

Second Quarter 2019

Disclaimer

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance.

Although SpareBank 1 SR-Bank believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for SpareBank 1 SR-Bank include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

This presentation does not imply that SpareBank 1 SR-Bank has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.



1

SR-Bank

2

Sustainability and Green Bond Framework

3

House market

4

SR-Boligkreditt

5

Norwegian economy

6

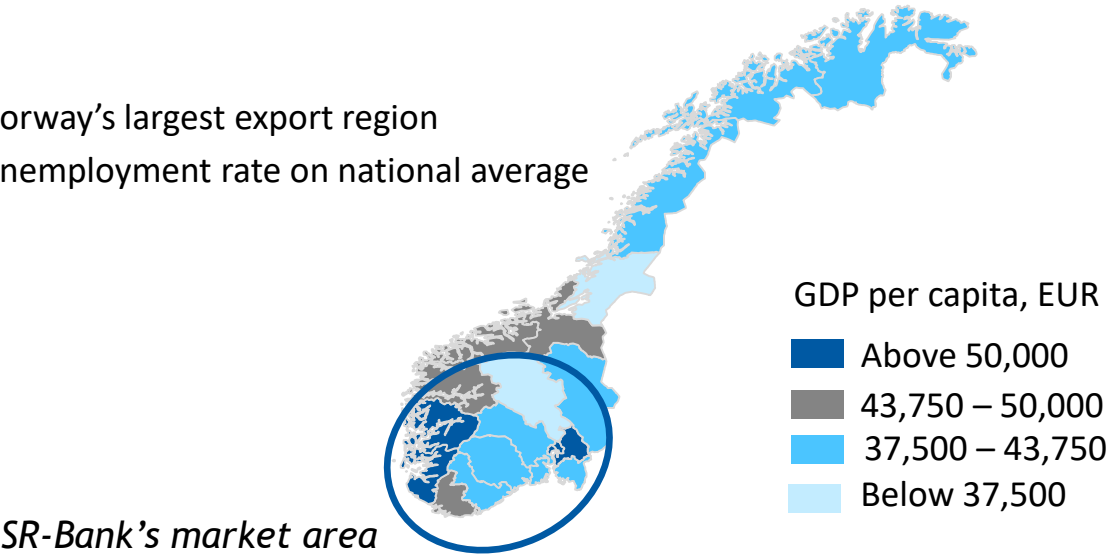
Appendix

SR-Bank at a glance

- Second largest Norwegian bank
- Market cap: NOK 26.6 Billion
- Total assets: NOK 246.5 Billion
- Credit rating:
 - Moody's A1 (stable)
 - Fitch A- (stable)
- Sustainability rating
 - Systainalytics ESG rating: 77/100 (outperformer)
- **1839:** The first bank that today forms part of SpareBank 1 SR-Bank was established.
- **1976:** 24 savings banks merge to form Sparebanken Rogaland.
- **1994:** SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange.
- **1996:** SR-Bank is one of the founders of SpareBank 1, an alliance.
- **2012:** SR-Bank converted from a savings bank to a public limited company ("limited liability savings bank").

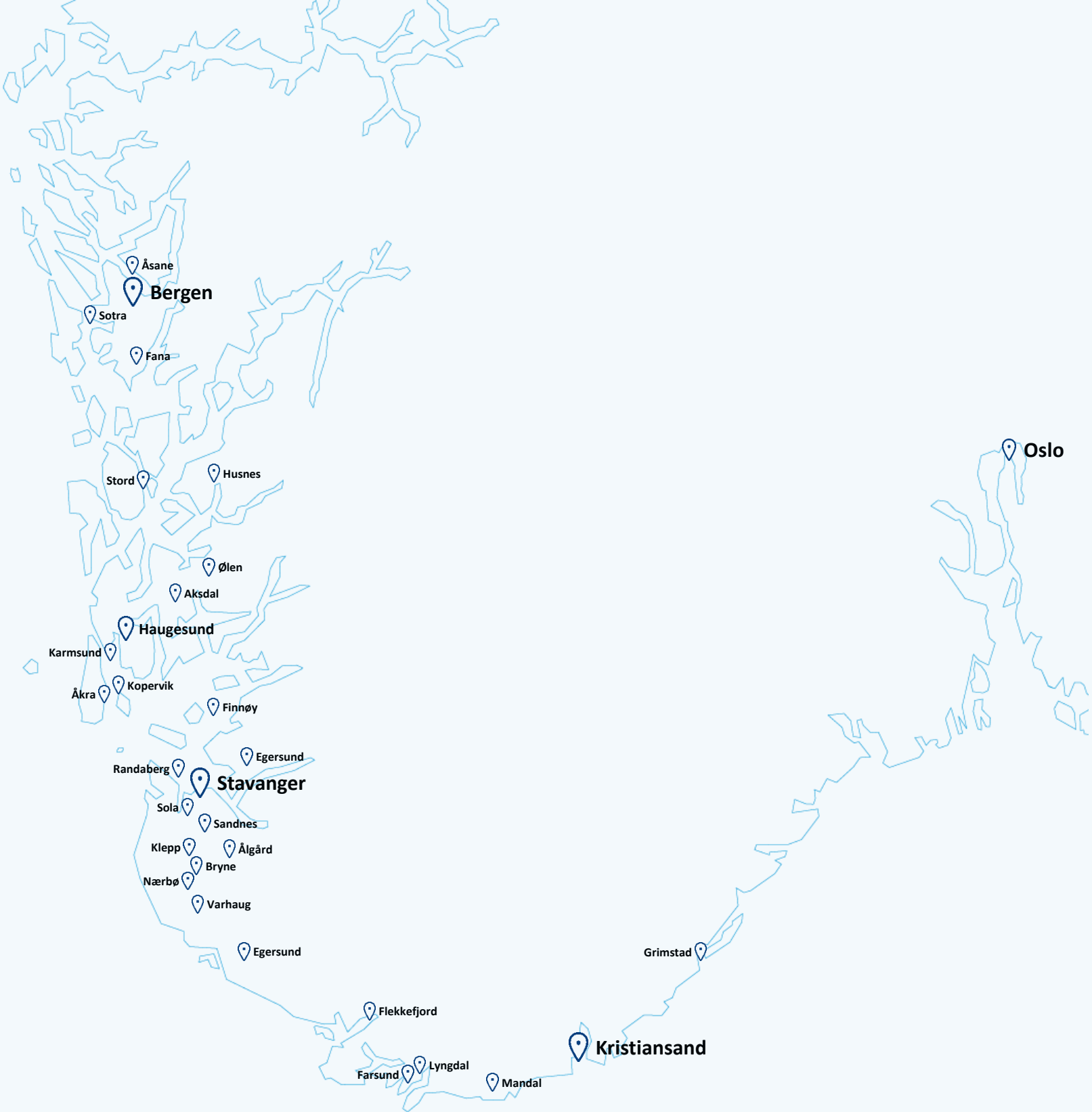
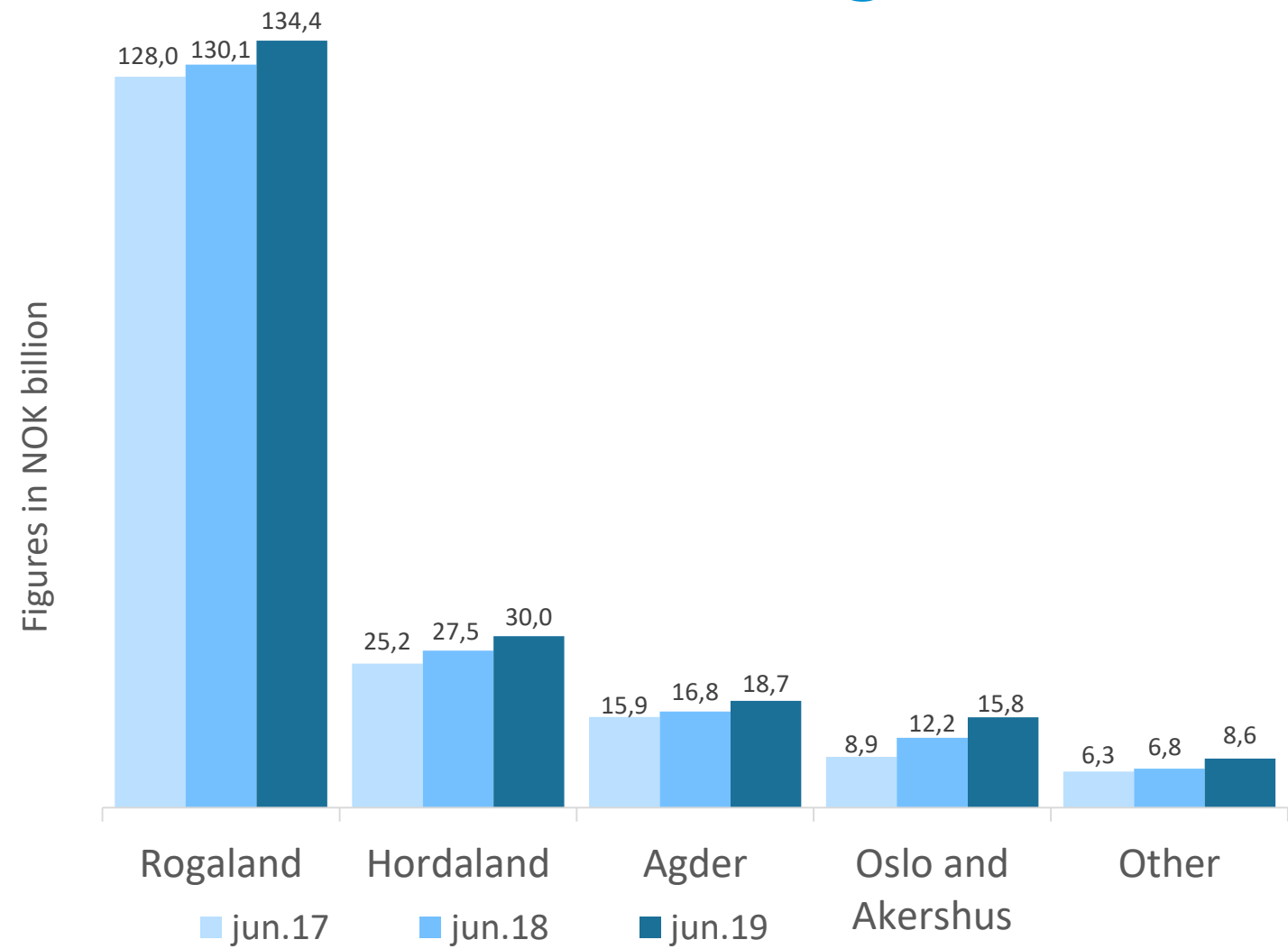
	Banks	Market share
1	DnB Bank	27.2
2	Nordea Bank Norge (Finnish)	12.6
3	Danske Bank (Danish)	6.4
4	Handelsbanken (Swedish)	5.4
5	SR-Bank	4.3

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



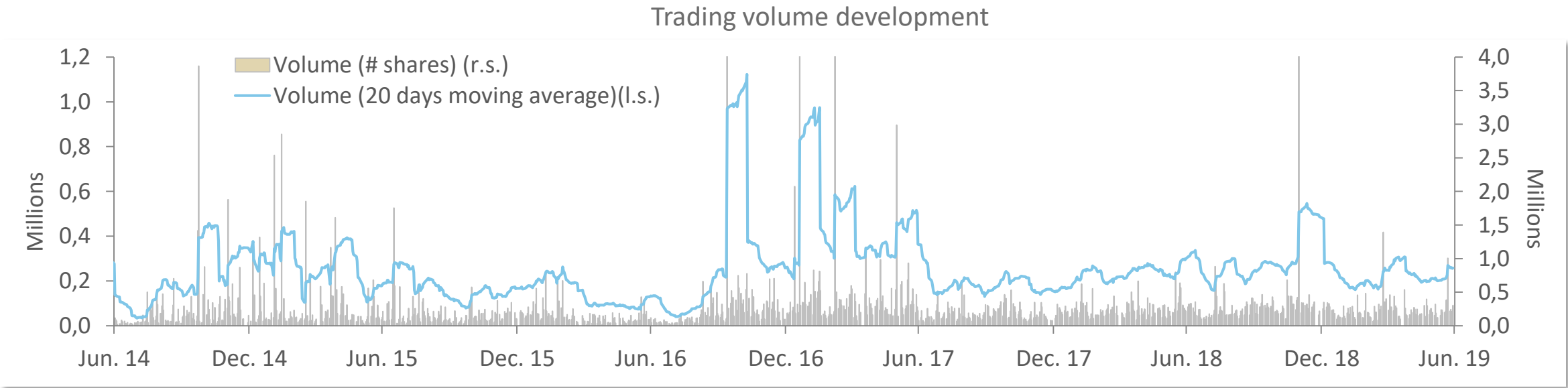
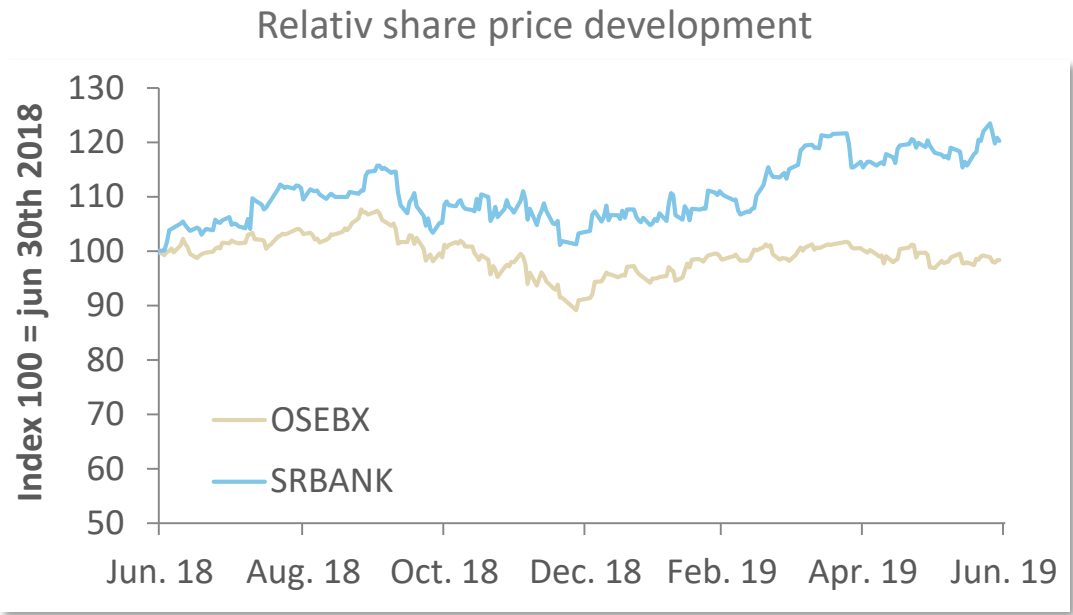
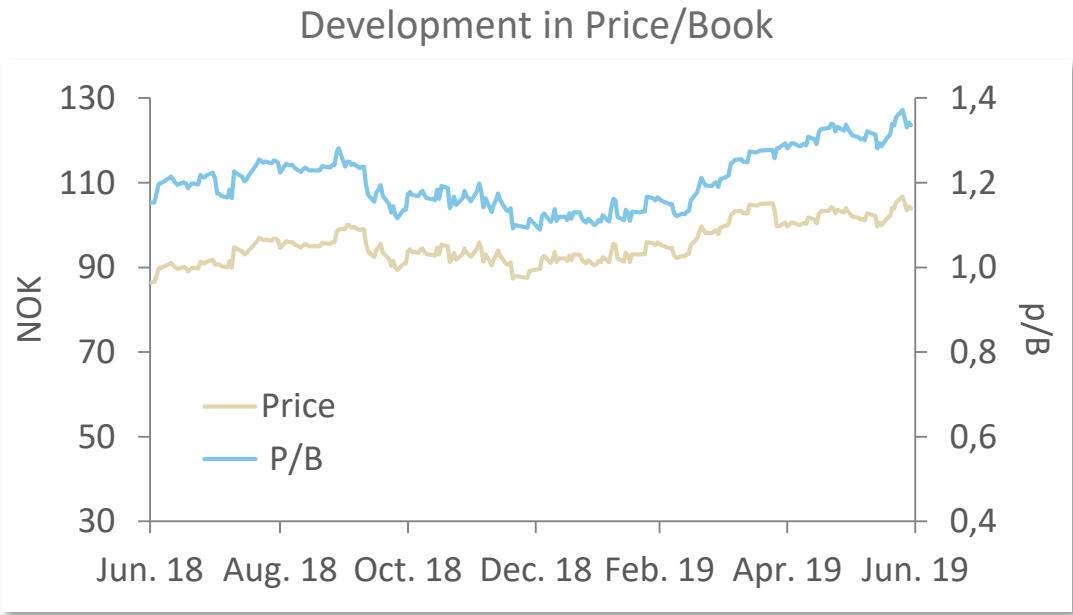
Finance group for the entire South of Norway

Lending volume

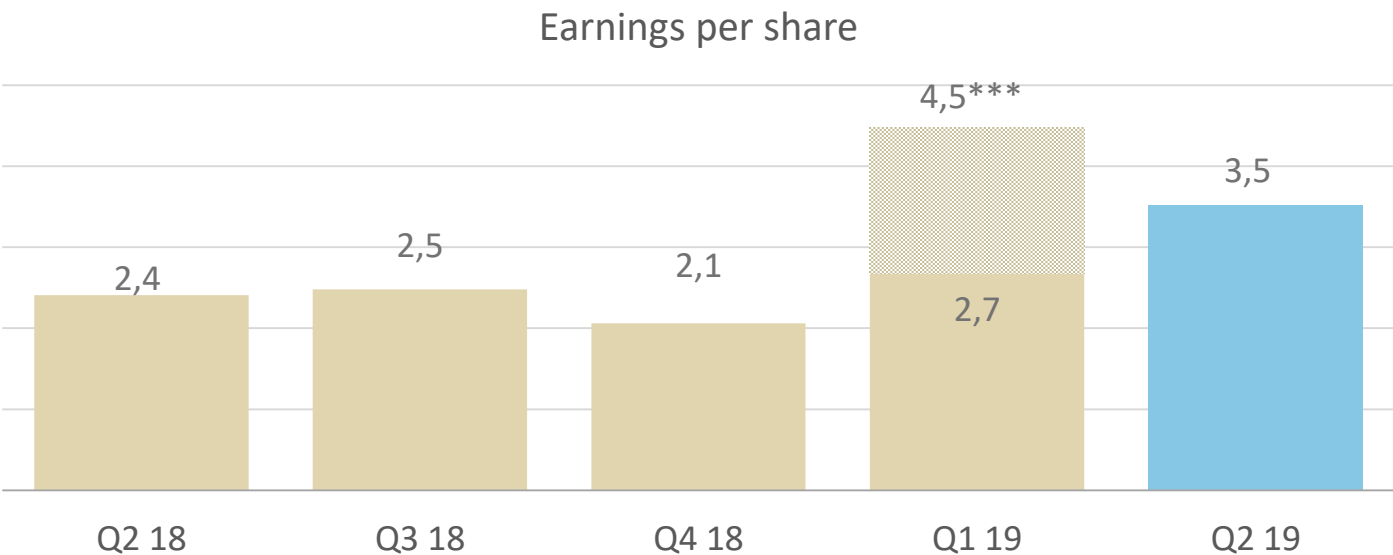
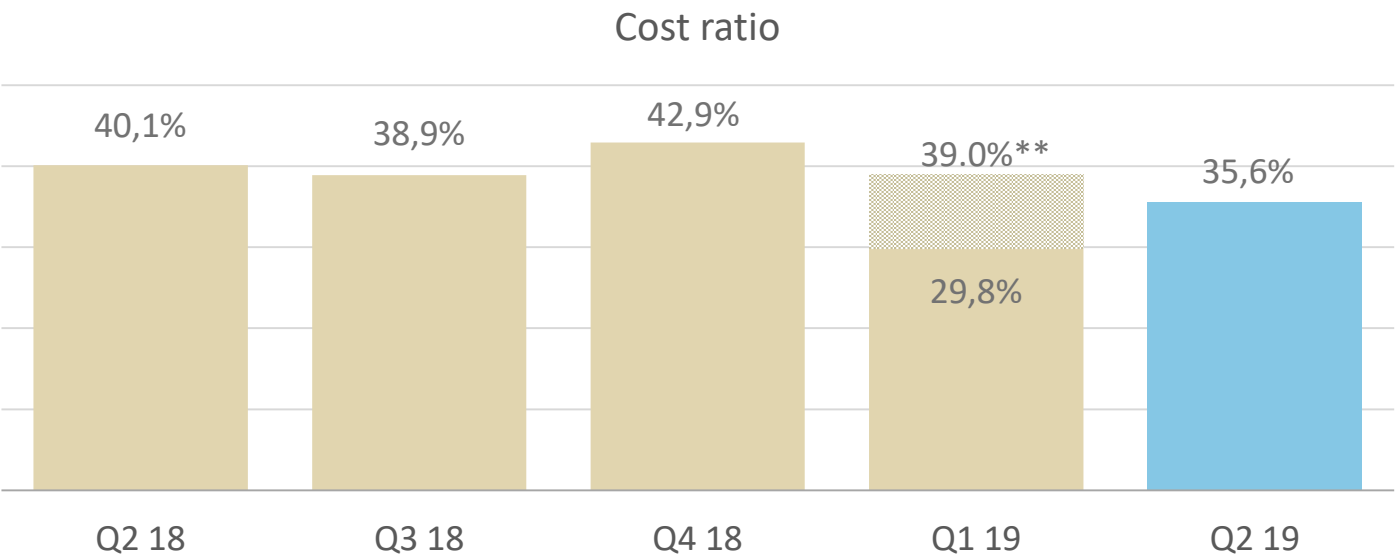
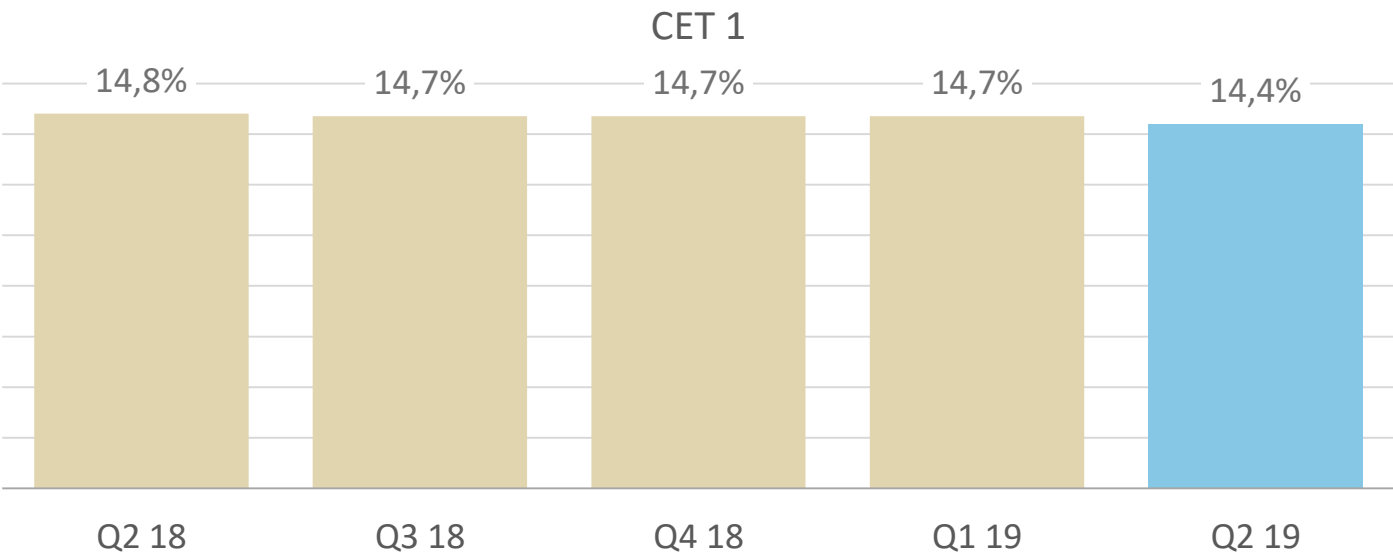
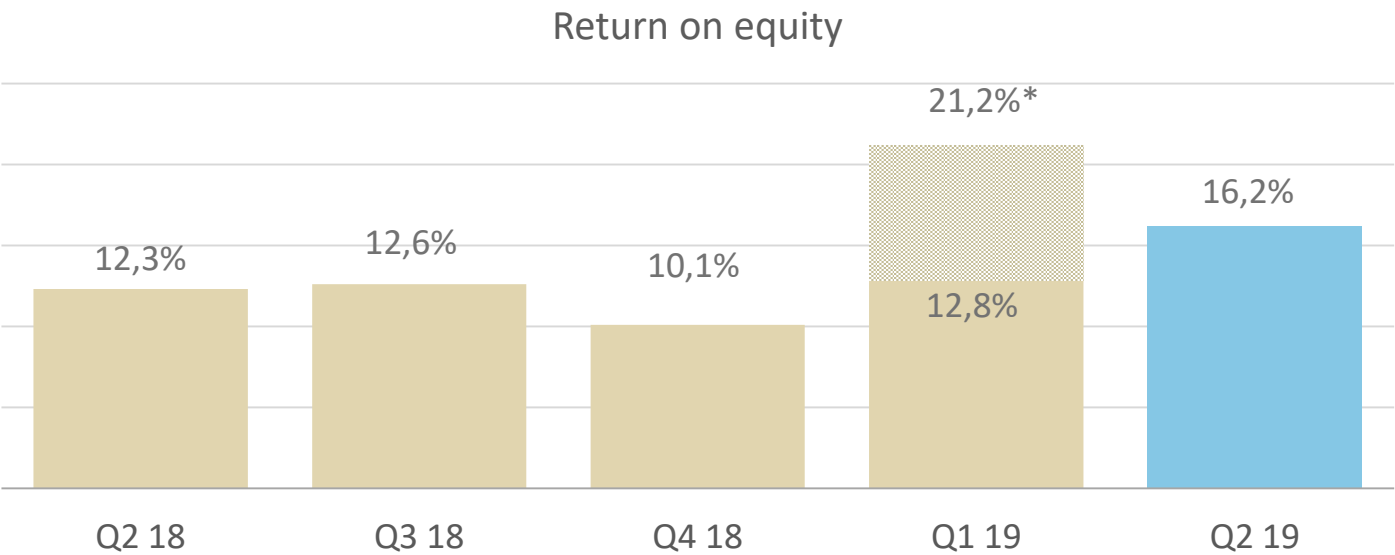


SRBANK share

- International ownership is 28.7% per 2. quarter 2019.
- Total market value at 2. quarter 2019 is NOK 26.6 billion.

