

CREDIT PROFILE OF SPAREBANK 1 SR-BANK

7 February 2019

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

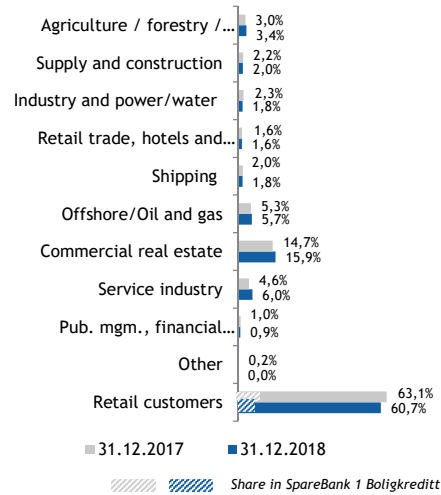
SpareBank 1 SR-Bank in brief

- 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 about 35% market share. Our market share is underpinned by strong brand recognition and local presence. 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 accounting services. SR-Bank is also the owner of the covered bond institution SR-Boligkreditt and a joint owner of the covered bond institutions, SpareBank 1 Boligkreditt and SpareBank 1 Naeringskreditt
- 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 negative from Moody's and stable from Fitch

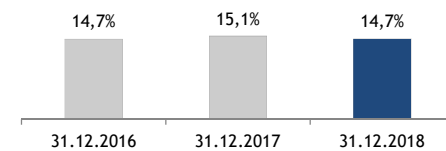
Key figures	Q4 2018	Q4 2017	2018	2017	2016
Net interest margin (%)	1,59	1,50	1,54	1,52	1,48
Net loans to customers (BNOK)	192	173	192	173	158
Impairments on loans (%)	0,20	0,28	0,18	0,33	0,50
Total assets (BNOK)	234	217	234	217	193
Total Equity (BNOK)	21,6	19,9	21,6	19,9	18,3

Income statement (MNOK)	Q4 2018	Q4 2017	2018	2017	2016
Net interest income	926	819	3.439	3.162	2.871
Net commission and other income	350	367	1.437	1.524	1.443
Net investment income	68	204	569	634	654
Total Income	1.344	1.390	5.445	5.320	4.968
Total operating expenses	576	570	2.229	2.167	2.032
Operating Profit	768	820	3.216	3.153	2.936
Impairments	92	120	324	543	778
Net Profit	527	559	2.296	2.086	1.755

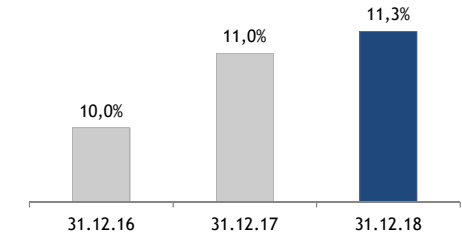
Lending portfolio (in per cent)



CET1 ratio



Return on equity

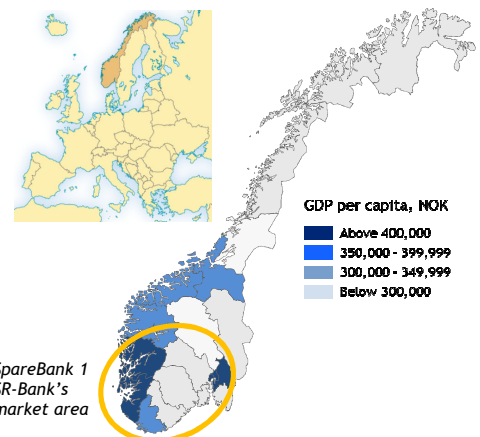


SR-Bank operates in an attractive region of one of Europe's strongest economies

Market characteristics

- The Norwegian economy remains one of the strongest globally, by a number of key metrics;
 - Government surplus expect to be equivalent to 3% of GDP
 - Registered unemployment rate of 2.3%
 - GDP growth estimated 2.1% in 2018, expected 2.4% in 2019
 - 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. Oil investments on the Norwegian continental shelf are expected rise by up to 10% in 2019. Low interest rates and a weak exchange rate, will contribute to growth in traditional export industries and other sectors as well.
- 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



