



SECOND QUARTER 2018

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SpareBank 
SR-BANK

Interim Financial Statements Q2 2018

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Key figures SpareBank 1 SR-Bank Group (MNOK)

MAIN FIGURES	01.01 - 30.06		Q2	Q2	2017
	2018	2017	2018	2017	
Net interest income	1.642	1.523	842	784	3.162
Net commission and other income	738	771	370	400	1.524
Net income on financial investments	326	232	213	143	634
Total income	2.706	2.526	1.425	1.327	5.320
Total operating costs	1.111	1.067	572	548	2.167
Operating profit before impairment losses	1.595	1.459	853	779	3.153
Impairment losses on loans and guarantees	173	299	99	131	543
Pre-tax profit	1.422	1.160	754	648	2.610
Tax expense	287	243	137	134	524
Profit after tax	1.135	917	617	514	2.086

BALANCE SHEET

Gross loans to customers	178.927	164.958			172.554
Gross loans to customers including SB1 BK and SB1 NK ⁴⁾	193.474	184.317			187.137
Deposits from customers	105.824	99.758			95.384
Total assets	223.954	212.879			216.618
Average total assets	219.106	201.892			207.562

Selected key figures (for further key figures see page 34 of the interim report)

Return on equity ¹⁾	11,4 %	9,9 %	12,3 %	11,0 %	11,0 %
Cost ratio ²⁾	41,1 %	42,2 %	40,1 %	41,3 %	40,7 %
Combined weighted total average spread for lending and deposits ³⁾	1,51 %	1,5 %	1,52 %	1,5 %	1,52 %
Balance growth					
Growth in loans	8,5 %	5,2 %			9,5 %
Growth in loans incl SB1 BK and SB1 NK ⁴⁾	5,0 %	0,5 %			2,6 %
Growth in deposits	6,1 %	11,3 %			11,0 %
Solidity					
Common equity Tier 1 capital ratio	14,8 %	14,7 %			15,1 %
Tier 1 capital ratio	15,7 %	15,7 %			16,0 %
Capital ratio	17,8 %	17,9 %			17,9 %
Tier 1 capital	19.959	18.938			19.278
Risk weighted balance	126.826	120.683			120.160
Leverage ratio	7,5 %	7,2 %			7,4 %
Liquidity					
Liquidity Coverage Ratio (LCR) ⁵⁾	157 %	212 %			168 %
Deposit-to-loan ratio	59,1 %	60,5 %			55,3 %
Losses and non-performing commitments					
Impairment losses ratio	0,20 %	0,37 %			0,33 %
Impairment losses ratio, including loans SB1 BK and SB1 NK ⁴⁾	0,18 %	0,33 %			0,29 %
Non-performing commitments, percentage of gross loans	0,24 %	0,50 %			0,32 %
Non-performing commitments, percentage of gross loans, incl. loans SB1 BK and NK ⁴⁾	0,22 %	0,45 %			0,30 %
Other doubtful commitments, percentage of gross loans	1,40 %	0,84 %			0,91 %
Other doubtful commitments, percentage of gross loans, incl. loans SB1 BK and NK ⁴⁾	1,29 %	0,76 %			0,83 %

SpareBank 1 SR-Bank share	30.06.18	31.12.17	31.12.16	31.12.15	31.12.14
Market price	86,40	87,00	60,75	39,30	52,50
Market capitalisation (MNOK)	22.097	22.250	15.537	10.051	13.427
Book equity per share(including dividends) (group)	77,28	77,24	71,54	66,14	60,28
Earnings per share, NOK	4,44	8,16	6,87	6,83	8,20
Dividends per share	n.a.	4,25	2,25	1,50	2,00
Price / Earnings per share	9,73	10,66	8,84	5,75	6,40
Price / Book equity	1,12	1,13	0,85	0,59	0,87
Effective return ⁶⁾	4,2 %	46,9 %	58,4 %	-21,3 %	-10,2 %

¹⁾ Ordinary result available to shareholders for the period as a percentage of average equity, exclusive of other core equity

²⁾ Total operating costs as a percentage of total operating income

³⁾ Net interest income as a percentage of average total assets

⁴⁾ SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are abbreviated to SB1 BK and SB1 NK

⁵⁾ High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario

⁶⁾ Percentage change in the market price in the last period, including paid share dividend

A good result marked by good operations, lower losses and higher financial income

Q2 2018

- Pre-tax profit: NOK 754 million (NOK 648 million)
 - Net profit for the quarter: NOK 617 million (NOK 514 million)
 - Return on equity after tax: 12.3% (11.0%)
 - Earnings per share: NOK 2.41 (NOK 2.01)
 - Net interest income: NOK 842 million (NOK 784 million)
 - Net commissions and other operating income: NOK 370 million (NOK 400 million)
 - Net income from financial investments: NOK 213 million (NOK 143 million)
 - Operating costs: NOK 572 million (NOK 548 million)
 - Impairment losses on loans: NOK 99 million (NOK 131 million)
- (Q2 2017 in brackets)

H1 2018

- Pre-tax profit: NOK 1,422 million (NOK 1,160 million)
 - Net profit for the quarter: NOK 1,135 million (NOK 917 million)
 - Return on equity after tax: 11.4% (9.9%)
 - Earnings per share: NOK 4.44 (NOK 3.59)
 - Net interest income: NOK 1,642 million (NOK 1,523 million)
 - Net commissions and other operating income: NOK 738 million (NOK 771 million)
 - Net income from financial investments: NOK 326 million (NOK 232 million)
 - Operating costs: NOK 1,111 million (NOK 1,067 million)
 - Impairment losses on loans: NOK 173 million (NOK 299 million)
 - Total lending growth over last 12 months: 5.0% (0.5%)
 - Growth in deposits over last 12 months: 6.1% (11.3%)
 - Common equity tier 1 capital ratio: 14.8% (14.7%)
 - Tier 1 capital ratio: 15.7% (15.7%)
- (H1 2017 figures in brackets)

Financial performance – Q2 2018

The group's pre-tax profit was NOK 754 million (NOK 648 million), an improvement of NOK 86 million on the first quarter of 2018. The return on equity after tax for the quarter was 12.3% (11.0%) compared with 10.3% for the first quarter of 2018. Besides good, stable operations, the results for the quarter were marked by higher income from financial investments, where NOK 72 million was due to the effect of the impending merger of Vipps AS, BankAxept AS and BankID Norge AS.

Net interest income rose by NOK 42 million to NOK 842 million (NOK 784 million) in the second quarter of 2018. The increase was mainly due to higher lending volumes. The average interest margin (net interest income as a percentage of average total assets) was 1.52% (1.52%) compared with 1.50% in the first quarter of 2018.

Net commissions and other operating income was NOK 370 million in the second quarter of 2018 (NOK 400 million), an increase of NOK 2 million on the first quarter of 2018. Income from SpareBank 1 EiendomsMegler 1 AS amounted to NOK 109 million (NOK 112 million), NOK 28 million higher than in the first quarter of 2018. Commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS amounted to NOK 23 million (NOK 39 million), a reduction of NOK 7 million compared with the first quarter of 2018, while income from guarantee commissions fell by NOK 14 million from the previous quarter to NOK 20 million in the second quarter of 2018 (NOK 34 million).

Net income from financial investments in the second quarter of 2018 totalled NOK 213 million (NOK 143 million). The NOK 100 million increase from the previous quarter was mainly due to NOK 72 million from the effect of the impending merger of Vipps AS,

BankAsept AS and BankID Norge AS, as well as increased income from stakes in associated companies.

Operating costs rose by NOK 33 million from the previous quarter to NOK 572 million in the second quarter of 2018 (NOK 548 million). Personnel costs rose by NOK 7 million compared with the previous quarter, NOK 6 million of which was due to increased costs in SpareBank 1 EiendomsMegler 1 AS due to higher activity in the quarter.

Other operating costs rose by NOK 26 million from the first quarter of 2018, of which NOK 8 million occurred in SpareBank 1 EiendomsMegler AS and NOK 8 million was a one-time write-down of taken over assets. The remainder of the increase was due to a high level of activity during the quarter, where costs for marketing and systems development, among other things, rose by a total of NOK 13 million compared with the previous quarter.

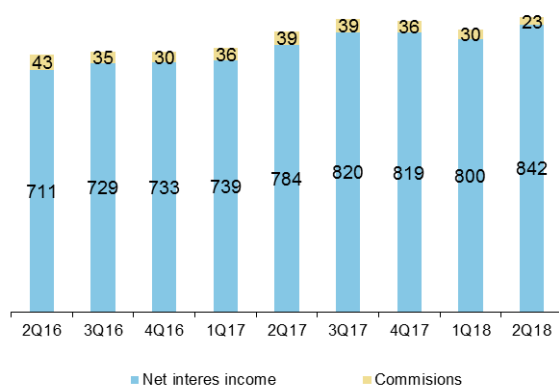
Impairment losses on loans were NOK 99 million (NOK 131 million) compared with NOK 74 million in the first quarter of 2018.

Financial performance – H1 2018

Net interest income

The group's net interest income totalled NOK 1,642 million in the first half of 2018 (NOK 1,523 million). Net interest income must be seen in the context of the commission income from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. Commissions from these companies amounted to NOK 53 million in the first half of 2018 (NOK 75 million). The combined total of net interest income and commissions increased by NOK 97 million compared with the first half of 2017. The increase was mainly due to increased lending volumes.

Fig. 1 Interest income



The average interest margin was 1.51% in the first half of 2018 compared with 1.52% in the first half of 2017.

Net commissions and other operating income

Net commissions and other operating income in the first half of 2018 totalled NOK 738 million (NOK 771 million). The NOK 33 million reduction compared with the first half of 2017 was primarily due to income from estate agency services falling by NOK 15 million to NOK 190 million in the first half of 2018 (NOK 205 million) due to a weaker overall market than in the first half of 2017. Commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS were down NOK 22 million to NOK 53 million in the first half of 2018 (NOK 75 million). The reduction in commissions from the mortgage companies was due in part to the group having bought back NOK 4.7 billion in loans from SpareBank 1 Boligkreditt AS in the last 12 months.

Table 1, Commission and other income

	30.06.18	30.06.17
Payment facilities	122	126
Savings/placements	100	100
Insurance products	96	104
Commission income real estate broking	190	205
Guarantee commission	54	51
Arrangement- and customer fees	60	37
Accounting services SpareBank 1 Regnskapshuset SR	55	55
Commission income SB1 Boligkreditt and SB1 Næringskreditt	53	75
Other	8	18
Total commission and other income	738	771

The reduction in income from estate agency services and the mortgage companies was countered by an increase in arrangement fees, which rose from NOK 23 million in the first half of 2017 to NOK 60 million in the first half of 2018 (NOK 37 million), due in part to good activity, especially in the corporate market division.

Net income from financial investments

Net income from financial investments in the first half of 2018 totalled NOK 326 million (NOK 232 million).

Table 2, Income on investment securities

	30.06.18	30.06.17
Dividends	12	9
Investment income, associates	159	144
Income from financial instruments	155	79
- Capital gains/losses on securities	74	57
- Capital gains/losses interest/currency	81	22
Total income on investment securities	326	232

Dividends increased by NOK 3 million from the first half of 2017 to NOK 12 million in the first half of 2018 (NOK 9 million), while income from ownership interests increased by NOK 15 million in the first half of 2018 to NOK 159 million (NOK 144 million).

Table 3, Income from ownership interests

The share of net profit after tax	30.06.18	30.06.17
SpareBank 1 Gruppen AS	117	134
SpareBank 1 Boligkreditt AS	-2	-27
SpareBank 1 Næringskreditt AS	5	8
BN Bank ASA	36	34
SpareBank 1 Kredittkort AS	12	7
SpareBank 1 Betaling AS	-12	-14
Other	3	2
Total income from ownership interests	159	144

The share of the net profit from SpareBank 1 Gruppen AS decreased by NOK 17 million compared with the first half of 2017. The reduction in profit was mainly due to lower financial income and a weaker insurance result in the P&C insurance company due to a harsh winter with many claims. Other companies included in SpareBank 1 Gruppen AS generally posted results on a par with last year or better results than for the first half of 2017.

The share of the net profit from SpareBank 1 Boligkreditt AS increased by NOK 25 million compared with the first half of 2017. The improvement in the result was primarily due to the negative effects of basis swaps¹ in the first half of 2017. The group's share of the negative effects of the basis swaps was NOK -47 million in the first half of 2017. From 1 January 2018, the company has changed its accounting policies for the recognition of the effects of basis swaps due to the implementation of IFRS 9. The effects of basis swaps are now recognised through other comprehensive income in SpareBank 1 Boligkreditt AS and thereby do not affect the company's profit or the group's share of the profit.

The negative share of the result from SpareBank 1 Betaling AS of NOK 12 million is the group's share of the costs associated with Vipps AS, NOK 6 million of which came from correcting the company's result for 2017.

Net income from financial instruments amounted to NOK 155 million in the first half of 2018 (NOK 79 million). Capital gains on securities amounted to NOK 74 million (NOK 57 million), while capital gains from

interest and currency trading amounted to NOK 81 million (NOK 22 million).

