

Fourth Quarter 2019

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 25.6 Billion
- Total assets: NOK 255.9 Billion
- Total lending: NOK 211.4 Billion
- Total deposits: NOK 103.1 Billion
- No. of branches: 33
- Employees: 1.352

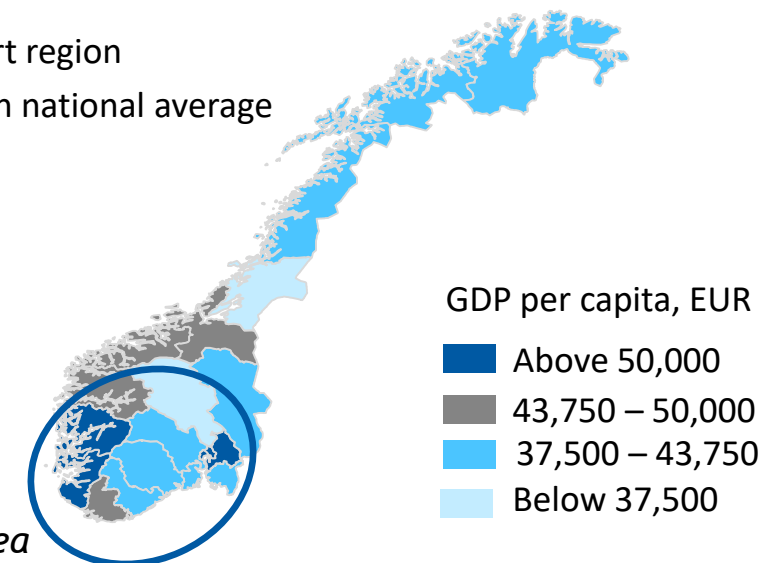


- **1839:** The first bank that today forms part of SpareBank 1 SR-Bank was established.
- **1976:** 24 savings banks merge to form Sparebanken Rogaland.
- **1994:** SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange.
- **1996:** SR-Bank is one of the founders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

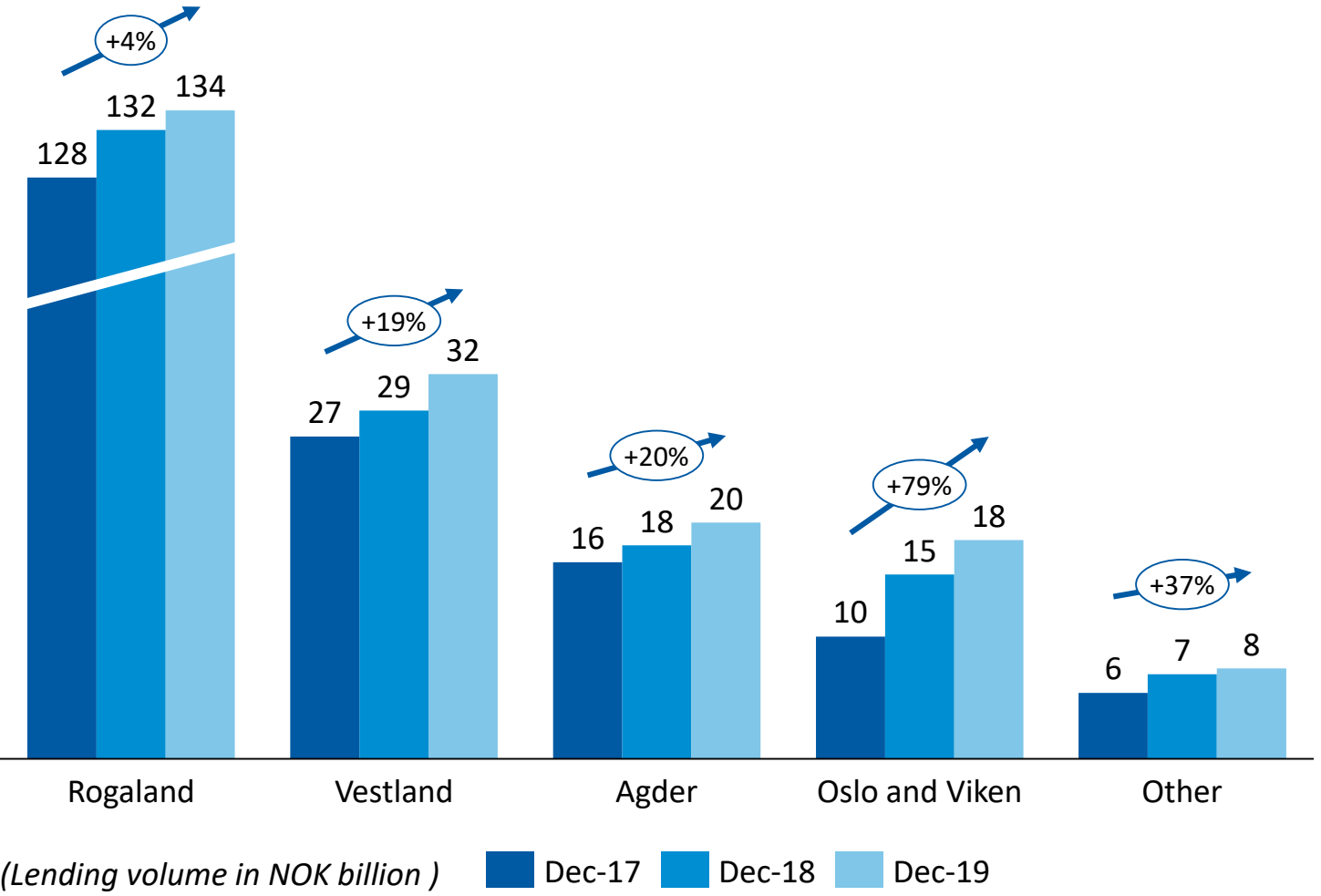
Source: Finans Norge (2018), Statistics Norway, Norges Bank.

	Banks	Market share
1	DnB Bank	27.2
2	Nordea Bank Norge (Swedish)	12.6
3	Danske Bank (Danish)	6.4
4	Handelsbanken (Swedish)	5.4
5	SpareBank 1 SR-Bank	4.3

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



Digitalization and growth makes us a finance group for the South of Norway



Based on the new structure of counties in Norway from 1 January 2020.



SpareBank 1 SR-Bank ASA

Business divisions	Fully owned companies		Partly owned companies	
Capital Market Number of man-years: 27	EiendomsMegler 1 Leading real estate broker Number of man-years: 193	SR-Boligkreditt Covered Bond Funding Number of man-years: 1	BN Bank** (35.0%) Commercial bank located in Oslo and Trondheim	SpareBank 1 Gruppen (19.5%) Holding company for the SpareBank 1 - Alliance
Retail Market Number of man-years: 500	SR-Forvaltning Asset management Number of man-years: 12	FinStart Nordic* A start-up factory for new ideas Number of man-years: 13	SpareBank 1 Boligkreditt (2.2%) Covered bond company (mortgages)	SpareBank 1 Næringskreditt (15.6%) Covered bond company (commercial real estate)
Corporate Market Number of man-years: 160	SpareBank 1 Regnskapshuset SR Accounting and advisory Number of man-years: 136	Monner Digital loan-platform for small businesses Number of man-years: 12	SpareBank 1 Kredittkort (17.8%) Credit card company located in Trondheim	SpareBank 1 Betaling*** (19.8%) The company behind mobile payment solution
Administration & Support Number of man-years: 297				

** Number of man-years in FinStart Nordic includes man-years in subsidiaries Beaufort AS.

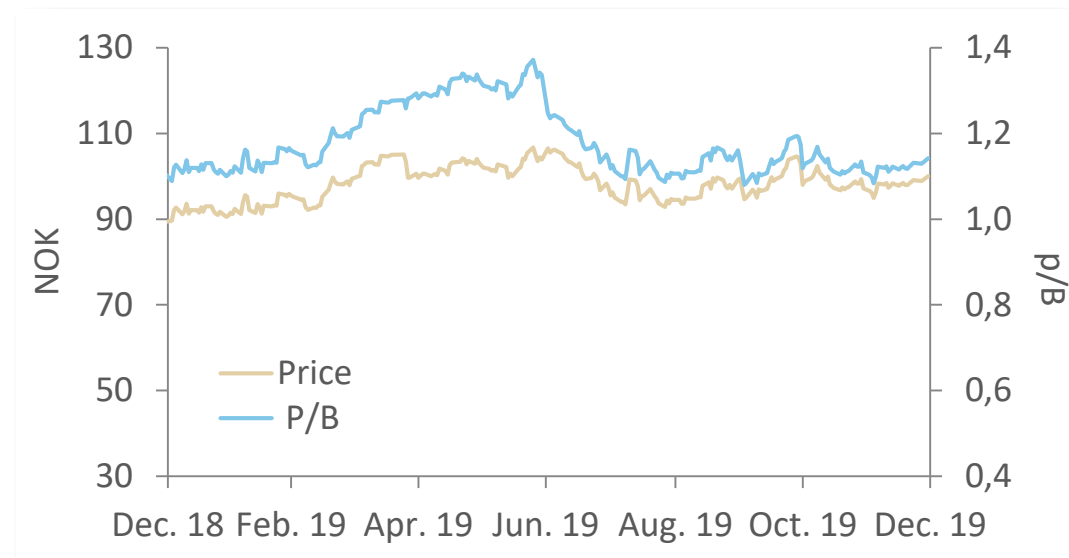
**The stake increased to 35% in the second quarter of 2019 in connection with an agreement on changing the ownership model in BN Bank ASA.

***Owns 22% in VBB AS.

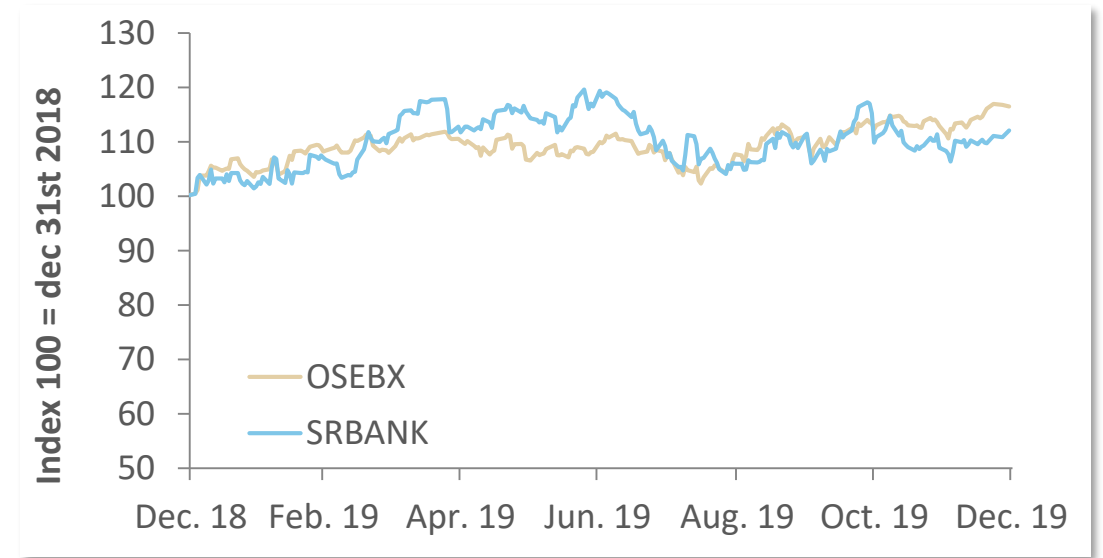
SRBANK share

- International ownership is 27.9% per 4. quarter 2019.
- Total market value at 4. quarter 2019 is NOK 25.6 billion.

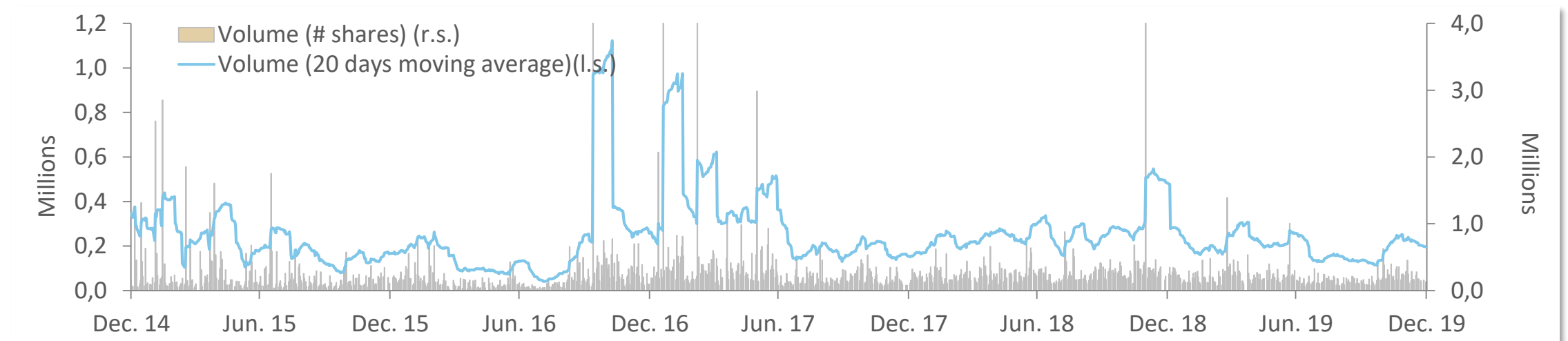
Development in Price/Book



Relativ share price development



Trading volume development



20 largest shareholders as at 31 December 2019

- Ownership interests as at 31 December 2019:
 - From Rogaland, Agder and Vestland: 42.9% (43.5%)
 - International: 27.9% (26.6%)
 - 10 largest: 51.4% (50.3%)
 - 20 largest: 58.4% (58.1%)
- Number of shareholders 31.12.2019: 11.321 (10.804)
- Employees owning 1.5% (1.5%)

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Folketrygdfondet		19.650.845	7,7%
State Street Bank and Trust Co, U.S.A.	Nominee	14.306.844	5,6%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Vpf Nordea Norge Verdi		3.873.936	1,5%
Danske Invest Norske Instit. II		3.843.345	1,5%
Odin Norge		3.241.248	1,3%
JPMorgan Chase Bank N.A., U.S.A.	Nominee	2.898.345	1,1%
Morgan Stanley & Co Int, U.K.		2.699.201	1,1%
Pareto Aksje Norge		2.406.025	0,9%
Clipper AS		2.211.000	0,9%
Verdipapirfondet Alfred Berg Gambak		1.991.707	0,8%
KLP Aksjenorge Indeks		1.874.547	0,7%
Arctic Funds plc, Irland		1.794.087	0,7%
Verdipapirfondet DNB Norge		1.750.049	0,7%
Verdipapirfondet Alfred Berg Norge		1.741.511	0,7%
State Street Bank and Trust Co, U.S.A.	Nominee	1.703.706	0,7%
Forsvarets Personellservice		1.599.656	0,6%
Danske Invest Norske Aksjer Inst.		1.596.703	0,6%
J.P. Morgan Bank Luxembourg S.A.	Nominee	1.587.834	0,6%
Top 5		116.477.513	45,5%
Top 10		131.565.677	51,4%
Top 20		149.416.477	58,4%

Figures in parentheses as at 31.12.2018.

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A good annual result characterised by solid underlying operations, one-off income and a high level of activity

14.0%

Return on equity after tax 2019 (11.3%)

12.1% excluding merger effect Fremtind Forsikring AS

Pre-tax profit is NOK 3.817 million (NOK 2.892 million)

8.3%

Return on equity after tax for the quarter (10.1%)

Pre-tax profit is NOK 626 million (NOK 676 million)

0.11%

Impairments on gross lending incl. covered bond companies 2019 (0.16%)

Impairments on loans and financial commitments is NOK 235 million (NOK 324 million)

37.9%

Cost to income 2019 (40,9%)

40.8% excluding merger effect Fremtind Forsikring AS

4.9%

12 months lending growth

Of which retail market 4.8% and corporate market 5.2%

17.0%

Common equity tier 1 capital ratio (14.7%*)

5.50 per share

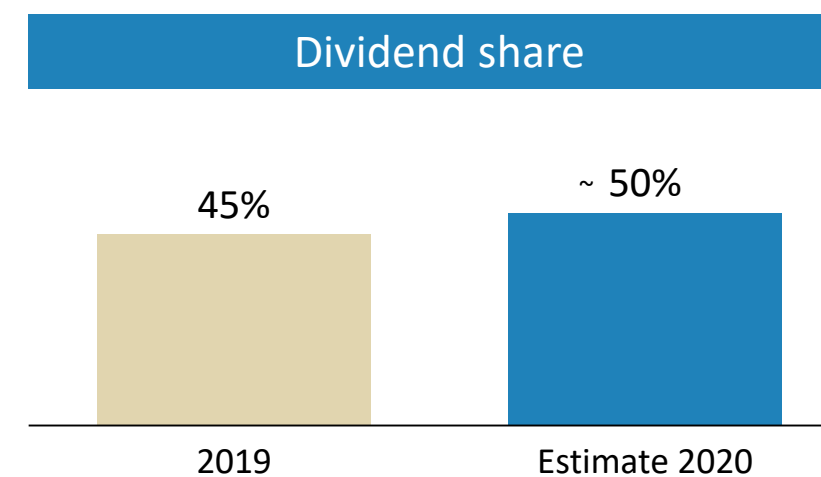
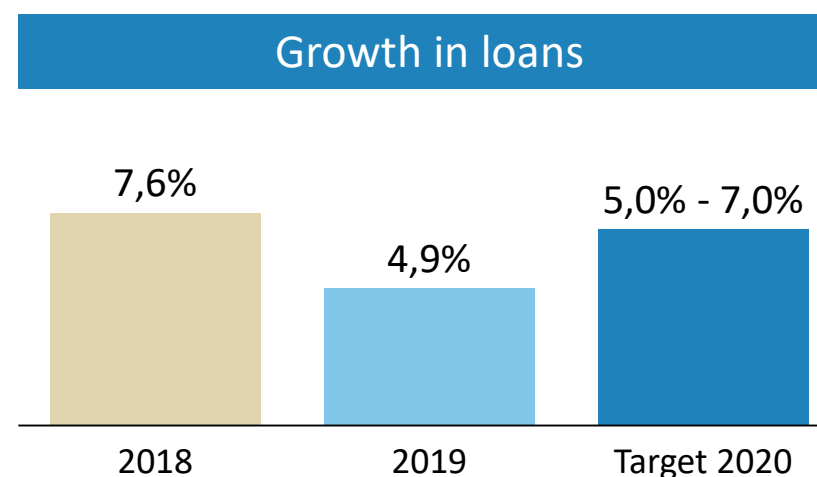
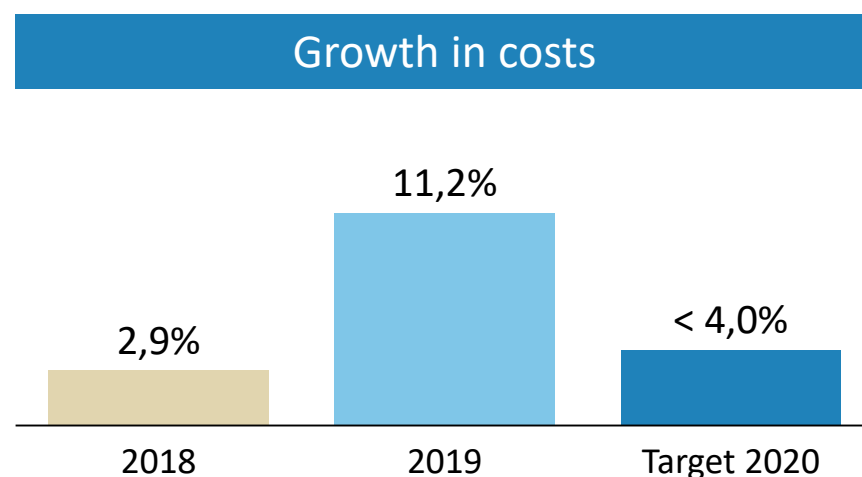
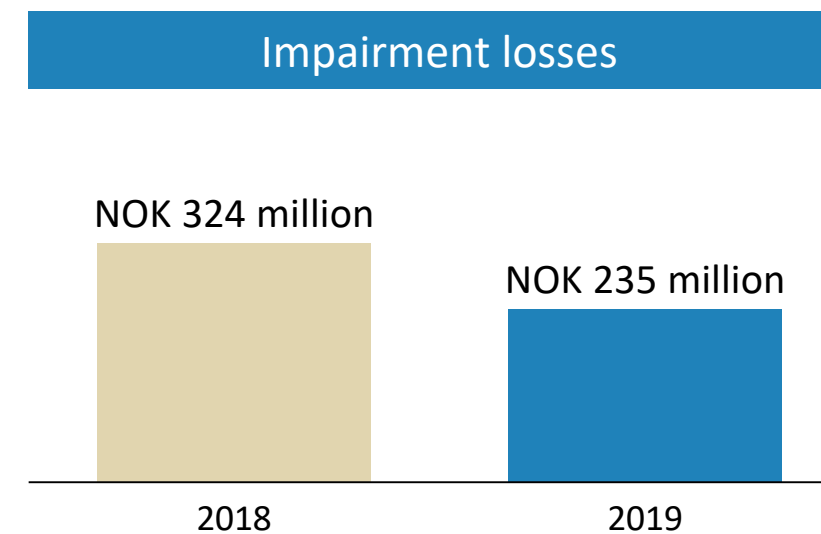
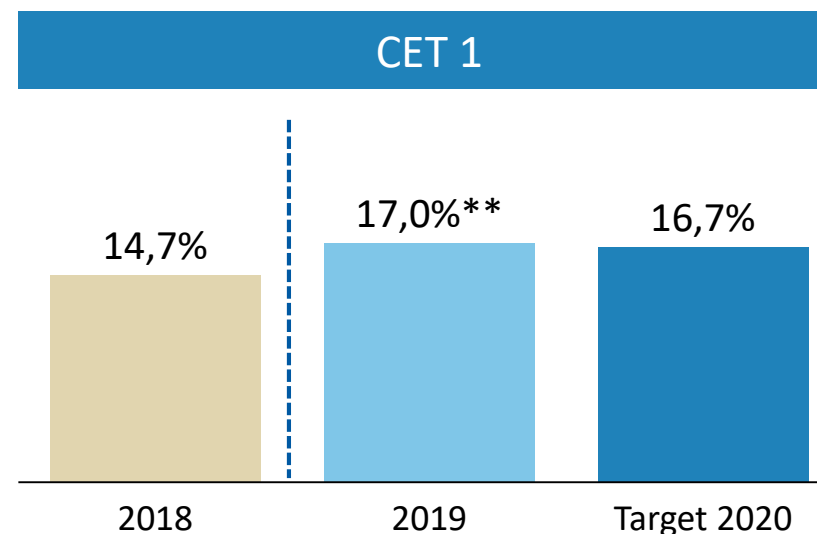
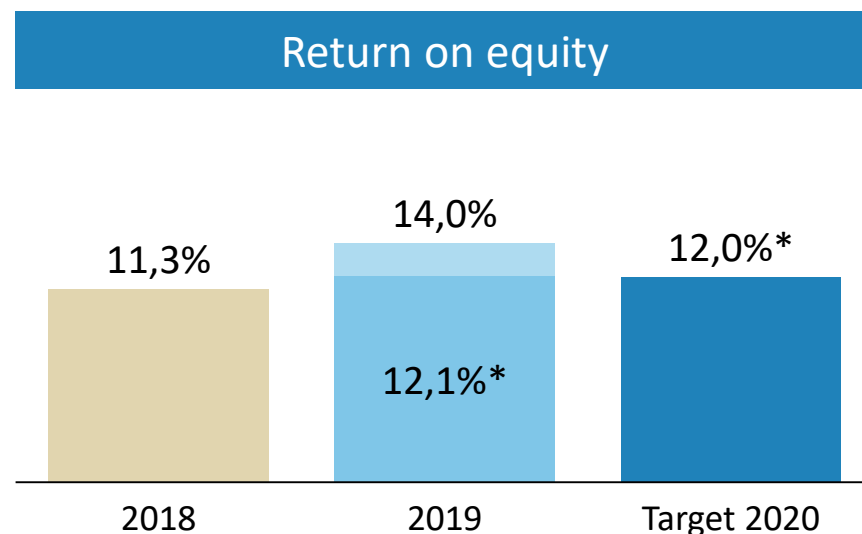
Proposed dividend

Dividend share 45%

Percentage and amount in parentheses represents the same period last year.

** Based on the capital adequacy rules and regulations as at 31 December 2018, when the so-called Basel I floor applied.*

Key figures 2019 and financial targets for 2020

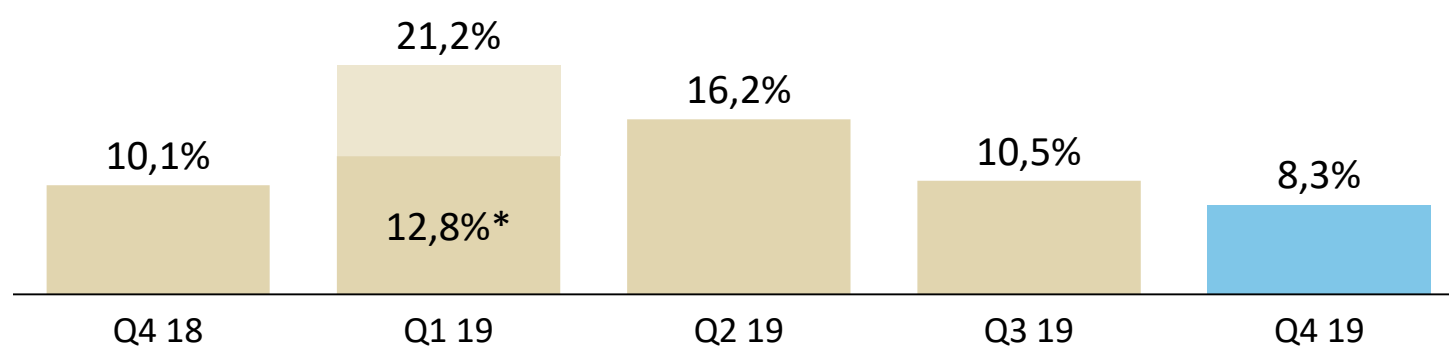


*Excluding merger effect Fremtind Forsikring AS.

