

Sbanken

Annual Report 2021



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Emerging stronger from a challenging year

Sbanken can look back on an unusual year. We entered 2021 with a strong focus on realising our new strategy. Then, on 15 April, came the bid from DNB. The rest of the year became an exercise in safeguarding the interests of our customers and employees, running the bank as normal and delivering on our strategy, while at the same time dealing with the uncertainty and attention associated with a prolonged acquisition process. It has been challenging, it has impacted our operations, but we have emerged stronger from the experience. Our organisation has demonstrated a remarkable ability to put the customer first, no matter what is going on around us. Our customers are more satisfied than ever, and we will now do our utmost to create even better customer experiences in the future.

We had clear ambitions for 2021. Two focus areas had been defined: becoming Norwegian customers' preferred savings partner, and delivering the most automated, scalable banking products in the market. The task was challenging, but we knew what we needed to deliver on to make it happen: Loan preapproval letters in seconds. Mortgages in minutes. A more fine-grained price model. We wanted to make it simple and attractive for customers to save more in funds. Another important ambition was to reduce the cost ratio to be able to run a more cost-effective operation to the benefit of our customers and owners.

A surprising acquisition process

The first quarter was dedicated to delivering on our strategy. By the end of the quarter, there was something else to think about, as we learnt that DNB was looking to buy Sbanken. The news was surprising, and it attracted much interest both internally and externally, especially among our customers, when the bid was announced on 15 April. The high level of engagement among our customers demonstrated the strength of our brand in a way we had never seen before, but it also created uncertainty about the bank's future as a standalone company. It became important to reassure customers and employees, to

attend to our day-to-day operations and, not least, to protect shareholder value. The acquisition process has obviously affected our profit performance and our ability to deliver on our objectives and plans. In addition, the coronavirus pandemic continued to impact society and the economy in 2021 and gave rise to challenges for us.

Poorer profit performance

The year ended with a pre-tax profit of NOK 956 million, down NOK 51 million on the year before. The decrease was due to lower income and higher expenses, largely as a direct or indirect consequence of the acquisition process.

Clearer sustainability goals

In the sustainability area, we have established clearer objectives and deliveries that are material to our business model. We have set emission targets for our own operations and monitor the climate risk in our portfolio. Sbanken's greatest opportunity to exert influence lies in our social responsibility. We want to make banking simple and accessible for everyone without discriminating between people. We will continue to promote openness and transparency, with no hidden fees or prices and with an unwavering focus on customers. Customers can rest assured that we will give them advice that enables them to make smart financial choices. That way, we will create lasting value for all the bank's stakeholders.

Impressive employees and satisfied customers

Whatever the outcome, I'm proud of what Sbanken achieved during this challenging period. Our employees have put in an extraordinary effort. They have been there for each other. They have focused on their day-to-day tasks and put the customer first. That yields results. Recent surveys show higher customer satisfaction and loyalty than ever before. We made it into the top three in the Customer Service Index for 2021, our mobile banking solution was rated best in the country and we won the 2021 Innovation Award awarded by NHH.

Growth in savings and mortgages

We have also delivered on several of our strategic ambitions. We have continued to grow in the savings area. In June, we became the first bank in the world to have an authorised financial robo-adviser. We issue loan preapprovals in seconds and the actual mortgage in minutes, everything according to plan. The growth in mortgages is also back on track after a short period of stagnation at the start of the acquisition process.

Sound capital situation

Sbanken is robust as we head into the new year. Our capital situation is sound, with a CET1 ratio of 15.0 per cent. In February 2022, the Board decided to propose a dividend of NOK 6.60 per share for 2021.

Final conclusion to a long acquisition process

Many people have long awaited a conclusion of the acquisition process. When DNB announced the bid in April 2021, we chose to focus on the opportunities it represented. We had fruitful discussions with DNB about our shared ambitions and were prepared for a future together. The Norwegian Competition Authority considered the potential acquisition over a protracted period before the decision to intervene against the acquisition was announced in November. DNB appealed the decision, and, pending the Norwegian Competition Tribunal's decision, we agreed that we would focus on our separate plans for the future. On 16 March 2022, the Competition Tribunal announced that it would overturn the decision and allow DNB to acquire Sbanken.

As a new phase begins, it raises many questions about what's in store for us. So far, we don't have many answers. We will take some time to get to know each other, and together we must find out how to use the best of both worlds to create even better customer experiences going forward. It's an exciting opportunity that we will definitely seize.

We are excited and curious about what the future holds, and we hope our customers feel the same way. Our core focus has always been to put the customer first and to enable them to make smart financial choices. Doing what is in the customer's best interest is in our DNA, and that will never change.

The attack on Ukraine

At the time of writing of the 2021 annual report, Russia has attacked Ukraine, bringing about a tragic humanitarian situation. This situation will affect us all in one way or another. However, it is difficult for us to predict the specific consequences for us here in Norway, including for Sbanken, at the present time.

Thank you!

Finally, I would like to express my sincere thanks to our customers, employees, owners and partners for their efforts, commitment and support through the most challenging year in the bank's history.

Øyvind Thomassen
CEO, Sbanken ASA

Important events

Q1 First quarter

- Sbanken is ranked top in the industry on the Norwegian School of Economics' (NHH) Innovation Index for 2020. Sbanken also comes out top overall on digital innovation, which means that customers consider the bank to be among Norway's best performers in terms of innovation and development.
- Sbanken's mobile banking solution is named the best in Norway in a big Cicero test. The test includes 16 mobile banking solutions, and Sbanken's solution is praised for its user-friendliness, good design and useful functions for both simple and more advanced use.
- The Board of Sbanken decides to use its mandate to pay NOK 3.15 per share in dividend for the 2019 fiscal year. The dividend distribution was postponed on the Financial Supervisory Authority's recommendation in light of the increased uncertainty associated with the coronavirus outbreak. For the 2020 fiscal year, it is proposed to grant the Board a mandate to pay a dividend of NOK 4.40 per share.

Q2 Second quarter

- DNB makes a recommended voluntary bid to acquire all outstanding shares in Sbanken ASA at a price of NOK 103.85 per share. In June, the bid is raised to NOK 108.85, corresponding to a total price of NOK 11.6 billion, and achieves an acceptance rate of 91.2 per cent (combined with DNB's own holding). The offer is contingent on regulatory approval from the Ministry of Finance and the Norwegian Competition Authority.
- Sbanken is the first bank in Norway to launch an interest rate guarantee with a duration until year-end 2021 for all its mortgage customers.
- For the 20th year in a row, the Norwegian Customer Satisfaction Barometer (NKB) finds that Sbanken has the most satisfied and loyal customers among Norwegian banks.
- Sbanken's savings robot becomes the world's first financial robo-adviser to be authorised under the Finance Industry's Authorisation schemes (FinAut).

Q3 Third quarter

- The Competition Authority announces that it is considering intervening against DNB's planned acquisition of Sbanken. The statement is based on the Authority's concerns that the acquisition may weaken competition in the market for mutual funds.
- Norges Bank raises the key policy rate to 0.25 per cent, the first interest rate increase after the policy rate was cut to a record-low zero per cent following the coronavirus outbreak in the first half-year of 2020.
- Sbanken is awarded a B+ rating in the ESG 100 report ('Bærekraft på børs') for 2021, prepared by The Governance Group. Special mention is given to the bank's clear improvement in sustainability reporting.

Q4 Fourth quarter

- The Competition Authority decides to intervene against DNB's planned acquisition of Sbanken. DNB subsequently appeals the decision to the Norwegian Competition Tribunal, which will make its decision by 16 March 2022.
- The Board of Sbanken decides to use its mandate to pay a dividend of NOK 4.40 per share for the 2020 fiscal year.
- Norges Bank raises the key policy rate to 0.50 per cent.
- Sbanken is named the company with the most satisfied customers in EPSI's first survey of the private savings and investment market in Norway.



Key figures (group)

In NOK thousand	Reference	2021	2020
Summary of income statement			
Net interest income		1 517 710	1 644 137
Net fee and commission income		210 573	184 310
Net other income		-34 995	22 050
Total income		1 693 288	1 850 497
Other operating expenses		-741 203	-710 371
Operating profit before loan losses		952 085	1 140 126
Loan losses		3 470	-133 482
Earnings before tax		955 555	1 006 643
Calculated tax		-222 015	-223 601
Net profit		733 540	783 042
Profitability			
Return on equity	1	10,3%	11,4%
Net interest margin	2	1,53%	1,66%
Cost-to-income ratio	3	43,8%	38,4%
Earnings per share		6,62	7,00
Balance sheet figures (in NOK million)			
Total loan volume		84 671	83 438
Customer deposits		64 240	58 644
Deposit-to-loan ratio	4	75,2%	68,4%
Lending growth (gross) previous 12 months		1,5%	2,4%
Average total assets	5	98 953	98 939
Total assets, end of period		102 274	100 726
Book value per share		63,50	64,72
Losses and defaults			
Total loan loss (%)	6	0,00%	0,16%
Capital adequacy and leverage ratio			
Common equity Tier 1 capital ratio	7	15,0%	15,5%
Tier 1 capital ratio		16,8%	17,3%
Total capital ratio		19,0%	19,6%
Leverage ratio		6,1%	6,3%
Employment			
FTEs		323	334
Female representation in the Management group		44%	25%
Employees proud of being employed by Sbanken on a scale from 1 to 5		4,20	3,70
Customer satisfaction			
Norwegian Customer Barometer		81,50	82,00
EPSI		82,10	80,80

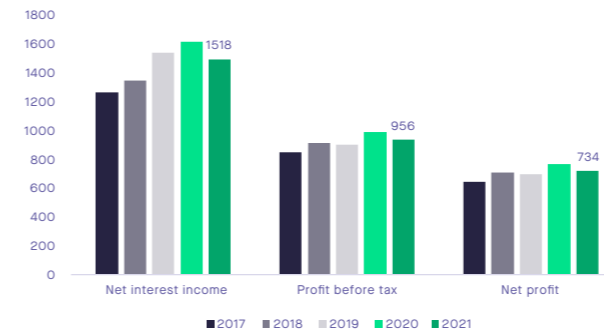
References

- 1) Return to shareholders after tax (annualised) as a percentage of average shareholder equity in the period.
- 2) Net interest income (annualised) as a percentage of average total capital
- 3) Operating expenses before loss as a percentage of total income
- 4) Average deposits from customers as a percentage of average loan volume

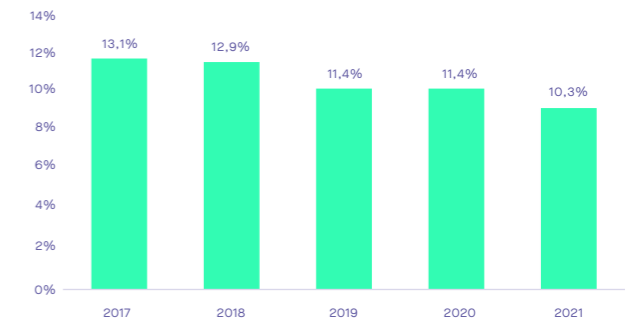
5) Average total assets in the period

- 6) Loan losses as a percentage of average loan volume in the period
- 7) Year-end 2021 is adjusted with proposed dividend of NOK 6.60 per share. Year-end 2020 includes 37.2 per cent of retained earnings for 2020 and 50.4 per cent of the profit for 2019.

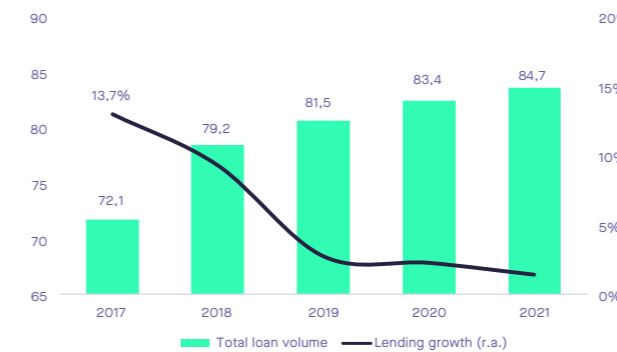
Profit performance in NOK million



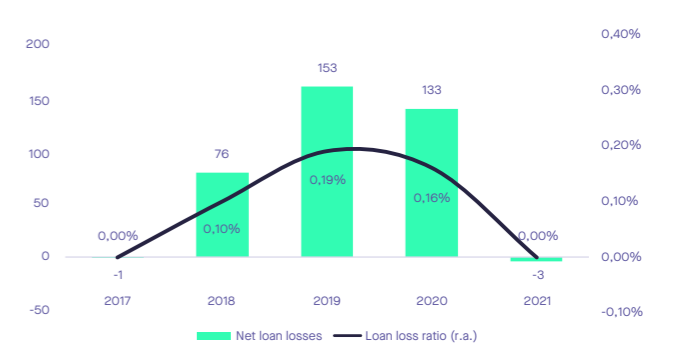
Return on equity



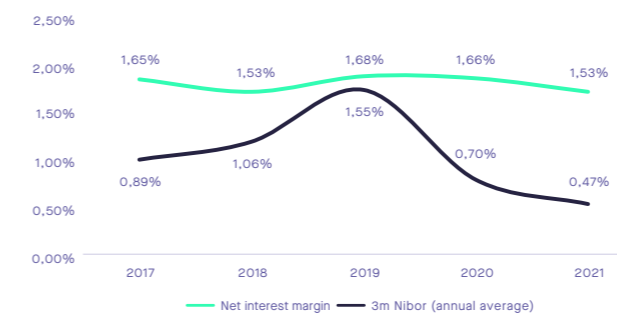
Loans to customers (NOK billion) and lending growth (per cent)



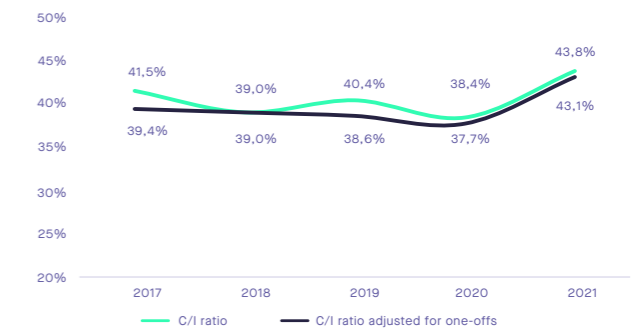
Loan losses in NOK million and per cent



Net interest margin



Cost/Income (C/I) ratio in per cent



Sbanken's history

Sbanken came to life in April 2000 as Norway's first online-only bank under the name Skandiabanken. Back then, the bank operated as a Norwegian branch of Skandiabanken AB, a part of the Swedish insurance group Skandia Livsfors kring AB. Based on a differentiated approach to banking, the bank quickly gained a reputation for fee-free products, competitive prices, very satisfied customers and innovative digital solutions.

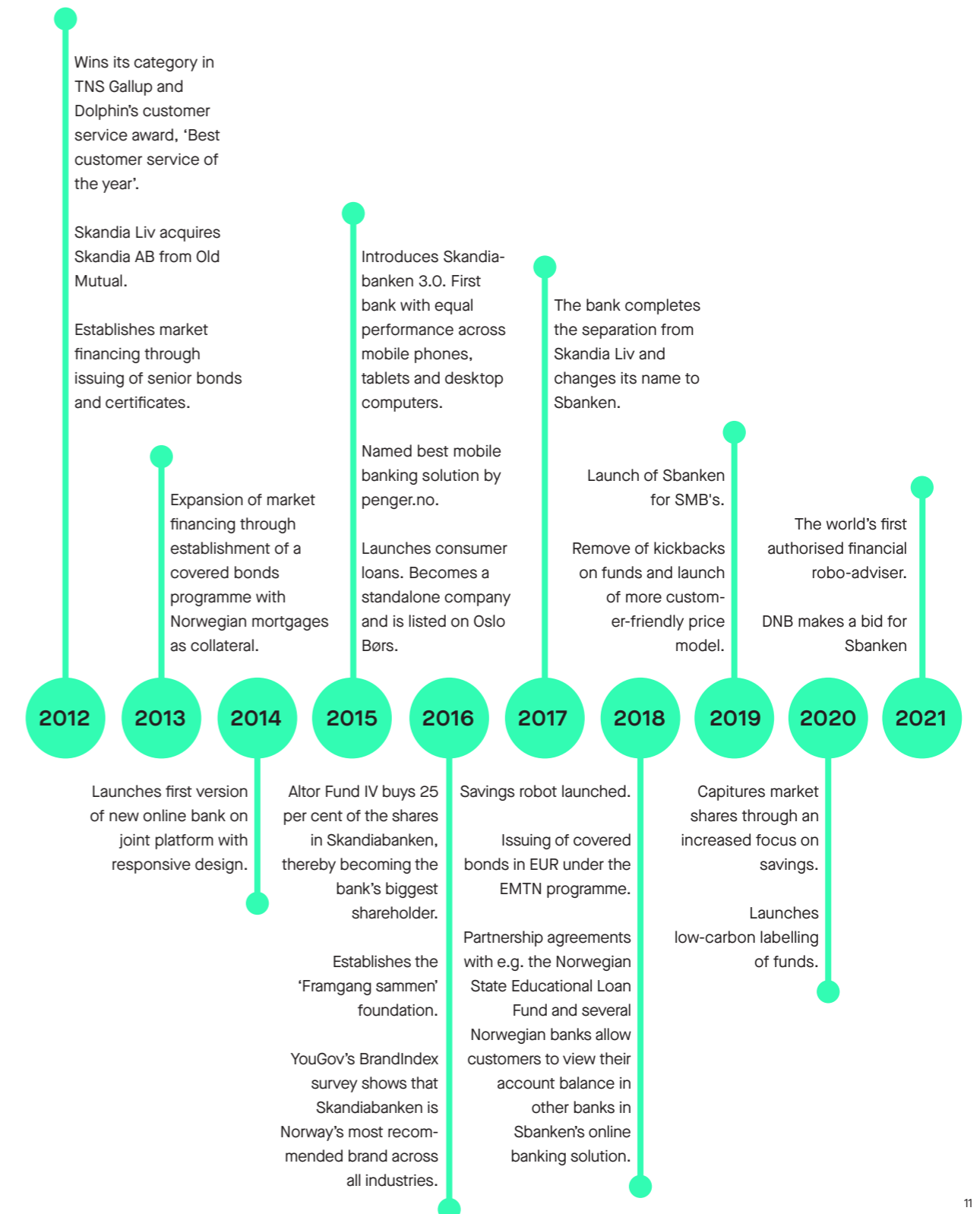
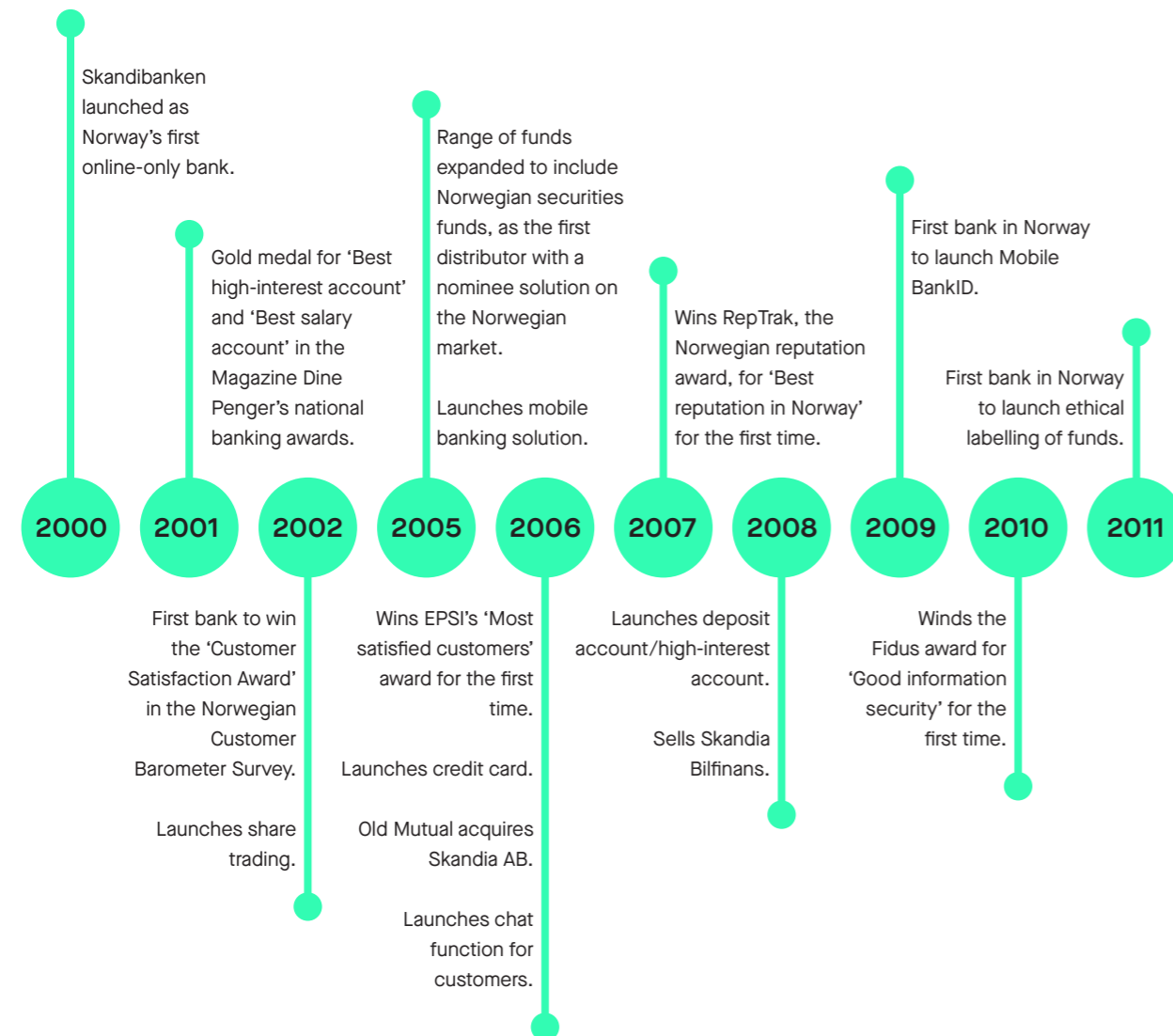
On 5 October 2015, Skandiabanken's Norwegian branch was transformed into a standalone limited liability company with a Norwegian licence, and on 2 November 2015, the company was listed on Oslo B rs with a market value of NOK 4.6 billion. Although the bank was not among the biggest in terms of asset management, Skandiabanken had become one of Norway's most recognised brands in banking and finance. A condition for the transformation into a standalone company was that the bank had to change its name within three years. The name change from Skandiabanken to Sbanken happened two years later on 6

November 2017. Norwegian banking customers today recognise Sbanken for the same values and strong customer orientation the bank was originally founded upon. The Sbanken brand has continued to come out top in surveys of customer and brand satisfaction or loyalty. In 2021, as in many years prior, Sbanken received top ratings in banking and finance in the Norwegian Customer Satisfaction Barometer, the EPSI Rating and the Norwegian Innovation Index. This confirms our position as customers' favourite bank.

In 2018, Sbanken launched a corporate banking initiative. With its state-of-the-art scalable digital platform, Sbanken challenged the service concept, fee structure and SME service price levels of the bigger banks. At the end of 2021, Sbanken had 484,000 retail customers and 10,000 corporate customers, 342 employees (323 full-time equivalents) and total assets of NOK 102.3 billion. The bank's five largest owners are Altor (25%), DNB ASA (9,9%), Odin Forvaltning (4,8%), Paradigm Capital Management, Inc. (2,6%), The Vanguard Group, Inc. (2,4%).

On 15 April, DNB made a recommended voluntary bid to acquire all outstanding shares in Sbanken ASA at a price of NOK 103.85 per share. In June, the bid was raised to NOK 108.85, corresponding to a total price of NOK 11.6 billion, and it achieved an acceptance rate of 91.2 per cent (combined with DNB's own

holding). In the subsequent regulatory approval process, the Norwegian Competition Authority decided to intervene against DNB's planned takeover of Sbanken, and DNB appealed the decision to the Norwegian Competition Tribunal.



Sbanken's values

#open

- **We are open and honest.** We provide freedom of choice and have no hidden costs or agendas. We communicate why we do what we do.

#simple

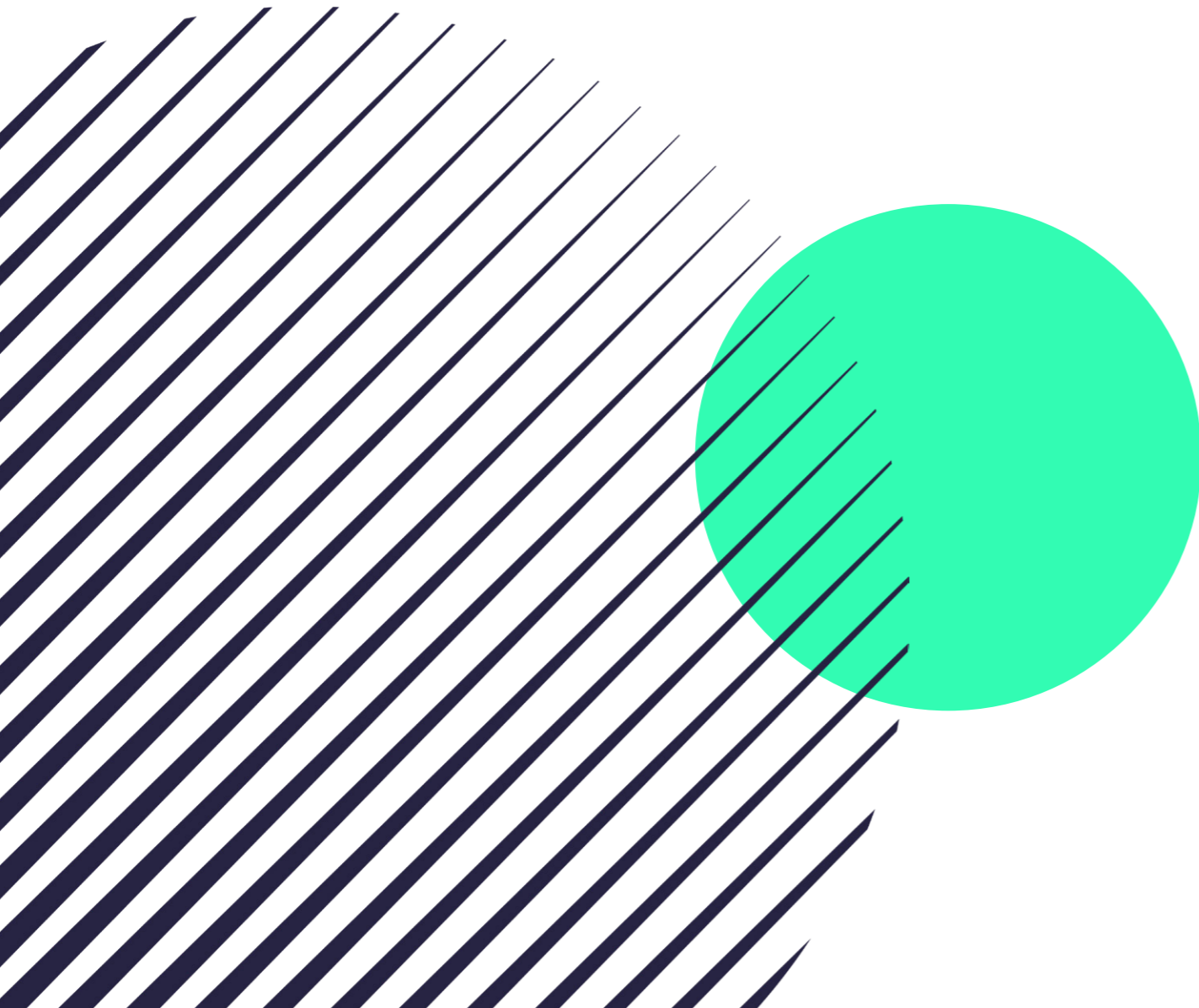
- **We make people's everyday lives simpler.** We understand people's needs and provide assistance at the right time. We enable customers to make smart choices.

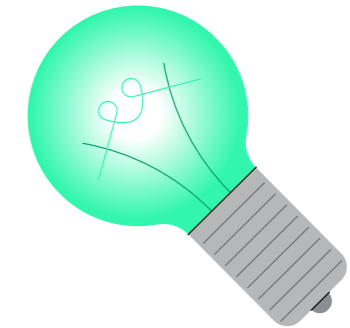
#fair

- **We treat everyone fairly and as equals.** We believe in a fair deal that benefits customers, employees, owners and society.

#friendly rebel

- **We are bold and challenge established truths.** We are playful and dare to make mistakes. We are different and develop the best solutions in partnership with others. We confront dishonesty head-on.





Sbanken's business

Sbanken is Norwegian customers' favourite bank. For more than 20 years, we have challenged inefficiency, lack of transparency and unnecessary fees and costs through digital innovation, sustainable advice and good customer experiences. We intend to continue doing so – on behalf of all Norwegian banking customers. We combine a digital approach with healthy banking operations, we have no branches and we are located in Bergen.

Since the launch in 2000, Sbanken has offered uncomplicated, simple products through digital self-service solutions at competitive prices. We offer high availability and swift response when customers need personal help, and our dialogue with customers is informal and solution-oriented. Our customer-centric approach is one of the main reasons Sbanken has maintained its top rankings in customer satisfaction and loyalty surveys over the years.

494,000 customers

Since Sbanken was listed in 2015, the bank's lending portfolio has grown from NOK 55 to 85 billion. This corresponds to an average annual growth of around 8 per cent and increased market shares. In mutual fund saving, the bank has seen even stronger growth, and the volume of customers' saving in the bank's independent savings platform has more than doubled

over the past three years alone, to more than NOK 33 billion. The customer portfolio has grown steadily during the same period. The bank gained 10,000 new customers in 2021 and thereby had a total of 484,000 retail customers and 10,000 corporate customers at the end of the year.

Sbanken offers mortgages, payment and card services, investment and savings products and short-term loans such as consumer loans and car loans to the retail market. In the corporate market, the bank offers payment and card services, saving and an innovative integration with cloud-based accounting services.

High-quality lending

The bank's mortgage portfolio had an average loan-to-value ratio of 51 per cent at 31 December 2021, and is of high quality. The majority of borrowers are in the 35–49 age group and geographically concentrated in liquid housing markets in and around the biggest towns and cities.

Sbanken has demonstrated an ability to maintain profitable growth over time, and will continue to do so going forward. At the same time, the bank will continue developing its services and products, for example by focusing on the savings area and solutions for small businesses. Mortgages will still make up the majority of the lending portfolio, but the bank will continue to diversify lending to include other credit products. Through investments and a focus on saving and other products, the bank will endeavour to increase its share of capital-light revenues over time.



Satisfied customers for 20 years

For the 20th year in a row, the Norwegian Customer Satisfaction Barometer (NKB) found that Sbanken had the most satisfied customers. That is a both a source of inspiration and a commitment. After a challenging year, we can proudly say that our brand is as robust as ever.

Ever since the start in 2000, our customers have been in the driver's seat at Sbanken. Our customers are, and should be, the compass and temperature gauge for everything we do. In 2021, Sbanken's important role in the market was confirmed beyond doubt, and we are incredibly proud of everything that is associated with and delivered under the Sbanken brand.

Every year since 2002, Sbanken has come out top in the Norwegian Customer Barometer survey, which is conducted annually by Barcode BI. The survey shows that our customers

are satisfied and loyal and that the bank has an excellent reputation.

Even though we have won many times before, it is always very pleasing. We do not use our top ranking in the Norwegian Customer Barometer as an excuse to sit back and relax. We know we can always do things even better, simpler and smarter. We also know that satisfied customers is something we must earn through the hard work we put in every day.

Sbanken also came out top in terms of customer satisfaction in EPSI Rating's annual banking survey. The score of 82.1 is our best-ever in the history of the EPSI survey. On top of everything, we managed to achieve that in a year characterised by a general decline in customer satisfaction in the industry. In addition to the top ranking and record result in customer satisfaction, our mobile banking solution rose to the top of the podium.



According to EPSI's bank survey for 2021, 'Sbanken clearly stands out from its main competitors through its fully-digital model, and not surprisingly, scores particularly high on simplicity, fresh thinking and innovation'.

An outstanding reputation

From the very start, it has been a goal for Sbanken to offer simple, digital self-service solutions that benefit all customers. This has yielded results, among other things in the form of loyal customers and a good reputation.

The communications agency Apeland conducted the first Traction reputation survey in 2021, which measured the reputation of 50 enterprises. Sbanken achieved a score of 77 in the survey, thereby coming in 10th place overall, far ahead of all the other banking and finance players.

Figures from YouGov show that Sbanken has maintained an excellent reputation throughout 2021, measured against its competitors, and that its reputation was largely unaffected by the ongoing acquisition process.

Best on digital innovation

The Norwegian Innovation Index is a customer-based rating of innovative enterprises, conducted by the Norwegian School of Economics (NHH). The index consists of three sub-indices, and as one of only four Norwegian companies, Sbanken is in the top ten for all of them. In the 2021 rating, Sbanken comes out top on the digital innovation index, third in terms of commercial innovations and sixth in terms of social innovations. This clearly shows that customers both notice and appreciate Sbanken's innovation capacity.

Accessible, constructive and secure

Sbanken makes active efforts to be accessible to customers. Together with the bank's suppliers, we set targets to ensure high accessibility of services. We continuously carry out measurements to ensure that we meet our uptime targets. The

scores are continuously checked and quality assured with our suppliers and partners. In 2021, customers experienced good accessibility of services.

Good customer dialogue and active customers

In 2021, Customer Service received 631,727 enquiries from customers via telephone, chat and email. Our customer service staff also deal with the enquiries we receive through social media.

Some of the enquiries concern suggestions for improvements to existing services and products and some are suggestions for new initiatives. On average, Customer Service received 145 improvement suggestions per month in 2021, and Sbanken makes dedicated efforts to consider all the suggestions we receive. A number of improvements have been made as a result of suggestions from customers. We take the year-for-year decrease in the number of improvement suggestions as a clear sign that our user friendliness has improved, and that customers are satisfied.

We only received 51 customer complaints in total in 2021, a decrease of 71 per cent compared with the year before. The decrease is related to the way we deal with enquiries. We place a call to all customers who submit a complaint, and most of the issues are resolved during that dialogue. Our goal is to ensure that most enquiries are resolved during customers' first dialogue with Customer Service, instead of them submitting a complaint afterwards. We see a positive effect of this strategy, both in terms of fewer complaints and more satisfied customers.



Best in Norway on digital innovation

Over the years, Sbanken has taken a position as a leading digital bank, which was recognised by the market again in 2021. Sbanken's mobile banking app was named the best in Norway in what was referred to as the first proper test of 16 Norwegian mobile banking solutions. At the same time, a survey conducted by NHH showed that Sbanken ranks top in innovation in the financial industry, which was the first survey where a bank came out top in the digital innovation category. And last, but not least, Sbanken's savings robot became the first authorised financial robo-adviser in the world, putting the Norwegian financial industry on the map as the first country to use a robot to provide authorised financial advice.

Leading culture for innovation

Sbanken has been recognised over the years for being an innovative bank that is quick to provide its customers with smart, user-friendly services based on state-of-the-art technology. The year 2021 was no exception, with the Norwegian Innovation Index ranking Sbanken together with Netflix and HBO as the best in digital innovation. Sbanken was one of few companies to make it into the top ten in all innovation categories.

The year's survey was the fourth in a row in which Sbanken came out top in the financial industry, and the first time we topped the digital innovation category. The results can be added to a long list of top rankings that Sbanken has received in surveys on customer satisfaction, innovation and brand. 'A front runner in the innovation context'

One of the brains behind the Norwegian Innovation Index is NHH Professor Tor W Andreassen. He can report that this year's index has three parameters, compared to two previously, and

that Sbanken is one of few companies to make it into the top ten in all of them:

'The companies that come out top in the Norwegian Innovation Index are ground-breaking, creative and customer-friendly. Sbanken is a front runner in the innovation context, and has responded to customer needs since the get-go. During the pandemic, Sbanken has done even better than before, both as a result of being a digital bank during a period of lockdown due to the coronavirus, and because they constantly launch more green and environmentally friendly solutions for their customers,' says Andreassen.

Technology as competitive advantage

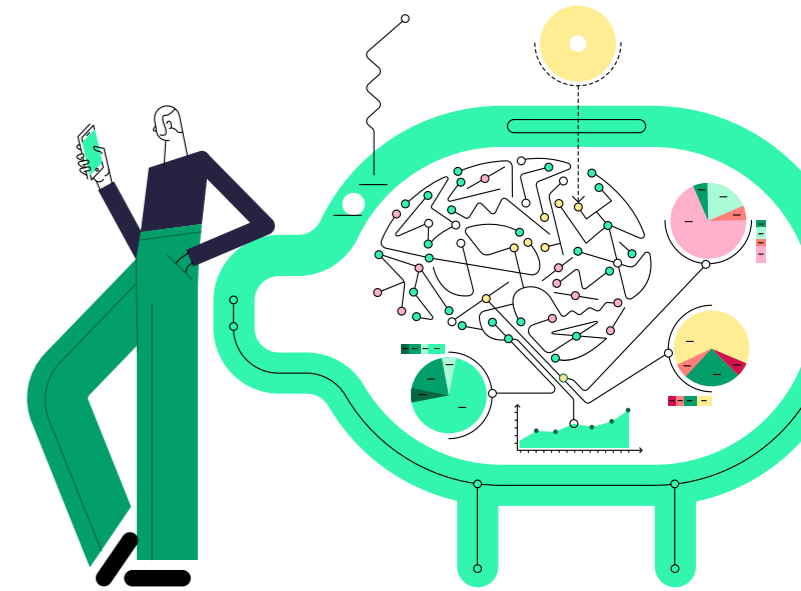
Since 2017, Sbanken has invested in competence and technology solutions to be able to offer customers an authorised financial robo-adviser. We are known for providing our customers with new and digital solutions that simplify and improve their daily interaction with the bank, and we reached yet another significant milestone in 2021. Sbanken became the first bank in the world to offer its savings customers an authorised financial robo-adviser. We regard this authorisation as a very important means of establishing trust in new technology and of enabling robo-advisers to effectively help thousands of Norwegians to save smarter and better on their own terms.

Knowing that the robot not only complies with a strict framework of regulations and ethical rules, the industry norm and code of conduct set out in the Finance Industry's Authorisation 'Good practice for advice and other customer service' is a stamp of quality and reassures consumers.

Automated loan processes

Sbanken's customers can apply for all types of loans via the online banking service. For mortgage applications that can be signed electronically, approximately 93 per cent were submitted electronically in 2021 using BankID. In 2021, we have focused on further automating and simplifying the mortgage process, among other things by enabling more applications to be processed automatically. Customers who used to have to wait for a case officer to assess their income documentation can now get an answer at once. This simplifies the application process and reduces the risk of errors and shortcomings in the documentation. In 2021, approximately 90 per cent of mortgage applications were automatically approved.

Automatically approved consumer loans and short-term credit products are immediately made available in the customer's account, while automatically approved mortgages and car loans are checked before they are disbursed to the customer.



Award-winning mobile app

More and more of our customers are 'digital natives' and the trend remains clear – ever greater use of our mobile app. This means that the demand for user friendliness, performance and accessibility makes greater and greater requirements of us as a bank, and it is great to see the fantastic results of our efforts, with Cicero Consulting performing the most thorough test ever of Norwegian mobile banking solutions, where Sbanken's app was ranked best in Norway!

The test comprised the 16 biggest mobile banking solutions and it agreed with our customers: Sbanken delivers.

Some of the comments made about Sbanken's mobile app include that it is consistently user friendly and has great graphic design, and that it has good flow and no lags. Sbanken manages to create a kind of Netflix feeling, whereby everything simply works. They also go on to say that Sbanken has succeeded over the years in building a digital brand, and that practically no one associates Sbanken with Bergen, even though its head office is located there.

We are naturally very proud of the recognition and award, but we also see major challenges going forward of being a small bank in a global context, where we are increasingly compared to and have to compete with the user friendliness of the international giants. So although we received a lot of praise in 2021, we cannot afford to rest on our laurels going forward.



Corporate social responsibility and sustainability

It is Sbanken's ambition to have a positive impact on people, the environment and society. All the bank's activities shall be driven by an ambition to achieve a balance between satisfied customers, employees and owners, and a positive impact on society. We call that the Fair Deal, which is our approach to creating lasting value for all the bank's stakeholders.

Sbanken is an online-only bank with 484,000 retail customers and 10,000 corporate customers in the SME segment. Our services for retail customers include digital, customer-friendly mortgages, car loans and consumer loans, savings products and day-to-day banking services. Our services for corporate customers do not include credit, but consist of efficient, digital day-to-day banking and savings services.

Trust is the very foundation of banking. The trust of our customers, employees, owners and the authorities is decisive to our long-term success. To gain that trust, we need to strike a balance between different stakeholders' needs and wishes.

About ESG in the business model

In order to create lasting value for our stakeholders, as described in the 'Fair Deal' stakeholder model later in the report, considerations of national and international sustainability principles, the climate and environment, social conditions and business ethics,

hereafter referred to as ESG (Environmental, Social, Governance) factors, will be essential to all decisions made in the organisation.

E: Environmental factors

Sbanken's activities leave a small environmental footprint, which provides limited opportunities to influence climate and environmental factors directly through our business. The bank is an online-only retail bank with no branches, company cars or need for extensive travel from the head office. The bank's products and services for retail customers also provide limited possibilities of making an impact. Nor does the bank offer credit to corporate customers, which means that it does not finance any emission-intensive companies. The bank distributes funds, but does not manage funds of its own.

In the transition to a low-emission society, the bank's possibilities of making an impact must be seen in light of these factors. The business model thereby also affects our strategy, objectives and climate risk reporting. The bank's work to reduce direct (Scope 1) and indirect (Scope 2 and 3) emissions includes:

- Environmental certification through the Eco-Lighthouse Foundation, which bases its climate calculator on the Greenhouse Gas Protocol (GHG) classification. The Eco-Lighthouse scheme is recognised by the EU for its high environmental and quality standards in line with international labelling schemes (EMAS and ISO 14001). Our environmental accounts meet the provisions set out in the Accounting Act Section 3-3 ('Content of the annual report') and the Environmental Information Act Section 16 ('Right to receive information about undertakings'). Moreover, the climate and environmental report is based on a principle

that is equally important in environmental management and finances, namely continuous improvement. The bank's emission reduction targets for its own operations are in line with the Paris/Glasgow agreements.

- Annual reporting to the Carbon Disclosure Project (CDP)
- Annual reporting of climate risk with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Green bond framework
- Measures relating to customers' investments in funds
 - Dialogue with fund managers on investments in emission-intensive companies
 - Low-emission labelling of funds
 - ESG labelling of funds ('ethical labelling')
- Expectations and requirements of suppliers for clear emission targets, strategy and reporting
- Expectations of companies in which the bank has holdings for clear emission targets, strategy and reporting
- Continuous assessment of new product opportunities with the potential to make a positive impact.

S: Social factors

Sbanken shall not discriminate against or give differential treatment to customers, employees, owners or stakeholders. It is in our DNA to make financial services simple and accessible to enable customers to make smart decisions in their day-to-day lives. The bank's strategy to ensure equal treatment and reduce differences includes:

- Credit assessment of customers based on objective criteria. The bank does not discriminate within given credit classes.
- Digital savings solutions
 - Sophisticated financial advice available to everyone with the help of the bank's robo-adviser.
 - ESG assessment and labelling of funds ('ethical labelling'). Contributes to channelling capital into industries and companies that take ESG principles seriously, including focusing on human and labour rights. Simple tools to avoid ESG risk are thereby universally available.
- One of the most transparent price models in the market.
- Sbanken aims to be a workplace that practises transparency and fairness concerning employees' employment relationships. The framework for employee's day-to-day work must be predictable and there must be fair access to competence development.
- Expectations and requirements of suppliers to comply with human and labour rights and to strive for equality.

- Expectations of companies in which the bank has holdings for clear emission targets, strategy and reporting.
- Financial support for projects that work to prevent exclusion among children and young people, through the 'Framgang Sammen' foundation.

G: Governance factors

In the ESG perspective, governance is about corporate governance, risk management and how the bank's sustainability work is managed.

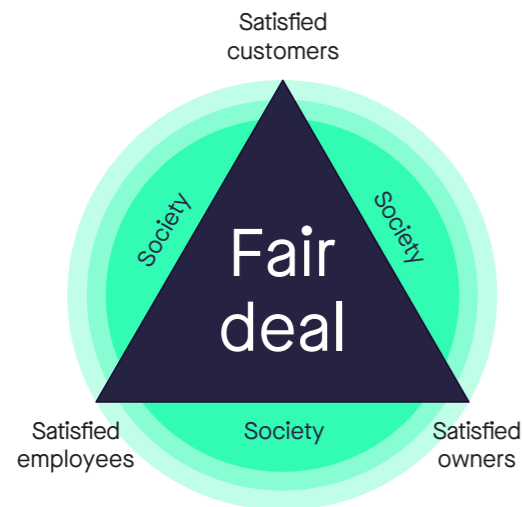
The bank considers good corporate governance to be a precondition for value creation and credibility, and access to competitive capital. To ensure strong and sustainable governance, it is important that the bank ensures good and healthy business practices, reliable financial reporting and a culture for compliance with laws and regulations. The bank's corporate governance policy sets out principles for how the business should be run. The bank is subject to requirements for an annual review of the bank's implementation and reporting on corporate governance under Section 3-3b of the Accounting Act and Chapter 4.4 of the Oslo Rule Book II. Sbanken submits its review in accordance with the Norwegian Code of Practice for Corporate Governance. The Accounting Act is available on the Lovdata website. The Oslo Rule Book II is available at oslobors.no/Oslo-Boers/Regelverk. The Code of Practice is available at www.nues.no. The annual review of the bank's implementation and reporting of corporate governance is available in Chapter 19 of this annual report and is an integral part of the Board of Directors' report and the sustainability report. With increasingly stringent and more complex statutory regulations, it is crucial that Sbanken, with its high degree of automated processes, has good management and control systems. Sound risk management and control systems for anti-money laundering, corruption and terrorist financing, data protection and information security, are part of the foundation for safeguarding the bank's 'licence to operate'.

In support of the bank's ESG ambition and to ensure that environmental, social and governance factors are incorporated into Sbanken's day-to-day activities, the Board has adopted a ESG and sustainability policy that guides the bank's approach to and compliance with national and international ESG principles, in other words its ability to give due consideration to environmental and social factors as well as corporate governance. In addition, the Board has adopted dedicated policies for e.g. ethics and business conduct, anti-money laundering, information security and data protection. These policies are considered annually by the Board, which is also closely involved in the bank's sustainability reporting.

To ensure compliance with the intentions of the policy documents, the management has devised more detailed guidelines that are intended to support the organisation's compliance with internal policies and external regulations in its day-to-day work. A more detailed description of the ESG management system is available in the section 'How Sbanken manages its ESG work' below.

Fair Deal – the bank’s approach to ESG

The Fair Deal concept is built around four stakeholders, where the three main parties are customers, employees and owners. They are encompassed by the fourth stakeholder – society – reflecting laws, rules, standards for and expectations of the organisation’s corporate social responsibility. The inclusion of the owner perspective highlights how the totality of the bank’s sustainable initiatives and activities must be profitable and build stakeholder value. The stakeholder model Fair Deal underpins the bank’s core values: open, simple, fair and friendly rebel. The values describe how the bank would like its stakeholders to perceive the bank’s business model and practices.



Sbanken’s main focus is to enable **customers** to make wise financial choices, including by making sophisticated financial advice available to everyone. In order to succeed, the bank depends on **employees** perceiving the bank’s culture as characterised by mutual trust, fairness and innovation, and that the bank pursues gender balance and equal pay as evidence of equal opportunities and rights, regardless of gender and other diversity parameters. The **owners**, on their part, need reassurance that they are investing in a bank that understands customer needs and is thereby attractive in the market, which yields a good return. In order to create lasting value for customers, employees and owners alike, the bank must act as a **responsible member of society** by organising its activities so that they reinforce the positive influence and reduce the negative impact on society and the environment.

The Fair Deal concept is integrated in all the bank’s processes and thereby forms a natural framework for the bank’s work on and reporting of ESG and sustainability, hereafter also referred to as the bank’s ESG (Environmental, Social and Governance) work.

Stakeholder engagement in the Fair Deal

An open, inclusive stakeholder dialogue is important to enable Sbanken to safeguard its responsibility, meet and understand expectations, adjust to change and create trust in relation to the stakeholders in the Fair Deal. For more information, see the appendix ‘Stakeholder engagement’.

Our dialogue with **customers** takes place through regular surveys. User surveys are used in connection with product development. In addition, the bank receives input from customers on a running basis through digital channels such as the online banking solution and the app. In 2021, the bank initiated work to systematise praise and criticism received through the website (on the ‘Ris og ros’ page). The bank guarantees that all input is read and communicated to the correct internal resources for consideration and potential implementation in the bank’s products and services. The goal for 2022 is to improve the system so that customers can categorise their input themselves. This will enable customers to give feedback directly to the staff responsible for the area in question, which will thereby safeguard the customer dialogue.

Both formal and informal dialogue between managers and **employees** is decisive to achieve a common understanding of the organisation’s needs, to create motivation and commitment towards common goals, and to ensure a good, productive working environment in which meaning, mastery and development are the drivers of good results. The most important tool for the systematic collection of information and input from employees is regular organisation surveys. The survey guarantees full anonymity to respondents via an external supplier. The results are communicated at aggregated levels to departments and teams that work together to reinforce positive trends, implement measures where needed and define improvement targets. Employees are also invited to regular staff meetings at which the bank’s managers engage in dialogue with staff through open and direct Q&A sessions.

The bank holds regular meetings with its biggest **owners** and with analysts who follow the bank. The bank also engages in ESG dialogue with shareholders who so wish. An annual general meeting was held in 2021. Shareholders and bond investors are also kept up to date through stock exchange announcements and quarterly reports.

To attend to its role as a responsible member of **society**, the bank actively participates in various forums in society. The bank engages in running dialogue with relevant official bodies concerning, among other things, framework conditions and compliance with laws and regulations. Discipline experts also collaborate within and across industries, both regionally, nationally and internationally. When selecting suppliers and partners, and when entering into contracts, ESG is part of the formal process.

Sbanken’s owners

Sbanken is concerned with putting the customer first, but also with ensuring that employees, society and owners have a clear influence on how the business is run. The business depends on a high degree of trust from all market players, and it is only by acting professionally and with high integrity that the bank will ensure good access to the capital markets, including both equity and loan capital. By integrating ESG in the business model, the bank aims to reduce the financial risk and help to create long-term value for both its owners and society at large.

Shareholders and bondholders investing in Sbanken are investing in a bank that provides loans to private individuals only, where the majority are in a geographically well-diversified mortgage portfolio, limited to Norway. As a result, the bank is considered, as an investment object, to have slightly lower climate risk than many other banks, which offer loans to, for example, businesses in industries with a high carbon footprint. See the appendix ‘Climate risk reporting based on the TCFD’s recommendation’.

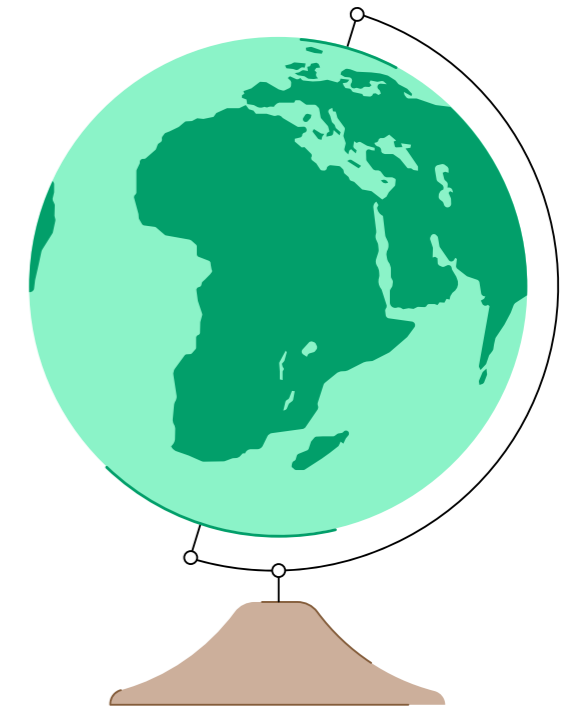
Sbanken has a framework for issuing green covered bonds that is in accordance with the bank’s ESG strategy and supports the UN SDGs. Sbanken has yet to issue any green bonds. For details concerning mortgages by energy class, see the appendix ‘Climate risk reporting based on the TCFD’s recommendation’.

Measures implemented in 2021:

- Policy revised with clarification of governance factors and more relevant topics included
- Climate risk reported
- Further standardisation of annual report with reference to GRI and Section 3-3 of the Accounting Act
- The chapter on corporate governance in the annual report follows from Section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance (last updated 14 October 2021).

Development: ESG score from external rating agencies

Parameter	2019	2020	2021
ESG 100 report	-	D	B+
CDP	F	C	C
MSCI	AA	AA	AA
Sustainalytics ESG Risk Rating	-	21,1	20,1
Fair Finance Guide	64%	74%	Not currently received



How Sbanken manages its ESG work

Sbanken undertakes to promote and respect human rights and labour standards, the climate and environment, and to work against corruption and money laundering in all our activities. This includes the development of products and services, advisory services and sales, and investment and credit assessments. Sbanken’s ESG work includes our own operations and investments, and all activities relating to customers, suppliers and other business associates.

Domestic and international obligations

Sbanken’s ESG work follows Norwegian law. Issues such as financial crime prevention, work on information security and data protection and efforts to safeguard employees’ labour and human rights, including equality and the working environment, are regulated by law and managed accordingly.

In Proposition 208 LS (2020–2021), the Ministry of Finance proposed to establish a new Sustainable Finance Act that will implement the EU regulation on sustainability-related disclosures in the financial services sector and the regulation on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation). The draft proposes an obligation for banks, insurance companies and listed companies with more than 500 employees to include information in their annual reports on the extent to which their activities can be classified as sustainable under the EU taxonomy. Sbanken has fewer than 500 employees, and the bank’s

activities are therefore not covered by the scope of the Taxonomy Regulation, as the situation stands for the 2021 fiscal year.

Climate and environmental work and reporting fall under Section 3-3 C of the Accounting Act ('Statement on social responsibility'), which governs the ESG topics the bank can report on. The Act sets out requirements for large enterprises, while reporting is not mandatory for Sbanken. As a listed company, the bank chooses to organise its ESG work and reporting on the basis of Oslo Børs – Euronext's guidance on the reporting of corporate social responsibility, which in turn is based on the Global Reporting Initiative (GRI). New GRI guidelines were issued in 2021 that will entail requirements for information published after 1 January 2023. The bank makes reference to the 2016 version of GRI in this report.

In addition, Sbanken follows a number of non-mandatory standards and self-regulation initiatives in its ESG work. The following framework applies:

- The United Nations Environment Programme Finance Initiative (UNEP FI)
- The UN Global Compact (UN GC)
- The UN Sustainable Development Goals (UN SDGs)
- The Paris and Glasgow agreements

Sbanken is a member of UNEP FI, has signed the UN PRB principles for responsible banking and reports and assesses its own possibility of making an impact using the Portfolio Impact Analysis Tool. The UN Principles for Responsible Investing (UN PRI) are applied, but are of less relevance since Sbanken is not a fund manager. Sbanken follows up guidelines and relevant industry standards to make necessary adaptations in its ESG work. The bank is a member of Finance Norway's sustainability reference group.

Overarching ESG and sustainability management system

The Board of Sbanken is responsible for ensuring that the bank creates value in a sustainable manner, and adopts the overarching sustainability strategy for the bank through the CRS and sustainability policy. The policy is evaluated annually. In 2021, more topics were discussed and included as a result of the bank's ESG project, the intention of which was to strengthen the annual report as a management tool for the bank's ESG work. The Board placed special emphasis on clarifying the handling of governance matters, referred to as 'Responsibility, governance and reporting' in the policy. The policy contains strategic guidelines relating to the following topics:

- Human and labour rights
- Ethics and business conduct (new 2021)
- Climate change and biodiversity
- Responsible credit (new 2021)
- Responsible marketing, sales and communication (new 2021)
- Socially responsible investments
- Information security and data protection (new 2021)
- Financial crime
- Tax



- Procurement of goods and services
- Responsible saving in funds
- Pooled Engagement globally
- Projects for the public benefit

The Board delegates the day-to-day operation of the bank to the bank's management through policies adopted by the Board. The senior management team adopts guidelines for ESG and sustainability that describe how the bank intends to comply with the policy adopted by the Board. Of the team members, the CEO carries strategic responsibility for ensuring that ESG is implemented throughout the organisation. The Chief Organisation, Leadership and Culture Officer (COLC) is responsible for organising the bank's activities so to ensure optimal ESG and sustainability work. The management team adopts goals and measures for the bank's ESG work. The Head of ESG and Sustainability has operative responsibility and chairs the bank's Sustainability Committee, which works to ensure compliance with the ESG framework, including to implement the goals and measures adopted by the management team. The committee is an interdisciplinary body broadly composed of HR, saving, credit, risk, operation, procurement, IR and communication staff. The organisation and division of responsibilities is intended to ensure that Sbanken attends to its obligations to all the Fair Deal stakeholders.

Management of operational ESG risk

The bank's framework for operational risk management shall ensure that the business is run in accordance with legislation, the group's overarching strategy for risk management and internal control, and in a secure and profitable manner within the defined risk appetite. Structured risk assessments are an integral part of operational risk management in the bank. This means, among other things, that:

- ESG-related risk is part of the quarterly risk assessment

- ESG criteria are incorporated into the bank's New Product Approval Policy (NPAP), which is applied in connection with the development of new products and in the event of material changes to existing products.

Materiality assessment and the UN SDGs

The bank considers the materiality assessment carried out in 2020 to be relevant and correct also in 2021. The analysis defines the bank's actual impact on the Fair Deal stakeholders, both in terms of correlation between the UN SDGs and Sbanken's identity, the bank's business model and values, and what matters to the bank's stakeholders. Considering that the analysis was carried out during a pandemic, first-hand information was collected from internal stakeholders through in-depth interviews, and data from the survey conducted among all the bank's employees. For external stakeholders, information was obtained from secondary sources. The aim of the analysis was to identify Sbanken's primary means of making

an impact, based on the understanding that Sbanken's activities have a minimal negative impact, but may have a considerable positive impact on the attainment of the SDGs, with reference to the fact that: 'It is the bank's ambition to exert a positive influence on people, society and the environment'. The conclusion was that main emphasis should be placed on the following SDGs:

- Goal 5: Gender equality
- Goal 8: Decent work and economic growth
- Goal 9: Industry, innovation and infrastructure
- Goal 10: Reducing inequalities
- Goal 13: Climate action
- Goal 17: Partnership for the Goals

Read more about the result of the materiality assessment under 'UN SDGs in Sbanken's work on ESG'.

The bank's overarching ESG goals for material topics

Based on the bank's materiality assessment (2020), and the bank's strategic priorities and business model, the following overarching ESG goals have been established based on the SMART model (Specific, Measurable, Attainable, Relevant, Time-bound):

Focus area	UN SDGs etc.	Short term (0-3 years)	Medium term (3-8 years)	Long term (8-25 years)	Comment
Percentage reduction of own emissions in line with established climate goals	13 CLIMATE ACTION	10% annual reduction	10% annual reduction	2029: Halving of emissions in 10 years from the base year 2019. Zero emissions 2050	The Paris Agreement aims to limit global warming to 2 degrees, and preferably to 1.5 degrees. According to the IPCC, the world needs to halve GHG emissions by 2030, and bring them close to zero by 2050 in order for the 1.5-degree target to be attainable. See emission figures under 'Climate and environment' in the chapter 'Sbanken and society'.
Gender balance at all management levels and in decision-making bodies	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	40/60	40/60	40/60	See table under 'Diversity, equality and equal pay' in the chapter 'Human resources'.
Proportion of green car loans of total car loan portfolio	13 CLIMATE ACTION	85%	100%	100%	See figures under 'Responsible credit' in the chapter 'Sbanken's customers'.
Proportion of FUM in funds with a positive ESG profile	13 CLIMATE ACTION, 12 RESPONSIBLE CONSUMPTION AND RESPONSIBLE INVESTMENT	Min 90%	Min95 %	100%	See table under 'Responsible saving in funds' in the chapter 'Sbanken's customers'.
Proportion of suppliers that have signed 'Self-declaration on ESG'	13 CLIMATE ACTION, 12 RESPONSIBLE CONSUMPTION AND RESPONSIBLE INVESTMENT	90%	100%	100%	See figures under 'Cooperation and dialogue' in the chapter 'Sbanken and society'.