The capital gains on securities amounting to NOK 74 million (NOK 57 million) were due to a combination of capital losses of NOK 122 million (capital losses of NOK 41 million) in the interest portfolio, which were counteracted by positive effects totalling NOK 100 million (NOK 63 million) from hedging instruments, as well as capital gains of NOK 96 million (NOK 35 million) from the portfolio of shares and equity certificates, of which NOK 72 million was due to the effect of the impending merger of Vipps AS, BankAxept AS and BankID Norge AS. As far as the remainder of the capital gains from shares and equity certificates is concerned are, NOK 25 million came from capital gains on securities in FinStart Nordic AS and NOK 13 million from growth in the value of the investment in Visa Norge AS, while the value of Sandnes Sparebank was adjusted downwards by NOK 13 million in the first half of 2018.

Capital gains from interest and currency trading amounted to NOK 81 million (NOK 22 million), of which capital gains from customer and own account trading accounted for NOK 90 million (NOK 45 million). The negative effects of basis swaps amounted to NOK -15 million (NOK 23 million in negative effects), while the sum of hedging recognition and other positive IFRS effects were NOK 6 million in the first half of 2018 (NOK 0 million). On 1 January 2018, the group changed its accounting policies for recognising the effects of basis swaps due to the implementation of IFRS 9. The effects of basis swaps related to contracts signed after 1 January 2018 will be recognised through other comprehensive income.

Operating costs

The group's operating costs for the first half of 2018 amounted to NOK 1,111 million (NOK 1,067 million), an increase of NOK 44 million (4.1%) compared with the first half of 2017.

¹Basis swaps are derivatives contracts that are entered into in connection with long-term funding in international capital markets where the currency is converted to Norwegian kroner. These are hedging instruments and seen over the instruments'

term of maturity the changes in market value are zero. The accounting effects will therefore be reversed over time, unless the instrument is redeemed.

Table 4, Operating expenses

	30.06.18	30.06.17
Personnel expenses	645	618
IT expenses	166	161
Marketing	40	37
Other administrative expenses	49	41
Depreciation	45	36
Operating expenses from real estate	18	19
Other operating expenses	148	155
Total operating expenses	1.111	1.067

Personnel costs rose by NOK 27 million (4.4%) from the first half of 2017 to NOK 645 million in the first half of 2018. NOK 9 million of the increase was due to increase bonus provisions and NOK 6 million increased pension costs, while ordinary personnel costs increased by NOK 11 million, of which NOK 8 million was due to ordinary wage increases. The number of full-time equivalents having risen by 33 since the second quarter of 2017. Subsidiaries were responsible for 22 of these, including because of the focus on SpareBank 1 Regnskapshuset SR AS and FinStart Nordic AS. The parent bank increased its full-time equivalents by 10 people, mainly due to the heavier workload associated with anti-money laundering work and the establishment of a branch in Oslo.

Other operating costs rose by NOK 17 million (3.8%) to NOK 466 million in the first half of 2018, of which NOK 8 million was a one-time write-down of taken over assets, higher marketing costs, and rises in other administration costs associated with the development of new system solutions.

The group focuses heavily on maintaining control over the growth in costs and its target for cost growth in 2018 is a maximum of 3.0%. From the first half of 2017 to the first half of 2018, costs grew by a total of NOK 44 million (4.1%). This is higher than the target for the year as a whole, but within the group's cost accrual plans for 2018. The growth in costs is expected to slow in the second half of 2018. The group's cost/income ratio, costs measured as a percentage of income, was 41.1% (42.2%).

Impairment losses on loans and non-performance

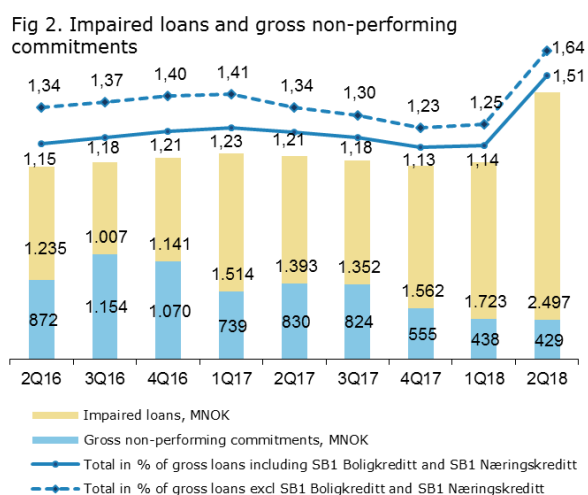
The group's net impairment losses on loans were reduced by NOK 126 million from the first half of 2017 to NOK 173 million in the first half of 2018 and this reflects the optimism in the group's market area due to higher oil prices and the ripple effects this has for the rest of the business sector. The group's net impairment losses on loans amounted to 0.20% of gross loans at the end of the first half of 2018 (0.37%). Inclusive of loans sold to SpareBank 1

Boligkreditt AS and SpareBank 1 Næringskreditt AS, the write-down as a percentage of gross loans corresponded to 0.18% (0.33%).

Closely monitoring customers and preventive work remain important tools for maintaining a good risk profile in the group's loan portfolio in order to reduce future losses.

Gross non-performing commitments aggregated NOK 429 million at the end of the second quarter of 2018 (NOK 830 million). This corresponded to 0.24% (0.50%) of gross loans, and 0.22% (0.45%) inclusive of loans SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. The portfolio of impaired (not non-performing) loans totalled NOK 2,497 million (NOK 1,393 million). This corresponded to 1.40% (0.84%) of gross loans, and 1.29% (0.76%) inclusive of loans SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. The increase in impaired commitments is primarily attributable to one major commitment in the offshore/oil and gas sector whose status was changed to impaired in the second quarter of 2018, although the commitment is not non-performing.

Total non-performing and impaired loans at the end of the second quarter of 2018 came to NOK 2,926 million (NOK 2,223 million). Measured as a percentage of gross loans, this corresponded to an increase in the last 12 months from 1.34% to 1.64%, and an increase from 1.21% to 1.51% inclusive of loans sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.



The loan loss provisions ratio, measured as individual impairments as a percentage of non-performing and of impaired loans, respectively, was 22% (26%) and 25% (30%) at the end of the second quarter of 2018.

The provision ratio will vary over time depending on valuations of commitments' collateral.

IFRS 9 Financial Instruments replaced IAS 39 from 1 January 2018. For information about the effects of its implementation please refer to note 42 in the annual report for 2017, as well as notes 1 and 3 of this interim report.

Loans to and deposits from customers

Gross loans at the end of the second quarter of 2018 amounted to NOK 178.9 billion (NOK 165.0 billion). Inclusive of loans totalling NOK 14.6 billion (NOK 19.4 billion) sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, gross loans amounted to NOK 193.5 billion at the end of the quarter (NOK 184.3 billion). Gross lending growth, inclusive of the mortgage companies, was 5.0% in the last 12 months (0.5%). The effect of exchange rate fluctuations accounted for NOK -0.4 billion (-0.2%) of the NOK 9.2 billion growth in gross loans over the last 12 months.

Fig. 3 12 month lending growth (percentage)



* Following the merger with the parent bank on 1 January 2017, the volume from SR-Finans is included in the figures. The historical figures have been changed to provide comparable figures.

Loans to the retail market accounted for 61.9% of total loans (inclusive of loans sold to SpareBank 1 Boligkreditt AS) at the end of the second quarter of 2018 (63.2%).

The group's total loan exposure of NOK 193.5 billion (NOK 184.3 billion) included a majority of commitments with a probability of default of less than 0.5%. These commitments accounted for 61.1% (61.3%) of the portfolio. The total lending portfolio primarily consisted of commitments of less than NOK 10 million. These accounted for 67.6% (68.9%) of

²The interest on intercompany receivables for the retail market division and the corporate market division is determined on the basis of expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long-term funding (credit

loan exposure and 98.4% (98.5%) of customers. 18.9% (18.0%) of the total loan exposure was to customers with loans in excess of NOK 100 million.

Over the last 12 months, deposits from customers rose by 6.1% (11.3%) to NOK 105.8 billion (NOK 99.8 billion). At the end of the second quarter of 2018, deposits from the corporate market and public sector accounted for 55.3% (54.4%) of the group's customer deposits. At end of the second quarter of 2018, the deposit coverage ratio, measured as deposits as a percentage of gross loans, was 59.1% (60.5%).

In addition to ordinary customer deposits, the group also has capital under management in alternative investment products. This amounted to NOK 21.6 billion (NOK 19.6 billion) at the end of the second quarter of 2018, due in part to good new sales in connection with the establishment of share savings accounts for the group's customers. This management is primarily performed by SR-Forvaltning AS and ODIN Forvaltning AS.

Business areas

SpareBank 1 SR-Bank's financial management is based on different business areas that are defined on the basis of their form of distribution, products and customers. The reporting format is based on the risk and return profile of the assets and is split into the retail market (including the self-employed and farming), corporate market, capital market and subsidiaries of significant importance. The retail market division's result and balance sheets include the figures from SR-Boligkreditt AS.

On 1 January 2018, the units that work with customer services and market communications were moved out of the business areas and established as a single separate area. The business areas' historical figures have been changed to provide comparable figures. The same has also been done in the segment note (note 11).

Retail market division²

The retail market division's contribution before impairment losses on loans amounted to NOK 839 million in the first half of 2018 (NOK 804 million). The result was NOK 35 million better than in the first half of 2017 due, among other things, to higher interest margins and good cost control.

premium). Differences between the group's actual funding costs and the applied interest on intercompany receivables are eliminated at the group level.

Table 5, Retail market

	30.06.18	30.06.17
Interest income	783	727
Commission and other income	298	317
Income on investment securities	3	6
Total income	1.084	1.050
Total operating expenses	245	246
Operating profit before losses	839	804
Impairment losses on loans	27	20
Pre-tax profit	812	784

The number of products sold increased by 10% compared with the year before. The greatest sales growth was seen in digital surfaces and towards the end of the second quarter of 2018 almost 50% of all the mortgages granted were started digitally. Sales growth and the increased value of assets under management contributed to increased commissions, while a higher claims ratio and the elimination of unemployment insurance contributed to lower commissions in insurance areas. In total, commissions, exclusive of commissions from the mortgage companies, were on a par with last year.

Unemployment in the region has developed positively, while sales of used homes in the second quarter of 2018 were lower than last year in Hordaland, Rogaland and Agder. Lending growth in the last 12 months, measured at the end of the second quarter of 2018, was 2.9%, while deposit growth in the last 12 months was 3.9%. Increased business optimism and lower unemployment has, as per the end of the second quarter of 2018, not resulted in a significant increase in demand for mortgages in Rogaland.

The quality of the retail market portfolio is considered to be very good with a low risk of losses. The proportion of loan exposure (including the portfolios in SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS) within a loan-to-value ratio of 85% amounted to 89.7% at the end of the second quarter of 2018 (90.2%). The IRB risk weighting for home mortgages was 21.5% at the end of the second quarter of 2018 (21.7%), which reflected a solid, stable portfolio.

The proportion of non-performing commitments over 30 days was 0.34% of total loans at end of the second quarter of 2018 (0.34%). Impairment losses on loans amounted to NOK 27 million in the first half of 2018 (NOK 20 million).

Corporate market division ³

The corporate market division's contribution before impairment losses on loans was NOK 836 million in the first half of 2018, an increase of NOK 57 million from the first half of 2017 when it was NOK 779 million. The

higher result is primarily due to increased interest income and other operating income.

Table 6, Corporate market

	30.06.18	30.06.17
Interest income	757	725
Commission and other income	175	145
Income on investment securities	12	17
Total income	944	887
Total operating expenses	108	108
Operating profit before losses	836	779
Impairment losses on loans	146	279
Pre-tax profit	690	500

The division's lending growth in the last 12 months was 10.0%, where 80% of the growth occurred outside Rogaland. The division's deposits increased by 11.2% in the last 12 months.

The quality of the corporate market portfolio is considered to be good. The proportion of commitments with a probability of default of less than 2.5% through a full loss cycle was 76.5% of the portfolio at the end of the second quarter of 2018 (77.7%). The property sector portfolio represents the group's largest concentration in a single sector and accounted for 15.5% (15.2%) of total loan exposure, inclusive of retail customers. A large portion of this portfolio consisted of financing commercial properties for leasing. The portfolio is characterised by long-term leases and financially solid tenants.

Net impairment losses of NOK 146 million were recognised in the first half of 2018, compared with NOK 277 million in individual impairment losses in the first half of 2017. The division's pre-tax profit was NOK 690 million, NOK 190 million higher than in the corresponding quarter last year.

The division prioritises closely monitoring risk in the portfolio. At the same time, it is important to ensure good, relevant customer services in relevant channels in order to maintain good customer relationships and customer growth. New digital purchasing solutions are being developed, which will ensure efficiency for both customers and the group.

The establishment of the Oslo branch is progressing as planned. The presence in this market will, together with customer growth, correct risk pricing for loans, and cost control, ensure the group is competitive going forward.

Capital market division ³

Securities activities are organised under the SR-Bank Markets brand and include customer and own account trading in fixed income instruments, foreign exchange and corporate finance services.

