

Quarterly report 2021

Q2

Key figures SpareBank 1 SR-Bank Group (MNOK)

MAIN FIGURES	01.01 - 30.06		Q2	Q2	Year
	2021	2020	2021	2020	2020
Net interest income	1.996	2.107	1.001	1.026	4.142
Net commission and other income	856	690	454	344	1.396
Net income on financial investments	459	269	243	297	699
Total income	3.311	3.066	1.698	1.667	6.237
Total operating costs	1.293	1.162	681	570	2.386
Operating profit before impairments	2.018	1.904	1.017	1.097	3.851
Impairments on loans and financial commitments	179	1.391	58	831	2.030
Pre-tax profit	1.839	513	959	266	1.821
Tax expense	305	36	143	10	231
Profit after tax	1.534	477	816	256	1.590
BALANCE SHEET					
Gross loans to customers	225.791	214.432			219.181
Gross loans to customers including SB1 BK ²⁾	225.791	218.630			219.181
Deposits from customers	136.209	111.170			118.170
Total assets	299.939	278.715			287.049
Average total assets	290.768	269.266			275.235
Selected key figures (for further key figures see page 46 of the interim report)					
Return on equity ¹⁾	12,4 %	3,7 %	13,2 %	4,0 %	6,4 %
Cost ratio ¹⁾	39,1 %	37,9 %	40,1 %	34,2 %	38,3 %
Combined weighted total average spread for lending and deposits ¹⁾	1,38 %	1,57 %	1,4 %	1,5 %	1,50 %
Balance growth					
Growth in loans ¹⁾	5,3 %	8,0 %			5,8 %
Growth in loans incl SB1 BK ^{1) 2)}	3,3 %	5,4 %			3,7 %
Growth in deposits ¹⁾	22,5 %	8,3 %			14,6 %
Solidity					
Common equity Tier 1 capital ratio ⁵⁾	17,9 %	18,3 %			18,3 %
Tier 1 capital ratio ⁵⁾	19,5 %	19,9 %			19,9 %
Capital ratio ⁵⁾	21,2 %	21,8 %			21,7 %
Tier 1 capital ⁵⁾	24.805	24.299			24.127
Risk weighted balance	127.398	121.918			121.262
Leverage ratio	7,5 %	7,8 %			7,8 %
Liquidity					
Liquidity Coverage Ratio (LCR) ³⁾	167 %	159 %			157 %
Deposit-to-loan ratio ¹⁾	60,3 %	51,8 %			53,9 %
Deposit-to-loan ratio, incl loans SB1 BK ^{1) 2)}	60,3 %	50,8 %			53,9 %
Impairments on loans and financial commitments ¹⁾					
Impairment ratio ¹⁾	0,16 %	1,32 %			0,95 %
Impairment ratio, incl. loans SB1 BK and ^{1) 2)}	0,16 %	1,29 %			0,94 %
Loans and financial commitments in Stage 3 ¹⁾					
Loans and financial commitments in Stage 3, % of gross loans and financial commitments ¹⁾	1,79 %	1,87 %			1,90 %
Loans and financial commitments in Stage 3, % of gross loans and financial commitments, incl. loans SB1 BK ^{1) 2)}	1,79 %	1,84 %			1,90 %
SpareBank 1 SR-Bank share					
	30.06.21	31.12.20	31.12.19	31.12.18	31.12.17
Market price	113,70	91,00	100,00	89,20	87,00
Market capitalisation (MNOK)	29.079	23.273	25.575	22.813	22.250
Book equity per share (including dividends) (group) ¹⁾	96,08	95,97	89,90	82,27	77,24
Earnings per share, NOK	5,87	5,87	12,06	8,96	8,16
Dividends per share ⁵⁾			5,50	4,50	4,25
Price / Earnings per share ¹⁾	9,68	15,50	8,29	9,96	10,66
Price / Book equity ¹⁾	1,18	0,95	1,11	1,08	1,13
Effective return ⁴⁾	24,9 %	-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 Boligkreditt is abbreviated to SB1 BK

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

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

⁵⁾ 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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A strong result characterised by growth, increased income and significantly lower impairment provisions

Q2 2021

- Pre-tax profit: NOK 959 million (NOK 266 million)
- Net profit for the quarter: NOK 816 million (NOK 256 million)
- Return on equity after tax: 13.2% (4.0%)
- Earnings per share: NOK 3.13 (NOK 0.91)
- Net interest income: NOK 1,001 million (NOK 1,026 million)
- Net commissions and other operating income: NOK 454 million (NOK 344 million)
- Net income from financial investments: NOK 243 million (NOK 297 million)
- Operating costs: NOK 681 million (NOK 570 million)
- Impairments on loans and financial liabilities: NOK 58 million (NOK 831 million)
(Q2 2020 in brackets)

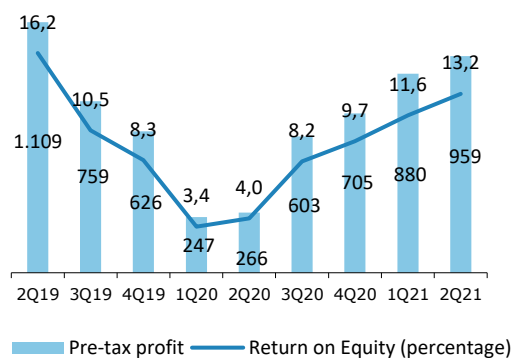
H1 2021

- Pre-tax profit: NOK 1,839 million (NOK 513 million)
- Net profit for the period: NOK 1,534 million (NOK 477 million)
- Return on equity after tax: 12.4% (3.7%)
- Earnings per share: NOK 5.87 (NOK 1.68)
- Net interest income: NOK 1,996 million (NOK 2,107 million)
- Net commissions and other operating income: NOK 856 million (NOK 690 million)
- Net income from financial investments: NOK 459 million (NOK 269 million)
- Operating costs: NOK 1,293 million (NOK 1,162 million)
- Impairments on loans and financial liabilities: NOK 179 million (NOK 1,391 million)
- Total lending growth over past 12 months: 3.3% (5.4%)
- Growth in deposits over past 12 months: 22.5% (8.3%)
- Common Equity Tier 1 capital ratio¹: 17.9% (18.3%)
- Tier 1 capital ratio¹: 19.5% (19.9%)
(H1 2020 figures in brackets)

The group's results for Q2 2021

The group can point to good profit growth in the last few quarters due to strong underlying operations, lower impairment provisions and good financial results. The return on equity after tax increased to 13.2% in the second quarter of 2021 (4.0%), up from 11.6% in the first quarter of 2021. The group posted a pre-tax profit of NOK 959 million for the second quarter of 2021 (NOK 266 million), NOK 79 million higher than for the previous quarter, of which NOK 63 million was due to reduced impairment provisions. The acquisition of Tveit Regnskap AS with effect from 15 April 2021 resulted in both increased commissions and costs in the second quarter of 2021. In addition to this, income from financial investments increased as a result of increased income from associated companies.

Fig. 1 Financial performance



¹ A decision has been made not to pay a dividend for 2020 at this time. 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 at a later point in time, in line with the applicable regulations.

Net interest income amounted to NOK 1,001 million in the second quarter of 2021 (NOK 1,026 million), an increase of NOK 6 million from the previous quarter. In the first quarter of 2021, this included NOK 30 million in one-time interest income related to, among other things, gains from the sale of leased buildings. Adjusted for this interest income, net interest income increased by NOK 36 million from the first quarter of 2021, around NOK 11 million of which was due to one extra interest day in the second quarter. The average interest margin (net interest income as a percentage of average total assets) was 1.36% in the second quarter of 2021 (1.50%), down from 1.40% in the first quarter of 2021.

Net commissions and other operating income amounted to NOK 454 million in the second quarter of 2021 (NOK 344 million), an increase of NOK 52 million from the previous quarter, of which NOK 45 million was due to increased commissions from SpareBank 1 SR-Bank ForretningsPartner AS. The recently acquired Tveit Regnskap AS was consolidated from 15 April 2021. Commissions from real estate brokerage rose by NOK 22 million compared with the previous quarter, while income from facilitation/customer fees decreased by NOK 28 million in the same period.

Net income from financial investments was NOK 243 million in the second quarter of 2021 (NOK 297 million), an increase of NOK 27 million compared with the previous quarter. The increase was due to a combination of NOK 9 million in increased dividends, NOK 84 million in increased income from ownership interests and a NOK 66 million decrease in income from financial instruments since the previous quarter. The increased income from ownership interests was primarily due to increased income from SpareBank 1 Gruppen AS, while the decrease can largely be explained by the high level of income from financial instruments seen in the first quarter of 2021 due to an increase in the value of investments in FinStart Nordic AS.

Operating costs amounted to NOK 681 million in the second quarter of 2021 (NOK 570 million), an increase of NOK 69 million from the previous quarter, of which NOK 46 million was due to increased costs in SpareBank 1 SR-Bank ForretningsPartner AS following the acquisition of Tveit Regnskap AS with effect from 15 April 2021. NOK 8 million of the remaining increase in costs came from EiendomsMegler 1 SR-Eiendom AS due to greater activity in the real estate market, while the parent bank and other subsidiaries saw operating

costs increase by NOK 15 million due to good activity in the second quarter of 2021.

Impairments on loans and financial liabilities decreased by NOK 63 million from the first quarter of 2020 to NOK 58 million in the second quarter of 2021 (NOK 831 million). The impairment provisions in the second quarter of 2021 were linked to a small number of customers.

Financial performance – H1 2021

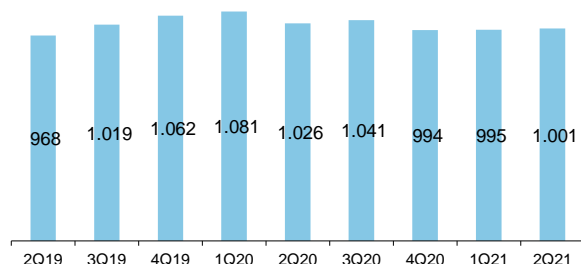
The group's pre-tax profit for the first half of 2021 amounted to NOK 1,839 million (NOK 513 million), an increase of NOK 1,326 million compared with the first half of 2020, of which lower impairment provisions accounted for NOK 1,212 million. The group's operating profit for the first half of 2021 continued to be impacted by the ripple effects of the Covid-19 pandemic, although to a considerably less extent than was the case in the first half of 2020.

The group's operating profit before impairment provisions increased by NOK 114 million from NOK 1,904 million to NOK 2,018 million. The good financial performance in underlying operations was mainly attributable to increased commissions and income from financial investments, which was partly offset by somewhat lower interest income and higher costs. The group's return on equity after tax for the first half of 2021 increased to 12.4% (3.7%).

Net interest income

The group's net interest income totalled NOK 1,996 million for the first half of 2021 (NOK 2,107 million), a decrease of NOK 111 million from the first half of 2020. The decrease in net interest income was due to a combination of lower lending and deposit margins so far this year compared with the same period last year and these only being partially offset by the overall increase in lending and deposit volumes. NOK 118 million of the reduction in net interest income came in the corporate market, primarily due to lower margins and a reduction in the lending volume. In the retail market, the lower margins were compensated for by an increase in volume and interest income increased by NOK 83 million from the first half of 2020 to the first half of 2021.

Fig. 2 Net interest income



The average interest margin was 1.38% in the first half of 2021, compared with 1.57% in the first half of 2020, primarily due to lower margins, as well as high deposit growth, mainly within the corporate market and larger institutional customers.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 856 million in the first half of 2021 (NOK 690 million), an increase of NOK 166 million (equivalent to 24%) compared with the same period last year.

Table 1, Commission and other income

	30.06.21	30.06.20
Payment facilities	111	130
Savings/placements	114	96
Insurance products	112	101
Commission income real estate broking	242	189
Guarantee commission	48	48
Arrangement- and customer fees	74	33
Commission income ForretningsPartner	145	83
Commission income SB1 Boligkreditt	-	3
Other	10	7
Total commission and other income	856	690

Income from money transfer services amounted to NOK 111 million in the first half of 2021 (NOK 130 million), which is NOK 19 million less than in the same period last year. The reduction was due to reduced card use abroad due to significantly less travel activity following the Covid-19 outbreak. Income from savings/investments increased by NOK 18 million to NOK 114 million in the first half of 2021 (NOK 96 million) due to good activity in the fund market. Income from insurance products increased by NOK 11 million to NOK 112 million (NOK 101 million), of which NOK 8 million was due to increased profit commission caused by lower insurance claims. The income from real estate brokerage amounted to NOK 242 million (NOK 189 million), an increase of NOK 53 million

compared with the first half of 2020 that was due to continued high levels of activity in the property market. Customer fees increased by NOK 41 million to NOK 74 million in the first half of 2021 (NOK 33 million) thanks to corporate finance's high earnings so far this year due to the completion of projects. The income from SpareBank 1 SR-Bank ForretningsPartner AS amounted to NOK 145 million (NOK 83 million), an increase of NOK 62 million compared with the same period last year, primarily due to the acquisition of Tveit Regnskap AS with effect from 15 April 2021 and the acquisition of Fast Solutions AS with effect from 1 September 2020.

