

A stylized logo for the first quarter, featuring a large 'Q' with a blue segment on its right side and a large blue '1' to its right.

First Quarter 2020



# Disclaimer

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

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

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

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





- **Introduction to SpareBank 1 SR-Bank ASA**
- Financials
- Solvency and liquidity position
- Appendix



# SR-Bank at a glance

- Second largest Norwegian bank
- Market cap: NOK 15.1 Billion
- Total assets: NOK 255.9 Billion
- Total lending: NOK 216.4 Billion
- Total deposits: NOK 105.5 Billion
- No. of branches: 33
- Employees: 1.336

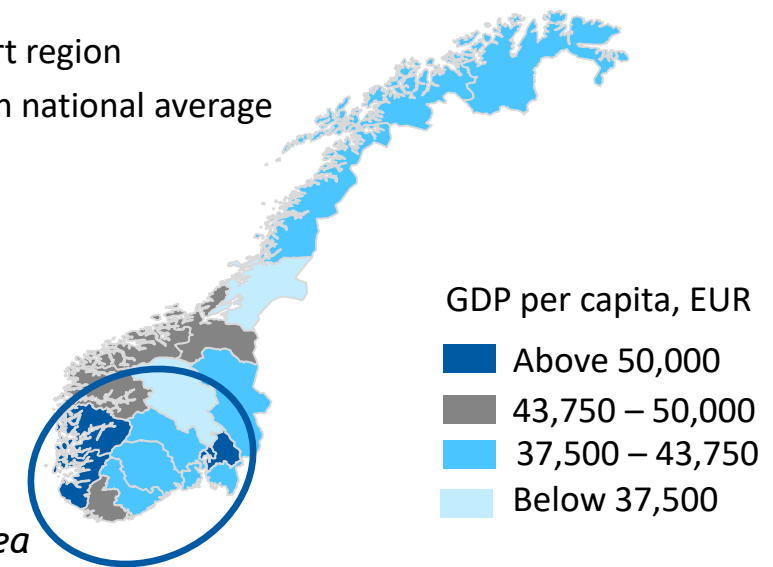


- **1839:** The first bank that today forms part of SpareBank 1 SR-Bank was established.
- **1976:** 24 savings banks merge to form Sparebanken Rogaland.
- **1994:** SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange.
- **1996:** SR-Bank is one of the founders of SpareBank 1, an alliance.
- **2012:** SpareBank 1 SR-Bank converted from a savings bank to a public limited company (“limited liability savings bank”).

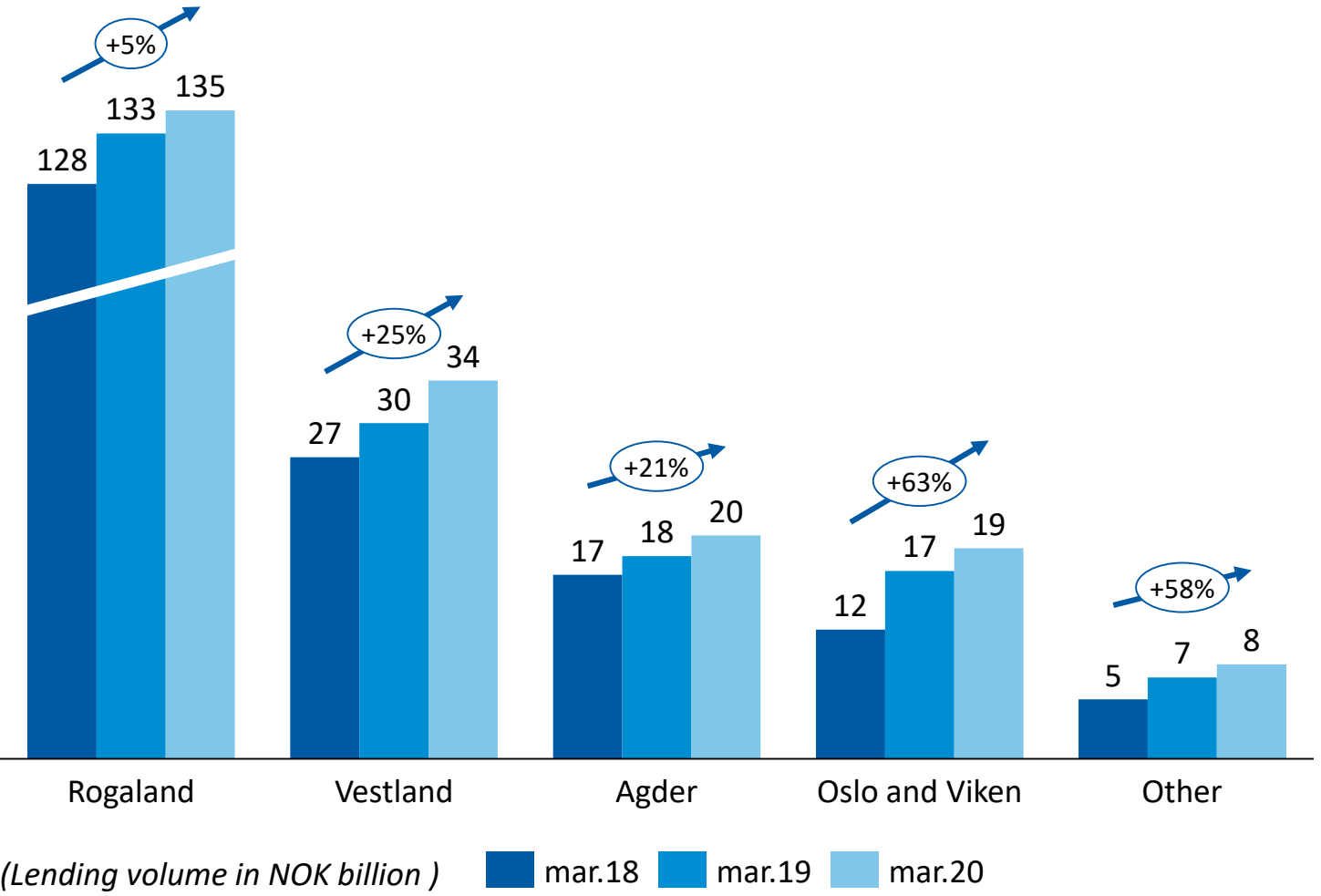
Source: Finans Norge (2018), Statistics Norway, Norges Bank.

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

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



# Digitalization and growth makes SR-Bank a finance group for the South of Norway



Based on the new structure of counties in Norway from 1 January 2020.



# SpareBank 1 SR-Bank ASA

Business divisions	Fully owned companies		Partly owned companies	
<b>Capital Market</b> Number of man-years: 25	<b>EiendomsMegler 1</b> Leading real estate broker Number of man-years: 198	<b>SR-Boligkreditt</b> Covered Bond Funding Number of man-years: 1	<b>BN Bank**</b> (35.0%) Commercial bank located in Oslo and Trondheim	<b>SpareBank 1 Gruppen</b> (19.5%) Holding company for the SpareBank 1 - Alliance
<b>Retail Market</b> Number of man-years: 478	<b>SR-Forvaltning</b> Asset management Number of man-years: 12	<b>FinStart Nordic*</b> A start-up factory for new ideas Number of man-years: 20	<b>SpareBank 1 Boligkreditt</b> (2.2%) Covered bond company (mortgages)	<b>SpareBank 1 Næringskreditt</b> (15.6%) Covered bond company (commercial real estate)
<b>Corporate Market</b> Number of man-years: 153	<b>SpareBank 1 Regnskapshuset SR</b> Accounting and advisory Number of man-years: 143	<b>Monner</b> Digital loan-platform for small businesses Number of man-years: 15	<b>SpareBank 1 Kredittkort</b> (17.8%) Credit card company located in Trondheim	<b>SpareBank 1 Betaling***</b> (19.8%) The company behind mobile payment solution
<b>Administration &amp; Support</b> Number of man-years: 291				

\* Number of man-years in FinStart Nordic includes man-years in subsidiaries.

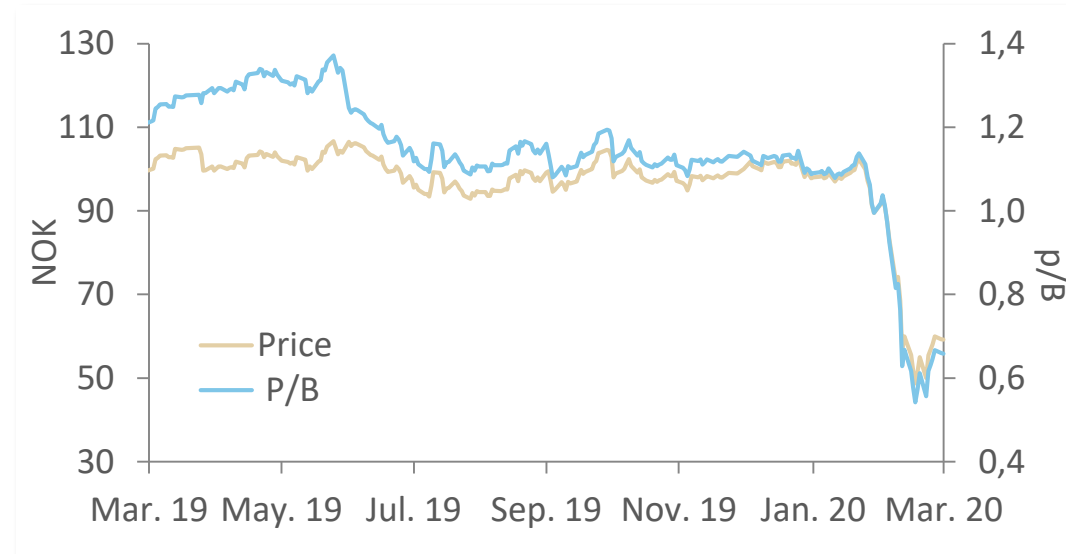
\*\*The stake increased to 35% in the second quarter of 2019 in connection with an agreement on changing the ownership model in BN Bank ASA.

\*\*\*Owns 22% in VBB AS.

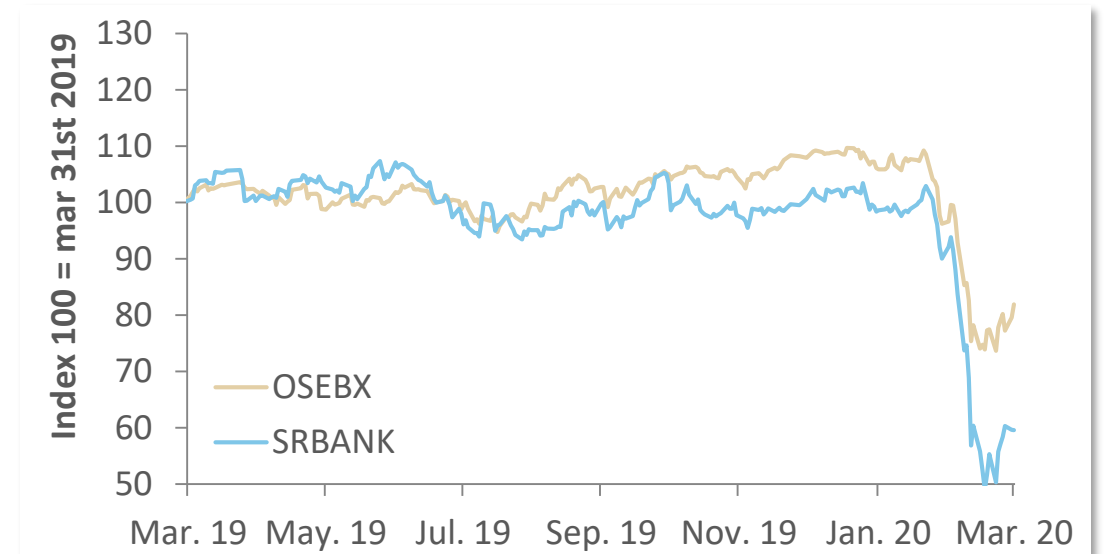
# SRBANK share

- International ownership is 25.8% per 1. quarter 2020.
- Total market value at 1. quarter 2020 is NOK 15.1 billion.

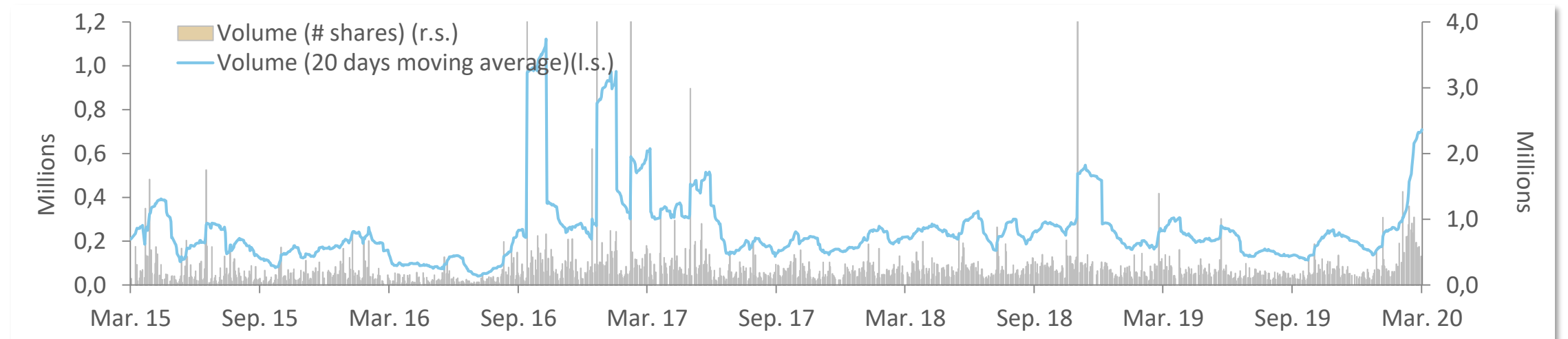
Development in Price/Book



Relativ share price development



Trading volume development



## 20 largest shareholders as at 31 March 2020

	Investor	Number	Stake	
<ul style="list-style-type: none"> <li>Ownership interests as at 31 March 2020:                             <ul style="list-style-type: none"> <li>From Rogaland, Agder and Vestland: 43.4% (43.5%)</li> <li>International: 25.8% (27.7%)</li> <li>10 largest: 51.7% (50.7%)</li> <li>20 largest: 58.7% (58.4%)</li> </ul> </li> <li>Number of shareholders 31.03.2020: 11.948 (10.853)</li> <li>Employees owning 1.6% (1.5%) as at 31 March 2020</li> </ul>	Sparebankstiftelsen SR-Bank	72.419.305	28,3%	
	Folketrygdfondet	19.952.361	7,8%	
	State Street Bank and Trust Co, U.S.A.	Nominee	13.972.058	5,5%
	SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
	Vpf Nordea Norge Verdi		4.921.465	1,9%
	Danske Invest Norske Instit. II		3.681.729	1,4%
	Odin Norge		3.309.248	1,3%
	JPMorgan Chase Bank N.A., U.S.A.	Nominee	2.898.345	1,1%
	Pareto Aksje Norge		2.651.199	1,0%
	Clipper AS		2.211.000	0,9%
	Morgan Stanley & Co Int. Plc.	Nominee	2.026.597	0,8%
	Verdipapirfondet Alfred Berg Gambak		1.916.707	0,7%
	State Street Bank and Trust Co, U.S.A.	Nominee	1.824.596	0,7%
	Westco AS		1.799.187	0,7%
	KLP Aksjenorge Indeks		1.792.853	0,7%
	Pareto Invest AS		1.789.509	0,7%
	Arctic Funds plc, Irland		1.769.038	0,7%
	Verdipapirfondet Alfred Berg Norge		1.741.511	0,7%
	Forsvarets Personellservice		1.599.656	0,6%
	Danske Invest Norske Aksjer Inst.		1.557.703	0,6%
	Top 5	117.491.772	45,9%	
	Top 10	132.243.293	51,7%	
	Top 20	150.060.650	58,7%	

Figures in parentheses as at 31.03.2019.



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# Good underlying operations and strengthened solidity, but results marked by impairments and reduced financial income

3.4%

**Return on equity after tax Q1 2020**

Pre-tax profit is NOK 247 million

42.3%

**Cost to income Q1 2020**

41.5% excluding income on investment securities

**NOK 560 million**

**Impairments on gross lending Q1 2020**

Impairments on loans and financial commitments equivalent 1.05% (annualized)

5.3%

**12 months lending growth**

Of which retail market 5.3% and corporate market 5.6%

6.6%

**12 months deposit growth**

Of which retail market 8.4% and corporate market 4.5%

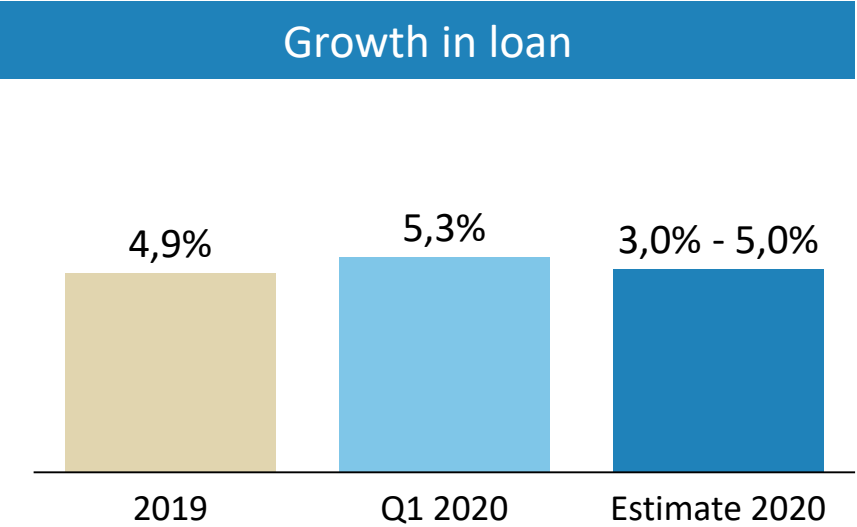
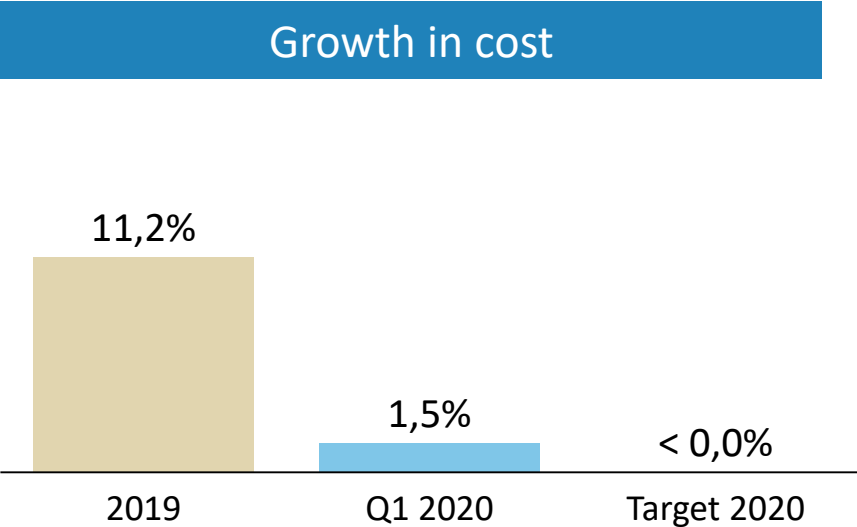
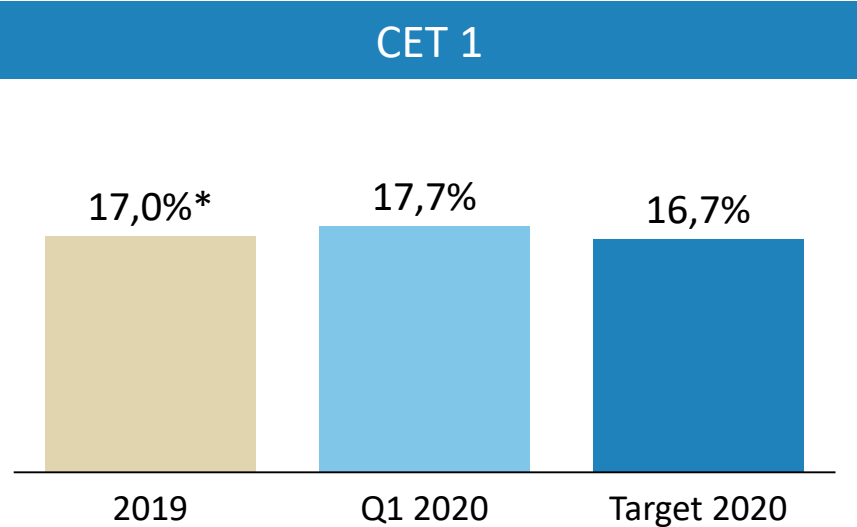
17.7%\*

**Common equity tier 1 capital ratio**

*\*On 23 April 2020, the annual general meeting approved the board's proposal that no dividend be paid out for 2019. At the same meeting, the board was authorised to make a decision about the distribution of a dividend, at some later point in time, of up to NOK 5.50 per share based on the bank's approved annual financial statements for 2019. The authorisation will remain valid until the next ordinary general meeting in 2021.*



# Key figures and financial targets for 2020

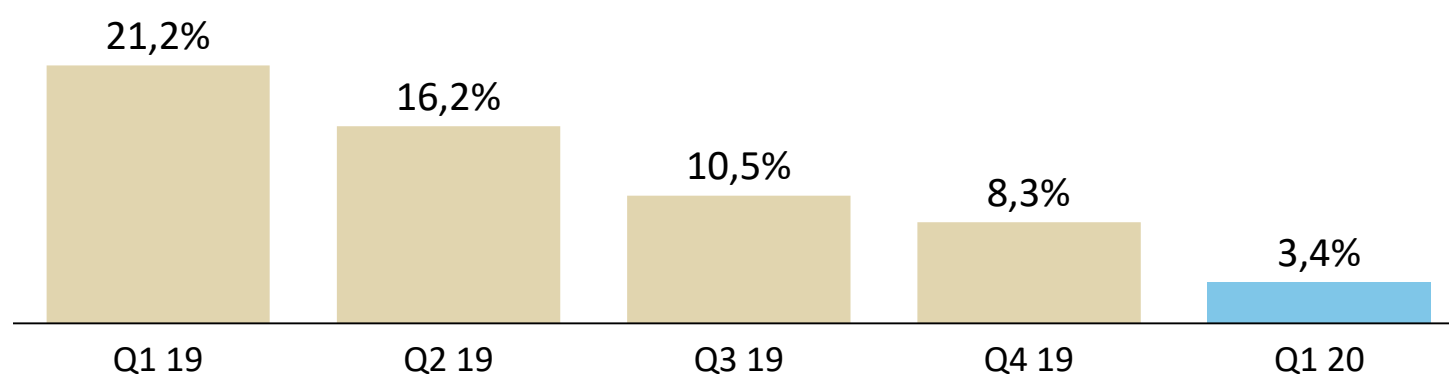


\*The EU's capital adequacy regulations (CRR/CRD IV) came into force on 31 December 2019. These entail, among other things, a reduction in the capital requirements for loans to small and medium-sized enterprises (SME) and the elimination of the so-called Basel I floor.