SR-Bank Markets's pre-tax profit was NOK 57 million in the first half of 2018, NOK 13 million higher than in the first half of 2017. The income generated is recognised as income in the business areas to which the customers are assigned, primarily the corporate market division. NOK 36 million was recognised as income in the business areas in the first half of 2018, an increase of NOK 11 million compared with the same period in 2017.

Table 7, Capital market

	30.06.18	30.06.17
Interest income	17	19
Commission and other income	40	36
Income on investment securities	66	45
Total income	123	100
- allocated to Corporate market	36	25
Total income after allocation	87	81
Total operating expenses	30	37
Operating profit before losses	57	44

Prior to the allocation of customer income to other business areas, SR-Bank Markets had achieved operating income of NOK 123 million in the first half of 2018. This was an increase of NOK 23 million from the same period in 2017 and was primarily due to more activity within currency and interest trading. Income from sales of equities and bonds ceased in the fourth quarter of 2017 due to the equities desk being sold to SpareBank 1 Markets. Corporate finance completed a number of projects in the first half of 2018 and achieved a result on a par with the same period in 2017.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company achieved a pre-tax profit of NOK 12.4 million in the first half of 2018 (NOK 21.1 million). The poorer result was primarily due to somewhat weaker sales than expected with a drop of 7% in relation to the same period last year.

In the first half of 2018, 3,288 (3,519) properties were sold with a total value of around NOK 10.2 billion (NOK

10,7 billion). The supply of new assignments was good and higher than in the corresponding period last year.

There have been and still are, differences in the regional markets, both with respect to price and turnover times. The housing market in Bergen remains good, with a high turnover rate and positive price growth this year. The number of sales is on a par with last year. The market in the Agder counties remains stable with respect to both turnover times and volumes. The trend in prices is weak but positive. The number of sales in Rogaland rose by more than 3% in relation to the corresponding period last year. Turnover times remain high at just above 60 days on average. Prices have moved little and are marginally lower than they were 12 months ago.

The supply of new houses remains high and there are signs of increased demand for planned properties, especially in the Stavanger region.

There was a good supply of commercial property for both lease and sale. The vacancy rate for office premises in the Stavanger region has stabilised. The level of activity in the lease market especially is good and steadily more tenants are looking for premises suitable for the anticipated level of activity going forward. The levels of activity in Bergen are still good within both the sale and leasing of commercial properties and the company has maintained its position as a leading player in commercial estate agency in the Bergen region.

SpareBank 1 Regnskapshuset SR AS

SpareBank 1 Regnskapshuset SR AS achieved a pre-tax profit of NOK 3.5 million in the first half of 2018 (NOK 5.2 million). The result includes depreciation of intangible assets of NOK 1.0 million (NOK 0.9 million).

The company was established in 2015 and has since its start-up grown from NOK 0 to almost NOK 100 million in annual turnover. At the end of the second quarter of 2018, the company has seven offices, four in Rogaland and three in Bergen, and more than 1,800 customers.

Since its start-up, Regnskapshuset has gained a solid market position in Rogaland and Hordaland and is experiencing a good influx of new customers who want modern, efficient accounting services. Customers are demanding cloud-based and automated services, and in the future the company will offer bespoke IT

³The capital market division serves customers throughout the group and customer income is now recognised, in its entirety, in the business area to which the customer belongs.

solutions for customers irrespective of industry/size. At the same time, the company is currently expending a lot of resources on the robotisation of work process and will, besides using its own resources, capitalise on the expertise SpareBank 1 SR-Bank ASA has in this area. New business areas within advice and payroll/HR are being built up as the company is experiencing great demand for these types of service.

SR-Forvaltning AS

Pre-tax profit in the first half of 2018 amounted to NOK 17.7 million (NOK 16.9 million). The company experienced good customer growth in the quarter, evenly distributed between securities funds and discretionary mandates. The assets under management at the end of the second quarter of 2018 amounted to NOK 11.2 billion (NOK 10.6 billion).

SR-Forvaltning AS is licensed to provide active management and securities management services. The management company has three securities funds: SR-Utbytte, SR-Kombinasjon and SR-Rente. In the first half of 2018, the equity fund SR-Utbytte produced a return of -2.04% (benchmark 3.85%), the bond fund SR-Rente produced 2.21% (benchmark 0.02%), and the combination fund SR-Kombinasjon produced -0.46% (benchmark 1.98%).

The company also manages discretionary portfolios for SpareBank 1 SR-Bank ASA's pension fund, as well as for external customers on the basis of discretionary mandates. The external customer base comprises pension funds, public and private enterprises, and affluent individuals. Since its start-up in 1999, the company has produced a good, long-term, risk-adjusted return for its customers, in both absolute and relative terms, although the return has been somewhat weaker in the last six months.

SR-Forvaltning AS's investment philosophy is long-term and value-oriented. The company primarily invests in companies with a low share price in relation to book value and earnings, and which pay solid dividends.

SR-Boligkreditt AS

The company achieved a pre-tax profit of NOK 178.7 million in the first half of 2018 (NOK 66.5 million). The improved result was due to both net interest income, which increased by NOK 65.3 million compared with the first half of 2017, and NOK 75.7 million in lower negative effects from basis swaps. Net interest income primarily increased due to the increase in mortgages bought from SpareBank 1 SR-Bank ASA and the increase must therefore be viewed in the context of

the development of net interest income in the retail market division in the parent bank. Net income from financial investments increased by NOK 55.9 million, NOK 75.7 million of which was due to the negative effects of basis swaps, which amounted to NOK -11.8 million in the first half of 2018 compared with NOK -87.4 million in the first half of 2017.

The company was established in 2015 and its purpose is to purchase home mortgages from SpareBank 1 SR-Bank ASA and it funds this by issuing covered bonds. SR-Boligkreditt AS enables the parent bank to diversify and optimise its funding. Moody's has given SR-Boligkreditt AS its best rating, Aaa.

At the end of the second quarter of 2018, the company had issued covered bonds with a nominal value of NOK 45.5 billion and bought loans worth NOK 47.5 billion from SpareBank 1 SR-Bank ASA.

FinStart Nordic AS

The company achieved a pre-tax profit of NOK 22.6 million in the first half of 2018 (NOK 6.9 million). The improvement in the result was due to the positive increase in value of the securities in the portfolio.

The company changed its name from SR-Investering AS to FinStart Nordic AS in September 2017 as part of the company's changed strategy. The company started operations in January 2018, and is the group's innovative unit and has been established as an external arena for innovation and development. The company wants to invest in and/or establish companies that will engage in development and innovation work. This will help to the bank to grow in a market where the bank's activities are increasingly subject to competition from new vendors, including as a result of changes to the framework conditions.

Associated companies

SpareBank 1 Alliance

The SpareBank 1 Alliance is Norway's second largest financial group and is a banking and product partnership in which the SpareBank 1 banks in Norway cooperate in order to keep them strong and independent. The purpose of the alliance is to procure and provide competitive financial services and products, and to exploit economies of scale in the form of lower costs and/or higher quality. The alliance is run through its ownership and participation in SpareBank 1 Banksamarbeidet, while the development and operation of product companies is organised through the banks' ownership of the holding company SpareBank 1 Gruppen AS.

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen AS owns all of the shares in SpareBank 1 Forsikring AS, SpareBank 1 Skadeforsikring AS, ODIN Forvaltning AS, SpareBank 1 Medlemskort AS, SpareBank 1 Gruppen Finans AS and Conecto AS. SpareBank 1 SR-Bank ASA owned a 19.5% stake in SpareBank 1 Gruppen AS at the end of the second quarter of 2018.

SpareBank 1 Gruppen AS achieved a pre-tax profit of NOK 773 million in the first half of 2018 (NOK 904 million). The reduction in profit was mainly due to lower financial income and a weaker insurance result in the P&C insurance company due to a harsh winter with many claims. Other companies included in SpareBank 1 Gruppen AS posted results on a par with last year or better results than for the first half of 2017.

On 20 June 2018, SpareBank 1 Gruppen AS and DNB ASA signed a letter of intent with respect to merging their business operations. The merger will be implemented by DNB Forsikring AS merging with SpareBank 1 Skadeforsikring AS. The merged company will offer an almost complete product portfolio within risk insurance to the retail and SME markets. The letter of intent assumes a conversion ratio of around 80% for SpareBank 1 Gruppen AS and around 20% for DNB ASA. The conversion ratio is based on the value of the two P&C insurance companies. SpareBank 1 Gruppen AS will own 60% and DNB will own 40% of the merged company. When DNB increases its stake to 40% by purchasing a further 20% of the company's shares, this will be based on market capitalisation. At the time of the merger, the company will have a market share within risk insurance of more than 15% and thus become the third largest insurance company in the country and the largest that distributes its products via banks. The company will continue the SpareBank 1 Alliance's agreement to deliver products to the Norwegian Federation of Trade Unions' 930,000 members via the LOfavør brand. The SpareBank 1 banks will distribute insurance products under the SpareBank 1 brand, while DNB ASA will distribute insurance products under its brand. The merger is scheduled for implementation on 1 January 2019, assuming its receives the approval of the authorities.

SpareBank 1 Banksamarbeidet DA

SpareBank 1 Banksamarbeidet DA is responsible for alliance processes and the delivery of services to the SpareBank 1 Alliance. It also develops and delivers things such as common IT/mobile phone solutions, branding and marketing concepts, business concepts,

products and services, expertise, analyses, processes, best practice solutions and purchasing. SpareBank 1 SR-Bank ASA owned a 18.0% stake in SpareBank 1 Banksamarbeidet DA at the end of the second quarter of 2018.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are mortgage companies operating under licences issued by the Financial Supervisory Authority of Norway and issue covered bonds (with pre-emptive rights) on the bank's home mortgage and commercial properties portfolios respectively that are bought from the owner banks. The companies are owned by the savings banks that make up the SpareBank 1 Alliance and help ensure the owner banks have access to stable, long-term funding at competitive rates.

SpareBank 1 Boligkreditt AS achieved a pre-tax result of NOK -7 million in the first half of 2018 (NOK -260 million). The improvement in the result was primarily due to the negative effects of basis swaps in the first half of 2017 amounting to NOK -336 million. On 1 January 2018, the company changed its accounting policies for recognising the effects of basis swaps due to the implementation of IFRS 9. The effects of basis swaps are now recognised through other comprehensive income in SpareBank 1 Boligkreditt AS and thereby do not affect the company's profit or the group's share of the profit. At the end of the second quarter of 2018, the company's total lending volume amounted to NOK 182.9 billion (NOK 173.6 billion), NOK 14.1 billion (NOK 18.8 billion) of which were home mortgages bought from SpareBank 1 SR-Bank ASA. At the end of the second quarter of 2018, the bank owned 8.0% of the company. This stake is normally adjusted annually based on its share of the sold volume at the end of each year.

SpareBank 1 Næringskreditt AS achieved a pre-tax profit of NOK 36 million in the first half of 2018 (NOK 48 million). At the end of the second quarter of 2018, the company's total lending volume amounted to NOK 9.8 billion (NOK 10.2 billion), NOK 0.5 billion (NOK 0.5 billion) of which were loans bought from SpareBank 1 SR-Bank ASA. At the end of the second quarter of 2018, the bank owned 19.2% of the company.

BN Bank ASA

BN Bank is a nationwide bank with its head office in Trondheim. The bank is owned by the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank ASA owns a 23.5% stake. BN Bank ASA achieved a pre-tax

profit of NOK 215 million in the first half of 2018 (NOK 189 million). The improved result was primarily due to an increase in net interest income compared with the first half of 2017.

SpareBank 1 Kredittkort AS

SpareBank 1 Kredittkort AS is owned by the SpareBank 1 banks. SpareBank 1 SR-Bank ASA owns a stake of 17.9%. The company provides credit card solutions for the SpareBank 1 banks and achieved a pre-tax profit of NOK 87 million in the first half of 2018 (NOK 52 million). The improved result was due to a combination of increased interest income, and increased commissions compared with the first half of 2017.

SpareBank 1 Betaling AS/Vipps AS

The SpareBank 1 banks jointly own SpareBank 1 Betaling AS. SpareBank 1 SR-Bank ASA's stake is 19.7%. In the autumn of 2017, the company became the second largest owner of Vipps AS with a stake of 25%. In autumn 2018, Vipps AS will be merged with BankID Norge AS and BankAxept AS.

SpareBank 1 Betaling AS posted a pre-tax result of NOK -31 million for the first half of 2018 (NOK -34 million). The negative share of the net profit was due to its share of the operating loss in Vipps AS.

Funding and liquidity

SpareBank 1 SR-Bank had very good liquidity at the end of the second quarter of 2018 and believes it will continue to have good access to long-term funding at competitive prices. The group strives to achieve an even maturity structure for funding and believes it is important to have good relations with Norwegian and international investors and banks. The liquidity buffer⁴ was NOK 32.2 billion at the end of the second quarter of 2018 and would cover normal operations for 26 months in the event of closed markets. NOK 10.9 billion of the bank's external funding will fall due in the next 12 months. In addition to the liquidity buffer, the bank has NOK 14.7 billion in home mortgages ready for covered bond funding.

