SpareBank 1 SR-BANK

First Quarter 2019

Interim Financial Statements Q1 2019

Key figures SpareBank 1 SR-Bank Group (MNOK)

	01.01 - 31.03		
MAIN FIGURES	**2019**	**2018**	**2018**
Net interest income	938	800	3.439
Net commission and other income	341	368	1.437
Net income on financial investments	676	113	569
Total income	**1.955**	**1.281**	**5.445**
Total operating costs	**583**	**539**	**2.229**
Operating profit before impairments	**1.372**	**742**	**3.216**
Impairments on loans and financial commitments	49	74	324
Pre-tax profit	**1.323**	**668**	**2.892**
Tax expense	177	150	596
Profit after tax	**1.146**	**518**	**2.296**
BALANCE SHEET			
Gross loans to customers	196.468	174.280	192.105
Gross loans to customers including SB1 BK and SB1 NK [2]	205.406	188.912	201.399
Deposits from customers	98.991	99.626	98.814
Total assets	241.926	217.370	234.061
Average total assets	237.959	215.940	223.838
Selected key figures (for further key figures see page 38 of the interim report)			
Return on equity [1]	21,2 %	10,3 %	11,3 %
Return on equity excluding merger effects Fremtind Forsikring AS [1]	12,8 %		
Cost ratio [1]	29,8 %	42,1 %	40,9 %
Combined weighted total average spread for lending and deposits [1]	1,60 %	1,50 %	1,54 %
Balance growth			
Growth in loans [1]	12,7 %	9,0 %	11,3 %
Growth in loans incl SB1 BK and SB1 NK [1) 2)]	8,7 %	3,1 %	7,6 %
Growth in deposits [1]	-0,6 %	7,0 %	3,6 %
Solidity			
Common equity Tier 1 capital ratio	14,7 %	15,0 %	14,7 %
Tier 1 capital ratio	16,0 %	16,0 %	15,9 %
Capital ratio	17,7 %	18,1 %	17,6 %
Tier 1 capital	21.475	19.645	20.743
Risk weighted balance	134.649	122.786	130.869
Leverage ratio	7,7 %	7,4 %	7,7 %
Liquidity			
Liquidity Coverage Ratio (LCR) [3]	172 %	177 %	167 %
Deposit-to-loan ratio [1]	50,4 %	57,2 %	51,4 %
Deposit-to-loan ratio, incl loans SB1 BK and NK [1) 2)]	48,2 %	52,7 %	49,1 %
Impairments on loans and financial commitments [1]			
Impairment ratio [1]	0,10 %	0,17 %	0,18 %
Impairment ratio, incl. loans SB1 BK and SB1 NK [1) 2)]	0,10 %	0,16 %	0,17 %
Loans and financial commitments in Stage 3 [1]			
Loans and financial commitments in Stage 3, percentage of gross loans [1]	1,46 %	1,25 %	1,53 %
Loans and financial commitments in Stage 3, percentage of gross loans, incl. loans SB1 BK and NK [1) 2)]	1,40 %	1,15 %	1,46 %

SpareBank 1 SR-Bank share	**31.03.19**	**31.12.18**	**31.12.17**	**31.12.16**	**31.12.15**
Market price	99,40	89,20	87,00	60,75	39,30
Market capitalisation (MNOK)	25.422	22.813	22.250	15.537	10.051
Book equity per share(including dividends) (group) [1]	86,55	82,27	77,24	71,54	66,14
Earnings per share, NOK	4,48	8,98	8,16	6,87	6,83
Dividends per share	n.a.	4,50	4,25	2,25	1,50
Price / Earnings per share [1]	5,54	9,93	10,66	8,84	5,75
Price / Book equity [1]	1,15	1,08	1,13	0,85	0,59
Effective return [4]	11,4 %	7,4 %	46,9 %	58,4 %	-21,3 %

1) Defined as alternative performance targets (APMs), see the appendix to the interim report
[2] SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are abbreviated to SB1 BK and SB1 NK
[3] High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario
[4] Percentage change in the market price in the last period, including paid share dividend

A good underlying result and a substantial one-off financial gain

Q1 2019

- Pre-tax profit: NOK 1,323 million (NOK 668 million)
- Net profit for the year: NOK 1,146 million (NOK 518 million)
- Return on equity after tax: 21.2% (10.3%)
- Return on equity after tax, excluding merger effects Fremtind Forsikring AS: 12,8%
- Earnings per share: NOK 4.48 (NOK 2.03)
- Net interest income: NOK 938 million (NOK 800 million)
- Net commissions and other operating income: NOK 341 million (NOK 368 million)
- Net income from financial investments: NOK 676 million (NOK 113 million)
- Operating costs: NOK 583 million (NOK 539 million)
- Impairments on loans and financial liabilities: NOK 49 million (NOK 74 million)
- Total lending growth over last 12 months: 8.7% (3.1%)
- Growth in deposits over last 12 months: -0.6% (7.0%)
- Common equity tier 1 capital ratio: 14.7% (15.0%)
- Tier 1 capital ratio: 16.0% (16.0%)

(Q1 2018 in brackets)

Financial performance – Q1 2019

The group's pre-tax profit was NOK 1,323 million (NOK 668 million), NOK 647 million higher than in the fourth quarter of 2018. The return on equity after tax in the first quarter of 2019 was 21.2% (10.3%), compared with 10.1% in the previous quarter. The profit in the first quarter of the year was heavily influenced by the merger of SpareBank 1 Skadeforsikring AS and DNB Forsikring AS and the establishment of Fremtind Forsikring AS on 1 January 2019. The group received NOK 460 million in extraordinary income related to the merger in the first quarter of 2019. Excluding the merger effect, the group achieved a return on equity after tax in the first quarter of 2019 of 12.8%. Higher net interest income, good income from financial investments and low impairments helped to ensure a good underlying operating profit for the first quarter of the year.

Net interest income rose to NOK 938 million (NOK 800 million) in the first quarter of 2019. The NOK 12 million increase from the previous quarter was due to increased volumes in both the retail and corporate market divisions. The average interest margin (net interest income as a percentage of average total assets) was 1.60% (1.50%), compared with 1.59% in the fourth quarter of 2018.

Net commissions and other operating income was NOK 341 million in the first quarter of 2019 (NOK 368 million), a reduction of NOK 9 million compared with the fourth quarter of 2018. The income from EiendomsMegler 1 SR-Eiendom AS amounted to NOK 99 million (NOK 81 million), an increase of NOK 1 million compared with the fourth quarter of 2018, while the income from SpareBank 1 Regnskapshuset SR AS rose by NOK 3 million from the fourth quarter of 2018 to NOK 27 million in the first quarter of 2019. Commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS were down by NOK 8 million from the fourth quarter of 2018 to NOK 8 million in the first quarter of 2019 (NOK 30 million), while income from guarantee commissions and money transfer services was down by a total of NOK 5 million compared with the previous quarter.

Net income from financial investments was NOK 676 million in the first quarter of 2019 (NOK 113 million), an increase of NOK 608 million compared with the previous quarter. NOK 460 million of the increase was due to extraordinary income received from SpareBank 1 Gruppen AS as part of the merger and establishment of Fremtind Forsikring AS. Excluding the aforementioned income, income from financial investments increased by NOK 148 million from the previous quarter, mainly due to rises in the value of financial instruments.

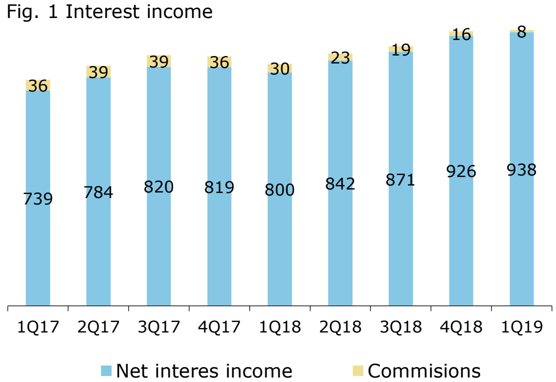
Operating costs rose by NOK 7 million from the previous quarter to NOK 583 million in the first quarter of 2019 (NOK 539 million). Personnel costs increased by NOK 14 million and other operating costs were reduced by NOK 7 million compared with the quarter before.

Impairments on loans and financial liabilities were NOK 49 million in the first quarter of 2019 (NOK 74 million), compared with NOK 92 million in the fourth quarter of 2018.

Net interest income

The group's net interest income totalled NOK 938 million in the first quarter of 2019 (NOK 800 million). Net interest income must be seen in the context of the commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. Commissions from these companies amounted to NOK 8 million in the first quarter of 2019 (NOK 30 million). The combined total of net interest income and commissions increased by NOK 116 million compared with the first quarter of 2018. The increase was mainly due to a higher lending volume and increased interest margins in the corporate market division.

Fig. 1 Interest income



The average interest margin rose to 1.60% in the first quarter of 2019, compared with 1.50% in the first quarter of 2018.

Net commissions and other operating income

Net commissions and other operating income in the first quarter of 2019 totalled NOK 341 million (NOK 368 million).

Table 1, Commission and other income

	31.03.19	31.03.18
Payment facilities	62	63
Savings/placements	46	52
Insurance products	46	49
Commission income real estate broking	99	81
Guarantee commission	24	34
Arrangement- and customer fees	26	28
Accounting services SpareBank 1 Regnskapshuset SR	27	27
Commission income SB1 Boligkreditt and SB1 Næringskreditt	8	30
Other	3	4
Total commission and other income	341	368

The NOK 27 million reduction compared with the first quarter of 2018 was primarily attributable to the fact that commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS fell by NOK 22 million to NOK 8 million in the first quarter of 2019 (NOK 30 million). The reduction in commissions from the mortgage companies was largely a consequence of the group buying back NOK 5.7 billion in loans from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS in the last 12 months. Income from estate agency services rose by NOK 18 million to NOK 99 million in the first quarter of 2019 (NOK 81 mill kroner) due to higher sales volumes resulting from the better housing market in Rogaland, while Regnskapshuset SR AS delivered stable income. The increase in income from estate agency services was offset by the income from savings/investments, insurance and guarantee commissions falling by a total of NOK 19 million compared with the same quarter last year.

Net income from financial investments

Net income from financial investments in the first quarter of 2019 totalled NOK 676 million (NOK 113 million).

Table 2, Income on investment securities

	31.03.19	31.03.18
Dividends	19	11
Investment income, associates	536	57
Income from financial instruments	121	45
- Capital gains/losses on securities	*90*	*5*
- Captail gains/losses interest/currency	*31*	*40*
Total income on investment securities	676	113

Dividends increased by NOK 8 million from the first quarter of 2018 to NOK 19 million in the first quarter of 2019 (NOK 11 million), primarily due to payment of dividends from Sandnes Sparebank.

Income from ownership interests increased by NOK 479 million to NOK 536 million in the first quarter of 2019 (NOK 57 mill kroner), of which NOK 460 million kroner was due to extraordinary income from SpareBank 1 Gruppen AS as part of the merger and establishment of Fremtind Forsikring AS. Extraordinary income from SpareBank 1 Gruppen AS included NOK 332 million in dividend, which was distributed on 29 March 2019.

Table 3, Income from ownership interests

The share of net profit after tax	31.03.19	31.03.18
SpareBank 1 Gruppen AS	498	36
SpareBank 1 Boligkreditt AS	3	1
SpareBank 1 Næringskreditt AS	3	2
BN Bank ASA	17	20
SpareBank 1 Kredittkort AS	3	6
SpareBank 1 Betaling AS	11	-9
Other	1	1
Total income from ownership interests	536	57

The profit share after tax from SpareBank 1 Gruppen AS increased by NOK 462 million from the first quarter of 2018, of which 460 million kroner was due to extraordinary income related to the aforementioned merger. The underlying profit share was on a par with the same quarter last year.

The profit share from SpareBank 1 Betaling AS increased by NOK 20 million to NOK 11 million, NOK 14 million of which was due to a correction of the company's result for 2018.

Net income from financial instruments amounted to NOK 121 million in the first quarter of 2019 (NOK 45 million). Capital gains on securities amounted to NOK 90 million (NOK 5 million), while capital gains from interest and currency trading amounted to NOK 31 million (NOK 40 million).

The capital gains on securities amounting to NOK 90 million (NOK 5 million) were due to a combination of capital losses of NOK 3 million (capital losses of NOK 72 million) in the interest portfolio, which were offset by positive effects totalling NOK 31 million (NOK 71 million) from hedging instruments, as well as capital gains of NOK 62 million (NOK 6 million) from the portfolio of shares and equity certificates. NOK 30 million of the increase in gains from shares and equity certificates was due to an increase in the value of the investment in Sandnes Sparebank and NOK 15 million was due to an increase in the value of the investment in FinStart Nordic AS, while investments in SR-Fondene rose in value by NOK 8 million in the first quarter of 2019.

Capital gains from interest and currency trading amounted to NOK 31 million (NOK 40 million), of which capital gains from customer and own account trading accounted for NOK 29 million (NOK 41 million). The negative effects of basis swaps amounted to NOK 13 million (NOK 2 million in negative effects), while the sum of hedging recognition and other positive IFRS effects was NOK 15 million in the first quarter of 2019 (NOK 1 million).

