



First Quarter 2020

SR-Bank

SR-Boligkreditt



**1**

**SR-Bank**

**2**

**SR-Boligkreditt**

**3**

**Norwegian economy**

**4**

**Appendix**

# Disclaimer

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

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

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

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



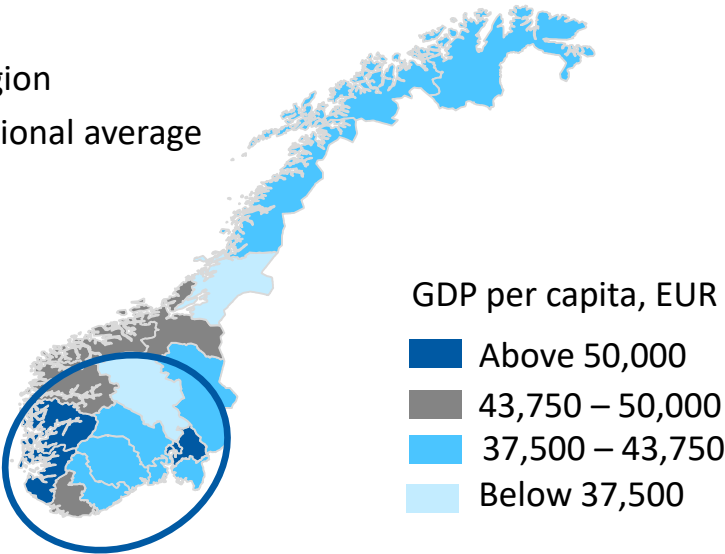
# SR-Bank at a glance

- Second largest Norwegian bank
- Market cap: NOK 15.1 Billion
- Total assets: NOK 255.9 Billion
- Credit rating:
  - Moody's A1 (stable)
  - Fitch A- (negative)
- Sustainability rating
  - Systainalytics ESG rating: 77/100 (outperformer)
  - MSCI ESG rating: A
- **1839:** The first bank that today forms part of SpareBank 1 SR-Bank was established.
- **1976:** 24 savings banks merge to form Sparebanken Rogaland.
- **1994:** SR-Bank (Sparebanken Rogaland) lists its primary capital certificates on the Oslo Stock Exchange.
- **1996:** SR-Bank is one of the founders of the SpareBank 1 alliance.
- **2012:** SR-Bank converted from a savings bank to a public limited company (“limited liability savings bank”).

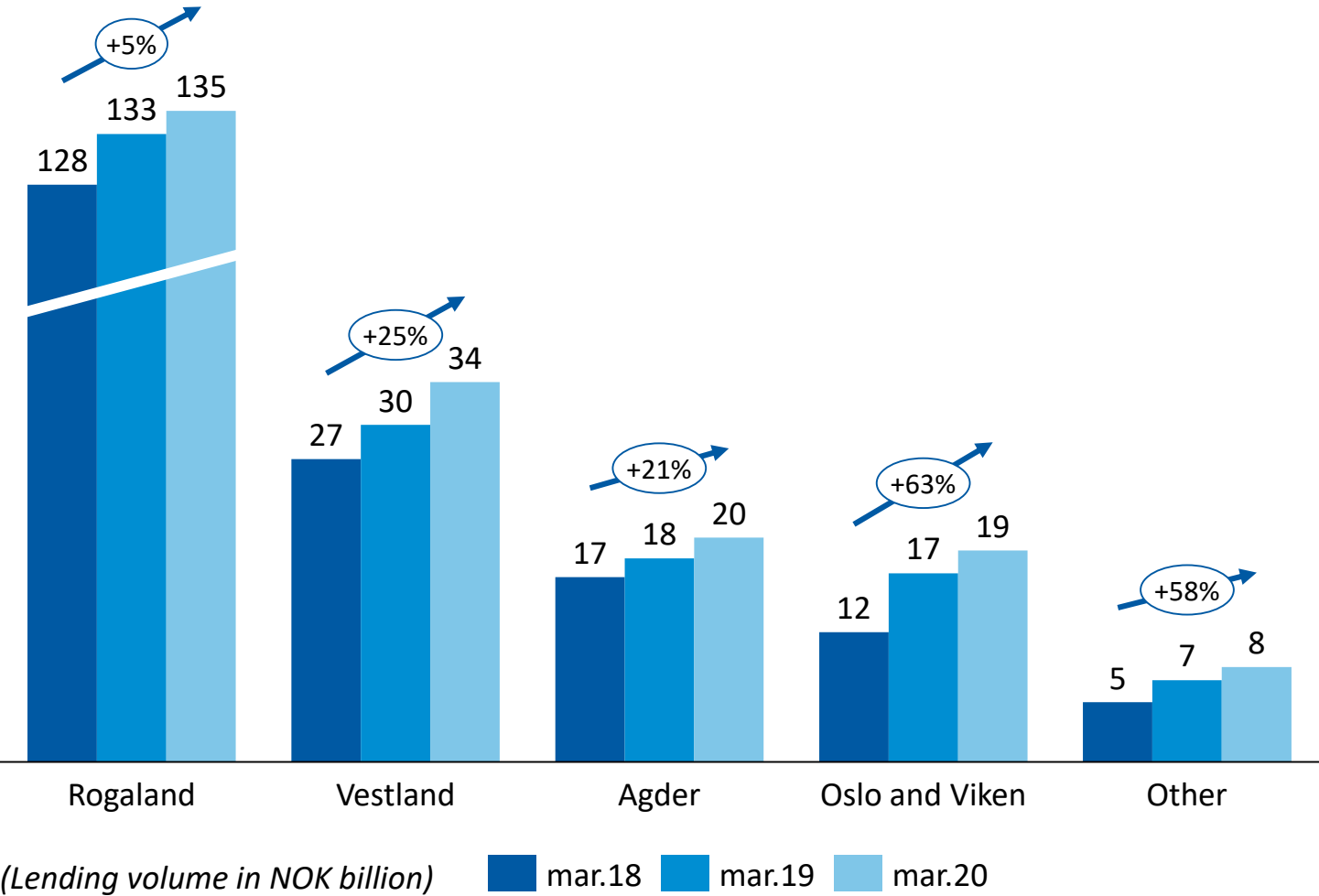
	Banks	Market share
1	DnB Bank	27.2
2	Nordea Bank Norge (Finnish)	12.6
3	Danske Bank (Danish)	6.4
4	Handelsbanken (Swedish)	5.4
5	SR-Bank	4.3

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

SR-Bank’s market area

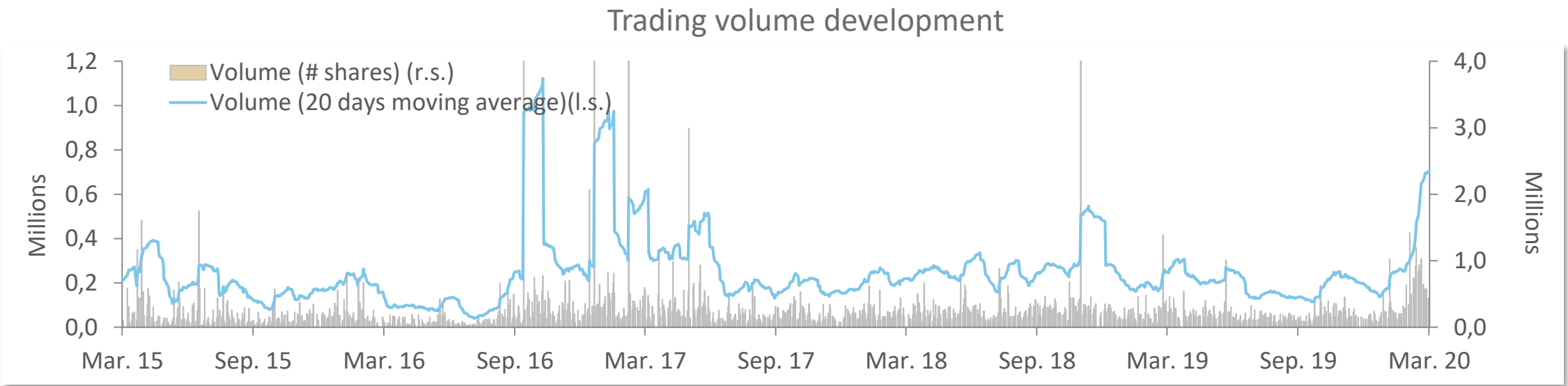
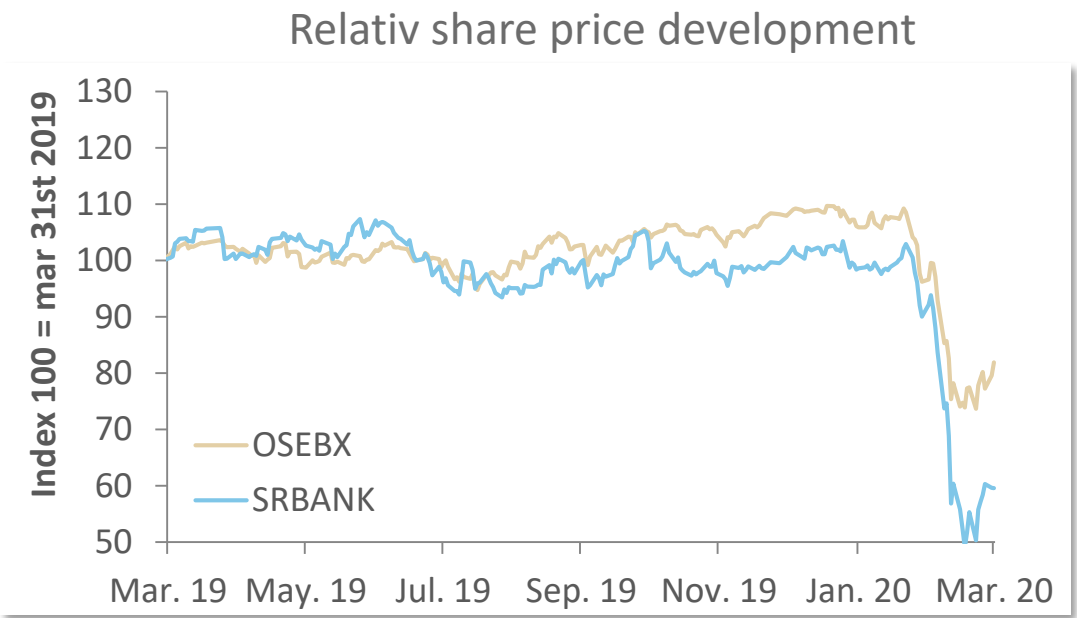


# Finance group for the entire South of Norway



# SRBANK share

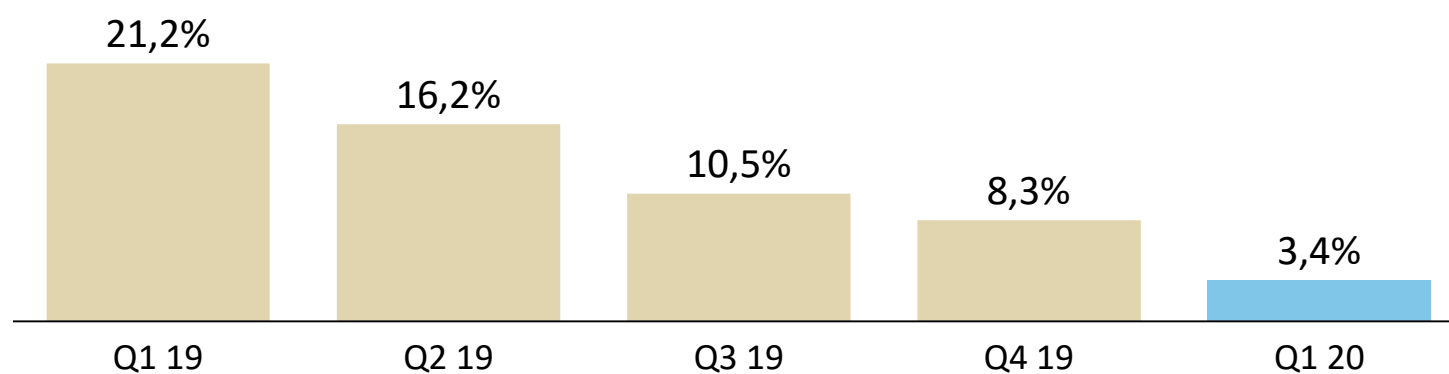
- International ownership is 25.8% per 1. quarter 2020.
- Total market value at 1. quarter 2020 is NOK 15.1 billion.



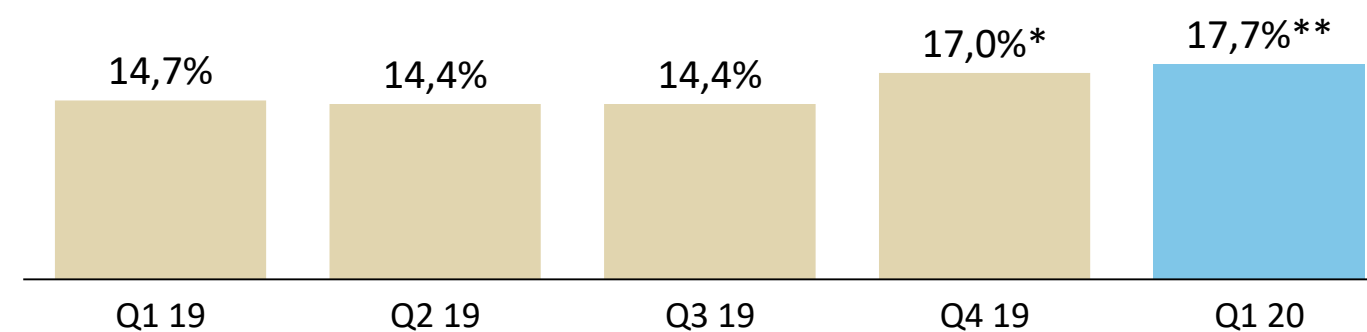


# Key figures – quarterly development

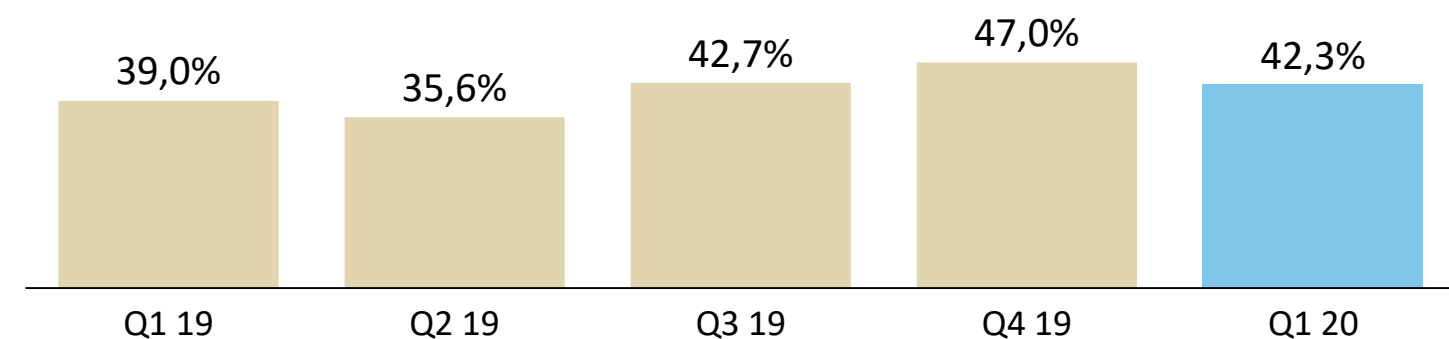
Return on equity



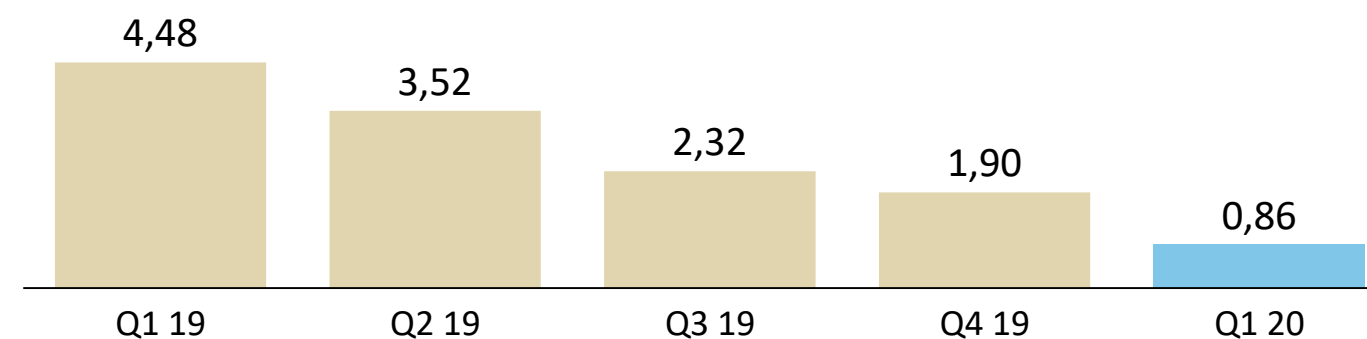
CET 1



Cost ratio



Earnings per share

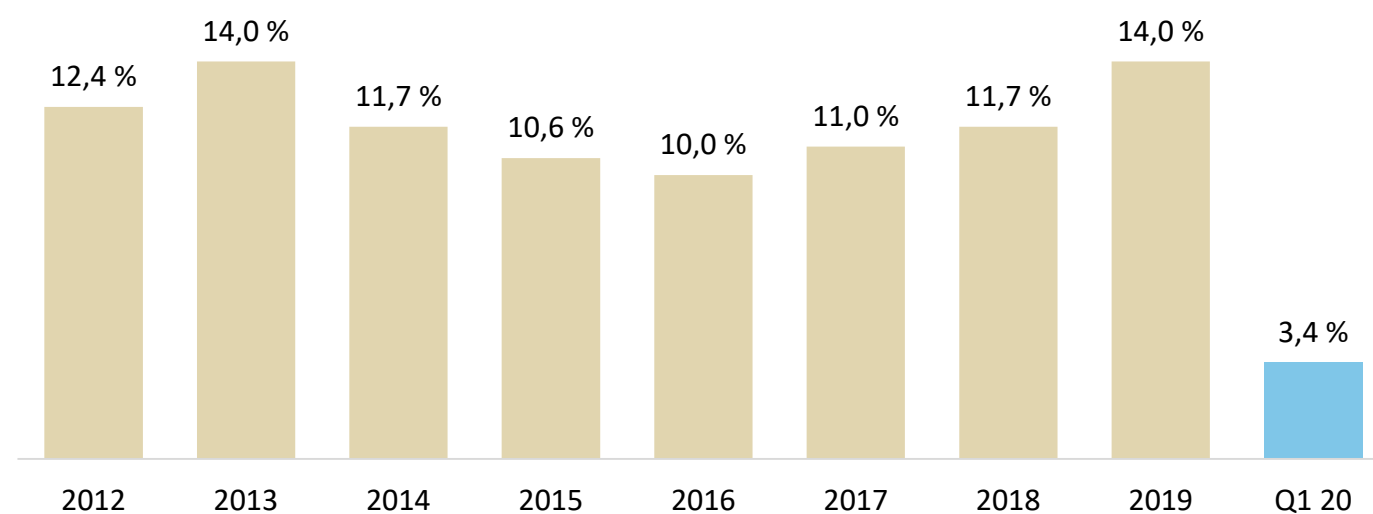


\* The Basel I floor was removed and the SME discount was introduced 31 December 2019 with the final implementation of CRR/CRD IV.

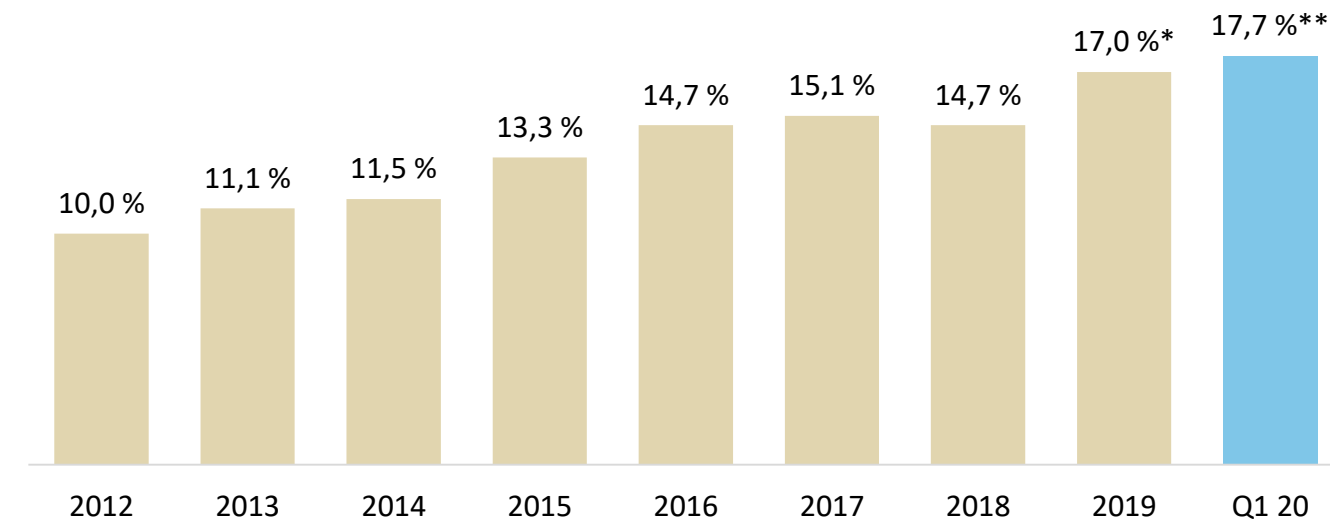
\*\* On 23 April 2020, the annual general meeting approved the board's proposal that no dividend be paid out for 2019. At the same meeting, the board was authorised to make a decision about the distribution of a dividend, at some later point in time, of up to NOK 5.50 per share based on the bank's approved annual financial statements for 2019. The authorisation will remain valid until the next ordinary general meeting in 2021.

# Key figures – annual development

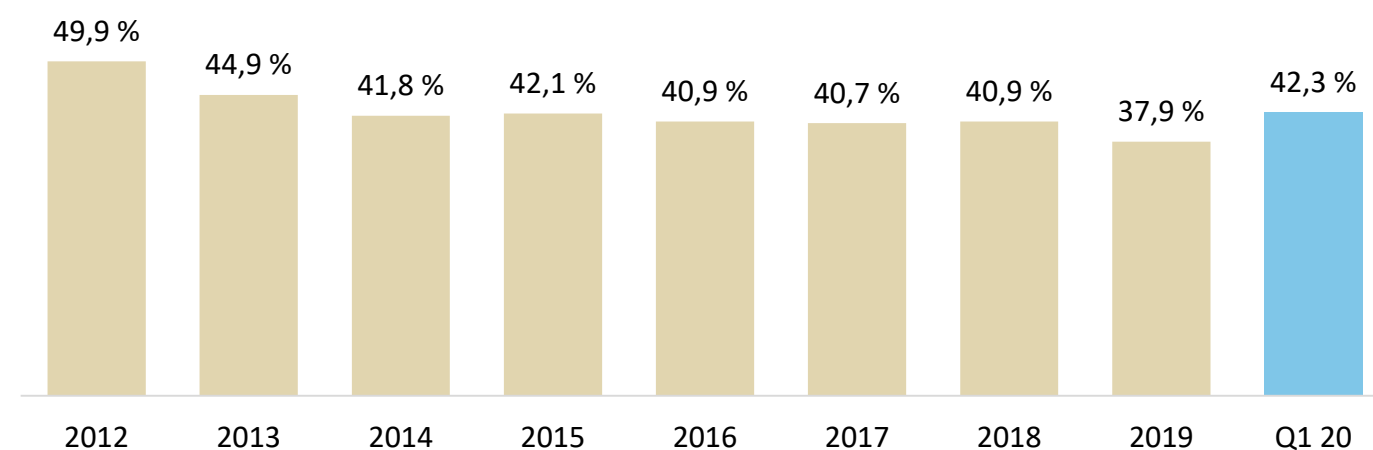
Return on equity



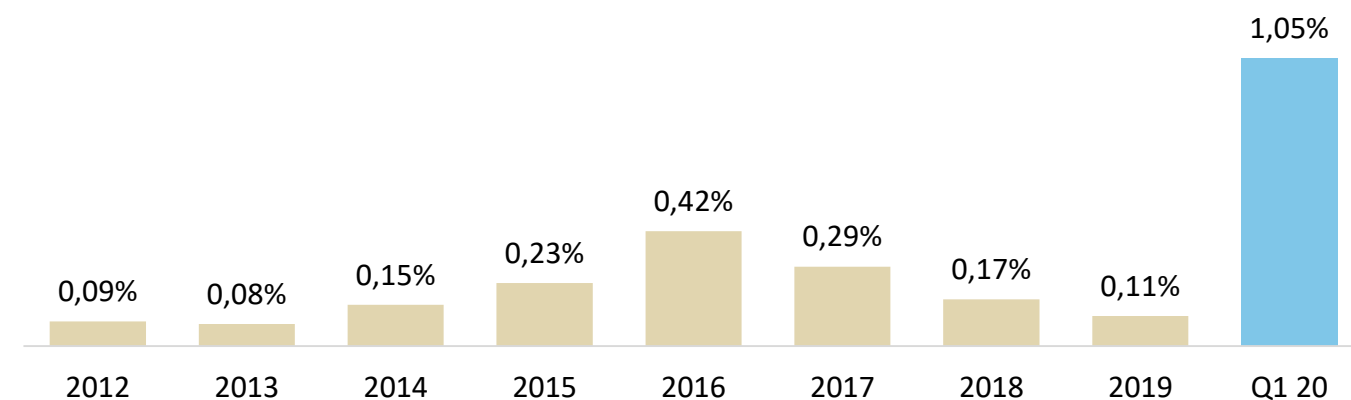
CET 1 capital ratio



Cost to income ratio



Impairment losses on loans

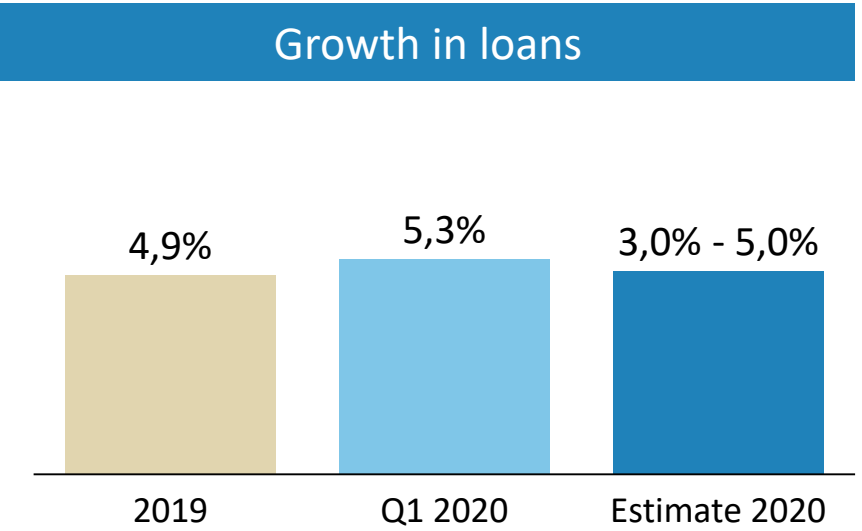
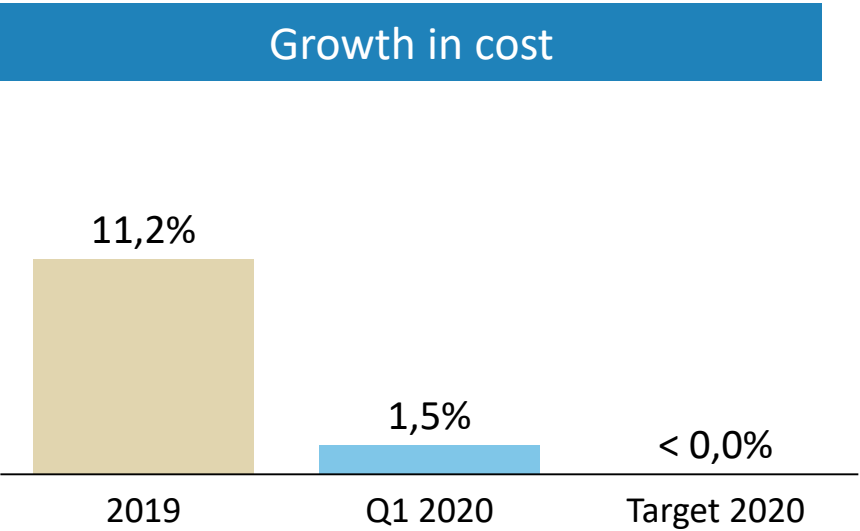
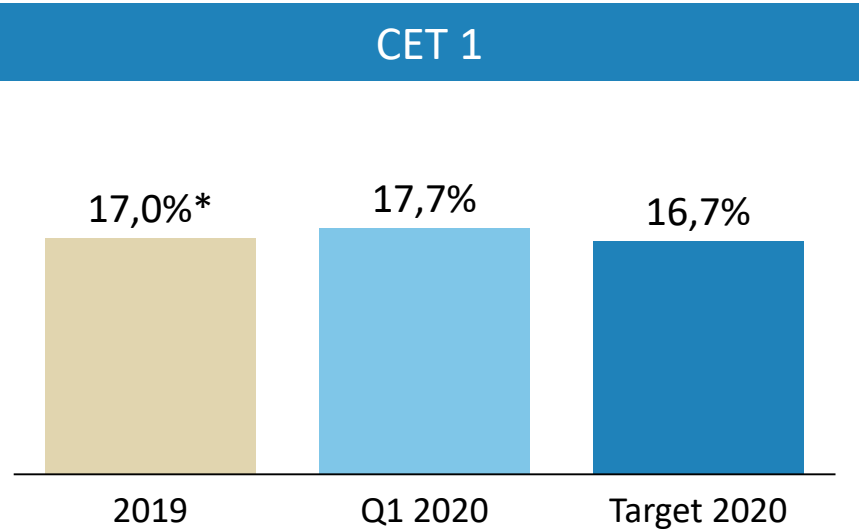


\* The Basel I floor was removed and the SME discount was introduced 31 December 2019 with the final implementation of CRR/CRD IV.

