

The impossible is solved by incredible people

Rogfast – the world's longest and deepest sub-sea road-tunnel



INVESTOR UPDATE
SECOND QUARTER 2017

HAND IN HAND WITH THE INCREDIBLE

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.

Agenda

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 18.3 Billion
- Total assets: NOK 212.9 Billion
- Total lending: NOK 184.3 Billion
- Total deposits: NOK 99.8 Billion
- No. of branches: 36
- Employees: 1.125



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

- **1839:** The first bank that today forms part of SpareBank 1 SR-Bank is 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”).



Arne Austreid
CEO

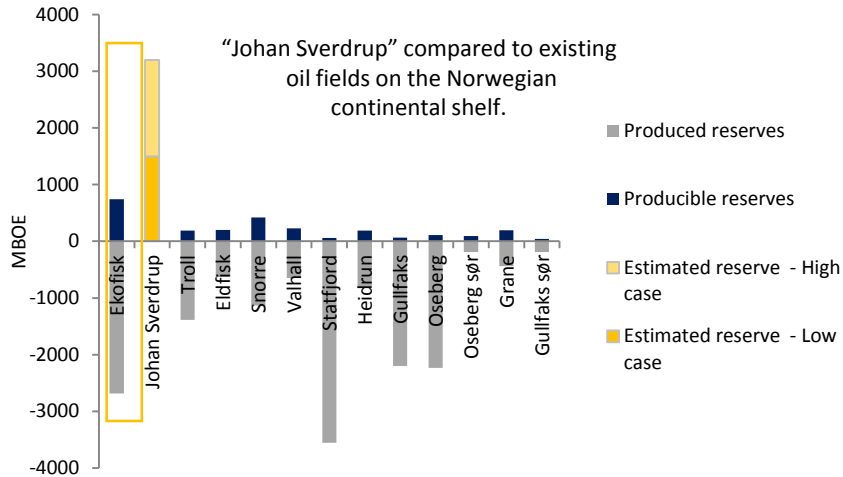
Headquarter: Stavanger

Bjergsted Terrasse 1
Postboks 250
4066 Stavanger

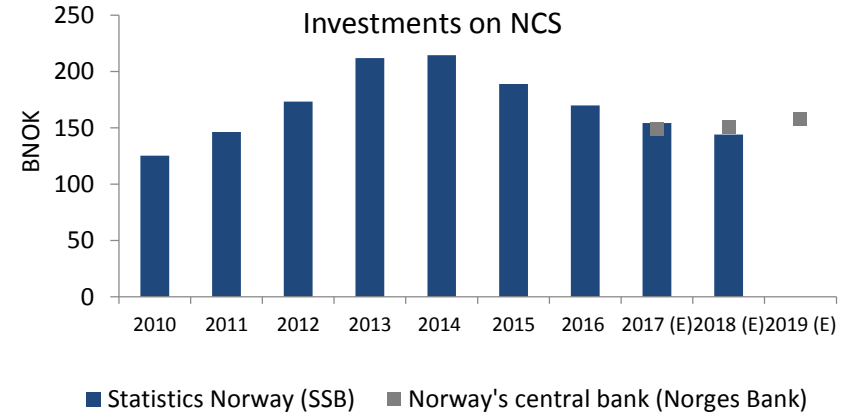
Tlf: +47 915 02002
www.sr-bank.no

One of Norway's most prosperous regions

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

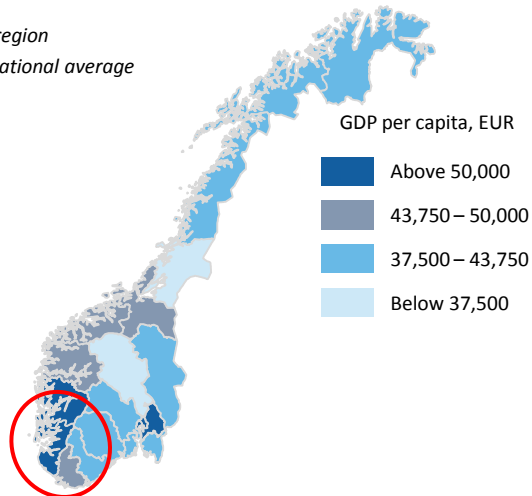


...and activity is expected to continue at high levels



The region accounts for circa 25% of Norwegian GDP

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



SR-Bank's market area

Planned infrastructure project total 100-150BNOK

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



The leading financial group in the southwest of Norway

1 Rogaland

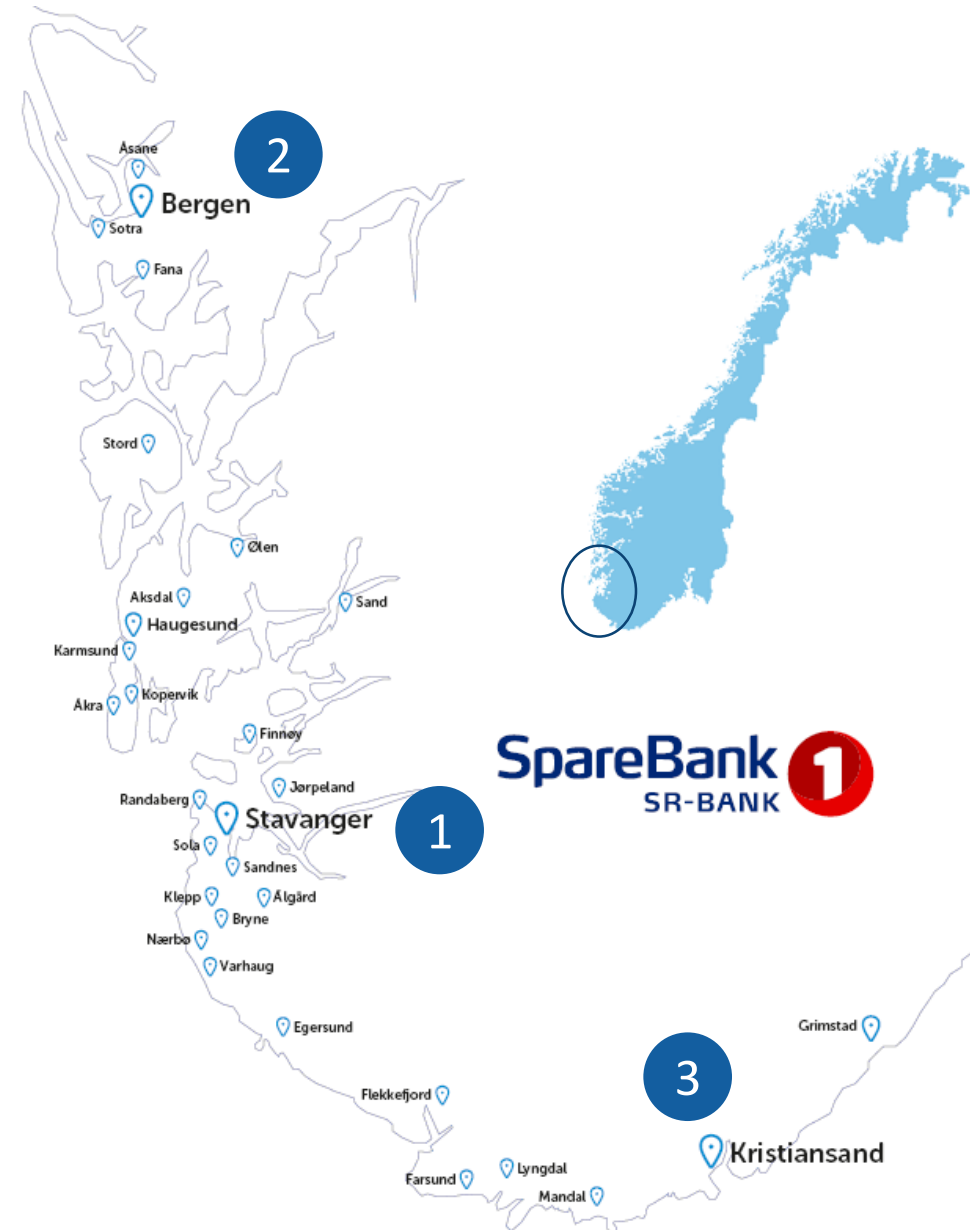
Population	470.000
Market share	36%
Year of establishment	1839
Market strategy	Market leader
Unemployment rate	4.0%*

2 Hordaland

Population	516.000
Market share	6%
Year of establishment	2006
Market strategy	Entry/growth
Unemployment rate	3.2%*

3 Agder

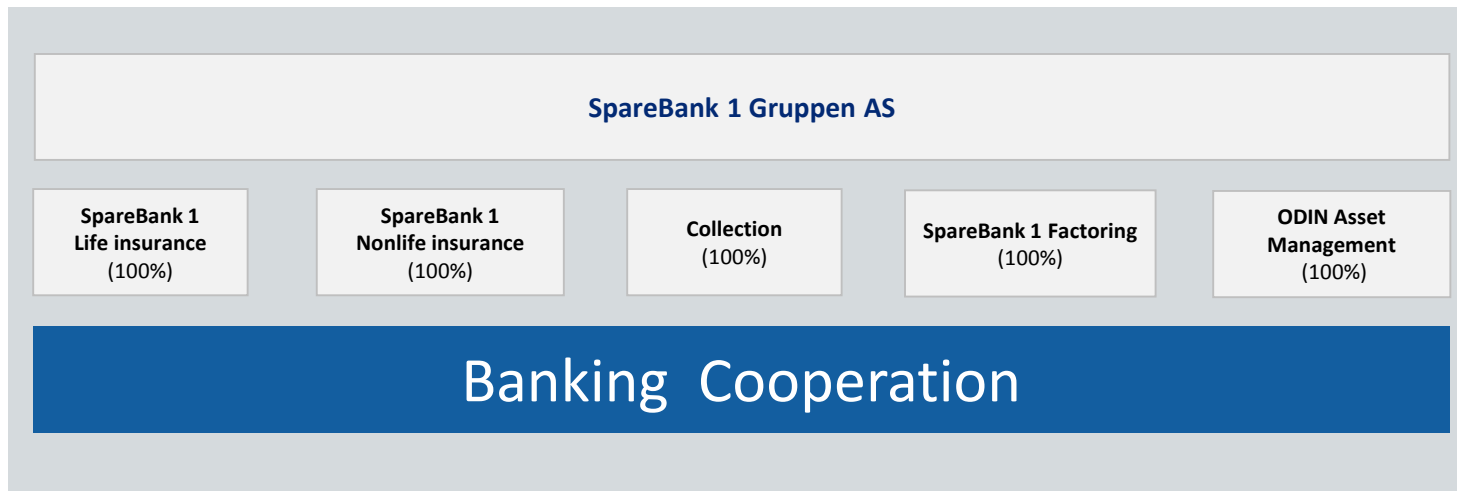
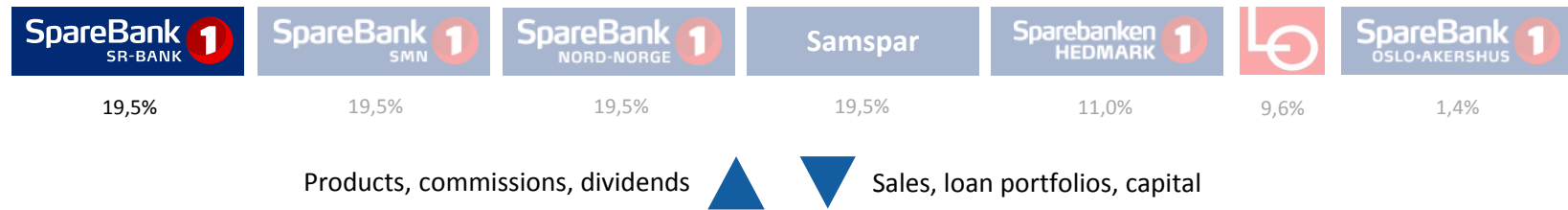
Population	298.000
Market share	8%
Year of establishment	2002
Market strategy	Growth
Unemployment rate	3.3%*



SpareBank 1 Alliance: Benefits in economies of scale

Owners of the alliance

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



SRBANK's activities



Divisions of SpareBank 1 SR-Bank ASA

Capital Markets

Number of man-years : 29

Retail Market

Number of man-years : 482

Corporate Market

Number of man-years : 164

Administration & Support

Number of man-years : 215

Fully owned companies



Number of man-years : 195

Key areas:

- Leading real estate broker



Number of man-years : 11

Key areas:

- Asset management



Number of man-years : 89

Key areas:

- Accounting
- Advisory



Number of man-years : 1

Key areas:

- Covered Bond Funding

Partly owned companies

SpareBank 1 Gruppen AS
(19.5%)

Holding company for the SpareBank 1 - Alliance

BN Bank ASA
(23.5%)

Commercial bank located in Oslo and Trondheim

SpareBank 1 Boligkreditt AS
(13,9%)

Covered bond company (mortgages)

SpareBank 1 Næringskreditt AS
(21,9%)

Covered bond company (commercial real estate)

SpareBank 1 Kredittkort
(17,9%)

Credit card company located in Trondheim

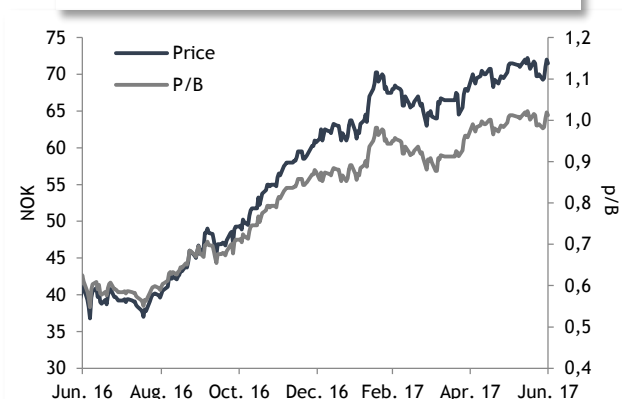
SpareBank 1 Mobilbetaling
(19,7%)

The company behind mCASH (mobilepay)

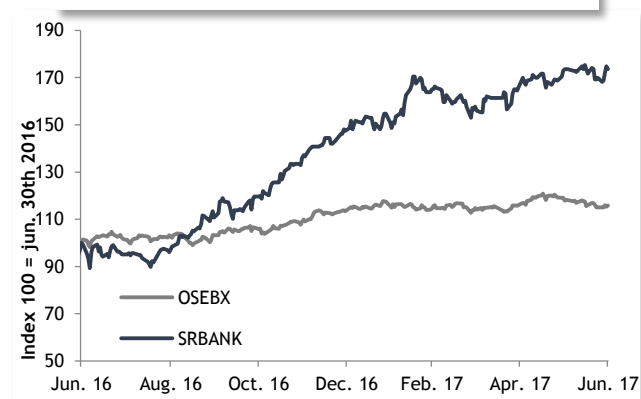
SRBANK

- *Converted from equity certificates to shares in 2012.*
- *International ownership is 20.7% per 2. quarter 2017.*
- *Total market value at 2. quarter 2017 is NOK 18.3 billion.*

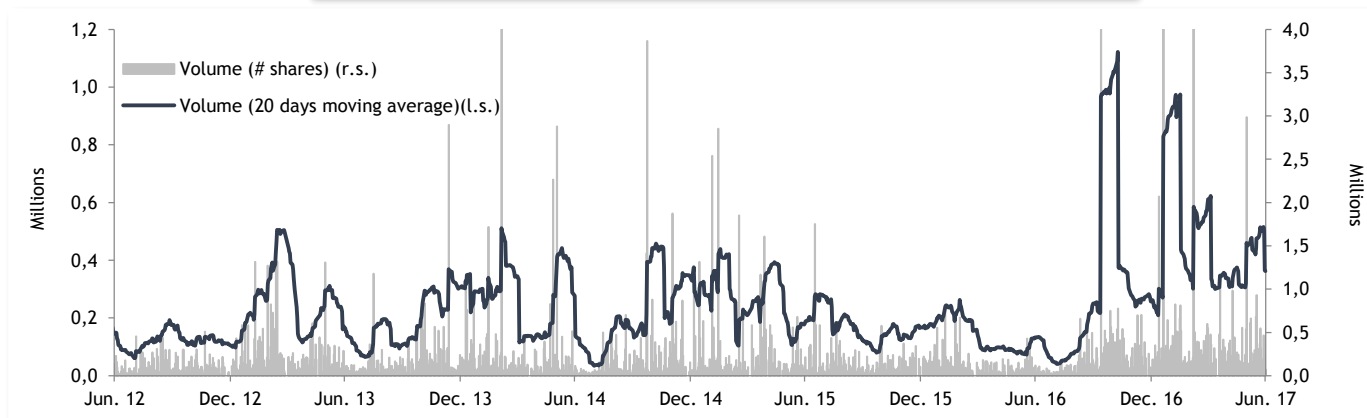
Development in Price/Book



Relative share price development



Trading volume development Q2 2012 – Q2 2017



20 largest shareholders as at June 2017

- **Ownership interests:**
 - *From Rogaland, Agder-counties and Hordaland: 46.2% (50.0%)*
 - *International: 20.7% (16.5%)*
 - *10 largest: 48.0% (55.4%)*
 - *20 largest: 55.1% (62.4%)*
- *Number of shareholders: 10 579 (9 820)*
- *Employees owning: 1.7% (1.9%)*

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Folketrygdfondet		12.977.715	5,1%
State Street Bank and Trust Co, U.S.A.	Nominee	7.738.480	3,0%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Vpf Nordea Norge Verdi		6.057.547	2,4%
Verdipapirfondet DNB Norge (IV)		4.273.842	1,7%
Odin Norge		4.120.982	1,6%
Danske Invest Norske Instit. II		3.595.310	1,4%
State Street Bank and Trust Co, U.S.A.	Nominee	2.737.473	1,1%
Pareto Aksje Norge		2.703.141	1,1%
Clipper AS		2.565.000	1,0%
KLP Aksjenorge Indeks		1.894.815	0,7%
JPMorgan Chase Bank, U.S.A.	Nominee	1.879.751	0,7%
Danske Invest Norske Aksjer Inst.		1.817.194	0,7%
KAS Bank NV, Nederland	Nominee	1.804.586	0,7%
State Street Bank and Trust Co, U.S.A.	Nominee	1.683.846	0,7%
Vpf Nordea Norge Avkastning		1.664.410	0,7%
Westco		1.658.537	0,6%
Pareto AS		1.640.867	0,6%
State Street Bank and Trust Co, U.S.A.	Nominee	1.521.354	0,6%
<hr/>			
Top 5		105.419.630	41,2%
Top 10		122.850.378	48,0%
Top 20		140.980.738	55,1%

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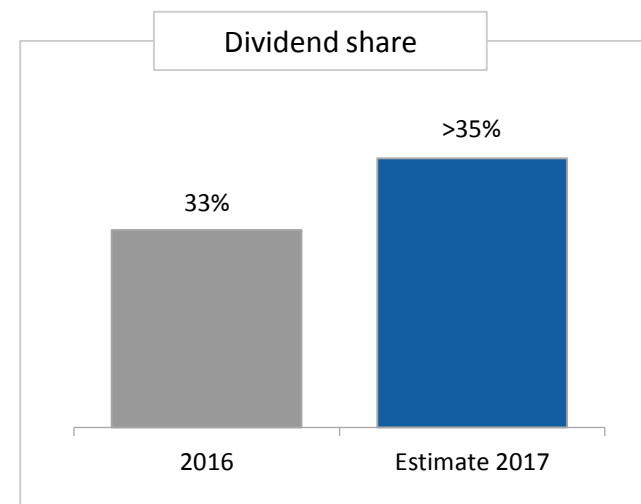
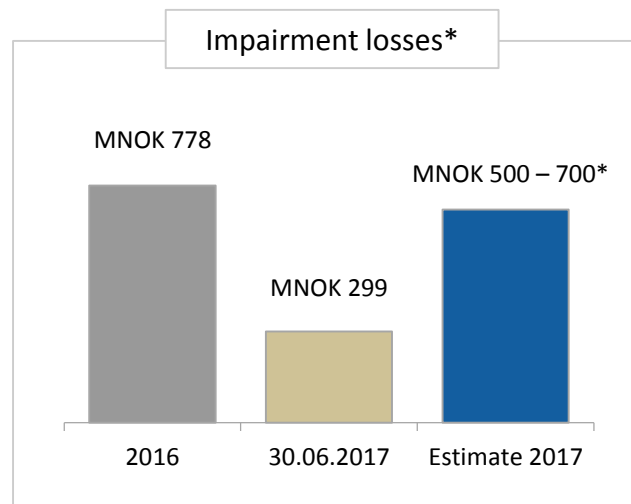
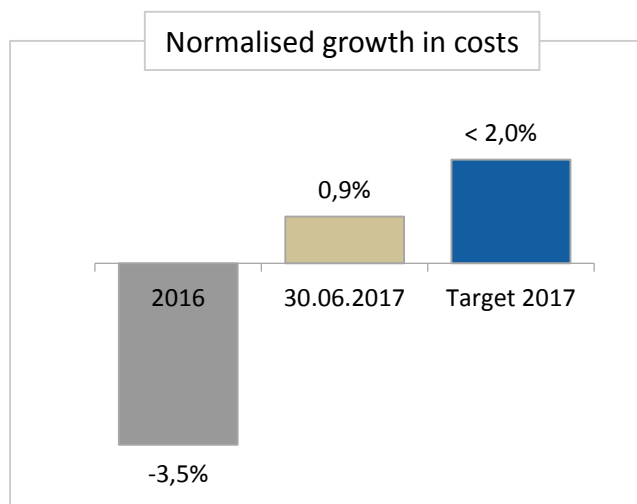
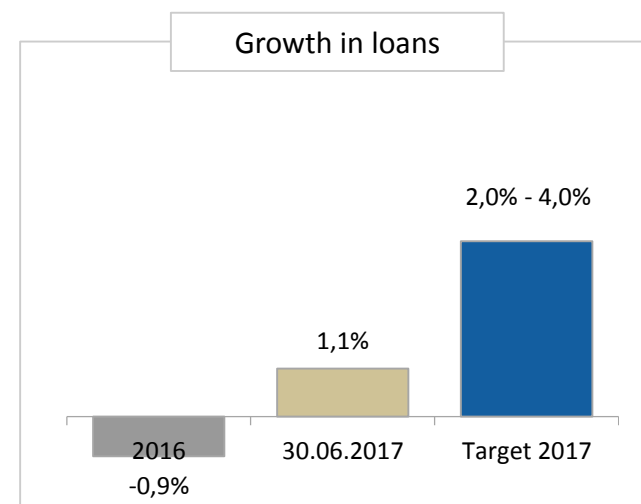
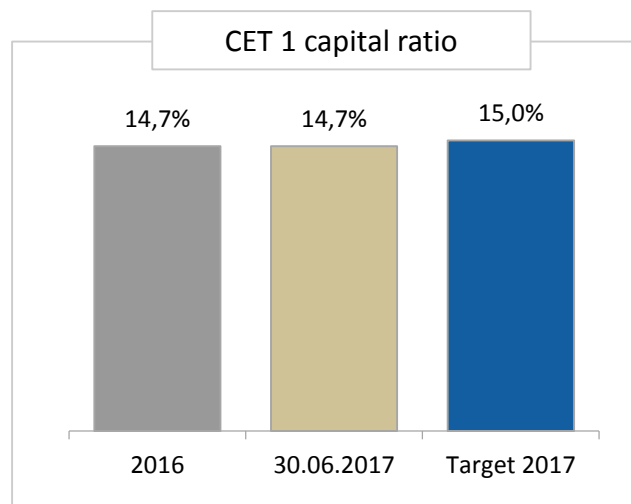
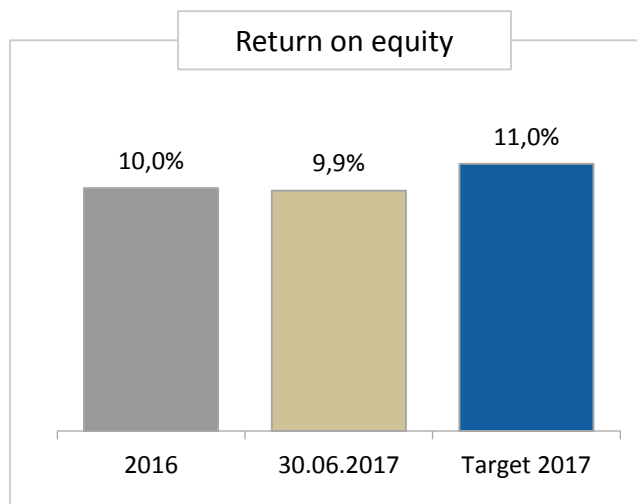
Appendix

