

Quarterly report 2021

Q3

Key figures SpareBank 1 SR-Bank Group (MNOK)

MAIN FIGURES	01.01 - 30.09		Q3	Q3	Year
	2021	2020	2021	2020	2020
Net interest income	2.985	3.148	989	1.041	4.142
Net commission and other income	1.262	1.026	406	336	1.396
Net income on financial investments	693	459	234	190	699
Total income	4.940	4.633	1.629	1.567	6.237
Total operating costs	1.959	1.757	666	595	2.386
Operating profit before impairments	2.981	2.876	963	972	3.851
Impairments on loans and financial commitments	216	1.760	37	369	2.030
Pre-tax profit	2.765	1.116	926	603	1.821
Tax expense	498	134	193	98	231
Profit after tax	2.267	982	733	505	1.590
BALANCE SHEET					
Gross loans to customers	226.952	216.796			219.181
Gross loans to customers including SB1 BK ²⁾	226.952	220.186			219.181
Deposits from customers	132.283	113.248			118.170
Total assets	296.987	280.338			287.049
Average total assets	293.769	272.674			275.235
Selected key figures (for further key figures see page 44 of the interim report)					
Return on equity ¹⁾	12,1 %	5,2 %	11,7 %	8,2 %	6,4 %
Cost ratio ¹⁾	39,7 %	37,9 %	40,9 %	38,0 %	38,3 %
Combined weighted total average spread for lending and deposits ¹⁾	1,36 %	1,54 %	1,3 %	1,5 %	1,50 %
Balance growth					
Growth in loans ¹⁾	4,7 %	6,5 %			5,8 %
Growth in loans incl SB1 BK ¹⁾²⁾	3,1 %	4,9 %			3,7 %
Growth in deposits ¹⁾	16,8 %	10,8 %			14,6 %
Solidity					
Common equity Tier 1 capital ratio ⁵⁾	17,6 %	18,5 %			18,3 %
Tier 1 capital ratio ⁵⁾	19,2 %	20,2 %			19,9 %
Capital ratio ⁵⁾	20,9 %	22,0 %			21,7 %
Tier 1 capital ⁵⁾	24.252	24.489			24.127
Risk weighted balance	126.616	121.494			121.262
Leverage ratio	7,3 %	7,9 %			7,8 %
Liquidity					
Liquidity Coverage Ratio (LCR) ³⁾	160 %	154 %			157 %
Deposit-to-loan ratio ¹⁾	58,3 %	52,2 %			53,9 %
Deposit-to-loan ratio, incl loans SB1 BK ¹⁾²⁾	58,3 %	51,4 %			53,9 %
Impairments on loans and financial commitments ¹⁾					
Impairment ratio ¹⁾	0,13 %	1,09 %			0,95 %
Impairment ratio, incl. loans SB1 BK and ¹⁾²⁾	0,13 %	1,08 %			0,94 %
Loans and financial commitments in Stage 3 ¹⁾					
Loans and financial commitments in Stage 3, % of gross loans and financial commitments ¹⁾	1,78 %	1,59 %			1,90 %
Loans and financial commitments in Stage 3, % of gross loans and financial commitments, incl. loans SB1 BK ¹⁾²⁾	1,78 %	1,57 %			1,90 %
SpareBank 1 SR-Bank share					
	30.09.21	31.12.20	31.12.19	31.12.18	31.12.17
Market price	121,50	91,00	100,00	89,20	87,00
Market capitalisation (MNOK)	31.074	23.273	25.575	22.813	22.250
Book equity per share (including dividends) (group) ¹⁾	95,82	95,97	89,90	82,27	77,24
Earnings per share, NOK	8,68	5,87	12,06	8,96	8,16
Dividends per share ⁵⁾	n.a.	3,10	5,50	4,50	4,25
Price / Earnings per share ¹⁾	10,50	15,50	8,29	9,96	10,66
Price / Book equity ¹⁾	1,27	0,95	1,11	1,08	1,13
Effective return ⁴⁾	36,9 %	-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 Boligkredit is abbreviated to SB1 BK

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

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

⁵⁾ The board has exercised its special authorisation from April 2021 and at the board meeting on 30 September 2021 approved a dividend of NOK 3.10 per share for the financial year 2020, which was paid out on 13 October 2021. The total dividend of NOK 793 million reduced equity on 30 September 2021.

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A strong result characterised by good operations and significantly lower impairment provisions

Q3 2021

- Pre-tax profit: NOK 926 million (NOK 603 million)
- Net profit for the period: NOK 733 million (NOK 505 million)
- Return on equity after tax: 11.7% (8.2%)
- Earnings per share: NOK 2.80 (NOK 1.90)
- Net interest income: NOK 989 million (NOK 1,041 million)
- Net commissions and other operating income: NOK 406 million (NOK 336 million)
- Net income from financial investments: NOK 234 million (NOK 190 million)
- Operating costs: NOK 666 million (NOK 595 million)
- Impairments on loans and financial liabilities: NOK 37 million (NOK 369 million)
(Q3 2020 in brackets)

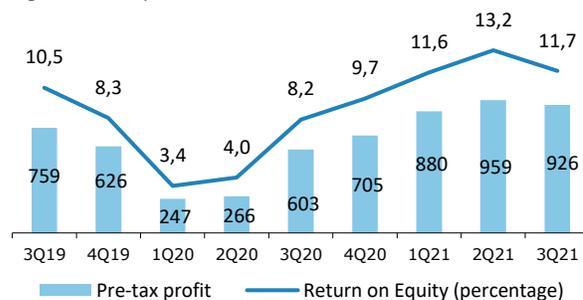
As at 30 September 2021

- Pre-tax profit: NOK 2,765 million (NOK 1,116 million)
- Net profit for the period: NOK 2,267 million (NOK 982 million)
- Return on equity after tax: 12.1% (5.2%)
- Earnings per share: NOK 8.68 (NOK 3.84)
- Net interest income: NOK 2,985 million (NOK 3,148 million)
- Net commissions and other operating income: NOK 1,262 million (NOK 1,026 million)
- Net income from financial investments: NOK 693 million (NOK 459 million)
- Operating costs: NOK 1,959 million (NOK 1,757 million)
- Impairments on loans and financial liabilities: NOK 216 million (NOK 1,760 million)
- Total lending growth over past 12 months: 3.1% (4.9%)
- Growth in deposits over past 12 months: 16.8% (10.8%)
- Common Equity Tier 1 capital ratio¹: 17.6% (18.5%)
- Tier 1 capital ratio¹: 19.2% (20.2%)
(As at 30 September 2020 in brackets)

Financial performance – Q3 2021

The group can point to a good profit in the last quarter due to strong underlying operations, low impairment provisions and good financial results. The return on equity after tax was 11.7% in the third quarter of 2021 (8.2%), down from 13.2 % in the second quarter of 2021. The group's pre-tax profit for the third quarter of 2021 amounted to NOK 926 million (NOK 603 million), a NOK 33 million decrease from the previous quarter. The tax expense increased by NOK 50 million from the previous quarter as a result of the deficit carried forward being utilised in the second quarter of 2021 and the increase in taxable profit in the third quarter of 2021, and partly explains the lower return on equity in the third quarter of 2021.

Fig. 1 Financial performance



¹ The board has exercised its special authorisation from April 2021 and at the board meeting on 30 September 2021 approved a dividend of NOK 3.10 per share for the financial year 2020, which will be paid out on 13 October 2021. The total dividend of NOK 793 million reduced equity on 30 September 2021.

Net interest income amounted to NOK 989 million in the third quarter of 2021 (NOK 1,041 million), a reduction of NOK 12 million from the previous quarter. The reduction was primarily attributable to lower deposit margins due to an increased projected path of interest rates. The average interest margin (net interest income as a percentage of average total assets) was 1.31% in the third quarter of 2021 (1.48%), down from 1.36% in the second quarter of 2021.

Net commissions and other operating income were NOK 406 million in the third quarter of 2021 (NOK 336 million), a reduction of NOK 48 million compared with the previous quarter. Natural seasonal variations resulted in a NOK 32 million decrease in SpareBank 1 SR-Bank ForretningsPartner AS's earnings, and commissions from real estate brokerage were NOK 15 million lower than in the previous quarter. Income from money transfer services increased by NOK 8 million compared with the previous quarter, while other commissions were NOK 9 million lower.

Net income from financial investments amounted to NOK 234 million in the third quarter of 2021 (NOK 190 million), a reduction of NOK 9 million compared with the previous quarter. The reduction was due to NOK 9 million less in dividends, NOK 42 million less in income from associated companies, while income from financial instruments increased by NOK 42 million compared with the previous quarter. The lower income from associated companies was primarily due to the high level of income from SpareBank 1 Gruppen AS in the previous quarter, while the increased income from financial instruments can largely be explained by positive basis swap effects in the third quarter of 2021.

Operating costs amounted to NOK 666 million in the third quarter of 2021 (NOK 595 million), a decrease of NOK 15 million from the previous quarter, of which NOK 25 million was due to lower costs in SpareBank 1 SR-Bank ForretningsPartner AS and EiendomsMegler 1 SR-Eiendom AS because of natural seasonal variations. The remaining growth in costs of NOK 10 million from the previous quarter was due to a combination of NOK 23 million in increased variable remuneration in the parent bank in the third quarter of 2021 due to good results, while other operating costs decreased due to less activity in the quarter.

Net impairments on loans and financial liabilities amounted to NOK 37 million in the third quarter of 2021 (NOK 369 million), a decrease of NOK 21 million compared with the second quarter of 2021.

Financial performance as at 30 September 2021

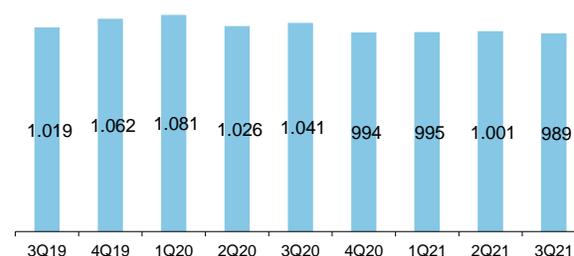
As at 30 September 2021, the group's pre-tax profit amounted to NOK 2,765 million (NOK 1,116 million), an increase of NOK 1,649 million compared with the same period last year, of which lower impairment provisions accounted for NOK 1,544 million.

The group's operating profit before impairment provisions increased by NOK 105 million from NOK 2,876 million to NOK 2,981 million. The good financial performance in underlying operations was mainly attributable to increased commissions and income from financial investments, which we partly offset by somewhat lower interest income and higher costs. The group's return on equity after tax as at 30 September 2021 increased to 12.1% (5.2%).

Net interest income

The group's net interest income amounted to NOK 2,985 million as at 30 September 2021 (NOK 3,148 million), NOK 163 million lower than in the same period in 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 170 million of the reduction in net interest income came in the corporate market, primarily due to lower margins. In the retail market, the lower margins were compensated for by an increase in volume and interest income increased by NOK 102 million from 30 September 2020. Because of the reduced interest rates, the interest income on equity was NOK 110 million lower, while the group's external funding costs fell by around NOK 31 million in the same period.

Fig. 2 Net interest income



As at 30 September 2021, the average interest margin was 1.36% compared with 1.54% cent as at 30 September 2020. This was primarily due to lower margins, as well as high deposit growth, mainly within the corporate market and major institutional customers.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 1,262 million as at 30 September 2021 (NOK 1.026 million), an increase of NOK 236 million (equivalent to 23%) compared with the same period last year.

Table 1, Commission and other income

	30.09.21	30.09.20
Payment facilities	175	184
Savings/placements	164	144
Insurance products	172	154
Commission income real estate broking	343	296
Guarantee commission	78	70
Arrangement- and customer fees	92	44
Customer fees ForretningsPartner	224	116
Commission income SB1 Boligkreditt	-	9
Other	14	9
Total commission and other income	1.262	1.026

Income from money transfer services amounted to NOK 175 million as at 30 September 2021 (NOK 184 million), which is NOK 9 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 20 million to NOK 164 million as at 30 September 2021 (NOK 144 million) due to good activity and increased assets under management in the area of savings. Income from insurance increased by NOK 18 million to NOK 172 million (NOK 154 million), of which NOK 13 million was due to increased profitability commissions resulting from a low claims rate. Income from real estate brokerage amounted to NOK 343 million (NOK 296 million), an increase of NOK 47 million compared with 30 September 2020. The increase was due to continued high levels of activity in the property market. Arrangement fees increased by NOK 48 million to NOK 92 million as at 30 September 2021 (NOK 44 million) thanks to corporate finance's high earnings so far this year due to the completion of projects. SpareBank 1 SR-Bank ForretningsPartner AS's income amounted to NOK 224 million (NOK 116 million), an increase of NOK 108 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 amounted to NOK 693 million as at 30 September 2021 (NOK 459 million), an increase of NOK 234 million compared with the same period last year.