\*\* On 23 April 2020, the annual general meeting approved the board's proposal that no dividend be paid out for 2019. At the same meeting, the board was authorised to make a decision about the distribution of a dividend, at some later point in time, of up to NOK 5.50 per share based on the bank's approved annual financial statements for 2019. The authorisation will remain valid until the next ordinary general meeting in 2021.



# Key figures and financial targets for 2020



*\*The EU's capital adequacy regulations (CRR/CRD IV) came into force on 31 December 2019. These entail, among other things, a reduction in the capital requirements for loans to small and medium-sized enterprises (SME) and the elimination of the so-called Basel I floor.*

# Key figures

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Return on equity after tax (%)	3,4	8,3	10,5	16,2	21,2
Net interest margin (%)	1,64	1,64	1,61	1,58	1,60
Impairments on loans in % of gross loans incl. covered bond companies	1,05	0,26	0,13	-0,04	0,10
Loans and financial commitments in Stage 3 in % of gross loans incl. covered bond companies	1,67	1,53	1,55	1,43	1,40
Cost to income ratio	42,3	47,0	42,7	35,6	29,8
Annual growth in loans to customers, gross incl. covered bond companies (%)	5,3	4,9	6,8	7,3	8,7
Annual growth in deposit from customers (%)	6,6	4,3	1,9	-3,0	-0,6
Total assets (BNOK)	278,6	255,9	251,6	246,5	241,9
Portfolio of loans in covered bond companies (BNOK)	4,2	4,2	6,3	8,9	9,0
Risk weighted assets (BNOK)*	125,8	121,7	141,7	139,5	134,7
Liquidity Coverage Ratio (LCR) (%)	135	155	153	154	172
Earnings per share (NOK)	0,86	1,9	2,32	3,52	4,48
Book value per share (NOK)	90,55	89,90	87,60	85,44	86,55

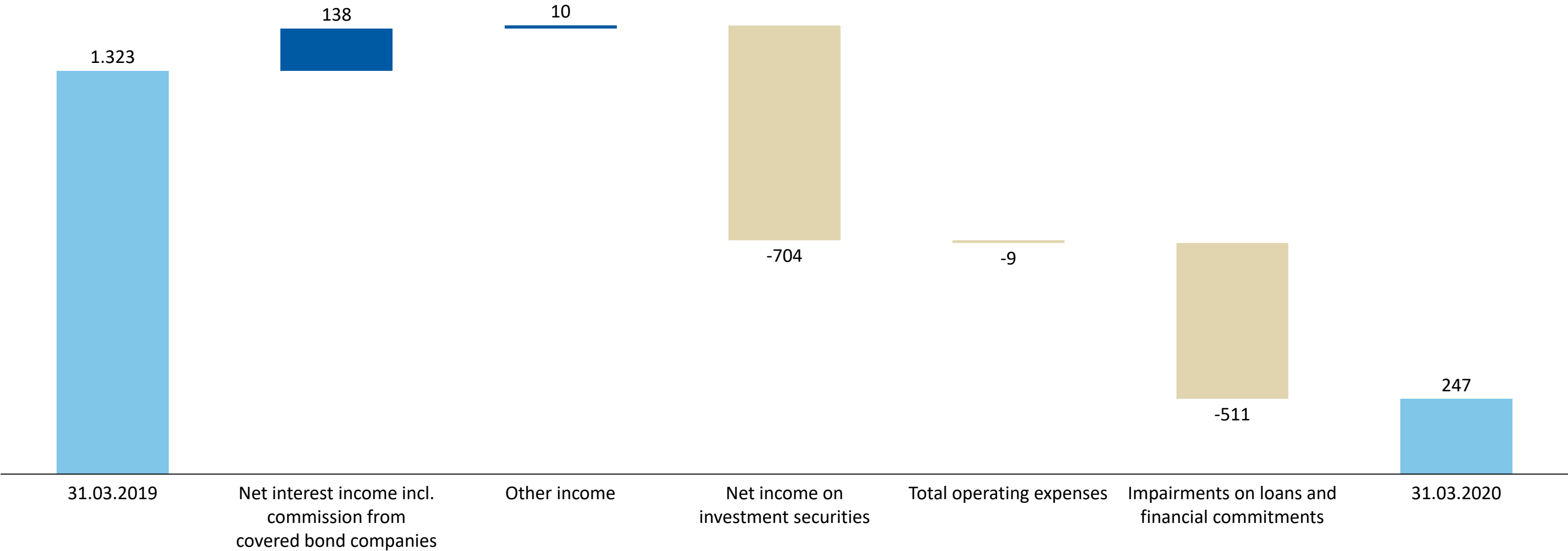
\* The Basel I floor was removed and the SME discount was introduced 31 December 2019 with the final implementation of CRR/CRD IV.



# Income statement

Group Income Statement (MNOK)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net interest income	1.081	1.062	1.019	968	938
Net commission and other income	346	359	332	384	341
Net income on investment securities	-28	22	89	340	676
<b>Total income</b>	<b>1.399</b>	<b>1.443</b>	<b>1.440</b>	<b>1.692</b>	<b>1.955</b>
<b>Total operating expenses</b>	<b>592</b>	<b>678</b>	<b>615</b>	<b>602</b>	<b>583</b>
Operating profit before impairments	807	765	825	1.090	1.372
Impairments on loans and financial commitments	560	139	66	-19	49
<b>Operating profit before tax</b>	<b>247</b>	<b>626</b>	<b>759</b>	<b>1.109</b>	<b>1.323</b>
Tax expense	26	141	166	209	177
<b>Net profit</b>	<b>221</b>	<b>485</b>	<b>593</b>	<b>900</b>	<b>1.146</b>

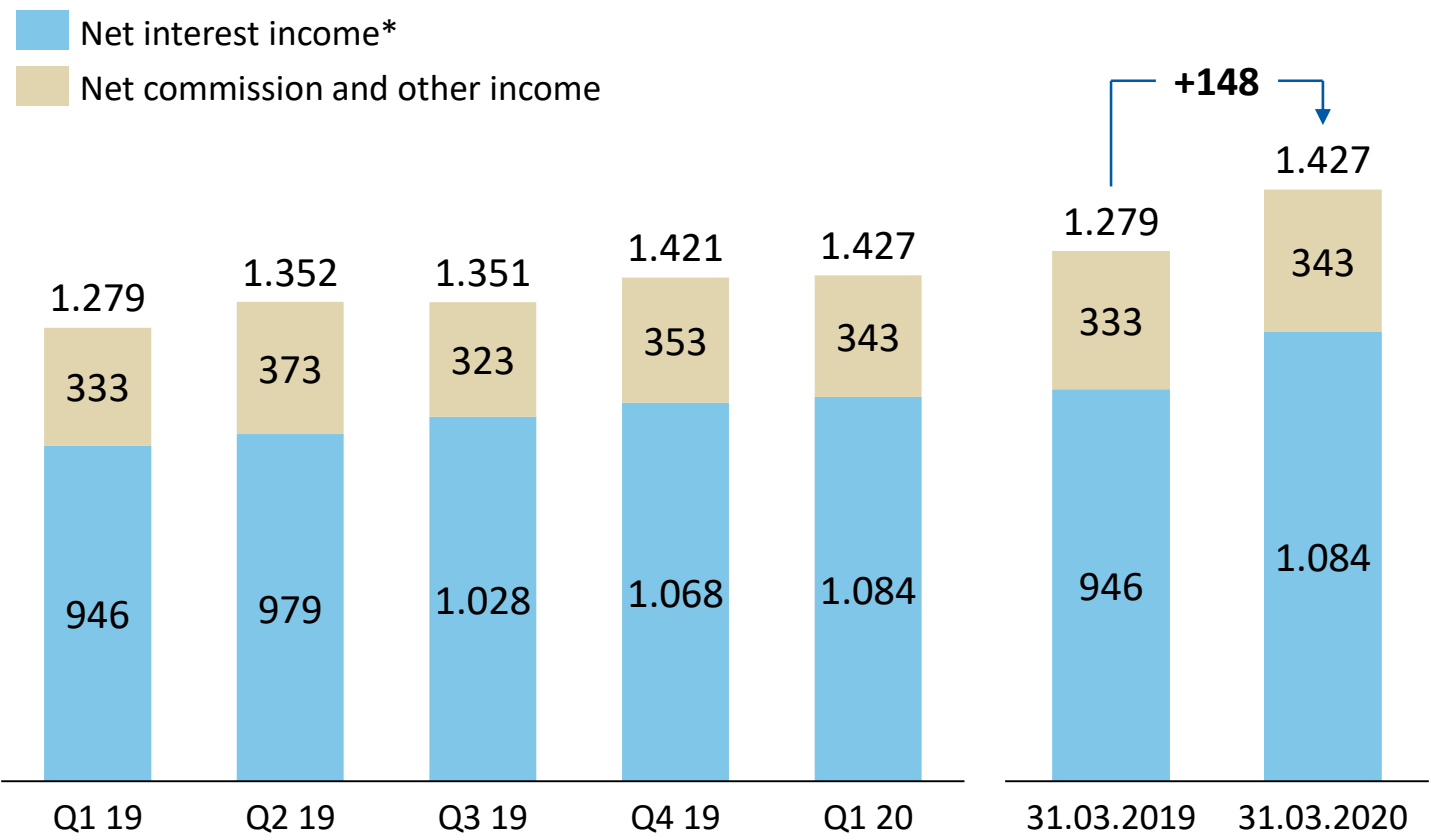
# Change in profit 31.03.2019 – 31.03.2020



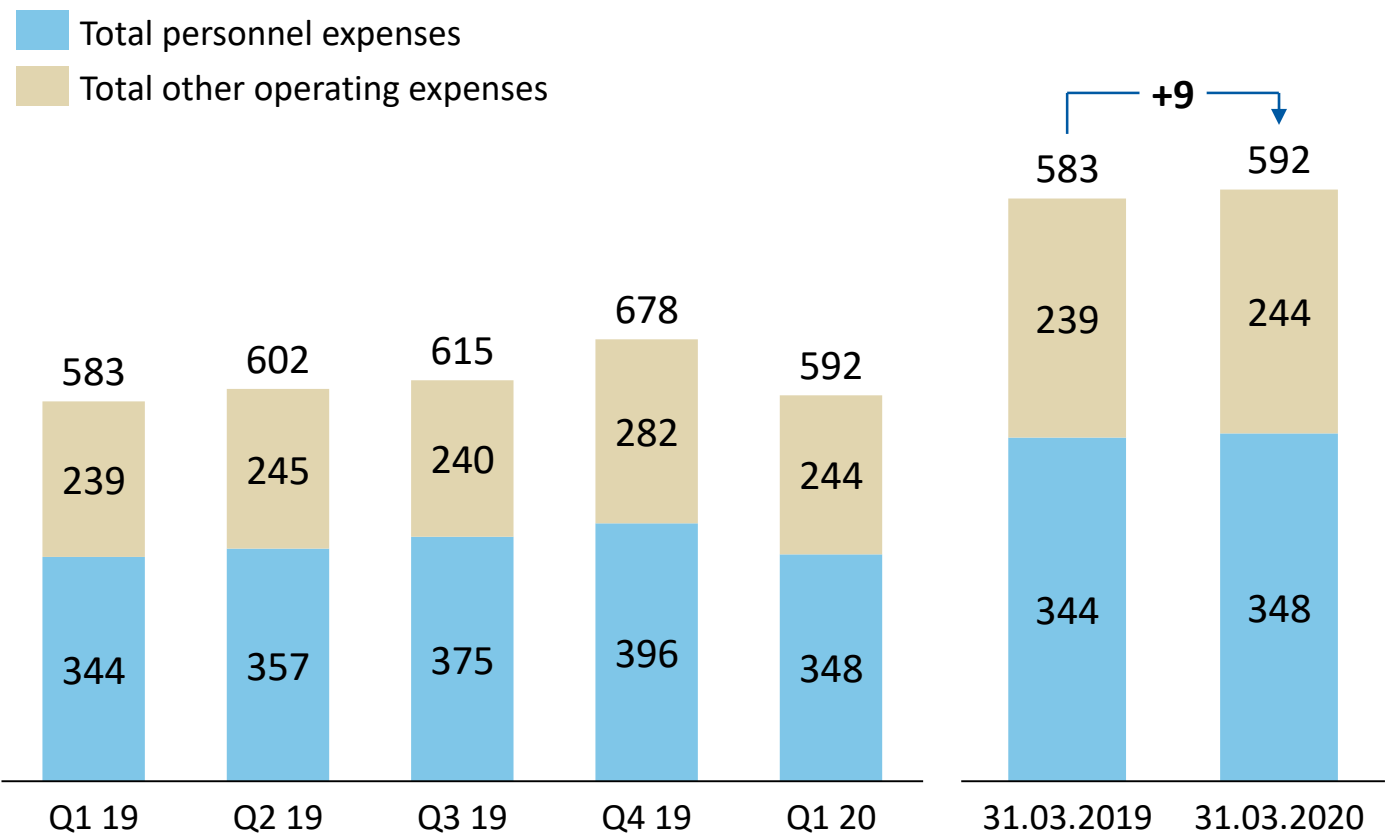


# Consolidated income and cost profile

Income profile



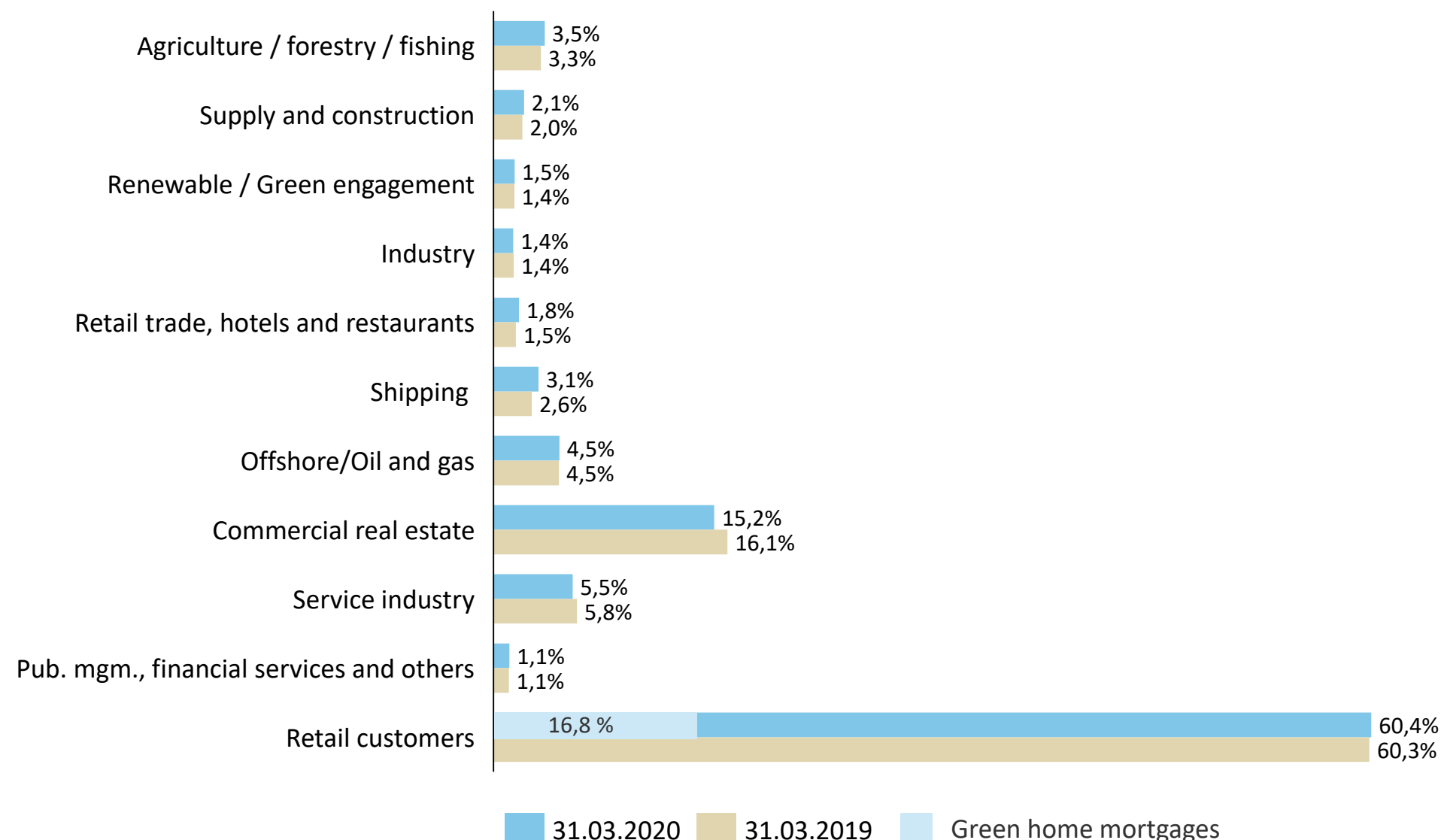
Cost profile



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

# Loan portfolio as at 31.03.2020

- Gross loans (incl. covered bond companies) as at 31 March 2020 is increased to NOK 216.4 billion from NOK 205.4 billion at the same time the year before.
- 12-month growth in loans of 5.3%.
- Loans to retail customers (incl. covered bond company) account for 60.4% of total loans. Of this SB1 Boligkreditt accounts for 1.9% and green home mortgages 16.8%.

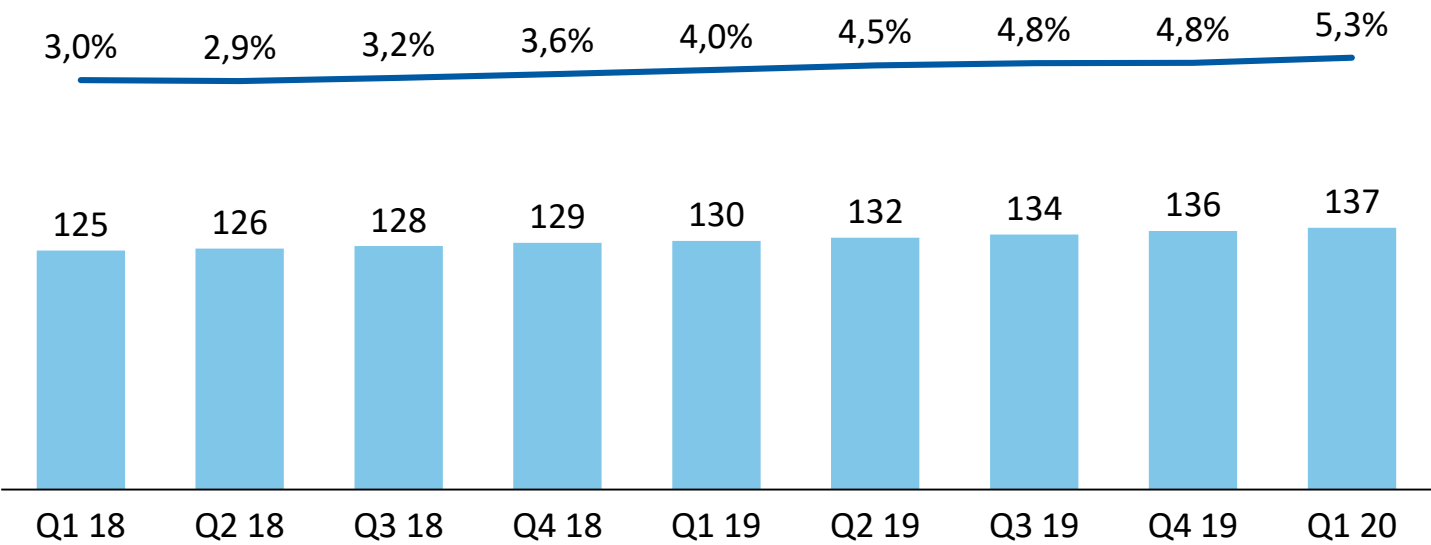


*Loans before impairments, nominal amounts. Sector allocation in accordance with the standard categories from Statistics Norway.*



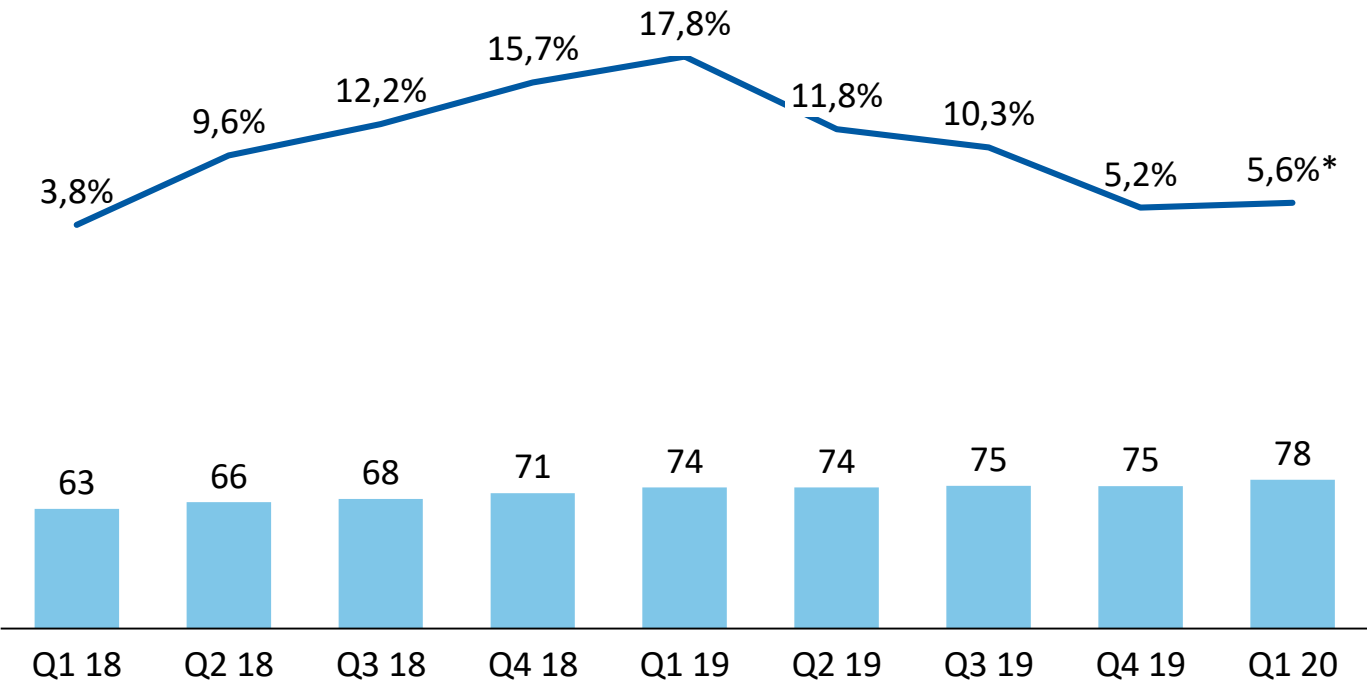
# Lending volume and 12 months growth

## Retail Market



Volume in NOK billion — Growth %

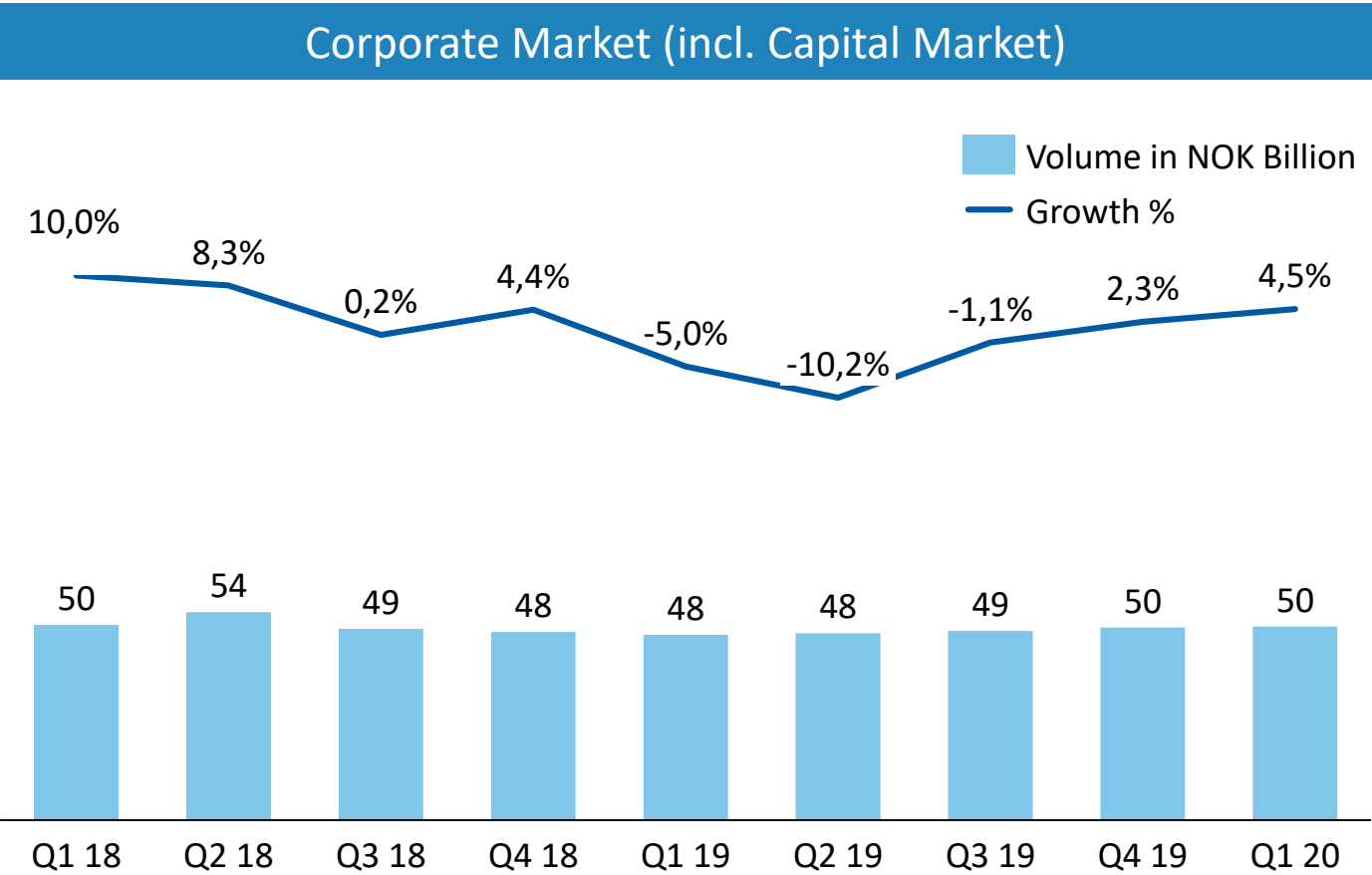
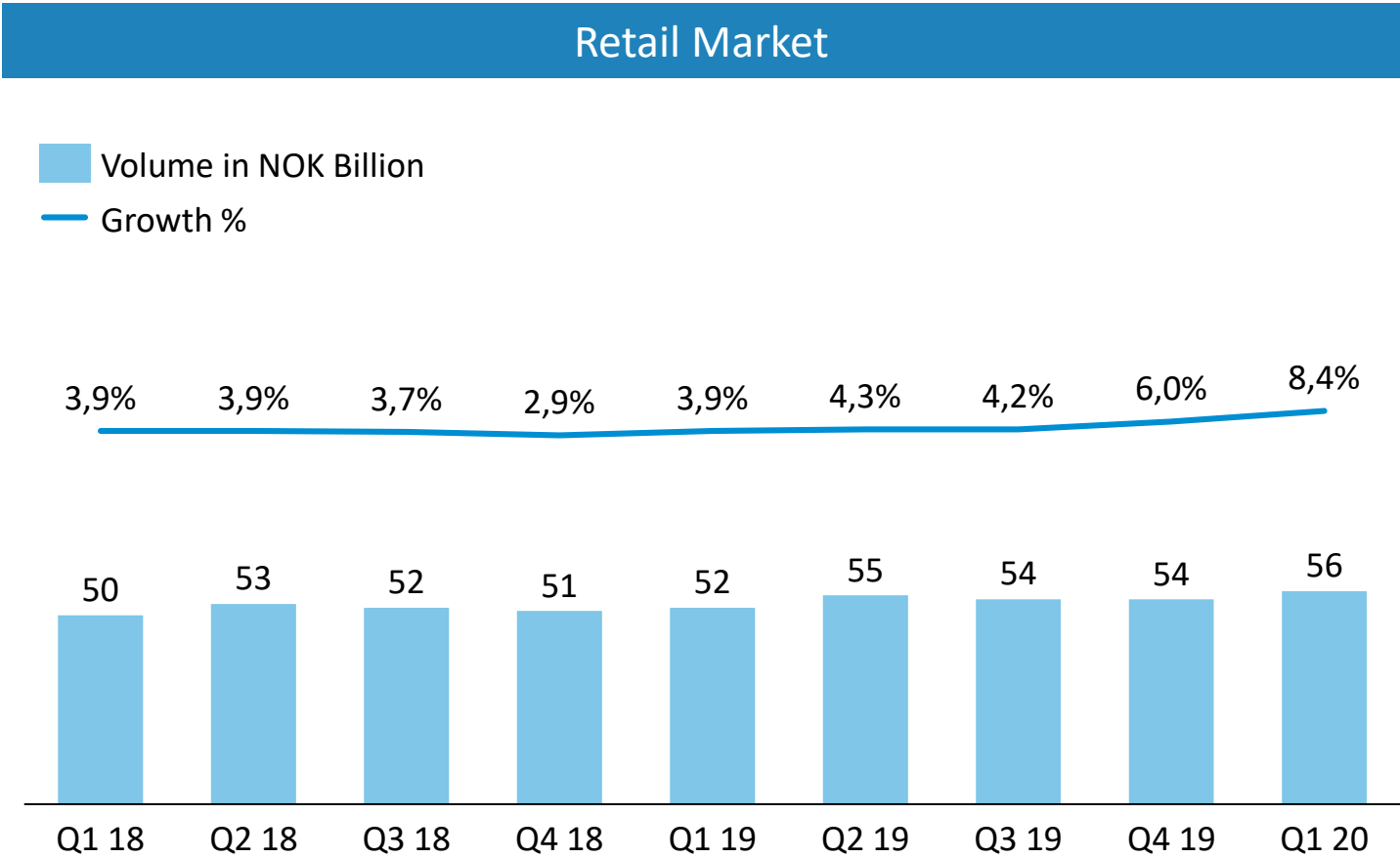
## Corporate Market (incl. Capital Market)



