



Sbanken

Q3



Third quarter 2021

(Unaudited)

Sbanken ASA

Q3

Third quarter 2021 – Highlights Sbanken ASA

Annual lending growth

-1.5 %
(2.4 %*)

Cost-to-income ratio

44.7 %
(35.5 %*)

ROE

9.2 %
(12.2 %*)

Net interest margin

1.50 %
(1.66 %*)

Loan loss ratio

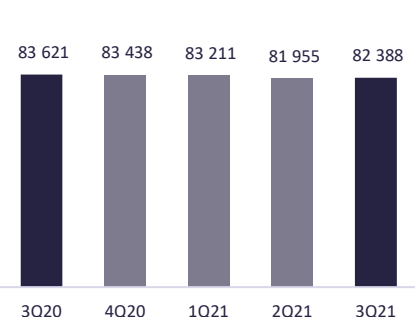
0.03 %
(0.14 %*)

CET1 ratio

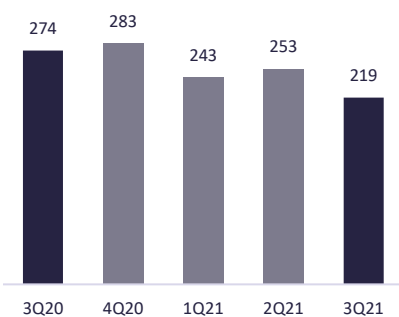
16.3 %**
(16.8 %*)

- Positive lending development quarter on quarter of 0.5 per cent
- DNB voluntary offer – awaiting decision from competition authorities
- Strong capital position – NOK 4.40 per share dividend distribution
- Robust asset quality – losses remaining at low levels

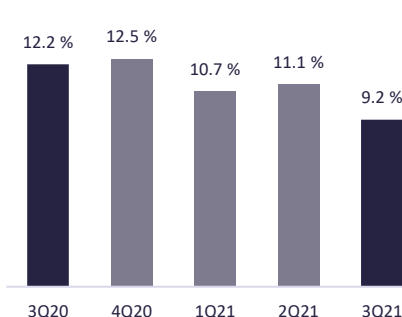
Total loans to customers
NOK million



Earnings before tax
NOK million



Return on equity
Per cent



* Comparable figure corresponding period last year.

** Including 50 per cent retained earnings for the first nine months of 2021 and 37.2 per cent retained earnings for 2020.

Key figures (group)

In NOK thousand	Reference	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Summary of income statement						
Net interest income		373 381	422 199	1 150 439	1 236 827	1 644 137
Net fee and commission income		50 940	43 825	146 201	134 749	184 310
Net other income		-18 888	3 608	-35 405	1 877	22 050
Total income		405 433	469 632	1 261 235	1 373 453	1 850 497
Other operating expenses		-181 056	-166 801	-546 895	-520 589	-710 371
Operating profit before loan losses		224 377	302 832	714 340	852 864	1 140 126
Loan losses		-5 252	-28 384	821	-128 911	-133 482
Earnings before tax		219 125	274 448	715 161	723 953	1 006 643
Calculated tax		-50 778	-62 616	-164 410	-162 273	-223 601
Net profit		168 347	211 832	550 751	561 680	783 042
Profitability						
Return on equity	1	9.2 %	12.2 %	10.1 %	11.1 %	11.4 %
Net interest margin	2	1.50 %	1.66 %	1.54 %	1.68 %	1.66 %
Cost-to-income ratio	3	44.7 %	35.5 %	43.4 %	37.9 %	38.4 %
Earnings per share		1.52	1.90	4.98	5.00	7.00
Balance sheet figures (in NOK million)						
Total loan volume		82 388	83 621	82 388	83 621	83 438
Customer deposits		63 845	58 064	63 845	58 064	58 644
Deposit-to-loan ratio	4	77.9 %	70.6 %	74.6 %	67.8 %	68.4 %
Lending growth (gross) previous 12 months		-1.5 %	2.4 %	-1.5 %	2.4 %	2.4 %
Average total assets	5	98 433	101 349	99 643	98 348	98 939
Total assets, end of period		101 684	98 101	101 684	98 101	100 726
Book value per share		66.54	62.80	66.54	62.80	64.72
Losses and defaults						
Total loan loss (%)	6	0.03 %	0.14 %	0.00 %	0.21 %	0.16 %
Capital adequacy and leverage ratio						
Common equity Tier 1 capital ratio	7	16.3 %	16.8 %	16.3 %	16.8 %	15.5 %
Tier 1 capital ratio		18.1 %	18.6 %	18.1 %	18.6 %	17.3 %
Total capital ratio		20.4 %	20.9 %	20.4 %	20.9 %	19.6 %
Leverage ratio		6.5 %	6.9 %	6.5 %	6.9 %	6.3 %
Employment						
FTEs		323	333	323	333	334

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) Including 50 per cent of retained earnings for the first nine months of 2021 and 37.2 per cent of retained earnings for 2020. The first nine months of 2020 includes 70 per cent of retained earnings for the first nine months of 2020 and fully retained earnings for 2019. Year-end 2020 includes 37.2 per cent of retained earnings for 2020 and 50.4 per cent of the profit for 2019.

Third Quarter Results

The Sbanken group recorded a profit before tax of NOK 219.1 million in the third quarter, compared with NOK 274.4 million in the third quarter of 2020. Net interest income decreased to NOK 373.4 (422.2) million, while net fee and commission income increased by 16.2 per cent to NOK 50.9 (43.8) million. Return on equity in the third quarter was 9.2 (12.2) per cent.

Total customer lending at quarter-end increased to NOK 82.4 billion. Compared to the previous quarter, mortgage lending increased 0.4 per cent, while car loans increased 14.5 per cent with the introduction of a new car loan product. Funds under management increased to NOK 30.3 billion.

Important events during the quarter

On 1 July, the Norwegian Ministry of Finance approved DNB's contemplated acquisition of Sbanken. On 26 August, the Norwegian Competition Authority (NCA) issued a reasoned statement against the transaction. The objections relate to NCA's preliminary assessments of possible negative competition effects in the market for fund distribution. On 7 October, the final deadline for the NCA's review was extended following proposal for remedies from DNB to address NCA's preliminary concerns, see "Subsequent Events".

In response to market dynamics following DNB's offer for Sbanken, the bank has made targeted product adaptations, including a 2021 mortgage rate guarantee granted in the second quarter, and targeted marketing efforts to mitigate customer churn. The initiatives have led to margin compression in the quarter.

On 23 September, Norges Bank raised the key policy rate by 25 basis points to 0.25 per cent. The average three-month Nibor rate for the third quarter was 0.38 per cent, up 12 basis points from the previous quarter.