Net income from financial investments

Net income from financial investments in the first half of 2021 totalled NOK 459 million (NOK 269 million). In the first half of 2020, income from financial instruments was heavily impacted by the outbreak of Covid-19 in March 2020.

Table 2, Income on investment securities

	30.06.21	30.06.20
Dividends	9	17
Investment income, associates	302	387
Income from financial instruments	148	-135
- Capital gains/losses on securities	132	-176
- Capital gains/losses interest/currency	16	41
Total income on investment securities	459	269

The income from ownership interests amounted to NOK 302 million in the first half of 2021 (NOK 387 million), a decrease of NOK 85 million compared with the same period last year. NOK 340 million of the reduction compared with the first half of 2020 was due to merger income related to Fremtind Forsikring AS last year. Adjusted for merger income, the income from ownership interests increased by NOK 255 million from the same period last year. The ordinary profit contribution from SpareBank 1 Gruppen AS increased by NOK 222 million and the profit contribution from BN Bank ASA increased by NOK 32 million from the first half of 2020 to the first half of 2021. For more information about the underlying results in associated companies, see the section on page 13.

Table 3, Income ownership interests

The share of net profit after tax	30.06.21	30.06.20
SpareBank 1 Gruppen AS	215	-7
-Merger effects Fremtind	-	340
BN Bank ASA	82	50
SpareBank 1 Kreditt AS	1	2
SpareBank 1 Forvaltning AS	6	-
SpareBank 1 Boligkreditt AS	2	1
SpareBank 1 Næringskreditt AS	4	3
SpareBank 1 Betaling AS	-5	-2
FinStart Nordic AS*	-3	-
Total income from ownership interests	302	387

* 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 148 million in the first half of 2021 (NOK -135 million), an increase of NOK 283 million compared with the same period last year. Capital gains on securities amounted to NOK 132 million (NOK 176 million in capital losses), while capital gains from interest and currency trading amounted to NOK 16 million (NOK 41 million).

The capital gains on securities of NOK 132 million (capital losses of NOK 176 million) were attributable to a combination of capital losses including hedging instruments totalling NOK 41 million (capital losses of NOK 82 million) from the fixed income portfolio and capital gains of NOK 173 million (capital losses of NOK 94 million) from the portfolio of equities and equity certificates. Of the capital gains on equities and equity certificates, NOK 73 million was due to an increase in value of the investments in FinStart Nordic AS (NOK 71 million decrease in value). The value of the investment in Sandnes Sparebank increased by NOK 72 million (NOK 31 million decrease in value), and SR-Fondene saw an increase in value of NOK 13 million in the first half of 2021 (NOK 5 million decrease in value). NOK 51 million of the NOK 73 million increase in the value of FinStart Nordic AS was linked to the investment in Boost Ai AS.

Capital gains from interest and currency trading amounted to NOK 16 million in the first half of 2021 (NOK 41 million). Capital gains from customer and own account trading amounted to NOK 63 million (NOK 61 million), negative effects from basis swaps amounted to NOK 56 million (NOK 16 million in positive effects), while the sum of hedging recognition

and other IFRS effects was NOK 9 million in the first half of 2021 (NOK -36 million).

Operating costs

The group's operating costs amounted to NOK 1,293 million for the first half of 2021 (NOK 1,162 million), a year-on-year increase of NOK 131 million, or 11.3%.

Table 4, Operating expenses

	30.06.21	30.06.20
Personnel expenses	805	678
IT expenses	189	190
Marketing	37	36
Administrative expenses	28	42
Operating expenses from real estate	17	16
Other operating expenses	127	117
Depreciation	90	83
Total operating expenses	1.293	1.162

NOK 58 million of the increase in costs was due to higher costs in SpareBank 1 SR-Bank ForretningsPartner AS resulting from the acquisition of Fast Solutions AS with effect from 1 September 2020 and the acquisition of Tveit Regnskap AS with effect from 15 April 2021. The high level of activity in the real estate market resulted in a NOK 33 million increase in costs in EiendomsMegler 1 SR-Eiendom AS. The group's cost growth was also affected by increased bonus provisions due to expectations of a higher profit for 2021 compared with 2020. Adjusted for the increased costs in SpareBank 1 SR-Bank ForretningsPartner AS and EiendomsMegler 1 SR-Eiendom AS, as well as NOK 33 million in increased bonus provisions in the parent bank, the group's operating costs increased by NOK 6 million (0.6%) from the first half of 2020 to the first half of 2021.

Personnel costs amounted to NOK 805 million in the first half of 2021, an increase of NOK 127 million compared with the same period last year. Excluding the change in bonus provisions and higher personnel costs in EiendomsMegler 1 SR-Eiendom AS and SpareBank 1 SR-Bank ForretningsPartner AS, personnel costs increased by NOK 13 million (2.6%) from the first half of 2020 to the first half of 2021.

Other operating costs amounted to NOK 488 million for the first half of 2021 (NOK 484 million), a year-on-year increase of NOK 4 million. As a consequence of the Covid-19 outbreak in March 2020, administration costs linked to travel, training, hospitality and meeting activities decreased by NOK 8 million compared with the first half of 2020, while costs for contracted

temporary labour decreased by NOK 4 million. Depreciation increased by NOK 7 million from the first half of 2020 to NOK 90 million in the first half of 2021 due to NOK 5 million in increased depreciation for lease rights and NOK 5 million in asset decommissioning in the first half of 2021.

The group's cost/income ratio, costs measured as a percentage of income, was 39.1% for the first half of 2021 (37.9%). The parent bank's cost/income ratio decreased to 28.3% (30.9%) in the first half of 2021.

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 179 million in the first half of 2021, a decrease of NOK 1,212 million compared with the first half of 2020. Last year, impairment provisions were heavily affected by the outbreak of Covid-19. Impairment provisions were sharply reduced in the first half of 2021 due to the pandemic's limited impact with respect to credit quality and the need for impairment provisions.

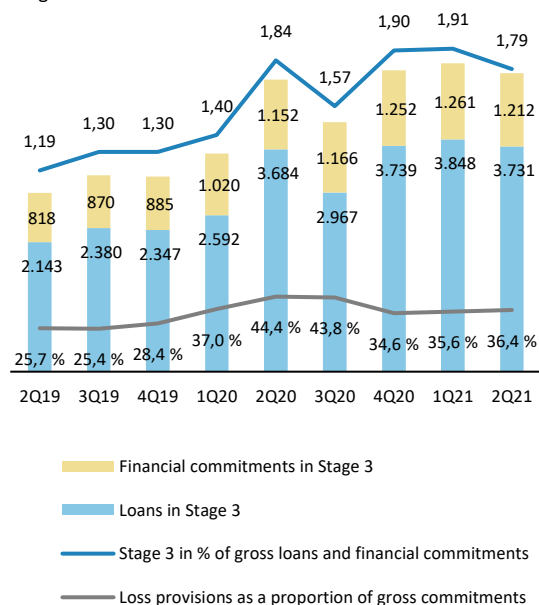
Registered payment defaults are low. The group's customers have coped well with the outbreak of Covid-19. Customers made limited use of the option to defer payment deadlines and a large proportion of liquidity loans granted in connection with the pandemic have been repaid. Offshore exposure has been heavily reduced in the last 5 years.

The group's impairments on loans and financial liabilities amounted to 0.16% of gross loans at the end of the first half of 2021 (1.29%).

Closely monitoring customers and prevention work are important measures that the group actively employs to maintain a good risk profile in the group's loan portfolio. Because of the low oil prices and Covid-19 outbreak, this work was further reinforced from March 2020. 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, across the group. The group have been working proactively to find solutions for customers in the form of financing relief measures and liquidity grants. In combination with government support measures, this has made it easier for customers to cope with the impact of the pandemic, and at the same time 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 4,943 million at the end of the second quarter of 2021 (NOK 4,836 million), of which provisions as a percentage of gross exposures were 36.4% (44.4%). Gross loans and financial liabilities classified as Stage 3 corresponded to 1.79% (1.84%) of gross loans and financial liabilities.

Fig. 3 Gross loans and financial commitments in Stage 3



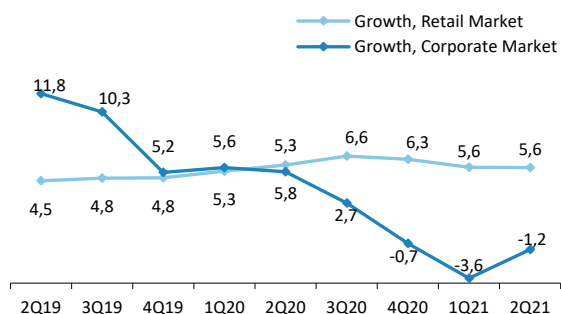
Loans to and deposits from customers

Gross loans amounted to NOK 225.8 billion at the end of the second quarter of 2021 (NOK 214.4 billion). At the end of the quarter, no loans had been sold to SpareBank 1 Boligkreditt AS (NOK 4.2 billion). Gross lending growth, inclusive of the mortgage company, was 3.3% in the past 12 months (5.4%). Adjusted for exchange rate effects of NOK -0.8 billion in the past 12 months, gross lending growth, including the mortgage companies, was 3.6%.

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 1.2% in lending. Adjusted for exchange rate effects of NOK -0.7 billion in the past 12 months, lending has

decreased by 0.3% 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 picked up in the first half of 2021 and has grown by 4.1% so far this year.

Fig. 4 12 month lending growth (percentage)



Loans to the retail market accounted for 62.2% of total loans at the end of the second quarter of 2021 (60.9%).

The group's total loan exposure of NOK 225.8 billion (NOK 218.6 billion) included a majority of exposures with a probability of default of less than 0.5%. These exposures accounted for 65.3% (64.2%) of the portfolio. The overall lending portfolio generally consisted of exposures of less than NOK 10 million. These accounted for 67.8% (66.7%) of loan exposure and 98.2% (98.3%) of total customers. Of the total loan exposure, 18.4% (20.1%) was to customers with exposures in excess of NOK 100 million.

Over the past 12 months, deposits from customers rose by 22.5% (8.3%) to NOK 136.2 billion (NOK 111.2 billion). Excluding deposits from customers in the public sector, deposits from customers have increased by 12.1% in the past 12 months. In addition to the high public sector volumes, the high growth in deposits was due to deposit growth of 7.6% in the retail market and 20.5% in the rest of the corporate market. At the end of the second quarter of 2021, deposits from the corporate market and public sector accounted for 57.3% (51.2%) of the group's customer deposits. At end of the second quarter of 2021, the deposit coverage ratio, measured as deposits as a percentage of gross loans, had increased to 60.3% (51.8%).

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

In addition to ordinary customer deposits, the group also has capital under management in alternative investment products. These amounted to NOK 31.5 billion at the end of the second quarter of 2021 (NOK 23.4 billion). This management is primarily performed by SR-Forvaltning AS and SpareBank 1 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 was NOK 890 million in the first half of 2021 (NOK 800 million), NOK 90 million higher than in the same period last year. Net interest income increased by NOK 83 million and net commissions increased by NOK 7 million compared with the same period last year. Commissions remained lower in the area of money transfers due to Covid-19 restrictions, while income increased by NOK 20 million for insurance and investment services.

Table 5, Retail market

	30.06.21	30.06.20
Interest income	902	819
Commission and other income	266	259
Income on investment securities	-	1
Total income	1.168	1.079
Total operating expenses	278	279
Operating profit before impairments	890	800
Impairments on loans and financial commitments	-1	76
Pre-tax profit	891	724

Activity levels in the housing market increased in the first half of 2021 and the retail market division is experiencing good demand for loans, both in new and established market areas. House prices in Rogaland are now rising on a par with the rest of the country.

actual funding costs and the applied interest on intercompany receivables are eliminated at the group level.

