

Quarterly presentation 2021

# Q1

# 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.



- **Introduction to SpareBank 1 SR-Bank ASA**
- Financials
- Solvency and liquidity position
- Appendix

# SR-Bank at a glance

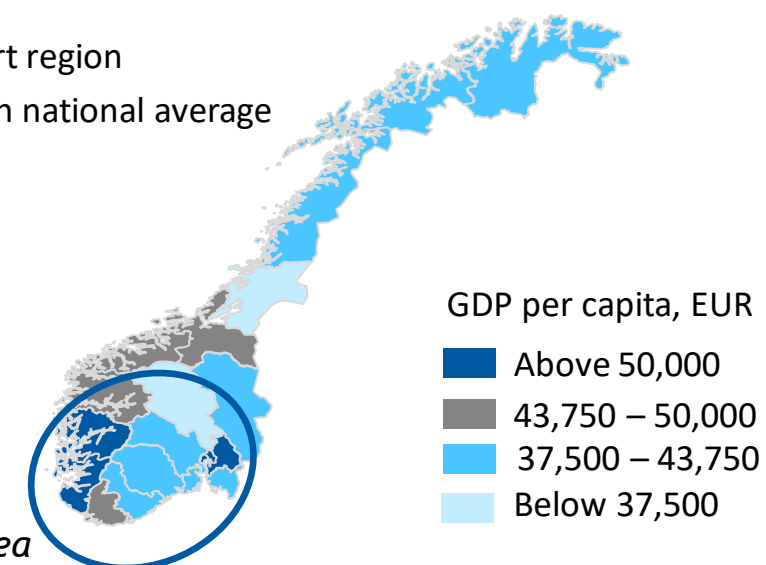
- Second largest Norwegian bank
- Market cap: NOK 26.9 Billion
- Total assets: NOK 296.5 Billion
- Total lending: NOK 221.3 Billion
- Total deposits: NOK 128.1 Billion
- No. of branches: 34
- Employees: 1,321



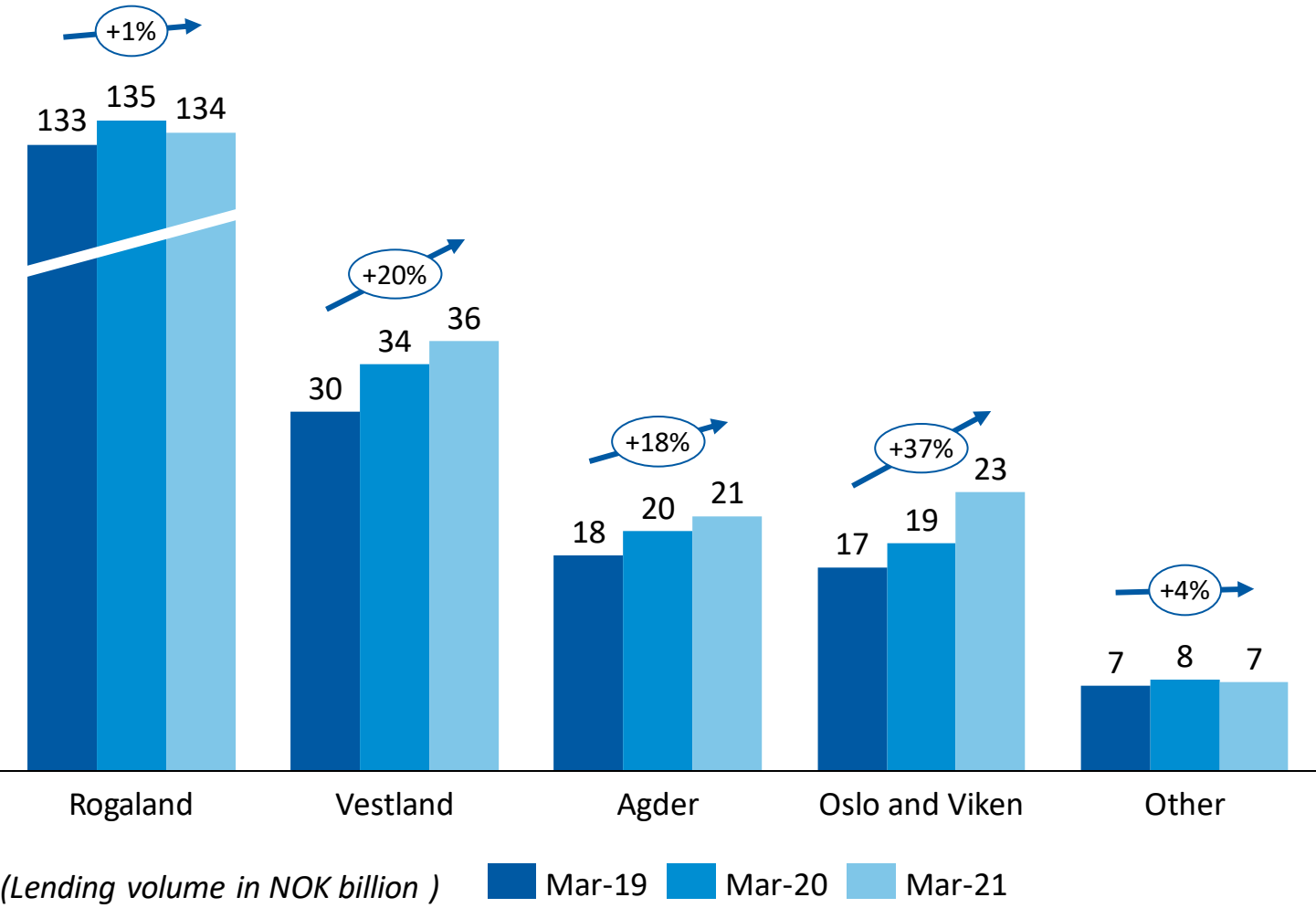
- **1839:** The first bank that today forms part of SpareBank 1 SR-Bank was established.
- **1976:** 24 savings banks merge to form Sparebanken Rogaland.
- **1994:** SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange.
- **1996:** SR-Bank is one of the founders of SpareBank 1, an alliance.
- **2012:** SpareBank 1 SR-Bank converted from a savings bank to a public limited company (“limited liability savings bank”).

	Banks	Market share
1	DnB Bank	27.2
2	Nordea Bank Norge (Swedish)	12.6
3	Danske Bank (Danish)	6.4
4	Handelsbanken (Swedish)	5.4
5	SpareBank 1 SR-Bank	4.3

- Norway’s largest export region
- Unemployment rate on national average



# Finance group for South of Norway



\*Included in Stavanger is office; Domkirkeplassen, Hundvåg, Madla and Mariero.

# SpareBank 1 SR-Bank ASA

Business divisions	Fully owned companies		Partly owned companies	
<b>Capital Market</b> Number of man-years: 25	<b>EiendomsMegler 1</b> Leading real estate broker Number of man-years: 190	<b>SR-Boligkreditt</b> Covered Bond Funding Number of man-years: 1	<b>BN Bank</b> (35.0%) Commercial bank located in Oslo and Trondheim	<b>SpareBank 1 Gruppen</b> (19.5%) Holding company for the SpareBank 1 - Alliance
<b>Retail Market</b> Number of man-years: 469	<b>SR-Forvaltning</b> Asset management Number of man-years: 13	<b>FinStart Nordic</b> Investmentportfolio FinTec Number of man-years: 1	<b>SpareBank 1 Kreditt</b> (17.1%) Credit card company located in Trondheim	<b>SpareBank 1 Næringskreditt</b> (15.3%) Covered bond company (commercial real estate)
<b>Corporate Market</b> Number of man-years: 154	<b>SpareBank 1 SR-Bank ForretningsPartner*</b> Accounting and advisory Number of man-years: 154	<b>Monner</b> Digital loan-platform for small businesses Number of man-years: 17	<b>SpareBank 1 Betaling**</b> (19.8%) The company behind mobile payment solution	<b>SpareBank 1 Gjeldsinformasjon</b> (18.3%) Obtains debt information from financial institutions
<b>Administration &amp; Support</b> Number of man-years: 297				

\*SpareBank 1 SR-Bank ForretningsPartner has taken over Fast Solutions with effect from 1 September 2020.

\*\*Owns 22% in VBB AS.

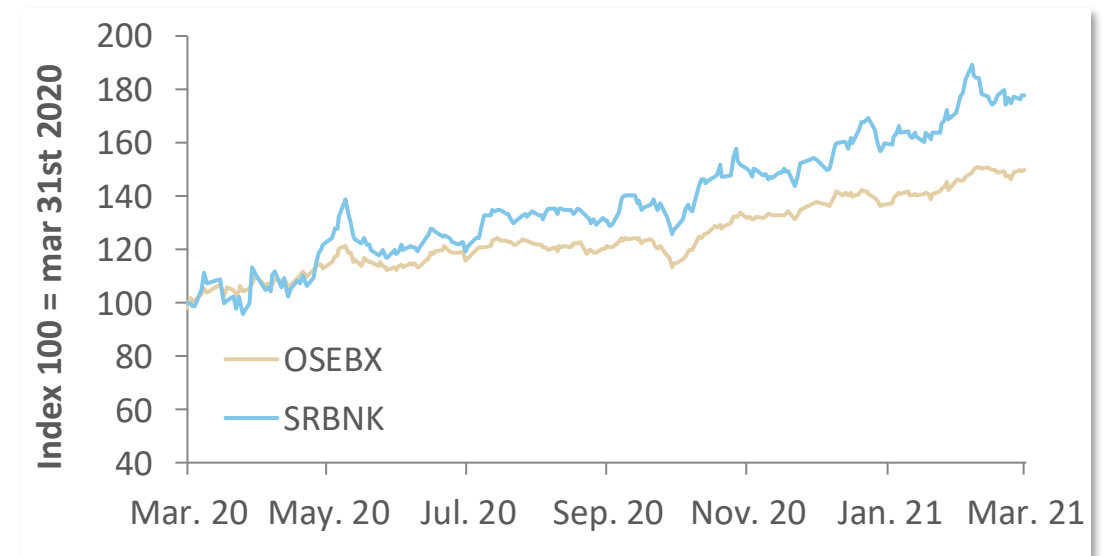
# SRBANK share

- International ownership is 22.5% per 1. quarter 2021.
- Total market value at 1. quarter 2021 is NOK 26.9 billion.

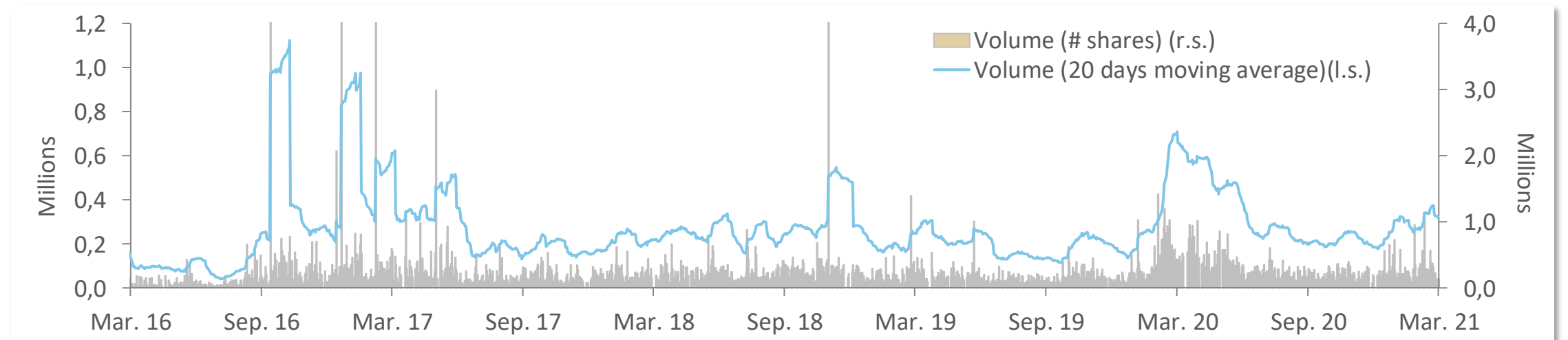
Development in Price/Book



Relativ share price development



Trading volume development



## 20 largest shareholders as at 31 March 2021

- Ownership interests as at 31 March 2021:
  - From Rogaland, Agder, Vestland, Oslo and Viken: 65.9% (63.9%)
  - International: 22.5% (25.8%)
  - 10 largest: 49.3% (51.7%)
  - 20 largest: 57.3% (58.7%)
- Number of shareholders 31 March 2021: 14,445 (11,948)
- Employees owning 1.7% (1.6%) as at 31 March 2021

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72,419,305	28.3%
Folketrygdfondet		19,237,426	7.5%
Brown Brothers Harriman & Co, U.S.A.	Nominee	6,612,187	2.6%
SpareBank 1-stiftinga Kvinnherad		6,226,583	2.4%
State Street Bank and Trust Co, U.S.A.	Nominee	5,350,053	2.1%
Verdipapirfondet Alfred Berg Gambak		3,548,467	1.4%
Odin Norge		3,423,133	1.3%
Vpf Nordea Norge Verdi		3,251,664	1.3%
Pareto Aksje Norge		3,096,790	1.2%
Danske Invest Norske Instit. II		3,024,117	1.2%
JPMorgan Chase Bank N.A., U.S.A.	Nominee	2,894,500	1.1%
Clipper AS		2,142,000	0.8%
State Street Bank and Trust Co, U.S.A.	Nominee	2,057,996	0.8%
Verdipapirfondet Alfred Berg Norge		2,012,771	0.8%
Euroclear Bank S.A./N.V, Belgia		1,960,399	0.8%
State Street Bank and Trust Co, U.S.A.	Nominee	1,951,100	0.8%
JPMorgan Bank Luxembourg	Nominee	1,938,857	0.8%
KLP Aksjenorge Indeks		1,887,334	0.7%
Westco AS		1,796,737	0.7%
JPMorgan Bank Luxembourg	Nominee	1,766,514	0.7%
Top 5		109,845,554	43.0%
Top 10		126,189,725	49.3%
Top 20		146,597,933	57.3%

Figures in parentheses as at 31.03.2020.



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

11.6%

**Return on equity after tax**

Pre-tax profit NOK 880 million

2.3%

**12 months lending growth**

Retail market 5.6%

Corporate market -3.6%

3.4%

**12 months costs growth**

Cost to income ratio is 37.9%

21.4%

**12 months deposit growth**

Retail market 7.3%

Corporate market 37.1%

18.1%\*

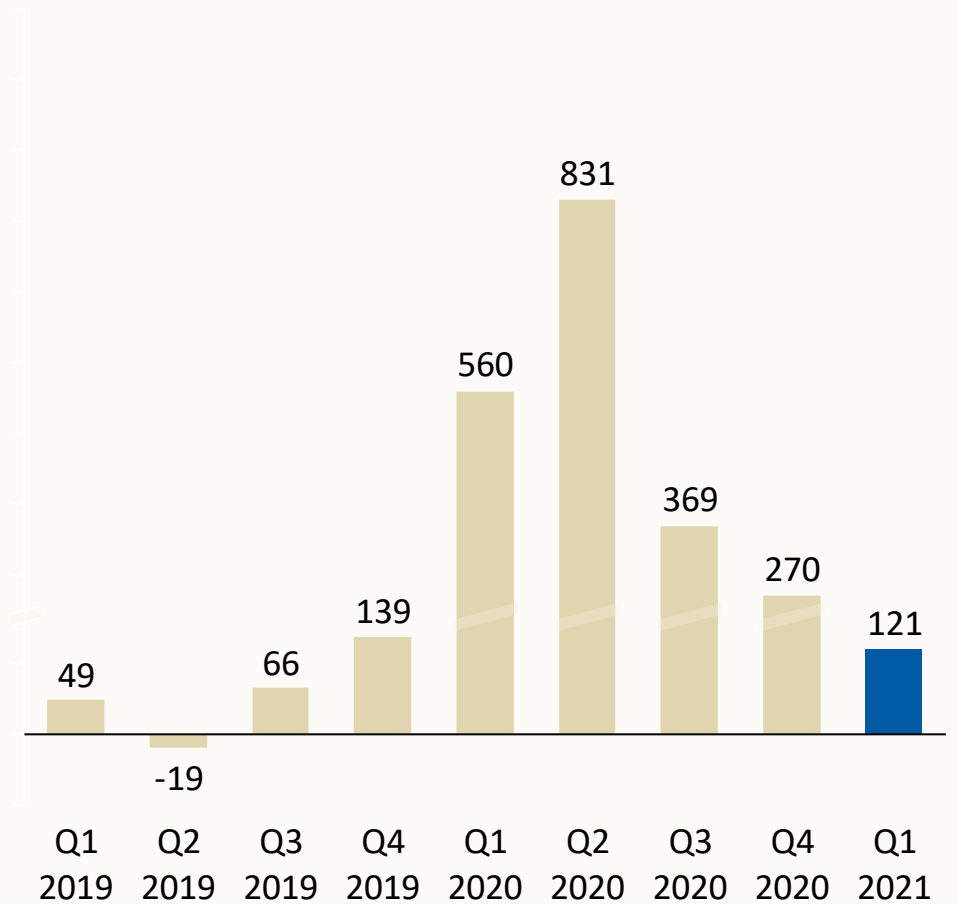
**Common equity tier 1 capital ratio as at 31.03.2021**

NOK 121 million

**Impairments on lending and financial commitments**

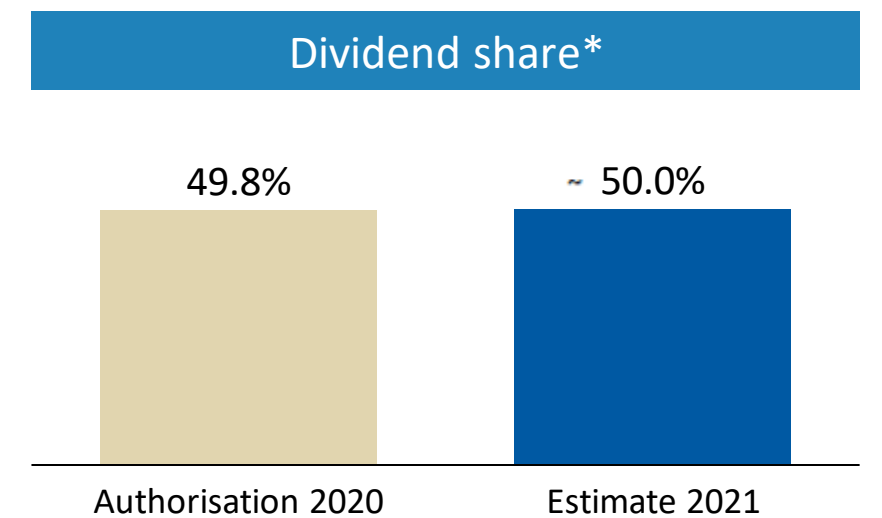
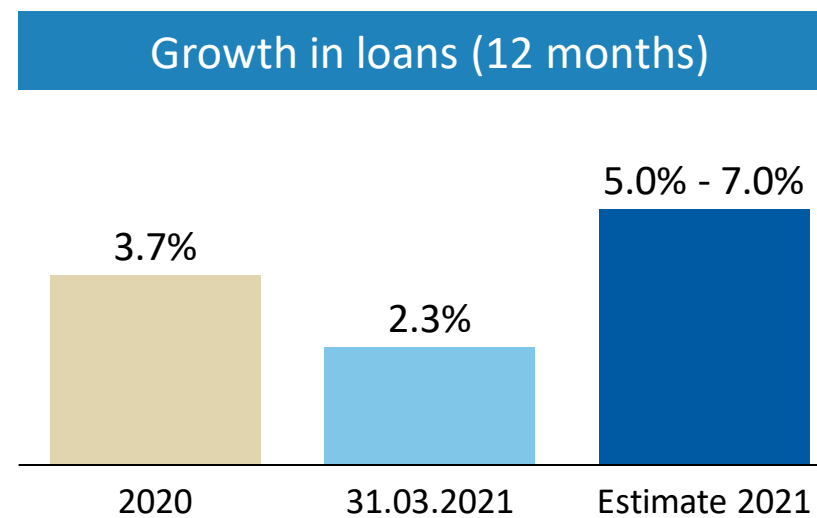
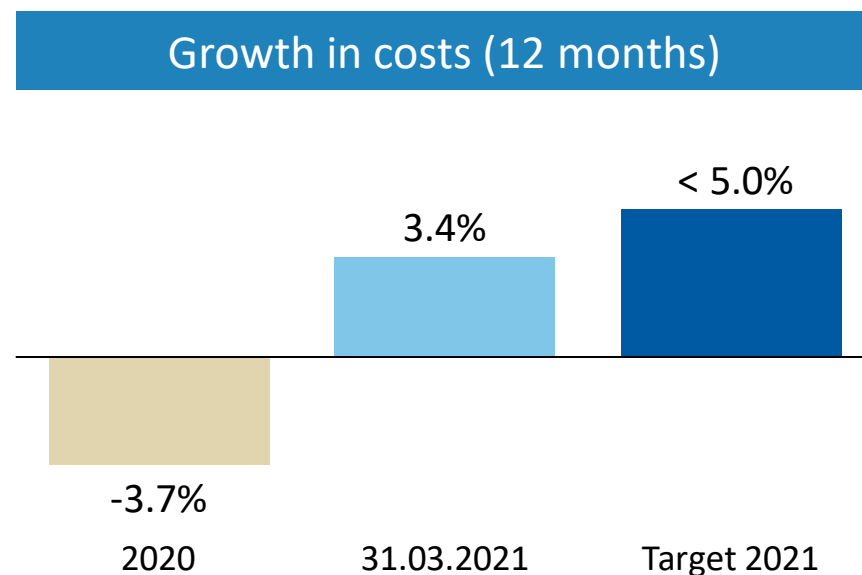
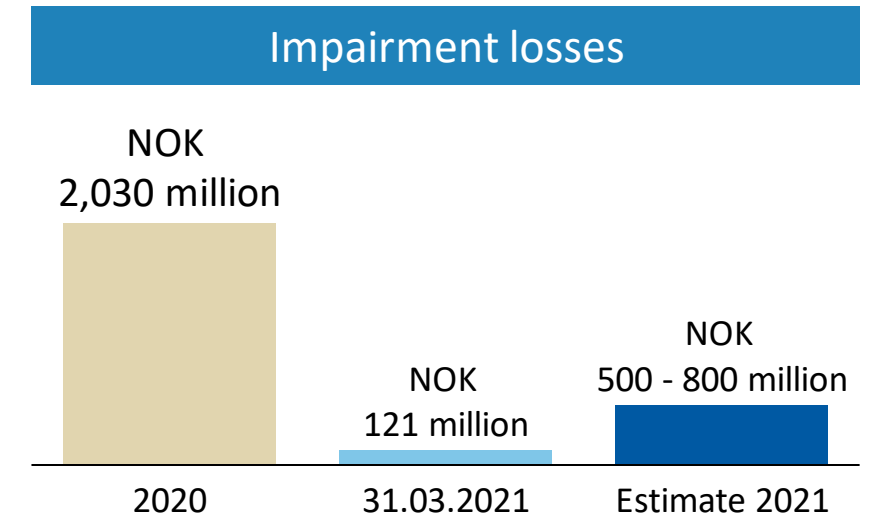
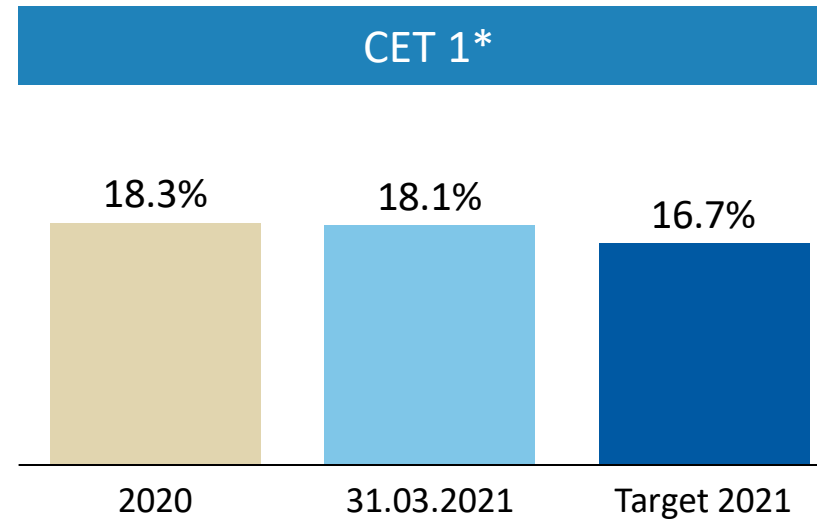
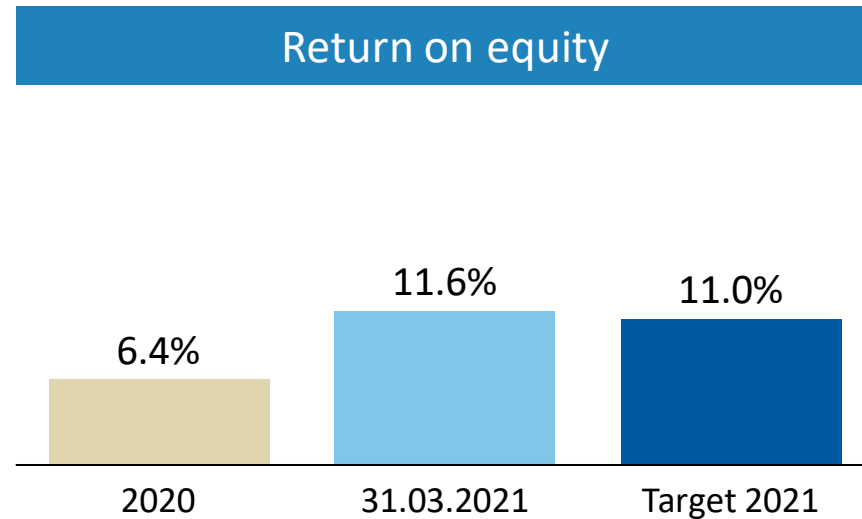
0.22% of gross lending (annualized)

## Impairment losses per quarter



\*The board was granted special authorisation by the general meeting on 28 April 2021 to approve a dividend for the 2020 financial year of up to NOK 3.10 per share, in line with the applicable regulations.