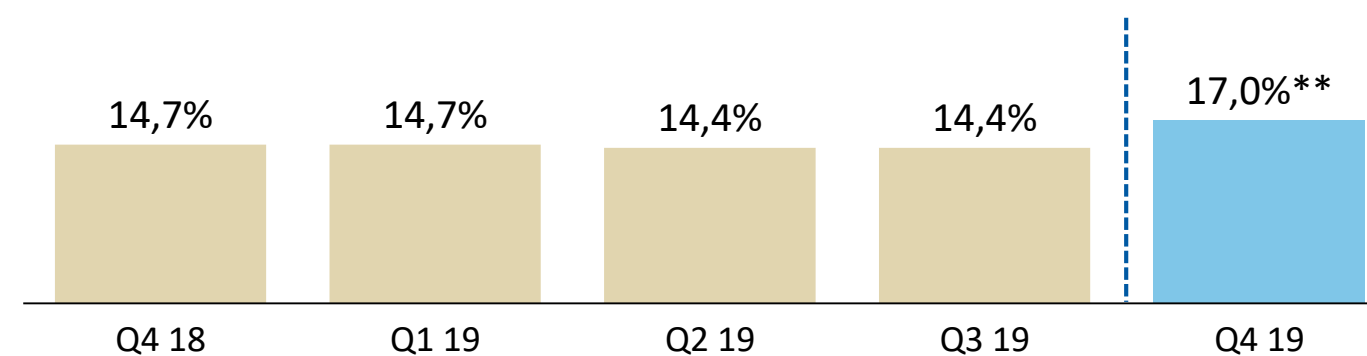
** The EU's capital adequacy regulations (CRR/CRD IV) came into force on 31 December 2019. These entail, among other things, a reduction in the capital requirements for loans to small and medium-sized enterprises (SME) and the elimination of the so-called Basel I floor.

Key figures – quarterly development

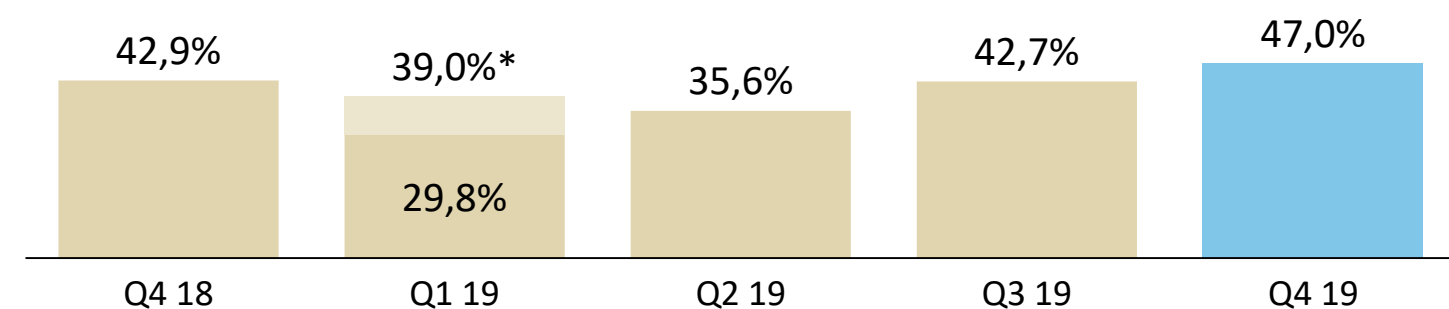
Return on equity



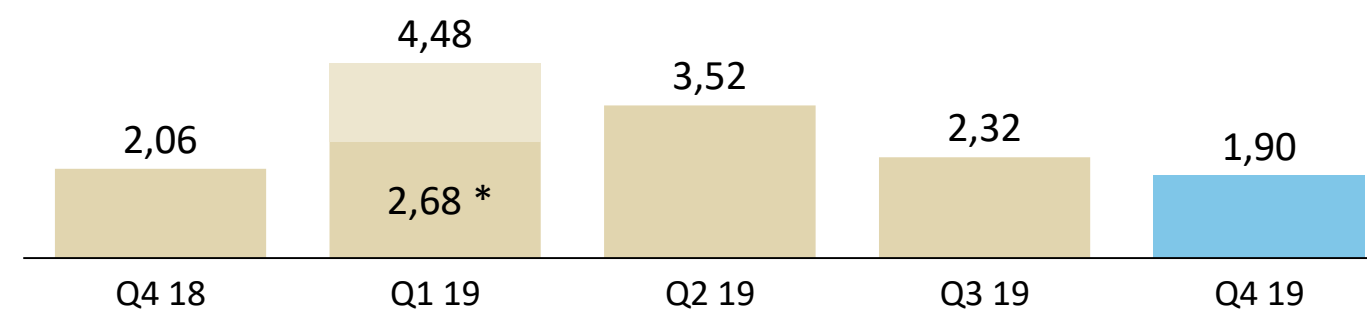
CET 1



Cost ratio



Earnings per share

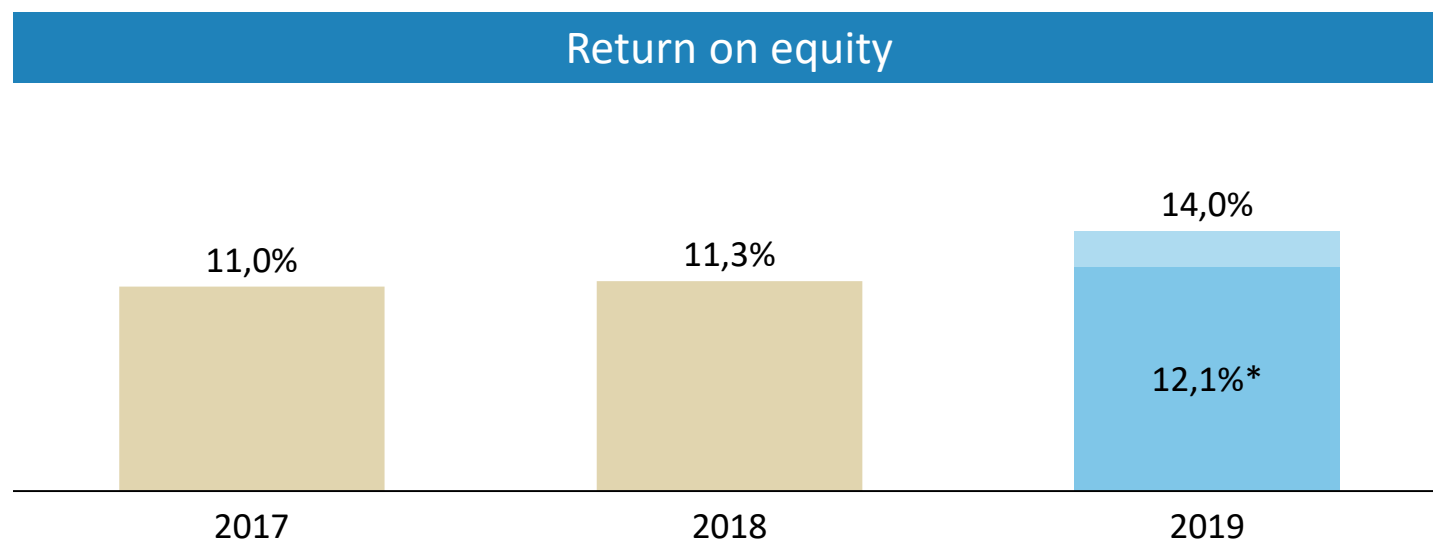


*Excluding merger effect Fremtind Forsikring AS.

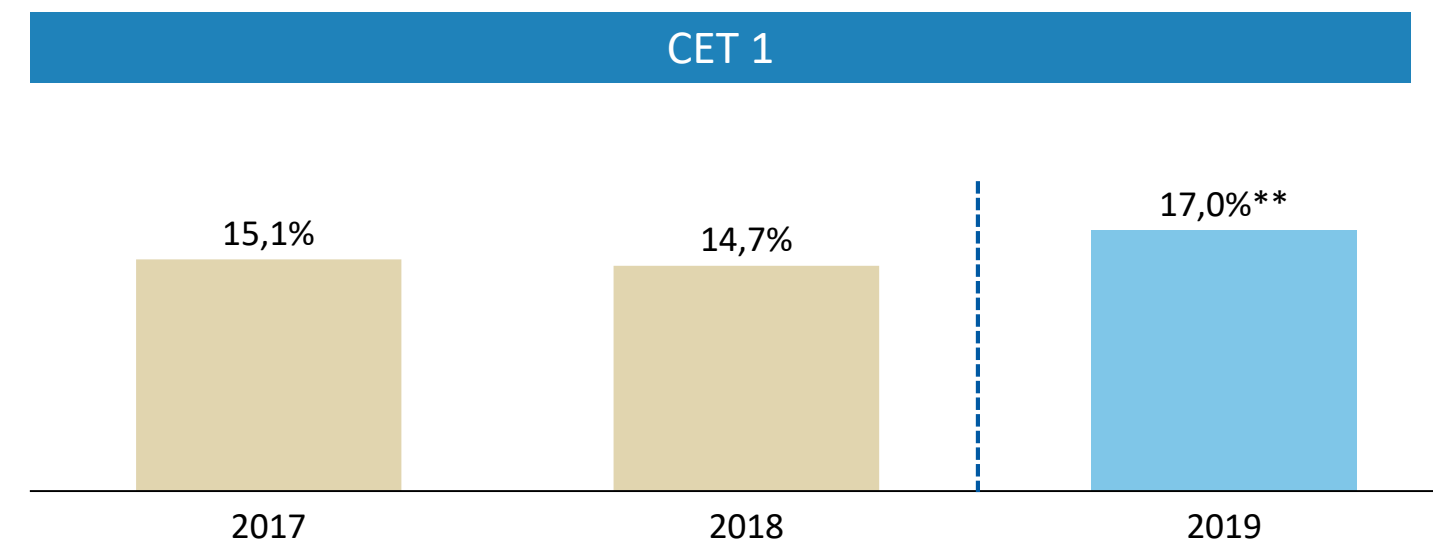
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Key Figures – annual development

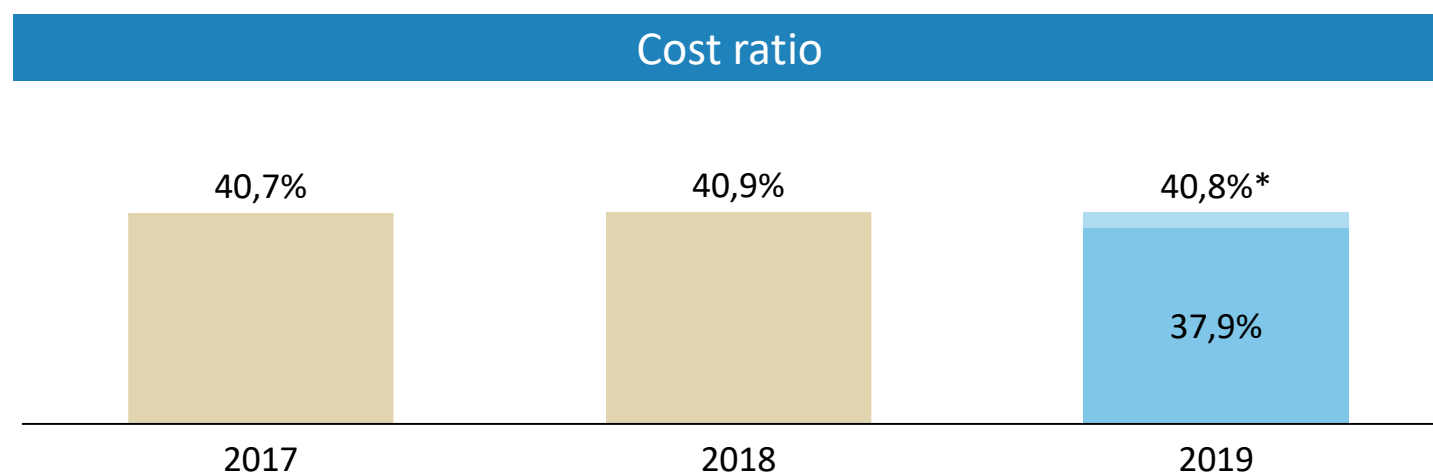
Return on equity



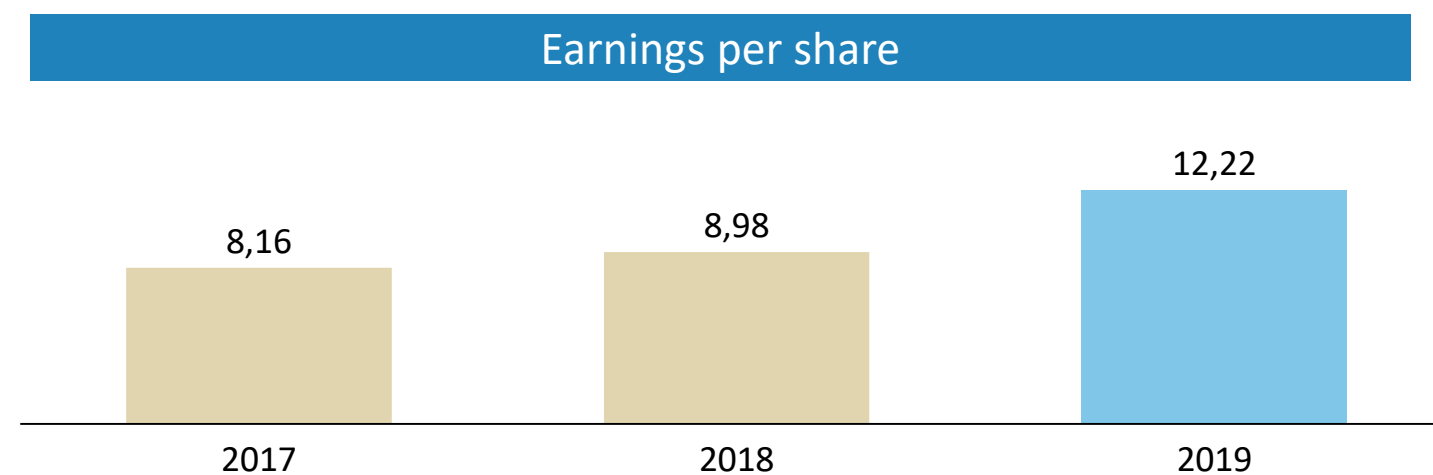
CET 1



Cost ratio



Earnings per share

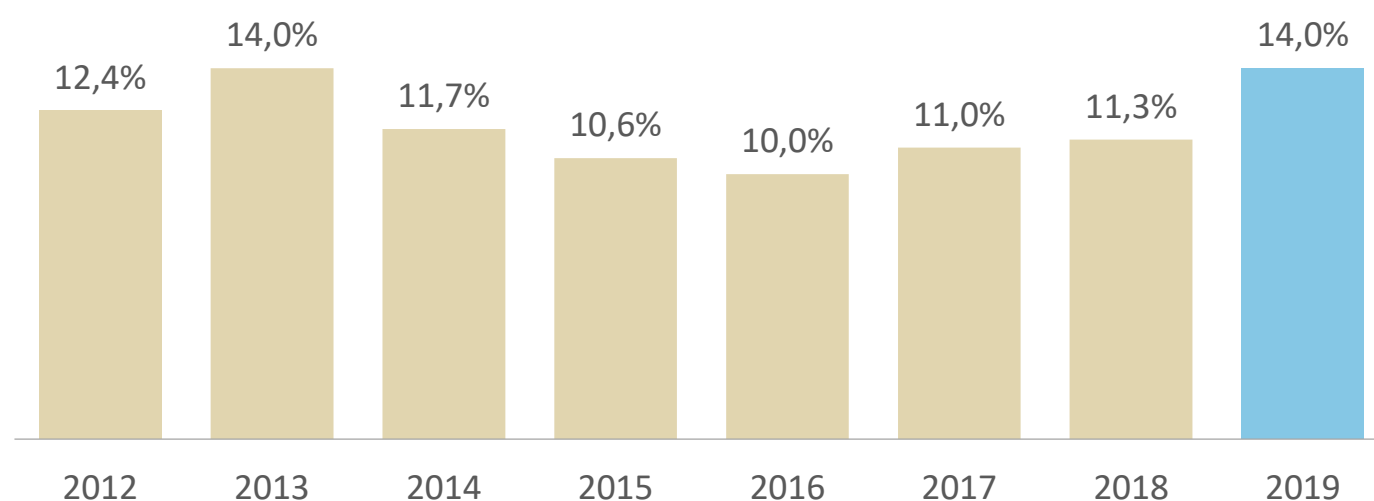


*Excluding merger effect Fremtind Forsikring AS.

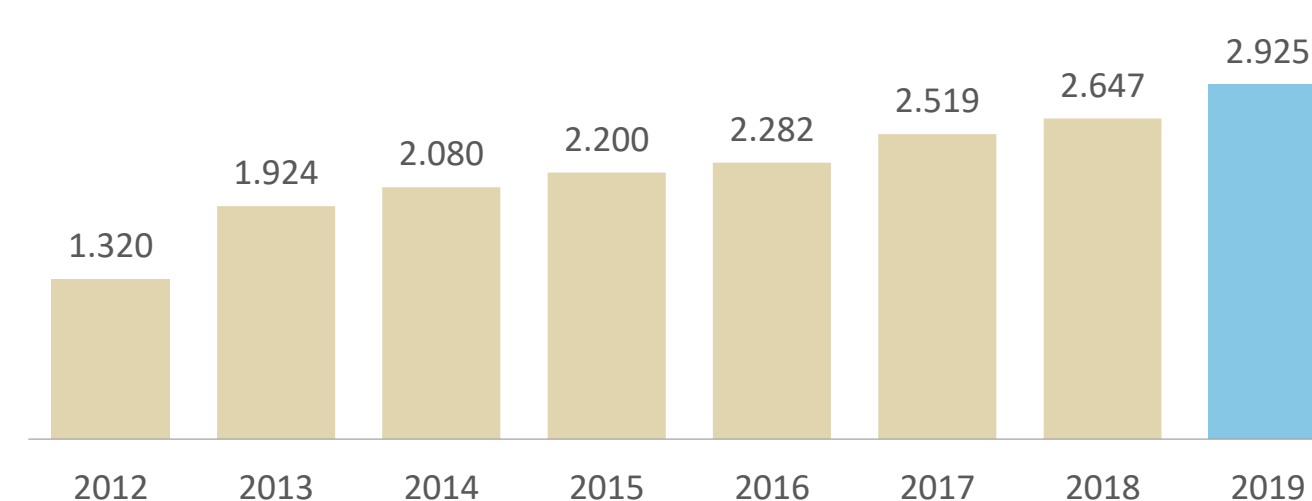
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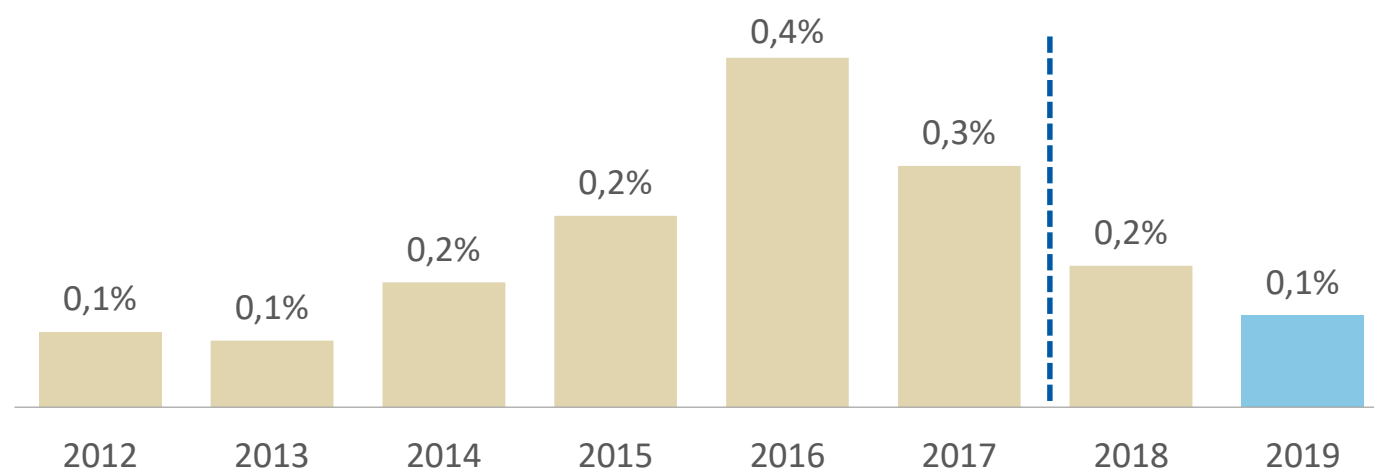
Return on equity



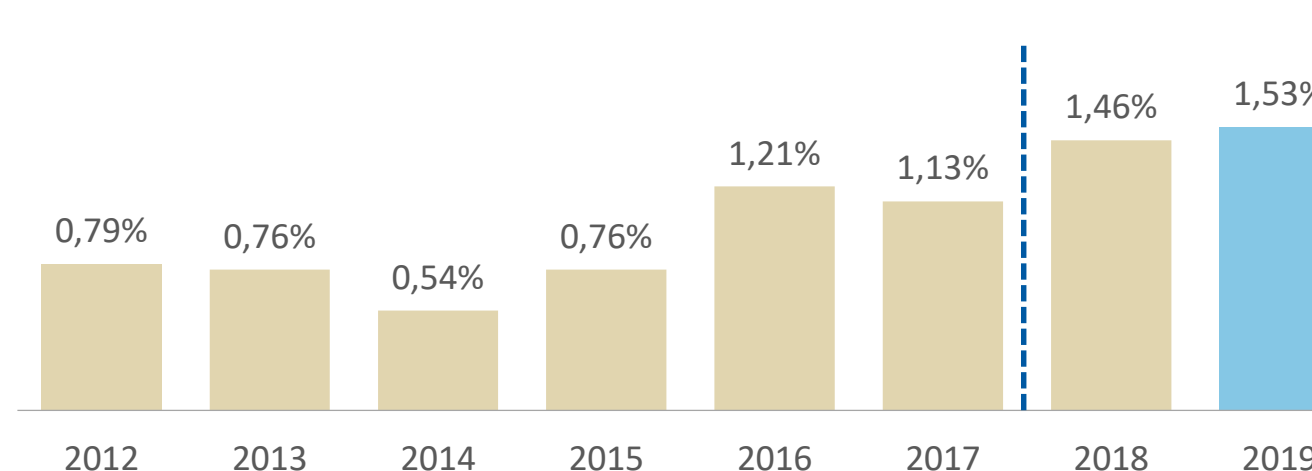
Core operating result (MNOK)



Impairments on loans/impairments in % of average gross loans*



Non-performing and doubtful loans / Stage 3 in % of gross loans*



*IFRS 9 has replaced IAS 39 as of 1 January 2018. Figures before 1 January 2018 is total non-performing and impaired loans according to IAS 39 in % of gross loans incl. covered bond companies. Loans in Stage 3 are loans with a significant increase in credit risk since being granted and have objective evidence of a loss on the balance sheet date.

