

Quarterly report 2021

Q1

Key figures SpareBank 1 SR-Bank Group (MNOK)

MAIN FIGURES	01.01 - 31.03		Year		
	2021	2020	2020		
Net interest income	995	1.081	4.142		
Net commission and other income	402	346	1.396		
Net income on financial investments	216	-28	699		
Total income	1.613	1.399	6.237		
Total operating costs	612	592	2.386		
Operating profit before impairments	1.001	807	3.851		
Impairments on loans and financial commitments	121	560	2.030		
Pre-tax profit	880	247	1.821		
Tax expense	162	26	231		
Profit after tax	718	221	1.590		
BALANCE SHEET					
Gross loans to customers	221.291	212.161	219.181		
Gross loans to customers including SB1 BK ²⁾	221.291	216.354	219.181		
Deposits from customers	128.108	105.545	118.170		
Total assets	296.492	278.639	287.049		
Average total assets	287.629	264.959	275.235		
Selected key figures (for further key figures see page 43 of the interim report)					
Return on equity ¹⁾	11,6 %	3,4 %	6,4 %		
Cost ratio ¹⁾	37,9 %	42,3 %	38,3 %		
Combined weighted total average spread for lending and deposits ¹⁾	1,40 %	1,64 %	1,50 %		
Balance growth					
Growth in loans ¹⁾	4,3 %	8,0 %	5,8 %		
Growth in loans incl SB1 BK ¹⁾²⁾	2,3 %	5,3 %	3,7 %		
Growth in deposits ¹⁾	21,4 %	6,6 %	14,6 %		
Solidity					
Common equity Tier 1 capital ratio ⁴⁾⁵⁾	18,1 %	17,7 %	18,3 %		
Tier 1 capital ratio ⁴⁾⁵⁾	19,7 %	19,2 %	19,9 %		
Capital ratio ⁴⁾⁵⁾	21,5 %	21,0 %	21,7 %		
Tier 1 capital ⁴⁾⁵⁾	24.408	24.182	24.127		
Risk weighted balance	123.860	125.780	121.262		
Leverage ratio	7,6 %	7,9 %	7,8 %		
Liquidity					
Liquidity Coverage Ratio (LCR) ³⁾	141 %	135 %	157 %		
Deposit-to-loan ratio ¹⁾	57,9 %	49,7 %	53,9 %		
Deposit-to-loan ratio, incl loans SB1 BK ¹⁾²⁾	57,9 %	48,8 %	53,9 %		
Impairments on loans and financial commitments ¹⁾					
Impairment ratio ¹⁾	0,22 %	1,07 %	0,95 %		
Impairment ratio, incl. loans SB1 BK and ¹⁾²⁾	0,22 %	1,05 %	0,94 %		
Loans and financial commitments in Stage 3 ¹⁾					
Loans and financial commitments in Stage 3, % of gross loans and financial commitments ¹⁾	1,91 %	1,42 %	1,90 %		
Loans and financial commitments in Stage 3, % of gross loans and financial commitments, incl. loans SB1 BK ¹⁾²⁾	1,91 %	1,40 %	1,90 %		
SpareBank 1 SR-Bank share					
Market price	31.03.21	31.12.20	31.12.19	31.12.18	31.12.17
Market price	105,00	91,00	100,00	89,20	87,00
Market capitalisation (MNOK)	26.854	23.273	25.575	22.813	22.250
Book equity per share(including dividends) (group) ¹⁾	93,12	95,97	89,90	82,27	77,24
Earnings per share, NOK	2,74	5,87	12,06	8,96	8,16
Dividends per share ⁴⁾		-	5,50	4,50	4,25
Price / Earnings per share ¹⁾	9,58	15,50	8,29	9,96	10,66
Price / Book equity ¹⁾	1,13	0,95	1,11	1,08	1,13
Effective return ⁶⁾	15,4 %	-9,0 %	17,2 %	7,4 %	46,9 %

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

²⁾ SpareBank 1 Boligkredit is abbreviated to SB1 BK

³⁾ High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario

⁴⁾ Percentage change in the market price in the last period, including paid share dividend

⁵⁾ A decision was made in April 2020 not to pay dividend for 2019 at this time. Historical figures per 31 December 2019 was not changed. The board have exercised the authorisation from April 2020 and on a board meeting 10th of February 2021 approved a dividend of NOK 5.50 per share for the financial year 2019. The dividend was paid as at 19th March 2021.

⁶⁾ The board have received authorisation from the general meeting as at 28th April 2021, to decide about the distribution of a dividend for 2020 of up to NOK 3.10 per share, in accordance with applicable regulations.

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Strong result with higher income, lower losses and good cost control

Q1 2021

- Pre-tax profit: NOK 880 million (NOK 247 million)
- Net profit for the quarter: NOK 718 million (NOK 221 million)
- Return on equity after tax: 11.6% (3.4%)
- Earnings per share: NOK 2.74 (NOK 0.77)
- Net interest income: NOK 995 million (NOK 1,081 million)
- Net commissions and other operating income: NOK 402 million (NOK 346 million)
- Net income from financial investments: NOK 216 million (NOK -28 million)
- Operating costs: NOK 612 million (NOK 592 million)
- Impairments on loans and financial liabilities: NOK 121 million (NOK 560 million)
- Total lending growth over past 12 months: 2.3% (5.3%)
- Growth in deposits over past 12 months: 21.4% (6.6%)
- Common Equity Tier 1 capital ratio¹: 18.1% (17.7%)
- Tier 1 capital ratio¹: 19.7% (19.2%)
(Q1 2020 in brackets)

Financial performance – Q1 2021

The group continued to feel the impact of Covid-19 in the first quarter of the year, although operations have been adapted to take account of the ongoing pandemic and the group can point to good financial performance in recent quarters. In the first quarter of 2021, the group's pre-tax profit was NOK 880 million (NOK 247 million), NOK 175 million higher than in the fourth quarter of 2020. The most important factors that affected financial performance in the last quarter were commissions and other income increasing by NOK 32 million following high levels of activity in several areas, the NOK 65 million increase in the value of FinStart Nordic AS's investments in the first quarter of 2021, and impairment losses decreasing by NOK 149 million from the fourth quarter of 2020. The group posted a total return on equity after tax of 11.6% for the first quarter of 2021 (3.4%), up from 9.7% for the fourth quarter of 2020.

Net interest income amounted to NOK 995 million in the first quarter of 2021 (NOK 1,081 million), an increase of NOK 1 million from the previous quarter. In the first quarter of 2021, this included NOK 30 million in one-time interest income relating to, among other things, gains from the sale of leased buildings. Adjusted for this interest income, net interest income

decreased by NOK 29 million from the fourth quarter of 2020, NOK 8 million of which was due to two fewer interest days in the first quarter. The remainder of the reduction was mainly due to higher borrowing costs resulting from a higher average 3-month NIBOR in the first quarter of 2021 than in the previous quarter, despite the fact that the 3-month NIBOR trended downwards during the first quarter of 2021. The average interest margin (net interest income as a percentage of average total assets) was 1.40% (1.64%), the same as in the fourth quarter of 2020.

Net commissions and other operating income was NOK 402 million in the first quarter of 2021 (NOK 346 million), an increase of NOK 32 million compared with the previous quarter. The increase can largely be attributed to a NOK 23 million increase in arrangement fees in corporate finance after a major project was completed in the first quarter of 2021. Continued high levels of activity in the property market also resulted in NOK 10 million in increased commissions from EiendomsMegler 1 SR-Eiendom AS. Good activity in SpareBank 1 SR-Bank ForretningsPartner AS resulted in NOK 12 million in increased income compared with the previous quarter. Income from money transfer services remained low due to the Covid-19 pandemic

¹ A decision was made in April 2020 not to pay a dividend for 2019 at that time. The figures reported as at 31 December 2019 have not been restated. The board exercised its special authorisation from April 2020 and at the board meeting on 10 February 2021 approved a dividend of NOK 5.50 per share for the 2019 financial year, which was paid out on 19 March 2021. On 28 April 2021, the board was granted special authorisation by the general meeting to approve a dividend for the 2020 financial year of up to NOK 3.10 per share, in line with the applicable regulations.

and less travel activity and was NOK 9 million lower than in the previous quarter.

Net income from financial investments amounted to NOK 216 million in the first quarter of 2021 (NOK -28 million), a reduction of NOK 24 million compared with the previous quarter. The reduction was primarily due to NOK 53 million in reduced effects from basis swaps in the first quarter of 2021. Income from ownership interests was NOK 20 million lower than in the previous quarter. Income from financial instruments was NOK 72 million higher than in the previous quarter, largely due to a NOK 65 million increase in the value of FinStart Nordic AS's investments, where the investment in Boost Ai AS increased in value by NOK 51 million in the first quarter of 2021.

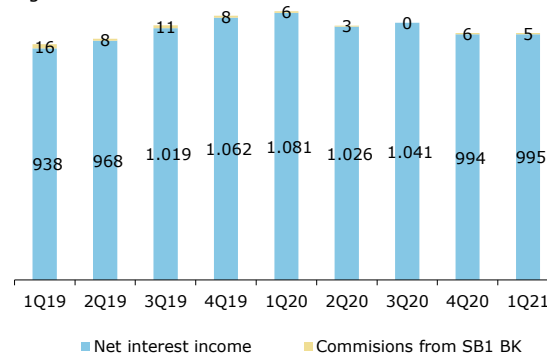
Operating costs amounted to NOK 612 million in the first quarter of 2021 (NOK 592 million). This is NOK 17 million lower than in the fourth quarter of 2020 when provisions of NOK 16 million were made for restructuring costs. Other operating costs increased by NOK 2 million from the previous quarter, mainly due to higher ICT costs.

Impairments on loans and financial liabilities decreased by NOK 149 million to NOK 121 million in the first quarter of 2021 (NOK 560 million). The impairment provisions in the first quarter of 2021 were linked to a small number of customers. The group's customers have coped with the outbreak of Covid-19 well. Customers made limited use of the option to defer payment deadlines and a large proportion have repaid liquidity loans granted in connection with the pandemic.

Net interest income

The group's net interest income amounted to NOK 995 million in the first quarter of 2021 (NOK 1,081 million), a decrease of NOK 86 million compared with the same quarter last year. The lower net interest income was mainly due to lower margins for deposits, which were only partly offset by higher lending margins and increased loan and deposit volumes. As far as the reduction in interest income is concerned, the income in the corporate market fell by NOK 36 million and the income in the retail market increased by NOK 3 million, while external funding costs increased by NOK 55 million from the first quarter of 2020 to the first quarter of 2021. The interest income in the corporate market in the first quarter of 2021 included NOK 30 million in one-time interest income, partly linked to gains from the sale of leased buildings.

Fig. 1 Interest income



The average interest margin was 1.40% in the first quarter of 2021, compared with 1.64% in the first quarter of 2020. The lower interest margins were mainly due to lower deposit margins.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 402 million in the first quarter of 2021 (NOK 346 million), an increase of NOK 56 million (16.2%) compared with the same quarter last year.

Table 1, Commission and other income

	31.03.21	31.03.20
Payment facilities	55	69
Savings/placements	53	48
Insurance products	56	51
Commission income real estate broking	110	85
Guarantee commission	24	25
Arrangement- and customer fees	51	20
Commission income SpareBank 1 SR-Bank ForretningsPartner	50	41
Commission income SB1 Boligkreditt	-	3
Other	3	4
Total commission and other income	402	346

Income from money transfer services amounted to NOK 55 million in the first quarter of 2021 (NOK 69 million), which is NOK 14 million less than in the same quarter last year. The reduction was due to reduced card use abroad due to significantly less travel activity following the Covid-19 outbreak. The income from estate agency services amounted to NOK 110 million (NOK 85 million), an increase of NOK 25 million compared with the first quarter of 2020 that was due to continued high levels of activity in the property market. Customer fees increased by NOK 31 million to NOK 51 million in the first quarter of 2021 (NOK 20 million) due to high one-time effects in corporate finance this year. Income from SpareBank 1 SR-Bank ForretningsPartner AS amounted to NOK 50 million

(NOK 41 million), an increase of NOK 9 million compared with the same quarter last year and due, in part, to the acquisition Fast Solutions AS with effect from September 2020.

Net income from financial investments

Net income from financial investments amounted to NOK 216 million in 2020 (NOK -28 million). In the first quarter of 2020, income from financial instruments was heavily impacted by the outbreak of Covid-19 in March 2020.

Table 2, Income on investment securities

	31.03.21	31.03.20
Investment income, associates	109	242
Income from financial instruments	107	-270
- Capital gains/losses on securities	106	-298
- Capital gains/losses interest/currency	1	28
Total income on investment securities	216	-28

Income from ownership interests amounted to NOK 109 million in the first quarter of 2021 (NOK 242 million), a decrease of NOK 133 million compared with the same quarter last year. NOK 340 million of the reduction compared with the first quarter of 2020 was due to merger income related to Fremtind Forsikring last year. Adjusted for this merger income, income from ownership interests rose by NOK 207 million compared with the same quarter last year, mainly due to a NOK 182 million increase in SpareBank 1 Gruppen AS's ordinary profit contribution. The profit contribution from BN Bank ASA increased by NOK 17 million to NOK 40 million in the first quarter of 2021 (NOK 23 million). For more information about the underlying results in associated companies, see the section on page 12.