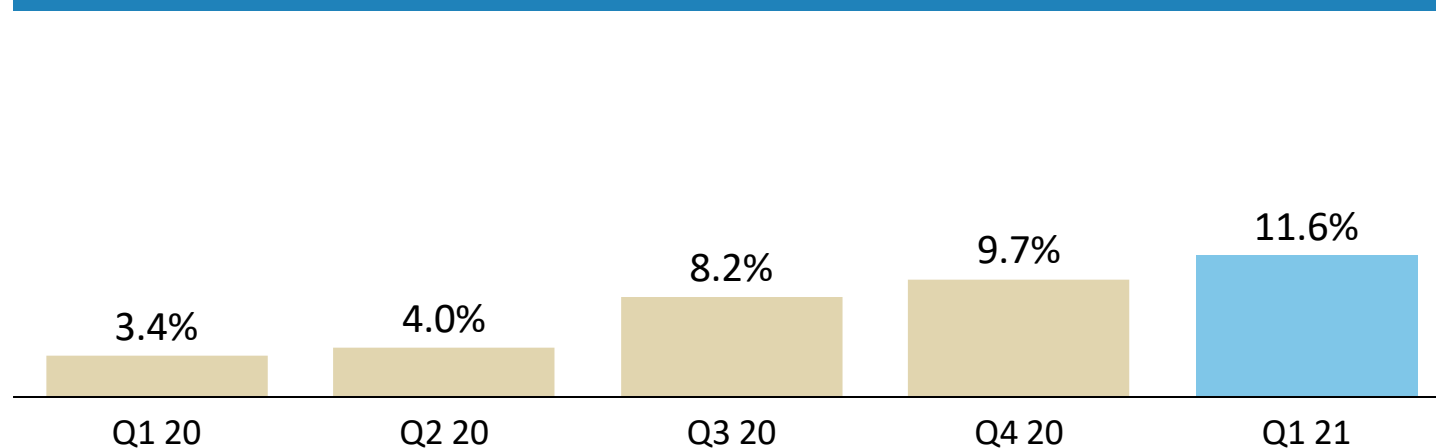
# Key figures and financial targets for 2021



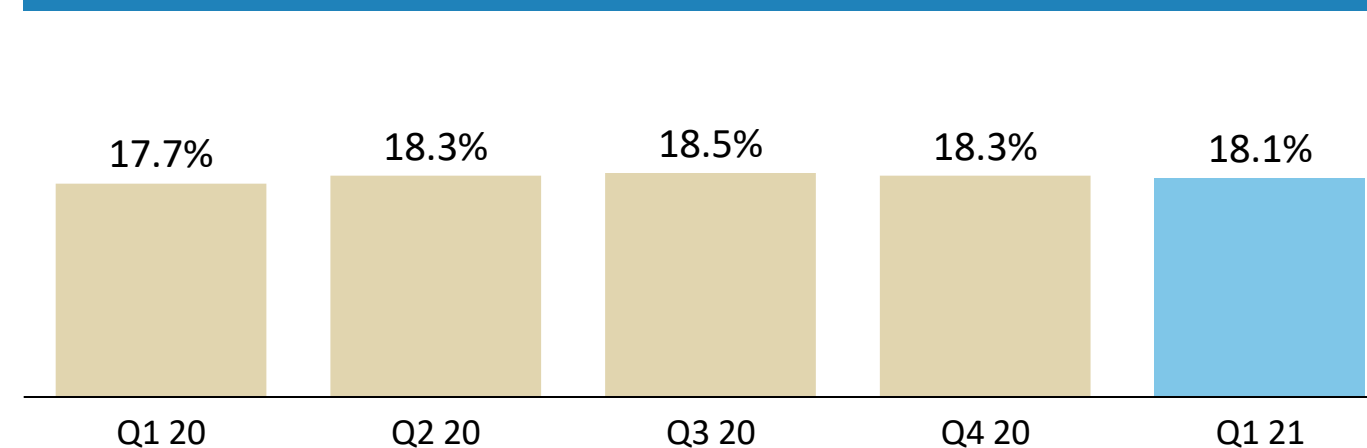
\*A decision was made in April 2020 not to pay a dividend for 2019 at that time. The figures reported as at 31 December 2019 have not been restated. The board exercised its special authorisation from April 2020 and at the board meeting on 10 February 2021 a dividend of NOK 5.50 per share was approved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

# Key figures – quarterly development

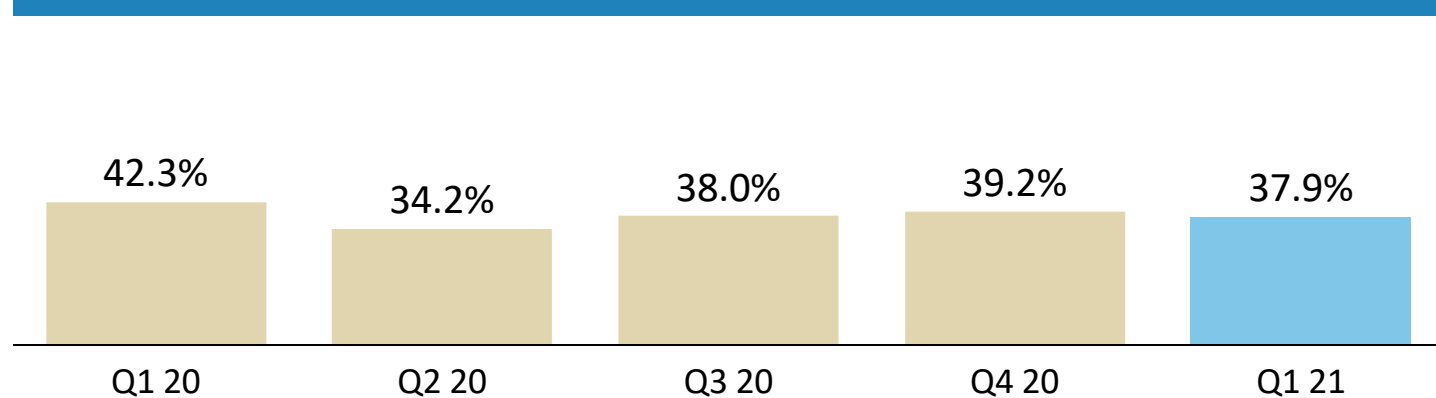
Return on equity



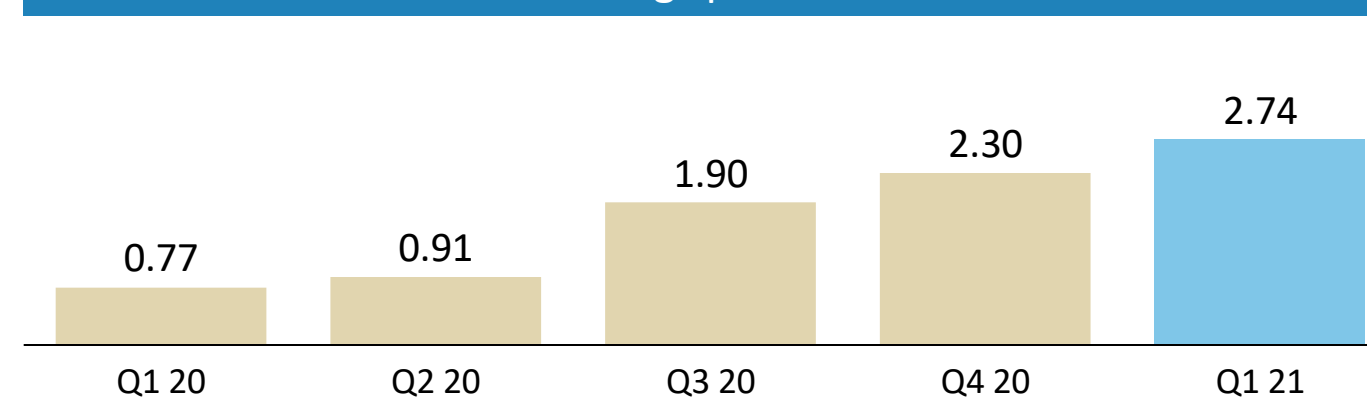
CET 1\*



Cost to income ratio



Earnings per share

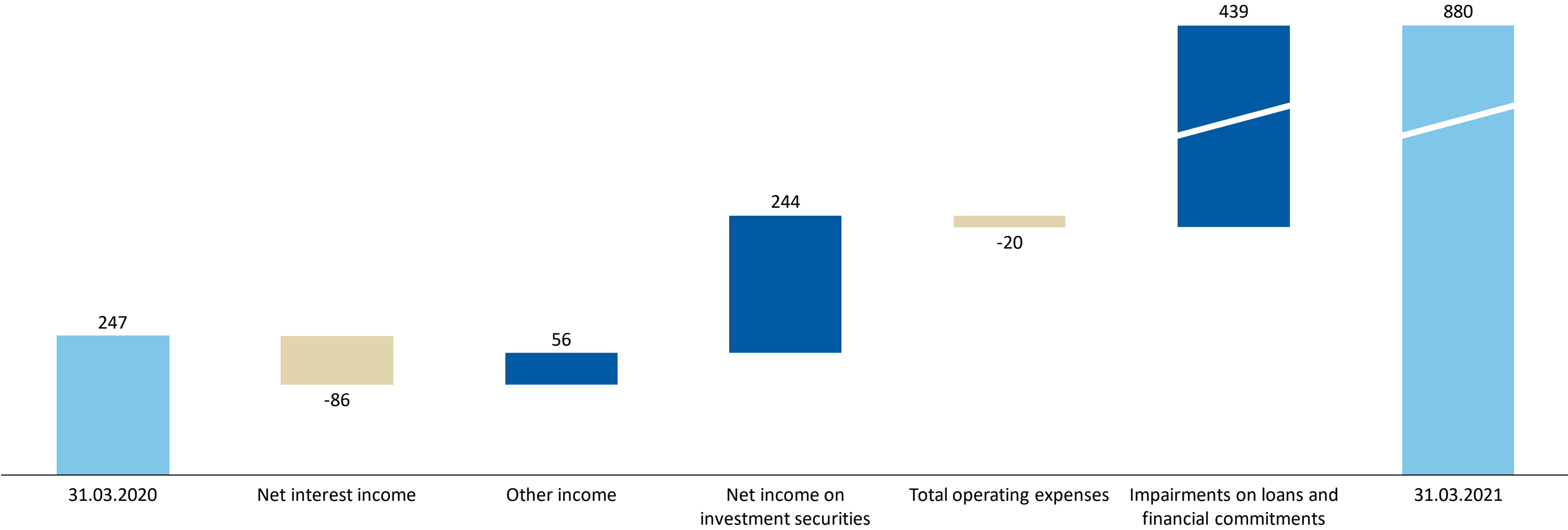


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# Income statement

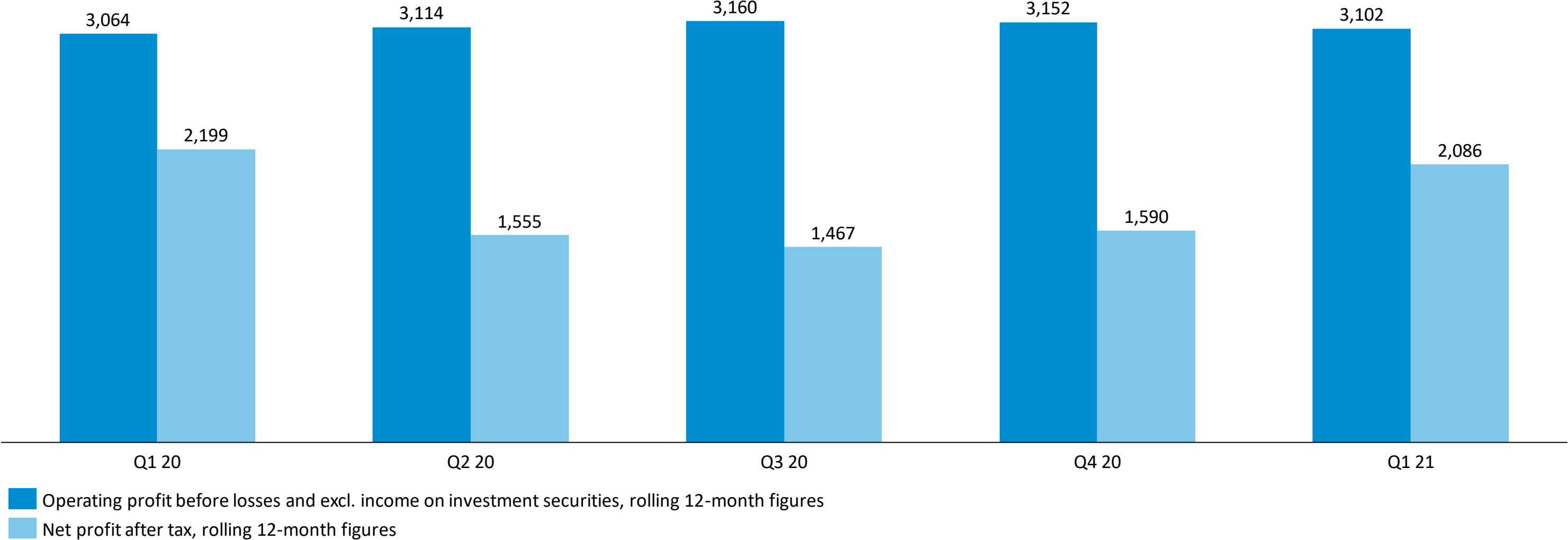
Group Income Statement (MNOK)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net interest income	995	994	1,041	1,026	1,081
Net commission and other income	402	370	336	344	346
Net income on investment securities	216	240	190	297	-28
<b>Total income</b>	<b>1,613</b>	<b>1,604</b>	<b>1,567</b>	<b>1,667</b>	<b>1,399</b>
<b>Total operating expenses</b>	<b>612</b>	<b>629</b>	<b>595</b>	<b>570</b>	<b>592</b>
Operating profit before impairments	1,001	975	972	1,097	807
Impairments on loans and financial commitments	121	270	369	831	560
<b>Operating profit before tax</b>	<b>880</b>	<b>705</b>	<b>603</b>	<b>266</b>	<b>247</b>
Tax expense	162	97	98	10	26
<b>Net profit after tax</b>	<b>718</b>	<b>608</b>	<b>505</b>	<b>256</b>	<b>221</b>

# Change in profit 31.03.2020 – 31.03.2021



# Operating profit before losses and excl. income on investment securities

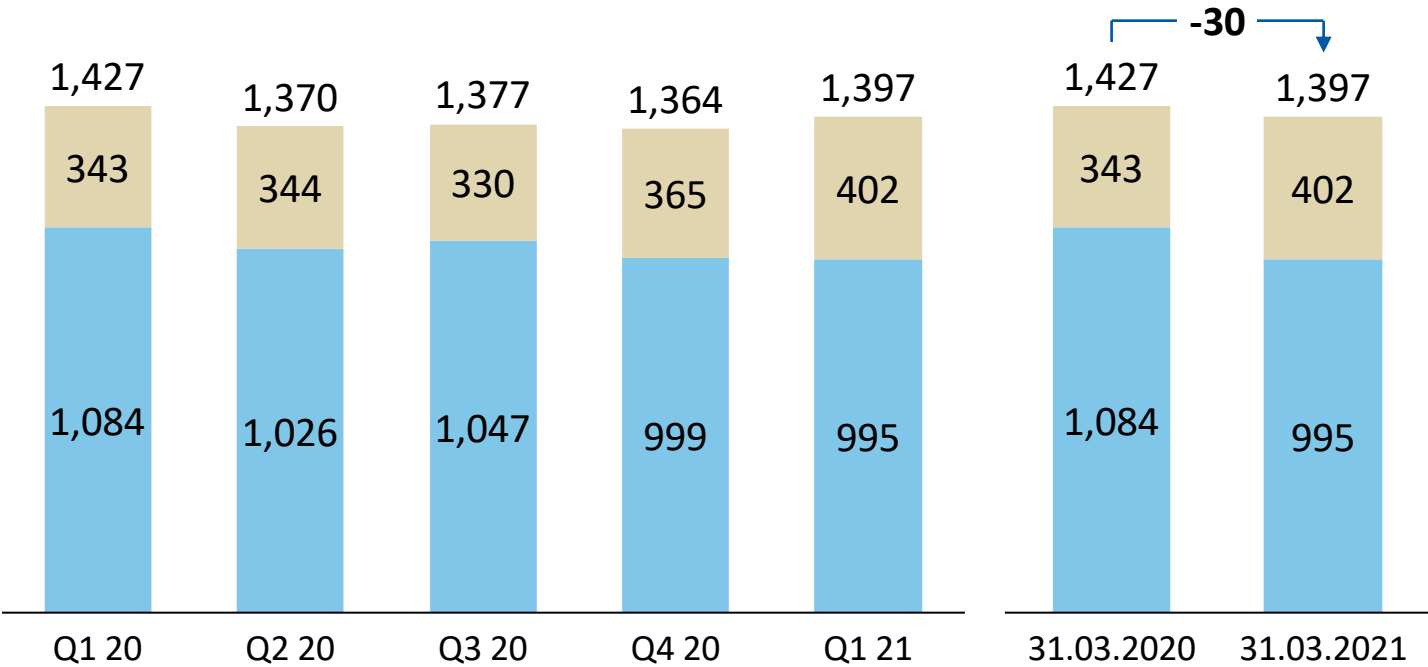
(Rolling 12-month figures)



# Consolidated income and cost profile

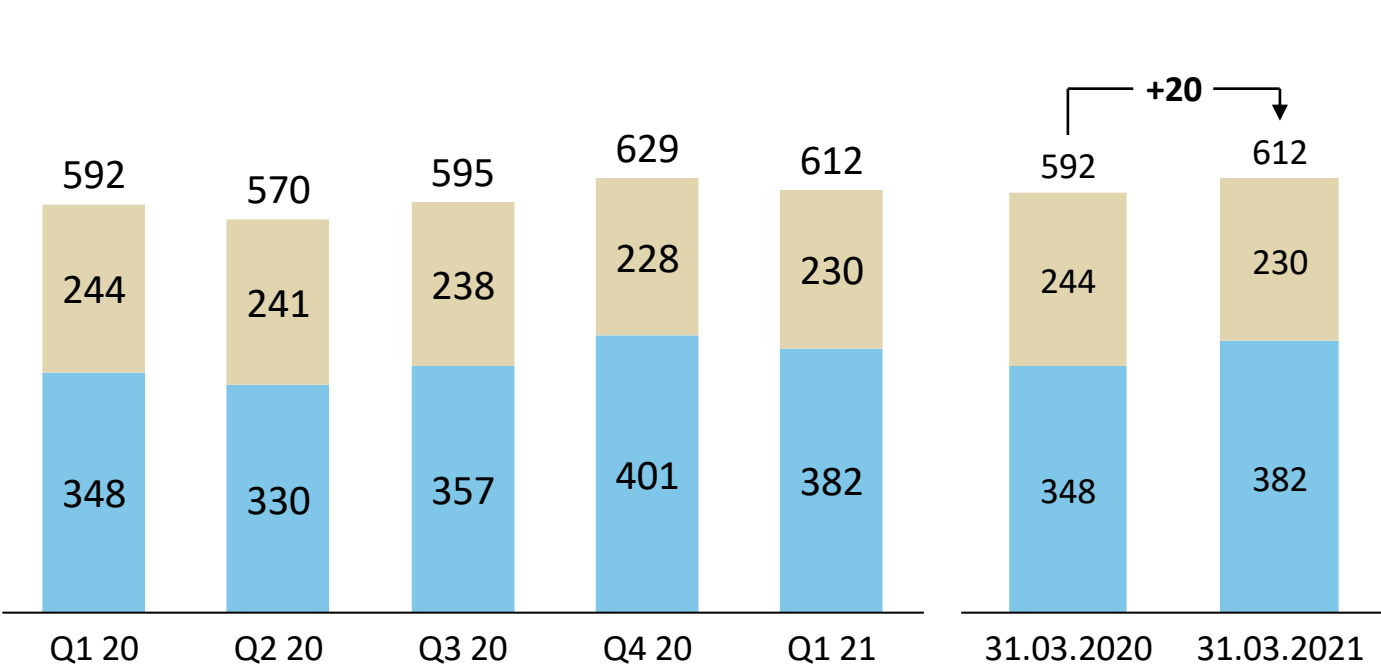
## Income profile

- Net interest income\*
- Net commission and other income



## Cost profile

- Total personnel expenses
- Total other operating expenses



\*Income profile consists of net interest income, incl. commission income from covered bond companies, and net commission and other income excl. financial income.

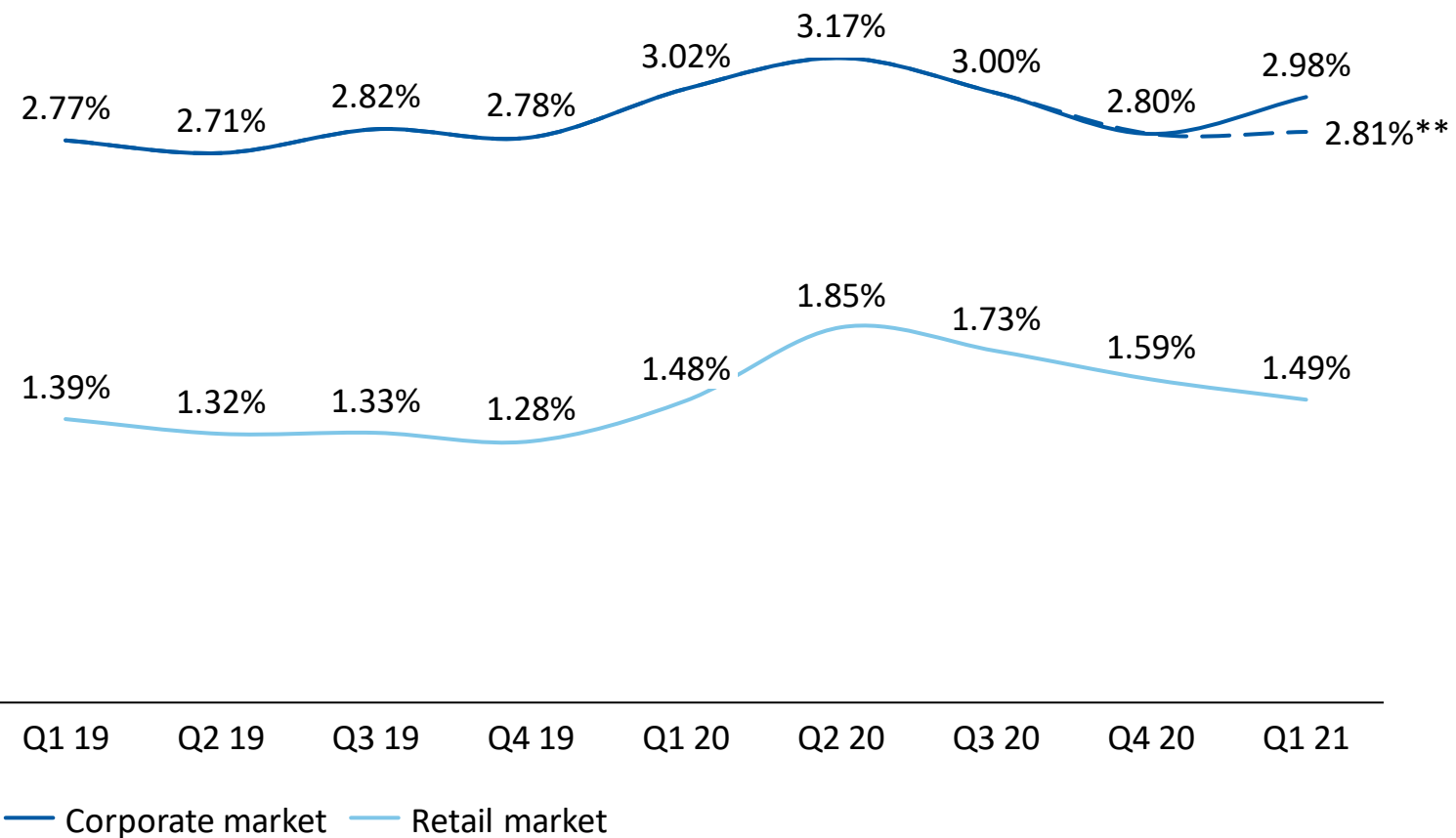


# Key figures

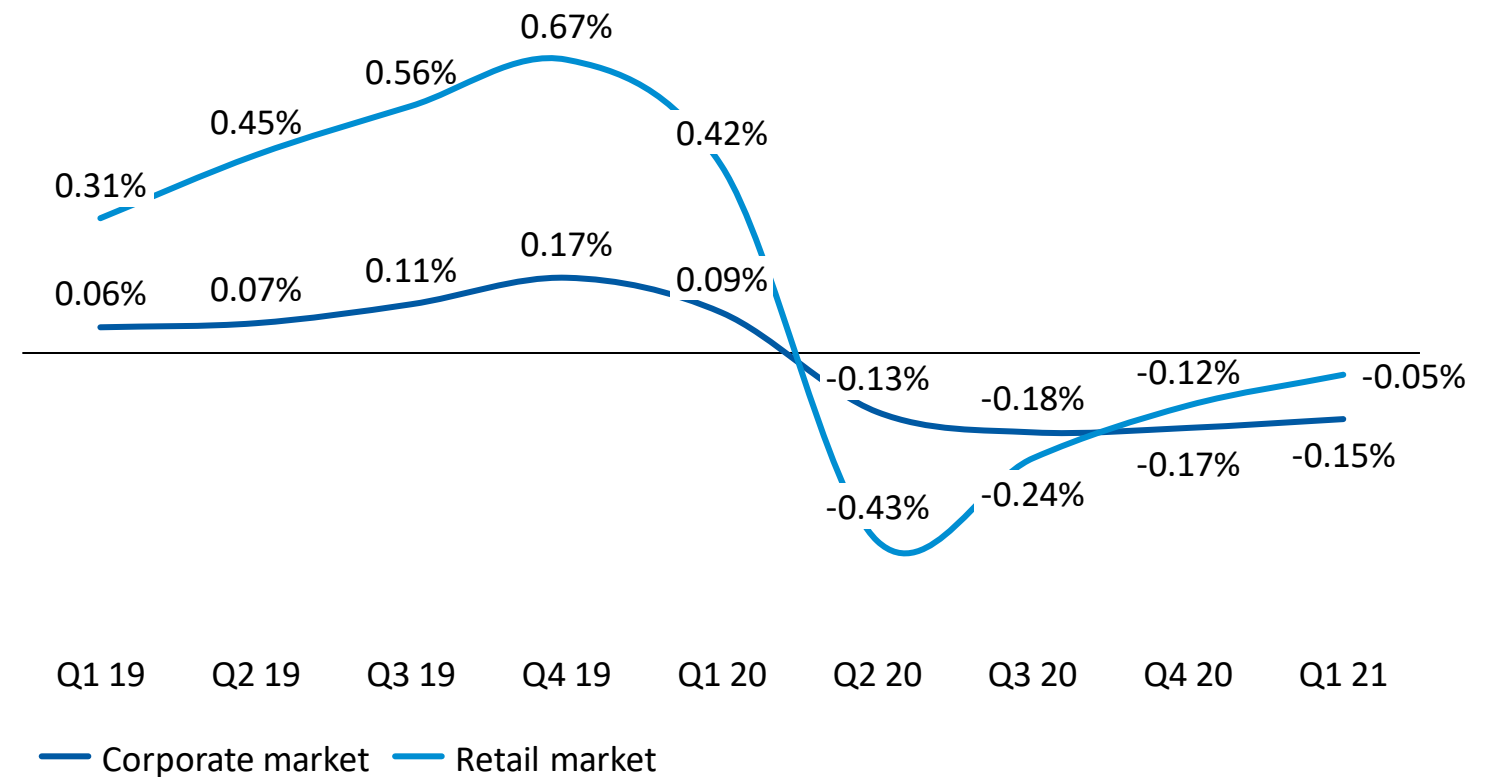
	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Return on equity after tax (%)	11.6	9.7	8.2	4.0	3.4
Net interest margin (%)	1.40	1.40	1.48	1.50	1.64
Impairments on loans in % of gross loans incl. covered bond company	0.22	0.49	0.67	1.53	1.05
Loans and financial commitments in Stage 3 in % of gross loans and financial commitments incl. covered bond company	1.91	1.90	1.57	1.84	1.40
Cost to income ratio	37.9	39.2	38.0	34.2	42.3
Annual growth in loans to customers, gross incl. covered bond company (%)	2.3	3.7	4.9	5.4	5.3
Annual growth in deposit from customers (%)	21.4	14.6	10.8	8.3	6.6
Total assets (BNOK)	296.5	287.0	280.3	278.7	278.6
Loan to customers, gross incl. covered bond company (BNOK)	221.3	219.2	220.2	218.6	216.4
Risk weighted assets (BNOK)	123.9	121.3	121.5	121.9	125.8
Liquidity Coverage Ratio (LCR) (%)	141	157	154	159	135
Earnings per share (NOK)	2.74	2.30	1.90	0.91	0.77
Book value per share (NOK)	93.12	95.97	93.51	91.32	90.55

# Lending and deposit margins

Lending margins\*



Deposit margins



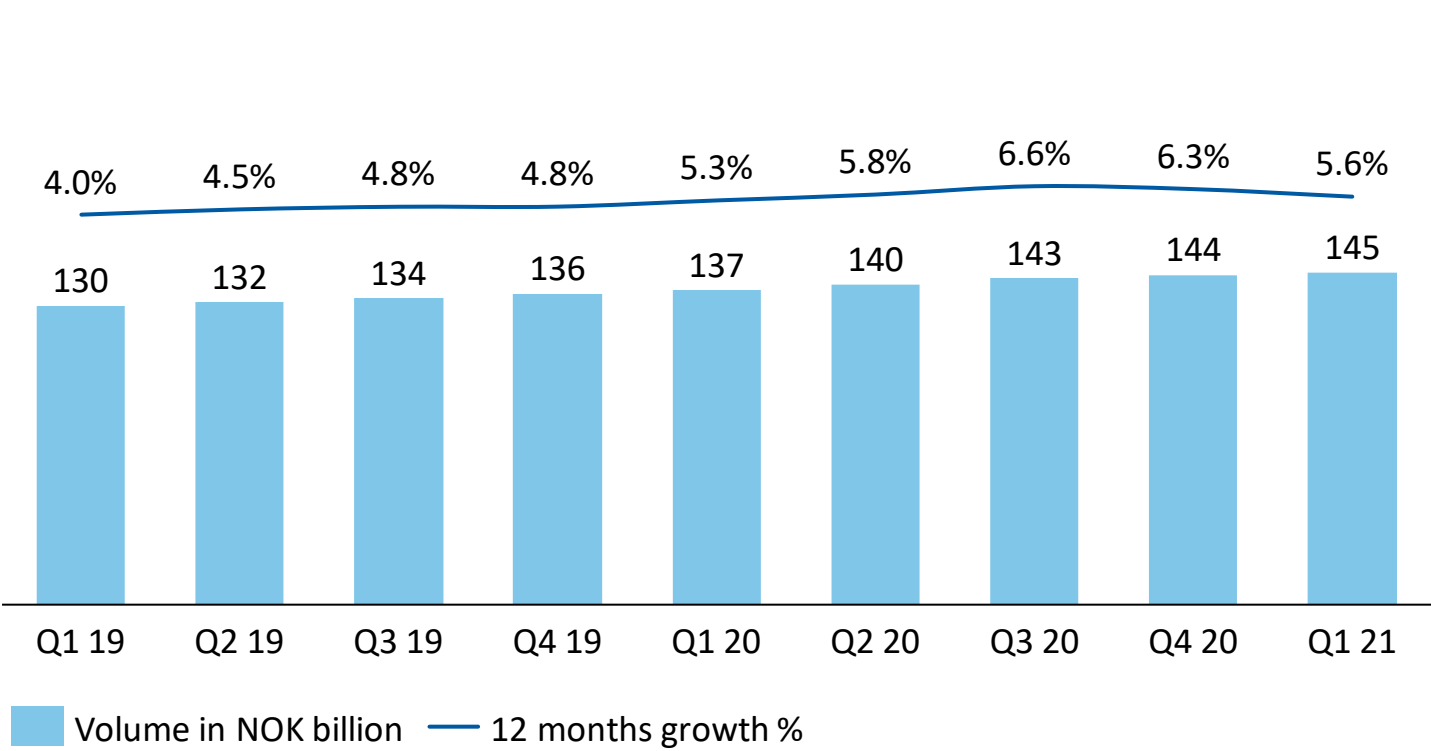
**Definition:** Average customer rate measured against 3-months NIBOR.