Sbanken's customers

For more than 20 years, Sbanken has prided itself on being on the side of customers, and achieved recognition for that. It is the bank's express goal to create simple solutions for its customers and to facilitate smart financial choices. Also 2021 has demonstrated that the bank's customers are very loyal and highly engaged. When uncertainty arose about the future ownership of Sbanken, our customers displayed a high level of engagement in social and traditional media, and in direct contact with the bank. It was referred to by the media and analysts as a 'customer rebellion', a term rarely used in the banking sector.

Values and trust

In line with the bank's values, the bank shall inspire customers to make smart financial decisions, be bold and create positive change by making banking services simple and accessible to the general public. Customers can expect Sbanken to:

- be open, honest and fair
- give them good advice on both loans and savings based on their needs and financial situation
- have a high level of accessibility based on customers' expectations and needs
- sell and market financial services in an informative, transparent manner
- keep them up to date about how their savings are managed through the funds available on the bank's savings platform
- facilitate dialogue that allows them to make suggestions on how the bank's products and services can be improved

The bank's activities and services are dependent on a high degree of trust. The trust of our customers and other stakeholders is based on a good reputation and high ethical standards in all parts of the business. The bank's business is based on offering products and services that best satisfy the needs of the different customer segments. Good business conduct and good advisory practice are important customer service concepts. Professional and ethical customer service is decisive for the customers and important for the bank's trust and reputation in general.

Customer satisfaction

For Sbanken, innovation is all about resolving challenges in customer's day-to-day lives. Good digital solutions and simple, easy-to-understand products and services give customers an overview of their finances and enable them to perform most banking tasks at their convenience.

A number of external surveys show that Sbanken's customers are very satisfied and loyal. For 20 years, we have had Norway's most satisfied banking customers. We see that as a sign of our ability to offer simple solutions that customers need in their day-to-day lives. At the same time, it is a position that entails obligations. We intend to take that seriously and promise to continue challenging the status quo on behalf of our customers.

Responsible marketing, sales and communication

All marketing shall be serious and objective and comply with applicable marketing rules and good business practices. For Sbanken, this means that:

- Neither the market nor individual customers shall be provided with a false or exaggerated impression of the bank's products and services. Information about competitors shall be objective and not be misused.
- Customers shall be informed of the different risks associated with the products offered.
- In connection with personal sales and advice, customers shall never be offered a product they do not need.
- Customers shall never be persuaded to swap to another product unless it gives them an advantage.
- The bank shall exercise particular caution regarding marketing aimed at children and young people.

In addition to complying with the Marketing Control Act, the bank has signed and undertaken to comply with the principles of [The Guide Against Greenwashing](#), an initiative launched by the business-led climate initiative Skift, the environmental foundation Zero, WWF and Future in our Hands. The principles have been adopted with the aim of combating greenwashing, a form of misleading marketing that presents a product or activity as better than it is with respect to climate change, the environment or human rights issues.

The bank has not received any complaints or enquiries about matters that warrant criticism relating to the bank's marketing of products and services in 2021.

Responsible credit

Since Sbanken was launched in 2000, it has been a bank for private customers. In addition, we offer small and medium-sized businesses a fee-free, fully digital corporate bank, without access to credit. That means that the bank does not finance companies with either low or high ESG risk.

Sound lending portfolio with low risk

More than 95 per cent of Sbanken's lending consists of mortgages. All such loans are secured on the borrower's residential property or holiday home. The average loan-to-value ratio in Sbanken's mortgage portfolio was 52 per cent at the end of 2021, down from 53 per cent in 2020. The cause of the reduction is growth in credit lines, a flexible mortgage of up to 60 per cent of the property value. Credit lines were relaunched with very favourable terms in spring 2021. Both mortgages and unsecured loans are subject to stringent regulation by the supervisory authorities. In Sbanken's view, ensuring that lending practices give customers the ability to service their debt is part of its social responsibility. Sbanken wishes to help its customers make smart financial decisions for the future, also when they take up loans. This approach has given Sbanken a sound lending portfolio that enables the bank to offer lending rates that are competitive over time.

Fair interest rates based on objective credit criteria

Sbanken has a transparent, predictable price model. The bank does not discriminate against individual customers or groups of customers. Customers are rated based on objective credit criteria, and the bank does not discriminate between customers in the same credit classes. The bank's price list is open and accessible to everyone. Consumer loans are priced individually based on the customer's estimated risk of default, based on objective criteria. Over time, Sbanken's interest rates are below the industry average, which is reflected in our moderate risk profile. See graph below where Sbanken is dark blue and the average of comparable competitors in light green. The graph shows the effective interest rate on mortgage LTV 75.



The bank offers fixed-rate mortgages with a term to maturity of 3, 5 or 10 years. Fixed interest rates are suited for customers looking for a predictable monthly payment schedule. There was no growth in fixed-rate mortgages in 2021. The interest rate guarantee the bank issued in 2021 gave all mortgage customers predictable payment schedules during the period.



Greener car loans

Sbanken wishes to promote sustainable choices through the products it offers to customers. The product 'Green car loan' can make a positive contribution towards a low-emission society. Sbanken offers this product with lower interest rates for cars that emit less than 120 grams per kilometre. In 2021, it was decided that only zero-emission cars will qualify for lower interest rates. The change will be implemented during the first-half of 2022. The bank would like the product name to reflect a documentable environmental impact.

Development: Green car loans

Parameter	2019	2020	2021	Short term*	Medium term*	Long term*
Green car loans as a proportion of car lending	67%	69%	75%	85%	100%	100%

* The short term is defined as within 3 years, the medium term is 8 years and the long term is 25 years.



Measures implemented in 2021 – responsible credit

- Sbanken is a large supplier of mortgages, and at year-end 2021, the bank financed housing for more than 47,000 of its customers. As a consequence of the coronavirus pandemic, many people in Norway faced a tighter financial situation through 2020 and 2021. Sbanken has granted instalment free periods to everyone who has needed forbearance during this period, and in 2020, just over 400 of the bank's customers applied for such relief. Through 2021, the bank continued its practice in this area, and about the same number of customers as in 2020 applied for loan relief in 2021. In addition, a large proportion of the bank's customers have a LTV ratio within 60 per cent of the property value and thereby satisfy the Financial Supervisory Authority's regulation of instalment-free periods. These customers can choose instalment-free periods in the online bank themselves.
- Interest rate guarantee: As previously mentioned, the news of DNB's bid for the bank generated a huge amount of interest when it broke in mid-April. In order to reassure customers that the bank was still looking out for their interests, the bank issued an interest rate guarantee for mortgages until the end of the year. This meant that the bank did not raise the mortgage rate for existing or new customers in 2021, despite the key policy rate hikes in September and December. The guarantee was an important measure to meet customers' concerns about the bank's future status.
- Payment insurance on mortgages: In November, the bank launched payment insurance for mortgages. The insurance provides additional financial security for mortgage holders by covering interest rate expenses for up to 12 months in the event of unemployment or illness. Payment insurance is offered on both existing and new mortgages.
- New products: In May 2021, Sbanken launched a new category of car loans with a lower loan-to-asset value ratio (65%) and lower prices than existing categories. The

properties of the product are in line with Sbanken's other credit products, with no charges, objective criteria and an open price structure.

- Formalised credit competence: In 2021, the bank gained its first certified credit advisers. The credit authorisation scheme is a national authorisation scheme under the Finance Industry Authorisation (FinAut) schemes. The scheme aims to enhance the quality of advisory services to enable customers to make good, informed decisions, by giving credit advisers formal qualifications in finance, rules and regulations, sustainability and ethics. This is in line with the bank's strategy of enabling customers to make smart, sustainable choices.

Responsible saving in funds

Sbanken takes steps to enable customers to use their consumer power to channel assets towards ethical and sustainable investments, and works continuously to offer customers a wide selection of mutual funds that meet internationally recognised ESG criteria.

The bank has a broad range of mutual funds with more than 480 funds from 38 different fund suppliers. In 2021, the bank saw a large increase in customers' saving in funds. At year-end, customers' investments in securities funds amounted to NOK 33.1 billion, an increase of 42.6 per cent on 2020. More than half of the increase was the result of record-high net fund inflows.

Standardisation of ESG reporting

In 2021, the Sustainable Finance Disclosure Regulation (SFDR) entered into force in Norway. The regulation introduces reporting and disclosure requirements for producers and advisers concerning how sustainability is incorporated into the company's activities and products. To ensure a joint classification system, the EU has devised a taxonomy with guidelines for identifying sustainable activities. For the funds industry, this means that mutual fund producers must classify their funds in accordance with Articles 6, 8 or 9, and report in accordance with the requirements set. In 2022, Sbanken will work to utilise the opportunities SFDR presents and use the regulations to further develop our existing ethical fund labelling scheme.

Clarification of terms: 'ethical labelling' as ESG assessment

'Ethical labelling' is the tool Sbanken uses to communicate to stakeholders its assessment of the ESG profile of the mutual funds it offers on its platform. The labelling thereby enables customers to make investment decisions they believe are right for them and for society. Sbanken analyses, assesses and assigns ethical labels to funds in accordance with the ten UN Global Compact Principles for sustainable business and the Government Pension Fund Global's blacklist. This means that not only ethics are assessed, but also criteria for human rights, labour rights, the environment and climate, anti-corruption, anti-money laundering and other financial crime. To clarify that 'ethical labelling' covers the whole ESG area and not only

concerns ethical principles, 'ethical labelling' will from now on be referred to as an ESG profile based on clear criteria. Only funds that meet requirements for yellow or green leaves are labelled with a positive ESG profile. Read more about the requirements on our website under 'How we label our funds'.

In 2010, Sbanken was the first Norwegian bank to introduce labelling of mutual funds by ESG profile. The bank categorises funds as follows:

- Two green leaves: a robust ESG profile
- One green leaf: meets recognised ESG criteria
- One yellow leaf: meets recognised ESG criteria equal to one green leaf and is deemed to have a positive ESG profile, but does not follow the Government Pension Fund's blacklist, or the fund manager uses a different definition of ESG criteria that does not meet the bank's green leaf criteria.
- Red triangle: the fund violates recognised ESG criteria.
- An unlabelled fund means that the fund provider has not signed the bank's 'Declaration on Sustainable Investment', but the investments are in compliance with recognised ESG criteria and thereby avoid the red triangle.

ESG dialogue with fund managers

Sbanken expects managers who offer their funds on the bank's platform to integrate ESG criteria in their management. All fund managers offering funds on the bank's platform are encouraged to consent to our 'Declaration on Sustainable Investment', which is available on the bank's website. In the declaration, the fund manager indicates the category they believe the fund should belong to, based on the bank's ESG criteria. The fund is then evaluated and labelled by the bank.

Our partner ISS-ESG performs a quarterly screening of all the funds available on the bank's distribution platform. Violations of ESG criteria are flagged and reported to Sbanken. The bank then establishes dialogue with the fund manager to verify the violations.

- In 2021, the bank engaged in such dialogue with 20 managers as a result of violations uncovered by ISS-ESG. Seven of the dialogues resulted in the manager selling their units in the company to be able to maintain the positive labelling, or to a downgrading on the ESG scale. In cases where a fund manager's engagement with the companies are considered sufficient, the funds maintain their existing labelling.
- Funds that do not achieve a positive ESG profile will be excluded from the bank's investment packages recommended by Sbanken's financial advisers, including the robo-adviser.

- The bank does not accept new funds for distribution if they fail to meet the requirements for positive ESG labelling.
- Of all the fund managers offering funds on the bank's fund platform, 67 per cent have endorsed the bank's ESG criteria, as defined in the Declaration on Sustainable Investment, to have their funds labelled with an ESG profile.
- By year-end, 95 per cent of customers' assets were invested in funds with a positive ESG profile, meaning funds labelled with a green or yellow leaf.

Criteria for best ESG profile

Funds that are awarded two green leaves on the bank's platform are deemed to have a robust sustainability standard and climate strategy. The criteria for being awarded the bank's highest ESG profile are stricter than the Government Pension Fund's exclusion criteria and include the following exclusions:

- Controversial weapons
- Tobacco production
- Pornography production
- Shale oil or gas extraction
- Oil sand production
- Oil drilling in Arctic regions
- Energy production from fossil fuels: less than 30% of revenue
- Energy production from thermal coal: less than 5% of revenue
- Thermal coal production: less than 5% of revenue

Over the past two years, the bank has seen a significant increase in customers' investments in funds with the best ESG profile (two green leaves). Annual growth is expected to be more stable going forward. This is due to a gradual tightening of the requirements for what the bank considers a robust ESG profile, in line with the transition to a low-emission society. We annually revise our criteria for ESG labelling and tightened the coal criteria further in 2021. This led to a downward adjustment of the proportion of thermal coal from 20 to 5 per cent, which in practice results in the exclusion of all companies with revenues from thermal coal. The change is based on the EU's defined emission targets towards 2030, which entails a need for an accelerated phase-out of thermal coal if the target is to be attainable.

Development: Assets invested in funds with two green leaves

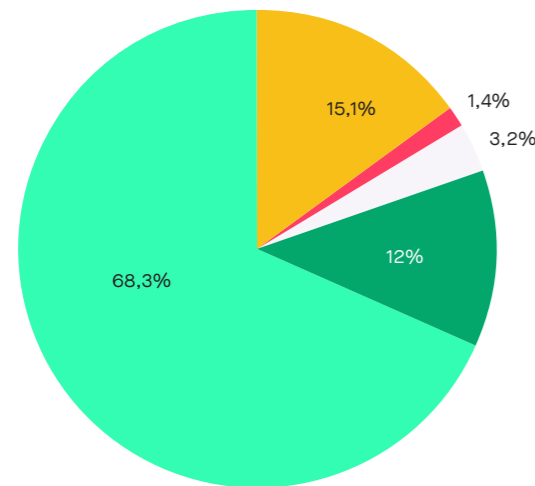
Parameter	2019	2020	2021
Assets in NOK	708 mill.	2.7 bill.	3.97 bill.
Proportion of total assets in funds	4.3%	11.6%	12%

Low-carbon labelling of funds

The bank would like to enable customers to invest in funds that can help to reduce global carbon emissions. The funds on the bank's platform are therefore labelled according to carbon risk, in addition to the overarching ESG profile. A fund is labelled with 'Low carbon risk' by the bank's fund data supplier, Morningstar, if it scores low on carbon risk and has low exposure to fossil fuel. The designation indicates that the companies in the fund portfolio contribute in the transition to a low-carbon economy.

- By year-end 2021, 40 per cent of the funds in Sbanken met the requirements for 'Low carbon risk' labelling.
- About 41 per cent of customers' assets were invested in low-carbon funds.

Etisk merking av fond 2021



	2020	2021
Two green leaves	11,6%	12%
Green leaf	70,4%	68,3%
Yellow leaf	10,4%	15,1%
Red triangle	2,0%	1,4%
No label	5,6%	3,2%

Transparent price structure without trailer fees

A new platform and price structure for fund distribution were launched in 2019 as part of the move to launch innovative, expedient product solutions to the benefit of customers. The new platform includes the bank paying trailer fees to customers while also introducing a fixed platform fee. The introduction of this model also enabled Sbanken to reduce the price customers pay for the distribution of funds and thereby the cost of saving in funds. Through 2021, Sbanken has continued to press for cost-effective distribution in Norway, to the benefit of customers. Sbanken will continue to work to promote effective competition in the Norwegian market for saving in funds, and to give customers the best savings solutions with no hidden costs.

Making investment advice available to everyone

One of Sbanken's main goals is to make financial services simple, reasonable and available to all. In 2021, Sbanken's savings robot became the world's first authorised financial robo-adviser, awarded by the Finance Industry Authorisation schemes (FinAut). The robo-adviser will make it easier for customers to make smart financial decisions for the future. Financial advice that was previously only available to people with financial wealth or expertise has been made available to everyone through the bank's robo-adviser. The robo-adviser only recommends funds with a positive ESG profile.

Sbanken was rated first in EPSI's 2021 survey of customer satisfaction in saving and investment, with a score of 74.3, while the rest of the industry had an average score of 65.6. Although Sbanken came out top, we see a clear potential for improvement across the industry. Sbanken will contribute to improving customers' overall impression by creating trust in our investment advisers through objective advice in the best interests of customers.

Neutral investment advice

The bank's investment advisers never advise customers to invest in funds with a negative ESG profile, although they are available on our distribution platform. In order to ensure that customers receive neutral advice based on their needs, Sbanken's investment advisers do not receive incentives or bonuses based on the funds they recommend, or the number of sales they make. Sbanken's income from investment advice is also completely independent of the choice of funds. All Sbanken's investments advisers are certified financial advisers. They update their expertise on an annual basis in line with the requirements set by the Authorisation Scheme for Financial Advisers (AFR).

Development: socially responsible saving

Parameter	2019	2020	2021	Short term*	Medium term*	Long term*
Customers' investments in funds with a positive ESG profile	92%	92%	95%	Min. 90%	Min. 95%	100%

* The short term is defined as within 3 years, the medium term is 8 years and the long term is 25 years.

Stable IT systems: Customers' perception of accessibility

As an online-only bank, Sbanken has built an infrastructure that makes banking services accessible to everyone, at their convenience. Our customers expect highly stable and reliable systems. To ensure that we meet their expectations, the bank's technologists have followed a standardised measurement of 'customers' perception of accessibility' over several years. The score is reported on a monthly basis to the management and Board.

The bank uses an industry standard called the Application Performance Index (Apdex), an open standard developed by an alliance of companies to measure the performance of software applications in computing. Its purpose is to convert measurements into insight about user satisfaction, by specifying a uniform way to analyse and report on the extent to which measured performance meets user expectations.

The metrics we use are linked to our most important business services, including login and signing procedures, invoice payment (in Norway and abroad), account information, loans, other credit and saving.

Score	Satisfaction	Explanation
0.94-1	Satisfied/Excellent	The user is capable of using the application without performance frustration or drops, which makes them fully productive.
0.85-0.95	Satisfied/Good	
0.7-0.85	Tolerant/Fair	Users are able to notice small delays or performance drops, but are able to tolerate them and continue their work.
0.5-0.7	Tolerant/Poor	
0-0.5	Frustrated/Unacceptable	Users consider giving up waiting, or even not using the tool, because of long waiting times at regular intervals.

Source: www.apdex.org

Internal surveys of customer-perceived accessibility combined with other customer satisfaction surveys confirm that the bank provides its customers with stable and accessible services.

Information security and data protection

Data protection and information security are very important factors in establishing trust in digital services for all stakeholders in the Fair Deal, but the most important thing for the bank is to ensure that customers feel certain that their personal data and financial information are treated correctly and respectfully. Personal data and sensitive information about the bank's customers, employees and owners must not fall into the wrong hands. The bank works on data protection and information security at all levels; in the bank's management, processes, information systems, and together with our employees, suppliers and partners. In 2021, the bank updated its ESG and

sustainability policy to include data protection and information security as one of the most important areas.

The bank makes structured, targeted efforts to identify, correctly deal with and report violations to the Data Protection Authority in accordance with the requirements in the Personal Data Act. The bank naturally endeavours to have as few violations as possible, but believes that a low absolute target may lead to under-reporting.

Development: Information security and data protection

Parameter	2019	2020	2021	Target
Proportion of employees who completed digital data protection course	86%	92%	92%	95%
Proportion of employees who completed digital security and phishing course	86%	89%	92%	95%
Personal data violations reported to the Data Protection Authority	7	15	14	-
Penalties imposed by the Data Protection Authority for GDPR violations	0	0	0	0

Active industry collaboration

The bank closely monitors changes in threat levels and new forms of digital crime. Sbanken participates in forums in the financial industry where information about threats and incidents is exchanged to enable the industry to effectively prevent, identify and handle undesirable incidents. The bank is a member of Nordic Financial CERT, which assists members of the Nordic financial industry in connection with incidents, ensures a good exchange of information and actively monitors threat levels. The bank has strengthened its own work on coordinating threat information, risks and incidents through a broadly composed, operative forum that convenes on a weekly basis.

Security work is also carried out in partnership with suppliers. Important suppliers are followed up to ensure that customers' right to data protection and information security is safeguarded.

Measures implemented – information security and data protection 2021:

- The prevalence of attacks and fraudulent activity targeting bank customers was high in 2021. The bank has made sure that its customers have received warnings and guidance through many different channels.
- The bank has strengthened and increased mandatory activities and training in data protection and information security for all employees in 2021.
- Sbanken has shared its experience by giving talks in external forums throughout the year.



Human resources

For Sbanken's employees, 2021 was dominated by the pandemic and DNB's takeover bid. For the management, it has been important to maintain stability in the organisation and attend to employees' working conditions and need for information through a challenging year. The management has emphasised close dialogue with employee representatives, employees and managers at all levels, in order to reduce uncertainty and answer questions. As the figures show, we have had slightly higher turnover during the year than in a normal year, but organisation surveys show a high level of engagement and pride in working at Sbanken.

A forward-looking workplace

Sbanken aims to be a workplace that practises transparency and fairness concerning employees' employment relationships. The framework for employee's day-to-day work must be predictable and there must be fair access to competence development. The bank focuses on ensuring that competence-raising measures are equally divided between the genders, and systematically recruits employees to key roles. All

employees have a fundamental right to be represented by a trade union, and the bank respects employees' and their unions' right to collective bargaining. The bank encourages all new employees to join a trade union. In 2021, 60 per cent of the bank's permanent employees were members of the Finance Sector Union of Norway.

All employees are covered by the collective agreement between the Union and Finance Norway, which, among other things, secures their right to parental leave on equal terms and with equal rights. In accordance with the collective agreement, the bank has a minimum period of notice of three months.

All employees are members of the bank's pension scheme. The pension contribution in 2021 was 5% of earnings up to 7.1 times the basic National Insurance amount (G), and 12% from 7.1 to 12 G. In 2021, it was decided to change the bank's defined contribution scheme. The new rates from 1 January 2022 are 7% of earnings from the first krone to 7.1 G and 15% from 7.1 G to 12 G. At the same time, the bank's defined benefit scheme was discontinued for everyone under the age of 58, with compensation for anyone who came off worse as a result of the transition.

All employees of Sbanken receive full pay during parental leave, and, in accordance with the agreements, they receive a pay

raise of at least one salary grade when they return, if the leave lasts more than five months.

Permanent employees have access to some employee benefits that temporary staff do not, including a loan discount arrangement in Sbanken, and individual competence-raising measures.

Working environment, sickness absence and HSE

The bank conducts regular organisation surveys among all employees and draws up a plan of measures based on the results. For the overall results, the bank has defined targets based on its own priorities and benchmarking with other organisations. The main results of the organisation surveys are presented to all employees, and the feedback received forms the basis for organisation-wide improvements. Each department goes through its results, draws up a plan of measures for its own working environment and makes suggestions for improvements for the whole bank. In 2021, 85 per cent of the bank's employees took part in the organisation survey.

The bank introduced new employee development processes in 2021 that entail structured discussions between managers and employees relating to their contributions and development twice a year, and frequent status and follow-up discussions.

The bank believes that a good work-life balance is important and facilitates flexible working hours that enable employees to combine a career with private life. Throughout the pandemic, the bank has gained positive experience of facilitating working from home when necessary for infection control purposes and to give our employees flexibility. In autumn 2021, we conducted several surveys among our employees and managers to strike the right balance between office presence, hybrid solutions and working from home in a post-COVID world.

In 2021, 22 employees were on parental leave for all or parts of the year. Of employees who completed their parental leave in 2021, 93 per cent of our female employees and 100 per cent of our male employees came back to work afterwards.

Sickness absence was reduced from 3.8 per cent in 2020 to 3.6 per cent in 2021. The bank monitors and evaluates sickness absences on a monthly basis, and initiates measures as early as possible. Employees on long-term sick leave are offered advice and guidance by the bank's HR department. No work-related injuries were reported in 2021.

Employee turnover in the bank was 16 per cent in 2021, compared with 9.6 per cent in 2020. The rate increased around the time of DNB's takeover bid and the postponement of the Competition Authority's decision on whether to allow the bid. The bank hired 52 new employees in 2021.

The pandemic has affected Sbanken's health and safety work, especially how priority is given to preventive work on employees' mental and physical health when working from home. Regular contact with managers with emphasis on

maintaining human relations through informal talks and dialogue with colleagues has been key. It has also been important to give priority to social activities outdoors, as indoor events have been cancelled or postponed. During periods when it has been possible to organise varied social activities, we have set aside time and means for this. We have also made it possible for employees to borrow or receive financial support for ergonomic equipment they need to improve their home office situation. All our employees also have their own workspace at Sbanken's head office.

Sbanken's employees are covered by medical treatment insurance, which also gives them access to psychologist services as needed. The bank offers its employees a number of free activities, and exercise facilities and changing rooms are available in the workplace.

Statistics: Sbanken as a workplace

Parameter at 31 Dec. 2021	Total	Women	Men
Permanent employees	342	155 (48%)	168 (52%)
Full-time	314	151 (48%)	164 (52%)
Part-time	28	14 (50%)	14 (50%)
under 30 years	87	39 (45%)	48 (55%)
30–50 years	202	92 (46%)	110 (54%)
over 50 years	54	34 (63%)	20 (37%)
On parental leave	22	15 (68%)	7 (32%)
Back from parental leave	21	93 %	100%
Turnover in 2021	67	38 (57%)	29 (43%)
under 30 years	14	9 (64%)	5 (36%)
30–50 years	38	19 (50%)	19 (50%)
over 50 years	15	10 (66%)	5 (33%)
Employed in 2021	42	18 (43%)	24 (57%)
under 30 years	27	12 (44%)	15 (56%)
30–50 years	13	6 (46%)	7 (54%)
over 50 years	2	0 (0%)	2 (100%)



Diversity, equality and equal pay

Sbanken strives to achieve gender balance and diversity in all parts of its activities. We have adopted equal pay as a principle – defined as equal pay for equal work, responsibility and authority. Individual differences in pay reflect development in roles, responsibilities and performance over time. A new pay process was introduced in 2021 to achieve a more fair and transparent process, with clear criteria for wage determination in the wage settlement. It has provided managers at all levels with clear guidelines, responsibilities and a pay pool for distribution in the wage settlement, with dedicated support from HR to ensure uniform application of the criteria and process across the organisation.

We see that giving priority to equal pay and clear criteria for the pay pool distribution has largely closed the wage gap when groups of employees are compared over time, at different levels of the organisation. The remaining differences in pay, measured as the ratio of women's pay to men's at the aggregate level in Sbanken, is largely about an uneven gender distribution in some areas and for specialist positions. Going forward, this will be given priority in our systematic work to achieve an equal gender distribution in all areas of the bank.

The bank's focus on inclusion and diversity encompasses more than just gender. Important qualities, skills and experience may be related to employees' age, upbringing and life experience, ethnicity and nationality, functional ability, socio-economic status, education and work experience, values and personality. Through an open and supportive leadership culture, we will ensure that the bank's employees represent a diversity of lifestyles and opinions. That will also enable the bank to better understand customers' behaviour, needs and expectations and continuously develop a learning organisation where a diversity of experiences and insight are shared. That yields results. For Sbanken, it has been important to ensure a good gender balance in the senior management team as well. The balance has been significantly improved in 2021, and the team now consists of four women and four men, in addition to the CEO, who is a man. The management team also represents diversity in other areas such as their background, age, expertise and personal qualities.

Active efforts were also made to ensure better diversity at other management levels and in decision-making forums in 2021. The bank's recruitment process has been reviewed to ensure that we attract a diverse group of candidates. Among other things, this has resulted in changes to the wording of job advertisements, a clearer definition of desired qualifications and qualities for the position, expectations of diversity in the interview situation to counteract potential bias issues, and expectations of diversity in the final round of recruitment processes.

The bank has recruited many new managers from within the organisation in 2021. In the technology area, for example, we recruited women internally who were the best qualified for several of the newly established management positions at team level. This is an important step towards more diversity in the bank's technology management, and an example of how internal talent development is an effective way of gaining access to expertise, while giving individuals an opportunity to develop and grow and also creating diversity.

At the management level reporting to the senior management team, the proportion of women has gone from 33 to 32 per cent, despite the internal recruitment of women for new roles. The imbalance is due to both a lack of diversity in some areas of the bank, and the fact that candidates have not yet been recruited to replace female managers who have left or changed jobs. In this area, too, the goal is a gender balance of 40/60, as well as diversity in terms of ages, backgrounds and qualities. That will be an important focus in recruitment processes in 2022, both internally and externally.

Development: Equality and equal pay

Parameter	Description	31 Dec. 2020	31 Dec. 2021	Target 2021
Diversity among employees, proportion of women	Senior management team incl. CEO	25%	44%	Min 40%
	Senior management team excl. CEO	29%	50%	Min 40%
	Managers reporting to the senior management team	33%	32%	Min 40%
	Other managers*		53%	Min 40%
	Proportion of women of total number of managers*		41%	Min 40%
	Whole bank (excl. SMT)		49%	48%
Pay (ratio of women's pay to men's)	Senior management team excl. CEO		74%	72%
	Managers reporting to the senior management team			95%
	Other managers*			98%
	All managers*			87%
	Whole bank (excl. SMT)		86%	84%

* The categories 'Other managers' and 'All managers' have been clearly defined in 2021 as a result of the new career model, and will be used for reporting purposes going forward.

Competence and management development

Manager, employee and competence development

The bank introduced new employee development processes in 2021. As follow-up of the performance appraisal interviews that were held in spring 2021, extraordinary funds were earmarked for courses and competence raising, which managers have allocated for measures for their employees, based on expressed needs and requests for development. Internal competence-raising initiatives have also been implemented, including one-day seminars on specialised topics, open lectures by internal or external contributors and certification processes for technologists and credit advisers. For employees considering retirement or a change of careers, the bank offers internal or external advisory services as support for the individuals' decisions and to ease the transition to a new everyday life.

The bank has also evaluated and revised its internal career and employee development processes, which has helped to clarify internal career development opportunities for both managers and specialists. Systematic, transparent support has been ensured for internal talent and competence development for all employees. It has become easier for managers at all levels to support and guide their employees' development, in both existing and potential new roles in the bank.

Towards the end of 2021, the bank introduced a new e-learning system that will provide easier access to structured knowledge transfer and an overview of courses taken. Mandatory training has already been introduced for ethical guidelines, security and data protection, and course material has been prepared for, among other things, the onboarding of new employees and learning across departments and disciplines. The different discipline groups devise peer training plans for their own and other departments.

The bank participates in several external collaborations that also contribute to internal competence development, including with SINTEF and VOXT.

In 2021, the bank has worked on management development through regular management seminars on relevant topics for the bank's managers. Peer coaching groups have also been established for managers at the same level. Individual participation in external coaching processes or management development programmes is followed up through development processes for managers.

Motivation, satisfaction and mastery

The bank introduced management by objectives at the managerial level in 2021 and spent the autumn preparing for the implementation of a new methodology that will apply to the whole bank. The goal-setting framework Objective and Key Results (OKR) will be introduced and used to define measurable goals and assess the degree and quality of implementation. The organisation surveys have demonstrated a clear link between goal-oriented management, autonomy and engagement and the ability to follow through. The bank considers it important that each and every employee understands our strategy and the relationship between their contribution and the bank's overarching objectives. Clear performance monitoring, involvement of managers and employees in prioritisation and goal attainment, a supportive leadership style and learning during the process create a sense of mastery, motivation and satisfaction.

In the organisation survey, the statement 'I'm proud of working at Sbanken' received a score of 4.2 on a scale from 1 to 5, where 5 equals 'completely agree'. That is an increase of 0.5 from 2020.



Ethics and business conduct

The bank's adopted policy for ethics and business conduct is the guiding principle for the whole organisation and applies to all employees of the bank, including persons who are not employed in the bank but work on assignments or as consultants for the bank. At the overarching level, the policy also applies to the bank's Board, unless otherwise specified or regulated in the rules of procedure for the Board of Sbanken ASA, or through legislation.

In order to maintain high ethical standards in all parts of the business, the individual product and business areas have established concrete principles, rules and processes for handling relevant ethical issues. If employees are in doubt about the correct procedure for handling ethical issues in a business relationship, they should contact their immediate superior. The bank's core values shall form the basis for decision-making and govern the corporate culture.

Whistleblowing and follow-up of the working environment

The bank endeavours to facilitate an open culture where it is seen as safe to speak out about or report matters warranting criticism in the workplace. Facilitating a safe culture for raising matters of importance to the working environment, employee satisfaction and the bank's optimal operation is important to the bank. Sbanken has its own procedures for reporting matters that warrant criticism, in accordance with the notification rules set out in the Working Environment Act. Retaliation is prohibited, and when an employee reports a matter using their own identity, they are protected under the Act and may demand compensation in the event of retaliation.

The bank has a dedicated whistleblowing system that enables anyone to make a report anonymously or under their name. When a whistleblowing report is received in the system, a message is issued to the whistleblowing committee, comprising the Head of HR, the Chief Compliance Officer (CCO) and the bank's chief safety delegate. The committee is responsible for following up and making sure that the report is received by the correct body in the bank. If the committee finds that a matter warrants criticism, the report shall be handled in accordance with the notification rules. If the report concerns a non-conformity or a personnel matter, the employer must ensure that it is followed up in line with the appropriate procedures and rules.

When needed, the committee may receive legal assistance from the system provider. Forms, procedures and an overview of safety delegates are available to employees on the bank's intranet pages.

Two reports were received through the whistleblowing system in 2021. They were considered by the whistleblowing committee in line with the bank's procedures and were found not to be covered by the definition of matters warranting criticism. The reports were forwarded to the senior manager of the area in question, and to the Chief Organisation, Leadership and Culture Officer for further handling in the line organisation and by the employee representatives. The whistleblowing committee has made sure that the line organisation's handling of the matter has been appropriate in relation to the content of the report.

Corruption and bribes

Corruption is defined in the ethical guidelines, and concrete examples are provided of bribes, improper advantages, gifts, services etc. of relevance to the bank's employees, with a description of how they should deal with the situation when in doubt. The guidelines are reviewed regularly and updated as needed. They are available to all employees on the intranet pages, included in all employment contracts and confirmed as read upon signature. Every year, all employees are required to undergo training in ethical guidelines, security and data protection. E-learning modules are distributed to all employees, with deadlines for when they need to be completed. Employees on sick leave or other leave of absence must complete the training when practically possible, to be determined through dialogue with their manager. Failure to complete the training may have consequences for their employment relationship.

In 2021, 92 per cent of employees completed the training (adjusted for employees on leave of absence or sick leave).

Sbanken and society

As a responsible member of society, the bank engages in dialogue with various stakeholders to raise the focus on socially responsible, sustainable business. Sbanken expects suppliers, corporate customers and companies it holds ownership interests in to implement ESG principles in their business models. Through dialogue and the use of self-declaration forms that partners sign to declare that they will conduct their business in line with Sbanken's ESG framework, as described in the policy and guidelines for ESG and sustainability, including ensuring that their own suppliers comply with the ESG framework, the bank wishes to promote ethical and socially responsible business conduct in society.

Other examples of stakeholders in society are the authorities, the EU (EEA), special interest organisations in the industry, the media, rating agencies and analysts, non-governmental organisations (NGOs), and international initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI).

Climate and environment

The financial industry plays a key role in the transition to a low-emission society. In accordance with the Paris and Glasgow agreements, the bank focuses on measuring and reducing its own emissions and on encouraging customers and other business associates to do the same.

The bank considers climate risk to be the risk of financial losses as a consequence of climate change and climate policy. Since Sbanken only offers loans to private customers and has a geographically diversified mortgage portfolio, Sbanken considers its climate risk exposure to be lower than for many other banks. Read more about climate risk in the appendix.

Environmental accounts and climate footprint

As an online-only bank, Sbanken has a modest climate footprint. The bank is nonetheless concerned with reducing its own emissions and has set a goal to halve emissions by 2030, with an annual reduction of 10 per cent. The amount of air travel by the bank's employees was very low in 2021, which led to a considerable reduction in emissions.

Climate accounting is a new method, and the framework is still being developed. Different enterprises may include different elements and apply different emission factors. The bank therefore specifies the basis for its own climate accounts:

- Scope 1: gas for heating the bank's only office location. Emission factor for propane (LPG): 3.675 CO₂/kg

- Scope 2: electricity consumption in the bank's only office location. Sbanken purchases energy with certificates of origin, which technically guarantees renewable energy. A calculation of the company's climate footprint using the market-based method would thereby show zero emissions. The bank is environmentally certified, however, and the Eco-Lighthouse scheme uses a location-based method with an emission factor of 0.04 kg CO₂/kWh.
- Scope 3: the bank's indirect emissions are calculated from work-related air travel and residual waste in the office building (including the canteen). See emission factors on the bank's website under 'Climate and environmental accounting'.
- Scope 4: avoided emissions.

For the purpose of identifying and tracing the bank's total activities linked to obligations under the Paris and Glasgow agreements, we have included Scope 4: avoided emissions. Scope 4 is not yet standardised on a par with 1, 2 and 3, but the concept unites the principles of the GHG Protocol with decisions made in the company and expected actions taken to reduce emissions. For Sbanken, reported avoided emissions are linked to the reuse and recycling of scrapped electrical and electronic products. The emission figures are calculated by Atea through the service Goitloop. The low figures for 2021 can be explained by extensive working from home as a consequence of the pandemic, and an extraordinary need for IT equipment on the part of employees.

For the 2021 climate and environmental report, the Eco-Lighthouse Foundation has upgraded indicator types and updated conversion factors. For more details, [see the Eco-Lighthouse Foundation's website](#). The figures in this report have been calculated based on the new model for the purpose of comparing the 2021 figures with the base year 2019.

Environmental footprint calculated by the Eco-Lighthouse Foundation:



Your CO₂ emissions in tonnes for 2021

85,96

↙ -34% change from 2019

Development: Emissions with new emission indicators from the Eco-Lighthouse Foundation

Parameter*	2019	2020	2021	Target 2030
Scope 1	47,41	48,52	37,6	23,7
Scope 2	40,47	33,97	33,74	20,24
Scope 3	76,18	48,61	14,63	38,9
Total	164,05	131,1	85,96	82
Emission intensity: Scope 1 and 2 per FTE**	0,24	0,25	0,22	-
Scope 4	-	9,3	0,3	-

*Emissions are stated in tonnes of CO₂ equivalents (tCO₂e).
**FTE: Full-time equivalents

Cooperation and dialogue

International cooperation

Sbanken is a member of the United Nations Environment Programme Finance Initiative (UNEP FI), and has endorsed the Principles for Responsible Banking (UN PRB). More than 250 banks worldwide have endorsed the principles that were officially launched on 22 September 2019. The goal is for banks all over the world to be prime movers in the work on achieving the UN SDGs and fulfilling the obligations of the Paris Agreement. In 2021, the bank reported for the first time on the organisation's implementation of the six principles, in accordance with UNEP FI's expectations. The report is available on the bank's website.

Responsible supply chain

In 2021, Sbanken spent in excess of NOK 480 million on the procurement of goods and services, of which services accounted for more than 95 per cent of the procurement costs. Sbanken had approximately 370 suppliers, and the 10 biggest suppliers accounted for more than 50 per cent of the procurement costs.

Sbanken's purchasing guidelines state that ESG and environmental considerations shall be an integral part of agreements. In connection with procurements, the bank may require suppliers to be certified Eco-Lighthouses or the equivalent, and to include a description of how they demonstrate social responsibility. By signing Sbanken's self-declaration on ESG, the suppliers undertake to, among other things, conduct their business in line with Sbanken's guidelines and principles, and to make sure that their own subcontractors do not violate internationally recognised principles and guidelines, laws and regulations, relating to the environment, corruption, anti-money laundering, human rights and labour standards in connection with deliveries to Sbanken.

Sbanken prefers its suppliers to sign Sbanken's own ESG self-declaration, but if they have their own framework

corresponding to that of Sbanken, the bank will consider whether it is sufficient to achieve compliance with recognised ESG principles.

In 2021, 89 per cent of the bank's biggest suppliers (with deliveries exceeding NOK 10 million) were certified according to ISO/EMAS/the Eco-Lighthouse scheme or the equivalent. The figure was 71 per cent in 2020.

Development: Supplier engagement

Parameter	2019	2020	2021	Short term*	Medium term*	Long term*
Proportion of suppliers that have signed the bank's self-declaration	64%	67%	80%	90%	100%	100%

* The short term is defined as within 3 years, the medium term is 8 years and the long term is 25 years.

Active ownership

The bank does not invest its own assets in companies that, either themselves or through entities they control, engage in business activities that violate international standards on human rights, labour rights, the environment and climate, or financial crime. The bank's equity investments are moderate and limited to investments in infrastructure and technology that are relevant to the bank's day-to-day operations. Sbanken has some minor investments in industry-specific companies, such as Vipps AS, VN Norge AS and Quantfolio AS. The bank's holdings are stated in Note 36. All three companies have signed the bank's self-declaration on ESG for companies in which Sbanken has ownership interests.

As part of Sbanken's liquidity management, Sbanken primarily invests in certificates, senior bonds and covered bonds that can be used as collateral for loans from Norges Bank, or that count as liquid assets when calculating the liquidity coverage ratio (LCR). The bank's treasury department is responsible for managing the bank's liquid assets. The composition of the liquidity portfolio is described in Note 35.

Contractual social responsibility for corporate customers

Sbanken offers fee-free fully digital corporate banking services to small and medium-sized businesses, allowing business owners to spend their resources on work that creates added value. Small and medium-sized businesses represent around half the value creation in Norway, and two out of three new jobs. Sbanken considers it part of its social responsibility to reduce costs and simplify day-to-day life for this group of customers. The bank does not offer credit to businesses, however.

Sbanken makes clear requirements for socially responsible operations of businesses that wish to use the bank's services. The bank expects its corporate customers to demonstrate ethical conduct and to respect the bank's policies and guidelines for ESG and sustainability. Sbanken has made it a contractual condition that the bank can terminate the customer relationship if a corporate customer acts in violation of the agreement.

Pooled Engagement

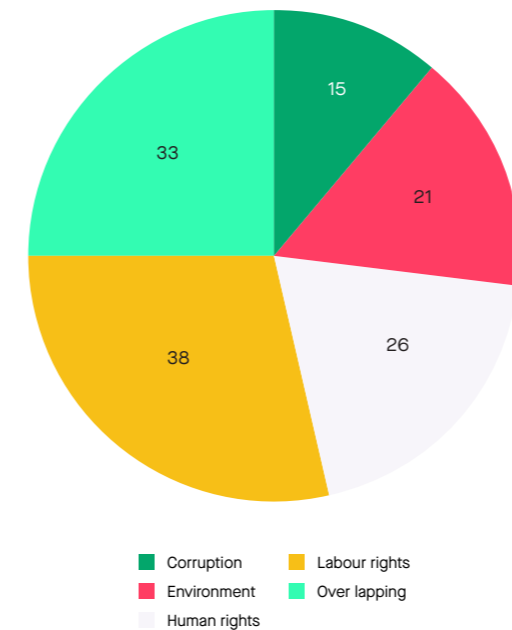
The bank has joined forces with other financial institutions and investors to influence large global corporations to conduct their business in accordance with established ESG principles. The initiative is called Pooled Engagement and is carried out by the bank's partner ISS-ESG.

On behalf of Sbanken and other financial institutions and investors, ISS-ESG enters into dialogue with companies involved in serious or systematic breaches of international standards and conventions such as the ten UN Global Compact Principles, the OECD Guidelines for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. The bank thus participates in the Pooled Engagement initiative on behalf of its customers and in order to help exert global pressure on companies that violate established ESG principles.

Statistics: Company dialogue through Pooled Engagement (ISS-ESG)

Parameter: breaches identified by topic	Number of dialogues with companies
Environmental	21
Social	64
Governance	15
Overlapping	33
Total in 2021	142

UN Global Compact Norm Area



Financial crime prevention

Financial crime, including money laundering and terrorist financing, represents serious threats to both society and individuals. Sbanken makes proactive efforts to prevent and uncover money laundering, terrorist financing, fraud and other forms of financial crime.

The prevalence of fraud is increasing at the macroeconomic level, also in Norwegian society. Globalisation and digitalisation have made it easier to commit mass fraud, and Norwegian businesses and private individuals are attractive targets also for foreign fraudsters and criminals. Sbanken has sound procedures in place and makes use of modern technology to reduce the likelihood of businesses and individuals falling victim of fraud. The bank has established systems, infrastructure and procedures to ensure that transactions and other matters that need closer examination are identified and examined. All suspicious matters that are identified are thoroughly examined and reported to the Financial Intelligence Unit (FIU) at the National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM).

To ensure that the work to prevent financial crime, money laundering and terrorist financing is founded on a good risk-based approach, Sbanken's financial crime department comprises interdisciplinary expertise. The department makes use of both automated and manual controls to prevent crime. With the help of technological solutions, Sbanken places great emphasis on changing its work methods to reflect changes in the development and prevalence of crime and trends in society.

Sbanken believes in thorough anti-money laundering work at the overarching level combined with the integration of anti-money laundering measures in all processes and areas of the bank. Sbanken carries out several competence-raising training activities in the organisation every year, and also gives talks to external parties on measures to combat financial crime.

Development: Suspicious transactions

Parameter	2019	2020	2021
Number of transactions investigated for money laundering	46,368	74,714	97,239
Suspicious matters reported to Økokrim	460	512	534

Note that the number of suspicious matters reported to Økokrim does not increase in step with the number of transactions investigated, which is largely due to increased activity and efficiency in the bank's case processing.



Measures implemented – financial crime prevention:

- As a way of boosting expertise and rationalising and coordinating efforts to combat all forms of financial crime, the reorganisation initiated in 2020 has been further operationalised to also include fraud in what was previously called the anti-money laundering department, and financial crime is now viewed in a more comprehensive perspective.
- The bank focuses on continuous development of its in-house expertise, and employees have participated in a number of internal and external training initiatives. One employee was certified by the Association of Certified Anti-Money Laundering Specialists (ACAMS).
- In 2021, Sbanken participated in a national anti-money laundering initiative under the auspices of the DSOP programme office's public-private digitalisation project. Through cooperation between public agencies and enterprises with a reporting obligation under the Money Laundering Act, the goal is to improve the risk-based approach to anti-money laundering work and rationalise the work for each of the enterprises.
- The coronavirus pandemic has led to an increase in investment fraud in particular. Sbanken's procedures and technology help to reduce the likelihood of businesses and individuals falling victim of fraud. In 2021, the bank focused in particular on uncovering misuse of coronavirus funds, in accordance with the authorities' prioritisation.
- Towards the end of 2021, Sbanken observed a marked increase in other fraud schemes, primarily linked to phishing, vishing and smishing. For more details, see the bank's website. In response to this trend, the bank has increased its focus on these schemes and their prevention out of consideration for both customers and the financial system.

Support for work to prevent exclusion among children and young people

Through the 'Framgang sammen' foundation, Sbanken supports projects that make a positive contribution to the development and social integration of children and young people. Projects that receive support must engage and involve children and young people up to the age of 25, and they must promote equality and equal treatment regardless of religion, gender, health, sexual orientation or ethnic background. In 2021, the foundation implemented a new allocation model whereby five selected projects are guaranteed financial support of NOK 200,000 over a period of three years. At the same time, an internal working group was established in the bank to facilitate employees' engagement in the foundation's work. The bank has taken part in the work through the working group and an open voting process.

The projects selected in 2021 were:

- Aktivt pusterom
- Møhlenpris Idrettslag
- Unify
- KIL fond
- Se Meg

In addition, the bank arranged for employees to donate part or all of their Christmas present from the bank to one of the projects, namely KIL Fond, which supports families and others in need of assistance. In total, employees donated gift cards worth NOK 83,000 to the charity.



The Framgang Sammen fund

The support granted to projects aimed at children and young people from the Framgang Sammen foundation is primarily the return on assets invested by Sbanken and the bank's customers in the fund of the same name. Every year, the fund distributes 1.5 per cent of the return to the Framgang Sammen foundation. The fund is managed by Alfred Berg, who has copied the investment profile of the Alfred Berg Humanfond. The fund has a high risk profile because it is an equity fund. The fund is labelled with two green leaves.

At 31 December 2021, the foundation's account had a balance of NOK 1.4 million. The earmarked 1.5 per cent of the fund's return in 2021 will be transferred to 2022. The foundation will then receive a record amount of NOK 1.7 million, to be distributed in 2022.

UN SDGs in Sbanken's work on ESG

The UN Sustainable Development Goals (SDG) are a set of global goals set to end poverty, achieve equality and combat climate change by 2030. The SDGs consist of 17 goals and 169 targets. The goals are intended as a blueprint for the joint global effort and priorities for nations, businesses and civil society up until 2030.

Sbanken has chosen to focus on the following goals:

- Goal 5: Gender equality
- Goal 8: Decent work and economic growth
- Goal 9: Industry, innovation and infrastructure
- Goal 10: Reducing inequalities
- Goal 13: Climate action (included in 2020)
- Goal 17: Partnerships for the Goals



In the following section, each of the goals selected by the bank will be directly linked to the bank's activities, objectives, challenges and possibilities, and the implications of goal attainment for the Fair Deal stakeholders.

SDG 5: Gender equality

Equality is about a fair distribution of power, influence and resources. A free life without violence and discrimination is a fundamental human right and decisive to the development of people and society. It has been proven over and over again that political, economic and social equality between men and women contributes to all dimensions of positive development.

Relevant targets:

5.1), 5.2), 5.4), 5.5), 5.a) and 5.b)

Why this matters to Sbanken

Equality and women's rights are a recurring topic of the SDGs, and essential for achieving all the goals by 2030. Sbanken is aiming for diversity and equality in its own organisation. The bank has devoted even further attention to this goal in 2021.

Sbanken's activities relating to this goal:

- The bank makes targeted efforts to build and maintain gender balance and equal pay in the organisation. Read more in the section 'Human resources'.
- The bank aims to prevent different access to financial services based on gender or other diversity parameters. Read more in the section 'Fair interest rates based on objective credit criteria'.
- The gender balance on the Board and in the senior management team is good. See the chapters 'The Board of Directors of Sbanken ASA' and 'Human resources', section 'Diversity, equality and equal pay'.

Implications of goal attainment for the Fair Deal stakeholders

For customers, it means that Sbanken understands different customer needs because its employees reflect the diversity of the population. Sbanken's customers are treated equally regardless of gender, and customers choose a bank that prioritises equality among its staff.

For employees, it means that men and women have the same career opportunities in the bank, that there is gender balance in all parts of the organisation, and that they receive equal pay for equal work/responsibility. There is zero tolerance for discrimination and harassment, and everyone has equal opportunities to take parental leave and follow up their children.

For the owners, it means that Sbanken attracts the best people because both men and women see the bank as an attractive place to work. The bank meets the same equality criteria as the bank's partners.

For society, it means that Sbanken comes across as an example of genuine equality and promotes role models who will encourage young talents, regardless of gender, to choose a career in banking and finance.

SDG 8: Decent work and economic growth

To eradicate poverty and combat inequality in the world, everyone needs jobs. Fair economic growth and new jobs are prerequisites for that to happen. That entails including young people in the labour market, ensuring permanent, secure jobs, getting more women into employment and reducing informal and undeclared work.

Relevant targets:

8.2), 8.3), 8.4), 8.5), 8.6), 8.7), 8.8) and 8.10)

Why this matters to Sbanken

Lack of access to capital is one of the major obstacles to stability and economic growth. Sbanken provides simple, accessible day-to-day banking services and capital to ensure financial predictability, stability and growth. The bank offers products and services that enable people to achieve healthy finances, at the same time as it acts as a responsible credit provider that makes systematic efforts to prevent financial crime.

Sbanken's activities relating to this goal:

- The bank will safeguard human rights and labour rights in its own operations (read more in 'Human resources') and in the value chain (read more in 'Cooperation and dialogue').
- The bank has a good management system to prevent financial crime. Read more in 'Financial crime prevention'.

Implications of goal attainment for the Fair Deal stakeholders

For customers, it means they are treated fairly regardless of their level of wealth. Sbanken's customers perceive the bank's services and products to be predictable and useful financial management tools, and the bank provides security for customer deposits.

For the employees, it means that Sbanken is financially sound and offers good working conditions and a secure environment for reporting nonconformities or unpleasant experiences.

For the owners, it means that Sbanken achieves good results and a good reputation in the market, where it makes systematic efforts to prevent unethical business conduct and financial crime.

For society, it means that Sbanken is a responsible member of society that makes requirements and expectations of decent working conditions, also among its partners.

SDG 9: Industry, innovation and infrastructure

Build resilient infrastructure and promote inclusive, sustainable industrialisation and innovation.

Relevant targets:

9.1), 9.2), 9.3), 9.4) og 9.a)

Why this matters to Sbanken

Sbanken has built an infrastructure that makes banking services accessible to everyone without having to visit a branch office. Customers can perform banking tasks at their convenience. For Sbanken, innovation is about resolving challenges in customer's day-to-day lives. A premise for sustainable development of information technology is to attend to information security, data protection and ethical business conduct.

Sbanken's activities relating to this goal:

- Customers' total rating of the company's innovation capacity is very good. Read more in 'Best in Norway on digital innovation'.
- Customers' perception of accessibility demonstrate the bank's reliable IT systems. Read more in 'Stable IT systems'.
- The bank has expedient procedures for attending to information security, data protection and ethical business conduct.

Implications of goal attainment for the Fair Deal stakeholders

For customers, it means digital access to banking services for everyone. It means services that are easy to understand and that customers' data are protected.

For the employees, it means working in an innovative environment. It means that Sbanken is an attractive place to work for people who want to be creative and challenge the status quo.

For the owners, it means that Sbanken has the ability to translate technological opportunities into something customers need and are willing to pay for, and thereby ensure a good return over time.

For society, it means that Sbanken is a driving force for innovation in banking services, with the goal of being accessible, smart and simple for everyone.

SDG 10: Reducing inequalities

10.2) By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Relevant targets:

10.2), 10.3), 10.4), 10.5) and 10.c)

Why this matters to Sbanken

Increasing inequalities are well documented both nationally and globally. Lack of access to capital is one of the major obstacles to a higher standard of living. Contributing to financial inclusion – regardless of gender, race and ethnicity – is therefore a high priority for Sbanken. With the help of objective criteria for credit and digital savings solutions for retail customers, the bank helps to reduce inequality and give more customers an opportunity to take part in general economic growth.

Sbanken's activities relating to this goal:

- The bank's robo-adviser makes sophisticated financial advice available to everyone. Read more under 'Responsible saving in funds'.
- With the help of ethical labelling of funds, the bank helps to channel capital into industries and companies that take ESG principles seriously, including focusing on human rights and labour rights. Simple tools to avoid ESG risk are thereby universally available to all customers. Read more under 'Responsible saving in funds'.
- Retail customers are credit rated based on objective criteria. Read more under 'Responsible credit'.
- The bank has one of the most transparent price models in the market. Read more under 'Responsible credit'.
- Through the 'Framgang sammen' foundation, the bank supports projects that work to prevent exclusion among children and young people. Read more under 'Support for work to prevent exclusion among children and young people'

Implications of goal attainment for the Fair Deal stakeholders

For customers, it means equal access to financial advice regardless of wealth, and fair credit assessments based on objective criteria. The bank does not discriminate between individual customers or customer groups in the credit classes they belong to, based on objective criteria.

For employees, it means that people can be hired without having the same background as everybody else, and it means having a workplace where no discrimination takes place.

For the owners, diversity among the staff leads to a better understanding of needs in different customer segments, which in turn provides fertile ground for new services and continued growth.

For society, it means simple banking services and easily accessible financial services, and the possibility for more people to achieve financial prosperity.

SDG 13: Climate action

Take urgent action to combat climate change and its impacts.

Relevant targets:

13.1), 13.3) and 13.a)

Why this matters to Sbanken

Climate change is a global issue that knows no boundaries. It is important to limit the increase in average temperature to 1.5 °C if we are to avoid catastrophic global impacts. In addition to emission cuts and carbon capture and storage, increased investments must be made in renewable energy, new industrial systems and changes in infrastructure. Everyone must invest in protection, adaptation and limiting the adverse impacts of climate change.

Sbanken's activities relating to this goal:

- As a fully digital bank, Sbanken has a modest climate footprint. The bank has nonetheless set a target to halve its own emissions by 2030.
- Sbanken's lending portfolio is based on mortgages and does not finance any polluting business activities.
- The bank offers products with clear climate criteria.
- The bank reports to the Carbon Disclosure Project (CDP).
- The bank reports climate risk with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Read more under 'Climate and environment' and 'About ESG in the business model'.

Implications of goal attainment for the Fair Deal stakeholders

For customers, it means they can be sure that their deposits are not used to finance polluting projects or companies. With the help of ethical labelling, which is the bank's overarching ESG assessment of funds, and low-carbon labelling of funds, customers can use their consumer power to aid the transition to a low-emission society.

For employees, it means that Sbanken is part of the global effort to reduce greenhouse gas emissions, and that the bank, with the help of good digital solutions, enables employees to make climate-friendly choices in their day-to-day lives.

For the owners, it means that the bank has a framework for issuing green bonds, and that shareholders avoid exposure to high climate risk through their ownership in the bank.

For society, it means that Sbanken reduces its direct and indirect emissions and encourages its partners to do the same.

SDG 17: Partnership for the Goals

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

Relevant targets:

17.6), 17.8), 17.9, 17.14, 17.15, 17.16), 17.17) and 17.19)

Why this matters to Sbanken

Finance Norway has established a roadmap for green competitiveness, and work is under way to continuously improve standards for sustainability reporting. These common standards are necessary to be able to compare the extent to which different parties succeed in their sustainability work, and transparency will help to influence attitudes. Sbanken's affiliation to UNEP FI entails a commitment, and the bank considers UNEP FI to be an arena for cooperation where we can be involved in the development of new banking initiatives. Sbanken wishes to contribute to harmonisation of legislation and standards through channels for cooperation.

Sbanken's activities relating to this goal:

- The bank is a member of the United Nations Environment Programme Finance Initiative (UNEP FI).
- The bank is a member of Finance Norway's sustainability reference group.
- The bank is a member of Sustainability Hub Norway.

- The bank is involved in Pooled Engagement globally through its partner ISS-ESG.
- The bank engages in dialogue with and sets clear expectations of its partners to implement ESG criteria.
- The bank is open about the process behind ethical labelling of funds and how products are classified as green. Read more under 'Responsible saving in funds'.

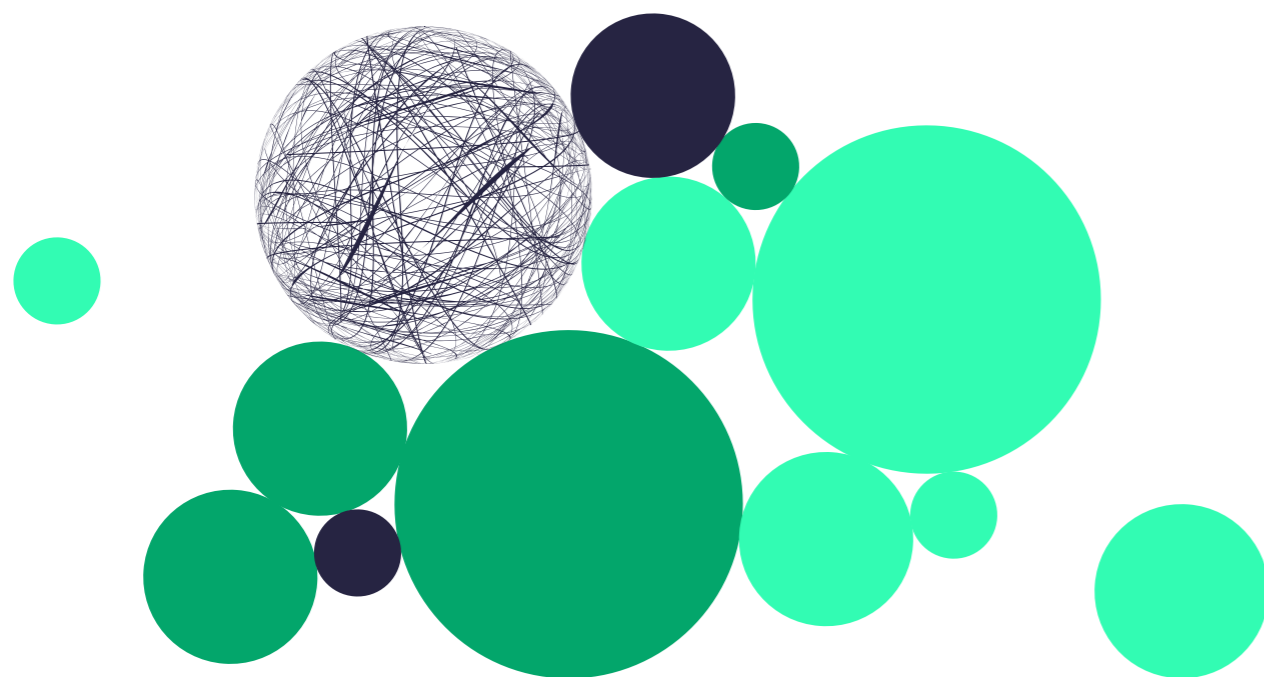
Read more under 'Cooperation and dialogue'.