Table 3, Income from ownership interests

The share of net profit after tax	31.03.21	31.03.20
SpareBank 1 Gruppen AS	67	-115
-Merger effects Fremtind	-	340
BN Bank ASA	40	23
SpareBank 1 Boligkreditt AS	2	-3
SpareBank 1 Næringskreditt AS	2	1
SpareBank 1 Betaling AS	-1	-2
FinStart Nordic AS*	-1	-
Other	-	-2
Total income from ownership interests	109	242

* Companies in which FinStart Nordic AS owns stakes of between 20-50% must, because of accounting rules, be measured as associated companies in the consolidated financial statements.

Net income from financial investments was NOK 107 million in the first quarter of 2021 (NOK -270 million), an increase of NOK 377 million compared with the same quarter last year. Capital gains on securities amounted to NOK 106 million (NOK 298 million in capital losses), while capital gains from interest and currency trading amounted to NOK 1 million (NOK 28 million).

The capital gains on securities of NOK 106 million (capital losses of NOK 298 million) were attributable to a combination of capital gains including hedging instruments totalling NOK 1 million (capital losses of NOK 177 million) from the fixed income portfolio and capital gains of NOK 105 million (capital losses of NOK 121 million) from the portfolio of equities and equity certificates. Of the capital gains on equities and equity certificates, NOK 65 million was due to an increase in value of the investments in FinStart Nordic AS (NOK 75 million decrease in value). The value of the investment in Sandnes Sparebank increased by NOK 29 million (NOK 37 million decrease in value), and SR-Fondene saw an increase in value of NOK 11 million in the first quarter of 2021 (NOK 14 million decrease in value). NOK 51 million of the NOK 65 million increase in the value of FinStart Nordic AS's investments was due to an increase in the value of the investment in Boost Ai AS.

Capital gains from interest and currency trading amounted to NOK 1 million in the first quarter of 2021 (NOK 28 million). Capital gains from customer and own account trading amounted to NOK 27 million (NOK 9 million), negative effects from basis swaps amounted to NOK 24 million (NOK 64 million in positive effects), while the sum of hedging recognition and other IFRS effects was NOK -2 million in the first quarter of 2021 (NOK -45 million).

Operating costs

The group's operating costs were NOK 612 million in the first quarter of 2021 (NOK 592 million), an increase of NOK 20 million (3.4%) since the same quarter last year.

Table 4, Operating expenses

	31.03.21	31.03.20
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Personnel expenses	382	348
IT expenses	92	92
Marketing	18	21
Other administrative expenses	13	27
Depreciation	44	41
Operating expenses from real estate	8	8
Other operating expenses	55	55
Total operating expenses	612	592

Bonus provisions totalling NOK 17 million was made in the first quarter of 2021 due to the group expecting better results for 2021, whereas in the first quarter of 2020 surplus bonus provisions for 2019 totalling NOK 10 million were reversed. Adjusted for bonus provisions, the group's operating costs decreased by NOK 7 million (-1.0%) compared with the first quarter of 2020.

Personnel costs amounted to NOK 382 million in the first quarter of 2021, an increase of NOK 34 million compared with the first quarter of 2020. Exclusive of bonus provisions, personnel costs rose by NOK 7 million (2.0%) from the first quarter of 2020 to the first quarter of 2021.

Other operating costs amounted to NOK 230 million in the first quarter of 2021 (NOK 244 million), a decrease of NOK 14 million compared with the same quarter last year. As a consequence of the Covid-19 outbreak in March 2020, costs linked to travel, training, hospitality and meeting activities decreased by more than NOK 8 million compared with the first quarter of 2020. Costs for contracted temporary workers were NOK 4 million lower, while marketing costs were NOK 3 million lower than in the same period last year. Depreciation increased by NOK 3 million from the first quarter of 2020 to NOK 44 million in the first quarter of 2021 due to NOK 2 million in increased depreciation for leasing rights and NOK 3 million in asset decommissioning in the first quarter of 2021.

The group's cost/income ratio, costs measured as a percentage of income, was 37.9% for the first quarter of 2021 (42.3%). Excluding income from financial investments, the cost/income ratio was 43.8% in the first quarter of 2021 (41.5%).

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

The group's net impairments on loans and financial liabilities amounted to NOK 121 million in the first quarter of 2021, a decrease of NOK 439 million compared with the first quarter of 2020. Impairment provisions were heavily affected by the outbreak of

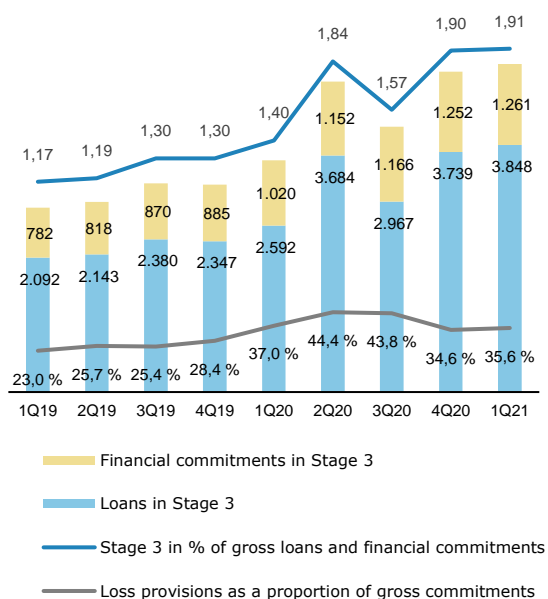
Covid-19 last year. Impairment provisions were down sharply in the first quarter of 2021 due to the small number of customers who experienced difficulties in the last quarter. The group's customers have coped with the outbreak of Covid-19 well. Customers made limited use of the option to defer payment deadlines and a large proportion have repaid liquidity loans granted in connection with the pandemic.

The group's impairments on loans and financial liabilities, including loans sold to SpareBank 1 Boligkreditt AS, amounted to 0.22% of gross loans at the end of the first quarter of 2021 (1.05%).

Closely monitoring customers and prevention work are important measures actively employed by the group to maintain its good risk profile in the group's loan portfolio. As a result of the low oil price and Covid-19 outbreak, this work was further reinforced from March 2020, and remains ongoing for some customers. The group's corporate market division has, in cooperation with SpareBank 1 SR-Bank ForretningsPartner AS, worked closely and proactively with customers. The focus has been on finding good solutions for customers, including interest-only periods (payment holidays). The sum of all this work across the group has been to help ensure that customers come through both the Covid-19 and low oil price situations in the best possible manner, and to ensure that the loan portfolio's risk profile remains good going forward.

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 5,109 million at the end of the first quarter of 2021 (NOK 3,612 million), of which provisions as a percentage of gross exposures were 35.6% (37.0%). The lower loan loss provision ratio compared with the fourth quarter of 2020 was due to the new individual impairment losses made in the fourth quarter of 2020 and the first quarter of 2021 requiring a lower loan loss provision ratio. Gross loans and financial liabilities classified as Stage 3 corresponded to 1.91% (1.40%) of gross loans and financial liabilities.

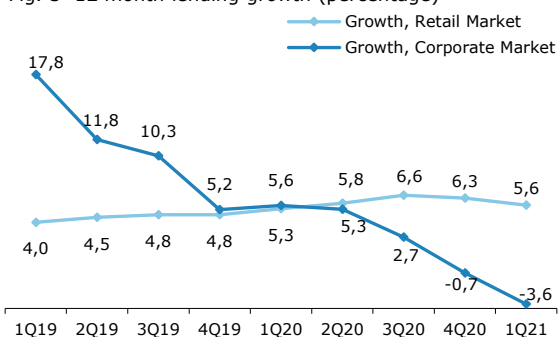
Fig. 2 Gross loans and financial commitments defined in Stage 3



Loans to and deposits from customers

Gross loans amounted to NOK 221.3 billion at the end of the first quarter of 2021 (NOK 212.2 billion). At the end of the first quarter of 2021, no loans had been sold to SpareBank 1 Boligkreditt AS (NOK 4.2 billion). Gross lending growth, inclusive of the mortgage company, was 2.3% in the past 12 months (5.3%). Adjusted for exchange rate effects of NOK -1.8 billion in the past 12 months, gross lending growth, including the mortgage companies, was 3.1%.

Fig. 3 12 month lending growth (percentage)



The retail market segment has seen good lending growth in the past 12 months of 5.6%, helped by low interest rates and a well-functioning housing market. The corporate market segment saw a fall of 3.6% in lending. Adjusted for exchange rate effects of NOK -1.6 billion in the past 12 months, lending has decreased by 1.6% in the past 12 months. The lower lending was due to some major redemptions towards the end of 2020. Lending growth in the corporate

market increased in the first quarter of 2021. Corporate lending has grown by 1.8% in the year-to-date.

Loans to the retail market accounted for 62.4% of total loans at the end of the first quarter of 2021 (60.4%).

The group's total loan exposure of NOK 221.3 billion (NOK 212.2 billion) included a majority of exposures with a probability of default of less than 0.5%. These exposures accounted for 64.8% (63.3%) of the portfolio. The overall lending portfolio generally consisted of exposures of less than NOK 10 million. These accounted for 68.0% (66.0%) of loan exposure and 98.2% (98.3%) of total customers. Of the total loan exposure, 18.2% (20.8%) was to customers with exposures in excess of NOK 100 million.

Over the past 12 months, deposits from customers rose by 21.4% (6.6%) to NOK 128.1 billion (NOK 105.5 billion). Excluding deposits from customers in the public sector, deposits from other customers have increased by 11.3% in the past 12 months. In addition to the high public sector volumes, the high growth in deposits was due to deposit growth of 7.3% in the retail market and 20.9% in the other part of the corporate market. At the end of the first quarter of 2021, deposits from the corporate market and public sector accounted for 57.7% (52.6%) of the group's customer deposits. At end of the first quarter of 2021, the deposit coverage ratio, measured as deposits as a percentage of gross loans, was 57.9% (49.7%).

In addition to ordinary customer deposits, the group also has capital under management in alternative investment products. These amounted to NOK 28.9 billion at the end of the first quarter of 2021 (NOK 20.4 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 impairment provisions amounted to NOK 412 million in the first quarter of 2021 (NOK 410 million). This was NOK 2 million more than in the same quarter of last year. Net interest income increased by NOK 1 million, while net commissions were NOK 4 million lower than last year. Commissions remained low in the area of money transfers due to Covid-19 restrictions, while income increased by NOK 8 million for insurance and investment services.

Table 5, Retail market

	31.03.21	31.03.20
Interest income	442	441
Commission and other income	130	134
<u>Income on investment securities</u>	<u>-</u>	<u>1</u>
Total income	572	576
Total operating expenses	160	166
Operating profit before impairments	412	410
Impairments on loans and financial commitments	-	16
<u>Pre-tax profit</u>	<u>412</u>	<u>394</u>

Activity levels in the housing market have increased since the second half of 2020, and the retail market division is experiencing continued strong demand for loans. Many customers are now also paying down their loans faster. The high level of activity in the savings and investment market continues. The bank launched pension accounts in the first quarter of 2021, and these were well received by customers.

Lending growth in the past 12 months, measured at the end of the first quarter of 2021, was 5.7%, while deposit growth in the past 12 months was 7.3%.

The quality of the retail market portfolio is considered to be very good with a low risk of losses and low defaults. The proportion of loan exposure (including the portfolio in SR-Boligkreditt AS) within a loan-to-value ratio of 85% amounted to 91.6% at the end of the first quarter of 2021 (87.2%). The IRB risk weights³ for residential mortgages were 20.0% at the end of the quarter (22.7%), reflecting a solid, stable portfolio. So far, the outbreak of Covid-19 has not

² The interest on intercompany receivables for the retail market division and the corporate market division is fixed based on expected observable market interest rates (NIBOR) plus expected additional costs for the group's long-term funding (credit premium). Differences between the group's actual funding costs and the applied interest on intercompany receivables are eliminated at the group level.

noticeably impacted the quality of the retail market portfolio.

The after-effects of the outbreak of Covid-19 are expected to have little impact on the housing market and competition is expected to intensify going forward.

Corporate market division²

The corporate market division's contribution before impairment provisions was NOK 535 million in the first quarter of 2021 (NOK 563 million), NOK 28 million lower than in the same quarter last year. The lower result before impairment provisions was mainly due to reduced interest income resulting from lower lending volumes and reduced deposit margins compared with the same quarter last year. The division's pre-tax profit was NOK 414 million in the first quarter of 2021 (NOK 19 million).

Table 6, Corporate market

	31.03.21	31.03.20
Interest income	494	533
Commission and other income	104	79
<u>Income on investment securities</u>	<u>3</u>	<u>18</u>
Total income	601	630
Total operating expenses	66	67
Operating profit before impairments	535	563
Impairments on loans and financial commitments	121	544
<u>Pre-tax profit</u>	<u>414</u>	<u>19</u>

The division's lending has decreased by 3.2% in the past 12 months. The reduction was largely attributable to more redemption towards the end of 2020, as well as changes and restructuring in the offshore portfolio. Lending activities were positive during the first quarter of 2021 and the division has seen lending growth of 1.8% in the year-to-date. The division's deposits have increased by 38.0% (NOK 19.0 billion) in the past 12 months. Approximately 70% of the net growth was from public sector customers, geographically spread out across the entire market area.