\*Lending margins include loan portfolio in covered bond companies.

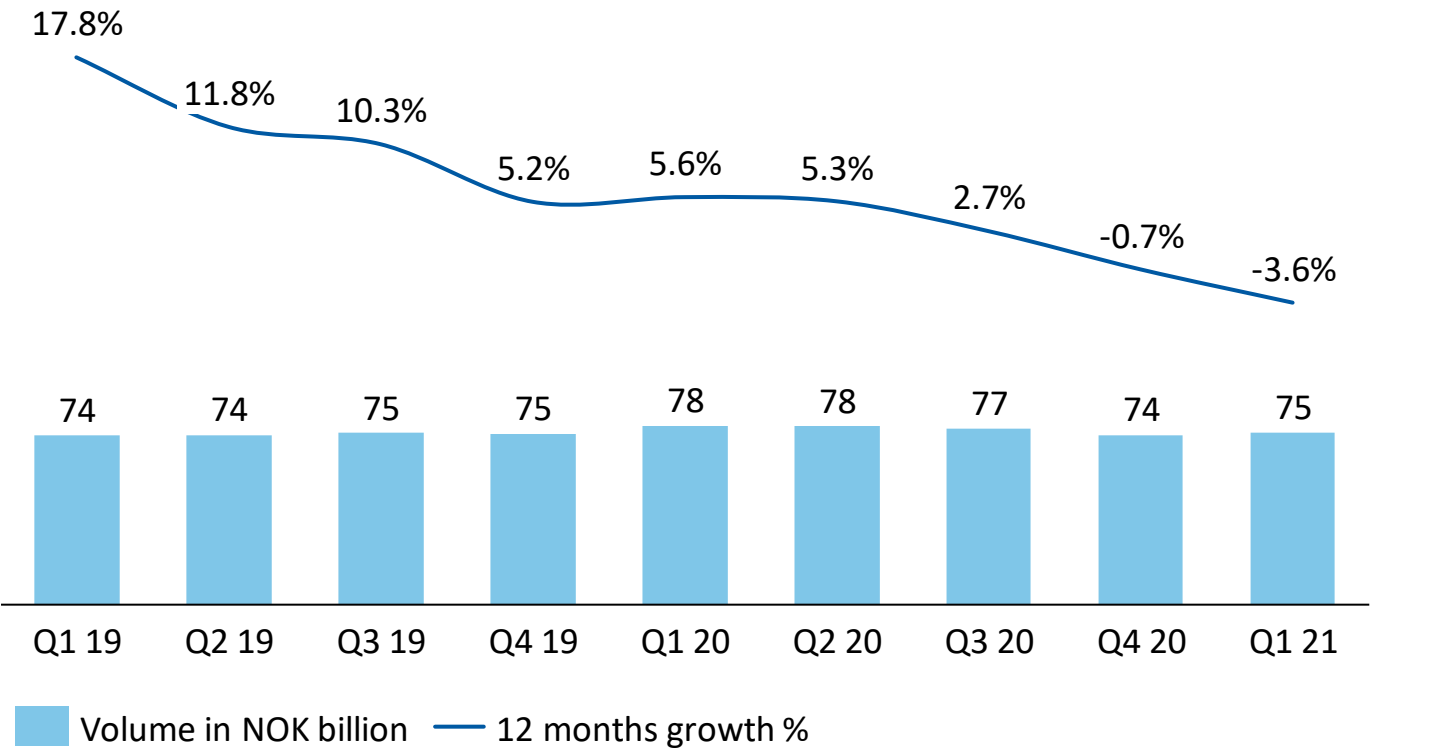
\*\*The corporate market's lending margin, excluding one-time interest income of NOK 30 million in the first quarter of 2021.

# Lending volume and 12 months growth

## Retail Market



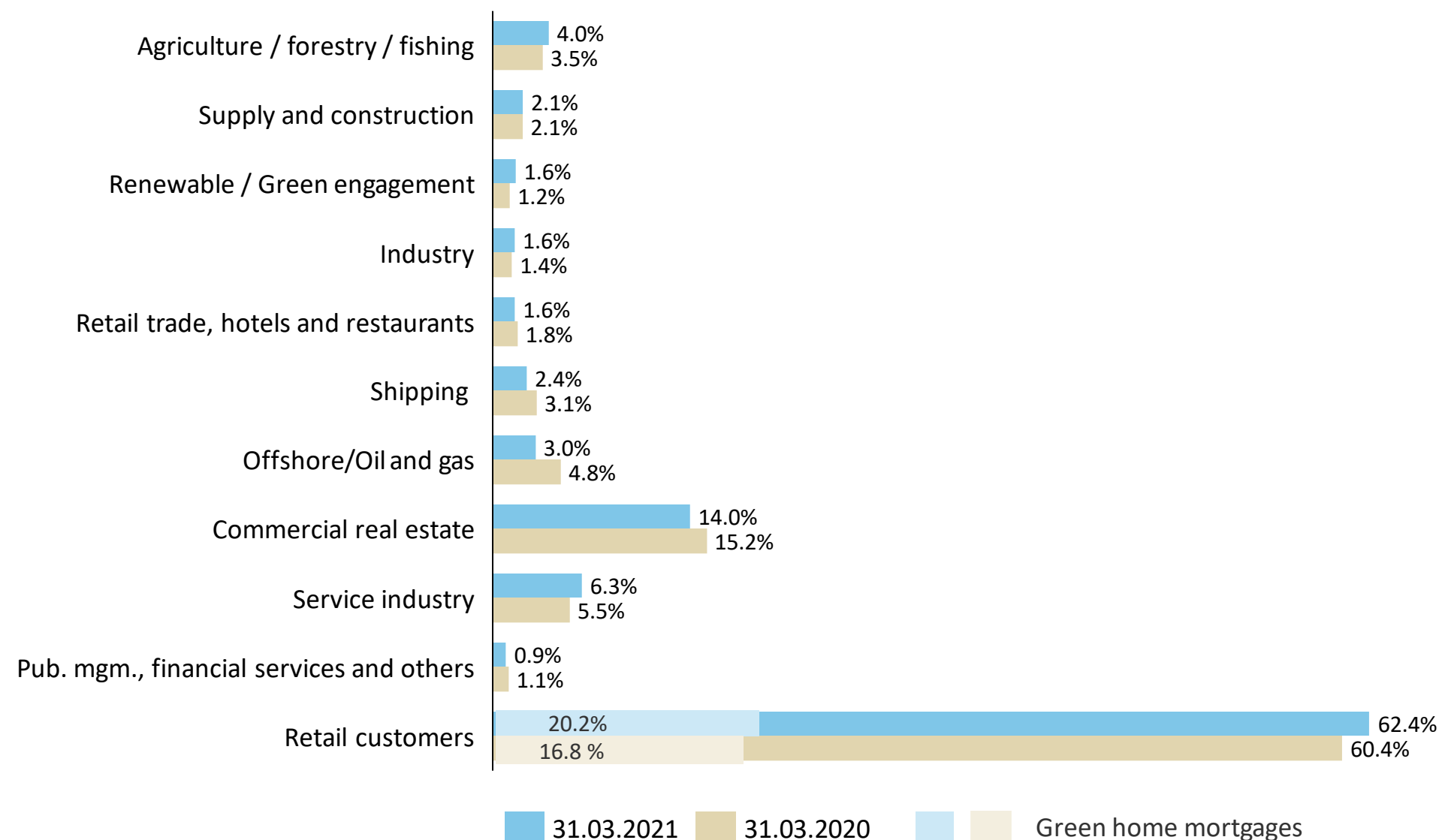
## Corporate Market



Figures incl. loan portfolio in covered bond companies.  
 \*12 months lending growth in Corporate Market excluding currency effect is -1.6%

# Loan portfolio as at 31.03.2021

- Gross loans (incl. covered bond company) as at 31 March 2021 is increased to NOK 221.3 billion from NOK 216.4 billion at the same time the year before.
- 12-month growth in loans of 2.3%.
- Loans to retail customers incl. covered bond company account for 62.4% of total loans. Of this green home mortgages accounts for 20.2%.



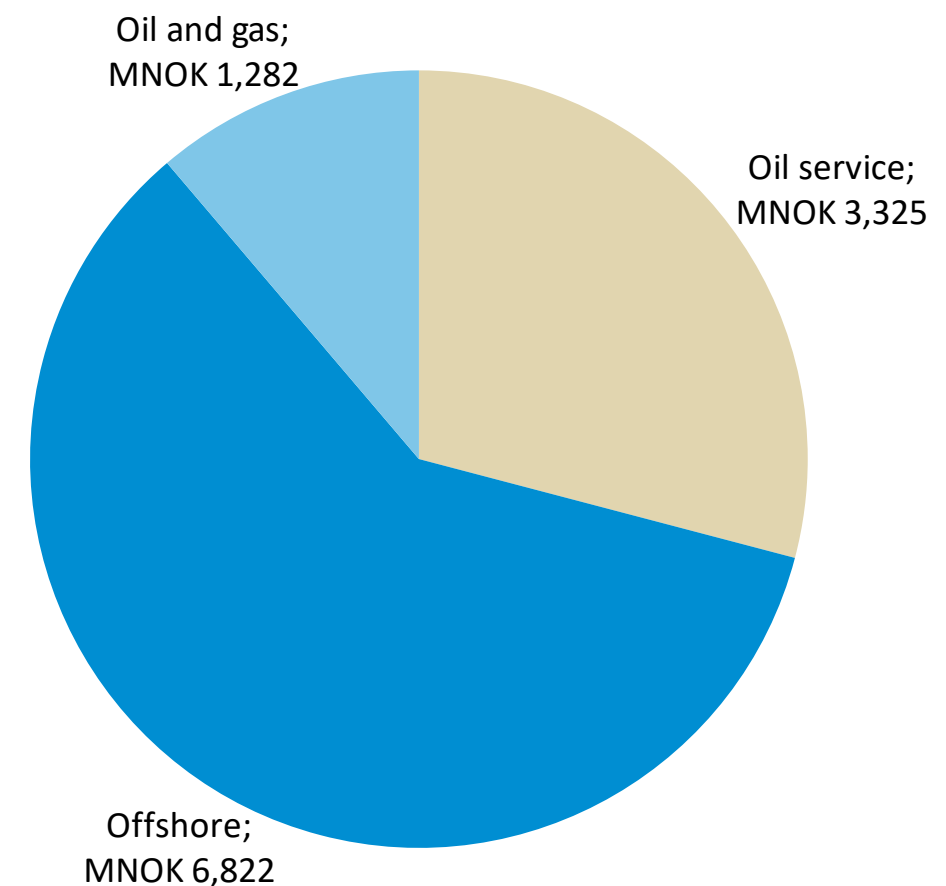
*Loans before impairments, nominal amounts. Sector allocation in accordance with the standard categories from Statistics Norway. Some customers' classifications were changed in the first quarter of 2021, which resulted in changes to historical figures.*

# Reduced exposure to oil and offshore

NOK 11.4 billion (NOK 16.0 billion) of total EAD\* is related to oil operations

Sum EAD related to oil operations is reduced to 4.7% in Q1 2021 from 6.7% in Q1 2020

- Oil services
  - EAD NOK 3.3 billion (NOK 3.7 billion), 1.4% 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 1.3 billion (NOK 2.5 billion), 0.5% of the bank's total EAD
  - Exposure primarily to companies with activities on the Norwegian continental shelf
- Offshore
  - EAD NOK 6.8 billion (NOK 9.8 billion), 2.8% of the bank's total EAD
  - Exposure primarily to industrial-oriented shipping companies with integrated organization (Offshore service vessels, Rig and Seismic vessels)

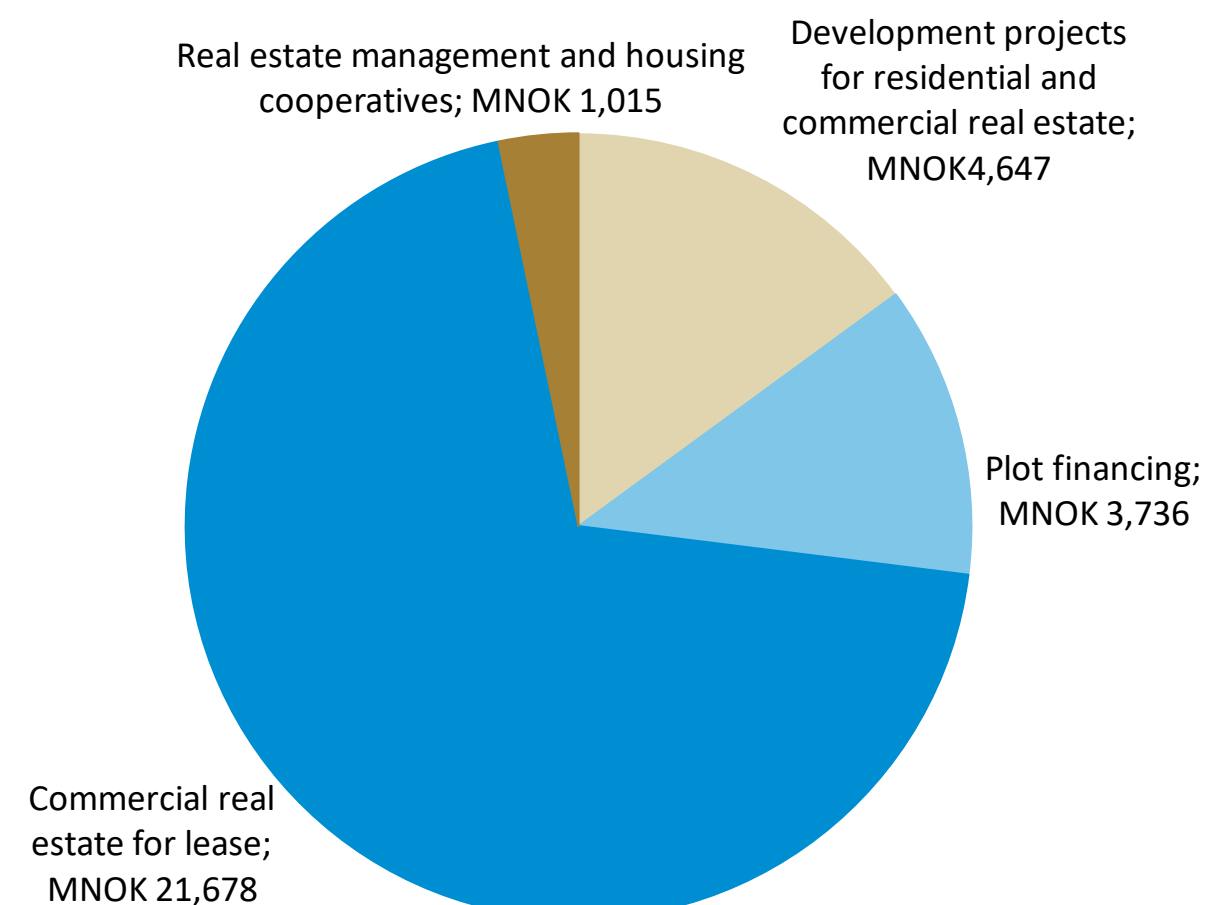


\*EAD: Exposure at default  
Figures in parentheses as at 31.03.2020.

# Lending to commercial real estate

12.8% (NOK 31.1 billion) of total EAD\* is related to commercial real estate

- Commercial real estate for lease
  - EAD NOK 21.7 billion, 8.9% of the bank's total EAD
  - The portfolio is characterised by lending to commercial properties for leasing with long-term contracts and financially solid tenants. The vacancy rate is limited
  - Financing by type of premises:
    - 42% Office buildings, 26% Industrial buildings, 20% Retail stores and shopping malls, 10% Hotels, 2% Other
- Plot financing
  - EAD NOK 3.7 billion, 1.5% of the bank's total EAD
  - Average funding ratio is below 50%
- Development projects for residential and commercial real estate
  - EAD NOK 4.6 billion, 1.9% of the bank's total EAD
  - Minimum pre-sale requirement is 70%
- Real estate management and housing cooperatives
  - EAD NOK 1.0 billion, 0.4% of the bank's total EAD



\*EAD: Exposure at default

# Lending to retail trade, hotels and restaurants

1.7% (NOK 4.2 billion) of total EAD\* is related to retail trade, hotels and restaurants

- Retail trade
  - EAD NOK 3.0 billion, 1.2% of the bank's total EAD
- Operation of hotels and restaurants
  - EAD NOK 1.1 billion, 0.5% of the bank's total EAD
- Tourism
  - EAD NOK 0.1 billion, 0.03% of the bank's total EAD

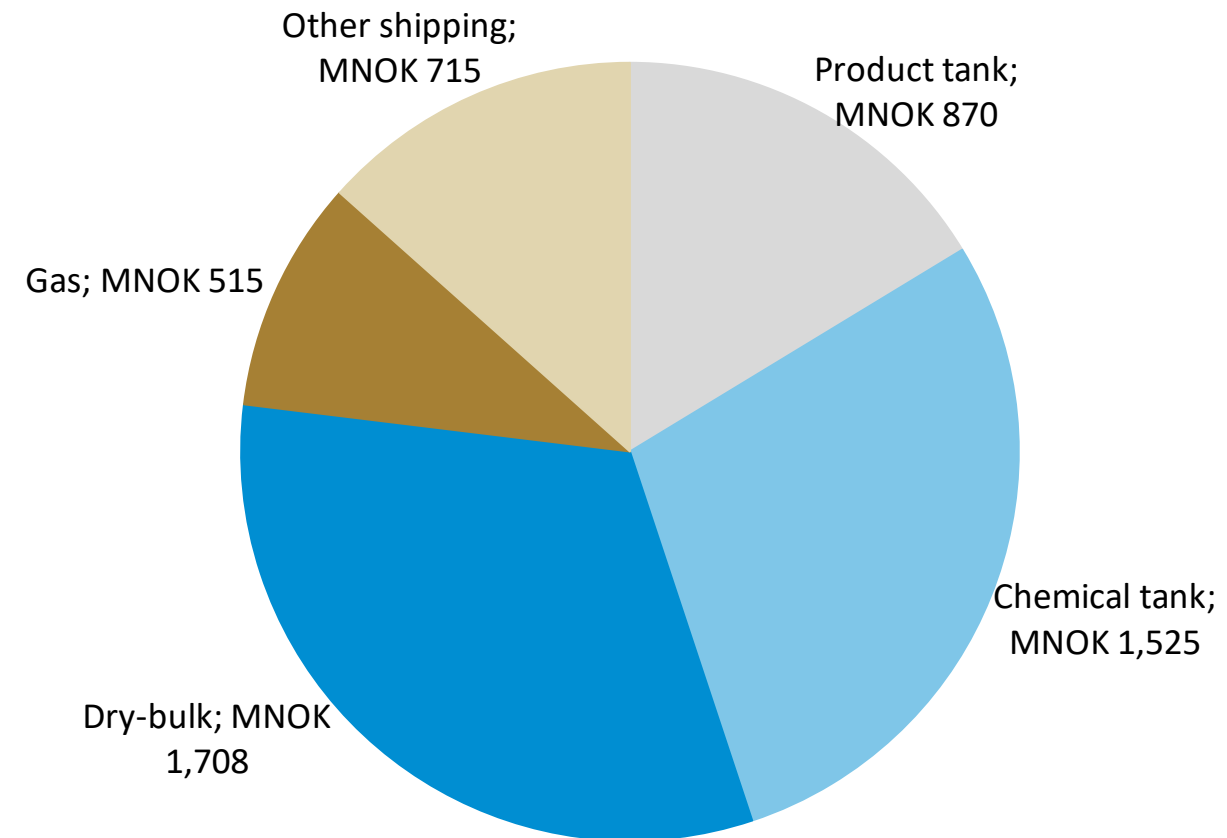


\*EAD: Exposure at default

# Lending to shipping

2.2% (NOK 5.3 billion) of total EAD\* is related to shipping

- Product tank
  - EAD NOK 0.9 billion, 0.4% of the bank's total EAD
- Chemical tank
  - EAD NOK 1.5 billion, 0.6% of the bank's total EAD
- Dry-bulk
  - EAD NOK 1.7 billion, 0.7% of the bank's total EAD
- Gas
  - EAD NOK 0.5 billion, 0.2% of the bank's total EAD
- Other shipping
  - EAD NOK 0.7 billion, 0.3% of the bank's total EAD



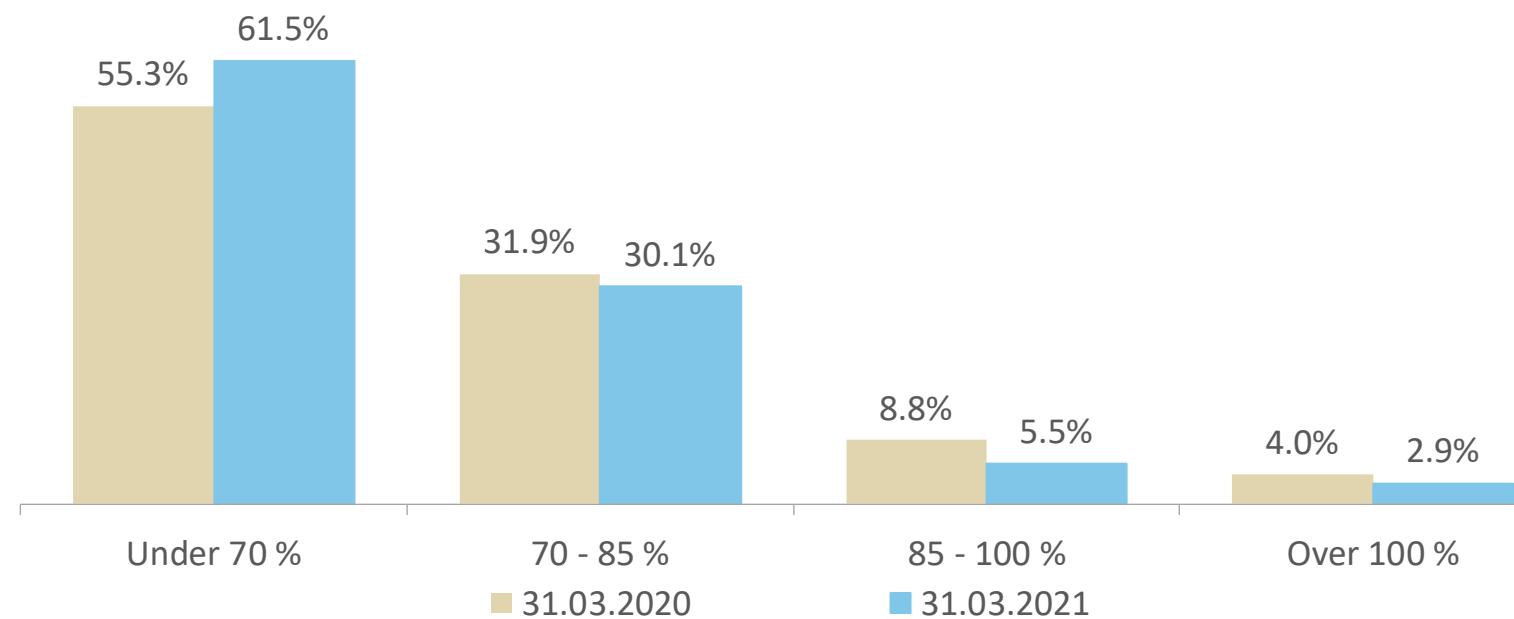
\*EAD: Exposure at default



# Loan to value ratio and RWA on home mortgage loans

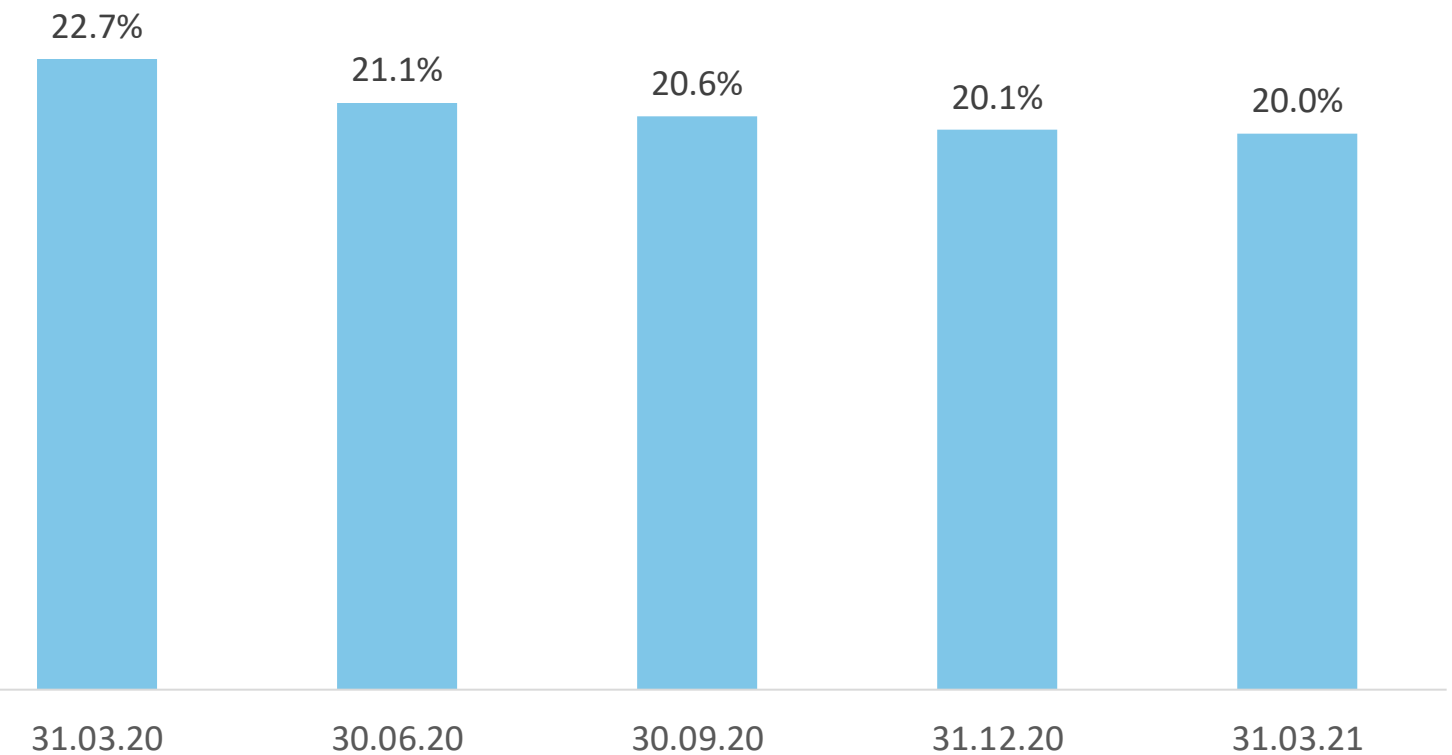
## Loan to value ratio on home mortgage loans

- The proportion of loans with a loan-to-value ratio of less than 85% is high.
  - 91.6 % of the exposure is within 85% of the assessed value of collateral.