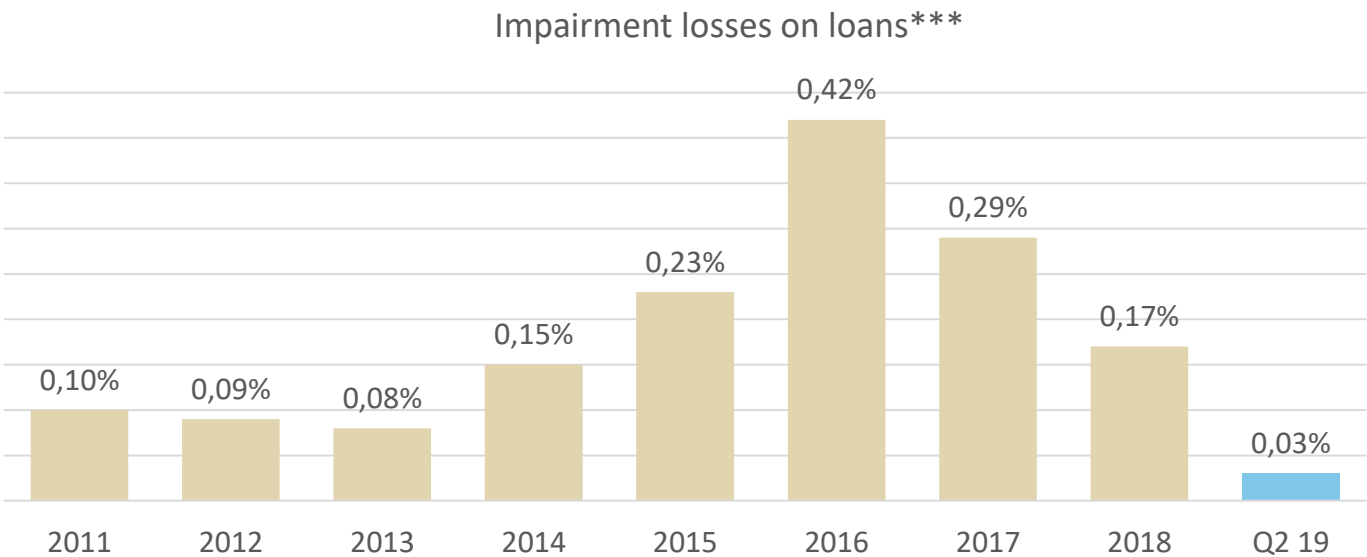
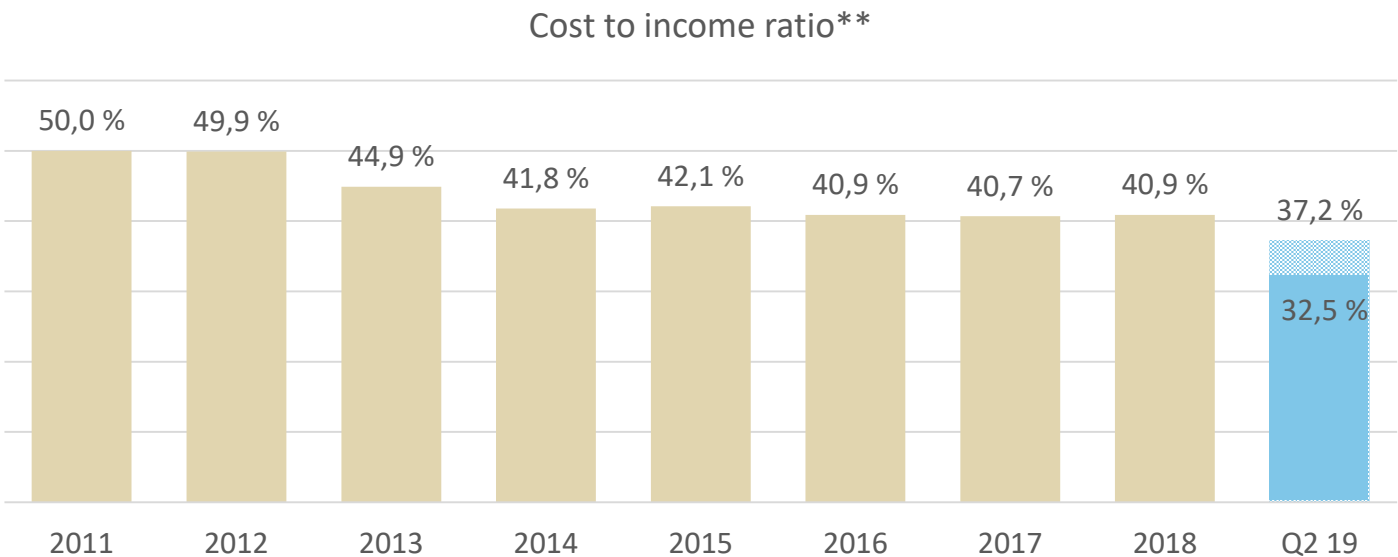
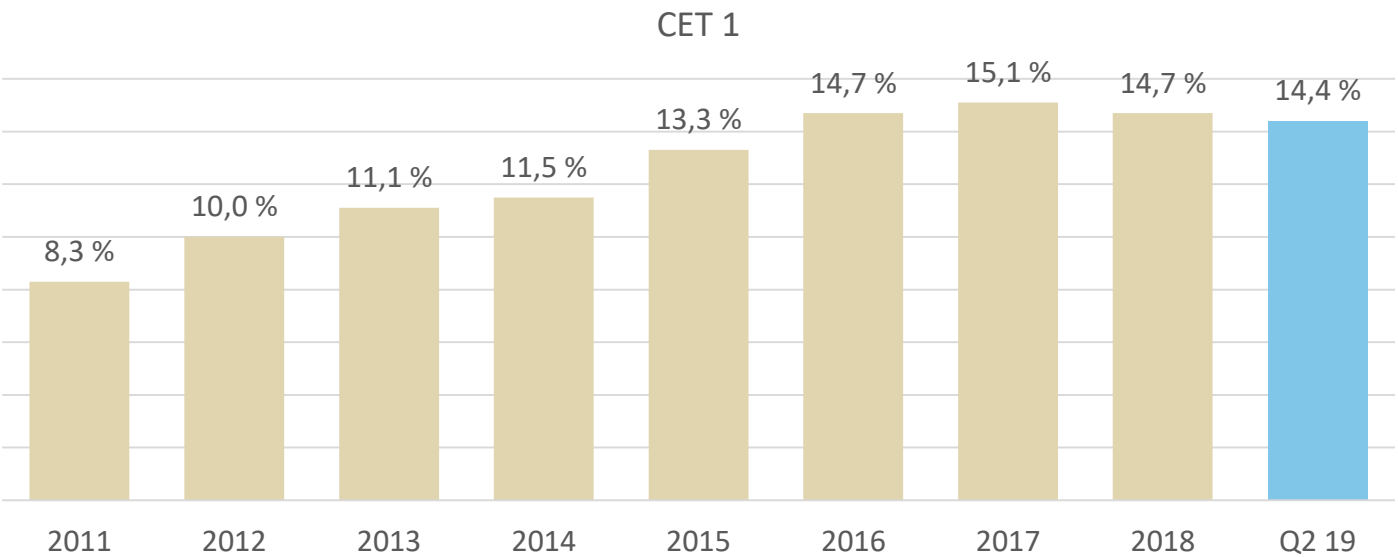
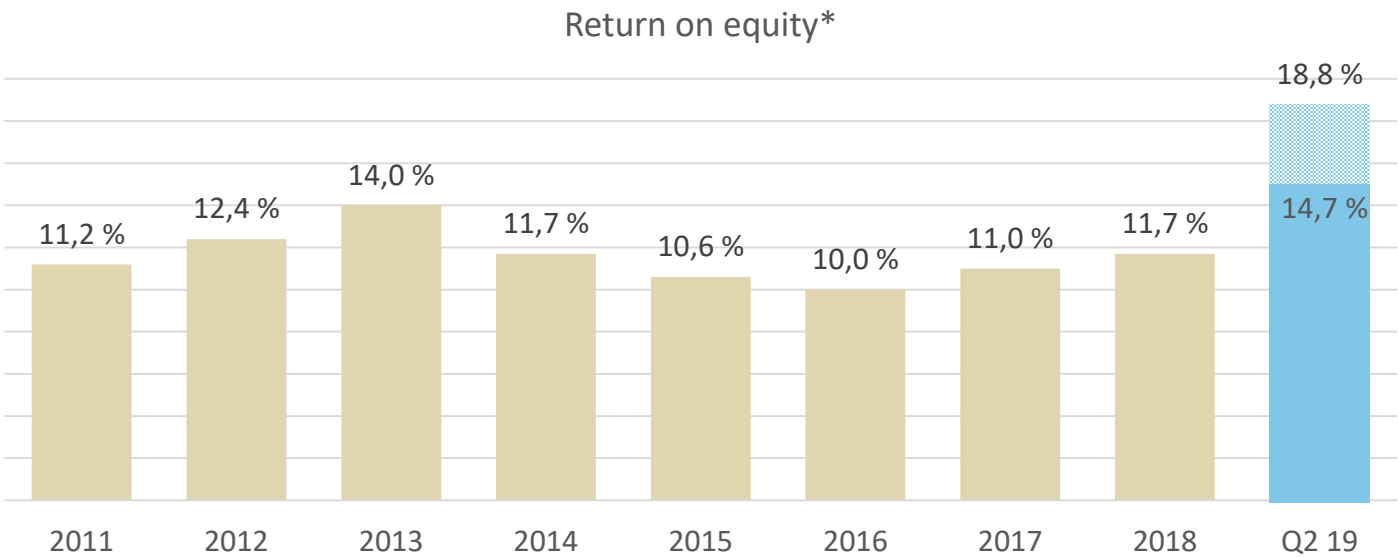


Key figures – quarterly development



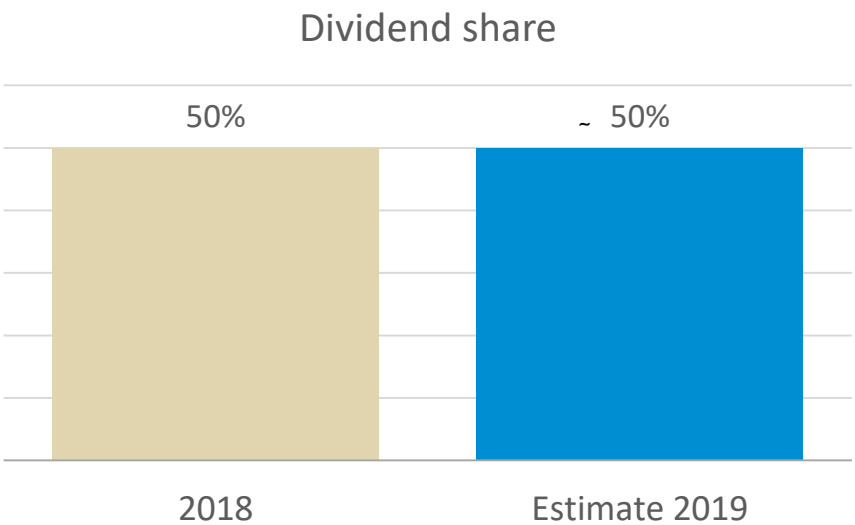
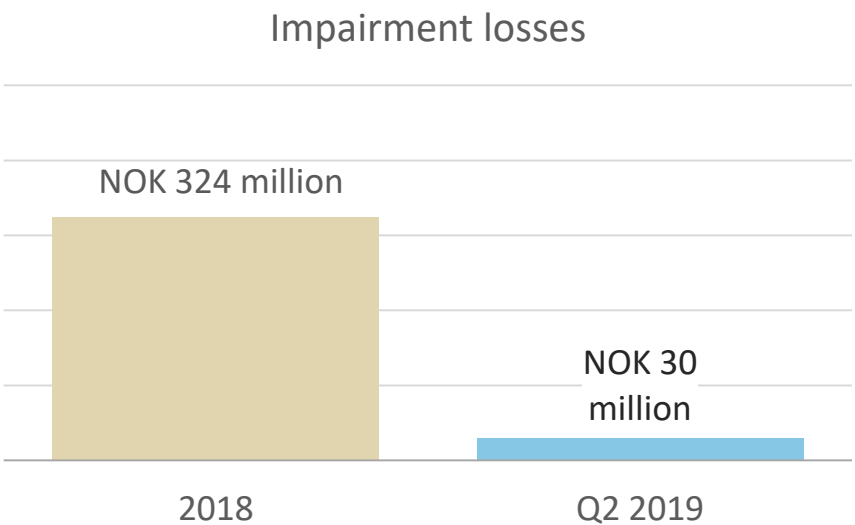
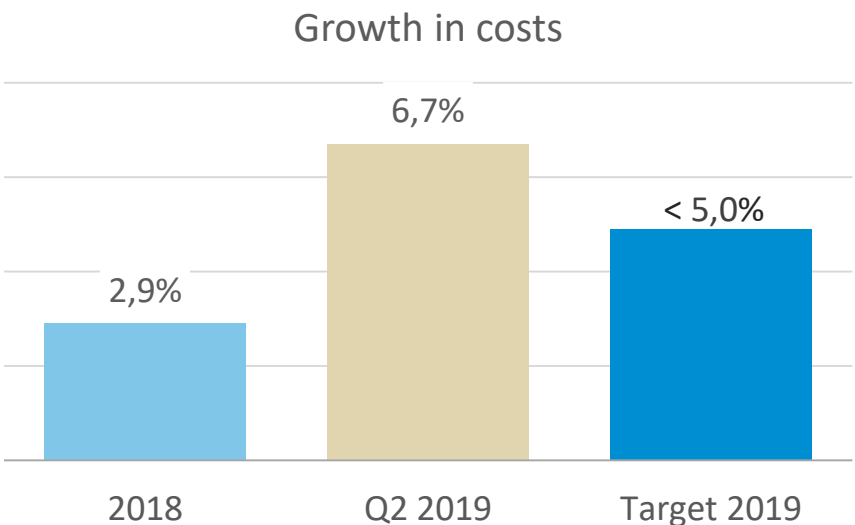
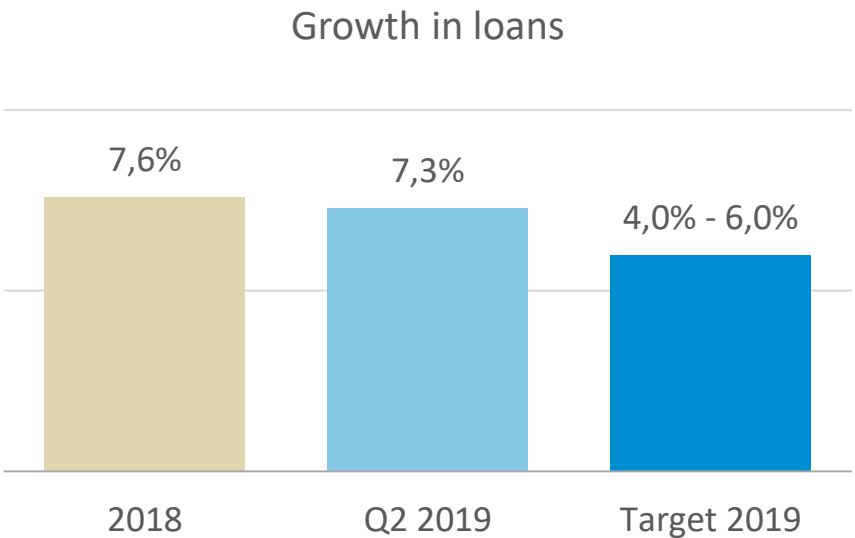
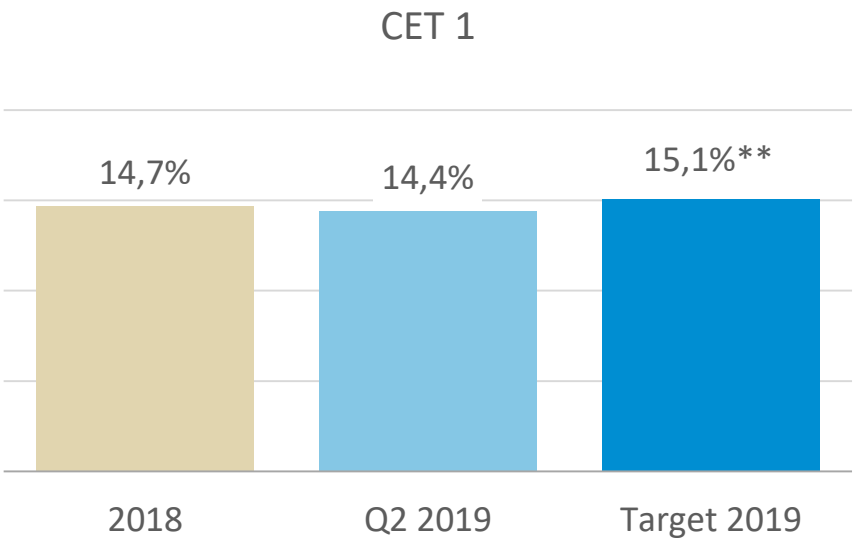
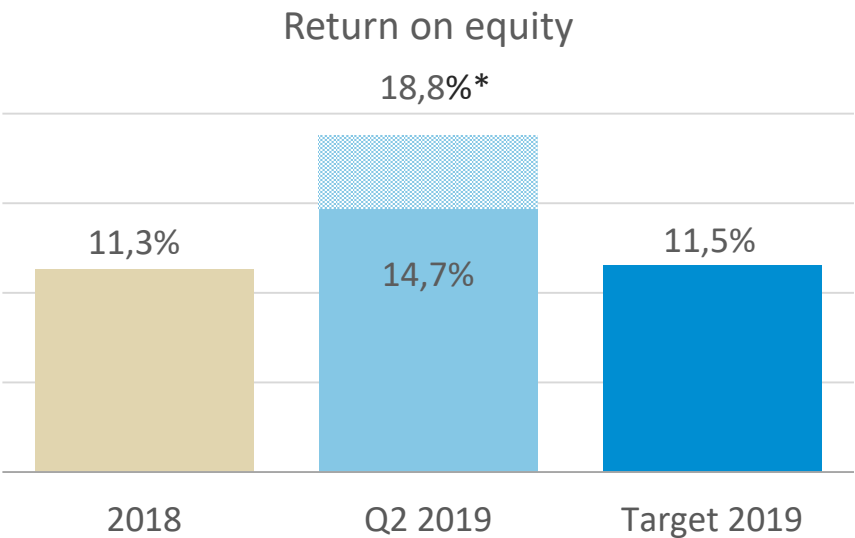
**Return on equity excluding merger effects Fremtind Forsikring AS is 12.8% in Q1 19.*
***Cost ratio excluding merger effects Fremtind Forsikring AS is 39.0% in Q1 19*
****Earnings per share exclusive merger effects Fremtind Forsikring As is NOK 2.68 in Q1 19*

Key figures – annual development



*Return on equity excluding merger effects Fremtind Forsikring AS is 14,7%.
**Cost ratio excluding merger effects Fremtind Forsikring AS is 37,2%.
*** Impairment losses in % of gross loans incl. portfolio in covered bond companies

Financial target and estimate per 31.12.2019



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

**Target 30.06.2019 is 14.6%.

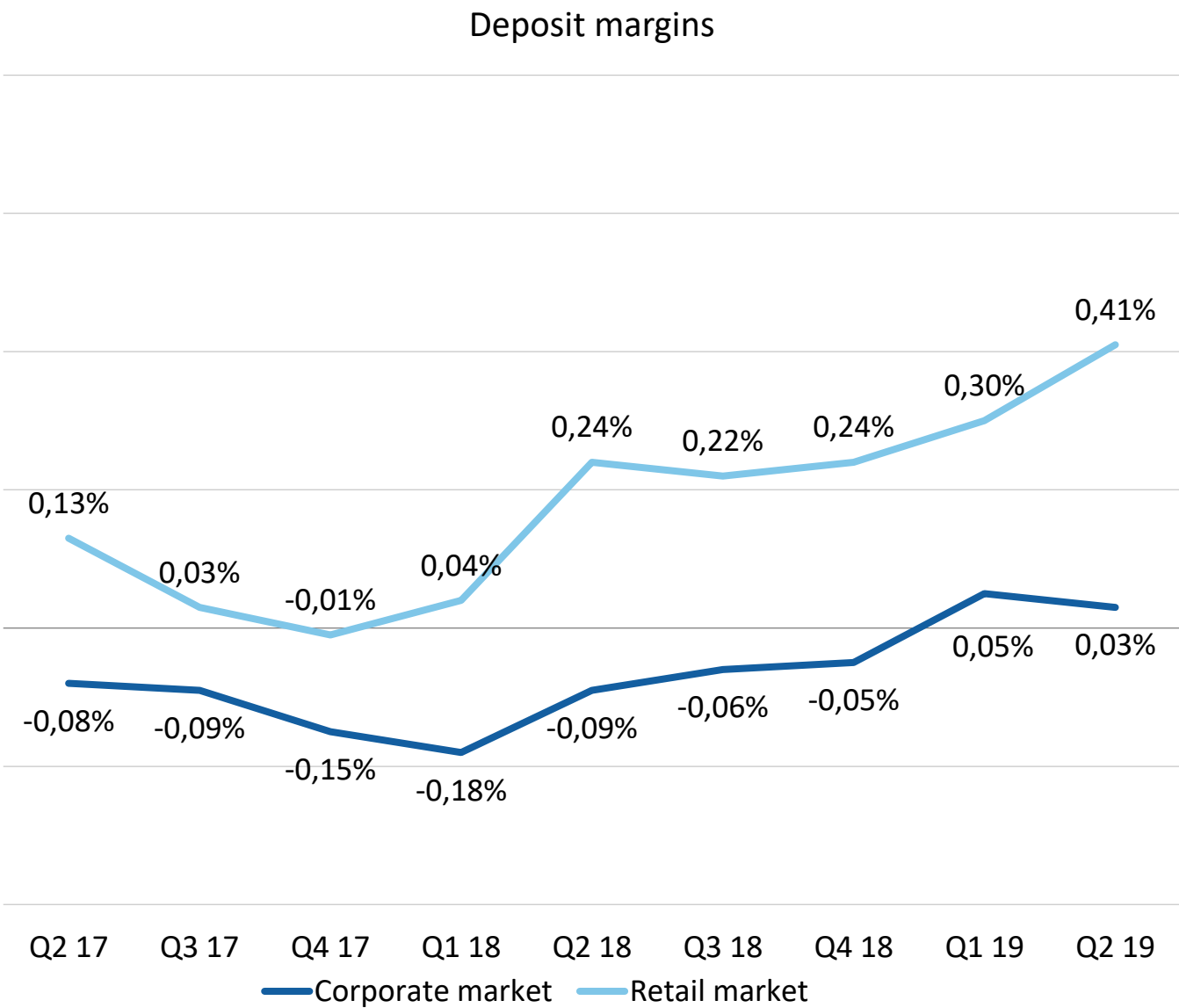
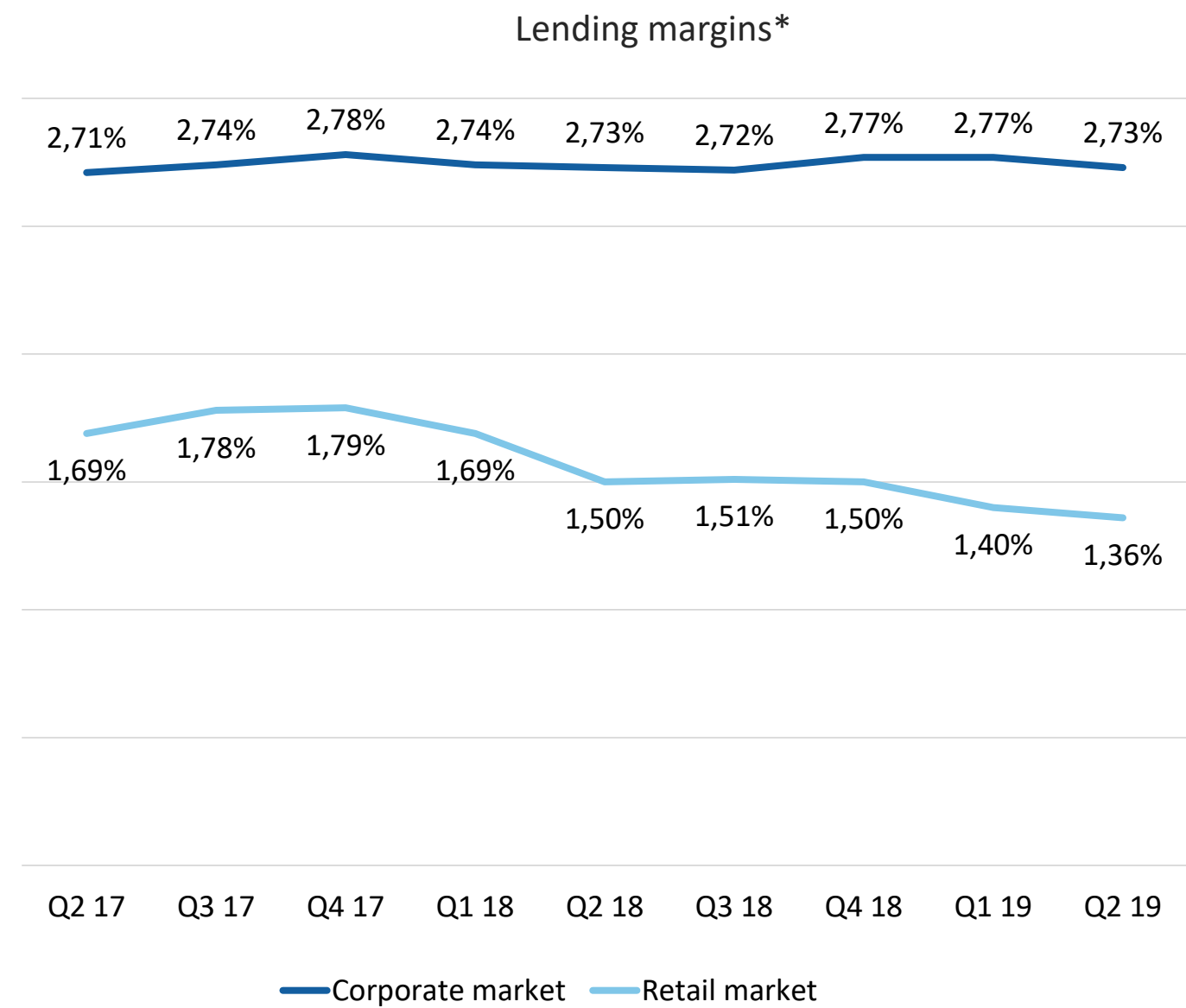
Key figures

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

Income statement

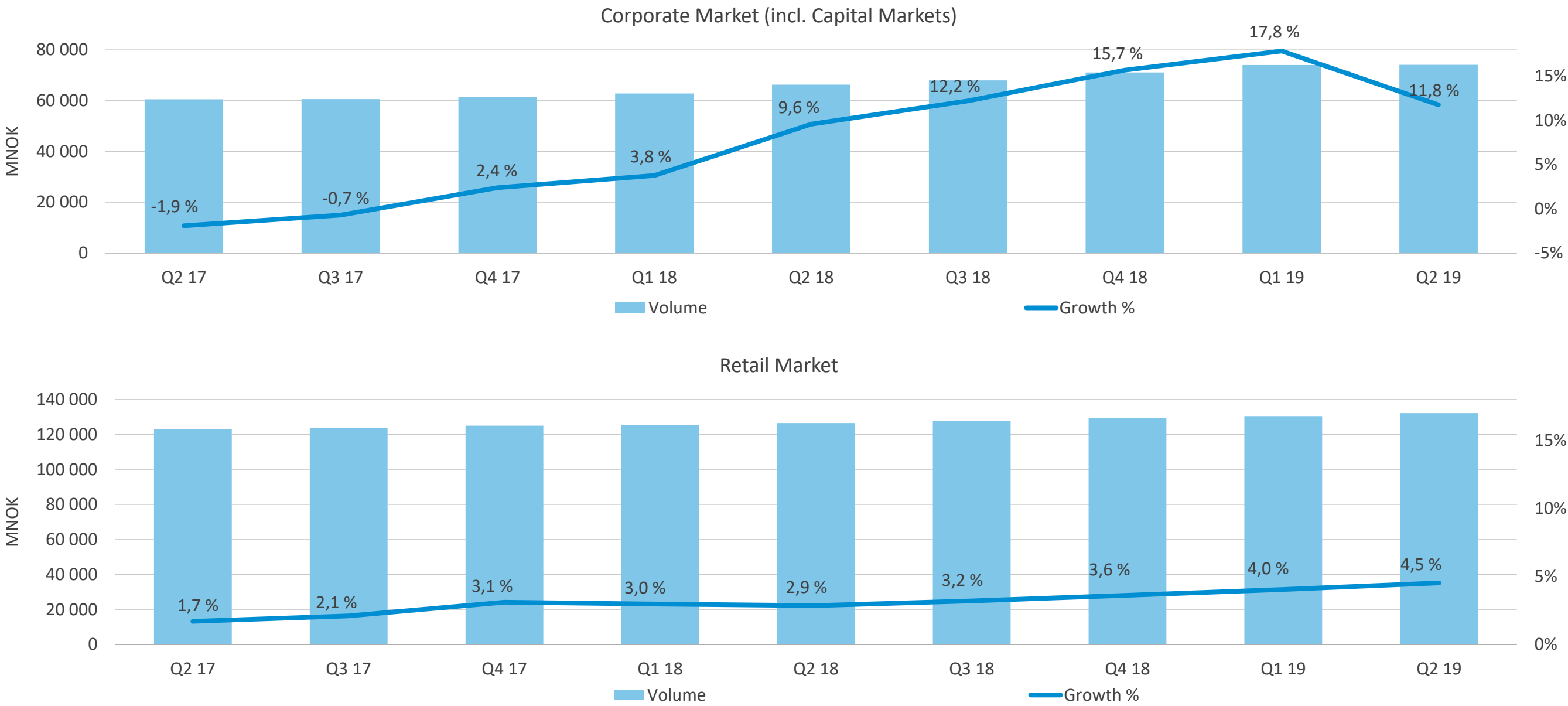
Group Income Statement (MNOK)	30.06.2019	30.06.2018	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18
Net interest income	1.906	1.642	968	938	926	871	842
Net commission and other income	725	738	384	341	350	349	370
Net income on investment securities	1.016	326	340	676	68	175	213
Total income	3.647	2.706	1.692	1.955	1.344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

