

Quarterly presentation 2021

# Q2



# 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

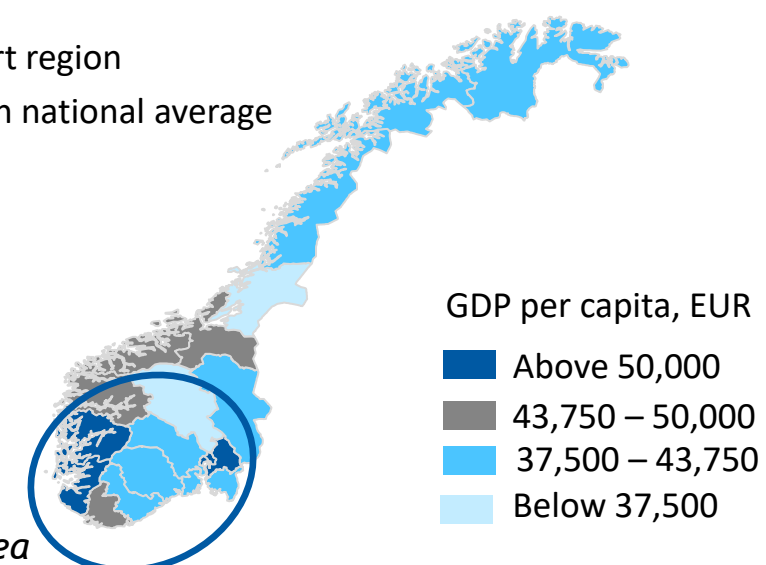
- Second largest Norwegian bank
- Market cap: NOK 29.1 Billion
- Total assets: NOK 299.9 Billion
- Total lending: NOK 225.7 Billion
- Total deposits: NOK 136.2 Billion
- No. of branches: 34
- Employees: 1,555



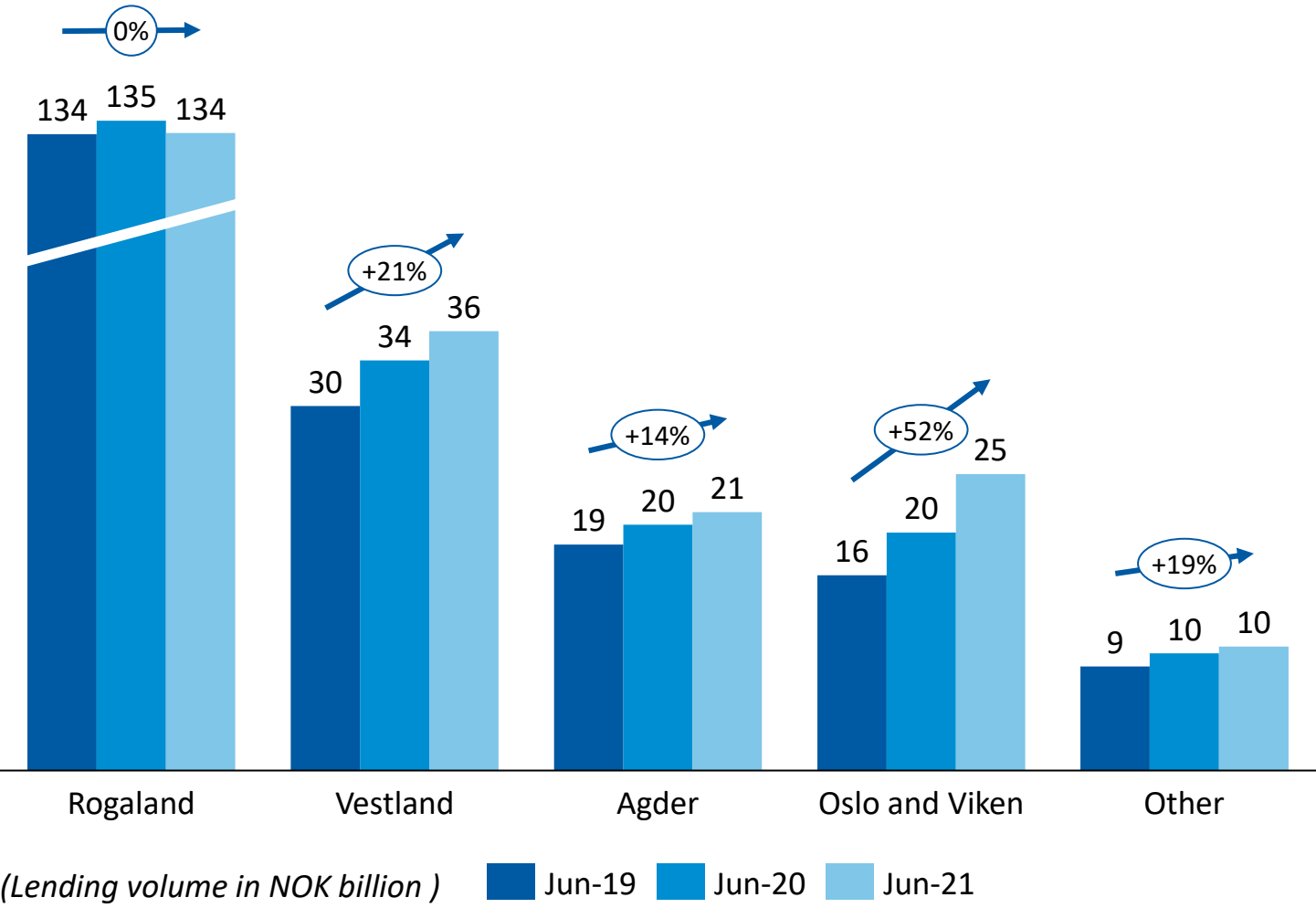
- **1839:** The first bank that today forms part of SpareBank 1 SR-Bank was established.
- **1976:** 24 savings banks merge to form Sparebanken Rogaland.
- **1994:** SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange.
- **1996:** SR-Bank is one of the founders 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: 26	<b>EiendomsMegler 1</b> Leading real estate broker Number of man-years: 187	<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: 489	<b>SR-Forvaltning</b> Asset management Number of man-years: 12	<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: 167	<b>SpareBank 1 SR-Bank ForretningsPartner*</b> Accounting and advisory Number of man-years: 355	<b>Monner Crowd</b> Digital loan-platform for small businesses Number of man-years: 13	<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: 304			<b>SpareBank 1 Forvaltning</b> (19.5 %) Manages portfolio of savings products	

\*SpareBank 1 SR-Bank ForretningsPartner have acquired Tveit Regnskap with effect from 15 April 2021.

\*\*Owns 22% in VBB AS.

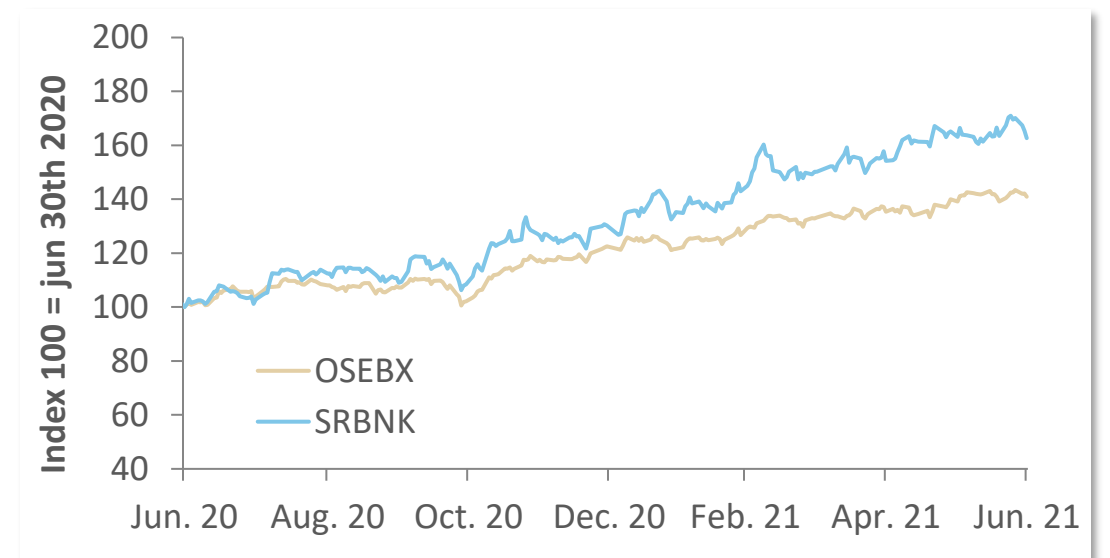
# SRBNK share

- International ownership is 22.7% per 2. quarter 2021.
- Total market value at 2. quarter 2021 is NOK 29.1 billion.

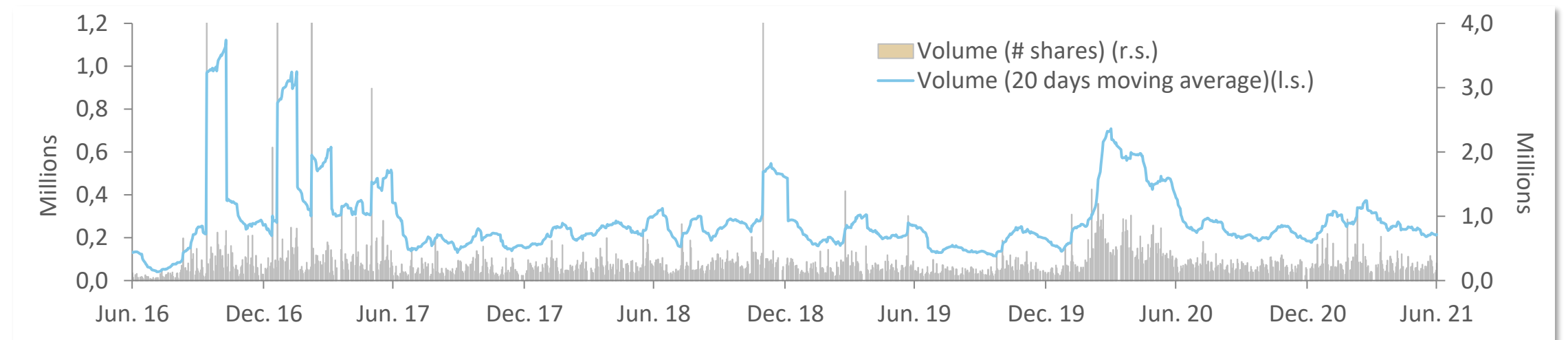
Development in Price/Book



Relativ share price development



Trading volume development



## 20 largest shareholders as at 30 June 2021

- Ownership interests as at 30 June 2021:
  - From Rogaland, Agder, Vestland, Oslo and Viken: 65.5% (65.9%)
  - International: 22.7% (23.0%)
  - 10 largest: 49.0% (51.3%)
  - 20 largest: 57.1% (58.5%)
- Number of shareholders 30 June 2021: 15,294 (13,140)
- Employees owning 1.7% (1.7%) as at 30 June 2021

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72,419,305	28.3%
Folketrygdfondet		18,976,426	7.4%
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	4,950,731	1.9%
Verdipapirfondet Alfred Berg Gambak		3,561,467	1.4%
Odin Norge		3,423,133	1.3%
Vpf Nordea Norge Verdi		3,170,227	1.2%
Danske Invest Norske Instit. II		3,014,117	1.2%
JPMorgan Chase Bank N.A., U.S.A.	Nominee	2,911,167	1.1%
Pareto Aksje Norge		2,740,221	1.1%
State Street Bank and Trust Co, U.S.A.	Nominee	2,415,400	0.9%
State Street Bank and Trust Co, U.S.A.	Nominee	2,156,359	0.8%
Clipper AS		2,097,500	0.8%
JPMorgan Bank Luxembourg	Nominee	2,065,862	0.8%
Verdipapirfondet Alfred Berg Norge		2,003,621	0.8%
KLP Aksjenorge Indeks		1,850,101	0.7%
Westco AS		1,796,737	0.7%
JPMorgan Bank Luxembourg	Nominee	1,777,120	0.7%
Pareto Invest AS		1,758,026	0.7%
Top 5		109,185,232	42.7%
Top 10		125,265,343	49.0%
Top 20		145,926,290	57.1%

Figures in parentheses as at 30 June 2020.



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

## Result 2. quarter 2021

13.2%

Return on equity after tax

Pre-tax profit NOK 959 million

NOK 58 million

Impairments on lending and financial commitments

0.10% of gross lending (annualised)

## Result 30 June 2021

12.4%

Return on equity after tax

Pre-tax profit NOK 1,839 million

39.1%

Cost to income ratio

17.9%\*

Common equity tier 1 capital ratio  
as at 30 June 2021

3.3%

12 months lending growth

Retail market 5.6%

Corporate market -1.2%

22.5%

12 months deposit growth

Retail market 7.6%

Corporate market 40.0%

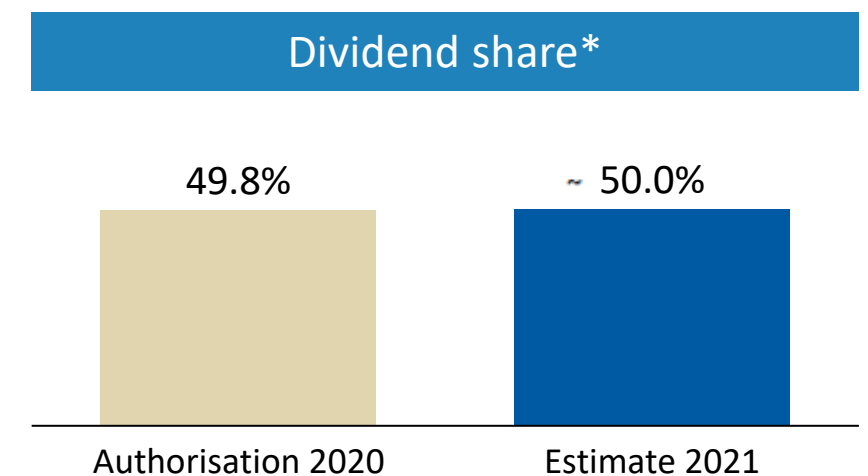
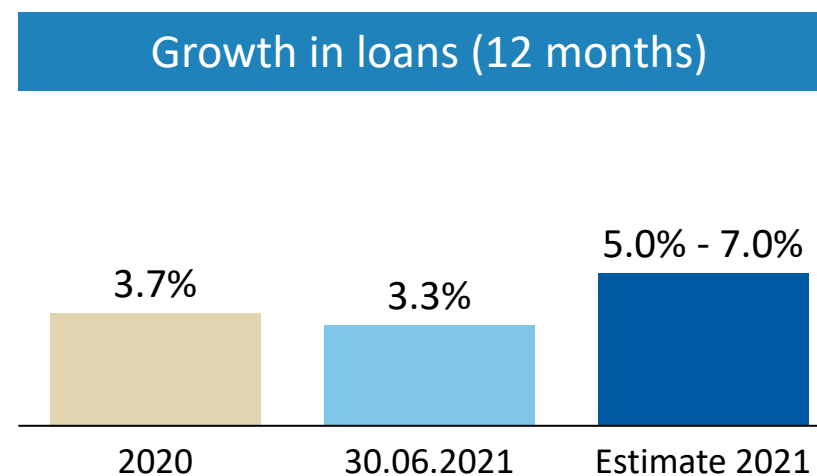
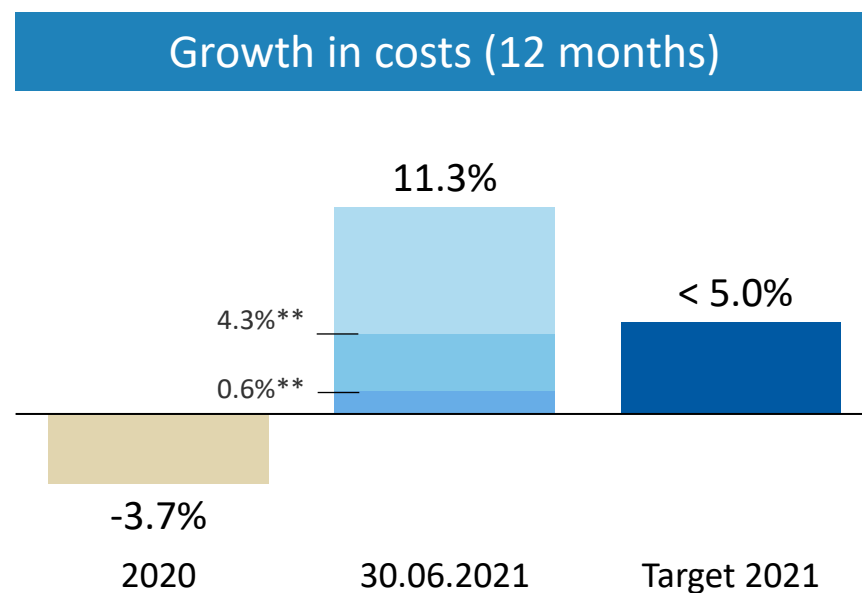
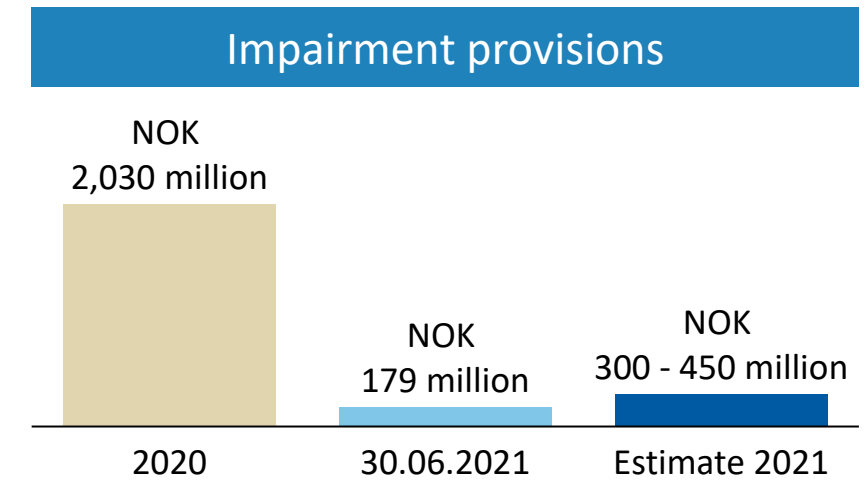
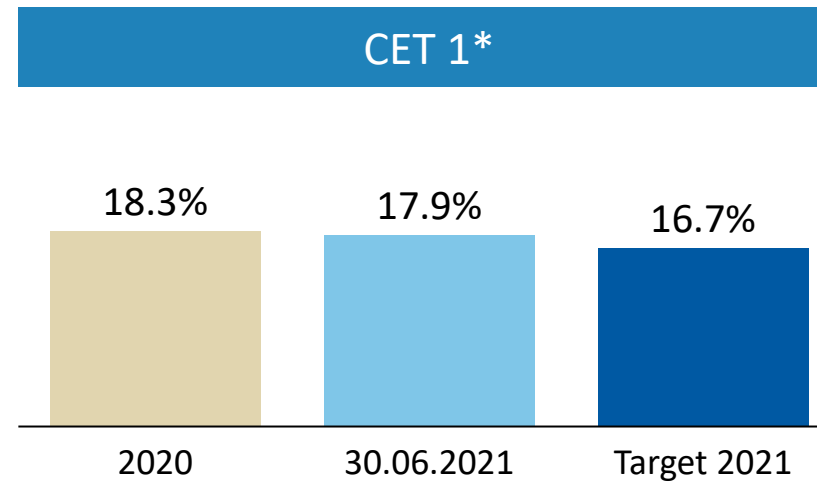
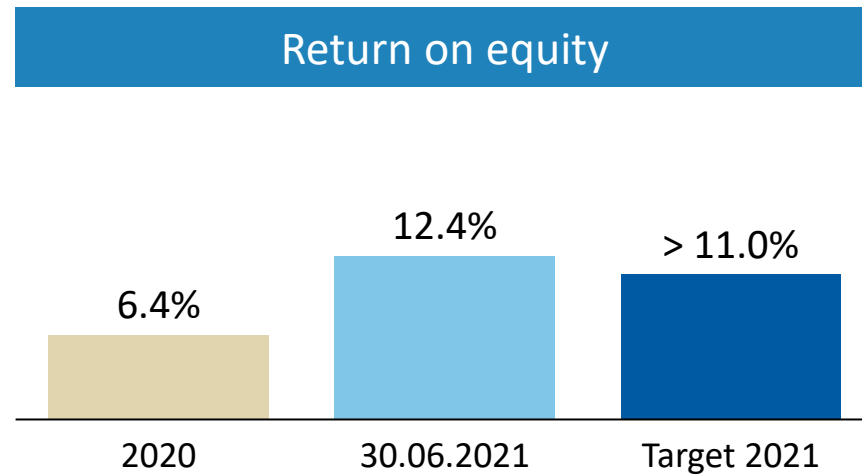
NOK 179 million

Impairments on lending and financial commitments

0.16% of gross lending (annualised)

\*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. This authorisation is valid up to ordinary general meeting in 2022.

# Key figures and financial targets for 2021

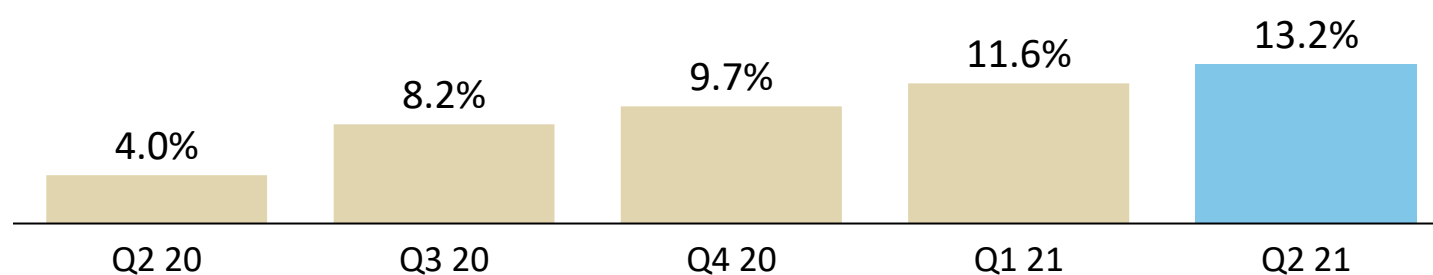


\*The board exercised its special authorisation from April 2020, and at the board meeting on 10 February 2021 a dividend of NOK 5.50 per share was approved for the 2019 financial year, which was paid out on 19 March 2021. The board was granted special authorisation by the general meeting on 28 April 2021 to approve a dividend for the 2020 financial year of up to NOK 3.10 per share, in line with the applicable regulations. This authorisation is valid up to ordinary general meeting in 2022.

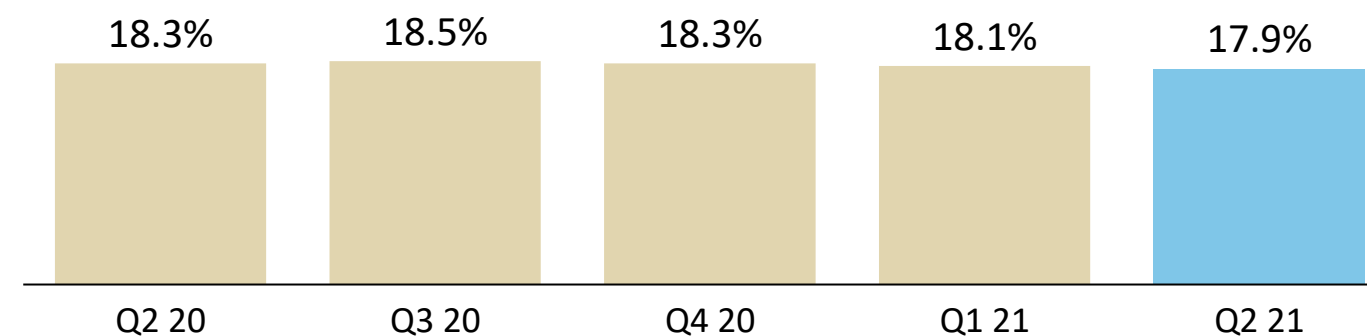
\*\*Growth in cost excl. SpareBank 1 SR-Bank ForretningsPartner and EiendomsMegler 1 SR-Eiendom is 4.3%. If we exclude bonus provisions as well the growth in cost is 0.6%.

