

# Quarterly presentation 2023

# Q1



**1**

**SR-Bank**

**2**

**SR-Boligkreditt**

**3**

**Norwegian economy**

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**Sustainability and Green Bond framework**

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**Appendix**

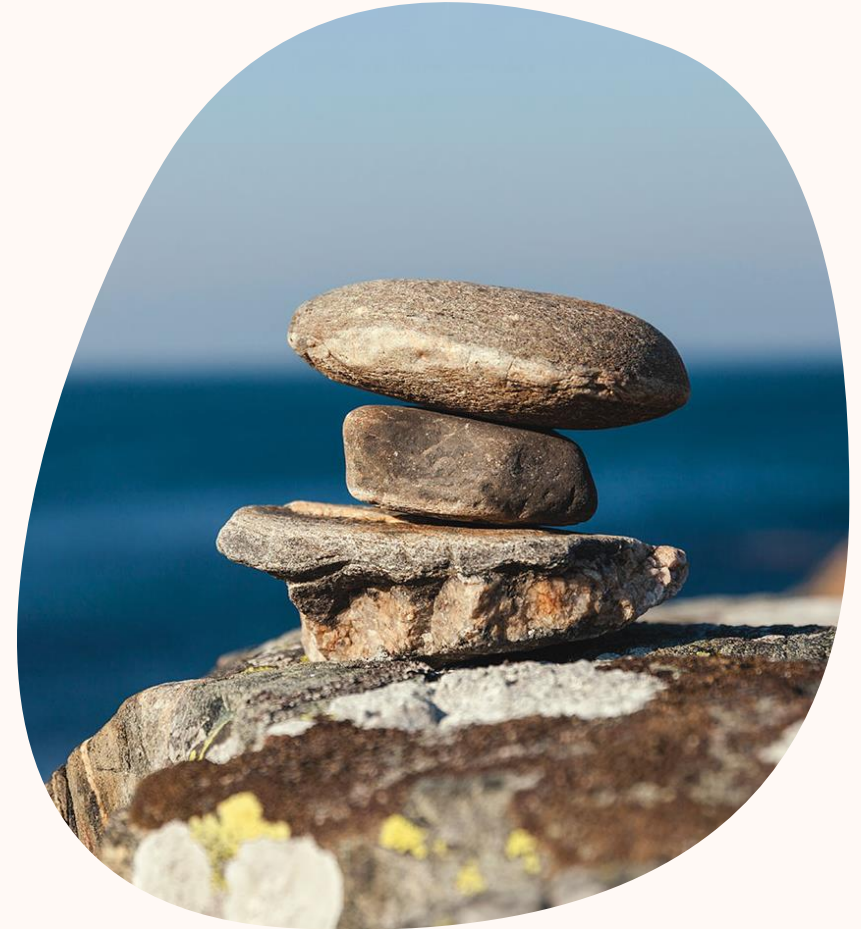
# Disclaimer

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

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

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

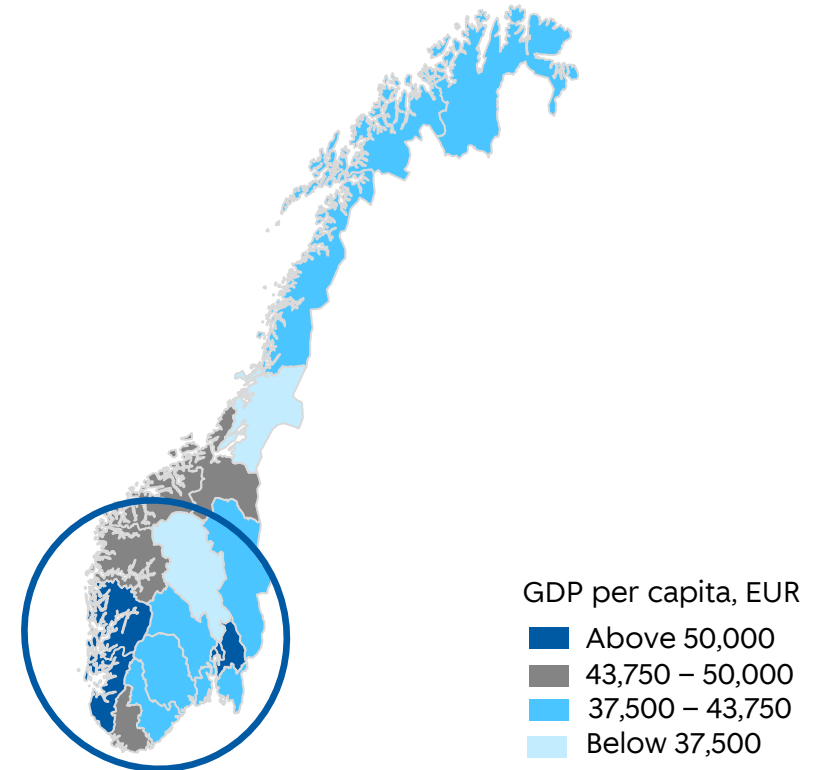
This presentation does not imply that SpareBank 1 SR-Bank has undertaken to revise these forward looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements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



# SR-Bank at a glance

- Second largest Norwegian bank
- Public Limited company (“limited liability savings bank”)
  - Savingsbank, but not with the constraints of equity certificates
- Rating: A1 with a positive outlook
- Market cap: NOK 30.9 Billion
- Total assets: NOK 364.6 Billion
- Total lending: NOK 258.2 Billion
- Total deposits: NOK 152.1 Billion
- No. of branches: 36
- Employees: 1,612
- 1839: The first bank that today forms part of SpareBank 1 SR-Bank was established.
- 1976: 24 savings banks merge to form Sparebanken Rogaland.
- 1994: SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange.
- 1996: SR-Bank is one of the founders of SpareBank 1, an alliance.

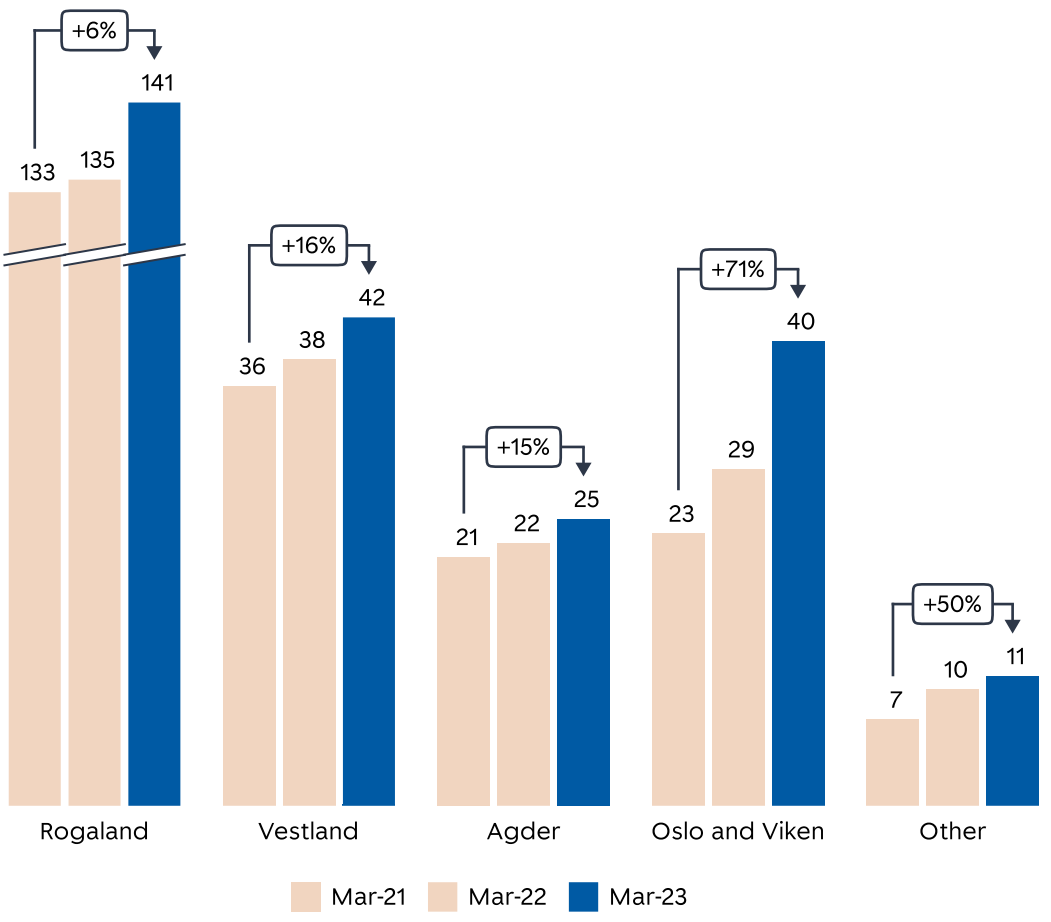
SR-Bank's market area



Source: Finans Norge, Statistics Norway, Norges Bank.

# Finance group for South of Norway

Lending volume in NOK billion.



# Strong result driven by growth, solid underlying operations and low impairment losses

## Result 1. quarter 2023

12.3%

Return on equity after tax

MNOK 1,131

Operating profit before tax

## Result 31 March 2023

MNOK 35

Impairments on lending and financial commitments

0.05% of gross lending

39.5%

Cost to income ratio

17.42%

CET 1 capital ratio

10.5%

12 months lending growth

Retail market 7.0%  
Corporate market 18.1%  
SME and Agriculture 15.2%

7.1%

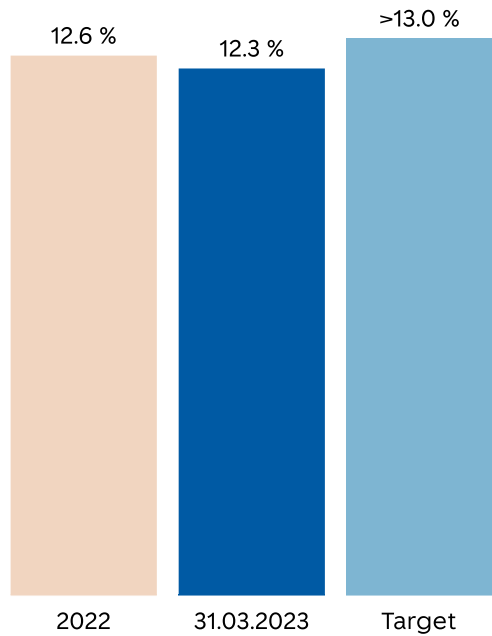
12 months deposit growth

Retail market 2.6%  
Corporate market 1.6%  
SME and Agriculture 22.0%

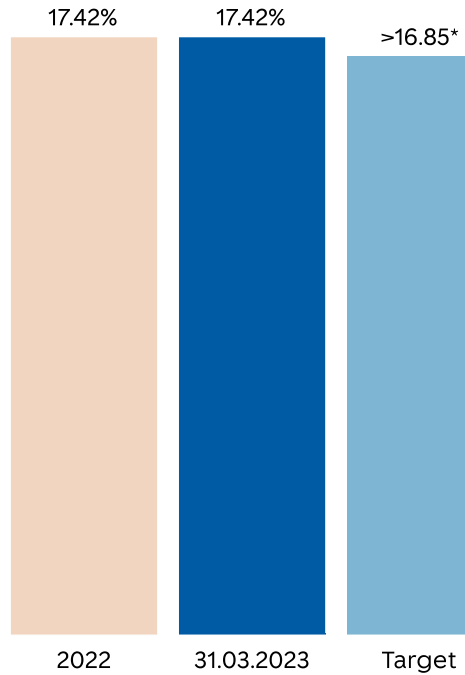


# Key figures and financial targets

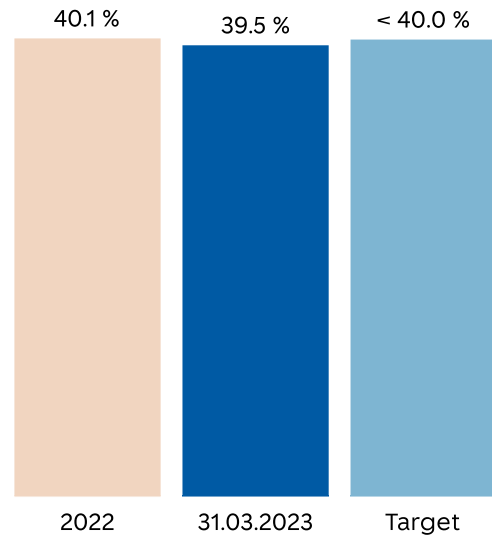
## Return on equity



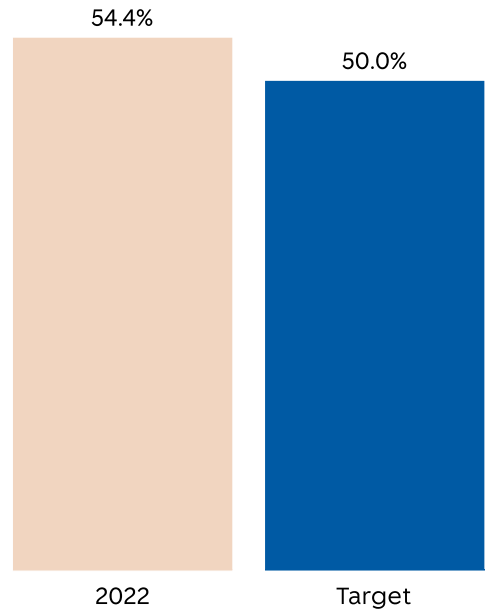
## CET 1 capital ratio



## Cost to income ratio



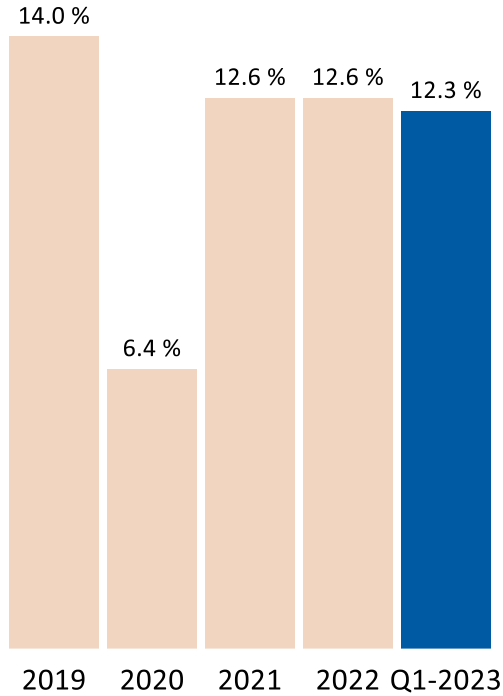
## Dividend share



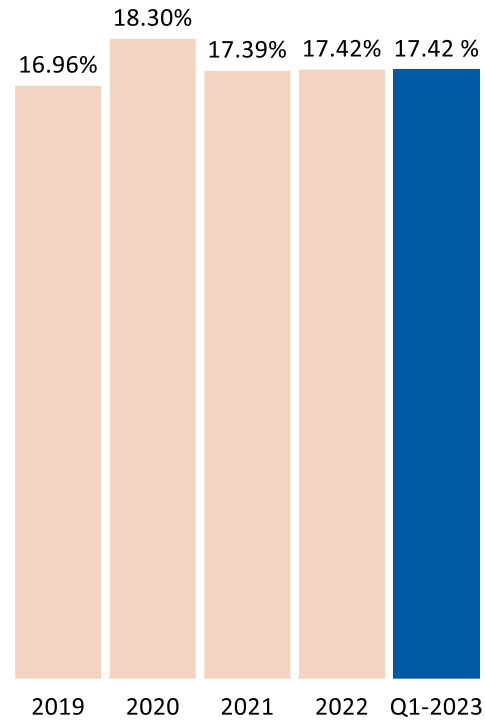
\* In connection with the bank's SREP process, the Financial Supervisory Authority added a temporary Pillar 2 premium of 0.5% and CET 1 capital ratio minimum is 17.35%.

# Key figures – annual development

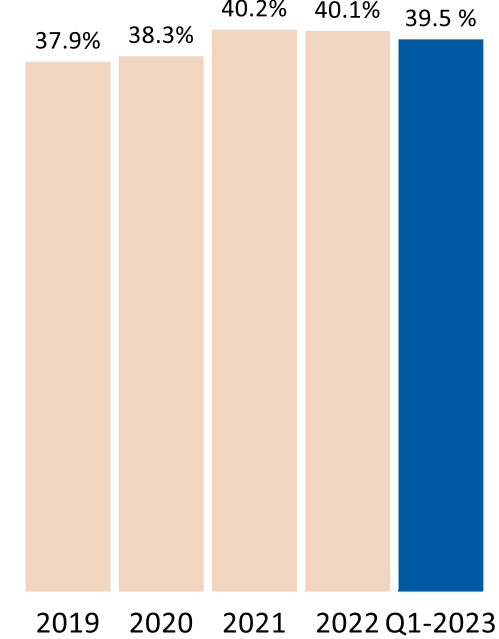
## Return on equity



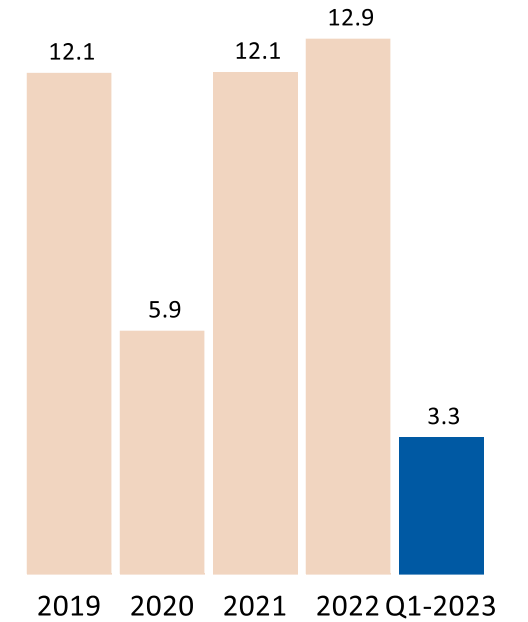
## CET 1 capital ratio



## Cost to income ratio



## Earnings per share (NOK)



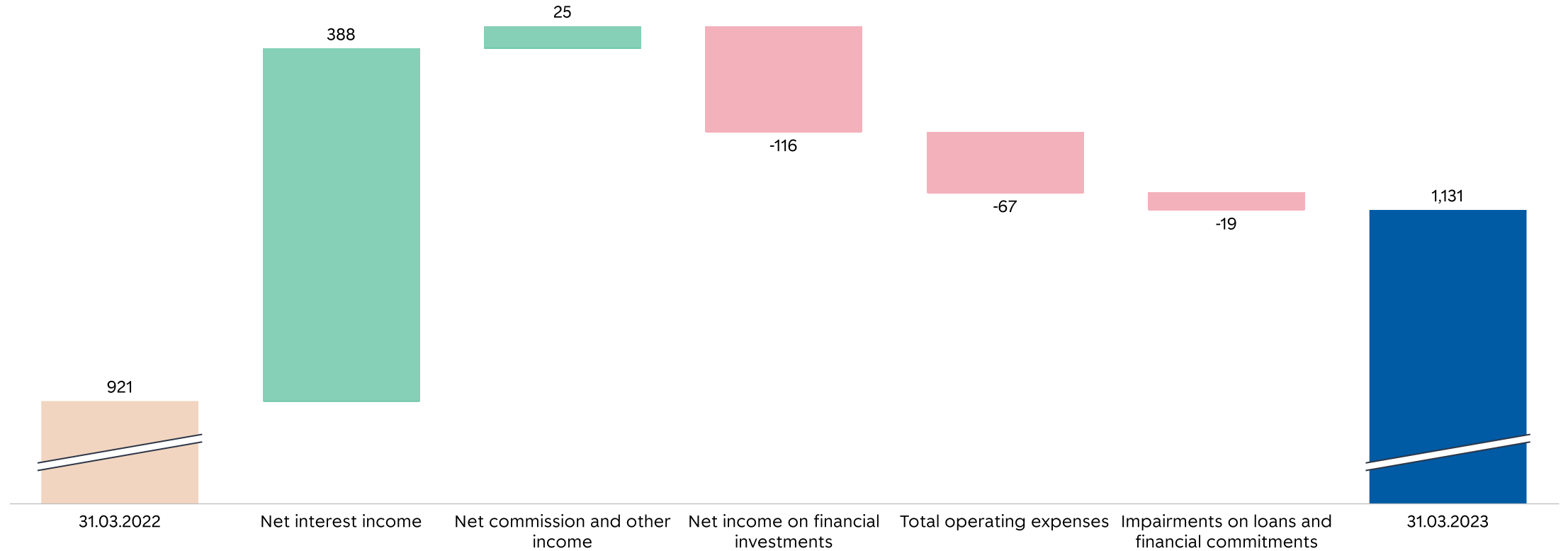


# Income statement

Group Income Statement (MNOK)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net interest income	1,402	1,286	1,115	1,101	1,014
Net commission and other income	455	453	421	466	430
Net income on financial investments	71	274	191	104	187
<b>Total income</b>	<b>1,927</b>	<b>2,013</b>	<b>1,726</b>	<b>1,671</b>	<b>1,631</b>
<b>Total operating expenses</b>	<b>761</b>	<b>752</b>	<b>677</b>	<b>702</b>	<b>694</b>
Operating profit before impairments	1,166	1,262	1,049	969	937
Impairments on loans and financial commitments	35	36	6	-52	15
<b>Pre-tax profit</b>	<b>1,131</b>	<b>1,225</b>	<b>1,044</b>	<b>1,021</b>	<b>921</b>
Tax expense	250	226	215	225	168
<b>Profit after tax</b>	<b>881</b>	<b>1,000</b>	<b>829</b>	<b>796</b>	<b>753</b>