The group has continued to enjoy a high proportion of long-term funding in the last 12 months. The group's net stable funding ratio⁵ (NSFR) was 119% at the end of the second quarter of 2018 (130%) and this confirms the group's good funding situation.

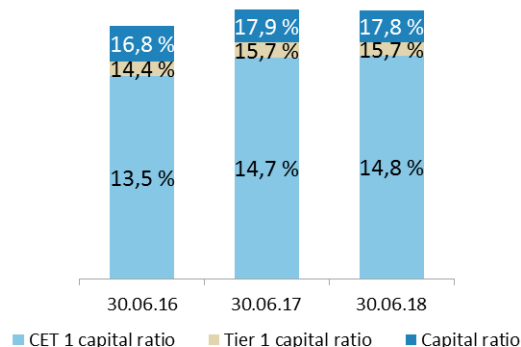
⁴ Liquidity buffer: cash, short-term investments, and drawing rights in Norges Bank (bonds including covered bonds). Assuming deposits and lending remain unchanged and no new borrowing during the period.

The bank's ratings at Moody's and Fitch Ratings are A1 (outlook negative) and A- (outlook stable), respectively.

Capital adequacy

At the end of the second quarter of 2018, the common equity tier 1 capital ratio was 14.8%, up from 14.7% at the same time in 2017.

Fig. 4 Capital adequacy



All capital ratio figures are based on the transitional rule (Basel I floor) that states that the capital requirement for using internal methods cannot be less than 80 per cent of the capital requirement according to the Basel I regulations.

There is a countercyclical capital buffer requirement in Norway in the range of 0-2.5% in the form of common equity tier 1 capital. The purpose of the countercyclical capital buffer is to make the banks more solid and robust in relation to lending losses. The capital buffer requirement amounted to 2.0% at the end of the second quarter of 2018.

The Pillar 2 premium is an institution-specific premium intended to ensure that Norwegian banks have adequate capital to cover the risk associated with operations, including risks not covered by the regulatory minimum requirement. The Financial Supervisory Authority of Norway has in its assessment of the group stipulated a Pillar 2 premium of 2.0%.

The total common equity tier 1 capital ratio requirement for SpareBank 1 SR-Bank ASA at the end of the second quarter of 2018 was 14.0%, inclusive of the countercyclical buffer and Pillar 2 premium. This requirement is met by a good margin. Banks classified as systemically important financial institutions are also

⁵NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway and is calculated as available stable funding relative to necessary stable funding.

subject to a special capital buffer requirement. SpareBank 1 SR-Bank ASA has not been identified as a systemically important financial institution.

SpareBank 1 SR-Bank ASA's long-term goal is to achieve a common equity tier 1 capital ratio of 15.0%, which includes a management buffer of 1%. The target will be maintained through good profitability, balanced growth and competitive dividends.

The tier 1 capital ratio was 15.7% (15.7%), while the total capital ratio was 17.8% (17.9%) at the end of the second quarter of 2018. This satisfies the capital adequacy ratio requirement of 17.5%.

The bank's share

The bank's share price (SRBANK) was NOK 86.40 at the end of the second quarter of 2018. This represents an increase of 4.2% from the end of the first quarter of 2018, corrected for paid dividends. The main Oslo Stock Exchange index rose by 9.2% in the same period. 6.1% (8.6%) of outstanding SRBANK shares were traded in the second quarter of 2018.

Fig 5. Development in Price/Book



There were 10,997 (10,579) shareholders of SRBANK at the end of the second quarter of 2018. The proportion owned by foreign companies and individuals was 23.1% (20.7%), while 44.7% (46.2%) were resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned a total of 57.8% (55.1%) of the shares. The bank holds 85,206 treasury shares, while group employees owned 1.6% (1.7%).

The table below shows the 20 largest shareholders as at 30 June 2018:

	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	72.419	28,3 %
Folketrygdfondet	18.326	7,2 %
State Street Bank and Trust Co, U.S.A.	10.112	4,0 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,4 %
Vpf Nordea Norge Verdi	5.958	2,3 %
Verdipapirfondet DNB Norge (IV)	3.617	1,4 %
Danske Invest Norske Instit. II	3.611	1,4 %
State Street Bank and Trust Co, U.S.A.	3.464	1,4 %
Odin Norge	3.406	1,3 %
Clipper AS	2.565	1,0 %
Pareto Aksje Norge	2.534	1,0 %
JPMorgan Chase Bank N.A., U.S.A.	2.232	0,9 %
Danske Invest Norske Aksjer Inst.	1.956	0,8 %
KAS Bank NV, Nederland	1.794	0,7 %
Westco AS	1.698	0,7 %
KLP Aksjenorge Indeks	1.681	0,7 %
Pareto AS	1.641	0,6 %
Vpf Nordea Norge Avkastning	1.634	0,6 %
Morgan Stanley & Co, U.K.	1.525	0,6 %
Forsvarets Personellservice	1.514	0,6 %
Total 20 largest	147.914	57,8 %

Accounting policies

Please refer to Note 1 for a description of the accounting policies applied in the parent company's and consolidated financial statements. The group applies the same accounting policies in interim financial statements that it uses in annual financial statements, but has from 1 January 2018 replaced IAS 39 with IFRS 9 Financial Instruments. For more information see Note 1.

Events after the balance sheet date

No material events have been registered after 30 June 2018 that affect the interim financial statements as prepared.

Outlook

Moderate to increasing growth is expected in the global economy in 2018 and 2019. Growth in the Norwegian economy is good and activities in oil-related operations are showing signs of improvement. The Norwegian Petroleum Directorate is expecting a weak increase in oil investments of around 1.5% in 2018 and a further increase of 10% in 2019.

The total level of activity in Rogaland has been rising weakly in the year-to-date 2018 and is expected to increase in coming years. Both oil companies and the supply industry are now reporting better prospects with higher sales, new investments and more hirings. Export-oriented industries are experiencing growth due to a weak Norwegian kroner and greater competitiveness. The building and construction industry has been boosted by major infrastructure

projects and an improving local housing market. Moderately increasing activity is expected in this sector going forward. Continued, stable activity is expected within most sectors in Hordaland and the Agder counties.

Unemployment in Norway has been gradually falling and was 2.5% in July 2018. In Rogaland, unemployment fell from 4.0% a year ago to 3.0% in July 2018. Unemployment also fell in Hordaland and Agder.

EiendomsMegler 1 SR-Eiendom AS is experiencing lower activity in the housing market, where the number of sales has fallen by 7% compared with the first half of 2017. The supply of new assignments was good and higher than in the corresponding period last year. Overall in the groups market area, the housing market is still good in Hordaland, stable in Agder and weakly positive in Rogaland, with a higher number of sales, but marginally lower prices. The rise in house prices in Norway has been moderate in the last year and the 12-month figure for house price rises was 2.2% as per July 2018. In the Stavanger region, house prices fell by 2.8% in the last 12 months, -1.5% in Kristiansand, while prices increased by 0.4% in Bergen. Lower unemployment in the group's market area means the group expects a moderate 4-6% increase in lending volumes in 2018.

The group's long-term return on equity target is a minimum of 12%. The group also has a common equity tier 1 capital ratio target of 15%. SpareBank 1 SR-Bank is a solid, profitable group and has in recent years increased its financial strength in line with the authorities' requirements. This was achieved through earnings via a business model involving good breadth in earnings and efficient operations.

The group's prognoses take account of the fact that the group will in 2018 have to make impairments that

exceed the average in an economic cycle. Some of the bank's customers in the oil industry are still experiencing a demanding market. At the same time, unemployment rate have developed better than previously forecast and the majority of the bank's customers have now switched from pessimism to optimism. Given this, the need for impairments in 2018 is adjusted down to an amount between NOK 300-400 million. The board would like to stress that a certain level of uncertainty is associated with all assessments of future conditions.

The group changed its organisation in the second quarter of 2018. The changes included the establishment of a separate business area for strategy, innovation and development. This will boost the work on innovation and development in the group going forward and make sure more attention is paid to it. It will also help the group become one of the best in developing new products and services. Customers will notice this in the form of an even better customer experience, better accessibility and improved service, including through the further development of our own chatbot. As part of the development of new technology, the group has established FinStart Nordic AS, a wholly owned subsidiary. FinStart Nordic AS will invest in companies that carry out development and innovation work and help to give the bank a competitive advantage. The group wants to strengthen its focus on customers in the central Eastern Norway region and at the end of the first quarter of 2018 it established its own branch in Oslo, which will serve key corporate and retail customers. Together with customer growth, correct risk pricing for loans, and cost control, this will ensure the group is competitive going forward.

Stavanger, 7 August 2018

The Board of Directors of SpareBank 1 SR-Bank ASA

Income Statement

Parent bank					Note	Group				
Q2 2017	Q2 2017	Q2 2018	01.01.17 - 30.06.17	01.01.18 - 30.06.18		01.01.18 - 30.06.18	01.01.17 - 30.06.17	Q2 2018	Q2 2017	Q2 2017
					Income statement (MNOK)					
4.863	1.216	775 501	2.425	1.470 1.015	Interest income amortised cost	2.679		1.387		
					Interest income other	319		157		
					Interest income		2.829		1.437	5.747
		544 -2		1.058 9	Interest expenses amortised cost	1.231		639		
2.095	524		1.062		Interest expenses other	125		63		
					Interest expenses		1.306		653	2.585
2.768	692	734	1.363	1.418	Net interest income	1.642	1.523	842	784	3.162
1.069	262	246	517	517	Commission income	779	806	390	417	1.597
76	18	24	36	44	Commission expenses	45	38	24	19	79
8	2	4	3	5	Other operating income	4	3	4	2	6
1.001	246	226	484	478	Net commission and other income	738	771	370	400	1.524
9	4	0	9	11	Dividend income	12	9	1	4	11
500	466	609	466	609	Income from investment in associates	159	144	102	81	425
238	89	78	133	105	Net gains/losses on financial instruments	12 155	79	110	58	198
747	559	687	608	725	Net income on financial investments	326	232	213	143	634
4.516	1.497	1.647	2.455	2.621	Total income	2.706	2.526	1.425	1.327	5.320
952	234	245	464	487	Personnel expenses	13 645	618	326	312	1.263
428	116	118	214	228	Administrative expenses	255	239	132	127	478
296	64	72	135	142	Other operating costs	211	210	114	109	426
1.676	414	435	813	857	Total operating costs	1.111	1.067	572	548	2.167
2.840	1.083	1.212	1.642	1.764	Operating profit before impairment losses	1.595	1.459	853	779	3.153
542	130	95	297	169	Impairment losses on loans and guarantees	2 and 3 173	299	99	131	543
2.298	953	1.117	1.345	1.595	Pre-tax profit	11 1.422	1.160	754	648	2.610
439	117	115	215	236	Tax expense	287	243	137	134	524
1.859	836	1.002	1.130	1.359	Profit after tax	1.135	917	617	514	2.086
1.857	836	1.001	1.130	1.357	Shareholders' share of the profit	1.133	917	616	514	2.084
2		1		2	Hybrid capital owners' share of the profit	2		1		2
1.859	836	1.002	1.130	1.359	Profit after tax	1.135	917	617	514	2.086
					Other comprehensive income					
-12	9	-19	-44	68	Unrecognised actuarial gains and losses	68	-44	-19	9	-12
3	-2	5	11	-17	Deferred tax concerning changed estimates/pension plan changes	-17	11	5	-2	3
		0		-1	Change in value of ECL ¹⁾ 12 months	0		0		
		0		0	Deferred tax concerning change in value of ECL 12 months	0		0		
		0		0	Basisswap spread	-9		-9		
-9	7	-14	-33	50	Total items not reclassified through profit or loss	42	-33	-23	7	-9
9	0	0	0	0	Change in value of financial assets available for sale	0	0	0	0	9
0	0	0	0	0	Share of profit associated companies and joint ventures	-1	2	-5	0	8
9	0	0	0	0	Total items reclassified through profit or loss	-1	2	-5	0	17
0	7	-14	-33	50	Other comprehensive income	41	-31	-28	7	8
1.859	843	988	1.097	1.409	Total comprehensive income	1.176	886	589	521	2.094
					Earnings per share (group)	4,44	3,59	2,41	2,01	8,16

