

Q1

First Quarter 2020

Interim Financial Statements Q1 2020

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Key figures SpareBank 1 SR-Bank Group (MNOK)

| MAIN FIGURES | 01.01 - 31.03 | | Year | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 | 2019 | 2019 | | |
| Net interest income | 1.081 | 938 | 3.987 | | |
| Net commission and other income | 346 | 341 | 1.416 | | |
| Net income on financial investments | -28 | 676 | 1.127 | | |
| Total income | 1.399 | 1.955 | 6.530 | | |
| Total operating costs | 592 | 583 | 2.478 | | |
| Operating profit before impairments | 807 | 1.372 | 4.052 | | |
| Impairments on loans and financial commitments | 560 | 49 | 235 | | |
| Pre-tax profit | 247 | 1.323 | 3.817 | | |
| Tax expense | 26 | 177 | 693 | | |
| Profit after tax | 221 | 1.146 | 3.124 | | |
| BALANCE SHEET | | | | | |
| Gross loans to customers | 212.161 | 196.468 | 207.114 | | |
| Gross loans to customers including SB1 BK and SB1 NK ²⁾ | 216.354 | 205.406 | 211.357 | | |
| Deposits from customers | 105.545 | 98.991 | 103.106 | | |
| Total assets | 278.639 | 241.926 | 255.895 | | |
| Average total assets | 264.959 | 237.959 | 247.923 | | |
| Selected key figures (for further key figures see page 45 of the interim report) | | | | | |
| Return on equity ¹⁾ | 3,4 % | 21,2 % | 14,0 % | | |
| Cost ratio ¹⁾ | 42,3 % | 29,8 % | 37,9 % | | |
| Combined weighted total average spread for lending and deposits ¹⁾ | 1,64 % | 1,60 % | 1,61 % | | |
| Balance growth | | | | | |
| Growth in loans ¹⁾ | 8,0 % | 12,7 % | 7,8 % | | |
| Growth in loans incl SB1 BK and SB1 NK ¹⁾²⁾ | 5,3 % | 8,7 % | 4,9 % | | |
| Growth in deposits ¹⁾ | 6,6 % | -0,6 % | 4,3 % | | |
| Solidity | | | | | |
| Common equity Tier 1 capital ratio ⁵⁾ | 17,7 % | 14,7 % | 17,0 % | | |
| Tier 1 capital ratio ^{3) 5)} | 19,2 % | 16,0 % | 18,6 % | | |
| Capital ratio ^{3) 5)} | 21,0 % | 17,7 % | 20,4 % | | |
| Tier 1 capital ^{3) 5)} | 24.182 | 21.475 | 22.626 | | |
| Risk weighted balance | 125.780 | 134.649 | 121.744 | | |
| Leverage ratio | 7,9 % | 7,7 % | 7,8 % | | |
| Liquidity | | | | | |
| Liquidity Coverage Ratio (LCR) ⁴⁾ | 135 % | 172 % | 155 % | | |
| Deposit-to-loan ratio ¹⁾ | 49,7 % | 50,4 % | 49,8 % | | |
| Deposit-to-loan ratio, incl loans SB1 BK and NK ¹⁾²⁾ | 48,8 % | 48,2 % | 48,8 % | | |
| Impairments on loans and financial commitments ¹⁾ | | | | | |
| Impairment ratio ¹⁾ | 1,07 % | 0,10 % | 0,12 % | | |
| Impairment ratio, incl. loans SB1 BK and SB1 NK ¹⁾²⁾ | 1,05 % | 0,10 % | 0,11 % | | |
| Loans and financial commitments in Stage 3 ¹⁾ | | | | | |
| Loans and financial commitments in Stage 3, percentage of gross loans ¹⁾ | 1,70 % | 1,46 % | 1,56 % | | |
| Loans and financial commitments in Stage 3, percentage of gross loans, incl. loans SB1 BK and NK ¹⁾²⁾ | 1,67 % | 1,40 % | 1,53 % | | |
| SpareBank 1 SR-Bank share | | | | | |
| | 31.03.20 | 31.12.19 | 31.12.18 | 31.12.17 | 31.12.16 |
| Market price | 59,20 | 100,00 | 89,20 | 87,00 | 60,75 |
| Market capitalisation (MNOK) | 15.140 | 25.575 | 22.813 | 22.250 | 15.537 |
| Book equity per share (including dividends) (group) ¹⁾ | 90,55 | 89,90 | 82,27 | 77,24 | 71,54 |
| Earnings per share, NOK | 0,86 | 12,22 | 8,98 | 8,16 | 6,87 |
| Dividends per share ⁵⁾ | n.a. | 5,50 | 4,50 | 4,25 | 2,25 |
| Price / Earnings per share ¹⁾ | 17,21 | 8,18 | 9,93 | 10,66 | 8,84 |
| Price / Book equity ¹⁾ | 0,65 | 1,11 | 1,08 | 1,13 | 0,85 |
| Effective return ⁶⁾ | -40,8 % | 17,2 % | 7,4 % | 46,9 % | 58,4 % |

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⁾ The capital ratio figures prior to 31 December 2019 are based on the capital adequacy rules and regulations as at 31 March 2019, when the so-called Basel I floor applied

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

⁵⁾ A decision was made in April 2020 not to pay dividend for 2019 at this time. The change has been incorporated in Q1-2020. The figures as at 31 December 2019 are not changed

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

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

Q1 2020

- Pre-tax profit: NOK 247 million (NOK 1,323 million)
 - Net profit for the quarter: NOK 221 million (NOK 1,146 million)
 - Return on equity after tax: 3.4% (21.2%)
 - Earnings per share: NOK 0.86 (NOK 4.48)
 - Net interest income: NOK 1,081 million (NOK 938 million)
 - Net commissions and other operating income: NOK 346 million (NOK 341 million)
 - Net income from financial investments: NOK -28 million (NOK 676 million)
 - Operating costs: NOK 592 million (NOK 583 million)
 - Impairments on loans and financial liabilities: NOK 560 million (NOK 49 million)
 - Total lending growth over last 12 months: 5.3% (8.7%)
 - Growth in deposits over last 12 months: 6.6% (-0.6%)
 - Common Equity Tier 1 capital ratio¹: 17.7% (14.7%)
 - Tier 1 capital ratio¹: 19.2% (16.0%)
- (Q1 2019 in brackets)

Financial performance – Q1 2020

The group made a pre-tax profit of NOK 247 million in the first quarter of 2020 (NOK 1,323 million), NOK 379 million lower than in the previous quarter. This year's first quarter was heavily impacted by the effects of both low oil prices and the Covid-19 outbreak. This particularly affected income from financial instruments and impairments on loans and financial liabilities. In addition to this, NOK 340 million was recognised as income in the first quarter of 2020 due to the establishment of Fremtind Livsforsikring AS. Underlying operations were good in the first quarter of 2020. The group's result exclusive of income from financial instruments and before impairments on loans and financial liabilities was NOK 835 million in the first quarter of 2020. This represents an improvement of NOK 92 million compared with the previous quarter. The improvement was largely attributable to the increased net interest income and the lower level of costs. The group posted a total return on equity after tax of 3.4% for the first quarter of 2020 (-2.5% exclusive of income related to the establishment of Fremtind Livsforsikring AS), compared with 8.3% for the previous quarter.

Net interest income rose to NOK 1,081 million in the first quarter of 2020 (NOK 938 million). The increase of NOK 19 million since the previous quarter came

from a combination of increased lending and deposits volumes. The average interest margin (net interest income as a percentage of average total assets) was 1.64% (1.60%), the same as in the fourth quarter of 2019.

Net commissions and other operating income totalled NOK 346 million in the first quarter of 2020 (NOK 341 million). Personnel costs were NOK 13 million lower than in the previous quarter. Income from EiendomsMegler 1 SR-Eiendom AS decreased by NOK 16 million from the previous quarter to NOK 85 million in the first quarter of 2020 (NOK 99 million). Income from SpareBank 1 Regnskapshuset SR AS rose by NOK 10 million from the fourth quarter of 2019 to NOK 41 million in the first quarter of 2020 (NOK 27 million) due to increased activity. Commissions from SpareBank 1 Boligkreditt AS decreased by NOK 3 million, gains from the sale of fixed assets decreased by NOK 3 million, and rental income from external tenants decreased by NOK 2 million from the previous quarter.

Net income from financial investments amounted to NOK -28 million in the first quarter of 2020 (NOK 676 million), a reduction of NOK 50 million compared with the previous quarter. Net income from financial investments was heavily affected in the first quarter of

¹ 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. Historical capital ratio figures are based on the capital adequacy rules and regulations as at 31 March 2019, when the so-called Basel I floor applied.

2020 by low oil prices, the Covid-19 situation and income in connection with the establishment of Fremtind Livsforsikring AS. Income from ownership interests rose by NOK 227 million from the fourth quarter of 2019 to NOK 242 million in the first quarter of 2020. The increase was due to income in connection with the establishment of Fremtind Livsforsikring AS amounting to NOK 340 million, which was partly offset by a lower profit contribution from SpareBank 1 Gruppen AS. The profit contribution from SpareBank 1 Gruppen AS decreased by NOK 103 million compared with the previous quarter. Capital gains on securities decreased by NOK 318 million from the previous quarter, where changes in equity and equity certificate prices amounted to NOK 157 million, while changes in bond prices, including derivatives, amounted to NOK 193 million. Capital gains from interest and currency trading increased by NOK 41 million from the previous quarter, in part due to a NOK 98 million increase in the value of basis swaps, which ended at NOK 64 million for the quarter in isolation.

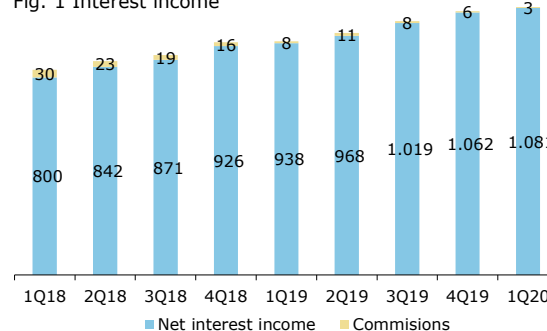
Operating costs were reduced by NOK 86 million from the previous quarter to NOK 592 million in the first quarter of 2020 (NOK 583 million). Personnel costs were reduced by NOK 48 million from the previous quarter to NOK 348 million in the first quarter of 2020 (NOK 344 million). Personnel costs decreased due to the group's bonus provisions being reduced by NOK 50 million from the previous quarter. The reduction was due to a combination of high provisions in the fourth quarter of 2019 and the fact that no provisions were made for bonuses in the first quarter of 2020. Other operating costs decreased by NOK 38 million from the previous quarter with the reduction in marketing costs amounting to NOK 10 million, the reduction in the use of external consultants NOK 16 million, and the reduction in operating costs for premises NOK 8 million. Operating costs for premises were high in the fourth quarter of 2019 due to moving costs in connection with the relocation into Finansparken in November 2019.

Impairments on loans and financial liabilities amounted to NOK 560 million for the first quarter of 2020 (NOK 49 million), an increase of NOK 421 million from the fourth quarter of 2019. The higher impairments, including IFRS 9 provisions, are linked to the Covid-19 situation and subsequent low oil prices and high USD exchange rate. This especially applies to the changed long-term market conditions for a single commitment within the oil/offshore segment that requires a larger impairment.

Net interest income

The group's net interest income totalled NOK 1,081 million in the first quarter of 2020 (NOK 938 million), an increase of NOK 143 million from the first quarter of 2019. Around NOK 40 million of the increase was due to increased loan and deposit volumes, while around NOK 80 million was due to expanded margins.

Fig. 1 Interest income



Net interest income was negatively affected by NOK 8 million in total increased charges for the deposit guarantee fund and the crisis management fund compared with the same quarter last year.

The average interest margin rose to 1.64% in the first quarter of 2020, compared with 1.60% in the first quarter of 2019. The interest margin was unchanged from the fourth quarter of 2019, despite the rise in interest rates. This was due to increased total assets, where a large proportion of the increase was due to changes in exchange rates. Adjusted for the growth in total assets due to changes in exchange rates, the average interest rate margin increased to around 1.66% in the first quarter of 2020.

Net commissions and other operating income

Net commissions and other operating income in the first quarter of 2020 totalled NOK 346 million (NOK 341 million).

Table 1, Commission and other income

| | 31.03.20 | 31.03.19 |
|---|------------|------------|
| Payment facilities | 69 | 62 |
| Savings/placements | 48 | 46 |
| Insurance products | 51 | 46 |
| Commission income real estate broking | 85 | 99 |
| Guarantee commission | 25 | 24 |
| Arrangement- and customer fees | 20 | 26 |
| Accounting services SpareBank 1 Regnskapshuset SR | 41 | 27 |
| Commission income SB1 Boligkreditt | 3 | 8 |
| Other | 4 | 3 |
| Total commission and other income | 346 | 341 |

Income from money transfer services increased by NOK 7 million from the first quarter of 2019 to NOK 69 million in the first quarter of 2020 (NOK 62 million), of which NOK 4 million was delayed income from Visa Norge AS earned in 2019. Income from estate agency services fell by NOK 14 million to NOK 85 million in the first quarter of 2020 (NOK 99 million) due to less activity in the market, especially in the second half of March 2020 because of the Covid-19 outbreak. Customer fees decreased by NOK 6 million to NOK 20 million in the first quarter of 2020 (NOK 26 million) due to the high non-recurring income in the first quarter of 2019. Income from SpareBank 1 Regnskapshuset SR AS rose by NOK 14 million to NOK 41 million in the first quarter of 2020 (NOK 27 million), in part due to the acquisition of Agder Økonomi AS in the second quarter of 2019. Commissions from SpareBank 1 Boligkreditt AS amounted to NOK 3 million in the first quarter of 2020 (NOK 8 million). The NOK 5 million reduction since the first quarter of 2019 was mainly due to the group buying back NOK 4.7 billion in loans from SpareBank 1 Boligkreditt AS in the last 12 months.

Net income from financial investments

Net income from financial investments in the first quarter of 2020 totalled NOK -28 million (NOK 676 million).

Table 2, Income on investment securities

| | 31.03.20 | 31.03.19 |
|--|------------|------------|
| Dividends | 0 | 19 |
| Investment income, associates | 242 | 536 |
| Income from financial instruments | -270 | 121 |
| - Capital gains/losses on securities | -298 | 95 |
| - Capital gains/losses interest/currency | 28 | 26 |
| Total income on investment securities | -28 | 676 |

Dividends have decreased by NOK 19 million from the first quarter of 2019. This is due to Sandnes Sparebank, which paid dividends of NOK 18 million in the first quarter of 2019, delaying payment of a dividend until the second quarter of 2020.

Income from ownership interests decreased by NOK 294 million to NOK 242 million in the first quarter of 2020 (NOK 536 million). The most important reason for this was the lower profit contribution from SpareBank 1 Gruppen AS.

Table 3, Income from ownership interests

| The share of net profit after tax | 31.03.20 | 31.03.19 |
|--|------------|------------|
| SpareBank 1 Gruppen AS | -115 | 38 |
| -Merger effects Fremtind | 340 | 460 |
| SpareBank 1 Boligkreditt AS | -3 | 3 |
| SpareBank 1 Næringskreditt AS | 1 | 3 |
| BN Bank ASA | 23 | 17 |
| SpareBank 1 Kredittkort AS | 0 | 3 |
| SpareBank 1 Betaling AS | -2 | 11 |
| Other | -2 | 461 |
| Total income from ownership interests | 242 | 536 |

The profit contribution after tax from SpareBank 1 Gruppen AS decreased by a total of NOK 273 million from the first quarter of 2019 to the first quarter of 2020, of which NOK 120 million was due to the lower recognised effects of the merger in the first quarter of 2020. NOK 460 million was recognised as effects from the Fremtind Forsikring AS merger in the first quarter of 2019, while the effects of the Fremtind Forsikring AS merger recognised in the first quarter of 2020 were NOK 340 million. The underlying profit contribution from SpareBank 1 Gruppen AS decreased by NOK 153 million from the first quarter of 2019 to NOK -115 million in the first quarter of 2020. The deficit was heavily influenced by the Covid-19 situation, with significant insurance provisions/payments on travel insurance claims and negative financial returns on all asset classes.

The profit contributions from both SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS were negative in the first quarter of 2020 due to the Covid-19 situation's negative impact on financial income.

The profit share from BN Bank ASA increased by NOK 6 million to NOK 23 million in the first quarter of 2020. 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 a higher profit share. The underlying pre-tax profit in BN Bank ASA in the first quarter of 2020 was NOK 11 million lower than in the same period last year, and this was due to increased impairments on loans as a result of Covid-19.

The profit contribution from SpareBank 1 Kredittkort AS decreased by NOK 3 million to NOK 0 million in the first quarter of 2020. The company's pre-tax profit fell by NOK 21 million from the first quarter of 2019 to NOK 3 million in the first quarter of 2020. The lower profit was due to reduced commissions and transaction revenues.

Net income from financial instruments decreased by NOK 391 million from the first quarter of 2019 to NOK -270 million in the first quarter of 2020 (NOK 121 million) due to the Covid-19 situation. Capital losses from securities amounted to NOK 298 million (NOK 95 million in capital gains), while capital gains from interest and currency trading amounted to NOK 28 million (NOK 26 million).

The capital losses on securities amounting to NOK 298 million (NOK 95 million) were attributable to a combination of capital losses including hedging instruments totalling NOK 177 million (capital gains of NOK 33 million) from the fixed income portfolio due to spread widening, and capital losses of NOK 121 million (NOK 62 million) from the portfolio of shares and equity certificates. NOK 37 million of the capital losses on shares and equity certificates was due to a fall in the value of the investment in Sandnes Sparebank (increase of NOK 30 million), NOK 75 million was due to a fall in the value of the investments in FinStart Nordic AS (increase of NOK 15 million), and NOK 14 million was due to a fall in the value of the investments in SR-Fondene (increase of NOK 8 million) in the first quarter of 2020. The decrease in the value of investments in FinStart Nordic AS was a result of both low oil prices and Covid-19, that have affected the Private Equity investment portfolio negatively. This share of the investments is primarily within the oil industry and are being negatively affected by the low oil prices.

