

Q4

Fourth quarter 2019

(Unaudited)

Sbanken Boligkreditt AS



Key figures

| In NOK thousand | Reference | 2019 | 2018 |
|--|-----------|----------------|----------------|
| Summary of income statement | | | |
| Net interest income | | 250 053 | 260 253 |
| Net other income | | -14 994 | -8 948 |
| Total income | | 235 059 | 251 305 |
| Other operating expenses | | -9 258 | -10 117 |
| Operating profit before loan losses | | 225 801 | 241 188 |
| Loan losses | | -2 204 | -1 454 |
| Profit before tax | | 223 597 | 239 734 |
| Tax expense | | -46 464 | -52 639 |
| Net profit | | 177 133 | 187 095 |
| Balance sheet figures (in million NOK) | | | |
| Total loan volume | | 34 371 | 34 402 |
| Covered bonds issued (nominal value) | | 30 005 | 30 555 |
| Covered bonds issued (carried value) | | 30 271 | 30 786 |
| Total assets, end of period | | 36 359 | 35 869 |
| Losses and defaults | | | |
| Loss rate (%) | 1 | 0.01% | 0.00% |
| Solvency | | | |
| Common equity Tier 1 ratio | 2 | 17.6% | 16.4% |
| Tier 1 capital ratio | | 19.3% | 18.2% |
| Total capital ratio | | 21.9% | 20.7% |
| Leverage ratio | | 6.9% | 6.5% |
| Other | | | |
| Loan to value | 3 | 53.0% | 51.5% |
| Cover Pool | 4 | 35 803 | 35 489 |
| Over-collateralisation (OC), (nominal) | | 18.1% | 15.2% |

Alternative Performance Measures

Sbanken Boligkreditt AS (the company) 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 company 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 company. Some of the measures are presented in detail in notes to the financial statement and not repeated here.

References

1) 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.

2) Solvency figures are presented including profit for the period. Please refer to note 3 for further detail.

3) Loan-to-Value (LTV) 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 is used as weights. The LTV is provided as a measure of lending risk exposure.

4) Cover pool consist of mortgages and supplementary assets eligible according to the covered bonds legislation in Norway. Please refer to note 9 for further detail.

Fourth Quarter Results

Sbanken Boligkreditt AS had a net profit of NOK 45.2 million in the fourth quarter of 2019, compared to NOK 54.3 million in the fourth quarter of 2018.

At the end of the quarter, customer loans amounted to NOK 34.4 (34.4) billion. Outstanding covered bonds amounted to NOK 30.0 (30.6) billion. The average loan to value (LTV) was 53.0 (51.5) per cent.

Sbanken Boligkreditt AS ("Sbanken Boligkreditt" or "the company") is a vehicle to fund the Sbanken group by issuing covered bonds based on residential mortgages. The company's offices are located in Bergen, Norway.

All comparable figures refer to the corresponding period previous year unless otherwise stated.

Important events during the quarter

The three-month NIBOR rate increased by 7 basis points from 1.77 per cent at the end of the third quarter, to 1.84 per cent at the end of the fourth quarter. Norges Bank kept the key policy rate unchanged at 1.50 per cent during the quarter.

On 8 November, the interest rate hike from Sbanken in September came into full effect, contributing positively to the net interest margin.

Operating income

Operating income was reduced to NOK 57.9 million compared with 73.8 million in the fourth quarter last year, following a decrease in net interest income to NOK 58.2 (72.4) million and other operating income to NOK -0.3 (1.4) million.

Operating expenses

Operating expenses amounted to NOK 1.8 (2.2) million in the quarter and consisted mainly of administrative expenses related to the company's hire of management and administrative resources from Sbanken ASA.

Impairments and losses

Loan losses were positive in the amount of NOK 0.8 (2.0) million in the quarter. At the end of the quarter, expected credit losses (ECL) amounted to NOK 5.8 million.

Taxes

The calculated income tax expense was NOK 11.7 (15.3) million in the fourth quarter, which corresponds to an effective tax rate of 20.6 (22.0) per cent.

Loans to customers

Loans to customers amounted to NOK 34.4 (34.4) billion.

Capitalisation, liquidity and financial position

Sbanken Boligkreditt had total booked equity of NOK 2.5 billion as of 31 December 2019, equivalent to a common equity Tier 1 capital ratio of 17.6

per cent. The Tier 1 capital ratio was 19.3 per cent and the total capital ratio 21.9 per cent. The capital ratios include full retained earnings for the full year of 2019, following the company's zero dividend policy. Expected dividends for the group are deducted in the parent bank's capital ratio calculation.

As of year-end, the company had a leverage ratio of 6.9 per cent compared with the regulatory requirement of 3 per cent.

Sbanken Boligkreditt had NOK 30.0 (30.6) billion in outstanding debt issued as covered bonds as of 31 December 2019.

At year-end, Sbanken Boligkreditt had total liquid assets of NOK 1.8 (1.3) billion.

Covered bonds issued by Sbanken Boligkreditt have been assigned the highest rating from Moody's Investors Service (Aaa) with stable outlook, last confirmed 5 December 2019.

Comments to the results for the full year 2019

Sbanken Boligkreditt made a net profit of NOK 177.1 million in 2019, compared with NOK 187.1 million in 2018.

Net interest income amounted to NOK 250.1 (260.3) million. Operating expenses amounted to NOK 9.3 million, compared with NOK 10.1 million in 2018.

Loan losses for the full year of 2019 amounted to NOK 2.2, compared with NOK 1.5 million in 2018.

Subsequent events

No significant events have occurred after 31 December 2019 that affect the financial statements for Q4 2019.

Outlook

The outlook for the Norwegian economy is balanced with positive growth and low unemployment. Household credit growth is expected to remain above 5 per cent.

Repricing of the loan book contributes to a positive net interest margin outlook. The full effects on net interest margin are dependent on changes in funding rates and competition.

Losses related to mortgages have historically been low, and are expected to remain at current levels.

Sbanken Boligkreditt is well capitalised to acquire significant amounts of residential mortgages from Sbanken ASA to support the group's further growth.