Operating costs

The group's operating costs amounted to NOK 583 million in the first quarter of 2019 (NOK 539 million), an increase of NOK 44 million compared with the first quarter of 2018. The growth in costs is a consequence of the group's aggressive market strategy. Both geographical expansion to the Oslo-region, and investment in new technology and digitalisation have increased the costs. Going forward, this will give the group increased efficiency and profits, and ensure that the group's customers have the best available products in the market at competitive prices.

Table 4, Operating expenses

	31.03.19	31.03.18
Personnel expenses	344	319
IT expenses	90	83
Marketing	19	16
Other administrative expenses	25	24
Depreciation	29	18
Operating expenses from real estate	8	10
Other operating expenses	68	69
Total operating expenses	583	539

Personnel costs rose by NOK 25 million (7.8%) from the first quarter of 2018 to NOK 344 million in the first quarter of 2019. EiendomsMegler 1 AS saw a NOK 8 million increase in personnel costs due in part to increased activity, while the establishment of FinStart Nordic AS and the Oslo branch increased personnel costs by a total of NOK 5 million. The number of FTEs has increased by 36 in the last 12 months. The parent bank saw an increase of 28 FTEs, primarily in the retail market division and in the work associated with anti-money laundering and compliance, while the subsidiaries saw an increase of eight FTEs, where Regnskapshuset SR AS and FinStart Nordic AS have increased their staff.

Other operating costs increased by NOK 19 million (8.6%) to NOK 239 million in the first quarter of 2019, with the greatest increases in IT, marketing costs and depreciation. For example, costs in EiendomsMegler 1 AS increased due to increased activity and the replacement of the company's core system in the first quarter of 2019. Depreciation increased by NOK 11 million to NOK 29 million in the first quarter of 2019, NOK 9 million of which was due to the introduction of the new IFRS 16 rules for leases. For more information see note 17.

The group's cost/income ratio, costs measured as a percentage of income, was 29.8% for the first quarter of 2019 (42.1%). Excluding the merger effects, the cost/income ratio was 39.0% for the first quarter of 2019.

Impairments on loans and financial liabilities, and loans and financial liabilities in Stage 3

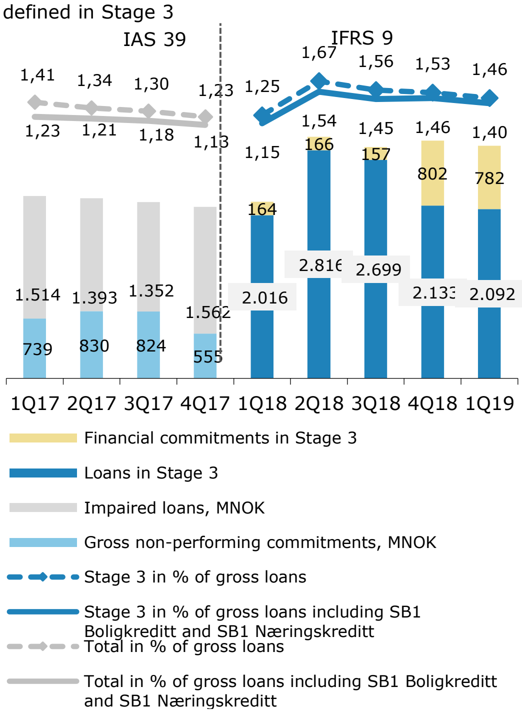
The group's net impairments on loans and financial liabilities were reduced by NOK 25 million from the first quarter of 2018 to the NOK 49 million in the first quarter of 2019. Low impairments reflect the good credit quality of the group's loan portfolio. The group's impairments on loans and financial liabilities amounted to 0.10% of gross loans in the first quarter of 2019 (0.17%).

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 impairments.

The group's loans and financial liabilities are grouped into three bands: Stage 1, Stage 2 and Stage 3, where Stage 3 is used for loans and financial liabilities that have experienced a substantial increase in credit risk since they were granted and where there is objective evidence of loss on the balance sheet date. The loss provision must cover expected losses over their lifetime for these loans and financial liabilities.

Gross loans and financial liabilities defined as Stage 3 amounted to NOK 2,873 million at the end of the first quarter of 2019 (NOK 2,182 million). This corresponded to 1.46% (1.25%) of gross loans, and 1.40% (1.15%) inclusive of loans sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

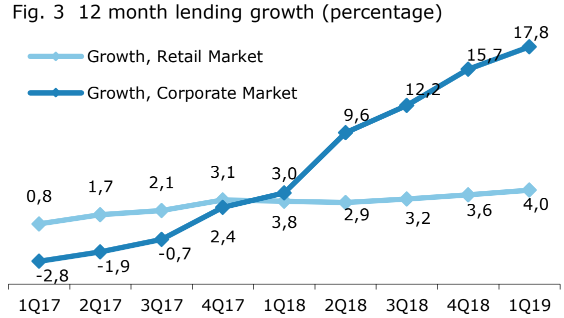
Fig. 2 Gross loans and financial commitments defined in Stage 3



Loans to and deposits from customers

Gross loans at the end of the first quarter of 2019 amounted to NOK 196.5 billion (NOK 174.3 billion). Inclusive of loans totalling NOK 8.9 billion (NOK 14.6 billion) sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, gross loans amounted to NOK 205.4 billion at the end of the quarter (NOK 188.9 billion). Gross lending growth, inclusive of the mortgage companies, was 8.7% in the last 12 months (3.1%). The effect of exchange rate fluctuations accounted for NOK 0.8 billion (0.4%) of the NOK 16.5 billion growth in gross loans over the last 12 months.

Fig. 3 12 month lending growth (percentage)



Loans to the retail market accounted for 60.3% of total loans (inclusive of loans sold to SpareBank 1 Boligkreditt AS) at the end of the first quarter of 2019 (63.0%).

The group's total loan exposure of NOK 205.4 billion (NOK 188.9 billion) included a majority of commitments with a probability of default of less than 0.5%. These commitments accounted for 60.6% (60.3%) of the portfolio. The total lending portfolio primarily consisted of commitments of less than NOK 10 million. These accounted for 66.1% (68.5%) of loan exposure and 98.3% (98.4%) of customers. 20.8% (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 have decreased by 0.6% (7.0% increase) to NOK 99.0 billion (NOK 99.6 billion). Exclusive deposits from the public sector, deposits increased 4.7% over the last 12 months. At the end of the first quarter of 2019, deposits from the corporate market and public sector accounted for 53.2% (55.6%) of the group's customer deposits. At end of the first quarter of 2019, the deposit coverage ratio, measured as deposits as a percentage of gross loans, was 50.4% (57.2%).

In addition to ordinary customer deposits, the group also has capital under management in alternative investment products. These amounted to NOK 22.3 billion at the end of the first quarter of 2019 (NOK 21.0 billion). 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.

Retail market division[1]

The retail market division's contribution before impairments amounted to NOK 358 million in the first quarter of 2019 (NOK 415 million). The result was NOK 57 million lower higher than in the first quarter of 2018. This was primarily due to lower net interest margins because of intense competition and rising money market interest rates. Lower profitability commissions for insurance and pressure on margins in the area of investments are resulting in commissions making a smaller contribution. At the same time, commission payments related to car sales are increasing. Increasing capacity within selected priorities has resulted in costs increasing by NOK 13 million.

Table 5, Retail market

	31.03.19	31.03.18
Interest income	386	401
Commission and other income	126	155
Income on investment securities	1	1
Total income	513	557
Total operating expenses	155	142
Operating profit before impairments	358	415
Impairments on loans and financial commitments	8	8
Pre-tax profit	350	407

The number of products sold increased by 20% compared with the year before. The division saw good sales growth in most product areas, especially in residential mortgages, car financing and insurance. The digitalisation of sales and work processes continues, and in the first quarter of 2019, 55% of sales were either begun or completed in digital channels. Personal advice remains important to customers and the division therefore increased staffing to operate the increase in customer growth.

Sales in the used housing market in South-western Norway increased by 17% in the first quarter of 2019. Price rises remain low due to the large supply of homes. Low unemployment and business optimism provide a basis for the continued improvement of the housing market. Lending growth in the last 12 months, measured at the end of the first quarter of 2019, was 4.0%, while deposit growth in the last 12 months was 3.9%. The proportion of non-performing commitments over 30 days was 0.33% of total loans at end of the first quarter of 2019 (0.39%), while impairments on loans totalling NOK 8 million were recognised in the first quarter of 2019 (NOK 8 million).

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 88.4% at the end of the first quarter of 2019 (88.8%). The IRB risk weighting[2] for residential mortgages was 21.9% at the end of the first quarter of 2019 (21.7%), which reflected a solid, stable portfolio.

Corporate market division [1]

The corporate market division's contribution before impairments on loans was NOK 473 million in the first quarter of 2019 (NOK 404 million), NOK 69 million higher than in the same quarter last year. The higher result is primarily due to increased interest income.

Table 6, Corporate market

	31.03.19	31.03.18
Interest income	464	360
Commission and other income	71	92
Income on investment securities	8	12
Total income	543	465
Total operating expenses	70	60
Operating profit before impairments	473	404
Impairments on loans and financial commitments	41	66
Pre-tax profit	432	338

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

[2] The IRB rules define residential mortgage loans as commitments secured by collateral in residential/real property where the collateral in the real property amounts to at least 30%. The figures include portfolios in mortgage companies (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS).

The division's lending growth in the last 12 months was 18.5% and the majority of this growth occurred outside Rogaland. The division's deposits have decreased by 4.0% 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 78.1% of the portfolio at the end of the first quarter of 2019 (75.0%). The property sector portfolio represents the group's largest concentration in a single sector and accounted for 16.1% (14.9%) of total loan exposure, inclusive of retail customers. A large portion of this portfolio consisted of financing commercial properties for leasing.

Impairments on loans and financial liabilities amounting to NOK 41 million were recognised in the first quarter of 2019, compared with NOK 66 million in impairments in the same quarter last year. The division's pre-tax profit was NOK 432 million, NOK 94 million higher than in the first quarter of 2018.

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 build-up of the Oslo branch is proceeding according to plan. Having a presence in this market is important with respect to geographical diversification and creating a greater basis for growth, and thus earnings. Together with correct risk pricing for loans and cost control, this will ensure competitiveness 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.

Table 7, Capital market

	31.03.19	31.03.18
Interest income	8	7
Commission and other income	14	22
Income on investment securities	28	28
Total income	50	57
- allocated to Corporate market	13	18
Total income after allocation	37	39
Total operating expenses	17	17
Pre-tax profit	20	22

SR-Bank Markets's pre-tax profit was NOK 20 million in the first quarter of 2019 (NOK 22 million). The income generated is recognised as income in the business areas to which the customers are assigned, primarily the corporate market division. NOK 13 million was recognised as income in the business areas in the first quarter of 2019 (NOK 18 million).

Prior to the allocation of customer income to other business areas, SR-Bank Markets had achieved operating income of NOK 50 million in the first quarter of 2019 (NOK 57 million). Corporate finance completed a number of projects in the first quarter of 2019 and achieved a result on a par with the same period in 2018.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company's pre-tax profit amounted to NOK 2.3 million in the first quarter of 2019 (NOK -0.3 million). The improved result was due to higher sales volumes because of the improved housing market in Rogaland. The company expects the result to improve further during the course of 2019.

In the first quarter of 2019, 1,633 (1,466) properties were sold with a total value of around NOK 5.0 billion (NOK 4.3 billion). The supply of new assignments is rising and was higher than in the same quarter last year.

The company has a strong position in Rogaland, with a market share of approximately 35% within sales of residential properties. The ambition is to strengthen this position further through growth in established markets.

The business in the Agder counties faces challenges due to strong competition and other actors increasing their presence in these counties. Despite this, the

[3] The 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.

company has increased its market share in the area, especially in Kristiansand. The aim is to strengthen this position further and be one of the two largest actors in the Agder counties.

Solid operations have now been established in Hordaland with offices in the centre of Bergen, Fana, Åsane, Sotra, Askøy and Stord. The company is aiming for substantial growth in Hordaland in the coming years.

Overall, the company is the largest actor in estate agency services in these four counties, with a market share of just over 20% in the company's market area.

Selling new housing projects remains a challenge, although the market for new homes is improving. New home sales are expected to improve during the course of the year due to increased activity and an anticipated increase in the inflow of people into the Stavanger region.

There was a good supply of commercial property for both lease and sale in the company's total market area for commercial property. The vacancy rate for office premises in the Stavanger region is falling and rental prices have risen slightly. 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 1.2 million in the first quarter of 2019 (NOK 0.8 million). The result includes depreciation of intangible assets of NOK 0.5 million (NOK 0.5 million).

At the end of the first quarter of 2019, the company had seven offices, four in Rogaland and three in Bergen, and around 1,800 customers. 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. From 1 May, the company will also have a presence in the Agder counties, and will, thanks to Agder Økonomi AS, become one of the regions largest market players. Business areas within advice and payroll/HR are also growing, and the company is experiencing good demand for these types of services. At the same time, the company expends a lot of resources on development activities, both on streamlining work processes and customer-related services.

SR-Forvaltning AS

The company achieved a turnover of NOK 24.0 million in the first quarter of 2019 (NOK 25.7 million) and a pre-tax profit of NOK 6.5 million (NOK 8.5 million). It has experienced good customer growth in discretionary mandates in the last year, but somewhat lower growth in securities funds. The assets under management at the end of the first quarter of 2019 amounted to NOK 12.2 billion (NOK 11.1 billion).

