

## ISSUER PROFILE

28 May 2018

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### Contacts

Nondas Nicolaidis +357.2569.3006  
 VP-Sr Credit Officer  
 nondas.nicolaides@moodys.com

Louise Eklund +46.8.5025.6569  
 Associate Analyst  
 louise.eklund@moodys.com

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## SpareBank 1 SR-Bank ASA

### Key Facts and Statistics - Q1 March 2018

#### Company overview

SpareBank 1 SR-Bank ASA is a major regional saving bank in southwestern Norway. As of 31 December 2017, it was the fifth-largest bank in Norway in terms of consolidated assets. It reported a total consolidated asset base of NOK217.4 billion (€22.5 billion), as of 31 March 2018.

SpareBank 1 SR-Bank ASA provides a range of products and services in the areas of retail banking, corporate banking and capital markets to 318,000 customers in the retail market and 15,000 customers in the corporate market in southwestern Norway (the counties of Rogaland, Vest-Agder, Aust-Agder and Hordaland) as of 31 December 2017. It is also the leading provider of real estate and leasing services in Rogaland. Furthermore, the bank opened a branch in Oslo in March 2018, with the purpose of serving key corporate and private customers.

SpareBank 1 SR-Bank ASA was established in 1976 as Norway's first regional savings bank, following the merger of 22 local savings banks. The roots of the bank can be traced back to 1839, when the oldest of the merged banks was established in Egersund. In January 2012, the bank was converted from an equity certificate company to a limited liability company, and was renamed SpareBank 1 SR-Bank ASA. Its equity certificates were subsequently delisted from the Oslo Stock Exchange, and its shares registered on the same exchange on 2 January 2012. As of 14 May 2018, the largest shareholder of the bank was Sparebankstiftelsen SR-Bank, which held a 28.3% stake.

SpareBank 1 SR-Bank ASA is one of the four founding members of the SpareBank 1 Alliance, and the largest among the banking members. The financial holding company SpareBank 1 Gruppen AS is collectively owned by SpareBank 1 SR-Bank ASA, SpareBank 1 SMN, SpareBank 1 Nord-Norge, SpareBank 1 Østlandet, Samarbeidende Sparebanker AS and the Norwegian Confederation of Trade Unions (Federation of Trade Unions). The alliance also includes joint-product companies (such as fund management and life and non-life insurance businesses), which are subsidiaries of SpareBank 1 Gruppen and this promotes joint marketing and the development of common IT and internet platforms.

Note: Currency converted using exchange rate of NOK-€0.10346, as of 31 Mar 2018

Source: Company reports (annual report Dec 2017, Dec 2015 and Dec 2010, quarterly report March 2017 and March 2016, supplementary report Mar 2017), [www.oanda.com](http://www.oanda.com), Moody's research, Company data, Norwegian Financial Services Association

## Financial highlights

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on SpareBank 1 SR-Bank ASA, please see <[SpareBank 1 SR-Bank ASA page on moodys.com](#)>.

Exhibit 1

### Latest full-year results

#### SpareBank 1 SR-Bank ASA

(in NOK Million)	31-Dec-17	31-Dec-16	31-Dec-15	% Change 17/16	% Change 16/15
NOK/€, Period end	0.10157	0.11005	0.10452	-	-
Total Assets	216,618	193,408	192,049	12.00	0.71
Total Shareholders' Equity	19,889	18,288	16,914	8.75	8.12
Shareholders' Equity excluding Minority Interest	19,889	18,288	16,914	8.75	8.12
Total Regulatory Capital	21,489	20,443	19,933	5.12	2.56
Tier 1 Ratio (%)	16.04	15.63	14.17	41 bps	146 bps
Net Income	2,086	1,755	1,746	18.86	0.52
Net Income Attributable to Equity Holders	2,086	1,755	1,746	18.86	0.52

Note: Based on Consolidated financial data  
Source: Moody's research, [www.oanda.com](#)