Table 2, Income on investment securities

	30.09.21	30.09.20
Dividends	9	18
Investment income, associates	453	534
Income from financial instruments	231	-93
- Capital gains/losses on securities	136	-140
- Capital gains/losses interest/currency	95	47
Total income on investment securities	693	459

Income from associated companies amounted to NOK 453 million as at 30 September 2021 (NOK 534 million), a reduction of NOK 81 million from the same period last year. NOK 340 million of the reduction from 30 September 2020 was due to merger income related to Fremtind Forsikring AS last year. Adjusted for merger income, the income from associated companies increased by NOK 259 million from the same period last year. The ordinary profit contribution from SpareBank 1 Gruppen AS increased by NOK 191 million and the profit contribution from BN Bank ASA increased by NOK 38 million from 30 September 2020 to 30 September 2021. For more information about the underlying results in associated companies, see the section on page 13.

Table 3, Income associated companies

The share of net profit after tax	30.09.21	30.09.20
SpareBank 1 Gruppen AS	298	107
-Merger effects Fremtind	-	340
BN Bank ASA	122	84
SpareBank 1 Kreditt AS	10	2
SpareBank 1 Forvaltning AS	22	-
SpareBank 1 Boligkreditt AS	2	2
SpareBank 1 Næringskreditt AS	6	7
SpareBank 1 Betaling AS	-6	-3
FinStart Nordic AS*	-1	-4
Other	-	-1
Total income associated companies	453	534

* 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 amounted to NOK 231 million as at 30 September 2021 (NOK -93 million), an increase of NOK 324 million compared with the same period last year. Income from financial instruments was heavily impacted last year by the outbreak of Covid-19 in March 2020. Capital gains on securities amounted to NOK 136 million as at 30 September 2021 (NOK 140 million in capital losses), while capital gains from interest and currency trading amounted to NOK 95 million (NOK 47 million).

The capital gains on securities of NOK 136 million (capital losses of NOK 140 million) were attributable of capital losses including hedging instruments totalling NOK 64 million (capital losses of NOK 84 million) from the fixed income portfolio and capital gains of NOK 200 million (capital losses of NOK 56 million) from the portfolio of equities and equity certificates. Of the capital gains on equities and equity certificates, NOK 79 million was due to an increase in value of the investments in FinStart Nordic AS (NOK 66 million decrease in value). As at 30 September 2021, the value of the investment in Sandnes Sparebank had increased by NOK 89 million (NOK 4 million decrease in value), the group's portfolio of its own funds had seen an increase in value of NOK 13 million (no change in value), and the shares in Visa Norge had increased in value by NOK 3 million (NOK 27 million). NOK 51 million of the NOK 79 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 95 million as at 30 September 2021 (NOK 47 million). Capital gains from customer and own account trading amounted to NOK 101 million (NOK 97 million), negative changes in the value of basis swaps amounted to NOK 36 million (NOK 16 million in positive changes in the value), while the sum of hedging recognition and other IFRS effects was NOK 30 million as at 30 September 2021 (NOK -34 million).

Operating costs

The group's operating costs amounted to NOK 1,959 million as at 30 September 2021 (NOK 1,757 million), a year-on-year increase of NOK 202 million, or 11.5%.

Table 4, Operating expenses

	30.09.21	30.09.20
Personnel expenses	1.237	1.035
IT expenses	282	285
Marketing	55	54
Administrative expenses	45	57
Operating expenses from real estate	27	23
Other operating expenses	180	161
Depreciation	133	142
Total operating expenses	1.959	1.757

NOK 96 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 37 million increase in costs in EiendomsMegler 1 SR-Eiendom AS. The group's cost growth was also affected by a NOK 59 million increased variable remuneration in the parent bank 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 in increased variable remuneration, the group's operating costs increased by NOK 10 million (0.8%) from 30 September 2020 to 30 September 2021.

As at 30 September 2021, personnel costs amounted to NOK 1,237 million (NOK 1,035 million), an increase of NOK 202 million compared with the same period last year. Excluding the change in variable remunerations and higher personnel costs in EiendomsMegler 1 SR-Eiendom AS and SpareBank 1 SR-Bank ForretningsPartner AS, personnel costs increased by NOK 34 million (4.4%) from 30 September 2020 to 30 September 2021. The increase was due to ordinary wages growth and an increase of 41 FTEs in the parent bank over the past 12 months.

Costs in excess of personnel costs amounted to NOK 722 million as at 30 September 2021 (NOK 722 million), unchanged from the same period last year. As a consequence of the Covid-19 outbreak in March 2020, administration costs linked to travel, training, hospitality and meeting activities decreased by NOK 5 million compared with the same period last year, while costs for contracted temporary labour decreased by NOK 2 million. Other operating costs increased by NOK 19 million to NOK 180 million as at 30 September 2021 and were mainly due to higher costs in SpareBank 1 SR-Bank ForretningsPartner AS

and EiendomsMegler 1 SR-Eiendom AS due to increased activity. Depreciation decreased by NOK 9 million from 30 September 2020 to NOK 133 million as at 30 September 2021, where ordinary depreciation was NOK 7 million lower than in the same period last year.

The group's cost/income ratio, costs measured as a percentage of income, was 39.7% as at 30 September 2020 (37.9%). The parent bank's cost/income ratio decreased to 33.1% as at 30 September 2021 (33.7%).

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 216 million as at 30 September 2021, a reduction of NOK 1,544 million from the same period in 2020. Last year, impairment provisions were heavily affected by the outbreak of Covid-19. Impairment provisions have been sharply reduced in the year to date due to the pandemic's limited impact with respect to credit quality and the need for impairment provisions. The need for impairments going forward is expected to be normalized.

The group's customers have coped well with the Covid-19 outbreak and registered payment defaults have been low. 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. The exposure related to offshore exposures has been greatly reduced over the past 5 years.

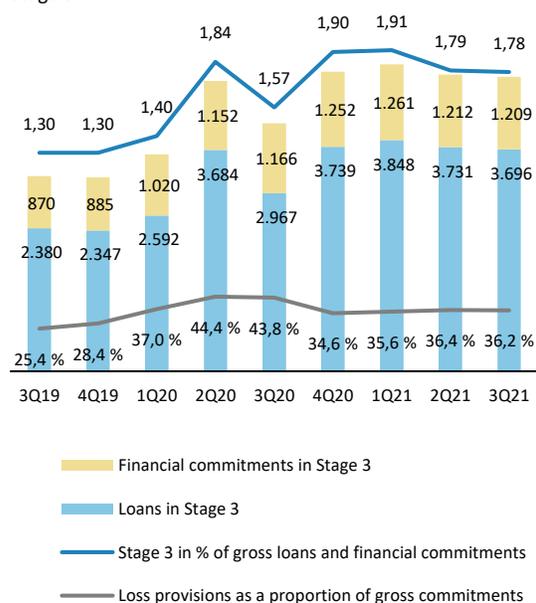
The group's impairments on loans and financial liabilities amounted to 0.13% of gross loans at 30 September 2021 (1.08%).

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. Combined with government support measures, this has increased the risk profile in the lending portfolio.

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 4,905 million at the end of the third quarter of 2021 (NOK 4,133 million), of which provisions as a percentage of gross exposures were 36.2% (43.8%). Gross loans and financial liabilities classified as Stage 3 corresponded to 1.78% (1.57%) of gross loans and financial liabilities.

Fig. 3 Gross loans and financial commitments in Stage 3



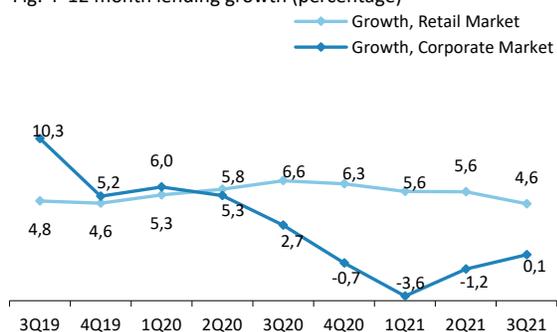
Loans to and deposits from customers

Gross loans amounted to NOK 227.0 billion at the end of the third quarter of 2021 (NOK 216.8 billion). At the end of the quarter, no loans had been sold to SpareBank 1 Boligkreditt AS (NOK 3.4 billion). Gross lending growth, inclusive of the mortgage company, was 3.1% in the past 12 months (4.9%). Adjusted for exchange rate effects of NOK -0.3 billion in the past 12 months, gross lending growth, including the mortgage companies, was 3.2%.

The retail market segment has seen good lending growth in the past 12 months of 4.6%, helped by low interest rates and a well-functioning housing market. The corporate market segment saw lending growth of 0.1%. Adjusted for exchange rate effects of NOK -0.6 billion in the past 12 months, lending grew by 0.8% in the past 12 months. The low lending growth was due to some major redemptions towards the end of 2020.

Lending growth in the corporate market has picked up in 2021 and grown by 3.6% so far this year.

Fig. 4 12 month lending growth (percentage)



Loans to the retail market accounted for 62.4% of total loans at the end of the third quarter of 2021 (61.7%).

The group's total loan exposure of NOK 227.0 billion (NOK 220.2 billion) included a majority of exposures with a probability of default of less than 0.5%. These exposures accounted for 65.4% (64.4%) of the portfolio. The overall lending portfolio largely consisted of exposures of less than NOK 10 million. These accounted for 67.8% (66.9%) of loan exposure and 98.2% (98.2%) of total customers. Of the total loan exposure, 18.8% (19.8%) was to customers with exposures in excess of NOK 100 million.

Over the past 12 months, deposits from customers rose by 16.8% (10.8%) to NOK 132.3 billion (NOK 113.2 billion). Excluding deposits from customers in the public sector, deposits from customers have increased by 13.1% in the past 12 months. In addition to the high public sector volumes, the high growth in deposits was due to deposit growth of 7.5% in the retail market and 23.7% in the rest of the corporate market. At the end of the third quarter of 2021, deposits from the corporate market and public sector accounted for 56.8% (53.0%) of the group's customer deposits. At end of the third quarter of 2021, the deposit coverage ratio, measured as deposits as a percentage of gross loans, had increased to 58.3% (52.2%).

In addition to ordinary customer deposits, the group also has capital under management in alternative investment products. These amounted to NOK 32.9

billion at the end of the third quarter of 2021 (NOK 25.3 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 1,348 million as at 30 September 2021 (NOK 1,245 million), NOK 103 million higher than in the same period last year.

Table 5, Retail market

	30.09.21	30.09.20
Interest income	1.386	1.284
Commission and other income	406	390
Income on investment securities	-	1
Total income	1.792	1.675
Total operating expenses	444	430
Operating profit before impairments	1.348	1.245
Impairments on loans and financial commitments	-10	85
Pre-tax profit	1.358	1.160

Net interest income increased by NOK 102 million and net commissions increased by NOK 16 million compared with the same period last year. Income from the area of money transfers was still being negatively affected by the pandemic. The growth in the area of insurance continued with good sales and higher profitability commissions due to lower claims rates.

The high level of activity in the savings and investment market continued in the third quarter of 2021. Income has increased so far in 2021, although it levelled off in the third quarter of 2021 due to changes in the pricing model. On 1 June 2021, the bank changed its pricing

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

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

model for investment services and as a result of this income growth in the savings area will be somewhat weaker in the coming period.

Activity in the housing market remains high. Higher mortgage rates may affect growth going forwards. Norges Bank increased its policy rate by 0.25 percentage points in September and SpareBank 1 SR-Bank announced higher mortgage rates with effect for the existing portfolio from 9 November 2021. Growth in the Oslo area continued, and a fourth branch is being established and will be opened in November 2021.

Lending growth in the past 12 months was 4.5% at the end of the third quarter of 2021. Deposit growth in the last 12 months was 7.5%.

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 95.4% at the end of the third quarter of 2021 (88.7%). The model-calculated IRB risk weights³ for residential mortgages were 18.1% at the end of the quarter (20.6%), 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 ratio reporting.

Corporate market division²

The corporate market division's contribution before impairment provisions was NOK 1,539 million as at 30 September 2021 (NOK 1,613 million), NOK 72 million lower than in the same period last year. The lower result before impairment provisions was mainly due to reduced interest income resulting from the average lending volume having been lower in the year-to-date 2021, and the deposit margins have been lower compared with the same period last year. As at 30 September 2021, the division's pre-tax profit amounted to NOK 1,313 million (NOK -62 million).

