SpareBank 1 SR-BANK

Second Quarter 2019

Interim Financial Statements Q2 2019

Key figures SpareBank 1 SR-Bank Group (MNOK)

MAIN FIGURES	01.01 - 30.06 2019	01.01 - 30.06 2018	Q2 2019	Q2 2018	2018
Net interest income	1.906	1.642	968	842	3.439
Net commission and other income	725	738	384	370	1.437
Net income on financial investments	1.016	326	340	213	569
Total income	**3.647**	**2.706**	**1.692**	**1.425**	**5.445**
Total operating costs	**1.185**	**1.111**	**602**	**572**	**2.229**
Operating profit before impairments	**2.462**	**1.595**	**1.090**	**853**	**3.216**
Impairments on loans and financial commitments	30	173	-19	99	324
Pre-tax profit	**2.432**	**1.422**	**1.109**	**754**	**2.892**
Tax expense	386	287	209	137	596
Profit after tax	**2.046**	**1.135**	**900**	**617**	**2.296**

BALANCE SHEET	01.01 - 30.06 2019	01.01 - 30.06 2018	Q2 2019	Q2 2018	2018
Gross loans to customers	198.626	178.927			192.105
Gross loans to customers including SB1 BK and SB1 NK [2]	207.513	193.474			201.399
Deposits from customers	102.693	105.824			98.814
Total assets	246.462	223.954			234.061
Average total assets	241.421	219.106			223.838

Selected key figures (for further key figures see page 40 of the interim report)	01.01 - 30.06 2019	01.01 - 30.06 2018	Q2 2019	Q2 2018	2018
Return on equity [1]	18,8 %	11,4 %	16,2 %	12,3 %	11,3 %
Return on equity excluding merger effects Fremtind Forsikring AS [1]	14,7 %		16,6 %	0,0 %	
Cost ratio [1]	32,5 %	41,1 %	35,6 %	40,1 %	40,9 %
Combined weighted total average spread for lending and deposits [1]	1,59 %	1,51 %	1,58 %	1,52 %	1,54 %
Balance growth					
Growth in loans [1]	11,0 %	8,5 %			11,3 %
Growth in loans incl SB1 BK and SB1 NK [1] [2]	7,3 %	5,0 %			7,6 %
Growth in deposits [1]	-3,0 %	6,1 %			3,6 %
Solidity					
Common equity Tier 1 capital ratio	14,4 %	14,8 %			14,7 %
Tier 1 capital ratio	15,8 %	15,7 %			15,9 %
Capital ratio	17,5 %	17,8 %			17,6 %
Tier 1 capital	22.068	19.959			20.743
Risk weighted balance	139.545	126.826			130.869
Leverage ratio	7,6 %	7,5 %			7,7 %
Liquidity					
Liquidity Coverage Ratio (LCR) [3]	154 %	157 %			167 %
Deposit-to-loan ratio [1]	51,7 %	59,1 %			51,4 %
Deposit-to-loan ratio, incl loans SB1 BK and NK [1] [2]	49,5 %	54,7 %			49,1 %
Impairments on loans and financial commitments [1]					
Impairment ratio [1]	0,03 %	0,20 %			0,18 %
Impairment ratio, incl. loans SB1 BK and SB1 NK [1] [2]	0,03 %	0,18 %			0,17 %
Loans and financial commitments in Stage 3 [1]					
Loans and financial commitments in Stage 3, percentage of gross loans [1]	1,49 %	1,67 %			1,53 %
Loans and financial commitments in Stage 3, percentage of gross loans, incl. loans SB1 BK and NK [1] [2]	1,43 %	1,54 %			1,46 %

SpareBank 1 SR-Bank share	**30.06.19**	**31.12.18**	**31.12.17**	**31.12.16**	**31.12.15**
Market price	103,90	89,20	87,00	60,75	39,30
Market capitalisation (MNOK)	26.573	22.813	22.250	15.537	10.051
Book equity per share(including dividends) (group) [1]	85,44	82,27	77,24	71,54	66,14
Earnings per share, NOK	8,00	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]	6,49	9,93	10,66	8,84	5,75
Price / Book equity [1]	1,22	1,08	1,13	0,85	0,59
Effective return [4]	21,5 %	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 very good result marked by good operations, reversed impairment losses, and significant financial income

Q2 2019

- Pre-tax profit: NOK 1,109 million (NOK 754 million)
- Net profit for the quarter: NOK 900 million (NOK 617 million)
- Return on equity after tax: 16.2% (12.3%)
- Earnings per share: NOK 3.52 (NOK 2.41)
- Net interest income: NOK 968 million (NOK 842 million)
- Net commissions and other operating income: NOK 384 million (NOK 370 million)
- Net income from financial investments: NOK 340 million (NOK 213 million)
- Operating costs: NOK 602 million (NOK 572 million)
- Impairments on loans and financial commitments: NOK -19 million (NOK 99 million)
  (Q2 2018 in brackets)

H1 2019

- Pre-tax profit: NOK 2,432 million (NOK 1,422 million)
- Net profit for the quarter: NOK 2,046 million (NOK 1,135 million)
- Return on equity after tax: 18.8% (11.4%)
- Return on equity after tax, excl. Fremtind Forsikring AS merger effects: 14.7%
- Earnings per share: NOK 8.00 (NOK 4.44)
- Net interest income: NOK 1,906 million (NOK 1,642 million)
- Net commissions and other operating income: NOK 725 million (NOK 738 million)
- Net income from financial investments: NOK 1,016 million (NOK 326 million)
- Operating costs: NOK 1,185 million (NOK 1,111 million)
- Impairments on loans and financial commitments: NOK 30 million (NOK 173 million)
- Total lending growth over last 12 months: 7.3% (5.0%)
- Growth in deposits over last 12 months: -3.0% (6.1%)
- Common equity tier 1 capital ratio: 14.4% (14.8%)
- Tier 1 capital ratio: 15.8% (15.7%)
  (H1 2018 figures in brackets)

Financial performance – Q2 2019

The group made a pre-tax profit of NOK 1,109 million in the second quarter of 2019 (NOK 754 million), NOK 214 million lower than in the previous quarter. Both the first and second quarter of 2019 were affected by significant income from financial investments. In the first quarter of 2019, the group received NOK 460 million in extraordinary income in connection with the merger and establishment of Fremtind Forsikring AS. In the second quarter of 2019, the profit share from SpareBank 1 Gruppen AS increased, with NOK 116 million of the increase due to the write-up of properties in the life insurance company. Excluding these two transactions, the group's pre-tax profit rose by NOK 62 million compared with the previous quarter. Apart from a high level of income from financial investments, the results for the second quarter of 2019 were marked by both higher net interest income and higher net commissions and other operating income than in the previous quarter. In the second quarter of 2019, impairments of NOK 19 million were recognised as income due to income recognition of NOK 92 million after a legally enforced judgement where Kluge Advokatfirma AS and others were sentenced to pay NOK 75 million plus interest in damages to SpareBank 1 SR-Bank ASA. The damages can be related to previously booked impairments. Overall, this contributed to a solid result for the group in the second quarter of 2019. The return on equity after tax was 16.2% (12.3%), compared with 21.2% in the previous quarter. Excluding the merger effects associated with Fremtind Forsikring AS, the return on equity was 12.8% in the previous quarter.

Net interest income rose to NOK 968 million in the second quarter of 2019 (NOK 842 million). The NOK 30 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 1.58% (1.52%), compared with 1.60% in the first quarter of 2019.

Net commissions and other operating income was NOK 384 million in the second quarter of 2019 (NOK 370 million), an increase of NOK 43 million compared with the previous quarter. Income from money transfer services, savings/placements, and customer fees increased by a total of NOK 20 million compared with the previous quarter due to the high level of activity in the second quarter of 2019. Income from EiendomsMegler 1 SR-Eiendom AS was NOK 108 million (NOK 109 million), NOK 9 million higher than in the previous quarter. Income from SpareBank 1 Regnskapshuset SR AS rose by NOK 11 million to NOK 38 million in the second quarter of 2019, in part due to the acquisition of Agder Økonomi in the second quarter of 2019. Commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS increased by NOK 3 million from the first quarter of 2019 to NOK 11 million in the second quarter of 2019 (NOK 23 million).

Net income from financial investments was NOK 340 million in the second quarter of 2019 (NOK 213 million), a reduction of NOK 336 million compared with the previous quarter. NOK 460 million of the reduction was due to extraordinary income received in the first quarter of 2019 in connection with the merger and establishment of Fremtind Forsikring AS. Excluding the effects of the merger, income from financial investments increased by NOK 124 million compared with the previous quarter. The increase was due largely to the profit share from SpareBank 1 Gruppen AS in the second quarter of 2019, which included NOK 116 million in income after the write-up of properties in the life insurance company. For more information, see the section on SpareBank 1 Gruppen AS on page 12 of this report.

Operating costs rose by NOK 19 million from the previous quarter to NOK 602 million in the second quarter of 2019 (NOK 572 million). Personnel costs increased by NOK 13 million, NOK 16 million of which was due to higher bonus provisions in the second quarter of 2019. Other operating costs increased by NOK 6 million compared with the previous quarter.

Impairments on loans and financial commitments amounting to NOK 19 million were recognised as income in the first half of 2019 (NOK 49 million in impairments recognised as costs). NOK 92 million was recognised as income after Kluge Advokatfirma AS and others were sentenced to pay NOK 75 million plus interest in damages to SpareBank 1 SR-Bank ASA. The damages can be related to previously booked impairment losses. Excluding this income recognition, impairments on loans and financial commitments amounted to NOK 73 million, an increase of NOK 24 million from the first quarter of 2019.

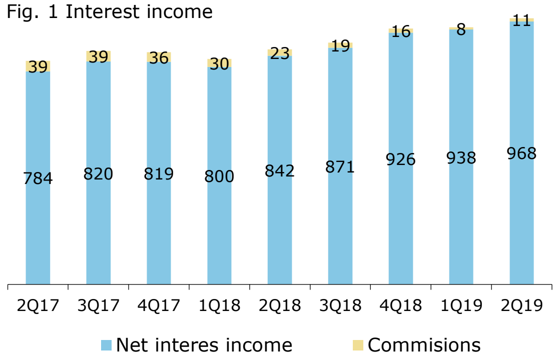
Financial performance – H1 2019

The group made a pre-tax profit of NOK 2,432 million in the first half of 2019 (NOK 1,422 million), NOK 1,010 million higher than in the first half of 2018. Besides significant income from financial investments, higher net interest income and lower impairments on loans and financial commitments also contributed to the good result. The income from financial investment amounted to NOK 684 million from SpareBank 1 Gruppen AS, of which NOK 460 million was income in connection with the merger and establishment of Fremtind Forsikring AS in the first quarter of 2019 and NOK 116 million was due to the write-up of properties in SpareBank 1 Gruppen AS's life insurance company in the second quarter of 2019. The low impairments in the first half of 2019 were due in part to NOK 92 million being recognised as income after a legally enforced judgement where Kluge Advokatfirma AS and others were sentenced to pay NOK 75 million plus interest in damages to SpareBank 1 SR-Bank ASA. The damages can be related to previously booked impairments. Overall, this contributed to a solid result for the group in the first half of 2019. The group's return on equity after tax for the first half of 2019 was 18.8% (11.4%). Excluding the merger effects associated with Fremtind Forsikring AS, the return on equity for the first half of 2019 was 14.7%.

Net interest income

The group's net interest income totalled NOK 1,906 million in the first half of 2019 (NOK 1,642 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 19 million in the first half of 2019 (NOK 53 million). The combined total of net interest income and commissions increased by NOK 230 million compared with the first half of 2018. The increase was mainly due to a higher lending volume and increased interest margins, primarily in the corporate market division.