## RWA home mortgages

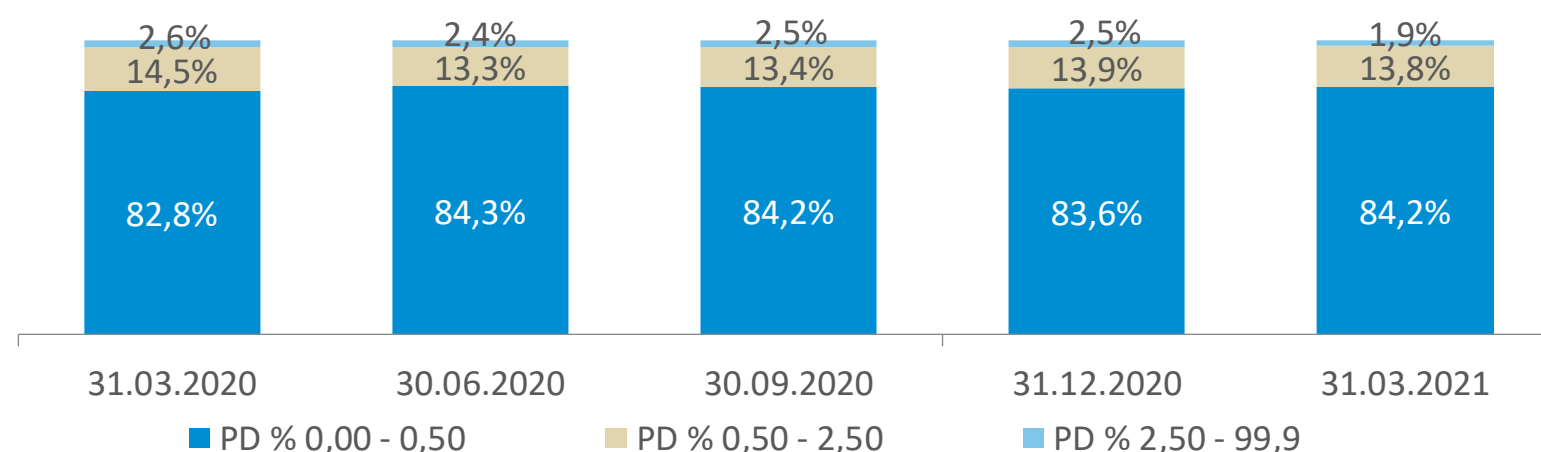
- RWA on home mortgages reflects a solid portfolio with a moderate loan-to-value ratio and low potential loss.



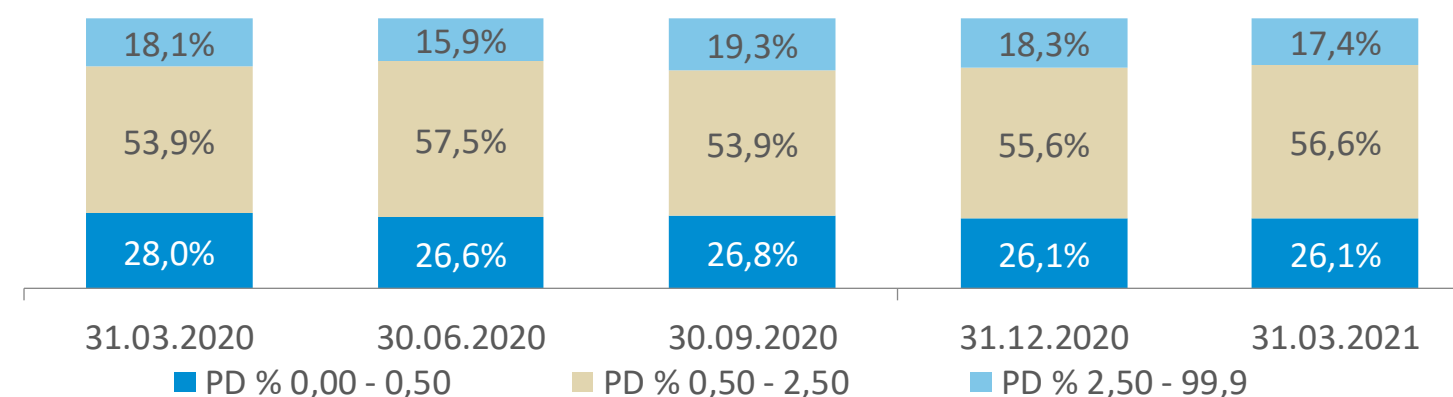
*In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.  
Home mortgages as defined in the Norwegian IRB framework; residential property must be at least 30% of a loan's security.  
The figures include the loan portfolio in the covered bond companies (SB1 Boligkreditt AS and SR-Boligkreditt AS).*

# Risk profile – Lending to the retail and corporate market

Retail market portfolio distributed by risk class



Corporate lending portfolio distributed by risk class



- The quality of the retail market portfolio is considered to be good and has low potential losses.
- The low risk profile is achieved through prudent customer selection and requirements for moderate LTV. Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.

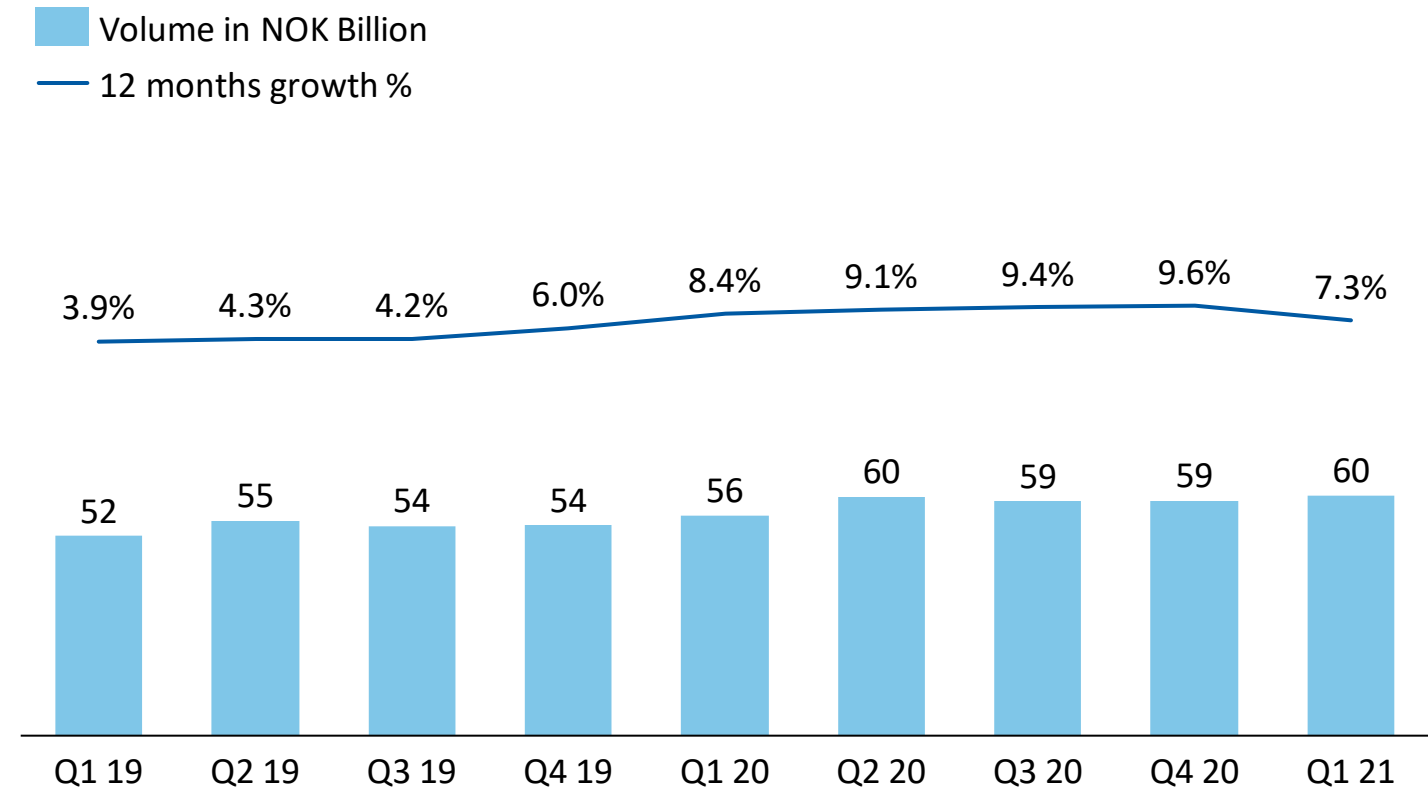
- The quality of the corporate market portfolio is good. Portfolio quality improved last year.
- There is a clearly defined framework that sets limit on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.

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

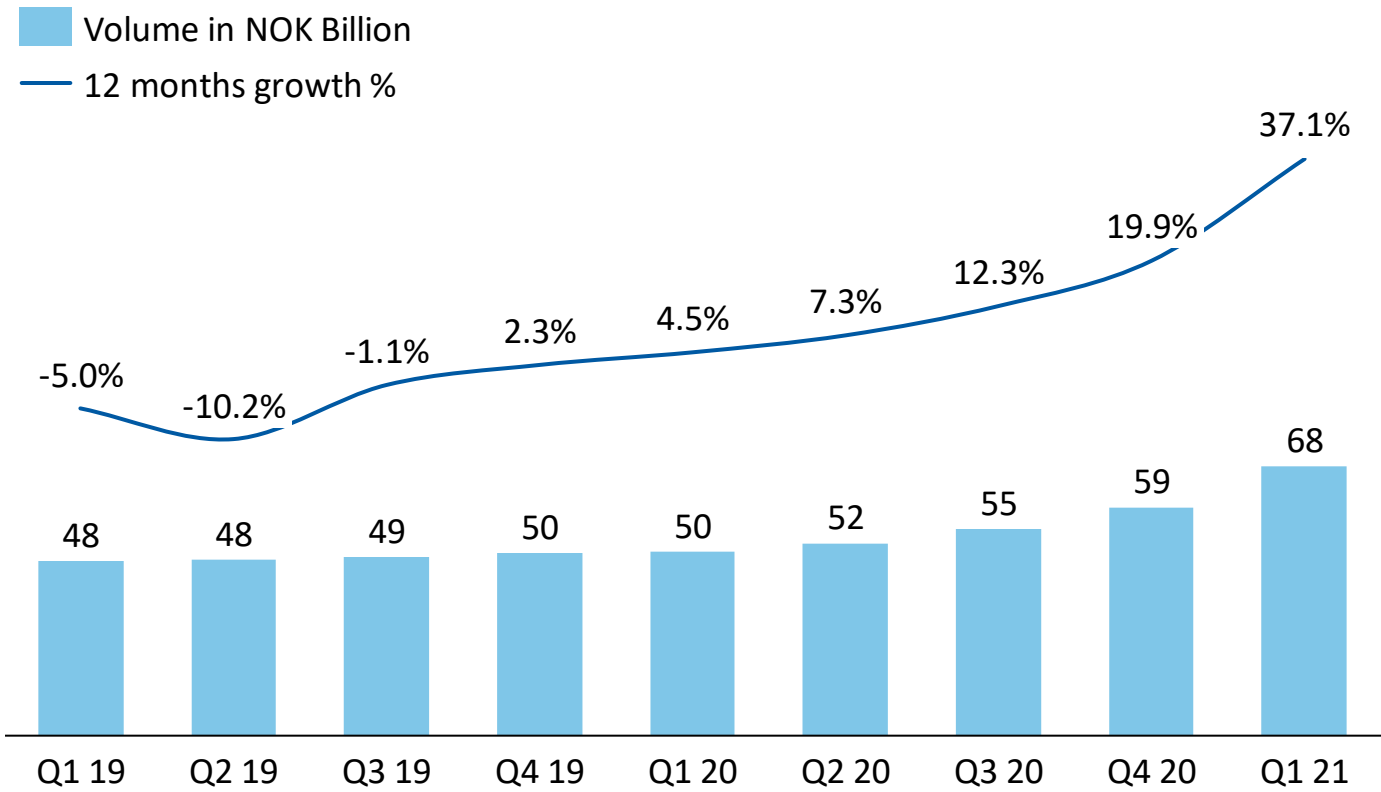
*The figures include the loan portfolio in the covered bond companies (SB1 Boligkreditt AS and SR-Boligkreditt AS).*

# Deposit volume and 12 month growth

## Retail Market



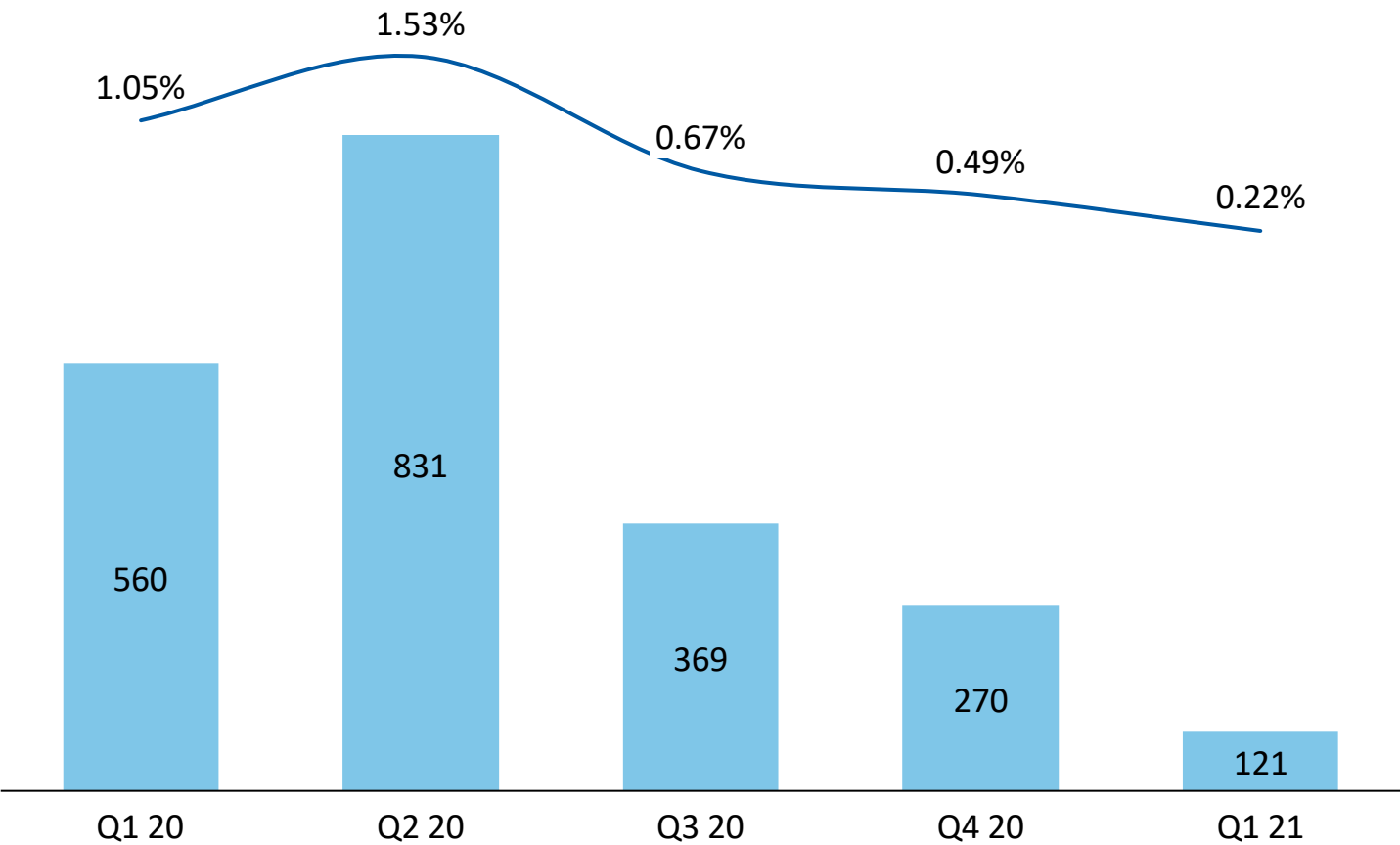
## Corporate Market



- In the last 12 months the total deposit volume has increased by NOK 22.6 billion to NOK 128.1 billion (21.4%).
  - Deposit growth is 11.3% excl. public sector.
- Volatility in deposit growth in the corporate market is mainly due to changes in deposit from public sector.

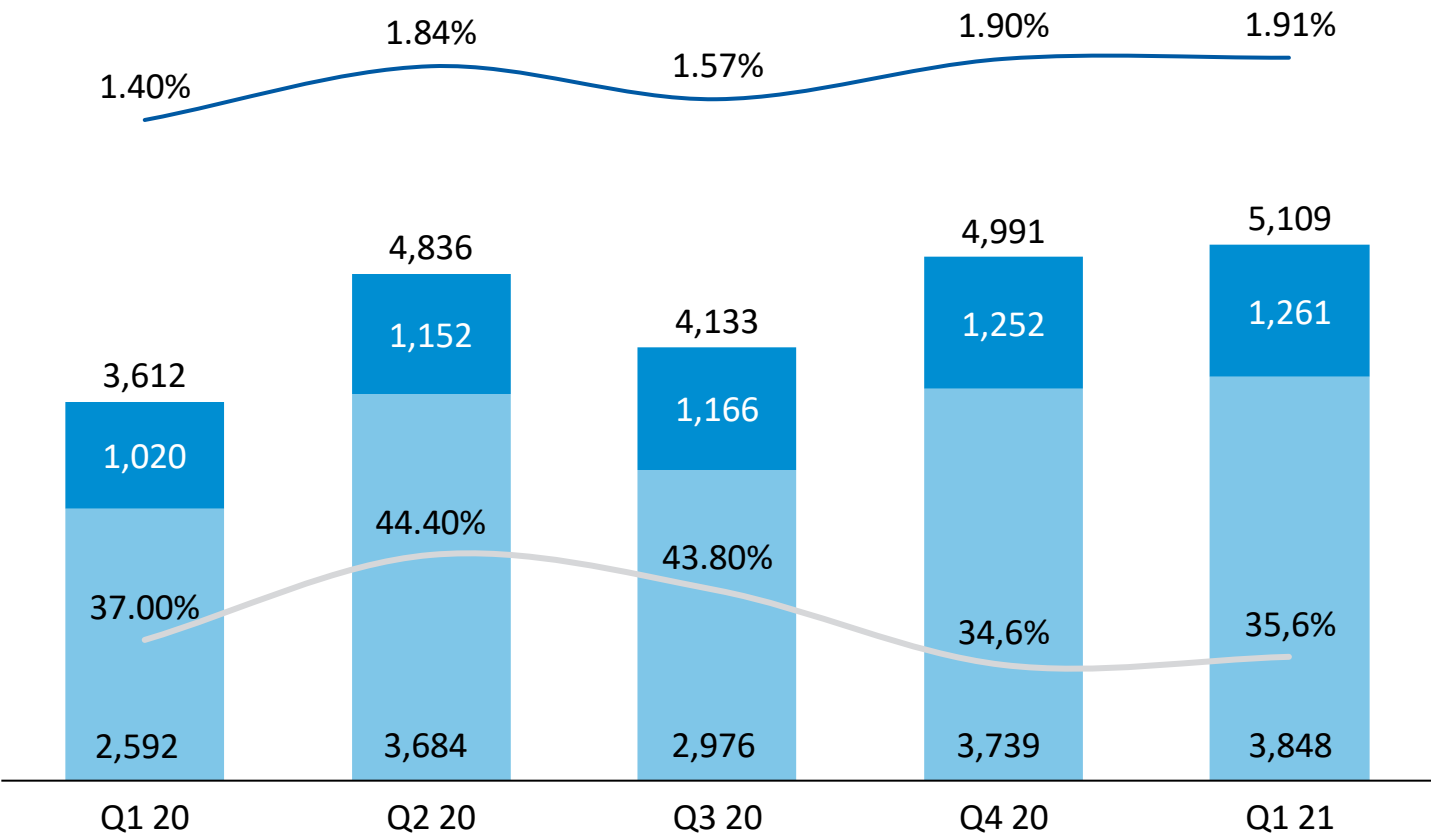
# Impairments on loans and financial commitments / Loans and financial commitments defined as Stage 3

Impairments on loans and financial commitments



— Impairment in % of average gross loans incl. from covered bond company  
 ■ 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 incl. covered bond company  
 ■ Loans in Stage 3, MNOK  
 ■ Financial commitments in Stage 3, MNOK  
 — Loss provisions as a share of gross commitments

# Impairments on loans and financial commitments

## Impairments on loans and financial commitments in the income statement (MNOK)

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Corporate customers	121	266	360	771	544
Retail customers	0	4	9	60	16
<b>Total impairments</b>	<b>121</b>	<b>270</b>	<b>369</b>	<b>831</b>	<b>560</b>

## Impairments on loans and financial commitments in the balance sheet (MNOK)

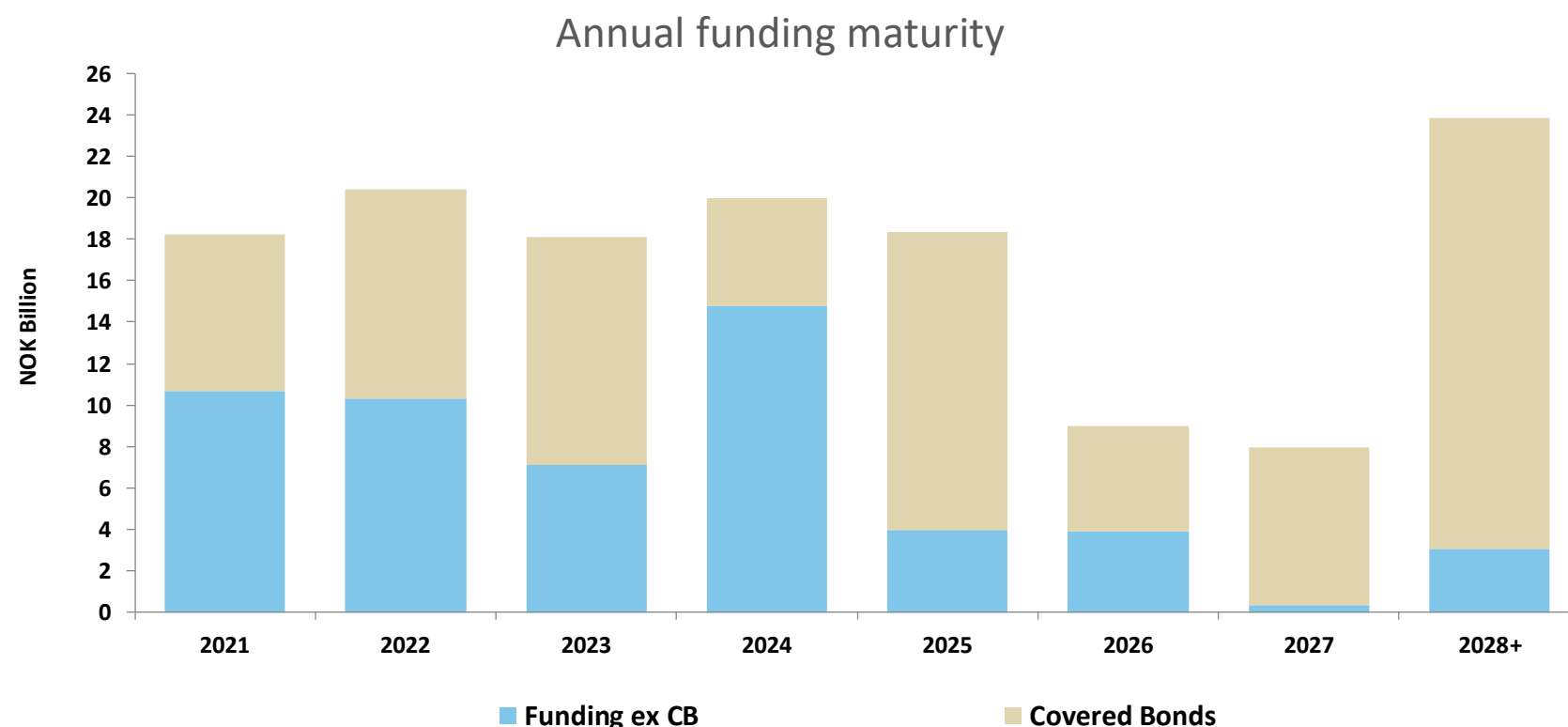
	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020
Corporate customers	2,359	2,258	2,352	2,695	1,930
Retail customers	206	213	216	218	168
<b>Total impairments</b>	<b>2,565</b>	<b>2,471</b>	<b>2,568</b>	<b>2,913</b>	<b>2,098</b>

- Introduction to SpareBank 1 SR-Bank ASA
- Financials
- **Solvency and liquidity position**
- Appendix