Last year, SR-Forvaltning AS expanded operations by establishing several new securities funds. The company manages eight securities funds, of which three are unit trusts, two bond funds and three balanced funds. The company also manages discretionary portfolios for SpareBank 1 SR-Bank ASA's pension fund, as well as for external customers based on 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.

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 105.8 million in the first quarter of 2019 (NOK 107.4 million). Net interest income increased by NOK 20.2 million from the first quarter of 2018 to the first quarter of 2019, but was offset by the negative effects of basis swaps, which increased by NOK 21.5 million in the same period. Net interest income primarily increased due to the increase in residential 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.

The company's purpose is to purchase residential 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 first quarter of 2019, the company had issued covered bonds with a nominal value of NOK 60.4 billion (NOK 38.8 billion) and bought loans worth NOK 61.9 billion (NOK 42.1 billion) from SpareBank 1 SR-Bank ASA.

FinStart Nordic AS

The company achieved a pre-tax profit of NOK 8.6 million in the first quarter of 2019 (NOK 23.4 million). The lower profit is attributable to the fact that in the first quarter of 2018, the company saw an extraordinarily high rise in the value of the securities in the portfolio. In the first quarter of 2019, the value of the securities increased by NOK 14.6 million, while costs increased by NOK 5.3 million to NOK 5.9 million due to the fact that the company is now fully operational.

FinStart Nordic commenced operations in January 2018. The company was established as an entrepreneurial company and is part of the group's focus on innovation. The company is an external arena for innovation and development, and wants to invest in and/or establish companies that will engage in development and innovation work within financial technology (fintech). This will help to the bank to grow in a market where the bank's activities are increasingly subject to competition from new actors.

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 100% of the shares in SpareBank 1 Forsikring AS, ODIN Forvaltning AS, SpareBank 1 Factoring AS, Conecto AS, SpareBank 1 Portefølje AS and SpareBank 1 Spleis AS. SpareBank 1 Gruppen AS also owns 51% of the shares in LO Favør AS, and 65% of the shares in Fremtind Forsikring AS, the newly established non-life insurance formed by the merger of SpareBank 1 Gruppen AS's and DNB ASA's insurance companies. SpareBank 1 SR-Bank ASA owned a 19.5% stake in SpareBank 1 Gruppen AS at the end of the first quarter of 2019.

The merger between SpareBank 1 Skadeforsikring AS and DNB Forsikring became effective on 1 January 2019. The merged company is called Fremtind Forsikring AS and offers an almost complete product portfolio within risk insurance to the retail and the SME market.

On 1 January 2019, Fremtind Forsikring AS became the third largest insurance company in the country and the largest that distributes its products via banks. The company will continue SpareBank 1's agreement to deliver products to the Norwegian Federation of Trade Unions' 930,000 members via the LOfavør brand. The SpareBank 1 banks will also continue to distribute insurance products under the SpareBank 1 brand, while DNB ASA will distribute insurance products under the DNB ASA brand. Both DNB ASA and the SpareBank 1 Alliance intend to strengthen the distribution of insurance through banks. The new company will be better able to develop innovative, customer-friendly solutions and launch new products for customers onto the market even faster.

SpareBank 1 Gruppen AS achieved a pre-tax profit of NOK 284 million in the first quarter of 2019 (NOK 278 million). DNB ASA's increase in its stake in Fremtind Forsikring AS from 20% to 35% resulted in SpareBank 1 Gruppen AS (the parent company) receiving a tax-free gain of NOK 1.7 billion in January 2019. This gain was distributed as extraordinary dividends to the owners on 29 March 2019. For its part, SpareBank 1 SR-Bank received NOK 332 million in extraordinary dividends.

SpareBank 1 Banksamarbeidet DA

SpareBank 1 Banksamarbeidet DA is responsible for the SpareBank 1 Alliance's collaboration processes and delivery of services. The company develops and delivers, among other things, common IT/mobile solutions, brands and marketing concepts, business concepts, products and services, expertise, analyses, processes, best practice solutions and purchases. SpareBank 1 SR-Bank ASA owned a 18.0% stake in SpareBank 1 Banksamarbeidet DA at the end of the first quarter of 2019.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are licensed mortgage companies that issue covered bonds secured by residential mortgage or commercial real estate portfolios sold by 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 profit of NOK 107 million in the first quarter of 2019 (NOK 35 million). The improved result was due to a NOK 18 million increase in net interest income and NOK 56 million in increased income from financial instruments. At the end of the first quarter of 2019, the company's total lending volume amounted to NOK 188.2 billion (NOK 181.2 billion), NOK 8.9 billion (NOK 14.2 billion) of which were residential mortgages bought from SpareBank 1 SR-Bank ASA. The bank owned 4.8% of the company at the end of the first quarter of 2019. The stake was updated at year end 2018 in line with the proportion of sold volume at the same point in time.

SpareBank 1 Næringskreditt AS achieved a pre-tax profit of NOK 29 million in the first quarter of 2019 (NOK 18 million). At the end of the first quarter of 2019, the company's total lending volume amounted to NOK 10.3 billion (NOK 9.8 billion), NOK 0.1 billion (NOK 0.5 billion) of which were loans bought from SpareBank 1 SR-Bank ASA. The bank owned 14.4% of the company at the end of the first quarter of 2019. The stake will increase to 35% in the second quarter of 2019 in connection with an agreement on changing the ownership model in BN Bank ASA.

BN Bank ASA

BN Bank is a nationwide bank with its head office in Trondheim. BN Bank ASA achieved a pre-tax profit of NOK 100 million in the first quarter of 2019 (NOK 121 million). The lower result was due to the company recognising NOK 22 million in impairments on loans as income in the first quarter of 2018, while in the first quarter of 2019, NOK 3 million in impairments on loans were recognised as costs. Net interest income increased by NOK 17 million from the first quarter of 2018 to the first quarter of 2019, while costs increased by NOK 6.5 million in the same period. The bank is owned by the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank ASA owns a 23.5% stake. The stake will increase to 35% in the second quarter of 2019 in connection with an agreement on changing the ownership model in BN Bank ASA. The transaction will lead to a decrease in Common Equity Tier 1 of approximately 0,30 %-points. On 4 April 2019, SpareBank 1 SR-Bank ASA received approval from the Financial Supervisory Authority of Norway to increase its stake in BN Bank ASA.

SpareBank 1 Kredittkort AS

SpareBank 1 Kredittkort AS is owned by the SpareBank 1 banks. SpareBank 1 SR-Bank ASA owns a stake of 17.8%. The company provides credit card solutions for the SpareBank 1 banks and achieved a pre-tax profit of NOK 24 million in the first quarter of 2019 (NOK 41 million). The lower result is primarily due to impairments on loans increasing by NOK 20 million compared with the same quarter last year. Otherwise, the company enjoyed good, stable operations in the first quarter of 2019.

SpareBank 1 Betaling AS

The SpareBank 1 banks jointly own SpareBank 1 Betaling AS. SpareBank 1 SR-Bank ASA's stake is 19.8%. SpareBank 1 Betaling holds a 22.04% stake in VBB AS, which is the company formed by the merger of Vipps AS, BankID AS and Bank Axept AS in autumn 2018.

SpareBank 1 Betaling AS achieved a pre-tax result of NOK -14 million in the first quarter of 2019 (NOK -14 million). The negative profit share was due to its share of the operating loss in VBB AS.

Funding and liquidity

SpareBank 1 SR-Bank had very good liquidity at the end of the first quarter of 2019, 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 buffer[4] was NOK 33.2 billion at the end of the first quarter of 2019 and would cover normal operations for 24 months in the event of closed markets. NOK 12.4 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 23.3 billion in residential 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 ratio[5] (NSFR) was 124% at the end of the first quarter of 2019 (118%) 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.

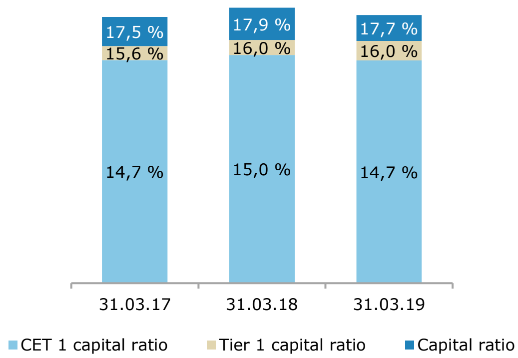
[5]NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway and is calculated as available stable funding relative to necessary stable funding.

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

Capital adequacy

The common equity tier 1 capital ratio was 14.7% (15.0%) at the end of the first quarter of 2019.

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% of the capital requirement calculated in accordance with the Basel I regulations.

The EU's capital adequacy regulations (CRR/CRD IV) were incorporated into the EEA agreement in March this year, and it is anticipated that the decisions and implementation regulations could become effective in Norway in the second half of 2019. The incorporation and implementation of the capital adequacy regulations mean that Norwegian banks will be subject to lower capital requirements when lending to small and medium-sized enterprises due to the so-called 'SME discount' and the Basel 1 floor being removed. Calculations at the end of the first quarter of 2019 indicate a positive effect of 1.4% for the common equity tier 1 capital ratio due to these two factors.

The Ministry of Finance will also present a comprehensive assessment of the total capital requirements for Norwegian banks and foreign banks with branches in Norway resulting from CRR/CRD IV, including the Financial Supervisory Authority of Norway's proposal for regional criteria for systemically important financial banks, within a short space of time.

A countercyclical capital buffer requirement applies in Norway in the range of 0-2.5 percentage points 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 percentage points at the end of the first quarter of 2019. On 13 December 2018, the Ministry of Finance decided to increase the capital buffer requirement for banks to 2.5 percentage points from 31 December 2019.

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. In its latest assessment in 2018, the Financial Supervisory Authority of Norway set an individual Pillar 2 premium of 1.7 percentage points, down from the 2.0 percentage points set in 2016. The new Pillar 2 premium applies from 31 March 2019.

The total common equity tier 1 capital ratio requirement for SpareBank 1 SR-Bank ASA at the end of the first quarter of 2019 was 13.7%, 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 subject to a special capital buffer requirement. At the end of the first quarter of 2019, SpareBank 1 SR-bank ASA was not defined as a systemically important financial institution, although in November 2018 the Financial Supervisory Authority of Norway recommended to the Ministry of Finance that institutions with a lending proportion of more than 10% to the corporate market in one or more defined regions should be regarded as systemically important. SpareBank 1 SR-Bank ASA is covered by this proposal.

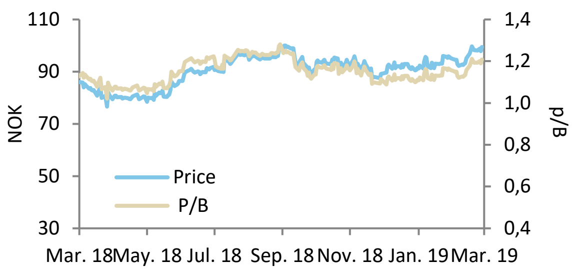
SpareBank 1 SR-Bank ASA's goal at the end of the first quarter of 2019 is to achieve a common equity tier 1 capital ratio of 14.6%, increasing to 15.1% at the end of 20189. The goal includes a management buffer of 0.9 percentage points.

The tier 1 capital ratio was 16.0% (16.0%), while the total capital ratio was 17.7% (18.1%) at the end of the first quarter of 2019. This is higher than the required capital adequacy of 17.2%.

The bank's share

The bank's share price (SRBANK) was NOK 99.40 at the end of the first quarter of 2019. This represents an increase of 11.4% since year end 2018. The main Oslo Stock Exchange index increased by 8.0% in the same period. 5.3% of outstanding SRBANK shares were traded in the first quarter of 2019 (5.3%).

Fig. 5 Development in Price/Book



There were 10,853 (11,030) shareholders of SRBANK at the end of the first quarter of 2019. The proportion owned by foreign companies and individuals was 27.7% (23.8%), while 43.5% (44.6%) were resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned a combined total of 58.4% (57.1%) of the shares. The bank held 235,206 treasury shares, while group employees owned 1.5% (1.6%).

The table below shows the 20 largest shareholders as at 31 March 2019:

Table 8, 20 largest shareholders	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	72.419	28,3 %
Folketrygdfondet	18.931	7,4 %
State Street Bank and Trust Co, U.S.A.	11.794	4,6 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,4 %
Vpf Nordea Norge Verdi	3.837	1,5 %
Danske Invest Norske Instit. II	3.831	1,5 %
State Street Bank and Trust Co, U.S.A.	3.489	1,4 %
Odin Norge	3.406	1,3 %
JPMorgan Chase Bank N.A., U.S.A.	2.870	1,1 %
Verdipapirfondet DNB Norge (IV)	2.830	1,1 %
Morgan Stanley & Co, U.K.	2.563	1,0 %
Clipper AS	2.457	1,0 %
Pareto Aksje Norge	2.384	0,9 %
Danske Invest Norske Aksjer Inst.	1.989	0,8 %
JP Morgan Securities plc, Belgia	1.965	0,8 %
Verdipapirfondet Alfred Berg Gambak	1.867	0,7 %
KLP Aksjenorge Indeks	1.726	0,7 %
The Bank of New York Mellon SA/NV	1.635	0,6 %
Handelsbanken Nordiska Småbolagsfond	1.570	0,6 %
The Bank of New York Mellon SA/NV	1.536	0,6 %
Total 20 largest	149.326	58,4 %

The group has, from and including 1 March 2019, established a special savings scheme for the group's employees in which all full-time employees have an opportunity to purchase a given number of shares at a 30% discount and with a lock-in period of two years. More than 800 of the group's almost 1,200 employees have signed a regular savings agreement for the share savings scheme.