Volume in NOK billion — Growth %

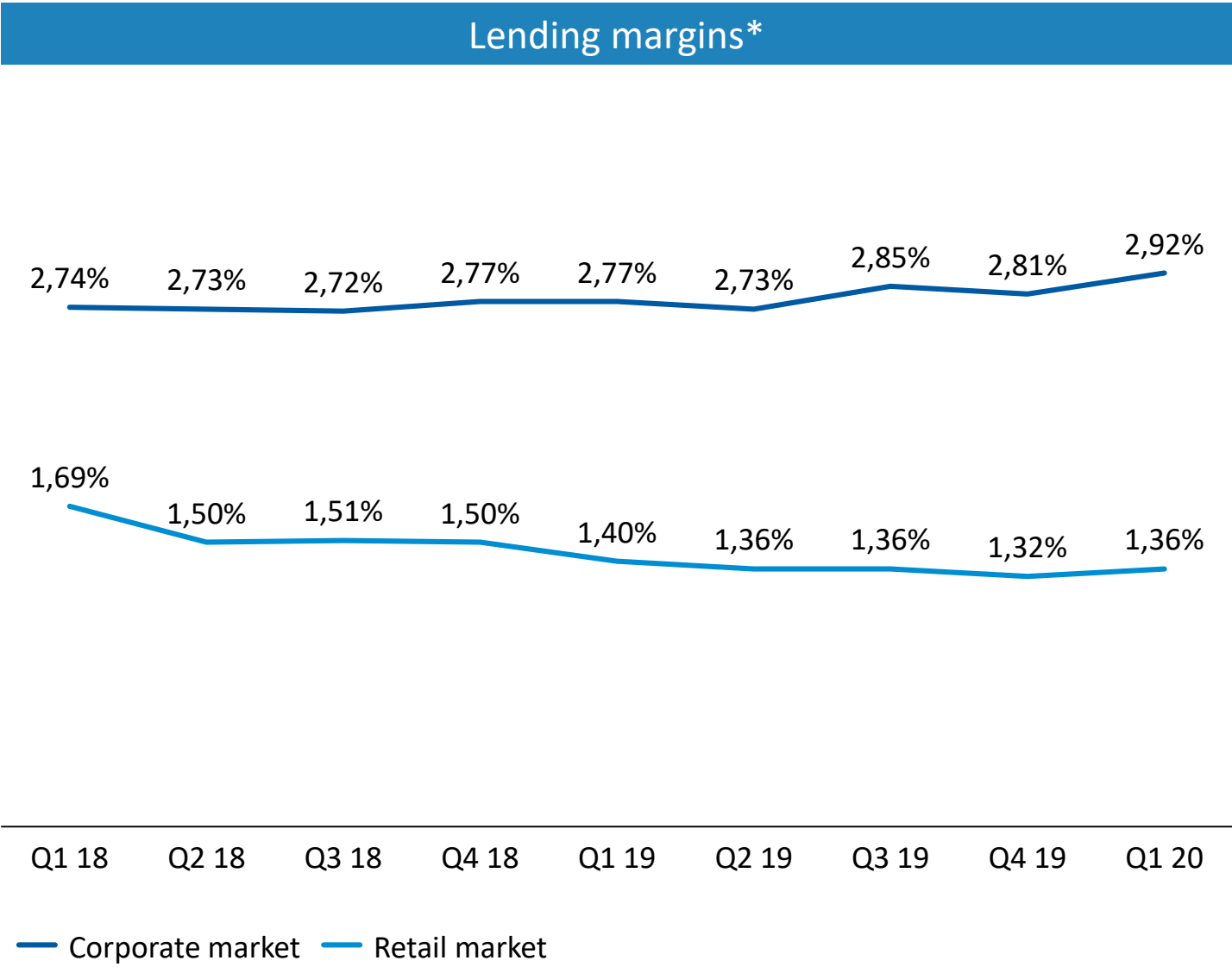
Figures incl. loan portfolio in covered bond companies.  
\*12 months lending growth in Corporate Market excluding currency effect is 3.2 %

# Deposit volume and 12 month growth

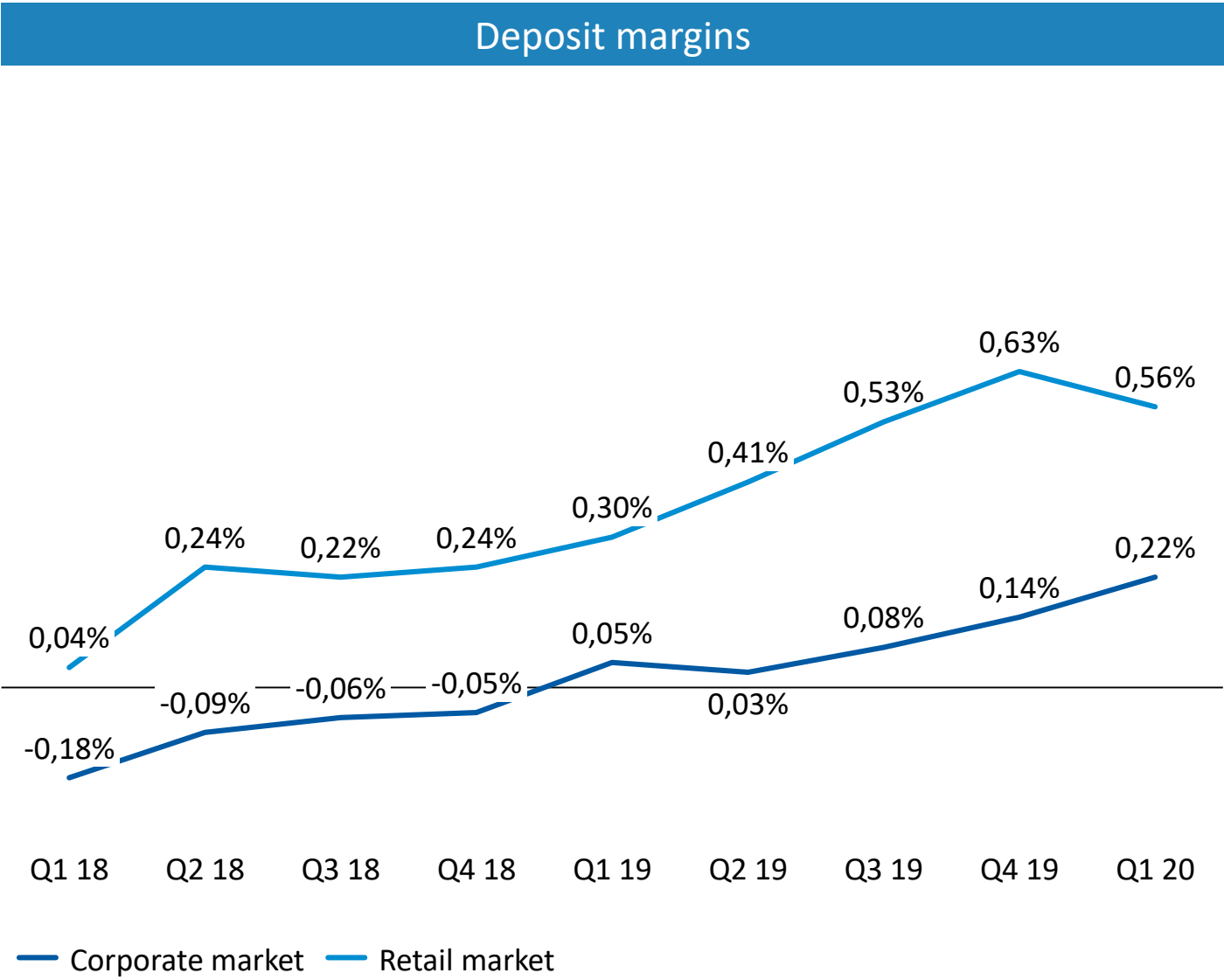


- In the last 12 months the total deposit volume has increased by NOK 6.6 billion to NOK 105.5 billion (6.6%).
  - Deposit growth is 9.5%, excl. public sector.
- Volatility in deposit growth in the corporate market (incl. capital market) is mainly due to changes in deposit from public sector.

# Lending and deposit margins

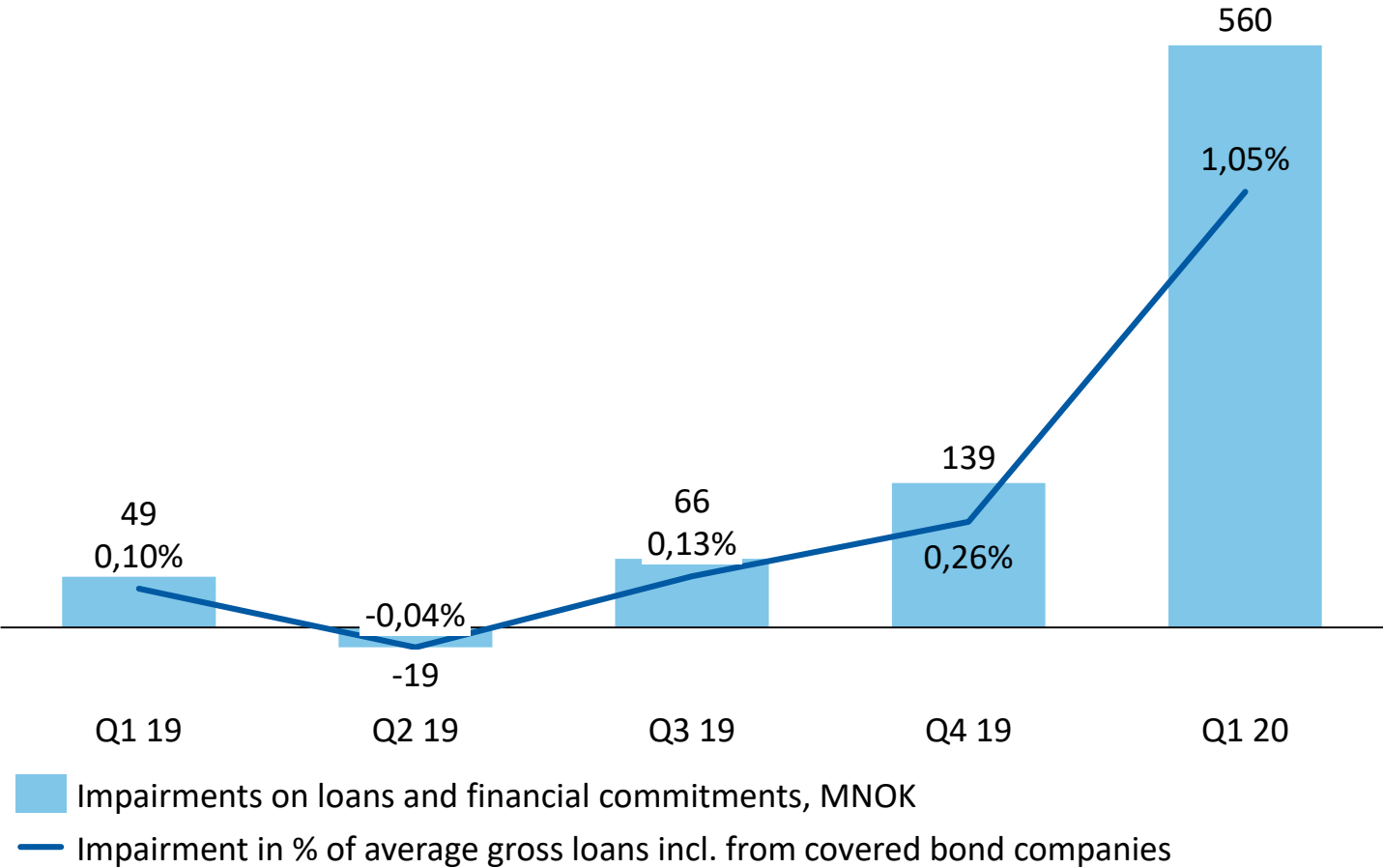


**Definition:** Average customer interest rate against 3-month moving average for 3-month NIBOR.  
\*Lending margins include loan portfolio in covered bond companies.

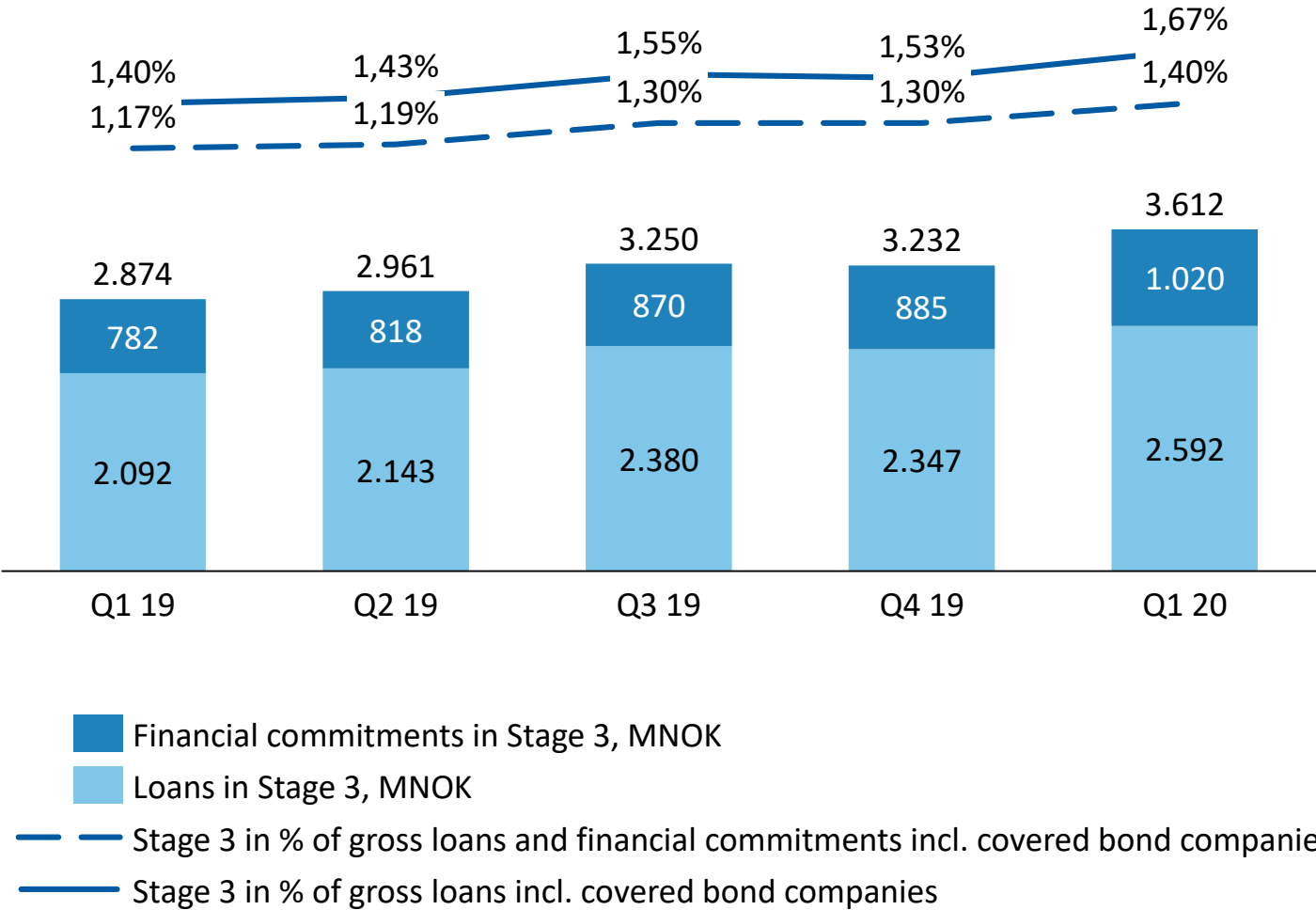


# Impairments on loans and financial commitments / Loans and financial commitments defined as Stage 3

Impairments on loans and financial commitments



Changes in gross loans and financial commitments defined as Stage 3





# Impairments on loans and financial commitments

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

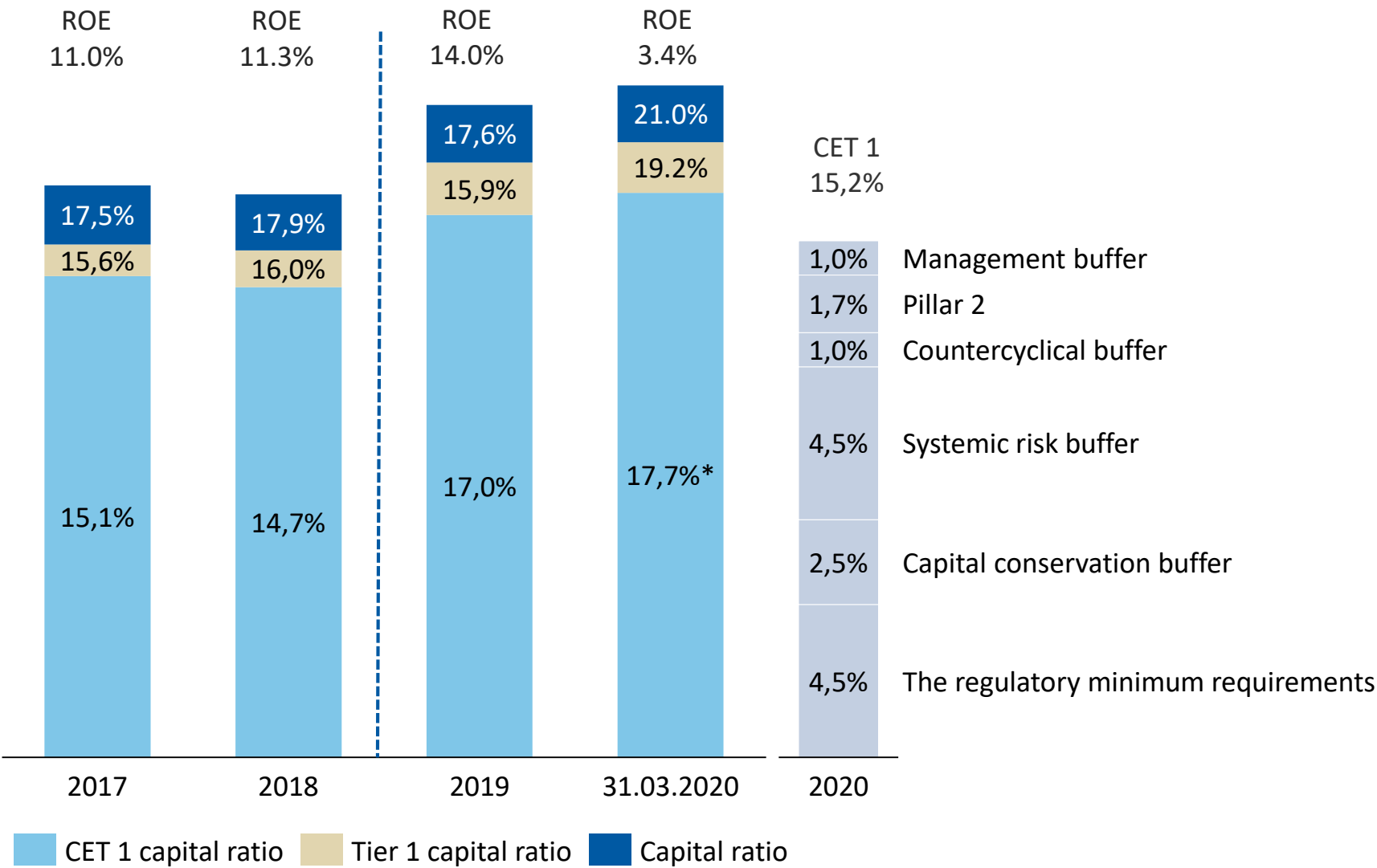
	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Corporate customers	544	121	82	-33	41
Retail customers	16	18	-16	14	8
<b>Total impairments</b>	<b>560</b>	<b>139</b>	<b>66</b>	<b>-19</b>	<b>49</b>

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

	31.03.2020	31.12.2019	30.09.2019	30.06.2019	31.03.2019
Corporate customers	1.930	1.396	1.308	1.224	1.172
Retail customers	168	160	151	177	164
<b>Total impairments on loans and financial commitments</b>	<b>2.098</b>	<b>1.556</b>	<b>1.459</b>	<b>1.401</b>	<b>1.336</b>

# Solid capital ratio

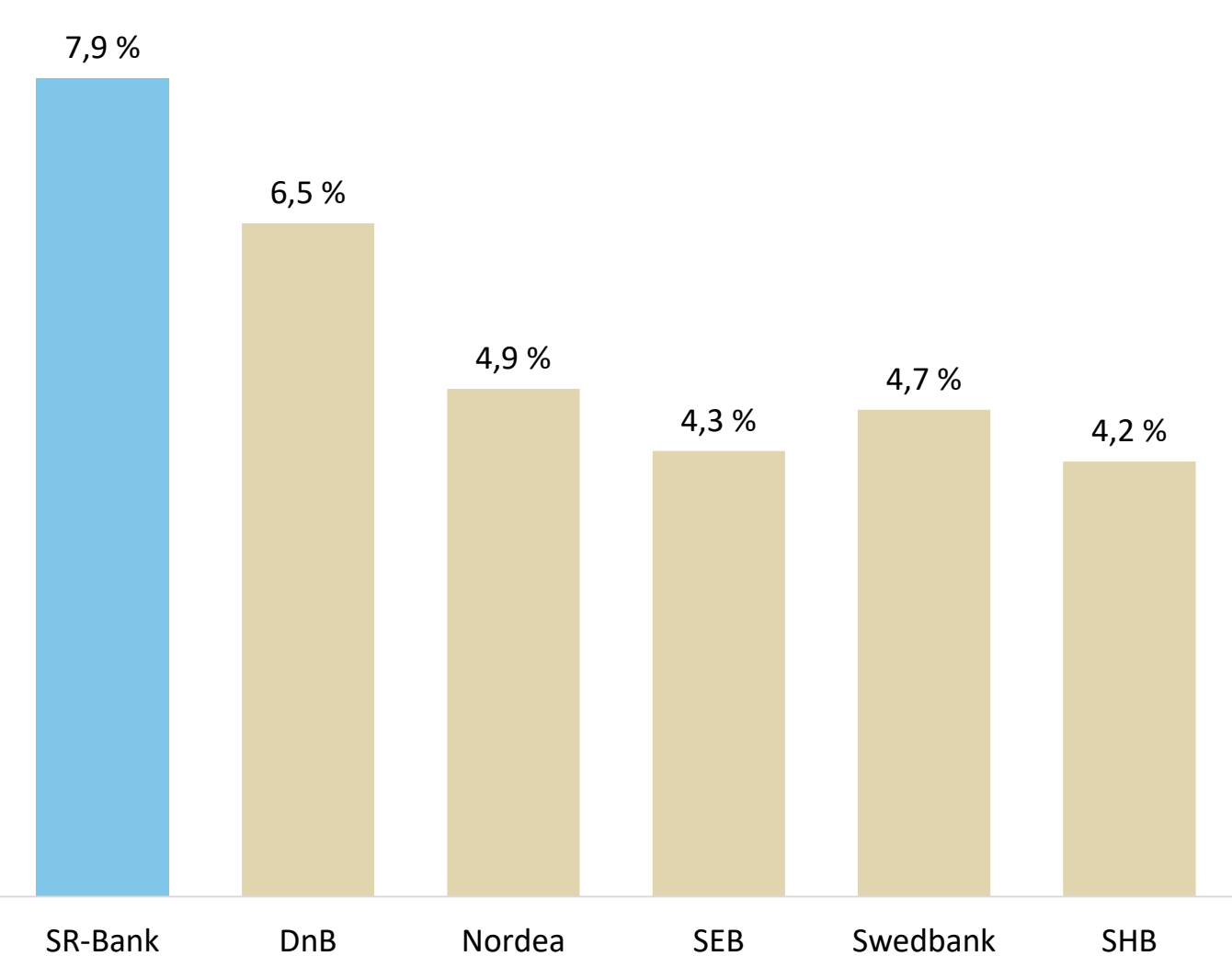
- The Basel I floor was removed and the SME discount was introduced 31 December 2019 with the final implementation of CRR/CRD IV.
- The regulatory requirement is 12.7% after the countercyclical buffer was reduced from 2.5% to 1.0% in the first quarter of 2020.
- The systemic risk buffer will increase from 3.0% to 4.5% lifting the CET 1 requirement to 15.2% at 31 December 2020 incl. 1.0 % management buffer.
- SR-Bank is not defined as a systemically important financial institution (SIFI).
- The leverage ratio was 7.9% as at 31 March 2020, well above the minimum requirement at 5.0%.