A good result characterised by greater activity and lower losses

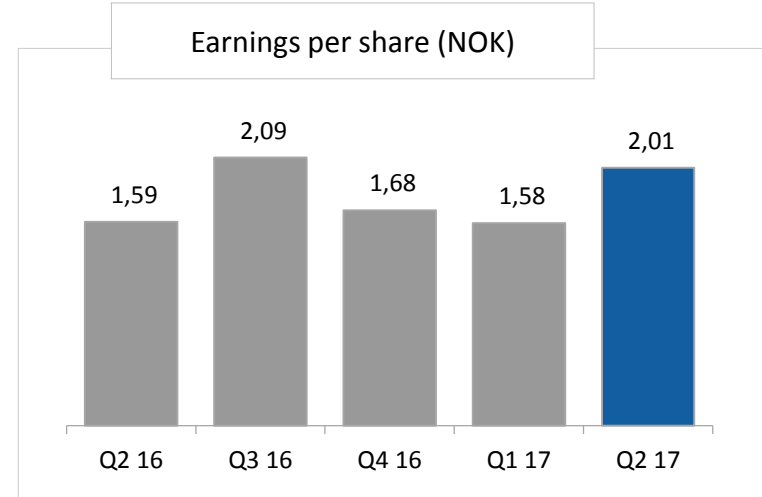
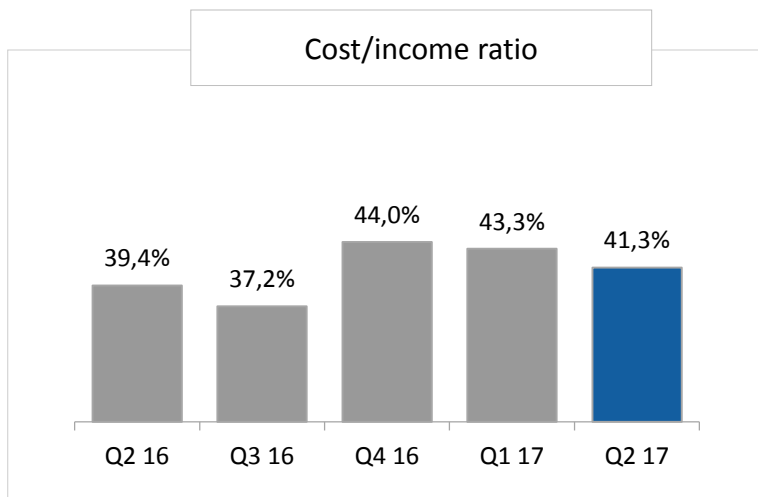
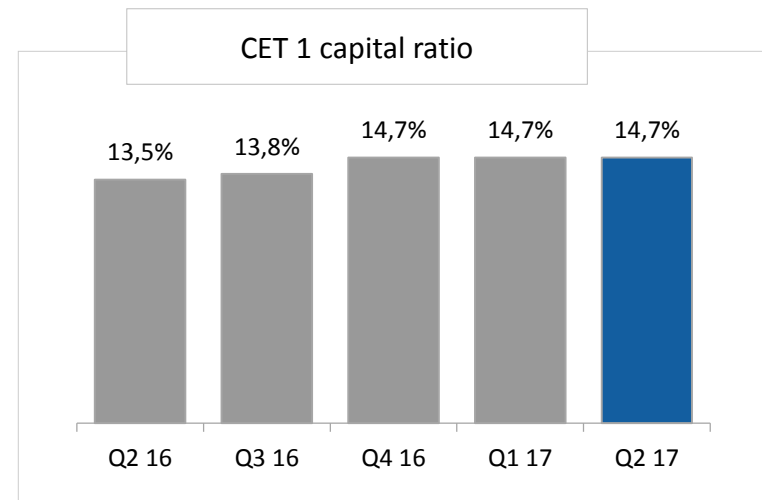
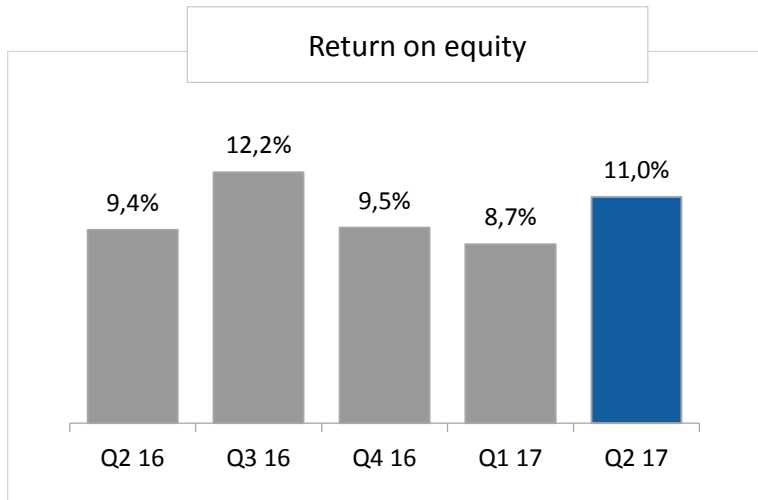
- Pre-tax profit for the quarter is NOK 648 million compared to NOK 486 million last year
 - Return on equity after tax 11.0%
- Pre-tax profit year-to-date is NOK 1.160 million compared to NOK 973 million last year
 - Return on equity after tax 9.9%
- Impairment losses on loans is NOK 299 million compared to 455 million last year
 - 0.33% of gross lending including covered bond companies as at 30 June 2017
- 12 months lending growth of 0.5%
 - Growth of loans year-to-date is 1.1%
 - Risk-weighted assets (RWA) is increased by 0.8% the last 12 months
- 12 months deposits growth of 11.3%
- Normalised costs growth of 0.9%*
 - Growth in costs of 6.1% (NOK 61 million) over the last 12 months, of which financial activity tax is NOK 21 million, and EiendomsMegler 1 has increased costs by NOK 21 million.
- Common equity tier 1 capital ratio increased to 14.7% from 13.5% last year
 - Common equity tier 1 is 14.9% taking into account rebalancing of ownership in SpareBank 1 Boligkreditt

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

Financial targets and estimates for 2017 – estimate of impairment losses are adjusted downward



Key figures – quarterly development



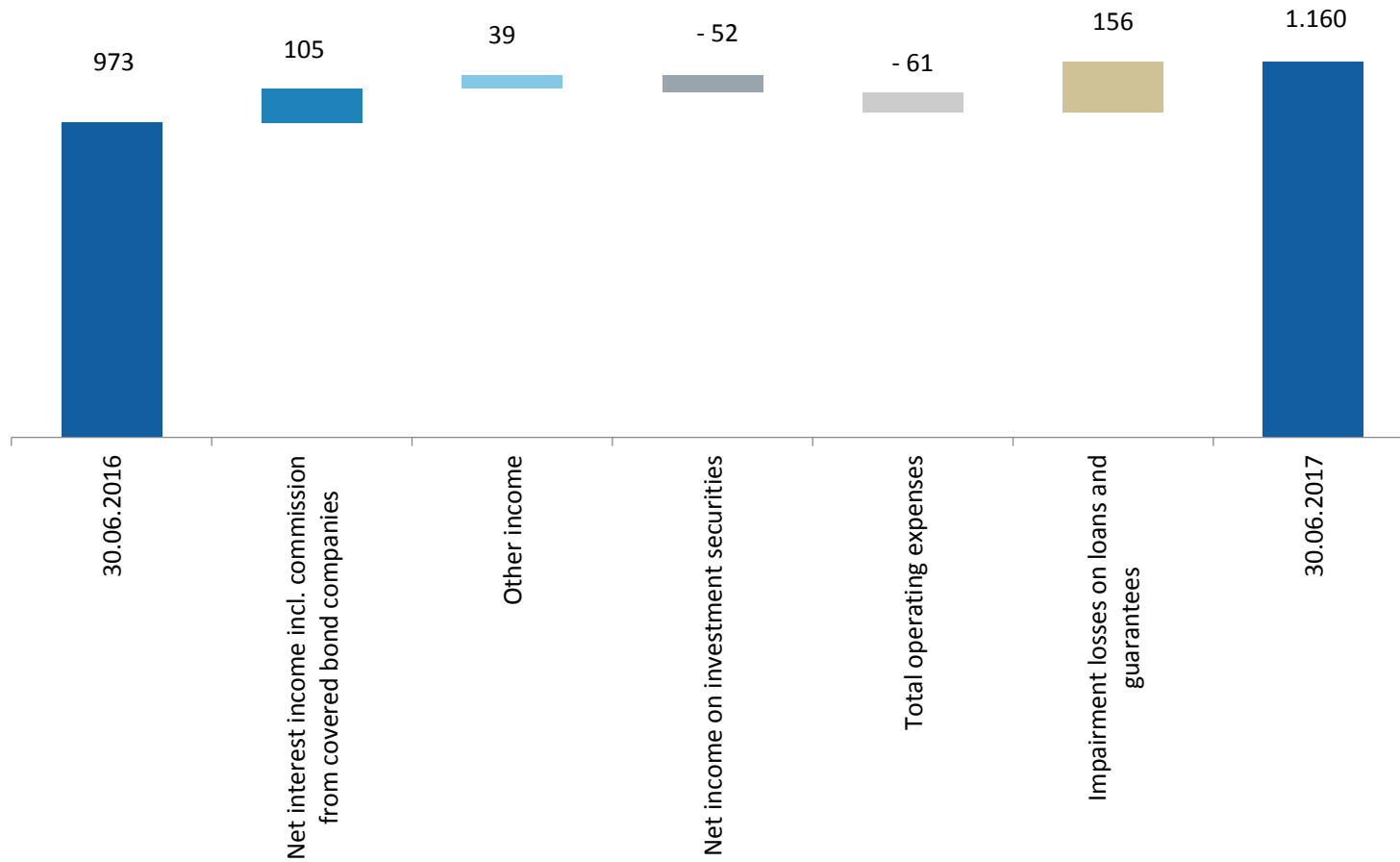
Key figures

	30.06 17	30.06 16	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16
Return on equity after tax (%)	9,9	9,3	11,0	8,7	9,5	12,2	9,4
Net interest margin (%)	1,52	1,47	1,52	1,53	1,50	1,48	1,48
Impairment losses on loans and guarantees in % of gross loans incl. covered bond companies	0,33	0,50	0,29	0,37	0,35	0,35	0,66
Non-performing and other problem commitments in % of gross loans incl. covered bond companies	1,21	1,15	1,21	1,23	1,21	1,18	1,15
Cost to income ratio	42,2	41,3	41,3	43,3	44,0	37,2	39,4
Annual growth in loans to customers, gross incl. covered bond companies (%)	0,5	1,1	0,5	-0,4	-0,9	0,1	1,1
Annual growth in deposits from customers (%)	11,3	-1,3	11,3	7,0	-3,9	-2,0	-1,3
Total assets (BNOK)	212,9	196,8	212,9	200,2	193,4	193,2	196,8
Portfolio of loans in covered bond companies (BNOK)	19,4	26,7	19,4	23,3	24,7	25,7	26,7
Risk weighted assets (BNOK)	120,7	119,7	120,7	118,4	116,7	119,1	119,7
Liquidity Coverage Ratio (LCR) (%)	212	173	212	200	174	123	173
Earnings per share (NOK)	3,59	3,10	2,01	1,58	1,68	2,09	1,59
Book value per share (NOK)	72,72	67,16	72,72	72,91	71,54	69,36	67,16
Number of shares issued (million)	255,8	255,8	255,8	255,8	255,8	255,8	255,8

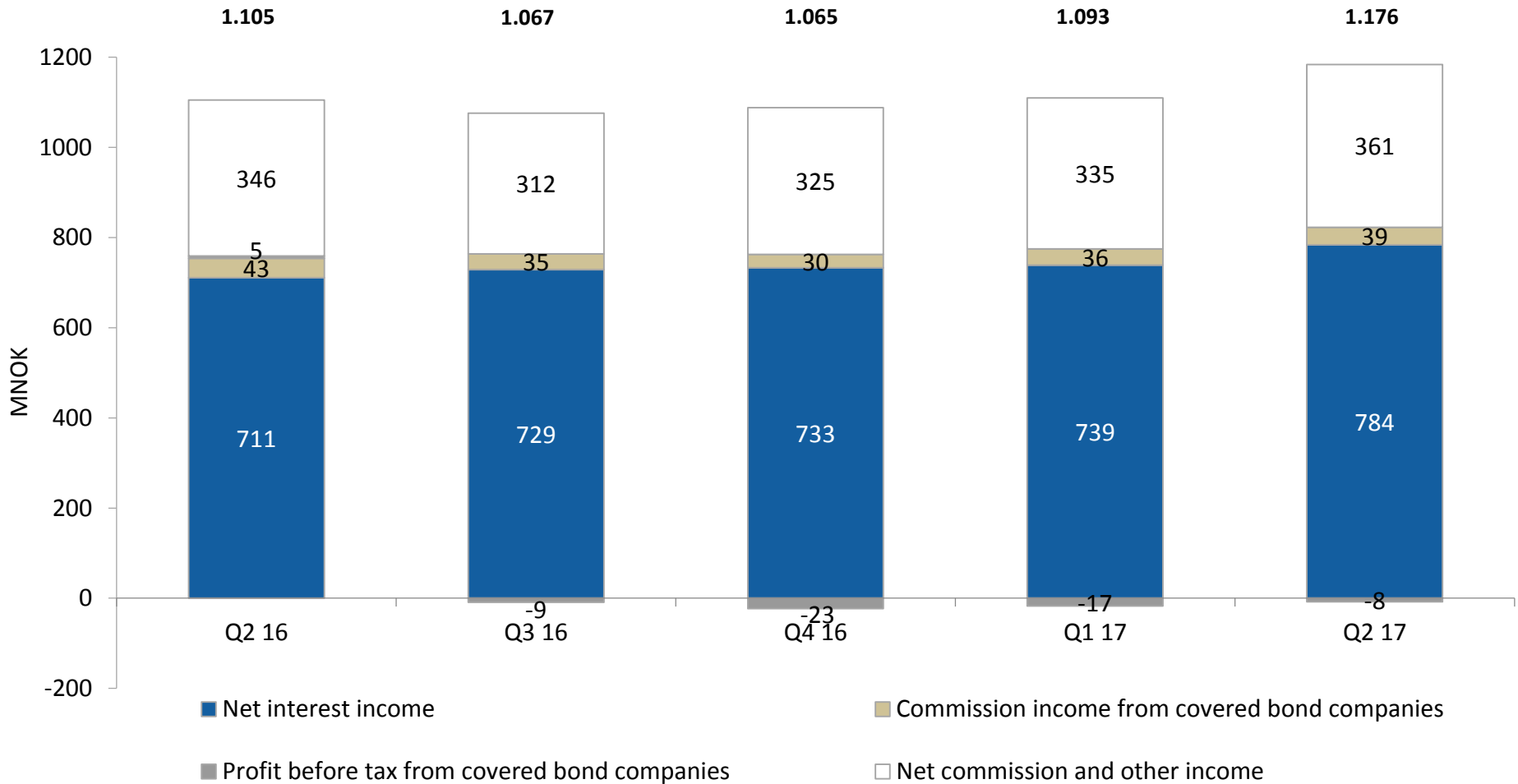
Income statement

	30.06 17	30.06 16	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16
<i>Group Income Statement (MNOK)</i>							
Net interest income	1.523	1.409	784	739	733	729	711
Net commission and other income	771	741	400	371	355	347	389
Net income on investment securities	232	284	143	89	139	231	205
Total income	2.526	2.434	1.327	1.199	1.227	1.307	1.305
Total operating expenses	1.067	1.006	548	519	540	486	514
Operating profit before losses	1.459	1.428	779	680	687	821	791
Impairment losses on loans and guarantees	299	455	131	168	162	161	305
Operating profit before tax	1.160	973	648	512	525	660	486
Tax expense	243	181	134	109	96	126	80
Net profit	917	792	514	403	429	534	406

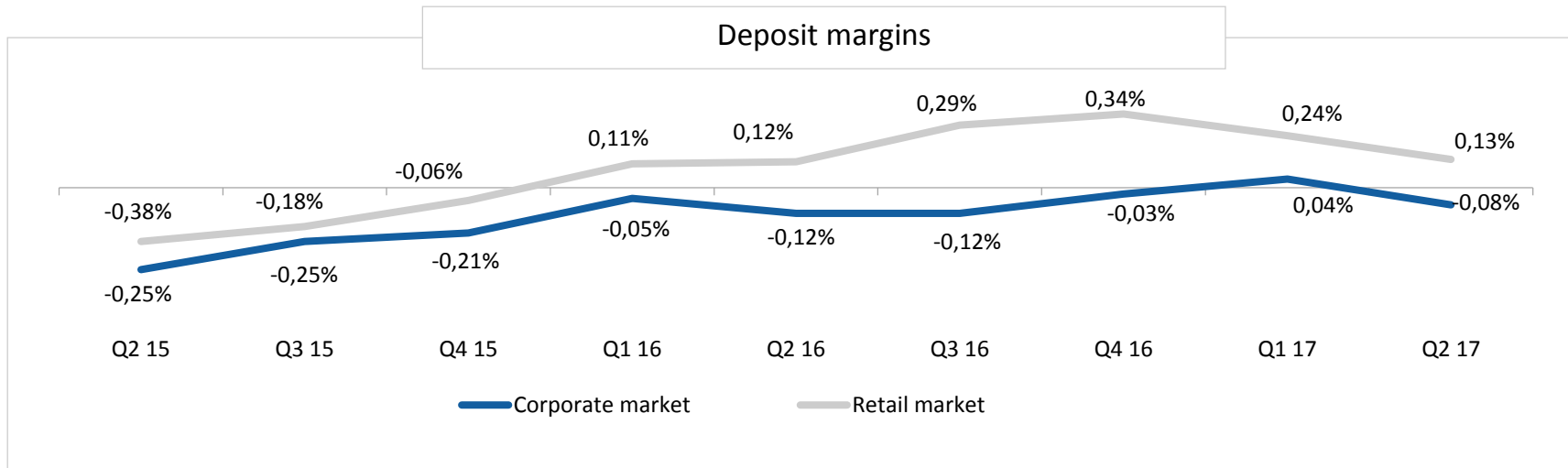
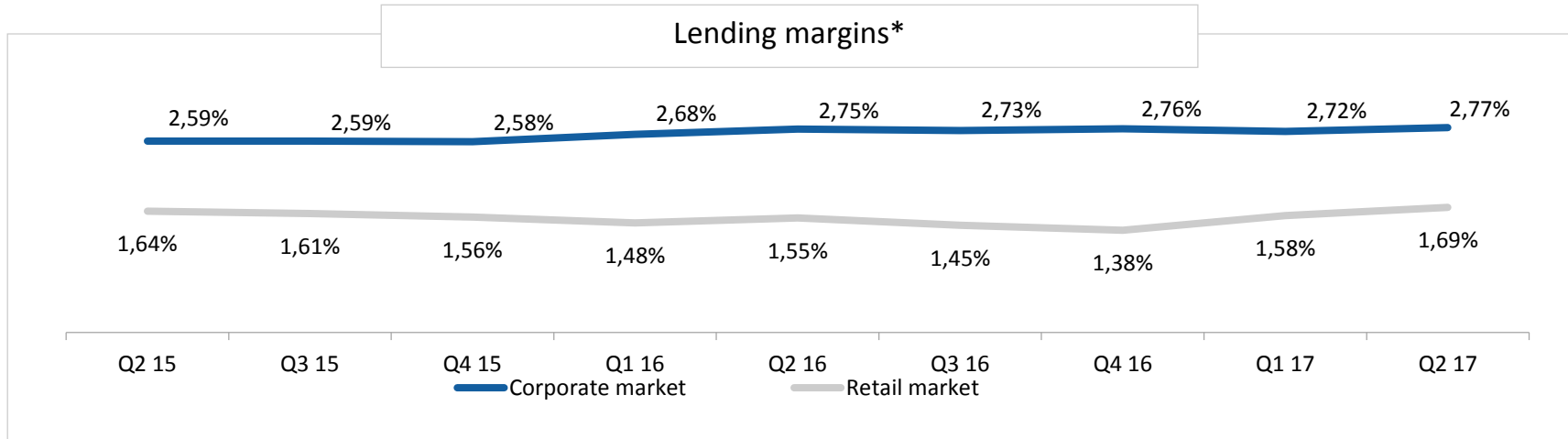
Change in profit 30.06.2016 – 30.06.2017



Consolidated income profile

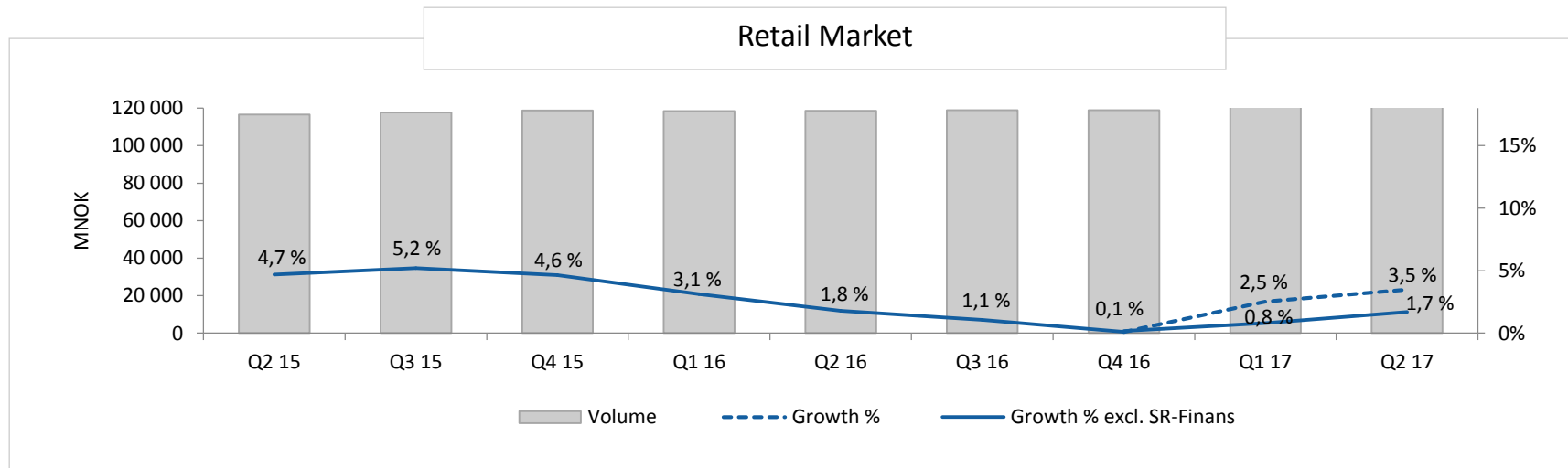
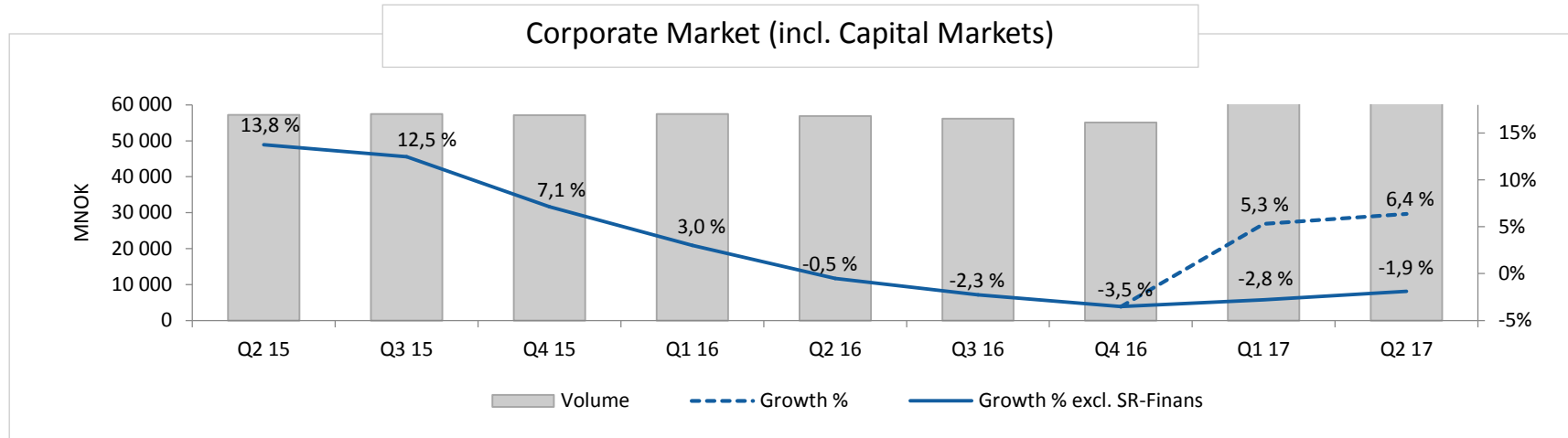


Lending and deposit margins



*SpareBank 1 SR-Finans AS was merged into SpareBank 1 SR-Bank from 1 January 2017. The figures (lending margins) are therefore not entirely comparable.
Definition: Average customer interest rate against 3-month moving average for 3-month NIBOR. Lending margins include loan portfolio in covered bond companies

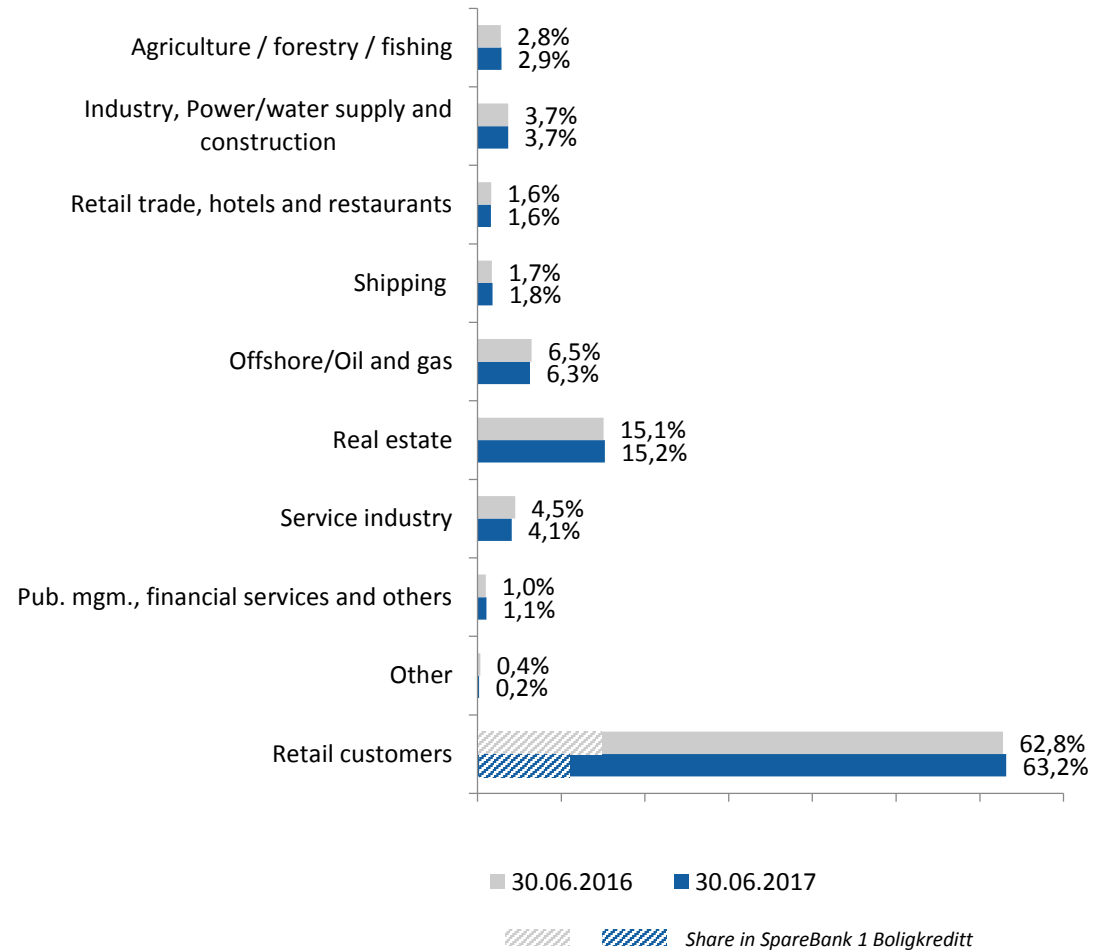
Lending volume and 12 months growth



Figures incl. loan portfolio in covered bond companies. SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and the lending volume from SR-Finans is included in the figures from first quarter 2017. This results in break in the historic figures.