Fig. 1 Interest income



The average interest margin rose to 1.59% in the first half of 2019, compared with 1.51% in the first half of 2018.

Net commissions and other operating income

Net commissions and other operating income in the first half of 2019 totalled NOK 725 million (NOK 738 million).

Table 1, Commission and other income

	30.06.19	30.06.18
Payment facilities	128	122
Savings/placements	99	100
Insurance products	94	96
Commission income real estate broking	207	190
Guarantee commission	46	54
Arrangement- and customer fees	61	60
Accounting services SpareBank 1 Regnskapshuset SR	65	55
Commission income SB1 Boligkreditt and SB1 Næringskreditt	19	53
Other	6	8
Total commission and other income	725	738

The NOK 13 million reduction compared with the first half of 2018 was primarily attributable to the fact that commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS were down NOK 34 million to NOK 19 million in the first half of 2019 (NOK 53 million). The reduction in commissions from the mortgage companies was 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 17 million to NOK 207 million in the first half of 2019 (NOK 190 mill kroner) due to higher sales volumes resulting from the better housing market in Rogaland. Income from Regnskapshuset SR AS rose by NOK 10 million to NOK 65 million in the first half of 2019 (NOK 55 million), in part due to the acquisition of Agder Økonomi in the second quarter of 2019.

Net income from financial investments

Net income from financial investments in the first half of 2019 totalled NOK 1,016 million (NOK 326 million).

Table 2, Income on investment securities

	30.06.19	30.06.18
Dividends	27	12
Investment income, associates	762	159
Income from financial instruments	227	155
- Capital gains/losses on securities	*100*	*74*
- Captail gains/losses interest/currency	*127*	*81*
Total income on investment securities	1.016	326

Dividends increased by NOK 15 million from the first half of 2018 to NOK 27 million in the first half of 2019 (NOK 12 million), of which NOK 18 million was dividends from Sandnes Sparebank and NOK 8 million dividends from Vn Norge AS (Visa).

Income from ownership interests increased by NOK 603 million to NOK 762 million in the first half of 2019 (NOK 159 million), of which NOK 567 million was due to the increased profit share from SpareBank 1 Gruppen AS.

Table 3, Income from ownership interests

The share of net profit after tax	30.06.19	30.06.18
SpareBank 1 Gruppen AS	224	117
-Profit effect merger SpareBank 1 Gr.	460	-
SpareBank 1 Boligkreditt AS	5	-2
SpareBank 1 Næringskreditt AS	6	5
BN Bank ASA	51	36
SpareBank 1 Kredittkort AS	8	12
SpareBank 1 Betaling AS	10	-12
Other	-2	3
Total income from ownership interests	762	159

The share of the net profit from SpareBank 1 Gruppen AS increased by a total of NOK 567 million compared with the first half of 2018. NOK 460 million of the increase was due to extraordinary income received in connection with the merger and establishment of Fremtind Forsikring AS in the first quarter of 2019. In addition to this, the rest of the profit share from SpareBank 1 Gruppen AS increased by NOK 107 million, of which NOK 116 million was due to the write-up of properties in SpareBank 1 Gruppen AS's life insurance company. For more information, see the section on SpareBank 1 Gruppen AS on page 12 of this report.

The profit share from SpareBank 1 Boligkreditt AS increased by NOK 7 million to NOK 5 million in the first half of 2019 due to the value of financial instruments developing better.

The profit share from BN Bank ASA increased by NOK 15 million to NOK 51 million. In the second quarter of 2019, the group increased its stake in BN Bank ASA from 23.5% to 35.0%, and this contributed to the higher profit share. The underlying result in BN Bank ASA at the end of the first half of 2019 was NOK 8 million lower than at the end of the first half of 2018.

The profit share from SpareBank 1 Betaling AS increased by NOK 22 million to NOK 10 million. NOK 14 million of the increase was due to a correction of the company's results for 2018, which was made in the first quarter of 2019.

Net income from financial instruments in the first half of 2019 totalled NOK 227 million (NOK 155 million). Capital gains from securities amounted to NOK 100 million (NOK 74 million), while capital gains from interest and currency trading amounted to NOK 127 million (NOK 81 million).

The capital gains on securities amounting to NOK 100 million (NOK 74 million) were due to a combination of capital losses of NOK 15 million (capital losses of NOK 122 million) in the interest portfolio, which were offset by positive effects totalling NOK 34 million (NOK 100 million) from hedging instruments, as well as capital gains of NOK 81 million (NOK 96 million) from the portfolio of shares and equity certificates. NOK 35 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 23 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 11 million in the first half of 2019. In the first half of 2018, NOK 72 million was recognised as income due to the effects of the merger of Vipps AS, BankAxept AS and BankID Norge AS.

Capital gains from interest and currency trading amounted to NOK 127 million (NOK 81 million), of which capital gains from customer and own account trading accounted for NOK 61 million (NOK 90 million). The positive effects of basis swaps amounted to NOK 40 million (NOK 15 million in negative effects), while the sum of hedging recognition and other positive IFRS effects was NOK 25 million in the first half of 2019 (NOK 6 million).

Operating costs

The group's operating costs amounted to NOK 1,185 million in the first half of 2019 (NOK 1,111 million), an increase of NOK 74 million (6.7%) compared with the first half of 2018. The growth in costs is a consequence of the group's aggressive market strategy. Geographical expansion to the Oslo region, the acquisition of Agder Økonomi and compliance with the money laundering regulations, as well as investments in new technology and digitalisation, contributed to the growth in costs. Going forward, these will increase the group's efficiency and contribute to the results, as well as ensure that customers have the best available products in the market at competitive prices.

Table 4, Operating expenses

	30.06.19	30.06.18
Personnel expenses	701	645
IT expenses	181	166
Marketing	39	40
Other administrative expenses	51	49
Depreciation	60	45
Operating expenses from real estate	16	18
Other operating expenses	137	148
Total operating expenses	1.185	1.111

Personnel costs rose by NOK 56 million (8.7%) from the first half of 2018 to NOK 701 million in the first half of 2019. The acquisition of Agder Økonomi, as well as the establishment of FinStart Nordic AS and the Oslo branch, increased personnel costs by a total of NOK 14 million, while increased activity in EiendomsMegler 1 AS increased personnel costs by a total of NOK 6 million. The group's bonus provisions increased by NOK 14 million in the first half of 2019 due to the good results. The rest of the increase in ordinary personal costs was due to 75 more FTEs in the group in the last 12 months. The parent bank saw an increase of 28 FTEs, mainly in the retail market division and money laundering and compliance work. The subsidiaries saw an increase of 47 FTEs, primarily in Regnskapshuset SR AS, which saw an increase in staffing levels in connection with the acquisition of Agder Økonomi in the second quarter of 2019.

Other operating costs increased by NOK 18 million (3.9%) to NOK 484 million in the first half of 2019. The greatest increases were in IT costs and depreciation. Depreciation increased by NOK 15 million to NOK 60 million in the first half of 2019, NOK 19 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 32.5% for the first half of 2019 (41.1%). Excluding the merger effects, the cost/income ratio was 37.2% for the first half of 2019.

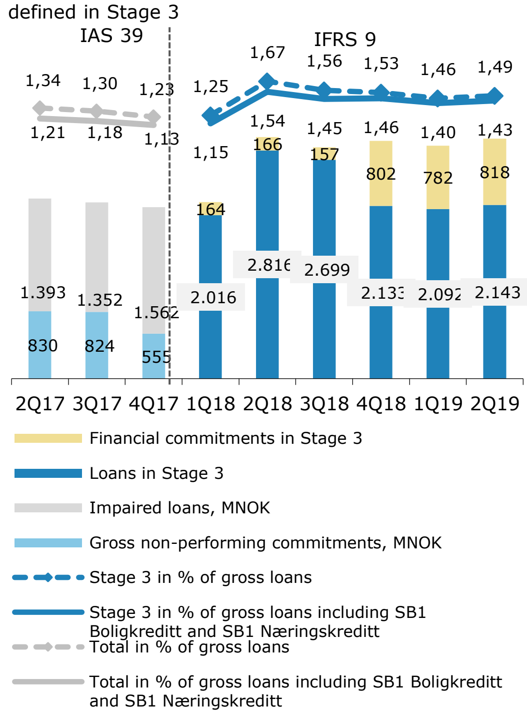
Impairments on loans and financial commitments, and loans and financial commitments in Stage 3

The group's net impairments on loans and financial commitments were reduced by NOK 143 million from the first half of 2018 to the NOK 30 million in the first half of 2019. The low impairments were due in part to NOK 92 million being recognised in the second quarter of 2019 as income after a legally enforced judgement where Kluge Advokatfirma AS and others were sentenced to pay NOK 75 million plus interest in damages to SpareBank 1 SR-Bank ASA. The damages can be related to previously booked impairments and have therefore been recognised as income under impairments on loans and financial commitments. Excluding this income recognition, impairments on loans and financial commitments were NOK 68 million lower than in the first half of 2018. The reduction reflects the good credit quality in the portfolio of loans and financial commitments. The group's impairments on loans and financial commitments amounted to 0.03% of gross loans in the first half of 2019 (0.20%). Excluding the income recognition of NOK 92 million associated with the aforementioned damages case, the group's impairments on loans and financial commitments amounted to 0.12% of gross loans in the first half of 2019.

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 commitments are grouped into three stages: Stage 1, Stage 2 and Stage 3. Stage 3 is used for loans and financial commitments 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 commitments.

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

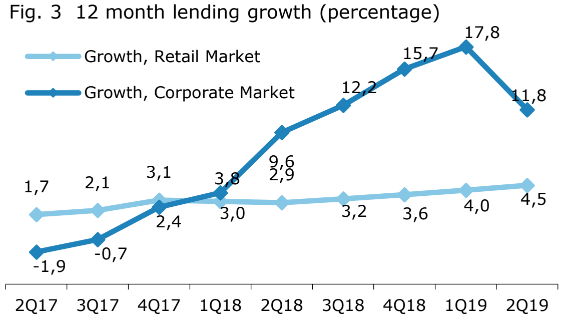


Gross loans and financial commitments defined as Stage 3 amounted to NOK 2,961 million at the end of the first half of 2019 (NOK 2,982 million). This corresponded to 1.49% (1.67%) of gross loans, and 1.43% (1.54%) inclusive of loans sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

Loans to and deposits from customers

Gross loans at the end of the second quarter of 2019 amounted to NOK 198.6 billion (NOK 178.9 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 207.5 billion at the end of the quarter (NOK 193.5 billion). Gross lending growth, inclusive of the mortgage companies, was 7.3% in the last 12 months (5.0%). The effect of exchange rate fluctuations accounted for NOK 0.3 billion (0.1%) of the NOK 14.0 billion growth in gross loans over the last 12 months.

Fig. 3 12 month lending growth (percentage)



Loans to the retail market accounted for 60.5% of total loans (inclusive of loans sold to SpareBank 1 Boligkreditt AS) at the end of the second quarter of 2019 (63.0%).

The group's total loan exposure of NOK 207.5 billion (NOK 193.5 billion) included a majority of commitments with a probability of default of less than 0.5%. These commitments accounted for 63.4% (61.1%) of the portfolio. The total lending portfolio primarily consisted of commitments of less than NOK 10 million. These accounted for 66.2% (67.6%) of loan exposure and 98.3% (98.4%) of customers. 20.3% (18.9%) 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 3.0% (6.1% increase) to NOK 102.7 billion (NOK 105.8 billion). Excluding deposits from customers in the public sector, deposits from customers have increased by 2.7% in the last 12 months. At the end of the second quarter of 2019, deposits from the corporate market and public sector accounted for 51.8% (55.3%) of the group's customer deposits. At end of the second quarter of 2019, the deposit coverage ratio, measured as deposits as a percentage of gross loans, was 51.7% (59.1%).