Bergen, 13 February 2020


The Board of Directors, Sbanken Boligkreditt AS



Mai-Lill Ibsen
(Chair)



Petter Skouen



Øyvind Thomassen



Henning Nordgulen
(CEO)

Income statement

| In NOK thousand | Note | Q4 19 | Q4 18 | 2019 | 2018 |
|--|------|---------------|---------------|----------------|----------------|
| Interest income | 14 | 249 385 | 206 238 | 898 226 | 738 719 |
| Interest expense | 14 | -191 162 | -133 833 | -648 172 | -478 466 |
| Net interest income | | 58 223 | 72 405 | 250 053 | 260 253 |
| Net gain (loss) on financial instruments | 15 | -349 | 1 441 | -14 994 | -8 948 |
| Other income | | 0 | 0 | 0 | 0 |
| Other operating income | | -349 | 1 441 | -14 994 | -8 948 |
| Personnel expenses | 16 | -95 | -121 | -415 | -483 |
| Administrative expenses | 16 | -1 712 | -2 107 | -8 843 | -9 634 |
| Profit before loan losses | | 56 067 | 71 618 | 225 801 | 241 188 |
| Loan losses | 10 | 826 | -1 987 | -2 204 | -1 454 |
| Profit before tax | | 56 892 | 69 631 | 223 597 | 239 734 |
| Tax expense | 17 | -11 725 | -15 293 | -46 464 | -52 639 |
| Profit for the period | | 45 167 | 54 338 | 177 133 | 187 095 |
| Attributable to | | | | | |
| Shareholders | | 41 629 | 51 172 | 163 722 | 176 088 |
| Tier 1 capital holders | 13 | 3 538 | 3 166 | 13 411 | 11 007 |
| Profit for the period | | 45 167 | 54 338 | 177 133 | 187 095 |

Statement of comprehensive income

| In NOK thousand | | Q4 19 | Q4 18 | 2019 | 2018 |
|---|----|---------------|---------------|----------------|----------------|
| Profit for the period | | 45 167 | 54 338 | 177 133 | 187 095 |
| Other comprehensive income: | | | | | |
| Other comprehensive income that can be reclassified to profit or loss after tax | | -459 | -3 712 | 1 766 | -15 421 |
| Other items that can-not be reclassified to profit or loss after tax | | 0 | 0 | 0 | 0 |
| Total components of other comprehensive income (after tax) | | -459 | -3 712 | 1 766 | -15 421 |
| Total comprehensive income for the period | | 44 708 | 50 626 | 178 899 | 171 674 |
| Attributable to | | | | | |
| Shareholders | | 41 170 | 47 460 | 165 488 | 160 667 |
| Tier 1 capital holders | 13 | 3 538 | 3 166 | 13 411 | 11 007 |
| Total comprehensive income for the period | | 44 708 | 50 626 | 178 899 | 171 674 |

Balance sheet

| In NOK thousand | Note | 31.12.19 | 31.12.18 |
|---|------------|-------------------|-------------------|
| Assets | | | |
| Loans to and receivables from credit institutions | 5,6 | 1 701 897 | 1 168 489 |
| Loans to customers | 5,6,7,8,18 | 34 365 353 | 34 398 637 |
| Net loans to customers and credit institutions | | 36 067 250 | 35 567 126 |
| Commercial paper and bonds at fair value through other comprehensive income (OCI) | 18 | 86 411 | 95 644 |
| Derivatives | | 201 842 | 201 977 |
| Deferred tax assets | | 3 976 | 4 738 |
| Other assets | | 0 | 0 |
| Advance payment and accrued income | | 0 | 0 |
| Total assets | | 36 359 479 | 35 869 485 |
| Liabilities | | | |
| Loans from credit institutions | 18 | 2 897 390 | 2 120 543 |
| Debt securities issued | 12,18 | 30 271 177 | 30 785 688 |
| Derivatives | | 0 | 0 |
| Taxes payable | 17 | 46 464 | 52 638 |
| Other liabilities | | 326 468 | 258 334 |
| Subordinated loan | 12 | 325 000 | 325 000 |
| Total liabilities | | 33 866 499 | 33 542 203 |
| Equity | | | |
| Share capital | | 850 000 | 850 000 |
| Share premium | | 849 880 | 849 880 |
| Additional Tier 1 capital | 13 | 226 102 | 225 893 |
| Other equity | | 566 998 | 401 509 |
| Total equity | | 2 492 980 | 2 327 282 |
| Total liabilities and equity | | 36 359 479 | 35 869 485 |

Statement of changes in equity

| In NOK thousand | Share capital | Share premium | Additional Tier 1 capital | Changes in fair value through other comprehensive income | Other equity | Total equity |
|---|----------------|----------------|---------------------------|--|----------------|------------------|
| Balance sheet as at 01.01.18 | 600 000 | 849 880 | 125 190 | -440 | 241 478 | 1 816 107 |
| Profit for the period to other equity (01.01.18 - 31.12.18) | | | | | 176 088 | 176 088 |
| Profit for the period to Tier 1 capital holders (01.01.18 - 31.12.18) | | | 11 007 | | | 11 007 |
| Payments to Tier 1 capital holders (01.01.18 - 31.12.18) | | | -10 304 | | | -10 304 |
| Issued Additional Tier 1 capital (01.01.18 - 31.12.18) | | | 100 000 | | | 100 000 |
| Net change of financial instruments at fair value through other comprehensive income (01.01.18 to 31.12.18) | | | | -15 421 | | -15 421 |
| Capital increase | 250 000 | 0 | | | -196 | 249 804 |
| Balance sheet as at 31.12.18 | 850 000 | 849 880 | 225 893 | -15 861 | 417 370 | 2 327 281 |
| Profit for the period to other equity (01.01.19 - 31.12.19) | | | | | 163 722 | 163 722 |
| Profit for the period to Tier 1 capital holders (01.01.19 - 31.12.19) | | | 13 411 | | | 13 411 |
| Payments to Tier 1 capital holders (01.01.19 - 31.12.19) | | | -13 202 | | | -13 202 |
| Net change of financial instruments at fair value through other comprehensive income (01.01.19 to 31.12.19) | | | | 1 766 | | 1 766 |
| Balance sheet as at 31.12.19 | 850 000 | 849 880 | 226 102 | -14 095 | 581 092 | 2 492 980 |

Sbanken Boligkreditt AS is a wholly-owned subsidiary of Sbanken ASA.