Implications of goal attainment for the Fair Deal stakeholders

Long-term value creation requires cooperation between all stakeholders. For customers, it means that Sbanken gives them the tools to make sound financial decisions and socially responsible purchases and investments that contribute towards the UN SDGs.

For the employees, it means that the management and staff work together on sustainable operation of Sbanken, and to prevent greenwashing of the bank and its products.

For the owners, it means that Sbanken is respected as a sustainable bank that takes social responsibility, and is thereby an attractive investment object for investors with an ESG focus. For society, it means that Sbanken joins forces with others in the industry and across industries – locally, nationally and internationally – to find good solutions, and that Sbanken uses established standards and frameworks to enable benchmarking with others.



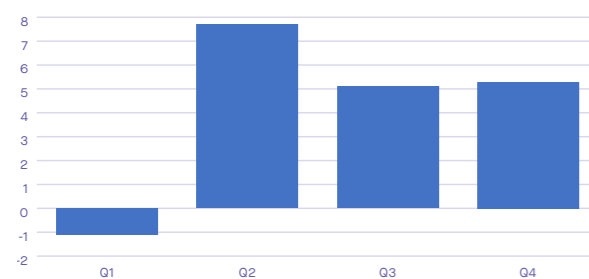
Macroeconomic development in Norway in 2021

The macroeconomic development in Norway and internationally in 2021 was severely affected by the outbreak of COVID-19. Since the onset of the pandemic in spring 2020, both the level of activity in the Norwegian economy and the unemployment rate have fluctuated in step with changes in the infection situation and the scope of infection control measures. In April 2021, the authorities initiated a gradual reopening of society with a stepwise easing of restrictions, and most of the measures were discontinued by the end of September. The reopening led to a marked upswing in the Norwegian economy. Towards the end of the year, the infection rate was again on the rise, and the number of hospitalisations increased. The spread of the new omicron variant created more uncertainty about how the pandemic would develop. Extensive national and local infection control measures were reintroduced, which will continue to impact economic developments in 2022.

The pandemic placed severe restrictions on household consumption. In particular, the virus and the infection control measures affected the use of services such as restaurants and cultural events and the possibility of going abroad. As a result, households saved more money than they usually do. The consumption rate increased substantially in step with the gradual reopening of society.

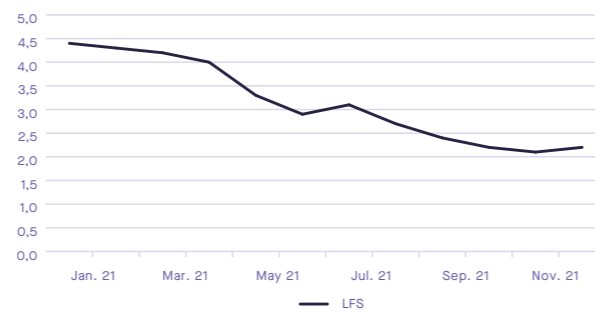
Electricity prices increased dramatically in the autumn of 2021 and kept high during the winter. The price increase means reduced disposable real income this year and at the start of next year, although the Government's electricity support package alleviates some of the effect of high electricity prices on disposable real income.

GDP growth



Norges Bank raised the key policy rate twice in 2021, first from 0 to 0.25 per cent in September and then to 0.5 per cent in December. As restrictions are eased, the unemployment rate falls and the level of activity picks up, Norges Bank plans on further hikes and a normalisation of the key policy rate in 2022.

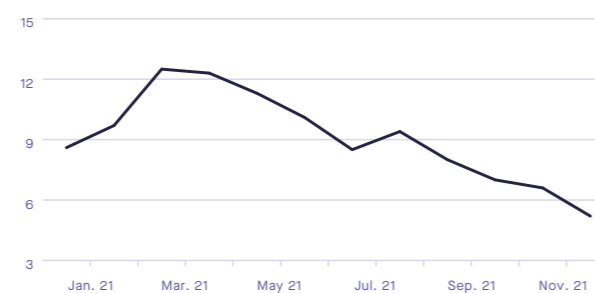
Registered unemployment as percentage of workforce



The labour market was severely affected by the infection control measures as temporary lay-offs led to a sharp increase in unemployment. Since the peak in March 2020, unemployment has returned to pre-pandemic levels. At the end of November 2021, there were around 65,000 wholly unemployed persons, making up 2.3 per cent of the workforce, adjusted for normal seasonal variations. In other words, the unemployment rate in November was approximately the same as before the pandemic. In recent months, the employment rate has increased more than unemployment has fallen, reflecting how more people who were previously outside the labour market have moved into employment.

After rising strongly through 2020, the increase in housing prices has been moderate since April 2021. The slowdown in housing price growth is probably due to expectations of higher lending rates and a normalisation of household consumption patterns in step with the reopening of society. In Norway, the trend has been most marked in Oslo, and in November, Oslo had the lowest year-on-year growth among the biggest Norwegian cities.

Housing prices



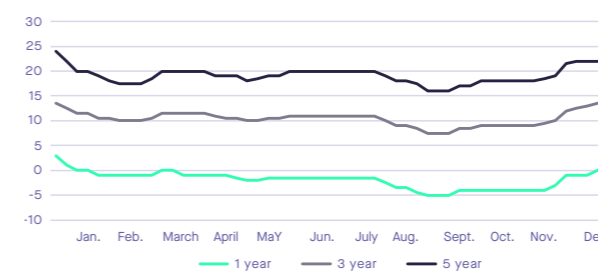
The stock market

Sbanken was listed on Oslo Børs on 2 November 2015. The bank's ticker code is SBANK. Sbanken is included in the OBX Financials index. Sbanken has one class of shares, and all shares carry equal voting rights. At year-end, the number of outstanding shares was 106,869,333.

Share price development

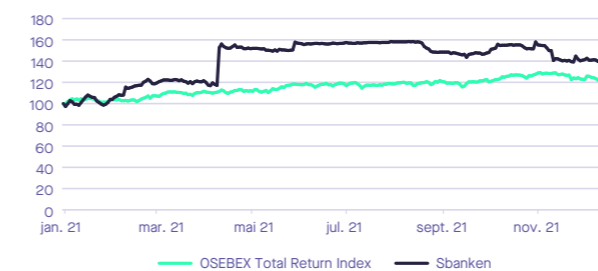
Low interest levels and fiscal policy stimulus packages contributed to very strong financial markets in 2021, with a strong increase in share prices despite the ongoing pandemic. As more central banks started to tighten monetary policy over the course of the second half year, the share price development slowed down. The Oslo Børs benchmark index ended 2021 up 23.4, while the US S&P 500 Index ended up 28.8 per cent.

Development in covered bond credit spreads (bp)



Sbanken's share price saw major fluctuations over the year as a result of the DNB bid. The lowest price, NOK 66.40, came at the start of the year and the highest, NOK 107.80, came in June, after DNB raised its bid to NOK 108.85 per share. Following increased uncertainty about the regulatory approval, the share price fell slightly and ended the year at 93.70. The average number of Sbanken shares traded per day on Oslo Børs was 181,000, compared with 172,000 in 2020. At year-end, Sbanken had a market value of NOK 10.0 billion.

Share price development 2021



Relative share price development since IPO (rebalanced)



Dividend policy

Sbanken aims to deliver an attractive and competitive return on equity and facilitate planned growth to create shareholder value over time through a positive share price development and distribution of excess capital. Excess capital can be distributed through a combination of cash dividends and repurchase of shares. In accordance with the updated dividend policy, the bank's target is to distribute approximately 50 per cent of the group's net profit as cash dividends. As the bank did not achieve the desired growth in lending in 2021, it was over-capitalized at the end of the year. Hence the policy has been deviated from and it is proposed a dividend representing close to 100 percent of the group's net profit. The target of 50 percent is based on current capital requirements, and any changes in regulations, in the economic climate or in the bank's strategy can lead to changes in the dividend policy.

In February 2021, the Board decided to distribute a dividend of NOK 3.15 per share for the 2019 fiscal year, corresponding to 49.6 per cent of the group's net profit. It was decided to postpone the distribution of the dividend for 2019 after Norwegian banks received a general request from the regulatory authorities in spring 2020 to reconsider their dividend distributions in light of the increased uncertainty following the coronavirus outbreak. The restriction was lifted on 31 September 2021, and the Board decided in October to use the mandate to distribute a dividend of NOK 4.40 per share, corresponding to a dividend ratio of 62.8 per cent of the group's net profit for the 2020 fiscal year.

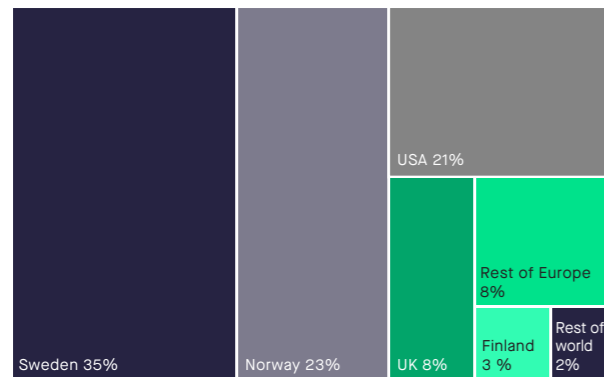
Shareholder structure

At the end of 2021, the share capital amounted to NOK 1,068,693,330 divided between 106,86,333 shares, each with a nominal value of NOK 10.

At year-end 2021, Sbanken had 4,471 registered shareholders, a decrease of 18.5 per cent from 2020. The 20 biggest shareholders had a total holding of 689.1 million shares, corresponding

to 65.4 per cent of the issued share capital. The largest shareholder is Altor Fund IV, which holds 25 per cent of the bank's shares. As of 31 December 2021, institutional investors (including DNB) owned 78 per cent of the bank's shares. Norwegian institutional investors held 23 per cent of the overall institutional holding, up from 17 per cent at year-end 2020.

Geographical distribution, institutional shareholders



Rating

Sbanken ASA has a long-term deposits rating of A2 with a positive outlook from Moody's. Covered bonds issued by the bank's wholly owned mortgage company, Sbanken Boligkreditt AS, have a rating of Aaa from Moody's, the highest available rating. Sbanken ASA's rating was last confirmed on 9 December.

Capital market funding

At year-end, capital market funding accounted for 29.4 per cent of the bank's financing, of which NOK 23.3 billion through covered bonds and NOK 5.2 billion through senior unsecured bonds. The figure below shows the maturity structure for Sbanken ASA's capital market funding at year-end 2021. For details on individual bonds and capital market funding, see notes [20–22].

Debt maturity profile (NOK billions)



Investor Relations

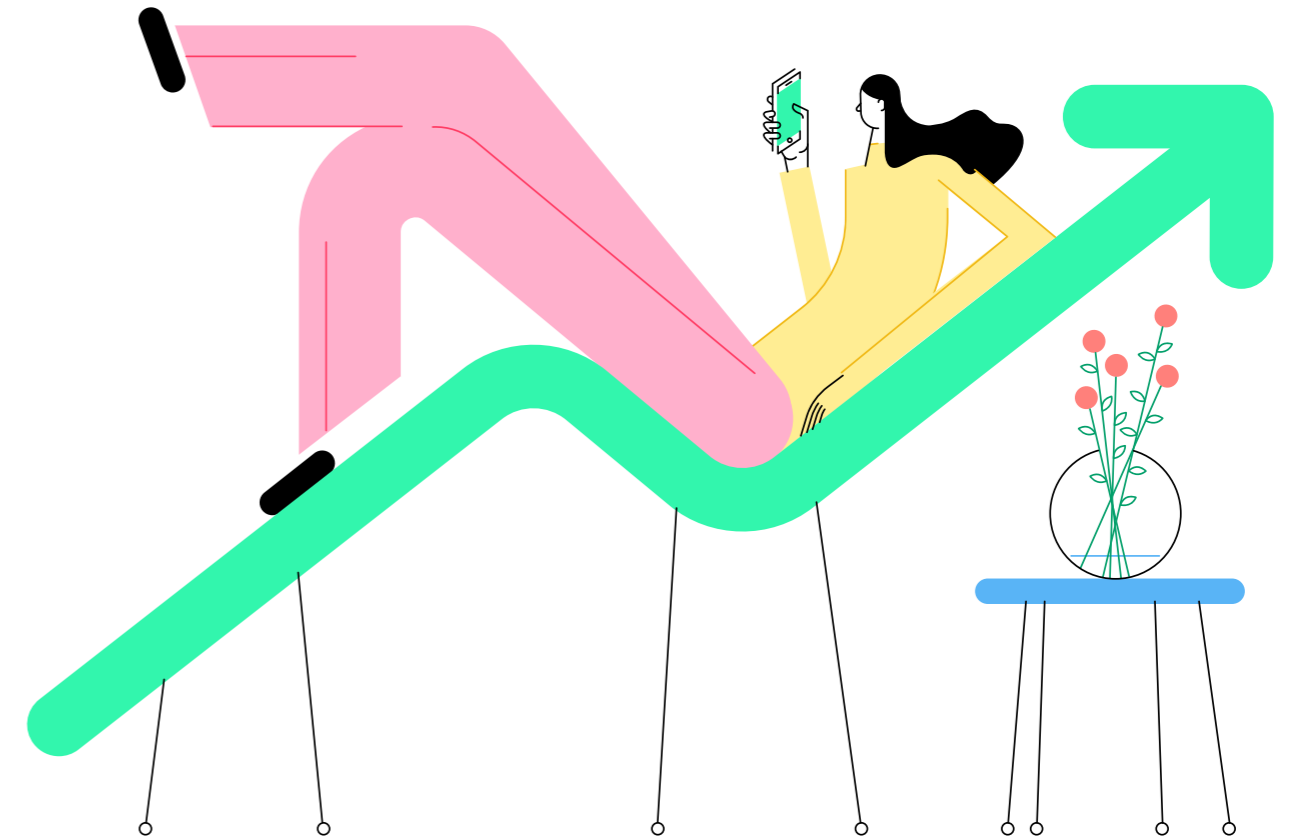
Sbanken complies with the Oslo Børs Code of Practice for IR, issued in July 2019. All information relevant to the pricing of financial instruments issued by Sbanken ASA or its subsidiary Sbanken Boligkreditt AS will be given simultaneously to all market participants. All financial information will, after publication, be made available on Sbanken's website. Presentations of quarterly results will be made in English and will be available as webcasts. In addition, the Head of Investor Relations and representatives of the management will hold meetings with existing and potential investors and with analysts, in and outside Norway.

All new presentation material that is communicated to the market will be prepared in English and published as stock exchange announcements before being made available on the bank's website. Sbanken will ensure that investors and analysts are given the same oral information based on previously published material, at meetings and during other direct contact. A more detailed description of equal treatment of shareholders is available in the chapter 'Corporate governance'. Sbanken's Investor Relations guidelines are available at sbanken.no/ir. At year-end 2021, six equity brokerage firms had analyst coverage of Sbanken. Up-to-date contact information is available at sbanken.no/ir.

20 largest shareholders at 31 Dec. 2021*

	Share in %
1 Altor Fund IV	25,0%
2 DNB ASA	9,9%
3 ODIN Forvaltning AS	4,8%
4 Paradigm Capital Management, Inc.	2,6%
5 The Vanguard Group, Inc.	2,4%
6 Nordea Funds Oy	2,2%
7 Sand Grove Capital Management LLP	2,0%
8 Neuberger Berman, LLC	1,9%
9 Didner & Gerge Fonder AB	1,7%
10 Templeton Investment Counsel, L.L.C.	1,7%
11 Fidelity Management & Research Company LLC	1,6%
12 Kempen Capital Management N.V.	1,4%
13 Polar Capital LLP	1,4%
14 Dimensional Fund Advisors, L.P.	1,3%
15 Farringdon Capital Management SA	1,1%
16 Samson Rock Capital LLP	1,0%
17 Water Island Capital, LLC	1,0%
18 Cigogne Management S.A.	0,8%
19 Eika Kapitalforvaltning AS	0,8%
20 BlackRock Institutional Trust Company, N.A.	0,8%

* The real ownership behind what is registered as nominee-accounts in the share register has been assessed based on analysis and estimates. Unidentified real owners may be among the company's largest owners.



Financial targets 2021–2023

Sbanken aims to deliver an attractive and competitive return on equity, which in turn facilitates the creation of shareholder value through positive share price development and distribution of dividend.

In accordance with the dividend policy updated in February 2021, Sbanken shall endeavour to distribute around 50 per cent of the bank's net profit for the year as a cash dividend. Excess capital can be distributed through a combination of cash dividend and buy-back of shares.

As of year-end 2021, Sbanken had the following financial targets for the period 2021–2023.

The targets are based on the bank's current regulatory capital requirements. Any future changes in regulations, the economic climate or the bank's strategy may result in changes to the bank's financial targets.

Financial targets 2021–2023

	Target 2021–2023	2021
Return on equity	14%	10,3%
Annual EPS growth	10%	-5,4%
Cost-to-income ratio	30%	43,8%
CET1 ratio	Regulatory requirement + 0.5 percentage points*	15,0%

*Corresponded to 13.0 per cent at the end of 2021.



Corporate governance

1. Implementation and reporting on corporate governance

Every year, the Board and management of Sbanken ASA review the bank's principles for corporate governance and how they are implemented in the group. The formal requirements and recommendations for this report follow from the Norwegian Accounting Act Section 3-3b and the Norwegian Code of Practice for Corporate Governance of 14 October 2021, available at www.nues.no. The bank's corporate governance guidelines are available on its website.

This section describes how Sbanken has complied with the 15 chapters of the Code of Practice. Any deviations are commented on in each sub-section below.

Deviations from the Code of Practice: None

2. Business

Sbanken ASA is a financial services group that consists of the parent bank and its subsidiary Sbanken Boligkreditt AS. Sbanken is an innovative online bank with no branch offices, offering modern banking services to Norwegian retail

customers and small businesses through a user-friendly, flexible banking platform. Sbanken's business is set out in the company's Articles of Association, which are available on the bank's website. The Articles of Association state that the object of the company is to conduct banking activity within the relevant legislative framework. The bank offers all transactions and banking services that are customary or natural in the financial sector. The Board of Directors adopts its resolutions within the business framework decided by the General Meeting.

The Board is in charge of the company's strategic planning and defines clear goals, strategies and a risk profile for the bank's business. Information about this is available in the Board of Directors' report. The company's objectives, strategies and risk profile are evaluated at least once a year, among other things through work on the business plan and ICAAP, both documents adopted by the bank's Board.

Sbanken aims to inspire smart financial and sustainable choices for the future, and the bank's values are: Open, Simple, Fair, and Friendly Rebel. The bank's activities and services are dependent on a high degree of trust. The trust of our customers and society is based on a good reputation and high ethical standards in all parts of the business. This forms the

basis for decision-making and governs the corporate culture together with the bank's core values. The bank reports climate risk based on the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD).

The bank's objectives and values form the basis for the bank's guidelines on ethics and corporate social responsibility. Sbanken's code of ethics and business conduct and the policy on CSR and sustainability, including ethical labelling of funds at Sbanken, are available on the bank's website.

The bank's corporate social responsibility is described in the Board of Directors' report and in a separate chapter in the annual report.

Deviations from the Code of Practice: None

3. Equity and dividends

Capital adequacy

The Board continuously assesses the capital situation in light of the company's objectives, strategies and risk profile. The bank's capital risk policy is adopted by the Board. The bank's capital requirements are analysed based on the bank's business plan and financial plan through the annual ICAAP process adopted by the Board.

Details concerning the bank's capital situation are available as part of the financial information.

Dividend

When deciding the size of the annual dividend, particular account is taken of the group's capital requirements, including capital adequacy requirements, and the group's objectives and strategic plans. Sbanken has updated its dividend policy, which dictates that the bank shall endeavour to distribute about 50 per cent of the group's net profit for the year as a cash dividend. Excess capital can be distributed through a combination of cash dividend and buy-back of shares.

Mandates of the Board

At the annual general meeting, held on 22 April 2021, the Board was granted the following mandates:

- issue a subordinated bond loan between Sbanken ASA as the borrower and Nordic Trustee ASA as the trustee for the bond holders, with a total nominal value of up to NOK 600 million,
- issue subordinated loans between Sbanken ASA as the borrower and Nordic Trustee ASA as the trustee, with a total nominal value of up to NOK 750 million,
- purchase, on behalf of the company, own shares with a total value of up to NOK 32 million, corresponding to 3.0 per cent of the company's share capital. The purpose of the mandate is to enable the company to buy its own shares to facilitate an optimum capital situation, and/or to

buy own shares to distribute to employees in accordance with previously adopted share purchase programmes. The maximum amount that can be paid per share is NOK 150 and the minimum is NOK 10. Under the mandate, the company may buy and sell shares in the manner that the Board finds expedient. Acquisition shall nonetheless not take place through subscription for own shares, and

- increase the share capital by up to NOK 100 million. The purpose of the authorisation is to enable the company to raise capital in connection with acquisitions and/or when more capital is needed to achieve growth in lending.

The mandates are valid from the date of decision until the annual general meeting in 2022 or 30 April 2022, whichever comes first.

Deviations from the Code of Practice: None

4. Equal treatment of shareholders

Sbanken has one class of shares, and all shares carry equal voting rights. In the event of share capital increases, existing shareholders have pre-emptive rights, unless special circumstances indicate that these rights may be waived. In such case, the basis for a waiver must be explained. In cases where the Board of Directors requests a mandate from the General Meeting to buy back own shares, this must take place in accordance with Oslo Børs's guidelines.

Largest shareholder

Altor Fund IV, which collectively owns 25 per cent of the shares via Altor Invest 3 AS and Altor Invest 4 AS, is Sbanken ASA's largest shareholder.

Transactions with close associates

Before material transactions are carried out between the company and its shareholders, a shareholder's parent company, board members, members of the management or close associates of any such parties, the Board shall obtain an independent third-party assessment. Transactions subject to the General Meeting's approval in accordance with the provisions of the Public Limited Liability Companies Act take place in accordance with these provisions. An independent assessment shall also be carried out for transactions between companies in the group if any of the companies involved have minority shareholders. Members of the Board and management must notify the Board if they have material direct or indirect interests in a transaction carried out by the company.

Deviations from the Code of Practice: None

5. Shares and negotiability

The shares in Sbanken ASA are listed on Euronext Oslo Børs with the ticker SBANK and are freely negotiable. The Articles of Association do not set out limitations on the right to own, buy/

sell or vote for shares in the company. Chapter 4 of the Articles of Association contains more detailed provisions on the exercise of voting rights at the annual general meeting.

Deviations from the Code of Practice: None

6. General meeting

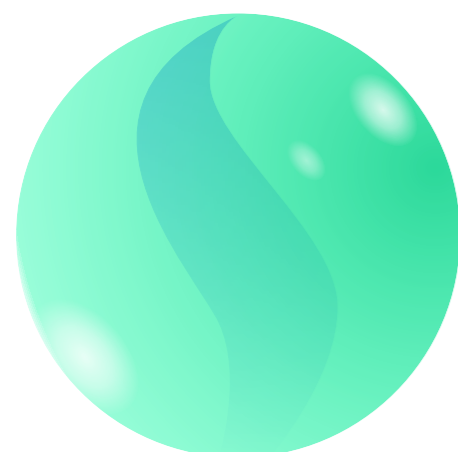
Sbanken ASA's supreme authority is the General Meeting, which represents the bank's shareholders. Under the Articles of Association, the annual general meeting shall be held by the end of April each year. Notice of and forms for registration and proxy are sent to the shareholders and made available on the bank's website at least 21 days before the date of the meeting. Measures are taken to ensure that shareholders can exercise their rights by attending the general meeting. Shareholders who are unable to attend may vote by proxy. The proxy form is designed to allow votes to be cast for each item on the agenda. The deadline for registration, advance voting and the use of proxies is set as close to the date of the annual general meeting as possible.

Pursuant to the Articles of Association, case documents are only made available on the bank's website by the same date, but shareholders may ask to receive case documents by post if they so wish.

The Board takes steps to ensure that the General Meeting can elect an independent person to chair the meeting. The CEO, the Chair of the Board and the Chair of the Nomination Committee attend the annual general meeting. The external auditor will also attend when it is considered necessary based on the nature of the items to be considered. Minutes of annual general meetings are available on the bank's website.

The General Meeting elects the Chair of the Board, members of the Board, the Chair of the Nomination Committee and members of the Nomination Committee. Shareholders may vote for each individual candidate for offices on the Board and Nomination Committee. The General Meeting also elects the external auditor.

Deviations from the Code of Practice: None



7. Nomination Committee

Sbanken's Articles of Association specify that the bank shall have a nomination committee consisting of three members: two members and a chair, elected by the General Meeting for up to two years at a time. The Chair of the Nomination Committee has chief responsibility for the committee's work. No members of the Board or representatives of the bank's management are members of the Nomination Committee. Members of the Nomination Committee may not be re-elected more than twice, so that the total term of office does not exceed six years.

The Nomination Committee submits its recommendations to the General Meeting concerning:

- the election of shareholder-elected board members and the Chair of the Board
- the election of members and the Chair of the Nomination Committee
- remuneration of the Board and the Nomination Committee

The Nomination Committee's recommendation for the General Meeting is made available together with the other case documents at least 21 days before the date of the meeting.

Information about the Nomination Committee and about how to submit proposals to the Committee is available on the bank's website together with the rules of procedure for the Nomination Committee.

Deviations from the Code of Practice: None

8. The Board of Directors: composition and independence

Composition of the Board

The General Meeting elects the Chair of the Board and board members for up to two years at a time. As of 31 December 2021, the Board had five shareholder-elected board members in addition to two employee-elected board members. Information about the board members is available on the bank's website and in the annual report.

The Nomination Committee endeavours to make a recommendation for the General Meeting that ensures that the composition of the Board safeguards the interests of all shareholders and the company's need for expertise, capacity and diversity. Endeavours should also be made to ensure that the Board functions effectively as a collegiate body. The composition of Sbanken's Board meets the requirements of financial legislation and the Norwegian Code of Practice for Corporate Governance concerning independence in relation to the company's management, main shareholders and important business associates. Neither the CEO nor any executive personnel are members of the Board.

Three of the board members are women: two shareholder-elected members (elected by the General Meeting) and one employee-elected member. No one may hold the office of board member or Chair of the Board for a continuous period of more than 12 years. No one may be a member of the Board for more than 20 years.

Board members are encouraged to own shares in the bank. The bank's website and the annual report contain an overview of board members' acquisitions.

The Board's independence

All shareholder-elected board members are deemed to be independent of the bank's day-to-day management and the majority of them are considered to be independent of the company's main shareholder. Board member Herman Korsgaard is Director at Altor Equity Partners, which controls Altor Fund IV, which in turn owns 25 per cent of the bank's shares via Altor Invest 3 AS and Altor Invest 4 AS. The majority of the shareholder-elected board members are also deemed to be independent of the company's main business associates. Board member August Baumann has performed consultancy assignments for Sbanken from December 2020 to January 2021.

Participation in board meetings and board committees in 2021

A total of 26 board meetings were held during the year, 19 of which were extraordinary board meetings. The Audit Committee and the Risk and Compliance Committee have held 7 meetings each, and the Remuneration Committee has held 14 meetings. In addition, meetings have been held relating to strategy work and competence development for board members.

The following table shows each board member's participation in board meetings and board committees:

	Board meetings	Audit Committee	Risk and Compliance Committee	Remuneration Committee
Niklas Midby	26	5	7	13
Ragnhild Wiborg*	9	2	3	
August Baumann	26	5		14
Mai-Lill Ibsen	26		7	
Hugo Maurstad*	9			
Herman Korsgaard**	15	3		
Cathrine Klouman	23		6	
Stein Zahl-Pettersen	25			
Sarah Mjåtvedt***	9			7
Karianne Mjøs-Haugland***	17			7

* Ragnhild Wiborg and Hugo Maurstad stepped down from the Board of Directors on 22 April 2021 in connection with the annual general meeting on the same date.

** Herman Korsgaard was elected board member at the annual general meeting on 22 April 2021, and was also appointed Chair of the Audit Committee.

*** Employee-elected board member Sarah Mjåtvedt was on parental leave until November 2021, and Karianne Mjøs-Haugland was appointed as her deputy.

Deviations from the Code of Practice: Board member August Baumann has performed consultancy assignments for the bank in December 2020 and January 2021 concerning remuneration in the group. He received payment for this work. The bank's

justification for using Baumann is that he knows the company and organisation well, has expertise in the area, and that the assignment is limited in time and scope. Baumann will ensure his own independence in relation to any subsequent consideration by the Board of the topic covered by the agreement.

The Board established a special committee in connection with the DNB bid. The workload in the committee where considerable and was partly performed as a consulting assignment. Members of the committee who received remuneration for this work are Niklas Midby, Mai-Lill Ibsen and Ragnhild Wiborg (March 2021–22. April 2021).

9. The work of the Board of Directors

Duties of the Board

The duties of the Board are laid down in the rules of procedure, which regulate the Board's responsibilities and duties, the Board's case proceedings and which matters are to be dealt with by the Board, as well as rules for notice of meetings and proceedings. The rules of procedure also contain provisions on suitability, impartiality and handling of conflicts of interest. Board members and executive personnel are obliged to inform the company of any material interests they may have in matters to be considered by the Board. The Board has adopted rules of procedure for the CEO's mandates, reporting to the Board and the duty to ensure that the Board's resolutions are implemented. The Board adopts an annual meeting and work plan that covers strategy work, financial reporting, risk management and internal control. The CEO and the board secretary prepare cases to be dealt with the Board together with the Chair of the Board.

As a listed group, Sbanken has three board committees, described in more detail below. The members of the committees are elected by and from among the board members. The members of the committees shall have the necessary expertise in relation to Sbanken's organisation and business. The Board has adopted separate rules of procedure for each committee, which include provisions on the committee's purpose, composition, duties and functions. The committees do not adopt any resolutions, but supervise the administration's work on behalf of the Board and prepare matters within their areas of responsibility for consideration by the Board.

The case proceedings for entering into agreements with associated parties are described in more detail in section 4 above.

Remuneration Committee

In 2021, the Remuneration Committee consisted of three members of the company's Board. In addition to the members of the Committee, the Chief Organisation, Leadership and Culture Officer also attends the meetings. In accordance with the rules of procedure adopted by the Board, the Committee shall ensure a thorough and independent preparation of matters relating to remuneration in the bank. At least annually, the Committee shall consider and provide recommendations for

board resolutions relating to which roles and employees in the bank should be considered leading employees, employees with duties of significance to the company's risk exposure, and employees with supervisory duties. The Committee shall also prepare an assessment of the company's remuneration schemes and a declaration on the salary of the CEO and the employees mentioned above.

Audit Committee

In 2021, the Audit Committee consisted of three members of the company's Board. The composition of the Committee satisfies the Code of Practice's requirements for independence and competence. At least one of the independent members has satisfactory qualifications in accounting and/or auditing.

In addition to the members of the Committee, the CFO and the CRO attend the meetings. The Audit Committee's duties include preparing the Board's follow-up of the financial reporting process, monitoring systems for internal control and risk management and ensuring that the group has an independent, efficient external auditor and satisfactory financial reporting in accordance with laws and regulations. Separate rules of procedure have been prepared for the Audit Committee and adopted by the Board of Directors.

Risk and Compliance Committee

In 2021, the Risk and Compliance Committee consisted of three members of the company's Board. In addition to the members of the Committee, the CFO, CRO and CCO attend the meetings. The Committee shall ensure that the group's risk and capital management supports the group's strategic development and the achievement of its objectives, and that it ensures financial stability and satisfactory asset management. Separate rules of procedure have been prepared for the Risk and Compliance Committee and adopted by the Board of Directors.

The Board's self-evaluation

The Board carries out an annual review of its own performance and competence, which forms the basis for changes in the Board and the board committees' work and composition.

The key points in the Board's review are made available to the Nomination Committee, and the Committee also meets with each individual board member separately.

Deviations from the Code of Practice: None

10. Risk management and internal control

Risk management is an integral part of the Board's work. The Board has adopted an overarching strategy for risk management and internal control. The bank shall have a sound risk culture based on openness, transparency and competence, and it shall continuously challenge its methods, processes and procedures in order to improve its performance.

Sbanken's Board establishes the risk appetite for defined risk categories and adopts guidelines that operationalise the company's risk appetite.

The bank adopts a holistic approach to risk management. This means that the following principles shall apply:

- The bank's risk appetite for each risk category shall be translated into specific management parameters.
- Each risk category shall be allocated capital in line with the actual risk status aligned with the bank's risk appetite.
- The bank's risk management systems and procedures shall be appropriate to the complexity of the business.
- Risk management shall be an ongoing and continuous process.
- Risk reports shall be presented in an understandable manner that provides a clear picture of the bank's risk situation to all stakeholders.
- Risk management shall be performed across the group's companies, at all levels within each individual company in the group, and for the group as a whole.
- The bank shall only assume risk where the bank and the individual decision-makers have the qualifications and systems needed to manage the risk.
- Responsibility for entering into agreements that incur risk for the bank is delegated through personal mandates.
- Efforts shall be made to achieve as great a balance as possible between risk and profitability. Profitability shall be measured individually at the customer and exposure level, with respect to sub-portfolios/segments/departments and for the bank as a whole. Profitability shall be measured on a risk-adjusted basis and considering the economic capital allocated.

The organisation of the bank is based on the principle of three lines of defence.

First line of defence

The bank's operational management represents the first line of defence and shall take ownership of any risk-taking. The business units are responsible for handling the operation and control of their own risks and for performing risk assessments and implementing risk and internal controls that enable the bank to operate in accordance with applicable regulations and the limits and risk appetite adopted by the Board of Directors.

Second line of defence

Second-line functions monitor and verify that the bank operates within the adopted risk limits. The Chief Risk Officer and the Chief Compliance Officer perform this role. The Chief Risk Officer heads the bank's Risk Management function, and the Chief Compliance Officer heads the bank's Compliance function.

The Risk Management function is responsible for establishing and maintaining systems and processes that ensure that the bank complies with adopted risk strategies, policies and procedures. The function prepares regular risk reports for the Board of Directors, and reports any breaches of limits and guidelines.

The Chief Risk Officer is independent of managers with responsibility for risk-taking, and does not take part in decisions that relate directly to areas that are monitored and reported on. Organisationally, the Chief Risk Officer reports directly to the CEO, but also has a right and a duty to report directly to the Board. The Chief Risk Officer may not be dismissed without the Board's consent.

The Chief Compliance Officer is independent of managers with responsibility for risk-taking and leads the part of the second line of defence that covers compliance with procedures and regulations. Administratively, the function reports to the CEO. In practice, however, it is independent of the bank's management and other staff and control functions. The Chief Compliance Officer verifies compliance with regulations based on the Board's instructions, and reports to the Board on relevant matters. The Chief Compliance Officer may not be dismissed without the Board's consent.

Third line of defence

The bank's internal auditor carries out independent tests of the risk management procedures. The internal auditor shall be independent of the bank's operational functions, and reports directly to the Board of Directors. The internal audit shall ensure, among other things, that the company is organised and run in a responsible manner and in accordance with applicable requirements. The internal auditor performs audits in accordance with the audit plan and rules of procedure adopted by the Board. KPMG was the bank's independent internal auditor in 2021.

A self-assessment of risk and internal control is carried out annually. All the bank's managers participate in the evaluation, and the results are presented to the Board. The bank's systems for risk management and internal control cover all parts of the business, including its relationship with society.

Deviations from the Code of Practice: None

11. Remuneration of the Board of Directors

Remuneration paid to members of the Board of Directors and the board committees is determined by the General Meeting, based on a recommendation from the Nomination Committee.

Board members' fees do not depend on the company's financial performance or other objectives. No options are issued to members of the Board. Information about remuneration paid to individual board members is presented in the notes to the annual accounts.

Deviations from the Code of Practice: None

12. Pay and other remuneration for executive personnel

Sbanken's policy for remuneration of employees of Sbanken ASA is approved by the bank's Board, and the remuneration scheme applies to all employees.

The policy shall help to ensure that the bank is able to attract, retain and motivate employees. The remuneration policy is based on the bank's business concept and objectives, the market and competitive situation, and the bank's financial circumstances. The salary level should reflect the bank's aim to be both cost-effective and competitive. The remuneration scheme shall comply with the bank's objectives, risk tolerance and long-term interests.

The remuneration scheme is designed to ensure that the bank complies with the Regulations relating to Remuneration Arrangements in Financial Institutions. The bank's remuneration scheme contains separate rules for executive personnel, other employees and officers with duties of significance to the bank's risk exposure, and employees with supervisory duties. The bank's performance-based remuneration scheme is covered by exemptions described in the Financial Supervisory Authority's Circular 2/2020, section 2.2.

The policy on the stipulation of remuneration for executive personnel is presented to the shareholders annually in connection with the notice of the annual general meeting. See the notes to the annual accounts. The policy on the stipulation of remuneration for executive personnel is available on the bank's website.

Deviations from the Code of Practice: None

13. Information and communication

Sbanken ASA's Board has adopted a financial reporting policy to ensure that the bank complies with the requirement to provide the management, Board, owners, other investors, the authorities, employees and customers with transparent, reliable information about its business.

Sbanken has dedicated investor relations pages at sbanken.no/ir, where its procedures for financial communication are described. The bank places great emphasis on providing accurate, relevant and timely information about the group's development and performance in order to create a sense of confidence among investors. All price-sensitive information is published in Norwegian and English. Stock exchange announcements, annual and quarterly reports, presentation material and webcasts are available on the bank's website.

Information is also communicated to the market through quarterly investor presentations. Regular presentations are held for national and international investors. All reporting is based on transparency and equal treatment of parties in the securities market. The group's financial calendar is published on the bank's website.

Deviations from the Code of Practice: None.

14. Take-overs

Sbanken's corporate governance policy is approved by the bank's Board. It sets out guidelines for how the Board should handle any takeover bids.

Sbanken's Board of Directors will handle any takeover bids in accordance with the principle of equal treatment of shareholders. The Board will also help shareholders to obtain as much supplementary information as possible in all situations that affect their interests. Approval must be sought from the Financial Supervisory Authority of Norway for the acquisition of shares in a financial institution that brings the total shareholding up to more than 10 per cent of the acquired company's share capital.

Deviations from the Code of Practice: None.

15. Auditor

Deloitte AS has been Sbanken ASA's external auditor since 2015. The external auditor presents an annual plan for the audit work to the Audit Committee and the Board of Directors. The Audit Committee evaluates and makes a recommendation to the Board for the election of the external auditor. The Board holds an annual meeting with the auditor that is not attended by members of the management group. The Audit Committee submits its recommendation to the Board for approval of the external auditor's fee.

The Board subsequently presents the proposal to the General Meeting for approval.

The external auditor gives the Audit Committee a description of the main elements of the audit for the previous fiscal year, including details of any material weaknesses identified with regard to internal control in connection with the financial reporting process.

The CEO may use the auditor for other services than auditing. This is regulated in internal guidelines approved by the Board, and in the letter of assignment from Deloitte AS.

Deviations from the Code of Practice: None

Declaration on corporate governance pursuant to the Accounting Act Section 3-3b

1. The declaration complies with statutory requirements. Sbanken complies with the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board (NUES).
2. The Code of Practice is available at www.nues.no
3. Any deviations from the recommendation are commented on in the Board of Directors' declaration on corporate governance in this report.
4. Section 10 of the report contains a description of the main elements of the systems for internal control and risk management relating to the financial reporting process.
5. Sbanken has no articles of association that deviate from Section 5 of the Public Limited Liability Companies Act concerning the General Meeting, or from the Norwegian Code of Practice for Corporate Governance.
6. The report contains a description of the composition of the Board and the General Meeting. Sections 8 and 9 of the report also provide a description of the main elements of the guidelines and mandates for the bodies.
7. Section 8 of the report contains a description of articles of association that regulate the appointment and replacement of board members.
8. Articles of association and mandates granted to the Board of Directors to buy back or issue own shares are described in section 3 of the report.



The management of Sbanken ASA



Øyvind Thomassen • CEO

Born: 1962. **Background:** Graduate level degree in Economics and Business Administration (siviløkonom) from the Norwegian School of Economics (NHH). Thomassen was CEO of Sbanken's predecessor Skandiabanken from the start-up in 2000 until 2010. He was then given more responsibility and put in charge of Skandiabanken AB and the business initiative in both Norway and Sweden. Thomassen was also a member of the Board of Skandiabanken and Sbanken until 2016. During the period 2016 to 2018, Thomassen served as CEO of Bluestep Bank AB.

Number of shares as of 31 Dec. 2021: 101,629



Henning Nordgulen • CFO

Born: 1965. **Background:** Bachelor's degree from BI Norwegian Business School and additional education from IMF Lausanne. Nordgulen has been CFO of Sbanken since 2015. Previously CFO of Bergen Group ASA and Corporate Market Director at Sparebanken Vest.

Number of shares as of 31 Dec. 2021: 70,472

*owned through the related company North Hill Invest AS.



Lene Eltvik Vindfeld • Chief Organisation, Leadership and Culture Officer

Born: 1978. **Background:** Master's degree (siviløkonom) with degree studies in strategy and management from the Norwegian School of Economics (NHH), and an MBA in Management Control from NHH, with additional education in gender equality and organisation and management from the University of Agder. Eltvik Vindfeld has been Chief Organisation, Leadership and Culture Officer at Sbanken since October 2020. She came from the role of Director at PwC, with special responsibility for activities in the area People & Organization in the western region. Before that, she spent several years working for Schibsted Norge and the newspaper Bergens Tidende, most recently as Head of Organisation in Stavanger Aftenblad and Bergens Tidende.

Number of shares as of 31 Dec. 2021: 212



Morten Jacobsen • Chief Technology Officer****

Born: 1976. **Background:** Master's degree in Computer Science from the University of Oslo and Cornell University. Jacobsen has been Chief Technology Officer at Sbanken since June 2020. Previously Chief Technology Officer for Schibsted News Media and Schibsted Norge, and with responsibility for the global product and technology organisation.

Number of shares as of 31 Dec. 2021: 7,371



Eirik Christensen • COO Banking

Born: 1978. **Background:** PhD in Economy from the University of Bergen. Joined Sbanken in 2015 as the Chief Risk Officer, before taking over as COO Banking in 2020. Previously Head of Risk Management at Sparebanken Vest.

Number of shares as of 31 Dec. 2021: 15,000



Arlin Opsahl Mæland • Chief Compliance Officer

Born: 1961. **Background:** Executive master's degree in Business Administration (EMBA) from the University of Stavanger (UiS) and bachelor's degree from BI Norwegian Business School. Mæland has been CCO of Sbanken since 2015. She came from the role of Compliance Manager at SpareBank 1 SR-Bank and previously worked as Risk Manager, analyst and CFO at GE Capital Bank, Statoil ASA and Aeriton Aircraft AS, respectively.

Number of shares as of 31 Dec. 2021: 2,978



Jørgen Gudmundsson • Chief Risk Officer

Born: 1981. **Background:** Master's degree from the Norwegian School of Economics (NHH). Gudmundsson joined Sbanken in 2020 as the Chief Risk Officer. He has previously worked as an adviser at Norges Bank and held various positions in Sparebanken Vest, most recently CFO.

Number of shares as of 31 Dec. 2021: 7,840



Line Sverdrup Ulvesæter • Head of B2B**

Born: 1980. **Background:** MSc in Business Administration (siviløkonom) from BI Norwegian Business School. Ulvesæter has been Head of B2B since February 2021. She joined Sbanken as a business developer in 2018, and has played a key role in Sbanken's corporate banking initiative. Line has extensive experience as a consultant and business developer in finance, industry and shipping, including from Grieg Star AS and Green Reefers ASA.

Number of shares as of 31 Dec. 2021: 1,248



Hanne Alver Krum • Head of Market***

Born: 1968. **Background:** Cand.mag. degree from the University of Bergen, master's degree in Organisation and Management from the Norwegian University of Science and Technology (NTNU) and management training from AFF. Krum has been Head of Market since 1 November 2021. She is currently on loan from Sopra Steria, where she holds the position Senior Manager and works on communication, branding, strategy, change management and digital business development.

Number of shares as of 31 Dec. 2021: 0

* Jostein Dalland stepped down as Head of Savings and Market at Sbanken on 31 October 2021

** Line Ulvesæter took up the position Head of B2B on 24 February 2021 and joined Sbanken's senior management team on 26 May 2021

*** Hanne Krum took up the position Head of Market on 1 November 2021

**** Morten Jacobsen left Sbanken on 28 February 2022

Board of Directors



Niklas Midby • Chair of the Board since 2015

Born: 1959. **Background:** Graduate degree in finance from the Stockholm School of Economics. Midby has been Executive Vice President at OM (now Nasdaq OMX), has experience from Boston Consulting Group and has held various positions in investment banking and private equity internationally. Midby is a Swedish national and resides in Sweden.

Midby is Chair of the Board of Profit TopCo Oy, Credon AB, and board member of OX2 AB.

Board committees: Remuneration Committee, Audit Committee, Risk and Compliance Committee.

Number of board meetings in 2021: 26 (26)

Number of shares as of 31 Dec. 2021: 77 776*

*partly owned through the related company Flagstone International Ltd.



Mai-Lill Ibsen • Board member since 2015

Born: 1955. **Background:** MSc in Business Administration (siviløkonom) from BI Norwegian Business School and MBA from Stanford Graduate School of Business. Ibsen has held several executive positions in international finance, including as CEO of NOS ASA, Managing Director/CCO of Citibank International plc in Norway, and Deputy CEO of Eksportfinans ASA. She has during the last 10-15 years been an independent non-executive director of many, both listed and government-owned, companies in the Nordic countries. Ibsen is a Norwegian national and resides in Norway.

Ibsen is currently Chair of the Board of Sbanken Boligkreditt AS, and Board member of Fjellinjen AS and Carnegie AS. Ibsen also chairs several nomination committees, including in Europris ASA. She also holds a position as member of the control committee of Redningsselskapet.

Board committees: The Risk and Compliance Committee (Chair)

Number of board meetings in 2021: 26 (26)

Number of shares as of 31 Dec. 2021: 5 528



August Baumann • Board member since 2015

Born: 1966. **Background:** Master's degree in Shipping and Trade Finance from Cass Business School in London. Baumann has held several senior executive positions in various IT and telecom companies, most recently as Senior Vice President at Atea ASA. Prior to this, he held several executive positions at Telia Norge AS, including as CEO and CFO. Baumann is a Norwegian national and resides in Norway.

Board committees: The Remuneration Committee (Chair) and the Audit Committee

Number of board meetings in 2021: 26 (26)

Number of shares as of 31 Dec. 2021: 41 630*

*partly owned through the related company Baumann Industrier AS.



Herman Korsgaard • Board member since 2021

Born: 1987. **Background:** SEP from Stanford University, MBA from INSEAD, and bachelor in finance from Cass Business School in London. Korsgaard is a Director at Altor Equity Partners AS since 2016. He has previous experience from finance and strategy including the investment bank Morgan Stanley International. Korsgaard is a Norwegian national and resides in Norway.

Korsgaard is also board member at Rossignol Group and Dale of Norway.

Board committees: The Audit Committee (Chair)

Number of board meetings in 2021: 15 (26)

Number of shares as of 31 Dec. 2021: 0



Cathrine Klouman • Board member since 2018

Born: 1962. **Background:** MSc in Business Administration from BI Norwegian Business School and leadership programme from MIT Sloan School of Management. Klouman is Chief Digital Officer (CDO) at Møller Mobility Group. Prior to the position at Møller Mobility Group, she was CDO at Fredensborg. Klouman has more than 20 years' experience from the IT and finance industry, and has held various executive positions at IBM, BankAxept, DNB, and Lindorff. Klouman is a Norwegian national and resides in Norway.

Board committees: The Risk and Compliance Committee

Number of board meetings in 2021: 23 (26)

Number of shares as of 31 Dec. 2021: 18 428*

*owned through the related company Caselba AS.



Stein Zahl-Pettersen • Employee-elected Board member since 2020

Born: 1969. **Background:** Bachelor's degree in English, comparative religion and history from the University of Bergen, in addition to an extra module in history from the University of Bergen and SOAS University of London. Zahl-Pettersen has worked at Sbanken since 2008, and currently works as a software tester within the IT department. Since 2018, he has also held the role of employee representative. Zahl-Pettersen is a Norwegian national and resides in Norway.

Number of board meetings in 2021: 25 (26)

Number of shares as of 31 Dec. 2021: 304



Sarah Lunde Mjåtvedt • Employee-elected Board member since 2020

Born: 1986. **Background:** Bachelor's degree in Economics from the University of Bergen. Mjåtvedt has worked at Sbanken since 2010, and has held several positions in the bank. Mjåtvedt currently works at the department for financial crime. She is also chief employee representative in the bank, a role she has held since 2018. Mjåtvedt is a Norwegian national and resides in Norway.

Board committees: The Remuneration Committee

Number of board meetings in 2021: 9 (26)

Number of shares as of 31 Dec. 2021: 795

* Karianne Mjøs-Haugland and Svein Frøystad were employee-elected Board members until April 2020, when replaced by Sarah Lunde Mjåtvedt and Stein Zahl-Pettersen. Mjøs-Haugland and Frøystad have since April 2020 been deputy employee-elected Board members.



Board of Directors' report

Operational review 2021

The year 2021 will go down as a special year in the bank's history. Following a prior process, DNB made a recommended voluntary bid on 15 April to acquire all the shares in Sbanken ASA. The subsequent regulatory approval process dragged on throughout the year, affected the bank's operations and priorities and resulted in a strong engagement from customers, the media and the outside world.

The bank chose to implement numerous measures and adaptations to secure the customer portfolio, balance sheet values and stability among the staff. The measures negatively affected the bank's performance during the year. The pandemic impacted society and the economy again in 2021. In light of the above, Sbanken delivered a strong profit performance in 2021. The results were characterised by reduced revenues, an increase in costs and reduced losses as a consequence of the prevailing situation. The group achieved a pre-tax profit of NOK 955.6 million, down NOK 51.1 million compared with 2020. The bank's net profit amounted to NOK 733.5 (783.0) million. The return on equity was 10.3 per cent in 2021, compared with 11.4 per cent in 2020.

Annual lending growth was 1.5 per cent for 2021. Compared with 2020, when lending growth was 2.4 per cent, 2021 was characterised by growth in mortgages and a reduction in unsecured lending, predominantly in consumer loans.

Net interest income fell by NOK 126.4 million, primarily a result of a weaker interest margin due to the measures implemented by the bank in response to the DNB bid. The interest margin ended at 1.53 per cent, down from 1.66 per cent in 2020. Net commission income amounted to NOK 210.6 million, an increase of NOK 26.3 million from 2020 as a result of high savings activity and more activity in card and payment services.

The group's operating expenses increased by 4.3 per cent compared with 2020, to NOK 741.2 million. The growth in costs was primarily due to direct transaction costs in the DNB process and measures implemented in response to this. The cost-to-income ratio was 43.8 per cent, up from 38.4 per cent in 2020.

Loan losses were positive at NOK 3.5 million, an improvement of NOK 137.0 million from 2020, corresponding to a loan loss ratio of 0.00 (0.16) per cent. The development was primarily driven by reduced volume and risk in the consumer loan portfolio.

At year-end 2021, Sbanken had a CET1 capital ratio of 15.0 per cent, compared to 15.5 per cent in 2020. The minimum CET1 requirement was 12.5 per cent, as the countercyclical capital buffer requirement remained at 1 per cent throughout 2021 following the 2020 reduction due to the pandemic.

The Board proposes a dividend for 2021 of NOK 6,60 per share, close to 100 per cent of the net profit for the year.

Sbanken's Board works to deliver an attractive and competitive return on equity, taking into account how the business impacts people, the environment and society.

Sbanken has a long-term perspective on managing the business responsibly and sustainably. The trust of both customers and society at large is vital to the bank's success. The Board aims to maintain high ethical standards in all parts of the business, where the bank's values form the foundation for all decisions.

Important events 2021

DNB made a bid for Sbanken

The year was dominated by DNB making a recommended voluntary bid on 15 April to acquire all the shares in Sbanken ASA. The initial bid of NOK 103.85 per share was raised in June to NOK 108.85, corresponding to a total price of NOK 11.6 billion, and it achieved an acceptance rate of 91.2 per cent combined with DNB's own holding. The subsequent regulatory approval process went on all year and impacted the bank's operations and priorities. Some groups of customers reacted negatively to the news and mobilised against the acquisition on social media. Certain competitors focused their marketing efforts on the bank's core segment and increased customer attrition led to negative lending growth in the second quarter. Employees were contacted and asked to consider switching employers.

Risk reduction measures affected operations and the bank's finances

In response to the situation, the bank chose to implement numerous measures and adaptations to secure the customer portfolio, balance sheet values and stability among the staff. This included introducing an interest guarantee in 2021, new mortgage products and various employee-related measures. The negative lending growth in the second quarter saw a turnaround in the third quarter to positive growth. A good inflow of loan applications and reduced customer attrition resulted in good growth in the fourth quarter and positive momentum towards the start of 2022. The measures had an overall negative impact on income and expenses during the year.

The process also affected operations and employees' day-to-day work, and, for a short period, more employees than normal chose to leave the bank. Despite this, Sbanken has operated as normal throughout the year, without undesirable incidents and keeping within all defined risk limits. At year-end 2021, the bank had 323 full-time equivalents, a decrease of 11 from year-end 2020.

Sbanken introduced an interest rate guarantee

Norges Bank raised the key policy rate to 0.25 per cent in the third quarter, the first interest rate increase after the policy rate was cut to a record-low zero per cent following the coronavirus outbreak in the first half-year of 2020. This was followed by a further increase to 0.50 per cent in the fourth quarter. The interest guarantee meant that the bank did not raise customers' mortgage rates in 2021.

The Competition Authority intervened against DNB's acquisition plans

While the Financial Supervisory Authority and the Ministry of Finance approved DNB's plan to acquire Sbanken, the Competition Authority announced at an early stage of their approval process that the planned acquisition could have repercussions for competition in the savings market. Following a drawn-out process during which DNB proposed remedial measures, the Competition Authority made a final decision on 16 November to intervene in the acquisition. DNB decided to challenge the decision and appeal to the Competition Tribunal. The matter was therefore not yet decided to be finally decided at year-end 2021.

The pandemic had less severe consequences than in 2020

The pandemic continued to impact society and the bank in 2021, and employees by and large worked from home for most of the year. The record-low interest rate level established in 2020 continued to put pressure on the banks' interest margins in 2021, but, overall, the consequences of the pandemic were less severe in 2021 than in 2020.

SME initiative thwarted by the pandemic

The launch of banking services for small and medium-sized businesses was again affected by the pandemic in 2021, as well as the DNB process, which made customers more reluctant to change banks. Important technological advances in 2021 included integration with more cloud-based ERP systems. At year-end, the bank had 10,400 corporate customers with total deposits of NOK 2.8 billion and more than 1,800 accounting integrations.

Record growth in savings

In the savings area, 2021 was another year of record growth. Customer investments in mutual funds increased by 42.7 per cent to 33.1 billion, while net fund inflows amounted to a record-high NOK 5.1 billion, corresponding to around 24 per cent of net inflows in Norwegian funds in 2021. Sbanken's savings robot was authorised by the Finance Industry's Authorisation scheme, thus becoming the world's first authorised financial robo-adviser.

Increase in the customer portfolio

Sbanken gained 7,500 new retail customers and 2,500 new corporate customers in 2021, taking the total up to just over 494,000 in 2021.

Credit rating upgraded to A2

Moody's upgraded its long-term rating of Sbanken ASA to A2 and upheld its positive rating outlook. The rating was upgraded as a result of the bank receiving its MREL requirement from the Financial Supervisory Authority. Covered bonds issued by Sbanken Boligkreditt AS still have an Aaa rating with a stable outlook, the highest rating available from Moody's.

Sound capital adequacy

After the Ministry of Finance decided to reduce the countercyclical buffer requirement in March 2020, the bank had a regulatory CET1 requirement of 12.5 per cent at year-end, while

the bank's capital ratio target was 13.0 per cent. Following the distribution of dividend of NOK 3.15 kroner per share for 2019, NOK 4.40 per share for 2020, and a proposed dividend of NOK 6.60 per share for 2021, Sbanken had a CET1 capital ratio of 15 per cent at year-end. The Board considers a capital target of 0.5 percentage points above the regulatory requirement to be adequate, considering the bank's combined risk level.

Stock market rise in 2021

Low interest levels and fiscal policy stimulus packages contributed to very strong financial markets in 2021, with a strong increase in share prices despite the ongoing pandemic. As more central banks started to tighten monetary policy over the course of the second half-year, the share price development slowed down. The Oslo Børs Benchmark Index (OSEBX) closed the year on a positive note at 23.4 per cent, while the Financial Index (OBX Financials) rose by 37.0 per cent.

Fluctuating share price

Sbanken's share price saw major fluctuations over the year as a result of the DNB bid. The lowest price, NOK 66.40, came at the start of the year and the highest, NOK 107.80, came in June, after DNB raised its bid to NOK 108.85 per share. Following increased uncertainty about the regulatory approval, the share price fell slightly and ended the year at NOK 93.70. The average number of Sbanken shares traded per day on Oslo Børs was 181,000 in 2020, compared with 172,000 in 2020. At year-end, Sbanken had a market value of NOK 10.0 billion.

Strategy and targets

Sbanken is a fully digital bank with no branches. The bank offers banking services through a user-friendly online bank available on digital platforms with an emphasis on mobile phones. Sbanken aims to challenge the status quo to the benefit of its customers.

Since Sbanken's inception in 2000, the development of the bank's concept has been implemented on the basis of the following three principles: (i) to offer a simple and open price structure that ensures customers get a 'fair deal', (ii) to continuously update and improve the product offering based on customers' feedback, and (iii) to provide banking products and services across a simple and efficient digital platform with market-leading user experience and accessibility.

The key pillars of the bank's strategy are: (i) diversified growth in revenues through the delivery of a complete range of banking services to existing customers, (ii) having the simplest and most automated core banking solutions, (iii) being a leading savings partner for the majority of customers, and (iv) leveraging the concept's scalability to achieve an attractive return for shareholders.

In 2022, the bank will deliver on these goals by realising the cross-sales potential in its own customer portfolio, by capturing market shares in mortgages and mutual fund savings, and by delivering the most efficient and automated core

banking services in Norway.

Due to the long lasting process with DNB, the bank has not updated its financial and operational targets. The targets for the periode until 2023 are still::

- RoE of 15 percent.
- Growth in earnings per share, over the last twelve months of 10 percent.
- A cost-income ratio of 30 percent.
- A CET1 50 basispoints above the regulatory minimum.

The targets are based on the bank's current capital requirements. Any future changes to regulations, the macroeconomic environment or the bank's strategy may result in changes to the bank's targets.

Financial results

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the going concern assumption applies.

Pursuant to Section 3-9 of the Norwegian Accounting Act, Sbanken prepares its consolidated annual accounts in accordance with the International Financial Reporting Standards (IFRS), which are approved by the EU. Sbanken ASA's annual accounts have been prepared in accordance with Norwegian IFRS regulations.

Net interest income decreased by 7.7 per cent from 2020, to NOK 1,517.7 million. The decrease was primarily the result of a reduction in the interest margin to 1.53 per cent, from 1.66 per cent in 2020. The growth in customer lending was predominantly the result of a 1.9 per cent growth in mortgages. The volume of consumer loans decreased by 19.9 per cent to NOK 1.3 billion. At year-end, consumer loans accounted for 1.6 per cent of the bank's lending, while interest income from this product represented 7.6 per cent of total interest income for the year. Car loans and other products excluding mortgages and consumer loans accounted for 1.6 per cent of total lending at year-end, down from 2.8 per cent at the end of 2020.

Net commission income increased by 14.2 per cent to NOK 210.6 (184.3) million. The growth was the result of a high level of saving and more activity in card and payment services following a gradual normalisation of society.