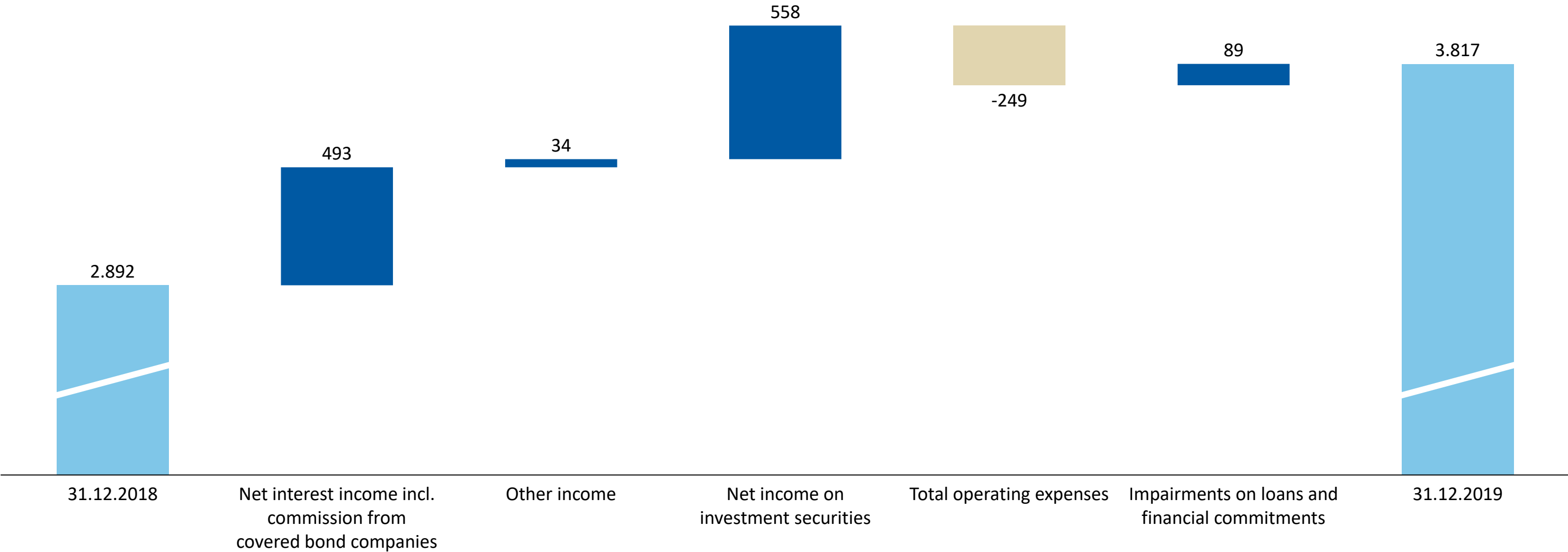
Key figures

	31.12.2019	31.12.2018	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18
Return on equity after tax (%)	14,0	11,3	8,3	10,5	16,2	21,2	10,1
Net interest margin (%)	1,61	1,54	1,64	1,61	1,58	1,60	1,59
Impairments on loans in % of gross loans incl. covered bond companies	0,11	0,17	0,26	0,13	-0,04	0,10	0,18
Loans and financial commitments in Stage 3 in % of gross loans incl. covered bond companies	1,53	1,46	1,53	1,55	1,43	1,40	1,46
Cost to Income ratio	37,9	40,9	47,0	42,7	35,6	29,8	42,9
Annual growth in loans to customers, gross incl. covered bond companies (%)	4,9	7,6	4,9	6,8	7,3	8,7	7,6
Annual growth in deposit from customers (%)	4,3	3,6	4,3	1,9	-3,0	-0,6	3,6
Total assets (BNOK)	255,9	234,1	255,9	251,6	246,5	241,9	234,1
Portfolio of loans in covered bond companies (BNOK)	4,2	9,3	4,2	6,3	8,9	9,0	9,3
Risk weighted assets (BNOK)*	121,7	130,9	121,7	141,7	139,5	134,7	130,9
Liquidity Coverage Ratio (LCR) (%)	155	167	155	153	154	172	167
Earnings per share (NOK)	12,22	8,98	1,90	2,32	3,52	4,48	2,06
Book value per share (NOK)	89,90	82,27	89,90	87,60	85,44	86,55	82,27

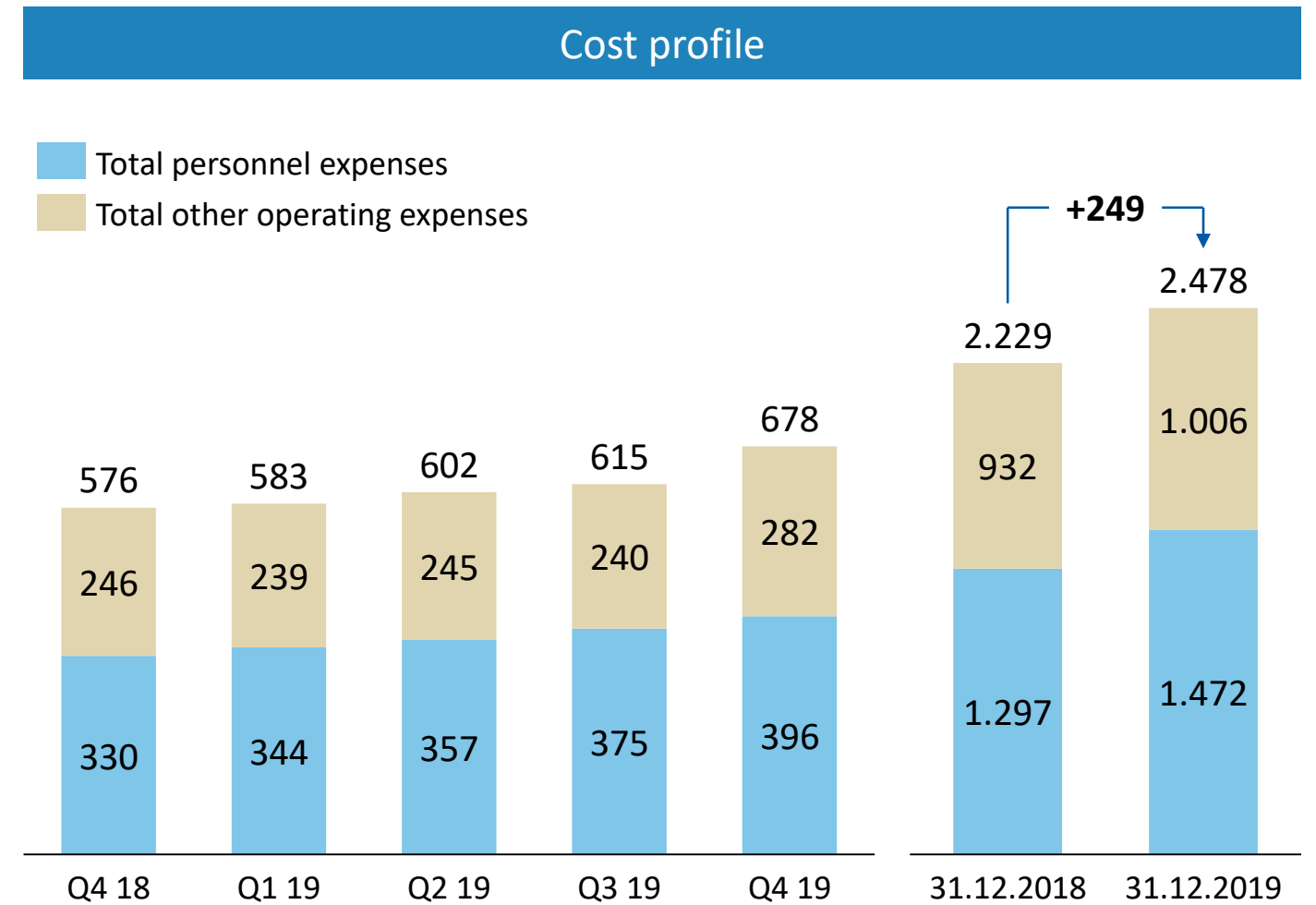
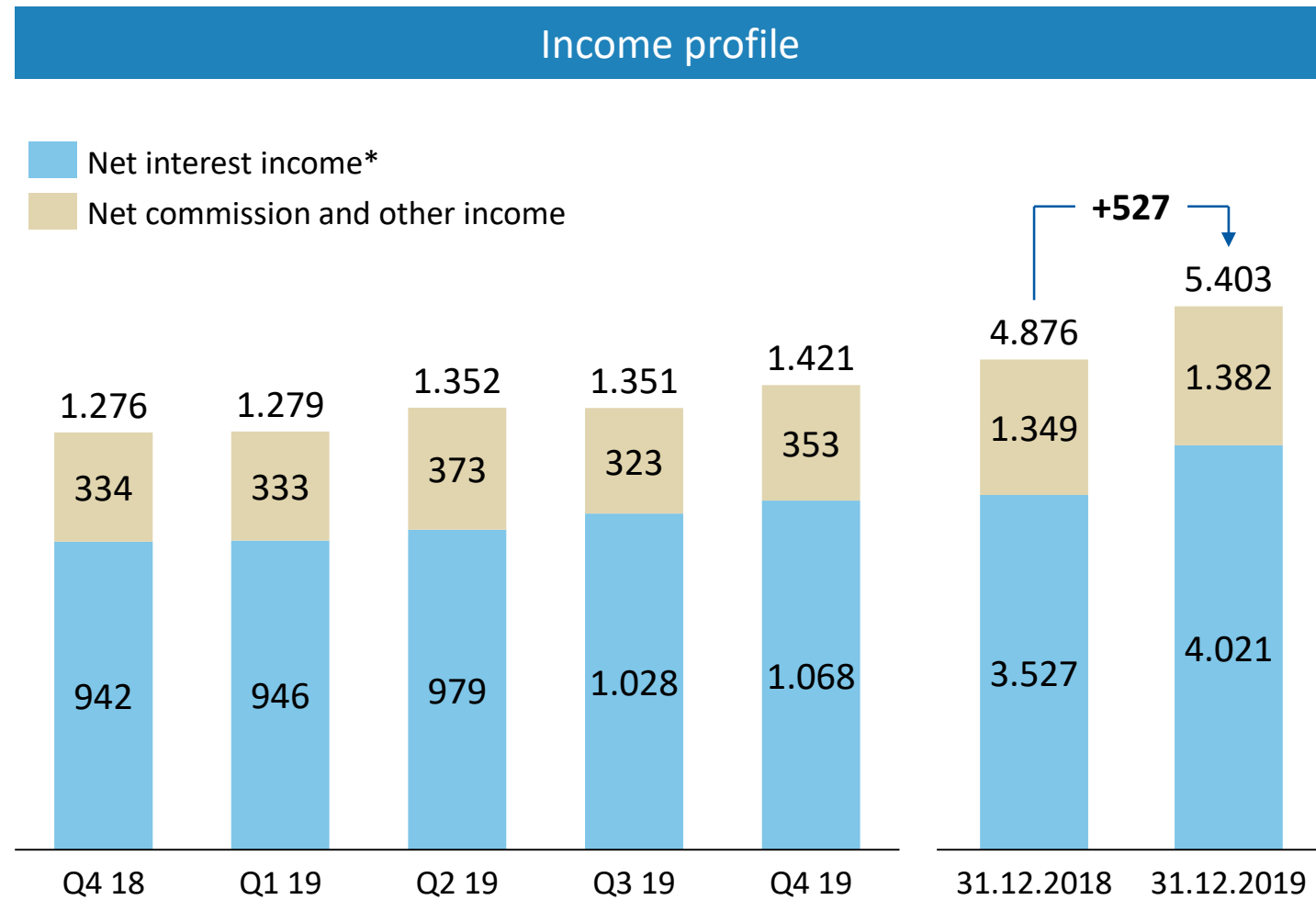
Income statement

Group Income Statement (MNOK)	31.12.2019	31.12.2018	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net interest income	3.987	3.439	1.062	1.019	968	938	926
Net commission and other income	1.416	1.437	359	332	384	341	350
Net income on investment securities	1.127	569	22	89	340	676	68
Total income	6.530	5.445	1.443	1.440	1.692	1.955	1.344
Total operating expenses	2.478	2.229	678	615	602	583	576
Operating profit before impairments	4.052	3.216	765	825	1.090	1.372	768
Impairments on loans and financial commitments	235	324	139	66	-19	49	92
Operating profit before tax	3.817	2.892	626	759	1.109	1.323	676
Tax expense	693	596	141	166	209	177	149
Net profit	3.124	2.296	485	593	900	1.146	527

Change in profit 31.12.2018 – 31.12.2019



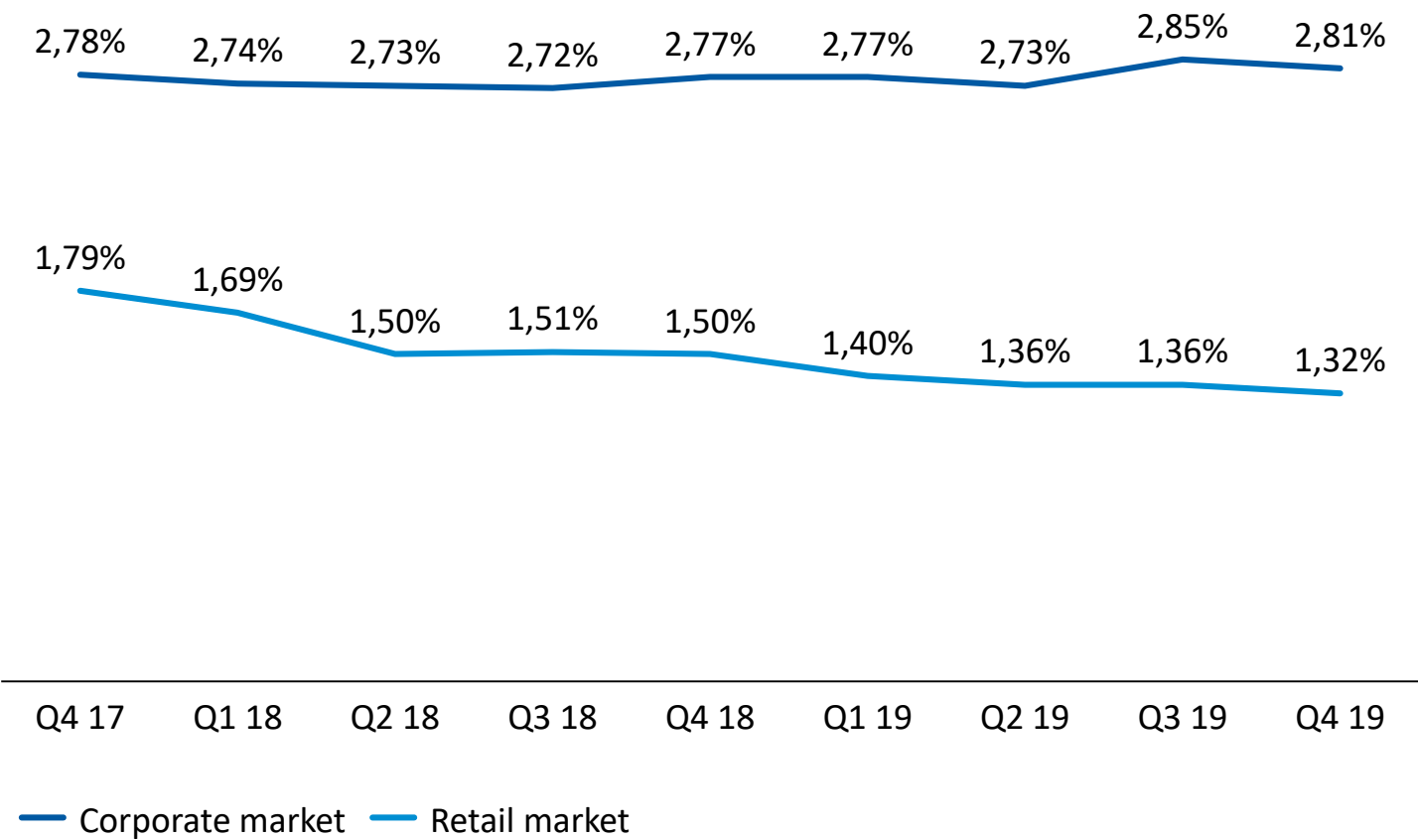
Consolidated income and cost profile



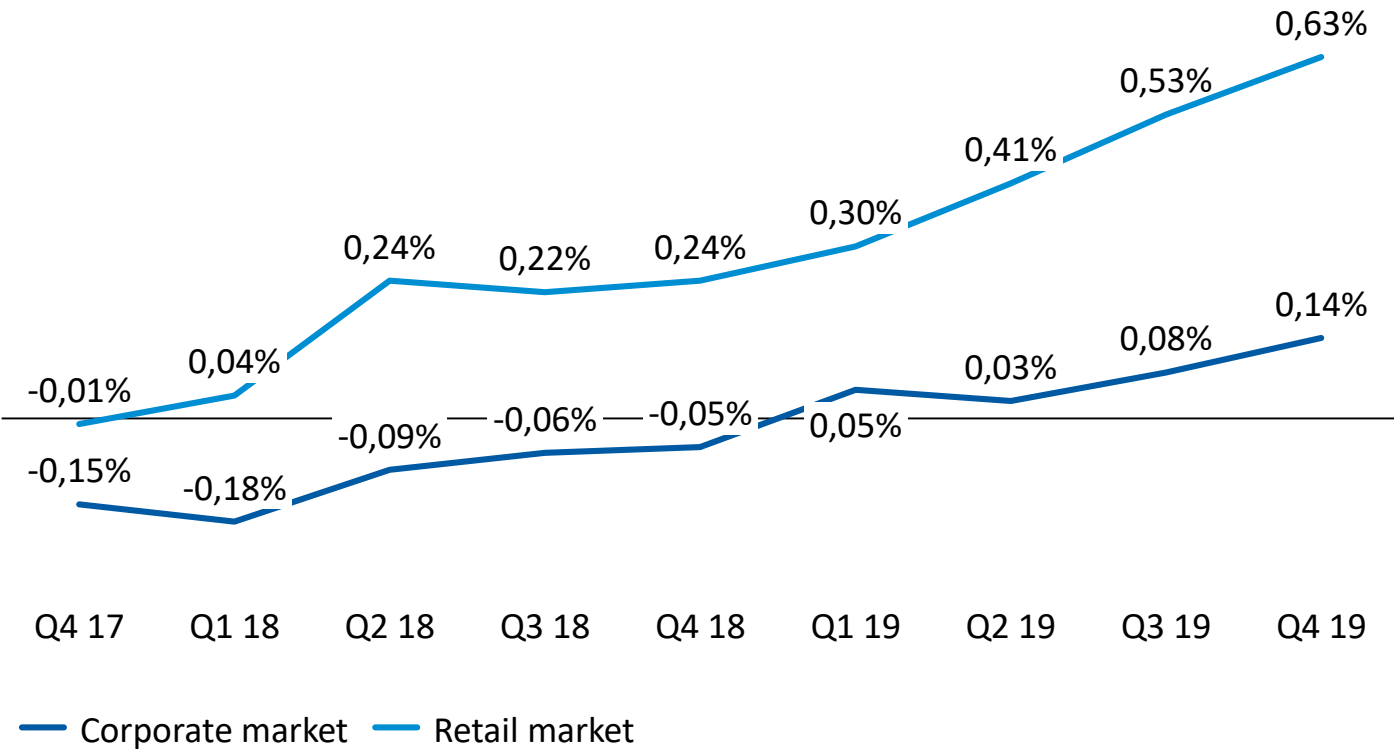
*Income profile consists of net interest income, incl. commission income from covered bond companies, and net commission and other income excl. financial income.

Lending and deposit margins

Lending margins*



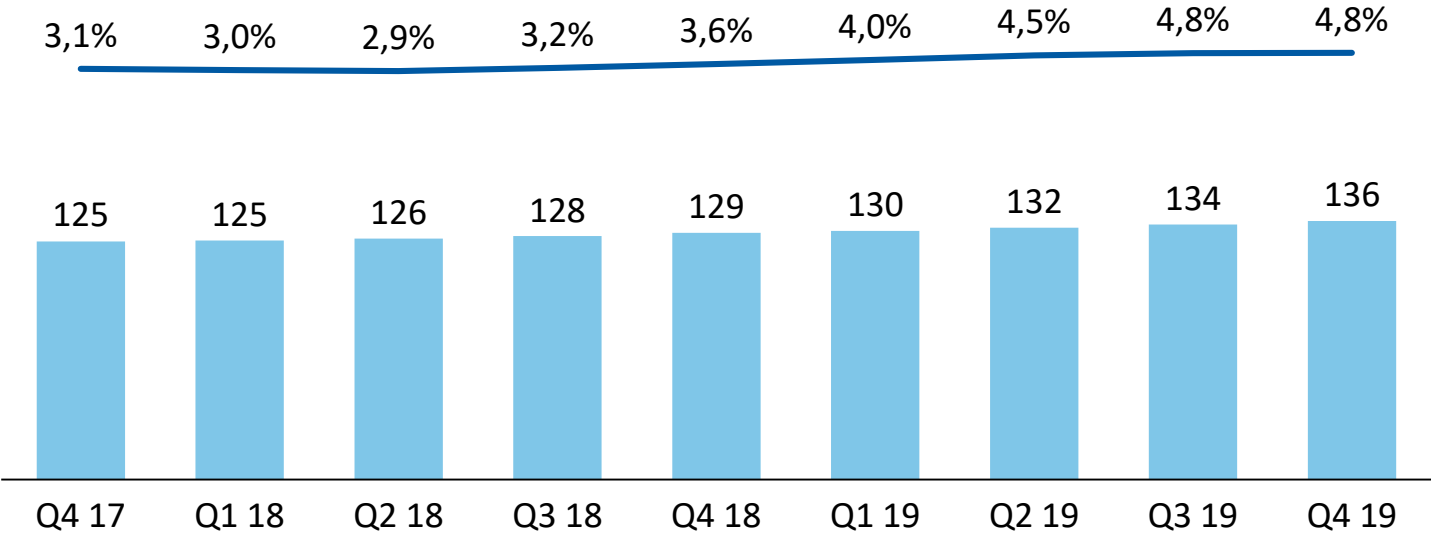
Deposit margins



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

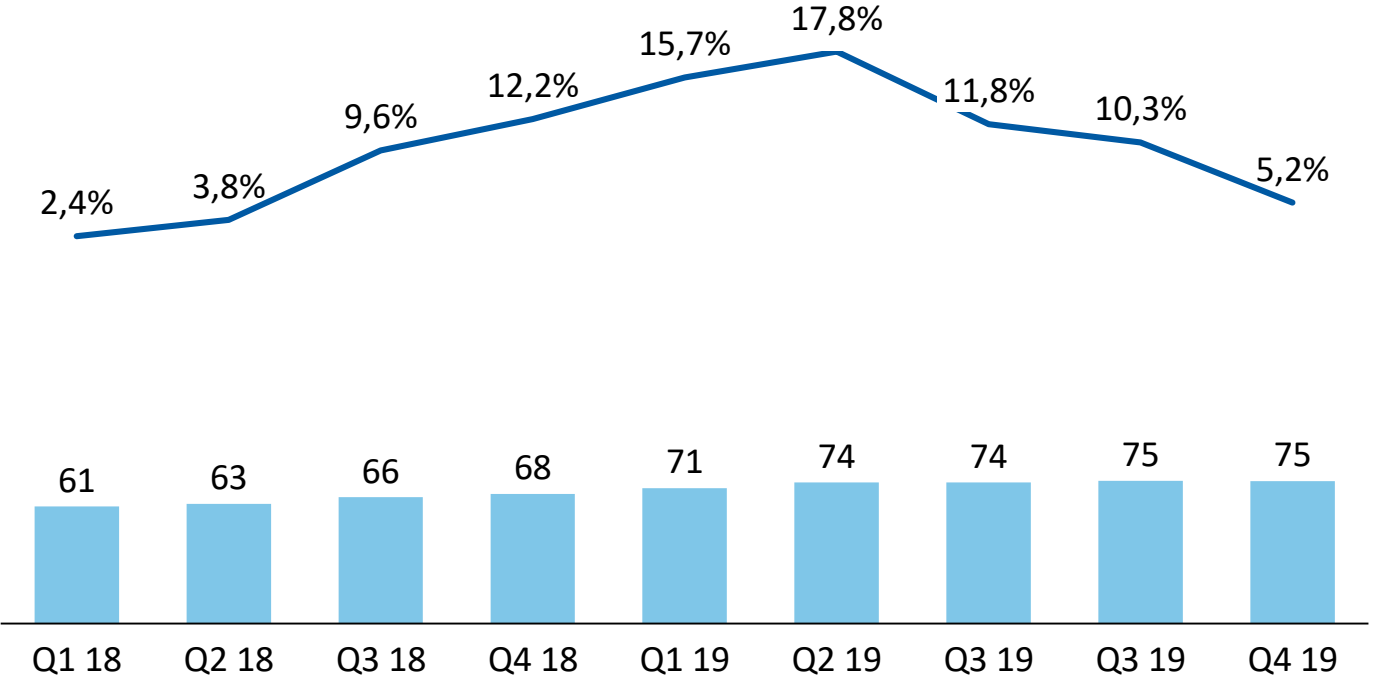
Lending volume and 12 months growth

Retail Market



Volume in NOK billion — Growth %

Corporate Market (incl. Capital Market)

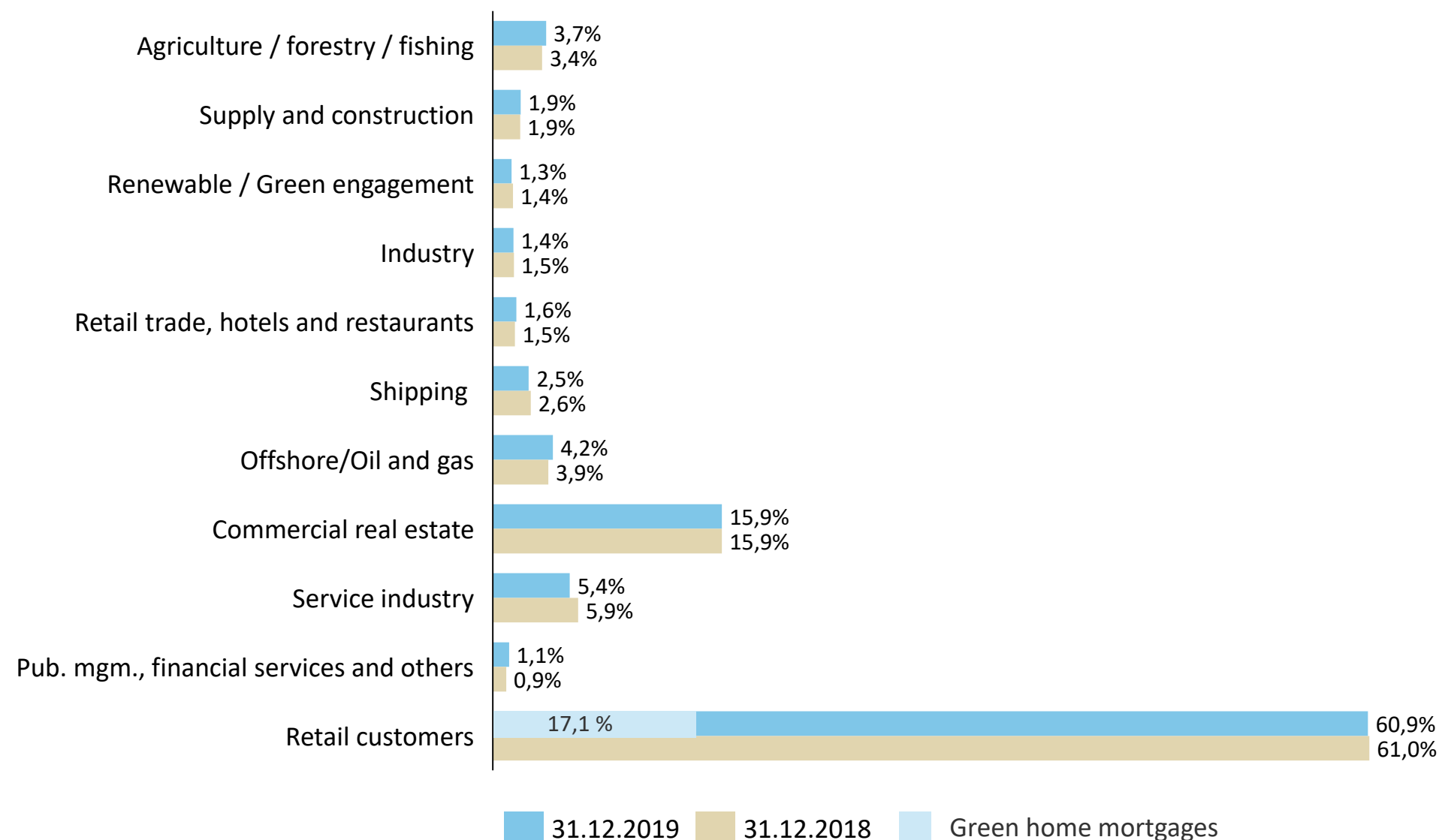


Volume in NOK billion — Growth %

Figures incl. loan portfolio in covered bond companies.

Loan portfolio as at 31.12.2019

- Gross loans (incl. covered bond companies) as at 31 December 2019 is increased to NOK 211.4 billion from NOK 201.4 billion at the same time the year before.
- 12-month growth in loans of 4.9%.
- Loans to retail customers (incl. covered bond company) account for 60.9% of total loans. Of this SB1 Boligkreditt accounts for 3.3% and green home mortgages 17,1%.

