

Second 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

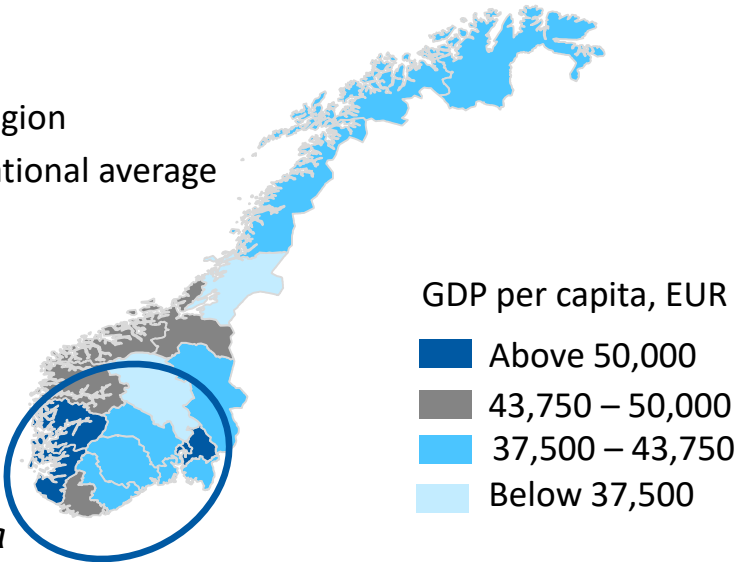
- Second largest Norwegian bank
- Market cap: NOK 26.6 Billion
- Total assets: NOK 246.5 Billion
- Total lending: NOK 207.5 Billion
- Total deposits: NOK 102.7 Billion
- No. of branches: 34
- Employees: 1.322



- **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	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

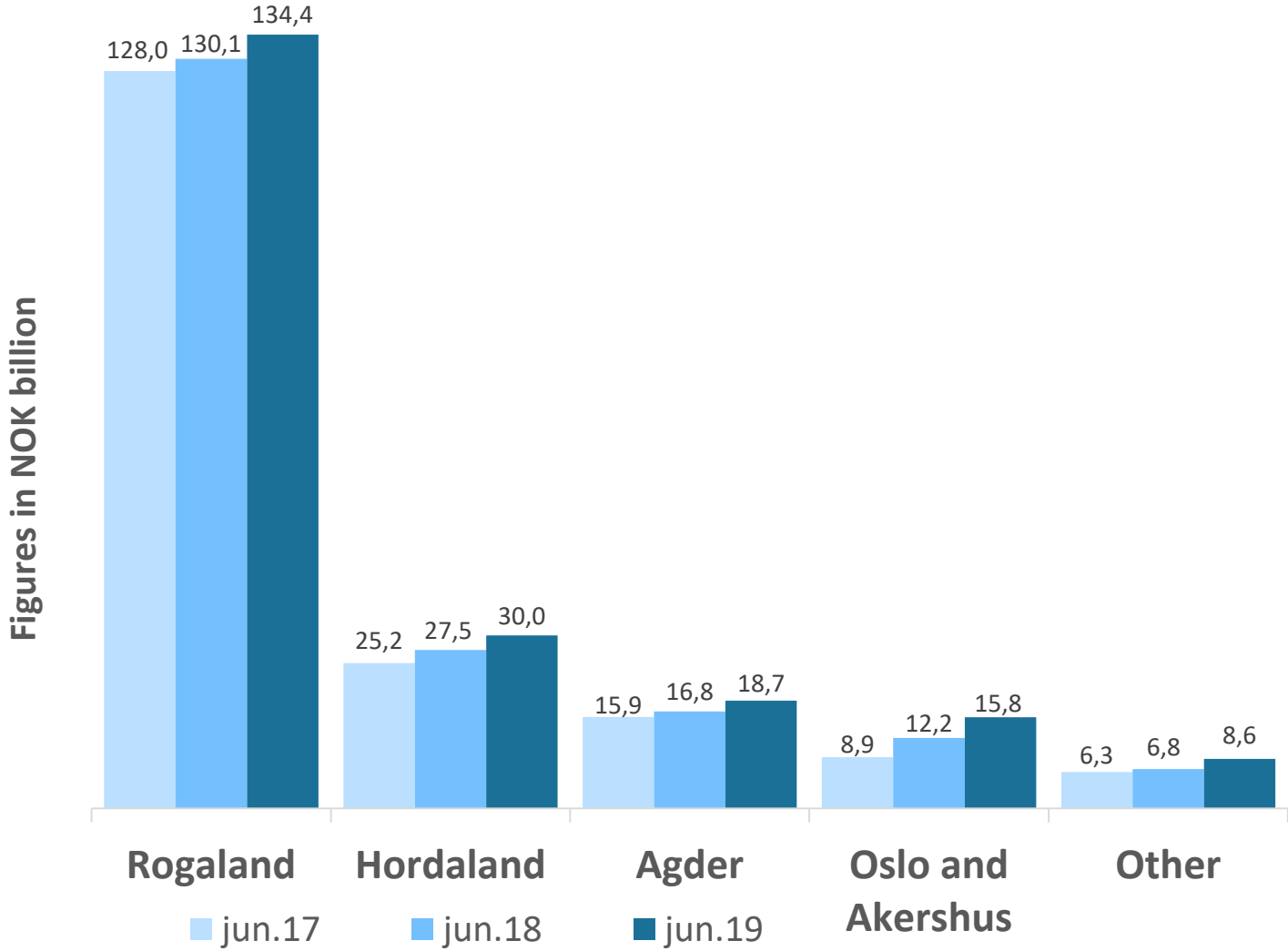
- Norway’s largest export region
- Unemployment rate on national average



SR-Bank’s market area

Finance group for the entire South of Norway

Lending volume



SpareBank 1 SR-Bank ASA

Divisions of SpareBank 1 SR-Bank ASA

Capital Markets

Number of man-years: 23

Retail Market

Number of man-years: 484

Corporate Market

Number of man-years: 158

Administration & Support

Number of man-years: 290

Fully owned companies

EiendomsMegler 1

Leading real estate broker
Number of man-years: 207

SR-Forvaltning

Asset management
Number of man-years: 12

SpareBank 1 Regnskapshuset SR

Accounting and advisory
Number of man-years: 138

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: 9

Partly owned companies

BN Bank*

(35.0%)
Commercial bank located in Oslo and Trondheim

SpareBank 1 Boligkreditt

(4.8%)
Covered bond company (mortgages)

SpareBank 1 Kredittkort

(17.8%)
Credit card company located in Trondheim

SpareBank 1 Gruppen

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

SpareBank 1 Næringskreditt*

(35.0%)
Covered bond company (commercial real estate)

SpareBank 1 Betaling**

(19.8%)
The company behind mobile payment solution

*The stake has 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 28.7% per 2. quarter 2019.
- Total market value at 2. quarter 2019 is NOK 26.6 billion.

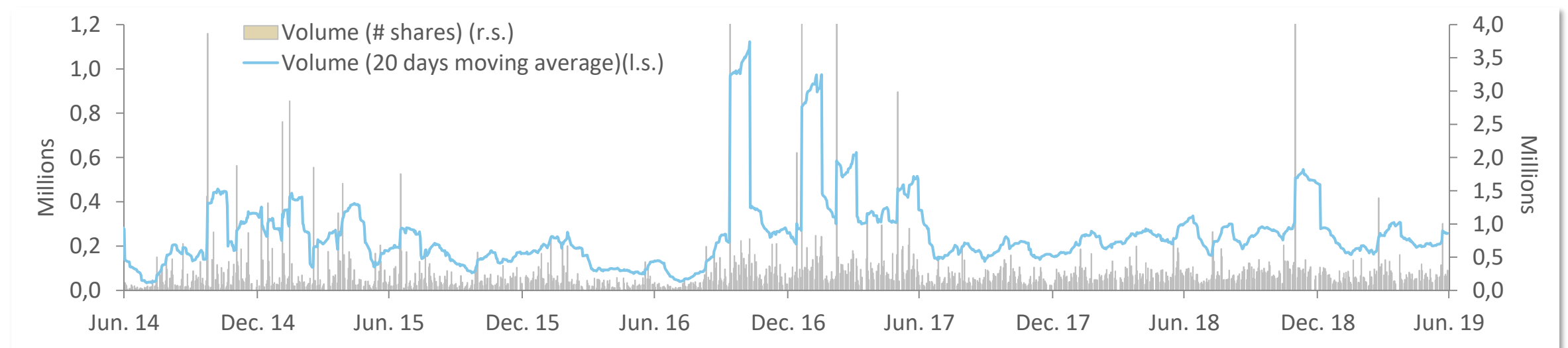
Development in Price/Book



Relativ share price development



Trading volume development



20 largest shareholders as at 30 June 2019

- Ownership interests as at 30 June 2019:
 - From Rogaland, Agder-counties and Hordaland: 43.0% (44.7%)
 - International: 28.7% (23.1%)
 - 10 largest: 50.8% (50.7%)
 - 20 largest: 58.2% (57.8%)
- Number of shareholders 30.06.2019: 10.995 (10.997)
- Employees owning 1.5% (1.6%)

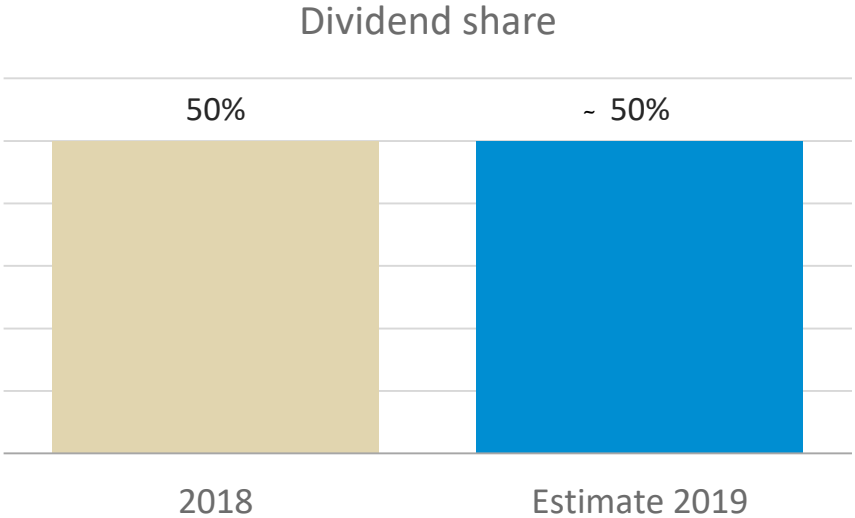
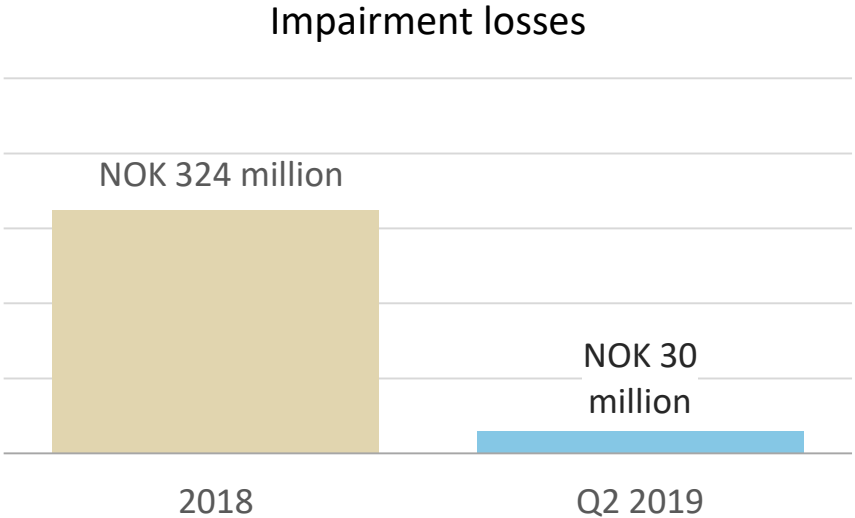
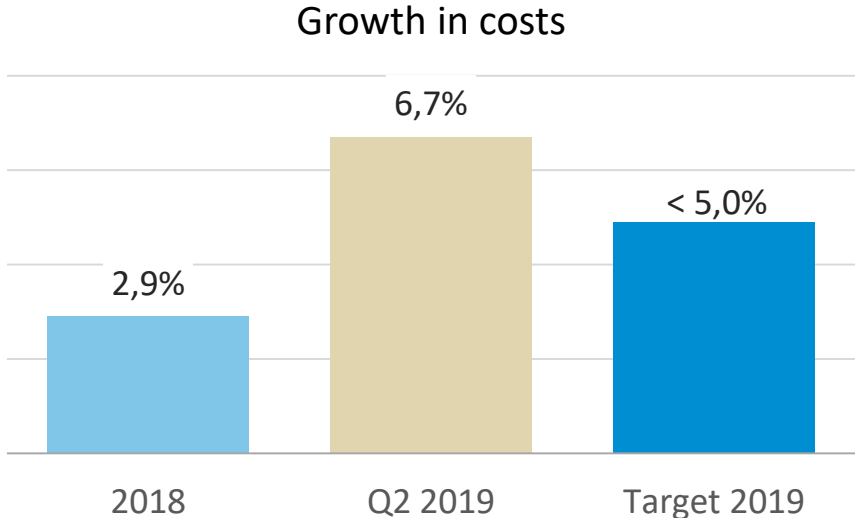
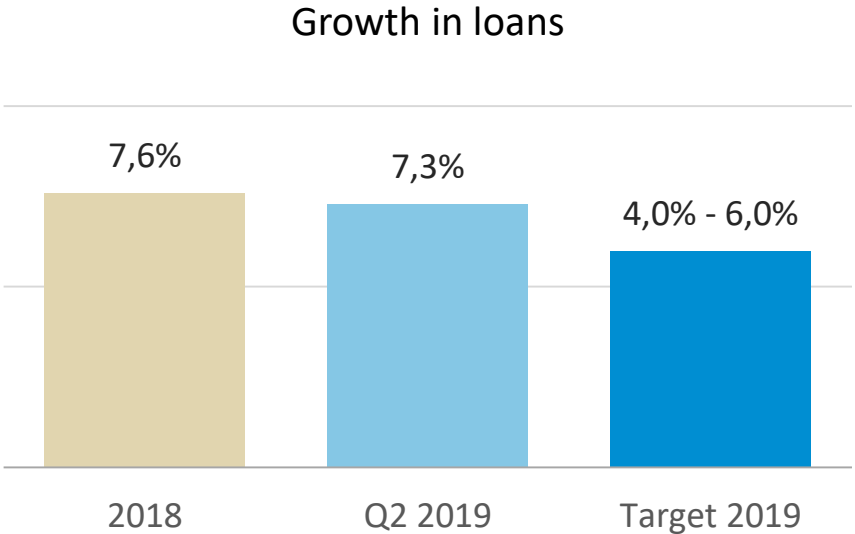
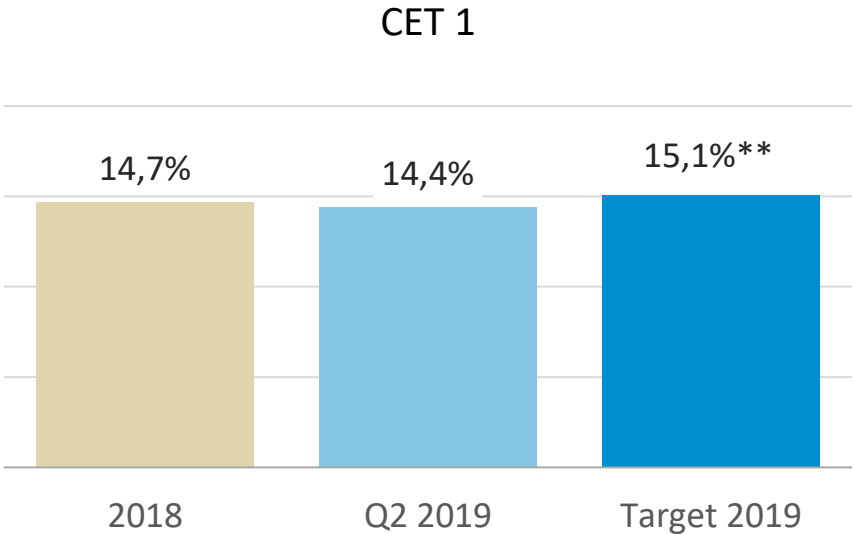
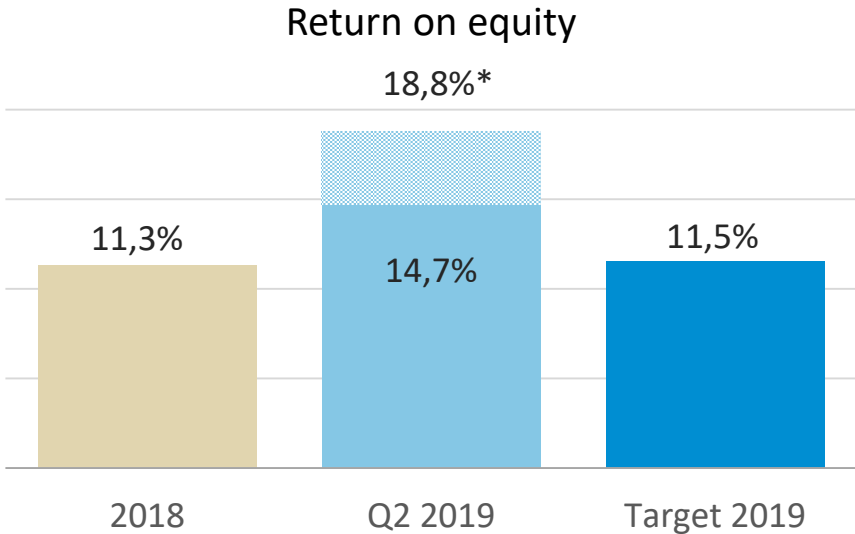
Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Folketrygdfondet		19.890.845	7,8%
State Street Bank and Trust Co, U.S.A.	Nominee	11.567.437	4,5%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Danske Invest Norske Instit. II		3.843.045	1,5%
Vpf Nordea Norge Verdi		3.837.022	1,5%
State Street Bank and Trust Co, U.S.A.	Nominee	3.732.928	1,5%
Odin Norge		3.341.248	1,3%
JPMorgan Chase Bank N.A., U.S.A.		2.870.383	1,1%
Pareto Aksje Norge	Nominee	2.275.325	0,9%
Clipper AS		2.211.000	0,9%
J.P.Morgan Bank Luxembourg S.A.		2.184.885	0,9%
Morgan Stanley & Co, U.K.		2.027.111	0,8%
Verdipapirfondet Alfred Berg Gambak		1.991.707	0,8%
JP Morgan Securities plc, Belgia		1.900.401	0,7%
Verdipapirfondet DNB Norge (IV)		1.854.078	0,7%
Danske Invest Norske Aksjer Inst.		1.808.303	0,7%
KLP Aksjenorge Indeks		1.753.124	0,7%
J.P.Morgan Bank Luxembourg S.A.		1.577.131	0,6%
State Street Bank and Trust Co, U.S.A.		1.556.500	0,6%
Top 5		113.947.215	44,6%
Top 10		130.004.121	50,8%
Top 20		148.868.361	58,2%

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A very good result marked by good operations, low impairments, and significant financial income

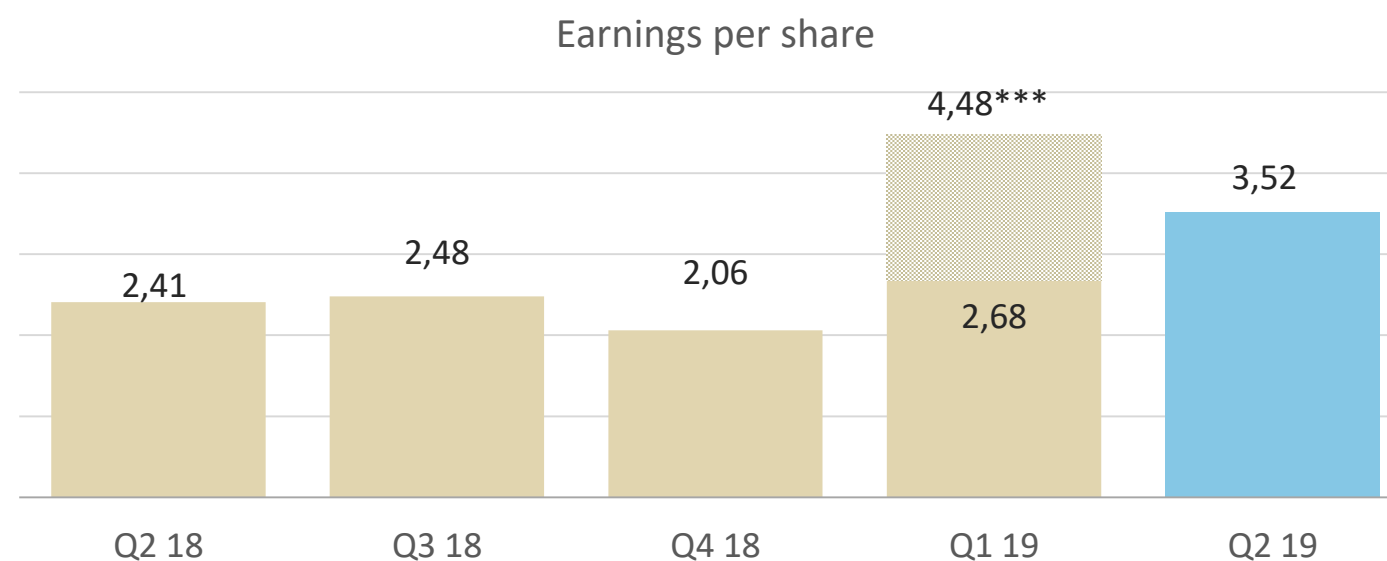
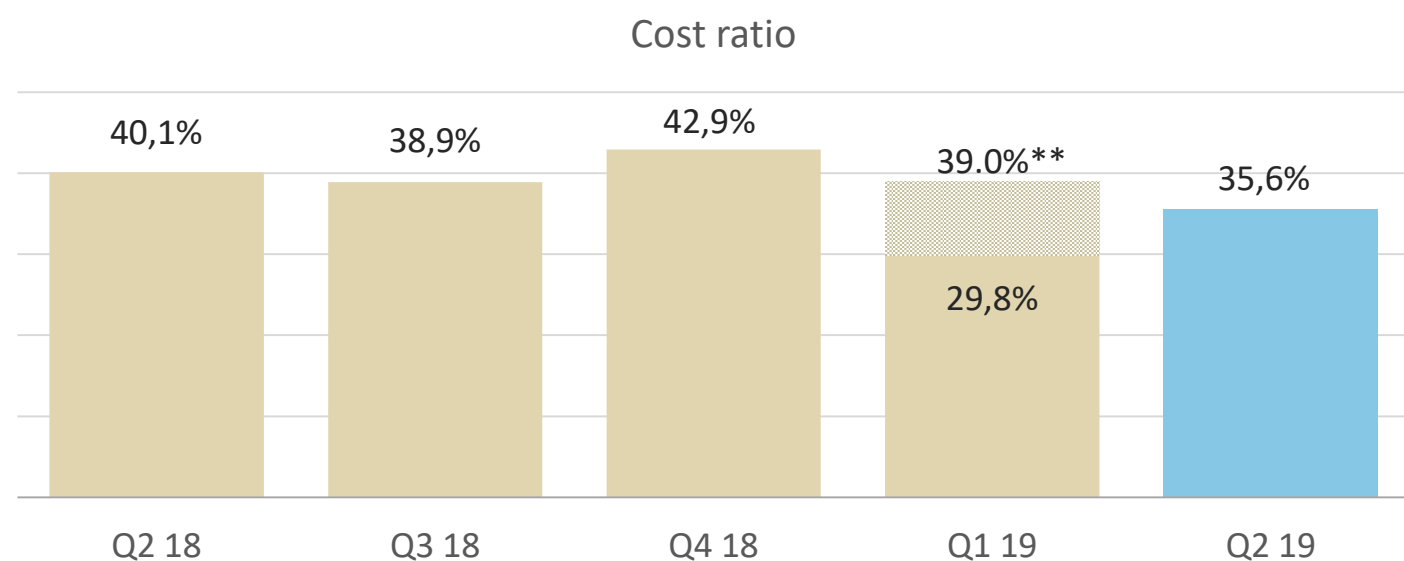
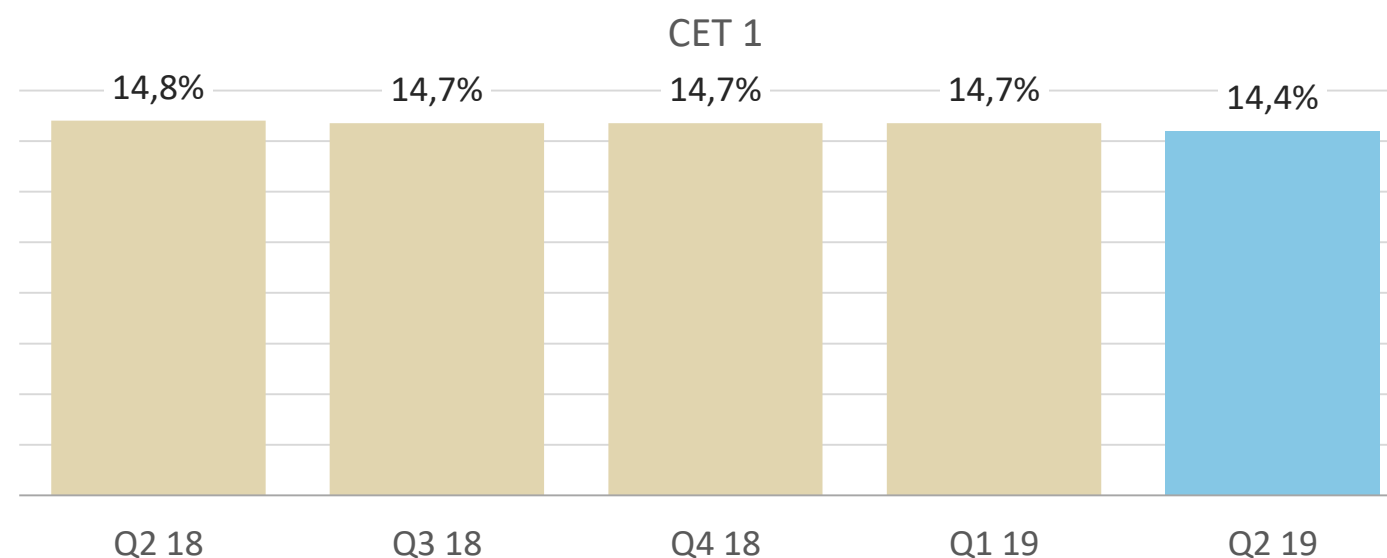
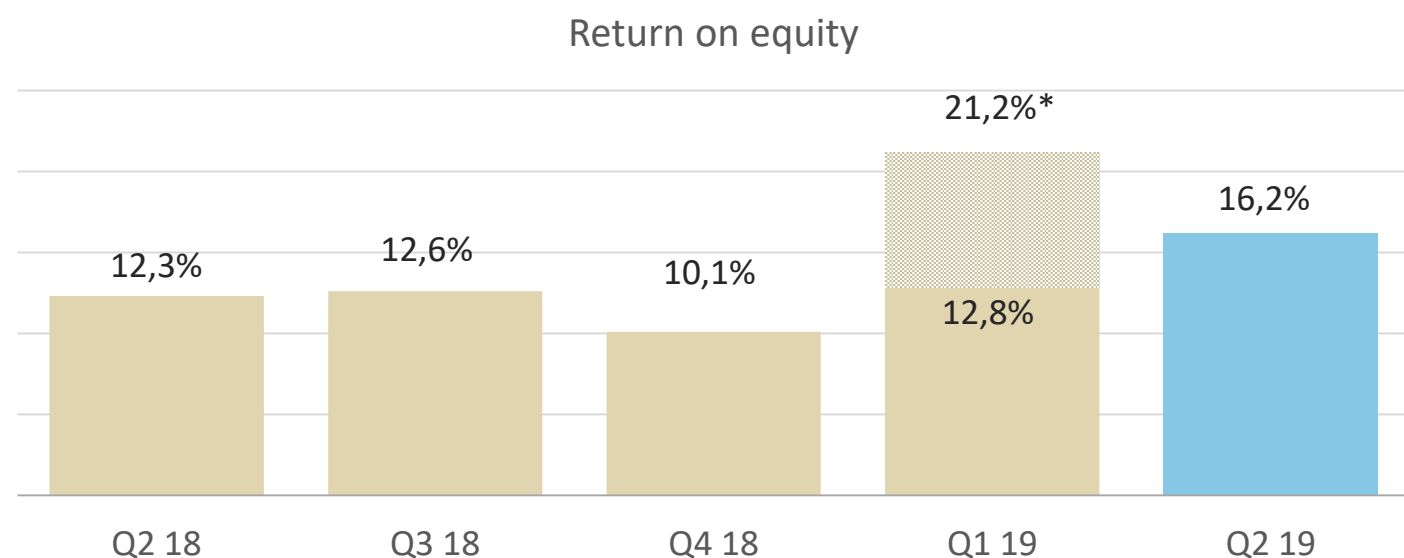
- Pre-tax profit for the quarter is NOK 1.109 million compared to NOK 754 million last year
 - Return on equity after tax 16.2%
- Pre-tax profit year-to-date is NOK 2.432 million compared to NOK 1.422 million last year
 - Return on equity after tax 18.8% (14.7% excluding merger effect Fremtind Forsikring AS)
- Impairments on loans and financial commitments is NOK 30 million compared to NOK 173 million last year
 - 0.03% of gross lending including covered bond companies as at 30 June 2019
- 12 months lending growth of 7.3%
 - Risk-weighted assets (RWA) is increased by 10.0% the last 12 months
- 12 months deposits growth of -3.0%
 - Deposit growth is 2.7% at the end of 2. quarter 2019 excluding public sector
- 12 months costs growth of 6.7%
 - Cost ratio is 32.5% (37.2% excluding merger effects Fremtind Forsikring AS)
- Common equity tier 1 capital ratio is 14.4% compared to 14.8% last year