In accordance with the granting of interest rate guarantees to all mortgage customers, the bank did not make changes in mortgage rates.

In the annual ESG 100 sustainability reporting survey, Sbanken was awarded a score of B+, up from a score of D last year. The survey is conducted by independent research and advisory firm "The Governance Group", and focuses on the 100 largest companies on the Oslo Stock Exchange.

For the 13th consecutive year, Sbanken was placed number one on EPSI's annual customer satisfaction survey, being the only bank to achieve a score above 80.

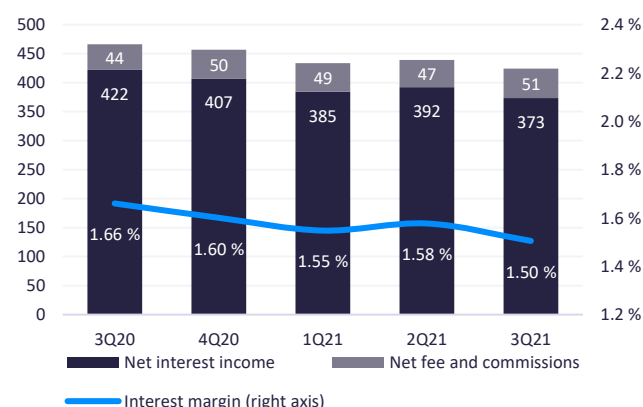
Operating income

Operating income amounted to NOK 405.4 (469.6) million, following a decrease in net interest income of NOK 48.8 million, an increase in net fee and commission income of NOK 7.1 million and a decrease in net other income of NOK 22.5 million from the third quarter of 2020.

Net interest income decreased to NOK 373.4 (422.2) million. The net interest margin was 1.50 per cent, down from 1.66 per cent in the third quarter of 2020. Compared to the previous quarter, the net interest margin was down 8 basis points.

Net fee and commission income increased to NOK 50.9 (43.8) million, partially ascribed to increased revenues from card transactions abroad as coronavirus travel restrictions were eased. Net other income decreased to minus NOK 18.9 (3.6) million, predominately related to the repurchase of own covered bonds.

Net interest and fee and commission income
NOK million



The effective lending rate decreased to 1.88 per cent, compared to 2.07 per cent in the third quarter of 2020. The lending rate decreased by 12 basis points from the previous quarter.

Average effective interest rate by product group

	3Q20	4Q20	1Q21	2Q21	3Q21
Mortgages	1.99 %	1.89 %	1.88 %	1.85 %	1.79 %
Car loans	5.46 %	5.61 %	5.46 %	5.45 %	4.97 %
Consumer loans	10.35 %	10.23 %	10.02 %	10.10 %	9.76 %
Other credit	11.58 %	11.56 %	11.43 %	11.08 %	10.53 %

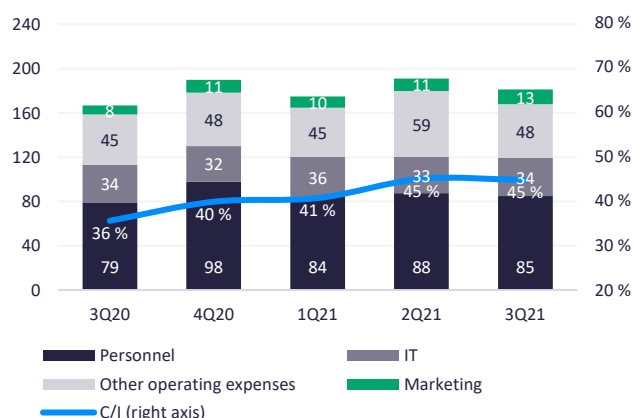
The effective funding rate decreased to 0.37 per cent, compared with 0.42 per cent in the third quarter of 2020. The funding rate decreased by 5 basis points from the previous quarter.

Operating expenses

Operating expenses amounted to NOK 181.1 (166.8) million in the quarter, including NOK 3.8 million in non-recurring transaction costs related to the ongoing offer process. Compared to the third quarter of 2020, the main difference was higher payroll expenses and increased marketing spend. Marketing costs increased to NOK 13.3 million from NOK 8.3 million in the third quarter of 2020.

The cost-to-income ratio was 44.7 per cent in the quarter, compared to 35.5 per cent in the third quarter of 2020 and 44.9 per cent in the previous quarter. Adjusting for non-recurring costs, the ratio was 43.7 per cent.

Operating expenses
NOK million



Impairments and losses

Loan losses amounted to NOK 5.3 million (28.4) million in the quarter, corresponding to a loan loss ratio of 0.03 per cent. Losses for both secured and unsecured loans remained at historically low levels.

Total expected credit losses (ECL) amounted to NOK 356.1 million at quarter-end, of which NOK 57.0 million related to secured loans and NOK 299.1 million to unsecured loans.

Taxes

The estimated tax expense amounted to NOK 50.8 (62.6) million, corresponding to an effective tax rate of 23.2 (22.8) per cent.

Loans to and deposits from customers

At the end of the quarter, loans to customers totalled NOK 82.4 (83.6) billion. Lending growth over the past 12 months was minus 1.5 per cent, while quarterly lending growth was positive with 0.5 per cent. The volume of fixed rate mortgages amounted to NOK 8.2 billion.

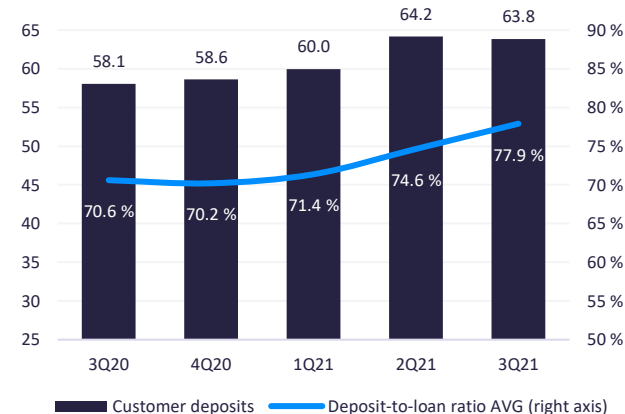
Outstanding consumer loans amounted to NOK 1.4 (1.9) billion at quarter-end, a 5.3 per cent reduction from the end of the previous quarter. Following the introduction of a new car loan product in May, the volume of car loans increased to NOK 0.9 billion, up 14.5 per cent from the end of the previous quarter. The volume of other credit products (account credit, credit cards and custody account credit) was NOK 1.4 (1.4) billion.

Loans to customers
NOK billion



Customer deposits increased to NOK 63.8 (58.1) billion, a 10.0 per cent increase from the third quarter of 2020. At quarter-end, the bank had 10 400 SME customers with combined deposits of NOK 2.7 billion.