Exhibit 2

### Latest first-quarter results

#### SpareBank 1 SR-Bank ASA

(in NOK Million)	31-Mar-18	31-Mar-17	% Change 18/17
NOK/€, Period end	0.10346	0.10918	-
Total Assets	217,370	200,182	8.59
Total Shareholders' Equity	20,400	18,632	9.49
Shareholders' Equity excluding Minority Interest	20,400	18,632	9.49
Total Regulatory Capital	22,257	20,744	7.29
Tier 1 Ratio (%)	16.00	15.61	39 bps
Net Income	518	403	28.54
Net Income Attributable to Equity Holders	518	403	28.54

Note: Based on Consolidated financial data  
Source: Moody's research, [www.oanda.com](#)

## Business description

SpareBank 1 SR-Bank ASA provides retail and corporate customers with a range of banking products and services. In addition, it provides various other products and services, through either its subsidiaries or the product companies within SpareBank 1 Gruppen AS. These services include real estate brokerage (EiendomsMegler 1 SR-Eiendom AS), asset management (SR-Forvaltning AS), accounting and advisory services (SpareBank 1 Regnskapshuset SR), a wholly owned covered bond company (SR-Boligkreditt AS) and a venture capital firm to invest in new fintech companies (FinStart Nordic).

The bank organises its business activities through the following six segments and subsidiaries: Retail Market; Corporate Market; Capital Market; Account trading/staff/support; EiendomsMegler 1 SR-Eiendom AS; and Other. On 1 January 2017, the banks' wholly owned subsidiary SpareBank 1 SR-Finans AS (provider of leasing and secured car facilities) which was earlier reported as a separate segment was merged into SpareBank 1 SR-Bank ASA and based on estimates, its results for 2016 were distributed among retail market segment and corporate market segment.

**Retail Market:** This segment serves individuals, small businesses and agricultural customers. Given SpareBank 1 SR-Bank ASA's origins as a savings bank, the retail market is one of its core businesses, and as of 31 December 2017, retail lending accounted for about 60.5% of its total loans (excluding the mortgage loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS). This

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](#) for the most updated credit rating action information and rating history.

segment also provides deposit-taking facilities, advisory services, financing and investment services, pensions, and life and non-life insurance. Moreover, it offers real estate brokerage services to retail customers through the bank's subsidiary EiendomsMegler 1 SR-Eiendom AS. As a result of merger of SR-Finans AS into SpareBank 1 SR-Bank ASA, the car and consumer loan portfolio of SR-Finans AS was transferred to this segment.

**Corporate Market:** This segment offers services to energy and maritime sector and to the public sector. Along with the Retail Market segment, this segment also serves small businesses and agricultural customers. It provides a range of financial solutions, including deposit-taking, loans, factoring, securities trading, accounting services, and insurance services. Furthermore, this segment provides asset management, real estate brokerage and leasing services through the bank's subsidiaries and through product companies within the SpareBank 1 Gruppen AS. Post the merger SR-Finans's corporate customers were transferred to the corporate market.

**Capital Market:** Established in March 2007, this segment is organised and operated through the following areas: foreign exchange/ fixed income; corporate finance; operations including securities activities managed under SR-Bank Markets; and business development and acquisitions. This segment comprises SR-Forvaltning, which manages the group's assets, in the form of securities, mutual funds and property, as well as those of its customers.

The wholly owned subsidiary EiendomsMegler 1 SR-Eiendom AS is treated a separate segment.

Account trading/staff/support is responsible for all staff departments and treasury area, and the activities of SR-Boligkreditt.

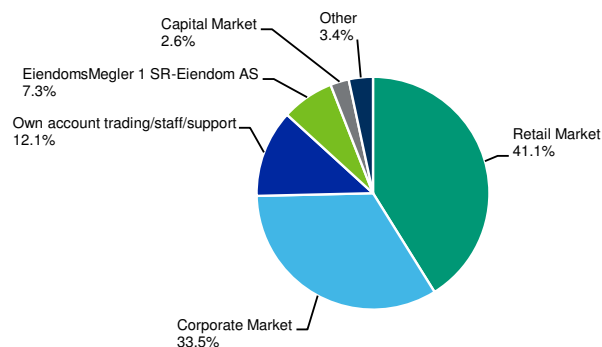
The "Other" segment comprises the bank's own investment activities and any other activities that cannot be allocated to either the three aforementioned segments or the main subsidiary. The result from its subsidiaries SR-Forvaltning AS, SR-Investering AS and SpareBank 1 Regnskapshuset SR AS are included in this segment.