Capital gains from interest and currency trading amounted to NOK 28 million in the first quarter of 2020 (NOK 26 million). Capital gains from customer and own account trading amounted to NOK 9 million (NOK 29 million), positive effects from basis swaps amounted to NOK 64 million (NOK 13 million in negative effects), while the sum of hedging recognition and other IFRS effects was NOK -45 million in the first quarter of 2020 (NOK 9 million).

Operating costs

The group's operating costs were NOK 592 million in the first quarter of 2020 (NOK 583 million), an increase of NOK 9 million (1.6%) since the same quarter last year.

Table 4, Operating expenses

| | 31.03.20 | 31.03.19 |
|-------------------------------------|------------|------------|
| Personnel expenses | 348 | 344 |
| IT expenses | 92 | 90 |
| Marketing | 21 | 19 |
| Other administrative expenses | 27 | 25 |
| Depreciation | 41 | 29 |
| Operating expenses from real estate | 8 | 8 |
| Other operating expenses | 55 | 68 |
| Total operating expenses | 592 | 583 |

The main reason for the low growth in costs was the decrease in bonus provisions. The group's result was significantly lower due to the low oil prices and Covid-19 situation, and there was no basis for making provisions for bonuses in the first quarter of 2020.

Personnel costs were NOK 348 million in the first quarter of 2020, an increase of NOK 4 million (1.1%) from the first quarter of 2019. Exclusive of bonus provisions, personnel costs rose by NOK 30 million from the first quarter of 2019 to the first quarter of 2020. The acquisition of Agder Økonomi AS and Monner AS, as well as the establishment of the Oslo branch, and more activity in FinStart Nordic AS, increased personnel costs, exclusive of bonuses, by a total of NOK 16 million, while for the parent bank otherwise they increased by NOK 16 million due to an increase in the number of FTEs. The reduced activity in EiendomsMegler 1 SR-Eiendom AS resulted in a reduction of NOK 2 million in personnel costs, exclusive of bonus provisions. The number of FTEs in the group increased by 80 from the end of the first quarter of 2019 to the end of the first quarter of 2020. The parent bank has 8 more FTEs, primarily in the retail market division, while in total subsidiaries have 72 more FTEs, primarily in SpareBank 1 Regnskapshuset SR AS, Monner AS and FinStart Nordic AS. At the end of the first quarter of 2020, none of the group's employees had been furloughed due to the Covid-19 situation.

Other operating costs were NOK 244 million in the first quarter of 2020, an increase by NOK 5 million (2.1%) from the first quarter of 2019. Depreciation increased by NOK 12 million to NOK 41 million (NOK 29 million), of which NOK 5 million was due to depreciation related to the new head office in Finansparken. Other depreciation increased as a result of the high level of investment in 2019. Other operating costs fell by NOK 13 million to NOK 55 million (NOK 68 million), of which NOK 5 million resulted from the reduction in rental costs due to the co-location in Finansparken, NOK 5 million resulted from the reduced use of external consultants, and NOK 3 million was due to the reduced

costs in EiendomsMegler 1 SR-Eiendom AS due to less activity.

The group's cost/income ratio, costs measured as a percentage of income, was 42.3% for the first quarter of 2020 (29.8%). Excluding income from financial investments, the cost/income ratio was 41.5% in the first quarter of 2019 (45.6%).

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

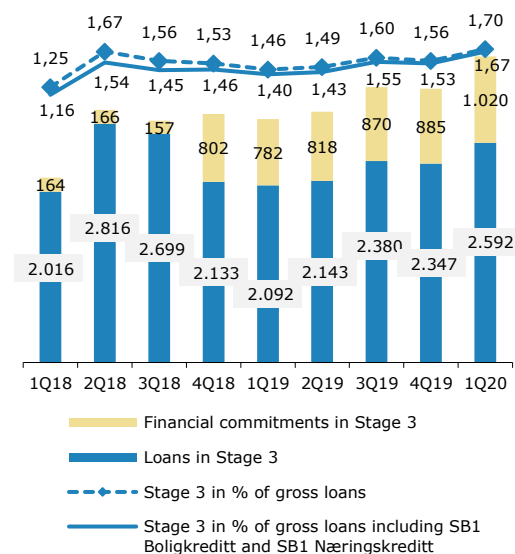
The group's net impairments on loans and financial liabilities increased by NOK 511 million in the first quarter of 2019 to NOK 560 million in the first quarter of 2020. The higher impairments, including IFRS 9 provisions, are linked to the Covid-19 situation and resulting low oil prices and high USD exchange rate. This especially applies to the changed long-term market conditions for a single commitment that requires a larger impairment. The increase in IFRS 9 provisions is based on expectations of a future increase in impairments. For more information see note 2 in the annual report for 2019 and note 1 and note 2 in this interim financial report. The group's impairments on loans and financial liabilities, including loans sold to SpareBank 1 Boligkreditt AS, amounted to 1.05% of gross loans in the first quarter of 2020 (0.10%).

Closely monitoring customers and prevention work are important measures that the group actively employs to maintain its good risk profile in the group's loan portfolio. As a result of the low oil prices and Covid-19 outbreak, this work was intensified at the end of the first quarter of 2020. The group's corporate market division has, in cooperation with Regnskapshuset, worked closely and proactively with customers during this period. The group has provided advice in order to find good solutions for customers, including payment holidays. The application process for payment holidays had already been fully automated in the retail division. Applications for payment holidays from retail customers were therefore processed efficiently and on an ongoing basis. The sum of all this work across the group is intended to help ensure that customers come through both the Covid-19 situation and low oil prices in the best possible manner, and to help ensure that the loan portfolio's risk profile remains good going forward as well.

The group's loans and financial liabilities are classified into three groups: Stage 1, Stage 2 and Stage 3. Stage 3 is used for loans and financial liabilities that have seen a significant rise in credit risk since being granted

and where there is objective evidence of a loss event on the balance sheet date. The loss provision must cover expected losses over their lifetime for these loans and financial liabilities. Gross loans and financial liabilities classified as Stage 3 amounted to NOK 3,612 million at the end of the first quarter of 2020 (NOK 2,873 million). The increased volume in Stage 3 was partly due to fluctuations in exchange rates. Gross loans and financial liabilities classified as Stage 3 corresponded to 1.70% (1.46%) of gross loans, and 1.67% (1.40%) inclusive of loans sold to SpareBank 1 Boligkreditt AS.

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



Loans to and deposits from customers

Gross loans amounted to NOK 212.2 billion at the end of the first quarter of 2020 (NOK 196.5 billion). Inclusive of loans totalling NOK 4.2 billion (NOK 8.9 billion) sold to SpareBank 1 Boligkreditt AS, gross loans amounted to NOK 216.4 billion at the end of the first quarter of 2020 (NOK 205.4 billion). Gross lending growth, inclusive of the mortgage company, was 5.3% in the last 12 months (3.1%). The effect of exchange rate fluctuations accounted for NOK 2.3 billion (1.1%) of the NOK 10.9 billion growth in gross loans over the last 12 months.

Fig. 3 12 month lending growth (percentage)



Loans to the retail market accounted for 60.4% of total loans (inclusive of loans sold to SpareBank 1 Boligkreditt AS) at the end of the first quarter of 2020 (60.3%).

The group's total loan exposure of NOK 216.4 billion (NOK 205.4 billion) included a majority of commitments with a probability of default of less than 0.5%. These commitments accounted for 63.3% (60.6%) of the portfolio. The total lending portfolio primarily consisted of commitments of less than NOK 10 million. These accounted for 66.0% (66.1%) of loan exposure and 98.3% (98.3%) of customers. 20.8% (20.8%) of the total loan exposure was to customers with loans in excess of NOK 100 million.

Over the last 12 months, deposits from customers rose by 6.6% (-0.6%) to NOK 105.5 billion (NOK 99.0 billion). Excluding deposits from customers in the public sector, deposits from customers have increased by 9.4% in the last 12 months. At the end of the first quarter of 2020, deposits from the corporate market and public sector accounted for 52.6% (53.2%) of the group's customer deposits. At end of the first quarter of 2020, the deposit coverage ratio, measured as deposits as a percentage of gross loans, was 49.7% (50.4%). The lower deposit coverage ratio was due to a buyback of loans from SpareBank 1 Boligkreditt AS amounting to NOK 4.7 billion in the last 12 months, which have reduced the deposit coverage ratio by 1.2 percentage points.

In addition to ordinary customer deposits, the group also has capital under management in alternative investment products. These amounted to NOK 20.4 billion at the end of the first quarter of 2020 (NOK 22.3

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

billion). This management is primarily performed by SR-Forvaltning AS and ODIN Forvaltning AS.

Business areas

SpareBank 1 SR-Bank ASA is split into different business areas, which 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 division²

The retail market division's contribution before impairments on loans was NOK 410 million in the first quarter of 2020 (NOK 357 million), NOK 53 million higher than in the same quarter last year. Net interest income, inclusive of commissions from SpareBank 1 Boligkreditt AS, increased by NOK 48 million compared with the first quarter of 2019. Commissions, excluding commissions from SpareBank 1 Boligkreditt AS, increased by NOK 13 million from the first quarter of 2019. The growth in commissions came from money transfer services, insurance and investment services.

Costs were up by NOK 10 million compared with the first quarter of 2019. The growth in costs was largely attributable to the greater investment in Bergen and Oslo, and the completion of regulatory tasks relating to anti-money laundering and identification checks.

Table 5, Retail market

| | 31.03.20 | 31.03.19 |
|--|----------|----------|
| Interest income | 441 | 386 |
| Commission and other income | 134 | 126 |
| Income on investment securities | 1 | 1 |
| Total income | 576 | 513 |
| Total operating expenses | 166 | 156 |
| Operating profit before impairments | 410 | 357 |
| Impairments on loans and financial commitments | 16 | 8 |
| Pre-tax profit | 394 | 349 |

The growth in lending continued to increase, and the growth in the last 12 months was 5.2% at the end of the first quarter of 2020, while the growth in deposits was 8.4% at the same point in time. The retail market

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

portfolio is considered to be of very good quality 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 87.2% at the end of the first quarter of 2020 (88.4%). The IRB risk weighting³ for home mortgages was 22.7% at the end of the quarter (21.9%), reflecting a solid, stable portfolio. So far, the Covid-19 outbreak has not affected the quality of the retail market portfolio to any appreciable extent, although the outbreak does represent an uncertainty factor in relation to developments going forward.

The Covid-19 outbreak caused a sudden change in conditions in the latter part of the first quarter of 2020. The number of applications for payment holidays rose sharply and two interest rate adjustments were made. Both rate adjustments were implemented with shortened periods of notice for loans, and loan rates were lowered by more than deposit rates.

The retail market also made major changes to operations due to Covid-19. Agreement based office appointments were introduced and a large proportion of the labour force transitioned to working from home. Although there was a lot of traffic into the bank and the work setting radically changed, the division managed to respond to customer enquiries thanks to the great efforts of employees and the robotisation of processes.

The Covid-19 situation and the development of oil prices has resulted in heightened uncertainty about the labour market, activity in the housing market and the development of house prices. Meanwhile, the competition for mortgage customers has not been particularly affected by the situation.

Corporate market division²

The corporate market division's contribution before impairments on loans was NOK 563 million in the first quarter of 2020 (NOK 473 million), NOK 90 million higher than in the same quarter last year. The improved result before impairments was mainly due to higher interest rates as a result of an increased lending volume and higher lending and deposit margins.

Table 6, Corporate market

| | 31.03.20 | 31.03.19 |
|--|----------|----------|
| Interest income | 533 | 464 |
| Commission and other income | 79 | 71 |
| Income on investment securities | 18 | 8 |
| Total income | 630 | 543 |
| Total operating expenses | 67 | 70 |
| Operating profit before impairments | 563 | 473 |
| Impairments on loans and financial commitments | 544 | 41 |
| Pre-tax profit | 19 | 432 |

The division's lending growth in the last 12 months was 5.6%. The effect of exchange rate fluctuations accounted for NOK 1.8 billion (2.4 percentage points) of the NOK 4.2 billion growth in the division's loans over the last 12 months. The net growth mainly came from customers outside Rogaland. 54% of the corporate market loan portfolio is made up of customers with an address outside Rogaland. The division's deposits have increased by 5.0% in the last 12 months.

The quality of the corporate market portfolio is considered to be good. The proportion of commitments with a probability of default of less than 2.5% through a full loss cycle was 81.9% of the portfolio at the end of the first quarter of 2020 (78.1%). The increase was due to underlying positive migration in the portfolio and the growth in lending mainly occurred in the medium and low risk commitment categories. The property sector portfolio represents the group's largest concentration in a single sector and accounted for 15.2% (16.1%) of total loan exposure, inclusive of retail customers. A large portion of this portfolio consisted of financing commercial properties for leasing. So far, the Covid-19 outbreak has not affected the quality of the corporate market portfolio to any appreciable extent, although the outbreak does represent an uncertainty factor in relation to developments going forward.

Impairments on loans and financial liabilities amounting to NOK 544 million were recognised in the first quarter of 2020 (NOK 41 million). The higher impairments are a result of changed market conditions for offshore related activities due to low oil prices, where a larger impairment has been required for one commitment. Given the Covid-19 situation and the uncertainty associated with economic developments, there has also been a need to increase IFRS 9 provisions. The division's pre-tax profit was NOK 19

³ 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).

million for the first quarter of 2020, NOK 413 million lower than for the same period last year.

The latter part of March 2020 was marked by the Covid-19 outbreak and falls in oil prices. The government has taken steps to prop up the business sector, and liquidity loans and cash support for companies may help many get through the crisis. Even though the period has been, and still is, challenging, in our experience, the group's customers are creative and solution-oriented. For its part, the group is providing advice in order to find good solutions for customers, including payment holidays. It is important during these peculiar times to remain close to customers and be there for customers in bad times too.

The existing digital solutions have proven to be even more relevant during this period, while modifications and innovations have also been implemented in a short space of time. Many advice meetings have been conducted digitally.

Capital market division ⁴

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' operating income amounted to NOK 28 million in the first quarter of 2020 (NOK 50 million). Income from own account trading was heavily affected by the great volatility in the market in the last few weeks of the quarter due to Covid-19. Costs in the same period amounted to NOK 18 million (NOK 17 million). The pre-tax result amounted to NOK -18 million in the first quarter of 2020 (NOK 20 million).

Table 7, Capital market

| | 31.03.20 | 31.03.19 |
|---------------------------------|----------|----------|
| Interest income | 9 | 8 |
| Commission and other income | 28 | 14 |
| Income on investment securities | -9 | 28 |
| Total income | 28 | 50 |
| - allocated to Corporate market | 28 | 13 |
| Total income after allocation | 0 | 37 |
| Total operating expenses | 18 | 17 |
| Pre-tax profit | -18 | 20 |

The income generated is recognised as income in the business areas to which the customers are assigned,

⁴ 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.

primarily the corporate market division. NOK 28 million was recognised as income in the business areas in the first quarter of 2020 (NOK 13 million).

SR-Bank Markets expects lower business volumes going forward as a result of Covid-19. Corporate Finance is seeing many started projects being put on hold.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company achieved a turnover of NOK 87 million in the first quarter of 2020 (NOK 98 million) and a pre-tax profit of NOK 0.4 million (NOK 2.3 million). The decrease in profit was due to less activity in the market, especially in the latter half of March 2020, as a result of the Covid-19 outbreak. In the first quarter of 2020, 1,400 (1,639) properties were sold with a total value of around NOK 4.6 billion (NOK 5.0 billion). The supply of new assignments was satisfactory and on a par with last year.

Overall, the company is the largest actor in estate agency services in the counties of Rogaland, Vestland and Agder, with a stable market share of just under 20% in this market area.

The housing market in Rogaland was slightly weaker than expected in the first quarter of 2020, with a long turnover time and a continued fall in house prices. Agder and in Vestland had good, balanced housing markets. The level of activity in all three countries fell significantly in March due to the Covid-19 outbreak. There is a large supply of planned homes in the market area. This market was especially challenging in the Stavanger area, although some improvement had been registered up to the middle of March 2020. The level of activity within commercial property remains good throughout the market area, although this market will also be affected by the ripple effects of Covid-19 going forward.

Less activity is expected in the housing market in the second quarter of 2020 due to the social measures introduced to combat Covid-19. It is anticipated that the effects in parts of the company's market area will be amplified to some degree due to expected low oil prices during the same period.

SpareBank 1 Regnskapshuset SR AS

SpareBank 1 Regnskapshuset SR AS achieved a turnover of NOK 47 million in the first quarter of 2020 (NOK 29 million) and a pre-tax profit of NOK 6.3 million (NOK 1.2 million). The result includes depreciation of intangible assets amounting to NOK 0.7 million (NOK 0.5 million). The results in the first quarter of 2020 were not particularly affected by the Covid-19 outbreak. The company has maintained stable operations during the period and has had a high level of customer-oriented activity. Going forward, the company will remain in frequent dialogue with customers and constantly monitor the market situation.

SpareBank 1 Regnskapshuset SR AS had seven offices at the end of the first quarter of 2020: three in Rogaland, three in Bergen and one in Agder, as well as around 2,600 customers. Regnskapshuset enjoys a solid market positions within accounting services in Agder, Vestland, 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 24.0 million in the first quarter of 2020 (NOK 23.4 million) and a pre-tax profit of NOK 6.0 million (NOK 6.5 million). In the first quarter of 2020, the company saw a small net positive increase in subscriptions, heavily affected by the Covid-19 outbreak in February and March. Meanwhile, April 2020 started well, and the company is now working hard to turn around the trend with respect to net subscriptions. The company has registered a total of more than 1,000 savings agreements so far this year. The assets under management at the end of the first quarter of 2020 amounted to NOK 11.1 billion (NOK 12.2 billion). At the start of 2020, the company had NOK 12.4 billion under management. This represents a drop of NOK 1.3 billion (-10.7%) in the year to date.

In 2019, 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 public and private enterprises and high-net-worth individuals based on discretionary mandates. Since its start-up in 1999, the

company has produced a good, long-term, risk-adjusted return for its customers, in both absolute and relative terms.