Table 6, Corporate market

	30.09.21	30.09.20
Interest income	1.428	1.598
Commission and other income	254	208
Income on investment securities	45	-16
Total income	1.727	1.790
Total operating expenses	188	177
Operating profit before impairments	1.539	1.613
Impairments on loans and financial commitments	226	1.675
Pre-tax profit	1.313	-62

Lending activities have been positive in the year to date and the division has seen lending growth of 4.0% so far in 2021. The division's lending volume has increased by 0.8% in the past 12 months. The division's deposits have increased by 26.4% (NOK 14.7 billion) in the past 12 months. Approximately 50% of the net growth was from public sector customers, geographically spread out across the entire market area.

The quality of the corporate market portfolio is considered good, although challenges remain within the offshore/platform segment. The proportion of exposures with a probability of default of less than 2.5% through a full loss cycle was 86.4% of the portfolio at the end of the third quarter of 2021 (80.7%). The property sector portfolio represents the group's largest concentration in a single sector and accounted for 13.9% (14.3%) 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, during the pandemic, no significant negative change was registered in the quality of the corporate market portfolio otherwise, although the situation for exposures within exposed industries is still 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

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

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

robustness in order to provide it with financial leeway in any new challenging situations.

Greater control of the Covid-19 pandemic has 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 226 million were recognised as at 30 September 2021 (NOK 1,675 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 179 million as at 30 September 2021 (NOK 165 million). The income generated is recognised as income in the business areas to which the customers are assigned, primarily the corporate market division. As at 30 September 2021, NOK 66 million have been recognised as income in the business areas (NOK 60 million). As at 30 September 2021, the pre-tax profit amounted to NOK 61 million (NOK 60 million).

Table 7, Capital market

	30.09.21	30.09.20
Interest income	20	41
Commission and other income	76	62
Income on investment securities	83	62
Total income	179	165
- allocated to Corporate market	66	60
Total income after allocation	113	105
Total operating expenses	52	45
Pre-tax profit	61	60

Total business volumes have been at a normal level in the year-to-date 2021, without significant negative effects due to Covid-19. SR-Bank Markets expects this positive trend to continue going forward.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

As at 30 September 2021, the company posted a turnover of NOK 350 million (NOK 303 million) and a

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.

pre-tax profit of NOK 51.3 million (NOK 40.9 million). The improvement in profit was due to a good real estate market and a focus on efficient operations. Faster sales, higher prices and good cost control have had a good effect on results.

As at 30 September 2021, 5,809 (5,074) properties had been sold with a total value of around NOK 20.6 billion (NOK 15.5 billion). The supply of new assignments was very good with an increase of 368 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.

The good growth in the housing market so far in 2021 has mainly been driven by low interest rates, high purchasing power and a focus on private homes during and after the pandemic. The number of used homes and holiday homes sold was the highest since the oil crisis in 2015. The market for holiday properties remained strong and 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. The demand for detached and terraced houses was also strong and most of the homes exceeded their asking price.

Earnings in the housing market in the company's market area remained high and prices in the Stavanger area have grown by 9.4% in the past 12 months. Together with Kristiansand (10.4%) and Bergen (8.6%) this resulted in a very positive development in the company's market area. In the year to date, Nord-Jæren has seen earnings growth of 13.8%, closely followed by Agder with 8.0% growth. Vestland saw 3.7% growth and thereby ensured growth across the entire area after a strong 2020.

Within commercial real estate, improvements were observed in both the rental and transaction markets as at 30 September 2021. Vestland continues to see strong growth, increasing earnings sharply from NOK 9 million as at 30 September 2020 to NOK 21 million as at 30 September 2021. Stavanger is also seeing a doubling in earnings. The supply of assignments is increasing strongly in both Rogaland and Vestland.

New builds have also seen good earnings growth with an increase from NOK 20 million as at 30 September 2020 to NOK 30 million as at 30 September 2021. The inflow of new projects is increasing.

SpareBank 1 SR-Bank ForretningsPartner AS

As at 30 September 2021, SpareBank 1 SR-Bank ForretningsPartner AS posted a turnover of NOK 241.3 million (NOK 130.4 million) and a pre-tax profit of NOK 30.3 million (NOK 17.4 million). The result includes depreciation of intangible assets amounting to NOK 3.9 million (NOK 2.1 million).

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. It is now one of the country's largest actors within accounting and consulting services.

SR-Forvaltning AS

As at 30 September 2021, the company's turnover was NOK 78.6 million (NOK 68.6 million) and it posted a pre-tax profit of NOK 25.2 million (NOK 14.4 million). In the year-to-date 2021, the company has seen positive net subscriptions of NOK 890 million. SR-Bank Fondene in particular has seen good growth. Savings agreement business grew particularly well, both in terms of volume and numbers. The assets under management at the end of the third quarter of 2021 amounted to NOK 15.9 billion (NOK 12.9 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.

SpareBank 1 SR-Bank ASA has signed an agreement to increase its stake in SpareBank 1 Forvaltning AS⁵. The shares in the subsidiary SR-Forvaltning AS will be used as a contribution in kind in the acquisition of SpareBank 1 Forvaltning AS. The transaction requires the consent of the Financial Supervisory Authority of Norway and is expected to be completed during the fourth quarter of 2021.

⁵ See page 13 for more information about SpareBank 1 Forvaltning AS

SR-Boligkreditt AS

As at 30 September 2021, the company's pre-tax profit was NOK 565.0 million (NOK 534.1 million). The increased result was primarily due to lower effects from basis swaps. The negative effects of basis swaps amounted to NOK 133.7 million as at 30 September 2021, compared with NOK 30.3 million in positive effects as at 30 September 2020. Net interest income increased by NOK 161.9 million from 30 September 2020 to 30 September 2021. The increase was primarily attributable to the increase in residential 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 company to diversify and optimise its funding. Moody's has given SR-Boligkreditt AS its best rating, Aaa. At the end of the third quarter of 2021, the company had issued covered bonds with a nominal value of NOK 80.3 billion (NOK 78.8 billion) and bought loans worth NOK 91.6 billion (NOK 83.4 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.

As at 30 September 2021, the company's pre-tax result was NOK 71.9 million (NOK -88.7 million). The improved result came from adjustments to the value of the new financial technology (fintech) portfolio totalling NOK 56.8 million and adjustments to the value of the former 'SR-Investering' portfolio totalling NOK 21.6 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 has improved so far in 2021.

Considerable uncertainty surrounding market developments in 2020 resulted in substantial write-

downs in the portfolio of the former SR-Investering. This uncertainty has decreased significantly so far in 2021, and recent developments have resulted in write-ups 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 both the short and medium term.

Monner AS

Monner AS is a payment company and a registered loan arranger. In December 2020, Monner AS's licence was expanded to cover payment initiation service provider (PISP) services and account information service provider (AISP) services under the PSD2 regulations. 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.

As at 30 September 2021, Monner AS made a profit of NOK 54.2 million (NOK 12.7 million loss), where NOK 70.3 million of the profit was due to gain from the sale of Monner's entrepreneurial business to SpareBank 1 SR-Bank ASA. The gain has been eliminated in the consolidated accounts. Excluding this gain, Monner AS had made a loss of NOK 16.1 as at 30 September 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 2,150 private lenders have set up Monner savings accounts in the year to date in 2021, compared with 880 private lenders in the same period last year.

Monner AS arranges direct loans from private investors (people and limited liability companies) to small and medium-sized Norwegian companies via its proprietary digital platform. At the end of the third quarter of 2021, the company had arranged loans totalling more than NOK 579.4 million for Norwegian enterprises. The company's main product is arranging secured loans for property projects. The market for crowd-funded business loans grew well. Monner AS had arranged loans for more than NOK 257.5 million as at 30 September 2021 compared with NOK 90.5 million as at 30 September 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 third quarter of 2021.

SpareBank 1 Gruppen AS posted a record pre-tax profit of NOK 2,816 million as at 30 September 2021 (NOK 1,054 million). The controlling interest's share of the net profit for the year amounted to NOK 1,527 million (NOK 549 million).

Fremtind Forsikring AS posted a good result as at 30 September 2021 due to a better insurance and financial result with lower claim rates. The insurance result included NOK 160 million of reserves recognised as income linked to the transferred portfolio from DNB Liv AS. In 2020, the result was heavily affected by the Covid-19 situation.

As at 30 September 2021, SpareBank 1 Forsikring AS saw improvements in its risk result, administration result and interest result. As at 30 September 2021, properties in the collective portfolio were written up by NOK 216 million, while they were written down by NOK 317 million as at 30 September 2020.

SpareBank 1 Utvikling DA

SpareBank 1 Utvikling DA delivers business platforms and common management and development services to the alliance banks. The company contributes to joint activities that provide the banks with benefits in the form of economies of scale and expertise. The

company also owns and manages the alliance's intellectual property rights under common brand name: SpareBank 1. SpareBank 1 SR-Bank ASA owned an 18.0% stake in SpareBank 1 Utvikling DA at the end of the third quarter of 2021.

SpareBank 1 Forvaltning AS

The SpareBank 1 Forvaltning group was established on 1 May 2021. At the same time, ODIN Forvaltning AS was demerged from SpareBank 1 Gruppen AS and merged with SpareBank 1 Forvaltning AS based on continuity. At the time of the transfer, SpareBank 1 Forvaltning AS had the same owners and ownership interests as SpareBank 1 Gruppen AS. On 1 July, SpareBank 1 Forvaltning AS acquired SpareBank 1 Kapitalforvaltning AS and SpareBank 1 Verdipapirservice AS. On 15 September 2021, an agreement was signed to acquire SR-Forvaltning AS. The transaction requires the consent of the Financial Supervisory Authority of Norway and is expected to be completed during the fourth quarter of 2021. The assets in SpareBank 1 Forvaltning AS were rebalanced on 27 September 2021 based on added volume. SpareBank 1 SR-Bank ASA owned a 24.9% stake in SpareBank 1 Forvaltning AS at the end of the third quarter of 2021.

SpareBank 1 Forvaltning AS posted a pre-tax profit of NOK 114 million as at 30 September 2021. Increased total assets and good net new subscriptions in ODIN Forvaltning resulted in increased management fees.

BN Bank ASA

BN Bank ASA is a nationwide bank with its head office in Trondheim. As at 30 September 2021, BN Bank ASA's pre-tax profit was NOK 470 million (NOK 328 million). The improvement in the result was largely due to lower impairment provisions in the year-to-date 2021. Net interest income increased by NOK 28 million and other operating income increased by NOK 22 million compared with the same period last year. NOK 22 million in impairment provisions had been reversed as at 30 September 2021, while impairment provisions of NOK 75 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 third quarter of 2021.

⁶ 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.

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 78 million as at 30 September 2021 (NOK 12 million). The improvement in profit was due to reduced impairment provisions as a result of calibrating the loss model. Impairment provisions amounted to NOK 3 million as at 30 September 2021, down from NOK 75 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 -28 million as at 30 September 2021 (NOK -14 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 third 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 buffer⁶ was NOK 54.6 billion at the end of the third quarter of 2021 and would cover normal operations for 36 months in the event of closed markets and without net lending growth. NOK 16.3 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 23.1 billion in residential mortgages ready for covered bond funding.

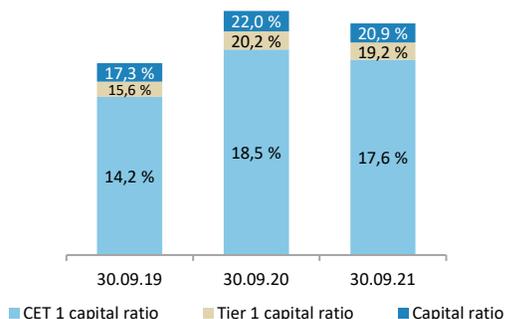
The group has continued to enjoy a high proportion of long-term funding in the past 12 months. The group's net stable funding ratio (NSFR⁷) was 125% at the end of the third quarter of 2021 (123%), which confirms the group's good funding situation. SpareBank 1 SR-Bank ASA has an A1 long-term rating and a P-1 short-term rating from Moody's.

⁷ NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway and is calculated as available stable funding relative to necessary stable funding.

Capital ratio⁸

The Common Equity Tier 1 capital ratio was 17.6% at the end of the third quarter of 2021 (18.5%). The Common Equity Tier 1 capital ratio has decreased by 0.9 percentage points in the past 12 months, of which 1.1 percentage points was due to provisions for, and payment of, a dividend of NOK 5.50 for the accounting year 2019, and 0.6 percentage points was due to provisions for a dividend of NOK 3.10 for the accounting year 2020. As a result of the outbreak of Covid-19 in March 2020, the annual general meeting in April 2020 decided to follow the board's recommendation not to pay out a dividend for 2019 at that time. Therefore, the dividend for 2019 was not paid out until 19 March 2021. The dividend for 2020 was paid out on 13 October 2021.