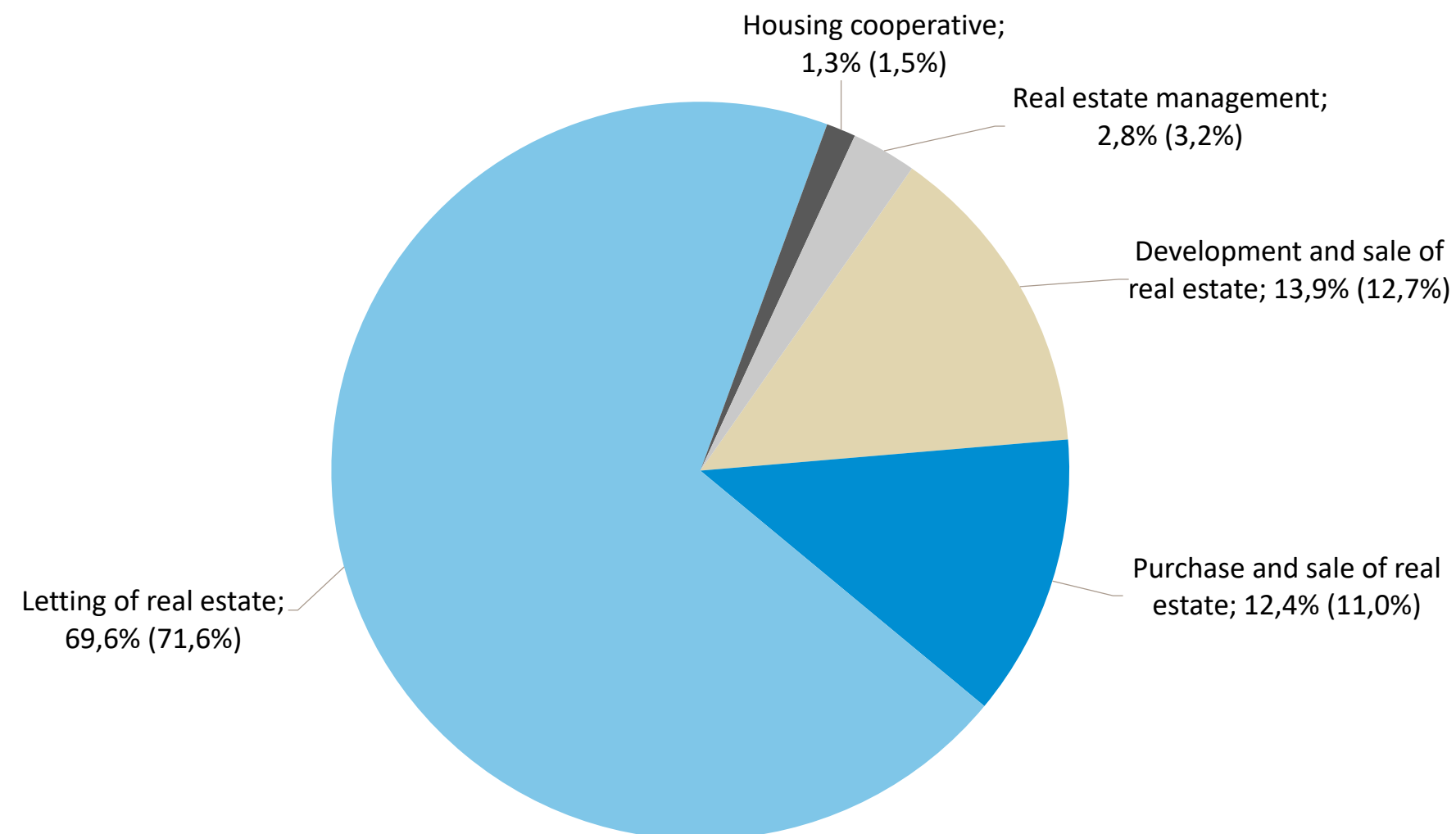


Loans before impairments, nominal amounts. Sector allocation in accordance with the standard categories from Statistics Norway.

Lending to commercial property

Lending to commercial property

- NOK 33.7 billion, 15.9% 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.

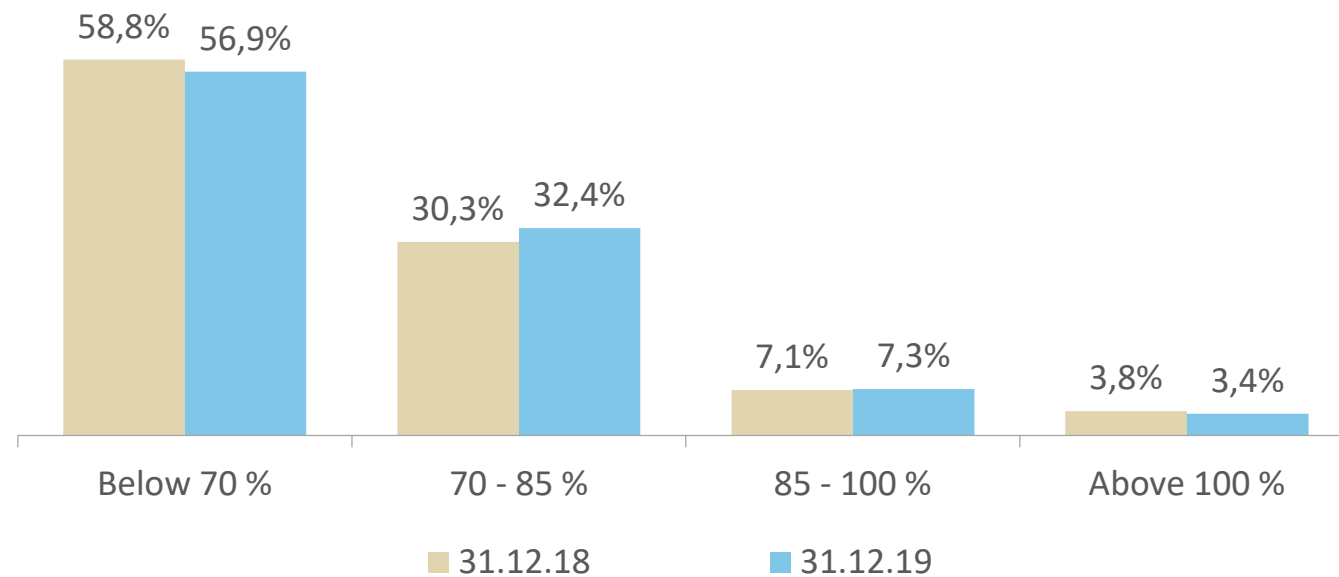


*Sector allocation in accordance with the standard categories from Statistics Norway.
Figures in parentheses as at 31.12.2018.*

Loan to value ratio and RWA on home mortgage loans

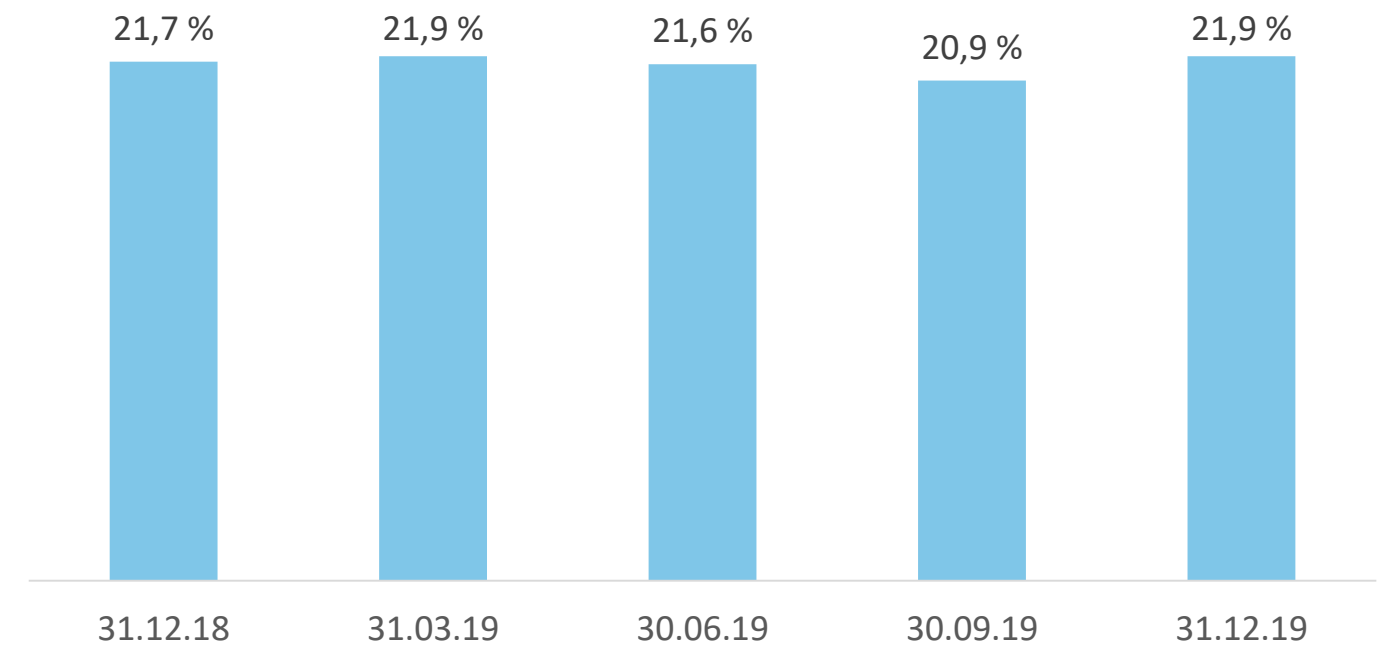
Loan to value ratio on home mortgage loans

- The proportion of loans with a loan-to-value ratio of less than 85% is high.
 - 89% of the exposure is within 85% of the assessed value of collateral.



RWA home mortgages

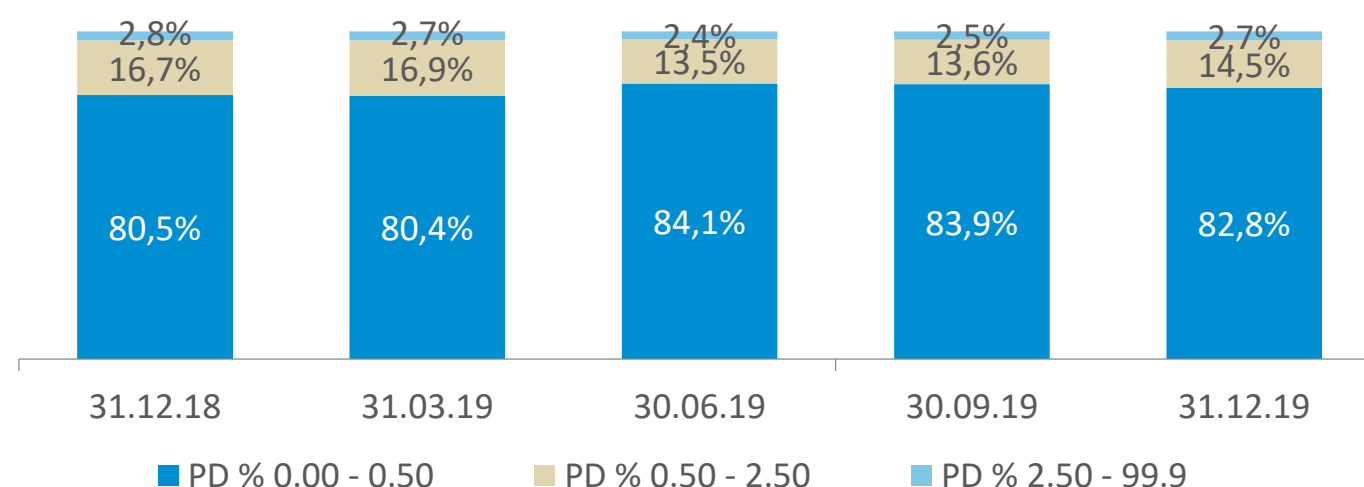
- RWA on home mortgages reflects a solid and stable portfolio.



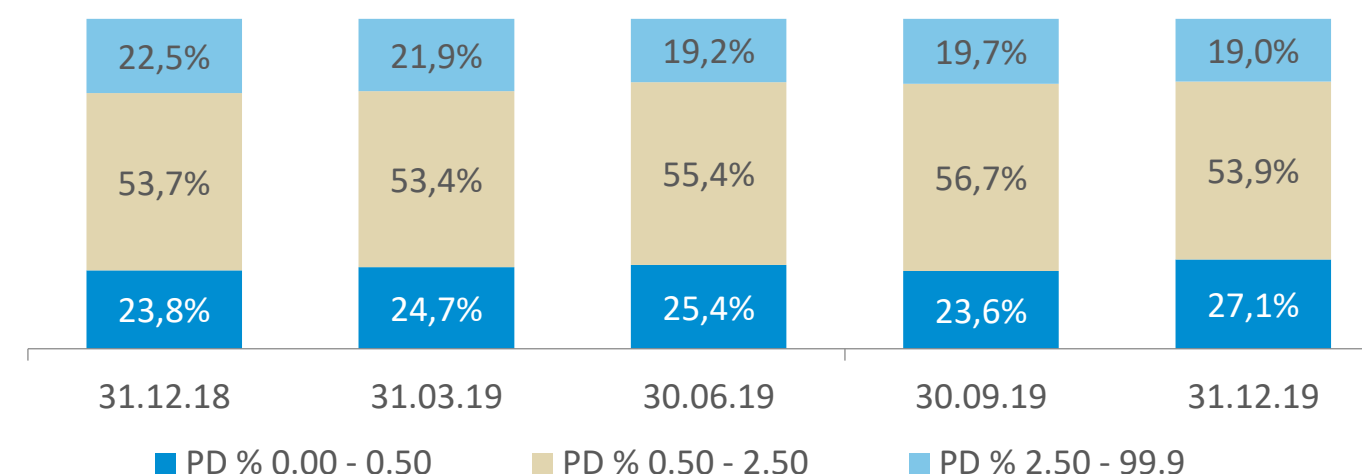
*In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.
Home mortgages as defined in the Norwegian IRB framework; residential property must be at least 30 % of a loan's security.
The figures include the loan portfolio in the covered bond companies (SB1 Boligkreditt AS and SR-Boligkreditt AS).*

Risk profile – Lending to the retail and corporate market

Retail market portfolio distributed by risk class



Corporate lending portfolio distributed by risk class



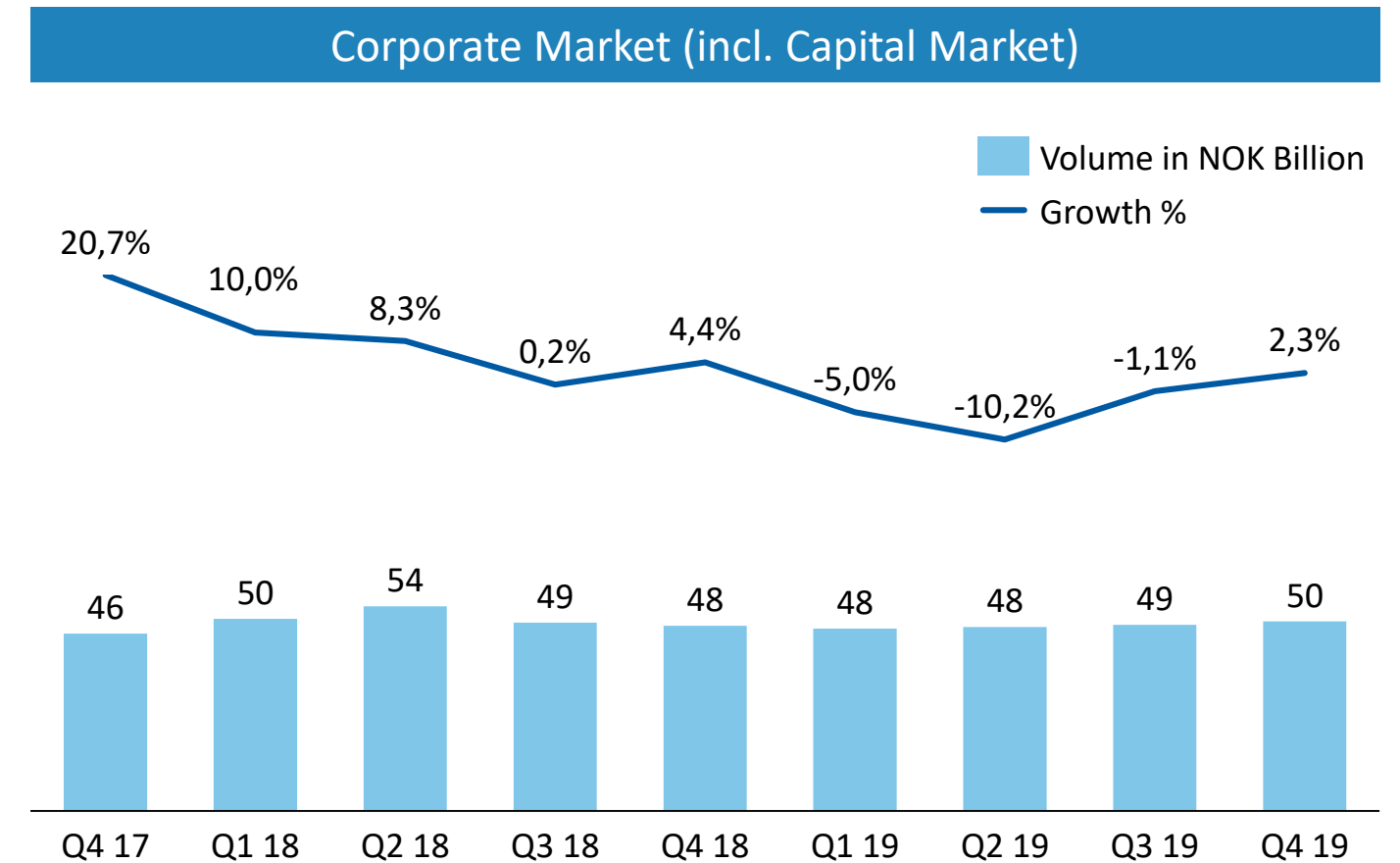
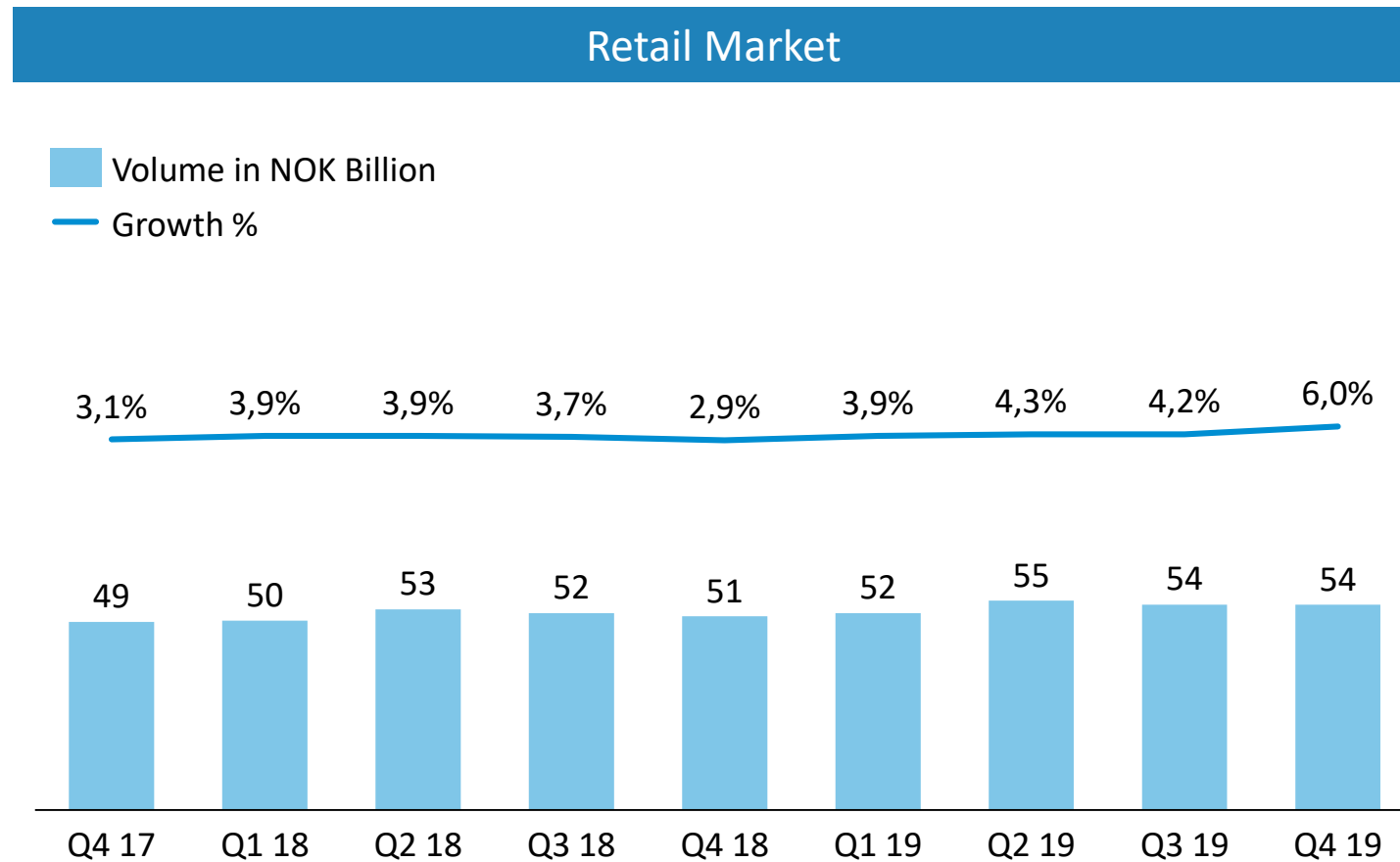
- The quality of the retail market portfolio is considered to be good and has low potential losses.
- The low risk profile is achieved through prudent customer selection and requirements for moderate LTV. Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.

- The quality of the corporate market portfolio is good. Portfolio quality improved last year.
- There is a clearly defined framework that sets limit on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.

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

The figures include the loan portfolio in the covered bond companies (SB1 Boligkreditt AS and SR-Boligkreditt AS).

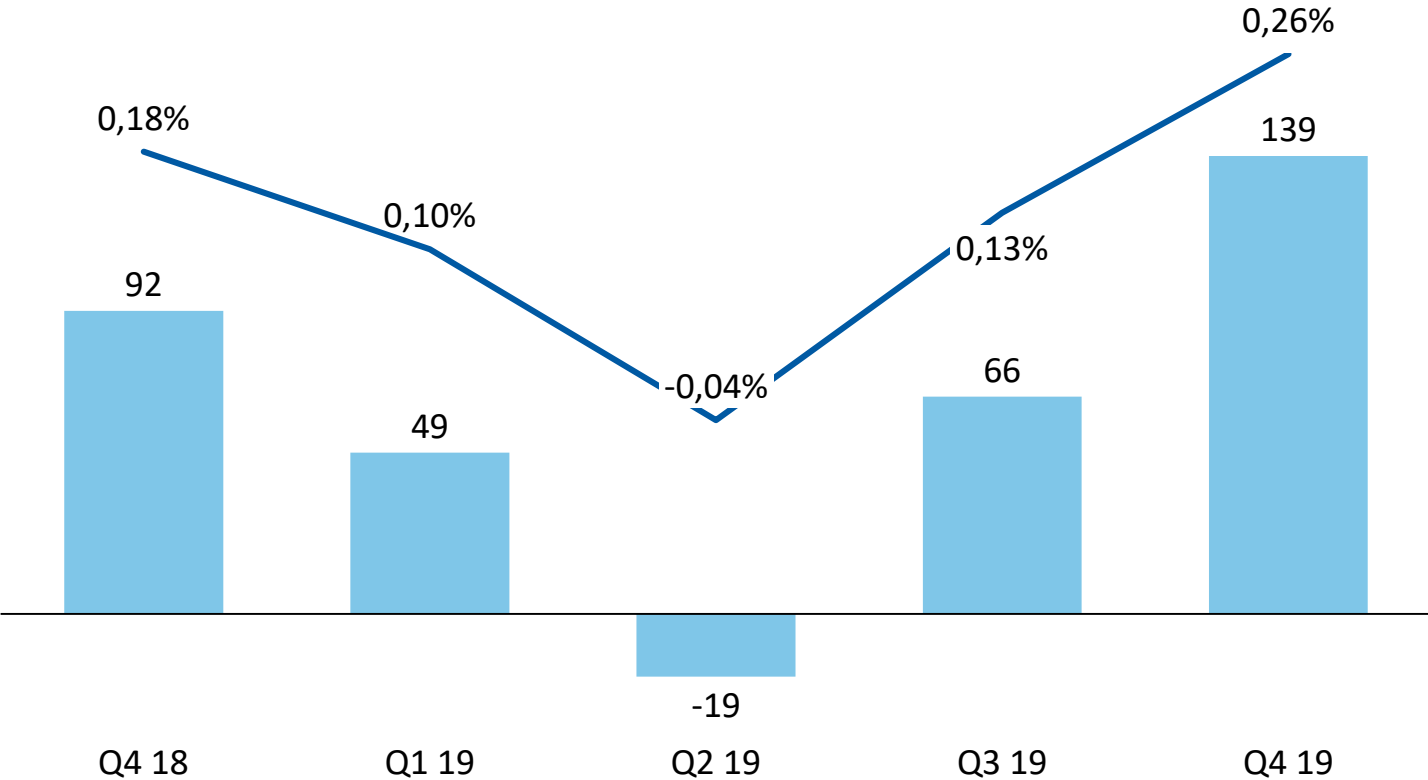
Deposit volume and 12 month growth



- In the last 12 months the total deposit volume has increased by NOK 4.3 billion to NOK 103.1 billion, or 4.3% in the period.
 - Deposit growth is 6.9% at the end of fourth quarter of 2019, excl. public sector.
- Volatility in deposit growth in the corporate market (incl. capital market) is mainly due to changes in deposit from public sector.