In addition to ordinary customer deposits, the group also has capital under management in alternative investment products. These amounted to NOK 23.0 billion at the end of the second quarter of 2019 (NOK 21.6 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 sheet items include the figures from SR-Boligkreditt AS.

Retail market division[1]

The retail market division's contribution before impairment losses was NOK 787 million in the first half of 2019 (NOK 839 million), NOK 52 million lower than in the first half of 2018. This was mainly due to somewhat lower lending margins due to rising money market rates and strong competition for residential mortgage customers. Lower commissions and other income due to reduced commissions from SpareBank 1 Boligkreditt AS after the group bought back loans from the mortgage company. The division's costs increased by NOK 24 million in the first half of 2019, partly as a result of increased sales capacity.

Table 5, Retail market

	30.06.19	30.06.18
Interest income	790	783
Commission and other income	263	298
Income on investment securities	3	3
Total income	1.056	1.084
Total operating expenses	269	245
Operating profit before impairments	787	839
Impairments on loans and financial commitments	22	27
Pre-tax profit	765	812

The number of products sold increased by 17% in the first half of 2019 compared with the year before. The division saw good sales growth in most product areas, especially in residential mortgages, car financing and insurance products. The digitalisation of sales and work processes continued, and in the second 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 in some focus areas.

Sales in the used housing market in South-Western Norway increased by over 6% in the first half of 2019. The supply of housing remains high and price rises low. Low unemployment and business optimism provide a basis for a good, stable housing market

[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.

going forward. Lending growth in the last 12 months, measured at the end of the second quarter of 2019, was 4.4%, while deposit growth in the last 12 months was 4.3%. In the first half of 2019, around 70% of the growth in lending came from outside Rogaland. The proportion of non-performing commitments was 0.31% of total loans at end of the second quarter of 2019 (0.34%), while impairment losses on loans totalling NOK 22 million were recognised in the first half of 2019 (NOK 27 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 89.0% at the end of the second quarter of 2019 (89.7%). The IRB risk weighting[2] for residential mortgages was 21.6% at the end of the second quarter of 2019 (21.5%), which reflected a solid, stable portfolio.

Corporate market division [1]

The corporate market division's contribution before impairment losses was NOK 985 million in the first half of 2019 (NOK 836 million), NOK 149 million higher than in the same period last year. The improved result was mainly due to higher interest rates as a result of an increased lending volume and higher loan and deposit margins.

Table 6, Corporate market

	30.06.19	30.06.18
Interest income	939	757
Commission and other income	164	175
Income on investment securities	2	12
Total income	1.105	944
Total operating expenses	120	108
Operating profit before impairments	985	836
Impairments on loans and financial commitments	8	146
Pre-tax profit	977	690

The division's lending growth in the last 12 months was 12.0%, with around 80% of the growth coming from outside Rogaland. The division's deposits have decreased by 0.5% 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 80.8% of the portfolio at the end of the second quarter of 2019 (76.5%). The property sector portfolio represents the group's largest concentration in a single sector and accounted for 16.1% (15.6%) of total loan exposure, inclusive of retail customers. A large portion of this portfolio consisted of financing commercial properties for leasing.

NOK 8 million in impairments on loans and financial commitments was recognised in the first half of 2019 (NOK 146 million), of which NOK 92 million was recognised as income after Kluge Advokatfirma AS and others were sentenced to pay NOK 75 million plus interest in damages to SpareBank 1 SR-Bank ASA. The damages can be related to previously booked impairment losses in the corporate market division. The division made a pre-tax profit of NOK 977 million, NOK 287 million higher than in the first half 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.

Capital market division [3]

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

SR-Bank Markets made a pre-tax profit of NOK 35 million in the first half of 2019 (NOK 57 million). The income generated is recognised as income in the business areas to which the customers are assigned, primarily the corporate market division. NOK 47 million was recognised as income in the business areas in the first half of 2019 (NOK 36 million).

Prior to the allocation of customer income to other business areas, SR-Bank Markets achieved operating

[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).

[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.

income of NOK 113 million in the first half of 2019 (NOK 123 million). Income from interest rate trading was slightly lower than in the first half of 2019, while Corporate Finance completed a number of projects and achieved a better result than in the same period in 2018.

Table 7, Capital market

	30.06.19	30.06.18
Interest income	14	17
Commission and other income	46	40
Income on investment securities	53	66
Total income	113	123
- allocated to Corporate market	47	36
Total income after allocation	66	87
Total operating expenses	31	30
Pre-tax profit	35	57

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company made a pre-tax profit of NOK 18.5 million in the first half of 2019 (NOK 12.4 million). The improved result was due to higher sales volumes because of the improved housing market in Rogaland. In the first half of 2019, 3,372 (3,288) properties were sold with a total value of around NOK 11 billion (NOK 10,2 billion). The supply of new assignments was satisfactory, although somewhat weaker than last year.

The company has a strong position in Rogaland, with a market share of approximately 35% within sales of residential properties. The business in the Agder counties faces challenges due to strong competition and the presence of more actors in these counties. Despite this, the company has increased its market share in the area, especially in Kristiansand. Solid operations have now been established in Hordaland with offices in several locations. 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.

The market for new homes remains challenging because there are a large number of planned homes for sale, while the increase in demand remains weaker than expected.

The supply of commercial property for both lease and sale remains good in the group's total market area for commercial property. The Stavanger region developed well. The market continues to improve with a reduced vacancy rate for offices and some increase in rental prices. The position in Hordaland was maintained and it remains a good market with good activity within both leasing and sales. The market in the Agder counties remains stable, but the company has still managed to made progress so far in 2019.

SpareBank 1 Regnskapshuset SR AS

SpareBank 1 Regnskapshuset SR AS made a pre-tax profit of NOK 7.0 million in the first half of 2019 (NOK 3.5 million). The result includes depreciation of intangible assets amounting to NOK 1.1 million (NOK 1.0 million).

The company has also had a presence in the Agder counties since 1 May, and is, thanks to the acquisition of Agder Økonomi AS, one of the region's largest market players. At the end of the first half of 2019, the company had eight offices, four in Rogaland, three in Bergen and one in the Agder counties, as well as around 2,600 customers. Regnskapshuset enjoys a solid market positions within accounting services in the Agder counties, Hordaland and Rogaland. Business areas within advice and payroll/HR are also growing, and the company is experiencing good demand for these types of services. 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 48.3 million in the first half of 2019 (NOK 51.3 million) and made a pre-tax profit of NOK 11.6 million (NOK 17.7 million). The company has experienced good customer growth in the first half of the year, but lower margins reduced income and profits. The company has expanded its operations, which has increased costs in 2019. The assets under management at the end of the second quarter of 2019 amounted to NOK 12.7 billion (NOK 11.2 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 made a pre-tax profit of NOK 314.4 million in the first half of 2019 (NOK 178.7 million). Net interest income increased by NOK 62.9 million from the same period last year, while the positive effects of basis swaps amounted to NOK 50.5 million, compared with NOK 11.8 million in negative basis swap effects at the end of the first half of 2018. 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 second quarter of 2019, the company had issued covered bonds with a nominal value of NOK 60.9 billion (NOK 45.5 billion) and bought loans worth NOK 63.1 billion (NOK 47.5 billion) from SpareBank 1 SR-Bank ASA.

FinStart Nordic AS

The company made a pre-tax profit of NOK 10.3 million in the first half of 2019 (NOK 22.6 million). The lower result was due to higher costs as a result of operations starting up in spring 2018. In the first half of 2019, the company saw a positive increase in the value of securities of NOK 22.6 million (NOK 24.9 million). The entire increase in value came from the investment portfolio of the former SR-Investering AS. Costs increased by NOK 9.7 million to NOK 12.0 million due to the company now being 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 Utvikling DA, 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. SpareBank 1 SR-Bank ASA owned a 19.5% stake in SpareBank 1 Gruppen AS at the end of the second 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 made a pre-tax profit of NOK 1,434 million in the first half of 2019 (NOK 880 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. In the second quarter of 2019, the value of the properties in the life insurance company was written up by a substantial amount. The overall effect on the result was NOK 596 million, of which the group's share amounted to NOK 116 million. The write-up was a consequence of planned transactions in the property portfolio. To ensure the independence of the valuations, three external appraisals were obtained for each property and the property then written up to a weighted average of these valuations.

SpareBank 1 Utvikling DA

SpareBank 1 Utvikling 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 Utvikling DA at the end of the second 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 posted a pre-tax result of NOK -173 million for the first half of 2019 (NOK -7 million). The improved result was due to a NOK 50 million increase in net interest income and NOK 132 million in increased income from financial instruments. At the end of the second quarter of 2019, the company's total lending volume amounted to NOK 190.6 billion (NOK 182.9 billion), NOK 8.9 billion (NOK 14.1 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 second 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 made a pre-tax profit of NOK 38 million in the first half of 2019 (NOK 36 million). At the end of the second quarter of 2019, the company's total lending volume amounted to NOK 10.0 billion (NOK 9.8 billion). At the end of the second quarter of 2019, SpareBank 1 SR-Bank ASA had not sold any loans to SpareBank 1 Næringskreditt AS. The bank's stake in the company increased to 35.02% 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 made a pre-tax profit of NOK 205 million in the first half of 2019 (NOK 215 million). The lower result was due to the company recognising NOK 22 million in impairment losses on loans as income in the first half of 2018, while in the first half of 2019, NOK 19 million in impairment losses on loans were recognised as costs. Net interest income increased by NOK 46 million from the first half of 2018 to the first half of 2019, while costs increased by NOK 8.5 million in the same period. The bank is owned by the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank ASA's stake increased to 35.02% in the second quarter of 2019 in connection with an agreement on changing the ownership model 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 made a pre-tax profit of NOK 59 million in the first half of 2019 (NOK 87 million). The reduced result was due in part to NOK 15 million being recognised as income in connection with the sale in the first half of 2018 of a portfolio of established losses. The result in 2019 was also negatively impacted by lower fee income and higher funding costs due to higher interest rates.

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 posted a pre-tax result of NOK -24 million for the first half of 2019 (NOK -31 million). The negative profit share was due to its share of the operating loss in VBB AS.

Funding and liquidity

SpareBank 1 SR-Bank ASA had very good liquidity at the end of the first half 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 34.4 billion at the end of the second quarter of 2019 and would cover normal operations for 23 months in the event of closed markets. NOK 13.6 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 15.4 billion in residential mortgages ready for covered bond funding.

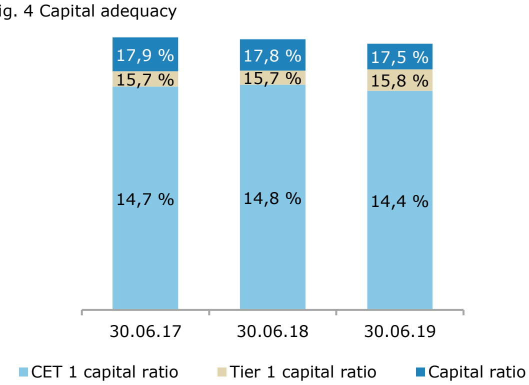
The group has continued to enjoy a high proportion of long-term funding in the last 12 months. The group's net stable funding ratio (NSFR)[5] was 121% at the end of the second quarter of 2019 (119%) and this confirms the group's good funding situation. The bank's ratings at Moody's and Fitch Ratings are A1 (outlook stable) and A- (outlook stable), respectively.

Capital adequacy

The common equity tier 1 capital ratio was 14.4% (14.8%) at the end of the second quarter of 2019.

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 lower than 80% of the capital requirement calculated in accordance with the Basel I regulations.