At year-end 2020, customers' investments in mutual funds amounted to NOK 33.1 billion, corresponding to an increase of 42.7 per cent from 2020. Net fund inflows from customers were positive in the amount of NOK 5.1 billion, an increase of NOK 0.7 billion from the year before. In December, contributions from fixed savings agreements had increased to NOK 192 million, while for the year as a whole, the average monthly contribution amounted to NOK 163 million. By year-end, the customers' investments in funds through the bank equalled 8.4 percent of Norwegian retail customers savings in Norwegian funds, up

from 8.1 percent in 2020. The bank's comparable share of net inflows in 2020 was 11.6 per cent.

Operating expenses in 2021 increased by 4.3 per cent to NOK 741.2 (710.4) million. Direct transaction costs relating to the DNB process accounted for NOK 17.2 million of the increase in costs. Measures implemented in connection with the DNB process explain some of the remaining growth in costs, which mainly comprised an increase in personnel expenses and hiring, and various external services. The bank had a cost-to-income ratio of 43.8 (38.4) per cent in 2021. Adjusted for transaction costs, the ratio was 42.8 per cent.

The net cost of losses amounted to NOK 3.5 (133.5) million in 2021, corresponding to a loan loss ratio of 0.00 (0.16) per cent. An decrease in provisions accounted for NOK 32.5 (97.3) million of the net cost of losses. Actual losses amounted to NOK 29.9 (36.7) million. The bank saw low losses on all its lending products throughout the year.

Tax

Sbanken's tax expense amounted to NOK 222.0 (223.6) million, corresponding to an effective tax rate of 23.2 (22.2) per cent. In 2020, the tax rate on general income for banks and financial institutions was 25 per cent, while it was 22 per cent for other industries. Sbanken ASA's profit is taxed at 25 per cent, while the profit for its wholly owned subsidiary Sbanken Boligkreditt AS is taxed at 22 per cent.

Financing, liquidity and balance sheet

Customer deposits are the bank's primary source of funding, and in 2021, deposits increased by 9.5 per cent to NOK 64.2 (58.6) billion. The deposit-to-loan ratio at year-end was 76.2 (65.1) per cent. The increase was positively affected by a higher savings rate among Norwegian households and the bank's moderate growth in lending in 2021.

In 2021, Sbanken issued NOK 0.5 billion in senior unsecured bonds and NOK 7 billion in covered bonds through Sbanken Boligkreditt AS. The covered bonds were purchased by the parent bank. The parent bank sold NOK 0.6 billion of the bonds in the secondary market during the year.

At year-end, Sbanken ASA had a long-term deposit rating of A2 with a positive outlook from Moody's, while covered bond issues by Sbanken Boligkreditt AS had the highest long-term rating of Aaa.

In December 2020, the bank received its minimum requirement for own funds and eligible liabilities (MREL) from the Financial Supervisory Authority. The MREL requirement was set to 31.0 per cent of the adjusted risk-weighted assets basis and comes into effect on 31 March 2021. The subordination requirement must be met by 1 January 2024 and shall as a minimum be phased in linearly until that time. In 2021, the bank issued a

total of NOK 1.2 billion in senior non-preferred bonds to meet the regulatory requirement.

In line with the bank's focus on CSR and sustainability and to further diversify sources of financing, the bank has established a framework for issuing green covered bonds. The framework supports the UN Sustainable Development Goals and follows ICMA's Green Bond Principles.

Interest rate and currency risk arising in connection with financing in foreign currency is hedged through hedging transactions in the derivatives market. Sbanken uses solely the three-month Nibor rate as the reference rate for its capital market funding. Credit spreads on Norwegian banks' capital market funding were stable throughout the year and were at approximately the same level at the end of 2021 as at the start of the year.

Equity decreased to NOK 7.5 (7.6) billion in 2021. The decrease is mainly related to unpaid dividends of NOK 3.15 per share, corresponding to NOK 336.6 million for 2019, and NOK 4.40 per share, corresponding to NOK 470.2 million for 2020.

At year-end, Sbanken had liquid assets amounting to NOK 19.6 (16.5) billion. They consisted of NOK 1.4 (2.1) billion in short-term loans to central banks and other financial institutions, and NOK 15.5 (14.4) billion in interest-bearing securities issued by sovereign states, municipalities and financial institutions. At year-end, the bank had a liquidity coverage ratio (LCR) of 285 (331) per cent, compared with a minimum requirement of 100 per cent. The bank's net stable funding ratio (NSFR) was 144 (144) per cent.

Total assets increased from NOK 100.7 billion in 2020 to NOK 102.3 billion at the end of 2021. This was primarily due to an increase in lending to customers of NOK 1.3 billion and an increase in the portfolio of interest-bearing securities of NOK 1.1 billion. At year-end 2020, 471 (44.3) per cent of the bank's mortgages had been sold to the wholly owned subsidiary Sbanken Boligkreditt AS.

Dividend and allocation of profit

Sbanken aims to deliver an attractive and competitive return and to facilitate planned growth, with a view to creating shareholder value over time through a positive share price development and distribution of excess capital. Excess capital can be distributed through a combination of cash dividends and the repurchase of shares. The Board has proposed a dividend of NOK 6.60 per share for 2021. This corresponds to a dividend ratio of 99.5 per cent of the group's net profit. The proposed dividend is then materially higher than the policy implies. This is due to the limited growth in lending in 2021, resulting in the bank being over-capitalised.

	NOK 1000
Parent bank's net profit for the year	762 230
Allocated to hybrid capital investors	25 759
Allocated to equity investors	741 472
Dividend	705 338
Retained earnings	36 134

In the Board's opinion, given the proposed allocation, Sbanken will be in a strong financial position with sound capital adequacy to support the bank's planned growth and activities.

Risk and capital adequacy

Capital adequacy

At year-end, the bank had a CET1 capital ratio of 15.0 per cent, compared with the minimum requirement of 12.5 per cent. The total capital ratio at year-end was 19.0 per cent, while the leverage ratio was 6.1 per cent, compared with a regulatory group requirement of 5.0 per cent. The capital ratios take into account the proposed dividend for 2021.

In March 2020, the Ministry of Finance decided, on the advice of Norges Bank, to lower the countercyclical capital buffer requirement from 2.5 per cent to 1 per cent. In 2021, the Ministry decided to raise the countercyclical capital buffer requirement to 1.5 per cent with effect from 30 June 2022 and to 2 per cent with effect from 31 December 2022. In December 2020, the systemic risk buffer increase from 3.0 per cent to 4.5 per cent was adopted in Norway following the introduction of CRR/CRD IV. For Sbanken and other banks that do not apply the advanced IRB method, the increase will not be effective until 31 December 2022. At the same time, the Ministry asked the Financial Supervisory Authority to evaluate its application of the Pillar 2 requirements. Sbanken's Pillar 2 requirement is set to 1.5 per cent, updated as of April 2019. In Sbanken's view, the Pillar 2 requirement should be reduced as a result of the unilateral increase in the systemic risk buffer from 31 December 2022, and the bank is awaiting the Financial Supervisory Authority's conclusion.

Risk management

Sbanken's core business is to offer banking services such as deposits, saving, loans and payment services to retail customers, and banking services excluding credit to SMEs. Sbanken shall not take on other material risks than those associated with maintaining and further developing its core activities.

Sbanken shall be a secure, solid bank for retail customers and SMEs, have a credit policy based on openness, transparency and competence, and continuously challenge its own methods, processes and procedures in order to improve its performance. Sbanken follows an established framework for defining and implementing the desired risk appetite in its risk management. The framework ensures that actual risks taken by the business are in accordance with the Board's established risk limits in defined areas. The most important risks the bank is exposed to are credit risk, market risk, liquidity risk, operational risk,

business and strategic risk and ESG risk, which includes climate risk.

Credit risk

Credit risk represents the most significant risk to Sbanken and is defined as the risk of loss resulting from a counterparty not fulfilling its obligations, at the same time as any pledged collateral fails to cover the outstanding claim.

Sbanken's credit risk is related to loans to private individuals, primarily in the form of mortgages, car loans, consumer loans, account credit and credit cards, as well as loans secured by securities. The bank's lending portfolio is of high quality, and mortgages make up 95.5 per cent of total customer lending. The mortgage portfolio has a relatively low loan-to-value (LTV) ratio, and at year-end, the average LTV ratio was 51.3 (52.9) per cent.

When granting credit, an automated credit assessment system is used to evaluate the applicant's ability to pay, probability of default and collateral. Automated credit assessments and control procedures ensure consistent credit practices and a high-quality lending portfolio. The debt register introduced in 2019 has given the bank a better overview of customers' total unsecured loans, which, seen in isolation, improves the bank's credit assessment for new loans.

Sbanken's excess liquidity is invested in short-term loans to central banks and other financial institutions, as well as in interest-bearing securities issued by sovereign states, municipalities and financial institutions. The bank's credit risk remained within the limits adopted by the Board throughout 2021.

Market risk

Market risk is the risk of loss due to unfavourable changes in market variables. Sbanken is exposed to market risks such as interest rate risk, credit spread risk, currency risk and share price risk.

Sbanken has established EMTN programmes for financing in foreign currency in order to increase the diversification of the bank's funding sources. At year-end, the group's financing in foreign currency amounted to EUR 500 million, with maturity in April 2023.

Currency and interest rate risk arising in conjunction with this type of financing is hedged through hedging instruments in the derivatives market. Sbanken had no lending in foreign currency at year-end. The group's currency risk is low and within limits adopted by the Board.

While the majority of the bank's lending is through variable interest rates, the bank has increased its portfolio of fixed-rate mortgages since 2020. Interest rate risk that arises from fixed rate mortgages is hedged through the use of interest rate swap agreements. All deposits in the bank have variable interest rates, while the three-month Nibor rate is the reference rate for the bank's capital market funding. This also applies to financing in foreign currency where interest rate and cross-currency swaps have been entered into, resulting in low interest rate risk.

Credit spread risk is the risk that the value of the bank's holding of interest-bearing securities will be reduced as a result of an increase in the associated credit spreads of these securities. The bank calculates its exposure to credit spreads in accordance with the method for assessing risk and capital needs prescribed by the Financial Supervisory Authority (Circular 12/2016). The bank's credit spread risk at year-end was calculated at NOK 283.7 (186.0) million and is related to the portfolio of interest-bearing securities.

The bank has limited share price risk, and the exposure at year-end amounted to NOK 129.9 (122.9) million. Of this amount, NOK 72.2 million was related to the value of Sbanken's holding in VN Norge AS, while NOK 41.6 million is related to the bank's holding in Vipps AS. The remaining NOK 16.1 million was related to the holding in Quantfolio AS and a few minor securities investments.

Liquidity risk

Liquidity risk comprises refinancing risk, which is the risk of the bank being unable to refinance its obligations as they mature, and price risk, defined as the risk of the bank being unable to refinance its obligations without a material increase in costs.

Sbanken manages its liquidity risk by minimising its financing cost, while ensuring that the refinancing risk is managed within the risk appetite set by the Board. In order to keep this risk within the defined risk parameters, the bank has established limits that ensure a balanced maturity structure and diversification of funding sources. The bank aims for low refinancing risk and carries out stress tests in the liquidity area with scenarios that cover both general liquidity stress in the market and specifically for the bank. Liquidity risk is managed at individual company level and for the group as a whole.

Operational risk

Operational risk is defined as the risk of unexpected losses due to inadequate internal control, human error, failure of processes or systems, or unexpected losses arising from external events. In its operational risk management, the bank emphasises internal control, including a strong control environment, a systematic risk assessment process, established procedures and exercises to prepare for critical events.

Conduct risk, cyber risk and compliance risk are managed under operational risk. Sbanken has a very low tolerance for non-compliance, and the bank's reputation and regulated licences must not be exposed to unnecessary risk. Compliance in the business is managed through regular reviews and control activities that are reported to the bank's Board and management group.

Ownership risk

Owner risk is defined as the risk of negative results from the group's holdings in strategically owned companies, in addition to the need for infusing more capital into these companies. Investments in strategically owned companies are approved by the Board, and the bank's appetite for ownership risk is low.

Business risk and strategic risk

Business risk is the risk of a material reduction in the bank's earnings. This includes changes in volumes, interest margins and other price changes associated with borrowing and lending, as well as reduced net commission income, which may arise as a result of changes in macroeconomic conditions, competition or customer behaviour.

Sbanken's measurement of business risk takes into account changes that arise from credit losses, and other risks such as market risk, liquidity risk and operational risk. The magnitude of the business risk is affected by variations in net interest and net commission income. The bank manages its business risk through diversification of income flows, stable revenue generation and cost control.

Sbanken's definition of strategic risk is long-term risk that arises as a result of erroneous or ill-conceived commercial decisions, poor or incorrect implementation of decisions, or inadequate responsiveness to changes in society, competition, technology, regulations or the banking and finance sector.

Capital risk

Capital risk is the risk of the bank not meeting regulatory capital requirements. Capital targets are set annually and followed up continuously, with capital adequacy assessments at least quarterly. Sbanken conducts a forward-looking internal capital adequacy assessment process (ICAAP) to determine its capital needs at least once a year.

Model risk

Model risk is the risk of financial loss as a result of weaknesses and errors in models used in the management of the group, including models relating to credit risk, market risk, liquidity risk and capital risk. The risk is managed through specified validation requirements described in the bank's governing documents and through the correction of any model weaknesses.

ESG risk

ESG risk is defined as the risk of the group suffering negative results as a consequence of changes in climate and environmental conditions (E), non-compliance with requirements and expectations of labour rights, human rights and good business ethics (S), and non-compliance with requirements or expectations regarding governance and control (G). The bank has adopted a CSR and sustainability policy that manages this risk at the overarching level.

Technology and product development

Over the years, Sbanken has maintained its position as a leading digital challenger bank. In 2021, the bank continued to work on developing the online banking solution to meet different customer needs, strengthening the data and technological platform and improving the basis for providing insight-driven advice to customers. Sbanken's leading position was confirmed in several national surveys over the course of the

year. Sbanken's mobile banking app was named the best in Norway in a big test performed by Cicero of 16 mobile banking solutions. Sbanken was again named the best in digital innovations by the Norwegian Innovation Index (NII). Sbanken's savings robot was authorised by the Finance Industry's Authorisation scheme, thus becoming the world's first authorised financial robo-adviser.

Sbanken's digital platform is based on flexible IT architecture with limited dependence on old core systems. The bank uses agile work methods to develop digital services and aims to utilise new technology to be able to offer customers regular improvements. Sbanken's customers can choose to test the pilot versions of the bank's new solutions, which gives the bank valuable customer feedback before they are launched. Combined with Sbanken's flexible IT architecture, this enables the bank to take a leading position in technological developments. One example is the bank's accounting integrations for corporate customers, launched to enable real-time exchange of information.

Responsible and insightful use of customer data to be able to offer customers value-added services and products will be crucial in developing the digital banking services of the future. To support this, Sbanken's guiding principle is to have internal expertise in areas that provide competitive advantages. As a rule, the operation of application platforms shall be outsourced, and third-party interfaces shall be standardised. The right expertise, strong performance, in addition to expectations relating to ESG matters of partners and suppliers, help to ensure a robust, flexible and cost-effective platform.

Corporate social responsibility

It is Sbanken's ambition to exert a positive influence on people, society and the environment. The bank's work on corporate social responsibility (CSR) starts and ends with what we call the Fair Deal concept. The bank's activities shall at all times be driven by an ambition to strike a balance between satisfied customers, employees and investors. From the bank's perspective, good sustainability performance will create positive long-term effects for all stakeholders.

Sbanken's key focus is to enable customers to make smart financial decisions. In order to succeed, the bank depends on employees perceiving Sbanken as a safe, fair and innovative workplace where employees have an opportunity to develop and help generate results. The investors, on their part, will benefit from investing in a bank that understands customer needs. In order to create long-term value for customers, employees and investors alike, the bank must conduct itself as a responsible member of society.

Sbanken is subject to the following reporting requirements on corporate social responsibility:

- The Accounting Act Section 3-3c: Report on the company's efforts to integrate corporate social responsibility into its business strategies and day-to-day operations.

- The Accounting Act Section 3-3a, ninth and tenth paragraphs: Disclose information about the working environment, injuries and accidents, sickness absence and environmental impact.
- The Equality and Anti-Discrimination Act Section 26a: Requirement to provide an account of (in the Board of Directors' report or other public document) the actual status regarding gender equality in the undertaking and what efforts are made to meet the activity requirement pursuant to Section 26.

The topics linked to CSR and sustainability are discussed in a separate chapter on sustainability on page 20 in the annual report, and in an appendix to the annual report on pages 181-192.

Corporate governance

Sbanken considers good corporate governance to be a fundamental premise for trust and value creation, as well as for access to capital over time. The bank's corporate governance policy sets out principles for how the business should be run.

The bank is subject to requirements for an annual review of the bank's implementation and reporting on corporate governance under Section 3-3b of the Accounting Act and Chapter 4.4 of the Oslo Rule Book II. Sbanken submits its review in accordance with the Norwegian Code of Practice for Corporate Governance.

The Accounting Act is available on the Lovdata website. The Oslo Rule Book II is available at oslobors.no/Oslo-Boers/Regelverk. The Code of Practice is available at www.nues.no.

The annual review of the bank's implementation and reporting of corporate governance is available on page 50 of this annual report and is an integral part of the Board of Directors' report.

Directors' and officers' liability insurance

Sbanken has taken out directors' and officers' liability insurance for the Group and its subsidiaries. The insurance covers the Board, CEO and members of the management or corresponding governing bodies, and any previous, current or future employee of the Group who takes on an independent management responsibility.

The Board of Directors' work in 2021

The Board of Sbanken ASA held 26 meetings and one strategy seminar in 2021.

One of the key priorities for the Board in 2021 has been the work on the ongoing transaction with DNB, including potential financial and other consequences for the company's various stakeholders as a result of the DNB process.

The Board has continued work on ensuring that expedient procedures for internal control and satisfactory systems, procedures, capacity and expertise are in place in the organisation.

The bank's financial results, funding and risk management have also been priorities, in addition to changes in the regulatory conditions.

The Board has three sub-committees: the Audit Committee, the Risk and Compliance Committee and the Remuneration Committee. The committees meet regularly to address their areas of responsibility.

Subsequent events

17 January the bank raised the interest rates by up to 0.25 percentage points on mortgages and by up to 0.15 percentage points on deposits with effect from 1 March 2022 for existing customers and 17 January 2022 for new customers.

Russia attacked Ukraine on 24 February 2022. This deeply tragic development has created geopolitical uncertainty that may affect the macroeconomic situation in 2022 and beyond.

16 March 2022 the Norwegian Competition Appeals Tribunal repealed the Norwegian Competition Authority's decision against the acquisition. Sbanken is then a subsidiary of DNB Bank ASA from 30 March 2022.

On 24 March, Norges Bank raised its key interest rate by 0.25 percentage points. At the same time, the central bank decided to raise the countercyclical capital buffer by 0.5 percentage points to 2.5 per cent, with effect from 31 March 2023.

Outlook

Following a brief period of increased uncertainty linked to the Covid-19 pandemic from mid-December 2021 until mid-January 2022, the outlook for the Norwegian economy is now positive. The percentage of people who have been vaccinated is high and increasing, and, despite the short-term spike in infection rates, the health system looks set to be able to handle the situation.

Growth projections from Norges Bank indicate growth in the mainland economy of 4.1 per cent in 2022 before the growth slows down to 1.6 per cent in 2023 and 1 per cent in 2024. Unemployment is expected to fall to 2.0 per cent in 2022.

Norges Bank's interest rate path indicates that the key policy rate will be raised by 0.25 per cent in June and will continue to gradually rise to 2.50 per cent by the end of 2023. In the short-term, increased money market rates and the interest rate guarantee effective from the second half of 2021 will have a negative impact on the bank's interest margin, as the first interest rate adjustment following the expiry of the guarantee did not take full effect until 1 March 2022. In the longer term, a higher interest rate level is expected to have a positive impact on profitability. The development in market rates and the intensity of competition are also expected to impact the overall effects of the interest margin.

After several years of high growth in house prices, Norges Bank expects growth to slow to 4.4 per cent in 2022, fall by 0.8 per cent in 2023 and increase by 0.9 per cent in 2024. Household credit growth is expected to be just over 5 per cent in 2022 and to decrease to 4.6 per cent in 2024.

The bank's losses for both secured and unsecured credit have been low throughout 2021, emphasising the high quality of the lending portfolio. Overall losses are expected to be below 0.05 per cent throughout 2022.

Thanks

The Board of Directors wishes to thank all employees for their great efforts and teamwork in 2021, which turned out to be an unusual year. The Board would also like to thank the bank's customers, investors, partners and suppliers for their support of the bank.

Bergen, 30 March 2022
The Board of Directors of Sbanken ASA



Niklas Midby
(Chair of the Board)



Mai-Lill Ibsen



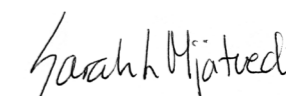
August Baumann



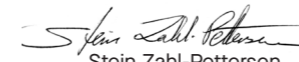
Hermann Korsgaard



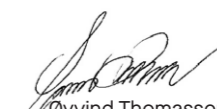
Cathrine Klouman



Sarah Lunde Mjåtvedt



Stein Zahl-Pettersen



Øyvind Thomassen
(CEO)

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Income statement

Sbanken ASA (parent company)			Sbanken ASA Group		
2020	2021	In NOK thousand	Notes	2021	2020
1 683 659	1 377 607	Interest income from financial instruments using the effective interest method	29	1 939 390	2 380 696
0	0	Other interest income	29	0	0
-381 594	-218 410	Interest expense	29	-421 680	-736 560
1 302 065	1 159 197	Net interest income		1 517 710	1 644 137
345 717	332 604	Commission and fee income	30	332 604	345 717
-161 407	-122 031	Commission and fee expense	30	-122 031	-161 407
184 310	210 573	Net commission and fee income		210 573	184 310
288 806	285 260	Net gain/(loss) on financial instruments	31	-35 005	21 920
8 379	8 662	Other income		10	130
297 186	293 922	Other operating income		-34 995	22 050
-348 192	-336 357	Personnel expenses	34, 46	-336 733	-348 558
-291 946	-330 823	Administrative expenses	32, 33	-332 152	-296 053
-65 760	-72 318	Depreciation and impairment of fixed and intangible assets	32	-72 318	-65 760
1 077 663	924 193	Profit before loan losses		952 085	1 140 126
-133 297	2 709	Loan losses	14	3 470	-133 482
944 366	926 902	Profit before tax		955 555	1 006 643
-159 763	-159 672	Tax expense	35	-222 015	-223 601
784 603	767 230	Profit for the period		733 540	783 042
		Attributable to			
750 136	741 472	Shareholders	50	707 781	748 575
34 467	25 759	Additional Tier 1 capital holders	21	25 759	34 467
784 603	767 230	Profit for the period		733 540	783 042

Earnings per share, see note 50.

Statement of comprehensive income

Sbanken ASA (parent company)			Sbanken ASA Group		
2020	2021	In NOK thousand	Notes	2021	2020
784 603	767 230	Profit for the period		733 540	783 042
		Other comprehensive income:			
36 803	-96 721	Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)		-34 200	99
-9 201	24 180	Tax effect	35	8 637	65
27 602	-72 541	Other comprehensive income that can be reclassified to profit or loss after tax		-25 563	164
-9 637	-8 430	Actuarial gains (losses)	46	-8 430	-9 637
2 410	2 107	Tax effect	35	2 107	2 410
-7 227	-6 323	Other comprehensive income that can-not be reclassified to profit or loss after tax		-6 323	-7 227
20 375	-78 864	Total components of other comprehensive income (after tax)		-31 886	-7 063
804 978	688 366	Total comprehensive income for the period		701 654	775 979
		Attributable to			
770 511	662 607	Shareholders		675 895	741 512
34 467	25 759	Additional Tier 1 capital holders	21	25 759	34 467
804 978	688 366	Total comprehensive income for the period		701 654	775 979

Balance sheet

Sbanken ASA (parent company)			Sbanken ASA Group		
31.12.20	31.12.21	In NOK thousand	Notes	31.12.21	31.12.20
		Assets			
1 423 268	510 676	Cash and receivables with central bank	8, 13	510 676	1 423 268
2 958 456	6 511 755	Loans to and receivables from credit institutions	8, 12	856 622	654 517
47 904 688	46 217 101	Loans to customers	7, 8, 9, 10, 11	84 346 875	83 082 252
52 286 412	53 239 532	Net loans to customers, central bank and credit institutions		85 714 173	85 160 037
20 434 972	22 846 290	Commercial paper and bonds	8, 36, 37	15 487 702	14 412 990
393 011	536 668	Shares and funds	8, 38, 40	309 142	163 701
29 533	143 382	Derivatives	25	377 403	561 305
1 699 880	1 699 880	Shares in subsidiary	38	0	0
114 645	103 350	Intangible assets	42	103 350	114 645
7 738	36 577	Deferred tax assets	35	35 638	21 679
127 755	86 411	Property, plant and equipment	43, 44	86 411	127 755
341 533	344 219	Other assets	41	85 488	110 850
53 498	74 550	Advance payment and accrued income		74 280	53 498
75 488 979	79 110 860	Total assets		102 273 586	100 726 459
		Liabilities			
2 250 000	0	Loans and deposits from central bank	13	0	2 250 000
1 602 243	1 109 560	Loans and deposits from credit institutions	12, 18, 19	326 830	542 731
58 643 627	64 240 315	Deposits from customers	18, 19, 23	64 240 315	58 643 627
4 291 792	5 177 881	Debt securities issued	18, 19, 22	28 500 950	29 974 370
21 738	14 607	Derivatives	25	14 607	21 738
161 643	160 280	Taxes payable	35	217 805	224 640
36 998	22 459	Pension commitments	46	22 459	36 998
497 581	546 169	Other liabilities	45	564 335	515 589
898 831	899 151	Subordinated loans	19, 20	899 151	898 831
68 404 453	72 170 422	Total liabilities		94 786 452	93 108 523
		Equity			
1 068 693	1 068 693	Share capital	48	1 068 693	1 068 693
2 625 895	2 625 895	Share premium		2 625 895	2 625 895
701 223	701 389	Additional Tier 1 capital	21	701 389	701 223
2 688 715	2 544 460	Other equity		3 091 157	3 222 125
7 084 526	6 940 437	Total equity		7 487 134	7 617 936
75 488 979	79 110 860	Total liabilities and equity		102 273 586	100 726 459

Subsequent events

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Statement of changes in equity – group

Sbanken ASA Group

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.20	1 068 693	2 625 895	705 858	-17 778	-23 084	2 526 815	6 886 398
Profit for the period to other equity						748 575	748 575
Profit for the period to Tier 1 capital holders			34 467				34 467
Payments to Tier 1 capital holders			-39 102				-39 102
Issue of Tier 1 capital			400 000			-800	399 200
Redeem/maturity of Tier 1 capital			-400 000				-400 000
Actuarial gains and losses for the period				-7 227			-7 227
Net change in fair value of financial instruments available for sale					164		164
Payments related to share incentive program						-4 538	-4 538
Paid dividend to shareholders						0	0
Balance sheet as at 31.12.20	1 068 693	2 625 895	701 223	-25 005	-22 920	3 270 052	7 617 936
Profit for the period to other equity						707 781	707 781
Profit for the period to Tier 1 capital holders			25 759				25 759
Payments to Tier 1 capital holders			-25 593				-25 593
Actuarial gains and losses for the period				-6 323			-6 323
Net change in fair value of financial instruments available for sale					-25 563		-25 563
Paid dividend to shareholders, February						-336 638	-336 638
Paid dividend to shareholders, October						-470 225	-470 225
Balance sheet as at 31.12.21	1 068 693	2 625 895	701 389	-31 328	-48 483	3 170 970	7 487 134

Statement of changes in equity – parent company

Sbanken ASA (parent company)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.20	1 068 693	2 625 895	705 858	-17 778	-10 945	1 952 266	6 323 989
Profit for the period to other equity						750 136	750 136
Profit for the period to Tier 1 capital holders			34 467				34 467
Payments to Tier 1 capital holders			-39 102				-39 102
Issue of Tier 1 capital			400 000			-800	399 200
Redeem/maturity of Tier 1 capital			-400 000				-400 000
Actuarial gains and losses for the period				-7 227			-7 227
Net change in fair value of financial instruments available for sale					27 602		27 602
Payments related to share incentive program						-4 538	-4 538
Paid dividend to shareholders						0	0
Balance sheet as at 31.12.20	1 068 693	2 625 895	701 223	-25 005	16 657	2 697 064	7 084 526
Profit for the period to other equity						741 472	741 472
Profit for the period to Tier 1 capital holders			25 759				25 759
Payments to Tier 1 capital holders			-25 593				-25 593
Actuarial gains and losses for the period				-6 323			-6 323
Net change in fair value of financial instruments available for sale					-72 541		-72 541
Paid dividend to shareholders, February						-336 638	-336 638
Paid dividend to shareholders, October						-470 225	-470 225
Balance sheet as at 31.12.21	1 068 693	2 625 895	701 389	-31 328	-55 884	2 631 673	6 940 437

Statement of Cash Flows 01.01-31.12

Sbanken ASA (parent company)			Sbanken ASA Group		
2020	2021	In NOK thousand	Notes	2021	2020
Cash flows from operating activities					
-1 164 488	1 573 224	Net payments on loans to customers	8, 9,10	-1 380 979	-1 990 799
1 412 970	1 089 672	Interest received on loans to customers	29	1 774 035	2 237 788
5 798 746	5 596 668	Net receipts on deposits from customers	23	5 596 688	5 798 746
-306 451	-151 980	Interest paid on deposits from customers	29	-151 980	-306 451
493 797	-3 952 683	Payments on loans to group company		0	0
39 622	32 468	Interest received on loans to group company		0	0
-9 109 085	-2 644 217	Net receipts/payments from buying and selling financial instruments at fair value	37	-1 325 202	-5 379 526
224 826	233 288	Interest received from commercial paper and bonds	29	149 644	143 062
2 250 000	-2 250 000	Net receipts/payments on deposits from central bank	13	-2 250 000	2 250 000
0	108 807	Receipts of collateral related to derivatives used in hedge accounting		-215 902	320 684
0	0	Net receipts/payments on deposits from credit institutions	12	0	0
-6 180	-2 201	Interest paid on deposits from credit institutions		-2 201	-6 180
4 610	900	Interest received on loans to credit institutions and central bank	29	2 601	7 089
331 229	306 367	Receipts related to commissions and fees	30	306 367	331 229
-138 775	-119 029	Payments related to commissions and fees	30	-119 029	-138 775
-311 458	-314 108	Payments related to administrative expenses	32, 33	-315 529	-315 232
-351 267	-317 501	Payments related to personnel expenses	34	-317 877	-351 633
-161 469	-163 586	Taxes paid	35	-231 178	-208 769
67 645	65 028	Other receipts/payments		76 467	56 431
-925 728	-908 883	Net cash flows from operating activities		1 595 925	2 447 663
Cash flows from investment activities					
0	0	Capital increase in subsidiary		0	0
0	230 000	Receipts of dividend from subsidiary		0	0
0	0	Payment of additional Tier 1 capital to group company		0	0
-427	0	Invested in associated company	38	0	-427
-1 183	-4 588	Payments on the acquisition of fixed assets	43, 44	-4 588	-1 183
-13 349	-23 418	Payments on the acquisition of intangible assets	42	-23 418	-13 349
-14 959	201 994	Net cash flows from investment activities		-28 006	-14 959
Cash flows from financing activities					
0	0	Receipts on share capital and share premium net of issuing cost	EQ	0	0
0	-806 863	Paid dividend to shareholders	EQ	-806 863	0
500 000	0	Receipts on subordinated loans	20	0	500 000
-500 000	0	Payments on matured and redeemed subordinated loans		0	-500 000
-28 003	-17 151	Interest paid on subordinated loans	29	-17 151	-28 003
400 000	0	Receipts on issued additional Tier1 capital	21	0	400 000
-400 000	0	Payments on matured and redeemed additional Tier 1 capital		0	-400 000
-39 102	-25 593	Interest paid on additional Tier 1 capital	EQ	-25 593	-39 102
3 250 000	1 700 000	Receipts on issued bonds and commercial paper	22	7 480 000	7 800 000
-1 991 454	-814 531	Payments on matured and redeemed bonds and commercial paper	22	-8 662 775	-9 486 393
-47 277	-39 460	Interest paid on issued bonds and commercial paper	29	-246 025	-475 729
1 144 064	-3 598	Net cash flows from financing activities		-2 278 407	-2 229 327
203 377	-710 488	Total net cash flow		-710 488	203 377
1 874 250	2 077 627	Cash at the beginning of the period		2 077 785	1 874 408
2 077 627	1 367 140	Cash at the end of the period		1 367 297	2 077 785
203 377	-710 488	Change in cash		-710 488	203 377
Cash					
1 423 268	510 676	Cash and receivables with central bank		510 676	1 423 268
654 359	856 465	Loans to credit institutions		856 622	654 517
2 077 627	1 367 140	Total cash		1 367 297	2 077 785

EQ = Statement of changes in equity

Note 1 – Accounting principles

1. In general

Sbanken ASA is a listed public limited company domiciled in Norway. The company's head office is at Folke Bernadottesvei 38 in Bergen.

The Sbanken ASA group consists of Sbanken ASA and its subsidiary Sbanken Boligkreditt AS.

Sbanken ASA and Sbanken Boligkreditt AS were incorporated on 17 April 2015. On 5 October 2015, Skandiabanken AB NUF (a branch of Skandiabanken AB in Sweden) was reorganised into Skandiabanken ASA, with Skandiabanken Boligkreditt AS as a wholly owned subsidiary. For accounting purposes, the reorganisation was treated as a 'capital reorganisation'.

Skandiabanken ASA was listed on Oslo Stock Exchange on 2 November 2015.

2. Basis for preparation of the financial statements

Sbanken ASA's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The bank has applied all standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU, that are relevant to the business and that are mandatory for accounting periods starting 1 January 2021.

The financial statements for the Sbanken ASA (parent company) have been prepared in accordance with this with the Accounting Act § 3-9 and regulations on annual accounts for banks, mortgage companies and finance companies. These regulations are the same as for IFRS with the exception of accounting of dividends and group contributions from subsidiaries. This may, in accordance with § 3-1 of the regulations, be recognised as income at the balance sheet date. For Sbanken ASA the parent company, there are no other differences from application of full IFRS.

The consolidated financial statements are based on the principles of historical cost accounting. Amortised cost is used for financial assets and liabilities in the group, except for financial instruments on the assets side. All securities on the assets side are recognised either at fair value through comprehensive income or at fair value through profit or loss. Financial derivatives are recognised at fair value through profit or loss and used for hedge accounting. The same classification is used in the parent bank's financial statements as in the group, except for loans to customers where the business model is based on both the receipt of fixed cash flows and sales. This applies to mortgages that can potentially be sold to Sbanken Boligkreditt AS. These loans are classified at fair value through

other comprehensive income.

The consolidated financial statements have been prepared on the basis of the going concern assumption, and were approved by the Board of Directors on 30 March 2022.

3. New and revised standards effective from 1 January 2021

Sbanken ASA has applied the new accounting standards effective from 1 January 2021, including changes in IAS 1 and IAS 8 regarding materiality and changes in IFRS 9 and IFRS 7 relating to hedge accounting as a result of the IBOR-reform.

4. New and revised standards effective from 1 January 2022 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2022 or later have not been used in the preparation of the accounts. For Sbanken ASA no new standards will have material effect.

5. Recognition of income and expenses

Net interest income

Interest income is recognised using the effective interest rate method. This means that interest is recognised as it accrues, with the addition of amortised front-end fees and any other fees, which are considered an integral part of the effective interest rate. The effective interest rate method is used for both balance sheet items valued at amortised cost and balance sheet items valued at fair value through other comprehensive income.

Interest on written-down loans in Stage 3 is recognised using the effective interest rate based on the written-down value of the loan. In Stage 1 and 2, the interest is calculated before any write-downs. Interest expenses are also expensed using the effective interest rate method.

Net commission income

Commission income from various customer services is recognised depending on the type of service concerned. Fees are recognised as income when the service is rendered or when a material part of the service is completed. Fees received for services rendered are recognised as income in the period when the services are rendered. Commission expenses are based on transactions and are recognised in the period when the services are received.

Note 1 – Accounting principles (continued)

Net gain/loss on investments in securities

Realised gains and losses are recognised in the income statement at the time of realisation. Unrealised gains and losses are recognised in other comprehensive income when the investments are classified at fair value through other comprehensive income, and through profit or loss when the investments are related to derivatives or other securities classified at fair value through profit or loss.

Operating expenses

Operating expenses consist of personnel expenses and administration expenses. Personnel expenses are accrued throughout the year, while administration expenses are recognised in the period when the services are received.

Costs resulting from depreciation relating to tangible fixed assets and intangible assets come in addition.

Losses on loans

Impairment losses on loans to customers and credit institutions are presented under losses on loans in the income statement. Losses in the period linked to individual commitments are presented net after having taken all pledged collateral and any other guarantees into account. See Note 2 on principles relating to the calculation of impairment losses on loans to customers and credit institutions.

6. Currency

Sbanken's presentation and functional currency is Norwegian kroner (NOK). Transactions in foreign currency are translated into the functional currency at the exchange rate on the transaction date. Realised currency gains or losses from the settlement of transactions and from the translation of monetary items in foreign currency at the exchange rate on the balance sheet date are recognised in the income statement.

7. Property, plant and equipment

Property, plant and equipment include improvements to leased property, IT equipment, furniture and other equipment.

Property, plant and equipment are valued at acquisition cost, reduced by accumulated depreciation. The acquisition cost includes expenses that are directly attributable to the acquisition. Costs incurred after the asset has been taken into use are only recognised in the balance sheet when it is probable that future economic benefits will pass to the enterprise, and the costs can be measured in a reliable manner. The balance sheet value of a component of an asset is derecognised when the component is replaced. Other repair and maintenance costs are expensed in the period they are incurred. Property, plant and equipment are depreciated on a straight-line basis

over the asset's estimated lifetime. The lifetime is stipulated for each asset individually.

At the time of reporting, an assessment is carried out of whether there are indications of impairment relating to a tangible fixed asset. If there are such indications, a recoverable amount is estimated and a write-down carried out unless it is assumed to be temporary. The write-down will be the difference between the previous book value and the new estimated recoverable amount.

8. Leases

IFRS 16 Leases was adopted with effect from 1 January 2019. Under IFRS 16, all future lease payment obligations under the bank's material lease agreements with a duration of more than 12 months shall be recognised in the balance sheet as a liability. Correspondingly, the right to future use of leased assets shall be recognised as an asset. In the income statement, depreciation of the right-of-use assets will be recognised separately from interest on lease liabilities and together these replace lease expenses under IAS 17.

Sbanken ASA has decided to use the following accounting principles and solutions:

- the exemption for low-value assets (primarily office equipment)
- to apply the modified retrospective approach upon implementation of IFRS 16

The latter means that comparative figures for 2018 has not be restated. The right-of-use asset and the lease liability was measured at the same amount, adjusted for advance payments, accruals and provision included in the balance sheet at 31 December 2018.

The right-of-use asset is classified as tangible fixed assets in the balance sheet, while the lease liability is classified as other liabilities. Sbanken ASA's lease liabilities are related to the lease of commercial property, in addition to some IT equipment. The total lease liability and right-of-use asset amounted to NOK 155 million at 1 January 2019. The right-of-use asset has been assigned a risk weight of 100 per cent, and the effect on CET1 was less than 0.1 percentage points (negative effect).

The effect on profit will change over time, but the combination of interest and depreciation expenses under IFRS 16 is expected to be somewhat higher than lease expenses under IAS 17 at the start of the lease period and lower towards the end.

Note 1 – Accounting principles (continued)

9. Intangible assets

Intangible assets are identifiable, non-monetary assets that lack physical substance. Sbanken is entitled to the future economic benefits of the asset and thereby also controls the asset. Intangible assets in Sbanken mainly consist of IT development and software.

IT development/software:

Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the group are recognised in the balance sheet as an intangible asset when the following criteria are met:

- it generates future economic benefits and cash flows
- it is technically feasible to complete the software and make it available for use
- the management intends to complete the software for use
- there is a possibility of using or selling the software
- technical, financial or other resources are available to complete the software
- expenses relating to the software development can be measured in a reliable manner

Capitalised development costs are recognised as intangible assets and depreciated when the asset is taken into use. Software also includes purchased software licences that are not physical assets. Intangible assets are depreciated on a straight-line basis over a period of 3 to 7 years.

Costs relating to the maintenance of software are expensed in profit or loss when the cost is incurred.

Impairment of intangible assets:

At the time of reporting, an assessment is carried out of whether there are indications of a fall in value relating to an intangible asset. If there are, a recoverable amount is estimated and a write-down carried out unless it is assumed to be temporary. Indicators that can trigger an impairment test include:

- significantly reduced performance of the asset
- material change in the use of the asset
- significant negative trends
- other external or internal factors

10. Financial instruments

Recognition and derecognition

Financial assets and liabilities are recognised in the balance sheet when the company becomes a party to the instrument's contractual terms. Normal purchases and sales of financial instruments are recognised on the transaction date. Upon initial recognition of a financial asset or a financial liability (asset/liability that is not valued at fair value through profit or loss), the asset or liability is measured at fair value with the addition of transaction expenses that are directly attributable to the acquisition or issuing of the financial assets or liability.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the financial asset expire, or (b) when the enterprise transfers the financial asset in a transaction where all or nearly all risks and rewards of ownership relating to the asset are transferred.

Under IFRS 9, classification in the correct measurement category will be based on both characteristics of the contractual cash flows and the business model for managing the financial assets.

IFRS 9 has the following measurement categories:

A) Debt instruments at amortised cost

Instruments included in this measurement category are instruments held for the purpose of receiving contractual cash flows, where these cash flows only consist of the payment of interest and principle.

Sbanken ASA group uses this category for all loans to customers, central banks and credit institutions, and for items included in the accounting item 'Other financial assets'.

Sbanken ASA (parent company) uses this category for loans to customers, except instalment loans secured by a mortgage (all mortgages except lines of credit), loans to central banks and credit institutions, and for items included in the accounting item 'Other financial assets'.

B) Debt instruments at fair value through other comprehensive income (FVOCI)

Instruments included in this measurement category are instruments held for the purpose of both receiving contractual cash flows and for sale. The cash flows shall also here consist of the payment of interest and principal only.

Sbanken ASA group uses this category for debt instruments in the company's liquidity portfolio.

Sbanken ASA (parent company) uses this category for debt instruments in the company's liquidity portfolio, and for loans to customers that are instalment loans secured by residential

Note 1 – Accounting principles (continued)

mortgage (all mortgages except lines of credit). The reason is that Sbanken ASA has a business model indicating that all qualified mortgages can be sold to the subsidiary Sbanken Boligkreditt AS.

C) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

The following instruments will be included in this measurement category:

- 1) Derivatives shall always be measured at fair value through profit or loss
- 2) Equity instruments shall as a rule be classified here
- 3) Debt instruments may be classified here if the criteria for using the fair value option (FVO) are met and if the business model indicates that the instrument is managed and followed up at fair value (trading).

Sbanken ASA group and the parent company use this category for investments in shares and loans to customers with fixed rate.

D) Equity instruments where the OCI option is used, so that the instrument is measured at fair value through other comprehensive income without recycling

The company can choose to recognise equity instruments through other comprehensive income instead of through profit or loss, provided that the instrument is not held for trading purposes. If it chooses to do so, these instruments will not be reclassified to profit or loss upon realisation.

Sbanken ASA group and the parent company do not use this category.

11. Financial liabilities

The bank's financial liabilities consist of debt to credit institutions, deposits from customers, and covered bonds and senior bonds issued.

Debt to credit institutions and customer deposits

Debt to credit institutions and customer deposits are recognised at fair value upon establishment, adjusted for any transaction costs, and subsequently at amortised cost in accordance with the effective interest rate method.

Covered bonds and senior bonds

The bank has issued covered bonds through its subsidiary Sbanken Boligkreditt AS. Covered bonds are recognised at fair value upon issue, adjusted for any transactions costs, and subsequently at amortised cost in accordance with the effective interest rate method. The same accounting treatment also applies to senior bonds.

Subordinated loans

Subordinated loans are recognised at fair value upon establishment, adjusted for any transactions costs, and subsequently at amortised cost in accordance with the effective interest rate method.

12. Hedge accounting

Sbanken uses derivatives to hedge against interest rate and currency risk in connection with the issuing of debt in EURO. When the company issues securities in currencies other than Norwegian kroner, the bank's market risk policy states that hedging transactions shall be carried out, so that the bank avoids exposure in foreign currency and thereby minimises currency risk. Upon initial recognition, derivatives and borrowings are designated as hedging instruments and recognised as fair value hedges. Formal earmarking and documentation of the hedging relation takes place when the hedging relation is established. There is a direct and documented connection between fluctuations in the value of the hedged item that are due to the hedged risk and the value of the financial derivatives. The hedging is documented with reference to the company's risk management strategy, with a description of the hedged risk and why the hedging is expected to be effective.

The hedging instruments (interest rate and currency swaps) are recognised at fair value, while the hedged items are valued at fair value for the hedged risks (interest rate and currency). Hedge ineffectiveness, defined as the difference between the value adjustment of hedged instruments and the value adjustment of the hedged items, are recognised through profit or loss as it arises. The exemption is the part of the value adjustment caused by a change in basis spreads relating to hedged instruments recognised in other comprehensive income.

13. Hybrid capital

Sbanken ASA has issued hybrid capital instruments. The instruments are perpetual, entitling the issuer to redeem the capital on specific dates, for the first time five years after the date of issue. The terms and conditions of the agreement meet the requirements of the Capital Adequacy Regulations, and the instruments are included in the bank's core capital for capital adequacy purposes. This means that the bank is unilaterally entitled to not pay interest and/or redeem the nominal value of the instruments to the hybrid capital investors. For this reason, the instruments do not meet the definition of debt in IAS 32 and are classified as equity.

Note 1 – Accounting principles (continued)

A share of the profit corresponding to accrued interest is allocated to the hybrid capital investors and accumulated as hybrid capital as part of the bank's equity. Correspondingly, interest paid will reduce the hybrid capital upon payment to the hybrid capital investors. Transaction costs relating to the issue of hybrid capital are charged to other equity, corresponding to the costs relating to share issues.

14. Fair value

Fair value is the price at which an asset can be sold or a liability settled in a voluntary transaction at arm's length between well-informed parties. For financial assets listed on a stock exchange or another regulated market place, the fair value is the purchase price on the last day of trading up to and including the balance sheet date, and the sales price of an asset that can be acquired or a liability held.

Where the price of a financial instrument is not observable in an active market, the fair value is determined using valuation methods. Valuation methods include the use of recent market transactions carried out at arm's length between well-informed parties, if such are available, reference to the fair value on an ongoing basis of another instrument that is practically identical, discounted cash flow calculations and option pricing models.

Reference is made to Note 40 for a description of the fair value hierarchy.

15. Dividend

Dividends from investments are recognised when the company has one unconditional right to receive the dividend.

For Sbanken ASA (the parent company) allows regulations on annual accounts for banks § 3-1 that dividends and group contributions from subsidiaries can be recognised in accordance with the provisions of the Accounting Act.

This means that the Sbanken ASA can recognise dividends from its wholly owned subsidiary Sbanken Boligkreditt AS at the balance sheet date.

16. Accounting provisions for liabilities

Provisions for liabilities are non-financial liabilities with an uncertain settlement date or amount. The bank makes a provision for liabilities when a statutory or self-imposed obligation exists as a result of previous events, when there is a preponderance of probability that the liability will have to be settled and a reliable estimate can be prepared.

17. Pensions

Sbanken has both defined contribution and defined benefit pension schemes for its employees.

Under the defined contribution scheme, a contribution is paid into the employees' personal pension accounts in the life insurance company Nordea Liv Norge AS every month. This amounts to 5 per cent of earnings between 0 and 71 times the National Insurance basic amount (G) and 12 per cent of earnings between 71 and 12 G. The maximum age for earning pension benefits under the scheme is 70. The age of retirement will vary from 62 to 70 according to the employee's wishes. Defined contribution pension plans are expensed directly.

Under the defined benefit scheme, employees will receive retirement pension of around 66 per cent of the pension basis (max. 12 G) given a full earnings period of 30 years. Employees carry no risk over and above the risk of dying before reaching the retirement age, in which case the pension funds will pass to the other members of the pension scheme and not the employee's next of kin.

Defined benefit plans are valued at the present value of future pension benefits, which for accounting purposes are deemed to have been earned on the balance sheet date, minus pension assets measured at fair value. Pension obligations are estimated annually by an independent actuary. The present value of a defined benefit pension is determined by discounting future cash flows that are expected to be disbursed under the scheme using the interest rate on covered bonds (OMF) on the balance sheet date, plus an addition for taking into account the relevant duration of the obligation.

Net interest expense is calculated by applying the discount rate on the net pension obligation. Net interest expense is recognised under personnel expenses in profit or loss. Actuarial losses and gains are recognised in other comprehensive income in the period they arise.

Changes in the pension obligation that are due to plan changes are recognised directly in profit or loss.

Note 1 – Accounting principles (continued)

18. Tax

The tax expense represents the sum of current tax and deferred tax. Current tax is the tax payable for the period based on the taxable profit/loss for the year, plus any changes in the estimated current tax for previous years.

Deferred tax is calculated on the basis of the differences between the book value and tax value of assets and liabilities at the time of reporting.

The deferred tax liability is generally recognised for all taxable (tax-increasing) temporary differences, and the deferred tax asset is generally recognised for all deductible (tax-reducing) temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be offset.

Current tax and deferred tax are recognised as expenses or income in profit or loss, except deferred tax on items recognised directly against equity, in which case the tax is recognised directly in equity, or in cases where they arise as a result of the recognition of a business merger.

19. Associated companies

Associated companies (Quantfolio AS, holding 22.4 per cent) are entities in which the group exercises significant influence, but not control. Significant influence is normal for investments where the group owns between 20 and 50 per cent of the capital carrying voting rights. Investments in associated companies are recognised pursuant to the equity method. At the time of acquisition, investments in associated companies are recognised at acquisition cost. Investments in associated companies also include goodwill identified at the time of acquisition, reduced by any subsequent write-downs. The share of profit or loss in associated companies is recognised and added to the capitalised value of the investments plus the share of unrecognised changes in equity. The group does not recognise the share of the loss if this means that the capitalised value of the investment is negative, unless the group has undertaken obligations or furnished guarantees on behalf of the associated company.

20. Consolidation

The consolidated financial statements include Sbanken ASA and subsidiaries in which Sbanken ASA controls the company's operations (actual control). A controlled company is one in which the bank has power over the investee, is exposed or has rights to variable returns from the investee, and has the power to control the activities of the investee that materially affect the return. This means that a consolidation obligation must also be considered in cases where there is no majority shareholding.

Elimination of intercompany transactions
Intercompany balances, gains and losses, interest and dividend etc. between group companies are eliminated in the consolidated financial statements.

21. Segment reporting

No segment information has been prepared, as the entire operation of the Sbanken group is deemed to constitute one segment, the "Private Consumer Market", under IFRS 8. Sbanken group launched an SME (small and medium entities) offering late June 2019. At present, neither the customer base nor the revenues or costs from the SME offering constitutes a separate reporting segment. Hence in the supervisory activities performed by the board and management, the customer base is not divided into different business segments that are followed up over time.

These groups consist of the following products and services:

- Lending:** Home loans, car loans, credit cards, overdraft facilities, consumer loans and custody account credit
- Deposits:** all-in-one, high-interest, security deposit accounts and home savings for young people (BSU)
- Payment services:** payment of bills, international payments, card transactions etc.
- Security:** log-in, security solutions etc.

The products in these groups are followed up by management, but their focus and weight vary depending on the overall situation for the business as a whole. The bank's own investment activities do not constitute a separate reportable segment, and they are therefore presented together with the Private Market. Because the bank only operates in Norway, the reporting of geographical and secondary segments is not considered relevant. However, important classes of assets (mortgages) and liabilities (deposits) are broken down by county and presented in a separate note.

Note 1 – Accounting principles (continued)

22. Related parties

Sbanken ASA defines related parties as:

- Shareholders with significant influence
- Subsidiaries
- Associated companies

- Executive personnel
- Other related parties

All transactions with related parties are carried out on the basis of the arm's length principle. See notes 34 and 47 for further information about related parties.

Note 2 – Critical accounting estimates and judgement in applying accounting policies

The preparation of financial statements in accordance with IFRS and the application of the chosen accounting principles require the management to make assessments, prepare estimates and apply assumptions that affect the carrying amounts of assets, liabilities, income and expenses. The estimates and pertaining assumptions are based on previous experience and other factors that are considered to be reasonable under the circumstances. Actual figures may deviate from these estimates. The estimates and the pertaining assumptions are reviewed on a regular basis.

Changes in accounting estimates are recognised in the period when the change occurs if the change only affects this period or in the period when the estimates are changed, and in future periods if the changes affect both current and future periods.

The accounting principles that the company applies when assessments, estimates and assumptions deviate significantly from the actual figures are described below.

A. Fair value of financial assets and liabilities

There is uncertainty attached to the pricing of financial instruments that are not quoted in an active market. This applies in particular to securities that are priced on the basis of unobservable assumptions (Level 3 in the fair value hierarchy), and different valuation techniques are used to determine the fair value of these investments.

Reference is made to Note 40 for a more detailed description of financial instruments valued at fair value.

B. Losses on financial assets

Calculation of impairment

The principles in IFRS 9 relating to impairment of financial instruments are based on the approach that a provision shall be made for expected credit losses (ECL). This represents a change from the previous standard, IAS 39, which was based on the 'incurred loss' principle. It entailed recognising a loss

only when there was objective evidence that a loss event had occurred. The change entails, to a much greater extent than before, estimating future credit losses regardless of whether there is objective evidence of a loss event.

The new principles for impairment in IFRS 9 apply to financial instruments that are debt instruments and that are measured at amortised cost or at fair value through other comprehensive income (OCI). They also include loan commitments.

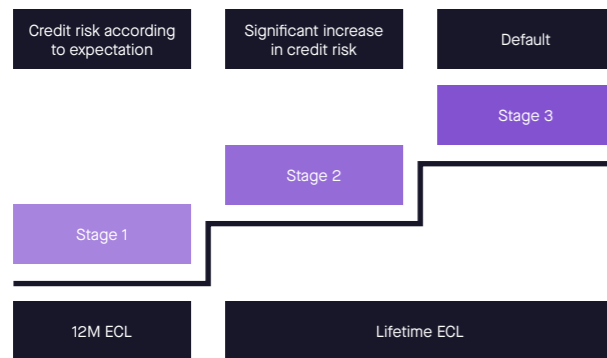
1. Framework used to estimate the provision for ECL

The bank has developed a framework used to estimate the provision for expected credit losses (ECL) in accordance with IFRS 9. The bank estimates ECL at account level for the following products:

- Home loans
- Car loans
- Consumer loans
- Credit cards
- Overdrafts

The ECL calculation is based on a three-stage model as illustrated below. At initial recognition, the exposures are allocated to Stage 1. If the credit risk has increased significantly since initial recognition, the exposure migrates to Stage 2. Defaulted exposures are allocated to Stage 3. The provision for assets in Stage 1 corresponds to 12-month expected credit loss (12M ECL), whereas for assets in Stage 2 and 3, the provision corresponds to lifetime expected credit loss (LT ECL). Provisions for Stage 1 and 2 replace the collective impairment model under IAS 39. For individual impairment (Stage 3 assets), there are no significant changes in the rules compared with IAS 39.

Note 2 – Critical accounting estimates and judgement in applying accounting policies (continued)



ECL is an unbiased estimate based on a range of possible outcomes/scenarios. The bank's approach to macroeconomic scenarios and forward-looking information is described in further detail in section 4 below.

The bank estimates ECL as the sum of marginal losses occurring in each time period from the balance sheet date. The marginal losses are derived from parameters that estimate exposure and loss given default (EAD and LGD) and the marginal probability of default for each period.

12M ECL is the portion of LT ECL resulting from default events that may occur within 12 months after the reporting date.

Probability of Default (PD)

Sbanken has developed internal statistical models to estimate 12-month PD based on historical default data. For each product, the bank has an application model that is used to estimate PD at initial recognition and a portfolio model used to estimate PD for all loans and credits in the portfolio on a monthly basis. All PD models provide point-in-time estimates that are adjusted to reflect forward-looking information before they are used for accounting purposes.

In addition to the PD models that provide 12-month PD on the reporting date, Sbanken has also developed PD curves consisting of marginal 12-month PD throughout the life of the loan. The PD curves are used both in the stage allocation process and to calculate ECL for exposures in Stage 2.

Loss Given Default (LGD)

The LGD represents the expected loss conditional on a default event. The methodology behind the LGD models varies

between loans secured by collateral and unsecured loans and credits. All models are based on two components; the likelihood that a defaulted exposure cures (Cure rate) and the expected loss in the event that the exposure does not cure

For mortgages, the cure rate is calculated on a loan-by-loan basis, taking into account characteristics of the underlying collateral. For other portfolios, the Cure rate depends on how long the loan has been in default.

For mortgages and car loans, the expected value of the collateral, when it is realised, is included in the loss-given-loss component.

For secured loans, expected realisable values of underlying collateral are obtained when determining LGL. The expected realisable value of residential property in the portfolio are statistically estimated values from Eiendomsverdi AS, which are updated to Sbanken's portfolio quarterly. The bank performs a reasonableness assessment of the estimated property values.

The expected realisable value of cars in the portfolio are statistically estimated values from Eurotaxglass Norge AS, which are regularly updated to Sbanken's portfolio.

For unsecured loans, LGL is based on historical recovery rates on similar non-performing receivables.

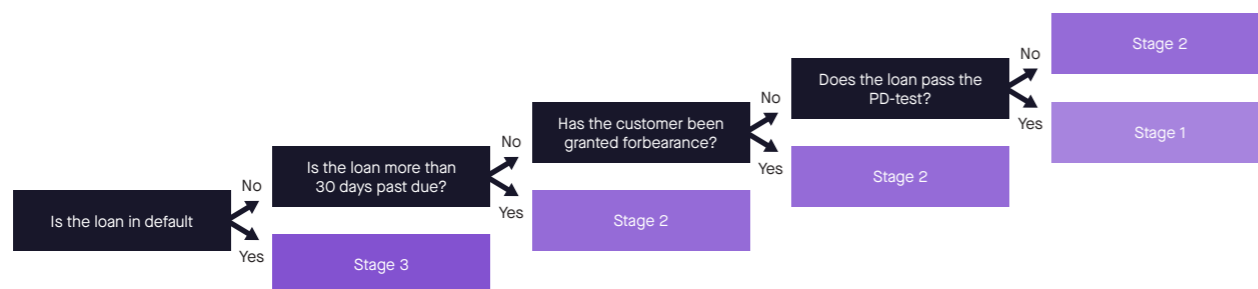
Exposure at Default (EAD)

The EAD represents the expected exposure at the time of default. For mortgages, car loans and consumer loans, EAD is based on the repayment plan for the loan. This is further adjusted by taking into account the probability of early repayment.

For credit facilities, EAD is based on the expected drawdown on the facility at the time of default. In addition, an adjustment is made for expected life.

Lifetime

For financial assets in Stage 2, the provisions correspond to LT ECL. For loans and credit with a repayment plan, ECL is calculated over the full remaining contractual period. For revolving credit, the period of exposure, or expected life, is not modelled separately, but rather included in the EAD estimate.



Note 2 – Critical accounting estimates and judgement in applying accounting policies (continued)

2. Staging assessment

The staging assessment is illustrated in the flow chart below. All defaulted loans are allocated to Stage 3. Exposures whose credit risk has increased significantly since initial recognition are allocated to Stage 2. The remaining exposures are allocated to Stage 1.

2.1 Significant increase in credit risk

Migration from Stage 1 to Stage 2 is determined by the definition of significant increase in credit risk. The bank's assessment of changes in credit risk consists of three elements; a quantitative element, a qualitative element and a back-stop.

2.1.1 Quantitative element

The quantitative element is the main driver of significant increase in credit risk. This is determined by comparing the difference between the 12-month PD on the reporting date and the 12-month PD on the reporting date, expected at initial recognition. This is referred to as the PD test. The PD estimates used in the PD test take into account forward-looking information and are probability-weighted estimates based on a range of possible scenarios.