The quality of the corporate market portfolio is considered good, although challenges remain within the offshore/platform segment. The proportion of exposures with a probability of default of less than

³ The IRB rules define residential mortgage loans as exposures 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).

2.5% through a full loss cycle was 82.6% of the portfolio at the end of the first quarter of 2021 (81.9%). The property sector portfolio represents the group's largest concentration in a single sector and accounted for 14.0% (15.2%) of total loan exposure, inclusive of retail customers. A large portion of this portfolio consisted of financing commercial properties for leasing.

Market conditions for oil-related activities deteriorated due to the Covid-19 outbreak and this resulted in higher individual impairment provisions in 2020. However, so far during the pandemic, no significant negative change has been registered in the quality of the corporate market portfolio otherwise, although the situation for exposures within exposed industries is being carefully monitored. Changes have been made to the internal regulations in order to reduce unsystematic risk going forward. Among other things, a number of restrictions relating to industries have been introduced in order to reduce exposure in volatile industries and at the same time the upper limit for exposure in major exposures has been reduced. This is intended to help improve the group's robustness in order to provide it with financial leeway in new challenging situations.

Impairments on loans and financial liabilities amounting to NOK 121 million were recognised in the first quarter of 2021 (NOK 544 million). Individual impairment provisions are still at a higher level than normal because of the Covid-19 situation and uncertainty surrounding economic developments going forward.

The market has been impacted by Covid-19 and the fluctuating oil price since the middle of March 2020. The government has taken steps to prop up the business sector, and liquidity loans and cash support for companies will help many get through the crisis. Even though the period has been, and still is, challenging, in our experience, the group's customers are solution oriented. For its part, the group is providing advice in order to find good solutions for customers, including through interest-only periods.

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.

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.

SR-Bank Markets' operating income amounted to NOK 74 million in the first quarter of 2021 (NOK 28 million). The income generated is recognised as income in the business areas to which the customers are assigned, primarily the corporate market division. NOK 42 million was recognised as income in the business areas in the first quarter of 2021 (NOK 28 million). Costs amounted to NOK 20 million in the first quarter of 2021 (NOK 18 million), while the pre-tax profit was NOK 12 million (NOK -18 million).

Table 7, Capital market

	31.03.21	31.03.20
Interest income	9	9
Commission and other income	40	28
Income on investment securities	23	-9
Total income	72	28
- allocated to Corporate market	40	28
Total income after allocation	32	0
Total operating expenses	20	18
Pre-tax profit	12	-18

Total business volumes were at a normal level in the last quarter without negative effects from Covid-19. SR-Bank Markets expects this positive trend to continue into the autumn of 2021.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company achieved a turnover of NOK 112 million in the first quarter of 2021 (NOK 87 million) and a pre-tax profit of NOK 15.7 million (NOK 0.4 million). The improved result was mainly due to a significantly better property market. Faster sales, higher prices and good cost control have had a good effect on results.

In the first quarter of 2021, 1,911 (1,400) properties were sold at a total value of around NOK 6.6 billion (NOK 4.6 billion). The supply of new assignments was good.

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 was largely driven by the low interest rates in the first quarter of 2021. The number of used homes and holiday homes sold was the highest since the oil crisis in 2015. The market for holiday

properties in particular saw positive developments in the form of significantly greater interest in, and higher sales of, holiday properties, both on the coast and in the mountains. There was also more interest in detached and terraced houses and most of the homes exceeded their asking price.

The housing market in Vestland County continues to see high sales. After a long period of moderate price development, prices are on their way up. The housing market in Agder is good, with prices and sales developing positively. In Rogaland, the housing market has developed positively and has largely been unaffected by a somewhat uncertain outlook for the level of activity in the oil and gas industry. The positive trend in the market resulted in a good increase in prices and shorter sales times. The good development in the used home market is expected to continue during 2021, with a possible levelling off towards the end of the year.

There is a large supply of planned homes in the market area. In the Stavanger area, there has been an imbalance between supply and demand that has had a negative impact on the market over time. The Covid-19 outbreak, as well as the uncertainty surrounding future activity in the supply industry for the oil industry has had a dampening effect on this market since March 2020. As expected, the high sales of used homes have resulted in increased new build activity in 2021 and several projects that had been put on hold are in the process of starting up again. The level of activity in holiday home market projects is also high.

The situation within commercial property has also been affected by the Covid-19 outbreak and uncertain prospects within the oil industry. The number of contracts that have been signed has fallen significantly throughout the market area, both in the transaction market and the rental market. Towards the end of 2020, improvements were observed in both the rental and transaction market and this positive trend has continued at the start of 2021; the development in Vestland has been especially good.

SpareBank 1 SR-Bank ForretningsPartner AS

SpareBank 1 SR-Bank ForretningsPartner AS achieved a turnover of NOK 56 million in the first quarter of 2021 (NOK 47 million) and a pre-tax profit of NOK 10.7 million (NOK 6.3 million). The result includes depreciation of intangible assets amounting to NOK 0.8 million (NOK 0.7 million). The company has maintained stable operations during the Covid-19 outbreak and a high level of customer-oriented activity.

SpareBank 1 SR-Bank ForretningsPartner AS had nine offices at the end of the first quarter of 2021: three in Rogaland, three in Vestland, two in Agder, and one in Oslo, as well as around 2,600 customers. The company enjoys a solid market position within accounting services in Agder, Vestland and Rogaland, and also established offices in Kristiansand and Oslo with the acquisition of Fast Solutions AS on 1 September 2020. SpareBank 1 SR-Bank ForretningsPartner AS took over 100% of Tveit Regnskap AS on 15 April 2021, with the exception of the business in Haugalandet and Sunnhordland, where we acquired a 51% stake. SpareBank 1 SR-Bank ForretningsPartner AS will more than double its turnover and number of employees with this acquisition. Together they will be among the country's largest actors within accounting and advice services. 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 25.3 million in the first quarter of 2021 (NOK 24.0 million) and made a pre-tax profit of NOK 7.0 million (NOK 6.0 million). The company saw positive net subscriptions of NOK 254 million in the first quarter of 2021. Savings agreement business grew particularly well, both in terms of volume and numbers. The assets under management at the end of the first quarter of 2021 amounted to NOK 14.5 billion (NOK 12.4 billion).

In 2019, SR-Forvaltning AS expanded its activities with the establishment of 'SR-Bank Fondene'. 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 active, prudent, 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 110.3 million in the first quarter of 2021 (NOK 237.4 million). The lower result was primarily due to lower effects from basis swaps. The negative effects of basis swaps amounted to NOK 88.9 million in the first quarter of 2021 compared with NOK 121.5 million in positive effects in the first quarter of 2020. Net interest income rose by NOK 55.6 million from the first quarter of 2020 to the first quarter of 2021. The increase was 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 2021, the company had issued covered bonds with a nominal value of NOK 81.9 billion (NOK 76.8 billion) and bought loans worth NOK 90.1 billion (NOK 78.1 billion) from SpareBank 1 SR-Bank ASA.

FinStart Nordic AS

FinStart Nordic AS invests in, and contributes to the development and growth of, innovative financial technology companies. The aim is to strengthen and expand the group's existing value chains, streamlining of its core business, and financial return on the company portfolio. The company also manages an existing portfolio from the former SR-Investering AS, which is primarily invested in the oil industry.

The company posted a pre-tax profit of NOK 65.2 million for the first quarter of 2021 (NOK -82.6 million). The increased result came from adjustments to the value of the former "SR-Investering" portfolio amounting to NOK 11.7 million and adjustments to the value of the new financial technology (fintech) portfolio totalling NOK 56.2 million. In spite of Covid-19, the fintech portfolio has seen positive development in the past year, and the market for raising external capital improved in the first quarter of 2021.

During the autumn of 2020, FinStart Nordic AS reorganised the company, which resulted in organisational changes and six fewer FTEs. The company is now a pure investment company with a highly cost-effective organisation.

Monner AS

Monner AS posted a deficit of NOK 5.4 million in the first quarter of 2021 (deficit of NOK 4.3 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. The company gained a record number of new lenders who set up a savings accounts in the bank. Some 1,171 private lenders set up Monner savings accounts in the first quarter of 2021, compared with 273 private lenders in the first quarter of 2020.

Monner AS is a payment company and a registered loan arranger that was acquired by SpareBank 1 SR-Bank ASA on 1 July 2019. In December 2020, Monner AS's licence was expanded to cover payment initiation service provider (PISP) services and account information service provider (AISP) services under the PSD2 regulations. Monner AS has two business areas, Monner Crowd and Monner Gründer. Monner Crowd 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 2021, the company had arranged loans totalling more than NOK 410 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 start-up and growth phases. The company's main product is arranging secured loans for property projects. The market for crowdfunded corporate loans has experienced good growth, and Monner Crowd set a new arrangement record in every month of the first quarter of 2021. Monner AS arranged loans for more than NOK 92 million in the first quarter of 2021 compared with NOK 34 million for the first quarter of 2020.

Key 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 2021.

SpareBank 1 Gruppen AS posted a pre-tax profit of NOK 683 million for the first quarter of 2021 (NOK -942 million). The controlling interest's share of the net profit for the year amounted to NOK 344 million (NOK -591 million). Fremtind Forsikring AS achieved a good result in the first quarter of 2021 due to a better insurance and financial result with low claim rates and lower operating costs. The first quarter of 2020 was heavily impacted by the Covid-19 situation, with significant insurance provisions/payments on travel insurance claims and negative financial returns on all asset classes. SpareBank 1 Forsikring AS experienced a weak risk result for pensions in the first quarter of 2021 resulting from an increase in disability, although the result was nonetheless better than in the same quarter last year when the company's property portfolio was written down in the first quarter of 2020.

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 2021.

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 154 million in the first quarter of 2021 (NOK 89 million). The improvement in the result was largely due to impairment losses being reversed in the first quarter of 2021. Net interest income was NOK 6 million lower, while other operating income increased by NOK 13 million compared with the same quarter in year. NOK 12 million in impairment losses were reversed in the first quarter of 2021, while impairment

⁵ Liquidity buffer: cash, short-term investments, and drawing rights in Norges Bank (bonds, including covered bonds).

losses of NOK 42 million were recognised as costs in the same quarter last year.

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 2021.

SpareBank 1 Kreditt AS

SpareBank 1 Kreditt AS is owned by the SpareBank 1 banks. SpareBank 1 SR-Bank ASA owns a stake of 17.1%. The company provides credit card solutions for the SpareBank 1 banks and achieved a pre-tax profit of NOK 2 million in the first quarter of 2021 (NOK 3 million). A weak result last year was due to the company being heavily impacted by the outbreak of Covid-19 due to less travel activity and the reduced use of credit cards. The sum of interest income, commissions and transaction income fell by a total of NOK 15 million to NOK 107 million in the first quarter of 2021, while commission costs decreased by NOK 9 million compared with the first quarter of 2020. Impairment losses amounted to NOK 15 million in the first quarter of 2021, down from NOK 36 million in the same quarter last year.

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 -4 million in the first quarter of 2021 (NOK -11 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 2021 and believes it will continue to have good access to long-term funding at competitive prices. Market volatility has increased during the Covid-19 pandemic, although this has not noticeably impacted 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 57.5 billion at the end of the first quarter of 2021 and would cover normal operations for 33 months in the event of closed markets and without net lending growth. NOK 24.4

Assuming deposits and lending remain unchanged and no new borrowing during the period.

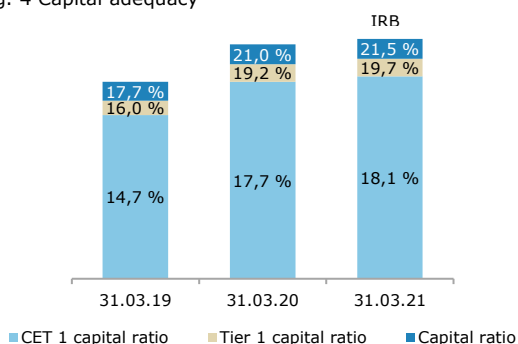
billion of the bank's external funding will come due in the next 12 months. In addition to the liquidity buffer, the bank has NOK 18.9 billion in residential mortgages ready for covered bond funding.

The group has continued to enjoy a high proportion of long-term funding in the past 12 months. The group's net stable funding ratio (NSFR⁶) was 122% at the end of the first quarter of 2021 (121%), which confirms the group's good funding situation. SpareBank 1 SR-Bank ASA has an A1 long-term rating and a P-1 short-term rating from Moody's.

Capital ratio⁷

The Common Equity Tier 1 capital ratio was 18.1% at the end of the first quarter of 2021 (17.7%). The entire profit for 2020 is currently being withheld. On 28 April 2021, the board was granted special authorisation by the general meeting to pay a dividend for the 2020 financial year of up to NOK 3.10 per share at some later date, in line with the applicable regulations.

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. The systemic risk buffer requirement increased 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' exposures in Norway, unlike previous buffer requirements that apply to all operations. At the same time, floors for risk weights for residential mortgages and loans for commercial properties are being introduced of 20% and 35%, respectively.

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.

