

Fourth Quarter 2019

Interim Financial Statements Q4 2019

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Key figures SpareBank 1 SR-Bank Group (MNOK)

| MAIN FIGURES | 01.01 - 31.12 | | Q4 | Q4 |
|--|---------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net interest income | 3.987 | 3.439 | 1.062 | 926 |
| Net commission and other income | 1.416 | 1.437 | 359 | 350 |
| Net income on financial investments | 1.127 | 569 | 22 | 68 |
| Total income | 6.530 | 5.445 | 1.443 | 1.344 |
| Total operating costs | 2.478 | 2.229 | 678 | 576 |
| Operating profit before impairments | 4.052 | 3.216 | 765 | 768 |
| Impairments on loans and financial commitments | 235 | 324 | 139 | 92 |
| Pre-tax profit | 3.817 | 2.892 | 626 | 676 |
| Tax expense | 693 | 596 | 141 | 149 |
| Profit after tax | 3.124 | 2.296 | 485 | 527 |

BALANCE SHEET

| | | | | |
|--|---------|---------|--|--|
| Gross loans to customers | 207.114 | 192.105 | | |
| Gross loans to customers including SB1 BK and SB1 NK ²⁾ | 211.357 | 201.399 | | |
| Deposits from customers | 103.106 | 98.814 | | |
| Total assets | 255.895 | 234.061 | | |
| Average total assets | 247.923 | 223.838 | | |

Selected key figures (for further key figures see page 40 of the interim report)

| | | | | |
|--|---------|---------|--------|--------|
| Return on equity ¹⁾ | 14,0 % | 11,3 % | 8,3 % | 10,1 % |
| Return on equity excluding merger effects Fremtind Forsikring AS ¹⁾ | 12,1 % | | | |
| Cost ratio ¹⁾ | 37,9 % | 40,9 % | 47,0 % | 42,9 % |
| Combined weighted total average spread for lending and deposits ¹⁾ | 1,61 % | 1,54 % | 1,64 % | 1,59 % |
| Balance growth | | | | |
| Growth in loans ¹⁾ | 7,8 % | 11,3 % | | |
| Growth in loans incl SB1 BK and SB1 NK ¹⁾²⁾ | 4,9 % | 7,6 % | | |
| Growth in deposits ¹⁾ | 4,3 % | 3,6 % | | |
| Solidity | | | | |
| Common equity Tier 1 capital ratio | 17,0 % | 14,7 % | | |
| Tier 1 capital ratio ³⁾ | 18,6 % | 15,9 % | | |
| Capital ratio ³⁾ | 20,4 % | 17,6 % | | |
| Tier 1 capital ³⁾ | 22.626 | 20.743 | | |
| Risk weighted balance | 121.744 | 130.869 | | |
| Leverage ratio | 7,8 % | 7,7 % | | |
| Liquidity | | | | |
| Liquidity Coverage Ratio (LCR) ⁴⁾ | 155 % | 167 % | | |
| Deposit-to-loan ratio ¹⁾ | 49,8 % | 51,4 % | | |
| Deposit-to-loan ratio, incl loans SB1 BK and NK ¹⁾²⁾ | 48,8 % | 49,1 % | | |
| Impairments on loans and financial commitments ¹⁾ | | | | |
| Impairment ratio ¹⁾ | 0,12 % | 0,18 % | | |
| Impairment ratio, incl. loans SB1 BK and SB1 NK ¹⁾²⁾ | 0,11 % | 0,17 % | | |
| Loans and financial commitments in Stage 3 ¹⁾ | | | | |
| Loans and financial commitments in Stage 3, percentage of gross loans ¹⁾ | 1,56 % | 1,53 % | | |
| Loans and financial commitments in Stage 3, percentage of gross loans, incl. loans SB1 BK and NK ¹⁾²⁾ | 1,53 % | 1,46 % | | |

| SpareBank 1 SR-Bank share | 31.12.19 | 31.12.18 | 31.12.17 | 31.12.16 |
|--|----------|----------|----------|----------|
| Market price | 100,00 | 89,20 | 87,00 | 60,75 |
| Market capitalisation (MNOK) | 25.575 | 22.813 | 22.250 | 15.537 |
| Book equity per share(including dividends) (group) ¹⁾ | 89,90 | 82,27 | 77,24 | 71,54 |
| Earnings per share, NOK | 12,22 | 8,98 | 8,16 | 6,87 |
| Dividends per share | 5,50 | 4,50 | 4,25 | 2,25 |
| Price / Earnings per share ¹⁾ | 8,18 | 9,93 | 10,66 | 8,84 |
| Price / Book equity ¹⁾ | 1,11 | 1,08 | 1,13 | 0,85 |
| Effective return ⁵⁾ | 17,2 % | 7,4 % | 46,9 % | 58,4 % |

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

²⁾ SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are abbreviated to SB1 BK and SB1 NK

³⁾ Historical capital ratio figures are based on the capital adequacy rules and regulations as at 31 December 2018, when the so-called Basel I floor applied.

⁴⁾ High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario

⁵⁾ Percentage change in the market price in the last period, including paid share dividend

A good annual result characterised by solid underlying operations, one-off income and a high level of activity

Q4 2019

- Pre-tax profit: NOK 626 million (NOK 676 million)
 - Net profit for the quarter: NOK 485 million (NOK 527 million)
 - Return on equity after tax: 8.3% (10.1%)
 - Earnings per share: NOK 1.90 (NOK 2.06)
 - Net interest income: NOK 1,062 million (NOK 926 million)
 - Net commissions and other operating income: NOK 359 million (NOK 350 million)
 - Net income from financial investments: NOK 22 million (NOK 68 million)
 - Operating costs: NOK 678 million (NOK 576 million)
 - Impairments on loans and financial liabilities: NOK 139 million (NOK 92 million)
- (Q4 2018 in brackets)

Preliminary annual result for 2019

- Pre-tax profit: NOK 3,817 million (NOK 2,892 million)
 - Net profit for the year: NOK 3,124 million (NOK 2,269 million)
 - Return on equity after tax: 14.0% (11.3%)
 - Return on equity after tax, excl. Fremtind Forsikring AS merger effects: 12.1%
 - Earnings per share: NOK 12.22 (NOK 8.98)
 - Net interest income: NOK 3,987 million (NOK 3,439 million)
 - Net commissions and other operating income: NOK 1,416 million (NOK 1,437 million)
 - Net income from financial investments: NOK 1,127 million (NOK 569 million)
 - Operating costs: NOK 2,478 million (NOK 2,229 million)
 - Impairments on loans and financial liabilities: NOK 235 million (NOK 324 million)
 - Total lending growth over last 12 months: 4.9% (7.6%)
 - Growth in deposits over last 12 months: 4.3% (3.6%)
 - Common equity tier 1 capital ratio¹: 17.0% (14.7%)
 - Tier 1 capital ratio¹: 18.6% (15.9%)
 - The board proposes a dividend of NOK 5.50 per share (NOK 4.50).
- (As at 31 December 2018 in brackets)

Financial performance – Q4 2019

The group made a pre-tax profit of NOK 626 million in the fourth quarter of 2019 (NOK 676 million), NOK 133 million lower than in the previous quarter. Good growth in both net interest income and commissions and other operating income was offset by less income from financial investments, higher costs, and higher impairments. The group posted a total return on equity after tax of 8.3% for the fourth quarter of 2019 (10.1%), compared with 10.5% for the previous quarter.

Net interest income rose to NOK 1,062 million in the fourth quarter of 2019 (NOK 926 million). The increase of NOK 43 million since the previous quarter came

from a combination of higher margins in the corporate market segment and increased lending and deposit volumes. The average interest margin (net interest income as a percentage of average total assets) increased to 1.64% (1.59%), compared with 1.61% in the third quarter of 2019.

Net commissions and other operating income totalled NOK 359 million in the fourth quarter of 2019 (NOK 350 million). Income increased by NOK 27 million compared with the previous quarter. Income from EiendomsMegler 1 SR-Eiendom AS increased by NOK 10 million to NOK 101 million (NOK 98 million) in the fourth quarter of 2019. Income from facilitation was

¹ Historical capital ratio figures are based on the capital adequacy rules and regulations as at 31 December 2018, when the so-called Basel I floor applied.

NOK 17 million higher in the fourth quarter of 2019 due to higher activity in the quarter.

Net income from financial investments amounted to NOK 22 million in the fourth quarter of 2019 (NOK 68 million), a reduction of NOK 67 million compared with the previous quarter. Income from ownership interests decreased by NOK 83 million from the third to the fourth quarter of 2019, mainly due to the lower profit share from SpareBank 1 Gruppen AS, which decreased by NOK 52 million for the quarter. Capital gains from interest and currency trading decreased by NOK 24 million from the third to the fourth quarter of 2019. NOK 18 million of the reduction was due to a decrease in the change in value of basis swap, which ended at NOK -34 million for the quarter in isolation. Capital gains from securities increased by NOK 44 million from the previous quarter. NOK 31 million of this was due to the change in value in the stake in Sandnes Sparebank and NOK 13 million the change in value in the portfolio of FinStart Nordic AS.

Operating costs rose by NOK 63 million from the previous quarter to NOK 678 million in the fourth quarter of 2019 (NOK 576 million). Personnel costs increased by NOK 21 million, due in part to NOK 15 million in higher bonus provisions and an increase in the number of FTEs. Administration costs increased by NOK 21 million from the previous quarter, of which NOK 11 million can be attributed to higher marketing costs, while the remainder can be explained by the use of temporary staff in connection with customer identification checks, moving into Finansparken, and a high level of activity in the quarter. Other operating costs rose by NOK 21 million, of which NOK 15 million was due to the use of external consultants, while higher costs in EiendomsMegler 1 SR-Eiendom AS due to increased activity accounted for NOK 8 million.

Impairments on loans and financial liabilities amounted to NOK 139 million for the fourth quarter of 2019 (NOK 92 million), an increase of NOK 73 million from the third quarter of 2019. The increase was mainly due to increased impairments for a single customer within the offshore segment, where impairments have also previously been made.

Preliminary annual result for 2019

The group's pre-tax profit for 2019 was NOK 3,817 million (NOK 2,892 million), up NOK 925 million compared with 2018. The result for 2019 was marked by significant one-off income in connection with the merger and establishment of Fremtind Forsikring AS on 1 January 2019, write-ups of properties in the life insurance company in SpareBank 1 Gruppen AS, and

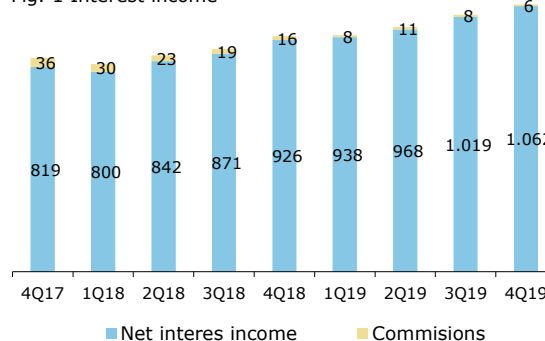
reversed impairments. At the same time, underlying banking operations also delivered a good and improved contribution to the result. The group's pre-tax profit, adjusted for the above one-off items, increased by NOK 257 million from 2018 to 2019.

The good annual result in the group was due to a combination of increased net interest income, substantial income from financial investments, and lower impairments on loans and financial liabilities than in 2018. Income from financial investments increased by NOK 558 million, NOK 460 million of which was income in connection with the merger and establishment of Fremtind Forsikring AS on 1 January 2019 and NOK 116 million was due to the write-up of properties in SpareBank 1 Gruppen AS's life insurance company in the second quarter of 2019. Impairments on loans and financial liabilities were NOK 89 million lower than in 2018 due to the reversal of NOK 92 million in previous impairments in the second quarter of 2019 following a legally enforceable judgment, in which SpareBank 1 SR-Bank ASA was awarded a compensation of NOK 92 million including interest. Together with an increase in underlying banking operations, this contributed to a solid result for the group in 2019. The group's return on equity after tax was 14.0% for 2019 (11.3%). Excluding the merger effect associated with Fremtind Forsikring AS, the return on equity was 12.1%.

Net interest income

The group's net interest income totalled NOK 3,987 million in 2019 (NOK 3,439 million), an increase of NOK 548 million. Net interest income must be seen in the context of commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. Commissions from these companies amounted to NOK 33 million in 2019 (NOK 88 million). The sum of net interest income and commissions increased by a total of NOK 493 million compared with 2018. Increased interest margins in the corporate market division and higher lending and deposit volumes contributed to the increase.

Fig. 1 Interest income



In 2019, net interest income was positively affected by the fact that the proportion of the group's external funding in which the issuance of hybrid capital is used, increased by NOK 1.3 billion over the year. Interest on hybrid capital increased by NOK 35 million to NOK 40 million in 2019. Due to the regulations for hybrid capital, interest is recognised directly against equity and is not charged to the income statement. In addition to this, net interest income was negatively affected by NOK 14 million in higher interest costs associated with the introduction of IFRS 16 from 1 January 2019 (see more information in note 17) and NOK 14 million in total increased charges for the deposit guarantee fund and the crisis management fund.

The average interest margin rose to 1.61% in 2019, compared with 1.54% in 2018.

Net commissions and other operating income

Net commissions and other operating income totalled NOK 1,416 million in 2019 (NOK 1,437 million).

Table 1, Commission and other income

| | 31.12.18 | 31.12.17 |
|---|--------------|--------------|
| Payment facilities | 260 | 262 |
| Savings/placements | 196 | 198 |
| Insurance products | 189 | 208 |
| Commission income real estate broking | 382 | 389 |
| Guarantee commission | 108 | 107 |
| Arrangement- and customer fees | 99 | 93 |
| Accounting services SpareBank 1 Regnskapshuset SR | 99 | 96 |
| Commission income SB1 Boligkreditt and SB1 Næringskreditt | 88 | 149 |
| Other | 16 | 22 |
| Total commission and other income | 1.437 | 1.524 |

The NOK 21 million reduction compared with 2018 was primarily attributable to the fact that commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS were down NOK 55 million to NOK 33 million in 2019 (NOK 88 million). The reduction in commissions from the mortgage companies was a consequence of the group buying back NOK 5.1 billion in loans from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS in the last 12 months. Income from estate agency services increased by NOK 17 million to NOK 399 million in 2019 (NOK 382 million). Income from SpareBank 1 Regnskapshuset SR AS rose by NOK 27 million to NOK 126 million in 2019 (NOK 99 million), in part due to the acquisition of Agder Økonomi in the second quarter of 2019. Income from money transfer services rose by NOK 11 million compared with 2018 due to increased income from card use. Income from guarantee commissions decreased by NOK 15 million, partly due to a policy

change in which parts of the fees linked to guarantees were accrued during the guarantee period from and including 2019.

Net income from financial investments

Net income from financial investments amounted to NOK 1,127 million in 2019 (NOK 569 million).

Table 2, Income on investment securities

| | 31.12.19 | 31.12.18 |
|--|--------------|------------|
| Dividends | 31 | 12 |
| Investment income, associates | 875 | 366 |
| Income from financial instruments | 221 | 191 |
| - Capital gains/losses on securities | 96 | 84 |
| - Capital gains/losses interest/currency | 125 | 107 |
| Total income on investment securities | 1.127 | 569 |

Dividends increased by NOK 19 million from 2018 to NOK 31 million in 2019 (NOK 12 million), of which NOK 18 million was from dividends from Sandnes Sparebank and NOK 12 million from dividends from Vn Norge AS (Visa).

Income from ownership interests increased by NOK 509 million to NOK 875 million in 2019 (NOK 366 million). The most important reason for this was the increased profit share from SpareBank 1 Gruppen AS.

Table 3, Income from ownership interests

| The share of net profit after tax | 31.12.19 | 31.12.18 |
|--|------------|------------|
| SpareBank 1 Gruppen AS | 252 | 289 |
| -Profit effect merger SpareBank 1 Gr. | 460 | |
| SpareBank 1 Boligkreditt AS | 6 | -3 |
| SpareBank 1 Næringskreditt AS | 12 | 9 |
| BN Bank ASA | 109 | 65 |
| SpareBank 1 Kredittkort AS | 13 | 23 |
| SpareBank 1 Betaling AS | 3 | -17 |
| FinStart Nordic AS* | 22 | |
| Other | -2 | - |
| Total income from ownership interests | 875 | 366 |

* 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 share of the net profit from SpareBank 1 Gruppen AS increased by a total of NOK 423 million from 2018 to 2019. NOK 460 million of the increase was due to effects from the merger and establishment of Fremtind Forsikring AS in the first quarter of 2019 and NOK 116 million was due to write-ups of properties in the life insurance company in SpareBank 1 Gruppen AS in the second quarter of 2019. The underlying profit share from SpareBank 1 Gruppen AS decreased by NOK 153 million compared with 2018. The decrease was primarily due to the reduced result from Fremtind

Forsikring AS, which in turn was mainly due to higher claims payments, higher costs, and lower liquidation gains.

The profit share from BN Bank ASA increased by NOK 44 million to NOK 109 million in 2019. In the second quarter of 2019, the group increased its stake in BN Bank ASA from 23.5% to 35.0%, and this contributed to a higher profit share. The underlying pre-tax profit in BN Bank ASA in 2019 was NOK 40 million higher than in 2018.

The profit share from SpareBank 1 Kredittkort AS decreased by NOK 10 million to NOK 13 million in 2019. The company's pre-tax profit decreased by NOK 76 million from 2018 to 2019 as a result of lower commissions and higher impairments.

The profit share from SpareBank 1 Betaling AS increased by NOK 20 million to NOK 3 million. NOK 14 million of the increase was due to a correction of the company's results for 2018. The correction was made in the first quarter of 2019 and concerned the merger between Vipps AS, BankAxept AS, and BankID Norge AS.

The profit share from the subsidiary FinStart Nordic AS was due to the company's 42.8% stake in Vester Group AS. This investment is treated as an associated company in the consolidated financial statements. In connection with Vester Group AS selling its stake in Monner AS to SpareBank 1 SR-Bank in July 2019, a dividend was paid to FinStart Nordic AS, at the same time as the remaining stake was revalued. In addition to this, a further dividend was paid by Vester Group AS to FinStart Nordic AS in the fourth quarter of 2019. The total effect of this was a positive profit share of NOK 22 million in 2019. FinStart Nordic AS made a pre-tax profit of NOK 27.3 million in 2019 (NOK 59.5 million), of which the profit share mentioned above was NOK 22 million.

