

CREDIT PROFILE OF SPAREBANK 1 SR-BANK

12 August 2015

SpareBank 1 SR-Bank is a Norwegian regional savings bank rated A1 / A-

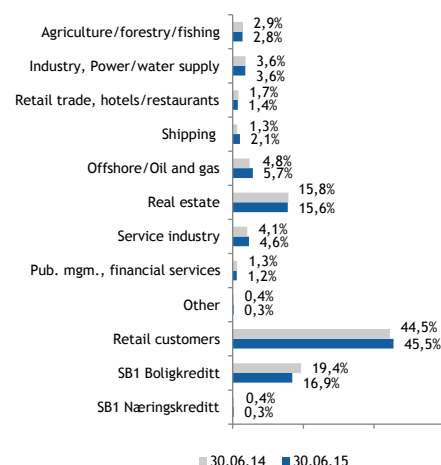
SpareBank 1 SR-Bank in brief

- SR-Bank is a Norwegian bank concentrating on the market in the Southwestern region of Norway. The Bank traces its roots to 1839 and business lines focus mainly on traditional savings and mortgages
- SR-Bank is the market leader with a 38% market share. Our market share is underpinned by strong brand recognition and local presence and in recent years our presence has continued to grow in the adjacent Hordaland and Agder counties
- SR-Bank has three principal business areas: Retail Division, Corporate Division and Capital Markets Division. In addition, three fully owned subsidiaries, specialize in real estate brokerage, asset management and lease financing. SR-Bank is also the joint owner of the covered bond institutions, SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt
- SR-Bank operates as an independent financial institution within the SpareBank 1 Alliance. The Alliance was formed in 1996 as a strategic partnership with six other regional Norwegian banks in order to realize synergies with regards to expenses, IT solutions, marketing and branding
- SR-Bank's long-term rating is A1/A- and short term rating is P-1/F2 from Moody's and Fitch. SR-Bank's outlook is stable from Moody's and Fitch

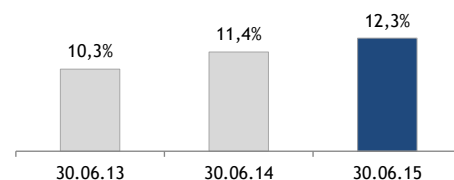
Key figures	30.06.2015	30.06.2014	2014	2013	2012
Net interest margin (%)	1,44	1,40	1,45	1,42	1,27
Net loans to customers (BNOK)	150	135	142	120	109
Impairment losses on loans (%)	0,18	0,15	0,20	0,11	0,13
Total assets (BNOK)	182	167	175	157	142
Total Equity (BNOK)	16,0	14,7	15,4	14,1	12,6

Income statement (MNOK)	30.06.2015	30.06.2014	2014	2013	2012
Net interest income	1.266	1.128	2.404	2.119	1.742
Net commission and other income	807	924	1.732	1.824	1.466
Net investment income	305	520	778	555	578
Total Income	2.378	2.572	4.914	4.498	3.786
Total operating expenses	1.066	1.006	2.056	2.019	1.888
Operating Profit	1.312	1.566	2.858	2.479	1.898
Impairment Losses	132	95	257	132	137
Net Profit	927	1.193	2.095	1.860	1.361

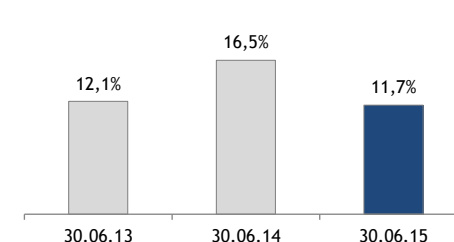
Lending portfolio (in per cent)



CET1 ratio



Return on equity

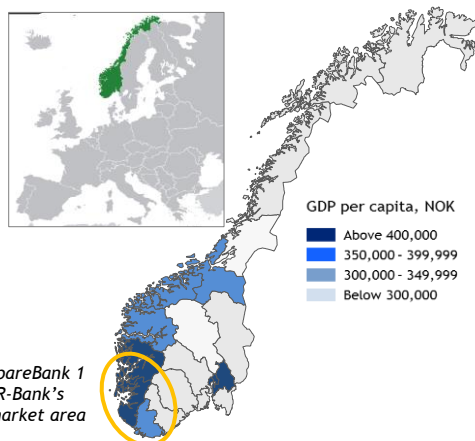


SR-Bank operates in an attractive region of one of Europe's strongest economies

Market characteristics

- The Norwegian economy remains one of the strongest globally, by a number of key metrics;
 - Government surplus expect to be equivalent to 9% of GDP
 - Registered unemployment rate of 3.1%
 - GDP growth of 2.2% in 2014, expected 1.3% in 2015
 - Sovereign wealth fund exceeding 200% of GDP
 - Second highest GDP per capita in Europe
- SR-Bank's principal regions, Rogaland, Hordaland and Agder are all part of the Southwestern region. This region is one of Norway's most populous, containing 25% of the country's population
- Stavanger, the regional capital of Rogaland and SR-Bank's headquarters, is the centre of the Norwegian oil industry. The petroleum sector is simplifying processes and reducing costs to increase profitability with lower oil prices. This released capacity, helped by low interest rates and a weak exchange rate, will contribute to growth in traditional export industries and other sectors
- In addition to the strong commercial development in the region, government infrastructure investments continue to remain significant and are planned to reach 100 - 150 BNOK within the next years