# Change in profit 31.03.2022 - 31.03.2023

(MNOK)

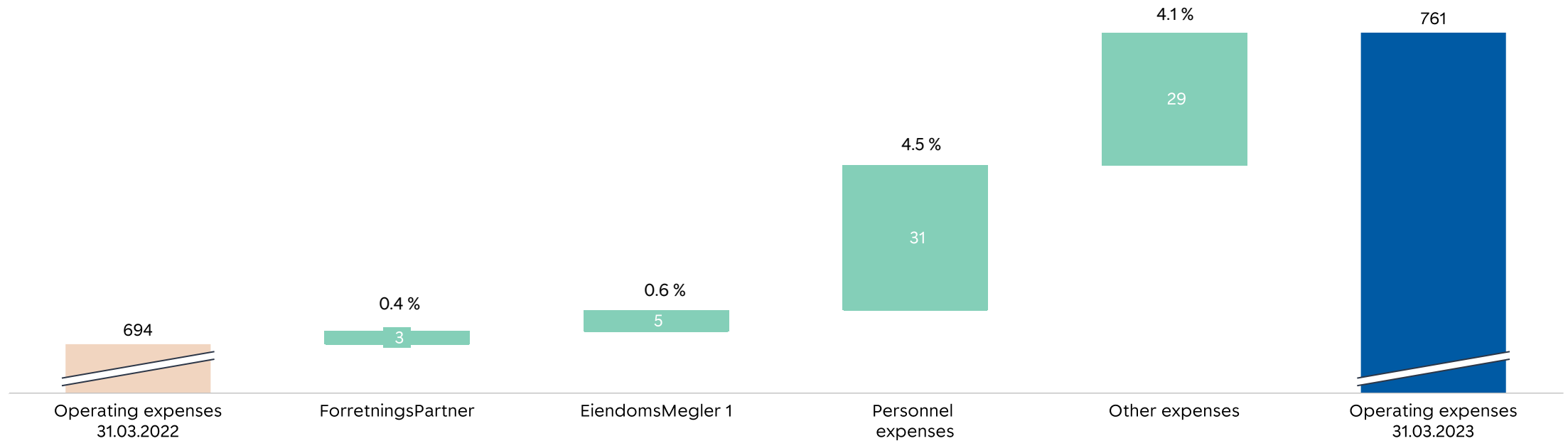


# Operating expenses

MNOK	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Total personnel expenses</b>	<b>482</b>	<b>477</b>	<b>429</b>	<b>438</b>	<b>444</b>
IT expenses	108	102	99	96	97
Marketing	19	22	18	25	21
Administrative expenses	32	30	25	27	18
Operating expenses from real estate	12	18	13	11	11
Other operating expenses	68	61	51	64	52
<b>Total operating expenses</b>	<b>239</b>	<b>234</b>	<b>207</b>	<b>224</b>	<b>200</b>
<b>Depreciation and impairments</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>40</b>	<b>50</b>
<b>Total operating expenses</b>	<b>761</b>	<b>752</b>	<b>677</b>	<b>702</b>	<b>694</b>

# Changes in operating expenses 31.03.2022 - 31.03.2023

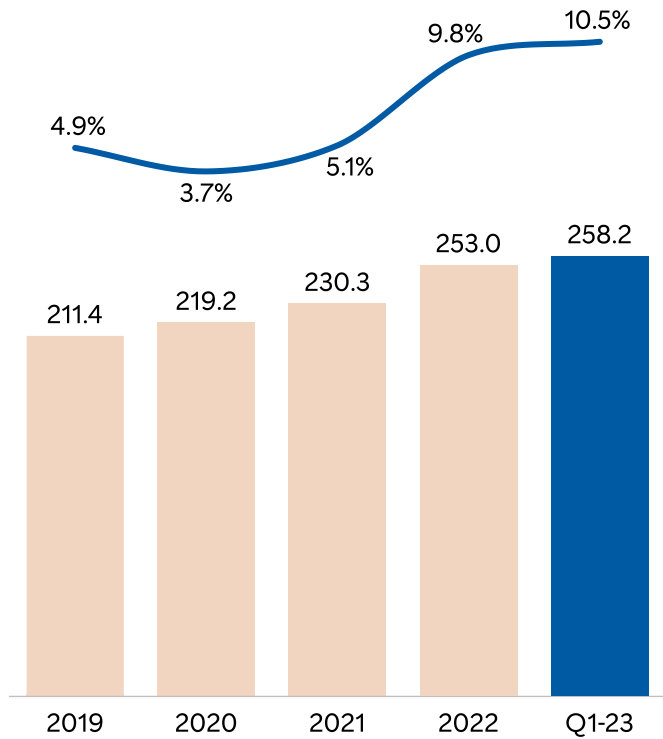
(MNOK)



# Group

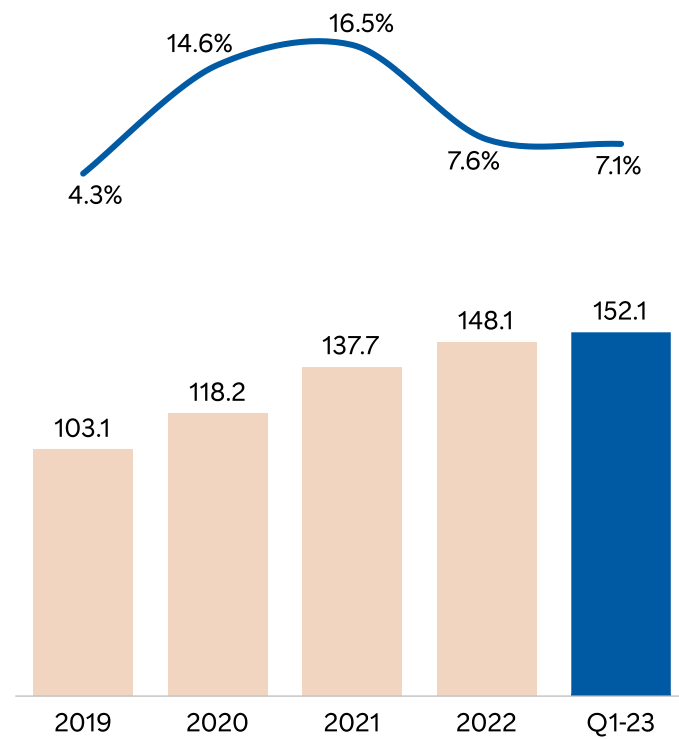
## Lending volume

Volume in NOK billion  
12 months growth %



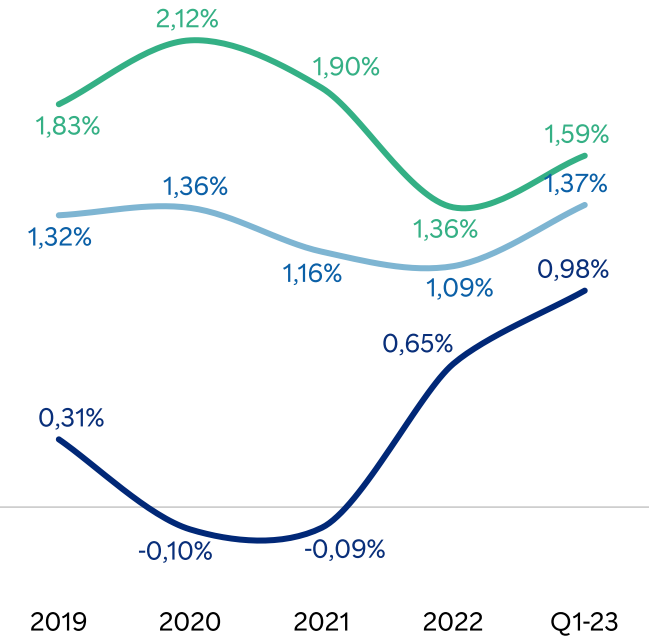
## Deposit volume

Volume in NOK billion  
12 months growth %



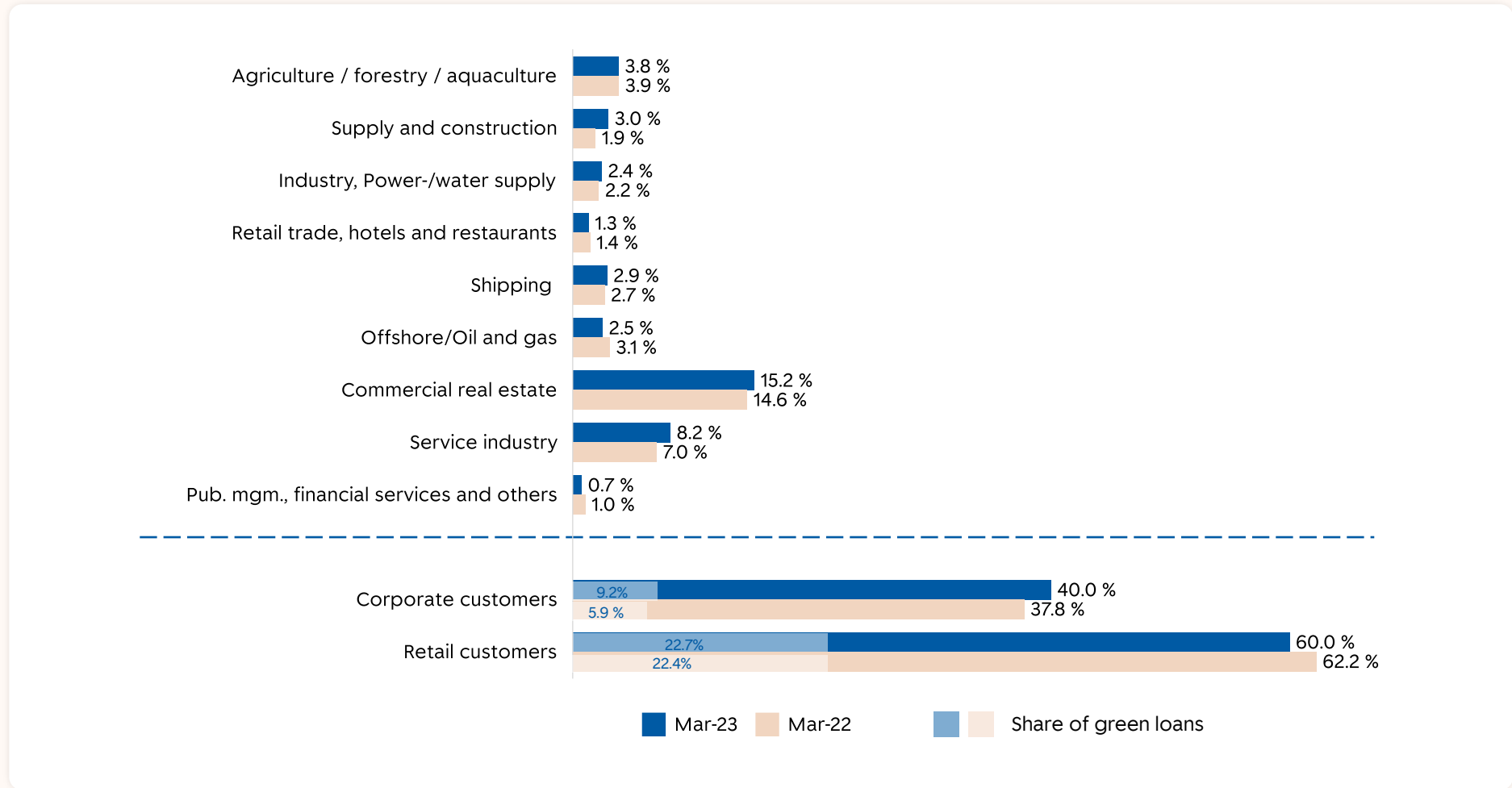
## Margins in customer segments

Lending margin  
Deposit margin  
Combined



# Loan portfolio as at 31 March 2023

- Gross loans increased to NOK 258.2 billion from NOK 233.6 billion year over year
- 12-month growth in loans of 10.5%
- Loans to retail customers account for 60.0% of total loans

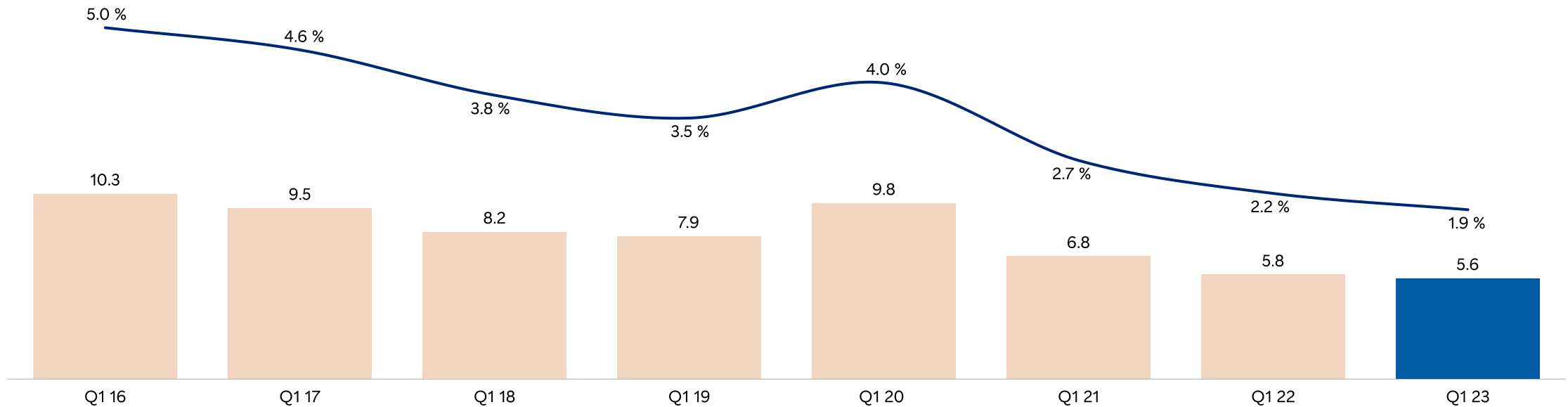


Loans before impairments, nominal amounts. Sector allocation in accordance with the standard categories from Statistics Norway.

# Reduced exposure to the offshore sector

## Offshore

- EAD NOK 5.6 billion, 1.9% of the bank's total EAD\*
- Exposure primarily to industrial oriented shipping companies with integrated organization (Offshore service vessels, Rig and Seismic vessels)

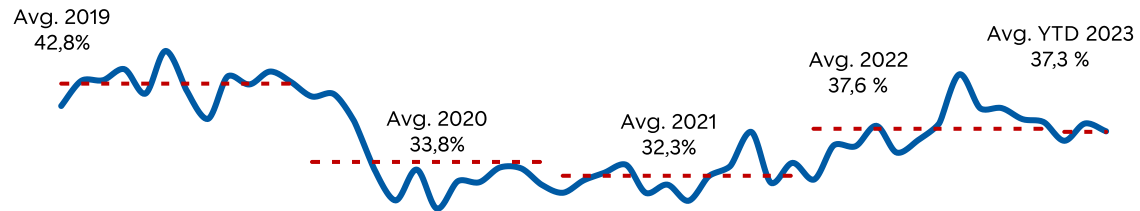


\*EAD: Exposure at default.

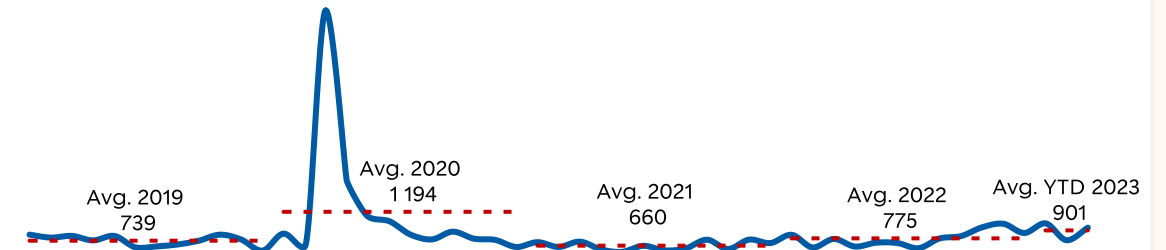


# Development in early warning indicators

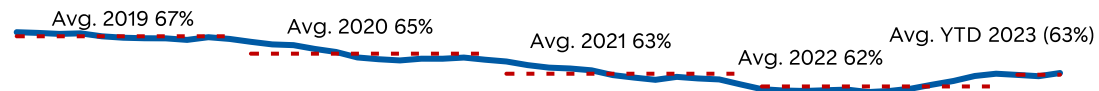
## Corporate market - Drawn amount on credit facilities



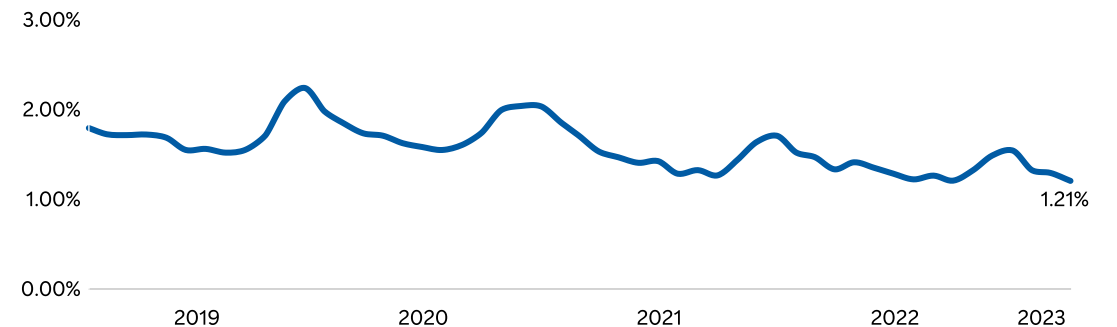
## Retail market – Number of applications for interest-only



## Retail market – Drawn amount on interest only loans



## Retail market – Share of exposure (EAD)\* with payment remarks

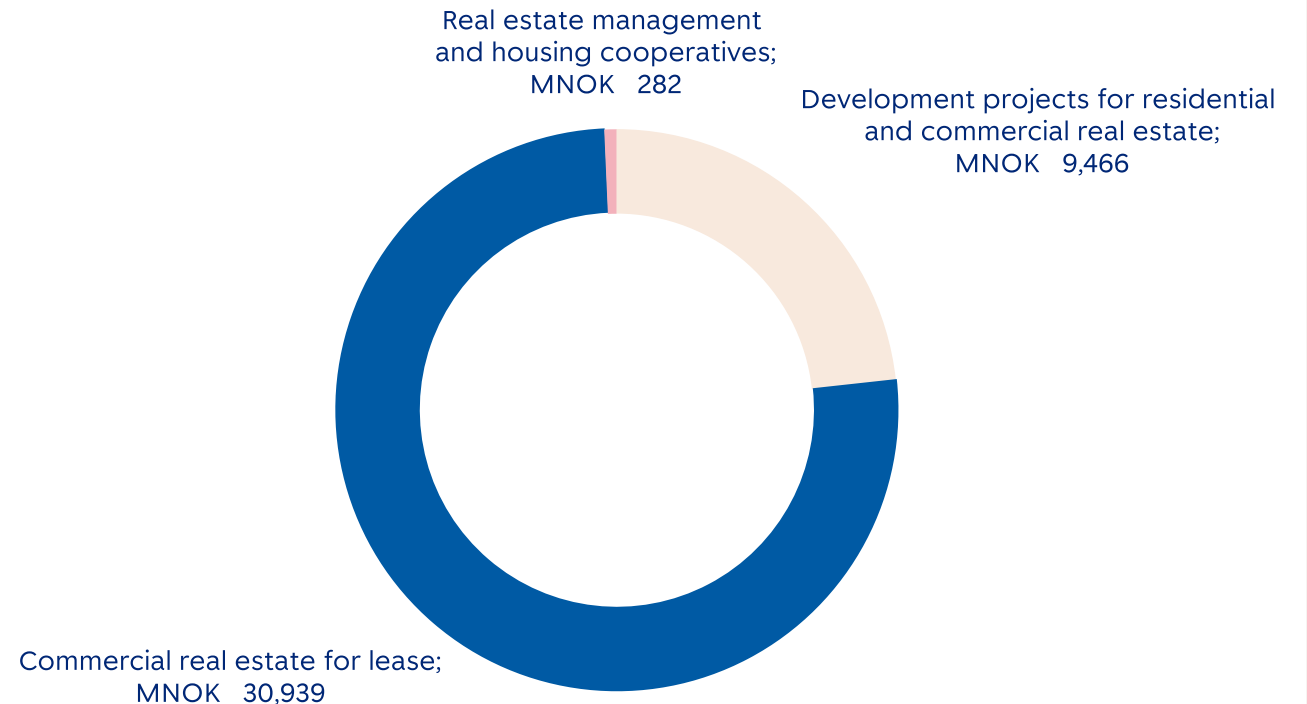


\*Proportion of EAD that has payment notice externally/Bisnode.