Financial target and estimate per 31.12.2019



*Return on equity excluding merger effects Fremtind Forsikring AS is 14.7%.
 **Target 30.06.2019 is 14.6%.

Key figures – quarterly development



*Return on equity excluding merger effects Fremtind Forsikring AS is 12.8% in the 1. quarter 2019.

**Cost ratio excluding merger effects Fremtind Forsikring AS is 39.0% in the 1. quarter 2019.

***Earnings per share exclusive merger effects Fremtind Forsikring As is NOK 2.68 in the 1. quarter 2019.

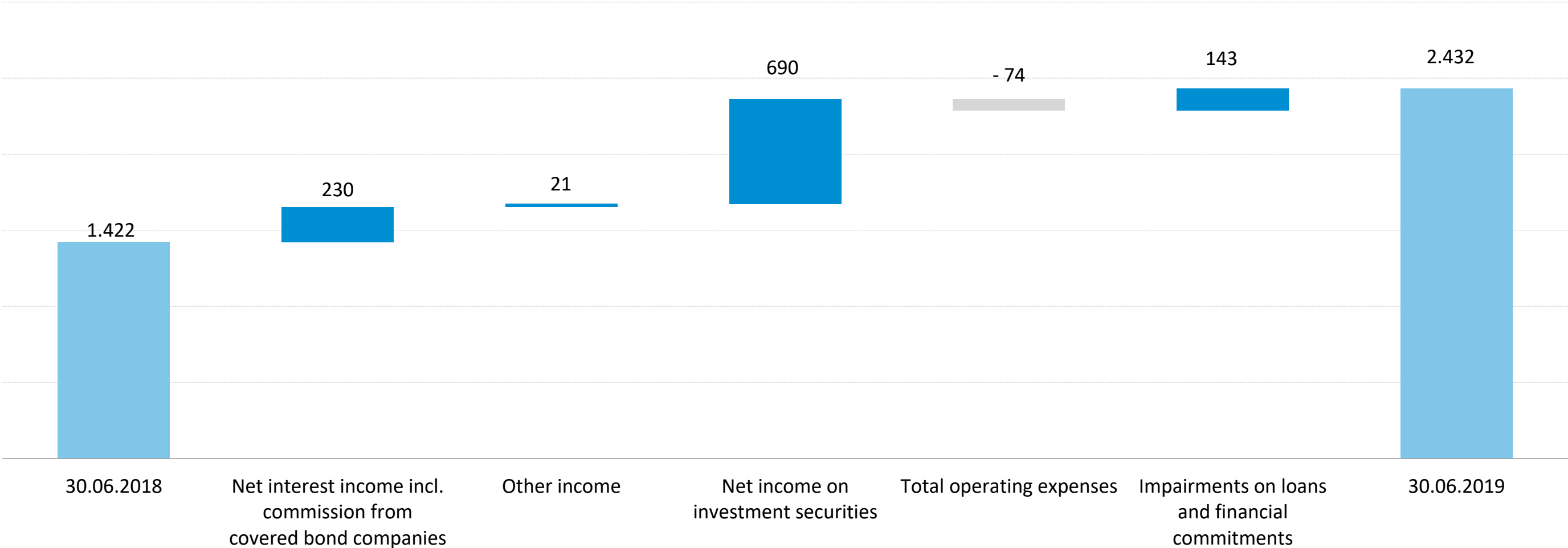
Key figures

	30.06.2019	30.06.2018	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18
Return on equity after tax (%)	18,8	11,4	16,2	21,2	10,1	12,6	12,3
Net interest margin (%)	1,59	1,51	1,58	1,60	1,59	1,53	1,52
Impairments on loans in % of gross loans incl. covered bond companies	0,03	0,18	-0,04	0,10	0,18	0,12	0,21
Loans and financial commitments in Stage 3 in % of gross loans incl. covered bond companies	1,43	1,54	1,43	1,40	1,46	1,45	1,54
Cost to Income ratio	32,5	41,1	35,6	29,8	42,9	38,9	40,1
Annual growth in loans to customers, gross incl. covered bond companies (%)	7,3	5,0	7,3	8,7	7,6	6,1	5
Annual growth in deposits from customers (%)	-3,0	6,1	-3,0	-0,6	3,6	1,7	6,1
Total assets (BNOK)	246,5	224,0	246,5	241,9	234,1	226,0	224,0
Portfolio of loans in covered bond companies (BNOK)	8,9	14,6	8,9	9,0	9,3	13,4	14,6
Risk weighted assets (BNOK)	139,5	126,8	139,5	134,7	130,9	129,2	126,8
Liquidity Coverage Ratio (LCR) (%)	154	157	154	172	167	151	157
Earnings per share (NOK)	8	4,44	3,52	4,48	2,06	2,48	2,41
Book value per share (NOK)	85,44	77,28	85,44	86,55	82,27	80,02	77,28

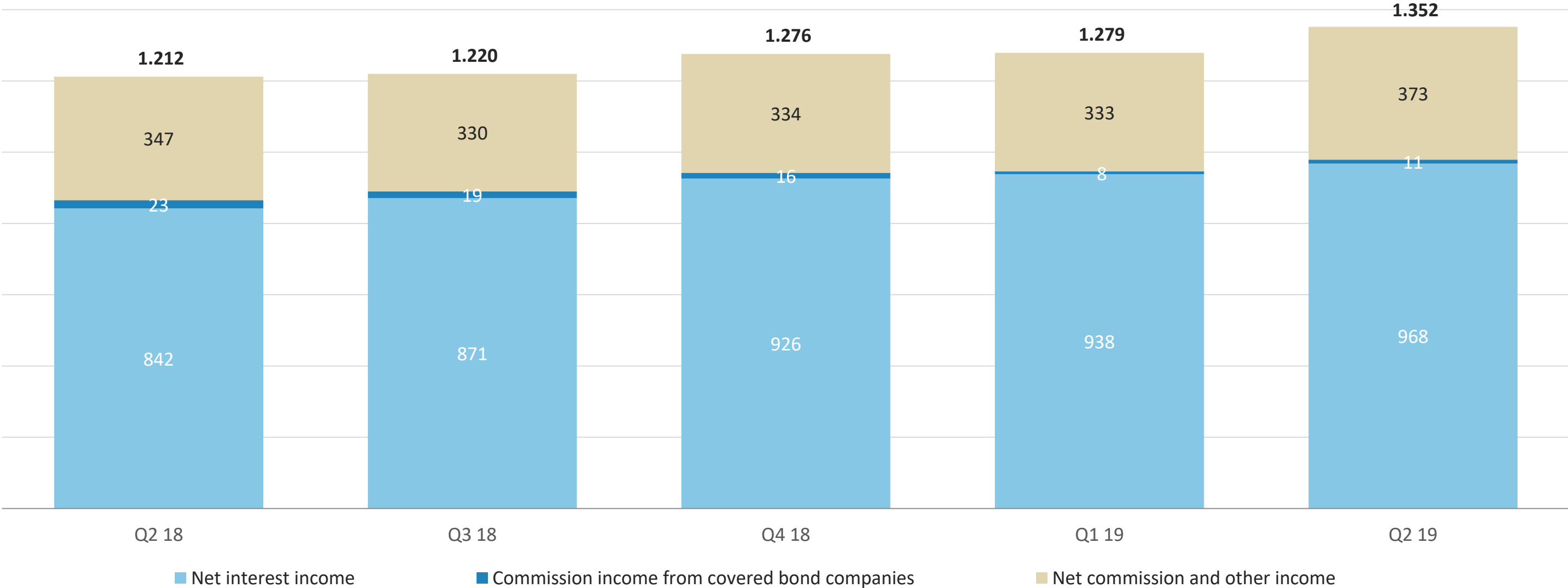
Income statement

Group Income Statement (MNOK)	30.06.2019	30.06.2018	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18
Net interest income	1.906	1.642	968	938	926	871	842
Net commission and other income	725	738	384	341	350	349	370
Net income on investment securities	1.016	326	340	676	68	175	213
Total income	3.647	2.706	1.692	1.955	1.344	1.395	1.425
Total operating expenses	1.185	1.111	602	583	576	542	572
Operating profit before impairments	2.462	1.595	1.090	1.372	768	853	853
Impairments on loans and financial commitments	30	173	-19	49	92	59	99
Operating profit before tax	2.432	1.422	1.109	1.323	676	794	754
Tax expense	386	287	209	177	149	160	137
Net profit	2.046	1.135	900	1.146	527	634	617

Change in profit 30.06.2018 – 30.06.2019

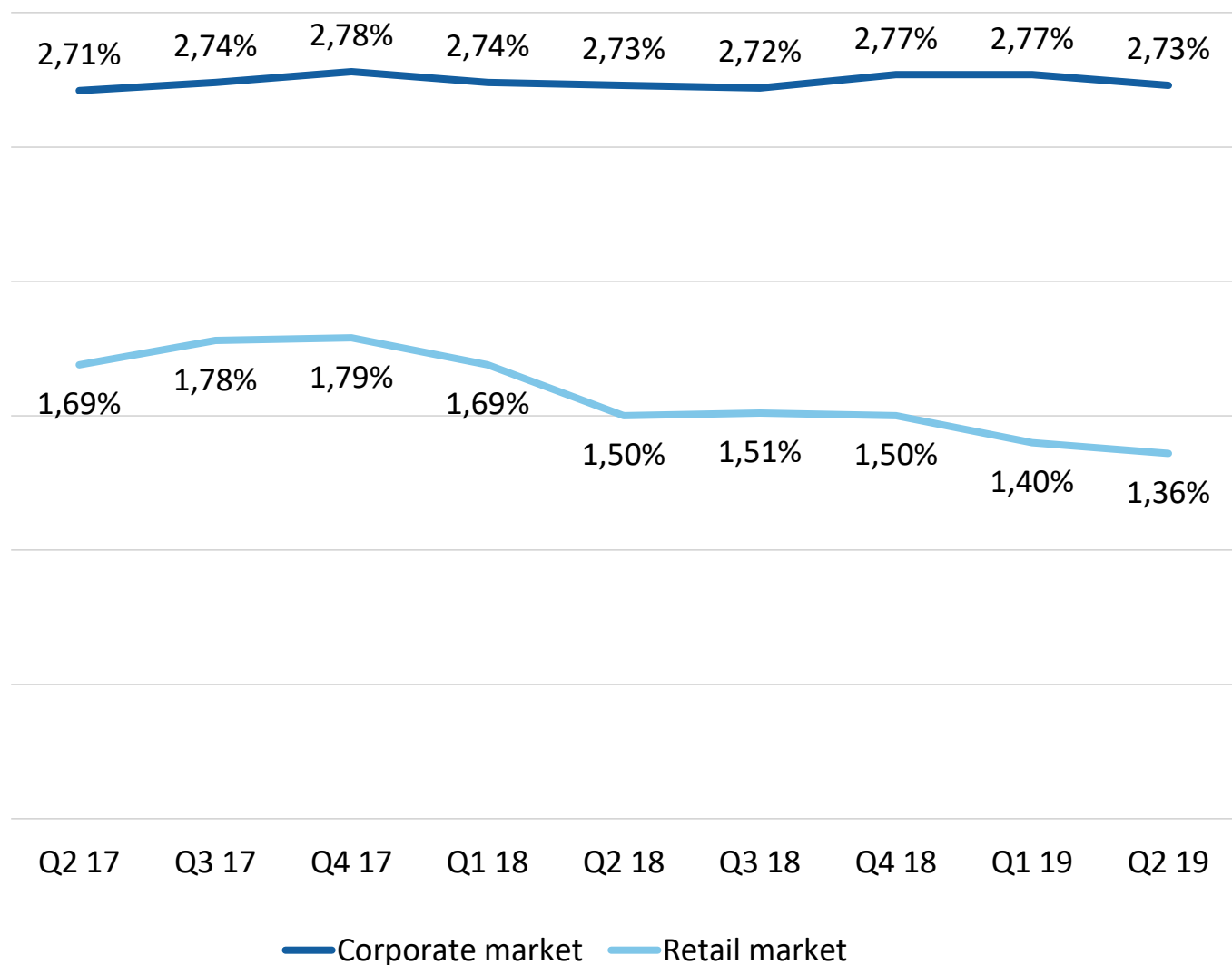


Consolidated income profile

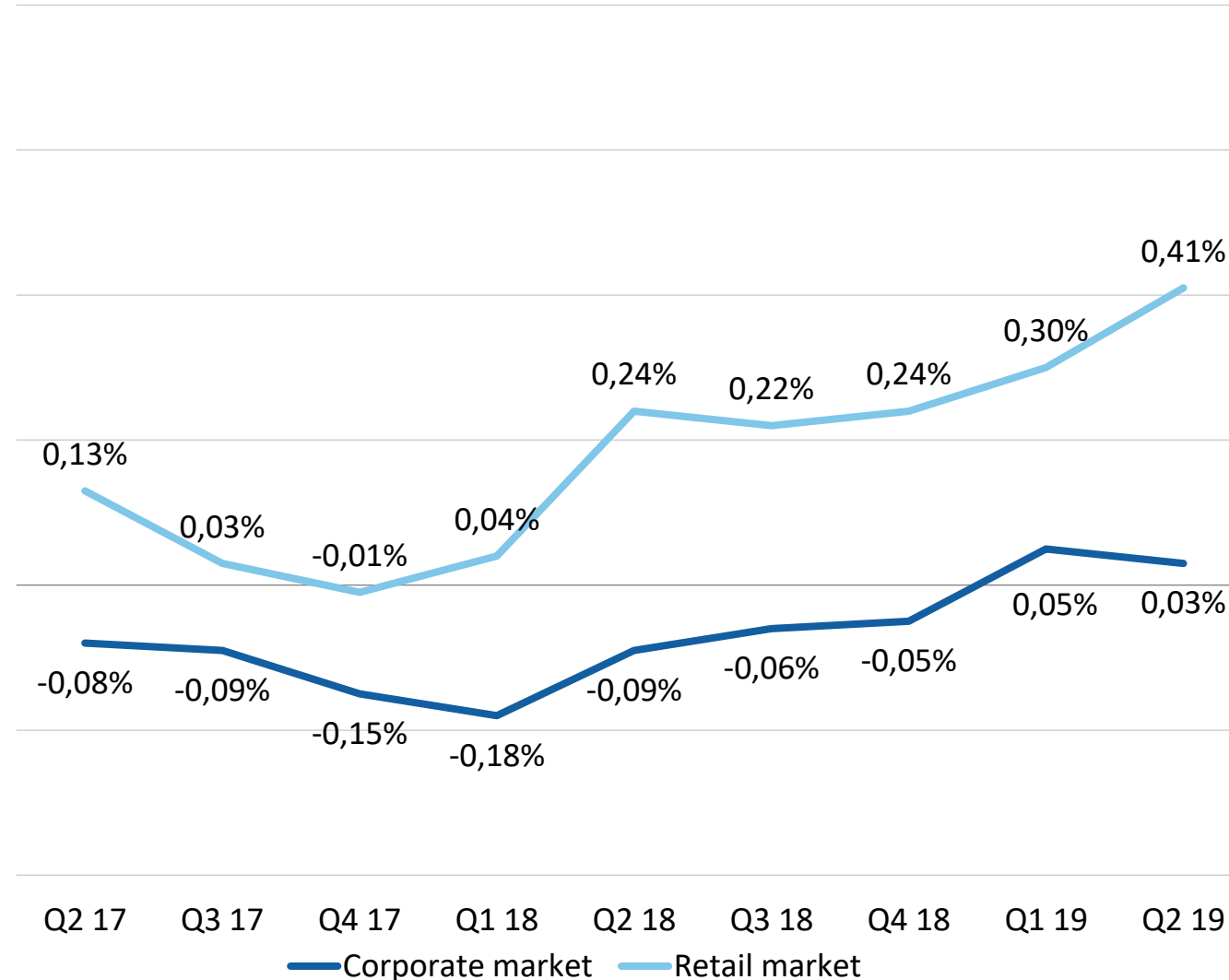


Lending and deposit margins

Lending margins*



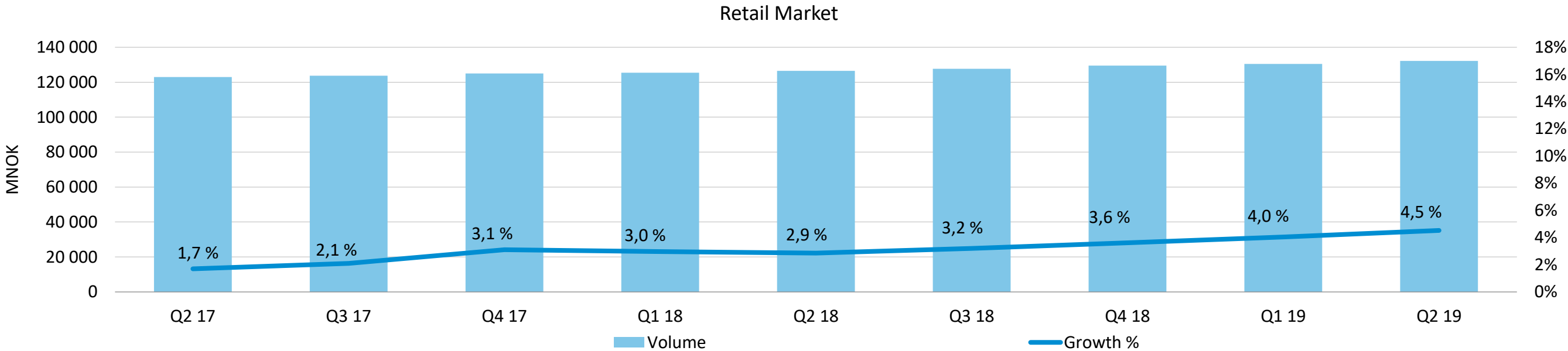
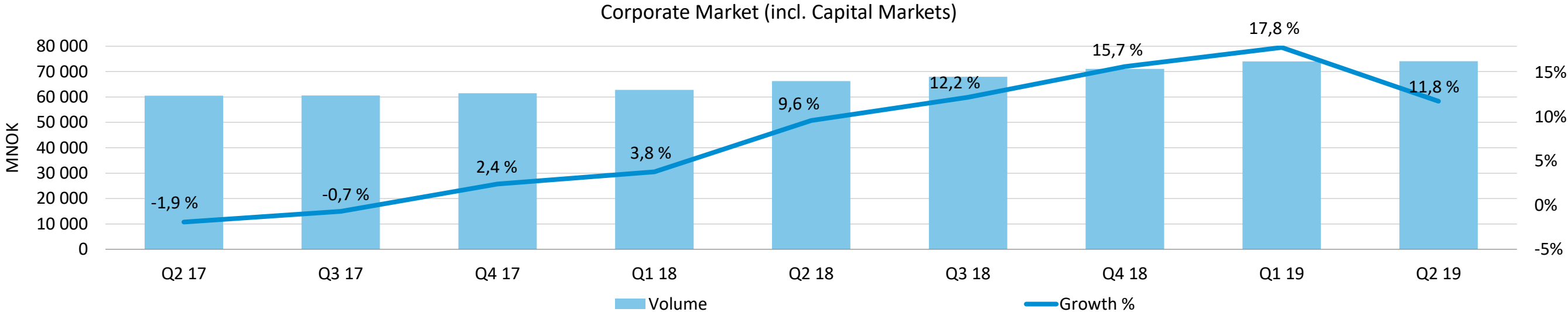
Deposit margins



Definition: Average customer interest rate against 3-month moving average for 3-month NIBOR.