Loan portfolio as at 30.06.2017

- Gross loans (incl. covered bond companies) as at 30 June 2017 amount to NOK 184.3 billion compared with NOK 183.4 billion at the same time the year before.
- 12-month growth in loans of 0.5%.
- Loans to retail customers (incl. covered bond company) account for 63.2% of total loans, of which 10.2%-points is in SpareBank 1 Boligkreditt.

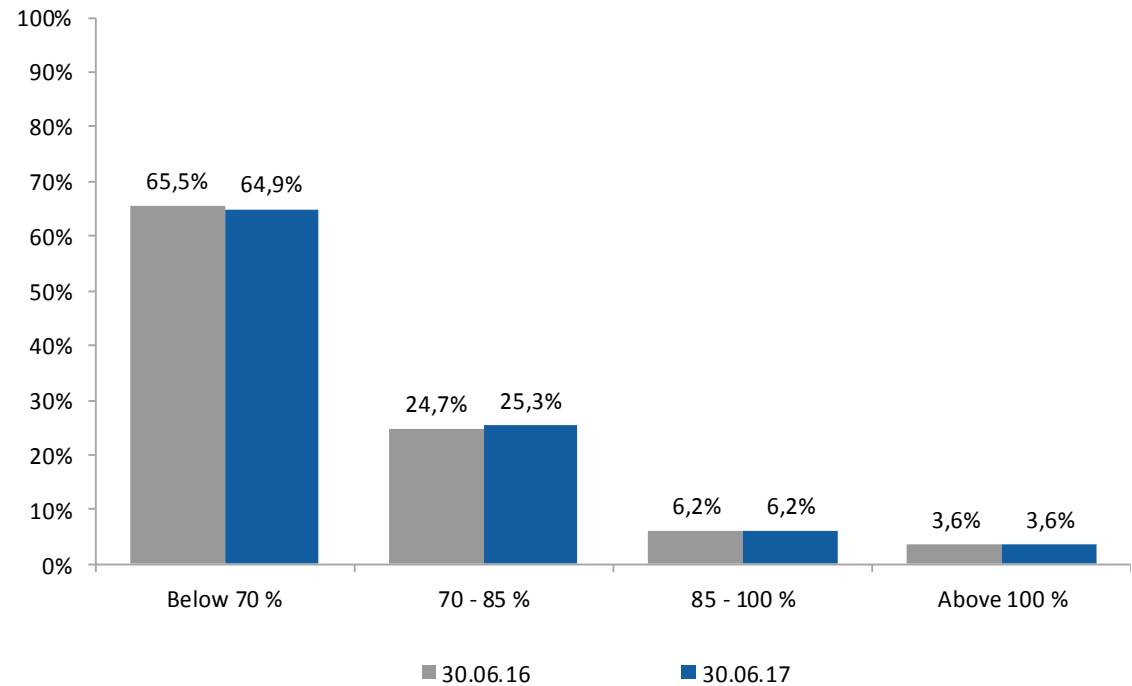


Loans before individual write-downs, nominal amounts.

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

Loan to value ratio on home mortgage loans

- *The proportion of loans with a loan-to-value ratio of less than 85% is high.*
- *90.2% of the exposure is within 85% of the assessed value of collateral, same as last year.*

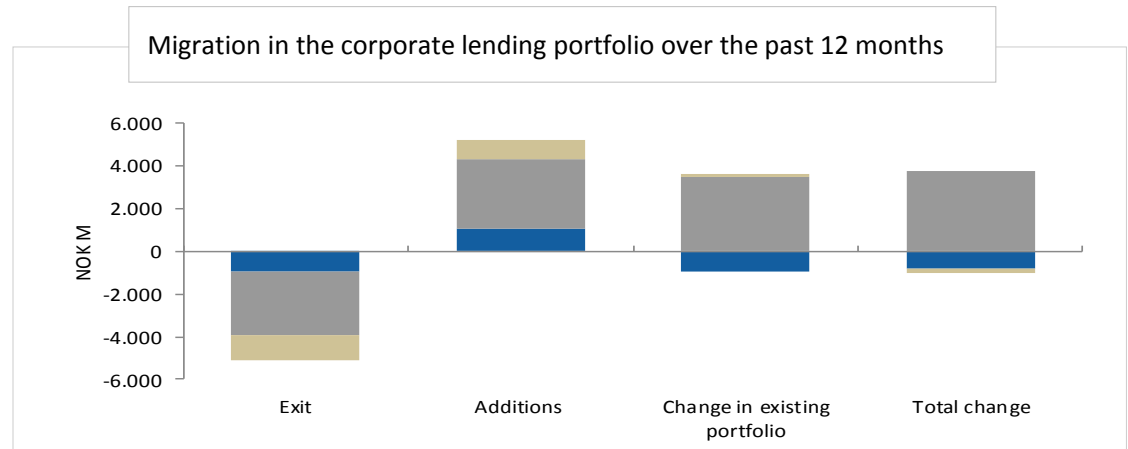
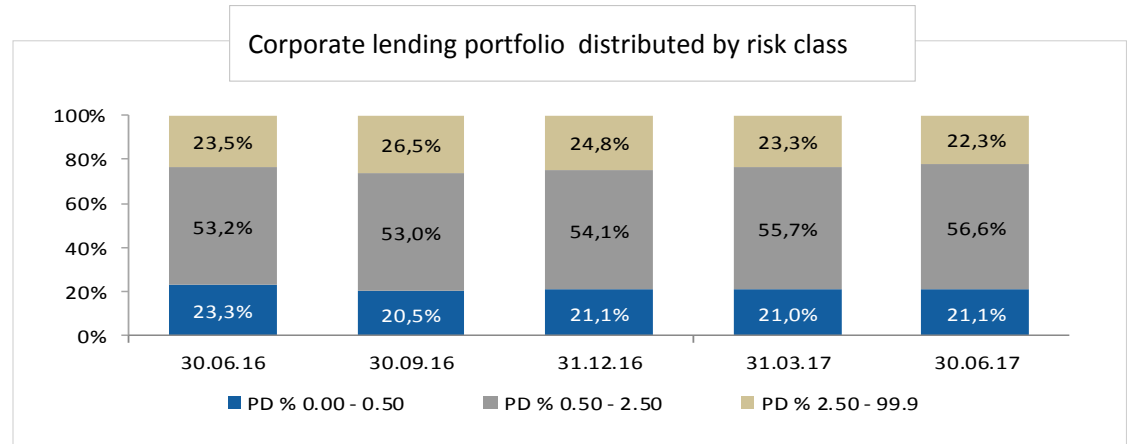


In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.

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

Lending to the corporate market – risk profile

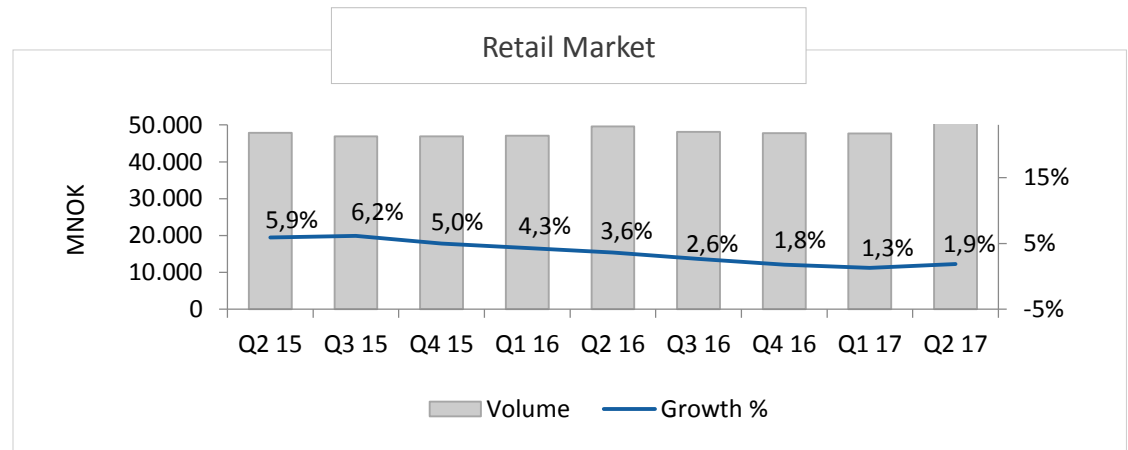
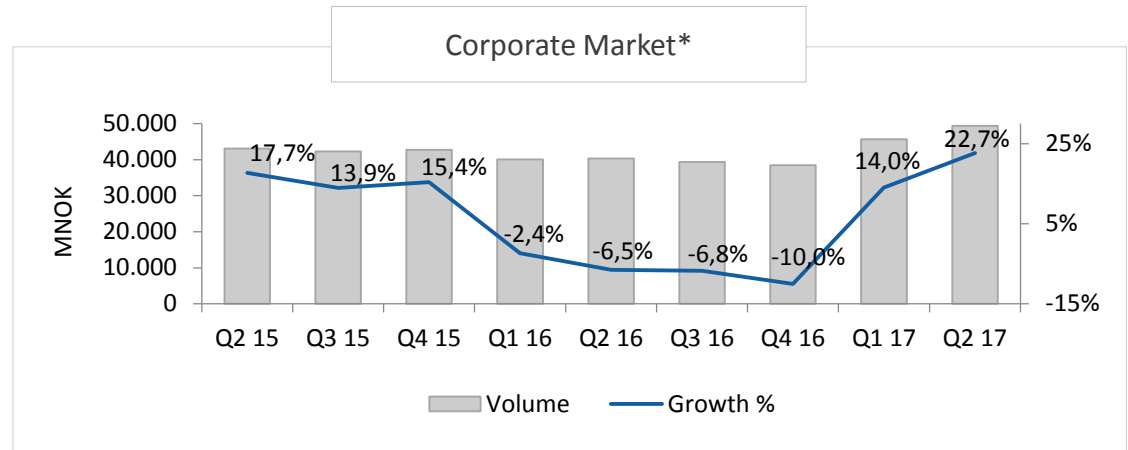
- *The quality of the corporate market portfolio is good. There is a clearly defined framework that sets limits on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.*
- *Merged corporate lending portfolio from SpareBank 1 SR-Finans from 1 January 2017 primarily consists of leasing, and have approximately the same risk profile as the bank's portfolio.*
- *The share of customers with PD* below 0.5% is at 21.1 %.*



*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) SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and SR-Finance are included in the figures from first quarter of 2017.

Deposits volume and 12 month growth

- Last 12 months deposits increased by NOK 10.1 billion to 99.8 billion.
 - Corresponds to an increase in the period of 11.3%.
- Increased deposit growth in the corporate market (incl. capital market) is due to larger deposits from public sector.
 - Deposit growth is 1.8% excl. deposits from public sector.



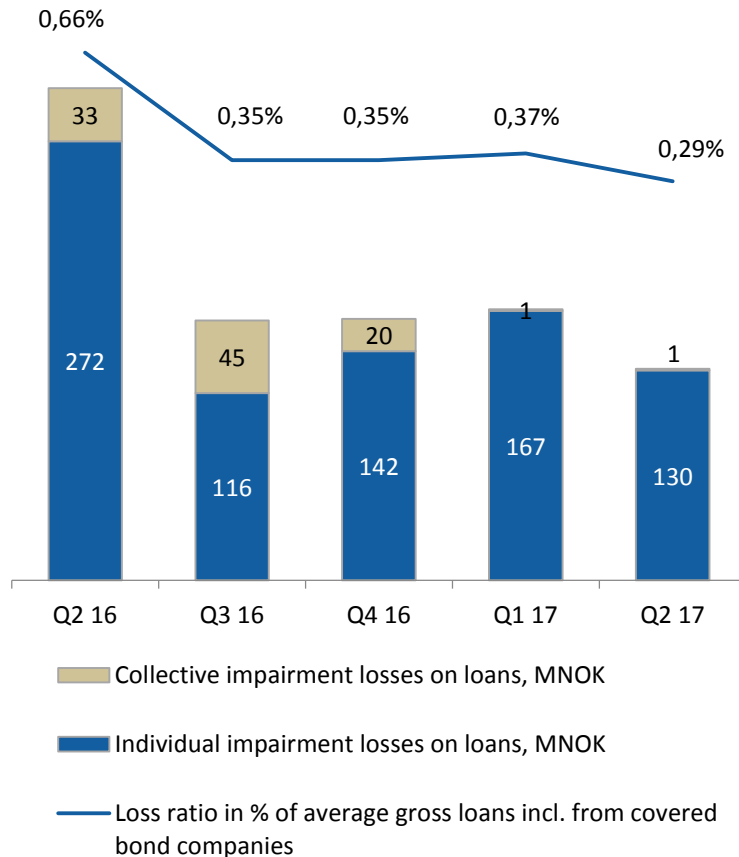
* Includes also the Capital Markets Division.

Operating expenses

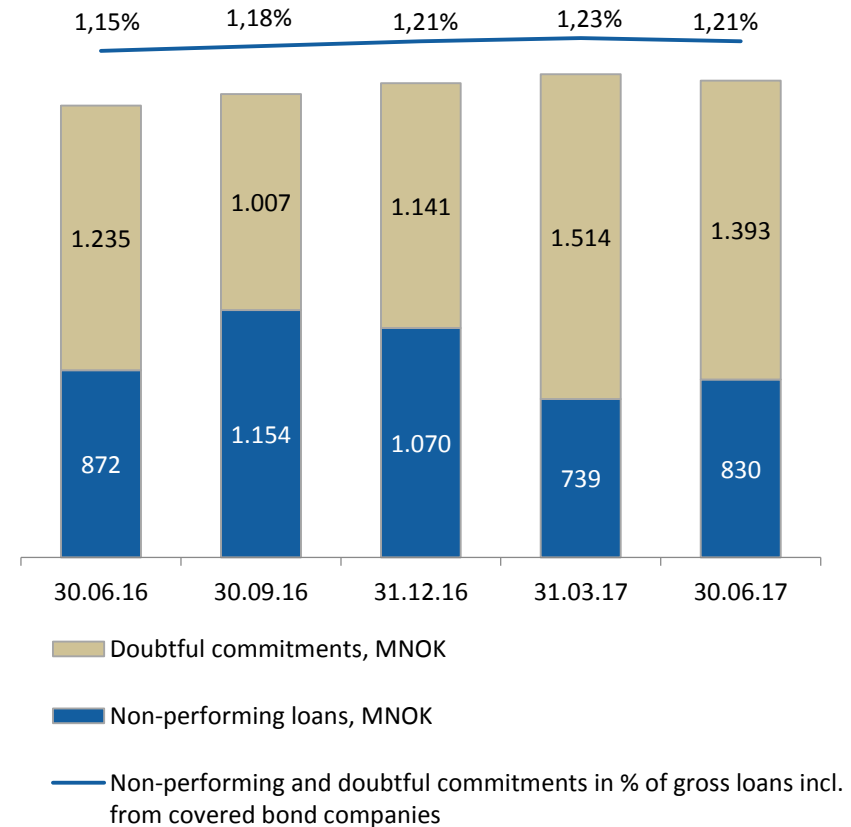
	30.06 17	30.06 16	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16
<i>MNOK</i>							
Personnel expenses	597	591	302	295	293	282	296
Financial activity tax	21	0	10	11	0	0	0
Total personnel expenses	618	591	312	306	293	282	296
IT expenses	161	151	86	75	87	83	78
Marketing	37	34	21	16	23	17	20
Other administrative expenses	41	31	20	21	23	15	16
Total administrative expenses	239	216	127	112	133	115	114
Depreciation	36	37	18	18	24	20	19
Operating expenses from real estate	19	17	9	10	9	9	8
Other operating expenses	155	145	82	73	81	60	77
Total other operating expenses	210	199	109	101	114	89	104
Total operating expenses	1.067	1.006	548	519	540	486	514

Impairment losses on loans/ Non-performing and doubtful commitments

Impairment losses on loans



Non-performing and doubtful commitments



Agenda

Introduction to SpareBank 1 SR-Bank ASA

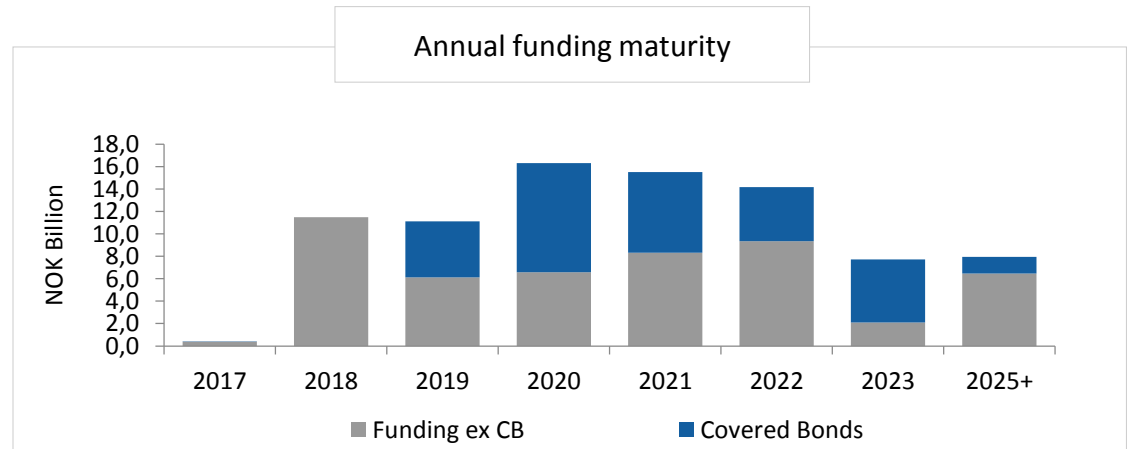
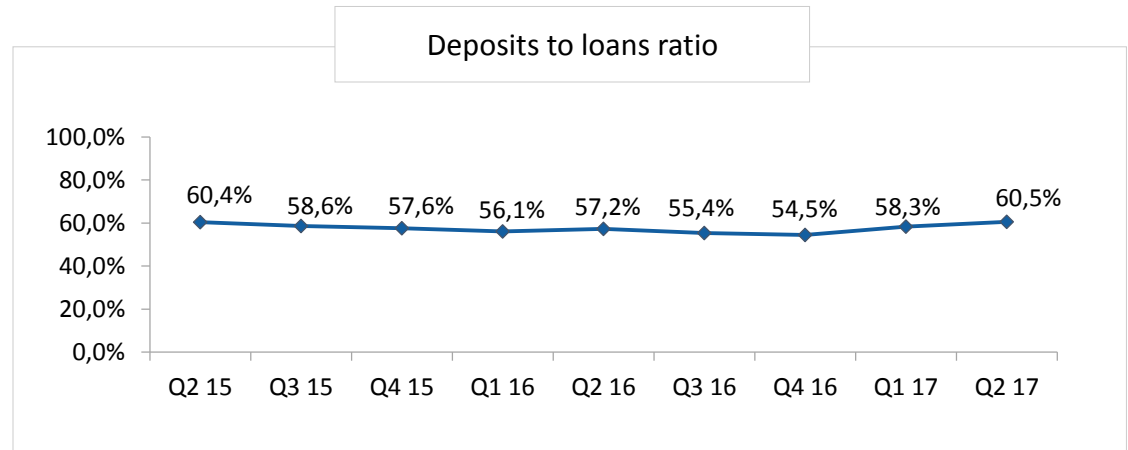
Financials

Solvency and liquidity position

Appendix

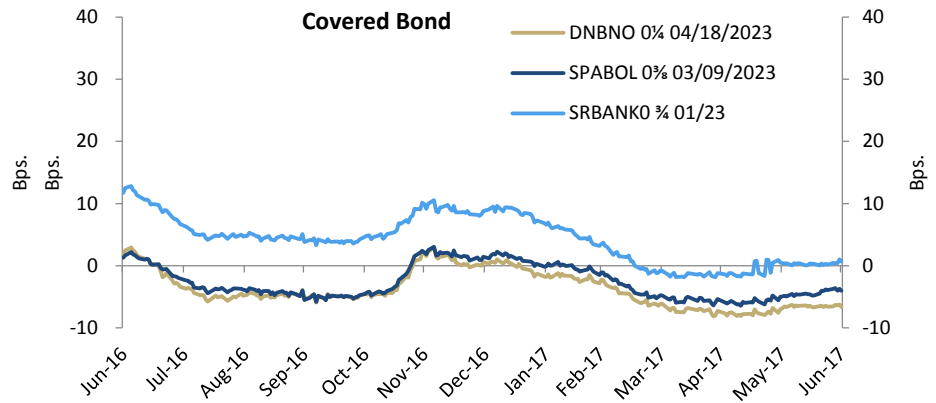
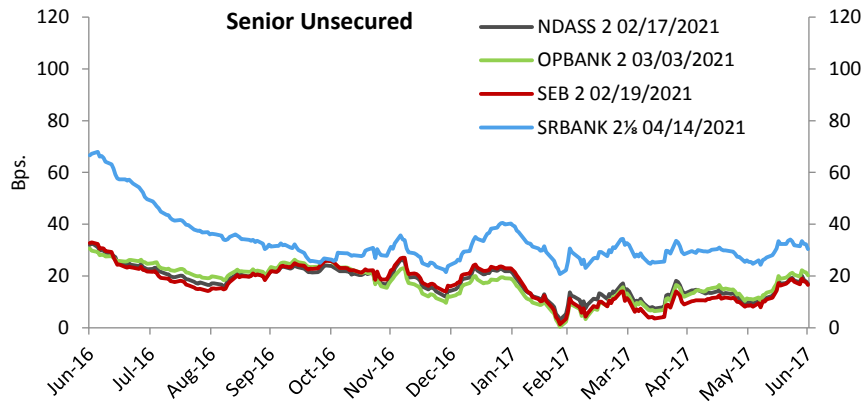
Funding

- *Well diversified funding.*
- *Funding indicator 1* is 116.0% on consolidated basis.*
- *Good liquidity*
 - *Net refinancing need over the next 12 months is NOK 6.5 billion.*
 - *Liquidity buffer is NOK 35.9 billion for normal operation in 38 months with closed markets. In addition to the liquidity buffer, NOK 16.3 billion of home mortgages are prepared for covered bond funding.*
- *SR-Boligkreditt was established in the first quarter of 2015.*
 - *Rated Aaa by Moody's.*
 - *SR-Boligkreditt balance at NOK 38.0 billion.*
 - *SR-Boligkreditt will ensure optimal funding mix and eliminate limitations due to regulatory limits on large exposures.*



*Funding indicator 1 is a ratio of illiquid assets financed by issued securities with a duration of more than 1 year.