# Lending to commercial real estate

14.2% (NOK 40.7 billion) of total EAD\* is related to commercial real estate

- Commercial real estate for lease
  - EAD NOK 30.9 billion, 10.8% of the bank's total EAD
  - The portfolio is characterised by lending to commercial properties for lease with long-term contracts and financially solid tenants.
- Development projects for residential and commercial real estate
  - EAD NOK 9.5 billion, 3.3% of the bank's total EAD
  - Minimum pre-sale requirement is normally 70%
- Real estate management and housing cooperatives
  - EAD NOK 0.3 billion, 0.1% of the bank's total EAD

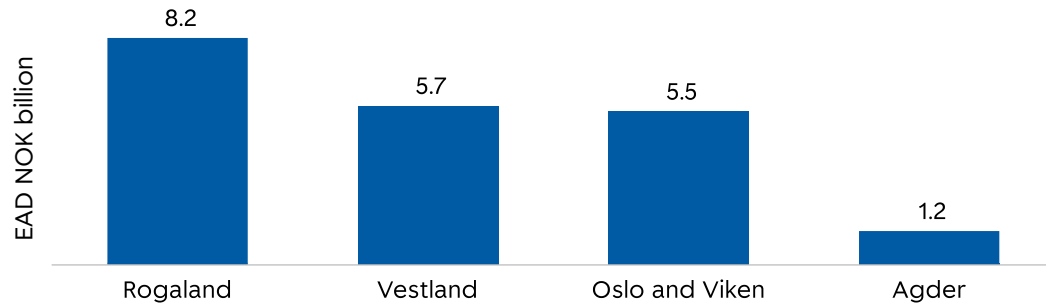


\*EAD: Exposure at default.

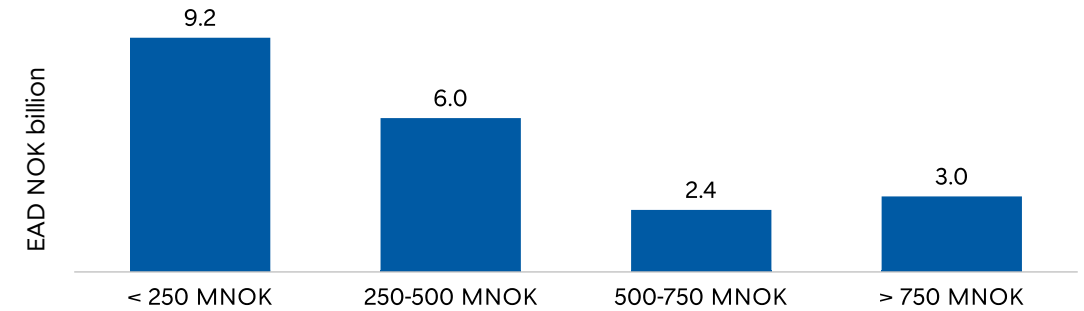
# Commercial real estate for lease

(Exposures larger than NOK 0.60 billion ~ 2/3 of total EAD)

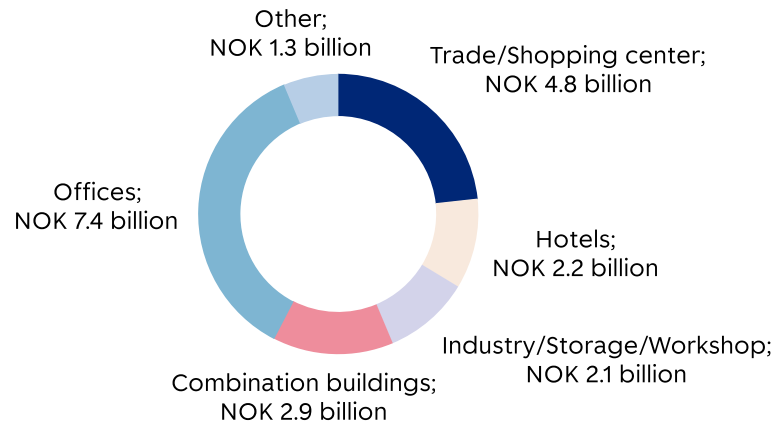
## Loan portfolio distributed by region



## Loan portfolio distributed by size of loan

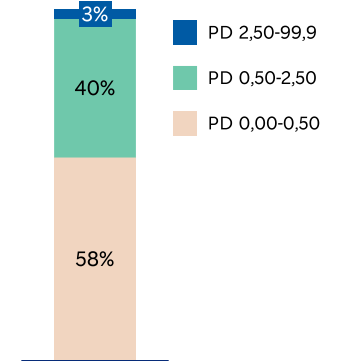


## Loan portfolio distributed by customer group



## Distribution of loan portfolio based on default classes

Default classes	EAD (NOK billion)	Share
A	7.1	34%
B	1.9	9%
C	3.0	14%
D	2.4	12%
E	3.7	18%
F	2.1	10%
G	0.5	3%



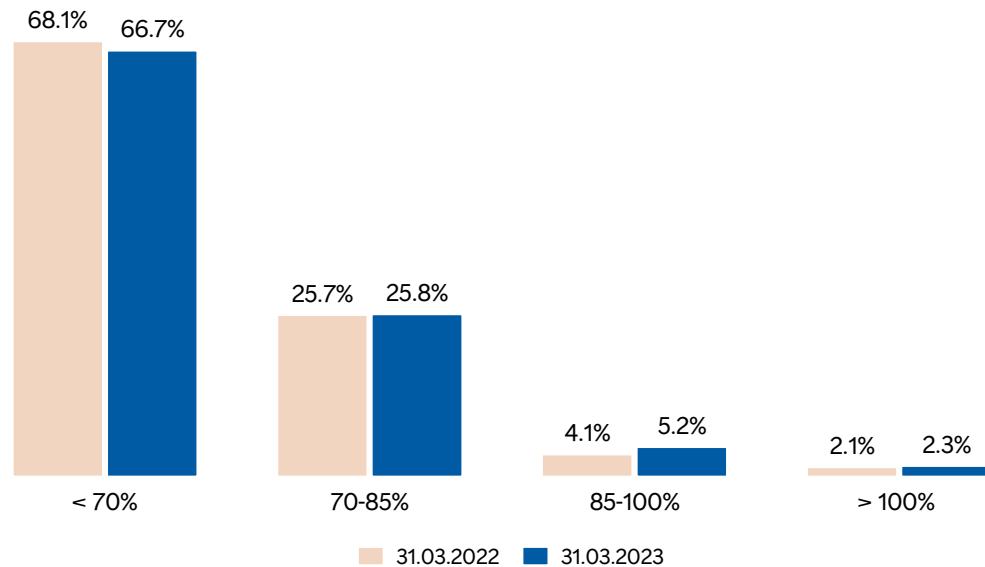
\*EAD: Exposure at default.

Probability of default (PD)

# Loan to value ratio and RWA on home mortgage loans

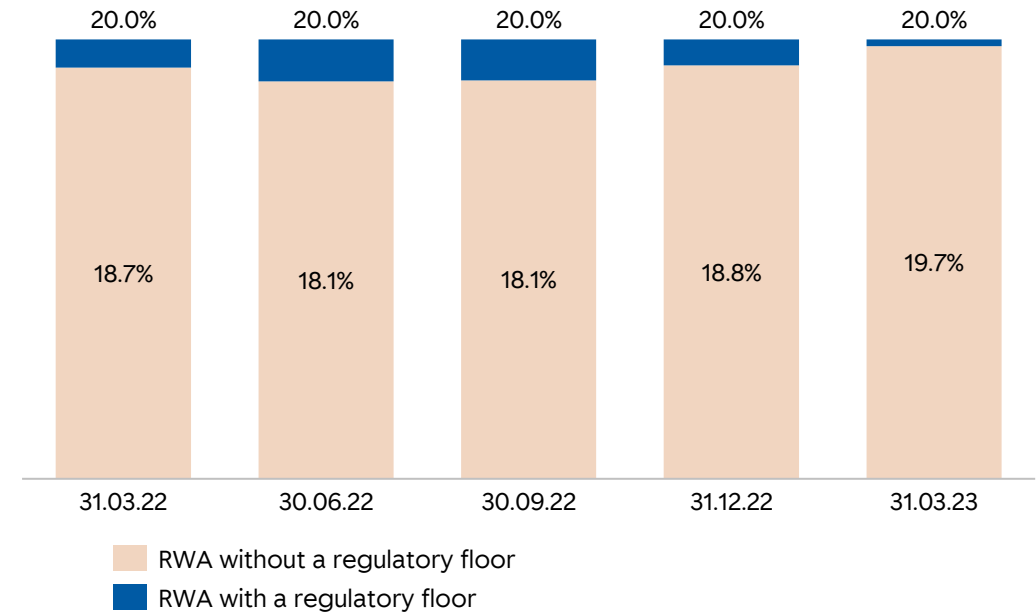
## Loan to value ratio on home mortgage loans

- Decreased share of volume with LTV below 70% is due to somewhat decreased market values of collateral (housing).
- 92.5% of the exposure is within 85% of the assessed value of collateral.



## Risk weight home mortgages

- RWA on home mortgages reflects a solid portfolio with a moderate loan-to-value ratio and low potential loss.
- Risk weights on home mortgage loans are subject to a regulatory floor of 20%. Without this floor, the risk weight of these mortgages would have been lower than 20% in the year.

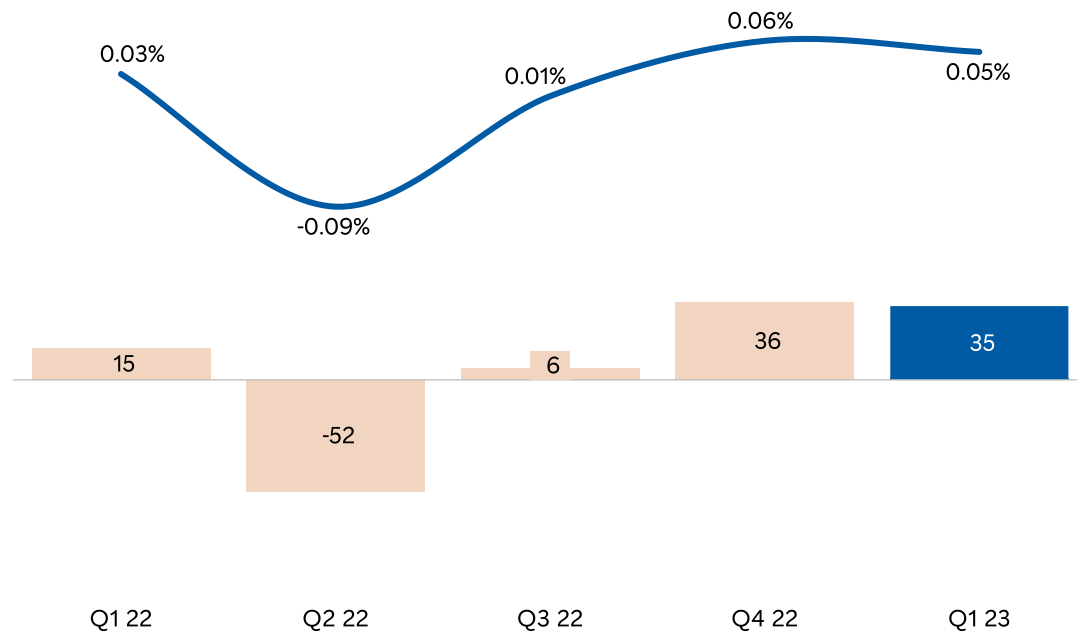


*In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.  
Home mortgages as defined in the Norwegian IRB framework; the value of the residential property must be at least 30% of a loan's security.*

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

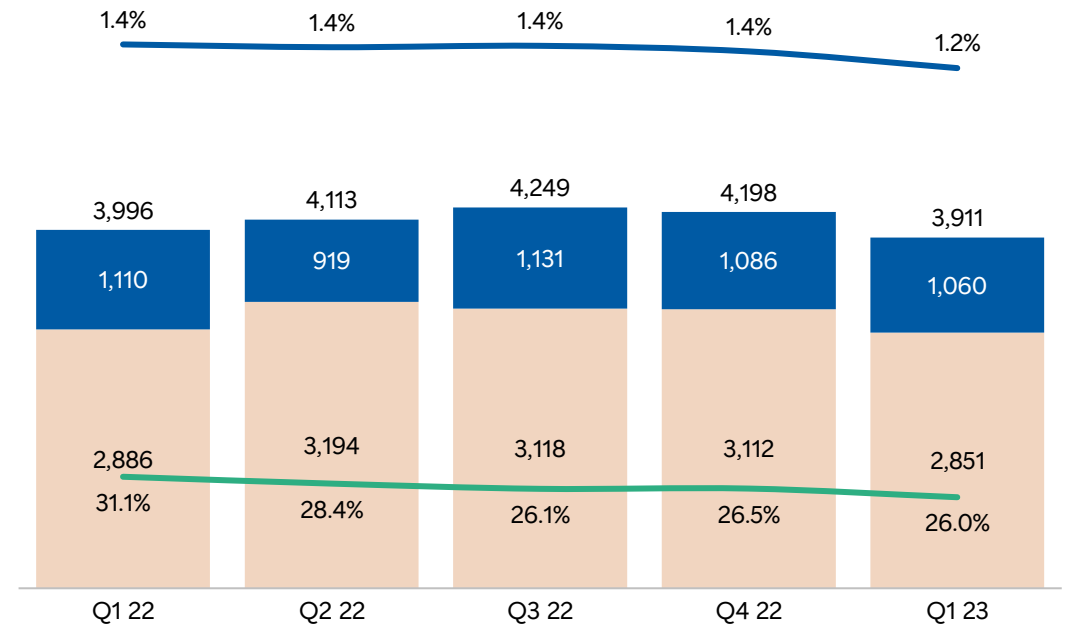
## Impairments on loans and financial commitments

- Impairment in % of average gross loans
- Impairments on loans and financial commitments, MNOK



## Changes in gross loans and financial commitments defined as Stage 3

- Stage 3 in % of gross loans and financial commitments
- Loans in Stage 3, MNOK
- Financial commitments in Stage 3, MNOK
- Loss provisions as a share of gross commitments in Stage 3



# Market risk

## Bonds and certificates

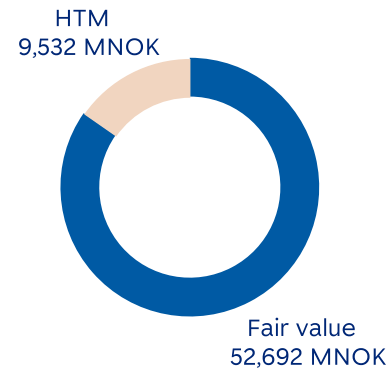
The average duration of the portfolio is 2 years

Issuer	MNOK
Sovereign, Supras and Agencies	35,921
Norwegian municipalities	1,345
Covered Bonds (AAA/AA)	24,693
Other	266
<b>Total</b>	<b>62,225</b>

## Classification of bonds and certificates

Market value of HTM is 9,502 MNOK

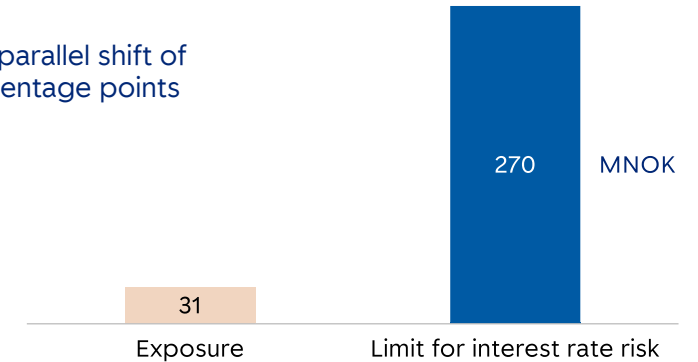
All fixed interest exposure is hedged to floating rate



HTM – Hold to maturity

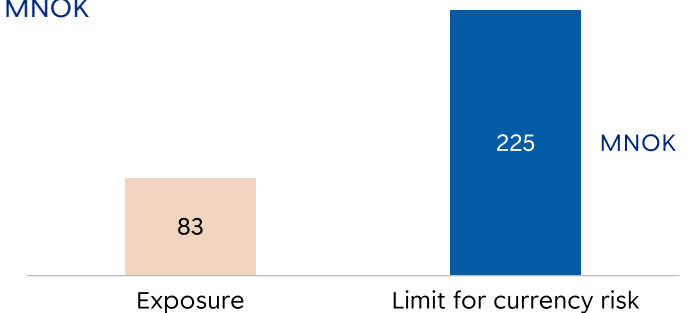
## Interest rate risk

Economic effect from a parallel shift of the yield curve of 2 percentage points



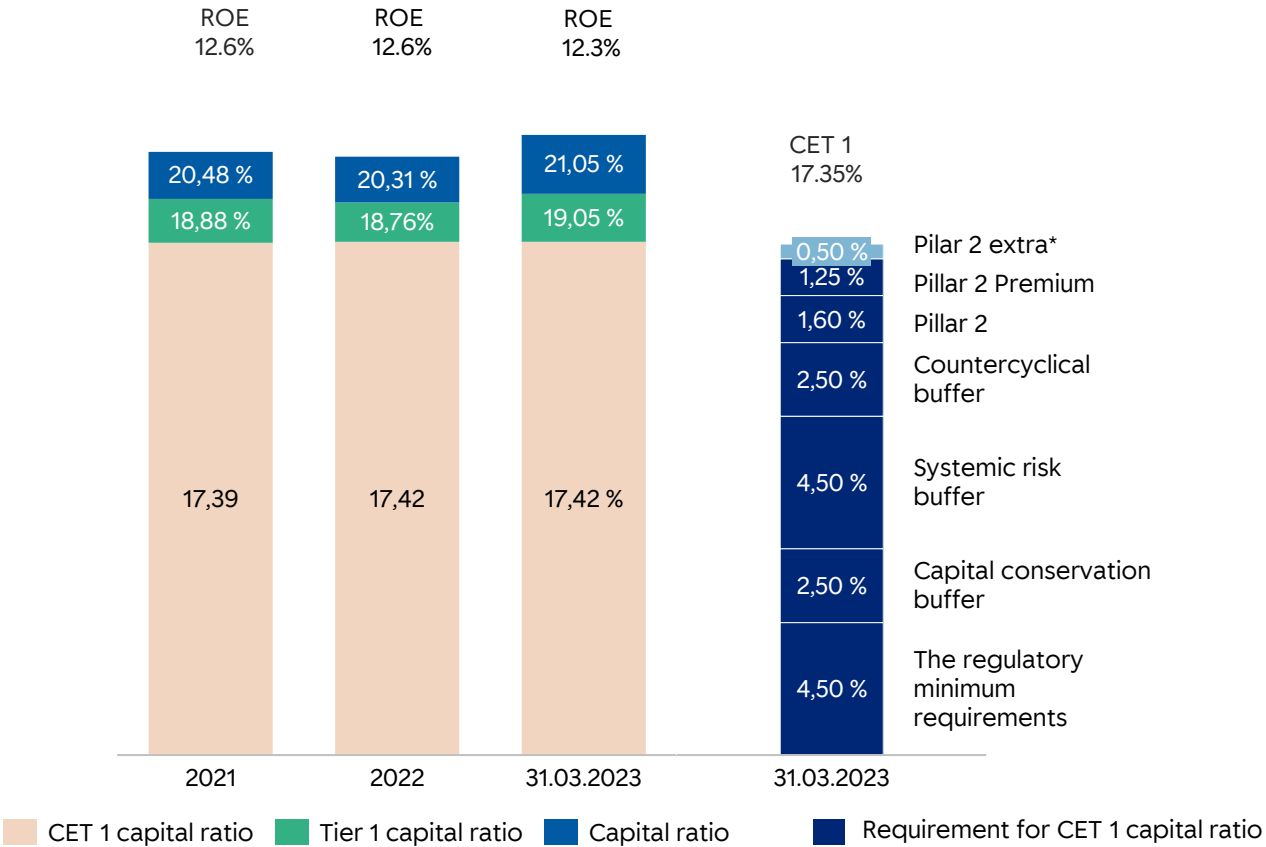
## Currency risk

Limit per currency is 100 MNOK



# Solid capital ratio

- The authorities' minimum requirement for the CET 1 capital ratio is 17.35% including a temporary pillar 2 premium of 0,5%
- The group's CET 1 capital ratio target is minimum 16.85%
- In March 2022 it was decided to increase the countercyclical buffer to the maximum of 2.5% with effect from 31 March 2023
- The leverage ratio is 6.77% as at 31 March 2023, well above the minimum requirement at 5.0%
- The NSFA recommends that SpareBank 1 SR-Bank ASA be considered a systemically important financial institution (SIFI). If implemented it will entail an additional 1 percentage point CET1 requirement (12-month implementation).



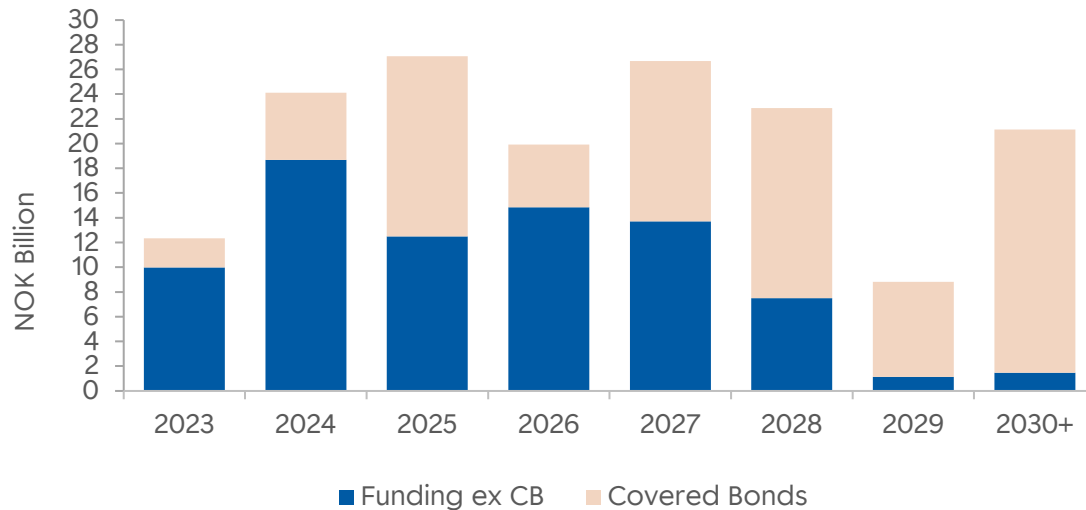
\* In connection with the bank's SREP process in 2022, an extra Pillar 2 premium of 0.5% was set for SpareBank 1 SR-Bank until applications for model changes have been processed.