Source: Company reports (annual report Dec 2017, Dec 2016, Dec 2015, Dec 2014 and Dec 2007, quarterly report Mar 2015 and Mar 2017, supplementary report Mar 2017), Moody's research

Exhibit 3

### Business segment

(% of Total income, consolidated, for 2017)

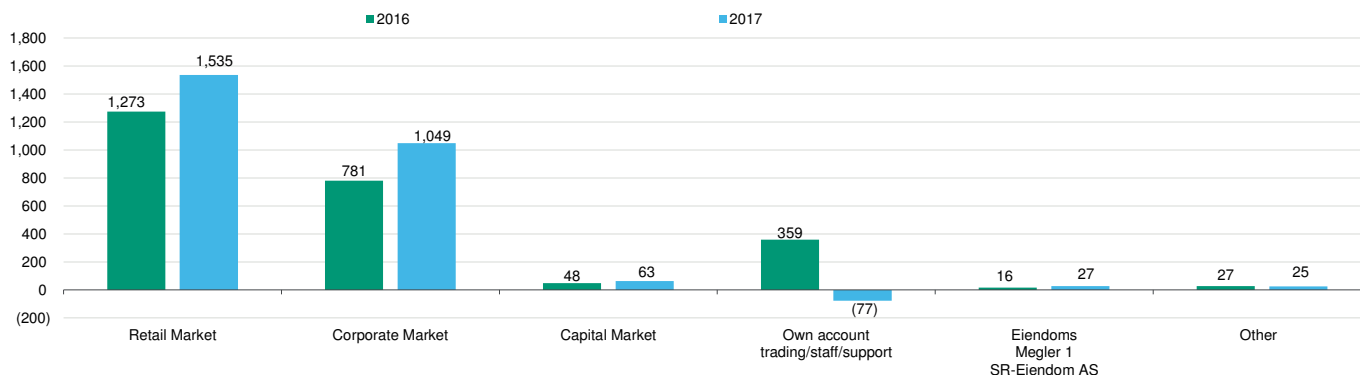


Note: Excluding "Eliminations"

Source: Company report (annual report Dec 2017, Pg: 60)

Exhibit 4

**Pre-tax profit/loss by business segment**  
(consolidated, NOK Million)



Notes: 1) Excluding "Eliminations"

2) Figure for 2015 are not available due to changes in segment reporting in 2017.

Source: Company report (annual report Dec 2017, Pg: 60 &amp; 61)

As of 31 December 2017, the bank's gross loans by sector/industry were as follows:

Exhibit 5

**SpareBank 1 SR-Bank ASA**

Gross Loans By Sector/Industry (% Share)	Dec-17	Dec-16
Agriculture/forestry	2.8	2.9
Fisheries/fish farming	0.5	0.5
Mining operations/extraction	2.8	3.0
Industry	2.1	1.9
Power and water supply/building and construction	2.1	2.2
Wholesale and retail trade, hotels and restaurants	1.7	1.8
Overseas shipping, pipe transport and other transport	5.8	6.2
Property Management	15.7	17.3
Service sector	4.9	5.3
Public sector and financial services	1.1	1.2
Total corporate sector	39.5	42.3
Retail customers	60.5	57.7
<b>Gross Loans</b>	<b>100.0</b>	<b>100.0</b>

Note: Excluding loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Naeringskreditt

Source: Company report (annual report Dec 2017)

## Distribution channels

SpareBank 1 SR-Bank ASA is one of the major providers of financial services in southwestern Norway. As of 31 March 2018, it operated through a network of 36 branches (31 March 2017: 36) in the counties of Rogaland, Vest-Agder, Aust-Agder and Hordaland. The bank's traditional core market is Rogaland, where Moody's estimates that it has market shares of approximately 35% in terms of lending and over 40% in terms of deposits (based on the banks' total lending in the county, according to Statistics Norway).