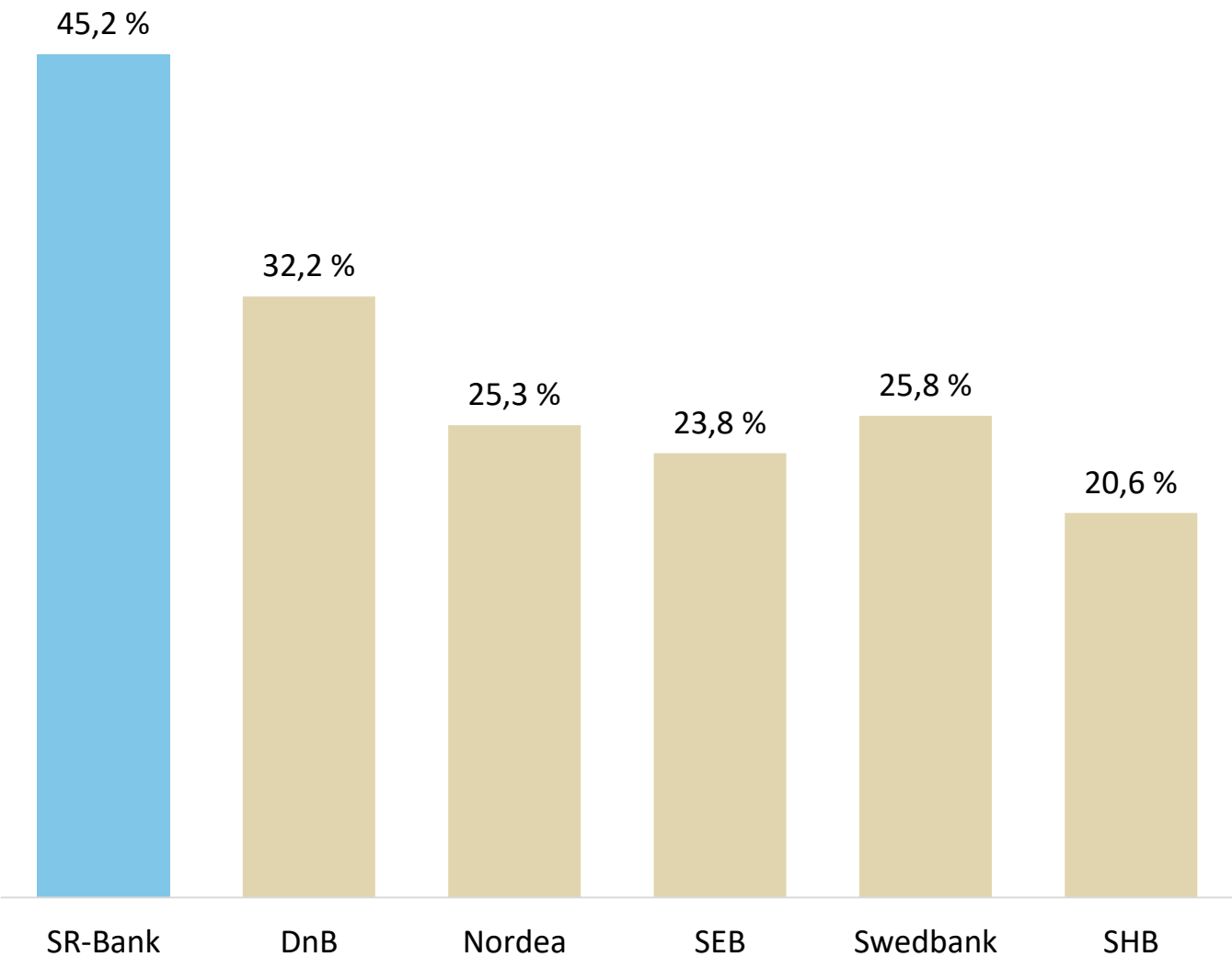
*\*On 23 April 2020, the annual general meeting approved the board’s proposal that no dividend be paid out for 2019. At the same meeting, the board was authorised to make a decision about the distribution of a dividend, at some later point in time, of up to NOK 5.50 per share based on the bank’s approved annual financial statements for 2019. The authorisation will remain valid until the next ordinary general meeting in 2021.*

# Solid capital

Leverage ratio



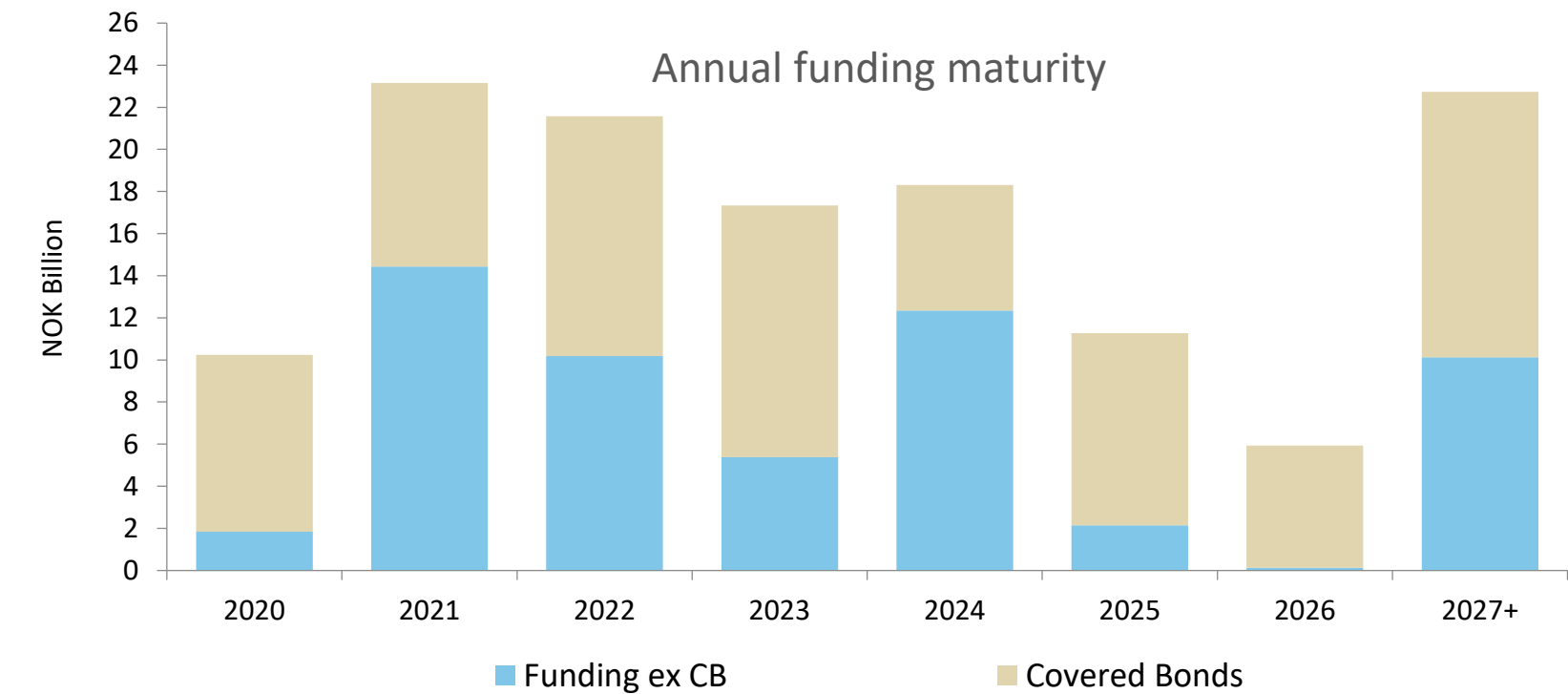
Risk weighted density



Peer figures as of 31 March 2020

# Funding

- NSFR\* 121%
- LCR\*\* 135%
- NOK 11.2 billion net refinancing need over the next 12 months
- Deposit to loans ratio 49.7%
- MREL requirement 31.4% which entails issuance of NOK 20 billion in senior non-preferred debt



\*The net stable funding ratio (NSFR) is defined as available stable funding relative to necessary stable funding. NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway.  
 \*\*High quality liquid assets divided by total net cash outflow in a 30-day, serious stress scenario.

SRBANK

SPAREBANK 1 SR-BANK ASA

*(incorporated with limited liability in Norway)*

€10,000,000,000

Euro Medium Term Note Programme

SR-Boligkreditt

SR-BOLIGKREDITT AS

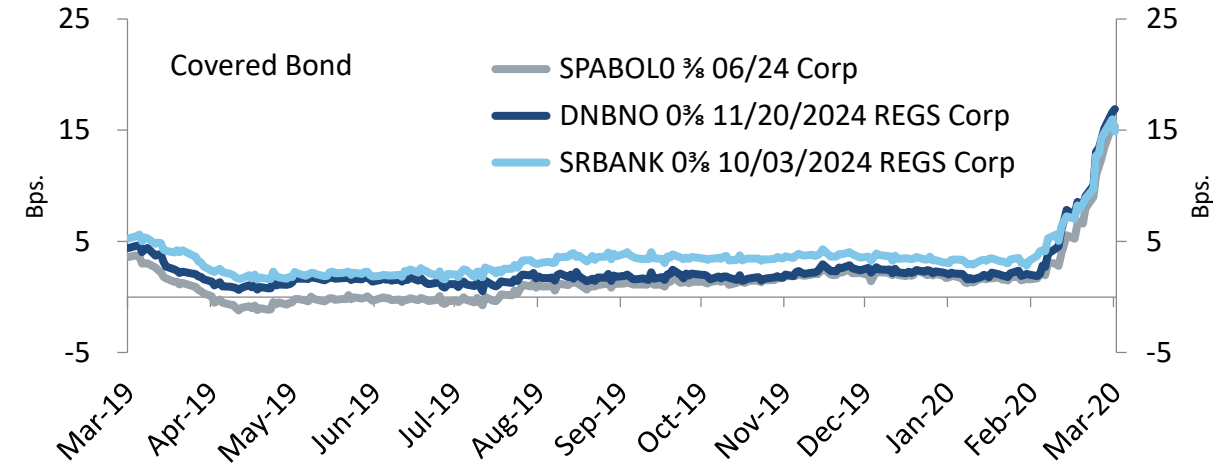
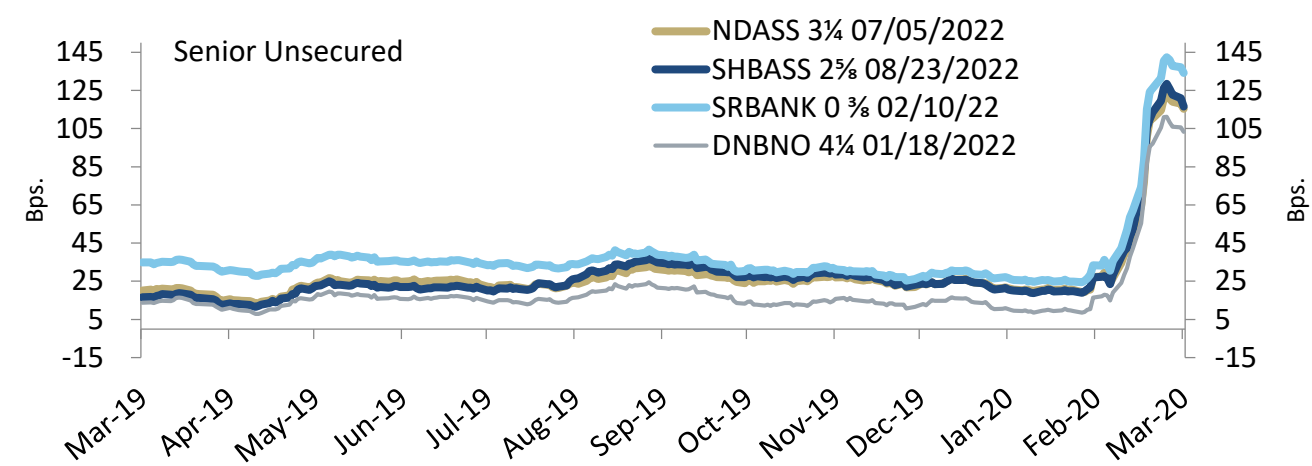
*(incorporated with limited liability in Norway)*

€10,000,000,000

Euro Medium Term Covered Note Programme



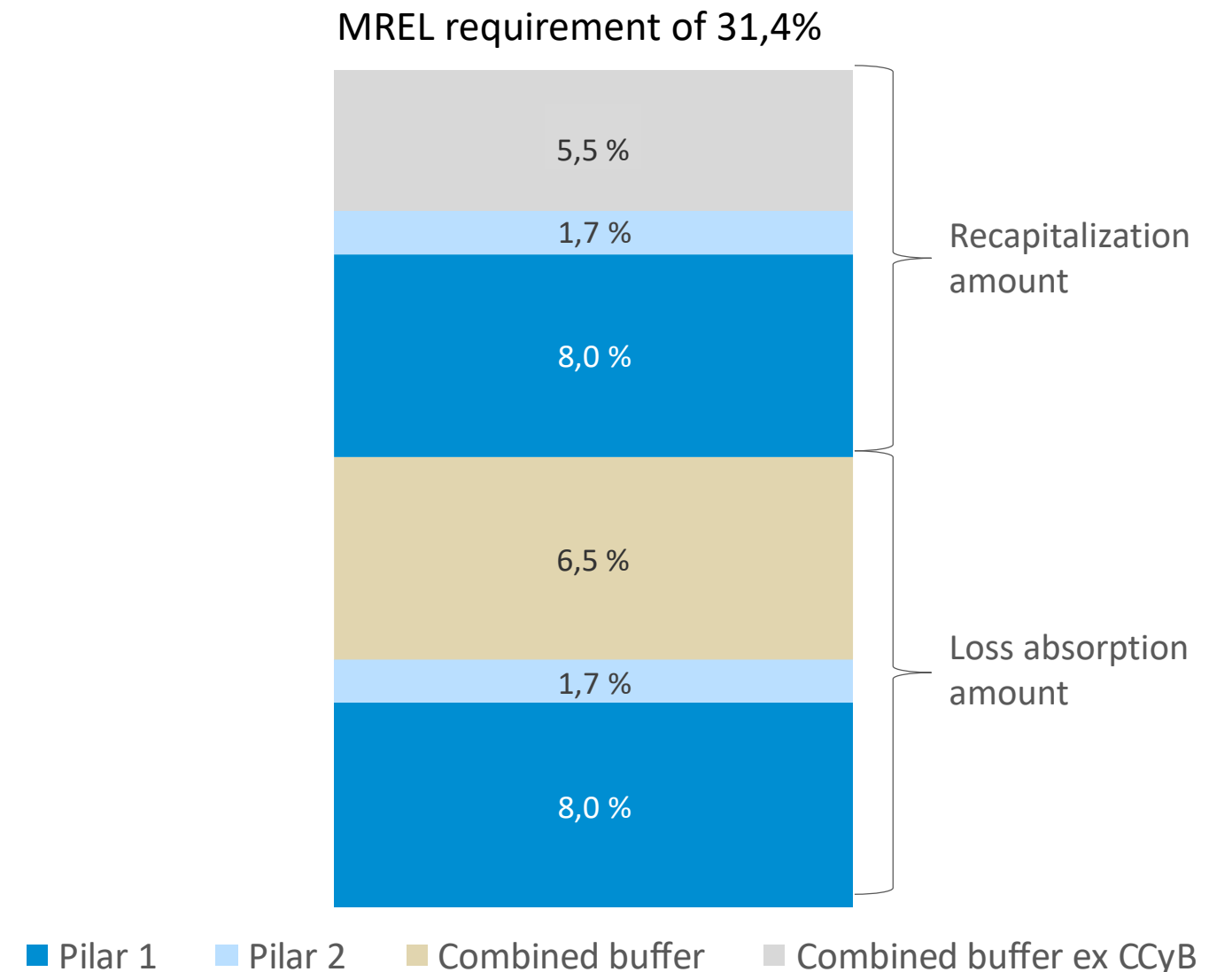
# An established borrower in the Euromarket



Issuer / Ticker	Coupon	Amount	Maturity	ISIN
SR-Bank / SRBANK	2,125%	EUR750mn	14-April-2021	XS1055536251
SR-Bank / SRBANK	0,375%	EUR500mn	10-February-2022	XS1516271290
SR-Bank / SRBANK	0,625%	EUR750mn	25-March-2024	XS1967582831
SR-BOL / SRBANK	0,500%	EUR500mn	28-September-2020	XS1297977115
SR-BOL / SRBANK	0,125%	EUR750mn	8-September-2021	XS1429577791
SR-BOL / SRBANK	0,750%	EUR600mn	18-January-2023	XS1344895450
SR-BOL / SRBANK	0,375%	EUR500mn	3-October-2024	XS1692489583
SR-BOL / SRBANK	0,750%	EUR750mn	17-October-2025	XS1894534343
SR-BOL / SRBANK	0,01%	EUR500mn	08-October-2026	XS2063288190
SR-BOL / SRBANK	0,01%	EUR500mn	25-February-2030	XS2124046678
SR-BOL / SRBANK	2,500%	USD600mn	12-April-2022	XS1596016847
SR-BOL / SRBANK	Nibor3m+35	NOK5.000mm	10-September-2020	NO0010740152
SR-BOL / SRBANK	Nibor3m+29	NOK5.000mm	17-November-2022	NO0010841380
SR-BOL / SRBANK	Nibor3m+29	NOK5.000mm	29-May-2023	NO0010823255

# MREL

- SR-Bank must meet a minimum requirement for own funds and eligible liabilities (MREL) of 31.4%.
- The requirement applies from 31 March 2020, although SR-Bank can include senior debt issued before January 2020 until the requirement comes into effect 1 January 2024.
- The countercyclical buffer was reduced from 2.5% to 1.0% in March 2020.
- The increase in the systemic risk buffer requirement from 3.0% to 4.5% at year end 2020 means that the MREL requirement will increase to 34.4%.
- Based on 31 March 2020 figures, SR-Bank must issue approximately NOK 20 billion in senior non-preferred debt.
- The introduction of BRRD2 may result in changes to the MREL requirement.





# Sustainability and Green Bond framework



SR-Bank

SR-Boligkreditt



# SR-Bank ESG scoring

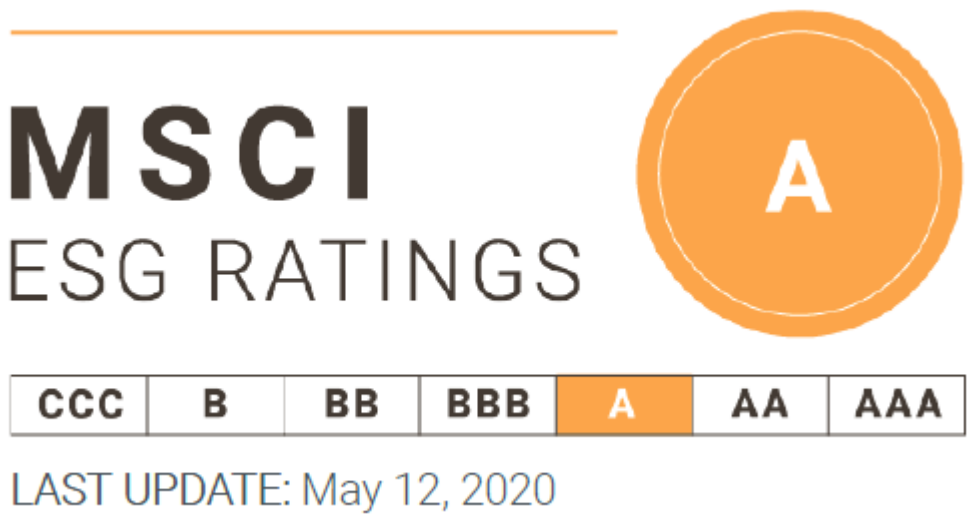
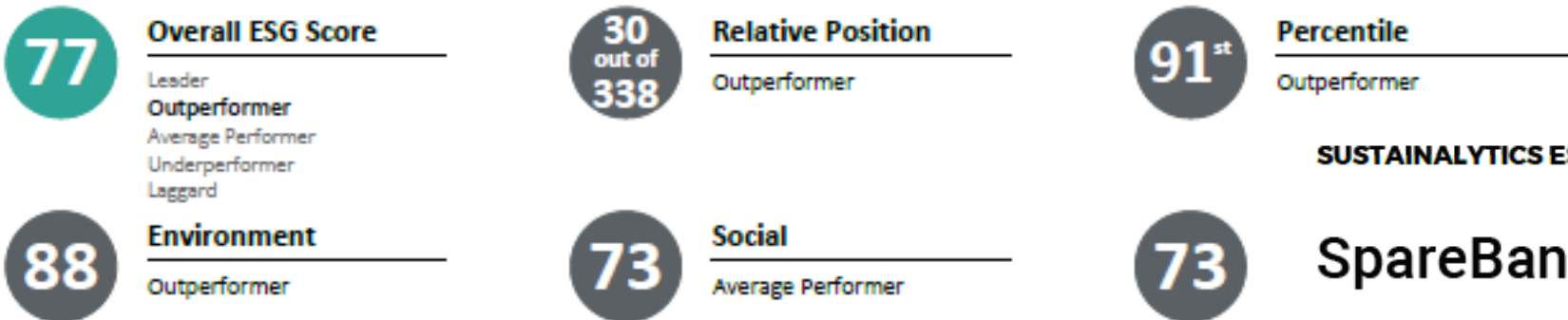
## SpareBank 1 SR-Bank ASA



Industry: Banks      Marketcap.: 3,116 mm. USD      Employees: 1,151  
Domicile: Norway      Ticker: OSL:SRBANK

### ESG Summary

#### Overall Performance



Rating Overview

The company is at medium risk of experiencing material financial impacts from ESG factors, due to its medium exposure and average management of material ESG issues. Furthermore, the company has not experienced significant controversies.



# Use of Proceeds overview

## SR-Boligkreditt

### Green covered bonds

#### Green buildings

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



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

## SR-Bank

### Green senior bonds

#### Green buildings

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



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

#### Renewable energy

- Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation sources from



- Hydro power (Run-of-river, small scale hydro power plants, refurbishment or refinancing of existing medium or large hydropower plants)
- Onshore and offshore energy wind projects
- Solar projects (Photovoltaic energy projects)

#### Clean transportation

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



- Low carbon vehicles
- Low carbon transportation infrastructure: infrastructure related to electric transportation of passengers such as charging stations for electric vehicles

**1** **SR-Bank**

---

**2** **SR-Boligkreditt**

---

**3** **Norwegian economy**

---

**4** **Appendix**

---

# Overview SR-Boligkreditt



- SR-Boligkreditt is a wholly owned subsidiary of SR-Bank and a dedicated covered bond company. Its objective is to purchase mortgages and to finance these by issuing covered bonds.
- Loans are transferred to SR-Boligkreditt as true sale on a non-recourse basis.
- **Rated Aaa by Moody's**
  - Cover Bond anchor: SR-Bank, rated A1 (stable)
  - CR assessment: A1, TPI leeway of 3 notches
  - Minimum OC-requirement 3.0%
  - The minimum level of over-collateralization is set at 2.0% in SR-Boligkreditt's Covered Bond Programme
- SR-Boligkreditt has implemented the common Harmonised Transparency Template of the European Covered Bond Council which is available on website: [www.sr-bank.no/sr-boligkreditt](http://www.sr-bank.no/sr-boligkreditt)

# Eligibility criteria



Type of properties	<ul style="list-style-type: none"> <li>• Primary residential property in Norway (including detached houses, terraced houses, apartments and cooperative housing units)</li> <li>• The mortgage property shall not be "buy-to-let" (mortgages to individuals owning more than 3 properties)</li> </ul>
Collateral	<ul style="list-style-type: none"> <li>• Max LTV 75% or less at the time of transfer (max 60% for flexible loans/revolving credits)</li> <li>• The valuation of the mortgage property must be no less than 36 months old and carried out by an independent third party</li> <li>• Quarterly valuation from independent source</li> </ul>
Credit criteria	<ul style="list-style-type: none"> <li>• No adverse credit history the previous year</li> <li>• Probability of default max 2.5%</li> </ul>
Type of products	<ul style="list-style-type: none"> <li>• Amortising loans (straight line or annuity)</li> <li>• Non-amortising loans (flexible loans/revolving credits)</li> </ul>



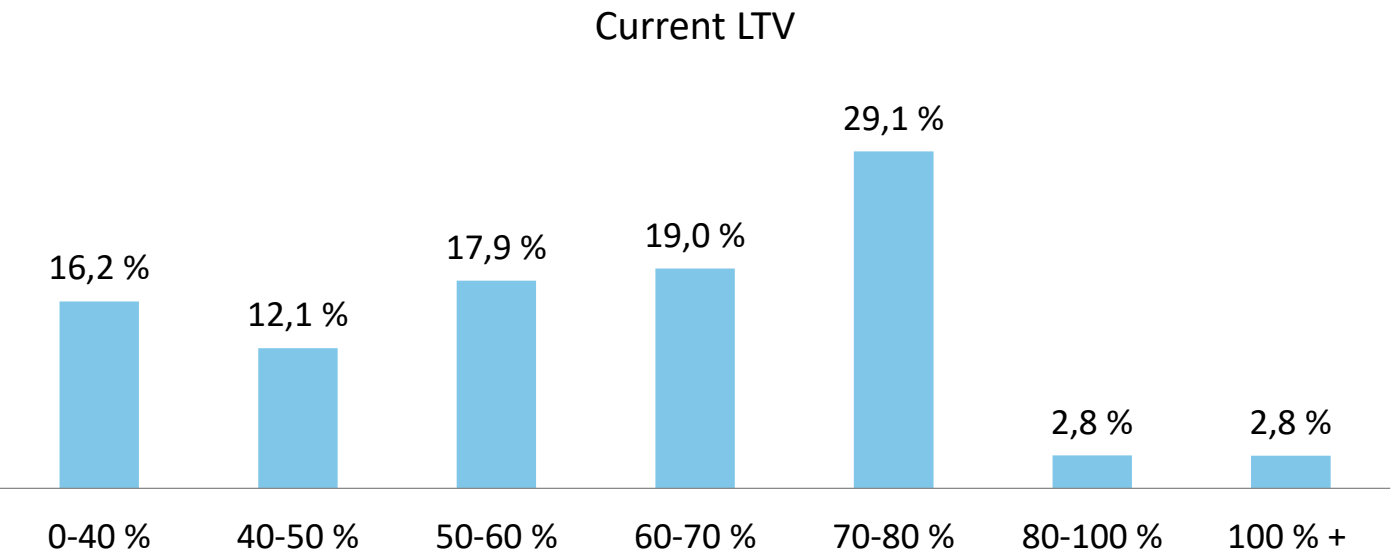
# Cover pool characteristics (nominal values)

Assets/status	<ul style="list-style-type: none"> <li>100 % mortgages on Norwegian private residential properties</li> <li>100 % performing loans</li> </ul>
Cover pool	<ul style="list-style-type: none"> <li>NOK 78.9 bn: Residential mortgages 77.3 (97.9%), Substitute assets 1.6 bn (2.1%)</li> </ul>
Mortgages and rate	<ul style="list-style-type: none"> <li>44,835 loans at a weighted average interest rate of 2.8%</li> </ul>
Average loan balance	<ul style="list-style-type: none"> <li>1,738,062</li> </ul>
Weighted average original LTV	<ul style="list-style-type: none"> <li>59.6%</li> </ul>
Weighted average current LTV	<ul style="list-style-type: none"> <li>59.6%</li> </ul>
Weighted average seasoning	<ul style="list-style-type: none"> <li>8.6</li> </ul>
Weighted average life	<ul style="list-style-type: none"> <li>14.7 years</li> </ul>
Principal payment frequency	<ul style="list-style-type: none"> <li>Amortizing 73.0%, non-amortizing 27.0%</li> </ul>
Rate type	<ul style="list-style-type: none"> <li>100 % floating rate loans</li> </ul>
OC-level	<ul style="list-style-type: none"> <li>23.5%</li> </ul>
OC-level if house prices drop 20 %	<ul style="list-style-type: none"> <li>13.1 %</li> </ul>