¹⁾ ECL - Expected credit loss

Balance sheet

Parent bank				Note	Group		
31.12.17	30.06.17	30.06.18			30.06.18	30.06.17	31.12.17
			Balance sheet (MNOK)				
207	747	711	Cash and balances with central banks		711	747	207
1.607	8.571	4.278	Balances with credit institutions		4.279	8.335	1.608
130.579	127.308	130.334	Loans to customers	3, 7	177.586	163.703	171.237
32.203	28.794	31.948	Certificates, bonds and other fixed-income securities		29.468	28.451	31.909
6.033	5.748	4.831	Financial derivatives	9	4.096	5.354	5.541
507	326	491	Shares, ownership stakes and other securities	16	748	528	717
0	22	0	Business available for sale		0	22	0
2.363	2.894	2.485	Investment in associates		3.886	4.277	3.953
4.853	3.898	4.836	Investment in subsidiaries		0	0	0
724	758	1.563	Other assets	4	3.180	1.462	1.446
179.076	179.066	181.477	Total assets	11	223.954	212.879	216.618
4.538	2.641	3.874	Balances with credit institutions		2.375	2.805	2.335
95.635	99.958	106.049	Deposits from customers	6	105.824	99.758	95.384
51.307	50.454	44.486	Listed debt securities	10	87.407	83.222	90.497
5.013	4.128	3.174	Financial derivatives	9	2.640	3.622	3.787
1.770	1.490	2.402	Other liabilities	5	2.631	1.633	1.962
2.764	3.105	3.169	Subordinated loan capital	10	3.169	3.105	2.764
161.027	161.776	163.154	Total liabilities		204.046	194.145	196.729
6.394	6.394	6.394	Share capital		6.394	6.394	6.394
1.587	1.587	1.587	Premium reserve		1.587	1.587	1.587
1.087	0	0	Proposed dividend		0	0	1.087
43	52	43	Fund for unrealised gains		43	52	43
150	150	150	Hybrid capital		150	150	150
8.788	7.977	8.790	Other equity		10.599	9.634	10.628
0	1.130	1.359	Profit/loss at period end		1.135	917	0
18.049	17.290	18.323	Total equity		19.908	18.734	19.889
179.076	179.066	181.477	Total liabilities and equity	11	223.954	212.879	216.618

Statement of changes in equity

SpareBank 1 SR-Bank Group (Amounts in NOK million)	Share- capital	Premium reserve	Hybrid- capital	Other equity	Reserve for unrealised gains	Total equity
Equity as of 31.12.2016	6.394	1.587		10.255	52	18.288
Profit after tax				2.095	-9	2.086
Unrecognised actuarial gains and losses after tax				-9		-9
Change in value of financial assets available for sale				9		9
Share of profit associated companies and joint ventures				8		8
Total items not reclassified through profit or loss				2.103	-9	2.094
Hybridcapital			150			150
Interest on hybridcapital				-3		-3
Deferred tax concerning interest on hybridcapital				1		1
Adjusted equity accosiates				-58		-58
Dividend 2016, resolved in 2017				-575		-575
Purchase/sale of own shares				-8		-8
Items reclassified through profit or loss				-583		-583
Equity as of 31.12.2017	6.394	1.587	150	11.715	43	19.889
Changes in equity due to IFRS 9, 1.1.2018				-70		-70
Profit after tax				1.135		1.135
Unrecognised actuarial gains and losses after tax				51		51
Change in value of ECL ¹⁾ 12 months				0		0
Change in value of financial assets available for sale				0		0
Basisswap spread				-9		-9
Share of profit associated companies and joint ventures				-1		-1
Total items not reclassified through profit or loss				1.176		1.176
Hybridcapital						0
Interest on hybridcapital				-3		-3
Deferred tax concerning interest on hybridcapital				1		1
Adjusted equity accosiates				-8		-8
Dividend 2017, resolved in 2018				-1.087		-1.087
Purchase/sale of own shares				10		10
Items reclassified through profit or loss				-1.077		-1.077
Equity as of 30.06.2018	6.394	1.587	150	11.734	43	19.908

¹⁾ ECL - Ex pected credit loss

Cash flow statement

Parent bank			Cash flow statement	Group		
2017	01.01.17 - 30.06.17	01.01.18 - 30.06.18		01.01.18 - 30.06.18	01.01.17 - 30.06.17	2017
-10.609	-4.727	241	Change in gross lending to customers	-6.424	-4.810	-14.916
4.313	2.194	2.192	Interest receipts from lending to customers	2.703	2.601	5.199
9.451	13.774	10.414	Change in deposits from customers	10.440	13.844	9.470
-829	-156	-223	Interest payments on deposits from customers	-226	-159	-823
9.279	803	-2.979	Change in receivables and debt from credit institutions	-3.927	-5.194	738
-593	-291	-228	Interest on receivables and debt to financial institutions	-417	-394	-776
-10.196	-6.752	255	Change in certificates and bonds	2.441	-7.408	-10.901
445	196	224	Interest receipts from commercial paper and bonds	201	197	446
1.016	382	361	Commission receipts	623	668	1.540
-25	-39	12	Capital gains from sale of trading	26	-48	-43
-1.550	-782	-733	Payments for operations	-919	-1.042	-2.039
-621	-621	-393	Taxes paid	-478	-681	-683
3.911	-40	-2.486	Other accruals	-1.370	-1.290	3.697
3.992	3.941	6.657	A Net change in liquidity from operations	2.673	-3.716	-9.091
-50	-20	-11	Investments in tangible fixed assets	-124	-74	-156
8	0	3	Receipts from sale of tangible fixed assets	3	0	8
-2.145	-1.092	-51	Change in long-term investments in equities	-75	-57	-158
919	301	0	Receipts from sales of long-term investments in equities	2	118	756
509	476	620	Dividends from long-term investments in equities	348	352	387
-759	-335	561	B Net cash flow, investments	154	339	837
5.382	4.252	580	Debt raised by issuance of securities	5.187	11.437	16.303
-10.256	-9.039	-5.783	Repayments - issued securities	-5.783	-9.139	-9.471
-519	-509	-451	Interest payments on securities issued	-667	-610	-737
930	630	400	Additional subordinated loan capital issued	400	630	930
-825	-215	0	Repayments - additional capital instruments	0	-215	-825
-103	-19	-17	Interest payments on subordinated loans	-17	-19	-102
150	150	0	Increase in debt established by issuing hybrid capital	0	150	150
-3	0	-2	Interest payments on debt established by issuing hybrid capital	-2	0	-3
-511	-512	-1.087	Dividend to share holders	-1.087	-512	-511
-5.755	-5.262	-6.360	C Net cash flow, financing	-1.969	1.722	5.734
-2.522	-1.656	858	A+B+C Net cash flow during the period	858	-1.655	-2.520
3.393	3.393	871	Cash and cash equivalents as at 1 January	873	3.393	3.393
871	1.737	1.729	Cash and cash equivalents as at 31 March	1.731	1.738	873
			Cash and cash equivalents specified			
207	747	711	Cash and balances with central banks	711	747	207
664	990	1.018	Balances with credit institutions	1.020	991	666
871	1.737	1.729	Cash and cash equivalents	1.731	1.738	873

The cash and cash equivalents includes cash and claims on central banks, plus the share of the total of claims on credit institutions that pertains to placement solely in credit institutions. The cash flow statement shows cash provided and used by the parent bank and the group.

Note 1 Accounting policies

1.1 Basis of preparation

These interim financial statements for SpareBank 1 SR-Bank ASA cover the period 1 January - 30 June 2018. The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited. These interim financial statements were prepared in accordance with the applicable IFRS standards and IFRIC interpretations.

The interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements for 2017.

New standards and interpretations that have not been adopted yet

A number of new standards, amendments to standards and interpretations will be compulsory in future annual financial statements. Among those the group has chosen not to apply early are the most important standards, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. The group has analyzed the effects of IFRS 15 Revenue from Contracts and IFRS 16 Leases, and do not expect these to have any material effect.

There are no other standards or interpretations that have not been adopted yet, that are expected to have any material effects on the Groups financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments have replaced IAS 39, with effect from 1 January 2018. SpareBank 1 SR-Bank has, in cooperation with other SpareBank 1 banks, been working on models, as well as clarifications concerning valuation, classification, etc., for the last couple of years. The group has calculated impairment losses based on IFRS 9 regulations as of 1 January 2018.

For further information, see note 42 on IFRS 9 Financial Instruments in the annual financial statements for 2017, and note 3 in the second quarter 2018 interim report.

1.2 Critical accounting estimates and judgements

The preparation of the consolidated financial statements entails the group executive management making estimates, judgements and assumptions that affect the effect of the application of the accounting policies and thus the amounts recognised for assets, liabilities, income and costs. Note 3 of the annual financial statements for 2017 explains in more detail the use of critical estimates and judgements when applying the accounting policies.

Note 2 Impairment losses on loans and guarantees recognised in the income income statement

Parent bank				Group		
01.01.17 - 31.12.17	01.01.17 - 30.06.17	01.01.18 - 30.06.18		01.01.18 - 30.06.18	01.01.17 - 30.06.17	01.01.17 - 31.12.17
56	75	62	Change in individual impairment losses provisions for the period	62	28	56
0	1		Change in collective impairment loss provisions for the period		2	1
			Impairments on groups of loans			
		-22	Impairments on loans at amortised cost	-19		
		-1	Impairments on loans at FVOCI ¹⁾	0		
8	3	3	Amortised cost	3	4	8
262	156	119	Actual loan losses on commitments for which provisions have been made	119	156	262
231	67	22	Actual loan losses on commitments for which no provision has been made	22	67	231
1	1	0	Change in assets taken over for the period	0	48	1
-16	-6	-14	Recoveries on commitments previously written-off	-14	-6	-16
542	297	169	The period's net losses / (reversals) on loans and advances	173	299	543

¹⁾ FVOCI - Fair value other comprehensive income

Note 3 Impairment losses on loans and guarantees recognised in the balance sheet, IFRS 9

Parent Bank - Impairment losses on loans and guarantees	IFRS 9 01.01.18 - 30.06.18				Total 31.03.2018
	01.01.2018	Changes in impairment losses on loans and guarantees	Changes in individual impairment losses	Currencies and other movements	
Impairment losses after amortised cost, corporate market	1.236	-20	57	1	1.274
Impairment losses after amortised cost, retail market	96	1	12	-7	102
Mortgages at FVOCI ¹⁾	82	-4	0	-1	77
Total impairment losses on loans and guarantees	1.414	-23	69	-7	1.453
Presented as					
Impairment losses on loans	1.301	-27	69	-7	1.336
Other debt - impairment losses, guarantees, unused credits, approved loan commitments	113	4	0	0	117
Total impairment losses on loans and guarantees	1.414	-23	69	-7	1.453
Group - Impairment losses on loans and guarantees	IFRS 9 01.01.18 - 30.06.18				Total 31.03.2018
	01.01.2018	Changes in impairment losses on loans and guarantees	Changes in individual impairment losses	Currencies and other movements	
Impairment losses after amortised cost, corporate market	1.236	-20	57	1	1.274
Impairment losses after amortised cost, retail market	187	0	12	-7	192
Mortgages at FVOCI ¹⁾	0	0	0	0	0
Total impairment losses on loans and guarantees	1.423	-20	69	-6	1.466
Presented as					
Impairment losses on loans	1.309	-24	69	-6	1.348
Other debt - impairment losses, guarantees, unused credits, approved loan commitments	114	4	0	0	118
Total impairment losses on loans and guarantees	1.423	-20	69	-6	1.466

¹⁾ FVOCI - Fair value other comprehensive income

Note 3 Impairment losses on loans and guarantees recognised in the balance sheet, IFRS 9 (continued)

Parent Bank	2018			
	Stage 1	Stage 2	Stage 3	Total
Total impairment losses recognised on loans and guarantees				
Balance 01.01.2018	230	467	717	1.414
Changes 01.01 - 30.06.2018				
Transfer to stage 1	-83	69	14	0
Transfer to stage 2	8	-15	7	0
Transfer to stage 3	0	5	-5	0
Net new measurement of impairment losses	91	-40	-23	28
New issued or purchased loan	54	10	3	67
Loans that have been derecognised	-28	-73	-17	-118
Changes due to modifications that have not resulted in derecognition	0	0	0	0
Actual loan losses on commitments	0	0	188	188
Actual loan losses on commitments for which provisions have been made	0	0	-119	-119
Changes to models/risk parameters	0	0	0	0
Other movements	0	0	-7	-7
Balance 30.06.2018	272	423	758	1.453

Of which loans at fair value through comprehensive income	12	0	0	12
Of which provisions for guarantees	40	75	10	125

Group	2018			
	Stage 1	Stage 2	Stage 3	Total
Total impairment losses recognised on loans and guarantees				
Balance 01.01.2018	234	472	717	1.423
Changes 01.01 - 30.06.2018				
Transfer to stage 1	-85	71	14	0
Transfer to stage 2	8	-17	9	0
Transfer to stage 3	0	5	-5	0
Net new measurement of impairment losses	92	-40	-23	29
New issued or purchased loan	55	12	3	70
Loans that have been derecognised	-28	-73	-17	-118
Changes due to modifications that have not resulted in derecognition	0	0	0	0
Actual loan losses on commitments	0	0	188	188
Actual loan losses on commitments for which provisions have been made	0	0	-119	-119
Changes to models/risk parameters	0	0	0	0
Other movements	0	0	-7	-7
Balance 30.06.2018	276	430	760	1.466

Of which provisions for guarantees	40	75	10	125
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Note 4 Other assets

Parent bank				Group		
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
0	0	0	Intangible assets	95	96	96
329	340	291	Tangible fixed assets	651	533	572
11	12	13	Income earned but not received from SpareBank 1 Bolig- and Næringskredit	13	12	11
14	130	144	Prepaid expences	156	133	18
1	0	1	Over funding of pension liabilities	1	0	1
200	200	200	Capital contribution SR-Pensjonskasse	200	200	200
0	5	754	Unsettled trades	1.514	5	0
169	71	160	Other assets	550	483	548
724	758	1.563	Total other assets	3.180	1.462	1.446