As of 31 December 2017, the Retail Market segment reported 318,000 customers (31 December 2016: 312,000), while the Corporate Market segment reported 15,000 customers (31 December 2016: 14,500).

SpareBank 1 SR-Bank ASA operates a multichannel distribution strategy, which includes internet banking, telephone banking, mobile banking and call centre services.

The bank's real estate brokerage subsidiary EiendomsMegler 1 SR-Eiendom AS is the leading provider of its products and services in Rogaland and Vest Agder.

As of 31 December 2017, SpareBank 1 SR-Bank ASA was Norway's largest regional savings banks, and the fifth-largest bank in Norway in terms of total consolidated assets.

Source: Company reports (annual report Dec 2017, Dec 2016, Dec 2012, Q1 report Mar 2017, supplementary report Mar 2017), Moody's research, Norwegian Financial Services Association

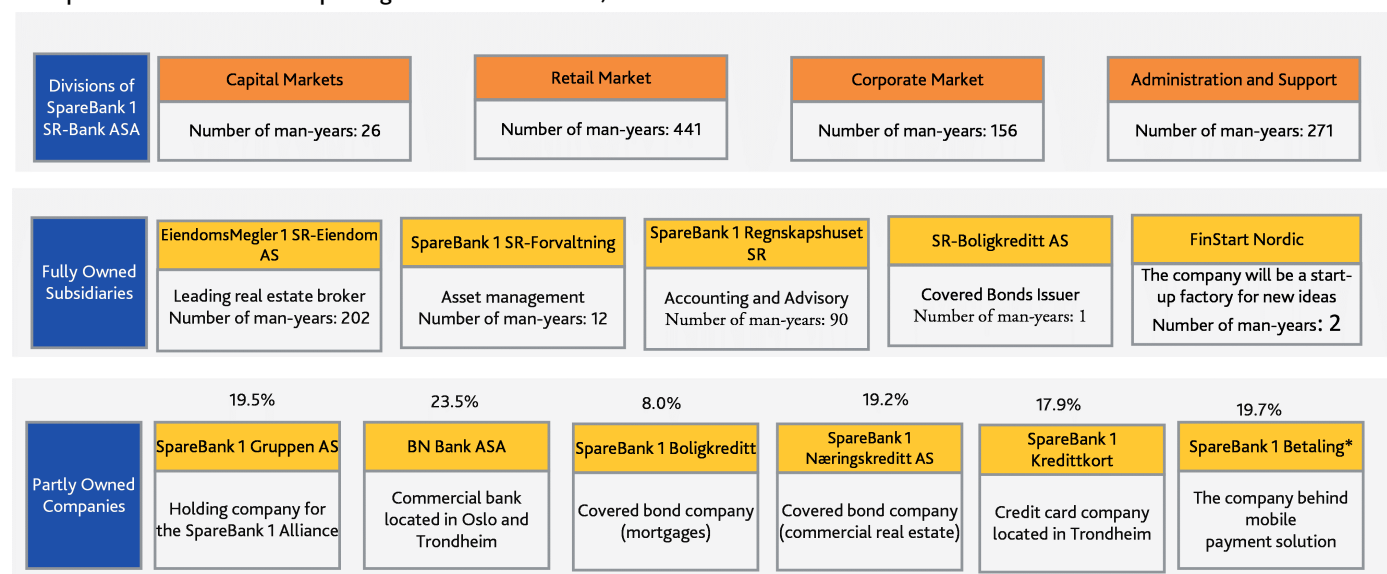
## Ownership structure

In November 2011, SpareBank 1 SR-Bank ASA's supervisory board decided to convert the bank into a limited liability company named SpareBank 1 SR-Bank ASA. Subsequently, in January 2012, the bank was converted from an equity certificate bank to a public limited company (ASA). On 2 January 2012, the bank's equity certificates were delisted from the Oslo Stock Exchange and its shares were registered on the same exchange, which is regulated by Finanstilsynet (Code: SRBANK). As of 14 May 2018, the bank had 255,751,082 shares in issue. As of that date, its largest shareholder was Sparebankstiftelsen SR-Bank, which held a stake of 28.3%.