Fig. 4 Capital adequacy



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 at the end of 2019. On 25 June 2019, the Ministry of Finance sent out a consultation paper on adaptations to the requirements. These entail the systemic risk buffer requirement being increased from 3.0% to 4.5% from 31 December 2019 for IRB banks, as well as the introduction of floors for risk weightings for residential mortgages and loans for commercial property of 20% and 35%, respectively.

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 second quarter of 2019 indicate a positive effect of 2.0% for the common equity tier 1 capital ratio due to these two factors.

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 second 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 applied from 31 March 2019.

The total common equity tier 1 capital ratio requirement for SpareBank 1 SR-Bank ASA at the end of the second 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.

[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.

SpareBank 1 SR-Bank ASA has not been identified as a systemically important financial institution.

SpareBank 1 SR-Bank ASA's goal for the end of the second quarter of 2019 was to achieve a common equity tier 1 capital ratio of 14.6%, rising to 15.1% at the end of 2019. The target includes a 0.9-percentage point management buffer. Given the introduction of the SME discount, removal of the Basel 1 floor, and introduction of the Ministry of Finance's proposal regarding increasing the systemic risk buffer, SpareBank 1 SR-Bank's target for common equity tier 1 capital could become 16.6%.

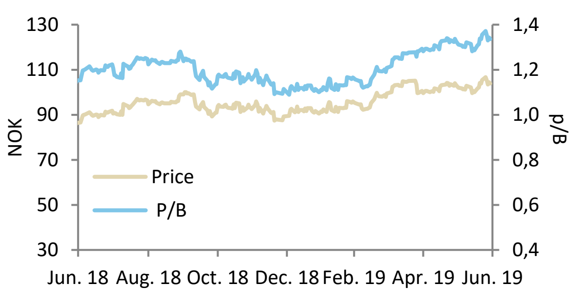
Given the proposed changes, SpareBank 1 SR-Bank ASA expects to achieve the authorities' capital requirements through ordinary operations.

The tier 1 capital ratio was 15.8% (15.7%), while the total capital ratio was 17.5% (17.8%) at the end of the second quarter of 2019. This is higher than the required capital adequacy of 17.2%.

The bank's share

The price of the bank's share (SRBANK) was NOK 103.90 at the end of the second quarter of 2019. This represents an increase of 9.0% from the end of the first quarter of 2019, corrected for paid dividends. The main Oslo Stock Exchange index rose by 0.2% in the same period. 5.3% of outstanding SRBANK shares were traded in the second quarter of 2019 (6.1%).

Fig 5, Development in Price/Book



There were 10,955 (10,997) shareholders of SRBANK at the end of the second quarter of 2019. The proportion owned by foreign companies and individuals was 28.7% (23.1%), while 43.0% (44.7%) were resident in Rogaland, the Agder counties and Hordaland. The 20 largest shareholders owned a combined total of 58.2% (57.8%) of the shares. The bank held 89,325 treasury shares, while group employees owned 1.5% (1.6%).

The table below shows the 20 largest shareholders as at 30 June 2019:

Table 8, 20 largest shareholders	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	72.419	28,3 %
Folketrygdfondet	19.891	7,8 %
State Street Bank and Trust Co, U.S.A.	11.567	4,5 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,4 %
Danske Invest Norske Instit. II	3.843	1,5 %
Vpf Nordea Norge Verdi	3.837	1,5 %
State Street Bank and Trust Co, U.S.A.	3.733	1,5 %
Odin Norge	3.341	1,3 %
JPMorgan Chase Bank N.A., U.S.A.	2.870	1,1 %
Pareto Aksje Norge	2.275	0,9 %
Clipper AS	2.211	0,9 %
J.P.Morgan Bank Luxembourg S.A.	2.185	0,9 %
Morgan Stanley & Co, U.K.	2.027	0,8 %
Verdipapirfondet Alfred Berg Gambak	1.992	0,8 %
JP Morgan Securities plc, Belgia	1.900	0,7 %
Verdipapirfondet DNB Norge (IV)	1.854	0,7 %
Danske Invest Norske Aksjer Inst.	1.808	0,7 %
KLP Aksjenorge Indeks	1.753	0,7 %
J.P.Morgan Bank Luxembourg S.A.	1.577	0,6 %
State Street Bank and Trust Co, U.S.A.	1.557	0,6 %
Total 20 largest	148.868	58,2 %

The group established a special share savings arrangement for the group's employees on 1 March 2019. All permanent employees have an opportunity to purchase shares for a specified savings amount, limited to a maximum of NOK 3,000 per employee per month, at a 30% discount and with a lock-in period of 2 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

No material events have been registered after 30 June 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 has raised its policy rate by 0.25 percentage points twice in 2019, on 21 March 2019 and 20 June 2019, respectively.

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 may 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's target for the common equity tier 1 capital ratio was 14.6% as at 31 March 2019, and is 15.1% by the end of 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 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 start-ups involved in development and innovation work, primarily aimed at the financial services industry, and help 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.

Stavanger, 7 August 2019
The Board of Directors of SpareBank 1 SR-Bank ASA

Income Statement

Parent bank						Note	Group				
2018	Q2 2018	Q2 2019	01.01.18 - 30.06.18	01.01.19 - 30.06.19	**Income statement (MNOK)**		01.01.19 - 30.06.19	01.01.18 - 30.06.18	Q2 2019	Q2 2018	2018
3.151	775	977	1.470	1.903	Interest income amortised cost		3.290	2.679	1.690	1.387	5.639
1.964	501	489	1.015	951	Interest income other		330	319	171	157	635
2.174	544	604	1.058	1.161	Interest expenses amortised cost		1.447	1.231	750	639	2.593
5	-2	43	9	77	Interest expenses other		267	125	143	63	242
2.936	734	819	1.418	**1.616**	**Net interest income**		**1.906**	1.642	968	842	3.439
1.002	246	261	517	492	Commission income		774	779	412	390	1.519
84	24	28	44	49	Commission expenses		51	45	29	24	87
8	4	2	5	3	Other operating income		2	4	1	4	5
926	226	235	478	**446**	**Net commission and other income**		**725**	738	384	370	1.437
11	0	8	11	27	Dividend income		27	12	8	1	12
619	609	406	609	1.023	Income from investment in associates		762	159	226	102	366
147	78	23	105	165	Net gains/losses on financial instruments	12	227	155	106	110	191
777	687	437	725	**1.215**	**Net income on financial investments**		**1.016**	326	340	213	569
4.639	1.647	1.491	2.621	**3.277**	**Total income**		**3.647**	2.706	1.692	1.425	5.445
968	245	270	487	523	Personnel expenses	13	701	645	357	326	1.297
468	118	122	228	241	Administrative expenses		271	255	137	132	518
284	72	72	142	147	Other operating costs		213	211	108	114	414
1.720	435	464	857	**911**	**Total operating costs**		**1.185**	1.111	602	572	2.229
2.919	1.212	1.027	1.764	**2.366**	**Operating profit before impairments**		**2.462**	1.595	1.090	853	3.216
322	95	-20	169	27	Impairments on loans and financial commitments	2 and 3	30	173	-19	99	324
2.597	1.117	1.047	1.595	**2.339**	**Pre-tax profit**	**11**	**2.432**	1.422	1.109	754	2.892
479	115	159	236	311	Tax expense		386	287	209	137	596
2.118	1.002	888	1.359	**2.028**	**Profit after tax**		**2.046**	1.135	900	617	2.296
2.113	1.001	878	1.357	2.014	Shareholders' share of the profit		2.032	1.133	890	616	2.291
5	1	10	2	14	Hybrid capital owners' share of the profit		14	2	10	1	5
2.118	1.002	888	1.359	**2.028**	**Profit after tax**		**2.046**	1.135	900	617	2.296
					Other comprehensive income						
231	-19	-26	68	-85	Unrecognised actuarial gains and losses		-85	68	-26	-19	240
-58	5	7	-17	21	Deferred tax concerning changed estimates/pension plan changes		21	-17	7	5	-60
-1	0	0	-1	0	Change in ECL[1] 12 months		0	0	0	0	0
0	0	0	0	0	Basisswap spread		18	-12	14	-12	-35
0	0	0	0	0	Deferred tax concerning basiswap spread		-5	3	-4	3	9
172	-14	-19	50	**-64**	**Total items not reclassified through profit or loss**		**-51**	42	-9	-23	154
0	0	0	0	0	Change in value of financial assets available for sale		0	0	0	0	0
0	0	0	0	0	Share of profit associated companies and joint ventures		-3	-1	1	-5	-5
0	0	0	0	**0**	**Total items reclassified through profit or loss**		**-3**	-1	1	-5	-5
172	-14	-19	50	**-64**	**Other comprehensive income**		**-54**	41	-8	-28	149
2.290	988	869	1.409	**1.964**	**Total comprehensive income**		**1.992**	1.176	892	589	2.445
					Earnings per share (group)		**8,00**	4,44	3,52	2,41	8,98

[1] ECL - Expected credit loss

Balance sheet

Parent bank				Note	Group		
31.12.18	**30.06.18**	**30.06.19**	**Balance sheet (MNOK)**		**30.06.19**	**30.06.18**	**31.12.18**
717	711	725	Cash and balances with central banks		725	711	717
5.069	4.278	5.028	Balances with credit institutions		3.417	4.279	1.696
132.338	130.334	134.497	Loans to customers	3, 7	197.319	177.586	190.878
27.815	31.948	32.860	Certificates and bonds		32.035	29.468	29.340
5.574	4.831	5.493	Financial derivatives	9	5.304	4.096	5.268
517	491	580	Shares, ownership stakes and other securities	16	976	748	868
2.099	2.485	2.704	Investment in associates		4.344	3.886	3.713
6.128	4.836	7.154	Investment in subsidiaries		0	0	0
634	1.563	1.115	Other assets	4	2.342	3.180	1.581
180.891	181.477	**190.156**	**Total assets**	11	**246.462**	223.954	234.061
3.201	3.874	3.000	Balances with credit institutions		1.387	2.375	1.433
99.119	106.049	102.854	Deposits from customers	6	102.693	105.824	98.814
48.113	44.486	52.984	Listed debt securities	10	111.086	87.407	103.485
6.234	3.174	5.967	Financial derivatives	9	3.636	2.640	3.889
1.671	2.402	1.540	Other liabilities	5	1.857	2.631	1.904
2.951	3.169	2.709	Subordinated loan capital	10	2.709	3.169	2.951
161.289	163.154	**169.054**	**Total liabilities**		**223.368**	204.046	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	0	0	Proposed dividend		0	0	1.151
550	150	1.250	Hybrid capital		1.250	150	550
9.920	8.833	9.843	Other equity		11.817	10.642	11.903
0	1.359	2.028	Profit/loss at period end		2.046	1.135	0
19.602	18.323	**21.102**	**Total equity**		**23.094**	19.908	21.585
180.891	181.477	**190.156**	**Total liabilities and equity**	11	**246.462**	223.954	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				2.046	2.046
Unrecognised actuarial gains and losses after tax				-64	-64
Basisswap spread after tax				13	13
Share of profit associated companies and joint ventures				-3	-3
Year's comprehensive income				1.992	1.992
Hybrid capital			700		700
Interest on hybridcapital				-14	-14
Adjusted equity in accosiated companies				-19	-19
Dividend 2018, resolved in 2019				-1.151	-1.151
Trade in treasury shares				1	1
Transactions with shareholders				-1.150	-1.150
Equity as at 30.06.2019	**6.394**	**1.587**	**1.250**	**13.863**	**23.094**