Note 5 Other debt, guarantees and other liabilities

Parent bank				Group		
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
260	200	293	Accrued expenses and prepaid revenue	438	272	337
417	364	432	Deferred tax	414	349	393
383	411	321	Pension liabilities	340	428	402
13	48	125	Other specified provisions	125	48	13
393	215	215	Taxes payable	271	239	487
0	27	758	Unsettled trades	758	27	0
304	225	258	Other liabilities	285	270	330
1.770	1.490	2.402	Total other liabilities	2.631	1.633	1.962
Guarantees issued (amounts guaranteed)						
9.043	9.120	10.301	Guarantees customers	10.369	9.229	9.120
588	588	589	Guarantees other	589	588	588
9.631	9.708	10.890	Total guarantees	10.958	9.817	9.708
Other liabilities						
5.000	4.763	5.000	Unused credit lines for financial institutions	0	0	0
18.978	18.910	24.074	Unused credit lines for customers	28.314	21.967	22.712
4.824	5.118	6.574	Approved loan commitments	6.574	5.118	4.749
45	18	22	Letters of credit	22	18	45
28.847	28.809	35.670	Total other liabilities	34.910	27.103	27.506

Note 6 Customer deposits by sector and industry

Parent bank				Group		
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
1.200	1.251	1.235	Agriculture/forestry	1.235	1.251	1.200
464	666	441	Fishing/Fish farming	441	666	464
1.310	1.337	1.167	Mining/extraction	1.167	1.337	1.310
1.144	1.091	1.141	Industry	1.141	1.091	1.144
2.183	1.764	2.033	Power and water supply/building and construction	2.033	1.764	2.183
2.262	2.061	2.223	Retail trade, hotels and restaurants	2.223	2.061	2.262
1.989	2.066	2.100	Foreign trade shipping, pipeline transport and other transport activities	2.100	2.066	1.989
6.249	6.407	7.431	Real estate	7.431	6.407	6.249
9.005	9.504	9.268	Service industry	9.043	9.308	8.755
25.969	28.690	32.286	Public sector and financial services	32.286	28.690	25.969
51.775	54.837	59.325	Total corporate sector	59.100	54.641	51.525
44.246	45.314	47.333	Retail customers	47.333	45.314	44.246
12	261		Accrued interests corporate sector and retail customers		257	12
-399	-454	-609	Net cooperate accounts currency	-609	-454	-399
95.635	99.958	106.049	Deposits from customers	105.824	99.758	95.384

Note 7 Loans to customers

Parent bank				Group		
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
4.711	4.510	4.792	Agriculture/forestry	4.943	4.617	4.833
860	698	989	Fishing/Fish farming	991	698	860
4.874	4.940	4.426	Mining/extraction	4.428	4.942	4.876
3.617	3.363	3.136	Industry	3.148	3.369	3.632
3.560	3.324	3.750	Power and water supply/building and construction	3.851	3.417	3.666
2.895	2.902	2.963	Retail trade, hotels and restaurants	3.045	2.990	2.984
9.941	9.951	10.948	Foreign trade shipping, pipeline transport and other transport activities	11.028	10.006	10.015
27.034	27.621	29.677	Real estate	29.686	27.624	27.042
8.418	7.509	10.427	Service industry	10.420	7.531	8.428
1.869	1.973	1.964	Public sector and financial services	1.964	1.973	1.869
67.779	66.791	73.072	Total corporate sector	73.504	67.167	68.204
64.099	61.906	59.187	Retail customers	106.032	97.853	104.299
116	114		Unallocated (excess value fixed interest loans and amort. lending fees) ¹⁾		114	116
297	249		Accrued interests corporate sector and retail customers ¹⁾		278	334
-399	-454	-609	Net cooperate accounts currency	-609	-454	-399
131.892	128.606	131.650	Gross loans	178.927	164.958	172.554
-639	-624	-707	- Individual impairment losses provisions	-707	-577	-639
-674	-674		- Collective impairment losses provisions		-678	-678
		-541	- Impairment losses after amortised cost	-634		
		-68	- Mortgages at FVOCI ²⁾	0		
130.579	127.308	130.334	Loans to customers	177.586	163.703	171.237

¹⁾ In 2017 interests were divided on separate lines . In 2018 interest are divided by sector

²⁾ FVOCI - Fair value other comprehensive income

Parent Bank - Gross loans

Gross loans	2018			Total
	Stage 1	Stage 2	Stage 3	
Balance 01.01.18	119.848	10.503	1.541	131.892
Transfer to stage 1	-2.703	2.637	66	0
Transfer to stage 2	2.601	-2.658	57	0
Transfer to stage 3	1	75	-76	0
Net increase/(decrease) balance existing loans	2.020	361	80	2.461
Originated or purchased during the period	36.317	797	30	37.144
Loans that have been derecognised	-40.892	52	993	-39.847
Balance 30.06.2018	117.192	11.767	2.691	131.650

Group - Gross loans

Gross loans	2018			Total
	Stage 1	Stage 2	Stage 3	
Balance 01.01.18	159.105	12.020	1.545	172.670
Transfer to stage 1	-2.703	2.637	66	0
Transfer to stage 2	2.601	-2.658	57	0
Transfer to stage 3	1	75	-76	0
Net increase/(decrease) balance existing loans	2.020	361	81	2.462
Originated or purchased during the period	37.104	797	30	37.931
Loans that have been derecognised	-35.482	334	1.012	-34.136
Balance 30.06.18	162.646	13.566	2.715	178.927

Note 8 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU's capital requirements for banks and securities undertakings (CRD IV/CRR).

SpareBank 1 SR-Bank has permission from the Financial Supervisory Authority of Norway to use internal measurement methods (Internal Rating Based Approach) for quantifying credit risk. The use of IRB requires the bank to comply with extensive requirements relating to organisation, expertise, risk models and risk management systems.

All capital ratio figures are based on the transitional rule (Basel I floor) that states that the capital requirement for using internal methods cannot be less than 80 per cent of the capital requirement according to the Basel I regulations.

The total minimum common equity tier 1 capital ratio requirement for SpareBank 1 SR-Bank, inclusive of the countercyclical buffer and Pillar 2 premium, as at 30 June 2018 was 14.0%. The requirement consists of a 4.5% minimum requirement plus other buffer requirements, which consist of a capital conservation buffer of 2.5%, a systemic risk buffer of 3.0% and a countercyclical buffer of 2.0%. The Financial Supervisory Authority of Norway has also set an individual Pillar 2 requirement of 2.0%.

Investments in associated companies and joint ventures are recognised in the group using the equity method and in accordance with the cost method in the parent bank. The investments are treated identically for the purposes of determining the capital adequacy ratio except for the group's investments in SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, BN Bank and SpareBank 1 Kredittkort. A proportionate consolidation is carried out for the group's capital adequacy.

Parent bank				Group		
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
6.394	6.394	6.394	Share capital	6.394	6.394	6.394
1.587	1.587	1.587	Premium reserve	1.587	1.587	1.587
1.087	0	0	Allocated to dividend	0	0	1.087
43	52	43	Reserve for unrealised gains	43	52	43
150	150	150	Hybrid capital	150	150	150
8.788	7.977	8.790	Other equity	10.599	9.634	10.628
	1.130	1.359	Profit for the period	1.135	917	
18.049	17.290	18.323	Total book equity	19.908	18.734	19.889
Tier 1 capital						
0	0	0	Deferred taxes, goodwill and other intangible assets	-114	-120	-116
-1.087	0	0	Deduction for allocated dividends	0	0	-1.087
-277	-150	-211	Deduction for expected losses on IRB, net of write-downs	-266	-255	-337
-150	-150	-150	Hybrid capital that cannot be included in common equity tier 1 capital	-150	-150	-150
0	-565	-680	Profit for the period that cannot be included in total Tier 1 capital	-567	-458	0
0	0	0	financial institutions	0	0	-72
-42	-44	-39	Value adjustment due to requirements concerning proper valuation	-42	-50	-38
16.493	16.381	17.243	Total Common equity Tier 1 capital	18.769	17.701	18.089
150	150	150	Hybrid capital	392	353	392
797	797	798	Tier 1 capital instruments	798	884	797
17.440	17.328	18.191	Total Tier 1 capital	19.959	18.938	19.278
Tier 2 capital						
1.897	2.204	2.296	Term subordinated loan capital	2.655	2.728	2.254
-43	-43	-43	Deduction for essential investments in financial institutions	-43	-43	-43
1.854	2.161	2.253	Total Tier 2 capital	2.612	2.685	2.211
19.294	19.489	20.444	Net primary capital	22.571	21.623	21.489

Note 8 Capital adequacy (continued)

Parent bank				Group		
31.12.17	30.06.17	30.06.18		30.06.18	30.06.17	31.12.17
			Credit risk Basel II			
19.218	18.845	20.792	SME	20.794	18.847	19.220
20.724	18.921	23.736	Specialised enterprises	24.844	20.082	21.916
6.735	6.942	8.093	Other corporations	8.209	7.068	6.868
1.115	1.101	1.070	Mass market SME	1.277	1.311	1.303
16.019	15.580	14.678	Mass market - mortgage on real estate	27.176	26.785	27.026
1.905	1.998	2.196	Other mass market	2.254	2.060	1.942
9.387	10.231	9.605	Equity positions	0	0	0
75.103	73.618	80.170	Total credit and counterparty risk IRB	84.554	76.153	78.275
51	48	48	States and central banks	48	48	51
118	153	159	Local and regional authorities, state-owned enterprises	240	172	140
1.803	1.699	1.719	Institutions	1.651	3.272	1.864
8.903	8.350	8.763	Enterprises	9.295	9.124	9.474
1.838	1.790	1.964	Mass market	2.701	2.868	2.531
0	0	0	Mass market - mortgage on real estate	1.362	1.401	1.353
2.330	1.958	2.183	Covered bonds	2.162	2.484	2.686
4.029	3.054	4.029	Equity positions	4.981	4.458	5.036
916	867	860	Other assets	1.759	1.758	1.678
19.988	17.919	19.725	Total credit and counterparty risk standard method	24.199	25.585	24.813
562	334	420	Credit value adjustment risk (CVA)	789	821	933
5.591	5.591	5.968	Operational risk	7.937	7.480	7.430
0	0	0	Transitional scheme	9.347	10.644	8.709
101.244	97.462	106.283	Risk weighted balance	126.826	120.683	120.160
4.556	4.386	4.783	Minimum requirement for common equity Tier 1 capital ratio 4,5 % Buffer requirement	5.707	5.431	5.407
2.531	2.437	2.657	Capital conservation buffer 2,5 %	3.171	3.017	3.004
3.037	2.924	3.188	Systemic risk buffer 3 %	3.805	3.620	3.605
2.025	1.462	2.126	Countercyclical capital buffer 2,0 %	2.537	1.810	2.403
7.593	6.822	7.971	Total buffer requirement to common equity Tier 1 capital ratio	9.512	8.448	9.012
4.344	5.173	4.489	Available common equity Tier 1 capital ratio after buffer requirement	3.550	3.822	3.670
19,06 %	20,00 %	19,24 %	Capital ratio	17,80 %	17,92 %	17,88 %
17,23 %	17,78 %	17,12 %	Tier 1 capital ratio	15,74 %	15,69 %	16,04 %
1,83 %	2,22 %	2,12 %	Tier 2 capital ratio	2,06 %	2,22 %	1,84 %
16,29 %	16,81 %	16,22 %	Common equity Tier 1 capital ratio	14,80 %	14,67 %	15,05 %
19,06 %	20,00 %	19,24 %	Capital ratio, IRB	19,21 %	19,65 %	19,28 %
17,23 %	17,78 %	17,12 %	Tier 1 capital ratio, IRB	16,99 %	17,21 %	17,30 %
16,29 %	16,81 %	16,22 %	Common equity Tier 1 capital ratio, IRB	15,98 %	16,09 %	16,23 %
9,13 %	9,37 %	9,43 %	Leverage Ratio	7,49 %	7,21 %	7,37 %

Note 9 Financial derivatives

Group	Contract amount 30.06.18	Fair value at 30.06.18	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	4.215	52	54
Currency swaps	39.564	182	448
Currency options	47	1	0
Total currency instruments	43.826	235	502
Interest rate instruments			
Interest rate swaps(including cross-currency)	61.290	655	993
Other interest rate contracts	82	2	2
Total interest rate instruments	61.372	657	995
Hedging / Interest rate instruments			
Interest rate swaps (including cross currency)	70.888	1.189	349
Total hedging / Interest rate instruments	70.888	1.189	349
Security			
Security		1.598	562
Total security		1.598	562
Accrued interests			
Accrued interests		417	232
Total accrued interests		417	232
Total currency and interest rate instruments			
Total currency instruments	43.826	235	502
Total interest rate instruments	132.260	1.846	1.344
Total accrued interests		1.598	562
Total accrued interests		417	232
Total financial derivatives	176.086	4.096	2.640

Counterparty risk associated with derivatives is reduced via ISDA agreements and CSA supplements. The CSA supplement regulates the counterparty risk through payments of margins in relation to exposure limits.