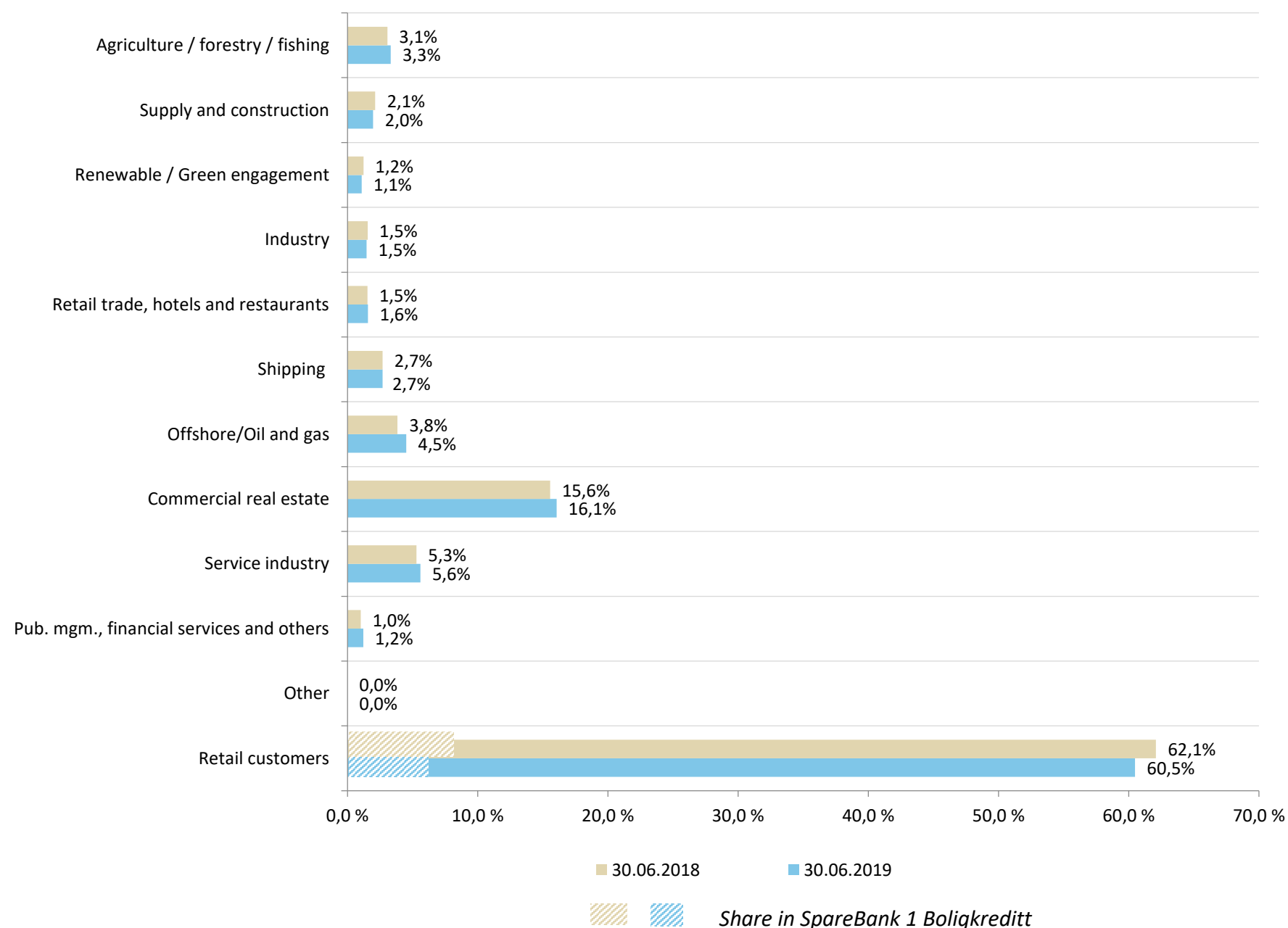
*Lending margins include loan portfolio in covered bond companies

Lending volume and 12 months growth



Loan portfolio as at 30.06.2019

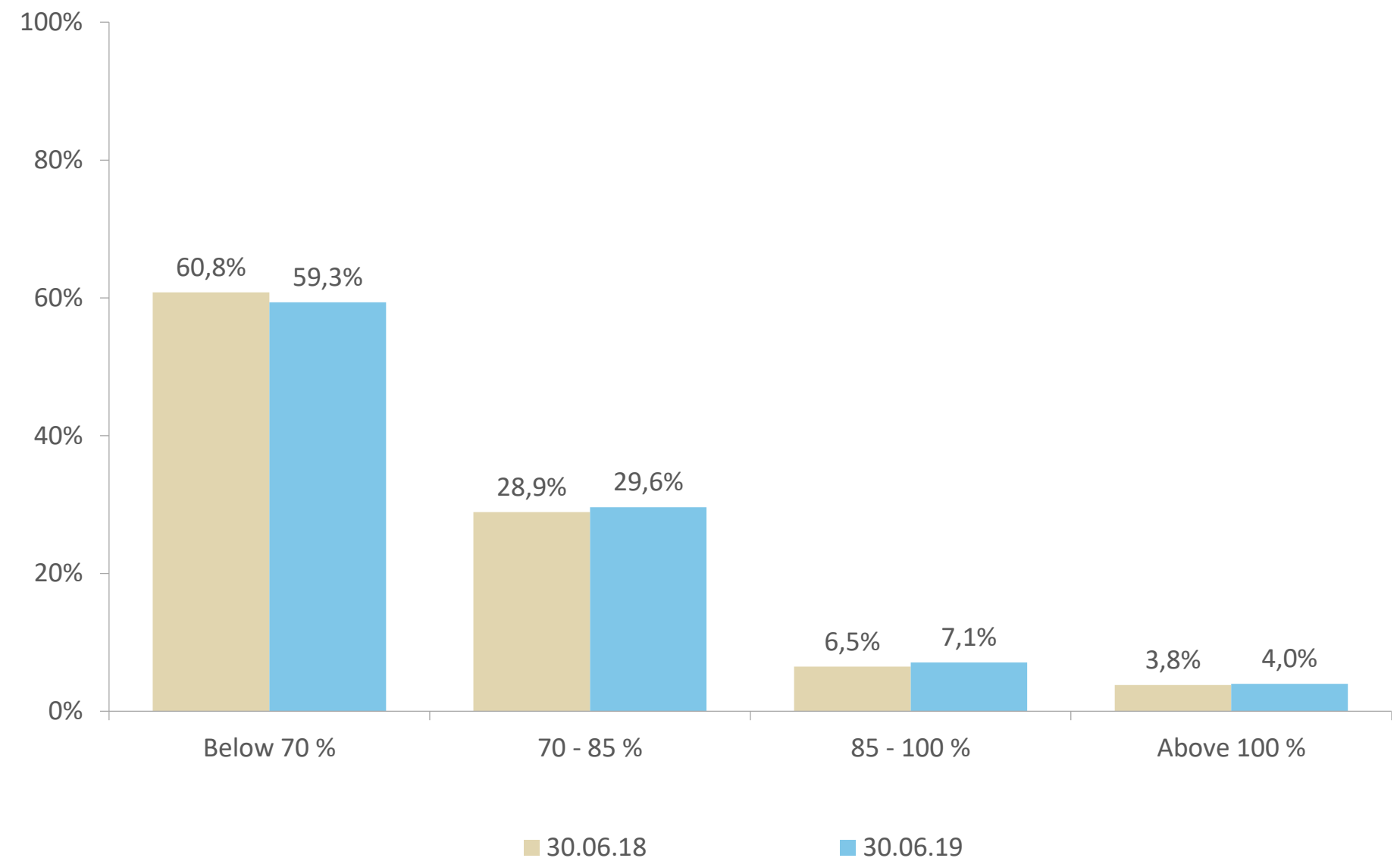
- Gross loans (incl. covered bond companies) as at 30 June 2019 has increased to NOK 207.5 billion from NOK 193.5 billion at the same time the year before.
- 12-month growth in loans of 7.3%.
- Loans to retail customers (incl. covered bond company) account for 60.5% of total loans, of which 7.1%-points is in SpareBank 1 Boligkreditt.



Loans before impairments, nominal amounts. Sector allocation in accordance with the standard categories from Statistics Norway.
 Process improvements has increased the companies availability for details on loan sector allocation. Historical figures has also been changed.

Loan to value ratio on home mortgage loans

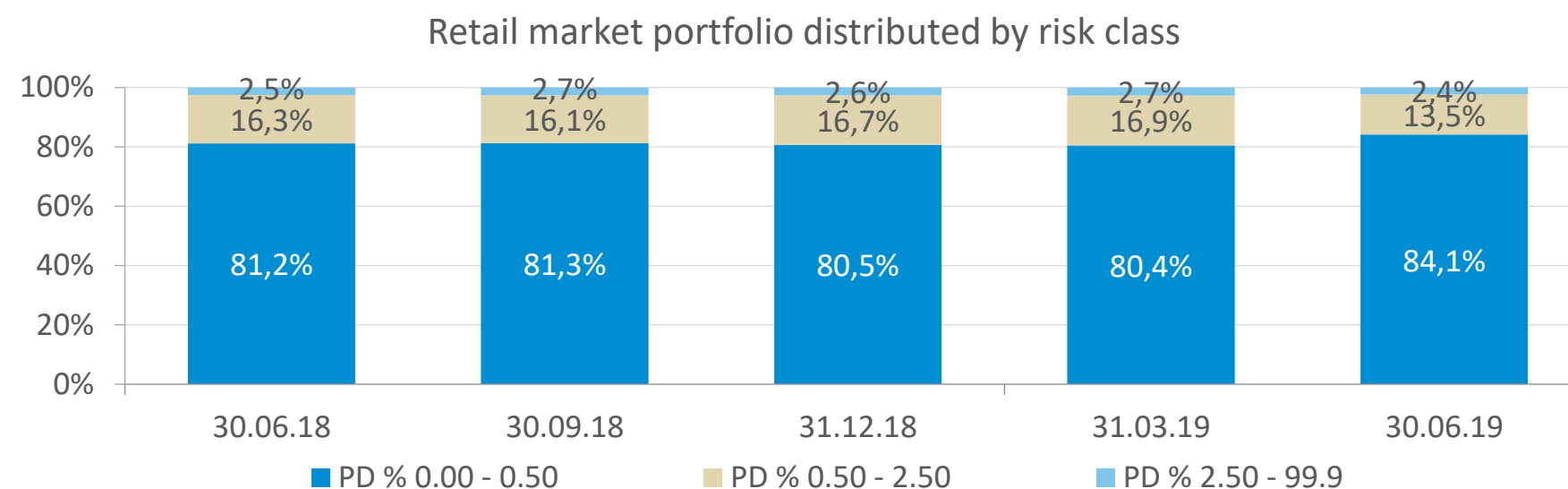
- The proportion of loans with a loan-to-value ratio of less than 85% is high.
 - 89% of the exposure is within 85% of the assessed value of collateral.



*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).*

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 low risk profile is achieved through prudent customer selection and requirements for moderate LTV. Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.

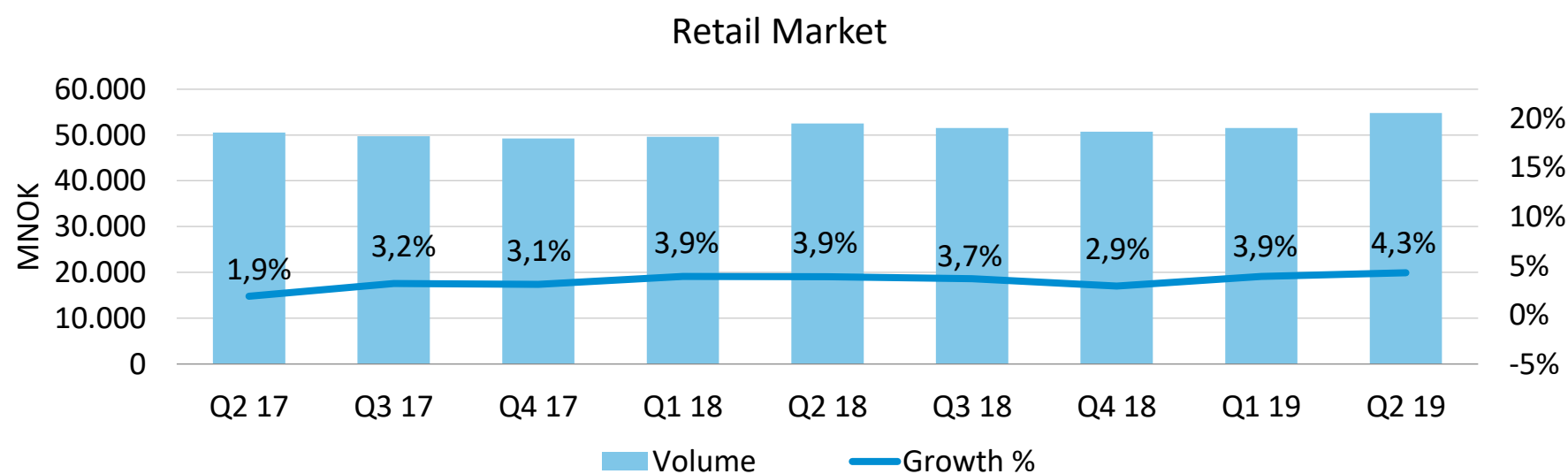
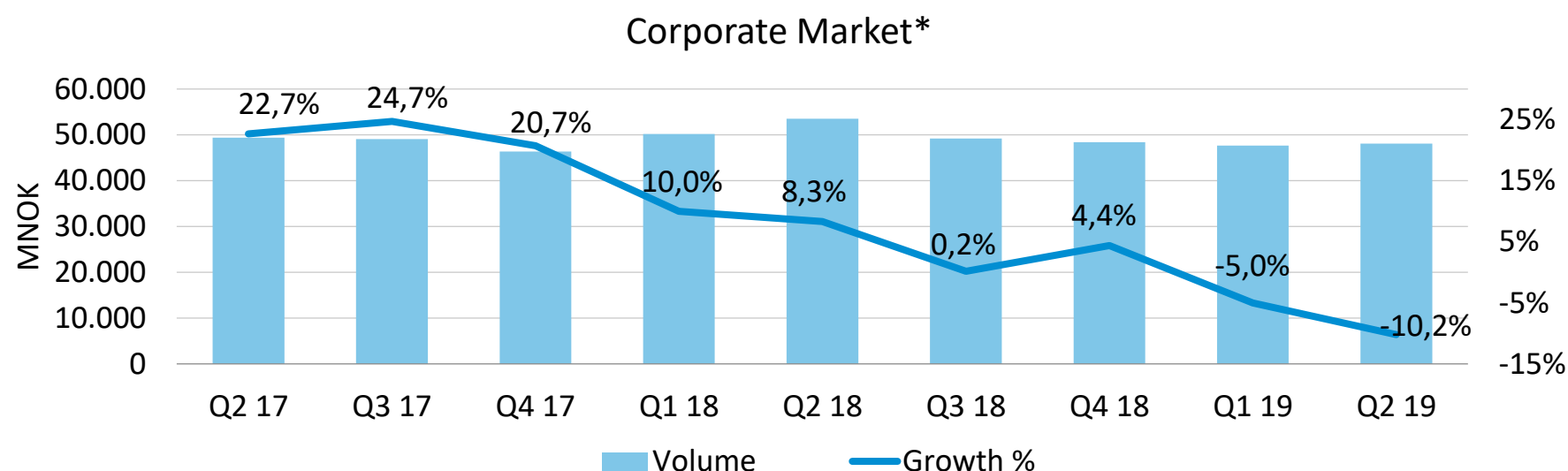


Probability of default (PD) through a full cycle of loss.

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

Deposits volume and 12 month growth

- Last 12 months deposits decreased by NOK 3.1 billion to NOK 102.7 billion.
 - Corresponds to an decrease in the period of 3%.
 - Deposit growth is 2.7% at 2. quarter 2019 excl. deposits from public sector.
- Increased deposit growth in the corporate market (incl. capital market) in 2017 is due to larger deposits from public sector.



Ownership interests

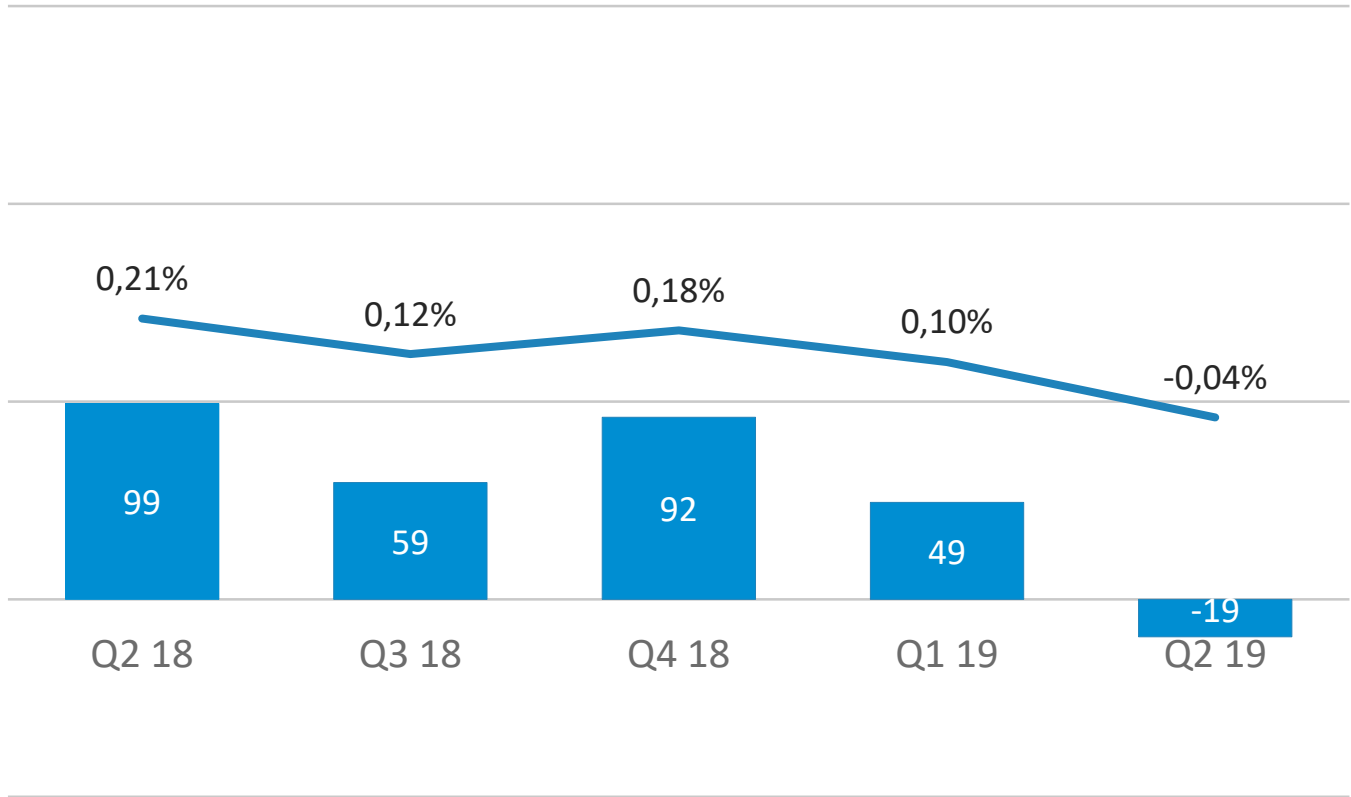
Ownership interests	MNOK	30.06.2019	30.06.2018
SpareBank 1 Gruppen AS	Interest ownership	19,5%	19,5%
	Profit after tax	224	117
	Profit effect merger	460	0
SpareBank 1 Boligkreditt AS	Interest ownership	4,8%	8,0%
	Profit after tax	5	-2
SpareBank 1 Næringskreditt AS*	Interest ownership	35,0%	19,2%
	Profit after tax	6	5
BN Bank ASA*	Interest ownership	35,0%	23,5%
	Profit after tax	51	36
SpareBank 1 Kredittkort AS	Interest ownership	17,8%	17,9%
	Profit after tax	8	12
SpareBank 1 Betaling AS**	Interest ownership	19,8%	19,7%
	Profit after tax	-5	-6
	Adjusted profit previous years	14	-6
Other	Profit after tax	-1	3
Total ownership interests	Profit after tax	762	159

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

**All the SpareBank 1 banks own jointly SpareBank 1 Betaling AS, where SpareBank 1 SR-Bank ASA has a stake share of 19,8 %. As of 1 November 2018 SpareBank 1 Betaling owns a stock share of 22,04% in VBB AS, where VBB AS is a result of the fusion between Vipps AS, BankID AS and Bank Axccept AS.

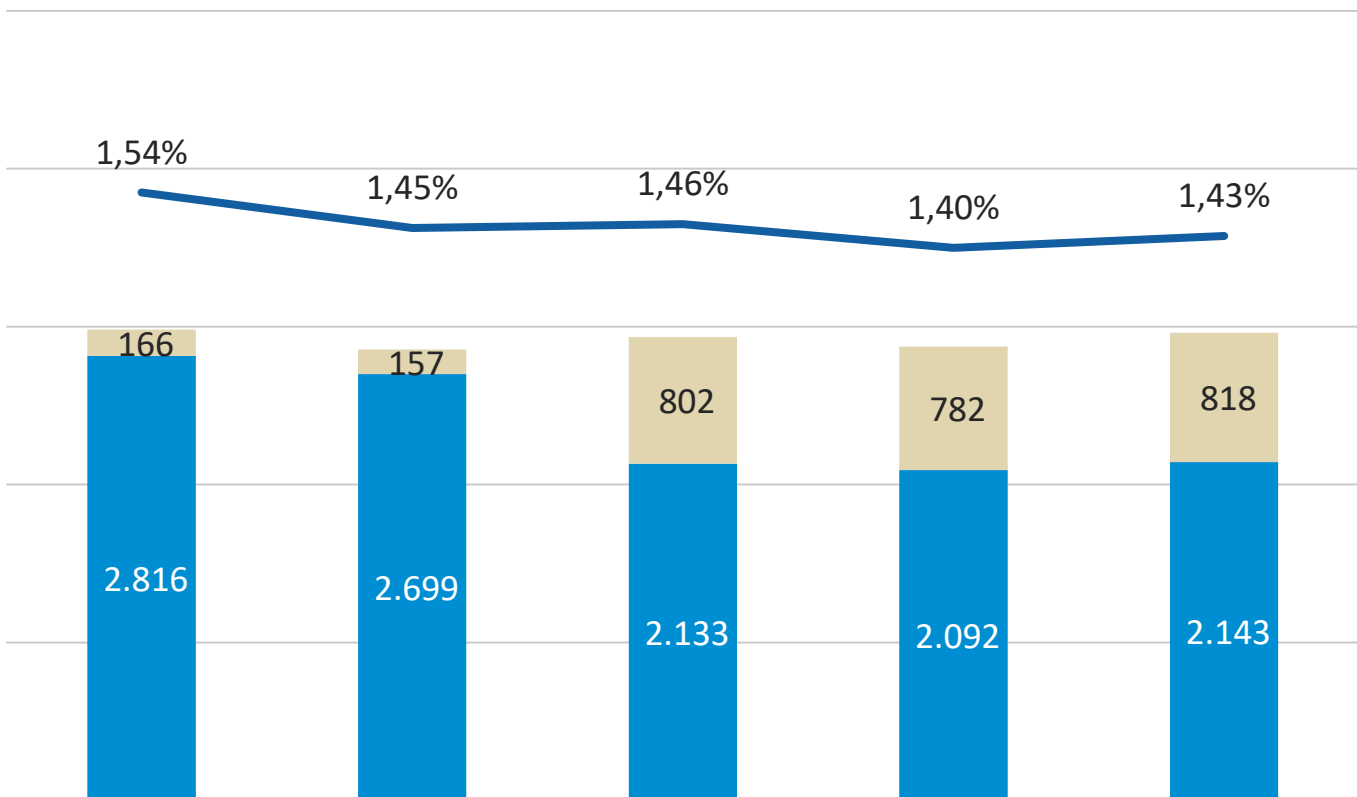
Impairments on loans and financial commitments / Loans and financial commitments defined as Stage 3

Impairment on loans and financial commitments



■ Impairment 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. from covered bond companies

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Funding

- NSFR* 121%
- LCR** 154%
- NOK 13.6 billion net refinancing need over the next 12 months
- Deposits to loans ratio 51.7%

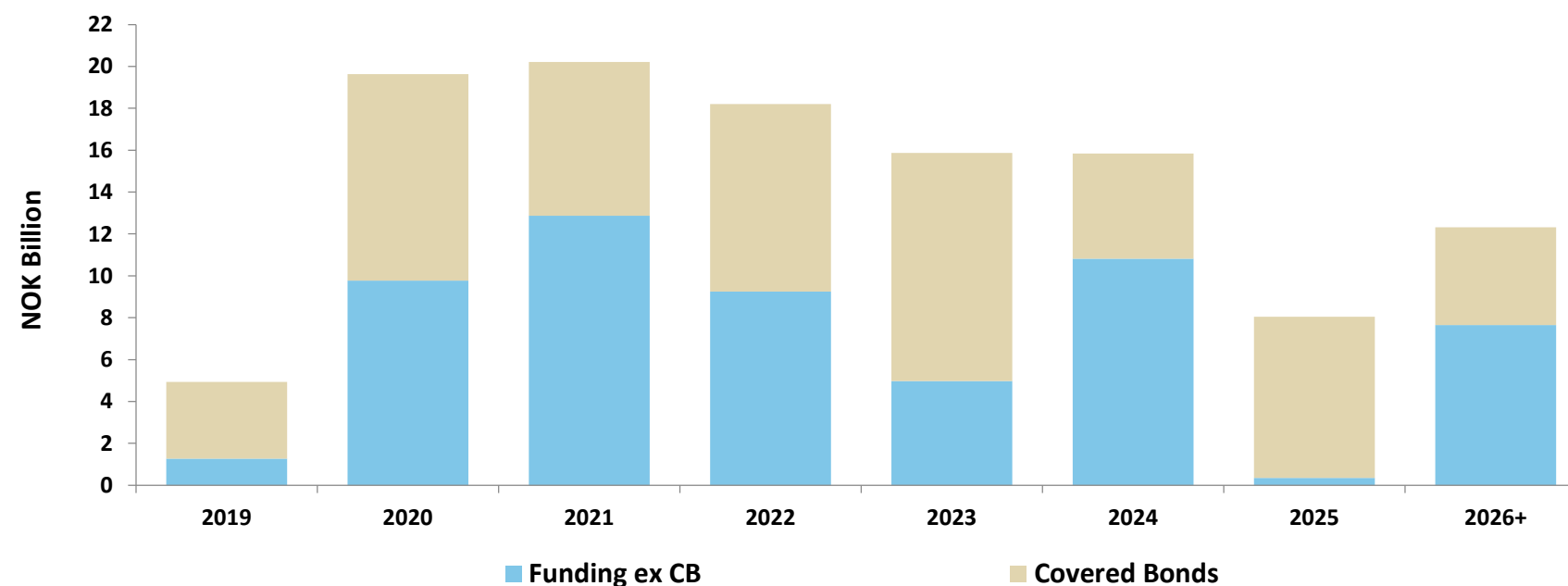
SRBANK

SPAREBANK 1 SR-BANK ASA
(incorporated with limited liability in Norway)

€10,000,000,000

Euro Medium Term Note Programme

Annual funding maturity



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.