# Key figures – quarterly development

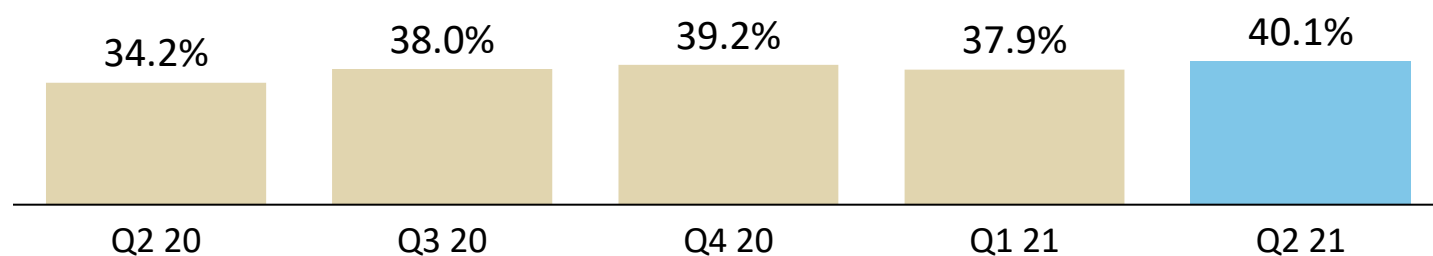
Return on equity



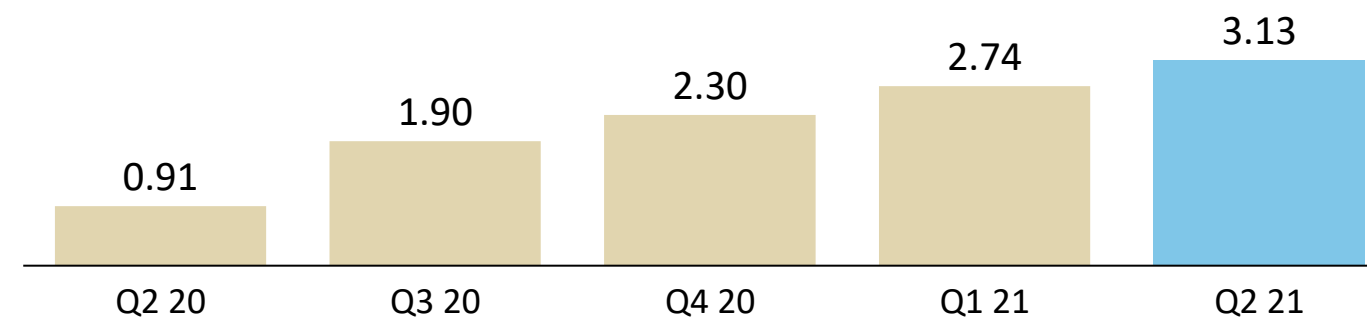
CET 1\*



Cost to income ratio



Earnings per share

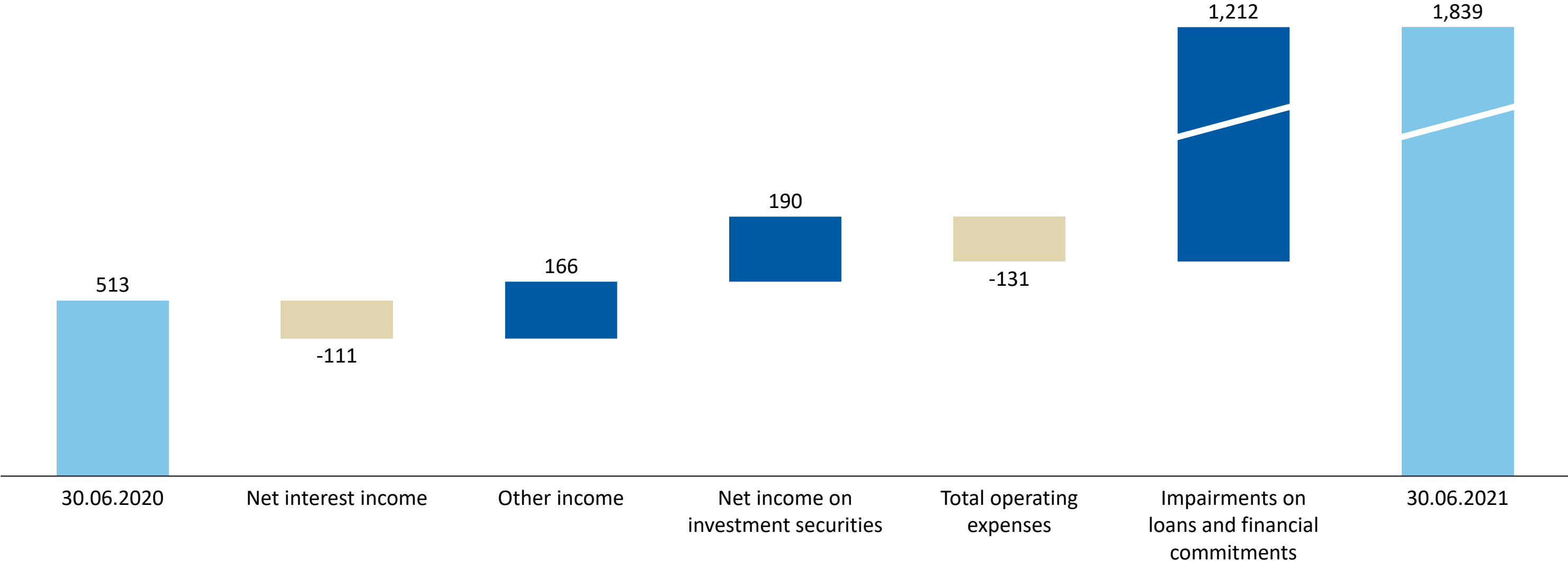


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# Income statement

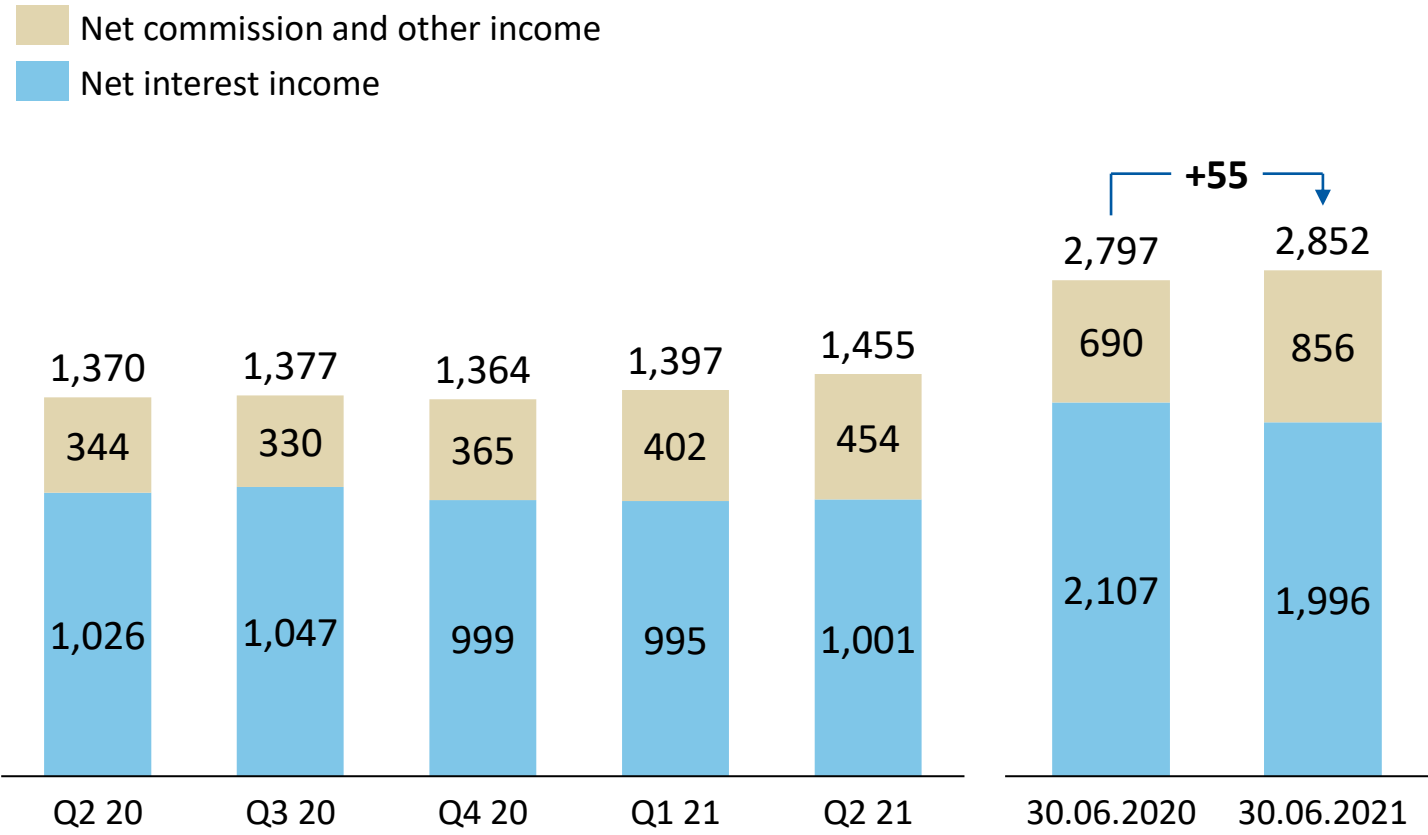
Group Income Statement (MNOK)	30.06.2021	30.06.2020	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net interest income	1,996	2,107	1,001	995	994	1,041	1,026
Net commission and other income	856	690	454	402	370	336	344
Net income on investment securities	459	269	243	216	240	190	297
<b>Total income</b>	<b>3,311</b>	<b>3,066</b>	<b>1,698</b>	<b>1,613</b>	<b>1,604</b>	<b>1,567</b>	<b>1,667</b>
<b>Total operating expenses</b>	<b>1,293</b>	<b>1,162</b>	<b>681</b>	<b>612</b>	<b>629</b>	<b>595</b>	<b>570</b>
Operating profit before impairments	2,018	1,904	1,017	1,001	975	972	1,097
Impairments on loans and financial commitments	179	1,391	58	121	270	369	831
<b>Operating profit before tax</b>	<b>1,839</b>	<b>513</b>	<b>959</b>	<b>880</b>	<b>705</b>	<b>603</b>	<b>266</b>
Tax expense	305	36	143	162	97	98	10
<b>Net profit after tax</b>	<b>1,533</b>	<b>477</b>	<b>816</b>	<b>718</b>	<b>608</b>	<b>505</b>	<b>256</b>

# Change in profit 30 June 2020 – 30 June 2021

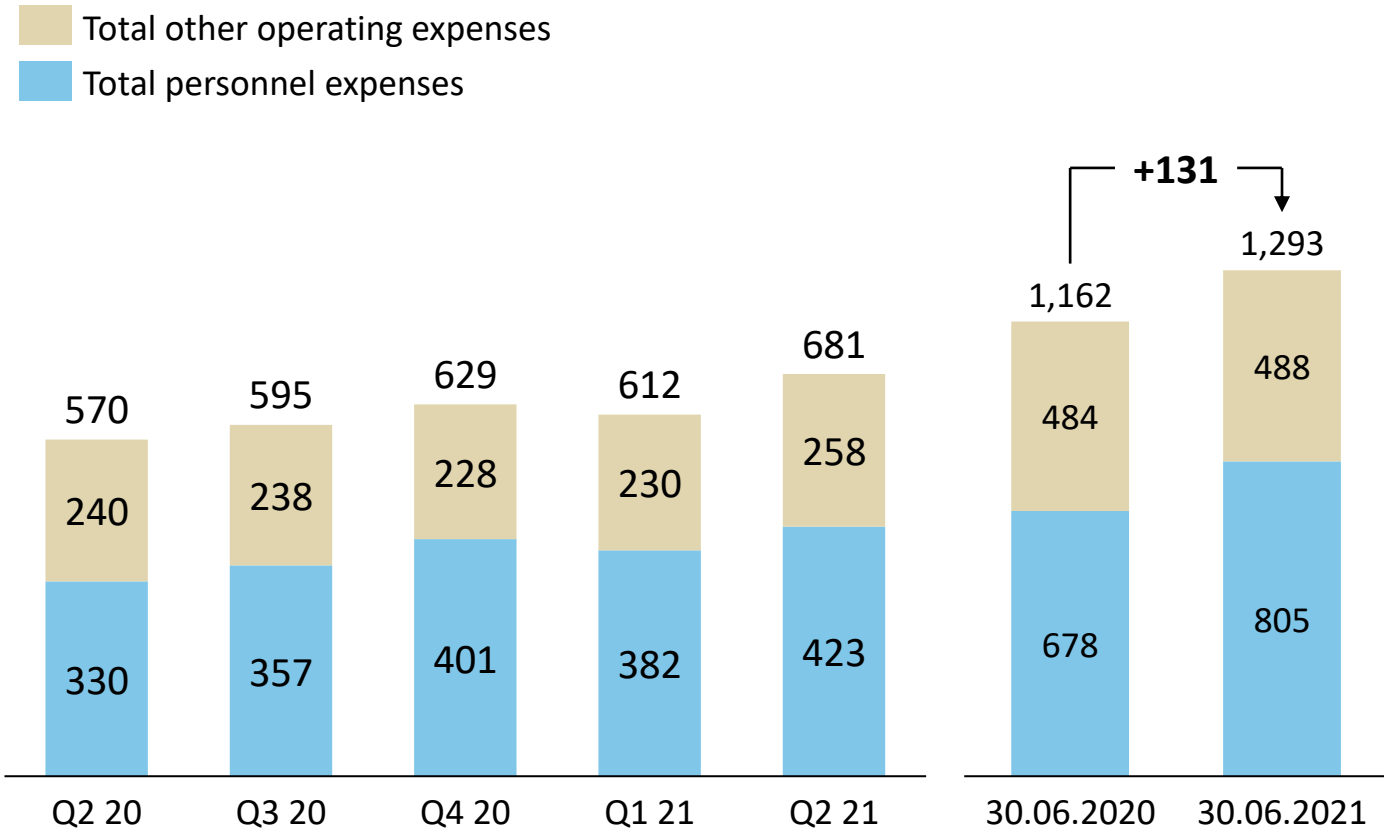


# Consolidated income and cost profile

## Income profile



## Cost profile



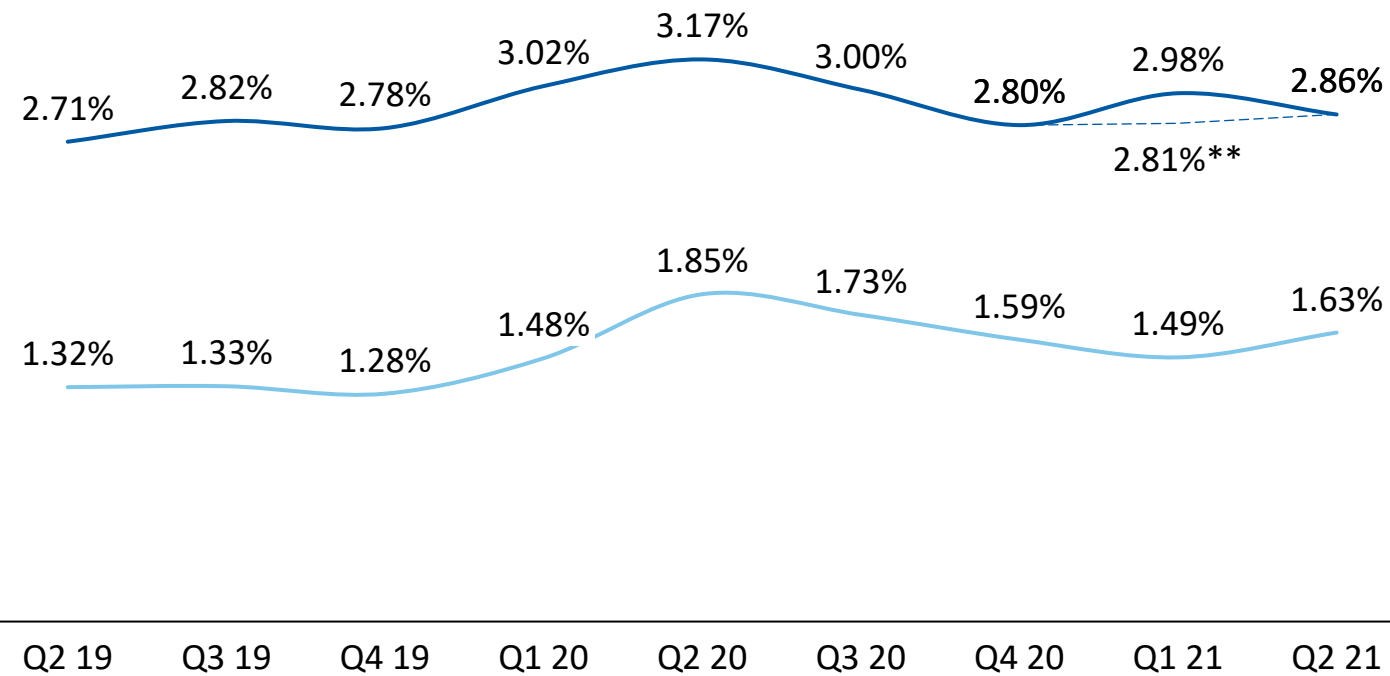
# Key figures

	30.06.2021	30.06.2020	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Return on equity after tax (%)	12.4	3.7	13.2	11.6	9.7	8.2	4.0
Net interest margin (%)	1.38	1.57	1.36	1.40	1.40	1.48	1.5
Impairments on loans in % of gross loans incl. covered bond company	0.16	1.29	0.10	0.22	0.49	0.67	1.5
Loans and financial commitments in Stage 3 in % of gross loans and financial commitments incl. covered bond company	1.79	1.84	1.79	1.91	1.90	1.57	1.8
Cost to income ratio	39.1	37.9	40.1	37.9	39.2	38.0	34.2
Annual growth in loans to customers, gross incl. covered bond company (%)	3.3	5.4	3.3	2.3	3.7	4.9	5.4
Annual growth in deposit from customers (%)	22.5	8.3	22.5	21.4	14.6	10.8	8.3
Total assets (BNOK)	299.9	278.7	299.9	296.5	287.0	280.3	278.7
Loans to customers, gross incl. covered bond company (BNOK)	225.8	218.6	225.8	221.3	219.2	220.2	218.6
Risk weighted assets (BNOK)	127.4	121.9	127.4	123.9	121.3	121.5	121.9
Liquidity Coverage Ratio (LCR) (%)	167	159	167	141	157	154	159
Earnings per share (NOK)	5.87	1.87	3.13	2.74	2.30	1.90	0.91
Book value per share (NOK)	96.08	91.32	96.08	93.12	95.97	93.51	91.32

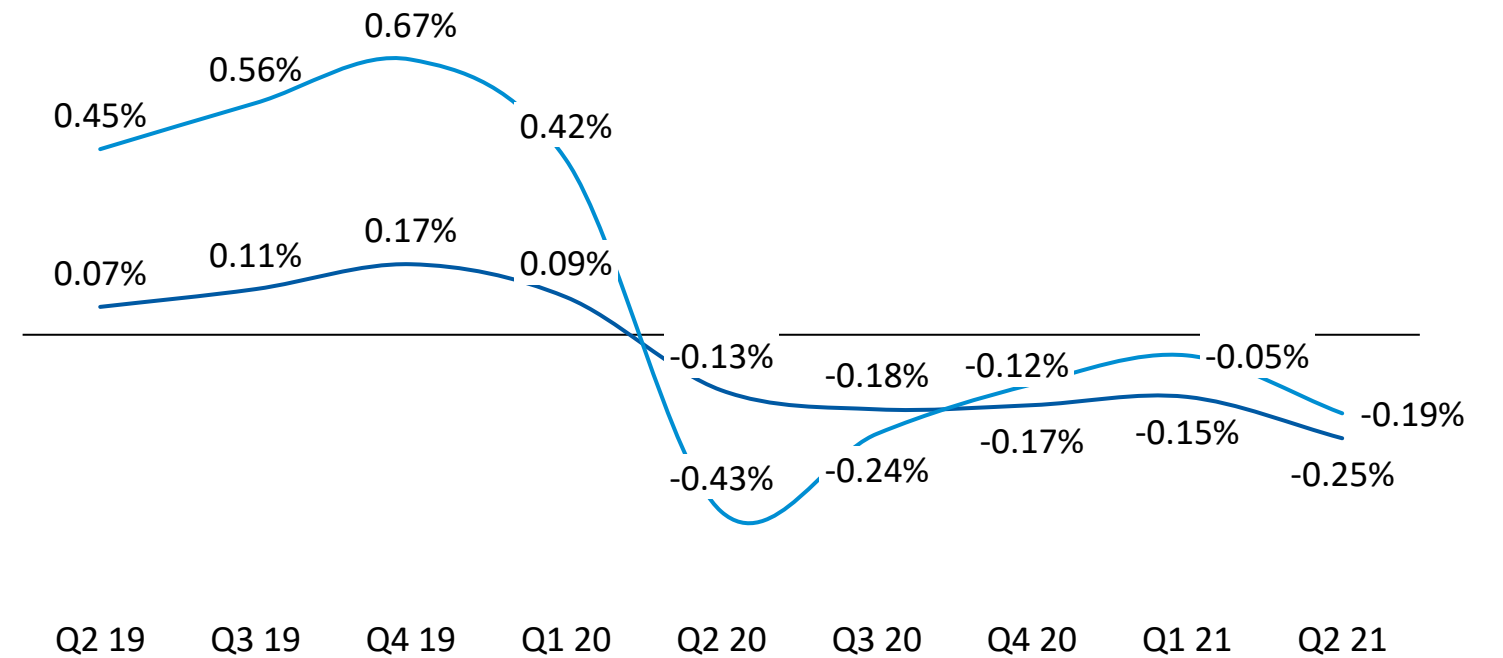


# Lending and deposit margins

Lending margins\*



Deposit margins



— Corporate market — Retail market

— Corporate market — Retail market

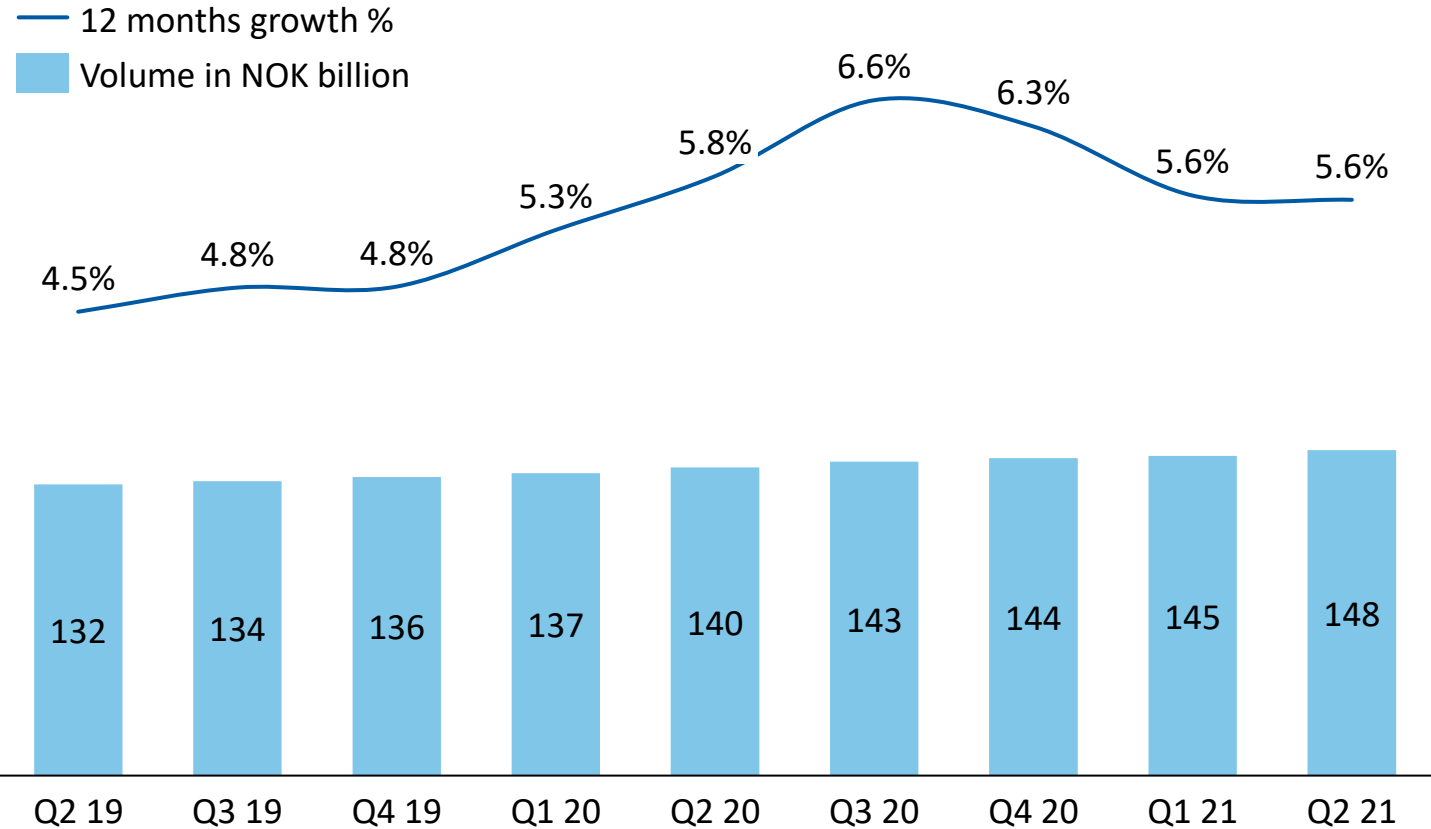
**Definition:** Average customer rate measured against 3-months NIBOR.