The PD test consists of two criteria that must both be met in order for the increase in credit risk to be regarded as significant. The change in PD must be more than 250% and it must equal at least 1 percentage points.

If the bank had not used an absolute limit of 1 percentage point when assessing a significant increase in credit risk, NOK 4.4 billion of the loans currently in stage 1 would have been recognised in stage 2. Of which about 88 percent are mortgages, 8 percent are car loans and 4 percent are unsecured loans. Due to the high proportion of mortgages, the increase in ECL due to the migration between the stages would be about NOK 1.9 million.

2.1.2 Qualitative element

Customers who have been granted forbearance are deemed to have had a significant increase in credit risk. Forbearance takes into account contagion between the customer's different products, which is not necessarily reflected in the PD estimates. The bank will implement the qualitative element as a back-stop, which means that all exposures with a forbearance flag will be allocated to Stage 2, unless they are in default.

Loans with granting of payment holidays and where there are no other indications that the customer has payment problems are not considered to qualify for forbearance as defined in IFRS 9 and are placed in Stage 1.

2.1.3 Back-stop

If an exposure is more than 30 days past due, it will be allocated to Stage 2.

2.2 Migration to lower stage

An exposure that has migrated to Stage 2 can migrate back to Stage 1 if it no longer meets any of the three criteria mentioned above. No explicit quarantine period must be implemented before an exposure can migrate to a lower stage. Exposures in default will migrate to Stage 1 or 2 when they are no longer marked as 'in default'.

3. Definition of default

As of 1 January 2021, a new definition of default applies for Sbanken. The definition is adapted to the European Banking Authority (EBA) guidelines on the definition of default (EBA GL 2016/07), and requirements to materiality thresholds for credit obligations past due in the Norwegian CRR/CRD IV regulation.

According to the bank's definition of default, an exposure is defaulted if at least one of the following criteria occurs:

- The exposure is overdue more than 90 consecutive days and the overdue amount exceeds the materiality threshold (over NOK 1 000 and over 1 per cent of the exposure amount).
- The overdue amount exceeds four instalment amounts.
- Debt settlement is registered on the exposure, the loan is written down, or the exposure has a debt collection status with a duration of more than 90 days.
- Default occurs on another exposure of the debtor in the same product category. The following product categories are defined:
 - o Mortgages
 - o Car loans
 - o Unsecured credit products
- Defaults occur on at least 20 per cent of the total obligation of the debtor.
- More than one forbearance measure is registered on the exposure or the total grace period exceeds six months of the last two years in combination with an overdue amount of at least two instalment amounts, a forbearance measure is granted for a defaulted exposure in probation, or the exposure is classified in FINREP as forborne non-performing. Payment deferrals the customer itself can initiate within the contract are not relevant in this context.

Before the defaulted exposure can return to a non-defaulted status, the exposure must go through a probation period.

For defaults triggered by the first criterion above, the probation period starts when the overdue amount is zero. For defaults triggered by the last criterion, the probation period starts when the overdue amount is zero and any grace period has expired. For other defaults, the probation period starts when the conditions that triggered the default no longer applies.

The probation period lasts for at least 90 days, or for at least 365 days for defaults triggered by forbearance measures. The

Note 2 – Critical accounting estimates and judgement in applying accounting policies (continued)

Sensitivity analysis of development in the housing price with effect on Expected credit loss (ECL)		Sbanken ASA Group			
In NOK thousand		Change in Stage 1	Change in Stage 2	Change in Stage 3	Total change in expected credit loss (ECL) in NOK
House price changes					
10% increase		-772	-1 663	-5 799	-8 234
5% increase		-426	-957	-3 262	-4 645
5% decrease		505	1 189	3 949	5 644
10% decrease		1 093	2 699	8 951	12 742
20% decrease		2 539	6 995	21 162	30 695
30% decrease		4 352	12 802	37 196	54 350
40% decrease		6 537	19 915	56 130	82 582
60% decrease		11 896	36 827	98 830	147 554

The sensitivity analysis has been based on total mortgages and stage distribution of loans per 31.12.21. No adjustments have been made for any changes in the default rate due to house prices rising or decreasing.

exposure is reclassified to a nondefaulted status when certain recovery criteria are met the last 90 or 365 days. Among other things, there can be no overdue amount the last part of the probation period.

4. Macroeconomic scenarios

As described earlier, the bank includes forward-looking information both in the stage assessment process and in the estimation of ECL. More specifically, a probability-weighted PD is used when assessing whether an exposure has had a significant increase in credit risk. Furthermore, the ECL is a probability-weighted amount based on ECLs determined for each of three scenarios – a base case, a positive scenario and a negative scenario. The forecasts for the different macroeconomic factors in each scenario will be updated on a quarterly basis. The forecast period is set to three years. After this period, the macroeconomic factors will not vary between the three scenarios. The bank will base the macro scenarios on prognoses from Statistics Norway and Norges Bank in addition to the bank's annual ICAAP process. This will ensure that the macro view of the bank is based on external, independent prognoses and that the assumptions underlying the ECL estimation are subject to periodic stress testing.

The bank will use an approach that is largely based on expert credit judgement to identify key macroeconomic drivers and their impact on PD, LGD and EAD, as the bank does not have sufficient historical data available to build a statistical model for this purpose. The bank will group exposures secured by collateral and unsecured assets separately when carrying out this assessment. The process will result in a set of adjustment factors for each scenario that are applied to the estimated PD for the prognosis period. Forward-looking information is included in the LGD estimates for mortgages by adjusting the underlying collateral value in accordance with expected developments in the house price index in each scenario.

The macro variables used in the assessments are: changes in interest rates (NIBOR 3M), GDP growth, unemployment and changes in housing prices.

5. Governance

The bank has established a governance structure for the model that is used to calculate provisions for bad debt with clearly defined responsibilities for maintenance of models and methods, the quality and completion of the data that form the basis for the calculations, as well as the preparation of macroeconomic scenarios.

The macroeconomic scenarios are assessed quarterly by the interdisciplinary committee (extended credit committee).

6. Accounting treatment

The recognition of an impairment loss is always made through the use of an allowance account to write down the carrying amount of the asset. If the amount of the impairment loss decreases in a subsequent period, the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss. Subsequent recoveries of amounts previously written off are credited to the impairment loss account in profit or loss for the year.

Write-off policy

Sbanken writes off and thereby reduces the carrying amount of a financial asset when there is no reasonable expectation of recovery. This may be when a court of law has reached a final decision, a decision has been made to cancel the debt or an agreement has been reached on debt restructuring. The write-off can relate to the entire asset or a portion of the asset and may constitute a derecognition event. Sbanken maintains the legal claim against the customer even though a write-off has been carried out.

Note 2 – Critical accounting estimates and judgement in applying accounting policies (continued)

C. Pension obligations, own employees

The fair value of pension obligations is estimated based on a range of actuarial and financial assumptions. Any changes in the assumptions will affect the estimated obligation. Changes in the discount rate have the most impact. The discount rate is stipulated locally for each pension scheme based on the economic area the plan is established in.

The discount rate and other assumptions are normally reviewed once a year in connection with the actuarial calculation, unless significant changes occur during the year. The pension obligations are valued by an independent qualified actuary, based on

assumptions issued by the Norwegian Accounting Standards Board ('NRS'). Before final stipulation, the assumptions are considered in relation to the bank's specific circumstances.

D. Intangible assets

If there are indications of impairment, an impairment test is performed to check whether the book value of self-developed software is present. The recoverable amount is also estimated in that connection. There is uncertainty attached to the estimate of cash flows and discount rates in connection with the estimation of the recoverable amount.

Note 3 – Segments

No segment information has been prepared, as the entire operation of the Sbanken group is deemed to constitute one segment, the "Private Consumer Market", under IFRS 8. Sbanken group launched an SME (small and medium entities) offering late June 2019. At present, neither the customer base nor the revenues or costs from the SME offering constitutes a separate reporting segment. Hence in the supervisory activities performed by the board and management, the customer base is not divided into different business segments that are followed up over time.

The groups comprise the following products and services:

- **Lending:** Home loans, car loans, credit cards, overdraft facilities, personal loans and custody account lending
- **Deposits:** All-in-one, high-interest and security deposit

accounts, as well as BSU (young home-buyer's savings account)

- **Payment services:** Invoice payments, international payments, card transactions etc.
- **Security:** Log-in, security solutions etc.

The products in these groups are followed up by management, but the focus is shifted depending on the overall situation for the business as a whole. The Bank's own investment activities do not form a separate reportable segment and are therefore presented in conjunction with Private Market. Since the Bank operates only in Norway, the reporting of geographical and secondary segments is not considered relevant. Important classes of assets (e.g. mortgages) are, however, broken down geographically and presented in a separate note.

Note 4 – Capital adequacy

The capital adequacy regulations are intended to improve institutions' risk management and achieve closer concordance between risk and capital. The applicable regulations for Norwegian banks are adapted to the EU's capital adequacy regulations for credit institutions and investment firms (CRD IV/CRR).

Sbanken ASA uses the standard method to establish the

risk-weighted volume credit risk and the standardised approach to establish the risk-weighted volume for operational risk. At the balance sheet date no exposure was included in the risk-weighted volume for market risk. The group mainly engages in banking business and the bank's wholly owned subsidiary, Sbanken Boligkreditt AS, is fully consolidated. There are no differences between solvency and accounting consolidation

Note 4 – Capital adequacy (cont.)

In NOK thousand	Sbanken ASA Group			
	31.12.21		31.12.20	
Specification of risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 636 276	0	2 064 169	0
Regional governments	1 576 900	228 088	4 845 555	829 664
Multilateral Development Banks	1 563 271	0	1 144 014	0
Institutions	1 717 129	377 910	1 224 701	198 079
Retail	8 614 935	3 337 562	8 826 783	3 529 607
Secured by mortgages on immovable property	99 193 525	30 877 352	94 431 929	29 942 281
Exposures in default	519 364	582 455	349 658	411 482
Covered bonds	10 536 254	1 053 625	7 430 527	743 053
Equity	399 720	400 265	177 694	181 260
Other items	162 307	162 307	191 696	191 696
Total credit risk, standardised method	125 919 681	37 019 564	120 686 726	36 027 122
Credit value adjustment risk (CVA)		56 442		54 711
Operational risk		2 773 710		2 693 289
Total risk-weighted volume		39 849 716		38 775 122
Capital base				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		3 091 157		3 222 125
Additional Tier 1 capital		701 389		701 223
Total booked equity		7 487 134		7 617 936
Additional Tier 1 capital instruments included in total equity		-701 389		-701 223
Common equity Tier 1 capital instruments		6 785 745		6 916 713
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-77 513		-85 984
Value adjustment due to the requirements for prudent valuation (AVA)		-15 796		-14 576
Dividends payable ¹⁾		0		-336 638
Common equity Tier 1 capital		6 692 436		6 479 515
Additional Tier 1 capital		700 000		700 000
Tier 1 capital		7 392 436		7 179 515
Tier 2 capital		900 000		900 000
Own funds (primary capital)		8 292 436		8 079 515
Capital requirements				
Minimum requirements - common equity Tier 1 capital	4,5%	1 793 237	4,5%	1 744 880
Institution specific Pillar II requirement	1,5%	597 746	1,5%	581 627
Capital conservation buffer	2,5%	996 243	2,5%	969 378
Systemic risk buffer	3,0%	1 195 491	3,0%	1 163 254
Countercyclical capital buffer	1,0%	398 497	1,0%	387 751
Additional Tier 1 capital	1,5%	597 746	1,5%	581 627
Tier 2 capital	2,0%	796 994	2,0%	775 502
Total minimum and buffer requirements own funds (primary capital)	16,0%	6 375 955	16,0%	6 204 020
Available common equity Tier 1 capital after buffer requirements		1 711 222		1 632 625
Available own funds (primary capital)		1 916 482		1 875 496
Capital ratio % (regulatory)				
Common equity Tier 1 capital		16,8%		16,7%
Additional Tier 1 capital		1,8%		1,8%
Tier 2 capital		2,3%		2,3%
Total capital ratio		20,8%		20,8%

Note 4 – Capital adequacy (cont.)

In NOK thousand	Sbanken ASA Group			
	31.12.21		31.12.20	
Capital ratio % ²⁾	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Common equity Tier 1 capital		15,0%		15,5%
Additional Tier 1 capital		1,8%		1,8%
Tier 2 capital		2,3%		2,3%
Total capital ratio		19,0%		19,6%

¹⁾ Year-end 2021 includes fully retained earnings for 2021. Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

²⁾ Year-end 2021 is adjusted with proposed dividend NOK 6.60 per share for 2021. Year-end 2020 includes 37.2 per cent of retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

In NOK thousand	Sbanken ASA (parent company)			
	31.12.21		31.12.20	
Specification of risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 611 053	0	2 038 554	0
Regional governments	1 577 839	230 435	4 831 614	794 811
Multilateral Development Banks	1 469 749	0	1 144 014	0
Institutions	29 981 388	3 742 762	32 825 074	3 402 274
Retail	8 612 228	3 335 532	8 825 210	3 528 427
Secured by mortgages on immovable property	61 177 525	17 584 879	59 340 645	17 629 689
Exposures in default	408 298	471 389	264 951	326 776
Covered bonds	17 687 733	1 768 773	13 152 493	1 315 249
Equity	2 652 980	2 653 525	2 432 507	2 436 073
Other items	421 308	421 308	192 389	192 389
Total credit risk, standardised method	125 600 101	30 208 603	125 047 451	29 625 688
Credit value adjustment risk (CVA)		37 612		26 410
Operational risk		2 316 820		2 290 161
Total risk-weighted volume		32 563 035		31 942 259
Capital base				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		2 544 460		2 688 715
Additional Tier 1 capital		701 389		701 223
Total booked equity		6 940 437		7 084 526
Additional Tier 1 capital instruments included in total equity		-701 389		-701 223
Common equity Tier 1 capital instruments		6 239 048		6 383 303
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-77 513		-85 983
Value adjustment due to the requirements for prudent valuation (AVA)		-23 057		-20 503
Dividends payable ¹⁾		0		-336 638
Common equity Tier 1 capital		6 138 478		5 940 179
Additional Tier 1 capital		700 000		700 000
Tier 1 capital		6 838 478		6 640 179
Tier 2 capital		900 000		900 000
Own funds (primary capital)		7 738 478		7 540 179

Note 4 – Capital adequacy (cont.)

In NOK thousand	Sbanken ASA (parent company)			
	31.12.21		31.12.20	
Capital requirements	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Minimum requirements - common equity Tier 1 capital	4,5%	1 465 337	4,5%	1 437 402
Capital conservation buffer	2,5%	814 076	2,5%	798 556
Systemic risk buffer	3,0%	976 891	3,0%	958 268
Countercyclical capital buffer	1,0%	325 630	1,0%	319 423
Additional Tier 1 capital	1,5%	488 446	1,5%	479 134
Tier 2 capital	2,0%	651 261	2,0%	638 845
Total minimum and buffer requirements own funds (primary capital)	14,5%	4 721 640	14,5%	4 631 628
Available common equity Tier 1 capital after buffer requirements		2 556 545		2 426 531
Available own funds (primary capital)		3 016 838		2 908 552
Capital ratio % (regulatory)				
Common equity Tier 1 capital		18,9%		18,6%
Additional Tier 1 capital		2,1%		2,2%
Tier 2 capital		2,8%		2,8%
Total capital ratio		23,8%		23,6%
Capital ratio % ²⁾				
Common equity Tier 1 capital		16,7%		17,1%
Additional Tier 1 capital		2,1%		2,2%
Tier 2 capital		2,8%		2,8%
Total capital ratio		21,6%		22,1%

¹⁾ Year-end 2021 includes fully retained earnings for 2021. Year-end 2020 includes fully retained earnings for 2020 and 50,4 per cent retained earnings for 2019.

²⁾ Year-end 2021 is adjusted with proposed dividend NOK 6.60 per share for 2021. Year-end 2020 includes 37.2 per cent of retained earnings for 2020 and 50,4 per cent retained earnings for 2019.

Note 5 – Leverage Ratio

The leverage ratio requirements is a supplement to the risk-weighted minimum capital requirements and states that the capital base in financial institutions shall also comprise a defined percentage of the value of the company's assets and off-balance-sheet liabilities, calculated without risk weighting. The capital ratio target consists of Tier 1 capital and the exposure target follows the rules in the Commission Delegated Regulation (EU) 2015-62. The minimum leverage ratio requirement for Norwegian banks and credit institutions is three

per cent and a buffer requirement of two per cent.

The table below shows the calculation for the bank, on the basis of existing rule proposals and with conversion factors based on the current standardised approach, subject to a floor of 10 per cent.

Sbanken ASA (parent company)			Sbanken ASA Group	
31.12.20	31.12.21	In NOK thousand	31.12.21	31.12.20
6 930	34 575	Derivatives at market value	50 573	21 249
40 800	47 275	Potential future exposure on derivatives	95 325	88 850
32 756 893	29 847 924	Off-balance sheet commitments	7 450 518	6 146 043
75 114 801	78 864 127	Loans and advances and other assets	101 792 833	100 050 509
0	0	Regulatory adjustments included in Tier 1 capital	0	0
107 919 424	108 793 901	Total leverage exposure	109 389 249	106 306 651
6 640 179	6 838 478	Tier 1 capital ¹⁾	7 392 436	7 179 515
6,2 %	6,3 %	Leverage ratio % (regulatory)	6,8 %	6,8 %
5,7 %	5,6 %	Leverage ratio % ²⁾	6,1 %	6,3 %

Leverage Ratio requirements

3 237 583	3 263 817	3,0%	Minimum requirements	3,0%	3 281 677	3 189 200
0	0	0,0%	Buffer requirements	2,0%	2 187 785	2 126 133
3 237 583	3 263 817	3,0%	Total minimum and buffer requirements (Tier 1 capital)	5,0%	5 469 462	5 315 333
3 402 596	3 574 661		Available Tier 1 capital after minimum and buffer requirements		1 922 974	1 864 182
2 932 371	2 869 324		Available Tier 1 capital after minimum and buffer requirements ²⁾		1 217 636	1 393 958

¹⁾ Year-end 2021 includes fully retained earnings for 2021. Year-end 2020 includes fully retained earnings for 2020 and 50,4 per cent retained earnings for 2019.

²⁾ Year-end 2021 is adjusted with proposed dividend NOK 6.60 per share for 2021. Year-end 2020 includes 37,2 per cent of retained earnings for 2020 and 50,4 per cent retained earnings for 2019.

Note 6 – Financial risk management

The bank's risk strategy comprises its risk culture, risk appetite and principles for risk management.

Risk culture

Sbanken's core business is to offer standard banking services such as deposits, saving, loans and payment services to retail customers, and basic banking services for the smallest SME customers. Sbanken shall not take on other material risks than those associated with maintaining and further developing these core activities, meaning in areas where a risk appetite has been defined. Sbanken shall be a safe, secure bank for private individuals and small SMEs, and have a credit policy adapted to its defined risk appetite. Sbanken shall have a sound risk culture based on openness, transparency and competence, and shall continuously challenge its own methods, processes and procedures in order to improve its performance. The bank's risk appetite shall be consistent with its risk capacity.

Risk appetite

For risk management purposes, the bank classified risk in the following categories in 2021:

- Credit risk
- Market risk
- Owner risk
- Liquidity risk
- Capital risk
- Operational risk (hereby model risk)
- Business risk
- Strategic risk

Sbanken's Board determines the risk appetite for each of the defined risk categories and adopts guidelines that operationalise the company's risk appetite. The bank applied the following risk appetite levels in 2021:

- Credit risk: Low
- Market risk: Moderate
- Owner risk: Low
- Liquidity risk: Low
- Capital risk: Low
- Operational risk: Moderate
- Business risk: Moderate
- Strategic risk: Moderate

Risk management principles

The bank adopts a holistic approach to risk management. This means that the following principles shall apply:

- The bank's risk appetite shall be translated into specific management parameters.
- Each risk area shall be allocated capital in line with the actual risk status, which in turn shall be tailored to the specified risk appetite.
- Risk management and reporting shall be performed in accordance with the above-mentioned parameters and objectives.
- The bank's risk management systems and procedures shall be appropriate to the complexity of the business.
- Risk management shall be an ongoing, continuous process.
- Risk reports shall be presented in an understandable manner that provides a clear picture of the bank's risk situation to all stakeholders.
- Risk management shall be performed across group companies, at all levels within each individual group company, and for the group as a whole.
- The bank shall only assume risks that are understood by the bank and the individual decision-maker.
- The bank shall perform risk assessment before implementing material changes.
- Responsibility for entering into agreements that incur risk for the bank is delegated through personal authorisations.
- Efforts shall be made to achieve as great a balance as possible between risk and profitability. Profitability shall be measured on a risk-adjusted basis and on the basis of economic capital allocated.

Organisation of risk management

The organisation of the bank is based on the bank's principles for risk management and internal control, and is designed to ensure that the bank's risk strategy is implemented.

Board of Directors

Sbanken's Board has overarching responsibility for ensuring that the bank manages risk effectively. The Board defines the bank's risk appetite and risk management framework and monitors the bank's risk exposure. The bank's Board is also responsible for ensuring that the bank is sufficiently capitalised in relation to its risk factors.

The Board's Audit Committee

The Audit Committee monitors and ensures the quality of financial reporting, satisfactory internal control relating to financial reporting and the external auditor's work and independence.

Note 6 – Financial risk management (continued)

The Board's Risk and Compliance Committee

The Risk and Compliance Committee monitors and makes recommendations to the Board relating to management of the bank's risk exposure. The mandate includes a responsibility to regularly check that the bank's internal control and management system is expediently adapted to its risk exposure and the scope of the bank's business, in addition to evaluating the internal auditor's work and independence.

The Board's Remuneration Committee

The Remuneration Committee is tasked with ensuring a thorough and independent preparation of matters relating to remuneration of the bank's executive personnel.

CEO and committees

The CEO is responsible for the implementation of risk management procedures that ensure attainment of the goals decided by the Board, including efficient management systems for risk management and internal control. A number of advisory committees have been established to support the CEO's responsibility for risk management.

The Risk and Compliance Committee

The Risk and Compliance Committee is chaired by the bank's CRO and CCO and reports to the CEO. The Committee monitors the bank's risk management and compliance programme, including the bank's systems for risk management, internal control and compliance with the regulatory framework.

ALCO

The Asset & Liability Committee (ALCO) is chaired by the CFO and reports to the CEO. The Committee provides advice on strategic management of the bank's asset-liability and risk management framework.

Credit Committee

The Committee is chaired by the bank's Credit Manager and reports to the CEO. The Committee evaluates current and future risk exposure and defines parameters for the credit approval process.

The organisation of Sbanken is based on the principle of three lines of defence:

First line of defence

The first line of defence consists of all employees and managers who are not part of the second line of defence. The first line carries out risk assessments and implements risk and internal control processes that enable the bank to operate within limits adopted by the Board and the defined risk appetite. The first line of defence is the risk owner and is responsible for monitoring and implementing control activities.

Second line of defence

The second line of defence consists of two independent control functions – Risk Management and Compliance – which monitor and check that the bank operates within limits adopted by the Board and relevant laws and regulations.

The Chief Risk Officer (CRO) is head of the bank's risk management function. The risk management function is responsible for establishing and maintaining systems and processes that ensure that the bank complies with adopted risk strategies, policies and procedures. The function prepares regular risk reports for the Board, and reports any breaches of limits and guidelines.

The CRO is independent of managers with responsibility for risk-taking, and does not take part in decisions that relate directly to areas that are monitored and reported. The CRO reports directly to the CEO, but has a right and a duty to report directly to the Board in cases where the Board does not receive necessary information about material risks via ordinary reporting procedures. The CRO may not be dismissed without the Board's consent.

The Chief Compliance Officer (CCO) leads the part of the second line of defence that covers compliance with procedures and regulations. Administratively, the function reports to the CEO. In practice, however, it is independent of the bank's management and other staff and control functions. The CCO checks compliance with regulations based on the Board's instructions, and reports to the Board on relevant matters.

Third line of defence

The third line of defence consists of the internal auditor, who is responsible for independent testing of the risk management procedures. The function is independent of the management and is appointed by and reports to the Board. The internal auditor performs audits in accordance with the audit plan and instructions issued each year by the Board. The internal auditor prepares a summary of the bank's internal control once a year.

Note 7 – Credit risk

Credit risk represents the most significant risk to Sbanken and is defined as the risk of loss resulting from counterparties not fulfilling their obligations, and of any pledged collateral failing to cover outstanding claims. How credit risk is managed is determined by whether it is related to loans to customers or other types of exposure, primarily the investment of excess liquidity.

The bank's lending to customers consists of loans to private individuals secured by real property, housing associations, cars or securities, or unsecured loans in the form of consumer loans, credit facilities and credit cards. The risk arising from loans to customers is managed, for all credit matters, through an assessment of the borrower's ability and willingness to pay and a valuation of any collateral. The total customer exposure is also taken into account, including any co-borrowers' exposure. The credit assessment is primarily carried out on the basis of automated credit regulations, a key element of which is credit scoring.

The bank measures credit risk arising from loans to customers through credit risk models. The risk classification system consists of a number of systems, processes and methods used to quantify credit risk. Credit scoring models for all lending products are based on statistical data, but some models also take expert assessments into account. The models estimate the probability of default (PD), which includes factors such as payment history, income, assets and the total number of borrowers. Loss given default (LDG) is estimated for loans with pertaining collateral, where the loss ratio is primarily based on the value of pledged collateral in relation to the sum borrowed.

Sbanken holds excess liquidity, which is invested short-term in the interbank market and in securities with counterparties in/issued by sovereign states, municipalities, institutions and enterprises. This credit risk is managed by assessing exposures based on the counterparty's ability to repay and their financial position. The Board has issued guidelines for the amount of credit that can be furnished to a counterparty/issuer, while the CEO approves counterparties/issuers and removes credit limits based on ALCO's recommendation.

Credit risk also includes concentration risk, including risk relating to significant exposure to a specific group of customers or a geographical area. The bank seeks to reduce concentration risk through diversified products and broad geographical distribution. In the retail market, the whole portfolio is categorised as 'mass market' in accordance with the Capital Adequacy Regulations Section 5-8 or as commitments secured by residential mortgage (Section 5-9), and there is thus no concentration risk in this portfolio. Concentration risk in the liquidity portfolio is managed by granting limits for individual counterparties within limits adopted by the Board. These limits also take into account the Regulations relating to large exposures.

Risk shall we weighed against the return and balanced so that the bank stays within the defined risk appetite. Credit risk that exceeds the bank's defined risk appetite shall not be compensated by high price. Credit assessment rules and tools shall be used to avoid very high-risk credit exposure. Reference is made to a separate note for an overview of exposure to credit risk and pertaining collateral.

Climate risk

Climate risk is the risk of financial losses due to climate change and climate policy. The bank is exposed to climate risk in the form of physical risk and transition risk. The bank sorts climate risk under credit risk and strategic risk. Physical risk is the direct effects and consequences of climate change that can lead to physical damage. Physical risk is relevant to the bank's mortgage portfolio and can affect the bank's credit risk through reduced property values in vulnerable areas. Sbanken has not yet made changes to the credit process or ECL modelling on the basis of climate risk associated with the bank's mortgage portfolio, as the risk is not considered to have significant impact on lending or ECL. Transition risk is risk associated with the transition to a low emission society and overlaps both credit risk and strategic risk. In the credit area, the transition risk may include rising energy prices and requirements for energy efficiency and emissions, which may affect the customer's serviceability and values of mortgages and car loans. In the strategic area, the transition risk may include reputation risk as a result of changing consumer preferences and increased environmental awareness. Reference is made to the bank's reporting on climate risk based on the recommendations from the TCFD (Task Force on Climate Related Financial Disclosure).

Risk classification of loans to the mass market

Economic capital in the lending portfolio is calculated for measurement and monitoring purposes. The main components in this calculation is Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). According to the bank's definition of default, an exposure is defaulted if at least one of the following criteria occurs:

- The exposure is overdue more than 90 consecutive days and the overdue amount exceeds the materiality threshold (over NOK 1 000 and over 1 per cent of the exposure amount).
- The overdue amount exceeds four instalment amounts.
- Debt settlement is registered on the exposure, the loan is written down, or the exposure has a debt collection status with a duration of more than 90 days.
- Default occurs on another exposure of the debtor in the same product category. The following product categories are defined: o Mortgages o Car loans o Unsecured credit products
- Defaults occur on at least 20 per cent of the total obligation of the debtor.
- More than one forbearance measure is registered on the exposure or the total grace period exceeds six months of

Note 7 – Credit risk (continued)

the last two years in combination with an overdue amount of at least two instalment amounts, a forbearance measure is granted for a defaulted exposure in probation, or the exposure is classified in FINREP as forborne non-performing. Payment deferrals the customer itself can initiate within the contract are not relevant in this context.

Before the defaulted exposure can return to a non-defaulted status, the exposure must go through a probation period.

For defaults triggered by the first criterion above, the probation period starts when the overdue amount is zero. For defaults triggered by the last criterion, the probation period starts when the overdue amount is zero and any grace period has expired. For other defaults, the probation period starts when the conditions that triggered the default no longer applies.

The probation period lasts for at least 90 days, or for at least 365 days for defaults triggered by forbearance measures. The exposure is reclassified to a nondefaulted status when certain recovery criteria are met the last 90 or 365 days. Among other things, there can be no overdue amount the last part of the probation period.

Based on internal default data, the bank has developed statistical models to estimate the probability of default for a commitment in the next 12 month-period.

The following classification is used for probability of default:
Low risk: Probability of default under 1.25%
Medium risk: Probability of default from 1.25% to 5%
High risk: Probability of default over 5%

In NOK thousand	31.12.21						
Gross loans distributed in risk groups	Mortgages Sbanken Boligkreditt AS	Mortgages Sbanken ASA (parent company)	Car loans	Custody account credit	Other loans, unsecured	Total Sbanken ASA (parent company)	Total Sbanken ASA Group
Low risk	37 137 453	40 981 111	926 398	291 152	1 029 941	43 228 602	80 366 055
Medium risk	599 711	1 013 370	80 891		652 824	1 747 085	2 346 796
High risk	280 815	469 681	28 973		365 021	863 675	1 144 489
Total non-matured or written down	38 017 979	42 464 162	1 036 262	291 152	2 047 786	45 839 362	83 857 340
Non-performing loans	116 992	298 085	15 832	0	382 859	696 776	813 768
Total gross loans	38 134 971	42 762 247	1 052 094	291 152	2 430 645	46 536 138	84 671 109
Unutilised credit lines distributed in risk groups	Mortgages Sbanken Boligkreditt AS	Mortgages Sbanken ASA (parent company)	Car loans	Custody account credit	Other loans, unsecured	Total Sbanken ASA (parent company)	Total Sbanken ASA Group
Low risk	0	10 239 579	0	198 861	4 776 941	15 215 381	15 215 381
Medium risk	0	27 279	0	0	74 496	101 775	101 775
High risk	0	611	0	0	18 122	18 733	18 733
Total non-matured or written down	0	10 267 469	0	198 861	4 869 559	15 335 889	15 335 889
Non-performing and doubtful loans		3 196			8 584	11 780	11 780
Total unutilised credit lines	0	10 270 665	0	198 861	4 878 143	15 347 669	15 347 669
Loan- and funding commitments	0	8 445 886	153 628	0	37 096	8 636 610	8 636 610
Maximum exposure to credit risk (gross)	38 134 971	61 478 798	1 205 722	490 013	7 345 884	70 520 417	108 655 387

Note 8 – Maximum exposure to credit risk (continued)

In NOK thousand	Sbanken ASA Group 31.12.20		
	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	1 423 268	0	1 423 268
Loans to and receivables from credit institutions	654 517	0	654 517
Loans to and receivables from central bank and credit institutions	2 077 785	0	2 077 785
Loans to customers, secured	72 575 818	15 540 305	88 116 123
Loans to customers, unsecured	2 940 632	4 988 444	7 929 076
Loans to and receivables from customers	75 516 450	20 528 749	96 045 199
Shares in associated company	364	0	364
Other financial assets with credit risk	164 348	0	164 348
Financial instruments at amortised cost (gross)	77 758 947	20 528 749	98 287 696
Commercial paper and bonds	14 412 990	0	14 412 990
Financial instruments at fair value through other comprehensive income	14 412 990	0	14 412 990
Shares and funds	163 337	0	163 337
Derivatives	561 305	0	561 305
Loans to customers, secured	7 921 668	0	7 921 668
Financial instruments at fair value through profit and loss	8 646 310	0	724 642
Gross exposure with credit risk	100 818 247	20 528 749	113 425 328
Impairment	-355 866	-5 667	-361 533
Total net exposure with credit risk	100 462 381	20 523 082	120 985 463
Other assets without credit risk	264 079	n/a	n/a
Total assets	100 726 459	n/a	n/a

In NOK thousand	Sbanken ASA (parent company) 31.12.20		
	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	1 423 268	0	1 423 268
Loans to and receivables from credit institutions	2 958 456	3 695 903	6 654 359
Loans to and receivables from central bank and credit institutions	4 381 724	3 695 903	8 077 627
Loans to customers, secured	7 280 843	15 540 305	22 821 148
Loans to customers, unsecured	2 940 632	4 988 444	7 929 076
Loans to and receivables from customers	10 221 475	20 528 749	30 750 224
Shares in associated company	364	0	364
Commercial paper and bonds at amortised cost	325 622	0	325 622
Shares in subsidiary	1 699 880	0	1 699 880
Other financial assets with credit risk	395 031	0	395 031
Financial instruments at amortised cost (gross)	17 024 096	24 224 652	41 248 748
Commercial paper and bonds	20 109 350	0	20 109 350
Loans to customers, secured	30 111 454	0	30 111 454
Financial instruments at fair value through other comprehensive income	50 220 804	0	50 220 804
Shares and funds	392 647	0	392 647
Derivatives	29 533	0	29 533
Loans to customers, secured	7 921 668	0	7 921 668
Financial instruments at fair value through profit and loss	8 343 848	0	422 180
Gross exposure with credit risk	75 588 748	24 224 652	91 891 732
Impairment	-349 909	-5 667	-355 576
Total net exposure with credit risk	75 238 839	24 218 985	99 457 824
Other assets without credit risk	250 140	n/a	n/a
Total assets	75 488 979	n/a	n/a

Note 9 – Loans to customers

In NOK thousand	Sbanken ASA Group 31.12.21			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Gross carrying amount - Loans to customers (at amortised cost and fair value)				
Opening balance gross carrying amount (before transfers)	78 483 644	4 344 627	609 847	83 438 118
Transfers to Stage 1 (12-months ECL)	1 202 654	-1 198 999	-3 655	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 112 425	1 121 602	-9 177	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-132 312	-278 852	411 164	0
Net new financial assets originated	31 064 310	441 955	36 751	31 543 016
Financial assets that have been derecognised	-28 567 347	-1 366 555	-246 742	-30 180 644
Changes in interest accrual	-2 577	-2 962	15 582	10 043
Other movements (change in fair value on fixed rate loans)	-139 424	0	0	-139 424
Closing balance gross carrying amount	80 796 523	3 060 816	813 768	84 671 109

In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Mortgages	78 079 836	2 402 305	415 077	80 897 218
Car loans	948 617	87 645	15 832	1 052 094
Custody account credits	291 152	0	0	291 152
Unsecured loans	1 476 919	570 867	382 859	2 430 645
Total loans to customers (gross)	80 796 523	3 060 816	813 768	84 671 109

In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Mortgages in Sbanken Boligkreditt AS	0	0	0	0
Mortgages in Sbanken ASA	10 256 281	11 188	3 196	10 270 665
Car loans	0	0	0	0
Custody account credits	198 861	0	0	198 861
Unsecured loans	4 786 561	82 998	8 584	4 878 143
Total	15 241 703	94 186	11 780	15 347 669

Loan and funding commitments, mortgages	8 445 886	0	0	8 445 886
Loan and funding commitments, car loans	153 628	0	0	153 628
Loan and funding commitments, consumer loans	37 096	0	0	37 096
Total loan and funding commitments	8 636 610	0	0	8 636 610
Total loans to customers on and off-balance (gross)	104 674 836	3 155 002	825 548	108 655 387

In NOK thousand	Sbanken ASA Group 31.12.21			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Gross carrying amount - Loans to customers				
Low risk	79 634 202	731 853		80 366 055
Medium risk	1 009 884	1 336 912		2 346 796
High risk	152 437	992 051	813 768	1 958 257
Closing balance gross carrying amount	80 796 523	3 060 816	813 768	84 671 109

Note 9 – Loans to customers (continued)

In NOK thousand	Sbanken ASA Group
Maturity loans to customers:	
Less than 1 year	4 122 772
1-5 years	7 377 008
More than 5 years	71 722 121
No agreed maturity, unsecured	1 449 208
Total loans to customers (gross)	84 671 109

In NOK thousand	Sbanken ASA Group 31.12.21			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Maturity loans to customers:				
Loans with agreed maturity Sbanken Boligkreditt AS	36 843 621	1 174 358	116 992	38 134 971
Loans with agreed maturity Sbanken ASA	43 034 947	1 517 424	556 499	45 108 870
Loans without agreed maturity, secured Sbanken ASA	291 152	0	0	291 152
Loans without agreed maturity, unsecured Sbanken ASA	626 803	369 034	140 277	1 136 114
Total loans to customers (gross)	80 796 523	3 060 816	813 768	84 671 109

In NOK thousand	Sbanken ASA (parent company) 31.12.21			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Gross carrying amount - Loans to customers (at amortised cost and fair value)				
Opening balance gross carrying amount (before transfers)	44 882 047	2 847 409	525 141	48 254 597
Transfers to Stage 1 (12-months ECL)	576 473	-572 818	-3 655	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-587 893	594 742	-6 849	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-100 920	-219 044	319 964	0
Net new financial assets originated	31 064 310	441 955	36 751	31 543 016
Financial assets that have been derecognised	-31 736 645	-1 203 170	-191 291	-33 131 106
Changes in interest accrual	-5 045	-2 615	16 715	9 055
Other movements (change in fair value on fixed rate loans)	-139 424	0	0	-139 424
Closing balance gross carrying amount	43 952 903	1 886 459	696 776	46 536 138

In NOK thousand	Sbanken ASA (parent company) 31.12.21			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Gross carrying amount - loans to customers				
Mortgages	41 236 215	1 227 947	298 085	42 762 247
Car loans	948 617	87 645	15 832	1 052 094
Custody account credits	291 152	0	0	291 152
Unsecured loans	1 476 919	570 867	382 859	2 430 645
Total loans to customers (gross)	43 952 903	1 886 459	696 776	46 536 138

Note 9 – Loans to customers (continued)

In NOK thousand	Sbanken ASA (parent company) 31.12.21			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Unutilised credit lines				
Mortgages in Sbanken Boligkreditt AS	0	0	0	0
Mortgages in Sbanken ASA	10 256 281	11 188	3 196	10 270 665
Car loans	0	0	0	0
Custody account credits	198 861	0	0	198 861
Unsecured loans	4 786 561	82 998	8 584	4 878 143
Total	15 241 703	94 186	11 780	15 347 669
Loan and funding commitments, mortgages	8 445 886	0	0	8 445 886
Loan and funding commitments, car loans	153 628	0	0	153 628
Loan and funding commitments, consumer loans	37 096	0	0	37 096
Total loan and funding commitments	8 636 610	0	0	8 636 610
Total loans to customers on and off- balance (gross)	67 831 216	1 980 645	708 556	70 520 416

In NOK thousand	Sbanken ASA (parent company) 31.12.21			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Maturity loans to customers:				
Loans with agreed maturity Sbanken ASA	43 034 947	1 517 424	556 499	45 108 870
Loans without agreed maturity, secured Sbanken ASA	291 152	0	0	291 152
Loans without agreed maturity, unsecured Sbanken ASA	626 803	369 034	140 277	1 136 114
Total loans to customers (gross)	43 952 903	1 886 459	696 776	46 536 138

Gross carrying amount - Loans to customers (at amortised cost and fair value)	Sbanken ASA Group 31.12.20			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Opening balance gross carrying amount (before transfers)	76 018 582	4 914 417	561 254	81 494 253
Transfers to Stage 1 (12-months ECL)	1 011 599	-1 006 213	-5 386	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 683 822	1 696 344	-12 522	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-70 329	-182 191	252 520	0
Net new financial assets originated	34 946 820	602 554	17 799	35 567 173
Financial assets that have been derecognised	-31 700 068	-1 675 353	-201 371	-33 576 792
Changes in interest accrual	-30 823	-4 931	-2 447	-38 201
Other movements (change in fair value on fixed rate loans)	-8 315	0	0	-8 315
Closing balance gross carrying amount	78 483 644	4 344 627	609 847	83 438 118

Note 9 – Loans to customers (continued)

	Sbanken ASA Group 31.12.20			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Gross carrying amount - loans to customers				
Mortgages	75 721 265	3 414 621	245 984	79 381 870
Car loans	826 969	38 494	12 146	877 609
Custody account credits	238 007	0	0	238 007
Unsecured loans	1 697 401	891 513	351 718	2 940 632
Total loans to customers (gross)	78 483 644	4 344 627	609 847	83 438 118
Unutilised credit lines				
Mortgages in Sbanken Boligkreditt AS	0	0	0	0
Mortgages in Sbanken ASA	8 222 534	13 901	2 819	8 239 254
Car loans	0	0	0	0
Custody account credits	183 616	0	0	183 616
Unsecured loans	4 859 968	97 960	6 108	4 964 036
Total	13 266 118	111 861	8 927	13 386 906
Loan and funding commitments, mortgages	7 068 920	0	0	7 068 920
Loan and funding commitments, car loans	48 515	0	0	48 515
Loan and funding commitments, consumer loans	24 408	0	0	24 408
Total loan and funding commitments	7 141 843	0	0	7 141 843
Total loans to customers on and off- balance (gross)	98 891 605	4 456 488	618 774	103 966 867
Gross carrying amount - Loans to customers				
Low risk	77 280 817	725 480		78 006 297
Medium risk	974 148	1 887 622		2 861 770
High risk	228 677	1 731 525	609 847	2 570 050
Closing balance gross carrying amount	78 483 644	4 344 627	609 847	83 438 118
Maturity loans to customers:				Sbanken ASA Group
Less than 1 year				4 060 353
1-5 years				7 265 319
More than 5 years				70 636 238
No agreed maturity, unsecured				1 476 208
Total loans to customers (gross)				83 438 118

In NOK thousand	Sbanken ASA Group 31.12.20			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Maturity loans to customers:				
Loans with agreed maturity Sbanken Boligkreditt AS	33 601 597	1 497 218	84 706	35 183 521
Loans with agreed maturity Sbanken ASA	44 025 189	2 372 613	380 587	46 778 389
Loans without agreed maturity, unsecured Sbanken ASA	856 858	474 796	144 554	1 476 208
Total loans to customers (gross)	78 483 644	4 344 627	609 847	83 438 118

Note 9 – Loans to customers (continued)

	Sbanken ASA (parent company) 31.12.20			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Gross carrying amount - Loans to customers (at amortised cost and fair value)				
Opening balance gross carrying amount (before transfers)	43 291 823	3 347 084	484 221	47 123 128
Transfers to Stage 1 (12-months ECL)	568 179	-564 304	-3 875	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-977 551	986 301	-8 750	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-52 404	-149 942	202 346	0
Net new financial assets originated	34 946 820	602 554	17 799	35 567 173
Financial assets that have been derecognised	-32 869 182	-1 370 470	-163 996	-34 403 648
Changes in interest accrual	-17 323	-3 814	-2 604	-23 741
Other movements (change in fair value on fixed rate loans)	-8 315	0	0	-8 315
Closing balance gross carrying amount	44 882 047	2 847 409	525 141	48 254 597
Gross carrying amount - loans to customers				
Mortgages	42 119 668	1 917 403	161 278	44 198 349
Car loans	826 969	38 494	12 146	877 609
Custody account credits	238 007	0	0	238 007
Unsecured loans	1 697 401	891 513	351 718	2 940 632
Total loans to customers (gross)	44 882 047	2 847 409	525 141	48 254 597
Unutilised credit lines				
Mortgages in Sbanken Boligkreditt AS	0	0	0	0
Mortgages in Sbanken ASA	8 222 534	13 901	2 819	8 239 254
Car loans	0	0	0	0
Custody account credits	183 616	0	0	183 616
Unsecured loans	4 859 968	97 960	6 108	4 964 036
Total	13 266 118	111 861	8 927	13 386 906
Loan and funding commitments, mortgages	7 068 920	0	0	7 068 920
Loan and funding commitments, car loans	48 515	0	0	48 515
Loan and funding commitments, consumer loans	24 408	0	0	24 408
Total loan and funding commitments	7 141 843	0	0	7 141 843
Total loans to customers on and off- balance (gross)	65 290 008	2 959 270	534 068	68 783 346
Maturity loans to customers:				
Loans with agreed maturity Sbanken ASA	44 025 189	2 372 613	380 587	46 778 389
Loans without agreed maturity, unsecured Sbanken ASA	856 858	474 796	144 554	1 476 208
Total loans to customers (gross)	44 882 047	2 847 409	525 141	48 254 597

Note 10 – Loans to customers by geographical area

Sbanken ASA (parent company)				Sbanken ASA Group				
31.12.20		31.12.21		In NOK thousand	31.12.21		31.12.20	
Percentage	Gross lending	Percentage	Gross lending		Percentage	Gross lending	Percentage	Gross lending
19,2%	9 244 698	18,8%	8 753 321	Oslo	19,6%	16 624 883	19,9%	16 587 403
34,9%	16 821 178	35,7%	16 616 287	Viken	36,5%	30 906 250	36,0%	29 998 971
3,0%	1 467 675	3,2%	1 489 942	Innlandet	3,0%	2 504 712	2,8%	2 376 916
5,8%	2 783 533	5,9%	2 755 608	Vestfold og Telemark	5,9%	4 959 643	5,6%	4 659 072
2,5%	1 204 000	2,7%	1 257 500	Agder	2,3%	1 962 117	2,2%	1 854 129
8,0%	3 842 806	7,3%	3 405 838	Rogaland	6,7%	5 685 835	7,1%	5 931 366
12,9%	6 216 281	12,8%	5 944 612	Vestland	12,6%	10 676 736	13,0%	10 810 382
1,9%	920 676	2,0%	927 753	Møre og Romsdal	1,7%	1 444 691	1,7%	1 421 465
5,0%	2 422 151	4,9%	2 262 518	Trendelag	4,8%	4 076 377	4,8%	4 004 499
2,9%	1 393 797	2,9%	1 337 030	Nordland	2,9%	2 426 571	2,9%	2 378 943
4,0%	1 937 802	3,8%	1 785 729	Troms og Finnmark	4,0%	3 403 294	4,1%	3 414 972
100,0%	48 254 597	100,0%	46 536 138	Total gross lending by geographical area	100,0%	84 671 109	100,0%	83 438 118

* the basis for the geographical distribution is the customer's residential address

Note 11 – Credit risk exposure and collateral

The bank's customer exposures comprises the bulk of the bank's total credit exposure. A high percentage of the bank's lending is collateralised. Collateral in the private retail market essentially comprise fixed property and vehicles.

The table below shows the relationship between total credit exposure and the associated collateral distributed to exposure class. Lending secured by mortgages and cars includes the

percentage distributed of exposure relating to the various loan-to-value levels. The property values on which the calculations are based are updated in the last month of each quarter and are therefore representative of the current market value. The calculation of loan-to-value does not take into account any additional collateral.

In NOK thousand	Sbanken ASA Group					
	31.12.21			31.12.20		
Loan-to-value, secured loans	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
0% - 40%	27,3%	22 111 687	5 341 938	27,2%	21 628 359	4 170 008
40% - 60%	34,1%	27 594 337	4 126 770	32,9%	26 111 581	2 991 990
60% - 80%	27,8%	22 505 324	591 487	29,5%	23 389 013	783 201
80% - 90%	7,5%	6 090 897	91 154	7,0%	5 520 414	118 890
90% - 100%	1,6%	1 318 962	54 777	1,7%	1 364 044	71 625
> 100%	1,6%	1 276 011	64 539	1,7%	1 368 459	103 540
Mortgages, secured by fixed property	100,0%	80 897 218	10 270 665	100,0%	79 381 870	8 239 254
< 50%	14,4%	151 465	0	13,1%	114 815	0
50% - 80%	42,9%	451 446	0	32,1%	281 990	0
80% - 100%	20,0%	210 440	0	25,6%	224 965	0
> = 100%	22,7%	238 743	0	29,2%	255 839	0
Car loans, secured	100,0%	1 052 094	0	100,0%	877 609	0
Custody account credit, secured	100,0%	291 152	198 861	100,0%	238 007	183 616
Loan and funding commitments, secured loans		0	8 599 514		0	7 117 435
Total loans to customers, secured		82 240 463	19 069 040		80 497 486	15 540 305

The table below shows the percentage allocation of exposures for mortgages for various loan-to-value levels. Where the entire exposure in the table above is placed at a related loan-to-value level, the relative share of the loan exposure at each level is shown in the table below.

In NOK thousand	Sbanken ASA Group			
	31.12.21		31.12.20	
Loan-to-value, Mortgages (relative distribution)	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
0% - 85%	99,27%	80 304 145	99,18%	78 731 845
85% - 100%	0,44%	352 590	0,47%	369 336
> 100%	0,30%	240 483	0,35%	280 689
Mortgages, secured by fixed property	100,0%	80 897 218	100,0%	79 381 870

Note 11 – Credit risk exposure and collateral (continued)

In NOK thousand	Sbanken ASA (parent company)					
		31.12.21		31.12.20		
Loan-to-value, secured loans	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
0% - 40%	26,2%	11 210 435	5 341 938	27,3%	12 051 589	4 170 008
40% - 60%	28,5%	12 189 519	4 126 770	25,2%	11 151 178	2 991 990
60% - 80%	25,5%	10 903 957	591 487	29,4%	12 997 604	783 201
80% - 90%	14,0%	5 977 848	91 154	11,9%	5 259 606	118 890
90% - 100%	2,9%	1 251 909	54 777	3,1%	1 363 196	71 625
> 100%	2,9%	1 231 287	64 539	3,1%	1 375 176	103 540
Mortgages, secured by fixed property	100,0%	42 764 955	10 270 665	100,0%	44 198 349	8 239 254
< 50%	14,4%	151 465	0	13,1%	114 815	0
50% - 80%	42,9%	451 446	0	32,1%	281 990	0
80% - 100%	20,0%	210 440	0	25,6%	224 965	0
> = 100%	22,7%	238 743	0	29,2%	255 839	0
Car loans, secured	100,0%	1 052 094	0	100,0%	877 609	0
Custody account credit, secured	100,0%	291 152	198 861	100,0%	238 007	183 616
Loan and funding commitments, secured loans		0	8 599 514		0	7 117 435
Total loans to customers, secured		44 108 200	19 069 040		45 313 965	15 540 305

In NOK thousand	Sbanken ASA (parent company)				
		31.12.21		31.12.20	
Loan-to-value, Mortgages (relative distribution)	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts	
0% - 85%	98,67%	42 196 027	98,60%	43 578 291	
85% - 100%	0,79%	338 228	0,79%	351 144	
> 100%	0,54%	230 700	0,61%	268 914	
Mortgages, secured by fixed property	100,0%	42 764 955	100,0%	44 198 349	

Note 12 – Credit institutions – receivables and liabilities

Sbanken ASA (parent company)			Sbanken ASA Group	
2020	2021	In NOK thousand	2021	2020
Loans to and receivables from credit institutions				
2 879 384	6 427 905	Loans and receivables without agreed maturity or notice period	772 772	575 445
79 072	83 850	Loans and receivables with agreed maturity or notice period	83 850	79 072
2 958 456	6 511 755	Total loans to and receivables from credit institutions	856 622	654 517
0	0	Write-downs for impaired loan	0	0
2 958 456	6 511 755	Total net loans to and receivables from credit institutions	856 622	654 517
Lending by geographical area				
654 359	855 358	Oslo and Viken	856 622	654 517
2 304 097	5 656 397	Vestland and Rogaland	0	0
2 958 456	6 511 755	Total	856 622	654 517
2020	2021	In NOK thousand	2021	2020
Liabilities to credit institutions				
1 602 243	1 109 560	Loans and deposits from credit institutions without agreed maturity or notice period	326 830	0
0	0	Loans and deposits from credit institutions with agreed maturity or notice period	0	542 731
1 602 243	1 109 560	Total liabilities to credit institutions	326 830	542 731
Maturity				
Residual time to maturity (gross loans)				
1 602 243	1 109 560	Upon request	326 830	0
0	0	Maximum 3 months	0	0
0	0	3 months - 1 year	0	0
0	0	1-5 years	0	542 731
0	0	More than 5 years	0	0
1 602 243	1 109 560	Total	326 830	542 731
Liabilities by geographical area				
0	108 807	Oslo and Viken	326 830	542 731
1 602 243	1 000 753	Vestland and Rogaland	0	0
0	0	Outside Norway	0	0
1 602 243	1 109 560	Total	326 830	542 731

Note 13 – Loans and receivable to central bank

Sbanken ASA (parent company)			Sbanken ASA Group	
2020	2021	In NOK thousand	2021	2020
Loans and receivables to central bank				
583 268	510 676	Loans and receivables without agreed maturity or notice period	510 676	583 268
840 000	0	Loans and receivables with agreed maturity or notice period	0	840 000
1 423 268	510 676	Total loans and receivables to central bank	510 676	1 423 268
0	0	Write-downs for impaired loans	0	0
1 423 268	510 676	Total net loans and receivables to central bank	510 676	1 423 268
Liabilities to central bank				
0	0	Loans and deposits from central bank without agreed maturity or notice period	0	0
2 250 000	0	Loans and deposits from central bank with agreed maturity or notice period	0	2 250 000
2 250 000	0	Total liabilities to central bank	0	2 250 000
Maturity				
Residual time to maturity (gross loans)				
0	0	Upon request	0	0
0	0	Maximum 3 months	0	0
2 250 000	0	3 months - 1 year	0	2 250 000
0	0	1-5 years	0	0
0	0	More than 5 years	0	0
2 250 000	0	Total	0	2 250 000

Note 14 – Loan losses

Expected credit loss (ECL) - Loans to customers (at amortised cost and fair value)	Sbanken ASA Group 2021			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
In NOK thousand				
Opening balance ECL 01.01.21	23 111	91 857	246 565	361 533
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 156	-14 178	-927	-13 949
Transfers to Stage 2	-1 041	7 941	-1 540	5 360
Transfers to Stage 3	-231	-3 888	22 769	18 650
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	-5 784	-14 998	11 835	-8 947
<i>Other changes:</i>				
New financial assets originated	5 344	11 295	6 386	23 025
Financial assets that have been derecognised	-6 487	-20 893	-20 650	-48 030
Financial assets that have been derecognised through sale of portfolio			-31 715	-31 715
Changes to model assumption and methodologies ²	-1 249	-16 896	41 274	23 129
Other movements	0	0	0	0
Closing balance ECL 31.12.21	14 819	40 240	273 997	329 056
¹ As of 31.12.2021, the bank has included a credit loss provision of NOK 25.0 for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty related to outbreak of coronavirus. The distribution of this provision is as follows: stage 1 NOK 0.8 million, stage 2 NOK 2.3 million and stage 3 NOK 21.9 million.				
² Effects related to new definition of default.				
Specification of ECL				
In NOK thousands	Sbanken ASA Group 31.12.21			
ECL On-balance sheet amounts 31.12.21	12 943	38 788	272 503	324 234
ECL Off-balance sheet amounts 31.12.21	1 876	1 452	1 494	4 822
Closing balance ECL 31.12.21	14 819	40 240	273 997	329 056
Specification of loan losses				
In NOK thousands	Sbanken ASA Group 31.12.21			
Secured loans	3 390	5 118	47 798	56 306
Unsecured loans	11 429	35 122	226 199	272 750
Total	14 819	40 240	273 997	329 056
Specification of loan losses				
In NOK thousands	Sbanken ASA Group 2021			
Changes in ECL, stage 1				8 292
Changes in ECL, stage 2				51 616
Changes in ECL, stage 3				-27 431
Write-offs				-29 858
Recoveries of previously written off loans				851
Net cost of loan losses in the period				3 470
ECL by geographical area				
In NOK thousands	Sbanken ASA Group 31.12.21			
Eastern Norway ex. Oslo				116 930
Oslo				48 571
Southern Norway				13 436
Western Norway				99 104
Central Norway				22 120
Northern Norway				28 895
Total				329 056

Note 14 – Loan losses (continued)

Sensitivity analysis (Sbanken ASA Group):				
1) Sensitivity analysis of development in the housing price with effect on Expected credit loss (ECL)				
In NOK thousand	Change in stage 1	Change in stage 2	Change in stage 3	Total change in expected credit loss (ECL) in NOK
House price changes				
10% increase	-772	-1 663	-5 799	-8 234
5% increase	-426	-957	-3 262	-4 645
5% decrease	505	1 189	3 949	5 644
10% decrease	1 093	2 699	8 951	12 742
20% decrease	2 539	6 995	21 162	30 695
30% decrease	4 352	12 802	37 196	54 350
40% decrease	6 537	19 915	56 130	82 582
60% decrease	11 896	36 827	98 830	147 554
The sensitivity analysis has been based on total mortgages and stage distribution of loans per 31.12.21. No adjustments have been made for any changes in the default rate due to house prices rising or decreasing.				
				Change in expected credit loss (ECL) in percent
2) Sensitivity in model-calculated expected credit loss (ECL) (% difference from reported ECL)				
Change in ECL with 100 % weighting of best case scenario				-4,46%
Change in ECL with 100 % weighting of worst case scenario				13,47%
Change in ECL due to stress (Raw PD increases by 20% and collateral falls by 20%)				15,20%

Sbanken ASA has no expected credit loss related to loans to central bank, credit institutions and commercial paper and bonds.

Note 14 – Loan losses (continued)

Expected credit loss (ECL) - Loans to customers (at amortised cost and fair value)	Sbanken ASA Group 2020			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
In NOK thousand				
Opening balance ECL 01.01.20	18 615	77 120	168 508	264 243
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 865	-13 184	-575	-11 894
Transfers to Stage 2	-1 931	22 983	-1 563	19 489
Transfers to Stage 3	-827	-12 175	61 779	48 777
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	3 929	18 057	58 968	80 954
<i>Other changes:</i>				
New financial assets originated	6 956	18 750	2 969	28 675
Financial assets that have been derecognised	-5 496	-19 694	-23 419	-48 609
Financial assets that have been derecognised through sale of portfolio			-20 102	-20 102
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.12.20	23 111	91 857	246 565	361 533

¹ As of year-end 2020, the bank has included a credit loss provision of NOK 30.0 for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty related to outbreak of coronavirus. The distribution of this provision is as follows: stage 1 NOK 2.3 million, stage 2 NOK 8.5 million and stage 3 NOK 19.2 million.

Specification of ECL

In NOK thousands	Sbanken ASA Group 31.12.20			
ECL On-balance sheet amounts 31.12.20	21 025	89 953	244 888	355 866
ECL Off-balance sheet amounts 31.12.20	2 086	1 903	1 678	5 667
Closing balance ECL 31.12.20	23 111	91 857	246 565	361 533

In NOK thousands	Sbanken ASA Group 31.12.20			
Secured loans	3 012	12 444	40 977	56 433
Unsecured loans	20 099	79 413	205 588	305 100
Total	23 111	91 857	246 565	361 533

Specification of loan losses

In NOK thousands	Sbanken ASA Group 2020
Changes in ECL, stage 1	-4 496
Changes in ECL, stage 2	-14 737
Changes in ECL, stage 3	-78 057
Write-offs	-36 672
Recoveries of previously written off loans	480
Net cost of loan losses in the period	-133 482

ECL by geographical area

In NOK thousands	Sbanken ASA Group 31.12.20
Eastern Norway ex. Oslo	127 527
Oslo	51 408
Southern Norway	14 567
Western Norway	111 058
Central Norway	24 567
Northern Norway	32 406
Total	361 533

Note 14 – Loan losses (continued)

Sensitivity analysis:

1) Sensitivity analysis of development in the housing price with effect on Expected credit loss (ECL)

In NOK thousand House price changes	Change in stage 1	Change in stage 2	Change in stage 3	Total change in expected credit loss (ECL) in NOK
10% increase	-783	-2 862	-4 464	-8 109
5% increase	-444	-1 646	-2 631	-4 721
5% decrease	554	2 168	3 383	6 105
10% decrease	1 213	4 908	7 546	13 667
20% decrease	2 839	12 434	18 346	33 619
30% decrease	4 901	22 802	31 742	59 445
40% decrease	7 391	35 413	47 225	90 029
60% decrease	13 595	66 121	83 696	163 411

The sensitivity analysis has been based on total mortgages and stage distribution of loans per 31.12.20. No adjustments have been made for any changes in the default rate due to house prices rising or decreasing.