Lending and deposit margins



Definition: Average customer interest rate against 3-month moving average for 3-month NIBOR.
*Lending margins include loan portfolio in covered bond companies

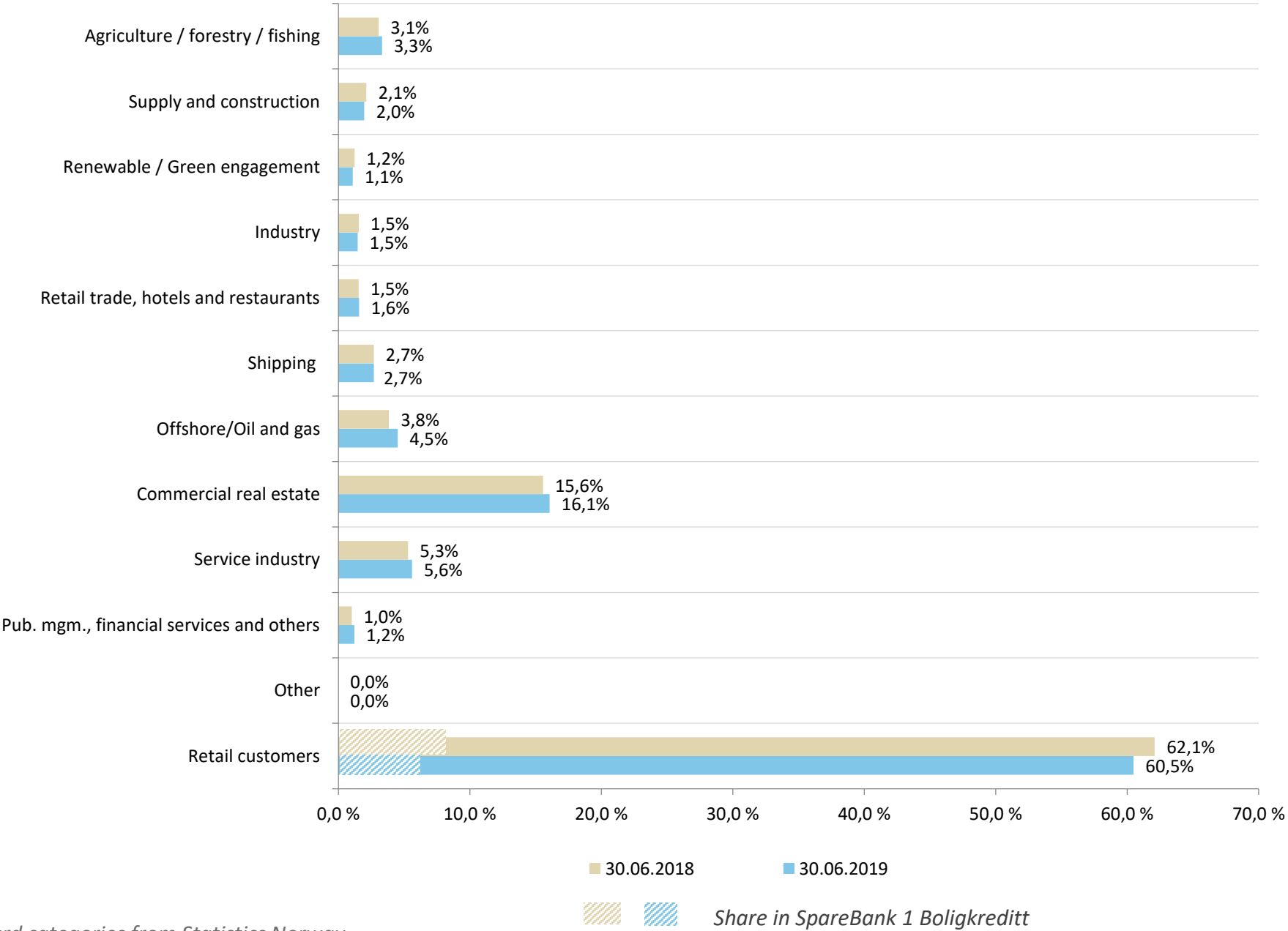
Lending volume and 12 months growth



Figures incl. loan portfolio in covered bond companies.

Loan portfolio as at 30.06.2019

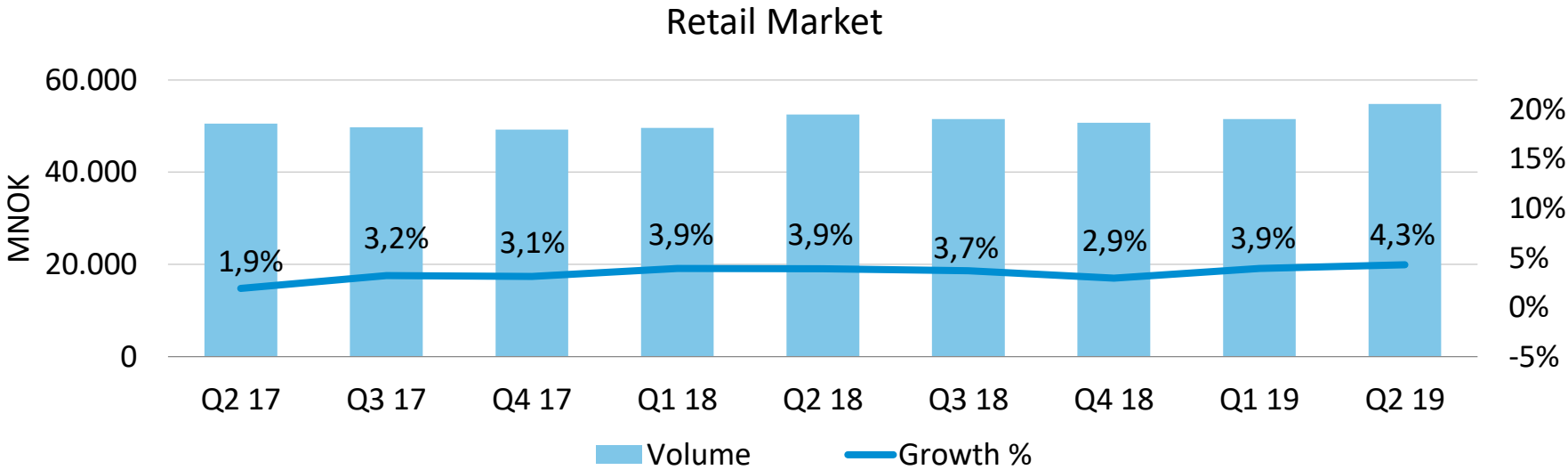
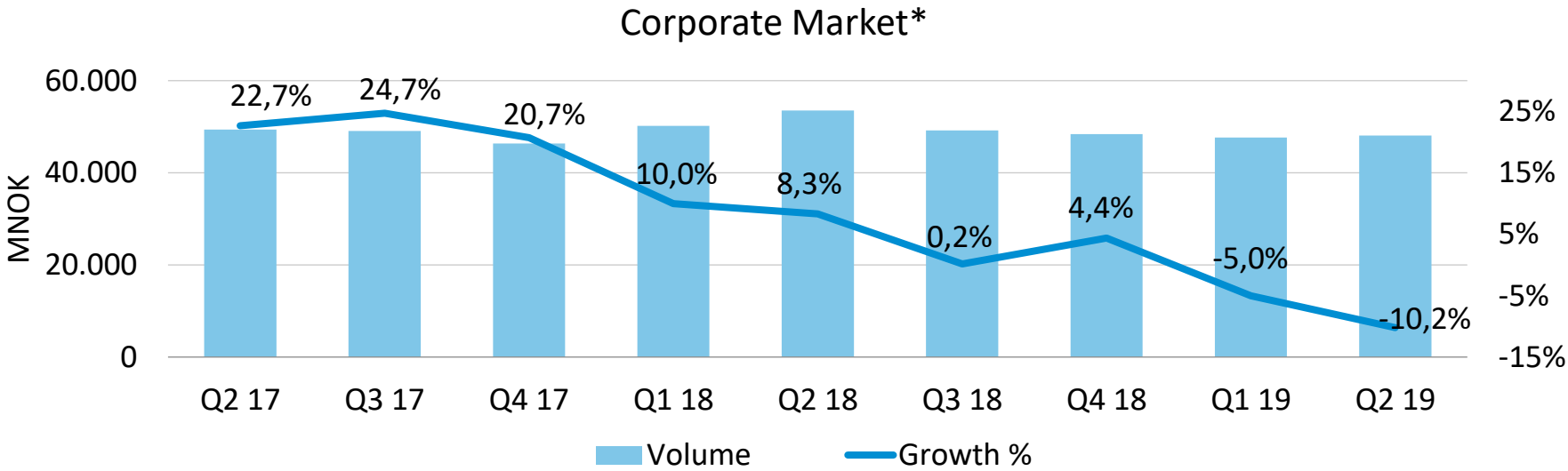
- Gross loans (incl. covered bond companies) as at 30 June 2019 has increased to NOK 207.5 billion from NOK 193.5 billion at the same time the year before.
- 12-month growth in loans of 7.3%.
- Loans to retail customers (incl. covered bond company) account for 60.5% of total loans, of which 7.1%-points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



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

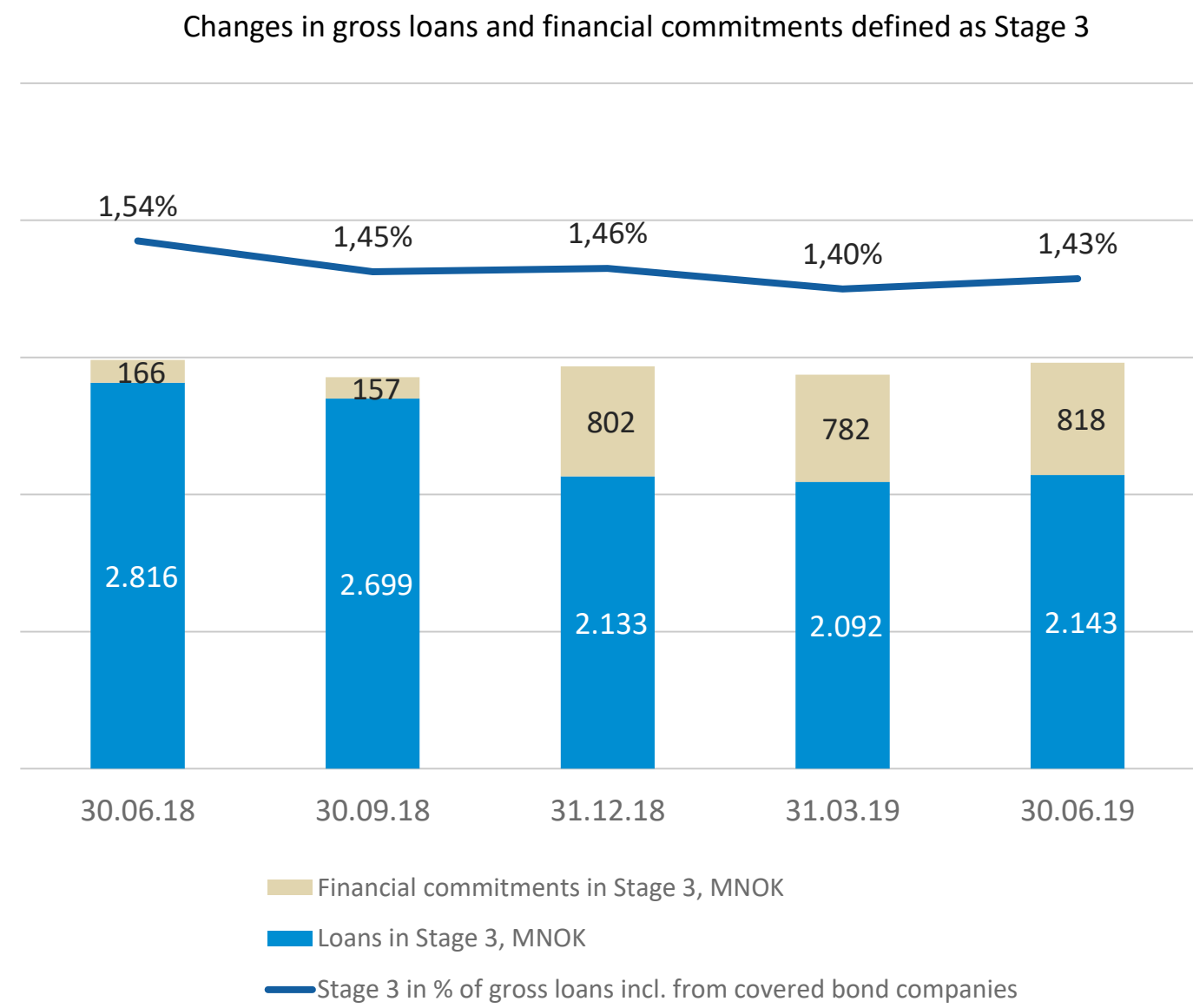
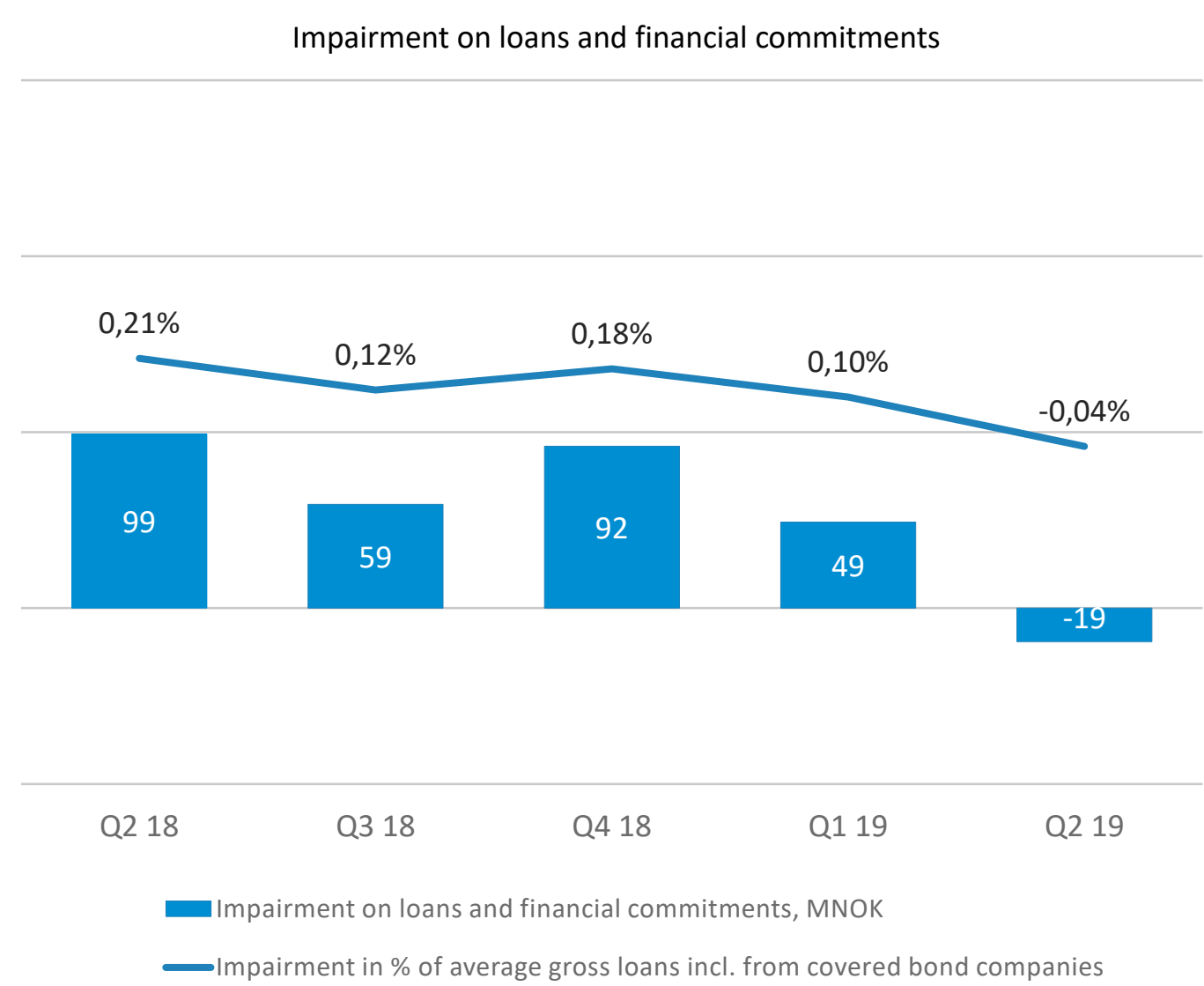
Deposits volume and 12 month growth

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



* Includes also the Capital Markets Division.

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



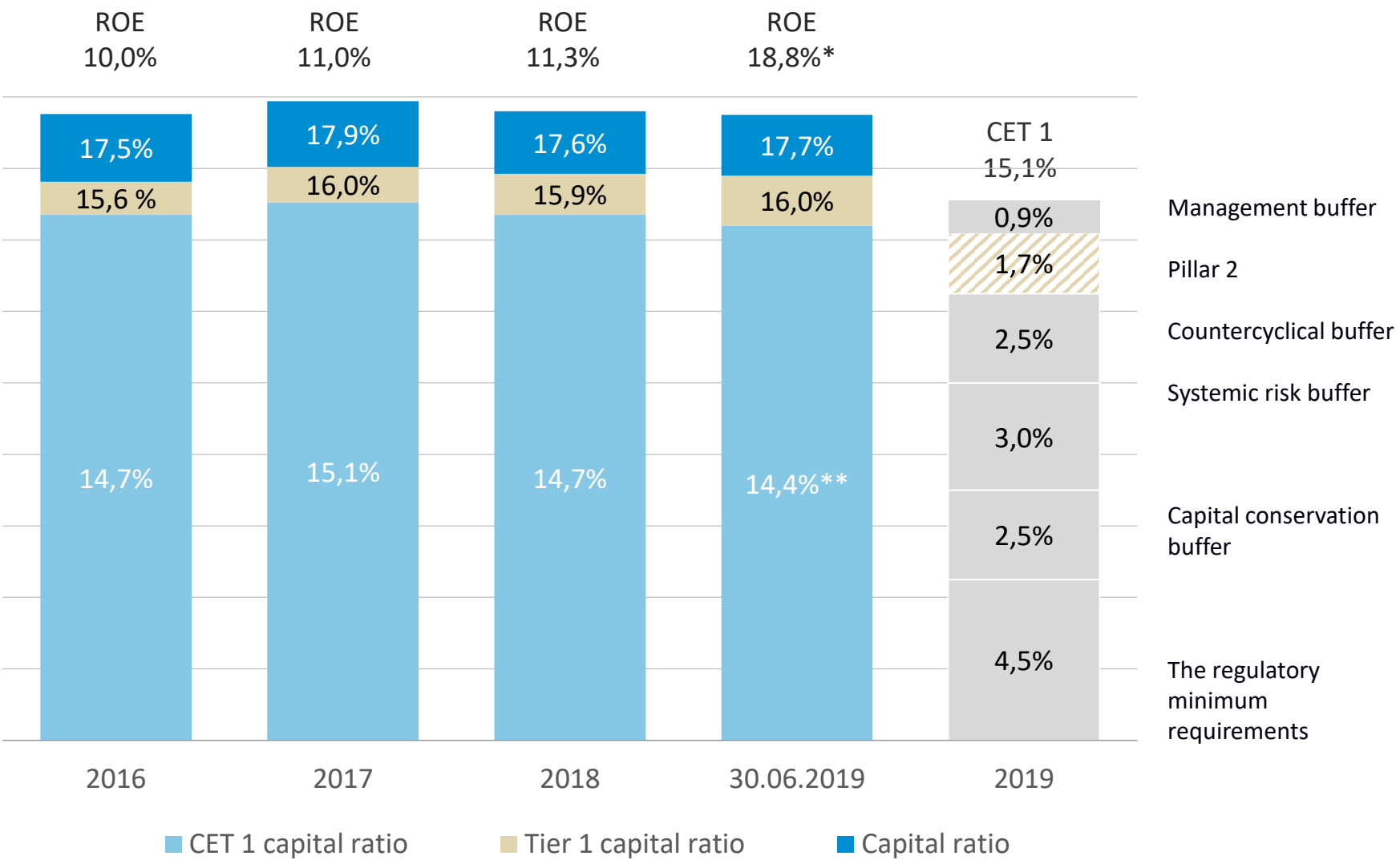
Impairment losses on loans and guarantees

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

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

Solid capital ratio

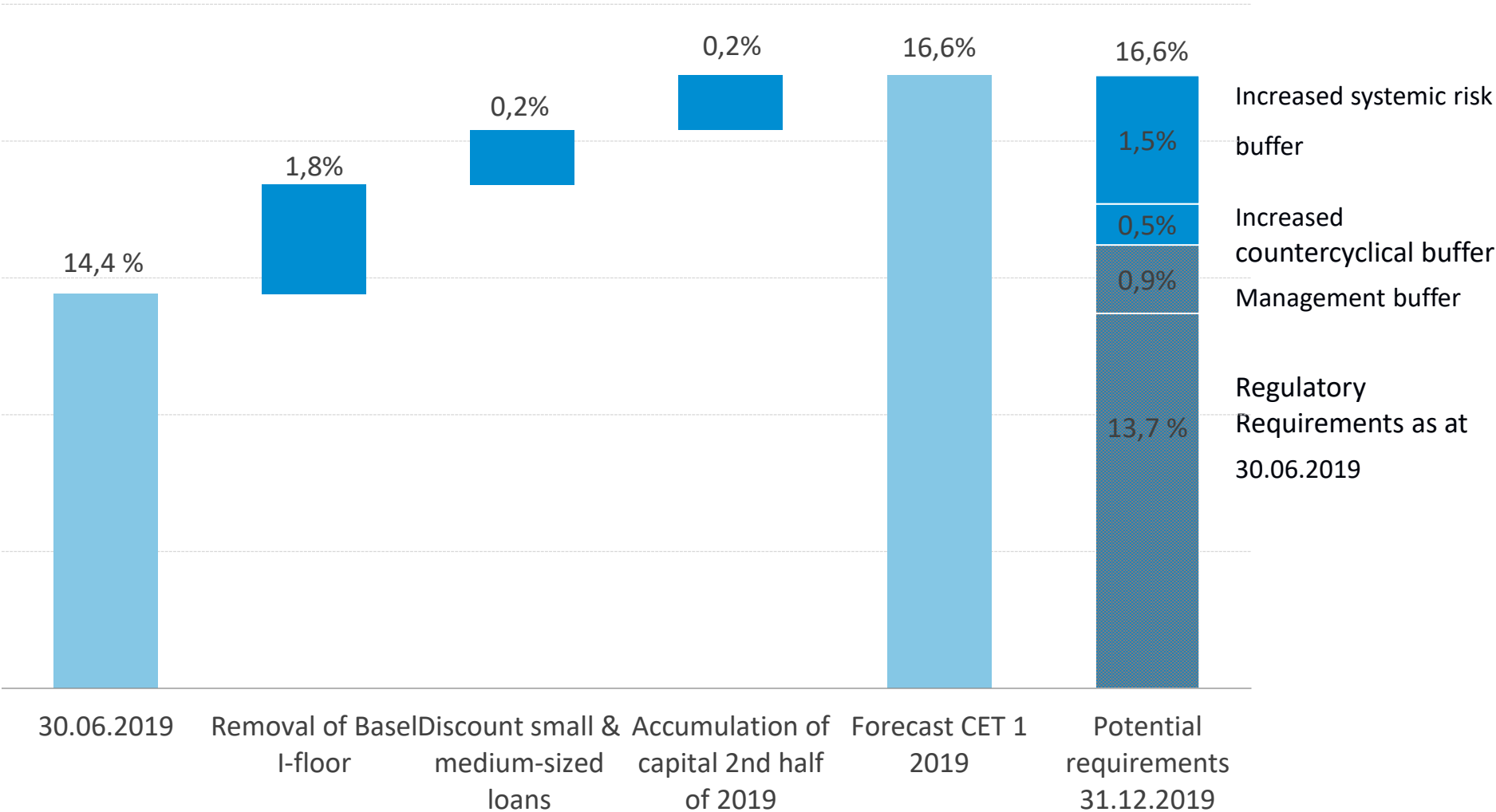
- SR-Bank meet the regulatory requirements as at 30 June 2019.
- The countercyclical buffer will increase from 2.0% to 2.5% in the fourth quarter of 2019.
- SR-Bank is not defined as a systemically important financial institution (SIFI).
- The leverage ratio was 7.6% as at 30 June 2019, well above the minimum requirement being discussed and recommended internationally.