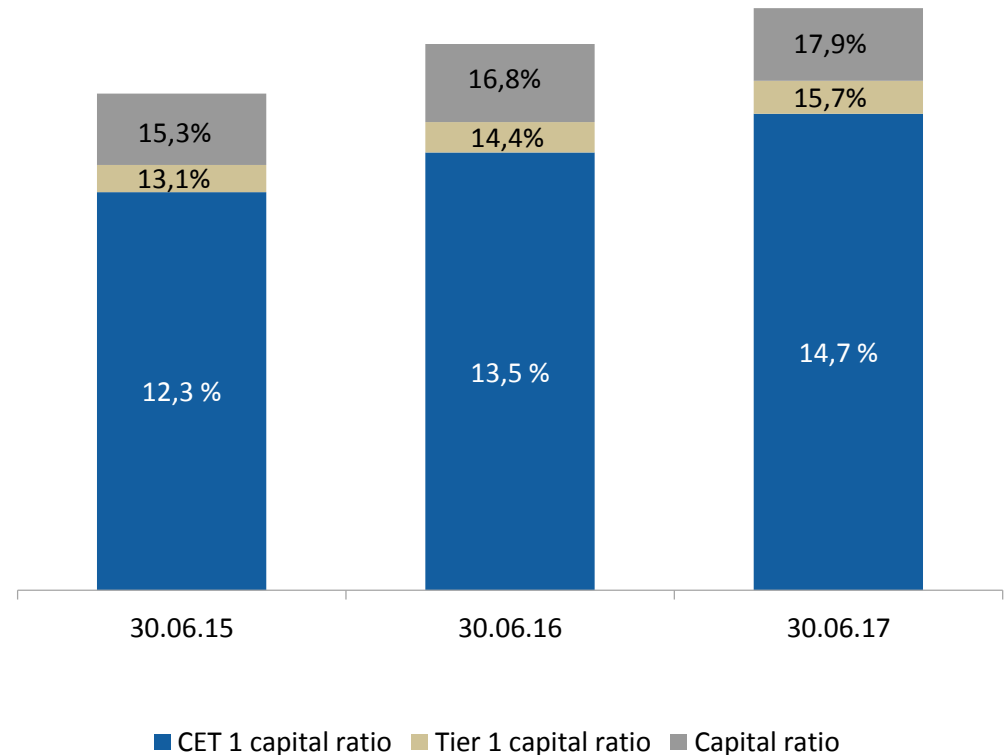
An established borrower in the Euromarket



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

Stronger capital ratio

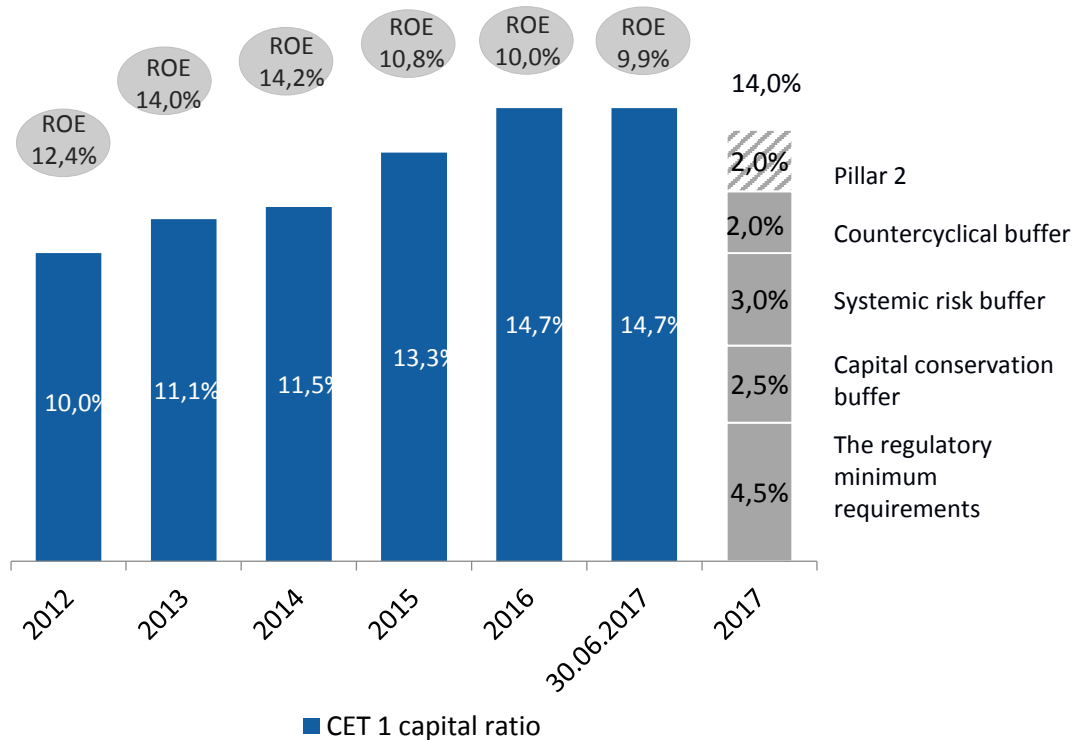
- SpareBank 1 SR-Bank is compliant with capital requirements as at 30.06.2017.
- SpareBank 1 SR-Bank owned a 13.9% stake in SpareBank 1 Boligkreditt per 30.06.2017, while the share of mortgages sold to the company amounted to 10.9%. The stake is normally adjusted on an annual basis in line with the share of the volume sold at the end of the year. A corresponding adjustment at the end of the second quarter of 2017 would have amounted to an increase in the CET 1 capital ratio of 0.25%-points.
- The use of different risk weights in the Nordic countries makes comparisons of actual financial strength difficult.
 - The Basel I floor is also practised differently.
- Leverage ratio is 7.2% as at 30.06.2017. SpareBank 1 SR-Bank exceeds the levels being discussed internationally.



Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations.

Common Equity Tier 1 being strengthened in line with stricter regulatory requirements

- The target CET 1 level is 15.0% in 2017. The target expected to be reached through good profitability.
- Countercyclical buffer is 1.5% and will increase to 2.0% per 31. december 2017.
- The Pillar 2 requirement for SpareBank 1 SR-Bank is 2.0%.
- SpareBank 1 SR-Bank is not defined as a systemically important financial institution (SIFI).
- CET 1 is 14.9% taking into account rebalancing of ownership in SpareBank 1 Boligkreditt.



Outlook

- Major infrastructure projects helps to ensure good conditions for the region's business and population growth, with moderate unemployment.
- Expectations concerning future market performance improved somewhat in the last months, but some uncertainty still exists about the group's market area.
- From record high levels, oil investments are reduced with approximately 16% in 2016, and continue decreasing with approximately 10% in 2017.
- Uncertainty about economic developments may dampen demand for loans, while low interest rates work in the opposite direction. We expect stable house prices going forward and still strong competition for new home mortgage customers.
- Declining unemployment in the group's market area combined with increasing sales of homes, especially in Rogaland, are contributing to greater optimism among the bank's retail and corporate customers.
- SpareBank 1 SR-Bank expects to make loan loss provisions at NOK 500 – 700 million in 2017.
- Solid earnings from a robust business model and capital efficiency indicates SpareBank 1 SR-Bank well positioned to build up the necessary capital going forward, while ensuring continued competitiveness and normalized dividend from 2018.
- An offensive approach for the future including investing in new technology and focus on accounting services and consulting.

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1) Oil related portfolio

2) Macro

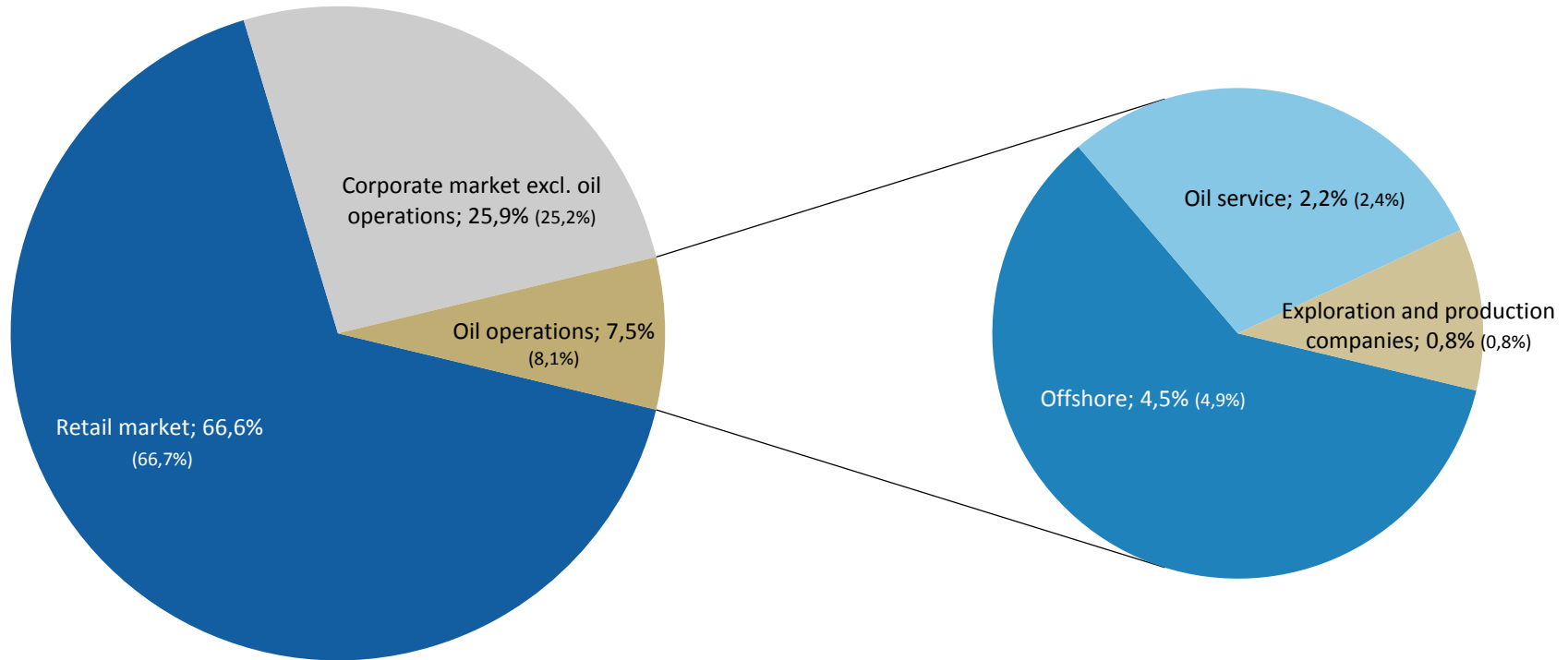
3) Norwegian housing and mortgage markets

4) SpareBank 1 SR-Bank ASA

SpareBank 1 SR-Bank has a well diversified portfolio 7.5% (8.1%) of total EAD is related to oil operations

SpareBank 1 SR-Bank* has total BNOK 206.0 (200.1) EAD per 30.06.2017

BNOK 15.5 (16.2) EAD is related to oil operations



EAD: Exposure at default
Figures as at 30.06.2017. Figures in parentheses as at 31.12.2016.

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

Oil services - total NOK 4.5 billion

(NOK 4.8 billion as at 31.12.2016)

Exploration and concept studies

- EAD NOK 0.3 billion
- Average weighted probability of default 2.4%

Field development and start-up drilling

- EAD NOK 0.9 billion
- Average weighted probability of default 1.7%

Operational fields and operational drilling

- EAD NOK 2.5 billion
- Average weighted probability of default 3.2%

On shore facilities

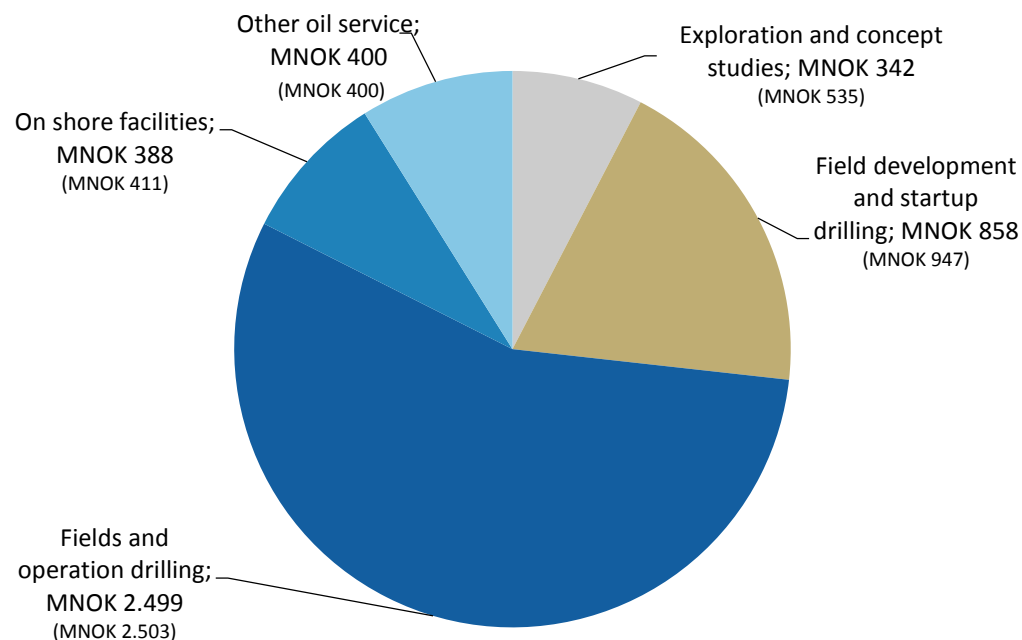
- EAD NOK 0.4 billion
- Average weighted probability of default 4.3%

Other oil services

- EAD NOK 0.4 billion

Oil services

- EAD NOK 4.5 billion, 2.2% of the bank's total EAD
- Average weighted probability of default for the oil services portfolio is 2.9%
- Funding of operating capital through current and fixed assets, as well as guarantees



EAD: Exposure at default
Figures as at 30.06.2017. Figures in parentheses as at 31.12.2016.

Oil and gas - total NOK 1.7 billion

(NOK 1.6 billion as at 31.12.2016)

Exploration financing

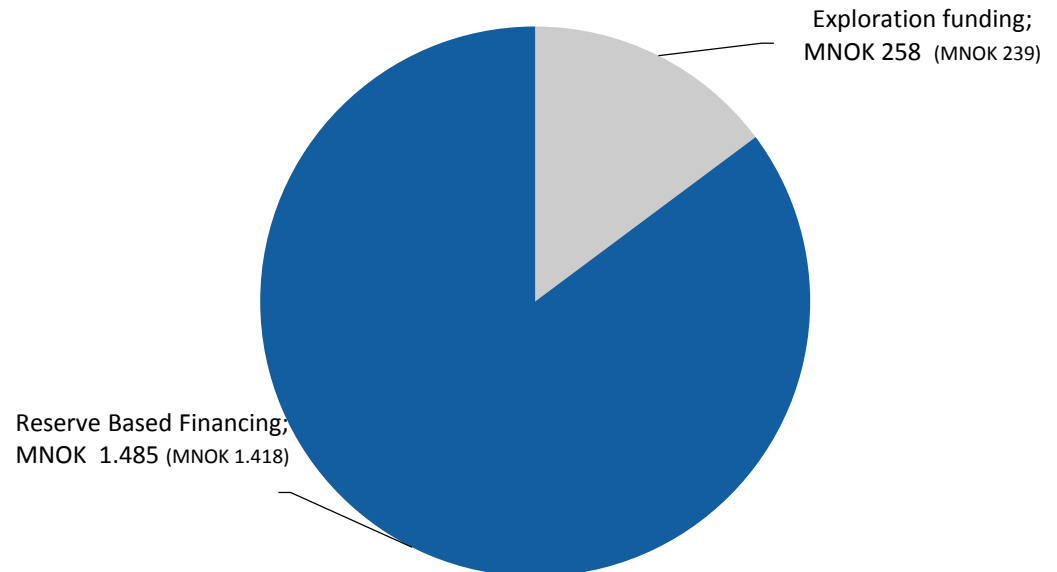
- EAD NOK 0,3 billion
- Average weighted probability of default 0.8%
- Secured by a tax refund from the Norwegian State. No direct oil price risk

Reserve based lending (RBL)

- EAD NOK 1.5 billion
- Average weighted probability of default 1.8%
- Structured financing based on assumptions relating to reserves, production volume, investments, oil prices, etc. The basis for loans is adjusted semi-annually based on a review of total assumptions

Exploration and production companies

- EAD NOK 1.7 billion, 0.8% of the bank's total EAD
- Average weighted probability of default for the oil and gas portfolio is 1.6%
- Exposure primarily to companies with activities on the Norwegian continental shelf



EAD: Exposure at default
Figures as at 30.06.2017. Figures in parentheses as at 31.12.2016.

Offshore - total NOK 9.3 billion (NOK 9.8 billion as at 31.12.2016)

Offshore Service Vessels

- EAD NOK 6.7 billion, average weighted probability of default is 2.3%, weighted average age is 8.5 years, average weighted contract coverage for 2017 and 2018 of 49% and 29% respectively, average weighted LTV 91%, 92 vessels

Rigs

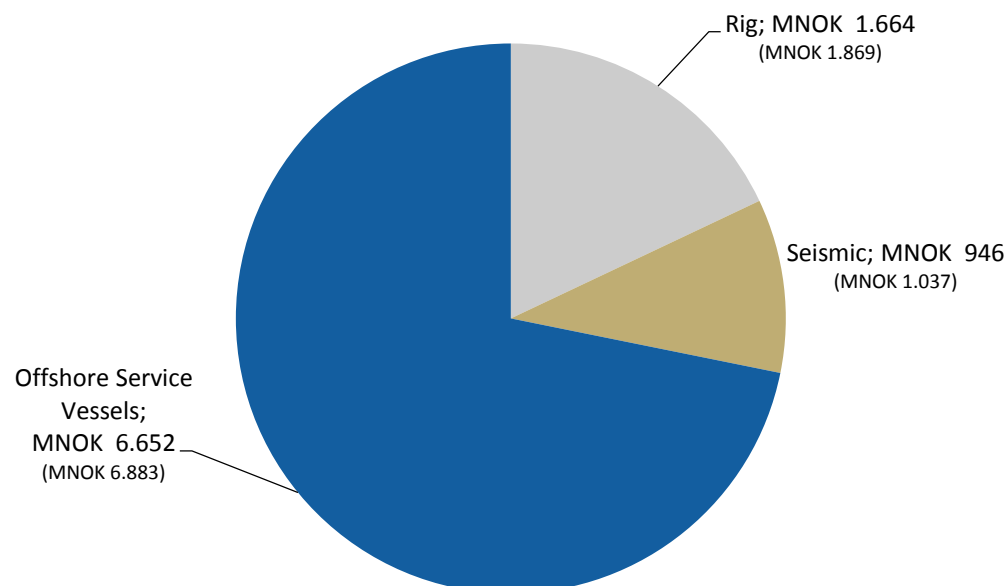
- EAD NOK 1.7 billion, average weighted probability of default is 1.6%, weighted average age is 8.9 years, average weighted contract coverage for 2017 and 2018 of 63% and 41% respectively, average weighted LTV 71%, 17 rigs

Seismic vessels

- EAD NOK 0.9 billion, average weighted probability of default is 1.4%, weighted average age is 12.9 years, average weighted contract coverage for 2017 and 2018 of 67% and 67% respectively, average weighted LTV 109%, 7 vessels
- Applies to ship financing, not seismic equipment

Offshore

- EAD NOK 9.3 billion, 4.5% of the bank's total EAD
- Average weighted probability of default for the offshore portfolio is 2.3%
- Exposure primarily to industrial-oriented shipping companies with strong ownership and integrated organisation



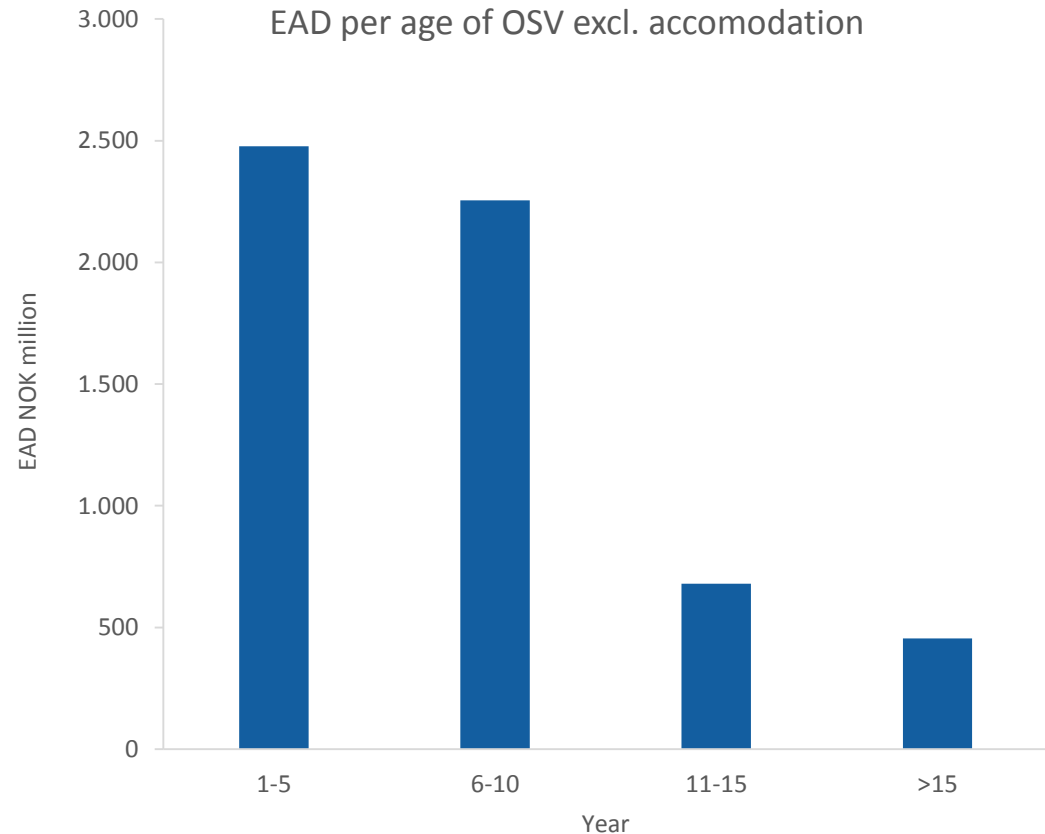
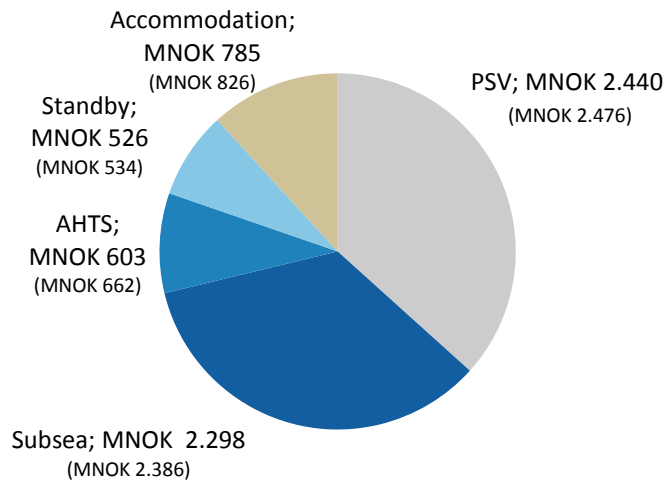
EAD: Exposure at default
 Figures as at 30.06.2017. Figures in parentheses as at 31.12.2016.
 LTV: Loan to Value. Value estimates per 31.12.2016

Offshore Service Vessels - total NOK 6.7 billion

(NOK 6.9 billion as at 31.12.2016)

Offshore Service Vessels

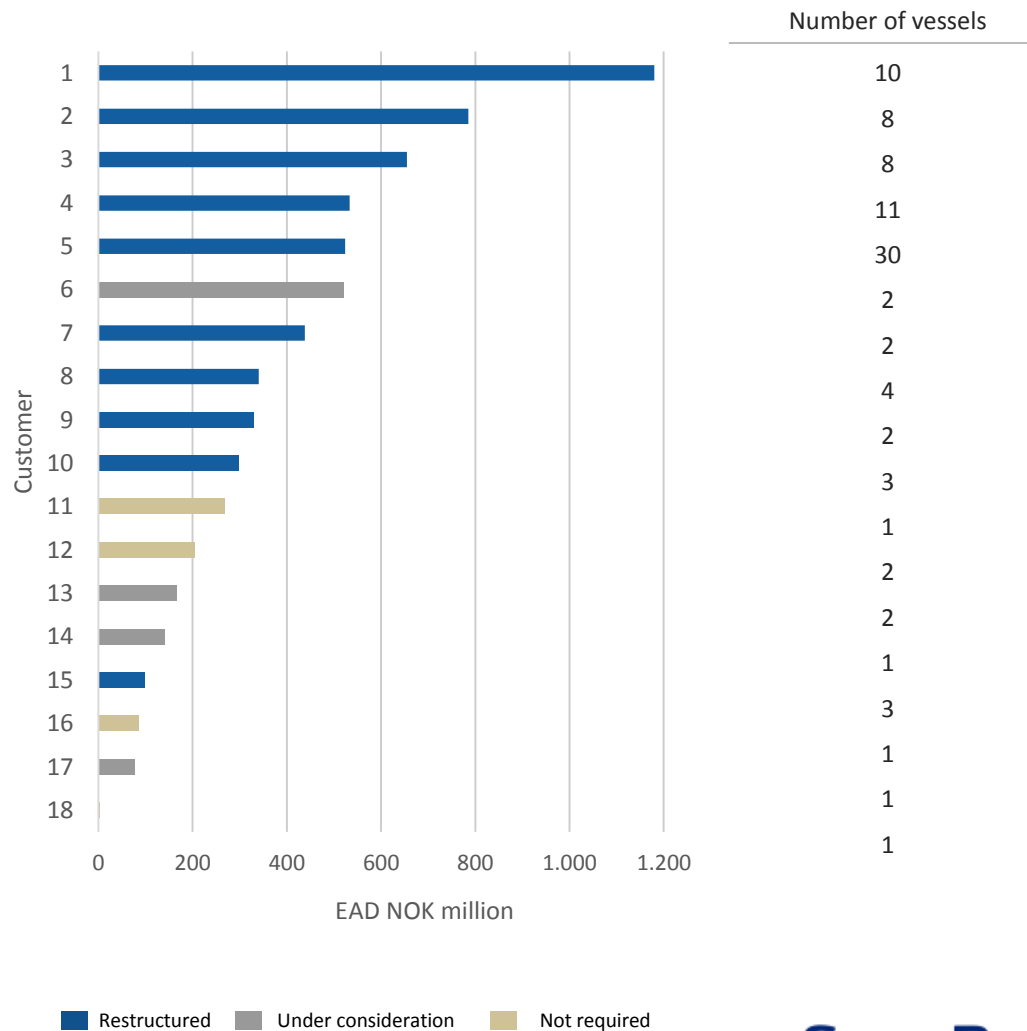
- Most customers with long history as a borrower in SpareBank 1 SR-Bank
- Most of the companies are listed on stock exchange or family owned
- A major part is industrially focused companies, only a small number of financially oriented owners



EAD: Exposure at default
 Figures as at 30.06.2017. Figures in parentheses as at 31.12.2016.