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

SR-Boligkreditt AS

The company achieved a pre-tax profit of NOK 237.4 million in the first quarter of 2020 (NOK 105.8 million). Net interest income increased by NOK 29.9 million from the same period last year, while the positive effects of basis swaps amounted to NOK 121.5 million, compared with NOK 23.5 million in negative basis swap effects in the first quarter of 2019. The increase in net interest income is primarily attributable to the increase in mortgages bought from SpareBank 1 SR-Bank ASA.

The company's purpose is to purchase residential mortgages from SpareBank 1 SR-Bank ASA, and it funds this by issuing covered bonds. SR-Boligkreditt AS enables the parent bank to diversify and optimise its funding. Moody's has given SR-Boligkreditt AS its best rating, Aaa. At the end of the first quarter of 2020, the company had issued covered bonds with a nominal value of NOK 76.8 billion (NOK 60.4 billion) and bought loans worth NOK 78.1 billion (NOK 61.9 billion) from SpareBank 1 SR-Bank ASA.

FinStart Nordic AS

The company posted a pre-tax result of NOK -83.6 million in the first quarter of 2020 (NOK 8.6 million). The deficit was due to the ripple effects of low oil prices combined with the Covid-19 situation. The company has implemented extraordinary impairments of securities totalling NOK 74.8 million, in which the changes in value occurred in the Private Equity investment portfolio. These investments are primarily within the oil industry and are being negatively affected by the low oil prices. The first quarter of 2019 saw a positive return on securities amounting to NOK 14.6 million. Costs increased by NOK 2.2 million to NOK 8.2 million in the first quarter of 2020 due to the higher level of activity in the company. The subsidiary Beaufort Solutions AS was established in the fourth quarter of 2019 and saw a high level of activity during the quarter.

FinStart Nordic AS 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. The subsidiary Beaufort Solutions AS started operations in the fourth quarter of 2019 and a new subsidiary that is in the process of being established, Willow Labs AS, started operations in the first quarter of 2020.

Monner AS

Monner AS is a payment company and a registered loan arranger that was acquired by SpareBank 1 SR-Bank ASA on 1 July 2019. Monner AS arranges direct loans from private investors (people and limited liability companies) to small and medium-sized Norwegian companies via its proprietary digital platform. At the end of the first quarter of 2020, the company had arranged loans totalling NOK 200 million for Norwegian enterprises. Ownership of Monner AS will enable the group to help entrepreneurs throughout the whole of Norway succeed by delivering comprehensive services to companies in their startup and growth phases. The company's main product is people-financed growth loans for companies. In the first quarter of 2020, Monner AS launched a savings account for investors in cooperation with SpareBank 1 SR-Bank ASA. Relevant products for entrepreneurs and investors will be launched continuously throughout the year.

In the first quarter of 2020, Monner AS posted a deficit of NOK 4.3 million (NOK -3.5 million). The negative result was in line with expectations and due to the company being in a development phase, which means that costs from products and market development will be higher than earnings.

Income in the first quarter of 2020 was reduced somewhat due to Covid-19 and the company expects the Covid-19 situation to have a greater impact in the second quarter of 2020. The company has introduced cost cutting measures and launched new functionality to assist investors and companies with loans via the platform. At the same time, the company see significant opportunities for helping companies both through and after this crisis.

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, Modhi Finance 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 first quarter of 2020.

The merger between SpareBank 1 Skadeforsikring AS and DNB Forsikring AS was completed with accounting effect from 1 January 2019, with SpareBank 1 Skadeforsikring AS as the company doing the taking over. SpareBank 1 Gruppen AS owns 65% of the new company and DNB ASA 35%. DNB ASA's increase in its stake in Fremtind Forsikring AS from 20% to 35% increased SpareBank 1 Gruppen AS's equity at a group level by around NOK 4.7 billion. The majority interest's (the SpareBank 1 banks and the Norwegian Federation of Trade Unions) share of this increase was around NOK 2.4 billion. SpareBank 1 SR-Bank ASA's share of this increase (19.5%) amounted to around NOK 460 million and was recognised as income in the first quarter of 2019. Please refer to our interim financial statements for the first quarter of 2019 for information on the other accounting and liquidity implications of this transaction.

On 2 September 2019, Fremtind Forsikring AS was granted permission by the Financial Supervisory Authority of Norway to operate life insurance activities through its wholly-owned subsidiary Fremtind Livsforsikring AS. The individual personal risk insurance cover from SpareBank 1 Forsikring AS and DNB Livsforsikring AS, as well as the personal risk

insurance cover paid for by companies from SpareBank 1 Forsikring AS, were transferred to Fremtind Livsforsikring AS on 1 January 2020.

A total value of NOK 6.25 billion was assumed for the personal risk area. The merger resulted in increased equity for SpareBank 1 Gruppen AS at a group level. The controlling interest's (the SpareBank 1 banks and the Norwegian Federation of Trade Unions) share of this increase was NOK 1.7 billion. SpareBank 1 SR-Bank ASA's share of this increase (19.5%) was NOK 340 million and was recognised as income in the first quarter of 2020. SpareBank 1 Gruppen AS (parent company) received a tax-free gain of NOK 937 million as a result of this merger. SpareBank 1 Gruppen AS's basis for dividends increased equal to this gain. SpareBank 1 SR-Bank ASA's share of any proceeds of NOK 937 million would amount to NOK 183 million.

As previously communicated, SpareBank 1 SR-Bank ASA's part-owned company SpareBank 1 Gruppen AS entered into an option agreement with DNB ASA that could result in the company's stake in Fremtind Forsikring AS being reduced from 65% to 60% by no later than the end of the first quarter of 2020. DNB ASA has chosen not to exercise this option.

SpareBank 1 Gruppen AS posted a pre-tax result of NOK -942 million in the first quarter of 2020 (NOK 284 million). The deficit was heavily influenced by the Covid-19 situation, with significant insurance provisions/payments on travel insurance claims and negative financial returns on all asset classes.

SpareBank 1 Utvikling DA

SpareBank 1 Utvikling DA delivers business platforms and common management and development services to the alliance banks. The company contributes to joint activities that provide the banks with benefits in the form of economies of scale and expertise. The company also owns and manages the alliance's intellectual property rights under common brand name: SpareBank 1. SpareBank 1 SR-Bank ASA owned a 18.0% stake in SpareBank 1 Utvikling DA at the end of the first quarter of 2020.

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 -181 million in the first quarter of 2020 (NOK 107 million). The deficit was due to the negative result of NOK -284 million (NOK +15 million) from financial instruments as a result of the Covid-19 outbreak. At the end of the first quarter of 2020, the company's total lending volume amounted to NOK 199.7 billion (NOK 188.2 billion), NOK 4.2 billion (NOK 8.9 billion) of which were residential mortgages bought from SpareBank 1 SR-Bank ASA. The bank owned 2.2% of the company at the end of the first quarter of 2020. The stake was updated at year end 2019 in line with the proportion of sold volume at the same point in time.

SpareBank 1 Næringskreditt AS achieved a pre-tax profit of NOK 10 million in the first quarter of 2020 (NOK 29 million). The reduced profit is due to a negative result of NOK -7 million (NOK +26 million) from financial instruments as a result of the Covid-19 outbreak. At the end of the first quarter of 2020, the company's total lending volume amounted to NOK 10.1 billion (NOK 10.3 billion). At the end of the quarter, SpareBank 1 SR-Bank ASA had not sold any loans to SpareBank 1 Næringskreditt AS. The bank owned 15.6% of the company at the end of the first quarter of 2020. The stake was updated at year end 2019 as part of the company's ordinary reallocation of its capital.

BN Bank ASA

BN Bank ASA is a nationwide bank with its head office in Trondheim. BN Bank ASA achieved a pre-tax profit of NOK 89 million in the first quarter of 2020 (NOK 100 million). The lower result is primarily due to impairments on loans increasing by NOK 39 million due to the Covid-19 situation. Operating profit before impairments increased by NOK 28 million from the first quarter of 2019 to NOK 131 million in the first quarter of 2020, primarily due to increased net interest income. The bank is owned by the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank ASA's stake was 35.02% at the end of the first quarter of 2020.

SpareBank 1 Kredittkort AS

SpareBank 1 Kredittkort AS is owned by the SpareBank 1 banks. SpareBank 1 SR-Bank ASA owns a stake of 17.8%. The company provides credit card solutions for the SpareBank 1 banks and achieved a pre-tax profit of NOK 3 million in the first quarter of

2020 (NOK 24 million). The lower profit was mainly a result of the sum of commissions and transaction income falling by NOK 10 million while commission costs increased by NOK 7 million compared with the first quarter of 2019.

SpareBank 1 Betaling AS

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

SpareBank 1 Betaling AS achieved a pre-tax result of NOK -11 million in the first quarter of 2020 (NOK -14 million). The negative profit contribution 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 quarter of 2020 and believes it will continue to have good access to long-term funding at competitive prices. Funding costs have increased for banks in general due to the Covid-19 outbreak, although this is not expected to have a material effect on the group's funding costs. 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 buffer⁵ was NOK 40.1 billion at the end of the first quarter of 2020, and would cover normal operations for 22 months in the event of closed markets. NOK 11.2 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 25.7 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)⁶ was 121% at the end of the first quarter of 2020 (124%) and this confirms the group's good funding situation. SpareBank 1 SR-Bank ASA has an A1/A (negative outlook) long-term rating and a P-1/F2 short-term rating from Moody's and Fitch. Fitch changed the outlook from 'stable' to

⁵ 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.

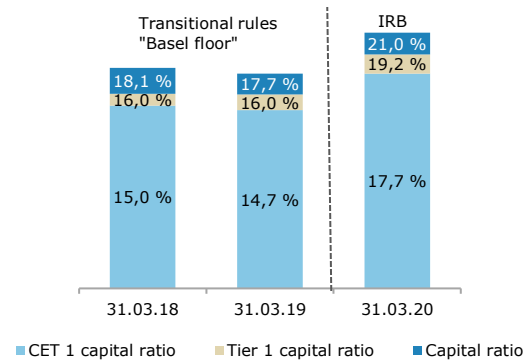
⁶ NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway and is calculated as available stable funding relative to necessary stable funding.

'negative' on 31 March 2020 as a result of the Covid-19 outbreak.

Capital adequacy⁷

The Common Equity Tier 1 capital ratio was 17.7% at the end of the first quarter of 2020 (14.7%). The higher Common Equity Tier 1 capital ratio is due to a combination of good results in 2019, where the entire profit has been retained by the bank without the payment of a dividend, and the implementation of new capital adequacy rules in Norway from 31 December 2019.

Fig. 4 Capital adequacy



The EU's capital adequacy regulations (CRR/CRD IV) were incorporated into the EEA agreement in March 2019, and the implementation of the regulations came into effect in Norway on 31 December 2019. On 11 December 2019, the Ministry of Finance announced that it intended to increase the systemic risk buffer requirement from 3.0% to 4.5% with effect from 31 December 2020. Since this buffer requirement is directed at structural vulnerabilities and other systemic risks in the Norwegian economy, it will only apply to banks' commitments in Norway, unlike previous buffer requirements that apply to all operations. At the same time, floors for risk weightings for residential mortgages and loans for commercial properties are being introduced of 20% and 35%, respectively.

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

⁷ Historical capital ratio figures are based on the capital adequacy rules and regulations as at 31 March 2019, when the so-called Basel I floor applied.

more solid and robust in relation to lending losses. The capital buffer requirement increased to 2.5 percentage points at year end 2019. As a result of the Covid-19 situation, the countercyclical buffer requirement was reduced by 1.5 percentage points to 1.0% with effect from March 2020.

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.

At the end of the first quarter of 2020, SpareBank 1 SR-Bank ASA met its total Common Equity Tier 1 capital ratio requirement of 13.7%, inclusive of the reduced countercyclical buffer, Pillar 2 premium and management buffer. Banks classified as systemically important financial institutions are also subject to a special capital buffer requirement. SpareBank 1 SR-Bank ASA has not been identified as a systemically important financial institution.

The board of SpareBank 1 SR-Bank has reassessed distribution of the profit for the financial year 2019 based on the Covid-19 crisis. On 23 April 2020, the annual general meeting approved the board's proposal that no dividend be paid out for 2019 at this time. However, the board has received authorisation from the general meeting 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. The decision is in line with the recommendations of the Financial Supervisory Authority of Norway, Norwegian Ministry of Finance and European Central Bank (ECB). The change has been incorporated into the first quarter of 2020 and resulted in Common Equity Tier 1 capital increasing by NOK 1.4 billion and the Common Equity Tier 1 capital ratio by 1.1 percentage points. The figures as at 31 December 2019 are the same as those previously reported.

At the end of the first quarter of 2020, SpareBank 1 SR-Bank ASA's Common Equity Tier 1 capital ratio target was 15.2%. The target includes a 1.0-percentage point management buffer. In the event of

an increase in the systemic risk buffer on 31 December 2020, SpareBank 1 SR-Bank's new target for the Common Equity Tier 1 capital ratio could be 16.7%, inclusive of a management buffer of 1.0 percentage points. The group has thus maintained its original capital target even though the countercyclical capital buffer was reduced by 1.5 percentage points to 1.0% with effect from March 2020.

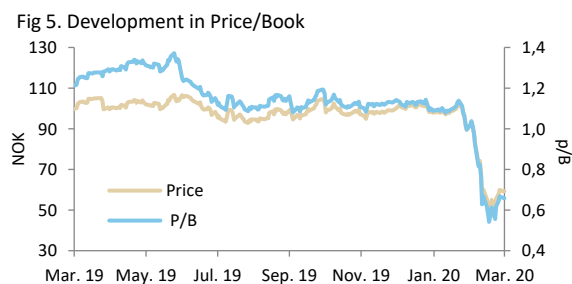
The Tier 1 capital ratio was 19.2% (16.0%), while the total capital ratio was 21.0% (17.7%) at the end of the first quarter of 2020. This is well above the required capital ratio of 17.1%.

New crisis management directive and MREL

The EU Bank Recovery and Resolution Directive (BRRD) came into effect in Norway on 1 January 2019. Based on this regulation, the group will have to meet a minimum requirement for own funds and eligible liabilities (MREL). SpareBank 1 SR-Bank ASA's individual requirement was announced by the Financial Supervisory Authority of Norway on 23 December 2019 and is NOK 33.7 billion. The requirement applies from 31 March 2020. The requirement for lower priority (senior non-preferred debt) must be met by 31 December 2022 and can be phased by SpareBank 1 SR-Bank ASA including debt issued before 1 January 2020 up to this date, provided that it meets the general requirements for eligible liabilities. At the end of the first quarter of 2020, SpareBank 1 SR-Bank ASA was carrying senior debt due after 31 March 2021 amounting to NOK 49.6 billion and the requirement has therefore been met by a good margin.

The bank's share

The price of the bank's share (SRBANK) was NOK 59.20 at the end of the first quarter of 2020. This represents a fall of 40.8% since year end 2019. The main Oslo Børs index fell by 24.1% in the same period. 9.4% of outstanding SRBANK shares were traded in the first quarter of 2020 (5.3%).



There were 11,948 (10,853) shareholders of SRBANK at the end of the first quarter of 2020. The proportion owned by foreign companies and individuals was 25.8% (27.7%), while 43.4% (43.5%) were resident in Rogaland, Agder, and Vestland. The 20 largest shareholders owned a combined total of 58.7% (58.4%) of the shares. The bank held 10,773 treasury shares, while group employees owned 1.6% (1.5%).

The table below shows the 20 largest shareholders as at 31 March 2020:

| | Number of shares (1,000) | % |
|--|--------------------------|---------------|
| Sparebankstiftelsen SR-Bank | 72.419 | 28,3 % |
| Folketrygdfondet | 19.952 | 7,8 % |
| State Street Bank and Trust Co, U.S.A. | 13.972 | 5,5 % |
| SpareBank 1-stiftinga Kvinnherad | 6.227 | 2,4 % |
| Vpf Nordea Norge Verdi | 4.921 | 1,9 % |
| Danske Invest Norske Instit. II | 3.682 | 1,4 % |
| Odin Norge | 3.309 | 1,3 % |
| JPMorgan Chase Bank N.A., U.S.A. | 2.898 | 1,1 % |
| Pareto Aksje Norge | 2.651 | 1,0 % |
| Clipper AS | 2.211 | 0,9 % |
| Morgan Stanley & Co Int. Plc. | 2.027 | 0,8 % |
| Verdipapirfondet Alfred Berg Gambak | 1.917 | 0,7 % |
| State Street Bank and Trust Co, U.S.A. | 1.825 | 0,7 % |
| Westco AS | 1.799 | 0,7 % |
| KLP Aksjenorge Indeks | 1.793 | 0,7 % |
| Pareto Invest AS | 1.790 | 0,7 % |
| Arctic Funds plc, Irland | 1.769 | 0,7 % |
| Verdipapirfondet Alfred Berg Norge | 1.742 | 0,7 % |
| Forsvarets Personellservice | 1.600 | 0,6 % |
| Danske Invest Norske Aksjer Inst. | 1.558 | 0,6 % |
| Total 20 largest | 150.061 | 58,7 % |

The group established a special share savings arrangement for the group's employees in 2019, and the scheme has been continued in 2020. 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 in 2020.

Accounting policies

Please refer to notes 1 and 2 for a description of the accounting policies and judgements 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 about this see notes 1 and 2.

Events after the balance sheet date

The board of SpareBank 1 SR-Bank has reassessed distribution of the profit for the financial year 2019 based on the Covid-19 situation. On 23 April 2020, the annual general meeting approved the board's proposal that no dividend be paid out for 2019 at this time. However, the board has received authorisation from the general meeting 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. The decision is in line with the recommendations of the Financial Supervisory Authority of Norway, Norwegian Ministry of Finance and European Central Bank (ECB). The effect of this change was that Common Equity Tier 1 capital increased by NOK 1.4 billion and the Common Equity Tier 1 capital ratio increased by 1.1 percentage points in the first quarter of 2020. The change has been incorporated into the first quarter of 2020. The figures reported as at 31 December 2019 have not been changed.