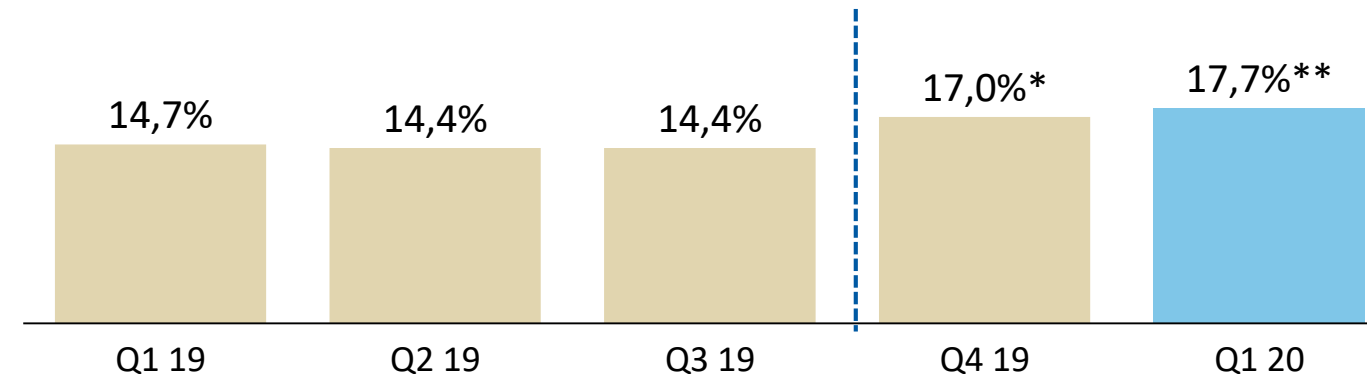


# Key figures – quarterly development

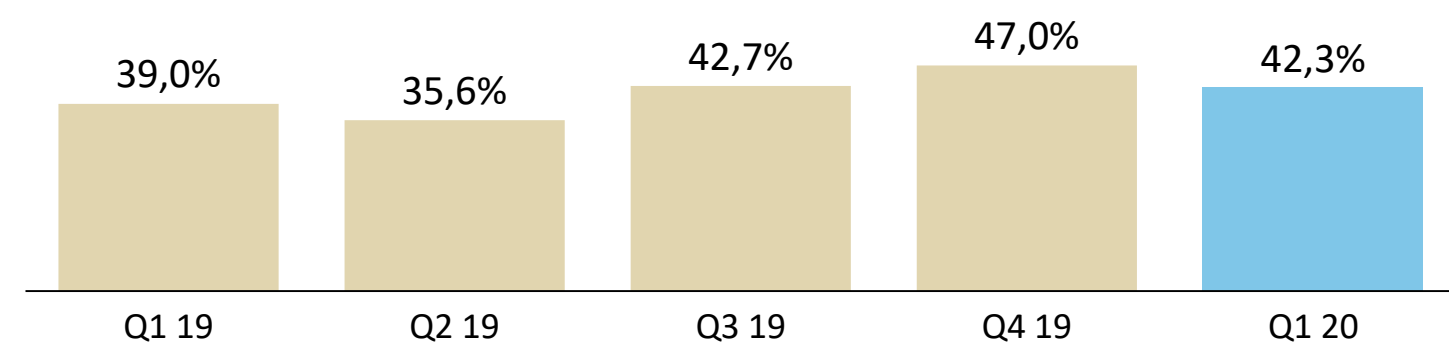
Return on equity



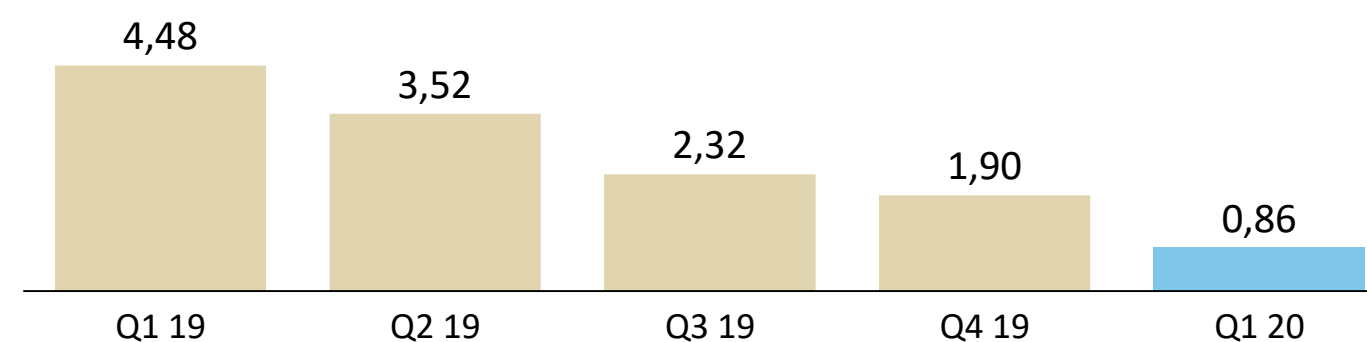
CET 1



Cost ratio



Earnings per share



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# Key figures

	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19
Return on equity after tax (%)	3,4	8,3	10,5	16,2	21,2
Net interest margin (%)	1,64	1,64	1,61	1,58	1,60
Impairments on loans in % of gross loans incl. covered bond companies	1,05	0,26	0,13	-0,04	0,10
Loans and financial commitments in Stage 3 in % of gross loans incl. covered bond companies	1,67	1,53	1,55	1,43	1,40
Cost to Income ratio	42,3	47,0	42,7	35,6	29,8
Annual growth in loans to customers, gross incl. covered bond companies (%)	5,3	4,9	6,8	7,3	8,7
Annual growth in deposit from customers (%)	6,6	4,3	1,9	-3,0	-0,6
Total assets (BNOK)	278,6	255,9	251,6	246,5	241,9
Portfolio of loans in covered bond companies (BNOK)	4,2	4,2	6,3	8,9	9,0
Risk weighted assets (BNOK)*	125,8	121,7	141,7	139,5	134,7
Liquidity Coverage Ratio (LCR) (%)	135	155	153	154	172
Earnings per share (NOK)	0,86	1,9	2,32	3,52	4,48
Book value per share (NOK)	90,55	89,90	87,60	85,44	86,55

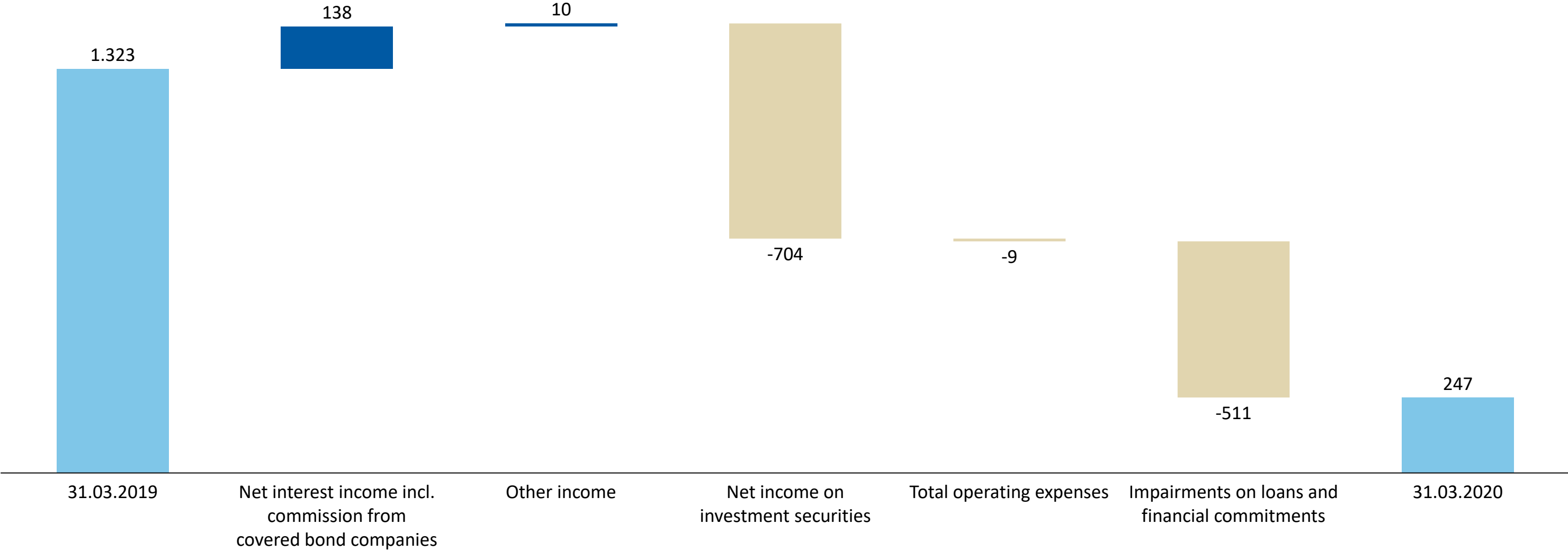
\*The EU's capital adequacy regulations (CRR/CRD IV) came into force on 31 December 2019 and resulted in a 'fracture' in the historical RWA figures.

# Income statement

Group Income Statement (MNOK)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net interest income	1.081	1.062	1.019	968	938
Net commission and other income	346	359	332	384	341
Net income on investment securities	-28	22	89	340	676
<b>Total income</b>	<b>1.399</b>	<b>1.443</b>	<b>1.440</b>	<b>1.692</b>	<b>1.955</b>
<b>Total operating expenses</b>	<b>592</b>	<b>678</b>	<b>615</b>	<b>602</b>	<b>583</b>
Operating profit before impairments	807	765	825	1.090	1.372
Impairments on loans and financial commitments	560	139	66	-19	49
<b>Operating profit before tax</b>	<b>247</b>	<b>626</b>	<b>759</b>	<b>1.109</b>	<b>1.323</b>
Tax expense	26	141	166	209	177
<b>Net profit</b>	<b>221</b>	<b>485</b>	<b>593</b>	<b>900</b>	<b>1.146</b>

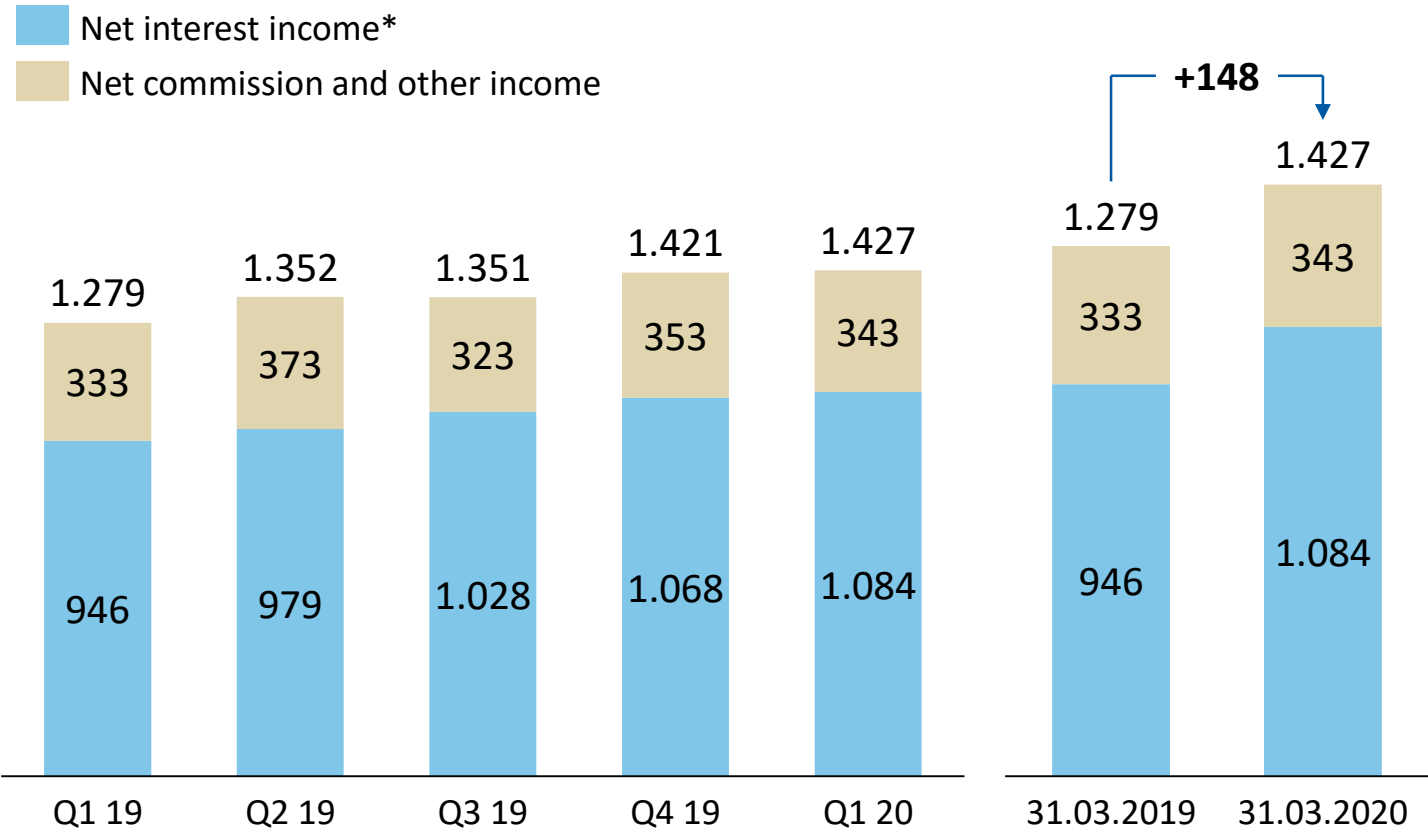


# Change in profit 31.03.2019 – 31.03.2020

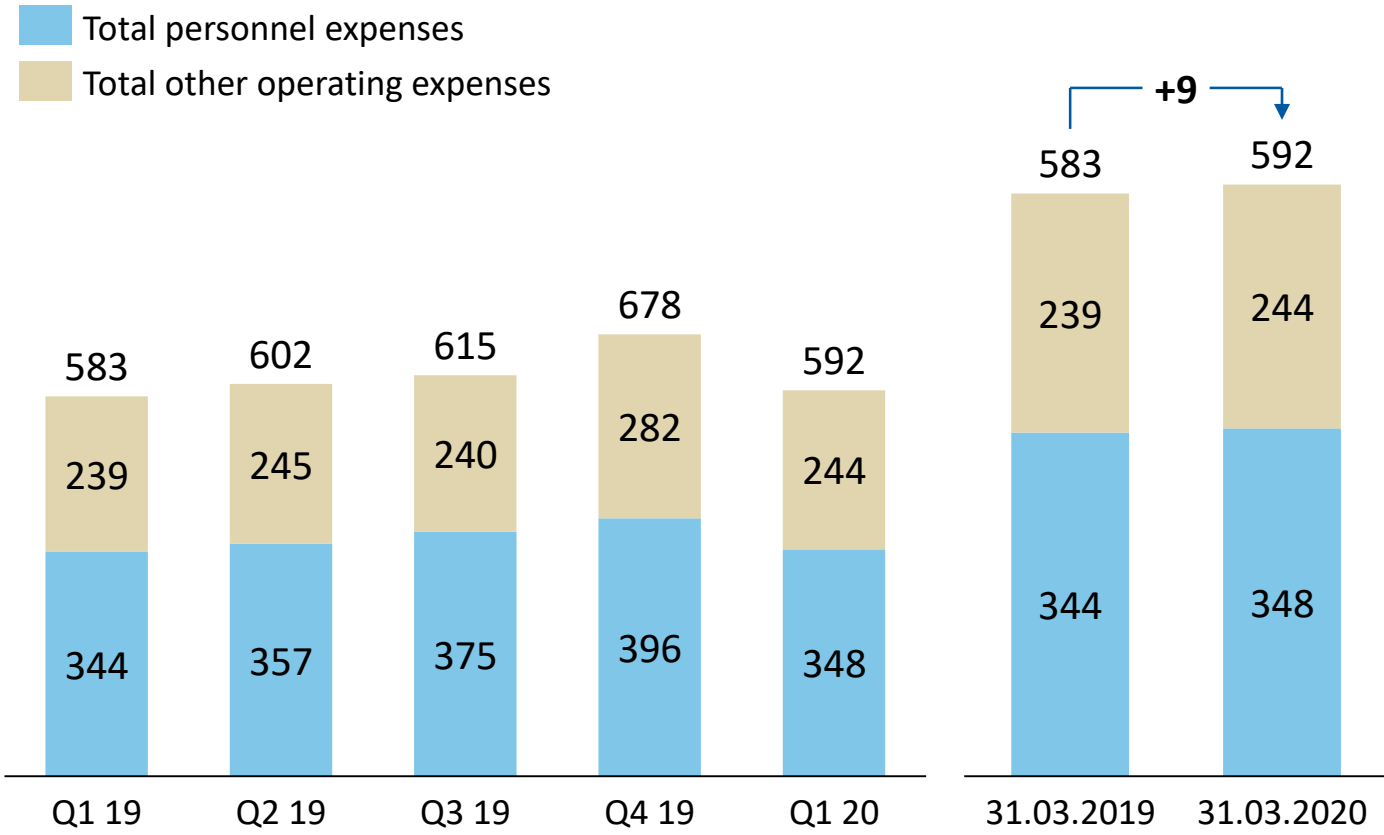


# Consolidated income and cost profile

## Income profile



## Cost profile

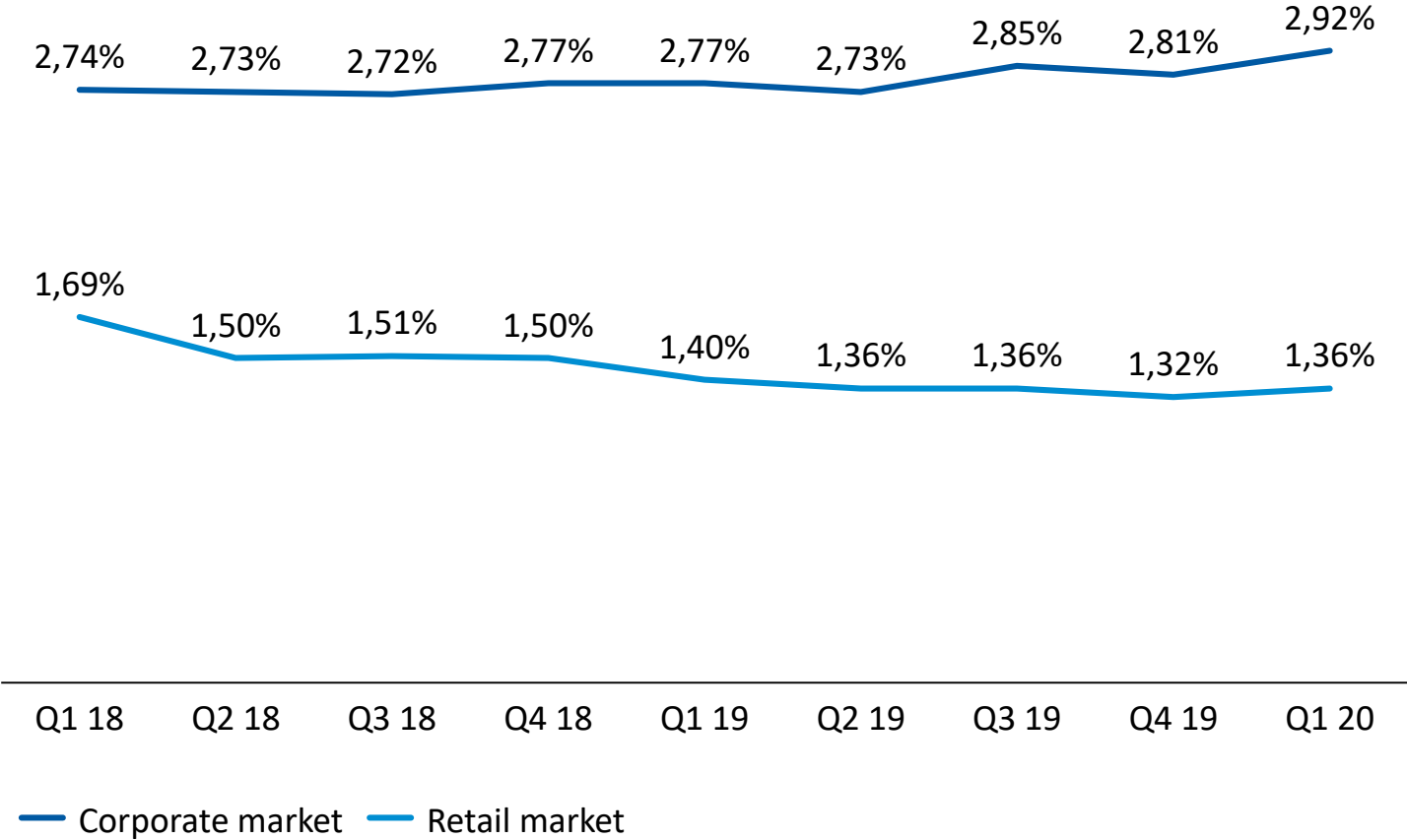


\*Income profile consists of net interest income, incl. commission income from covered bond companies, and net commission and other income excl. financial income.