Offshore Service Vessels – largest customer group

- Well diversified portfolio. One commitment of NOK 1.2 billion, rest of NOK 800 million or lower
- Total EAD for the portfolio is NOK 6.7 billion of which;
 - NOK 5.2 billion consists of 10 restructured commitments
 - NOK 0.9 billion consists of 4 commitments under consideration
 - NOK 0.6 billion consists of 4 commitments where it is not required
- Financing of 92 vessels, all with 1. priority pledge



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2) Macro

3) Norwegian housing and mortgage markets

4) SpareBank 1 SR-Bank ASA

A unique situation with a continuing budget surplus...

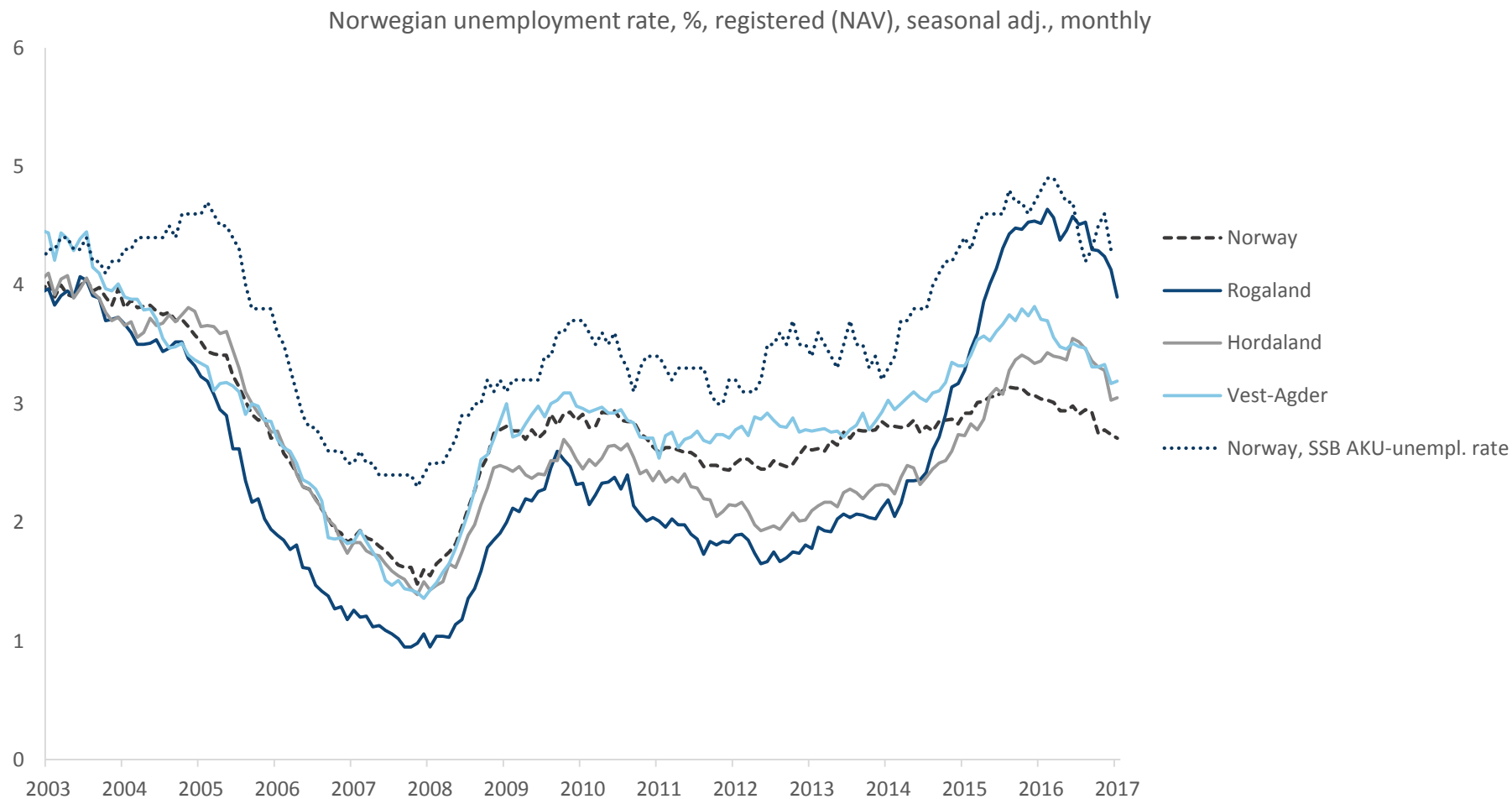


Economic Indicators (%)	2011	2012	2013	2014	2015	2016	2017P
GDP mainland, annual change (%)	1,9	3,8	2,3	2,2	1,1	0,9	1,9
Household consumption, annual change (%)	2,3	3,5	2,7	1,9	2,1	1,6	2,2
Public consumption, annual change (%)	1,0	1,6	1,0	2,7	2,1	2,3	1,9
Investment mainland, annual change (%)	5,0	7,4	2,9	0,4	0,6	6,2	5,4
Investment public sector	1,1	-1,8	11,8	4,4	3,0	6,9	5,1
Investment offshore oil and gas, annual change (%). Statistics Norway	11,3	15,1	19,3	-3,2	-15,0	-16,4	-7,1
Oil price, USD/bbl	111	112	109	99	53	44	50
Inflation rate (CPI) %	1,2	0,8	2,1	2,0	2,1	3,6	2,1
3 month NIBOR %	2,9	2,2	1,8	1,7	1,3	1,1	0,9
Mortgage rate %	3,6	3,9	4,0	3,9	3,2	2,6	2,5
Household savings ratio	5,8	7,1	7,6	8,2	10,4	7,2	6,4
Unemployment rate (registered at labour office)	2,6	2,6	2,7	2,7	3,0	3,0	2,8
HH sector real disposable income, annual change (%)	4,0	4,4	3,8	2,8	5,3	-1,5	1,9
Current account surplus, share of GDP (%)	12	12	10	11	9	5	6
Gov. budget surplus, share of GDP (%)	14	14	12	10	7	3	4
Sovereign Wealth Fund, share of GDP (%)	118	129	164	204	244	234	240

Sources: Statistics Norway, NBIM and Ministry of Finance

The unemployment rate has been reduced

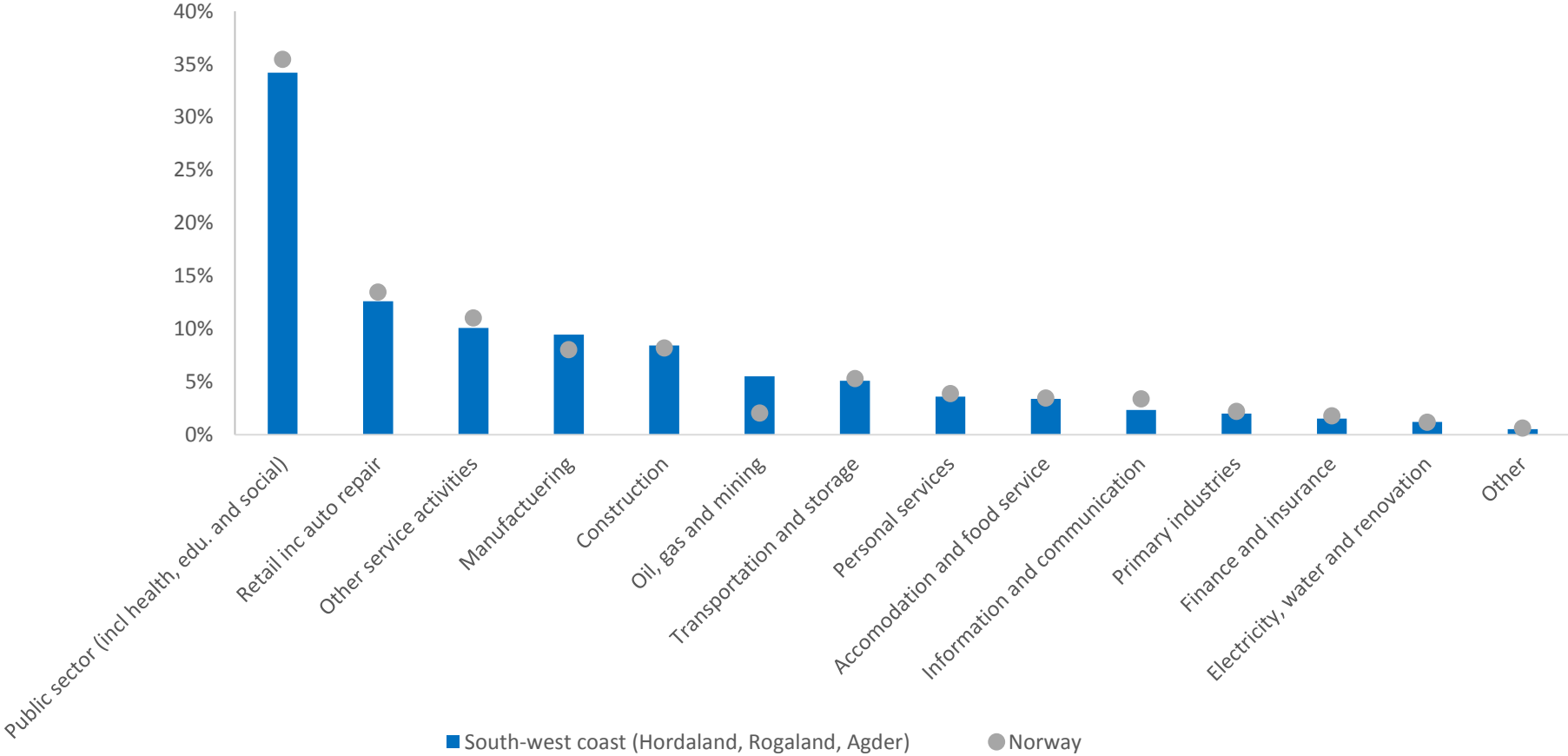
Rogaland still somewhat above the national average



Source: NAV and SSB

Employment by sector

Employment in Norway and the region in 2016. Share (%) in sectors

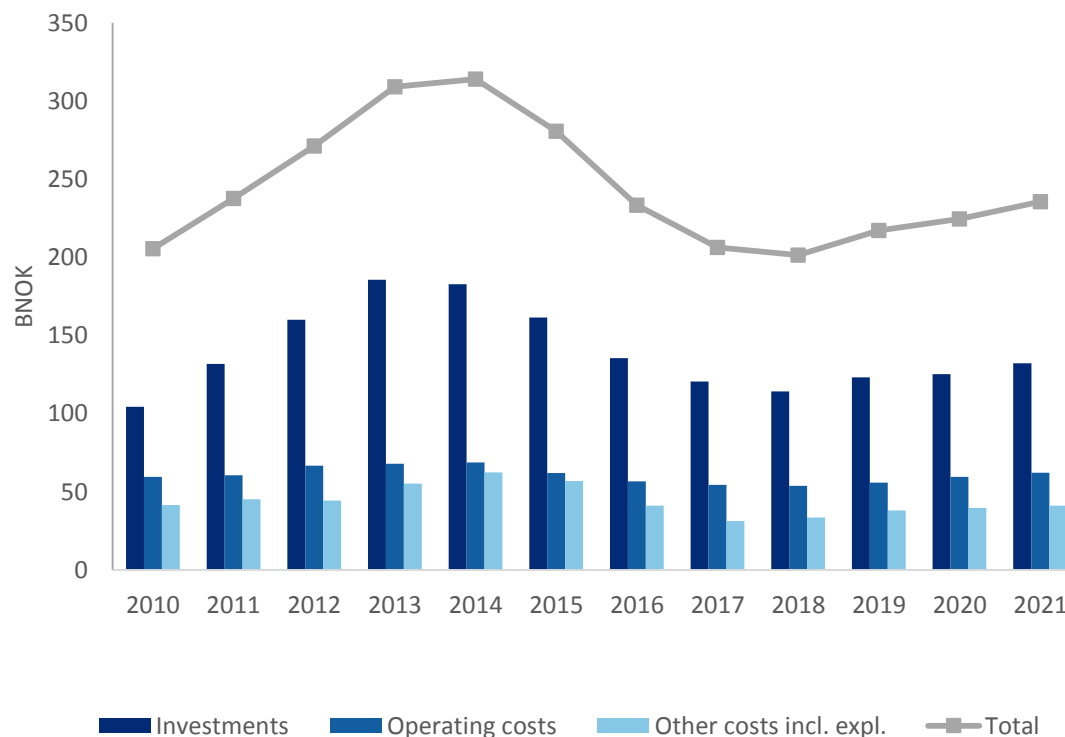


Oil activity in Norway near the bottom

Marked downturn in 2015 and 2016, expected to flatten in 2017

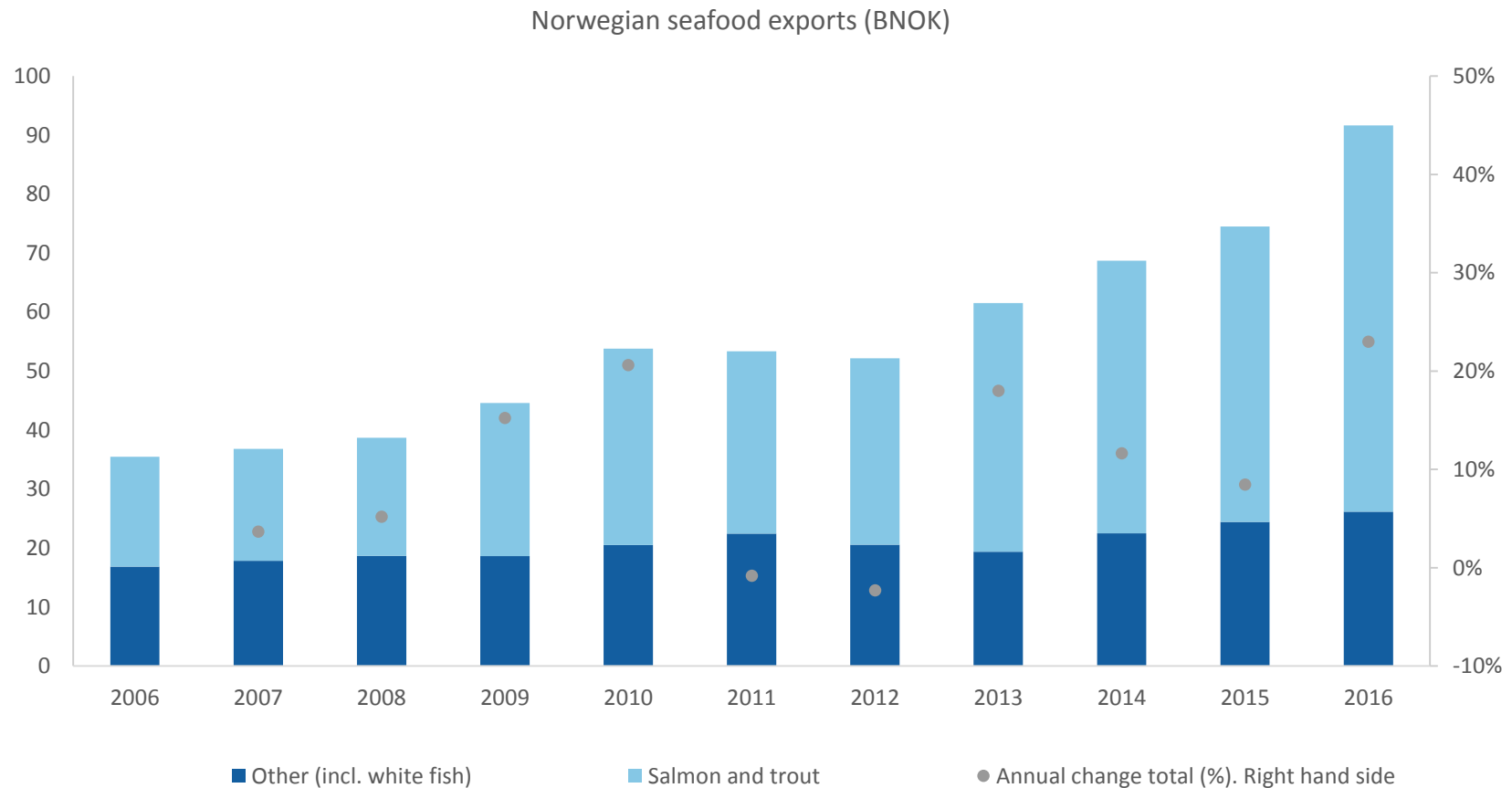
- *Petroleum activity fell in 2015 and 2016 after reaching record levels in 2014. Total activity has fallen by close to 30% from 2014 to 2016. Investments have fallen most.*
- *The Petroleum Directorate expects decrease of close to 10% in 2017 and thereafter more stable and a slight upturn*
- *Operational expenditures, which are important for the region, are more stable than activity related to investments and exploration*

Petroleum activity on Norwegian Continental Shelf. BNOK (2016 NOK)



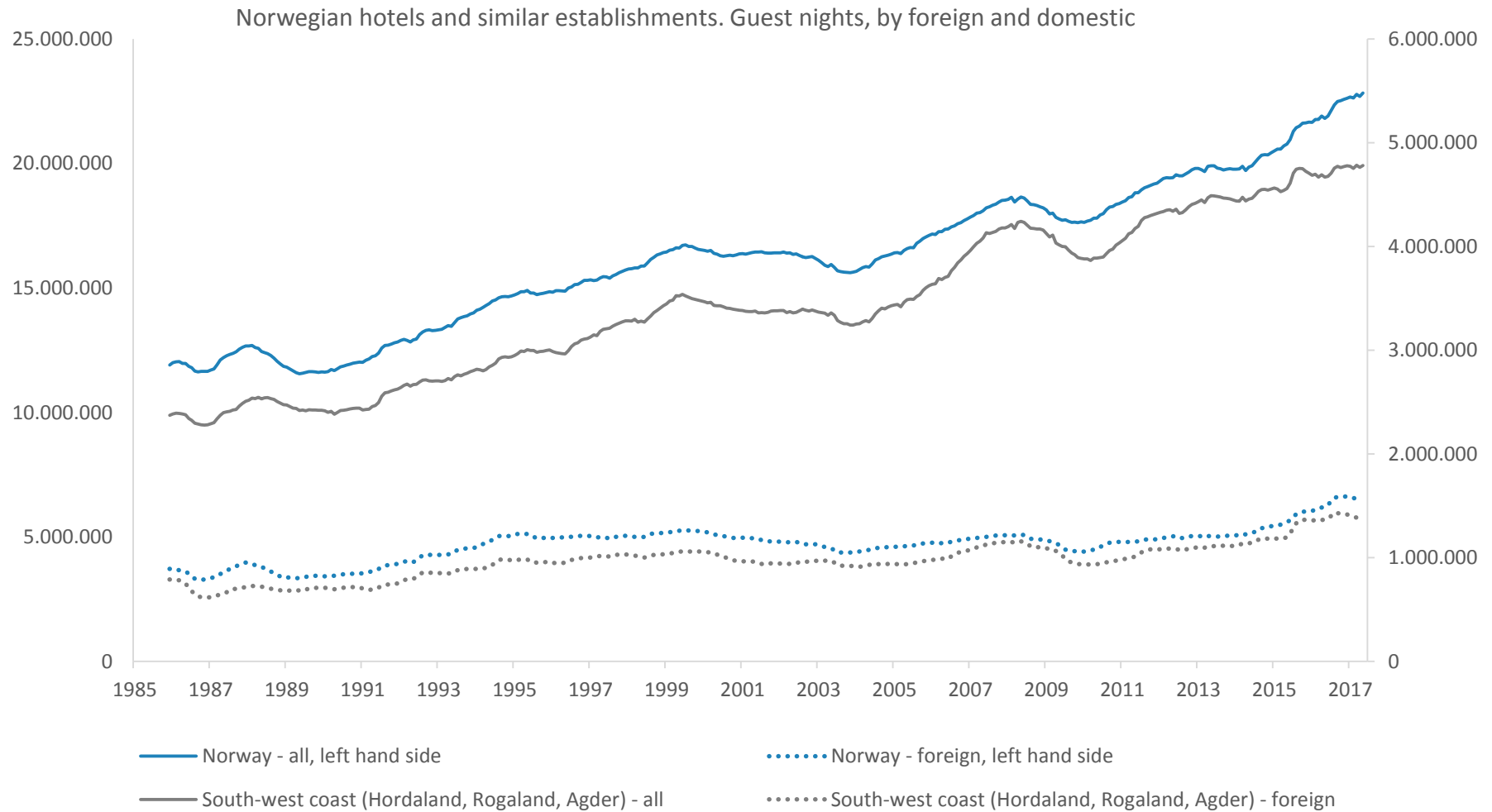
Source: Norwegian Petroleum Directorate

Norwegian seafood exports increasing



Source: Norwegian Seafood Council

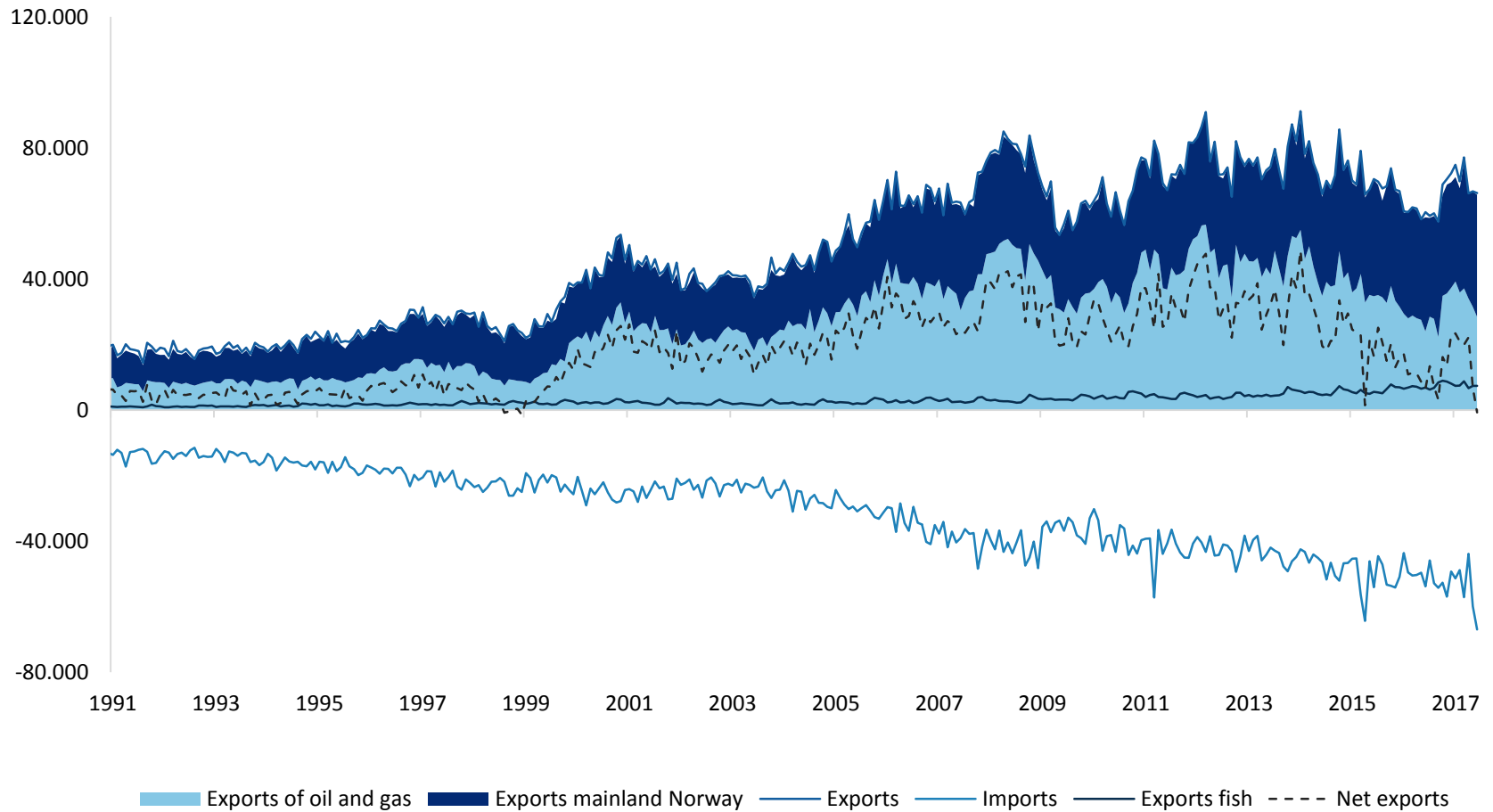
Norwegian hotels – guest nights by foreign and domestic