Cash flow statement

Parent bank				Group		
2018	01.01.18 - 30.06.18	01.01.19 - 30.06.19	**Cash flow statement**	01.01.19 - 30.06.19	01.01.18 - 30.06.18	2018
-1.651	241	-2.234	Change in gross lending to customers	-6.521	-6.424	-19.602
4.596	2.192	2.547	Interest receipts from lending to customers	3.335	2.703	5.774
3.484	10.414	3.735	Change in deposits from customers	3.879	10.440	3.430
-997	-223	-573	Interest payments on deposits from customers	-570	-226	-993
-4.717	-2.979	538	Change in receivables and deby from credit institutions	-1.063	-3.927	-910
-391	-228	-5	Interest on receivables and debt to financial institutions	-193	-417	-619
4.388	255	-5.045	Change in certificates and bonds	-2.695	2.441	2.569
458	224	264	Interest receipts from commercial paper and bonds	251	201	450
912	361	349	Commission receipts	622	623	1.416
-2	12	34	Capital gains from sale of trading	11	26	-2
-1.693	-733	-802	Payments for operations	-1.083	-919	-2.186
-393	-393	-779	Taxes paid	-896	-478	-487
1.375	-2.486	-908	Other accruals	-912	-1.370	1.547
5.369	6.657	**-2.879**	**A Net change in liquidity from operations**	**-5.835**	2.673	-9.613
-84	-11	-77	Investments in tangible fixed assets	-191	-124	-296
3	3	0	Receipts from sale of tangible fixed assets	0	3	3
-1.288	-51	-1.667	Change in long-term investments in equities	-647	-75	-93
348	0	17	Receipts from sales of long-term investments in equities	30	2	350
630	620	1.049	Dividends from long-term investments in equities	725	348	358
-391	561	**-678**	**B Net cash flow, investments**	**-83**	154	322
7.824	580	11.405	Debt raised by issuance of securities	18.914	5.187	22.535
-11.051	-5.783	-5.863	Repayments - issued securities	-10.706	-5.783	-11.051
-563	-451	-531	Interest payments on securities issued	-830	-667	-1.007
700	400	0	Additional subordinated loan capital issued	0	400	700
-500	0	-229	Repayments - additional capital instruments	-229	0	-500
-103	-17	-47	Interest payments on subordinated loans	-47	-17	-103
400	0	700	Increase in debt established by issuing hybrid capital	700	0	400
-6	-2	-21	Interest payments on debt established by issuing hybrid capita	-21	-2	-6
-1.087	-1.087	-1.151	Dividend to share holders	-1.151	-1.087	-1.087
-4.386	-6.360	**4.263**	**C Net cash flow, financing**	**6.630**	-1.969	9.881
592	858	**706**	**A+B+C Net cash flow during the period**	**712**	858	590
871	871	1.463	Cash and cash equivalents as at 1 January	1.463	873	873
1.463	1.729	2.169	Cash and cash equivalents as at 31 March	2.175	1.731	1.463
			Cash and cash equivalents specified			
717	711	725	Cash and balances with central banks	725	711	717
746	1.018	1.444	Balances with credit institutions	1.450	1.020	746
1.463	1.729	**2.169**	**Cash and cash equivalents**	**2.175**	1.731	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 - 30 June 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 - 30.06.18	01.01.19 - 30.06.19		01.01.19 - 30.06.19	01.01.18 - 30.06.18	01.01.18 - 31.12.18
-72	41	76	Change in impairments on loans	80	45	-69
-20	-2	-13	Change in impairments on financial commitments	-13	-2	-20
456	141	58	Actual loan losses on commitments	58	141	456
-2	3	5	Change in accrued interest	4	3	-3
1	0	0	Change in assets taken over for the period	0	0	1
-41	-14	-99	Recoveries on commitments previously written-off	-99	-14	-41
322	169	**27**	**The period's net impairments / (reversals) on loans and financial commitments**	**30**	173	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 30.06.2019
Impairments after amortised cost, corporate market	1.168	71	-13	1.226
Impairments after amortised cost, retail market	94	-2	0	92
Mortgages at FVOCI [1]	60	7	0	67
Total impairments on loans and financial commitments	1.322	76	-13	**1.385**
Presented as				
Impairments on loans	1.215	76		1.291
Financial commitments - impairments on guarantees, undrawn credit, loan commitments	107		-13	94
Total impairments on loans and financial commitments	1.322	76	-13	**1.385**

Parent Bank - 2018 Impairments on loans and financial commitments	01.01.2018			Total 30.06.2018
Impairments after amortised cost, corporate market	1.236	40	-2	1.274
Impairments after amortised cost, retail market	96	6	0	102
Mortgages at FVOCI [1]	82	-5		77
Total impairments on loans and financial commitments	1.414	41	-2	**1.453**
Presented as				
Impairments on loans	1.287	41		1.328
Financial commitments - impairments on guarantees, undrawn credit, loan commitments	127		-2	125
Total impairments on loans and financial commitments	1.414	41	-2	**1.453**

Group - 2019 Impairments on loans and financial commitments	01.01.2019	Changes in impairments on loans	Changes in impairments on financial commitment	Total 30.06.2019
Impairments after amortised cost, corporate market	1.168	72	-13	1.227
Impairments after amortised cost, retail market	166	8	0	174
Mortgages at FVOCI [1]	0			0
Total impairments on loans and financial commitments	1.334	80	-13	**1.401**
Presented as				
Impairments on loans	1.227	80		1.307
Financial commitments - impairments on guarantees, undrawn credit, loan commitments	107	0	-13	94
Total impairments on loans and financial commitments	1.334	80	-13	**1.401**

Group - 2018 Impairments on loans and financial commitments	01.01.2018			Total 30.06.2018
Impairments after amortised cost, corporate market	1.236	40	-2	1.274
Impairments after amortised cost, retail market	187	5	0	192
Mortgages at FVOCI [1]	0	0	0	0
Total impairments on loans and financial commitments	1.423	45	-2	**1.466**
Presented as				
Impairments on loans	1.296	45	0	1.341
Financial commitments - impairments on guarantees, undrawn credit, loan commitments	127	0	-2	125
Total impairments on loans and financial commitments	1.423	45	-2	**1.466**

[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 - 30.06.2019				01.01.2018 - 30.06.2018			
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 - 30.06.								
Transfer to (from) stage 1	-61	59	2	0	-77	62	15	0
Transfer to (from) stage 2	10	-30	20	0	8	-16	8	0
Transfer to (from) stage 3	0	0	0	0	0	4	-4	0
Net new measurement of impairments	63	-54	-4	5	89	-40	-19	30
New issued or purchased loan	41	15	1	57	40	9	3	52
Loans that have been derecognised	-27	-47	-7	-81	-17	-68	-18	-103
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	58	58	0	0	188	188
Actual loan losses on commitments for which provisions have been made	0	0	-40	-40	0	0	-119	-119
Changes to models/risk parameters	0	0	0	0	0	0	0	0
Other movements	0	0	77	77	0	0	-7	-7
Balance 30.06.	251	303	737	**1.291**	232	348	748	**1.328**

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 - 30.06.								
Transfer to (from) stage 1	-7	6	1	0	-7	7	0	0
Transfer to (from) stage 2	1	-2	1	0	0	0	0	0
Transfer to (from) stage 3	0	0	0	0	0	0	0	0
Net new measurement of impairments	1	-16	0	-15	1	0	-5	-4
New issued or purchased loan	9	1	0	10	14	2	0	16
Loans that have been derecognised	-4	-4	0	-8	-10	-4	0	-14
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 30.06.	31	42	21	**94**	40	75	10	**125**

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

Group Total impairments recognised on loans	01.01.2019 - 30.06.2019 Stage 1	Stage 2	Stage 3	Total	01.01.2018 - 30.06.2018 Stage 1	Stage 2	Stage 3	Total
Balance 01.01.	229	367	631	1.227	192	402	702	1.296
Changes 01.01 - 30.06.								
Transfer to (from) stage 1	-63	61	2	0	-78	64	14	0
Transfer to (from) stage 2	11	-31	20	0	8	-16	8	0
Transfer to (from) stage 3	0	0	0	0	0	4	-4	0
Net new measurement of impairments	64	-52	-4	8	91	-43	-18	30
New issued or purchased loan	43	16	2	61	41	10	0	51
Loans that have been derecognised	-29	-48	-7	-84	-18	-66	-14	-98
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	58	58	0	0	188	188
Actual loan losses on commitments for which provisions have been made	0	0	-40	-40	0	0	-119	-119
Changes to models/risk parameters	0	0	0	0	0	0	0	0
Other movements	0	0	77	77	0	0	-7	-7
Balance 30.06.	255	313	739	**1.307**	236	355	750	**1.341**

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 - 30.06.								
Transfer to (from) stage 1	-7	6	1	0	-7	7	0	0
Transfer to (from) stage 2	1	-2	1	0	0	0	0	0
Transfer to (from) stage 3	0	0	0	0	0	0	0	0
Net new measurement of impairments	1	-16	0	-15	1	0	-5	-4
New issued or purchased loan	9	1	0	10	14	2	0	16
Loans that have been derecognised	-4	-4	0	-8	-10	-4	0	-14
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 30.06.	31	42	21	**94**	40	75	10	**125**

Note 4 Other assets

Parent bank				Group		
31.12.18	**30.06.18**	**30.06.19**		**30.06.19**	**30.06.18**	**31.12.18**
0	0	0	Intangible assets	138	95	95
303	291	344	Tangible fixed assets	947	651	798
0	0	295	Leases receivables	404	0	0
6	13	103	Income earned but not received	112	13	6
33	144	19	Prepaid expences	29	156	43
1	1	1	Over funding of pension liabilities	1	1	1
200	200	200	Capital contribution SR-Pensjonskasse	200	200	200
1	754	4	Unsettled trades	4	1.514	1
90	160	149	Other assets	507	550	437
634	1.563	**1.115**	**Total other assets**	**2.342**	3.180	1.581

Note 5 Other liabilities

Parent bank				Group		
31.12.18	30.06.18	30.06.19		30.06.19	30.06.18	31.12.18
163	293	223	Accrued expenses and prepaid revenue	297	438	246
146	432	143	Deferred tax	123	414	124
164	321	253	Pension liabilities	264	340	175
107	125	94	Impairments on financial commitments	94	125	107
779	215	287	Taxes payable	365	271	896
0	758	0	Unsettled trades	0	758	0
0	0	297	Lease liabilities	406	0	0
312	258	243	Other liabilities	308	285	356
1.671	2.402	**1.540**	**Total other liabilities**	**1.857**	2.631	1.904

Note 6 Customer deposits

Parent bank				Group		
31.12.18	30.06.18	30.06.19		30.06.19	30.06.18	31.12.18
485	441	316	Fishing/Fish farming	316	441	485
1.176	985	1.037	Industry	1.037	985	1.176
1.173	1.235	1.237	Agriculture/forestry	1.237	1.235	1.173
9.951	9.096	11.252	Service industry	11.091	8.871	9.646
2.289	2.142	2.109	Retail trade, hotels and restaurants	2.109	2.142	2.289
1.169	1.093	1.004	Energy, oil and gas	1.004	1.093	1.169
1.534	1.473	1.351	Building and construction	1.351	1.473	1.534
492	460	539	Power and water supply/	539	460	492
6.862	7.411	6.886	Real estate	6.886	7.411	6.862
2.203	2.093	2.053	Shipping and other transport	2.053	2.093	2.203
26.135	32.287	25.527	Public sector and financial services	25.527	32.287	26.135
53.469	58.716	**53.311**	**Total corporate sector**	**53.150**	58.491	53.164
45.650	47.333	**49.543**	**Retail customers**	**49.543**	47.333	45.650
99.119	106.049	**102.854**	**Deposits from customers**	**102.693**	105.824	98.814