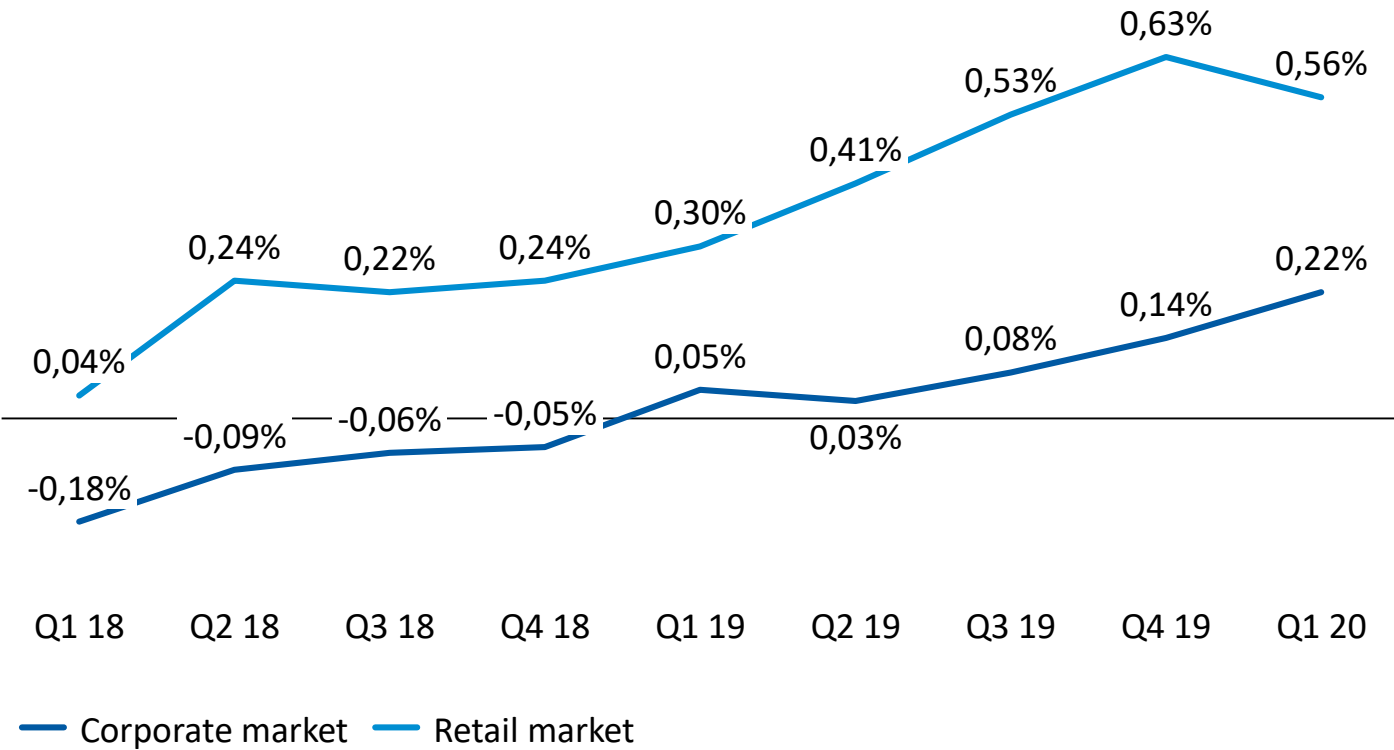


# Lending and deposit margins

Lending margins\*



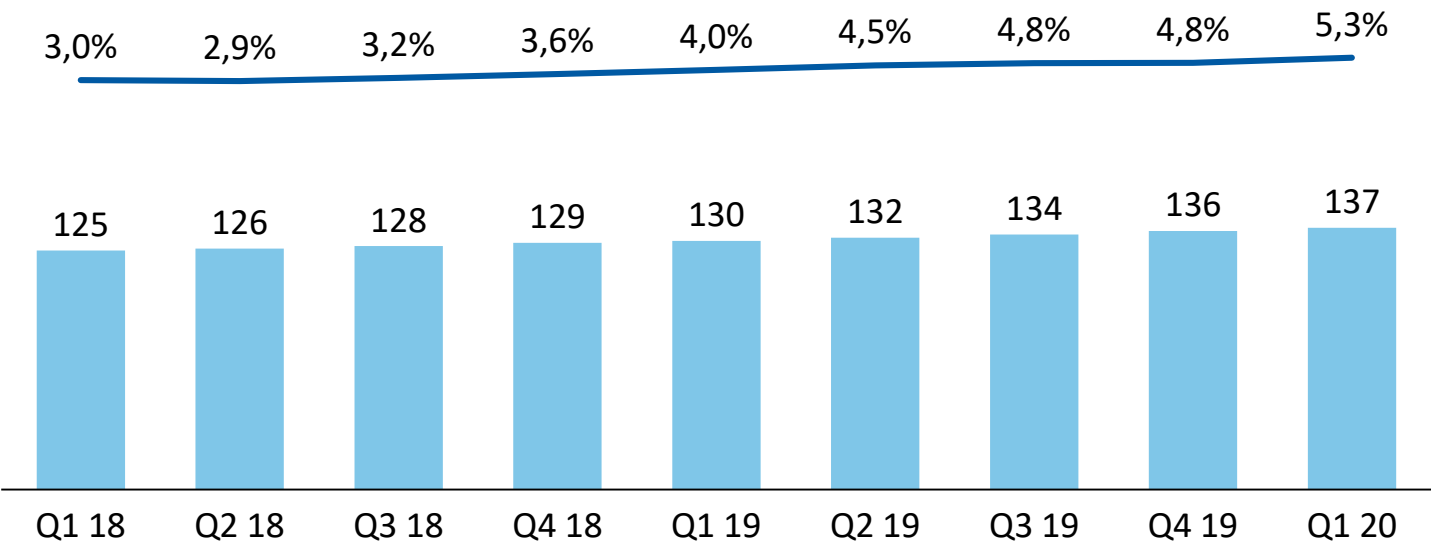
Deposit margins



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

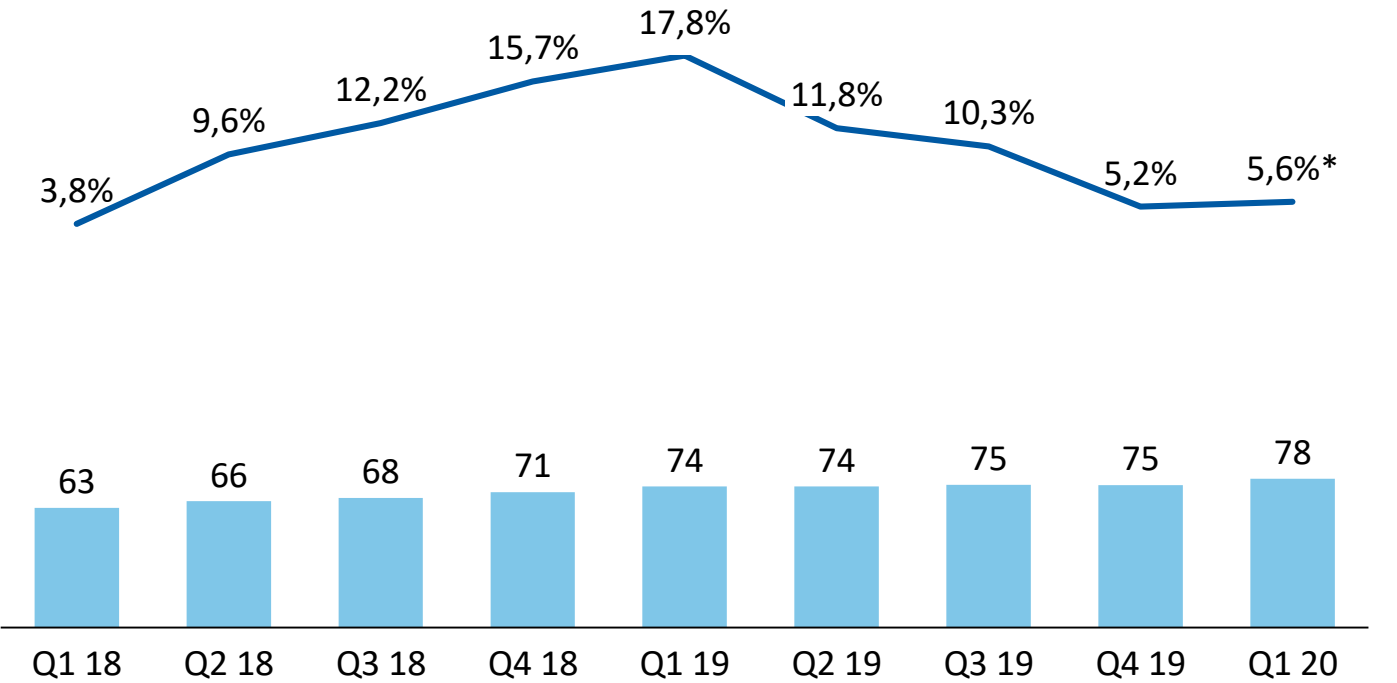
# Lending volume and 12 months growth

## Retail Market



■ Volume in NOK billion — Growth %

## Corporate Market (incl. Capital Market)



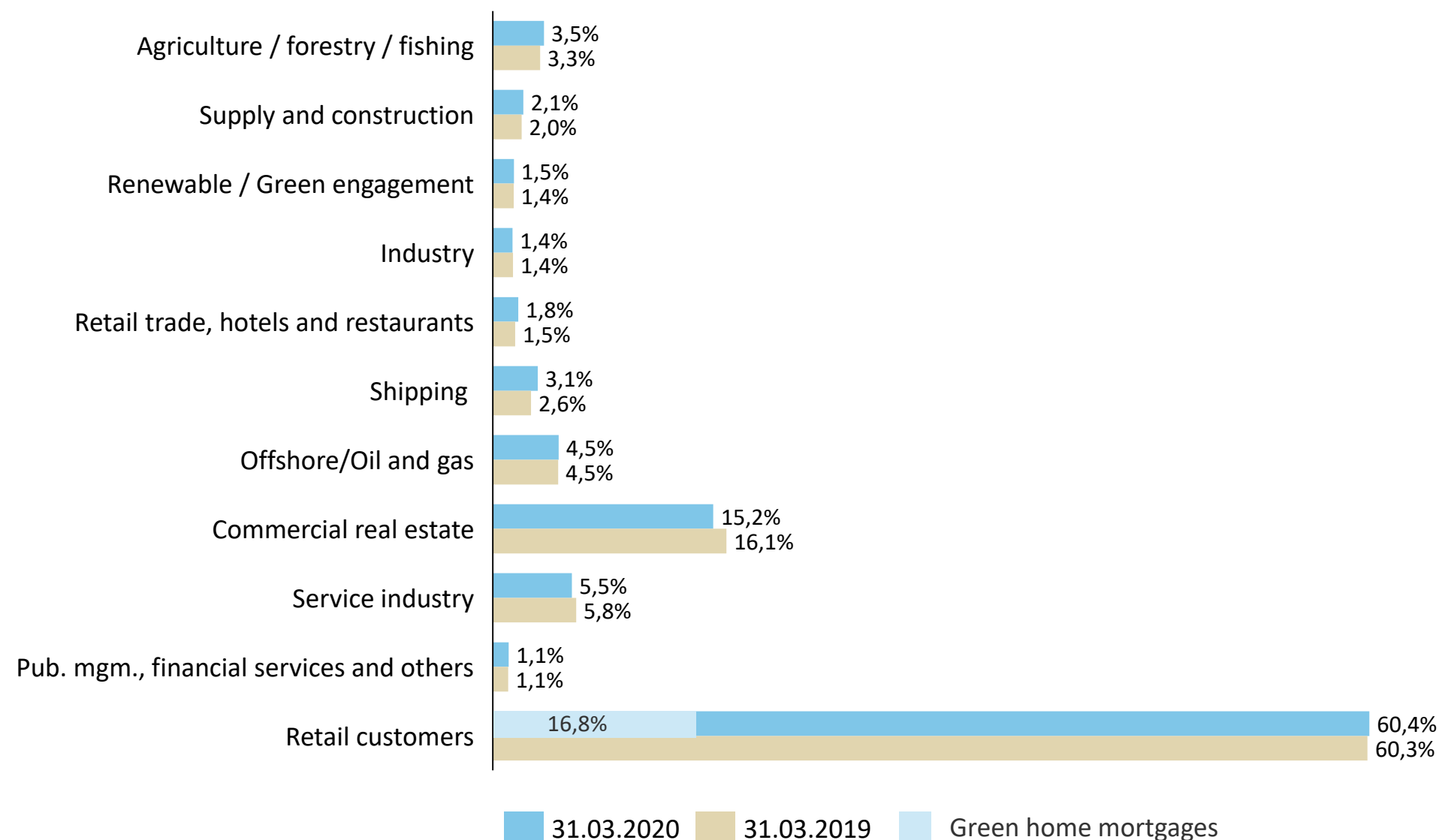
■ Volume in NOK billion — Growth %

Figures incl. loan portfolio in covered bond companies.  
 \*12 months lending growth in Corporate Market excluding currency effect is 3.2 %



# Loan portfolio as at 31.03.2020

- Gross loans (incl. covered bond companies) as at 31 March 2020 is increased to NOK 216.4 billion from NOK 205.4 billion at the same time the year before.
- 12-month growth in loans of 5.3%.
- Loans to retail customers (incl. covered bond company) account for 60.4% of total loans. Of this SB1 Boligkreditt accounts for 1.9% and green home mortgages 16.8%.

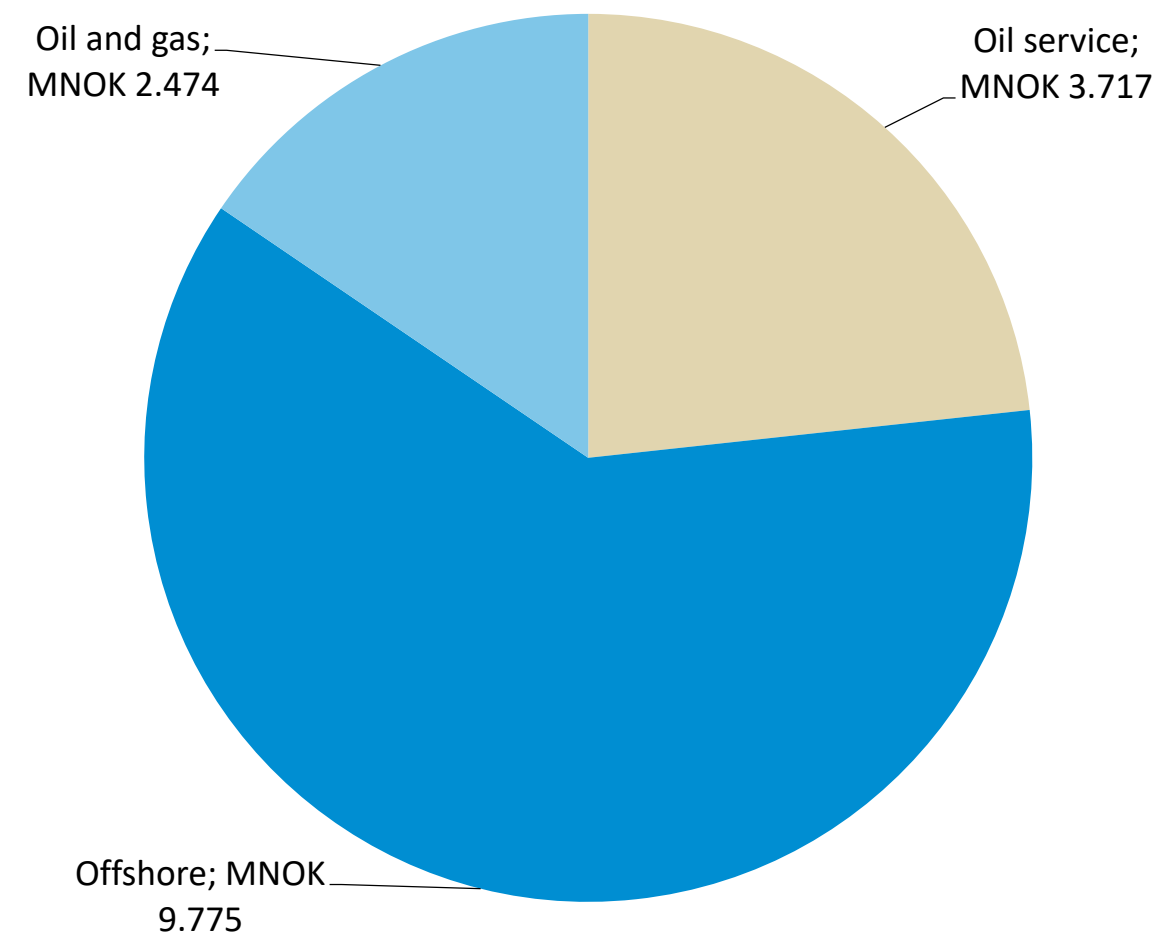


Loans before impairments, nominal amounts. Sector allocation in accordance with the standard categories from Statistics Norway.

# SpareBank 1 SR-Bank has a well diversified portfolio

6.7% (BNOK 16.0) of total EAD\* is related to oil operations

- Oil services
  - EAD NOK 3.7 billion, 1.6% of the bank's total EAD
  - Funding of operating capital through current and fixed assets, as well as guarantees
- Exploration and production companies
  - EAD NOK 2.5 billion, 1.0% of the bank's total EAD
  - Exposure primarily to companies with activities on the Norwegian continental shelf
- Offshore
  - EAD NOK 9.8 billion, 4.1% of the bank's total EAD
  - Exposure primarily to industrial-oriented shipping companies with strong ownership and integrated organization (Offshore service vessels, Rig and Seismic vessels)

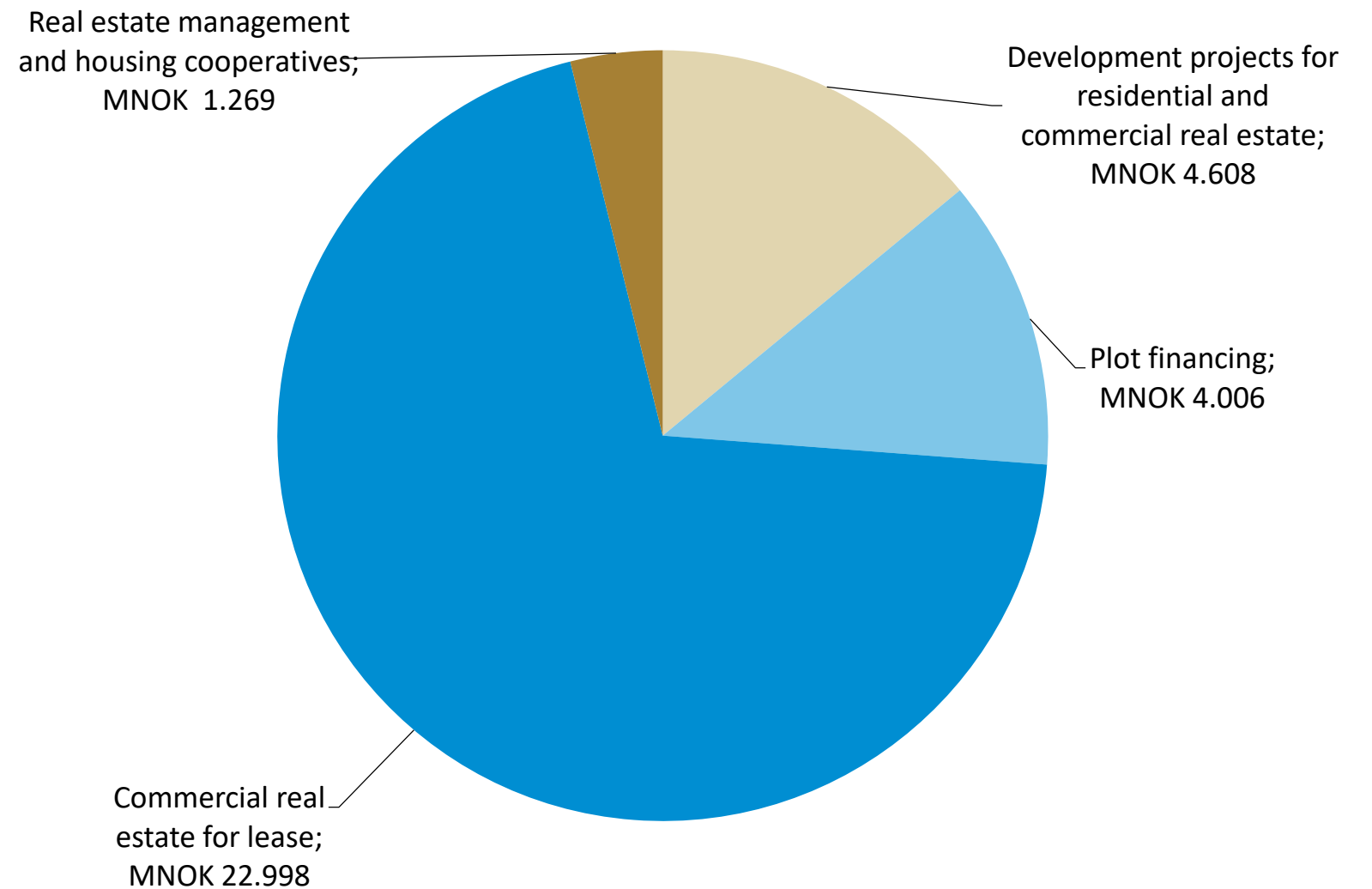


*EAD: Exposure at default*

# Lending to commercial real estate

13.8% (BNOK 32.9) of total EAD\* is related to commercial real estate

- Commercial real estate for lease
  - EAD NOK 23.0 billion, 9.7% of the bank's total EAD
  - The portfolio is characterised by lending to commercial properties for leasing with long-term contracts and financially solid tenants. The vacancy rate is limited.
  - Financing by type of premises:
    - 42% Office buildings, 26% Industrial buildings, 20% Retail stores and shopping malls, 10% Hotels, 2% Other
- Plot financing
  - EAD NOK 4.0 billion, 1.7% of the bank's total EAD
  - Average funding ratio is below 50%
- Development projects for residential and commercial real estate
  - EAD NOK 4.6 billion, 1.9% of the bank's total EAD
  - Minimum pre-sale requirement is 70%.
- Real estate management and housing cooperatives
  - EAD NOK 1.3 billion, 0.5% of the bank's total EAD

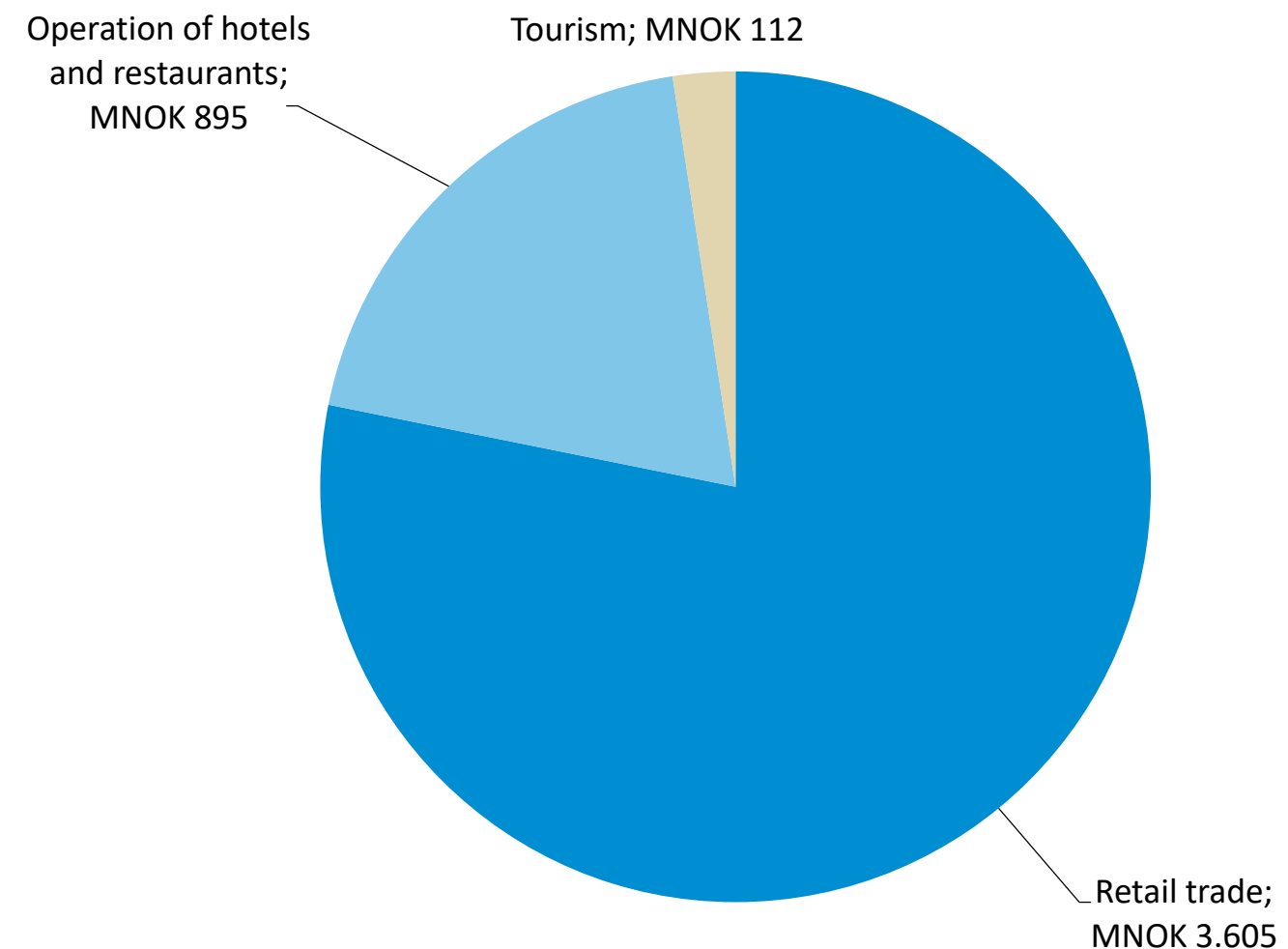




# Lending to retail trade, hotels and restaurants

1.9% (BNOK 4.6) of total EAD\* is related to retail trade, hotels and restaurants

- Retail trade
  - EAD NOK 3.6 billion, 1.5% of the bank's total EAD
- Operation of hotels and restaurants
  - EAD NOK 0.9 billion, 0.4% of the bank's total EAD
- Tourism
  - EAD NOK 0.1 billion, 0.05% of the bank's total EAD

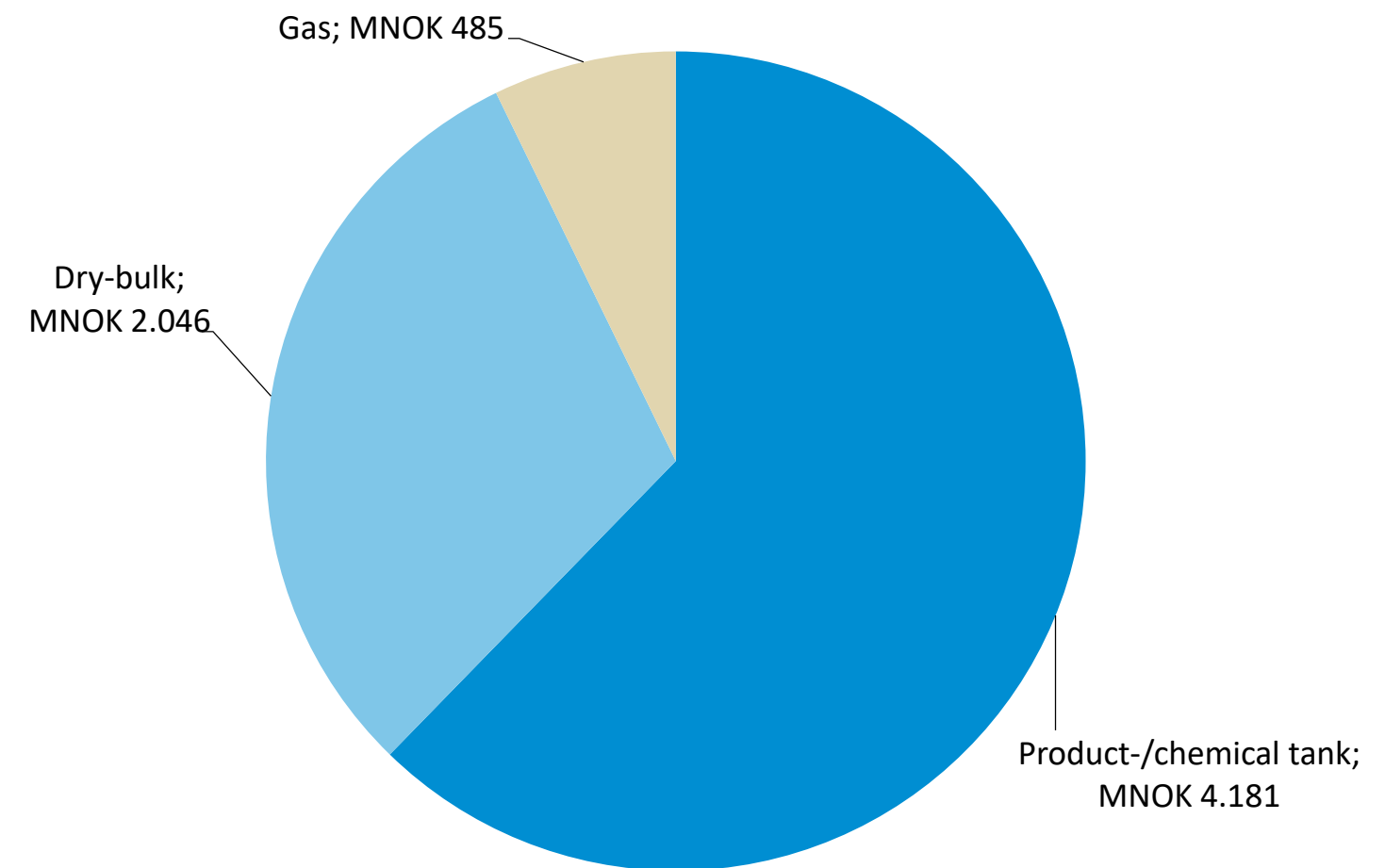


*EAD: Exposure at default*

# Lending to shipping

2.8% (BNOK 6.7) of total EAD\* is related to shipping

- Product- /chemical tank
  - EAD NOK 4.2 billion, 1.7% of the bank's total EAD
- Dry-bulk
  - EAD NOK 2.0 billion, 0.9% of the bank's total EAD
- Gas
  - EAD NOK 0.5 billion, 0.2% of the bank's total EAD

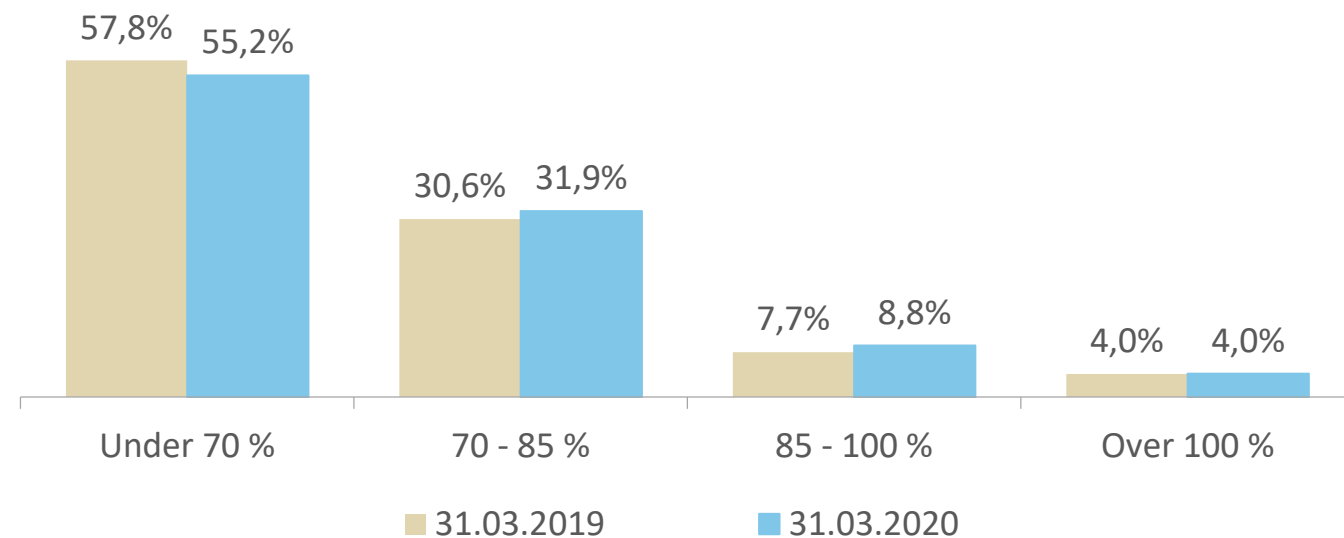


*EAD: Exposure at default*

# Loan to value ratio and RWA on home mortgage loans

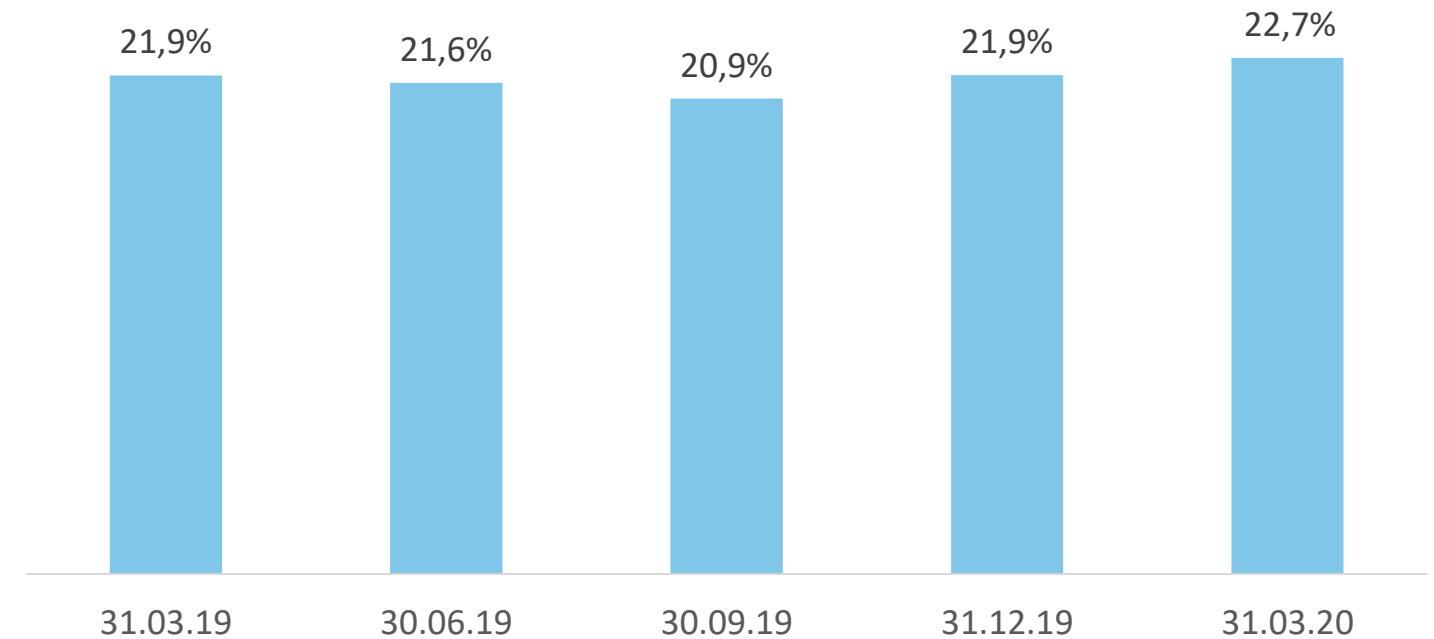
## Loan to value ratio on home mortgage loans

- The proportion of loans with a loan-to-value ratio of less than 85% is high.
  - 87% of the exposure is within 85% of the assessed value of collateral.