# Funding

- NSFR\* 122%
- LCR\*\* 141%
- NOK 24.4 billion net refinancing need over the next 12 months
- Deposit to loans ratio 57.9%
- MREL requirement 34,4%
- The Norwegian FSA recognizes uncertainties regarding the subordination requirement, according to BRRD2, but maintains the requirement of full subordination

**SRBANK**  
**SPAREBANK 1 SR-BANK ASA**  
*(incorporated with limited liability in Norway)*  
**€10,000,000,000**  
**Euro Medium Term Note Programme**



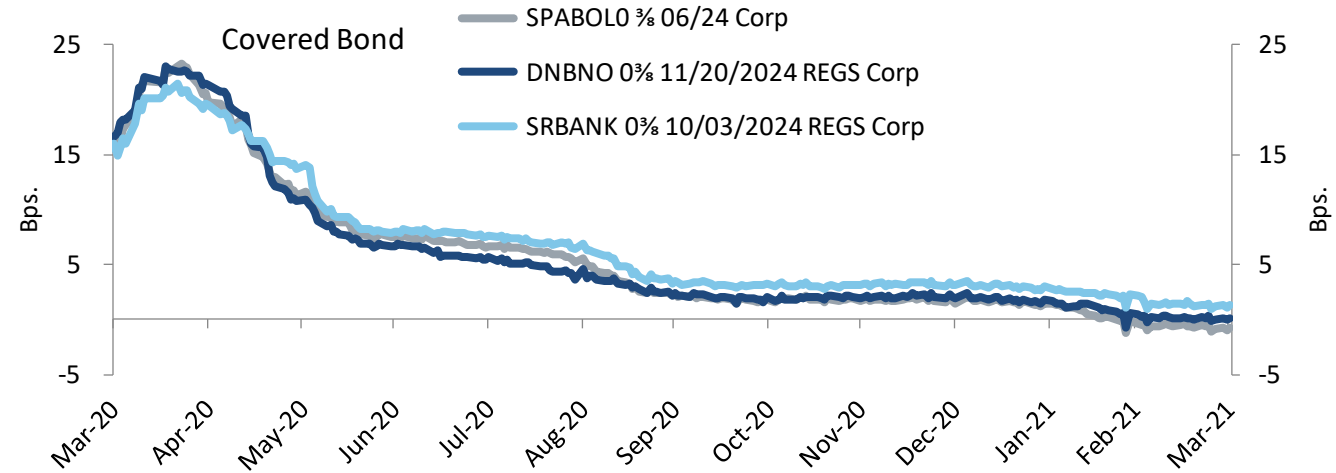
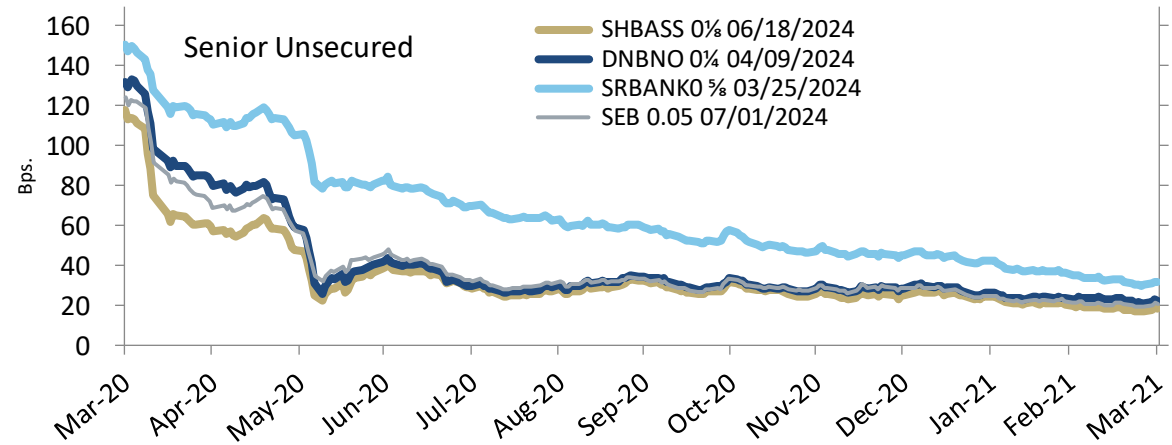
## SR-Boligkreditt

**SR-BOLIGKREDITT AS**  
*(incorporated with limited liability in Norway)*  
**€10,000,000,000**  
**Euro Medium Term Covered Note Programme**

\*The net stable funding ratio (NSFR) is defined as available stable funding relative to necessary stable funding. NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway.

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

# An established borrower in the Euromarket

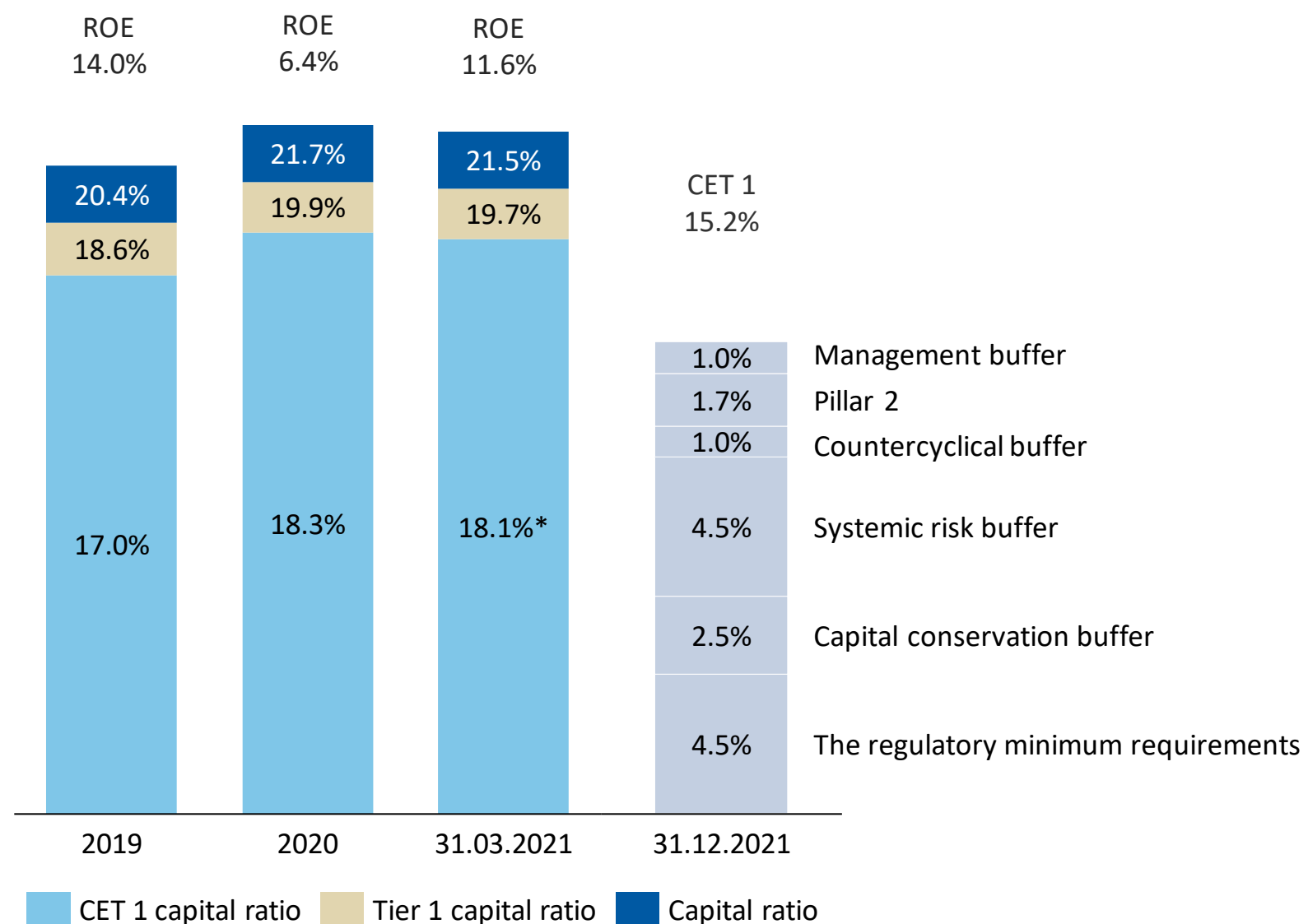


Issuer / Ticker	Coupon	Amount	Maturity	ISIN
SR-Bank / SRBANK	0.375%	EUR500mn	10-February-2022	XS1516271290
SR-Bank / SRBANK	0.625%	EUR750mn	25-March-2024	XS1967582831
SR-BOL / SRBANK	0.125%	EUR750mn	8-September-2021	XS1429577791
SR-BOL / SRBANK	0.750%	EUR600mn	18-January-2023	XS1344895450
SR-BOL / SRBANK	0.375%	EUR500mn	3-October-2024	XS1692489583
SR-BOL / SRBANK	0.750%	EUR750mn	17-October-2025	XS1894534343
SR-BOL / SRBANK	0.01%	EUR500mn	08-October-2026	XS2063288190
SR-BOL / SRBANK	0.01%	EUR750mn	26-June-2027	XS2194373077
SR-BOL / SRBANK	0.01%	EUR500mn	25-February-2030	XS2124046678
SR-BOL / SRBANK	0.01%	EUR1.000mn	10-March-2031	XS2312584779
SR-BOL / SRBANK	2,500%	USD600mn	12-April-2022	XS1596016847
SR-BOL / SRBANK	Nibor3m +29	NOK5.000mm	17-November-2022	NO0010841380
SR-BOL / SRBANK	Nibor3m +29	NOK5.000mm	29-May-2023	NO0010823255
SR-BOL / SRBANK	Nibor3m +24	NOK 6.000mm	5-February-2024	NO0010891286



# Solid capital ratio

- The CET 1 requirement is 15.2% incl. 1.0% in management buffer after the countercyclical buffer was reduced from 2.5% to 1.0% in March 2020 and the systemic risk buffer was increased from 3.0% to 4.5% in December 2020.
- Target CET 1 is set to 16.7% incl. 1.0% in management buffer and maximum countercyclical buffer of 2.5%.
- SpareBank 1 SR-Bank is not defined as a systemically important financial institution (SIFI).
- The leverage ratio was 7.6% as at 31 March 2021, well above the minimum requirement at 5.0%.



\*The board was granted special authorisation by the general meeting on 28 April 2021 to approve a dividend for the 2020 financial year of up to NOK 3.10 per share, in line with the applicable regulations.

# Outlook

- The Covid-19 pandemic is still creating some uncertainty surrounding developments in both Norway and the global economy. However, that uncertainty has now significantly decreased due to vaccination programs being well under way in both Norway and internationally, and the economy having stabilised and gained a year's experience of coping with the pandemic. The Norwegian state is particularly well-equipped to contribute economically. Extensive measures aimed at both the retail and corporate sector has been effectuated, although reduced investment levels and moderate demand for business loans are expected.
- Norges Bank has cut its policy rate by 1.50 percentage points to 0.0%. The policy rate is expected to increase from the end of 2021 and gradually rise during 2022.
- SpareBank 1 SR-Bank's long-term target is a minimum return on equity of 12%, but as a consequence of the Covid-19 outbreak, target for 2021 is set to 11%.
- SpareBank 1 SR-Bank's focus on digitalization and automation has enabled almost all of the group's employees to work from home office. Customers have been looked after in an efficient and satisfactory manner.
- Given its solid financial position, the group is very well equipped to tackle crises and this will help to ensure that the SpareBank1 SR-Bank Group remains a solid financial group after the Covid-19 outbreak ends as well.
- Geographic expansion, digitalization and growth will transform SpareBank 1 SR-Bank from a regional savings bank to a bank for the whole of Southern Norway.



## Businesses have managed well, now greater activity is expected

We are close to the customers. More than 2,000 corporate customers have been followed up in the quarter

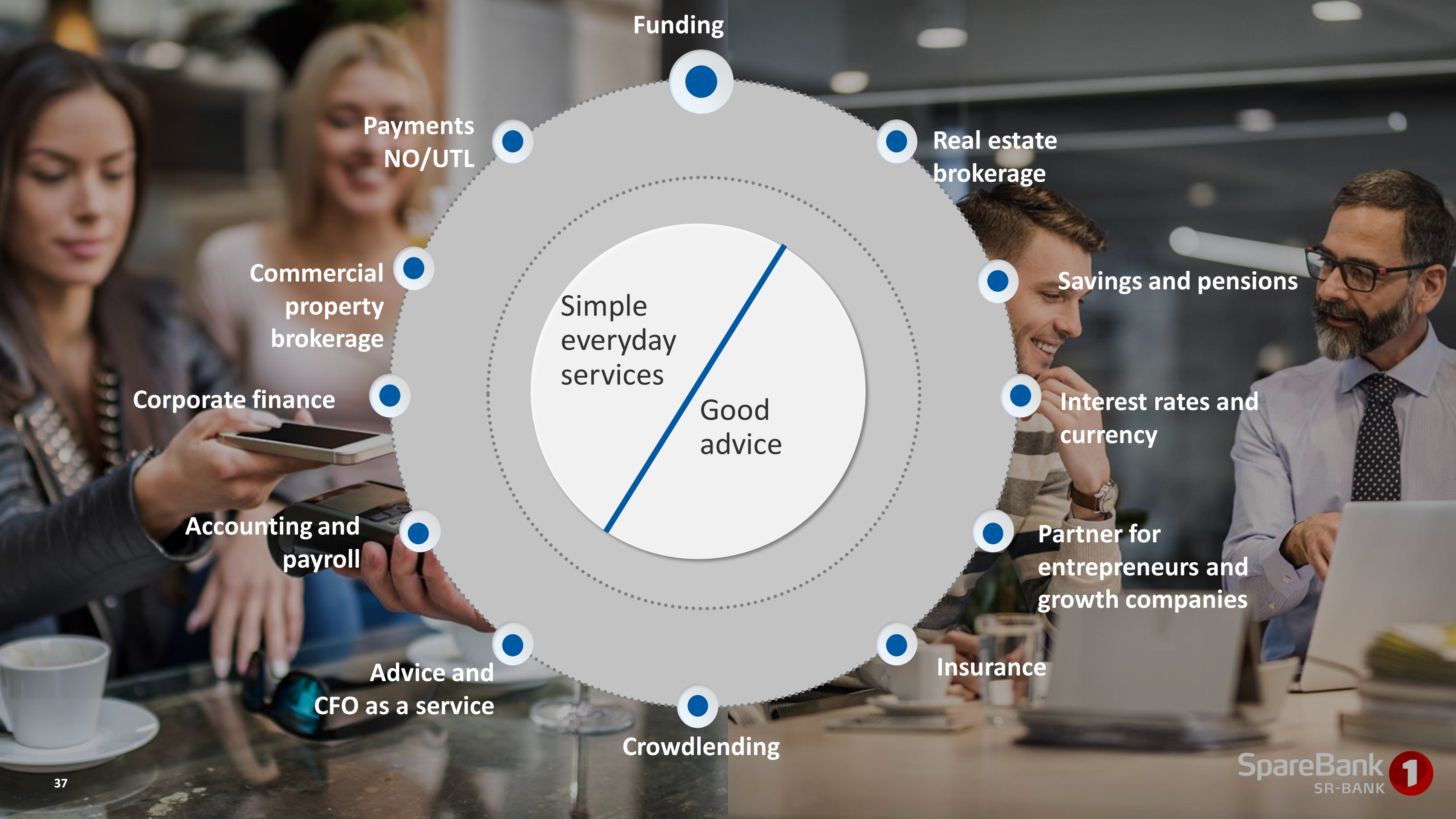
- Our advisers have assisted a considerable number of business through a difficult period.
- 95 per cent of our corporate customers have not needed to defer payments of tax or VAT.
- The number of instalment deferrals among corporate customers has decreased significantly, with only 55 in March.
- 85% of corporate customers respond that economic developments are the same or better than before.
- One in five corporate customers who took advantage of liquidity loans have already repaid the loan.

The Business Barometer indicates optimism. 600 business in southern Norway have responded

- Noticeably greater optimism for the next three months, 64% of businesses are now expecting improvements.
- Increased employment in the next 12 months, 59% of businesses will increase the number of man-years.
- Activity levels are expected to increase in the next 12 months. 67% of the companies are expecting higher turnover.
- Growth is expected to be profitable for the next 12 months. 59% of businesses believe in increased profitability.

## SB1 SR-Bank ForretningsPartner AS + Tveit Regnskap AS

- A significant actor in accounting and advisory services in Norway.
- Many new customers, now more than 7,000 customers.
- Increased financial value as a result of increased turnover to approximately NOK 450 million.
- Stronger organisation. More than 200 new skilled employees, with strong local relationships with customers.
- Reinforced the group's overall customer offering.
- A good contribution to the group's overall strategic efforts.



Funding



Payments  
NO/UTL



Real estate  
brokerage



Commercial  
property  
brokerage



Savings and pensions



Simple  
everyday  
services

Good  
advice

Interest rates and  
currency



Corporate finance



Partner for  
entrepreneurs and  
growth companies



Accounting and  
payroll



Insurance



Advice and  
CFO as a service



Crowdlending



# The best mobile solutions on the market



# APPENDIX

- 1) Macro
- 2) SpareBank 1 SR-Bank

# Key economic indicators



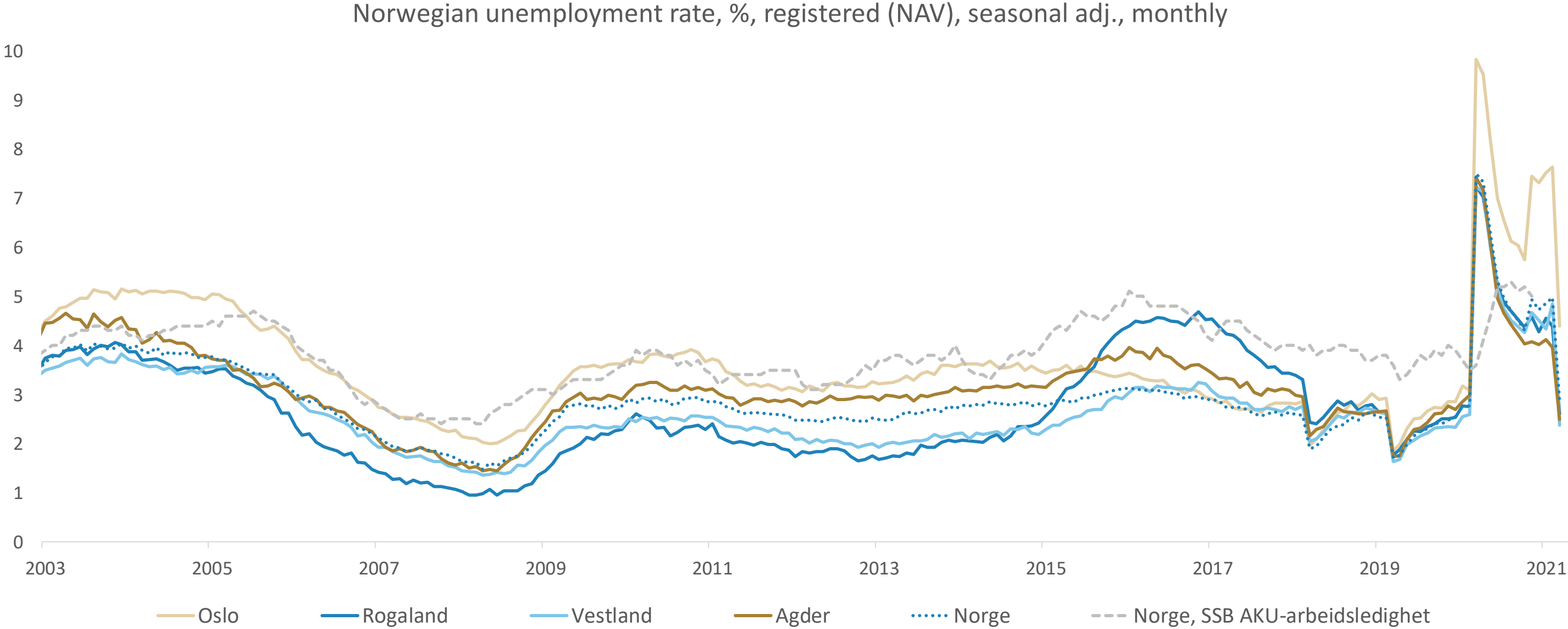
<b>Economic Indicators (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021P</b>	<b>2022P</b>	<b>2023P</b>
GDP mainland. annual change (%)	1.9	3.7	2.3	2.2	1.4	0.9	2.0	2.2	2.3	-2.5	3.3	3.6	2.4
Household consumption. annual change (%)	2.4	3.5	2.8	2.1	2.7	1.1	2.2	1.6	1.4	-7.6	6.9	6.9	3.1
Public consumption. annual change (%)	1.1	1.5	1.0	2.7	2.4	2.3	1.9	0.5	1.9	1.7	2.1	1.7	1.2
Investment mainland. annual change (%)	5.0	7.4	2.9	0.4	-0.2	9.0	6.8	1.5	4.0	-3.9	0.2	2.3	1.6
Investment public sector	1.1	-1.8	11.8	4.5	0.2	6.4	2.6	8.1	7.2	-0.3	1.1	1.1	1.1
Investment offshore oil and gas. annual change (%)	11.4	14.6	19.0	-1.8	-12.2	-16.0	-5.4	0.7	12.6	-4.9	-3.0	-6.0	10.0
Housing prices. annual change (%)	8.0	6.8	4.0	2.7	6.1	7.0	5.0	1.4	2.5	3.9	9.2	3.5	2.8
Oil price. USD/bbl. Actual	111.0	112.0	109.0	99.0	53.0	45.0	55.0	72.0	64.0	43.4			
Inflation rate (CPI) %	1.2	0.8	2.1	2.0	2.1	3.6	1.8	2.7	2.2	1.3	2.7	1.8	1.9
3 month NIBOR %	2.9	2.2	1.8	1.7	1.3	1.1	0.9	1.1	1.6	0.7	0.5	1.1	1.6
Mortgage rate %	3.6	3.9	4.0	3.9	3.2	2.6	2.6	2.7	3.0	2.5	2.0	2.1	2.4
Household savings ratio	5.8	6.9	7.2	7.7	9.8	6.9	6.6	5.9	7.6	15.5	11.7	8.5	8.4
Unemployment rate (registered at labour office)*	2.6	2.6	2.7	2.7	3.0	3.0	2.7	2.5	2.3	5.0	3.4	2.4	2.4
HH sector real disposable income. annual change (%)	4.3	4.4	4.0	2.3	5.4	-1.6	2.0	1.0	2.3	1.7	2.3	2.6	2.4
Current account surplus. share of GDP (%)	12.4	12.6	10.3	10.8	8.0	4.5	5.5	8.0	2.8	1.9	8.6	10.2	10.5
Sovereign Wealth Fund. share of mainland-GDP (%). Actual	150.0	160.0	190.0	230.0	270.0	270.0	290.0	290.0	310.0	350.0	350		

Sources: Statistics Norway, Thomson Reuters Datastream and \*Central Bank of Norway. As of 12 January 2021



# Increased unemployment as a result of Covid-19, but lower after March 2020

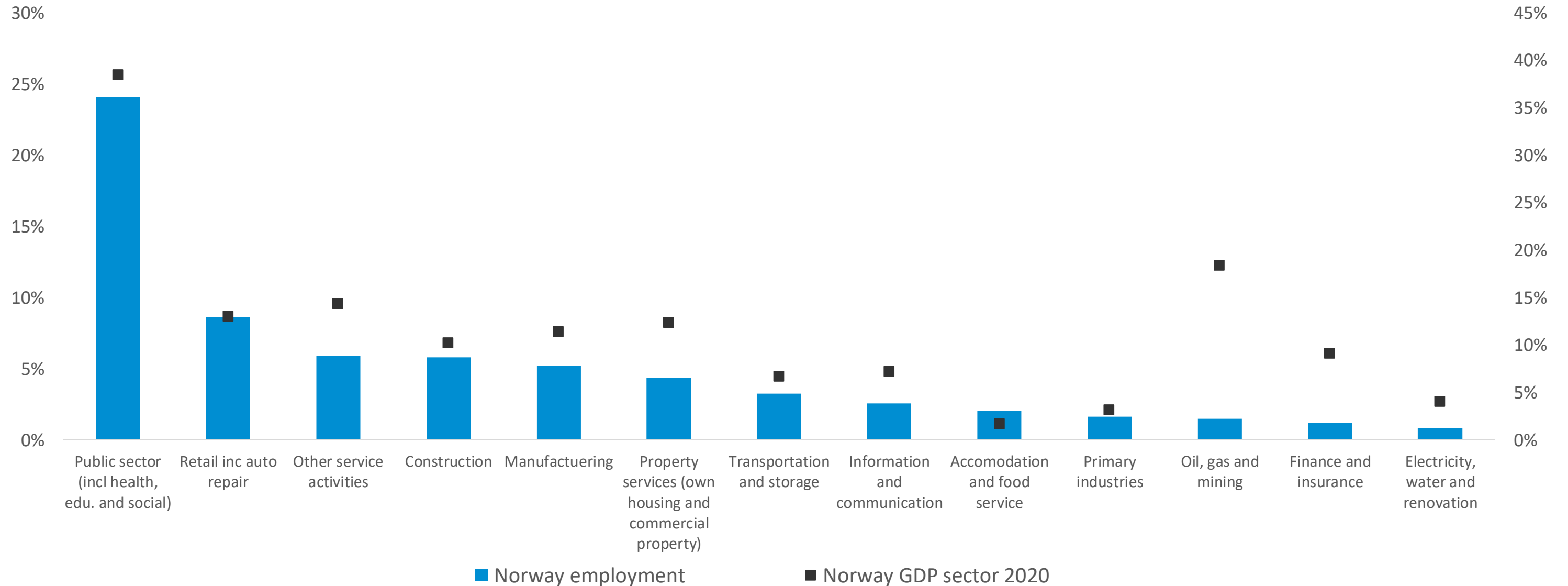
Unemployment increased from 3% to 8% in March, but has fallen to 2.9% by 1. quarter 2021. Still highest in Oslo.



Source: NAV og SSB.