Source: Statistics Norway

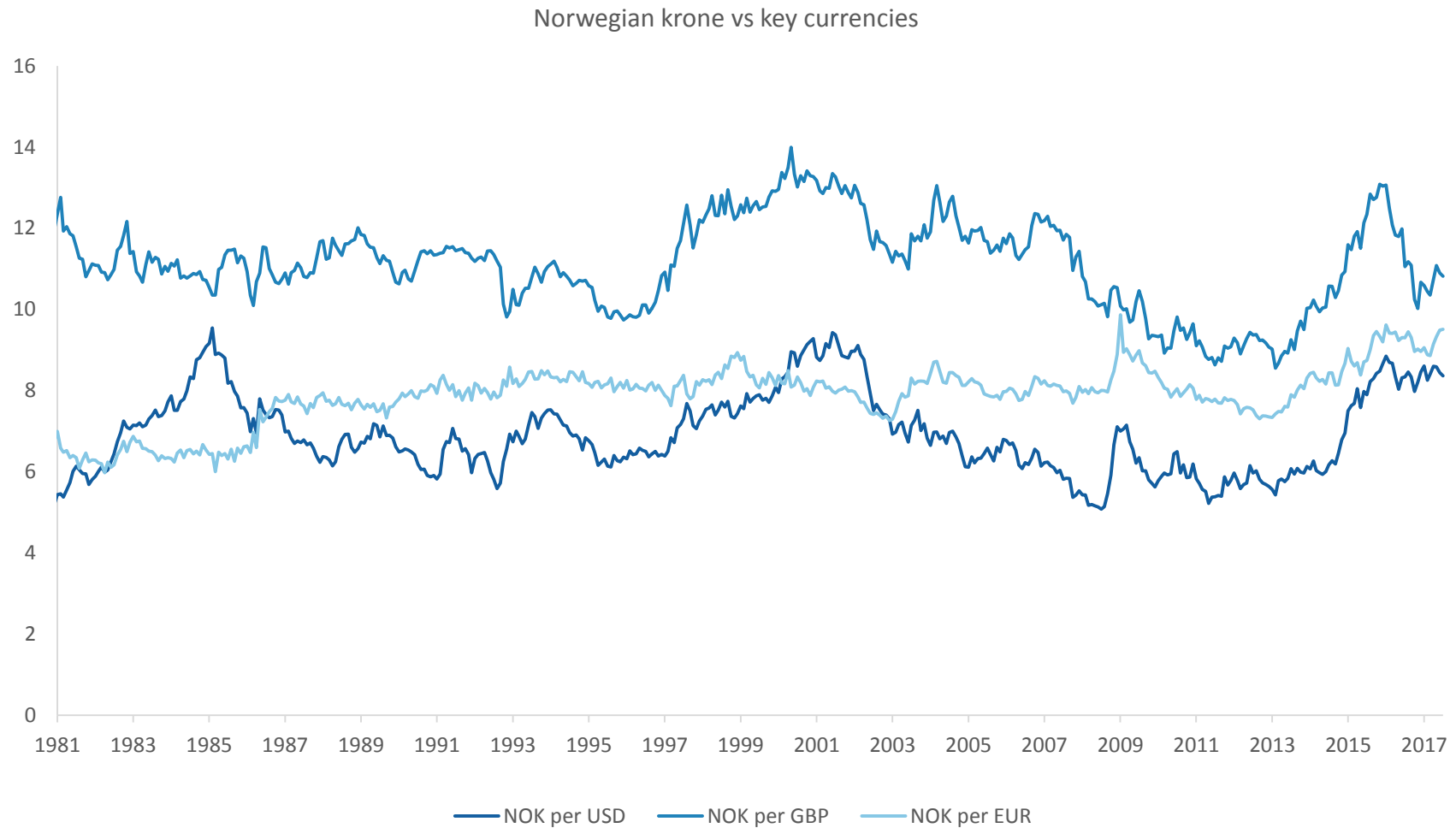
Norwegian exports and imports

Norwegian exports and imports (MNOK), monthly



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank

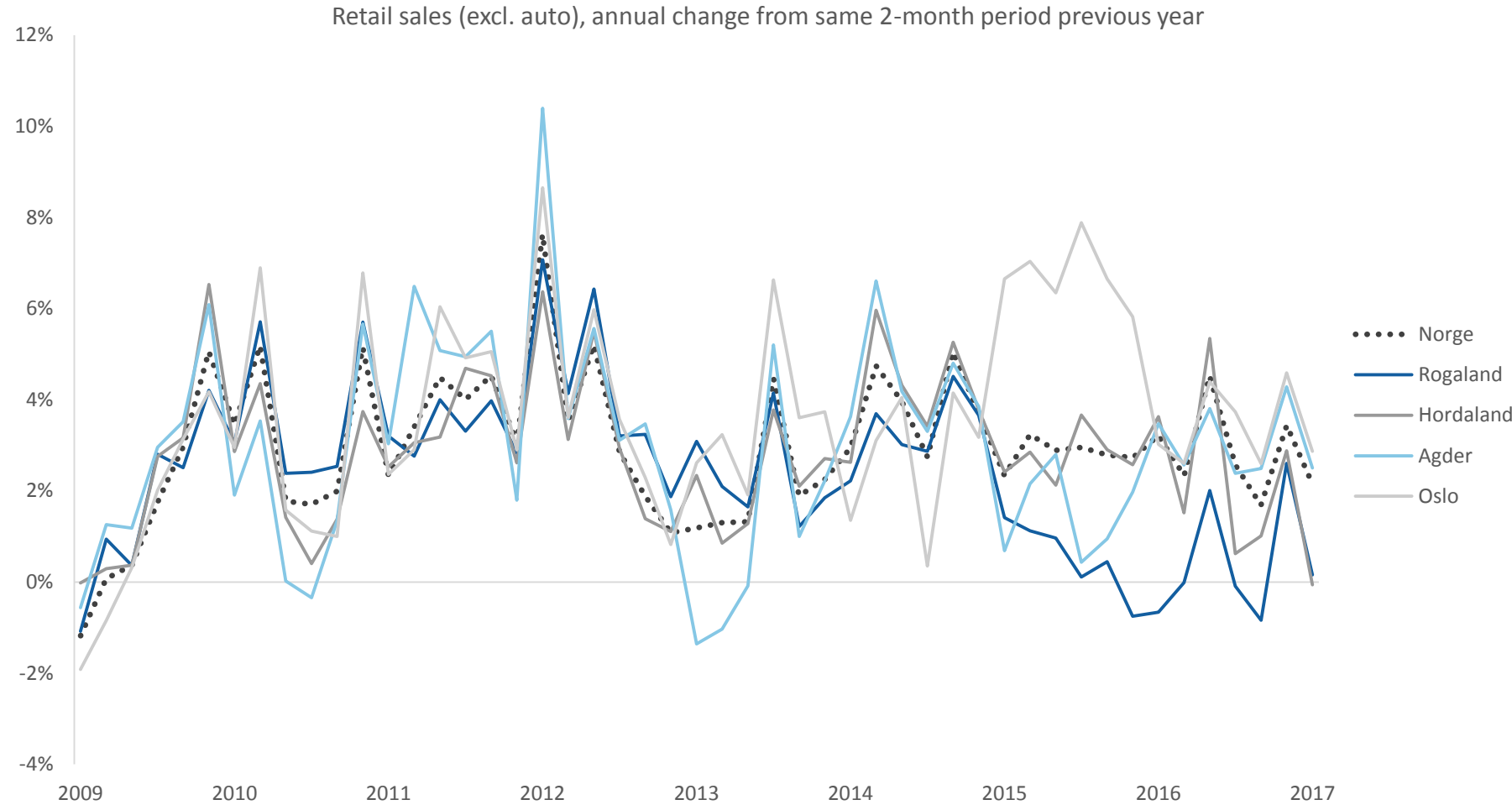
Norwegian krone vs key currencies



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank

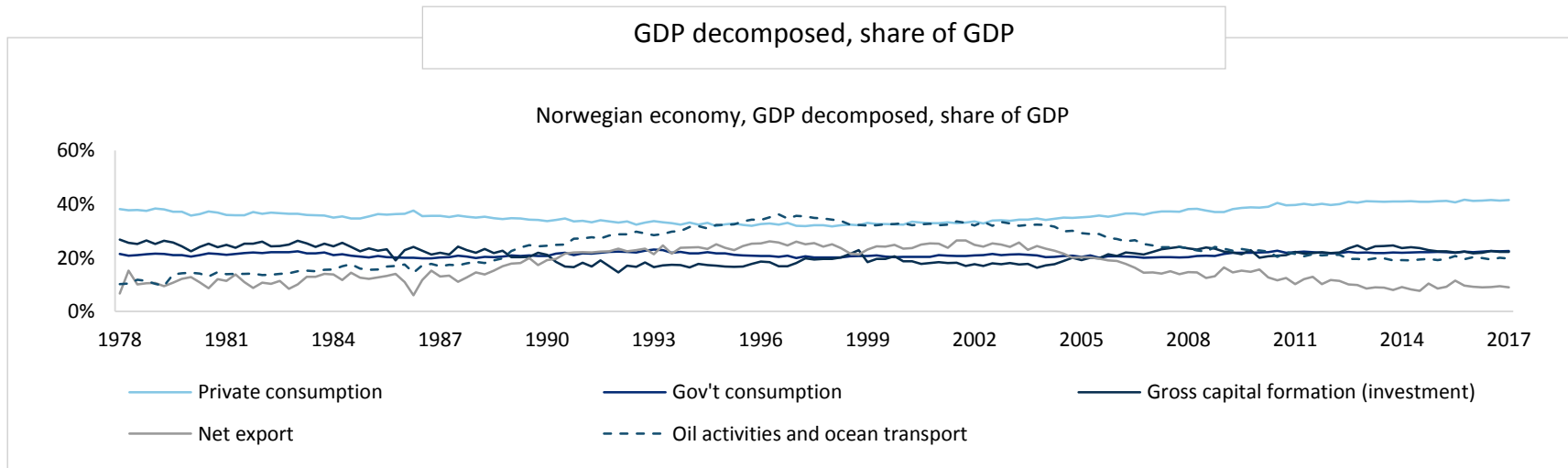
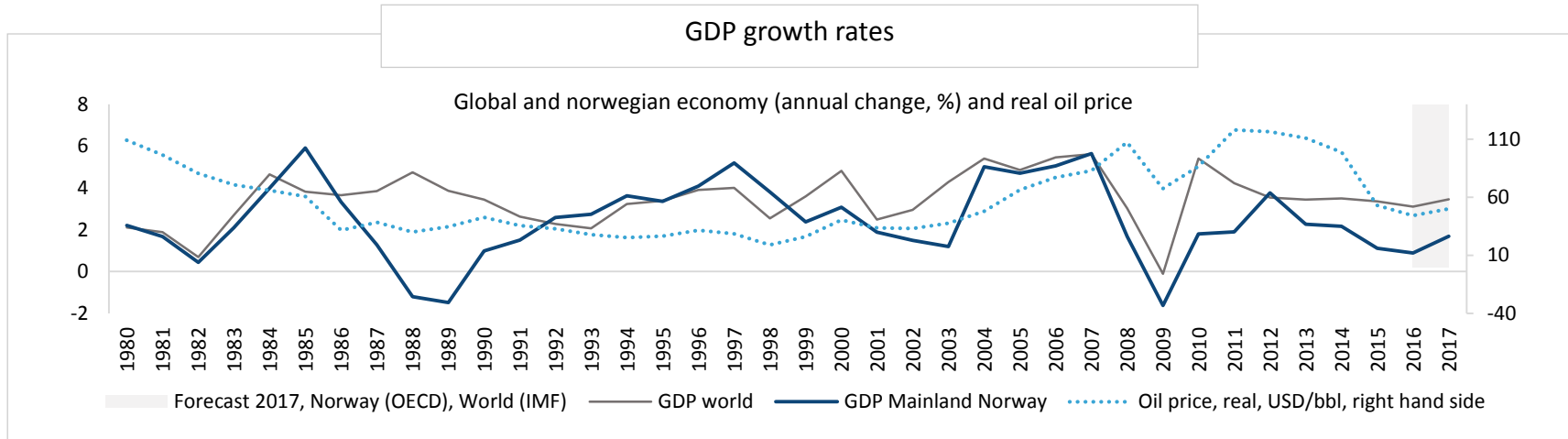
Retail trade increasing in Norway

In Rogaland, the level is approx. the same as a year ago

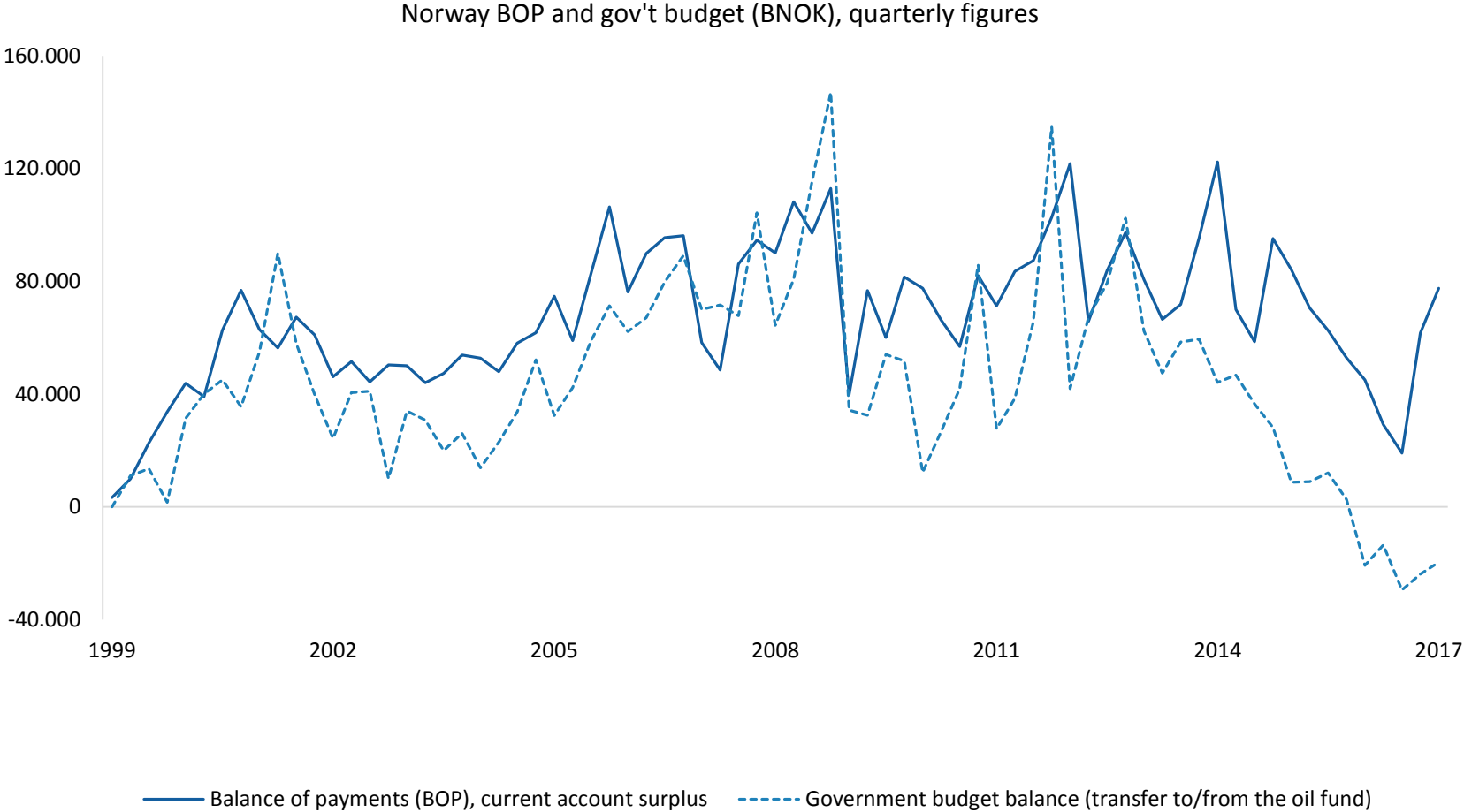


Kilde: Statistics Norway (SSB)

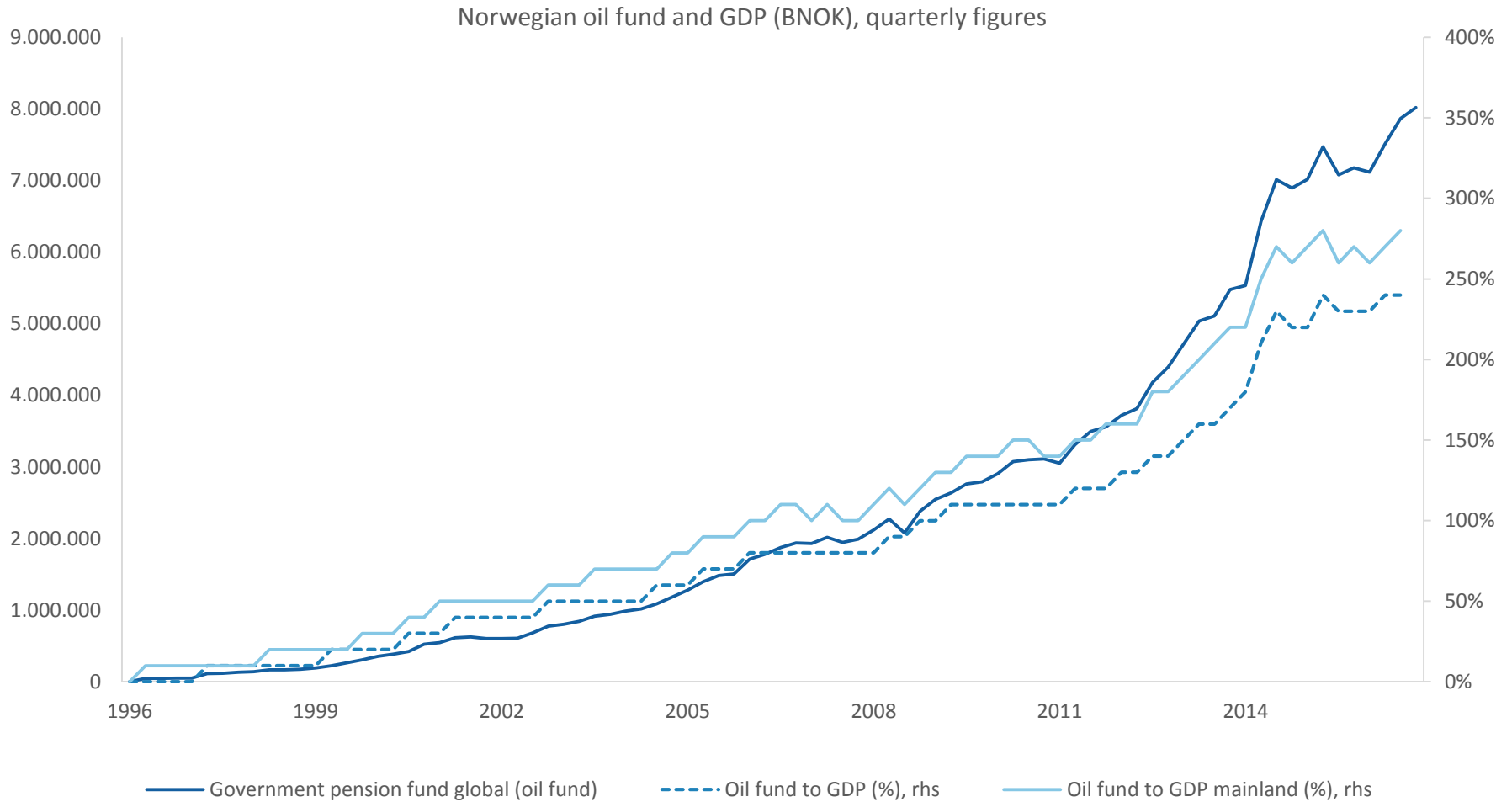
Norwegian Economy – GDP



Norway balance of payments and government budget



Norway oil fund and GDP



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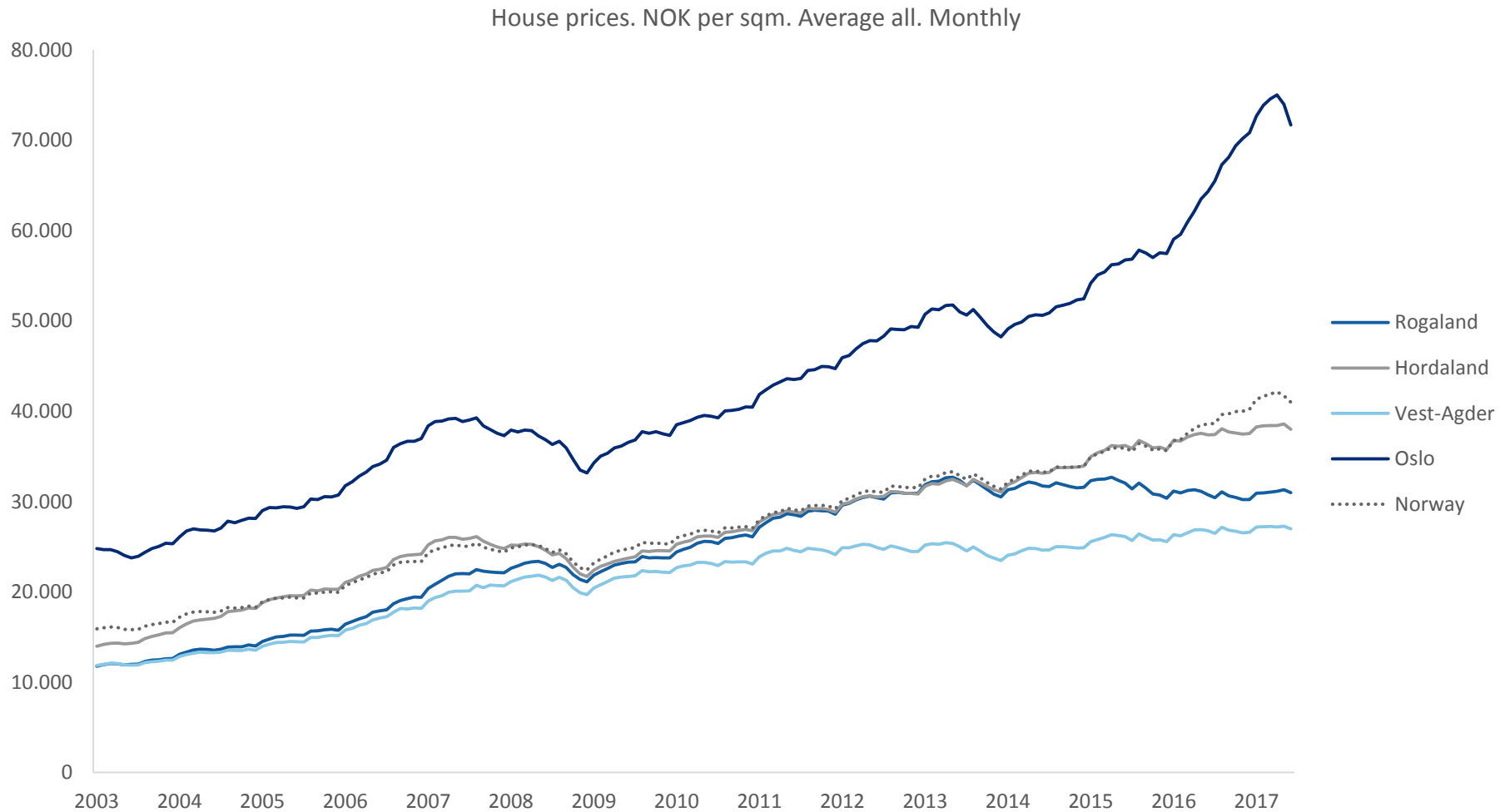
1) Oil related portfolio

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Housing prices in Norway flatten out

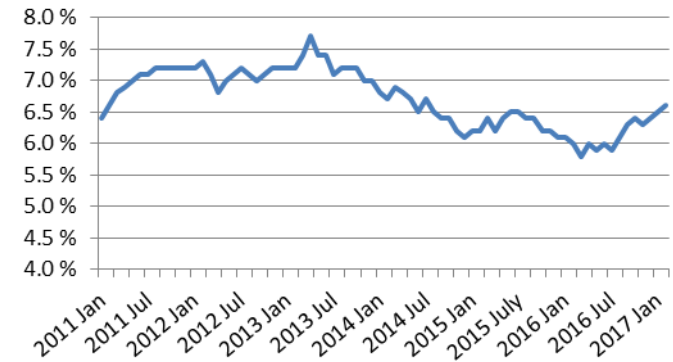


Source: Finn.no, Eiendom Norge and Eiendomsverdi

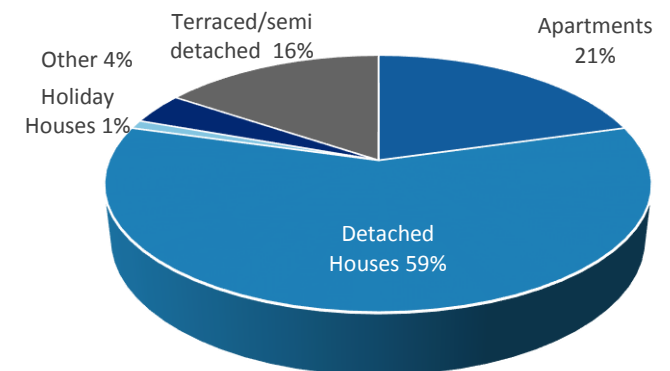
Housing and mortgage markets – Key characteristics

Mortgage Market	<ul style="list-style-type: none"> Total size approximately NOK 2,600 billion (USD 325bn, €300bn) Private banks (incl. savings banks) are the dominant suppliers of mortgages with over 95% market share Scheduled repayment mortgages: 83.4%, flexible: 16.6% Typical maturity: 25 years First priority security market with high doc. standard
Home Ownership	<ul style="list-style-type: none"> Over 80% of households owner occupied (little buy to let) Between 50 and 60% are detached one-family houses
Social security	<ul style="list-style-type: none"> Generous unemployment benefits Unemployment benefit represents ca 60% of final salary for 2 years
Personal Liability	<ul style="list-style-type: none"> Borrowers are personally liable for their debt Swift foreclosure regime upon non-payment Usually tight relationship borrower - bank Transparent information about borrowers
Regulation	<ul style="list-style-type: none"> Loan to value: 85% (75% legal limit for cover pool) Flexible repayment mortgages: max 60% LTV 5% mortgage interest rate increase as stress test High risk weighting for banks for mortgage lending (20-25%) Maximum 5x debt / gross income for borrowers 10% exceptions possible, special regulation for Oslo
Interest Payments	<ul style="list-style-type: none"> 90-95% of mortgages are variable rate Interest rates can be reset at the lender's discretion, by giving the debtor 6 weeks notice
Tax Incentives	<ul style="list-style-type: none"> 25% of interest paid is tax deductible (equal to the basic rate of tax) Low effective real estate tax (lower net worth tax on real estate than financial assets)