## RWA home mortgages

- RWA on home mortgages reflects a solid portfolio with a moderate loan-to-value ratio and low potential loss.

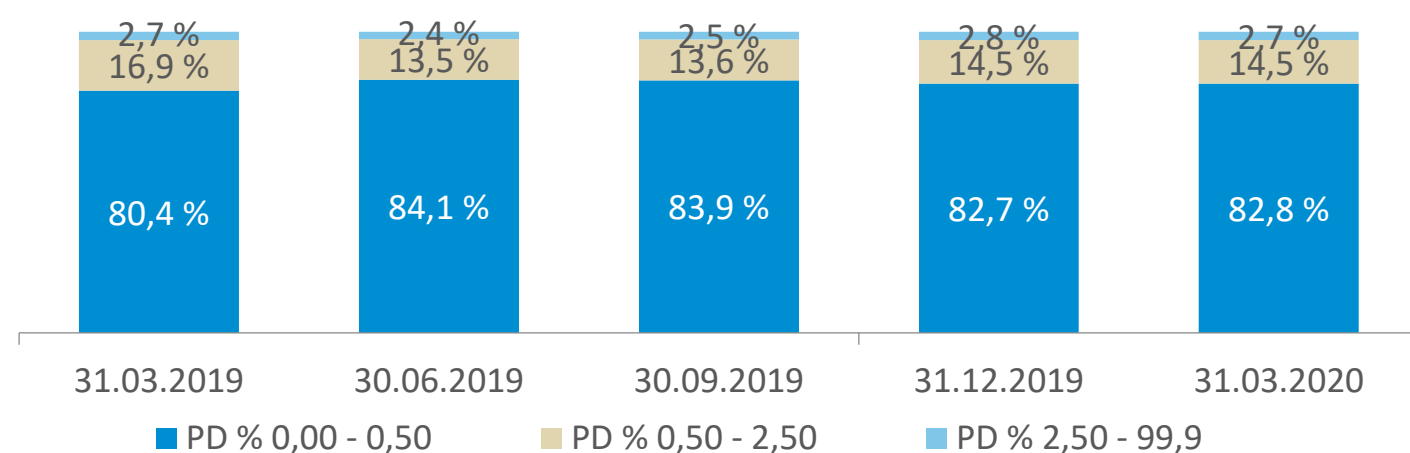


*In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.  
Home mortgages as defined in the Norwegian IRB framework; residential property must be at least 30 % of a loan's security.  
The figures include the loan portfolio in the covered bond companies (SB1 Boligkreditt AS and SR-Boligkreditt AS).*

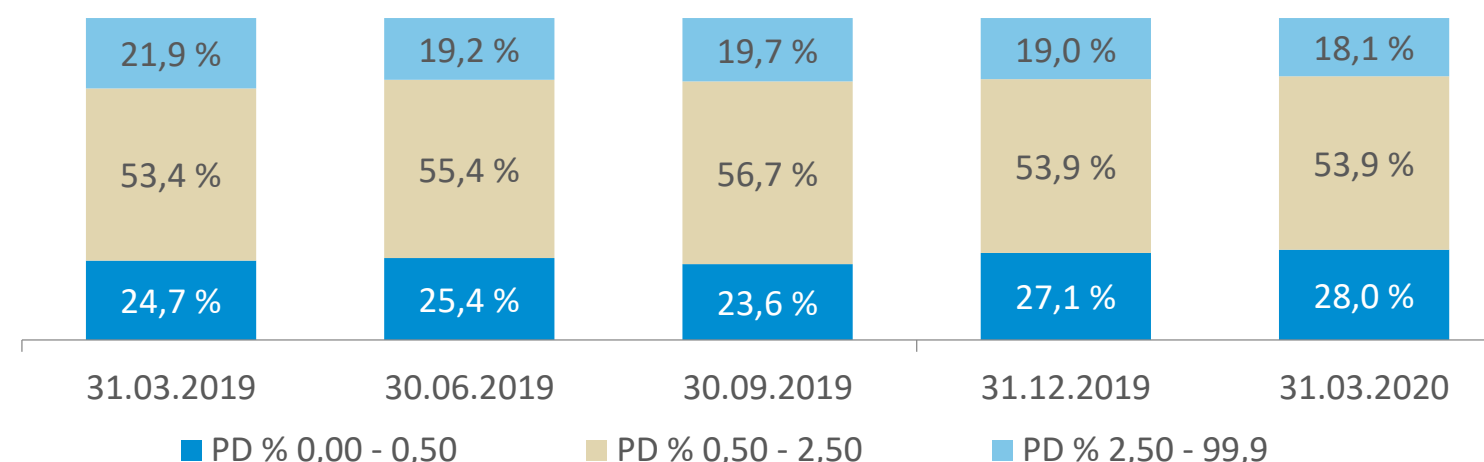


# Risk profile – Lending to the retail and corporate market

Retail market portfolio distributed by risk class



Corporate lending portfolio distributed by risk class



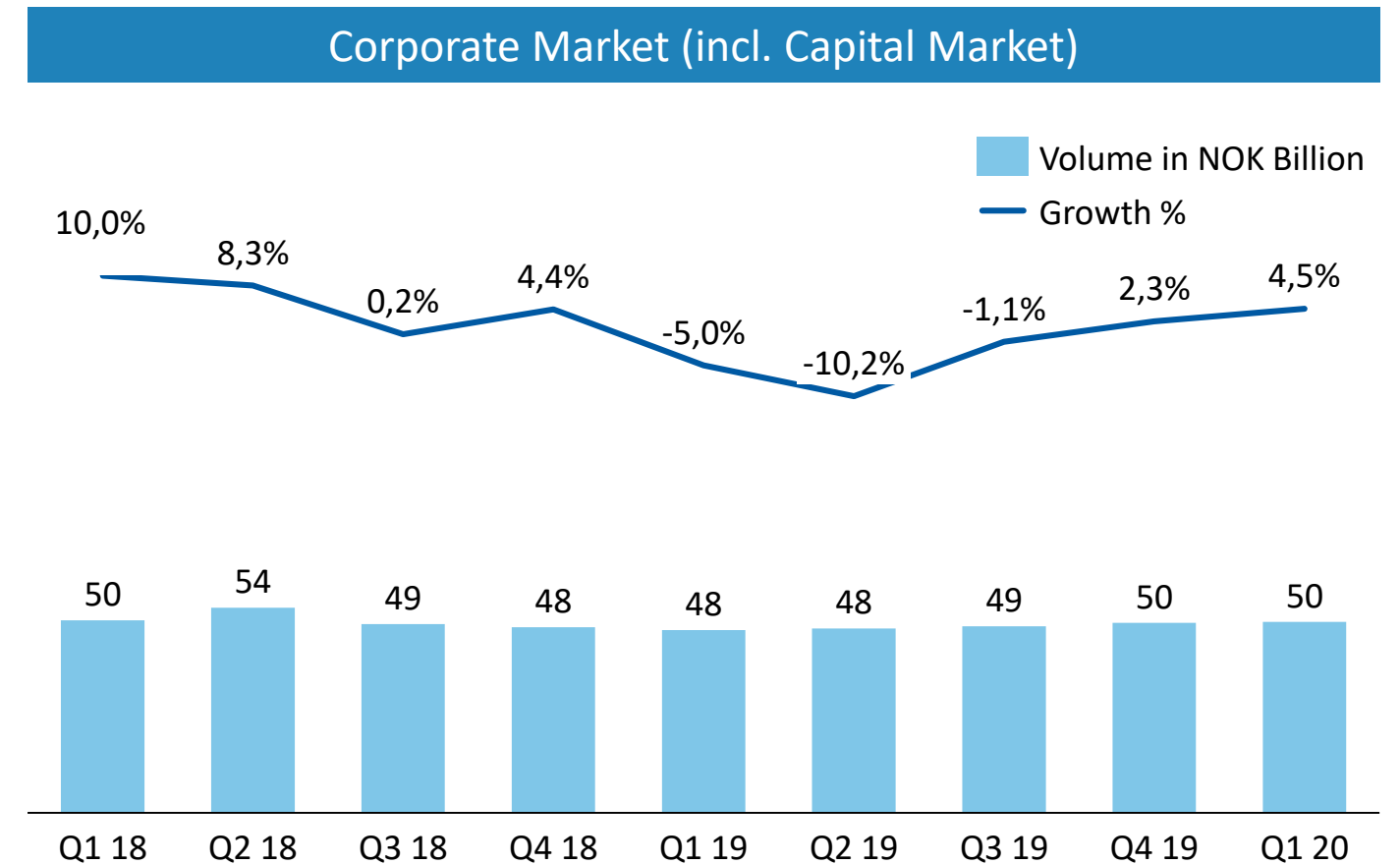
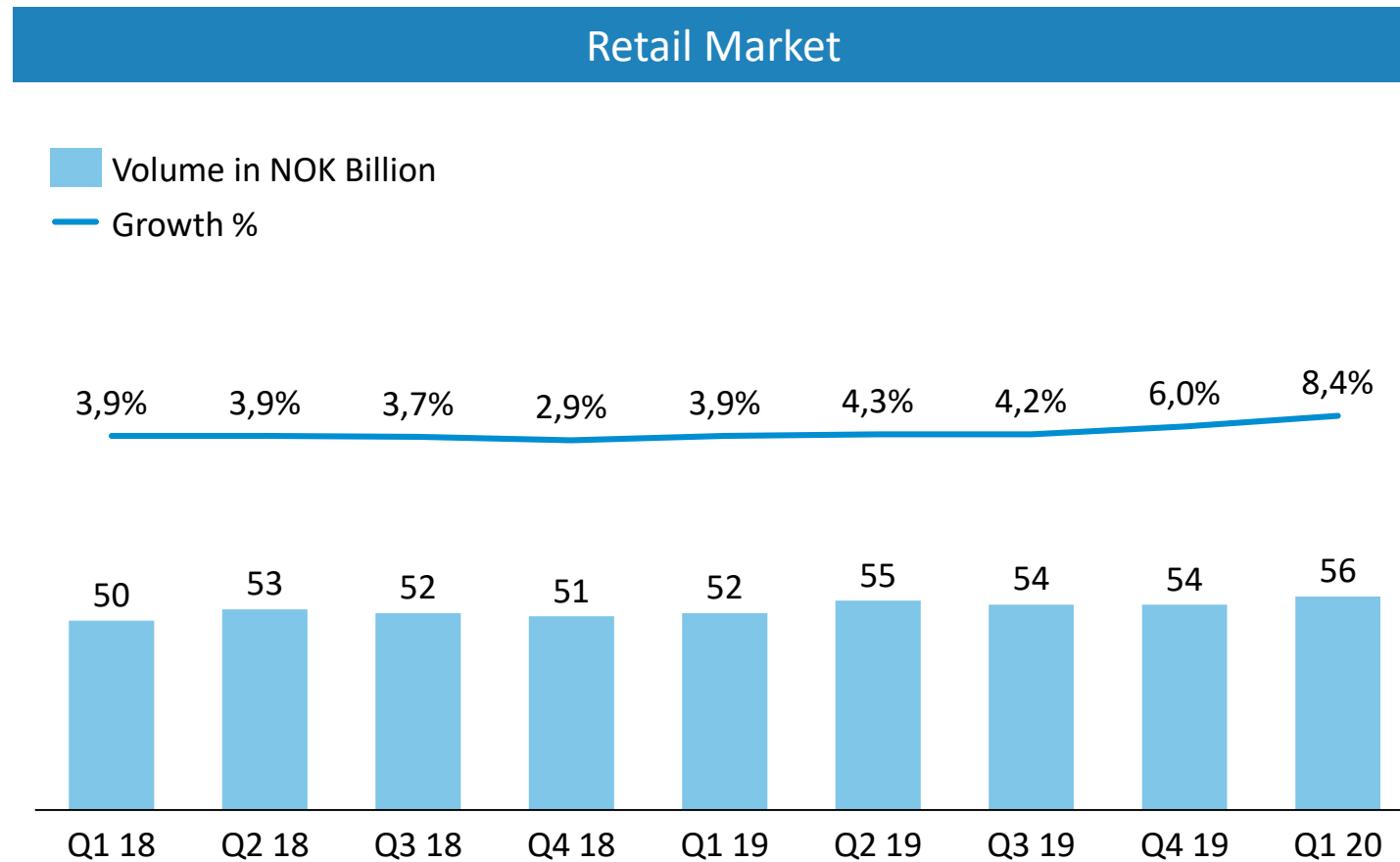
- The quality of the retail market portfolio is considered to be good and has low potential losses.
- The low risk profile is achieved through prudent customer selection and requirements for moderate LTV. Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.

- The quality of the corporate market portfolio is good. Portfolio quality improved last year.
- There is a clearly defined framework that sets limit on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.

*\*Probability of default (PD) through a full cycle of loss.*

*The figures include the loan portfolio in the covered bond companies (SB1 Boligkreditt AS and SR-Boligkreditt AS).*

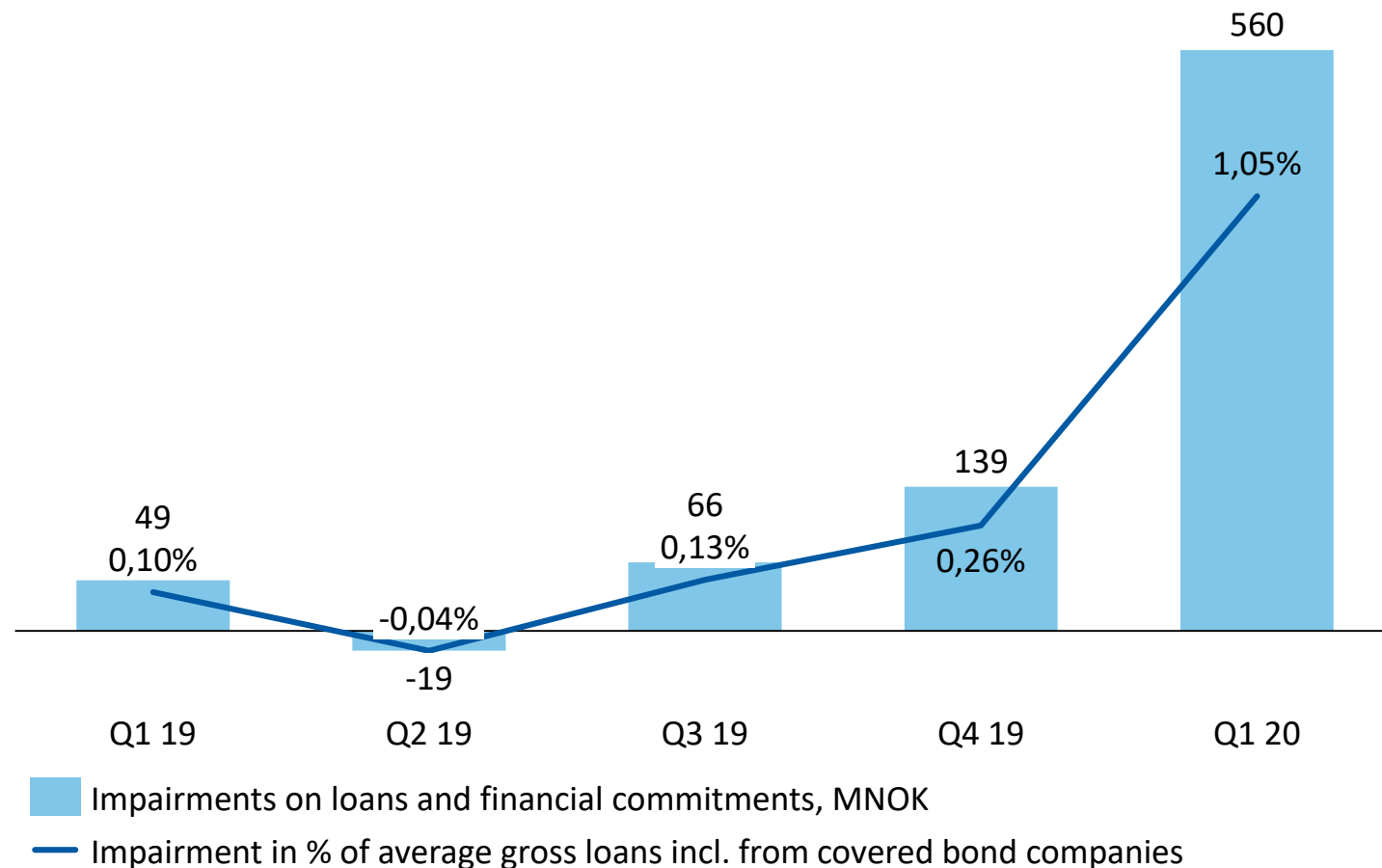
# Deposit volume and 12 month growth



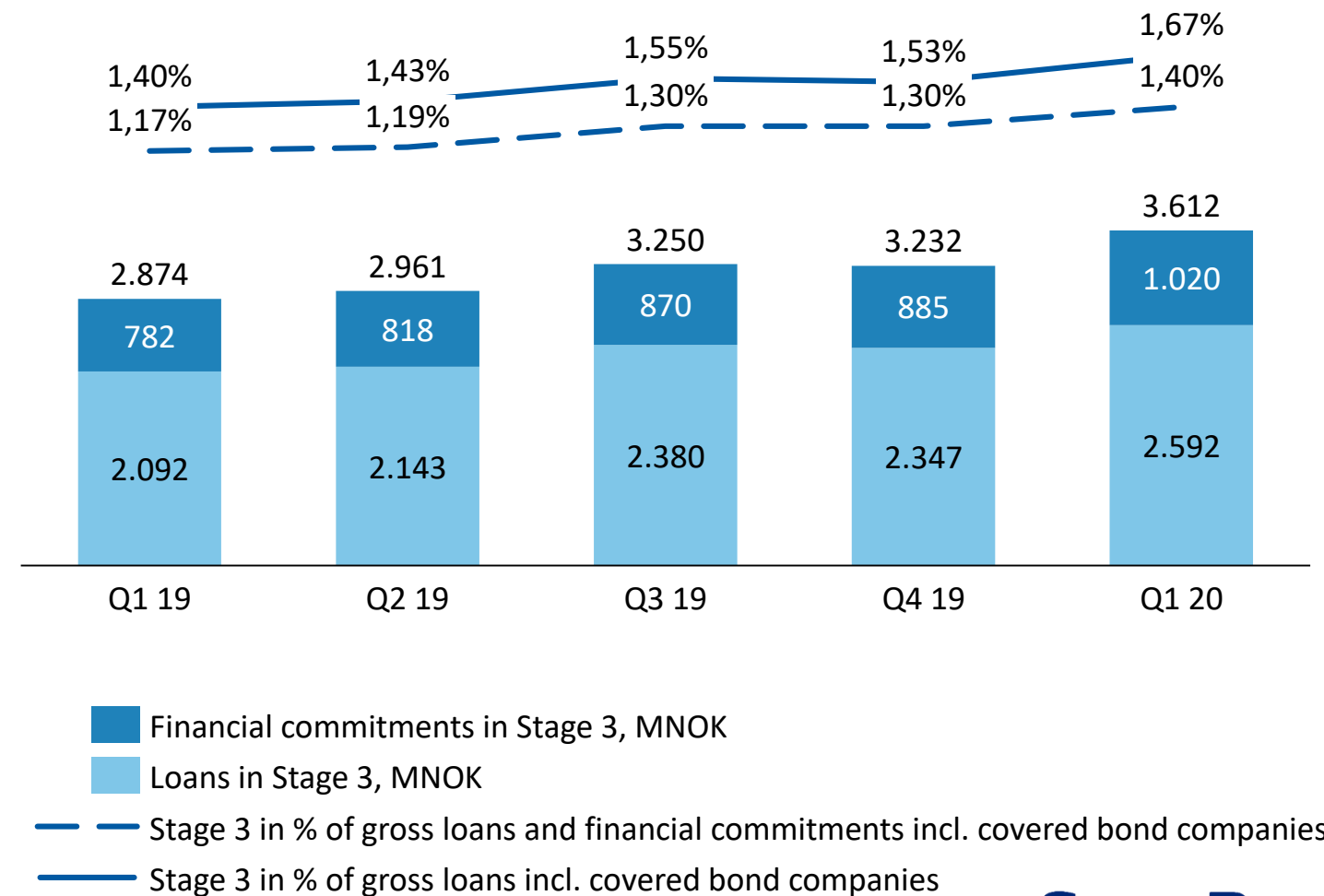
- In the last 12 months the total deposit volume has increased by NOK 6.6 billion to NOK 105.5 billion (6.6%).  
- Deposit growth is 9.5% excl. public sector.
- Volatility in deposit growth in the corporate market (incl. capital market) is mainly due to changes in deposit from public sector.