A countercyclical capital buffer requirement applies in Norway in the range of 0-2.5 percentage points in the form of Common Equity Tier 1 capital. The purpose of the countercyclical capital buffer is to make the banks more solid and robust in relation to lending losses. The capital buffer requirement 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. On 18 March 2021, a decision was made to keep the capital requirement for the countercyclical buffer unchanged, and Norges Bank now expects to recommend gradually increasing the buffer requirement during 2021.

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 2021, SpareBank 1 SR Bank ASA met its total requirement for a Common Equity Tier 1 capital ratio of 15.2% by a good margin. The requirement includes an increased systemic risk buffer, a reduced countercyclical capital buffer, a Pillar 2 premium and 1.0% management buffer.

SpareBank 1 SR-Bank ASA's internal target for its Common Equity Tier 1 capital ratio is 16.7% by the end of 2021. 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 19.7% (19.2%), while the total capital ratio was 21.5% (21.0%) at the end of the first quarter of 2021. This is well above the required capital ratio of 18.7%.

On 28 April 2021, the annual general meeting approved the board's proposal that no dividend be paid out for 2020 at this time. The decision is in line with the recommendations of the Financial Supervisory Authority of Norway, Norwegian Ministry of Finance and European Central Bank (ECB).

⁷ The capital ratio as at 31 March 2019 was based on the capital adequacy rules and regulations from when the so-called 'Basel I floor' applied.

However, the board received special 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 3.10 per share based on the bank's approved annual financial statements for 2020. The authorisation will remain valid until the next ordinary general meeting in 2022.

On 20 January 2021, the Ministry of Finance said in a press release that it "expects that Norwegian banks which, after a careful assessment and based on the ESRB's recommendation, find grounds for distributing profits, will keep total distributions within a maximum of 30 per cent of cumulative annual profits for the years 2019 and 2020, until 30 September 2021."

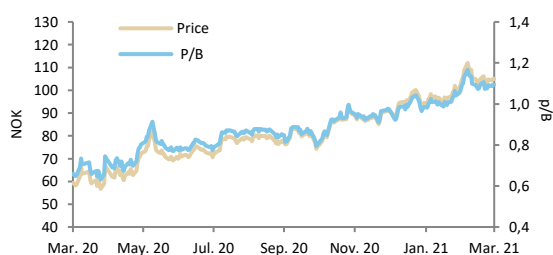
New crisis management directive and MREL

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). On 15 October 2020, the Ministry of Finance published a consultation paper on the introduction of BRRD2 in Norway, which entails a MREL subordination requirement of 27.4%. The requirement for lower priority (senior non-preferred debt) must be met by 1 January 2024 and can be phased by SpareBank 1 SR-Bank ASA including senior debt up to this date, provided that it meets the general requirements for eligible liabilities. At the end of the first quarter of 2021, SpareBank 1 SR-Bank ASA was carrying senior debt that falls due after 31 March 2022 amounting to NOK 31.3 billion and issued senior non-preferred debt of NOK 2.2 billion. This requirement is, therefore, met by a good margin.

The bank's share

The price of the bank's share (SRBNK) was NOK 105.00 at the end of the first quarter of 2021. This represents an increase of 21.4% from the end of 2020, corrected for paid dividends. The main Oslo Børs index increased by 8.7% in the same period. 7.2% of outstanding SRBNK shares were traded in the first quarter of 2021 (9.4%).

Fig. 5, Development in Price/Book



There were 14,445 (11,948) shareholders of SRBANK at the end of the first quarter of 2021. The proportion owned by foreign companies and individuals was 22.5% (25.8%), while 65.9% (63.9%) were resident in Rogaland, Agder, Vestland, Oslo and Viken. The 20 largest shareholders owned a combined total of 57.3% (58.7%) of the shares. The bank held 36,396 treasury shares, while employees of the group owned 1.7% (1.6%).

The table below shows the 20 largest shareholders as at 31 March 2021:

Table 8, 20 largest shareholders

	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	72.419	28,3 %
Folketrygdfondet	19.237	7,5 %
Brown Brothers Harriman & Co, U.S.A.	6.612	2,6 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,4 %
State Street Bank and Trust Co, U.S.A.	5.350	2,1 %
Verdipapirfondet Alfred Berg Gambak	3.548	1,4 %
Odin Norge	3.423	1,3 %
Vpf Nordea Norge Verdi	3.252	1,3 %
Pareto Aksje Norge	3.097	1,2 %
Danske Invest Norske Instit. II	3.024	1,2 %
JPMorgan Chase Bank N.A., U.S.A.	2.895	1,1 %
Clipper AS	2.142	0,8 %
State Street Bank and Trust Co, U.S.A.	2.058	0,8 %
Verdipapirfondet Alfred Berg Norge	2.013	0,8 %
Euroclear Bank S.A./N.V, Belgia	1.960	0,8 %
State Street Bank and Trust Co, U.S.A.	1.951	0,8 %
JPMorgan Bank Luxembourg	1.939	0,8 %
KLP Aksjenorge Indeks	1.887	0,7 %
Westco AS	1.797	0,7 %
JPMorgan Bank Luxembourg	1.767	0,7 %
Total 20 largest	146.598	57,3 %

The group established a share savings arrangement for the group's employees in 2019, and the scheme has been continued in 2020 and 2021. 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 900 of the group's almost 1,300 employees have signed a regular savings agreement for the share savings scheme in 2021.

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

SpareBank 1 SR-Bank ForretningsPartner AS took over 100% of Tveit Regnskap AS on 15 April 2021, with the exception of the business in Haugalandet and Sunnhordland, where a 51% stake was acquired.

No other material events have been registered after 31 March 2021 that affect the interim financial statements as prepared.

Outlook

The Covid-19 pandemic and the shutdown of Norway in March 2020 meant that 2020 was a turbulent year. The pandemic has continued into 2021 and is still a source of some uncertainty concerning developments in both Norway and the global economy. However, that uncertainty has now significantly decreased due to both the fact that several vaccines have been approved and that vaccination programmes have started in both Norway and internationally. The level of uncertainty is also lower due to society having acclimatised to the extraordinary situation to some extent and having gained a year's experience of coping with the pandemic. Although many industries continue to struggle with the effects of the pandemic, a number of industries are also experiencing increased turnover and good results during the pandemic.

Norway saw positive developments as early as spring 2020 and the economy improved after the lockdown in March 2020. This positive trend has continued in the first quarter of 2021. However, less international demand and a more volatile oil price are expected to affect economic development for several years to come. At the end of the first quarter of 2021, the IMF is expecting a growth in the global economy of 6.0% in 2021 and 4.4% in 2022.

Continued higher unemployment and lower wages growth than in recent years are expected in Norway. The housing market and private consumption are being stimulated by low mortgage rates, and good demand for loans is expected in the retail market going forward. Lower levels of investment and moderate demand for loans are expected in the business sector in 2021. The Norwegian state is well-equipped to contribute financially, and extensive

measures aimed at both the private sector and business have mitigated the effects of the Covid-19 outbreak. The overall ripple effects are expected to result in lower growth in the mainland economy. According to the latest forecasts from Statistics Norway, 3.3% GDP growth is expected for Mainland Norway in 2021 and 3.6% in 2022. Investment on the Norwegian Continental Shelf increased by 2% in 2020 despite the outbreak of Covid-19 at the start of the year. Due to the ripple effects of the pandemic, the Norwegian Petroleum Directorate expects oil investments on the Norwegian Continental Shelf to fall by almost 7% in 2021 and be somewhat lower in 2022 as well, before investments are again expected to rise. Statistics Norway expects price inflation, adjusted for energy and taxes, to be 2.1% in 2021 and 1.7% in 2022.

Norges Bank cut its policy rate three times by a total of 1.50 percentage points to 0% in the first half of 2020. The market now expects the effects of the outbreak of Covid-19 to diminish in 2021 and that, as a consequence of this, the policy rate will be increased by 0.25 percentage points in December 2021 and see a further two 0.25-percentage point increases during 2022.

The group's long-term return on equity target is a minimum of 12%. The target will be achieved through profitable lending growth, moderate impairment losses, growth in other operating income, gains from financial investments, and greater cost-effectiveness. As a consequence of the after-effects of the outbreak of Covid-19 and continued economic challenges within lending to offshore-related activities, the target for the return on equity for 2021 is a minimum of 11%.

The group has a Common Equity Tier 1 capital ratio target of 16.7%. 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. Financial strength is very good, including because the profit for 2020 is currently being withheld and the group's impairment losses were significantly reduced in the first quarter of 2021. The board considers that the group has put the largest impairment provisions after the outbreak of Covid-19 and subsequent low oil price behind it.

In March 2021, the board was granted special authorisation by the general meeting to decide to pay a dividend for the 2020 financial year of up to NOK

3.10 per share at some later date, and in line with the applicable regulations.

SpareBank 1 SR-Bank ASA's dividend policy remains unchanged, with an expected dividend of around 50% of the profit for the year. Consideration must be given to financial needs, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the board is to distribute approximately half of the net profit for the year as dividends.

The group is actively working to create sustainable development. The sustainability strategy must clarify and provide guidance for SpareBank 1 SR-Bank ASA's work on sustainability, and support staff and managers in making decisions and their day-to-day work. The sustainability strategy is integrated into the corporate strategy along with the corresponding business plan and provides direction for the group's work on sustainability. The sustainability strategy must be seen in conjunction with other governing documents, such as the code of conduct, credit strategy, and other relevant policies and standards in the group. Sustainability is included in the documentation and set of routines associated with credit and investments/management.

SpareBank 1 SR-Bank ASA is a proactive financial services group with strong distribution. As Norway's second largest private-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. 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 enabled almost all of the group's employees to work from home for prolonged periods following the Covid-19 outbreak in March 2020, at the same time as customers and all-important internal functions were addressed in an efficient and satisfactory manner. The board is very pleased about how the group's employees have coped with their new work situation and helped customers in a difficult period.

The group is well-equipped to deal with the ripple effects of both an unstable oil price and the Covid-19

pandemic. The group's results for 2021 are also expected to be somewhat affected by the economic situation, although to a substantially lesser degree than in 2020.

Stavanger, 5 May 2021

The Board of Directors of SpareBank 1 SR-Bank ASA

Income Statement

Parent bank			Note	Group		
01.01.20 - 2020	01.01.21 - 31.03.20	01.01.21 - 31.03.21		01.01.21 - 31.03.21	01.01.20 - 31.03.20	2020
			Income statement (MNOK)			
3.525	1.108	772	Interest income amortised cost	1.363	1.952	6.238
1.726	518	377	Interest income other	172	195	715
1.940	707	387	Interest expenses amortised cost	497	916	2.511
13	10	-1	Interest expenses other	43	150	300
3.298	909	763	Net interest income	995	1.081	4.142
934	241	259	Commission income	426	372	1.501
107	27	24	Commission expenses	25	28	111
10	3	3	Other operating income	1	2	6
837	217	238	Net commission and other income	402	346	1.396
57	-	-	Dividend income	-	-	57
836	-	19	Income from investment in associates	109	242	663
-98	-216	90	Net gains/losses on financial instruments	107	-270	-21
				13		
795	-216	109	Net income on financial investments	216	-28	699
4.930	910	1.110	Total income	1.613	1.399	6.237
1.029	250	271	Personnel expenses	382	348	1.436
460	123	107	Administrative expenses	123	140	517
295	79	70	Other operating costs	107	104	433
						14
1.784	452	448	Total operating costs	612	592	2.386
3.146	458	662	Operating profit before impairments	1.001	807	3.851
2.003	559	121	Impairments on loans and financial commitments	121	560	2.030
						3 and 4
1.143	-101	541	Pre-tax profit	880	247	1.821
						12
73	-20	117	Tax expense	162	26	231
1.070	-81	424	Profit after tax	718	221	1.590
982	-106	406	Shareholders' share of the profit	700	196	1.503
88	25	18	Hybrid capital owners' share of the profit	18	25	88
			Non-controlling interests	-		-1
1.070	-81	424	Profit after tax	718	221	1.590
			Other comprehensive income			
-10	-68	2	Unrecognised actuarial gains and losses	2	-68	-7
3	17	-	Deferred tax concerning changed estimates/pension plan changes	-	17	2
-7	-51	2	Total items not reclassified through profit or loss	2	-51	-5
5	-	-	Change in ECL ¹⁾ 12 months	-	-	-
-	-	-	Basisswap spread	-51	37	47
-	-	-	Deferred tax concerning basisswap spread	13	-9	-12
-	-	-	Share of profit associated companies and joint ventures	4	-4	12
5	-	-	Total items reclassified through profit or loss	-34	24	47
-2	-51	2	Other comprehensive income	-32	-27	42
1.068	-132	426	Total comprehensive income	686	194	1.632
Earnings per share (group)				2,74	0,77	5,87

¹⁾ ECL - Expected credit loss

Balance sheet

Parent bank				Note	Group		
31.12.20	31.03.20	31.03.21	Balance sheet (MNOK)		31.03.21	31.03.20	31.12.20
68	405	132	Cash and balances with central banks		132	405	68
25.304	18.224	18.396	Balances with credit institutions		11.397	7.181	12.589
131.792	132.498	129.200	Loans to customers	4, 8	218.985	210.180	216.966
36.978	38.571	45.949	Certificates and bonds		48.598	37.493	39.921
8.971	15.183	8.032	Financial derivatives	10	6.877	15.126	8.672
596	512	632	Shares, ownership stakes and other securities	17	957	797	908
2.246	2.336	2.273	Investment in associates		4.674	4.412	4.523
7.346	7.315	7.366	Investment in subsidiaries		-	-	-
-	-	-	Intangible assets		308	278	298
1.002	416	1.002	Deferred tax assets		1.014	458	1.015
295	350	282	Tangible fixed assets		980	1.067	994
915	943	903	Lease rights	18	336	407	346
414	466	1.875	Other assets	5	2.234	835	749
215.927	217.219	216.042	Total assets	12	296.492	278.639	287.049
4.218	7.219	1.895	Balances with credit institutions		1.399	4.534	4.144
118.394	105.734	128.337	Deposits from customers	7	128.108	105.545	118.170
52.148	52.505	50.235	Listed debt securities	11	131.817	126.448	127.163
13.115	24.396	8.718	Financial derivatives	10	5.360	12.282	6.825
669	688	452	Taxes payable		573	837	835
936	952	928	Liabilities associated with lease rights	18	357	414	365
831	1.186	883	Other liabilities	6	1.085	1.360	1.000
2.154	2.211	2.132	Subordinated loan capital	11	2.132	2.211	2.154
192.465	194.891	193.580	Total liabilities		270.831	253.631	260.656
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	-	-	Proposed dividend ^{1) 2)}	19	-	-	1.407
1.850	1.850	1.850	Hybrid capital		1.850	1.850	1.850
			Non-controlling interests		-	-	5
12.224	12.578	12.207	Other equity		15.112	14.956	15.150
	-81	424	Profit/loss at period end		718	221	
23.462	22.328	22.462	Total equity		25.661	25.008	26.393
215.927	217.219	216.042	Total liabilities and equity	12	296.492	278.639	287.049

¹⁾ A decision was made in April 2020 not to pay dividend for 2019 at this time. Historical figures per 31 December 2019 was not changed. The board have exercised the authorisation from April 2020 and on a board meeting 10th of February 2021 approved a dividend of NOK 5.50 per share for the financial year 2019. The dividend was paid as at 19th March 2021.

