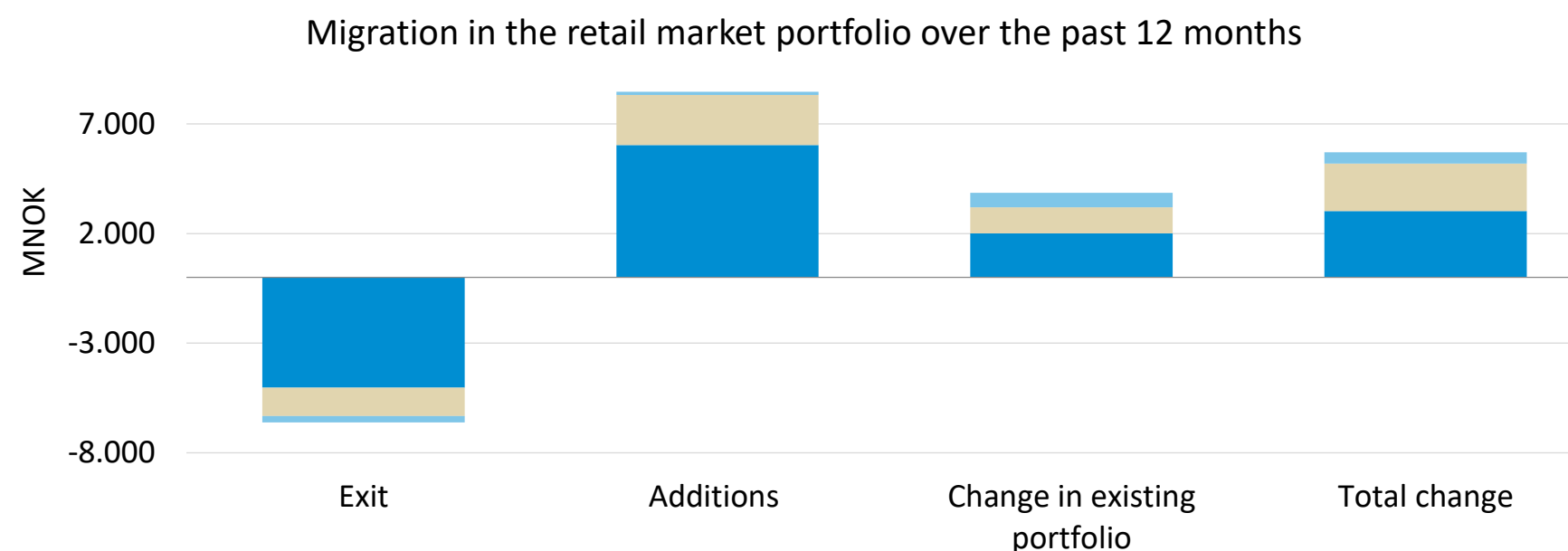
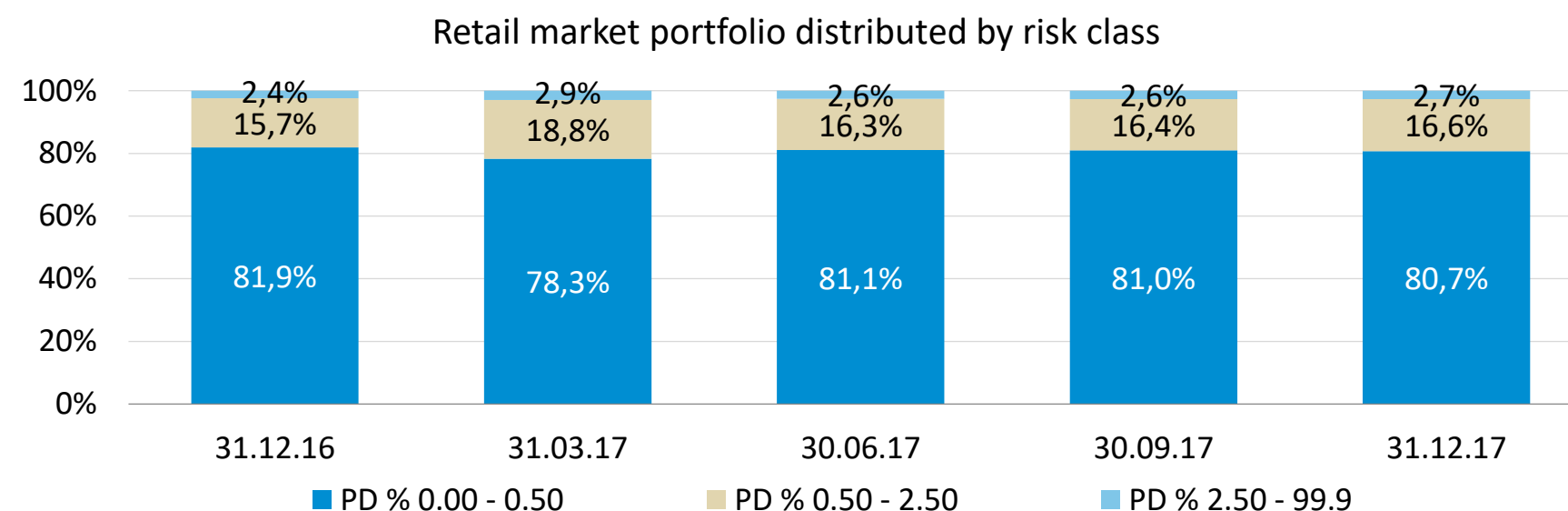