2) Sensitivity in model-calculated expected credit loss (ECL) (% difference from reported ECL)	Change in expected credit loss (ECL) in percent
Change in ECL with 100% weighting of best case scenario	-6,34%
Change in ECL with 100% weighting of worst case scenario	16,15%
Change in ECL due to stress (Raw PD increases by 20% and collateral falls by 20%)	17,54%

Sbanken ASA has no expected credit loss related to loans to central bank, credit institutions and commercial paper and bonds.

Note 14 – Loan losses (continued)

Expected credit loss (ECL) - Loans to customers (at amortised cost and fair value)	Sbanken ASA (parent company) 2021			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
In NOK thousand				
Opening balance ECL 01.01.21	22 986	90 873	241 717	355 576
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 142	-13 775	-927	-13 560
Transfers to Stage 2	-1 026	7 807	-1 540	5 241
Transfers to Stage 3	-230	-3 799	22 217	18 188
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-5 623	-14 570	11 968	-8 225
<i>Other changes:</i>				
New financial assets originated	5 344	11 295	6 386	23 025
Financial assets that have been derecognised	-6 725	-21 137	-19 938	-47 800
Financial assets that have been derecognised through sale of portfolio			-31 715	-31 715
Changes to model assumption and methodologies	-1 249	-16 896	41 274	23 129
Other movements	0	0	0	0
Closing balance ECL 31.12.21	14 619	39 798	269 442	323 859
Specification of ECL				
In NOK thousands				
ECL On-balance sheet amounts 31.12.21	12 743	38 346	267 948	319 037
ECL Off-balance sheet amounts 31.12.21	1 876	1 452	1 494	4 822
Closing balance ECL 31.12.21	14 619	39 798	269 442	323 859
Specification of loan losses				
In NOK thousands				
Secured loans	3 190	4 676	43 243	51 109
Unsecured loans	11 429	35 122	226 199	272 750
Total	14 619	39 798	269 442	323 859
Specification of loan losses				
In NOK thousands				
Changes in ECL, stage 1				8 367
Changes in ECL, stage 2				51 074
Changes in ECL, stage 3				-27 725
Write-offs				-29 858
Recoveries of previously written off loans				851
Net cost of loan losses in the period				2 709

Note 14 – Loan losses (continued)

Expected credit loss (ECL) - Loans to customers (at amortised cost and fair value)	Sbanken ASA (parent company)			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
In NOK thousand				
Opening balance ECL 01.01.20	18 396	75 830	164 245	258 471
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 859	-12 754	-575	-11 470
Transfers to Stage 2	-1 892	22 474	-1 508	19 074
Transfers to Stage 3	-826	-12 138	61 242	48 278
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	4 085	18 382	58 681	81 148
<i>Other changes:</i>				0
New financial assets originated	6 604	18 378	2 969	27 951
Financial assets that have been derecognised	-5 240	-19 299	-23 235	-47 774
Financial assets that have been derecognised through sale of portfolio			-20 102	-20 102
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.12.20	22 986	90 873	241 717	355 576

Specification of ECL

In NOK thousands	Sbanken ASA (parent company)			Total
	31.12.20			
ECL On-balance sheet amounts 31.12.20	20 900	88 970	240 039	349 909
ECL Off-balance sheet amounts 31.12.20	2 086	1 903	1 678	5 667
Closing balance ECL 31.12.20	22 986	90 873	241 717	355 576

In NOK thousands	Sbanken ASA (parent company)			Total
	31.12.20			
Secured loans	2 887	11 460	36 129	50 476
Unsecured loans	20 099	79 413	205 588	305 100
Total	22 986	90 873	241 717	355 576

Specification of loan losses

In NOK thousands	Sbanken ASA (parent company)	
	2020	
Changes in ECL, stage 1		-4 590
Changes in ECL, stage 2		-15 043
Changes in ECL, stage 3		-77 472
Write-offs		-36 672
Recoveries of previously written off loans		480
Net cost of loan losses in the period		-133 297

Note 15 – Non-performing and doubtful loans

In NOK thousand	Principal type of collateral held	31.12.21			Fair value of collateral held	Net exposure	Provisioning ratio after collateral
		Gross exposure	Impairment allowance	Carrying amount			
Loans to customers:							
Mortgages in Sbanken Boligkreditt AS	Residential property	116 992	-4 556	112 436	112 436	0	100,0%
Mortgages in Sbanken ASA	Residential property	298 085	-39 876	258 209	256 557	1 652	96,0%
Car Loans	Vehicle	15 832	-5 155	10 677	10 657	20	99,6%
Custody account credits	Listed securities	0	0	0	0	0	ia
Unsecured loans	None	382 859	-222 916	159 943	0	159 943	58,2%
Total credit-impaired assets in the group		813 768	-272 503	541 265	379 650	161 615	62,8%
<i>Hereof credit-impaired assets in Sbanken ASA (parent company)</i>		<i>696 776</i>	<i>-267 947</i>	<i>428 829</i>	<i>267 214</i>	<i>161 615</i>	<i>62,4%</i>

31.12.21	
Mortgages - Loan to value	Credit-impaired (Gross carrying amount)
0% - 40%	44 270
40% - 60%	129 549
60% - 80%	150 116
80% - 90%	22 541
90% - 100%	19 082
> 100%	49 519
Total	415 077

Credit-impaired loans	
In NOK thousand	31.12.21
Overdue loans - more than 90 days	470 715
Other credit-impaired assets	343 053
Total	813 768

Note 15 – Non-performing and doubtful loans (continued)

In NOK thousand		31.12.20					
Loans to customers:	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Mortgages in Sbanken Boligkreditt AS	Residential property	84 706	-4 848	79 858	79 858	0	100,0%
Mortgages in Sbanken ASA	Residential property	161 278	-30 391	130 887	129 857	1 030	96,7%
Car Loans	Vehicle	12 146	-5 269	6 877	6 872	5	99,9%
Custody account credits	Listed securities	0	0	0	0	0	ia
Unsecured loans	None	351 718	-204 380	147 338	0	147 338	58,1%
Total credit-impaired assets in the group		609 847	-244 888	364 960	216 587	148 373	62,3%
<i>Hereof credit-impaired assets in Sbanken ASA (parent company)</i>		<i>525 142</i>	<i>-240 040</i>	<i>285 102</i>	<i>136 729</i>	<i>148 373</i>	<i>61,8%</i>

31.12.20	
Mortgages - Loan to value	Credit-impaired (Gross carrying amount)
0% - 40%	18 550
40% - 60%	61 029
60% - 80%	102 686
80% - 90%	20 310
90% - 100%	8 284
> 100%	35 125
Total	245 984

Credit-impaired loans	
In NOK thousand	31.12.20
Overdue loans - more than 90 days	603 668
Other credit-impaired assets	6 179
Total	609 847

Overdue loans - age distribution

The table below shows the carrying value of overdue loans and overdrawn amounts on credits allocated by number of days after maturity. The table is intended to provide an analysis of exposure where there is inadequate ability or propensity to pay, rather than overdue amounts attributable to a delay in transferring funds. Based on this and the Bank's internal routines for monitoring overdue exposure, the default must exceed NOK 800 for more than 6 days to be included in the second table below.

		31.12.20				
Overdue loans	In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Mortgages in Sbanken Boligkreditt AS		223 457	40 775	8 780	84 706	357 718
Mortgages in Sbanken ASA		390 573	84 919	17 197	159 781	652 470
Car loans		17 951	4 241	888	12 146	35 226
Other loans		86 759	37 990	9 015	347 035	480 799
Total overdue loans in the group		718 740	167 925	35 880	603 668	1 526 213
<i>Hereof overdue loans in Sbanken ASA (parent company)</i>		<i>495 283</i>	<i>127 150</i>	<i>27 100</i>	<i>518 962</i>	<i>1 168 495</i>

Note 16 – Forbearance

Loans with forbearance measures

Loans with payment forbearance are defined as loans where relief has been granted as the customer has payment problems, and that these terms would not have been granted in an ordinary loan issue.

In NOK thousand, 31.12.21	Sbanken ASA Group			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Forbearance loans to customers (secured loans), gross	305 412	257 033	78 749	641 194
Expected credit loss (ECL)	-98	-160	-20 727	-20 985
Total forbearance, loans to customers (secured loans), net	305 314	256 873	58 022	620 209
Forbearance loans to customers (unsecured loans), gross	0	0	23 711	23 711
Expected credit loss (ECL)	0	0	-162	-162
Total forbearance, loans to customers (unsecured loans), net	0	0	23 549	23 549
Total forbearance, loans to customers, net	0	0	81 571	643 758

In NOK thousand, 31.12.20				
Forbearance loans to customers (secured loans), gross	1 471 795	420 585	51 937	1 944 317
Expected credit loss (ECL)	-150	-481	-15 045	-15 676
Total forbearance, loans to customers (secured loans), net	1 471 645	420 104	36 892	1 928 641
Forbearance loans to customers (unsecured loans), gross	1 271	4 112	20 217	25 600
Expected credit loss (ECL)	-8	-354	-13 942	-14 304
Total forbearance, loans to customers (unsecured loans), net	1 263	3 758	6 275	11 296
Total forbearance, loans to customers, net	1 472 908	423 862	43 167	1 939 937

In NOK thousand, 31.12.21	Sbanken ASA (parent company)			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
Forbearance loans to customers (secured loans), gross	218 002	121 698	60 741	400 441
Expected credit loss (ECL)	-97	-102	-17 832	-18 031
Total forbearance, loans to customers (secured loans), net	217 905	121 596	42 909	382 410
Forbearance loans to customers (unsecured loans), gross	0	0	23 711	23 711
Expected credit loss (ECL)	0	0	-162	-162
Total forbearance, loans to customers (unsecured loans), net	0	0	23 549	23 549
Total forbearance, loans to customers, net	0	0	66 458	405 959

In NOK thousand, 31.12.20				
Forbearance loans to customers (secured loans), gross	1 168 793	246 224	39 081	1 454 098
Expected credit loss (ECL)	-147	-413	-12 448	-13 008
Total forbearance, loans to customers (secured loans), net	1 168 646	245 811	26 633	1 441 090
Forbearance loans to customers (unsecured loans), gross	1 271	4 112	20 217	25 600
Expected credit loss (ECL)	-8	-354	-13 942	-14 304
Total forbearance, loans to customers (unsecured loans), net	1 263	3 758	6 275	11 296
Total forbearance, loans to customers, net	1 169 909	249 569	32 908	1 452 386

Note 17 – Guarantees and collateralised debt

Collateral in Norges Bank

Sbanken ASA has provided securities as collateral for borrowing facilities with Norges Bank. In order to be granted loans or credit facilities in Norges Bank it is required to provide collateral

in interest carrying securities which fulfils certain criteria. As of 31 December 2021 Sbanken ASA had 0 million (2 250 millions in 2020) in loans from Norges Bank.

In NOK thousand	2021	2020
Fair value (carrying value) of securities deposited as collateral in Norges Bank	11 532 377	13 080 036
Haircut of fair value	-538 146	-874 590
Net value of securities deposited in Norges Bank	10 994 231	12 205 446

As of 31 December 2021, Sbanken ASA had additional securities with fair value of NOK 2 811 millions, which would have qualified as collateral in Norges Bank.

Intra group liquidity facility

Sbanken ASA has provided a credit facility relating to the maturity of covered bonds issued by Sbanken Boligkreditt AS.

In NOK thousand	2021	2020
Nominal value issued of covered bonds	30 405 000	30 805 000
- own holdings (owned by Sbanken ASA)	-7 420 000	-5 731 000
Net intra group liquidity facility	22 985 000	25 074 000

Residual time to maturity, intra group liquidity facility	2021	2020
Less than 6 months	0	0
6 - 12 months	1 182 000	1 719 000
1-2 years	7 000 000	7 000 000
2-4 years	14 203 000	14 855 000
4-5 years	600 000	1 500 000
More than 5 years	0	0
Total	22 985 000	25 074 000

Collateral for share trading settlement

In connection with the share trading settlement to customers, Sbanken ASA has pledged collateral to the clearing company Six x-clear Ltd NUF. This company supervises all settlements between buyers and sellers in connection with share trading made by Sbanken ASA's customers.

The collateral pledged by Sbanken ASA is two-fold in that one part is a fixed component and part of a default-fund in Six x-clear, while the second part is variable and is calculated based on the scope of the trades made via the stock market

As at 31 December 2021, the fixed component amounted to NOK 8.3 (8.6) million, while the variable component amounted to NOK 46.1 (49.2) million.

Note 18 – Liquidity risk

Liquidity risk comprises the following two elements:

Refinancing risk: The risk of the bank being unable to refinance its obligations as they fall due for payment.

Price risk: The risk of the bank being unable to refinance its obligations without a material rise in costs.

Liquidity risk shall be managed such that the bank minimises its financing costs, at the same time as the refinancing risk is kept within the Board of Directors' specified risk appetite. Liquidity risk shall be managed at group level, at company level and for each individual transaction. The bank measures liquidity risk over the short and long term. Short-term risk measures include the liquidity coverage ratio (LCR), and internal stress tests. The main long-term measure is the net stable funding ratio (NSFR). The LCR and NSFR are measured in accordance with methodology established by the Financial Supervisory Authority of Norway.

Sbanken maintains a liquidity portfolio comprising liquid funds managed by Treasury and which qualify, or will qualify, as collateral at Norges Bank. See note 16. This can be used to even out fluctuations in the bank's liquidity requirements.

Management of inherent risk relating to maturity structures

The CFO is responsible for ensuring that ongoing forecasts are prepared covering the group's financing requirements for at least the next 12 months. The financing plan is reviewed by ALCO at the start of each forecast period, as a minimum quarterly. The CEO determines the financing plan on advice from ALCO, and Treasury's operations are subsequently based on this plan. In addition, the management frameworks for LCR and intraday and overnight financing requirements contribute to keeping short-term financing risk low. The group shall endeavor to maintain a balanced maturity profile, and as a main rule shall not have a maturity concentration under which more than 30 percent of the capital market financing matures the next twelve months.

Financing sources

The Bank prefers relationbased borrowing, but shall also strive to diversify its borrowing sources. The Bank's financing comprises covered bonds, senior bonds and certificates and deposits, where the latter is the main source of financing. The Bank has a low tolerance for shortterm financing risk and shall be able to manage a serious stress scenario. The Bank carries out stress tests in connection with ICAAP and ILAAP where the Bank analyses the consequences for financing requirements of various changes in the Bank's most important assets and liabilities.

Note 19 – Maturity analysis of liabilities

Sbanken ASA Group							
Cash flows, undiscounted							
2021	1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Maturity overview							
Loans and deposits from central bank			0				0
Loans and deposits from credit institutions	326 830						326 830
Deposits from customers	64 240 315						64 240 315
Interest disbursement, deposits from customers	7 020		67 803				74 823
Debt securities issued		250 000	1 870 000	26 380 950			28 500 950
Interest disbursement, debt securities issued	6 988	66 658	326 358	758 509			1 158 513
Subordinated loan			0	900 000			900 000
Interest disbursement, subordinated loan	0	4 533	15 955	58 984			79 472
Taxes payable		116 033	124 239				240 272
Other financial liabilities (ex. accrued interest)	101 157	4 859	27 190	143 350	0		276 556
Hybrid capital instrument						700 000	700 000
Interest disbursement, hybrid capital instrument	0	6 781	20 548	69 760			97 089
Off-balance sheet commitments	23 984 279						23 984 279
Total disbursements	88 666 589	448 864	2 452 093	28 311 553	0	700 000	120 579 099

Sbanken ASA Group							
Cash flows, undiscounted							
2020	1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Maturity overview							
Loans and deposits from central bank			2 250 000				2 250 000
Loans and deposits from credit institutions	542 731						542 731
Deposits from customers	58 643 627						58 643 627
Interest disbursement, deposits from customers	6 753		57 300				64 053
Debt securities issued		243 000	2 219 000	27 346 350			29 808 350
Interest disbursement, debt securities issued	20 974	32 032	159 878	384 132			597 016
Subordinated loan			0	900 000			900 000
Interest disbursement, subordinated loan	0	4 219	13 199	61 933			79 351
Taxes payable		104 510	120 120				224 630
Other financial liabilities (ex. accrued interest)	406 361	4 706	19 177	64 947	68 118		563 309
Hybrid capital instrument						700 000	700 000
Interest disbursement, hybrid capital instrument	0	6 293	19 499	82 871			108 663
Off-balance sheet commitments	20 528 749						20 528 749
Total disbursements	80 149 195	394 760	4 858 173	28 840 233	68 118	700 000	115 010 479
Financial derivatives							
Outgoing contractual cash flows	-20 762	-549	-75 427	-5 046 125	-23 118	n/a	-5 165 981
Incoming contractual cash flows	9 285	0	57 411	5 469 448	19 711	n/a	5 555 855

Note 19 – Maturity analysis of liabilities (continued)

Sbanken ASA (parent company)							
Cash flows, undiscounted							
2021	1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Maturity overview							
Loans and deposits from central bank			0				0
Loans and deposits from credit institutions	1 109 560						1 109 560
Deposits from customers	64 240 315						64 240 315
Interest disbursement, deposits from customers	7 020		67 803				74 823
Debt securities issued		250 000	690 000	4 500 000			5 440 000
Interest disbursement, debt securities issued	3 067	14 524	83 204	219 149			319 944
Subordinated loan			0	900 000			900 000
Interest disbursement, subordinated loan	0	4 533	15 955	58 984			79 472
Taxes payable		81 793	81 793				163 586
Other financial liabilities (ex. accrued interest)	101 127	4 859	21 867	143 350	0		271 203
Hybrid capital instrument						700 000	700 000
Interest disbursement, hybrid capital instrument	0	6 781	20 548	69 760			97 089
Off-balance sheet commitments	23 984 279						23 984 279
Total disbursements	89 445 368	362 490	981 170	5 891 243	0	700 000	97 380 271

Sbanken ASA (parent company)							
Cash flows, undiscounted							
2020	1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Maturity overview							
Loans and deposits from central bank			2 250 000				2 250 000
Loans and deposits from credit institutions	1 602 243						1 602 243
Deposits from customers	58 643 627						58 643 627
Interest disbursement, deposits from customers	6 753		57 300				64 053
Debt securities issued		243 000	500 000	3 550 000			4 293 000
Interest disbursement, debt securities issued	2 147	6 972	26 026	74 193			109 338
Subordinated loan			0	900 000			900 000
Interest disbursement, subordinated loan	0	4 219	13 199	61 933			79 351
Taxes payable		81 274	81 274				162 548
Other financial liabilities (ex. accrued interest)	406 234	4 706	19 177	64 947	68 118		563 309
Hybrid capital instrument						700 000	700 000
Interest disbursement, hybrid capital instrument	0	6 293	19 499	82 871			108 663
Off-balance sheet commitments	20 528 749						20 528 749
Total disbursements	81 189 753	346 464	2 966 475	4 733 944	68 118	700 000	90 004 881
Financial derivatives							
Outgoing contractual cash flows	-11 368	-549	-45 785	-165 110	-23 118	n/a	-245 930
Incoming contractual cash flows	-11 368	-549	-45 785	-165 110	-23 118	n/a	-245 930

Note 20 – Subordinated loans

The note is equal for the Group and the parent company

In NOK thousand	Currency	31.12.21	31.12.20
Subordinated loans	NOK	899 151	898 831
Total subordinated loans	NOK	899 151	898 831

Specification of subordinated loan as at 31.12.21:						
ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ¹	Carrying value
N00010786767	Sbanken ASA	150 000	NOK	3M Nibor + 1,65%	02.03.27	149 980
N00010847205	Sbanken ASA	125 000	NOK	3M Nibor + 1,60%	21.03.29	125 000
N00010871502	Sbanken ASA	125 000	NOK	3M Nibor + 1,30%	19.12.29	124 944
N00010885197	Sbanken ASA	350 000	NOK	3M Nibor + 1,60%	17.06.30	349 455
N00010891922	Sbanken ASA	150 000	NOK	3M Nibor + 1,25%	28.08.30	149 772
Total subordinated loans		900 000				899 151

¹ First possible call date for the issuer is 5 years before maturity. The loan agreements has covenants to qualify as Tier 2 capital.

Changes of subordinated loans:	31.12.20	January-December 2021				31.12.21
		Issued	Matured	Redeemed	Other adjustments	
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	900 000	0	0	0	0	900 000

As at 31 December 2021, there is NOK 1.1 million in accrued interest related to subordinated loans. This has been recognised against other liabilities. See note 29 for interest expenses in 2021.

Note 21 – Additional Tier 1 capital (hybrid capital)

The note is equal for the Group and the parent company

Sbanken ASA has issued hybrid capital instruments with a nominal value of NOK 700 million. The instruments are perpetual with an option for the issuer to redeem the capital at specific dates.

requirements for inclusion in the Bank's Tier 1 capital. This implies that the issuer, at its sole discretion, has the right to withhold interest and/or redemption of the instrument. This implies that the instruments do not fulfil the definition of a debt instrument according to IAS 32 and are such defined as equity in the Bank's balance sheet.

The loan agreements fulfils the Norwegian regulatory

In NOK thousand	Currency	31.12.21	31.12.20
Additional Tier 1 capital	NOK	700 000	700 000
Total Additional Tier 1 capital	NOK	700 000	700 000

Specification of additional Tier 1 capital as at 31.12.21:						
ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying amounts
N00010786759	Sbanken ASA	100 000	NOK	3M Nibor + 3.6%	Perpetual ¹	100 000
N00010847213	Sbanken ASA	100 000	NOK	3M Nibor + 3.6%	Perpetual ²	100 000
N00010871494	Sbanken ASA	100 000	NOK	3M Nibor + 3.15%	Perpetual ³	100 000
N00010885205	Sbanken ASA	300 000	NOK	3M Nibor + 3.10%	Perpetual ⁴	300 000
N00010891914	Sbanken ASA	100 000	NOK	3M Nibor + 3.0%	Perpetual ⁵	100 000
Total additional Tier 1 capital		700 000				700 000

¹ The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 02 March 2022.

² The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 23 March 2024.

³ The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 19 December 2024.

⁴ The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 17 June 2025.

⁵ The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 28 August 2025.

Change of additional Tier 1 capital	31.12.20	January - December 2021				31.12.21
		Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	700 000	0	0	0	0	700 000
Total	700 000	0	0	0	0	700 000

As at 31 December 2021, NOK 1.3 million in accrued interest is related to additional Tier 1 capital.

This has been recognised against the additional Tier 1 capital and the carried value including accrued interest is NOK 701.3 million. See statement of changes in equity for interest paid related to hybrid capital.

Note 22 – Debt securities issued

Carried at amortised cost: In NOK thousand	Sbanken ASA Group		
	Currency	31.12.21	31.12.20
Commercial paper issued	NOK	0	0
Bonds issued	NOK	28 500 950	29 974 370
Total debt securities issued		28 500 950	29 974 370

Specification of bonds as at 31.12.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Commercial paper						
		0				0
Total commercial paper		0				0
Bonds						
N00010862048	Sbanken ASA	690 000	NOK	Nibor + 0,02%	09.09.22	689 917
N00010874878	Sbanken ASA	1 000 000	NOK	Nibor + 0,35%	10.02.23	998 541
N00010886757	Sbanken ASA	800 000	NOK	Nibor + 0,62%	26.09.23	801 241
N00010895519	Sbanken ASA	1 000 000	NOK	Nibor + 0,56%	12.04.24	999 713
N00010920762	Sbanken ASA	500 000	NOK	Nibor + 0,42%	12.12.24	500 001
Total bonds		3 990 000				3 989 413
Bonds, senior non-preferred						
N00011087587	Sbanken ASA	600 000	NOK	Nibor + 0,49%	08.09.25	599 729
N00011087595	Sbanken ASA	600 000	NOK	Fixed 0,615	07.09.27	588 739
Total bonds, senior non-preferred		1 200 000				1 188 468
Covered bonds ¹						
N00010786999	Sbanken Boligkreditt AS	1 182 000	NOK	Nibor + 0,57%	27.04.22	1 182 701
N00010790603	Sbanken Boligkreditt AS	7 000 000	NOK	Nibor + 0,50%	10.02.23	7 009 063
N00010887078	Sbanken Boligkreditt AS	4 980 000	NOK	Nibor + 0,10%	17.06.24	4 995 815
N00010878978	Sbanken Boligkreditt AS	4 418 000	NOK	Nibor + 0,145%	20.06.25	4 457 836
N00010958093	Sbanken Boligkreditt AS	600 000	NOK	Nibor + 0,60%	20.11.26	611 107
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed 0,375% ²	26.04.23	5 066 547
Total covered bonds						23 323 069
Total commercial paper, bonds and covered bonds						28 500 950

¹ All covered bond loans have "soft bullet" with the possibility of extending the maturity by one year.

² Entered into a swap-agreement with Nibor + 0,425%

Changes of debt securities:	31.12.20	January- December 2021				31.12.21
		Issued	Matured	Redeemed	Other adjustments	
Commercial paper (nominal)	0	0	0	0	0	0
Bonds (nominal)	4 293 000	1 700 000	-743 000	-60 000	0	5 190 000
Covered Bonds (nominal)	25 074 000	5 780 000	0	-7 869 000	0	22 985 000
Total	29 367 000	7 480 000	-743 000	-7 929 000	0	28 175 000

Note 22 – Debt securities issued (continued)

Carried at amortised cost: In NOK thousand	Sbanken ASA (parent company)		
	Currency	31.12.21	31.12.20
Commercial paper issued	NOK	0	0
Bonds issued	NOK	5 177 881	4 291 792
Total debt securities issued		5 177 881	4 291 792

Specification of bonds as at 31.12.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Commercial paper						
		0				0
Total commercial paper		0				0
Bonds						
N00010862048	Sbanken ASA	690 000	NOK	Nibor + 0,02%	09.09.22	689 917
N00010874878	Sbanken ASA	1 000 000	NOK	Nibor + 0,35%	10.02.23	998 541
N00010886757	Sbanken ASA	800 000	NOK	Nibor + 0,62%	26.09.23	801 241
N00010895519	Sbanken ASA	1 000 000	NOK	Nibor + 0,56%	12.04.24	999 713
N00010920762	Sbanken ASA	500 000	NOK	Nibor + 0,42%	12.12.24	500 001
Total bonds		3 990 000				3 989 413
Bonds, senior non-preferred						
N00011087587	Sbanken ASA	600 000	NOK	Nibor + 0,49%	08.09.25	599 729
N00011087595	Sbanken ASA	600 000	NOK	Fixed 0,615	07.09.27	588 739
Total bonds, senior non-preferred		1 200 000				1 188 468
Total commercial paper and bonds						5 177 881

Changes of debt securities:	31.12.20	January- December 2021				31.12.21
		Issued	Matured	Redeemed	Other adjustments	
Commercial paper (nominal)	0	0	0	0	0	0
Bonds (nominal)	4 293 000	1 700 000	-743 000	-60 000	0	5 190 000
Total	4 293 000	1 700 000	-743 000	-60 000	0	5 190 000

Note 23 – Deposits from customers

The note is equal for the Group and the parent company

In NOK thousand	31.12.21		31.12.20	
	Share	Deposits	Share	Deposits
Deposits without an agreed term to maturity	100,0%	64 240 315	100,0%	58 643 627
Deposits with an agreed term to maturity	0,0%	0	0,0%	0
Total	100,0%	64 240 315	100,0%	58 643 627
Average deposit rate		0,25%		0,54%
Covered by the Norwegian Banks' Guarantee Fund	91,01%	58 464 952	93,51%	54 838 468
Deposits by sector and industry	Share	Deposits	Share	Deposits
Retail customers	95,9%	61 582 499	96,9%	56 805 103
Small and medium sized entities (SME)	4,1%	2 657 816	3,1%	1 838 524
Total deposits from customers	100,0%	64 240 315	100,0%	58 643 627
Deposits by geographical area				
Oslo	23,8%	15 265 846	22,5%	13 211 925
Viken	28,2%	18 084 227	27,4%	16 052 024
Innlandet	2,7%	1 705 155	2,8%	1 617 385
Vestfold og Telemark	4,9%	3 147 917	5,0%	2 949 151
Agder	2,7%	1 729 261	2,7%	1 609 635
Rogaland	6,4%	4 103 634	6,7%	3 918 171
Vestland	14,9%	9 547 023	15,6%	9 152 784
Møre og Romsdal	2,5%	1 587 104	2,6%	1 501 311
Trøndelag	6,8%	4 347 973	7,0%	4 118 071
Nordland	3,1%	1 985 263	3,2%	1 880 138
Troms og Finnmark	4,3%	2 736 912	4,5%	2 633 032
Total deposits from customers	100,0%	64 240 315	100,0%	58 643 627
Deposits				
Residual time to maturity				
Upon request	100,0%	64 240 315	100,0%	58 643 627
Less than 3 months				
3 - 12 months				
1-5 years				
More than 5 years				
Total deposits from customers	100,0%	64 240 315	100,0%	58 643 627

Note 24 – Market risk and sensitivity

Market risk

Market risk is the risk of losses due to unfavourable changes in market variables, such as interest rates, exchange rates and credit spreads.

The group is exposed to the following market risks:

-Interest rate risk: the risk of loss resulting from a general change in market rates due to different fixed interest rates of assets and liabilities allocated to the banking book.

-Exchange rate risk: the risk of loss resulting from changes in exchange rates.

-Credit spread risk: the risk that interest-bearing securities will fall in value as a result of an increase in the credit spread for corresponding credit instruments in the market.

-Share price risk: the risk of loss resulting from a fall in share prices.

Interest rate sensitivity

The items in Sbanken's balance sheet that are primarily sensitive to interest rates comprise floating rate positions. In the last quarter of 2019, Sbanken launched mortgages with fixed interest rates, which at the end of 2021 accounted for 10.25% of the loan portfolio. A two percentage-point parallel shift in interest rates is used to measure interest rate risk, in accordance with circular 12/2016 from the Financial Supervisory Authority of Norway.

Sbanken ASA (parent company) 31.12.2021				Sbanken ASA Group 31.12.21		
Change in value	Weighted duration	Volume (thousand)	Interest sensitive balance	Volume (thousand)	Weighted duration	Change in value
87 498	0,12	37 915 792	Loans to customers	76 045 566	0,12	175 490
353 717	2,13	8 301 309	Loans to customers (fixed rate)	8 301 309	2,13	353 717
19 050	0,12	8 255 000	Interest rate swaps	8 255 000	0,12	19 050
66 119	0,14	23 253 352	Commercial paper and bonds	15 666 933	0,14	44 473
0	0,00	9 640 407	Other assets	2 259 778	0,00	0
526 383	0,34	79 110 860	Total assets	102 273 586	0,27	592 730
148 247	0,12	64 240 315	Deposits from customers	64 240 315	0,12	148 247
15 586	0,15	5 177 881	Debt securities issued	28 497 081	0,14	81 917
360 450	2,18	8 255 000	Interest rate swaps	8 255 000	2,18	360 450
6 292	0,20	1 592 494	Additional Tier 1 capital and subordinated loan	1 592 493	0,20	6 292
0	0,00	1 700 842	Other liabilities	996 626	0,00	0
0	0,00	6 399 328	Equity ex. Tier 1 capital	6 947 071	0,00	0
530 574	0,33	79 110 860	Total liabilities and equity	102 273 586	0,29	596 905
-4 191			Total			-4 175

The table below shows six stress scenarios in accordance with EBA/GL/2018/02: "Guidelines on the management of interest rate risk arising from non-trading activities"). As at 31 December 2021 Sbanken group primarily had balance sheet items exposed to interest rate changes for a forward period of three months and less. Consequently, the scenario for terms over 3 - 6 months will have little effect on Sbanken, with the result that Scenario 3 and 6 and Scenario 4 and 5 are nearly identical.

31.12.21	Sbanken ASA Group									
	Over-night	O/N - 1 month	1 - 3 months	3 - 6 months	6 - 9 months	9 - 12 months	12 - 18 months	18 - 24 months	2 - 3 year	Total
Scenario 1 : parallel shock up (200bp)	0	-11 652	11 787	1 857	0	673	0	0	0	2 664
Scenario 2 : parallel shock down (200bp)	0	11 652	-11 787	-1 857	0	-673	0	0	0	-2 664
Scenario 3: short term rates down (300bp) long term rates up (150bp)	0	17 479	-17 681	-2 785	0	-1 009	0	0	0	-3 997
Scenario 4: short term rates up (300 bp), long term rates down (150 bp)	0	-17 479	17 681	2 785	0	1 009	0	0	0	3 997
Scenario 5: short term rates up (300 bp)	0	-17 479	17 681	2 785	0	1 009	0	0	0	3 997
Scenario 6: short term rates down (300 bp)	0	17 479	-17 681	-2 785	0	-1 009	0	0	0	-3 997

Note 24 – Market risk and sensitivity (continued)

31.12.21	Sbanken ASA (parent company)									Total
	Over-night	O/N - 1 month	1 - 3 months	3 - 6 months	6 - 9 months	9 - 12 months	12 - 18 months	18 - 24 months	2 - 3 year	
Scenario 1 : parallel shock up (200bp)		-2 203	2 322	1 857	0	0	0	0	0	1 976
Scenario 2 : parallel shock down (200bp)		2 203	-2 322	-1 857	0	0	0	0	0	-1 976
Scenario 3: short term rates down (300bp) long term rates up (150bp)		3 304	-3 483	-2 785	0	0	0	0	0	-2 964
Scenario 4: short term rates up (300 bp), long term rates down (150 bp)		-3 304	3 483	2 785	0	0	0	0	0	2 964
Scenario 5: short term rates up (300 bp)		-3 304	3 483	2 785	0	0	0	0	0	2 964
Scenario 6: short term rates down (300 bp)		3 304	-3 483	-2 785	0	0	0	0	0	-2 964

Currency

The net currency position (long or short) is measured in each currency. Long and short positions are also summarised. Exposure against the limit is the highest absolute value of the long and short position. The exchange rate risk at 31 December 2021 amounted to NOK 3.6 million.

31.12.21	Sbanken ASA Group					
	USD	SEK	EUR	JPY	CHF	GBP
Net currency position (NOK thousand)	3 063	0	0	207	0	0

31.12.21	Sbanken ASA (parent company)					
	USD	SEK	EUR	JPY	CHF	GBP
Net currency position (NOK thousand)	3 063	0	0	207	0	0

Shares, funds and Tier 1 capital in other banks

Sbanken's equity investments relate to strategic ownership positions and certain minor shareholdings in funds. The total fair value amounts to NOK 308.8 millions. A weakening of the price of the share or fund of 45 percent would reduce the value of the portfolio to NOK 169.8 millions.

31.12.21	Fair value (in NOK thousand)	Value after 45% drop
Share and fund portfolio (Group)		
Vipps AS	41 565	22 861
VN Norge AS	72 225	39 724
Pensjonskontoregisteret	60	33
Norsk gjeldsinformasjon	710	391
Total shares	114 560	63 008
Utsikt2050	4 031	2 217
Utsikt2040	2 378	1 308
Utsikt2030	2 376	1 307
Framgang Sammen	6 202	3 411
Total funds	14 987	8 243
Tier 1 capital in other banks	179 230	98 577
Total Tier 1 capital	179 230	98 577
Total shares, funds and Tier 1 capital	308 778	169 827

Credit spread risk

The calculation of credit spread risk is based on the Financial Supervisory Authority's circular 12/2016.

Sbanken ASA (parent company) 31.12.21					Sbanken ASA Group 31.12.21				
Credit spread risk	Spread change	Duration (weighted)	Market value (thousand)	Rating	Market value (thousand)	Duration (weighted)	Spread change	Credit spread risk	
0	0,00%	3,00	2 452 988	AAA (sovereign)	2 571 732	2,94	0,00%	0	
217 883	0,70%	2,85	10 907 759	AAA (covered bonds)	11 309 328	2,78	0,70%	246 654	
1 117	0,90%	1,24	100 223	AAA (municipalities)	100 223	1,24	0,90%	1 117	
5 456	1,40%	4,10	95 129	AA (covered bonds)	95 129	4,10	1,40%	5 456	
11 735	1,10%	0,77	1 394 048	AA (municipalities)*	1 394 048	0,77	1,10%	11 735	
18 674	3,00%	3,17	196 472	Without rating	196 472	3,17	3,00%	18 674	
254 864	0,63%	2,69	15 146 620	Total	15 666 933	2,63	0,62%	283 636	

*Municipalities without rating is placed in category AA (municipalities).

Note 24 – Market risk and sensitivity (continued)

Sbanken ASA (parent company) 31.12.20				Sbanken ASA Group 31.12.20		
Change in value	Weighted duration	Volume (thousand)	Interest sensitive balance	Volume (thousand)	Weighted duration	Change in value
92 251	0,12	39 975 223	Loans to customers	75 152 787	0,12	173 430
446 754	2,82	7 929 465	Loans to customers (fixed rate)	7 929 465	2,82	446 754
16 246	0,12	8 040 000	Interest rate swaps	8 040 000	0,12	16 246
70 417	0,17	20 702 030	Commercial paper and bonds	14 453 620	0,16	44 937
0	0,00	6 652 261	Other assets	3 190 587	0,00	0
625 667	0,41	75 258 979	Total assets	100 726 459	0,33	681 366
135 331	0,12	58 643 627	Deposits from customers	58 643 627	0,12	135 331
25 431	0,19	6 541 792	Debt securities issued	32 205 992	0,12	78 984
452 925	3,22	8 040 000	Interest rate swaps	8 040 000	3,22	452 925
6 284	0,20	1 600 054	Additional Tier 1 capital and subordinated loan	1 600 054	0,20	6 284
0	0,00	2 320 202	Other liabilities	1 346 290	0,00	0
0	0,00	6 153 303	Equity ex. Tier 1 capital	6 930 497	0,00	0
619 972	0,42	75 258 979	Total liabilities and equity	100 726 459	0,34	673 524
5 695			Total			7 842

31.12.20	Sbanken ASA Group									
	Over-night	O/N - 1 month	1 - 3 months	3 - 6 months	6 - 9 months	9 - 12 months	12 - 18 months	18 - 24 months	2 - 3 year	Total
Scenario 1 : parallel shock up (200bp)		-15 562	34 443	-2 093	0	0	266	12 437	433	29 924
Scenario 2 : parallel shock down (200bp)		15 562	-34 443	2 093	0	0	-266	-12 437	-433	-29 924
Scenario 3: short term rates down (300bp) long term rates up (150bp)		23 344	-51 664	3 139	0	0	-398	-18 656	0	-44 236
Scenario 4: short term rates up (300 bp), long term rates down (150 bp)		-23 344	51 664	-3 139	0	0	398	18 656	0	44 236
Scenario 5: short term rates up (300 bp)		-23 344	51 664	-3 139	0	0	398	18 656	0	44 236
Scenario 6: short term rates down (300 bp)		23 344	-51 664	3 139	0	0	-398	-18 656	0	-44 236

31.12.20	Sbanken ASA (parent company)									
	Over-night	O/N - 1 month	1 - 3 months	3 - 6 months	6 - 9 months	9 - 12 months	12 - 18 months	18 - 24 months	2 - 3 year	Total
Scenario 1 : parallel shock up (200bp)		3 612	13 121	-2 093	0	0	266	12 437	433	27 776
Scenario 2 : parallel shock down (200bp)		-3 612	-13 121	2 093	0	0	-266	-12 437	-433	-27 776
Scenario 3: short term rates down (300bp) long term rates up (150bp)		-5 418	-19 682	3 139	0	0	-398	-18 656	0	-41 015
Scenario 4: short term rates up (300 bp), long term rates down (150 bp)		5 418	19 682	-3 139	0	0	398	18 656	0	41 015
Scenario 5: short term rates up (300 bp)		5 418	19 682	-3 139	0	0	398	18 656	0	41 015
Scenario 6: short term rates down (300 bp)		-5 418	-19 682	3 139	0	0	-398	-18 656	0	-41 015

31.12.20	Sbanken ASA Group					
	USD	SEK	EUR	JPY	CHF	GBP
Net currency position (NOK thousand)	1 923	2 287	3 737	537	0	0

31.12.20	Sbanken ASA (parent company)					
	USD	SEK	EUR	JPY	CHF	GBP
Net currency position (NOK thousand)	1 923	2 287	3 737	537	0	0

Note 24 – Market risk and sensitivity (continued)

31.12.20 Share and fund portfolio (Group)	Fair value (in NOK thousand)	Value after 45% drop
Vipps AS	39 518	21 735
VN Norge AS	70 707	38 889
Pensjonskontoregisteret	60	33
Total shares	110 285	60 657
Utsikt2050	3 348	1 841
Utsikt2040	1 975	1 086
Utsikt2030	1 972	1 085
Framgang Sammen	5 127	2 820
Total funds	12 422	6 832
Tier 1 capital in other banks	40 630	22 347
Total Tier 1 capital	40 630	22 347
Total shares, funds and Tier 1 capital	163 337	89 835

Sbanken ASA (parent company) 31.12.20					Sbanken ASA Group 31.12.20				
Credit spread risk	Spread change	Duration (weighted)	Market value (thousand)	Rating	Market value (thousand)	Duration (weighted)	Spread change	Credit spread risk	
0	0,00%	2,63	1 545 951	AAA (sovereign)	1 571 556	2,61	0,00%	0	
149 235	0,70%	2,89	7 380 125	AAA (covered bonds)	7 430 527	2,89	0,70%	150 187	
11 834	0,90%	1,47	897 478	AAA (municipalities)	897 478	1,47	0,90%	11 834	
0	0,00%	0,00	0	AA (covered bonds)	0	0,00	0,00%	0	
15 492	1,10%	0,32	4 449 286	AA (municipalities)*	4 449 286	0,32	1,10%	15 492	
8 468	3,00%	2,69	104 773	Without rating	104 773	2,69	3,00%	8 468	
185 029	0,65%	1,97	14 377 613	Total	14 453 620	1,98	0,65%	185 980	

*Municipalities without rating is placed in category AA (municipalities).

Note 25 – Derivatives

Sbanken ASA uses financial derivatives to manage interest rate and currency risk. Financial derivatives are agreements entered into with financial institutions or customers to stipulate interest terms, exchange rates and the value of equity instruments for specific periods

Method of valuation and accounting principles

All derivatives are valued at fair value and exchange rate gains/losses are classified as net gain/(loss) on financial instruments. Interest from derivatives entered into to manage the interest rate risk associated with the bank's ordinary portfolios is classified as interest income and recognised as an adjustment of the bank's other interest income/ interest expenses.

Sbanken ASA has used the following financial derivatives during the year:

Forward currency contracts

These are agreements to purchase or sell specific amounts of currency at an agreed exchange rate on a future date.

Interest rate agreements

Interest swaps are agreements to swap interest rate terms (fixed for floating) for a specific amount over a fixed period of time.

Interest rate and currency derivatives

Cross-currency interest rate swaps where the swap agreement includes both interest rate and currency terms.

The table below shows the nominal value of financial derivatives broken down by the type of derivative in addition to positive and negative market values. Positive market values are recognised in the balance sheet as assets, while negative market values are recognised as liabilities.

Sbanken ASA Group In NOK thousand	31.12.21			31.12.20		
	Nominal value	Positive fair value	Negative fair value	Nominal value	Positive fair value	Negative fair value
Interest rate swaps	8 855 000	143 382	14 607	8 040 000	29 533	21 738
Total	8 855 000	143 382	14 607	8 040 000	29 533	21 738
Cross currency swaps used in hedge accounting	4 805 000	234 020	0	4 805 000	531 772	0
Total	4 805 000	234 020	0	4 805 000	531 772	0
Total	13 660 000	377 403	14 607	12 845 000	561 305	21 738

Sbanken ASA (parent company) In NOK thousand	31.12.21			31.12.20		
	Nominal value	Positive fair value	Negative fair value	Nominal value	Positive fair value	Negative fair value
Interest rate swaps	8 855 000	143 382	14 607	8 040 000	29 533	21 738
Total	8 855 000	143 382	14 607	8 040 000	29 533	21 738
Cross currency swaps used in hedge accounting	0	0	0	0	0	0
Total	0	0	0	0	0	0
Total	8 855 000	143 382	14 607	8 040 000	29 533	21 738

Note 26 – Derivatives and hedge accounting

The note is only relevant for Sbanken ASA Group

Sbanken uses derivatives to hedge against interest rate and currency risk in connection with the issuing of debt in EUR. When the company issues securities in currencies other than Norwegian kroner, the bank's market risk policy states that

hedging transactions shall be carried out, so that the bank avoids exposure in foreign currency and thereby minimises currency risk. Derivatives are recognised at fair value (see Note 1 for further information).

In NOK thousand	31.12.21			31.12.20		
	Nominal value	Positive fair value	Negative fair value	Nominal value	Positive fair value	Negative fair value
Interest and currency derivatives for use in hedge accounting	4 805 000	234 020	0	4 805 000	531 772	0
Total derivatives for use in hedge accounting	4 805 000	234 020	0	4 805 000	531 772	0

The Sbanken ASA group uses hedge accounting to ensure an accounting treatment that reflects how interest rate and currency risk is actually managed for loans in foreign currency. The hedged items consist exclusively of debt established by issuing covered bonds and are recognised in accordance with IFRS 9 as a fair value hedge. When debt is issued in foreign currency, separate interest rate and cross currency swaps are entered into, with the same principal and maturity date as the underlying hedged item. So far, a loan of EUR 500 million has been issued with a fixed rate of 0.375 per cent, while the cross currency swap changes principal to NOK and the interest rate to a floating 3-month Nibor plus a margin of 0.425 per cent. The hedging instruments (interest rate and currency swaps) are recognised at fair value, while the hedged items are valued at fair value for the hedged risks (interest rate and currency). Hedge ineffectiveness, defined as the difference between the

value adjustment of hedged instruments and the value adjustment of the hedged items, are recognised through profit or loss as it arises. The exemption is the part of the value adjustment caused by a change in basis spreads relating to hedged instruments recognised in other comprehensive income. Sources of hedge ineffectiveness can be changes in own credit risk, price changes relating to unilateral collateral, soft bullet structures and minimum rating floors for the issuer.

It is a condition for the derivative agreement that unilateral collateral is furnished, meaning that the bank receives collateral in cases where the derivative has a positive value, but does not have to provide collateral in cases where the derivative has a negative value. The counterparty in the derivative agreement is Nordea Bank Finland

In NOK thousand	31.12.21			31.12.20		
	Hedging instrument nominal value	Hedging object nominal value	Inefficiency nominal value	Hedging instrument nominal value	Hedging object nominal value	Inefficiency nominal value
Nominal value loan in Euro (foreign currency loans at fixed interest rates)	500 000	500 000	0	500 000	500 000	0
Total	500 000	500 000	0	500 000	500 000	0

In NOK thousand	31.12.21			31.12.20		
	Hedging instrument carrying amount	Hedging object carrying amount	Inefficiency carrying amount	Hedging instrument carrying amount	Hedging object carrying amount	Inefficiency carrying amount
Carrying amount assets	234 020	0		531 772	0	
Carrying amount liabilities	0	5 066 547		0	5 365 736	
Total	234 020	5 066 547		531 772	5 365 736	

In NOK thousand	31.12.21			31.12.20		
	Hedging instrument carrying amount	Hedging object carrying amount	Inefficiency carrying amount	Hedging instrument carrying amount	Hedging object carrying amount	Inefficiency carrying amount
Accumulated change in fair value, outgoing balance	234 020	-240 500	-6 480	531 772	-546 303	-14 531
Accumulated change in fair value, ingoing balance	531 772	-546 303	-14 531	201 842	-220 039	-18 197
Total change in fair value	-297 752	305 803	8 051	329 930	-326 264	3 666
Recognised through profit and loss			1 453			9
Recognised through other comprehensive income			-7 933			-14 540
Total change in fair value	0	0	-6 480	0	0	-14 531

Note 27 – Repricing structure

In NOK thousand	Sbanken ASA Group						Total
	2021	1 month	1-3 months	3-12 months	1-5 years	More than 5 years	
Cash and receivables with central bank		510 676					510 676
Loans to central bank		0					0
Loans to and receivables from credit institutions		856 622					856 622
Loans to customers		429 264	84 241 845				84 671 109
Expected credit loss (ECL) on-balance							-324 234
Net loans to customers, central bank and credit institutions		1 796 562	84 241 845	0	0	0	85 714 173
Commercial paper and bonds		3 800 180	10 474 923	903 070	309 529	0	15 487 702
Shares and funds						309 142	309 142
Derivatives						377 403	377 403
Intangible assets						103 350	103 350
Deferred tax assets						35 638	35 638
Property, plant and equipment						86 411	86 411
Other assets						85 488	85 488
Advance payment and accrued income						74 280	74 280
Total assets		5 596 742	94 716 768	903 070	309 529	0	102 273 586
Liabilities							
Loans and deposits from central bank		0					0
Loans and deposits from credit institutions						326 830	326 830
Deposits from customers			64 240 315				64 240 315
Derivatives						14 607	14 607
Taxes payable						217 805	217 805
Debt securities issued		2 182 414	20 655 267	5 066 547	0	596 722	28 500 950
Other liabilities						586 794	586 794
Subordinated loans		899 151					899 151
Total liabilities		3 081 565	84 895 582	5 066 547	0	0	94 786 452

Note 27 – Repricing structure (cont.)

Sbanken ASA Group							
In NOK thousand						Without interest rate exposure	Total
2020	1 month	1-3 months	3-12 months	1-5 years	More than 5 years		
Cash and receivables with central bank	583 268						583 268
Loans to central bank	840 000						840 000
Loans to and receivables from credit institutions	654 517						654 517
Loans to customers	439 098	82 999 020					83 438 118
Expected credit loss (ECL) on-balance						-355 866	-355 866
Net loans to customers, central bank and credit institutions	2 516 883	82 999 020	0	0	0	-355 866	85 160 037
Commercial paper and bonds	3 800 180	9 400 211	903 070	309 529	0	0	14 412 990
Shares and funds						163 701	163 701
Derivatives						561 305	561 305
Intangible assets						114 645	114 645
Deferred tax assets						21 679	21 679
Property, plant and equipment						127 755	127 755
Other assets						110 850	110 850
Advance payment and accrued income						53 498	53 498
Total assets	6 317 063	92 399 231	903 070	309 529	0	797 567	100 726 459
Liabilities							
Loans and deposits from central bank	2 250 000						2 250 000
Loans and deposits from credit institutions		0				542 731	542 731
Deposits from customers		58 643 627					58 643 627
Derivatives						21 738	21 738
Taxes payable						224 640	224 640
Debt securities issued	9 731 054	14 877 580	5 365 736	0			29 974 370
Other liabilities						552 587	552 587
Subordinated loans	898 831						898 831
Total liabilities	12 879 885	73 521 207	5 365 736	0	0	1 341 696	93 108 523

Note 27 – Repricing structure (cont.)

Sbanken ASA (parent company)							
In NOK thousand						Without interest rate exposure	Total
2021	1 month	1-3 months	3-12 months	1-5 years	More than 5 years		
Cash and receivables with central bank	510 676						510 676
Loans to central bank	0						0
Loans to and receivables from credit institutions	6 511 755						6 511 755
Loans to customers	180 441	46 355 697					46 536 138
Expected credit loss (ECL) on-balance						-319 037	-319 037
Net loans to customers, central bank and credit institutions	7 202 872	46 355 697	0	0	0	-319 037	53 239 532
Commercial paper and bonds	4 219 963	17 413 728	903 070	309 529	0	0	22 846 290
Shares in subsidiary						1 699 880	1 699 880
Shares and funds						536 668	536 668
Derivatives						143 382	143 382
Intangible assets						103 350	103 350
Deferred tax assets						36 577	36 577
Property, plant and equipment						86 411	86 411
Other assets						344 219	344 219
Advance payment and accrued income						74 550	74 550
Total assets	11 422 835	63 769 425	903 070	309 529	0	2 706 000	79 110 860
Liabilities							
Loans and deposits from central bank	0						0
Loans and deposits from credit institutions		0				1 109 560	1 109 560
Deposits from customers		64 240 315					64 240 315
Derivatives						14 607	14 607
Taxes payable						160 280	160 280
Debt securities issued	999 713	3 581 446	0	0		596 722	5 177 881
Other liabilities						568 628	568 628
Subordinated loans	899 151						899 151
Total liabilities	1 898 864	67 821 761	0	0	0	2 449 797	72 170 422

Note 27 – Repricing structure (cont.)

In NOK thousand	Sbanken ASA (parent company)					Without interest rate exposure	Total
	1 month	1-3 months	3-12 months	1-5 years	More than 5 years		
2020							
Cash and receivables with central bank	583 268						583 268
Loans to central bank	840 000						840 000
Loans to and receivables from credit institutions	2 958 456						2 958 456
Loans to customers	269 288	47 985 309					48 254 597
Expected credit loss (ECL) on-balance						-349 909	-349 909
Net loans to customers, central bank and credit institutions	4 651 012	47 985 309	0	0	0	-349 909	52 286 412
Commercial paper and bonds	4 232 596	14 989 777	903 070	309 529	0	0	20 434 972
Shares in subsidiary						1 699 880	1 699 880
Shares and funds						393 011	393 011
Derivatives						29 533	29 533
Intangible assets						114 645	114 645
Deferred tax assets						7 738	7 738
Property, plant and equipment						127 755	127 755
Other assets						341 533	341 533
Advance payment and accrued income						53 498	53 498
Total assets	8 883 608	62 975 086	903 070	309 529	0	2 417 684	75 488 979
Liabilities							
Loans and deposits from central bank	2 250 000						2 250 000
Loans and deposits from credit institutions		1 602 243					1 602 243
Deposits from customers		58 643 627					58 643 627
Derivatives						21 738	21 738
Taxes payable						161 643	161 643
Debt securities issued	999 661	3 292 131	0	0			4 291 792
Other liabilities						534 579	534 579
Subordinated loans	898 831						898 831
Total liabilities	4 148 492	63 538 001	0	0	0	717 960	68 404 453

Note 28 – Operational risk

Operational risk means unexpected fluctuations in results which are attributable to inadequacies or failures in internal processes and systems, by employees or external events, which oblige the bank to retain financial capital in order to safeguard itself against substantial and unexpected operational losses. The definition also includes legal risk, i.e. the risk that an agreement or legal action cannot be performed in line with underlying assumptions; and compliance risk, i.e. the risk of non-compliance with statutory provisions, internal guidelines, industry standards, etc.

The bank's framework for operational risk, including contingency plans, describes preventive and mitigating measures. In addition to policies and instructions, and procedure and job descriptions, Sbanken has a self-evaluation process for operational risk and internal control. This process is intended to identify operational risk and quantify any potential ensuing losses, as well as assess the effectiveness of internal control. This work results in action plans whose implementation is subject to ongoing monitoring. The evaluation is performed each year and includes quarterly updates and follow-ups.

Sbanken has a documented process for conducting risk assessments. The process also includes the area of ICT, and determines an acceptable level of risk, performs assessments, and decides on risk response including the delegating of responsibility for monitoring and mitigating measures. Reviews of risks and conditions relevant to ICT security are conducted and reported on a quarterly basis together with other risk areas related to operational risk.

Compliance risk

Compliance risk is defined as the risk of sanctions or losses as a result of non-compliance with the regulations that regulate the business.

The bank's risk appetite in the compliance area is low, and it has a very low tolerance for non-compliance: The bank's reputation and licence(s) shall not be exposed to unnecessary risk.

Compliance risk includes compliance with regulations, information security and personal data protection for all parts of the business.

Compliance risk is managed through regular reviews and control activities in the company, the results of which are reported to the Board and management.

Commercial and strategic risk

Commercial risk is the risk that earnings will weaken, including changes in volumes, interest margins and other price changes associated with borrowing and lending, weakened net commission income and earnings that are insufficient to cover costs. The risk may arise as a result of cyclical change, competitive conditions and changes in customer behaviour, among other factors.

Measurement of commercial risk takes into account changes due to credit losses and other risks such as market risk, liquidity risk and operational risk. The size of commercial risk is essentially affected by variations in net interest and commission. Some costs vary in line with volume- and transaction-based changes in income, other costs are deemed to be variable without being volume- or transaction-based, while further costs are deemed to be fixed. Management's short-term opportunities to influence potential losses of income depend on the ratio of variable to fixed costs.

Commercial risk is managed through diversification of income, stable revenue generation and cost control.

Sbanken's definition of strategic risk is long-term risk that arises as a result of erroneous or ill-conceived commercial decisions, poor or incorrect implementation of decisions, or inadequate responsiveness to changes in society, competition, technology, the regulatory system or the financial sector.

Note 29 – Net interest income

In NOK thousand	Sbanken ASA Group			2020		
	Recognised at amortised cost	Recognised at fair value	Total	Recognised at amortised cost	Recognised at fair value	Total
Loans to and receivables from credit institutions and central bank	2 601		2 601	7 089		7 089
Loans to customers	1 668 596	121 032	1 789 628	2 178 621	48 151	2 226 772
Commercial paper and bonds		147 161	147 161		146 835	146 835
Total interest income	1 671 197	268 193	1 939 390	2 185 710	194 986	2 380 696
Loans and deposits from credit institutions	-2 201		-2 201	-7 581		-7 581
Deposits from customers	-81 492		-81 492	-243 868		-243 868
Debt securities issued	-244 812		-244 812	-394 379		-394 379
Subordinated loans	-17 364		-17 364	-23 954		-23 954
Other interest expenses	-75 811		-75 811	-66 778		-66 778
Total interest expenses	-421 680	0	-421 680	-736 560	0	-736 560
Net interest income	1 249 517	268 193	1 517 710	1 449 150	194 986	1 644 137

Interest income from loans to customers:

	2021	2020
Mortgages	1 440 781	1 786 028
Car loans	44 509	57 077
Consumer loans	149 629	209 464
Other loans ¹	154 709	174 203
Total interest income from loans to customers	1 789 628	2 226 772

¹ Credit card, account credit and custody account credit

In NOK thousand	Sbanken ASA (parent company)			2020		
	Recognised at amortised cost	Recognised at fair value	Total	Recognised at amortised cost	Recognised at fair value	Total
Loans to and receivables from credit institutions and central bank	33 369		33 369	44 232		44 232
Loans to customers	500 251	603 986	1 104 237	635 374	780 496	1 415 870
Commercial paper and bonds	6 622	233 380	240 002	10 427	213 130	223 557
Total interest income	540 243	837 365	1 377 607	690 034	993 625	1 683 659
Loans and deposits from credit institutions	-3 256		-3 256	-8 954		-8 954
Deposits from customers	-81 492		-81 492	-243 868		-243 868
Debt securities issued	-45 810		-45 810	-43 634		-43 634
Subordinated loans	-17 364		-17 364	-23 954		-23 954
Other interest expenses	-70 488		-70 488	-61 184		-61 184
Total interest expenses	-218 410	0	-218 410	-381 594	0	-381 594
Net interest income	321 833	837 365	1 159 197	308 440	993 625	1 302 065

Interest income from loans to customers:

	2021	2020
Mortgages	755 390	975 126
Car loans	44 509	57 077
Consumer loans	149 629	209 464
Other loans ¹	154 709	174 203
Total interest income from loans to customers	1 104 237	1 415 870

¹ Credit card, account credit and custody account credit

Note 30 – Net commission and fee income

The note is equal for the Group and the parent company

In NOK thousand	2021	2020
Payment processing	40 664	29 207
Card and interbank	186 735	169 378
Mutual funds and securities	101 640	143 415
Other commission income	3 565	3 717
Total commission and fee income	332 604	345 717
Payment processing	-22 810	-21 264
Card and interbank	-65 620	-50 181
Mutual funds and securities	-32 359	-86 078
Other commission expenses	-1 242	-3 884
Total commission and fee expenses	-122 031	-161 407
Net commission and fee income	210 573	184 310

Note 31 – Net gain (loss) on financial instruments

Gain/loss on financial instruments recognised through profit and loss :

Sbanken ASA (parent company)			Sbanken ASA Group	
2020	2021	In NOK thousand	2021	2020
		1) Realisation of financial instruments at fair value through other comprehensive income (OCI):		
14 551	16 315	Gain/(loss) by realisation of financial instruments:	-19 700	-3 800
14 551	16 315	Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income (OCI)	-19 700	-3 800
		2) Financial instruments at fair value through profit and loss		
0	0	Realised gain/ (loss) from shares and funds	0	0
-49 668	2 156	Unrealised gain/(loss) from shares and funds	3 241	-47 023
0	0	Gain/(loss) on derivatives (used in hedge accounting)	2 444	776
7 080	134 878	Gain/(loss) on derivatives	134 878	7 080
-8 318	-131 106	Unrealised gain/(loss) from fixed rate loans	-131 106	-8 318
-50 906	5 928	Total gain/(loss) on financial instruments at fair value through profit and loss	9 457	-47 485
		3) Financial instruments at amortised cost:		
-4 146	-201	Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-28 009	-26 089
-4 146	-201	Total gain (loss) on financial instruments at amortised cost	-28 009	-26 089
		4) Currency:		
6 309	3 218	Net gain (loss) on currency items	3 247	6 296
6 309	3 218	Total gain (loss) on currency items	3 247	6 296
		5) Dividends:		
95 012	0	Dividends from investments i shares and funds	0	95 012
230 000	260 000	Dividend from subsidiary	0	0
325 012	260 000	Total dividends	0	95 012
		6) Result from associated company:		
-2 014	0	Result from associated company	0	-2 014
-2 014	0	Total from associated company	0	-2 014
288 806	285 260	Total gain (loss) on financial instruments recognised through profit and loss	-35 005	21 920

Note 32 – Operating expenses

Other administrative expenses

Sbanken ASA (parent company)			Sbanken ASA Group	
2020	2021	In NOK thousand	2021	2020
-2 463	-2 984	Properties and premises ¹	-2 984	-2 463
-139 445	-141 731	IT	-141 731	-139 445
-44 593	-46 403	Advertising and marketing	-46 403	-44 593
-17 025	-21 817	Temporary employment agencies	-21 817	-17 025
-41 129	-69 161	Consultants and other external services	-70 355	-45 053
-14 469	-16 111	Telephone and postage	-16 111	-14 469
-32 823	-32 616	Other operating expenses	-32 750	-33 004
-291 946	-330 823	Total administrative expenses	-332 152	-296 053

¹ After the introduction of IFRS 16, rental costs are recognised as depreciation and interest expenses.