Net income from financial instruments amounted to NOK 221 million in 2019 (NOK 191 million). Capital gains from securities amounted to NOK 96 million (NOK 84 million), while capital gains from interest and currency trading amounted to NOK 125 million (NOK 107 million).

The capital gains on securities amounting to NOK 96 million (NOK 84 million) were due to a combination of capital losses of NOK 156 million (capital losses of NOK 230 million) in the interest portfolio, which were offset by positive effects totalling NOK 141 million (NOK 151 million) from hedging instruments, as well as capital

gains of NOK 111 million (NOK 163 million) from the portfolio of shares and equity certificates. NOK 42 million of the increase in gains from shares and equity certificates was due to an increase in the value of the investment in Sandnes Sparebank and NOK 29 million was due to an increase in the value of investments in FinStart Nordic AS, while investments in SR-Fondene rose in value by NOK 20 million in 2019. In 2018, NOK 72 million was recognised as income from the effects of the merger of Vipps AS, BankAxept AS, and BankID Norge AS, NOK 70 million from capital gains on securities in FinStart Nordic AS, and NOK 23 million from growth in the value of the investment in Visa Norge AS.

The capital gains from interest and currency trading amounted to NOK 125 million in 2019 (NOK 107 million). Capital gains from customer and own account trading were NOK 131 million (NOK 135 million), negative effects of basis swaps amounted to NOK 10 million (NOK 38 million in negative effects), while the sum of hedging recognition and other positive IFRS effects was NOK 4 million in 2019 (NOK 10 million).

Operating costs

The group's operating costs were NOK 2,478 million in 2019 (NOK 2,229 million), an increase of NOK 249 million (11.2%) since 2018.

Table 4, Operating expenses

| | 31.12.19 | 31.12.18 |
|-------------------------------------|--------------|--------------|
| Personnel expenses | 1.472 | 1.297 |
| IT expenses | 364 | 331 |
| Marketing | 90 | 88 |
| Other administrative expenses | 101 | 99 |
| Depreciation | 137 | 82 |
| Operating expenses from real estate | 35 | 33 |
| Other operating expenses | 279 | 299 |
| Total operating expenses | 2.478 | 2.229 |

The growth in costs is a consequence of the group's aggressive market strategy and increased use of resources in strategically selected priority areas. Going forward this should increase the group's income and efficiency, which should help to improve the contribution to the result. It should also ensure that customers get the best available products in the market at competitive prices. The group's priority areas that have contributed to increased cost growth include geographical expansion to the Oslo region, the acquisition of Agder Økonomi AS and Monner AS, more activity in FinStart Nordic AS, increased resource use in the work on combating money laundering, and investments in new technology and digitalisation. The growth in costs in 2019 was also affected by the

group's bonus provisions increasing significantly in 2019 due to the good results.

Personnel costs rose by NOK 175 million (13.5%) from 2018 to NOK 1,472 million in 2019. The group's bonus provisions increased by NOK 41 million in 2019 due to the good results. The acquisition of Agder Økonomi and Monner AS, as well as the establishment of the Oslo branch, and more activity in FinStart Nordic AS, increased personnel costs by a total of NOK 15 million. Increased activity in EiendomsMegler 1 AS increased personnel costs by a total of NOK 19 million. Personnel costs also rose due to ordinary wages growth and the higher number of FTEs. The number of FTEs in the group has increased by 82 in the last 12 months. The parent bank saw an increase of 33 permanent FTEs, mainly in the retail market division and linked to the anti-money laundering and compliance work. The subsidiaries saw an increase of 49 FTEs, primarily in SpareBank 1 Regnskapshuset SR AS, which saw an increase in staffing levels in connection with the acquisition of Agder Økonomi AS in the second quarter of 2019. The number of personnel also rose in connection with the acquisition of Monner AS in July 2019 and the establishment of Beaufort Solutions AS in the fourth quarter of 2019. Beaufort Solutions AS is a subsidiary of FinStart Nordic AS.

Other operating costs increased by NOK 74 million (7.9%) to NOK 1,006 million in 2019. The greatest increases were in IT costs and depreciation. IT costs increased by NOK 33 million as a result of greater activity related to new technology and digitalisation. Depreciation increased by NOK 55 million to NOK 137 million in 2019, of which NOK 39 million was due to the introduction of new IFRS 16 rules for leases, while NOK 8 million was due to the scrapping of office equipment in connection with the move from old to new premises in November 2019. Other operating costs were reduced by NOK 20 million. Rental costs were reduced by NOK 43 million, of which NOK 48 million was due to the IFRS 16 rules. See more information about IFRS 16 and its effects in note 17. The accounts were also charged with NOK 5 million in moving costs in connection with moving into Finansparken in November 2019, while costs relating to external consultants increased by NOK 17 million in 2019.

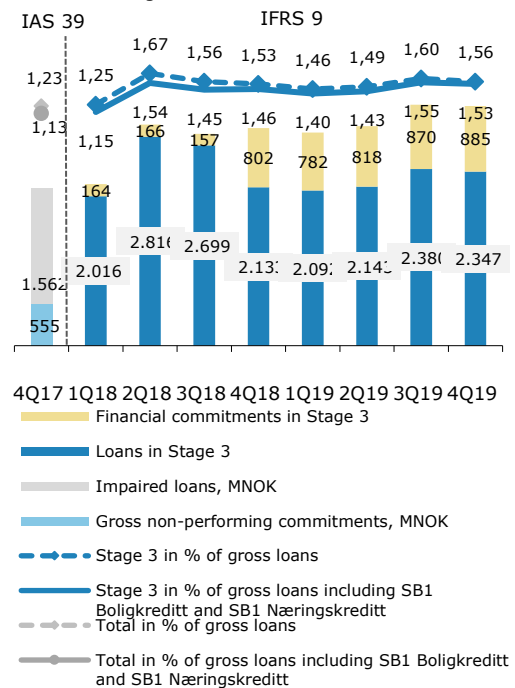
The group's cost/income ratio, costs measured as a percentage of income, was 37.8% for 2019 (40.9%). Excluding the merger effects Fremtind Forsikring AS, the cost/income ratio was 40.8% for 2019.

Impairments on loans and financial liabilities, and loans and financial liabilities in Stage 3

The group's net impairments on loans and financial liabilities were reduced by NOK 89 million from 2018 to NOK 235 million in 2019. The low impairments were due to NOK 92 million in previous impairments being reversed in the second quarter of 2019 following a legally enforceable judgement, in which SpareBank 1 SR-Bank ASA was awarded a compensation of NOK 92 million including interest. Excluding this reversal, impairments on loans and financial liabilities increased by NOK 3 million in 2019. The group's impairments on loans and financial liabilities amounted to 0.12% of gross loans in 2019 (0.18%). Excluding the aforementioned reversal of NOK 92 million, the group's impairments on loans and financial liabilities equalled 0.16% of gross loans in 2019.

Closely monitoring customers and prevention work are important measures that the group actively employs to maintain its good risk profile in the group's loan portfolio. This helps to ensure that the group's impairments on loans and financial liabilities are considered low.

Fig. 2 Gross loans and financial commitments defined in Stage 3

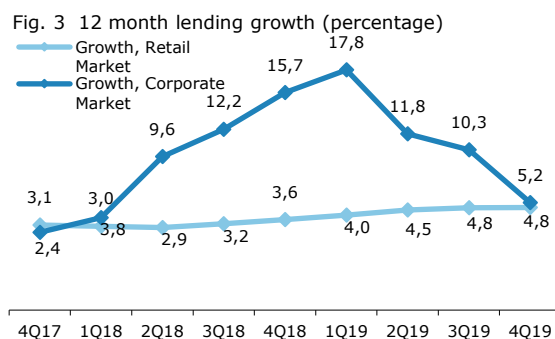


The group's loans and financial liabilities are classified into three groups: Stage 1, Stage 2 and Stage 3. Stage 3 is used for loans and financial liabilities that have seen a significant rise in credit risk since being granted, and where there is objective evidence of a loss event on the balance sheet date. The loss

provision must cover expected losses over their lifetime for these loans and financial liabilities. Gross loans and financial liabilities classified as Stage 3 amounted to NOK 3,232 million at year end 2019 (NOK 2,935 million). This corresponded to 1.56% (1.53%) of gross loans, and 1.53% (1.46%) inclusive of loans sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

Loans to and deposits from customers

Gross loans at year end 2019 amounted to NOK 207.1 billion (NOK 192.1 billion). Inclusive of loans totalling NOK 4.2 billion (NOK 9.3 billion) sold to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, gross loans amounted to NOK 211.4 billion at year end 2019 (NOK 201.4 billion). Gross lending growth, inclusive of the mortgage companies, was 4.9% in the last 12 months (7.6%). The effect of exchange rate fluctuations accounted for NOK 0.1 billion (0.1%) of the NOK 10.0 billion growth in gross loans over the last 12 months.



Loans to the retail market accounted for 60.9% of total loans (inclusive of loans sold to SpareBank 1 Boligkreditt AS) at year end 2019 (61%).

The group's total loan exposure of NOK 211.4 billion (NOK 201.4 billion) included a majority of commitments with a probability of default of less than 0.5%. These commitments accounted for 63.3% (60.7%) of the portfolio. The total lending portfolio primarily consisted of commitments of less than NOK 10 million. These accounted for 66.6% (66.7%) of loan exposure and 98.3% (98.3%) of customers. 20.0% (19.9%) of the total loan exposure was to customers with loans in excess of NOK 100 million.

²The interest on intercompany receivables for the retail market division and the corporate market division is determined on the basis of expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long-term funding (credit

Over the last 12 months, deposits from customers rose by 4.3% (3.6%) to NOK 103.1 billion (NOK 98.8 billion). Excluding deposits from customers in the public sector, deposits from customers have increased by 6.9% in the last 12 months. At year end 2019, deposits from the corporate market and public sector accounted for 53.9% (53.8%) of the group's customer deposits. At year end 2019, the deposit coverage ratio, measured as deposits as a percentage of gross loans, was 49.8% (51.4%). The lower deposit coverage ratio was due to a buyback of loans from SpareBank 1 Boligkreditt AS amounting to NOK 5.1 billion in 2019, which reduced the deposit coverage ratio by 1.2 percentage points.

In addition to ordinary customer deposits, the group also has capital under management in alternative investment products. These amounted to NOK 24.5 billion at year 2019 (NOK 20.7 billion). This management is primarily performed by SR-Forvaltning AS and ODIN Forvaltning AS.

Business areas

SpareBank 1 SR-Bank ASA is divided into different business areas, which are defined on the basis of their form of distribution, products, and customers. The reporting format is based on the risk and return profile of the assets and is split into the retail market (including the self-employed and farming), corporate market, capital market, and subsidiaries of significant importance. The retail market division's result and balance sheet items include the figures from SR-Boligkreditt AS.

Retail market division²

The retail market division's contribution before impairments amounted to NOK 1,633 million in 2019 (NOK 1,656 million). The result was NOK 23 million lower than in 2018. Net interest income, inclusive of commissions from SpareBank 1 Boligkreditt AS, increased by NOK 33 million compared with 2018. Commissions decreased by NOK 53 million, NOK 51 million of which was attributable to lower commissions from SpareBank 1 Boligkreditt AS due to the group buying back loans from the mortgage company. This was offset to some extent by the resulting increase in interest income. Commissions were also affected by stable income in the area of payments, rises in insurance rates, increased commission payments to

premium). Differences between the group's actual funding costs and the applied interest on intercompany receivables are eliminated at the group level.

vehicle dealers, and reduced margins in the area of savings and investments.

Costs were up by NOK 53 million compared with 2018. The growth in costs was particularly linked to growth initiatives in market areas outside Rogaland, as well as compliance with regulatory factors such as the anti-money laundering rules and identification checks. Part of the growth in costs related to contracted temporary staff who will be phased out in early 2020.

Table 5, Retail market

| | 31.12.19 | 31.12.18 |
|--|----------|----------|
| Interest income | 1.687 | 1.603 |
| Commission and other income | 541 | 594 |
| Income on investment securities | 5 | 6 |
| Total income | 2.233 | 2.203 |
| Total operating expenses | 600 | 547 |
| Operating profit before impairments | 1.633 | 1.656 |
| Impairments on loans and financial commitments | 24 | - |
| Pre-tax profit | 1.609 | 1.656 |

In order to deliver on the group's strategy of being a financial group for Southern Norway, the division strengthened its organisation in Bergen and the Oslo region in 2019. New SR-Bank funds were also launched and are seeing good sales growth.

Lending growth in the last 12 months continued to increase and was 4.6% at year end 2019. 70% of the lending growth came from outside Rogaland. This trend is expected to persist as a result of initiatives and various regional market conditions. Deposit growth in the last 12 months was 6.0%.

The quality of the retail market portfolio is considered to be very good with a low risk of losses. The proportion of loan exposure (including the portfolios in SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS) within a loan-to-value ratio of 85% amounted to 89.3% at year end 2019 (89.1%). The IRB risk weighting³ for home mortgages was 21.9% at year end 2019 (21.7%), reflecting a solid, stable portfolio.

Personal advice and services combined with efficient, useful digital services are priority areas in the retail market. Profitable, long-term customer relationships are created by encouraging customers to make good financial choices.

³ The IRB rules define residential mortgage loans as commitments secured by collateral in residential/real property where the collateral in the real property amounts to at least

Corporate market division ²

The corporate market division's contribution before impairments was NOK 2,037 million in 2019 (NOK 1,748 million), NOK 289 million higher than in 2018. The improved result was mainly due to higher interest rates as a result of an increased lending volume and higher lending and deposit margins.

Table 6, Corporate market

| | 31.12.19 | 31.12.18 |
|--|----------|----------|
| Interest income | 1.969 | 1.619 |
| Commission and other income | 303 | 343 |
| Income on investment securities | 26 | 26 |
| Total income | 2.298 | 1.988 |
| Total operating expenses | 261 | 240 |
| Operating profit before impairments | 2.037 | 1.748 |
| Impairments on loans and financial commitments | 211 | 324 |
| Pre-tax profit | 1.826 | 1.424 |

The division's lending growth in the last 12 months was 5.4%. In 2019, the net growth mainly came from customers outside Rogaland. 54% of the corporate market loan portfolio is made up of customers with an address outside Rogaland. The division's deposits have increased by 2.7% in the last 12 months.

The quality of the corporate market portfolio is considered to be good. The proportion of commitments with a probability of default of less than 2.5% through a full loss cycle was 81.0% of the portfolio at year end 2019 (77.5%). The increase was due to underlying positive migration in the portfolio and the growth in lending mainly occurred in the medium and low risk commitment categories. The property sector portfolio represents the group's largest concentration in a single sector and accounted for 15.9% (15.9%) of total loan exposure, inclusive of retail customers. A large portion of this portfolio consisted of financing commercial properties for leasing.

NOK 211 million in impairments on loans and financial liabilities was recognised in 2019 (NOK 324 million), which includes a NOK 92 million reversal of previous impairments following Kluge Advokatfirma AS and others being ordered to pay NOK 92 million including interest in damages to SpareBank 1 SR-Bank ASA. The division's pre-tax profit was NOK 1,826 million in 2019, NOK 402 million higher than in 2018.

The division prioritises closely monitoring risk in the portfolio. At the same time, it is important to ensure

30%. The figures include portfolios in mortgage companies (SpareBank 1 Boligkreditt AS and SR-Boligkreditt AS).

good, relevant customer services in relevant channels in order to maintain strong customer relationships and customer growth. New digital purchasing solutions are being developed and launched, which will ensure efficiency for both customers and the group.

Capital market division ⁴

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

SR-Bank Markets's pre-tax profit amounted to NOK 56 million in 2019 (NOK 85 million). The income generated is recognised as income in the business areas to which the customers are assigned, primarily the corporate market division. In 2019, income of NOK 79 million was recognised in the business areas (NOK 71 million).

Prior to the allocation of customer income to other business areas, SR-Bank Markets posted operating income of NOK 201 million in 2019 (NOK 218 million). Income from interest trading was somewhat lower during the period, whereas Corporate Finance achieved a better result than in 2018.

Table 7, Capital market

| | 31.12.19 | 31.12.18 |
|---------------------------------|----------|----------|
| Interest income | 27 | 34 |
| Commission and other income | 86 | 77 |
| Income on investment securities | 87 | 107 |
| Total income | 200 | 218 |
| - allocated to Corporate market | 79 | 71 |
| Total income after allocation | 121 | 147 |
| Total operating expenses | 66 | 62 |
| Pre-tax profit | 55 | 85 |

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company achieved a turnover of NOK 396 million in 2019 (NOK 382 million), and made a pre-tax profit of NOK 6.0 million (NOK 10.8 million). In 2019, 6,441 (6,487) properties were sold with a total value of around NOK 21.7 billion (NOK 20.6 billion). The supply of new assignments was satisfactory, although somewhat weaker than last year.

Overall, the company is the largest actor in estate agency services in the counties of Rogaland, Vestland

and Agder, with a stable market share of just under 20% in this market area.

The housing market in Rogaland was slightly weaker than expected in 2019, with a long turnover times and a continued fall in house prices. Agder and in Vestland had good, balanced housing markets. The supply of planned homes in the market area is high, and in the Stavanger area especially, the market is demanding but improving. The level of activity within commercial property is good throughout the market area. The market for office space in the Stavanger region is stable, but the vacancy rate remain high.

SpareBank 1 Regnskapshuset SR AS

The company achieved a turnover of NOK 133 million in 2019 (NOK 104 million), and made a pre-tax profit of NOK 10.7 million (NOK 4.2 million). The result includes depreciation of intangible assets amounting to NOK 2.5 million (NOK 1.9 million).

At year end 2019, the company had seven offices: three in Rogaland, three in Bergen and one in Agder, and around 2,600 customers. Regnskapshuset enjoys a solid market positions within accounting services in Agder, Vestland, and Rogaland. Business areas within advice and payroll/HR are also growing, and the company is experiencing good demand for these types of services. The company expends a lot of resources on development activities, both on streamlining work processes and customer-related services.

SR-Forvaltning AS

The company achieved a turnover of NOK 95.0 million in 2019 (NOK 96.9 million) and made a pre-tax profit of NOK 25.4 million (NOK 34.7 million). The reduction in management income was mainly due to a reduction in management fees after price adjustments throughout the year. In 2019, the company experienced good customer growth in the SR-Bank funds, but a reduced volume under discretionary management. The company's costs increased through 2019 as a result of a new savings strategy. The assets under management at year end 2019 amounted to NOK 12.5 billion (NOK 11.4 billion).