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 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 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 buffer by 0.5 percentage points to 1.5% with effect from 30 June 2022, in line with Norges Bank's advice. Norges Bank expects the buffer rate to be increased to 2.0% with effect from 31 December 2022.⁹

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 third 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 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 3 capital ratio was 19.2% (20.2%), while the total capital ratio was 20.9% (22.0%) at the end of the third 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 that time. The decision was 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

⁸ The capital ratio as at 30 September 2019 was based on the capital adequacy rules and regulations from when the so-called 'Basel I floor' applied.

⁹ According to the Monetary Policy Report published by Norges Bank on 23 September 2021.

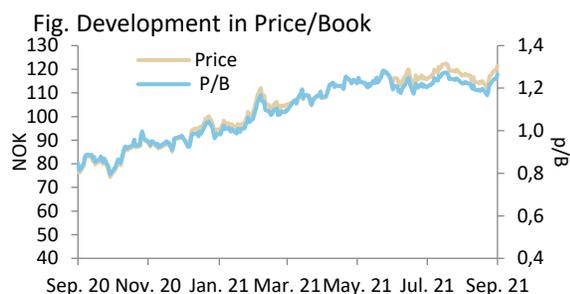
approved annual financial statements for 2020. The board has exercised its special authorisation and decided on September 30th, 2021 to pay out a dividend of NOK 3.10 per share based on the bank's approved annual financial accounts for 2020.

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 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 third quarter of 2021, SpareBank 1 SR-Bank ASA was carrying senior debt that falls due after 30 September 2022 amounting to NOK 26.9 billion and issued non-preferred senior debt of NOK 7.6 billion. This requirement is, therefore, met by a good margin.

The bank's share

The price of the bank's share (SRBNK) was NOK 121.50 at the end of the third quarter of 2021. This represents an increase of 6.9% since the end of the second quarter of 2021. The main Oslo Børs index increased by 3.8% in the same period. 3.7% of outstanding SRBNK shares were traded in the third quarter of 2021 (6.1%).



There were 15,830 (13,286) shareholders of SRBANK at the end of the third quarter of 2021. The proportion owned by foreign companies and individuals was 22.5% (22.3%), while 65.5% (66.4%) were resident in Rogaland, Agder, Vestland, Oslo and Viken. The 20 largest shareholders owned a combined total of 56.8% (58.8%) of the shares. The bank held 41,273 treasury shares, while employees of the group owned 1.7% (1.7%).

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

Table 8, 20 largest shareholders

	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	72.419	28,3 %
Folketrygdfondet	19.207	7,5 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,4 %
Brown Brothers Harriman & Co, U.S.A.	6.206	2,4 %
State Street Bank and Trust Co, U.S.A.	4.709	1,8 %
Verdipapirfondet Alfred Berg Gambak	3.561	1,4 %
Odin Norge	3.423	1,3 %
Vpf Nordea Norge Verdi	3.112	1,2 %
JPMorgan Chase Bank N.A., U.S.A.	2.956	1,2 %
Danske Invest Norske Instit. II	2.771	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.	2.319	0,9 %
Clipper AS	2.098	0,8 %
Verdipapirfondet Alfred Berg Norge	2.004	0,8 %
JPMorgan Bank Luxembourg	1.959	0,8 %
Westco AS	1.797	0,7 %
KLP Aksjenorge Indeks	1.786	0,7 %
Pareto Invest AS	1.757	0,7 %
The Bank of New York Mellon SA, Irland	1.711	0,7 %
Total 20 largest	145.177	56,8 %

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

In the opinion of the board of SpareBank 1 SR-Bank ASA, the market situation, the bank's financial

strength and the financial situation in general meant it was prudent to exercise the special authorisation granted by the general meeting on 28 April 2021 to pay out dividends. Therefore, on 30 September 2021, the board decided to pay out a dividend of NOK 3.10 per share based on the bank's approved annual financial accounts for 2020. The dividend was paid out on 13 October 2021.

SpareBank 1 SR-Bank ASA has signed an agreement to acquire SpareBank 1 Forvaltning AS through a contribution in kind by merging its subsidiary, SR-Forvaltning AS, into the company. The transaction requires the consent of the Financial Supervisory Authority of Norway and is expected to be completed in the fourth quarter of 2021. SpareBank 1 SR-Bank's sale of all the shares in SR-Forvaltning AS is expected to generate an accounting gain of just over NOK 100 million.

Otherwise, no material events have been registered after 30 September 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 economic consequences from the Covid-19 pandemic have been significantly less in 2021 than those seen in 2020. All of the national Covid-19 measures in Norway were discontinued at the end of

September 2021 and more than 70% of the population is now fully vaccinated. Optimism has returned in both the business sector and the private market.

The Norwegian economy has developed positively so far in 2021, with higher oil prices, a good property market and falling unemployment. 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.

Unemployment is expected to fall in Norway in 2022. 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. According to the latest forecasts from Statistics Norway, 3.6% GDP growth is expected for Mainland Norway in 2021 and 3.8% 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 in 2021 to be at about the same level as in 2020 and to decrease by almost 13% in 2022, after which investments are expected to rise again. Statistics Norway expects price inflation, adjusted for energy and taxes, to be 1.9% in 2021 and 2.2% in 2022.

In September 2021, Norges Bank raised its policy rate by 0.25 percentage points from 0% to 0.25%. The market now expects the effects of the outbreak of Covid-19 to diminish going forward and that, as a consequence of this, the policy rate will be increased by a further 0.25 percentage points in December 2021, and thereafter by a further three 0.25-percentage point increases in 2022. In connection with Norges Bank raising its policy rate in September 2021, SpareBank 1 SR-Bank ASA announced interest rate increases of up to 0.25 percentage points for existing portfolios from 9 November 2021.

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 economic challenges within lending to offshore-related activities at the start of 2021, the target for the return on equity for 2021 is a minimum of 11%. With a return on equity of 12.1% as at 30 September 2021, the board assumes that the return on equity for the year as a whole will exceed 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. Financial strength was very good, earnings had strengthened and the group's impairment provisions had been substantially reduced as at 30 September 2021. In the board's judgement, the group has turned the page on the largest impairment provisions due to the oil price slump and Covid-19, and impairment provisions are now deemed to be back at normal levels.

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.

For a long time, the group has been systematically working to increase efficiency through digitalisation and automation, both internally and in relation to

customers. The group has, for a long time, been systematically working to increase efficiency through digitalisation and automation, both internally and for its customers. More and more of the group's retail customers are purchasing their products via self-service solutions. So far this year, 70% of all products and services have been purchased via a digital channel and 94% of all mortgage applications were completed digitally by the customer themselves. The pandemic has contributed to a general improvement in the digital skills of customers and it is assumed that more customers will continue to choose self-service solutions. The continued widespread use of digital tools will be important in order to meet the customers' needs, streamline operations and, thereby, improve competitiveness going forward.

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 special priority area. Having a presence in this market is important with respect to geographical diversification and creating a greater basis for growth, and thus earnings. Now that society has reopened, the group is well-positioned for greater growth.

Stavanger, 27 October 2021

The Board of Directors of SpareBank 1 SR-Bank ASA

Income statement

Parent bank					Note	Group				
Q3 2020	Q3 2020	Q3 2021	01.01.20 - 30.09.20	01.01.21 - 30.09.21		01.01.21 - 30.09.21	01.01.20 - 30.09.20	Q3 2021	Q3 2020	Q3 2020
					Income statement (MNOK)					
3.525	775	730	2.779	2.228	Interest income amortised cost	4.020	4.898	1.330	1.378	6.238
1.726	390	368	1.355	1.130	Interest income other	531	548	167	169	715
1.940	390	371	1.565	1.123	Interest expenses amortised cost	1.459	2.033	481	507	2.511
13	-26	6	1	-2	Interest expenses other	107	265	27	-1	300
3.298	801	721	2.568	2.237	Net interest income	2.985	3.148	989	1.041	4.142
934	221	242	682	737	Commission income	1.326	1.105	429	365	1.501
107	30	24	80	67	Commission expenses	68	83	24	31	111
10	3	2	8	8	Other operating income	4	4	1	2	6
837	194	220	610	678	Net commission and other income	1.262	1.026	406	336	1.396
57	1	-	18	9	Dividend income	9	18	-	1	57
836	-	-	836	1.106	Income from investment in associates	453	534	151	147	663
-98	66	45	-114	201	Net gains/losses on financial instruments	13 231	-93	83	42	-21
795	67	45	740	1.316	Net income on financial investments	693	459	234	190	699
4.930	1.062	986	3.918	4.231	Total income	4.940	4.633	1.629	1.567	6.237
1.029	250	298	745	846	Personnel expenses	14 1.237	1.035	432	357	1.436
610	146	150	465	449	Other operating expenses	589	580	191	179	763
145	41	34	110	104	Depreciation/ impairments on tangible and intangible assets	133	142	43	59	187
1.784	437	482	1.320	1.399	Total operating expenses	1.959	1.757	666	595	2.386
3.146	625	504	2.598	2.832	Operating profit before impairments	2.981	2.876	963	972	3.851
2.003	369	40	1.748	219	Impairments on loans and financial commitments	3 and 4 216	1.760	37	369	2.030
1.143	256	464	850	2.613	Pre-tax profit	12 2.765	1.116	926	603	1.821
73	52	124	6	356	Tax expense	498	134	193	98	231
1.070	204	340	844	2.257	Profit after tax	2.267	982	733	505	1.590
982	186	323	777	2.208	Shareholders' share of the profit	2.218	915	716	487	1.503
88	18	17	67	49	Hybrid capital owners' share of the profit	49	67	17	18	88
					Non-controlling interests					-1
1.070	204	340	844	2.257	Profit after tax	2.267	982	733	505	1.590
					Other comprehensive income					
-10	99	-1	-17	-7	Unrecognised actuarial gains and losses	-7	-17	-2	99	-7
3	-25	-	4	2	Deferred tax concerning changed estimates/pension plan changes	2	4	1	-25	2
	74		-13	-5	Total items not reclassified through profit or loss	-5	-13	-1	74	-5
5	-3	-	4	-	Change in ECL ¹⁾ 12 months	-	-	-	-	-
					Basis swap spread	-64	26	21	-2	47
					Deferred tax concerning basis swap spread	16	-6	-5	1	-12
					Share of profit associated companies and joint ventures	7	4	1	3	12
5	-3	-	4	-	Total items reclassified through profit or loss	-41	24	17	2	47
-2	71	-1	-9	-5	Other comprehensive income	-46	11	16	76	42
1.068	275	340	835	2.252	Total comprehensive income	2.221	993	749	581	1.632
					Earnings per share (group)	8,68	3,58	2,80	1,90	5,87

¹⁾ ECL - Expected credit loss

Balance sheet

Parent bank			Note	Group		
31.12.20	30.09.20	30.09.21		30.09.21	30.09.20	31.12.20
			Balance sheet (MNOK)			
68	657	76	Cash and balances with central banks	76	657	68
25.304	18.139	14.305	Balances with credit institutions	4.116	7.248	12.589
131.792	131.415	133.323	Loans to customers	4, 8 224.597	214.490	216.966
36.978	35.495	50.858	Certificates and bonds	52.903	38.398	39.921
8.971	10.848	6.572	Financial derivatives	10 5.687	10.710	8.672
596	599	673	Shares, ownership stakes and other securities	17 970	915	908
2.246	2.517	2.120	Investment in associates	4.443	4.629	4.523
7.346	7.331	7.586	Investment in subsidiaries	-	-	-
-	-	70	Intangible assets	19 471	296	298
1.002	410	1.016	Deferred tax assets	1.037	427	1.015
295	321	266	Tangible fixed assets	965	1.027	994
915	937	884	Lease rights	18 343	398	346
414	786	951	Other assets	5 1.379	1.143	749
215.927	209.455	218.700	Total assets	12 296.987	280.338	287.049
4.218	558	2.038	Balances with credit institutions	1.291	466	4.144
118.394	113.476	132.741	Deposits from customers	7 132.283	113.248	118.170
51.749	50.646	39.920	Listed debt securities	11 119.883	129.032	126.763
13.115	17.382	6.759	Financial derivatives	10 3.458	7.892	6.825
669	7	356	Taxes payable	517	143	835
936	954	917	Liabilities associated with lease rights	18 367	409	365
197	199	204	Pension liabilities	14 211	209	204
255	262	167	Impairments on financial commitments	4 167	262	256
378	533	2.379	Other liabilities	6 2.703	727	540
400	-	7.614	Senior non-preferred bonds	11 7.614	-	400
2.154	2.186	2.142	Subordinated loan capital	11 2.142	2.186	2.154
192.465	186.204	195.237	Total liabilities	270.636	254.574	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	12.577	11.375	Other equity	14.253	14.951	15.150
	844	2.257	Profit/loss at period end	2.267	982	
23.462	23.252	23.463	Total equity	26.351	25.764	26.393
215.927	209.455	218.700	Total liabilities and equity	12 296.987	280.338	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 has exercised its special authorisation from April 2021 and at the board meeting on 30 September 2021 approved a dividend of NOK 3.10 per share for the financial year 2020, which was paid out on 13 October 2021. The total dividend of NOK 793 million reduced equity on 30 September 2021.