The trend of more customers repaying more on their loans continues. The competition for residential mortgage customers is fierce and lower money market rates have further lowered mortgage prices.

The high level of activity in the savings and investment market continued in the second quarter of 2021. There was good demand for pension accounts and personal insurance sales were also strong. Lending growth in the past 12 months was 5.6% at the end of the second quarter of 2021. Deposit growth in the last 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 92.9% at the end of the second quarter of 2021 (86.9%). The model-calculate IRB risk weights³ for residential mortgages were 18.5% at the end of the quarter (21.1%), reflecting a solid, stable portfolio. Due to regulatory requirements for minimum risk weights of 20% for residential mortgages, a 20% risk weight was used in the capital adequacy reporting.

Corporate market division²

The corporate market division's contribution before impairment provisions was NOK 1,061 million in the first half of 2021 (NOK 1,112 million), NOK 51 million less than in the same period 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 period last year. The division's pre-tax profit was NOK 881 million in the first half of 2021 (NOK -203 million).

Table 6, Corporate market

	30.06.21	30.06.20
Interest income	967	1.085
Commission and other income	176	150
Income on investment securities	34	-10
Total income	1.177	1.225
Total operating expenses	116	113
Operating profit before impairments	1.061	1.112
Impairments on loans and financial commitments	180	1.315
Pre-tax profit	881	-203

³ The IRB rules define residential mortgage loans as exposures secured by collateral in residential/real property where the

The division's lending has decreased by 0.6% 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 half of 2021 and the division has seen lending growth of 4.1% in the year to date. The division's deposits have increased by 21.1% (NOK 20.4 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 still remain within the offshore/platform segment. The proportion of exposures with a probability of default of less than 2.5% through a full loss cycle was 84.8% of the portfolio at the end of the second quarter of 2021 (84.1%). The property sector portfolio represents the group's largest concentration in a single sector and accounted for 14.2% (14.8%) 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 eventual new challenging situations.

Greater control of the Covid-19 pandemic and the fact that vaccination programmes are making progress, both in Norway and internationally, have led to greater optimism about economic developments going forward. This is also reflected by more normal levels of individual impairment provisions in the corporate market portfolio. Impairments on loans and financial liabilities amounting to NOK 179 million were

collateral in the real property amounts to at least 30%. The figures include the portfolio in SR-Boligkreditt AS.

recognised in the first half of 2021 (NOK 1,315 million).

Capital market division ⁴

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

SR-Bank Markets' operating income amounted to NOK 131 million in the first half of 2021 (NOK 117 million). The income generated is recognised as income in the business areas to which the customers are assigned, primarily the corporate market division. NOK 54 million was recognised as income in the business areas in the first half of 2021 (NOK 53 million). Costs amounted to NOK 34 million in the first half of 2021 (NOK 28 million), while the pre-tax profit was NOK 43 million (NOK 36 million).

Table 7, Capital market

	30.06.21	30.06.20
Interest income	15	30
Commission and other income	64	53
Income on investment securities	52	34
Total income	131	117
- allocated to Corporate market	54	53
Total income after allocation	77	64
Total operating expenses	34	28
Pre-tax profit	43	36

Total business volumes were at a normal level in the first half of 2021 without significant 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 posted a turnover of NOK 247 million in the first half of 2021 (NOK 193 million) and a pre-tax profit of NOK 47.0 million (NOK 25.8 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 half of 2021, 4,096 (3,184) properties were sold with a total value of around NOK 14.4 billion (NOK

9.8 billion). The supply of new assignments was good with an increase of 212 assignments compared with the same period last year.

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

Good growth in the housing market in the first half of 2021 was mainly driven by low interest rates. 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 the company's market area continues to see high turnover, and Stavanger experienced a 12 months price rise of 10.0%. Together with Kristiansand (11.1%) and Bergen (8.7%) this resulted in a very positive development in the company's market area. The Stavanger area saw turnover growth of 27% in the first half of 2021, closely followed by Kristiansand with 23% growth. 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.

Within commercial real estate, improvements were observed in both the rental and transaction markets in the first half of 2021. The growth in Vestland was particularly good, with turnover doubling from NOK 6.6 million in the first half of 2020 to NOK 13.2 million in the first half of 2021. The supply of assignments is increasing strongly in both Rogaland and Vestland.

SpareBank 1 SR-Bank ForretningsPartner AS

SpareBank 1 SR-Bank ForretningsPartner AS posted a turnover of NOK 156 million for the first half of 2021 (NOK 94 million) and a pre-tax profit of NOK 18.4 million (NOK 14.8 million). The result includes depreciation of intangible assets amounting to NOK 2.3 million (NOK 1.4 million). The company has maintained stable operations during the Covid-19 outbreak and a high level of customer-oriented activity.

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.

With the acquisition of Fast Solutions AS in September 2020 and Tveit Regnskap in April 2021, SpareBank 1 SR-Bank ForretningsPartner AS has established a solid market position in accounting services, with offices in Rogaland, Vestland, Oslo and Agder. 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 51% of the shares. SpareBank 1 SR-Bank ForretningsPartner AS more than doubled its turnover and total employees with this acquisition and is now one of Norway's largest players within accounting and advisory services.

SR-Forvaltning AS

The company posted a turnover of NOK 53.8 million for the first half of 2021 (NOK 45.7 million) and a pre-tax profit of NOK 16.2 million (NOK 9.9 million). In the first half of 2021, the company saw positive net subscriptions of NOK 620 million. SR-Bank Fondene in particular saw good growth. Savings agreement business grew particularly well, both in terms of volume and numbers. The assets under management at the end of the second quarter of 2021 amounted to NOK 15.4 billion (NOK 12.3 billion).

SR-Forvaltning AS 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 posted a pre-tax profit of NOK 254.0 million for the first half of 2021 (NOK 349.4 million). The lower result was primarily due to lower effects from basis swaps. The negative effects of basis swaps amounted to NOK 186.7 million in the first half of 2021, compared with NOK 64.9 million in positive effects in the first half of 2020. Net interest income increased by NOK 135.9 million from the first half of 2020 to the first half 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 second quarter of 2021, the company had issued covered bonds with a nominal value of NOK 82.8 billion (NOK 82.4 billion) and bought loans worth NOK 90.5 billion (NOK 77.0 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, contribute to the streamlining of its core business, and, at the same time, achieve a financial return on the company portfolio. The company also manages an existing portfolio from the former SR-Investering, which is primarily invested in the oil industry.

The company posted a pre-tax result of NOK 69.1 million for the first half of 2021 (NOK -86.9 million). The improved result came from capital gains to the value of the new financial technology (fintech) portfolio totalling NOK 51.0 million and capital gains to the value of the former "SR-Investering" portfolio totalling NOK 22.6 million. A sell-down of the investment in Boost Ai AS to Nordic Capital contributed significantly to the increase in value.

In spite of Covid-19, the fintech portfolio has seen positive growth in the past year and the market for raising capital improved in the first half of 2021. On 21 May 2021, NORD.Investments AS became the first listed company in FinStart Nordic AS's portfolio with its listing on the NASDAQ First North Growth Market. The company has experienced strong growth in the Danish market, and further growth and a positive development in value are expected going forward.

Considerable uncertainty surrounding market developments in 2020 resulted in substantial capital losses of the portfolio of the former SR-Investering. This uncertainty has decreased significantly so far in 2021, and recent developments have resulted in capital gains for several of the investments.

Both the new fintech portfolio and the portfolio of the former SR-Investering have prospects for continued

growth and positive developments in value in the short and medium term.

Monner Crowd AS

Monner Crowd 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 Crowd AS's licence was expanded to cover payment initiation service provider (PISP) services and account information service provider (AISP) services under the PSD2 regulations. The company has had two business areas, Monner Crowd and Monner Gründer, where the latter area was spun off and merged into the parent bank with effect from April 2021.

In the first half of 2021, Monner Crowd AS made a profit of NOK 57.7 million (NOK 8.2 million loss), where NOK 70.3 million of the profit was due to proceeds from the sale of the Monner Gründer business to SpareBank 1 SR-Bank ASA. The gain has been eliminated in the group financial statement. Excluding this gain, Monner Crowd AS saw a loss of NOK 12.6 million in the first half of 2021. 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 1,869 private lenders set up Monner savings accounts in the first half of 2021, compared with 637 private lenders in the first half of 2020.

Monner Crowd AS arranges direct loans from private investors (people and limited liability companies) to small and medium-sized Norwegian companies via its proprietary digital platform. At the end of the second quarter of 2021, the company had arranged loans totalling more than NOK 480 million for Norwegian enterprises. 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 AS set a new arrangement record in every month of the first half of 2021. Monner Crowd AS arranged loans for more than NOK 161 million in the first half of 2021 compared with NOK 52 million for the first half 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, SpareBank 1 Factoring AS, Modhi Finance AS and SpareBank 1 Spleis AS. SpareBank 1 Gruppen AS also owns 65% of the shares in Fremtind Forsikring AS and 51% of the shares in LO Favør AS. SpareBank 1 SR-Bank ASA owned a 19.5% stake in SpareBank 1 Gruppen AS at the end of the second quarter of 2021.

SpareBank 1 Gruppen AS posted a record pre-tax profit of NOK 2,000 million for the first half of 2021 (NOK 30 million). The controlling interest's share of the net profit for the year amounted to NOK 1,102 million (NOK -35 million). Fremtind Forsikring AS posted a good result in the first half of 2021 due to a better insurance and financial result with low claim rates and lower operating costs. The claim rates for car insurance and travel insurance were especially low. The insurance result included NOK 160 million of reserves recognised as income linked to the transferred portfolio from DNB Liv AS. The first half of 2020 was strongly affected by the Covid-19 situation.

In the first half of 2021, SpareBank 1 Forsikring AS saw improvements in its risk result, administration result and interest result. Properties in the collective portfolio were written up by NOK 216 million in the first half of 2021, while they were written down by NOK 317 million in the first half of 2020. In addition, compensation provisions totalling NOK 85 million were dissolved in the first half of 2021.

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

an 18.0% stake in SpareBank 1 Utvikling DA at the end of the second quarter of 2021.

SpareBank 1 Forvaltning AS

The establishment of the SpareBank 1 Forvaltning Group was approved by the Financial Supervisory Authority of Norway in the spring of 2021, and the company was transferred from SpareBank 1 Gruppen AS to the alliance banks in May 2021. The company manages the portfolio of savings products and owns 100% of the shares in ODIN Forvaltning AS. SpareBank 1 SR-Bank ASA owned a 19.5% stake in SpareBank 1 Forvaltning AS at the end of the second quarter of 2021.

SpareBank 1 Forvaltning AS posted a pre-tax profit of NOK 42 million for the first half of 2021.

BN Bank ASA

BN Bank ASA is a nationwide bank with its head office in Trondheim. BN Bank ASA posted a pre-tax profit of NOK 314 million in the first half of 2021 (NOK 196 million). The improvement in the result was largely due to lower impairment provisions in the first half of 2021. Net interest income increased by NOK 17 million and other operating income increased by NOK 21 million compared with the same period last year. NOK 21 million in impairment provisions were reversed in the first half of 2021, while impairment provisions of NOK 61 million were recognised as costs in the same period last year.

The bank is owned by the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank ASA's stake was 35.0% at the end of the second 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 posted a pre-tax profit of NOK 8 million for the first half of 2021 (NOK 15 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 18 million to NOK 356 million in the first half of 2021, while commission costs decreased by NOK 2 million compared with the first half of 2020. Impairment provisions amounted to NOK 36 million in the first half of 2021, down from NOK 55 million in the same period 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 owns a 22.41% stake in Vipps AS.

SpareBank 1 Betaling AS posted a pre-tax result of NOK -26 million for the first half of 2021 (NOK -9 million). The negative profit contribution was due to the operating loss in Vipps AS, of which NOK -8 million was due to the correction of the profit for 2020.