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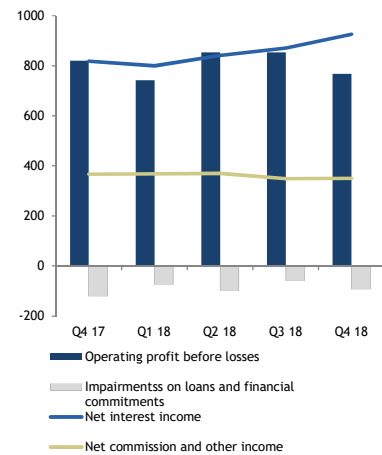
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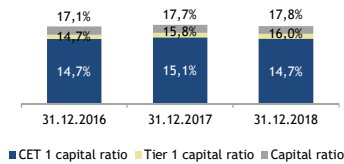
Financial highlights	Measure	2018	2017	2016
	Pre-tax profit (MNOK)	2,892	2,610	2,158
Good earnings from underlying operations and good cost control	Net interest margin (%)	1,54	1,52	1,48
	Return on equity after tax (%)	11,3	11,0	10,0
Moderate write-downs on loans and impaired loans	Impairments on loans and financial commitment (% of gross loans)	0,18	0,33	0,50
Continued focus on cost structure and efficiency	Cost ratio	40,9	40,7	40,9
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	2,6	-0,9
	Annual growth in deposits from customers (%)	3,6	11,0	-3,9
Strong capital generation allowed an improved CET 1 while increase in balance sheet	Total assets on balance sheet (BNOK)	234	217	193
	CET 1 capital ratio (%)	14,7	15,1	14,7

Quarterly financial development

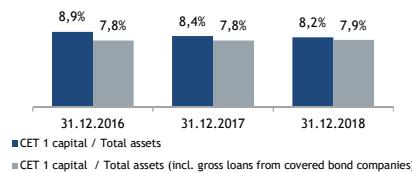


SR-Bank displays high solidity

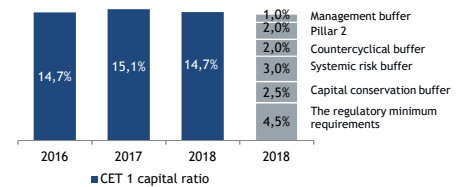
Solvency



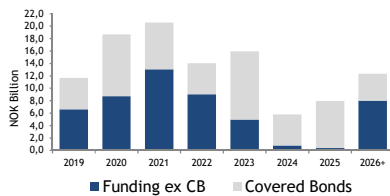
"Leverage ratio"



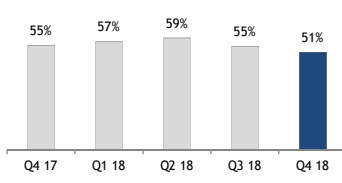
Regulatory capital



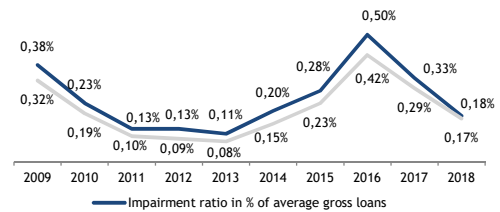
Annual funding maturity



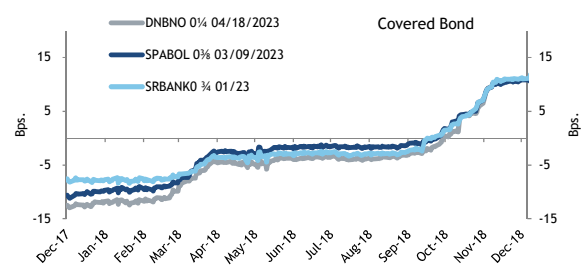
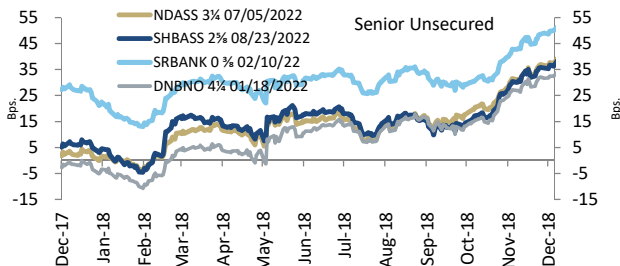
Deposit to loan ratio



Impairment losses



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



Issuer / Ticker	Coupon	Amount	Maturity	ISIN
SR-Bank / SRBANK	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%	EUR600mn	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%	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
SR-BOL / SRBANK	Nibor3m + 29	NOK 5.000mm	17-November-2022	NO0010841380
SR-BOL / SRBANK	Nibor3m + 29	NOK 5.000mm	29-May-2023	NO0010823255