Geographical focus



Dag Hjelle
Head of Treasury
Tel: +47 51 50 94 37
dag.hjelle@sr-bank.no



Stian Helgøy
Investor Relations
Tel: +47 906 52 173
stian.helgoy@sr-bank.no

SpareBank 1 SR-Bank
Bjergsted Terrasse 1
NO-4066 Stavanger

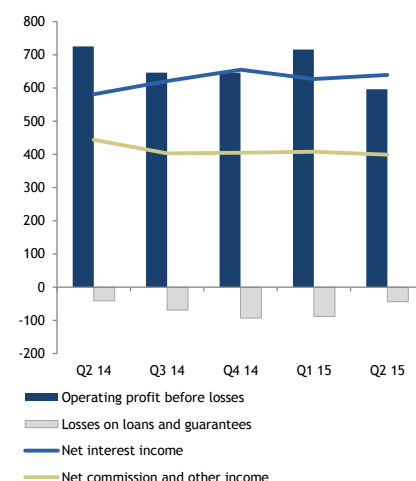
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Financial highlights	Measure	30.06.2015	2014	2013
Improved earnings y-o-y from underlying operations driven by increased lending margins while deposit margins came under pressure	Pre-tax profit (MNOK)	1.180	2.601	2.347
	Net interest margin (%)	1,44	1,45	1,42
	Return on equity after tax (%)	11,7	14,2	14,0
Low write-downs on loans and impaired loans	Impairment losses on loans and guarantees (% of gross loans)	0,18	0,20	0,11
Continued focus on cost structure and efficiency	Cost ratio	44,8	41,8	44,9
SR-Bank has experienced a solid growth in customers underpinned by strong brand recognition and local presence	Annual growth in loans to customers, gross	7,6	4,7	5,3
	Annual growth in deposits from customers (%)	11,1	13,7	6,0
Strong capital generation allowed an improved CET 1 while increase in balance sheet	Total assets on balance sheet (BNOK)	182	175	157
	CET 1 capital ratio (%)	12,3	11,5	11,1

Quarterly financial development

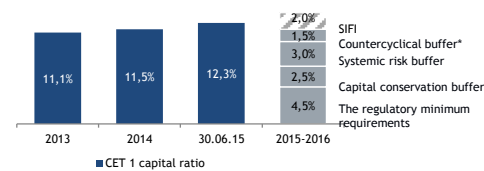
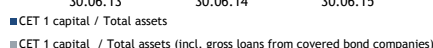
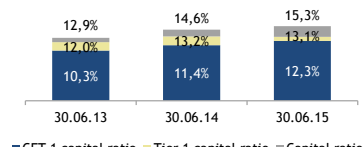


SR-Bank displays high solidity

Solvency

"Leverage ratio"

Regulatory capital

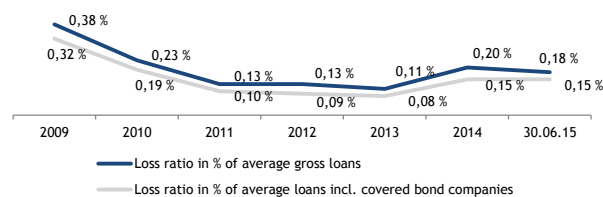
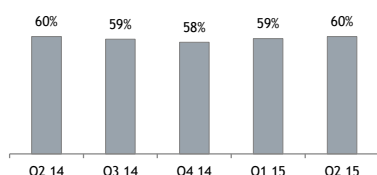
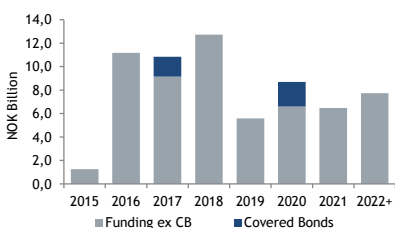


*Countercyclical buffer is 1% as at 30 June 2015.

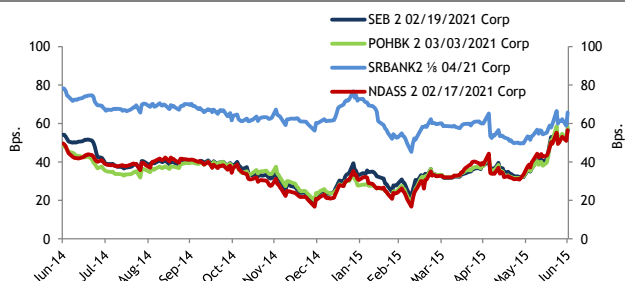
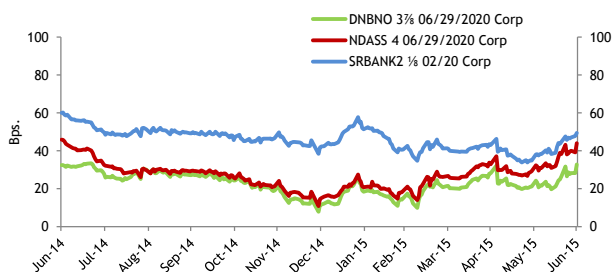
Annual funding maturity

Deposit to loan ratio

Impairment losses



SR-Bank's outstanding bonds offer pick-up to Nordic peers



Issuer / Ticker	Coupon	Amount	Maturity	ISIN
SR-Bank / SRBANK	3,500%	EUR500mn	21-April-2016	XS0551556409
SR-Bank / SRBANK	3,500%	EUR500mn	27-March-2017	XS0762421195
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

Markets

SpareBank 1
SR-BANK