Customer deposits
NOK billion

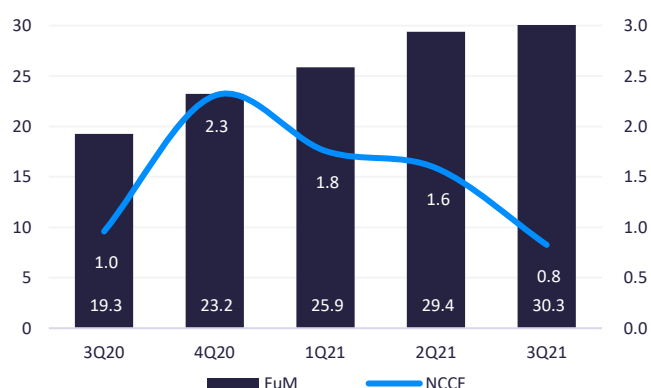


Savings

Funds under management (FuM) increased to NOK 30.3 billion, up NOK 0.9 billion from the end of the previous quarter. The increase was primarily ascribed to inflow of customers' funds. At quarter-end, combined FuM as share of retail fund savings in Norway was 8.6 per cent, unchanged from the previous quarter.

Net client cash flow in the quarter was positive in the amount of NOK 0.8 billion. Combined inflows as share of Norwegian retail fund inflows was 9.5 per cent. Average inflow from savings agreements increased to NOK 165 million per month in the quarter.

Customers' investment in mutual funds (FuM)
NOK billion



Comments on the results for the first nine months of 2021

Sbanken recorded a net profit of NOK 550.8 million in the first nine months of 2021, compared with NOK 561.7 million in the corresponding period of 2020.

Net interest income decreased by 7.0 per cent to NOK 1 150.4 (1 236.8) million, primarily ascribed to reduced net interest margin. Net fee and commission income increased to NOK 146.2 (134.7) million.

Operating expenses increased by 5.1 per cent to NOK 546.9 (520.6) million.

Loan losses were positive in the amount of NOK 0.8 (128.9) million. The loan loss ratio was 0.00 per cent, compared to a loss ratio of 0.21 per cent in the first nine months of 2020.

Capital adequacy, leverage ratio and risk factors

Sbanken has a regulatory CET1 requirement of 12.5 per cent and a capital ratio target of 13.0 per cent. At quarter-end, Sbanken had a CET1 capital ratio of 16.3 per cent, a 0.3 percentage point increase from the second quarter of 2021. The tier 1 capital ratio was 18.1 per cent and the total capital ratio was 20.4 per cent, while the leverage ratio was 6.5 per cent. The capital ratios include 50 per cent of retained earnings for the first nine months of 2021 and 37.2 per cent of retained earnings for 2020.

Sbanken's financial risk mainly consists of credit risk, market risk and liquidity risk. The credit risk comprises of lending to the public primarily in the form of mortgages, car loans and unsecured credit products. Sbanken has a high-quality lending portfolio predominately composed of mortgages with a moderate loan-to-value (LTV) ratio. At quarter-end, the average LTV was 51.1 per cent, up from 50.2 per cent in the previous quarter. Mortgage lending accounted for 95.4 per cent of the gross lending portfolio.

Sbanken is exposed to market risks such as interest rate risk, share price risk and credit spread risk. The exposure to share price risk amounted to NOK 128.5 million at the end of the quarter, of which NOK 73.7 million related to the valuation of the bank's shares in VN Norge AS (Visa) and NOK 39.5 million to the valuation of the bank's shares in Vipps AS. The majority of lending provided by Sbanken has variable interest rates. Interest rate swaps are used to reduce interest rate risk that arises with fixed rate mortgages. All deposits have variable interest rates, while capital market funding uses three-month Nibor as reference rate. At quarter-end, Sbanken had a liquidity portfolio of NOK 16.6 billion in interest-bearing securities issued by sovereigns, municipalities and financial institutions. The corresponding credit spread risk was estimated at NOK 254.0 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 314 per cent against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 146 per cent.

Sbanken had outstanding capital market funding amounting to NOK 27.8 billion at the end of the quarter. Sbanken Boligkredit's total nominal issue of covered bonds amounted to NOK 31.0 billion. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 77.8 per cent, compared to 78.7 per cent in the previous quarter and 69.7 per cent in the third quarter of 2020. 91.2 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 79.8 per cent by the harmonised EU Deposit Guarantee Scheme (EUR 0.1 million).

Sbanken ASA has a long-term credit rating of A2 from Moody's, last confirmed 16 September 2021. The rating is placed on review for upgrade following the announcement of DNB's contemplated acquisition of Sbanken. Covered bonds issued by Sbanken Boligkredit AS have a long-term rating of Aaa from Moody's.

Macroeconomic and regulatory developments

In the third quarter of 2021, the reopening of the Norwegian society has led to an upswing in economic activity. Infection rates have increased with the easing of containment measures, but the majority of the Norwegian population has now been vaccinated.

Norges Bank raised the key policy rate by 0.25 percentage points to 0.25 per cent on 23 September 2021. Compared to the June monetary policy report, the policy rate forecast was revised higher due to higher capacity utilisation and higher inflation prospects. The current policy rate forecast projects that the key policy rate will most likely be raised to 0.50 per cent in December, followed by a gradual rise towards 1.70 per cent by 2024.

Mainland GDP is forecasted to increase to 3.9 per cent in 2021 and 4.5 per cent in 2022.

Registered unemployment was 2.4 per cent at quarter-end, down from 2.9 per cent at the end of the previous quarter. The average annual unemployment rate is forecasted at 3.1 per cent in 2021 and 2.2 per cent in 2022.

Norwegian housing prices adjusted for seasonality rose by 0.8 per cent in the third quarter of 2021. Norges Bank projects housing prices to increase by 9.2 per cent in 2021 as a whole, with price growth easing thereafter. Credit growth for households is forecasted at 4.8 per cent for 2021.

In September, the Ministry of Finance communicated that banks may distribute profits in accordance with the regular framework for profit distribution from 30 September.

Subsequent events

On 1 October, the Board of Directors opted to utilise the outstanding dividend authorisation for 2020 to distribute NOK 4.40 per share, corresponding to 62.8 per cent of net profit after tax. Sbanken's capital ratios, including a CET1 capital ratio of 16.3 per cent, remain unchanged following the dividend distribution. DNB announced on 1 October that the offer price per share will be reduced by NOK 4.40 to NOK 104.45 pursuant to the dividend distribution.

On 7 October, DNB announced that proposal for remedies had been offered to address NCA's preliminary concerns expressed in the statement of objections. Pursuant to the Norwegian Competition Act, the deadline for reviewing the transaction was extended by 15 business days to 28 October. On 28 October, DNB announced that the NCA's deadline was extended further by an additional 15 business days until 18 November to fully assess the potential remedies. Settlement of the recommended voluntary cash offer remains conditional upon regulatory approval.