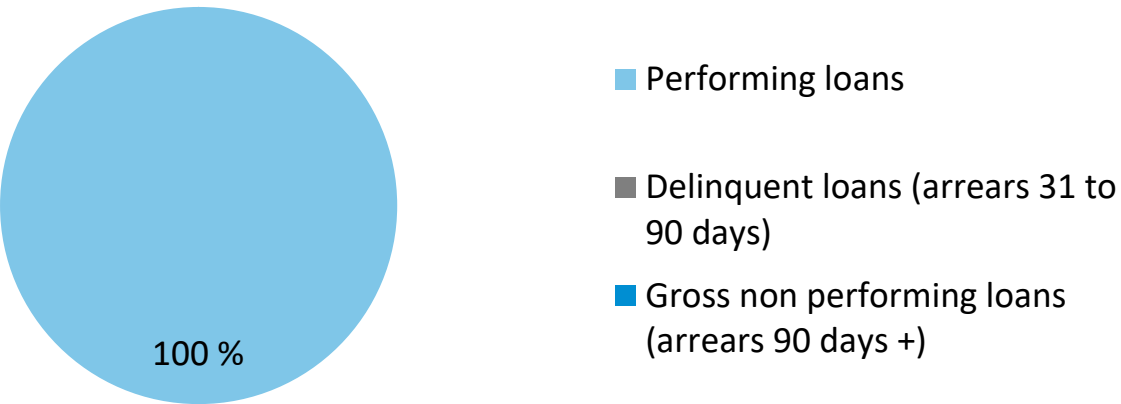
# Cover pool characteristics



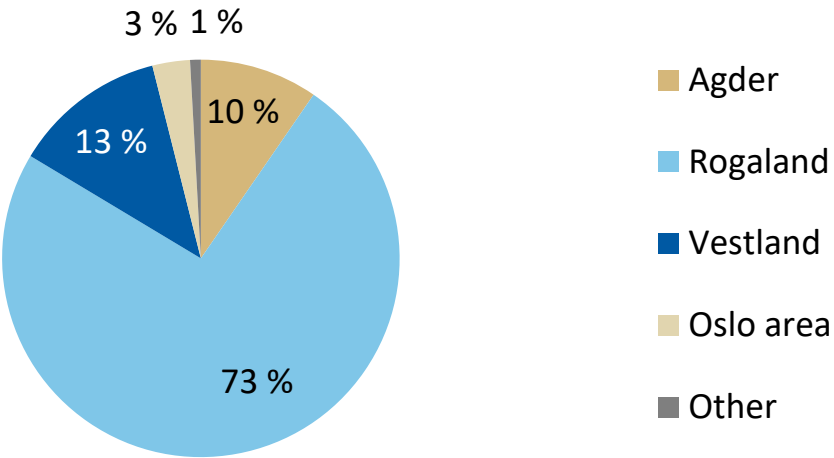
Current LTV



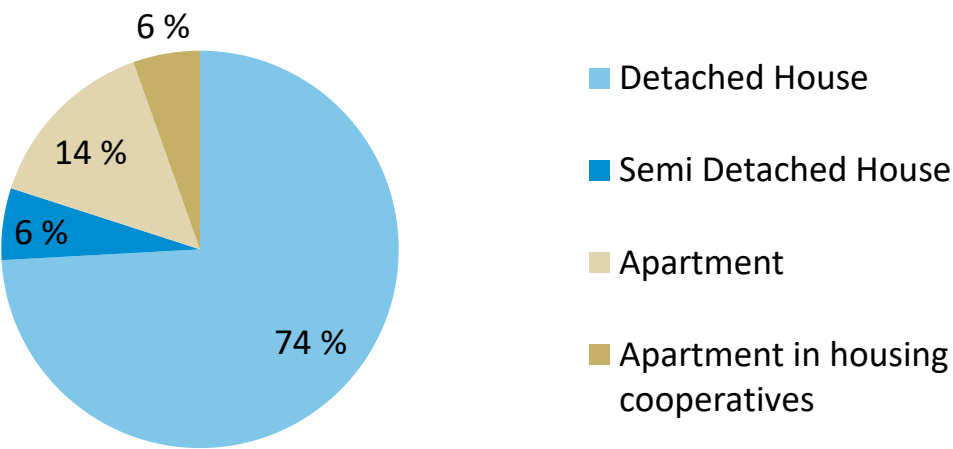
Loan performance



By geography



By property type



**1** **SR-Bank**

---

**2** **SR-Boligkreditt**

---

**3** **Norwegian economy**

---

**4** **Appendix**

---

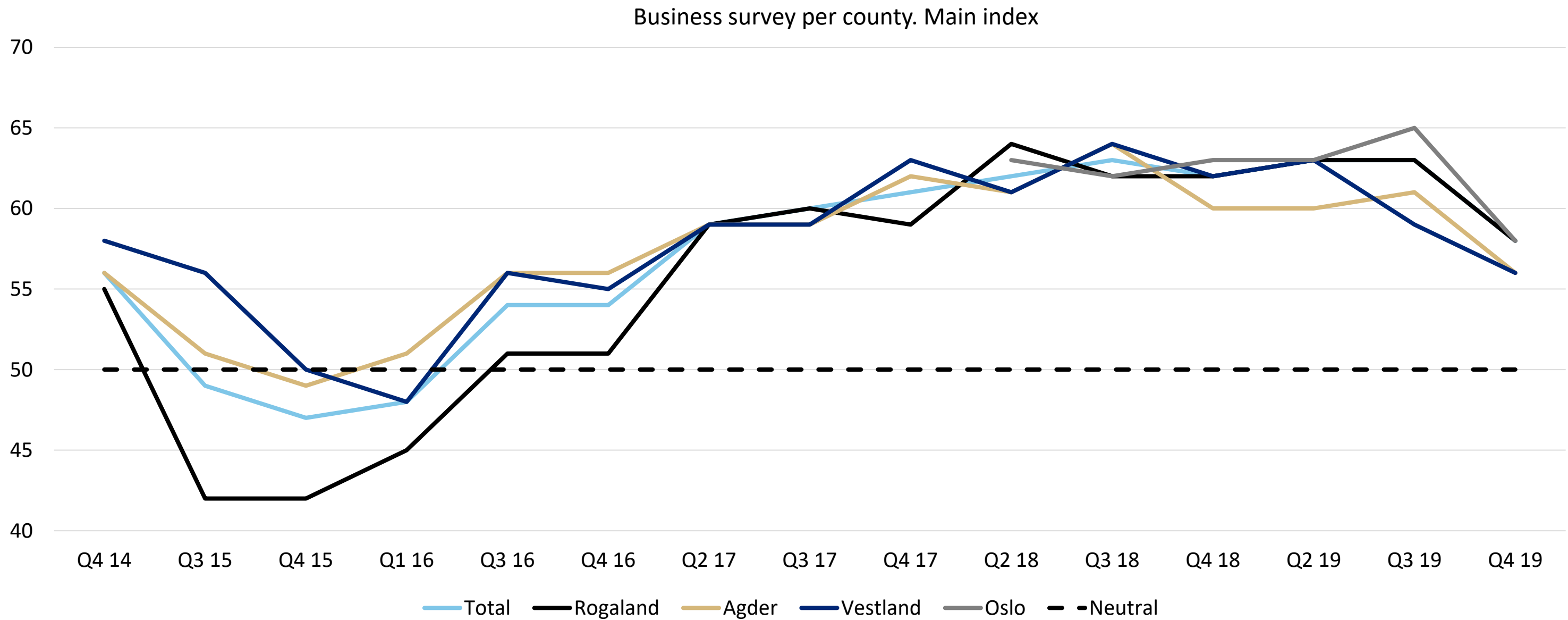


# Robust economy supported by a large sovereign wealth fund

Economic Indicators (%)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020P	2021P	2022P
GDP mainland, annual change (%)	1,9	3,7	2,3	2,2	1,4	0,9	2,0	2,2	2,5	2,4	1,9	1,8
Household consumption, annual change (%)	2,4	3,5	2,8	2,1	2,7	1,1	2,2	1,9	1,6	1,8	2,5	2,3
Public consumption, annual change (%)	1,1	1,5	1,0	2,7	2,4	2,3	1,9	1,4	2,2	2,5	1,9	1,8
Investment mainland, annual change (%)	5,0	7,4	2,9	0,4	-0,2	9,0	6,8	3,0	4,1	0,7	-0,1	0,2
Investment public sector, annual change (%)	1,1	-1,8	11,8	4,5	0,2	6,4	2,6	7,5	3,6	1,1	1,4	1,4
Investment offshore oil and gas, annual change (%)	11,4	14,6	19,0	-1,8	-12,2	-16,0	-5,4	1,9	15,0	2,0	-7,6	3,1
Oil price, USD/bbl. Actual	111,0	112,0	109,0	99,0	53,0	45,0	55,0	72,0	64,0	0,0	0,0	0,0
Inflation rate (CPI) %	1,3	0,6	2,1	2,1	2,1	3,6	1,8	2,7	2,3	2,1	1,9	2,1
3 month NIBOR %	2,9	2,2	1,8	1,7	1,3	1,1	0,9	1,1	1,5	1,9	1,9	1,9
Mortgage rate %	3,6	3,9	4,0	3,9	3,2	2,6	2,6	2,7	3,0	3,4	3,4	3,4
Household savings ratio	5,8	6,9	7,2	7,7	9,8	6,9	6,6	5,9	7,3	7,6	7,5	7,1
Unemployment rate (registered at labour office)**	2,6	2,6	2,7	2,7	3,0	3,0	2,7	2,5	2,3	2,2	2,3	2,3
HH sector real disposable income, annual change (%)	4,3	4,4	4,0	2,3	5,4	-1,6	2,0	1,5	3,1	1,6	2,4	1,9
Current account surplus, share of GDP (%)	12,4	12,5	10,3	10,8	8,,0	4,5	4,6	7,1	3,3	6,0	8,0	8,5
Sovereign Wealth Fund, share of GDP-mainland (%)*	150,0	160,0	190,0	230,0	270,0	270,0	290,0	290,0	310,0			

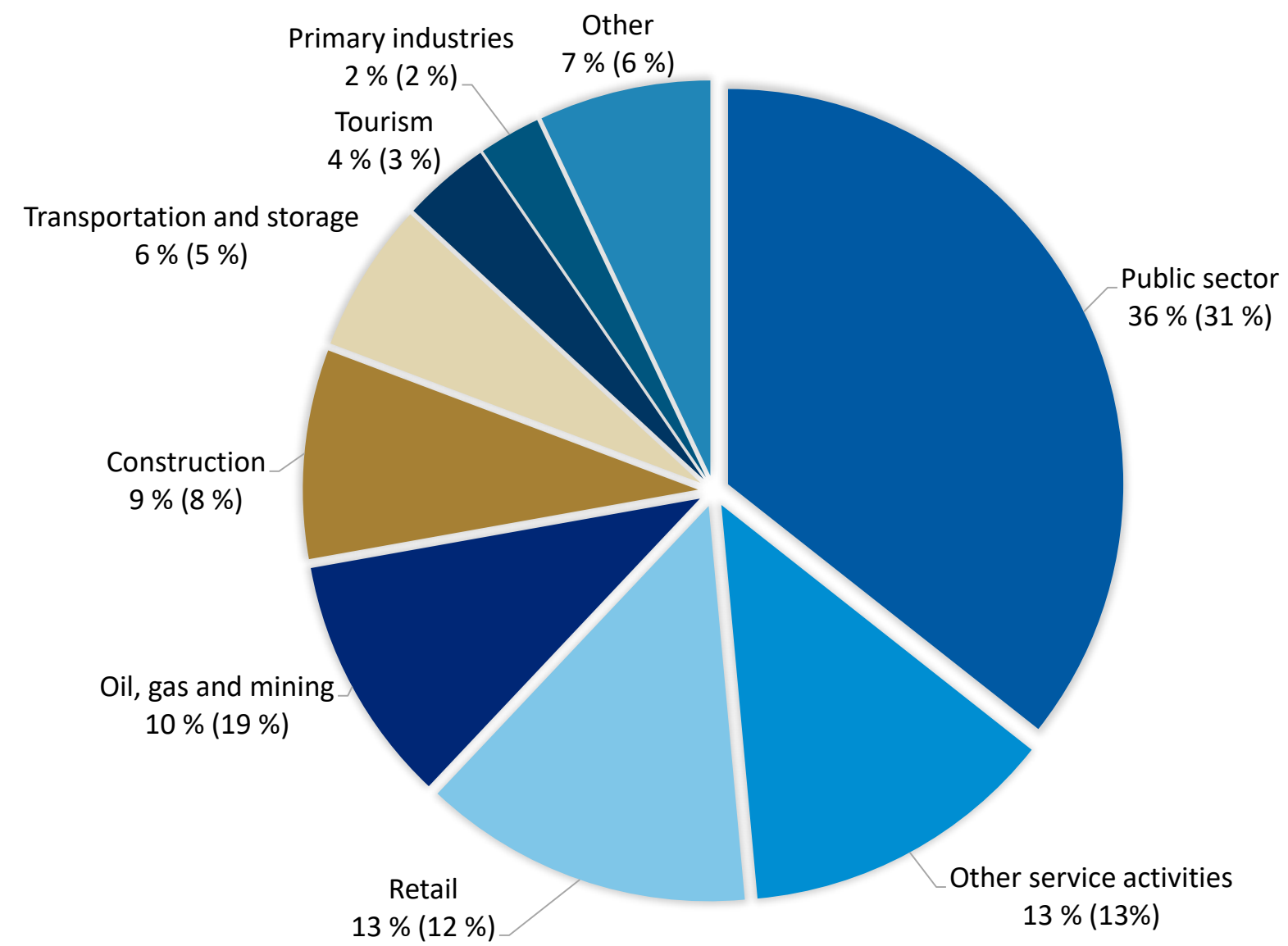
Sources: Statistics Norway, Thomson Reuters Datastream and Central Bank of Norway

PMI





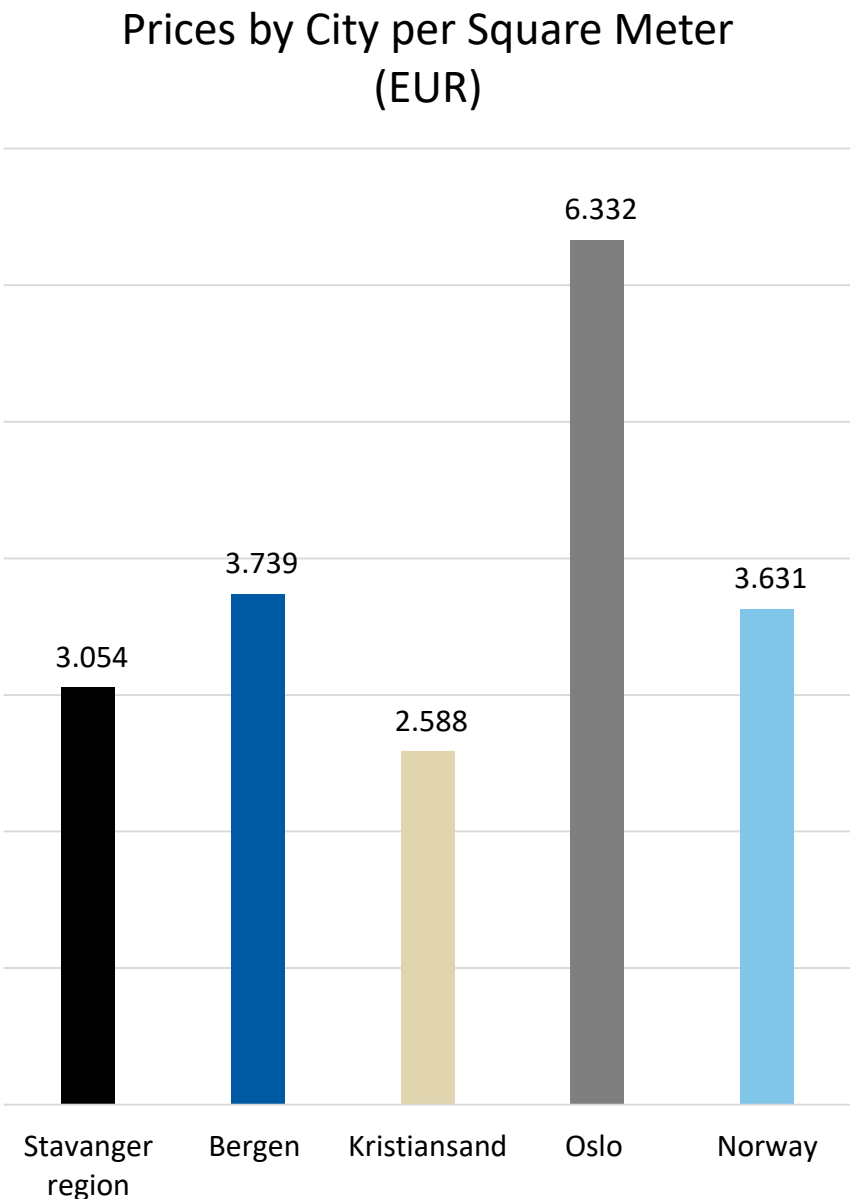
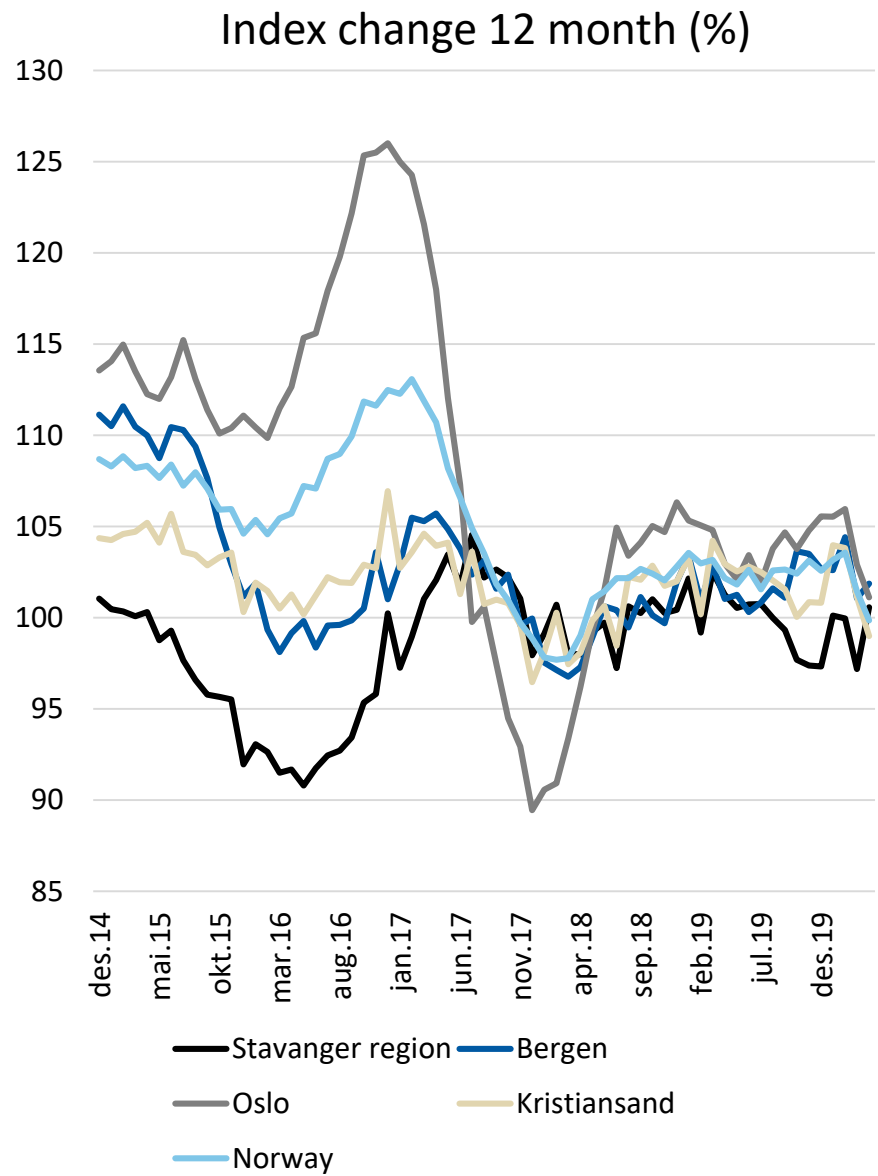
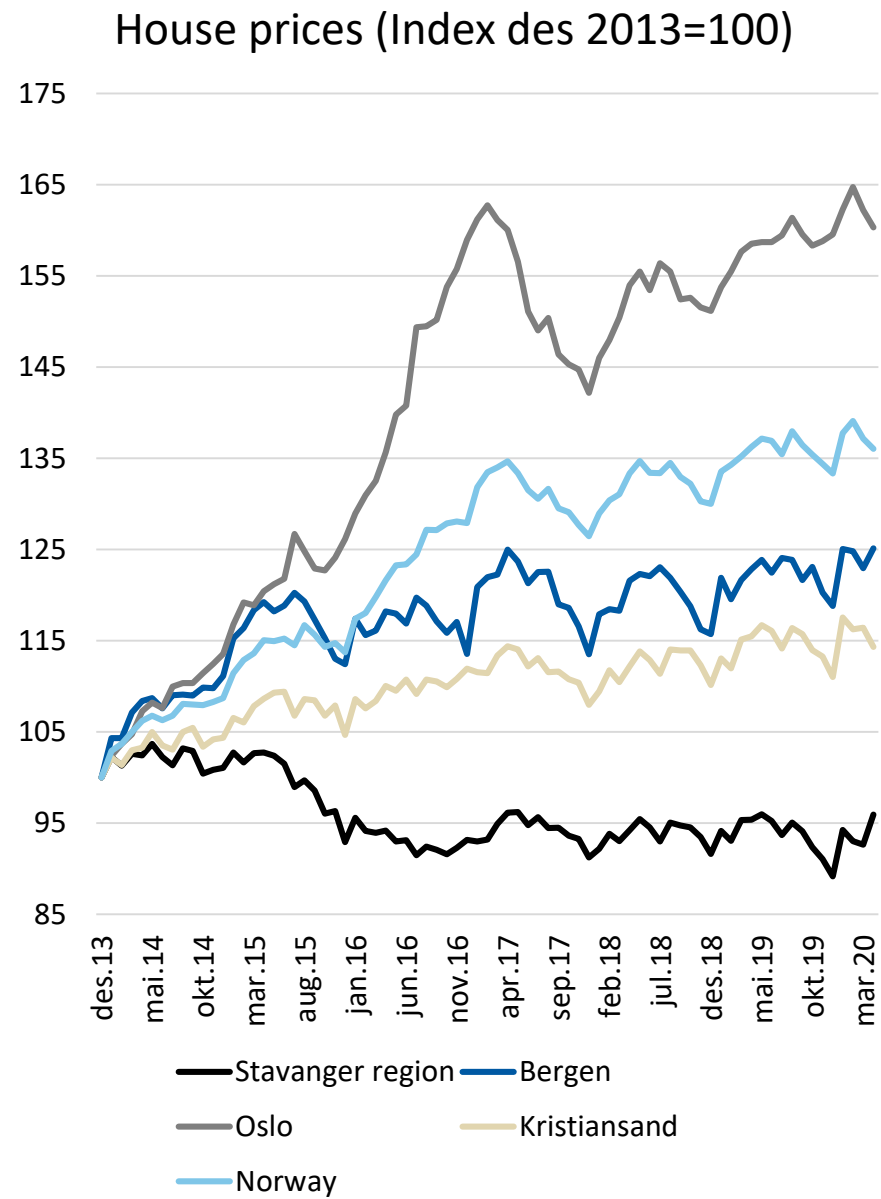
# Employment in Norway versus the Southwest region (Rogaland, Vestland and Agder)



Source: Statistics Norway (2018)

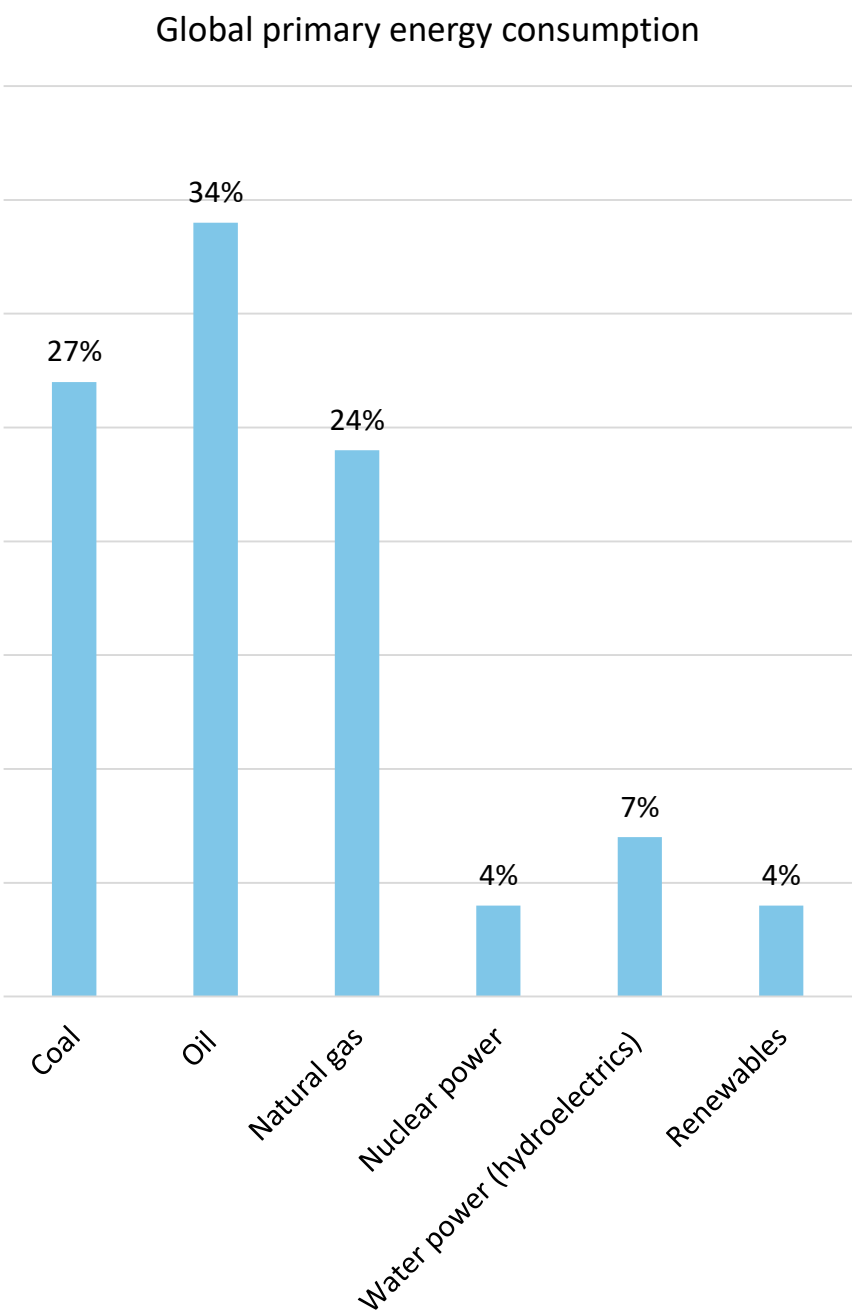
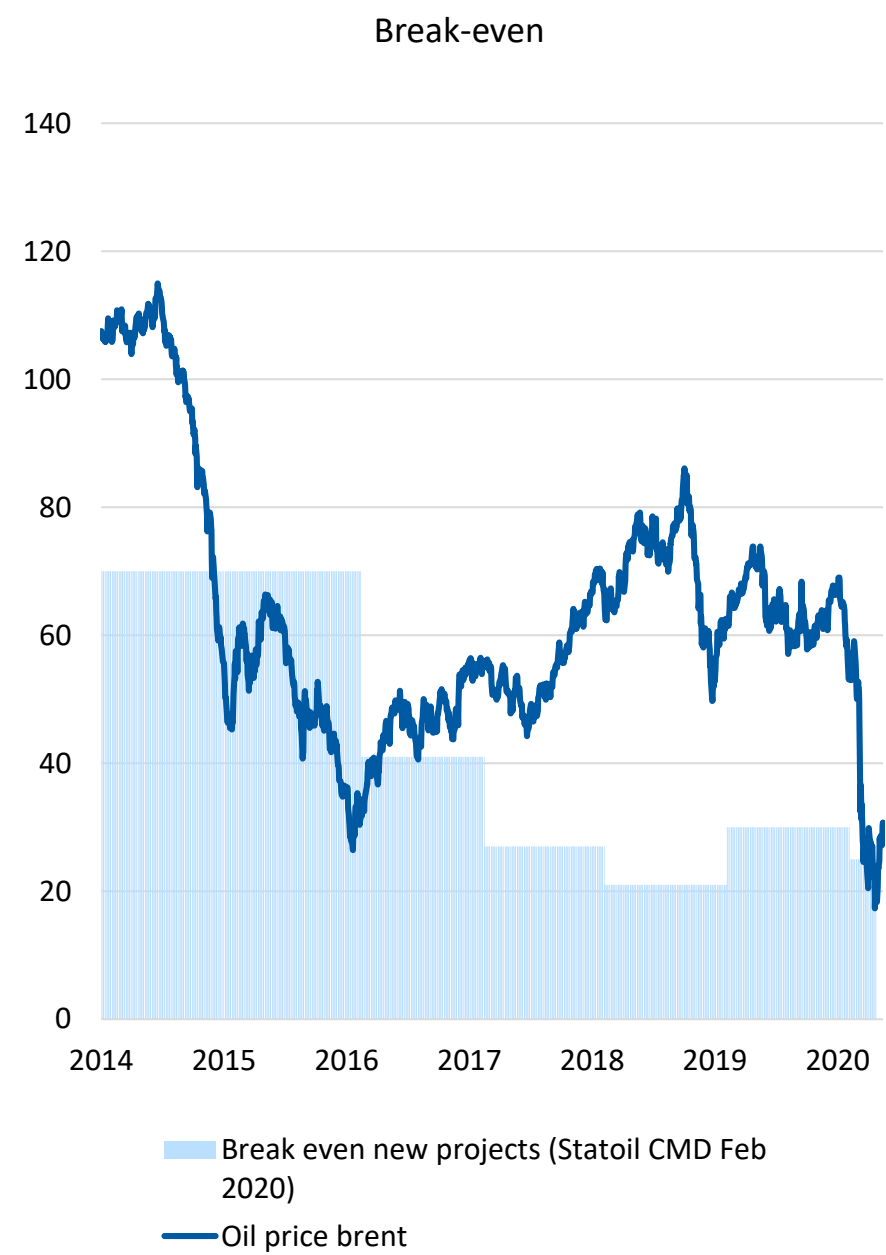
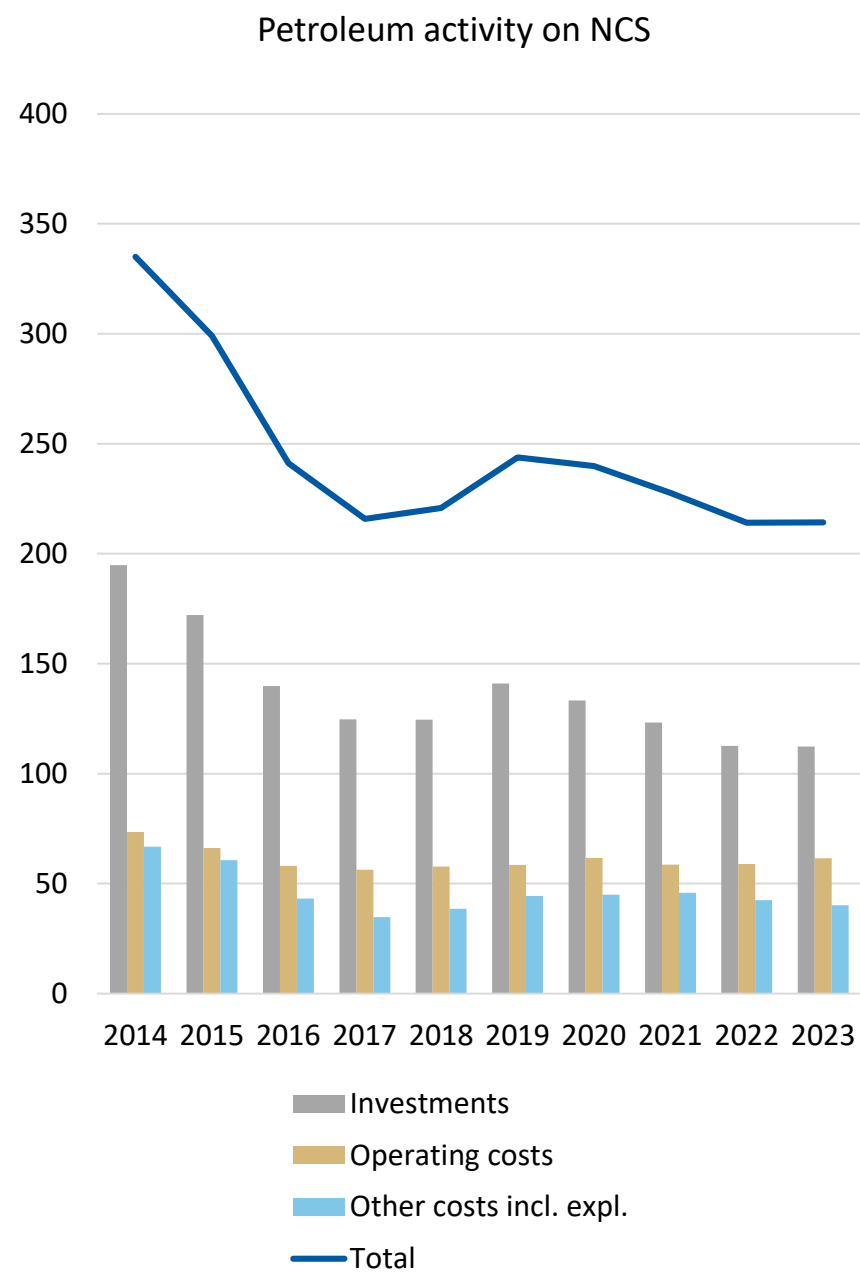
# Housing market