Statement of cash flows

| In NOK thousand | Note | 2019 | 2018 |
|---|------|------------------|-------------------|
| Cash flows from operating activities | | | |
| Net payments on loans to customers | 5,6 | 40 881 | -6 045 033 |
| Interest received on loans to customers | 14 | 883 951 | 735 886 |
| Interest received on loans to credit institutions | | 1 914 | 1 329 |
| Interest paid on loans and deposits from credit institution | 14 | -48 364 | -28 025 |
| Net receipts/payments from buying and selling financial instruments at fair value | 18 | 10 062 | -20 222 |
| Receipts of collateral related to derivatives used in hedge accounting | | 36 671 | 185 376 |
| Interest received from commercial paper and bonds | 14 | 2 552 | 1 595 |
| Other interest cost | | -4 048 | 0 |
| Payments related to administrative expenses | 16 | -9 387 | -10 099 |
| Payments related to personnel expenses | | -418 | -481 |
| Taxes paid | | -52 638 | -44 227 |
| Other receipts/payments | | -2 120 | -2 929 |
| Net cash flows from operating activities | | 859 056 | -5 226 830 |
| Cash flows from investment activities | | | |
| Net cash flows from investment activities | | 0 | 0 |
| Cash flows from financing activities | | | |
| Receipts on issued covered bonds | 12 | 3 450 000 | 9 705 000 |
| Payments on matured and redeemed covered bonds | 12 | -3 964 475 | -4 640 852 |
| Interest paid on covered bonds | 14 | -562 763 | -412 615 |
| Net receipts on loans and deposits from credit institution | 18 | 776 847 | 1 254 753 |
| Receipts on subordinated loan | 12 | 0 | 150 000 |
| Interest paid on subordinated loan | 14 | -12 055 | -9 084 |
| Receipts on share capital and share premium | EQ | 0 | 250 000 |
| Receipts on issued additional Tier1 capital | 13 | 0 | 100 000 |
| Interest paid on additional Tier 1 capital | 14 | -13 202 | -10 304 |
| Net cash flows from financing activities | | -325 648 | 6 386 898 |
| Total net cash flows | | 533 408 | 1 160 068 |
| Cash at the beginning of the period | | 1 168 489 | 8 421 |
| Cash at the end of the period | | 1 701 897 | 1 168 489 |
| Change in cash | | 533 408 | 1 160 068 |
| Cash | | | |
| Loans to credit institutions | | 1 701 897 | 1 168 489 |
| Total cash | | 1 701 897 | 1 168 489 |

EQ = see statement of changes in equity

Notes

Note 1 – Accounting Principles

The quarterly financial statement for Sbanken Boligkreditt AS has been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and adopted by the EU. A description of the accounting principles applied in the preparation of the financial statements appears in the annual report for 2018. There have been no changes or amendments to accounting principles in the period.

When preparing the financial statements, the management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the critical accounting estimates and areas where judgment is applied appear in note 2 in the annual report for 2018.

New and revised standards effective from 1 January 2019

Sbanken Boligkreditt AS has from 1 January 2019 applied the new accounting standard IFRS 16 Leases. Sbanken Boligkreditt AS has no material agreements that will be affected by the new accounting standard.

New and revised standards effective from 1 January 2020 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2020 or later have not been used in the preparation of the accounts. For Sbanken Boligkreditt AS there are no new standards that will have material effect.

Note 2 – Segment information

Sbanken Boligkreditt AS has only one reporting segment, which comprises residential mortgages to private individuals. Management monitors the company only in relation to this segment.

Note 3 – 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 Boligkreditt AS uses the standard method to establish the risk weighted volume for credit risk and the standardised approach (changed from basic method in Q4 19) for operational risk. At the balance sheet date, no exposure was included in the volume for market risk.

| In NOK thousand | 31.12.19 | | 31.12.18 | |
|--|-------------------|----------------------|-------------------|----------------------|
| | Nominal exposure | Risk-Weighted volume | Nominal exposure | Risk-Weighted volume |
| Central governments | 35 985 | 0 | 45 454 | 0 |
| Regional governments | 3 976 | 9 939 | 4 738 | 11 845 |
| Institutions | 1 749 947 | 349 989 | 1 233 140 | 246 628 |
| Secured by mortgages on immovable property | 34 292 583 | 12 065 311 | 34 341 399 | 12 065 188 |
| Exposures in default | 72 770 | 72 770 | 57 237 | 57 237 |
| Covered bonds | 50 426 | 5 043 | 50 190 | 5 019 |
| Total credit risk, standardised method ¹ | 36 205 687 | 12 503 052 | 35 732 158 | 12 385 917 |
| Credit value adjustment risk (CVA risk) | | 30 647 | | 52 747 |
| Operational risk | | 357 665 | | 367 727 |
| Total risk- weighted volume | | 12 891 364 | | 12 806 391 |
| Capital base | | | | |
| Share capital | | 850 000 | | 850 000 |
| Share premium | | 849 880 | | 849 880 |
| Other equity | | 403 276 | | 225 421 |
| Additional Tier 1 capital | | 226 102 | | 225 893 |
| Profit for the period | | 163 722 | | 176 088 |
| Total booked equity | | 2 492 980 | | 2 327 282 |
| Additional Tier 1 capital instruments included in total equity | | -226 102 | | -225 893 |
| Common equity Tier 1 capital instruments | | 2 266 878 | | 2 101 389 |
| <i>Deductions</i> | | | | |
| Value adjustment due to the requirements for prudent valuation (AVA) | | -87 | | -95 |
| Profit for the period, not eligible ² | | 0 | | 0 |
| Common equity Tier 1 capital | | 2 266 791 | | 2 101 294 |
| Additional Tier 1 capital | | 225 000 | | 225 000 |
| Tier 1 capital | | 2 491 791 | | 2 326 294 |
| Tier 2 capital | | 325 000 | | 325 000 |
| Own funds (primary capital) | | 2 816 791 | | 2 651 294 |
| Specification of capital requirements | | | | |
| Minimum requirements CET1 capital | 4.5% | 580 111 | 4.5% | 576 288 |
| Capital conservation buffer | 2.5% | 322 284 | 2.5% | 320 160 |
| Systemic risk buffer | 3.0% | 386 741 | 3.0% | 384 192 |
| Countercyclical capital buffer | 2.5% | 322 284 | 2.0% | 256 128 |
| Additional Tier 1 capital | 1.5% | 193 370 | 1.5% | 192 096 |
| Tier 2 capital | 2.0% | 257 827 | 2.0% | 256 128 |
| Total minimum and buffer requirements own funds (primary capital) | 16.0% | 2 062 618 | 15.5% | 1 984 991 |
| <i>Available CET1 capital after buffer requirements</i> | | 655 371 | | 564 527 |
| <i>Available Own funds (primary capital)</i> | | 754 173 | | 666 303 |
| Capital ratio % | | 31.12.19 | | 31.12.18 |
| Common equity Tier 1 capital | | 17.6% | | 16.4% |
| Additional Tier 1 capital | | 1.7% | | 1.8% |
| Tier 2 capital | | 2.5% | | 2.5% |
| Total capital ratio | | 21.9% | | 20.7% |

¹ The specification is according to EBA reporting framework.