In the first quarter of 2019, SR-Forvaltning AS expanded its operations by establishing several new securities funds. The company manages eight securities funds, of which three are unit trusts, two bond funds and three balanced funds. The company also manages discretionary portfolios for SpareBank 1

⁴ The capital market division serves customers throughout the group and customer income is now recognised, in its entirety, in the business area to which the customer belongs.

SR-Bank ASA's pension fund, as well as for public and private enterprises and high-net-worth individuals based on discretionary mandates. Since its start-up in 1999, the company has produced a good, long-term, risk-adjusted return for its customers, in both absolute and relative terms.

SR-Forvaltning AS's investment philosophy is long-term and value-oriented. The company primarily invests in companies with a low share price in relation to book value and earnings, and which pay solid dividends.

SR-Boligkreditt AS

The company achieved a pre-tax profit of NOK 582.7 million in 2019 (NOK 374.5 million). Net interest income increased by NOK 123.5 million compared with 2018, while the positive effects of basis swaps amounted to NOK 21.4 million, compared with NOK 62.3 million in negative basis swap effects as at year end 2018. Net interest income primarily increased due to the increase in residential mortgages bought from SpareBank 1 SR-Bank ASA and the increase must therefore be viewed in the context of the development of net interest income in the retail market division in the parent bank.

The company's purpose is to purchase residential mortgages from SpareBank 1 SR-Bank ASA and it funds this by issuing covered bonds. SR-Boligkreditt AS enables the parent bank to diversify and optimise its funding. Moody's has given SR-Boligkreditt AS its best rating, Aaa. At year end 2019, the company had issued covered bonds with a nominal value of NOK 62.3 billion (NOK 55.8 billion) and bought loans worth NOK 73.0 billion (NOK 58.8 billion) from SpareBank 1 SR-Bank ASA.

FinStart Nordic AS

The company achieved a pre-tax profit of NOK 27.3 million in 2019 (NOK 59.5 million). The reduction in the result was attributable to higher costs due to the company becoming fully operational in 2019 following a phased start-up in spring 2018. In 2019, the company achieved a positive return on securities of NOK 54.8 million (NOK 70.4 million). The increase in value primarily came from the investment portfolio of the former SR-investment AS. The income included proceeds of NOK 27.9 million in connection with the sale of Monner AS to the parent bank. Costs increased by NOK 16.5 million to NOK 27.1 million due to the company becoming fully operational in 2019.

FinStart Nordic AS commenced operations in January 2018. FinStart Nordic AS was established as an

entrepreneurial company and is part of the group's focus on innovation. The company is an external arena for innovation and development, and wants to invest in and/or establish companies that will engage in development and innovation work within financial technology (fintech). This will help to the bank to grow in a market where the bank's activities are increasingly subject to competition from new actors. In the fourth quarter of 2019, operations commenced in its subsidiary Beaufort Solutions AS.

Monner AS

On 1 July 2019, SpareBank 1 SR-Bank ASA purchased 100% of the shares in Monner AS. SpareBank 1 SR-Bank ASA became the company's first external investor through its investment company FinStart Nordic AS with an investment in March 2017. Monner AS is a payment company and a registered loan arranger and arranges direct loans from private investors (people and limited liability companies) to small and medium-sized Norwegian limited liability companies via its proprietary digital platform. The company has arranged more than NOK 170 million in loans to Norwegian companies. Ownership of Monner AS will enable the group to help entrepreneurs throughout Norway succeed by delivering comprehensive services to companies in their startup and growth phases. The company posted a deficit of NOK 14.0 million in 2019 (NOK -14.0 million). The negative result is in line with expectations and was due to the company being in an investment and development phase where the costs of products and market development will be higher than earnings.

Associated companies

SpareBank 1 Alliance

The SpareBank 1 Alliance is Norway's second largest financial group and is a banking and product partnership in which the SpareBank 1 banks in Norway cooperate in order to keep them strong and independent. The purpose of the alliance is to procure and provide competitive financial services and products, and to exploit economies of scale in the form of lower costs and/or higher quality. The alliance is run through its ownership and participation in SpareBank 1 Utvikling DA, while the development and operation of product companies is organised through the banks' ownership of the holding company SpareBank 1 Gruppen AS.

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen AS owns 100% of the shares in SpareBank 1 Forsikring AS, ODIN Forvaltning AS, SpareBank 1 Factoring AS, Conecto AS, Modhi Finance

AS, and SpareBank 1 Spleis AS. SpareBank 1 Gruppen AS also owns 51% of the shares in LO Favør AS and 65% of the shares in Fremtind Forsikring AS. SpareBank 1 SR-Bank ASA owned a 19.5% stake in SpareBank 1 Gruppen AS at year end 2019.

The merger between SpareBank 1 Skadeforsikring AS and DNB Forsikring AS was completed with accounting effect from 1 January 2019, with SpareBank 1 Skadeforsikring AS as the company doing the taking over. SpareBank 1 Gruppen AS owns 65% of the new company and DNB ASA 35%. DNB ASA's increase in its stake in Fremtind Forsikring AS from 20% to 35% increased SpareBank 1 Gruppen's equity at a group level by around NOK 4.7 billion. The majority interest's (the SpareBank 1 banks and the Norwegian Federation of Trade Unions) share of this increase was around NOK 2.4 billion. SpareBank 1 SR-Bank ASA's share of this increase (19.5%) amounted to around NOK 460 million and was recognised as income in the first quarter of 2019. Please refer to our interim financial statements for the first quarter of 2019 for information on the other accounting and liquidity implications of this transaction.

On 2 September 2019, Fremtind Forsikring AS was granted permission by the Financial Supervisory Authority of Norway to operate life insurance activities through its wholly-owned subsidiary Fremtind Livsforsikring AS. The plan is to transfer the individual personal risk insurance cover from SpareBank 1 Forsikring AS and DNB Livsforsikring AS, as well as the personal risk insurance cover paid for by companies, from SpareBank 1 Forsikring AS to Fremtind Livsforsikring AS on 1 January 2020.

A total value of NOK 6.25 billion has been assumed for the personal risk area. The merger will result in increased equity for SpareBank 1 Gruppen AS at a group level. The majority interest's (the SpareBank 1 banks and the Norwegian Federation of Trade Unions) share of this increase will be around NOK 1.7 billion. SpareBank 1 SR-Bank ASA's share of this increase (19.5%) will amount to around NOK 330 million and will be recognised as income in the first quarter of 2020. SpareBank 1 Gruppen AS (parent company) will receive a tax-free gain of approximately NOK 937 million as a result of this merger. SpareBank 1 Gruppen AS's basis for proceeds will increase proportionately with this gain. SpareBank 1 SR-Bank ASA's share of any proceeds of NOK 937 million would amount to NOK 183 million.

DNB ASA has an option to increase its stake in Fremtind Forsikring AS from 35% to 40% by 31 March

2020. Exercising the option would also result in increased equity for SpareBank 1 Gruppen AS at a group level. The majority interest's (the SpareBank 1 banks and the Norwegian Federation of Trade Unions) share of this increase would be around NOK 590 million. SpareBank 1 SR-Bank ASA's share of this increase (19.5%) would amount to around NOK 115 million and will be recognised as income in 2020 if the option is exercised. SpareBank 1 Gruppen AS (the parent company) would receive a gain of approximately NOK 890 million as a result of the transaction. SpareBank 1 Gruppen AS's basis for proceeds will increase proportionately with this gain. SpareBank 1 SR-Bank ASA's share of any proceeds of approximately NOK 890 million would amount to around NOK 173 million. Any extraordinary or ordinary dividend from SpareBank 1 Gruppen AS will be contingent on the capital situation, decisions in the company's governing bodies and the regulations for extraordinary dividends from financial services companies at the time in question.

Please note that the above calculations are based on estimated numbers as at 31.12.2019.

SpareBank 1 Gruppen AS made a pre-tax profit of NOK 1,578 million in 2019 (NOK 1,562 million). In the second quarter of 2019, the value of the properties in the life insurance company was written up by a total of NOK 596 million. The write-up was a consequence of planned transactions in the property portfolio. Excluding the write-up, pre-tax profit decreased by NOK 170 million, primarily due to a lower result from Fremtind Forsikring AS. This was primarily due to higher claims payments, higher costs, and lower liquidation gains.

SpareBank 1 Utvikling DA

SpareBank 1 Utvikling DA delivers business platforms and common management and development services to the alliance banks. The company contributes to joint activities that provide the banks with benefits in the form of economies of scale and expertise. The company also owns and manages the alliance's intellectual property rights under common brand name: SpareBank 1. SpareBank 1 SR-Bank ASA owned a 18.0% stake in SpareBank 1 Utvikling DA at year end 2019.

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are licensed mortgage companies that issue covered bonds secured by residential mortgage or commercial real estate portfolios sold by

the owner banks. The companies are owned by the savings banks that make up the SpareBank 1 Alliance and help ensure the owner banks have access to stable, long-term funding at competitive rates.

SpareBank 1 Boligkreditt AS achieved a pre-tax profit of NOK 225 million in 2019 (NOK 7 million). The improved result was due to a combination of a NOK 25 million increase in net interest income, NOK 74 million in lower commission costs, and NOK 122 million in increased income from financial instruments. At year end 2019, the company's total lending volume amounted to NOK 191.3 billion (NOK 184.1 billion), NOK 4.2 billion (NOK 8.9 billion) of which were residential mortgages bought from SpareBank 1 SR-Bank ASA. The bank owned 2.2% of the company at year end 2019. The stake was updated at year end 2019 in line with the proportion of sold volume at the same point in time.

SpareBank 1 Næringskreditt AS achieved a pre-tax profit of NOK 80 million in 2019 (NOK 62 million). At year end 2019, the company's total lending volume amounted to NOK 10.3 billion (NOK 11.1 billion). As at year end 2019, SpareBank 1 SR-Bank ASA had not sold any loans to SpareBank 1 Næringskreditt AS. The bank owned 15.6% of the company at year end 2019. The stake was updated at year end 2019 as part of the company's ordinary reallocation of its capital.

BN Bank ASA

BN Bank is a nationwide bank with its head office in Trondheim. BN Bank ASA achieved a pre-tax profit of NOK 435 million in 2019 (NOK 395 million). The improvement in the result was primarily due to net interest income increasing by NOK 106 million since 2018, while costs increased by NOK 11 million in the same period. Impairments amounted to NOK 37 million in 2019, of which NOK 9.4 million was in BN Bolig AS, while NOK 10 million in impairments on loans were recognised as income in 2018. The bank is owned by the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank ASA's stake was 35.02% at year end 2019.

SpareBank 1 Kredittkort AS

SpareBank 1 Kredittkort AS is owned by the SpareBank 1 banks. SpareBank 1 SR-Bank ASA owns a stake of 17.8%. The company provides credit card

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

⁶NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway and is calculated as available stable funding relative to necessary stable funding.

solutions for the SpareBank 1 banks and posted a pre-tax profit of NOK 99 million in 2019 (NOK 176 million). The lower result in 2019 was due to a NOK 27 million decrease in commissions and a NOK 46 million increase in impairments.

SpareBank 1 Betaling AS

The SpareBank 1 banks jointly own SpareBank 1 Betaling AS. SpareBank 1 SR-Bank ASA's stake is 19.8%. SpareBank 1 Betaling holds a 22.04% stake in VBB AS, the company formed by the merger of Vipps AS, BankID AS and Bank Asept AS in autumn 2018.

SpareBank 1 Betaling AS posted a pre-tax result of NOK -58 million for 2019 (NOK 15 million). The negative profit share was due to its share of the operating loss in VBB AS.

Funding and liquidity

SpareBank 1 SR-Bank ASA had very good liquidity at year end 2019 and believes it will continue to have good access to long-term funding at competitive prices. The group strives to achieve an even maturity structure for funding and believes it is important to have good relations with Norwegian and international investors and banks. The liquidity buffer⁵ was NOK 34.0 billion at year end 2019 and would cover normal operations for 20 months in the event of closed markets. NOK 19.2 billion of the bank's external funding will fall due in the next 12 months. In addition to the liquidity buffer, the bank has NOK 13.7 billion in residential mortgages ready for covered bond funding.

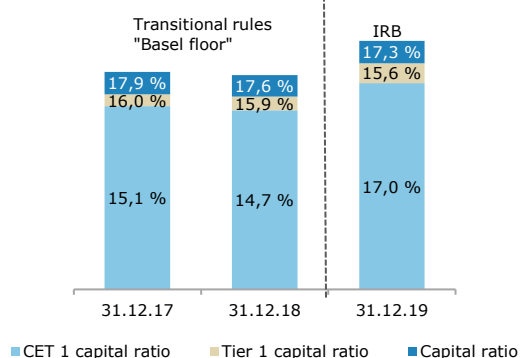
The group has continued to enjoy a high proportion of long-term funding in the last 12 months. The group's net stable funding ratio (NSFR)⁶ was 118% at year end 2019 (121%) and this confirms the group's good funding situation. SpareBank 1 SR-Bank ASA has an A1/A long-term rating and a P-1/F2 short-term rating from Moody's and Fitch.

Capital adequacy⁷

At year end 2019, the common equity tier 1 capital ratio was 17.0% (14.7%). The higher common equity tier 1 capital ratio last year was primarily attributable to the implementation of new capital adequacy rules in Norway.

⁷ Historical capital ratio figures are based on the capital adequacy rules and regulations as at 31 December 2018, when the so-called Basel I floor applied.

Fig. 4 Capital adequacy



The EU's capital adequacy regulations (CRR/CRD IV) were incorporated into the EEA agreement in March 2019, and the Ministry of Finance decided at the beginning of December 2019 that the implementation regulations would become effective in Norway on 31 December 2019. On 11 December 2019, the Ministry of Finance also announced that it intended to increase the systemic risk buffer requirement from 3.0% to 4.5% with effect from 31 December 2020. Since this buffer requirement is directed at structural vulnerabilities and other systemic risks in the Norwegian economy, it will only apply to banks' commitments in Norway, unlike previous buffer requirements that apply to all operations. At the same time, floors for risk weightings for residential mortgages and loans for commercial properties are being introduced of 20% and 35%, respectively.

A countercyclical capital buffer requirement applies in Norway in the range of 0-2.5 percentage points in the form of common equity tier 1 capital. The purpose of the countercyclical capital buffer is to make the banks more solid and robust in relation to lending losses. The capital buffer requirement increased to 2.5 percentage points at year end 2019.

The Pillar 2 premium is an institution-specific premium intended to ensure that Norwegian banks have adequate capital to cover the risk associated with operations, including risks not covered by the regulatory minimum requirement. In its latest assessment in 2018, the Financial Supervisory Authority of Norway set an individual Pillar 2 premium of 1.7 percentage points, down from the 2.0 percentage points set in 2016. The new Pillar 2 premium applied from 31 March 2019.

At year end 2019, SpareBank 1 SR-Bank ASA's total common equity tier 1 capital ratio requirement was 14.2%, inclusive of the countercyclical buffer and Pillar

2 premium. Banks classified as systemically important financial institutions are also subject to a special capital buffer requirement. SpareBank 1 SR-Bank ASA has not been identified as a systemically important financial institution.

At year end 2019, SpareBank 1 SR-Bank ASA's common equity tier 1 capital ratio target was 15.1%. The target includes a 0.9-percentage point management buffer. If the systemic risk buffer increases on 31 December 2020, SpareBank 1 SR-Bank's target for common equity tier 1 capital could become 16.7%, including 1.0-percentage point management buffer.

The tier 1 capital ratio was 18.6% (15.9%), while the total capital ratio was 20.4% (17.6%) at year end 2019. This is well above the required capital ratio of 18.6%.

New crisis management directive and MREL

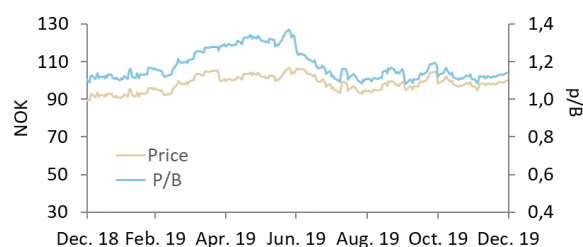
The EU Bank Recovery and Resolution Directive (BRRD) came into effect in Norway on 1 January 2019. Based on this regulation, the group will have to meet a minimum requirement for own funds and eligible liabilities (MREL). SpareBank 1 SR-Bank ASA's individual requirement was announced by the Financial Supervisory Authority of Norway on 23 December 2019, and is NOK 33.7 billion. The requirement applies from 31 March 2020. The requirement for lower priority (senior non-preferred debt) must be met by 31 December 2022 and can be phased by SpareBank 1 SR-Bank ASA including debt issued before 1 January 2020 up to this date, provided that it meets the general requirements for eligible liabilities.

The EU's further development of BRRD (BRRD II) has already been adopted and is expected, among other things, to contain a ceiling in relation to 'senior non-preferred' that could potentially reduce the banks' need to issue Tier 3 bonds. However, whether or not the Financial Supervisory Authority of Norway will take account of this in setting the banks' individual MREL requirements is uncertain.

The bank's share

The price of the bank's share (SRBANK) was NOK 100.00 at year end 2019. This represents an increase of 17.2% since year end 2018. The main Oslo Stock Exchange index rose by 16.5% in the same period. 4.7% of outstanding SRBANK shares were traded in the fourth quarter of 2019 (8.4%).

Fig 5. Development in Price/Book



There were 11,321 shareholders at year end 2019 (10,804). The proportion owned by foreign companies and individuals was 27.9% (26.6%), while 42.9% (43.5%) were resident in Rogaland, Agder, and Vestland. The 20 largest shareholders owned a combined total of 58.4% (58.1%) of the shares. The bank held 91,311 treasury shares, while group employees owned 1.5% (1.5%).