Note 7 Loans and other financial commitments to customers

Parent bank				Group		
31.12.18	30.06.18	30.06.19	Gross loans to customers by industry [1]	30.06.19	30.06.18	31.12.18
1.704	989	1.745	Fishing/Fish farming	1.750	991	1.709
2.937	2.979	3.039	Industry	3.057	2.991	2.951
5.001	4.792	4.952	Agriculture/forestry	5.140	4.943	5.183
11.842	10.256	11.513	Service industry	11.628	10.249	11.943
3.021	2.882	3.172	Retail trade, hotels and restaurants	3.277	2.964	3.111
3.098	3.413	3.528	Energy, oil and gas	3.528	3.415	3.098
3.695	4.009	3.941	Building and construction	4.092	4.110	3.833
683	581	759	Power and water supply	759	581	683
31.643	29.657	33.310	Real estate	33.324	29.667	31.657
12.064	10.942	12.824	Shipping and other transport	12.943	11.021	12.162
1.896	1.963	2.508	Public sector and financial services	2.508	1.963	1.896
77.584	72.463	**81.291**	**Total corporate sector**	**82.004**	72.895	78.226
55.959	59.187	**54.486**	**Retail customers**	**116.622**	106.032	113.879
133.543	131.650	**135.777**	**Gross loans**	**198.626**	178.927	192.105
-1.215	-1.328	-1.291	- Impairments after amortised cost	-1.307	-1.341	-1.227
10	12	11	- Mortgages at FVOCI [3]	0	0	0
132.338	130.334	**134.497**	**Loans to customers**	**197.319**	177.586	190.878
			Financial commitments [2]			
9.566	10.301	10.082	Guarantees customers	10.157	10.369	9.627
18.166	19.074	17.574	Unused credit lines for customers	23.485	23.314	23.152
6.072	6.574	7.913	Approved loan commitments	7.913	6.574	6.072
33.804	35.949	**35.569**	**Total financial commitments**	**41.555**	40.257	38.851
			Other guarantees issued and liabilities			
1.560	5.000	3.110	Unused credit lines for financial institutions	0	0	0
588	589	589	Guarantees other	589	589	588
20	22	6	Letters of credit	6	22	20
2.168	5.611	**3.705**	**Total other guarantees issued and liabilities**	**595**	611	608

[1] 30.06.2018 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, 30.06.2019	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans 30.06.2019
Fishing/Fish farming	1.722	-4	-1	-10	23	1.730
Industry	2.977	-12	-26	-14	62	2.987
Agriculture/forestry	2.835	-2	-3	-4	2.117	4.943
Service industry	10.961	-52	-75	-68	552	11.318
Retail trade, hotels and restaurants	2.974	-17	-37	-8	198	3.110
Energy, oil and gas	3.528	-14	-29	-95	0	3.390
Building and construction	3.660	-11	-22	-14	281	3.894
Power and water supply	753	-1	-1	0	6	757
Real estate	33.054	-74	-58	-51	256	33.127
Shipping and other transport	12.705	-22	-22	-371	119	12.409
Public sector and financial services	2.508	0	0	0	0	2.508
Total corporate sector	77.677	-209	-274	-635	3.614	**80.173**
Retail customers	6.290	-42	-29	-102	48.196	**54.313**
Mortgages at FVOCI [2)]	11	0	0	0	0	11
Loans to customers	83.978	-251	-303	-737	51.810	**134.497**

Parent Bank - 2018	Gross loans at amortised cost, 30.06.2018	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans 30.06.2018
Fishing/Fish farming	959	-2	-1	0	30	986
Industry	2.895	-11	-18	-31	84	2.919
Agriculture/forestry	2.651	-2	-5	-5	2.141	4.780
Service industry	9.635	-53	-67	-54	622	10.083
Retail trade, hotels and restaurants	2.623	-13	-24	-14	259	2.831
Energy, oil and gas	3.413	-12	-59	-95	0	3.247
Building and construction	3.662	-12	-7	-8	347	3.982
Power and water supply	576	-2	0	0	5	579
Real estate	29.332	-73	-86	-133	325	29.365
Shipping and other transport	10.790	-17	-46	-297	151	10.581
Public sector and financial services	1.963	0	0	0	0	1.963
Total corporate sector	68.499	-197	-313	-637	3.964	**71.316**
Retail customers	6.137	-35	-35	-111	53.050	**59.006**
Mortgages at FVOCI [2)]	12	0	0	0	0	12
Loans to customers	74.648	-232	-348	-748	57.014	**130.334**

Group - 2019	Gross loans at amortised cost, 30.06.2019	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans 30.06.2019
Fishing/Fish farming	1.746	-3	-1	-10	4	1.736
Industry	3.055	-12	-27	-14	2	3.004
Agriculture/forestry	4.417	-2	-3	-4	723	5.131
Service industry	11.536	-52	-75	-68	92	11.433
Retail trade, hotels and restaurants	3.251	-17	-37	-9	26	3.214
Energy, oil and gas	3.528	-14	-29	-95	0	3.390
Building and construction	4.061	-11	-22	-14	31	4.045
Power and water supply	757	-1	-1	0	2	757
Real estate	33.164	-74	-58	-51	160	33.141
Shipping and other transport	12.928	-22	-22	-371	15	12.528
Public sector and financial services	2.508	0	0	0	0	2.508
Total corporate sector	80.949	-208	-275	-636	1.055	**80.885**
Retail customers	109.328	-47	-38	-103	7.294	**116.434**
Loans to customers	190.277	-255	-313	-739	8.349	**197.319**

1) 30.06.2018 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, 30.06.2018**	**Stage 1**	**Stage 2**	**Stage 3**	**Loans at fair value**	**Net loans 30.06.2018**
Fishing/Fish farming	986	-2	-1	0	5	988
Industry	2.989	-11	-17	-31	2	2.932
Agriculture/forestry	4.248	-2	-5	-4	695	4.932
Service industry	10.154	-53	-66	-56	94	10.073
Retail trade, hotels and restaurants	2.940	-13	-25	-14	24	2.912
Energy, oil and gas	3.415	-12	-59	-95	0	3.249
Building and construction	4.089	-12	-8	-8	21	4.082
Power and water supply	579	-2	0	0	2	579
Real estate	29.470	-73	-86	-133	197	29.375
Shipping and other transport	11.010	-17	-46	-297	12	10.662
Public sector and financial services	1.963	0	0	0	0	1.963
Total corporate sector	71.843	-197	-313	-638	1.052	**71.747**
Retail customers	99.793	-39	-42	-112	6.239	**105.839**
Loans to customers	171.636	-236	-355	-750	7.291	**177.586**

[1] 30.06.2018 are changed due to updated source of data

	01.01.2019 - 30.06.2019				**01.01.2018 - 30.06.2018**			
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	-2.320	2.248	72	0	-2.270	2.157	113	0
Transfer to (from) stage 2	2.178	-2.269	91	0	2.003	-2.049	46	0
Transfer to (from) stage 3	15	11	-26	0	5	73	-78	0
Net increase/(decrease) balance existing loans	3.030	390	117	3.537	-1.168	800	127	-241
Originated or purchased during the period	26.323	573	13	26.909	21.463	225	26	21.714
Loans that have been derecognised	-25.870	-2.077	-265	-28.212	-18.204	-4.083	573	-21.714
Gross loans 30.06.	122.539	11.111	2.127	**135.777**	117.488	11.363	2.799	**131.650**
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	3.201	-1.452	16	1.765	3.460	-427	71	3.104
Financial commitments 30.06.	32.176	2.576	817	**35.569**	31.231	4.553	165	**35.949**

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	-3.110	3.030	80	0	-2.617	2.503	114	0
Transfer to (from) stage 2	2.657	-2.750	93	0	2.407	-2.464	57	0
Transfer to (from) stage 3	16	10	-26	0	5	73	-78	0
Net increase/(decrease) balance existing loans	1.694	415	117	2.226	-416	830	127	541
Originated or purchased during the period	38.921	915	16	39.852	35.204	1.071	341	36.616
Loans that have been derecognised	-32.903	-2.384	-270	-35.557	-26.173	-4.870	259	-30.784
Gross loans 30.06.	182.958	13.525	2.143	**198.626**	163.031	13.080	2.816	**178.927**
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	4.107	-1.419	16	2.704	3.144	-443	71	2.772
Financial commitments 30.06.	37.932	2.805	818	**41.555**	34.502	4.685	166	**39.353**

[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 30 June 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	**30.06.18**	**30.06.19**		**30.06.19**	**30.06.18**	**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	0	0	Allocated to dividend	0	0	1.151
550	150	1.250	Hybrid capital	1.250	150	550
9.920	8.833	9.843	Other equity	11.817	10.642	11.903
	1.359	2.028	Profit for the period	2.046	1.135	
19.602	18.323	**21.102**	**Total book equity**	**23.094**	19.908	21.585
			Tier 1 capital			
0	0	0	Deferred taxes, goodwill and other intangible assets	-155	-114	-114
-1.151	0	0	Deduction for allocated dividends	0	0	-1.151
-242	-211	-226	Deduction for expected losses on IRB, net of write-downs	-322	-266	-334
-550	-150	-1.250	Hybrid capital that cannot be included in common equity tier 1 capital	-1.250	-150	-550
0	-680	-1.014	Profit for the period that cannot be included in total Tier 1 capital	-1.023	-567	0
0	0	0	Deduction for common equity Tier 1 capital in essential investments in financial institutions	-44	0	0
	0	-164	Deduction for common equity Tier 1 capital in not essential investments in financial institutions	-161	0	
-39	-39	-43	Value adjustment due to requirements concerning proper valuation	-42	-42	-39
17.473	17.243	**18.405**	**Total Common equity Tier 1 capital**	**20.097**	18.769	19.268
550	150	1.250	Hybrid capital	1.413	392	677
798	798	558	Tier 1 capital instruments	558	798	798
18.821	18.191	**20.213**	**Total Tier 1 capital**	**22.068**	19.959	20.743
			Tier 2 capital			
2.097	2.296	2.097	Term subordinated loan capital	2.392	2.655	2.338
-43	-43	-43	Deduction for essential investments in financial institutions	-43	-43	-43
2.054	2.253	**2.054**	**Total Tier 2 capital**	**2.349**	2.612	2.295
20.875	20.444	**22.267**	**Net primary capital**	**24.417**	22.571	23.038

Note 8 Capital adequacy (continued)