² Including 100 per cent of the profit. Expected dividends for the group are deducted in the parent bank's capital ratio calculation.

Note 4 – 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 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 an additional buffer requirement of two per cent for banks.

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

| In NOK thousand | | 31.12.19 | 31.12.18 |
|---|-------------|-------------------|-------------------|
| Derivatives at market value | | 0 | 16 600 |
| Potential future exposure on derivatives | | 48 050 | 48 050 |
| Loans and advances and other assets | | 36 157 637 | 35 667 508 |
| Regulatory adjustments included in Tier 1 capital | | 0 | 0 |
| Total leverage exposure | | 36 205 687 | 35 732 158 |
| Tier 1 capital | | 2 491 791 | 2 326 294 |
| Leverage ratio % ¹ | | 6.9 % | 6.5 % |
| Leverage Ratio requirements | | | |
| Minimum requirements | 3.0% | 1 086 171 | 1 071 965 |
| Buffer requirements credit institutions | 0.0% | 0 | 0 |
| Total minimum and buffer requirements (Tier 1 capital) | 3.0% | 1 086 171 | 1 071 965 |
| <i>Available Tier 1 capital after minimum and buffer requirements</i> | | <i>1 405 620</i> | <i>1 254 329</i> |

¹ Including 100 per cent of the profit. Expected dividends for the group are deducted in the parent bank's capital ratio calculation.

Note 5 – Maximum exposure to credit risk

Credit risk is defined as the risk of loss resulting from a counterparty not fulfilling its obligations, and any pledged collateral not covering the outstanding claim. The company's maximum credit exposure is the book value of financial assets and any associated off-balance sheet liabilities. The following table shows the company's maximum credit risk exposure to financial instruments, by measurement categories.

| 31.12.19 | | | |
|---|------------------------|---------------------------|---------------------------------|
| In NOK thousand | Gross carrying amounts | Off-balance sheet amounts | Maximum exposure to credit risk |
| Loans to and receivables from credit institutions | 1 701 897 | 0 | 1 701 897 |
| Loans to and receivables from central bank and credit institutions | 1 701 897 | 0 | 1 701 897 |
| Loans to customers | 34 371 125 | 0 | 34 371 125 |
| Loans to and receivables from customers | 34 371 125 | 0 | 34 371 125 |
| Other financial assets with credit risk | 0 | 0 | 0 |
| Financial instruments at amortised cost | 36 073 022 | 0 | 36 073 022 |
| Commercial paper and bonds | 86 411 | 0 | 86 411 |
| Financial instruments at fair value through other comprehensive income | 86 411 | 0 | 86 411 |
| Derivatives | 201 842 | 0 | 201 842 |
| Financial instruments at fair value through profit and loss | 201 842 | 0 | 201 842 |
| Gross exposure | 36 361 275 | 0 | 36 361 275 |
| Other financial assets without credit risk | 3 976 | 0 | 3 976 |
| Impairment | -5 772 | 0 | -5 772 |
| Total net exposure | 36 359 479 | 0 | 36 359 479 |

| 31.12.18 | | | |
|---|------------------------|---------------------------|---------------------------------|
| In NOK thousand | Gross carrying amounts | Off-balance sheet amounts | Maximum exposure to credit risk |
| Loans to and receivables from credit institutions | 1 168 489 | 0 | 1 168 489 |
| Loans to and receivables from central bank and credit institutions | 1 168 489 | 0 | 1 168 489 |
| Loans to customers, secured | 34 402 204 | 0 | 34 402 204 |
| Loans to and receivables from customers | 34 402 204 | 0 | 34 402 204 |
| Other financial assets with credit risk | 0 | 0 | 0 |
| Financial instruments at amortised cost | 35 570 693 | 0 | 35 570 693 |
| Commercial paper and bonds | 95 644 | 0 | 95 644 |
| Financial instruments at fair value through other comprehensive income | 95 644 | 0 | 95 644 |
| Derivatives | 201 977 | 0 | 201 977 |
| Financial instruments at fair value through profit and loss | 201 977 | 0 | 201 977 |
| Gross exposure | 35 868 314 | 0 | 35 868 314 |
| Other financial assets without credit risk | 4 738 | 0 | 4 738 |
| Impairment | -3 567 | 0 | -3 567 |
| Total net exposure | 35 869 485 | 0 | 35 869 485 |

Note 6 – Loans to credit institutions and customers

| Gross carrying amount - Loans to credit institutions | | | | |
|--|------------------------------|--|--|------------|
| 31.12.19 | | | | |
| In NOK thousand | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Opening balance gross carrying amount (before transfers) | 1 168 489 | 0 | 0 | 1 168 489 |
| Transfers between stages | 0 | 0 | 0 | 0 |
| Opening balance gross carrying amount (after transfers) | 1 168 489 | 0 | 0 | 1 168 489 |
| Net new financial assets originated or derecognised | 533 408 | 0 | 0 | 533 408 |
| Changes in interest accrual | 0 | 0 | 0 | 0 |
| Closing balance gross carrying amount | 1 701 897 | 0 | 0 | 1 701 897 |
| Maturity: | | | | |
| In NOK thousands | | | | |
| Loans with agreed maturity | 0 | 0 | 0 | 0 |
| Loans without agreed maturity | 1 701 897 | 0 | 0 | 1 701 897 |
| Total | 1 701 897 | 0 | 0 | 1 701 897 |
| Gross carrying amount - Loans to customers | | | | |
| 31.12.19 | | | | |
| In NOK thousand | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Opening balance gross carrying amount (before transfers) | 33 510 854 | 831 544 | 59 806 | 34 402 204 |
| Transfers to Stage 1 (12-months ECL) | 284 343 | -280 481 | -3 862 | 0 |
| Transfers to Stage 2 (Lifetime ECL - not impaired) | -1 162 872 | 1 164 183 | -1 311 | 0 |
| Transfers to Stage 3 (Lifetime ECL - impaired) | -39 480 | -25 024 | 62 937 | -1 567 |
| Net new financial assets originated or derecognised | 130 491 | -124 372 | -42 107 | -35 988 |
| Changes in interest accrual | 3 423 | 1 483 | 1 570 | 6 476 |
| Other movements | 0 | 0 | 0 | 0 |
| Closing balance gross carrying amount 31.12.19 | 32 726 759 | 1 567 333 | 77 033 | 34 371 125 |