The table below shows the 20 largest shareholders as at 31 December 2019:

| | Number of shares (1,000) | % |
|--|--------------------------|---------------|
| Sparebankstiftelsen SR-Bank | 72.419 | 28,3 % |
| Folketrygdfondet | 19.651 | 7,7 % |
| State Street Bank and Trust Co, U.S.A. | 14.307 | 5,6 % |
| SpareBank 1-stiftinga Kvinnherad | 6.227 | 2,4 % |
| Vpf Nordea Norge Verdi | 3.874 | 1,5 % |
| Danske Invest Norske Instit. II | 3.843 | 1,5 % |
| Odin Norge | 3.241 | 1,3 % |
| JPMorgan Chase Bank N.A., U.S.A. | 2.898 | 1,1 % |
| Morgan Stanley & Co Int, U.K. | 2.699 | 1,1 % |
| Pareto Aksje Norge | 2.406 | 0,9 % |
| Clipper AS | 2.211 | 0,9 % |
| Verdipapirfondet Alfred Berg Gambak | 1.992 | 0,8 % |
| KLP Aksjenorge Indeks | 1.875 | 0,7 % |
| Arctic Funds plc, Irland | 1.794 | 0,7 % |
| Verdipapirfondet DNB Norge | 1.750 | 0,7 % |
| Verdipapirfondet Alfred Berg Norge | 1.742 | 0,7 % |
| State Street Bank and Trust Co, U.S.A. | 1.704 | 0,7 % |
| Forsvarets Personellservice | 1.600 | 0,6 % |
| Danske Invest Norske Aksjer Inst. | 1.597 | 0,6 % |
| J.P. Morgan Bank Luxembourg S.A. | 1.588 | 0,6 % |
| Total 20 largest | 149.416 | 58,4 % |

The group established a special share savings arrangement for the group's employees on 1 March 2019. All permanent employees have an opportunity to purchase shares for a specified savings amount, limited to a maximum of NOK 3,000 per employee per month, at a 30% discount and with a lock-in period of 2 years. More than 800 of the group's almost 1,200 employees have signed a regular savings agreement for the share savings scheme. The arrangement will be continued in 2020.

Accounting policies

Please refer to note 1 for a description of the accounting policies applied in the parent company's and consolidated financial statements. The same accounting policies are applied in interim and annual financial statements. For more information see note 1.

Events after the balance sheet date

No material events have been registered after 31 December 2019 that affect the interim financial statements as prepared.

Outlook

The global economy is still expected to develop positively with an annual growth rate of 3.3% according to the IMF. An expansive US fiscal policy will have a positive impact on the global economy, while a trade war between the US and other countries could result in lower exports and investments. The coronavirus has led to some uncertainty and decrease in the financial markets, but it is expected that the uncertainty will decrease. Positive growth is still expected in the eurozone, although some uncertainty exists surrounding the Brexit negotiations and their possible outcome.

The upturn in the Norwegian economy is expected to continue in 2020. Continued high consumer consumption rates, increasing business investments, and export growth are expected to improve growth in the mainland economy by 2.7% in 2020 according to Statistics Norway's latest forecasts. The Norwegian Petroleum Directorate expects oil investments on the Norwegian Continental Shelf to grow by 10% in 2020, the same as in 2019. The growth in the Norwegian economy is expected to generate new jobs and result in persistent low unemployment. Wages growth will be moderate to high in 2019 and industries that see especially high growth must expect increasing wages growth in the next few years. Inflation was low throughout 2019. Price inflation adjusted for energy and taxes was 1.8% in 2019. In 2019, Norges Bank raised its policy rate by 0.25 percentage points three times, on 21 March 2019, 20 June 2019, and 19 September 2019, respectively. The market now expects the policy rate to remain unchanged at 1.50% in 2020 and 2021.

The group's long-term return on equity target is a minimum of 12%. A number of factors should contribute to the group achieving this goal in 2020, including profitable lending growth, moderate impairments on loans and financial liabilities, growth in other operating income, gains from financial

investments, and greater cost-effectiveness through the automation of processes.

The group's target for its common equity tier 1 capital ratio is 16.7% by year end 2020. SpareBank 1 SR-Bank ASA is a solid, profitable group and has in recent years increased its financial strength in line with the authorities' requirements. This was achieved through earnings via a business model involving good breadth in earnings and efficient operations.

SpareBank 1 SR-Bank ASA's dividend policy remains unchanged, with an expected dividend of around 50% of the profit for the year. The level of dividends can be adjusted to the authorities' applicable capital requirements.

The group is actively working to create sustainable development. The sustainability strategy will clarify and provide guidance for SR-Bank's work on sustainability, and support staff and managers in decisions and daily work. As part of this strategy, SR

Boligkreditt AS's first green bond was issued in autumn 2019.

SpareBank 1 SR-Bank is a proactive financial group with national distribution. As Norway's second largest Norwegian-owned bank, the group provides financial muscle for growth, value creation, and profitability for customers, society, and our owners. The group is a bank for the whole of Southern Norway, with Greater Oslo as one of our focus areas. The further build-up of the Oslo branch is proceeding according to plan. Having a presence in this market is important with respect to geographical diversification and creating a greater basis for growth, and thus earnings.

Stavanger, 5 February 2020

The Board of Directors of SpareBank 1 SR-Bank ASA

Income Statement

| Parent bank | | | | Note | Group | | | |
|-------------|---------|---------------------|---------------------|---------|-----------------------------------|---------------------|---------|---------|
| Q4 2018 | Q4 2019 | 01.01.18 - 31.12.18 | 01.01.19 - 31.12.19 | | 01.01.19 - 31.12.19 | 01.01.18 - 31.12.18 | Q4 2019 | Q4 2018 |
| | | | | | Income statement (MNOK) | | | |
| 871 | 1.094 | 3.151 | 4.038 | | 7.053 | 5.639 | 1.936 | 1.530 |
| 467 | 527 | 1.964 | 2.001 | | 690 | 635 | 184 | 160 |
| 578 | 675 | 2.174 | 2.489 | | 3.113 | 2.593 | 842 | 709 |
| -8 | 52 | 5 | 181 | | 643 | 242 | 216 | 55 |
| 768 | 894 | 2.936 | 3.369 | | 3.987 | 3.439 | 1.062 | 926 |
| 236 | 250 | 1.002 | 974 | | 1.516 | 1.519 | 383 | 370 |
| 19 | 30 | 84 | 108 | | 111 | 87 | 31 | 20 |
| 2 | 5 | 8 | 12 | | 11 | 5 | 7 | 0 |
| 219 | 225 | 926 | 878 | | 1.416 | 1.437 | 359 | 350 |
| 0 | 1 | 11 | 31 | | 31 | 12 | 0 | 0 |
| 0 | 0 | 619 | 1.023 | | 875 | 366 | 15 | 113 |
| -33 | 26 | 147 | 183 | 12 | 221 | 191 | 7 | -45 |
| -33 | 27 | 777 | 1.237 | | 1.127 | 569 | 22 | 68 |
| 954 | 1.146 | 4.639 | 5.484 | | 6.530 | 5.445 | 1.443 | 1.344 |
| 243 | 291 | 968 | 1.092 | 13 | 1.472 | 1.297 | 396 | 330 |
| 125 | 138 | 468 | 497 | | 555 | 518 | 152 | 137 |
| 75 | 93 | 284 | 311 | | 451 | 414 | 130 | 109 |
| 443 | 522 | 1.720 | 1.900 | | 2.478 | 2.229 | 678 | 576 |
| 511 | 624 | 2.919 | 3.584 | | 4.052 | 3.216 | 765 | 768 |
| 91 | 137 | 322 | 237 | 2 and 3 | 235 | 324 | 139 | 92 |
| 420 | 487 | 2.597 | 3.347 | 11 | 3.817 | 2.892 | 626 | 676 |
| 109 | 127 | 479 | 569 | | 693 | 596 | 141 | 149 |
| 311 | 360 | 2.118 | 2.778 | | 3.124 | 2.296 | 485 | 527 |
| 310 | 345 | 2.113 | 2.738 | | 3.084 | 2.291 | 470 | 526 |
| 1 | 15 | 5 | 40 | | 40 | 5 | 15 | 1 |
| 311 | 360 | 2.118 | 2.778 | | 3.124 | 2.296 | 485 | 527 |
| | | | | | Other comprehensive income | | | |
| 96 | 135 | 231 | -5 | | -4 | 240 | 136 | 105 |
| -24 | -34 | -58 | 1 | | 1 | -60 | -34 | -26 |
| 0 | 0 | -1 | -3 | | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | | 12 | -35 | -16 | -21 |
| 0 | 0 | 0 | 0 | | -2 | 9 | 5 | 5 |
| 72 | 101 | 172 | -7 | | 7 | 154 | 91 | 63 |
| 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | | 19 | -5 | 22 | -5 |
| 0 | 0 | 0 | 0 | | 19 | -5 | 22 | -5 |
| 72 | 101 | 172 | -7 | | 26 | 149 | 113 | 58 |
| 383 | 461 | 2.290 | 2.771 | | 3.150 | 2.445 | 598 | 585 |
| | | | | | Earnings per share (group) | | | |
| | | | | | 12,22 | 8,98 | 1,90 | 2,06 |

Balance sheet

| Parent bank | | | Note | Group | |
|-------------|----------|---|------|----------------|----------|
| 31.12.18 | 31.12.19 | Balance sheet (MNOK) | | 31.12.19 | 31.12.18 |
| 717 | 104 | Cash and balances with central banks | | 104 | 717 |
| 5.069 | 11.790 | Balances with credit institutions | | 3.142 | 1.696 |
| 132.338 | 133.107 | Loans to customers | 3, 7 | 205.688 | 190.878 |
| 27.815 | 31.435 | Certificates and bonds | | 32.792 | 29.340 |
| 5.574 | 6.272 | Financial derivatives | 9 | 5.933 | 5.268 |
| 517 | 564 | Shares, ownership stakes and other securities | 16 | 920 | 868 |
| 2.099 | 2.336 | Investment in associates | | 4.180 | 3.713 |
| 6.128 | 7.315 | Investment in subsidiaries | | 0 | 0 |
| 634 | 1.989 | Other assets | 4 | 3.136 | 1.581 |
| 180.891 | 194.912 | Total assets | 11 | 255.895 | 234.061 |
| 3.201 | 2.547 | Balances with credit institutions | | 2.264 | 1.433 |
| 99.119 | 103.323 | Deposits from customers | 6 | 103.106 | 98.814 |
| 48.113 | 54.257 | Listed debt securities | 10 | 116.164 | 103.485 |
| 6.234 | 7.407 | Financial derivatives | 9 | 4.530 | 3.889 |
| 1.671 | 2.771 | Other liabilities | 5 | 2.872 | 1.904 |
| 2.951 | 2.125 | Subordinated loan capital | 10 | 2.125 | 2.951 |
| 161.289 | 172.430 | Total liabilities | | 231.061 | 212.476 |
| 6.394 | 6.394 | Share capital | | 6.394 | 6.394 |
| 1.587 | 1.587 | Premium reserve | | 1.587 | 1.587 |
| 1.151 | 1.407 | Proposed dividend | | 1.407 | 1.151 |
| 550 | 1.850 | Hybrid capital | | 1.850 | 550 |
| 9.920 | 11.244 | Other equity | | 13.596 | 11.903 |
| 19.602 | 22.482 | Total equity | | 24.834 | 21.585 |
| 180.891 | 194.912 | Total liabilities and equity | 11 | 255.895 | 234.061 |

Statement of changes in equity

| SpareBank 1 SR-Bank Group (Amounts in NOK million) | Share- capital | Premium reserve | Hybrid- capital | Other equity * | Total equity |
|---|-------------------|--------------------|--------------------|-------------------|-----------------|
| Equity as at 31.12.2017 | 6.394 | 1.587 | 150 | 11.758 | 19.889 |
| Equity changes IFRS 9, 1 Jan 2018 | | | | -69 | -69 |
| Profit after tax | | | | 2.296 | 2.296 |
| Unrecognised actuarial gains and losses after tax | | | | 180 | 180 |
| Basisswap spread after tax | | | | -26 | -26 |
| Share of profit associated companies and joint ventures | | | | -5 | -5 |
| Year's comprehensive income | | | | 2.445 | 2.445 |
| Hybrid capital | | | 400 | | 400 |
| Interest on hybridcapital after tax | | | | -5 | -5 |
| Adjusted equity accosiates | | | | 1 | 1 |
| Dividend 2017, resolved in 2018 | | | | -1.087 | -1.087 |
| Trade in treasury shares | | | | 11 | 11 |
| Transactions with shareholders | | | | -1.076 | -1.076 |
| Equity as at 31.12.2018 | 6.394 | 1.587 | 550 | 13.054 | 21.585 |
| Profit after tax | | | | 3.124 | 3.124 |
| Unrecognised actuarial gains and losses after tax | | | | -3 | -3 |
| Basisswap spread after tax | | | | 10 | 10 |
| Share of profit associated companies and joint ventures | | | | 19 | 19 |
| Year's comprehensive income | | | | 3.150 | 3.150 |
| Hybrid capital | | | 1.300 | | 1.300 |
| Interest on hybridcapital | | | | -40 | -40 |
| Adjusted equity in accosiated companies | | | | -10 | -10 |
| Dividend 2018, resolved in 2019 | | | | -1.151 | -1.151 |
| Trade in treasury shares | | | | | 0 |
| Transactions with shareholders | | | | -1.151 | -1.151 |
| Equity as at 31.12.2019 | 6.394 | 1.587 | 1.850 | 15.003 | 24.834 |

* Fund for unrealised gains is included in other equity from 2019

Cash flow statement

| Parent bank | | | Group | |
|------------------------|------------------------|---|------------------------|------------------------|
| 01.01.18 - 31.12.18 | 01.01.19 - 31.12.19 | Cash flow statement | 01.01.19 - 31.12.19 | 01.01.18 - 31.12.18 |
| -1.651 | -972 | Change in gross lending to customers | -15.008 | -19.602 |
| 4.596 | 5.353 | Interest receipts from lending to customers | 7.122 | 5.774 |
| 3.484 | 4.204 | Change in deposits from customers | 4.292 | 3.430 |
| -997 | -1.262 | Interest payments on deposits from customers | -1.255 | -993 |
| -4.717 | -7.457 | Change in receivables and debt from credit institutions | -686 | -910 |
| -391 | 139 | Interest on receivables and debt to financial institutions | -351 | -619 |
| 4.388 | -3.620 | Change in certificates and bonds | -3.452 | 2.569 |
| 458 | 556 | Interest receipts from commercial paper and bonds | 538 | 450 |
| 912 | 870 | Commission receipts | 1.371 | 1.416 |
| -2 | 60 | Capital gains from sale of trading | 49 | -2 |
| -1.693 | -1.684 | Payments for operations | -2.143 | -2.186 |
| -393 | -779 | Taxes paid | -896 | -487 |
| 1.375 | 117 | Other accruals | -58 | 1.547 |
| 5.369 | -4.475 | A Net change in liquidity from operations | -10.477 | -9.613 |
| -84 | -128 | Investments in tangible fixed assets | -379 | -296 |
| 3 | 0 | Receipts from sale of tangible fixed assets | 0 | 3 |
| -1.288 | -1.804 | Change in long-term investments in equities | -656 | -93 |
| 348 | 361 | Receipts from sales of long-term investments in equities | 378 | 350 |
| 630 | 1.053 | Dividends from long-term investments in equities | 760 | 358 |
| -391 | -518 | B Net cash flow, investments | 103 | 322 |
| 7.824 | 13.800 | Debt raised by issuance of securities | 24.823 | 22.535 |
| -11.051 | -7.466 | Repayments - issued securities | -12.455 | -11.051 |
| -563 | -1.243 | Interest payments on securities issued | -1.885 | -1.007 |
| 700 | 0 | Additional subordinated loan capital issued | 0 | 700 |
| -500 | -800 | Repayments - additional capital instruments | -800 | -500 |
| -103 | -90 | Interest payments on subordinated loans | -90 | -103 |
| 400 | 1.300 | Increase in debt established by issuing hybrid capital | 1.300 | 400 |
| -6 | -52 | Interest payments on debt established by issuing hybrid capital | -52 | -6 |
| -1.087 | -1.151 | Dividend to share holders | -1.151 | -1.087 |
| -4.386 | 4.298 | C Net cash flow, financing | 9.690 | 9.881 |
| 592 | -695 | A+B+C Net cash flow during the period | -684 | 590 |
| 871 | 1.463 | Cash and cash equivalents as at 1 January | 1.463 | 873 |
| 1.463 | 768 | Cash and cash equivalents as at 31 March | 779 | 1.463 |
| | | Cash and cash equivalents specified | | |
| 717 | 104 | Cash and balances with central banks | 104 | 717 |
| 746 | 664 | Balances with credit institutions | 675 | 746 |
| 1.463 | 768 | Cash and cash equivalents | 779 | 1.463 |

The cash and cash equivalents includes cash and claims on central banks, plus the share of the total of claims on credit institutions that pertains to placement solely in credit institutions. The cash flow statement shows cash provided and used by the parent bank and the group.

Notes to the financial statements

(in MNOK)

Note 1 Accounting policies

1.1 Basis of preparation

These interim financial statements for SpareBank 1 SR-Bank ASA cover the period 1 January - 31 December 2019. The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited. These interim financial statements were prepared in accordance with the applicable IFRS standards and IFRIC interpretations.

The interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements for 2018.

New standards and interpretations that have not been adopted yet

IASB issued amendments to IFRS 9 and IFRS 7 in September 2019. These changes are compulsory from 2020, but can be implemented early in 2019 financial statements. The group has chosen to implement the changes early. The group's decision to implement the changes early means that its hedging relationships can be continued unaffected by IBOR reform. IBOR reform is an ongoing process in which reference rates used in receivables, loans, and derivatives are exchanged with new interest rates. Information due to the early implementation is provided in note 9.

There are no standards or interpretations that have not been adopted yet, that are expected to have any material effects on the Groups financial statements.

IFRS 16 Leases

IFRS 16 Leases, which came into effect on 1 January 2019, will primarily affect the lessee's accounting and will result in almost all leases being capitalised. The standard eliminates the current distinction between operational and financial leases and requires recognition of a right of use asset (the right to use this leased asset) and a financial liability to pay the lease for almost all leases. Exemptions exist for short-term leases and low value leases. The income statement will also be affected because the total cost (the sum of depreciation and interest) is usually higher in the first few years of a lease and lower in later years. Operating costs will also be replaced with interest and depreciation, so important ratios will change. Cash flows from operations will increase because payment of the principal of the lease liability will be classified as a financing activity. Only the part of the payments that are interest can be presented as cash flow from operations. The lessor's accounting will not be materially changed. Some differences may arise as a consequence of new guidelines on the definition of a lease. Under IFRS 16, a contract is a lease, or contains a contract, if it transfers the right to control the use of an identified asset for a period of time in exchange for remuneration. The group calculated that the impact of IFRS 16 would increase assets and liabilities by NOK 390 million from 1 January 2019. See also note 2 in the annual financial statements for 2018 and note 17 of the interim report.

1.2 Critical accounting estimates and judgements

The preparation of the consolidated financial statements entails the group executive management making estimates, judgements and assumptions that affect the effect of the application of the accounting policies and thus the amounts recognised for assets, liabilities, income and costs. Note 3 of the annual financial statements for 2018 explains in more detail the use of critical estimates and judgements when applying the accounting policies.