# Funding

- Moody's rating A1 (positive outlook)
- NSFR\* 134%
- LCR\*\* 244%
- NOK 26.0 billion net refinancing need over the next 12 months
- Deposit to loan ratio 58.9%
- MREL requirement 35.2%, MREL-subordination requirement 26,2%
- SIFI-status to be decided by MoF by year-end 2023

Annual funding maturity



## SRBANK

**SPAREBANK 1 SR-BANK ASA**

*(incorporated with limited liability in Norway)*

**€10,000,000,000**

**Euro Medium Term Note Programme**

## SR-Boligkreditt

**SR-BOLIGKREDITT AS**

*(incorporated with limited liability in Norway)*

**€20,000,000,000**

**Euro Medium Term Covered Note Programme**

\*The net stable funding ratio (NSFR) is defined as available stable funding relative to necessary stable funding.

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

# Key figures

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Return on equity after tax (%)	12.3	14.6	12.5	12.0	11.4
Average net interest margin (%)	1.60	1.51	1.37	1.40	1.33
Impairments on loans in % of gross loans	0.05	0.06	0.01	-0.09	0.03
Loans and financial commitments in Stage 3 in % of gross loans and financial commitments	1.23	1.35	1.39	1.38	1.40
Cost to income ratio	39.5	37.3	39.2	42	42.6
Annual growth in loans to customers gross incl. Covered bond company (%)	10.5	9.8	9.4	7.6	5.6
Annual growth in deposit from customers (%)	7.1	7.6	8.8	6.9	10.8
Total assets (BNOK)*	364.6	345.7	334.0	318.4	318.1
Loans to customers, gross (BNOK)	258.2	253.0	248.2	242.9	233.6
Risk weighted assets (BNOK)	136.7	134.3	131.6	129.6	129.2
Liquidity Coverage Ratio (LCR) (%)	244	176	181	151	155
Earnings per share (NOK)	3.31	3.81	3.16	3.03	2.87
Book value per share (NOK)	108.77	106.32	102.86	99.49	102.32

\*The 2022 figures has been altered to reflect the change in principle following the implementation of IFRS 17 / IFRS 9

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**Sustainability and Green Bond framework**

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**Appendix**

# Overview SR-Boligkreditt



- SR-Boligkreditt is a wholly owned subsidiary of SR-Bank and a dedicated covered bond company. Its objective is to purchase mortgages and to finance these by issuing covered bonds (European Covered Bond Premium).
- Loans are transferred to SR-Boligkreditt as true sale on a non-recourse basis.
- **Rated Aaa by Moody's**
  - Cover Bond anchor: SR-Boligkreditt issuer rating of A1
  - CR assessment: A1, TPI leeway of 3 notches
  - Minimum OC-requirement 1.0%
  - 5.0% minimum level of over-collateralization in SR-Boligkreditt's Covered Bond Programme\*
- SR-Boligkreditt has implemented the common Harmonised Transparency Template of the European Covered Bond Council which is available on website: [www.sr-bank.no/sr-boligkreditt](http://www.sr-bank.no/sr-boligkreditt)

\* Changes in "Finansforetaksloven" and "Finansforetaksforskriften", with effect from 8 July 2022. Statutory minimum OC-level set to 5.0% for European Covered Bonds Premium.

# Eligibility criteria



Type of properties	<ul style="list-style-type: none"><li>• Primary residential property in Norway (including detached houses, terraced houses, apartments and cooperative housing units)</li><li>• The mortgage property shall not be "buy-to-let" (mortgages to individuals owning more than 3 properties)</li></ul>
Collateral	<ul style="list-style-type: none"><li>• LTV-limits at time of transfer:<ul style="list-style-type: none"><li>- Max 80% LTV for amortising loans secured on residential properties</li><li>- Max 60% LTV for flexible loans/revolving credits</li><li>- Max 60% LTV for loans secured on holiday homes</li></ul></li><li>• The valuation of the mortgage property must be no less than 36 months old and carried out by an independent third party</li><li>• Quarterly valuation of the mortgages in the pool from an independent source</li></ul>
Credit criteria	<ul style="list-style-type: none"><li>• No adverse credit history the previous year</li><li>• Probability of default max 2.5%</li></ul>
Type of products	<ul style="list-style-type: none"><li>• Amortising loans (straight line or annuity)</li><li>• Non-amortising loans (flexible loans/revolving credits)</li></ul>

*\* Changes in "Finansforetaksloven" and "Finansforetaksforskriften", regulation European Covered Bonds Premium, with effect from 8 July 2022.*

# Cover pool characteristics

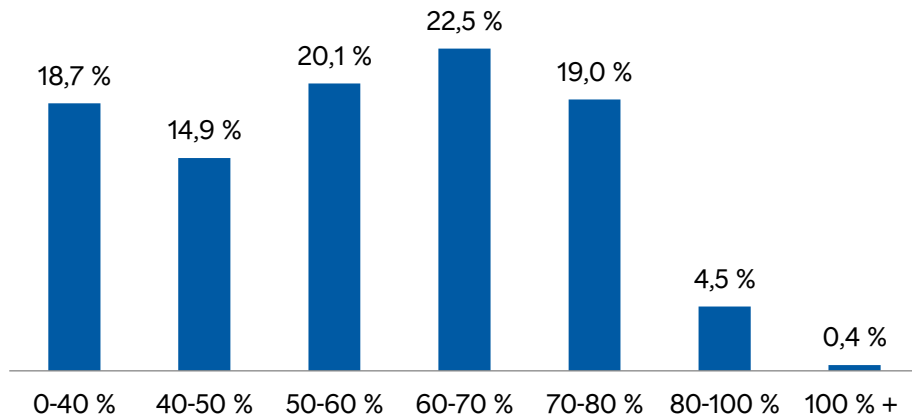


<b>Assets/status</b>	<ul style="list-style-type: none"><li>• 100 % mortgages on Norwegian private residential properties</li><li>• 100 % performing loans</li></ul>
<b>Cover pool</b>	<ul style="list-style-type: none"><li>• NOK 103.0 bn: Residential mortgages 100.3 (97.4%), Substitute assets 2.7 bn (2.6%)</li></ul>
<b>Mortgages and rate</b>	<ul style="list-style-type: none"><li>• 51,599 loans at a weighted average interest rate of 4.3%</li></ul>
<b>Average loan balance</b>	<ul style="list-style-type: none"><li>• 1 948 033</li></ul>
<b>Weighted average original LTV</b>	<ul style="list-style-type: none"><li>• 61.9%</li></ul>
<b>Weighted average current LTV</b>	<ul style="list-style-type: none"><li>• 56.4%</li></ul>
<b>Weighted average seasoning</b>	<ul style="list-style-type: none"><li>• 7.1</li></ul>
<b>Weighted average life</b>	<ul style="list-style-type: none"><li>• 15.4 years</li></ul>
<b>Principal payment frequency</b>	<ul style="list-style-type: none"><li>• Amortising 78 %, non-amortising 22 %</li></ul>
<b>Rate type</b>	<ul style="list-style-type: none"><li>• 100 % floating rate loans</li></ul>
<b>OC-level</b>	<ul style="list-style-type: none"><li>• 18.8%</li></ul>
<b>OC-level if house prices drop 20 %</b>	<ul style="list-style-type: none"><li>• 13.9%</li></ul>

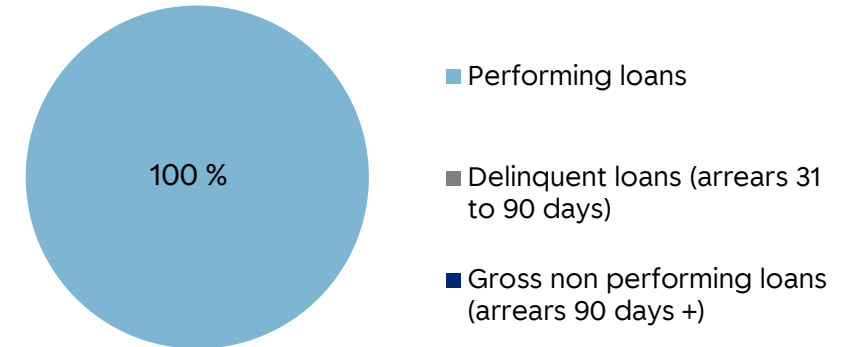
# Cover pool characteristics



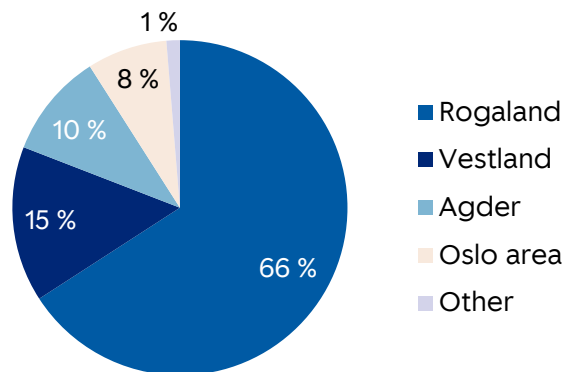
## Current LTV



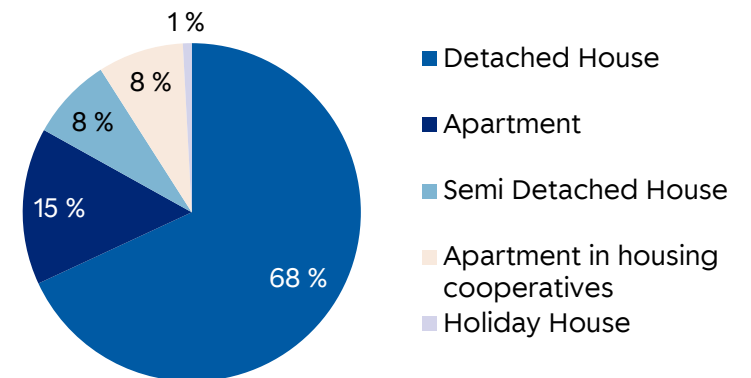
## Loan performance



## Geography



## Property type





**1**

**SR-Bank**

**2**

**SR-Boligkreditt**

**3**

**Norwegian economy**

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**Sustainability and Green Bond framework**

**5**

**Appendix**

# Key economic indicators



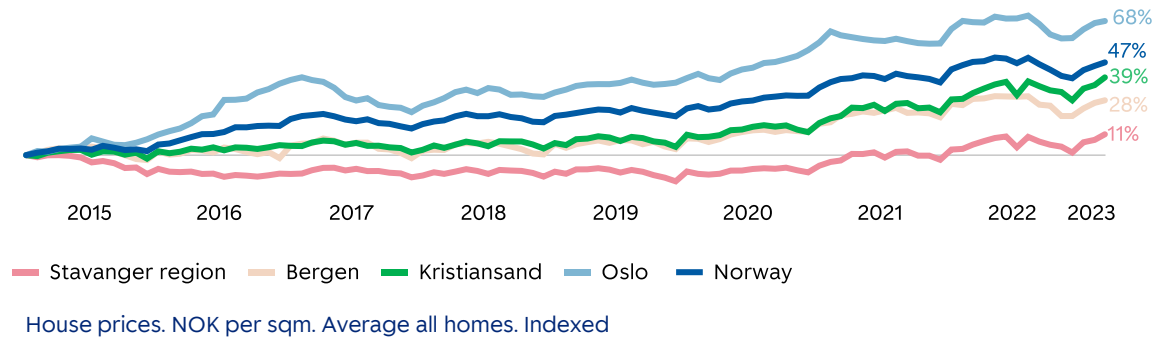
Economic Indicators (%)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023P	2024P	2025P
GDP mainland, annual change (%)	2.3	2.2	1.4	0.9	2.0	1.9	2.3	-2.8	4.2	3.8	1.3	1.6	1.5
Household consumption, annual change (%)	2.8	2.1	2.7	1.1	2.2	1.4	1.0	-6.2	4.4	6.8	1.2	1.5	2.2
Public consumption, annual change (%)	1.0	2.7	2.4	2.3	1.9	0.6	1.1	-0.5	5.0	0.1	1.2	1.7	1.7
Investment mainland, annual change (%)	2.9	0.4	-0.2	9.0	6.8	1.5	6.3	-3.1	1.7	6.6	0.2	0.6	0.1
Investment public sector, annual change (%)	11.8	4.5	0.2	6.4	2.6	8.1	7.5	-1.1	-4.5	0.9	1.1	4.3	3.3
Investment offshore oil and gas, annual change (%)	19.0	-1.8	-12.2	-16.0	-5.4	0.7	14.3	-3.3	-2.1	-5.5	5.0	6.0	3.0
Housing prices, annual change (%)	4.0	2.7	6.1	7.0	5.0	1.4	2.5	4.3	10.5	5.2	-2.8	-1.3	0.5
Oil price, USD/bbl	109	100	53	45	55	72	64	43	71	99	82	77	73
Inflation rate (CPI) %	2.1	2.0	2.1	3.6	1.8	2.7	2.2	1.3	3.5	5.8	5.0	2.3	1.7
3 month NIBOR %	1.8	1.7	1.3	1.1	0.9	1.1	1.6	0.7	0.5	2.1	3.5	2.9	2.4
Mortgage rate %	4.0	3.9	3.2	2.6	2.6	2.7	3.0	2.6	2.1	2.9	4.7	4.6	4.1
Household savings ratio	7.2	7.7	9.8	6.9	6.6	5.9	7.1	12.9	12.7	3.6	0.8	3.0	4.6
Unemployment rate (registered at labour office)*	2.7	2.7	3.0	3.0	2.7	2.5	2.3	4.9	3.1	1.8	1.9	2.2	2.3
HH sector real disposable income, annual change (%)	4.0	2.3	5.4	-1.6	2.0	0.9	2.0	1.1	3.6	-2.5	-2.8	3.9	4.1
Current account surplus, share of GDP (%)	10.3	10.8	8.0	4.5	5.5	9.0	3.8	1.1	13.6	30.4	16.6	16.8	15.0
Sovereign Wealth Fund, share of GDP-mainland (%). Actual*	190	230	270	270	290	290	310	350	360	340	340		

Sources: Statistics Norway, Thomson Reuters Datastream and \*Central Bank of Norway. Norges Bank 23 March 2023 & Statistics Norway 10 March 2023

# Macro in Southern Norway

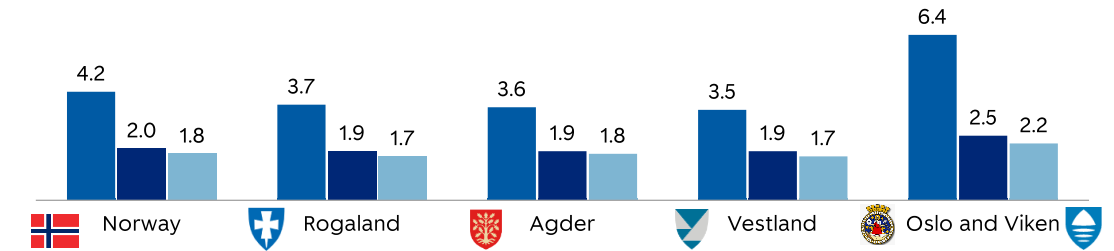
## House price development

- Norwegian house prices have increased by 5,8% as at 31 March 2023



## Unemployment rate

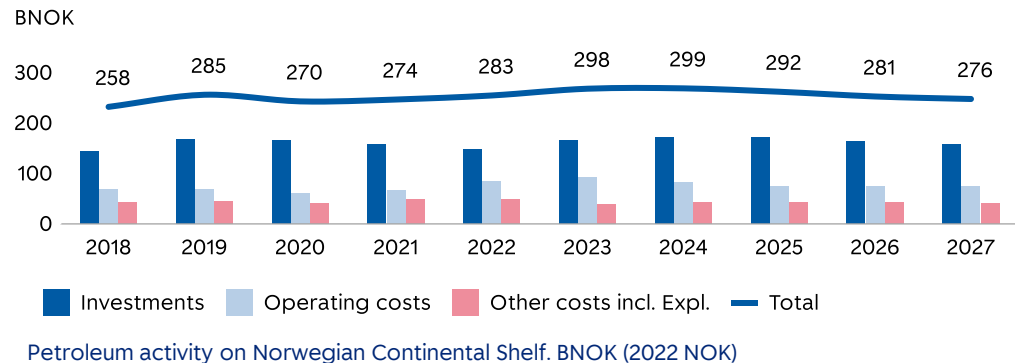
■ Mar 21 ■ Mar 22 ■ Mar 23



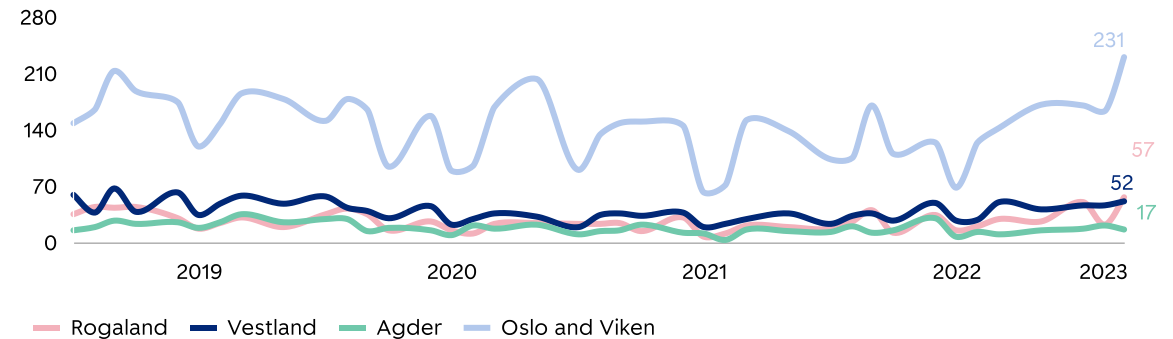
Not seasonally adjusted

## Investments on the Norwegian continental shelf

- The tax package (June 2020) and higher prices supports the outlook



## Number of bankruptcies

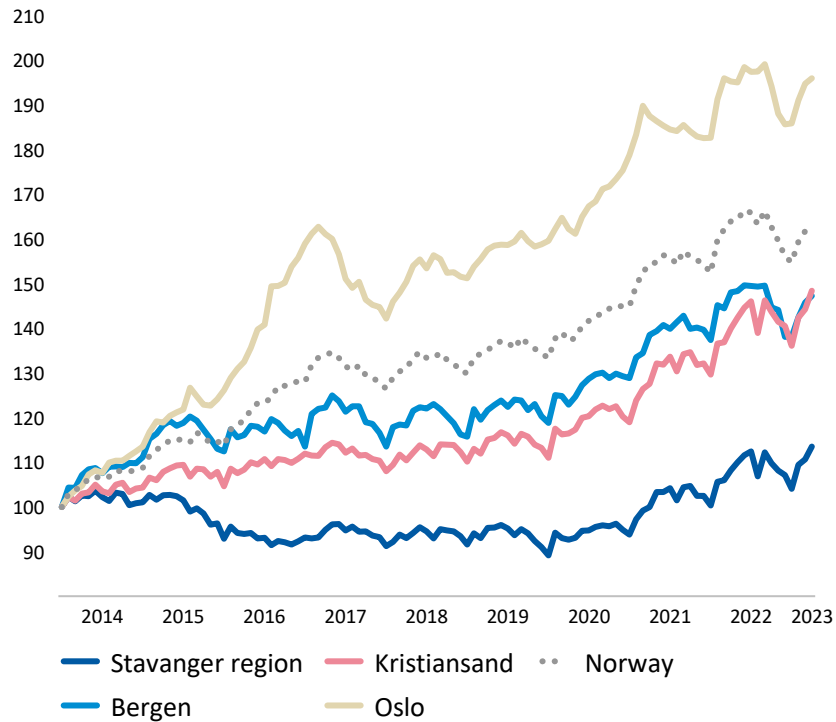


Source: Eiendom Norge, Eiendomsverdi, NAV, Oljedirektoratet (OD), Brønnøysundregisteret