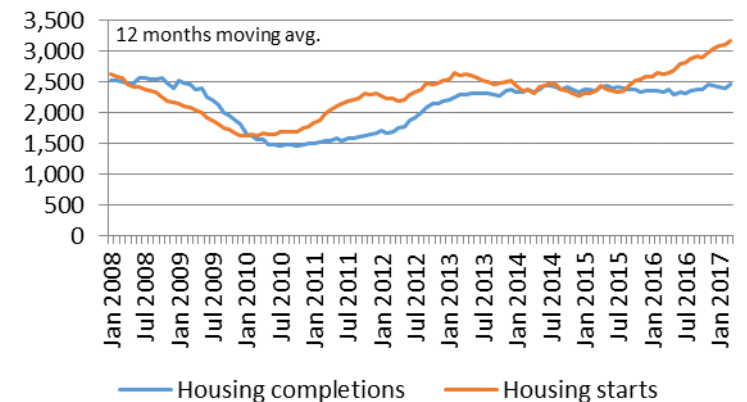
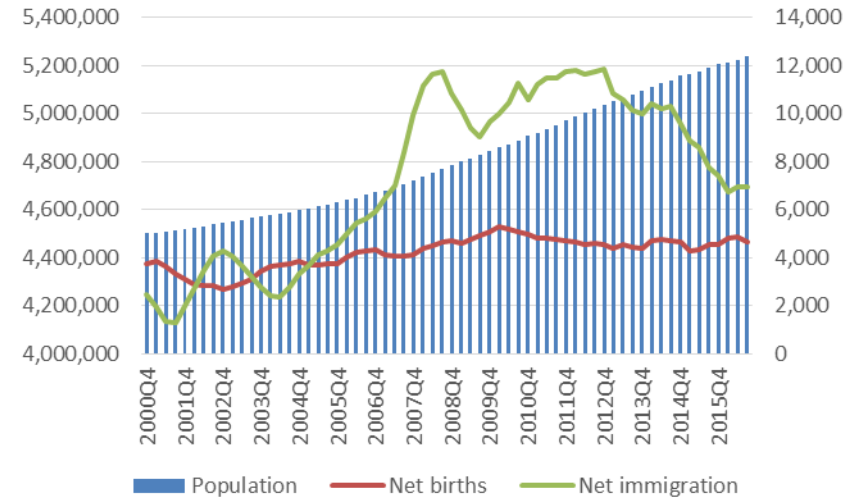
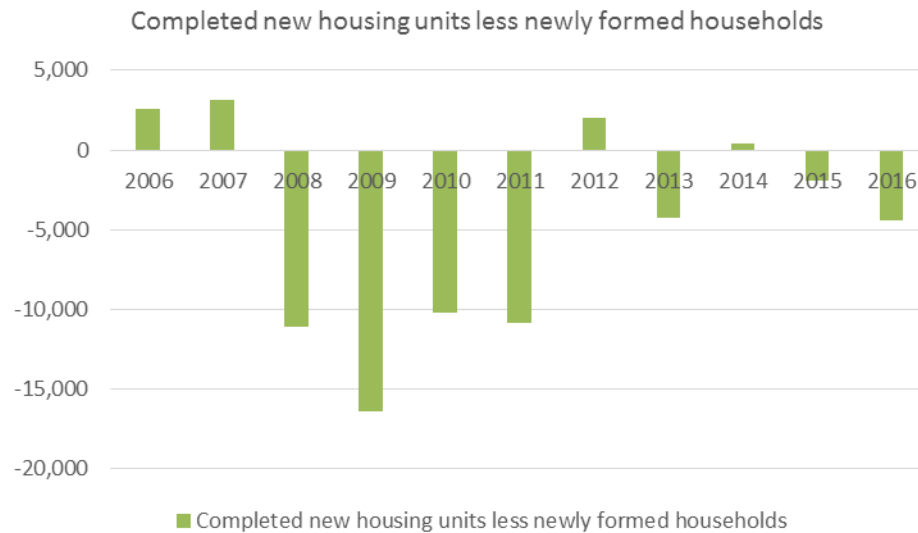
Household credit growth (12 months growth rate)



Norwegian Mortgages (by type of property)



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

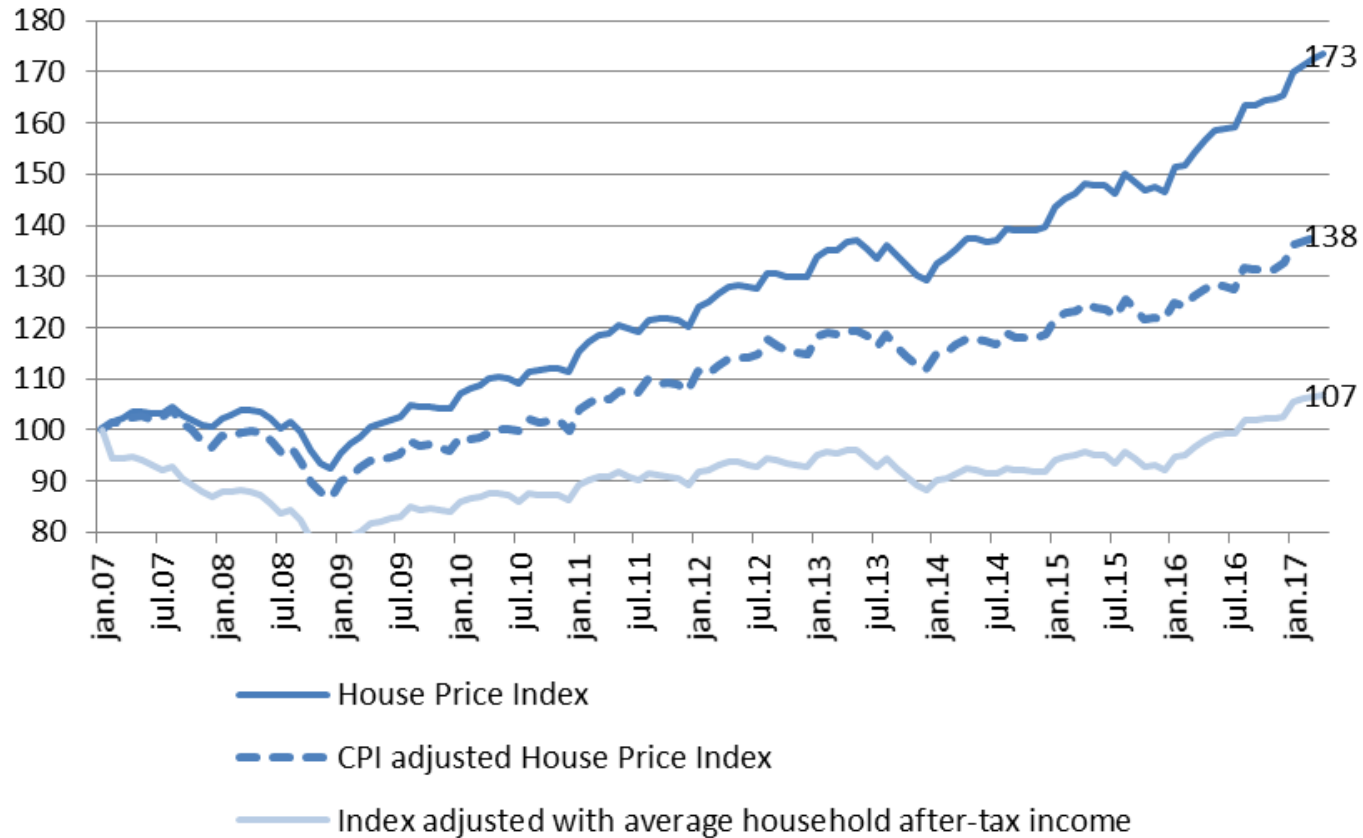


Source: Statistics Norway and Investor presentation May 2017 from SpareBank 1 Boligkreditt AS

Norwegian Housing and Mortgage Market

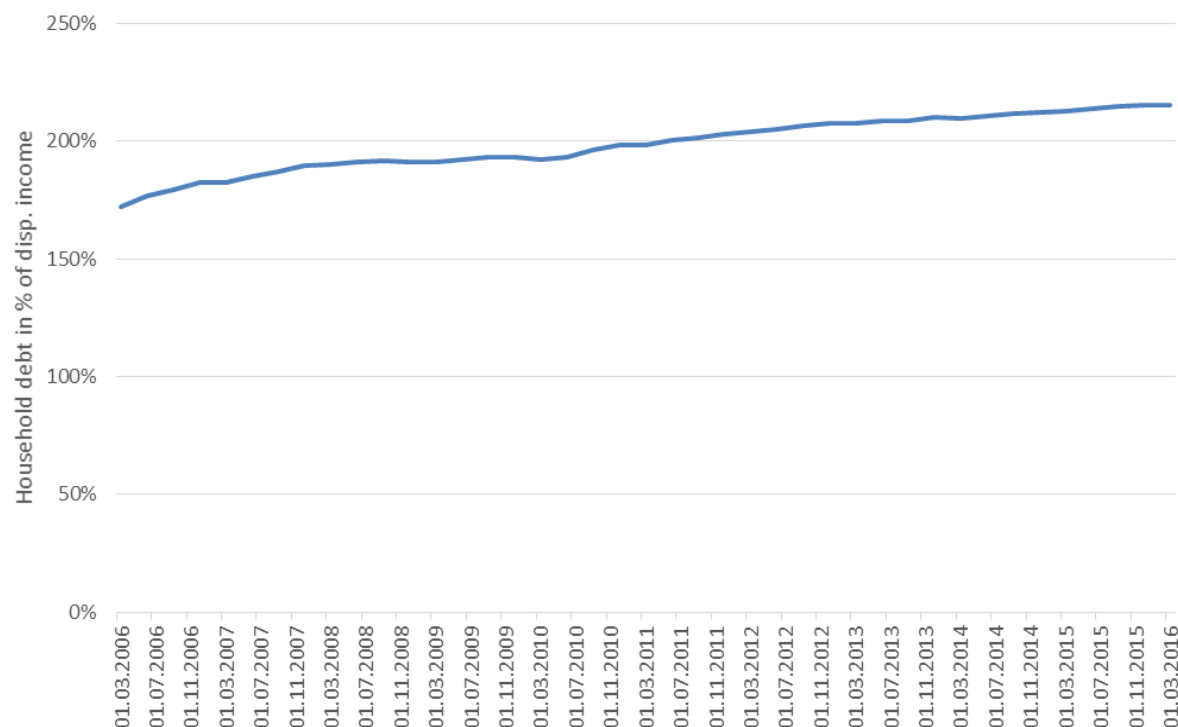
- Adjusted price developments

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



Aggregate household indebtedness

Total Debt burden in per cent of household income (after tax)



Norway:

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

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Our vision: the customer's first choice in Southern and Western Norway

Objectives

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

Financial goals

- Return on equity of 11% after tax in 2017. The longer term target is a minimum of 12%.
- Top 50% return on equity and cost/income in a Nordic benchmark

Strategic goals

- Nearer to people and companies
- We want to be nearer to people and companies than our competitors by understanding the people, companies and markets in the region better than our competitors.
- We want to learn what is important for our customers through a combination of close, personal relationships and the proper utilisation of customer data. We want to be an accessible, long-term partner whom the customers trust.

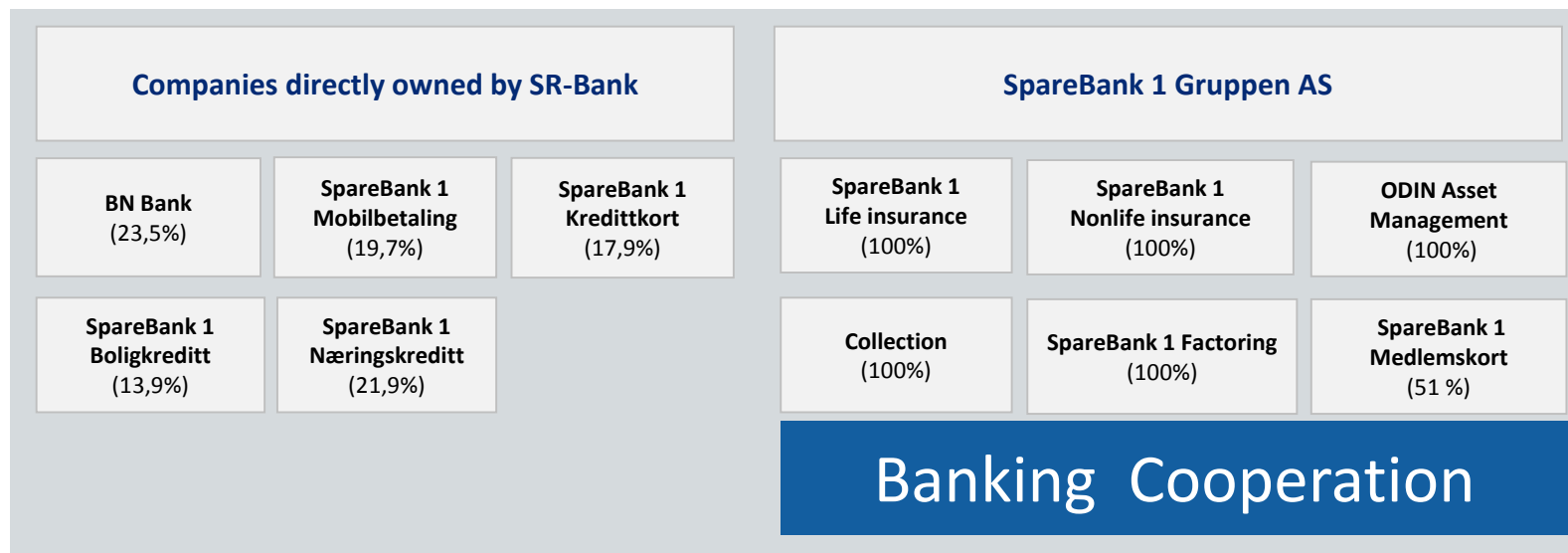
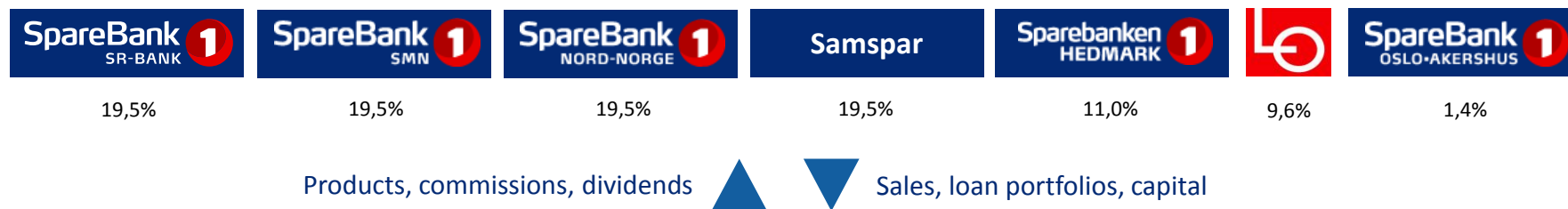
Strategic focus

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

SpareBank 1 Alliance

Owners of the alliance

- All credit decisions are made at the local banks
- Economies of scale related to expenses, IT solutions, marketing and branding



Balance sheet

<i>Balance sheet (MNOK)</i>	30.06.2017	30.06.2016
Cash and balances with central banks	747	910
Balances with credit institutions	8.335	2.188
Net loans to customers	163.703	155.612
Certificates, bonds and other fixed-income securities	28.451	24.814
Financial derivatives	5.354	5.056
Shares, ownership stakes and other securities	528	535
Business available for sale	22	22
Investment in associates	4.277	4.792
Other	1.462	2.834
Total assets	212.879	196.763
Balances with credit institutions	2.805	3.934
Deposits from customers	99.758	89.633
Listed debt securities	83.222	76.830
Financial derivatives	3.622	3.047
Other liabilities	1.633	2.867
Additional Tier 1 and Tier 2 capital instruments	3.105	3.284
Total liabilities	194.145	179.595
Total equity	18.734	17.168
Total liabilities and equity	212.879	196.763

Net commission and other income

	30.06 17	30.06 16	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16
<i>MNOK</i>							
Payment facilities	126	117	63	63	60	75	63
Savings/placements	100	95	49	51	45	45	44
Insurance products	104	100	52	52	50	48	50
Commission income real estate broking	205	176	112	93	85	87	107
Guarantee commission	51	59	26	25	31	24	31
Arrangement- and customer fees	37	54	24	13	33	14	24
Accounting services SpareBank 1 Regnskapshuset SR*	55	47	27	28	18	16	24
Other	18	9	8	10	3	3	3
Net commission and other income excl. covered bond companies	696	657	361	335	325	312	346
Commission income SB1 Boligkreditt and SB1 Næringskreditt	75	84	39	36	30	35	43
Net commission and other income incl. covered bond companies	771	741	400	371	355	347	389

* SpareBank 1 Regnskapshuset SR has acquired Regnskaps Partner Bergen AS, which was taken over with effect from 1 January 2017.

Net income on investment securities

	30.06 17	30.06 16	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16
<i>MNOK</i>							
Dividends*	9	105	4	5	5	0	97
Investment income, associates	144	216	81	63	78	90	112
Securities gains/losses	57	-102	32	25	50	105	-36
- of which capital change in shares and certificates	35	-54	28	7	42	63	-33
- of which capital change in certificates and bonds	-41	-91	-34	-7	-44	-21	-38
- of which derivatives; bonds and certificates	63	43	38	25	52	63	35
Currency/interest gains/losses	22	65	26	-4	6	36	32
- of which currency customer- and own-account trading	45	58	28	17	39	40	32
- of which value change basis swap spread	-23	12	-7	-16	-16	-11	-1
- of which counterparty risk derivatives including CVA	1	0	0	1	1	1	-1
- of which IFRS-effects	-1	-5	5	-6	-18	6	2
Net income on investment securities	232	284	143	89	139	231	205

*Include in 2Q 2016 NOK 94 million for a received cash settlement in connection with the sale of Visa Europe Ltd to Visa Inc.

Subsidiaries

<i>MNOK</i>	30.06.17	30.06.16
EiendomsMegler 1 SR-Eiendom AS		
Number of sales	3.519	3.060
Operating profit before tax	21	13
SpareBank 1 SR-Finans AS*		
Total assets (BNOK)	-	7
Operating profit before tax	-	45
SR-Forvaltning AS		
Total assets under management (BNOK)	11	9
Operating profit before tax	17	15
SR-Investering AS		
Operating profit before tax	7	-1
SpareBank 1 Regnskapshuset SR AS		
Operating profit before tax**	5	5
SR-Boligkreditt AS		
Operating profit before tax	67	72
Other		
Operating profit before tax	-1	-1
Total subsidiaries		
Profit before tax	116	148

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

**SpareBank 1 Regnskapshuset SR acquired Regnskap Partner Bergen AS from 1 January 2017. The result to Regnskapshuset SR includes amortization of intangible assets of NOK 0,9 million (NOK 0,8 million per 30.06.2016).

Ownership interests

MNOK	30.06.17	30.06.16
SpareBank 1 Gruppen AS		
<i>Interest ownership</i>	19,5 %	19,5 %
Profit after tax	139	135
Adjusted profit previous years	-5	6
SpareBank 1 Boligkreditt AS		
<i>Interest ownership</i>	13,9 %	16,7 %
Profit after tax	-27	16
Adjusted profit previous years	-	4
SpareBank 1 Næringskreditt AS		
<i>Interest ownership</i>	21,9 %	26,8 %
Profit after tax	8	12
BN Bank ASA		
<i>Interest ownership</i>	23,5 %	23,5 %
Profit after tax	34	36
SpareBank 1 Kredittkort AS		
<i>Interest ownership</i>	17,9 %	18,1 %
Profit after tax	7	14
SpareBank 1 Mobilbetaling AS		
<i>Interest ownership</i>	19,7 %	19,7 %
Profit after tax	-7	-12
Adjusted profit previous years	-7	-
Other		
Profit after tax	2	5
Total ownership interests		
Profit after tax	144	216

Impairment losses on loans

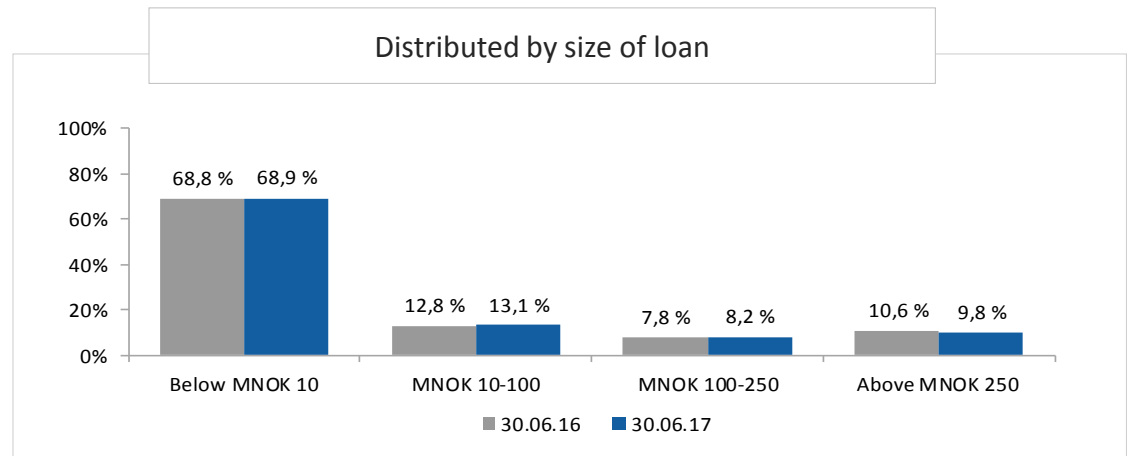
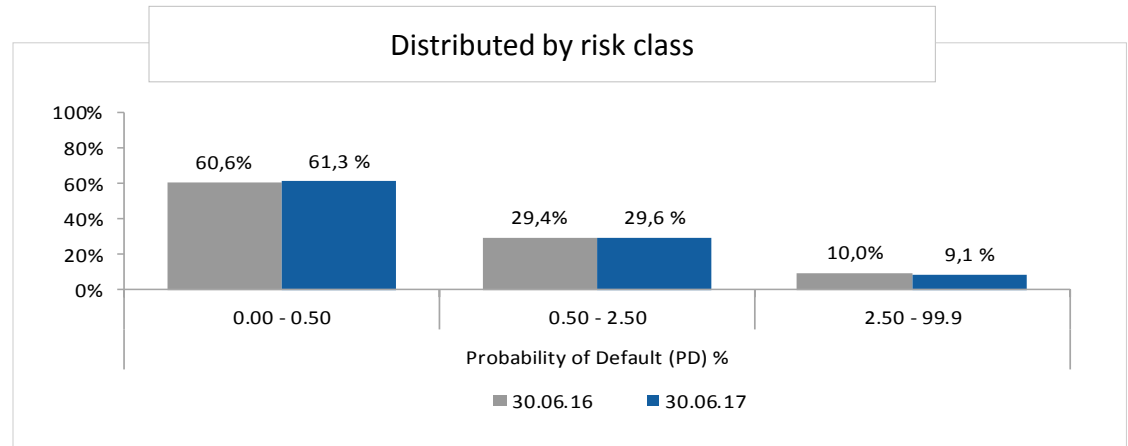
	30.06	30.06					
<i>Losses on loans in income statement (MNOK)</i>	17	16	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16
Corporate customers	277	340	115	162	131	109	258
Retail customers	20	22	15	5	11	7	14
Change in collective impairment losses on loans	2	93	1	1	20	45	33
Net impairment losses on loans	299	455	131	168	162	161	305
	30.06	30.06	30.06	31.03	31.12	30.09	30.06
<i>Impairment losses on loans (MNOK)</i>	17	16	17	17	16	16	16
Corporate customers	508	446	508	478	530	475	446
Retail customers	69	68	69	60	60	69	68
Collective impairment losses on loans	678	612	678	677	676	656	612
Total impairment losses on loans	1.255	1.126	1.255	1.215	1.266	1.200	1.126

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

- The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk
 - SpareBank 1 SR-Bank therefore invests significant resources in developing risk management systems, processes and expertise that are in line with leading international practice
- The bank's primary market areas are Rogaland, the Agder counties and Hordaland
 - Financing outside this market area is based on customers based in the group's market area
- The bank's set clear requirements for loan activities in the corporate market
 - The activities that are financed must have a long-term perspective
 - The group must be very familiar with the ownership and management of the company
 - All financing decisions are based on the customer's debt-servicing capacity and a lack of debt-servicing capacity may not be compensated for through higher security
 - Shipping and offshore related financing (including significant parts of oil-related activities) are handled by centralised expertise
- The bank sets specific limits for the size of commitments as well as requirements concerning industry diversification
 - The maximum total exposure to an individual customer must be significantly lower than the regulatory requirements
 - The maximum unsecured exposure to an individual customer must not be so great that the potential loss cannot be absorbed without the group's financial position being significantly affected
 - This requires a diversified portfolio. The exposure to specific industries is subject to specific limits.
- The bank sets special requirements for all property financing
 - Self-financing requirements apply for all types of property financing - in relation to both residential and commercial property
 - Advanced sales requirements also apply for financing housing development projects
 - In addition to this, requirements that limit loan size/rent income ratio apply for financing commercial property

Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a solid loan portfolio.
- 61.3% of the bank's loan exposure has a PD* below 0.5%.
- Single loan exposures less than NOK 10 million aggregates 68.9% of total loan portfolio.
- Single loan exposures above NOK 250 million is 9.8% of total loan portfolio.