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

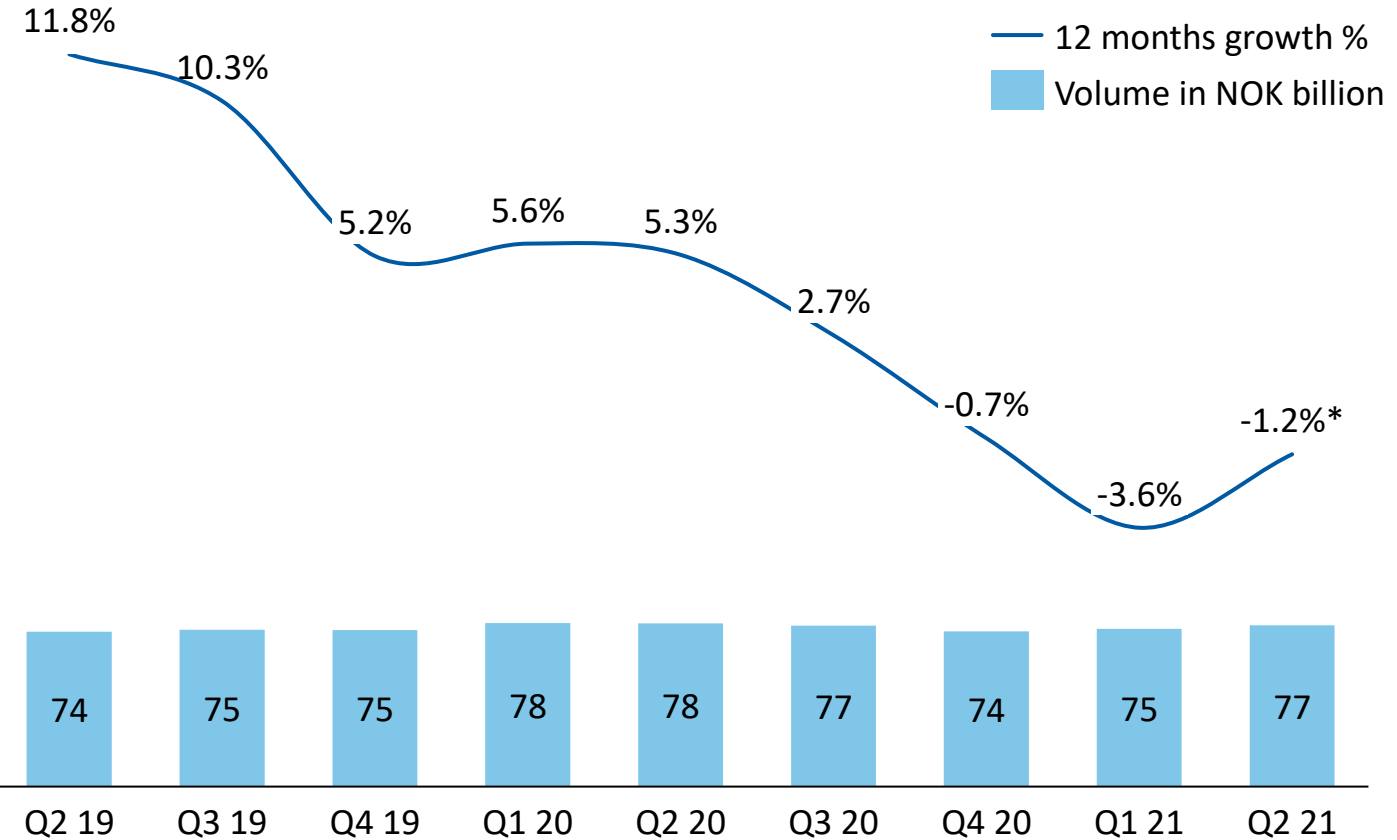
\*\*The corporate market's lending margin, excluding one-time interest income of NOK 30 million in the first quarter of 2021.

# Lending volume and 12 months growth

## Retail Market



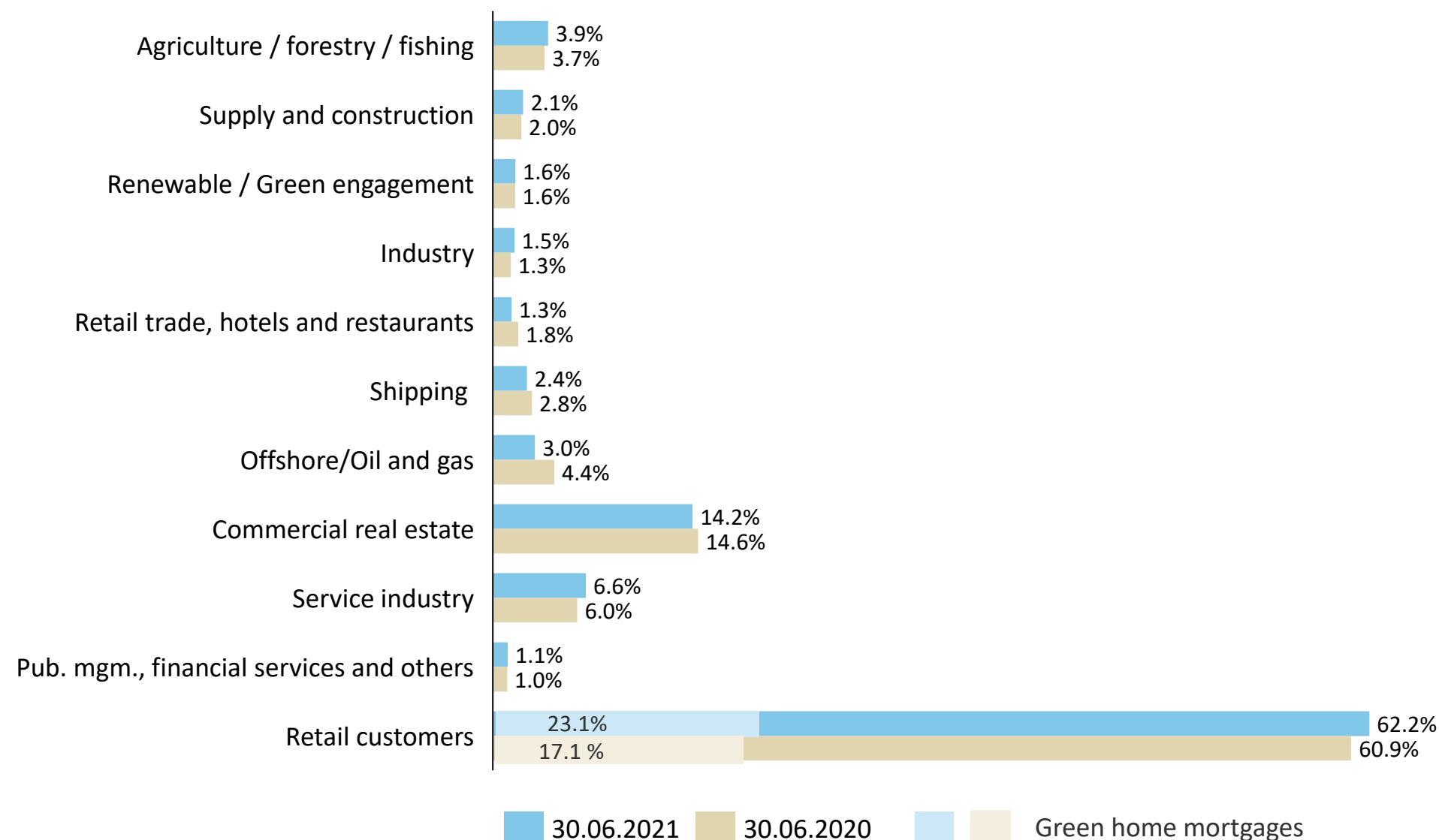
## Corporate Market



Figures incl. loan portfolio in covered bond companies.  
 \*12 months lending growth in Corporate Market excluding currency effect is -0.3%

# Loan portfolio as at 30 June 2021

- Gross loans (incl. covered bond company) increased to NOK 225.8 billion as at 30 June 2021 from NOK 218.6 billion at the same time the year before.
- 12-month growth in loans of 3.3%.
- Loans to retail customers account for 62.2% of total loans. Of this green home mortgages accounts for 23.1%.

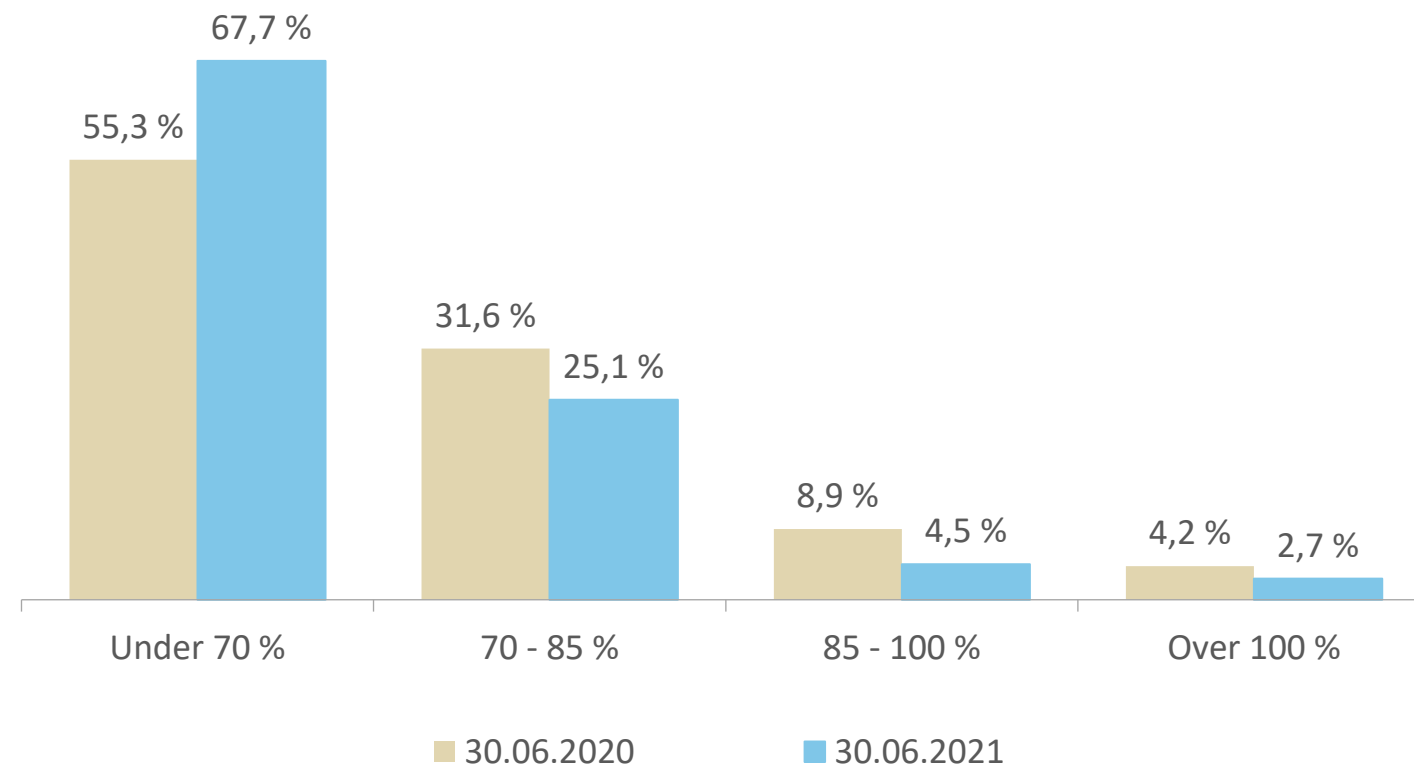


*Loans before impairments, nominal amounts. Sector allocation in accordance with the standard categories from Statistics Norway. Some customers' classifications were changed in the second quarter of 2021, which resulted in changes to historical figures.*

# Loan to value ratio and RWA on home mortgage loans

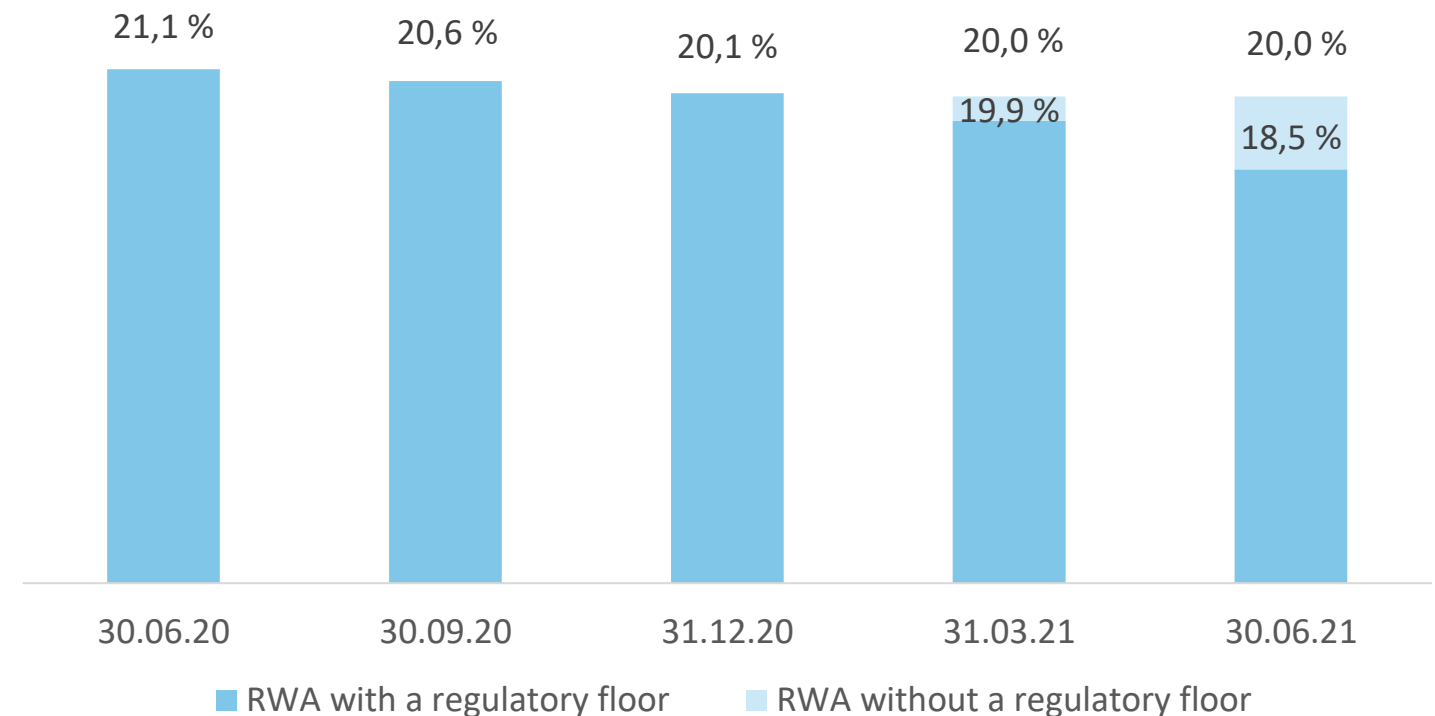
## Loan to value ratio on home mortgage loans

- The reduction in LTV is due to higher market value of collateral (housing).
- The proportion of loans with a loan-to-value ratio of less than 85% is high.
  - 92.9% of the exposure is within 85% of the assessed value of collateral.



## RWA home mortgages

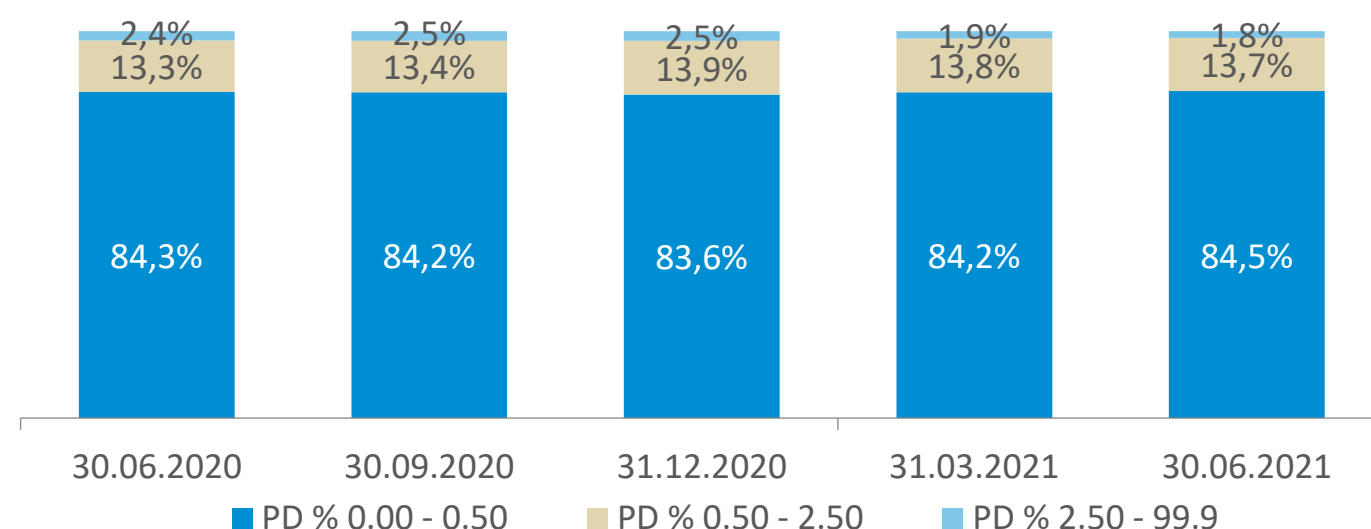
- RWA on home mortgages reflects a solid portfolio with a moderate loan-to-value ratio and low potential loss.
- Risk weights on home mortgage loans are subject to a regulatory floor of 20%. Without this floor, the risk weight of these mortgages would have been lower than 20% in the last two quarters.



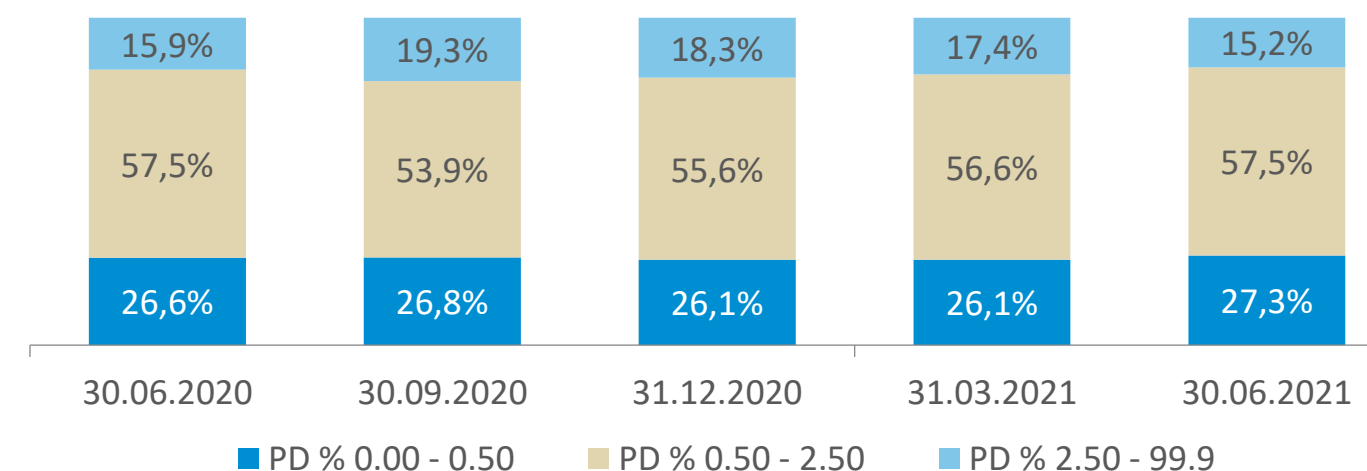
*In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.  
Home mortgages as defined in the Norwegian IRB framework; residential property must be at least 30% of a loan's security.  
The figures include the loan portfolio in the covered bond companies.*

# Risk profile – Lending to the retail and corporate market

Retail market portfolio distributed by risk class



Corporate lending portfolio distributed by risk class



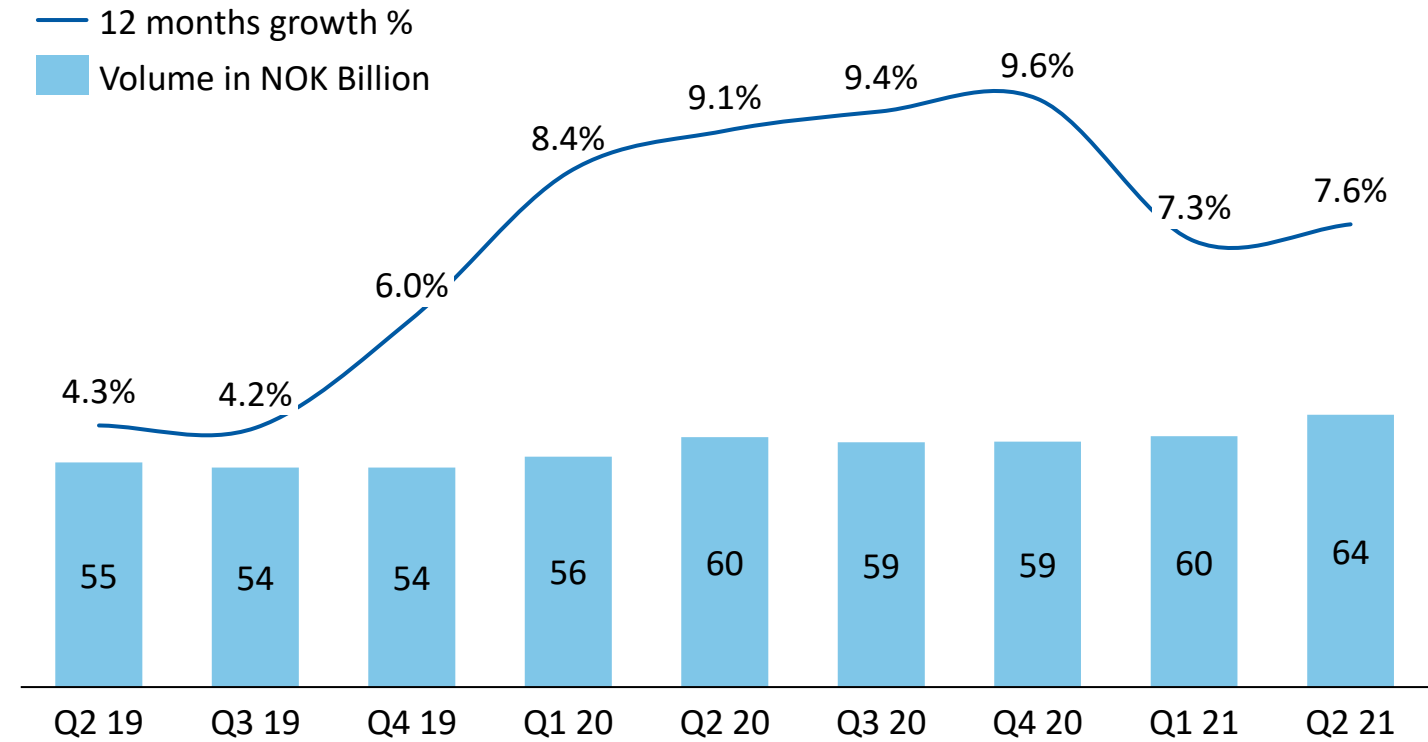
- The quality of the retail market portfolio is considered to be good and has low potential losses.
- The low risk profile is achieved through prudent customer selection and requirements for moderate LTV. Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate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