Note 2 Impairments on loans and financial commitments recognised in the income statement

| Parent bank | | | Group | |
|------------------------|------------------------|--|------------------------|------------------------|
| 01.01.18 - 31.12.18 | 01.01.19 - 31.12.19 | | 01.01.19 - 31.12.19 | 01.01.18 - 31.12.18 |
| -72 | 200 | Change in impairments on loans | 199 | -69 |
| -20 | 23 | Change in impairments on financial commitments | 23 | -20 |
| 456 | 122 | Actual loan losses on commitments | 122 | 456 |
| -2 | 3 | Change in accrued interest | 2 | -3 |
| 1 | 0 | Change in assets taken over for the period | 0 | 1 |
| -41 | -111 | Recoveries on commitments previously written-off | -111 | -41 |
| 322 | 237 | The period's net impairments / (reversals) on loans and financial commitments | 235 | 324 |

Note 3 Impairments on loans and financial commitments recognised in the balance sheet

| Parent Bank - 2019 | | | | |
|--|--------------|---------------------------------------|---|---------------------|
| | | Changes in impairments on loans | Changes in impairments on financial commitment | Total |
| Impairments on loans and financial commitments | 01.01.2019 | | | 31.12.2019 |
| Impairments after amortised cost, corporate market | 1.168 | 206 | 23 | 1.397 |
| Impairments after amortised cost, retail market | 94 | 0 | 0 | 94 |
| Mortgages at FVOCI ¹⁾ | 60 | -6 | 0 | 54 |
| Total impairments on loans and financial commitments | 1.322 | 200 | 23 | 1.545 |
| Presented as | | | | |
| Impairments on loans | 1.215 | 200 | 0 | 1.415 |
| Financial commitments - impairments on guarantees, undrawn credit, loan commitments | 107 | 0 | 23 | 130 |
| Total impairments on loans and financial commitments | 1.322 | 200 | 23 | 1.545 |
| Parent Bank - 2018 | | | | |
| | 01.01.2018 | | | Total 31.12.2018 |
| Impairments after amortised cost, corporate market | 1.236 | -48 | -20 | 1.168 |
| Impairments after amortised cost, retail market | 96 | -2 | 0 | 94 |
| Mortgages at FVOCI ¹⁾ | 82 | -22 | 0 | 60 |
| Total impairments on loans and financial commitments | 1.414 | -72 | -20 | 1.322 |
| Presented as | | | | |
| Impairments on loans | 1.287 | -72 | 0 | 1.215 |
| Financial commitments - impairments on guarantees, undrawn credit, loan commitments | 127 | 0 | -20 | 107 |
| Total impairments on loans and financial commitments | 1.414 | -72 | -20 | 1.322 |
| Group - 2019 | | | | |
| | 01.01.2019 | Changes in impairments on loans | Changes in impairments on financial commitment | Total 31.12.2019 |
| Impairments on loans and financial commitments | | | | |
| Impairments after amortised cost, corporate market | 1.168 | 205 | 23 | 1.396 |
| Impairments after amortised cost, retail market | 166 | -6 | 0 | 160 |
| Mortgages at FVOCI ¹⁾ | 0 | | | 0 |
| Total impairments on loans and financial commitments | 1.334 | 199 | 23 | 1.556 |
| Presented as | | | | |
| Impairments on loans | 1.227 | 199 | 0 | 1.426 |
| Financial commitments - impairments on guarantees, undrawn credit, loan commitments | 107 | 0 | 23 | 130 |
| Total impairments on loans and financial commitments | 1.334 | 199 | 23 | 1.556 |
| Group - 2018 | | | | |
| | 01.01.2018 | | | Total 31.12.2018 |
| Impairments after amortised cost, corporate market | 1.236 | -48 | -20 | 1.168 |
| Impairments after amortised cost, retail market | 187 | -21 | 0 | 166 |
| Mortgages at FVOCI ¹⁾ | 0 | 0 | 0 | 0 |
| Total impairments on loans and financial commitments | 1.423 | -69 | -20 | 1.334 |
| Presented as | | | | |
| Impairments on loans | 1.296 | -69 | 0 | 1.227 |
| Financial commitments - impairments on guarantees, undrawn credit, loan commitments | 127 | 0 | -20 | 107 |
| Total impairments on loans and financial commitments | 1.423 | -69 | -20 | 1.334 |

¹⁾ FVOCI - Fair value other comprehensive income

Note 3 Impairments on loans and financial commitments recognised in the balance sheet (continued)

| Parent Bank | 01.01.2019 - 31.12.2019 | | | | 01.01.2018 - 31.12.2018 | | | |
|---|-------------------------|------------|------------|--------------|-------------------------|------------|------------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Total impairments recognised on loans | | | | | | | | |
| Balance 01.01. | 225 | 360 | 630 | 1.215 | 189 | 397 | 701 | 1.287 |
| Changes 01.01 - 31.12. | | | | | | | | |
| Transfer to (from) stage 1 | -23 | 23 | 0 | 0 | -14 | 14 | 0 | 0 |
| Transfer to (from) stage 2 | 87 | -91 | 4 | 0 | 66 | -67 | 1 | 0 |
| Transfer to (from) stage 3 | 1 | 3 | -4 | 0 | 2 | 29 | -31 | 0 |
| Net new measurement of impairments | -148 | 139 | 23 | 14 | -58 | 92 | 9 | 43 |
| New issued or purchased loan | 48 | 35 | 6 | 89 | 86 | 45 | 4 | 135 |
| Loans that have been derecognised | -46 | -88 | -13 | -147 | -46 | -150 | -21 | -217 |
| Changes due to modifications that have not resulted in derecognition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Actual loan losses on commitments | 0 | 0 | 122 | 122 | 0 | 0 | 456 | 456 |
| Actual loan losses on commitments for which provisions have been made | 0 | 0 | -60 | -60 | 0 | 0 | -397 | -397 |
| Changes to models/risk parameters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 182 | 182 | 0 | 0 | -92 | -92 |
| Balance 31.12. | 144 | 381 | 890 | 1.415 | 225 | 360 | 630 | 1.215 |

| Parent Bank | 01.01.2019 - 31.12.2019 | | | | 01.01.2018 - 31.12.2018 | | | |
|---|-------------------------|-----------|-----------|------------|-------------------------|-----------|-----------|------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Total impairments recognised on financial commitments | | | | | | | | |
| Balance 01.01. | 31 | 57 | 19 | 107 | 42 | 70 | 15 | 127 |
| Changes 01.01 - 31.12. | | | | | | | | |
| Transfer to (from) stage 1 | -4 | 4 | 0 | 0 | -14 | 14 | 0 | 0 |
| Transfer to (from) stage 2 | 6 | -6 | 0 | 0 | 1 | -1 | 0 | 0 |
| Transfer to (from) stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net new measurement of impairments | -15 | 34 | 1 | 20 | 4 | -10 | 0 | -6 |
| New issued or purchased loan | 9 | 3 | 0 | 12 | 13 | 5 | 0 | 18 |
| Loans that have been derecognised | -6 | -10 | -1 | -17 | -15 | -21 | 0 | -36 |
| Changes due to modifications that have not resulted in derecognition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Actual loan losses on commitments | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| Actual loan losses on commitments for which provisions have been made | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes to models/risk parameters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 8 | 8 | 0 | 0 | 0 | 0 |
| Balance 31.12. | 21 | 82 | 27 | 130 | 31 | 57 | 19 | 107 |

Note 3 Impairments on loans and financial commitments recognised in the balance sheet (continued)

| Group | 01.01.2019 - 31.12.2019 | | | | 01.01.2018 - 31.12.2018 | | | |
|---|-------------------------|------------|------------|--------------|-------------------------|------------|------------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Total impairments recognised on loans | | | | | | | | |
| Balance 01.01. | 229 | 367 | 631 | 1.227 | 192 | 402 | 702 | 1.296 |
| Changes 01.01 - 31.12. | | | | | | | | |
| Transfer to (from) stage 1 | -24 | 24 | 0 | 0 | -15 | 15 | 0 | 0 |
| Transfer to (from) stage 2 | 89 | -93 | 4 | 0 | 70 | -71 | 1 | 0 |
| Transfer to (from) stage 3 | 1 | 3 | -4 | 0 | 2 | 29 | -31 | 0 |
| Net new measurement of impairments | -151 | 140 | 24 | 13 | -63 | 90 | 10 | 37 |
| New issued or purchased loan | 50 | 37 | 6 | 93 | 89 | 48 | 4 | 141 |
| Loans that have been derecognised | -48 | -90 | -13 | -151 | -46 | -146 | -22 | -214 |
| Changes due to modifications that have not resulted in derecognition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Actual loan losses on commitments | 0 | 0 | 122 | 122 | 0 | 0 | 456 | 456 |
| Actual loan losses on commitments for which provisions have been made | 0 | 0 | -60 | -60 | 0 | 0 | -397 | -397 |
| Changes to models/risk parameters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 182 | 182 | 0 | 0 | -92 | -92 |
| Balance 31.12. | 146 | 388 | 892 | 1.426 | 229 | 367 | 631 | 1.227 |

| Group | 01.01.2019 - 31.12.2019 | | | | 01.01.2018 - 31.12.2018 | | | |
|---|-------------------------|-----------|-----------|------------|-------------------------|-----------|-----------|------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Total impairments recognised on financial commitments | | | | | | | | |
| Balance 01.01. | 31 | 57 | 19 | 107 | 42 | 70 | 15 | 127 |
| Changes 01.01 - 31.12. | | | | | | | | |
| Transfer to (from) stage 1 | -4 | 4 | 0 | 0 | -14 | 14 | 0 | 0 |
| Transfer to (from) stage 2 | 6 | -6 | 0 | 0 | 1 | -1 | 0 | 0 |
| Transfer to (from) stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net new measurement of impairments | -15 | 35 | 1 | 21 | 4 | -10 | 0 | -6 |
| New issued or purchased loan | 9 | 3 | 0 | 12 | 13 | 5 | 0 | 18 |
| Loans that have been derecognised | -6 | -11 | -1 | -18 | -15 | -21 | 0 | -36 |
| Changes due to modifications that have not resulted in derecognition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Actual loan losses on commitments | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| Actual loan losses on commitments for which provisions have been made | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes to models/risk parameters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 8 | 8 | 0 | 0 | 0 | 0 |
| Balance 31.12. | 21 | 82 | 27 | 130 | 31 | 57 | 19 | 107 |

Note 4 Other assets

| Parent bank | | | Group | |
|-------------|----------|---------------------------------------|--------------|----------|
| 31.12.18 | 31.12.19 | | 31.12.19 | 31.12.18 |
| 0 | 0 | Intangible assets | 273 | 95 |
| 0 | 379 | Deferred tax assets | 420 | 0 |
| 303 | 355 | Tangible fixed assets | 1.087 | 798 |
| 0 | 682 | Leases receivables | 398 | 0 |
| 6 | 15 | Income earned but not received | 24 | 15 |
| 33 | 18 | Prepaid expences | 50 | 43 |
| 1 | 3 | Over funding of pension liabilities | 3 | 1 |
| 200 | 200 | Capital contribution SR-Pensjonskasse | 200 | 200 |
| 1 | 93 | Unsettled trades | 93 | 1 |
| 90 | 244 | Other assets | 588 | 428 |
| 634 | 1.989 | Total other assets | 3.136 | 1.581 |

Note 5 Other liabilities

| Parent bank | | | Group | |
|-------------|----------|--------------------------------------|--------------|----------|
| 31.12.18 | 31.12.19 | | 31.12.19 | 31.12.18 |
| 163 | 273 | Accrued expenses and prepaid revenue | 444 | 246 |
| 146 | 0 | Deferred tax liability | 0 | 124 |
| 164 | 176 | Pension liabilities | 187 | 175 |
| 107 | 130 | Impairments on financial commitments | 130 | 107 |
| 779 | 1.078 | Taxes payable | 1.228 | 896 |
| 0 | 91 | Unsettled trades | 91 | 0 |
| 0 | 688 | Lease liabilities | 395 | 0 |
| 312 | 335 | Other liabilities | 397 | 356 |
| 1.671 | 2.771 | Total other liabilities | 2.872 | 1.904 |

Note 6 Customer deposits

| Parent bank | | | Group | |
|-------------|----------|--------------------------------------|----------------|----------|
| 31.12.18 | 31.12.19 | | 31.12.19 | 31.12.18 |
| 485 | 269 | Fishing/Fish farming | 269 | 485 |
| 1.176 | 1.195 | Industry | 1.195 | 1.176 |
| 1.173 | 1.206 | Agriculture/forestry | 1.206 | 1.173 |
| 9.951 | 11.808 | Service industry | 11.591 | 9.646 |
| 2.289 | 2.538 | Retail trade, hotels and restaurants | 2.538 | 2.289 |
| 1.169 | 1.331 | Energy, oil and gas | 1.331 | 1.169 |
| 1.534 | 1.779 | Building and construction | 1.779 | 1.534 |
| 492 | 550 | Power and water supply/ | 550 | 492 |
| 6.862 | 6.517 | Real estate | 6.517 | 6.862 |
| 2.203 | 2.265 | Shipping and other transport | 2.265 | 2.203 |
| 26.135 | 25.490 | Public sector and financial services | 25.490 | 26.135 |
| 53.469 | 54.948 | Total corporate sector | 54.731 | 53.164 |
| 45.650 | 48.375 | Retail customers | 48.375 | 45.650 |
| 99.119 | 103.323 | Deposits from customers | 103.106 | 98.814 |

Note 7 Loans and other financial commitments to customers

| Parent bank | | Gross loans to customers by industry | Group | |
|--|----------------|--|----------------|----------|
| 31.12.18 | 31.12.19 | | 31.12.19 | 31.12.18 |
| 1.704 | 2.503 | Fishing/Fish farming | 2.508 | 1.709 |
| 2.937 | 3.009 | Industry | 3.043 | 2.951 |
| 5.001 | 5.104 | Agriculture/forestry | 5.324 | 5.183 |
| 11.842 | 11.296 | Service industry | 11.326 | 11.943 |
| 3.021 | 3.338 | Retail trade, hotels and restaurants | 3.460 | 3.111 |
| 3.098 | 3.921 | Energy, oil and gas | 3.921 | 3.098 |
| 3.695 | 3.956 | Building and construction | 4.116 | 3.833 |
| 683 | 841 | Power and water supply | 841 | 683 |
| 31.643 | 33.659 | Real estate | 33.668 | 31.657 |
| 12.064 | 11.980 | Shipping and other transport | 12.111 | 12.162 |
| 1.896 | 2.404 | Public sector and financial services | 2.404 | 1.896 |
| 77.584 | 82.011 | Total corporate sector | 82.722 | 78.226 |
| 55.959 | 52.504 | Retail customers | 124.392 | 113.879 |
| 133.543 | 134.515 | Gross loans | 207.114 | 192.105 |
| -1.215 | -1.415 | - Impairments after amortised cost | -1.426 | -1.227 |
| 10 | 7 | - Mortgages at FVOCI ²⁾ | 0 | 0 |
| 132.338 | 133.107 | Loans to customers | 205.688 | 190.878 |
| Financial commitments ¹⁾ | | | | |
| 9.566 | 9.751 | Guarantees customers | 9.800 | 9.627 |
| 18.166 | 15.383 | Unused credit lines for customers | 22.322 | 23.152 |
| 6.072 | 5.733 | Approved loan commitments | 5.733 | 6.072 |
| 33.804 | 30.867 | Total financial commitments | 37.855 | 38.851 |
| Other guarantees issued and liabilities | | | | |
| 1.560 | 1.248 | Unused credit lines for financial institutions | 0 | 0 |
| 588 | 589 | Guarantees other | 589 | 588 |
| 20 | 9 | Letters of credit | 9 | 20 |
| 2.168 | 1.846 | Total other guarantees issued and liabilities | 598 | 608 |

¹⁾ Financial liabilities not on the balance sheet that are the basis for impairments

²⁾ FVOCI - Fair value other comprehensive income

Note 7 Loans and other financial commitments to customers (continued)