Outlook

The short term outlook for the Norwegian economy is supported by the reopening of Norwegian society and high vaccination rates. In the medium term, the outlook is balanced with continued low unemployment and household credit growth projected at around 5 per cent.

Norges Bank is projecting that the key policy rate will likely be hiked by an additional 0.25 per cent in December, marking that we have started on a gradual hiking cycle. In the short term, increasing money market rates and the mortgage rate guarantee is likely to have a negative impact on the bank's net interest margin. Looking further ahead, a higher interest rate environment will likely have a positive impact on the margin outlook. The full effects on the net interest margin is dependent on changes in funding rates and competition.

Loss levels related to both unsecured and secured loans are currently low, demonstrating the lending portfolio's robust credit quality. The bank expects an average loss level to remain below 0.05 per cent for the coming quarters.

For more than 20 years, Sbanken has delivered superior digital banking services to Norway's most satisfied banking customers. If the offer process concludes with DNB as Sbanken's new owner, we will together set strategic plans to deliver the market-leading banking solutions for the future. Should the process conclude without a transaction, Sbanken will through its customer centric business model and technological leadership, be uniquely positioned to capture future growth opportunities and deliver attractive returns for shareholders.

Bergen, 10 November 2021

The Board of Directors of Sbanken ASA



Niklas Midby
(Chair)



Mai-Lill Ibsen



August Baumann



Herman Korsgaard



Cathrine Klouman



Sarah Lunde Mjåtvedt



Stein Zahl Pettersen



Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Interest income from financial instruments using the effective interest method	12	465 275	526 727	1 452 559	1 874 489	2 380 696
Other interest income	12	0	0	0	0	0
Interest expense	12	-91 893	-104 528	-302 120	-637 662	-736 560
Net interest income		373 381	422 199	1 150 439	1 236 827	1 644 137
Commission and fee income	13	84 604	84 746	241 997	249 956	345 717
Commission and fee expense	13	-33 664	-40 921	-95 796	-115 207	-161 407
Net commission and fee income		50 940	43 825	146 201	134 749	184 310
Net gain/(loss) on financial instruments	14	-18 888	3 578	-35 405	1 847	21 920
Other income		0	30	0	30	130
Other operating income		-18 888	3 608	-35 405	1 877	22 050
Personnel expenses	15	-84 858	-79 155	-256 424	-250 615	-348 558
Administrative expenses	15,20	-80 082	-71 071	-242 675	-220 743	-296 053
Depreciation and impairment of fixed and intangible assets		-16 116	-16 575	-47 796	-49 231	-65 760
Profit before loan losses		224 377	302 832	714 340	852 864	1 140 126
Loan losses	8	-5 252	-28 384	821	-128 911	-133 482
Profit before tax		219 125	274 448	715 161	723 953	1 006 643
Tax expense	16	-50 778	-62 616	-164 410	-162 273	-223 601
Profit for the period		168 347	211 832	550 751	561 680	783 042
Attributable to						
Shareholders		162 101	202 956	531 751	533 828	748 575
Additional Tier 1 capital holders	11	6 246	8 876	19 000	27 852	34 467
Profit for the period		168 347	211 832	550 751	561 680	783 042

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Profit for the period	168 347	211 832	550 751	561 680	783 042
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	10 291	-3 143	-620	2 455	99
Tax effect	-2 366	726	123	-553	65
Other comprehensive income that can be reclassified to profit or loss after tax	7 925	-2 417	-497	1 902	164
Actuarial gains (losses)	0	0	0	0	-9 637
Tax effect	0	0	0	0	2 410
Other comprehensive income that can-not be reclassified to profit or loss after tax	0	0	0	0	-7 227
Total components of other comprehensive income (after tax)	7 925	-2 417	-497	1 902	-7 063
Total comprehensive income for the period	176 272	209 415	550 254	563 582	775 979
Attributable to					
Shareholders	170 026	200 539	531 254	535 730	741 512
Additional Tier 1 capital holders	11 6 246	8 876	19 000	27 852	34 467
Total comprehensive income for the period	176 272	209 415	550 254	563 582	775 979

Balance sheet

(Sbanken group)

In NOK thousand	Note	30.09.21	30.09.20	31.12.20
Assets				
Cash and receivables with central bank	5	581 647	397 484	1 423 268
Loans to and receivables from credit institutions	5	1 092 541	888 298	654 517
Loans to customers	5, 6, 7, 17, 18	82 037 172	83 266 268	83 082 252
Net loans to customers, central bank and credit institutions		83 711 360	84 552 050	85 160 037
Commercial paper and bonds at fair value through OCI	17, 19	16 551 591	12 070 728	14 412 990
Equity and funds	17, 18, 19	286 980	208 732	163 701
Derivatives	19	455 198	849 677	561 305
Intangible assets		112 626	119 326	114 645
Deferred tax assets	16	22 442	16 814	21 679
Property, plant and equipment		91 721	135 404	127 755
Other assets		376 820	91 873	110 850
Advance payment and accrued income		75 147	56 189	53 498
Total assets		101 683 885	98 100 793	100 726 459
Liabilities				
Loans and deposits from central bank	17,18	0	2 250 000	2 250 000
Loans and deposits from credit institutions	17, 18	401 606	808 480	542 731
Deposits from customers	17, 18	63 845 031	58 064 313	58 643 627
Debt securities issued	10, 17, 18	27 840 858	27 978 475	29 974 370
Derivatives		10 979	55 336	21 738
Taxes payable	16	180 668	163 690	224 640
Pension commitments		36 998	27 494	36 998
Other liabilities		656 144	442 182	515 589
Subordinated loans	10, 17, 18	899 071	898 751	898 831
Total liabilities		93 871 355	90 688 722	93 108 523
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital	11	701 200	701 139	701 223
Other equity		3 416 742	3 016 344	3 222 125
Total equity		7 812 530	7 412 071	7 617 936
Total liabilities and equity		101 683 885	98 100 793	100 726 459

Subsequent events

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Statement of changes in equity