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

Impairments on loans and financial commitments



Changes in gross loans and financial commitments defined as Stage 3





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# Funding

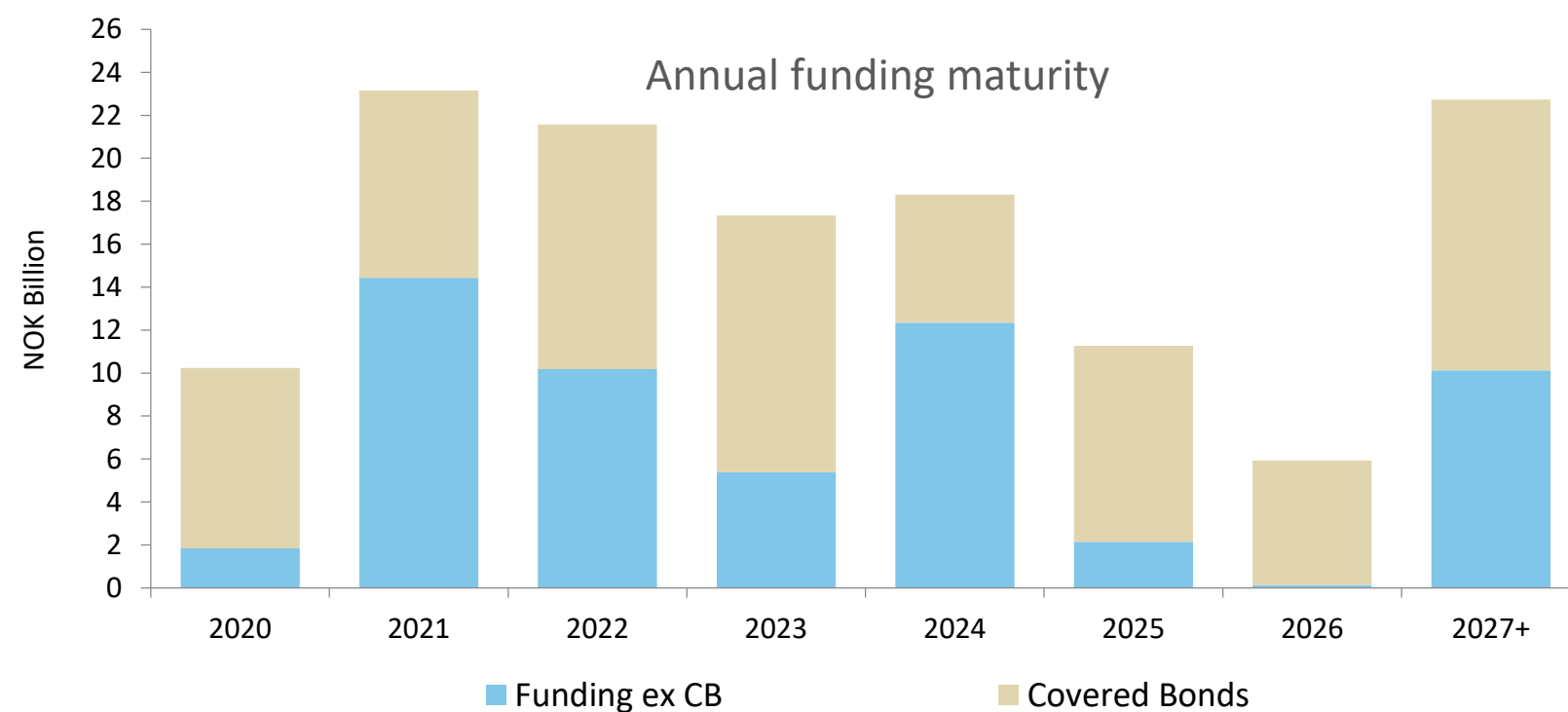
- NSFR\* 121%
- LCR\*\* 135%
- NOK 11.2 billion net refinancing need over the next 12 months
- Deposit to loans ratio 49.7%
- MREL requirement 31,4% which entails issuance of NOK 20 billion in senior non-preferred debt

**SRBANK**

**SPAREBANK 1 SR-BANK ASA**  
*(incorporated with limited liability in Norway)*

**€10,000,000,000**

**Euro Medium Term Note Programme**



## SR-Boligkreditt

**SR-BOLIGKREDITT AS**  
*(incorporated with limited liability in Norway)*

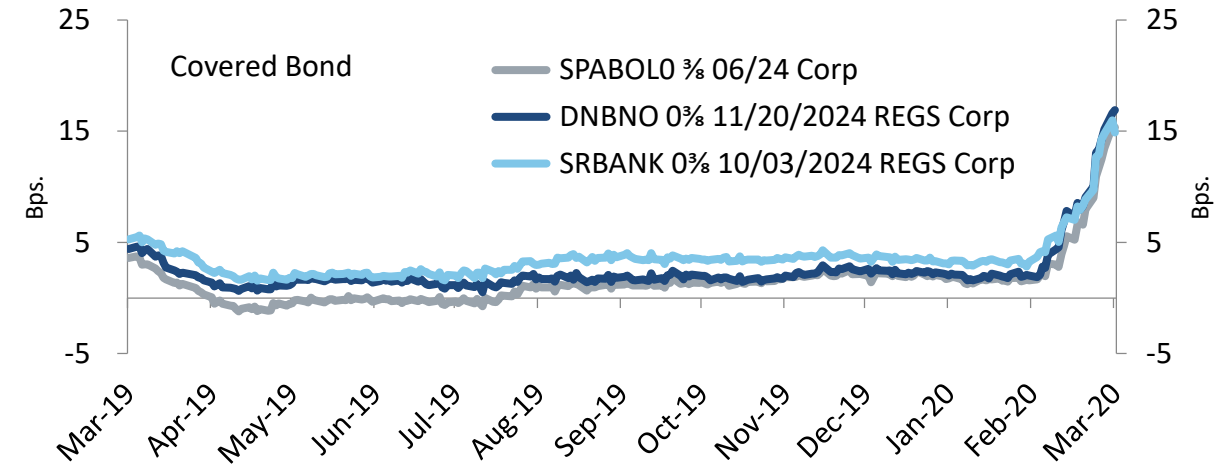
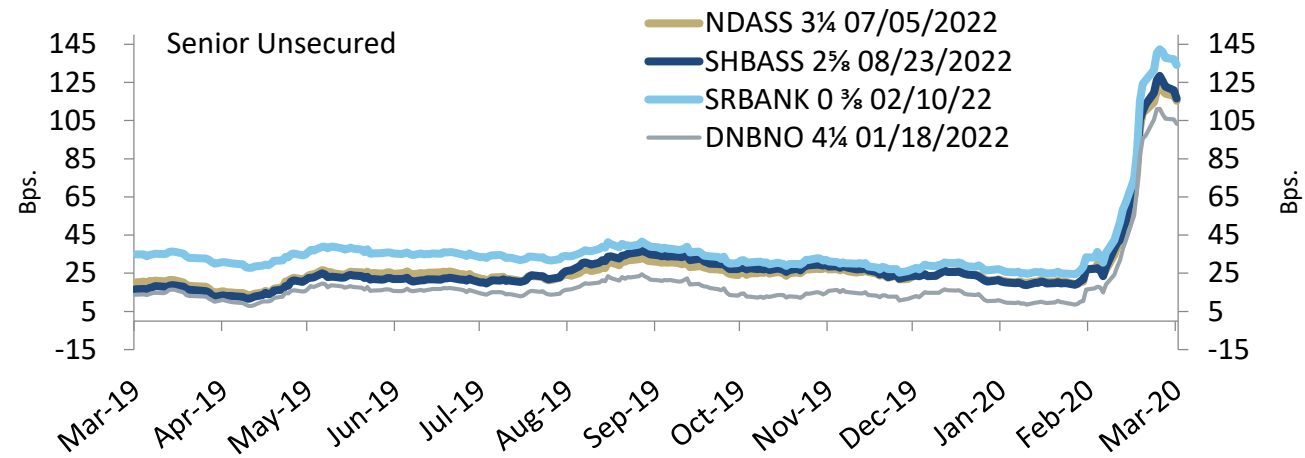
**€10,000,000,000**

**Euro Medium Term Covered Note Programme**

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

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

# An established borrower in the Euromarket

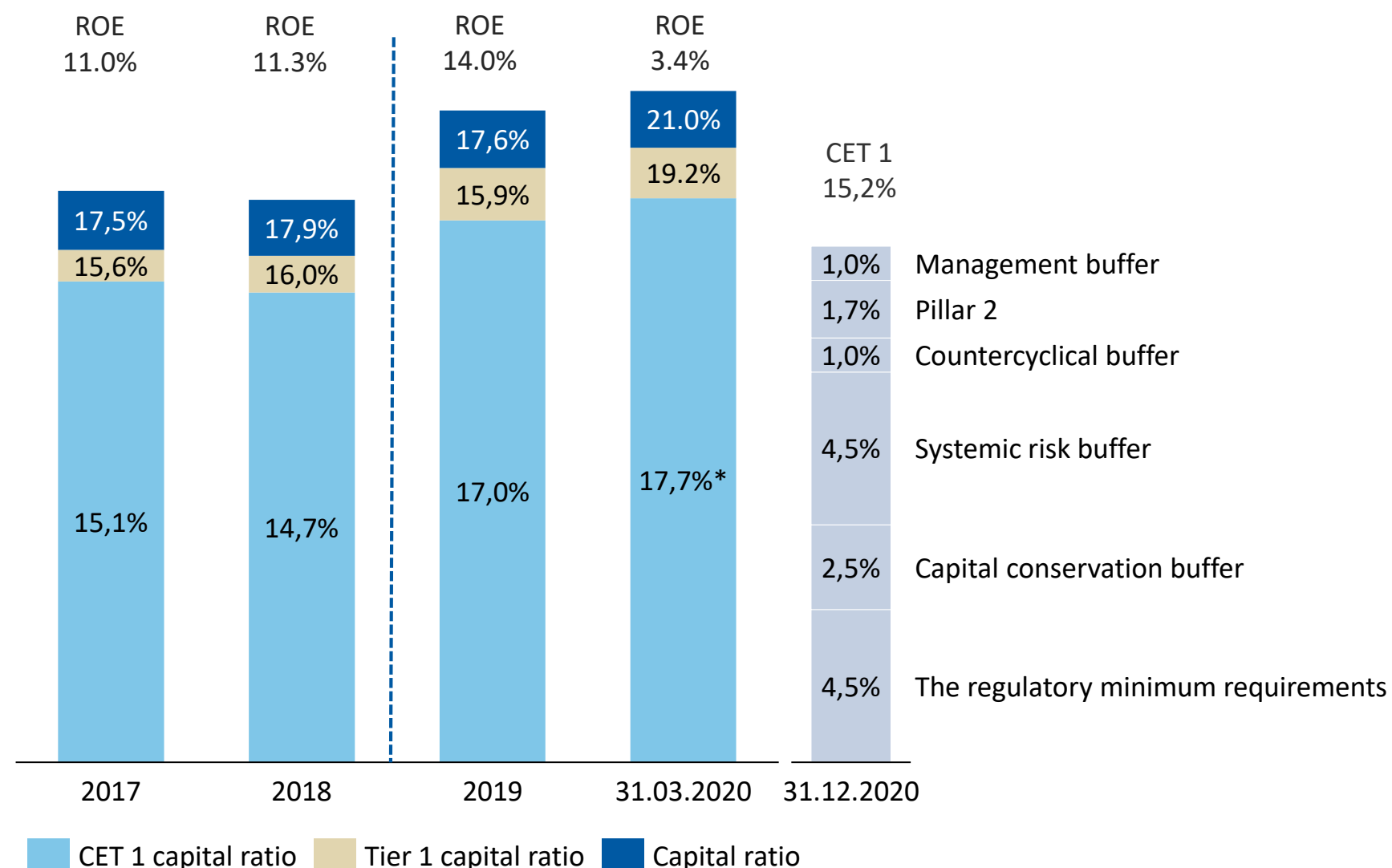


Issuer / Ticker	Coupon	Amount	Maturity	ISIN
SR-Bank / SRBANK	2,125%	EUR750mn	14-April-2021	XS1055536251
SR-Bank / SRBANK	0,375%	EUR500mn	10-February-2022	XS1516271290
SR-Bank / SRBANK	0,625%	EUR750mn	25-March-2024	XS1967582831
SR-BOL / SRBANK	0,500%	EUR500mn	28-September-2020	XS1297977115
SR-BOL / SRBANK	0,125%	EUR750mn	8-September-2021	XS1429577791
SR-BOL / SRBANK	0,750%	EUR600mn	18-January-2023	XS1344895450
SR-BOL / SRBANK	0,375%	EUR500mn	3-October-2024	XS1692489583
SR-BOL / SRBANK	0,750%	EUR750mn	17-October-2025	XS1894534343
SR-BOL / SRBANK	0,01%	EUR500mn	08-October-2026	XS2063288190
SR-BOL / SRBANK	0,01%	EUR500mn	25-February-2030	XS2124046678
SR-BOL / SRBANK	2,500%	USD600mn	12-April-2022	XS1596016847
SR-BOL / SRBANK	Nibor3m +34	NOK5.000mm	25-November 2019	NO0010779176
SR-BOL / SRBANK	Nibor3m +35	NOK5.000mm	10-September 2020	NO0010740152
SR-BOL / SRBANK	Nibor3m +29	NOK5.000mm	17-November 2022	NO0010841380
SR-BOL / SRBANK	Nibor3m +29	NOK5.000mm	29-May 2023	NO0010823255



# Solid capital ratio

- The EU's capital adequacy regulations (CRR/CRD IV) came into force on 31 December 2019. These entail, among other things, a reduction in the capital requirements for loans to small and medium-sized enterprises (SME) and the elimination of the so-called Basel I floor.
- The regulatory requirement is 12.7% after the countercyclical buffer was reduced from 2.5% to 1.0% in the first quarter of 2020. SpareBank 1 SR-Bank posted a CET 1 capital ratio of 17.7%.
- The systemic risk buffer will increase from 3.0% to 4.5% lifting the CET 1 requirement to 15.2% at 31 December 2020 incl. 1.0% management buffer.
- SpareBank 1 SR-Bank is not defined as a systemically important financial institution (SIFI).
- The leverage ratio was 7.9% as at 31 March 2020, well above the minimum requirement at 5.0%.



\*On 23 April 2020, the annual general meeting approved the board's proposal that no dividend be paid out for 2019. At the same meeting, the board was authorised to make a decision about the distribution of a dividend, at some later point in time, of up to NOK 5.50 per share based on the bank's approved annual financial statements for 2019. The authorisation will remain valid until the next ordinary general meeting in 2021.

# Outlook

- Given both the low oil prices and the ongoing Covid-19 situation, uncertainty remains about how both the Norwegian and the global economy will develop, and the picture is changing continuously. Statistics Norway expects negative GDP growth of -5.5% in Norway in 2020.
- In the longer term, lower levels of investment and demand for loans are expected. The Norwegian state is particularly well-equipped to contribute financially and extensive measures aimed at both the private sector and business will mitigate the effects of the Covid-19 outbreak.
- Norges Bank cut its policy rate from 1.25% to 0.25% in March 2020. Such a large and rapid reduction in the policy rate has never been seen before in Norway. The market expects a further interest rate cut in 2020.
- The group's long-term target is a minimum return on equity of 12%, but as a consequence of the Covid-19 outbreak, return on equity in 2020 is estimated to be lower than the long-term target.
- The group's focus on digitalisation and automation, both internally and in relation to customers, has enabled almost all of the group's employees to work from home office recently. Customers have been looked after in an efficient and satisfactory manner.
- Given its solid financial position, the group is very well equipped to tackle crises and this will help to ensure that the SpareBank 1 SR-Bank Group remains a solid financial group after the Covid-19 outbreak ends as well.
- Geographic expansion, digitalization and growth will provide the basis for transforming from a regional savings bank to a bank for the whole of Southern Norway.



# APPENDIX

- 1) Macro
- 2) SpareBank 1 SR-Bank



**Key economic indicators – Statistics Norway postponed the update due to high uncertainty. Norges Bank updated 13 March 2020, but the outlook has changed a lot since then. The Holden expert-group (7 April 2020) estimates an immediate fall in GDP-mainland of 15% and a annual fall in 2020 of 5-8% dependent on what measures will be taken going forward**

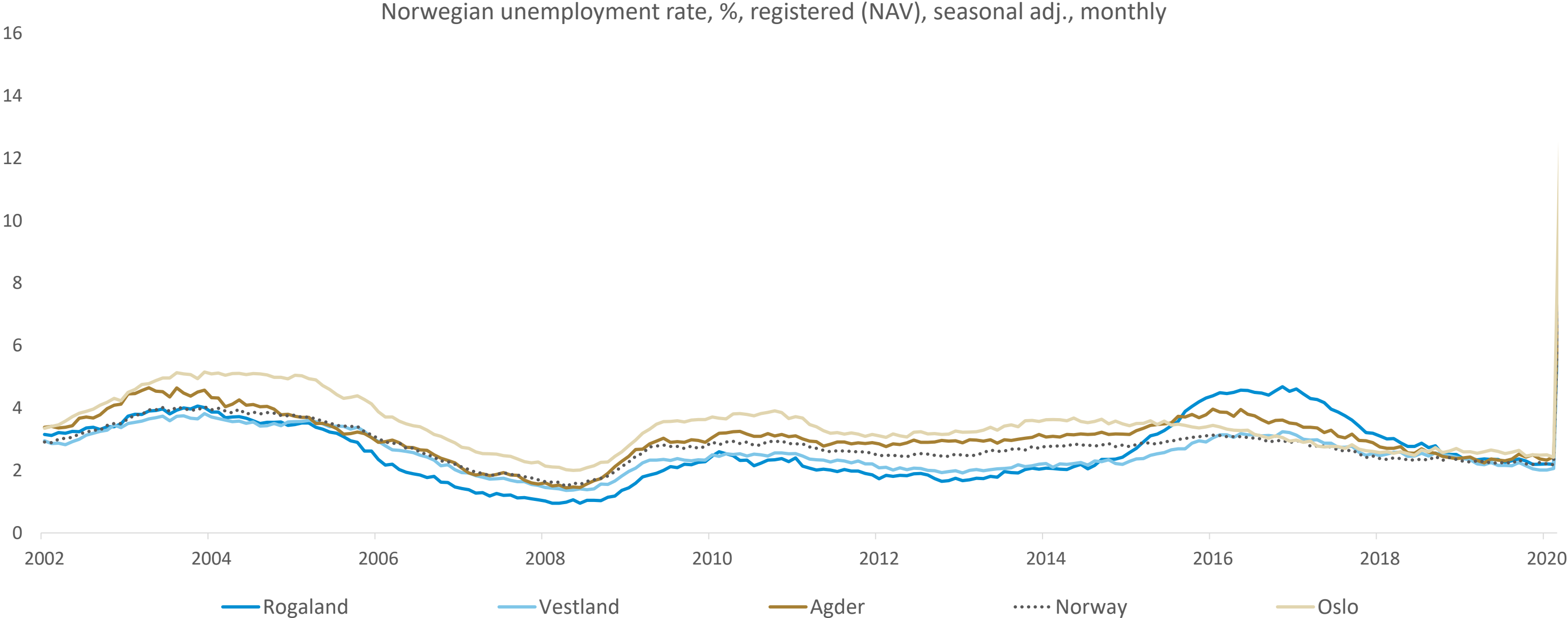


<b>Economic Indicators (%) – NB! PRE-Covid-19</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019P</b>	<b>2020P</b>	<b>2021P</b>	<b>2022P</b>
GDP mainland, annual change (%)	1,9	3,7	2,3	2,2	1,4	0,9	2,0	2,2	2,5	2,4	1,9	1,8
Household consumption, annual change (%)	2,4	3,5	2,8	2,1	2,7	1,1	2,2	1,9	1,6	1,8	2,5	2,3
Public consumption, annual change (%)	1,1	1,5	1,0	2,7	2,4	2,3	1,9	1,4	2,2	2,5	1,9	1,8
Investment mainland, annual change (%)	5,0	7,4	2,9	0,4	-0,2	9,0	6,8	3,0	4,1	0,7	-0,1	0,2
Investment public sector	1,1	-1,8	11,8	4,5	0,2	6,4	2,6	7,5	3,6	1,1	1,4	1,4
Investment offshore oil and gas, annual change (%)	11,4	14,6	19,0	-1,8	-12,2	-16,0	-5,4	1,9	15,0	2,0	-7,6	3,1
Oil price, USD/bbl. Actual	111,0	112,0	109,0	99,0	53,0	45,0	55,0	72,0	64,0			
Inflation rate (CPI) %	1,3	0,6	2,1	2,1	2,1	3,6	1,8	2,7	2,3	2,1	1,9	2,1
3 month NIBOR %	2,9	2,2	1,8	1,7	1,3	1,1	0,9	1,1	1,5	1,9	1,9	1,9
Mortgage rate %	3,6	3,9	4,0	3,9	3,2	2,6	2,6	2,7	3,0	3,4	3,4	3,4
Household savings ratio	5,8	6,9	7,2	7,7	9,8	6,9	6,6	5,9	7,3	7,6	7,5	7,1
Unemployment rate (registered at labour office)*	2,6	2,6	2,7	2,7	3,0	3,0	2,7	2,5	2,3	2,2	2,3	2,3
HH sector real disposable income, annual change (%)	4,3	4,4	4,0	2,3	5,4	-1,6	2,0	1,5	3,1	1,6	2,4	1,9
Current account surplus, share of GDP (%)	12,4	12,5	10,3	10,8	8,,0	4,5	4,6	7,1	3,3	6,0	8,0	8,5
Sovereign Wealth Fund, share of mainland-GDP (%). Actual	150	160	190	230	270	270	290	290	310			

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

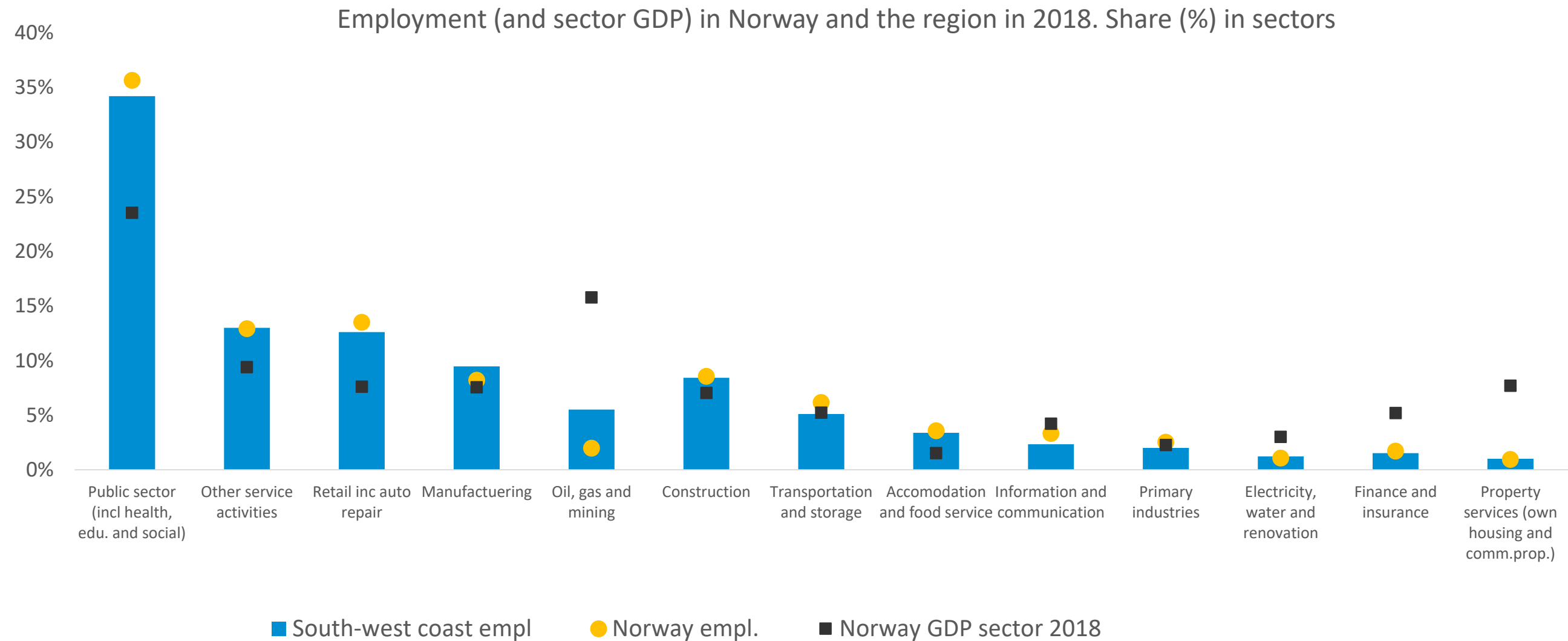
# Marked increase in unemployment rate (NAV) due to Covid-19

Increase from 2 til 10% mainly due to temporary layoffs. Oslo close to 14%, many other counties close to 10%



Kilde: NAV og SSB.

# Employment (and GDP) by sector



Source: Statistics Norway.