| Gross carrying amount - Loans to credit institutions | | | | |
|--|------------------------------|--|--|-----------|
| 31.12.18 | | | | |
| In NOK thousand | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Opening balance gross carrying amount (before transfers) | 8 421 | 0 | 0 | 8 421 |
| Transfers between stages | 0 | 0 | 0 | 0 |
| Opening balance gross carrying amount (after transfers) | 8 421 | 0 | 0 | 8 421 |
| Net new financial assets originated or derecognised | 1 160 068 | 0 | 0 | 1 160 068 |
| Financial assets that have been derecognised | 0 | 0 | 0 | 0 |
| Changes in interest accrual | 0 | 0 | 0 | 0 |
| Closing balance gross carrying amount | 1 168 489 | 0 | 0 | 1 168 489 |

Maturity:

In NOK thousands

| | | | | |
|-------------------------------|------------------|----------|----------|------------------|
| Loans with agreed maturity | 0 | 0 | 0 | 0 |
| Loans without agreed maturity | 1 168 489 | 0 | 0 | 1 168 489 |
| Total | 1 168 489 | 0 | 0 | 1 168 489 |

Gross carrying amount - Loans to customers

31.12.18

| In NOK thousand | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
|---|------------------------------|--|--|-------------------|
| Opening balance gross carrying amount (before transfers) | 27 673 041 | 635 371 | 48 759 | 28 357 171 |
| Transfers to Stage 1 (12-months ECL) | 569 915 | -557 974 | -11 941 | 0 |
| Transfers to Stage 2 (Lifetime ECL - not impaired) | -1 011 437 | 1 060 320 | -48 883 | 0 |
| Transfers to Stage 3 (Lifetime ECL - impaired) | -44 992 | -93 317 | 138 309 | 0 |
| Net new financial assets originated or derecognised | 6 318 022 | -213 659 | -66 488 | 6 037 875 |
| Changes in interest accrual | 6 305 | 803 | 50 | 7 158 |
| Other movements | 0 | 0 | 0 | 0 |
| Closing balance gross carrying amount 31.12.18 | 33 510 854 | 831 544 | 59 806 | 34 402 204 |

Note 7 – Loans to customers by geographical area

Lending by geographical area

| In NOK thousand | 31.12.19 | | 31.12.18 | |
|---|---------------|-------------------|---------------|-------------------|
| | Percentage | Gross lending | Percentage | Gross lending |
| Eastern Norway ex. Oslo | 44.1% | 15 154 207 | 43.4% | 14 929 960 |
| Oslo | 19.4% | 6 660 013 | 21.0% | 7 240 270 |
| Southern Norway | 1.9% | 662 679 | 1.9% | 644 568 |
| Western Norway | 22.4% | 7 695 833 | 21.9% | 7 544 796 |
| Central Norway | 4.7% | 1 600 376 | 4.8% | 1 636 032 |
| Northern Norway | 7.6% | 2 598 017 | 7.0% | 2 406 578 |
| Total gross lending by geographical area | 100.0% | 34 371 125 | 100.0% | 34 402 204 |

Note 8 – Credit risk exposure and collateral

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

The table below shows the relationship between total credit exposure and the associated collateral distributed to exposure class. Lending secured by mortgages 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 | 31.12.19 | | | 31.12.18 | | |
|-------------------------------------|----------------------------|------------------------|-------------------------|----------------------------|------------------------|-------------------------|
| | Distribution as percentage | Gross carrying amounts | Unutilised credit lines | Distribution as percentage | Gross carrying amounts | Unutilised credit lines |
| Loan-to-value, secured loans | | | | | | |
| 0 % - 40 % | 23.4% | 8 038 714 | 0 | 25.7% | 8 858 085 | 0 |
| 40 % - 60 % | 35.9% | 12 322 404 | 0 | 37.3% | 12 837 653 | 0 |
| 60 % - 80 % | 39.3% | 13 501 097 | 0 | 36.2% | 12 447 913 | 0 |
| 80 % - 90 % | 1.0% | 336 355 | 0 | 0.6% | 199 549 | 0 |
| 90 % - 100 % | 0.3% | 103 865 | 0 | 0.1% | 31 083 | 0 |
| > 100 % | 0.2% | 68 690 | 0 | 0.1% | 27 921 | 0 |
| Residential mortgages | 100.0% | 34 371 125 | 0 | 100.0% | 34 402 204 | 0 |

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 in 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 | 31.12.19 | | 31.12.18 | |
|---|----------------------------|------------------------|----------------------------|------------------------|
| | Distribution as percentage | Gross carrying amounts | Distribution as percentage | Gross carrying amounts |
| Loan-to-value, residential mortgages (relative distribution) | | | | |
| 0 % - 85 % | 99.90% | 34 337 403 | 99.96% | 34 389 150 |
| 85 % - 100 % | 0.07% | 23 115 | 0.03% | 9 748 |
| > 100 % | 0.03% | 10 607 | 0.01% | 3 306 |
| Residential mortgages | 100.0% | 34 371 125 | 100.0% | 34 402 204 |

Note 9 – Loan-to-value (LTV) and cover pool

| In NOK thousand | 31.12.19 | | 31.12.18 | |
|---|-------------------|---------------|-------------------|---------------|
| Debt related to securities issued, nominal value | 30 005 000 | | 30 555 000 | |
| Debt related to securities issued, carried value | 30 271 177 | | 30 785 688 | |
| Loans to customers (gross) ¹ | 34 323 261 | | 34 366 012 | |
| Average size of loan per customer | 1 851 | | 1 872 | |
| Number of loans | 18 536 | | 18 211 | |
| Weighted average since issuing of the loans (months) | 54 | | 49 | |
| Weighted average remaining maturity (months) | 259 | | 262 | |
| Average LTV (percent) | 53.0 | | 51.5 | |
| Cover pool | | | | |
| | 31.12.19 | | 31.12.18 | |
| Loans secured with mortgages | 34 323 261 | | 34 366 012 | |
| Not eligible for the over-collateralisation calculation | -380 581 | | -275 892 | |
| Net loans that are in the over-collateralisation | 33 942 680 | | 34 090 120 | |
| Supplementary assets | 1 480 171 | | 1 122 567 | |
| Total cover pool for the over-collateralisation calculation | 35 422 851 | | 35 212 687 | |
| | Nominal value | Carried value | Nominal value | Carried value |
| Over-collateralisation (percent) | 18.1 | 17.0 | 15.2 | 14.5 |
| Amount surpassing legal minimum requirements and requirements as indicated by rating agency | 4 817 751 | 4 546 250 | 4 046 587 | 3 811 285 |

¹ excl. earned interest.