Otherwise, no material events have been registered after 31 March 2020 that affect the consolidated financial statements as prepared.

Outlook

Given both the low oil prices and the ongoing Covid-19 situation, considerable uncertainty remains about how both the Norwegian and the global economy will develop, and the picture is changing continuously. At the time of writing, a sharp downturn is expected in the global economy according to the IMF, with negative growth of -3% in 2020. In 2021, the global economy is expected to grow by 5.8%.

The combination of a substantial fall in oil prices and the Covid-19 outbreak is expected to result in lower economic activity in Norway. Higher unemployment, lower wages growth, less activity in the housing market and reduced consumer spending are expected. In the short-term, output in the business sector is expected to fall in some industries due to the lockdown of large parts of society, although the effect of state support schemes is expected to mitigate some of the negative effects. 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. The overall ripple

effects are expected to result in substantially lower growth in the mainland economy. According to the latest forecasts from Statistics Norway, a 5.5% reduction in GDP is expected for Mainland Norway in 2020, before it rises again by 4.7% in 2021. The Norwegian Petroleum Directorate expects oil investments on the Norwegian Continental Shelf to fall by 10% in 2020 due to low oil prices and the Covid-19 outbreak. Inflation was low throughout 2019. Price inflation adjusted for energy and taxes was 1.8% in 2019. Prices of imported goods are expected to increase during 2020 because of the weakened NOK exchange rate at the start of 2020. Therefore, Statistics Norway expects price inflation, adjusted for energy and taxes, to rise to 2.8% in 2020.

In March 2020, Norges Bank cut its policy rate twice, by a total of 1.25 percentage points. Such a large and rapid reduction in the policy rate has never been seen before in Norway. Both of these rate cuts were followed by the bank cutting interest rates by up to 0.85 percentage points. The rate cuts were effected with shortened notice periods for loans. The market now expects the policy rate to fall towards zero during the second quarter of 2020, before gradually rising again in the autumn of 2021 when the effects of the Covid-19 outbreak are expected to decrease.

The group's long-term return on equity target is a minimum of 12%. The target shall be achieved through profitable lending growth, moderate impairments, growth in other operating income, gains from financial investments, and greater cost-effectiveness. Because of the Covid-19 outbreak, return on equity in 2020 is estimated to be lower than the long-term target.

The group's target for its Common Equity Tier 1 capital ratio is 16.7% by year end 2020. 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. On 23 April 2020, financial strength was further boosted by the general meeting approving the board's proposal that no dividend will be paid out for 2019 at this time.

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

of the profit for the year. The level of dividends can be adjusted to the authorities' applicable capital requirements.

The group is actively working to create sustainable development. The sustainability strategy will clarify and provide guidance for SR-Bank's work on sustainability, and support staff and managers in decisions and daily work. As part of this strategy, SR Boligkreditt AS's first green bond was issued in autumn 2019.

SpareBank 1 SR-Bank is a proactive financial group with national distribution. As Norway's second largest Norwegian-owned bank, the group provides financial muscle for growth, value creation, and profitability for customers, society, and our owners. The group is a bank for the whole of Southern Norway, in which the Oslo region is a focus area. The further 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.

For a long time, the group has been systematically working to increase efficiency through digitalisation and automation, both internally and in relation to customers. This has made it possible for almost all of the group's employees to work from home recently, at the same time as customers and all important internal functions have been addressed in an efficient and satisfactory manner.

The SpareBank 1 SR-Bank Group is a robust financial group that had a solid financial foundation at the start of 2020 with high liquidity and good financial strength. This means the group is well-equipped to tackle the ripple effects of both low oil prices and the Covid-19 outbreak. The group's results for 2020 are expected to be heavily affected by the economic situation. The board stresses that, 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.

Stavanger, 6 May 2020
The Board of Directors of SpareBank 1 SR-Bank ASA

Income Statement

| Parent bank | | | Note | Group | | |
|--------------|------------------------|------------------------|--|------------------------|------------------------|-------|
| 2019 | 01.01.19 - 31.03.19 | 01.01.20 - 31.03.20 | | 01.01.20 - 31.03.20 | 01.01.19 - 31.03.19 | 2019 |
| | | | Income statement (MNOK) | | | |
| 4.038 | 926 | 1.108 | Interest income amortised cost | 1.952 | 1.600 | 7.053 |
| 2.001 | 462 | 518 | Interest income other | 195 | 159 | 690 |
| 2.489 | 557 | 707 | Interest expenses amortised cost | 916 | 697 | 3.113 |
| 181 | 34 | 10 | Interest expenses other | 150 | 124 | 643 |
| 3.369 | 797 | 909 | Net interest income | 1.081 | 938 | 3.987 |
| 974 | 231 | 241 | Commission income | 372 | 362 | 1.516 |
| 108 | 21 | 27 | Commission expenses | 28 | 22 | 111 |
| 12 | 1 | 3 | Other operating income | 2 | 1 | 11 |
| 878 | 211 | 217 | Net commission and other income | 346 | 341 | 1.416 |
| 31 | 19 | - | Dividend income | - | 19 | 31 |
| 1.023 | 617 | - | Income from investment in associates | 242 | 536 | 875 |
| 183 | 142 | -216 | Net gains/losses on financial instruments | 13 -270 | 121 | 221 |
| 1.237 | 778 | -216 | Net income on financial investments | -28 | 676 | 1.127 |
| 5.484 | 1.786 | 910 | Total income | 1.399 | 1.955 | 6.530 |
| 1.092 | 253 | 250 | Personnel expenses | 14 348 | 344 | 1.472 |
| 497 | 119 | 123 | Administrative expenses | 140 | 134 | 555 |
| 311 | 75 | 79 | Other operating costs | 104 | 105 | 451 |
| 1.900 | 447 | 452 | Total operating costs | 592 | 583 | 2.478 |
| 3.584 | 1.339 | 458 | Operating profit before impairments | 807 | 1.372 | 4.052 |
| 237 | 47 | 559 | Impairments on loans and financial commitments | 3 and 4 560 | 49 | 235 |
| 3.347 | 1.292 | -101 | Pre-tax profit | 12 247 | 1.323 | 3.817 |
| 569 | 152 | -20 | Tax expense | 26 | 177 | 693 |
| 2.778 | 1.140 | -81 | Profit after tax | 221 | 1.146 | 3.124 |
| 2.738 | 1.136 | -106 | Shareholders' share of the profit | 196 | 1.142 | 3.084 |
| 40 | 4 | 25 | Hybrid capital owners' share of the profit | 25 | 4 | 40 |
| 2.778 | 1.140 | -81 | Profit after tax | 221 | 1.146 | 3.124 |
| | | | Other comprehensive income | | | |
| -5 | -59 | -68 | Unrecognised actuarial gains and losses | -68 | -59 | -4 |
| 1 | 14 | 17 | Deferred tax concerning changed estimates/pension plan changes | 17 | 14 | 1 |
| -3 | - | - | Change in ECL ¹⁾ 12 months | - | - | - |
| - | - | - | Basisswap spread | 37 | 4 | 12 |
| - | - | - | Deferred tax concerning basiswap spread | -9 | -1 | -2 |
| -7 | -45 | -51 | Total items not reclassified through profit or loss | -23 | -42 | 7 |
| - | - | - | Share of profit associated companies and joint ventures | -4 | -4 | 19 |
| - | - | - | Total items reclassified through profit or loss | -4 | -4 | 19 |
| -7 | -45 | -51 | Other comprehensive income | -27 | -46 | 26 |
| 2.771 | 1.095 | -132 | Total comprehensive income | 194 | 1.100 | 3.150 |
| | | | Earnings per share (group) | 0,86 | 4,48 | 12,22 |

Balance sheet

| Parent bank | | | Note | Group | | |
|-------------|----------|----------------|---|----------------|----------|----------|
| 31.12.19 | 31.03.19 | 31.03.20 | | 31.03.20 | 31.03.19 | 31.12.19 |
| | | | Balance sheet (MNOK) | | | |
| 104 | 468 | 405 | Cash and balances with central banks | 405 | 468 | 104 |
| 11.790 | 2.352 | 18.224 | Balances with credit institutions | 7.181 | 1.750 | 3.142 |
| 133.107 | 133.556 | 132.498 | Loans to customers | 210.180 | 195.229 | 205.688 |
| 31.435 | 34.463 | 38.571 | Certificates and bonds | 37.493 | 32.477 | 32.792 |
| 6.272 | 5.117 | 15.183 | Financial derivatives | 15.126 | 4.868 | 5.933 |
| 564 | 560 | 512 | Shares, ownership stakes and other securities | 797 | 928 | 920 |
| 2.336 | 2.120 | 2.336 | Investment in associates | 4.412 | 3.931 | 4.180 |
| 7.315 | 7.128 | 7.315 | Investment in subsidiaries | - | - | - |
| 1.989 | 1.157 | 2.175 | Other assets | 3.045 | 2.275 | 3.136 |
| 194.912 | 186.921 | 217.219 | Total assets | 278.639 | 241.926 | 255.895 |
| 2.547 | 2.680 | 7.219 | Balances with credit institutions | 4.534 | 998 | 2.264 |
| 103.323 | 99.244 | 105.734 | Deposits from customers | 105.545 | 98.991 | 103.106 |
| 54.257 | 53.562 | 52.505 | Listed debt securities | 126.448 | 110.021 | 116.164 |
| 7.407 | 5.340 | 24.396 | Financial derivatives | 12.282 | 3.491 | 4.530 |
| 2.771 | 2.213 | 2.826 | Other liabilities | 2.611 | 2.558 | 2.872 |
| 2.125 | 2.753 | 2.211 | Subordinated loan capital | 2.211 | 2.753 | 2.125 |
| 172.430 | 165.792 | 194.891 | Total liabilities | 253.631 | 218.812 | 231.061 |
| 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 |
| 1.407 | 1.151 | - | Proposed dividend ¹⁾ | - | 1.151 | 1.407 |
| 1.850 | 1.000 | 1.850 | Hybrid capital | 1.850 | 1.000 | 1.850 |
| 11.244 | 9.857 | 12.578 | Other equity | 14.956 | 11.836 | 13.596 |
| | 1.140 | -81 | Profit/loss at period end | 221 | 1.146 | |
| 22.482 | 21.129 | 22.328 | Total equity | 25.008 | 23.114 | 24.834 |
| 194.912 | 186.921 | 217.219 | Total liabilities and equity | 278.639 | 241.926 | 255.895 |

¹⁾ A decision was made in April 2020 not to pay dividend for 2019 at this time. The change has been incorporated in Q1-2020. The figures as at 31 December 2019 are not changed

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 31.12.2018 | 6.394 | 1.587 | 550 | 13.054 | 21.585 |
| Profit after tax | | | | 3.124 | 3.124 |
| Unrecognised actuarial gains and losses after tax | | | | -3 | -3 |
| Basisswap spread after tax | | | | 10 | 10 |
| Share of profit associated companies and joint ventures | | | | 19 | 19 |
| Year's comprehensive income | | | | 3.150 | 3.150 |
| Hybrid capital | | | 1.300 | | 1.300 |
| Interest on hybridcapital after tax | | | | -40 | -40 |
| Adjusted equity accosiates | | | | -10 | -10 |
| Dividend 2018, resolved in 2019 | | | | -1.151 | -1.151 |
| Trade in treasury shares | | | | | |
| Transactions with shareholders | | | | -1.151 | -1.151 |
| Equity as at 31.12.2018 | 6.394 | 1.587 | 1.850 | 15.003 | 24.834 |
| Profit after tax | | | | 221 | 221 |
| Unrecognised actuarial gains and losses after tax | | | | -51 | -51 |
| Basisswap spread after tax | | | | 28 | 28 |
| Share of profit associated companies and joint ventures | | | | -4 | -4 |
| Year's comprehensive income | | | | 194 | 194 |
| Hybrid capital | | | | | - |
| Interest on hybridcapital | | | | -25 | -25 |
| Adjusted equity in accosiated companies | | | | 3 | 3 |
| Dividend 2019, resolved in 2020 | | | | | - |
| Trade in treasury shares | | | | 2 | 2 |
| Transactions with shareholders | | | | 2 | 2 |
| Equity as at 31.03.2020 | 6.394 | 1.587 | 1.850 | 15.177 | 25.008 |

* Fund for unrealised gains is included in other equity from 2019

Cash flow statement

| Parent bank | | | Cash flow statement | Group | | |
|---------------|------------------------|------------------------|---|------------------------|------------------------|----------------|
| 2019 | 01.01.19 - 31.03.19 | 01.01.20 - 31.03.20 | | 01.01.20 - 31.03.20 | 01.01.19 - 31.03.19 | 2019 |
| -972 | -1.227 | 55 | Change in gross lending to customers | -5.047 | -4.363 | -15.008 |
| 5.353 | 1.246 | 1.420 | Interest receipts from lending to customers | 1.977 | 1.629 | 7.122 |
| 4.204 | 125 | 2.411 | Change in deposits from customers | 2.439 | 177 | 4.292 |
| -1.262 | -273 | -358 | Interest payments on deposits from customers | -357 | -270 | -1.255 |
| -7.457 | 1.972 | 5.110 | Change in receivables and debt from credit institutions | 5.102 | -713 | -686 |
| 139 | -5 | 104 | Interest on receivables and debt to financial institutions | -75 | -98 | -351 |
| -3.620 | -6.648 | -7.136 | Change in certificates and bonds ¹⁾ | -4.701 | -3.137 | -3.452 |
| 556 | 123 | 153 | Interest receipts from commercial paper and bonds | 158 | 118 | 538 |
| 870 | 209 | 231 | Commission receipts | 367 | 335 | 1.371 |
| 60 | 25 | -22 | Capital gains from sale of trading | -44 | 19 | 49 |
| -1.646 | -392 | -382 | Payments for operations | -605 | -536 | -2.097 |
| -779 | -241 | -390 | Taxes paid | -445 | -316 | -896 |
| 117 | -1.229 | 7.726 | Other accruals ¹⁾ | 7.710 | -1.143 | -58 |
| -4.437 | -6.315 | 8.922 | A Net change in liquidity from operations | 6.479 | -8.298 | -10.431 |
| -128 | -27 | -17 | Investments in tangible fixed assets | -10 | -86 | -379 |
| - | - | - | Receipts from sale of tangible fixed assets | - | - | - |
| -1.804 | -1.021 | - | Change in long-term investments in equities | -40 | -33 | -656 |
| 361 | - | - | Receipts from sales of long-term investments in equities | 36 | 8 | 378 |
| 1.053 | 636 | - | Dividends from long-term investments in equities | - | 332 | 760 |
| -518 | -412 | -17 | B Net cash flow, investments | -14 | 221 | 103 |
| 13.800 | 11.405 | 567 | Debt raised by issuance of securities | 5.563 | 12.905 | 24.823 |
| -7.466 | -5.125 | -7.669 | Repayments - issued securities | -10.028 | -5.126 | -12.455 |
| -1.243 | -250 | -365 | Interest payments on securities issued | -578 | -396 | -1.885 |
| - | - | - | Additional subordinated loan capital issued | - | - | - |
| -800 | -188 | - | Repayments - additional capital instruments | - | -188 | -800 |
| -90 | -25 | -16 | Interest payments on subordinated loans | -16 | -25 | -90 |
| 1.300 | 450 | - | Increase in debt established by issuing hybrid capital | - | 450 | 1.300 |
| -52 | -5 | -25 | Interest payments on debt established by issuing hybrid capital | -25 | -5 | -52 |
| -38 | -8 | -18 | Lease payments | -4 | -11 | -46 |
| -1.151 | - | - | Dividend to share holders | - | - | -1.151 |
| 4.260 | 6.254 | -7.526 | C Net cash flow, financing | -5.088 | 7.604 | 9.644 |
| -695 | -473 | 1.379 | A+B+C Net cash flow during the period | 1.377 | -473 | -684 |
| 1.463 | 1.463 | 768 | Cash and cash equivalents as at 1 January | 779 | 1.463 | 1.463 |
| 768 | 990 | 2.147 | Cash and cash equivalents as at 31 March | 2.156 | 990 | 779 |
| | | | Cash and cash equivalents specified | | | |
| 104 | 468 | 405 | Cash and balances with central banks | 405 | 468 | 104 |
| 664 | 522 | 1.742 | Balances with credit institutions | 1.751 | 522 | 675 |
| 768 | 990 | 2.147 | Cash and cash equivalents | 2.156 | 990 | 779 |

¹⁾ Changes in loans to customers, as well as changes in certificates and bonds, include the increase in exchange rates.

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

Notes to the financial statements

(in MNOK)

Note 1 Accounting policies

1.1 Basis of preparation

These interim financial statements for SpareBank 1 SR-Bank ASA cover the period 1 January - 31 March 2020. 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 2019.

New standards and interpretations that have not been adopted yet

IASB issued amendments to IFRS 9 and IFRS 7 in September 2019. These changes are compulsory from 2020, but can be implemented early in 2019 financial statements. The group has chosen to implement the changes early. The group's decision to implement the changes early means that its hedging relationships can be continued unaffected by IBOR reform. IBOR reform is an ongoing process in which reference rates used in receivables, loans, and derivatives are exchanged with new interest rates. Information due to the early implementation is provided in note 10.

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.

Impairments on loans and financial liabilities

The group has calculated loss provisions pursuant to the IFRS 9 regulations from and including 1 January 2018. Prior to the reporting for the fourth quarter of 2019, only minor adjustments were made in the model. Account has been taken of the special situation that has arisen in connection with the Covid-19 outbreak in the assessment of expected credit losses. The following explains the policies that have been applied and the changes that have been made in the first quarter of 2020. Please also refer to note 2 in the annual report for 2019. The calculations follow the normal procedures for data. Scenarios and their weightings have been continued unchanged since preparing scenarios for use in calculating losses that incorporate both the changed economic conditions and the state support schemes would be difficult at the present time. The data has been processed in line with normal procedures and reviewed to address special risk assessments for individual customers that have not been individually written down. Targeted mark-ups have been implemented to exposed commitments in certain industries that result in a total increase in expected credit losses in the range of NOK 75 million. Beside this, the model-calculated loss provisions have been overridden by management judgements by NOK 50 million in Stage 2. The group is following the same principles for migration between the stages as those that applied as at 31 December 2019. An increase in PD of more than 150 per cent and which results in a PD higher than 0.6 per cent is considered a significant change in credit risk. In addition, overdrafts or arrears of at least 30 days will always be considered a significant increase in credit risk. Commitments subject to repayment relief may, based on an individual assessment, also be regarded as having experienced a significant increase in credit risk. Commitments that have been granted payment postponements due to the Covid-19 situation have so far had no significant effects on migration from Stage 1 to Stage 2 and Stage 3. The assessments that have been made at a group level and based on the management's exercising of judgement are at moment the best estimate of the long-term consequences the Covid-19 situation may have for the bank's portfolio. Otherwise, please refer to notes 2, 3, 4 and 8 in the financial statements for the first quarter of 2020.