Parent bank				Group		
31.12.18	**30.06.18**	**30.06.19**	**Credit risk Basel II**	**30.06.19**	**30.06.18**	**31.12.18**
23.695	20.792	22.361	SME	22.368	20.794	23.699
23.108	23.736	23.464	Specialised enterprises	25.422	24.844	24.477
7.956	8.093	6.691	Other corporations	6.771	8.209	8.023
1.092	1.070	1.064	Mass market SME	1.354	1.277	1.334
14.518	14.678	14.330	Mass market - mortgage on real estate	29.859	27.176	28.592
2.098	2.196	2.131	Other mass market	2.193	2.254	2.153
9.641	9.605	11.028	Equity positions	0	0	0
82.108	80.170	**81.069**	**Total credit and counterparty risk IRB**	**87.967**	84.554	88.278
28	48	14	States and central banks	21	48	35
19	159	16	Local and regional authorities, state-owned enterprises	119	240	93
2.050	1.719	1.827	Institutions	1.592	1.651	1.368
8.439	8.763	9.104	Enterprises	9.534	9.295	9.661
2.514	1.964	2.916	Mass market	3.719	2.701	3.264
0	0	0	Mass market - mortgage on real estate	1.545	1.362	1.226
1.992	2.183	2.420	Covered bonds	2.582	2.162	2.218
5.029	4.029	6.029	Equity positions	5.342	4.981	5.196
796	860	1.198	Other assets	2.464	1.759	1.789
20.867	19.725	**23.524**	**Total credit and counterparty risk standard method**	**26.918**	24.199	24.850
570	420	181	Credit value adjustment risk (CVA)	583	789	891
5.968	5.968	6.534	Operational risk	8.757	7.937	7.902
0	0	0	Transitional scheme	15.320	9.347	8.948
109.513	106.283	**111.308**	**Risk weighted balance**	**139.545**	126.826	130.869
4.928	4.783	5.009	Minimum requirement for common equtiy Tier 1 capital ratio 4,5 %	6.280	5.707	5.889
			Buffer requirement			
2.738	2.657	2.783	Capital conservation buffer 2,5 %	3.489	3.171	3.272
3.285	3.188	3.339	Systemic risk buffer 3 %	4.186	3.805	3.926
2.190	2.126	2.226	Countercyclical capital buffer 2,0 %	2.791	2.537	2.617
8.213	7.971	8.348	Total buffer requirement to common equity Tier 1 capital ratio	10.466	9.512	9.815
4.331	4.489	5.048	Available common equity Tier 1 capital ratio after buffer requirement	3.352	3.550	3.564
19,06 %	19,24 %	20,00 %	Capital ratio	17,50 %	17,80 %	17,60 %
17,19 %	17,12 %	18,16 %	Tier 1 capital ratio	15,81 %	15,74 %	15,85 %
1,88 %	2,12 %	1,85 %	Tier 2 capital ratio	1,68 %	2,06 %	1,75 %
15,96 %	16,22 %	16,54 %	Common equity Tier 1 capital ratio	14,40 %	14,80 %	14,72 %
19,06 %	19,24 %	20,00 %	Capital ratio, IRB	19,66 %	19,21 %	18,90 %
17,19 %	17,12 %	18,16 %	Tier 1 capital ratio, IRB	17,76 %	16,99 %	17,01 %
15,96 %	16,22 %	16,54 %	Common equity Tier 1 capital ratio, IRB	16,18 %	15,98 %	15,80 %
9,74 %	9,43 %	9,97 %	Leverage Ratio	7,64 %	7,49 %	7,68 %

Note 9 Financial derivatives

Group

At fair value through profit and loss	Contract amount 30.06.19	Fair value at 30.06.19 Assets	Liabilities
Currency instruments			
Currency futures (forwards)	4.495	107	44
Currency swaps	30.171	228	270
Currency swaps (basis swaps)	37.426	189	123
Currency swaps (basis swaps hedging)	2.652	-16	19
Total currency instruments	**74.744**	**508**	**456**
Interest rate instruments			
Interest rate swaps	51.309	577	882
Other interest rate contracts	56	0	0
Total interest rate instruments	**51.365**	**577**	**882**
Interest rate instruments, hedging			
Interest rate swaps	79.682	2.793	47
Total interest rate instruments, hedging	**79.682**	**2.793**	**47**
Security			
Security		1.426	2.251
Totalt security		**1.426**	**2.251**
Total currency and interest rate instruments			
Total currency instruments	74.744	508	456
Total interest rate instruments	131.047	3.370	929
Total collateral		1.426	2.251
Total financial derivatives	**205.791**	**5.304**	**3.636**

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 30.06.19	Issued/ sale own 2019	Past due/ redeemed 2019	FX rate- and other changes 2019	31.12.18
Other long-term borrowing	2.366			-54	2.420
Bonds and certificates, nominal value	105.675	18.914	-10.706	-1.595	99.062
Adjustments and accrued interests	3.045			1.042	2.003
Total debt raised through securities issued	**111.086**	18.914	-10.706	-607	103.485

Change in additional Tier 1 and Tier 2 capital instruments	Balance as at 30.06.19	Issued/ sale own 2019	Past due/ redeemed 2019	FX rate- and other changes 2019	31.12.18
Term subordinated loan capital, nominal value	2.109	0	0	-13	2.122
Tier 1 capital instruments, nominal value	571	0	-188	0	800
Adjustments and accrued interests	29			0	29
Total additional Tier 1 and Tier 2 capital instruments	**2.709**	0	-188	-13	2.951

The nominal value of the net outstanding covered bonds in SR-Boligkreditt is NOK 60.9 billion as of 30 June 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 - 30.06.19							
Income statement (MNOK)	**Retail Market**	**Corporate Market**	**Capital Market**	**Staff/ Support**	**Eiendoms-Megler 1**	**Other activities**	**Elimi-nations**	**Total**
Interest income	1.063	1.261	42	1.306	2	2	-56	3.620
Interest expense	273	322	28	1.143	0	5	-57	1.714
Net interest income [1)]	**790**	**939**	**14**	**163**	**2**	**-3**	**1**	**1.906**
Commission income	298	177	-1	18	206	116	-40	774
Commission expenses	35	13	0	22	0	18	-37	51
Other operating income	0	0	0	3	0	6	-7	2
Net commission and other income	**263**	**164**	**-1**	**-1**	**206**	**104**	**-10**	**725**
Dividend income	0	0	0	27	0	0	0	27
Income from investment in associates	0	2	0	1.021	0	0	-261	762
Net gains/losses on financial instruments	3	0	53	161	0	16	-6	227
Net income on investment securities	**3**	**2**	**53**	**1.209**	**0**	**16**	**-267**	**1.016**
Personnel expenses	183	93	24	222	114	67	-2	701
Administrative expenses	39	10	5	187	22	8	0	271
Other operating expenses	47	17	2	82	53	22	-10	213
Total operating expenses	**269**	**120**	**31**	**491**	**189**	**97**	**-12**	**1.185**
Operating profit before losses	**787**	**985**	**35**	**880**	**19**	**20**	**-264**	**2.462**
Impairments on loans and financial commitments	22	8	0	0	0	0	0	30
Pre-tax profit	**765**	**977**	**35**	**880**	**19**	**20**	**-264**	**2.432**
Net interest income								
External net interest income	790	939	14	163	2	2	-4	1.906
Internal net interest income	0	0	0	0	0	5	-5	0
Net interest income	**790**	**939**	**14**	**163**	**2**	**7**	**-9**	**1.906**
Balance sheet (MNOK)								
Loans to customers	120.721	74.705	198	3.260	0	0	-270	198.614
Impairments on loans	-176	-1.131	0	0	0	0	0	-1.307
Certificates/bonds/financial derivatives	0	0	2.544	40.070	0	11	-5.286	37.339
Other assets	-1.989	3.307	1.122	16.417	187	1.540	-8.768	11.816
Total assets	**118.556**	**76.881**	**3.864**	**59.747**	**187**	**1.551**	**-14.324**	**246.462**
				0				
Deposits from customers	54.765	48.348	21	-279	0	0	-162	102.693
Other debt and equity [1)]	3.599	27.182	3.763	121.755	187	1.551	-14.268	143.769
Total debt and equity	**58.364**	**75.530**	**3.784**	**121.476**	**187**	**1.551**	**-14.430**	**246.462**
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**8.887**	**0**						**8.887**

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

Note 11 Segment reporting (continued)

	SpareBank 1 SR-Bank Group 01.01.18 - 30.06.18							
Income statement (MNOK)	**Retail Market**	**Corporate Market**	**Capital Market**	**Staff/ Support**	**Eiendoms-Megler 1**	**Other activities**	**Elimi-nations**	**Total**
Interest income	1.008	1.041	57	911	1	1	-21	2.998
Interest expense	225	284	40	824	0	3	-20	1.356
Net interest income [1)]	**783**	**757**	**17**	**87**	**1**	**-2**	**-1**	**1.642**
Commission income	321	187	7	2	189	107	-34	779
Commission expenses	23	12	3	22	0	19	-34	45
Other operating income	0	0	0	5	0	0	-1	4
Net commission and other income	**298**	**175**	**4**	**-15**	**189**	**88**	**-1**	**738**
Dividend income	0	0	0	11	0	0	1	12
Income from investment in associates	0	25	0	583	0	0	-449	159
Net gains/losses on financial instruments	3	-13	66	24	0	28	47	155
Net income on investment securities	**3**	**12**	**66**	**618**	**0**	**28**	**-401**	**326**
Personnel expenses	160	82	22	222	108	52	-1	645
Administrative expenses	36	8	6	179	20	5	1	255
Other operating expenses	49	18	2	75	50	23	-6	211
Total operating expenses	**245**	**108**	**30**	**476**	**178**	**80**	**-6**	**1.111**
Operating profit before losses	**839**	**836**	**57**	**214**	**12**	**34**	**-397**	**1.595**
Impairments on loans and financial commitments	7	166	0	0	0	0	0	173
Pre-tax profit	**832**	**670**	**57**	**214**	**12**	**34**	**-397**	**1.422**
Net interest income								
External net interest income	783	757	17	87	1	1	-4	1.642
Internal net interest income	0	0	0	0	0	-3	3	0
Net interest income	**783**	**757**	**17**	**87**	**1**	**-2**	**-1**	**1.642**
Balance sheet (MNOK) [2)]								
Loans to customers	110.342	66.213	223	2.406	0	0	-257	178.927
Individual loss provisions	-182	-1.147	0	0	0	0	-12	-1.341
Certificates/bonds/financial derivatives	0	0	2.714	34.614	0	11	-3.775	33.564
Other assets	-1.086	2.306	-120	15.543	176	1.109	-5.124	12.804
Total assets	**109.074**	**67.372**	**2.817**	**52.563**	**176**	**1.120**	**-9.168**	**223.954**
Deposits from customers	52.516	52.811	11	710	0	0	-224	105.824
Other debt and equity [1)]	56.558	14.561	2.806	51.853	176	1.120	-8.944	118.130
Total debt and equity	**109.074**	**67.372**	**2.817**	**52.563**	**176**	**1.120**	**-9.168**	**223.954**
Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**14.097**	**450**						**14.547**

Note 12 Net income/losses from financial instruments

Parent bank				Group		
2018	01.01.18 - 30.06.18	01.01.19 - 30.06.19		01.01.19 - 30.06.19	01.01.18 - 30.06.18	2018
-2	-40	45	Net gains/losses on equity instruments	81	24	91
-231	-115	7	Net gains/lossses for bonds and certificates	-15	-122	-249
151	100	34	Net derivatives bonds and certificates	34	100	151
74	74	0	Net derivatives equity instruments	0	72	72
0	0	1	Net counterparty risk, inclusive of CVA	1	0	0
15	7	1	Net derivatives other assets	1	7	15
10	10	1	Net derivatives liabilities	24	-1	14
-11	-15	8	Net derivatives basis swap spread	40	-15	-38
141	84	68	Net gain currency	61	90	135
147	105	**165**	**Net income/losses from financial instruments**	**227**	155	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:

Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Parent bank and group
2,50 %	2,70 %	2,60 %	2,30 %	2,20 %	Discount rate
2,50 %	2,70 %	2,60 %	2,30 %	2,20 %	Expected return on assets
2,50 %	2,50 %	2,75 %	2,75 %	2,75 %	Forecast salary increase
2,25 %	2,25 %	2,50 %	2,50 %	2,50 %	National Insurance scheme's basic amount
2,00 %	2,00 %	0,80 %	0,80 %	0,80 %	Pension adjustment
1,60 %	1,60 %	0,80 %	0,80 %	0,80 %	Paid-up policy adjustment

Change in pension obligations (NOK million):

Parent bank						Group				
2018	Q2 2018	Q2 2019	01.01.18 - 30.06.18	01.01.19 - 30.06.19		01.01.19 - 30.06.19	01.01.18 - 30.06.18	Q2 2019	Q2 2018	2018
383	300	225	383	164	Net obligations opening balance	175	402	236	319	402
-260	0	26	0	114	Actuarial liabilities and losses recognised in comprehensive income	114	0	26	0	-269
17	19	3	-68	6	Net pension cost	7	-68	4	19	18
0	4	0	9	0	Company contributions	0	9	0	4	0
-5	0	-1	0	-2	Payments from operations	-3	0	-2	0	-5
29	-2	0	-3	-29	Upper limit for capitalisation of the asset	-29	-3	0	-2	29
164	321	**253**	321	**253**	**Net pension obligations closing balance**	**264**	340	**264**	340	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 3.7 years at the end of the second quarter of 2019. The total LCR was 154 % at the end of the secondt quarter, and the average total LCR was 165 % in the quarter. The LCR in NOK and EUR at the end of the quarter was 74 % and 599 %, respectively.