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 same accounting policies are applied in interim and annual financial statements. For more information see note 1.

Events after the balance sheet date

SpareBank 1 SR-Bank has been informed that the judgement handed down by the Borgarting Court of Appeals on 13 March of this year, where Kluge Advokatfirma AS and others are sentenced to pay NOK 75 million to SpareBank 1 SR-Bank ASA with the addition of interest on overdue payments from 30 September 2016 and until payment takes place, is appealed to the Supreme Court.

A dividend of NOK 4.50 per share was approved at the annual general meeting on 24 April 2019, which amounts to total dividends of NOK 1,151 million. No other material events have been registered after 31 March 2019 that affect the interim financial statements as prepared.

Outlook

The global economy is still expected to develop positively with an annual growth rate of 3.4% according to the IMF. An expansive US fiscal policy will have a positive impact on the global economy, while a trade war between the US and other countries could result in lower exports and investments. Positive growth is still expected in the eurozone, although some uncertainty exists surrounding the Brexit negotiations and their possible outcome.

The upturn in the Norwegian economy is expected to continue in 2019. Continued high consumer consumption rates, increasing business investments and export growth are expected to improve growth in the mainland economy by 2.7% in 2019 according to Statistics Norway's latest forecasts. The Norwegian Petroleum Directorate expects oil investments on the Norwegian Continental Shelf to grow by 10% in 2019, up from a 2% increase in 2018. The growth in the Norwegian economy is expected to generate new jobs and falling unemployment. Wages growth is expected to be moderate, although industries that see especially high growth must expect increasing wages growth in the next few years. Inflation was low for large parts of 2018, but climbed towards 2% at the end of the year. Norges Bank raised its key rate by 0.25 percentage points in March 2019 and further rate hikes are expected in 2019. The housing market is expected to be flat with stable prices and a moderate increase in the number of new housing projects starting up.

The group's long-term return on equity target is a minimum of 12%. For 2019, the return on equity target is 11.5%, excluding gains linked to the Fremtind Forsikring AS merger. A number of factors can contribute to the group achieving this goal, including profitable lending growth, moderate impairments on loans and financial liabilities, growth in other operating income and greater cost-effectiveness through the automation of processes.

The group has a common equity tier 1 capital ratio target of 14.6% as at 31 March 2019, and 15.1% as at 31 December 2019. SpareBank 1 SR-Bank ASA 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. SpareBank 1 SR-Bank ASA is well-positioned to meet new regulatory changes, including Basel 4, which is expected to have a moderate impact as far as the group is concerned.

SpareBank 1 SR-Bank ASA's dividend policy remains unchanged, with an expected dividend of around 50% of the profit for the year.

The group has in 2018 established two new business areas: one for marketing and customer services and one 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. 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 startup-companies that carry out development and innovation work, mainly in the financial sector. This will 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. Having a presence in this market is important with respect to geographical diversification and creating a greater basis for growth, and thus earnings. Together with correct risk pricing for loans and cost control, this will ensure the group good competitiveness going forward.

Stavanger, 8 May 2019
The Board of Directors of SpareBank 1 SR-Bank ASA

Income Statement

Parent bank				Note	Group		
2018	01.01.18 - 31.03.18	01.01.19 - 31.03.19	**Income statement (MNOK)**		01.01.19 - 31.03.19	01.01.18 - 31.03.18	2018
3.151	695	926	Interest income amortised cost		1.600	1.292	5.639
1.964	514	462	Interest income other		159	162	635
2.174	514	557	Interest expenses amortised cost		697	592	2.593
5	11	34	Interest expenses other		124	62	242
2.936	684	**797**	**Net interest income**		**938**	800	3.439
1.002	271	231	Commission income		362	389	1.519
84	20	21	Commission expenses		22	21	87
8	1	1	Other operating income		1	0	5
926	252	**211**	**Net commission and other income**		**341**	368	1.437
11	11	19	Dividend income		19	11	12
619	0	617	Income from investment in associates		536	57	366
147	27	142	Net gains/losses on financial instruments	12	121	45	191
777	38	**778**	**Net income on financial investments**		**676**	113	569
4.639	974	**1.786**	**Total income**		**1.955**	1.281	5.445
968	242	253	Personnel expenses	13	344	319	1.297
468	110	119	Administrative expenses		134	123	518
284	70	75	Other operating costs		105	97	414
1.720	422	**447**	**Total operating costs**		**583**	539	2.229
2.919	552	**1.339**	**Operating profit before impairments**		**1.372**	742	3.216
322	74	47	Impairments on loans and financial commitments	2 and 3	49	74	324
2.597	478	**1.292**	**Pre-tax profit**	**11**	**1.323**	668	2.892
479	121	152	Tax expense		177	150	596
2.118	357	**1.140**	**Profit after tax**		**1.146**	518	2.296
2.113	356	1.136	Shareholders' share of the profit		1.142	517	2.291
5	1	4	Hybrid capital owners' share of the profit		4	1	5
2.118	357	**1.140**	**Profit after tax**		**1.146**	518	2.296
			Other comprehensive income				
231	87	-59	Unrecognised actuarial gains and losses		-59	87	240
-58	-22	14	Deferred tax concerning changed estimates/pension plan changes		14	-22	-60
-1	-1	0	Change in ECL[1] 12 months		0	0	0
0	0	0	Basisswap spread		4	0	-35
0	0	0	Deferred tax concerning basiswap spread		-1	0	9
172	64	**-45**	**Total items not reclassified through profit or loss**		**-42**	65	154
0	0	0	Change in value of financial assets available for sale		0	0	0
0	0	0	Share of profit associated companies and joint ventures		-4	4	-5
0	0	**0**	**Total items reclassified through profit or loss**		**-4**	4	-5
172	64	**-45**	**Other comprehensive income**		**-46**	69	149
2.290	421	**1.095**	**Total comprehensive income**		**1.100**	587	2.445
			Earnings per share (group)		**4,48**	2,03	8,98

[1] ECL - Expected credit loss

Balance sheet

Parent bank				Note	Group		
31.12.18	**31.03.18**	**31.03.19**	**Balance sheet (MNOK)**		**31.03.19**	**31.03.18**	**31.12.18**
717	217	468	Cash and balances with central banks		468	217	717
5.069	5.090	2.352	Balances with credit institutions		1.750	5.060	1.696
132.338	131.098	133.556	Loans to customers	3, 7	195.229	173.008	190.878
27.815	29.151	34.463	Certificates and bonds		32.477	28.876	29.340
5.574	4.692	5.117	Financial derivatives	9	4.868	3.870	5.268
517	497	560	Shares, ownership stakes and other securities	16	928	738	868
2.099	2.382	2.120	Investment in associates		3.931	4.026	3.713
6.128	4.856	7.128	Investment in subsidiaries		0	0	0
634	810	1.157	Other assets	4	2.275	1.575	1.581
180.891	178.793	**186.921**	**Total assets**	11	**241.926**	217.370	234.061
3.201	3.400	2.680	Balances with credit institutions		998	2.351	1.433
99.119	99.835	99.244	Deposits from customers	6	98.991	99.626	98.814
48.113	49.458	53.562	Listed debt securities	10	110.021	87.860	103.485
6.234	2.959	5.340	Financial derivatives	9	3.491	2.216	3.889
1.671	1.550	2.213	Other liabilities	5	2.558	1.751	1.904
2.951	3.166	2.753	Subordinated loan capital	10	2.753	3.166	2.951
161.289	160.368	**165.792**	**Total liabilities**		**218.812**	196.970	212.476
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
1.151	1.087	1.151	Proposed dividend		1.151	1.087	1.151
550	150	1.000	Hybrid capital		1.000	150	550
9.920	8.850	9.857	Other equity		11.836	10.664	11.903
0	357	1.140	Profit/loss at period end		1.146	518	0
19.602	18.425	**21.129**	**Total equity**		**23.114**	20.400	21.585
180.891	178.793	**186.921**	**Total liabilities and equity**	11	**241.926**	217.370	234.061

Statement of changes in equity

SpareBank 1 SR-Bank Group (Amounts in NOK million)	Share-capital	Premium reserve	Hybrid-capital	Other equity	Total equity
Equity as at 31.12.2017	6.394	1.587	150	11.758	19.889
Equity changes IFRS 9, 1 Jan 2018				-69	-69
Profit after tax				2.296	2.296
Unrecognised actuarial gains and losses after tax				180	180
Basisswap spread after tax				-26	-26
Share of profit associated companies and joint ventures				-5	-5
Year's comprehensive income				2.445	2.445
Hybrid capital			400		400
Interest on hybridcapital after tax				-5	-5
Adjusted equity accosiates				1	1
Dividend 2017, resolved in 2018				-1.087	-1.087
Trade in treasury shares				11	11
Transactions with shareholders				-1.076	-1.076
Equity as at 31.12.2018	**6.394**	**1.587**	**550**	**13.054**	**21.585**
Profit after tax				1.146	1.146
Unrecognised actuarial gains and losses after tax				-45	-45
Basisswap spread after tax				3	3
Share of profit associated companies and joint ventures				-4	-4
Year's comprehensive income				1.100	1.100
Hybrid capital			450		450
Interest on hybridcapital				-4	-4
Adjusted equity in accosiated companies				-3	-3
Dividend 2018, resolved in 2019					0
Trade in treasury shares				-14	-14
Transactions with shareholders				-14	-14
Equity as at 31.03.2019	**6.394**	**1.587**	**1.000**	**14.133**	**23.114**

Cash flow statement

Parent bank				Group		
2018	01.01.18 - 31.03.18	01.01.19 - 31.03.19	**Cash flow statement**	01.01.19 - 31.03.19	01.01.18 - 31.03.18	2018
-1.651	-576	-1.227	Change in gross lending to customers	-4.363	-1.900	-19.602
4.596	1.058	1.246	Interest receipts from lending to customers	1.629	1.295	5.774
3.484	4.200	125	Change in deposits from customers	177	4.242	3.430
-997	-101	-273	Interest payments on deposits from customers	-270	-102	-993
-4.717	-4.107	1.972	Change in receivables and deby from credit institutions	-713	-4.571	-910
-391	-266	-5	Interest on receivables and debt to financial institutions	-98	-305	-619
4.388	3.052	-6.648	Change in certificates and bonds	-3.137	3.033	2.569
458	128	123	Interest receipts from commercial paper and bonds	118	109	450
912	144	209	Commission receipts	335	253	1.416
-2	14	25	Capital gains from sale of trading	19	21	-2
-1.693	-450	-392	Payments for operations	-536	-574	-2.186
-393	-197	-241	Taxes paid	-316	-248	-487
1.375	-1.831	-1.237	Other accruals	-1.154	-83	1.547
5.369	1.068	**-6.323**	**A Net change in liquidity from operations**	**-8.309**	1.170	-9.613
-84	-13	-27	Investments in tangible fixed assets	-86	-49	-296
3	0	0	Receipts from sale of tangible fixed assets	0	0	3
-1.288	28	-1.021	Change in long-term investments in equities	-33	33	-93
348	0	0	Receipts from sales of long-term investments in equities	8	1	350
630	11	636	Dividends from long-term investments in equities	332	11	358
-391	26	**-412**	**B Net cash flow, investments**	**221**	-4	322
7.824	0	11.405	Debt raised by issuance of securities	12.905	0	22.535
-11.051	-722	-5.125	Repayments - issued securities	-5.126	-722	-11.051
-563	-241	-250	Interest payments on securities issued	-396	-313	-1.007
700	400	0	Additional subordinated loan capital issued	0	400	700
-500	0	-188	Repayments - additional capital instruments	-188	0	-500
-103	-6	-25	Interest payments on subordinated loans	-25	-6	-103
400	0	450	Increase in debt established by issuing hybrid capital	450	0	400
-6	-1	-5	Interest payments on debt established by issuing hybrid capita	-5	-1	-6
-1.087	0	0	Dividend to share holders	0	0	-1.087
-4.386	-570	**6.262**	**C Net cash flow, financing**	**7.615**	-642	9.881
592	524	**-473**	**A+B+C Net cash flow during the period**	**-473**	524	590
871	871	1.463	Cash and cash equivalents as at 1 January	1.463	873	873
1.463	1.395	990	Cash and cash equivalents as at 31 March	990	1.397	1.463
			Cash and cash equivalents specified			
717	217	468	Cash and balances with central banks	468	217	717
746	1.178	522	Balances with credit institutions	522	1.180	746
1.463	1.395	**990**	**Cash and cash equivalents**	**990**	1.397	1.463

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.

Notes to the financial statements

(in MNOK)

Note 1 Accounting policies

1.1 Basis of preparation

These interim financial statements for SpareBank 1 SR-Bank ASA cover the period 1 January - 31 March 2019. 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 2018.