Impact from Covid-19 has decreased sales, but limited impact on price



Source: Eiendom Norge and Eiendomsverdi

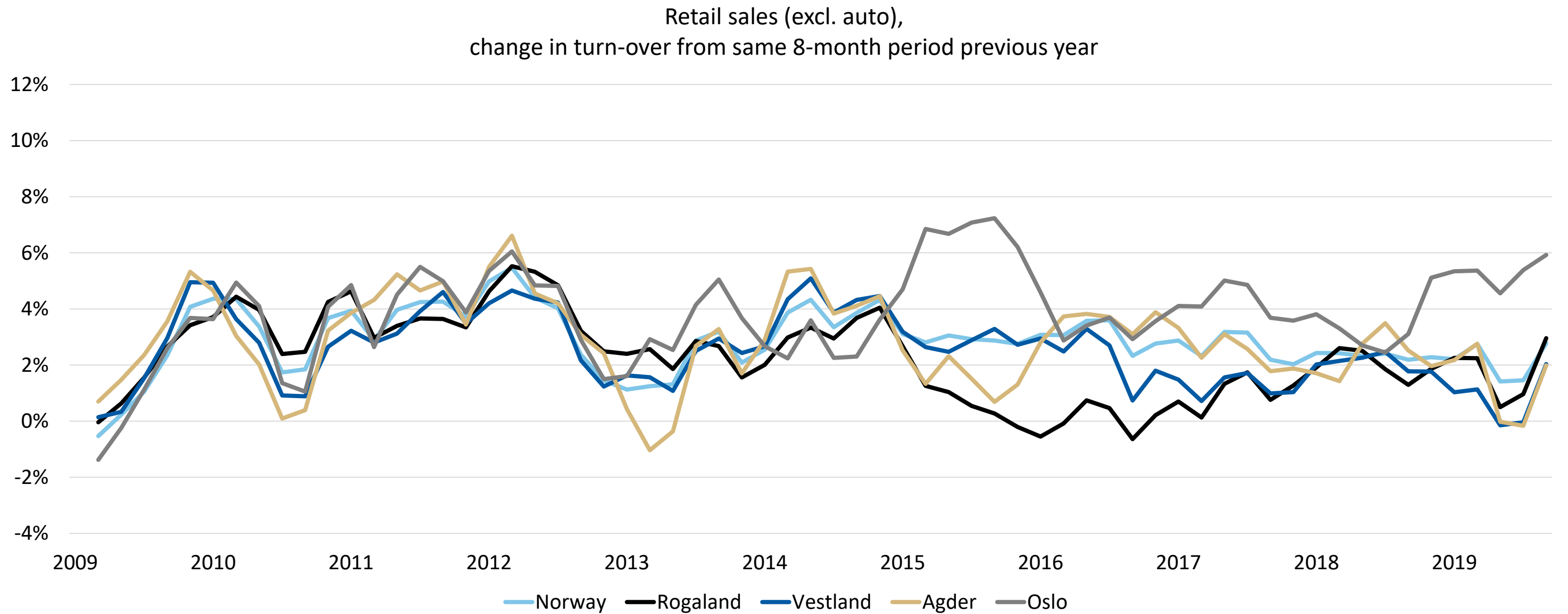
# Lower petroleum prices will reduce activity



Source: Norwegian Petroleum Directorate / BP Statistical review of World Energy 2018

# Retail trade in Norway

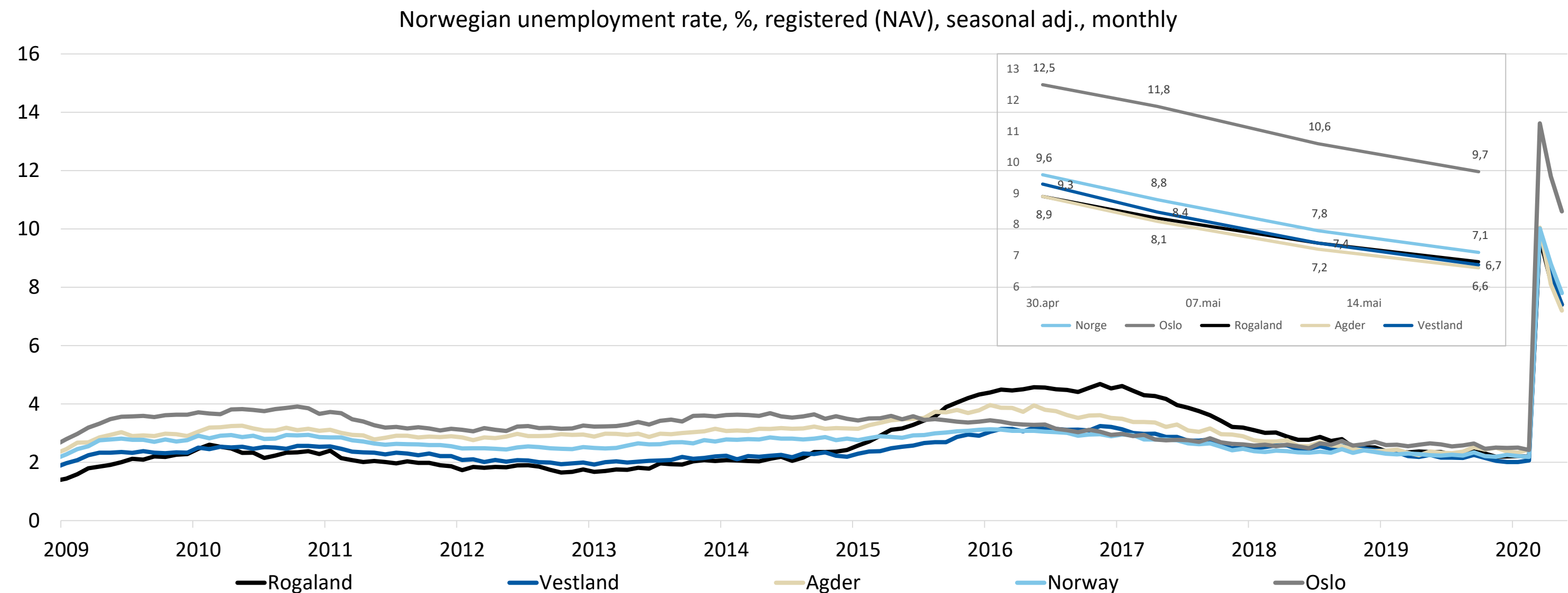
Groceries have increased, but other goods have decreased 30% due to COVID-19 (according to the Holden expert group)



Source: SSB

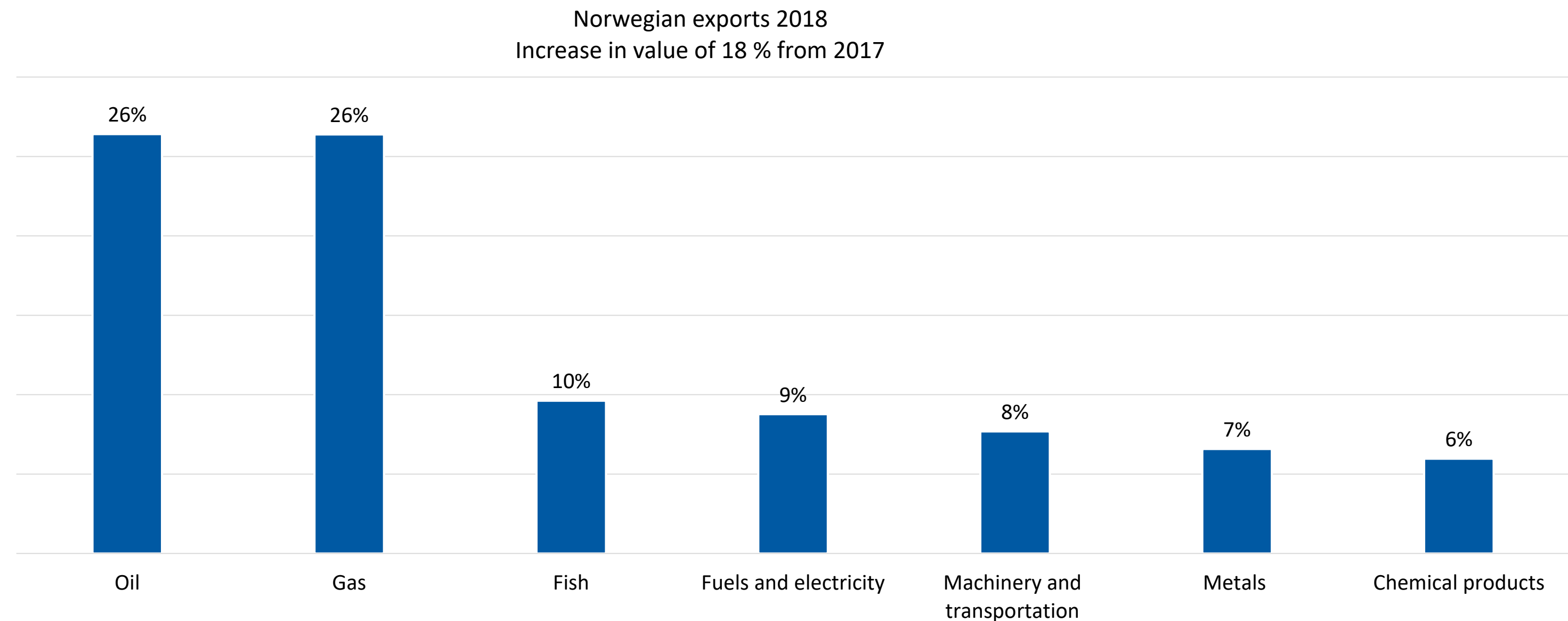
# Increase in unemployment rate due to Covid-19

Mainly caused by increase in temporary layoffs

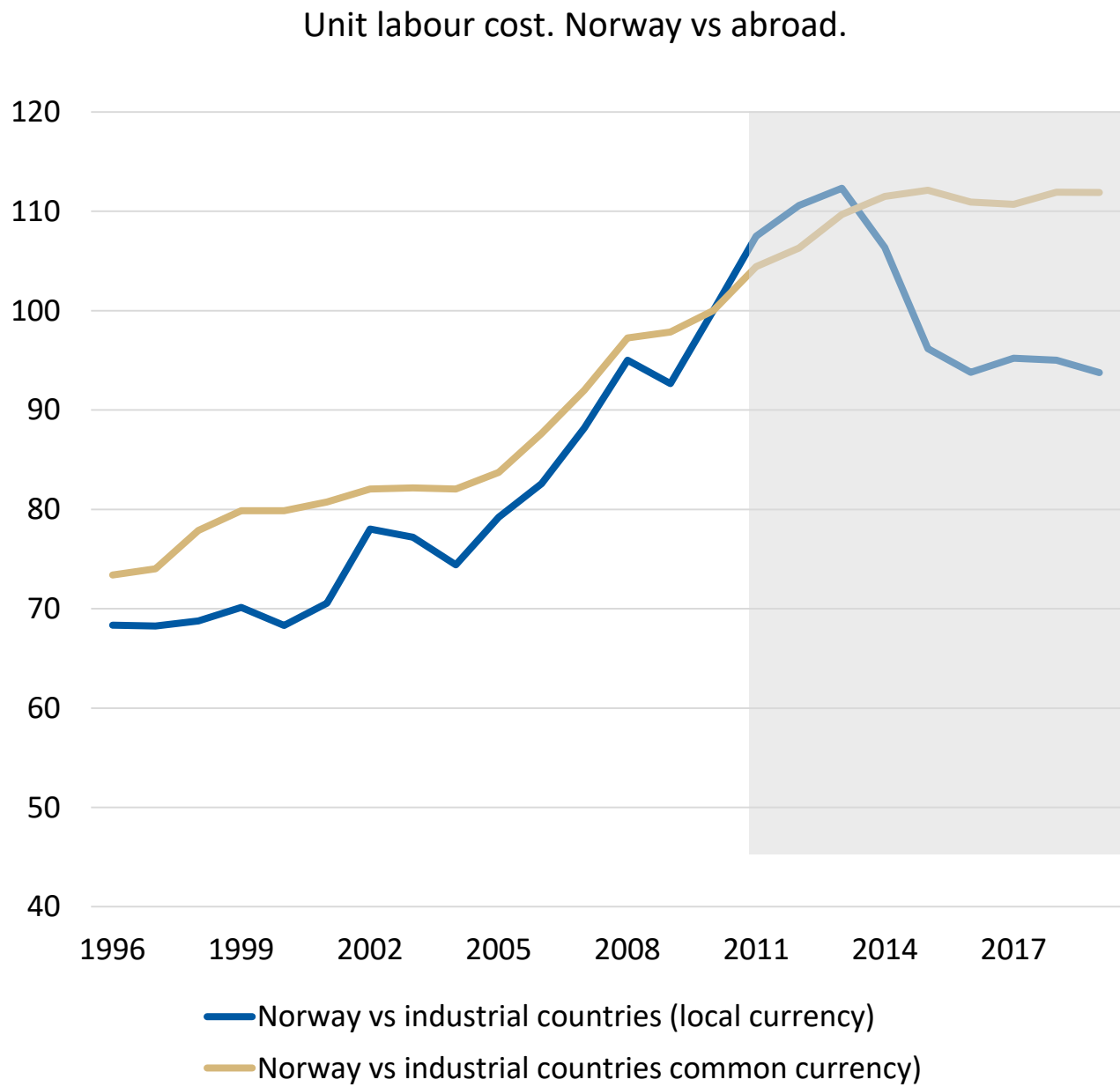




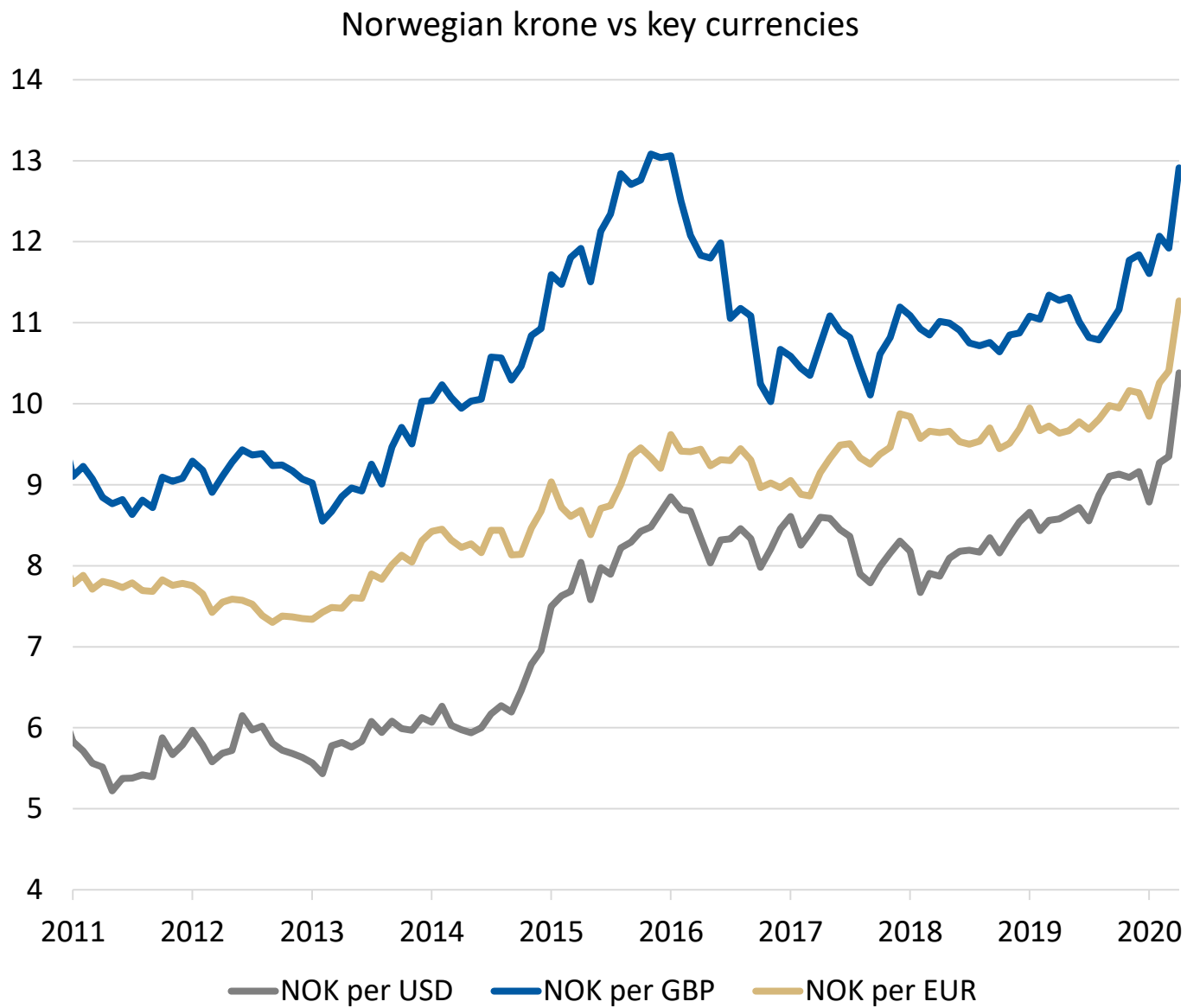
# Norwegian exports



# Weak NOK increases competitiveness



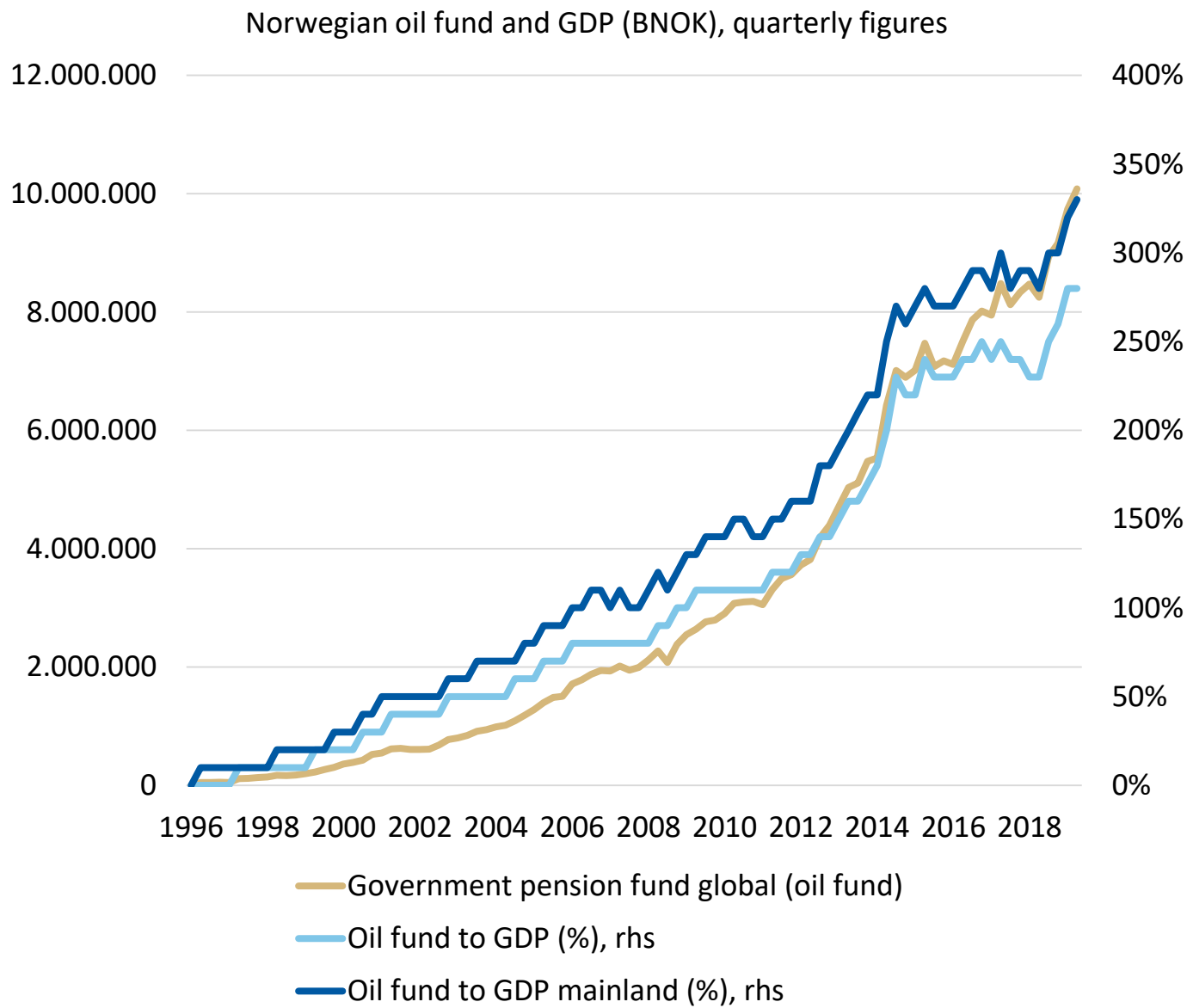
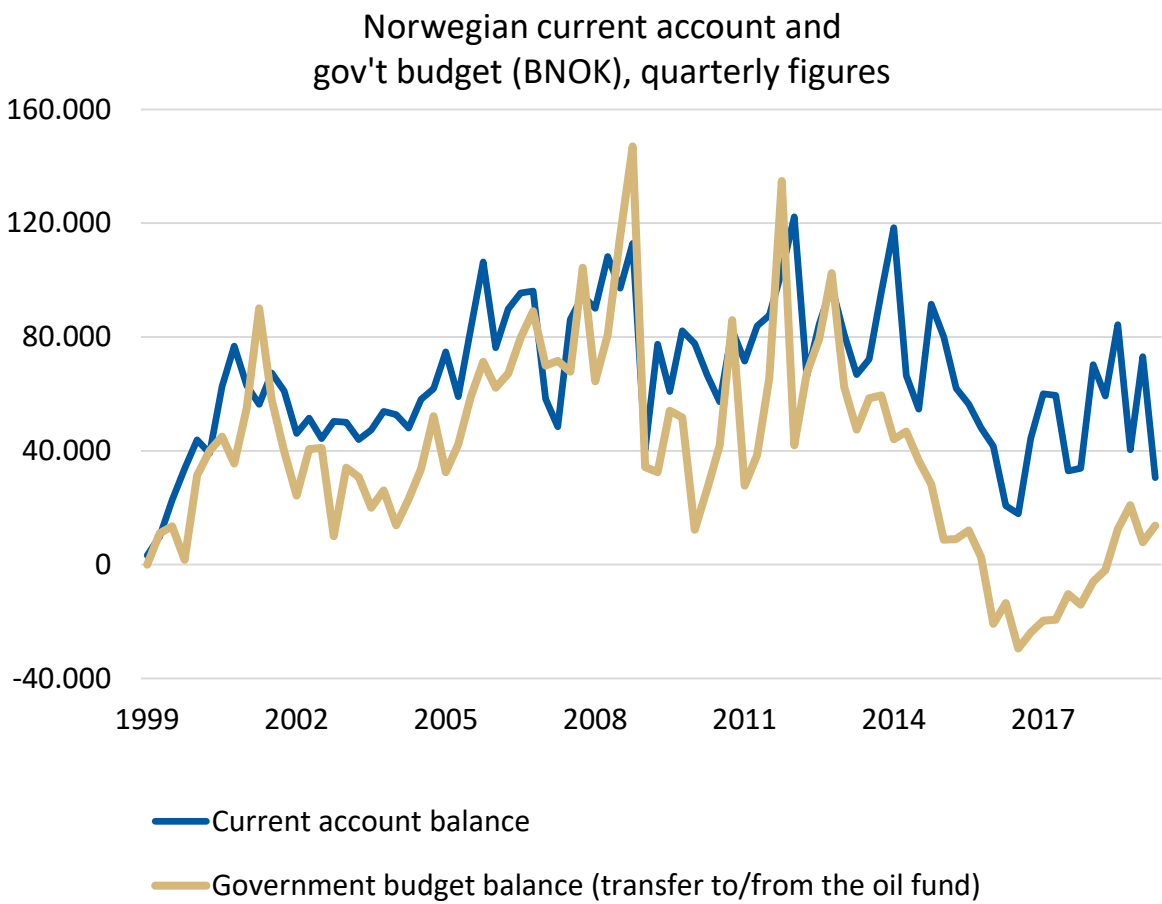
Source: Central Bank of Norway



Source: Thomson Reuters Datastream

# Government finances and the sovereign wealth fund

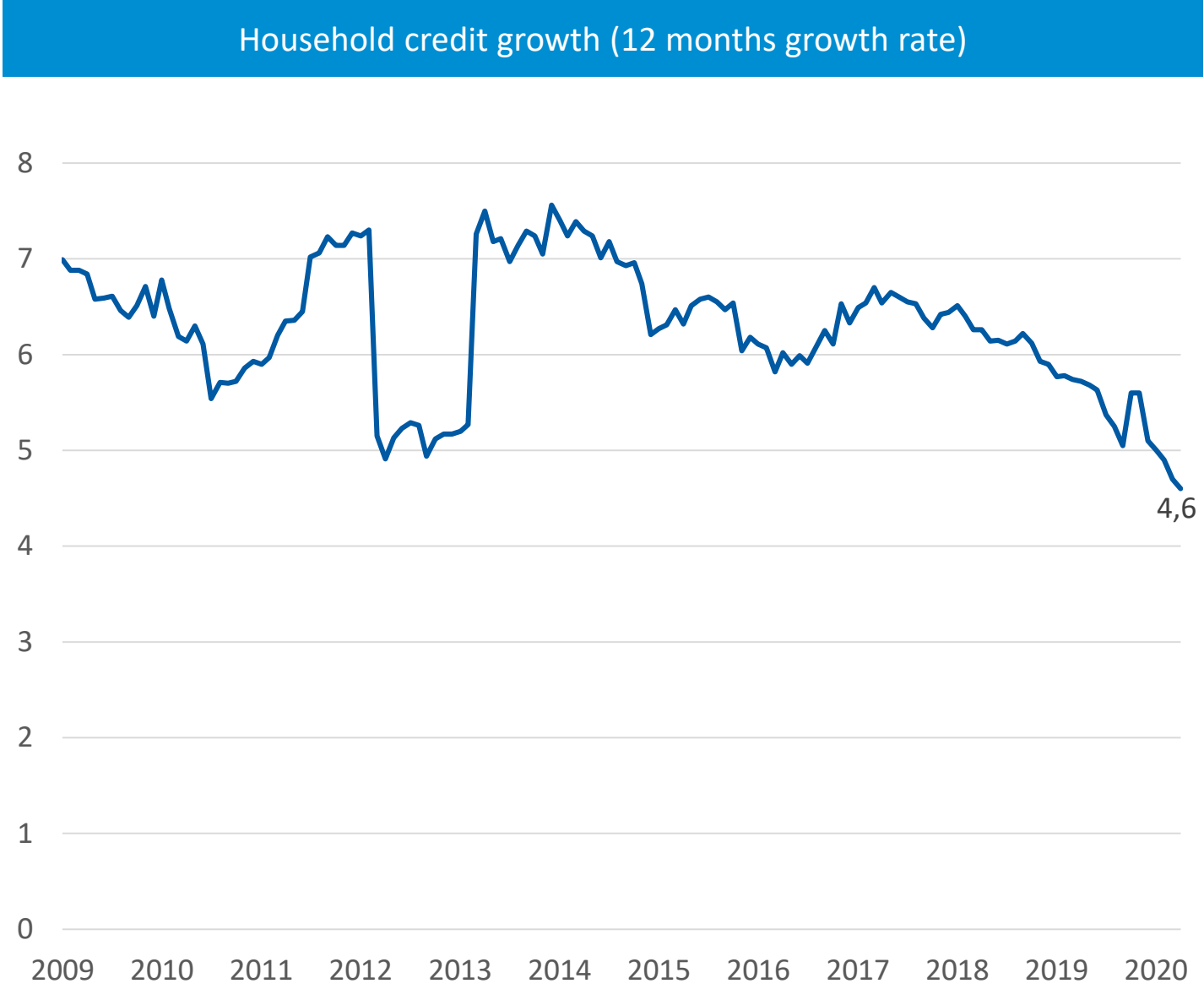
- Cash flow from the petroleum sector (taxes, ownership) is channeled into the sovereign wealth fund
- Fiscal spending rule is 3 % of the fund.