Note 2 Critical estimates and judgements concerning use of the accounting policies

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 2019 explains in more detail the use of critical estimates and judgements when applying the accounting policies.

Given both the low oil prices and the ongoing Covid-19 situation, considerable uncertainty remains about how both the Norwegian and the global economy will develop, and the picture is changing continuously. This means that is a great deal of uncertainty surrounding critical estimates.

Impairments on loans

The group's assessment of critical estimates and judgements concerning the use of the accounting policies has not changed since 31 December 2019, although the situation surrounding the Covid-19 virus has been included in the assessment in the first quarter of 2020.

The group assesses its entire corporate market portfolio annually. High-risk commitments in the corporate market portfolio are evaluated on a quarterly basis. Loans to retail customers are subject to evaluation when they are in default for more than 90 days after they fall due; larger commitments in default are evaluated on a quarterly basis.

The group's risk classification systems are described under financial risk management in the annual report.

The group carries out an impairment if there is objective evidence that can be identified for an individual commitment, and the objective evidence entails a reduction in future cash flows for servicing the commitment. Objective evidence may be default, bankruptcy, insolvency or other significant financial difficulties.

Individual impairments are calculated as the difference between the loan's book (carrying) value and the present value of future cash flows based on the effective interest rate at the time of the calculation of the initial individual impairment. Account is taken of subsequent changes in interest rates for loan agreements with variable rates if these changes affect the expected cash flow.

According to IFRS 9, loss provisions are recognised for all commitments based on expected credit loss (ECL). The measurement of the provisions for expected losses on commitments that are not individually impaired depends on whether or not the credit risk has increased significantly since initial capitalisation. Upon initial capitalisation and when the credit risk has not increased significantly after initial capitalisation, provisions must be made for 12 months' expected losses. If the credit risk has increased substantially after initial recognition, provisions must be made for expected losses over the entire lifetime. Expected credit loss is calculated on the basis of the present value of all cash flows over the remaining expected lifetime.

A probability weighting average is calculated for three different scenarios for a best case, expected case and stress case, respectively. The best case scenario is based on data from a representative period of strong economic expansion and the expected scenario and stress scenario match the forecast and stress test, respectively, produced in connection with the group's annual internal capital adequacy assessment process (ICAAP). The mutual weighting of the scenarios is considered and determined by a specially established internal working group composed of people at a management level.

The choice of scenarios and their weighting are regularly reviewed (at least once a year) by this working group. As at 31 December 2019, the group's weighted the expected scenario 65%, the best case scenario 25% and the stress scenario 10%. The weighting was the same for all portfolios and has not been changed in the last year or in the first quarter of 2020. In order to illustrate the sensitivity associated with the weighting, a simulation has been conducted of the effect of a more conservative scenario weighting in which the weighting of the stress scenario was increased by 5 percentage points (from 10% to 15%) with a corresponding 5-percentage point downwards adjustment of the expected scenario's weighting (from 65% to 60%). Such a weighting of the scenarios would increase the group's expected losses on commitments without individual impairment by about NOK 80 million as at 31 March 2020 (+10%), of which the vast majority of the effect would be attributed to the corporate market portfolio and especially the group's portfolio of offshore commitments. Please also see note 6 in the annual report.

Note 2 Critical estimates and judgements concerning use of the accounting policies (continued)

The group has taken into account the fact that Covid-19 could have different effects in different industries and has made judgements by implementing targeted mark-ups against exposed commitments in certain industries.

Closely monitoring customers and prevention work are important measures that the group actively employs to maintain its good risk profile in the group's loan portfolio. As a result of the low oil prices and Covid-19 outbreak, this work was intensified at the end of the first quarter of 2020. The group has provided advice in order to find good solutions for customers, including by granting payment holidays and providing assistance with applications for the use of various support schemes.

The group's assessments of critical estimates and judgements concerning use of the accounting policies are challenging but are currently considered to be the best estimate of the long-term consequences the Covid-19 situation will have for the group.

Note 3 Impairments on loans and financial commitments recognised in the income statement

| Parent bank | | | | Group | | |
|------------------------|------------------------|------------------------|--|------------------------|------------------------|------------------------|
| 01.01.19 - 31.12.19 | 01.01.19 - 31.03.19 | 01.01.20 - 31.03.20 | | 01.01.20 - 31.03.20 | 01.01.19 - 31.03.19 | 01.01.19 - 31.12.19 |
| 200 | 10 | 555 | Change in impairments on loans | 555 | 12 | 199 |
| 23 | -10 | -13 | Change in impairments on financial commitments | -13 | -10 | 23 |
| 122 | 51 | 27 | Actual loan losses on commitments | 27 | 51 | 122 |
| 3 | - | -4 | Change in accrued interest | -3 | - | 2 |
| - | - | 1 | Change in assets taken over for the period | 1 | - | - |
| -111 | -4 | -7 | Recoveries on commitments previously written-off | -7 | -4 | -111 |
| 237 | 47 | 559 | The period's net impairments on loans and financial commitments | 560 | 49 | 235 |

Note 4 Impairments on loans and financial commitments recognised in the balance sheet

| Parent Bank | | | | |
|---|-------------------|-----------------------|---------------------|-------------------|
| 2020 | | Changes in | Changes in | Total |
| Impairments on loans and financial commitments | 01.01.2020 | impairments on | on financial | 31.03.2020 |
| | | loans | commitments | |
| Impairments after amortised cost, corporate market | 1.397 | 546 | -13 | 1.930 |
| Impairments after amortised cost, retail market | 94 | 6 | - | 100 |
| Mortgages at FVOCI ¹⁾ | 54 | 3 | - | 57 |
| Total impairments on loans and financial commitments | 1.545 | 555 | -13 | 2.087 |
| Presented as | | | | |
| Impairments on loans | 1.415 | 555 | - | 1.970 |
| Impairments on financial commitments | 130 | - | -13 | 117 |
| Total impairments on loans and financial commitments | 1.545 | 555 | -13 | 2.087 |
| 2019 | | | | |
| Impairments on loans and financial commitments | 01.01.2019 | | | Total |
| | | | | 31.03.2019 |
| Impairments after amortised cost, corporate market | 1.168 | 14 | -10 | 1.172 |
| Impairments after amortised cost, retail market | 94 | -4 | - | 90 |
| Mortgages at FVOCI ¹⁾ | 60 | - | - | 60 |
| Total impairments on loans and financial commitments | 1.322 | 10 | -10 | 1.322 |
| Presented as | | | | |
| Impairments on loans | 1.215 | 10 | - | 1.225 |
| Impairments on financial commitments | 107 | - | -10 | 97 |
| Total impairments on loans and financial commitments | 1.322 | 10 | -10 | 1.322 |
| Group | | | | |
| 2020 | | Changes in | Changes in | Total |
| Impairments on loans and financial commitments | 01.01.2020 | impairments on | on financial | 31.03.2020 |
| | | loans | commitments | |
| Impairments after amortised cost, corporate market | 1.396 | 547 | -13 | 1.930 |
| Impairments after amortised cost, retail market | 160 | 8 | - | 168 |
| Mortgages at FVOCI ¹⁾ | - | - | - | - |
| Total impairments on loans and financial commitments | 1.556 | 555 | -13 | 2.098 |
| Presented as | | | | |
| Impairments on loans | 1.426 | 555 | - | 1.981 |
| Impairments on financial commitments | 130 | - | -13 | 117 |
| Total impairments on loans and financial commitments | 1.556 | 555 | -13 | 2.098 |
| 2019 | | | | |
| Impairments on loans and financial commitments | 01.01.2019 | | | Total |
| | | | | 31.03.2019 |
| Impairments after amortised cost, corporate market | 1.168 | 14 | -10 | 1.172 |
| Impairments after amortised cost, retail market | 166 | -2 | - | 164 |
| Mortgages at FVOCI ¹⁾ | - | - | - | - |
| Total impairments on loans and financial commitments | 1.334 | 12 | -10 | 1.336 |
| Presented as | | | | |
| Impairments on loans | 1.227 | 12 | - | 1.239 |
| Impairments on financial commitments | 107 | - | -10 | 97 |
| Total impairments on loans and financial commitments | 1.334 | 12 | -10 | 1.336 |

¹⁾ FVOCI - Fair value other comprehensive income

Note 4 Impairments on loans and financial commitments recognised in the balance sheet (continued)

| Parent Bank | 01.01.2020 - 31.03.2020 | | | | 01.01.2019 - 31.03.2019 | | | |
|---|-------------------------|------------|--------------|--------------|-------------------------|------------|------------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Impairments recognised on loans per stage | | | | | | | | |
| Impairments on loans 01.01 | 144 | 381 | 890 | 1.415 | 225 | 360 | 630 | 1.215 |
| Changes 01.01 - 31.03. | | | | | | | | |
| Transfer to (from) stage 1 | -2 | 2 | - | - | -66 | 66 | - | - |
| Transfer to (from) stage 2 | 29 | -33 | 4 | - | 10 | -25 | 15 | - |
| Transfer to (from) stage 3 | 4 | 2 | -6 | - | - | - | - | - |
| Net new measurement of impairments | -22 | 141 | 13 | 132 | 70 | -46 | -3 | 21 |
| New issued or purchased loan | 15 | 7 | 1 | 23 | 23 | 11 | 2 | 36 |
| Loans that have been derecognised | -13 | -13 | -13 | -39 | -11 | -31 | -5 | -47 |
| Changes due to modifications that have not resulted in derecognition | - | - | - | - | - | - | - | - |
| Actual loan losses on commitments | - | - | 27 | 27 | - | - | 51 | 51 |
| Actual loan losses on commitments for which provisions have been made | - | - | -7 | -7 | - | - | -39 | -39 |
| Changes to models/risk parameters | - | - | - | - | - | - | - | - |
| Other movements | - | - | 419 | 419 | - | - | -12 | -12 |
| Impairments on loans 31.03 | 155 | 487 | 1.328 | 1.970 | 251 | 335 | 639 | 1.225 |
| Impairments recognised on financial commitments per stage | | | | | | | | |
| Impairments on financial commitments 01.01. | 21 | 82 | 27 | 130 | 31 | 57 | 19 | 107 |
| Changes 01.01 - 31.03. | | | | | | | | |
| Transfer to (from) stage 1 | - | - | - | - | -5 | 5 | - | - |
| Transfer to (from) stage 2 | 7 | -7 | - | - | 2 | -2 | - | - |
| Transfer to (from) stage 3 | - | - | - | - | - | - | - | - |
| Net new measurement of impairments | -7 | 15 | - | 8 | 2 | -14 | - | -12 |
| New issued or purchased loan | 3 | 2 | - | 5 | 4 | 1 | 1 | 6 |
| Loans that have been derecognised | -2 | -2 | -1 | -5 | -2 | -2 | - | -4 |
| Changes due to modifications that have not resulted in derecognition | - | - | - | - | - | - | - | - |
| Actual loan losses on commitments | - | - | - | - | - | - | - | - |
| Actual loan losses on commitments for which provisions have been made | - | - | - | - | - | - | - | - |
| Changes to models/risk parameters | - | - | - | - | - | - | - | - |
| Other movements | - | - | -21 | -21 | - | - | - | - |
| Impairments on financial commitments 31.03. | 22 | 90 | 5 | 117 | 32 | 45 | 20 | 97 |

Note 4 Impairments on loans and financial commitments recognised in the balance sheet (continued)

| Group | 01.01.2020 - 31.03.2020 | | | | 01.01.2019 - 31.03.2019 | | | |
|---|-------------------------|------------|--------------|--------------|-------------------------|------------|------------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Impairments recognised on loans per stage | | | | | | | | |
| Impairments on loans 01.01 | 146 | 388 | 892 | 1.426 | 229 | 367 | 631 | 1.227 |
| Changes 01.01 - 31.03. | | | | | | | | |
| Transfer to (from) stage 1 | -2 | 2 | - | - | -67 | 67 | - | - |
| Transfer to (from) stage 2 | 30 | -35 | 5 | - | 10 | -26 | 16 | - |
| Transfer to (from) stage 3 | 4 | 3 | -7 | - | - | - | - | - |
| Net new measurement of impairments | -22 | 142 | 14 | 134 | 71 | -46 | -3 | 22 |
| New issued or purchased loan | 15 | 7 | 1 | 23 | 24 | 12 | 2 | 38 |
| Loans that have been derecognised | -14 | -13 | -14 | -41 | -11 | -32 | -5 | -48 |
| Changes due to modifications that have not resulted in derecognition | - | - | - | - | - | - | - | - |
| Actual loan losses on commitments | - | - | 27 | 27 | - | - | 51 | 51 |
| Actual loan losses on commitments for which provisions have been made | - | - | -7 | -7 | - | - | -39 | -39 |
| Changes to models/risk parameters | - | - | - | - | - | - | - | - |
| Other movements | - | - | 419 | 419 | - | - | -12 | -12 |
| Impairments on loans 31.03 | 157 | 494 | 1.330 | 1.981 | 256 | 342 | 641 | 1.239 |
| Impairments recognised on financial commitments per stage | | | | | | | | |
| Impairments on financial commitments 01.01. | 21 | 82 | 27 | 130 | 31 | 57 | 19 | 127 |
| Changes 01.01 - 31.03. | | | | | | | | |
| Transfer to (from) stage 1 | - | - | - | - | -5 | 5 | - | - |
| Transfer to (from) stage 2 | 7 | -7 | - | - | 1 | -1 | - | - |
| Transfer to (from) stage 3 | - | - | - | - | - | - | - | - |
| Net new measurement of impairments | -7 | 15 | - | 8 | 2 | -15 | - | -13 |
| New issued or purchased loan | 3 | 2 | - | 5 | 5 | 1 | 1 | 7 |
| Loans that have been derecognised | -2 | -2 | -1 | -5 | -2 | -2 | - | -4 |
| Changes due to modifications that have not resulted in derecognition | - | - | - | - | - | - | - | - |
| Actual loan losses on commitments | - | - | - | - | - | - | - | - |
| Actual loan losses on commitments for which provisions have been made | - | - | - | - | - | - | - | - |
| Changes to models/risk parameters | - | - | - | - | - | - | - | - |
| Other movements | - | - | -21 | -21 | - | - | - | - |
| Impairments on financial commitments 31.03. | 22 | 90 | 5 | 117 | 32 | 45 | 20 | 117 |

Note 5 Other assets

| Parent bank | | | | Group | | |
|-------------|----------|----------|---------------------------------------|--------------|----------|----------|
| 31.12.19 | 31.03.19 | 31.03.20 | | 31.03.20 | 31.03.19 | 31.12.19 |
| - | - | - | Intangible assets | 278 | 94 | 273 |
| 379 | - | 416 | Deferred tax assets | 458 | - | 420 |
| 355 | 313 | 350 | Tangible fixed assets | 1.067 | 864 | 1.087 |
| 682 | 287 | 943 | Leases receivables | 407 | 386 | 398 |
| 15 | 4 | 6 | Income earned but not received | 21 | 4 | 24 |
| 18 | 23 | 16 | Prepaid expenses | 32 | 31 | 50 |
| 3 | 1 | 3 | Over funding of pension liabilities | 3 | 1 | 3 |
| 200 | 200 | 200 | Capital contribution SR-Pensjonskasse | 200 | 200 | 200 |
| 93 | 7 | 1 | Unsettled trades | 1 | 7 | 93 |
| 244 | 322 | 240 | Other assets | 578 | 688 | 588 |
| 1.989 | 1.157 | 2.175 | Total other assets | 3.045 | 2.275 | 3.136 |

Note 6 Other liabilities

| Parent bank | | | | Group | | |
|-------------|----------|----------|--------------------------------------|--------------|----------|----------|
| 31.12.19 | 31.03.19 | 31.03.20 | | 31.03.20 | 31.03.19 | 31.12.19 |
| 273 | 194 | 290 | Accrued expenses and prepaid revenue | 386 | 263 | 444 |
| - | 150 | - | Deferred tax liability | - | 129 | - |
| 176 | 225 | 246 | Pension liabilities | 257 | 236 | 187 |
| 130 | 96 | 117 | Impairments on financial commitments | 117 | 96 | 130 |
| 1.078 | 713 | 688 | Taxes payable | 837 | 781 | 1.228 |
| 91 | 324 | 95 | Unsettled trades | 95 | 324 | 91 |
| 688 | 288 | 952 | Lease liabilities | 414 | 388 | 395 |
| 335 | 223 | 438 | Other liabilities | 505 | 341 | 397 |
| 2.771 | 2.213 | 2.826 | Total other liabilities | 2.611 | 2.558 | 2.872 |