²⁾ The board have received authorisation from the general meeting as at 28th April 2021, to decide about the distribution of a dividend for 2020 of up to NOK 3.10 per share, in accordance with applicable regulations.

Statement of changes in equity

SpareBank 1 SR-Bank Group (Amounts in NOK million)	Share- capital	Premium reserve	Hybrid- capital	Non- controlling interests	Other equity *	Total equity
Equity as at 31.12.2019	6.394	1.587	1.850	-	15.003	24.834
Profit after tax				-1	1.591	1.590
Unrecognised actuarial gains and losses after tax					-5	-5
Basisswap spread after tax					35	35
Share of profit associated companies and joint ventures					12	12
Year's comprehensive income				-1	1.633	1.632
Hybrid capital						-
Interest on hybridcapital after tax					-88	-88
Non-controlling interests				6	-6	-
Adjusted equity accosiates					14	14
Trade in treasury shares					1	1
Transactions with shareholders					1	1
Equity as at 31.12.2020	6.394	1.587	1.850	5	16.557	26.393
Profit after tax					718	718
Unrecognised actuarial gains and losses after tax					2	2
Basisswap spread after tax					-38	-38
Share of profit associated companies and joint ventures					4	4
Year's comprehensive income					686	686
Hybrid capital						-
Interest on hybridcapital					-18	-18
Non-controlling interests				-5	5	-
Transactions against equity in subsidiaries and associated companies					8	8
Dividend 2019, resolved in 2021					-1.407	-1.407
Trade in treasury shares					-1	-1
Transactions with shareholders					-1.408	-1.408
Equity as at 31.03.2021	6.394	1.587	1.850	-	15.830	25.661

Cash flow statement

Parent bank			Cash flow statement	Group		
2020	01.01.20 - 31.03.20	01.01.21 - 31.03.21		01.01.21 - 31.03.21	01.01.20 - 31.03.20	2020
558	55	2.501	Change in gross lending to customers ¹⁾	-2.109	-5.047	-12.068
4.646	1.420	1.016	Interest receipts from lending to customers	1.411	1.977	6.405
15.071	2.411	9.943	Change in deposits from customers	9.938	2.439	15.064
-865	-358	-166	Interest payments on deposits from customers	-164	-357	-861
-10.181	5.110	3.814	Change in receivables and debt from credit institutions	-2.330	5.102	-5.901
-38	104	-51	Interest on receivables and debt to financial institutions	-109	-75	-389
-5.543	-7.136	-8.971	Change in certificates and bonds ¹⁾	-8.677	-4.701	-7.129
502	153	111	Interest receipts from commercial paper and bonds	115	158	505
860	231	240	Commission receipts	401	367	1.438
-14	-22	4	Capital gains from sale of trading	11	-44	5
-1.660	-382	-356	Payments for operations	-450	-605	-2.372
-1.078	-390	-335	Taxes paid	-411	-445	-1.225
3.381	7.726	-5.486	Other accruals ¹⁾	-5.465	7.710	4.183
5.639	8.922	2.264	A Net change in liquidity from operations	-7.839	6.479	-2.345
-37	-17	-10	Investments in tangible fixed assets	-30	-10	-47
6	-	-	Receipts from sale of tangible fixed assets	-	-	6
-252	-	-59	Change in long-term investments in equities	-40	-40	-257
266	-	12	Receipts from sales of long-term investments in equities	53	36	305
854	-	19	Dividends from long-term investments in equities	19	-	271
837	-17	-38	B Net cash flow, investments	2	-14	278
5.802	567	1.954	Debt raised by issuance of securities	12.116	5.563	25.367
-9.923	-7.669	-2.214	Repayments - issued securities	-2.214	-10.028	-20.387
-779	-365	-106	Interest payments on securities issued	-218	-578	-1.356
-	-	-	Additional subordinated loan capital issued	-	-	-
-	-	-	Repayments - additional capital instruments	-	-	-
-49	-16	-10	Interest payments on subordinated loans	-10	-16	-49
-	-	-	Increase in debt established by issuing hybrid capital	-	-	-
-88	-25	-18	Interest payments on debt established by issuing hybrid capital	-18	-25	-88
-69	-18	-18	Lease payments	-11	-4	-47
-	-	-1.407	Dividend to share holders	-1.407	-	-
-5.106	-7.526	-1.819	C Net cash flow, financing	8.238	-5.088	3.440
1.370	1.379	407	A+B+C Net cash flow during the period	401	1.377	1.373
768	768	2.138	Cash and cash equivalents as at 1 January	2.152	779	779
2.138	2.147	2.545	Cash and cash equivalents at the end of the period	2.553	2.156	2.152
			Cash and cash equivalents specified			
68	405	132	Cash and balances with central banks	132	405	68
2.070	1.742	2.413	Balances with credit institutions	2.421	1.751	2.084
2.138	2.147	2.545	Cash and cash equivalents	2.553	2.156	2.152

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 2021. 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 2020.

New standards and interpretations that have not been adopted yet

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

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. After this, 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 2021. Please also refer to note 2 in the annual report for 2020. The calculations follow the normal procedures for source data. The scenarios on which the calculations are based and the weighting of these was unchanged in the first quarter of 2021. The group is following the same principles for migration between the stages as those that applied previously. An increase in PD of more than 150% and which results in a PD higher than 0.6% 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. Exposures subject to repayment relief may, based on an individual assessment, also be regarded as having experienced a significant increase in credit risk. No negative migration from Stage 1 to Stage 2 has been observed as a consequence of payment postponements in healthy portfolios. The assessments that have been made at a group level are the best current 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 fourth quarter of 2020.

Non-performing exposures

In 2017, the EBA published new guidelines for calculating defaults, and in December 2019 the Norwegian authorities set statutory Norwegian limits for failures to pay. The new guidelines and regulation contain significant changes compared with the previous definition of default as it was described in chapter 10 of the Capital Requirements Regulation. The new definition of what constitutes a default came into effect on 1 January 2021. SpareBank 1 SR-Bank has implemented the new definition of default since 1 January 2021.

Defaults are defined in two categories:

1. Failures to pay are defined as substantial overdrafts that are more than 90 days past due.
2. Manual default flagging is largely based on technical credit ratings. Events that are included in this category are provisions for losses from customers, bankruptcy/debt negotiations, assessments of forbearance, periods of grace of more than 180 days or other indications that considerable doubt may exist about whether the customer will meet their obligations.

The comparative figures have not been restated based on the new definition of what constitutes a default. Implementation of the new definition of default had not resulted in a significant increase in the volume of loans in Stage 3 as at 31 March 2021.

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 2020 explains in more detail the use of critical estimates and judgements when applying the accounting policies.

Given both the fluctuations in the oil price 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 2020, although the situation surrounding the Covid- 19 virus has been included in the assessment in the first quarter of 2021.

The group conducts an annual evaluation of its entire corporate market portfolio. High-risk exposures in the corporate market portfolio are evaluated on a quarterly basis. Loans to retail customers are subject to evaluation when they are more than 90 days past due; larger exposures 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 exposure, and the objective evidence entails a reduction in future cash flows for servicing the exposure. Objective evidence may be default, bankruptcy, insolvency or other significant financial difficulties.

Individual impairment losses 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 exposures based on expected credit loss (ECL). The measurement of the provisions for expected losses on exposures 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 weighted average is calculated for three different scenarios called an upturn scenario, a base scenario and an adverse scenario, respectively. The upturn scenario is based on data from a historically representative period of strong economic expansion and the base scenario and adverse scenario are based on internally prepared prognoses and stress tests linked to the group's periodic internal capital adequacy assessment process (ICAAP) for various given scenarios. The mutual weighting of the scenarios is considered and determined by a specially established internal working group composed of people at a management level.

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

The choice of scenarios and their weighting are regularly reviewed (at least once a year) by the aforementioned working group. At the end of first quarter of 2021, the base case scenario had a 65% weighting, while the worst case and best case scenarios both had a weighting of 17.5%. The weighting is the same for all portfolios and reflects the substantial uncertainty surrounding economic development going forward. In order to illustrate the associated weighting sensitivity, a simulation of the effects of a more conservative scenario weighting was conducted in which the weighting of the base scenario was reduced to 50% while both the worst case and the best case scenario weightings were increased to 25%. Such a change in the scenario weighting would, seen in isolation, increase the group's expected impairment losses for commitments without individual impairment by NOK 99 million.

Sensitivity Calculations (NOK millions)	Best Case scenario	Base Case Scenario	Worst Case Scenario	Corporate market	Retail market	SR-Boligkredditt	Total Group
Weighting used in Q1-21							
ECL in a strong economic expansion scenario	17,5 %			163	37	11	211
ECL in a normal economic expansion scenario		65,0 %		500	56	20	576
ECL in a recession economic expansion scenario			17,5 %	1.896	231	127	2.254
ECL with the applied scenario weighting: (current, used from the fourth quarter of 2020. Including overarching management discretion)		65,0 %	17,5 %	685	84	37	806
Isolated effect of changed scenario weighting - 1 (used up to the third quarter of 2020, although with less conservative scenarios)	0,0 %	60,0 %	40,0 %	1.058	126	63	1.247
Isolated effect of changed scenario weighting - 2 (used up to the fourth quarter of 2020, although with less conservative scenarios)	25,0 %	65,0 %	10,0 %	555	69	29	653
Isolated effect of changed scenario weighting - 3 (illustration, not used before)	25,0 %	50,0 %	25,0 %	765	95	45	905
Isolated effect of changed scenario weighting - 4 (illustration, not used before)	33,3 %	33,3 %	33,3 %	853	108	53	1.014

Closely monitoring customers and prevention work are important measures actively employed by the group to maintain its good risk profile in the group's loan portfolio. As a result of the low oil price and Covid-19 outbreak, this work was intensified at the end of the first quarter of 2020 and has been continued since. 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		
01.01.20 - 31.12.20	01.01.20 - 31.03.20	01.01.21 - 31.03.21		01.01.21 - 31.03.21	01.01.20 - 31.03.20	01.01.20 - 31.12.20
763	555	91	Change in impairments on loans	91	555	789
126	-13	3	Change in impairments on financial commitments	3	-13	126
1.150	27	31	Actual loan losses on commitments	31	27	1.150
-1	-4	2	Change in accrued interest	2	-3	-
-	1	-	Change in assets taken over for the period	-	1	-
-35	-7	-6	Recoveries on commitments previously written-off	-6	-7	-35
2.003	559	121	The period's net impairments on loans and financial commitments	121	560	2.030

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

Parent Bank				
2021		Changes in	Changes in	Total
Impairments on loans and financial commitments	01.01.2021	impairments on	impairments	31.03.2021
		loans	on financial	
			commitment	
Impairments after amortised cost, corporate market	2.260	97	3	2.360
Impairments after amortised cost, retail market	96	-1	-	95
Mortgages at FVOCI ¹⁾	78	-5	-	73
Total impairments on loans and financial commitments	2.434	91	3	2.528
Presented as				
Impairments on loans	2.178	91	-	2.269
Impairments on financial commitments	256	-	3	259
Total impairments on loans and financial commitments	2.434	91	3	2.528
2020				
Impairments on loans and financial commitments	01.01.2020			Total
				31.03.2020
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
Group				
2021		Changes in	Changes in	Total
Impairments on loans and financial commitments	01.01.2021	impairments on	impairments	31.03.2021
		loans	on financial	
			commitment	
Impairments after amortised cost, corporate market	2.259	98	3	2.360
Impairments after amortised cost, retail market	212	-7	-	205
Mortgages at FVOCI ¹⁾	-	-	-	-
Total impairments on loans and financial commitments	2.471	91	3	2.565
Presented as				
Impairments on loans	2.215	91	-	2.306
Impairments on financial commitments	256	-	3	259
Total impairments on loans and financial commitments	2.471	91	3	2.565
2020				
Impairments on loans and financial commitments	01.01.2020			Total
				31.03.2020
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