(Sbanken 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 (01.01.20 to 30.09.20)						533 828	533 828
Profit for the period to Tier 1 capital holders (01.01.20 to 30.09.20)			25 634				25 634
Payments to Tier 1 capital holders (01.01.20 to 30.09.20)			-30 353				-30 353
Issue of Tier 1 capital			400 000			-800	399 200
Redeem of Tier 1 capital			-400 000				-400 000
Actuarial gains and losses for the period (01.01.20 to 30.09.20)				0			0
Net change in fair value of financial instruments available for sale (01.01.20 to 30.09.20)					1 902		1 902
Payments related to share incentive program						-4 538	-4 538
Paid dividend to shareholders						0	0
Balance sheet as at 30.09.20	1 068 693	2 625 895	701 139	-17 778	-21 182	3 055 305	7 412 071
Profit for the period to other equity (01.10.20 to 31.12.20)						214 747	214 747
Profit for the period to Tier 1 capital holders (01.10.20 to 31.12.20)			8 833				8 833
Payments to Tier 1 capital holders (01.10.20 to 31.12.20)			-8 749				-8 749
Issue of Tier 1 capital			0			0	0
Redeem of Tier 1 capital			0				0
Actuarial gains and losses for the period (01.10.20 to 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments available for sale (01.10.20 to 31.12.20)					-1 738		-1 738
Payments related to share incentive program						0	0
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 (01.01.21 to 30.09.21)						531 751	531 751
Profit for the period to Tier 1 capital holders (01.01.21 to 30.09.21)			19 000				19 000
Payments to Tier 1 capital holders (01.01.21 to 30.09.21)			-19 023				-19 023
Actuarial gains and losses for the period (01.01.21 to 30.09.21)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 30.09.21)					-497		-497
Paid dividend to shareholders						-336 638	-336 638
Balance sheet as at 30.09.21	1 068 693	2 625 895	701 200	-25 005	-23 417	3 465 165	7 812 530

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	Jan-Sep 21	Jan-Sep 20	2020
Cash flows from operating activities				
Net payments on loans to customers	6	860 897	-2 174 532	-1 990 799
Interest received on loans to customers	12	1 356 394	1 761 979	2 237 788
Net receipts on deposits from customers	17, 18	5 201 401	5 219 432	5 798 746
Interest paid on deposits from customers	12	-130 786	-283 962	-306 451
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	-2 081 175	-3 008 609	-5 379 526
Interest received from commercial paper and bonds	12	112 620	123 294	143 062
Receipts of collateral related to derivatives used in hedge accounting		-141 125	586 432	320 684
Net receipts/payments on deposits from credit institutions and central bank		-2 250 000	2 250 000	2 250 000
Interest paid on deposits from credit institutions	12	-2 011	-6 714	-6 181
Interest received on loans to credit institutions and central bank	12	1 430	6 268	7 089
Receipts related to commissions and fees	13	240 596	251 198	331 229
Payments related to commissions and fees	13	-91 161	-103 491	-138 775
Payments related to administrative expenses	15	-217 846	-226 186	-315 232
Payments related to personnel expenses	15	-263 513	-273 575	-351 633
Taxes paid	16	-209 307	-207 156	-208 769
Other receipts/payments		-128 261	-68 690	56 431
Net cash flows from operating activities		2 258 153	3 845 688	2 447 663
Cash flows from investment activities				
Invested in associated company		0	-367	-427
Payments on the acquisition of fixed assets		-4 392	-619	-1 183
Payments on the acquisition of intangible assets		-26 108	-8 618	-13 349
Net cash flows from investment activities		-30 500	-9 604	-14 959
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost	EQ	0	0	0
Paid dividend to shareholders	EQ	-336 638	0	0
Receipts on subordinated loans	10	0	500 000	500 000
Payments on matured and redeemed subordinated loans	10	0	-500 000	-500 000
Interest paid on subordinated loans	12	-10 651	-23 222	-28 003
Receipts on issued additional Tier1 capital	11	0	400 000	400 000
Payments on matured and redeemed additional Tier1 capital		0	-400 000	-400 000
Interest paid on additional Tier 1 capital	EQ	-19 023	-30 352	-39 102
Receipts on issued bonds and commercial paper	10	5 380 000	2 419 834	7 800 000
Payments on matured and redeemed bonds and commercial paper	10	-7 456 266	-6 370 000	-9 486 393
Interest paid on issued bonds and commercial paper	12	-188 672	-420 970	-475 729
Net cash flows from financing activities		-2 631 250	-4 424 710	-2 229 327
Total net cash flow		-403 597	-588 626	203 377
Cash at the beginning of the period		2 077 785	1 874 408	1 874 408
Cash at the end of the period		1 674 188	1 285 782	2 077 785
Change in cash		-403 597	-588 626	203 377
Cash				
Cash and receivables with central bank		581 647	397 484	1 423 268
Loans to credit institutions		1 092 541	888 298	654 517
Total cash		1 674 188	1 285 782	2 077 785

EQ = Statement of changes in equity.

Notes

(Sbanken group)

Note 1 - Accounting principles and critical accounting estimates and judgment

The quarterly financial statement for the Sbanken group 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 2020.

The quarterly financial statements of Sbanken ASA is prepared in accordance with the Norwegian regulations on annual accounts (Norwegian accounting act), section 3-9, the Norwegian regulations on annual accounts for banks and IAS 34. The Norwegian regulations on annual accounts for banks, section 3-1 permits recognition of provisions for dividend and group contribution through profit and loss and as an asset at the balance sheet date. For Sbanken ASA there are no other differences from using full IFRS.

When preparing the financial statements, 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 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 appears in note 2 in the annual report for 2020.

New definition of default from 1 January 2021:

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 exposure is reclassified to a non-defaulted 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.

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.

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.

Note 2 - 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.

For information purposes the deposits from customers related to SME are NOK 2.7 billion at 30 September 2021.

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 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.