Note 7 Customer deposits

| Parent bank | | | | Group | | |
|-------------|----------|----------|--------------------------------------|----------------|----------|----------|
| 31.12.19 | 31.03.19 | 31.03.20 | | 31.03.20 | 31.03.19 | 31.12.19 |
| 269 | 382 | 460 | Fishing/Fish farming | 460 | 382 | 269 |
| 1.195 | 1.024 | 1.146 | Industry | 1.146 | 1.024 | 1.195 |
| 1.206 | 1.327 | 1.380 | Agriculture/forestry | 1.380 | 1.327 | 1.206 |
| 11.808 | 10.213 | 11.833 | Service industry | 11.644 | 9.960 | 11.591 |
| 2.538 | 2.321 | 2.461 | Retail trade, hotels and restaurants | 2.461 | 2.321 | 2.538 |
| 1.331 | 1.250 | 1.491 | Energy, oil and gas | 1.491 | 1.250 | 1.331 |
| 1.779 | 1.423 | 1.792 | Building and construction | 1.792 | 1.423 | 1.779 |
| 550 | 464 | 404 | Power and water supply/ | 404 | 464 | 550 |
| 6.517 | 7.046 | 6.396 | Real estate | 6.396 | 7.046 | 6.517 |
| 2.265 | 1.909 | 1.936 | Shipping and other transport | 1.936 | 1.909 | 2.265 |
| 25.490 | 25.597 | 26.425 | Public sector and financial services | 26.425 | 25.597 | 25.490 |
| 54.948 | 52.956 | 55.724 | Total corporate sector | 55.535 | 52.703 | 54.731 |
| 48.375 | 46.288 | 50.010 | Retail customers | 50.010 | 46.288 | 48.375 |
| 103.323 | 99.244 | 105.734 | Deposits from customers | 105.545 | 98.991 | 103.106 |

Note 8 Loans and other financial commitments to customers

| Parent bank | | | Gross loans to customers by industry | Group | | |
|--|----------|----------------|--|----------------|----------|----------|
| 31.12.19 | 31.03.19 | 31.03.20 | | 31.03.20 | 31.03.19 | 31.12.19 |
| 2.503 | 1.661 | 2.350 | Fishing/Fish farming | 2.355 | 1.667 | 2.508 |
| 3.009 | 2.848 | 2.900 | Industry | 2.936 | 2.863 | 3.043 |
| 5.104 | 4.842 | 5.045 | Agriculture/forestry | 5.275 | 5.043 | 5.324 |
| 11.296 | 11.682 | 11.807 | Service industry | 11.808 | 11.814 | 11.326 |
| 3.338 | 3.098 | 3.668 | Retail trade, hotels and restaurants | 3.792 | 3.183 | 3.460 |
| 3.921 | 3.851 | 4.780 | Energy, oil and gas | 4.780 | 3.851 | 3.921 |
| 3.956 | 3.946 | 4.391 | Building and construction | 4.549 | 4.085 | 4.116 |
| 841 | 714 | 826 | Power and water supply | 826 | 714 | 841 |
| 33.659 | 33.020 | 32.872 | Real estate | 32.881 | 33.033 | 33.668 |
| 11.980 | 12.958 | 13.932 | Shipping and other transport | 14.064 | 13.063 | 12.111 |
| 2.404 | 2.185 | 2.376 | Public sector and financial services | 2.376 | 2.185 | 2.404 |
| 82.011 | 80.806 | 84.947 | Total corporate sector | 85.642 | 81.501 | 82.722 |
| 52.504 | 53.964 | 49.514 | Retail customers | 126.519 | 114.967 | 124.392 |
| 134.515 | 134.770 | 134.461 | Gross loans | 212.161 | 196.468 | 207.114 |
| -1.415 | -1.225 | -1.970 | - Impairments after amortised cost | -1.981 | -1.239 | -1.426 |
| 7 | 11 | 7 | - Mortgages at FVOCI ²⁾ | - | - | - |
| 133.107 | 133.556 | 132.498 | Loans to customers | 210.180 | 195.229 | 205.688 |
| Financial commitments ¹⁾ | | | | | | |
| 9.751 | 9.209 | 11.586 | Guarantees customers | 11.648 | 9.285 | 9.800 |
| 15.383 | 18.107 | 15.792 | Unused credit lines for customers | 23.016 | 23.352 | 22.322 |
| 5.733 | 7.294 | 7.126 | Approved loan commitments | 7.126 | 7.294 | 5.733 |
| 30.867 | 34.610 | 34.504 | Total financial commitments | 41.790 | 39.931 | 37.855 |
| Other guarantees issued and liabilities | | | | | | |
| 1.248 | 4.600 | 8.715 | Unused credit lines for financial institutions | - | - | - |
| 589 | 589 | 588 | Guarantees other | 588 | 589 | 589 |
| 9 | 16 | 7 | Letters of credit | 7 | 16 | 9 |
| 1.846 | 5.205 | 9.310 | Total other guarantees issued and liabilities | 595 | 605 | 598 |

¹⁾ Financial liabilities not on the balance sheet that are the basis for impairments

²⁾ FVOCI - Fair value other comprehensive income

Note 8 Loans and other financial commitments to customers (continued)

Parent bank

| 2020 | Gross loans at | | | | Loans at | Net loans |
|--|-----------------------|----------------|----------------|----------------|-------------------|-------------------|
| Loans to customers by industry and stages | amortised cost | Stage 1 | Stage 2 | Stage 3 | fair value | 31.03.2020 |
| Fishing/Fish farming | 2.324 | -3 | -2 | - | 26 | 2.345 |
| Industry | 2.848 | -8 | -18 | -79 | 52 | 2.795 |
| Agriculture/forestry | 2.930 | -1 | -5 | -4 | 2.115 | 5.035 |
| Service industry | 11.355 | -40 | -66 | -113 | 452 | 11.588 |
| Retail trade, hotels and restaurants | 3.462 | -12 | -51 | -7 | 206 | 3.598 |
| Energy, oil and gas | 4.780 | -5 | -133 | -570 | - | 4.072 |
| Building and construction | 4.141 | -10 | -14 | -11 | 250 | 4.356 |
| Power and water supply | 822 | -2 | - | - | 4 | 824 |
| Real estate | 32.631 | -52 | -57 | -58 | 241 | 32.705 |
| Shipping and other transport | 13.843 | -14 | -116 | -389 | 89 | 13.413 |
| Public sector and financial services | 2.376 | - | - | - | - | 2.376 |
| Total corporate sector | 81.512 | -147 | -462 | -1.231 | 3.435 | 83.107 |
| Retail customers | 6.531 | -8 | -25 | -97 | 42.983 | 49.384 |
| Mortgages at FVOCI ¹⁾ | | | | | 7 | 7 |
| Loans to customers | 88.043 | -155 | -487 | -1.328 | 46.425 | 132.498 |

| 2019 | Gross loans at | | | | Loans at | Net loans |
|--|-----------------------|----------------|----------------|----------------|-------------------|-------------------|
| Loans to customers by industry and stages | amortised cost | Stage 1 | Stage 2 | Stage 3 | fair value | 31.03.2019 |
| Fishing/Fish farming | 1.629 | -3 | -2 | -10 | 32 | 1.646 |
| Industry | 2.779 | -11 | -19 | -12 | 69 | 2.806 |
| Agriculture/forestry | 2.794 | -2 | -3 | -4 | 2.048 | 4.833 |
| Service industry | 11.120 | -51 | -97 | -68 | 563 | 11.467 |
| Retail trade, hotels and restaurants | 2.878 | -16 | -32 | -9 | 220 | 3.041 |
| Energy, oil and gas | 3.851 | -15 | -28 | -95 | - | 3.713 |
| Building and construction | 3.652 | -13 | -10 | -7 | 294 | 3.916 |
| Power and water supply | 709 | -1 | -2 | - | 5 | 711 |
| Real estate | 32.758 | -82 | -73 | -46 | 262 | 32.819 |
| Shipping and other transport | 12.813 | -19 | -45 | -289 | 145 | 12.605 |
| Public sector and financial services | 2.185 | - | - | - | - | 2.185 |
| Total corporate sector | 77.168 | -213 | -311 | -540 | 3.638 | 79.742 |
| Retail customers | 6.189 | -38 | -24 | -99 | 47.775 | 53.803 |
| Mortgages at FVOCI ¹⁾ | | | | | 11 | 11 |
| Loans to customers | 83.357 | -251 | -335 | -639 | 51.424 | 133.556 |

Note 8 Loans and other financial commitments to customers (continued)

Group

| 2020 | Gross loans at | | | | Loans at | Net loans |
|--|-----------------------|----------------|----------------|----------------|-------------------|-------------------|
| Loans to customers by industry and stages | amortised cost | Stage 1 | Stage 2 | Stage 3 | fair value | 31.03.2020 |
| Fishing/Fish farming | 2.351 | -3 | -2 | - | 4 | 2.350 |
| Industry | 2.934 | -8 | -17 | -79 | 2 | 2.832 |
| Agriculture/forestry | 4.459 | -1 | -5 | -4 | 816 | 5.265 |
| Service industry | 11.725 | -40 | -67 | -113 | 83 | 11.588 |
| Retail trade, hotels and restaurants | 3.766 | -12 | -51 | -7 | 26 | 3.722 |
| Energy, oil and gas | 4.780 | -5 | -133 | -570 | - | 4.072 |
| Building and construction | 4.519 | -10 | -14 | -11 | 30 | 4.514 |
| Power and water supply | 824 | -2 | - | - | 2 | 824 |
| Real estate | 32.737 | -52 | -57 | -59 | 144 | 32.713 |
| Shipping and other transport | 14.049 | -14 | -116 | -389 | 15 | 13.545 |
| Public sector and financial services | 2.376 | - | - | - | - | 2.376 |
| Total corporate sector | 84.520 | -147 | -462 | -1.232 | 1.122 | 83.801 |
| Retail customers | 118.634 | -10 | -32 | -98 | 7.885 | 126.379 |
| Loans to customers | 203.154 | -157 | -494 | -1.330 | 9.007 | 210.180 |

¹⁾ FVOCI - Fair value other comprehensive income

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

Note 8 Loans and other financial commitments to customers (continued)

Parent bank

| Gross loans per stage | 01.01.2020 - 31.03.2020 | | | | 01.01.2019 - 31.03.2019 | | | |
|--|-------------------------|---------------|--------------|----------------|-------------------------|---------------|--------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross loans 01.01. | 120.439 | 11.746 | 2.330 | 134.515 | 119.183 | 12.235 | 2.125 | 133.543 |
| Transfer to (from) stage 1 | -1.125 | 1.122 | 3 | - | -1.785 | 1.745 | 40 | - |
| Transfer to (from) stage 2 | 1.002 | -1.054 | 52 | - | 1.993 | -2.064 | 71 | - |
| Transfer to (from) stage 3 | 18 | 14 | -32 | - | 26 | 19 | -45 | - |
| Net increase/(decrease) balance existing loans | 4.098 | -1.215 | -2 | 2.881 | -362 | 194 | 106 | -62 |
| Originated or purchased during the period | 18.020 | 157 | 7 | 18.184 | 11.161 | 275 | 3 | 11.439 |
| Loans that have been derecognised | -22.075 | 730 | 226 | -21.119 | -8.773 | -1.153 | -224 | -10.150 |
| Gross loans 31.03. | 120.377 | 11.500 | 2.584 | 134.461 | 121.443 | 11.251 | 2.076 | 134.770 |

Financial commitments per stage ¹⁾²⁾

| | | | | | | | | |
|---|---------------|--------------|--------------|---------------|---------------|--------------|------------|---------------|
| Financial commitments 01.01. | 27.537 | 2.446 | 884 | 30.867 | 28.975 | 4.028 | 801 | 33.804 |
| Net increase / (decrease) during period | 3.516 | -14 | 135 | 3.637 | 2.060 | -1.234 | -20 | 806 |
| Financial commitments 31.03. | 31.053 | 2.432 | 1.019 | 34.504 | 31.035 | 2.794 | 781 | 34.610 |

Group

| Gross loans per stage | 01.01.2020 - 31.03.2020 | | | | 01.01.2019 - 31.03.2019 | | | |
|--|-------------------------|---------------|--------------|----------------|-------------------------|---------------|--------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross loans 01.01. | 190.391 | 14.376 | 2.347 | 207.114 | 175.683 | 14.289 | 2.133 | 192.105 |
| Transfer to (from) stage 1 | -1.859 | 1.856 | 3 | - | -2.245 | 2.206 | 39 | - |
| Transfer to (from) stage 2 | 1.646 | -1.701 | 55 | - | 2.537 | -2.617 | 80 | - |
| Transfer to (from) stage 3 | 18 | 22 | -40 | - | 26 | 19 | -45 | - |
| Net increase/(decrease) balance existing loans | 4.428 | -8.126 | - | -3.698 | -1.745 | 208 | 106 | -1.431 |
| Originated or purchased during the period | 27.115 | 401 | 7 | 27.523 | 21.692 | 429 | 12 | 22.133 |
| Loans that have been derecognised | -26.417 | 7.419 | 220 | -18.778 | -14.809 | -1.297 | -233 | -16.339 |
| Gross loans 31.03. | 195.322 | 14.247 | 2.592 | 212.161 | 181.139 | 13.237 | 2.092 | 196.468 |

Financial commitments per stage ¹⁾²⁾

| | | | | | | | | |
|---|---------------|--------------|--------------|---------------|---------------|--------------|------------|---------------|
| Financial commitments 01.01. | 34.272 | 2.698 | 885 | 37.855 | 33.825 | 4.224 | 802 | 38.851 |
| Net increase / (decrease) during period | 3.810 | -10 | 135 | 3.935 | 2.359 | -1.259 | -20 | 1.080 |
| Financial commitments 31.03. | 38.082 | 2.688 | 1.020 | 41.790 | 36.184 | 2.965 | 782 | 39.931 |

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

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

Note 9 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 model and risk management systems.

The EU's capital adequacy regulations (CRR/CRD IV) were incorporated into the EEA agreement in March 2019, and the implementation regulations became effective in Norway on 31 December 2019.

The total minimum common equity tier 1 capital ratio requirement for SpareBank 1 SR-Bank, inclusive of the countercyclical buffer and Pillar 2 premium, as at 31 March 2019 was 12.7%. 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 1.0%. As a result of the Covid-19 situation, the countercyclical buffer requirement was reduced by 1.5 percentage points to 1.0% with effect from March 2020. 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 Kreditkort. A proportionate consolidation is carried out for the group's capital adequacy.

| Parent bank | | | | Group | | |
|---------------|---------------|---------------|--|---------------|----------|----------|
| 31.12.19 | 31.03.19 | 31.03.20 | | 31.03.20 | 31.03.19 | 31.12.19 |
| 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 |
| 1.407 | 1.151 | - | Allocated to dividend | - | 1.151 | 1.407 |
| 1.850 | 1.000 | 1.850 | Hybrid capital ¹⁾ | 1.850 | 1.000 | 1.850 |
| 11.244 | 9.857 | 12.578 | Other equity | 14.956 | 11.836 | 13.596 |
| - | 1.140 | -81 | Profit for the period | 221 | 1.146 | - |
| 22.482 | 21.129 | 22.328 | Total book equity | 25.008 | 23.114 | 24.834 |
| | | | Tier 1 capital | | | |
| - | - | -20 | Deferred taxes, goodwill and other intangible assets | -332 | -110 | -310 |
| -1.407 | -1.151 | - | Deduction for allocated dividends ¹⁾ | - | -1.151 | -1.407 |
| -226 | -239 | -117 | Deduction for expected losses on IRB, net of write-downs | -247 | -327 | -357 |
| -1.850 | -1.000 | -1.850 | Hybrid capital that cannot be included in common equity tier 1 capital | -1.850 | -1.000 | -1.850 |
| | -570 | - | Profit for the period that cannot be included in total Tier 1 capital | -111 | -573 | |
| - | - | - | Deduction for CET 1 capital in essential investments in financial institutions | -67 | -33 | -67 |
| -164 | -148 | -164 | institutions | -152 | -142 | -153 |
| -43 | -44 | -70 | Value adjustment due to requirements concerning proper valuation | -50 | -39 | -46 |
| 18.792 | 17.977 | 20.107 | Total Common equity Tier 1 capital | 22.199 | 19.739 | 20.644 |
| 1.850 | 1.000 | 1.850 | Hybrid capital | 1.983 | 1.130 | 1.982 |
| - | 607 | - | Tier 1 capital instruments | - | 606 | - |
| 20.642 | 19.584 | 21.957 | Total Tier 1 capital | 24.182 | 21.475 | 22.626 |
| | | | Tier 2 capital | | | |
| 2.097 | 2.097 | 2.097 | Term subordinated loan capital | 2.282 | 2.327 | 2.283 |
| -43 | -43 | -43 | Deduction for essential investments in financial institutions | -43 | -43 | -43 |
| 2.054 | 2.054 | 2.054 | Total Tier 2 capital | 2.239 | 2.284 | 2.240 |
| 22.696 | 21.638 | 24.011 | Net primary capital | 26.421 | 23.759 | 24.866 |