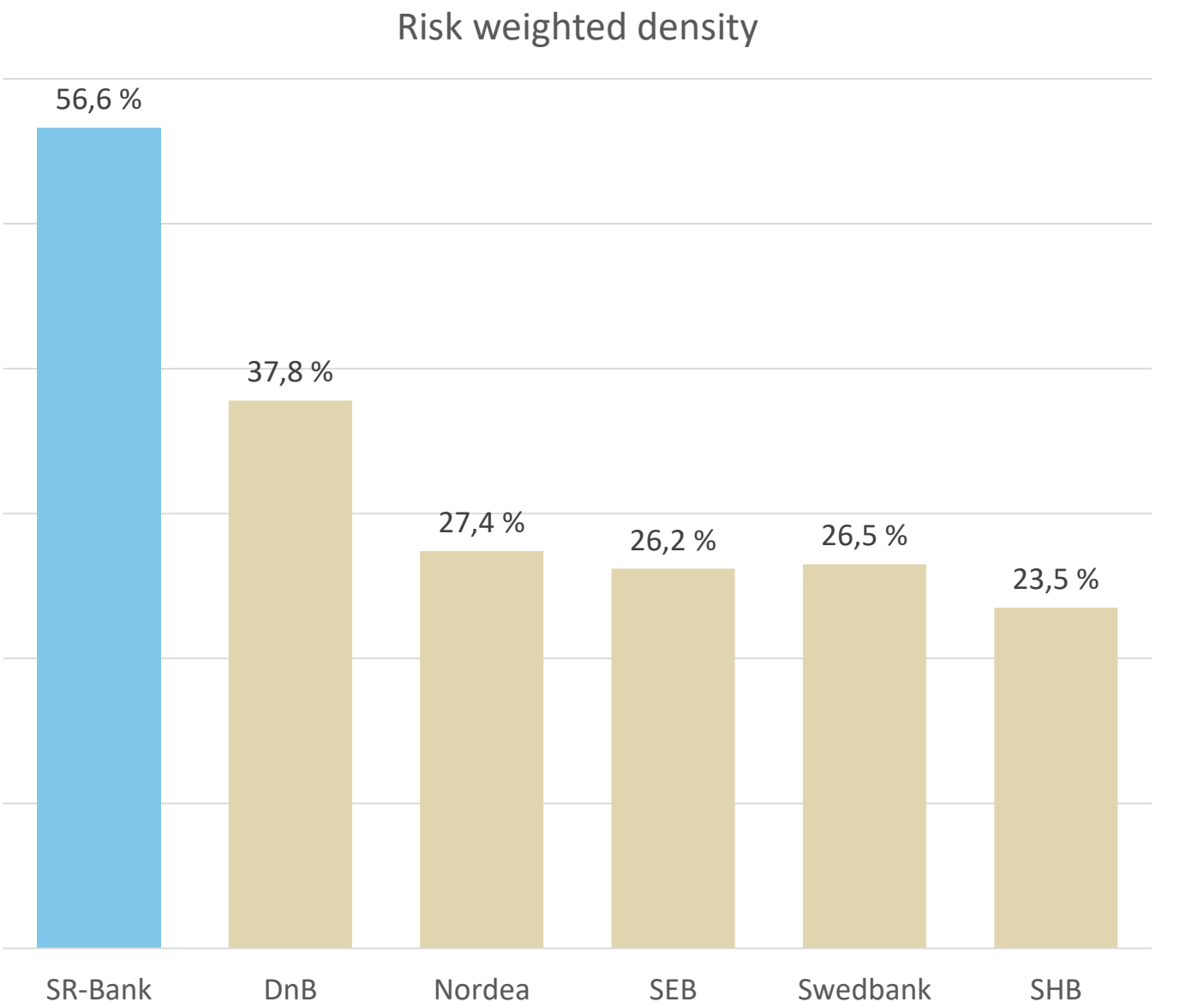
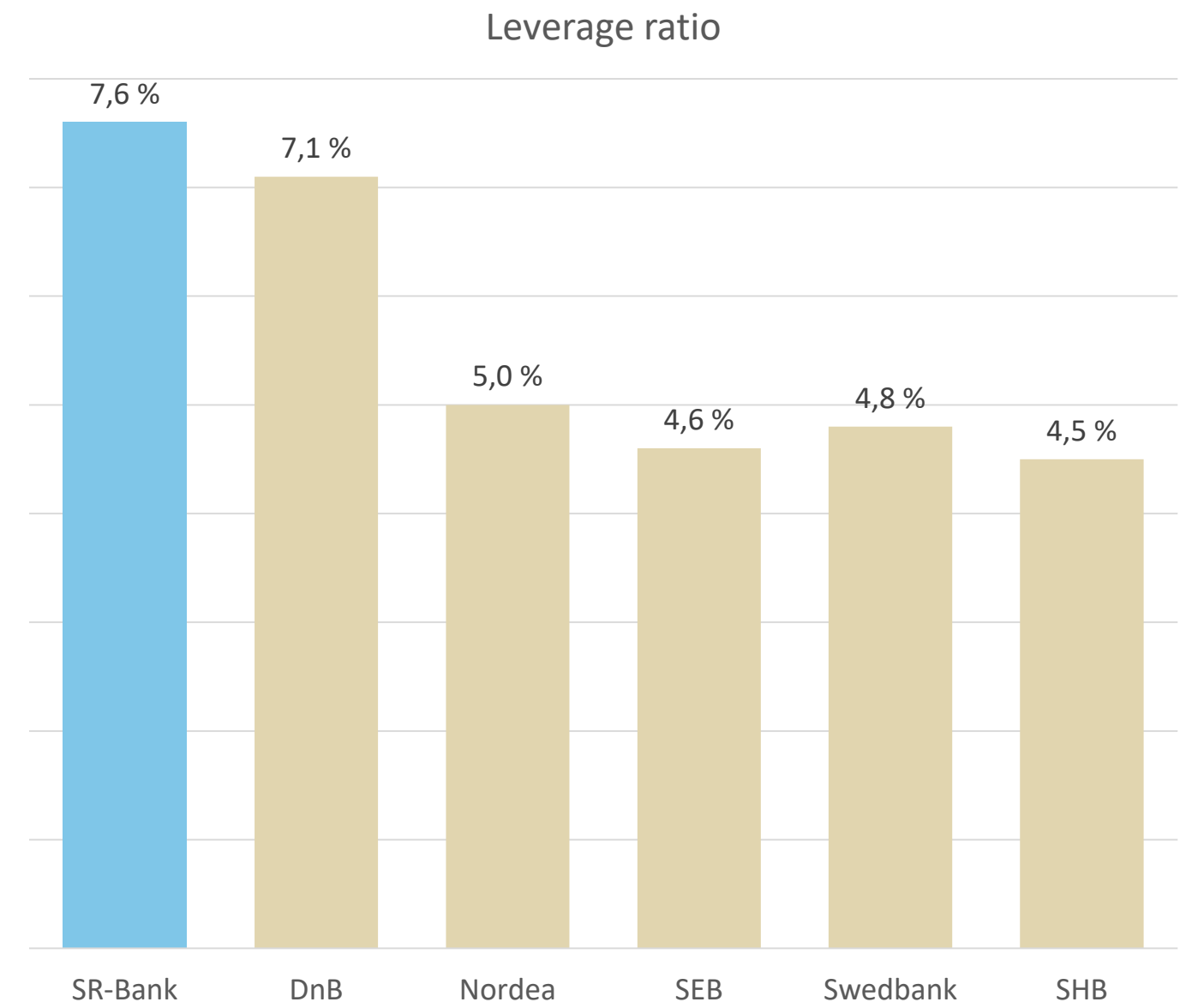
*Return on equity excluding merger effects Fremtind Forsikring AS is 14.7%.
 **Calculation of CET 1 capital as of 30 June 2019 includes 50% of extraordinary income due to merger effects from Fremtind Forsikring AS (increase of 0,2% CET 1 capital)

Well positioned to manage new capital requirements

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



Solid capital



Figures as of 30 June 2019

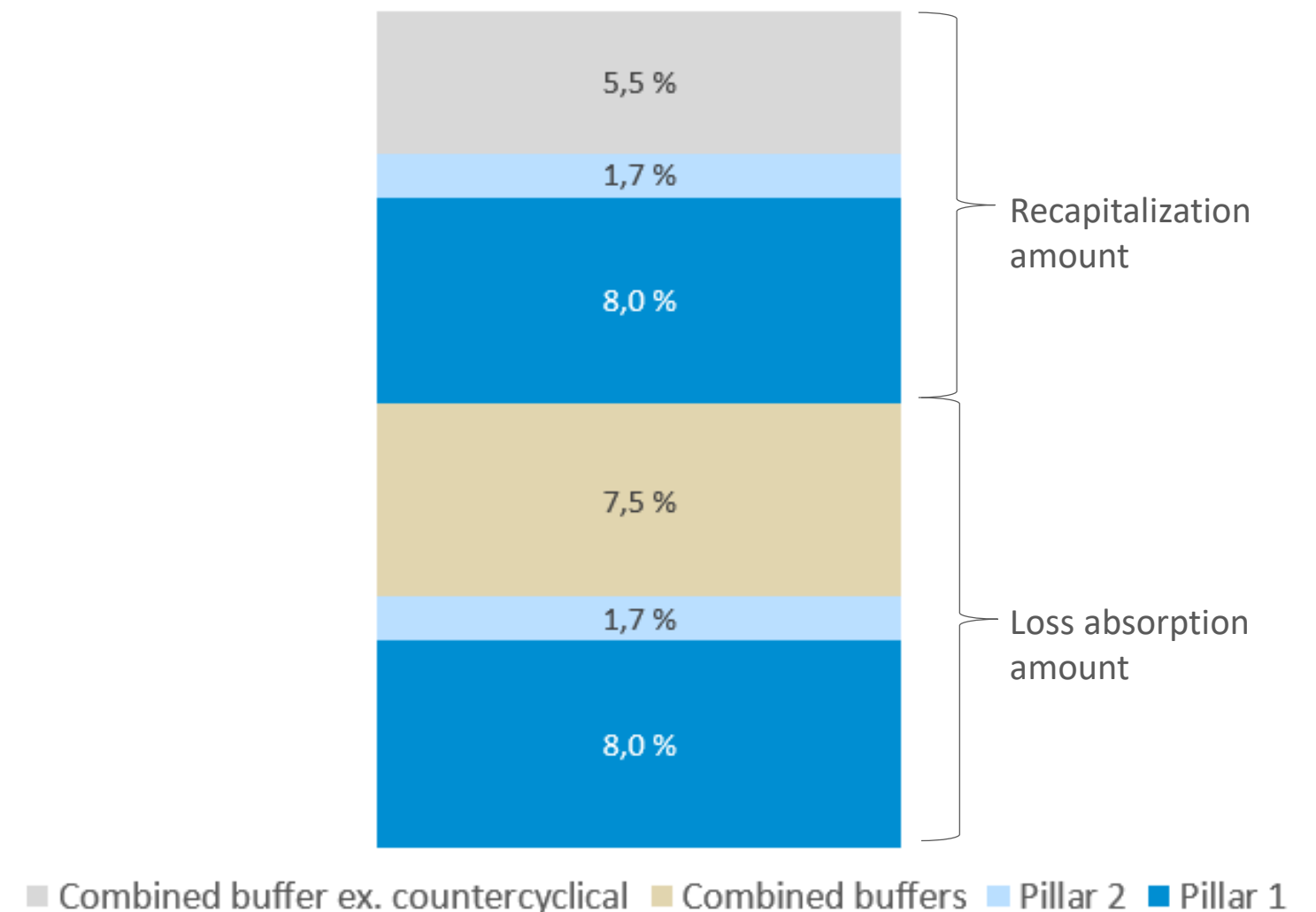
MREL

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

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

«BRRD2» and possible outcome for SR-Bank:

- «BRRD2» was published in the EU official journal 7th June. The legislation sets a maximum level of MREL and compliance of requirements by 31 December 2024.
- Total capital requirement including MREL = (P1 + P2 + Combined buffer requirement) x 2 - Countercyclical buffer x 1, see figure.
- The Ministry of Finance has proposed an increase of the systemic risk buffer from 3 to 4.5% as of year end 2019.
- The Basel I-floor is expected to be removed and a discount for small and medium-sized loans will be introduced. Calculated positive effect for CET 1 is 2.0%.



Funding

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

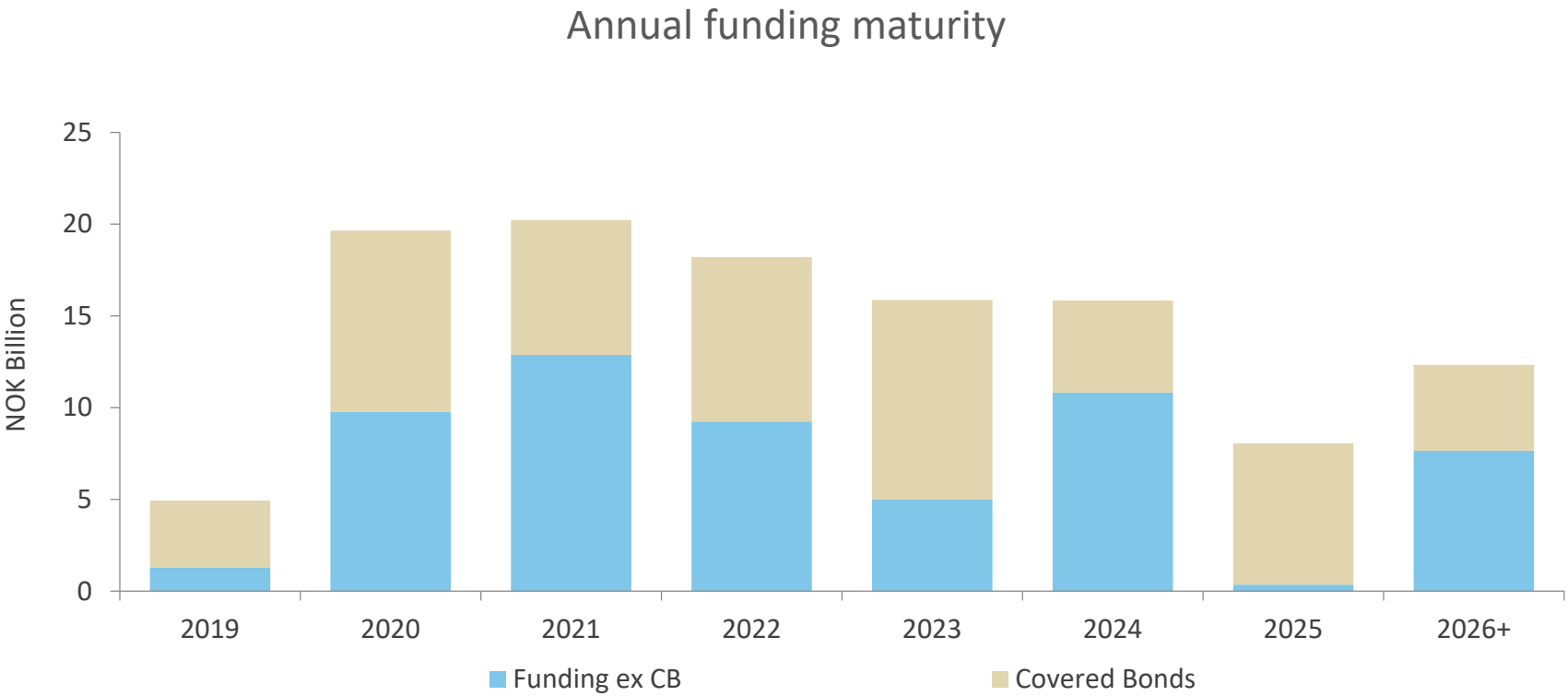
SRBANK

SPAREBANK 1 SR-BANK ASA

(incorporated with limited liability in Norway)

€10,000,000,000

Euro Medium Term Note Programme



SR-Boligkreditt

SR-BOLIGKREDITT AS

(incorporated with limited liability in Norway)

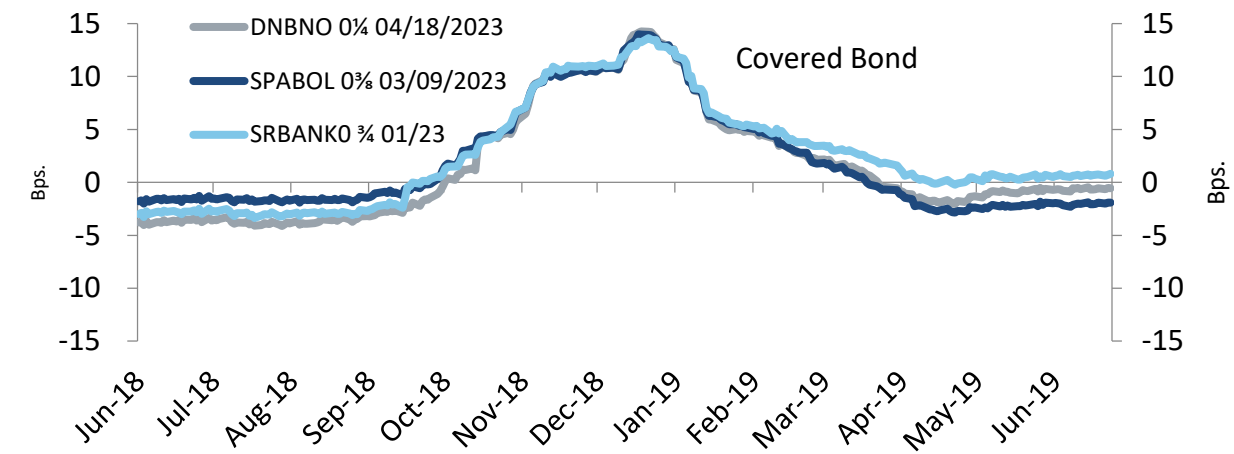
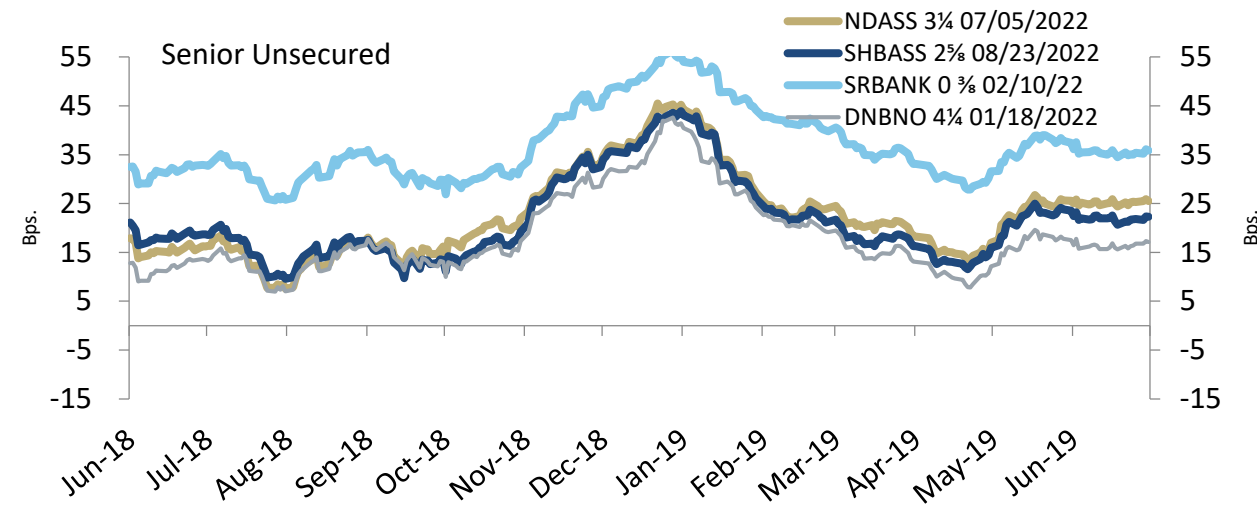
€10,000,000,000

Euro Medium Term Covered Note Programme

**The net stable funding ratio (NSFR) is defined as available stable funding relative to necessary stable funding. NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway.*

***High quality liquid assets divided by total net cash outflow in a 30-day, serious stress scenario.*

An established borrower in the Euromarket



Issuer / Ticker	Coupon	Amount	Maturity	ISIN
SR-Bank / SRBANK	2,125%	EUR 500mn	03-February-2020	XS0876758664
SR-Bank / SRBANK	2,125%	EUR 750mn	14-April-2021	XS1055536251
SR-Bank / SRBANK	0,375%	EUR 500mn	10-February-2022	XS1516271290
SR-Bank / SRBANK	0,625%	EUR 750mn	25-March-2024	XS1967582831
SR-BOL / SRBANK	0,500%	EUR 500mn	28-September-2020	XS1297977115
SR-BOL / SRBANK	0,125%	EUR 750mn	8-September-2021	XS1429577791
SR-BOL / SRBANK	0,750%	EUR 600mn	18-January-2023	XS1344895450
SR-BOL / SRBANK	0,375%	EUR 500mn	3-October-2024	XS1692489583
SR-BOL / SRBANK	0,750%	EUR 750mn	17-October-2025	XS1894534343
SR-BOL / SRBANK	2,500%	USD 600mn	12-April-2022	XS1596016847
SR-BOL / SRBANK	Nibor3m+34	NOK 5.000mm	25-November-2019	NO0010779176
SR-BOL / SRBANK	Nibor3m+35	NOK 5.000mm	10-September-2020	NO0010740152
SR-BOL / SRBANK	Nibor3m+29	NOK 5.000mm	17-November-2022	NO0010841380
SR-BOL / SRBANK	Nibor3m+29	NOK 5.000mm	29-May-2023	NO0010823255

1 **SR-Bank**

2 **Sustainability and Green Bond Framework**

3 **House market**

4 **SR-Boligkreditt**

5 **Norwegian economy**

6 **Appendix**

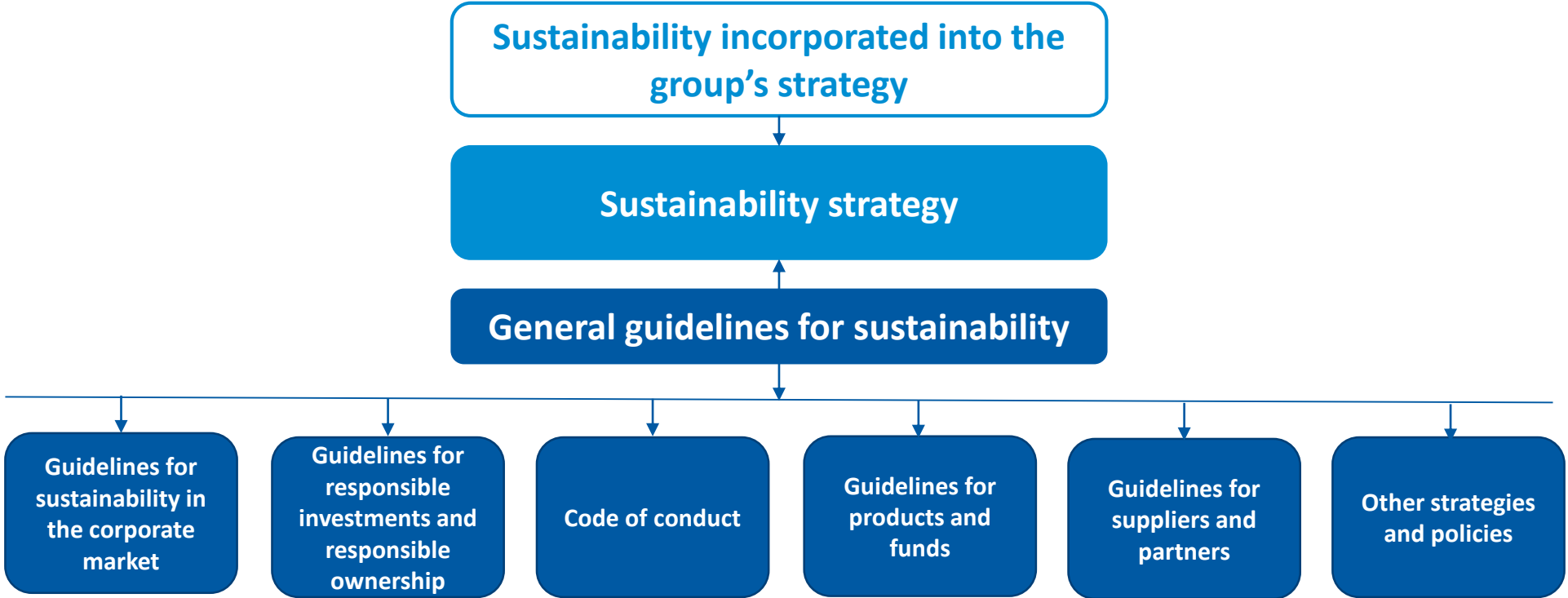
Sustainability within SR-Bank and SR-Boligkreditt



SR-Bank

SR-Boligkreditt

Sustainability within SR-Bank



- The group's sustainability principles are based on the 17 UN Sustainable Development Goals
- We support the UN Global Compact's ten principles for sustainability
- We recently became a founding signatory of the UN Principles for Responsible Banking



Our operations are managed through focusing on a long-term perspective

Environment and climate

As a responsible financial group, we take a **proactive approach** to environmental and climate challenges

Working environment

We respect **fundamental human rights, labour rights and basic social needs**. The requirements concerning labour rights also apply to our suppliers

Ethics and anti-corruption

SR-Bank's **code of conduct** contributes to, among other things, fighting corruption, extortion, bribery, whitewashing, fraud, terrorist financing, and the financing of other criminal activities

Responsible investment

Every company in which we invest in connection with asset management is **checked** to see whether they are involved in **tobacco production, nuclear weapons, or serious environmental destruction**

Suppliers

SR-Bank's purchasing policy specifies that purchases must be as sustainable as possible, and **bidders must submit information on their sustainability and CSR**

Responsible credit

Our customers must have a long-term perspective and comply with applicable laws and regulations, including environmental considerations and human rights


Money laundering and terrorist financing

SR-Bank has an **extensive framework of guidelines** intended to prevent us being used for money laundering, tax evasion or terrorist financing

SR-Bank’s sustainability strategy is embedded through our guidelines

Guidelines

Environment



SR-Bank aims to increase the proportion of companies that contribute to higher use of renewable energy

We encourage our customers to:

- ✓ Establish targets for energy efficiency and reduction of greenhouse emissions
- ✓ Work towards reducing pollution and contribution to good routines for waste management and recycling
- ✓ Make use of renewable energy where appropriate

Society




SR-Bank aims to make a positive contribution to social development in the local communities where the bank is active

We expect our customers to:

- ✓ Treat people in accordance with recognised international norms
- ✓ Respect the United Nations Declaration of Human Rights and Workers’ Rights
- ✓ Respect the ILO's eight fundamental conventions
- ✓ Safeguard human rights in war and/or conflicts

Corporate Governance



SR-Bank has strict routines for combating money laundering and hidden ownership. The bank also aims to encourage clients to have good routines for sustainable choices

We expect our customers to:

- ✓ Have zero tolerance for corruption and economic crime within their own operations and in companies with which they do business
- ✓ Contribute to full transparency relating to suspected corruption and help investigate such issues

Sustainability strategy: Our environmental goals & principles

SR-Bank aims to increase the proportion of companies that contribute to higher use of renewable energy. The bank intends to encourage such an increase through green business development