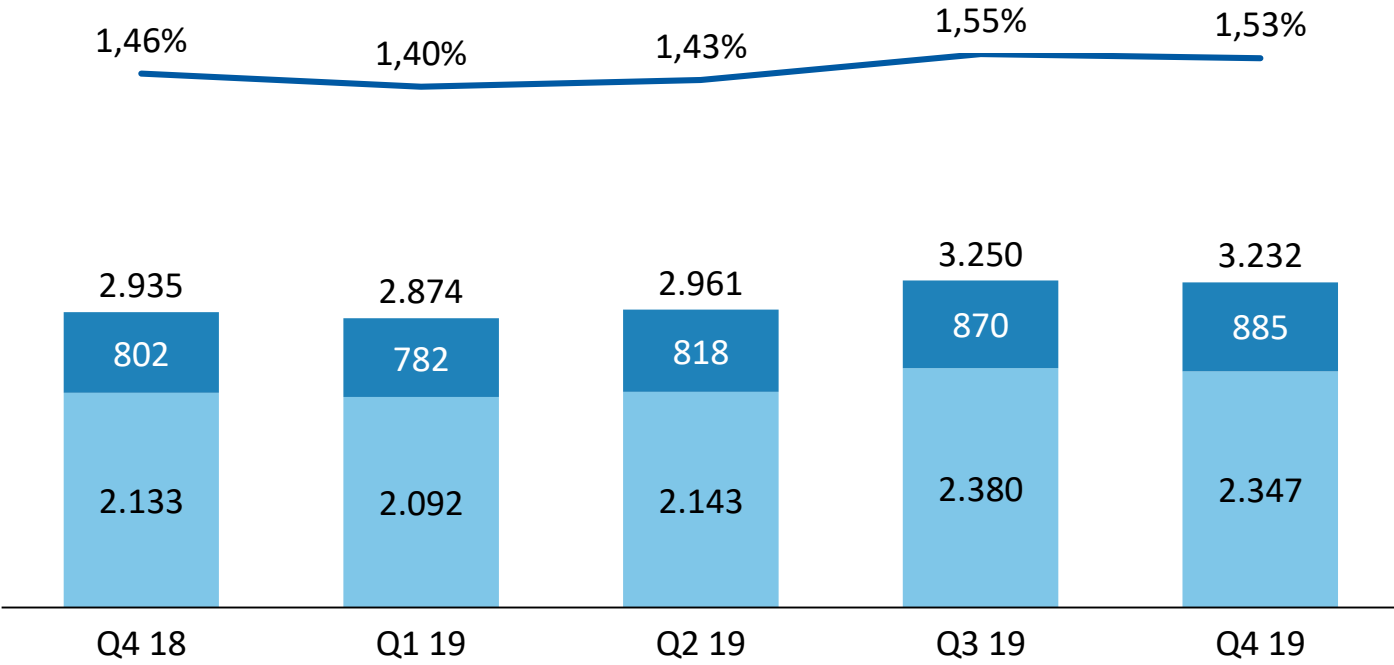
Impairments on loans and financial commitments / Loans and financial commitments defined as Stage 3

Impairments on loans and financial commitments



■ Impairments on loans and financial commitments, MNOK
 — Impairment in % of average gross loans incl. from covered bond companies

Changes in gross loans and financial commitments defined as Stage 3

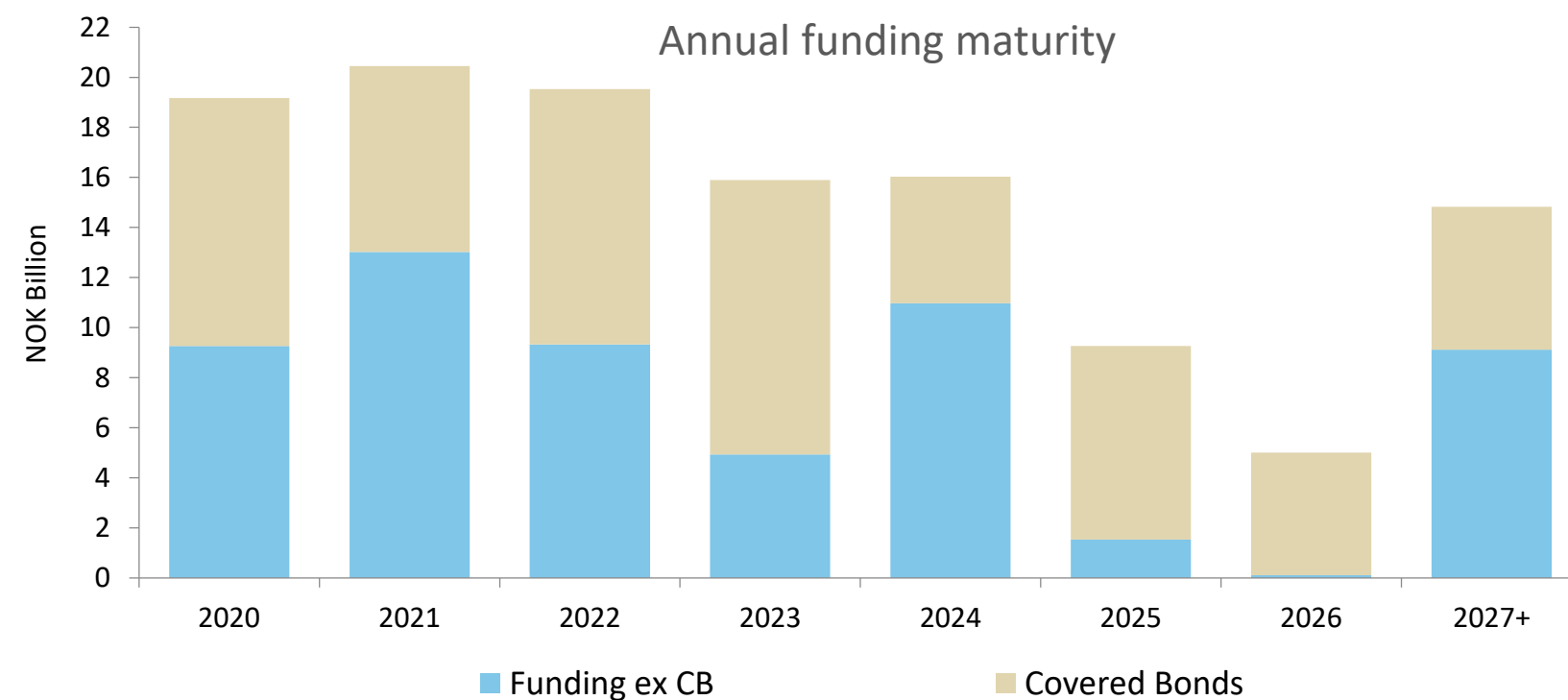


■ Financial commitments in Stage 3, MNOK
 ■ Loans in Stage 3, MNOK
 — Stage 3 in % of gross loans incl. covered bond companies

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Funding

- NSFR* 118%
- LCR** 155%
- NOK 19.2 billion net refinancing need over the next 12 months
- Deposit to loans ratio 50.1%



SRBANK
SPAREBANK 1 SR-BANK ASA
(incorporated with limited liability in Norway)
€10,000,000,000
Euro Medium Term Note Programme

SR-Boligkreditt
SR-BOLIGKREDITT AS
(incorporated with limited liability in Norway)
€10,000,000,000
Euro Medium Term Covered Note Programme

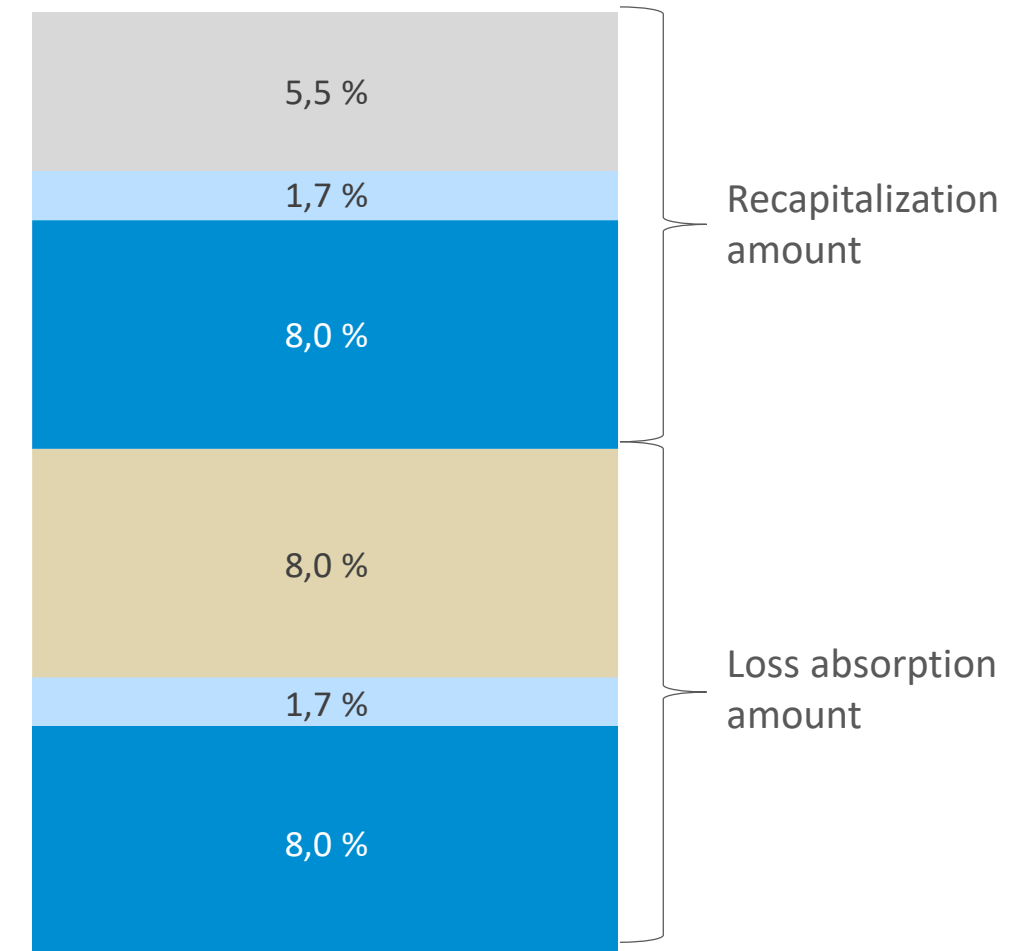
*The net stable funding ratio (NSFR) is defined as available stable funding relative to necessary stable funding. NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway.

**High quality liquid assets divided by total net cash outflow in a 30-day, serious stress scenario.

MREL

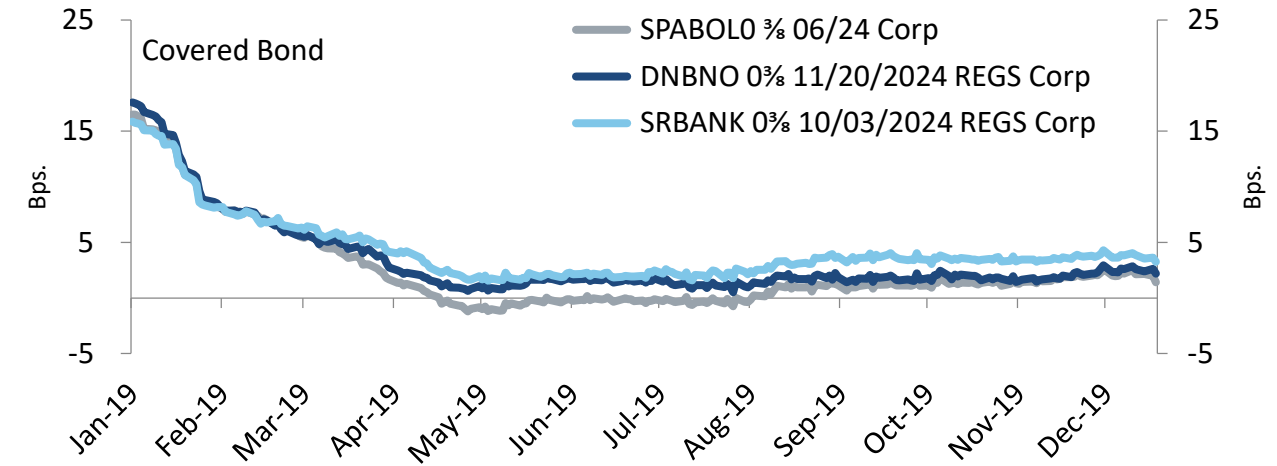
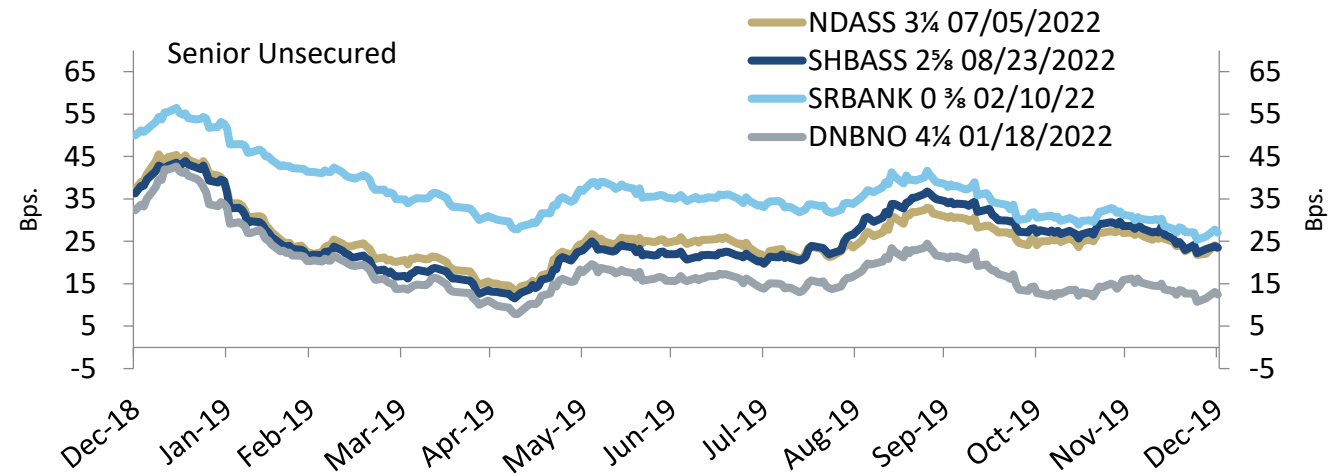
- SR-Bank must meet a minimum requirement for own funds and eligible liabilities (MREL) of 32.9%.
- The requirement applies from 31 March 2020, although SR-Bank can include senior debt issued before January 2020 until the requirement regarding lower priority comes into effect at the end of 2022.
- The increase in the systemic risk buffer requirement from 3.0% to 4.5% at year end 2020 means that the MREL requirement will increase to 35.9%.
- Based on the 2019 figures, SR-Bank must issue NOK 20 billion in senior non-preferred debt.
- The introduction of BRRD2 may result in changes to the MREL requirement.

MREL requirement of 32,9%



■ Pillar 1 ■ Pillar 2 ■ Combined buffer ■ Combined buffer ex CCyB

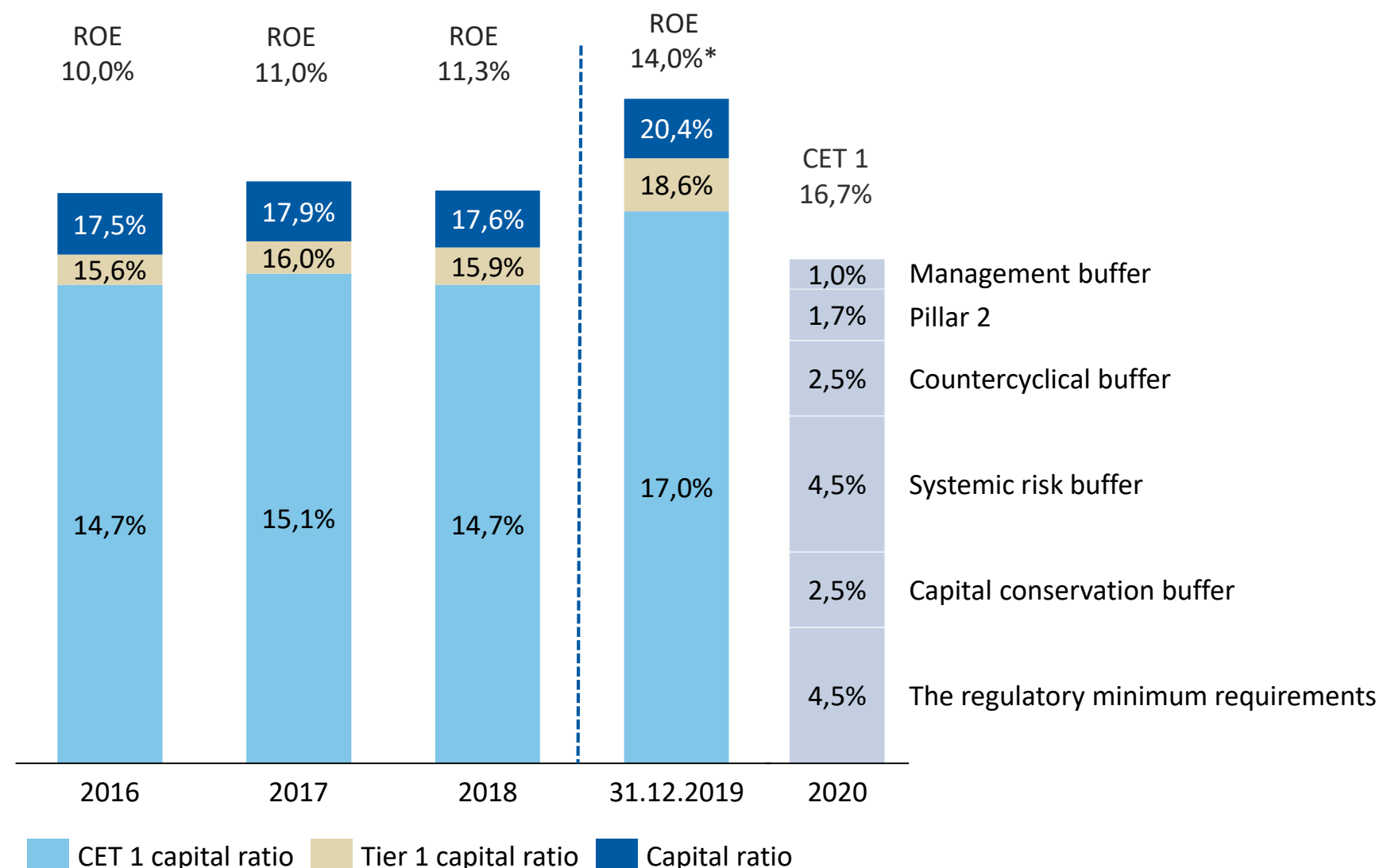
An established borrower in the Euromarket



Issuer / Ticker	Coupon	Amount	Maturity	ISIN
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-Bank / SRBANK	0,625%	EUR750mn	25-March-2024	XS1967582831
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%	EUR500mn	3-October-2024	XS1692489583
SR-BOL / SRBANK	0,750%	EUR750mn	17-October-2025	XS1894534343
SR-BOL / SRBANK	0,01%	EUR500mn	08-October-2026	XS2063288190
SR-BOL / SRBANK	2,500%	USD600mn	12-April-2022	XS1596016847
SR-BOL / SRBANK	Nibor3m +34	NOK5.000mm	25-November 2019	NO0010779176
SR-BOL / SRBANK	Nibor3m +35	NOK5.000mm	10-September 2020	NO0010740152
SR-BOL / SRBANK	Nibor3m +29	NOK5.000mm	17-November 2022	NO0010841380
SR-BOL / SRBANK	Nibor3m +29	NOK5.000mm	29-May 2023	NO0010823255

Solid capital ratio

- The EU's capital adequacy regulations (CRR/CRD IV) came into force on 31 December 2019. These entail, among other things, a reduction in the capital requirements for loans to small and medium-sized enterprises (SME) and the elimination of the so-called Basel I floor.
- All of the regulatory requirements are met as at 31 December. The CET 1 requirement is 15.1% as at 31 December 2019 incl. 0.9% management buffer.
- The countercyclical buffer increased from 2.0% to 2.5% in the fourth quarter of 2019.
- The systemic risk buffer will increase from 3.0% to 4.5% in the fourth quarter 2020
- SpareBank 1 SR-Bank is not defined as a systemically important financial institution (SIFI).
- The leverage ratio was 7.8% as at 31 December 2019, well above the minimum requirement at 5.0%.



*The return on equity excl. Fremtind Forsikring AS merger effect is 12.1%.

Outlook

- Expectations of growth in the Norwegian economy in 2020 will contribute to positive growth in the group's market areas
- Continued high consumption, increasing business investments and growth in exports will help the Norwegian economy grow. This could contribute to new jobs and lower unemployment
- Norges Bank raised its policy rate by 0.75%-points in 2019. The market expects the policy rate to remain unchanged for the next 2 years
- The group's long-term return on equity target of a minimum 12% will be achieved through profitable lending growth, moderate impairments on loans and financial liabilities, growth in other operating income and greater cost effectiveness
- The group is well-positioned to maintain a solid capital base, while strengthening the position to manage new capital requirements through a strong and robust business model and capital optimization of the balance sheet
- We are actively working to create good, sustainable growth, and a sustainability strategy has been developed. Based on this strategy, SR-Boligkreditt AS issued its first green bond in autumn 2019
- Meeting the future through the establishment of the business area for strategy, innovation and development. This gives us leeway to invest in new technology and increase our focus on new products that will improve customer experiences and service levels
- Geographic expansion, digitalization and growth will provide the basis for transforming from a regional savings bank to a bank for the whole of Southern Norway

APPENDIX

- 1) Macro
- 2) SpareBank 1 SR-Bank

Robust economy supported by a large sovereign wealth fund and a sound framework for annual spending from the fund

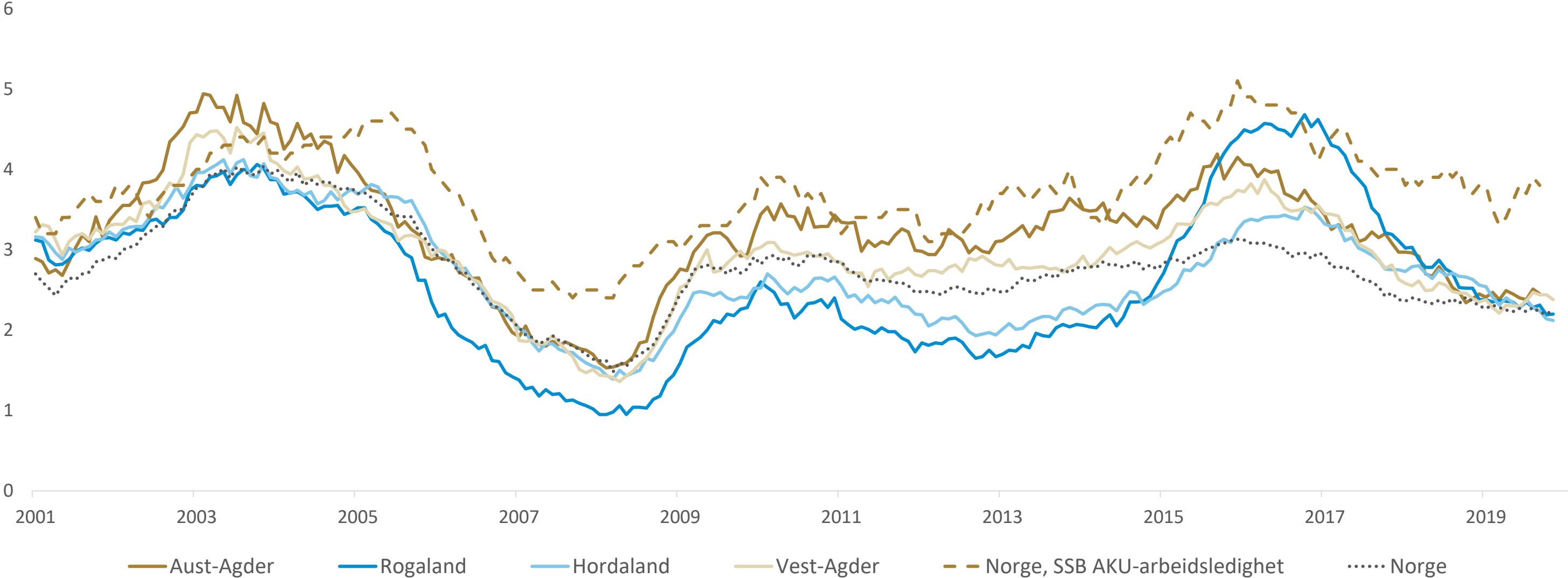


Economic Indicators (%)	2011	2012	2013	2014	2015	2016	2017	2018	2019P	2020P	2021P	2022P
GDP mainland, annual change (%)	1,9	3,7	2,3	2,2	1,4	0,9	2,0	2,2	2,5	2,4	1,9	1,8
Household consumption, annual change (%)	2,4	3,5	2,8	2,1	2,7	1,1	2,2	1,9	1,6	1,8	2,5	2,3
Public consumption, annual change (%)	1,1	1,5	1,0	2,7	2,4	2,3	1,9	1,4	2,2	2,5	1,9	1,8
Investment mainland, annual change (%)	5,0	7,4	2,9	0,4	-0,2	9,0	6,8	3,0	4,1	0,7	-0,1	0,2
Investment public sector	1,1	-1,8	11,8	4,5	0,2	6,4	2,6	7,5	3,6	1,1	1,4	1,4
Investment offshore oil and gas, annual change (%)	11,4	14,6	19,0	-1,8	-12,2	-16,0	-5,4	1,9	15,0	2,0	-7,6	3,1
Oil price, USD/bbl. Actual	111,0	112,0	109,0	99,0	53,0	45,0	55,0	72,0	64,0			
Inflation rate (CPI) %	1,3	0,6	2,1	2,1	2,1	3,6	1,8	2,7	2,3	2,1	1,9	2,1
3 month NIBOR %	2,9	2,2	1,8	1,7	1,3	1,1	0,9	1,1	1,5	1,9	1,9	1,9
Mortgage rate %	3,6	3,9	4,0	3,9	3,2	2,6	2,6	2,7	3,0	3,4	3,4	3,4
Household savings ratio	5,8	6,9	7,2	7,7	9,8	6,9	6,6	5,9	7,3	7,6	7,5	7,1
Unemployment rate (registered at labour office)*	2,6	2,6	2,7	2,7	3,0	3,0	2,7	2,5	2,3	2,2	2,3	2,3
HH sector real disposable income, annual change (%)	4,3	4,4	4,0	2,3	5,4	-1,6	2,0	1,5	3,1	1,6	2,4	1,9
Current account surplus, share of GDP (%)	12,4	12,5	10,3	10,8	8,,0	4,5	4,6	7,1	3,3	6,0	8,0	8,5
Sovereign Wealth Fund, share of mainland-GDP (%). Actual	150	160	190	230	270	270	290	290	310			

Sources: Statistics Norway, Thomson Reuters Datastream and *Central Bank of Norway.