- 1** **SR-Bank**
- 2** **SR-Boligkreditt**
- 3** **Norwegian economy**
- 4** **Appendix**

# Mortgage market – characteristics

Mortgage market	<ul style="list-style-type: none"><li>• Scheduled repayment mortgages: 83.4%, flexible: 16.6%</li><li>• Typical maturity: 25-30 years</li><li>• First priority security market with high doc. standard</li></ul>
Home ownership	<ul style="list-style-type: none"><li>• Approx. 80% of households owner occupied (little buy to let)</li><li>• Between 50 and 60% are detached one-family houses</li></ul>
Social security	<ul style="list-style-type: none"><li>• Generous unemployment benefits</li><li>• Unemployment benefit represents ca 60% of final salary for 2 years</li></ul>
Regulation	<ul style="list-style-type: none"><li>• Loan to value: 85% (75% legal limit for cover pool)<ul style="list-style-type: none"><li>◦ 60% for flexible mortgages / revolving credits</li></ul></li><li>• Stress test: 5% mortgage interest rate increase</li><li>• Repayment minimum 2.5% p.a. (LTV &gt; 60%)</li><li>• Max total debt of 5x a borrower’s income before tax</li></ul>
Interest payments	<ul style="list-style-type: none"><li>• 90-95% of mortgages are variable rate</li><li>• Interest rates can be reset at the lender’s discretion by giving the debtor 6 weeks notice</li></ul>
Tax incentives	<ul style="list-style-type: none"><li>• 22% of interest paid is tax deductible</li><li>• Low effective real estate tax (lower net worth tax on real estate than financial assets)</li></ul>

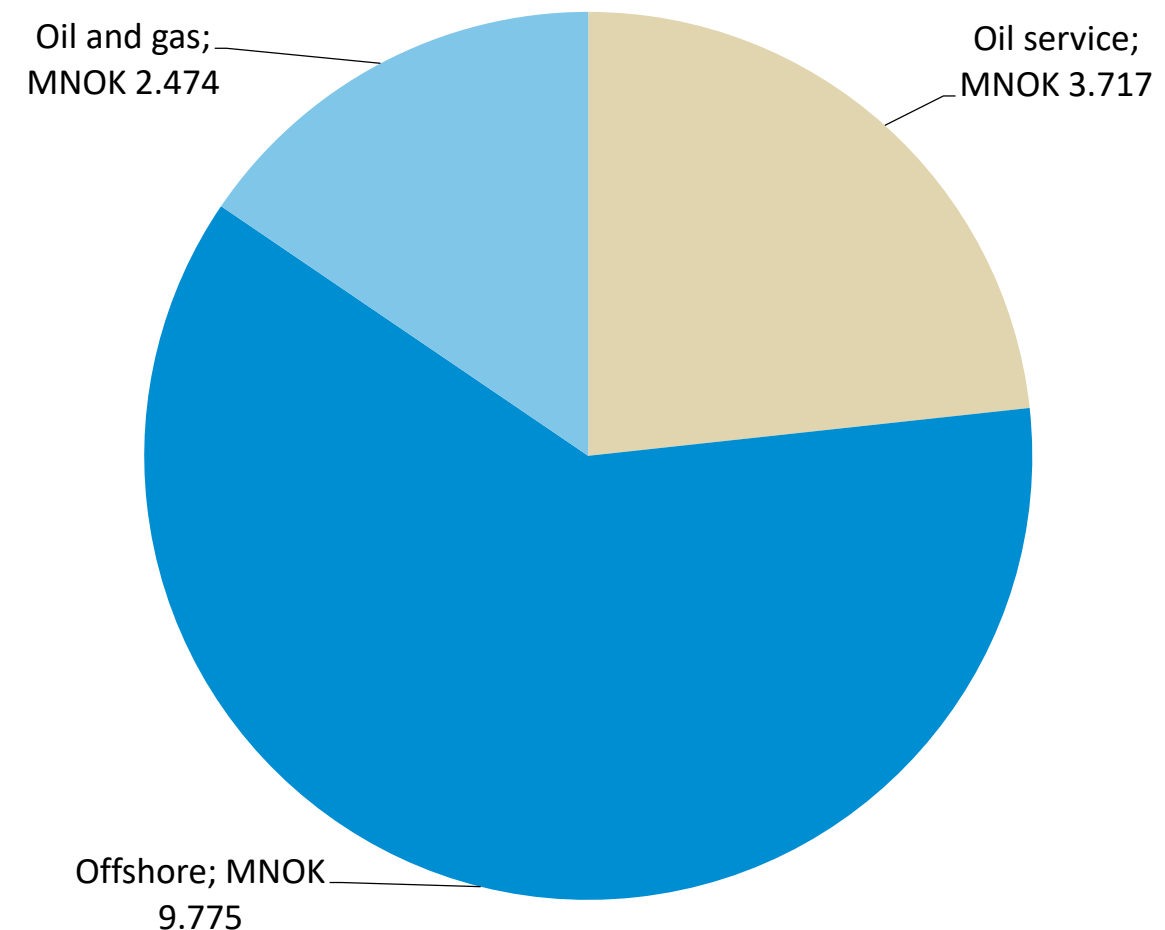




# Lending to offshore, oil and gas

6.7% (BNOK 16.0) of total EAD

- Oil services
  - EAD NOK 3.7 billion, 1.6% of the bank's total EAD
  - Funding of operating capital through current and fixed assets, as well as guarantees
- Exploration and production companies
  - EAD NOK 2.5 billion, 1.0% of the bank's total EAD
  - Exposure primarily to companies with activities on the Norwegian continental shelf
- Offshore
  - EAD NOK 9.8 billion, 4.1% of the bank's total EAD
  - Exposure primarily to industrial-oriented shipping companies with strong ownership and integrated organisation

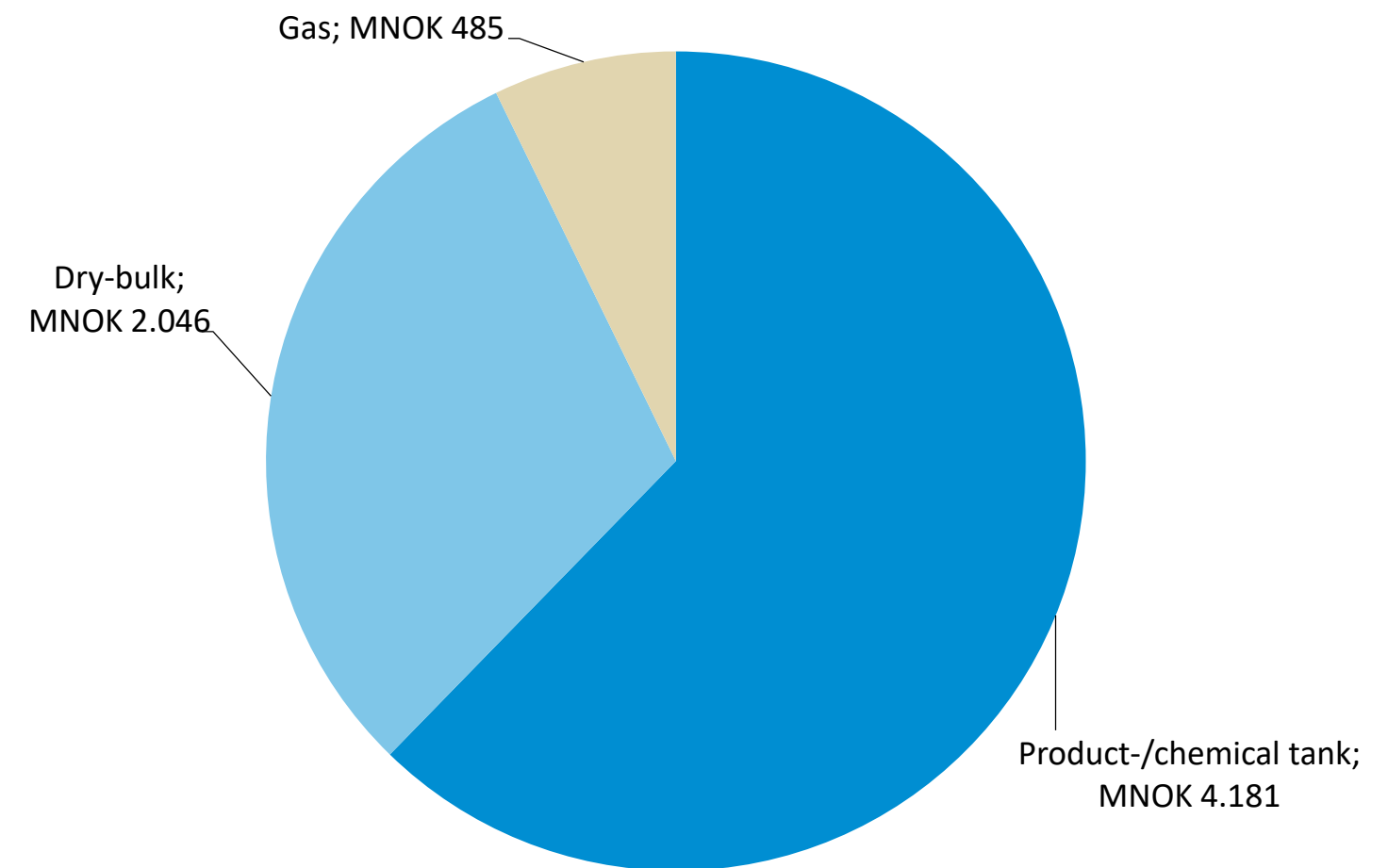


*EAD: Exposure at default*

# Lending to shipping

2.8% (BNOK 6.7) of total EAD

- Product- /chemical tank
  - EAD NOK 4.2 billion, 1.7% of the bank's total EAD
- Dry-bulk
  - EAD NOK 2.0 billion, 0.9% of the bank's total EAD
- Gas
  - EAD NOK 0.5 billion, 0.2% of the bank's total EAD

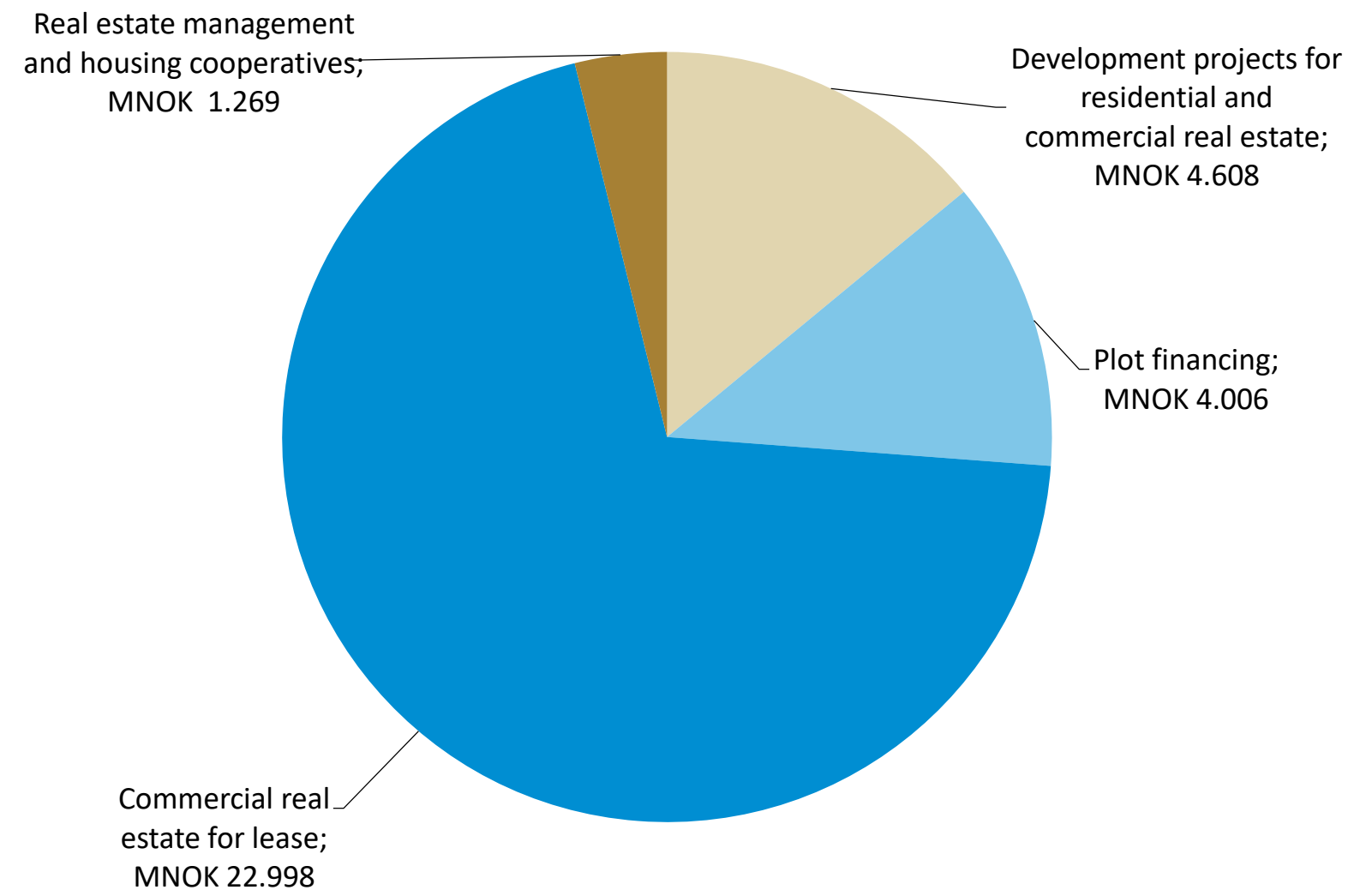


*EAD: Exposure at default*

# Lending to commercial real estate

13.8% (BNOK 32.9) of total EAD

- Commercial real estate for lease
  - EAD NOK 23.0 billion, 9.7% of the bank's total EAD
  - The portfolio is characterised by lending to commercial properties for leasing with long-term contracts and financially solid tenants. The vacancy rate is limited.
  - Financing by type of premises:
    - 42% Office buildings, 26% Industrial buildings, 20% Retail stores and shopping malls, 10% Hotels, 2% Other
- Plot financing
  - EAD NOK 4.0 billion, 1.7% of the bank's total EAD
  - Average funding ratio is below 50%
- Development projects for residential and commercial real estate
  - EAD NOK 4.6 billion, 1.9% of the bank's total EAD
  - Minimum pre-sale requirement is 70%.
- Real estate management and housing cooperatives
  - EAD NOK 1.3 billion, 0.5% of the bank's total EAD

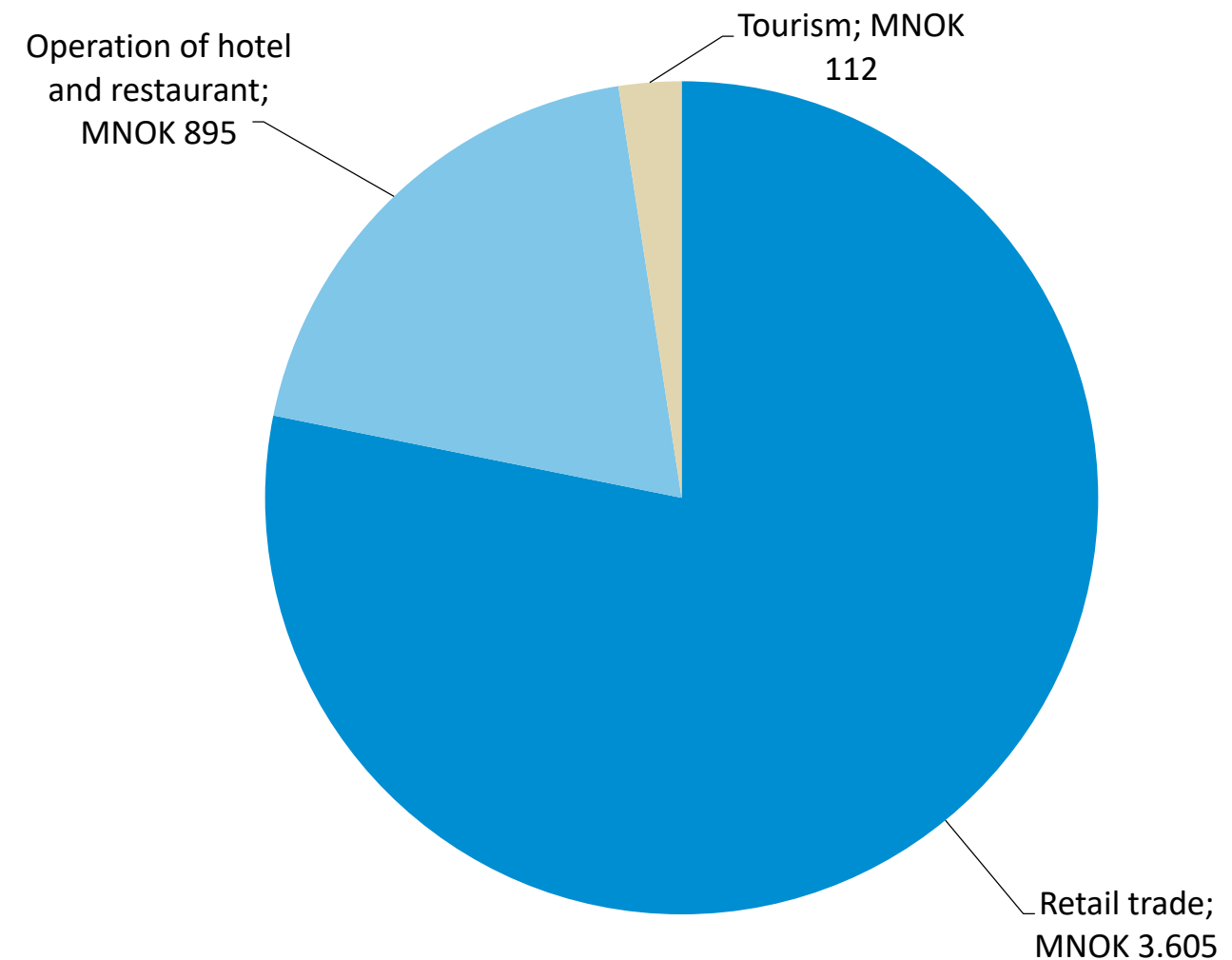


*EAD: Exposure at default*

# Lending to retail trade, hotels and restaurants

1.9% (BNOK 4.6) of total EAD

- Retail trade
  - EAD NOK 3.6 billion, 1.5% of the bank's total EAD
- Hotels and restaurants
  - EAD NOK 0.9 billion, 0.4% of the bank's total EAD
- Tourism
  - EAD NOK 0.1 billion, 0.05% of the bank's total EAD



*EAD: Exposure at default*

# Net commission and other income

MNOK	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Payment facilities	69	66	77	66	62
Savings/placements	48	47	46	53	46
Insurance products	51	50	48	48	46
Commission income real estate broking	85	101	91	108	99
Guarantee commission	25	24	23	22	24
Arrangement- and customer fees	20	23	6	35	26
Accounting services SpareBank 1 Regnskapshuset SR	41	31	30	38	27
Other	4	11	3	3	3
<b>Net commission and other income excl. covered bond companies</b>	<b>343</b>	<b>353</b>	<b>324</b>	<b>373</b>	<b>333</b>
Commission income SB1 Boligkreditt and SB1 Næringskreditt	3	6	8	11	8
<b>Net commission and other income incl. covered bond companies</b>	<b>346</b>	<b>359</b>	<b>332</b>	<b>384</b>	<b>341</b>



# Net income on investment securities

MNOK	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Dividends</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>8</b>	<b>19</b>
<b>Investment income, associates</b>	<b>242</b>	<b>15</b>	<b>98</b>	<b>226</b>	<b>536</b>
<b>Securities gains/losses</b>	<b>-298</b>	<b>20</b>	<b>-24</b>	<b>4</b>	<b>95</b>
- of which capital change in shares and certificates	-121	36	-6	19	62
- of which capital change in certificates and bonds	86	-96	-45	-18	2
- of which derivatives; bonds and certificates	-263	80	27	3	31
<b>Currency/interest gains/losses</b>	<b>28</b>	<b>-13</b>	<b>11</b>	<b>102</b>	<b>26</b>
- of which currency customer- and own-account trading	9	37	33	32	29
- of which value change basis swap spread	64	-34	-16	53	-13
- of which counterparty risk derivatives including CVA	-8	1	-2	0	1
- of which IFRS-effects	-37	-17	-4	17	9
<b>Net income on investment securities</b>	<b>-28</b>	<b>22</b>	<b>89</b>	<b>340</b>	<b>676</b>

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

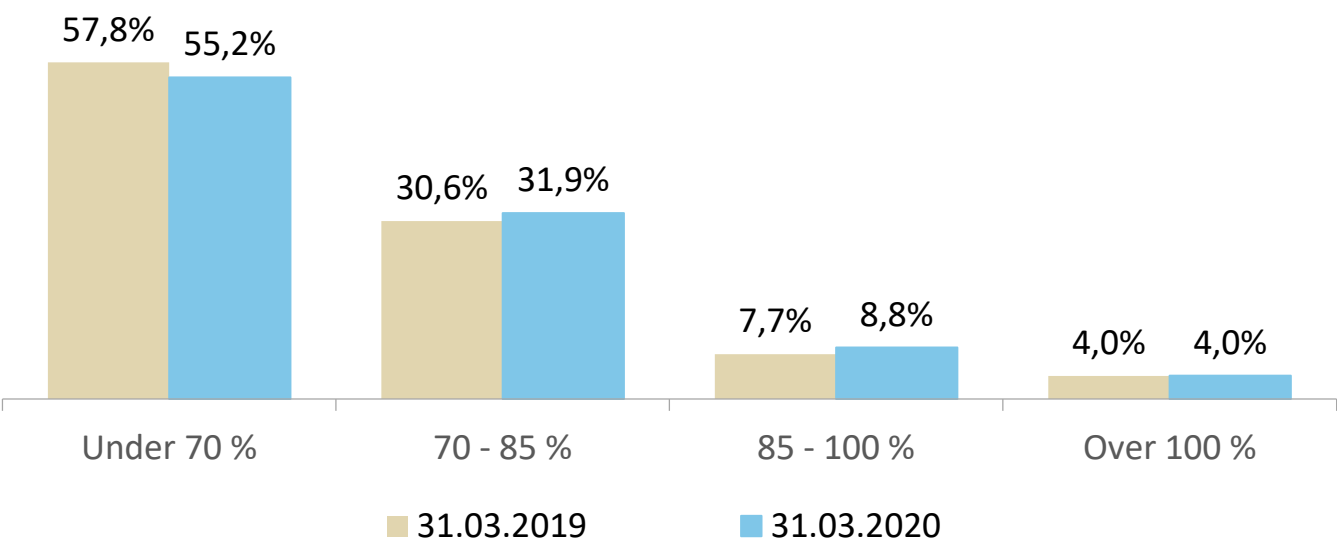
# Operating expenses

MNOK	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Payroll and pensions	278	328	307	294	282
Other staff expenses	70	68	68	63	62
<b>Total personnel expenses</b>	<b>348</b>	<b>396</b>	<b>375</b>	<b>357</b>	<b>344</b>
IT expenses	92	91	91	92	90
Marketing	21	31	20	20	19
Other administrative expenses	27	30	21	25	25
<b>Total administrative expenses</b>	<b>140</b>	<b>152</b>	<b>132</b>	<b>137</b>	<b>134</b>
Depreciation	41	37	40	31	29
Operating expenses from real estate	8	12	7	8	8
Other operating expenses	55	81	61	69	68
<b>Total other operating expenses</b>	<b>104</b>	<b>130</b>	<b>108</b>	<b>108</b>	<b>105</b>
<b>Total operating expenses</b>	<b>592</b>	<b>678</b>	<b>615</b>	<b>602</b>	<b>583</b>

# Loan to value ratio and RWA on home mortgage loans

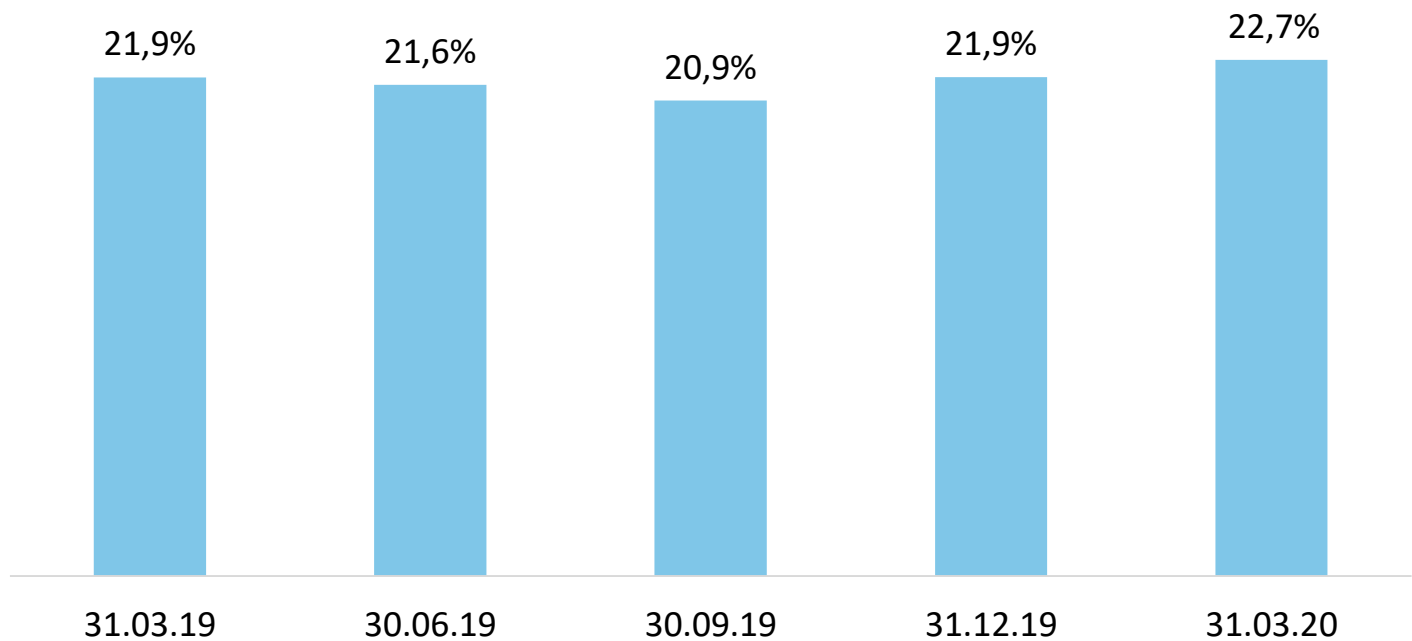
## Loan to value ratio on home mortgage loans

- The proportion of loans with a loan-to-value ratio of less than 85% is high.
  - 87% of the exposure is within 85% of the assessed value of collateral.