Source: Company reports (annual report Dec 2017, Dec 2015), Company data, [www.oslobors.no](http://www.oslobors.no)

Exhibit 6

### The SpareBank 1 SR-Bank Group – Organisational Structure, as of 31 March 2018



\*Owner 25% in VIPPS AS

Source: Company report (Q1 report Mar 2018)

As of 14 May 2018, the top 10 shareholders of SpareBank 1 SR-Bank ASA were as follows:

Exhibit 7

#### SpareBank 1 SR-Bank ASA

Top 10 Shareholders	Number of Shares	% Held
Sparebankstiftelsen SR-Bank	72,419,305	28.32
Folketrygdfondet	17,087,715	6.68
State Street Bank and Trust Co	9,195,972	3.60
SpareBank 1 stiftinga Kvinnherad	6,226,583	2.43
Vpf Nordea Norge Verdi	5,957,547	2.33
Danske Invest Norske Instit. II	3,651,038	1.43
Verdipapirfondet DNB Norge (IV)	3,616,570	1.41
Odin Norge	3,406,393	1.33
JP Morgan Chase Bank, N.A., London	2,786,808	1.09
AS Clipper	2,565,000	1.00

Source: Company data

## Company management

Exhibit 8

#### SpareBank 1 SR-Bank ASA

Company Management	Current Title
Arne Austreid	SpareBank 1 SR-Bank ASA: Chief Executive Officer; SpareBank 1 Gruppen AS and SpareBank 1 Banksamarbeidet DA: Member of the Board
Inge Reinertsen	SpareBank 1 SR-Bank ASA: Chief Financial Officer and Board Member of Bank's pension fund; SR-Forvaltning AS and FinStart Nordic AS: Chairman of the Board; SR-Boligkreditt AS: Deputy chairman; Monner AS and SpareBank 1 Markets AS: Member of the Board
Ella Skjørestad	SpareBank 1 SR-Bank ASA: Executive Vice President, Customer Services and Marketing; BN Bank ASA: Member of Board
Frode Bø	SpareBank 1 SR-Bank ASA: Executive Vice President, Risk Management
Glenn Sæther	SpareBank 1 SR-Bank ASA: Executive Vice President, Strategi, Innovation and Development; Finansparken Bjergsted AS: Chairman of the Board; SpareBank 1 Skadeforsikring AS, SMB Lab AS, FinStart Nordic AS and SpareBank 1 Regnskapshuset AS: Member of the Board
Jan Friestad	SpareBank 1 SR-Bank ASA: Executive Vice President, Retail Market; EiendomsMegler 1 SR-Eiendom AS: Chairman of the Board; SpareBank 1 Betaling AS and SpareBank 1 Kredittkort AS og FinStart Nordic AS: Member of the Board
Tore Medhus	SpareBank 1 SR-Bank ASA: Executive Vice President, Corporate Market; SpareBank 1 Regnskapshuset SR AS: Chairman of the Board; BN Bank ASA: Deputy Chairman; Conecto AS, SpareBank 1 Factoring AS, FinStart Nordic AS: Member of Board
Thor-Christian Haugland	SpareBank 1 SR-Bank ASA: Executive Vice President, Communications and Sustainability; Odin Forvaltning AS, Monner AS and Nordic Edge AS: Member of the Board