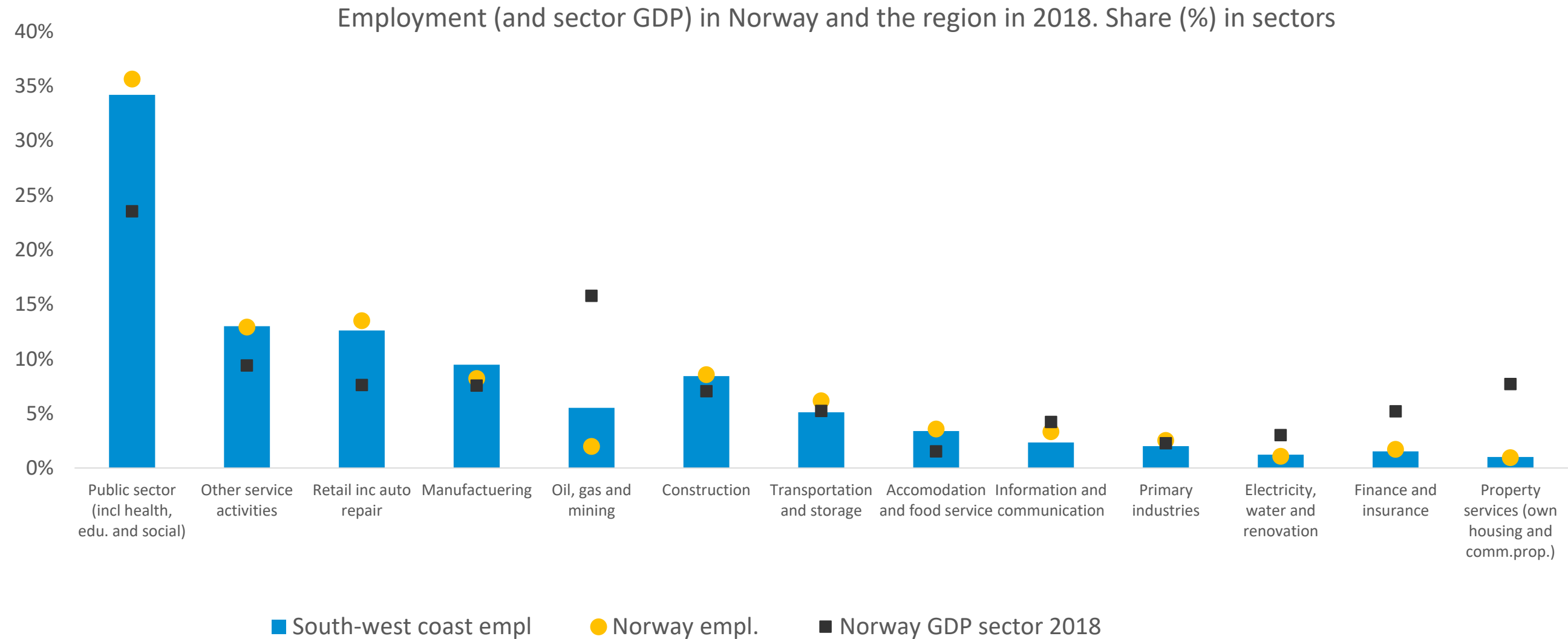
Lower unemployment (NAV) due to solid growth in the Norwegian economy

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



Source: NAV og SSB.
*NAV – Labour Office.

Employment (and GDP) by sector



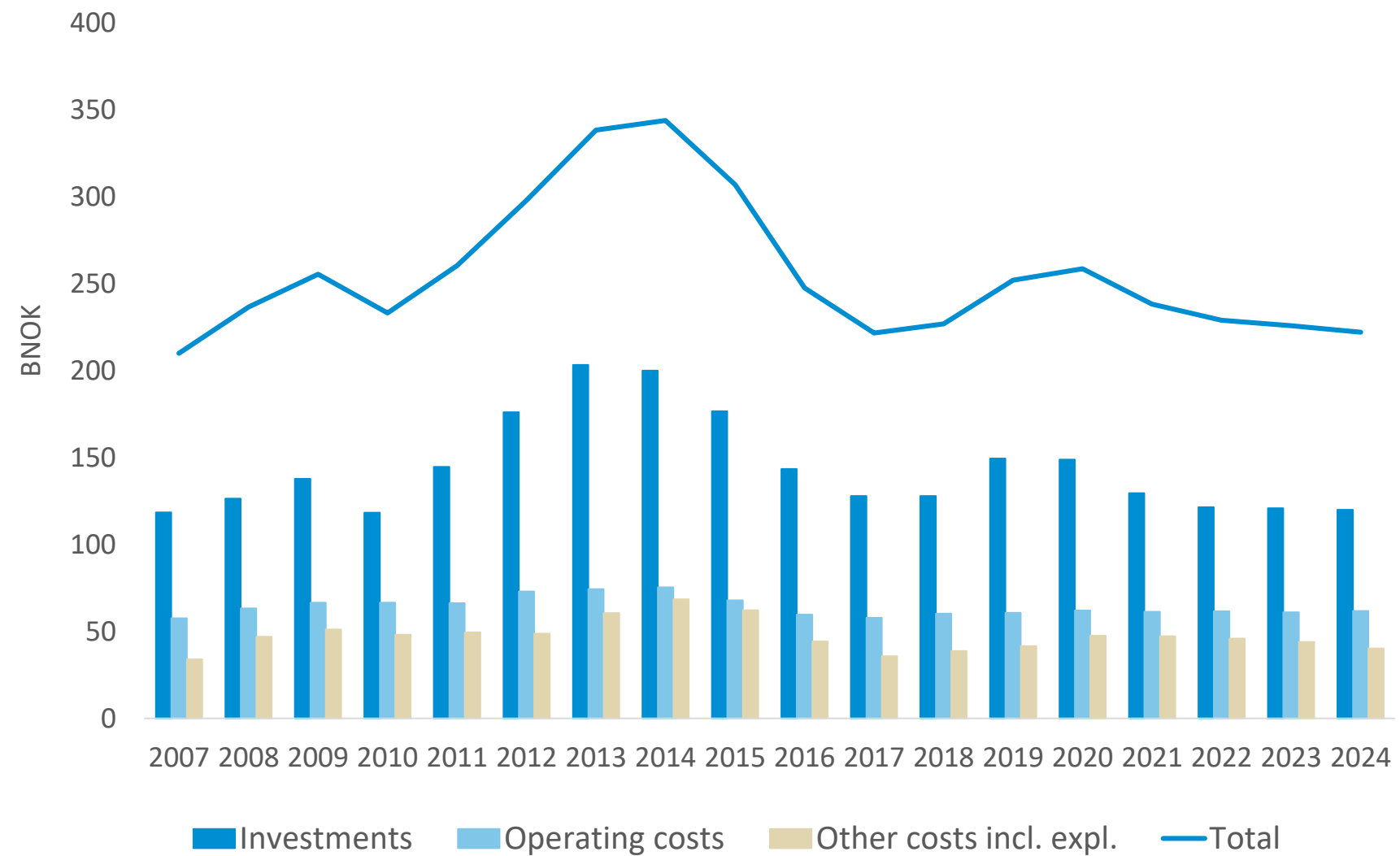
Source: Statistics Norway.

Increased petroleum activity on the NCS

Activity declined in 2015-2017, but has increased thereafter and expected to increase slightly in 2020

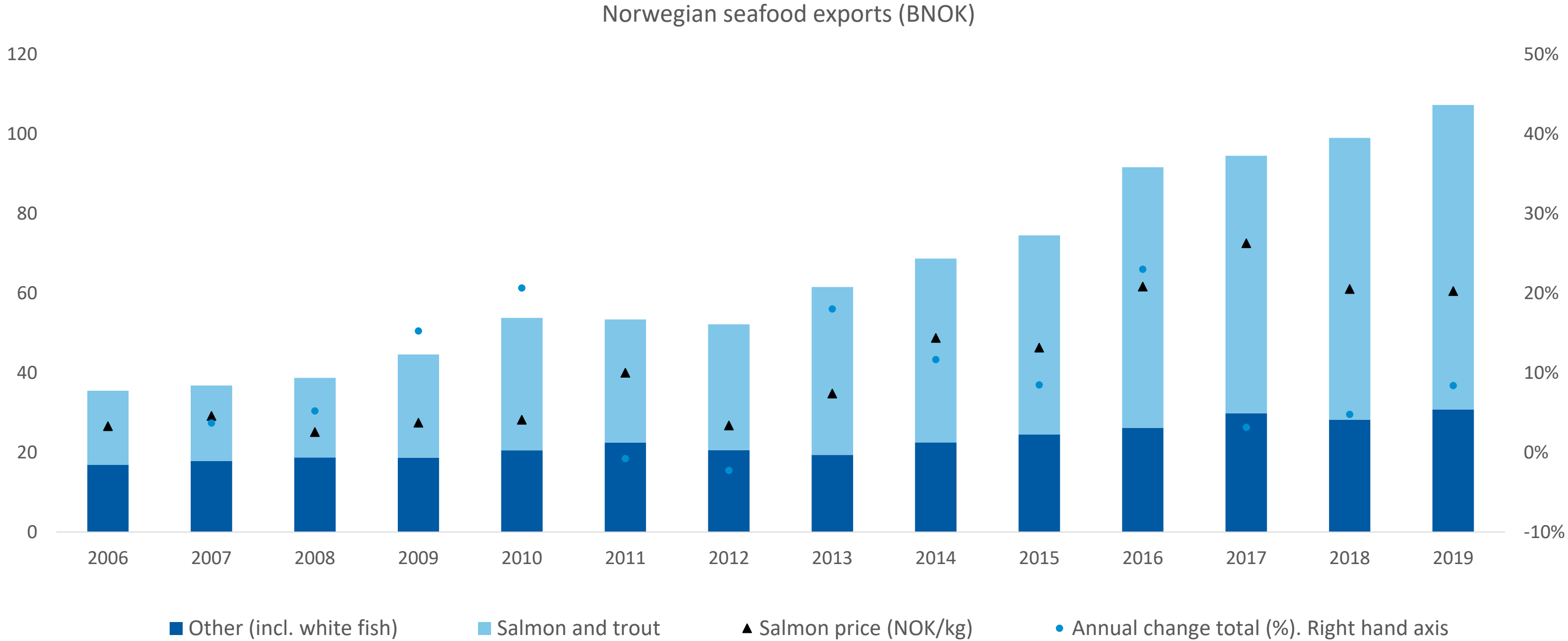
- Overall activity on the Norwegian Continental Shelf (NCS) had a marked increase for many years up to 2014. Activity increased over 60% from 2007 to 2014
- Activity fell markedly in 2015 and 2016 and somewhat less in 2017. Thereafter, there was some upturn in 2018 and even more strongly in 2019. The Norwegian Petroleum Directorate (NPD) adjusted the autumn 2019 estimates for 2019 and 2020. Some increase is expected in 2020.
- Investments fluctuate more than operating costs. Operating costs, which are important for activity in the south and west, are more stable.

Petroleum activity on Norwegian Continental Shelf. BNOK (2020 NOK).
Source: NPD



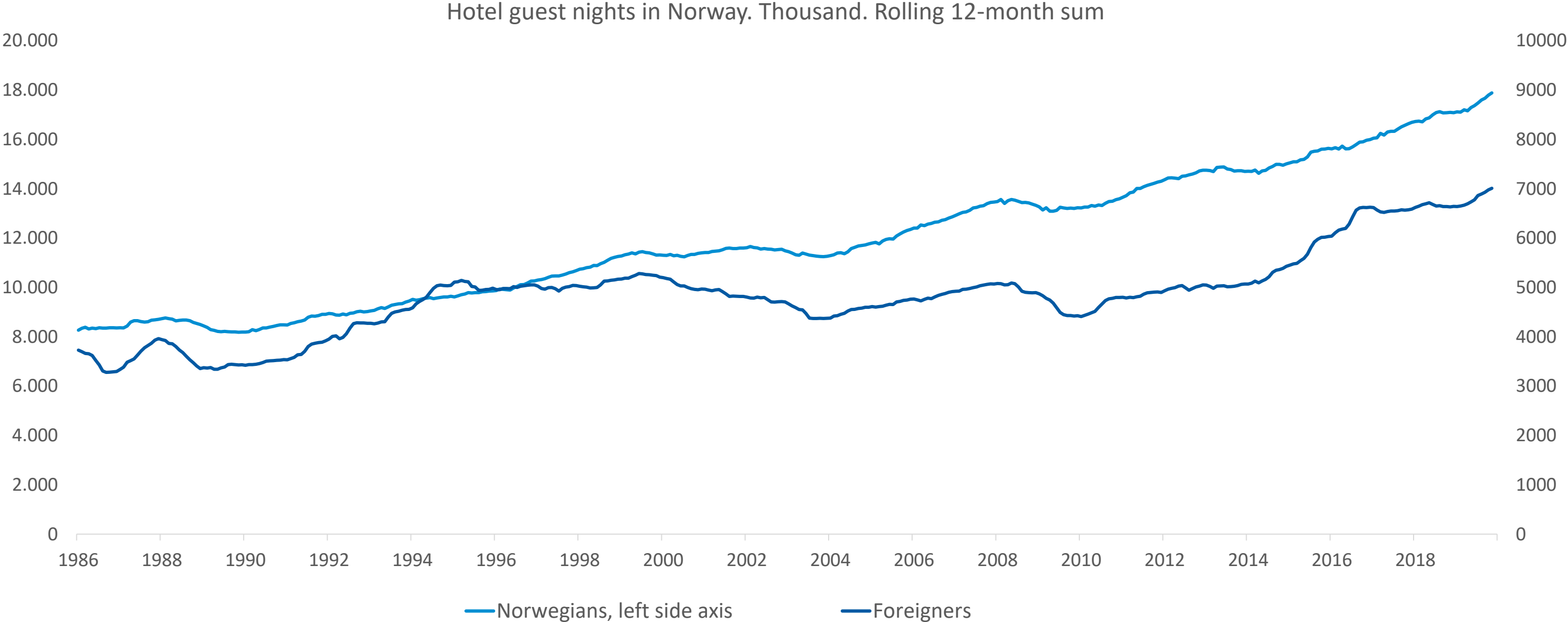
Source: Oljedirektoratet/Norwegian Petroleum Directorate (NPD).

Norwegian seafood exports doubled since 2012



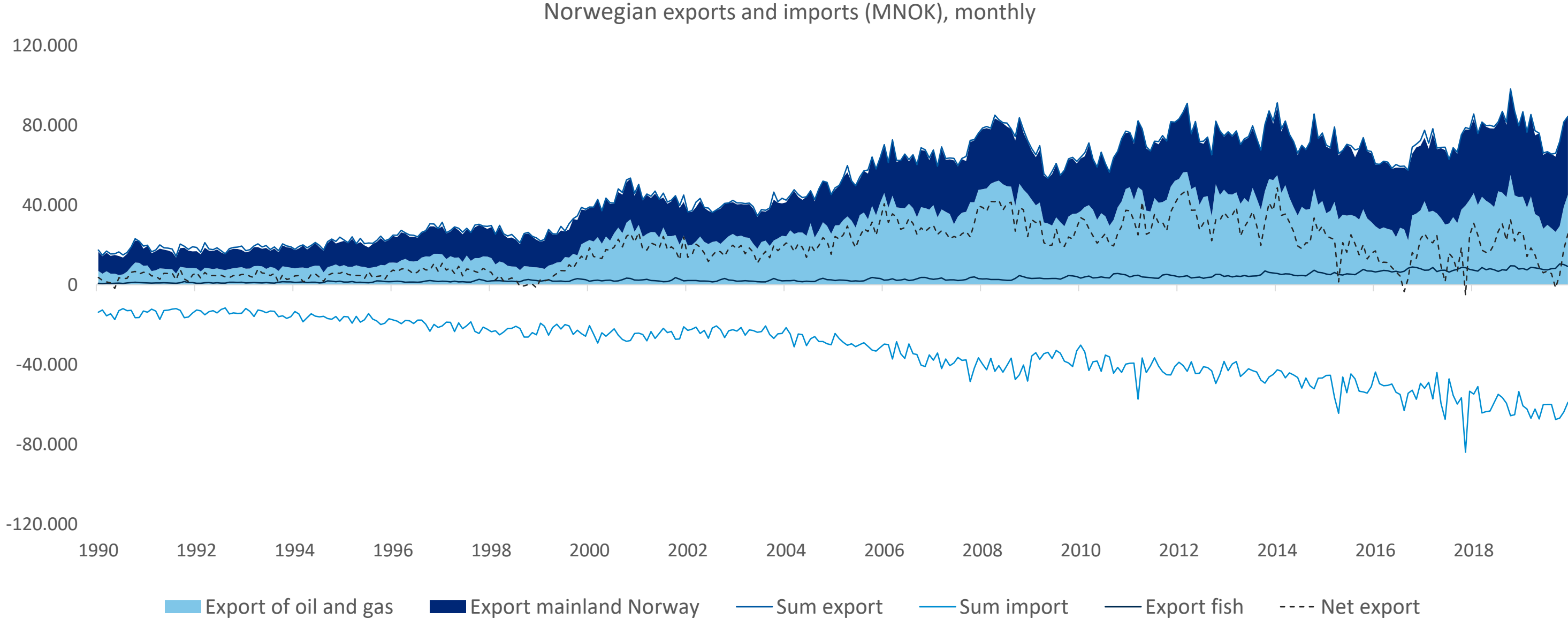
Source: Norwegian Seafood Council.

Norwegian hotels – guest nights by foreign and domestic



Source: Statistics Norway.

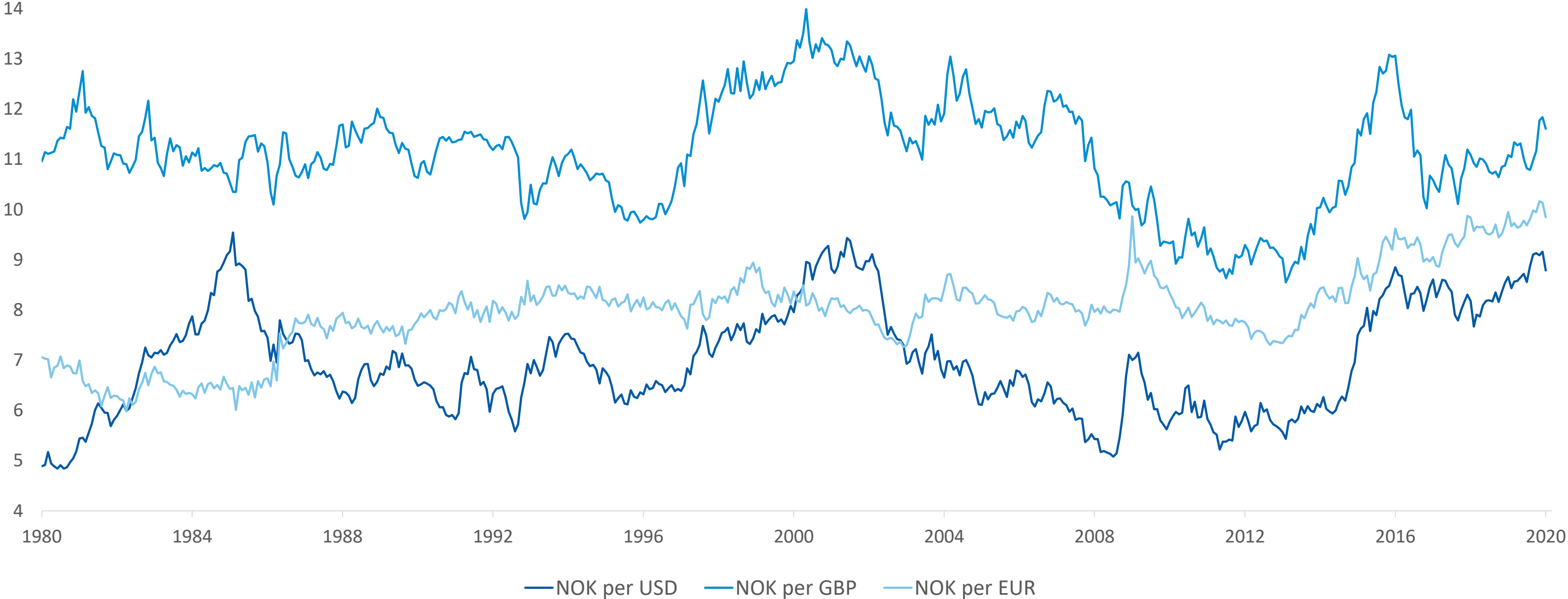
Norwegian exports and imports



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

Norwegian krone vs key currencies

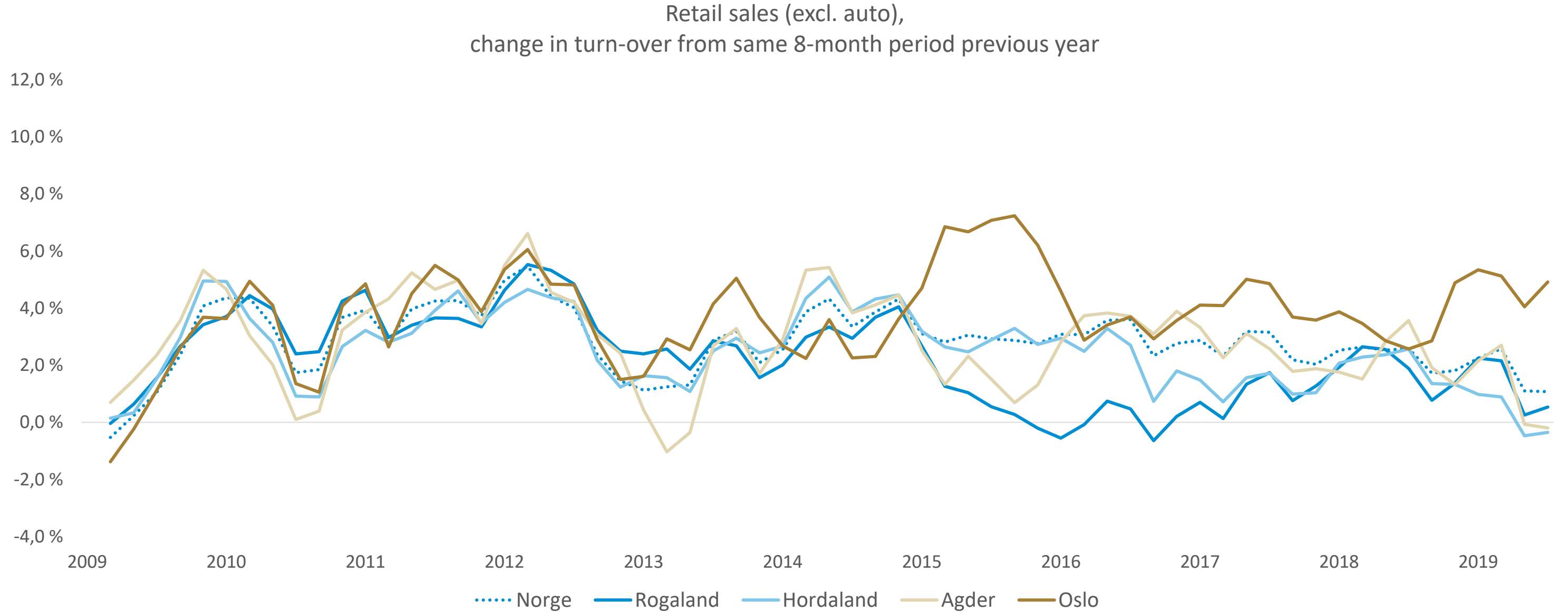
Norwegian krone vs key currencies (higher number is weaker krone)



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

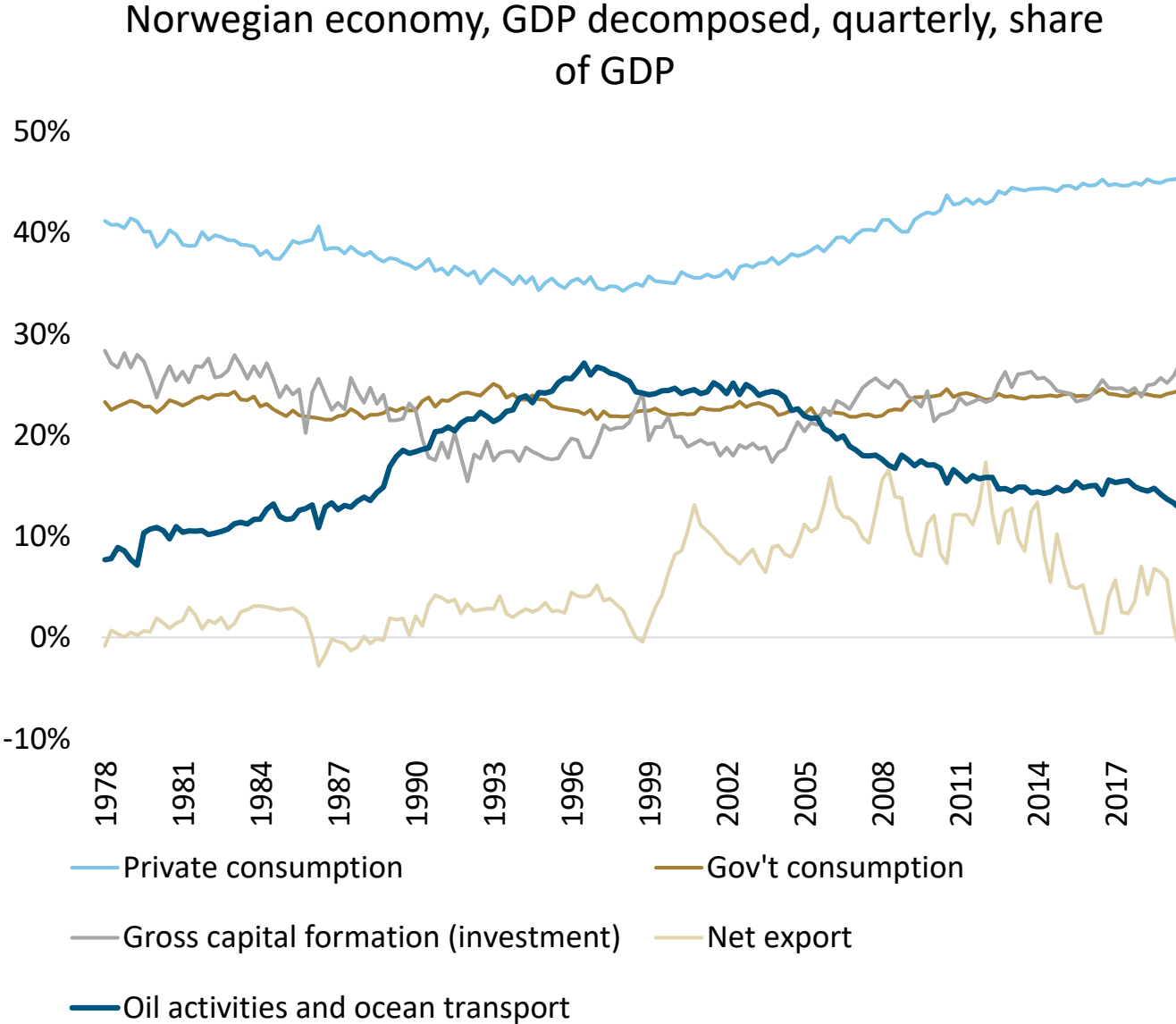
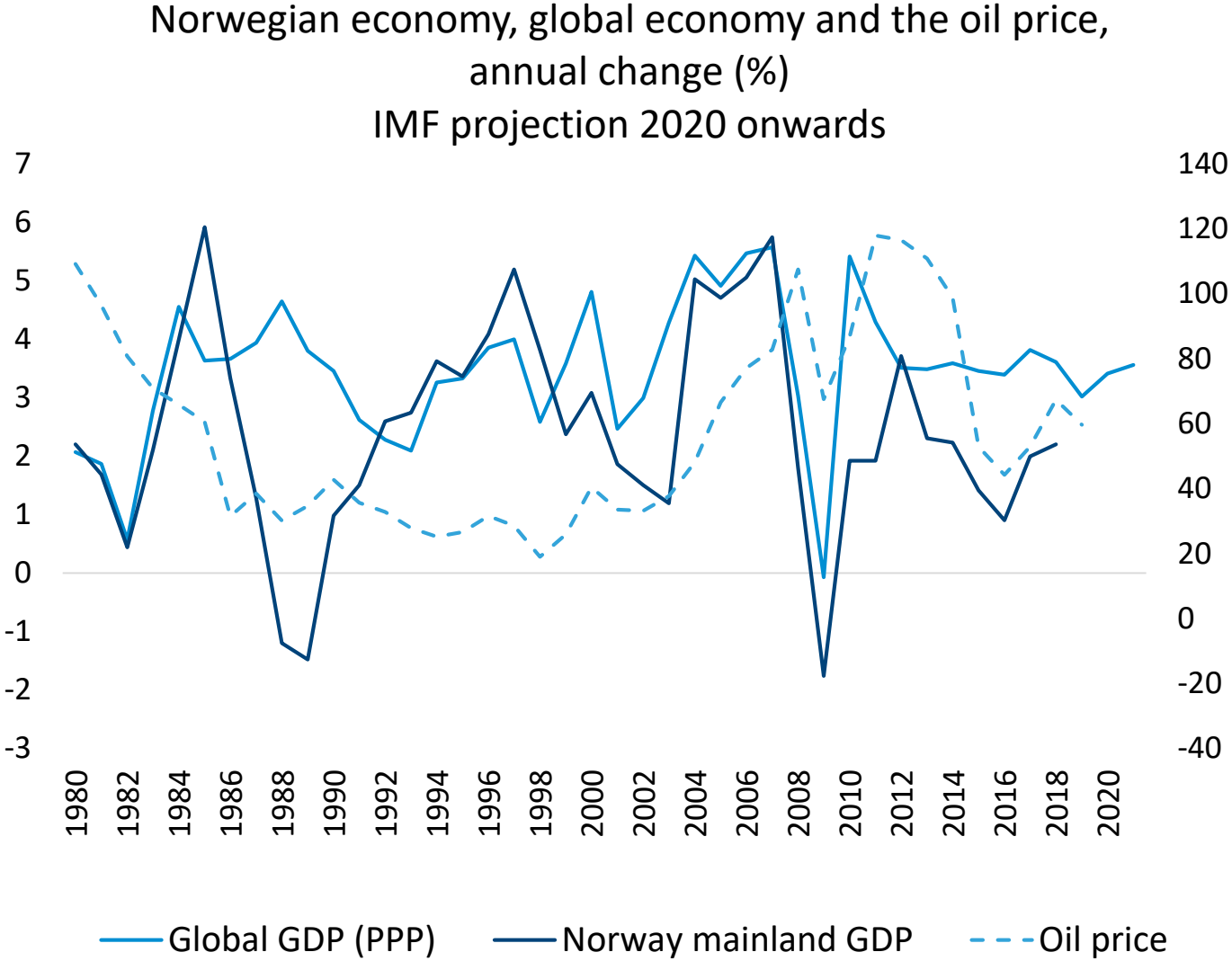
Retail trade in Norway increasing