## RWA home mortgages

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



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

# Balance sheet

Balance sheet (MNOK)	31.03.2020	31.03.2019
Cash and balances with central banks	405	468
Balances with credit institutions	7.181	1.750
Net loans to customers	210.180	195.229
Certificates, bonds and other fixed-income securities	37.493	32.477
Financial derivatives	15.126	4.868
Shares, ownership stakes and other securities	797	928
Investment in subsidiaries	0	0
Investment in associates	4.412	3.931
Other	3.045	2.275
<b>Total assets</b>	<b>278.639</b>	<b>241.926</b>
Balances with credit institutions	4.534	998
Deposit from customers	105.545	98.991
Listed debt securities	126.448	110.021
Financial derivatives	12.282	3.491
Other liabilities	2.611	2.558
Additional Tier 1 and Tier 2 capital instruments	2.211	2.753
<b>Total liabilities</b>	<b>253.631</b>	<b>218.812</b>
<b>Total equity</b>	<b>25.008</b>	<b>23.114</b>
<b>Total liabilities and equity</b>	<b>278.639</b>	<b>241.926</b>

## 20 largest shareholders as at 31 March 2020

- Ownership interests as at 31 March 2020:
  - From Rogaland, Agder and Vestland: 43.4% (43.5%)
  - International: 25.8% (27.7%)
  - 10 largest: 51.7% (50.7%)
  - 20 largest: 58.7% (58.4%)
- Number of shareholders 31.03.2020: 11.948 (10.853)
- Employees owning 1.6% (1.5%) as at 31 March 2020

Investor		Number	Stake
Sparebankstiftelsen SR-Bank		72.419.305	28,3%
Folketrygdfondet		19.952.361	7,8%
State Street Bank and Trust Co, U.S.A.	Nominee	13.972.058	5,5%
SpareBank 1-stiftinga Kvinnherad		6.226.583	2,4%
Vpf Nordea Norge Verdi		4.921.465	1,9%
Danske Invest Norske Instit. II		3.681.729	1,4%
Odin Norge		3.309.248	1,3%
JPMorgan Chase Bank N.A., U.S.A.	Nominee	2.898.345	1,1%
Pareto Aksje Norge		2.651.199	1,0%
Clipper AS		2.211.000	0,9%
Morgan Stanley & Co Int. Plc.	Nominee	2.026.597	0,8%
Verdipapirfondet Alfred Berg Gambak		1.916.707	0,7%
State Street Bank and Trust Co, U.S.A.	Nominee	1.824.596	0,7%
Westco AS		1.799.187	0,7%
KLP Aksjenorge Indeks		1.792.853	0,7%
Pareto Invest AS		1.789.509	0,7%
Arctic Funds plc, Irland		1.769.038	0,7%
Verdipapirfondet Alfred Berg Norge		1.741.511	0,7%
Forsvarets Personellservice		1.599.656	0,6%
Danske Invest Norske Aksjer Inst.		1.557.703	0,6%
Top 5		117.491.772	45,9%
Top 10		132.243.293	51,7%
Top 20		150.060.650	58,7%

Figures in parentheses as at 31.03.2019.



# Green Bond report September 2019

## Allocation

- Percentage of eligible green loan portfolio allocated (usage) 22.3 %
- Percentage of net proceeds allocated to green assets 100,0 %
- Eligible green loan portfolio – unallocated 17,390 (MNOK)

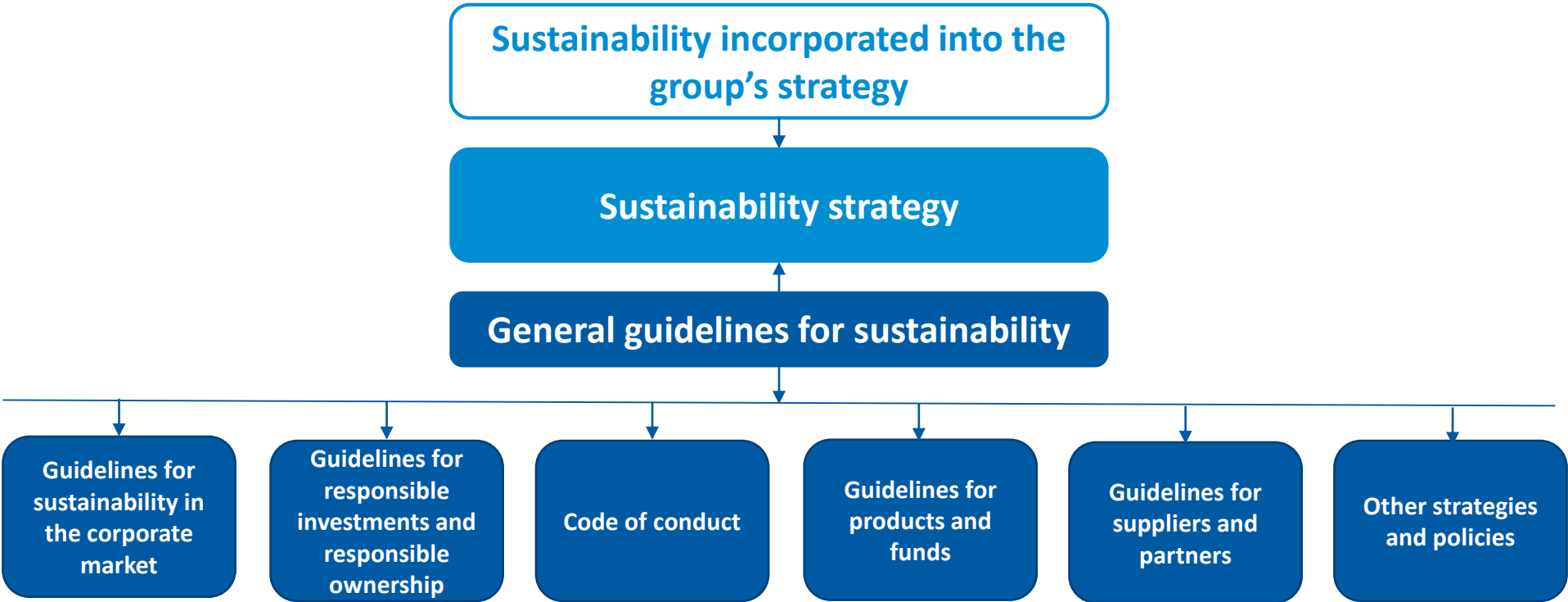
Eligible Green Loan Portfolio		Green Funding			
	Amount (MNOK )	Instrument (ISIN)	Issuance date	Due date	Amount (MNOK)
Residential green buildings	22,366	XS2063288190	Oct-19	Oct-26	4,976
SR-Bank	8,998				
SR-Boligkreditt	13,368				
Total	22,366				4,976

## Impact

Eligible loan category	Eligible portfolio (MNOK)	Share of total financing	Eligibility for Green Bonds	Estimated reduced energy (in GWh/year)	Estimated reduced emissions (in tons of CO2/year)
a/	b/	c/	d/	e/	e/
Residential green buildings	22,366	100%	100%	142	17,400
Total	22,366	100%	100%	142	17,400

- a/ Eligibility category
- b/ Amount committed by the issuer for the portfolio eligible for green bond financing
- c/ This is the share of the total budget financing
- d/ This is the share of the total portfolio costs that is green bond eligible
- e/ Impact indicators

# Sustainability within SR-Bank




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



# SR-Bank’s sustainability strategy is embedded through our guidelines

## Guidelines

### Environment




SR-Bank aims to increase the proportion of companies that contribute to higher use of renewable energy

**We encourage our customers to:**

- ✓ Establish targets for energy efficiency and reduction of greenhouse emissions
- ✓ Work towards reducing pollution and contribution to good routines for waste management and recycling
- ✓ Make use of renewable energy where appropriate

### Society




SR-Bank aims to make a positive contribution to social development in the local communities where the bank is active

**We expect our customers to:**

- ✓ Treat people in accordance with recognised international norms
- ✓ Respect the United Nations Declaration of Human Rights and Workers’ Rights
- ✓ Respect the ILO's eight fundamental conventions
- ✓ Safeguard human rights in war and/or conflicts

### Corporate Governance



SR-Bank has strict routines for combating money laundering and hidden ownership. The bank also aims to encourage clients to have good routines for sustainable choices

**We expect our customers to:**

- ✓ Have zero tolerance for corruption and economic crime within their own operations and in companies with which they do business
- ✓ Contribute to full transparency relating to suspected corruption and help investigate such issues

# UN Principles for Responsible Banking: Founding Signatory



PRINCIPLES FOR  
RESPONSIBLE  
BANKING



To transform the banking industry to enable it to play a leading role in achieving society's goals

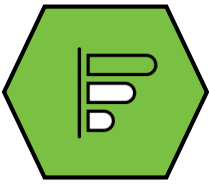


A responsible banking industry that is an integral part of the society of the 21st century because it serves and contributes to an inclusive society that uses its natural resources sustainably



We will take a leadership role and use our products, services and relationships to support and accelerate the fundamental changes in our economies and lifestyles necessary to achieve shared prosperity for both current and future generations

## What are the principles?



### 1. Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



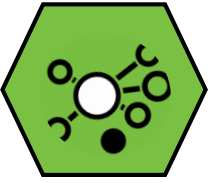
### 2. Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



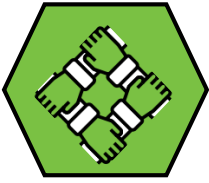
### 3. Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



### 4. Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



### 5. Governance & Culture

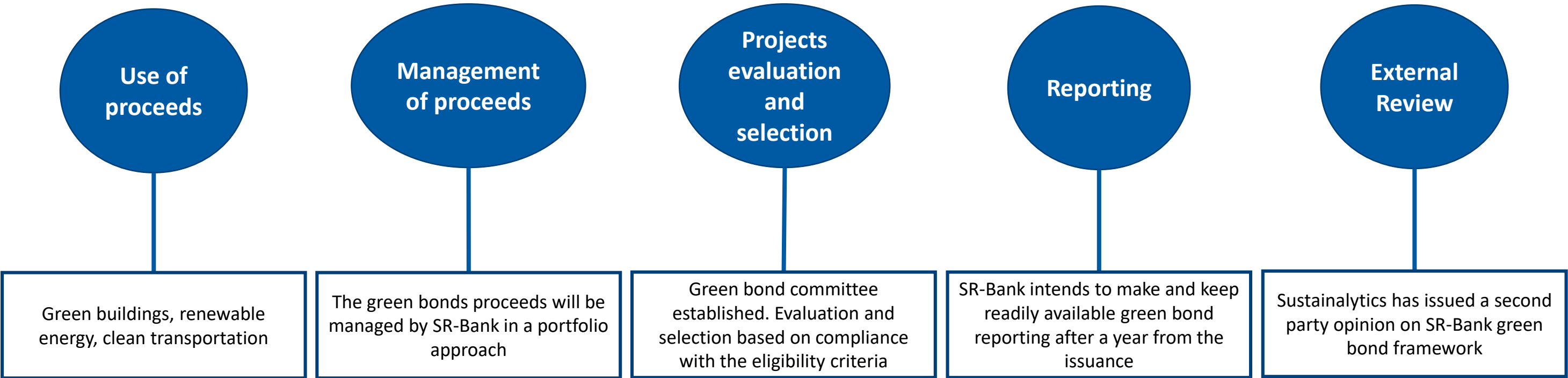
We will implement our commitment to these Principles through effective governance and a culture of responsible banking. Goals, the Paris Climate Agreement and relevant national and regional frameworks.



### 6. Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

# Green bond framework highlights



Aligned with the ICMA Green Bond Principles 2018



Aligned with the draft EU Taxonomy and the TEG recommendation on the EU Green Bond Standards



# Green buildings

## Residential buildings

- 1. New or existing residential buildings in Norway that comply with the following codes (built after 2009).
  - Apartments: TEK10 or TEK17
  - Other residential dwellings: TEK07, TEK10 or TEK17
- 2. Existing Norwegian residential buildings built using older building codes than TEK10 for apartments and TEK07 for other residential dwellings with EPC-labels A, B and C (built before 2009).
- 3. Refurbished residential buildings in Norway with an improved energy efficiency of 30%.

## Commercial buildings

- 1. New or existing commercial buildings belonging to top 15% low carbon buildings in Norway.
- 2. New, existing or refurbished commercial buildings which received at least one or more of the following classifications:
  - LEED “Gold”, BREEAM or BREEAM-NOR “Excellent”, or equivalent or higher level of certification
  - Nordic Swan Ecolabel.
- 3. Refurbished commercial buildings in Norway with an improved energy efficiency of 30%.

### Eligible portfolio - Residential buildings



	Area per unit [m²]	Area qualifying buildings in portfolio [m²]
Apartments	72	877,767
Undetached houses	104	
Detached houses	170	
Semi-detached houses	125	
Sum		1,082,463

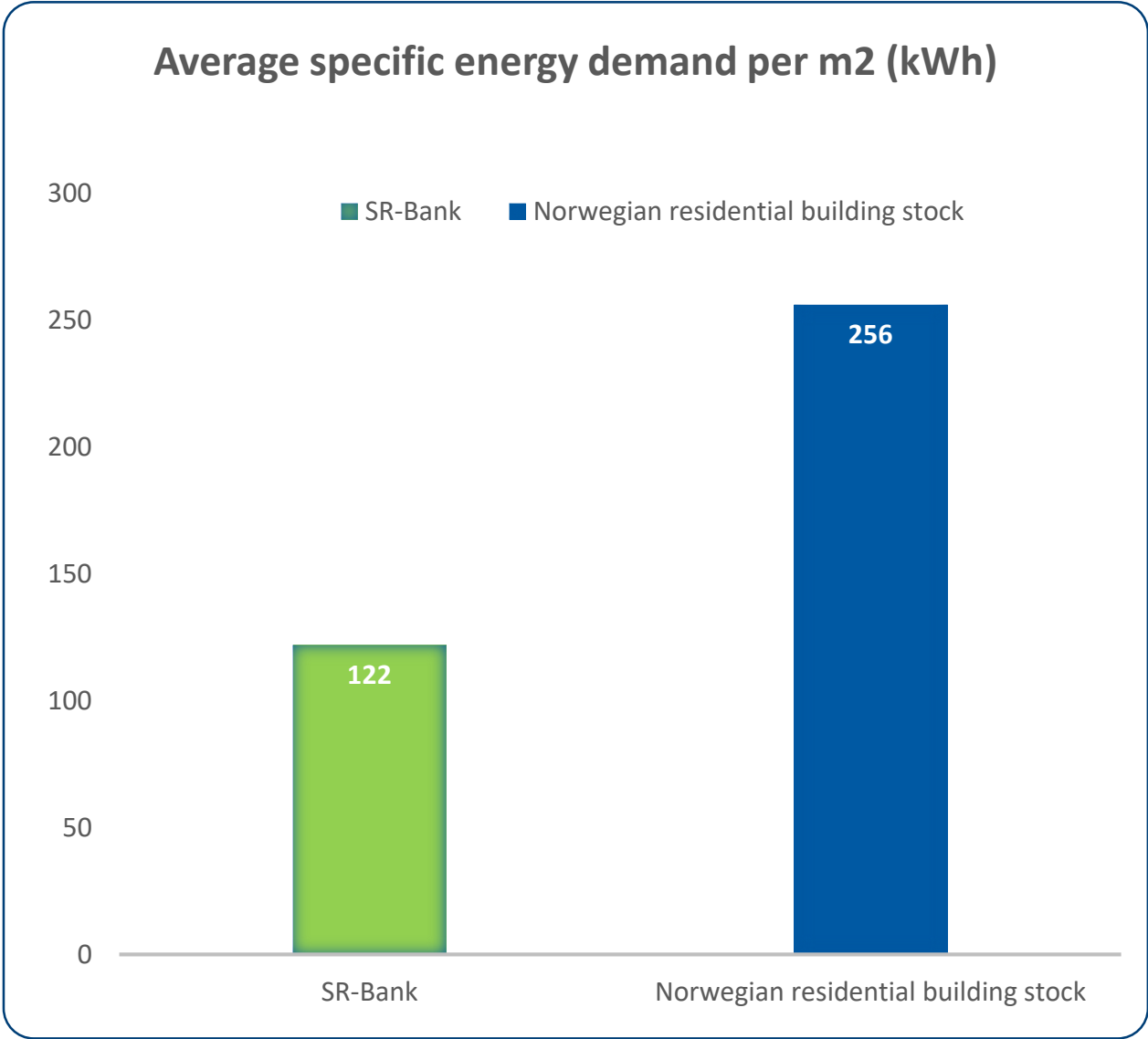
Small residential  
buildings  
16.9bn NOK

Apartments  
5.4bn NOK

Total  
~22bn NOK



# Impact assessment - residential buildings: CO2 impact



*The eligible portfolio has an estimated average energy consumption of less than 50 per cent of the Norwegian average*

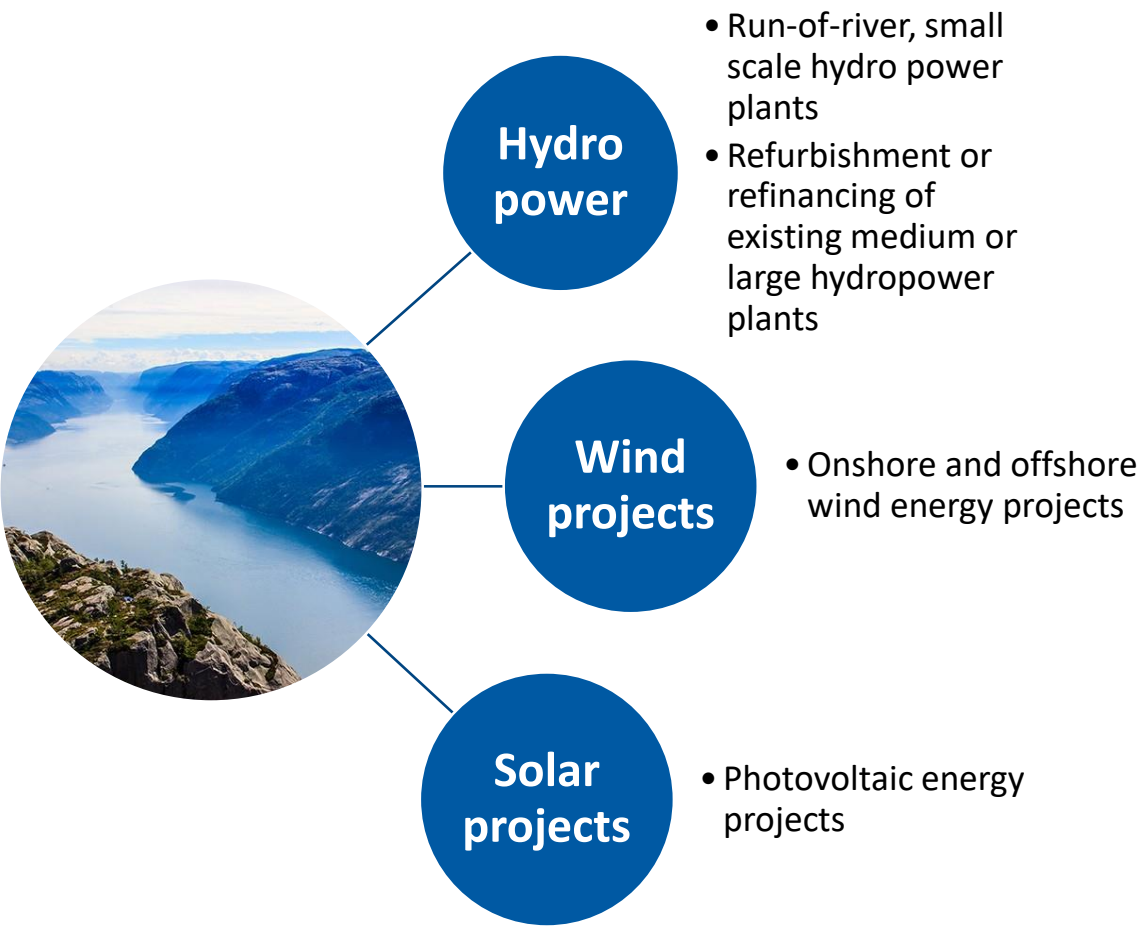
*Reduced energy consumption of 142 GWh per year on SR-Bank total eligible green portfolio*

*Reduced CO<sub>2</sub> emissions of 17,400 tons CO<sub>2</sub>/year*

Multiconsult

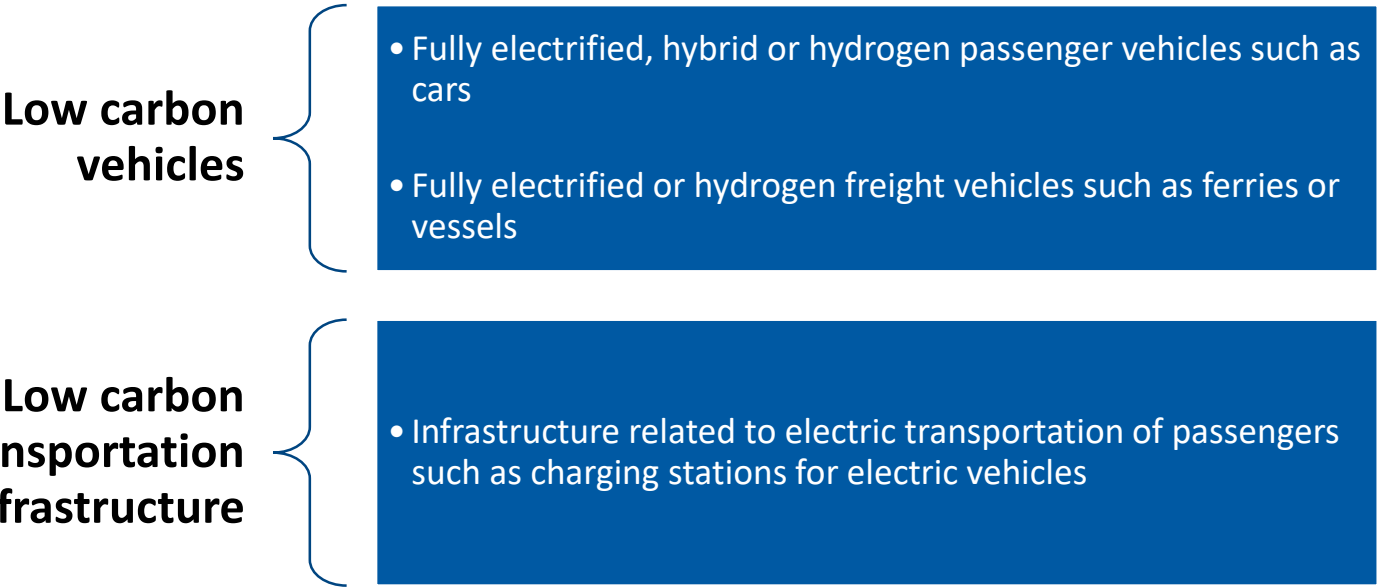
# Renewable energy & clean transportation

## Renewable energy



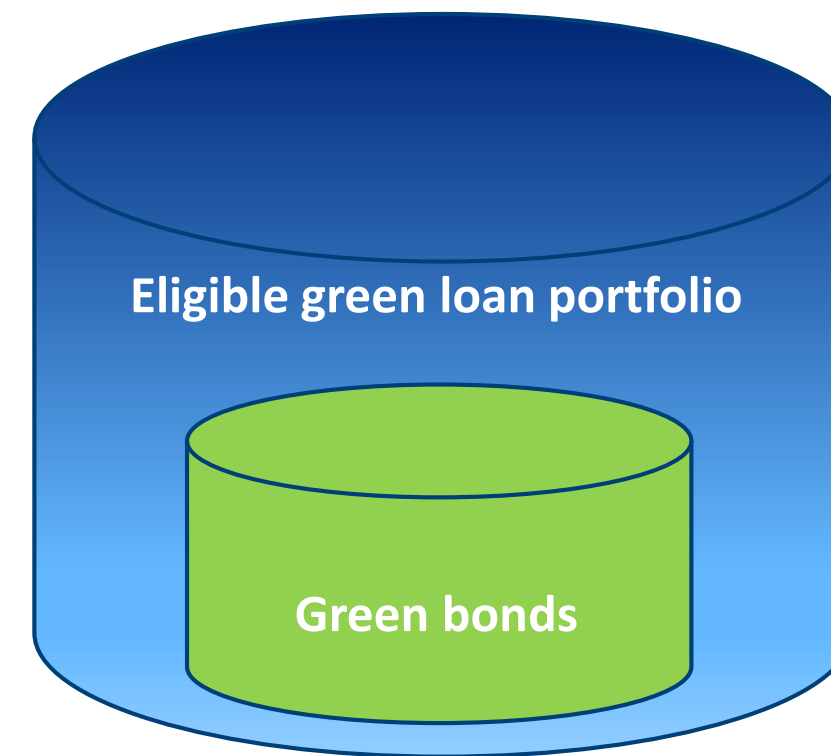
*All renewable energy assets will conform with limited direct emissions of less than 100g CO2e / KWh*

## Clean transportation



# Management of proceeds

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



# Reporting

## Allocation reporting



Amount of proceeds allocated to eligible loans



Number of eligible loans



Balance of unallocated proceeds



Amount or percentage of new financing and refinancing



Geographical distribution of the assets (at country level)

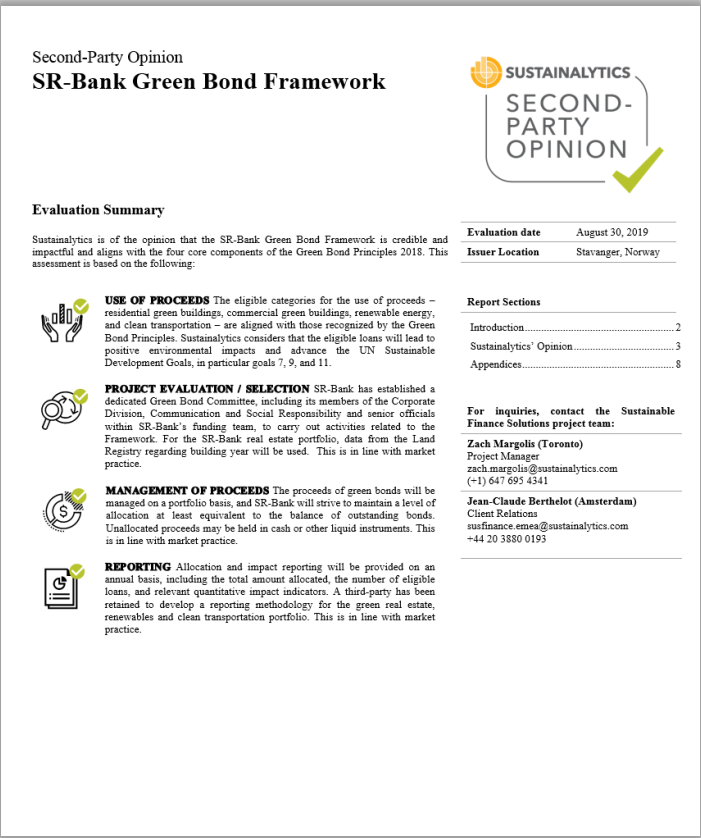
## Impact reporting

Eligible Project Category	Potential Impact Indicators
Green Buildings	<ul style="list-style-type: none"><li>Estimated ex-ante annual energy consumption in KWh/m2 or energy savings in MWh</li><li>Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent</li><li>For other categories SR-Bank may provide impact indicators whenever practicable.</li></ul>
Renewable Energy	<ul style="list-style-type: none"><li>Total installed capacity in MWh</li><li>Estimated annual avoided emissions in tons of CO2 equivalent</li></ul>
Clean Transportation	<ul style="list-style-type: none"><li>Low carbon vehicles: Number of vehicles (units per year)</li><li>Low carbon infrastructure: Number of EV's</li><li>Estimated ex-ante annual GHG emissions reduced / avoided in tons of CO2 equivalent vs fuel-based powertrain vehicles</li></ul>

*SR-Bank intends to make and keep readily available green bond reporting after a year from the issuance, to be renewed annually until full allocation*

# Sustainalytics’ second party opinion

Sustainalytics has issued a second party opinion on SR-Bank green bond framework



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



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



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



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



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

# Contact details and financial calendar

*For further information, please contact:*

**Morten Forgaard**

Direct line: +47 51 50 94 64

Mobile: +47 91 62 14 25

E-mail: [morten.forgaard@sr-bank.no](mailto:morten.forgaard@sr-bank.no)

**Dag Hjelle**

Direct line: +47 51 50 94 37

Mobile: +47 90 95 00 88

E-mail: [dag.hjelle@sr-bank.no](mailto:dag.hjelle@sr-bank.no)

**Bjørn Endre Oftedal**

+47 51 50 94 50

+47 45 24 60 03

[bjorn.oftedal@sr-bank.no](mailto:bjorn.oftedal@sr-bank.no)

**Lene Vaaland**

+47 51 50 93 45

+47 90 62 52 10

[lene.vaaland@sr-bank.no](mailto:lene.vaaland@sr-bank.no)

Web-site: [www.sr-bank.no](http://www.sr-bank.no)  
[www.sr-bank.no/sr-boligkreditt](http://www.sr-bank.no/sr-boligkreditt)

*Financial calendar*

General assembly	23 April 2020
Q1 20 Interim report	7 May 2020
Q2 20 Interim report	6 August 2020
Q3 20 Interim report	29 October 2020

Address: Christen Tranes gate 35, P.O. Box 250  
4007 Stavanger