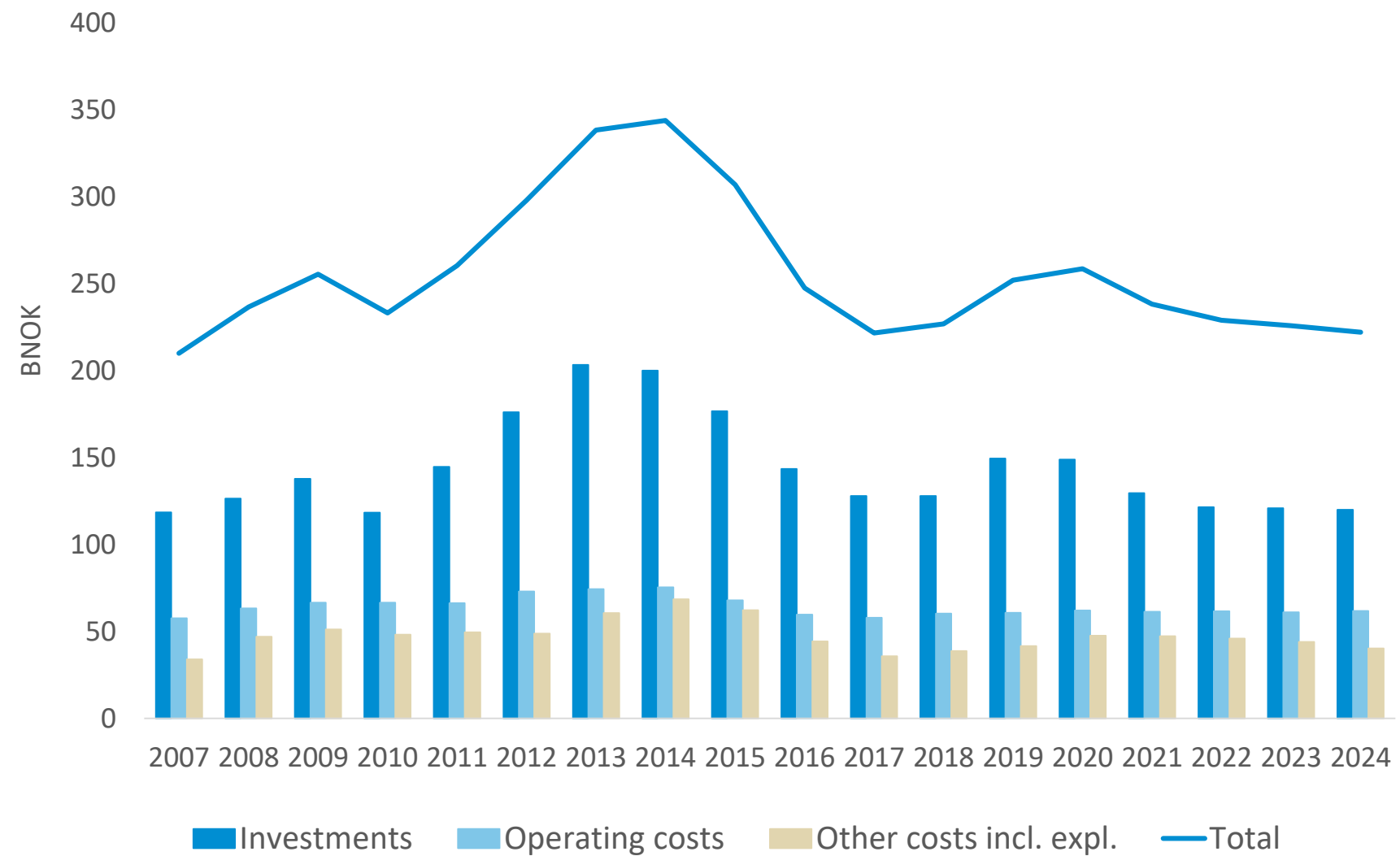


# Lower petroleum prices will reduce activity, but uncertain how much

Activity was reduced in 2015-2017, then increased and was expected some higher in 2020, but will probably be lower

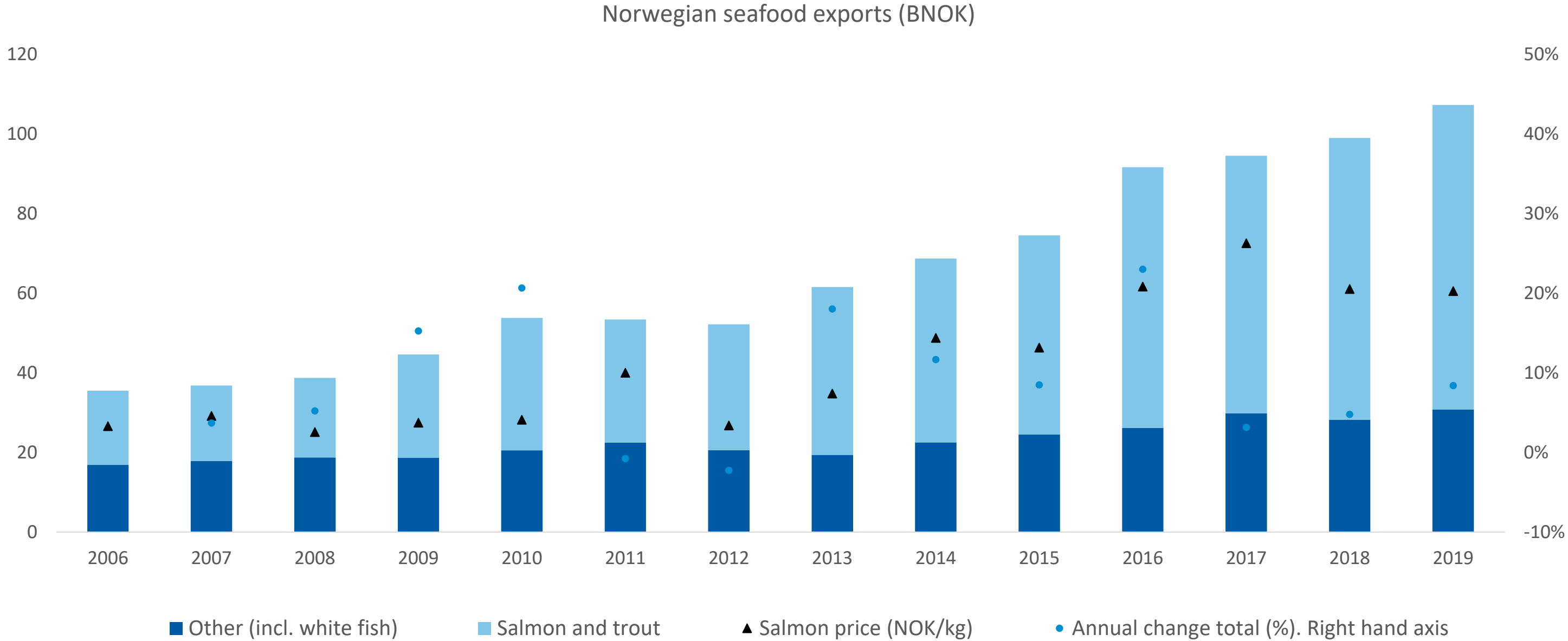
- Overall activity on the Norwegian Continental Shelf (NCS) had a marked increase for many years up to 2014. Activity increased over 60% from 2007 to 2014
- Activity fell markedly in 2015 and 2016 and somewhat less in 2017. Thereafter, there was some upturn in 2018 and even more strongly in 2019.
- The outlook is uncertain. Some oil companies have signaled that activity will be reduced by close to 20%, but possible support packages may dampen the decline, and updated projections for the Norwegian shelf from Statistics Norway (coming May 26) or the Norwegian Petroleum Directorate (probably early autumn) have not yet been published.

Petroleum activity on Norwegian Continental Shelf. BNOK (2020 NOK). As of 9 January 2020. Source: NPD



Source: Oljedirektoratet/Norwegian Petroleum Directorate (NPD).

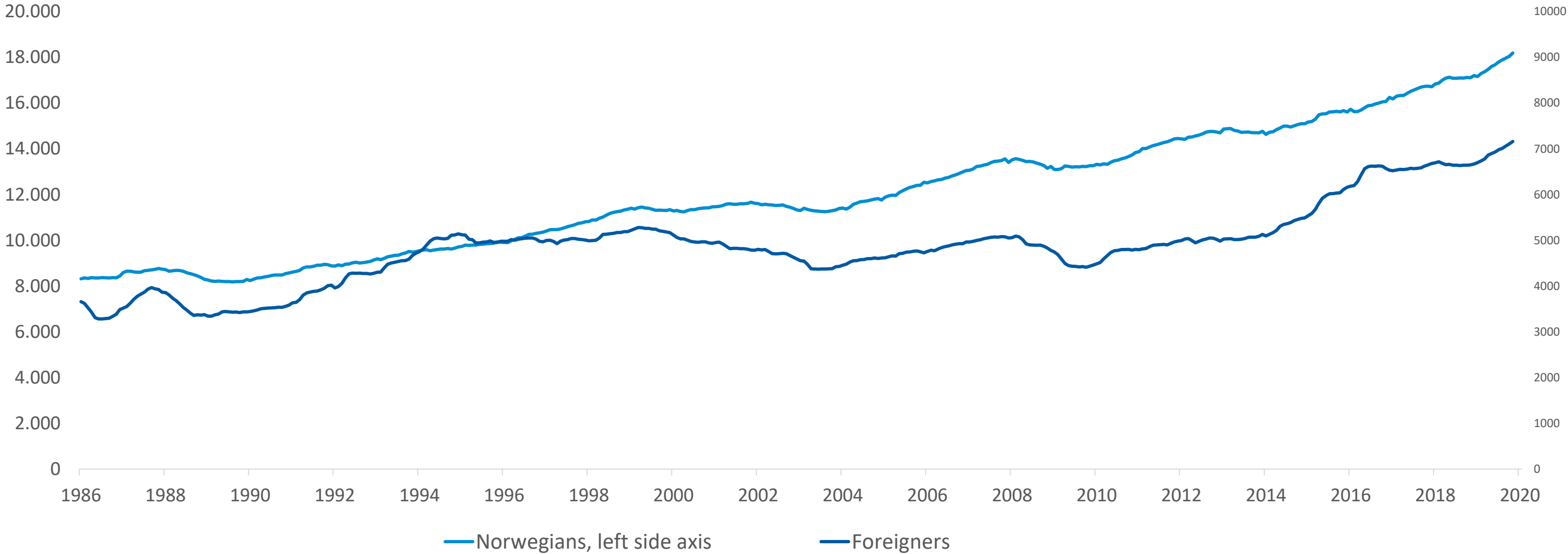
# Norwegian seafood exports doubled since 2012



Source: Norwegian Seafood Council.

# Norwegian hotels – guest nights by foreign and domestic

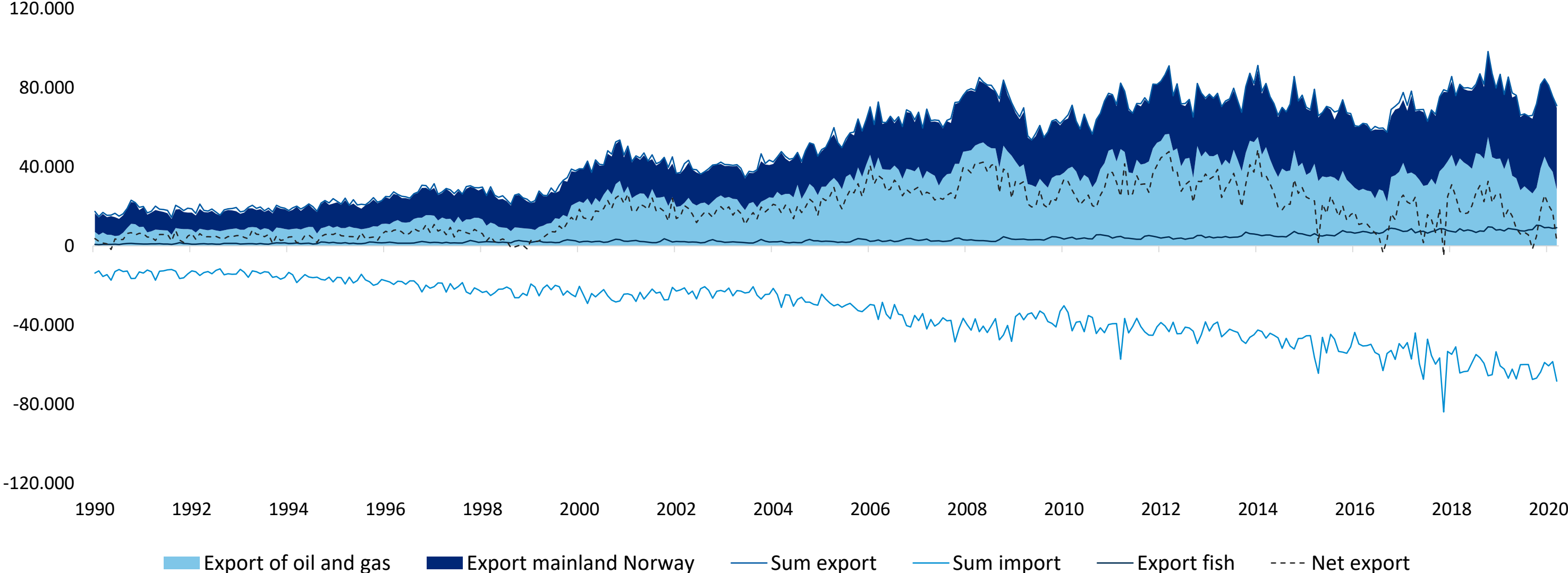
Hotel guest nights in Norway. Thousand. Rolling 12-month sum. Last observation february 2020



Source: Statistics Norway.

# Norwegian exports and imports

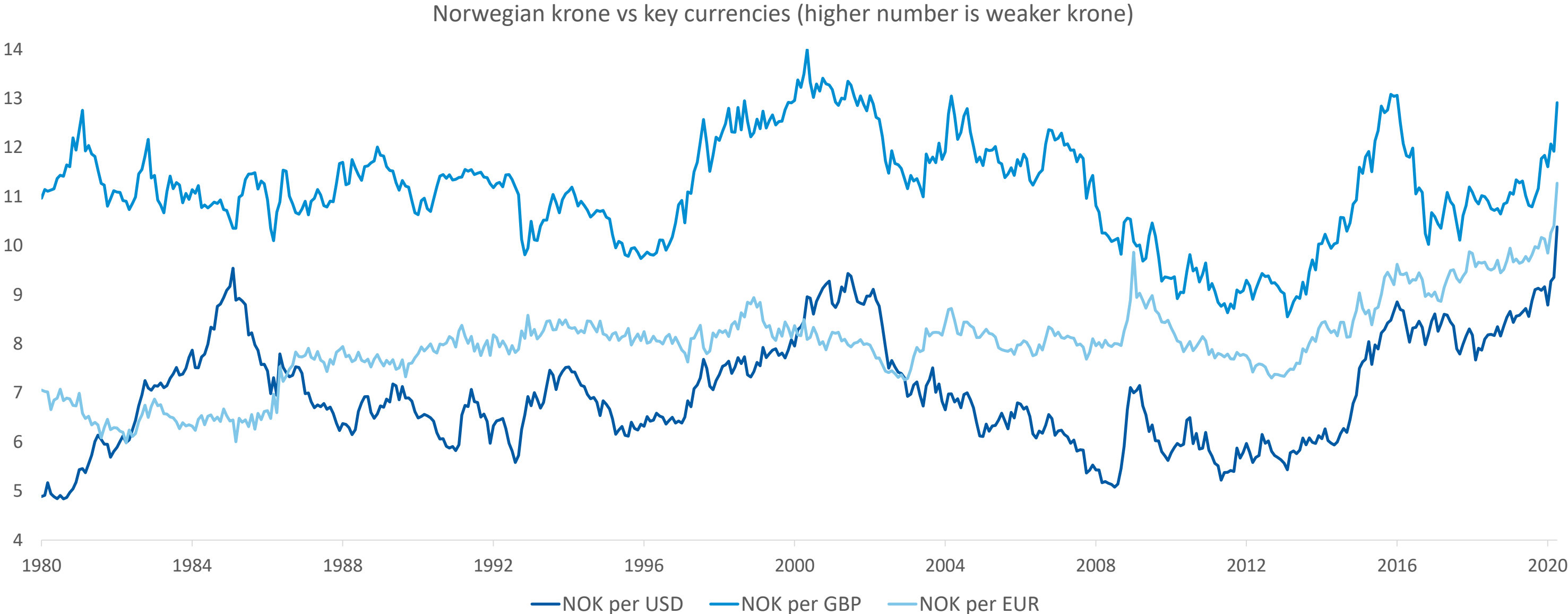
Norwegian exports and imports (MNOK), monthly. Last observation march 2020



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.



# Norwegian krone vs key currencies

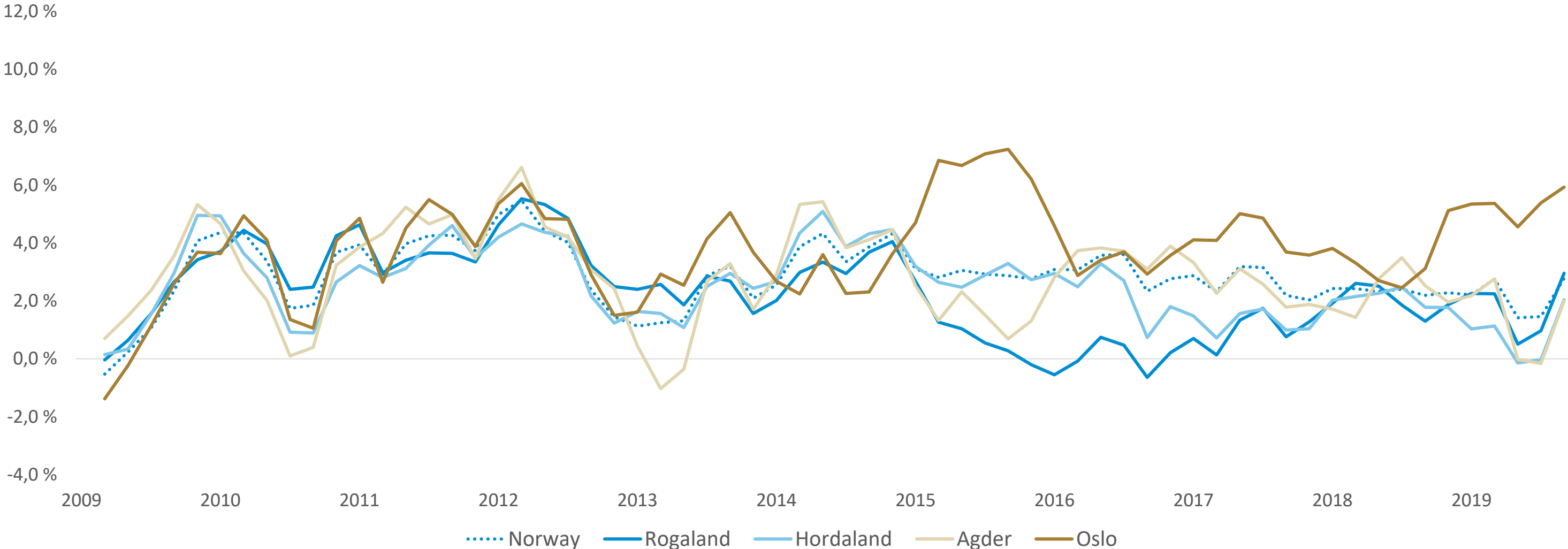


Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

# Retail trade in Norway increased in 2019, but is dampened by Covid-19

Groceries have increased, but other goods have decreased 30% due to COVID-19 (according to the Holden expert group)

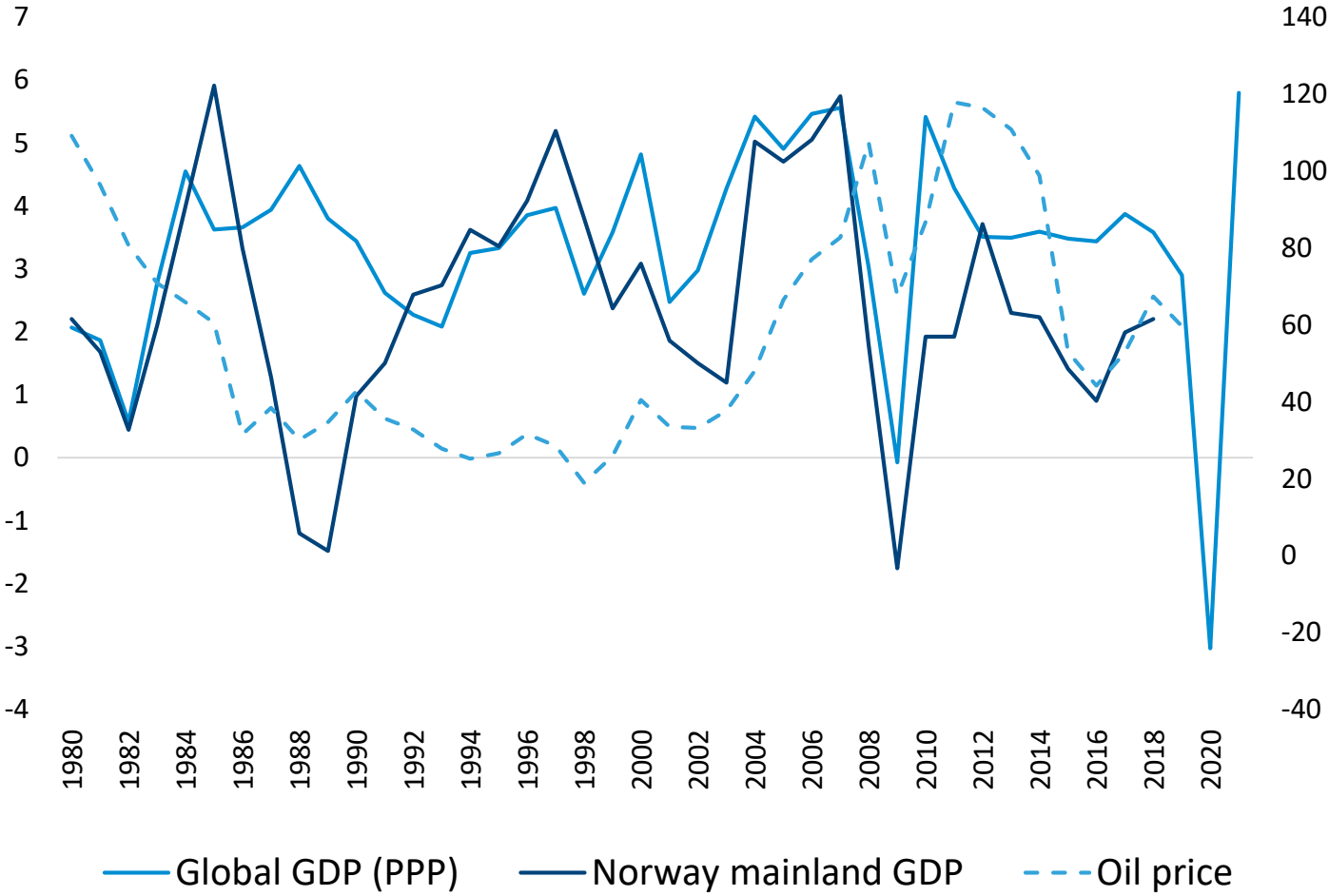
Retail sales (excl. auto),  
change in turn-over from same 8-month period previous year. Latest observation sep-oct 2019



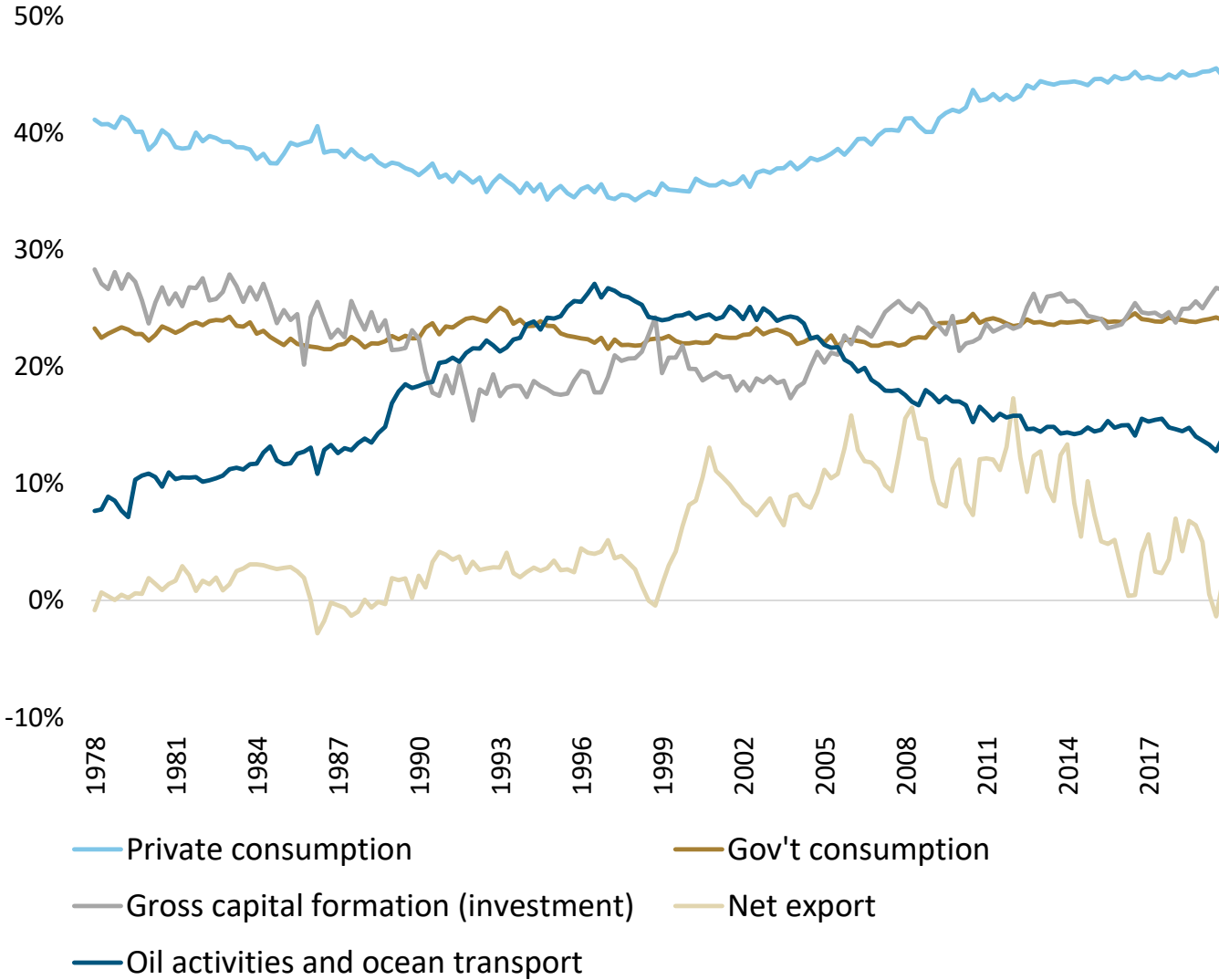
Source: SSB.