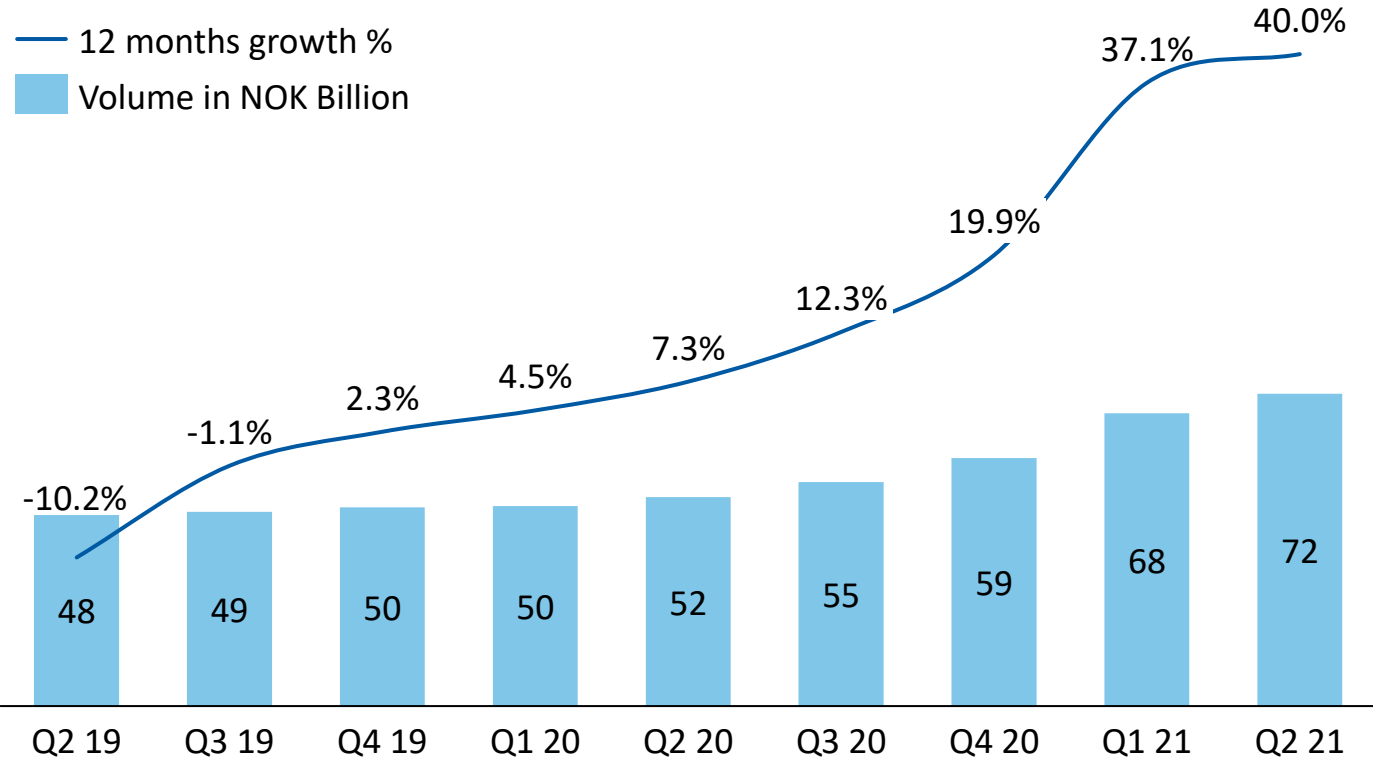
*\*Probability of default (PD) through a full cycle of loss.  
The figures include the loan portfolio in the covered bond companies.*

# Deposit volume and 12 months growth

## Retail Market



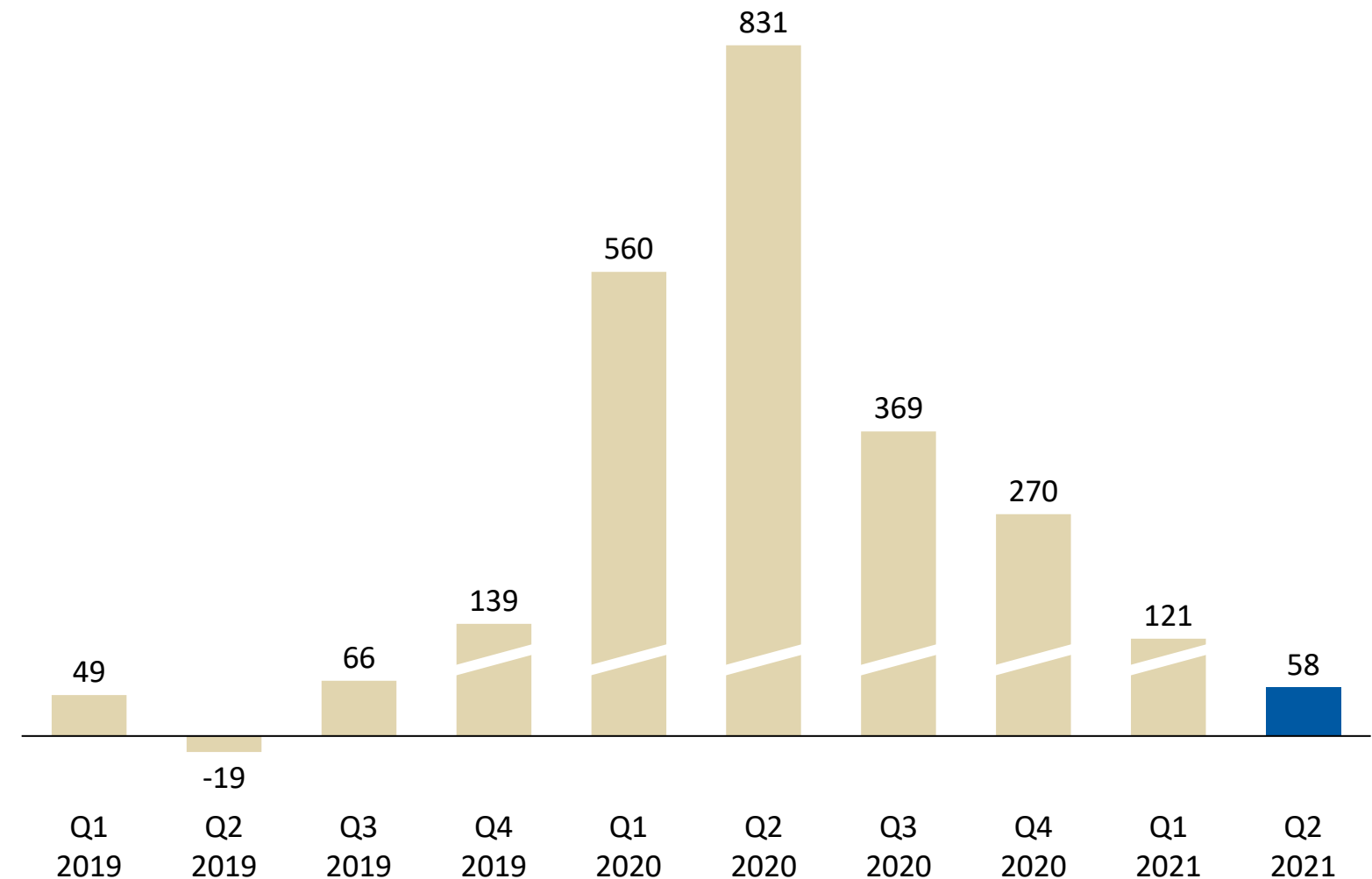
## Corporate Market



- In the last 12 months the total deposit volume has increased by NOK 25.0 billion to NOK 136.2 billion (22.5%).
  - Deposit growth is 12.1% excl. public sector.
- Volatility in deposit growth in the corporate market is mainly due to changes in deposit from public sector.

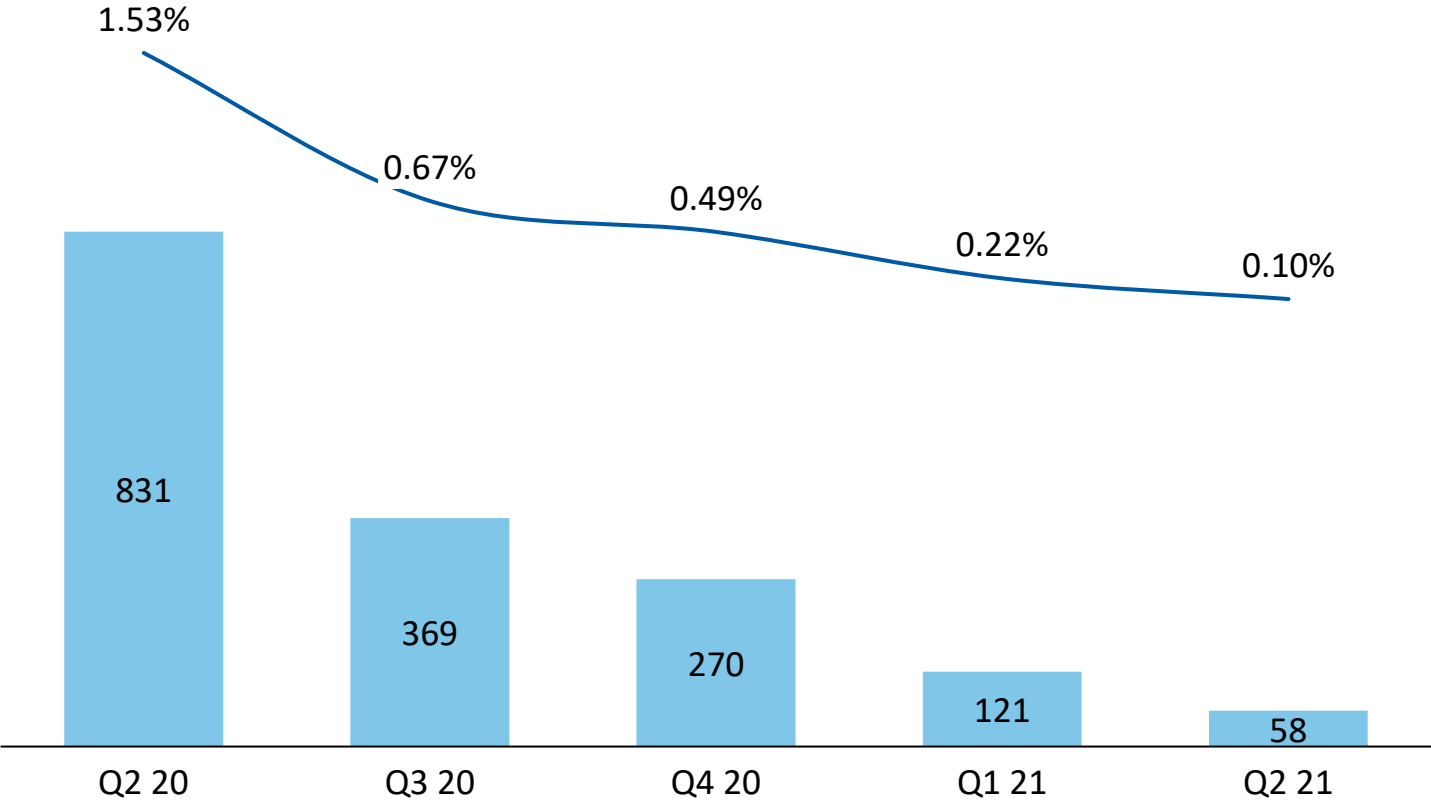
# Impairments per quarter

- The group's net impairments on loans and financial liabilities were reduced from NOK 1,391 million as at 30 June 2020 to NOK 179 million as at 30 June 2021. This represents a reduction of NOK 1,212 million
- Of gross loans the impairment provisions were reduced by 1.13 %-points from 30 June 2020 to 0.16% as at 30 June 2021 (annualised)
- The group's customers have coped well with the outbreak of Covid-19. Customers have in a little degree made use of the option to defer payment deadlines and a large proportion of liquidity loans granted in connection with the pandemic have been repaid
- Closely monitoring customers and prevention work have been important tools in maintaining a good risk profile in the group's loan portfolio. Offshore exposure has been heavily reduced in the last 5 years



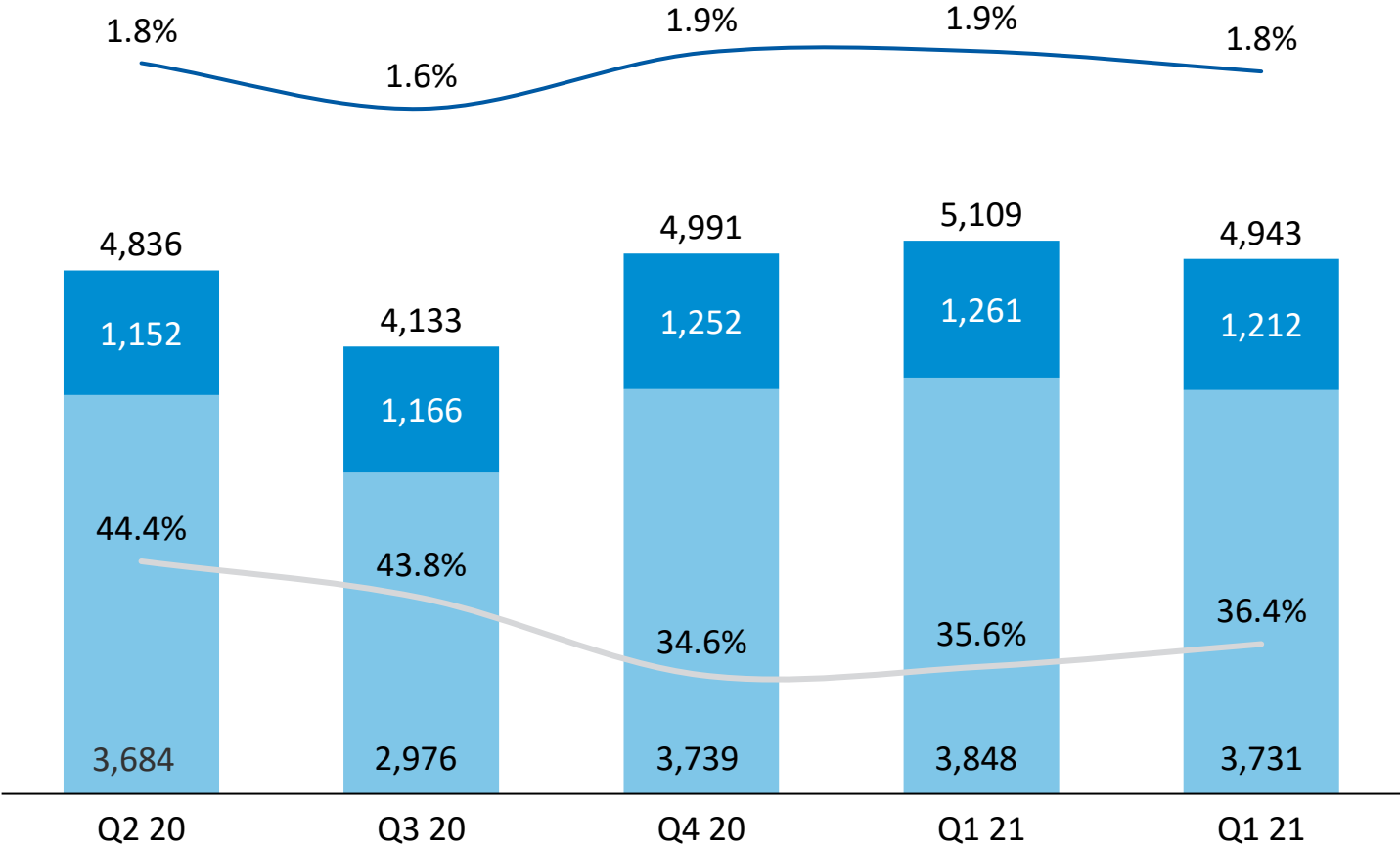
# Impairments on loans and financial commitments / Loans and financial commitments defined as Stage 3

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



# Impairments on loans and financial commitments

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

	30.06.2021	30.06.2020	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Corporate customers	180	1,315	59	121	266	360	771
Retail customers	-1	76	-1	0	4	9	60
<b>Total impairments</b>	<b>179</b>	<b>1,391</b>	<b>58</b>	<b>121</b>	<b>270</b>	<b>369</b>	<b>831</b>

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

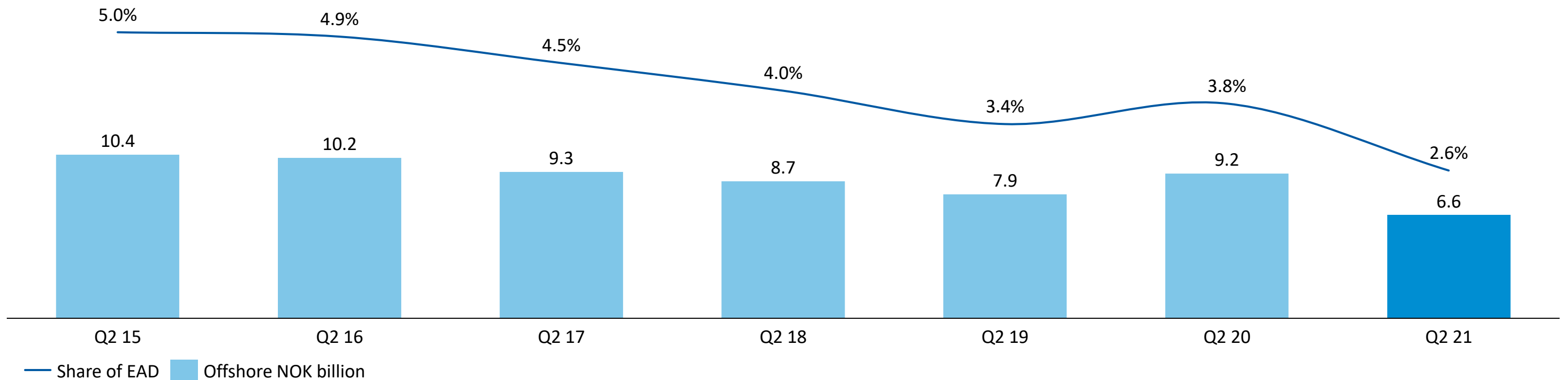
	30.06.2021	30.06.2020	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020
Corporate customers	2,363	2,695	2,363	2,359	2,258	2,352	2,695
Retail customers	198	218	198	206	213	216	218
<b>Total impairments</b>	<b>2,561</b>	<b>2,913</b>	<b>2,561</b>	<b>2,565</b>	<b>2,471</b>	<b>2,568</b>	<b>2,913</b>

# Reduced exposure against offshore sector

Total EAD related to offshore is reduced to 2.6% in 2. quarter 2021 from 5.0% in 2. quarter 2015

- Offshore

- EAD NOK 6.6 billion (NOK 9.2 billion), 2.6% of the bank's total EAD
- Exposure primarily to industrial oriented shipping companies with integrated organization (Offshore service vessels, Rig and Seismic vessels)



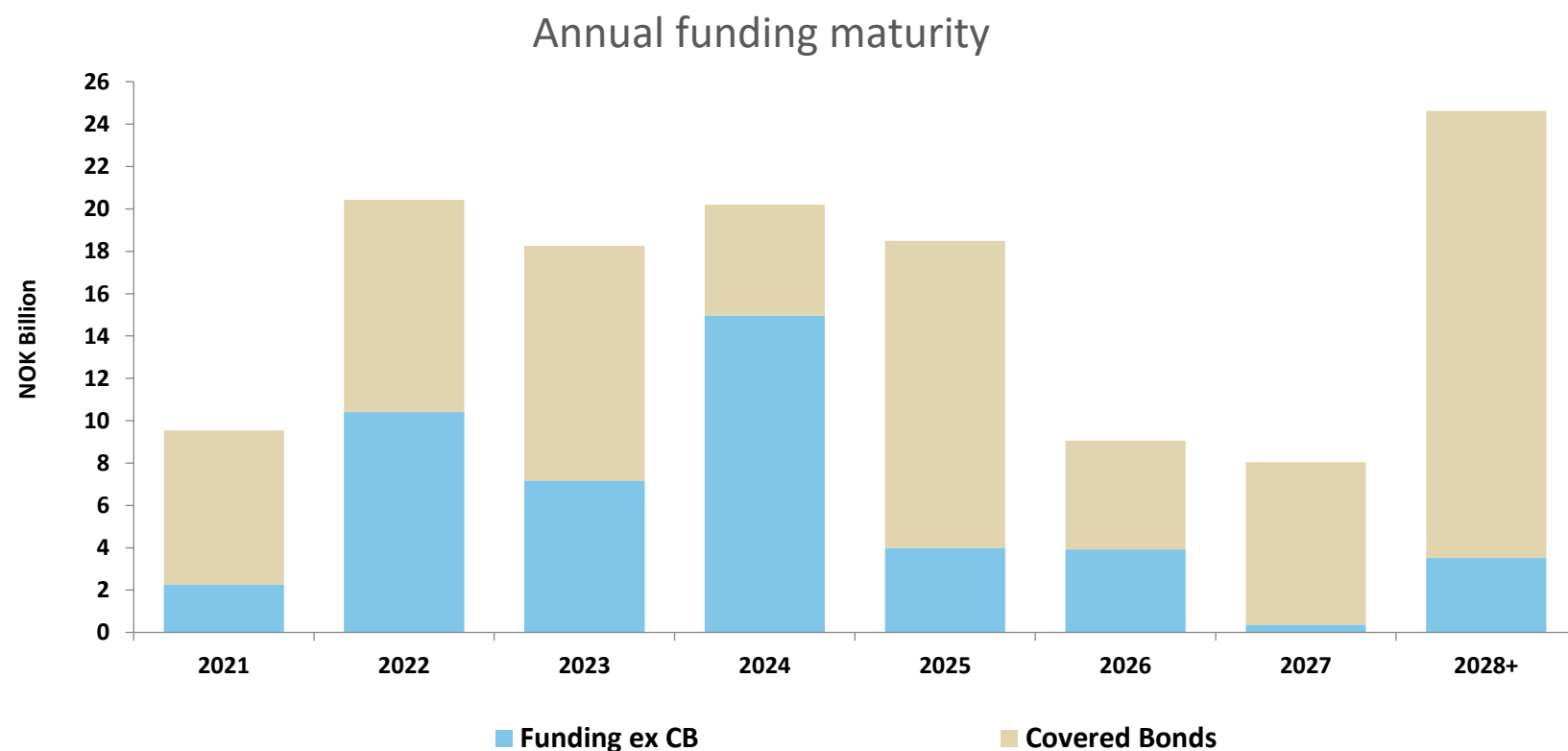
\*EAD: Exposure at default.

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# Funding

- NSFR\* 122%
- LCR\*\* 167%
- NOK 21.6 billion net refinancing need over the next 12 months
- Deposit to loans ratio 60.3%
- MREL requirement 34.4%
- The Norwegian FSA recognize that there is uncertainty regarding the MREL subordination requirement, and until clarification they maintain full subordination.