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 accosiates					14	14
Trade in treasury shares					1	1
Transactions with shareholders					1	1
Equity as at 31.12.2020	6.394	1.587	1.850	5	16.557	26.393
Profit after tax					2.267	2.267
Unrecognised actuarial gains and losses after tax					-5	-5
Basisswap spread after tax					-48	-48
Share of profit associated companies and joint ventures					7	7
Year's comprehensive income					2.221	2.221
Hybrid capital						-
Interest on hybridcapital					-49	-49
Non-controlling interests					-	-
Transactions against equity in subsidiaries and associated companies					-12	-12
Dividend 2019, resolved in 2021					-1.407	-1.407
Dividend 2020, resolved in 2021					-793	-793
Trade in treasury shares					-2	-2
Transactions with shareholders					-2.202	-2.202
Equity as at 30.09.2021	6.394	1.587	1.850	5	16.515	26.351

Statement of cash flows

Parent bank			Cash flow statement	Group		
01.01.20 - 2020	01.01.20 - 30.09.20	01.01.21 - 30.09.21		01.01.21 - 30.09.21	01.01.20 - 30.09.20	2020
558	829	-1.674	Change in gross lending to customers ¹⁾	-7.771	-9.682	-12.068
4.646	3.649	2.950	Interest receipts from lending to customers	4.161	5.012	6.405
15.071	10.153	14.347	Change in deposits from customers	14.113	10.142	15.064
-865	-710	-502	Interest payments on deposits from customers	-500	-707	-861
-10.181	-7.354	7.855	Change in receivables and debt from credit institutions	4.642	746	-5.901
-38	44	-189	Interest on receivables and debt to financial institutions	-330	-271	-389
-5.543	-4.060	-13.880	Change in certificates and bonds ¹⁾	-12.982	-5.606	-7.129
502	402	354	Interest receipts from commercial paper and bonds	364	401	505
860	621	683	Commission receipts	1.269	1.059	1.438
-14	-33	-13	Capital gains from sale of trading	106	-16	5
-1.660	-1.245	-1.219	Payments for operations	-1.574	-1.728	-2.372
-1.078	-1.078	-669	Taxes paid	-821	-1.225	-1.225
3.381	7.152	-4.076	Other accruals ¹⁾	-3.190	2.157	4.183
5.639	8.370	3.967	A Net change in liquidity from operations	-2.513	282	-2.345
-37	-31	-102	Investments in tangible fixed assets	-117	-51	-47
6	-	3	Receipts from sale of tangible fixed assets	3	-	6
-252	-243	-462	Change in long-term investments in equities	-728	-255	-257
266	13	366	Receipts from sales of long-term investments in equities	492	51	305
854	854	1.115	Dividends from long-term investments in equities	406	271	271
837	593	920	B Net cash flow, investments	56	16	278
5.802	2.097	9.519	Debt raised by issuance of securities	24.879	21.672	25.367
-9.923	-8.801	-12.648	Repayments - issued securities	-20.352	-19.265	-20.387
-779	-689	-254	Interest payments on securities issued	-594	-1.163	-1.356
-	-	-	Additional subordinated loan capital issued	-	-	-
-	-	-	Repayments - additional capital instruments	-	-	-
-49	-39	-28	Interest payments on subordinated loans	-28	-39	-49
-	-	-	Increase in debt established by issuing hybrid capital	-	-	-
-88	-67	-49	Interest payments on debt established by issuing hybrid capital	-49	-67	-88
-69	-51	-53	Lease payments	-39	-28	-47
-	-	-1.407	Dividend to share holders	-1.407	-	-
-5.106	-7.550	-4.920	C Net cash flow, financing	2.410	1.110	3.440
1.370	1.413	-33	A+B+C Net cash flow during the period	-47	1.408	1.373
768	768	2.138	Cash and cash equivalents as at 1 January	2.152	779	779
2.138	2.181	2.105	Cash and cash equivalents at the end of the period	2.105	2.187	2.152
			Cash and cash equivalents specified			
68	657	76	Cash and balances with central banks	76	657	68
2.070	1.524	2.029	Balances with credit institutions	2.029	1.530	2.084
2.138	2.181	2.105	Cash and cash equivalents	2.105	2.187	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 September 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 third 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 third 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 second 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 September 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 our increased understanding of the impact of the pandemic and the ongoing vaccination programmes, the uncertainty surrounding macroeconomic developments shrank in the last quarter. Some uncertainty still exists regarding what effects fully reopening society will have on developments in Norway and the global economy, and the picture is constantly changing. This continues to cause great uncertainty in relation to 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 third 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 third 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 106 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 Q3 2021							
ECL in a strong economic expansion scenario	17,5 %			150	37	11	198
ECL in a normal economic expansion scenario		65,0 %		486	54	20	560
ECL in a recession economic expansion scenario			17,5 %	2.018	200	114	2.332
ECL with the applied scenario weighting: (current, used from the fourth quarter of 2020. Including overarching management discretion)	17,5 %	65,0 %	17,5 %	695	77	35	807
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 %	1.099	113	57	1.269
Isolated effect of changed scenario weighting - 2 (used up to the fourth quarter of 2020, although with less conservative scenarios)	25,0 %	65,0 %	10,0 %	555	65	27	647
Isolated effect of changed scenario weighting - 3 (illustration, not used before)	25,0 %	50,0 %	25,0 %	785	87	41	913
Isolated effect of changed scenario weighting - 4 (illustration, not used before)	33,3 %	33,3 %	33,3 %	885	97	48	1.030

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 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 - 30.09.20	01.01.21 - 30.09.21		01.01.21 - 30.09.21	01.01.20 - 30.09.20	01.01.20 - 31.12.20
763	868	143	Change in impairments on loans	140	880	789
126	132	-89	Change in impairments on financial commitments	-89	132	126
1.150	761	269	Actual loan losses on commitments	269	761	1.150
-1	-2	2	Change in accrued interest	2	-2	-
-	2	-	Change in assets taken over for the period	-	2	-
-35	-13	-106	Recoveries on commitments previously written-off	-106	-13	-35
2.003	1.748	219	Total net impairments on loans and financial commitments	216	1.760	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	30.09.2021
		loans	commitment	
Impairments after amortised cost, corporate market	2.260	171	-89	2.342
Impairments after amortised cost, retail market	96	-5	-	91
Mortgages at FVOCI ¹⁾	78	-23	-	55
Total impairments on loans and financial commitments	2.434	143	-89	2.488
Presented as				
Impairments on loans	2.178	143	-	2.321
Impairments on financial commitments	256	-	-89	167
Total impairments on loans and financial commitments	2.434	143	-89	2.488
2020				
Impairments on loans and financial commitments	01.01.2020			Total
				30.09.2020
Impairments after amortised cost, corporate market	1.397	824	131	2.352
Impairments after amortised cost, retail market	94	5	1	100
Mortgages at FVOCI ¹⁾	54	39	-	93
Total impairments on loans and financial commitments	1.545	868	132	2.545
Presented as				
Impairments on loans	1.415	868	-	2.283
Impairments on financial commitments	130	-	132	262
Total impairments on loans and financial commitments	1.545	868	132	2.545
Group				
2021		Changes in	Changes in	Total
Impairments on loans and financial commitments	01.01.2021	impairments on	on financial	30.09.2021
		loans	commitment	
Impairments after amortised cost, corporate market	2.259	171	-89	2.341
Impairments after amortised cost, retail market	212	-31	-	181
Mortgages at FVOCI ¹⁾	-	-	-	-
Total impairments on loans and financial commitments	2.471	140	-89	2.522
Presented as				
Impairments on loans	2.215	140	-	2.355
Impairments on financial commitments	256	-	-89	167
Total impairments on loans and financial commitments	2.471	140	-89	2.522
2020				
Impairments on loans and financial commitments	01.01.2020			Total
				30.09.2020
Impairments after amortised cost, corporate market	1.396	825	131	2.352
Impairments after amortised cost, retail market	160	55	1	216
Mortgages at FVOCI ¹⁾	-	-	-	-
Total impairments on loans and financial commitments	1.556	880	132	2.568
Presented as				
Impairments on loans	1.426	880	-	2.306
Impairments on financial commitments	130	-	132	262
Total impairments on loans and financial commitments	1.556	880	132	2.568

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 - 30.09.2021				01.01.2020 - 30.09.2020			
	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 - 30.09.								
Transfer to (from) stage 1	-25	25	-	-	-7	7	-	-
Transfer to (from) stage 2	78	-82	4	-	56	-61	5	-
Transfer to (from) stage 3	-	6	-6	-	4	1	-5	-
Net new measurement of impairments	-79	91	160	172	6	146	784	936
New issued or purchased loan	88	56	10	154	80	51	5	136
Loans that have been derecognised	-69	-89	-25	-183	-38	-144	-22	-204
Impairments on loans 30.09	281	338	1.702	2.321	245	381	1.657	2.283
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 - 30.09.								
Transfer to (from) stage 1	-3	3	-	-	-1	1	-	-
Transfer to (from) stage 2	17	-17	-	-	10	-10	-	-
Transfer to (from) stage 3	-	-	-	-	-	-	-	-
Net new measurement of impairments	-24	10	-82	-96	-2	21	124	143
New issued or purchased loan	22	7	-	29	13	7	-	20
Loans that have been derecognised	-6	-6	-10	-22	-5	-26	-	-31
Impairments on financial commitments 30.09.	49	44	74	167	36	75	151	262

Group

Impairments recognised on loans per stage	01.01.2021 - 30.09.2021				01.01.2020 - 30.09.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairments on loans 01.01	298	357	1.560	2.215	146	388	892	1.426
Changes 01.01 - 30.09.								
Transfer to (from) stage 1	-25	25	-	-	-7	7	-	-
Transfer to (from) stage 2	86	-90	4	-	57	-62	5	-
Transfer to (from) stage 3	-	6	-6	-	4	1	-5	-
Net new measurement of impairments	-88	100	161	173	7	153	785	945
New issued or purchased loan	92	59	11	162	83	55	5	143
Loans that have been derecognised	-72	-96	-27	-195	-39	-146	-23	-208
Impairments on loans 30.09	291	361	1.703	2.355	251	396	1.659	2.306
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 - 30.09.								
Transfer to (from) stage 1	-3	3	-	-	-1	1	-	-
Transfer to (from) stage 2	17	-17	-	-	10	-10	-	-
Transfer to (from) stage 3	-	-	-	-	-	-	-	-
Net new measurement of impairments	-24	10	-82	-96	-2	21	124	143
New issued or purchased loan	22	7	-	29	13	7	-	20
Loans that have been derecognised	-6	-6	-10	-22	-5	-26	-	-31
Impairments on financial commitments 30.09.	49	44	74	167	36	75	151	262

Note 5 Other assets

Parent bank				Group		
31.12.20	30.09.20	30.09.21		30.09.21	30.09.20	31.12.20
4	14	-	Income earned but not received	12	25	15
9	11	8	Prepaid expenses	13	16	17
4	3	4	Over funding of pension liabilities	4	3	4
200	200	200	Capital contribution SR-Pensjonskasse	200	200	200
23	358	576	Unsettled trades	576	358	23
174	200	163	Other assets	574	541	490
414	786	951	Total other assets	1.379	1.143	749

Note 6 Other Liabilities

Parent bank				Group		
31.12.20	30.09.20	30.09.21		30.09.21	30.09.20	31.12.20
183	187	206	Accrued expenses and prepaid revenue	436	303	223
4	-	1.093	Unsettled trades	1.093	-	4
-	-	793	Dividend 2020, resolved in 2021	793	-	-
191	346	287	Other liabilities	381	424	313
378	533	2.379	Total other liabilities	2.703	727	540