Loans to customers with incremental impairment by industry

| Parent Bank - 2019 | Gross loans at amortised cost, | | | Loans at fair value | | Net loans 31.12.2019 |
|--------------------------------------|--------------------------------|-------------|-------------|---------------------|---------------|----------------------|
| | 31.12.2019 | Stage 1 | Stage 2 | Stage 3 | value | |
| Fishing/Fish farming | 2.476 | -3 | -2 | 0 | 27 | 2.498 |
| Industry | 2.959 | -7 | -17 | -81 | 50 | 2.904 |
| Agriculture/forestry | 2.932 | -1 | -5 | -3 | 2.172 | 5.095 |
| Service industry | 10.815 | -36 | -81 | -57 | 481 | 11.122 |
| Retail trade, hotels and restaurants | 3.125 | -10 | -36 | -10 | 213 | 3.282 |
| Energy, oil and gas | 3.921 | -7 | -86 | -195 | 0 | 3.633 |
| Building and construction | 3.703 | -8 | -14 | -22 | 253 | 3.912 |
| Power and water supply | 835 | -1 | -1 | 0 | 6 | 839 |
| Real estate | 33.394 | -52 | -64 | -62 | 265 | 33.481 |
| Shipping and other transport | 11.884 | -12 | -53 | -360 | 96 | 11.555 |
| Public sector and financial services | 2.404 | 0 | 0 | 0 | 0 | 2.404 |
| Total corporate sector | 78.448 | -137 | -359 | -790 | 3.563 | 80.725 |
| Retail customers | 6.356 | -7 | -22 | -100 | 46.148 | 52.375 |
| Mortgages at FVOCI ²⁾ | 7 | 0 | 0 | 0 | 0 | 7 |
| Loans to customers | 84.811 | -144 | -381 | -890 | 49.711 | 133.107 |

| Parent Bank - 2018 ¹⁾ | Gross loans at amortised cost, | | | Loans at fair value | | Net loans 31.12.2019 |
|--------------------------------------|--------------------------------|-------------|-------------|---------------------|---------------|----------------------|
| | 31.12.2018 | Stage 1 | Stage 2 | Stage 3 | value | |
| Fishing/Fish farming | 1.672 | -3 | -1 | 0 | 32 | 1.700 |
| Industry | 2.860 | -11 | -27 | -20 | 77 | 2.879 |
| Agriculture/forestry | 2.854 | -2 | -4 | -5 | 2.147 | 4.990 |
| Service industry | 11.237 | -59 | -72 | -56 | 605 | 11.655 |
| Retail trade, hotels and restaurants | 2.807 | -13 | -32 | -15 | 214 | 2.961 |
| Energy, oil and gas | 3.098 | -16 | -34 | -95 | 0 | 2.953 |
| Building and construction | 3.385 | -8 | -22 | -8 | 310 | 3.657 |
| Power and water supply | 679 | -1 | -2 | 0 | 4 | 680 |
| Real estate | 31.372 | -74 | -95 | -38 | 271 | 31.436 |
| Shipping and other transport | 11.921 | -16 | -47 | -293 | 143 | 11.708 |
| Public sector and financial services | 1.896 | 0 | 0 | 0 | 0 | 1.896 |
| Total corporate sector | 73.781 | -203 | -336 | -530 | 3.803 | 76.515 |
| Retail customers | 6.210 | -22 | -24 | -100 | 49.749 | 55.813 |
| Mortgages at FVOCI ²⁾ | 10 | 0 | 0 | 0 | 0 | 10 |
| Loans to customers | 80.001 | -225 | -360 | -630 | 53.552 | 132.338 |

| Group - 2019 | Gross loans at amortised cost, | | | Loans at fair value | | Net loans 31.12.2019 |
|--------------------------------------|--------------------------------|-------------|-------------|---------------------|--------------|----------------------|
| | 31.12.2019 | Stage 1 | Stage 2 | Stage 3 | value | |
| Fishing/Fish farming | 2.504 | -3 | -2 | 0 | 4 | 2.503 |
| Industry | 3.041 | -7 | -17 | -81 | 2 | 2.938 |
| Agriculture/forestry | 4.542 | -1 | -5 | -4 | 782 | 5.314 |
| Service industry | 11.236 | -36 | -82 | -57 | 90 | 11.151 |
| Retail trade, hotels and restaurants | 3.436 | -10 | -36 | -10 | 24 | 3.404 |
| Energy, oil and gas | 3.921 | -7 | -86 | -195 | 0 | 3.633 |
| Building and construction | 4.085 | -8 | -14 | -22 | 31 | 4.072 |
| Power and water supply | 839 | -1 | -1 | 0 | 2 | 839 |
| Real estate | 33.512 | -52 | -64 | -62 | 156 | 33.490 |
| Shipping and other transport | 12.096 | -12 | -53 | -360 | 15 | 11.686 |
| Public sector and financial services | 2.404 | 0 | 0 | 0 | 0 | 2.404 |
| Total corporate sector | 81.616 | -137 | -360 | -791 | 1.106 | 81.434 |
| Retail customers | 116.550 | -9 | -28 | -101 | 7.842 | 124.254 |
| Loans to customers | 198.166 | -146 | -388 | -892 | 8.948 | 205.688 |

¹⁾ 2018 are changed due to updated source of data

²⁾ FVOCI - Fair value other comprehensive income

Note 7 Loans and other financial commitments to customers (continued)

Loans to customers with incremental impairment by industry

| Group - 2018 ¹⁾ | Gross loans at amortised cost, | | | | Loans at fair value | | Net loans 31.12.2019 |
|--------------------------------------|--------------------------------|-------------|-------------|-------------|---------------------|--|----------------------|
| | 31.12.2018 | Stage 1 | Stage 2 | Stage 3 | | | |
| Fishing/Fish farming | 1.704 | -3 | -1 | 0 | 5 | | 1.705 |
| Industry | 2.949 | -11 | -27 | -20 | 2 | | 2.893 |
| Agriculture/forestry | 4.503 | -2 | -4 | -5 | 680 | | 5.172 |
| Service industry | 11.851 | -58 | -72 | -57 | 92 | | 11.756 |
| Retail trade, hotels and restaurants | 3.089 | -13 | -32 | -16 | 22 | | 3.050 |
| Energy, oil and gas | 3.098 | -16 | -34 | -95 | 0 | | 2.953 |
| Building and construction | 3.810 | -8 | -22 | -8 | 23 | | 3.795 |
| Power and water supply | 681 | -1 | -2 | 0 | 2 | | 680 |
| Real estate | 31.490 | -74 | -95 | -38 | 167 | | 31.450 |
| Shipping and other transport | 12.144 | -16 | -47 | -293 | 18 | | 11.806 |
| Public sector and financial services | 1.896 | 0 | 0 | 0 | 0 | | 1.896 |
| Total corporate sector | 77.215 | -202 | -336 | -532 | 1.011 | | 77.156 |
| Retail customers | 106.650 | -26 | -31 | -100 | 7.229 | | 113.722 |
| Loans to customers | 183.865 | -228 | -367 | -632 | 8.240 | | 190.878 |

¹⁾ 2018 are changed due to updated source of data

Loans to customers per Stage

| | 01.01.2019 - 31.12.2019 | | | | 01.01.2018 - 31.12.2018 | | | |
|--|-------------------------|---------------|--------------|----------------|-------------------------|---------------|--------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Parent Bank - Gross loans | | | | | | | | |
| Gross loans 01.01. | 119.183 | 12.235 | 2.125 | 133.543 | 115.659 | 14.240 | 1.992 | 131.891 |
| Transfer to (from) stage 1 | -4.712 | 4.664 | 49 | 0 | -5.480 | 4.612 | 868 | 0 |
| Transfer to (from) stage 2 | 3.015 | -3.082 | 68 | 0 | 2.756 | -3.890 | 1.134 | 0 |
| Transfer to (from) stage 3 | 6 | 21 | -27 | 0 | 14 | 72 | -86 | 0 |
| Net increase/(decrease) balance existing loans | 1.607 | 937 | 0 | 2.544 | 3.316 | 751 | 12 | 4.079 |
| Originated or purchased during the period | 40.762 | 1.715 | 30 | 42.507 | 42.182 | 1.324 | 33 | 43.539 |
| Loans that have been derecognised | -39.421 | -4.744 | 85 | -44.079 | -39.264 | -4.874 | -1.828 | -45.966 |
| Gross loans 31.12 | 120.440 | 11.745 | 2.330 | 134.515 | 119.183 | 12.235 | 2.125 | 133.543 |
| Parent Bank - Gross financial commitments ¹⁾²⁾ | | | | | | | | |
| Financial commitments 01.01. | 28.975 | 4.028 | 801 | 33.804 | 27.771 | 4.980 | 94 | 32.845 |
| Net increase / (decrease) during period | -1.438 | -1.582 | 83 | -2.937 | 1.204 | -952 | 707 | 959 |
| Financial commitments 31.12 | 27.537 | 2.446 | 884 | 30.867 | 28.975 | 4.028 | 801 | 33.804 |

| | 01.01.2019 - 31.12.2019 | | | | 01.01.2018 - 31.12.2018 | | | |
|--|-------------------------|---------------|--------------|----------------|-------------------------|---------------|--------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Group - Gross loans | | | | | | | | |
| Gross loans 01.01. | 175.683 | 14.289 | 2.133 | 192.105 | 154.621 | 15.937 | 1.996 | 172.554 |
| Transfer to (from) stage 1 | -5.773 | 5.720 | 53 | 0 | -6.124 | 5.253 | 871 | 0 |
| Transfer to (from) stage 2 | 3.758 | -3.830 | 72 | 0 | 3.371 | -4.507 | 1.136 | 0 |
| Transfer to (from) stage 3 | 6 | 21 | -27 | 0 | 15 | 72 | -87 | 0 |
| Net increase/(decrease) balance existing loans | -2.250 | 989 | 0 | -1.261 | 1.573 | 790 | 13 | 2.376 |
| Originated or purchased during the period | 88.675 | 2.534 | 36 | 91.245 | 67.551 | 2.165 | 36 | 69.752 |
| Loans that have been derecognised | -69.708 | -5.347 | 80 | -74.975 | -45.324 | -5.421 | -1.832 | -52.577 |
| Gross loans 31.12 | 190.391 | 14.376 | 2.347 | 207.114 | 175.683 | 14.289 | 2.133 | 192.105 |
| Group - Gross financial commitments ¹⁾²⁾ | | | | | | | | |
| Financial commitments 01.01. | 33.825 | 4.224 | 802 | 38.851 | 31.358 | 5.128 | 95 | 36.581 |
| Net increase / (decrease) during period | 447 | -1.526 | 83 | -996 | 2.467 | -904 | 707 | 2.270 |
| Financial commitments 31.12 | 34.272 | 2.698 | 885 | 37.855 | 33.825 | 4.224 | 802 | 38.851 |

¹⁾ Other financial liabilities include guarantees, undrawn credit and loan commitments

²⁾ Financial liabilities provide the basis for impairment losses under IFRS 9

Note 8 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU's capital requirements for banks and securities undertakings (CRD IV/CRR).

SpareBank 1 SR-Bank has permission from the Financial Supervisory Authority of Norway to use internal measurement methods (Internal Rating Based Approach) for quantifying credit risk. The use of IRB requires the bank to comply with extensive requirements relating to organisation, expertise, risk models and risk management systems.

The EU's capital adequacy regulations (CRR/CRD IV) were incorporated into the EEA agreement in March 2019, and the Ministry of Finance decided at the beginning of December 2019 that the implementation regulations would become effective in Norway on 31 December 2019.

The total minimum common equity tier 1 capital ratio requirement for SpareBank 1 SR-Bank, inclusive of the countercyclical buffer and Pillar 2 premium, as at 31 December 2019 was 14.2%. The requirement consists of a 4.5% minimum requirement plus other buffer requirements, which consist of a capital conservation buffer of 2.5%, a systemic risk buffer of 3.0% and a countercyclical buffer of 2.5%. The Financial Supervisory Authority of Norway has also set an individual Pillar 2 requirement of 1.7%.

Investments in associated companies and joint ventures are recognised in the group using the equity method and in accordance with the cost method in the parent bank. The investments are treated identically for the purposes of determining the capital adequacy ratio except for the group's investments in SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, BN Bank and SpareBank 1 Kredittkort. A proportionate consolidation is carried out for the group's capital adequacy.

| Parent bank | | | Group | |
|-----------------------|----------|---|---------------|----------|
| 31.12.18 | 31.12.19 | | 31.12.19 | 31.12.18 |
| 6.394 | 6.394 | Share capital | 6.394 | 6.394 |
| 1.587 | 1.587 | Premium reserve | 1.587 | 1.587 |
| 1.151 | 1.407 | Allocated to dividend | 1.407 | 1.151 |
| 550 | 1.850 | Hybrid capital | 1.850 | 550 |
| 9.920 | 11.244 | Other equity | 13.596 | 11.903 |
| 19.602 | 22.482 | Total book equity | 24.834 | 21.585 |
| Tier 1 capital | | | | |
| 0 | 0 | Deferred taxes, goodwill and other intangible assets | -310 | -114 |
| -1.151 | -1.407 | Deduction for allocated dividends | -1.407 | -1.151 |
| -242 | -226 | Deduction for expected losses on IRB, net of write-downs | -357 | -334 |
| -550 | -1.850 | Hybrid capital that cannot be included in common equity tier 1 capital | -1.850 | -550 |
| 0 | 0 | Deduction for common equity Tier 1 capital in essential investments in financial institutions | -67 | 0 |
| | -164 | Deduction for common equity Tier 1 capital in not essential investments in financial institutions | -153 | |
| -39 | -43 | Value adjustment due to requirements concerning proper valuation | -46 | -39 |
| 17.473 | 18.792 | Total Common equity Tier 1 capital | 20.644 | 19.268 |
| 550 | 1.850 | Hybrid capital | 1.982 | 677 |
| 798 | 0 | Tier 1 capital instruments | 0 | 798 |
| 18.821 | 20.642 | Total Tier 1 capital | 22.626 | 20.743 |
| Tier 2 capital | | | | |
| 2.097 | 2.097 | Term subordinated loan capital | 2.283 | 2.338 |
| -43 | -43 | Deduction for essential investments in financial institutions | -43 | -43 |
| 2.054 | 2.054 | Total Tier 2 capital | 2.240 | 2.295 |
| 20.875 | 22.696 | Net primary capital | 24.866 | 23.038 |

Note 8 Capital adequacy (continued)

| Parent bank | | | Group | |
|----------------|----------------|---|----------------|----------|
| 31.12.18 | 31.12.19 | Credit risk Basel II | 31.12.19 | 31.12.18 |
| 23.695 | 20.515 | SME | 20.522 | 23.699 |
| 23.108 | 22.824 | Specialised enterprises | 25.215 | 24.477 |
| 7.956 | 4.655 | Other corporations | 4.767 | 8.023 |
| 1.092 | 1.065 | Mass market SME | 1.342 | 1.334 |
| 14.518 | 14.018 | Mass market - mortgage on real estate | 31.289 | 28.592 |
| 2.098 | 2.272 | Other mass market | 2.352 | 2.153 |
| 9.641 | 11.006 | Equity positions | 0 | 0 |
| 82.108 | 76.355 | Total credit and counterparty risk IRB | 85.487 | 88.278 |
| 28 | 13 | States and central banks | 25 | 35 |
| 19 | 18 | Local and regional authorities, state-owned enterprises | 73 | 93 |
| 2.050 | 2.978 | Institutions | 1.196 | 1.368 |
| 8.439 | 8.517 | Enterprises | 8.795 | 9.661 |
| 2.514 | 2.854 | Mass market | 3.678 | 3.264 |
| 0 | 0 | Mass market - mortgage on real estate | 1.115 | 1.226 |
| 1.992 | 2.035 | Covered bonds | 2.317 | 2.218 |
| 5.029 | 6.029 | Equity positions | 5.475 | 5.196 |
| 796 | 2.588 | Other assets | 3.653 | 1.789 |
| 20.867 | 25.032 | Total credit and counterparty risk standard method | 26.327 | 24.850 |
| 570 | 236 | Credit value adjustment risk (CVA) | 487 | 891 |
| 5.968 | 7.067 | Operational risk | 9.443 | 7.902 |
| 0 | 0 | Transitional scheme | 0 | 8.948 |
| 109.513 | 108.690 | Risk weighted balance | 121.744 | 130.869 |
| 4.928 | 4.891 | Minimum requirement for common equity Tier 1 capital ratio 4,5 % | 5.478 | 5.889 |
| | | Buffer requirement | | |
| 2.738 | 2.717 | Capital conservation buffer 2,5 % | 3.044 | 3.272 |
| 3.285 | 3.261 | Systemic risk buffer 3 % | 3.652 | 3.926 |
| 2.190 | 2.717 | Countercyclical capital buffer 2,0 % | 3.044 | 2.617 |
| 8.213 | 8.695 | Total buffer requirement to common equity Tier 1 capital ratio | 9.740 | 9.815 |
| 4.331 | 5.206 | Available common equity Tier 1 capital ratio after buffer requirement | 5.426 | 3.564 |
| 15,96 % | 17,29 % | Common equity Tier 1 capital ratio, IRB | 16,96 % | 15,80 % |
| 17,19 % | 18,99 % | Tier 1 capital ratio, IRB | 18,58 % | 17,01 % |
| 19,06 % | 20,88 % | Capital ratio, IRB | 20,42 % | 18,90 % |
| 9,74 % | 10,03 % | Leverage Ratio | 7,77 % | 7,68 % |
| 19,06 % | 0,00 % | Capital ratio - based on transitional rule (Basel I floor) | 0,00 % | 17,60 % |
| 17,19 % | | Tier 1 capital ratio | | 15,85 % |
| 1,88 % | | Tier 2 capital ratio | | 1,75 % |
| 15,96 % | | Common equity Tier 1 capital ratio | | 14,72 % |

Note 9 Financial derivatives

| Group | Contract amount | Fair value at 31.12.19 | |
|---|-----------------|------------------------|--------------|
| | 31.12.19 | Assets | Liabilities |
| At fair value through profit and loss | | | |
| Currency instruments | | | |
| Currency futures (forwards) | 7.341 | 167 | 61 |
| Currency swaps | 23.647 | 292 | 562 |
| Currency swaps (basis swaps) | 44.781 | 167 | 915 |
| Currency swaps (basis swaps hedging) | 7.545 | -22 | 155 |
| Total currency instruments | 83.314 | 604 | 1.693 |
| Interest rate instruments | | | |
| Interest rate swaps | 57.453 | 466 | 662 |
| Other interest rate contracts | 43 | 0 | 0 |
| Total interest rate instruments | 57.496 | 466 | 662 |
| Interest rate instruments, hedging | | | |
| Interest rate swaps | 88.447 | 2.508 | 162 |
| Total interest rate instruments, hedging | 88.447 | 2.508 | 162 |
| Security | | | |
| Security | | 2.355 | 2.013 |
| Total security | | 2.355 | 2.013 |
| Total currency and interest rate instruments | | | |
| Total currency instruments | 83.314 | 604 | 1.693 |
| Total interest rate instruments | 145.943 | 2.974 | 824 |
| Total collateral | | 2.355 | 2.013 |
| Total financial derivatives | 229.257 | 5.933 | 4.530 |
| Counterparty risk: | | | |
| Netting agreements | | 668 | |
| Considered collateral | | 4.368 | |
| Total exposure to financial derivatives | | 897 | |

Counterparty risk associated with derivatives is reduced via ISDA agreements and CSA supplements. The CSA supplement regulates the counterparty risk through payments of margins in relation to exposure limits.