New standards and interpretations that have not been adopted yet

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

IFRS 16 Leases

IFRS 16 Leases, which came into effect on 1 January 2019, will primarily affect the lessee's accounting and will result in almost all leases being capitalised. The standard eliminates the current distinction between operational and financial leases and requires recognition of a right of use asset (the right to use this leased asset) and a financial liability to pay the lease for almost all leases. Exemptions exist for short-term leases and low value leases. The income statement will also be affected because the total cost (the sum of depreciation and interest) is usually higher in the first few years of a lease and lower in later years. Operating costs will also be replaced with interest and depreciation, so important ratios will change. Cash flows from operations will increase because payment of the principal of the lease liability will be classified as a financing activity. Only the part of the payments that are interest can be presented as cash flow from operations. The lessor's accounting will not be materially changed. Some differences may arise as a consequence of new guidelines on the definition of a lease. Under IFRS 16, a contract is a lease, or contains a contract, if it transfers the right to control the use of an identified asset for a period of time in exchange for remuneration. The group calculated that the impact of IFRS 16 would increase assets and liabilities by NOK 390 million from 1 January 2019. See also note 2 in the annual financial statements for 2018 and note 17 of the 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 2018 explains in more detail the use of critical estimates and judgements when applying the accounting policies.

Note 2 Impairments on loans and financial commitments recognised in the income statement

Parent bank				Group		
01.01.18 - 31.12.18	**01.01.18 - 31.03.18**	**01.01.19 - 31.03.19**		**01.01.19 - 31.03.19**	**01.01.18 - 31.03.18**	**01.01.18 - 31.12.18**
-72	-24	10	Change in impairments on loans	12	-24	-69
-20	-5	-10	Change in impairments on financial commitments	-10	-5	-20
456	115	51	Actual loan losses on commitments	51	115	456
-2	0	0	Change in accrued interest	0	0	-3
1	0	0	Change in assets taken over for the period	0	0	1
-41	-12	-4	Recoveries on commitments previously written-off	-4	-12	-41
322	74	**47**	**The period's net impairments / (reversals) on loans and financial commitments**	**49**	74	324

Note 3 Impairments on loans and financial commitments recognised in the balance sheet

Parent Bank - 2019

Impairments on loans and financial commitments	**01.01.2019**	**Changes in impairments on loans**	**Changes in impairments on financial commitment**	**Total 31.03.2019**
Impairments after amortised cost, corporate market	1.168	14	-10	1.172
Impairments after amortised cost, retail market	94	-4	0	90
Mortgages at FVOCI [1]	60	0	0	60
Total impairments on loans and financial commitments	1.322	10	-10	**1.322**
Presented as				
Impairments on loans	1.215	10	0	1.225
Financial commitments - impairments on guarantees, undrawn credit, loan commitments	107	0	-10	97
Total impairments on loans and financial commitments	1.322	10	-10	**1.322**

Parent Bank - 2018

Impairments on loans and financial commitments	**01.01.2018**			**Total 31.03.2018**
Impairments after amortised cost, corporate market	1.236	-23	-5	1.208
Impairments after amortised cost, retail market	96	-1	0	95
Mortgages at FVOCI [1]	82	0	0	82
Total impairments on loans and financial commitments	1.414	-24	-5	**1.385**
Presented as				
Impairments on loans	1.287	-24	0	1.263
Financial commitments - impairments on guarantees, undrawn credit, loan commitments	127	0	-5	122
Total impairments on loans and financial commitments	1.414	-24	-5	**1.385**

Group - 2019

Impairments on loans and financial commitments	**01.01.2019**	**Changes in impairments on loans**	**Changes in impairments on financial commitment**	**Total 31.03.2019**
Impairments after amortised cost, corporate market	1.168	14	-10	1.172
Impairments after amortised cost, retail market	166	-2	0	164
Mortgages at FVOCI [1]	0	0	0	0
Total impairments on loans and financial commitments	1.334	12	-10	**1.336**
Presented as				
Impairments on loans	1.227	12	0	1.239
Financial commitments - impairments on guarantees, undrawn credit, loan commitments	107	0	-10	97
Total impairments on loans and financial commitments	1.334	12	-10	**1.336**

Group - 2018

Impairments on loans and financial commitments	**01.01.2019**			**Total 31.03.2019**
Impairments after amortised cost, corporate market	1.236	-23	-5	1.208
Impairments after amortised cost, retail market	187	-1	0	186
Mortgages at FVOCI [1]	0	0	0	0
Total impairments on loans and financial commitments	1.423	-24	-5	**1.394**
Presented as				
Impairments on loans	1.296	-24	0	1.272
Financial commitments - impairments on guarantees, undrawn credit, loan commitments	127	0	-5	122
Total impairments on loans and financial commitments	1.423	-24	-5	**1.394**

[1] FVOCI - Fair value other comprehensive income

Note 3 Impairments on loans and financial commitments recognised in the balance sheet (continued)

Parent Bank	01.01.2019 - 31.03.2019				01.01.2018 - 31.03.2018			
Total impairments recognised on loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.	225	360	630	1215	189	397	701	1287
Changes 01.01 - 31.03.								
Transfer to (from) stage 1	-66	66	0	0	-29	29	0	0
Transfer to (from) stage 2	10	-25	15	0	6	-9	3	0
Transfer to (from) stage 3	0	0	0	0	0	0	0	0
Net new measurement of impairments	70	-46	-3	21	29	6	8	43
New issued or purchased loan	23	11	2	36	9	1	0	10
Loans that have been derecognised	-11	-31	-5	-47	-7	-33	-13	-53
Changes due to modifications that have not resulted in derecognition	0	0	0	0	0	0	0	0
Actual loan losses on commitments	0	0	51	51	0	0	115	115
Actual loan losses on commitments for which provisions have been made	0	0	-39	-39	0	0	-103	-103
Changes to models/risk parameters	0	0	0	0	0	0	0	0
Other movements	0	0	-12	-12	0	0	-36	-36
Balance 31.03.	251	335	639	**1.225**	197	391	675	**1.263**

Parent Bank								
Total impairments recognised on financial commitments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.	31	57	19	107	42	70	15	127
Changes 01.01 - 31.03.								
Transfer to (from) stage 1	-5	5	0	0	-2	2	0	0
Transfer to (from) stage 2	2	-2	0	0	0	0	0	0
Transfer to (from) stage 3	0	0	0	0	0	0	0	0
Net new measurement of impairments	2	-14	0	-12	-1	2	-4	-3
New issued or purchased loan	4	1	1	6	5	1	0	6
Loans that have been derecognised	-2	-2	0	-4	-7	-1	0	-8
Changes due to modifications that have not resulted in derecognition	0	0	0	0	0	0	0	0
Actual loan losses on commitments	0	0	0	0	0	0	0	0
Actual loan losses on commitments for which provisions have been made	0	0	0	0	0	0	0	0
Changes to models/risk parameters	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0
Balance 31.03.	32	45	20	**97**	37	74	11	**122**

Note 3 Impairments on loans and financial commitments recognised in the balance sheet (continued)

Group **Total impairments recognised on loans**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	01.01.2019 - 31.03.2019				**01.01.2018 - 31.03.2018**			
Balance 01.01.	229	367	631	1.227	192	402	702	1.296
Changes 01.01 - 31.03.								
Transfer to (from) stage 1	-67	67	0	0	-31	31	0	0
Transfer to (from) stage 2	10	-26	16	0	6	-10	4	0
Transfer to (from) stage 3	0	0	0	0	0	0	0	0
Net new measurement of impairments	71	-46	-3	22	26	10	7	43
New issued or purchased loan	24	12	2	38	10	3	0	13
Loans that have been derecognised	-11	-32	-5	-48	-8	-34	-14	-56
Changes due to modifications that have not resulted in derecognition	0	0	0	0	0	0	0	0
Actual loan losses on commitments	0	0	51	51	0	0	115	115
Actual loan losses on commitments for which provisions have been made	0	0	-39	-39	0	0	-103	-103
Changes to models/risk parameters	0	0	0	0	0	0	0	0
Other movements	0	0	-12	-12	0	0	-36	-36
Balance 31.03.	256	342	641	**1.239**	195	402	675	**1.272**

Group **Total impairments recognised on financial commitments**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.	31	57	19	107	42	70	15	127
Changes 01.01 - 31.03.								
Transfer to (from) stage 1	-5	5	0	0	-2	2	0	0
Transfer to (from) stage 2	1	-1	0	0	0	0	0	0
Transfer to (from) stage 3	0	0	0	0	0	0	0	0
Net new measurement of impairments	2	-15	0	-13	-1	2	-4	-3
New issued or purchased loan	5	1	1	7	5	1	0	6
Loans that have been derecognised	-2	-2	0	-4	-7	-1	0	-8
Changes due to modifications that have not resulted in derecognition	0	0	0	0	0	0	0	0
Actual loan losses on commitments	0	0	0	0	0	0	0	0
Actual loan losses on commitments for which provisions have been made	0	0	0	0	0	0	0	0
Changes to models/risk parameters	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0
Balance 31.03.	32	45	20	**97**	37	74	11	**122**

Note 4 Other assets

Parent bank				Group		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
0	0	0	Intangible assets	94	96	95
303	325	313	Tangible fixed assets	864	603	798
0	0	287	Leases receivables	386	0	0
6	10	4	Income earned but not received from SpareBank 1 Bolig- and Næringskreditt	4	10	6
33	138	23	Prepaid expences	31	147	43
1	1	1	Over funding of pension liabilities	1	1	1
200	200	200	Capital contribution SR-Pensjonskasse	200	200	200
1	11	7	Unsettled trades	7	11	1
90	125	322	Other assets	688	507	437
634	810	**1.157**	**Total other assets**	**2.275**	1.575	1.581

Note 5 Other liabilities

Parent bank				Group		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
163	157	194	Accrued expenses and prepaid revenue	263	230	246
146	438	150	Deferred tax	129	414	124
164	300	225	Pension liabilities	236	319	175
107	121	96	Impairments on financial commitments	96	121	107
779	298	713	Taxes payable	781	368	896
0	7	324	Unsettled trades	324	7	0
0	0	288	Lease liabilities	388	0	0
312	229	223	Other liabilities	341	292	356
1.671	1.550	**2.213**	**Total other liabilities**	**2.558**	1.751	1.904

Note 6 Customer deposits

Parent bank				Group		
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
485	476	382	Fishing/Fish farming	382	476	485
1.176	957	1.024	Industry	1.024	957	1.176
1.173	1.352	1.327	Agriculture/forestry	1.327	1.352	1.173
9.951	8.931	10.213	Service industry	9.960	8.722	9.646
2.289	2.170	2.321	Retail trade, hotels and restaurants	2.321	2.170	2.289
1.169	1.159	1.250	Energy, oil and gas	1.250	1.159	1.169
1.534	1.560	1.423	Building and construction	1.423	1.560	1.534
492	716	464	Power and water supply/	464	716	492
6.862	6.420	7.046	Real estate	7.046	6.420	6.862
2.203	1.708	1.909	Shipping and other transport	1.909	1.708	2.203
26.135	30.134	25.597	Public sector and financial services	25.597	30.134	26.135
53.469	55.583	**52.956**	**Total corporate sector**	**52.703**	55.374	53.164
45.650	44.252	**46.288**	**Retail customers**	**46.288**	44.252	45.650
99.119	99.835	**99.244**	**Deposits from customers**	**98.991**	99.626	98.814

Note 7 Loans and other financial commitments to customers

Parent bank				Group		
31.12.18	**31.03.18**	**31.03.19**	**Gross loans to customers by industry [1)]**	**31.03.19**	**31.03.18**	**31.12.18**
1.704	950	1.661	Fishing/Fish farming	1.667	950	1.709
2.937	3.601	2.848	Industry	2.863	3.616	2.951
5.001	4.668	4.842	Agriculture/forestry	5.043	4.799	5.183
11.842	9.248	11.682	Service industry	11.814	9.261	11.943
3.021	2.800	3.098	Retail trade, hotels and restaurants	3.183	2.890	3.111
3.098	3.545	3.851	Energy, oil and gas	3.851	3.547	3.098
3.695	3.856	3.946	Building and construction	4.085	3.967	3.833
683	732	714	Power and water supply	714	732	683
31.643	27.639	33.020	Real estate	33.033	27.653	31.657
12.064	9.921	12.958	Shipping and other transport	13.063	9.999	12.162
1.896	1.866	2.185	Public sector and financial services	2.185	1.866	1.896
77.584	68.826	**80.806**	**Total corporate sector**	**81.501**	69.280	78.226
55.959	63.525	**53.964**	**Retail customers**	**114.967**	105.000	113.879
133.543	132.351	**134.770**	**Gross loans**	**196.468**	174.280	192.105
-1.215	-1.263	-1.225	- Impairments after amortised cost	-1.239	-1.272	-1.227
10	10	11	- Mortgages at FVOCI [3)]	0	0	0
132.338	131.098	**133.556**	**Loans to customers**	**195.229**	173.008	190.878

			Financial commitments [2)]			
9.566	9.422	9.209	Guarantees customers	9.285	9.490	9.627
18.166	17.495	18.107	Unused credit lines for customers	23.352	21.373	23.152
6.072	5.443	7.294	Approved loan commitments	7.294	5.368	6.072
33.804	32.360	**34.610**	**Total financial commitments**	**39.931**	36.231	38.851