Note 10 – Loan losses

| Expected credit loss (ECL) | | | | |
|---|------------------------------|--|--|--------------|
| January - December 2019 | | | | |
| In NOK thousand | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Opening balance ECL 01.01.19 | 257 | 741 | 2 569 | 3 567 |
| <i>Changes in PDs/LGDs/EADs on existing portfolio:</i> | | | | |
| Transfers to Stage 1 | 6 | -306 | -265 | -565 |
| Transfers to Stage 2 | -40 | 903 | -10 | 853 |
| Transfers to Stage 3 | -2 | -43 | 1 640 | 1 595 |
| Changes in PDs/LGDs/EADs on existing portfolio, with no transfers | -46 | -107 | 408 | 255 |
| <i>Other changes:</i> | | | | |
| New financial assets originated | 169 | 324 | 34 | 527 |
| Financial assets that have been derecognised | -125 | -222 | -113 | -460 |
| Write-offs, covered by previous write-downs | | | 0 | 0 |
| Changes to model assumption and methodologies | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 0 | 0 |
| Closing balance ECL 31.12.19 | 219 | 1 290 | 4 263 | 5 772 |

Specification of loan losses

| In NOK thousands | Q4 19 | Q4 18 | 2019 | 2018 |
|--|------------|---------------|---------------|---------------|
| Changes in ECL, stage 1 | -13 | -54 | 36 | -2 |
| Changes in ECL, stage 2 | -185 | -380 | -546 | -159 |
| Changes in ECL, stage 3 | 1 024 | -1 553 | -1 694 | -1 292 |
| Write-offs | 0 | 0 | 0 | 0 |
| Recoveries of previously written off loans | 0 | 0 | 0 | 0 |
| Net cost of loan losses in the period | 826 | -1 987 | -2 204 | -1 454 |

Expected credit loss (ECL)

| January -December 2018 | | | | |
|---|------------------------------|--|--|--------------|
| In NOK thousand | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Opening balance ECL 01.01.18 | 255 | 582 | 1 277 | 2 114 |
| <i>Changes in PDs/LGDs/EADs on existing portfolio:</i> | | | | |
| Transfers to Stage 1 | 9 | -239 | 0 | -230 |
| Transfers to Stage 2 | -37 | 304 | -20 | 247 |
| Transfers to Stage 3 | 0 | -6 | 1 380 | 1 374 |
| Changes in PDs/LGDs/EADs on existing portfolio, with no transfers | -219 | -63 | 16 | -266 |
| <i>Other changes:</i> | | | | |
| New financial assets originated | 434 | 268 | 8 | 710 |
| Financial assets that have been derecognised | -185 | -105 | -92 | -382 |
| Write-offs, covered by previous write-downs | | | 0 | 0 |
| Changes to model assumption and methodologies | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 0 | 0 |
| Closing balance ECL 31.12.18 | 257 | 741 | 2 569 | 3 567 |

Note 11 – Credit-impaired assets and overdue loans

| Credit-impaired assets | | 31.12.19 | | | | | |
|-------------------------------------|-----------------------------------|----------------|----------------------|-----------------|-------------------------------|--------------|-------------------------------------|
| In NOK thousand | Principal type of collateral held | Gross exposure | Impairment allowance | Carrying amount | Fair value of collateral held | Net exposure | Provisioning ratio after collateral |
| Loans to customers: | | | | | | | |
| Mortgages | Residential property | 77 033 | -4 263 | 72 770 | 72 770 | 0 | 0.0% |
| Total credit-impaired assets | | 77 033 | -4 263 | 72 770 | 72 770 | 0 | 0.0% |

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 provides 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 company'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.

| Overdue loans | | 31.12.19 | | | |
|-----------------|----------------|---------------|---------------|-------------------|----------------|
| In NOK thousand | 7-30 days | 31 - 60 days | 61 - 90 days | More than 90 days | Total |
| Mortgages | 399 051 | 60 660 | 19 107 | 77 033 | 555 851 |
| Total | 399 051 | 60 660 | 19 107 | 77 033 | 555 851 |

| Credit-impaired assets | | 31.12.18 | | | | | |
|-------------------------------------|-----------------------------------|----------------|----------------------|-----------------|-------------------------------|--------------|-------------------------------------|
| In NOK thousand | Principal type of collateral held | Gross exposure | Impairment allowance | Carrying amount | Fair value of collateral held | Net exposure | Provisioning ratio after collateral |
| Loans to customers: | | | | | | | |
| Mortgages | Residential property | 59 806 | -2 569 | 57 237 | 57 237 | 0 | 0.0% |
| Total credit-impaired assets | | 59 806 | -2 569 | 57 237 | 57 237 | 0 | 0.0% |

| Overdue loans | | 31.12.18 | | | |
|-----------------|----------------|---------------|---------------|-------------------|----------------|
| In NOK thousand | 7-30 days | 31 - 60 days | 61 - 90 days | More than 90 days | Total |
| Mortgages | 507 024 | 77 583 | 19 558 | 59 806 | 663 971 |
| Total | 507 024 | 77 583 | 19 558 | 59 806 | 663 971 |

Note 12 – Issued debt

Carried at amortised cost:

| In NOK thousand | Currency | 31.12.19 | 31.12.18 |
|-------------------------------------|----------|-------------------|-------------------|
| Bonds issued | NOK | 30 271 177 | 30 785 688 |
| Subordinated loan | NOK | 325 000 | 325 000 |
| Total debt securities issued | | 30 596 177 | 31 110 688 |