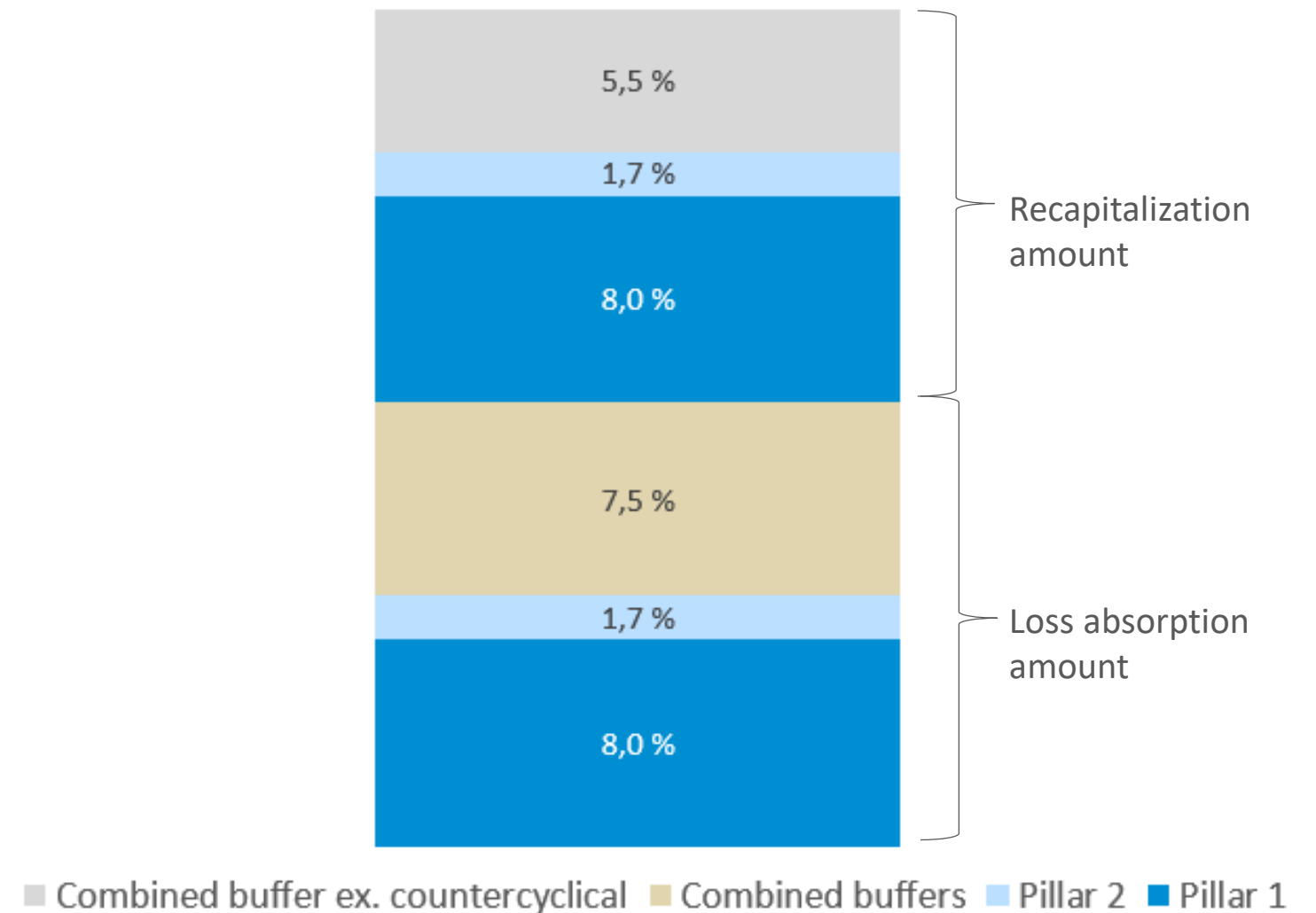
MREL

Main features from Ministry of Finance regulation based on «BRRD»:

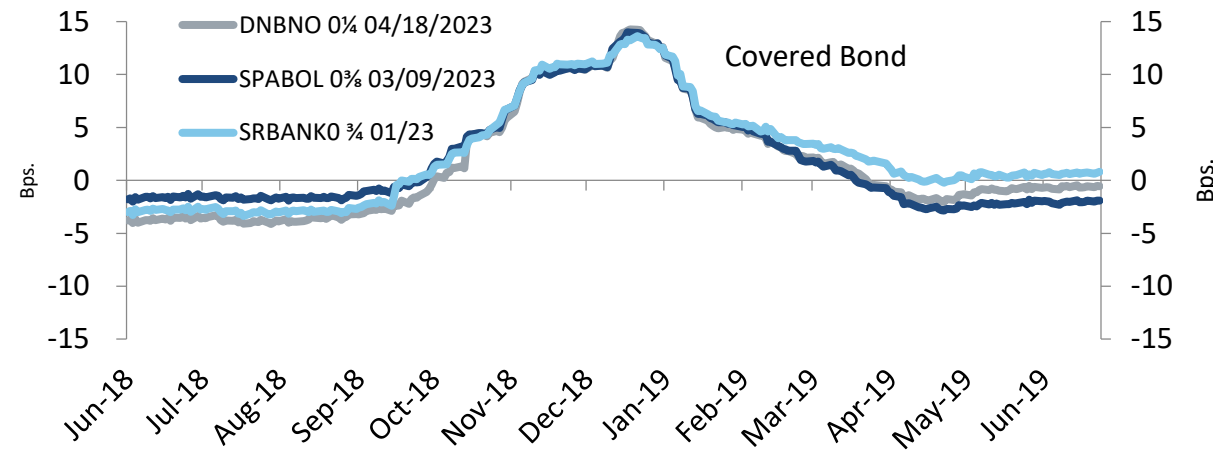
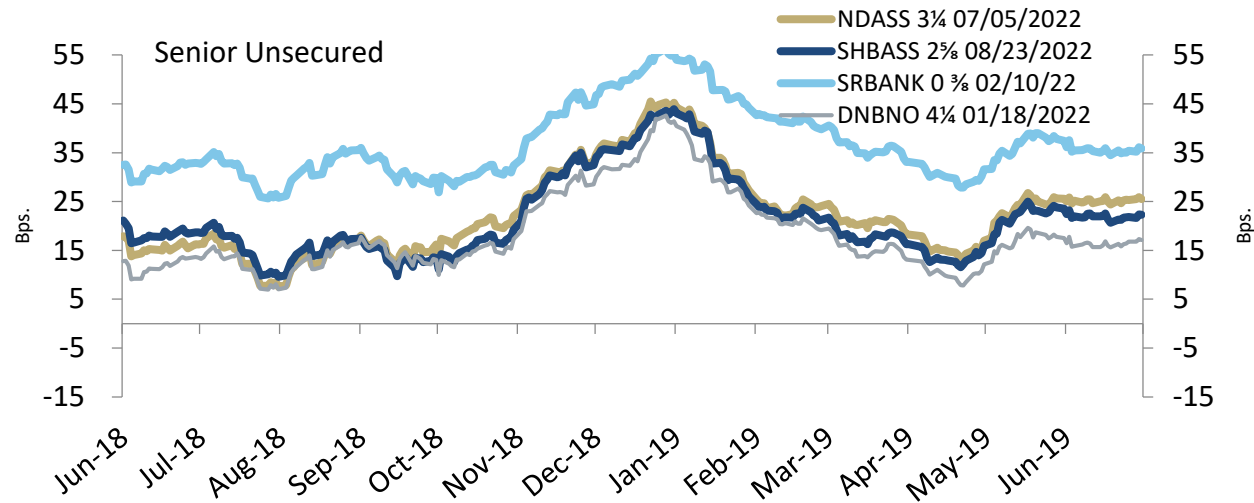
- Issuers shall be fully MREL compliant by 31 December 2022.
- The FSA will set requirements individually for each bank.
- Covered bond issuers are exempt from MREL, also when the owning bank is consolidating. The FSA states, however, that the exposure the owning bank has towards the covered bonds issuer will be included when setting MREL requirements.

«BRRD2» and possible outcome for SR-Bank:

- «BRRD2» was published in the EU official journal 7th June. The legislation sets a maximum level of MREL and compliance of requirements by 31 December 2024.
- Total capital requirement including MREL = (P1 + P2 + Combined buffer requirement) x 2 - Countercyclical buffer x 1, see figure.
- The Ministry of Finance has proposed an increase of the systemic risk buffer from 3 to 4.5% as of year end 2019.



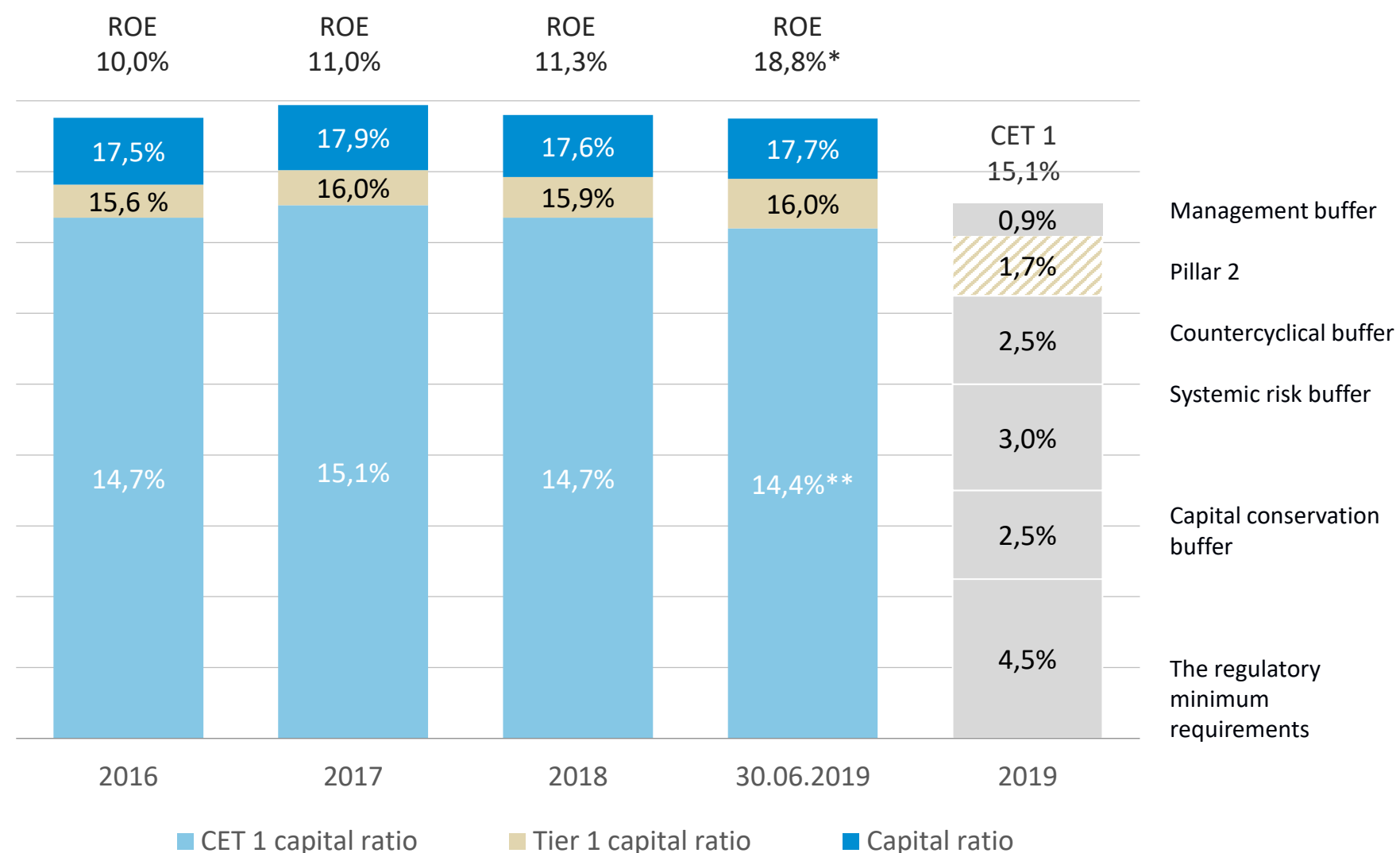
An established borrower in the Euromarket



Issuer / Ticker	Coupon	Amount	Maturity	ISIN
SR-Bank / SRBANK	2,125%	EUR 500mn	03-February-2020	XS0876758664
SR-Bank / SRBANK	2,125%	EUR 750mn	14-April-2021	XS1055536251
SR-Bank / SRBANK	0,375%	EUR 500mn	10-February-2022	XS1516271290
SR-Bank / SRBANK	0,625%	EUR 750mn	25-March-2024	XS1967582831
SR-BOL / SRBANK	0,500%	EUR 500mn	28-September-2020	XS1297977115
SR-BOL / SRBANK	0,125%	EUR 750mn	8-September-2021	XS1429577791
SR-BOL / SRBANK	0,750%	EUR 600mn	18-January-2023	XS1344895450
SR-BOL / SRBANK	0,375%	EUR 500mn	3-October-2024	XS1692489583
SR-BOL / SRBANK	0,750%	EUR 750mn	17-October-2025	XS1894534343
SR-BOL / SRBANK	2,500%	USD 600mn	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
SR-BOL / SRBANK	Nibor3m +29	NOK 5.000mm	17-November 2022	NO0010841380
SR-BOL / SRBANK	Nibor3m +29	NOK 5.000mm	29-May 2023	NO0010823255

Solid capital ratio

- As of 30 June 2019, SpareBank 1 SR-Bank met all of the regulatory requirements by a good margin
- SpareBank 1 SR-Bank's Pillar 2 requirement has been set at 1.7%, down from 2.0% (set in 2016), with effect from 31 March 2019.
- The countercyclical buffer will increase from 2.0% to 2.5% in the fourth quarter of 2019.
- SpareBank 1 SR-Bank is not defined as a systemically important financial institution (SIFI).
- The leverage ratio was 7.6% as at 30 June 2019, well above the minimum requirement being discussed and recommended internationally.

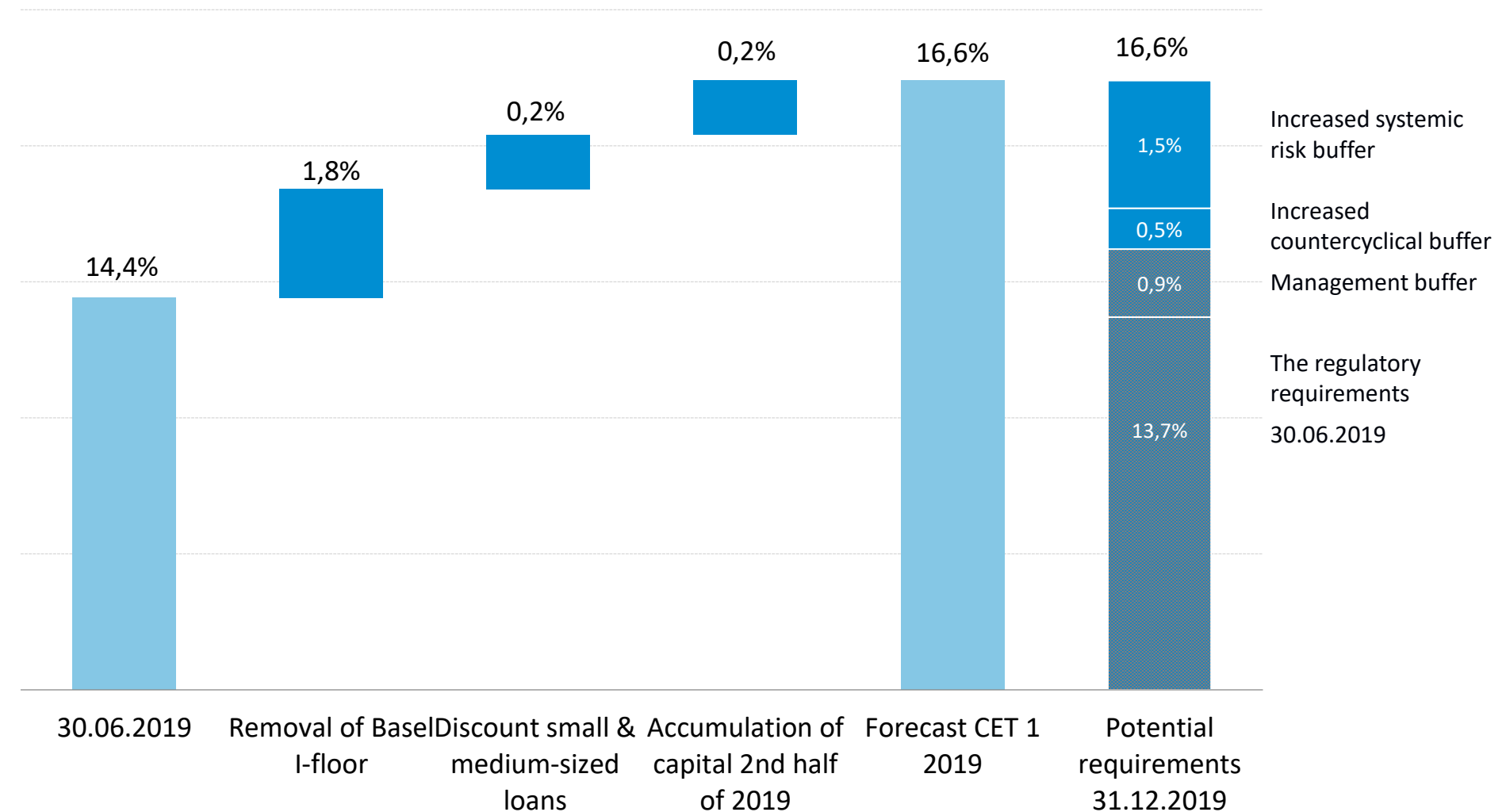


*Return on equity excluding merger effects Fremtind Forsikring AS is 14.7%.

**Calculation of CET 1 capital as of 30 June 2019 includes 50% of extraordinary income due to merger effects from Fremtind Forsikring AS. Alone this is an increase of 0,2% of the CET 1 capital

Well positioned to manage new capital requirements

- In 2019, the Basel I-floor is expected to be removed and a discount for small and medium-sized loans will be introduced. Calculated positive effect for CET 1 is 2.0%.
- Ministry of Finance recommends to increase the systemic risk buffer requirements with 1.5% from 3.0% to 4.5% for all IRB banks.
- Based on the potential regulatory changes SR-Bank expect to reach the new capital requirements through normal business.



Outlook – Expectations of further growth

- Positive growth in the Norwegian economy for 2019 will continue to produce increased growth in the group's market areas
- Optimism in the business. Companies are reporting increased investments and improved profitability
 - Norwegian unemployment rate reduced to lowest in 10 years
- Norges Bank raised its key rate by 0.25% in March 2019 and again in June 2019
- The housing market is expected to be stable with some increase in price and a moderate increase in the number of new housing projects starting up
- Profitable lending growth, moderate impairments on loans and financial commitments, growth in other operating income and good cost control will contribute to achieving the group's long-term return on equity target of a minimum 12%
- Solid earnings from a robust business model and capital optimisation of the balance sheet means the group is well-positioned to maintain a solid capital base, while ensuring good competitiveness and normalised dividends
- Meeting the future head on, including by establishing a separate business area for strategy, innovation and development
 - Investing in new technology and intensifying the focus on developing new products to ensure customers have the best products on the market
- Geographic expansion, digitalisation and growth will provide the basis for transforming from a regional savings bank to a bank for the whole of Southern Norway



The digitalisation and improvement of customer services has come a long way, both within and outside the existing business model.