			Other guarantees issued and liabilities			
1.560	4.940	4.600	Unused credit lines for financial institutions	0	0	0
588	588	589	Guarantees other	589	588	588
20	26	16	Letters of credit	16	26	20
2.168	5.554	**5.205**	**Total other guarantees issued and liabilities**	**605**	614	608

1) 31.03.2018 are changed due to updated source of data

2) Financial liabilities not on the balance sheet that are the basis for impairments

3) FVOCI - Fair value other comprehensive income

Note 7 Loans and other financial commitments to customers (continued)

Loans to customers with incremental impairment by industry

Parent Bank - 2019	Gross loans at amortised cost, 31 March 2019	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans 31.03.2019
Fishing/Fish farming	1.629	-3	-2	-10	32	1.646
Industry	2.779	-11	-19	-12	69	2.806
Agriculture/forestry	2.794	-2	-3	-4	2.048	4.833
Service industry	11.120	-51	-97	-68	563	11.467
Retail trade, hotels and restaurants	2.878	-16	-32	-9	220	3.041
Energy, oil and gas	3.851	-15	-28	-95	0	3.713
Building and construction	3.652	-13	-10	-7	294	3.916
Power and water supply	709	-1	-2	0	5	711
Real estate	32.758	-82	-73	-46	262	32.819
Shipping and other transport	12.813	-19	-45	-289	145	12.605
Public sector and financial services	2.185	0	0	0	0	2.185
Total corporate sector	77.168	-213	-311	-540	3.638	**79.742**
Retail customers	6.189	-38	-24	-99	47.775	**53.803**
Mortgages at FVOCI [2)]	11	0	0	0	0	11
Loans to customers	83.368	-251	-335	-639	51.413	**133.556**

Parent Bank - 2018	Gross loans at amortised cost, 31 March 2018	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans 31.03.2019
Fishing/Fish farming	917	-2	-1	0	33	947
Industry	3.521	-12	-29	-24	80	3.536
Agriculture/forestry	2.537	-2	-5	-4	2.131	4.657
Service industry	8.562	-40	-97	-81	696	9.040
Retail trade, hotels and restaurants	2.556	-13	-23	-24	244	2.740
Energy, oil and gas	3.545	-14	-68	0	0	3.463
Building and construction	3.488	-11	-7	-8	368	3.830
Power and water supply	726	-2	-1	0	6	729
Real estate	27.319	-72	-99	-171	320	27.297
Shipping and other transport	9.765	-14	-34	-259	156	9.614
Public sector and financial services	1.866	0	0	0	0	1.866
Total corporate sector	64.802	-182	-364	-571	4.034	**67.719**
Retail customers	6.231	-11	-31	-104	57.284	**63.369**
Mortgages at FVOCI [2)]	10	0	0	0	0	10
Loans to customers	71.043	-193	-395	-675	61.318	**131.098**

Group - 2019	Gross loans at amortised cost, 31 March 2019	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans 31.03.2019
Fishing/Fish farming	1.662	-3	-2	-10	5	1.652
Industry	2.861	-11	-19	-12	2	2.821
Agriculture/forestry	4.369	-2	-3	-5	674	5.033
Service industry	11.723	-51	-97	-68	91	11.598
Retail trade, hotels and restaurants	3.161	-16	-32	-9	22	3.126
Energy, oil and gas	3.851	-15	-28	-95	0	3.713
Building and construction	4.063	-13	-10	-7	22	4.055
Power and water supply	712	-1	-2	0	2	711
Real estate	32.867	-82	-73	-46	166	32.832
Shipping and other transport	13.046	-19	-45	-289	17	12.710
Public sector and financial services	2.185	0	0	0	0	2.185
Total corporate sector	80.500	-213	-311	-541	1.001	**80.436**
Retail customers	107.806	-43	-31	-100	7.161	**114.793**
Loans to customers	188.306	-256	-342	-641	8.162	**195.229**

[1)] 31.03.2018 are changed due to updated source of data

[2)] FVOCI - Fair value other comprehensive income

Note 7 Loans and other financial commitments to customers (continued)

Loans to customers with incremental impairment by industry

Group - 2018 [1]	Gross loans at amortised cost, 31 March 2018	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans 31.03.2019
Fishing/Fish farming	945	-2	-1	0	5	947
Industry	3.614	-12	-29	-24	2	3.551
Agriculture/forestry	4.097	-2	-5	-4	702	4.788
Service industry	9.176	-34	-88	-81	95	9.068
Retail trade, hotels and restaurants	2.866	-13	-24	-24	24	2.829
Energy, oil and gas	3.547	-13	-68	0	0	3.466
Building and construction	3.945	-11	-8	-8	22	3.940
Power and water supply	730	-2	-1	0	2	729
Real estate	27.453	-72	-99	-170	200	27.312
Shipping and other transport	9.987	-14	-34	-259	12	9.692
Public sector and financial services	1.866	0	0	0	0	1.866
Total corporate sector	68.226	-175	-357	-570	1.064	**68.188**
Retail customers	98.684	-20	-45	-105	6.306	**104.820**
Loans to customers	166.910	-195	-402	-675	7.370	**173.008**

[1] 31.03.2018 are changed due to updated source of data

	31.03.2019				31.03.2018			
Parent Bank - Gross loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans 01.01.	119.183	12.235	2.125	133.543	115.659	14.240	1.992	131.891
Transfer to (from) stage 1	-1.785	1.745	40	0	-1.314	1.217	97	0
Transfer to (from) stage 2	1.993	-2.064	71	0	1.443	-1.538	95	0
Transfer to (from) stage 3	26	19	-45	0	4	9	-13	0
Net increase/(decrease) balance existing loans	-362	194	106	-62	-1.066	558	122	-386
Originated or purchased during the period	11.161	275	3	11.439	9.374	48	8	9.430
Loans that have been derecognised	-8.773	-1.153	-224	-10.150	-6.202	-2.092	-290	-8.584
Gross loans 31.03.	121.443	11.251	2.076	**134.770**	117.898	12.442	2.011	**132.351**
Parent Bank - Gross financial commitments [1) 2)]								
Financial commitments 01.01.	28.975	4.028	801	33.804	27.771	4.980	94	32.845
Net increase / (decrease) during period	2.060	-1.234	-20	806	30	-584	69	-485
Financial commitments 31.03.	31.035	2.794	781	**34.610**	27.801	4.396	163	**32.360**

Group - Gross loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans 01.01.	175.683	14.289	2.133	192.105	154.621	15.937	1.996	172.554
Transfer to (from) stage 1	-2.245	2.206	39	0	-1.518	1.421	97	0
Transfer to (from) stage 2	2.537	-2.617	80	0	1.724	-1.823	99	0
Transfer to (from) stage 3	26	19	-45	0	4	10	-14	0
Net increase/(decrease) balance existing loans	-1.745	208	106	-1.431	-2.083	574	123	-1.386
Originated or purchased during the period	21.692	429	12	22.133	11.613	541	288	12.442
Loans that have been derecognised	-14.809	-1.297	-233	-16.339	-6.124	-2.633	-573	-9.330
Gross loans 31.03.	181.139	13.237	2.092	**196.468**	158.237	14.027	2.016	**174.280**
Group - Gross financial commitments [1) 2)]								
Financial commitments 01.01.	33.825	4.224	802	38.851	31.358	5.128	95	36.581
Net increase / (decrease) during period	2.359	-1.259	-20	1.080	160	-579	69	-350
Financial commitments 31.03.	36.184	2.965	782	**39.931**	31.518	4.549	164	**36.231**

[1] Other financial liabilities include guarantees, undrawn credit and loan commitments

[2] Financial liabilities provide the basis for impairment losses under IFRS 9

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 31 March 2019 was 13.7% . 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 1.7 % .
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		
31.12.18	**31.03.18**	**31.03.19**		**31.03.19**	**31.03.18**	**31.12.18**
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
1.151	1.087	1.151	Allocated to dividend	1.151	1.087	1.151
550	150	1.000	Hybrid capital	1.000	150	550
9.920	8.850	9.857	Other equity	11.836	10.664	11.903
	357	1.140	Profit for the period	1.146	518	
19.602	18.425	**21.129**	**Total book equity**	**23.114**	20.400	21.585
			Tier 1 capital			
0	0	0	Deferred taxes, goodwill and other intangible assets	-110	-116	-114
-1.151	-1.087	-1.151	Deduction for allocated dividends	-1.151	-1.087	-1.151
-242	-198	-239	Deduction for expected losses on IRB, net of write-downs	-327	-247	-334
-550	-150	-1.000	Hybrid capital that cannot be included in common equity tier 1 capital	-1.000	-150	-550
0	-178	-570	Profit for the period that cannot be included in total Tier 1 capital	-573	-258	0
0	0	0	Deduction for common equity Tier 1 capital in essential investments in financial institutions	-33	-44	0
	0	-148	Deduction for common equity Tier 1 capital in not essential investments in financial institutions	-142	0	
-39	-39	-44	Value adjustment due to requirements concerning proper valuation	-39	-43	-39
17.473	16.773	**17.977**	**Total Common equity Tier 1 capital**	**19.739**	18.455	19.268
550	150	1.000	Hybrid capital	1.130	393	677
798	797	607	Tier 1 capital instruments	606	797	798
18.821	17.720	**19.584**	**Total Tier 1 capital**	**21.475**	19.645	20.743
			Tier 2 capital			
2.097	2.297	2.097	Term subordinated loan capital	2.327	2.655	2.338
-43	-43	-43	Deduction for essential investments in financial institutions	-43	-43	-43
2.054	2.254	**2.054**	**Total Tier 2 capital**	**2.284**	2.612	2.295
20.875	19.974	**21.638**	**Net primary capital**	**23.759**	22.257	23.038

Note 8 Capital adequacy (continued)

Parent bank				Group		
31.12.18	31.03.18	31.03.19	**Credit risk Basel II**	31.03.19	31.03.18	31.12.18
23.695	19.191	23.961	SME	23.963	19.194	23.699
23.108	21.155	23.390	Specialised enterprises	24.719	22.311	24.477
7.956	7.738	8.394	Other corporations	8.444	7.848	8.023
1.092	1.084	1.005	Mass market SME	1.246	1.315	1.334
14.518	15.848	14.328	Mass market - mortgage on real estate	28.525	28.166	28.592
2.098	1.997	2.130	Other mass market	2.203	2.045	2.153
9.641	9.397	9.828	Equity positions	0	0	0
82.108	76.410	**83.036**	**Total credit and counterparty risk IRB**	**89.100**	80.879	88.278
28	50	14	States and central banks	22	50	35
19	102	17	Local and regional authorities, state-owned enterprises	107	159	93
2.050	1.986	1.436	Institutions	1.363	2.335	1.368
8.439	8.326	8.875	Enterprises	9.262	8.886	9.661
2.514	1.869	2.801	Mass market	3.542	2.584	3.264
0	0	0	Mass market - mortgage on real estate	1.235	1.387	1.226
1.992	2.014	2.512	Covered bonds	2.482	2.323	2.218
5.029	4.029	6.029	Equity positions	5.635	5.150	5.196
796	884	1.321	Other assets	2.526	1.721	1.789
20.867	19.260	**23.005**	**Total credit and counterparty risk standard method**	**26.174**	24.595	24.850
570	565	141	Credit value adjustment risk (CVA)	483	948	891
5.968	5.968	6.534	Operational risk	8.608	7.937	7.902
0	0	0	Transitional scheme	10.284	8.427	8.948
109.513	102.203	**112.716**	**Risk weighted balance**	**134.649**	122.786	130.869
4.928	4.599	5.072	Minimum requirement for common equtiy Tier 1 capital ratio 4,5 %	6.059	5.525	5.889
			Buffer requirement			
2.738	2.555	2.818	Capital conservation buffer 2,5 %	3.366	3.070	3.272
3.285	3.066	3.381	Systemic risk buffer 3 %	4.039	3.684	3.926
2.190	2.044	2.254	Countercyclical capital buffer 2,0 %	2.693	2.456	2.617
8.213	7.665	8.454	Total buffer requirement to common equity Tier 1 capital ratio	10.099	9.209	9.815
4.331	4.509	4.451	Available common equity Tier 1 capital ratio after buffer requirement	3.581	3.721	3.564
19,06 %	19,54 %	19,20 %	Capital ratio	17,65 %	18,13 %	17,60 %
17,19 %	17,34 %	17,37 %	Tier 1 capital ratio	15,95 %	16,00 %	15,85 %
1,88 %	2,21 %	1,82 %	Tier 2 capital ratio	1,70 %	2,13 %	1,75 %
15,96 %	16,41 %	15,95 %	Common equity Tier 1 capital ratio	14,66 %	15,03 %	14,72 %
19,06 %	19,54 %	19,20 %	Capital ratio, IRB	19,10 %	19,46 %	18,90 %
17,19 %	17,34 %	17,37 %	Tier 1 capital ratio, IRB	17,27 %	17,18 %	17,01 %
15,96 %	16,41 %	15,95 %	Common equity Tier 1 capital ratio, IRB	15,87 %	16,14 %	15,80 %
9,74 %	9,36 %	9,81 %	Leverage Ratio	7,72 %	7,40 %	7,68 %

Note 9 Financial derivatives

Group

At fair value through profit and loss	Contract amount 31.03.19	Fair value at 31.03.19 Assets	Liabilities
Currency instruments			
Currency futures (forwards)	4.750	125	35
Currency swaps	37.285	260	317
Currency swaps (basis swaps)	32.144	65	450
Currency swaps (basis swaps hedging)	2.633	-30	47
Total currency instruments	**76.812**	**420**	**849**
Interest rate instruments			
Interest rate swaps	51.464	559	857
Other interest rate contracts	64	0	0
Total interest rate instruments	**51.528**	**559**	**857**
Interest rate instruments, hedging			
Interest rate swaps	80.016	2.160	86
Total interest rate instruments, hedging	**80.016**	**2.160**	**86**
Security			
Security		1.729	1.699
Totalt security		**1.729**	**1.699**
Total currency and interest rate instruments			
Total currency instruments	76.812	420	849
Total interest rate instruments	131.544	2.719	943
Total collateral		1.729	1.699
Total financial derivatives	**208.356**	**4.868**	**3.491**

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 Securities issued and subordinated loan capital

Group

Change in debt raised through securities issued	Balance as at 31.03.19	Issued/ sale own 2019	Past due/ redeemed 2019	FX rate- and other changes 2019	31.12.18
Other long-term borrowing	2.380			-40	2.420
Bonds and certificates, nominal value	105.235	12.905	-5.126	-1.606	99.062
Adjustments and accrued interests	2.406			403	2.003
Total debt raised through securities issued	**110.021**	12.905	-5.126	-1.243	103.485

Change in additional Tier 1 and Tier 2 capital instruments	Balance as at 31.03.19	Issued/ sale own 2019	Past due/ redeemed 2019	FX rate- and other changes 2019	31.12.18
Term subordinated loan capital, nominal value	2.110	0	0	-12	2.122
Tier 1 capital instruments, nominal value	612	0	-188	0	800
Adjustments and accrued interests	31			2	29
Total additional Tier 1 and Tier 2 capital instruments	**2.753**	0	-188	-10	2.951

The nominal value of the net outstanding covered bonds in SR-Boligkreditt is NOK 56.5 billion as of 31March 2019.