¹⁾ FVOCI - Fair value other comprehensive income

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

Parent Bank

Impairments recognised on loans per stage	01.01.2021 - 31.03.2021				01.01.2020 - 31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairments on loans 01.01	288	331	1.559	2.178	144	381	890	1.415
Changes 01.01 - 31.03.								
Transfer to (from) stage 1	-15	15	-	-	-2	2	-	-
Transfer to (from) stage 2	34	-38	4	-	29	-33	4	-
Transfer to (from) stage 3	-	1	-1	-	4	2	-6	-
Net new measurement of impairments	-30	50	10	30	-22	141	13	132
New issued or purchased loan	39	7	6	52	15	7	1	23
Loans that have been derecognised	-25	-39	-15	-79	-13	-13	-13	-39
Changes due to modifications that have not resulted in derecognition	-	-	-	-	-	-	-	-
Actual loan losses on commitments	-	-	31	31	-	-	27	27
Actual loan losses on commitments for which provisions have been made	-	-	-17	-17	-	-	-7	-7
Changes to models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	74	74	-	-	419	419
Impairments on loans 31.03	291	327	1.651	2.269	155	487	1.328	1.970
Impairments recognised on financial commitments per stage	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairments on financial commitments 01.01.	43	47	166	256	21	82	27	130
Changes 01.01 - 31.03.								
Transfer to (from) stage 1	-1	1	-	-	-	-	-	-
Transfer to (from) stage 2	3	-3	-	-	7	-7	-	-
Transfer to (from) stage 3	-	-	-	-	-	-	-	-
Net new measurement of impairments	-7	5	3	1	-7	15	-	8
New issued or purchased loan	7	2	1	10	3	2	-	5
Loans that have been derecognised	-2	-2	-11	-15	-2	-2	-1	-5
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	-	-	7	7	-	-	-21	-21
Impairments on financial commitments 31.03.	43	50	166	259	22	90	5	117

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

Group	01.01.2021 - 31.03.2021				01.01.2020 - 31.03.2020			
	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	298	357	1.560	2.215	146	388	892	1.426
Changes 01.01 - 31.03.								
Transfer to (from) stage 1	-15	15	-	-	-2	2	-	-
Transfer to (from) stage 2	40	-44	4	-	30	-35	5	-
Transfer to (from) stage 3	-	2	-2	-	4	3	-7	-
Net new measurement of impairments	-36	58	10	32	-22	142	14	134
New issued or purchased loan	40	8	7	55	15	7	1	23
Loans that have been derecognised	-27	-42	-15	-84	-14	-13	-14	-41
Changes due to modifications that have not resulted in derecognition	-	-	-	-	-	-	-	-
Actual loan losses on commitments	-	-	31	31	-	-	27	27
Actual loan losses on commitments for which provisions have been made	-	-	-17	-17	-	-	-7	-7
Changes to models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	74	74	-	-	419	419
Impairments on loans 31.03	300	354	1.652	2.306	157	494	1.330	1.981
Impairments recognised on financial commitments per stage								
Impairments on financial commitments 01.01.	43	47	166	256	21	82	27	130
Changes 01.01 - 31.03.								
Transfer to (from) stage 1	-1	1	-	-	-	-	-	-
Transfer to (from) stage 2	3	-3	-	-	7	-7	-	-
Transfer to (from) stage 3	-	-	-	-	-	-	-	-
Net new measurement of impairments	-7	5	3	1	-7	15	-	8
New issued or purchased loan	7	2	1	10	3	2	-	5
Loans that have been derecognised	-2	-2	-11	-15	-2	-2	-1	-5
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	-	-	7	7	-	-	-21	-21
Impairments on financial commitments 31.03.	43	50	166	259	22	90	5	117

Note 5 Other assets

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
4	6	3	Income earned but not received	16	21	15
9	16	9	Prepaid expenses	17	32	17
4	3	4	Over funding of pension liabilities	4	3	4
200	200	200	Capital contribution SR-Pensjonskasse	200	200	200
23	1	1.480	Unsettled trades	1.480	1	23
174	240	179	Other assets	517	578	490
414	466	1.875	Total other assets	2.234	835	749

Note 6 Other liabilities

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
183	290	220	Accrued expenses and prepaid revenue	330	386	223
197	246	195	Pension liabilities	203	257	204
256	117	259	Impairments on financial commitments	259	117	256
4	95	-	Unsettled trades	-	95	4
191	438	209	Other liabilities	293	505	313
831	1.186	883	Total other liabilities	1.085	1.360	1.000

Note 7 Customer deposits

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
457	460	356	Aquaculture	356	460	457
1.499	1.146	1.405	Industry	1.405	1.146	1.499
1.309	1.380	1.511	Agriculture/forestry	1.511	1.380	1.309
14.561	11.833	14.727	Service industry	14.498	11.644	14.337
3.753	2.461	3.507	Retail trade, hotels and restaurants	3.507	2.461	3.753
1.679	1.491	1.403	Energy, oil and gas	1.403	1.491	1.679
2.340	1.792	2.232	Building and construction	2.232	1.792	2.340
984	404	973	Power and water supply/	973	404	984
6.559	6.396	6.725	Real estate	6.725	6.396	6.559
1.952	1.936	1.843	Shipping and other transport	1.843	1.936	1.952
29.902	26.425	39.444	Public sector and financial services	39.444	26.425	29.902
64.995	55.724	74.126	Total corporate sector	73.897	55.535	64.771
53.399	50.010	54.211	Retail customers	54.211	50.010	53.399
118.394	105.734	128.337	Deposits from customers	128.108	105.545	118.170

Note 8 Loans and other financial commitments to customers

Parent bank			Gross loans to customers by industry	Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
2.904	2.350	3.435	Aquaculture	3.440	2.355	2.909
2.829	2.900	3.384	Industry	3.437	2.936	2.881
5.199	5.045	5.083	Agriculture/forestry	5.363	5.275	5.481
14.286	11.807	13.799	Service industry	14.030	11.808	14.421
3.204	3.668	3.298	Retail trade, hotels and restaurants	3.451	3.792	3.339
2.544	4.780	2.475	Energy, oil and gas	2.475	4.780	2.544
4.235	4.391	4.520	Building and construction	4.722	4.549	4.421
1.129	826	1.313	Power and water supply	1.313	826	1.129
31.419	32.872	31.062	Real estate	31.076	32.881	31.430
11.227	13.932	11.733	Shipping and other transport	11.883	14.064	11.372
2.180	2.376	2.073	Public sector and financial services	2.073	2.376	2.180
81.156	84.947	82.175	Total corporate sector	83.263	85.642	82.107
52.801	49.514	49.281	Retail customers	138.028	126.519	137.074
133.957	134.461	131.456	Gross loans	221.291	212.161	219.181
-2.178	-1.970	-2.269	- Impairments after amortised cost	-2.306	-1.981	-2.215
13	7	13	- Mortgages at FVOCI ²⁾	-	-	-
131.792	132.498	129.200	Loans to customers	218.985	210.180	216.966
Financial commitments ¹⁾						
8.763	11.586	9.309	Guarantees customers	9.358	11.648	8.814
17.795	15.792	17.882	Unused credit lines for customers	25.276	23.016	24.962
9.473	7.126	11.477	Approved loan commitments	11.477	7.126	9.473
36.031	34.504	38.668	Total financial commitments	46.111	41.790	43.249
Other guarantees issued and liabilities						
7.220	8.715	12.928	Unused credit lines for financial institutions	-	-	-
75.385	588	81.916	Guarantees other	589	588	589
35	7	2	Letters of credit	2	7	35
82.640	9.310	94.846	Total other guarantees issued and liabilities	591	595	624

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

2021	Gross loans at				Loans at	Net loans
Loans to customers by industry and stages	amortised cost	Stage 1	Stage 2	Stage 3	fair value	31.03.2021
Aquaculture	3.398	-14	-12	-	37	3.409
Industry	3.323	-16	-11	-135	61	3.222
Agriculture/forestry	2.536	-2	-4	-7	2.547	5.070
Service industry	13.247	-60	-70	-119	552	13.550
Retail trade, hotels and restaurants	3.054	-15	-25	-9	244	3.249
Energy, oil and gas	2.475	-6	-21	-735	-	1.713
Building and construction	4.230	-15	-13	-14	290	4.478
Power and water supply	1.311	-4	-3	-	2	1.306
Real estate	30.818	-125	-93	-65	244	30.779
Shipping and other transport	11.615	-21	-26	-477	118	11.209
Public sector and financial services	2.073	-	-	-	-	2.073
Total corporate sector	78.080	-278	-278	-1.561	4.095	80.058
Retail customers	5.492	-13	-49	-90	43.789	49.129
Mortgages at FVOCI ¹⁾					13	13
Loans to customers	83.572	-291	-327	-1.651	47.897	129.200

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
Aquaculture	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

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

Group

2021	Gross loans at				Loans at	Net loans
Loans to customers by industry and stages	amortised cost	Stage 1	Stage 2	Stage 3	fair value	31.03.2021
Aquaculture	3.432	-14	-12	-	8	3.414
Industry	3.427	-16	-11	-135	10	3.275
Agriculture/forestry	4.202	-2	-5	-7	1.161	5.349
Service industry	13.910	-60	-71	-119	120	13.780
Retail trade, hotels and restaurants	3.414	-15	-25	-9	37	3.402
Energy, oil and gas	2.475	-6	-21	-735	-	1.713
Building and construction	4.670	-15	-13	-14	52	4.680
Power and water supply	1.313	-4	-3	-	-	1.306
Real estate	30.939	-125	-93	-65	137	30.793
Shipping and other transport	11.860	-21	-26	-477	23	11.359
Public sector and financial services	2.073	-	-	-	-	2.073
Total corporate sector	81.715	-278	-280	-1.561	1.548	81.144
Retail customers	130.092	-22	-74	-91	7.936	137.841
Loans to customers	211.807	-300	-354	-1.652	9.484	218.985

¹⁾ FVOCI - Fair value other comprehensive income

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
Aquaculture	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

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

Parent bank

Gross loans per stage	01.01.2021 - 31.03.2021				01.01.2020 - 31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross loans 01.01.	119.320	10.933	3.704	133.957	120.439	11.746	2.330	134.515
Transfer to (from) stage 1	-2.073	2.041	32	-	-1.125	1.122	3	-
Transfer to (from) stage 2	1.915	-2.005	90	-	1.002	-1.054	52	-
Transfer to (from) stage 3	2	14	-16	-	18	14	-32	-
Net increase/(decrease) balance existing loans	6.109	364	10	6.483	4.098	-1.215	-2	2.881
Originated or purchased during the period	15.787	29	68	15.884	18.020	157	7	18.184
Loans that have been derecognised	-23.406	-1.381	-81	-24.868	-22.075	730	226	-21.119
Gross loans 31.03.	117.654	9.995	3.807	131.456	120.377	11.500	2.584	134.461

Financial commitments per stage ¹⁾²⁾

Financial commitments 01.01.	32.837	1.945	1.249	36.031	27.537	2.446	884	30.867
Net increase / (decrease) during period	1.991	637	9	2.637	3.516	-14	135	3.637
Financial commitments 31.03.	34.828	2.582	1.258	38.668	31.053	2.432	1.019	34.504

Group

Gross loans per stage	01.01.2021 - 31.03.2021				01.01.2020 - 31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross loans 01.01.	201.155	14.072	3.739	218.966	190.391	14.376	2.347	207.114
Transfer to (from) stage 1	-2.729	2.693	36	-	-1.859	1.856	3	-
Transfer to (from) stage 2	2.953	-3.053	100	-	1.646	-1.701	55	-
Transfer to (from) stage 3	2	21	-23	-	18	22	-40	-
Net increase/(decrease) balance existing loans	7.501	390	10	7.901	4.428	-8.126	-	-3.698
Originated or purchased during the period	19.095	11	63	19.169	27.115	401	7	27.523
Loans that have been derecognised	-23.178	-1.490	-77	-24.745	-26.417	7.419	220	-18.778
Gross loans 31.03.	204.799	12.644	3.848	221.291	195.322	14.247	2.592	212.161

Financial commitments per stage ¹⁾²⁾

Financial commitments 01.01.	39.789	2.208	1.252	43.249	34.272	2.698	885	37.855
Net increase / (decrease) during period	2.260	593	9	2.862	3.810	-10	135	3.935
Financial commitments 31.03.	42.049	2.801	1.261	46.111	38.082	2.688	1.020	41.790

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 models and risk management systems.

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 2021 was 14.2%. 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 4.5% 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%.

SpareBank 1 SR-Bank's internal target for its Common Equity Tier 1 capital ratio was 16.7%. 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 internal target includes a 1.0-percentage point management buffer.