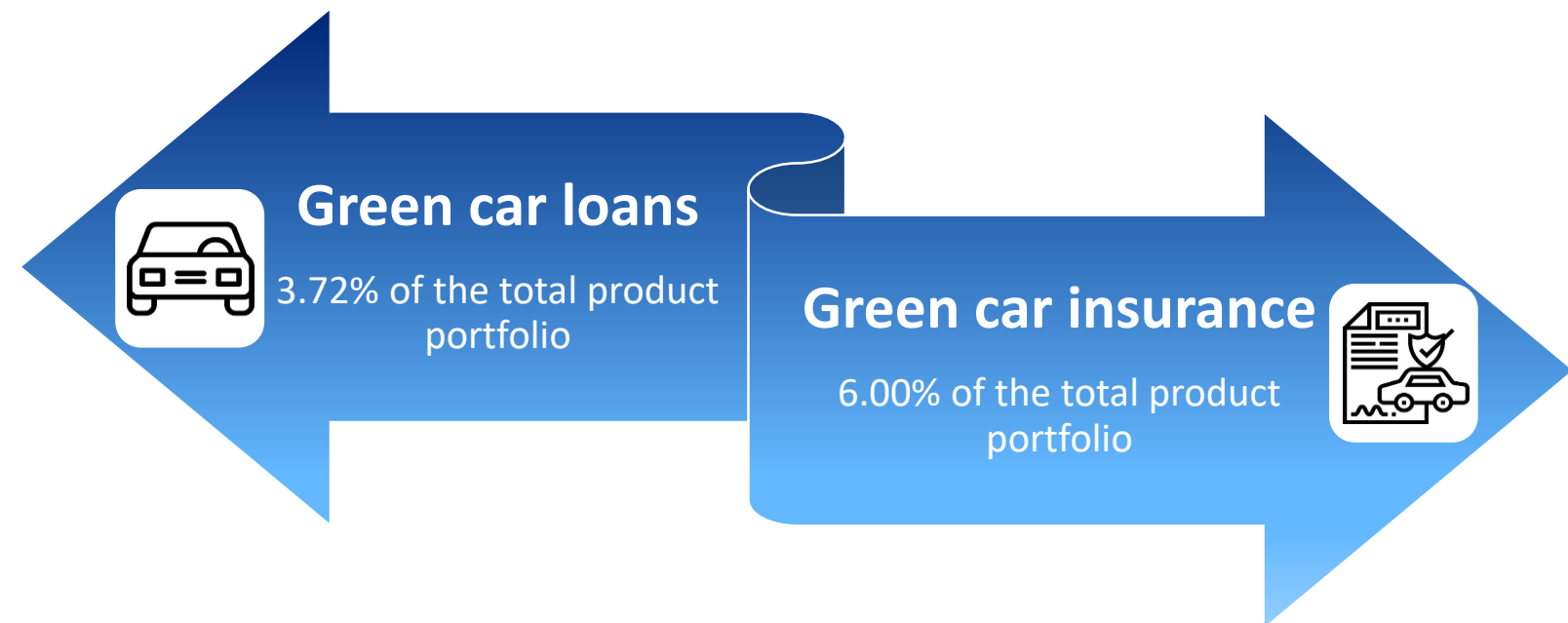
- ✓ Clients with a conscious approach to **climate risk** and who focus on **reducing their impact on the climate and the environment**
- ✓ Companies that **prevent negative consequences** for local areas listed on **the UNESCO World Heritage List**, wetlands registered in the Ramsar Convention or vulnerable nature/conservation areas registered by the **International Union for Conservation of Nature (IUCN)**
- ✓ Companies that operate in areas of **endangered plant and animal species**, including **animal species listed on the IUCN Red List of Threatened Species** and that take into account such species and minimise interventions in nature
- ✓ Companies with proper **management of recoverable natural resources**
- ✓ Companies with proper operations and interaction with all **interest groups in relation to the extraction of non-recoverable natural resources**

We do not provide loans to businesses that:

- Are involved in the extraction of or energy production based on coal or that can in some way be associated with nuclear power
- Make use of timber from enterprises engaged in illegal logging, selling illegally felled timber or timber from deforestation, and/or destroying tropical rainforests, removing primary forests or protected forests (High conservation value forests)

Green product offerings

- SR-Bank expects the demand from customers and investors for green products to grow in the coming years
- Green products are defined as savings and credit agreements that contain conditions concerning whether the investment object is sustainable in a climate and environmental sense
- SR-Bank will keep working on developing green product for both the retail market and the corporate market



SR-Bank outperformer on overall ESG score

SpareBank 1 SR-Bank ASA

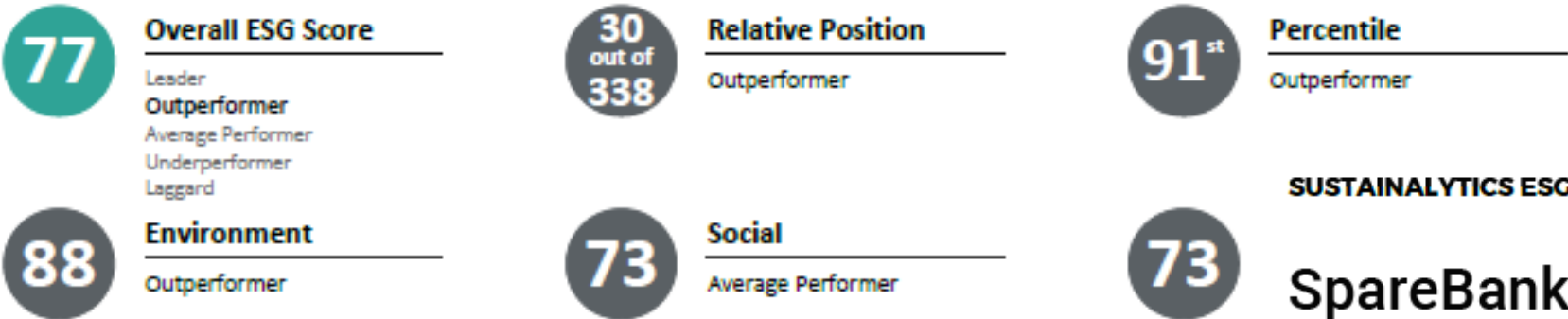


ESG REPORT

Industry: Banks Marketcap.: 3,116 mm. USD Employees: 1,151
Domicile: Norway Ticker: OSL:SRBANK

ESG Summary

Overall Performance



SUSTAINALYTICS ESG RISK RATING REPORT

Date Jul 23, 2019

SpareBank 1 SR-Bank ASA

21.0 /100 Medium

Regional Banks | Norway | OSL:SRBANK



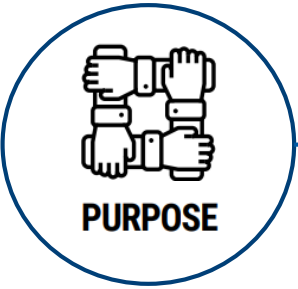
Rating Overview

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

UN Principles for Responsible Banking: Founding Signatory



PRINCIPLES FOR
RESPONSIBLE
BANKING



To transform the banking industry to enable it to play a leading role in achieving society's goals

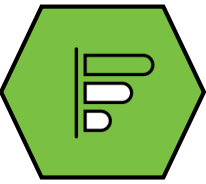


A responsible banking industry that is an integral part of the society of the 21st century because it serves and contributes to an inclusive society that uses its natural resources sustainably



We will take a leadership role and use our products, services and relationships to support and accelerate the fundamental changes in our economies and lifestyles necessary to achieve shared prosperity for both current and future generations

What are the principles?



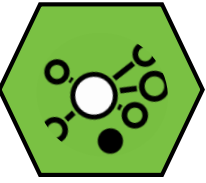
1. Alignment
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



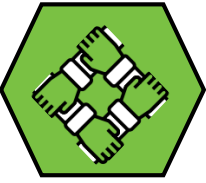
2. Impact & Target Setting
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



3. Clients & Customers
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



4. Stakeholders
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



5. Governance & Culture
We will implement our commitment to these Principles through effective governance and a culture of responsible banking. Goals, the Paris Climate Agreement and relevant national and regional frameworks.



6. Transparency & Accountability
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

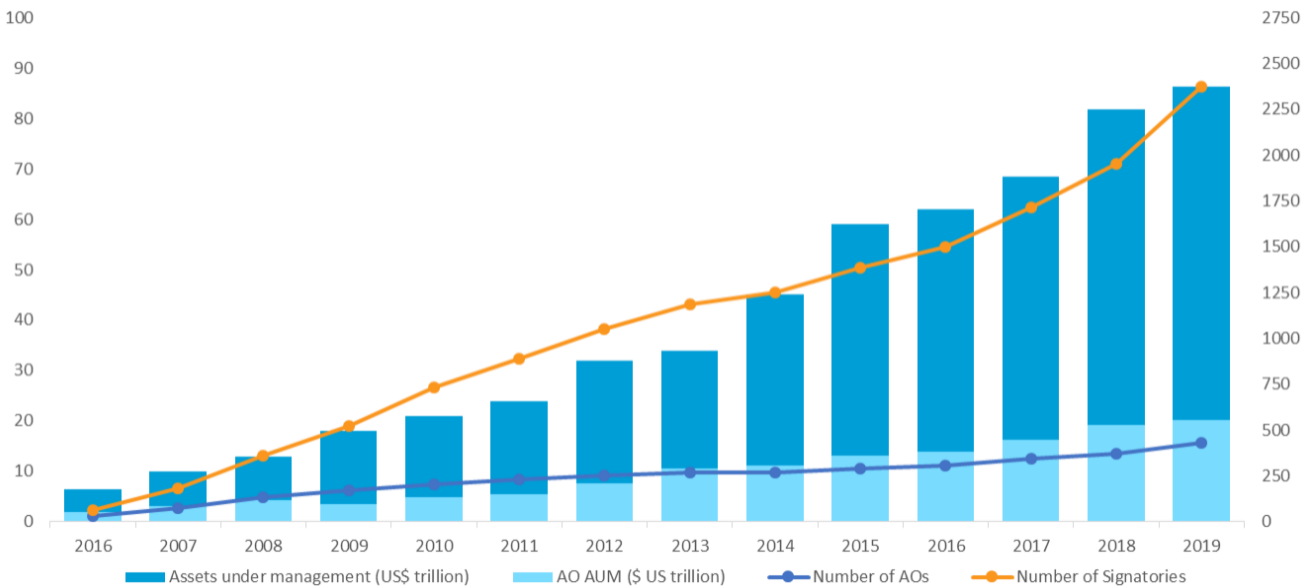
SR-Forvaltning is a signatory of UNPRI



SR-Forvaltning

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.

The PRI has grown consistently since it began in 2006



Leading by example: our new Headquarters



- Finansparken in Bjergsted will be the new head office for SR-Bank in Stavanger. The building process has already started. When Finansparken is completed, it will be one of Europe's largest commercial buildings made of wood.
- Finansparken is to be certified in accordance with BREEAM NOR and aims to achieve the classification Excellent.
 - *Estimated power consumption:* $79.4 \text{ kWh} / \text{m}^2$
 - *Estimated use of fossil energy:* 0
 - *Estimated renewable energy production:* $15.6 \text{ kWh} / \text{m}^2$
 - *Estimated water consumption:* $11.4 \text{ m}^3 / \text{person} / \text{yr}$

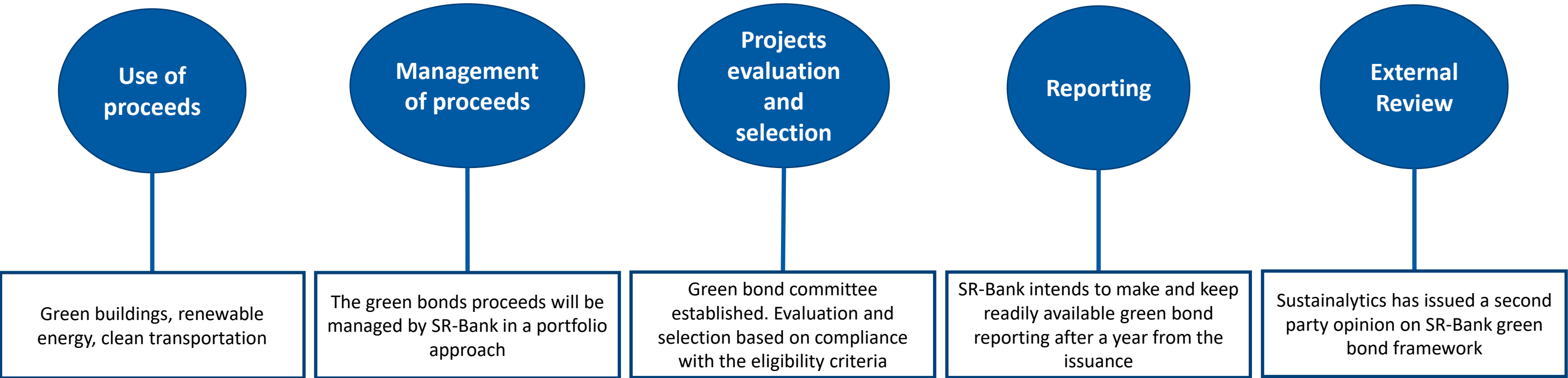
Green Bond Framework



SR-Bank

SR-Boligkreditt

Green bond framework highlights



Aligned with the ICMA Green Bond Principles 2018



Aligned with the draft EU Taxonomy and the TEG recommendation on the EU Green Bond Standards



Use of Proceeds overview

SR-Boligkreditt

Green covered bonds

Green buildings

- Loans to finance or refinance new or existing energy efficient residential buildings in Norway



New Buildings belonging to the top 15% most energy-efficient buildings of the local building stock and refurbished buildings which achieved energy savings of at least 30% in comparison to the baseline performance of the building before the renovation.

SR-Bank

Green senior bonds

Green buildings

- Loans to finance or refinance new or existing energy efficient commercial and residential buildings in Norway



New Buildings belonging to the top 15% most energy-efficient buildings of the local building stock and refurbished buildings which achieved energy savings of at least 30% in comparison to the baseline performance of the building before the renovation.

Renewable energy

- Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation sources from



- Hydro power (Run-of-river, small scale hydro power plants, refurbishment or refinancing of existing medium or large hydropower plants)
- Onshore and offshore energy wind projects
- Solar projects (Photovoltaic energy projects)

Clean transportation

- Loans aiming at financing or refinancing production, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructures



- Low carbon vehicles
- Low carbon transportation infrastructure: infrastructure related to electric transportation of passengers such as charging stations for electric vehicles

Green buildings

Residential buildings

- 1. New or existing residential buildings in Norway that comply with the following codes (built after 2009).
 - Apartments: TEK10 or TEK17
 - Other residential dwellings: TEK07, TEK10 or TEK17
- 2. Existing Norwegian residential buildings built using older building codes than TEK10 for apartments and TEK07 for other residential dwellings with EPC-labels A, B and C (built before 2009).
- 3. Refurbished residential buildings in Norway with an improved energy efficiency of 30%.

Commercial buildings

- 1. New or existing commercial buildings belonging to top 15% low carbon buildings in Norway.
- 2. New, existing or refurbished commercial buildings which received at least one or more of the following classifications:
 - LEED “Gold”, BREEAM or BREEAM-NOR “Excellent”, or equivalent or higher level of certification
 - Nordic Swan Ecolabel.
- 3. Refurbished commercial buildings in Norway with an improved energy efficiency of 30%.

Eligible portfolio - Residential buildings



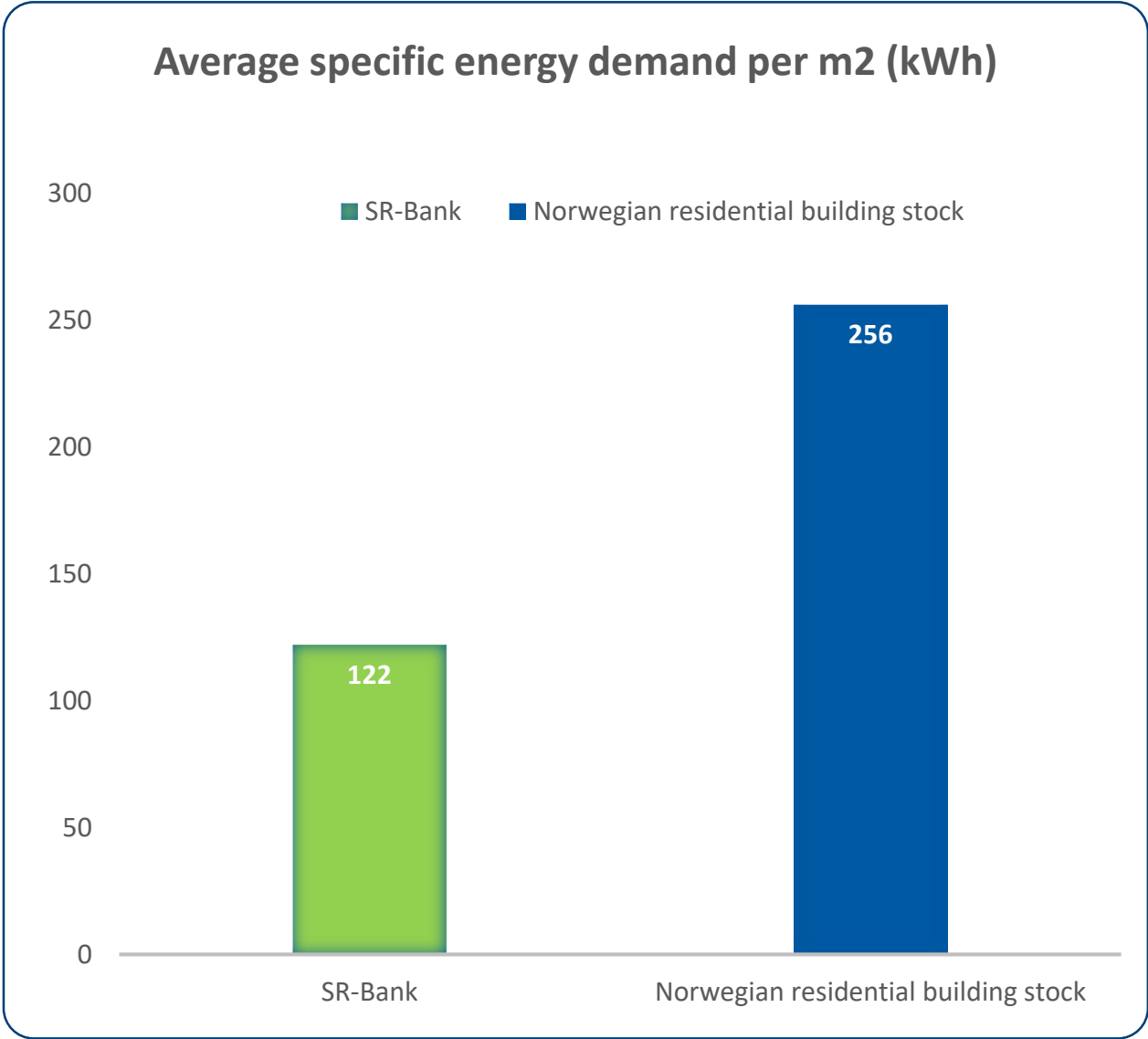
	Area per unit [m²]	Area qualifying buildings in portfolio [m²]
Apartments	72	877,767
Undetached houses	104	
Detached houses	170	
Semi-detached houses	125	
Sum		1,082,463

Small residential
buildings
16.9bn NOK

Apartments
5.4bn NOK

Total
~22bn NOK

Impact assessment - residential buildings: CO2 impact



The eligible portfolio has an estimated average energy consumption of less than 50 per cent of the Norwegian average

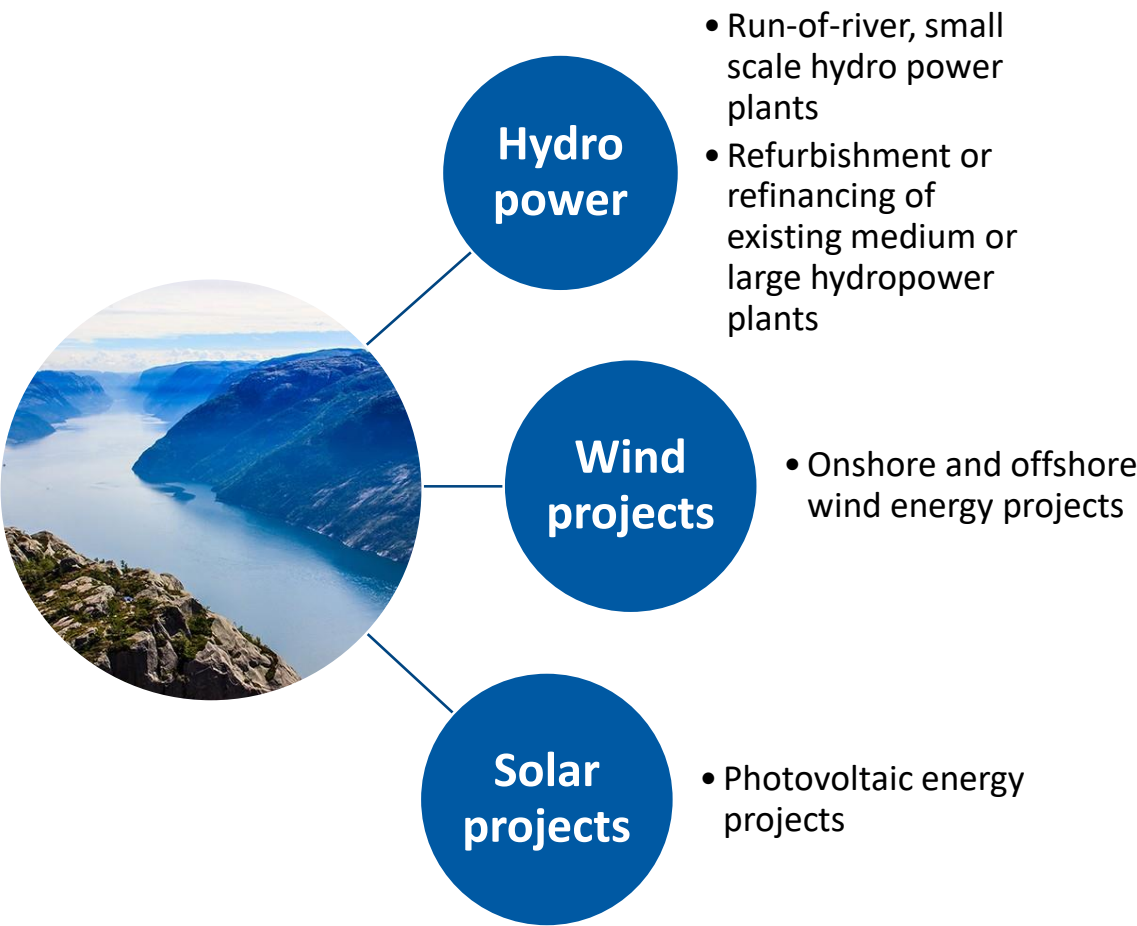
Reduced energy consumption of 142 GWh per year on SR-Bank total eligible green portfolio

Reduced CO₂ emissions of 17,400 tons CO₂/year

Multiconsult

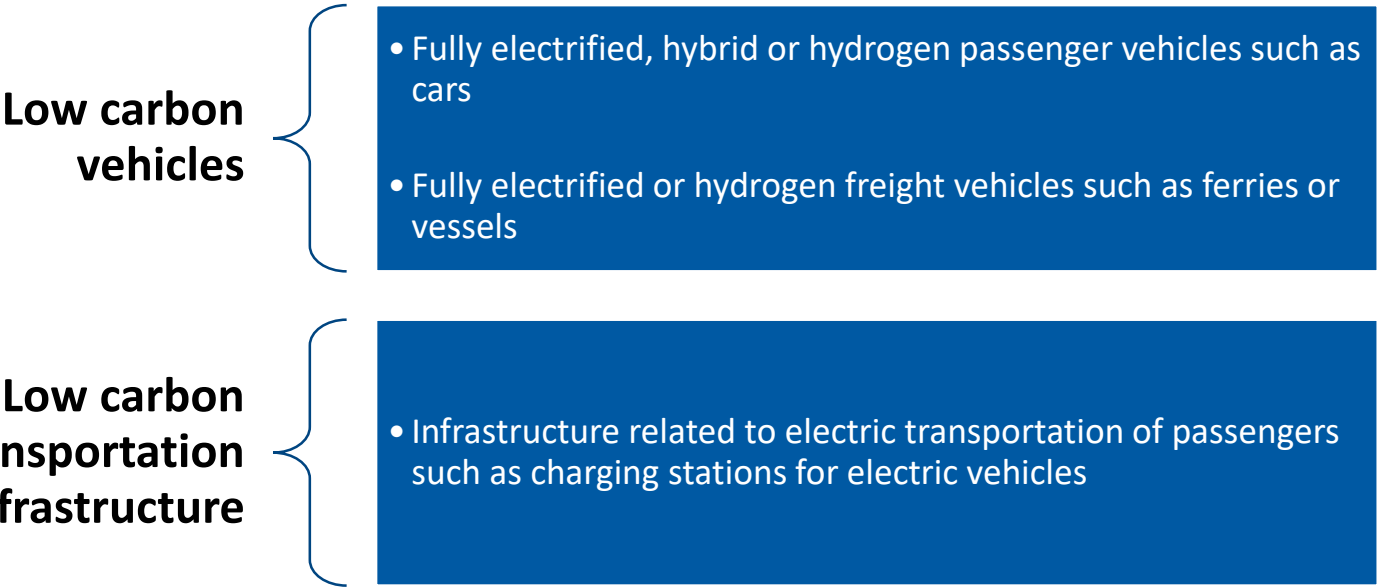
Renewable energy & clean transportation

Renewable energy



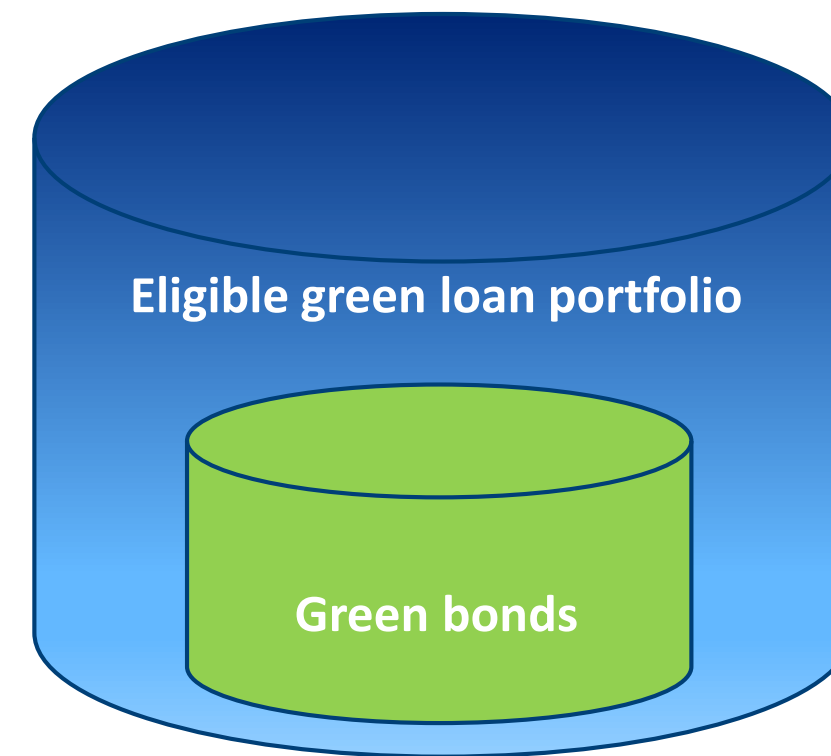
All renewable energy assets will conform with limited direct emissions of less than 100g CO₂e / KWh

Clean transportation



Management of proceeds

- The green bond proceeds will be managed in a portfolio approach
- SR-Bank intends to allocate the proceeds from the green bonds to a portfolio of loans that meet the use of proceeds eligibility criteria
- SR-Bank will strive, over time, to achieve a level of allocation for the eligible green loan portfolio that matches or exceeds the balance of net proceeds from its outstanding green bonds
- While any green bond net proceeds remain unallocated, SR-Bank will hold and/or invest, at its own discretion, in its treasury liquidity portfolio
- For green covered bonds, SR-Boligkreditt will ensure that there are enough eligible green mortgages within the cover pool relative to green covered bonds outstanding



Reporting

Allocation reporting



Amount of proceeds allocated to eligible loans



Number of eligible loans



Balance of unallocated proceeds



Amount or percentage of new financing and refinancing



Geographical distribution of the assets (at country level)