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 returnprofile 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. Commision income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are reported under 'Net commissions and other income'.

	SpareBank 1 SR-Bank Group 01.01.19 - 31.03.19							
Income statement (MNOK)	**Retail Market**	**Corporate Market**	**Capital Market**	**Staff/ Support**	**Eiendoms-Megler 1**	**Other activities**	**Elimi-nations**	**Total**
Interest income	519	613	23	629	1	1	-27	1.759
Interest expense	133	149	15	548	0	2	-26	821
Net interest income [1)]	**386**	**464**	**8**	**81**	**1**	**-1**	**-1**	**938**
Commission income	140	77	1	13	98	53	-20	362
Commission expenses	14	6	0	11	0	9	-18	22
Other operating income	0	0	0	2	0	3	-4	1
Net commission and other income	**126**	**71**	**1**	**4**	**98**	**47**	**-6**	**341**
Dividend income	0	0	0	19	0	0	0	19
Income from investment in associates	0	0	0	617	0	0	-81	536
Net gains/losses on financial instruments	1	8	28	82	0	6	-4	121
Net income on investment securities	**1**	**8**	**28**	**718**	**0**	**6**	**-85**	**676**
Personnel expenses	112	56	14	71	60	32	-1	344
Administrative expenses	19	5	2	93	11	4	0	134
Other operating expenses	25	9	1	41	26	9	-6	105
Total operating expenses	**156**	**70**	**17**	**205**	**97**	**45**	**-7**	**583**
Operating profit before losses	**357**	**473**	**20**	**598**	**2**	**7**	**-85**	**1.372**
Impairments on loans and financial commitments	8	41	0	0	0	0	0	49
Pre-tax profit	**349**	**432**	**20**	**598**	**2**	**7**	**-85**	**1.323**
Net interest income								
External net interest income	386	464	8	81	1	1	-3	938
Internal net interest income	0	0	0	0	0	2	-2	0
Net interest income	**386**	**464**	**8**	**81**	**1**	**3**	**-5**	**938**
Balance sheet (MNOK)								
Loans to customers	119.061	74.519	192	2.932	0	0	-1.475	195.229
Impairments on loans	-163	-1.076	0	0	0	0	0	-1.239
Certificates/bonds/financial derivatives	0	0	2.874	40.486	0	13	-6.028	37.345
Other assets	-1.877	3.648	1.135	12.713	172	1.507	-6.707	10.591
Total assets	**117.021**	**77.091**	**4.201**	**56.131**	**172**	**1.520**	**-14.210**	**241.926**
				0				
Deposits from customers	51.534	47.735	19	-44	0	0	-253	98.991
Other debt and equity [1)]	5.247	27.816	4.102	117.937	172	1.520	-13.859	142.935
Total debt and equity	**56.781**	**75.551**	**4.121**	**117.893**	**172**	**1.520**	**-14.112**	**241.926**
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**8.882**	**56**						**8.938**

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)

Income statement (MNOK)	Retail Market	Corporate Market	Capital Market	Staff/ Support	Eiendoms-Megler 1	Other activities	Elimi-nations	Total
	SpareBank 1 SR-Bank Group 01.01.18 - 31.03.18							
Interest income	512	489	30	433	1	-4	-7	1.454
Interest expense	111	129	23	397	0	1	-7	654
Net interest income [1]	**401**	**360**	**7**	**36**	**1**	**-5**	**0**	**800**
Commission income	165	99	6	1	81	53	-16	389
Commission expenses	10	7	2	9	0	9	-16	21
Other operating income	0	0	0	1	0	0	-1	0
Net commission and other income	**155**	**92**	**4**	**-7**	**81**	**44**	**-1**	**368**
Dividend income	0	0	0	11	0	0	0	11
Income from investment in associates	0	0	0	0	0	0	57	57
Net gains/losses on financial instruments	1	12	28	-20	0	24	0	45
Net income on investment securities	**1**	**12**	**28**	**-9**	**0**	**24**	**57**	**113**
Personnel expenses	99	50	13	79	51	27	0	319
Administrative expenses	18	3	3	86	10	2	1	123
Other operating expenses	25	7	1	37	21	15	-9	97
Total operating expenses	**142**	**60**	**17**	**202**	**82**	**44**	**-8**	**539**
Operating profit before losses	**415**	**404**	**22**	**-182**	**0**	**19**	**64**	**742**
Impairments on loans and financial commitments	8	66	0	0	0	0	0	74
Pre-tax profit	**407**	**338**	**22**	**-182**	**0**	**19**	**64**	**668**
Net interest income								
External net interest income	401	360	7	36	0	-4	0	800
Internal net interest income	0	0	0	0	1	-1	0	0
Net interest income	**401**	**360**	**7**	**36**	**1**	**-5**	**0**	**800**
Balance sheet (MNOK) [2]								
Loans to customers	109.116	62.458	232	2.636	0	0	-162	174.280
Individual loss provisions	-167	-1.095	0	0	0	0	-10	-1.272
Certificates/bonds/financial derivatives	0	0	2.228	32.333	0	11	-1.826	32.746
Other assets	-750	1.970	-25	13.725	161	1.063	-4.528	11.616
Total assets	**108.199**	**63.333**	**2.435**	**48.694**	**161**	**1.074**	**-6.526**	**217.370**
Deposits from customers	49.586	49.734	10	504	0	0	-208	99.626
Other debt and equity [1]	58.613	13.599	2.425	48.190	161	1.074	-6.318	117.744
Total debt and equity	**108.199**	**63.333**	**2.435**	**48.694**	**161**	**1.074**	**-6.526**	**217.370**
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**14.171**	**461**						**14.632**

[2] 31.03.2018 are changed due to updated source of data

Note 12 Net income/losses from financial instruments

Parent bank				Group		
2018	01.01.18 - 31.03.18	01.01.19 - 31.03.19		01.01.19 - 31.03.19	01.01.18 - 31.03.18	2018
-2	-18	49	Net gains/losses on equity instruments	62	6	91
-231	-73	13	Net gains/lossses for bonds and certificates	2	-72	-249
151	71	31	Net derivatives bonds and certificates	31	71	151
74	0	0	Net derivatives equity instruments	0	0	72
0	1	1	Net counterparty risk, inclusive of CVA	1	1	0
15	-1	-2	Net derivatives other assets	-2	-1	15
10	8	0	Net derivatives liabilities	11	1	14
-11	0	15	Net derivatives basis swap spread	-13	-2	-38
141	39	35	Net gain currency	29	41	135
147	27	**142**	**Net income/losses from financial instruments**	**121**	45	191

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 2018.

The group previously had a secured defined benefit pension scheme covered by the group's pensions fund. This scheme was wound up in 2015 and employees who were in the defined benefit scheme were issued a paid-up policy for their earned rights in the defin

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:

Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Parent bank and group
2,60 %	2,50 %	2,70 %	2,60 %	2,30 %	Discount rate
2,60 %	2,50 %	2,70 %	2,60 %	2,30 %	Expected return on assets
2,50 %	2,50 %	2,50 %	2,75 %	2,75 %	Forecast salary increase
2,25 %	2,25 %	2,25 %	2,50 %	2,50 %	National Insurance scheme's basic amount
2,00 %	2,00 %	2,00 %	0,80 %	0,80 %	Pension adjustment
1,60 %	1,60 %	1,60 %	0,80 %	0,80 %	Paid-up policy adjustment

Change in pension obligations (NOK million):

Parent bank				Group		
2018	Q1 2018	01.01.19 - 31.03.19		01.01.19 - 31.03.19	Q1 2018	2018
383	383	164	Net obligations opening balance	175	402	402
-260	-87	88	Actuarial liabilities and losses recognised in comprehensive income	88	-87	-269
17	5	3	Net pension cost	3	5	18
0	0	0	Company contributions	0	0	0
-5	-1	-1	Payments from operations	-1	-1	-5
29		-29	Upper limit for capitalisation of the asset	-29		29
164	300	**225**	**Net pension obligations closing balance**	**236**	319	175

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 2018 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 SR-Boligkreditt AS. Such loans are derecognised from the parent bank's balance sheet, but are recognised in the consolidated financial statements, see note 2 in the 2018 annual financial statements.

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 3.9 years at the end of the first quarter of 2019. The total LCR was 172 % at the end of the first quarter, and the average total LCR was 153 % in the quarter. The LCR in NOK and EUR at the end of the quarter was 89 % and 341 %, 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 31.03.2019	Level 1	Level 2	Level 3	**Total**
Assets				
Net lending to customers [1]			8.162	**8.162**
Commercial paper and bonds at fair value	18.922	7.454		**26.376**
Financial derivatives		4.868		**4.868**
Equities, units and other equity interests	444	25	459	**928**
Liabilities				
Financial derivatives		3.491		**3.491**

No transfers between levels 1 and 2

[1] Net lending to customers in parent bank, level 3 51.413

Note 16 Information about fair value (continued)

Fair value 31.03.2018	Level 1	Level 2	Level 3	**Total**
Assets				
Net lending to customers			7.371	**7.371**
Commercial paper and bonds at fair value	17.836	7.132		**24.968**
Financial derivatives		3.870		**3.870**
Equities, units and other equity interests	406	31	301	**738**
Liabilities				
Financial derivatives		2.216		**2.216**
No transfers between levels 1 and 2				
[1)] Net lending to customers in parent bank, level 3			61.401	

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**
Balance 01.01	8.240	431
Additions	274	12
Disposals	-340	-8
Transferred from or to measurement according to prices in an active market or observable market data		
Change in value [1)]	-12	24
Balance 31.03.2019	**8.162**	**459**
Nominal value/cost price	8.058	306
Fair value adjustment	104	153
Balance 31.03.2019	**8.162**	**459**

[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 89 million. This item includes NOK 60 million that has mainly been posted through comprehensive income in 2018 and that after the switch to IFRS 9 in 2018 will have no effect on the result upon realisation.

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 25 million.

Note 16 Information about fair value (continued)

Fair value of financial instruments at amortised cost

Group	**Balance 31.03.2019**	**Fair value 31.03.2019**
Assets		
Cash and balances with central banks	468	468
Balances with credit institutions [1)]	1.750	1.750
Loans to customers [1)]	187.067	187.067
Certificates and bond held to maturity	6.101	6.130
Total assets at amortised cost	**195.386**	**195.415**
Liabilities		
Balances with credit institutions [1)]	998	998
Deposits from customers [1)]	98.991	98.991
Listed debt securities	110.021	110.113
Subordinated loan capital	2.753	2.832
Total liabilities at amortised cost	**212.763**	**212.934**

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

Note 17 Leases

On 1 January 2019, the SpareBank 1 SR-Bank Group introduced the new IFRS 16 standard for leases. Pursuant to IFRS 16, lessees must capitalise a right-to-use asset and a lease liability for each of their leases, with a few practical exceptions:

SpareBank 1 SR-Bank will take advantage of the following practical exceptions:
- exception for low-value assets
- exception for short-term leases (12 months and shorter)
- omitting including components that are not leases

Leases are identified based on the following criteria:
- identifiable asset
- right to receive all the financial benefits from the use of a specific asset during the lease period
- right to govern the use of the asset

The group chose a simplified application of IFRS 16 upon implementation on 1 January 2019. This involves no restatement of comparable figures for 2018. On the transition date, the lease liability is measured at the present value of the outstanding lease payments, discounted by a marginal loan rate on the date of transition. An implicit interest rate is used for leased vehicles when recognising the lease liability. The right-of-use asset is recognised at the same value as the lease liability as at 1 January 2019. Agreements with less than 12 months to run from the transition data are not capitalised.