LGR (Loss Given Realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic 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 80.7 % 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.



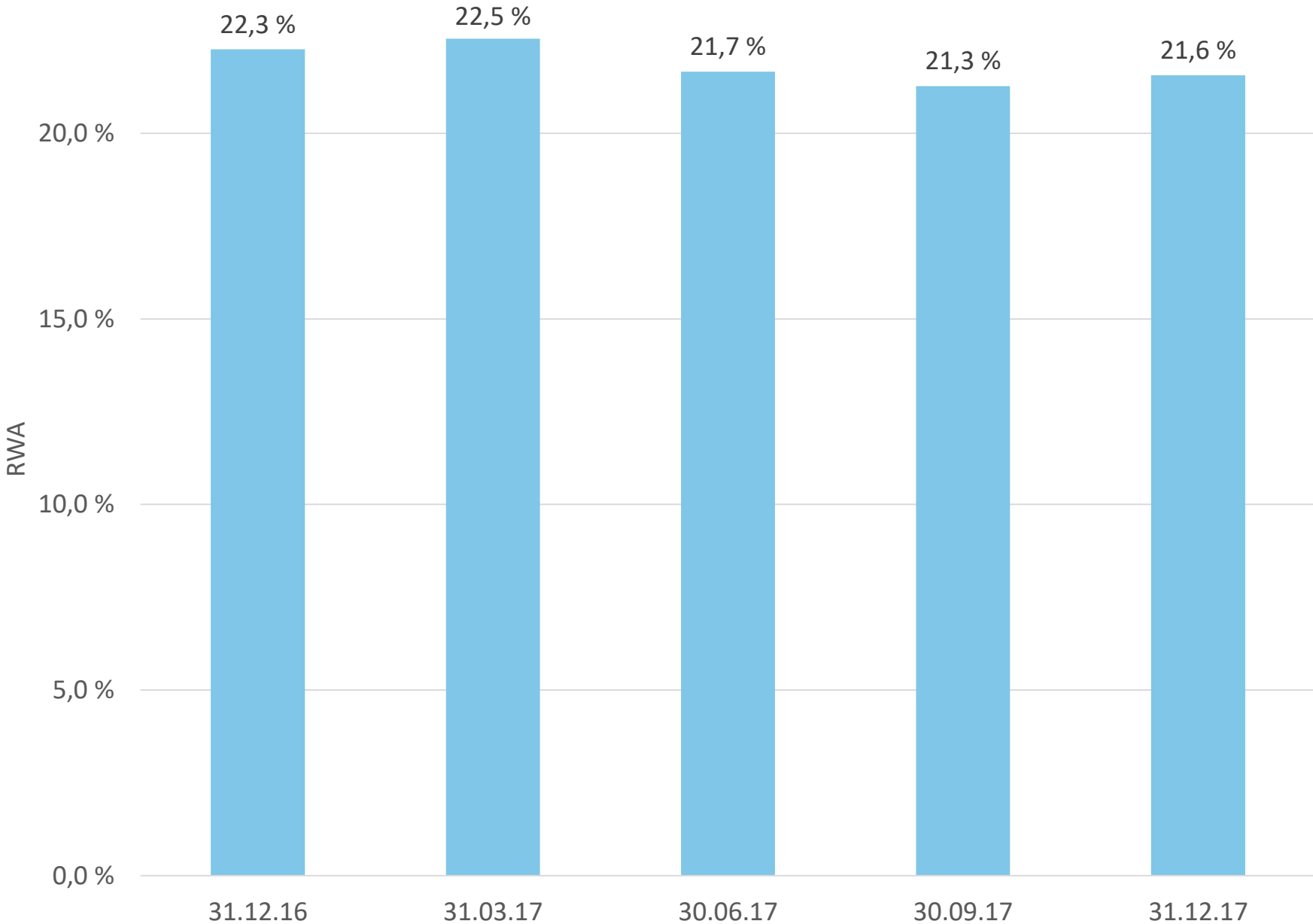
\*Probability of default (PD) through a full cycle of loss.