As of 17 May 2018

Exhibit 9

**SpareBank 1 SR-Bank ASA**

<b>Board of Directors</b>	<b>Affiliation</b>	<b>Age*</b>
Dag Mejdell	SpareBank 1 SR-Bank ASA: Chairman of the Board of Directors; Norwegian Hydro, NSB AS and International Post Corporation CV and Telecomputing Finco AS: Chairman of the board; SAS AB: Deputy Chairman	60
Kate Henriksen	SpareBank 1 SR-Bank ASA: Member of the Board of Directors; Miles Bergen: Chief Executive Officer and Board Member	57
Tor Dahle	SpareBank 1 SR-Bank ASA: Member of the Board of Directors; Sparebankstiftelsen SR-Bank: General Manager; EM Software Partners: Chairman of the Board; Sparebankforeningen i Norge: Member of the Board of Directors; Finans Norge: Deputy Member	65
Birthe Cecilie Lepsøe	SpareBank 1 SR-Bank ASA: Member of the Board of Directors; Smedvig Eiendom AS, Smedvig Capital AS, Inventura Group AS and Smedvig AS: Member of the Board; Askøy Kommunale Eiendomsselskap AS: Deputy Member; Vest Corporate Advisors AS: Member of the Board and Partner	46
Therese Log Bergjord	SpareBank 1 SR-Bank ASA: Member of the Board of Directors; Skretting Group: Chief Executive Officer; Skretting: Norwegian and Global Sales Director; Pan Fish ASA: Chief Financial Officer and Commercial Director; ESS Support Services AS: Director; Confederation of Norwegian Enterprises (NHO): Vice President	52
Jan Skogseth	SpareBank 1 SR-Bank ASA: Member of the Board of Directors; Scatec Solar ASA and PSW Technology AS: Member of the Board	62
Kristian Kristensen	SpareBank 1 SR-Bank ASA: Member of the Board of Directors (employee elected); Finansforbundet SpareBank 1 SR-Bank: Deputy Finance Sector Union of Norway, Rogaland division: Member of the Board	35
Sally Lund-Andersen	SpareBank 1 SR-Bank ASA: Member of the Board of Directors (employee elected) and Group Employee Representative; SpareBank 1 Gruppen AS and SpareBank 1 Banksamarbeidet AS: Member of the Board; Finance Sector Union of Norway, Rogaland Division: Chair	56

\*As of 31 Dec 2017

As of 17 May 2018

Source: Company data

**Company history**

SpareBank 1 SR-Bank ASA was established in 1976 as Norway's first regional savings bank, following the merger of 22 local savings banks. The roots of the bank can be traced back to 1839, when the oldest of the merged banks was established in Egersund. Since 1994, the bank has been listed on the Oslo Stock Exchange.

In 1996, the bank (then named Sparebanken Rogaland), along with three other Norwegian savings banks, cofounded the banking and product alliance SpareBank 1 Alliance in response to increasing competitive pressures within the Norwegian banking sector. The alliance is coordinated through SpareBank 1 Gruppen AS. The SpareBank 1 Alliance banks do not have any liability guarantees to legally bind its members. The banks nevertheless state a willingness to support other member banks, in the event that one of them experiences a crisis, if this is beneficial for their respective owners. The arrangement is complex since any member can veto a strategic decision concerning the SpareBank 1 Gruppen AS.

In 2000, SpareBank 1 Gruppen AS acquired Vår Bank. Each of the Alliance's member banks integrated its operations with the Vår Bank units within its own region, while Vår Bank's operations in Oslo were maintained, currently known as Bank 1 Oslo Akershus AS (Bank 1 Oslo). Subsequently, SpareBank 1 SR-Bank began to expand into the county of Agder by acquiring Vår Bank branches in that area. In 2006, the bank began its expansion into Hordaland by opening a branch in Bergen.

In January 2004, one of the key members of SpareBank 1 Alliance, Sparebanken Vest, left the alliance. Its 8.67% ownership share in SpareBank 1 Gruppen AS was divided equally between the group's regional member banks, including SpareBank 1 SR-Bank ASA.

In March 2007, the bank was renamed SpareBank 1 SR-Bank. In the same year, it acquired Vågen Eiendomsforvaltning AS, a Stavanger-based commercial property manager.

In October 2008, SpareBank 1 SR-Bank and other banks in SpareBank 1 Alliance acquired Glitnir Bank ASA (renamed BN Bank ASA in January 2009), one of the leading mortgage lenders in Norway, and its subsidiary Glitnir Factoring (now SpareBank 1 Factoring AS) for NOK300 million (€34.9 million). SpareBank 1 SR-Bank acquired a 20% stake in Glitnir Bank ASA. The acquisition was approved by the authorities in December 2008. In September 2009, SpareBank 1 SR-Bank acquired a further 3.5% stake in BN Bank ASA, increasing its holding to 23.5%.