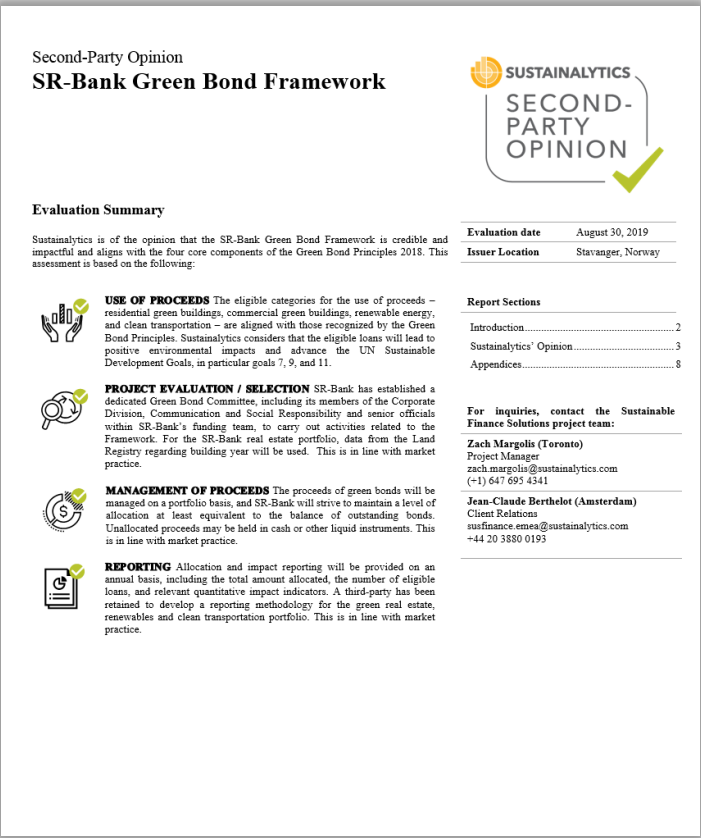
Impact reporting

Eligible Project Category	Potential Impact Indicators
Green Buildings	<ul style="list-style-type: none">Estimated ex-ante annual energy consumption in KWh/m2 or energy savings in MWhEstimated annual reduced and/or avoided emissions in tons of CO2 equivalentFor other categories SR-Bank may provide impact indicators whenever practicable.
Renewable Energy	<ul style="list-style-type: none">Total installed capacity in MWhEstimated annual avoided emissions in tons of CO2 equivalent
Clean Transportation	<ul style="list-style-type: none">Low carbon vehicles: Number of vehicles (units per year)Low carbon infrastructure: Number of EV'sEstimated ex-ante annual GHG emissions reduced / avoided in tons of CO2 equivalent vs fuel-based powertrain vehicles

SR-Bank intends to make and keep readily available green bond reporting after a year from the issuance, to be renewed annually until full allocation

Sustainalytics’ second party opinion

Sustainalytics has issued a second party opinion on SR-Bank green bond framework



Use of Proceeds: The eligible categories – residential green buildings, commercial green buildings, renewable energy, and clean transportation – are aligned with those recognized by the Green Bond Principles



Project Evaluation and Selection: SR-Bank has established a dedicated Green Bond Committee, including its members of the Corporate Division, Communication and Social Responsibility and senior officials within SR-Bank’s funding team, to carry out activities related to the Framework. This is in line with market practice



Management of Proceeds: The proceeds of green bonds will be managed on a portfolio basis. Unallocated proceeds may be held in cash or other liquid instruments. This is in line with market practice



Reporting: A third-party has been retained to develop a reporting methodology for the green real estate, renewables and clean transportation portfolio. This is in line with market practice



Verification: SR-Bank may request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor)

CBI Certification – inaugural green covered bond



Climate Bonds INITIATIVE

SR-Boligkreditt's inaugural green covered bond will be certified in line with the Low Carbon Building Criteria of the Climate Bond Standards

Sustainalytics has assisted in verifying against the CBI's criteria



1

SR-Bank

2

Sustainability and Green Bond Framework

3

House market

4

SR-Boligkreditt

5

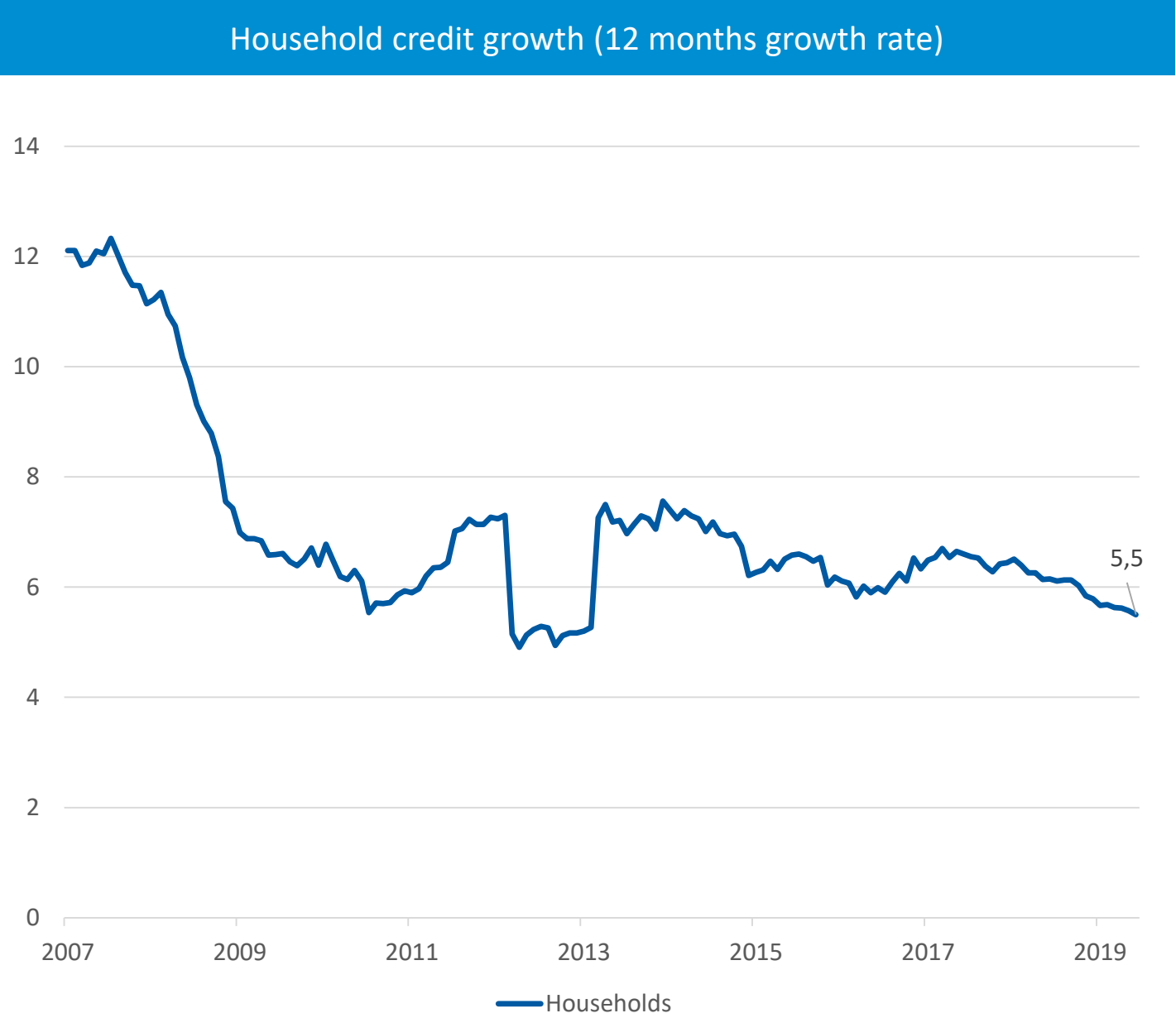
Norwegian economy

6

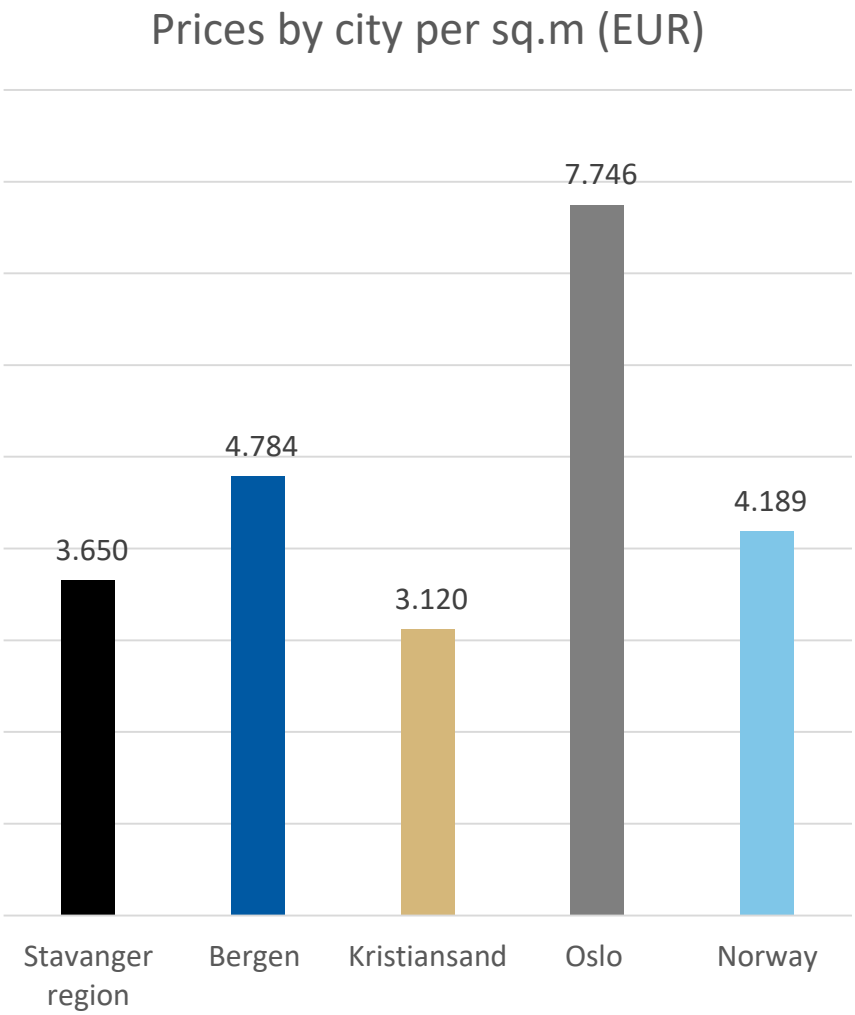
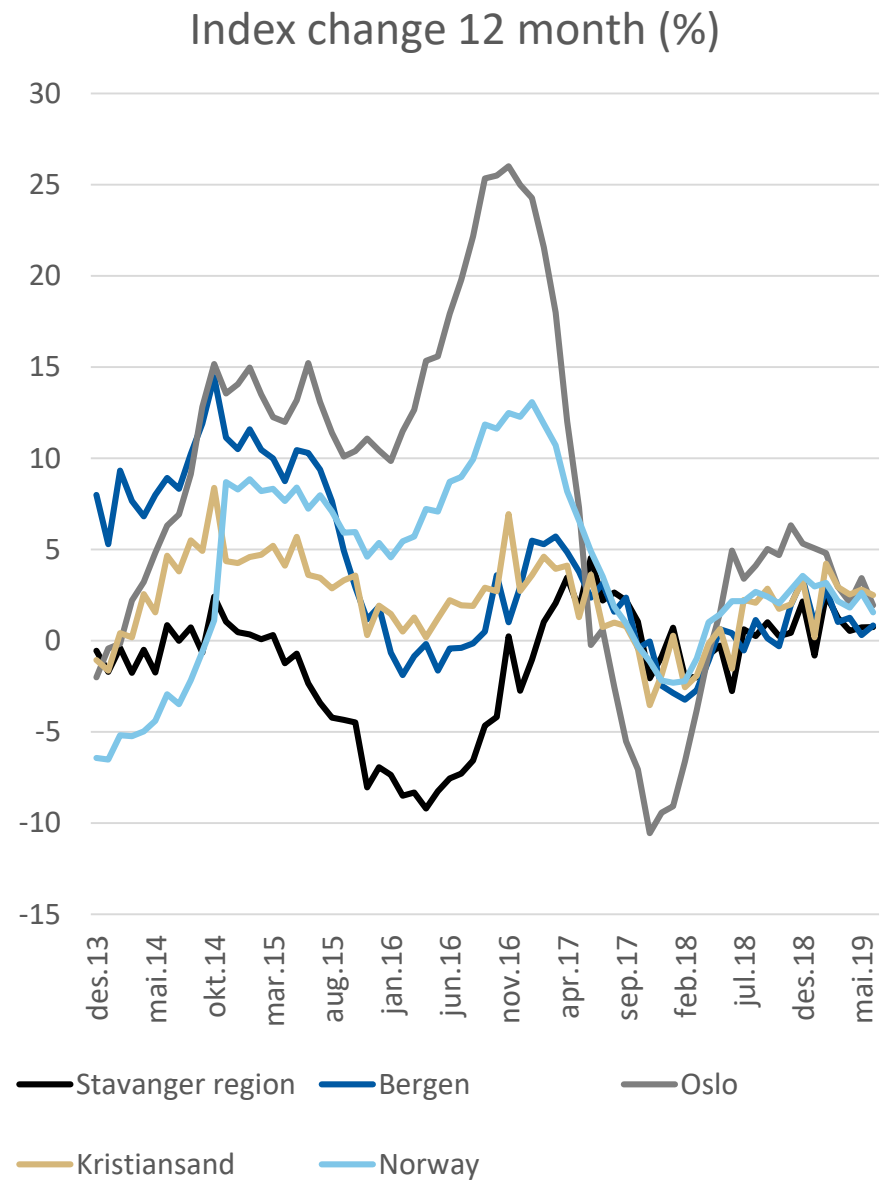
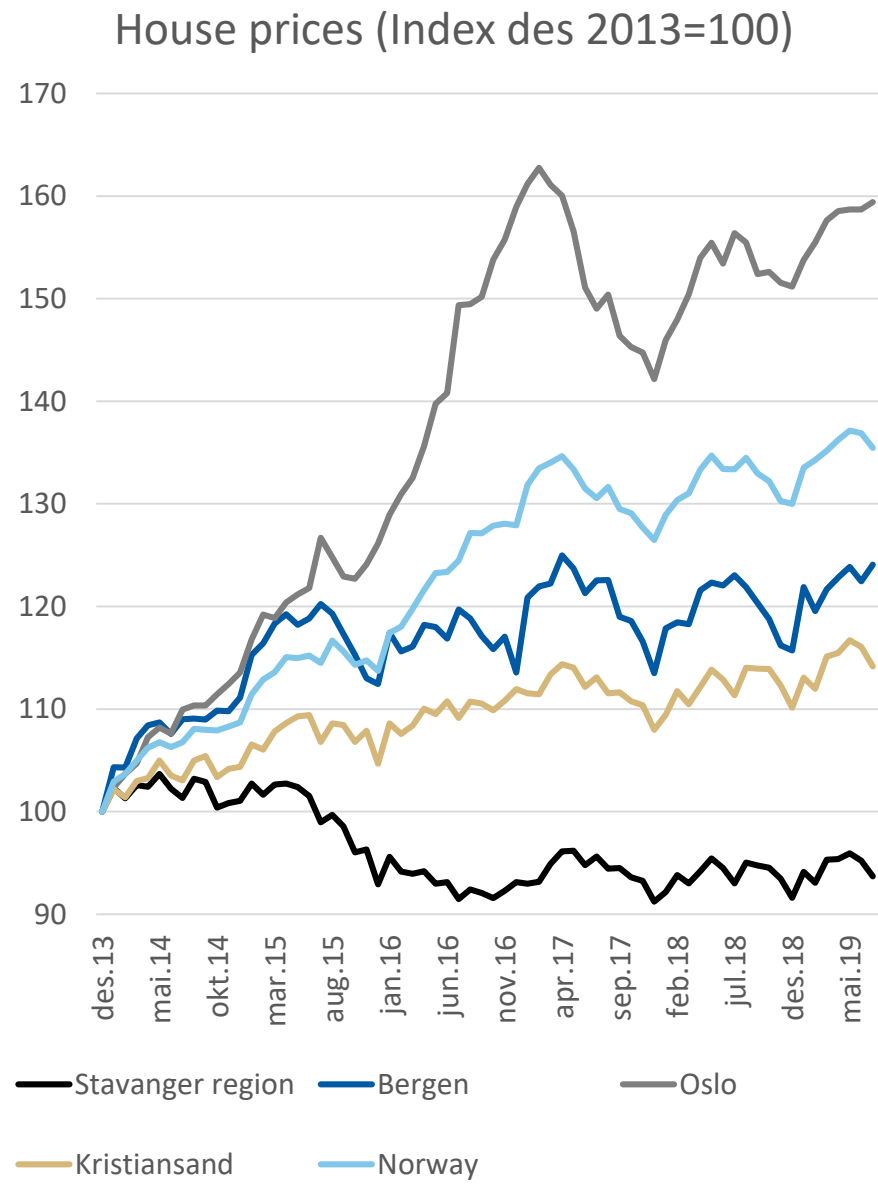
Appendix

Mortgage market – characteristics

Mortgage market	<ul style="list-style-type: none"> Scheduled repayment mortgages: 83.4%, flexible: 16.6% Typical maturity: 25-30 years First priority security market with high doc. standard
Home ownership	<ul style="list-style-type: none"> Approx. 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
Regulation	<ul style="list-style-type: none"> Loan to value: 85% (75% legal limit for cover pool) <ul style="list-style-type: none"> 60 % for flexible mortgages / revolving credits 60 % for secondary home in Oslo Stress test: 5 % mortgage interest rate increase Max total debt of 5x a borrower’s income before tax
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"> 23 % of interest paid is tax deductible Low effective real estate tax (lower net worth tax on real estate than financial assets)



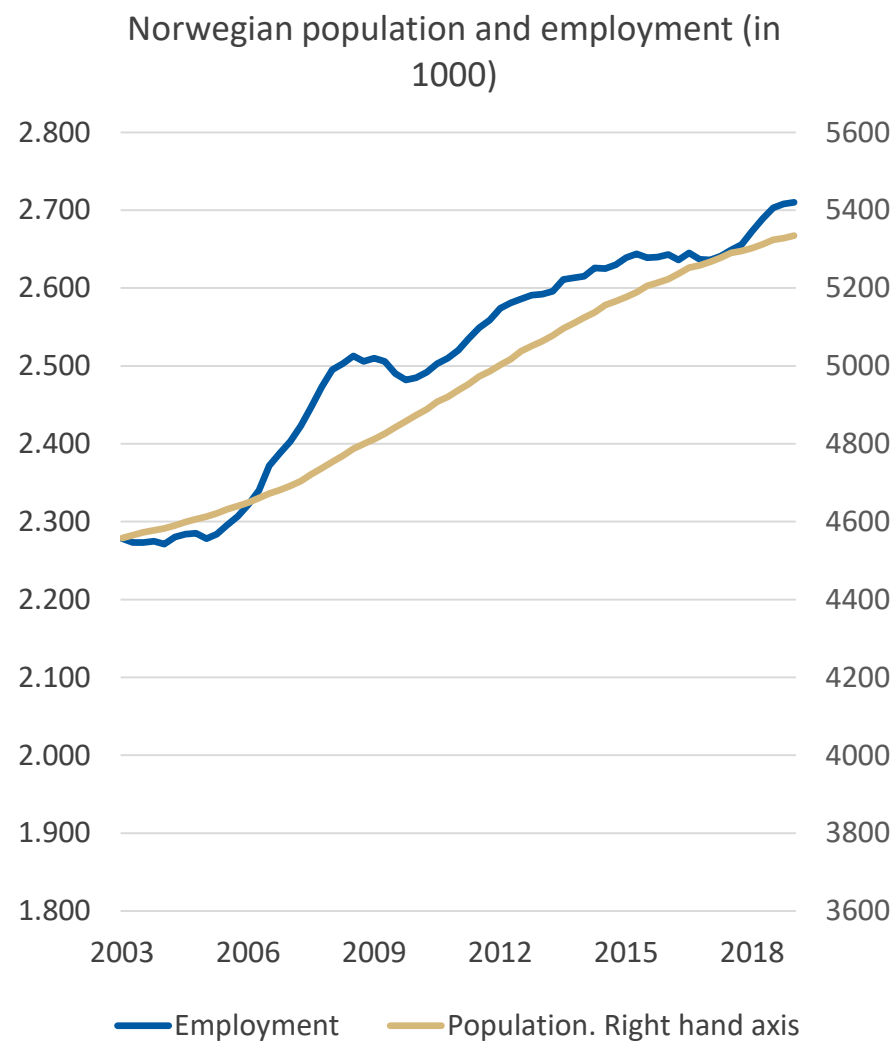
Housing market - prices



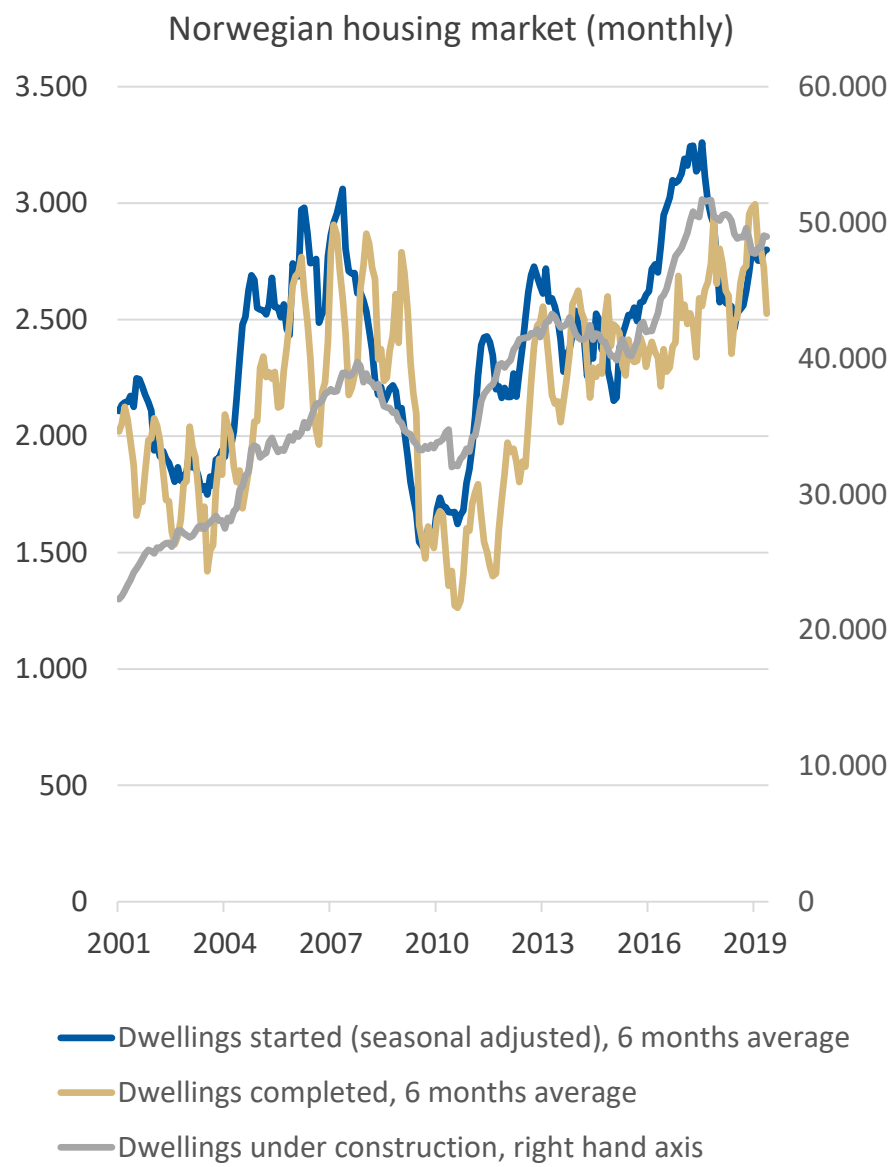
Source: Eiendom Norge and Eiendomsverdi

Housing market - drivers

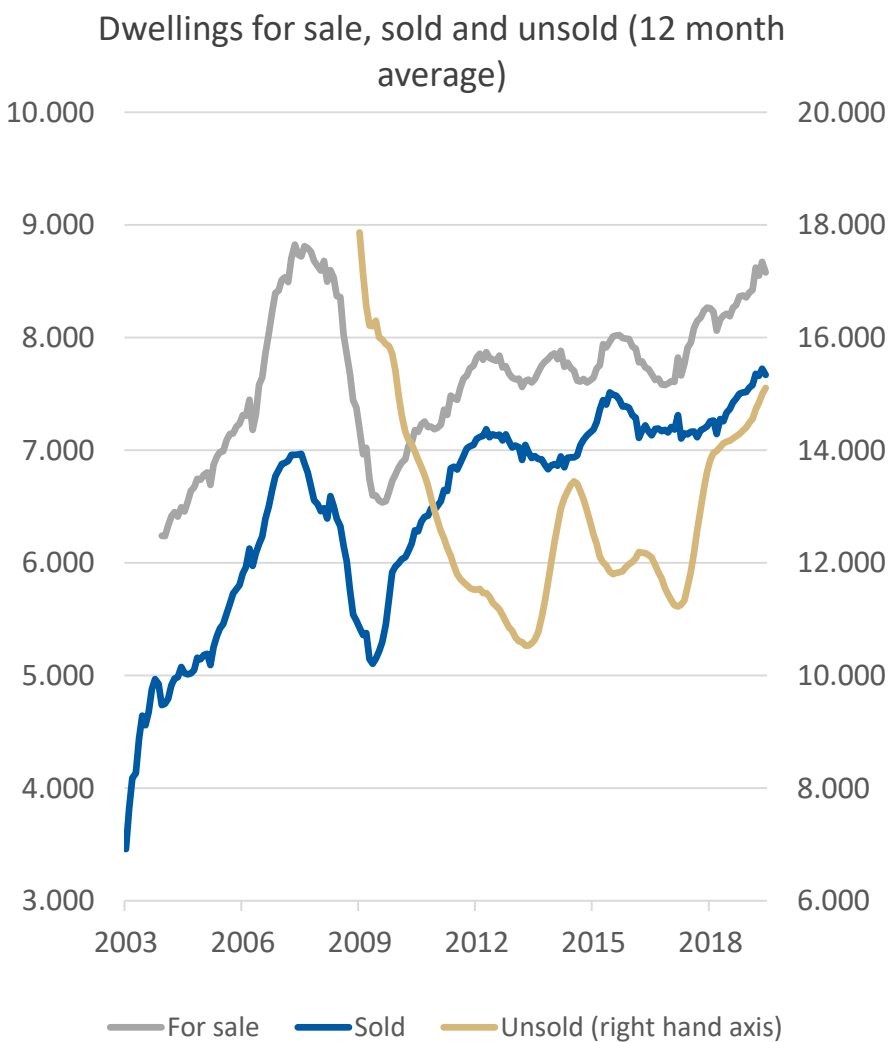
Demand



Supply

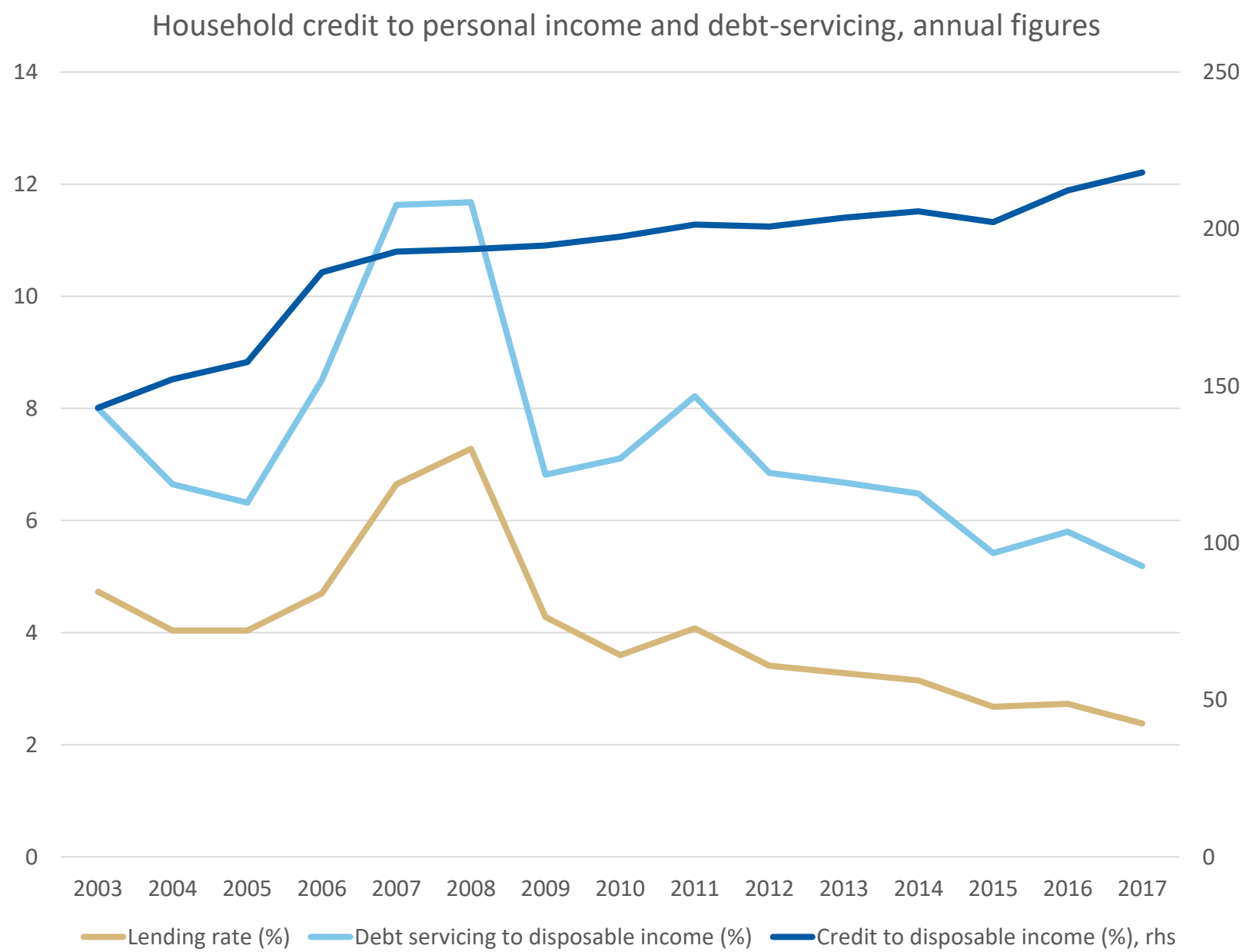


Market



Debt serving burden reduced due to lower interest rates

- Household credit growth has been higher than growth in private net disposable income
- Lower interest rates are dampening the cost of debt servicing
- Norwegian households' debt servicing as a percent of disposable income is reduced despite growth in housing prices