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.

# RWA home mortgages

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



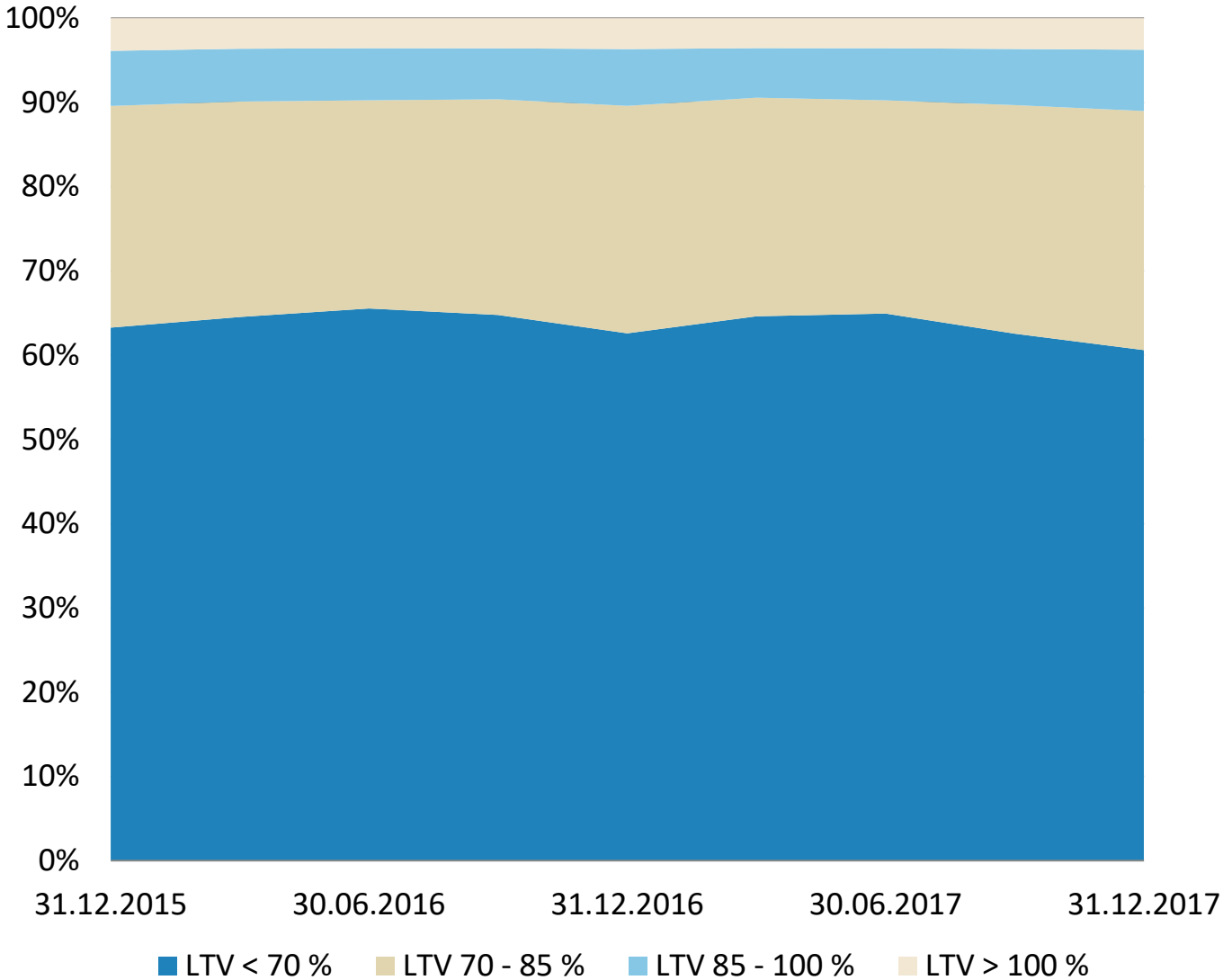
Home mortgages as defined in the Norwegian IRB framework; residential property must make up at least 30 % of a loan's security.