Depreciations and write-downs on fixed and intangible assets

-33 120	-28 564	Depreciations during the year fixed assets	-28 564	-33 120
-32 640	-33 704	Depreciations during the year intangible assets	-33 704	-32 640
0	-10 050	Write-downs intangible assets	-10 050	0
-65 760	-72 318	Total depreciations an write-downs during the year	-72 318	-65 760

Sbanken ASA recorded an impairment of NOK 10.0 million of intangible assets in 2021, which is recognised under "Depreciation and impairment of fixed and intangible assets". The impairment is primarily related to the applicability of code written in certain modules and discontinuation of some services.

Note 33 – Remuneration to the statutory auditor

Sbanken ASA (parent company)			Sbanken ASA Group	
2020	2021	In NOK thousand	2021	2020
1 618	1 390	Statutory audit	1 571	1 799
0	0	Other certification services	20	155
0	0	Tax-related services	0	0
157	139	Other services	339	357
1 775	1 529	Total remuneration to the statutory auditor	1 930	2 311

Remuneration to the statutory auditor is presented including VAT.
During 2021, the statutory auditor for all the companies in the Sbanken Group has been Deloitte AS.

Note 34 – Personnel expenses and benefits/ remuneration to executive management and governing bodies

Personnel expenses			Sbanken ASA Group	
Sbanken ASA (parent company)			2021	2020
2020	2021	In NOK thousand		
-267 357	-269 744	Wages	-270 073	-267 680
8 555	11 287	Capitalised as intangible assets	11 287	8 555
-26 667	-11 661	Pension costs incl. payroll tax	-11 661	-26 667
-14 558	-15 090	- defines contribution pensions	-15 090	-14 558
-6 958	8 570	- defined benefit pensions	8 570	-6 958
-5 151	-5 141	-other pension related costs	-5 141	-5 151
-51 181	-53 780	Payroll tax	-53 827	-51 224
-11 542	-12 459	Other personnel expenses	-12 459	-11 542
-348 192	-336 357	Total personnel expenses	-336 733	-348 558
Funds with restrictions				
13 066	11 280	Income tax account	11 303	13 091
13 066	11 280	Total restricted assets	11 303	13 091
Employees				
363	342	Total employees as at 31.12	342	363
335	323	Total FTE as at 31.12	323	335
384	353	Average number of employees	353	384
25	34	FTE temporary employees as at 31.12	34	25

Note 34 – Personnel expenses and benefits/remuneration to executive management and governing bodies (continued)

Name and position (In NOK thousand)	Agreed fixed annual salary as at 31.12.21 ¹⁾	Paid salaries 2021 ²⁾	Paid performance related salary 2021 ³⁾	Paid other variable salary 2021 ⁴⁾	Total paid salaries 2021	Benefits in kind and other benefits 2021 ⁵⁾	Total remune- ration paid/ received in 2021	Pension cost 2021	Loan as at 31.12.21	Shares as at 31.12.21
Executive management										
Øyvind Thomassen, Chief Executive Officer	4 600	4 658	141	143	4 942	15	4 957	104	1	101 629
Henning Nordgulen, Chief financial officer	2 550	2 566	68	143	2 777	63	2 840	109	8 129	70 472
Lene Eltvik Vindfeld, Chief Organisation, Leadership & Culture officer	1 700	1 612	10	143	1 765	61	1 826	101	9 344	212
Morten Jacobsen, CTO	2 139	2 122	31	143	2 296	15	2 311	103	0	7 371
Eirik Christensen, COO Banking	2 000	2 094	50	143	2 287	42	2 329	106	3 108	15 000
Arlin Opsahl Møland, Chief compliance officer	1 250	1 309	39	143	1 491	35	1 526	105	1 738	2 978
Jørgen Gudmundsson, Chief Risk Officer	1 750	1 800	44	143	1 987	66	2 053	102	5 888	7 840
Line Sverdrup Ulvesæter, chief corporate customers	1 325	1 175	24	88	1 287	69	1 356	84	6 250	1 248
Jostein Dalland (until 31.10.21)	2 500	1 847	0	119	1 966	12	1 978	n/a	n/a	n/a

Share purchases from management in 2021:

Members of the executive management in Sbanken ASA have in 2021 not purchased shares in connection with a share program for the management.

Name and position (In NOK thousand)	Agreed annual board remune- ration as at 2021	Agreed annual remune- ration for board commit- tees as at 2021	Agreed annual remune- ration from group compa- nies 2021	Paid board remun- eration 2021	Paid com- mittee remune- ration 2021	Paid remune- ration from group compa- nies 2021	Paid other compen- sation 2021	Total remune- ration paid/ received in 2021	Loan as at 31.12.21	Shares as at 31.12.21
The Board of Directors										
Niklas Midby, Chairman of the board	660	223	0	653	221	0	0	874	0	77 776
August Baumann	355	158	0	352	157	0	0	509	0	41 630
Mai-Lill Ibsen	355	195	209	352	193	205	0	750	0	5 528
Ragnhild Wiborg ⁷⁾	355	0	0	115	85	0	0	200	0	n/a
Hugo Maurstad ⁸⁾	0	0	0	115	0	0	0	115	0	0
Herman Korsgaard ⁹⁾	355	160	0	237	107	0	0	344	0	0
Cathrine Klouman	355	263	0	352	160	0	0	512	0	18 428
Sarah Lunde Mjåtvædt (Employee representative)	54	0	0	0	0	0	0	0	0	795
Stein Zahl Pettersen (Employee representative)	54	0	0	0	0	0	0	0	0	304
Loans to other employees in Sbanken ASA									803 000	
In 2021, a total of 137 000 kroner was paid to members of the nomination committee.										

Note 34 – Personnel expenses and benefits/remuneration to executive management and governing bodies (continued)

Name and position (In NOK thousand)	Agreed fixed annual salary as at 31.12.20 ¹⁾	Paid salaries 2020 ²⁾	Paid performance related salary 2020 ³⁾	Paid other variable salary 2020 ⁴⁾	Total paid salaries 2020	Benefits in kind and other benefits 2020 ⁵⁾	Total remuneration paid/received in 2020	Pension cost 2020	Loan as at 31.12.20	Shares as at 31.12.20
Executive management										
Øyvind Thomassen, Chief Executive Officer	4 500	4 227	117	143	4 488	15	4 502	103	13	101 629
Henning Nordgulen, Chief financial officer	2 187	2 232	182	143	2 557	15	2 572	107	3 754	70 472
Lene Eltvik Vindfeld, Chief Organisation, Leadership & Culture officer (from 01.10.2020)	1 600	356	0	30	386	4	390	20	0	212
Geir Berge Hansen, Head of Strategy	1 780	1 818	148	143	2 109	59	2 169	111	3 385	50 000
Morten Jacobsen, CTO (from 01.06.20)	2 134	1 250	0	84	1 334	8	1 342	59	5	7 371
Eirik Christensen, COO Banking	1 900	1 923	125	143	2 191	46	2 237	106	3 297	15 000
Arlin Opsahl Møland, Chief compliance officer	1 250	1 276	100	0	1 375	17	1 393	105	2 099	2 978
Jørgen Gudmundsson, Chief Risk Officer	1 700	1 558	0	143	1 701	72	1 773	99	5 716	7 628
Christoffer Hernæs, CTO (until 31.08.2020)	n/a	1 331	144	95	1 570	51	1 621	69	n/a	n/a

Share purchases from management in 2020:

Members of the executive management in Sbanken ASA have in 2020 purchased shares in connection with a share program for the management. The new general manager has purchased 96 418 shares. Reference is made to the stock exchange announcement of 02.03.2020.

Name and position (In NOK thousand)	Agreed annual remuneration as at 2020	Agreed annual remuneration for board committees as at 2020	Agreed annual remuneration from group companies 2020	Paid board remuneration 2020	Paid committee remuneration 2020	Paid remuneration from group companies 2020	Paid other compensation 2020	Total remuneration paid/received in 2020	Loan as at 31.12.20	Shares as at 31.12.20
The Board of Directors										
Niklas Midby, Chairman of the board	640	217	0	640	217	0	0	857	0	77 776
August Baumann	345	154	0	345	154	0	0	499	0	41 630
Mai-Lill Ibsen	345	190	205	345	190	205	0	740	0	5 528
Ragnhild Wiborg	345	255	0	345	255	0	0	600	0	17 731
Hugo Maurstad ⁶⁾	345	0	0	345	0	0	0	345	0	0
Cathrine Klouman	345	345	0	342	0	0	0	342	0	18 428
Sarah Lunde Mjåtvædt (Employee representative)	52	0	0	0	0	0	0	0	0	795
Stein Zahl Pettersen (Employee representative)	52	0	0	0	0	0	0	0	0	304

Loans to other employees in Sbanken ASA 837 071

In 2020, a total of 133 000 kroner was paid to members of the nomination committee.

¹⁾ Agreed annual fixed salary/fees at the end of the year.

²⁾ Paid fixed salary and holiday pay for both profit-related and other variable pay.

³⁾ Paid profit-related pay earned previous years. Profit related pay earned in 2021 will be paid out in 2022. Profit related pay earned in 2020 were paid out in 2021.

⁴⁾ Paid other agreed compensation as such as car allowance and annuity insurance.

⁵⁾ Other benefits in kind include the cost of telephones, broadband, insurance, loans at beneficial interest rates etc.

⁶⁾ Board remuneration paid to Altor Fund Manager AB

⁷⁾ Board member until April 2021

Note 35 – Tax expense

Sbanken ASA (parent company)			Sbanken ASA Group	
2020	2021	In NOK thousand	2021	2020
161 643	160 280	Taxes payable	222 399	224 640
-2 121	-2 551	Change in deferred tax	-3 215	-1 289
241	1 943	Correction of taxes payable previous year	2 831	250
159 763	159 672	Total tax expense	222 015	223 601
Reconciliation of the tax expense:				
944 366	926 902	Profit before tax	955 555	1 006 643
944 366	926 902	-from Sbanken ASA	926 902	944 366
0	0	-from Sbanken Boligkreditt AS	356 128	320 119
0	0	-from group transactions related to own debt, Tier 1 capital and dividend from subsidiary	-327 475	-257 842
236 092	231 726	Expected tax expense at nominal rate of 25% Sbanken ASA	231 726	236 092
0	0	Expected tax expense at nominal rate of 22% Sbanken Boligkreditt AS (22% in 2020)	78 348	70 426
236 092	231 726	Total expected tax expense	310 074	306 518
139	660	Tax effect from non deductible expenses and tax-exempt income	660	139
13 065	-1 012	Tax effect from tax-exempt income from shareholdings and funds	-1 012	13 727
-80 541	-65 000	Tax effect from taxable income from shareholdings and funds 3%	-65 000	-80 541
-10 153	-6 440	Tax effect from costs booked against other equity related to capital increase and interest to Tier 1 capital holders	-8 409	-12 817
920	-2 205	Other differences	-17 129	-3 675
241	1 943	Correction of taxes payable previous year	2 831	250
159 763	159 672	Total tax expense	222 015	223 601
16,9%	17,2%	Effective tax rate	23,2%	22,2%
2020	2021	The year's changes in deferred tax asset (deferred tax):	2021	2020
12 409	7 738	Deferred tax asset as at 1 January	21 679	17 915
2 119	2 551	Change recognised through profit and loss	3 215	1 289
-6 791	26 287	Change recognised through other comprehensive income (OCI)	10 744	2 475
7 738	36 577	Total deferred tax assets (deferred tax) as at 31 December	35 638	21 679
-32	3 606	Change related to fixed assets and intangible assets	3 606	-32
-34	-5 742	Change related to pension liabilities	-5 742	-34
2 185	4 687	Change related to financial instruments	5 351	1 355
2 119	2 551	Total change in deferred tax assets recognised through profit and loss	3 215	1 289
-9 201	24 180	Change related to interest bearing securities and shares	8 637	65
2 410	2 107	Change related to pension liabilities	2 107	2 410
-6 791	26 287	Total change in deferred tax assets recognised through other comprehensive income	10 744	2 475

Note 35 – Tax expense (continued)

In NOK thousand	31.12.20	Sbanken ASA Group		31.12.2021
		Through profit and loss	Through other comprehensive income (OCI)	
Changes in deferred tax asset (deferred tax):				
Fixed assets and intangible assets	-211	3 606	0	3 395
Financial instruments	12 748	5 351	8 637	26 736
Net pension liabilities	9 142	-5 742	2 107	5 507
Total deferred tax assets (deferred tax)	21 679	3 215	10 744	35 638

In NOK thousand	31.12.20	Sbanken ASA (parent company)		31.12.21
		Through profit and loss	Through other comprehensive income (OCI)	
Changes in deferred tax asset (deferred tax):				
Fixed assets and intangible assets	-211	3 606	0	3 395
Financial instruments	-1 193	4 687	24 180	27 674
Net pension liabilities	9 142	-5 742	2 107	5 507
Total deferred tax assets (deferred tax)	7 738	2 551	26 287	36 577

Sbanken ASA (parent company)			Sbanken ASA Group		
2020	2021	In NOK thousand	2021	2020	
Specification of deferred tax assets (deferred tax)					
-211	3 395	Fixed assets and intangible assets	3 395	-211	
-1 193	27 674	Interest bearing securities and shares	26 736	12 748	
9 142	5 507	Net pension liabilities	5 507	9 142	
7 738	36 577	Total deferred tax assets (deferred tax)	35 638	21 679	
7 854	10 406	Deferred tax assets recognised through profit and loss	9 621	6 406	
-117	26 171	Deferred tax assets recognised through other comprehensive income	26 017	15 273	
7 738	36 577	Total deferred tax assets (deferred tax)	35 638	21 679	

Deferred tax assets and deferred tax liabilities are offset and recognised net when this is legally justifiable and the items relate to the same tax authority.

Note 36 – Classification of financial instruments

In NOK thousand	31.12.21	Sbanken ASA Group			Total
		Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	
Financial assets					
Cash and receivables with central bank	0	0	510 676		510 676
Loans to and receivables from credit institutions	0	0	856 622		856 622
Loans to customers	8 168 042	0	76 178 833		84 346 875
Commercial paper and bonds	0	15 487 702	0		15 487 702
Equity and funds ¹	308 778	0	364		309 142
Derivatives ²	377 403	0	0		377 403
Other assets	0	0	159 768		159 768
Total financial assets	8 854 223	15 487 702	77 706 263		102 048 188
Financial liabilities					
Loans and deposits from central bank	0	0	0		0
Loans and deposits from credit institutions	0	0	326 830		326 830
Deposits from customers	0	0	64 240 315		64 240 315
Debt securities issued ³	0	0	28 500 950		28 500 950
Derivatives	14 607	0	0		14 607
Subordinated loans	0	0	899 151		899 151
Other liabilities	0	0	564 335		564 335
Total financial liabilities	14 607	0	94 531 581		94 546 188

¹ Shares in associated company are recognised using the equity method and put under the category amortised cost.

² Including derivatives used as hedging instruments.

³ Including hedged liabilities.

In NOK thousand	31.12.20	Sbanken ASA Group			Total
		Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	
Financial assets					
Cash and receivables with central bank	0	0	1 423 268		1 423 268
Loans to and receivables from credit institutions	0	0	654 517		654 517
Loans to customers	7 921 668	0	75 160 584		83 082 252
Commercial paper and bonds	0	14 412 990	0		14 412 990
Equity and funds ¹	163 337	0	364		163 702
Derivatives ²	561 305	0	0		561 305
Other assets	0	0	164 348		164 348
Total financial assets	8 646 310	14 412 990	77 403 081		100 462 381
Financial liabilities					
Loans and deposits from central bank	0	0	2 250 000		2 250 000
Loans and deposits from credit institutions	0	0	542 731		542 731
Deposits from customers	0	0	58 643 627		58 643 627
Debt securities issued ³	0	0	29 974 370		29 974 370
Derivatives	21 738	0	0		21 738
Subordinated loans	0	0	898 831		898 831
Other liabilities	0	0	515 589		515 589
Total financial liabilities	21 738	0	92 825 148		92 846 886

¹ Shares in associated company are recognised using the equity method and put under the category amortised cost.

² Including derivatives used as hedging instruments.

³ Including hedged liabilities.

Note 36 – Classification of financial instruments (continued)

In NOK thousand	Sbanken ASA (parent company)			Total
	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	
31.12.21				
Financial assets				
Cash and receivables with central bank	0	0	510 676	510 676
Loans to and receivables from credit institutions	0	0	6 511 755	6 511 755
Loans to customers	8 168 042	24 606 853	13 442 206	46 217 101
Commercial paper and bonds	0	22 520 436	325 854	22 846 290
Equity and funds ¹	536 304	0	364	536 668
Shares in subsidiary	0	0	1 699 880	1 699 880
Derivatives	143 382	0	0	143 382
Other assets	0	0	418 769	418 769
Total financial assets	8 847 728	47 127 289	22 909 504	78 884 521
Financial liabilities				
Loans and deposits from central bank	0	0	0	0
Loans and deposits from credit institutions	0	0	1 109 560	1 109 560
Deposits from customers	0	0	64 240 315	64 240 315
Debt securities issued	0	0	5 177 881	5 177 881
Derivatives	14 607	0	0	14 607
Subordinated loans	0	0	899 151	899 151
Other liabilities	0	0	546 168	546 168
Total financial liabilities	14 607	0	71 973 075	71 987 682

¹ Shares in associated company are recognised using the equity method and put under the category amortised cost.

In NOK thousand	Sbanken ASA (parent company)			Total
	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	
31.12.20				
Financial assets				
Cash and receivables with central bank	0	0	1 423 268	1 423 268
Loans to and receivables from credit institutions	0	0	2 958 456	2 958 456
Loans to customers	7 921 668	30 111 454	9 871 566	47 904 688
Commercial paper and bonds	0	20 109 350	325 622	20 434 972
Equity and funds ¹	392 647	0	364	393 011
Shares in subsidiary	0	0	1 699 880	1 699 880
Derivatives	29 533	0	0	29 533
Other assets	0	0	395 031	395 031
Total financial assets	8 343 848	50 220 804	16 674 187	75 238 839
Financial liabilities				
Loans and deposits from central bank	0	0	2 250 000	2 250 000
Loans and deposits from credit institutions	0	0	1 602 243	1 602 243
Deposits from customers	0	0	58 643 627	58 643 627
Debt securities issued	0	0	4 291 792	4 291 792
Derivatives	21 738	0	0	21 738
Subordinated loans	0	0	898 831	898 831
Other liabilities	0	0	497 581	497 581
Total financial liabilities	21 738	0	68 184 074	68 205 812

¹ Shares in associated company are recognised using the equity method and put under the category amortised cost.

Note 37 – Commercial paper and bonds

31.12.21 Commercial paper and bonds at fair value through OCI In NOK thousand	Sbanken ASA Group			Relative share
	Nominal value	Cost value	Fair value	
State- and state guaranteed securities	2 833 500	3 076 343	2 989 287	19,3%
Other governmental issuer (municipalities)	1 539 236	1 539 339	1 539 746	9,9%
Covered bonds	10 442 000	10 517 312	10 524 169	68,0%
Other financial corporations	412 000	412 460	411 131	2,7%
Accrued interest			23 369	0,2%
Total commercial paper and bonds	15 226 736	15 545 454	15 487 702	100,0%
Listed securities			14 449 124	93,3%
Non-listed securities			1 038 578	6,7%
Total commercial paper and bonds			15 487 702	100,0%

31.12.20 Commercial paper and bonds at fair value through OCI In NOK thousand	Sbanken ASA Group			Relative share
	Nominal value	Cost value	Fair value	
State- and state guaranteed securities	1 660 739	1 766 249	1 729 316	12,0%
Other governmental issuer (municipalities)	4 855 972	4 862 434	4 858 283	33,7%
Covered bonds	7 386 000	7 407 343	7 425 980	51,5%
Other financial corporations	364 000	388 173	373 559	2,6%
Accrued interest			25 852	0,2%
Total commercial paper and bonds	14 266 711	14 424 199	14 412 990	100,0%
Listed securities			10 379 421	72,0%
Non-listed securities			4 033 569	28,0%
Total commercial paper and bonds			14 412 990	100,0%

Note 37 – Commercial paper and bonds (continued)

31.12.21				
Sbanken ASA (parent company)				
Commercial paper and bonds at fair value through OCI	Nominal value	Cost value	Fair value	Relative share
In NOK thousand				
State- and state guaranteed securities	2 718 500	2 954 465	2 870 999	12,7%
Other governmental issuer (municipalities)	1 539 236	1 539 339	1 539 746	6,8%
Covered bonds	17 462 000	17 677 377	17 664 966	78,4%
Other financial corporations	412 000	412 460	411 131	1,8%
Accrued interest			33 594	0,1%
Total commercial paper and bonds	22 131 736	22 583 641	22 520 436	100,0%
Listed securities			21 481 858	95,4%
Non-listed securities			1 038 578	4,6%
Total commercial paper and bonds			22 520 436	100,0%

31.12.20				
Sbanken ASA (parent company)				
Commercial paper and bonds at fair value through OCI	Nominal value	Cost value	Fair value	Relative share
In NOK thousand				
State- and state guaranteed securities	1 635 739	1 740 081	1 703 771	8,5%
Other governmental issuer (municipalities)	4 855 972	4 862 434	4 858 283	24,2%
Covered bonds	13 067 000	13 088 740	13 146 324	65,4%
Other financial corporations	364 000	388 173	373 559	1,9%
Accrued interest			27 413	0,1%
Total commercial paper and bonds	19 922 711	20 079 428	20 109 350	100,0%
Listed securities			16 075 781	79,9%
Non-listed securities			4 033 569	20,1%
Total commercial paper and bonds			20 109 350	100,0%

Note 38 – Shares and mutual funds

Fair value and amortised cost:				
Sbanken ASA (parent company)			Sbanken ASA (Group)	
2020	2021	In NOK thousand	2021	2020
110 285	114 560	Shares	114 560	110 285
12 422	14 987	Mutual funds	14 987	12 422
269 940	406 757	Tier 1 capital	179 230	40 630
392 647	536 304	Total at fair value through profit and loss	308 778	163 337
364	364	Shares in associated company	364	364
364	364	Total amortised cost	364	364
393 011	536 668	Total shares and funds	309 142	163 701

Valuations techniques:				
110 285	114 560	Shares assessed based on other valuation techniques (Level 3)*	114 560	110 285
0	0	Listed securities	0	0
393 011	536 668	Non-listed securities	309 142	163 701
393 011	536 668	Total	309 142	163 701

Investments in shares and funds as at 31 December 2021:					
Name	Country	Fair value	Carrying value	Number of shares	Ownership
Vipps AS	Norway	41 565	41 565	12 482	1,00 %
VN Norge AS	Norway	72 225	72 225	94.25 billiarder	9,42 %
Pensjonskontoregisteret AS	Norway	60	60	10	1,00 %
Norsk gjeldsinformasjon AS	Norway	710	710	na	na
Utsikt 2030	Norway	2 376	2 376	11 800	na
Utsikt 2040	Norway	2 378	2 378	11 800	na
Utsikt 2050	Norway	4 031	4 031	20 000	na
Framgang sammen	Norway	6 202	6 202	30 000	na
Quantfolio AS	Norway	IA	364	1 272 899	22,4%
Hybridkapital:					
Spb 1 SR-Bank ASA 19/PERP FRN C HYB	Norway	20 530	20 530	20 000 000	na
Spb 1 SR-Bank ASA 19/PERP FRN C HYB	Norway	20 522	20 522	20 000 000	na
Spb 1 Østlandet 19/PERP FRN C HYBRI	Norway	17 428	17 428	17 000 000	na
Spb Sogn og Fjordande 19/PERP FRN C H	Norway	17 355	17 355	17 000 000	na
OBOS-banken AS 20/PERP FRN C HYBRID	Norway	8 055	8 055	8 000 000	na
Spb 1 Østlandet 20/PERP FRN C HYBRI	Norway	5 115	5 115	5 000 000	na
Spb 1 Sørøst-Norge 20/PERP FRN C HY	Norway	8 157	8 157	8 000 000	na
Spb Sogn og Fjordane 21/PERP FRN C H	Norway	9 888	9 888	10 000 000	na
Spb 1 Helgeland 21/PERP FRN C HYBRI	Norway	27 655	27 655	28 000 000	na
Spb 1 Østlandet 21/PERP FRN C HYBRI	Norway	19 675	19 675	20 000 000	na
Spb Sør 21/PERP FRN C HYBRID	Norway	24 850	24 850	25 000 000	na

* Reference is made to further description in note 40

Note 38 – Shares and mutual funds (continued)

Shares in subsidiary:							Carried value
Company	Org number	Office	Ownership	Voting share	Share capital	Cost value	31.12.21
Sbanken Boligkreditt AS	915 287 662	Bergen	100,0 %	100,0 %	850 000	1 699 880	1 699 880
Total shares in subsidiaries					850 000	1 699 880	1 699 880

Tier 1 capital in subsidiary:						
Name	Country	Fair value	Carried value	Number of shares	Ownership	
Sbanken Boligkreditt AS 18/PERP FRN C H	Norway	102 120	102 120	100 000	100%	
Sbanken Boligkreditt AS 21/PERP FRN C H	Norway	125 407	125 407	125 000	100%	
Total Tier 1 in subsidiaries		227 527	227 527	225 000		

Sbanken ASA owns shares in the company Quantfolio AS. A total of NOK 9.2 million has been paid for 22.4% of the shares. The company is treated as an associated company in the financial statement of Sbanken ASA

For the year 2021, NOK 0 million has been recognised as loss (2.0 million as loss in 2020) related to this investment. This corresponds to the Bank's share of the result in the associated company for 2020. The book value of the investment has been reduced accordingly.

Note 39 – Fair value of financial instruments at amortised cost

In NOK thousand	Sbanken ASA Group	
	Carrying value	Fair value
Recognised at amortised cost	31.12.21	31.12.21
Assets		
Cash and receivables with central bank	510 676	510 676
Loans to and receivables from credit institutions	856 622	856 622
Loans to customers	76 178 833	76 178 833
Equity and funds	364	364
Other assets	159 768	159 768
Total financial assets at amortised cost	77 706 263	77 706 263
Liabilities		
Loans and deposits from central bank	0	0
Loans and deposits from credit institutions	326 830	326 830
Deposits from customers	64 240 315	64 240 315
Debt securities issued	28 500 950	28 545 722
Subordinated loans	899 151	910 584
Other liabilities	564 335	564 335
Total financial liabilities at amortised cost	94 531 581	94 587 786

In NOK thousand	Sbanken ASA Group				
	31.12.21	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank			510 676		510 676
Loans to and receivables from credit institutions				856 622	856 622
Loans to customers				76 178 833	76 178 833
Shares and funds				364	364
Other assets				159 768	159 768
Total financial assets at amortised cost			510 676	77 195 587	77 706 263
Liabilities					
Loans and deposits from central bank				0	0
Loans and deposits from credit institutions				326 830	326 830
Deposits from customers				64 240 315	64 240 315
Debt securities issued			28 545 722	0	28 545 722
Subordinated loan			910 584	0	910 584
Other liabilities				564 335	564 335
Total financial liabilities at amortised cost			29 456 306	65 131 480	94 587 786

Note 39 – Fair value of financial instruments at amortised cost (cont.)

In NOK thousand	Sbanken ASA Group	
	Carrying value 31.12.20	Fair value 31.12.20
Recognised at amortised cost		
Assets		
Cash and receivables with central bank	1 423 268	1 423 268
Loans to and receivables from credit institutions	654 517	654 517
Loans to customers	75 160 584	75 160 584
Equity and funds	364	364
Other assets	164 348	164 348
Total financial assets at amortised cost	77 403 081	77 403 081
Liabilities		
Loans and deposits from central bank	2 250 000	2 250 000
Loans and deposits from credit institutions	542 731	542 731
Deposits from customers	58 643 627	58 643 627
Debt securities issued	29 974 370	30 071 043
Subordinated loans	898 831	912 345
Other liabilities	515 589	515 589
Total financial liabilities at amortised cost	92 825 148	92 935 335

In NOK thousand	Sbanken ASA Group				
	31.12.20	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		1 423 268			1 423 268
Loans to and receivables from credit institutions			654 517		654 517
Loans to customers			75 160 584		75 160 584
Shares and funds			364		364
Other assets			164 348		164 348
Total financial assets at amortised cost		1 423 268	75 979 813		77 403 081
Liabilities					
Loans and deposits from central bank			2 250 000		2 250 000
Loans and deposits from credit institutions			542 731		542 731
Deposits from customers			58 643 627		58 643 627
Debt securities issued		30 071 043			30 071 043
Subordinated loan			912 345		912 345
Other liabilities			515 589		515 589
Total financial liabilities at amortised cost		30 983 388	61 951 947		92 935 335

Fair value of financial instruments at amortised cost

Cash and cash equivalents, loans to credit institutions and loans to customers (that can not be sold to Sbanken Boligkreditt AS), deposits, subordinated debt and debt securities are measured at amortised cost. Measurement at amortised cost implies that a financial asset or liability is recognised at the present value of the contractual cash flows using the effective interest rate method, adjusted for potential impairment. This measurement method will not necessarily provide a carrying value equal to the fair value of the financial instrument, due to volatility in the market, changed market conditions, asymmetrical information and changes in the investor's risk and return expectations.

Cash and cash equivalents and loans and advances:
Fair value is estimated based on amortised cost, as all assets

are recognised in the accounts based on the contractual cash flow with floating interest rates, and loans with impairment indicators are written down to the fair value of expected cash flows. There is no active market for loan portfolios.

Deposits from customers and debt to credit institutions are liabilities with variable and floating interest rates, respectively and as there have not been any significant changes in the credit spread, amortised cost is assumed to be a reasonable approximation of fair value.

Debt securities and subordinated loans are measured at fair value based on prices sourced from Nordic Bond Pricing. Nordic Bond Pricing has estimated the fair value based on available price information from investment banks and brokers trading in the bond markets.

Note 39 – Fair value of financial instruments at amortised cost (cont.)

In NOK thousand	Sbanken ASA (parent company)	
	Carrying value 31.12.21	Fair value 31.12.21
Recognised at amortised cost		
Assets		
Cash and receivables with central bank	510 676	510 676
Loans to and receivables from credit institutions	6 511 755	6 511 755
Loans to customers	13 442 206	13 442 206
Commercial paper and bonds	325 854	326 408
Equity and funds	364	364
Shares in subsidiary	1 699 880	1 699 880
Other assets	418 769	418 769
Total financial assets at amortised cost	22 909 504	22 910 058
Liabilities		
Loans and deposits from central bank	0	0
Loans and deposits from credit institutions	1 109 560	1 109 560
Deposits from customers	64 240 315	64 240 315
Debt securities issued	5 177 881	5 190 218
Subordinated loans	899 151	910 584
Other liabilities	546 168	546 168
Total financial liabilities at amortised cost	71 973 075	71 996 845

In NOK thousand	Sbanken ASA (parent company)				
	31.12.21	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		510 676			510 676
Loans to and receivables from credit institutions			6 511 755		6 511 755
Loans to customers			13 442 206		13 442 206
Commercial paper and bonds			326 408		326 408
Equity and funds			364		364
Shares in subsidiary			1 699 880		1 699 880
Other assets			418 769		418 769
Total financial assets at amortised cost		837 084	22 072 974		22 910 058
Liabilities					
Loans and deposits from central bank			0		0
Loans and deposits from credit institutions			1 109 560		1 109 560
Deposits from customers			64 240 315		64 240 315
Debt securities issued		5 190 218			5 190 218
Subordinated loans			910 584		910 584
Other liabilities			546 168		546 168
Total financial liabilities at amortised cost		6 100 802	65 896 043		71 996 845

Note 39 – Fair value of financial instruments at amortised cost (cont.)

In NOK thousand	Sbanken ASA (parent company)	
	Carrying value 31.12.20	Fair value 31.12.20
Recognised at amortised cost		
Assets		
Cash and receivables with central bank	1 423 268	1 423 268
Loans to and receivables from credit institutions	2 958 456	2 958 456
Loans to customers	9 871 566	9 871 566
Commercial paper and bonds	325 622	327 225
Equity and funds	364	364
Shares in subsidiary	1 699 880	1 699 880
Other assets	395 031	395 031
Total financial assets at amortised cost	16 674 187	16 675 790
Liabilities		
Loans and deposits from central bank	2 250 000	2 250 000
Loans and deposits from credit institutions	1 602 243	1 602 243
Deposits from customers	58 643 627	58 643 627
Debt securities issued	4 291 792	4 300 530
Subordinated loans	898 831	912 345
Other liabilities	497 581	497 581
Total financial liabilities at amortised cost	68 184 074	68 206 326

In NOK thousand	Sbanken ASA (parent company)				
	31.12.20	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank			1 423 268		1 423 268
Loans to and receivables from credit institutions				2 958 456	2 958 456
Loans to customers				9 871 566	9 871 566
Commercial paper and bonds			327 225		327 225
Equity and funds				364	364
Shares in subsidiary				1 699 880	1 699 880
Other assets				395 031	395 031
Total financial assets at amortised cost		1 750 493	14 925 297	16 675 790	
Liabilities					
Loans and deposits from central bank				2 250 000	2 250 000
Loans and deposits from credit institutions				1 602 243	1 602 243
Deposits from customers				58 643 627	58 643 627
Debt securities issued				4 300 530	4 300 530
Subordinated loans				912 345	912 345
Other liabilities				497 581	497 581
Total financial liabilities at amortised cost		5 212 875	62 993 451	68 206 326	

Note 40 – Financial instruments at fair value

31.12.21 In NOK thousand	Sbanken ASA Group				
	Carrying value 31.12.21	Fair value 31.12.21			
Assets:					
Commercial paper and bonds	15 487 702	15 487 702			
Equity and funds	308 778	308 778			
Derivatives	377 403	377 403			
Loans to customers (fixed rate)	8 168 042	8 168 042			
Total financial assets at fair value	24 341 925	24 341 925			
Liabilities:					
Derivatives	14 607	14 607			
Total financial liabilities at fair value	14 607	14 607			
31.12.21					
In NOK thousand					
		Level 1	Level 2	Level 3	Total
Commercial paper and bonds		1 240 074	14 247 628	0	15 487 702
Equity and funds		0	194 218	114 560	308 778
Derivatives		0	377 403	0	377 403
Loans to customers (fixed rate)		0	0	8 168 042	8 168 042
Total financial assets at fair value		1 240 074	14 819 249	8 282 602	24 341 925
Derivatives		0	14 607	0	14 607
Total financial liabilities at fair value		0	14 607	0	14 607
Financial instruments measured at fair value Level 3					
In NOK thousand					
		Loans to customers	Shares and funds		Total
Opening balance at 1 January 2021		7 921 668	110 285		8 031 953
Net gain/(loss) on financial instruments (unrealised)		-139 424	4 275		-135 149
New loans/exits		385 798	0		385 798
Sale		0	0		0
Settlement		0	0		0
Transferred from Level 1 or Level 2		0	0		0
Transferred to Level 1 or Level 2		0	0		0
Other		0	0		0
Closing balance at 31 December 2021		8 168 042	114 560		8 282 602

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2021.

Information about fair value of securities at Level 3:

Shares in Vipps AS

Sbanken has used the last available share price for calculating the fair value of the shares in Vipps AS at 31 December 2021, adjusted for a liquidity and general uncertainty discount of 20%.

Shares in VN Norge AS

Sbanken has used the same method as year-end 2020 for calculating the fair value of the shares in VN Norge AS at 31 December 2021. In the calculation of fair value, adjustments for movements in currency (USD/NOK) and share price of Visa Inc. is accounted for. Sbanken's valuation of VN Norge AS includes a discount of 20 per cent to account for liquidity and general uncertainty.

Sensitivity analysis regarding shares in VN Norge:

Parameter	Effect in NOK
Shift in exchange rate of NOK/USD of +/- 10 %	+/- 3.0 mill
Shift in share price of Visa Inc. of +/- 10 %	+/- 3.0 mill
Shift in liquidity discount on shares in VN Norge AS of +/- 10 %	+/- 6.6 mill

Loans to customers that can be sold to Sbanken Boligkredit AS (only applies to Sbanken ASA parent company):

All Sbanken's repayment loans with collateral in fixed property are first time discounted for in the parent company (Sbanken ASA). In the parent company there is both an intention to receive cash flows from interest and principal, and an intention to sell the loans to Sbanken Boligkredit AS at a future date. All of the repayment loans secured by fixed property in the parent

Note 40 – Financial instruments at fair value (cont.)

company Sbanken ASA are therefore recognised at fair value with value adjustment over other comprehensive income (OCI). In the consolidated financial statements, one will only intend to receive cash flows from interest and principal, so that the loans are recognised at amortised cost.

It is assumed that amortised cost is the best estimate of fair value for repayment loans linked to fixed property. The arguments for this are that the pricing model of the bank means that no fees exist either at the establishment or at the ongoing monthly maturities, and that the bank's customer interest is the best estimate of a market interest rate for corresponding loans with the same risk profile and funding structure. The bank has also considered that an advanced model for calculating fair value will not give users of the financial statements increased information value, but add more noise and uncertainty.

Loans to customers with fixed rate:

The fair value of fixed rate loans is determined by discounting interest cash flows over the term of the loan, using a discount factor adjusted for margin requirements. The discount factor uses a swap rate based on duration equal to the remaining time to maturity for the relevant fixed rate loans. The assumptions for calculating the margin requirement are based on market conditions on the balance sheet date and on an assessment of the considerations made by external investors when investing in a corresponding portfolio.

31.12.20	Sbanken ASA Group	
	Carrying value	Fair value
In NOK thousand	31.12.20	31.12.20
Assets:		
Commercial paper and bonds	14 412 990	14 412 990
Equity and funds	163 337	163 337
Derivatives	561 305	561 305
Loans to customers (fixed rate)	7 921 668	7 921 668
Total financial assets at fair value	23 059 300	23 059 300
Liabilities:		
Derivatives	21 738	21 738
Total financial liabilities at fair value	21 738	21 738

31.12.20	Sbanken ASA Group			
	Level 1	Level 2	Level 3	Total
In NOK thousand				
Commercial paper and bonds	819 725	13 593 265	0	14 412 990
Equity and funds	0	53 052	110 285	163 337
Derivatives	0	561 305	0	561 305
Loans to customers (fixed rate)	0	0	7 921 668	7 921 668
Total financial assets at fair value	819 725	14 207 622	8 031 953	23 059 300
Derivatives	0	21 738	0	21 738
Total financial liabilities at fair value	0	21 738	0	21 738

Financial instruments measured at fair value Level 3				
In NOK thousand	Loans to customers	Shares and funds	Total	
Opening balance at 1 January 2020	164 062	158 401	322 463	
Net gain/(loss) on financial instruments (unrealised)	-8 315	46 836	38 521	
New loans/exits	7 765 921	60	7 765 981	
Sale	0	0	0	
Settlement	0	-95 012	-95 012	
Transferred from Level 1 or Level 2	0	0	0	
Transferred to Level 1 or Level 2	0	0	0	
Other	0	0	0	
Closing balance at 31 December 2020	7 921 668	110 285	8 031 953	

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2020.

Note 40 – Financial instruments at fair value (cont.)

31.12.21	Sbanken ASA (parent company)	
	Carrying value	Fair value
In NOK thousand	31.12.21	31.12.21
Assets:		
Commercial paper and bonds	22 520 436	22 520 436
Equity and funds	536 304	536 304
Loans to customers	32 774 895	32 774 895
Derivatives	143 382	143 382
Total financial assets at fair value	55 975 017	55 975 017
Liabilities:		
Derivatives	14 607	14 607
Total financial liabilities at fair value	14 607	14 607

31.12.21	Sbanken ASA (parent company)			
	Level 1	Level 2	Level 3	Total
In NOK thousand				
Commercial paper and bonds	1 240 074	21 280 362	0	22 520 436
Equity and funds	0	421 744	114 560	536 304
Loans to customers	0	0	32 774 895	32 774 895
Derivatives	0	143 382	0	143 382
Total financial assets at fair value	1 240 074	21 845 488	32 889 455	55 975 017
Derivatives	0	14 607	0	14 607
Total financial liabilities at fair value	0	14 607	0	14 607

Financial instruments measured at fair value Level 3				
In NOK thousand	Loans to customers	Shares and funds	Total	
Opening balance at 1 January 2021	38 033 122	110 285	38 143 407	
Net gain/(loss) on financial instruments (unrealised)	-139 424	4 275	-135 149	
Net new loans/exits	18 310 806	0	18 310 806	
Sale (to Sbanken Boligkreditt AS)	-23 429 609	0	-23 429 609	
Settlement	0	0	0	
Transferred from Level 1 or Level 2	0	0	0	
Transferred to Level 1 or Level 2	0	0	0	
Other	0	0	0	
Closing balance at 31 December 2021	32 774 895	114 560	32 889 455	

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2021.

Fair value hierarchy

Due to financial assets and debt recognised at fair value, having been classified either as "held for trade", "designated at fair value through profit or loss on initial recognition (fair value option)" or "at fair value through other comprehensive income", they shall be classified in a fair value hierarchy depending on the reliability of the fair value estimate. At Level 1, assets or liabilities are priced in an active market, at Level 2 prices are determined on the basis of observable input data from similar assets (either directly or indirectly) and at Level 3 prices are fair value based on unobservable input data.

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has access to at the reporting date. An active market is a market where quoted prices are easily

accessible at a stock exchange or similar trading place, from a broker or other entity that publishes price information. Quoted prices shall represent actual and frequent transactions. For Sbanken, Level 1 assets and liabilities comprise listed interest-bearing bonds and shares.

Level 2: Prices other than the quoted prices at Level 1 and which are observable either directly or indirectly. Interest-bearing bonds that are valued based on prices sourced from trading places, brokers or other entities that publish price information, but where there is no active market because no official prices are available, are categorised as Level 2. When using valuation methods, external data are applied to discounted cash flows (e.g. prices quoted by third parties or prices for similar instruments). The discount rate is implicit in the

Note 40 – Financial instruments at fair value (cont.)

market interest rate with respect to credit and liquidity risk. For all financial instruments at Level 2, fair value is determined by discounted cash flow models.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities and loans to customers at fair value in Sbanken ASA (parent company).

31.12.20	Sbanken ASA (parent company)	
	Carrying value	Carrying value
In NOK thousand	31.12.20	31.12.20
Assets:		
Commercial paper and bonds	20 109 350	20 109 350
Equity and funds	392 647	392 647
Loans to customers	38 033 122	38 033 122
Derivatives	29 533	29 533
Total financial assets at fair value	58 564 652	58 564 652
Liabilities:		
Derivatives	21 738	21 738
Total financial liabilities at fair value	21 738	21 738

31.12.20	Sbanken ASA (parent company)			
	Level 1	Level 2	Level 3	Total
In NOK thousand				
Commercial paper and bonds	819 725	19 289 625	0	20 109 350
Equity and funds	0	282 362	110 285	392 647
Loans to customers	0	0	38 033 122	38 033 122
Derivatives	0	29 533	0	29 533
Total financial assets at fair value	819 725	19 601 520	38 143 407	58 564 652
Derivatives	0	21 738	0	21 738
Total financial liabilities at fair value	0	21 738	0	21 738

Financial instruments measured at fair value Level 3			
In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2020	34 498 792	158 401	34 657 193
Net gain/(loss) on financial instruments (unrealised)	-8 315	46 836	38 521
Net new loans/exits	25 877 100	60	25 877 160
Sale (to Sbanken Boligkreditt AS)	-22 334 455	0	-22 334 455
Settlement	0	-95 012	-95 012
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 December 2020	38 033 122	110 285	38 143 407

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2020.

Note 41 – Other assets

Sbanken ASA (parent company)			Sbanken ASA Group	
31.12.20	31.12.21	In NOK thousand	31.12.21	31.12.20
98 658	83 877	Receivables from fund managers and other receivables	83 877	98 658
12 875	342	Other assets	1 611	12 192
230 000	260 000	Receivables on subsidiary (dividend)	0	0
341 533	344 219	Total other assets	85 488	110 850

Receivables from fund managers and other receivables mainly consist of unsettled settlements against fund managers arising from customer sales of funds.

Note 42 – Intangible assets

The note is equal for the Group and the parent company

In NOK thousand	SME Software and licenses	Software and licenses	Total
Acquisition cost at 1.1.21	62 505	184 628	247 133
Additions during the year	5 921	26 538	32 459
Disposals during the year	0	0	0
Acquisition cost at 31.12.21	68 426	211 166	279 592
Accumulated depreciation at 1.1.21	19 045	113 445	132 490
Depreciations during the year (see note 32)	10 764	22 940	33 704
Write downs during the year	10 050	0	10 050
Disposals during the year	0	0	0
Accumulated depreciation at 31.12.21	39 859	136 385	176 244
Balance sheet value at 31.12.21	28 567	74 781	103 350
Acquisition cost at 1.1.20	50 885	184 339	235 224
Additions during the year	11 620	1 729	13 349
Disposals during the year	0	-1 440	-1 440
Acquisition cost at 31.12.20	62 505	184 628	247 133
Accumulated depreciation at 1.1.20	9 375	90 475	99 850
Depreciations during the year (see note 32)	9 670	22 970	32 640
Write downs during the year	0	0	0
Disposals during the year	0	0	0
Accumulated depreciation at 31.12.20	19 045	113 445	132 490
Balance sheet value at 31.12.20	43 460	71 183	114 645
Expected useful life	5 years	5 years	

Note 43 – Property, plant and equipment

The note is equal for the Group and the parent company

In NOK thousand	2021	2020
Fixed asset	9 973	11 219
Lease right of use IFRS 16	76 438	116 536
Total	86 411	127 755

In NOK thousand	Leasehold improvements	Machinery, fixtures and means and transport	Lease right of use IFRS 16	Total
Acquisition cost at 1.1.21	11 555	26 697	171 205	209 458
Additions during the year	0	4 682	0	4 682
Disposals during the year	0	0	-17 462	-17 462
Acquisition cost at 31.12.21	11 555	31 379	153 743	196 678
Accumulated depreciation at 1.1.21	7 589	19 443	54 670	81 702
Depreciations during the year (see note 32)	1 964	3 964	22 636	28 564
Write downs during the year	0	0	0	0
Disposals during the year	0	0	0	0
Accumulated depreciation at 31.12.21	9 553	23 407	77 306	110 266
Balance sheet value at 31.12.21	2 002	7 972	76 438	86 411
Acquisition cost at 1.1.20	11 555	25 514	176 294	213 364
Additions during the year	0	1 183	0	1 183
Disposals during the year	0	0	-5 089	-5 089
Acquisition cost at 31.12.20	11 555	26 697	171 205	209 458
Accumulated depreciation at 1.1.20	5 804	15 212	27 566	48 582
Depreciations during the year (see note 32)	1 785	4 231	27 104	33 120
Write downs during the year	0	0	0	0
Disposals during the year	0	0	0	0
Accumulated depreciation at 31.12.20	7 589	19 443	54 670	81 702
Balance sheet value at 31.12.20	3 966	7 254	116 536	127 755
Expected useful life	5 years	3-5 years		

Note 44 – Lease

The note is equal for the Group and the parent company

In NOK thousand	Leased property	Leased IT-systems	Total
Right of use asset as at 1.1.21	136 230	34 975	171 205
Additions during the year	0	0	0
Disposals during the year	17 462	0	17 462
Right of use asset as at 31.12.21	118 768	34 975	153 743
Accumulated depreciation at 1.1.21	28 574	26 096	54 670
Depreciations during the year (see note 32)	13 757	8 879	22 636
Write downs during the year	0	0	0
Disposals during the year	0	0	0
Accumulated depreciation at 31.12.21	42 330	34 975	77 305
Balance sheet value at 31.12.21	76 438	0	76 438
Right of use asset as at 1.1.20	136 230	40 064	176 294
Additions during the year	0	0	0
Disposals during the year	0	5 089	5 089
Right of use asset as at 31.12.20	136 230	34 975	171 205
Accumulated depreciation at 1.1.20	13 130	14 436	27 566
Depreciations during the year (see note 32)	15 444	11 660	27 104
Write downs during the year	0	0	0
Disposals during the year	0	0	0
Accumulated depreciation at 31.12.20	28 574	26 096	54 670
Balance sheet value at 31.12.20	107 656	8 879	116 535

Rental period	120 months	60 months
Remaining rental period	71 months	0 months

Lease liabilities:

In NOK thousand	2021	2020
Maturity analysis contractual maturity - undiscounted		
Less than one year	16 237	28 784
1 to 5 years	64 947	75 135
More than 5 years	14 884	36 002
Total undiscounted lease liabilities	96 068	139 921
Balance lease liabilities	78 781	118 432
of which are current lease liabilities	12 661	24 537
of which are non-current lease liabilities	66 120	93 895

Profit and loss

In NOK thousand	2021	2020
Interest on the lease liabilities	2 231	2 725
Variable rent that is not included in the measurement of the lease liabilities	6 384	3 029
Cost of short-term leases	0	0
Cost of renting where underlying assets have low value	383	307
Depreciations	22 636	27 104
Sublease income	0	0
Total	31 634	33 165

Note 45 – Other liabilities

Sbanken ASA (parent company)			Sbanken ASA Group	
2020	2021	In NOK thousand	2021	2020
115 024	166 877	Fund settlement	166 877	115 024
136 431	170 026	Accrued costs	170 286	136 783
27 266	26 975	Accrued interest	44 842	44 796
12 222	6 200	Accounts payable	6 201	12 319
5 667	4 822	Expected credit loss (ECL) off-balance	4 822	5 667
118 432	78 781	Lease liabilities IFRS 16	78 781	118 432
82 539	92 488	Other liabilities	92 526	82 568
497 581	546 169	Total other liabilities	564 335	515 589

Note 46 – Pensions

Description of pension schemes at Sbanken ASA

Sbanken ASA is required to have an occupational pension scheme pursuant to the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of the Act.

Sbanken ASA had a defined benefit pension scheme for all of its employees until 31 December 2008. This was closed on 1 January 2009, and all employees could choose between maintaining their defined benefit pension scheme or voluntarily converting to a defined contribution scheme. Anyone employed after 1 January 2009 has been automatically registered as a member of the defined contribution scheme.

The defined benefit scheme has a maximum pensionable income of 12 G (G is the National Insurance base amount) for all employees, and there are no employees who have additional pension schemes beyond this. This scheme is an insured scheme provided by Livsforsikringsselskapet Nordea Liv Norge AS. In the defined benefit scheme, the retirement benefit, in combination with benefits from the National Insurance Scheme and taking into account any paid-up policies from previous employment, represents approximately 66 percent of the salary earned at retirement age, assuming a full contribution period of 30 years. The employees are included in the scheme until reaching the age of 67. Working beyond the age of 67, the employee will be part of the defined-contribution scheme. Retirement age is 67.

The defined benefit scheme was decided to be discontinued in the fourth quarter of 2021 for all employees under the age of 58 and these then came under a joint defined contribution scheme. The above represents a change in the pension plan that is accounted for in the income statement. This results in relatively large recognition of income related to change of effects in the pension cost (17.1 million). As of 01.01.2022, 27 people remain in the defined benefit scheme.

In the defined contribution scheme, employees receive a contribution paid into a personal pension account with Livs-forsikrings-selskapet Nordea Liv Norge AS every month. The contribution constitutes 5 percent of pay between 0 and 7.1 G, and 12 percent of pay between 7.1 and 12 G. Retirement age is 67.

As at 31 December 2021, 1 G was NOK 106 399.

More about defined benefit schemes

In the defined benefit scheme, employees will receive an retirement benefit of approximately 66 percent of their pensionable income (maximum 12 G), assuming a full contribution period of 30 years. Employees do not bear any risk beyond the possibility of death before retirement age, which would result in the assets passing to other members of the pension scheme and not their surviving next of kin.

Based on factors such as future wage inflation, pension weight, longevity, etc., the present value of the expected pension liabilities

is calculated on the date of measurement. Pension assets will be measured at market value on the date of measurement. The difference between the present value of the commitment and the market value of the assets will be recognised in the accounts as the net pension liability. If the value of the assets exceeds that of the liabilities, they will be recognised as net pension assets on the balance sheet. Differences between the estimated pension liability and the estimated value of the pension assets at the end of the previous financial year and the actuarially calculated pension liabilities and fair value of the pension assets at the beginning of the year are recognised in other comprehensive income.

When the actuary makes their calculations related to the value of the net pension liability, a number of economic assumptions are made in the calculation. These assumptions are based on the assumptions recommended by the Norwegian Accounting Standards Board as at 31 December 2021 and are specified in a separate table below. The factor that most affects the size of the obligation is the discount rate. In 2021 and 2020 the OMF rate has been used for discounting pension liabilities. It has been assessed that the Norwegian market for covered bonds satisfies the requirement for corporate bonds with a market that is adequately deep.

The expected return on pension assets is based on long-term expectations of the return on various asset classes. This is related to the discount rate for obligations, and is added to a risk premium for investments in real estate and equity-related securities.

The pension costs for the year are classified in the income statement as a personnel expense. The average expected remaining period of service is 5,8 years at the end of 2021.

More about defined contribution pension schemes

Defined contribution pension plans entail that Sbanken does not guarantee a future pension of a specific amount, instead the bank pays an annual contribution to the employees' pension savings plan. The future pension will depend on the size of the contribution and the annual return on the pension savings. Sbanken does not have any further obligation after the annual contribution has been paid. There are no provisions for accrued pension liabilities in such schemes. Defined-contribution pension plans are charged directly as an expense.

Contractual early retirement scheme (AFP)

Sbanken ASA participates in the Joint Scheme for Collective Agreement Pensions, AFP. The private AFP scheme provides a lifelong supplement to the ordinary pension. Employees can choose to receive benefits from the AFP scheme from the age of 62, also while continuing to work. Even if the AFP scheme is a defined benefit plan, it is recognised as a defined contribution plan.

Note 46 – Pensions (cont.)

Economic assumptions		
The main economic assumptions that are used by the actuary in his calculations are as follows:	2021	2020
Discount rate	1,90%	1,70%
Expected return on pension funds	1,90%	1,70%
Anticipated rise in salaries	2,75%	2,25%
Anticipated rise in basic amount	2,50%	2,00%
Anticipated rise in pensions	2,50%	2,00%
Anticipated CPA (contractual pension scheme) acceptance from 62 years	Actual acceptance	Actual acceptance
Demographic assumptions about mortality	K2013BE	K2013BE
Turnover	5,00%	5,00%
Disability	Disability Tariff Nordea	Disability Tariff Nordea
Pension expenses		
In NOK thousand	2021	2020
Net present value of pension entitlements	5 379	5 258
Accrued payroll tax	1 135	1 116
Interest expense on pension commitments	1 856	2 227
Calculated return on pension funds	-1 419	-1 763
Administrative expenses	121	120
Recognised change in pension plan	-17 141	0
Cost to pension company related to change in pension plan	1 500	0
Net recognised defined benefit costs including payroll tax	-8 569	6 958
Defined contribution schemes incl. payroll tax	15 090	14 558
CPA Scheme incl. payroll tax	5 141	5 151
Net pension expenses	11 661	26 667
Effects recognised in other comprehensive income		
In NOK thousand	2021	2020
Remeasurement (gains)/losses changes in economic assumptions, pension commitments	7 078	8 092
Remeasurement (gains)/losses experience-based adjustments	0	0
Remeasurement gains - changes in other factors, pension funds	0	0
Payroll tax	1 352	1 545
Remeasurement gains as a change in total members	0	0
Total recognised in other comprehensive income before tax effect	8 430	9 637
Total effect from actuarial gains or losses	8 430	9 637
Actuarial gains or (losses) as at 1.1, gross before tax effect	-33 189	-23 552
Actuarial gains or (losses) as at 31.12, gross before tax effect	-41 619	-33 189
Actuarial gains or (losses) as at 31.12, gross after tax effect	-31 328	-25 005
Net pension commitments in the balance sheet		
In NOK thousand	2021	2020
Net present value pension commitments	86 801	109 426
Fair value of pension funds	-67 943	-78 362
Net pension commitments excl. payroll tax	18 858	31 064
Payroll tax	3 601	5 934
Net pension commitments in the balance sheet	22 459	36 998

Note 46 – Pensions (cont.)

Changes in the pension commitments in the balance sheet		
In NOK thousand	2021	2020
Opening balance	109 426	97 045
Net present value of this year pension entitlements	5 379	5 258
Interest expenses	1 856	2 227
Actuarial (gains)/losses related to change in parameters	2 767	9 656
Actuarial (gains)/losses related to change in expectations	3 730	-4 345
Recognised change in pension plan excl. effect payroll tax	-38 587	0
Payroll tax change in pension plan	2 749	0
Pension payments	-519	-415
Closing balance	86 801	109 426
Changes in the pension funds in the balance sheet		
In NOK thousand	2021	2020
Opening balance	78 362	73 960
Expected return	1 419	1 763
Administrative expenses	-121	-120
Pension payments	-519	-415
Actuarial (gains)/losses related to change in parameters	-582	-2 782
Actuarial (gains)/losses related to change in expectations	0	0
Premium paid	10 830	5 956
Change in pension plan	-21 446	0
Closing balance	67 943	78 362
Investment of the pension funds		
The insured pension scheme in Norway is insured primarily through Livsforsikringselskapet Nordea Liv Norge AS, and thus the pension assets are linked to an insurance policy. There is an interest rate guarantee linked to the insurance, which entails that Livsforsikringselskapet Nordea Liv Norge AS bears the risk for the return on the pension assets.		
Distribution of pension funds on different asset classes		
	2021	2020
Shares	12,70%	9,10%
Bonds	72,70%	76,10%
Property	14,00%	14,10%
Other	0,60%	0,70%
Total	100,00%	100,00%
Sensitivity analysis of pension commitment		
The sensitivity analysis is based on a change in one of the assumptions, given that all the other assumptions remain constant. In reality, there would be covariation between the assumptions, so that changes in any of the assumptions may covary.		

Note 46 – Pensions (cont.)