IBOR reform

Reforming and alternatives to IBOR rates have become a priority area for governments around the world in recent years. However, there is uncertainty surrounding which methods will be used for any changes and when they will be introduced. All of SpareBank 1 SR-Bank's interest rate derivatives use IBOR rates as a reference, and may thus be affected by changes. The most important positions are in EURIBOR and NIBOR. The bank is monitoring developments in the market closely, and is participating in several projects to monitor the changes and facilitate any changes. The table below shows nominal amount and weighted average remaining maturity for derivatives in hedging relationships that may be affected by IBOR reform, categorised by the relevant IBOR rate.

| | Contract amount | Weighted maturity |
|--|-----------------|-------------------|
| Interest rate instruments | | |
| CIBOR DKK (6 months) | 822 | 6,4 |
| EURIBOR EUR (3 months) | 46.567 | 5,8 |
| EURIBOR EUR (6 months) | 611 | 10,0 |
| LIBOR USD (1 month) | 879 | 3,0 |
| LIBOR USD (3 months) | 11.444 | 3,2 |
| LIBOR USD (6 months) | 528 | 2,3 |
| NIBOR NOK (1 month) | 65 | 7,2 |
| NIBOR NOK (3 months) | 35.986 | 5,5 |
| NIBOR NOK (6 months) | 465 | 6,1 |
| Total interest rate instruments | 97.367 | |
| Currency instruments | | |
| EURIBOR EUR (3 months) to LIBOR USD (3 months) | 7.356 | 3,8 |
| EURIBOR EUR (3 months) to NIBOR NOK (3 months) | 29.367 | 5,5 |
| LIBOR USD (3 months) to NIBOR NOK (3 months) | 2.137 | 3,1 |
| LIBOR USD (6 months) to FIXED NOK | 266 | 6,4 |
| Total currency instruments | 39.126 | |
| Total exposure to financial derivatives | 136.493 | |

Note 10 Securities issued and subordinated loan capital

Group

| Change in debt raised through securities issued | Balance as at 31.12.19 | Issued/ sale own 2019 | Past due/ redeemed 2019 | FX rate- and other changes 2019 | 31.12.18 |
|--|------------------------|-----------------------|-------------------------|---------------------------------|----------------|
| Other long-term borrowing | 2.424 | | | 4 | 2.420 |
| Bonds and certificates, nominal value | 111.138 | 24.823 | -12.455 | -292 | 99.062 |
| Adjustments and accrued interests | 2.602 | | | 599 | 2.003 |
| Total debt raised through securities issued | 116.164 | 24.823 | -12.455 | 311 | 103.485 |

| Change in additional Tier 1 and Tier 2 capital instruments | Balance as at 31.12.19 | Issued/ sale own 2019 | Past due/ redeemed 2019 | FX rate- and other changes 2019 | 31.12.18 |
|---|------------------------|-----------------------|-------------------------|---------------------------------|--------------|
| Term subordinated loan capital, nominal value | 2.118 | 0 | 0 | -4 | 2.122 |
| Tier 1 capital instruments, nominal value | 0 | | -800 | 0 | 800 |
| Adjustments and accrued interests | 7 | | | -22 | 29 |
| Total additional Tier 1 and Tier 2 capital instrument: | 2.125 | 0 | -800 | -26 | 2.951 |

The nominal value of the net outstanding covered bonds in SR-Boligkreditt is NOK 61.9 billion as of 31 December 2019.

Note 11 Segment reporting

The executive management team has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and return profile of the assets, and it is divided between the retail market (including self-employed people), the corporate market, the capital market and subsidiaries of significant importance. Staff/support covers all staff departments and treasury functions in the bank. The activities in SR-Boligkreditt AS are divided between the retail market and own account trading/staff/support in the parent bank segments. Commission income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are reported under 'Net commissions and other income'.

| SpareBank 1 SR-Bank Group 01.01.19 - 31.2.19 | | | | | | | | |
|--|----------------|------------------|----------------|----------------|-------------------|------------------|----------------|----------------|
| Income statement (MNOK) | Retail Market | Corporate Market | Capital Market | Staff/Support | Eiendoms-Megler 1 | Other activities | Eliminations | Total |
| Interest income | 2.290 | 2.687 | 71 | 2.819 | 3 | 4 | -131 | 7.743 |
| Interest expense | 603 | 718 | 44 | 2.515 | 0 | 10 | -134 | 3.756 |
| Net interest income ¹⁾ | 1.687 | 1.969 | 27 | 304 | 3 | -6 | 3 | 3.987 |
| Commission income | 617 | 330 | 8 | 18 | 396 | 232 | -85 | 1.516 |
| Commission expenses | 77 | 27 | 1 | 47 | 0 | 35 | -76 | 111 |
| Other operating income | 1 | 0 | 0 | 11 | 0 | 18 | -19 | 11 |
| Net commission and other income | 541 | 303 | 7 | -18 | 396 | 215 | -27 | 1.417 |
| Dividend income | 0 | 0 | 0 | 31 | 0 | 0 | 0 | 31 |
| Income from investment in associates | 0 | 2 | 0 | 1.021 | 0 | 22 | -170 | 875 |
| Net gains/losses on financial instruments | 4 | 24 | 87 | 77 | 0 | 28 | 1 | 221 |
| Net income on investment securities | 4 | 26 | 87 | 1.129 | 0 | 50 | -169 | 1.127 |
| Personnel expenses | 423 | 208 | 53 | 407 | 250 | 135 | -4 | 1.472 |
| Administrative expenses | 82 | 20 | 10 | 386 | 40 | 17 | 0 | 555 |
| Other operating expenses | 94 | 33 | 3 | 185 | 103 | 64 | -32 | 450 |
| Total operating expenses | 599 | 261 | 66 | 978 | 393 | 216 | -35 | 2.478 |
| Operating profit before losses | 1.633 | 2.037 | 55 | 437 | 6 | 43 | -159 | 4.052 |
| Impairments on loans and financial commitments | 24 | 211 | 0 | 0 | 0 | 0 | 0 | 235 |
| Pre-tax profit | 1.609 | 1.826 | 55 | 437 | 6 | 43 | -159 | 3.817 |
| Net interest income | | | | | | | | |
| External net interest income | 1.687 | 1.969 | 27 | 304 | 3 | 4 | -7 | 3.987 |
| Internal net interest income | 0 | 0 | 0 | 0 | 0 | 10 | -10 | 0 |
| Net interest income | 1.687 | 1.969 | 27 | 304 | 3 | 14 | -17 | 3.987 |
| Balance sheet (MNOK) | | | | | | | | |
| Loans to customers | 128.255 | 75.457 | 71 | 3.695 | 0 | 0 | -364 | 207.114 |
| Impairments on loans | -154 | -1.265 | 0 | 0 | 0 | 0 | -7 | -1.426 |
| Certificates/bonds/financial derivatives | 0 | 0 | 3.538 | 38.821 | 0 | 7 | -3.641 | 38.725 |
| Other assets | -2.060 | 3.571 | 2.158 | 20.755 | 175 | 1.899 | -15.016 | 11.482 |
| Total assets | 126.041 | 77.763 | 5.767 | 63.271 | 175 | 1.906 | -19.028 | 255.895 |
| Deposits from customers | 53.736 | 49.893 | 23 | -330 | 0 | 0 | -216 | 103.106 |
| Other debt and equity ¹⁾ | 11.254 | 26.425 | 5.664 | 126.177 | 175 | 1.906 | -18.812 | 152.789 |
| Total debt and equity | 64.990 | 76.318 | 5.687 | 125.847 | 175 | 1.906 | -19.028 | 255.895 |
| Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt | 4.243 | 0 | | | | | | 4.243 |

1) Other liabilities contains allocated arrangements between the segments. The interest on intercompany receivables for the retail market division and the corporate market division is determined on the basis of expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long-term funding (credit premium). Deviations between the Group's actual funding costs and the applied interest on intercompany receivables are eliminated in the parent bank.

Note 11 Segment reporting (continued)

| SpareBank 1 SR-Bank Group 01.01.18 - 31.12.18 | | | | | | | | |
|--|----------------|------------------|----------------|---------------|-------------------|------------------|----------------|----------------|
| Income statement (MNOK) | Retail Market | Corporate Market | Capital Market | Staff/Support | Eiendoms-Megler 1 | Other activities | Eliminations | Total |
| Interest income | 2.070 | 2.198 | 111 | 1.938 | 3 | 3 | -49 | 6.274 |
| Interest expense | 467 | 579 | 77 | 1.763 | 0 | 7 | -58 | 2.835 |
| Net interest income ¹⁾ | 1.603 | 1.619 | 34 | 175 | 3 | -4 | 9 | 3.439 |
| Commission income | 639 | 365 | 10 | -13 | 382 | 207 | -71 | 1.519 |
| Commission expenses | 45 | 22 | 4 | 47 | 0 | 37 | -68 | 87 |
| Other operating income | 0 | 0 | 0 | 8 | 0 | 10 | -13 | 5 |
| Net commission and other income | 594 | 343 | 6 | -52 | 382 | 180 | -16 | 1.437 |
| Dividend income | 0 | 0 | 0 | 11 | 0 | 0 | 1 | 12 |
| Income from investment in associates | 0 | 25 | 0 | 594 | 0 | 0 | -253 | 366 |
| Net gains/losses on financial instruments | 6 | 1 | 107 | -47 | 0 | 68 | 56 | 191 |
| Net income on investment securities | 6 | 26 | 107 | 558 | 0 | 68 | -196 | 569 |
| Personnel expenses | 379 | 191 | 47 | 350 | 231 | 101 | -2 | 1.297 |
| Administrative expenses | 73 | 16 | 12 | 368 | 40 | 10 | -1 | 518 |
| Other operating expenses | 95 | 33 | 3 | 157 | 103 | 47 | -24 | 414 |
| Total operating expenses | 547 | 240 | 62 | 875 | 374 | 158 | -27 | 2.229 |
| Operating profit before losses | 1.656 | 1.748 | 85 | -194 | 11 | 86 | -176 | 3.216 |
| Impairments on loans and financial commitments | 0 | 324 | 0 | 0 | 0 | 0 | 0 | 324 |
| Pre-tax profit | 1.656 | 1.424 | 85 | -194 | 11 | 86 | -176 | 2.892 |
| Net interest income | | | | | | | | |
| External net interest income | 1.603 | 1.619 | 34 | 175 | 0 | 0 | 8 | 3.439 |
| Internal net interest income | 0 | 0 | 0 | 0 | 3 | -4 | 1 | 0 |
| Net interest income | 1.603 | 1.619 | 34 | 175 | 3 | -4 | 9 | 3.439 |
| Balance sheet (MNOK) ²⁾ | | | | | | | | |
| Loans to customers | 118.165 | 71.193 | 214 | 2.772 | 0 | 0 | -239 | 192.105 |
| Individual loss provisions | -167 | -1.060 | 0 | 0 | 0 | 0 | 0 | -1.227 |
| Certificates/bonds/financial derivatives | 0 | 0 | 2.181 | 35.483 | 0 | 11 | -3.067 | 34.608 |
| Other assets | -1.831 | 1.814 | 913 | 16.069 | 155 | 1.465 | -10.010 | 8.575 |
| Total assets | 116.167 | 71.947 | 3.308 | 54.324 | 155 | 1.476 | -13.316 | 234.061 |
| Deposits from customers | 50.681 | 48.597 | 13 | -172 | 0 | 0 | -305 | 98.814 |
| Other debt and equity ¹⁾ | 65.486 | 23.350 | 3.295 | 54.496 | 155 | 1.476 | -13.011 | 135.247 |
| Total debt and equity | 116.167 | 71.947 | 3.308 | 54.324 | 155 | 1.476 | -13.316 | 234.061 |
| Loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt | 8.877 | 417 | | | | | | 9.294 |

Note 12 Net income/losses from financial instruments

| Parent bank | | | Group | |
|------------------------|------------------------|---|------------------------|------------------------|
| 01.01.18 - 31.12.18 | 01.01.19 - 31.12.19 | | 01.01.19 - 31.12.19 | 01.01.18 - 31.12.18 |
| -2 | 70 | Net gains/losses on equity instruments | 111 | 91 |
| -231 | -137 | Net gains/losses for bonds and certificates | -156 | -230 |
| 151 | 141 | Net derivatives bonds and certificates | 141 | 151 |
| 74 | 0 | Net derivatives equity instruments | 0 | 72 |
| 0 | 0 | Net counterparty risk, inclusive of CVA | 0 | 0 |
| 15 | -1 | Net derivatives other assets | -1 | 15 |
| 10 | -8 | Net derivatives liabilities | 5 | -5 |
| -11 | -18 | Net derivatives basis swap spread | -10 | -38 |
| 141 | 136 | Net gain currency | 131 | 135 |
| 147 | 183 | Net income/losses from financial instruments | 221 | 191 |

Note 13 Pensions

The SpareBank 1 SR-Bank group has two types of pension scheme: defined benefit-based and contribution benefit-based pension schemes. For more information about the accounting treatment of the schemes see note 1 above and note 24 to the annual financial statements for 2018.

The group previously had a secured defined benefit pension scheme covered by the group's pensions fund. This scheme was wound up in 2015 and employees who were in the defined benefit scheme were issued a paid-up policy for their earned rights in the defin

Paid-up policies will be managed by the pension fund, which from 1 January 2016 was set as a paid-up fund. A framework agreement has been established between SpareBank 1 SR-Bank and the pension fund that covers things such as financing, capital management, etc. Because of the responsibilities SpareBank 1 SR-Bank still has, future liabilities will have to be incorporated in the financial statements. The board of the pension fund must consist of representatives of the group and pension scheme participants in accordance with the pension fund's articles of association.

The following economic assumptions have been used to calculate the obligations for the defined benefit-based pension scheme:

| Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q4 2019 | Parent bank and group |
|---------|---------|---------|---------|---------|--|
| 2,60 % | 2,30 % | 2,20 % | 1,90 % | 2,30 % | Discount rate |
| 2,60 % | 2,30 % | 2,20 % | 1,90 % | 2,30 % | Expected return on assets |
| 2,75 % | 2,75 % | 2,75 % | 2,25 % | 2,25 % | Forecast salary increase |
| 2,50 % | 2,50 % | 2,50 % | 2,00 % | 2,00 % | National Insurance scheme's basic amount |
| 0,80 % | 0,80 % | 0,80 % | 0,70 % | 0,50 % | Pension adjustment |
| 0,80 % | 0,80 % | 0,80 % | 0,70 % | 0,50 % | Paid-up policy adjustment |

Change in pension obligations (NOK million):

| Parent bank | | | | | Group | | | |
|-------------|---------|------------------------|------------------------|---|------------------------|------------------------|------------|------------|
| Q4 2018 | Q4 2019 | 01.01.18 - 31.12.18 | 01.01.19 - 31.12.19 | | 01.01.19 - 31.12.19 | 01.01.18 - 31.12.18 | Q4 2019 | Q4 2018 |
| 257 | 310 | 383 | 164 | Net obligations opening balance | 175 | 402 | 321 | 276 |
| -96 | -199 | -231 | -30 | Actuarial liabilities and losses recognised in comprehensive income | -30 | -240 | -199 | -105 |
| 4 | 4 | 17 | 13 | Net pension cost | 17 | 18 | 5 | 5 |
| 0 | -2 | 0 | -2 | Company contributions | -2 | 0 | -2 | 0 |
| -1 | -1 | -5 | -4 | Payments from operations | -7 | -5 | -1 | -1 |
| 0 | 64 | 0 | 35 | Upper limit for capitalisation of the asset | 34 | 0 | 63 | 0 |
| 164 | 176 | 164 | 176 | Net pension obligations closing balance | 187 | 175 | 187 | 175 |

Note 14 Sale of loans

In 2010, in association with the other owners of Sparebank 1 Boligkreditt, Sparebank 1 SR-Bank entered into an agreement to establish a liquidity facility for SpareBank 1 Boligkreditt. This implies that the banks undertake to buy mortgage bonds limited to a total value equal to 12 months' maturities in SpareBank 1 Boligkreditt. Each owner is primarily liable for its share of the need, secondarily for twice the amount of the primary liability under the same agreement. The bonds can be deposited with Norges Bank and represent, therefore, no significant increase in the bank's inherent risk.

SpareBank 1 SR-Bank has concluded agreements concerning the sale of loans with good security and collateral in real estate to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. For more information about the accounting treatment of the agreements see note 2 and note 9 in the 2018 annual financial statements.

SpareBank 1 SR-Bank has also concluded an agreement concerning the sale of loans with good security and collateral in real estate to its subsidiary SR-Boligkreditt AS. Such loans are derecognised from the parent bank's balance sheet, but are recognised in the consolidated financial statements, see note 2 in the 2018 annual financial statements.

Note 15 Liquidity risk

Liquidity risk is the risk that the group is not able to refinance its debt or is not able to finance an increase in assets. The bank's framework for managing liquidity risk shall reflect the bank's conservative risk profile. The board has adopted internal limits such that the bank has as balanced a maturity structure for its borrowing as possible. Stress testing is conducted for the various terms of maturity for bank-specific crises, system crises and combinations of these. A contingency plan has also been put in place to manage liquidity crises. The average remaining term to maturity in the portfolio of senior bond funding and covered bonds was 3.7 years at the end of the fourth quarter of 2019. The total LCR was 153 % at the end of the fourth quarter, and the average total LCR was 173 % in the quarter. The LCR in NOK and EUR at the end of the quarter was 85 % and 724 %, respectively.

Note 16 Information about fair value

Group

The table below shows financial instruments at fair value according to their valuation method. The different levels are defined as follows:

Level 1: Listed price in an active market for an identical asset or liability

Level 2: Valuation based on observable factors other than listed price (used in level 1) either direct (price) or indirect (deduced from prices)

Level 3: Valuation based on factors not obtained from observable markets (non-observable assumptions)

| Fair value 31.12.2019 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|--------|
| Assets | | | | |
| Net lending to customers ¹⁾ | | | 8.948 | 8.948 |
| Commercial paper and bonds at fair value | 17.549 | 8.720 | | 26.269 |
| Financial derivatives | | 5.933 | | 5.933 |
| Equities, units and other equity interests | 438 | 27 | 455 | 920 |
| Liabilities | | | | |
| Financial derivatives | | 4.530 | | 4.530 |
| No transfers between levels 1 and 2 | | | | |
| ¹⁾ Net lending to customers in parent bank, level 3 | | | 49.711 | |

Note 16 Information about fair value (continued)

| Fair value 31.12.2018 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|--------|
| Assets | | | | |
| Net lending to customers | | | 8.240 | 8.240 |
| Commercial paper and bonds at fair value | 17.210 | 6.134 | | 23.344 |
| Financial derivatives | | 5.268 | | 5.268 |
| Equities, units and other equity interests | 412 | 25 | 431 | 868 |
| Liabilities | | | | |
| Financial derivatives | | 3.889 | | 3.889 |
| No transfers between levels 1 and 2 | | | | |
| ¹⁾ Net lending to customers in parent bank, level 3 | | | 53.552 | |

Change in holding during the financial year of assets valued on the basis of factors other than observable market data

| Group | Loans to customers | Shares, ownership stakes and other securities |
|--|--------------------|---|
| Balance 01.01 | 8.240 | 431 |
| Additions | 1.996 | 56 |
| Disposals | -1.205 | -80 |
| Transferred from or to measurement according to prices in an active market or observable market data | | |
| Change in value ¹⁾ | -83 | 48 |
| Balance 31.12.2019 | 8.948 | 455 |
| Nominal value/cost price | 8.916 | 277 |
| Fair value adjustment | 32 | 178 |
| Balance 31.12.2019 | 8.948 | 455 |

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

SpareBank 1 SR-Bank is a member of Visa Norge FLI. Visa Norge FLI is, as a group member of Visa Europe, also a shareholder in Visa Europe Ltd. In November 2015, an agreement was announced concerning the sale of Visa Europe Ltd to Visa Inc. The transaction significantly increased the equity in Visa Norge IFS. SpareBank 1 SR-Bank's ownership interests in Visa Norge IFS are considered a financial asset in the available for sale category (AFS investment) and must therefore be recognised at fair value as long as this can be reliably measured. The remuneration consists of shares in Visa Inc., a cash settlement and a postponed cash payment. On 31 December 2015, the estimated value of the shares resulted in income in other comprehensive income of NOK 95 million. SpareBank 1 SR-Bank received the cash settlement in the second quarter of 2016. This amounted to NOK 94 million, compared with the amount calculated at the end of 2015 of NOK 72 million. The cash settlement was posted as dividends via the income statement in the second quarter of 2016. In the fourth quarter of 2017, a further proportion of shares with a value of NOK 19 million were recognised, where NOK 15 million was recognised through profit or loss. SpareBank 1 SR-Bank still has an ownership item linked to the postponed shares in Visa Norge totalling NOK 95 million. This item includes NOK 60 million that has mainly been posted through comprehensive income in 2018 and that after the switch to IFRS 9 in 2018 will have no effect on the result upon realisation.