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

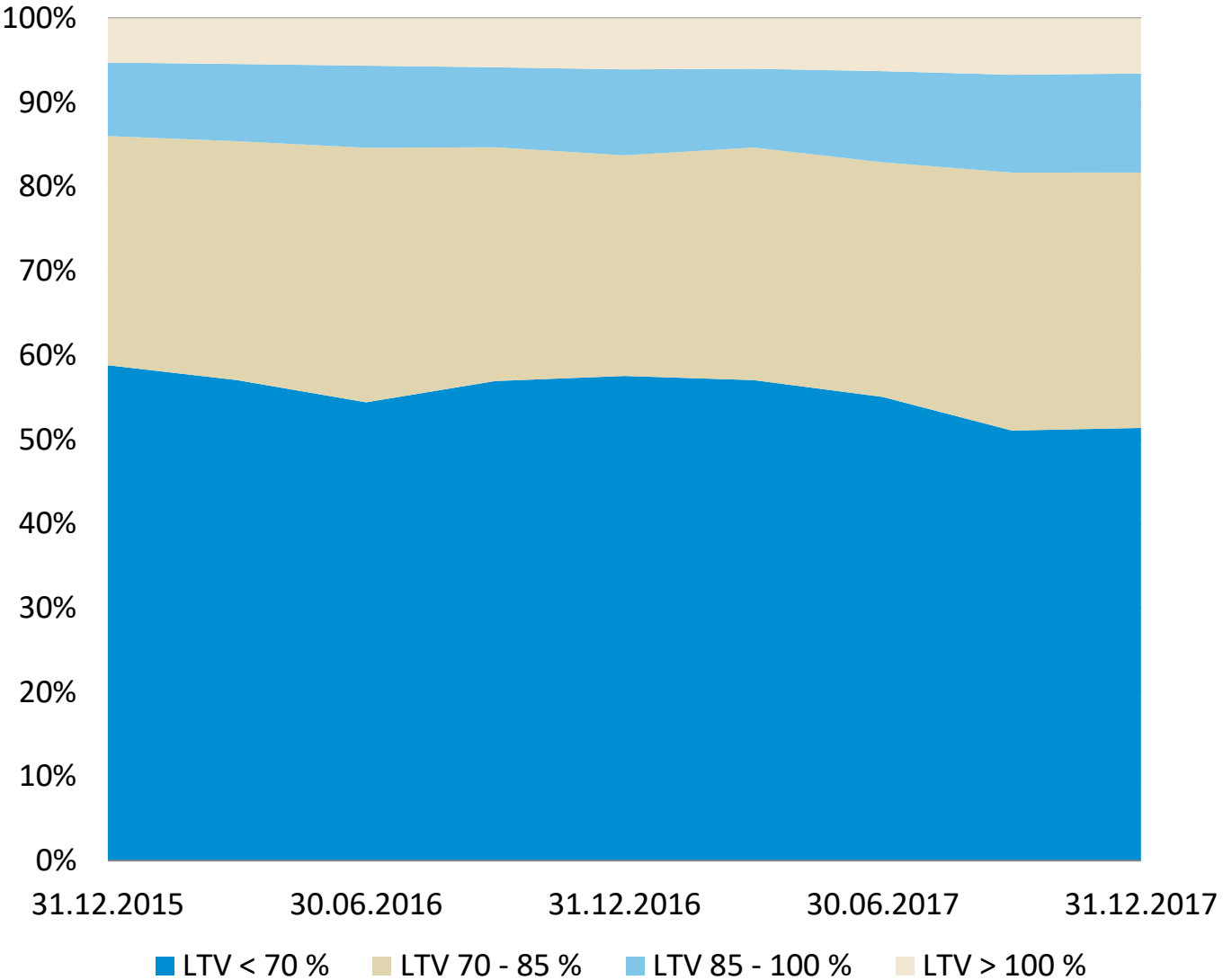


# Historical LTV development for home mortgage