Note 7 Deposits from customers

Parent bank				Group		
31.12.20	30.09.20	30.09.21		30.09.21	30.09.20	31.12.20
457	446	296	Aquaculture	296	446	457
1.499	1.378	1.556	Industry	1.556	1.378	1.499
1.309	1.363	1.554	Agriculture/forestry	1.554	1.363	1.309
14.561	13.652	15.763	Service industry	15.305	13.424	14.337
3.753	3.601	3.771	Retail trade, hotels and restaurants	3.771	3.601	3.753
1.679	1.430	1.496	Energy, oil and gas	1.496	1.430	1.679
2.340	1.926	2.343	Building and construction	2.343	1.926	2.340
984	408	1.287	Power and water supply/	1.287	408	984
6.559	6.399	7.662	Real estate	7.662	6.399	6.559
1.952	1.962	1.882	Shipping and other transport	1.882	1.962	1.952
29.902	27.704	37.952	Public sector and financial services	37.952	27.704	29.902
64.995	60.269	75.562	Total corporate sector	75.104	60.041	64.771
53.399	53.207	57.179	Retail customers	57.179	53.207	53.399
118.394	113.476	132.741	Deposits from customers	132.283	113.248	118.170

Note 8 Loans and financial liabilities to customers

Parent bank			Gross loans to customers by industry	Group		
31.12.20	30.09.20	30.09.21		30.09.21	30.09.20	31.12.20
2.904	2.837	3.395	Aquaculture	3.403	2.841	2.909
2.829	2.783	3.466	Industry	3.518	2.830	2.881
5.199	5.116	5.254	Agriculture/forestry	5.539	5.372	5.481
14.286	13.400	15.027	Service industry	15.305	13.458	14.421
3.204	3.417	2.744	Retail trade, hotels and restaurants	2.912	3.547	3.339
2.544	3.846	2.739	Energy, oil and gas	2.739	3.846	2.544
4.235	4.302	4.630	Building and construction	4.828	4.482	4.421
1.129	1.175	1.336	Power and water supply	1.336	1.175	1.129
31.419	31.494	31.487	Real estate	31.498	31.507	31.430
11.227	12.947	11.710	Shipping and other transport	11.865	13.092	11.372
2.180	2.275	2.468	Public sector and financial services	2.468	2.275	2.180
81.156	83.592	84.256	Total corporate sector	85.411	84.425	82.107
52.801	50.094	51.375	Retail customers	141.541	132.371	137.074
133.957	133.686	135.631	Gross loans	226.952	216.796	219.181
-2.178	-2.283	-2.321	- Impairments after amortised cost	-2.355	-2.306	-2.215
13	12	13	- Mortgages at FVOCI ²⁾	-	-	-
131.792	131.415	133.323	Loans to customers	224.597	214.490	216.966
Financial commitments ¹⁾						
8.763	9.309	9.782	Guarantees customers	9.829	9.370	8.814
17.795	17.076	18.948	Unused credit lines for customers	26.419	24.565	24.962
9.473	9.209	12.295	Approved loan commitments	12.295	9.209	9.473
36.031	35.594	41.025	Total financial commitments	48.543	43.144	43.249
Other guarantees issued and liabilities						
7.220	8.939	9.633	Unused credit lines for financial institutions	-	-	-
75.385	589	80.348	Guarantees other	596	589	589
35	2	3	Letters of credit	3	2	35
82.640	9.530	89.984	Total other guarantees issued and liabilities	599	591	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	30.09.2021
Aquaculture	3.361	-15	-13	-	34	3.367
Industry	3.420	-15	-15	-137	46	3.299
Agriculture/forestry	2.603	-2	-4	-2	2.651	5.246
Service industry	14.431	-59	-91	-116	596	14.761
Retail trade, hotels and restaurants	2.493	-16	-17	-12	251	2.699
Energy, oil and gas	2.739	-10	-7	-735	-	1.987
Building and construction	4.357	-15	-8	-15	273	4.592
Power and water supply	1.332	-4	-8	-	4	1.324
Real estate	31.261	-112	-107	-74	226	31.194
Shipping and other transport	11.593	-19	-28	-538	117	11.125
Public sector and financial services	2.468	-	-	-	-	2.468
Total corporate sector	80.058	-267	-298	-1.629	4.198	82.062
Retail customers	5.231	-14	-40	-73	46.144	51.248
Mortgages at FVOCI ¹⁾					13	13
Loans to customers	85.289	-281	-338	-1.702	50.355	133.323

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	30.09.2020
Aquaculture	2.808	-9	-9	-	29	2.819
Industry	2.718	-15	-14	-80	65	2.674
Agriculture/forestry	2.621	-2	-8	-5	2.495	5.101
Service industry	12.885	-51	-71	-160	515	13.118
Retail trade, hotels and restaurants	3.205	-21	-45	-8	212	3.343
Energy, oil and gas	3.846	-10	-27	-680	-	3.129
Building and construction	4.076	-12	-24	-13	226	4.253
Power and water supply	1.169	-3	-8	-	6	1.164
Real estate	31.262	-90	-84	-59	232	31.261
Shipping and other transport	12.844	-19	-67	-552	103	12.309
Public sector and financial services	2.275	-	-	-	-	2.275
Total corporate sector	79.709	-232	-357	-1.557	3.883	81.446
Retail customers	5.888	-13	-24	-100	44.206	49.957
Mortgages at FVOCI ¹⁾					12	12
Loans to customers	85.597	-245	-381	-1.657	48.101	131.415

¹⁾ FVOCI - Fair value other comprehensive income

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	30.09.2021
Aquaculture	3.397	-15	-13	-	6	3.375
Industry	3.508	-15	-15	-137	10	3.351
Agriculture/forestry	4.400	-2	-4	-1	1.139	5.532
Service industry	15.195	-59	-93	-116	110	15.037
Retail trade, hotels and restaurants	2.878	-17	-17	-12	34	2.866
Energy, oil and gas	2.739	-10	-7	-735	-	1.987
Building and construction	4.774	-15	-8	-15	54	4.790
Power and water supply	1.336	-4	-8	-	-	1.324
Real estate	31.378	-112	-107	-74	120	31.205
Shipping and other transport	11.841	-19	-28	-538	24	11.280
Public sector and financial services	2.468	-	-	-	-	2.468
Total corporate sector	83.914	-268	-300	-1.628	1.497	83.215
Retail customers	134.121	-23	-61	-75	7.420	141.382
Loans to customers	218.035	-291	-361	-1.703	8.917	224.597

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	30.09.2020
Aquaculture	2.832	-9	-9	-	9	2.823
Industry	2.820	-14	-14	-80	10	2.722
Agriculture/forestry	4.303	-2	-9	-5	1.069	5.356
Service industry	13.338	-51	-72	-160	120	13.175
Retail trade, hotels and restaurants	3.519	-22	-45	-8	28	3.472
Energy, oil and gas	3.846	-10	-27	-680	-	3.129
Building and construction	4.432	-12	-24	-13	50	4.433
Power and water supply	1.173	-3	-8	-	2	1.164
Real estate	31.363	-90	-84	-59	144	31.274
Shipping and other transport	13.070	-19	-67	-552	22	12.454
Public sector and financial services	2.275	-	-	-	-	2.275
Total corporate sector	82.971	-232	-359	-1.557	1.454	82.277
Retail customers	124.136	-19	-37	-102	8.235	132.213
Loans to customers	207.107	-251	-396	-1.659	9.689	214.490

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

Parent bank

Gross loans per stage	01.01.2021 - 30.09.2021				01.01.2020 - 30.09.2020			
	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	-6.002	5.946	56	-	-3.784	3.467	317	-
Transfer to (from) stage 2	2.782	-2.922	140	-	2.413	-2.505	92	-
Transfer to (from) stage 3	10	30	-40	-	21	3	-24	-
Net increase/(decrease) balance existing loans	8.015	641	215	8.871	2.830	611	-7	3.434
Originated or purchased during the period	38.852	1.612	108	40.572	35.118	1.445	74	36.637
Loans that have been derecognised	-43.031	-4.218	-520	-47.769	-36.830	-4.226	156	-40.900
Gross loans 30.09.	119.946	12.022	3.663	135.631	120.207	10.541	2.938	133.686

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	4.635	402	-43	4.994	4.283	165	279	4.727
Financial commitments 30.09.	37.472	2.347	1.206	41.025	31.820	2.611	1.163	35.594

Group

Gross loans per stage	01.01.2021 - 30.09.2021				01.01.2020 - 30.09.2020			
	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	-7.169	7.111	58	-	-4.703	4.381	322	-
Transfer to (from) stage 2	4.019	-4.172	153	-	3.380	-3.485	105	-
Transfer to (from) stage 3	13	39	-52	-	21	10	-31	-
Net increase/(decrease) balance existing loans	10.658	697	215	11.570	2.777	667	-7	3.437
Originated or purchased during the period	54.251	1.712	95	56.058	64.434	2.232	79	66.745
Loans that have been derecognised	-54.369	-4.761	-512	-59.642	-55.758	-4.894	152	-60.500
Gross loans 30.09.	208.558	14.698	3.696	226.952	200.542	13.287	2.967	216.796

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	4.979	358	-43	5.294	4.847	161	281	5.289
Financial commitments 30.09.	44.768	2.566	1.209	48.543	39.119	2.859	1.166	43.144

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 September 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. Norges Bank expects the buffer rate to be increased to 2.0% with effect from 31 December 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.

The investments are treated identically for the purposes of determining the capital ratio, except for the group's investments in BN Bank, SpareBank 1 Forvalting and SpareBank 1 Kredit. A proportionate consolidation is carried out for the group's capital ratio. The comparative figures for 2020 include figures from SpareBank 1 Boligkredit and SpareBank 1 Næringskredit. These were sold with effect from 31 December 2020 and 30 September 2021, respectively.

Parent bank				Group		
31.12.20	30.09.20	30.09.21		30.09.21	30.09.20	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	12.577	11.375	Other equity	14.253	14.951	15.150
-	844	2.257	Non-controlling interests	-	-	5
-	-	-	Profit for the period	2.265	982	-
23.462	23.252	23.463	Book equity	26.349	25.764	26.393
			Tier 1 capital			
-	-	-70	Deferred taxes, goodwill and other intangible assets	-565	-320	-364
-1.407	-	-	Deduction for allocated dividends ^{1) 2)}	-	-	-1.407
-52	-116	-29	Deduction in expected losses IRB less loss provisions	-117	-224	-146
-1.850	-1.850	-1.850	Hybrid capital that cannot be included in CET 1 capital	-1.850	-1.850	-1.850
-	-422	-1.128	Profit for the period that cannot be included in total Tier 1 capital	-1.132	-491	-
-	-	-	Deduction for CET 1 capital in essential investments in financial institutions	-170	-143	-246
-151	-164	-151	institutions	-149	-152	-154
-50	-59	-59	Value adjustment due to requirements concerning proper valuation	-65	-65	-50
19.952	20.641	20.176	CET 1 capital	22.301	22.519	22.176
1.850	1.850	1.850	Hybrid capital	1.951	-	1.951
21.802	22.491	22.026	Tier 1 capital	24.252	22.519	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	24.545	24.080	Net primary capital	26.446	24.758	26.336

Note 9 Capital adequacy (continued)

Parent bank			Credit risk Basel II	Group		
31.12.20	30.09.20	30.09.21		30.09.21	30.09.20	31.12.20
16.932	17.594	17.704	SME	17.712	17.598	16.935
20.779	21.462	21.190	Specialised enterprises	23.455	23.880	23.130
6.413	5.798	7.629	Other corporations	7.791	5.914	6.529
1.007	1.065	1.008	Mass market SME	1.327	1.353	1.311
12.286	12.340	10.161	Mass market - mortgage on real estate	32.064	31.148	31.178
2.695	2.757	2.493	Other mass market	2.454	2.876	2.692
11.086	11.578	11.598	Equity positions	-	-	-
71.198	72.594	71.783	Total credit and counterparty risk IRB	84.803	82.769	81.775
33	31	34	States and central banks	53	38	43
153	39	37	Local and regional authorities, state-owned enterprises	223	198	308
4.212	3.739	4.877	Institutions	2.702	1.539	1.580
8.425	9.084	8.653	Enterprises	9.278	9.437	8.984
3.358	3.420	3.677	Mass market	4.401	4.088	4.020
-	-	-	Mass market - mortgage on real estate	712	957	931
9.219	1.899	10.262	Covered bonds	2.577	2.282	2.095
6.029	6.029	6.211	Equity positions	6.587	6.354	6.436
4.284	2.969	4.129	Other assets	4.915	3.639	4.902
35.713	27.210	37.880	Total credit and counterparty risk standard method	31.448	28.532	29.299
121	346	182	Credit value adjustment risk (CVA)	358	751	334
7.171	7.067	7.171	Operational risk	10.007	9.442	9.854
114.203	107.217	117.016	Risk weighted balance	126.616	121.494	121.262
5.139	4.825	5.266	Minimum requirement for common equity Tier 1 capital ratio 4.5 %	5.698	5.467	5.457
			Buffer requirement			
2.855	2.680	2.925	Capital conservation buffer 2.5 %	3.165	3.037	3.032
5.139	3.217	5.266	Systemic risk buffer 4.5 %	5.698	3.645	5.457
1.142	1.072	1.170	Countercyclical capital buffer 1.0 %	1.266	1.215	1.213
9.136	6.969	9.361	Total buffer requirement to common equity Tier 1 capital ratio	10.129	7.897	9.701
5.677	8.847	5.549	Available common equity Tier 1 capital ratio after buffer requirement	6.474	9.155	7.018
17,47 %	19,25 %	17,24 %	Common equity Tier 1 capital ratio ^{1) 2)}	17,61 %	18,54 %	18,29 %
19,09 %	20,98 %	18,82 %	Tier 1 capital ratio ^{1) 2)}	19,15 %	20,16 %	19,90 %
20,89 %	22,89 %	20,58 %	Capital ratio ^{1) 2)}	20,89 %	22,00 %	21,72 %
7,44 %	10,45 %	7,03 %	Leverage Ratio	7,27 %	7,88 %	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 has exercised its special authorisation from April 2021 and at the board meeting on 30 September 2021 approved a dividend of NOK 3.10 per share for the financial year 2020, which was paid out on 13 October 2021. The total dividend of NOK 793 million reduced equity on 30 September 2021.