In NOK thousand	30.09.21		30.09.20		31.12.20	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	2 862 398	0	1 029 816	0	2 064 169	0
Regional governments	1 746 373	231 414	2 437 124	298 125	4 845 555	829 664
Multilateral Development Banks	1 570 988	0	619 019	0	1 144 014	0
Institutions	2 105 016	428 433	1 405 845	234 366	1 224 701	198 079
Retail	8 586 375	3 295 702	9 054 780	3 682 966	8 826 783	3 529 607
Secured by mortgages on immovable property	95 997 855	29 650 329	95 793 503	29 991 066	94 431 929	29 942 281
Exposures in default	541 058	614 920	331 352	382 479	349 658	411 482
Covered bonds	10 352 208	1 035 221	8 013 770	801 377	7 430 527	743 053
Equity	368 177	368 723	222 616	226 006	177 694	181 260
Other items	167 677	167 677	237 380	237 380	191 696	191 696
Total credit risk, standardised method ¹	124 298 125	35 792 419	119 145 205	35 853 765	120 686 726	36 027 122
Credit value adjustment risk (CVA)		37 564		54 211		54 711
Operational risk		2 693 289		2 546 153		2 693 289
Total risk-weighted volume		38 523 272		38 454 129		38 775 122
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		2 884 991		2 482 516		2 473 550
Additional Tier 1 capital		701 200		701 139		701 223
Profit for the period		531 751		533 828		748 575
Total booked equity		7 812 530		7 412 071		7 617 936
Additional Tier 1 capital instruments included in total equity		-701 200		-701 139		-701 223
Common equity Tier 1 capital instruments		7 111 330		6 710 932		6 916 713
Deductions						
Goodwill, deferred tax assets and other intangible assets		-84 470		-89 494		-85 984
Value adjustment due to the requirements for prudent valuation (AVA)		-16 838		-12 277		-14 576
Dividends payable		-470 225		0		-470 225
Profit for the period, not eligible		-531 751		-533 828		-336 638
Common equity Tier 1 capital		6 008 046		6 075 333		6 009 290
Additional Tier 1 capital		700 000		700 000		700 000
Tier 1 capital		6 708 046		6 775 333		6 709 290
Tier 2 capital		900 000		900 000		900 000
Own funds (primary capital)		7 608 046		7 675 333		7 609 290
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 733 547	4.5%	1 730 436	4.5%	1 744 880
Institution specific Pillar II requirement	1.5%	577 849	1.5%	576 812	1.5%	581 627
Capital conservation buffer	2.5%	963 082	2.5%	961 353	2.5%	969 378
Systemic risk buffer	3.0%	1 155 698	3.0%	1 153 624	3.0%	1 163 254
Countercyclical capital buffer	1.0%	385 233	1.0%	384 541	1.0%	387 751
Additional Tier 1 capital	1.5%	577 849	1.5%	576 812	1.5%	581 627
Tier 2 capital	2.0%	770 465	2.0%	769 083	2.0%	775 502
Total minimum and buffer requirements own funds (primary capital)	16.0%	6 163 724	16.0%	6 152 661	16.0%	6 204 020

Available common equity Tier 1 capital after buffer requirements	1 192 636	1 845 379	1 632 625
Available own funds (primary capital)	1 444 322	2 099 485	1 875 496
Capital ratio % (regulatory) ²⁾			
Common equity Tier 1 capital	15.6 %	15.8 %	15.5 %
Additional Tier 1 capital	1.8 %	1.8 %	1.8 %
Tier 2 capital	2.3 %	2.3 %	2.3 %
Total capital ratio	19.7 %	20.0 %	19.6 %
Capital ratio % ³⁾			
Common equity Tier 1 capital	16.3 %	16.8 %	15.5 %
Additional Tier 1 capital	1.8 %	1.8 %	1.8 %
Tier 2 capital	2.3 %	2.3 %	2.3 %
Total capital ratio	20.4 %	20.9 %	19.6 %

¹⁾ The specification is according to EBA reporting framework.

²⁾ Including 0 per cent of the profit for the interim period of 2021 and 2020. Year-end 2020 is adjusted to ex-dividend NOK 4.40 per share for 2020.

³⁾ Including 50 per cent of the profit for the interim period of 2021 and 70 per cent of the profit for the interim period of 2020. Year-end 2020 includes 37.2 per cent retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

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 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.

In NOK thousand		30.09.21	30.09.20	31.12.20
Derivatives at market value		0	41 197	21 249
Potential future exposure on derivatives		93 950	71 350	88 850
Off-balance sheet commitments		6 859 142	6 339 343	6 146 043
Loans and advances and other assets		101 116 060	97 119 290	100 050 509
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		108 069 152	103 571 180	106 306 651
Tier 1 capital ¹⁾		6 708 046	6 775 333	6 709 290
Leverage ratio % (regulatory)		6.2 %	6.5 %	6.3 %
Leverage ratio % ²⁾		6.5 %	6.9 %	6.3 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 242 075	3 107 135	3 189 200
Buffer requirements	2.0%	2 161 383	2 071 424	2 126 133
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 403 458	5 178 559	5 315 333
Available Tier 1 capital after minimum and buffer requirements		1 304 588	1 596 774	1 393 957
Available Tier 1 capital after minimum and buffer requirements ²⁾		1 570 463	1 970 464	1 393 957

¹⁾ Including 0 per cent of the profit for the interim period of 2021 and 2020. Year-end 2020 is adjusted to ex-dividend NOK 4.40 per share for 2020.

²⁾ Including 50 per cent of the profit for the interim period of 2021 and 70 per cent of the interim period of 2020. Year-end 2020 includes 37.2 per cent retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

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 Bank's maximum credit exposure is the book value of financial assets and any associated off-balance sheet liabilities. The following table shows the Bank's maximum credit risk exposure to financial instruments by measurement category.

30.09.21			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	581 647	0	581 647
Loans to and receivables from credit institutions	1 092 541	0	1 092 541
Loans to and receivables from central bank and credit institutions	1 674 188	0	1 674 188
Loans to customers, secured	71 589 415	18 179 263	89 768 678
Loans to customers, unsecured	2 553 838	4 919 497	7 473 335
Loans to and receivables from customers	74 143 253	23 098 760	97 242 013
Shares in associated company	364	0	364
Other financial assets with credit risk	451 967	0	451 967
Financial instruments at amortised cost (gross)	76 269 772	23 098 760	99 368 532
Commercial paper and bonds	16 551 591	0	16 551 591
Financial instruments at fair value through other comprehensive income	16 551 591	0	16 551 591
Equity and funds	286 616	0	286 616
Derivatives	455 198	0	455 198
Loans to customers, secured	8 245 041	0	8 245 041
Financial instruments at fair value through profit and loss	8 986 855	0	741 814
Gross exposure with credit risk	101 808 218	23 098 760	116 661 937
Impairment	-351 123	-4 966	-356 089
Total net exposure with credit risk	101 457 095	23 093 794	124 550 889
Other assets without credit risk	226 790	n/a	n/a
Total assets	101 683 885	n/a	n/a

31.12.20			
In NOK thousand	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
Equity 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

Note 6 - Loans to customers

Gross carrying amount				
30.09.21				
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) 01.01.21	78 483 644	4 344 627	609 847	83 438 118
Transfers to Stage 1 (12-months ECL)	1 140 179	-1 136 686	-3 493	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 021 696	1 030 515	-8 819	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-110 821	-288 573	399 394	0
New financial assets originated	24 072 645	322 051	11 726	24 406 422
Financial assets that have been derecognised	-24 079 211	-1 096 441	-166 590	-25 342 242
Changes in interest accrual	-7 156	-3 005	13 429	3 268
Other movements	-117 272	0	0	-117 272
Closing balance gross carrying amount 30.09.21	78 360 312	3 172 488	855 494	82 388 294

Gross carrying amount				
31.12.20				
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) 01.01.20	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
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	-8 315	0	0	-8 315
Closing balance gross carrying amount 31.12.20	78 483 644	4 344 627	609 847	83 438 118