loans

Total home mortgages incl. loans in cover pool



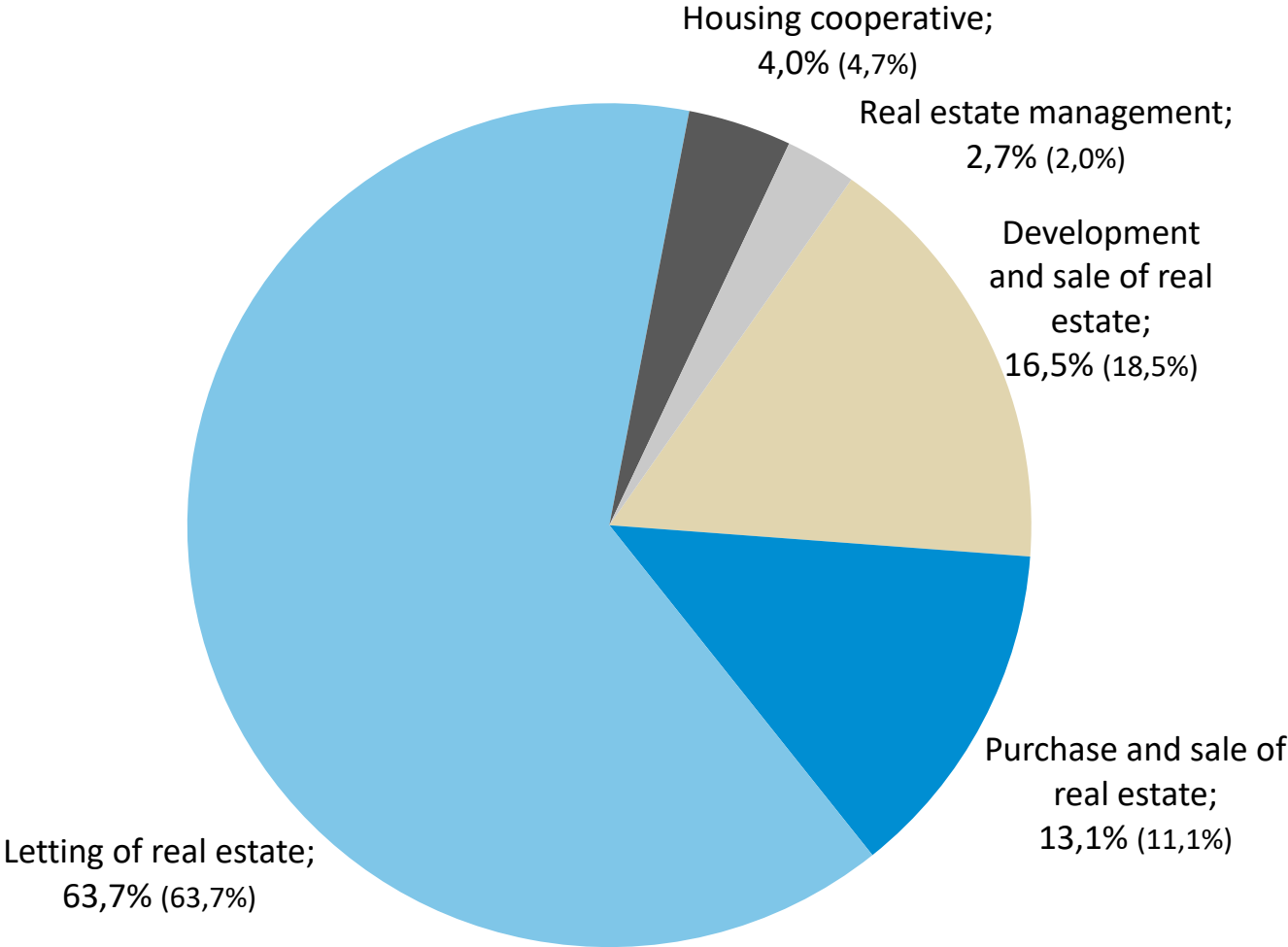
Home mortgages in SpareBank 1 SR-Bank ASA