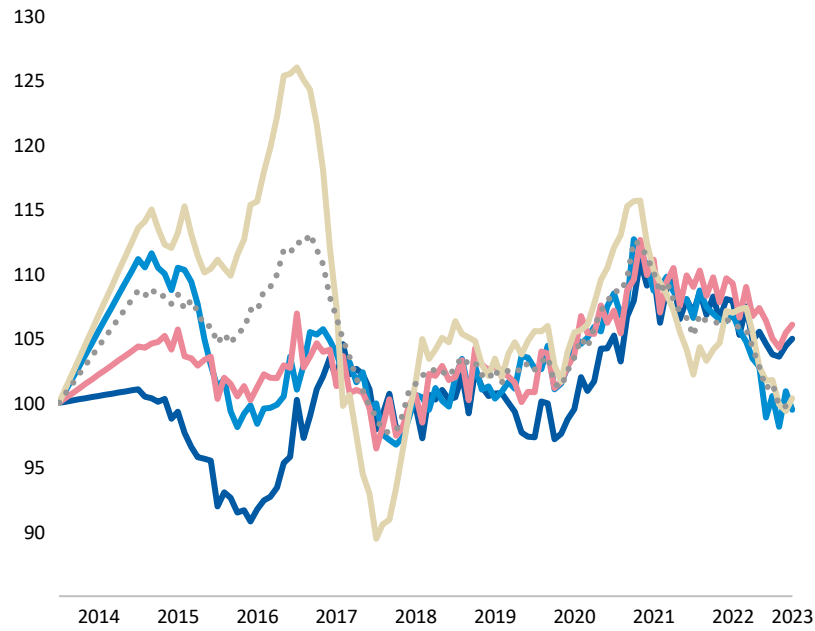
# Housing market

- house prices -0.2% YOY, 5.8% YTD

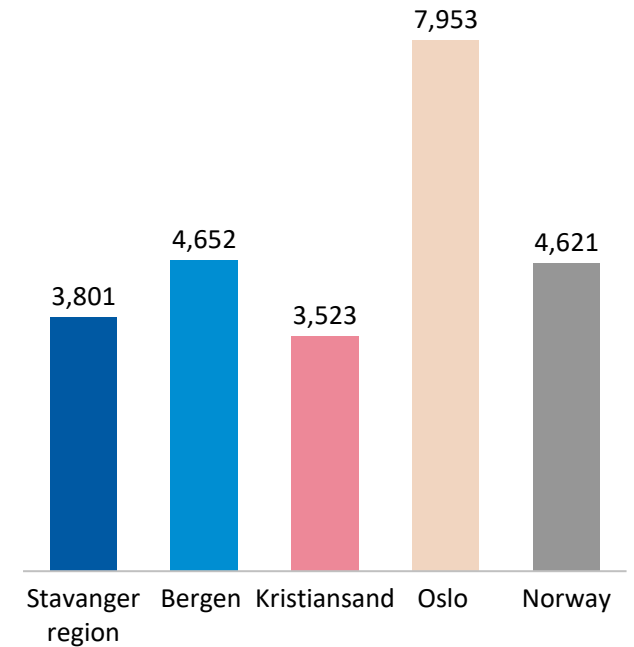
House prices (Index des 2013=100)



Index change 12 month (%)



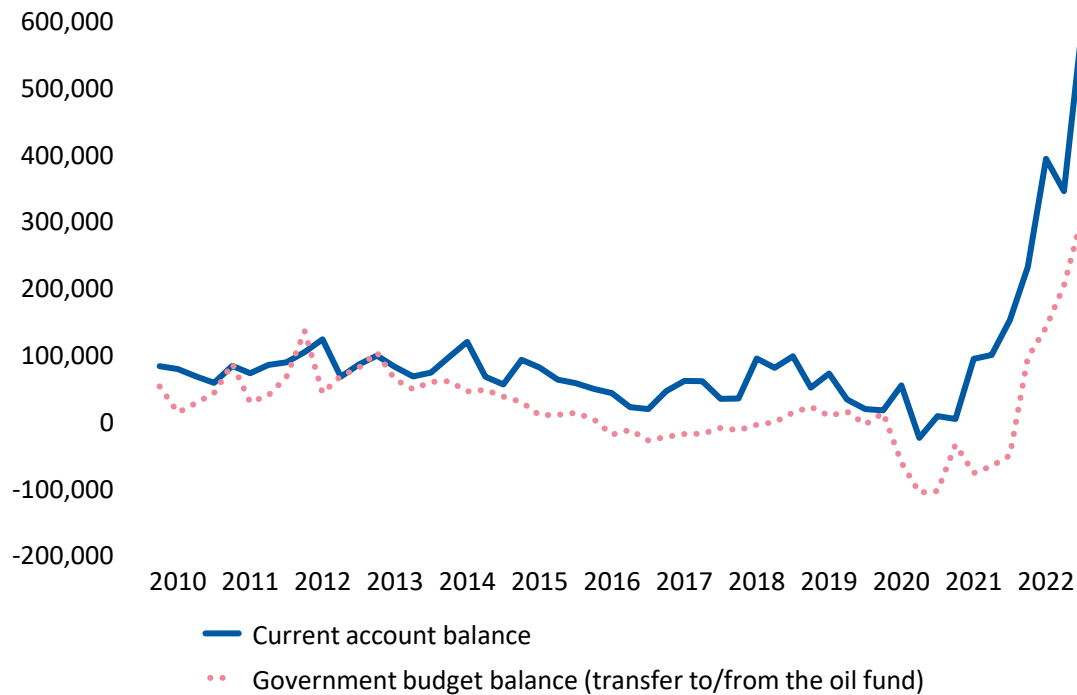
Prices by City per Square Meter (EUR)



Source: Eiendom Norge, Eiendomsverdi

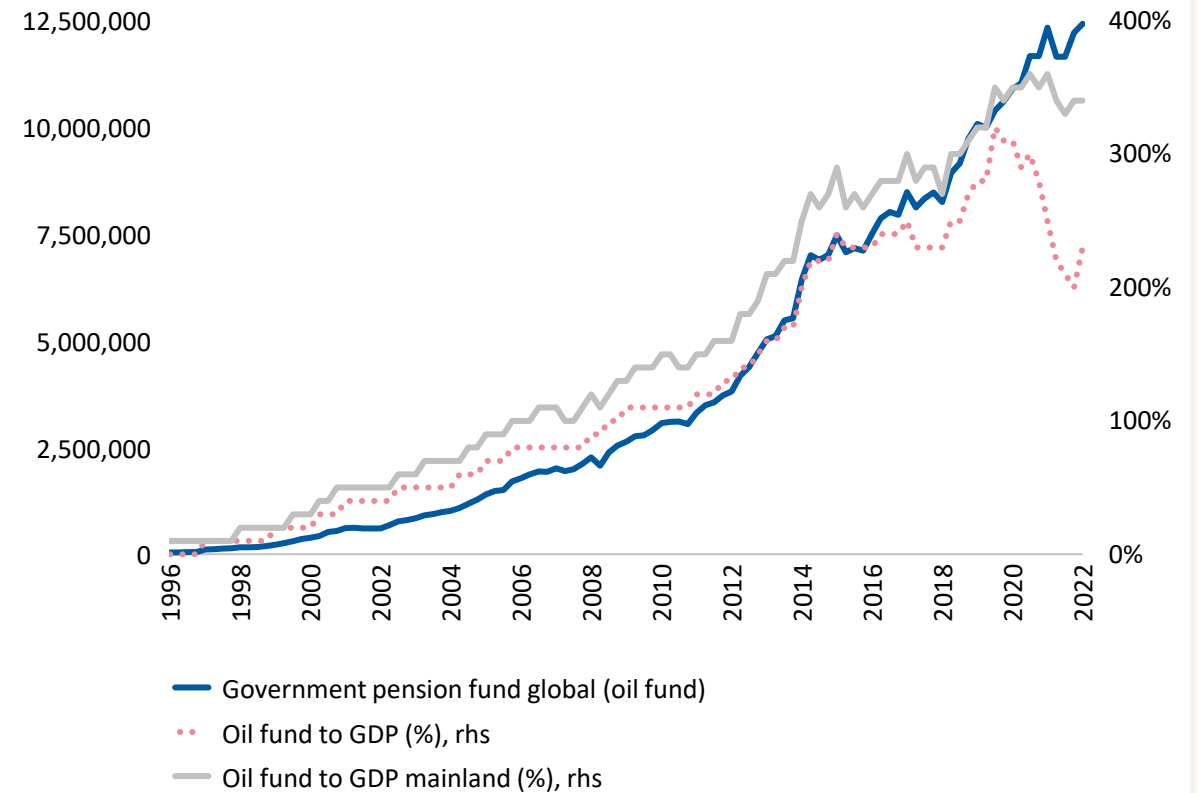
# Government finances and the sovereign wealth fund

## Norwegian current account and gov't budget (BNOK), quarterly figures



- Cash flow from the petroleum sector (taxes, ownership) is channeled into the sovereign wealth fund
- Fiscal spending rule is 3% of the fund.

## Norwegian oil fund and GDP (BNOK), quarterly figures



Source: Central Bank of Norway, latest update Q4-2022

- 1** **SR-Bank**
- 2** **SR-Boligkreditt**
- 3** **Norwegian economy**
- 4** **Sustainability and Green Bond framework**
- 5** **Appendix**

# SpareBank 1 SR-Bank's sustainability targets

A pro-active ally to our clients in the transition to a more sustainable society

## Emission reductions

- **Climate neutrality** in own operations by the end of 2022
- **Net zero emissions** in our financing and investment activities by 2050

## Transition

- Financing and facilitation of **NOK 50 billion in sustainable activities** by the end of 2030
- Financing of **NOK 15 bn. in green properties** by the end of 2025
- Facilitating **new jobs** through entrepreneurship and innovation

## Equality and diversity

- **Gender balance (40/60)** on all management levels and material positions throughout the company by 2025
- **Equal pay** for genders – equal pay for equal work
- Through our advisory, products and services we will **strengthen economic equality**

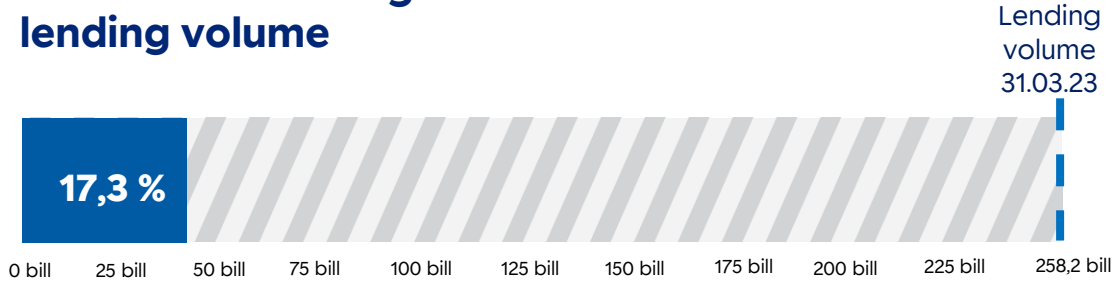
## Combat financial crime

- Have **zero-tolerance** for all kinds of financial crime
- **Safeguard human rights** by contributing to transparency in supply chains
- Be known for a **high ethical standards**

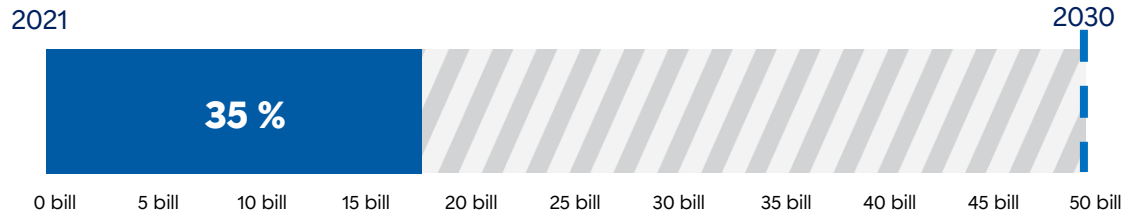


# Lending volume and financing sustainable activities

## Sustainable lending volume is 17.3% of total lending volume



## Goal: Finance NOK 50 billion in sustainable activities by the end of 2030



### Retail market

- Green residential buildings



### Corporate market

- Green commercial buildings
- Clean transportation
- Renewable energy
- Waste management
- Sustainability-linked lending

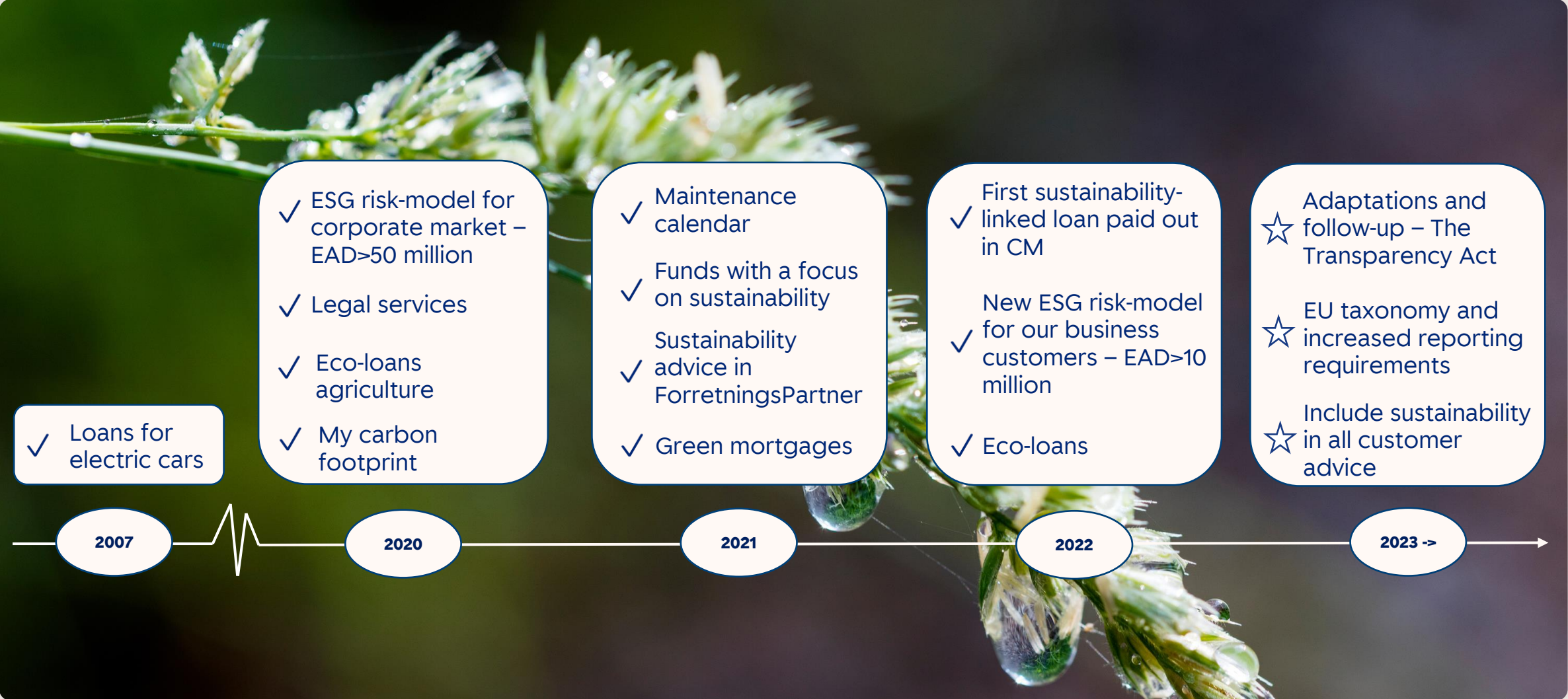


### Sustainable activities

- Green residential mortgages (EPC A and B green products)
- Green car insurance
- Green corporate lending
- Sustainability-linked lending

\* Sustainable lending and activities according to the internal sustainable product framework

# Sustainability means better services for our customers



# Green product offerings & initiatives

## Green Mortgage Product & Renovation Product

- The Green mortgage product was launched in 2021. A Green mortgage is secured by energy efficient housing with favorable loan interest rates. Loan criteria: EPC A or B label
- With a green mortgage, customers typically get somewhat lower interest rates compared to a non-green mortgage
- We also offer financial support to customers when they improve their energy use in their home, as part of a renovation

## - Eco-loans

- A loan designed to help customers in the retail market take energy efficiency measures to their residential building.
- The means of the loan is to help retail customers save energy, save money and at the same time, help the climate
- Eco-loans offer better terms in order to motivate more people to take part in the green transition

## Green Car Loan Product & Insurance Product (EVs)

- Loan criteria: fully electric vehicles
- With a green car loan, customers typically get somewhat lower interest rates compared to a non-green car loan

## Sustainability advice in ForretningsPartner

- Through ForretningsPartner, we offer companies advice that ensures that they are up to date on new regulations and laws. We also help to identify the opportunities presented by the transition we are going through.

## New ESG risk-model for our business customers – EAD>10 million

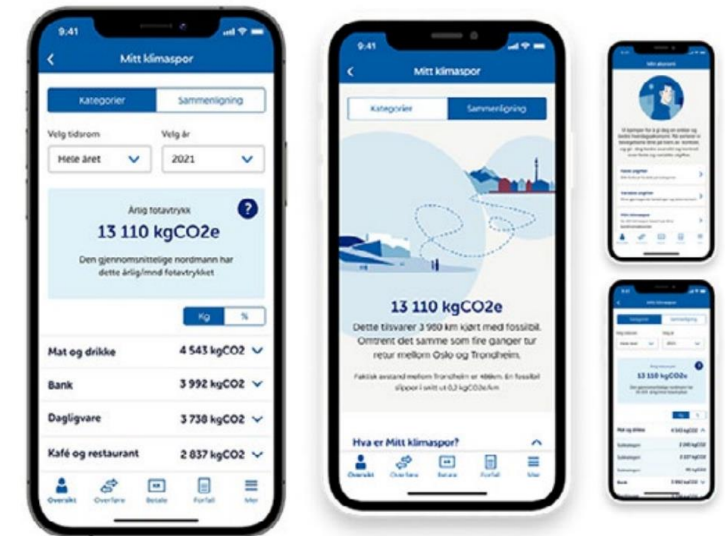
- The ESG models we have developed for corporate customers ensure that we take a thorough approach to risk in our sustainability portfolio. It also helps them obtain an overview of their risk and makes SR-Bank an even better adviser.

## Other Products:

- We offer a green loan for agriculture, which is primarily designed for investments in solar panel systems

## Launch of “My carbon footprint”

- The bank recently launched a mobile CO2 monitoring feature, which allows customers to monitor CO2 emissions
- This feature will make it easier for customers to help reduce greenhouse gas emissions and make sustainable choices in their everyday lives



ESG100

# One of the Nordic region's best banks

- Best practice reporting on sustainability
- Clear strategy and measurable ambitions
- Good corporate sustainability structure



## What do the grades mean?

<b>A</b> Excellent reporting in line with best practice. Good description of material issues and performance in these areas. Clear strategy and specific, quantifiable targets.	<b>B</b> Good reporting that covers important issues. Includes a materiality assessment, is based on a recognised reporting standard, and provides some specific, quantifiable targets.	<b>C</b> Includes basic sustainability reporting with insufficient data or targets for some criteria.
<b>D</b> Reporting on some issues but lacks a systematic approach.	<b>E</b> An attempt at sustainability reporting but no recognised standard is followed. Difficult to gauge priorities and quantifiable information is lacking.	<b>F</b> No reporting or very incomplete reporting.

# ESG ratings, rankings and indices

- **"Prime status"** and rating C by ISS-ESG (January 2023)
- Sustainalytics: **"Low risk"**; low risk experiencing material financial impact from ESG factors; 18 out of 414 regional banks by Sustainalytics (August 2022)
- MSCI ESG Rating: **"Level AA"** (January 2023)
- CDP: **score B** (December 2022)

## ISS ESG CORPORATE RATING REPORT SpareBank 1 SR-Bank ASA

Rating	Performance Score	Decile Rank
<b>C</b>	51.76	1
Trend	Transparency Level	Prime Status
■	Very High	Prime

Last update Jan 23, 2023

## SUSTAINALYTICS

ESG Risk Score

**14.5** **-1.6**

Momentum

Last Update Aug 19, 2022

ESG Risk Rating

**Low Risk**



ESG Globes Rating



## MSCI ESG RATINGS



CCC B BB BBB A **AA** AAA

RATING ACTION DATE: November 02, 2021

LAST REPORT UPDATE: January 17, 2023

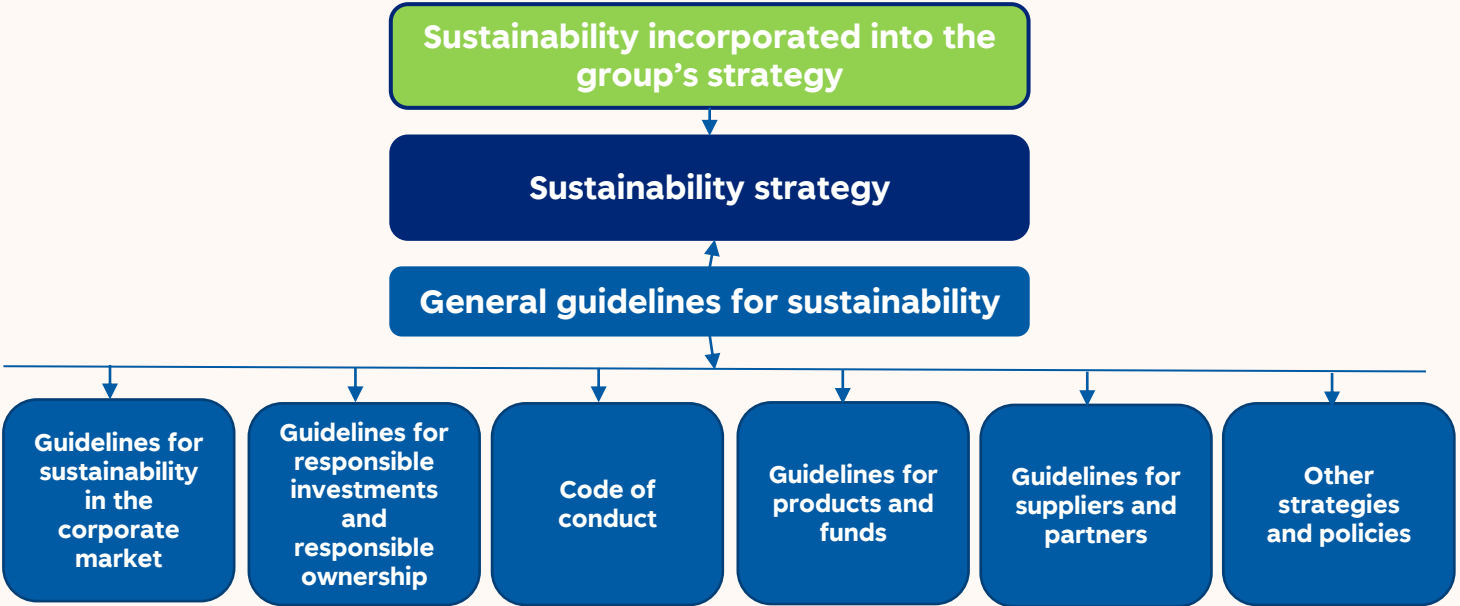


# Initiatives and frameworks that SpareBank 1 SR-Bank is affiliated with



SpareBank 1 SR-Bank's initiatives, frameworks and guidelines, including the newly published [ESG Factbook](#), can be found in our [Sustainability Library](#)