Funding and liquidity

SpareBank 1 SR-Bank ASA had very good liquidity at the end of the second quarter of 2021 and believes it will continue to have good access to long-term funding at competitive prices. The group strives to achieve an even maturity structure for funding and believes it is important to have good relations with Norwegian and international investors and banks. The liquidity buffer⁵ was NOK 56.9 billion at the end of the second quarter of 2021 and would cover normal operations for 32 months in the event of closed markets and without net lending growth. NOK 21.6 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 20.9 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 second quarter of 2021 (122%), 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 17.9% at the end of the second quarter of 2021 (18.3%). The

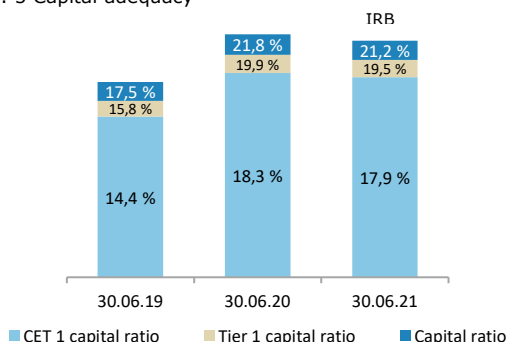
⁵ Liquidity buffer: cash, short-term investments, and drawing rights in Norges Bank (bonds, including covered bonds). Assuming deposits and lending remain unchanged and no new borrowing during the period.

⁶NSFR 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.

⁷ The capital ratio as at 30 June 2019 was based on the capital adequacy rules and regulations from when the so-called 'Basel I floor' applied.

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. The Common Equity Tier 1 capital ratio would have been 17.3% at the end of the second quarter of 2021 if provision had been made for dividends for 2020.

Fig. 5 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 only applies to banks' exposures in Norway, unlike previous buffer requirements that applied to all operations. At the same time, floors for risk weightings for residential mortgages and loans for commercial properties were introduced of 20% and 35%, respectively.

A countercyclical capital buffer requirement applies in Norway in the range of 0-2.5 percentage points in the form of Common Equity Tier 1 capital. The purpose of the countercyclical capital buffer is to make the banks 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 17 June 2021, the Ministry of Finance decided to increase the capital requirement for the countercyclical capital buffer by

0.5 percentage points to 1.5% with effect from 30 June 2022, in line with Norges Bank's advice⁸.

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. The Financial Supervisory Authority of Norway has stipulated a Pillar 2 premium of 1.7 percentage points for the group.

At the end of the second 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 maintained its original capital target in order to take into account expectations of a gradual increase in the countercyclical buffer from 2022.

The Tier 2 capital ratio was 19.5% (19.9%), while the total capital ratio was 21.2% (21.8%) at the end of the second 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). 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.

New crisis management directive and MREL

Based on the EU Crisis Management Directive (BRRD), 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

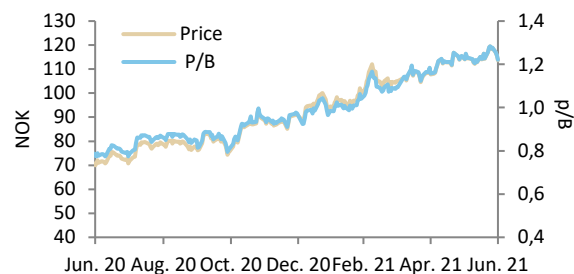
⁸ Norges Bank expects to advise a further increase in the capital requirement for the countercyclical capital buffer during the second half of 2021.

consultation paper on the introduction of BRRD2 in Norway, which entails a MREL subordination requirement of 27.4%. The requirement for lower priority (non-preferred senior debt) must be met by 1 January 2024 and can be phased in 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 second quarter of 2021, SpareBank 1 SR-Bank ASA was carrying senior debt that falls due after 30 June 2022 amounting to NOK 30.9 billion and issued non-preferred senior debt of NOK 2.6 billion. This requirement is, therefore, met by a good margin.

The bank's share

The price of the bank's share (SRBNK) was NOK 113.70 at the end of the second quarter of 2021. This represents an increase of 8.3% since the end of the first quarter of 2021. The main Oslo Børs index increased by 5.9% in the same period. 5.5% of outstanding SRBNK shares were traded in the second quarter of 2021 (11.0%).

Fig.6 Development in Price/Book



There were 15,294 (13,140) shareholders of SRBANK at the end of the second quarter of 2021. The proportion owned by foreign companies and individuals was 22.7% (23.0%), while 65.5% (65.9%) were resident in Rogaland, Agder, Vestland, Oslo and Viken. The 20 largest shareholders owned a combined total of 57.1% (58.5%) of the shares. The bank held 38,255 treasury shares, while employees of the group owned 1.7% (1.7%).

The table below shows the 20 largest shareholders as at 30 June 2021:

Table 8, 20 largest shareholders

	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	72.419	28,3 %
Folketrygdfondet	18.976	7,4 %
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.	4.951	1,9 %
Verdipapirfondet Alfred Berg Gambak	3.561	1,4 %
Odin Norge	3.423	1,3 %
Vpf Nordea Norge Verdi	3.170	1,2 %
Danske Invest Norske Instit. II	3.014	1,2 %
JPMorgan Chase Bank N.A., U.S.A.	2.911	1,1 %
Pareto Aksje Norge	2.740	1,1 %
State Street Bank and Trust Co, U.S.A.	2.415	0,9 %
State Street Bank and Trust Co, U.S.A.	2.156	0,8 %
Clipper AS	2.098	0,8 %
JPMorgan Bank Luxembourg	2.066	0,8 %
Verdipapirfondet Alfred Berg Norge	2.004	0,8 %
KLP Aksjenorge Indeks	1.850	0,7 %
Westco AS	1.797	0,7 %
JPMorgan Bank Luxembourg	1.777	0,7 %
Pareto Invest AS	1.758	0,7 %
Total 20 largest	145.926	57,1 %

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 1,500 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

No material events have been registered after 30 June 2021 that affect the interim financial statements as prepared.

Sustainable development

The business sector's focus on sustainability has significantly increased recently. SpareBank 1 SR-Bank ASA thinks this is a positive development and sees great opportunities in the green shift. The group is actively striving to contribute to sustainable development and believes it has a responsibility to be part of the solution and a proactive ally in the transition to a more sustainable society. The group recently adopted a new sustainability strategy as part of its corporate strategy. Sustainability must form an integral part of all of the group's activities. SpareBank 1 SR-Bank ASA wants to help achieve the goals of the Paris Agreement. This entails a target of net zero emissions from both own operations and loan portfolios by the end of 2050. The group also wants to be part of the climate solution by setting requirements for its own climate work and that of its customers and suppliers. The group supports the UN Sustainable Development Goals and has selected three goals that it will particularly focus on: Goal 5 Gender equality, Goal 8 Decent work and economic growth, and Goal 13 Climate action. The group has developed specific targets for these.

Outlook

The Covid-19 pandemic has persisted into 2021, although the economic consequences have been considerably smaller than they were in 2020. The controlled reopening of economies has started in both Norway and internationally, and public vaccination programmes are well underway. In Norway, everyone aged over 18 has now been offered a first dose and second doses are expected to be offered during the third quarter of 2021. Even though local outbreaks and infection control measures can be expected during the autumn of 2021, optimism has returned in both the corporate and retail markets.

Some industries continue to have challenges with the effects of the pandemic, although there are also a number of industries that have seen 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 half of 2021. However, less international demand and a more volatile oil price are expected to affect economic development for several years to come. According to the latest updated forecasts, the IMF expects the global economy to grow by 6.0% in 2021 and 4.9% in 2022. The growth is expected to be highest in industrialised countries, with somewhat

lower growth in emerging economies due to lower Covid-19 vaccination rates.

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, despite indications of a higher policy rate. 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, 3.1% GDP growth is expected for Mainland Norway in 2021 and 4.3% 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 2.0% 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 September 2021 and see a further three 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 provisions, 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 posted a return on equity of 12.4% for the first half of 2021 and is well-positioned to meet its target.

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. The group's financial strength is very good, improved earnings and the group's impairment provisions were significantly reduced in the first half of 2021. In the opinion of the board, the largest impairment provisions due to lower oil price and Covid-19 are now a thing of the past, and impairment provisions are at normal levels.

In April 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. The authorisation will remain valid until the next ordinary general meeting in 2022. On 23 July 2021, the European Central Bank (ECB) decided not to extend the dividend restrictions for European banks, which will remain in effect until 30 September 2021. Assuming that the Norwegian authorities come to the same conclusion, the board will consider exercising its authority to pay dividends for the 2020 financial year. This assessment will be conducted by no later than 29 October this year before the publication of the financial statements for the third quarter of 2021.

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.

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, 10 August 2021

The Board of Directors of SpareBank 1 SR-Bank ASA

Income statement

Parent bank					Note	Group				
2020	Q2 2020	Q2 2021	01.01.20 - 30.06.20	01.01.21 - 30.06.21		01.01.21 - 30.06.21	01.01.20 - 30.06.20	Q2 2021	Q2 2020	2020
Income statement (MNOK)										
3.525	896	726	2.004	1.498		2.690	3.520	1.327	1.568	6.238
1.726	447	386	965	762		364	379	192	184	715
1.940	468	366	1.175	752		978	1.526	481	610	2.511
13	17	-7	27	-8		80	266	37	116	300
3.298	858	753	1.767	1.516		1.996	2.107	1.001	1.026	4.142
934	220	235	461	495		897	740	471	368	1.501
107	23	18	50	43		44	52	19	24	111
10	2	3	5	6		3	2	2	-	6
837	199	220	416	458		856	690	454	344	1.396
57	17	8	17	9		9	17	9	17	57
836	836	1.087	836	1.106		302	387	193	145	663
-98	36	66	-180	156	13	148	-135	41	135	-21
795	889	1.161	673	1.271		459	269	243	297	699
4.930	1.946	2.134	2.856	3.245		3.311	3.066	1.698	1.667	6.237
1.029	245	277	495	548	14	805	678	423	330	1.436
610	152	159	320	299		398	402	212	199	763
145	34	33	68	70		90	82	46	41	187
1.784	431	469	883	917		1.293	1.162	681	570	2.386
3.146	1.515	1.665	1.973	2.328		2.018	1.904	1.017	1.097	3.851
2.003	820	58	1.379	179	3 and 4	179	1.391	58	831	2.030
1.143	695	1.607	594	2.149	12	1.839	513	959	266	1.821
73	-26	114	-46	232		305	36	143	10	231
1.070	721	1.493	640	1.917		1.534	477	816	256	1.590
982	697	1.479	591	1.885		1.502	428	802	232	1.503
88	24	14	49	32		32	49	14	24	88
										-1
1.070	721	1.493	640	1.917		1.534	477	816	256	1.590
Other comprehensive income										
-10	-48	-7	-116	-5		-5	-116	-7	-48	-7
3	12	2	29	1		1	29	2	12	2
	-36		-87	-4		-4	-87	-5	-36	-5
5	-7	-	-7	-		-	-	-	-	-
						-85	28	-34	-9	47
						21	-7	8	2	-12
						6	1	2	5	12
5	-7	-	-7	-		-58	22	-24	-2	47
-2	-43	-5	-94	-4		-62	-65	-29	-38	42
1.068	678	1.488	546	1.913		1.472	412	787	218	1.632
Earnings per share (group)						5,87	1,68	3,13	0,91	5,87

¹⁾ ECL - Expected credit loss

Balance sheet

Parent bank				Note	Group		
31.12.20	30.06.20	30.06.21	Balance sheet (MNOK)		30.06.21	30.06.20	31.12.20
68	645	137	Cash and balances with central banks		137	645	68
25.304	9.313	18.458	Balances with credit institutions		9.588	8.752	12.589
131.792	135.171	132.309	Loans to customers	4, 8	223.457	211.779	216.966
36.978	40.712	49.133	Certificates and bonds		50.997	38.921	39.921
8.971	10.336	6.281	Financial derivatives	10	5.396	10.229	8.672
596	551	747	Shares, ownership stakes and other securities	17	1.049	860	908
2.246	2.523	2.385	Investment in associates		4.592	4.502	4.523
7.346	7.345	7.586	Investment in subsidiaries		-	-	-
-	-	70	Intangible assets	19	473	281	298
1.002	479	1.016	Deferred tax assets		1.035	496	1.015
295	338	276	Tangible fixed assets		981	1.049	994
915	939	891	Lease rights	18	351	399	346
414	433	1.378	Other assets	5	1.883	802	749
215.927	208.785	220.667	Total assets	12	299.939	278.715	287.049
4.218	3.529	3.465	Balances with credit institutions		2.690	3.414	4.144
118.394	111.381	136.564	Deposits from customers	7	136.209	111.170	118.170
51.749	50.154	40.024	Listed debt securities	11	122.095	127.966	126.764
13.115	16.475	7.404	Financial derivatives	10	3.515	6.976	6.825
669	-	232	Taxes payable		320	93	835
936	952	920	Liabilities associated with lease rights	18	374	409	365
197	296	203	Pension liabilities	14	210	307	205
255	260	227	Impairments on financial commitments	4	227	260	256
378	566	2.997	Other liabilities	6	3.184	740	539
400	-	2.557	Senior non-preferred bonds	11	2.557	-	399
2.154	2.177	2.139	Subordinated loan capital	11	2.139	2.177	2.154
192.465	185.790	196.732	Total liabilities		273.520	253.512	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)}		-	-	1.407
1.850	1.850	1.850	Hybrid capital		1.850	1.850	1.850
			Non-controlling interests				5
12.224	12.524	12.187	Other equity		15.054	14.956	15.150
	-81	1.917	Profit/loss at period end		1.534	221	
23.462	22.995	23.935	Total equity		26.419	25.203	26.393
215.927	208.785	220.667	Total liabilities and equity	12	299.939	278.715	287.049