1

SR-Bank

2

Sustainability and Green Bond Framework

3

House market

4

SR-Boligkreditt

5

Norwegian economy

6

Appendix

Overview SR-Boligkreditt



- SR-Boligkreditt is a wholly owned subsidiary of SR-Bank and a dedicated covered bond company. Its objective is to purchase mortgages and to finance these by issuing covered bonds.
- Loans are transferred to SR-Boligkreditt as true sale on a non-recourse basis.
- **Rated Aaa by Moody's**
 - Cover Bond anchor: SR-Bank, rated A1 (stable)
 - CR assessment: A1, TPI leeway of 3 notches
 - Minimum OC-requirement 3.0 %
 - The minimum level of over-collateralization is set at 2 % in SR-Boligkreditt's Covered Bond Programme
- SR-Boligkreditt has implemented the common Harmonised Transparency Template of the European Covered Bond Council which is available on website: www.sr-bank.no/sr-boligkreditt

Eligibility criteria



Type of properties	<ul style="list-style-type: none"> • Primary residential property in Norway (including detached houses, terraced houses, apartments and cooperative housing units) • The mortgage property shall not be "buy-to-let" (mortgages to individuals owning more than 2 properties)
Collateral	<ul style="list-style-type: none"> • Max LTV 75 % or less at the time of transfer (max 60 % for flexible loans/revolving credits) • The valuation of the mortgage property must be no less than 36 months old and carried out by an independent third party • Quarterly valuation from independent source
Credit criteria	<ul style="list-style-type: none"> • No adverse credit history the previous year • Probability of default max 2.50 %
Type of products	<ul style="list-style-type: none"> • Amortising loans (straight line or annuity) • Non-amortising loans (flexible loans/revolving credits)

Cover pool characteristics

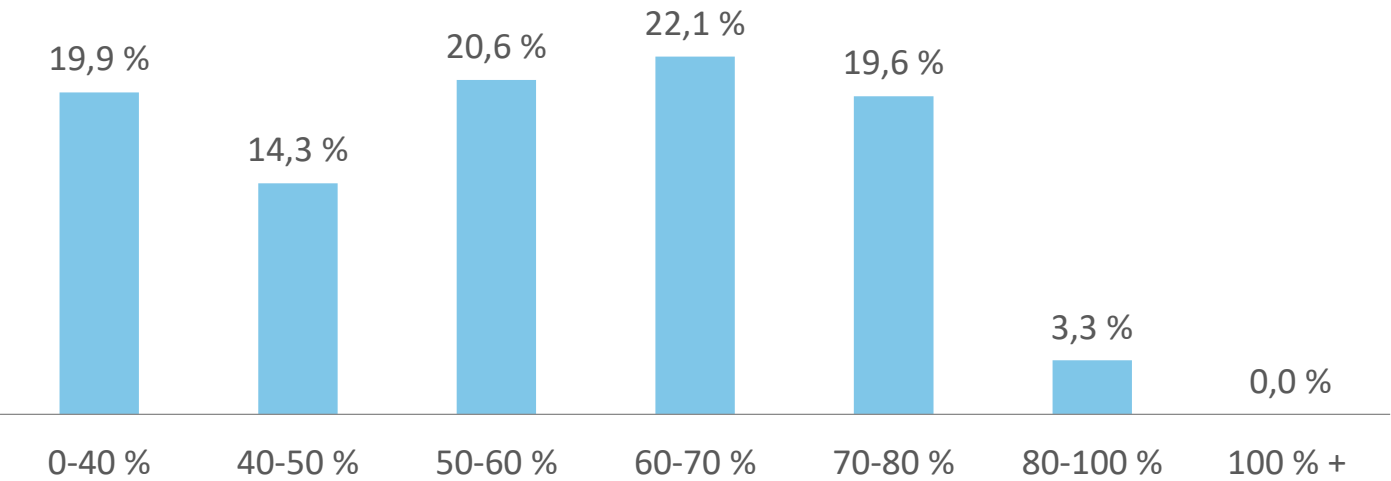


Assets/status	<ul style="list-style-type: none"> • 100 % mortgages on Norwegian private residential properties • 100 % performing loans
Cover pool	<ul style="list-style-type: none"> • NOK 67.9 bn: Residential mortgages 62.6 (95.2 %), Substitute assets 5.3 bn (3.8 %)
Loans and rate	<ul style="list-style-type: none"> • 36,903 loans at a weighted average interest rate of 2.7 %
Average loan balance	<ul style="list-style-type: none"> • 1,704,405
Weighted average original LTV	<ul style="list-style-type: none"> • 59.0 %
Weighted average current LTV	<ul style="list-style-type: none"> • 58.2 %
Weighted average seasoning	<ul style="list-style-type: none"> • 8.5
Weighted average life	<ul style="list-style-type: none"> • 14.3 years
Principal payment frequency	<ul style="list-style-type: none"> • Amortizing 72.0 %, non-amortizing 28.0 %
Rate type	<ul style="list-style-type: none"> • 100 % floating rate loans
OC-level	<ul style="list-style-type: none"> • 11.5 %
OC-level if house price drop 20 %	<ul style="list-style-type: none"> • 3.6 %

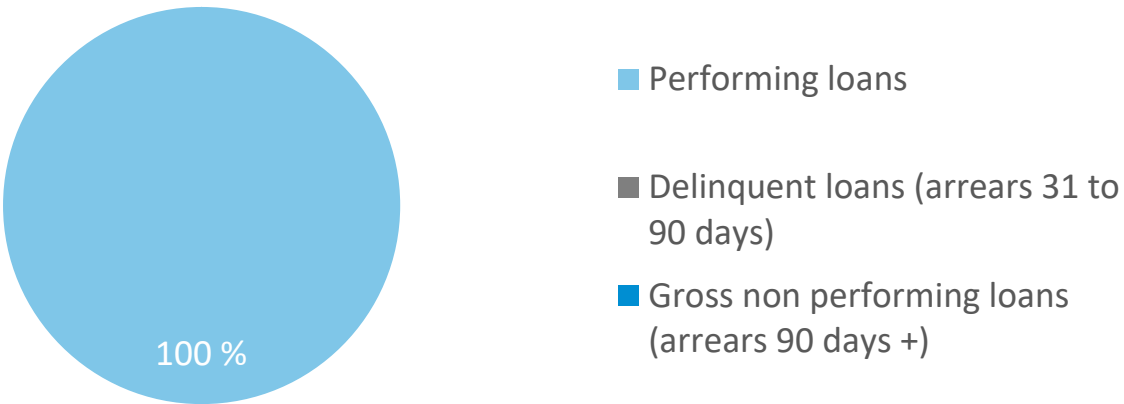
Cover pool characteristics



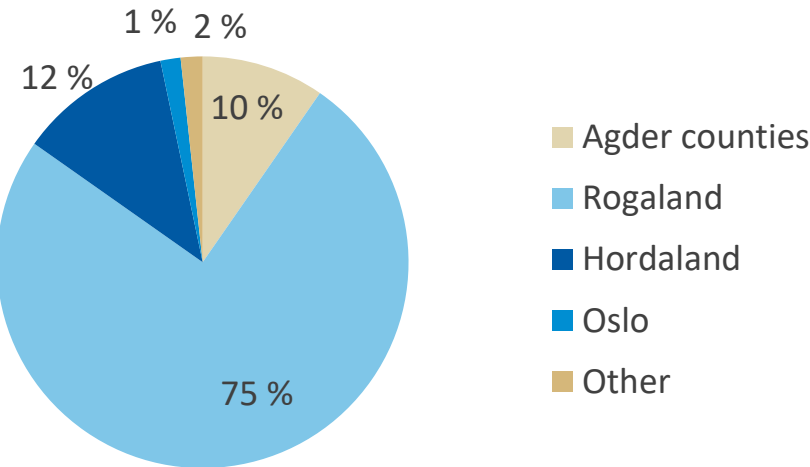
Current LTV



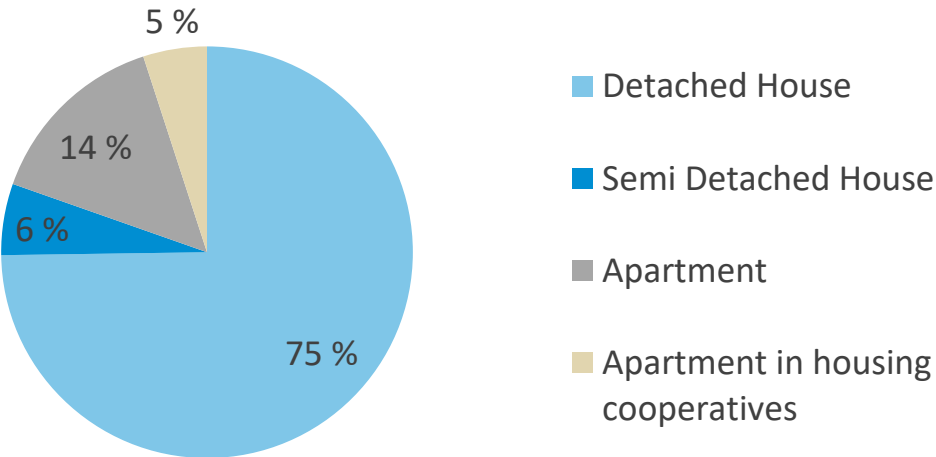
Loan performance



By geography



By property type



1

SR-Bank

2

Sustainability and Green Bond Framework

3

House market

4

SR-Boligkreditt

5

Norwegian economy

6

Appendix

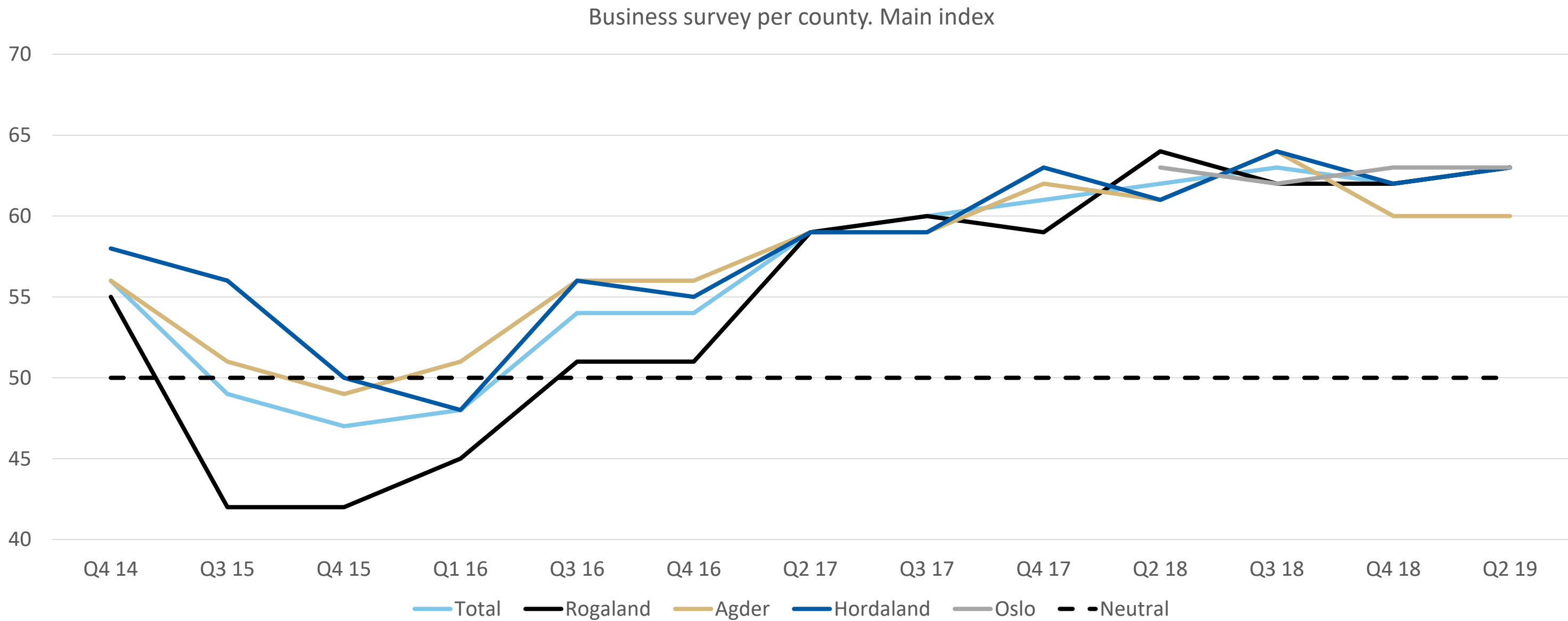


Robust economy supported by a large sovereign wealth fund

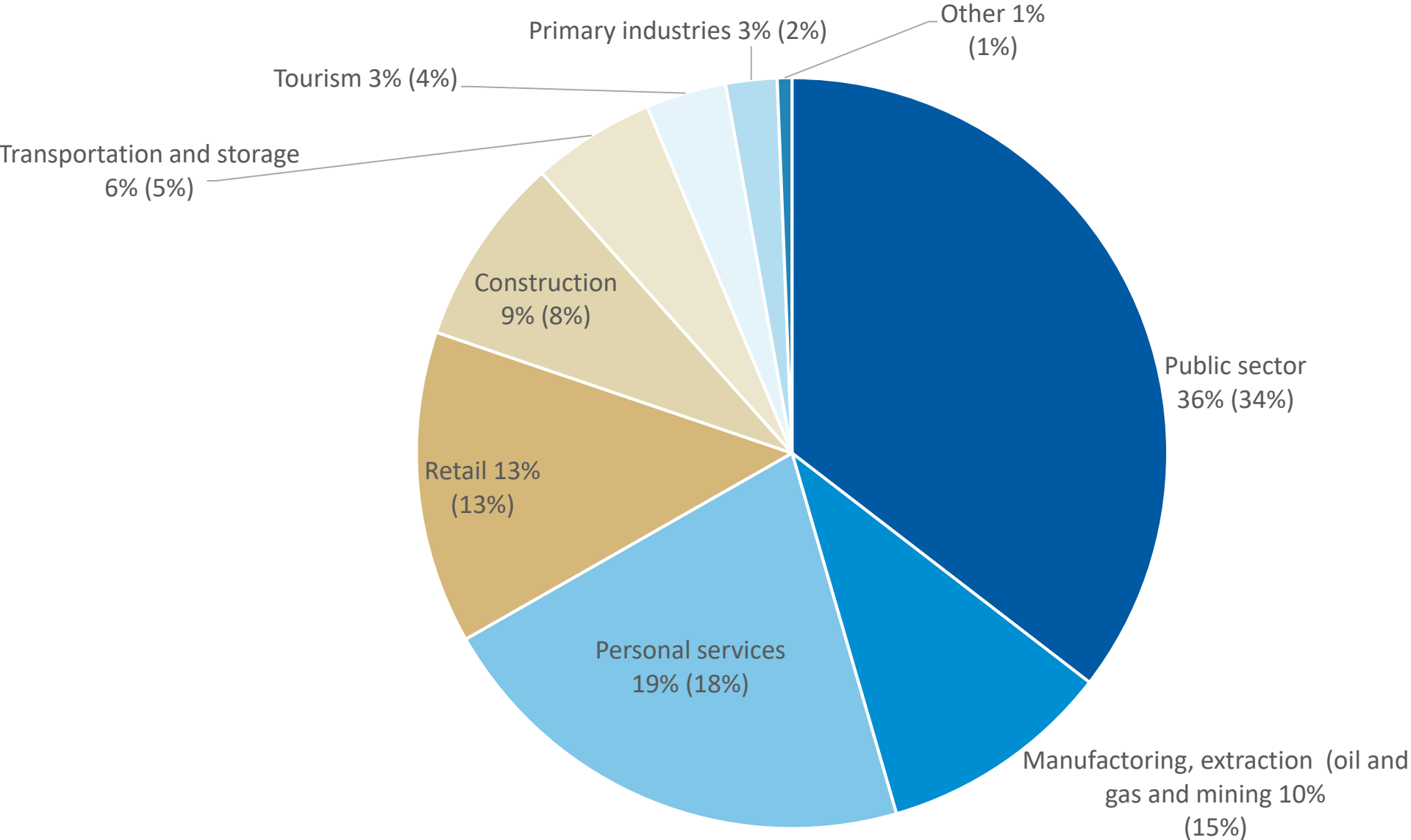
Economic Indicators (%)	2011	2012	2013	2014	2015	2016	2017	2018	2019P	2020P	2021P
GDP mainland, annual change (%)	1,9	3,7	2,3	2,2	1,4	1,1	2,0	2,5	2,2	1,8	1,7
Household consumption, annual change (%)	2,3	3,5	2,8	2,1	2,6	1,3	2,2	2,2	2,6	2,4	2,5
Public consumption, annual change (%)	1,0	1,6	1,0	2,7	2,4	2,1	2,5	1,7	1,7	1,6	1,4
Investment mainland, annual change (%)	5,0	7,4	2,9	0,4	-0,2	10,7	7,0	2,5	1,4	0,1	-0,1
Investment public sector, annual change (%)	1,1	-1,8	11,8	4,4	0,2	6,7	3,6	1,4	1,4	1,3	1,3
Investment offshore oil and gas, annual change (%)	11,4	14,6	19,0	-1,8	-12,2	-16,0	-3,8	14,5	-2,5	-1,2	2,3
Oil price, USD/bbl. Actual	111	112	109	99	53	45	55	66,0			
Inflation rate (CPI) %	1,2	0,8	2,1	2,0	2,1	3,6	1,8	2,5	1,7	1,9	2,0
3 month NIBOR %	2,9	2,2	1,8	1,7	1,3	1,1	0,9	1,6	2,0	2,1	2,1
Mortgage rate %	3,6	3,9	4,0	3,9	3,2	2,6	2,6	3,0	3,4	3,6	3,6
Household savings ratio	5,9	7,1	7,4	8,2	10,3	7,1	6,9	6,6	7,7	7,7	7,4
Unemployment rate (registered at labour office)**	2,6	2,6	2,7	2,7	3,0	3,0	2,7	2,2	2,1	2,1	2,2
HH sector real disposable income, annual change (%)	4,1	4,4	3,9	2,9	5,5	-1,7	1,7	2,4	3,5	2,2	2,1
Current account surplus, share of GDP (%)	12,4	12,5	10,3	10,5	8,1	4,0	5,7	8,1	8,6	9,0	8,4
Sovereign Wealth Fund, share of GDP-mainland (*)	150	160	190	230	270	270	290	290			

Sources: Statistics Norway, Thomson Reuters Datastream and Central Bank of Norway

PMI

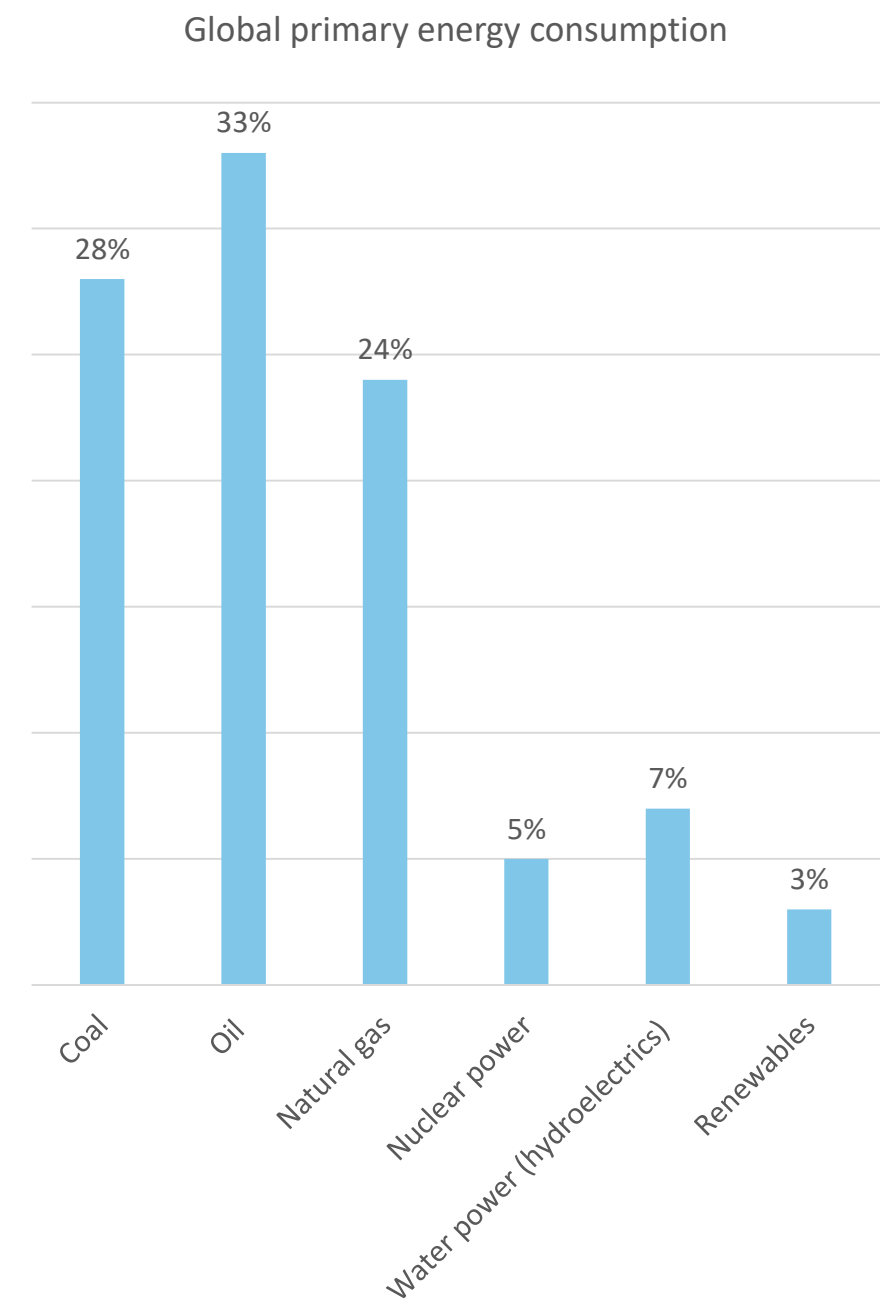
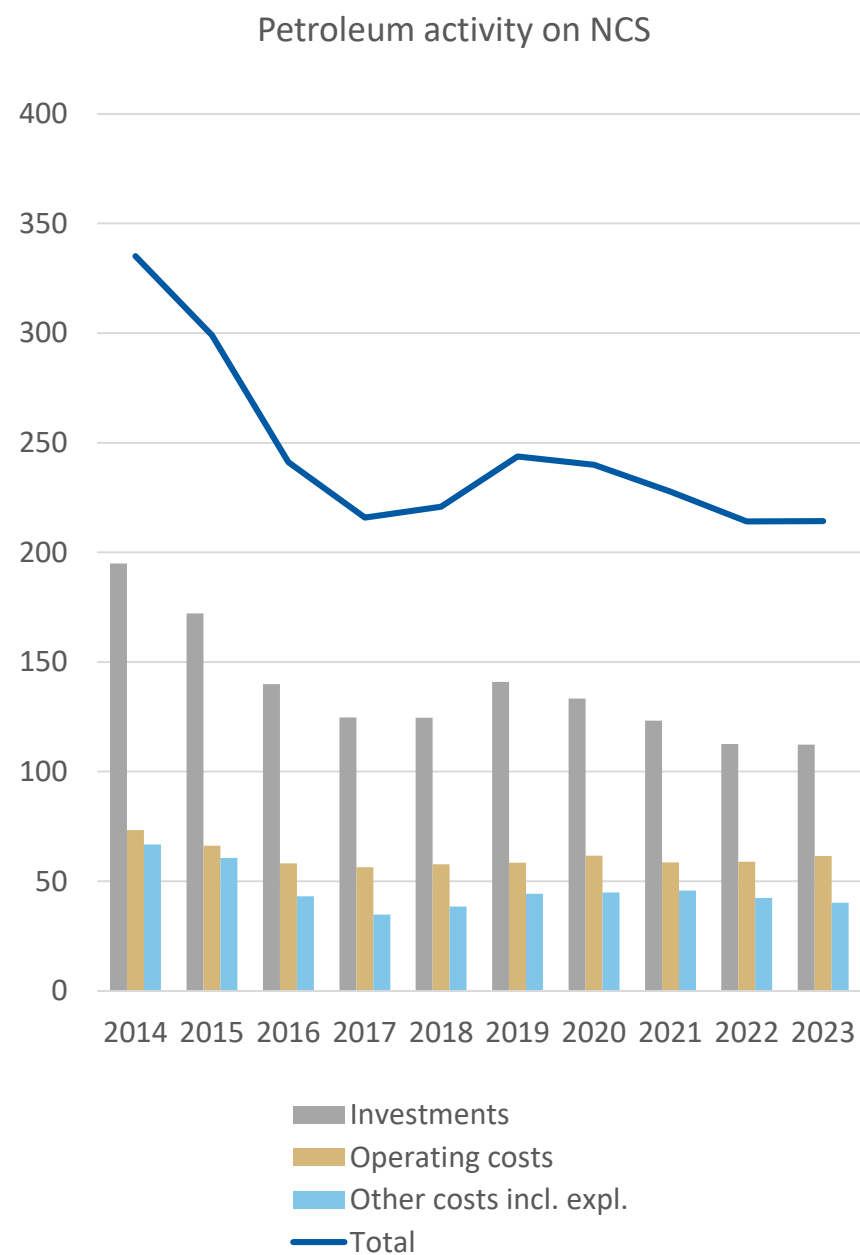