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



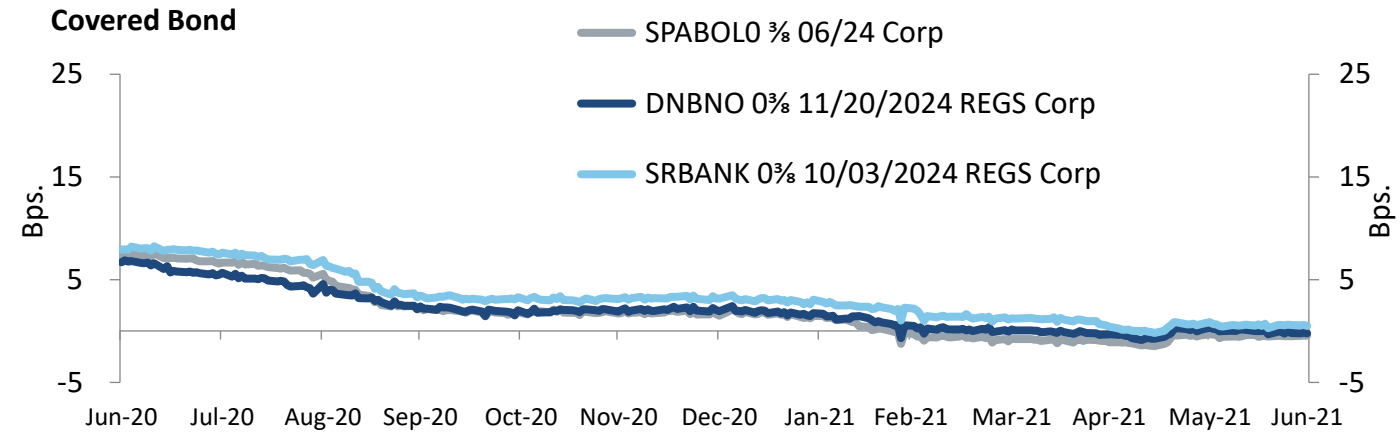
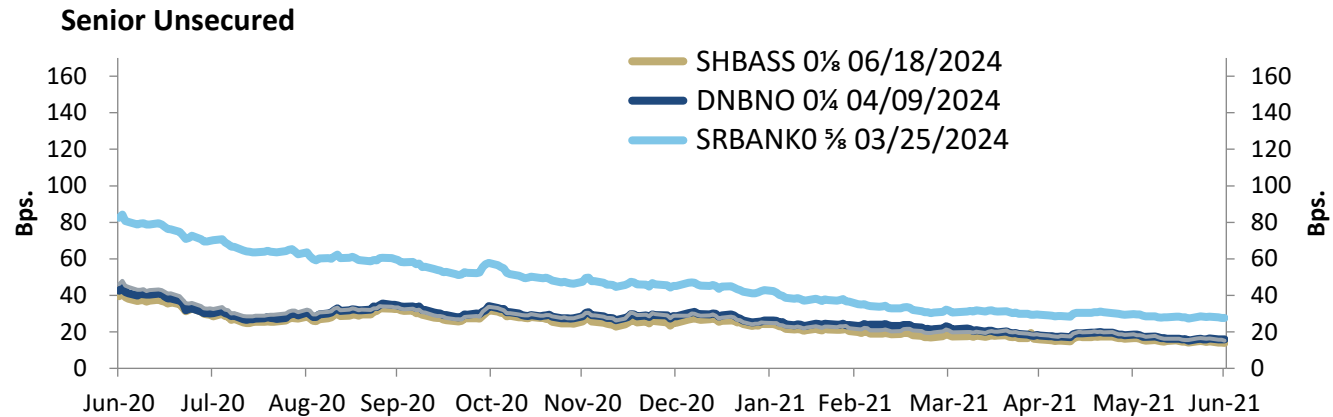
## SR-Boligkreditt

**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.

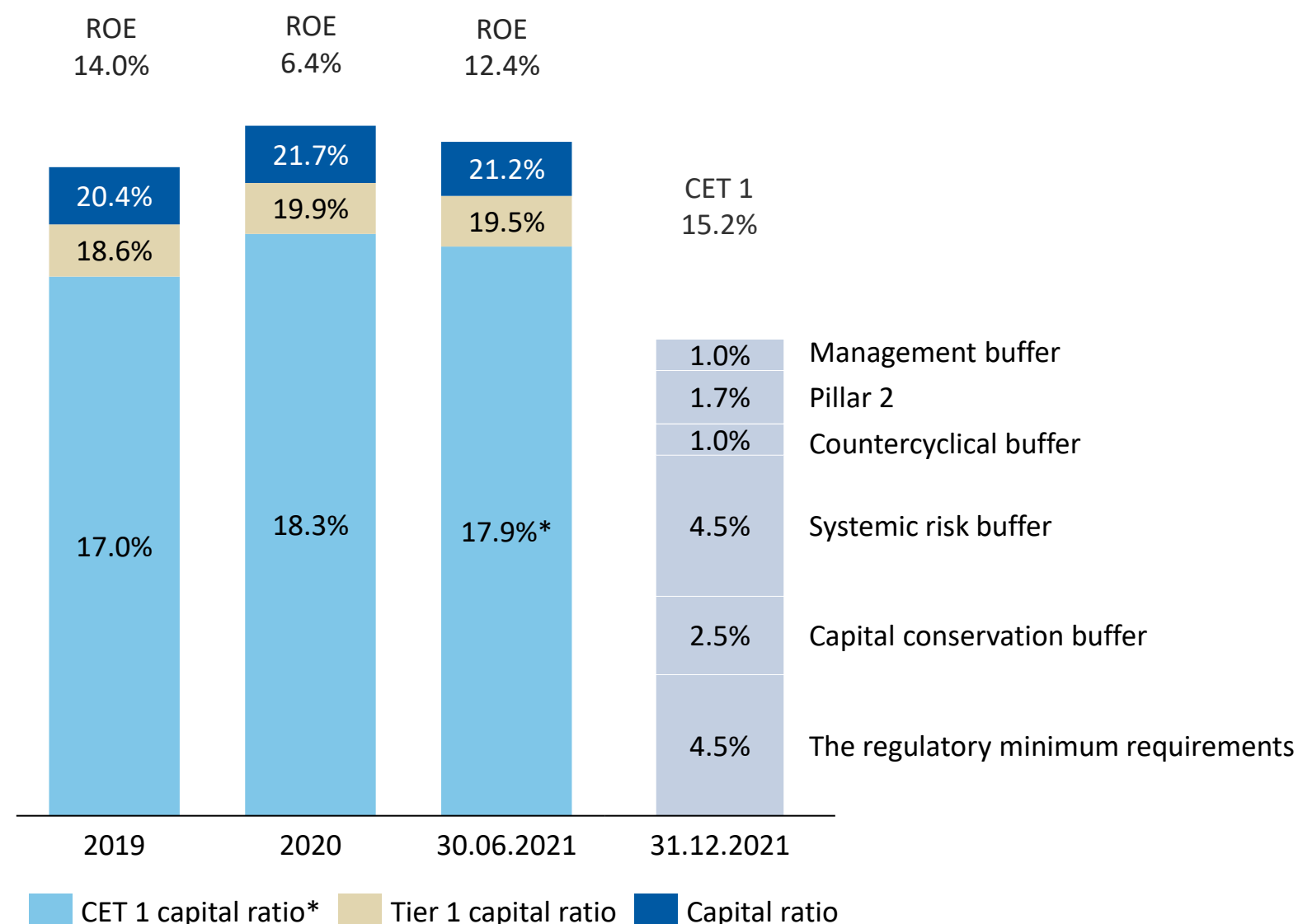
# An established borrower in the Euromarket



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-Bank / SRBANK	0.375%	EUR500mn	15-July-2027	XS2363982344
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.
- Internal target CET 1 is set to 16.7% incl. 1.0% in management buffer and maximum countercyclical buffer of 2.5%.
- On 17 June 2021, the Ministry of Finance decided to increase the capital requirement for the countercyclical capital buffer by 0.5 %-points to 1.5% with effect from 30 June 2022, in line with Norges Bank's advice.
- SpareBank 1 SR-Bank is not defined as a systemically important financial institution (SIFI).
- The leverage ratio was 7.5% as at 30 June 2021, well above the minimum requirement at 5.0%.



\*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. This authorisation is valid up to ordinary general meeting in 2022.

# Collective development effort

SpareBank 1 Utvikling is SpareBank 1 SR-Bank's business partner in product and service development. Together we simplify people's everyday finances and improve customers journey through data-driven development.

**14** banks pool their efforts to achieve economies of scale and competence benefits

**25** cross-functional teams represent one of the financial service industry's largest in-house development environments

**600** skilled employees – strong expert environments within IT, payments, savings, financing, marketing and purchasing

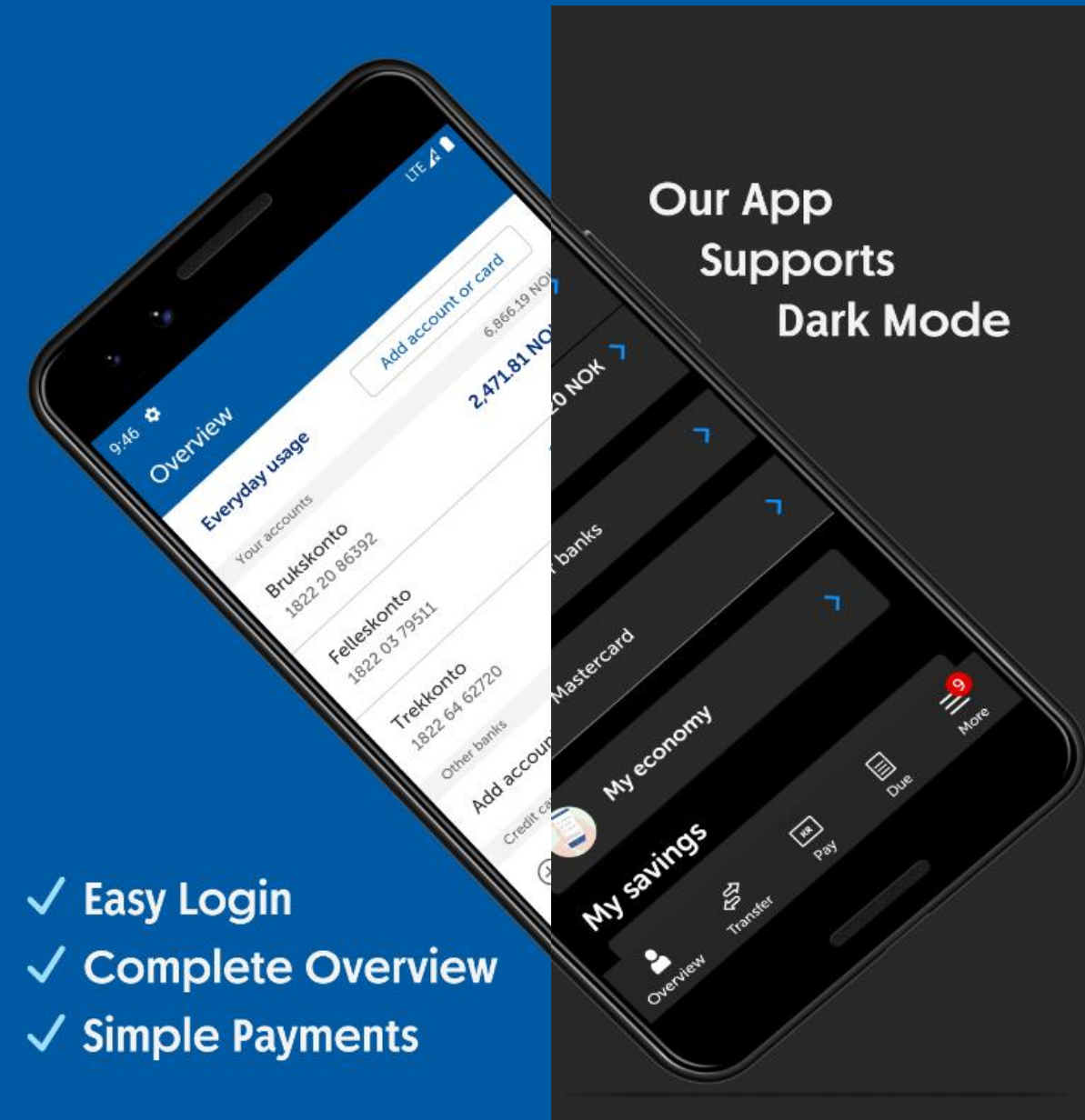
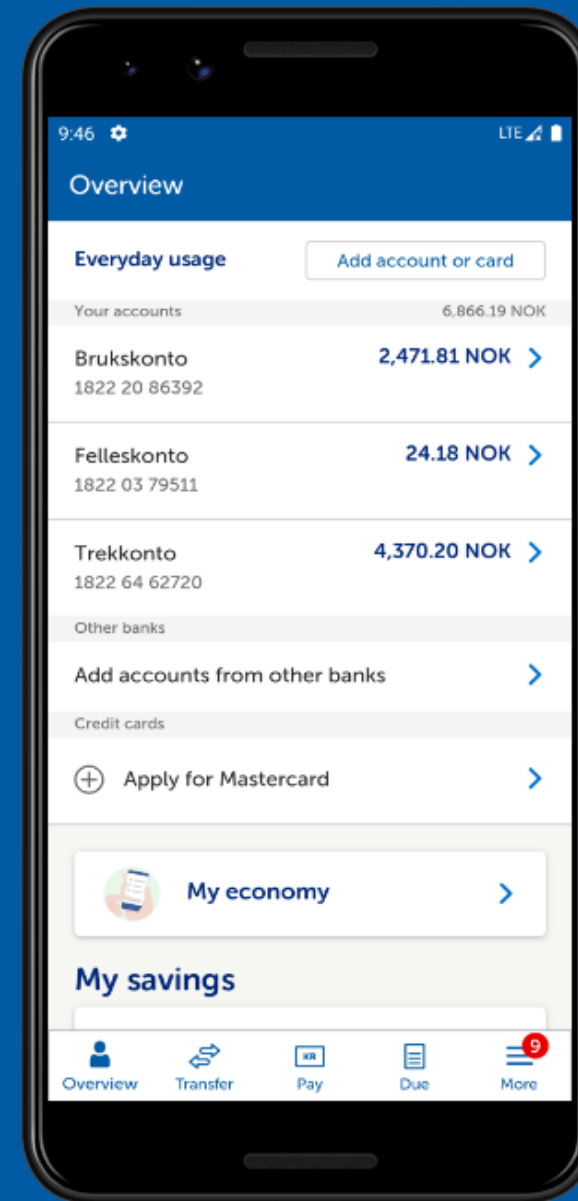
**1.2** million customers use the digital solutions we develop

**320** million annual visits to the digital bank



# Named one of Norway's best mobile banks\*

- Best liked mobile bank in the Norwegian market (Kantar Posisjon PM 21).
- Record activity in June: 28.4 million logins.
- The average customer logs in 33 times a month, i.e. on average more than once a day.
- Simple and secure login process and better user experience for all customers.



- ✓ Easy Login
- ✓ Complete Overview
- ✓ Simple Payments



**Bank+Accounting = time to  
do what you do best.**

Simpler workdays with banking and  
accounting in one place.

[See more benefits of Bank+Accounting >](#)



# Outlook

- The Covid-19 pandemic is having significantly less economic impact in 2021 than last year. A controlled reopening of the economy has started, and the national rate of vaccination is good
- A 0.25 %-point increase in the policy rate is expected from September 2021, followed by a further three increases of 0.25 %-points in 2022
- The group's long-term return on equity target is at least 12%
- A high degree of digitalisation and automation means good adaptability for both customers and employees
- A sound financial services group that is well-equipped to cope with any new challenges
- Geographic expansion, digitalisation and growth provides the basis for developing from a regional savings bank into a financial group for South of Norway

# APPENDIX

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

# Key economic indicators



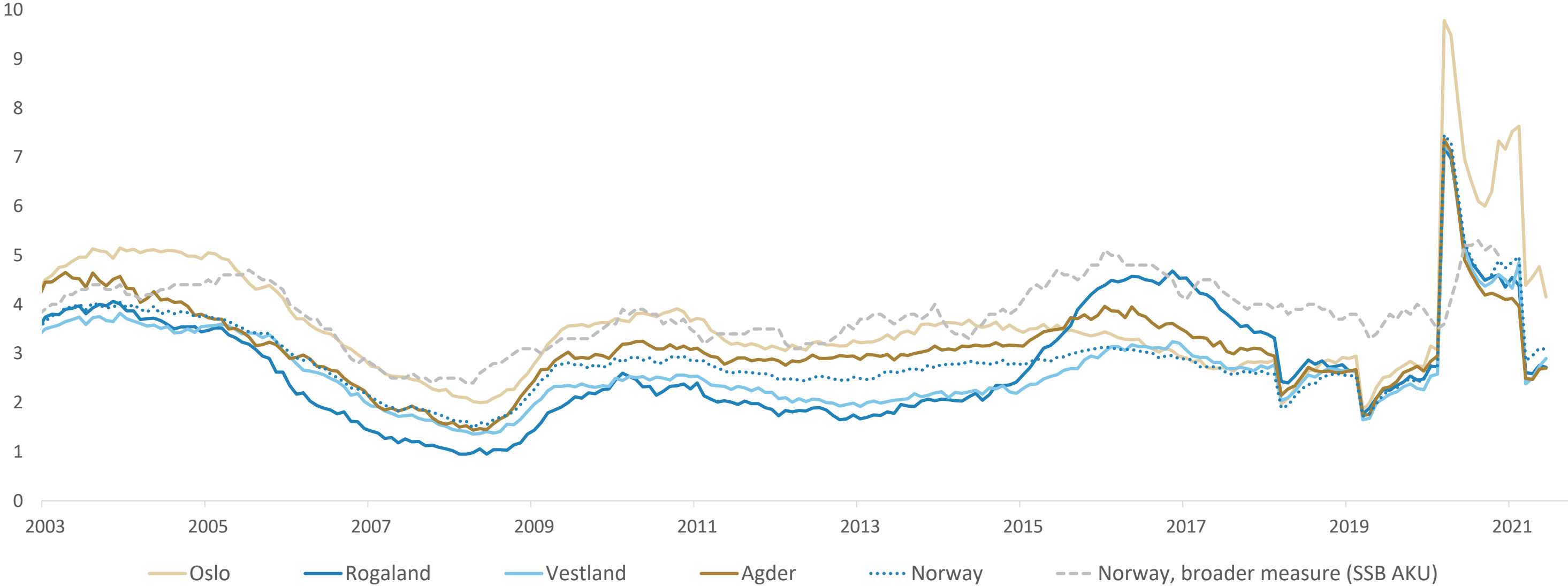
<b>Economic Indicators (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021P</b>	<b>2022P</b>	<b>2023P</b>	<b>2024P</b>
GDP mainland, annual change (%)	1,9	3,7	2,3	2,2	1,4	0,9	2,0	2,2	2,3	-2,5	3,1	4,1	2,4	1,9
Household consumption, annual change (%)	2,4	3,5	2,8	2,1	2,7	1,1	2,2	1,6	1,4	-6,9	5,1	7,9	3,3	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	2,7	1,6	1,2	1,7
Investment mainland, annual change (%)	5,0	7,4	2,9	0,4	-0,2	9,0	6,8	1,5	4,0	-4,1	0,9	3,2	1,6	0,6
Investment public sector	1,1	-1,8	11,8	4,5	0,2	6,4	2,6	8,1	7,2	-1,0	1,1	1,3	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	-4,1	-1,0	-6,0	10,0	4,0
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	3,3	2,0	1,6
Oil price, USD/bbl. Actual	111	112	109	100	53	45	55	72	64	43	66	65	62	60
Inflation rate (CPI) %	1,2	0,8	2,1	2,0	2,1	3,6	1,8	2,7	2,2	1,3	3,1	1,8	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	1,7	2,0
Mortgage rate %	3,6	3,9	4,0	3,9	3,2	2,6	2,6	2,7	3,0	2,6	2,0	2,3	2,8	3,2
Household savings ratio	5,8	6,9	7,2	7,7	9,8	6,9	6,6	5,9	7,6	15,4	11,9	7,9	7,5	7,2
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	3,3	2,3	2,2	2,3
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	2,5	0,9	3,5	2,2	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	8,3	9,2	9,2	8,1
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				

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

# Lower unemployment (NAV) due to reopening of the economy

Unemployed increased from 3% to 8% in March 2020 but has fallen to 3,1% by 2. quarter 2021. Still highest in Oslo.

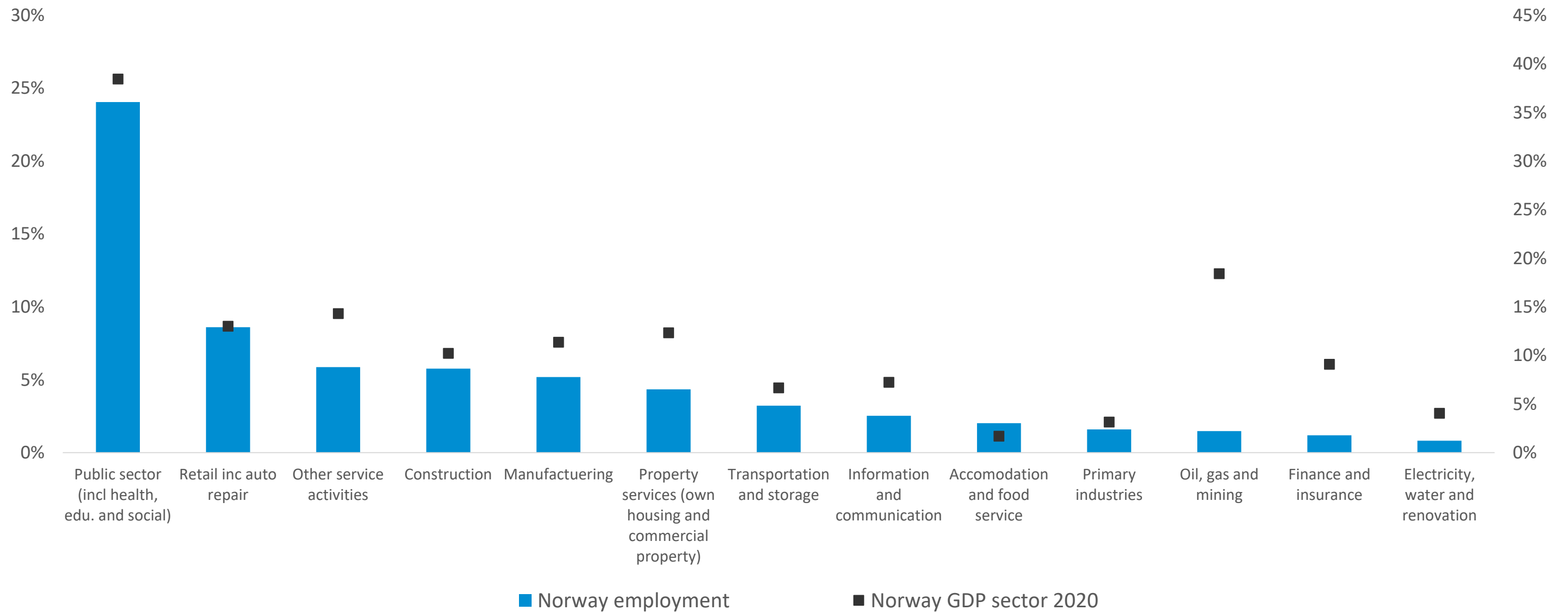
Norwegian unemployment rate, %, registered (NAV), seasonal adj., monthly



Source: NAV og SSB.

# Employment (and GDP) by sector

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



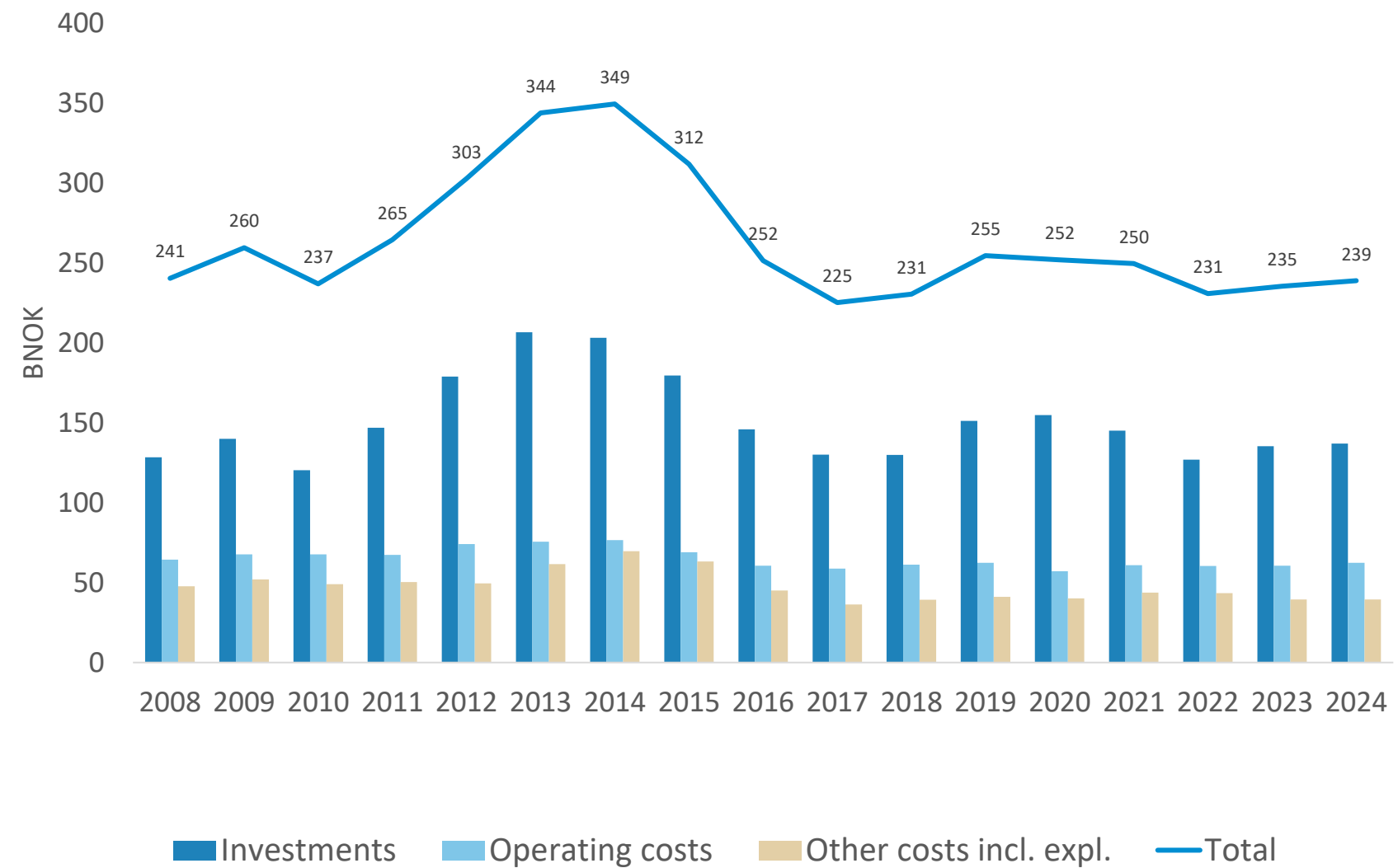
Source: Statistics Norway.