Note 16 Information about fair value

Group

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

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

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

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

Fair value 30.06.2019	Level 1	Level 2	Level 3	**Total**
Assets				
Net lending to customers [1]			8.349	**8.349**
Commercial paper and bonds at fair value	17.189	8.535		**25.724**
Financial derivatives		5.304		**5.304**
Equities, units and other equity interests	463	27	486	**976**
Liabilities				
Financial derivatives		3.636		**3.636**

No transfers between levels 1 and 2

[1] Net lending to customers in parent bank, level 3 51.810

Note 16 Information about fair value (continued)

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

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	446
Additions	730	21
Disposals	-610	-13
Transferred from or to measurement according to prices in an active market or observable market data		
Change in value [1]	-11	32
Balance 30.06.2019	**8.349**	**486**
Nominal value/cost price	8.244	325
Fair value adjustment	105	161
Balance 30.06.2019	**8.349**	**486**

[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 30.06.2019	Fair value 30.06.2019
Assets		
Cash and balances with central banks	725	725
Balances with credit institutions [1)]	3.417	3.417
Loans to customers [1)]	188.970	188.970
Certificates and bond held to maturity	6.311	6.338
Total assets at amortised cost	**199.423**	**199.450**
Liabilities		
Balances with credit institutions [1)]	1.387	1.387
Deposits from customers [1)]	102.693	102.693
Listed debt securities	111.086	111.464
Subordinated loan capital	2.709	2.591
Total liabilities at amortised cost	**217.875**	**218.135**

[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	**Q2 2019**	**01.01.19 - 30.06.19**		**01.01.19 - 30.06.19**	**Q2 2019**	**01.01.19**
			Balance			
293	297	297	Lease liabilities	386	386	390
293	295	295	Right-of-use-asset	406	390	390
			Income Statement			
	8	14	Depreciations	19	10	
	2	5	Interests	8	5	
	10	**19**	**Total**	**27**	**15**	
			Effects of IFRS 16			
	8	16	Reduction in operating costs pursuant to IAS 17	21	10	
	10	19	Increase in costs pursuant to IFRS 16	25	13	
	-2	**-3**	**Changes to pre-tax profit**	**-4**	**-3**	
			Right-of-use-asset			
293	287	293	Right-of-use-asset	390	386	390
	16	16	New Leases in the period	33	28	
	8	14	Depreciations	19	10	
293	**295**	**295**	**Total balance**	**404**	**404**	390

Note 18 Events after the balance sheet date

No events that have influence on the prepared interim financial statements have been registered after 30 June 2019.

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

Statement by the Board of Directors and Chief Executive Officer

We hereby confirm that the half-year financial statements for the period 1 January to 30 June 2019 have, to the best of our knowledge, been prepared pursuant to IAS 34 Interim Financial Reporting and that the information provided presents a true and fair picture of the company's and the group's assets, liabilities, financial positions and profit as a whole.

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

Stavanger, 7 august 2019
The Board of Directors of SpareBank 1 SR-Bank ASA

Dag Mejdell (Chair)	Kate Henriksen	Birthe Cecilie Lepsøe
Therese Log Bergjord	Jan Steffen Skogseth	Tor Dahle
	Sally Lund-Andersen (Employee representative)	Kristian Kristensen (Employee representative)
		Arne Austreid (Chief Executive Officer)

Quarterly income statement

SpareBank 1 SR-Bank Group, MNOK	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**
Interest income	1.861	1.759	1.690	1.586	1.544	1.454	1.463	1.455	1.437
Interest expense	893	821	764	715	702	654	644	635	653
Net interest income	**968**	**938**	**926**	**871**	**842**	**800**	**819**	**820**	**784**
Commission income	412	362	370	370	390	389	384	407	417
Commission expenses	29	22	20	22	24	21	19	22	19
Other operating income	1	1	0	1	4	0	2	1	2
Net commission and other income	**384**	**341**	**350**	**349**	**370**	**368**	**367**	**386**	**400**
Dividend income	8	19	0	0	1	11	0	2	4
Income from investment in associates	226	536	113	94	102	57	154	127	81
Net gains/losses on financial instrument	106	121	-45	81	110	45	50	69	58
Net income on financial investments	**340**	**676**	**68**	**175**	**213**	**113**	**204**	**198**	**143**
Total income	**1.692**	**1.955**	**1.344**	**1.395**	**1.425**	**1.281**	**1.390**	**1.404**	**1.327**
Personnel expenses	357	344	330	322	326	319	333	312	312
Administrative expenses	137	134	137	126	132	123	128	111	127
Other operating costs	108	105	109	94	114	97	109	107	109
Total operating cost	**602**	**583**	**576**	**542**	**572**	**539**	**570**	**530**	**548**
Operating profit before impairments	**1.090**	**1.372**	**768**	**853**	**853**	**742**	**820**	**874**	**779**
Impairments on loans and financial commitments	-19	49	92	59	99	74	120	124	131
Pre-tax profit	**1.109**	**1.323**	**676**	**794**	**754**	**668**	**700**	**750**	**648**
Tax expense	209	177	149	160	137	150	141	140	134
Profit after tax	**900**	**1.146**	**527**	**634**	**617**	**518**	**559**	**610**	**514**
Profitability									
Return on equity per quarter [1]	16,2 %	21,2 %	10,1 %	12,6 %	12,3 %	10,3 %	11,4 %	12,9 %	11,0 %
Return on equity per quarter, excl. merger effects [1]	16,6 %								
Cost percentage [1]	35,6 %	29,8 %	42,9 %	38,9 %	40,1 %	42,1 %	41,0 %	37,7 %	41,3 %
Combined weighted total average spread for lending and deposits [1]	1,58 %	1,60 %	1,59 %	1,53 %	1,52 %	1,50 %	1,50 %	1,54 %	1,52 %
Balance sheet figures from quarterly accounts									
Gross loans to customers	198.626	196.468	192.105	183.014	178.927	174.280	172.554	167.105	164.958
Gross loans to customers including SB1 BK and SB1 NK [2]	207.513	205.406	201.399	196.445	193.474	188.912	187.137	185.150	184.317
Growth in loans over last 12 months [1]	11,0 %	12,7 %	11,3 %	9,5 %	8,5 %	9,0 %	9,5 %	6,2 %	5,2 %
Growth in loans incl SB1 BK and SB1 NK [1] [2]	7,3 %	8,7 %	7,6 %	6,1 %	5,0 %	3,1 %	2,6 %	1,2 %	0,5 %
Deposits from customers	102.693	98.991	98.814	100.320	105.824	99.626	95.384	98.602	99.758
Growth in deposits over last 12 months [1]	-3,0 %	-0,6 %	3,6 %	1,7 %	6,1 %	7,0 %	11,0 %	13,0 %	11,3 %
Total assets	246.462	241.926	234.061	226.023	223.954	217.370	216.618	215.309	212.879
Average total assets	245.009	237.959	231.062	225.472	221.838	215.940	217.202	211.111	207.389
Impairments on loans and financial commitments									
Impairment ratio, annualized [1]	-0,04 %	0,10 %	0,20 %	0,13 %	0,22 %	0,17 %	0,28 %	0,30 %	0,32 %
Impairment ratio, including loans SB1 BK and SB1 NK [1] [2]	-0,04 %	0,10 %	0,18 %	0,12 %	0,21 %	0,16 %	0,26 %	0,27 %	0,29 %

[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)

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 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)]	1,49 %	1,46 %	1,53 %	1,56 %	1,67 %				
Loans and financial commitments in Stage 3 in % of gross loans, including loans SB1 BK and SB1 NK [1) 2)]	1,43 %	1,40 %	1,46 %	1,45 %	1,54 %				
Loans and financial commitments in Stage 2 in % of gross loans [1)]	8,22 %	8,25 %	9,64 %	10,49 %	9,93 %				
Loans and financial commitments in Stage 2 in % of gross loans, including loans SB1 BK og SB1 NK [1) 2)]	7,87 %	7,89 %	9,19 %	9,77 %	9,18 %				
Non-performing commitments as a percentage of gross loans [1)]						0,00 %	0,32 %	0,49 %	0,50 %
Non-performing commitments as a percentage of gross loans, including loans SB1 BK and SB1 NK [1) 2)]						0,00 %	0,30 %	0,45 %	0,45 %
Other doubtful commitments as a percentage of gross loans [1)]						0,00 %	0,91 %	0,81 %	0,84 %
Other doubtful commitments as a percentage of gross loans, including loans SB1 BK and SB1 NK [1) 2)]						0,00 %	0,83 %	0,73 %	0,76 %
Solidity									
Common equity Tier 1 capital ratio	14,4 %	14,7 %	14,7 %	14,7 %	14,8 %	15,0 %	15,1 %	14,8 %	14,7 %
Tier 1 capital ratio	15,8 %	16,0 %	15,9 %	16,0 %	15,7 %	16,0 %	16,0 %	15,8 %	15,7 %
Capital ratio	17,5 %	17,7 %	17,6 %	17,8 %	17,8 %	18,1 %	17,9 %	17,7 %	17,9 %
Tier 1 capital	22.068	21.475	20.743	20.613	19.959	19.645	19.278	19.214	18.938
Net primary capital	24.417	23.759	23.038	23.026	22.571	22.257	21.489	21.515	21.623
Risk weighted balance	139.545	134.649	130.869	129.216	126.826	122.786	120.160	121.818	120.683
Leverage ratio	7,6 %	7,7 %	7,7 %	7,7 %	7,5 %	7,4 %	7,4 %	7,2 %	7,2 %
Liquidity									
Liquidity Coverage Ratio (LCR) [4)]	154 %	172 %	167 %	151 %	157 %	177 %	168 %	212 %	212 %
Deposit-to-loan ratio [1)]	51,7 %	50,4 %	51,4 %	54,8 %	59,1 %	57,2 %	55,3 %	59,0 %	60,5 %
Deposit-to-loan ratio, incl loans SB1 BK and NK [1) 2)]	49,5 %	48,2 %	49,1 %	51,1 %	54,7 %	52,7 %	51,0 %	53,3 %	54,1 %
Branches and staff									
Number of branches	34	35	36	36	36	36	36	36	36
Number of man-years	1.228	1.192	1.178	1.176	1.153	1.156	1.142	1.148	1.120
Number of man-years including temps	1.322	1.256	1.251	1.266	1.230	1.200	1.218	1.225	1.181
SpareBank 1 SR-Bank share									
Market price at end of quarter	103,90	99,40	89,20	99,00	86,40	86,20	87,00	85,75	71,50
Market capitalisation	26.573	25.422	22.813	25.319	22.097	22.046	22.250	21.931	18.286
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)]	85,44	86,55	82,27	80,02	77,28	79,24	77,24	75,07	72,72
Earnings per share, NOK (annualised)	3,52	4,48	2,06	2,48	2,41	2,03	2,18	2,39	2,01
Price/earnings per share [1)]	7,38	5,54	10,81	9,98	8,96	10,62	9,98	8,97	8,89
Price / Book equity (group) [1)]	1,22	1,15	1,08	1,24	1,12	1,09	1,13	1,14	0,98
Annualised turnover rate in quarter [5)]	5,3 %	5,3 %	8,4 %	6,1 %	6,1 %	5,3 %	4,7 %	4,2 %	8,6 %
Effective return [6)]	9,1 %	11,4 %	-9,9 %	14,6 %	5,2 %	-0,9 %	1,5 %	19,9 %	14,8 %

[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

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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