Lending by geographical area				
30.09.21				
In NOK thousand	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	45.1%	37 158 190	44.4%	37 036 962
Oslo	19.7%	16 195 046	19.9%	16 589 456
Southern Norway	2.3%	1 893 326	2.2%	1 853 649
Western Norway	21.2%	17 427 605	21.8%	18 160 985
Central Norway	4.8%	3 955 283	4.8%	4 004 100
Northern Norway	7.0%	5 758 844	6.9%	5 792 966
Total gross lending by geographical area	100.0%	82 388 294	100.0%	83 438 118

Note 7 – 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	30.09.21			31.12.20		
	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 %	29.2%	22 924 521	5 061 955	27.2%	21 628 359	4 170 008
40 % - 60 %	34.2%	26 849 552	3 527 219	32.9%	26 111 581	2 991 990
60 % - 80 %	27.9%	21 906 895	492 919	29.5%	23 389 013	783 201
80 % - 90 %	6.0%	4 720 067	81 533	7.0%	5 520 414	118 890
90 % - 100 %	1.4%	1 106 185	36 124	1.7%	1 364 044	71 625
> 100 %	1.4%	1 103 578	63 404	1.7%	1 368 459	103 540
Home loans, secured by fixed property	100.0%	78 610 798	9 263 154	100.0%	79 381 870	8 239 254
< 50 %	13.5%	127 674	0	13.1%	114 815	0
50 % - 80 %	37.4%	353 430	0	32.1%	281 990	0
80 % - 100 %	22.3%	210 478	0	25.6%	224 965	0
> = 100 %	26.8%	253 124	0	29.2%	255 839	0
Car loans, secured	100.0%	944 706	0	100.0%	877 609	0
Custody account credit, secured	100.0%	278 952	187 168	100.0%	238 007	183 616
Loan and funding commitments, secured loans		0	8 728 941		0	7 117 435
Total loans to customers, secured		79 834 456	18 179 263		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	30.09.21		31.12.20	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, home loans (relative distribution)				
0 % - 85 %	99.35%	78 103 695	99.18%	78 731 845
85 % - 100 %	0.35%	275 807	0.47%	369 336
> 100 %	0.29%	231 296	0.35%	280 689
Home loans, secured by fixed property	100.0%	78 610 798	100.0%	79 381 870

In NOK thousand	30.09.21		31.12.20	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, home loans				
Apartment	25.3%	19 866 500	25.2%	20 023 449
Detached house	51.5%	40 511 727	51.4%	40 770 934
Semidetached house	19.4%	15 283 624	19.8%	15 698 024
Vacation home	3.8%	2 948 947	3.6%	2 889 463
Total home loans secured by fixed property	100.0%	78 610 798	100.0%	79 381 870

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers				
January - September 2021				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.21	23 111	91 857	246 565	361 533
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 492	-14 043	-834	-13 385
Transfers to Stage 2	-1 261	9 491	-2 099	6 131
Transfers to Stage 3	-95	-4 686	17 925	13 144
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	-5 623	-15 802	15 142	-6 283
<i>Other changes:</i>				
New financial assets originated	4 318	7 262	2 287	13 867
Financial assets that have been derecognised	-5 965	-15 598	-20 484	-42 047
Financial assets that have been derecognised through sale of portfolio			0	0
Changes to model assumption and methodologies ²	-1 249	-16 896	41 274	23 129
Other movements	0	0	0	0
Closing balance ECL 30.09.21	14 728	41 585	299 776	356 089
¹ As of 30.09.2021, 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	30.09.21			
ECL On-balance sheet amounts 30.09.21	12 970	40 325	297 828	351 123
ECL Off-balance sheet amounts 30.09.21	1 758	1 260	1 948	4 966
Closing balance ECL 30.09.21	14 728	41 585	299 776	356 089
In NOK thousands	30.09.21			
Secured loans	2 820	3 896	50 272	56 988
Unsecured loans	11 908	37 689	249 504	299 101
Total	14 728	41 585	299 776	356 089

ECL by geographical area	
In NOK thousands	30.09.21
Eastern Norway ex. Oslo	126 528
Oslo	53 826
Southern Norway	14 812
Western Norway	106 575
Central Norway	23 944
Northern Norway	30 404
Total	356 089

Specification of loan losses					
In NOK thousands	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Changes in ECL, stage 1	2 216	489	8 383	-3 372	-4 496
Changes in ECL, stage 2	6 264	-5 023	50 272	-12 124	-14 737
Changes in ECL, stage 3	-11 351	-14 563	-53 211	-79 122	-78 057
Write-offs	-2 495	-9 345	-4 888	-34 522	-36 672
Recoveries of previously written off loans	114	58	265	229	480
Net cost of loan losses in the period	-5 252	-28 384	821	-128 911	-133 482

Sbanken ASA has no expected credit loss related to loans to central bank, credit institutions and commercial paper and bonds.

Expected credit loss (ECL) - Loans to customers

January - December 2020

In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.20	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

¹As 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	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	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

ECL by geographical area

In NOK thousands	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

Sbanken ASA has no expected credit loss related to loans to central bank, credit institutions and commercial paper and bonds.

Note 9 – Credit-impaired assets and overdue loans

Credit-impaired assets		30.09.21					
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:							
Home loans	Residential property	405 367	-42 945	362 422	360 697	1 725	96.1%
Car Loans	Vehicle	17 447	-6 691	10 756	10 653	103	98.5%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	432 680	-248 192	184 488	0	184 488	57.4%
Total credit-impaired assets		855 494	-297 828	557 666	371 350	186 316	61.5%

30.09.2021	Credit-impaired (Gross carrying amount)
Home loans - Loan to value	
0 % - 40 %	45 679
40 % - 60 %	121 165
60 % - 80 %	157 201
80 % - 90 %	21 831
90 % - 100 %	16 494
> 100 %	42 997
Total	405 367

Credit-impaired loans	
In NOK thousand	30.09.21
Overdue loans - more than 90 days	515 554
Other credit-impaired assets	339 940
Total	855 494

Credit-impaired assets

31.12.20

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:							
Home loans	Residential property	245 984	-35 239	210 745	209 715	1 030	97.2%
Car Loans	Vehicle	12 146	-5 269	6 877	6 872	5	99.9%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	351 718	-204 380	147 338	0	147 338	58.1%
Total credit-impaired assets		609 847	-244 888	364 960	216 587	148 373	62.3%

	Credit-impaired (Gross carrying amount)
31.12.2020	
Home loans - Loan to value	
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

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 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.