Muted growth in Norway in 2019 - highest growth in Oslo



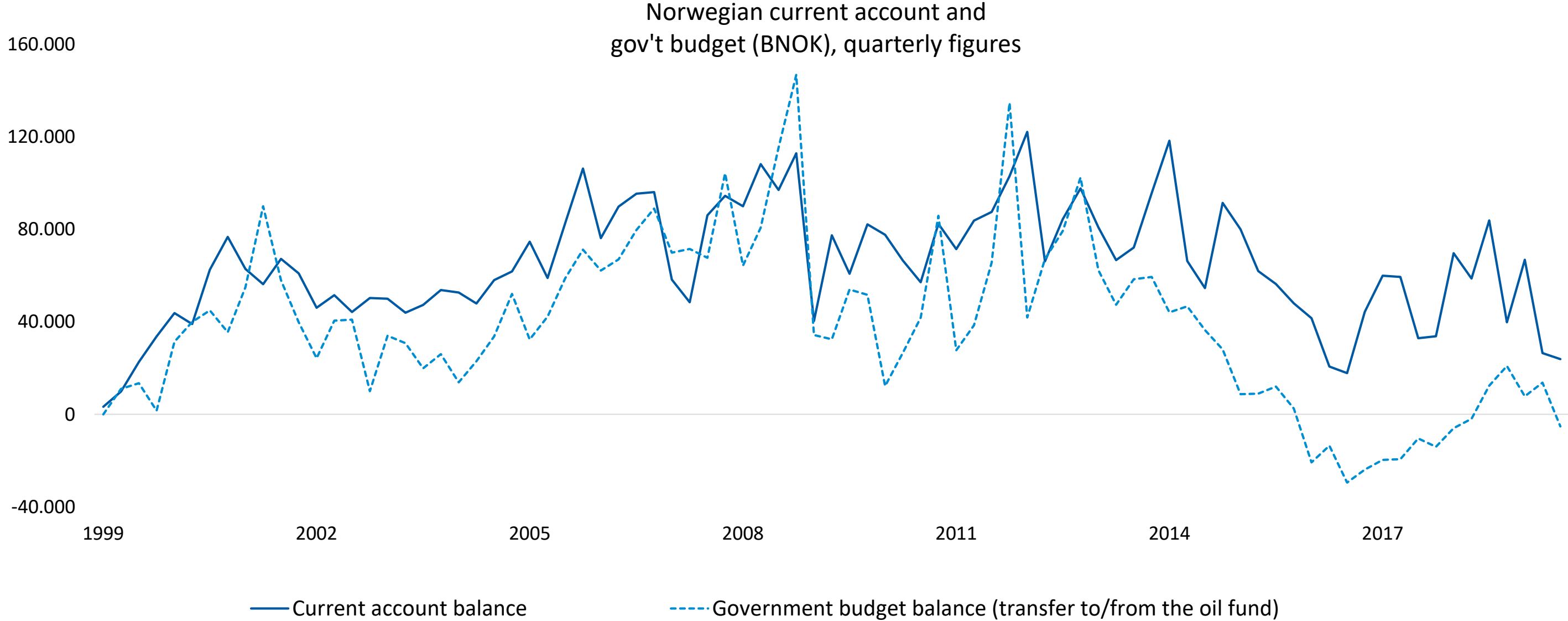
Source: SSB.

Norwegian Economy – GDP



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

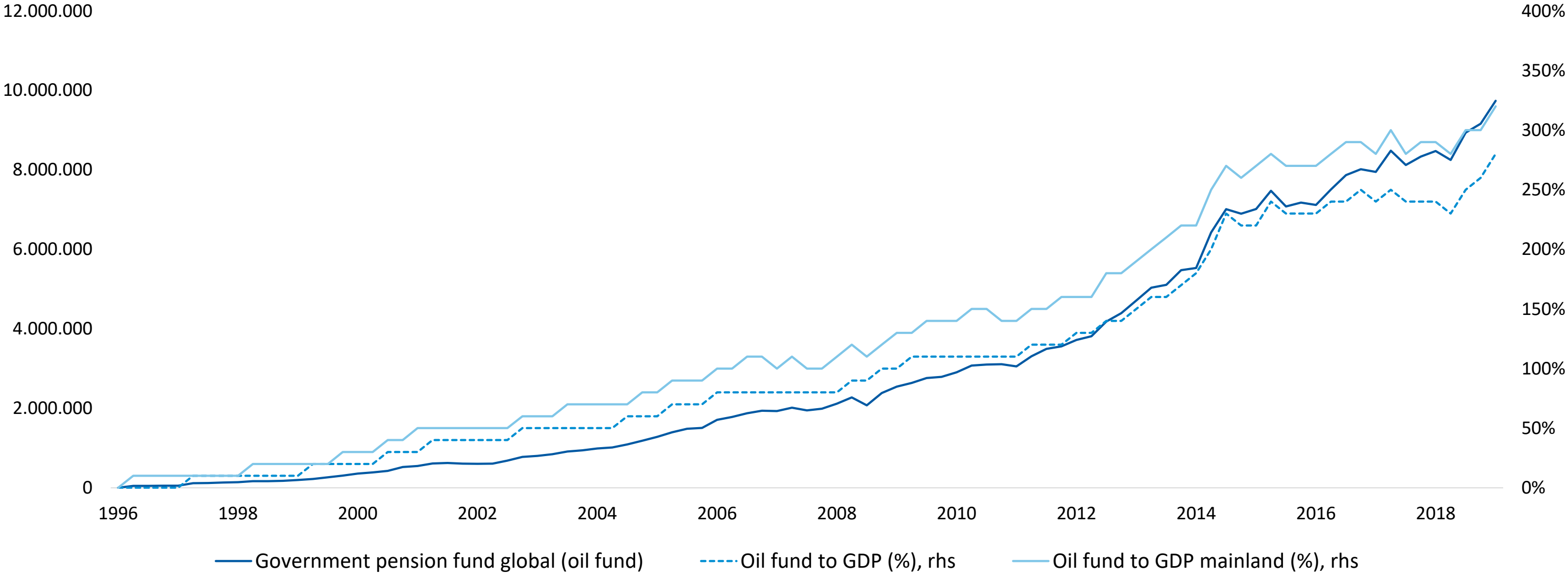
Norwegian current account and government budget



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

Norway oil fund and GDP

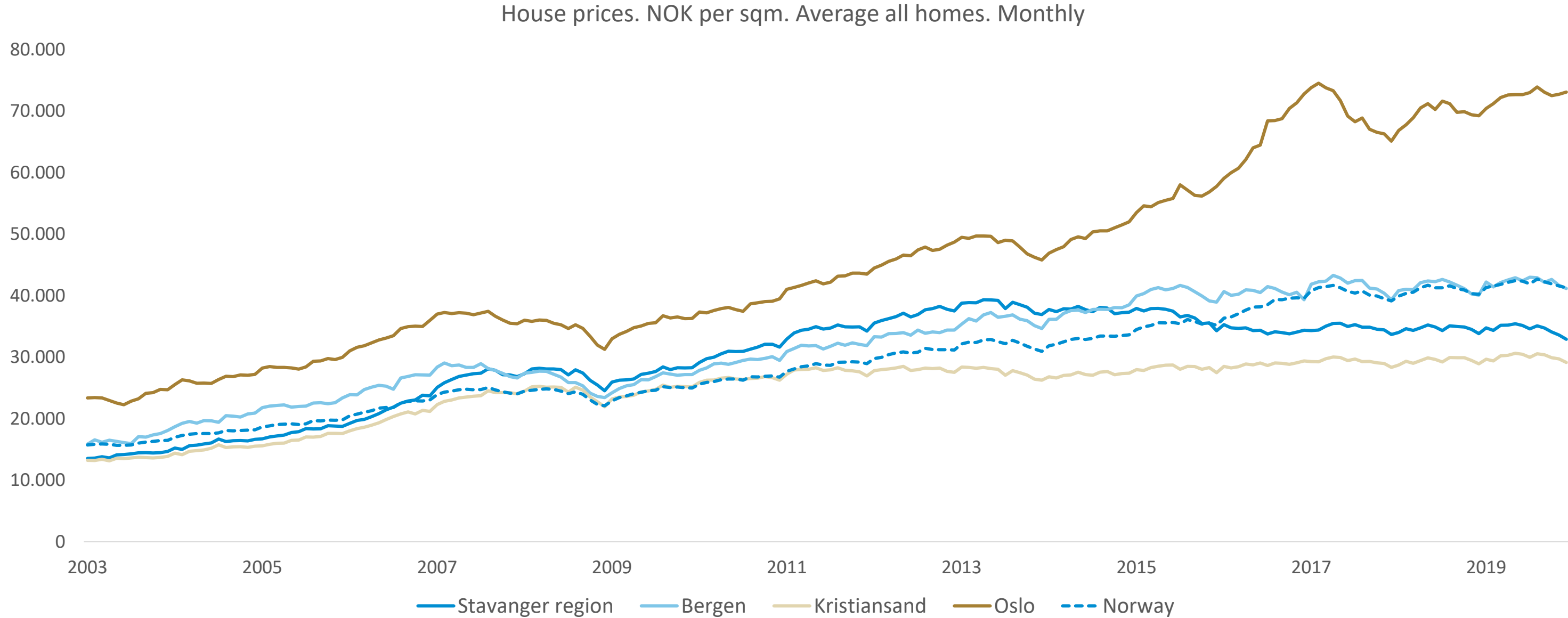
Norwegian oil fund and GDP (BNOK), quarterly figures



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

Norwegian house prices have increased by 2,6% last 12 months

Prices continue to increase most in Oslo, Bergen close to national average, lower in Agder and Stavanger



Source : Finn.no, Eiendom Norge og Eiendomsverdi.

APPENDIX

- 1) Macro
- 2) SpareBank 1 SR-Bank

Our purpose: Strength to growth and development

Objectives

- The purpose for SpareBank 1 SR-Bank is to add strength to growth and development. Our growth will give us the ability to provide profitability and value to the owners, customers and the community.
- 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

- To be the bank that focus on the future and good relations where we have our customers in the center, knows what's important for them through a combination of close, personal relationships – and high utilization of technology and customer data. We want to be reliable, easily available and a long-term partner to our customers.
- We want to focus on good solutions for our customers by understanding them and their challenges, which will help us reach our vision to be the customers first choice.

Financial goals

- Return on equity of 12.0% after tax in 2019. The longer term (2020) target is a minimum of 12%.
- Top 50% return on equity and cost/income in a Nordic benchmark

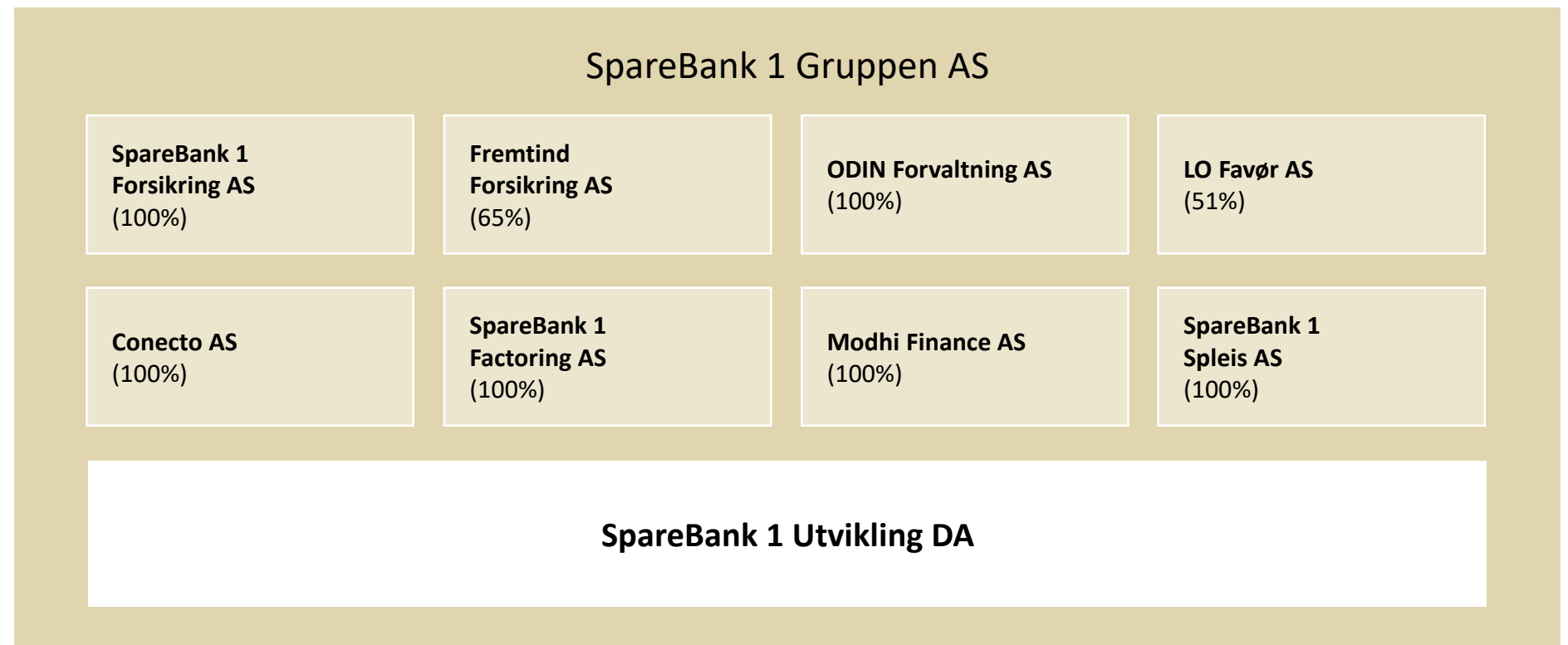
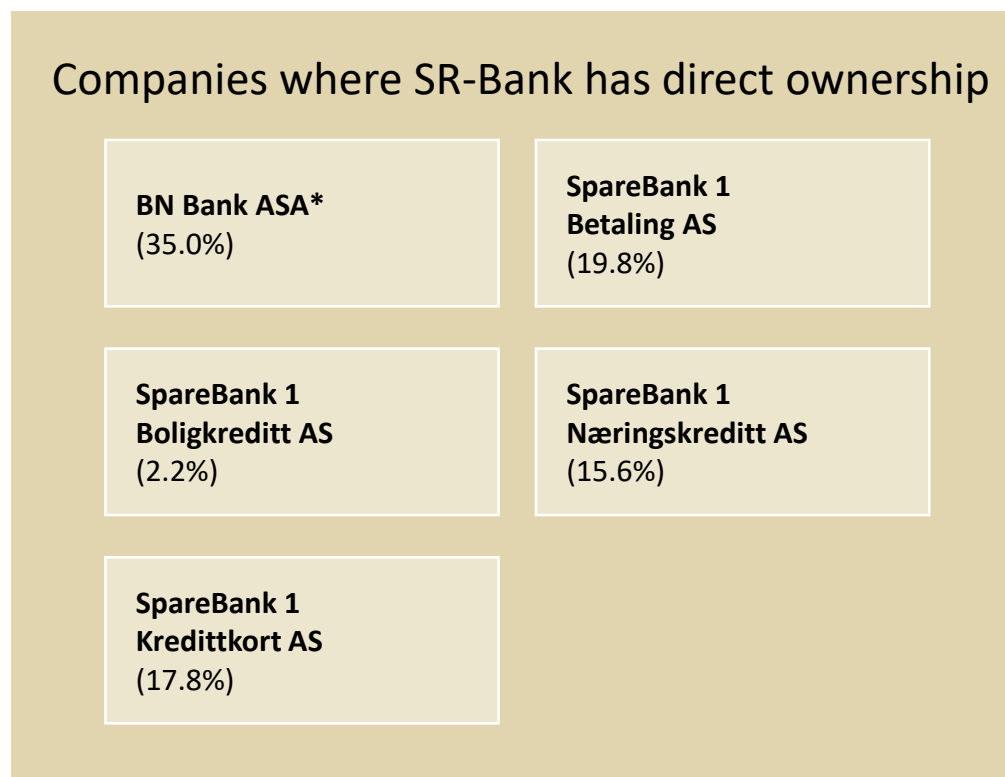
Strategic focus

- Digital development and transformation of existing business models
- Innovation by use of partnership, technology and data
- Cost-effective and selective growth, increased product- and diversification portfolio.
- High portfolio quality

SpareBank 1 Alliance



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

*The stake increased to 35% in the second quarter of 2019 in connection with an agreement on changing the ownership model in BN Bank ASA.

Balance sheet

Balance sheet (MNOK)	31.12.2019	31.12.2018
Cash and balances with central banks	104	717
Balances with credit institutions	3.142	1.696
Net loans to customers	205.688	190.878
Certificates, bonds and other fixed-income securities	32.792	29.340
Financial derivatives	5.933	5.268
Shares, ownership stakes and other securities	920	868
Investment in subsidiaries	0	0
Investment in associates	4.180	3.713
Other	3.136	1.581
Total assets	255.895	234.061
Balances with credit institutions	2.264	1.433
Deposit from customers	103.106	98.814
Listed debt securities	116.164	103.485
Financial derivatives	4.530	3.889
Other liabilities	2.872	1.904
Additional Tier 1 and Tier 2 capital instruments	2.125	2.951
Total liabilities	231.061	212.476
Total equity	24.834	21.585
Total liabilities and equity	255.895	234.061

Net commission and other income

MNOK	31.12.2019	31.12.2018	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Payment facilities	271	260	66	77	66	62	66
Savings/placements	192	196	47	46	53	46	47
Insurance products	192	189	50	48	48	46	46
Commission income real estate broking	399	382	101	91	108	99	98
Guarantee commission	93	108	24	23	22	24	25
Arrangement- and customer fees	90	99	23	6	35	26	22
Accounting services SpareBank 1 Regnskapshuset SR	126	99	31	30	38	27	24
Other	20	16	11	3	3	3	6
Net commission and other income excl. covered bond companies	1.383	1.349	353	324	373	333	334
Commission income SB1 Boligkreditt and SB1 Næringskreditt	33	88	6	8	11	8	16
Net commission and other income incl. covered bond companies	1.416	1.437	359	332	384	341	350

Net income on investment securities

MNOK	31.12.2019	31.12.2018	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18
Dividends	31	12	0	4	8	19	0
Investment income, associates	875	366	15	98	226	536	113
Securities gains/losses	96	84	20	-24	4	96	-44
- of which capital change in shares and certificates	111	163	36	-6	19	62	11
- of which capital change in certificates and bonds	-156	-230	-96	-45	-18	3	-50
- of which derivatives; bonds and certificates	141	151	80	27	3	31	-5
Currency/interest gains/losses	125	107	-13	11	102	25	-1
- of which currency customer- and own-account trading	131	135	37	33	32	29	24
- of which value change basis swap spread	-10	-38	-34	-16	53	-13	-34
- of which counterparty risk derivatives including CVA	0	0	1	-2	0	1	-1
- of which IFRS-effects	4	10	-17	-4	17	8	10
Net income on investment securities	1.127	569	22	89	340	676	68

When a basis swap is designated a hedging instrument for hedging a specifically identified loan, changes in the value of the hedging instrument linked to changes in the "basis spread" are recognized through other comprehensive income.

Subsidiaries

Subsidiaries	MNOK	31.12.2019	31.12.2018
EiendomsMegler 1 SR-Eiendom AS	Number of sales	6.441	6.487
	Operating profit before tax	6	11
SR-Forvaltning AS	Capital under management (BNOK)	13	11
	Operating profit before tax	25	35
FinStart Nordic AS	Operating profit before tax*	27	60
SpareBank 1 Regnskapshuset SR AS	Operating profit before tax**	11	4
SR-Boligkreditt AS	Operating profit before tax	583	374
Monner AS	Operating profit before tax***	-7	0
Rygir Industrier AS and other	Operating profit before tax	-15	-12
Total subsidiaries	Operating profit before tax	630	472

* The result in FinStart Nordic is consolidated and includes result from subsidiaries Beaufort Solutions AS.

**The result in Regnskapshuset includes amortization of intangible assets of NOK 2.5 million (NOK 1.9 million per 31.12.2018).

*** SpareBank 1 SR-Bank ASA purchased 100% of the shares in Monner AS on 1 July 2019.

Ownership interests

Ownership interests	MNOK	31.12.2019	31.12.2018
SpareBank 1 Gruppen AS	Interest ownership	19,5%	19,5 %
	Profit after tax	252	289
	Profit effect merger	460	IA
SpareBank 1 Boligkreditt AS	Interest ownership	2,2%	4,8 %
	Profit after tax	6	-3
SpareBank 1 Næringskreditt AS	Interest ownership	15,6%	14,4 %
	Profit after tax	12	9
BN Bank ASA	Interest ownership*	35,0%	23,5 %
	Profit after tax	109	65
SpareBank 1 Kredittkort AS	Interest ownership	17,8%	17,9 %
	Profit after tax	13	23
SpareBank 1 Betaling AS	Interest ownership	19,8%	19,8 %
	Profit after tax	-11	-11
	Adjusted profit previous years	14	-6
Other	Profit after tax	-2	0
Total ownership interests	Profit after tax	853	366
FinStart Nordic AS	Profit shares**	22	0
Total ownership interests in the Group	Profit after tax	875	366

*The stake increased to 35% in the second quarter of 2019 in connection with an agreement on changing the ownership model in BN Bank ASA.

**Companies in which FinStart Nordic AS owns stakes of between 20-50% must, because of accounting rules, be measured as associated companies in the consolidated financial statements.

Operating expenses

MNOK	31.12.2019	31.12.2018	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Payroll and pensions	1.211	1.067	328	307	294	282	270
Other staff expenses	261	230	68	68	63	62	60
Total personnel expenses	1.472	1.297	396	375	357	344	330
IT expenses	364	331	91	91	92	90	85
Marketing	90	88	31	20	20	19	26
Other administrative expenses	101	99	30	21	25	25	26
Total administrative expenses	555	518	152	132	137	134	137
Depreciation*	137	82	37	40	31	29	20
Operating expenses from real estate	35	33	12	7	8	8	8
Other operating expenses*	279	299	81	61	69	68	81
Total other operating expenses	451	414	130	108	108	105	109
Total operating expenses	2.478	2.229	678	615	602	583	576

*Increased depreciation and decreased other operation expenses in 2019 is due to the introduction of new regulations, IFRS 16 for leases, as of 1 January 2019.