# Lending to commercial property

## Lending to commercial property

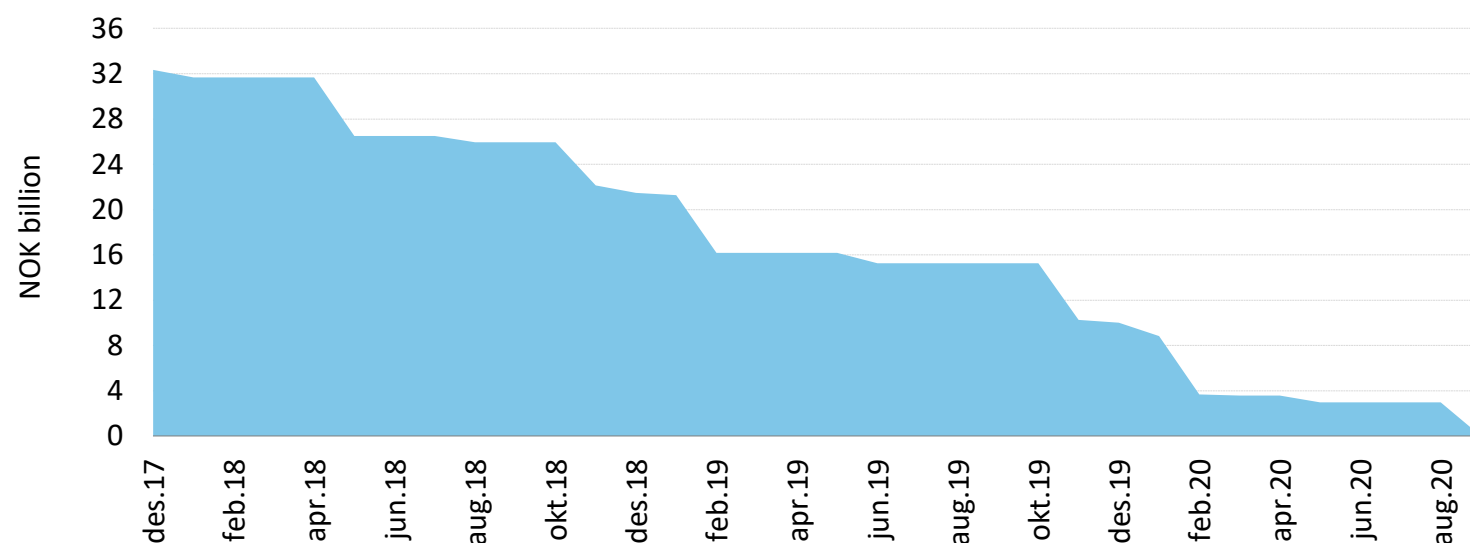
- NOK 27.0 billion, 14.5% of the bank's total loans.
- The portfolio is characterised by lending to commercial properties for leasing with long-term contracts and financially solid tenants. The vacancy rate is limited. Interest rates for a significant portion of this portfolio have been hedged.



Sector allocation in accordance with the standard categories from Statistics Norway. Figures in parentheses as at 31.12.2016.

# Liquidity portfolio

Liquidity buffer – survival period



Liquidity portfolio

Category	NOK million	Share %	Of which, securities classified to amortised cost, MNOK
Norwegian government/municipal SSA/Foreign guaranteed	8.205	26 %	494
Covered bonds (Norwegian/foreign)	22.939	72 %	2.713
Norwegian bank/finance	18	0 %	0
Foreign bank/finance	0	0 %	0
Industry/Other	0	0 %	0
<b>Total liquidity portfolio</b>	<b>31.663</b>	<b>100 %</b>	<b>2.567</b>