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 Kreditt. A proportionate consolidation is carried out for the group's capital adequacy.

Parent bank				Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
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	-	-	Allocated to dividend	-	-	1.407
1.850	1.850	1.850	Hybrid capital ¹⁾	1.850	1.850	1.850
12.224	12.578	12.207	Other equity	15.112	14.956	15.150
			Non-controlling interests	-		5
-	-81	424	Profit for the period	718	221	-
23.462	22.328	22.462	Book equity	25.661	25.008	26.393
			Tier 1 capital			
-	-20	-	Deferred taxes, goodwill and other intangible assets	-371	-332	-364
-1.407	-	-	Deduction for allocated dividends ¹⁾	-	-	-1.407
-52	-117	-15	Deduction in expected losses IRB less loss provisions	-106	-247	-146
-1.850	-1.850	-1.850	Hybrid capital that cannot be included in CET 1 capital	-1.850	-1.850	-1.850
-	-	-212	Profit for the period that cannot be included in total Tier 1 capital	-359	-111	
-	-	-	Deduction for CET 1 capital in essential investments in financial institutions	-305	-67	-246
-151	-164	-151	institutions	-153	-152	-154
-50	-70	-56	Value adjustment due to requirements concerning proper valuation	-60	-50	-50
19.952	20.107	20.178	CET 1 capital	22.457	22.199	22.176
1.850	1.850	1.850	Hybrid capital	1.951	1.983	1.951
21.802	21.957	22.028	Tier 1 capital	24.408	24.182	24.127
			Tier 2 capital			
2.097	2.097	2.097	Term subordinated loan capital	2.247	2.282	2.252
-43	-43	-43	Deduction for essential investments in financial institutions	-43	-43	-43
2.054	2.054	2.054	Tier 2 capital	2.204	2.239	2.209
23.856	24.011	24.082	Net primary capital	26.612	26.421	26.336

Note 9 Capital adequacy (continued)

Parent bank			Credit risk Basel II	Group		
31.12.20	31.03.20	31.03.21		31.03.21	31.03.20	31.12.20
16.932	21.440	17.680	SME	17.688	21.443	16.935
20.779	21.258	21.027	Specialised enterprises	23.288	23.636	23.130
6.413	4.513	7.069	Other corporations	7.184	4.625	6.529
1.007	1.140	960	Mass market SME	1.271	1.426	1.311
12.286	14.209	11.194	Mass market - mortgage on real estate	31.003	32.414	31.178
2.695	2.775	2.641	Other mass market	2.616	2.908	2.692
11.086	10.878	11.384	Equity positions	-	-	-
71.198	76.213	71.955	Total credit and counterparty risk IRB	83.050	86.453	81.775
33	31	32	States and central banks	59	62	43
153	250	262	Local and regional authorities, state-owned enterprises	400	362	308
4.212	3.713	4.023	Institutions	2.382	1.516	1.580
8.425	10.010	8.428	Enterprises	8.986	10.171	8.984
3.358	3.028	3.554	Mass market	4.211	3.859	4.020
-	-	-	Mass market - mortgage on real estate	882	1.133	931
9.219	2.261	10.012	Covered bonds	2.202	2.332	2.095
6.029	6.029	6.029	Equity positions	6.612	5.868	6.436
4.284	3.056	4.222	Other assets	4.850	3.851	4.902
35.713	28.378	36.562	Total credit and counterparty risk standard method	30.584	29.156	29.299
121	292	160	Credit value adjustment risk (CVA)	379	729	334
7.171	7.067	7.171	Operational risk	9.847	9.443	9.854
114.203	111.950	115.848	Risk weighted balance	123.860	125.780	121.262
5.139	5.038	5.213	Minimum requirement for common equity Tier 1 capital ratio 4.5 %	5.574	5.660	5.457
			Buffer requirement			
2.855	2.799	2.896	Capital conservation buffer 2.5 %	3.097	3.145	3.032
5.139	3.359	5.213	Systemic risk buffer 4.5 %	5.574	3.773	5.457
1.142	1.120	1.158	Countercyclical capital buffer 1.0 %	1.239	2.516	1.213
9.136	7.277	9.268	Total buffer requirement to common equity Tier 1 capital ratio	9.909	9.434	9.701
5.677	7.793	5.697	Available common equity Tier 1 capital ratio after buffer requirement	6.975	7.105	7.018
17,47 %	17,96 %	17,42 %	Common equity Tier 1 capital ratio	18,13 %	17,65 %	18,29 %
19,09 %	19,61 %	19,01 %	Tier 1 capital ratio	19,71 %	19,23 %	19,90 %
20,89 %	21,45 %	20,79 %	Capital ratio	21,49 %	21,01 %	21,72 %
7,44 %	9,93 %	7,27 %	Leverage Ratio	7,57 %	7,87 %	7,79 %

¹⁾ A decision was made in April 2020 not to pay dividend for 2019 at this time. Historical figures per 31 December 2019 was not changed. The board have exercised the authorisation from April 2020 and on a board meeting 10th of February 2021 approved a dividend of NOK 5.50 per share for the financial year 2019. The dividend was paid as at 19th March 2021.

²⁾ The board have received authorisation from the general meeting as at 28th April 2021, to decide about the distribution of a dividend for 2020 of up to NOK 3.10 per share, in accordance with applicable regulations.

Note 10 Financial derivatives

Group

	Contract amount	Fair value at 31.03.21	
At fair value through profit and loss	31.03.21	Assets	Liabilities
Currency instruments			
Currency futures (forwards)	3.940	102	87
Currency swaps	22.182	190	286
Currency swaps (basis swaps)	43.297	-2	1.112
Currency swaps (basis swaps hedging)	23.338	-26	486
Total currency instruments	92.757	264	1.971
Interest rate instruments			
Interest rate swaps	71.048	805	1.262
Other interest rate contracts	1.073	8	8
Total interest rate instruments	72.121	813	1.270
Interest rate instruments, hedging			
Interest rate swaps	103.383	2.799	318
Total interest rate instruments, hedging	103.383	2.799	318
Security			
Security		3.001	1.801
Total security		3.001	1.801
Total currency and interest rate instruments			
Total currency instruments	92.757	264	1.971
Total interest rate instruments	175.504	3.612	1.588
Total collateral		3.001	1.801
Total financial derivatives	268.261	6.877	5.360
Counterparty risk:			
Netting agreements		1.270	
Considered collateral		4.802	
Total exposure to financial derivatives		805	

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)	852	5,2
EURIBOR EUR (3 months)	74.642	5,5
EURIBOR EUR (6 months)	229	6,4
LIBOR USD (1 month)	1.341	1,7
LIBOR USD (3 months)	14.023	2,3
LIBOR USD (6 months)	838	2,1
NIBOR NOK (1 month)	53	5,9
NIBOR NOK (3 months)	58.063	4,6
NIBOR NOK (6 months)	1.085	4,6
STIBOR SEL (3 months)	304	3,8
Total interest rate instruments	151.430	
Currency instruments		
EURIBOR EUR (3 months) to LIBOR USD (3 months)	10.111	2,7
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	43.921	3,8
EURIBOR EUR (3 months) to STIBOR SEK (3 months)	198	1,0
LIBOR USD (3 months) to NIBOR NOK (3 months)	5.440	2,5
LIBOR USD (6 months) to FIXED NOK	221	5,0
Total currency instruments	59.891	
Total exposure to financial derivatives	211.321	

Note 11 Securities issued and subordinated loan capital

Group

	Balance as at 31.03.21	Issued/ sale own 2021	Past due/ redeemed 2021	FX rate- and other changes 2021	31.12.20
Change in debt raised through securities issued					
Other long-term borrowing	1.203		-	-	1.203
Bonds and certificates, nominal value	45.785	202	-2.214	-1.254	49.051
Covered bonds, nominal value	80.109	10.162	-	-2.548	72.495
Senior non preferred bonds, nominal value	2.151	1.752			-
Adjustments and accrued interests	2.569			-1.446	4.015
Total debt raised through securities issued	131.817	12.116	-2.214	-5.248	126.764

	Balance as at 31.03.21	Issued/ sale own 2021	Past due/ redeemed 2021	FX rate- and other changes 2021	31.12.20
Change in debt raised through subordinated loan capital issued					
Term subordinated loan capital, nominal value	2.126	-	-	-23	2.149
Adjustments and accrued interests	6	-	-	1	5
Total additional Tier 1 and Tier 2 capital instruments	2.132	-	-	-22	2.154

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-Boligkreditt AS are divided between the retail market and own account trading/staff/support in the parent bank segments. Commission income from SpareBank 1 Boligkreditt are reported under 'Net commissions and other income'.

SpareBank 1 SR-Bank Group 01.01.21 - 31.03.21									
Income statement	Retail Market	Corporate Market	Capital Market	Staff/ Support	Eiendoms- Megler 1	Forretnings- partner	Other activities	Eliminations	Total
Interest income	533	596	39	382	-	-	1	-16	1.535
Interest expense	91	102	30	337	-	-	2	-22	540
Net interest income ¹⁾	442	494	9	45	-	-	-1	6	995
Commission income	143	112	-	5	112	55	29	-30	426
Commission expenses	13	8	-	17	-	-	9	-22	25
Other operating income	-	-	-	2	-	-	9	-10	1
Net commission and other income	130	104	-	-10	112	55	29	-18	402
Dividend income	-	-	-	-	-	-	-	-	-
Income from investment in associates	-	-	-	19	-	-	-1	91	109
Net gains/losses on financial instruments	-	3	23	-38	-	-	68	51	107
Net income on investment securities	-	3	23	-19	-	-	67	142	216
Personnel expenses	118	56	17	80	67	37	9	-2	382
Administrative expenses	18	2	2	86	9	3	3	-	123
Other operating expenses	24	8	1	38	20	4	24	-12	107
Total operating expenses	160	66	20	204	96	44	36	-14	612
Operating profit before losses	412	535	12	-188	16	11	59	144	1.001
Impairments on loans and financial commitments	-	121	-	-	-	-	-	-	121
Pre-tax profit	412	414	12	-188	16	11	59	144	880
Net interest income									
External net interest income	443	494	9	44	-	-	-	5	995
Internal net interest income	-	-	-	-	-	-	-1	1	-
Net interest income	443	494	9	44	-	-	-1	6	995
Balance sheet									
Loans to customers	141.694	76.207	103	3.585	-	-	-	-298	221.291
Impairments on loans	-203	-2.103	-	-	-	-	-	-	-2.306
Certificates/bonds/financial derivatives	-	-45	4.517	55.859	-	-	19	-4.875	55.475
Other assets	11.603	-6.033	1.749	26.059	244	226	1.494	-13.310	22.032
Total assets	153.094	68.026	6.369	85.503	244	226	1.513	-18.483	296.492
Deposits from customers	59.952	69.178	28	-821	-	-	-	-229	128.108
Other debt and equity ¹⁾	93.142	-1.152	6.341	86.324	244	226	1.513	-18.254	168.384
Total debt and equity	153.094	68.026	6.369	85.503	244	226	1.513	-18.483	296.492
Loans sold to SpareBank 1 Boligkreditt	-	-							-

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 01.01.20 - 31.03.20									
Income statement	Retail Market	Corporate Market	Capital Market	Staff/Support	Eiendoms- Megler 1	Forretnings- partner	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
Individual loss provisions	-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⁾	82.051	20.308	8.142	95.801	167	206	1.572	-35.036	173.211
Total debt and equity	137.925	70.447	8.176	95.488	167	206	1.572	-35.225	278.756
Loans sold to SpareBank 1 Boligkreditt	4.243	-							4.243

Note 13 Net income/losses from financial instruments

Parent bank				Group		
01.01.20 - 31.12.20	01.01.20 - 31.03.20	01.01.21- 31.03.21		01.01.21- 31.03.21	01.01.20 - 31.03.20	01.01.20 - 31.12.20
-107	-46	36	Net gains/losses on equity instruments	105	-121	-49
37	95	-169	Net gains/losses for bonds and certificates	-167	86	29
-121	-263	168	Net derivatives bonds and certificates	168	-263	-121
-47	-8	3	Net counterparty risk, inclusive of CVA	3	-8	-47
19	31	-6	Net derivatives other assets	-6	31	19
-2	-36	16	Net derivatives liabilities	1	-68	-3
-10	-20	14	Net derivatives basis swap spread	-24	64	13
133	31	28	Net gain currency	27	9	138
-98	-216	90	Net income/losses from financial instruments	107	-270	-21

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 2020.