Note 9 Capital adequacy (continued)

| Parent bank | | | | Group | | |
|----------------|----------------|----------------|--|----------------|----------|----------|
| 31.12.19 | 31.03.19 | 31.03.20 | Credit risk Basel II | 31.03.20 | 31.03.19 | 31.12.19 |
| 20.515 | 23.961 | 21.440 | SME | 21.443 | 23.963 | 20.522 |
| 22.824 | 23.390 | 21.258 | Specialised enterprises | 23.636 | 24.719 | 25.215 |
| 4.655 | 8.394 | 4.513 | Other corporations | 4.625 | 8.444 | 4.767 |
| 1.065 | 1.005 | 1.140 | Mass market SME | 1.426 | 1.246 | 1.342 |
| 14.018 | 14.328 | 14.209 | Mass market - mortgage on real estate | 32.414 | 28.525 | 31.289 |
| 2.272 | 2.130 | 2.775 | Other mass market | 2.908 | 2.203 | 2.352 |
| 11.006 | 9.828 | 10.878 | Equity positions | - | - | - |
| 76.355 | 83.036 | 76.213 | Total credit and counterparty risk IRB | 86.453 | 89.100 | 85.487 |
| 13 | 14 | 31 | States and central banks | 62 | 22 | 25 |
| 18 | 17 | 250 | Local and regional authorities, state-owned enterprises | 362 | 107 | 73 |
| 2.978 | 1.436 | 3.713 | Institutions | 1.516 | 1.363 | 1.196 |
| 8.517 | 8.875 | 10.010 | Enterprises | 10.171 | 9.262 | 8.795 |
| 2.854 | 2.801 | 3.028 | Mass market | 3.859 | 3.542 | 3.678 |
| - | - | - | Mass market - mortgage on real estate | 1.133 | 1.235 | 1.115 |
| 2.035 | 2.512 | 2.261 | Covered bonds | 2.332 | 2.482 | 2.317 |
| 6.029 | 6.029 | 6.029 | Equity positions | 5.868 | 5.635 | 5.475 |
| 2.588 | 1.321 | 3.056 | Other assets | 3.851 | 2.526 | 3.653 |
| 25.032 | 23.005 | 28.378 | Total credit and counterparty risk standard method | 29.156 | 26.174 | 26.327 |
| 236 | 141 | 292 | Credit value adjustment risk (CVA) | 729 | 483 | 487 |
| 7.067 | 6.534 | 7.067 | Operational risk | 9.443 | 8.608 | 9.443 |
| - | - | - | Transitional scheme | - | 10.284 | - |
| 108.690 | 112.716 | 111.950 | Risk weighted balance | 125.780 | 134.649 | 121.744 |
| 4.891 | 5.072 | 5.038 | Minimum requirement for common equity Tier 1 capital ratio 4.5 % | 5.660 | 6.059 | 5.478 |
| | | | Buffer requirement | | | |
| 2.717 | 2.818 | 2.799 | Capital conservation buffer 2.5 % | 3.145 | 3.366 | 3.044 |
| 3.261 | 3.381 | 3.359 | Systemic risk buffer 3.0 % | 3.773 | 4.039 | 3.652 |
| 2.717 | 2.254 | 1.120 | Countercyclical capital buffer 1.0 % | 1.258 | 2.693 | 3.044 |
| 8.695 | 8.454 | 7.277 | Total buffer requirement to common equity Tier 1 capital ratio | 8.176 | 10.099 | 9.740 |
| 5.206 | 4.451 | 7.793 | Available common equity Tier 1 capital ratio after buffer requireme | 8.363 | 3.581 | 5.426 |
| 17,29 % | 15,95 % | 17,96 % | Common equity Tier 1 capital ratio, IRB | 17,65 % | 15,87 % | 16,96 % |
| 18,99 % | 17,37 % | 19,61 % | Tier 1 capital ratio, IRB | 19,23 % | 17,27 % | 18,58 % |
| 20,88 % | 19,20 % | 21,45 % | Capital ratio, IRB | 21,01 % | 19,10 % | 20,42 % |
| 10,03 % | 9,81 % | 9,93 % | Leverage Ratio | 7,87 % | 7,72 % | 7,77 % |
| | | | Capital ratio ²⁾ | | 17,65 % | |
| | | | Tier 1 capital ratio ²⁾ | | 15,95 % | |
| | | | Common equity Tier 1 capital ratio ²⁾ | | 14,66 % | |

¹⁾ A decision was made in April 2020 not to pay dividend for 2019 at this time. The change has been incorporated in Q1-2020. The figures as at 31 December 2019 are not changed

²⁾ The capital ratio figures prior to 31 December 2019 are based on the capital adequacy rules and regulations as at 31 March 2019, when the so-called Basel I floor applied

Note 10 Financial derivatives

| Group | Contract amount | Fair value at 31.03.20 | |
|---|-----------------|------------------------|---------------|
| | 31.03.20 | Assets | Liabilities |
| At fair value through profit and loss | | | |
| Currency instruments | | | |
| Currency futures (forwards) | 8.021 | 822 | 242 |
| Currency swaps | 26.184 | 1.645 | 1.000 |
| Currency swaps (basis swaps) | 51.498 | 3.797 | 1.025 |
| Currency swaps (basis swaps hedging) | 8.887 | 1.201 | - |
| Total currency instruments | 94.590 | 7.465 | 2.267 |
| Interest rate instruments | | | |
| Interest rate swaps | 68.746 | 1.046 | 1.800 |
| Other interest rate contracts | | | |
| Total interest rate instruments | 68.746 | 1.046 | 1.800 |
| Interest rate instruments, hedging | | | |
| Interest rate swaps | 102.728 | 3.895 | 43 |
| Total interest rate instruments, hedging | 102.728 | 3.895 | 43 |
| Security | | | |
| Security | | 2.720 | 8.172 |
| Total security | | 2.720 | 8.172 |
| Total currency and interest rate instruments | | | |
| Total currency instruments | 94.590 | 7.465 | 2.267 |
| Total interest rate instruments | 171.474 | 4.941 | 1.843 |
| Total collateral | | 2.720 | 8.172 |
| Total financial derivatives | 266.064 | 15.126 | 12.282 |
| Counterparty risk: | | | |
| Netting agreements | | 2.870 | |
| Considered collateral | | 10.892 | |
| Total exposure to financial derivatives | | 1.364 | |

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.

IBOR reform

Reforming and alternatives to IBOR rates have become a priority area for governments around the world in recent years. However, there is uncertainty surrounding which methods will be used for any changes and when they will be introduced. All of SpareBank 1 SR-Bank's interest rate derivatives use IBOR rates as a reference, and may thus be affected by changes. The most important positions are in EURIBOR and NIBOR. The bank is monitoring developments in the market closely, and is participating in several projects to monitor the changes and facilitate any changes. The table below shows nominal amount and weighted average remaining maturity for derivatives in hedging relationships that may be affected by IBOR reform, categorised by the relevant IBOR rate.

Note 10 Financial derivatives (continued)

| | Contract amount | Weighted maturity |
|--|-----------------|-------------------|
| Interest rate instruments | | |
| CIBOR DKK (6 months) | 927 | 5,8 |
| EURIBOR EUR (3 months) | 61.567 | 5,9 |
| EURIBOR EUR (6 months) | 242 | 7,2 |
| LIBOR USD (1 month) | 1.052 | 2,8 |
| LIBOR USD (3 months) | 16.610 | 3,2 |
| LIBOR USD (6 months) | 632 | 2,0 |
| NIBOR NOK (1 month) | 62 | 7,0 |
| NIBOR NOK (3 months) | 42.095 | 5,4 |
| NIBOR NOK (6 months) | 765 | 5,7 |
| Total interest rate instruments | 123.952 | |
| Currency instruments | | |
| EURIBOR EUR (3 months) to LIBOR USD (3 months) | 8.547 | 3,5 |
| EURIBOR EUR (3 months) to NIBOR NOK (3 months) | 34.858 | 5,1 |
| LIBOR USD (3 months) to NIBOR NOK (3 months) | 2.819 | 2,8 |
| LIBOR USD (6 months) to FIXED NOK | 295 | 6,1 |
| Total currency instruments | 46.519 | |
| Total exposure to financial derivatives | 170.471 | |

Note 11 Securities issued and subordinated loan capital

Group

| | Balance as at 31.03.20 | Issued/ sale own 2020 | Past due/ redeemed 2020 | FX rate- and other changes 2020 | 31.12.19 |
|--|---------------------------|--------------------------|-------------------------------|---------------------------------------|----------|
| Change in debt raised through securities issued | | | | | |
| Other long-term borrowing | 1.484 | | -1.183 | 243 | 2.424 |
| Bonds and certificates, nominal value | 121.110 | 5.563 | -8.845 | 13.254 | 111.138 |
| Adjustments and accrued interests | 3.854 | | | 1.252 | 2.602 |
| Total debt raised through securities issued | 126.448 | 5.563 | -10.028 | 14.749 | 116.164 |

| | Balance as at 31.03.20 | Issued/ sale own 2020 | Past due/ redeemed 2020 | FX rate- and other changes 2020 | 31.12.19 |
|---|---------------------------|--------------------------|-------------------------------|---------------------------------------|----------|
| Change in additional Tier 1 and Tier 2 capital instruments | | | | | |
| Term subordinated loan capital, nominal value | 2.202 | | | 84 | 2.118 |
| Tier 1 capital instruments, nominal value | - | | | | - |
| Adjustments and accrued interests | 9 | | | 2 | 7 |
| Total additional Tier 1 and Tier 2 capital instruments | 2.211 | - | - | 86 | 2.125 |

The nominal value of the net outstanding covered bonds in SR-Boligkreditt is NOK 73.9 billion as of 31 March 2020.

Note 12 Segment reporting

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

| SpareBank 1 SR-Bank Group 01.01.20 - 31.03.20 | | | | | | | | | |
|--|----------------|------------------|----------------|----------------|--------------------|-----------------|------------------|----------------|----------------|
| Income statement | Retail Market | Corporate Market | Capital Market | Staff/Support | Eiendoms- Megler 1 | Regnskap- huset | Other activities | Eliminations | Total |
| Interest income | 622 | 732 | 13 | 830 | - | - | 1 | -51 | 2.147 |
| Interest expense | 181 | 199 | 4 | 733 | - | - | 4 | -55 | 1.066 |
| Net interest income ¹⁾ | 441 | 533 | 9 | 97 | - | - | -3 | 4 | 1.081 |
| Commission income | 153 | 86 | - | 2 | 87 | 47 | 26 | -29 | 372 |
| Commission expenses | 19 | 7 | - | 14 | - | - | 9 | -21 | 28 |
| Other operating income | - | - | - | 3 | - | - | 9 | -10 | 2 |
| Net commission and other income | 134 | 79 | - | -9 | 87 | 47 | 26 | -18 | 346 |
| Dividend income | - | - | - | - | - | - | - | - | - |
| Income from investment in associates | - | - | - | - | - | - | - | 242 | 242 |
| Net gains/losses on financial instruments | 1 | 18 | -9 | -147 | - | - | -66 | -67 | -270 |
| Net income on investment securities | 1 | 18 | -9 | -147 | - | - | -66 | 175 | -28 |
| Personnel expenses | 119 | 55 | 15 | 61 | 55 | 34 | 10 | -1 | 348 |
| Administrative expenses | 20 | 4 | 2 | 96 | 11 | 3 | 4 | - | 140 |
| Other operating expenses | 27 | 8 | 1 | 45 | 21 | 4 | 13 | -15 | 104 |
| Total operating expenses | 166 | 67 | 18 | 202 | 87 | 41 | 27 | -16 | 592 |
| Operating profit before losses | 410 | 563 | -18 | -261 | - | 6 | -70 | 177 | 807 |
| Impairments on loans and financial commitments | 16 | 544 | - | - | - | - | - | - | 560 |
| Pre-tax profit | 394 | 19 | -18 | -261 | - | 6 | -70 | 177 | 247 |
| Net interest income | | | | | | | | | |
| External net interest income | 441 | 533 | 9 | 97 | - | - | - | - | 1.080 |
| Internal net interest income | - | - | - | - | - | - | -3 | 4 | 1 |
| Net interest income | 441 | 533 | 9 | 97 | - | - | -3 | 4 | 1.081 |
| Balance sheet | | | | | | | | | |
| Loans to customers | 130.014 | 78.728 | 365 | 3.452 | - | - | - | -2.379 | 210.180 |
| Impairments on loans | -166 | -1.815 | - | - | - | - | - | - | -1.981 |
| Certificates/bonds/financial derivatives | - | - | 5.340 | 62.299 | - | - | 6 | -15.027 | 52.618 |
| Other assets | 8.077 | -6.466 | 2.471 | 29.737 | 167 | 206 | 1.566 | -17.819 | 17.939 |
| Total assets | 137.925 | 70.447 | 8.176 | 95.488 | 167 | 206 | 1.572 | -35.225 | 278.756 |
| Deposits from customers | 55.874 | 50.139 | 34 | -313 | - | - | - | -189 | 105.545 |
| Other debt and equity ¹⁾ | 9.045 | 18.317 | 8.087 | 170.736 | 167 | 206 | 1.572 | -35.036 | 173.094 |
| Total debt and equity | 64.919 | 68.456 | 8.121 | 170.423 | 167 | 206 | 1.572 | -35.225 | 278.639 |
| Loans sold to SpareBank 1 Boligkredit | 4.243 | - | - | - | - | - | - | - | 4.243 |

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 12 Segment reporting (continued)

| SpareBank 1 SR-Bank Group 01.01.18 - 31.12.18 | | | | | | | | | | |
|--|----------------|------------------|----------------|----------------|--------------------|-----------------|------------------|----------------|----------------|--|
| Income statement | Retail Market | Corporate Market | Capital Market | Staff/ Support | Eiendoms- Megler 1 | Regnskap- huset | Other activities | Eliminations | Total | |
| Interest income | 519 | 613 | 23 | 629 | 1 | - | 1 | -27 | 1.759 | |
| Interest expense | 133 | 149 | 15 | 548 | - | - | 2 | -26 | 821 | |
| Net interest income ¹⁾ | 386 | 464 | 8 | 81 | 1 | - | -1 | -1 | 938 | |
| Commission income | 140 | 77 | 1 | 13 | 98 | 29 | 24 | -20 | 362 | |
| Commission expenses | 14 | 6 | - | 11 | - | - | 9 | -18 | 22 | |
| Other operating income | - | - | - | 2 | - | - | 3 | -4 | 1 | |
| Net commission and other income | 126 | 71 | 1 | 4 | 98 | 29 | 18 | -6 | 341 | |
| Dividend income | - | - | - | 19 | - | - | - | - | 19 | |
| Income from investment in associates | - | - | - | 617 | - | - | - | -81 | 536 | |
| Net gains/losses on financial instruments | 1 | 8 | 28 | 82 | - | - | 6 | -4 | 121 | |
| Net income on investment securities | 1 | 8 | 28 | 718 | - | - | 6 | -85 | 676 | |
| Personnel expenses | 112 | 56 | 14 | 71 | 60 | 23 | 9 | -1 | 344 | |
| Administrative expenses | 19 | 5 | 2 | 93 | 11 | 2 | 2 | - | 134 | |
| Other operating expenses | 25 | 9 | 1 | 41 | 26 | 3 | 6 | -6 | 105 | |
| Total operating expenses | 156 | 70 | 17 | 205 | 97 | 28 | 17 | -7 | 583 | |
| Operating profit before losses | 357 | 473 | 20 | 598 | 2 | 1 | 6 | -85 | 1.372 | |
| Impairments on loans and financial commitments | 8 | 41 | - | - | - | - | - | - | 49 | |
| Pre-tax profit | 349 | 432 | 20 | 598 | 2 | 1 | 6 | -85 | 1.323 | |
| Net interest income | | | | | | | | | | |
| External net interest income | 386 | 464 | 8 | 81 | 1 | - | 1 | -3 | 938 | |
| Internal net interest income | - | - | - | - | - | - | 2 | -2 | - | |
| Net interest income | 386 | 464 | 8 | 81 | 1 | - | 3 | -5 | 938 | |
| Balance sheet | | | | | | | | | | |
| Loans to customers | 119.061 | 74.519 | 192 | 2.932 | - | - | - | -1.475 | 195.229 | |
| Individual loss provisions | -163 | -1.076 | - | - | - | - | - | - | -1.239 | |
| Certificates/bonds/financial derivatives | - | - | 2.874 | 40.486 | - | - | 13 | -6.028 | 37.345 | |
| Other assets | -1.877 | 3.648 | 1.135 | 12.713 | 172 | 126 | 1.381 | -6.707 | 10.591 | |
| Total assets | 117.021 | 77.091 | 4.201 | 56.131 | 172 | 126 | 1.394 | -14.210 | 241.926 | |
| Deposits from customers | 51.534 | 47.735 | 19 | -44 | - | - | - | -253 | 98.991 | |
| Other debt and equity ¹⁾ | 5.247 | 27.816 | 4.102 | 117.937 | 172 | 126 | 1.394 | -13.859 | 142.935 | |
| Total debt and equity | 56.781 | 75.551 | 4.121 | 117.893 | 172 | 126 | 1.394 | -14.112 | 241.926 | |
| Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt | | | | | | | | | | |
| | 8.882 | 56 | | | | | | | 8.938 | |

Note 13 Net income/losses from financial instruments

| Parent bank | | | | Group | | |
|------------------------|------------------------|------------------------|---|------------------------|------------------------|------------------------|
| 01.01.19 - 31.12.19 | 01.01.19 - 31.03.19 | 01.01.20 - 31.03.20 | | 01.01.20 - 31.03.20 | 01.01.19 - 31.03.19 | 01.01.19 - 31.12.19 |
| 70 | 49 | -46 | Net gains/losses on equity instruments | -121 | 62 | 111 |
| -137 | 13 | 95 | Net gains/losses for bonds and certificates | 86 | 2 | -156 |
| 141 | 31 | -263 | Net derivatives bonds and certificates | -263 | 31 | 141 |
| - | 1 | -8 | Net counterparty risk, inclusive of CVA | -8 | 1 | - |
| -1 | -2 | 31 | Net derivatives other assets | 31 | -2 | -1 |
| -8 | - | -36 | Net derivatives liabilities | -68 | 11 | 5 |
| -18 | 15 | -20 | Net derivatives basis swap spread | 64 | -13 | -10 |
| 136 | 35 | 31 | Net gain currency | 9 | 29 | 131 |
| 183 | 142 | -216 | Net income/losses from financial instruments | -270 | 121 | 221 |

Note 14 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 2019.

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

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

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

| Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Parent bank and group |
|---------|---------|---------|---------|---------|--|
| 2,30 % | 2,20 % | 1,90 % | 2,30 % | 1,70 % | Discount rate |
| 2,30 % | 2,20 % | 1,90 % | 2,30 % | 1,70 % | Expected return on assets |
| 2,75 % | 2,75 % | 2,25 % | 2,25 % | 2,25 % | Forecast salary increase |
| 2,50 % | 2,50 % | 2,00 % | 2,00 % | 2,00 % | National Insurance scheme's basic amount |
| 0,80 % | 0,80 % | 0,70 % | 0,50 % | 0,50 % | Pension adjustment |
| 0,80 % | 0,80 % | 0,70 % | 0,50 % | 0,50 % | Paid-up policy adjustment |

Change in pension obligations (NOK million):

| Parent bank | | | | Group | | |
|-------------|------------------------|------------------------|---|------------------------|------------------------|------|
| 2019 | 01.01.19 - 31.03.19 | 01.01.20 - 31.03.20 | | 01.01.20 - 31.03.20 | 01.01.19 - 31.03.19 | 2019 |
| 164 | 164 | 176 | Net pension obligations opening balance | 187 | 175 | 175 |
| -30 | 88 | 131 | Actuarial liabilities and losses recognised in comprehensive income | 131 | 88 | -30 |
| 13 | 3 | 3 | Net pension cost | 3 | 3 | 17 |
| -2 | - | - | Company contributions | - | - | -2 |
| -4 | -1 | -1 | Payments from operations | -1 | -1 | -7 |
| 35 | -29 | -63 | Upper limit for capitalisation of the asset | -63 | -29 | 34 |
| 176 | 225 | 246 | Net pension obligations closing balance | 257 | 236 | 187 |

Note 15 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 2019 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 2019 annual financial statements.