	Change in the economic assumptions	Change in the pension commitments
Effect on pension commitments		
Discount rate	0,50%	-6 750
Discount rate	-0,50%	7 609
Annual rise in salaries	0,50%	1 717
Annual rise in salaries	-0,50%	-1 547
Annual rise in pensions and basic amount	0,50%	5 861
Annual rise in pensions and basic amount	-0,50%	-5 208
Life expectancy	+ 1 year	4 189
Members in the pension schemes		
	2021	2020
Number of persons covered by the pension schemes:		
- defined benefit schemes	27	52
- retirement and disability pensions	12	9
- defined contribution schemes	285	294
Average expected remaining service for employees covered by the defined benefit plan are 8.28 years.		
Expected contributions to pension schemes in 2022:		
		2022
Expected contributions to defined benefit schemes		4 570
Expected contributions to defined contribution schemes		19 200
Total expected contributions to pension schemes incl. payroll tax		23 770

Note 47 – Information about related parties

Assets/liabilities to Sbanken Boligkreditt AS		
In NOK thousand	31.12.21	31.12.20
Receivable related to overdraft facility with Sbanken Boligkreditt AS	5 655 290	2 304 097
Sbanken Boligkreditt AS's deposit in Sbanken ASA	782 646	1 602 401
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	7 538 556	5 714 265
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000
Transactions with Sbanken Boligkreditt AS		
In NOK thousand	01.01.21 - 31.12.21	01.01.20 - 31.12.20
Sale of services in line with service agreement	8 652	8 249
Interest on overdraft facility	32 468	39 508
Interest on deposit	1 055	1 373
Interest on covered bonds issued by Sbanken Boligkreditt AS	81 018	55 799
Interest on subordinated loan issued by Sbanken Boligkreditt AS	6 622	10 427
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	8 948	12 109
Dividend from Sbanken Boligkreditt AS to Sbanken ASA	260 000	230 000

Transactions with related parties are based on the principle of arm's length pricing.

All numbers in the income statement and the balance sheet between Sbanken ASA and Sbanken Boligkreditt AS are eliminated in the group financial statements.

Sale of mortgages to Sbanken Boligkreditt AS

Sbanken ASA sells mortgages to its subsidiary, Sbanken Boligkreditt AS. Only loans with a LTV lower than 75% may be sold to Sbanken Boligkreditt AS. The sale and transfer of loans are carried out on market terms and conditions. After the loans have been transferred, Sbanken Boligkreditt AS assumes all the risks and benefits associated with the mortgages sold.

The practicalities relating to the transfer of new loans and the write-back of loans are undertaken by employees of Sbanken ASA. In general, the write-back of loans from Sbanken Boligkreditt AS to Sbanken ASA will be relevant only if a customer wishes to increase/refinance the loan (original loans in Sbanken Boligkreditt are then repaid). Any such write-back will also be carried out at market terms and conditions. Delinquent loans will remain with Sbanken Boligkreditt AS, and are treated in the same way as delinquent mortgages in Sbanken ASA.

Management agreement between Sbanken ASA and Sbanken Boligkreditt AS

A management agreement has been entered into by Sbanken ASA and Sbanken Boligkreditt AS, under the terms of which Sbanken Boligkreditt AS purchases administrative services from Sbanken ASA. These services relate, inter alia, to the CEO, Treasury, IT, Finance and Accounting, Risk Management and Compliance. The agreement has been entered into at market terms and conditions.

Sbanken Boligkreditt AS's credit facilities

Sbanken ASA has granted an overdraft facility and a revolving credit facility to Sbanken Boligkreditt. The overdraft is divided into two credit facilities, each in the amount of NOK 3 billion and with a term of 364 days and three years, respectively. The revolving credit facility equals Sbanken Boligkreditt's payment obligations for the next 12 months in respect of issued covered bonds, and has a term extending four months after the last maturity date of issued covered bonds. Both facilities are at floating interest rates, three-month NIBOR plus a margin.

Deposit accounts in Sbanken ASA

Sbanken Boligkreditt AS has two ordinary deposit accounts with Sbanken ASA with interest at the market rate.

Note 48 – Shareholders

The note is equal for the Group and the parent company

Share capital: In NOK	Changes in share capital	Total share capital	Nominal value NOK	Number of shares
16.01.17, Capital increase with cash contribution	3 443 330	1 068 693 330	10	106 869 333
02.11.15, Capital increase with cash contribution	65 250 000	1 065 250 000	10	106 525 000
05.10.15, Capital reduction with cash refund to owner	-1 000 000	1 000 000 000	10	100 000 000
05.10.15, Capital increase with net value of transferred assets (non-cash contribution)	1 000 000 000	1 001 000 000	10	101 000 000
17.04.15, Skandiabanken ASA was incorporated as Midgard Prosjekt 1 ASA.	1 000 000	1 000 000	10	100 000

Shareholder structure at 31 December 2021:

Shareholder structure:	Nominee	Number of shares	Ownership in percent
ALTOR INVEST 4 AS	No	13 358 666	12,50%
ALTOR INVEST 3 AS	No	13 358 666	12,50%
DNB BANK ASA	No	10 576 419	9,90%
VERDIPAPIRFOND ODIN NORDEN	No	5 170 467	4,84%
State Street Bank and Trust Comp	Yes	3 998 437	3,74%
GOLDMAN SACHS BANK EUROPE SE	Yes	3 641 115	3,41%
UBS AG, LONDON BRANCH	No	3 111 042	2,91%
Credit Suisse AG	Yes	2 537 641	2,37%
J.P. MORGAN SECURITIES PLC	No	2 391 343	2,24%
MERRILL LYNCH INTERNATIONAL	Yes	2 010 317	1,88%
Morgan Stanley & Co. Int. Plc.	Yes	1 872 716	1,75%
Skandinaviska Enskilda Banken AB	Yes	1 858 534	1,74%
CACEIS Bank	Yes	1 469 971	1,38%
JPMorgan Chase Bank, N.A., London	Yes	1 415 426	1,32%
J.P. Morgan Securities Plc	Yes	1 400 000	1,31%
J.P. Morgan Bank Luxembourg S.A.	Yes	1 311 257	1,23%
Goldman Sachs International	Yes	1 220 151	1,14%
UBS AG	No	1 211 555	1,13%
Morgan Stanley & Co. International	No	1 038 625	0,97%
Morgan Stanley & Co. Int. Plc.	Yes	934 549	0,87%
Total for the twenty largest investors		73 886 897	69,14%
Total number of shares		106 869 333	100,00%

The register of shareholders is based on the Norwegian Central Securities Depository's (VPS) shareholder register as of 31 December 2021. Please refer to separate section of the Annual report for a list of the beneficial owners of shares in nominee accounts.

Geographical areas per 31.12.21:	Number of shares	Ownership in percent
Norway	49 718 428	46,52%
Rest of Europe	47 604 394	44,54%
North-America	9 546 511	8,93%
Other	0	0,00%
Total	106 869 333	100,00%

As of 31 December 2021 Sbanken ASA had a total of 4 471 shareholders, 3 616 of whom held 1 000 or fewer shares. Sbanken ASA held no own shares at the reporting date 31.12.21.

Note 49 – Share purchase programme

The note is equal for the Group and the parent company

Twice a year, Sbanken ASA offers its employees the chance to buy shares at a discount of 20 per cent on the listed price at the time of purchase. The discount is limited upwards to NOK 3 000 a year. The maximum discount is the same as the amount that can be received tax-free each year when shares are bought through a share purchase programme. The discount is recognised as other personnel expenses in the financial statements.

In 2021, due to DNB's bid for Sbanken, it was not possible to buy shares at a discount for employees. In 2020, 38 228 shares were allotted to employees at a gross price of NOK 70.07 per share. A total of NOK 533,000 of the personnel expenses for the year were related to the share purchase programme.

In the first quarter of 2020, all employees received an offer to buy shares with a three-year lock-in period. The price was 20 per cent below the listed price at Oslo Børs. When calculating the market price considering the lock-in period, Sbanken ASA used the Black-Scholes option pricing model, taking into account the effect of the agreed lock-in period and the historical volatility of the share price. In total, employees subscribed for 346 224 shares with a three-year lock-in period.

The part of the discount that is not expensed is recognised directly in equity in accordance with IFRS 2. At the time the offer was made in the first quarter of 2020, the purchase price represented the market value of the share, considering the three-year lock-in period. All effects were recognised directly against other equity.

Sales of shares to employees In NOK thousand	31.12.21	31.12.20
Sales of shares to employees (number of shares)	0	384 452
Expensed discount	0	533
Recognised directly against equity	0	-4 538

Note 50 – Earnings per share

In NOK thousand	Sbanken ASA Group	
	2021	2020
Profit for the period to shareholders	707 781 000	748 575 000
Number of shares (weighted average)	106 869 333	106 869 333
Earnings per share (basic)	6,62	7,00
Earnings per share (diluted)	6,62	7,00

The earnings-per-share ratio shows the return to the group's ordinary shareholders. Accrued interest paid to hybrid capital investors, has been excluded from the profit in the calculation of earnings per share for the period.

Note 51 – Subsequent events

16 March 2022 the Norwegian Competition Tribunal reversed the Norwegian Competition Authorities decision to intervene in the acquisition. Sbanken is then a subsidiary of DNB Bank ASA from 30 March 2022.

On 24 March, Norges Bank raised its key interest rate by 0.25 percentage points. At the same time, the central bank decided to raise the countercyclical capital buffer by 0.5 percentage points to 2.5 per cent, with effect from 31 March 2023.

Alternative performance measures

Sbanken (the bank) discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are commonly used by analysts, investors and other stakeholders to evaluate the performance of the bank in isolation or relative to the financial industry. The measures are provided to give an enhanced insight into the operations, financing and future prospects of the bank.

Interest rate measures

Interest rate measures are presented to provide enhanced insight into the underlying performance of net interest income. These measures are commonly used by industry analysts to calculate performance and projections for banks.

Average total assets is calculated based on daily observations of the total balance divided by the number of days in the period.

Net interest margin is calculated as annualised net interest income divided by average total assets. The measure reflects the margin between interest paid and interest received. It is an important measure to evaluate the profitability of the bank's lending operations.

Effective lending rate is calculated as annualised interest income divided by average total assets. The measure reflects the average interest rate received on the bank's assets.

Effective funding rate is calculated as annualised interest expense divided by average total assets. The measure reflects the average interest rate paid on the bank's liabilities.

Average effective interest rate by product group is calculated as annualised interest income divided by average lending for each product respectively. The average lending is calculated based on daily observations over the number of days in the period.

In NOK thousand	2021	2020
Net interest income (annualised)	1 517 710	1 644 137
Average total assets	98 953 138	98 938 512
Net interest margin	1,53%	1,66%
Interest income (annualised)	1 939 390	2 380 696
Average total assets	98 953 138	98 938 512
Effective lending rate	1,96%	2,41%
Interest expense (annualised)	421 680	736 560
Average total assets	98 953 138	98 938 512
Effective funding rate	0,43%	0,74%

Alternative performance measures (continued)

Profit related measures

Profit related measures are provided for enhanced insight into the underlying performance of the business. Cost-to-income ratio and Return on Equity are commonly used by analysts and investors to evaluate the financial performance of banks and the banking industry. One-off items are excluded from these measures to provide better comparability between reporting periods and a better view of underlying performance.

Operating income is the sum of net interest income, net commission and fee income and other operating income.

Operating expenses is the sum of personnel expenses, administrative expenses and depreciation and impairment of fixed and intangible assets.

Cost-to-income ratio is calculated as operating expense divided by operating income. The measure reflects the operating efficiency of the bank.

Return on Equity (ROE) is calculated as profit for the period attributable to shareholders as a percentage of average shareholder equity in the period. Tier-1 capital and related accrued interest have been excluded from the ROE calculation. For interim periods the profit for the period is annualised using the number of days in the period to the total number of days in the year. The average equity is calculated using a linear average over the reporting period.

In NOK thousand	2021	2020
Operating expense	741 203	710 371
Operating income	1 693 288	1 850 497
Cost-to-income ratio	43,8%	38,4%
Operating expense	741 203	710 371
Adjustment one-off	-11 514	-23 500
Operating expense adjusted	729 689	686 871
Operating income	1 693 288	1 850 497
Adjustment one-off	0	-27 900
Operating income adjusted	1 693 288	1 822 597
Cost-to-income ratio adjusted	43,1%	37,7%
Profit for the period attributable to shareholders (annualised)	707 781	748 575
Average equity	6 851 229	6 548 627
Return on equity	10,3%	11,4%

Alternative performance measures (continued)

Other performance measures

Other performance measures are presented as they are commonly used by analysts and investors to evaluate the performance of the loan book and the funding mix of the bank.

Average loan volume is calculated based on daily observations of gross loans to customers divided by the number of days in the period.

Loss rate is calculated as the loan losses of the period divided by the average loan volume of the period. The measure is commonly used by banks and industry analysts to indicate the performance and quality of the lending book. For interim periods the loan losses for the period is annualised using the number of days in the period to the total number of days in the year.

Loss rate (adj.) is calculated as the loan losses of the period adjusted for income from sold portfolio of non-performing loans, divided by the average loan volume in the period. The measure is presented to provide a better understanding of the underlying performance of the lending book.

In NOK thousand	2021	2020
Loan losses (annualised)	-3 470	133 482
Average loan volume	82 824 694	83 416 532
Loss rate	0,00%	0,16%
Average deposits from customers	62 307 679	57 041 527
Average loans to customers	82 824 694	83 416 532
Average deposit-to-loan ratio	75,2%	68,4%
Deposits from customers	64 240 315	58 643 627
Loans to customers	84 346 875	83 082 252
Deposit-to-loan ratio	76,2%	70,6%
LTV (Loan-to-value)	51,3%	52,9%

The liquidity requirements are intended to guarantee satisfactory liquidity management by ensuring that the institutions have sufficient liquid assets to cover their liabilities on maturity and have stable and long-term financing at all times. The Liquidity Coverage Ratio (LCR) is intended to ensure that

LCR (Liquidity Coverage Ratio)	31.12.21		31.12.20	
	Carrying value	Value LCR	Carrying value	Value LCR
In NOK thousand				
Level 1 - assets exclusive of covered bonds	4 355 321	4 355 321	4 464 258	4 464 258
Level 1 covered bonds	8 586 363	7 985 318	6 504 158	6 048 867
Level 2A - assets	2 614 867	2 222 637	4 780 653	4 063 555
Level 2B - assets	0	0	0	0
Assets ineligible as "liquid assets"	86 717 035	-45 540	84 977 390	0
Total assets	102 273 586	14 517 736	100 726 459	14 576 680
Net outflows	0	5 102 181	0	4 409 270
LCR %		285%		331%

Average deposit-to-loan ratio is calculated as average deposits from customers in the period divided by average loans to customers in the period. The average is based on daily observations. The measure reflects the average amount of customer lending funded by customer deposits and is commonly used by banks and industry analysts.

Deposit-to-loan ratio is calculated as deposits from customers divided by loans to customers at the end of the period. The measure reflects the average amount of customer lending funded by customer deposits and is commonly used by banks and industry analysts.

LTV (Loan-to-Value) is calculated as the loan amount divided by the estimated value of the property. When calculating a weighted average of LTV for the entire loan book, the credit balance of mortgages and the credit limit of home equity credit lines are used as weights. The LTV is provided as a measure of lending risk exposure.

institutions can convert sufficient assets to cash to cover expected net liquidity outflows over the next 30 days in stressed situations in the money and capital markets. The Net Stable Funding Ratio (NSFR) is intended to ensure that less liquid assets are financed over the long term.

Statement

Pursuant to Section 5-5 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the yearly financial statements for the Group and the company for the period 1 January through 31 December 2021 have been prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

To the best of our knowledge, the yearly report gives a true and fair:

- Overview of important events that occurred during the accounting period and their impact on the yearly financial statements.
- Description of the principal risks and uncertainties facing the Group over the next accounting period.
- Description of major transactions with related parties.

Bergen, 30 March 2022
The Board of Directors of Sbanken ASA



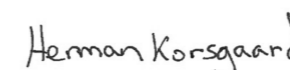
Niklas Midby
(Chair of the Board)



Mai-Lill Ibsen




August Baumann



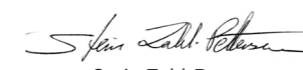
Hermann Korsgaard



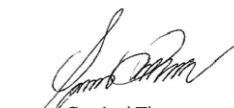
Cathrine Klouman



Sarah Lunde Mjåtvedt



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To the General Meeting of Sbanken ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sbanken ASA, which comprise:

- The financial statements of the parent company Sbanken ASA (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Sbanken ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and regulations on annual accounts for banks, mortgage companies and financing companies, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

The company was listed in November 2015, and we were auditors of the Company before the listing. We have been the auditor of the Company for 7 years including the year of the listing.

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Organisasjonsnummer: 980 211 282



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Independent Auditor's Report -
Sbanken ASA

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provisions for expected losses on loans

Key audit matter	How the matter was addressed in the audit
<p>Sbanken ASA has evaluated the need for loan loss provisions as at 31 December 2021, and the assessment of the Bank's level of loan loss provisions involves a considerable level of management's judgement.</p> <p>This judgement relates to the forward-looking assessments of probability of default and loss given default, required in order to estimate the expected loss.</p> <p>The assumptions and estimates used in these assessments are critical in determining the size of provisions. As a result, the loan loss provisions are considered a key audit matter in the audit.</p>	<p>Sbanken ASA has implemented control activities related to the estimation of loan loss provisions.</p> <p>We have reviewed the Bank's documentation of the model and have assessed the model against the requirements set forth in IFRS 9.</p> <p>We assessed and tested the design of selected control activities concerning loss provisions on impaired home loans. The control activities we assessed and tested the design of, related to the identification of impaired loans and the corresponding assessment of the value of collaterals for these loans. For a sample of control activities, we tested if they operated effectively during the period.</p> <p>For a sample of impaired home loans, we tested if they were timely identified, and assessed the collateral values the Bank had estimated for the loans, using external sources and other relevant documentation where needed.</p> <p>For the model based loan loss provisions, we assessed and tested the design of selected control activities related to the loan loss provision models, including selected controls related to:</p> <ul style="list-style-type: none"> • identification of increase in credit risk • use of different economic scenarios • determination of probability of default, loss given default and exposure at default, and validation of the models against historical losses <p>For a sample of key controls, we tested operating effectiveness of these controls for the period.</p> <p>We assessed the disclosures on loan loss provisions against the requirements set out in IFRS 7.</p>



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Independent Auditor's Report -
Sbanken ASA

IT-systems and relevant controls over financial information

Key audit matter	How the matter was addressed in the audit
<p>The IT systems are important for the capture and processing of the Bank's financial information. Management depends on the accuracy of information flow between the various loan sub-ledgers, data warehouse and the general ledger, which again, among others, form basis for key estimates such as write-downs. We refer to information included in Note 28.</p> <p>It is therefore key for the Bank that access controls, change management controls and controls over query tools are sufficiently designed and implemented, both internally and externally at the Bank's various service providers, to enable such controls to operate effectively. We therefore considered this a key audit matter in our audit.</p>	<p>We have evaluated the design and the implementation, and tested the operating effectiveness of the Bank's controls over the information systems that are key to the financial reporting. This includes, among others, the controls over query tools and query scripts used to extract key information used in management's estimation of write-downs.</p> <p>The completeness and accuracy of the financial information within the data warehouse have been audited through a combination of:</p> <ul style="list-style-type: none"> • evaluation of design and test of implementation of key controls, and • reconciliation of key financial information between the data warehouse and the general ledger <p>We have obtained and evaluated the ISAE 3402-reports issued by the various independent auditors of the Bank's service providers, addressing their internal controls in areas applicable to the Bank's financial reporting. We have also evaluated management's process for monitoring their service providers.</p> <p>As part of our process to understand and evaluate the IT infrastructure and our testing of relevant IT related controls, we have utilized our internal IT-specialists.</p> <p>We have evaluated the appropriateness of the information provided in the notes to the financial statements related to IT-systems and controls in Note 28.</p>

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.



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Independent Auditor's Report -
Sbanken ASA

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Independent Auditor's Report -
Sbanken ASA

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 967007LIEEXZX8WO76-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, 30 March 2022
Deloitte AS

Helge-Roald Johnsen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Climate risk reporting based on the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD)

Sbanken is an online-only bank with 484,000 retail customers and 10,000 corporate customers in the SME segment. The bank does not offer credit to corporate customers, which means that it does not finance any emission-intensive companies. The bank distributes funds, but does not manage funds of its own. These aspects of the bank's business model thereby guide the bank's management of climate risk.

Governance

Describe the organisation's governance of climate-related risks and opportunities.

a) The Board's oversight of climate-related risks and opportunities:

The Board primarily deals with climate risk in connection with the bank's ICAAP process. ICAAP is revised annually and includes assessments of the bank's exposure to climate risk.

Climate risk also forms part of the bank's ESG framework and annual report, which is considered by the Board.

In 2021, the Board adopted an updated CSR and sustainability policy.

b) The management's role in assessing and managing climate-related risks and opportunities:

The CEO reports directly to the Board and is responsible for assessing and managing climate-related risks and opportunities relating to the bank's lending activities, products, services and banking operations.

Responsibility for incorporating and following up climate risk rests with the CRO, together with the Head of CSR and Sustainability. The management team defines the bank's ambitions and follows up the work. The management team discusses all matters to be considered by the Board, including items relating to climate and climate risk.

Strategy

Describe the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

a) Climate-related risks and opportunities the organisation has identified over the short, medium and long term:

The bank is exposed to climate risk in the form of physical risk and transition risk. Sbanken classifies climate risk under credit risk and strategic risk.

Physical risk is about direct impacts and consequences of climate change that can lead to physical damage. Physical risk is relevant to the bank's lending portfolio and is considered low in the short and medium term. Sbanken has a geographically diversified mortgage portfolio concentrated in urban areas. As regards the consequences of extreme weather, the bank relies on the assumption that urban areas are better mapped and secured. Densely populated areas are often located in flatter terrain subject to lower risk of landslides, but the risk of surface water can be at least as high as in more sparsely populated areas. Although some urban areas may be exposed to surface water, the bank believes that the quality of urban locations helps maintain the general price level in the biggest towns and cities.

Transition risk is risk associated with the transition to a low-emission society and overlaps with both credit risk and strategic risk. In the credit area, transition risk may concern rising energy prices and energy efficiency and emission requirements that can affect customers' debt-servicing ability and the collateral value of assets used to secure a loan. In the strategic area, transition risk may concern reputational risk as a result of increased attention to the climate and changes in consumer preferences. Overall, the bank considers its transition risk to be low in the short and medium term, but increasing in the strategic area.

The bank's green car loans, ethical labelling of funds and green bond framework are among the identified strategic opportunities that can be linked to transition risk. These initiatives are discussed in more detail below.

b) The impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning:

Climate-related risks and opportunities have affected Sbanken's strategy relating to products and services, the value chain, R&D investments and banking operations.

Sbanken was the first bank in Norway to introduce ESG assessment and labelling of mutual funds on our own platform. Ethical labelling enables the bank's customers to find information about the ESG profiles of different funds. Funds with a negative ESG profile are labelled with a red triangle and are excluded from the bank's pre-defined investment packages recommended by Sbanken's financial advisers, including the robo-adviser.

The ESG assessment of funds follows the ten UN Global Compact Principles and the Government Pension Fund Global's blacklist. At year-end 2021, 95 per cent of customers' investments were in mutual funds with a positive ESG profile. Investments in funds with a very high ESG score, i.e. funds labelled with two green leaves, have increased from NOK 2.7 billion in 2020 to NOK 3.97 billion at the end of 2021.

Sbanken focuses on sustainability when developing new products for the bank's customers. The bank offers green car loans at a lower rate for cars that meet the EU's CO₂ emission target of 120 g/km. The proportion of green car loans has increased steadily over the past few years, and in 2021, green car loans made up 75 per cent of the car loan portfolio. In 2022, the bank will tighten the criteria for green car loans so that only zero-emission cars qualify.

The bank's suppliers sign a self-declaration form under which they undertake to comply with the bank's policy and ESG guidelines. The bank's strategy contains a clearly defined goal of establishing a well-functioning electronic contracts register that is both cost-effective and provides a better overview of how the bank's suppliers take responsibility for ESG. A complete digital archive of contracts will enable the bank to follow up its suppliers.

Sbanken therefore focuses on measuring and reducing its own emissions and encourages business associates to do the same. The bank is a certified Eco-Lighthouse and uses various methods to improve its performance in relation to the working environment, sorting of waste, energy consumption, purchasing and transport. We report our annual emissions, set targets and draw up action plans to reduce the bank's negative environmental impact. The Eco-Lighthouse system maintains a high environmental standard and quality and is recognised by the EU for being in accordance with international schemes such as EMAS and ISO 140001.

The bank does not want to be exposed to climate risk in its investments. Sbanken therefore does not invest in companies that, either themselves or through partly owned or associated companies, violate international climate or environmental standards.

The bank has developed the green bond framework as an alternative source of funding, at potentially attractive rates. This has an impact on both the bank's liquidity and funding plans. More information about Sbanken Boligkreditt AS's Green Bond Framework is available here: <https://sbanken.no/globalassets/sbanken.no/om-oss/samfunnsansvar/sbanken-green-bond-framework-final.pdf>

c) The potential impact of different scenarios, including a 2-degree scenario, on the organisation's business, strategy and financial planning:

Work has been commenced on scenario analyses. So far, the bank has carried out qualitative assessments at the overarching level. Sbanken only furnishes loans to private individuals in the form of mortgages, car loans and unsecured credit. In the bank's experience, publicly available examples of scenario analyses and climate risk assessments are very often tailored to corporate portfolios. Sbanken expects an industry standard to be established for climate risk scenario analyses, what-if scenarios, that take account of loans to private individuals (mortgage portfolios etc.). That will improve assessments of climate-related risk for credit furnished to private individuals, and how Sbanken should improve its resilience to this type of risk.

The bank is a member of Finance Norway's sustainability reference group and closely follows the work on establishing an industry standard. When the work has progressed further, the bank will consider its own metrics and reporting.

Risk management

Describe how the organisation identifies, assesses and manages climate-related risk.

a) The organisation's process for identifying and assessing climate-related risk:

Climate risk is the subject of a special risk assessment in connection with the Internal Capital Adequacy Assessment Process (ICAAP) at least once a year. When a climate risk is considered material, it will be included in the ongoing management of credit risk and strategic risk. ICAAP is, among other things, an extensive risk assessment that covers all relevant risk the bank is exposed to, involving the Board for final assessment and decision. The CRO and the risk management department are responsible for the practical implementation of the process.

Sbanken applies the TCFD's recommendations and terminology relating to climate-related risk. The bank analyses physical risk and transition risk separately. The risks are assessed in relation to credit risk (risk of losses on loans and investments) and strategic risk (threats to the business model). The analysis is divided into three parts: i) physical risk/credit risk, ii) transition risk/credit risk, and iii) transition risk/strategic risk.

When the bank uses external suppliers of products and services,

it emphasises whether they are certified Eco-Lighthouses or have equivalent certification/approval/labelling relating to ISO/EMAS, the Nordic Ecolabel or the EU Ecolabel.

b) The organisation's processes for managing climate-related risk:

Sbanken offers green car loans, which the bank considers will help to reduce risk in the lending portfolio in the long term. Targets for the short, medium and long term have been defined for the proportion of green loans in the car loan portfolio. The bank has also set a target for the proportion of customers' investments in funds with a positive ESG profile.

Furthermore, the bank has devised a green bond framework. The green bond committee is responsible for managing and developing the bank's framework for issuing green bonds, to ensure that the framework is aligned with regulation, market practice and expectations of green bond issues for financing purposes. The committee is chaired by the bank's CFO and comprises representatives of the risk management, treasury, customer loan, investor relations and procurement units, as well as the Head of CSR and Sustainability.

Green bond issues will contribute to the development of a green bond market, which in turn will support further growth in the sustainable finance market. Sbanken considers green bonds to be an effective way of financing projects that help to achieve the UN SDGs.

The bank is a certified Eco-Lighthouse.

c) How processes for identifying, assessing and managing climate-related risk are integrated into the organisation's overall risk management:

Climate-related risk is integrated in the company's governing documents in the risk area as well as all other relevant areas. Sbanken has also devised a CSR and sustainability policy, in which climate risk is a key issue.

Responsibility for climate risk rests with the CRO, together with the Head of CSR and Sustainability.

Climate-related risk is integrated in the bank's annual risk assessment, conducted in connection with ICAAP. When relevant, climate risk is also assessed as part of risk assessments relating to credit risk and strategic risk.

We consider processes for identifying, assessing and managing climate-related risk to be well integrated in the bank's overall risk management, but will continue to focus on this going forward. The reporting framework is at an early stage, and the bank monitors the development of an industry standard for further improvement. We devote attention to the topic and have dedicated resources to following it up.

Metrics and targets

Describe the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process:

In 2020, Sbanken adopted the following targets for the proportion of green car loans in the car loan portfolio: 69 per cent in 2020, 85 per cent in the short term and 100 per cent in the medium and long term. The short term is defined as up to 3 years, while the medium and long term are defined as 8 and 25 years, respectively. With a proportion of 75 per cent green car loans in the portfolio in 2021, the bank is on track to achieving its short-term target. In 2022, Sbanken will reconsider its targets based on a tightening of the criteria for qualifying for a green car loan.

For ESG-positive funds, the target was defined as the proportion of customer investments in funds with a positive ESG profile. In 2021, the proportion was 95 per cent, which corresponds to the bank's expressed medium-term target. In the short and long term, the target is 90 per cent and 100 per cent, respectively.

The bank uses the Eco-Lighthouse Foundation's environmental management system, and the bank's environmental certification is verified by an external party.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks:

An account has been given of the bank's greenhouse gas emissions in the chapter 'Sbanken and society'.

In a five-year perspective, based on estimated figures, we expect a reduction in Scope 1 emissions. Scope 2 emissions are expected to increase due to the use of renewable energy when gas is eliminated for heating purposes. We expect Scope 3 emissions to increase as a consequence of more relevant sources of emissions from Scope 3 categories being identified.

As an online-only bank with no branches outside the head office, Sbanken's Scope 1 emissions are minimal compared to others. For the same reasons, the Scope 2 emissions are also low. We rent office premises in a BREEAM certified building, which helps to ensure efficient energy consumption and to reduce other emissions. Waste management has improved in step with growing awareness among the bank's employees and improved infrastructure for sorting office waste. The bank makes continuous efforts to consider the materiality of different Scope 3 emission sources, including by evaluating their impact on the environment.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets:

See the guidelines and action plan for climate and climate risk on our website: <https://sbanken.no/om-oss/om-sbanken/samfunnsansvar/>

The bank offers 'green' terms on car loans with an LTV65, LTV80 or LTV100 ratio. Green car loans are granted a lower interest rate than regular car loans with an equivalent LTV ratio. Cars with a maximum CO2 emission of 120 g/km qualify for a green loan. The scheme applies to petrol cars, diesel cars and hybrid cars, in addition to electric cars and cars that run on ethanol and gas. The CO2 emissions are validated electronically. A total of 75 per cent of the car loan portfolio was made up of green car loans as of 31 December 2021.

The bank would like to enable customers to invest in funds that can help to reduce global carbon emissions, and offers a range of mutual funds with a low carbon risk. The carbon risk labelling comes in addition to the ethical labelling based on the overall ESG profile. A fund is labelled with 'Low carbon risk' by the bank's fund data supplier, Morningstar, if it scores low on carbon risk and has low exposure to fossil fuel. The designation indicates that the companies in the fund portfolio are in line with the transition to a low-carbon economy.

By year-end 2021, 40 per cent of the funds in Sbanken met the requirements for 'Low carbon risk' labelling. About 41 per cent of customers' assets were invested in low-carbon funds.

Sbanken has a green bond framework that is in accordance with the bank's ESG strategy and supports the UN SDGs. The framework is also aligned with the ICMA's Green Bond Principles. Sbanken has yet to issue any green bonds. At year-end 2021, loans in energy classes A, B and C made up 7.5 per cent of mortgages in Sbanken Boligkreditt AS and 6.2 per cent of mortgages in Sbanken ASA, which qualify for sale to the housing credit company. The bank's risk management department monitors changes in energy classes. For a considerable share of the mortgages, the collateral is housing without energy classification, but some of them may nonetheless qualify under the framework. Before the framework is taken into use, the criteria for eligible mortgages will be updated in accordance with the EU taxonomy.

The bank has a recycling station for sorting food waste, plastic, paper and cardboard, electronic waste and glass and metal at source. This enables the bank's employees to make sustainable choices in their day-to-day lives.

On the recommendation of the bank's sustainability committee, the senior management team decided in 2020 to set emission reduction targets for its own operations in line with the Paris Agreement. An annual reduction of 10 per cent will result in a halving of the bank's emissions by 2030.

Stakeholder engagement for Sbanken 2021

The bank identifies and engages with stakeholders, and incorporates their input into the sustainability strategy. The bank's overall stakeholder model is referred to as "the Fair Deal", and it explains the bank's ambition of creating lasting value for its main stakeholders, i.e. customers, owners and employees, while the bank

also fulfils its obligation as an important member of society.

The dialogue with important main stakeholders and other stakeholders is systematised in the table below.

Stakeholder	Specified	Dialogue arenas	Important topics of interest to the stakeholders	Measures relating to the topics
Customers	Retail customers Corporate customers	Customer surveys Communication in the online bank Phone/chat Social media Emails from customers directly to the responsible managers	User-friendly products and services, including Apple Pay Prices/interest rates Data protection Online banking or app outage GHG emissions Equal and diversity	Customer focus that generates customer satisfaction proven in a number of external surveys. Robo-adviser initiative Automated loan processes. Transparent prices Competitive interest rates No discrimination between customers within the same risk classes. Interest rate guarantee rest of 2021 Dedicated data protection officer. Stronger focus on data protection ambassadors in the organisation Objectives for customers' perception of accessibility Good information tools for sustainable saving. Products and services available to everyone.
Employees	Own staff Hired staff	Organisation survey Performance appraisal interview Staff meetings Intranet Slack/Teams Trade unions Social events Company sports team	Working environment Personal development Fair pay and working conditions Equality and diversity Climate change Support to non-profit organisations Share programme for employees	New career path and development model. Competence-raising measures. Transparent and fair recruitment processes. Flexible working hours and locations. Gender balance objective Defined principle and mapping of equal pay. Emission reduction objective More involvement in non-profit projects supported through the 'Framgang sammen' foundation. Thorough training of new staff.
Owners	Shareholders and bond investors Largest shareholder owns 25%	Annual general meeting Investor meetings on ESG Stock exchange announcements Quarterly reports Roadshows / capital markets day	Reporting Profitability Credit quality (rating) Return, dividend policy ESG with emphasis on Governance	Standardised ESG reporting - With reference to the GRI framework - CDP - Climate risk (TCFD) Clearer strategic direction and dividend goals Green bond framework

Stakeholder	Specified	Dialogue arenas	Important topics of interest to the stakeholders	Measures relating to the topics
Society Suppliers	IT services IT equipment Lease of premises Systems Advisory services	Contract meetings Conferences/ seminars Dialogue by email and phone Negotiations	Predictability Collaboration	Clear requirements and expectations of compliance with ESG criteria in acc. with UN Global Compact, the Paris Agreement and the UN SDGs.
Authorities	Ministry of Finance Financial Supervisory Authority Consumer Authority Data Protection Authority	Meetings Consultation rounds	Compliance with statutory requirements and regulations	Internal audits. Contributions in joint national and regional efforts to boost financial crime prevention and improve work on data protection and information security.
Rating agencies and analysts	ESG 100 ('Bærekraft på børs') Fair Finance Guide Sustainalytics MSCI CDP	Email Digital meetings Publications Press meetings Stock exchange announcements	Methods for assessing the bank's ESG work.	Material ESG topics and relevant results accounted for. Clarified strategy and quantitative objectives. Implemented material measures in policies, guidelines and practices.
Media	Newspapers Social media News broadcasts	Interviews Meetings Advertising campaigns	Inform readers/viewers about ESG risks and opportunities. Value creation.	Focus on responsible marketing. Regular newsletters with an ESG focus.
Special interest organisations and collaborations	Within the financial industry • Finance Norway • Finance Innovation • Bits expert advisory panel on infrastructure • Visa Norge Client Council • Econa • FinAut schemes • The Norwegian Fund and Asset Management Association • UNEP FI • Nordic Financial CERT Interdisciplinary collaboration • HR Norge • Booster Conference • Bergen Chamber of Commerce and Industry • Bergen Kundeserviceforum • Association of Certified Anti-Money Laundering Specialist (ACAMS) • Sustainability Hub Norway • Norwegian Climate Foundation	Seminar/webinar Research project Participation in various committees	Competence-building Exchanging experience Network building	Collaboration to achieve common goals and framework conditions

GRI Index

The Global Reporting Initiative (GRI) is the leading standard for sustainability reporting. The GRI framework consists of principles, guidance and performance indicators that can be used by companies to measure and report on economic, environmental and social conditions. The GRI standard is changing and the bank

is following this work closely. The bank therefore refers to GRI in this report, but does not report in accordance with the standard as it stands as of 31.12.2020. See globalreporting.org for more information on GRI.

GRI indicator	Description	Sustainable Development Goals (SDG), Global Compact (UN GC) and Principles for Responsible Banking (UNEP FI PRB)	Sbanken's reporting 2021
GENERAL DISCLOSURES			
Organisational profile			
102-1	Name of the organisation	PRB 1.1	Sbanken ASA
102-2	Activities, brand, products and services	PRB 1.1	Chapter: 'Sbanken's business' Chapter: 'Corporate social responsibility and sustainability', second paragraph.
102-3	Location of headquarters	PRB 1.1	Chapter: 'Sbanken's business'
102-4	Location of operations	PRB 1.1	The bank operates exclusively in Norway. Chapter: 'Sbanken's business'
102-5	Ownership and legal form	PRB 1.1	Chapter: 'Corporate governance'
102-6	Markets served	PRB 1.1	Chapter: 'Sbanken's business' Chapter: 'Corporate social responsibility and sustainability', second paragraph.
102-7	Scale of the organisation	PRB 1.1	Chapter: 'Key figures'
102-8	Information on employees and other workers	SDG 5, SDG 8.5 and 16.b, GC 6	Chapter: 'Corporate social responsibility and sustainability', section: 'Human resources'. Chapter: 'Corporate social responsibility and sustainability', section: 'Goal 5: Gender equality'
102-9	Supply chain	SDG 8, SDG 17	Chapter: 'Cooperation and dialogue', section: 'Responsible supply chain'
102-10	Significant changes to the organisation and its supply chain		"No significant changes related to size, structure, ownership or supply chain"
102-11	Precautionary principle or approach	GC 7	The bank applies the precautionary principle in contractual ESG liability for corporate customers, through self-declaration forms for suppliers and self-declaration forms for companies in which the bank is a shareholder. The documents are available on the bank's website: https://sbanken.no/om-oss/om-sbanken/samfunnsansvar/en-ansvarlig-bedrift/policyer-og-retningslinjer/
102-12	External initiatives	SDG 17	Chapter: 'UN SDGs in Sbanken's work on ESG', section: 'Goal 17'. Chapter: 'Cooperation and dialogue', section: 'International cooperation'. Chapter: 'How Sbanken manages its ESG work', section: 'Domestic and international obligations'
102-13	Membership of associations	SDG 17.9, 17.14, 17.16, 17.17 and 17.19	Appendix: 'Stakeholder engagement'. Chapter: 'Sbanken's owners', sections: 'How Sbanken manages its ESG work' and 'Domestic and international obligations'
Strategy			
102-14	Statement from senior decision maker	PRB 1.2	Chapter: 'Letter from the CEO'
102-15	Key impacts, risks and opportunities	PRB 1.2	Chapter: 'About CSR in the business model'. Chapter: 'How Sbanken manages its ESG work', section: 'Management of operational ESG risk'. Appendix: 'Climate risk reporting based on the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD)'. Chapter: 'Fair Deal – the bank's approach to CSR'.


GRI indicator	Description	Sustainable Development Goals (SDG), Global Compact (UN GC) and Principles for Responsible Banking (UNEP FI PRB)	Sbanken's reporting 2021
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	SDG 8, SDG 16, GC 10, PRB 5.2	Chapter: 'Sbanken's values'. Chapter: 'Fair Deal – the bank's approach to CSR'. Chapter: 'Ethics and business conduct', first paragraph
102-17	Mechanisms for advice and concerns about ethics	SDG 8	Chapter: 'Human resources', sections: 'Ethics and business conduct' and 'Whistleblowing and follow-up of the working environment'
Governance			
102-18	Governance structure	PRB 5.1	Chapters: 'Corporate governance' and 'Corporate social responsibility and sustainability', sections: 'About CSR in the business model' and 'Governance factors'. Chapter: 'Sbanken's owners', sections: 'How Sbanken manages its ESG work' and 'Overarching CSR and sustainability management system'
102-19	Delegating authority		Chapters: 'Corporate governance' and 'How Sbanken manages its ESG work', section: 'Overarching CSR and sustainability management system'
102-20	Executive level responsibility for economic, environmental and social topics		Chapter: 'How Sbanken manages its ESG work', section: 'Overarching CSR and sustainability management system'
102-21	Consulting stakeholders on economic, environmental and social topics		Chapter: 'Fair Deal – the bank's approach to CSR', first paragraph and 'Stakeholder engagement in the Fair Deal'. Chapter: 'Stakeholder analysis'
102-22	Composition of the highest governance body and its committees		Chapter: 'Corporate governance'
102-23	Chair of the highest governance body		Chapter: 'Board profile: Niklas Midby'. Chapter: 'Corporate governance', section: 'The Board of Directors: composition and independence'
102-24	Nominating and selecting the highest governance body		Chapter: 'Corporate governance', sections: 'Nomination committee' and 'The Board of Directors: composition and independence'
102-25	Conflicts of interest		Chapter: 'Corporate governance', section: 'The Board of Directors: composition and independence'
102-26	Role of highest governance body in setting purpose, values and strategy		Chapter: 'Corporate governance', section: 'Business'
102-27	Collective knowledge of highest governance body		Chapter: 'How Sbanken manages its ESG work', section: 'Overarching CSR and sustainability management system' Chapter: 'Corporate governance'
102-28	Evaluating the highest governance body's performance		Chapter: 'Corporate governance', section: 'General meeting'
102-29	Identifying and managing economic, environmental and social impacts		Chapter: 'Corporate governance', section: 'The work of the Board of Directors'. Chapter: 'Board of Directors' report'
102-30	Effectiveness of risk management processes		Chapters: 'Corporate governance' and 'Corporate social responsibility and sustainability', section: 'About CSR in the business model'. 'Governance factors'. Chapter: 'Sbanken's owners', sections: 'How Sbanken manages its ESG work' and 'Overarching CSR and sustainability management system'
102-31	Review of economic, environmental and social topics		Chapter: 'Corporate governance', section: 'Duties of the Board'. Chapter: 'Corporate social responsibility and sustainability', section: 'About CSR in the business model'. 'Governance factors'. Chapter: 'Sbanken's owners', sections: 'How Sbanken manages its ESG work' and 'Overarching CSR and sustainability management system'
102-32	Highest governance body's role in sustainability reporting		The Board is involved in the preparation of and approves the bank's sustainability reporting
102-35	Remuneration policies		Chapter: 'Corporate governance', sections: 'Remuneration of the Board of Directors' and 'Pay and other remuneration for executive personnel'. Chapter: 'Human resources', section: 'Diversity, equality and equal pay'.
102-36	Process for determining remuneration		Chapter: 'Corporate governance', sections: 'Remuneration of the Board of Directors' and 'Pay and other remuneration for executive personnel'. Chapter: 'Human resources', section: 'Diversity, equality and equal pay'.
102-37	Stakeholders' involvement in remuneration		Chapter: 'Corporate governance', sections: 'Remuneration of the Board of Directors' and 'Pay and other remuneration for executive personnel'. Chapter: 'Human resources', section: 'Diversity, equality and equal pay'.

GRI indicator	Description	Sustainable Development Goals (SDG), Global Compact (UN GC) and Principles for Responsible Banking (UNEP FI PRB)	Sbanken's reporting 2021
Stakeholder engagement			
102-40	List of stakeholder groups	SDG 17, PRB 4.1	Appendix: 'Stakeholder engagement'. Chapter: 'Fair Deal – the bank's approach to CSR', first paragraph and 'Stakeholder engagement in the Fair Deal'.
102-41	Collective bargaining agreements	SDG 8, GC 3, PRB 4.1	100% of the employees are covered by collective agreements. Chapter: 'Human resources'
102-42	Identifying and selecting stakeholders	SDG 17, PRB 4.1	Chapter: 'Fair Deal – the bank's approach to CSR', first paragraph and 'Stakeholder engagement in the Fair Deal'. Appendix: 'Stakeholder engagement'
102-43	Approach to stakeholder engagement	SDG 17, PRB 4.1	Chapter: 'Fair Deal – the bank's approach to CSR', first paragraph and 'Stakeholder engagement in the Fair Deal'. Appendix: 'Stakeholder engagement'
102-44	Key topics and concerns raised	SDG 17, PRB 4.1	Chapter: 'Fair Deal – the bank's approach to CSR', first paragraph and 'Stakeholder engagement in the Fair Deal'. Appendix: 'Stakeholder engagement'
Reporting practice			
102-45	Entities included in the consolidated financial statements		Note 1: 'Accounting principles'
102-46	Defining report content and topic boundaries		Chapter: 'How Sbanken manages its ESG work', sections: 'Materiality assessment and the UN SDGs' and 'The bank's overarching ESG goals for material topics'
102-47	List of material topics		Chapter: 'How Sbanken manages its ESG work', sections: 'Materiality assessment and the UN SDGs' and 'The bank's overarching ESG goals for material topics'
102-48	Restatements of information		Historical data have been changed in the bank's climate accounts as a result of changes made to emission factors by the external supplier, the Eco-Lighthouse Foundation. Chapter: 'Sbanken and society', section: 'Climate and environment'
102-49	Changes in reporting		Note 1: 'Accounting principles'
102-50	Reporting period		2021
102-51	Date of most recent report		mar.21
102-52	Reporting cycle		Annually
102-53	Contact point for questions regarding the report		henning.nordgulen@sbanken.no
102-54	Claims of reporting in accordance with the GRI Standards		Standard with reference to GRI Core
102-55	GRI content index		Appendix
102-56	External assurance		Appendix: 'Auditor's report'
MATERIAL TOPICS			
GRI 103 – Management approach			
103-1	Explanation of the material topic and its Boundary	PRB 5.1	Chapter: 'About CSR in the business model'. Chapter: 'UN SDGs in Sbanken's work on ESG'. Chapter: 'How Sbanken manages its ESG work', section: 'Materiality assessment and the UN SDGs'. The bank's website: 'How Sbanken manages its ESG work'.
103-2	The management approach and its components	PRB 5.1	Chapter: 'How Sbanken manages its ESG work'. Chapter: 'About CSR in the business model'. Chapter: 'UN SDGs in Sbanken's work on ESG'.
103-3	Evaluation of the management approach	PRB 5.1	Chapter: 'How Sbanken manages its ESG work'.

GRI indicator	Description	Sustainable Development Goals (SDG), Global Compact (UN GC) and Principles for Responsible Banking (UNEP FI PRB)	Sbanken's reporting 2021
Gender equality			
103-1	Management approach	SDG 5.	Chapter: 'About CSR in the business model'. Chapter: 'UN SDGs in Sbanken's work on ESG', section: 'Goal 5'. Chapter: 'How Sbanken manages its ESG work', section: 'Materiality assessment and the UN SDGs'. The bank's website: 'How Sbanken manages its ESG work'.
405-1	Diversity of governance bodies and employees	SDG 5, SDG 8.5 and 16.b, GC 6	Chapter: 'Diversity, equality and equal pay'. Chapter: 'UN SDGs in Sbanken's work on ESG', section: 'Goal 5: Gender equality'
405-2	Ratio of basic salary and remuneration of women to men	SDG 5, SDG 8.5 and 16.b, GC 6	Chapter: 'Diversity, equality and equal pay'
406-1	Incidents of discrimination and corrective actions taken	SDG 5, SDG 8.8 and 16.b, GC 1, 2 and 6	Chapter: 'Human resources', sections: 'Diversity, equality and equal pay' and 'Ethics and business conduct'
Decent work and economic growth			
103-1	Management approach	SDG 8	Chapter: 'About CSR in the business model'. Chapter: 'UN SDGs in Sbanken's work on ESG', section: 'Goal 8'. Chapter: 'How Sbanken manages its ESG work', section: 'Materiality assessment and the UN SDGs'. The bank's website: 'How Sbanken manages its ESG work'.
201-1	Direct economic value generated and distributed	SDG 8.2, SDG 8.5 and 9.4	Chapter: 'Annual accounts and notes', section: 'Income statement'
201-2	Financial implications and other risks and opportunities due to climate change	SDG 13.1, 13.2, 13.3 and 13 a), GC 7, 8 and 9	Appendix: 'Climate risk'
201-3	Defined benefit plan obligations and other retirement plans	SDG 8	Chapter: 'Human resources', section: 'A forward-looking workplace'
201-4	Financial assistance received from government	SDG 8	None
205-1	Operations assessed for risks related to corruption	SDG 8, SDG 16.5, GC 10	Chapter: 'Sbanken and society', section: 'Financial crime prevention'
205-2	Communication and training about anti-corruption policies and procedures	SDG 8.1, SDG 16.5, GC 10	Chapter: 'Ethics and business conduct', section: 'Corruption and bribes'
205-3	Confirmed incidents of corruption and actions taken	SDG 8.1, SDG 16.5, GC 10	None internally in the bank that the organisation has been made aware of.
401-1	New employee hires and employee turnover	SDG 8.1, SDG 8.5, 8.8 and 16.b, GC 1 and 6	Chapter: 'Human resources', section: 'A forward-looking workplace' and 'Working environment, sickness absence and HSE'
401-2	Benefits provided to fulltime employees that are not provided to temporary or part-time employees.	SDG 8.8 and SDG 3.8	Chapter: 'Human resources', section: 'A forward-looking workplace'
401-3	Parental leave	SDG 8.8, SDG 5.1 and 5.5, and SDG 3.9	Chapter: 'Human resources', sections: 'A forward-looking workplace' and 'Working environment, sickness absence and HSE'
402-1	Minimum notice periods regarding operational changes	SDG 8.1 and 8.8	Chapter: 'Human resources', section: 'A forward-looking workplace'
403-1	Occupational health and safety management system	SDG 8.1 and 8.8	Chapter: 'Human resources', section: 'A forward-looking workplace'
403-2	Hazard identification, risk assessment and incident investigation	SDG 8.8	Chapter: 'Human resources', section: 'A forward-looking workplace'
403-3	Occupational health services	SDG 8.8 and SDG 3.8	Chapter: 'Human resources', sections: 'A forward-looking workplace' and 'Working environment, sickness absence and HSE'
403-4	Worker participation, consultation and communication on occupational health and safety	SDG 8.8	Chapter: 'Human resources', sections: 'A forward-looking workplace' and 'Working environment, sickness absence and HSE'
403-5	Worker training on occupational health and safety	SDG 8.8	Chapter: 'Human resources', sections: 'A forward-looking workplace' and 'Working environment, sickness absence and HSE'
403-6	Promotion of worker health	SDG 8.8 and SDG 3.8	Chapter: 'Human resources', sections: 'A forward-looking workplace' and 'Working environment, sickness absence and HSE'
403-8	Workers covered by an occupational health and safety management system	SDG 8.8 and SDG 3.8	Chapter: 'Human resources', sections: 'A forward-looking workplace' and 'Working environment, sickness absence and HSE'
403-9	Work-related injuries	SDG 8.8	None
404-2	Programmes for upgrading employee skills and transition assistance programmes. Transitional assistance programmes to facilitate employability and management of career endings.	SDG 8.8, SDG 5.1, 5.5 and SDG 4	Chapter: 'Human resources', section: 'Competence and management development'

GRI indicator	Description	Sustainable Development Goals (SDG), Global Compact (UN GC) and Principles for Responsible Banking (UNEP FI PRB)	Sbanken's reporting 2021
Industry, innovation and infrastructure			
103-1	Management approach	SDG 9	Chapters: 'About CSR in the business model' and 'How Sbanken manages its ESG work', section: 'Goal 9: Industry, innovation and infrastructure'
302-4	Reduction of energy consumption	SDG 9.1, SDG 13.1, 13.2, 13.3 and 13 a), GC 7, 8 and 9	Climate accounts in the chapters 'Corporate social responsibility and sustainability' and 'Sbanken and society'.
413-2	Operations with significant actual and potential negative impacts on local communities	SDG 9.2, SDG 13.1, 13.2, 13.3 and 13 a), GC 7, 8, 9 and 10	None that Sbanken is aware of. Negative impact through greenhouse gas emissions is a global challenge. For information about the bank's work on the climate and environment, and environmental accounts; see the chapter 'Sbanken and society' in the section 'Climate and environment'
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SDG 9.1	Chapter: 'Sbanken's customers', section: 'Information security and data protection'.
417-2	Incidents of non-compliance concerning product and service information and labelling	SDG 9, SDG 12, SDG 16 and SDG 17	No non-compliance that the bank is aware of.
417-3	Incidents of non-compliance concerning marketing communications	SDG 9.1, SDG 12 and SDG 16	No non-compliance that the bank is aware of.
Reduced inequalities			
301	Management approach	SDG 10	Chapters: 'About CSR in the business model', 'How Sbanken manages its ESG work', section: 'Goal 10: Reduced inequalities'
405-1	Diversity of governance bodies and employees	SDG 10.2, 10.3, 10.4 and SDG 5.1, 5.5, GC 1 and 6	Chapters: 'Corporate social responsibility and sustainability', 'Human resources' page 28 on gender balance and page 29 on age distribution
405-2	Ratio of basic salary and remuneration of women to men	SDG 10.2, 10.3, 10.4 and SDG 5.1, 5.5, GC 1 and 6	Chapters: 'Corporate social responsibility and sustainability', 'Human resources' page 28
406-1	Incidents of discrimination and corrective actions taken	SDG 10.2, 10.3, 10.4 and SDG 5.1, 5.5, GC 1 and 6	No discrimination cases in 2020. Chapters: 'Corporate social responsibility and sustainability', 'Human resources' page 27
Climate action			
301	Management approach	SDG 13	Chapter 'About CSR in the business model', 'How Sbanken manages its ESG work', section: 'Goal 13: Climate action'
201-2	Financial implications and other risks and opportunities due to climate change	SDG 13.1, 13.2, 13.3 and 13 a), GC 7, 8 and 9	Appendix: 'Climate risk'
302-1	Energy consumption within the organisation	SDG 13.1, 13.2, 13.3 and 13 a), GC 7, 8 and 9	Chapter: 'Climate and environment', section: 'Environmental accounts and climate footprint'. See detailed climate accounts on the bank's website: https://sbanken.no/globalassets/sbanken/pdf/--miljofyrtaarn.pdf
302-3	Energy intensity	SDG 13.1, 13.2, 13.3 and 13 a), GC 7, 8 and 9	Chapter: 'Climate and environment', section: 'Environmental accounts and climate footprint'. See detailed climate accounts on the bank's website: https://sbanken.no/globalassets/sbanken/pdf/--miljofyrtaarn.pdf and 'Sbanken's climate accounts'
302-4	Reduction of energy consumption	SDG 13.1, 13.2, 13.3 and 13 a), SDG 9.1, GC 7, 8 and 9	Chapter 'Climate and environment', section: 'Environmental accounts and climate footprint'. See detailed climate accounts on the bank's website: https://sbanken.no/globalassets/sbanken/pdf/--miljofyrtaarn.pdf and 'Sbanken's climate accounts'
305-1	Direct (Scope 1) GHG emissions	SDG 13.1, 13.2, 13.3 and 13 a), GC 7, 8 and 9	Chapter 'Climate and environment', section: 'Environmental accounts and climate footprint'. See detailed climate accounts on the bank's website: https://sbanken.no/globalassets/sbanken/pdf/--miljofyrtaarn.pdf and 'Sbanken's climate accounts'
305-2	Indirect (Scope 2) GHG emissions	SDG 13.1, 13.2, 13.3 and 13 a), SDG 12.4, GC 7, 8 and 9	Chapter 'Climate and environment', section: 'Environmental accounts and climate footprint'. See detailed climate accounts on the bank's website: https://sbanken.no/globalassets/sbanken/pdf/--miljofyrtaarn.pdf and 'Sbanken's climate accounts'
305-3	Other indirect (Scope 3) GHG emissions	SDG 13.1, 13.2, 13.3 and 13 a), SDG 12.4, GC 7, 8 and 9	Chapter 'Climate and environment', section: 'Environmental accounts and climate footprint'. See detailed climate accounts on the bank's website: https://sbanken.no/globalassets/sbanken/pdf/--miljofyrtaarn.pdf and 'Sbanken's climate accounts'
306-2	Waste by type and disposal method	SDG 13.1, 13.2, 13.3 and 13 a), SDG 12.4 and 12.5, GC 7, 8 and 9	Chapter: 'Climate and environment', section: 'Environmental accounts and climate footprint'. See detailed climate accounts on the bank's website: https://sbanken.no/globalassets/sbanken/pdf/--miljofyrtaarn.pdf and 'Sbanken's climate accounts'
307-1	Non-compliance with environmental laws and regulations	SDG 13.1, 13.3 and 13.a)	No non-compliance that the bank is aware of.

GRI indicator	Description	Sustainable Development Goals (SDG), Global Compact (UN GC) and Principles for Responsible Banking (UNEP FI PRB)	Sbanken's reporting 2021
Partnership for the Goals			
301	Management approach	SDG 13	Chapter: 'Cooperation and dialogue'. Chapter: 'How Sbanken manages its ESG work', section: 'Goal 17: Partnership for the Goals'
207-1	Approach to tax	SDG 17, SDG 8	The bank operates exclusively in Norway and complies with Norwegian law. See chapter: 'Board of Directors' report – Tax'
207-2	Tax governance, control, and risk management	SDG 17, SDG 8	The bank operates exclusively in Norway and complies with Norwegian law. See chapter: 'Board of Directors' report – Tax'
207-3	Stakeholder engagement and management of concerns related to tax	SDG 17, SDG 8	The bank operates exclusively in Norway and complies with Norwegian law. See chapter: 'Board of Directors' report – Tax'
207-4	Country-by-country reporting	SDG 17, SDG 8	The bank operates exclusively in Norway and complies with Norwegian law. See chapter: 'Board of Directors' report – Tax'
308-1	New suppliers that were screened using environmental criteria	SDG 13.3, GC 7, 8 and 9	Chapter: 'Cooperation and dialogue'. Section: 'Responsible supply chain'
308-2	Negative environmental impacts in the supply chain and actions taken	SDG 17, 13.3, GC 7, 8 and 9, SDG 13.3	Chapter: 'Cooperation and dialogue', sections: 'Responsible supply chain' and 'Pooled Engagement'
414-1	New suppliers that were screened using social criteria	SDG 17, 8.4, 8.7 and 8.8, GC 1, 2, 3, 4, 5 and 6	Chapter: 'Cooperation and dialogue', section: 'Responsible supply chain'
414-2	Negative social impacts in the supply chain and actions taken	SDG 17, 8.4, 8.7 and 8.8, GC 1, 2, 3, 4, 5 and 6	Chapter: 'Cooperation and dialogue', sections: 'Responsible supply chain' and 'Pooled Engagement'
415-1	Political contributions	SDG 17	None
102-12	External initiatives	SDG 17	Chapter: 'UN SDGs in Sbanken's work on ESG', section: 'Goal 17'. Chapter: 'Cooperation and dialogue', section: 'International cooperation'. Chapter: 'How Sbanken manages its ESG work', section: 'Domestic and international obligations'
102-13	Membership of associations	SDG 17.9, 17.14, 17.16, 17.17 and 17.19	Chapter: 'UN SDGs in Sbanken's work on ESG', section: 'Goal 17'. Chapter: 'Cooperation and dialogue', section: 'International cooperation'. Chapter: 'How Sbanken manages its ESG work', section: 'Domestic and international obligations'
102-40	List of stakeholder groups	SDG 17.9, 17.14, 17.16, 17.17 and 17.19	Chapter: 'Fair Deal – the bank's approach to CSR', first paragraph and 'Stakeholder engagement in the Fair Deal'. Appendix: 'Stakeholder engagement'
102-42	Identifying and selecting stakeholders	SDG 17.9, 17.14, 17.16, 17.17 and 17.19	Chapter: 'Fair Deal – the bank's approach to CSR', first paragraph and 'Stakeholder engagement in the Fair Deal'. Appendix: 'Stakeholder engagement'
102-43	Approach to stakeholder engagement	SDG 17.9, 17.14, 17.16, 17.17 and 17.19	Chapter: 'Fair Deal – the bank's approach to CSR', first paragraph and 'Stakeholder engagement in the Fair Deal'. Appendix: 'Stakeholder engagement'
102-44	Key topics and concerns raised	SDG 17.9, 17.14, 17.16, 17.17 and 17.19	Chapter: 'Fair Deal – the bank's approach to CSR', first paragraph and 'Stakeholder engagement in the Fair Deal'. Appendix: 'Stakeholder engagement'



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