Investments we have made to access to innovative new solutions



Boost AI AS – AI-based, virtual chatbot assistant – 14% stake

Monner AS – crowdfunding company that connects small startups and lenders – 100% stake

Monner Securities AS – fully digital investment firm – stake 43.83%

Lucidtech AS – uses machine learning to automate data extraction from documents – 14.28% stake

Just Technologies AS – frictionless global currency trading platform – 22.96% stake

Justify AS – low-cost, digitalised legal services – 14.24% stake

NORD.Investments A/S (DK) – Danish digital self-service investment service – 10.2% stake

Harvest Funds AS – factor fund based on research and scientific methods – 11.12% stake

Beaufort – digital platform for combating money laundering

Innovation in existing business model

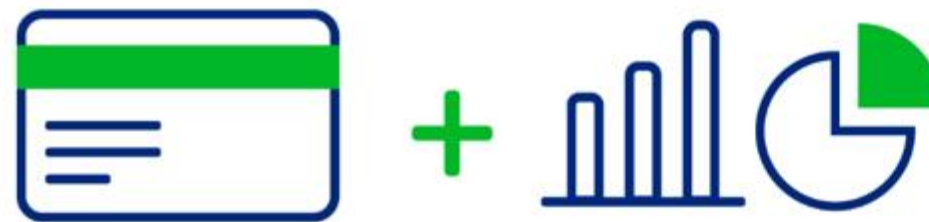
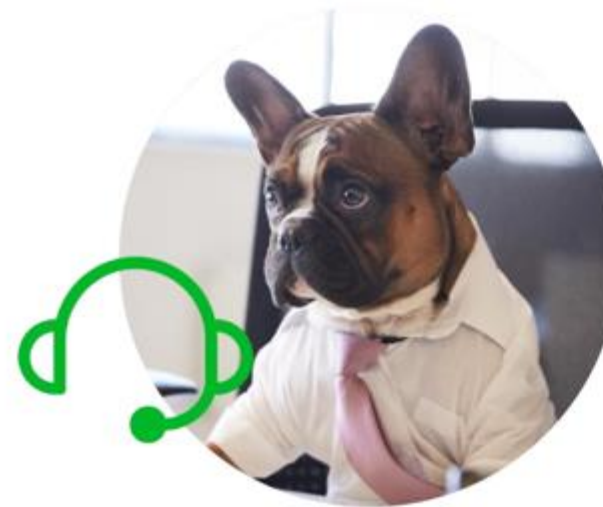


Banking + accounting

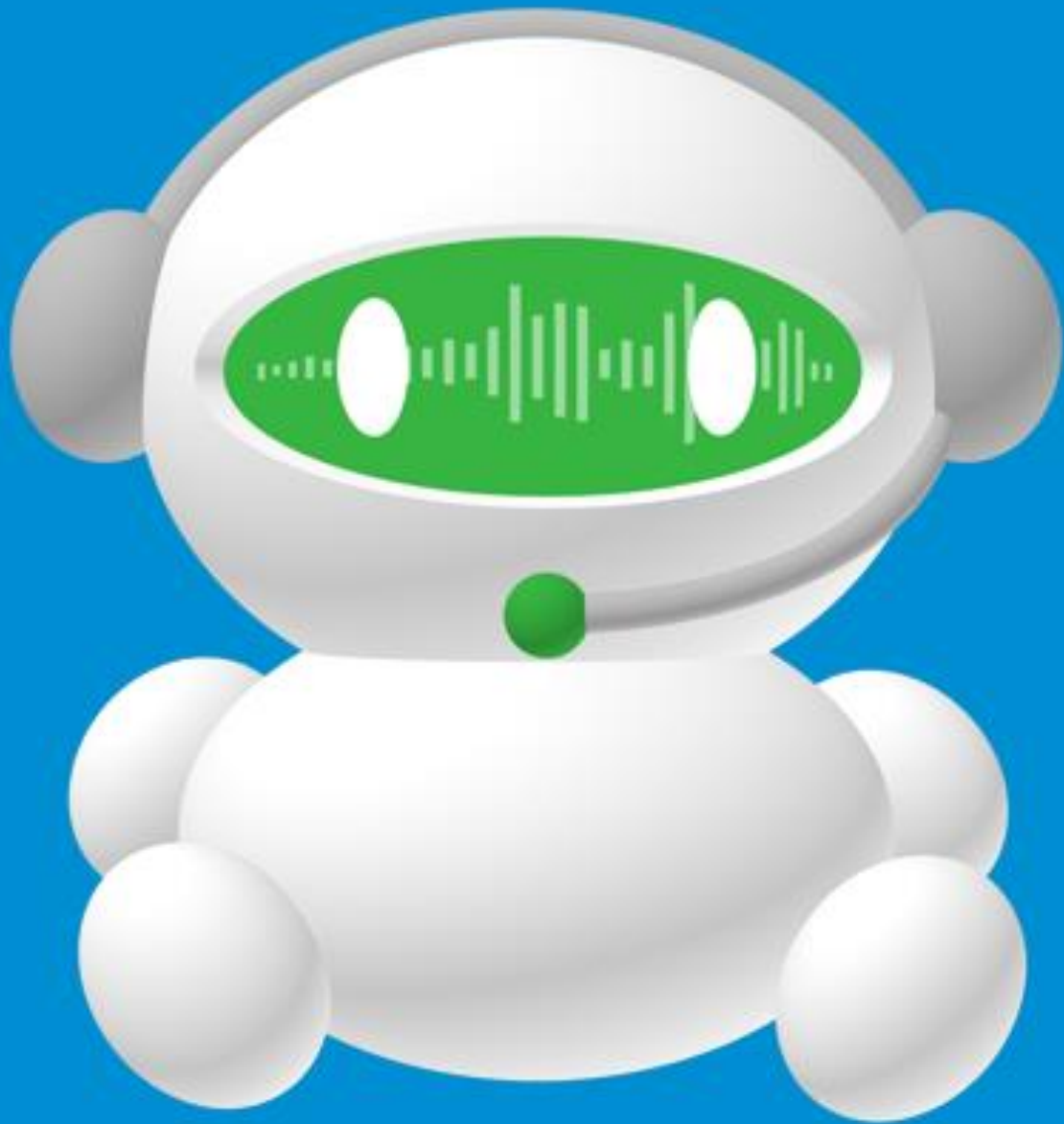
For companies that want to do their own accounts with free support from us. The Visma eAccounting system talks to the customer's online bank and performs tasks they would otherwise have done manually.

Sales as at 1 August **48**

32% of the conversion comes **Facebook**



Hello! I now know who you are and can perform tasks for you.



Banki – our digital adviser

- Banki responds to around 31,500 enquiries every month
- 75% of our customers complete their conversation with Banki
- 25% of our customers seamlessly escalate the conversation to an adviser
- The work Banki performs is equivalent to around 30 full-time advisers
- The interaction between person and machine helps increase satisfaction. The “thumbs up” feedback last week was a new record – more than 70%
- Our customer service centre reports an increase in complex enquiries and a decrease in simple enquires, which is contributing to a more exciting workday
- This is digital transformation in practice, where the use of machine learning improves the quality of dialogue for both customers and staff
- We continually work on authorising Banki together with Spama, FinAut and Boost.ai

Boligassistenten

A service that helps customers through the entire home buying process

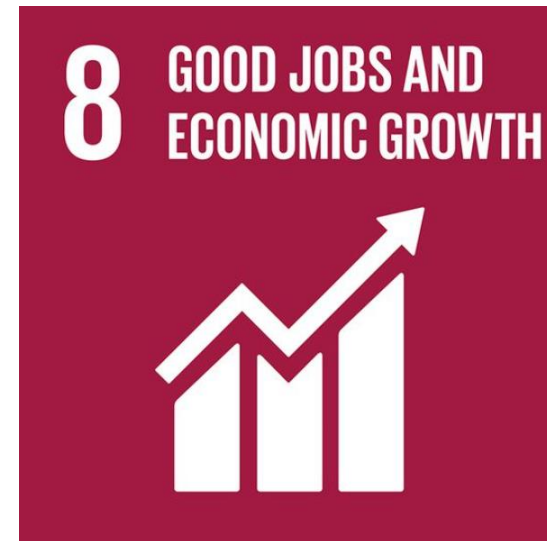
Boligassistenten is a new service from SpareBank 1 SR-Bank and EiendomsMegler 1. The aim is to make buying and selling homes easier and more secure.

Having everything in one place provides a full overview of what is happening during the process, and the help the customer needs.

In the first version, which is currently being piloted, Boligassistenten will offer:

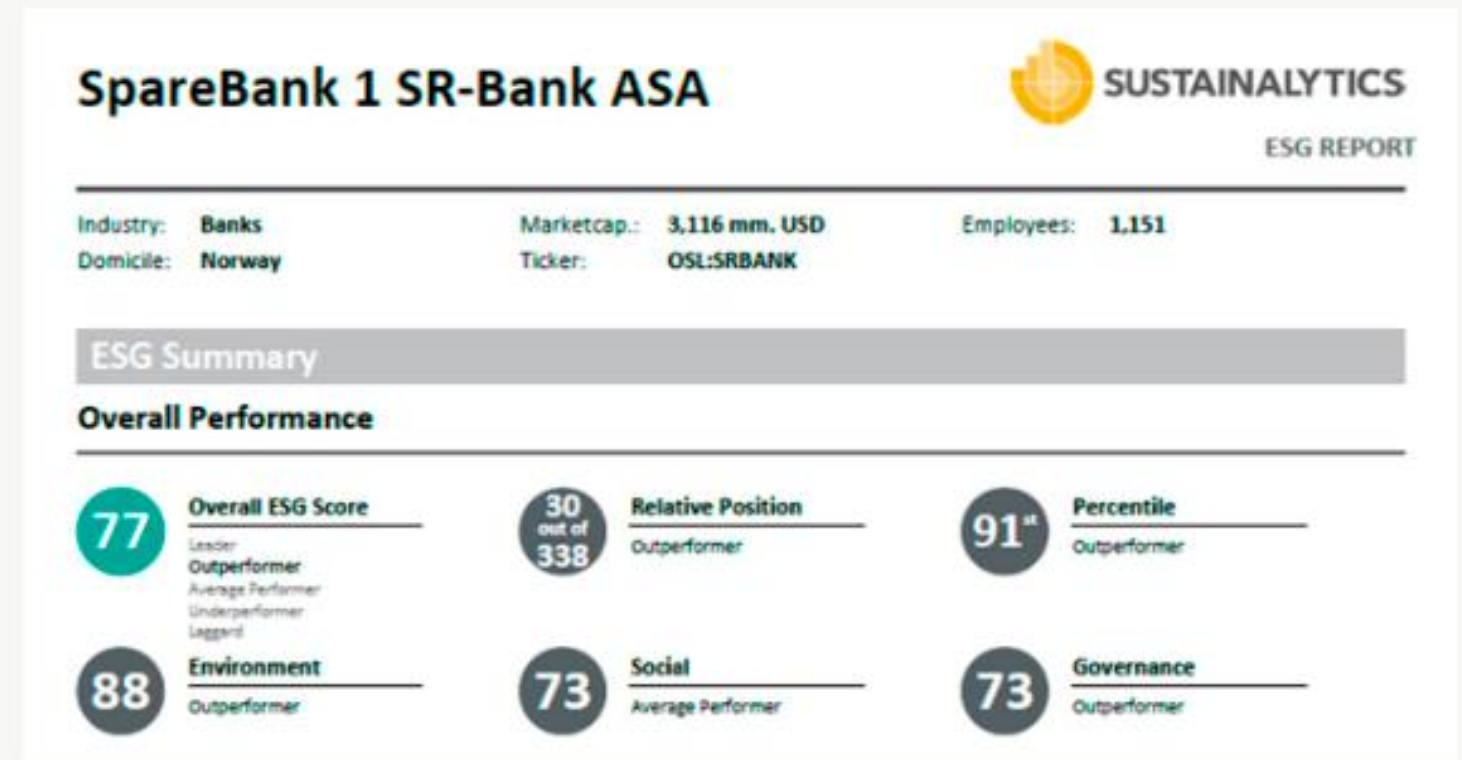
- *Everything someone needs to know about buying a home*
- *Searching for and saving homes for sale ads*
- *Alerts for showings and bids for homes*
- *Applications for financing from the bank*
- *Contact with financial advisers or estate agents*
- *Entering bids and monitoring bidding processes*

We have become clearer about what sustainability means to us and the approach we want to take.



Strong ESG rating

In August 2019, Sustainalytics rated SpareBank 1 SR-Bank's ESG Risk, ranked in 8th position within the Regional Banks subindustry, 87th position within the Banks industry group and 2806th within the global universe. Sustainalytics considers SpareBank 1 SR-Bank to be at medium risk of experiencing material financial impacts from ESG factors due to its medium exposure and average management of material ESG issues.



SpareBank 1 SR-Bank ASA

21.0 /100 Medium

Regional Banks | Norway | OSL:SRBANK



Rating Overview

The company is at medium risk of experiencing material financial impacts from ESG factors, due to its medium exposure and average management of material ESG issues. Furthermore, the company has not experienced significant controversies.

APPENDIX

1) Macro

1) SpareBank 1 SR-Bank

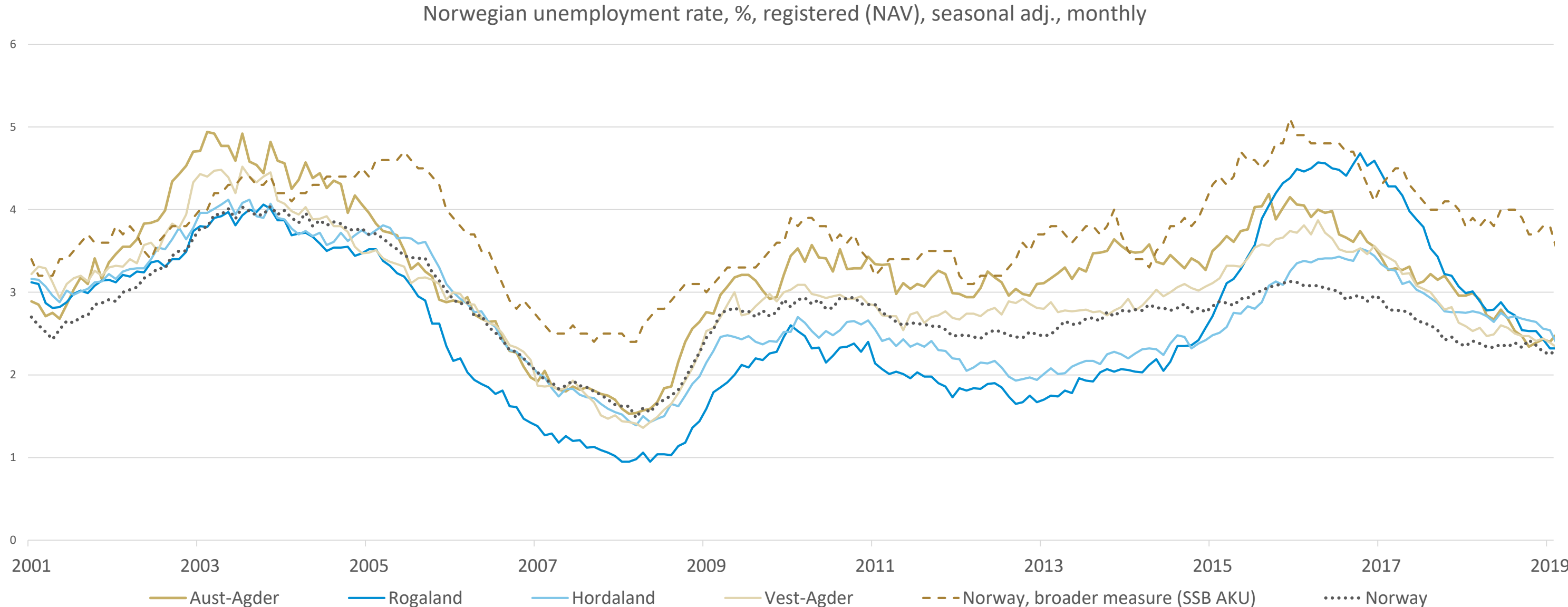
Robust economy supported by a large sovereign wealth fund and a sound framework for annual spending



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	1,1	2,0	2,2	2,5	2,2	1,8	1,7
Household consumption, annual change (%)	2,3	3,5	2,8	2,1	2,6	1,3	2,2	2,0	2,2	2,6	2,4	2,5
Public consumption, annual change (%)	1,0	1,6	1,0	2,7	2,4	2,1	2,5	1,2	1,7	1,7	1,6	1,4
Investment mainland, annual change (%)	5,0	7,4	2,9	0,4	-0,2	10,7	7,0	1,1	2,5	1,4	0,1	-0,1
Investment public sector	1,1	-1,8	11,8	4,4	0,2	6,7	3,6	6,8	1,4	1,4	1,3	1,3
Investment offshore oil and gas, annual change (%)	11,4	14,6	19,0	-1,8	-12,2	-16,0	-3,8	2,7	14,5	-2,5	-1,2	2,3
Oil price, USD/bbl. Actual	111	112	109	99	53	45	55	72	66			
Inflation rate (CPI) %	1,3	0,6	2,1	2,1	2,1	3,6	1,8	2,7	2,5	1,7	1,9	2,0
3 month NIBOR %	2,9	2,2	1,8	1,7	1,3	1,1	0,9	1,1	1,6	2,0	2,1	2,1
Mortgage rate %	3,6	3,9	4,0	3,9	3,2	2,6	2,6	2,6	3,0	3,4	3,6	3,6
Household savings ratio	5,9	7,1	7,4	8,2	10,3	7,1	6,9	6,5	6,6	7,7	7,7	7,4
Unemployment rate (registered at labour office)*	2,6	2,6	2,7	2,7	3,0	3,0	2,7	2,4	2,2	2,1	2,1	2,2
HH sector real disposable income, annual change (%)	4,1	4,4	3,9	2,9	5,5	-1,7	1,4	2,4	2,4	3,5	2,2	2,1
Current account surplus, share of GDP (%)	12,4	12,5	10,3	10,5	8,1	4,0	5,7	8,1	7,6	8,6	9,0	8,4
Sovereign Wealth Fund, share of mainland-GDP (%). Actual	150	160	190	230	270	270	290	290	300			

Healthy growth in the Norwegian economy has reduced unemployment (NAV*)

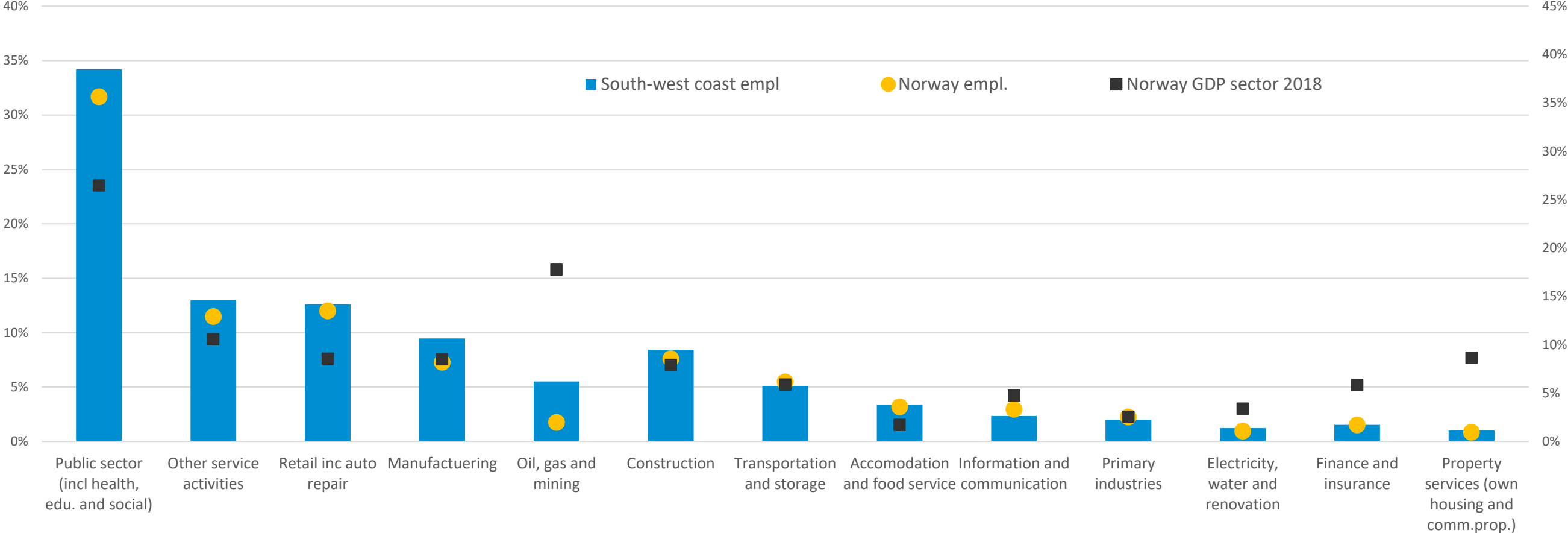
Unemployment rate lowest in 10 years and the largest decline in Rogaland



Source: NAV og SSB
*NAV – Labour Office

Employment (and GDP) by sector

Employment (and sector GDP) in Norway and the region in 2018. Share (%) in sectors

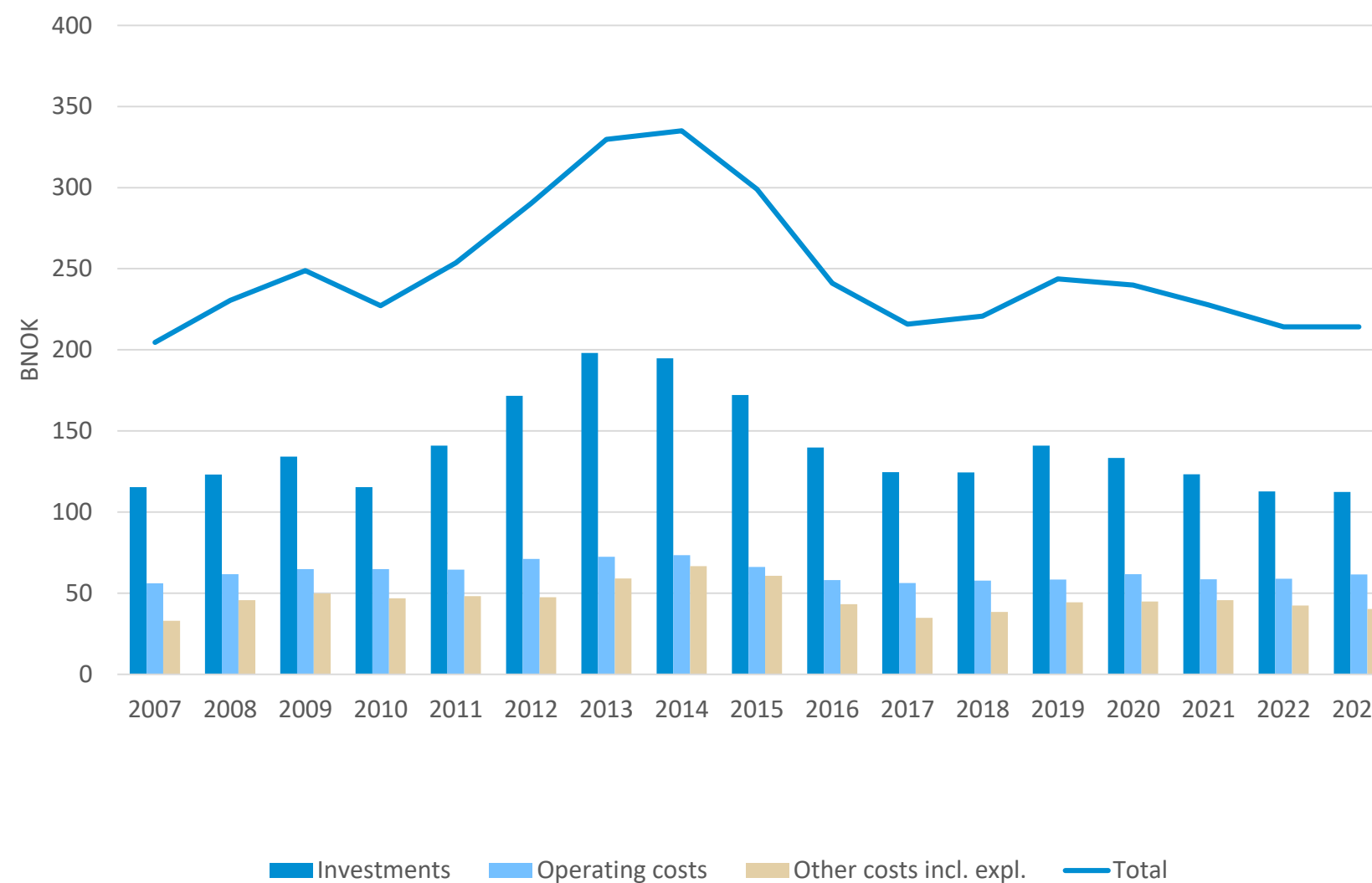


Petroleum activity on the NCS increasing in 2019

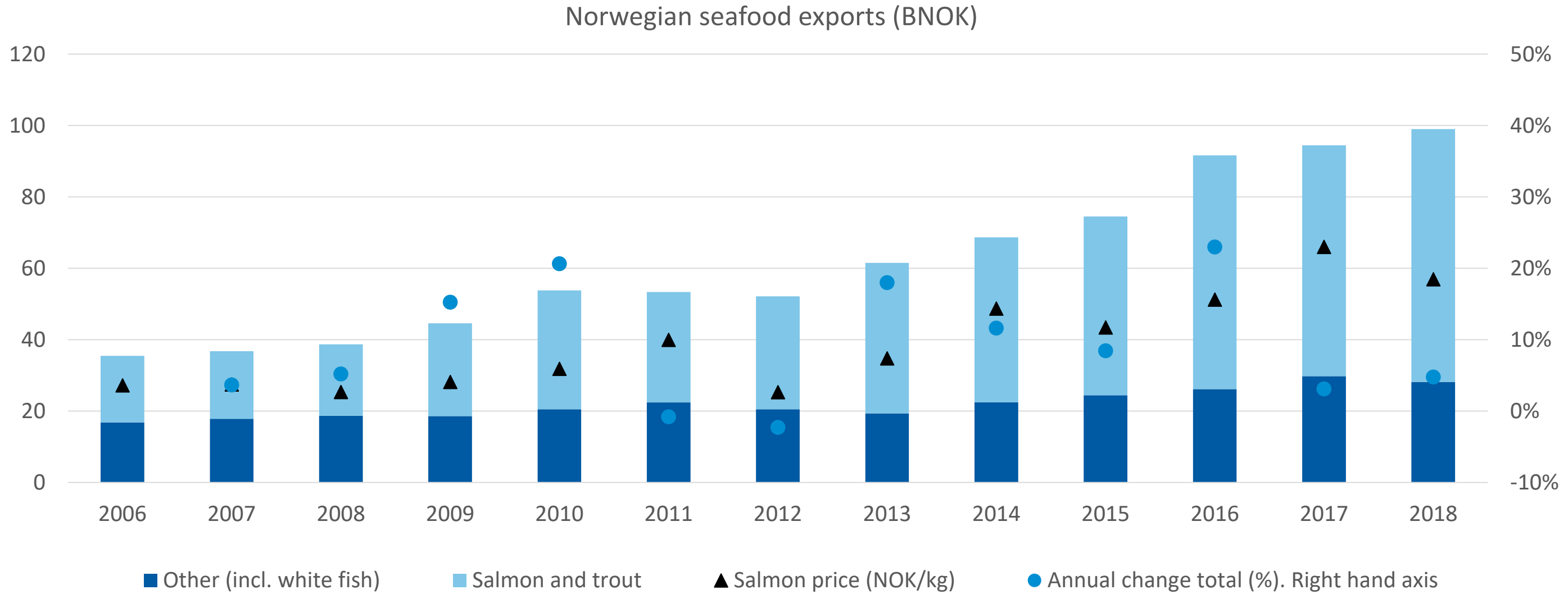
After almost unchanged in 2018, the NPD estimates 10% growth in total activity in 2019

- After an increase of over 60% in total activity on the Norwegian shelf from 2007 to 2014, it decreased by 35% from 2014 to 2017. The activity stabilized in 2018. The Norwegian Petroleum Directorate (NPD) expects an increase in total activity of 10% in 2019 and thereafter somewhat lower due to lower investments.
- Investments are more volatile than operating costs. The NPD estimates that investments will increase by 13% in 2019. The investment survey from Statistics Norway (not shown in the graph) indicates even higher growth in 2019. According to the investment survey, investments will increase by 21% in 2019.
- The operating costs, which are important for the activity in the region, are more stable. According to the NPD, these were reduced by about 25% from 2014 to 2017 and are expected to be stable in 2019 and increase somewhat in 2020.