Employment in Norway versus the Southwest region (Rogaland, Hordaland and Agder)



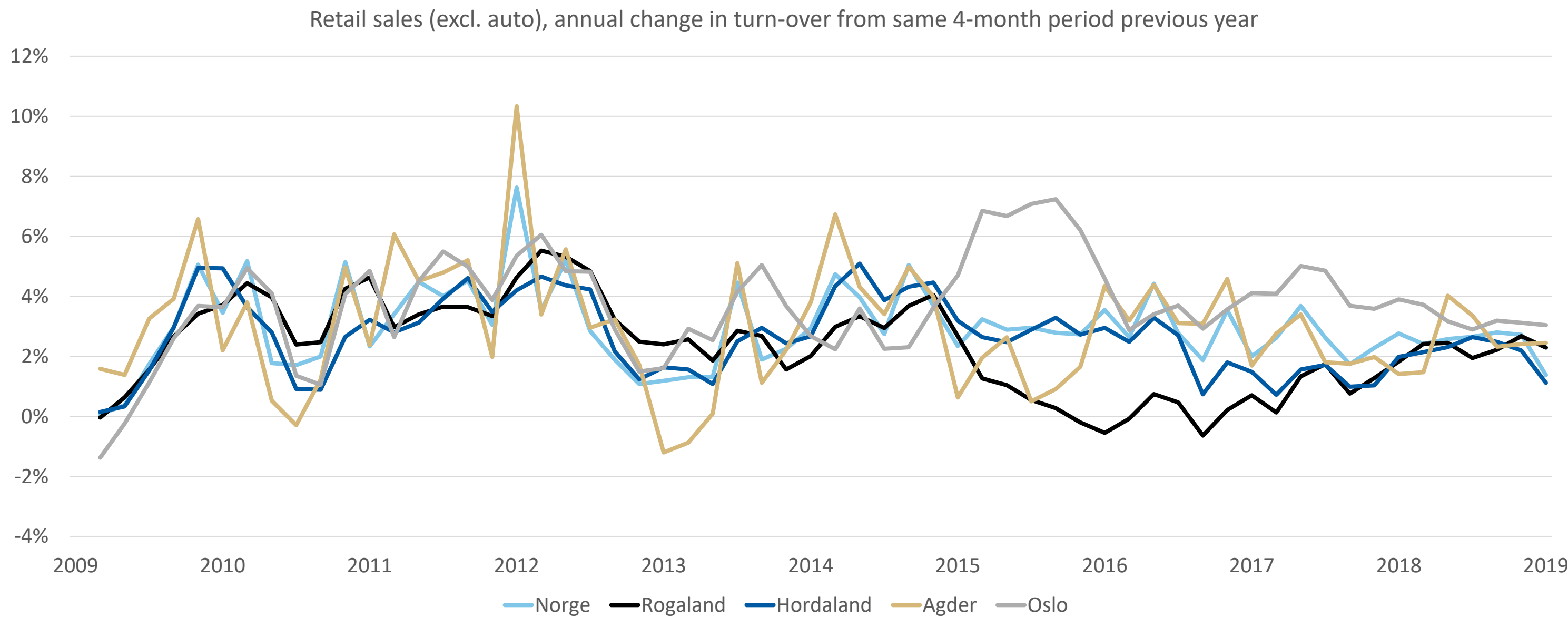
Source: Statistics Norway (2017)

Increasing petroleum activity on the Norwegian Continental Shelf (NCS)



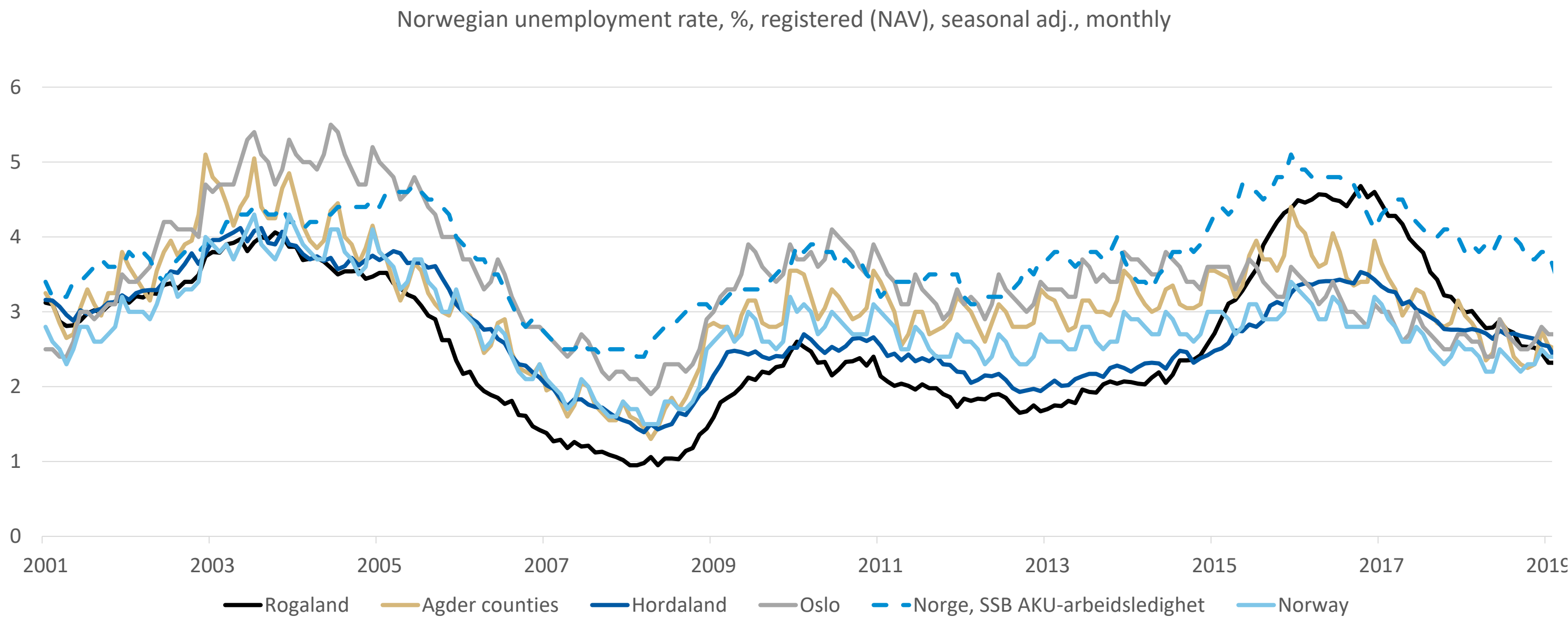
Source: Norwegian Petroleum Directorate / BP Statistical review of World Energy 2017

Retail trade increasing in Norway



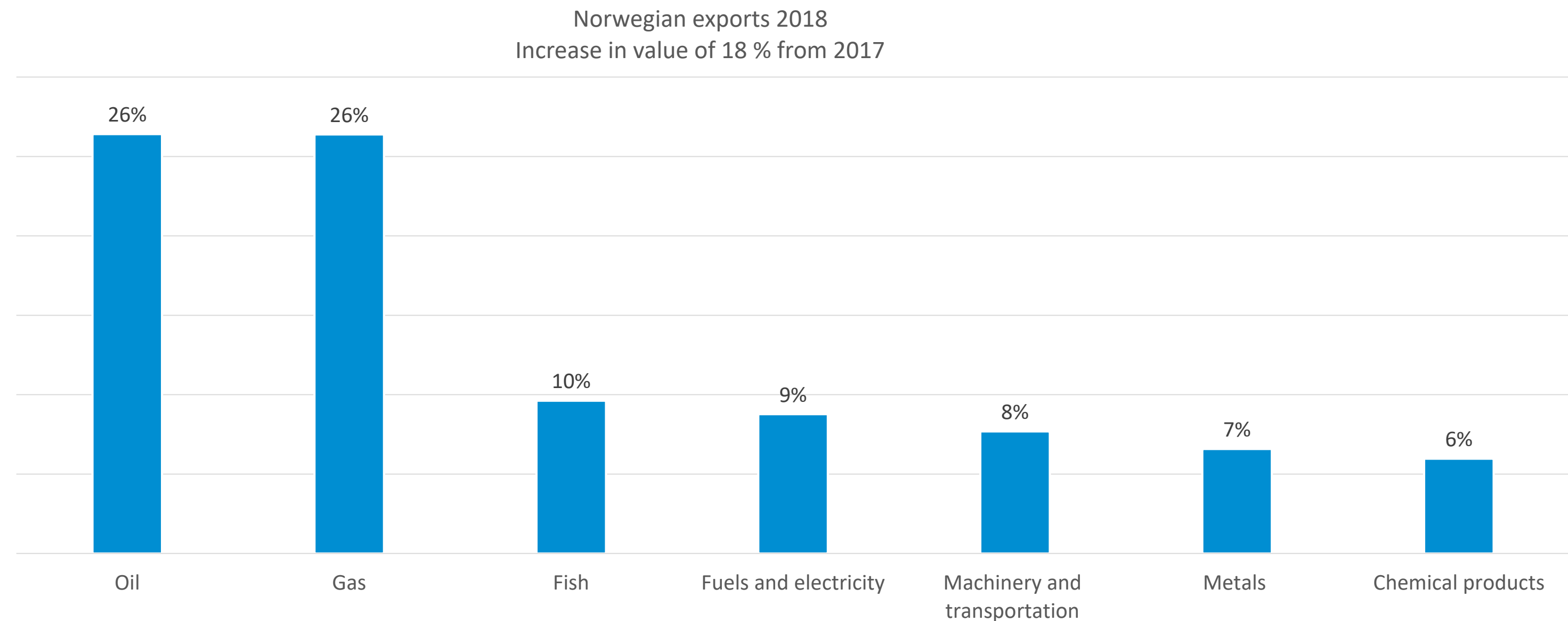
Source: SSB

Lower unemployment rate

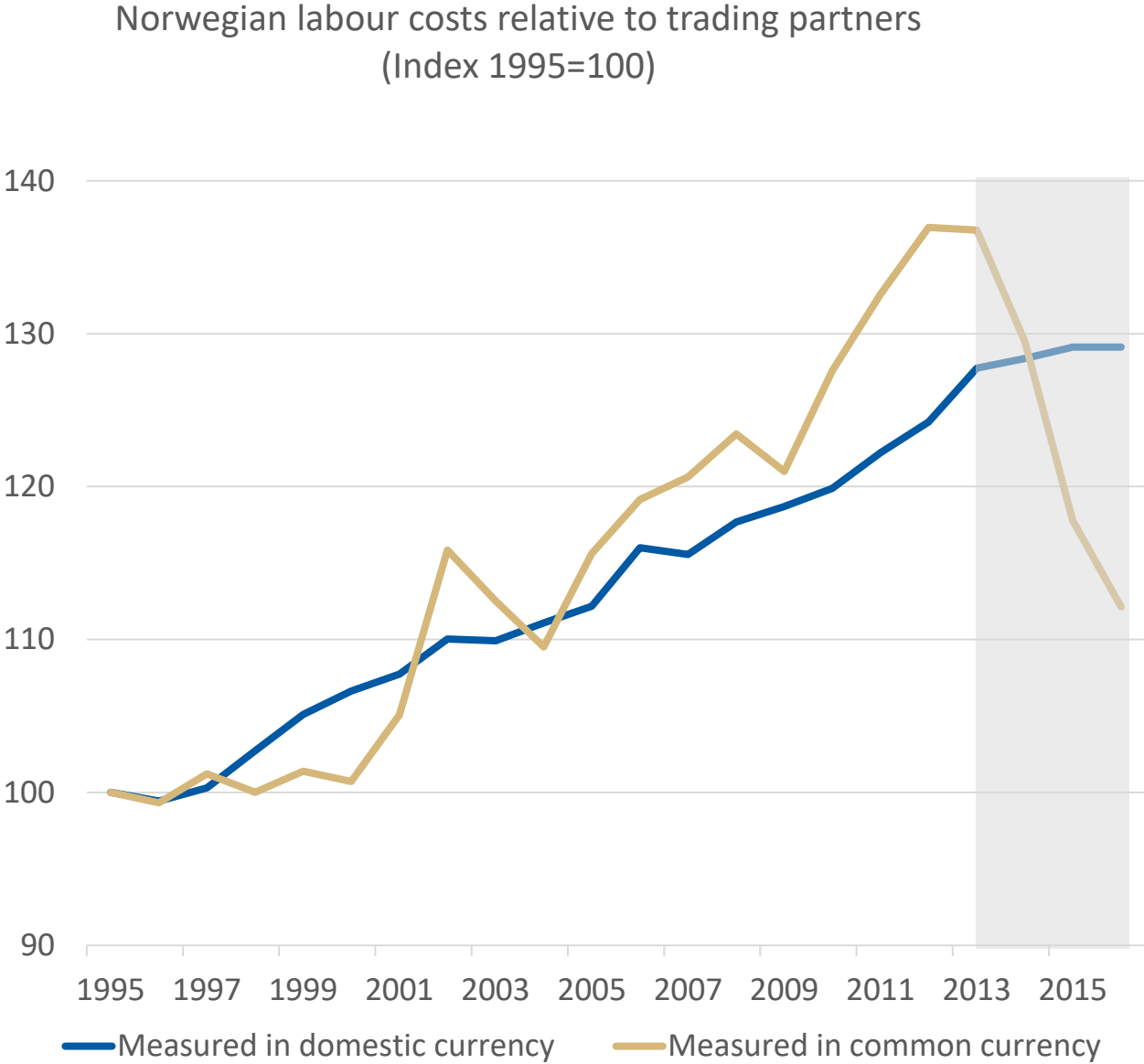


Source: NAV og SSB

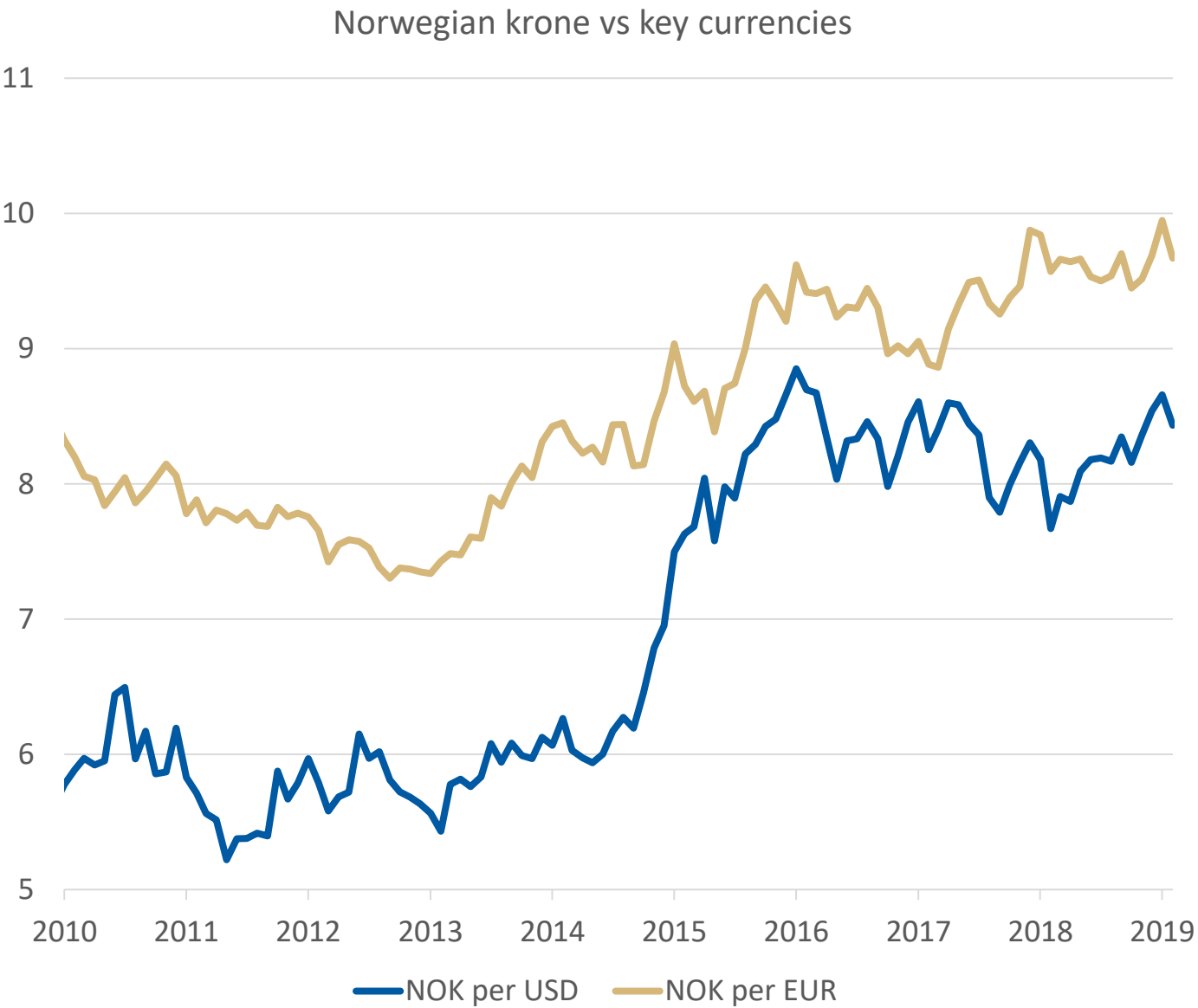
Norwegian exports



Weak NOK increases competitiveness



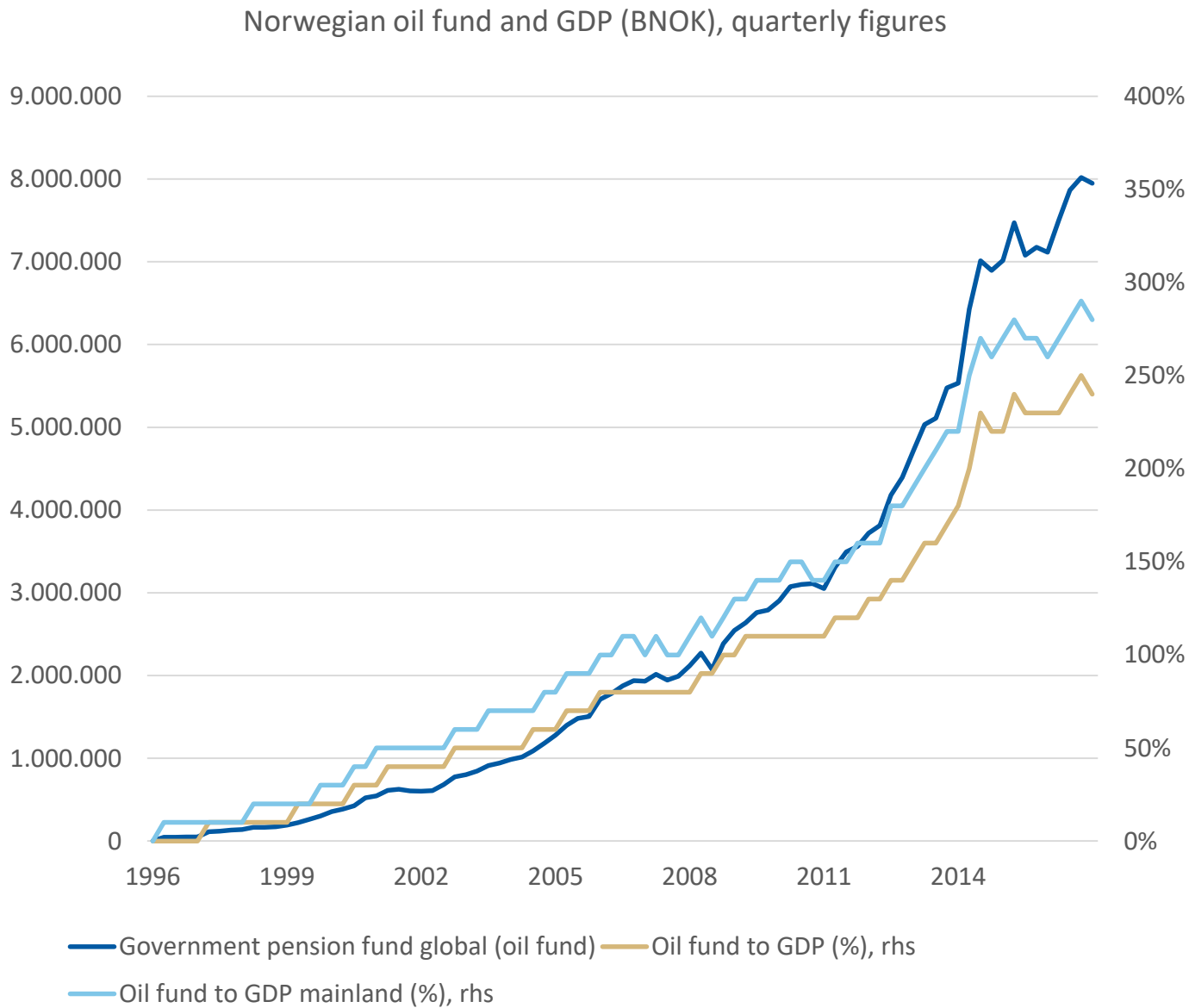
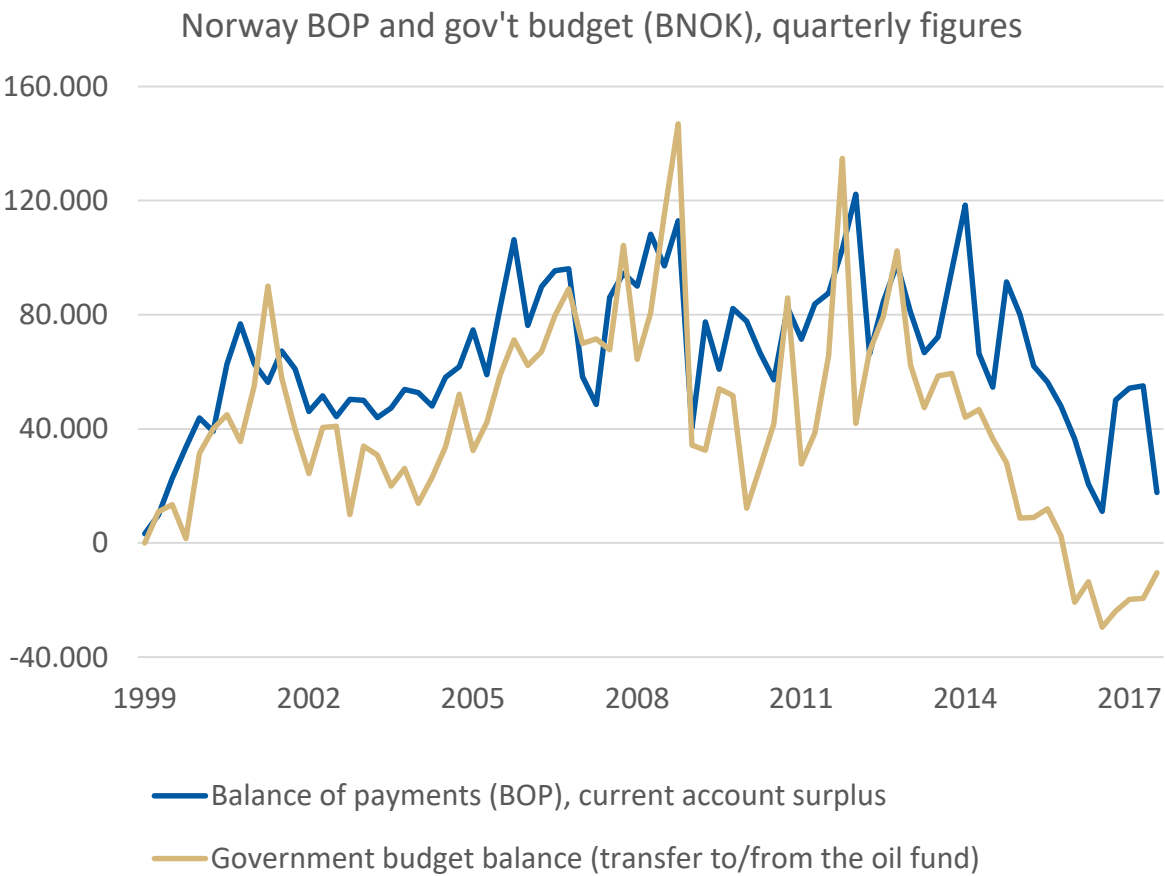
Source: Central Bank of Norway



Source: Thomson Reuters Datastream

Government finances and the sovereign wealth fund

- Cash flow from the petroleum sector (taxes, ownership) is channeled into the sovereign wealth fund
- Fiscal spending rule is 3 % of the fund.



1

SR-Bank

2

Sustainability and Green Bond Framework

3

House market

4

SR-Boligkreditt

5

Norwegian economy

6

Appendix

Net commission and other income

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

Net income on investment securities

MNOK	30.06.2019	30.06.2018	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18
Dividends	27	12	8	19	0	0	1
Investment income, associates	762	159	226	536	113	94	102
Securities gains/losses	89	74	-1	90	-51	42	69
- of which capital change in shares and certificates	81	96	19	62	11	56	90
- of which capital change in certificates and bonds	-26	-122	-23	-3	-57	-70	-50
- of which derivatives; bonds and certificates	34	100	3	31	-5	56	29
Currency/interest gains/losses	138	81	107	31	6	39	41
- of which currency customer- and own-account trading	61	90	32	29	24	21	48
- of which value change basis swap spread	40	-15	53	-13	-33	10	-13
- of which counterparty risk derivatives including CVA	1	0	0	1	-1	1	0
- of which IFRS-effects	36	6	22	14	16	7	6
Net income on investment securities	1.016	326	340	676	68	175	213

When a basis swap is designated as a hedging instrument for hedging a specifically identified loan, changes in the value of the hedging instrument linked to changes in the "basis spread" are recognized through other comprehensive income

Operating expenses

MNOK	30.06.2019	30.06.2018	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18
Payroll and pensions	576	530	294	282	270	267	270
Other staff costs	125	115	63	62	60	55	56
Total personnel expenses	701	645	357	344	330	322	326
IT expenses	181	166	91	90	85	80	83
Marketing	39	40	20	19	26	22	24
Other administrative expenses	51	49	26	25	26	24	25
Total administrative expenses	271	255	137	134	137	126	132
Depreciation*	60	45	31	29	20	17	27
Operating expenses from real estate	16	18	8	8	8	7	8
Other operating expenses*	137	148	69	68	81	70	79
Total other operating expenses	213	211	108	105	109	94	114
Total operating expenses	1.185	1.111	602	583	576	542	572

*Increased depreciation and decrease in other operation expenses in 2019 is due to the introduction of new regulations, IFRS 16 for leases.

Contact details and financial calendar

For further information, please contact:

Morten Forgaard

Direct line: +47 51 50 94 64
Mobile: +47 91 62 14 25
E-mail: morten.forgaard@sr-bank.no

Dag Hjelle

Direct line: +47 51 50 94 37
Mobile: +47 90 95 00 88
E-mail: dag.hjelle@sr-bank.no

Bjørn Endre Oftedal

+47 51 50 94 50
+47 45 24 60 03
bjorn.oftedal@sr-bank.no

Lene Vaaland

+47 51 50 93 45
+47 90 62 52 10
lene.vaaland@sr-bank.no

Web-site: www.sr-bank.no/sr-boligkreditt

Financial calendar

Q3 19 Interim report	31 October 2019
Q4 19 Interim report	5 February 2020

I address:

Bjergsted Terrasse 1, Postboks 250
4066 Stavanger