Note 16 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 4.1 years at the end of the first quarter of 2020. The total LCR was 135 % at the end of the first quarter, and the average total LCR was 156 % in the quarter. The LCR in NOK and EUR at the end of the quarter was 88 % and 707 %, respectively.

Note 17 Information about fair value

Group

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

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

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

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

| Fair value 31.03.2020 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|--------|
| Assets | | | | |
| Net lending to customers ¹⁾ | | | 9.007 | 9.007 |
| Commercial paper and bonds | 17.798 | 13.037 | | 30.835 |
| Financial derivatives | | 15.126 | | 15.126 |
| Equities, units and other equity interests | 382 | 27 | 388 | 797 |
| Liabilities | | | | |
| Financial derivatives | | 12.282 | | 12.282 |
| No transfers between levels 1 and 2 | | | | |
| ¹⁾ Net lending to customers in parent bank, level 3 | | | 46.418 | |

Note 17 Information about fair value (continued)

| Fair value 31.12.2018 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|---------------|
| Assets | | | | |
| Net lending to customers | | | 8.162 | 8.162 |
| Commercial paper and bonds | 18.922 | 7.454 | | 26.376 |
| Financial derivatives | | 4.868 | | 4.868 |
| Equities, units and other equity interests | 444 | 25 | 459 | 928 |
| Liabilities | | | | |
| Financial derivatives | | 3.491 | | 3.491 |
| No transfers between levels 1 and 2 | | | | |
| 1) Net lending to customers in parent bank, level 3 | | | 51.413 | |

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 | 8.948 | 455 |
| Additions | 462 | 40 |
| Disposals | -711 | -36 |
| Transferred from or to measurement according to prices in an active market or observable market data | | |
| Change in value ¹⁾ | 308 | -71 |
| Balance 31.03.2020 | 9.007 | 388 |
| Nominal value/cost price | 8.667 | 281 |
| Fair value adjustment | 340 | 107 |
| Balance 31.03.2020 | 9.007 | 388 |

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

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 28 million.

Fair value of financial instruments at amortised cost

| Group | Balance | Fair value |
|---|----------------|----------------|
| | 31.03.2020 | |
| Assets | | |
| Cash and balances with central banks | 405 | 405 |
| Balances with credit institutions ¹⁾ | 7.181 | 7.181 |
| Loans to customers ¹⁾ | 201.173 | 201.173 |
| Certificates and bond | 6.658 | 6.291 |
| Total assets at amortised cost | 215.417 | 215.050 |
| Liabilities | | |
| Balances with credit institutions ¹⁾ | 4.534 | 4.534 |
| Deposits from customers ¹⁾ | 105.545 | 105.545 |
| Listed debt securities | 126.448 | 124.800 |
| Subordinated loan capital | 2.211 | 2.213 |
| Total liabilities at amortised cost | 238.738 | 237.092 |

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

Note 18 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. For more information about the accounting treatment of the schemes see note 31 to the annual statements of 2019.

| Parent Bank | | | | Group | | |
|--------------------|------------------------|------------------------|---|------------------------|------------------------|------|
| 01.01.19 - 2019 | 01.01.20 - 31.03.19 | 01.01.20 - 31.03.20 | | 01.01.20 - 31.03.20 | 01.01.19 - 31.03.19 | 2019 |
| | | | Balance | | | |
| 682 | 287 | 943 | Lease rights | 407 | 386 | 398 |
| 688 | 288 | 952 | Liabilities associated with lease rights | 414 | 387 | 395 |
| | | | Income Statement | | | |
| 32 | 6 | 14 | Depreciations on lease rights | 11 | 9 | 39 |
| 12 | 3 | 7 | Interests on lease liabilities | 3 | 3 | 14 |
| 44 | 9 | 21 | Total IFRS 16 costs | 14 | 12 | 53 |
| | | | Effects of IFRS 16 | | | |
| 38 | 8 | 18 | Reduction in operating costs pursuant to IAS 17 | 8 | 11 | 48 |
| 44 | 9 | 21 | Increase in costs pursuant to IFRS 16 | 14 | 12 | 53 |
| -6 | -1 | -3 | Changes to pre-tax profit | -6 | -1 | -5 |
| | | | Changes in lease rights and liabilities associated with lease rights | | | |
| | | 682 | Lease rights 31.12. | 398 | | |
| | | 275 | Adjustment of calculations previous years | 20 | | |
| 293 | 293 | 957 | Lease rights 01.01. | 418 | 390 | 390 |
| 421 | - | - | Additions in the period | - | 5 | 47 |
| 32 | 6 | 14 | Depreciations | 11 | 9 | 39 |
| 682 | 287 | 943 | Lease rights at the end of the periode | 407 | 386 | 398 |
| | | 688 | Liabilities associated with lease rights 31.12. | 395 | | |
| | | 275 | Adjustment of calculations previous years | 20 | | |
| 293 | 293 | 963 | Liabilities associated with lease rights 01.01. | 415 | 390 | 390 |
| 421 | - | - | Additions in the period | - | 5 | 37 |
| 38 | 8 | 18 | Instalments in the period | 4 | 11 | 46 |
| 12 | 3 | 7 | Interest rate | 3 | 3 | 14 |
| 688 | 288 | 952 | Liabilities associated with lease rights, at the end of the period | 414 | 387 | 395 |

Note 19 Events after the balance sheet date

The board of SpareBank 1 SR-Bank has reassessed distribution of the profit for the financial year 2019 based on the Covid-19 situation. On 23 April 2020, the annual general meeting approved the board's proposal that no dividend be paid out for 2019 at this time. However, the board has received authorisation from the general meeting 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. The decision is in line with the recommendations of the Financial Supervisory Authority of Norway, Norwegian Ministry of Finance and European Central Bank (ECB). The effect of this change was that Common Equity Tier 1 capital increased by NOK 1.4 billion and the Common Equity Tier 1 capital ratio increased by 1.1 percentage points in the first quarter of 2020. The change has been incorporated into the first quarter of 2020. The figures reported as at 31 December 2019 are the same as before.

Otherwise, no material events have been registered after 31 March 2020 that affect the consolidated financial statements as prepared.

Quarterly income statement

| SpareBank 1 SR-Bank Group, MNOK | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 |
|---|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Interest income | 2.147 | 2.120 | 2.003 | 1.861 | 1.759 | 1.690 | 1.586 | 1.544 | 1.454 |
| Interest expense | 1.066 | 1.058 | 984 | 893 | 821 | 764 | 715 | 702 | 654 |
| Net interest income | 1.081 | 1.062 | 1.019 | 968 | 938 | 926 | 871 | 842 | 800 |
| Commission income | 372 | 383 | 359 | 412 | 362 | 370 | 370 | 390 | 389 |
| Commission expenses | 28 | 31 | 29 | 29 | 22 | 20 | 22 | 24 | 21 |
| Other operating income | 2 | 7 | 2 | 1 | 1 | - | 1 | 4 | - |
| Net commission and other income | 346 | 359 | 332 | 384 | 341 | 350 | 349 | 370 | 368 |
| Dividend income | - | - | 4 | 8 | 19 | - | - | 1 | 11 |
| Income from investment in associates | 242 | 15 | 98 | 226 | 536 | 113 | 94 | 102 | 57 |
| Net gains/losses on financial instrument | -270 | 7 | -13 | 106 | 121 | -45 | 81 | 110 | 45 |
| Net income on financial investments | -28 | 22 | 89 | 340 | 676 | 68 | 175 | 213 | 113 |
| Total income | 1.399 | 1.443 | 1.440 | 1.692 | 1.955 | 1.344 | 1.395 | 1.425 | 1.281 |
| Personnel expenses | 348 | 396 | 375 | 357 | 344 | 330 | 322 | 326 | 319 |
| Administrative expenses | 140 | 152 | 132 | 137 | 134 | 137 | 126 | 132 | 123 |
| Other operating costs | 104 | 130 | 108 | 108 | 105 | 109 | 94 | 114 | 97 |
| Total operating cost | 592 | 678 | 615 | 602 | 583 | 576 | 542 | 572 | 539 |
| Operating profit before impairments | 807 | 765 | 825 | 1.090 | 1.372 | 768 | 853 | 853 | 742 |
| Impairments on loans and financial commitments | 560 | 139 | 66 | -19 | 49 | 92 | 59 | 99 | 74 |
| Pre-tax profit | 247 | 626 | 759 | 1.109 | 1.323 | 676 | 794 | 754 | 668 |
| Tax expense | 26 | 141 | 166 | 209 | 177 | 149 | 160 | 137 | 150 |
| Profit after tax | 221 | 485 | 593 | 900 | 1.146 | 527 | 634 | 617 | 518 |
| Profitability | | | | | | | | | |
| Return on equity per quarter ¹⁾ | 3,4 % | 8,3 % | 10,5 % | 16,2 % | 21,2 % | 10,1 % | 12,6 % | 12,3 % | 10,3 % |
| Cost percentage ¹⁾ | 42,3 % | 47,0 % | 42,7 % | 35,6 % | 29,8 % | 42,9 % | 38,9 % | 40,1 % | 42,1 % |
| Combined weighted total average spread for lending and deposits ¹⁾ | 1,64 % | 1,64 % | 1,61 % | 1,58 % | 1,60 % | 1,59 % | 1,53 % | 1,52 % | 1,50 % |
| Balance sheet figures from quarterly accounts | | | | | | | | | |
| Gross loans to customers | 212.161 | 207.114 | 203.575 | 198.626 | 196.468 | 192.105 | 183.014 | 178.927 | 174.280 |
| Gross loans to customers including SB1 BK and SB1 NK ²⁾ | 216.354 | 211.357 | 209.854 | 207.513 | 205.406 | 201.399 | 196.445 | 193.474 | 188.912 |
| Growth in loans over last 12 months ¹⁾ | 8,0 % | 7,8 % | 11,2 % | 11,0 % | 12,7 % | 11,3 % | 9,5 % | 8,5 % | 9,0 % |
| Growth in loans incl SB1 BK and SB1 NK ¹⁾²⁾ | 5,3 % | 4,9 % | 6,8 % | 7,3 % | 8,7 % | 7,6 % | 6,1 % | 5,0 % | 3,1 % |
| Deposits from customers | 105.545 | 103.106 | 102.181 | 102.693 | 98.991 | 98.814 | 100.320 | 105.824 | 99.626 |
| Growth in deposits over last 12 months ¹⁾ | 6,6 % | 4,3 % | 1,9 % | -3,0 % | -0,6 % | 3,6 % | 1,7 % | 6,1 % | 7,0 % |
| Total assets | 278.639 | 255.895 | 251.604 | 246.462 | 241.926 | 234.061 | 226.023 | 223.954 | 217.370 |
| Average total assets | 264.959 | 256.488 | 251.291 | 245.009 | 237.959 | 231.062 | 225.472 | 221.838 | 215.940 |
| Impairments on loans and financial commitments | | | | | | | | | |
| Impairment ratio, annualized ¹⁾ | 1,07 % | 0,27 % | 0,13 % | -0,04 % | 0,10 % | 0,20 % | 0,13 % | 0,22 % | 0,17 % |
| Impairment ratio, including loans SB1 BK and SB1 NK ¹⁾²⁾ | 1,05 % | 0,26 % | 0,13 % | -0,04 % | 0,10 % | 0,18 % | 0,12 % | 0,21 % | 0,16 % |

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

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

Quarterly income statement (continued)

| | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Loans and financial commitments in Stage 2 and Stage 3 ^{1) 3)} | | | | | | | | | |
| Loans and financial commitments in Stage 3 in % of gross loans ¹⁾ | 1,70 % | 1,56 % | 1,60 % | 1,49 % | 1,46 % | 1,53 % | 1,56 % | 1,67 % | 1,25 % |
| Loans and financial commitments in Stage 3 in % of gross loans, including loans SB1 BK and SB1 NK ¹⁾²⁾ | 1,67 % | 1,53 % | 1,55 % | 1,43 % | 1,40 % | 1,46 % | 1,45 % | 1,54 % | 1,15 % |
| Loans and financial commitments in Stage 2 in % of gross loans ¹⁾ | 7,98 % | 8,24 % | 8,82 % | 8,22 % | 8,25 % | 9,64 % | 10,58 % | 9,93 % | 10,66 % |
| Loans and financial commitments in Stage 2 in % of gross loans, including loans SB1 BK og SB1 NK ¹⁾²⁾ | 7,83 % | 8,08 % | 8,56 % | 7,87 % | 7,89 % | 9,19 % | 9,85 % | 9,18 % | 9,83 % |
| Solidity | | | | | | | | | |
| Common equity Tier 1 capital ratio ⁴⁾ | 17,7 % | 17,0 % | 14,2 % | 14,4 % | 14,7 % | 14,7 % | 14,7 % | 14,8 % | 15,0 % |
| Tier 1 capital ratio ⁴⁾ | 19,2 % | 18,6 % | 15,6 % | 15,8 % | 16,0 % | 15,9 % | 16,0 % | 15,7 % | 16,0 % |
| Capital ratio ⁴⁾ | 21,0 % | 20,4 % | 17,3 % | 17,5 % | 17,7 % | 17,6 % | 17,8 % | 17,8 % | 18,1 % |
| Tier 1 capital ⁴⁾ | 24.182 | 22.626 | 22.149 | 22.068 | 21.475 | 20.743 | 20.613 | 19.959 | 19.645 |
| Net primary capital | 26.421 | 24.866 | 24.498 | 24.417 | 23.759 | 23.038 | 23.026 | 22.571 | 22.257 |
| Risk weighted balance ⁴⁾ | 125.780 | 121.744 | 141.712 | 139.545 | 134.649 | 130.869 | 129.216 | 126.826 | 122.786 |
| Leverage ratio | 7,9 % | 7,8 % | 7,5 % | 7,6 % | 7,7 % | 7,7 % | 7,7 % | 7,5 % | 7,4 % |
| Liquidity | | | | | | | | | |
| Liquidity Coverage Ratio (LCR) ⁵⁾ | 135 % | 173 % | 153 % | 154 % | 172 % | 167 % | 151 % | 157 % | 177 % |
| Deposit-to-loan ratio ¹⁾ | 49,7 % | 49,8 % | 50,2 % | 51,7 % | 50,4 % | 51,4 % | 54,8 % | 59,1 % | 57,2 % |
| Deposit-to-loan ratio, incl loans SB1 BK and NK ¹⁾²⁾ | 48,8 % | 48,8 % | 48,7 % | 49,5 % | 48,2 % | 49,1 % | 51,1 % | 54,7 % | 52,7 % |
| Branches and staff | | | | | | | | | |
| Number of branches | 33 | 33 | 34 | 34 | 35 | 36 | 36 | 36 | 36 |
| Number of man-years | 1.272 | 1.260 | 1.250 | 1.228 | 1.192 | 1.178 | 1.176 | 1.153 | 1.156 |
| Number of man-years including temps | 1.336 | 1.352 | 1.309 | 1.322 | 1.256 | 1.251 | 1.266 | 1.230 | 1.200 |
| SpareBank 1 SR-Bank share | | | | | | | | | |
| Market price at end of quarter | 59,20 | 100,00 | 99,15 | 103,90 | 99,40 | 89,20 | 99,00 | 86,40 | 86,20 |
| Market capitalisation | 15.140 | 25.575 | 25.358 | 26.573 | 25.422 | 22.813 | 25.319 | 22.097 | 22.046 |
| 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⁾ | 90,55 | 89,90 | 87,60 | 85,44 | 86,55 | 82,27 | 80,02 | 77,28 | 79,24 |
| Earnings per share, NOK (annualised) | 0,86 | 1,90 | 2,32 | 3,52 | 4,48 | 2,06 | 2,48 | 2,41 | 2,03 |
| Price/earnings per share ¹⁾ | 17,21 | 13,16 | 10,68 | 7,38 | 5,54 | 10,81 | 9,98 | 8,96 | 10,62 |
| Price / Book equity (group) ¹⁾ | 0,65 | 1,11 | 1,13 | 1,22 | 1,15 | 1,08 | 1,24 | 1,12 | 1,09 |
| Annualised turnover rate in quarter ⁷⁾ | 9,4 % | 4,7 % | 3,6 % | 5,3 % | 5,3 % | 8,4 % | 6,1 % | 6,1 % | 5,3 % |
| Effective return ⁸⁾ | -40,8 % | 0,9 % | -4,6 % | 9,1 % | 11,4 % | -9,9 % | 14,6 % | 5,2 % | -0,9 % |

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

⁴⁾ Historical capital ratio figures prior to 31.12.2019, are based on the capital adequacy rules and regulations as at 31 March 2019, when the so-called Basel I floor applied

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

⁶⁾ A decision was made in April 2020 not to pay dividend for 2019 at this time. The change has been incorporated in Q1-2020. The figures as at 31 December 2019 are not changed

⁷⁾ Annualised turnover of the share during the period, measured as a percentage of the number of outstanding shares

⁸⁾ Percentage change in the market price in the last period, including paid share dividend

Contact Information

Address

Christen Tranes Gate 35
Postboks 250
N-4068 Stavanger

Tel. (+47) 915 02 002

www.sr-bank.no

Executive Management



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



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

Investor Relations



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

2020 Financial Calendar

| | |
|-------------------------------------|--------------------------|
| Preliminary annual results for 2019 | Wednesday 5 February |
| Annual General Meeting | Thursday 23 April |
| Ex-dividend | Friday 24 April |
| Q1 2020 | Thursday 7 May |
| Q2 2020 | Thursday 6 August |
| Q3 2020 | Thursday 29 October |
| Q4 2020 | Thursday 4 February 2021 |