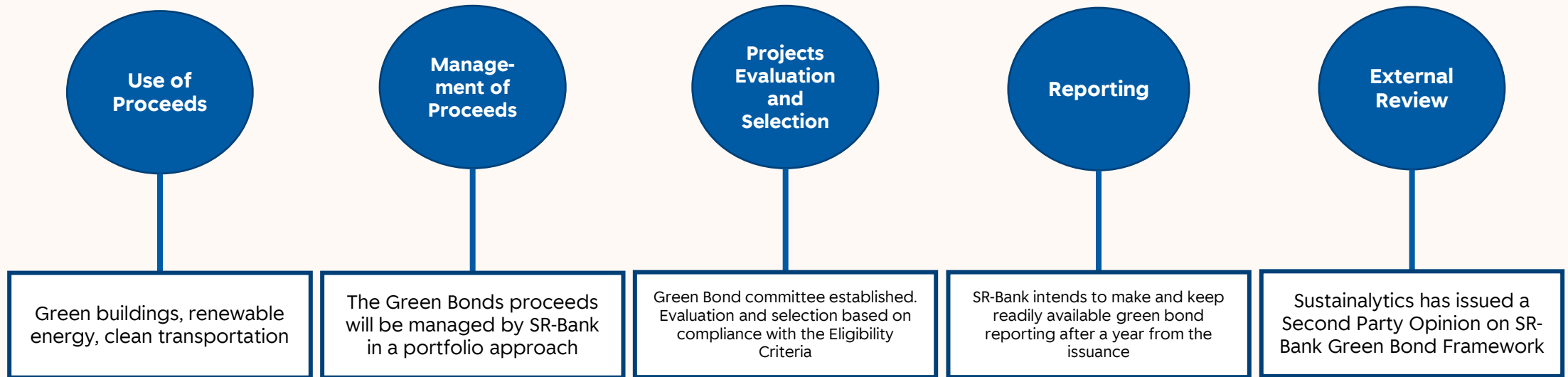
# Sustainability within SR-Bank



- The group's sustainability principles are based on the 17 UN Sustainable Development Goals
- We support the UN Global Compact's ten principles for sustainability
- We are a founding signatory of the UN Principles for Responsible Banking



# Green Bond Framework Highlights



Aligned with the ICMA Green Bond Principles



High level (non-accredited) EU Taxonomy TSC Alignment Assessment – 96.3% alignment





# Use of Proceeds overview

## SR-Boligkreditt

### Green Covered Bonds

#### Green buildings

- Loans to finance or refinance new or existing energy efficient residential buildings in Norway



New Buildings belonging to the **top 15%** most energy-efficient buildings of the local building stock and refurbished buildings which **achieved energy savings of at least 30%** in comparison to the baseline performance of the building before the renovation.

## SR-Bank

### Green Senior Bonds

#### Green buildings

- Loans to finance or refinance new or existing energy efficient commercial and residential buildings in Norway



New Buildings belonging to the **top 15%** most energy-efficient buildings of the local building stock and refurbished buildings which **achieved energy savings of at least 30%** in comparison to the baseline performance of the building before the renovation.

#### Renewable Energy

- Loans aiming at financing the equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation sources from



- Hydro power (Run-of-river, small scale hydro power plants, refurbishment or refinancing of existing medium or large hydropower plants – all **<100gCO<sub>2</sub>e / KWh**)
- Onshore and offshore energy **wind** projects
- Solar** projects (Photovoltaic energy projects)

#### Clean Transportation

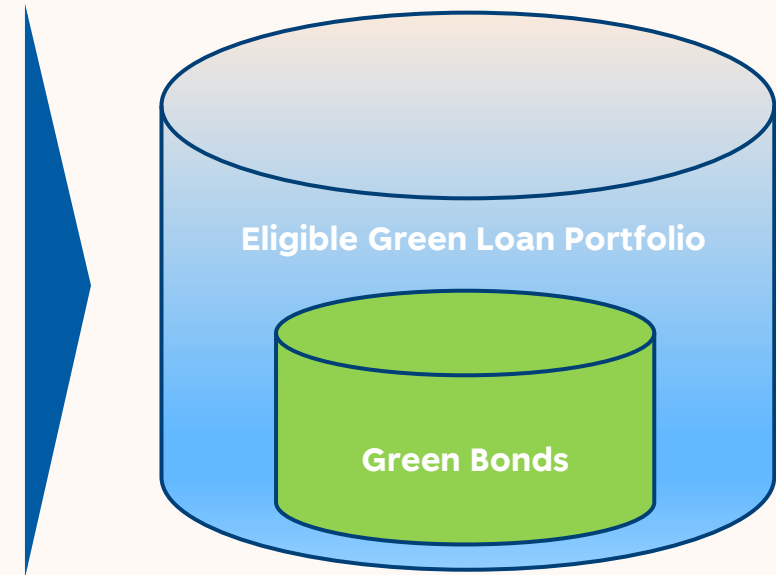
- Loans aiming at financing or refinancing production, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructures



- Low carbon vehicles (**EVs only in asset pool**)
- Low carbon transportation infrastructure: infrastructure related to electric transportation of passengers such as charging stations for electric vehicles

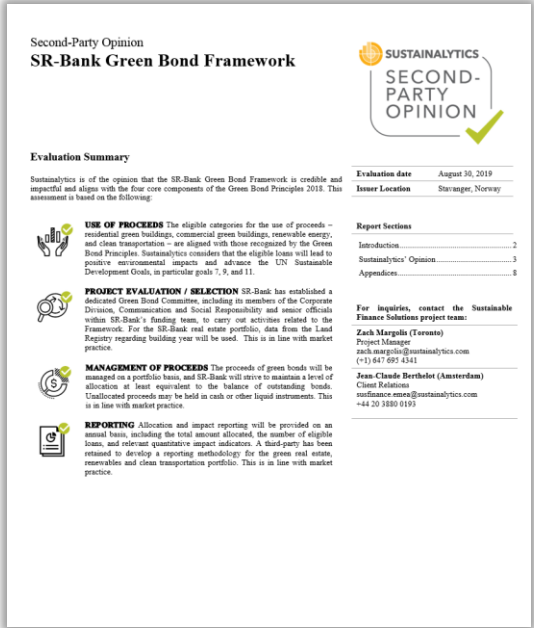
# Management of Proceeds

- The Green Bond Proceeds will be managed in a portfolio approach
- SR-Bank intends to allocate the proceeds from the Green Bonds to a portfolio of loans that meet the use of proceeds eligibility criteria
- SR-Bank will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Bonds
- While any Green Bond net proceeds remain unallocated, SR-Bank will hold and/or invest, at its own discretion, in its treasury liquidity portfolio
- For Green Covered Bonds, SR-Boligkreditt will ensure that there are enough Eligible Green Mortgages within the cover pool relative to green covered bonds outstanding.



# Sustainalytics' second party opinion

## Sustainalytics has issued a Second Party Opinion on SR-Bank Green Bond Framework



**Use of Proceeds:** The eligible categories – residential green buildings, commercial green buildings, renewable energy, and clean transportation – are aligned with those recognized by the Green Bond Principles.



**Project Evaluation and Selection:** SR-Bank has established a dedicated Green Bond Committee, including its members of the Corporate Division, Communication and Social Responsibility and senior officials within SR-Bank's funding team, to carry out activities related to the Framework. This is in line with market practice.



**Management of Proceeds:** The proceeds of green bonds will be managed on a portfolio basis. Unallocated proceeds may be held in cash or other liquid instruments. This is in line with market practice.



**Reporting:** A third-party has been retained to develop a reporting methodology for the green real estate, renewables and clean transportation portfolio. This is in line with market practice.



**Verification:** SR-Bank may request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor )

# EU Taxonomy: TSC, DNSH & MS – high level assessment

Eligible green asset category	Wind Power	Hydro Power	Clean Transportation	Green Buildings (Residential & Commercial)
Geography	Norway			
Eligibility criteria	Electricity generation from wind power	Electricity generation from hydro power	Transport by motorbikes, passenger cars and light commercial vehicles	Acquisition & ownership of buildings: <ul style="list-style-type: none"> <li>• Top 15% - (via Building code / EPC)</li> <li>• BREEAM certificate</li> </ul>
Alignment with the Technical Screening criteria of the EU Taxonomy Climate Delegated Act (April 2021)	<b>100% TSC alignment</b>	<b>100% TSC alignment</b> (only facilities with <100gCO <sub>2</sub> e/KWh life cycle emissions)	<b>100% TSC alignment</b> (only EVs)	<ul style="list-style-type: none"> <li>• Residential - 98% (Top 15% criteria)</li> <li>- [2% built post-2021]</li> <li>• Top 15% Commercial - 78% (Top 15% criteria)</li> <li>- [2% built post-2021; 20% with BREEAM certificate]</li> </ul> <p>➤ <b>Residential: 98% TSC alignment</b></p> <p>➤ <b>Commercial: 78% TSC alignment</b></p>
Do No Significant Harm & Social Safeguards	SR-Bank ensures that all eligible loans comply with official national and international environmental and social standards and local laws and regulations on a best effort basis. It is part of SR-Bank's loan approval process to ensure that all its loans comply with internal environmental and social directives, including those financed with the proceeds of the Green Bonds. These eligibility criteria and minimum requirements and ESG related matters are continuously developed and renewed in our external and internal policy frameworks. SR-Bank's environmental and social policies can be found on: <a href="https://www.sparebank1.no/en/sr-bank/about-us/Sustainability/our-sustainability-guidelines.html">https://www.sparebank1.no/en/sr-bank/about-us/Sustainability/our-sustainability-guidelines.html</a>			

➤ **High-level (non-accredited) EU Taxonomy alignment assessment: 96.3% aligned (NOK 38.3bn aligned out of NOK 39.8bn total portfolio<sup>1</sup>)**

# Allocation Report

Portfolio date: 31 March 2023

Eligible Green Loan Portfolio		Green Funding*				
	Amount (NOK m)	Instrument (Type / Crncy)	Instrument (ISIN)	Issuance Date	Due Date	Amount (NOK m)
Green Residential Buildings	34.249	€ Covered	XS2063288190	okt.19	okt.26	5.682
SR Bank	12.287	€ Senior Non-Preferred	XS2363982344	jul.21	jul.26	5.682
SR Boligkreditt	22.073	€ Senior Preferred	XS2406010285	nov.21	nov.26	5.682
Green Commercial Buildings	3.572	€ Senior Preferred	XS2534276808	sep.22	sep.25	5.682
Renewable Energy	1.718	€ Senior Preferred	XS2579319513	jan.23	nov.27	11.364
Clean Transportation	271					
<b>Total</b>	<b>39.810</b>	<b>Total (NOKm eq.)</b>				<b>34.093</b>

\*EURNOK 31 March 2023

# Impact Report – Q1 2022

Eligible Project Category	Eligible portfolio (NOK m)	Share of Total Green Covered Bond Financing	Share of Total Green Senior Bond Financing	Eligibility for Green Bonds	Estimated reduced energy (in GWh/year)	Direct emissions avoided vs baseline in tons of CO2 /year (Scope 1)	Indirect emissions avoided vs baseline in tons of CO2 /year (Scope 2)	Expected power production (in GWh/year)	Total annual reduced emissions in tons of CO2 /year
a/	b/	c/	c/	d/	e/	e/	e/	e/	e/
Green Residential Buildings	34,249	100.00%	84.05%	100%	206	N/A	N/A	N/A	22,731
Green Commercial Buildings	3,572	0.00%	10.24%	100%	63	N/A	N/A	N/A	6,976
Renewable Energy	1,718	0.00%	4.93%	100%	N/A	N/A	N/A	814	105,800
Clean Transportation	271	0.00%	0.78%	100%	N/A	2,010	-850	N/A	1,160
<b>Total</b>	<b>39,810</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>269</b>	<b>2,010</b>	<b>-850</b>	<b>814</b>	<b>136,667</b>

**1**

**SR-Bank**

**2**

**SR-Boligkreditt**

**3**

**Norwegian economy**

**4**

**Sustainability and Green Bond framework**

**5**

**Appendix**



# Moody's affirms SpareBank 1 SR-Bank's A1 deposit ratings; outlook changed to positive

Stockholm, September 26, 2022

Moody's Investors Service ("Moody's") has today affirmed SpareBank 1 SR-Bank ASA's (SR-Bank) A1/Prime-1 (P-1) deposit and A1 senior unsecured debt ratings.

Furthermore, the rating agency affirmed the Baseline Credit Assessment (BCA) and Adjusted BCA of baa1.

The outlooks on the long-term deposit and senior unsecured ratings were changed to positive from stable.

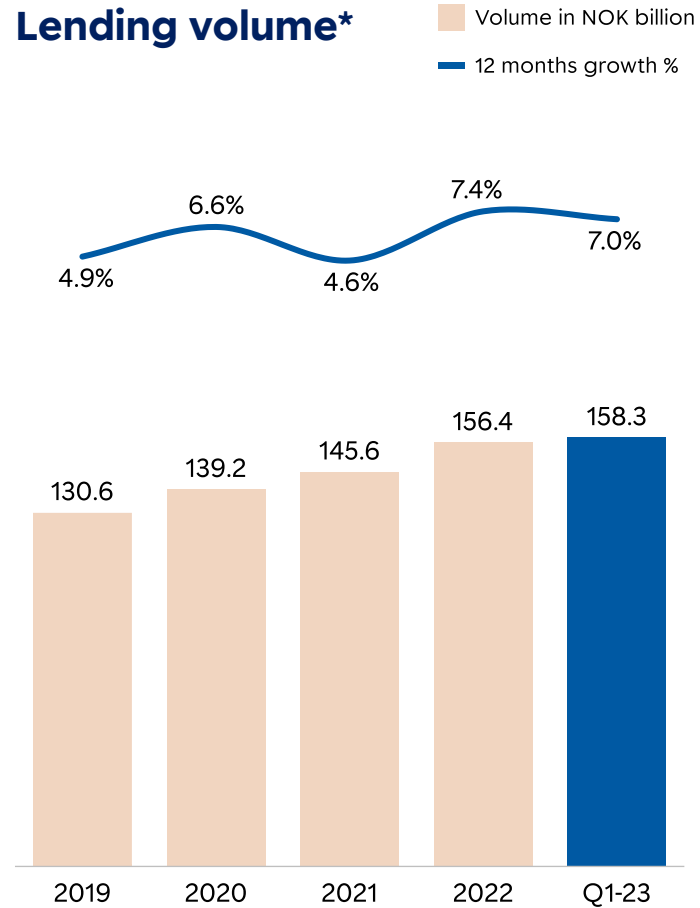
The affirmation and positive outlook reflect the bank's improving fundamentals, in particular its reduced exposure to the oil and offshore sectors which have lowered the bank's asset risk and should stabilise its profitability.

The affirmation of SR-Bank's baa1 BCA reflects the bank's performance throughout the cycle as demonstrated by its sound asset quality, strong capitalization, and resilient profitability.