# Norwegian Economy – GDP

Norwegian economy, global economy and the oil price, annual change (%)  
IMF projection 2020 onwards

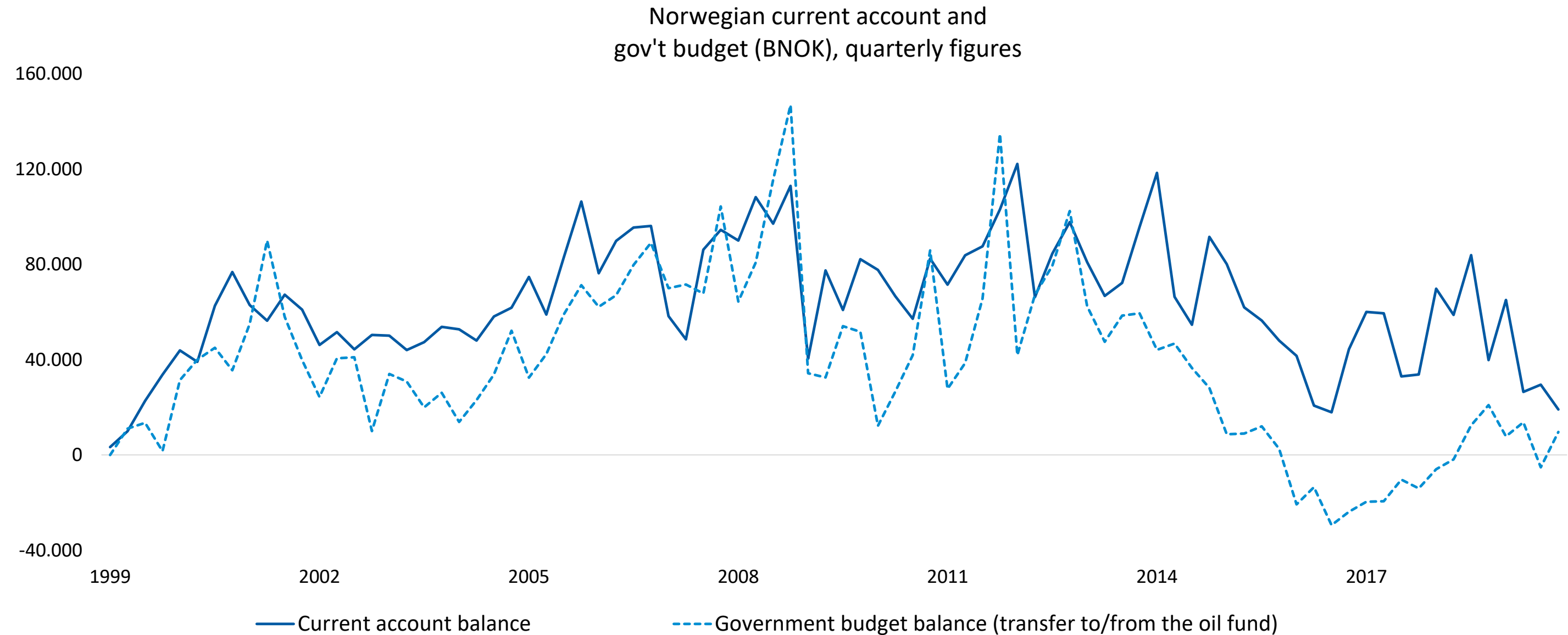


Norwegian economy, GDP decomposed, quarterly, share of GDP



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

# Norwegian current account and government budget

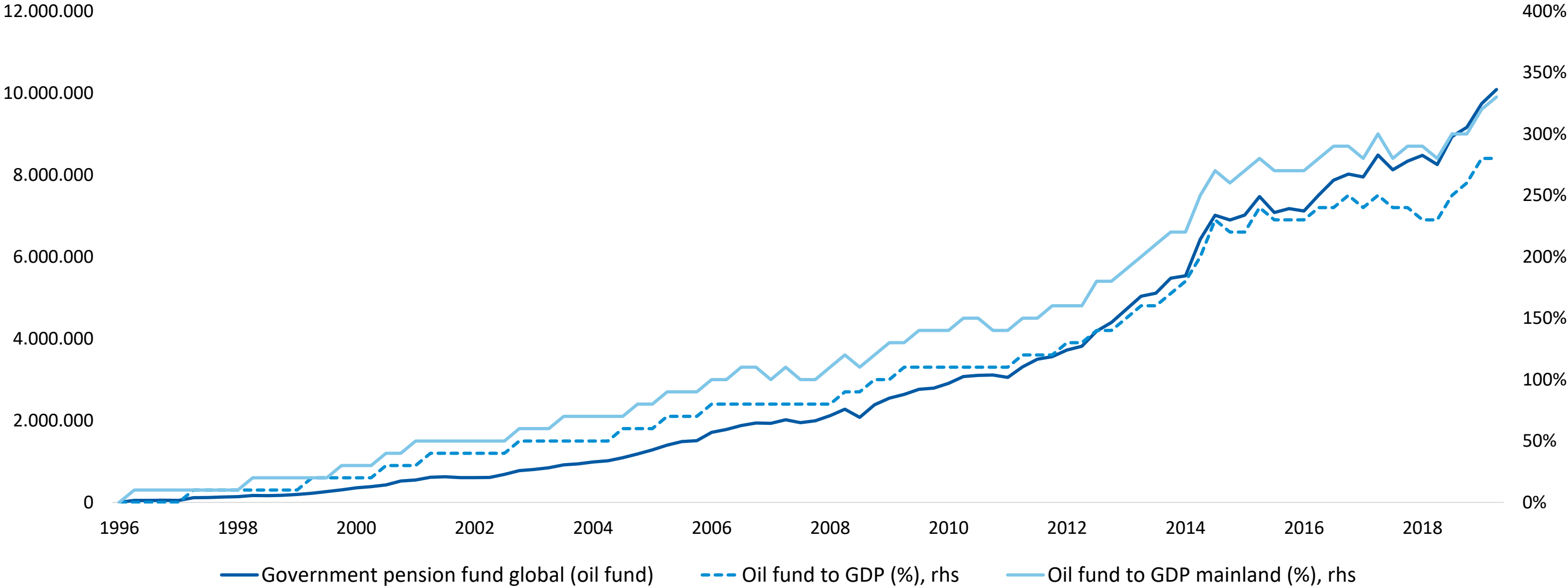


Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.



# Norway oil fund and GDP

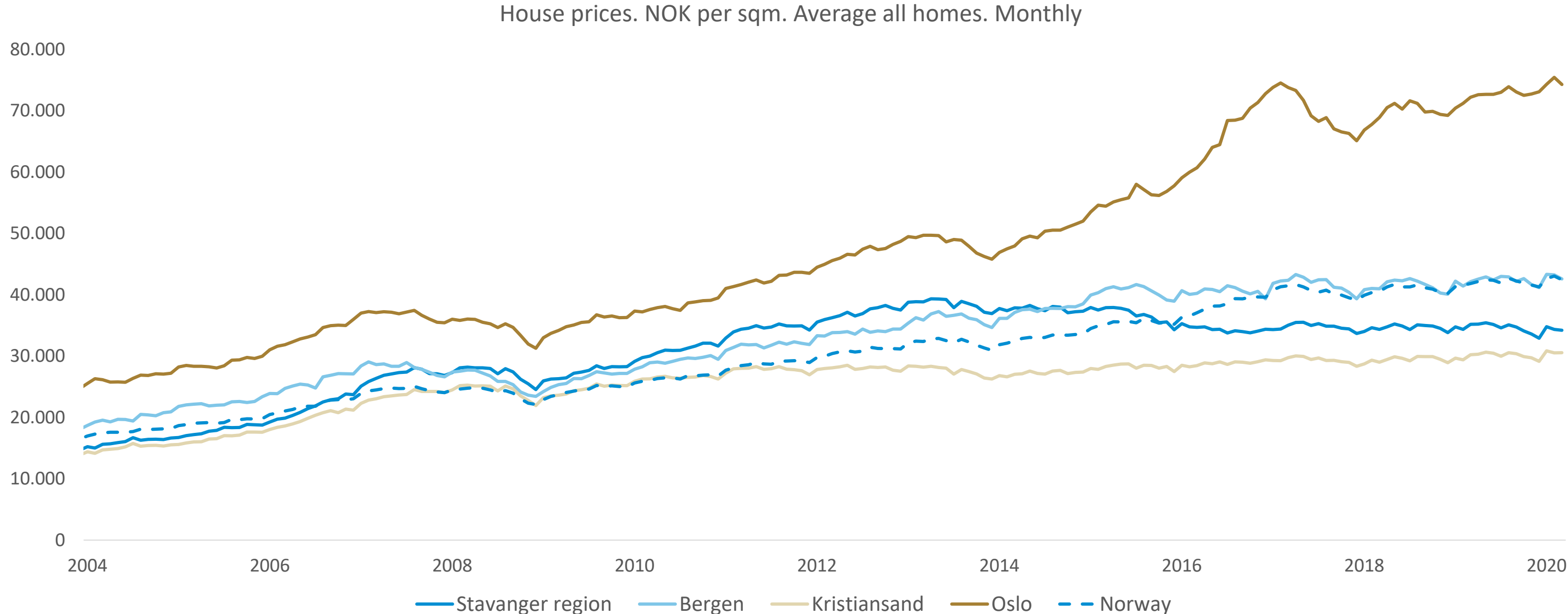
Norwegian oil fund and GDP (BNOK), quarterly figures



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

# Norwegian house prices have increased by 1,5% last 12 months

Impact from Covid-19 has decreased sales about 40%, but less impact on price



Source : Finn.no, Eiendom Norge og Eiendomsverdi.



# APPENDIX

- 1) Macro
- 2) SpareBank 1 SR-Bank



# Our purpose: Strength to growth and development

## Objectives

- The purpose for SpareBank 1 SR-Bank is to add strength to growth and development. Our growth will give us the ability to provide profitability and value to the owners, customers and the community.
- To provide a sustainable contribution to the wealth creation process through:
  - A sustainable and profitable business model
  - An owner-friendly, stable dividend policy

## Strategic goals

- To be the bank that focus on the future and good relations where we have our customers in the center, knows what's important for them through a combination of close, personal relationships – and high utilization of technology and customer data. We want to be reliable, easily available and a long-term partner to our customers.
- We want to focus on good solutions for our customers by understanding them and their challenges, which will help us reach our vision to be the customers first choice.

## Financial goals

- The longer term target for return on equity is a minimum of 12%.
- Top 50% return on equity and cost/income in a Nordic benchmark

## Strategic focus

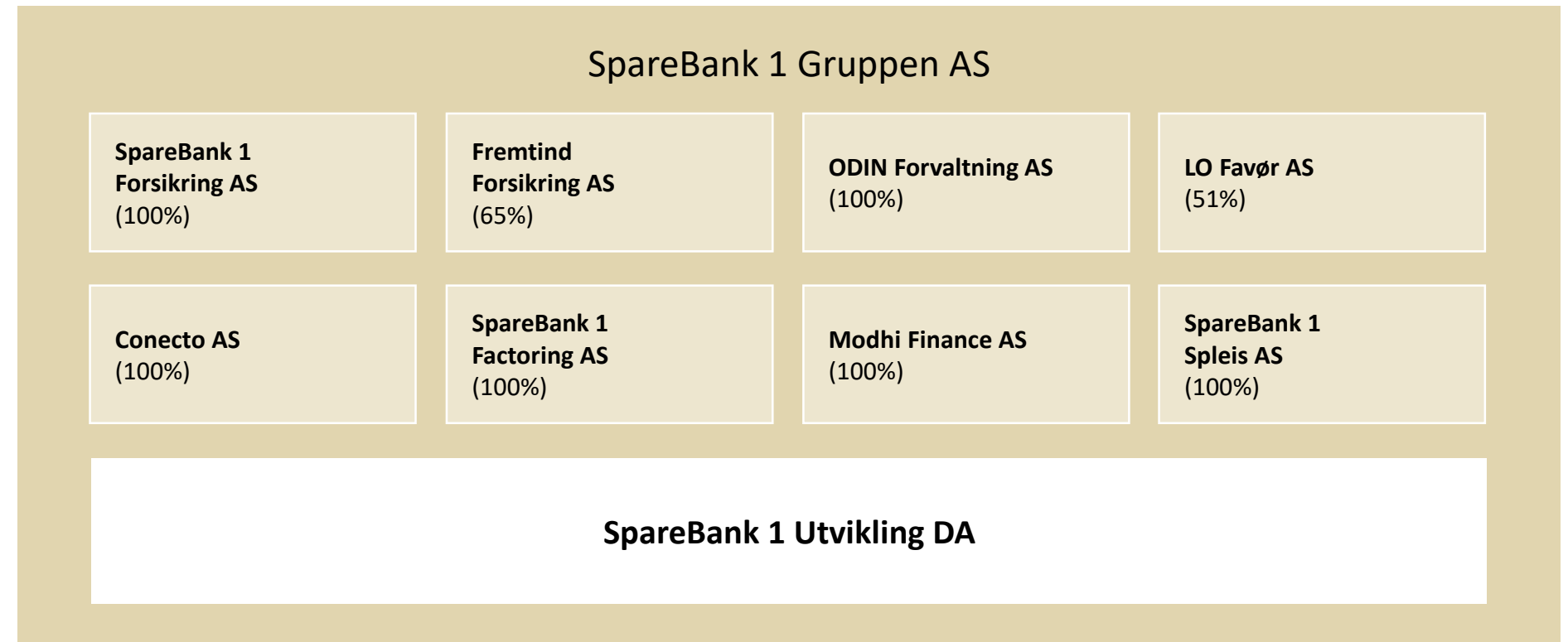
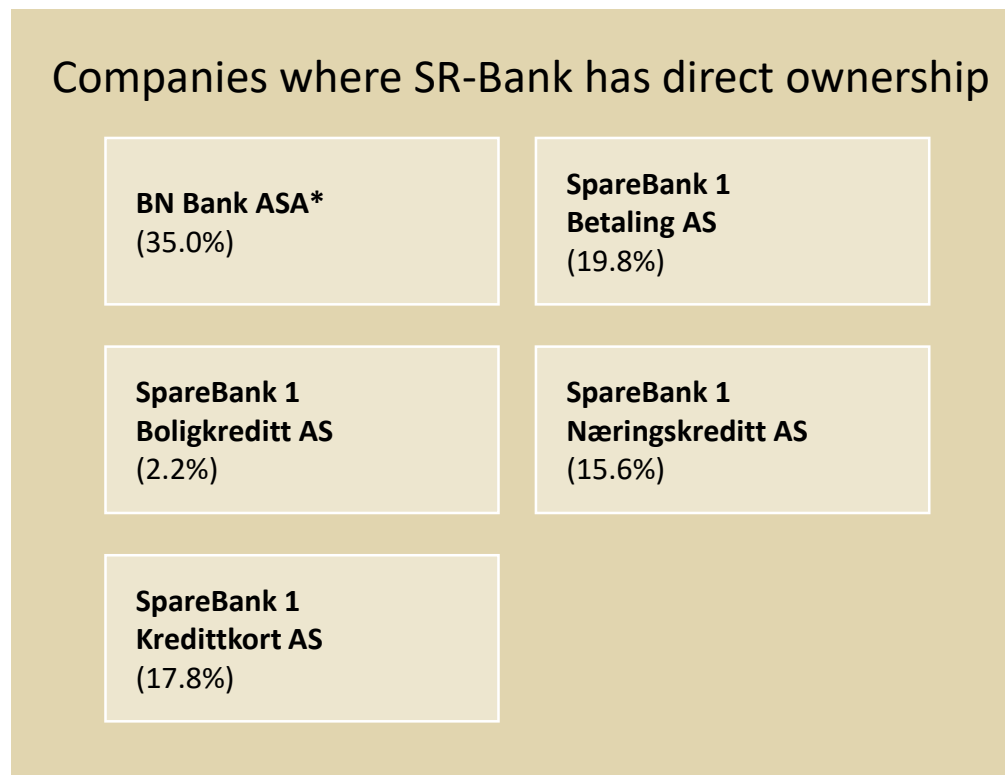
- Digital development and transformation of existing business models
- Innovation by use of partnership, technology and data
- Cost-effective and selective growth, increased product- and diversification portfolio.
- High portfolio quality



# SpareBank 1 Alliance



Products, commissions, dividends ↑ ↓ Sales, loan portfolios, capital



## Owners of the alliance

All credit decisions are made at the local banks

Economies of scale related to expenses, IT solutions, marketing and branding

\*The stake increased to 35% in the second quarter of 2019 in connection with an agreement on changing the ownership model in BN Bank ASA.

# Balance sheet

<b>Balance sheet (MNOK)</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Cash and balances with central banks	405	468
Balances with credit institutions	7.181	1.750
Net loans to customers	210.180	195.229
Certificates, bonds and other fixed-income securities	37.493	32.477
Financial derivatives	15.126	4.868
Shares, ownership stakes and other securities	797	928
Investment in subsidiaries	0	0
Investment in associates	4.412	3.931
Other	3.045	2.275
<b>Total assets</b>	<b>278.639</b>	<b>241.926</b>
Balances with credit institutions	4.534	998
Deposit from customers	105.545	98.991
Listed debt securities	126.448	110.021
Financial derivatives	12.282	3.491
Other liabilities	2.611	2.558
Additional Tier 1 and Tier 2 capital instruments	2.211	2.753
<b>Total liabilities</b>	<b>253.631</b>	<b>218.812</b>
<b>Total equity</b>	<b>25.008</b>	<b>23.114</b>
<b>Total liabilities and equity</b>	<b>278.639</b>	<b>241.926</b>

# Net commission and other income

MNOK	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Payment facilities	69	66	77	66	62
Savings/placements	48	47	46	53	46
Insurance products	51	50	48	48	46
Commission income real estate broking	85	101	91	108	99
Guarantee commission	25	24	23	22	24
Arrangement- and customer fees	20	23	6	35	26
Accounting services SpareBank 1 Regnskapshuset SR	41	31	30	38	27
Other	4	11	3	3	3
<b>Net commission and other income excl. covered bond companies</b>	<b>343</b>	<b>353</b>	<b>324</b>	<b>373</b>	<b>333</b>
Commission income SB1 Boligkreditt and SB1 Næringskreditt	3	6	8	11	8
<b>Net commission and other income incl. covered bond companies</b>	<b>346</b>	<b>359</b>	<b>332</b>	<b>384</b>	<b>341</b>

# Net income on investment securities

MNOK	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19
<b>Dividends</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>8</b>	<b>19</b>
<b>Investment income, associates</b>	<b>242</b>	<b>15</b>	<b>98</b>	<b>226</b>	<b>536</b>
<b>Securities gains/losses</b>	<b>-298</b>	<b>20</b>	<b>-24</b>	<b>4</b>	<b>95</b>
- of which capital change in shares and certificates	-121	36	-6	19	62
- of which capital change in certificates and bonds	86	-96	-45	-18	2
- of which derivatives; bonds and certificates	-263	80	27	3	31
<b>Currency/interest gains/losses</b>	<b>28</b>	<b>-13</b>	<b>11</b>	<b>102</b>	<b>26</b>
- of which currency customer- and own-account trading	9	37	33	32	29
- of which value change basis swap spread	64	-34	-16	53	-13
- of which counterparty risk derivatives including CVA	-8	1	-2	0	1
- of which IFRS-effects	-37	-17	-4	17	9
<b>Net income on investment securities</b>	<b>-28</b>	<b>22</b>	<b>89</b>	<b>340</b>	<b>676</b>

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



# Subsidiaries

Subsidiaries	MNOK	31.03.2020	31.03.2019
EiendomsMegler 1 SR-Eiendom AS	Number of sales	1.400	1.639
	Operating profit before tax	0	2
SR-Forvaltning AS	Capital under management (BNOK)	11	12
	Operating profit before tax	6	7
FinStart Nordic AS	Operating profit before tax*	-83	9
SpareBank 1 Regnskapshuset SR AS	Operating profit before tax**	6	1
SR-Boligkreditt AS	Operating profit before tax	237	106
Monner AS	Operating profit before tax***	-4	
Rygir Industrier AS and other	Operating profit before tax	-12	-9
<b>Total subsidiaries</b>	<b>Operating profit before tax</b>	<b>150</b>	<b>116</b>

\* The result in FinStart Nordic is consolidated and includes result from subsidiaries Beaufort Solutions AS.

\*\*The result in Regnskapshuset includes amortization of intangible assets of NOK 0.7 million (NOK 0.5 million per 31.03.2019).

\*\*\*SpareBank 1 SR-Bank ASA purchased 100% of the shares in Monner AS on 1 July 2019.

# Ownership interests

Ownership interests	MNOK	31.03.2020	31.03.2019
SpareBank 1 Gruppen AS	Interest ownership	19,5%	19,5%
	Profit after tax	-115	38
	Profit effect merger	340	460
SpareBank 1 Boligkreditt AS	Interest ownership	2,2%	4,8%
	Profit after tax	-3	3
SpareBank 1 Næringskreditt AS	Interest ownership	15,6%	14,4%
	Profit after tax	1	3
BN Bank ASA	Interest ownership*	35,0%	23,5%
	Profit after tax	23	17
SpareBank 1 Kredittkort AS	Interest ownership	17,8%	17,8%
	Profit after tax	0	3
SpareBank 1 Betaling AS	Interest ownership	19,8%	19,8%
	Profit after tax	-2	-3
	Adjusted profit previous years	0	14
Other	Profit after tax	-2	1
<b>Total ownership interests</b>	<b>Profit after tax</b>	<b>242</b>	<b>536</b>

\*The stake increased to 35% in the second quarter of 2019 in connection with an agreement on changing the ownership model in BN Bank ASA.

# Operating expenses

MNOK	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Payroll and pensions	278	328	307	294	282
Other staff expenses	70	68	68	63	62
<b>Total personnel expenses</b>	<b>348</b>	<b>396</b>	<b>375</b>	<b>357</b>	<b>344</b>
IT expenses	92	91	91	92	90
Marketing	21	31	20	20	19
Other administrative expenses	27	30	21	25	25
<b>Total administrative expenses</b>	<b>140</b>	<b>152</b>	<b>132</b>	<b>137</b>	<b>134</b>
Depreciation	41	37	40	31	29
Operating expenses from real estate	8	12	7	8	8
Other operating expenses	55	81	61	69	68
<b>Total other operating expenses</b>	<b>104</b>	<b>130</b>	<b>108</b>	<b>108</b>	<b>105</b>
<b>Total operating expenses</b>	<b>592</b>	<b>678</b>	<b>615</b>	<b>602</b>	<b>583</b>

# Impairments on loans and financial commitments

## Impairments on loans and financial commitments in the income statement (MNOK)

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Corporate customers	544	121	82	-33	41
Retail customers	16	18	-16	14	8
<b>Total impairments</b>	<b>560</b>	<b>139</b>	<b>66</b>	<b>-19</b>	<b>49</b>

## Impairments on loans and financial commitments in the balance sheet (MNOK)

	31.03.2020	31.12.2019	30.09.2019	30.06.2019	31.03.2019
Corporate customers	1.930	1.396	1.308	1.224	1.172
Retail customers	168	160	151	177	164
<b>Total impairments on loans and financial commitments</b>	<b>2.098</b>	<b>1.556</b>	<b>1.459</b>	<b>1.401</b>	<b>1.336</b>

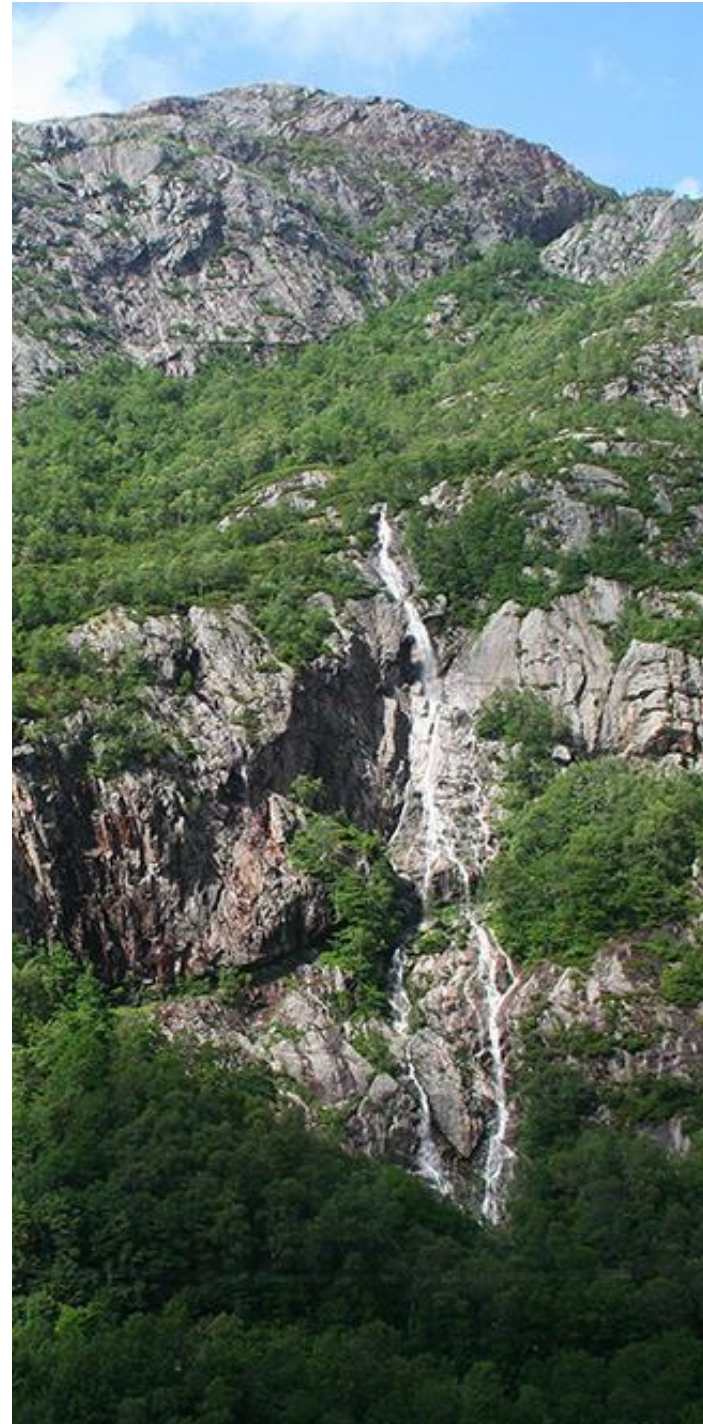


**SpareBank 1 SR-Bank has a moderate risk profile in which no single event should be capable of seriously harming the bank's financial position**