# Stable petroleum activity in Norway in 2020 and 2021

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

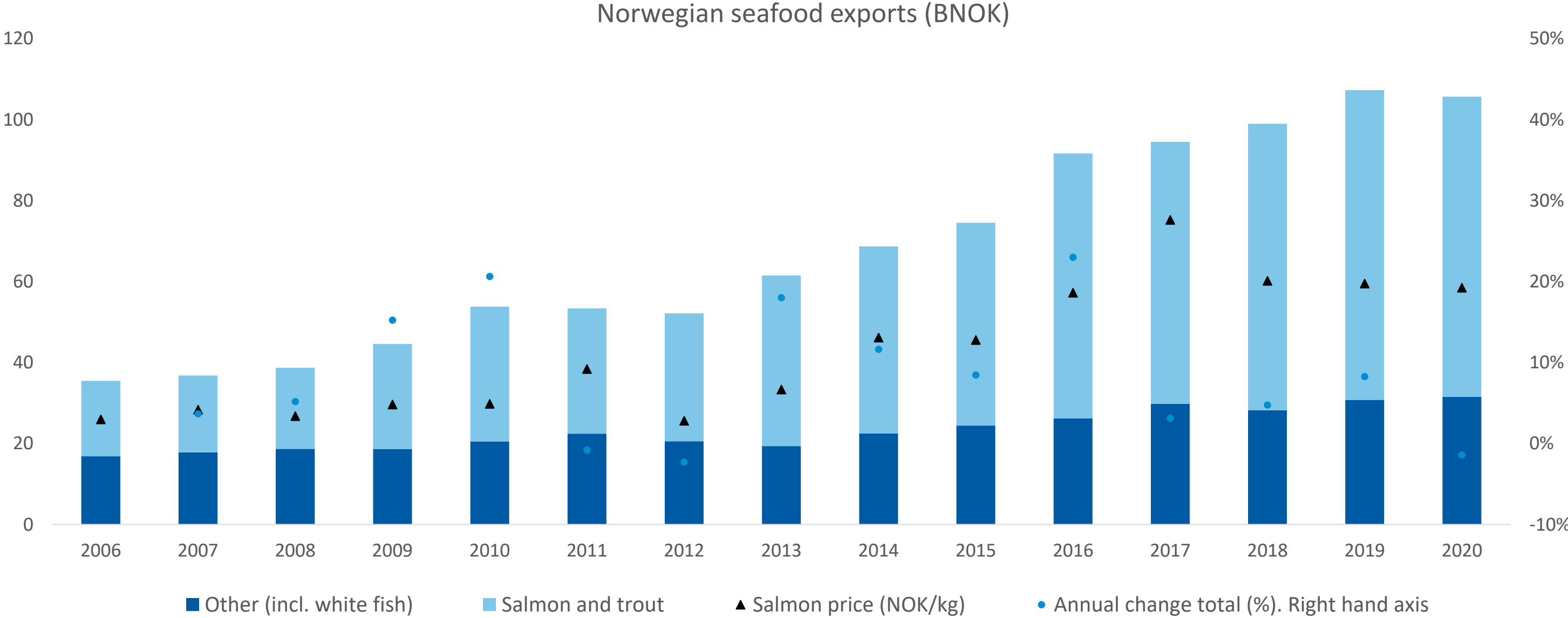
- Overall activity on the Norwegian Continental Shelf (NCS) increased by 60% from 2007 to 2014.
- Activity fell markedly in 2015-17 due to lower prices and rebounded in 2019.
- At the beginning of 2020, some increase in petroleum activity was expected in 2020. Covid-19 led to lower prices and increased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

Petroleum activity on Norwegian Continental Shelf. BNOK (2021 NOK).  
Source: NPD 14 Jan 2021



Source: Oljedirektoratet/Norwegian Petroleum Directorate (NPD).

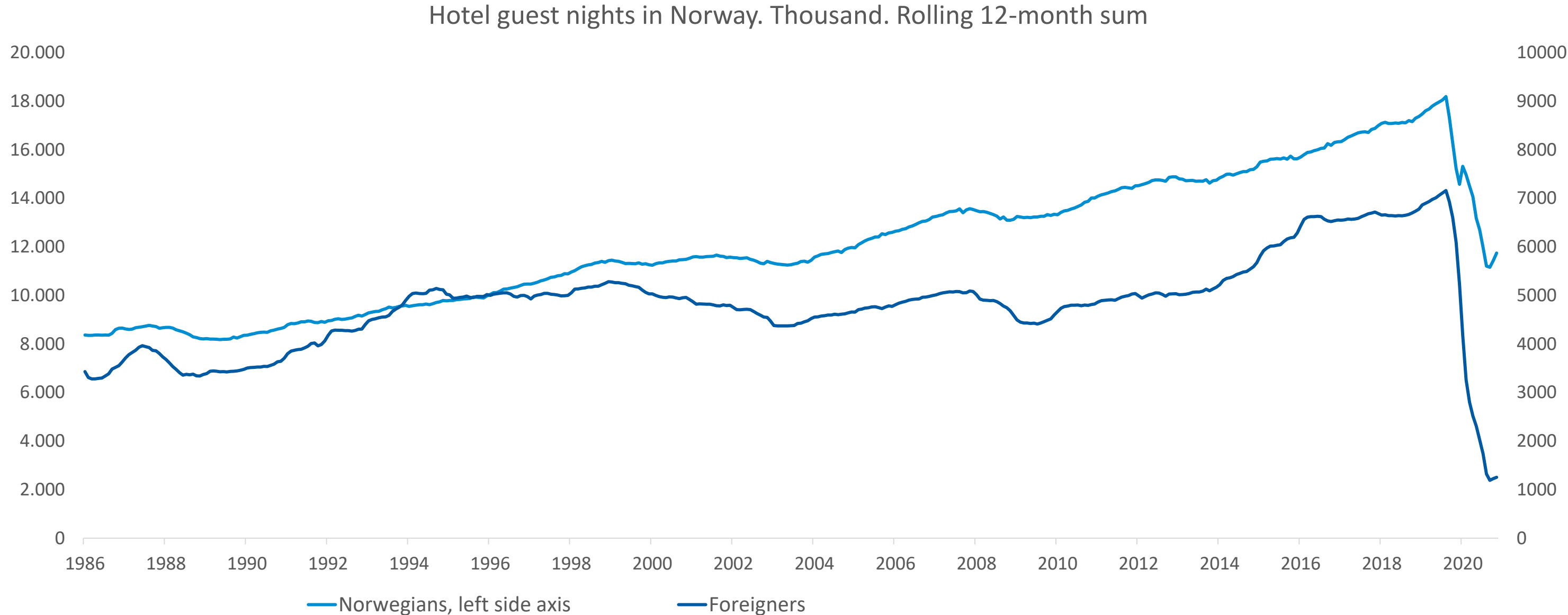
# Norwegian seafood exports doubled since 2012



Source: Norwegian Seafood Council.



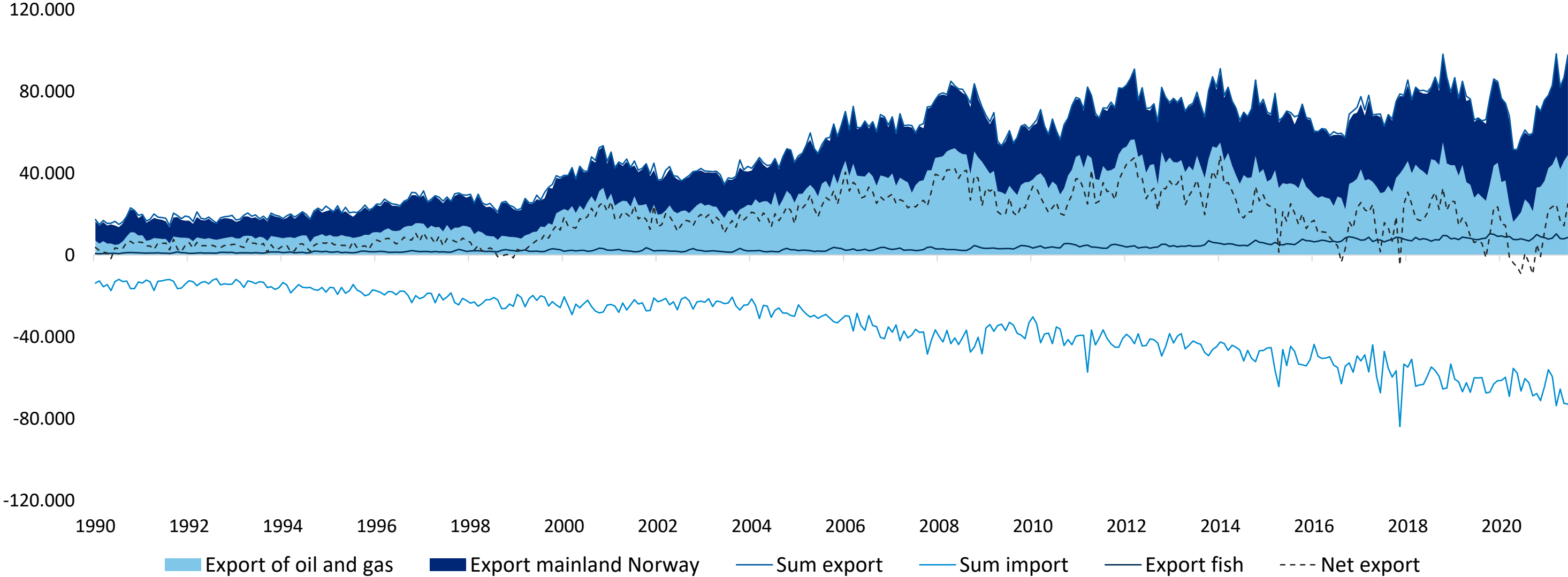
# Norwegian hotels – guest nights by foreign and domestic



Source: Statistics Norway.

# Norwegian exports and imports

Norwegian exports and imports (MNOK), monthly



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

# Norwegian krone vs key currencies

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

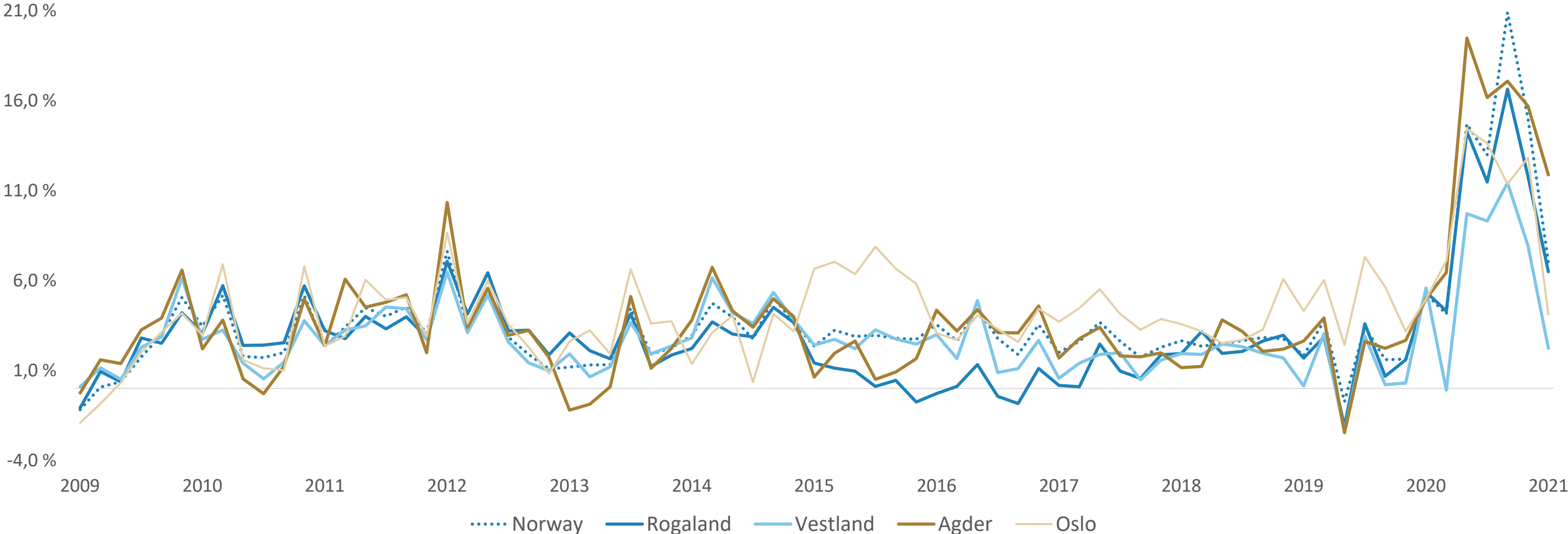


Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

# High growth in retail trade in Norway in 2020, but lower growth in 2021

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

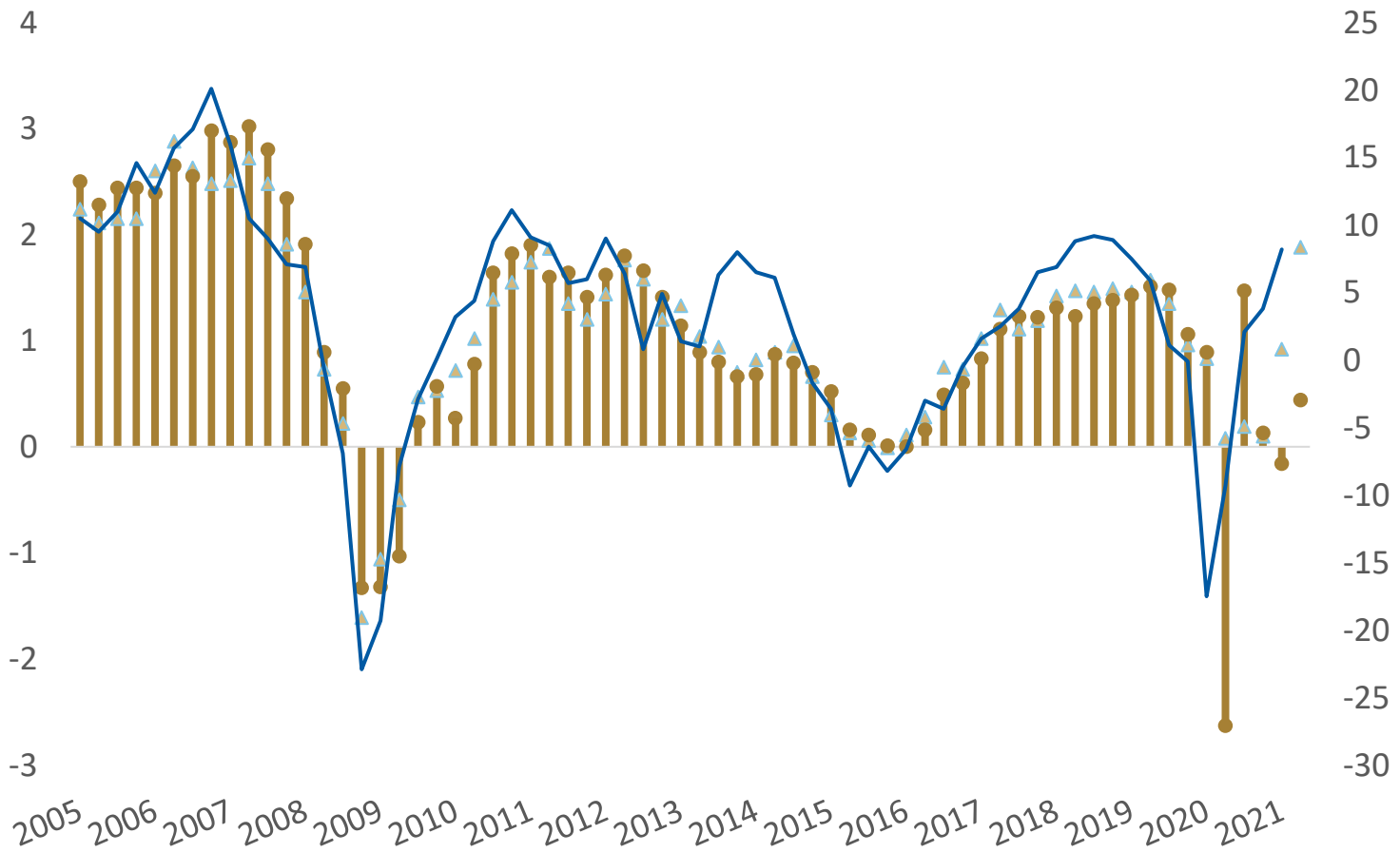
Retail sales (excl. auto), change in turn-over from same 2-month period previous year. Last obs: jan-feb 2021



Source: SSB.

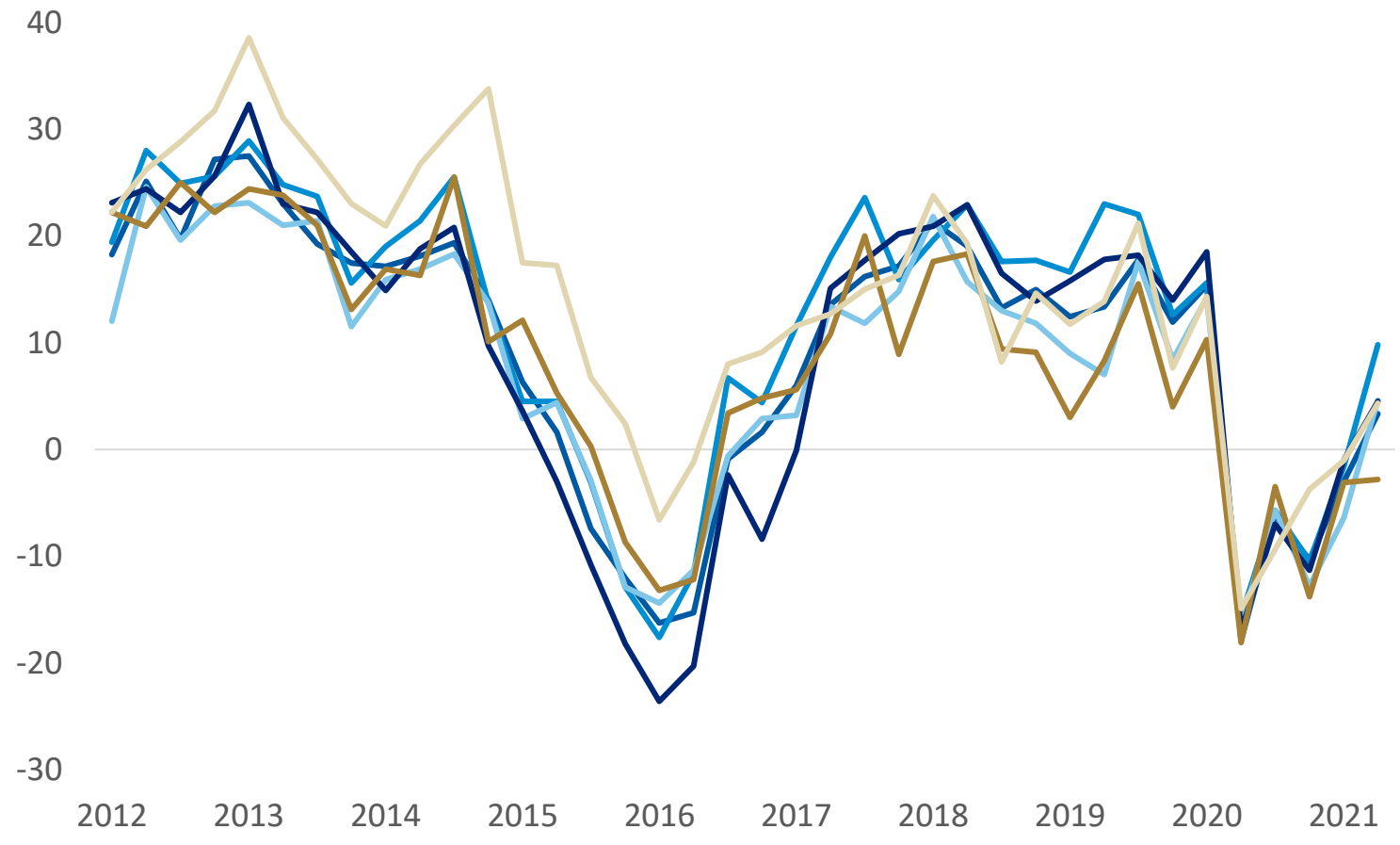
# Norwegian economy impacted by Covid-19

Norwegian business surveys



- ▲ Central Bank business survey, outlook coming 6 months (all sectors). Left axis
- Central Bank business survey, production last 3 months. Left axis
- Statistics Norway manufacturing. Main indicator. Right axis

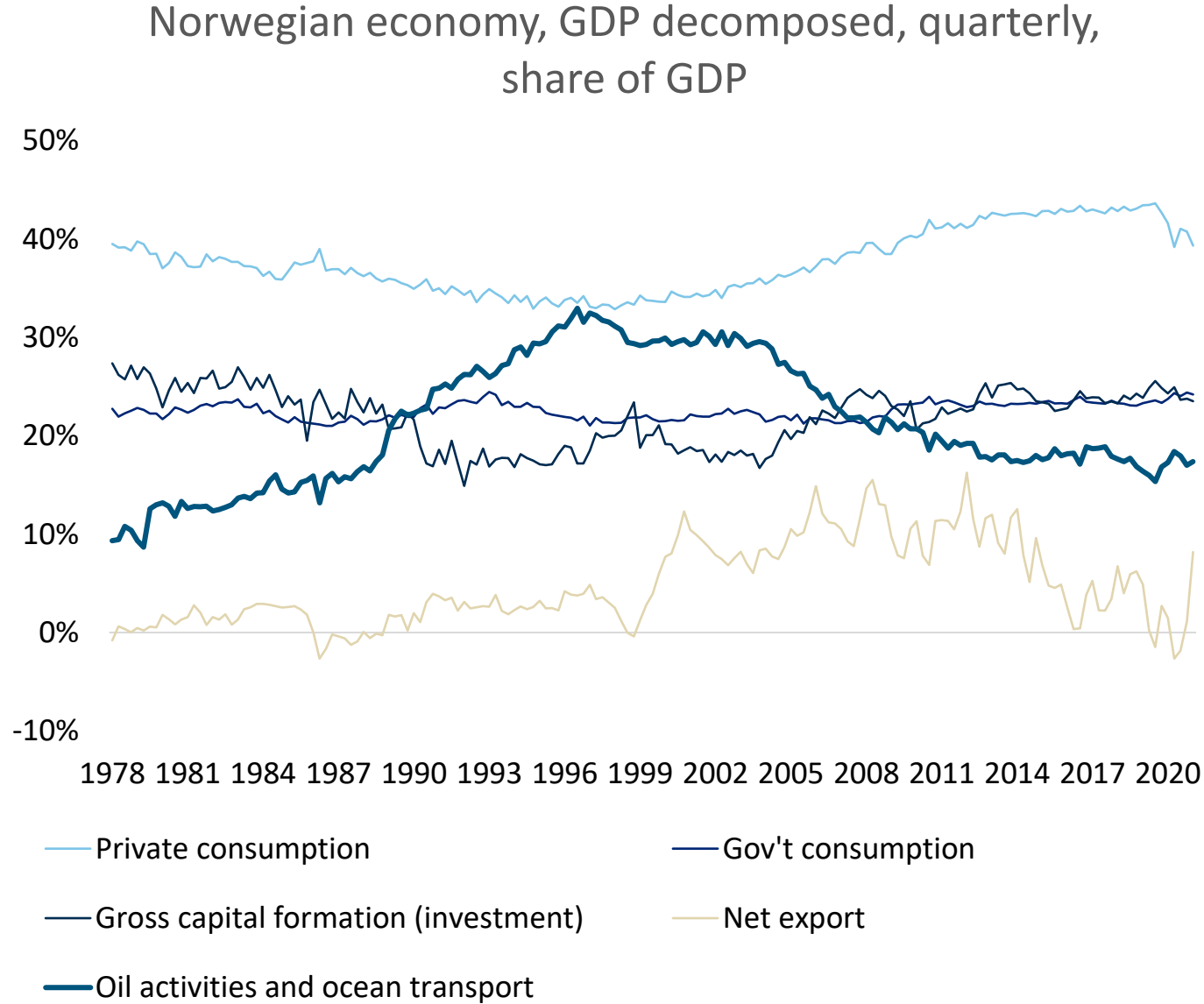
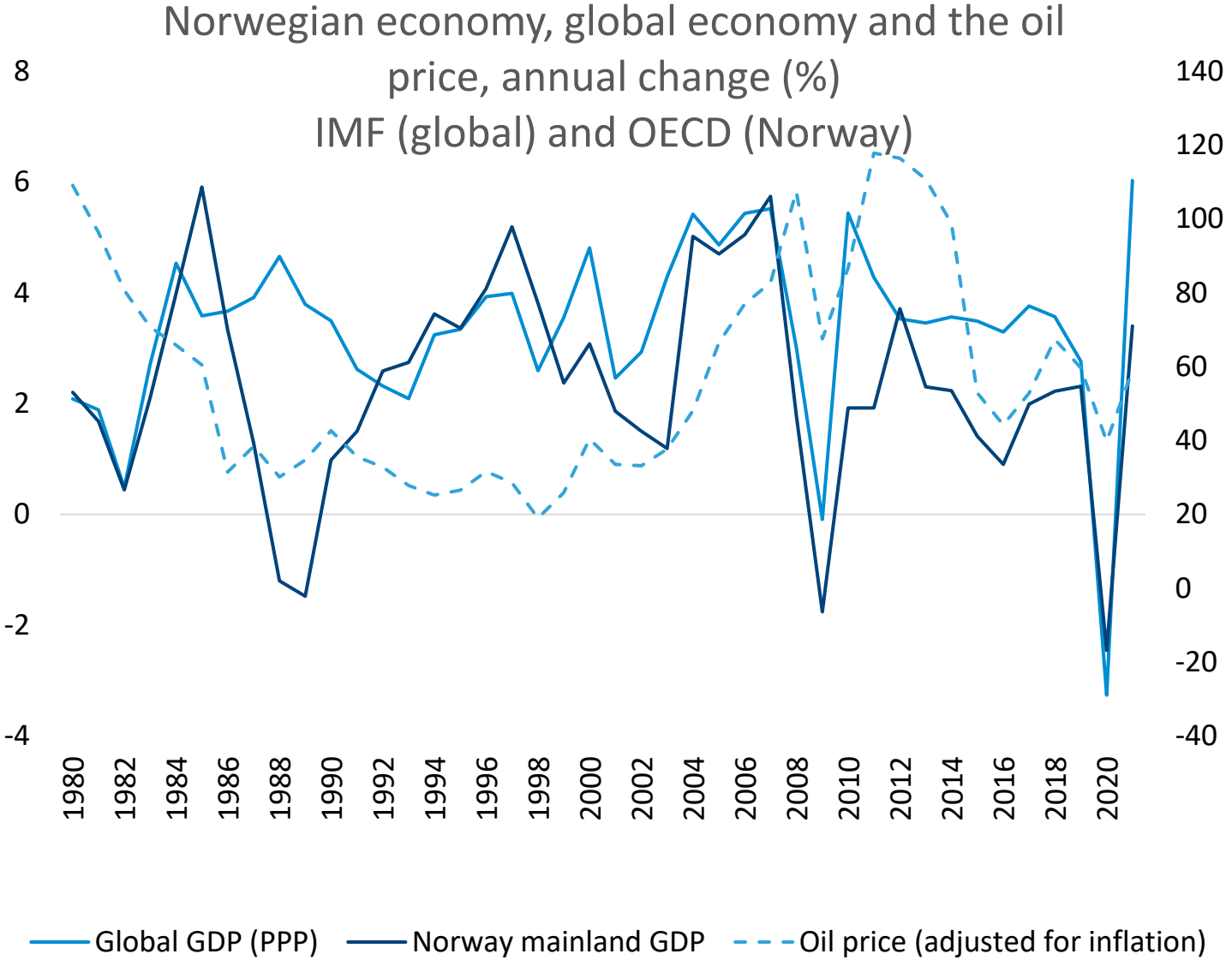
Norway – consumer confidence indicator



- Norway
- Østland excl Oslo
- Mid and north
- Oslo
- South and west
- Norway. Major purchases

Source: Refinitiv Datastream, SpareBank 1 SR-Bank.