³⁾ Risk weights for residential mortgages are subject to a regulatory floor of 20%. Without this floor, the risk weight for residential mortgages in the group would have been 18.1% as at 30 September 2021.

Note 10 Financial derivatives

Group

Group	Contract amount	Fair value at 30.09.21	
	30.09.21	Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency futures (forwards)	4.263	94	47
Currency swaps	18.670	143	141
Currency swaps (basis swaps)	37.304	148	501
Currency swaps (basis swaps hedging)	27.948	87	129
Total currency instruments	88.185	472	818
Interest rate instruments			
Interest rate swaps	75.882	774	965
Other interest rate contracts	1.320	8	8
Total interest rate instruments	77.202	782	973
Interest rate instruments, hedging			
Interest rate swaps	101.729	2.209	452
Total interest rate instruments, hedging	101.729	2.209	452
Security			
Security		2.224	1.215
Total security		2.224	1.215
Total currency and interest rate instruments			
Total currency instruments	88.185	472	818
Total interest rate instruments	178.931	2.991	1.425
Total collateral		2.224	1.215
Total financial derivatives	267.116	5.687	3.458
Counterparty risk:			
Netting agreements		1.306	
Considered collateral		3.439	
Total exposure to financial derivatives		942	

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)	824	4,2
EURIBOR EUR (3 months)	92.974	4,9
EURIBOR EUR (6 months)	122	3,6
LIBOR USD (1 month)	880	1,2
LIBOR USD (3 months)	14.247	1,7
LIBOR USD (6 months)	817	1,7
NIBOR NOK (1 month)	49	5,4
NIBOR NOK (3 months)	62.903	4,2
NIBOR NOK (6 months)	865	2,9
STIBOR SEL (3 months)	300	3,3
Total interest rate instruments	173.981	
Currency instruments		
EURIBOR EUR (3 months) to LIBOR USD (3 months)	10.413	2,2
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	48.880	3,4
EURIBOR EUR (3 months) to STIBOR SEK (3 months)	202	0,5
LIBOR USD (3 months) to NIBOR NOK (3 months)	5.553	2,1
LIBOR USD (6 months) to FIXED NOK	204	4,5
Total currency instruments	65.252	
Total exposure to financial derivatives	239.233	

Note 11 Securities issued and subordinated loan capital

Group

	Balance as at 30.09.21	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	1.242	-	-	40	1.202
Bonds and certificates, nominal value	37.875	2.259	-12.648	-787	49.051
Covered bonds, nominal value	78.919	15.359	-7.704	-1.231	72.495
Adjustments and accrued interests	1.847			-2.168	4.015
Total debt raised through securities issued	119.883	17.618	-20.352	-4.146	126.763

	Balance as at 30.09.21	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	7.632	7.261	-	-28	399
Adjustments and accrued interests	-18			-19	1
Total senior non-preferred bonds	7.614	7.261	-	-47	400

	Balance as at 30.09.21	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	2.136	-	-	-13	2.149
Adjustments and accrued interests	6			1	5
Total additional Tier 1 and Tier 2 capital instruments	2.142	-	-	-12	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-Boligkredit AS are divided between the retail market and own account trading/staff/support in the parent bank segments. Commission income from SpareBank 1 Boligkredit are reported under 'Net commissions and other income'.

SpareBank 1 SR-Bank Group 01.01.21 - 30.09.21									
Income statement	Retail Market	Corporate Market	Capital Market	Staff/Support	Eiendoms-Megler 1	Forretnings-partner	Other activities	Eliminations	Total
Interest income	1.647	1.748	115	1.078	2	-	1	-40	4.551
Interest expense	261	320	95	940	-	1	6	-57	1.566
Net interest income ¹⁾	1.386	1.428	20	138	2	-1	-5	17	2.985
Commission income	447	272	10	7	350	236	90	-86	1.326
Commission expenses	42	18	-	48	-	-	26	-66	68
Other operating income	1	-	-	7	-	-	96	-100	4
Net commission and other income	406	254	10	-34	350	236	160	-120	1.262
Dividend income	-	-	-	9	-	-	-	-	9
Income from investment in associates	-	27	-	1.079	-	-	-1	-652	453
Net gains/losses on financial instruments	-	18	83	-29	-	-	77	82	231
Net income on investment securities	-	45	83	1.059	-	-	76	-570	693
Personnel expenses	317	152	44	332	209	163	26	-6	1.237
Other operating expenses	127	36	8	281	89	31	41	-24	589
Depreciation and impairment on tangible and int	-	-	-	103	3	11	27	-11	133
Total operating expenses	444	188	52	716	301	205	94	-41	1.959
Operating profit before losses	1.348	1.539	61	447	51	30	137	-632	2.981
Impairments on loans and financial commitments	-10	226	-	-	-	-	-	-	216
Pre-tax profit	1.358	1.313	61	447	51	30	137	-632	2.765
Net interest income									
External net interest income	1.386	1.428	20	138	2	-	-	11	2.985
Internal net interest income	-	-	-	-	-	-1	-5	6	-
Net interest income	1.386	1.428	20	138	2	-1	-5	17	2.985
Balance sheet									
Loans to customers	145.422	77.870	35	3.917	-	-	-	-292	226.952
Impairments on loans	-180	-2.176	-	-	-	-	-	-	-2.356
Certificates/bonds/financial derivatives	-	-	3.529	59.596	-	-	17	-4.552	58.590
Other assets	-2.403	8.109	1.349	21.664	289	584	1.517	-17.308	13.801
Total assets	142.839	83.803	4.913	85.177	289	584	1.534	-22.152	296.987
Deposits from customers	63.173	70.387	40	-859	-	-	-	-458	132.283
Other debt and equity ¹⁾	79.666	13.416	4.873	86.036	289	584	1.534	-21.694	164.704
Total debt and equity	142.839	83.803	4.913	85.177	289	584	1.534	-22.152	296.987
Loans sold to SpareBank 1 Boligkredit	-	-	-	-	-	-	-	-	-

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 - 30.09.20									
Income statement	Retail Market	Corporate Market	Capital Market	Staff/ Support	Eiendoms- Megler 1	Forretnings- partner	Other activities	Eliminations	Total
Interest income	1.700	1.962	97	1.770	1	-	1	-85	5.446
Interest expense	416	364	56	1.552	-	-	10	-100	2.298
Net interest income ¹⁾	1.284	1.598	41	218	1	-	-9	15	3.148
Commission income	444	229	3	5	303	127	75	-81	1.105
Commission expenses	55	21	1	41	-	-	27	-62	83
Other operating income	1	-	-	7	-	-	26	-30	4
Net commission and other income	390	208	2	-29	303	127	74	-49	1.026
Dividend income	-	-	-	18	-	-	-	-	18
Income from investment in associates	-	-	-	836	-	-	-4	-298	534
Net gains/losses on financial instruments	1	-16	62	-146	-	-	-52	58	-93
Net income on investment securities	1	-16	62	708	-	-	-56	-240	459
Personnel expenses	305	143	36	261	173	89	32	-4	1.035
Other operating expenses	125	34	9	300	87	15	32	-22	580
Depreciation and impairment on tangible and int	-	-	-	110	3	5	27	-3	142
Total operating expenses	430	177	45	671	263	109	91	-29	1.757
Operating profit before losses	1.245	1.613	60	226	41	18	-82	-245	2.876
Impairments on loans and financial commitments	85	1.675	-	-	-	-	-	-	1.760
Pre-tax profit	1.160	-62	60	226	41	18	-82	-245	1.116
Net interest income									
External net interest income	1.284	1.598	41	218	1	-	-	6	3.148
Internal net interest income	-	-	-	-	-	-	-9	9	-
Net interest income	1.284	1.598	41	218	1	-	-9	15	3.148
Balance sheet									
Loans to customers	135.898	77.274	372	3.614	-	-	-	-362	216.796
Impairments on loans	-213	-2.093	-	-	-	-	-	-	-2.306
Certificates/bonds/financial derivatives	-	-45	4.584	54.593	-	-	6	-10.030	49.108
Other assets	8.161	30.948	1.514	-8.777	224	214	1.441	-16.985	16.740
Total assets	143.846	106.084	6.470	49.430	224	214	1.447	-27.377	280.338
Deposits from customers	58.777	55.679	21	-1.001	-	-	-	-228	113.248
Other debt and equity ¹⁾	85.069	50.405	6.449	50.431	224	214	1.447	-27.149	167.090
Total debt and equity	143.846	106.084	6.470	49.430	224	214	1.447	-27.377	280.338
Loans sold to SpareBank 1 Boligkreditt	3.390	-							3.390

Note 13 Net income/losses from financial instruments

Parent bank				Group		
01.01.20 - 31.12.20	01.01.20 - 30.09.20	01.01.21- 30.09.21		01.01.21- 30.09.21	01.01.20 - 30.09.20	01.01.20 - 31.12.20
-107	-95	102	Net gains/losses on equity instruments	200	-56	-49
37	173	-416	Net gains/losses for bonds and certificates	-416	166	29
-121	-250	352	Net derivatives bonds and certificates	352	-250	-121
-47	-49	4	Net counterparty risk, inclusive of CVA	4	-49	-47
19	22	-4	Net derivatives other assets	-4	22	19
-2	2	26	Net derivatives liabilities	30	-7	-3
-10	-21	34	Net derivatives basis swap spread	-36	-16	13
133	104	103	Net gain currency	101	97	138
-98	-114	201	Net income/losses from financial instruments	231	-93	-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:

Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Parent bank and group
1,30 %	1,70 %	2,10 %	1,80 %	1,80 %	Discount rate
1,30 %	1,70 %	2,10 %	1,80 %	1,80 %	Expected return on assets
2,00 %	2,25 %	2,25 %	2,25 %	2,50 %	Forecast salary increase
1,75 %	2,00 %	2,00 %	2,00 %	2,25 %	National Insurance scheme's basic amount
0,00 %	0,00 %	0,00 %	0,00 %	0,00 %	Pension adjustment
0,00 %	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 - 30.09.20	01.01.21 - 30.09.21		01.01.21 - 30.09.21	01.01.20 - 30.09.20	01.01.20 - 2020
176	176	197	Net pension obligations opening balance	204	187	187
-157	-34	-238	Actuarial liabilities and losses recognised in comprehensive income	-239	-34	-159
15	9	6	Net pension cost	6	8	15
-	-	-	Company contributions	-	-	-
-4	-3	-6	Payments from operations	-6	-3	-5
167	51	245	Upper limit for capitalisation of the asset	246	51	166
197	199	204	Net pension obligations closing balance	211	209	204

Note 15 Sale of loans

SpareBank 1 SR-Bank sold its shares in SpareBank 1 Næringskreditt on 29 September 2021 and have no loans that have been sold to the company. For more information about the accounting treatment of the agreement that has now ended see note 2 and note 9 to the annual financial statements for 2020.