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 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Parent bank and group
1,70 %	1,40 %	1,30 %	1,70 %	2,10 %	Discount rate
1,70 %	1,40 %	1,30 %	1,70 %	2,10 %	Expected return on assets
2,25 %	2,25 %	2,00 %	2,25 %	2,25 %	Forecast salary increase
2,00 %	2,00 %	1,75 %	2,00 %	2,00 %	National Insurance scheme's basic amount
0,50 %	0,50 %	0,00 %	0,00 %	0,00 %	Pension adjustment
0,50 %	0,50 %	0,00 %	0,00 %	0,00 %	Paid-up policy adjustment

Change in pension obligations (NOK million):

Parent bank				Group		
01.01.20 - 2020	01.01.21 - 31.03.20	01.01.21 - 31.03.21		01.01.21 - 31.03.21	01.01.20 - 31.03.20	2020
176	176	197	Net pension obligations opening balance	204	187	187
-157	-9	-282	Actuarial liabilities and losses recognised in comprehensive income	-282	-9	-159
15	3	1	Net pension cost	2	3	15
-	-	-	Company contributions	-	-	-
-4	-1	-1	Payments from operations	-1	-1	-5
167	77	280	Upper limit for capitalisation of the asset	280	77	166
197	246	195	Net pension obligations closing balance	203	257	204

Note 15 Sale of loans

SpareBank 1 SR-Bank has concluded agreements concerning the sale of loans with good security and collateral in real estate to SpareBank 1 Næringskreditt but there are not any sale of loans as of 31 March 2021. For more information about the accounting treatment of the agreements see note 2 and note 9 in the 2020 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 2020 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 2021. The total LCR was 141 % at the end of the first quarter, and the average total LCR was 151 % in the quarter. The LCR in NOK and EUR at the end of the quarter was 135 % and 419 %, 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 31.03.2021	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers ¹⁾			9.484	9.484
Commercial paper and bonds	22.240	18.502		40.742
Financial derivatives		6.877		6.877
Equities, units and other equity interests	543	28	386	957
Liabilities				
Financial derivatives		5.360		5.360

No transfers between levels 1 and 2

¹⁾ Net lending to customers in parent bank, level 3 47.884

Note 17 Information about fair value (continued)

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	

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	9.654	375
Additions	387	-
Disposals	-302	-41
Transferred from or to measurement according to prices in an active market or observable market data		
Change in value ¹⁾	-255	52
Balance 31.03.2021	9.484	386
Nominal value/cost price	9.399	314
Fair value adjustment	85	72
Balance 31.03.2021	9.484	386

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 29 million.

Fair value of financial instruments at amortised cost

Group	Balance	Fair value
	31.03.2021	
Assets		
Cash and balances with central banks	132	132
Balances with credit institutions ¹⁾	11.397	11.397
Loans to customers ¹⁾	209.501	209.501
Certificates and bond	7.856	7.876
Total assets at amortised cost	228.886	228.906
Liabilities		
Balances with credit institutions ¹⁾	1.399	1.399
Deposits from customers ¹⁾	128.108	128.108
Listed debt securities	131.817	132.245
Subordinated loan capital	2.132	2.134
Total liabilities at amortised cost	263.456	263.886

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

Note 18 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 2020.

Parent Bank				Group		
01.01.20 - 2020	01.01.21 - 31.03.20	01.01.21 - 31.03.21		01.01.21 - 31.03.21	01.01.20 - 31.03.20	2020
			Balance			
915	943	903	Lease rights	336	407	346
936	952	928	Liabilities associated with lease rights	357	414	365
			Income Statement			
53	14	14	Depreciations on lease rights	13	11	44
-	-	-	Impairments on lease rights	-	-	4
32	7	7	Interests on lease liabilities	2	3	13
84	21	22	Total IFRS 16 costs	15	14	62
			Effects of IFRS 16			
70	18	18	Reduction in operating costs pursuant to IAS 17	9	8	32
84	21	22	Increase in costs pursuant to IFRS 16	15	14	62
-14	-3	-4	Changes to pre-tax profit	-6	-6	-30
			Changes in lease rights and liabilities associated with lease rights			
682	682	915	Lease rights 31.12.	346	398	398
275	275	-	Adjustment of calculations previous years	-	20	20
957	957	915	Lease rights 01.01.	346	418	418
54	-	2	Additions in the period	4	-	43
	-	-	Disposals in the period	1	-	67
53	14	14	Depreciations	13	11	44
	-	-	Impairments	-	-	4
915	943	903	Lease rights at the end of the periode	336	407	346
688	688	936	Liabilities associated with lease rights 31.12.	365	395	395
275	275	-	Adjustment of calculations previous years	-	20	20
963	963	936	Liabilities associated with lease rights 01.01.	365	415	415
54	-	2	Additions in the period	2	-	51
	-	-	Disposals in the period	1	-	67
69	18	18	Instalments in the period	11	4	47
32	7	7	Interest rate	2	3	13
936	952	928	Liabilities associated with lease rights, at the end of the period	357	414	365

Note 19 Events after the balance sheet date

SpareBank 1 SR-Bank ForretningsPartner AS took over 100% of Tveit Regnskap AS on 15 April 2021, with the exception of the business in Haugalandet and Sunnhordland, where a 51% stake was acquired.

No other material events have been registered after 31 March 2021 that affect the consolidated financial statements as prepared.

Quarterly income statement

SpareBank 1 SR-Bank Group, MNOK	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Interest income	1.535	1.507	1.547	1.752	2.147	2.120	2.003	1.861	1.759
Interest expense	540	513	506	726	1.066	1.058	984	893	821
Net interest income	995	994	1.041	1.026	1.081	1.062	1.019	968	938
Commission income	426	396	365	368	372	383	359	412	362
Commission expenses	25	28	31	24	28	31	29	29	22
Other operating income	1	2	2	-	2	7	2	1	1
Net commission and other income	402	370	336	344	346	359	332	384	341
Dividend income	-	39	1	17	-	-	4	8	19
Income from investment in associates	109	129	147	145	242	15	98	226	536
Net gains/losses on financial instrument	107	72	42	135	-270	7	-13	106	121
Net income on financial investments	216	240	190	297	-28	22	89	340	676
Total income	1.613	1.604	1.567	1.667	1.399	1.443	1.440	1.692	1.955
Personnel expenses	382	401	357	330	348	396	375	357	344
Administrative expenses	123	121	126	130	140	152	132	137	134
Other operating costs	107	107	112	110	104	130	108	108	105
Total operating cost	612	629	595	570	592	678	615	602	583
Operating profit before impairments	1.001	975	972	1.097	807	765	825	1.090	1.372
Impairments on loans and financial commitments	121	270	369	831	560	139	66	-19	49
Pre-tax profit	880	705	603	266	247	626	759	1.109	1.323
Tax expense	162	97	98	10	26	141	166	209	177
Profit after tax	718	608	505	256	221	485	593	900	1.146

Profitability

Return on equity per quarter ¹⁾	11,6 %	9,7 %	8,2 %	4,0 %	3,4 %	8,3 %	10,5 %	16,2 %	21,2 %
Cost percentage ¹⁾	37,9 %	39,2 %	38,0 %	34,2 %	42,3 %	47,0 %	42,7 %	35,6 %	29,8 %
Combined weighted average spread for lending and deposits ¹⁾	1,40 %	1,40 %	1,48 %	1,50 %	1,64 %	1,64 %	1,61 %	1,58 %	1,60 %

Balance sheet figures from quarterly accounts

Gross loans to customers	221.291	219.181	216.796	214.432	212.161	207.114	203.575	198.626	196.468
Gross loans to customers including SB1 BK and SB1 NK ²⁾	221.291	219.181	220.186	218.630	216.354	211.357	209.854	207.513	205.406
Growth in loans over last 12 months ¹⁾	4,3 %	5,8 %	6,5 %	8,0 %	8,0 %	7,8 %	11,2 %	11,0 %	12,7 %
Growth in loans incl SB1 BK and SB1 NK ¹⁾²⁾	2,3 %	3,7 %	4,9 %	5,4 %	5,3 %	4,9 %	6,8 %	7,3 %	8,7 %
Deposits from customers	128.108	118.170	113.248	111.170	105.545	103.106	102.181	102.693	98.991
Growth in deposits over last 12 months ¹⁾	21,4 %	14,6 %	10,8 %	8,3 %	6,6 %	4,3 %	1,9 %	-3,0 %	-0,6 %
Total assets	296.492	287.049	280.338	278.715	278.639	255.895	251.604	246.462	241.926
Average total assets	287.621	282.912	280.147	275.917	264.959	256.488	251.291	245.009	237.959

Impairments on loans and financial commitments

Impairment ratio, annualized ¹⁾	0,22 %	0,50 %	0,68 %	1,56 %	1,07 %	0,27 %	0,13 %	-0,04 %	0,10 %
Impairment ratio, including loans SB1 BK and SB1 NK ¹⁾²⁾	0,22 %	0,49 %	0,67 %	1,53 %	1,05 %	0,26 %	0,13 %	-0,04 %	0,10 %

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 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Loans and financial commitments in Stage 2 and Stage 3 ¹⁾									
Loans and financial commitments in Stage 3 in % of gross loans and financial commitments ¹⁾	1,91 %	1,90 %	1,59 %	1,87 %	1,42 %	1,32 %	1,34 %	1,23 %	1,22 %
Loans and financial commitments in Stage 3 in % of gross loans and fin. commitments, incl. loans SB1 BK and SB1 NK ¹⁾²⁾	1,91 %	1,90 %	1,57 %	1,84 %	1,40 %	1,30 %	1,30 %	1,19 %	1,17 %
Loans and financial commitments in Stage 2 in % of gross loans and financial commitments ¹⁾	5,78 %	6,20 %	6,21 %	5,51 %	6,67 %	6,97 %	7,39 %	6,80 %	6,85 %
Loans and financial commitments in Stage 2 in % of gross loans and fin. commitments, incl. loans SB1 BK og SB1 NK ¹⁾²⁾	5,78 %	6,20 %	6,13 %	5,42 %	6,56 %	6,85 %	7,20 %	6,56 %	6,60 %
Solidity									
Common equity Tier 1 capital ratio ³⁾⁵⁾⁶⁾	18,1 %	18,3 %	18,5 %	18,3 %	17,7 %	17,0 %	14,2 %	14,4 %	14,7 %
Tier 1 capital ratio ³⁾⁵⁾⁶⁾	19,7 %	19,9 %	20,2 %	19,9 %	19,2 %	18,6 %	15,6 %	15,8 %	16,0 %
Capital ratio ³⁾⁵⁾⁶⁾	21,5 %	21,7 %	22,0 %	21,8 %	21,0 %	20,4 %	17,3 %	17,5 %	17,7 %
Tier 1 capital ³⁾⁵⁾⁶⁾	24.408	24.127	24.489	24.299	24.182	22.626	22.149	22.068	21.475
Net primary capital	26.612	26.336	26.728	26.538	26.421	24.866	24.498	24.417	23.759
Risk weighted balance ³⁾	123.860	121.262	121.494	121.918	125.780	121.744	141.712	139.545	134.649
Leverage ratio	7,6 %	7,8 %	7,9 %	7,8 %	7,9 %	7,8 %	7,5 %	7,6 %	7,7 %
Liquidity									
Liquidity Coverage Ratio (LCR) ⁴⁾	141 %	157 %	154 %	159 %	135 %	155 %	153 %	154 %	172 %
Deposit-to-loan ratio ¹⁾	57,9 %	53,9 %	52,2 %	51,8 %	49,7 %	49,8 %	50,2 %	51,7 %	50,4 %
Deposit-to-loan ratio, incl loans SB1 BK and NK ¹⁾²⁾	57,9 %	53,9 %	51,4 %	50,8 %	48,8 %	48,8 %	48,7 %	49,5 %	48,2 %
Branches and staff									
Number of branches	34	34	35	34	33	33	34	34	35
Number of man-years	1.275	1.283	1.279	1.255	1.272	1.260	1.250	1.228	1.192
Number of man-years including temps	1.321	1.332	1.326	1.323	1.336	1.352	1.309	1.322	1.256
SpareBank 1 SR-Bank share									
Market price at end of quarter	105,00	91,00	77,40	69,90	59,20	100,00	99,15	103,90	99,40
Market capitalisation	26.854	23.273	19.795	17.877	15.140	25.575	25.358	26.573	25.422
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⁾	93,12	95,97	93,51	91,32	90,55	89,90	87,60	85,44	86,55
Earnings per share, NOK (annualised)	2,74	2,30	1,90	0,91	0,77	1,84	2,27	3,49	4,47
Price/earnings per share ¹⁾	9,58	9,89	10,18	19,20	19,22	13,59	10,92	7,44	5,56
Price / Book equity (group) ¹⁾	1,13	0,95	0,83	0,77	0,65	1,11	1,13	1,22	1,15
Annualised turnover rate in quarter ⁷⁾	7,2 %	5,3 %	6,1 %	11,0 %	9,4 %	4,7 %	3,6 %	5,3 %	5,3 %
Effective return ⁸⁾	15,4 %	17,6 %	10,7 %	18,1 %	-40,8 %	0,9 %	-4,6 %	9,1 %	11,4 %

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⁾ Historical capital ratio figures prior to 31.12.2019, are based on the capital adequacy rules and regulations 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

¹⁾ A decision was made in April 2020 not to pay dividend for 2019 at this time. Historical figures per 31 December 2019 was not changed. The board have exercised the authorisation from April 2020 and on a board meeting 10th of February 2021 approved a dividend of NOK 5.50 per share for the financial year 2019. The dividend was paid as at 19th March 2021.

²⁾ The board have received authorisation from the general meeting as at 28th April 2021, to decide about the distribution of a dividend for 2020 of up to NOK 3.10 per share, in accordance with applicable regulations.

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

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2021 Financial Calendar

Preliminary annual results for 2020	Thursday 11 February
Annual Report	Thursday 25 March
Annual General Meeting	Wednesday 28 March
Q1 2021	Thursday 6 May
Q2 2021, Half-yearly Report	Wednesday 11 August
Q3 2021	Thursday 28 October