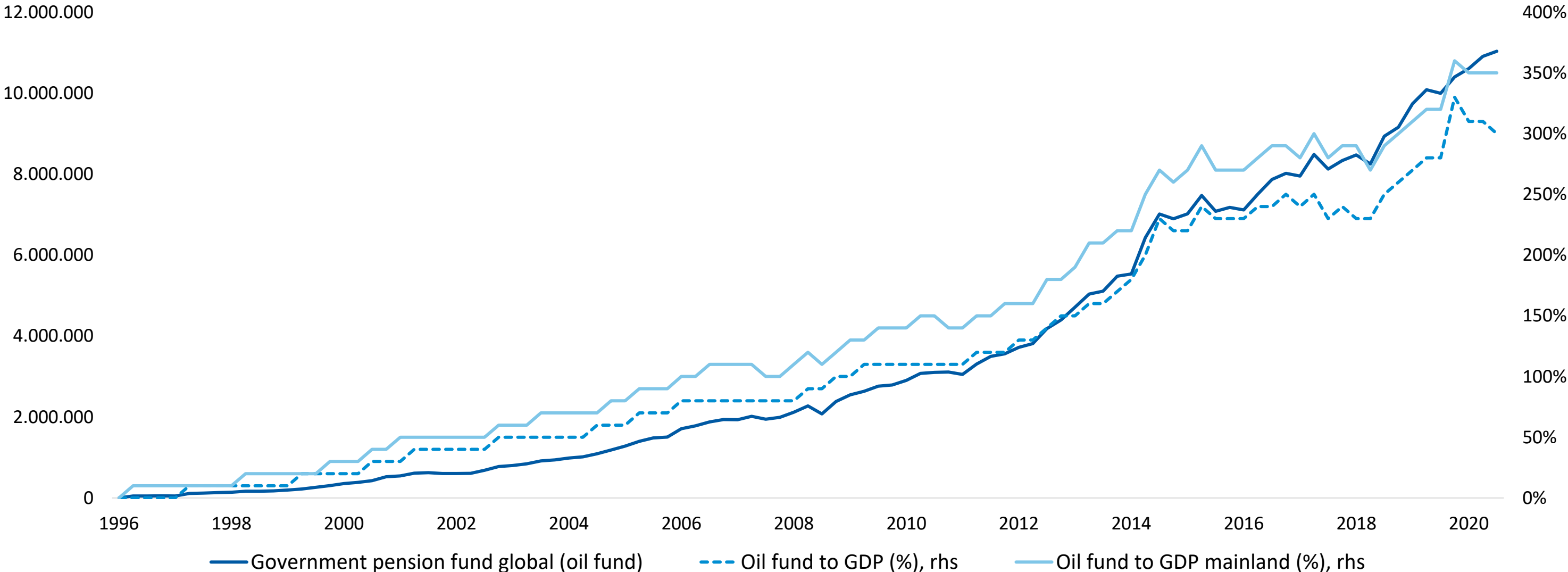
# Norwegian Economy – GDP



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

# Norway oil fund and GDP

Norwegian oil fund and GDP (BNOK), quarterly figures

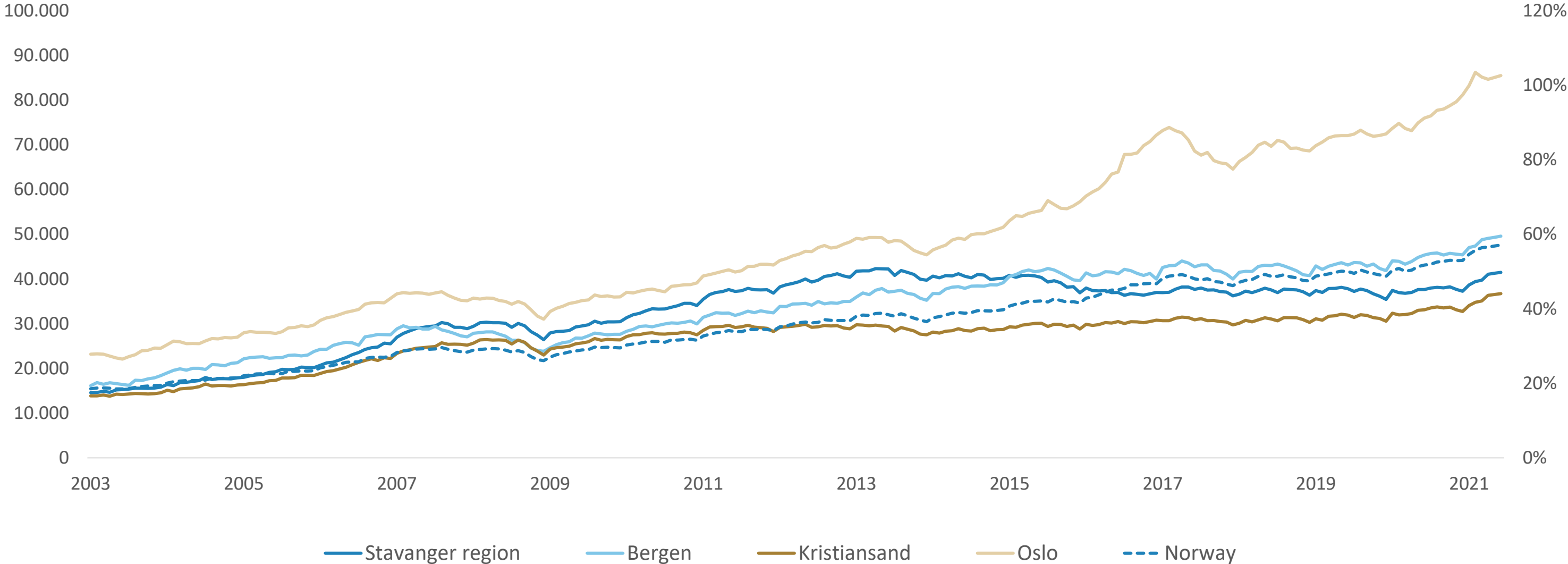


Source: Thomson Reuters Datastream and SpareBank 1 SR-Bank.

# Norwegian house prices have increased by 10% last 12 months

Sales and prices have increased from summer 2020, but somewhat less price pressure last months

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

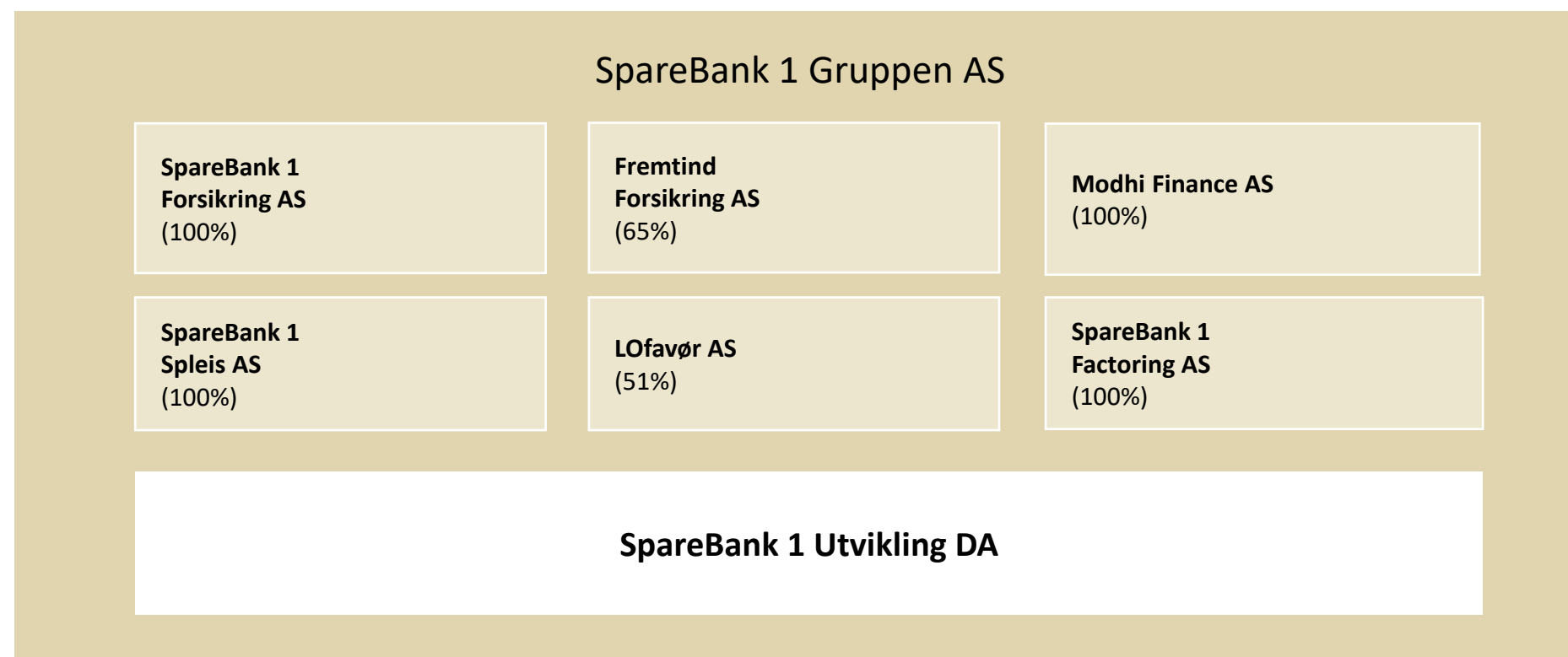
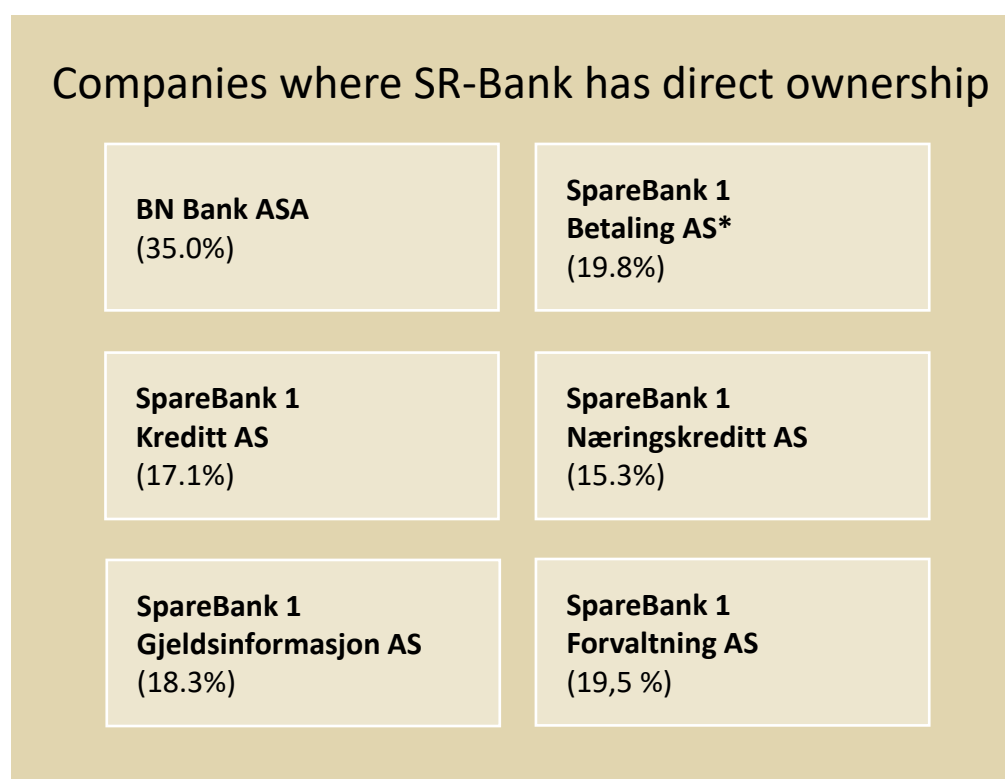
## Strategic focus

- 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>30.06.2021</b>	<b>30.06.2020</b>
Cash and balances with central banks	137	645
Balances with credit institutions	9,588	8,752
Net loans to customers	223,457	211,779
Certificates, bonds and other fixed-income securities	50,997	38,921
Financial derivatives	5,396	10,229
Shares, ownership stakes and other securities	1,049	860
Investment in associates	4,592	4,502
Other	4,723	3,027
<b>Total assets</b>	<b>299,939</b>	<b>278,715</b>
Balances with credit institutions	2,690	3,414
Deposit from customers	136,209	127,966
Listed debt securities	122,095	6,976
Financial derivatives	3,515	1,809
Other liabilities	4,315	2,177
Additional Tier 1 and Tier 2 capital instruments	2,139	253,512
<b>Total liabilities</b>	<b>273,520</b>	<b>253,512</b>
<b>Total equity</b>	<b>26,419</b>	<b>25,203</b>
<b>Total liabilities and equity</b>	<b>299,939</b>	<b>278,715</b>

## Net commission and other income

MNOK	30.06.2021	30.06.2020	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Payment facilities	111	130	56	55	64	54	61
Savings/placements	114	96	61	53	51	48	48
Insurance products	112	101	56	56	54	53	50
Commission income real estate broking	242	189	132	110	100	107	104
Guarantee commission	48	48	24	24	26	22	23
Arrangement- and customer fees	74	33	23	51	28	11	13
Commission income ForretningsPartner	145	83	95	50	38	33	42
Other	10	7	7	3	4	2	3
<b>Net commission and other income excl. covered bond company</b>	<b>856</b>	<b>687</b>	<b>454</b>	<b>402</b>	<b>365</b>	<b>330</b>	<b>344</b>
Commission income SB1 Boligkreditt	0	3	0	0	5	6	0
<b>Net commission and other income incl. covered bond company</b>	<b>856</b>	<b>690</b>	<b>454</b>	<b>402</b>	<b>370</b>	<b>336</b>	<b>344</b>

## Net income on investment securities

MNOK	30.06.2021	30.06.2020	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>Dividends</b>	<b>9</b>	<b>17</b>	<b>9</b>	<b>0</b>	<b>39</b>	<b>1</b>	<b>17</b>
<b>Investment income, associates</b>	<b>302</b>	<b>387</b>	<b>193</b>	<b>109</b>	<b>129</b>	<b>147</b>	<b>145</b>
<b>Securities gains/losses</b>	<b>132</b>	<b>-176</b>	<b>26</b>	<b>106</b>	<b>-1</b>	<b>36</b>	<b>122</b>
- of which capital change in shares and certificates	173	-94	68	105	7	38	27
- of which capital change in certificates and bonds	-280	190	-113	-167	-137	-23	104
- of which derivatives; certificates and bonds	239	-272	71	168	129	22	-9
<b>Currency/interest gains/loans</b>	<b>16</b>	<b>41</b>	<b>15</b>	<b>1</b>	<b>73</b>	<b>6</b>	<b>13</b>
- of which currency customer- and own-account trading	63	61	36	27	41	36	52
- of which value change basiswap spread	-56	16	-32	-24	29	-32	-48
- of which counterparty risk derivatives including CVA	3	-50	0	3	2	1	-42
- of which IFRS-effects	6	14	11	-5	1	1	51
<b>Net income on investment securities</b>	<b>459</b>	<b>269</b>	<b>243</b>	<b>216</b>	<b>240</b>	<b>190</b>	<b>297</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	30.06.2021	30.06.2020
EiendomsMegler 1 SR-Eiendom AS	Number of sales	4,096	3,184
	Operating profit before tax	46	26
SR-Forvaltning AS	Capital under management (BNOK)	15	12
	Operating profit before tax	16	10
FinStart Nordic AS	Operating profit before tax	69	-87
SpareBank 1 SR-Bank ForretningsPartner AS*	Operating profit before tax	18	15
SR-Boligkreditt AS	Operating profit before tax	254	349
Monner Crowd AS	Operating profit before tax	58	-8
Rygir Industrier AS and other	Operating profit before tax	-13	17
<b>Total subsidiaries</b>	<b>Profit before tax</b>	<b>448</b>	<b>322</b>

\*SpareBank 1 SR-Bank ForretningsPartner have acquired Fast Solutions with effect from 1 September 2020 and Tveit Regnskap with effect from 15 April 2021. The result in ForretningsPartner includes amortisation of intangible assets of NOK 2.3 million (NOK 1.4 million as at 30 June 2020).

# Ownership interests

Companies	MNOK	30.06.2021	30.06.2020
SpareBank 1 Gruppen AS	Interest ownership	19.5%	19.5%
	Profit after tax	215	-7
	Profit effect merger	0	340
BN Bank ASA	Interest ownership	35.0%	35.0%
	Profit after tax	82	50
SpareBank 1 Forvaltning*	Interest ownership	19.5%	-
	Profit after tax	6	0
SpareBank 1 Næringskreditt AS	Interest ownership	15.3%	15.6%
	Profit after tax	4	3
SpareBank 1 Boligkreditt AS**	Interest ownership	0.0%	2.2%
	Profit after tax	2	1
SpareBank 1 Kreditt AS	Interest ownership	17.1%	17.7%
	Profit after tax	1	2
SpareBank 1 Betaling AS	Interest ownership	19.8%	19.8%
	Profit after tax	-5	-2
<b>Total ownership interests</b>	<b>Profit after tax</b>	<b>305</b>	<b>387</b>
FinStart Nordic AS***	Profit shares	-3	0
<b>Total ownership interests in the Group</b>	<b>Profit after tax</b>	<b>302</b>	<b>387</b>

\*The establishment of the SpareBank 1 Forvaltning Group was approved by The Norwegian FSA in the spring of 2021, and the company was transferred from SpareBank 1 Gruppen to the alliance banks in May 2021.

\*\*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.



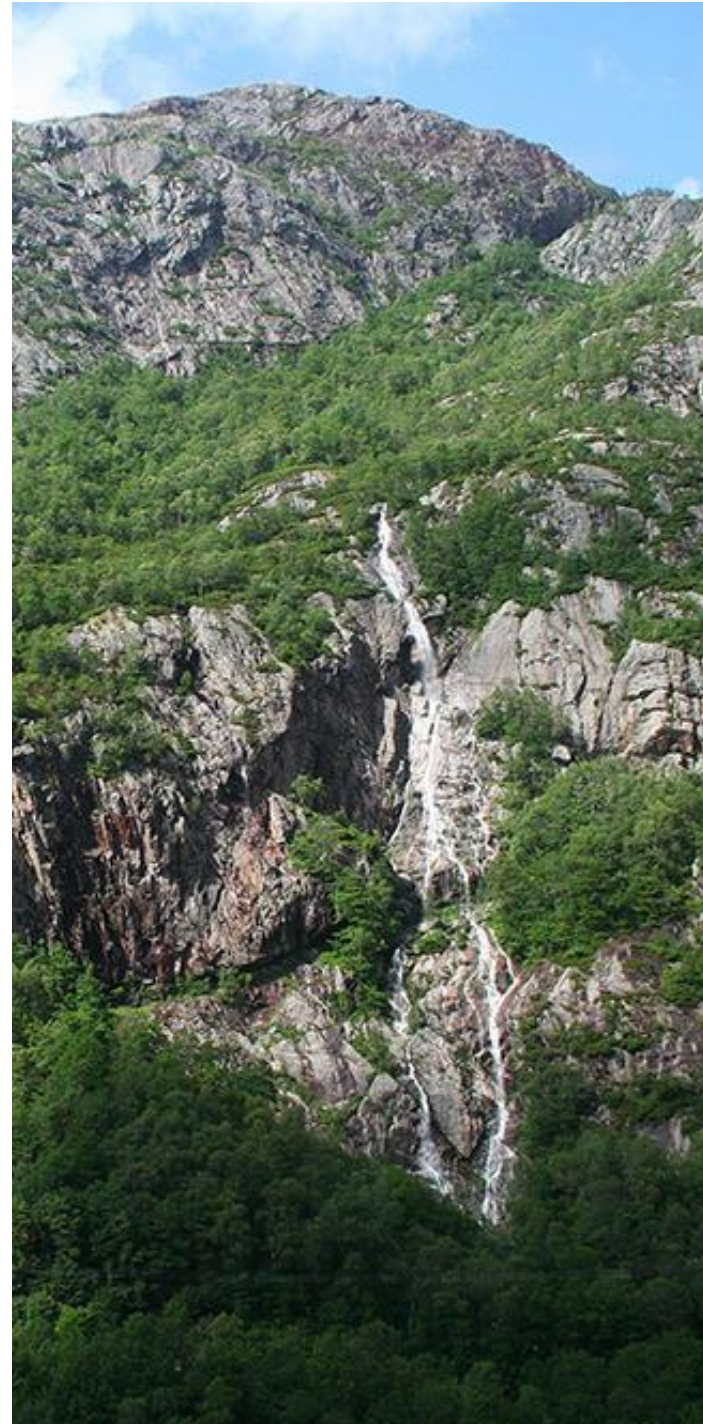
# Operating expenses

MNOK	30.06.2021	30.06.2020	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Payroll and pensions	610	555	326	284	332	297	277
Other staff expenses	195	123	97	98	69	60	53
<b>Total personnel expenses</b>	<b>805</b>	<b>678</b>	<b>423</b>	<b>382</b>	<b>401</b>	<b>357</b>	<b>330</b>
IT expenses	189	190	97	92	88	95	98
Marketing	37	36	19	18	19	16	17
Administrative expenses	28	42	15	13	14	15	15
Operating expenses from real estate	17	16	9	8	8	7	8
Other operating expenses	127	117	72	55	54	46	60
<b>Total other operating expenses</b>	<b>398</b>	<b>401</b>	<b>212</b>	<b>186</b>	<b>183</b>	<b>179</b>	<b>198</b>
<b>Depreciation and impairments</b>	<b>90</b>	<b>83</b>	<b>46</b>	<b>44</b>	<b>45</b>	<b>59</b>	<b>42</b>
<b>Total operating expenses</b>	<b>1,293</b>	<b>1,162</b>	<b>681</b>	<b>612</b>	<b>629</b>	<b>595</b>	<b>570</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