Note 10 Issuance of unsecured debt and additional capital instruments

Group	Balance as at 30.06.18	Issued/ sale own 2018	Past due/ redeemed 2018	FX rate- and other changes	
				2018	31.12.17
Change in debt raised through issuance of securities					
	2.288			-48	2.336
Bonds and certificates, nominal val	83.616	5.187	-5.783	-1.936	86.148
Adjustments	1.047			-245	1.292
Accrued interests	456			-265	721
Total debt raised through issuance of securities	87.407	5.187	-5.783	-2.494	90.497
Change in additional Tier 1 and Tier 2 capital instruments					
Term subordinated loan capital, nominal amount	2.300	400		-16	1.916
Perpetual subordinated loan capital, nominal amount	0				0
Tier 1 capital instruments, nominal amount	798			1	797
Adjustments	29			-13	42
Accrued interests	42			33	9
Total additional Tier 1 and Tier 2 capital instruments	3.169	400	0	5	2.764

The nominal value of the net outstanding covered bonds in SR-Boligkredit is NOK 42.9 billion as of 30 June 2018.

Note 11 Segment reporting

The executive management team has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and return profile of the assets, and it is divided between the retail market (including self-employed people), the corporate market, the capital market and subsidiaries of significant importance. Staff/support covers all staff departments and treasury functions in the bank. The activities in SR-Boligkreditt AS are divided between the retail market and own account trading/staff/support in the parent bank segments. Commission income from Sparebank 1 Boligkreditt and SpareBank 1 Næringskreditt are reported under 'Net commissions and other income'.

SpareBank 1 SR-Bank Group 01.01.18 - 30.06.18								
Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Staff/Support	Eiendoms-Megler 1	Other activities	Eliminations	Total
Interest income	1.008	1.041	57	911	1	1	-21	2.998
Interest expense	225	284	40	824	0	3	-20	1.356
Net interest income ¹⁾	783	757	17	87	1	-2	-1	1.642
Commission income ¹⁾	321	187	7	2	189	107	-34	779
Commission expenses	23	12	3	22	0	19	-34	45
Other operating income	0	0	0	5	0	0	-1	4
Net commission and other income	298	175	4	-15	189	88	-1	738
Dividend income	0	0	0	11	0	0	1	12
Income from investment in associates	0	25	0	583	0	0	-449	159
Net gains/losses on financial instruments	3	-13	66	24	0	28	47	155
Net income on investment securities	3	12	66	618	0	28	-401	326
Personnel expenses	160	82	22	222	108	52	-1	645
Administrative expenses	36	8	6	179	20	5	1	255
Other operating expenses	49	18	2	75	50	23	-6	211
Total operating expenses	245	108	30	476	178	80	-6	1.111
Operating profit before losses	839	836	57	214	12	34	-397	1.595
Change in individual write-downs in the period	26	166	0	0	0	0	0	192
Impairment losses IFRS 9	1	-20	0	0	0	0	0	-19
Pre-tax profit	812	690	57	214	12	34	-397	1.422
Net interest income ¹⁾								
External net interest income	783	757	17	87	1	1	-4	1.642
Internal net interest income	0	0	0	0	0	-3	3	0
Net interest income	783	757	17	87	1	-2	-1	1.642
Balance sheet (MNOK)								
Loans to customers	110.342	66.213	223	2.406	0	0	-257	178.927
Individual loss provisions	-98	-609	0	0	0	0	0	-707
Impairment losses IFRS 9	-84	-538	0	0	0	0	-12	-634
Certificates/bonds/financial derivatives	0	0	2.714	34.614	0	11	-3.775	33.564
Other assets	-1.086	2.306	-120	15.543	176	1.109	-5.124	12.804
Total assets	109.074	67.372	2.817	52.563	176	1.120	-9.168	223.954
Deposits from customers	52.516	52.811	11	710	0	0	-224	105.824
Other debt and equity ¹⁾	56.558	14.561	2.806	51.853	176	1.120	-8.944	118.130
Total debt and equity	109.074	67.372	2.817	52.563	176	1.120	-9.168	223.954
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	14.097	450						14.547

1) Other liabilities contains allocated arrangements between the segments. The interest on intercompany receivables for the retail market division and the corporate market division is determined on the basis of expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long-term funding (credit premium). Deviations between the Group's actual funding costs and the applied interest on intercompany receivables are eliminated in the parent bank.

Note 11 Segment reporting (continued)

SpareBank 1 SR-Bank Group 01.01.17 - 30.06.17									
Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Staff/Support	Eiendoms-Megler 1	Other activities	Eliminations	Total	
Interest income	949	945	68	878	1	0	-12	2.829	
Interest expense	222	220	49	824	0	2	-11	1.306	
Net interest income ¹⁾	727	725	19	54	1	-2	-1	1.523	
Commission income	338	156	20	2	205	112	-27	806	
Commission expenses	21	11	3	13	0	17	-27	38	
Other operating income	0	0	0	3	0	0	0	3	
Net commission and other income	317	145	17	-8	205	95	0	771	
Dividend income	2	0	0	7	0	0	0	9	
Income from investment in associates	0	10	0	457	0	0	-323	144	
Net gains/losses on financial instruments	4	7	45	-5	0	8	20	79	
Net income on investment securities	6	17	45	459	0	8	-303	232	
Personnel expenses	160	83	25	195	109	47	-1	618	
Administrative expenses	36	8	8	162	20	6	-1	239	
Other operating expenses	50	17	4	65	56	19	-1	210	
Total operating expenses	246	108	37	422	185	72	-3	1.067	
Operating profit before losses	804	779	44	83	21	29	-301	1.459	
Change in individual write-downs in the period	20	277	0	0	0	0	0	297	
Change in group write-downs in the period	0	2	0	0	0	0	0	2	
Pre-tax profit	784	500	44	83	21	29	-301	1.160	
Net interest income ¹⁾									
External net interest income	727	725	19	54	1	-2	-1	1.523	
Internal net interest income	0	0	0	0	0	0	0	0	
Net interest income	727	725	19	54	1	-2	-1	1.523	
Balance sheet (MNOK)									
Loans to customers	102.049	60.082	341	2.630	0	0	-144	164.958	
Individual loss provisions	-69	-555	0	0	0	0	47	-577	
Group loss provisions	-64	-614	0	0	0	0	0	-678	
Certificates/bonds/financial derivatives	0	0	2.205	32.831	0	10	-1.241	33.805	
Other assets	74	1.506	183	16.454	169	957	-3.972	15.371	
Total assets	101.990	60.419	2.729	51.915	169	967	-5.310	212.879	
Deposits from customers	50.552	47.496	16	1.894	0	0	-200	99.758	
Other debt and equity ¹⁾	51.438	12.923	2.713	50.021	169	967	-5.110	113.121	
Total debt and equity	101.990	60.419	2.729	51.915	169	967	-5.310	212.879	
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	18.849	510						19.359	

Note 12 Net income/losses from financial instruments

Parent bank			Group			
2017	01.01.17 - 30.06.17	01.01.18 - 30.06.18		01.01.18 - 30.06.18	01.01.17 - 30.06.17	2017
92	8	-40	Net gains/losses on equity instruments	24	35	136
-140	-35	-115	Net gains/losses for bonds and certificates	-122	-41	-152
143	63	100	Net derivatives bonds and certificates	100	63	143
0	0	74	Net derivatives equity instruments	72	0	0
2	1	0	Net counterparty risk, inclusive of CVA	0	1	2
-2	4	7	Net derivatives other assets	7	4	-2
-28	-22	10	Net derivatives liabilities	-1	-5	-1
67	64	-15	Net derivatives basis swap spread	-15	-23	-32
104	50	84	Net gain currency	90	45	104
238	133	105	Net income/losses from financial instruments	155	79	198

Note 13 Pensions

The SpareBank 1 SR-Bank group has two types of pension scheme: defined benefit-based and contribution benefit-based pension schemes. For more information about the accounting treatment of the schemes see note 1 above and note 24 to the annual financial statements for 2017.

A decision was taken at the board meeting in June 2015 that employees who were members of the defined benefit scheme had to transfer to a defined contribution pension scheme from 1 January 2016. Upon transitioning to a contribution based pension scheme from 1 January 2016, employees who were in the defined benefit scheme received a paid-up policy for their earned rights from the defined benefit scheme.

Paid-up policies will be managed by the pension fund, which from 1 January 2016 was set as a paid-up fund. A framework agreement has been established between SpareBank 1 SR-Bank and the pension fund that covers things such as financing, capital management, etc. Because of the responsibilities SpareBank 1 SR-Bank still has, future liabilities will have to be incorporated in the financial statements. The board of the pension fund must consist of representatives of the group and pension scheme participants in accordance with the pension fund's articles of association.

The following economic assumptions have been used to calculate the obligations for the defined benefit-based pension scheme:

Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Parent bank and group
2,40 %	2,40 %	2,40 %	2,60 %	2,50 %	Discount rate
2,40 %	2,40 %	2,40 %	2,60 %	2,50 %	Expected return on assets
2,50 %	2,50 %	2,50 %	2,50 %	2,50 %	Forecast salary increase
2,25 %	2,25 %	2,25 %	2,25 %	2,25 %	National Insurance scheme's basic amount
2,00 %	2,00 %	2,00 %	2,00 %	2,00 %	Pension adjustment
1,60 %	1,60 %	1,60 %	1,60 %	1,60 %	Paid-up policy adjustment

Change in pension obligations (NOK million):

Parent bank					Group					
2017	Q2 2017	Q2 2018	01.01.17 - 30.06.17	01.01.18 - 30.06.18		01.01.18 - 30.06.18	01.01.17 - 30.06.17	Q2 2018	Q2 2017	Q2 2017
351	417	300	351	383	Net obligations opening balance	402	378	319	434	378
10	0	0	10	0	Merger SR-Finans	0	0	0	0	0
12	-9	19	44	-68	Actuarial liabilities and losses recognised in comprehensive income	-68	44	19	-9	12
17	4	4	8	9	Net pension cost	9	9	4	5	18
-1	0	0	0	0	Company contributions	0	0	0	0	-1
-6	-1	-2	-2	-3	Payments from operations	-3	-3	-2	-2	-5
383	411	321	411	321	Net pension obligations closing balance	340	428	340	428	402

Note 14 Sale of loans

In 2010, in association with the other owners of Sparebank 1 Boligkreditt, Sparebank 1 SR-Bank entered into an agreement to establish a liquidity facility for SpareBank 1 Boligkreditt. This implies that the banks undertake to buy mortgage bonds limited to a total value equal to 12 months' maturities in SpareBank 1 Boligkreditt. Each owner is primarily liable for its share of the need, secondarily for twice the amount of the primary liability under the same agreement. The bonds can be deposited with Norges Bank and represent, therefore, no significant increase in the bank's inherent risk.

SpareBank 1 SR-Bank has concluded agreements concerning the sale of loans with good security and collateral in real estate to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. For more information about the accounting treatment of the agreements see note 2 and note 9 in the 2016 annual financial statements.

SpareBank 1 SR-Bank has also concluded an agreement concerning the sale of loans with good security and collateral in real estate to its subsidiary sheet, but are recognised in the consolidated financial statements, see note 2 in the annual financial statements for 2017.

Note 15 Liquidity risk

Liquidity risk is the risk that the group is not able to refinance its debt or is not able to finance an increase in assets. The bank's framework for managing liquidity risk shall reflect the bank's conservative risk profile. The board has adopted internal limits such that the bank has as balanced a maturity structure for its borrowing as possible. Stress testing is conducted for the various terms of maturity for bank-specific crises, system crises and combinations of these. A contingency plan has also been put in place to manage liquidity crises. The average remaining term to maturity in the portfolio of senior bond funding and covered bonds was 3.7 years at the end of the second quarter of 2018. The total LCR was 157% at the end of the second quarter, and the average total LCR was 151% in the quarter. The LCR in NOK and EUR at the end of the quarter was 86% and 579%, respectively.