In January 2010, Bank 1 Oslo was separated from SpareBank 1 Gruppen AS, and is now directly owned by the SpareBank 1 banks and the Norwegian Confederation of Trade Unions. SpareBank 1 SR-Bank acquired 19.5% of the shares in Bank 1 Oslo.

In June 2010, SpareBank 1 SR-Bank acquired Kvinnherad Sparebank with a view to strengthen its presence in Hordaland. The required approvals were received in October 2010 and the acquisition was completed in November 2010.

In February 2011, the bank sold its subsidiary SpareBank 1 SR-Fondsforvaltning AS to the asset management company ODIN Forvaltning AS.

In November 2011, SpareBank 1 SR-Bank's supervisory board decided to convert the bank into a limited liability company named SpareBank 1 SR-Bank ASA. In January 2012, the bank was converted from an equity certificate bank to a public limited company (ASA). Subsequently, the bank's equity certificates were delisted from the Oslo Stock Exchange and its shares registered on the same exchange on 2 January 2012 (Code: SRBANK).

The capital levels were strengthened in June 2012 through a rights issue, with proceeds totalling NOK1.52 billion.

In 2013, the bank sold its stake in Bank 1 Oslo to Sparebanken Hedmark, reducing its stake to 4.8% from 19.5%. In 2016, Sparebanken Hedmark acquired the remaining stake in Bank 1 Oslo, thus banks' stake in Bank 1 Oslo was swapped for stake in Sparebanken Hedmark. On 1 April 2017, the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus was completed and the new bank SpareBank 1 Østlandet was formed.

In 2017, the bank reduced its stake in its three partly owned subsidiaries SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, and SpareBank 1 Kredittkort AS to 8.0%, 19.2% and 17.9%, respectively. During the same year, SpareBank 1 SR-Bank acquired 34.0% in Monner (a fintech company) and established a wholly owned subsidiary, FinStart Nordic.

In March 2018, SpareBank 1 SR-Bank established a branch in Oslo with the purpose of serving corporate as well as retail customers.

Note: Currency converted using exchange rate of NOK=€0.11618, as of 31 Oct 2008

Source: Company reports (annual report Dec 2017, Dec 2016, Dec 2015, Dec 2013, Dec 2012, Dec 2010 and Dec 2007, quarterly report March 2017, supplementary report Mar 2017, Q4 results Dec 2011, investor presentation June 2010, Sep 2010 and Feb 2009, SpareBank 1 Gruppen results presentation Dec 2008), Moody's research, [www.oanda.com](http://www.oanda.com), [www.oslobors.no](http://www.oslobors.no), Company data



## Peer group

- » [Aktia Bank plc](#)
- » [Fana Sparebank](#)
- » [Länsförsäkringar Bank AB \(publ\)](#)
- » [Ringkjøbing Landbobank A/S](#)
- » [SpareBank 1 SMN](#)
- » [SpareBank 1 Nord-Norge](#)
- » [SpareBank 1 Østlandet](#)
- » [Sparebanken Møre](#)
- » [Sparebanken Øst](#)
- » [Sparebanken Sogn og Fjordane](#)
- » [Sparebanken Sør](#)
- » [Sparebanken Vest](#)
- » [Sydbank A/S](#)

## Related websites and information sources

For additional information, please see:

### The company's website

- » [SpareBank 1 SR-Bank ASA](#)

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## Moody's related research

### Issuer page on Moodys.com

- » [SpareBank 1 SR-Bank ASA](#)

### Credit opinion

- » [SpareBank 1 SR-Bank ASA](#)

### Issuer in-depth

[FAQ: SpareBank 1 banks illustrate Moody's approach to non-consolidated covered bonds](#)

[SpareBank 1 Alliance Banks' 2017 profit up as economy strengthens](#)

### Industry outlook

- » [Norway, August 2017 \(1076131\)](#)

## Rating methodology

» [Banks](#)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.*

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## Contacts

Nondas Nicolaidis  
*VP-Sr Credit Officer*  
nondas.nicolaides@moodys.com

+357.2569.3006

Louise Eklund  
*Associate Analyst*  
louise.eklund@moodys.com

+46.8.5025.6569

## CLIENT SERVICES

Americas	1-212-553-1653
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