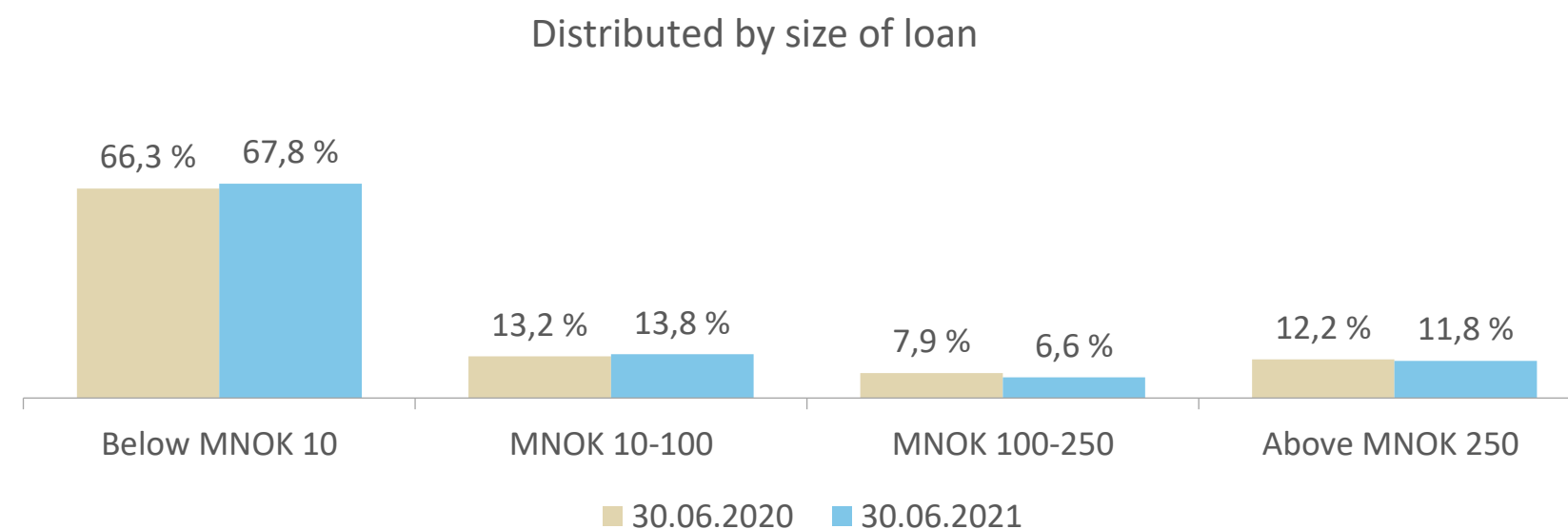
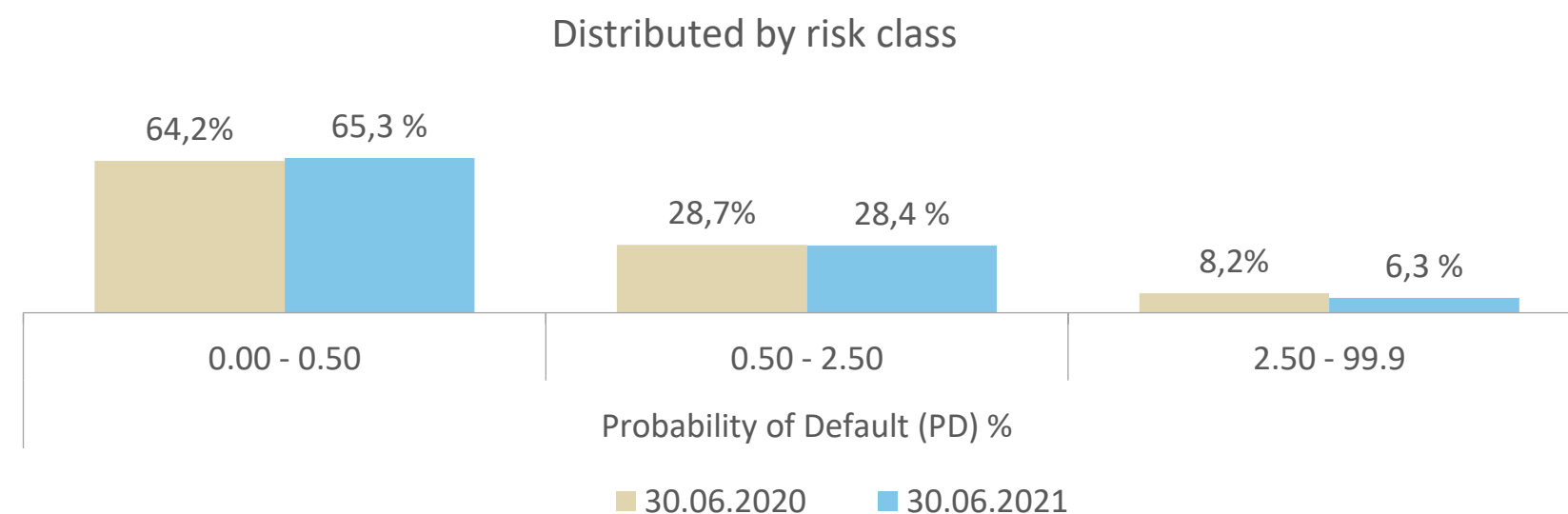


- The bank sets specific limits for the size of commitments as well as requirements concerning industry diversification
  - The maximum total exposure to an individual customer must be significantly lower than the regulatory requirements
  - The maximum unsecured exposure to an individual customer must 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.

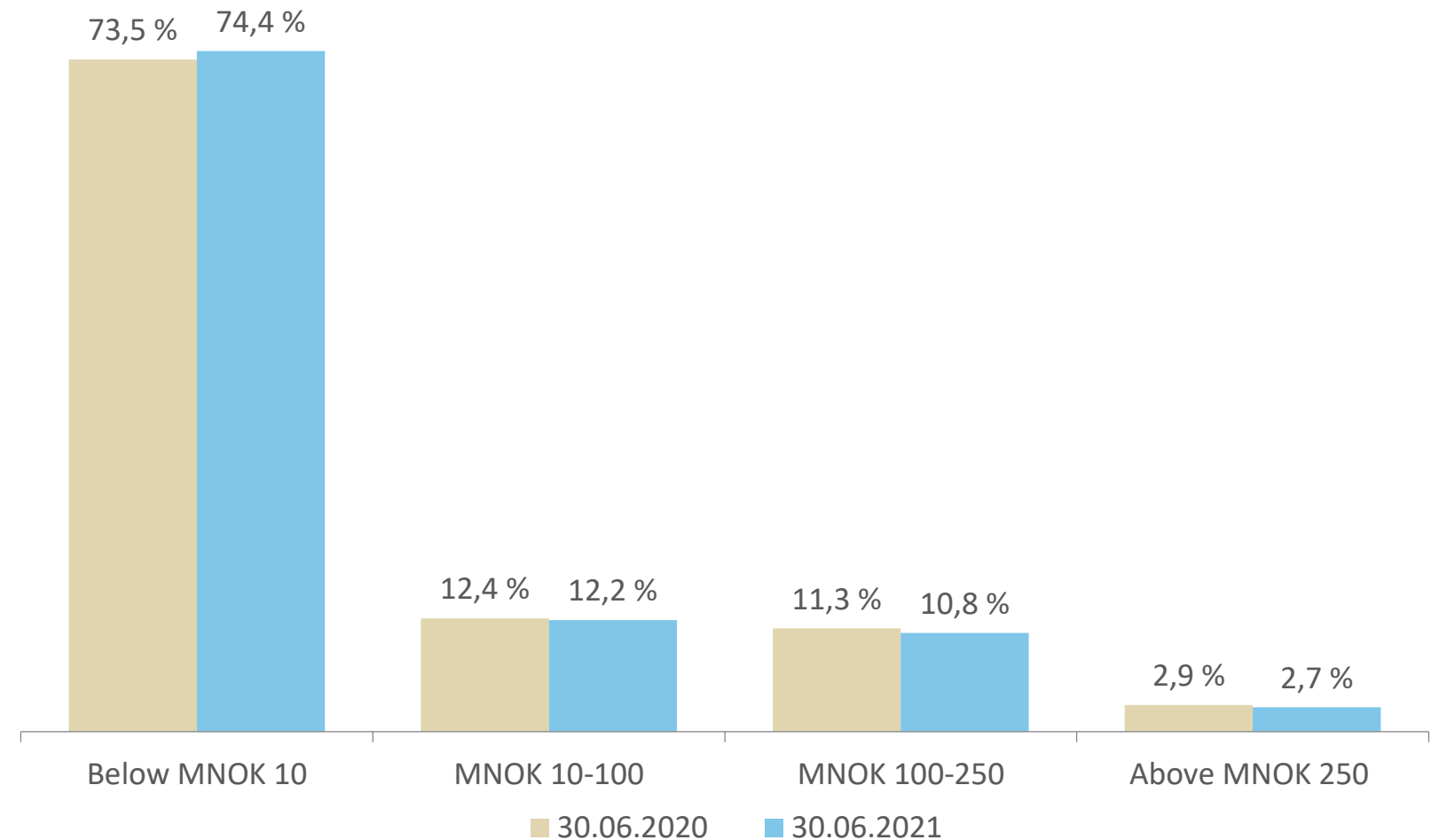


*\*Probability of default (PD) through a full cycle of loss.  
The figures include the loan portfolio in the covered bond companies.*

# 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.

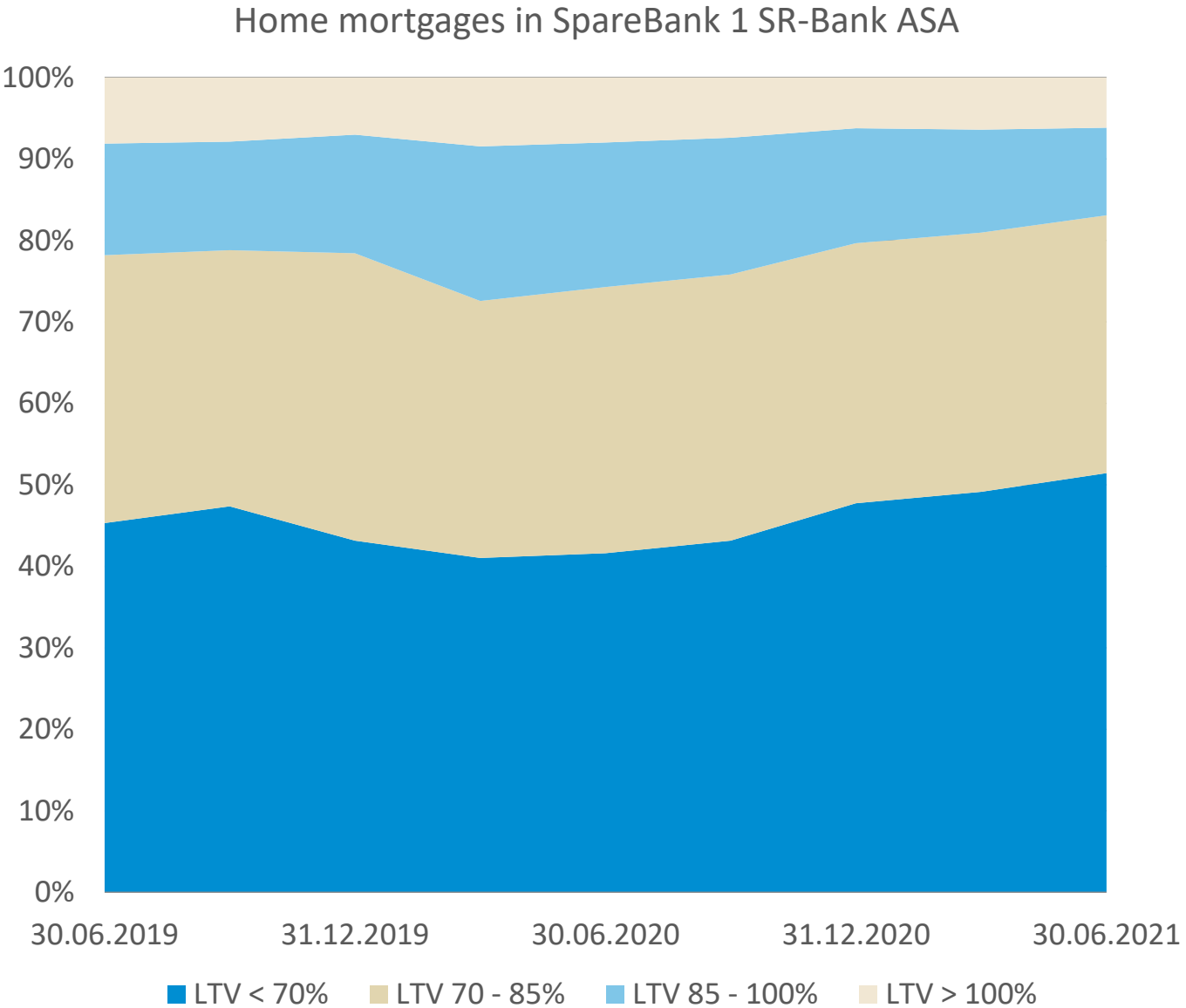
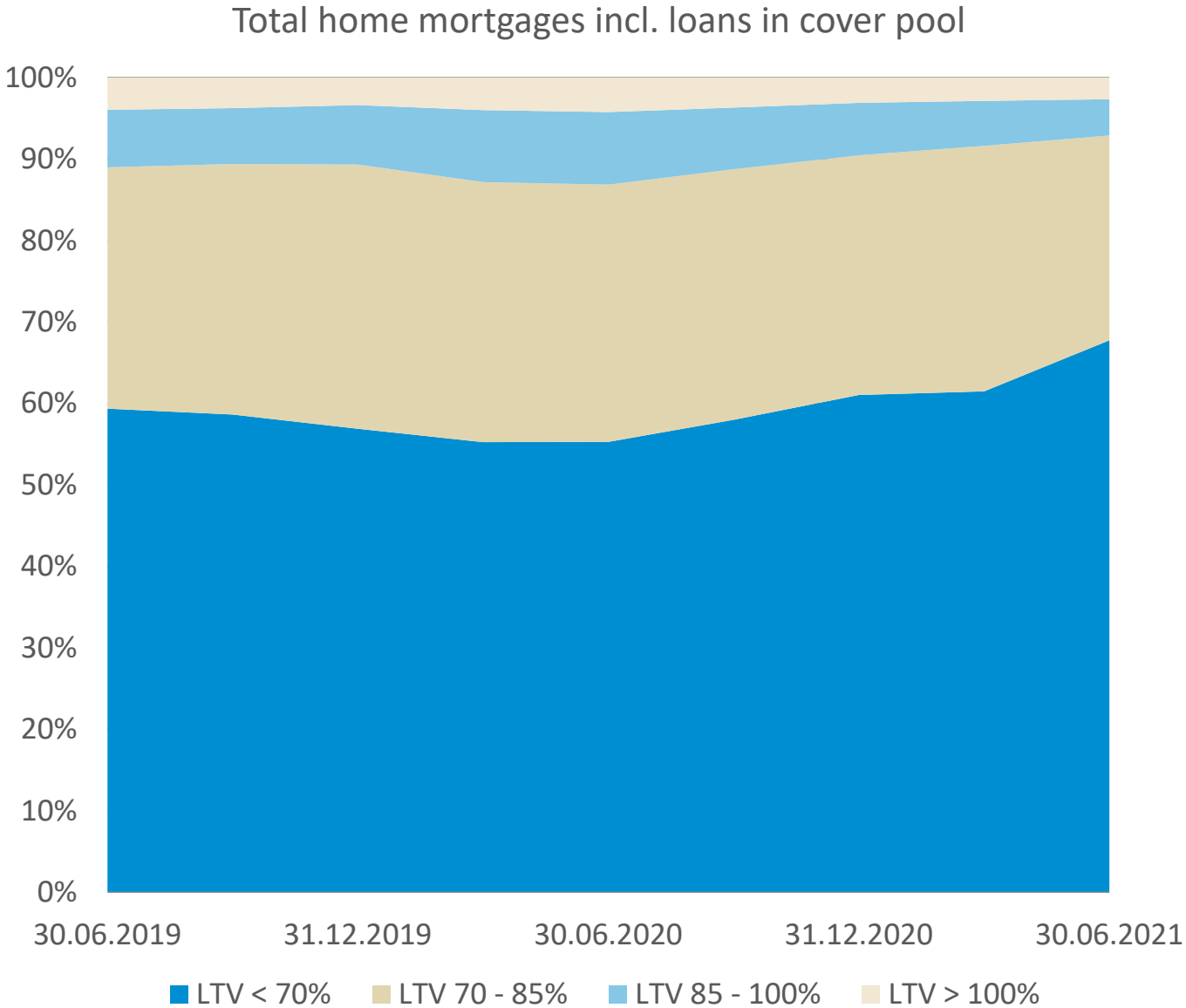
Portfolio distributed by loss given realisation (LGR)



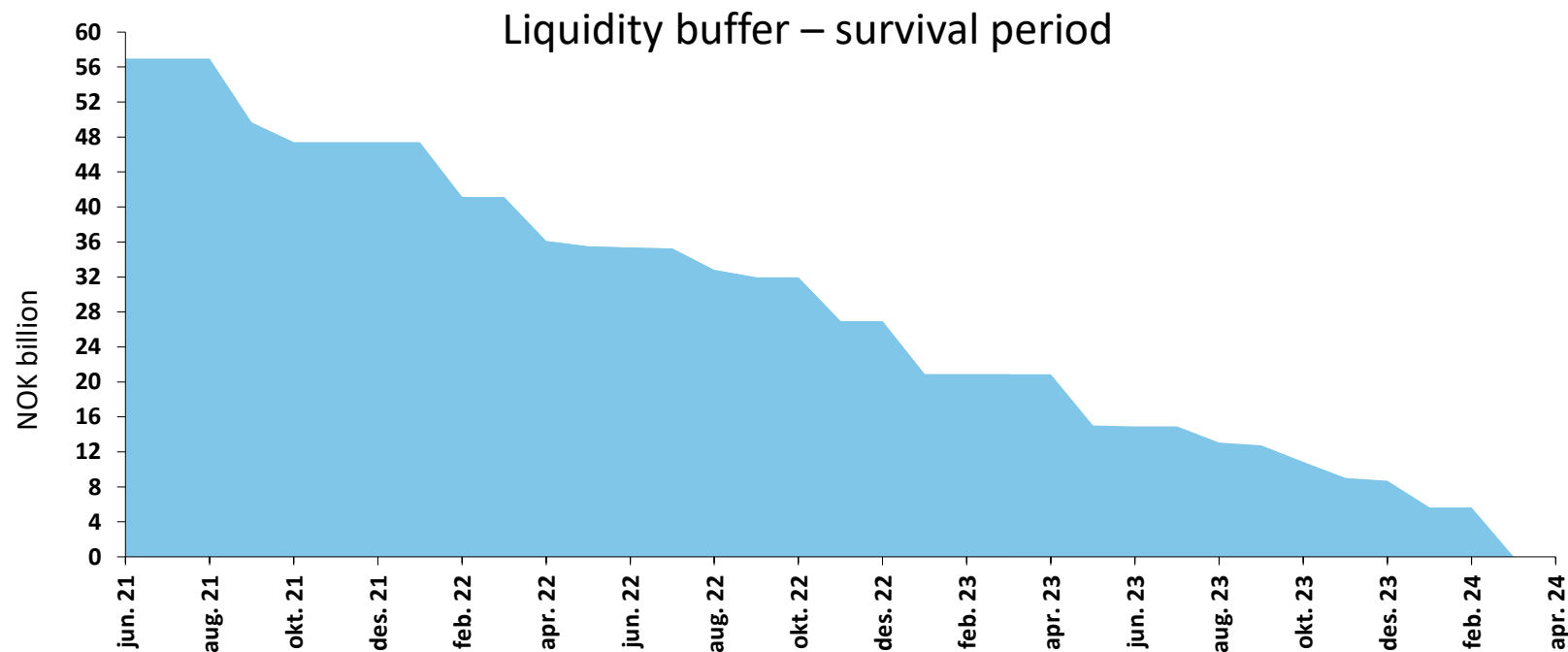
LGR (Loss Given Realisation). Estimated loss on realising a single loan. Corresponds to LGD without statistical correction for certain non-performing loans being reclassified as recoverable prior to collection. The calculation is based on the realisation value of assets pledged as security in an economic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

The figure includes the loan portfolio in the covered bond companies

# Historical LTV development for home mortgage loans



# Liquidity portfolio



- Liquidity buffer at the end of the quarter: NOK 56.9 billion
- Other liquid assets:
  - Home mortgages eligible for covered bond funding: NOK 20.8 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.

## Liquidity portfolio

Category	NOK million	Share %	Of which classified to amortised cost, MNOK
Norwegian government/municipal	0	0.0%	0
SSA/Foreign guaranteed	27,336	53.9%	3,618
Covered bonds (Norwegian/foreign)	23,421	46.1%	4,038
<b>Total liquidity portfolio</b>	<b>50,757</b>	<b>100.0%</b>	<b>7,656</b>



# Investments in bonds and certificates

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	50,757	99.5%
Low risk	A+, A and A-	0	0.0%
Moderate risk	Not rated	36	0.1%
High risk	Not rated	73	0.1%
Very high risk	Not rated	156	0.3%
<i>Total portfolio</i>		51,022	100.0%

*Of which liquidity purposes:*

Risk category	Rating	NOK Million	Share
Very low risk	AAA, AA+, AA and AA-	50,757	100.0%
Low risk	A+, A and A-	0	0.0%
Moderate risk	Not rated	0	0.0%
High risk	Not rated	0	0.0%
Very high risk	Not rated	0	0.0%
<i>Total liquidity purposes</i>		50,757	100.0%

*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	36	13.5%
High risk	Not rated	73	27.6%
Very high risk	Not rated	156	58.9%
<i>Total SR-Bank Markets portfolio*</i>		265	100.0%

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

# Rating

## Moody's

Long-term debt  
Outlook

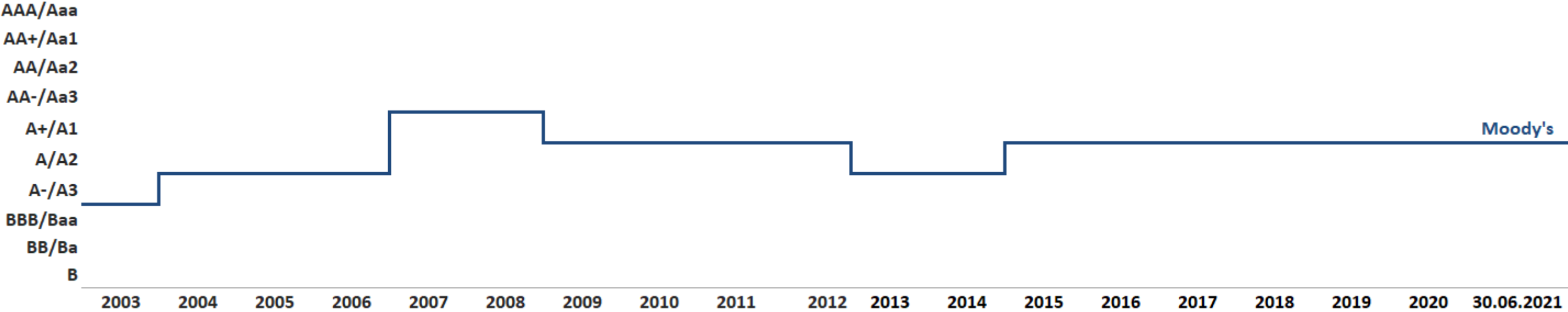
A1

Stable

Updated

22 March 2021

## Ratinghistory



# SR-Bank as at 30 June 2021

## SpareBank 1 SR-Bank share

	30.06.2021	2020	2019	2018	2017
Share price	113.70	91.00	100.00	89.20	87.00
Stock value (MNOK)	29,079	23,273	25,575	22,813	22,250
Book value per share, NOK (group)	96.08	95.97	89.90	82.27	77.24
Earnings per share	5.87	5.87	12.06	8.96	8.16
Dividend per share*			5.50	4.50	4.25
P/E	9.68	15.50	8.29	9.96	10.66
P/BV (group)	1.18	0.95	1.11	1.08	1.13

- Number of shares issued 255.7 million
- Trading volume in Q2 2021: 5.5% (11.0%)
- 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. This authorisation is valid up to ordinary general meeting in 2022.

## 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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