# Employment (and GDP) by sector

Norway - employment and GDP per sector 2020. Share (%) in sectors



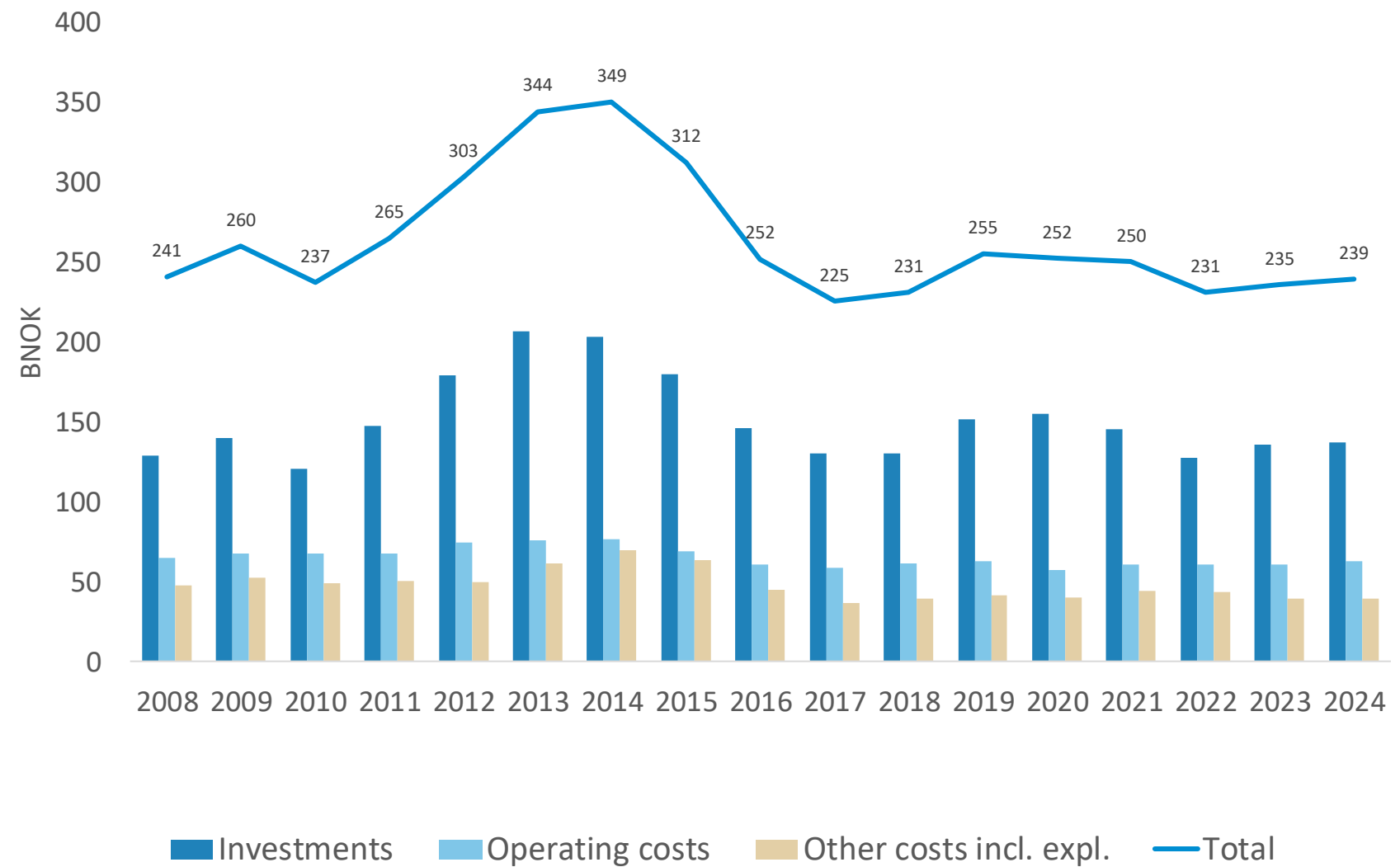
Source: Statistics Norway.

# Stable petroleum activity in Norway in 2020

Uncertainty was high after Covid-19, but decreased due to support package in June 2020 and higher prices

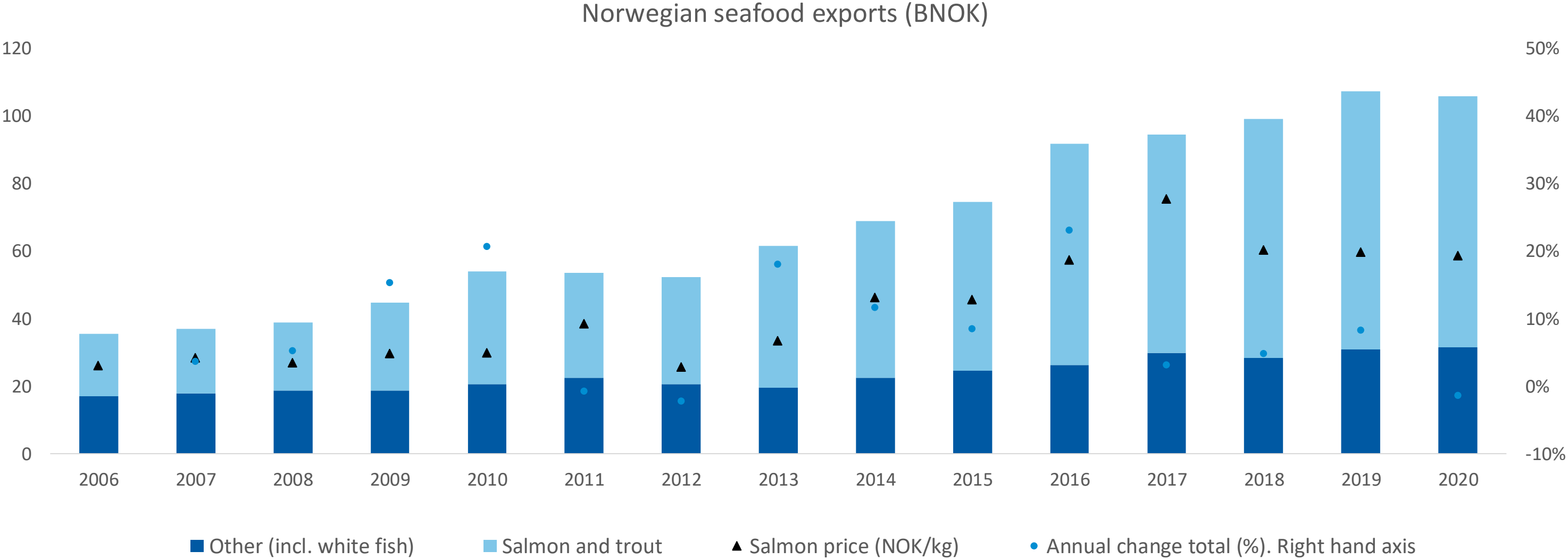
- Overall activity on the Norwegian Continental Shelf (NCS) increased by 60% from 2007 to 2014.
- Activity fell markedly in 2015-17 due to lower prices and rebounded in 2019.
- At the beginning of 2020, some increase in petroleum activity was expected in 2020. Covid-19 led to lower prices and increased uncertainty, but the support package in June 2020 and higher prices supported activity. NPD expects stable activity in 2021

Petroleum activity on Norwegian Continental Shelf. BNOK (2021 NOK).



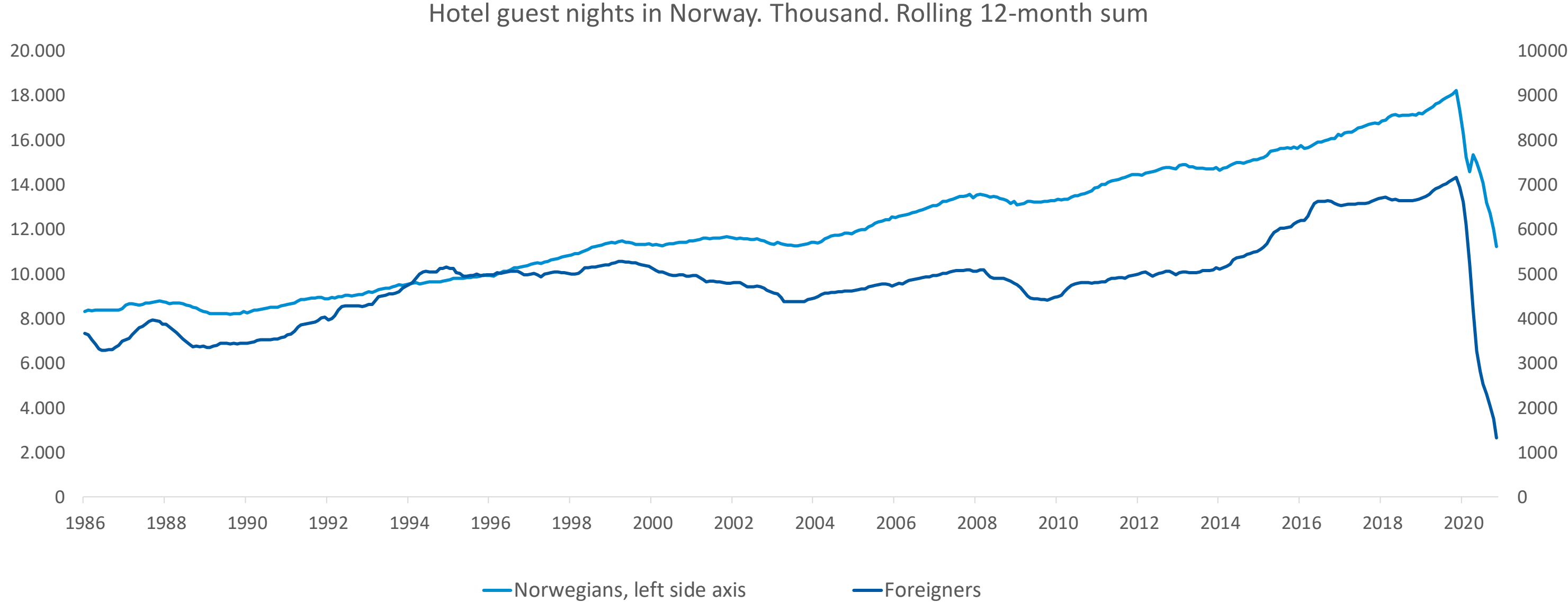
Source: NPD 14 Jan 2021, Oljedirektoratet/Norwegian Petroleum Directorate (NPD).

# Norwegian seafood exports doubled since 2012



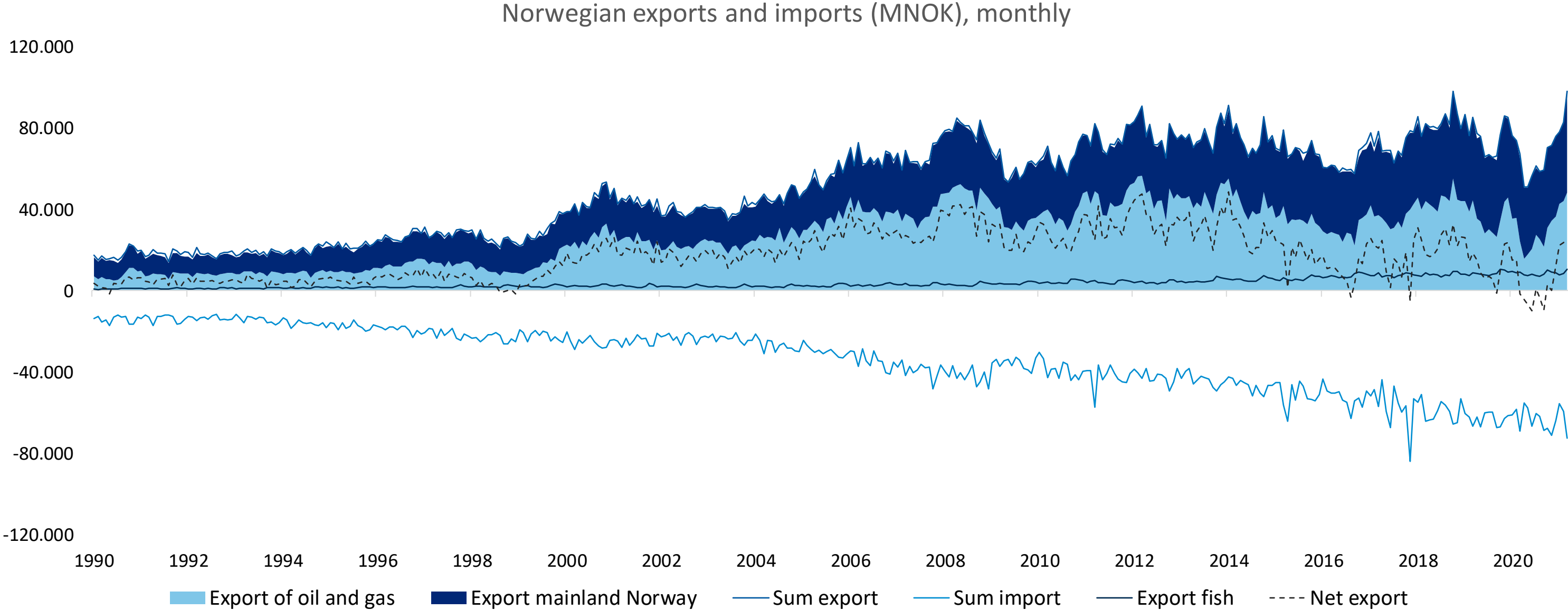
Source: Norwegian Seafood Council.

# Norwegian hotels – guest nights by foreign and domestic



Source: Statistics Norway.

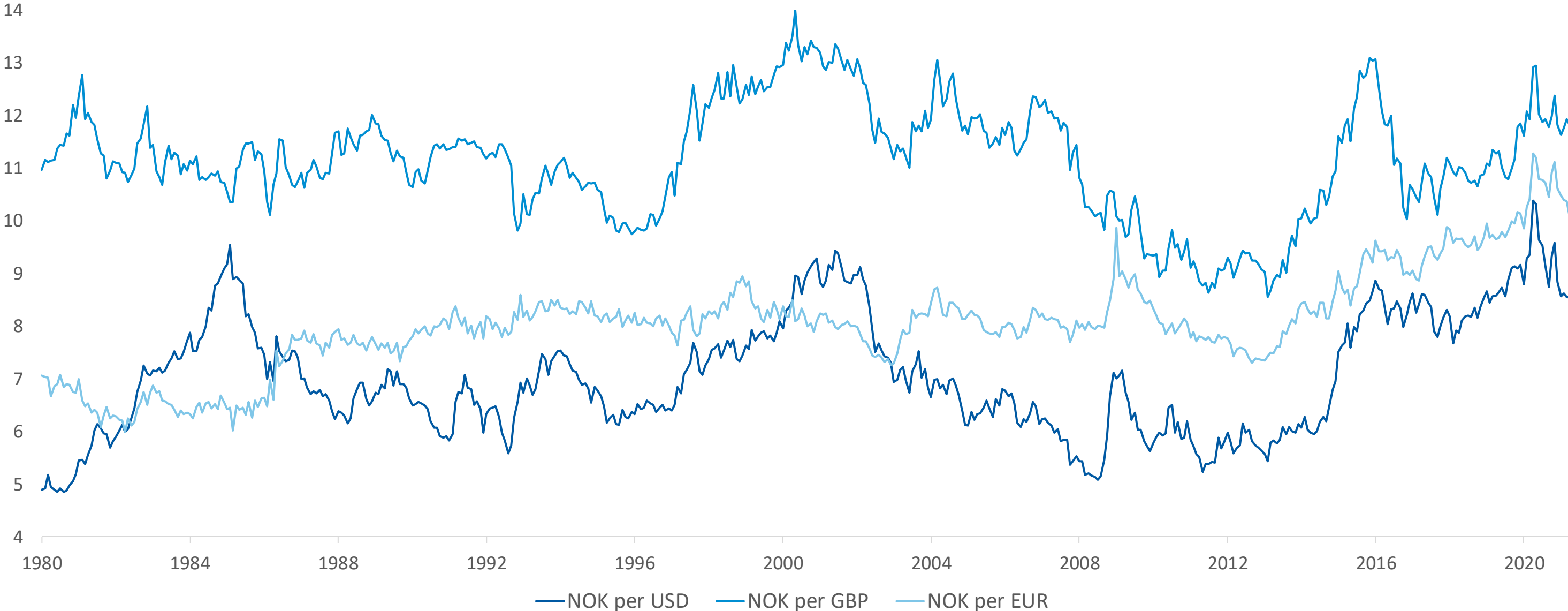
# Norwegian exports and imports



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

# Norwegian krone vs key currencies

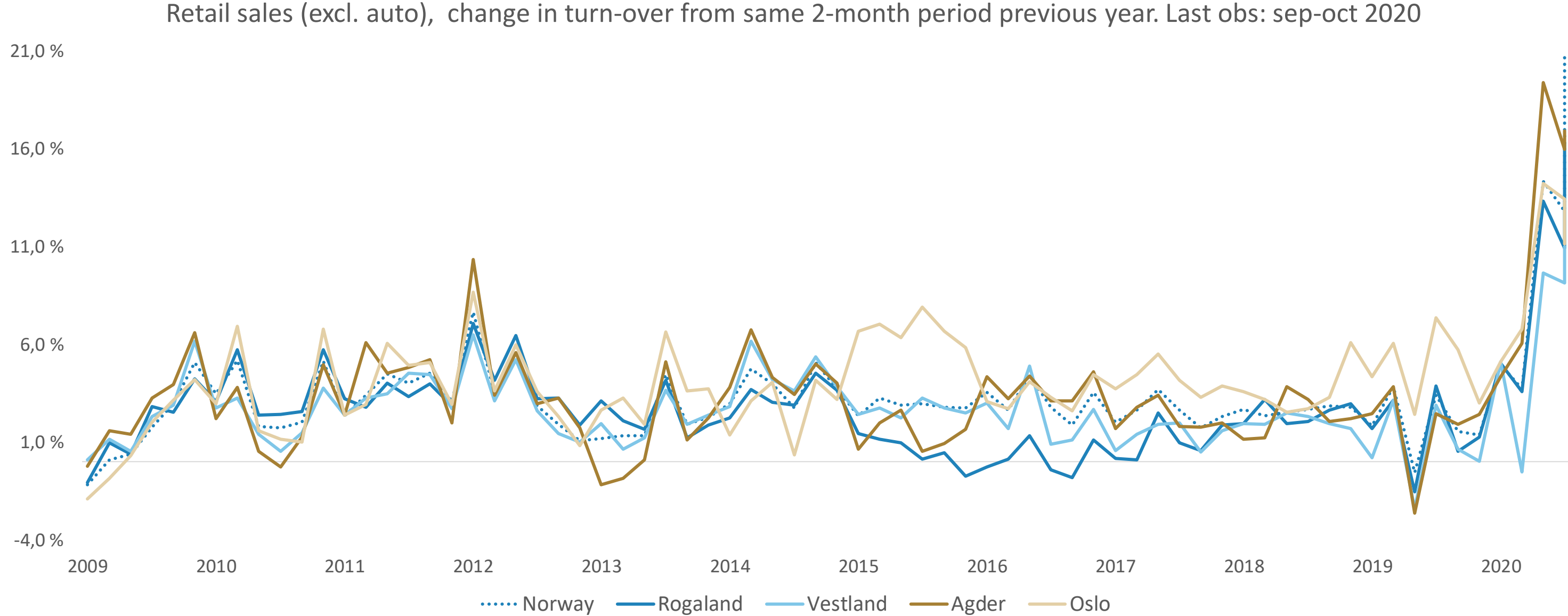
Norwegian krone vs key currencies (higher number is weaker krone)



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

# High growth in retail trade in Norway following Covid-19

Covid-19 has had a big impact, especially lifting e-commerce and groceries, but also some other goods

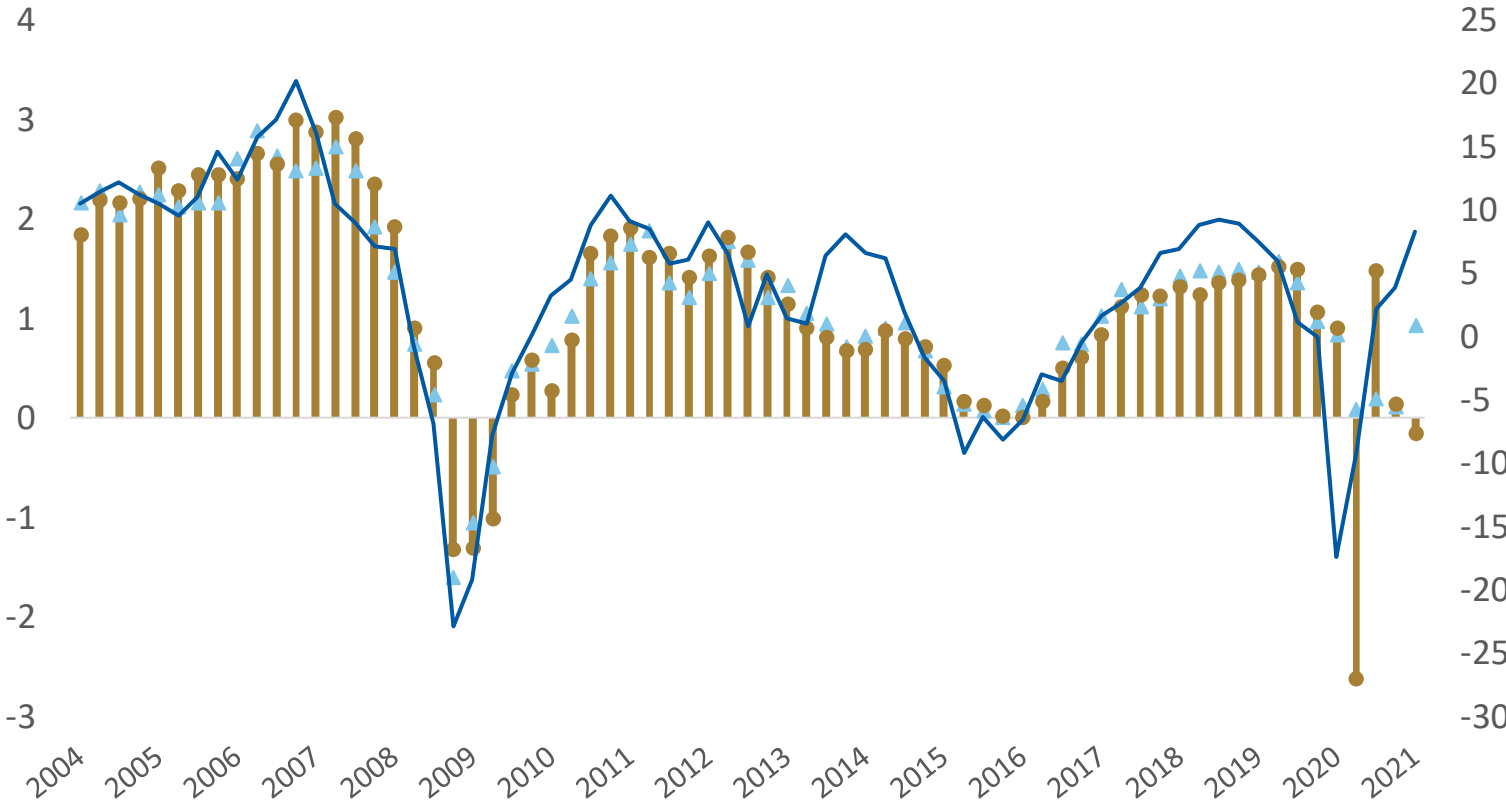


Source: SSB.



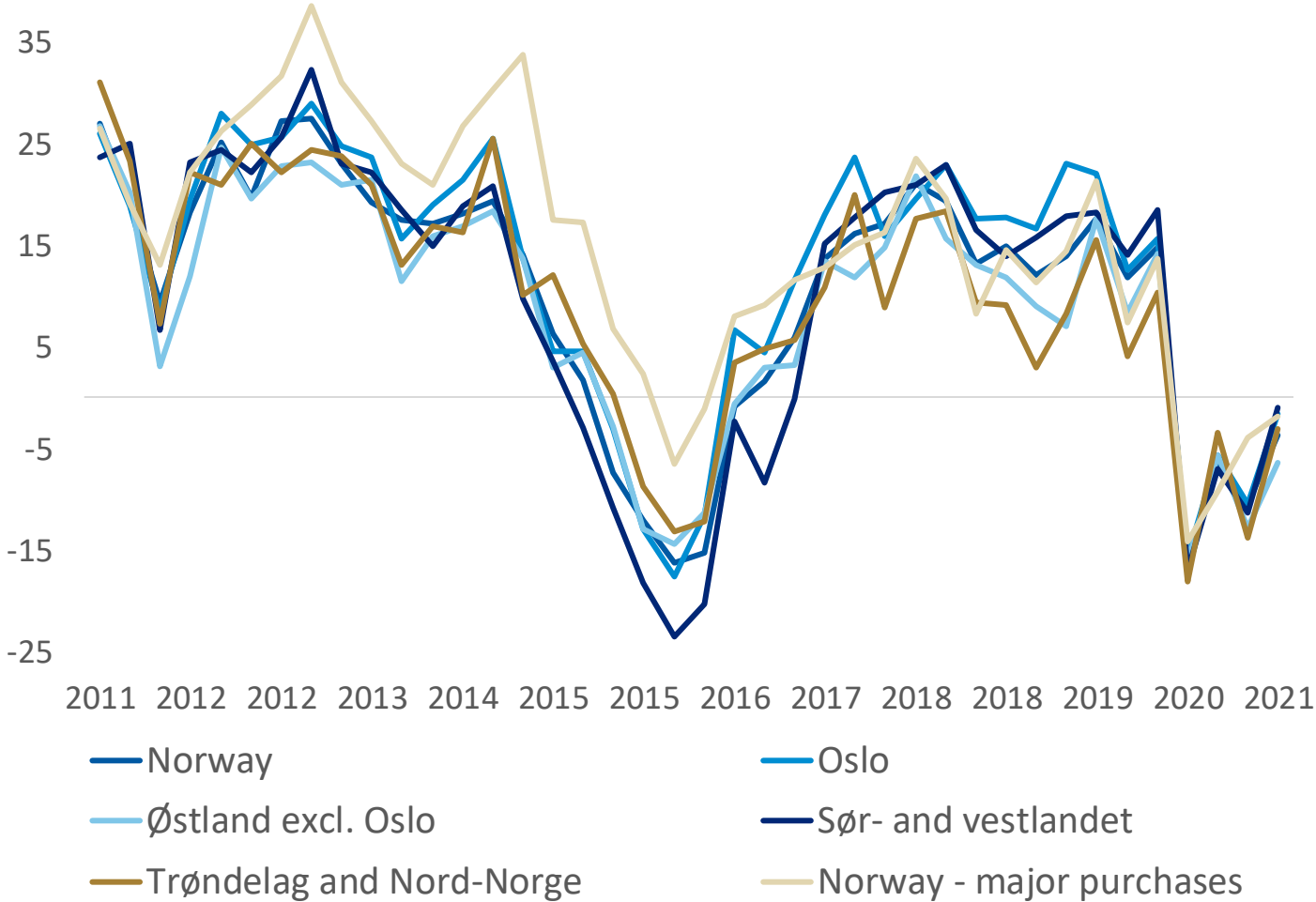
# Norwegian economy impacted by Covid-19

Norwegian business surveys



- ▲ Central Bank business survey, Production outlook coming 6 months. Left axis
- Central Bank business survey, Production last 3 months. Left axis
- Statistics Norway manufactuering survey. Main index. Right axis