Specification of covered bonds as at 31.12.19:

| ISIN | Issuing company | Nominal value | Currency | Interest | Maturity | Carrying value |
|--|-------------------------|---------------|----------|----------|-------------------------|-------------------|
| Covered bonds | | | | | | |
| NO0010745334 | Sbanken Boligkreditt AS | 5 000 000 | NOK | Floating | 14.08.20 | 5 001 497 |
| NO0010745342 | Sbanken Boligkreditt AS | 6 200 000 | NOK | Floating | 14.10.21 | 6 186 357 |
| NO0010786999 | Sbanken Boligkreditt AS | 7 000 000 | NOK | Floating | 27.04.22 | 7 024 575 |
| NO0010790603 | Sbanken Boligkreditt AS | 7 000 000 | NOK | Floating | 10.02.23 | 7 024 968 |
| XS1813051858 | Sbanken Boligkreditt AS | 500 000 | EURO | Fixed | 26.04.23 | 5 033 780 |
| Total covered bonds | | | | | | 30 271 177 |
| All covered bond loans have “soft bullet” with the possibility to extend the maturity with one year. | | | | | | |
| Subordinated loan | | | | | | |
| NO0010768120 | Sbanken Boligkreditt AS | 175 000 | NOK | Floating | 22.06.2026 ¹ | 175 000 |
| NO0010821853 | Sbanken Boligkreditt AS | 150 000 | NOK | Floating | 26.04.2028 ² | 150 000 |
| Total subordinated loan | | | | | | 325 000 |

¹ First possible call date for the issuer is 22 June 2021. The loan agreement has covenants to qualify as Tier 2 capital.

² First possible call date for the issuer is 26 April 2023. The loan agreement has covenants to qualify as Tier 2 capital.

Changes of debt securities:

| | 31.12.18 | January - December 2019 | | | | 31.12.19 |
|-------------------------|-------------------|-------------------------|-----------------|-------------------|-------------------|-------------------|
| | | Issued | Matured | Redeemed | Other adjustments | |
| Covered bonds (nominal) | 30 555 000 | 3 450 000 | -867 000 | -3 133 000 | 0 | 30 005 000 |
| Subordinated loan | 325 000 | 0 | 0 | 0 | 0 | 325 000 |
| Total | 30 880 000 | 3 450 000 | -867 000 | -3 133 000 | 0 | 30 330 000 |

Note 13 – Additional Tier 1 Capital (hybrid capital)

| In NOK thousand | Currency | 31.12.19 | 31.12.18 |
|--|----------|----------------|----------------|
| Additional Tier 1 capital | NOK | 225 000 | 225 000 |
| Total Additional Tier 1 capital | NOK | 225 000 | 225 000 |

Specification of additional Tier 1 capital as at 31.12.19:

| ISIN | Issuing company | Nominal value | Currency | Interest | Maturity* | Carrying amounts |
|--|-------------------------|---------------|----------|-------------------|------------------------|------------------|
| Additional Tier 1 capital | | | | | | |
| NO0010768138 | Sbanken Boligkreditt AS | 125 000 | NOK | 3M Nibor + 5.3 % | Perpetual ¹ | 125 000 |
| NO0010821861 | Sbanken Boligkreditt AS | 100 000 | NOK | 3M Nibor + 3.25 % | Perpetual ² | 100 000 |
| Total additional Tier 1 capital | | | | | | 225 000 |

¹ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first time being 22 June 2021.

² The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first time being 26 April 2023.

Change of Additional Tier 1 capital

| | 31.12.18 | January - December 2019 | | | | 31.12.19 |
|---------------------------|----------------|-------------------------|----------|----------|-------------------|----------------|
| | | Issued | Matured | Redeemed | Other adjustments | |
| Additional Tier 1 capital | 225 000 | 0 | 0 | 0 | 0 | 225 000 |
| Total | 225 000 | 0 | 0 | 0 | 0 | 225 000 |

As at 31 December 2019, NOK 1.1 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 226.1 million.

Note 14 – Net interest income

Net interest income

| In NOK thousand | Q4 19 | Q4 18 | 2019 | 2018 |
|---|-----------------|-----------------|-----------------|-----------------|
| Loans to and receivables from credit institutions | 744 | 241 | 1 914 | 1 329 |
| Loans to customers | 247 495 | 205 600 | 893 753 | 735 886 |
| Commercial paper and bonds | 1 146 | 397 | 2 559 | 1 504 |
| Total interest income | 249 385 | 206 238 | 898 226 | 738 719 |
| Loans and deposits from credit institutions | -17 905 | -10 153 | -48 364 | -28 025 |
| Debt securities issued | -168 880 | -120 882 | -583 430 | -440 751 |
| Subordinated loan | -3 336 | -2 798 | -12 330 | -9 690 |
| Other interest expense | -1 041 | 0 | -4 048 | 0 |
| Total interest expense | -191 162 | -133 833 | -648 172 | -478 466 |
| Net interest income | 58 223 | 72 405 | 250 053 | 260 253 |

All interest income from customers is related to residential mortgages.

Note 15 – Net gain (loss) on financial instruments

| In NOK thousand | Q4 19 | Q4 18 | 2019 | 2018 |
|---|---------------|--------------|----------------|---------------|
| 1) Financial instruments at fair value through profit and loss: | | | | |
| Gain/(loss) on derivatives (used in hedge accounting) | 894 | 672 | -176 | 253 |
| Total gain/(loss) on financial instruments at fair value through profit and loss | 894 | 672 | -176 | 253 |
| 2) Financial instruments at amortised cost: | | | | |
| Gain (loss) by repurchase of own bonds at amortised cost | -14 | 0 | -12 120 | -9 994 |
| Total gain (loss) on financial instruments at amortised cost | -14 | 0 | -12 120 | -9 994 |
| 3) Currency items: | | | | |
| Gain (loss) on currency items | -1 076 | 769 | -1 746 | 793 |
| Total gain (loss) on currency items | -1 076 | 769 | -1 746 | 793 |
| 4) Realisation of financial instruments at fair value through other comprehensive income | | | | |
| Gain/(loss) by realisation of financial instruments: | -153 | 0 | -952 | 0 |
| Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income | -153 | 0 | -952 | 0 |
| Total gain (loss) on financial instruments recognised through profit and loss | -349 | 1 441 | -14 994 | -8 948 |

Note 16 – Administrative expenses

Other administrative expenses

| In NOK thousand | Q4 19 | Q4 18 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|
| Consultants and other external services | -1 708 | -2 011 | -8 713 | -9 538 |
| Other operating expenses | -4 | -96 | -130 | -96 |
| Total other administrative expenses | -1 712 | -2 107 | -8 843 | -9 634 |

Personnel expenses

| In NOK thousand | Q4 19 | Q4 18 | 2019 | 2018 |
|---------------------------------|------------|-------------|-------------|-------------|
| Board remuneration | -83 | -106 | -364 | -423 |
| Payroll tax | -12 | -15 | -51 | -60 |
| Total personnel expenses | -95 | -121 | -415 | -483 |