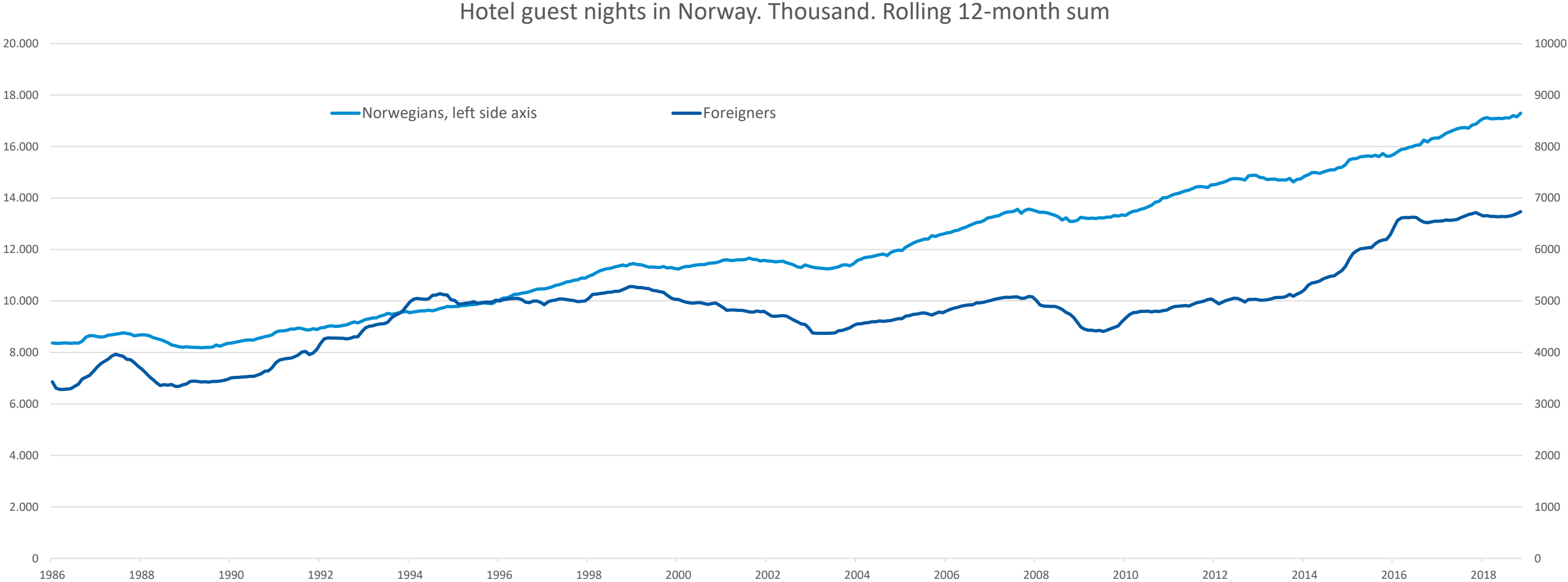
Petroleum activity on Norwegian Continental Shelf. BNOK (2018 NOK). Source: NPD



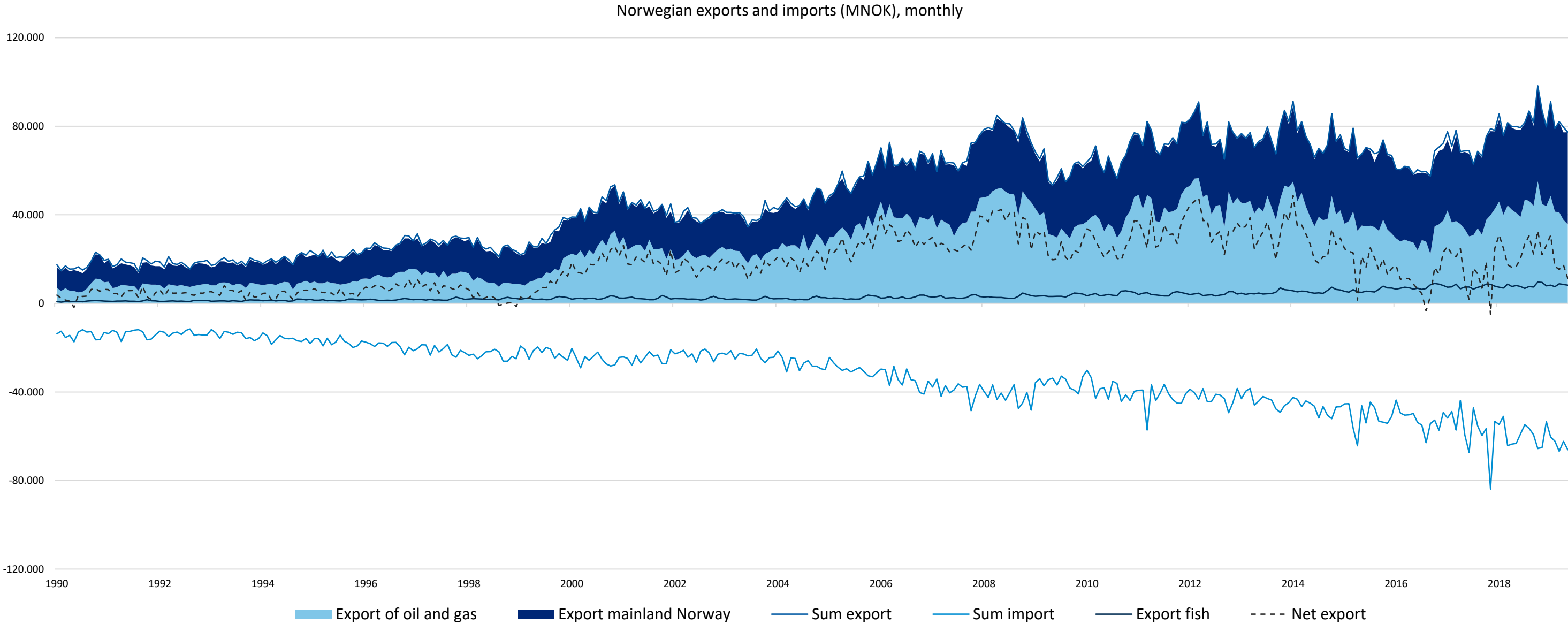
Norwegian seafood exports doubled since 2012



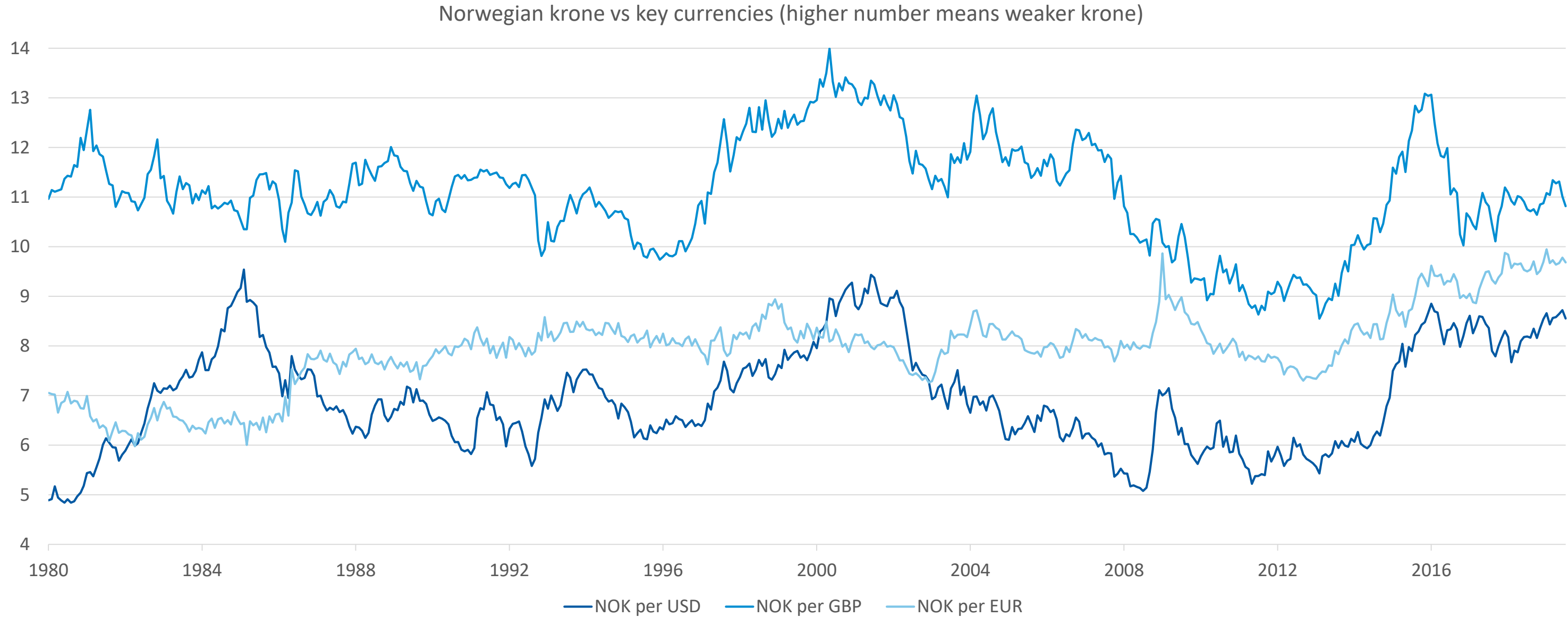
Norwegian hotels – guest nights by foreign and domestic



Norwegian exports and imports

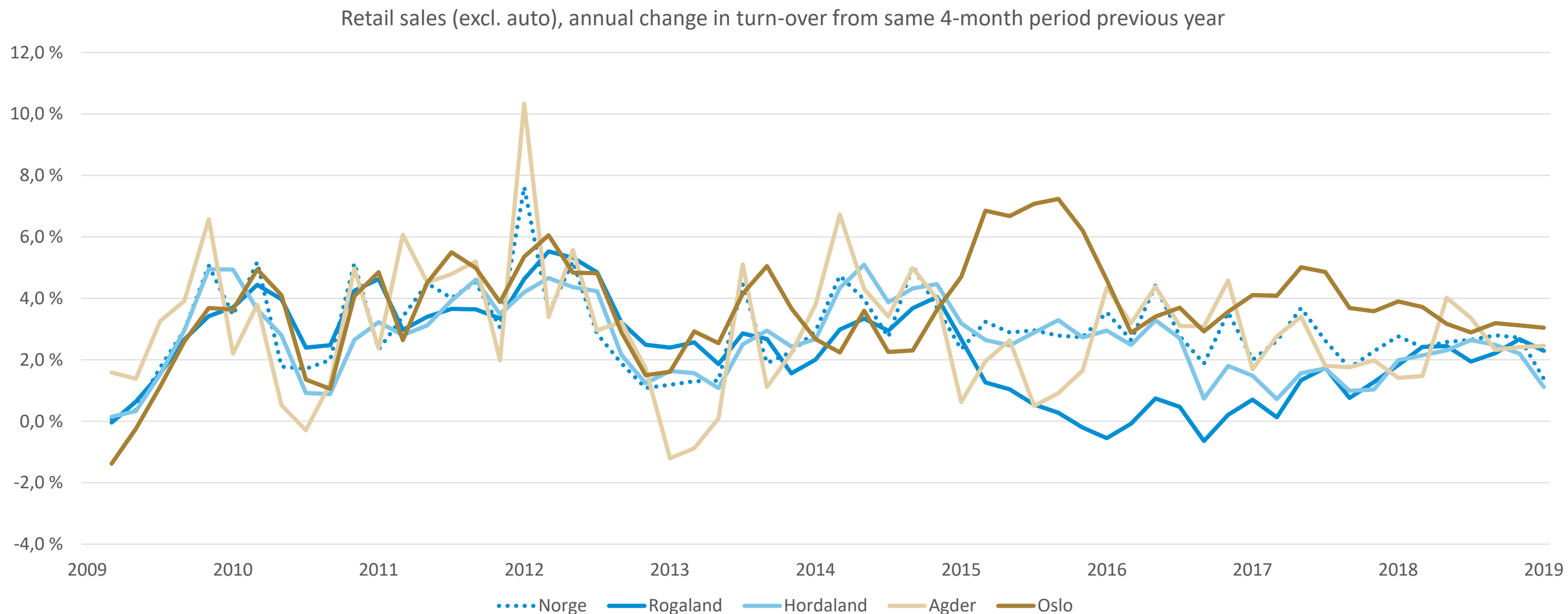


Norwegian krone vs key currencies

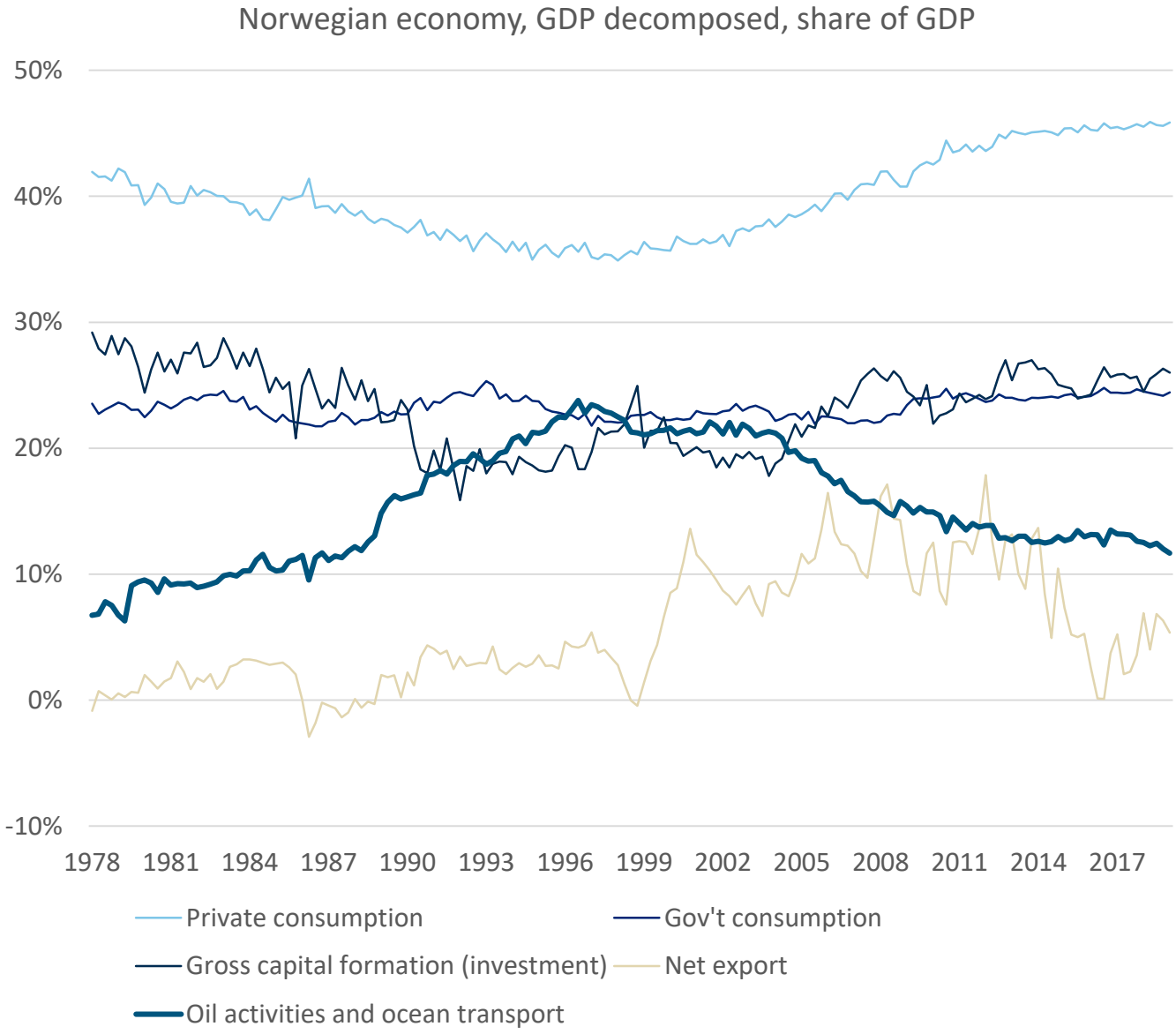
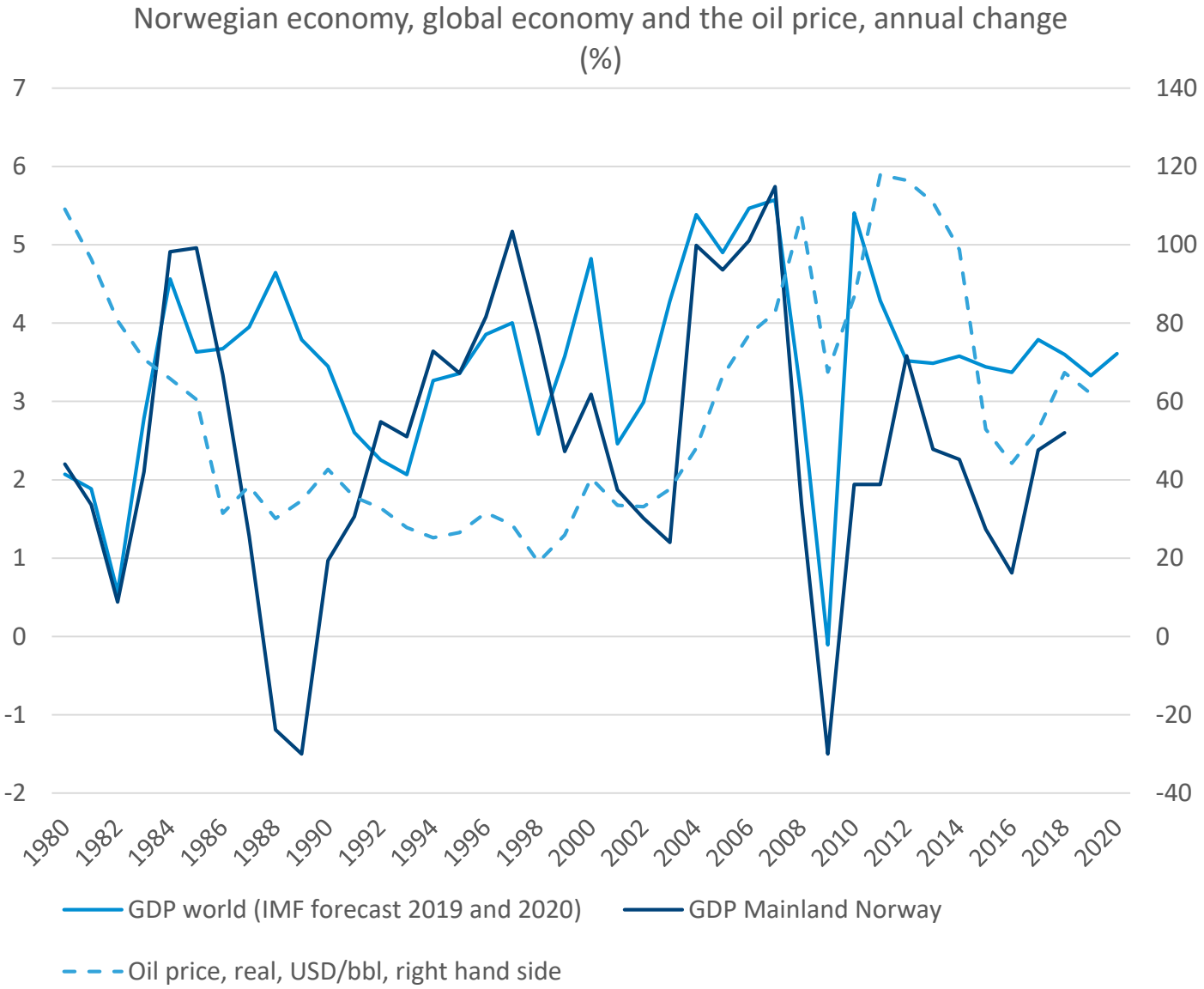


Retail trade in Norway increasing

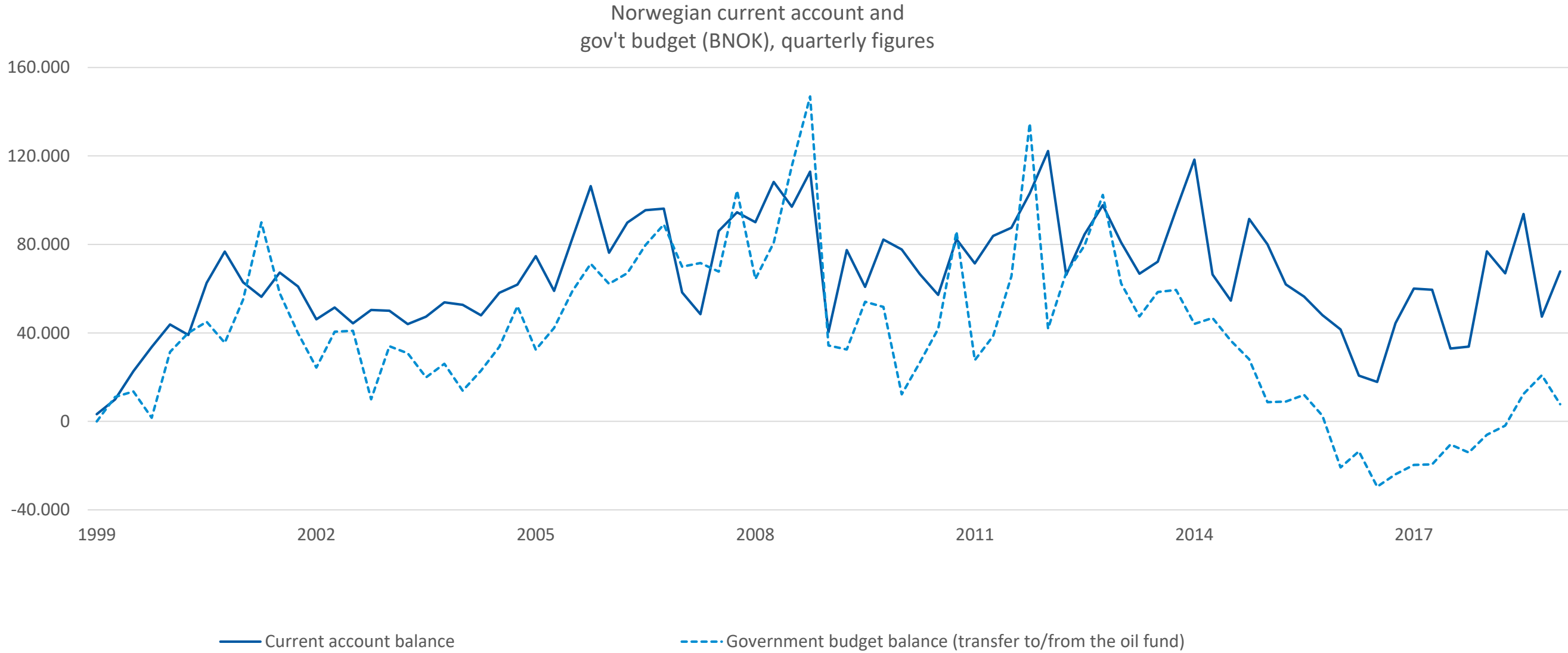
Highest growth in Oslo, but has picked up in Rogaland and fairly similar growth in the counties in 2018