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

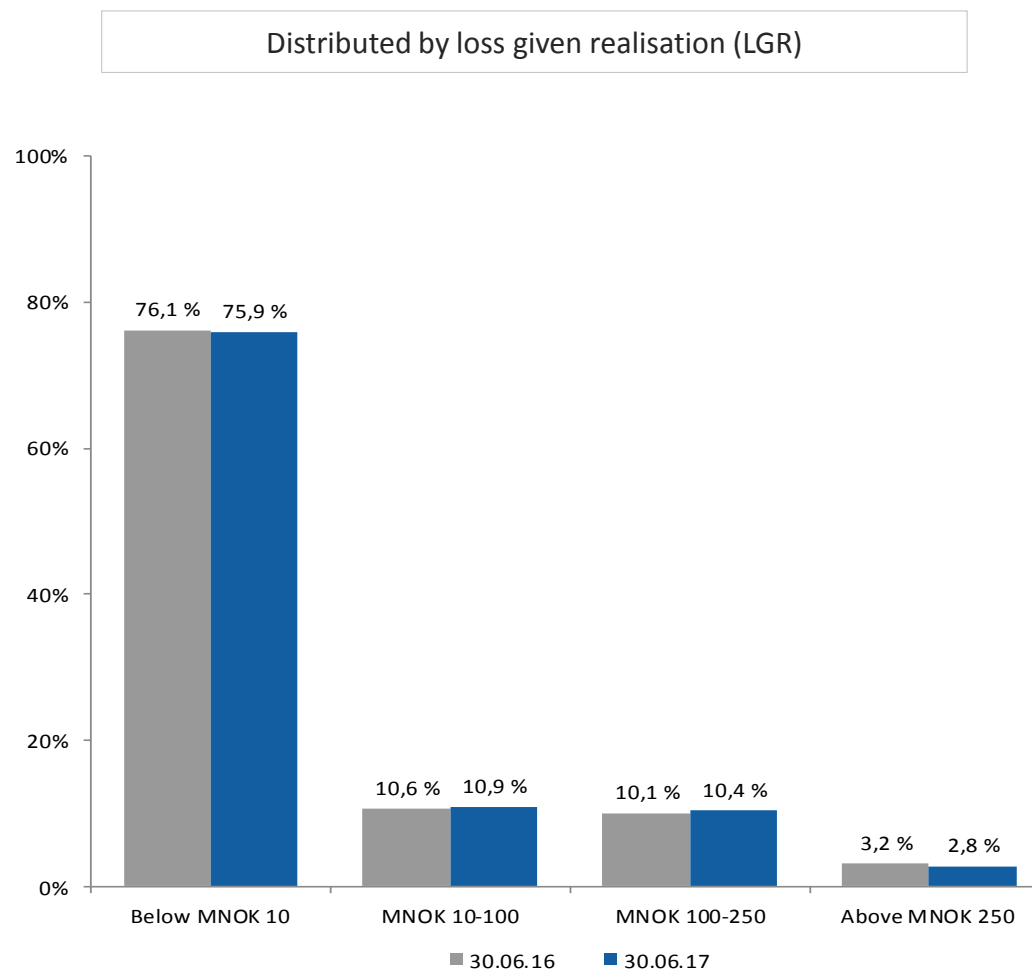
The figures include the loan portfolio in the covered bond companies (SpareBank 1 Næringskreditt AS, SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS). SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and the SR-Finans portfolio is included in the figures from January 2017.

Low concentration of individual LGRs in the lending portfolio

- *There is a clearly defined strategy behind this portfolio composition. The growth and risk profile are managed, for example, through special credit strategy limits for concentration risk.*
- *The proportion of loans with loss potential below NOK 10 million is now at 75.9% of the loan portfolio.*

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

The figure includes the loan portfolio in the covered bond companies (SpareBank 1 Næringskreditt AS, SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS). SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and the SR-Finans portfolio is included in the figures from 1 January 2017

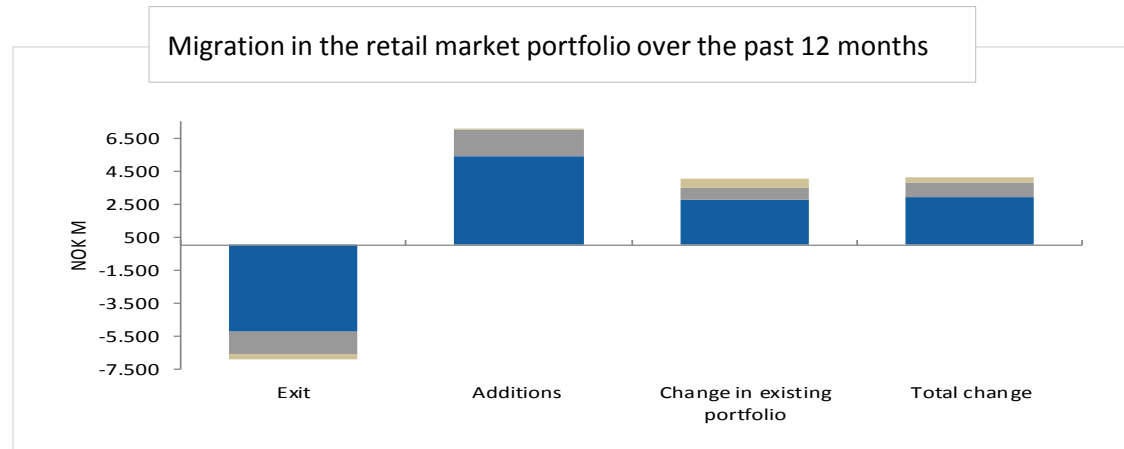
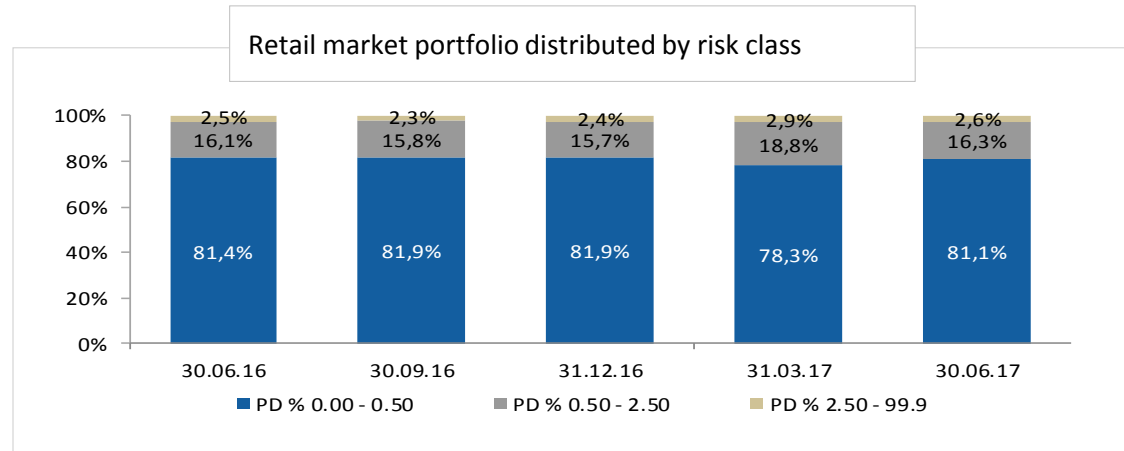


Risk profile – Lending to the retail market

- *The quality of the retail market portfolio is considered to be good and has low potential losses.*
- *The proportion of loans with a PD* below 0.5% is 81.1% of the total retail portfolio.*
- *The low risk profile is achieved through prudent customer selection and requirements for moderate LTV. Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.*
- *Merged portfolio from SpareBank 1 SR-Finans consists of object and consumer finance, which has a higher risk than the bank's portfolio of lending secured by real estate.*

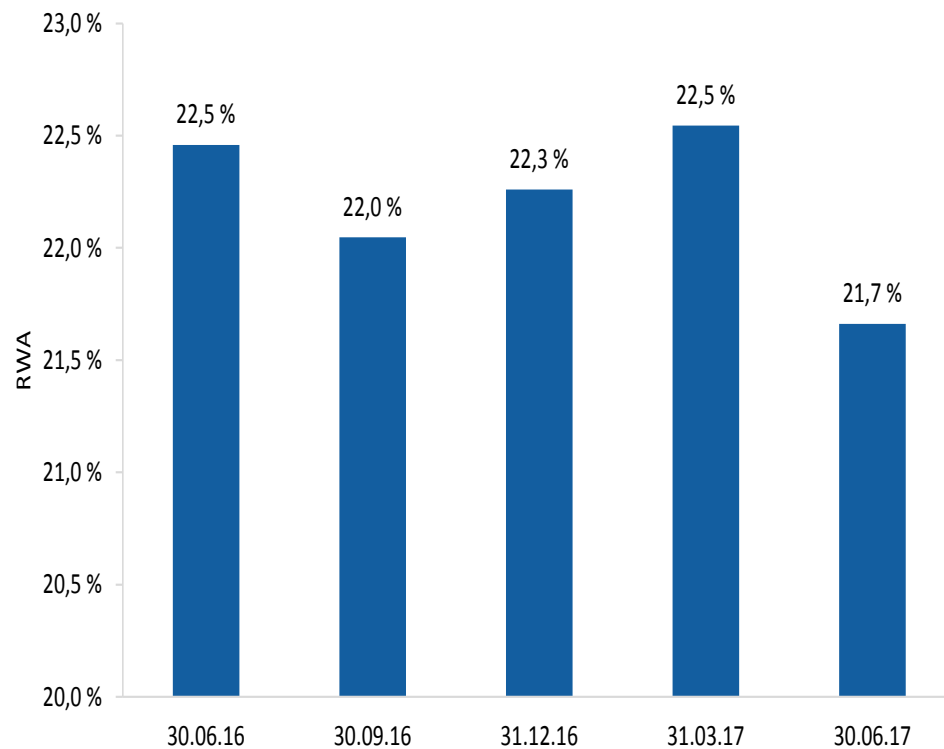
*Probability of default (PD) through a full cycle of loss.

The figures include the loan portfolio in the covered bond companies (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS). SpareBank 1 SR-Finans was merged into SpareBank 1 SR-Bank from 1 January 2017 and SR-Finance are included in the figures from first quarter of 2017.



RWA home mortgages

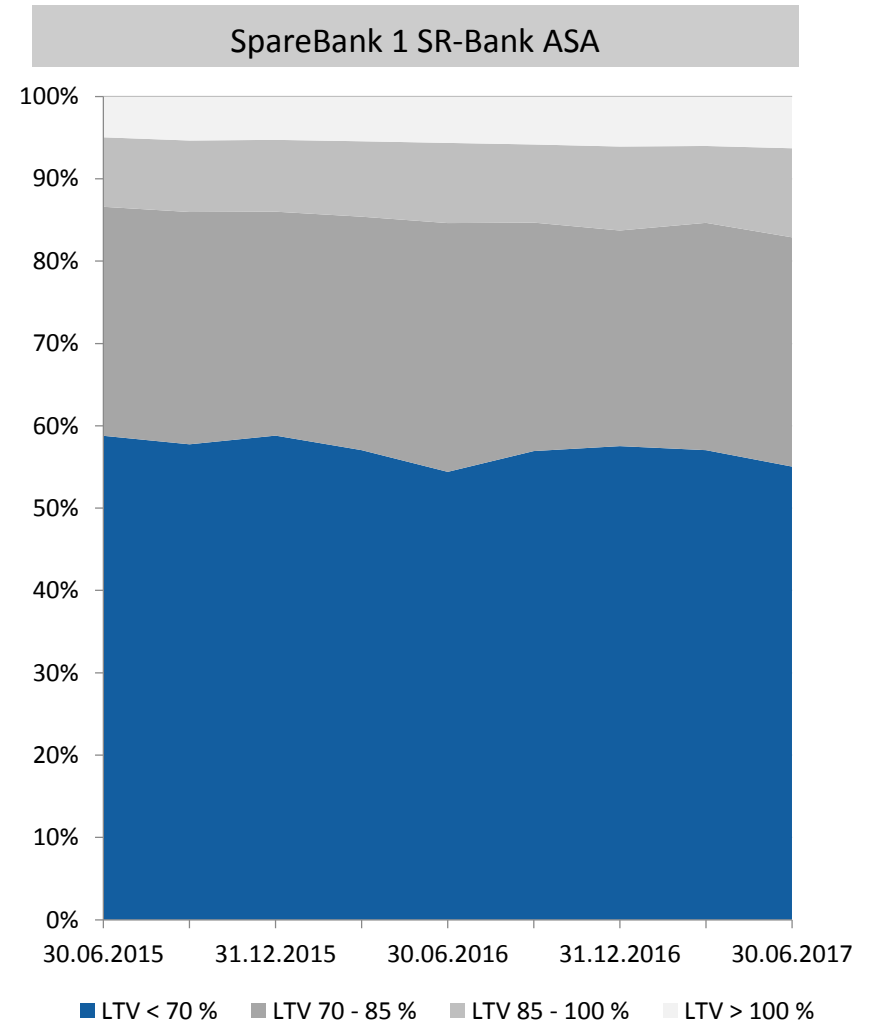
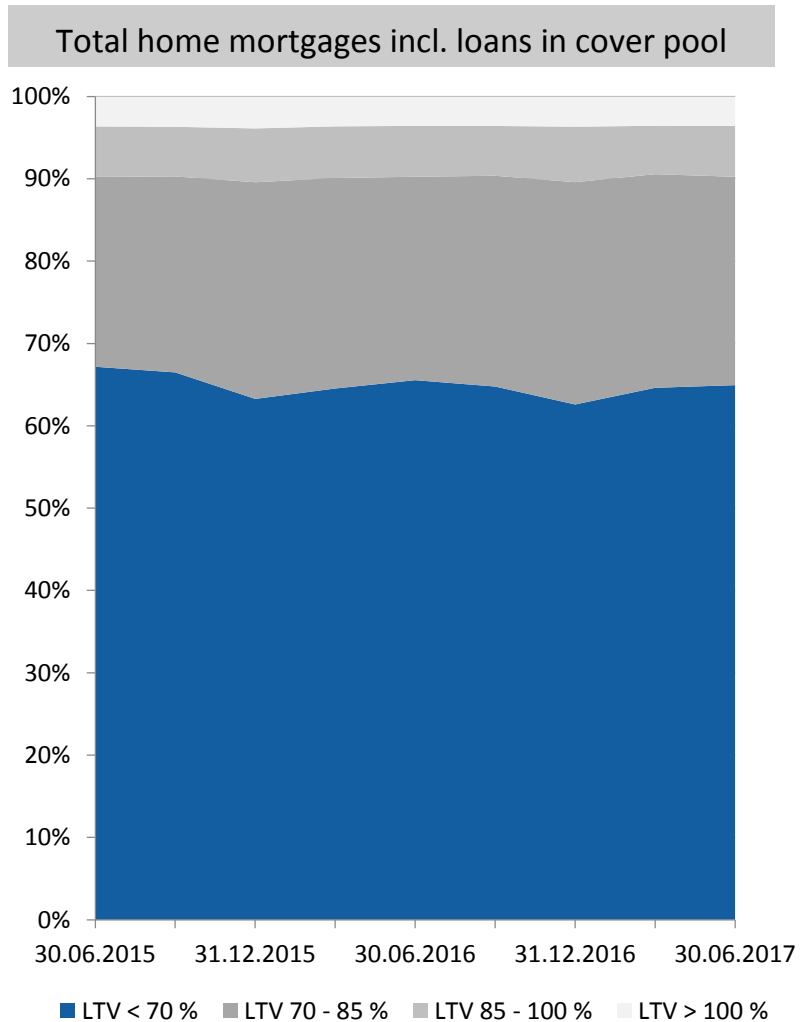
- *RWA on home mortgages reflects a solid and stable portfolio.*



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

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

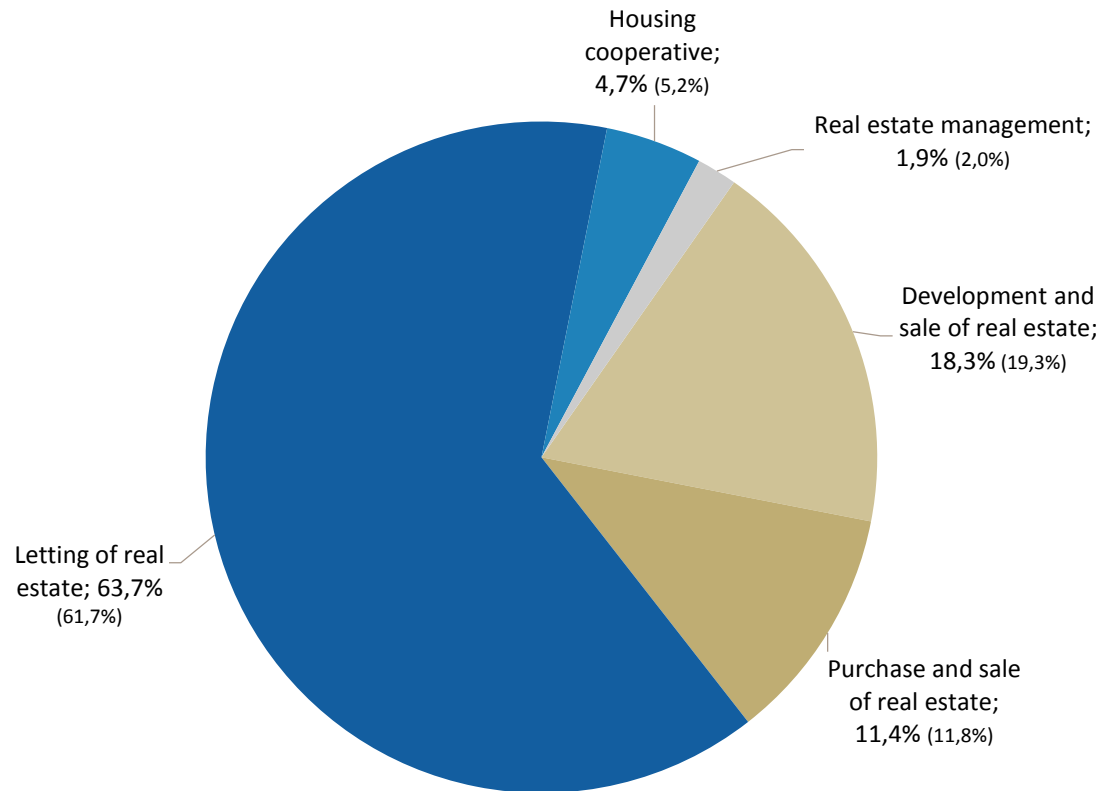
Historical LTV development for home mortgage loans



Lending to commercial property

Lending to commercial property

- NOK 27.6 billion, 15 % of the bank's total loans.
- The portfolio is characterised by lending to commercial properties for leasing with long-term contracts and financially solid tenants. The vacancy rate is limited. Interest rates for a significant portion of this portfolio have been hedged.

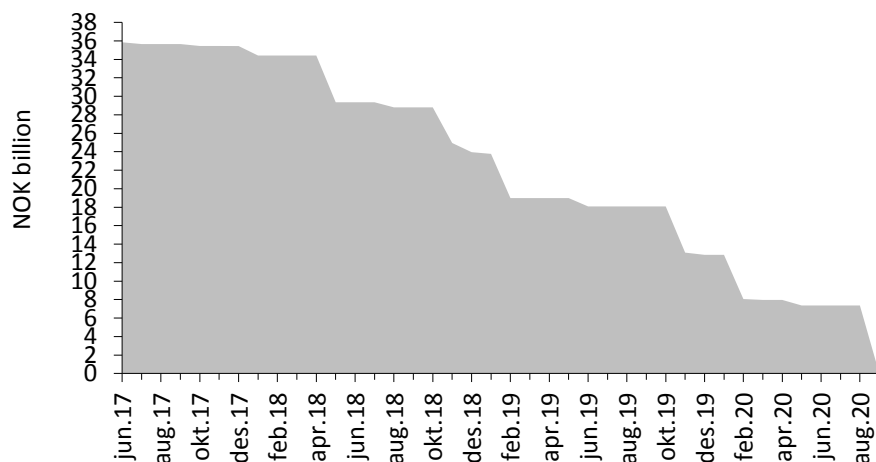


Sector allocation in accordance with the standard categories from Statistics Norway.

Figures in parentheses as at 30.06.2016.

Liquidity portfolio

Liquidity buffer – survival period



Liquidity portfolio

Category	NOK million	Share %	Of which, securities classified to amortised cost, MNOK
Norwegian government/municipal	666	2 %	0
SSA/Foreign guaranteed	8.265	29 %	282
Covered bonds (Norwegian/foreign)	19.153	68 %	1.823
Norwegian bank/finance	49	0 %	0
Foreign bank/finance	0	0 %	0
Industry/Other	0	0 %	0
Total liquidity portfolio	28.132	100 %	2.105

- *Liquidity buffer at the end of the quarter: NOK 35.9 billion*
- *Other liquid assets:*
 - *Home mortgages prepared for covered bond funding: NOK 16.3 billion*
 - *Commercial paper and bonds in the trading portfolio: NOK 0.3 billion*

Liquidity buffer: cash, highly liquid bonds.

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

Investments in bonds and certificates

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	28.083	98,7 %
Low risk	A+, A and A-	0	0,0 %
Moderate risk	Not rated	125	0,4 %
High risk	Not rated	143	0,5 %
Very high risk	Not rated	94	0,3 %
<i>Total portfolio</i>		28.445	100,0 %

Of which liquidity purposes:

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	28.083	99,8 %
Low risk	A+, A and A-	0	0,0 %
Moderate risk	Not rated	49	0,2 %
High risk	Not rated	0	0,0 %
Very high risk	Not rated	0	0,0 %
<i>Total liquidity purposes</i>		28.132	100,0 %

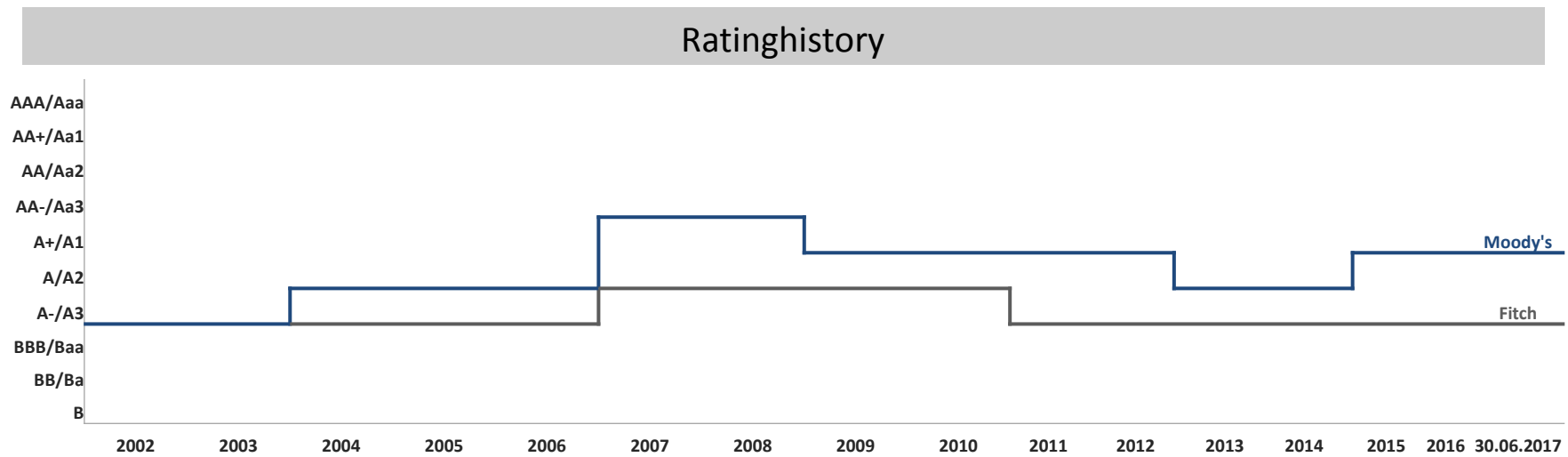
Of which SR-Bank Markets:

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	76	24,3 %
High risk	Not rated	143	45,7 %
Very high risk	Not rated	94	30,0 %
<i>Total trading portfolio</i>		313	100,0 %

All amounts in MNOK.

Rating

Moody's		Fitch	
Long-term debt	A1	Long-term IDR	A-
Outlook	Negative	Outlook	Stable
Updated	10 April 2017	Updated	26 January 2017



SRBANK as at June 2017

- *Trading volume in Q2 2017: 8.6% (2.5%)*

- *Ownership interests:*

- *From Rogaland, Agder-counties and Hordaland: 46.2%*
- *International: 20.7%*
- *10 largest: 48.0%*
- *20 largest: 55.1%*

- *Number of shareholders: 10 579 (9 820)*

- *Employees owning: 1.7%*

- *On 1 June 2017, the SR-Bank share was included in the Oslo Stock Exchange's main index and this may result in increased trading of the share going forward.*

	30.06.2017	2016	2015	2014	2013	2012
Share price	71,50	60,75	39,30	52,50	60,25	37,20
Stock value (MNOK)	18.286	15.537	10.051	13.427	15.409	9.514
Book value per share, NOK (group)	72,72	71,54	66,14	60,28	55,00	49,48
Earnings per share	3,59	6,87	6,83	8,20	7,28	5,33
Dividend per share	n.a	2,25	1,50	2,00	1,60	1,50
P/E	9,96	8,84	5,75	6,40	8,28	6,99
P/BV (group)	0,98	0,85	0,59	0,87	1,10	0,75

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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