Note 17 – Tax expense

| In NOK thousand | Q4 19 | Q4 18 | 2019 | 2018 |
|---|---------------|---------------|----------------|----------------|
| Taxes payable | 11 725 | 15 293 | 46 464 | 52 639 |
| Change in deferred tax | 0 | 0 | 0 | 0 |
| Correction of taxes payable previous year | 0 | 0 | 0 | 0 |
| Total tax expense | 11 725 | 15 293 | 46 464 | 52 639 |
| Reconciliation of the tax expense: | | | | |
| Profit before tax | 56 892 | 69 631 | 223 597 | 239 734 |
| Expected tax expense at nominal rate of 22 % (in 2019) and 23 % (in 2018) | 12 516 | 16 015 | 49 191 | 55 139 |
| Tax effect from interest to Tier 1 capital holders | -779 | -638 | -2 951 | -2 532 |
| Tax effect from unrealised financial instruments | -12 | -84 | 224 | 32 |
| Correction of taxes payable previous year | 0 | 0 | 0 | 0 |
| Total tax expense | 11 725 | 15 293 | 46 464 | 52 639 |
| Effective tax rate | 20.6% | 22.0% | 20.8% | 22.0% |

Note 18 – Fair value of financial instruments

| In NOK thousand | 31.12.19 | | 31.12.18 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Assets | | | | |
| Loans to and receivables from credit institutions (ac) | 1 701 897 | 1 701 897 | 1 168 489 | 1 168 489 |
| Loans to customers (ac) | 34 365 353 | 34 365 353 | 34 398 637 | 34 398 637 |
| Commercial paper and bonds at fair value through OCI | 86 411 | 86 411 | 95 644 | 95 644 |
| Derivatives (used in hedge accounting) | 201 842 | 201 842 | 201 977 | 201 977 |
| Other assets (ac) | 3 976 | 3 976 | 4 738 | 4 738 |
| Total assets financial instruments | 36 359 479 | 36 359 479 | 35 869 485 | 35 869 485 |
| Liabilities | | | | |
| Loans and deposits from credit institutions (ac) | 2 897 390 | 2 897 390 | 2 120 543 | 2 120 543 |
| Debt securities issued (ac) | 30 271 177 | 30 403 601 | 30 785 688 | 30 934 790 |
| Other liabilities (ac) | 326 468 | 326 468 | 258 334 | 258 334 |
| Subordinated loan (ac) | 325 000 | 331 799 | 325 000 | 329 094 |
| Total liabilities financial instruments | 33 820 035 | 33 959 258 | 33 489 565 | 33 642 761 |

(ac) = assets and liabilities booked at amortised cost.

31.12.2019

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------|----------------|----------|----------------|
| Derivatives (used in hedge accounting) | 0 | 201 842 | 0 | 201 842 |
| Commercial paper and bonds at fair value through OCI | 0 | 86 411 | 0 | 86 411 |
| Total | 0 | 288 253 | 0 | 288 253 |
| Derivatives (used in hedge accounting) | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

Financial instruments measured at fair value level 3

In NOK thousand

| | Total |
|---|----------|
| Opening balance 1 January 2019 | 0 |
| Net gain/(loss) on financial instruments (unrealised) | 0 |
| Acquisitions / exits | 0 |
| Sale | 0 |
| Settlement | 0 |
| Transferred from Level 1 or Level 2 | 0 |
| Transferred to Level 1 or Level 2 | 0 |
| Other | 0 |
| Closing balance at 31 December 2019 | 0 |

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2019.

31.12.2018

| | Level 1 | Level 2 | Level 3 | Total |
|---|----------|----------------|----------|----------------|
| Derivatives (used in hedge accounting) | 0 | 201 977 | 0 | 201 977 |
| Commercial paper and bonds available for sale | 0 | 95 644 | 0 | 95 644 |
| Total | 0 | 297 621 | 0 | 297 621 |
| Derivatives (used in hedge accounting) | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

Financial instruments measured at fair value level 3

In NOK thousand

| | Total |
|---|----------|
| Opening balance 1 January 2018 | 0 |
| Net gain/(loss) on financial instruments (unrealised) | 0 |
| Acquisitions / exits | 0 |
| Sale | 0 |
| Settlement | 0 |
| Transferred from Level 1 or Level 2 | 0 |
| Transferred to Level 1 or Level 2 | 0 |
| Other | 0 |
| Closing balance at 31 December 2018 | 0 |

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2018.

Note 19 – Related party transactions

Liabilities to and receivables from Sbanken ASA

| In NOK thousand | 31.12.19 | 31.12.18 |
|---|-----------|-----------|
| Liability related to overdraft facility to Sbanken ASA | 2 897 390 | 2 120 543 |
| Receivables related to deposits in Sbanken ASA | 1 701 897 | 1 001 382 |
| Sbanken ASAs ownership of covered bonds issued by Sbanken Boligkreditt AS | 2 006 575 | 925 282 |
| Sbanken ASAs ownership of subordinated loan issued by Sbanken Boligkreditt AS | 325 000 | 325 000 |
| Sbanken ASAs ownership of additional Tier 1 capital issued by Sbanken Boligkreditt AS | 225 000 | 225 000 |

Transactions with Sbanken ASA

| In NOK thousand | 2019 | 2018 |
|---|--------|--------|
| Purchase of services in line with service agreement | 6 808 | 6 480 |
| Interest expense on overdraft facility | 48 364 | 28 025 |
| Interest income on deposits | 1 290 | 1 325 |
| Interest on covered bonds issued by Sbanken Boligkreditt AS | 23 898 | 4 766 |
| Interest on subordinated loan issued by Sbanken Boligkreditt AS | 12 330 | 9 690 |
| Share of result related to Sbanken ASAs ownership of additional Tier 1 capital in Sbanken Boligkreditt AS | 13 411 | 11 007 |

Note 20 – Subsequent events

There have not been any significant events subsequent to 31.12.19 that affect the financial statements for Q4 2019.

Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the full-year financial statements for the group and the company for the period 1 January through 31 December 2019 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 report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the full-year 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, 13 February 2020

The Board of Directors of Sbanken Boligkreditt ASA



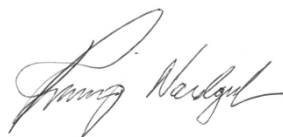
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