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

Fixed-rate loans are measured on the basis of the interest rate agreed with the customer. Loans are discounted using the applicable interest curve, having taken into account a market premium, which is adjusted for the profit margin. The conducted sensitivity analyses indicate an increase in the discount rate of 10 basis points would have a negative effect on the result amounting to NOK 26 million.

Note 16 Information about fair value (continued)

Fair value of financial instruments at amortised cost

| Group | Balance | Fair value |
|---|----------------|----------------|
| | 31.12.2019 | 31.12.2019 |
| Assets | | |
| Cash and balances with central banks | 104 | 104 |
| Balances with credit institutions ¹⁾ | 3.142 | 3.142 |
| Loans to customers ¹⁾ | 196.740 | 196.740 |
| Certificates and bond held to maturity | 6.523 | 6.511 |
| Total assets at amortised cost | 206.509 | 206.497 |
| Liabilities | | |
| Balances with credit institutions ¹⁾ | 2.264 | 2.264 |
| Deposits from customers ¹⁾ | 103.106 | 103.106 |
| Listed debt securities | 116.164 | 116.453 |
| Subordinated loan capital | 2.125 | 2.139 |
| Total liabilities at amortised cost | 223.659 | 223.962 |

¹⁾ Loans and deposits at amortised cost, amount to book value best estimate at fair value.

Note 17 Leases

On 1 January 2019, the SpareBank 1 SR-Bank Group introduced the new IFRS 16 standard for leases. Pursuant to IFRS 16, lessees must capitalise a right-to-use asset and a lease liability for each of their leases, with a few practical exceptions:

SpareBank 1 SR-Bank will take advantage of the following practical exceptions:

- exception for low-value assets
- exception for short-term leases (12 months and shorter)
- omitting including components that are not leases

Leases are identified based on the following criteria:

- identifiable asset
- right to receive all the financial benefits from the use of a specific asset during the lease period
- right to govern the use of the asset

The group chose a simplified application of IFRS 16 upon implementation on 1 January 2019. This involves no restatement of comparable figures for 2018. On the transition date, the lease liability is measured at the present value of the outstanding lease payments, discounted by a marginal loan rate on the date of transition. An implicit interest rate is used for leased vehicles when recognising the lease liability. The right-of-use asset is recognised at the same value as the lease liability as at 1 January 2019. Agreements with less than 12 months to run from the transition date are not capitalised.

Measurement and recognition

The lease liability is measured as the present value of the agreed lease payments. The lease period represents the period that cannot be cancelled. In addition to this, extension options are included in the lease period if it is reasonably safe to assume that the option will be exercised. The same applies if there is an option to shorten the lease period and it is reasonably safe that the option will not be exercised.

Lease payments in the measurement consist of fixed lease payments and variable leases based on interest rates or indices on the startup date. In addition to this, expenses incurred by early termination of the lease must be included in the lease payments if it is reasonably certain that early termination will take place. Likewise, the price for exercising any purchase option must be included if it is reasonably safe to assume that the option will be exercised.

The right-of-use asset is measured as the lease liability plus any paid advance lease payment, direct acquisition costs and provisions for expenses upon returning the property to the landlord. Provisions for expenses upon returning the property must be recognised as a separate liability on the balance sheet and not be included in the lease liability.

Note 17 Lease (continued)

Calculation and discount rate

IFRS 16 refers to two different methods for determining the discount rate for lease payments:

- implicit interest rate
- the lessee's marginal loan rate if the implicit interest rate cannot be easily determined

The group uses implicit interest rate calculations for leased vehicles. For all other leases its uses the marginal loan rate. The marginal loan rate is defined as the interest rate a lessee in a similar environment would have to pay to borrow, over a similar period and with equivalent security, an amount necessary to acquire property with a value equivalent to the right-of-use asset.

The group's leases mainly consist of leases for buildings with different terms and option structures. When calculating a lease liability, extension options are included in the lease period since it is highly probable that the option will be exercised.

Accounting effects

Total liabilities and right-of-use assets on 1 January 2019 shown below, divided into the following two categories (in NOK millions):

| Parent Bank | | Group |
|-------------|---|------------|
| 01.01.19 | Balance | 01.01.19 |
| 3 | Lease liabilities and right-of-use asset for vehicles | 3 |
| 291 | Lease liabilities and right-of-use asset for offices | 387 |
| 293 | Total balance | 390 |

The discount rate has been set at 3.5% when calculating office leases. The implicit interest rate for vehicles is 3.95%.

Changes to lease liabilities and right-of-use assets (in NOK millions):

| Parent Bank | | Group | |
|-------------|---------------------------|---------------------|----------|
| 01.01.19 | 01.01.19 - 31.12.19 | 01.01.19 - 31.12.19 | 01.01.19 |
| | Balance | | |
| 293 | 688 | 398 | 390 |
| 293 | 682 | 395 | 390 |
| | Income Statement | | |
| | 32 | 39 | |
| | 12 | 14 | |
| | 44 | 53 | |
| | Effects of IFRS 16 | | |
| | 38 | 48 | |
| | 44 | 53 | |
| | -6 | -5 | |
| | Right-of-use-asset | | |
| 293 | 293 | 390 | 390 |
| | 421 | 47 | |
| | 32 | 39 | |
| 293 | 682 | 398 | 390 |

Note 18 Events after the balance sheet date

No events that have influence on the prepared interim financial statements have been registered after 31 December 2019.

Quarterly income statement

| SpareBank 1 SR-Bank Group, MNOK | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Interest income | 2.120 | 2.003 | 1.861 | 1.759 | 1.690 | 1.586 | 1.544 | 1.454 | 1.463 |
| Interest expense | 1.058 | 984 | 893 | 821 | 764 | 715 | 702 | 654 | 644 |
| Net interest income | 1.062 | 1.019 | 968 | 938 | 926 | 871 | 842 | 800 | 819 |
| Commission income | 383 | 359 | 412 | 362 | 370 | 370 | 390 | 389 | 384 |
| Commission expenses | 31 | 29 | 29 | 22 | 20 | 22 | 24 | 21 | 19 |
| Other operating income | 7 | 2 | 1 | 1 | 0 | 1 | 4 | 0 | 2 |
| Net commission and other income | 359 | 332 | 384 | 341 | 350 | 349 | 370 | 368 | 367 |
| Dividend income | 0 | 4 | 8 | 19 | 0 | 0 | 1 | 11 | 0 |
| Income from investment in associates | 15 | 98 | 226 | 536 | 113 | 94 | 102 | 57 | 154 |
| Net gains/losses on financial instrument | 7 | -13 | 106 | 121 | -45 | 81 | 110 | 45 | 50 |
| Net income on financial investments | 22 | 89 | 340 | 676 | 68 | 175 | 213 | 113 | 204 |
| Total income | 1.443 | 1.440 | 1.692 | 1.955 | 1.344 | 1.395 | 1.425 | 1.281 | 1.390 |
| Personnel expenses | 396 | 375 | 357 | 344 | 330 | 322 | 326 | 319 | 333 |
| Administrative expenses | 152 | 132 | 137 | 134 | 137 | 126 | 132 | 123 | 128 |
| Other operating costs | 130 | 108 | 108 | 105 | 109 | 94 | 114 | 97 | 109 |
| Total operating cost | 678 | 615 | 602 | 583 | 576 | 542 | 572 | 539 | 570 |
| Operating profit before impairments | 765 | 825 | 1.090 | 1.372 | 768 | 853 | 853 | 742 | 820 |
| Impairments on loans and financial commitments | 139 | 66 | -19 | 49 | 92 | 59 | 99 | 74 | 120 |
| Pre-tax profit | 626 | 759 | 1.109 | 1.323 | 676 | 794 | 754 | 668 | 700 |
| Tax expense | 141 | 166 | 209 | 177 | 149 | 160 | 137 | 150 | 141 |
| Profit after tax | 485 | 593 | 900 | 1.146 | 527 | 634 | 617 | 518 | 559 |
| Profitability | | | | | | | | | |
| Return on equity per quarter ¹⁾ | 8,3 % | 10,5 % | 16,2 % | 21,2 % | 10,1 % | 12,6 % | 12,3 % | 10,3 % | 11,4 % |
| Return on equity per quarter, excl. merger effects ¹⁾ | | | 0,0 % | | | | | | |
| Cost percentage ¹⁾ | 47,0 % | 42,7 % | 35,6 % | 29,8 % | 42,9 % | 38,9 % | 40,1 % | 42,1 % | 41,0 % |
| Combined weighted total average spread for lending and deposits ¹⁾ | 1,64 % | 1,61 % | 1,58 % | 1,60 % | 1,59 % | 1,53 % | 1,52 % | 1,50 % | 1,50 % |
| Balance sheet figures from quarterly accounts | | | | | | | | | |
| Gross loans to customers | 207.114 | 203.575 | 198.626 | 196.468 | 192.105 | 183.014 | 178.927 | 174.280 | 172.554 |
| Gross loans to customers including SB1 BK and SB1 NK ²⁾ | 211.357 | 209.854 | 207.513 | 205.406 | 201.399 | 196.445 | 193.474 | 188.912 | 187.137 |
| Growth in loans over last 12 months ¹⁾ | 7,8 % | 11,2 % | 11,0 % | 12,7 % | 11,3 % | 9,5 % | 8,5 % | 9,0 % | 9,5 % |
| Growth in loans incl SB1 BK and SB1 NK ¹⁾²⁾ | 4,9 % | 6,8 % | 7,3 % | 8,7 % | 7,6 % | 6,1 % | 5,0 % | 3,1 % | 2,6 % |
| Deposits from customers | 103.106 | 102.181 | 102.693 | 98.991 | 98.814 | 100.320 | 105.824 | 99.626 | 95.384 |
| Growth in deposits over last 12 months ¹⁾ | 4,3 % | 1,9 % | -3,0 % | -0,6 % | 3,6 % | 1,7 % | 6,1 % | 7,0 % | 11,0 % |
| Total assets | 255.895 | 251.604 | 246.462 | 241.926 | 234.061 | 226.023 | 223.954 | 217.370 | 216.618 |
| Average total assets | 256.488 | 251.291 | 245.009 | 237.959 | 231.062 | 225.472 | 221.838 | 215.940 | 217.202 |
| Impairments on loans and financial commitments | | | | | | | | | |
| Impairment ratio, annualized ¹⁾ | 0,27 % | 0,13 % | -0,04 % | 0,10 % | 0,20 % | 0,13 % | 0,22 % | 0,17 % | 0,28 % |
| Impairment ratio, including loans SB1 BK and SB1 NK ¹⁾²⁾ | 0,26 % | 0,13 % | -0,04 % | 0,10 % | 0,18 % | 0,12 % | 0,21 % | 0,16 % | 0,26 % |

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

²⁾ SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are abbreviated to SB1 BK and SB1 NK

Quarterly income statement (continued)

| | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Loans and financial commitments in Stage 2 and Stage 3 ^{1) 3)} | | | | | | | | | |
| Loans and financial commitments in Stage 3 in % of gross loans ¹⁾ | 1,56 % | 1,60 % | 1,49 % | 1,46 % | 1,53 % | 1,56 % | 1,67 % | | |
| Loans and financial commitments in Stage 3 in % of gross loans, including loans SB1 BK and SB1 NK ¹⁾²⁾ | 1,53 % | 1,55 % | 1,43 % | 1,40 % | 1,46 % | 1,45 % | 1,54 % | | |
| Loans and financial commitments in Stage 2 in % of gross loans ¹⁾ | 8,24 % | 8,82 % | 8,22 % | 8,25 % | 9,64 % | 10,58 % | 9,93 % | | |
| Loans and financial commitments in Stage 2 in % of gross loans, including loans SB1 BK og SB1 NK ¹⁾²⁾ | 8,08 % | 8,56 % | 7,87 % | 7,89 % | 9,19 % | 9,85 % | 9,18 % | | |
| Non-performing commitments as a percentage of gross loans ¹⁾ | | | | | | | | | 0,32 % |
| Non-performing commitments as a percentage of gross loans, including loans SB1 BK and SB1 NK ¹⁾²⁾ | | | | | | | | | 0,30 % |
| Other doubtful commitments as a percentage of gross loans ¹⁾ | | | | | | | | | 0,91 % |
| Other doubtful commitments as a percentage of gross loans, including loans SB1 BK and SB1 NK ¹⁾²⁾ | | | | | | | | | 0,83 % |
| Solidity | | | | | | | | | |
| Common equity Tier 1 capital ratio ⁴⁾ | 17,0 % | 14,2 % | 14,4 % | 14,7 % | 14,7 % | 14,7 % | 14,8 % | 15,0 % | 15,1 % |
| Tier 1 capital ratio ⁴⁾ | 18,6 % | 15,6 % | 15,8 % | 16,0 % | 15,9 % | 16,0 % | 15,7 % | 16,0 % | 16,0 % |
| Capital ratio ⁴⁾ | 20,4 % | 17,3 % | 17,5 % | 17,7 % | 17,6 % | 17,8 % | 17,8 % | 18,1 % | 17,9 % |
| Tier 1 capital ⁴⁾ | 22.626 | 22.149 | 22.068 | 21.475 | 20.743 | 20.613 | 19.959 | 19.645 | 19.278 |
| Net primary capital | 24.866 | 24.498 | 24.417 | 23.759 | 23.038 | 23.026 | 22.571 | 22.257 | 21.489 |
| Risk weighted balance ⁴⁾ | 121.744 | 141.712 | 139.545 | 134.649 | 130.869 | 129.216 | 126.826 | 122.786 | 120.160 |
| Leverage ratio | 7,8 % | 7,5 % | 7,6 % | 7,7 % | 7,7 % | 7,7 % | 7,5 % | 7,4 % | 7,4 % |
| Liquidity | | | | | | | | | |
| Liquidity Coverage Ratio (LCR) ⁵⁾ | 173 % | 153 % | 154 % | 172 % | 167 % | 151 % | 157 % | 177 % | 168 % |
| Deposit-to-loan ratio ¹⁾ | 49,8 % | 50,2 % | 51,7 % | 50,4 % | 51,4 % | 54,8 % | 59,1 % | 57,2 % | 55,3 % |
| Deposit-to-loan ratio, incl loans SB1 BK and NK ¹⁾²⁾ | 48,8 % | 48,7 % | 49,5 % | 48,2 % | 49,1 % | 51,1 % | 54,7 % | 52,7 % | 51,0 % |
| Branches and staff | | | | | | | | | |
| Number of branches | 33 | 34 | 34 | 35 | 36 | 36 | 36 | 36 | 36 |
| Number of man-years | 1.260 | 1.250 | 1.228 | 1.192 | 1.178 | 1.176 | 1.153 | 1.156 | 1.142 |
| Number of man-years including temps | 1.352 | 1.309 | 1.322 | 1.256 | 1.251 | 1.266 | 1.230 | 1.200 | 1.218 |
| SpareBank 1 SR-Bank share | | | | | | | | | |
| Market price at end of quarter | 100,00 | 99,15 | 103,90 | 99,40 | 89,20 | 99,00 | 86,40 | 86,20 | 87,00 |
| Market capitalisation | 25.575 | 25.358 | 26.573 | 25.422 | 22.813 | 25.319 | 22.097 | 22.046 | 22.250 |
| Number of shares issued, millions | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 |
| Book equity per share(including dividends) ¹⁾ | 89,90 | 87,60 | 85,44 | 86,55 | 82,27 | 80,02 | 77,28 | 79,24 | 77,24 |
| Earnings per share, NOK (annualised) | 1,90 | 2,32 | 3,52 | 4,48 | 2,06 | 2,48 | 2,41 | 2,03 | 2,18 |
| Price/earnings per share ¹⁾ | 13,16 | 10,68 | 7,38 | 5,54 | 10,81 | 9,98 | 8,96 | 10,62 | 9,98 |
| Price / Book equity (group) ¹⁾ | 1,11 | 1,13 | 1,22 | 1,15 | 1,08 | 1,24 | 1,12 | 1,09 | 1,13 |
| Annualised turnover rate in quarter ⁶⁾ | 4,7 % | 3,6 % | 5,3 % | 5,3 % | 8,4 % | 6,1 % | 6,1 % | 5,3 % | 4,7 % |
| Effective return ⁷⁾ | 0,9 % | -4,6 % | 9,1 % | 11,4 % | -9,9 % | 14,6 % | 5,2 % | -0,9 % | 1,5 % |

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

²⁾ SpareBank 1 Boligkredit and SpareBank 1 Næringskredit are abbreviated to SB1 BK and SB1 NK

³⁾ Loans in Stage 2 and Stage 3 in % of gross loans. Figures before 1 January 2018 is total non-performing and impaired loans according to IAS 39, in % of gross loans

⁴⁾ Historical capital ratio figures are based on the capital adequacy rules and regulations as at 31 December 2018, when the so-called Basel I floor applied

⁵⁾ High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario

⁶⁾ Annualised turnover of the share during the period, measured as a percentage of the number of outstanding shares

⁷⁾ Percentage change in the market price in the last period, including paid share dividend

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2020 Financial Calendar

| | |
|-------------------------------------|--------------------------|
| Preliminary annual results for 2019 | Wednesday 5 February |
| Annual General Meeting | Thursday 23 April |
| Ex-dividend | Friday 24 April |
| Q1 2020 | Thursday 7 May |
| Q2 2020 | Thursday 6 August |
| Q3 2020 | Thursday 29 October |
| Q4 2020 | Thursday 4 February 2021 |