¹⁾ 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 (MNOK)	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 associates					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					1.534	1.534
Unrecognised actuarial gains and losses after tax					-4	-4
Basisswap spread after tax					-64	-64
Share of profit associated companies and joint ventures					6	6
Year's comprehensive income					1.472	1.472
Hybrid capital						-
Interest on hybridcapital					-32	-32
Non-controlling interests				-	-	-
Transactions against equity in subsidiaries and associated companies					-5	-5
Dividend 2019, resolved in 2021					-1.407	-1.407
Trade in treasury shares					-2	-2
Transactions with shareholders					-1.409	-1.409
Equity as at 30.06.2021	6.394	1.587	1.850	5	16.583	26.419

Statement of cash flows

Parent bank			Cash flow statement	Group		
2020	01.01.20 - 30.06.20	01.01.21 - 30.06.21		01.01.21 - 30.06.21	01.01.20 - 30.06.20	2020
558	-3.120	-636	Change in gross lending to customers ¹⁾	-6.659	-6.646	-12.068
4.646	2.599	1.982	Interest receipts from lending to customers	2.784	3.577	6.405
15.071	8.058	18.170	Change in deposits from customers	18.039	8.064	15.064
-865	-567	-326	Interest payments on deposits from customers	-325	-565	-861
-10.181	4.548	6.925	Change in receivables and debt from credit institutions	2.397	2.292	-5.901
-38	138	-110	Interest on receivables and debt to financial institutions	-218	-150	-389
-5.543	-9.277	-12.155	Change in certificates and bonds ¹⁾	-11.076	-6.129	-7.129
502	294	244	Interest receipts from commercial paper and bonds	253	294	505
860	432	460	Commission receipts	853	725	1.438
-14	-28	-13	Capital gains from sale of trading	110	-39	5
-1.660	-819	-775	Payments for operations	-930	-1.171	-2.372
-1.078	-1.078	-669	Taxes paid	-821	-1.224	-1.225
3.381	8.118	-3.423	Other accruals ¹⁾	-3.729	1.901	4.183
5.639	9.298	9.674	A Net change in liquidity from operations	678	929	-2.345
-37	-27	-98	Investments in tangible fixed assets	-150	-24	-47
6	-	3	Receipts from sale of tangible fixed assets	3	-	6
-252	-237	-370	Change in long-term investments in equities	-241	-246	-257
266	1	12	Receipts from sales of long-term investments in equities	93	36	305
854	853	1.115	Dividends from long-term investments in equities	406	270	271
837	590	662	B Net cash flow, investments	111	36	278
5.802	1.067	2.355	Debt raised by issuance of securities	12.140	14.477	25.367
-9.923	-8.728	-10.554	Repayments - issued securities	-10.554	-12.881	-20.387
-779	-608	-191	Interest payments on securities issued	-420	-963	-1.356
-	-	-	Additional subordinated loan capital issued	-	-	-
-	-	-	Repayments - additional capital instruments	-	-	-
-49	-29	-18	Interest payments on subordinated loans	-18	-29	-49
-	-	-	Increase in debt established by issuing hybrid capital	-	-	-
-88	-49	-32	Interest payments on debt established by issuing hybrid capital	-32	-49	-88
-69	-35	-35	Lease payments	-26	-22	-47
-	-	-1.407	Dividend to share holders	-1.407	-	-
-5.106	-8.382	-9.882	C Net cash flow, financing	-317	533	3.440
1.370	1.506	454	A+B+C Net cash flow during the period	472	1.498	1.373
768	768	2.138	Cash and cash equivalents as at 1 January	2.152	779	779
2.138	2.274	2.592	Cash and cash equivalents at the end of the period	2.624	2.277	2.152
			Cash and cash equivalents specified			
68	645	137	Cash and balances with central banks	137	645	68
2.070	1.629	2.455	Balances with credit institutions	2.487	1.632	2.084
2.138	2.274	2.592	Cash and cash equivalents	2.624	2.277	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

Note 1 Accounting policies and accounting estimates

1.1 Basis of preparation

These interim financial statements for SpareBank 1 SR-Bank ASA cover the period 1 January - 30 June 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 second 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 second 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 first quarter of 2021.

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 30 June 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 still 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 second 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 second 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 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 103 million.

Sensitivity Calculations (NOK millions)	Best Case scenario	Base Case Scenario	Worst Case Scenario	Corporate market	Retail market	SR-Bolig-kreditt	Total Group
Weighting used in Q1-21							
ECL in a strong economic expansion scenario	17,5 %			150	40	12	202
ECL in a normal economic expansion scenario		65,0 %		486	58	21	565
ECL in a recession economic expansion scenario			17,5 %	1.962	221	124	2.307
ECL with the applied scenario weighting: (current, used from the fourth quarter of 2020. Including overarching management discretion)	17,5 %	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 %	1.076	123	62	1.261
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 %	549	70	29	648
Isolated effect of changed scenario weighting - 3 (illustration, not used before)	25,0 %	50,0 %	25,0 %	770	94	45	909
Isolated effect of changed scenario weighting - 4 (illustration, not used before)	33,3 %	33,3 %	33,3 %	866	106	52	1.024

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 liabilities recognised in the income statement

Parent bank				Group		
01.01.20 - 31.12.20	01.01.20 - 30.06.20	01.01.21 - 30.06.21		01.01.21 - 30.06.21	01.01.20 - 30.06.20	01.01.20 - 31.12.20
763	1.214	119	Change in impairments on loans	119	1.226	789
126	132	-29	Change in impairments on financial commitments	-29	132	126
1.150	45	189	Actual loan losses on commitments	189	45	1.150
-1	-2	2	Change in accrued interest	2	-2	-
-	1	-	Change in assets taken over for the period	-	1	-
-35	-11	-102	Recoveries on commitments previously written-off	-102	-11	-35
2.003	1.379	179	The period's net impairments on loans and financial commitments	179	1.391	2.030

Note 4 Impairments on loans and financial liabilities recognised on the balance sheet

Parent Bank				
2021		Changes in	Changes in	Total
Impairments on loans and financial commitments	01.01.2021	impairments on	on financial	30.06.2021
		loans	commitment	
Impairments after amortised cost, corporate market	2.260	132	-28	2.364
Impairments after amortised cost, retail market	96	3	-1	98
Mortgages at FVOCI ¹⁾	78	-16	-	62
Total impairments on loans and financial commitments	2.434	119	-29	2.524
Presented as				
Impairments on loans	2.178	119	-	2.297
Impairments on financial commitments	256	-	-29	227
Total impairments on loans and financial commitments	2.434	119	-29	2.524
2020				
Impairments on loans and financial commitments	01.01.2020			Total
				30.06.2020
Impairments after amortised cost, corporate market	1.397	1.168	130	2.695
Impairments after amortised cost, retail market	94	11	-	105
Mortgages at FVOCI ¹⁾	54	36	-	90
Total impairments on loans and financial commitments	1.545	1.215	130	2.890
Presented as				
Impairments on loans	1.415	1.215	-	2.630
Impairments on financial commitments	130	-	130	260
Total impairments on loans and financial commitments	1.545	1.215	130	2.890
Group				
2021		Changes in	Changes in	Total
Impairments on loans and financial commitments	01.01.2021	impairments on	on financial	30.06.2021
		loans	commitment	
Impairments after amortised cost, corporate market	2.259	132	-28	2.363
Impairments after amortised cost, retail market	212	-13	-1	198
Mortgages at FVOCI ¹⁾	-	-	-	-
Total impairments on loans and financial commitments	2.471	119	-29	2.561
Presented as				
Impairments on loans	2.215	119	-	2.334
Impairments on financial commitments	256	-	-29	227
Total impairments on loans and financial commitments	2.471	119	-29	2.561
2020				
Impairments on loans and financial commitments	01.01.2020			Total
				30.06.2020
Impairments after amortised cost, corporate market	1.396	1.169	130	2.695
Impairments after amortised cost, retail market	160	58	-	218
Mortgages at FVOCI ¹⁾	-	-	-	-
Total impairments on loans and financial commitments	1.556	1.227	130	2.913
Presented as				
Impairments on loans	1.426	1.227	-	2.653
Impairments on financial commitments	130	-	130	260
Total impairments on loans and financial commitments	1.556	1.227	130	2.913

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 - 30.06.2021				01.01.2020 - 30.06.2020			
	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 - 30.06.								
Transfer to (from) stage 1	-23	22	1	-	-4	4	-	-
Transfer to (from) stage 2	52	-54	2	-	49	-54	5	-
Transfer to (from) stage 3	-	5	-5	-	-	5	-5	-
Net new measurement of impairments	-52	88	122	158	14	173	1.124	1.311
New issued or purchased loan	62	25	5	92	48	19	2	69
Loans that have been derecognised	-47	-63	-21	-131	-22	-123	-20	-165
Impairments on loans 30.06	280	354	1.663	2.297	229	405	1.996	2.630

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 - 30.06.								
Transfer to (from) stage 1	-3	3	-	-	-1	1	-	-
Transfer to (from) stage 2	8	-8	-	-	11	-11	-	-
Transfer to (from) stage 3	-	-	-	-	-	-	-	-
Net new measurement of impairments	-14	6	-20	-28	-3	14	124	135
New issued or purchased loan	13	3	1	17	10	2	-	12
Loans that have been derecognised	-4	-3	-11	-18	-2	-14	-1	-17
Impairments on financial commitments 30.06.	43	48	136	227	36	74	150	260

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

Group	01.01.2021 - 30.06.2021				01.01.2020 - 30.06.2020			
	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 - 30.06.								
Transfer to (from) stage 1	-23	22	1	-	-4	4	-	-
Transfer to (from) stage 2	60	-62	2	-	51	-56	5	-
Transfer to (from) stage 3	-	6	-6	-	-	6	-6	-
Net new measurement of impairments	-61	97	124	160	15	183	1.124	1.322
New issued or purchased loan	65	28	5	98	49	21	3	73
Loans that have been derecognised	-49	-69	-21	-139	-22	-125	-21	-168
Impairments on loans 30.06	290	379	1.665	2.334	235	421	1.997	2.653
Impairments recognised on financial commitments per stage								
Impairments on financial commitments 01.01.	43	47	166	256	21	82	27	130
Changes 01.01 - 30.06.								
Transfer to (from) stage 1	-3	3	-	-	-1	1	-	-
Transfer to (from) stage 2	8	-8	-	-	11	-11	-	-
Transfer to (from) stage 3	-	-	-	-	-	-	-	-
Net new measurement of impairments	-14	6	-20	-28	-3	14	124	135
New issued or purchased loan	13	3	1	17	10	2	-	12
Loans that have been derecognised	-4	-3	-11	-18	-2	-14	-1	-17
Impairments on financial commitments 30.06.	43	48	136	227	36	74	150	260

Note 5 Other assets

Parent bank				Group		
31.12.20	30.06.20	30.06.21		30.06.21	30.06.20	31.12.20
4	8	3	Income earned but not received	16	17	15
9	12	8	Prepaid expenses	19	21	17
4	3	4	Over funding of pension liabilities	4	3	4
200	200	200	Capital contribution SR-Pensjonskasse	200	200	200
23	-	958	Unsettled trades	958	-	23
174	210	205	Other assets	686	561	490
414	433	1.378	Total other assets	1.883	802	749