Note 16 Information about fair value

Group

The table below shows financial instruments at fair value according to their valuation method. The different levels are defined as follows:

Level 1: Listed price in an active market for an identical asset or liability

Level 2: Valuation based on observable factors other than listed price (used in level 1) either direct (price) or indirect (deduced from prices)

Level 3: Valuation based on factors not obtained from observable markets (non-observable assumptions)

Fair value 30.06.2018	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers 1)			7.290	7.290
Commercial paper and bonds at fair value	16.718	7.726		24.444
Financial derivatives		4.096		4.096
Equities, units and other equity interests	395	25	328	748
Operations that will be sold				0
Liabilities				
Financial derivatives		2.640		2.640
No transfers between levels 1 and 2				
¹⁾ Net lending to customers in parent bank, level 3			57.029	

Note 16 Information about fair value (continued)

Fair value 30.06.2017	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers			8.409	8.409
Commercial paper and bonds at fair value	20.506	5.840		26.346
Financial derivatives		5.354		5.354
Equities, units and other equity interests	285	5	238	528
Operations that will be sold			22	22
Liabilities				
Financial derivatives		3.622		3.622

No transfers between levels 1 and 2

Change in holding during the financial year of assets valued on the basis of factors other than observable market data

Group	Loans to customers	Shares, ownership stakes and other securities	Business available for sale
Balance 01.01	7.610	271	0
Additions	1.234	25	
Disposals	-1.489	-2	-2
Transferred from or to measurement according to prices in an active market or observable market data			
Change in value ¹⁾	-65	34	
Balance 30.06.2018	7.290	328	-2
Nominal value/cost price	7.178	238	0
Fair value adjustment	112	63	0
Balance 30.06.2018	7.290	301	0

¹⁾ Value changes are recognised in net income from financial instruments

SpareBank 1 SR-Bank is a member of Visa Norge FLI. Visa Norge FLI is, as a group member of Visa Europe, also a shareholder in Visa Europe Ltd. In November 2015, an agreement was announced concerning the sale of Visa Europe Ltd to Visa Inc. The transaction significantly increased the equity in Visa Norge IFS. SpareBank 1 SR-Bank's ownership interests in Visa Norge IFS are considered a financial asset in the available for sale category (AFS investment) and must therefore be recognised at fair value as long as this can be reliably measured. The remuneration consists of shares in Visa Inc., a cash settlement and a postponed cash payment. On 31 December 2015, the estimated value of the shares resulted in income in other comprehensive income of NOK 95 million. SpareBank 1 SR-Bank received the cash settlement in the second quarter of 2016. This amounted to NOK 94 million, compared with the amount calculated at the end of 2015 of NOK 72 million. The cash settlement was posted as dividends via the income statement in the second quarter of 2016. In the fourth quarter of 2017, a further proportion of shares with a value of NOK 19 million were recognised, where NOK 15 million was recognised through profit or loss. SpareBank 1 SR-Bank still has an ownership item linked to the postponed cash payment and shares in Visa Norge totalling NOK 60 million. This item is posted in other comprehensive income and have after the switch to IFRS 9 in 2018 no effect on the result upon realisation.

The transaction in which the SpareBank 1 Alliance's mCASH payment solution was merged with Vipps AS was completed in the third quarter of 2017. Following the transaction, SpareBank 1 SR-Bank owns 19.7 % of SpareBank 1 Betaling AS, which in turn owns 25% of Vipps AS. The value of the stake provided the basis for the transaction with Vipps AS and the analysis group in SpareBank 1 Gruppen has conducted an evaluation of the stake. The evaluation was based on a business case that was produced in connection with the negotiations surrounding Vipps and the expected value of the stake as an independent company. The value calculated is considered to be almost equal to SpareBank 1 SR-Bank's share of the equity in SpareBank 1 Betaling AS following the transaction, and the group recognised income of NOK 4 million in 2017 due to the transaction. SpareBank 1 SR-Bank's ownership interest in SpareBank 1 Betaling AS is included in the group as an associated company.

Note 16 Information about fair value (continued)

Other assets are measured using various methods such as last known transaction price, earnings per share, dividend per share, EBITDA and discounted cash flows.

Fixed-rate loans are measured on the basis of the interest rate agreed with the customer. Loans are discounted using the applicable interest curve, having taken into account a market premium, which is adjusted for the profit margin. The conducted sensitivity analyses indicate an increase in the discount rate of 10 basis points would have a negative effect on the result amounting to NOK 23 million.

Fair value of financial instruments at amortised cost

Group	Balance	Fair value
	30.06.2018	30.06.2018
Assets		
Cash and balances with central banks	711	711
Balances with credit institutions	4.279	4.279
Loans to customers ¹⁾	170.296	170.296
Certificates and bond held to maturity	5.024	5.051
Total assets at amortised cost	180.310	180.337
Liabilities		
Balances with credit institutions	2.375	2.375
Deposits from customers ¹⁾	105.824	105.824
Listed debt securities	87.407	90.577
Subordinated loan capital	3.169	3.085
Total liabilities at amortised cost	198.775	201.861

¹⁾ Loans to customers and deposits at amortised cost, amount to book value best estimate at fair value.

Note 17 Events after the balance sheet date

No material events that have influence on the prepared interim financial statements have been registered after 30 June 2018.

STATEMENT PURSUANT TO SECTION 5-6 OF THE SECURITIES TRADING ACT

Statement by the Board of Directors and Chief Executive Officer

We hereby confirm that the half-year financial statements for the period 1 January to 30 June 2018 have, to the best of our knowledge, been prepared pursuant to IAS 34 Interim Financial Reporting and that the information provided presents a true and fair picture of the company's and the group's assets, liabilities, financial positions and profit as a whole.

We hereby also confirm that, to the best of our knowledge, the half-year financial statements provide a true and fair overview of developments, the financial performance and important events during the accounting period and their effect on the half-year financial statements, the most important risk and uncertainty factors that the group faces in the next accounting period and material transactions with close associates.

Stavanger, 7 august 2018

The Board of Directors of SpareBank 1 SR-Bank ASA

Dag Mejdell
(Chair)

Kate Henriksen

Birthe Cecilie Lepsøe

Therese Log Bergjord

Jan Steffen Skogseth

Tor Dahle

Sally Lund-Andersen
(Employee representative)

Kristian Kristensen
(Employee representative)

Arne Austreid
(Chief Executive Officer)

Quarterly income statement

SpareBank 1 SR-Bank Group, MNOK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2018	2018	2017	2017	2017	2017	2016	2016	2016
Interest income	1.544	1.454	1.463	1.455	1.437	1.392	1.400	1.384	1.379
Interest expense	702	654	644	635	653	653	667	655	668
Net interest income	842	800	819	820	784	739	733	729	711
Commission income	390	389	384	407	417	389	372	365	405
Commission expenses	24	21	19	22	19	19	18	18	17
Other operating income	4	0	2	1	2	1	1	0	1
Net commission and other income	370	368	367	386	400	371	355	347	389
Dividend income	1	11	0	2	4	5	5	0	97
Income from investment in associates	102	57	154	127	81	63	78	90	112
Net gains/losses on financial instrument	110	45	50	69	58	21	56	141	-4
Net income on financial investments	213	113	204	198	143	89	139	231	205
Total income	1.425	1.281	1.390	1.404	1.327	1.199	1.227	1.307	1.305
Personnel expenses	326	319	333	312	312	306	293	282	296
Administrative expenses	132	123	128	111	127	112	133	115	114
Other operating costs	114	97	109	107	109	101	114	89	104
Total operating cost	572	539	570	530	548	519	540	486	514
Operating profit before impairment losses	853	742	820	874	779	680	687	821	791
Impairment losses on loans and guarantees	99	74	120	124	131	168	162	161	305
Pre-tax profit	754	668	700	750	648	512	525	660	486
Tax expense	137	150	141	140	134	109	96	126	80
Profit after tax	617	518	559	610	514	403	429	534	406
Profitability									
Return on equity per quarter ¹⁾	12,3 %	10,3 %	11,4 %	12,9 %	11,0 %	8,7 %	9,5 %	12,2 %	9,4 %
Cost percentage ²⁾	40,1 %	42,1 %	41,0 %	37,7 %	41,3 %	43,3 %	44,0 %	37,2 %	39,4 %
Combined weighted total average spread for lending and deposits ³⁾	1,52 %	1,50 %	1,50 %	1,54 %	1,52 %	1,53 %	1,50 %	1,48 %	1,48 %
Balance sheet figures from quarterly accounts									
Gross loans to customers	178.927	174.292	172.554	167.105	164.958	159.843	157.638	157.352	156.738
Gross loans to customers including SB1 Bolig- and Næringskreditt	193.474	188.924	187.137	185.150	184.317	183.182	182.332	183.042	183.438
Growth in loans over last 12 months	8,5 %	9,0 %	9,5 %	6,2 %	5,2 %	3,0 %	1,6 %	3,6 %	4,3 %
Growth in loans incl SB1 Bolig- and Næringskreditt	5,0 %	3,1 %	2,6 %	1,2 %	0,5 %	-0,4 %	-0,9 %	0,1 %	1,1 %
Deposits from customers	105.824	99.626	95.384	98.602	99.758	93.125	85.914	87.240	89.633
Growth in deposits over last 12 months	6,1 %	7,0 %	11,0 %	13,0 %	11,3 %	7,0 %	-3,9 %	-2,0 %	-1,3 %
Total assets	223.954	217.370	216.618	215.309	212.879	200.182	193.408	193.219	196.763
Average total assets	221.838	215.940	217.202	211.111	207.389	195.967	194.963	195.489	192.792
Losses and non-performing commitments									
Impairment losses ratio, annualized ⁴⁾	0,22 %	0,17 %	0,28 %	0,30 %	0,32 %	0,42 %	0,41 %	0,41 %	0,78 %
Impairment losses ratio, including loans SB1 Bolig- and Næringskreditt	0,21 %	0,16 %	0,26 %	0,27 %	0,29 %	0,37 %	0,35 %	0,35 %	0,66 %
Non-performing commitments as a percentage of total loans	0,24 %	0,25 %	0,32 %	0,49 %	0,50 %	0,46 %	0,68 %	0,73 %	0,56 %
Non-performing commitments as a percentage of total loans, including loans SB1 Bolig- and Næringskreditt	0,22 %	0,23 %	0,30 %	0,45 %	0,45 %	0,40 %	0,59 %	0,63 %	0,48 %
Other doubtful commitments as a percentage of total loans	1,40 %	0,99 %	0,91 %	0,81 %	0,84 %	0,95 %	0,72 %	0,64 %	0,78 %
Other doubtful commitments as a percentage of total loans, including loans Bolig- and Næringskreditt	1,29 %	0,91 %	0,83 %	0,73 %	0,76 %	0,83 %	0,62 %	0,55 %	0,67 %

See next page for definition of key figures

Quarterly income statement (continued)

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Solidity									
Common equity Tier 1 capital ratio	14,8 %	15,0 %	15,1 %	14,8 %	14,7 %	14,7 %	14,7 %	13,8 %	13,5 %
Tier 1 capital ratio	15,7 %	16,0 %	16,0 %	15,8 %	15,7 %	15,6 %	15,6 %	14,7 %	14,4 %
Capital ratio	17,8 %	18,1 %	17,9 %	17,7 %	17,9 %	17,5 %	17,5 %	17,1 %	16,8 %
Tier 1 capital	19.959	19.645	19.278	19.214	18.938	18.482	18.227	17.552	17.266
Net primary capital	22.571	22.257	21.489	21.515	21.623	20.744	20.443	20.386	20.139
Risk weighted balance	126.826	122.786	120.160	121.818	120.683	118.410	116.651	119.118	119.705
Leverage ratio	7,5 %	7,4 %	7,4 %	7,2 %	7,2 %	7,1 %	7,3 %	6,7 %	6,4 %
Liquidity									
Liquidity Coverage Ratio (LCR) ⁵⁾	157 %	177 %	168 %	212 %	212 %	200 %	174 %	123 %	173 %
Deposit-to-loan ratio	59,1 %	57,2 %	55,3 %	59,0 %	60,5 %	58,3 %	54,5 %	55,4 %	57,2 %
Branches and staff									
Number of branches	36	36	36	36	36	36	36	47	49
Number of man-years	1.153	1.156	1.142	1.148	1.120	1.141	1.127	1.154	1.148
Number of man-years including temps	1.230	1.200	1.218	1.225	1.181	1.187	1.172	1.207	1.182
SpareBank 1 SR-Bank share									
Market price at end of quarter	86,40	86,20	87,00	85,75	71,50	64,25	60,75	45,60	41,20
Market capitalisation	22.097	22.046	22.250	21.931	18.286	16.432	15.537	11.662	10.537
Number of shares issued, millions	255,75	255,75	255,75	255,75	255,75	255,75	255,75	255,75	255,75
Book equity per share (including dividends)	77,28	79,24	77,24	75,07	72,72	72,91	71,54	69,36	67,16
Earnings per share, NOK (annualised)	2,41	2,03	2,18	2,39	2,01	1,58	1,68	2,09	1,59
Price/earnings per share	8,96	10,62	9,98	8,97	8,89	10,17	9,04	5,45	6,48
Price / Book equity (group)	1,12	1,09	1,13	1,14	0,98	0,88	0,85	0,66	0,61
Annualised turnover rate in quarter ⁶⁾	6,1 %	5,3 %	4,7 %	4,2 %	8,6 %	15,1 %	12,9 %	3,1 %	2,5 %
Effective return ⁷⁾	5,2 %	-0,9 %	1,5 %	19,9 %	14,8 %	5,8 %	33,2 %	10,7 %	5,2 %

Key figure definitions

- ¹⁾ Ordinary result available to shareholders for the period as a percentage of average equity, exclusive of other core equity
- ²⁾ Total operating costs as a percentage of total operating income
- ³⁾ Net interest income as a percentage of average total assets
- ⁴⁾ Impairment losses on loans as a percentage of average gross loans, annualised
- ⁵⁾ High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario
- ⁶⁾ Annualised turnover of the share during the period, measured as a percentage of the number of outstanding shares
- ⁷⁾ Percentage change in the market price in the last period, including paid share dividend

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2018 Financial Calendar

Preliminary annual results for 2017	Wednesday 7 February
Annual General Meeting	Thursday 19 April
Ex-dividend	Friday 20 April
Dividend payment date	Friday 27 April
Q1 2018	Thursday 26 April
Q2 2018	Wednesday 8 August
Q3 2018	Thursday 25 October