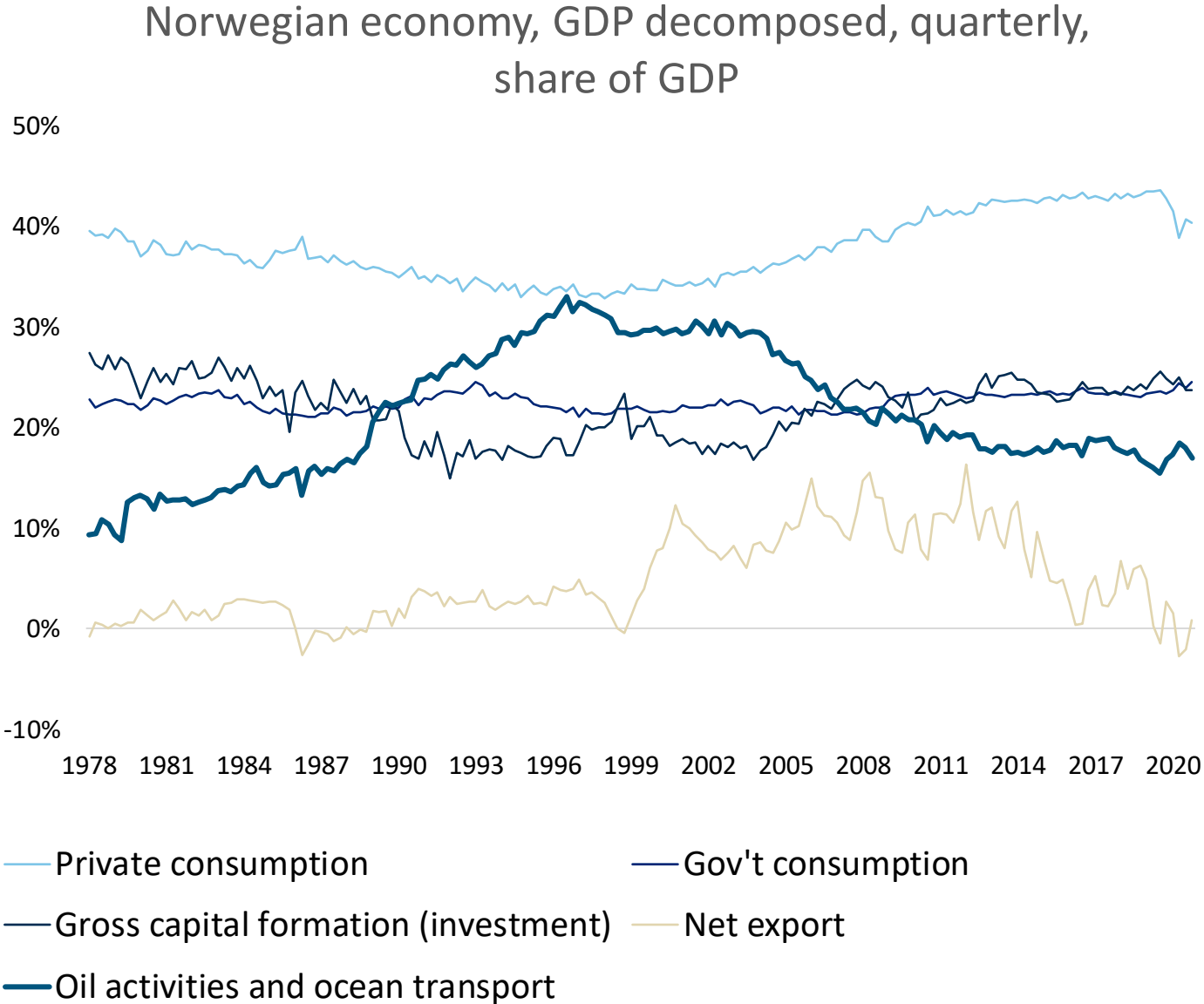
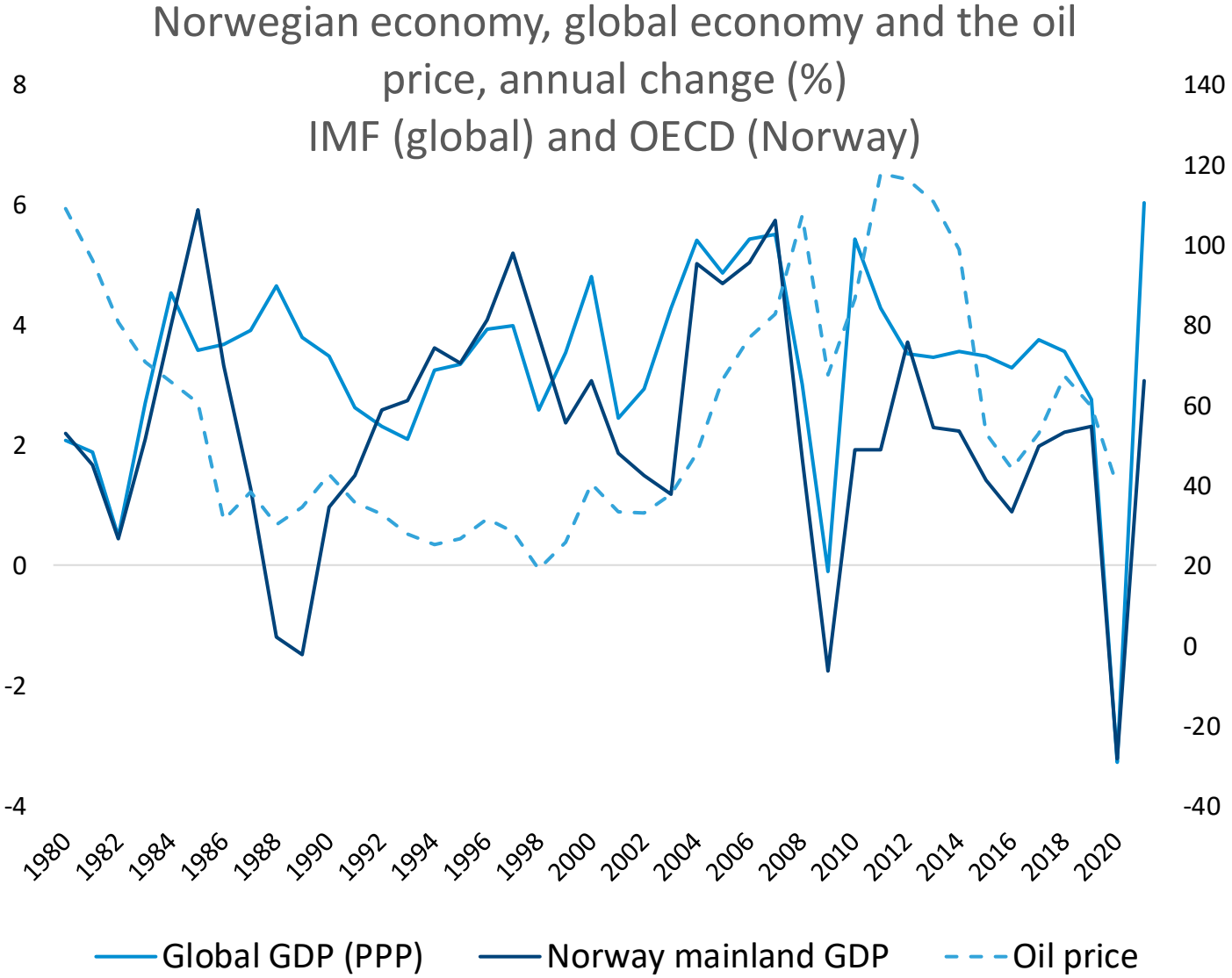
Norway – consumer confidence indicator



- Norway
- Oslo
- Østland excl. Oslo
- Sør- and vestlandet
- Trøndelag and Nord-Norge
- Norway - major purchases

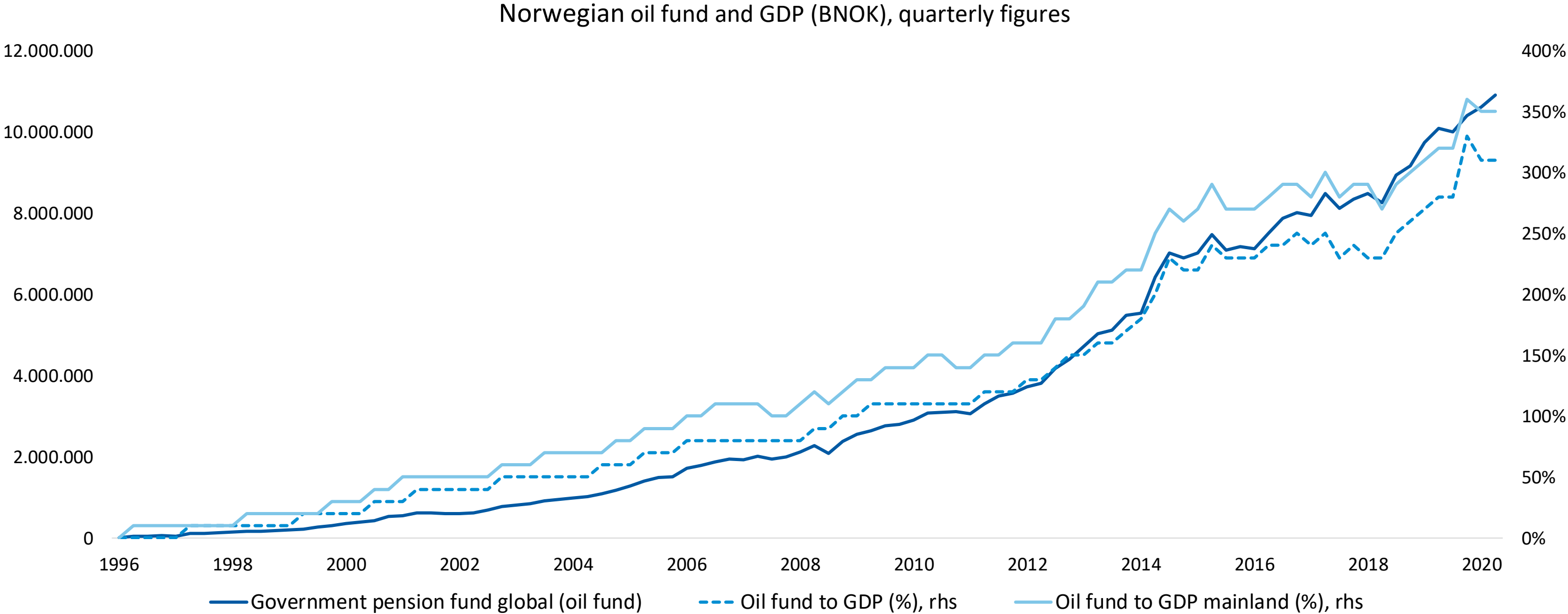
Source: Refinitiv Datastream, SpareBank 1 SR-Bank.

# Norwegian Economy – GDP



Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

# Norway oil fund and GDP

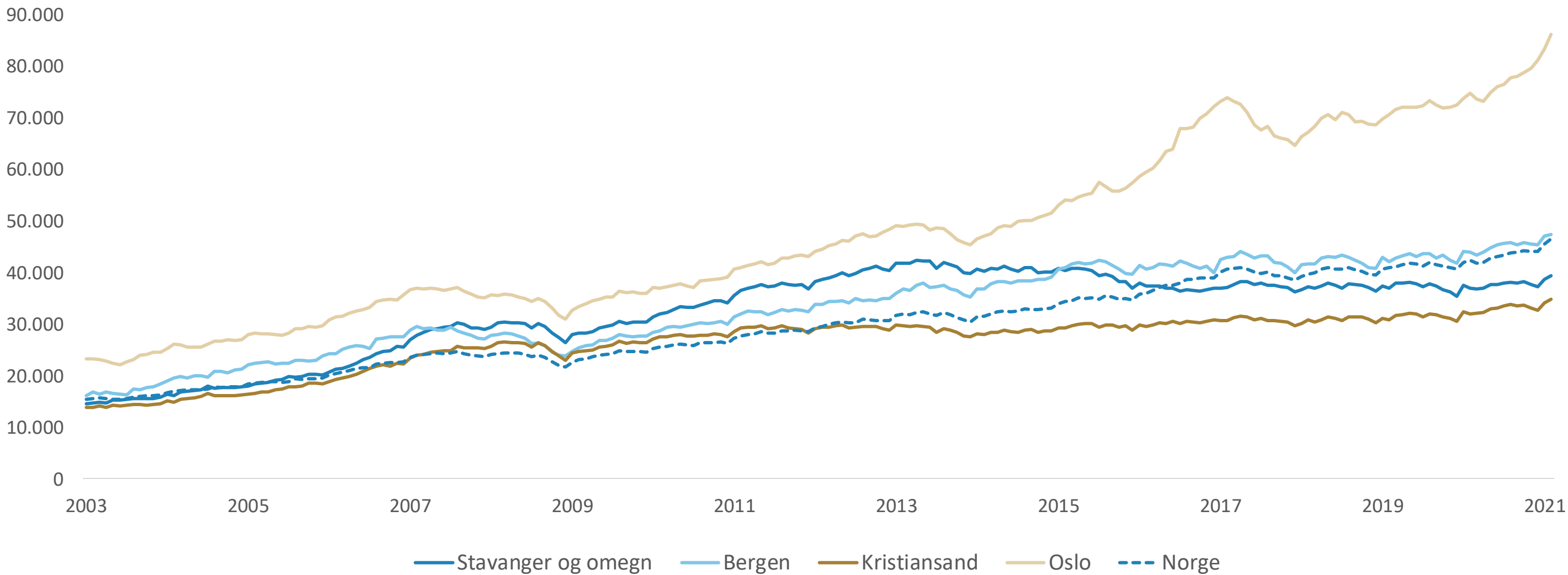


Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

# Norwegian house prices have increased by 13% last 12 months

Impact from Covid-19 dampened the market, but sales and prices have rebounded since summer 2020

House prices. NOK per sqm. Average all homes. Monthly



Source : Finn.no, Eiendom Norge og Eiendomsverdi.

# APPENDIX

- 1) Macro
- 2) SpareBank 1 SR-Bank

# Our purpose: Strength to growth and development

## Objectives

- The purpose for SpareBank 1 SR-Bank is to add strength to growth and development. Our growth will give us the ability to provide profitability and value to the owners, customers and the community.
- To provide a sustainable contribution to the wealth creation process through:
  - A sustainable and profitable business model
  - An owner-friendly, stable dividend policy

## Strategic goals

- To be the bank that focus on the future and good relations where we have our customers in the center, knows what's important for them through a combination of close, personal relationships – and high utilization of technology and customer data. We want to be reliable, easily available and a long-term partner to our customers.
- We want to focus on good solutions for our customers by understanding them and their challenges, which will help us reach our vision to be the customers first choice.

## Financial goals

- The longer term target for return on equity is a minimum of 12%.
- Top 50% return on equity and cost/income in a Nordic benchmark

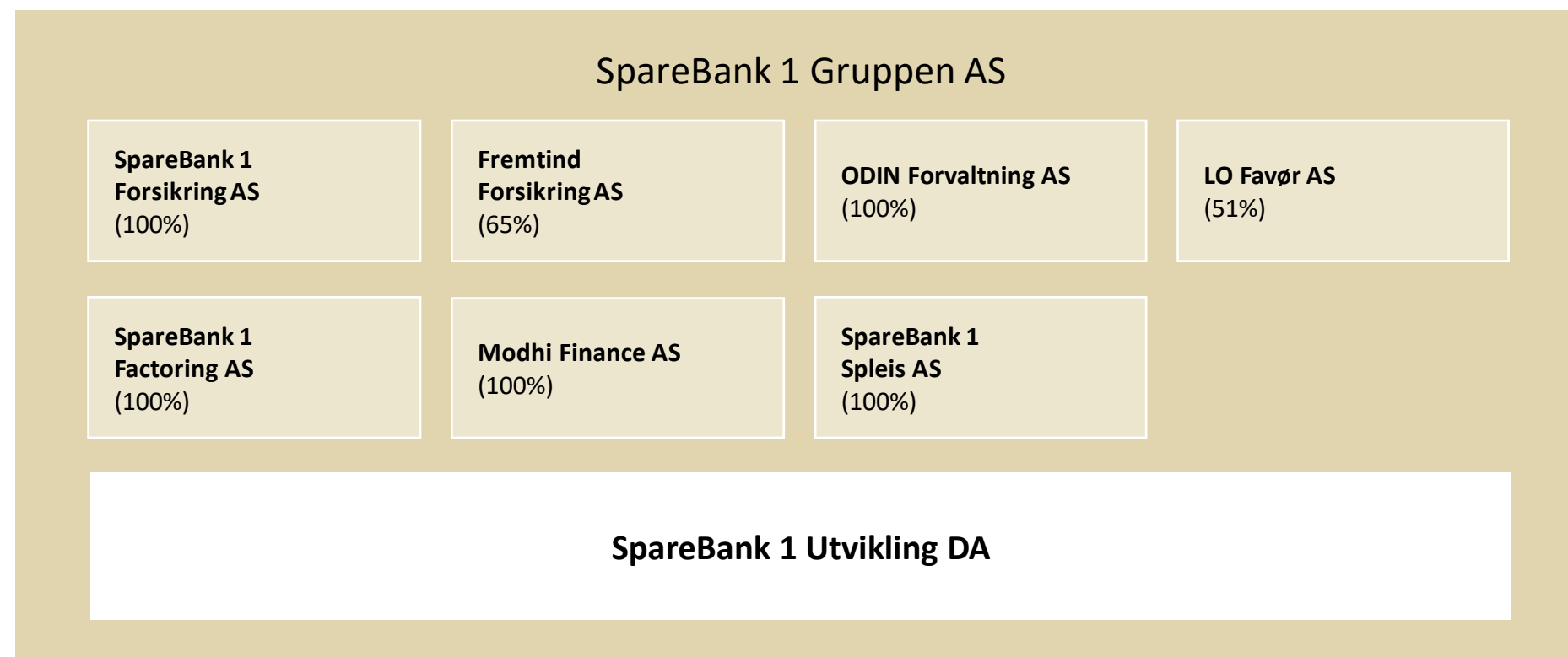
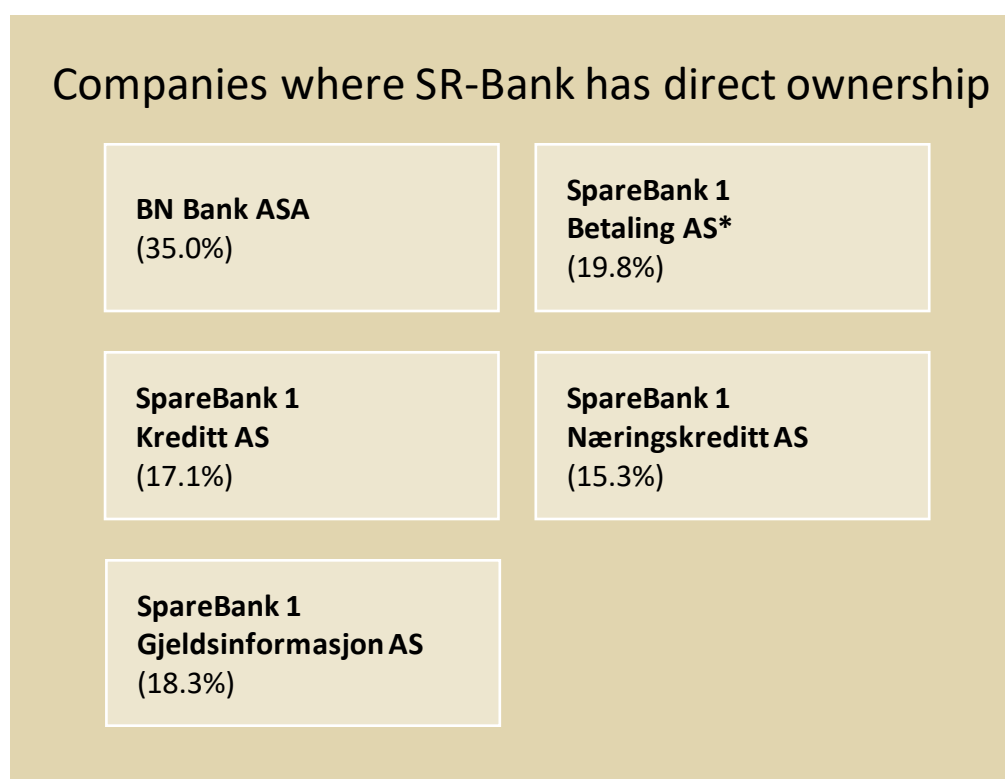
## Strategic focus

- Digital development and transformation of existing business models
- Innovation by use of partnership, technology and data
- Cost-effective and selective growth, increased product- and diversification portfolio.
- High portfolio quality

# SpareBank 1 Alliance



Products, commissions, dividends ↑ ↓ Sales, loan portfolios, capital



## Owners of the alliance

All credit decisions are made at the local banks

Economies of scale related to expenses, IT solutions, marketing and branding

\*Owns 22% i VBB AS.

# Balance sheet

<b>Balance sheet (MNOK)</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Cash and balances with central banks	132	405
Balances with credit institutions	11,397	7,181
Net loans to customers	218,985	210,180
Certificates, bonds and other fixed-income securities	48,598	37,493
Financial derivatives	6,877	15,126
Shares, ownership stakes and other securities	957	797
Investment in associates	4,674	4,412
Other	4,872	3,045
<b>Total assets</b>	<b>296,492</b>	<b>278,639</b>
Balances with credit institutions	1,399	4,534
Deposit from customers	128,108	105,545
Listed debt securities	131,817	126,448
Financial derivatives	5,360	12,282
Other liabilities	2,015	2,611
Additional Tier 1 and Tier 2 capital instruments	2,132	2,211
<b>Total liabilities</b>	<b>270,831</b>	<b>253,631</b>
<b>Total equity</b>	<b>25,661</b>	<b>25,008</b>
<b>Total liabilities and equity</b>	<b>296,492</b>	<b>278,639</b>



## Net commission and other income

MNOK	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Payment facilities	55	64	54	61	69
Savings/placements	53	51	48	48	48
Insurance products	56	54	53	50	51
Commission income real estate broking	110	100	107	104	85
Guarantee commission	24	26	22	23	25
Arrangement- and customer fees	51	28	11	13	20
Commission income ForretningsPartner	50	38	33	42	41
Other	3	4	2	3	4
<b>Net commission and other income excl. covered bond company</b>	<b>402</b>	<b>365</b>	<b>330</b>	<b>344</b>	<b>343</b>
Commission income SB1 Boligkreditt	0	5	6	0	3
<b>Net commission and other income incl. covered bond company</b>	<b>402</b>	<b>370</b>	<b>336</b>	<b>344</b>	<b>346</b>

# Net income on investment securities

MNOK	Q1 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>Dividends</b>	<b>0</b>	<b>39</b>	<b>1</b>	<b>17</b>	<b>0</b>
<b>Investment income, associates</b>	<b>109</b>	<b>129</b>	<b>147</b>	<b>145</b>	<b>242</b>
<b>Securities gains/losses</b>	<b>106</b>	<b>-1</b>	<b>36</b>	<b>122</b>	<b>-298</b>
- of which capital change in shares and certificates	105	7	38	27	-121
- of which capital change in certificates and bonds	-167	-137	-23	104	85
- of which derivatives; certificates and bonds	168	129	22	-9	-263
<b>Currency/interest gains/loans</b>	<b>1</b>	<b>73</b>	<b>6</b>	<b>13</b>	<b>28</b>
- of which currency customer- and own-account trading	27	41	36	52	9
- of which value change basis swap spread	-24	29	-32	-48	64
- of which counterparty risk derivatives including CVA	3	2	1	-42	-8
- of which IFRS-effects	-5	1	1	51	-37
<b>Net income on investment securities</b>	<b>216</b>	<b>240</b>	<b>190</b>	<b>297</b>	<b>-28</b>

*When a basis swap is designated a hedging instrument for hedging a specifically identified loan, changes in the value of the hedging instrument linked to changes in the "basis spread" are recognized through other comprehensive income.*

# Subsidiaries

Subsidiaries	MNOK	30.03.2021	31.03.2020
EiendomsMegler 1 SR-Eiendom AS	Number of sales	1,911	1,400
	Operating profit before tax	16	0
SR-Forvaltning AS	Capital under management (BNOK)	15	12
	Operating profit before tax	7	6
FinStart Nordic AS	Operating profit before tax	65	-83
SpareBank 1 SR-Bank ForretningsPartner AS	Operating profit before tax*	11	6
SR-Boligkreditt AS	Operating profit before tax	110	237
Monner AS	Operating profit before tax	-5	-4
Rygir Industrier AS and other	Operating profit before tax	-9	-12
<b>Total subsidiaries</b>	<b>Operating profit before tax</b>	<b>195</b>	<b>150</b>

\*SpareBank 1 SR-Bank ForretningsPartner has taken over Fast Solutions with effect from 1 September 2020. The result in ForretningsPartner includes amortization of intangible assets of NOK 0.8 million (NOK 0.7 million per 31.03.2020).

# Ownership interests

Ownership interests	MNOK	31.03.2021	31.03.2020
SpareBank 1 Gruppen AS	Interest ownership	19.5%	19.5%
	Profit share after tax	67	-115
	Profit effect merger	0	340
SpareBank 1 Boligkreditt AS*	Interest ownership	0.0%	2.2%
	Profit share after tax	2	-3
SpareBank 1 Næringskreditt AS	Interest ownership	15.3%	15.6%
	Profit share after tax	2	1
BN Bank ASA	Interest ownership	35.0%	35.0%
	Profit share after tax	40	23
SpareBank 1 Kreditt AS	Interest ownership	17.1%	17.8%
	Profit share after tax	0	0
SpareBank 1 Betaling AS	Interest ownership	19.8%	19.8%
	Profit share after tax	-1	-2
	Adjusted profit previous years	0	0
Other	Profit share after tax	0	-2
<b>Total ownership interests</b>	<b>Profit share after tax</b>	<b>110</b>	<b>242</b>
FinStart Nordic AS**	Profit share after tax	-1	0
<b>Total ownership interests in the Group</b>	<b>Profit share after tax</b>	<b>109</b>	<b>242</b>

\*SR-Bank has no assets in SpareBank 1 Boligkreditt in 2021 but has received dividends related to its assets in 2020.

\*\*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.