Note 6 Other Liabilities

Parent bank				Group		
31.12.20	30.06.20	30.06.21		30.06.21	30.06.20	31.12.20
183	234	220	Accrued expenses and prepaid revenue	470	330	223
4	-	2.084	Unsettled trades	2.084	-	4
191	332	693	Other liabilities	630	410	312
378	566	2.997	Total other liabilities	3.184	740	539

Note 7 Deposits from customers

Parent bank				Group		
31.12.20	30.06.20	30.06.21		30.06.21	30.06.20	31.12.20
457	345	326	Aquaculture	326	345	457
1.499	1.292	1.389	Industry	1.389	1.292	1.499
1.309	1.317	1.559	Agriculture/forestry	1.559	1.317	1.309
14.561	12.740	15.198	Service industry	14.843	12.529	14.337
3.753	3.058	3.469	Retail trade, hotels and restaurants	3.469	3.058	3.753
1.679	1.638	1.258	Energy, oil and gas	1.258	1.638	1.679
2.340	1.833	2.232	Building and construction	2.232	1.833	2.340
984	350	1.711	Power and water supply/	1.711	350	984
6.559	6.345	7.860	Real estate	7.860	6.345	6.559
1.952	2.074	1.757	Shipping and other transport	1.757	2.074	1.952
29.902	26.152	41.670	Public sector and financial services	41.670	26.152	29.902
64.995	57.144	78.429	Total corporate sector	78.074	56.933	64.771
53.399	54.237	58.135	Retail customers	58.135	54.237	53.399
118.394	111.381	136.564	Deposits from customers	136.209	111.170	118.170

Note 8 Loans and financial liabilities to customers

Parent bank			Gross loans to customers by industry	Group		
31.12.20	30.06.20	30.06.21		30.06.21	30.06.20	31.12.20
2.904	2.665	3.327	Aquaculture	3.330	2.670	2.909
2.829	2.764	3.411	Industry	3.461	2.799	2.881
5.199	5.130	5.250	Agriculture/forestry	5.537	5.368	5.481
14.286	13.081	14.675	Service industry	14.925	13.094	14.421
3.204	3.851	2.856	Retail trade, hotels and restaurants	3.021	3.963	3.339
2.544	4.701	2.521	Energy, oil and gas	2.521	4.701	2.544
4.235	4.279	4.641	Building and construction	4.844	4.431	4.421
1.129	1.059	1.423	Power and water supply	1.423	1.059	1.129
31.419	31.834	31.977	Real estate	31.989	31.842	31.430
11.227	13.160	11.757	Shipping and other transport	11.915	13.306	11.372
2.180	2.228	2.395	Public sector and financial services	2.395	2.228	2.180
81.156	84.752	84.233	Total corporate sector	85.361	85.461	82.107
52.801	53.033	50.360	Retail customers	140.430	128.971	137.074
133.957	137.785	134.593	Gross loans	225.791	214.432	219.181
-2.178	-2.630	-2.297	- Impairments after amortised cost	-2.334	-2.653	-2.215
13	16	13	- Mortgages at FVOCI ²⁾	-	-	-
131.792	135.171	132.309	Loans to customers	223.457	211.779	216.966
Financial commitments ¹⁾						
8.763	10.572	9.448	Guarantees customers	9.497	10.619	8.814
17.795	16.939	18.295	Unused credit lines for customers	25.789	24.226	24.962
9.473	9.749	15.422	Approved loan commitments	15.422	9.749	9.473
36.031	37.260	43.165	Total financial commitments	50.708	44.594	43.249
Other guarantees issued and liabilities						
7.220	19.299	11.098	Unused credit lines for financial institutions	-	-	-
75.385	588	82.464	Guarantees other	589	588	589
35	5	2	Letters of credit	2	5	35
82.640	19.892	93.564	Total other guarantees issued and liabilities	591	593	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	30.06.2021
Aquaculture	3.286	-11	-14	-	41	3.302
Industry	3.350	-17	-17	-134	61	3.243
Agriculture/forestry	2.590	-2	-4	-4	2.660	5.240
Service industry	14.072	-36	-96	-116	603	14.427
Retail trade, hotels and restaurants	2.623	-20	-38	-9	233	2.789
Energy, oil and gas	2.521	-8	-11	-735	-	1.767
Building and construction	4.364	-24	-11	-14	277	4.592
Power and water supply	1.419	-5	-3	-	4	1.415
Real estate	31.729	-120	-87	-59	248	31.711
Shipping and other transport	11.644	-23	-21	-512	113	11.201
Public sector and financial services	2.395	-	-	-	-	2.395
Total corporate sector	79.993	-266	-302	-1.583	4.240	82.082
Retail customers	5.443	-14	-52	-80	44.917	50.214
Mortgages at FVOCI ¹⁾					13	13
Loans to customers	85.436	-280	-354	-1.663	49.170	132.309

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	30.06.2020
Aquaculture	2.640	-5	-5	-	25	2.655
Industry	2.711	-11	-15	-94	53	2.644
Agriculture/forestry	2.784	-2	-7	-3	2.346	5.118
Service industry	12.590	-48	-79	-104	491	12.850
Retail trade, hotels and restaurants	3.622	-22	-58	-6	229	3.765
Energy, oil and gas	4.701	-7	-33	-1.070	-	3.591
Building and construction	4.012	-13	-22	-13	267	4.231
Power and water supply	1.055	-3	-1	-	4	1.055
Real estate	31.596	-86	-96	-55	238	31.597
Shipping and other transport	13.063	-17	-40	-548	97	12.555
Public sector and financial services	2.228	-	-	-	-	2.228
Total corporate sector	81.002	-214	-356	-1.893	3.750	82.289
Retail customers	6.176	-15	-49	-103	46.857	52.866
Mortgages at FVOCI ¹⁾					16	16
Loans to customers	87.178	-229	-405	-1.996	50.623	135.171

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	30.06.2021
Aquaculture	3.324	-11	-14	-	6	3.305
Industry	3.451	-17	-17	-134	10	3.293
Agriculture/forestry	4.361	-2	-5	-4	1.176	5.526
Service industry	14.808	-37	-96	-116	117	14.676
Retail trade, hotels and restaurants	2.987	-20	-38	-9	34	2.954
Energy, oil and gas	2.521	-8	-11	-735	-	1.767
Building and construction	4.790	-24	-11	-14	54	4.795
Power and water supply	1.423	-5	-3	-	-	1.415
Real estate	31.850	-120	-87	-59	139	31.723
Shipping and other transport	11.892	-23	-21	-512	23	11.359
Public sector and financial services	2.395	-	-	-	-	2.395
Total corporate sector	83.802	-267	-303	-1.583	1.559	83.208
Retail customers	132.674	-23	-76	-82	7.756	140.249
Loans to customers	216.476	-290	-379	-1.665	9.315	223.457

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	30.06.2020
Aquaculture	2.666	-5	-5	-	4	2.660
Industry	2.797	-11	-15	-94	2	2.679
Agriculture/forestry	4.515	-2	-7	-3	853	5.356
Service industry	13.007	-48	-79	-104	87	12.863
Retail trade, hotels and restaurants	3.936	-22	-58	-6	27	3.877
Energy, oil and gas	4.701	-7	-33	-1.070	-	3.591
Building and construction	4.399	-13	-22	-13	32	4.383
Power and water supply	1.057	-3	-1	-	2	1.055
Real estate	31.692	-86	-96	-55	150	31.605
Shipping and other transport	13.290	-17	-41	-548	16	12.700
Public sector and financial services	2.228	-	-	-	-	2.228
Total corporate sector	84.288	-214	-357	-1.893	1.173	82.997
Retail customers	120.729	-21	-64	-104	8.242	128.782
Loans to customers	205.017	-235	-421	-1.997	9.415	211.779

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

Parent bank

Gross loans per stage	01.01.2021 - 30.06.2021				01.01.2020 - 30.06.2020			
	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	-4.183	4.136	47	-	-2.137	2.127	10	-
Transfer to (from) stage 2	2.123	-2.248	125	-	1.954	-2.015	61	-
Transfer to (from) stage 3	4	28	-32	-	3	25	-28	-
Net increase/(decrease) balance existing loans	8.157	668	81	8.906	7.265	-9.288	9	-2.014
Originated or purchased during the period	30.574	628	69	31.271	25.646	382	27	26.055
Loans that have been derecognised	-36.008	-3.237	-296	-39.541	-28.573	6.562	1.240	-20.771
Gross loans 30.06.	119.987	10.908	3.698	134.593	124.597	9.539	3.649	137.785

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	6.575	599	-40	7.134	6.159	-31	265	6.393
Financial commitments 30.06.	39.412	2.544	1.209	43.165	33.696	2.415	1.149	37.260

Group

Gross loans per stage	01.01.2021 - 30.06.2021				01.01.2020 - 30.06.2020			
	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	-5.238	5.189	49	-	-2.772	2.762	10	-
Transfer to (from) stage 2	3.305	-3.444	139	-	2.925	-2.991	66	-
Transfer to (from) stage 3	4	40	-44	-	3	32	-35	-
Net increase/(decrease) balance existing loans	10.241	719	81	11.041	8.307	-15.865	11	-7.547
Originated or purchased during the period	39.682	618	59	40.359	40.085	676	27	40.788
Loans that have been derecognised	-40.902	-3.381	-292	-44.575	-39.844	12.663	1.258	-25.923
Gross loans 30.06.	208.247	13.813	3.731	225.791	199.095	11.653	3.684	214.432

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	6.924	575	-40	7.459	6.554	-82	267	6.739
Financial commitments 30.06.	46.713	2.783	1.212	50.708	40.826	2.616	1.152	44.594

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 30 June 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%-points to 1.0% with effect from March 2020. On 17 June 2021, the Ministry of Finance decided to increase the capital requirement for the countercyclical capital buffer by 0.5 percentage points to 1.5% with effect from 30 June 2022. 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 in order to take into account expectations of a gradual increase in the countercyclical buffer from 2022. The internal target includes a 1.0%-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

Parent bank				Group		
31.12.20	30.06.20	30.06.21		30.06.21	30.06.20	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) 2)}	-	-	1.407
1.850	1.850	1.850	Hybrid capital	1.850	1.850	1.850
12.224	12.524	12.187	Other equity	15.054	14.895	15.150
-	640	1.917	Non-controlling interests	-	-	5
-	-	-	Profit for the period	1.534	477	-
23.462	22.995	23.935	Book equity	26.419	25.203	26.393
			Tier 1 capital			
-	-44	-70	Deferred taxes, goodwill and other intangible assets	-534	-354	-364
-1.407	-	-	Deduction for allocated dividends ^{1) 2)}	-	-	-1.407
-52	-83	-9	Deduction in expected losses IRB less loss provisions	-91	-181	-146
-1.850	-1.850	-1.850	Hybrid capital that cannot be included in CET 1 capital	-1.850	-1.850	-1.850
-	-320	-959	Profit for the period that cannot be included in total Tier 1 capital	-767	-238	-
-	-	-	Deduction for CET 1 capital in essential investments in financial institutions	-110	-66	-246
-151	-164	-151	institutions	-149	-152	-154
-50	-65	-58	Value adjustment due to requirements concerning proper valuation	-63	-46	-50
19.952	20.469	20.838	CET 1 capital	22.854	22.316	22.176
1.850	1.850	1.850	Hybrid capital	1.951	1.983	1.951
21.802	22.319	22.688	Tier 1 capital	24.805	24.299	24.127
			Tier 2 capital			
2.097	2.097	2.097	Term subordinated loan capital	2.237	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	2.194	2.239	2.209
23.856	24.373	24.742	Net primary capital	26.999	26.538	26.336

Note 9 Capital adequacy (continued)