- Liquidity buffer at the end of the quarter: NOK 32.3 billion
- Other liquid assets:
  - Home mortgages prepared for covered bond funding: NOK 19.7 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-	31.644	98,9 %
Low risk	A+, A and A-	0	0,0 %
Moderate risk	Not rated	77	0,2 %
High risk	Not rated	187	0,6 %
Very high risk	Not rated	96	0,3 %
<b>Total portfolio</b>		<b>32.005</b>	<b>100,0 %</b>

## *Of which liquidity purposes:*

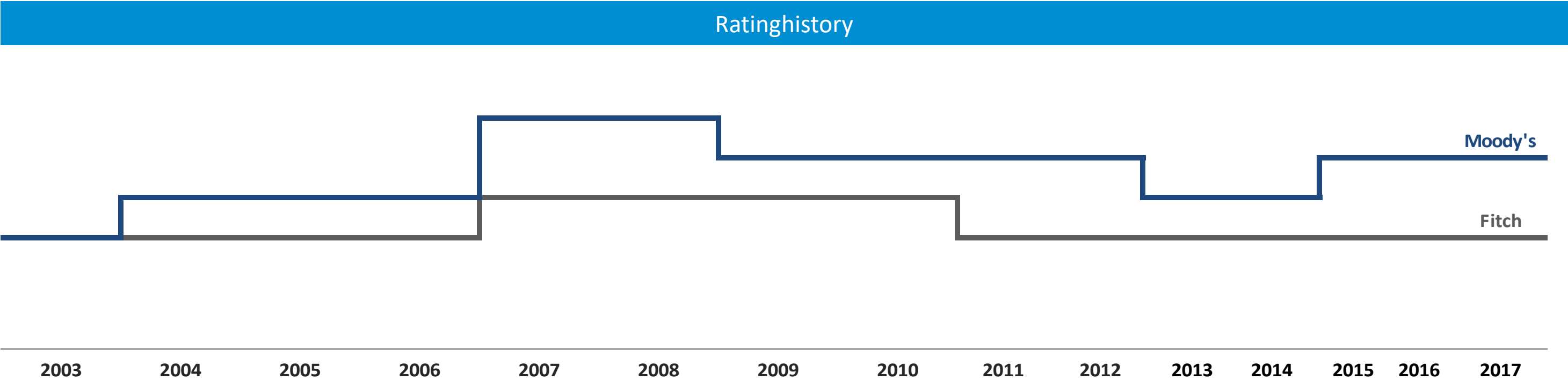
Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	31.644	99,9 %
Low risk	A+, A and A-	0	0,0 %
Moderate risk	Not rated	18	0,1 %
High risk	Not rated	0	0,0 %
Very high risk	Not rated	0	0,0 %
<b>Total liquidity purposes</b>		<b>31.663</b>	<b>100,0 %</b>

## *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	54	15,7%
High risk	Not rated	192	56,1 %
Very high risk	Not rated	96	28,1 %
<b>Total SR-Bank Markets portfolio*</b>		<b>343</b>	<b>100,0 %</b>

# Rating

Moody's		Fitch	
Long-term debt	A1	Long-term IDR	A-
Outlook	Negative	Outlook	Stable
Updated	11 December 2017	Updated	26 January 2018



# SR-Bank pr 31.12.2017

	2017	2016	2015	2014	2013	2012
Share price	87,00	60,75	39,30	52,50	60,25	37,20
Stock value (MNOK)	22.250	15.537	10.051	13.427	15.409	9.514
Book value per share, NOK (group)	77,24	71,54	66,14	60,28	55,00	49,48
Earnings per share	8,16	6,87	6,83	8,20	7,28	5,33
Dividend per share	4,25	2,25	1,50	2,00	1,60	1,50
P/E	10,66	8,84	5,75	6,40	8,28	6,99
P/BV (group)	1,13	0,85	0,59	0,87	1,10	0,75

Number of shares issued 255.8 million

Trading volume in Q4 2017: 4.7 % (12.9 %)

On 1 June 2017, the SR-Bank share was included in the Oslo Stock Exchange's main index

## Dividend policy

“The financial objective of SpareBank 1 SR-Bank ASA 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 level of the annual dividend, considerations will be made towards SpareBank 1 SR-Bank ASA’s future need for capital, including capital adequacy requirements, and strategic plans and targets. Unless capital requirements otherwise dictate, the Board of Directors’ aim is that approximately half of the EPS is paid out.”



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