Impairments on loans and financial commitments

Impairments on loans and financial commitments in the income statement (MNOK)

	31.12.2019	31.12.2018	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Corporate customers	211	324	121	82	-33	41	96
Retail customers	24	0	18	-16	14	8	-4
Total impairments	235	324	139	66	-19	49	92

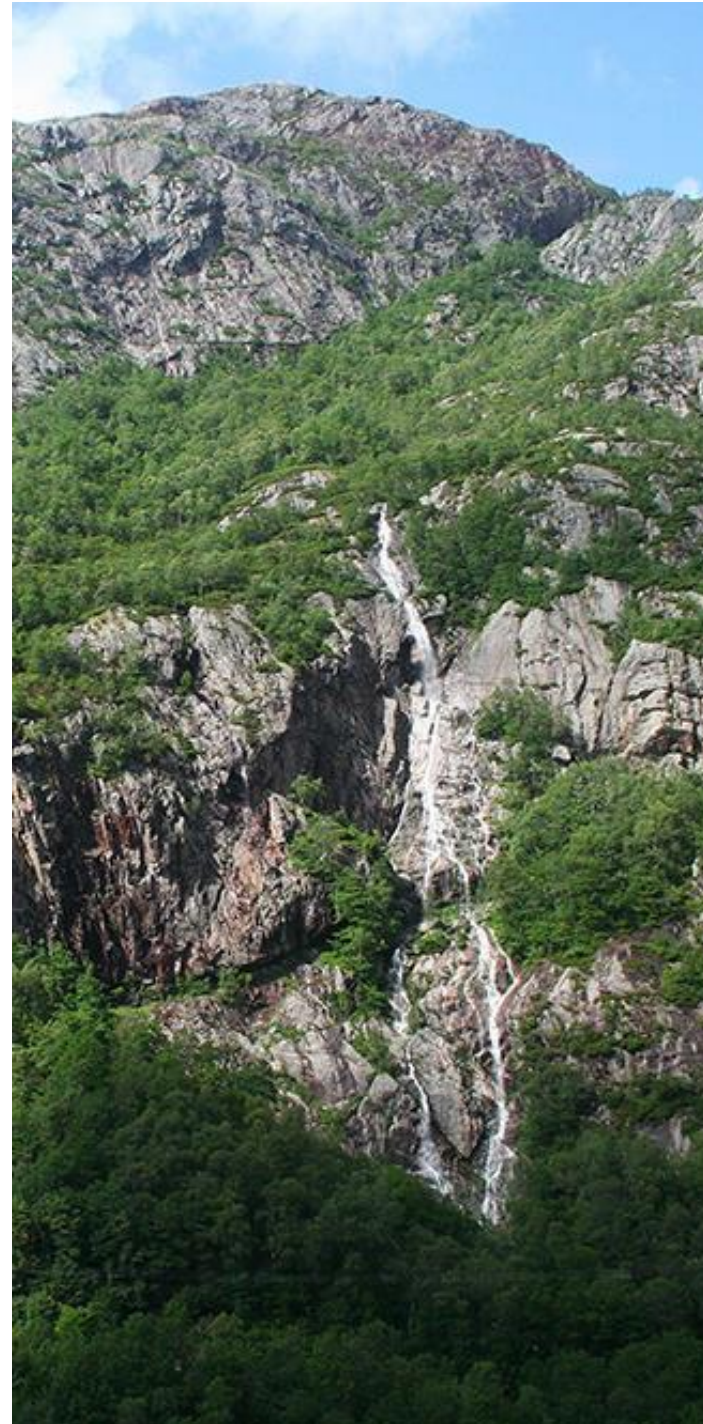
Impairments on loans and financial commitments in the balance sheet (MNOK)

	31.12.2019	31.12.2018	31.12.2019	30.09.2019	30.06.2019	31.03.2019	31.12.2018
Corporate customers	1.396	1.168	1.396	1.308	1.224	1.172	1.168
Retail customers	160	166	160	151	177	164	166
Total impairments on loans and financial commitments	1.556	1.334	1.556	1.459	1.401	1.336	1.334

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 South of Norway
 - The bank's primary market areas for credit exposure are Rogaland, Agder, Vestland as well as Oslo and Viken
- 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 centralized expertise

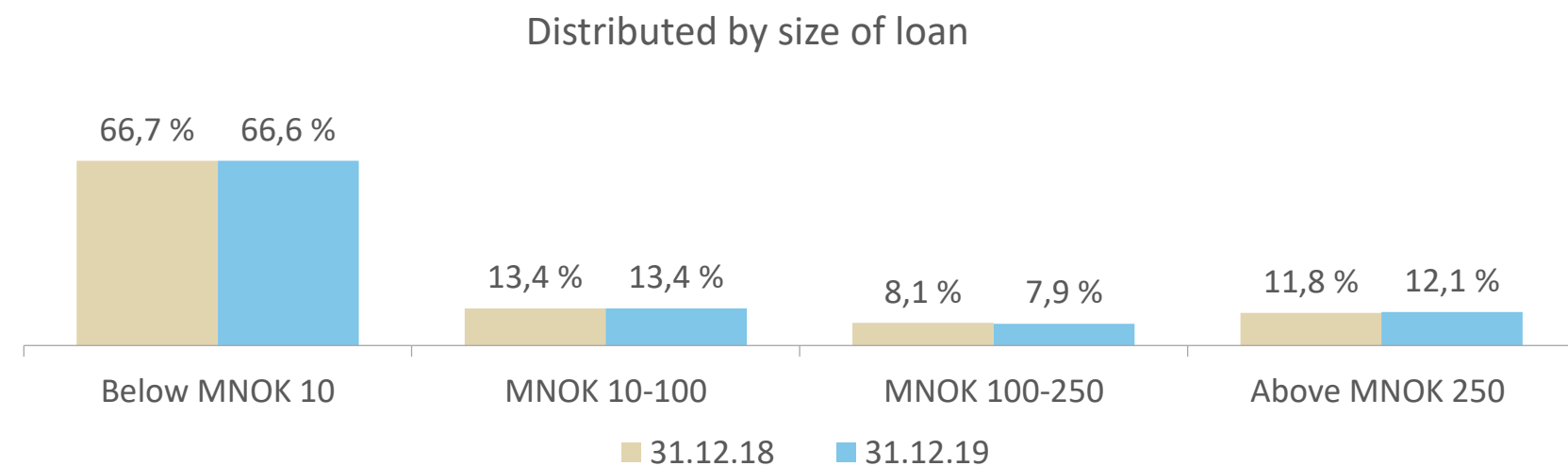
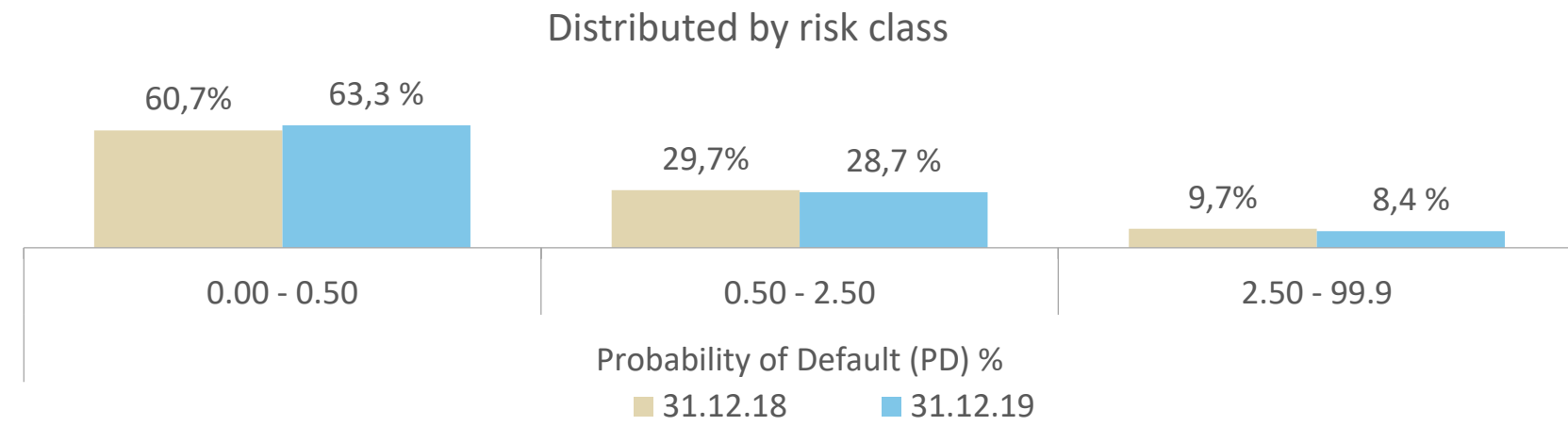


- The bank sets specific limits for the size of commitments as well as requirements concerning industry diversification
 - The maximum total exposure to an individual customer must be significantly lower than the regulatory requirements
 - The maximum unsecured exposure to an individual customer must 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. Portfolio quality improved last year.
- The loan portfolio consists mainly of small and medium-sized loans.



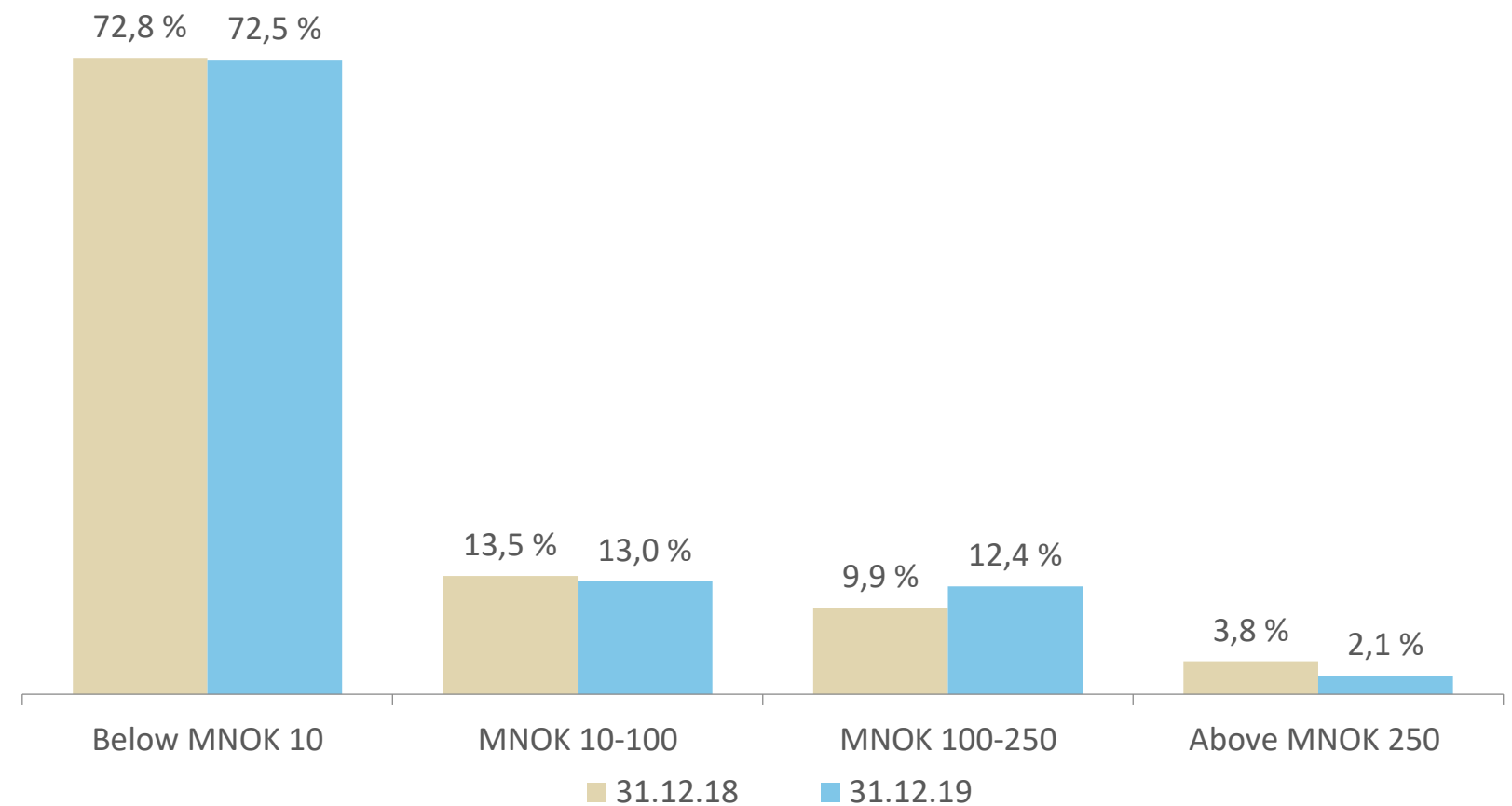
*Probability of default (PD) through a full cycle of loss.

The figures include the loan portfolio in the covered bond companies (SB1 Boligkreditt AS, SB1 Næringskreditt AS and SR-Boligkreditt AS).

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.

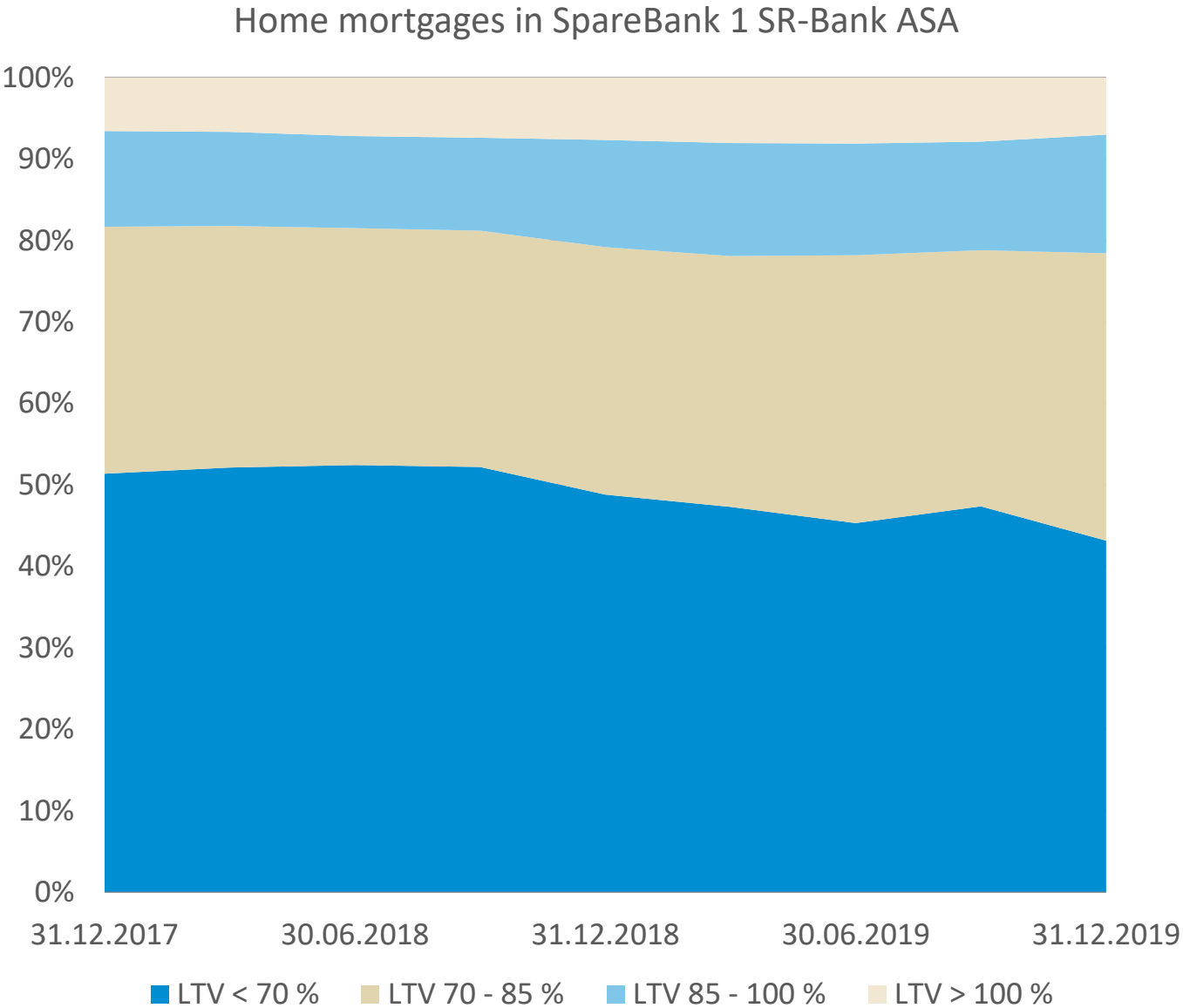
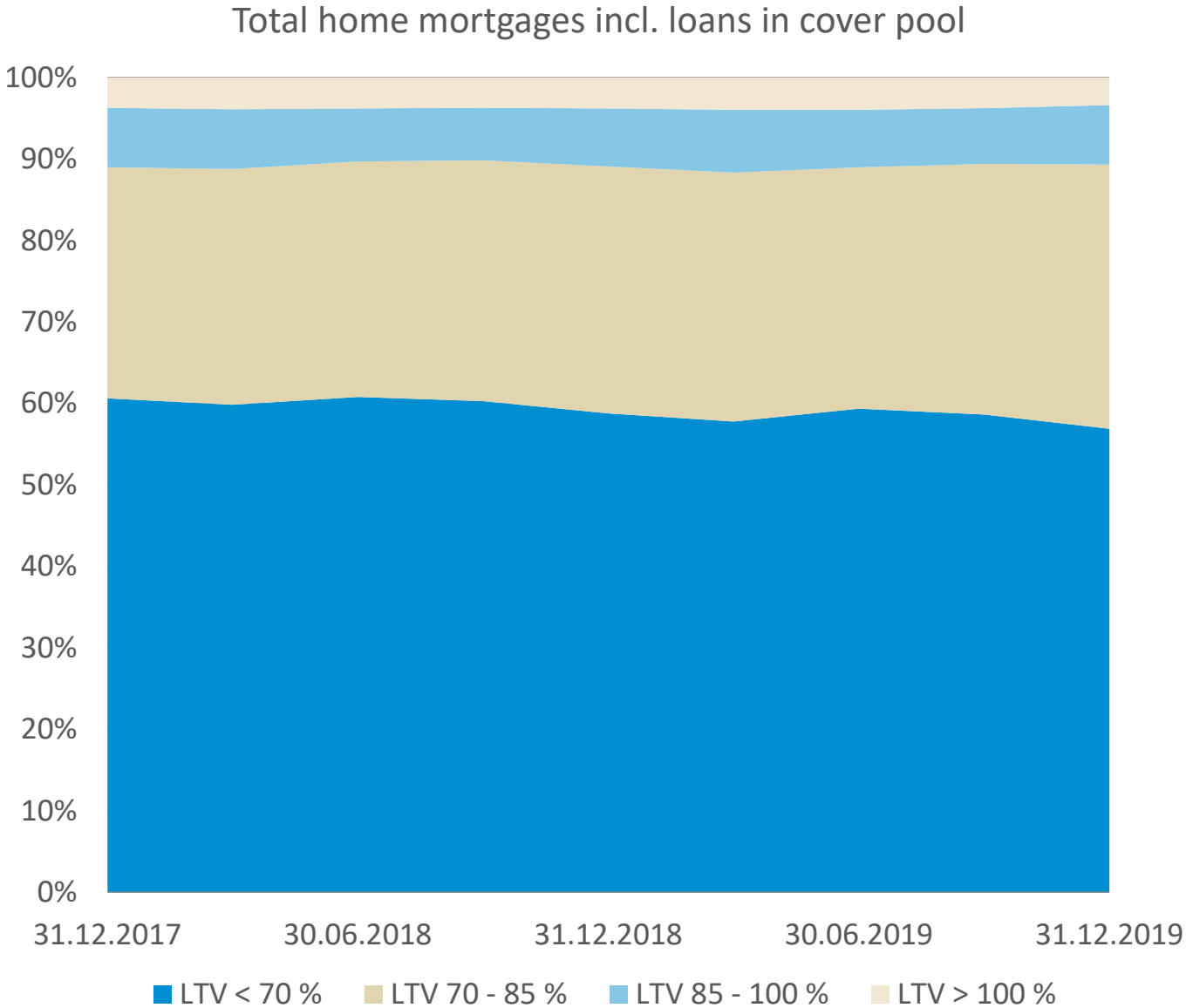
Distributed by loss given realisation (LGR)



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.

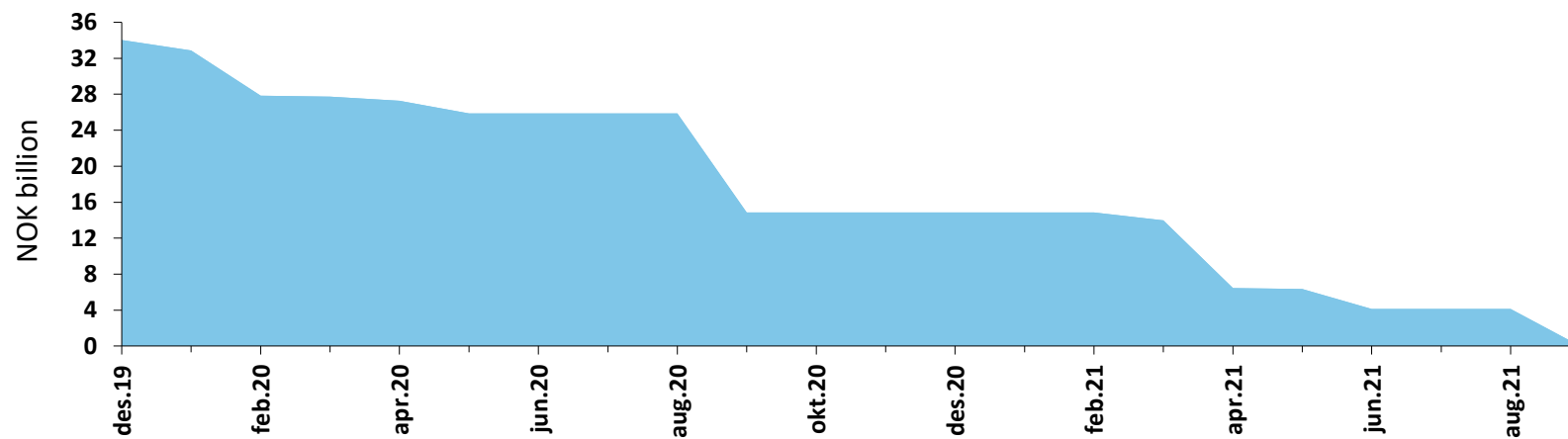
The figure includes the loan portfolio in the covered bond companies (SB1 Boligkreditt AS, SB1 Næringskreditt AS and SR-Boligkreditt AS).

Historical LTV development for home mortgage loans



Liquidity portfolio

Liquidity buffer – survival period



- Liquidity buffer at the end of the quarter: NOK 34.0 billion
- Other liquid assets:
 - Home mortgages prepared for covered bond funding: NOK 13.7 billion
 - Commercial paper and bonds in the trading portfolio: NOK 0.2 billion

Liquidity buffer: cash, highly liquid bonds.

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

Liquidity portfolio

Category	NOK million	Share %	Of which classified to amortised cost, MNOK
Norwegian government/municipal	0	0%	0
SSA/Foreign guaranteed	11.908	37%	1.531
Covered bonds (Norwegian/foreign)	20.681	63%	4.992
Total liquidity portfolio	32.590	100%	6.523

Investments in bonds and certificates

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	32.590	99,2%
Low risk	A+, A and A-	0	0,0%
Moderate risk	Not rated	43	0,1%
High risk	Not rated	75	0,2%
Very high risk	Not rated	149	0,5%
Total portfolio		32.857	100,0%

Of which liquidity purposes:

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	32.590	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%
Total liquidity purposes		32.608	100,0%

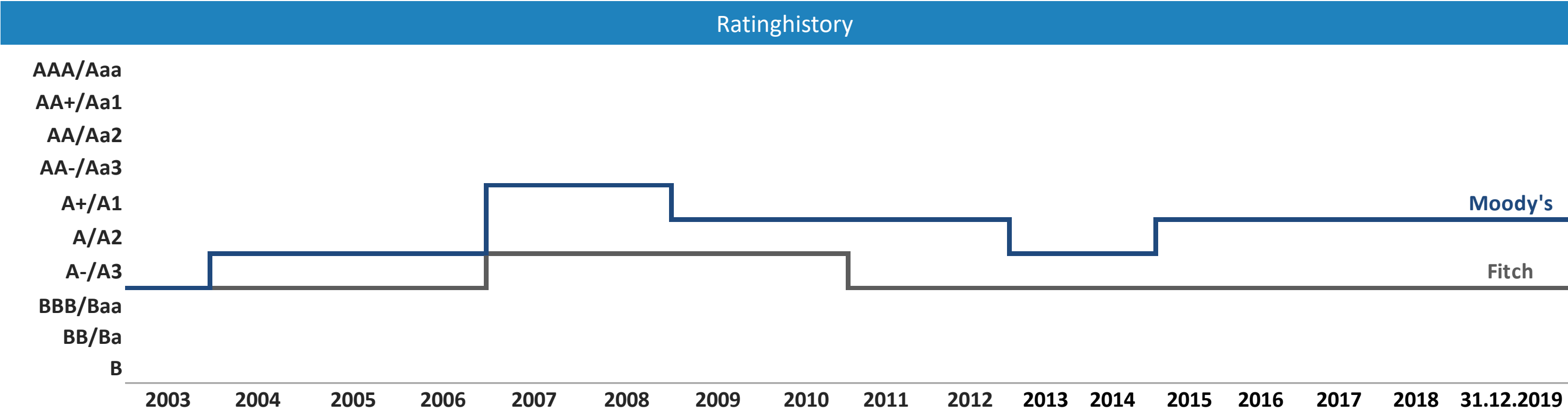
Of which SR-Bank Markets:

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	25	10,0%
High risk	Not rated	75	30,2%
Very high risk	Not rated	149	59,7%
Total SR-Bank Markets portfolio*		249	100,0%

* Including hybrid capital classified as equity in the balance sheet

Rating

	Moody's		Fitch
Long-term debt	A1	Long-term IDR	A-
Outlook	Stable	Outlook	Stable
Updated	26 November 2019	Updated	13 January 2020



SR-Bank as of 31.12.2019

Sparebank 1 SR-Bank share

	2019	2018	2017	2016	2015	2014	2013
Share price	100,00	89,20	87,00	60,75	39,30	52,50	60,25
Stock value (MNOK)	25.575	22.813	22.250	15.537	10.051	13.427	15.409
Book value per share, NOK (group)	89,90	82,27	77,24	71,54	66,14	60,28	55,00
Earnings per share	12,22	8,98	8,16	6,87	6,83	8,20	7,28
Dividend per share	5,50	4,50	4,25	2,25	1,50	2,00	1,60
P/E	8,18	9,93	10,66	8,84	5,75	6,40	8,28
P/BV (group)	1,11	1,08	1,13	0,85	0,59	0,87	1,10

- Number of shares issued 255.8 million
- Trading volume in Q4 2019: 4.7% (8.4%)
- 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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