SpareBank 1 SR-Bank has 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 4.3 years at the end of the third quarter of 2021. The total LCR was 160 % at the end of the third quarter, and the average total LCR was 165 % in the quarter. The LCR in NOK and EUR at the end of the quarter was 125 % and 731 %, 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 30.09.2021	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers ¹⁾			8.917	8.917
Commercial paper and bonds	27.617	17.463		45.080
Financial derivatives		5.687		5.687
Equities, units and other equity interests	565	43	362	970
Liabilities				
Financial derivatives		3.458		3.458
No transfers between levels 1 and 2				

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

50.342

Note 17 Information about fair value (continued)

Fair value 30.09.2020	Level 1	Level 2	Level 3	Total
Assets				
Net lending to customers ¹⁾			9.689	9.689
Commercial paper and bonds	19.633	11.542		31.175
Financial derivatives		10.710		10.710
Equities, units and other equity interests	448	28	440	916
Liabilities				
Financial derivatives		7.892		7.892
No transfers between levels 1 and 2				
¹⁾ Net lending to customers in parent bank, level 3			48.089	

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	1.249	93
Disposals	-1.638	-86
Transferred from or to measurement according to prices in an active market or observable market data		
Change in value ¹⁾	-348	-20
Balance 30.09.2021	8.917	362
Nominal value/cost price	8.914	368
Fair value adjustment	3	-6
Balance 30.09.2021	8.917	362

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 27 million.

Fair value of financial instruments at amortised cost

Group	Balance 30.09.2021	Fair value
Assets		
Cash and balances with central banks	76	76
Balances with credit institutions ¹⁾	4.116	4.116
Loans to customers ¹⁾	215.680	215.680
Certificates and bond	7.823	7.842
Total assets at amortised cost	227.695	227.714
Liabilities		
Balances with credit institutions ¹⁾	1.291	1.291
Deposits from customers ¹⁾	132.283	132.283
Listed debt securities	119.883	120.501
Senior non-preferred bonds	7.614	7.687
Subordinated loan capital	2.142	2.220
Total liabilities at amortised cost	263.213	263.982

¹⁾ Loans and deposits at amortised cost, amount to book value best estimate at fair value.
SpareBank 1 SR-Bank Group Q3 2021 – Unaudited

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 - 30.09.20	01.01.21 - 30.09.21		01.01.21 - 30.09.21	01.01.20 - 30.09.20	2020
			Balance			
915	937	884	Lease rights	343	398	346
936	954	917	Liabilities associated with lease rights	367	409	365
			Income Statement			
53	38	43	Depreciations on lease rights	40	31	44
-	-	-	Impairments on lease rights	-	-	4
32	24	22	Interests on lease liabilities	7	11	13
84	62	65	Total IFRS 16 costs	47	42	62
			Effects of IFRS 16			
70	51	53	Reduction in operating expenses pursuant to IAS 17	27	24	32
84	62	65	Increase in expenses pursuant to IFRS 16	47	42	62
-14	-11	-12	Changes to pre-tax profit	-20	-18	-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	18	12	Additions in the period	37	11	43
	-	-	Disposals in the period	-	-	67
53	38	43	Depreciations	40	31	44
	-	-	Impairments	-	-	4
915	937	884	Lease rights at the end of the periode	343	398	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	18	12	Additions in the period	34	11	51
	-	-	Disposals in the period	-	-	67
69	51	53	Instalments in the period	39	28	47
32	24	22	Interest rate	7	11	13
936	954	917	Liabilities associated with lease rights, at the end of the period	367	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

In the opinion of the board of SpareBank 1 SR-Bank ASA, the market situation, the bank's financial strength and the financial situation in general meant it was prudent to exercise the special authorisation granted by the general meeting on 28 April 2021 to pay out dividends. Therefore, on 30 September 2021, the board decided to pay out a dividend of NOK 3.10 per share based on the bank's approved annual financial accounts for 2020. The dividend was paid out on 13 October 2021.

SpareBank 1 SR-Bank ASA (SRBNK) has signed an agreement to acquire SpareBank 1 Forvaltning AS through a contribution in kind by merging its subsidiary, SR-Forvaltning AS, into the company. The transaction requires the consent of the Financial Supervisory Authority of Norway and is expected to be completed in the fourth quarter of 2021. SpareBank 1 SR-Bank's sale of all the shares in SR-Forvaltning AS is expected to generate an accounting gain of just over NOK 100 million.

Otherwise, no material events have been registered after 30 September 2021 that affect the interim financial statements as prepared.

Results from the interim financial statements

SpareBank 1 SR-Bank Group, MNOK	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2020	Q3 2019
Interest income	1.497	1.519	1.535	1.507	1.547	1.752	2.147	2.120	2.003
Interest expense	508	518	540	513	506	726	1.066	1.058	984
Net interest income	989	1.001	995	994	1.041	1.026	1.081	1.062	1.019
Commission income	429	471	426	396	365	368	372	383	359
Commission expenses	24	19	25	28	31	24	28	31	29
Other operating income	1	2	1	2	2	-	2	7	2
Net commission and other income	406	454	402	370	336	344	346	359	332
Dividend income	-	9	-	39	1	17	-	-	4
Income from investment in associates	151	193	109	129	147	145	242	15	98
Net gains/losses on financial instrument	83	41	107	72	42	135	-270	7	-13
Net income on financial investments	234	243	216	240	190	297	-28	22	89
Total income	1.629	1.698	1.613	1.604	1.567	1.667	1.399	1.443	1.440
Personnel expenses	432	423	382	401	357	330	348	396	375
Other operating expenses	191	212	186	183	179	198	203	244	200
Depreciation/ impairments on tangible and intangible assets	43	46	44	45	59	42	41	37	40
Total operating expenses	666	681	612	629	595	570	592	678	615
Operating profit before impairments	963	1.017	1.001	975	972	1.097	807	765	825
Impairments on loans and financial commitments	37	58	121	270	369	831	560	139	66
Pre-tax profit	926	959	880	705	603	266	247	626	759
Tax expense	193	143	162	97	98	10	26	141	166
Profit after tax	733	816	718	608	505	256	221	485	593

Profitability

Return on equity per quarter ¹⁾	11,7 %	13,2 %	11,6 %	9,7 %	8,2 %	4,0 %	3,4 %	8,3 %	10,5 %
Cost percentage ¹⁾	40,9 %	40,1 %	37,9 %	39,2 %	38,0 %	34,2 %	42,3 %	47,0 %	42,7 %
Combined weighted average spread for lending and deposits ¹⁾	1,31 %	1,36 %	1,40 %	1,40 %	1,48 %	1,50 %	1,64 %	1,64 %	1,61 %

Balance sheet figures from quarterly accounts

Gross loans to customers	226.952	225.791	221.291	219.181	216.796	214.432	212.161	207.114	203.575
Gross loans to customers including SB1 BK ²⁾	226.952	225.791	221.291	219.181	220.186	218.630	216.354	211.357	209.854
Growth in loans over last 12 months ¹⁾	4,7 %	5,3 %	4,3 %	5,8 %	6,5 %	8,0 %	8,0 %	7,8 %	11,2 %
Growth in loans incl SB1 BK ¹⁾²⁾	3,1 %	3,3 %	2,3 %	3,7 %	4,9 %	5,4 %	5,3 %	4,9 %	6,8 %
Deposits from customers	132.283	136.209	128.108	118.170	113.248	111.170	105.545	103.106	102.181
Growth in deposits over last 12 months ¹⁾	16,8 %	22,5 %	21,4 %	14,6 %	10,8 %	8,3 %	6,6 %	4,3 %	1,9 %
Total assets	296.987	299.939	296.492	287.049	280.338	278.715	278.639	255.895	251.604
Average total assets	300.562	295.347	287.621	282.912	280.147	275.917	264.959	256.488	251.291

Impairments on loans and financial commitments

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

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

²⁾ SpareBank 1 Boligkreditt are abbreviated to SB1 BK

Quarterly income statement (continued)

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 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⁾	1,78 %	1,79 %	1,91 %	1,90 %	1,59 %	1,87 %	1,42 %	1,32 %	1,34 %
Loans and financial commitments in Stage 3 in % of gross loans and fin. commitments, incl. loans SB1 BK ¹⁾²⁾	1,78 %	1,79 %	1,91 %	1,90 %	1,57 %	1,84 %	1,40 %	1,30 %	1,30 %
Loans and financial commitments in Stage 2 in % of gross loans and financial commitments ¹⁾	6,27 %	6,00 %	5,78 %	6,20 %	6,21 %	5,51 %	6,67 %	6,97 %	7,39 %
Loans and financial commitments in Stage 2 in % of gross loans and fin. commitments, incl. loans SB1 BK ¹⁾²⁾	6,27 %	6,00 %	5,78 %	6,20 %	6,13 %	5,42 %	6,56 %	6,85 %	7,20 %
Solidity									
Common equity Tier 1 capital ratio ³⁾⁵⁾⁶⁾	17,6 %	17,9 %	18,1 %	18,3 %	18,5 %	18,3 %	17,7 %	17,0 %	14,2 %
Tier 1 capital ratio ³⁾⁵⁾⁶⁾	19,2 %	19,5 %	19,7 %	19,9 %	20,2 %	19,9 %	19,2 %	18,6 %	15,6 %
Capital ratio ³⁾⁵⁾⁶⁾	20,9 %	21,2 %	21,5 %	21,7 %	22,0 %	21,8 %	21,0 %	20,4 %	17,3 %
Tier 1 capital ³⁾⁵⁾⁶⁾	24.252	24.805	24.408	24.127	24.489	24.299	24.182	22.626	22.149
Net primary capital	26.446	26.999	26.612	26.336	26.728	26.538	26.421	24.866	24.498
Risk weighted balance ³⁾	126.616	127.398	123.860	121.262	121.494	121.918	125.780	121.744	141.712
Leverage ratio	7,3 %	7,5 %	7,6 %	7,8 %	7,9 %	7,8 %	7,9 %	7,8 %	7,5 %
Liquidity									
Liquidity Coverage Ratio (LCR) ⁴⁾	160 %	167 %	141 %	157 %	154 %	159 %	135 %	155 %	153 %
Deposit-to-loan ratio ¹⁾	58,3 %	60,3 %	57,9 %	53,9 %	52,2 %	51,8 %	49,7 %	49,8 %	50,2 %
Deposit-to-loan ratio, incl loans SB1 BK ¹⁾²⁾	58,3 %	60,3 %	57,9 %	53,9 %	51,4 %	50,8 %	48,8 %	48,8 %	48,7 %
Branches and staff									
Number of branches	34	34	34	34	35	34	33	33	34
Number of man-years	1.483	1.488	1.275	1.283	1.279	1.255	1.272	1.260	1.250
Number of man-years including temps	1.533	1.555	1.321	1.332	1.326	1.323	1.336	1.352	1.309
SpareBank 1 SR-Bank share									
Market price at end of quarter	121,50	113,70	105,00	91,00	77,40	69,90	59,20	100,00	99,15
Market capitalisation	31.074	29.079	26.854	23.273	19.795	17.877	15.140	25.575	25.358
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⁾	95,82	96,08	93,12	95,97	93,51	91,32	90,55	89,90	87,60
Earnings per share, NOK (annualised)	2,80	3,13	2,74	2,30	1,90	0,91	0,77	1,84	2,27
Price/earnings per share ¹⁾	10,85	9,08	9,58	9,89	10,18	19,20	19,22	13,59	10,92
Price / Book equity (group) ¹⁾	1,27	1,18	1,13	0,95	0,83	0,77	0,65	1,11	1,13
Annualised turnover rate in quarter ⁷⁾	3,7 %	5,5 %	7,2 %	5,3 %	6,1 %	11,0 %	9,4 %	4,7 %	3,6 %
Effective return ⁸⁾	6,9 %	8,3 %	15,4 %	17,6 %	10,7 %	18,1 %	-40,8 %	0,9 %	-4,6 %

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 has exercised its special authorisation from April 2021 and at the board meeting on 30 September 2021 approved a dividend of NOK 3.10 per share for the financial year 2020, which was paid out on 13 October 2021. The total dividend of NOK 793 million reduced equity on 30 September 2021.

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

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

Contact information and financial calendar

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2021 and 2022 Financial Calendar

Q3 2021	Thursday 28 October 2021
Q4 2021	Wednesday 9 February 2022
Annual General Meeting	Thursday 28 April
Q1 2022	Thursday 5 May
Q2 2022, Half-yearly Report	Thursday 11 August
Q3 2022	Thursday 27 October