Parent bank			Credit risk Basel II	Group		
31.12.20	30.06.20	30.06.21		30.06.21	30.06.20	31.12.20
16.932	18.246	20.037	SME	20.045	18.250	16.935
20.779	21.086	20.715	Specialised enterprises	22.940	23.402	23.130
6.413	5.344	5.972	Other corporations	6.094	5.463	6.529
1.007	1.049	944	Mass market SME	1.305	1.338	1.311
12.286	13.482	10.193	Mass market - mortgage on real estate	31.647	31.057	31.178
2.695	2.648	2.622	Other mass market	2.614	2.783	2.692
11.086	11.536	12.334	Equity positions	-	-	-
71.198	73.391	72.817	Total credit and counterparty risk IRB	84.645	82.293	81.775
33	31	33	States and central banks	56	50	43
153	349	35	Local and regional authorities, state-owned enterprises	147	501	308
4.212	1.662	4.748	Institutions	2.835	1.563	1.580
8.425	9.526	9.170	Enterprises	9.810	9.880	8.984
3.358	3.395	3.755	Mass market	4.422	4.064	4.020
-	-	-	Mass market - mortgage on real estate	820	1.003	931
9.219	2.377	10.504	Covered bonds	2.568	2.367	2.095
6.029	6.029	6.208	Equity positions	6.827	6.199	6.436
4.284	3.083	4.255	Other assets	5.063	3.758	4.902
35.713	26.452	38.708	Total credit and counterparty risk standard method	32.548	29.385	29.299
121	365	162	Credit value adjustment risk (CVA)	358	798	334
7.171	7.067	7.171	Operational risk	9.847	9.442	9.854
114.203	107.275	118.858	Risk weighted balance	127.398	121.918	121.262
5.139	4.827	5.349	Minimum requirement for common equity Tier 1 capital ratio 4.5 %	5.733	5.486	5.457
			Buffer requirement			
2.855	2.682	2.971	Capital conservation buffer 2.5 %	3.185	3.048	3.032
5.139	3.218	5.349	Systemic risk buffer 4.5 %	5.733	3.658	5.457
1.142	1.073	1.189	Countercyclical capital buffer 1.0 %	1.274	1.219	1.213
9.136	6.973	9.509	Total buffer requirement to common equity Tier 1 capital ratio	10.192	7.925	9.701
5.677	8.669	5.981	Available common equity Tier 1 capital ratio after buffer requirement	6.930	8.905	7.018
17,47 %	19,08 %	17,53 %	Common equity Tier 1 capital ratio ¹⁾²⁾	17,94 %	18,30 %	18,29 %
19,09 %	20,81 %	19,09 %	Tier 1 capital ratio ¹⁾²⁾	19,47 %	19,93 %	19,90 %
20,89 %	22,72 %	20,82 %	Capital ratio ¹⁾²⁾	21,19 %	21,77 %	21,72 %
7,44 %	10,30 %	7,24 %	Leverage Ratio	7,49 %	7,83 %	7,79 %

¹⁾ 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

At fair value through profit and loss	Contract amount	Fair value at 30.06.21	
	30.06.21	Assets	Liabilities
Currency instruments			
Currency futures (forwards)	4.016	84	56
Currency swaps	16.255	315	75
Currency swaps (basis swaps)	43.569	256	121
Currency swaps (basis swaps hedging)	28.091	123	16
Total currency instruments	91.931	778	268
Interest rate instruments			
Interest rate swaps	74.583	779	1.153
Other interest rate contracts	1.323	8	8
Total interest rate instruments	75.906	787	1.161
Interest rate instruments, hedging			
Interest rate swaps	97.457	2.433	327
Total interest rate instruments, hedging	97.457	2.433	327
Security			
Security		1.398	1.759
Total security		1.398	1.759
Total currency and interest rate instruments			
Total currency instruments	91.931	778	268
Total interest rate instruments	173.363	3.220	1.488
Total collateral		1.398	1.759
Total financial derivatives	265.294	5.396	3.515
Counterparty risk:			
Netting agreements		1.121	
Considered collateral		3.157	
Total exposure to financial derivatives		1.118	

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)	823	4,4
EURIBOR EUR (3 months)	80.023	5,1
EURIBOR EUR (6 months)	122	3,8
LIBOR USD (1 month)	858	1,5
LIBOR USD (3 months)	13.975	2,0
LIBOR USD (6 months)	843	1,9
NIBOR NOK (1 month)	51	5,6
NIBOR NOK (3 months)	59.780	4,4
NIBOR NOK (6 months)	865	3,2
STIBOR SEL (3 months)	307	3,6
Total interest rate instruments	157.647	
Currency instruments		
EURIBOR EUR (3 months) to LIBOR USD (3 months)	10.381	2,4
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	49.450	3,7
EURIBOR EUR (3 months) to STIBOR SEK (3 months)	202	0,8
LIBOR USD (3 months) to NIBOR NOK (3 months)	5.531	2,3
LIBOR USD (6 months) to FIXED NOK	202	4,8
Total currency instruments	65.766	
Total exposure to financial derivatives	223.413	

Note 11 Securities issued and subordinated loan capital

Group

	Balance as at 30.06.21	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	1.210	-	-	7	1.203
Bonds and certificates, nominal value	37.870	203	-10.554	-830	49.051
Covered bonds, nominal value	80.804	10.162	-377	-1.476	72.495
Adjustments and accrued interests	2.211			-1.804	4.015
Total debt raised through securities issued	122.095	10.365	-10.931	-4.103	126.764

	Balance as at 30.06.21	Issued/ sale own 2021	Past due/ redeemed 2021	FX rate- and other changes 2021	31.12.20
Change in debt raised by issuing non-preferred senior debts					
Senior non-preferred bonds	2.552	2.153	-	-	399
Adjustments and accrued interests	5			5	-
Total senior non-preferred bonds	2.557	2.153	-	5	399

	Balance as at 30.06.21	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	2.135	-	-	-14	2.149
Adjustments and accrued interests	4			-1	5
Total additional Tier 1 and Tier 2 capital instruments	2.139	-	-	-15	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 - 30.06.21									
Income statement	Retail Market	Corporate Market	Capital Market	Staff/ Support	Eiendoms- Megler 1	Forretnings- partner	Other activities	Eliminations	Total
Interest income	1.077	1.171	77	752	1	-	-	-24	3.054
Interest expense	175	204	62	649	-	-	3	-35	1.058
Net interest income ¹⁾	902	967	15	103	1	-	-3	11	1.996
Commission income	294	187	10	4	247	153	61	-59	897
Commission expenses	28	11	-	30	-	-	20	-45	44
Other operating income	-	-	-	5	-	-	88	-90	3
Net commission and other income	266	176	10	-21	247	153	129	-104	856
Dividend income	-	-	-	9	-	-	-	-	9
Income from investment in associates	-	27	-	1.080	-	-	-3	-802	302
Net gains/losses on financial instruments	-	7	52	-92	-	-	75	106	148
Net income on investment securities	-	34	52	997	-	-	72	-696	459
Personnel expenses	193	92	29	233	137	109	17	-5	805
Other operating expenses	85	24	5	189	62	18	33	-18	398
Depreciation and impairment on tangible and int	-	-	-	69	2	7	19	-7	90
Total operating expenses	278	116	34	491	201	134	69	-30	1.293
Operating profit before losses	890	1.061	43	588	47	19	129	-759	2.018
Impairments on loans and financial commitments	-1	180	-	-	-	-	-	-	179
Pre-tax profit	891	881	43	588	47	19	129	-759	1.839
Net interest income									
External net interest income	902	967	15	103	1	-	-	8	1.996
Internal net interest income	-	-	-	-	-	-	-3	3	-
Net interest income	902	967	15	103	1	-	-3	11	1.996
Balance sheet									
Loans to customers	144.214	77.953	102	3.816	-	-	-	-294	225.791
Impairments on loans	-196	-2.138	-	-	-	-	-	-	-2.334
Certificates/bonds/financial derivatives	-	-	2.771	59.120	-	-	19	-5.517	56.393
Other assets	11.692	-6.043	1.198	26.898	293	576	1.544	-16.069	20.089
Total assets	155.710	69.772	4.071	89.834	293	576	1.563	-21.880	299.939
Deposits from customers	64.272	73.151	5	-864	-	-	-	-355	136.209
Other debt and equity ¹⁾	91.438	-3.379	4.066	90.698	293	576	1.563	-21.525	163.730
Total debt and equity	155.710	69.772	4.071	89.834	293	576	1.563	-21.880	299.939
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 - 30.06.20									
Income statement	Retail Market	Corporate Market	Capital Market	Staff/ Support	Eiendoms- Megler 1	Forretnings- partner	Other activities	Eliminations	Total
Interest income	1.144	1.373	50	1.402	1	-	1	-72	3.899
Interest expense	325	288	21	1.233	-	-	7	-82	1.792
Net interest income ¹⁾	819	1.085	29	169	1	-	-6	10	2.107
Commission income	295	161	-	4	193	92	50	-55	740
Commission expenses	36	11	-	27	-	-	19	-41	52
Other operating income	-	-	-	5	-	-	17	-20	2
Net commission and other income	259	150	-	-18	193	92	48	-34	690
Dividend income	-	-	-	17	-	-	-	-	17
Income from investment in associates	-	-	-	836	-	-	-	-449	387
Net gains/losses on financial instruments	1	-10	35	-152	-	-	-51	42	-135
Net income on investment securities	1	-10	35	701	-	-	-51	-407	269
Personnel expenses	191	89	22	193	103	63	19	-2	678
Other operating expenses	88	24	6	205	63	10	24	-18	402
Depreciation and impairment on tangible and int	-	-	-	68	2	4	17	-9	82
Total operating expenses	279	113	28	466	168	77	60	-29	1.162
Operating profit before losses	800	1.112	36	386	26	15	-69	-402	1.904
Impairments on loans and financial commitments	76	1.315	-	-	-	-	-	-	1.391
Pre-tax profit	724	-203	36	386	26	15	-69	-402	513
Net interest income									
External net interest income	819	1.085	30	169	1	-	1	2	2.107
Internal net interest income	-	-	-	-	-	-	-	-	-
Net interest income	819	1.085	30	169	1	-	1	2	2.107
Balance sheet									
Loans to customers	132.516	78.423	375	3.488	-	-	-	-370	214.432
Impairments on loans	-216	-2.437	-	-	-	-	-	-	-2.653
Certificates/bonds/financial derivatives	-	-45	5.700	57.687	-	-	6	-14.198	49.150
Other assets	11.352	29.537	1.796	-19.947	201	209	1.467	-6.829	17.786
Total assets	143.652	105.478	7.871	41.228	201	209	1.473	-21.397	278.715
Deposits from customers	59.748	52.706	48	-1.122	-	-	-	-210	111.170
Other debt and equity ¹⁾	83.904	52.772	7.823	42.350	201	209	1.473	-21.187	167.545
Total debt and equity	143.652	105.478	7.871	41.228	201	209	1.473	-21.397	278.715
Loans sold to SpareBank 1 Boligkreditt	4.198	-							4.198

Note 13 Net income/losses from financial instruments

Parent bank				Group		
01.01.20 - 31.12.20	01.01.20 - 30.06.20	01.01.21- 30.06.21		01.01.21- 30.06.21	01.01.20 - 30.06.20	01.01.20 - 31.12.20
-107	-124	76	Net gains/losses on equity instruments	173	-94	-49
37	190	-281	Net gains/losses for bonds and certificates	-280	190	29
-121	-272	239	Net derivatives bonds and certificates	239	-272	-121
-47	-50	3	Net counterparty risk, inclusive of CVA	3	-50	-47
19	23	-8	Net derivatives other assets	-8	23	19
-2	1	17	Net derivatives liabilities	14	-9	-3
-10	-21	46	Net derivatives basis swap spread	-56	16	13
133	73	64	Net gain currency	63	61	138
-98	-180	156	Net income/losses from financial instruments	148	-135	-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:

Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Parent bank and group
1,40 %	1,30 %	1,70 %	2,10 %	1,80 %	Discount rate
1,40 %	1,30 %	1,70 %	2,10 %	1,80 %	Expected return on assets
2,25 %	2,00 %	2,25 %	2,25 %	2,25 %	Forecast salary increase
2,00 %	1,75 %	2,00 %	2,00 %	2,00 %	National Insurance scheme's basic amount
0,50 %	0,00 %	0,00 %	0,00 %	0,00 %	Pension adjustment
0,50 %	0,00 %	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 - 30.06.20	01.01.21 - 30.06.21		01.01.21 - 30.06.21	01.01.20 - 30.06.20	2020
176	176	197	Net pension obligations opening balance	204	187	187
-157	179	-236	Actuarial liabilities and losses recognised in comprehensive income	-237	179	-159
15	6	4	Net pension cost	4	6	15
-	-	-	Company contributions	-	-	-
-4	-2	-3	Payments from operations	-3	-2	-5
167	-63	241	Upper limit for capitalisation of the asset	242	-63	166
197	296	203	Net pension obligations closing balance	210	307	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 30 June 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 4.2 years at the end of the second quarter of 2021. The total LCR was 167 % at the end of the second quarter, and the average total LCR was 164 % in the quarter. The LCR in NOK and EUR at the end of the quarter was 137 % and 772 %, 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 30.06.2021	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers ¹⁾			9.315	9.315
Commercial paper and bonds	26.035	17.306		43.341
Financial derivatives		5.396		5.396
Equities, units and other equity interests	637	43	369	1.049
Liabilities				
Financial derivatives		3.515		3.515
No transfers between levels 1 and 2				

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

49.158

Note 17 Information about fair value (continued)

Fair value 30.06.2020	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers ¹⁾			9.415	9.415
Commercial paper and bonds	18.116	14.160		32.276
Financial derivatives		10.229		10.229
Equities, units and other equity interests	410	27	423	860
Liabilities				
Financial derivatives		6.976		6.976
No transfers between levels 1 and 2				
¹⁾ Net lending to customers in parent bank, level 3			50.607	

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	797	88
Disposals	-1.129	-81
Transferred from or to measurement according to prices in an active market or observable market data		
Change in value ¹⁾	-7	-13
Balance 30.06.2021	9.315	369
Nominal value/cost price	9.073	368
Fair value adjustment	242	1
Balance 30.06.2021	9.315	369

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

Other assets are measured using various methods such as last known transaction price, earnings per share, dividend per share, EBITDA and discounted cash flows.