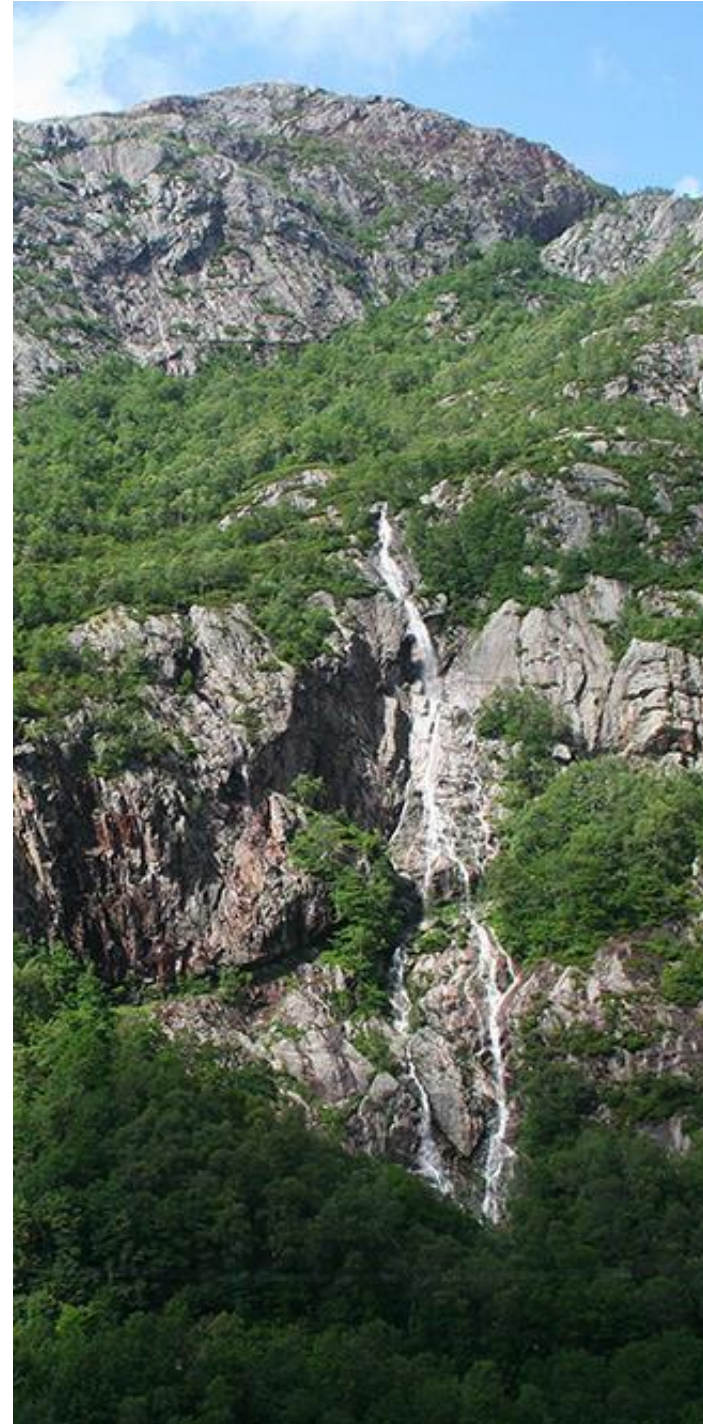
# Operating expenses

MNOK	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Payroll and pensions	284	332	297	277	278
Other staff expenses	98	69	60	53	70
<b>Total personnel expenses</b>	<b>382</b>	<b>401</b>	<b>357</b>	<b>330</b>	<b>348</b>
IT expenses	92	88	95	98	92
Marketing	18	19	16	17	21
Other administrative expenses	13	14	15	15	27
<b>Total administrative expenses</b>	<b>123</b>	<b>121</b>	<b>126</b>	<b>130</b>	<b>140</b>
Depreciation	44	46	59	42	41
Operating expenses from real estate	8	8	7	8	8
Other operating expenses	55	53	46	60	55
<b>Total other operating expenses</b>	<b>107</b>	<b>107</b>	<b>112</b>	<b>110</b>	<b>104</b>
<b>Total operating expenses</b>	<b>612</b>	<b>629</b>	<b>595</b>	<b>570</b>	<b>592</b>

**SpareBank 1 SR-Bank has a moderate risk profile in which no single event should be capable of seriously harming the bank's financial position**



- The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk
  - SpareBank 1 SR-Bank therefore invests significant resources in developing risk management systems, processes and expertise that are in line with leading international practice
- The bank's primary market areas are South of Norway
  - The bank's primary market areas for credit exposure are Rogaland, Agder, Vestland as well as Oslo and Viken
- The bank's set clear requirements for loan activities in the corporate market
  - The activities that are financed must have a long-term perspective
  - The group must be very familiar with the ownership and management of the company
  - All financing decisions are based on the customer's debt-servicing capacity and a lack of debt-servicing capacity may not be compensated for through higher security
  - Shipping and offshore related financing (including significant parts of oil-related activities) are handled by centralized expertise



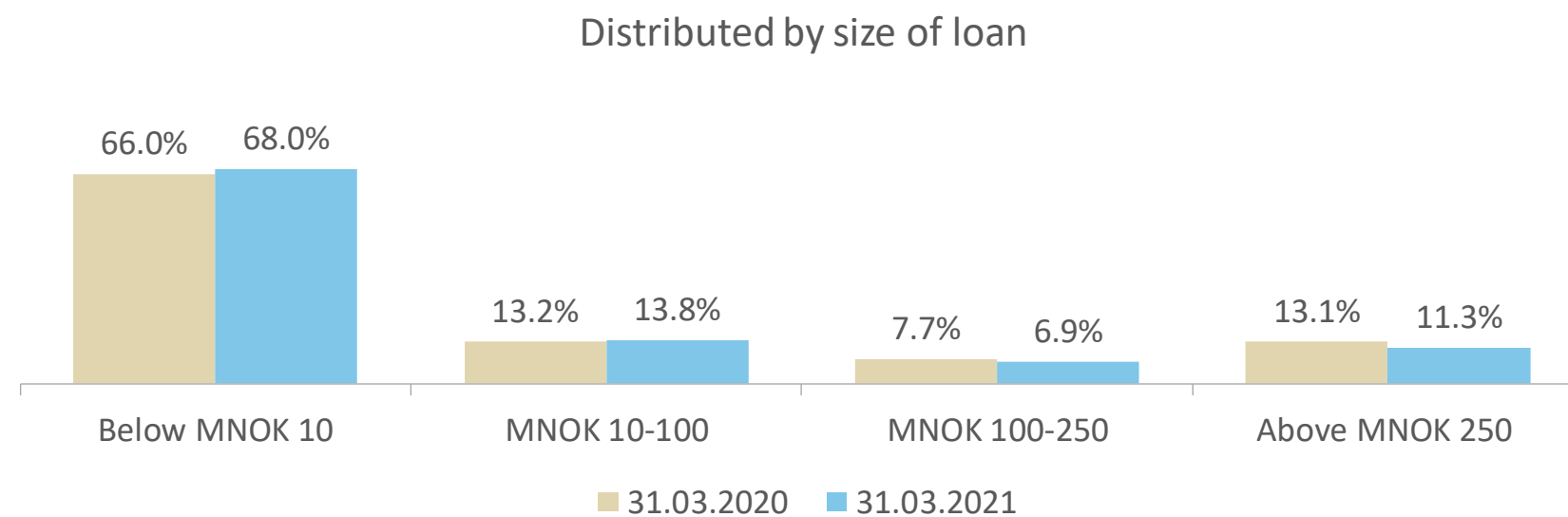
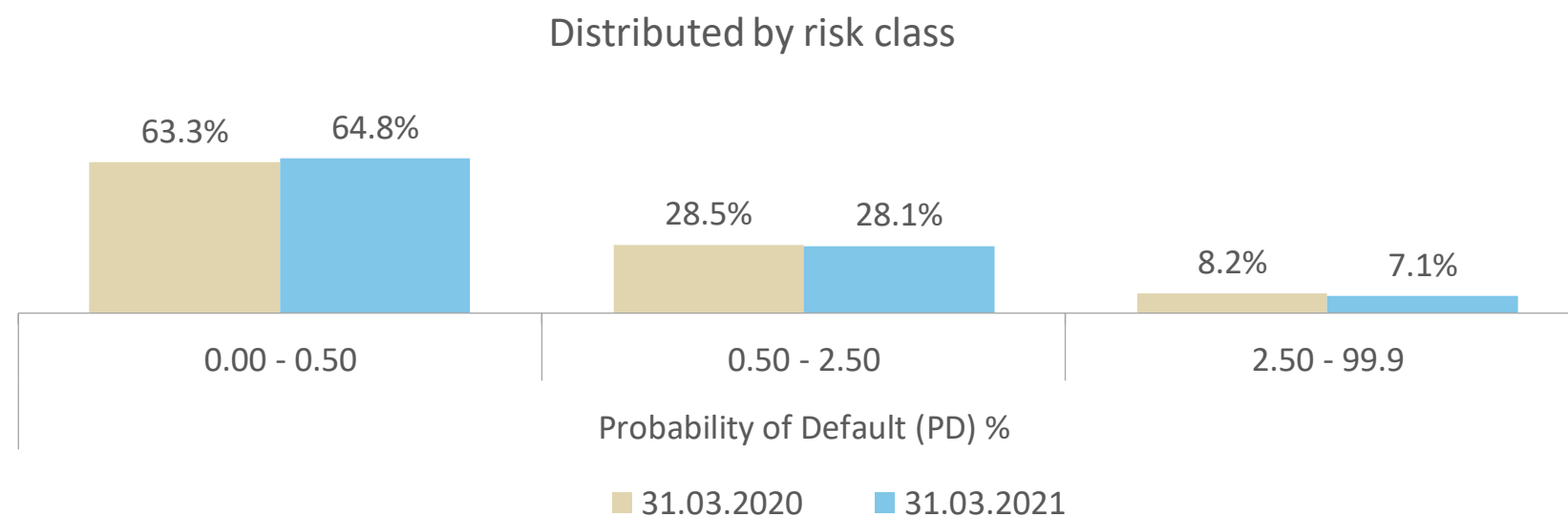
- The bank sets specific limits for the size of commitments as well as requirements concerning industry diversification
  - The maximum total exposure to an individual customer must be significantly lower than the regulatory requirements
  - The maximum unsecured exposure to an individual customer must not be so great that the potential loss cannot be absorbed without the group's financial position being significantly affected
  - This requires a diversified portfolio. The exposure to specific industries is subject to specific limits
- The bank sets special requirements for all property financing
  - Self-financing requirements apply for all types of property financing - in relation to both residential and commercial property
  - Advanced sales requirements also apply for financing housing development projects
  - In addition to this, requirements that limit loan size/rent income ratio apply for financing commercial property





# Risk profile of the loan portfolio

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



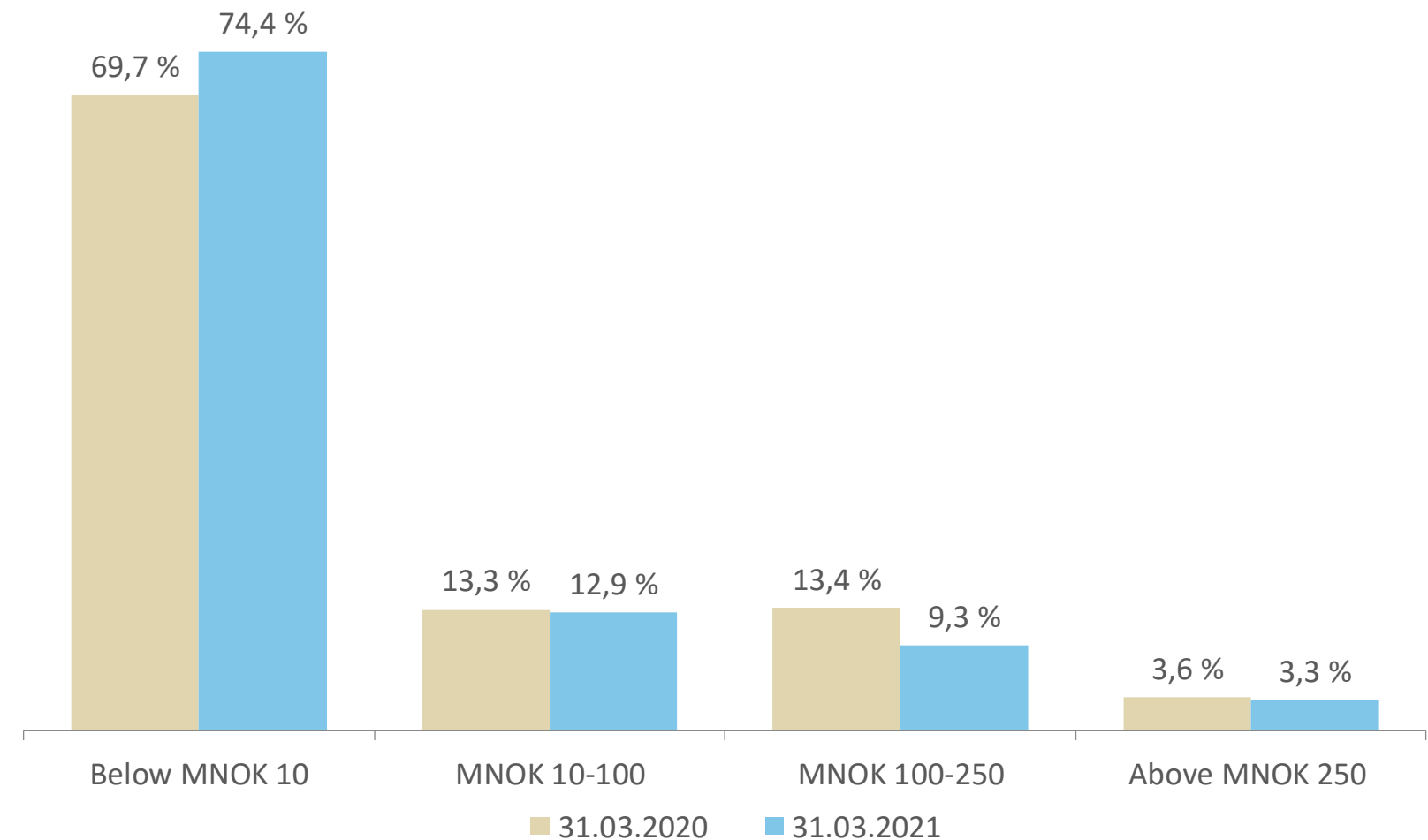
*\*Probability of default (PD) through a full cycle of loss.*

*The figures include the loan portfolio in the covered bond companies (SB1 Boligkreditt AS and SR-Boligkreditt AS).*

# Low concentration of individual LGRs in the lending portfolio

- There is a clearly defined strategy behind this portfolio composition. The growth and risk profile are managed, for example, through special credit strategy limits for concentration risk.

Distributed by loss given realisation (LGR)

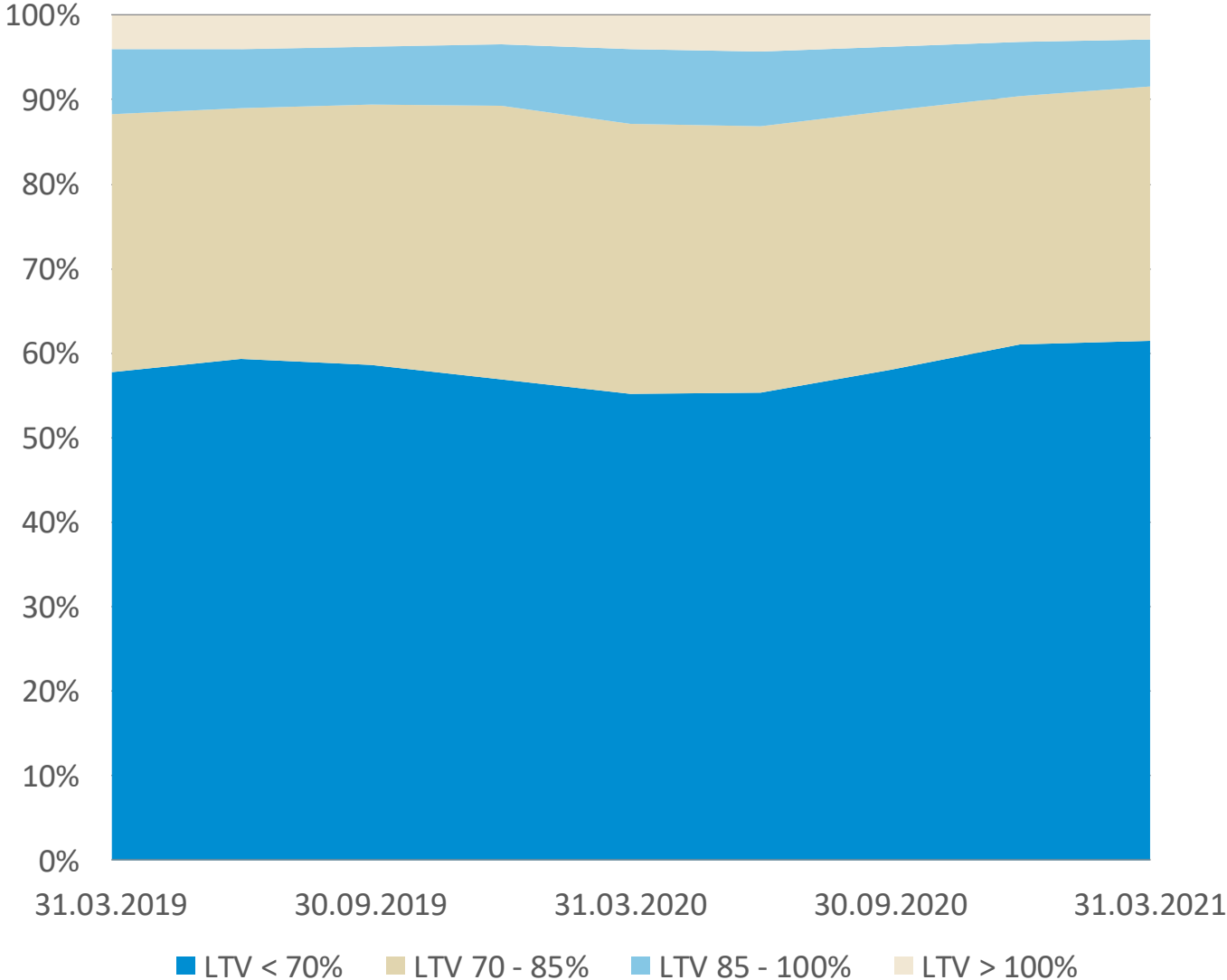


LGR (Loss Given Realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic downturn.

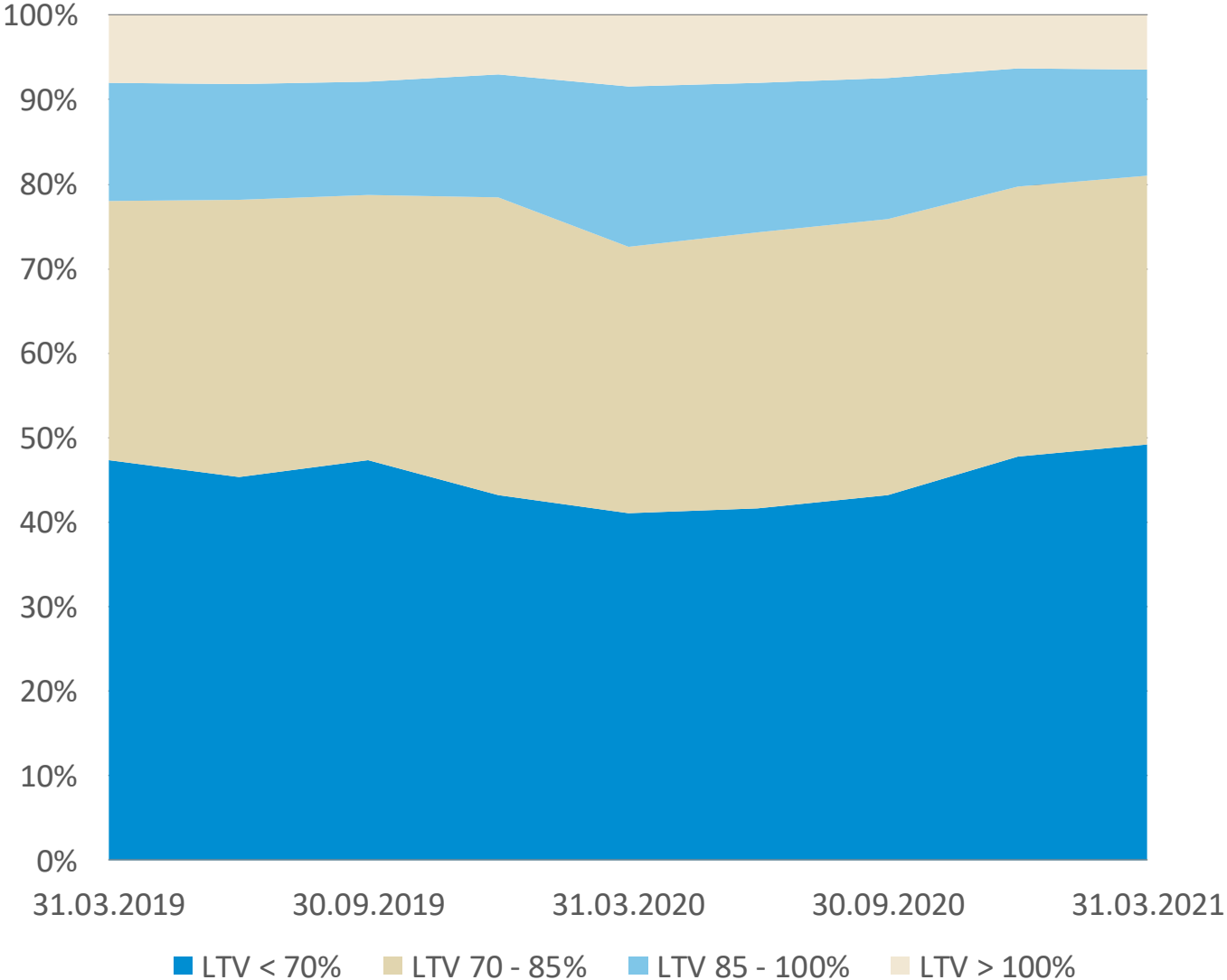
The figure includes the loan portfolio in the covered bond companies (SB1 Boligkreditt AS and SR-Boligkreditt AS).

# Historical LTV development for home mortgage loans

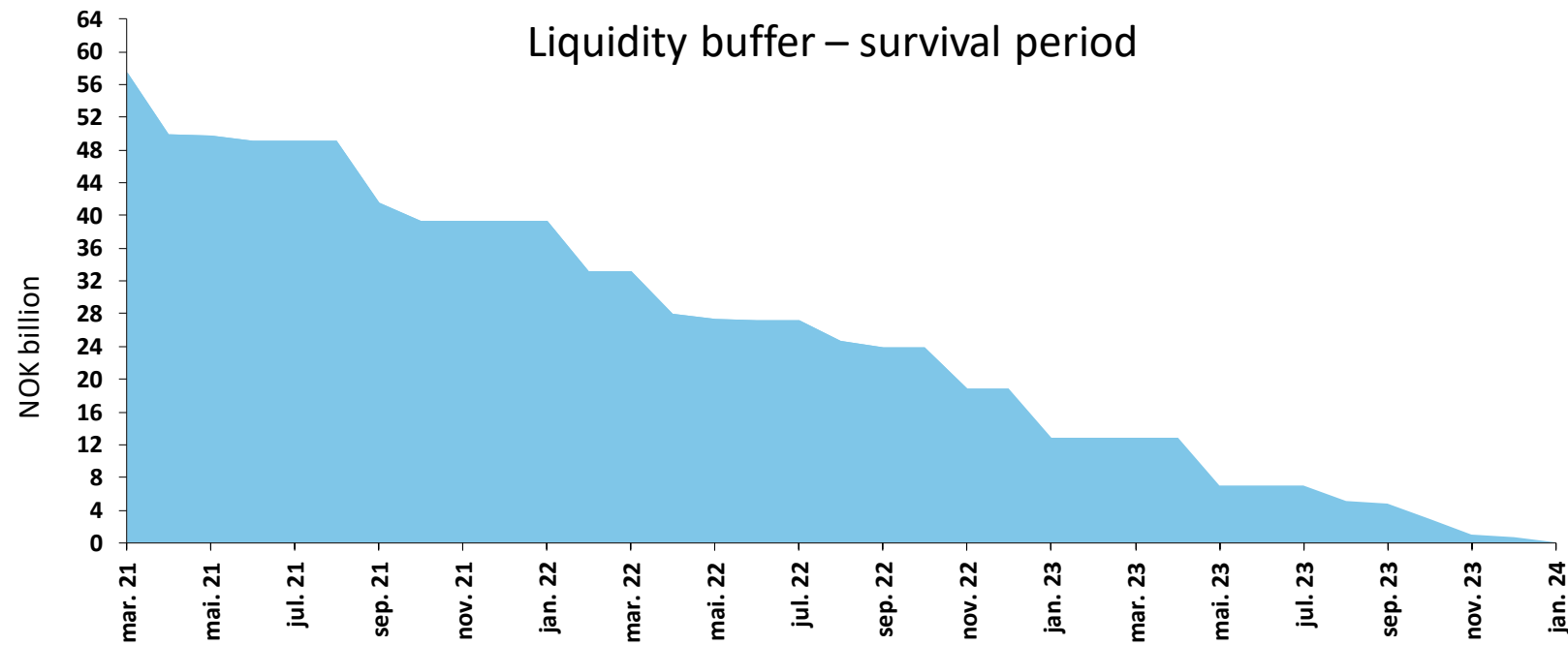
Total home mortgages incl. loans in cover pool



Home mortgages in SpareBank 1 SR-Bank ASA



# Liquidity portfolio



Liquidity portfolio

Category	NOK million	Share %	Of which classified to amortised cost, MNOK
Norwegian government/municipal	4,232	8.8%	0
SSA/Foreign guaranteed	22,262	50.2%	3,620
Covered bonds (Norwegian/foreign)	19,849	41.1%	4,237
<b>Total liquidity portfolio</b>	<b>48,343</b>	<b>100.0%</b>	<b>7,856</b>

- Liquidity buffer at the end of the quarter: NOK 57.5 billion
- Other liquid assets:
  - Home mortgages eligible for covered bond funding: NOK 18.9 billion
  - Commercial paper and bonds in the trading portfolio: NOK 0.3 billion

Liquidity buffer: cash, highly liquid bonds.

Providing deposits and lending remain unchanged, with no new borrowing during the period.

# Investments in bonds and certificates

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	48,343	99.4%
Low risk	A+, A and A-	0	0.0%
Moderate risk	Not rated	57	0.1%
High risk	Not rated	62	0.1%
Very high risk	Not rated	197	0.4%
<b>Total portfolio</b>		<b>48,659</b>	<b>100.0%</b>

*Of which liquidity purposes:*

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	48,343	100.0%
Low risk	A+, A and A-	0	0.0%
Moderate risk	Not rated	18	0.0%
High risk	Not rated	0	0.0%
Very high risk	Not rated	0	0.0%
<b>Total liquidity purposes</b>		<b>48,361</b>	<b>100.0%</b>

*Of which SR-Bank Markets:*

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	0	0.0%
Low risk	A+, A and A-	0	0.0%
Moderate risk	Not rated	39	13.0%
High risk	Not rated	62	20.8%
Very high risk	Not rated	197	66.1%
<b>Total SR-Bank Markets portfolio*</b>		<b>298</b>	<b>100.0%</b>

\* Including hybrid capital classified as equity in the balance sheet

# Rating

## Moody's

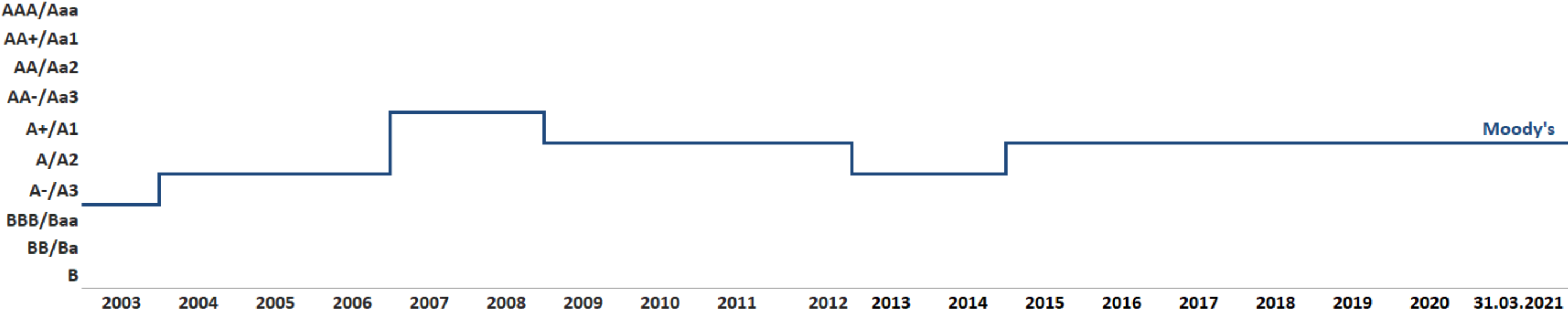
Long-term debt  
Outlook

A1  
Stable

Updated

24 February 2021

## Ratinghistory



# SR-Bank as of 31.03.2021

## SpareBank 1 SR-Bank share

	31.03.2021	2020	2019	2018	2017
Share price	105.00	91.00	100.00	89.20	87.00
Stock value (MNOK)	26,854	23,273	25,575	22,813	22,250
Book value per share, NOK (group)	93.12	95.97	89.90	82.27	77.24
Earnings per share	2.74	5.87	12.06	8.96	8.16
Dividend per share*			5.50	4.50	4.25
P/E	9.58	15.50	8.29	9.96	10.66
P/BV (group)	1.13	0.95	1.11	1.08	1.13

- Number of shares issued 255.8 million
- Trading volume in Q1 2021: 7.2% (9.4%)
- On 1 June 2017, the SR-Bank share was included in the Oslo Stock Exchange's main index

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

## Dividend policy

“The financial objective of SpareBank 1 SR-Bank ASA is to achieve earnings that yield adequate, stable returns on the bank’s equity, thereby creating value for owners through competitive returns in the form of dividends and share appreciation.

In determining the level of the annual dividend, considerations will be made towards SpareBank 1 SR-Bank ASA’s future need for capital, including capital adequacy requirements, and strategic plans and targets. Unless capital requirements otherwise dictate, the Board of Directors’ aim is that approximately half of the EPS is paid out.”





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