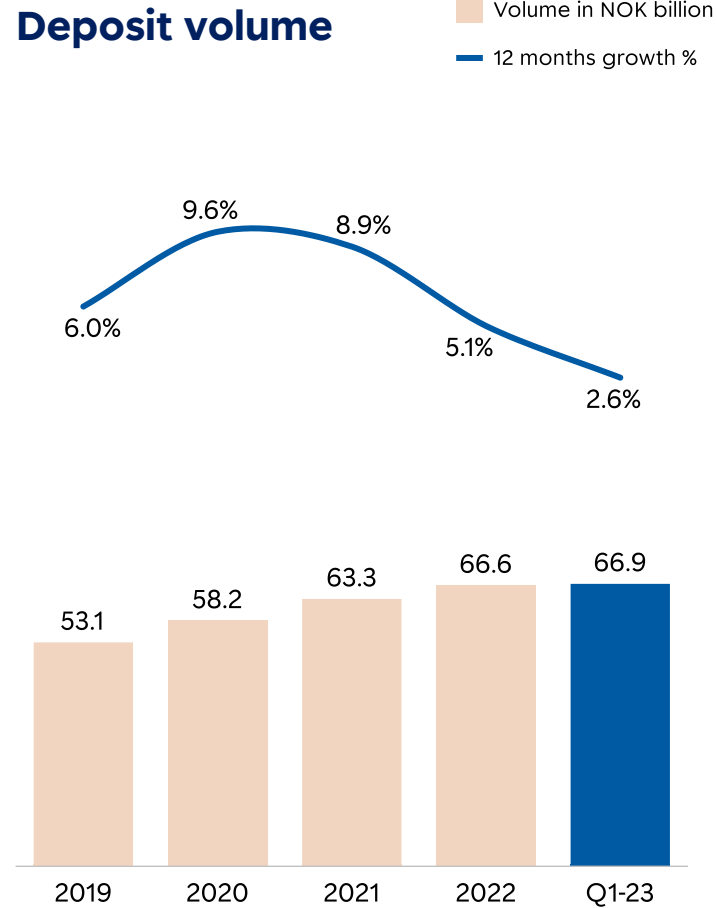


# Retail market

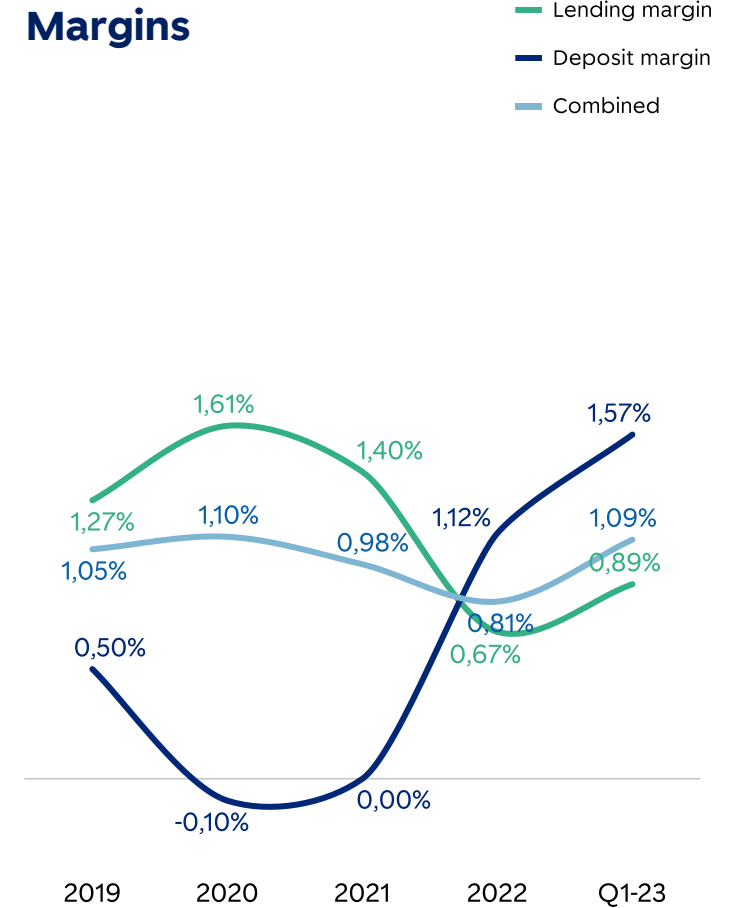
## Lending volume\*



## Deposit volume



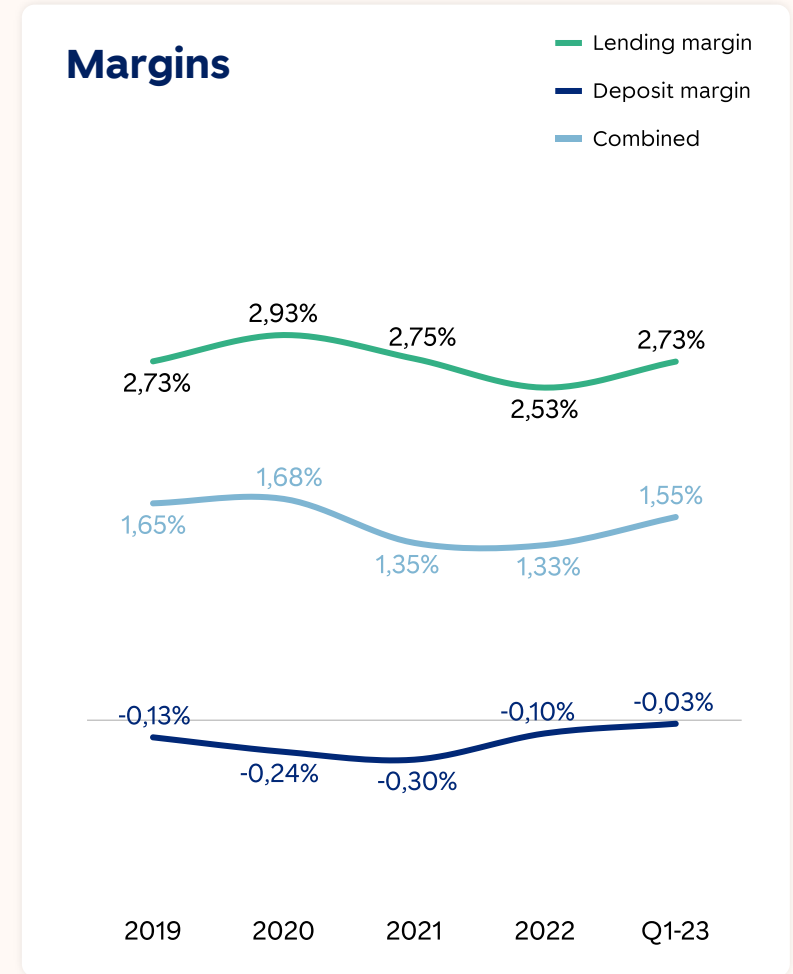
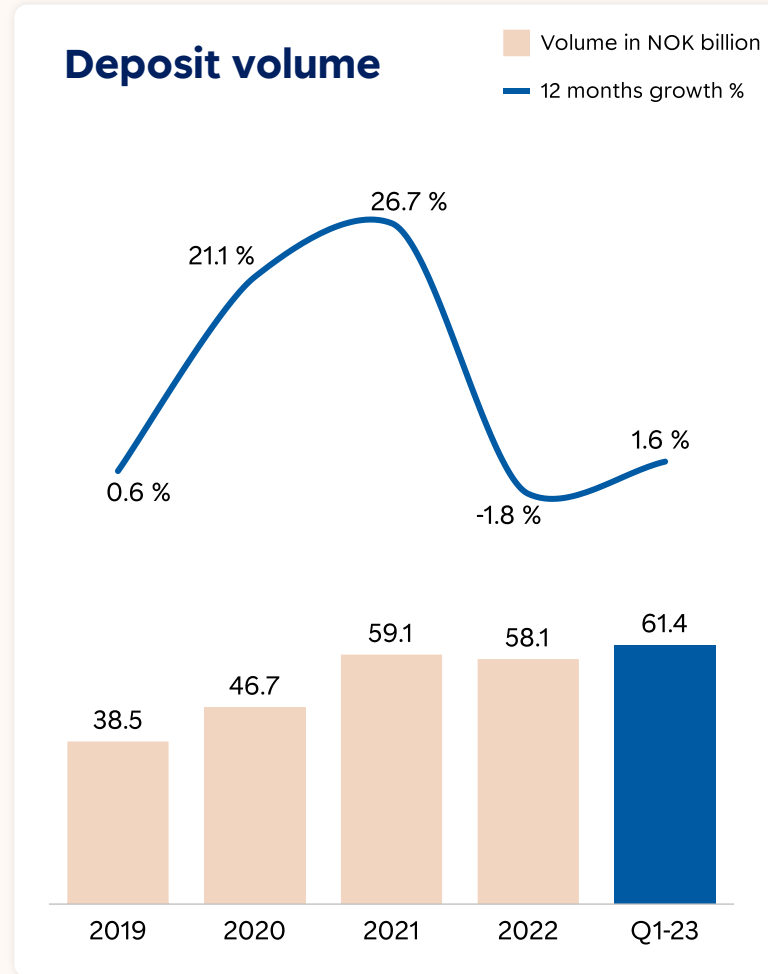
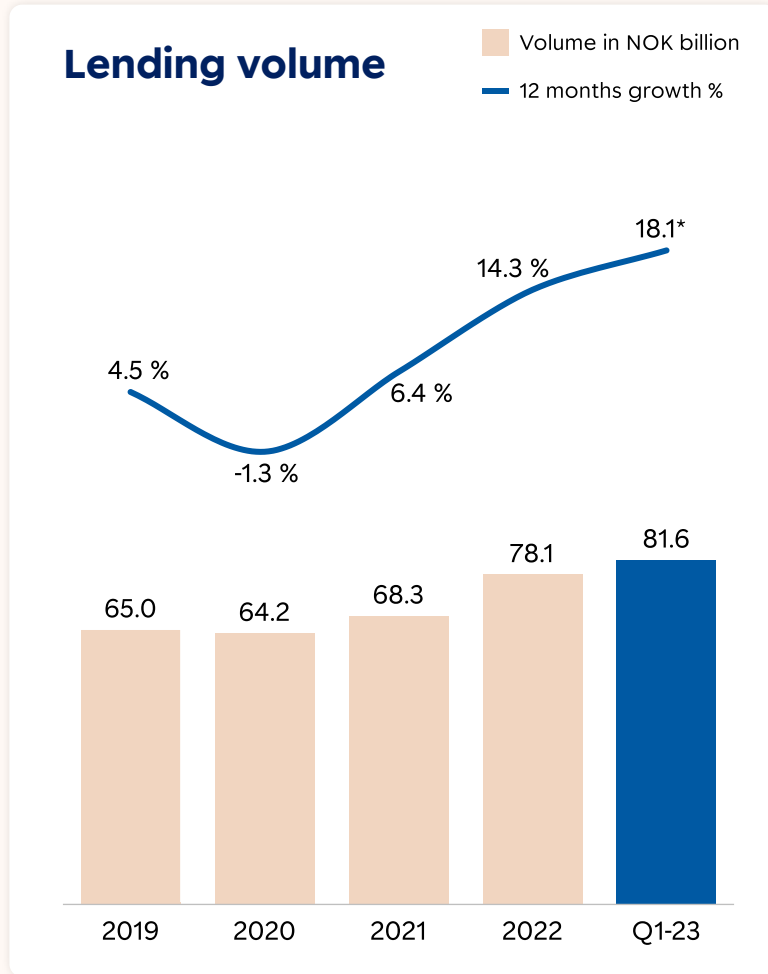
## Margins



**Definition margins:** Average customer rate measured against 3-months NIBOR.

\*Including employee loans.

# Corporate market

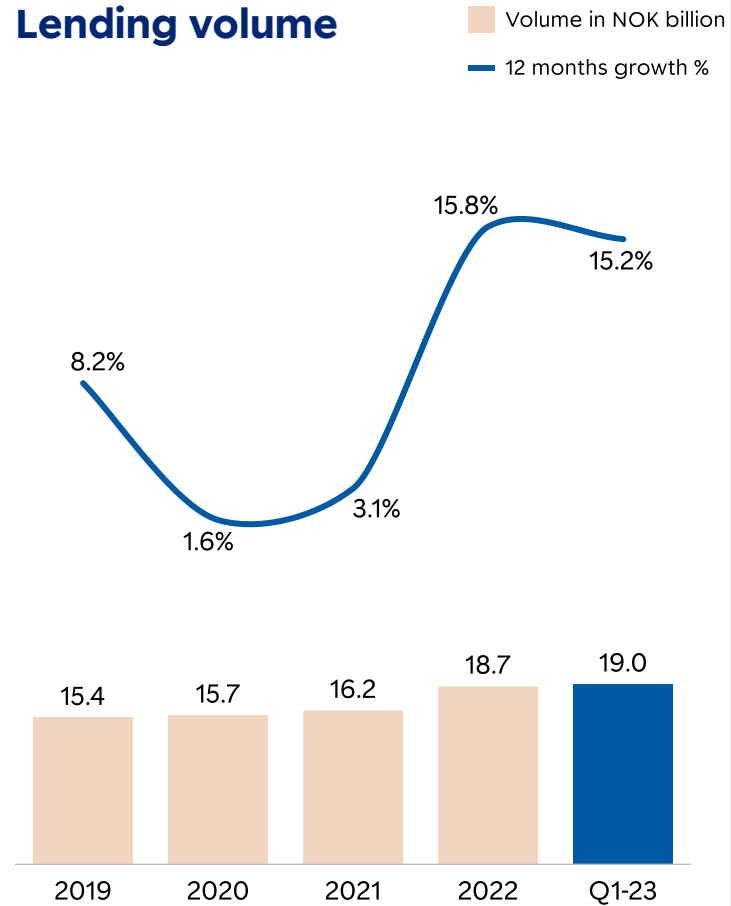


**Definition margins:** Average customer rate measured against 3-months NIBOR.

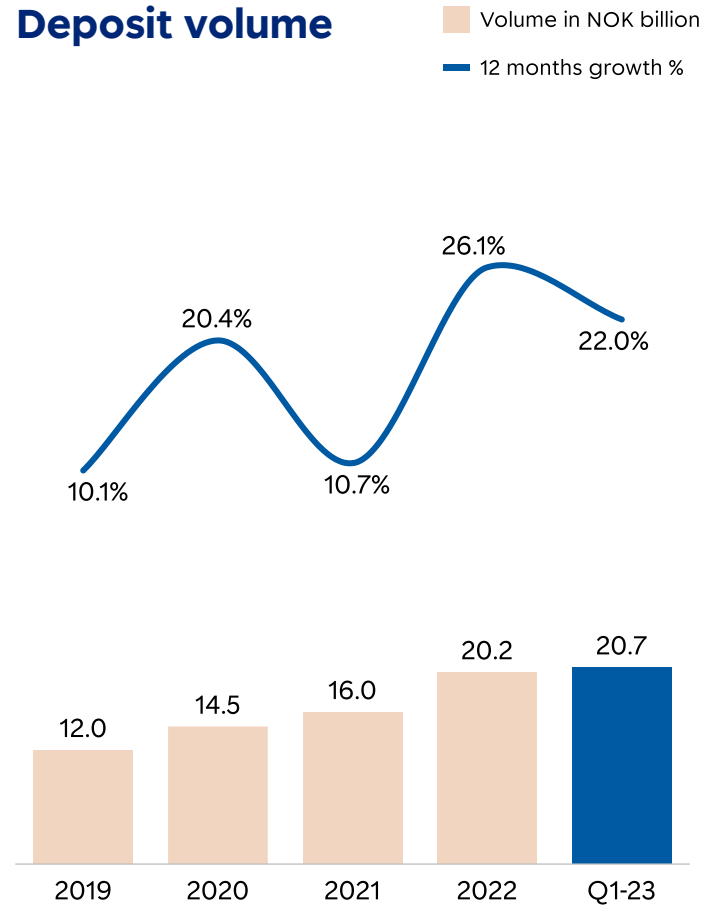
\*12 months lending growth in Corporate market excluding currency effect is 15.4 %.

# SME and Agriculture

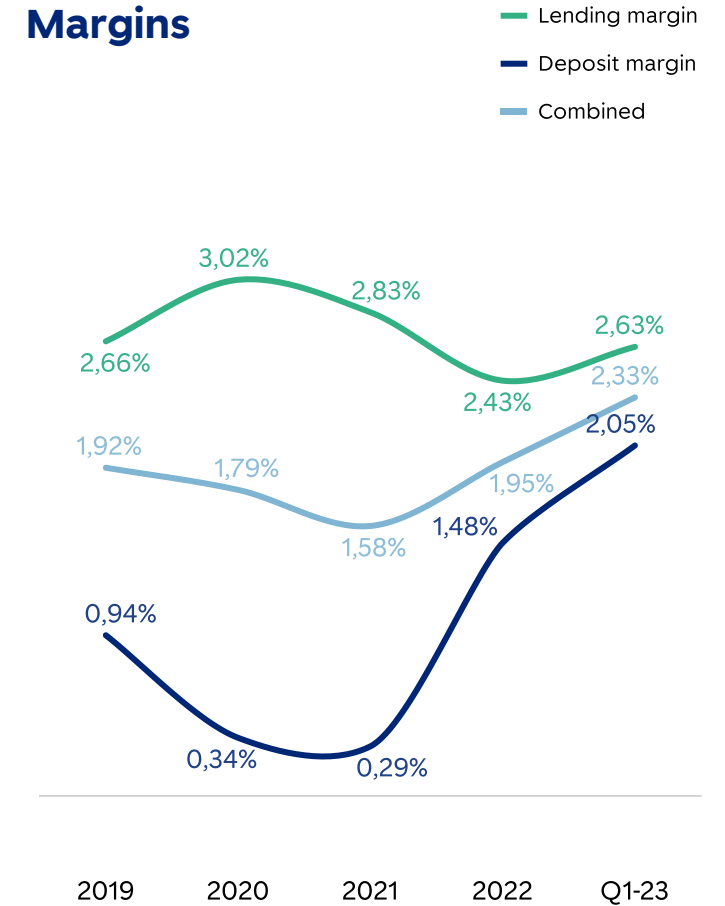
## Lending volume



## Deposit volume



## Margins

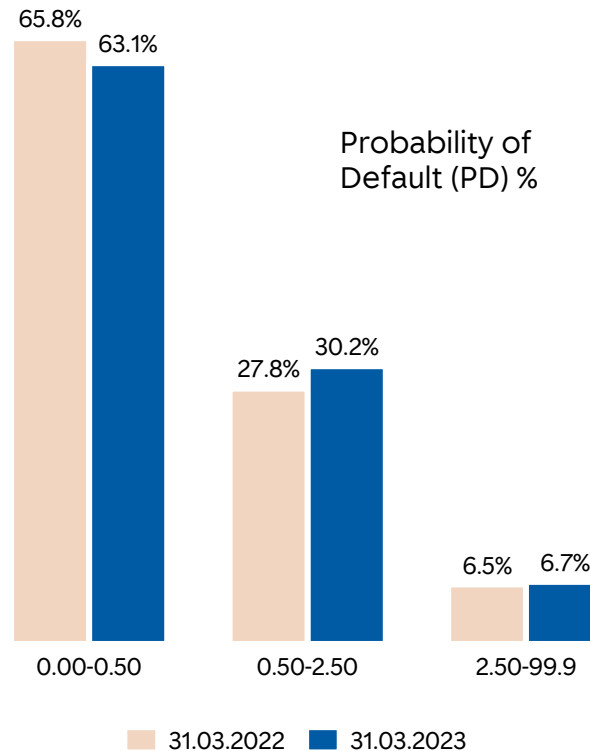


Definition margins: Average customer rate measured against 3-months NIBOR.

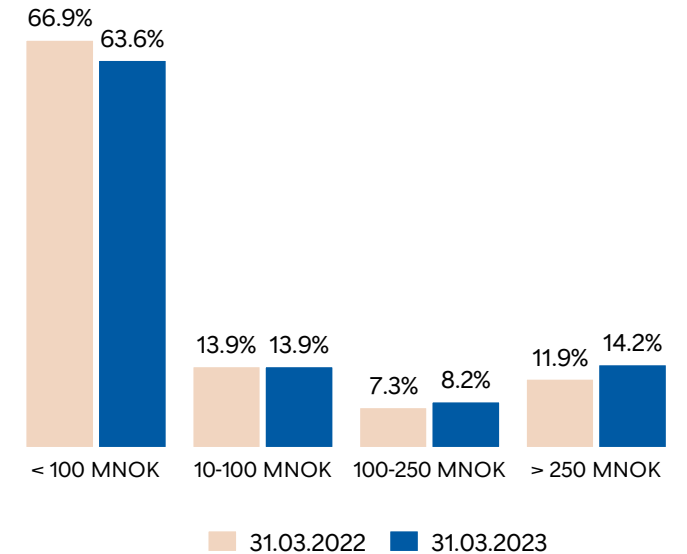
# Profile of the loan portfolio

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

### Loan portfolio distributed by risk class



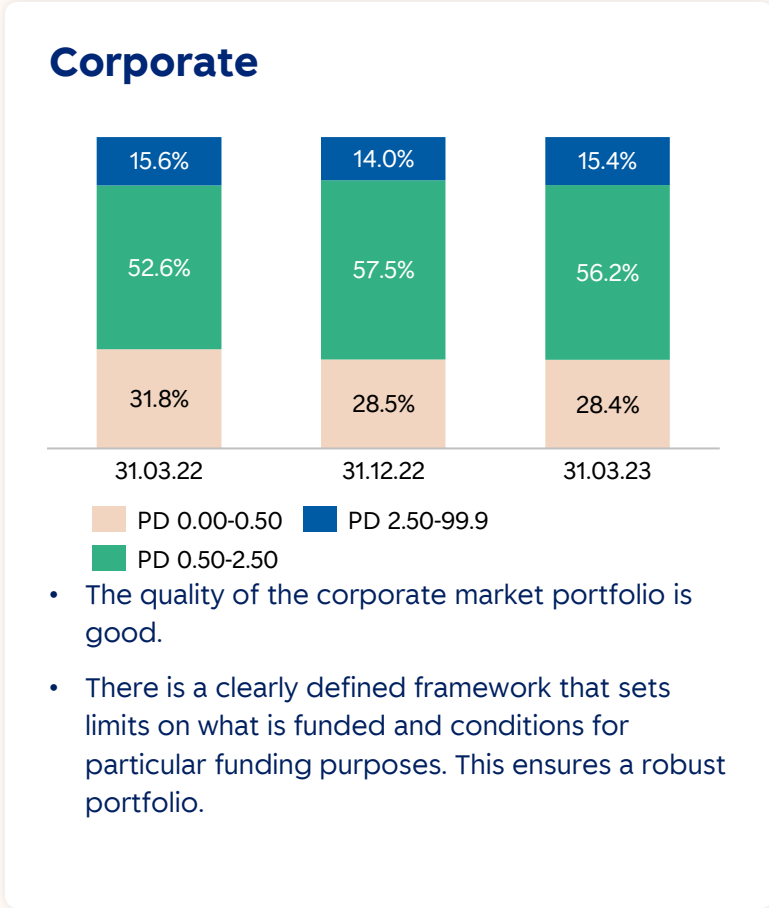
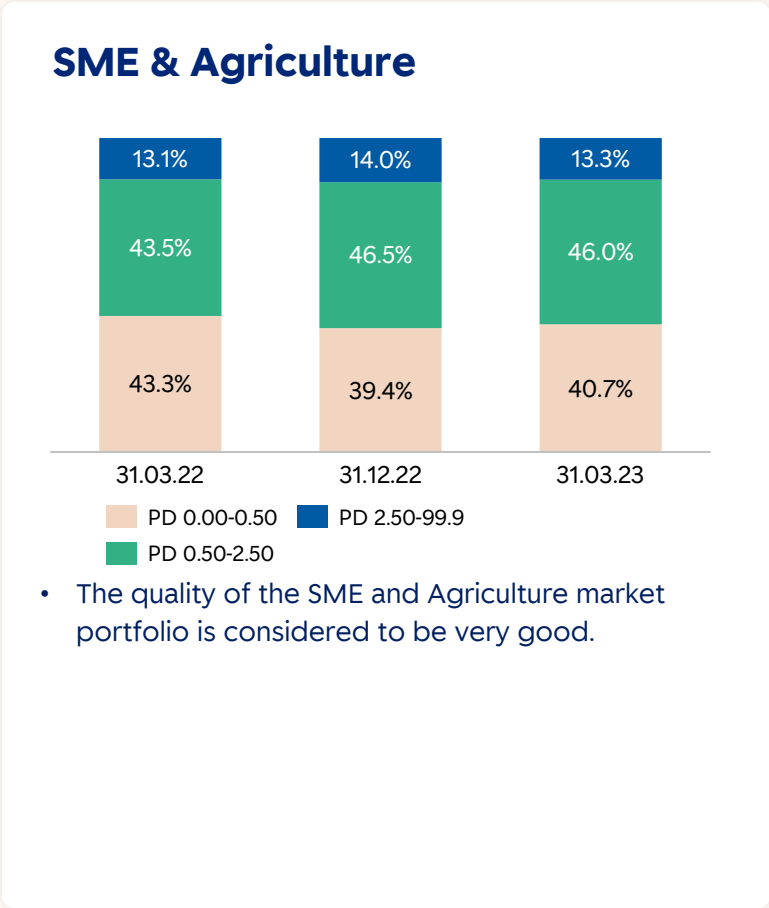
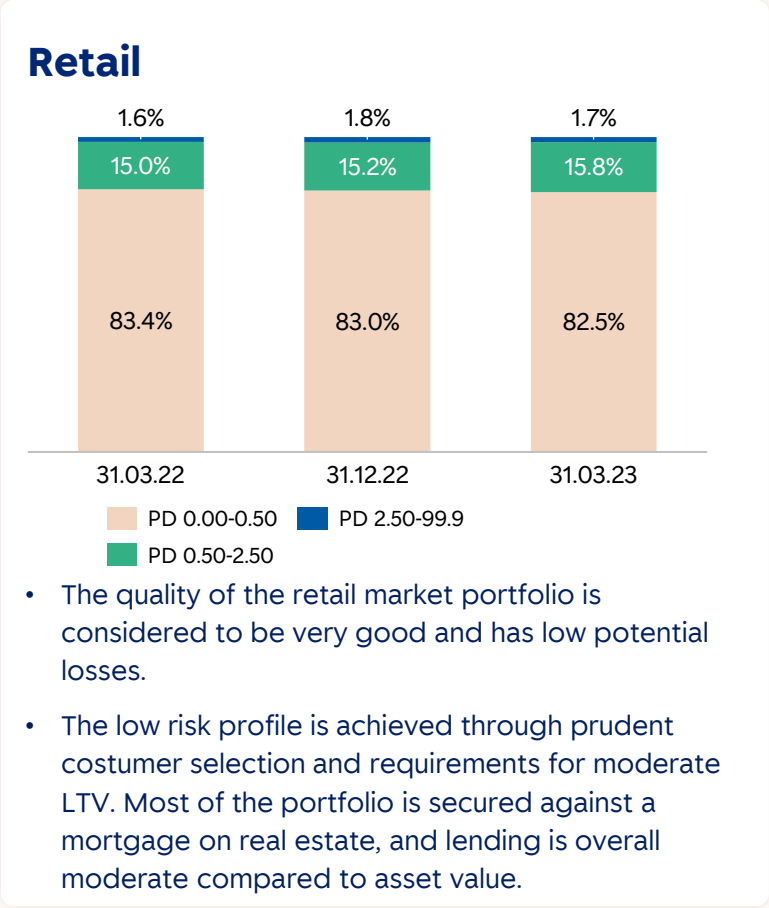
### Loan portfolio distributed by size of loan



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

# Risk profile – Lending in Retail, SME & Agriculture and Corporate Customers

- Portfolio distributed by risk class

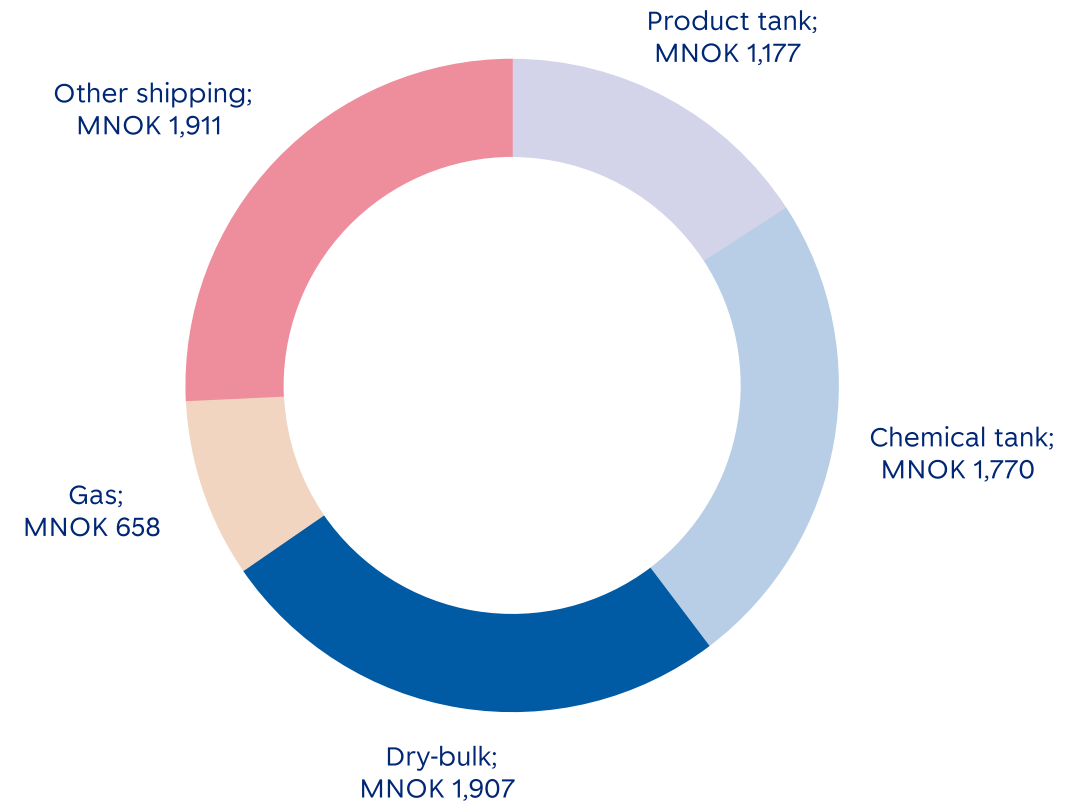


Probability of default (PD) through a full cycle of loss.