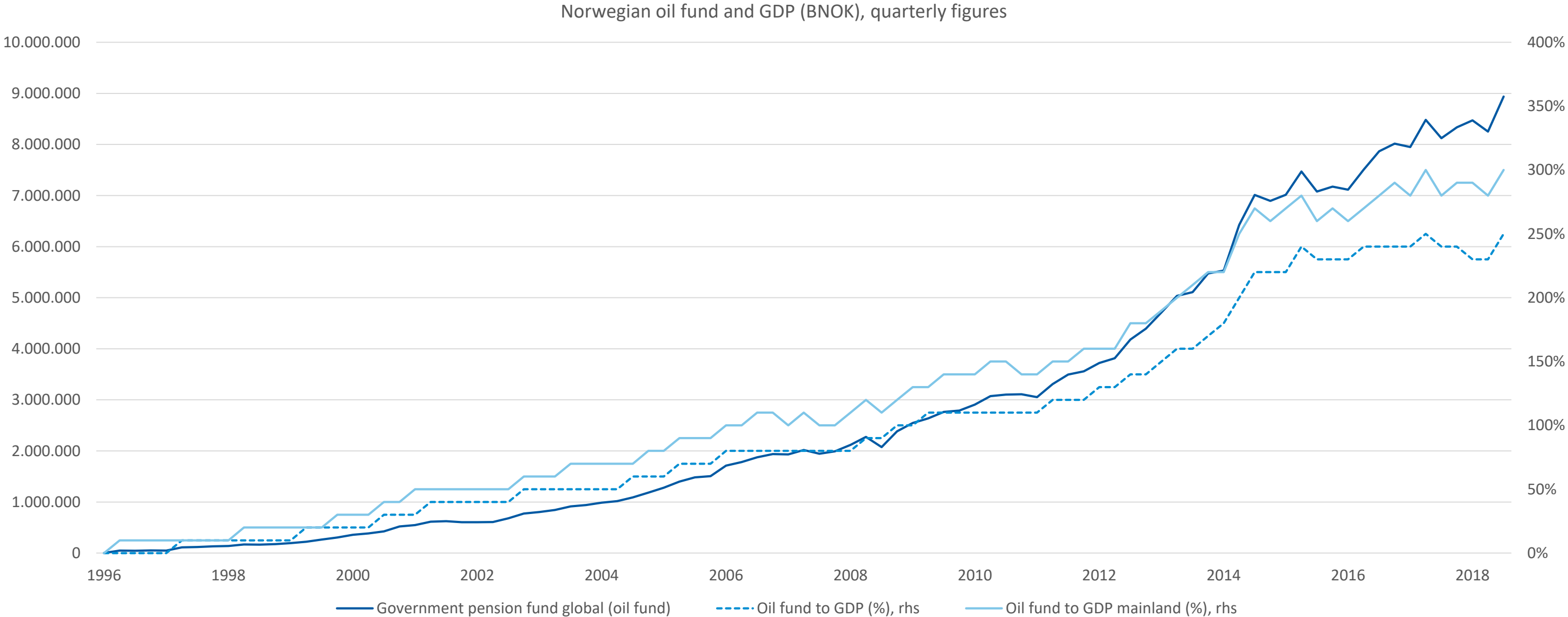
Norwegian Economy – GDP



Norwegian current account and government budget

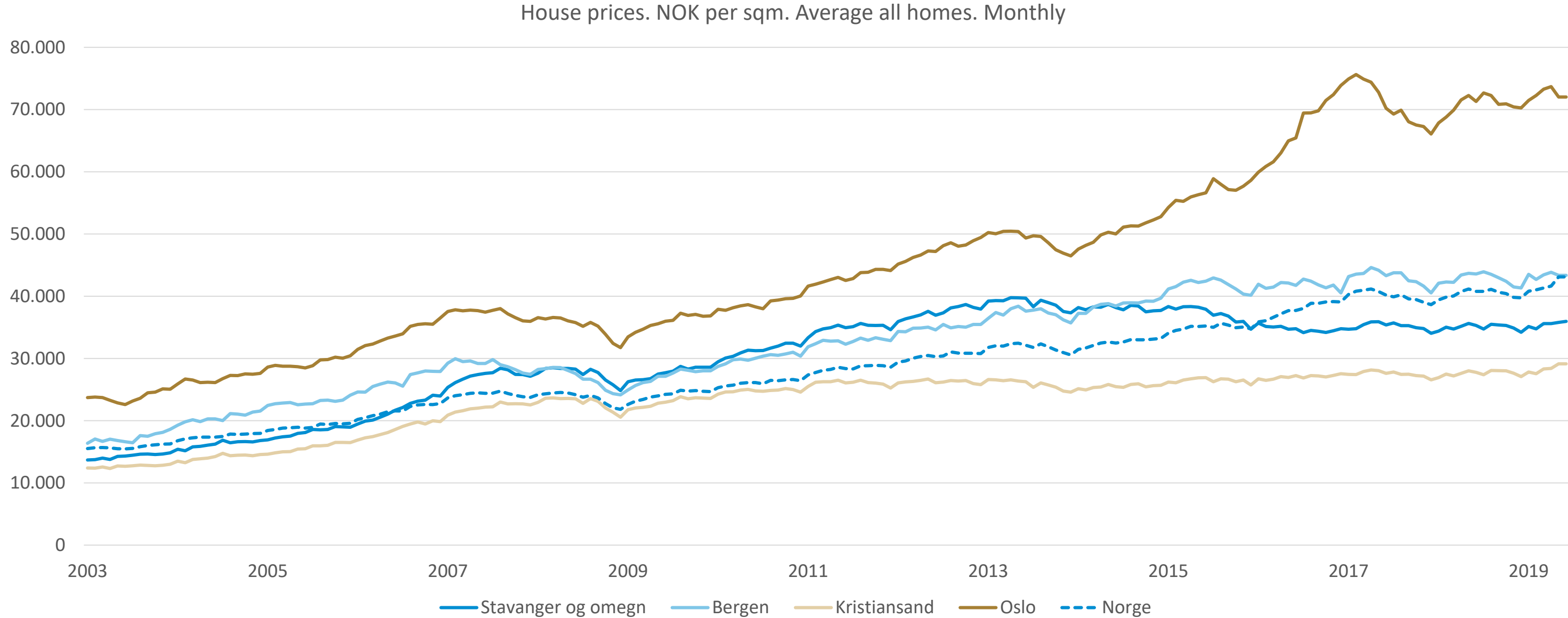


Norway oil fund and GDP



Stable house prices in Norway last 12 months

From 2013, prices have risen most in Oslo and are now twice as high as Stavanger



APPENDIX

1) Macro

1) 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.

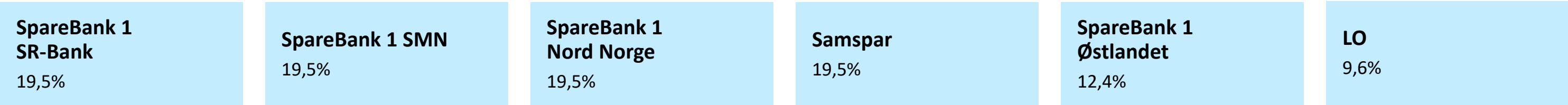
Financial goals

- Return on equity of 11.5% 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

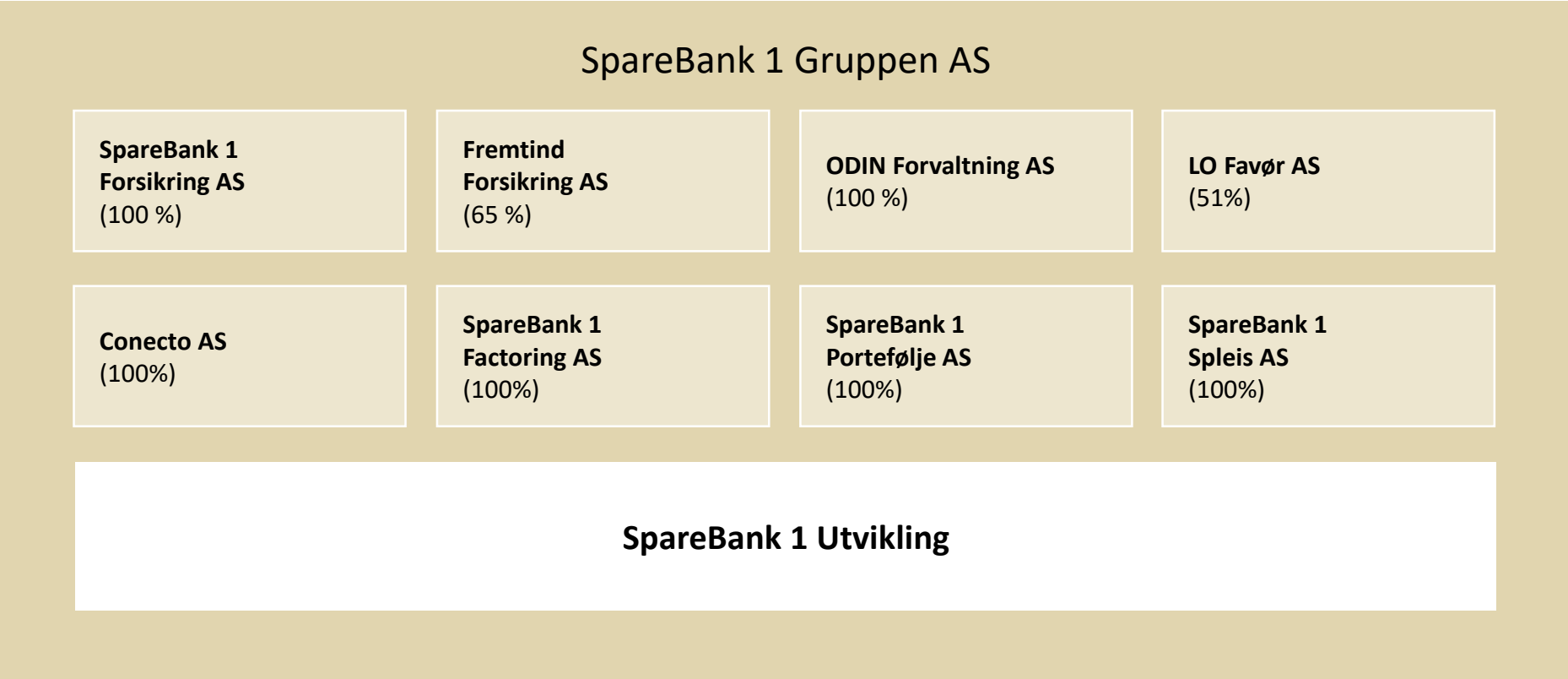
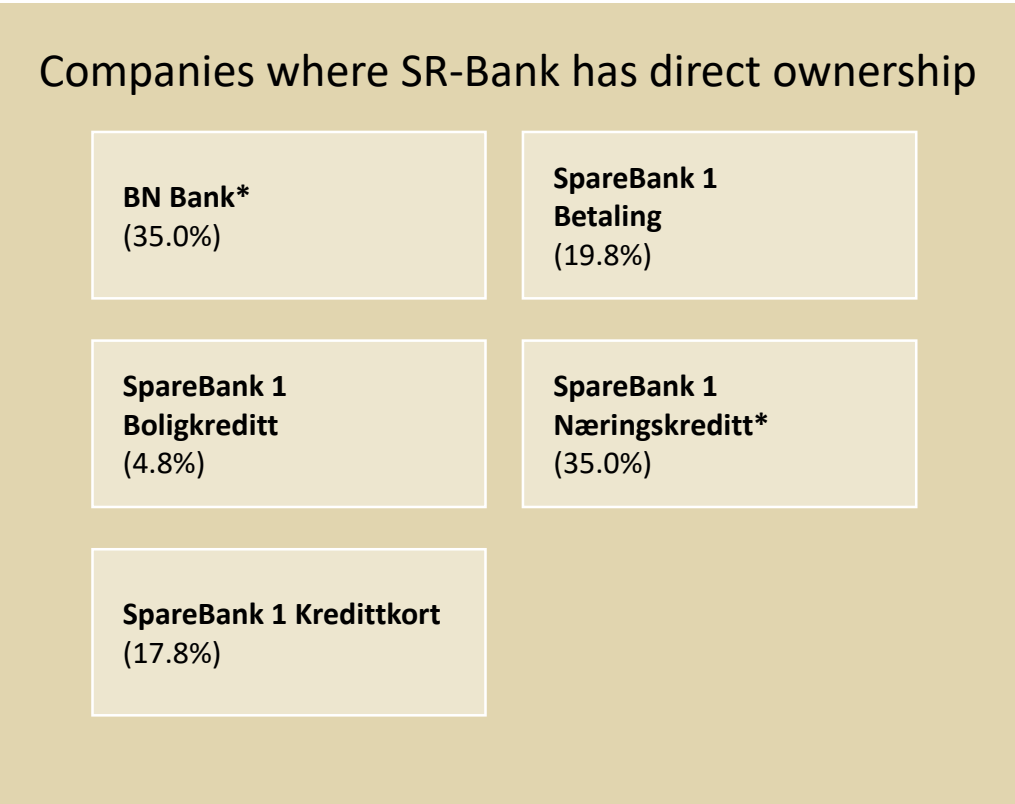
Strategic focus

- 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 has 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)	30.06.2019	30.06.2018
Cash and balances with central banks	725	711
Balances with credit institutions	3.417	4.279
Net loans to customers	197.319	177.586
Certificates, bonds and other fixed-income securities	32.035	29.468
Financial derivatives	5.304	4.096
Shares, ownership stakes and other securities	976	748
Business available for sale	0	0
Investment in associates	4.344	3.886
Other	2.342	3.180
Total assets	246.462	223.954
Balances with credit institutions	1.387	2.375
Deposits from customers	102.693	105.824
Listed debt securities	111.086	87.407
Financial derivatives	3.636	2.640
Other liabilities	1.857	2.631
Additional Tier 1 and Tier 2 capital instruments	2.709	3.169
Total liabilities	223.368	204.046
Total equity	23.094	19.908
Total liabilities and equity	246.462	223.954

Net commission and other income

MNOK	30.06.2019	30.06.2018	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18
Payment facilities	128	122	66	62	66	72	59
Savings/placements	99	100	53	46	47	49	48
Insurance products	94	96	48	46	46	47	47
Commission income real estate broking	207	190	108	99	98	94	109
Guarantee commission	46	54	22	24	25	29	20
Arrangement- and customer fees	61	60	35	26	22	17	32
Accounting services SpareBank 1 Regnskapshuset SR	65	55	38	27	24	20	28
Other	6	8	3	3	6	2	4
Net commission and other income excl. covered bond companies	706	685	373	333	334	330	347
Commission income SB1 Boligkreditt and SB1 Næringskreditt	19	53	11	8	16	19	23
Net commission and other income incl. covered bond companies	725	738	384	341	350	349	370

Net income on investment securities

MNOK	30.06.2019	30.06.2018	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18
Dividends	27	12	8	19	0	0	1
Investment income, associates	762	159	226	536	113	94	102
Securities gains/losses	100	74	4	96	-51	42	69
- of which capital change in shares and certificates	81	96	19	62	11	56	90
- of which capital change in certificates and bonds	-15	-122	-18	3	-57	-70	-50
- of which derivatives; bonds and certificates	34	100	3	31	-5	56	29
Currency/interest gains/loans	127	81	101	26	6	39	41
- of which currency customer- and own-account trading	61	90	32	29	24	21	48
- of which value change basis swap spread	40	-15	53	-13	-33	10	-13
- of which counterparty risk derivatives including CVA	1	0	0	1	-1	1	0
- of which IFRS-effects	25	6	16	9	16	7	6
Net income on investment securities	1.016	326	339	677	68	175	213

When a basis swap is designated as 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	30.06.2019	30.06.2018
EiendomsMegler 1 SR-Eiendom AS	Number of sales	3.372	3.288
	Operating profit before tax	19	12
SR-Forvaltning AS	Capital under management (BNOK)	13	11
	Operating profit before tax	12	18
FinStart Nordic AS	Operating profit before tax	10	23
SpareBank 1 Regnskapshuset SR AS	Operating profit before tax*	7	4
SR-Boligkreditt AS	Operating profit before tax	314	179
Other	Operating profit before tax	-8	-10
Total subsidiaries	Operating profit before tax	354	226

*The result to Regnskapshuset SR includes amortization of intangible assets of NOK 1.1 million (NOK 1.0 million per 30.06.2018).

Ownership interests

Ownership interests	MNOK	30.06.2019	30.06.2018
SpareBank 1 Gruppen AS	Interest ownership	19,5%	19,5%
	Profit after tax	224	117
	Profit effect merger	460	0
SpareBank 1 Boligkreditt AS	Interest ownership	4,8%	8,0%
	Profit after tax	5	-2
SpareBank 1 Næringskreditt AS*	Interest ownership	35,0%	19,2%
	Profit after tax	6	5
BN Bank ASA*	Interest ownership	35,0%	23,5%
	Profit after tax	51	36
SpareBank 1 Kredittkort AS	Interest ownership	17,8%	17,9%
	Profit after tax	8	12
SpareBank 1 Betaling AS**	Interest ownership	19,8%	19,7%
	Profit after tax	-5	-6
	Adjusted profit previous years	14	-6
Other	Profit after tax	-1	3
Total ownership interests	Profit after tax	762	159

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

**All the SpareBank 1 banks own jointly SpareBank 1 Betaling AS, where SpareBank 1 SR-Bank ASA has a stake share of 19,8 %. As of 1 November 2018 SpareBank 1 Betaling owns a stock share of 22,04% in VBB AS, where VBB AS is a result of the fusion between Vipps AS, BankID AS and Bank Axccept AS.

Impairment losses on loans and guarantees

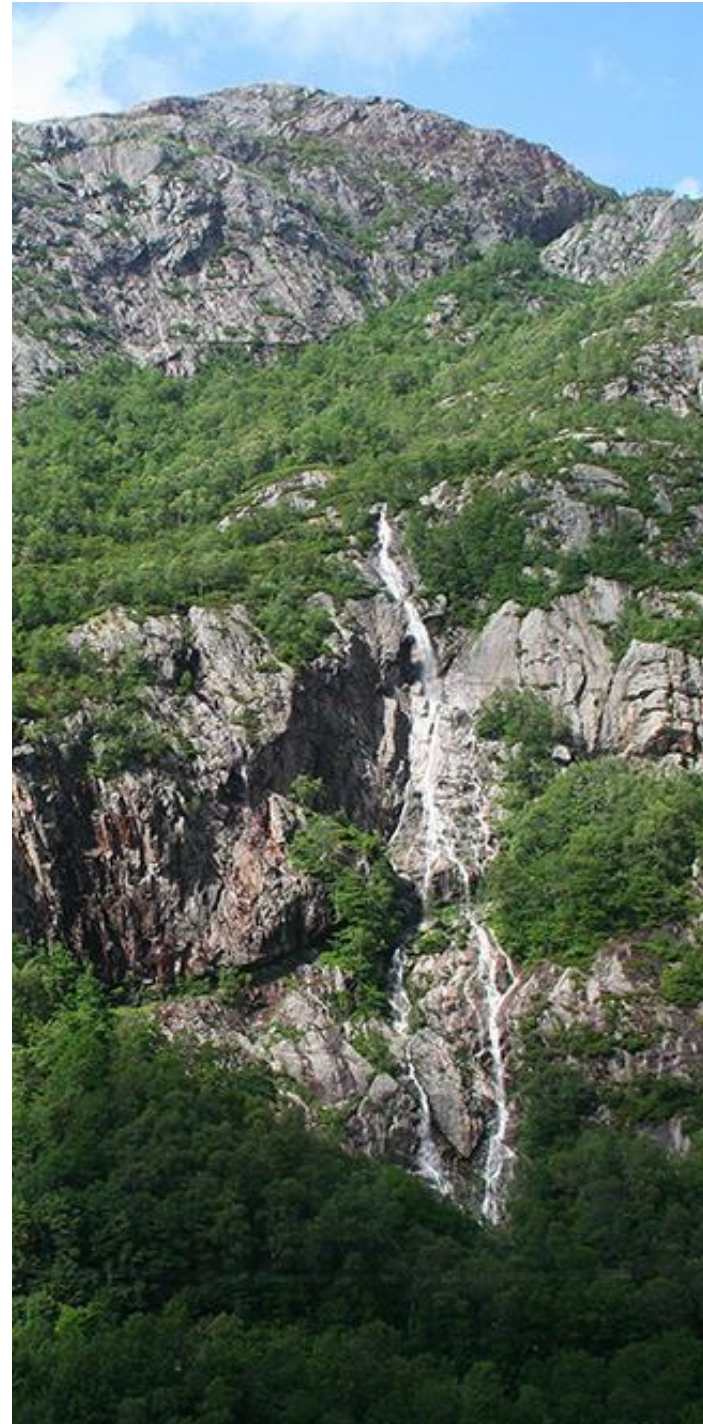
Impairments on income statement (MNOK)	30.06.2019	30.06.2018	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18
Corporate customers	8	166	-33	41	96	62	100
Retail customers	22	7	14	8	-4	-3	-1
Net impairments on loans	30	173	-19	49	92	59	99

Impairments on loans and financial commitments (MNOK)	30.06.2019	30.06.2018	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18
Corporate customers	1.224	1.274	1.224	1.172	1.168	1.300	1.274
Retail customers	177	192	177	164	166	167	192
Total impairments on loans and financial commitments	1.401	1.466	1.401	1.336	1.334	1.467	1.466

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, the Agder counties and Hordaland as well as Oslo and Akershus within 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 centralized expertise

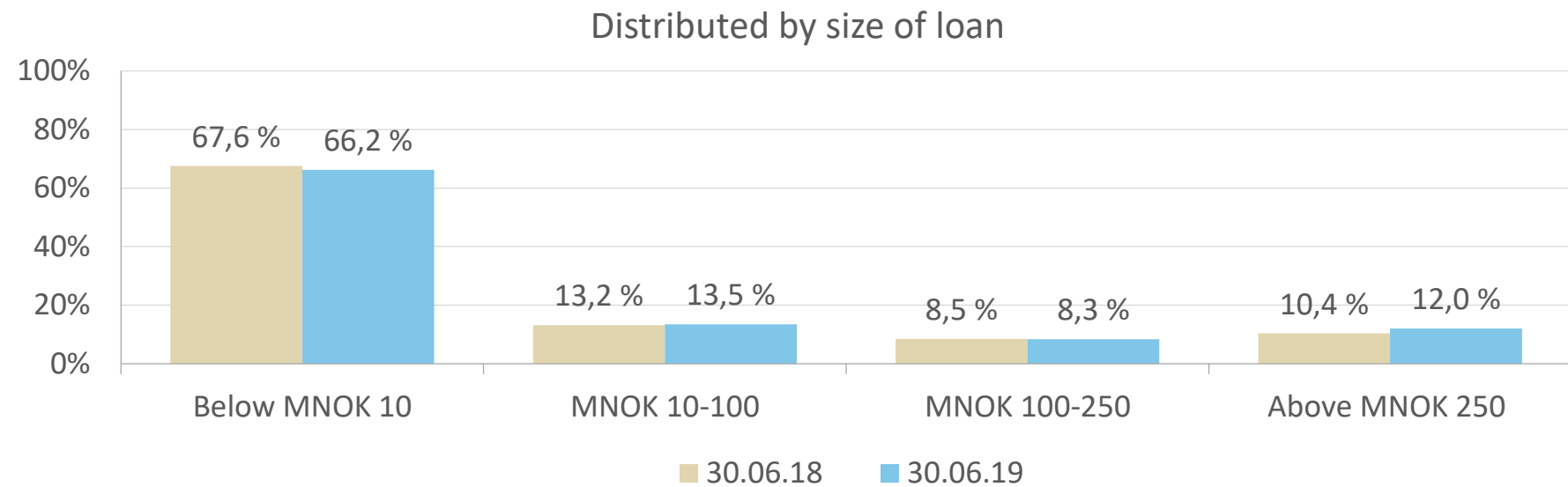
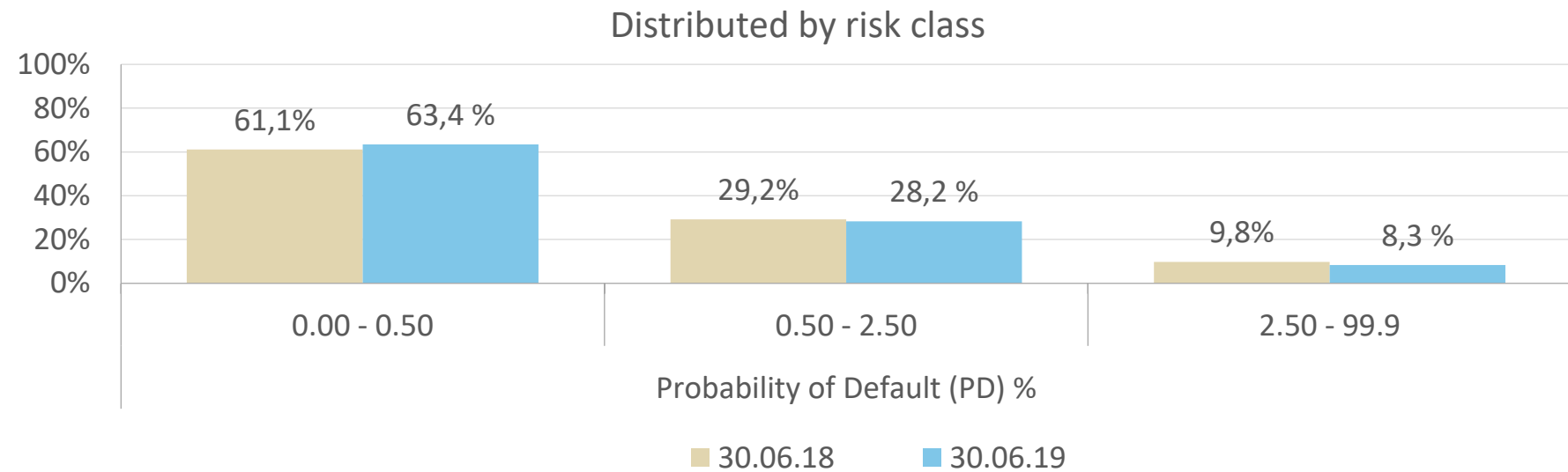