Fixed-rate loans are measured on the basis of the interest rate agreed with the customer. Loans are discounted using the applicable interest curve, having taken into account a market premium, which is adjusted for the profit margin. The conducted sensitivity analyses indicate an increase in the discount rate of 10 basis points would have a negative effect on the result amounting to NOK 28 million.

Fair value of financial instruments at amortised cost

Group	Balance 30.06.2021	Fair value
Assets		
Cash and balances with central banks	137	137
Balances with credit institutions ¹⁾	9.588	9.588
Loans to customers ¹⁾	214.142	214.142
Certificates and bond	7.656	7.674
Total assets at amortised cost	231.523	231.541
Liabilities		
Balances with credit institutions ¹⁾	2.690	2.690
Deposits from customers ¹⁾	136.209	136.209
Listed debt securities	122.095	122.530
Senior non-preferred bonds	2.557	2.576
Subordinated loan capital	2.139	2.143
Total liabilities at amortised cost	265.690	266.148

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 - 30.06.20	01.01.21 - 30.06.21		01.01.21 - 30.06.21	01.01.20 - 30.06.20	2020
			Balance			
915	939	891	Lease rights	352	399	346
936	952	920	Liabilities associated with lease rights	374	409	365
			Income Statement			
53	26	29	Depreciations on lease rights	27	23	44
-	-	-	Impairments on lease rights	-	-	4
32	15	15	Interests on lease liabilities	5	9	13
84	41	43	Total IFRS 16 costs	32	32	62
			Effects of IFRS 16			
70	34	35	Reduction in operating expenses pursuant to IAS 17	17	19	32
84	41	43	Increase in expenses pursuant to IFRS 16	32	32	62
-14	-7	-8	Changes to pre-tax profit	-15	-13	-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	8	5	Additions in the period	33	4	43
	-	-	Disposals in the period	1	-	67
53	26	29	Depreciations	27	23	44
	-	-	Impairments	-	-	4
915	939	891	Lease rights at the end of the periode	351	399	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	8	5	Additions in the period	31	4	51
	-	-	Disposals in the period	1	-	67
69	34	35	Instalments in the period	26	19	47
32	15	15	Interest rate	5	9	13
936	952	920	Liabilities associated with lease rights, at the end of the period	374	409	365

Note 19 Intangible assets

Intangible assets amounting to NOK 70 million in the parent bank are goodwill linked to the acquisition of the entrepreneur business from Monner AS and have been eliminated in the group. The NOK 175 million increase in intangible assets in the group was from goodwill linked to SpareBank 1 SR-Bank ForretningsPartner AS's acquisition of Tveit Regnskap AS.

Note 20 Events after the balance sheet date

No material events have been registered after 30 June 2021 that affect the consolidated financial statements as prepared.

Statement pursuant to section 5-6 of the Securities Trading Act

Statement by the Board of Directors and Chief Executive Officer

We hereby confirm that the half-year financial statements for the period 1 January to 30 June 2021 have, to the best of our knowledge, been prepared pursuant to IAS 34 Interim Financial Reporting and that the information provided presents a true and fair picture of the company's and the group's assets, liabilities, financial positions and profit as a whole.

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

Stavanger, 10 august 2021

The Board of Directors of SpareBank 1 SR-Bank ASA

Dag Mejdell
(Chair)

Ingrid Riddervold Lorange

Kate Henriksen

Tor Dahle

Trine Sæther Romuld

Jan Skogseth

Sally Lund-Andersen
(Employee representative)

Kristian Kristensen
(Employee representative)

Benedicte Schilbred Fasmer
(Chief Executive Officer)

Results from the interim financial statements

SpareBank 1 SR-Bank Group, MNOK	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Interest income	1.519	1.535	1.507	1.547	1.752	2.147	2.120	2.003	1.861
Interest expense	518	540	513	506	726	1.066	1.058	984	893
Net interest income	1.001	995	994	1.041	1.026	1.081	1.062	1.019	968
Commission income	471	426	396	365	368	372	383	359	412
Commission expenses	19	25	28	31	24	28	31	29	29
Other operating income	2	1	2	2	-	2	7	2	1
Net commission and other income	454	402	370	336	344	346	359	332	384
Dividend income	9	-	39	1	17	-	-	4	8
Income from investment in associates	193	109	129	147	145	242	15	98	226
Net gains/losses on financial instrument	41	107	72	42	135	-270	7	-13	106
Net income on financial investments	243	216	240	190	297	-28	22	89	340
Total income	1.698	1.613	1.604	1.567	1.667	1.399	1.443	1.440	1.692
Personnel expenses	423	382	401	357	330	348	396	375	357
Other operating expenses	212	186	183	179	198	203	244	200	214
Depreciation/ impairments on tangible and intangible assets	46	44	45	59	42	41	37	40	31
Total operating expenses	681	612	629	595	570	592	678	615	602
Operating profit before impairments	1.017	1.001	975	972	1.097	807	765	825	1.090
Impairments on loans and financial commitments	58	121	270	369	831	560	139	66	-19
Pre-tax profit	959	880	705	603	266	247	626	759	1.109
Tax expense	143	162	97	98	10	26	141	166	209
Profit after tax	816	718	608	505	256	221	485	593	900

Profitability

Return on equity per quarter ¹⁾	13,2 %	11,6 %	9,7 %	8,2 %	4,0 %	3,4 %	8,3 %	10,5 %	16,2 %
Cost percentage ¹⁾	40,1 %	37,9 %	39,2 %	38,0 %	34,2 %	42,3 %	47,0 %	42,7 %	35,6 %
Combined weighted average spread for lending and deposits ¹⁾	1,36 %	1,40 %	1,40 %	1,48 %	1,50 %	1,64 %	1,64 %	1,61 %	1,58 %

Balance sheet figures from quarterly accounts

Gross loans to customers	225.791	221.291	219.181	216.796	214.432	212.161	207.114	203.575	198.626
Gross loans to customers including SB1 BK ²⁾	225.791	221.291	219.181	220.186	218.630	216.354	211.357	209.854	207.513
Growth in loans over last 12 months ¹⁾	5,3 %	4,3 %	5,8 %	6,5 %	8,0 %	8,0 %	7,8 %	11,2 %	11,0 %
Growth in loans incl SB1 BK ¹⁾²⁾	3,3 %	2,3 %	3,7 %	4,9 %	5,4 %	5,3 %	4,9 %	6,8 %	7,3 %
Deposits from customers	136.209	128.108	118.170	113.248	111.170	105.545	103.106	102.181	102.693
Growth in deposits over last 12 months ¹⁾	22,5 %	21,4 %	14,6 %	10,8 %	8,3 %	6,6 %	4,3 %	1,9 %	-3,0 %
Total assets	299.939	296.492	287.049	280.338	278.715	278.639	255.895	251.604	246.462
Average total assets	295.347	287.621	282.912	280.147	275.917	264.959	256.488	251.291	245.009

Impairments on loans and financial commitments

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

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

²⁾ SpareBank 1 Boligkredit are abbreviated to SB1 BK

Quarterly income statement (continued)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 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⁾	1,79 %	1,91 %	1,90 %	1,59 %	1,87 %	1,42 %	1,32 %	1,34 %	1,23 %
Loans and financial commitments in Stage 3 in % of gross loans and fin. commitments, incl. loans SB1 BK ¹⁾²⁾	1,79 %	1,91 %	1,90 %	1,57 %	1,84 %	1,40 %	1,30 %	1,30 %	1,19 %
Loans and financial commitments in Stage 2 in % of gross loans and financial commitments ¹⁾	6,00 %	5,78 %	6,20 %	6,21 %	5,51 %	6,67 %	6,97 %	7,39 %	6,80 %
Loans and financial commitments in Stage 2 in % of gross loans and fin. commitments, incl. loans SB1 BK ¹⁾²⁾	6,00 %	5,78 %	6,20 %	6,13 %	5,42 %	6,56 %	6,85 %	7,20 %	6,56 %
Solidity									
Common equity Tier 1 capital ratio ³⁾⁵⁾⁶⁾	17,9 %	18,1 %	18,3 %	18,5 %	18,3 %	17,7 %	17,0 %	14,2 %	14,4 %
Tier 1 capital ratio ³⁾⁵⁾⁶⁾	19,5 %	19,7 %	19,9 %	20,2 %	19,9 %	19,2 %	18,6 %	15,6 %	15,8 %
Capital ratio ³⁾⁵⁾⁶⁾	21,2 %	21,5 %	21,7 %	22,0 %	21,8 %	21,0 %	20,4 %	17,3 %	17,5 %
Tier 1 capital ³⁾⁵⁾⁶⁾	24.805	24.408	24.127	24.489	24.299	24.182	22.626	22.149	22.068
Net primary capital	26.999	26.612	26.336	26.728	26.538	26.421	24.866	24.498	24.417
Risk weighted balance ³⁾	127.398	123.860	121.262	121.494	121.918	125.780	121.744	141.712	139.545
Leverage ratio	7,5 %	7,6 %	7,8 %	7,9 %	7,8 %	7,9 %	7,8 %	7,5 %	7,6 %
Liquidity									
Liquidity Coverage Ratio (LCR) ⁴⁾	167 %	141 %	157 %	154 %	159 %	135 %	155 %	153 %	154 %
Deposit-to-loan ratio ¹⁾	60,3 %	57,9 %	53,9 %	52,2 %	51,8 %	49,7 %	49,8 %	50,2 %	51,7 %
Deposit-to-loan ratio, incl loans SB1 BK ¹⁾²⁾	60,3 %	57,9 %	53,9 %	51,4 %	50,8 %	48,8 %	48,8 %	48,7 %	49,5 %
Branches and staff									
Number of branches	34	34	34	35	34	33	33	34	34
Number of man-years	1.488	1.275	1.283	1.279	1.255	1.272	1.260	1.250	1.228
Number of man-years including temps	1.555	1.321	1.332	1.326	1.323	1.336	1.352	1.309	1.322
SpareBank 1 SR-Bank share									
Market price at end of quarter	113,70	105,00	91,00	77,40	69,90	59,20	100,00	99,15	103,90
Market capitalisation	29.079	26.854	23.273	19.795	17.877	15.140	25.575	25.358	26.573
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⁾	96,08	93,12	95,97	93,51	91,32	90,55	89,90	87,60	85,44
Earnings per share, NOK (annualised)	3,13	2,74	2,30	1,90	0,91	0,77	1,84	2,27	3,49
Price/earnings per share ¹⁾	9,08	9,58	9,89	10,18	19,20	19,22	13,59	10,92	7,44
Price / Book equity (group) ¹⁾	1,18	1,13	0,95	0,83	0,77	0,65	1,11	1,13	1,22
Annualised turnover rate in quarter ⁷⁾	5,5 %	7,2 %	5,3 %	6,1 %	11,0 %	9,4 %	4,7 %	3,6 %	5,3 %
Effective return ⁸⁾	8,3 %	15,4 %	17,6 %	10,7 %	18,1 %	-40,8 %	0,9 %	-4,6 %	9,1 %

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

²⁾ SpareBank 1 Boligkreditt are abbreviated to SB1 BK

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

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.

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