# Lending to shipping

2.6% (NOK 7.4 billion) of total EAD\* is related to shipping

- Product tank
  - EAD NOK 1.2 billion, 0.4% of the bank's total EAD
- Chemical tank
  - EAD NOK 1.8 billion, 0.6% of the bank's total EAD
- Dry-bulk
  - EAD NOK 1.9 billion, 0.7% of the bank's total EAD
- Gas
  - EAD NOK 0.7 billion, 0.2% of the bank's total EAD
- Other shipping
  - EAD NOK 1.9 billion, 0.7% of the bank's total EAD



\*EAD: Exposure at default.

# Lending to oil and offshore

3.7% (NOK 10.5 billion) of total EAD\* is related to oil operations

- Oil services

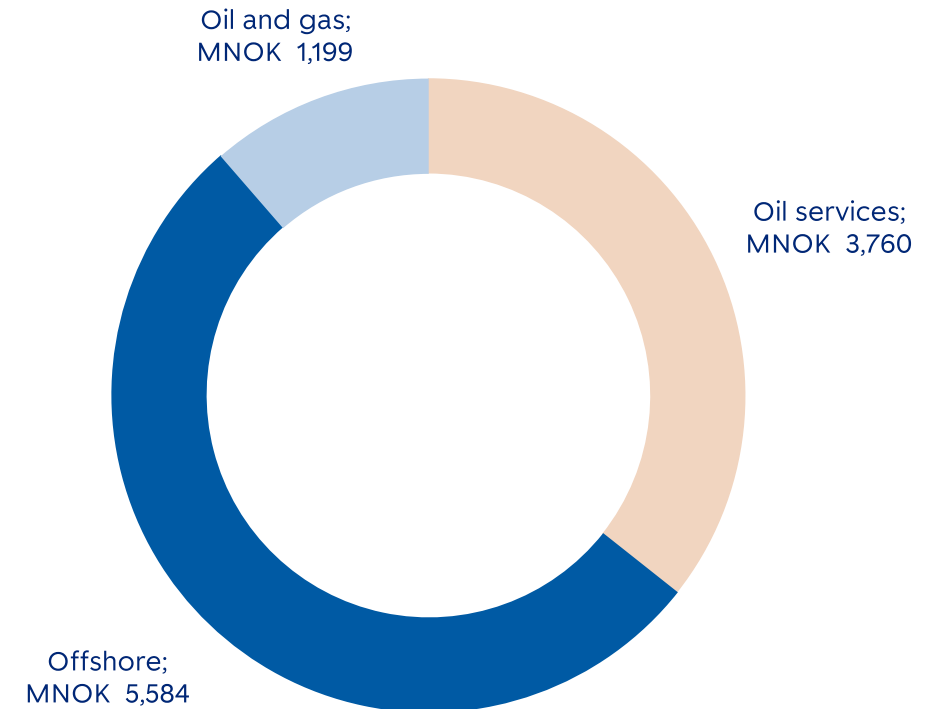
- EAD NOK 3.8 billion, 1.3% of the bank's total EAD
- Funding of operating capital through current and fixed assets, as well as guarantees

- Exploration and production companies

- EAD NOK 1.2 billion, 0.4% of the bank's total EAD
- Exposure primarily to companies with activities on the Norwegian continental shelf

- Offshore

- EAD NOK 5.6 billion, 1.9% of the bank's total EAD
- Exposure primarily to industrial-oriented shipping companies with integrated organization (Offshore service vessels, Rig and Seismic vessels)



\*EAD: Exposure at default.

# Net commission and other income

MNOK	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Payment facilities	75	93	88	73	70
Savings/placements	28	27	28	40	31
Insurance products	71	72	68	68	63
Commission income EiendomsMegler 1	90	83	92	120	88
Gurantee commission	29	33	30	26	32
Arrangement- and customer fees	40	38	31	27	33
Commission income ForretningsPartner	111	88	75	103	104
Other	10	19	9	9	9
<b>Net commission and other income</b>	<b>455</b>	<b>453</b>	<b>421</b>	<b>466</b>	<b>430</b>



# Change in net commission and other income 31.03.2022 - 31.03.2023

(MNOK)



# Net income on financial investments

MNOK	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Dividends</b>	<b>32</b>	<b>26</b>	<b>9</b>	<b>16</b>	<b>19</b>
<b>Investment income, associates</b>	<b>94</b>	<b>211</b>	<b>85</b>	<b>82</b>	<b>74</b>
<b>Securities gains/losses</b>	<b>-126</b>	<b>129</b>	<b>-61</b>	<b>-91</b>	<b>10</b>
• of which capital change in shares and certificates	-43	125	5	-21	47
• of which capital change in certificates and bonds incl. derivatives	-83	4	-66	-70	-37
<b>Currency/interest gains/losses</b>	<b>70</b>	<b>-92</b>	<b>157</b>	<b>97</b>	<b>85</b>
• of which currency customer- and own-account trading	62	52	52	48	54
• of which value change basisswap and other IFRS-effects	9	-144	105	48	31
<b>Net income on financial investments</b>	<b>71</b>	<b>274</b>	<b>191</b>	<b>104</b>	<b>187</b>

*When a basisswap is defined as a hedging instrument, changes in "basis spread" is recognized through other comprehensive income.*

# Subsidiaries

Company	MNOK	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
SR-Boligkreditt AS	Operating profit before tax	99	-326	562	210	453
SpareBank 1 SR-Bank Forretningspartner AS*	Operating profit before tax	8	2	1	11	3
EiendomsMegler 1 SR-Eiendom AS	Operating profit before tax	0	-13	1	28	3
	Number of sales	1,507	1,271	1,485	1,972	1,510
FinStart Nordic AS	Operating profit before tax	-16	18	22	14	-2
Monio AS	Operating profit before tax	-3	-5	-2	-3	-5
Others	Operating profit before tax	4	9	-3	-8	0
<b>Total subsidiaries</b>	<b>Profit before tax</b>	<b>93</b>	<b>-315</b>	<b>581</b>	<b>252</b>	<b>452</b>

\*The result in ForretningsPartner includes amortisation of intangible assets of NOK 1.3 million (NOK 1.6 million as at 31 March 2022).

# Ownership interests

Company	MNOK	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
SpareBank 1 Gruppen AS	Interest ownership (%)	19.5	19.5	19.5	19.5	19.5
	Profitshare after tax	27	128	17	17	13
BN Bank AS	Interest ownership (%)	35.0	35.0	35.0	35.0	35.0
	Profitshare after tax	62	54	53	47	49
SpareBank 1 Forvaltning AS	Interest ownership (%)	35.8	35.8	35.8	35.8	38.0
	Profitshare after tax	15	10	17	19	16
SpareBank 1 Kreditt AS	Interest ownership (%)	16.2	16.2	16.1	16.1	17.1
	Profitshare after tax	-4	-0	3	2	3
SpareBank Betaling AS	Interest ownership (%)	19.1	19.1	19.2	19.2	19.2
	Profitshare after tax	-7	21	-3	-1	-5
Others	Profitshare after tax	0	2	-0	1	1
<b>Total ownership interests</b>	<b>Profitshare after tax</b>	<b>92</b>	<b>215</b>	<b>86</b>	<b>86</b>	<b>77</b>
Finstart Nordic AS*	Profitshare after tax	-3	-4	-1	-3	-3
Rygir Group	Profitshare after tax	5				
<b>Total ownership in the group</b>	<b>Profitshare after tax</b>	<b>94</b>	<b>211</b>	<b>85</b>	<b>82</b>	<b>74</b>

\*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. The profit contribution here is included in the company's results on the previous page.

# Balance sheet

Balance sheet (MNOK)	31.03.2023	31.03.2022
Cash and balances with central banks	589	88
Balances with credit institutions	13,954	8,510
Loans to customers	256,595	231,861
Certificates and bonds	62,198	58,770
Financial derivatives	20,748	9,777
Shares, ownership stakes and other securities	777	1,051
Investment in associates	5,177	4,782
Other	4,609	3,248
<b>Total assets</b>	<b>364,646</b>	<b>318,085</b>
Balances with credit institutions	1,100	6,500
Deposits from customers	152,144	141,999
Listed debt securities	147,819	120,306
Financial derivatives	16,945	7,114
Other liabilities	3,675	5,167
Senior non-preferred bonds	10,097	7,077
Subordinated loan capital	2,955	2,117
<b>Total liabilities</b>	<b>334,734</b>	<b>290,280</b>
<b>Total equity</b>	<b>29,912</b>	<b>27,805</b>
<b>Total liabilities and equity</b>	<b>364,646</b>	<b>318,085</b>

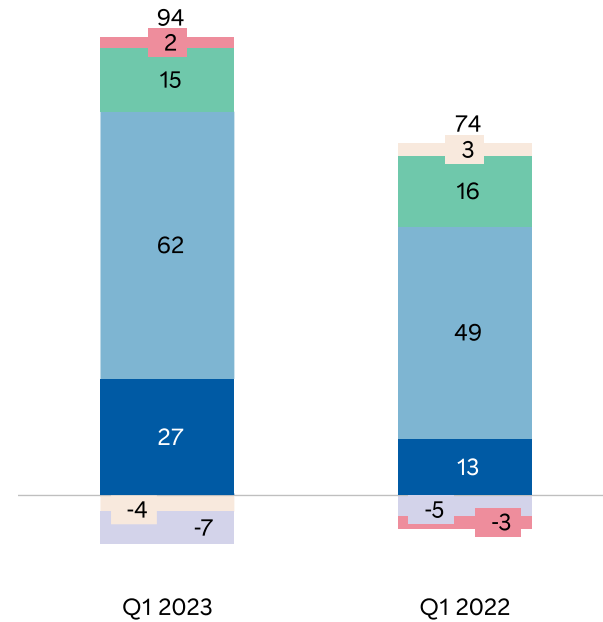
The 2022 figures has been altered to reflect the change in principle following the implementation of IFRS 17 / IFRS 9

# Broad product range in the SpareBank 1 alliance

## Ownership interests



## Profitshare after tax from ownership interests



■ Others  
 ■ SpareBank Betaling AS  
 ■ SpareBank 1 Kreditt AS  
■ SpareBank 1 Forvaltning AS  
 ■ BN Bank AS  
 ■ SpareBank 1 Gruppen AS

# SpareBank 1 SR-Bank ASA

## Business divisions

### Retail market

489

### Corporate market

106

### SME and Agriculture

81

### Capital market

26

### Administration & Support

351

## Fully owned companies

### EiendomsMegler 1

Leading real estate broker

189

### SR-Boligkreditt

Covered Bond Funding

1

### SpareBank 1 SR-Bank ForretningsPartner

Accounting and advisory

354

### FinStart Nordic

Investmentportfolio FinTec

1

### Monio

Digital loan-platform for small businesses

14

## Partly owned companies

### BN Bank

Commercial bank located in Oslo and Trondheim



35.0%

### SpareBank 1 Gruppen

Holding company for the SpareBank 1 - Alliance



19.5%

### SpareBank 1 Kreditt

Credit card company located in Trondheim



16.2%

### SpareBank 1 Gjelds-informasjon

Obtains debt information from financial institutions



18.3%

### SpareBank 1 Betaling\*

The company behind mobile payment solution



19.1%

### SpareBank 1 Forvaltning

Manages portfolio of savings products



35.8%

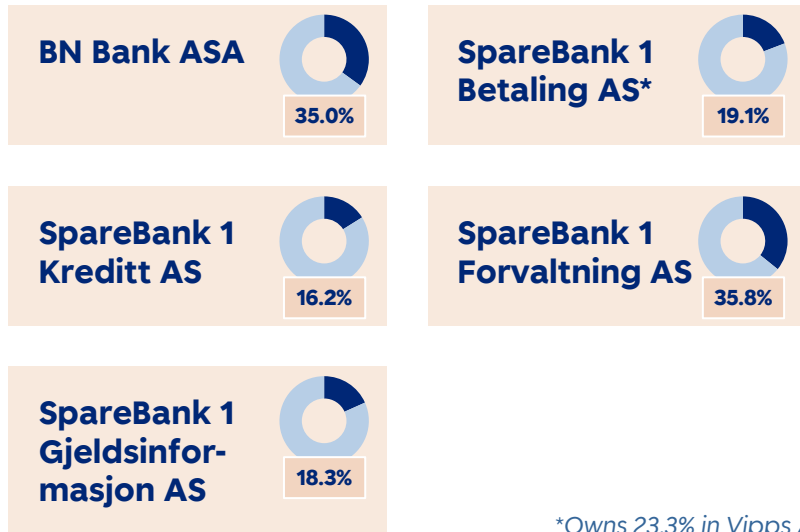
\*Owns 23.3% in Vipps AS.

# SpareBank 1 Alliance



Products, commissions, dividends  Sales, loan portfolios, capital

## Companies where SR-Bank has direct ownership



## SpareBank 1 Gruppen AS



### Owners of the alliance

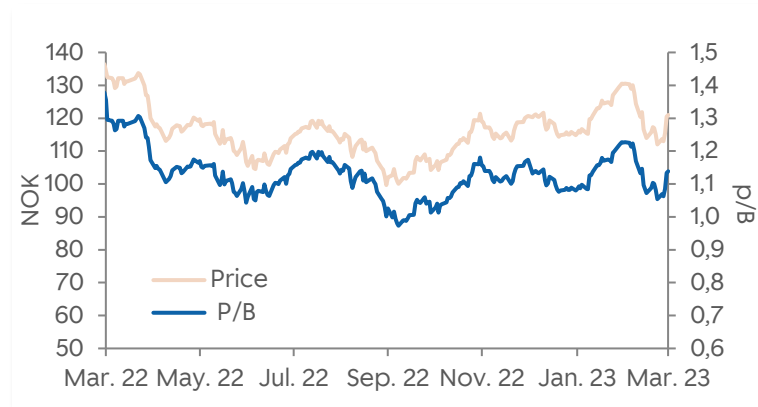
- All credit decisions are made at the local banks
- Economies of scale related to expenses, IT solutions, marketing and branding



# SRBNK share

- International ownership is 22.0% per 1. quarter 2023
- Total market value at 1. quarter 2023 is NOK 30.9 billion

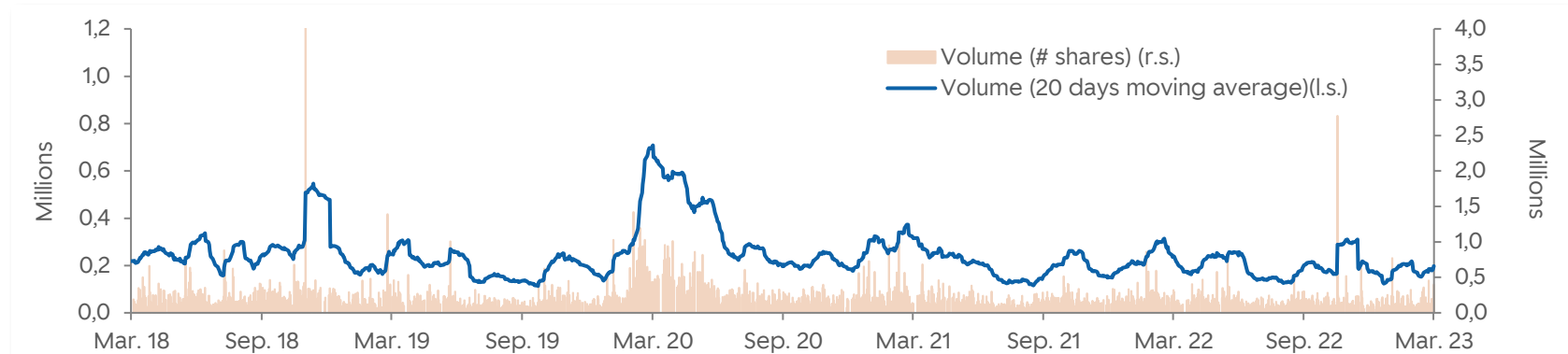
## Development in Price/Book



## Relative share price development



## Trading volume development



# 20 largest shareholders as at 31 March 2023

- Ownership interests:
  - From Rogaland, Agder, Vestland, Oslo and Viken: 64.4% (65.4%)
  - International: 22.0% (22.8%)
  - 10 largest: 48.5% (48.1%)
  - 20 largest: 56.7% (55.9%)
- Number of shareholders: 18.185 (17.714)
- Employees owning 1.8% (1.7%) as at 31 March 2023

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		74,976,815	29.3%
Folketrygdfondet		17,646,328	6.9%
SpareBank 1-stiftinga Kvinnherad		6,226,583	2.4%
State Street Bank and Trust Co, U.S.A.	Nominee	5,120,036	2.0%
Brown Brothers Harriman & Co, U.S.A.		4,762,087	1.9%
JPMorgan Chase Bank NA, U.S.A.	Nominee	3,581,317	1.4%
Odin Norge		3,177,297	1.2%
Pareto Aksje Norge		3,072,445	1.2%
Verdipapirfondet Alfred Berg Gambak		3,002,027	1.2%
Swedbank AB		2,546,920	1.0%
J.P.Morgan SE, Luxembourg	Nominee	2,508,571	1.0%
State Street Bank and Trust Co, U.S.A.	Nominee	2,435,491	1.0%
Danske Invest Norske Instit. II		2,362,467	0.9%
Pareto Invest Norge AS		2,297,830	0.9%
AS Clipper		2,233,800	0.9%
Vpf Nordea Norge Verdi		1,943,418	0.8%
Spesialfondet Borea Utbytte		1,928,177	0.8%
Westco AS		1,896,687	0.7%
KLP AksjeNorge Indeks		1,739,661	0.7%
Verdipapirfondet DNB Norge		1,598,390	0.6%
Top 5		108,731,849	42.5%
Top 10		124,111,855	48.5%
Top 20		145,056,347	56.7%

Figures in parentheses as at 31 March 2022.

# SR-Bank as at 31 March 2023

- Number of shares issued 255.75 million
- Trading volume in Q1 2023: 4.7% (5.9%)
- On 1 June 2017, the SR-Bank share was included in the Oslo Stock Exchange's main index

SpareBank 1 SR-Bank share	31.03.2023	2022	2021	2020	2019	2018
Share price	121.00	120.70	133.20	91.00	100.00	89.20
Stock value (MNOK)	30,946	30,869	34,066	23,273	25,575	22,813
Book value per share (incl. Dividends) (group)	108.77	106.32	99.05	95.97	89.90	82.27
Earnings per share	3.31	12.88	12.08	5.87	12.06	8.96
Dividend per share	-	7.00	6.00	3.10	5.50	4.50
P/E	9.15	9.37	11.03	15.50	8.29	9.96
P/BV	1.11	1.14	1.34	0.95	1.11	1.08

Figures in parentheses as at 31 March 2022.