- The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk
  - SpareBank 1 SR-Bank therefore invests significant resources in developing risk management systems, processes and expertise that are in line with leading international practice
- The bank's primary market areas are South of Norway
  - The bank's primary market areas for credit exposure are Rogaland, Agder, Vestland as well as Oslo and Viken
- The bank's set clear requirements for loan activities in the corporate market
  - The activities that are financed must have a long-term perspective
  - The group must be very familiar with the ownership and management of the company
  - All financing decisions are based on the customer's debt-servicing capacity and a lack of debt-servicing capacity may not be compensated for through higher security
  - Shipping and offshore related financing (including significant parts of oil-related activities) are handled by centralized expertise





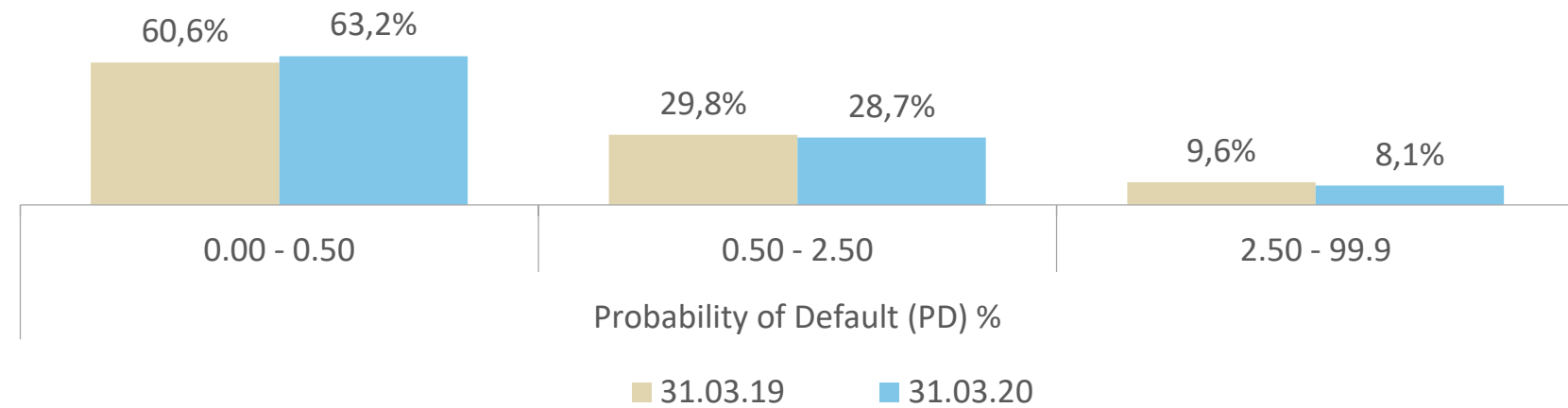
- The bank sets specific limits for the size of commitments as well as requirements concerning industry diversification
  - The maximum total exposure to an individual customer must be significantly lower than the regulatory requirements
  - The maximum unsecured exposure to an individual customer must not be so great that the potential loss cannot be absorbed without the group's financial position being significantly affected
  - This requires a diversified portfolio. The exposure to specific industries is subject to specific limits.
- The bank sets special requirements for all property financing
  - Self-financing requirements apply for all types of property financing - in relation to both residential and commercial property
  - Advanced sales requirements also apply for financing housing development projects
  - In addition to this, requirements that limit loan size/rent income ratio apply for financing commercial property



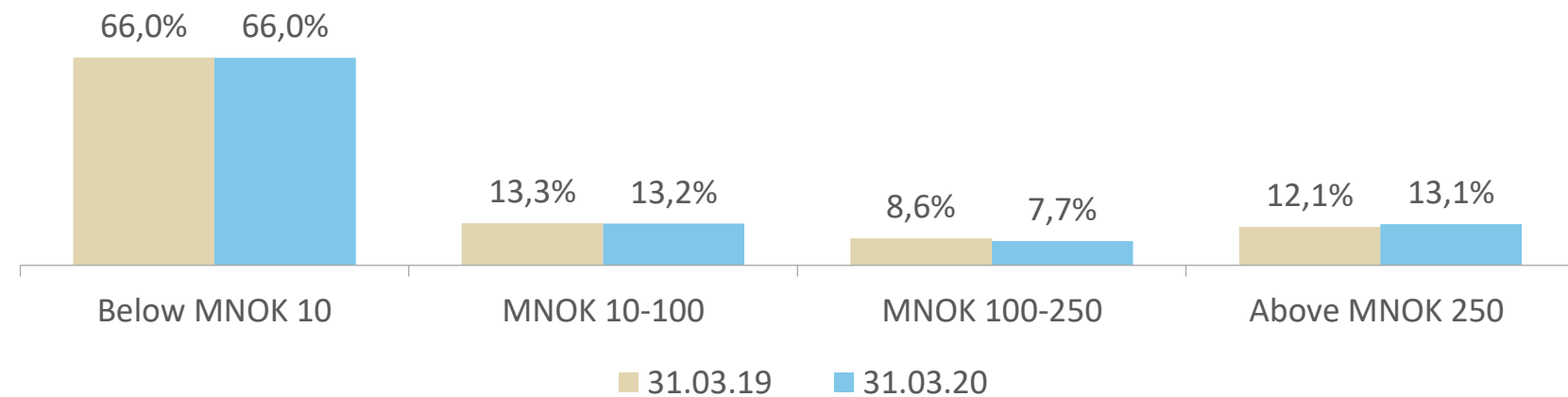
# Risk profile of the loan portfolio

- SpareBank 1 SR-Bank has a solid loan portfolio. Portfolio quality improved last year.
- The loan portfolio consists mainly of small and medium-sized loans.

Distributed by risk class



Distributed by size of loan



\*Probability of default (PD) through a full cycle of loss.

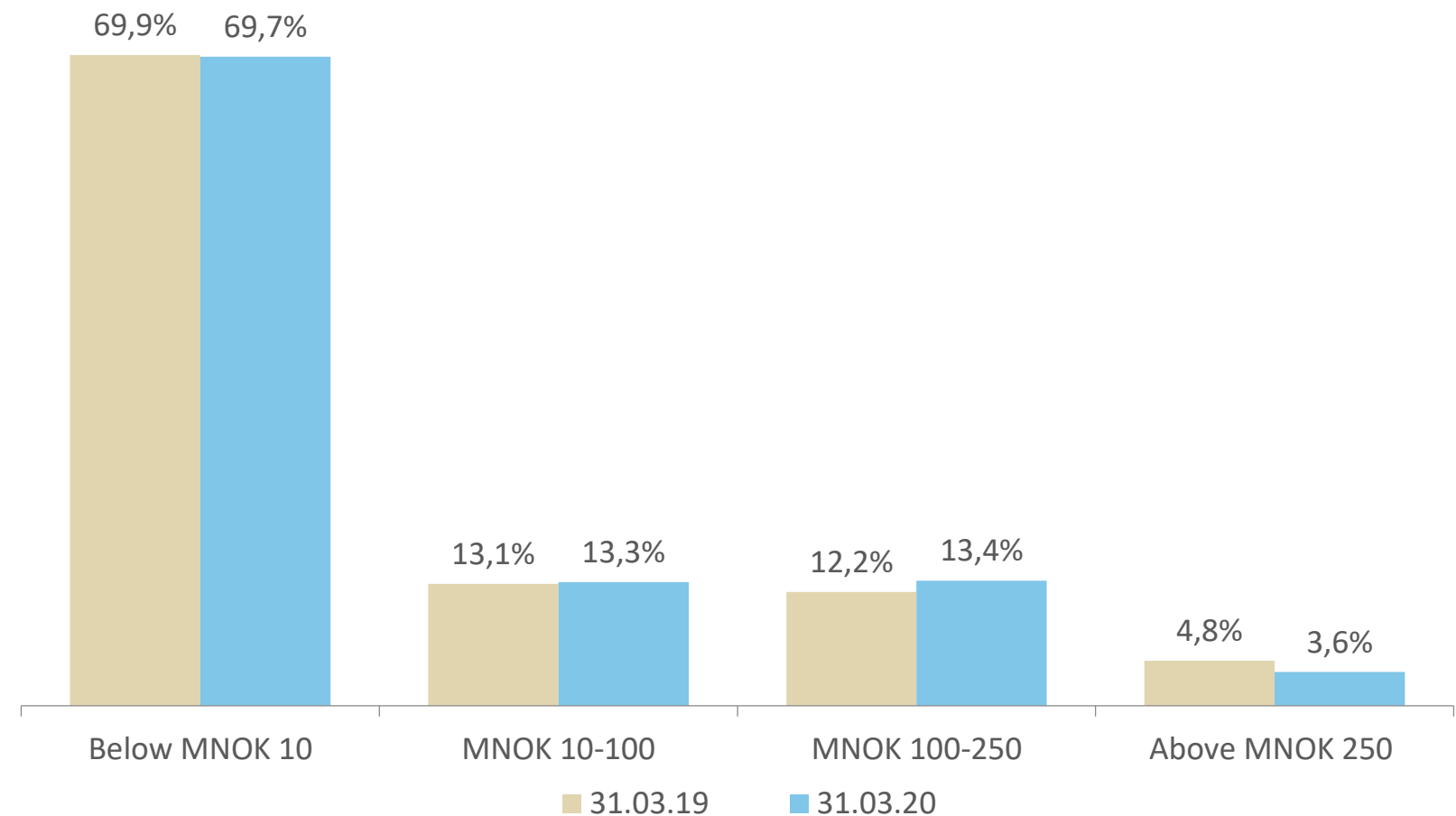
The figures include the loan portfolio in the covered bond companies (SB1 Boligkreditt AS, SB1 Næringskreditt AS and SR-Boligkreditt AS).



# Low concentration of individual LGRs in the lending portfolio

- There is a clearly defined strategy behind this portfolio composition. The growth and risk profile are managed, for example, through special credit strategy limits for concentration risk.

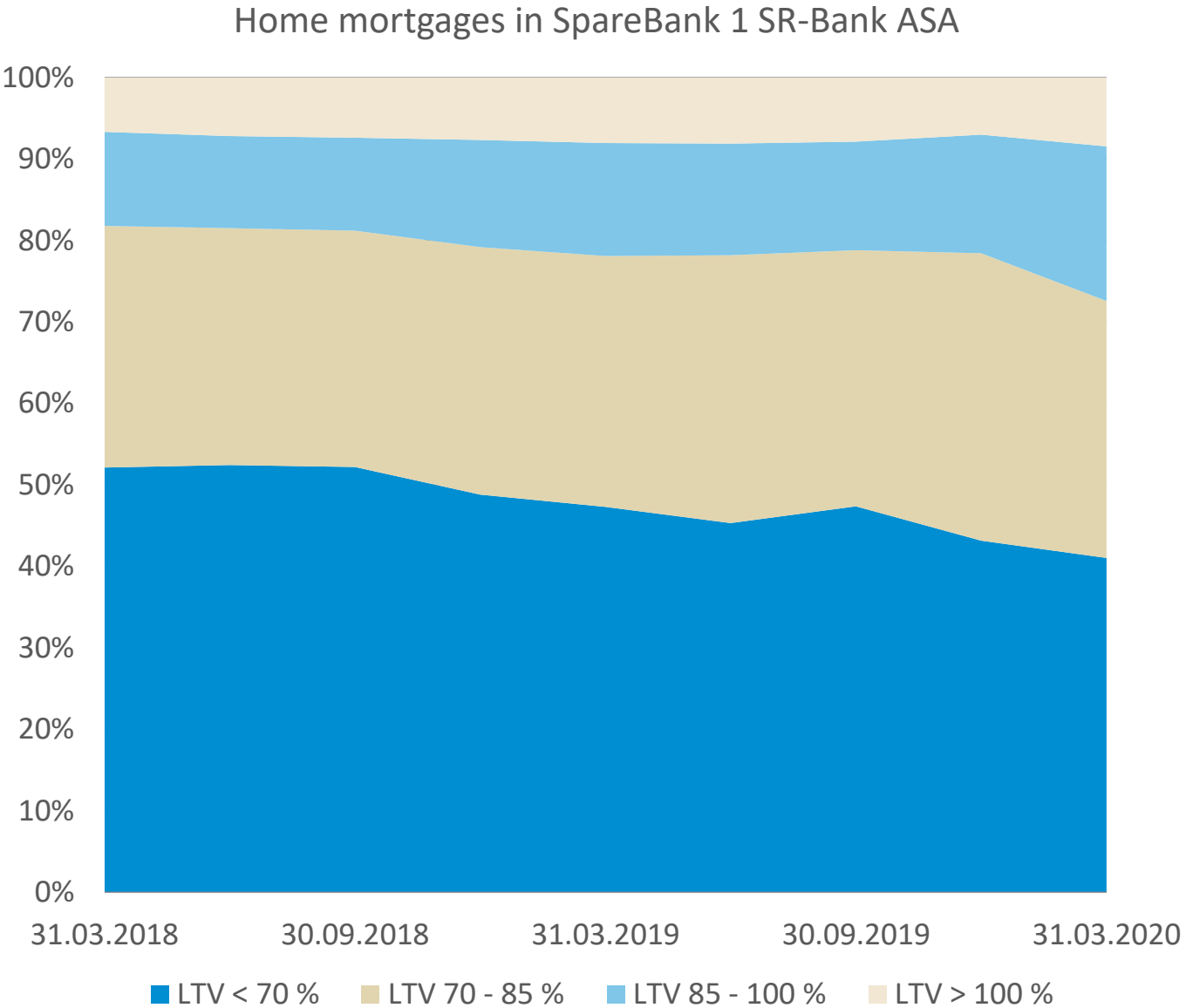
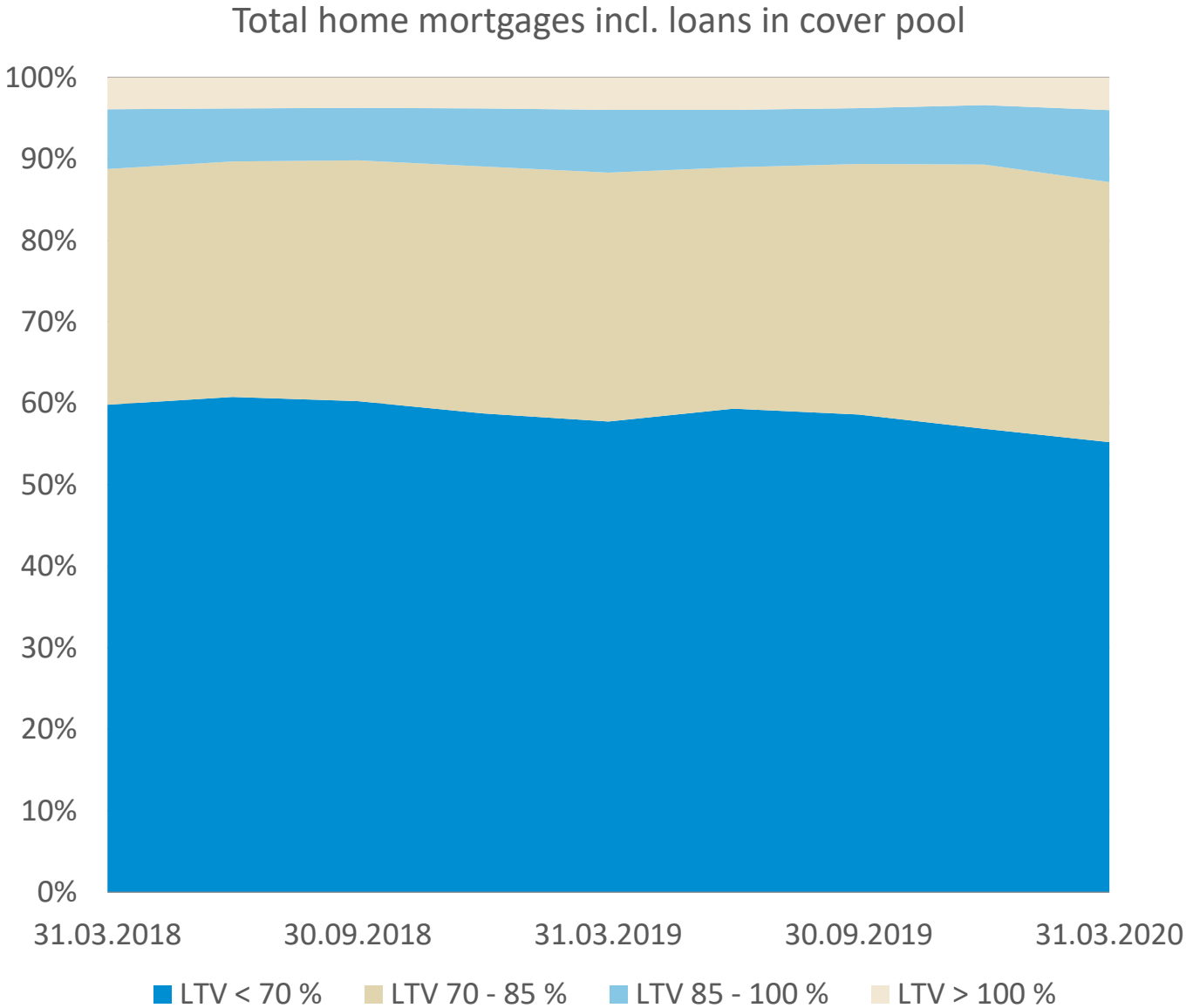
Distributed by loss given realisation (LGR)



LGR (Loss Given Realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic downturn.

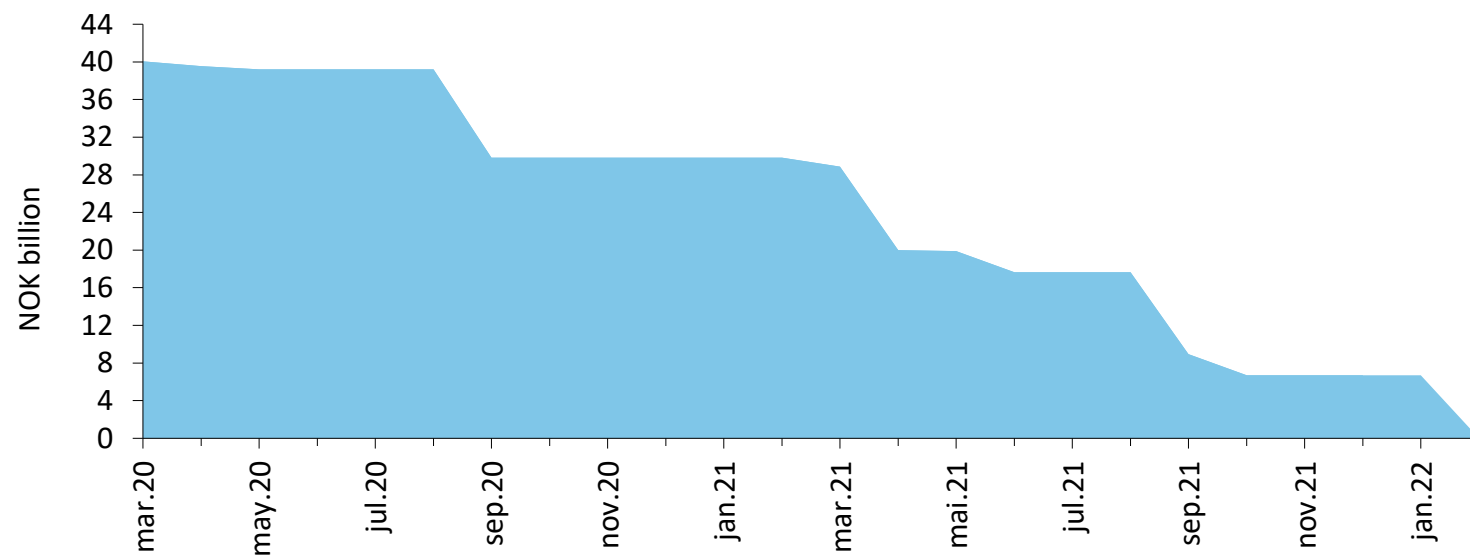
The figure includes the loan portfolio in the covered bond companies (SB1 Boligkreditt AS, SB1 Næringskreditt AS and SR-Boligkreditt AS).

# Historical LTV development for home mortgage loans



# Liquidity portfolio

Liquidity buffer – survival period



- Liquidity buffer at the end of the quarter: NOK 40.1 billion
- Other liquid assets:
  - Home mortgages eligible for covered bond funding: NOK 25.7 billion
  - Commercial paper and bonds in the trading portfolio: NOK 0.2 billion

Liquidity buffer: cash, highly liquid bonds.

Providing deposits and lending remain unchanged, with no new borrowing during the period.

Liquidity portfolio

Category	NOK million	Share %	Of which classified to amortised cost, MNOK
Norwegian government/municipal	1.103	3%	0
SSA/Foreign guaranteed	15.794	42%	1.832
Covered bonds (Norwegian/foreign)	20.401	55%	4.826
<b>Total liquidity portfolio</b>	<b>37.299</b>	<b>100%</b>	<b>6.658</b>

# Investments in bonds and certificates

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	37.299	99,3%
Low risk	A+, A and A-	0	0,0%
Moderate risk	Not rated	40	0,1%
High risk	Not rated	80	0,2%
Very high risk	Not rated	132	0,4%
<b>Total portfolio</b>		<b>37.551</b>	<b>100,0%</b>

*Of which liquidity purposes:*

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	32.799	100,0%
Low risk	A+, A and A-	0	0,0%
Moderate risk	Not rated	18	0,0%
High risk	Not rated	0	0,0%
Very high risk	Not rated	0	0,0%
<b>Total liquidity purposes</b>		<b>32.317</b>	<b>100,0%</b>

*Of which SR-Bank Markets:*

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	0	0,0%
Low risk	A+, A and A-	0	0,0%
Moderate risk	Not rated	22	9,6%
High risk	Not rated	80	34,1%
Very high risk	Not rated	132	56,3%
<b>Total SR-Bank Markets portfolio*</b>		<b>234</b>	<b>100,0%</b>

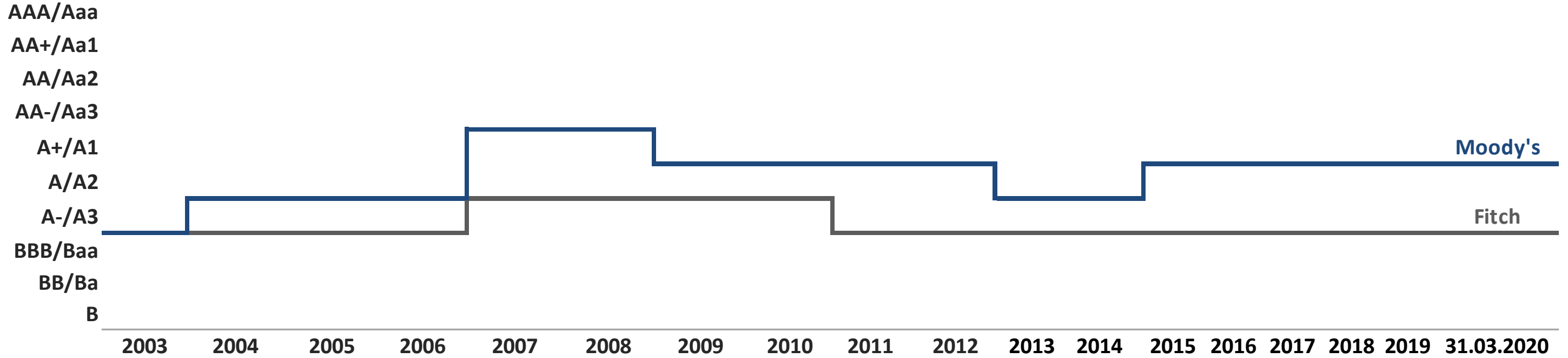
\* Including hybrid capital classified as equity in the balance sheet



# Rating

	Moody's		Fitch
Long-term debt	A1	Long-term IDR	A-
Outlook	Stable	Outlook	Negative
Updated	10 March 2020	Updated	31 March 2020

## Ratinghistory



# SR-Bank as of 31.03.2020

## SpareBank 1 SR-Bank share

	31.03.2020	2019	2018	2017	2016	2015	2014
Share price	59,20	100,00	89,20	87,00	60,75	39,30	52,50
Stock value (MNOK)	15.140	25.575	22.813	22.250	15.537	10.051	13.427
Book value per share, NOK (group)	90,55	89,90	82,27	77,24	71,54	66,14	60,28
Earnings per share	0,86	12,22	8,98	8,16	6,87	6,83	8,20
Dividend per share*	n.a	5,50	4,50	4,25	2,25	1,50	2,00
P/E	17,21	8,18	9,93	10,66	8,84	5,75	6,40
P/BV (group)	0,65	1,11	1,08	1,13	0,85	0,59	0,87

- Number of shares issued 255.8 million
- Trading volume in Q1 2020: 9.4% (5.3%)
- On 1 June 2017, the SR-Bank share was included in the Oslo Stock Exchange's main index

\*A decision was made in April 2020 not to pay a dividend for 2019 at this time. The change has been incorporated into the first quarter of 2020. The figures reported as at 31 December 2019 are the same as before.

## Dividend policy

“The financial objective of SpareBank 1 SR-Bank ASA is to achieve earnings that yield adequate, stable returns on the bank’s equity, thereby creating value for owners through competitive returns in the form of dividends and share appreciation.

In determining the level of the annual dividend, considerations will be made towards SpareBank 1 SR-Bank ASA’s future need for capital, including capital adequacy requirements, and strategic plans and targets. Unless capital requirements otherwise dictate, the Board of Directors’ aim is that approximately half of the EPS is paid out.”





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