- The bank sets specific limits for the size of commitments as well as requirements concerning industry diversification
 - The maximum total exposure to an individual customer must be significantly lower than the regulatory requirements
 - The maximum unsecured exposure to an individual customer must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

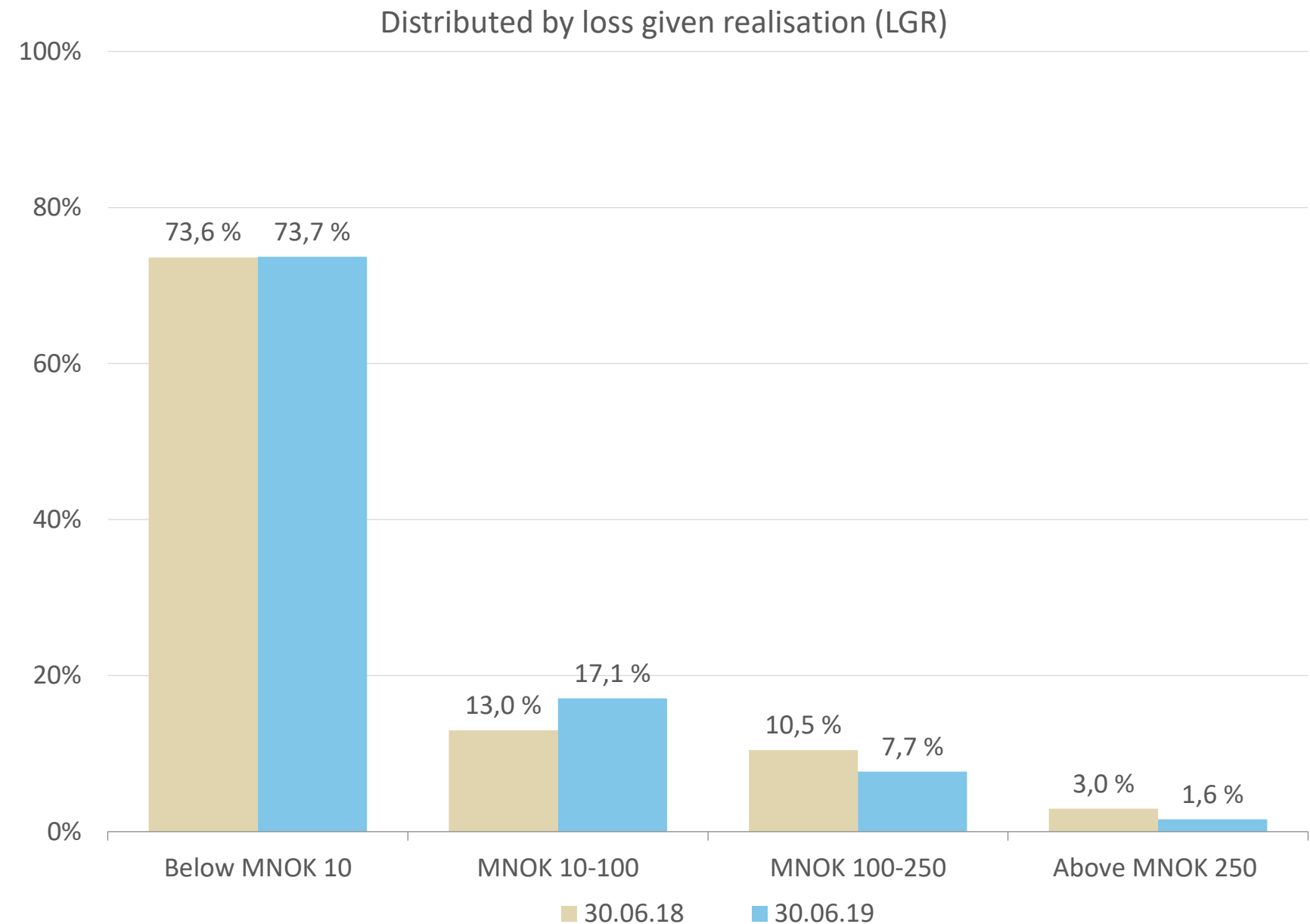


Probability of default (PD) through a full cycle of loss.

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

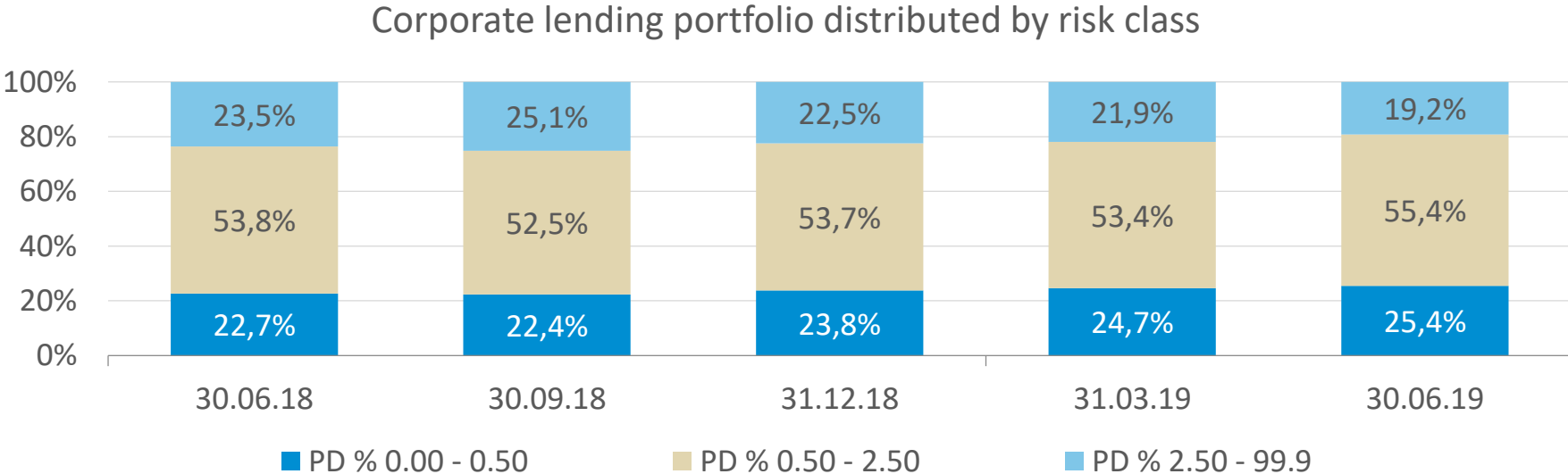


LGR (Loss Given Realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic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

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

Risk profile – Corporate lending

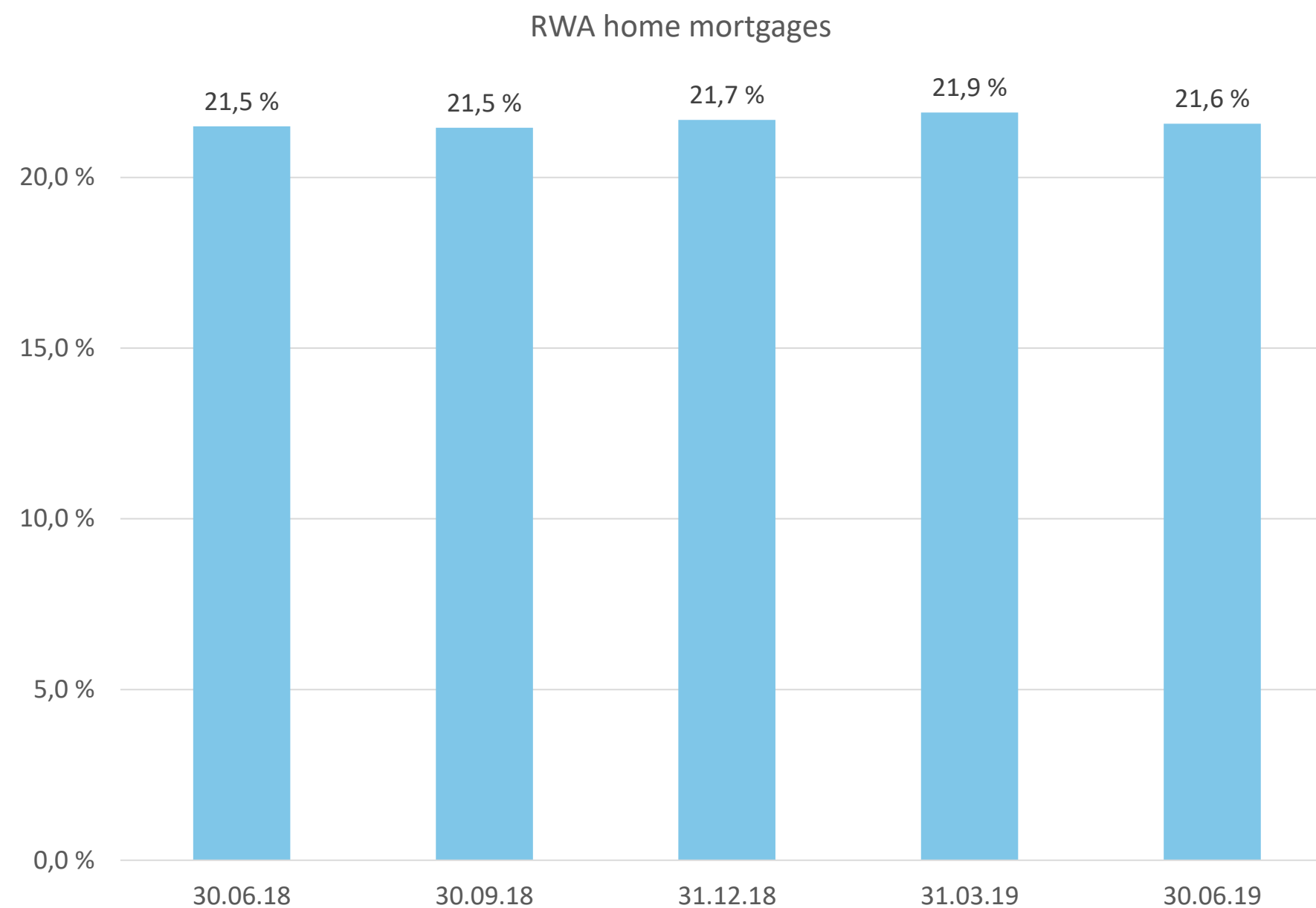
- The quality of the corporate market portfolio is good. There is a clearly defined framework that sets limit on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.



Probability of default (PD) through a full cycle of loss.
 The figures include the loan portfolio in the covered bond company SpareBank 1 Næringskreditt AS.

RWA home mortgages

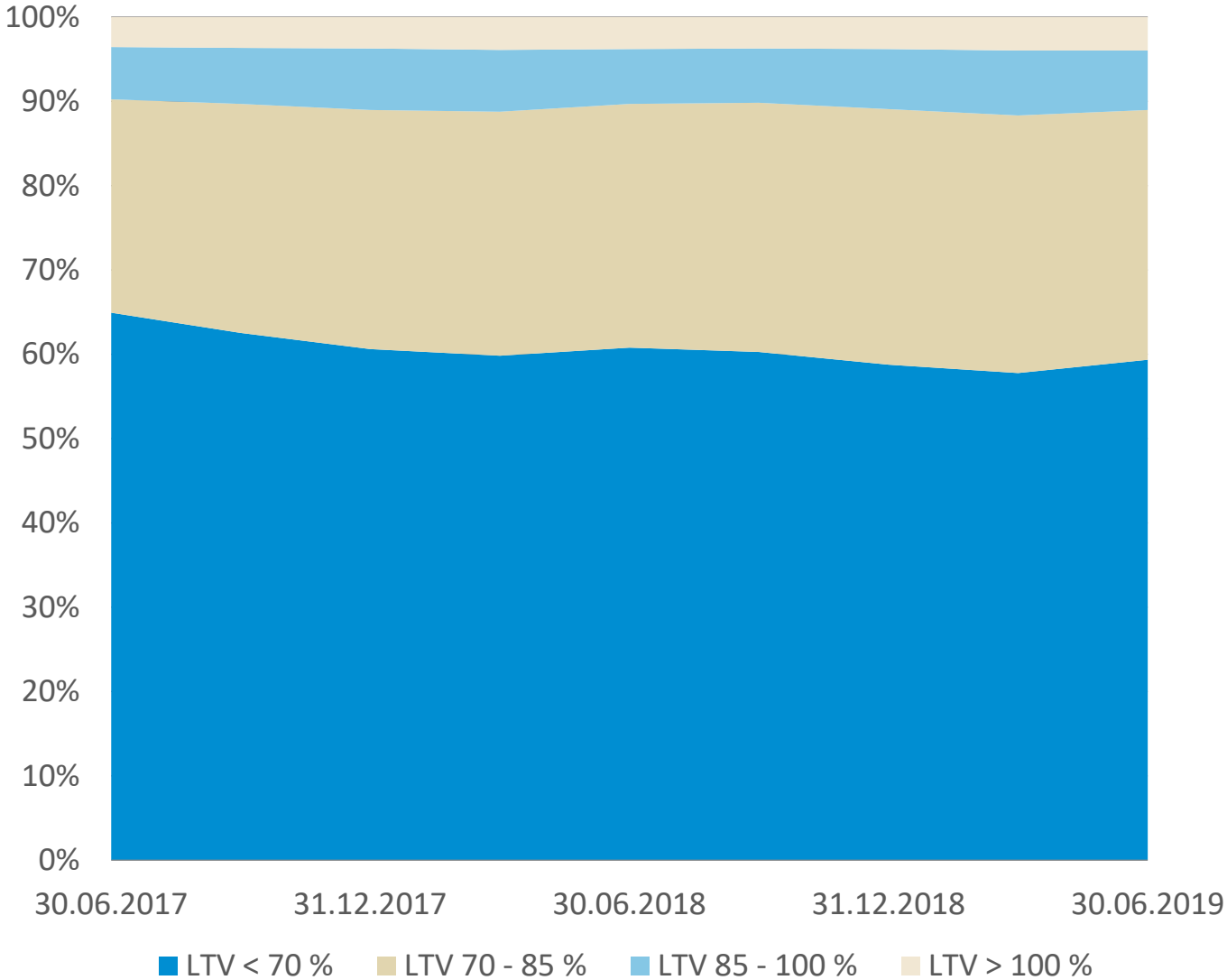
- RWA on home mortgages reflects a solid and stable portfolio.



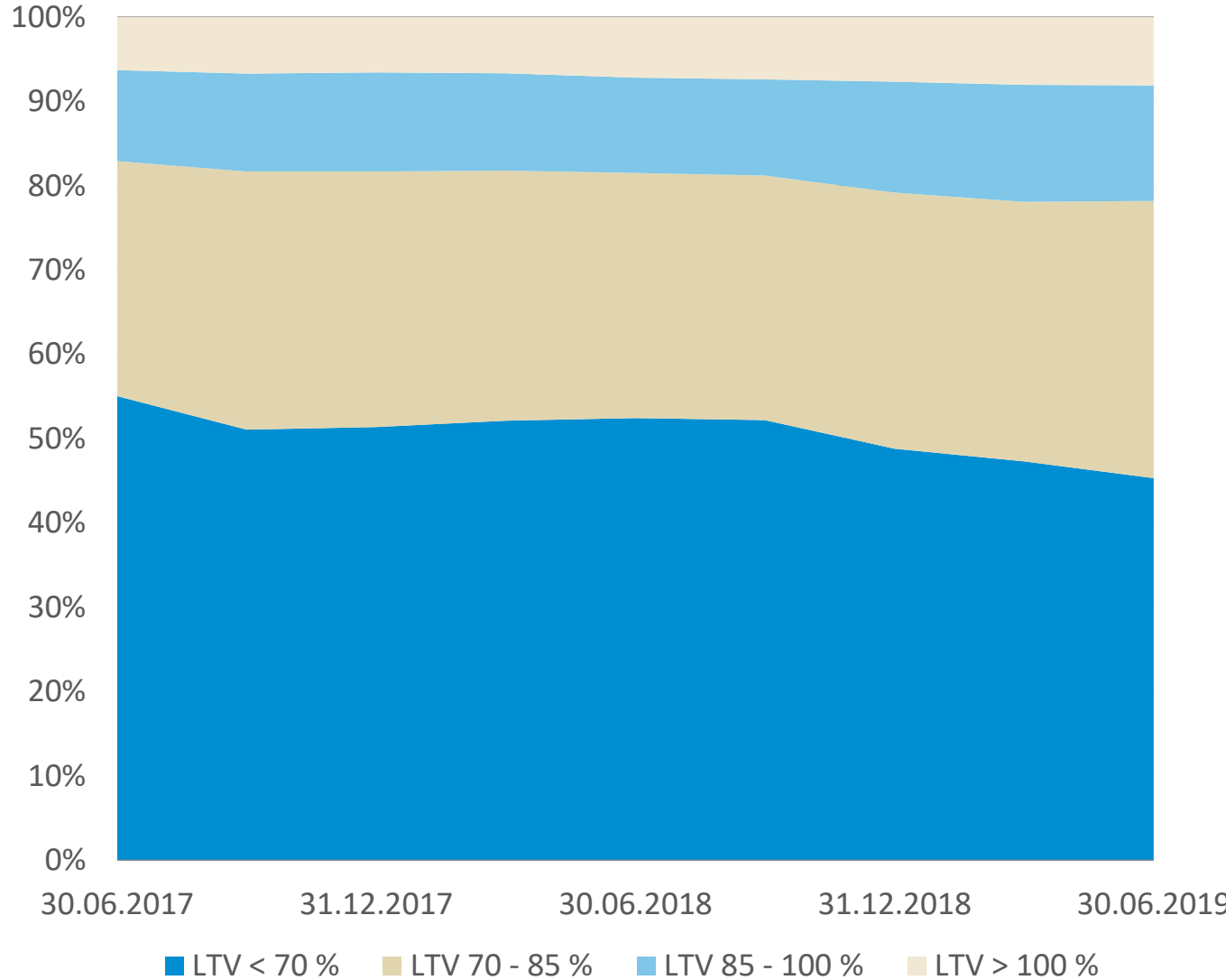
Home mortgages as defined in the Norwegian IRB framework; residential property must be at least 30 % of a loan's security. The figures include the loan portfolio in the covered bond companies (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS).

Historical LTV development for home mortgage loans

Total home mortgages incl. loans in cover pool

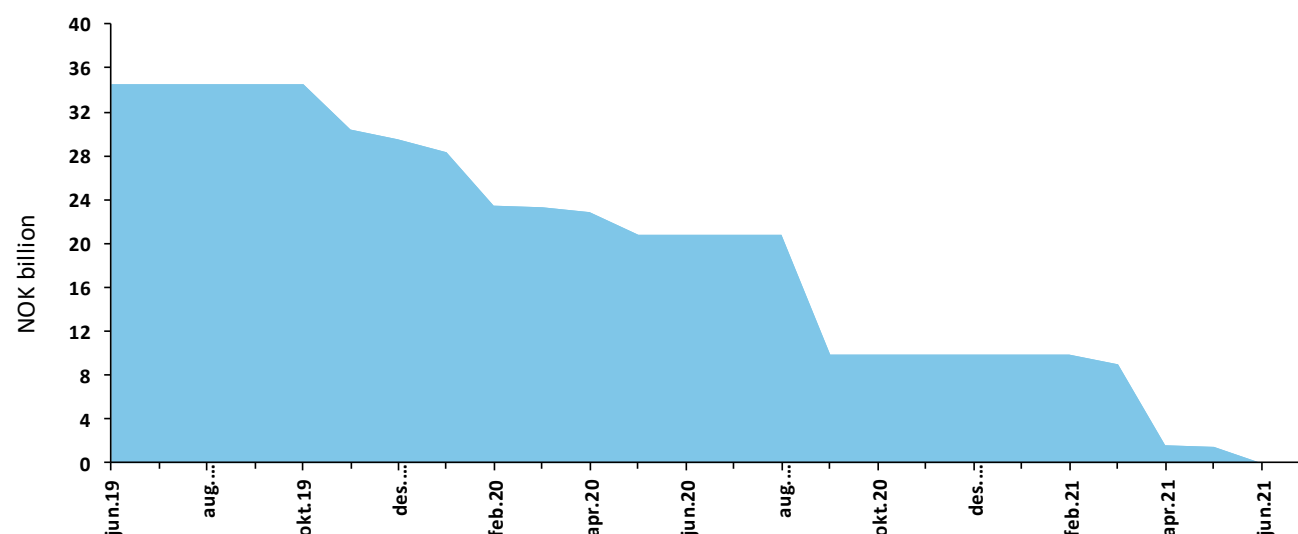


Home mortgages in SpareBank 1 SR-Bank ASA



Liquidity portfolio

Liquidity buffer – survival period



- Liquidity buffer at the end of the quarter: NOK 34.4 billion
- Other liquid assets:
 - Home mortgages prepared for covered bond funding: NOK 15.4 billion
 - Commercial paper and bonds in the trading portfolio: NOK 0.3 billion

Liquidity portfolio

Category	NOK million	Share %	Of which classified to amortised cost, MNOK
Norwegian government/municipal	0	0%	0
SSA/Foreign guaranteed	9.962	31%	1.538
Covered bonds (Norwegian/foreign)	21.884	69%	4.774
Total liquidity portfolio	31.846	100%	6.311

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-	31.734	99,1%
Low risk	A+, A and A-	0	0,0%
Moderate risk	Not rated	104	0,3%
High risk	Not rated	50	0,2%
Very high risk	Not rated	137	0,4%
<i>Total portfolio</i>		32.024	100,0%

Of which liquidity purposes:

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	31.734	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%
<i>Total liquidity purposes</i>		31.752	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	86	13,5%
High risk	Not rated	50	18,2%
Very high risk	Not rated	137	50,3%
<i>Total SR-Bank Markets portfolio*</i>		272	100,0%

Rating

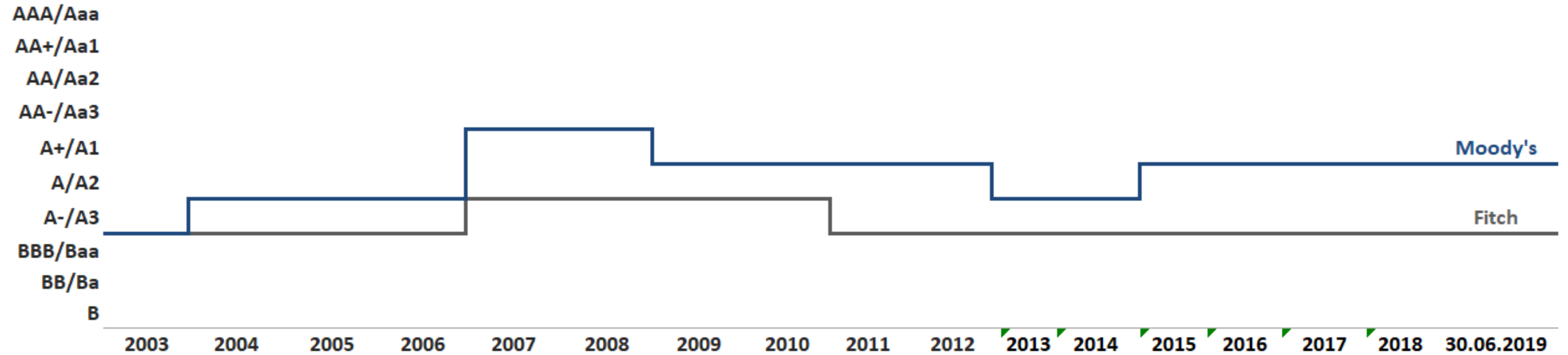
	Moody's
Long-term debt	A1
Outlook	Stable

	Fitch
Long-term IDR	A-
Outlook	Stable

Updated 4 June 2019

Updated 28 September 2018

Ratinghistory



SR-Bank as of 30.06.2019

	30.06.2019	2018	2017	2016	2015	2014	2013
Share price	103,90	89,20	87,00	60,75	39,30	52,50	60,25
Stock value (MNOK)	26.573	22.813	22.250	15.537	10.051	13.427	15.409
Book value per share, NOK (group)	85,44	82,27	77,24	71,54	66,14	60,28	55,00
Earnings per share	8,00	8,98	8,16	6,87	6,83	8,20	7,28
Dividend per share	n.a.	4,50	4,25	2,25	1,50	2,00	1,60
P/E	6,49	9,93	10,66	8,84	5,75	6,40	8,28
P/BV (group)	1,22	1,08	1,13	0,85	0,59	0,87	1,10

Number of shares issued 255.8 million

Trading volume in Q2 2019: 5.3% (6.1%)

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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