Measurement and recognition
The lease liability is measured as the present value of the agreed lease payments. The lease period represents the period that cannot be cancelled. In addition to this, extension options are included in the lease period if it is reasonably safe to assume that the option will be exercised. The same applies if there is an option to shorten the lease period and it is reasonably safe that the option will not be exercised.

Lease payments in the measurement consist of fixed lease payments and variable leases based on interest rates or indices on the startup date. In addition to this, expenses incurred by early termination of the lease must be included in the lease payments if it is reasonably certain that early termination will take place. Likewise, the price for exercising any purchase option must be included if it is reasonably safe to assume that the option will be exercised.

The right-of-use asset is measured as the lease liability plus any paid advance lease payment, direct acquisition costs and provisions for expenses upon returning the property to the landlord. Provisions for expenses upon returning the property must be recognised as a separate liability on the balance sheet and not be included in the lease liability.

Note 17 Lease (continued)

Calculation and discount rate

IFRS 16 refers to two different methods for determining the discount rate for lease payments:

- implicit interest rate
- the lessee's marginal loan rate if the implicit interest rate cannot be easily determined

The group uses implicit interest rate calculations for leased vehicles. For all other leases its uses the marginal loan rate. The marginal loan rate is defined as the interest rate a lessee in a similar environment would have to pay to borrow, over a similar period and with equivalent security, an amount necessary to acquire property with a value equivalent to the right-of-use asset.

The group's leases mainly consist of leases for buildings with different terms and option structures. When calculating a lease liability, extension options are included in the lease period since it is highly probable that the option will be exercised.

Accounting effects

Total liabilities and right-of-use assets on 1 January 2019 shown below, divided into the following two categories (in NOK millions):

Parent Bank		Group
01.01.19	**Balance**	**01.01.19**
3	Lease liabilities and right-of-use asset for vehicles	3
291	Lease liabilities and right-of-use asset for offices	387
293	**Total balance**	**390**

The discount rate has been set at 3.5% when calculating office leases. The implicit interest rate for vehicles is 3.95%.

Changes to lease liabilities and right-of-use assets (in NOK millions):

	Parent Bank		Group	
01.01.19	**01.01.19 - 31.03.19**		**01.01.19 - 31.03.19**	**01.01.19**
		Balance		
293	288	Lease liabilities	387	390
293	287	Right-of-use-asset	386	390
		Income Statement		
	6	Depreciations	9	
	3	Interests	3	
	9	**Total**	**12**	
		Effects of IFRS 16		
	8	Reduction in operating costs pursuant to IAS 17	11	
	9	Increase in costs pursuant to IFRS 16	12	
	-1	**Changes to pre-tax profit**	**-1**	
		Right-of-use-asset		
	293	Right-of-use-asset	390	
	0	New Leases in the period	5	
	6	Depreciations	9	
	287	**Total balance**	**386**	

Note 18 Events after the balance sheet date

SpareBank 1 SR-Bank has been informed that the judgement handed down by the Borgarting Court of Appeals on 13 March of this year, where Kluge Advokatfirma AS and others are sentenced to pay NOK 75 million to SpareBank 1 SR-Bank ASA with the addition of interest on overdue payments from 30 september 2016 and until payment takes place, is appealed to the Supreme Court.

A dividend of NOK 4.50 per share was approved at the annual general meeting on 24 April 2019, which amounts to total dividends of NOK 1,151 million. No other material events that have influence on the prepared interim financial statements have been registered after 31 March 2019.

Quarterly income statement

SpareBank 1 SR-Bank Group, MNOK	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**
Interest income	1.759	1.690	1.586	1.544	1.454	1.463	1.455	1.437	1.392
Interest expense	821	764	715	702	654	644	635	653	653
Net interest income	**938**	**926**	**871**	**842**	**800**	**819**	**820**	**784**	**739**
Commission income	362	370	370	390	389	384	407	417	389
Commission expenses	22	20	22	24	21	19	22	19	19
Other operating income	1	0	1	4	0	2	1	2	1
Net commission and other income	**341**	**350**	**349**	**370**	**368**	**367**	**386**	**400**	**371**
Dividend income	19	0	0	1	11	0	2	4	5
Income from investment in associates	536	113	94	102	57	154	127	81	63
Net gains/losses on financial instrument	121	-45	81	110	45	50	69	58	21
Net income on financial investments	**676**	**68**	**175**	**213**	**113**	**204**	**198**	**143**	**89**
Total income	**1.955**	**1.344**	**1.395**	**1.425**	**1.281**	**1.390**	**1.404**	**1.327**	**1.199**
Personnel expenses	344	330	322	326	319	333	312	312	306
Administrative expenses	134	137	126	132	123	128	111	127	112
Other operating costs	105	109	94	114	97	109	107	109	101
Total operating cost	**583**	**576**	**542**	**572**	**539**	**570**	**530**	**548**	**519**
Operating profit before impairments	**1.372**	**768**	**853**	**853**	**742**	**820**	**874**	**779**	**680**
Impairments on loans and financial commitments	49	92	59	99	74	120	124	131	168
Pre-tax profit	**1.323**	**676**	**794**	**754**	**668**	**700**	**750**	**648**	**512**
Tax expense	177	149	160	137	150	141	140	134	109
Profit after tax	**1.146**	**527**	**634**	**617**	**518**	**559**	**610**	**514**	**403**
Profitability									
Return on equity per quarter [1)]	21,2 %	10,1 %	12,6 %	12,3 %	10,3 %	11,4 %	12,9 %	11,0 %	8,7 %
Return on equity per quarter, excl. merger effects [1)]	12,8 %								
Cost percentage [1)]	29,8 %	42,9 %	38,9 %	40,1 %	42,1 %	41,0 %	37,7 %	41,3 %	43,3 %
Combined weighted total average spread for lending and deposits [1)]	1,60 %	1,59 %	1,53 %	1,52 %	1,50 %	1,50 %	1,54 %	1,52 %	1,53 %
Balance sheet figures from quarterly accounts									
Gross loans to customers	196.468	192.105	183.014	178.927	174.280	172.554	167.105	164.958	159.843
Gross loans to customers including SB1 BK and SB1 NK [2)]	205.406	201.399	196.445	193.474	188.912	187.137	185.150	184.317	183.182
Growth in loans over last 12 months [1)]	12,7 %	11,3 %	9,5 %	8,5 %	9,0 %	9,5 %	6,2 %	5,2 %	3,0 %
Growth in loans incl SB1 BK and SB1 NK [1) 2)]	8,7 %	7,6 %	6,1 %	5,0 %	3,1 %	2,6 %	1,2 %	0,5 %	-0,4 %
Deposits from customers	98.991	98.814	100.320	105.824	99.626	95.384	98.602	99.758	93.125
Growth in deposits over last 12 months [1)]	-0,6 %	3,6 %	1,7 %	6,1 %	7,0 %	11,0 %	13,0 %	11,3 %	7,0 %
Total assets	241.926	234.061	226.023	223.954	217.370	216.618	215.309	212.879	200.182
Average total assets	237.959	231.062	225.472	221.838	215.940	217.202	211.111	207.389	195.967
Impairments on loans and financial commitments									
Impairment ratio, annualized [1)]	0,10 %	0,20 %	0,13 %	0,22 %	0,17 %	0,28 %	0,30 %	0,32 %	0,42 %
Impairment ratio, including loans SB1 BK and SB1 NK [1) 2)]	0,10 %	0,18 %	0,12 %	0,21 %	0,16 %	0,26 %	0,27 %	0,29 %	0,37 %

1) Defined as alternative performance targets (APMs), see the appendix to the interim report

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

Quarterly income statement (continued)

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Loans and financial commitments in Stage 2 and Stage 3 [1) 3)]									
Loans and financial commitments in Stage 3 in % of gross loans [1)]	1,46 %	1,53 %	1,56 %	1,67 %	1,25 %				
Loans and financial commitments in Stage 3 in % of gross loans, including loans SB1 BK and SB1 NK [1) 2)]	1,40 %	1,46 %	1,45 %	1,54 %	1,15 %				
Loans and financial commitments in Stage 2 in % of gross loans [1)]	8,25 %	9,64 %	10,49 %	9,93 %	10,66 %				
Loans and financial commitments in Stage 2 in % of gross loans, including loans SB1 BK og SB1 NK [1) 2)]	7,89 %	9,19 %	9,77 %	9,18 %	9,83 %				
Non-performing commitments as a percentage of gross loans [1)]						0,32 %	0,49 %	0,50 %	0,46 %
Non-performing commitments as a percentage of gross loans, including loans SB1 BK and SB1 NK [1) 2)]						0,30 %	0,45 %	0,45 %	0,40 %
Other doubtful commitments as a percentage of gross loans [1)]						0,91 %	0,81 %	0,84 %	0,95 %
Other doubtful commitments as a percentage of gross loans, including loans SB1 BK and SB1 NK [1) 2)]						0,83 %	0,73 %	0,76 %	0,83 %
Solidity									
Common equity Tier 1 capital ratio	14,7 %	14,7 %	14,7 %	14,8 %	15,0 %	15,1 %	14,8 %	14,7 %	14,7 %
Tier 1 capital ratio	16,0 %	15,9 %	16,0 %	15,7 %	16,0 %	16,0 %	15,8 %	15,7 %	15,6 %
Capital ratio	17,7 %	17,6 %	17,8 %	17,8 %	18,1 %	17,9 %	17,7 %	17,9 %	17,5 %
Tier 1 capital	21.475	20.743	20.613	19.959	19.645	19.278	19.214	18.938	18.482
Net primary capital	23.759	23.038	23.026	22.571	22.257	21.489	21.515	21.623	20.744
Risk weighted balance	134.649	130.869	129.216	126.826	122.786	120.160	121.818	120.683	118.410
Leverage ratio	7,7 %	7,7 %	7,7 %	7,5 %	7,4 %	7,4 %	7,2 %	7,2 %	7,1 %
Liquidity									
Liquidity Coverage Ratio (LCR) [4)]	172 %	167 %	151 %	157 %	177 %	168 %	212 %	212 %	200 %
Deposit-to-loan ratio [1)]	50,4 %	51,4 %	54,8 %	59,1 %	57,2 %	55,3 %	59,0 %	60,5 %	58,3 %
Deposit-to-loan ratio, incl loans SB1 BK and NK [1) 2)]	48,2 %	49,1 %	51,1 %	54,7 %	52,7 %	51,0 %	53,3 %	54,1 %	50,8 %
Branches and staff									
Number of branches	35	36	36	36	36	36	36	36	36
Number of man-years	1.192	1.178	1.176	1.153	1.156	1.142	1.148	1.120	1.141
Number of man-years including temps	1.256	1.251	1.266	1.230	1.200	1.218	1.225	1.181	1.187
SpareBank 1 SR-Bank share									
Market price at end of quarter	99,40	89,20	99,00	86,40	86,20	87,00	85,75	71,50	64,25
Market capitalisation	25.422	22.813	25.319	22.097	22.046	22.250	21.931	18.286	16.432
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) [1)]	86,55	82,27	80,02	77,28	79,24	77,24	75,07	72,72	72,91
Earnings per share, NOK (annualised)	4,48	2,06	2,48	2,41	2,03	2,18	2,39	2,01	1,58
Price/earnings per share [1)]	5,54	10,81	9,98	8,96	10,62	9,98	8,97	8,89	10,17
Price / Book equity (group) [1)]	1,15	1,08	1,24	1,12	1,09	1,13	1,14	0,98	0,88
Annualised turnover rate in quarter [5)]	5,3 %	8,4 %	6,1 %	6,1 %	5,3 %	4,7 %	4,2 %	8,6 %	15,1 %
Effective return [6)]	11,4 %	-9,9 %	14,6 %	5,2 %	-0,9 %	1,5 %	19,9 %	14,8 %	5,8 %

[1)] Defined as alternative performance targets (APMs), see the appendix to the interim report

[2)] SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are abbreviated to SB1 BK and SB1 NK

[3)] Loans in Stage 2 and Stage 3 in % of gross loans. Figures before 1 January 2018 is total non-performing and impaired loans according to IAS 39, in % of gross loans

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

[5)] Annualised turnover of the share during the period, measured as a percentage of the number of outstanding shares

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

Contact Information

Address

Bjergsted Terasse 1
Postboks 250
N-4066 Stavanger

Tel. (+47) 915 02 002

www.sr-bank.no

Executive Management

Arne Austreid, CEO
Tel. (+47) 900 77 334
Email: arne.austreid@sr-bank.no

Inge Reinertsen, CFO
Tel. (+47) 909 95 033
Email: inge.reinertsen@sr-bank.no

Investor Relations

Stian Helgøy, Vice President Investor Relations
Tel. (+47) 906 52 173
Email: stian.helgoy@sr-bank.no

2019 Financial Calendar

Preliminary annual results for 2018	Friday 8 February
Annual General Meeting	Wednesday 24 April
Ex-dividend	Thursday 25 April
Dividend payment date	Friday 3 May
Q1 2019	Thursday 9 May
Q2 2019	Thursday 8 August
Q3 2019	Thursday 31 October