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

31.12.20

In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Home loans	614 030	125 694	25 977	244 487	1 010 188
Car loans	17 951	4 241	888	12 146	35 226
Other loans	86 759	37 990	9 015	347 035	480 799
Loans to customers	718 740	167 925	35 880	603 668	1 526 213

Note 10 - Debt securities issued and subordinated loan

Carried at amortised cost:

In NOK thousand	Currency	30.09.21	31.12.20
Bonds issued	NOK	27 840 858	29 974 370
Subordinated loans	NOK	899 071	898 831
Total debt securities issued and subordinated loans		28 739 929	30 873 201

Specification of bonds and subordinated loans as at 30.09.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010862048	Sbanken ASA	690 000	NOK	Floating	09.09.22	689 887
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	998 212
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 420
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 700
NO0010920762	Sbanken ASA	500 000	NOK	Floating	12.12.24	500 001
Total bonds		3 990 000				3 989 220
Bonds, senior non-preferred						
NO0011087587	Sbanken ASA	400 000	NOK	Floating	08.09.25	399 765
NO0011087595	Sbanken ASA	400 000	NOK	Fixed	07.09.27	395 051
Total bonds, senior non-preferred		800 000				794 816
Covered bonds ¹						
NO0010745342	Sbanken Boligkreditt AS	506 000	NOK	Floating	14.10.21	506 000
NO0010786999	Sbanken Boligkreditt AS	1 322 000	NOK	Floating	27.04.22	1 322 000
NO0010790603	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	10.02.23	7 011 094
NO0010887078	Sbanken Boligkreditt AS	4 480 000	NOK	Floating	17.06.24	4 504 892
NO0010878978	Sbanken Boligkreditt AS	3 918 000	NOK	Floating	20.06.25	3 942 892
NO0010958093	Sbanken Boligkreditt AS	600 000	NOK	Floating	20.11.26	612 840
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 157 104
Total covered bonds						23 056 822
Total bonds and covered bonds						27 840 858

¹ All covered bond loans have "soft bullet" with the possibility of extending the maturity by one year.

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 959
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 925
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 424
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 763
Total subordinated loans		900 000				899 071

² First possible call date for the issuer is 5 years before date of maturity. The loan agreement has covenants to qualify as Tier 2 capital.

Changes of debt securities and subordinated loans:

	31.12.20	January- September 2021				30.09.21
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	4 293 000	1 300 000	-743 000	-60 000	0	4 790 000
Covered Bonds (nominal)	25 074 000	4 780 000	0	-7 223 000	0	22 631 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	30 267 000	6 080 000	-743 000	-7 283 000	0	28 321 000

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	30.09.21	31.12.20
Additional Tier 1 capital	NOK	700 000	700 000
Total Additional Tier 1 capital		700 000	700 000

Specification of additional Tier 1 capital as at 30.09.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying amounts
Additional Tier 1 capital						
NO0010786759	Sbanken ASA	100 000	NOK	3M Nibor + 3.6 %	Perpetual ¹	100 000
NO0010847213	Sbanken ASA	100 000	NOK	3M Nibor + 3.6 %	Perpetual ²	100 000
NO0010871494	Sbanken ASA	100 000	NOK	3M Nibor + 3.15 %	Perpetual ³	100 000
NO0010885205	Sbanken ASA	300 000	NOK	3M Nibor + 3.10 %	Perpetual ⁴	300 000
NO0010891914	Sbanken ASA	100 000	NOK	3M Nibor + 3.0 %	Perpetual ⁵	100 000
Total additional Tier 1 capital		700 000				700 000

¹ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 02 March 2022.

² The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 23 March 2024.

³ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 19 December 2024.

⁴ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 17 June 2025.

⁵ The Tier1 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

January - September 2021						
	31.12.20	Issued	Matured	Redeemed	Other adjustments	30.09.21
Additional Tier 1 capital	700 000	0	0	0	0	700 000
Total	700 000	0	0	0	0	700 000

As of 30 September 2021, NOK 1.2 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 701.2 million.

Note 12 - Net interest income

Net interest income

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Loans to and receivables from credit institutions and central bank	588	616	1 430	6 268	7 089
Loans to customers ¹	435 616	500 739	1 348 617	1 748 264	2 226 772
Commercial paper and bonds ²	29 071	25 372	102 512	119 957	146 835
Total interest income	465 275	526 727	1 452 559	1 874 489	2 380 696
Loans and deposits from credit institutions and central bank	-3	-4 121	-2 011	-6 714	-7 581
Deposits from customers	-20 558	-22 510	-60 937	-223 912	-243 868
Debt securities issued	-48 394	-56 573	-169 568	-337 361	-394 379
Subordinated loans	-4 063	-4 699	-12 645	-19 753	-23 954
Other interest expenses	-18 875	-16 625	-56 959	-49 922	-66 778
Total interest expenses	-91 893	-104 528	-302 120	-637 662	-736 560
Net interest income	373 381	422 199	1 150 439	1 236 827	1 644 137

¹ Interest income in Jan-Sep 2021 of TNOK 86 667 are related to home loans measured at fair value through profit and loss.

² Investments are recognised at fair value.

Interest income from loans to customers:

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Home loans	351 684	395 756	1 082 738	1 408 751	1 786 028
Car loans	11 025	13 654	33 301	44 156	57 077
Consumer loans	35 389	50 698	116 091	163 003	209 464
Other loans ³	37 518	40 631	116 487	132 354	174 203
Total interest income from loans to customers	435 616	500 739	1 348 617	1 748 264	2 226 772

³ Credit card, account credit and custody account credit

Note 13 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Payment processing	9 396	6 868	28 872	20 407	29 207
Card and interbank	51 425	43 671	132 228	129 116	169 378
Mutual funds and securities ¹	22 808	33 320	78 229	97 656	143 415
Other commission income	975	887	2 668	2 777	3 717
Total commission and fee income	84 604	84 746	241 997	249 956	345 717
Payment processing	-5 428	-5 461	-16 415	-15 573	-21 264
Card and interbank	-19 533	-13 900	-53 020	-41 569	-50 181
Mutual funds and securities ¹	-7 879	-20 009	-25 321	-55 991	-86 078
Other commission expenses	-824	-1 551	-1 040	-2 074	-3 884
Total commission and fee expenses	-33 664	-40 921	-95 796	-115 207	-161 407
Net commission and fee income	50 940	43 825	146 201	134 749	184 310

¹ Change of classification in commission paid to customers from commission expense to negative fee income.

2020 figures have not been restated according to the new classification.

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
1) Realisation of financial instruments at fair value through other comprehensive income					
Gain/(loss) by realisation of financial instruments:	-5 160	-71	-16 056	-4 339	-3 800
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	-5 160	-71	-16 056	-4 339	-3 800
2) Financial instruments at fair value through profit and loss					
Realised gain/ (loss) from shares and funds	0	0	0	0	0
Unrealised gain/(loss) from shares and funds	-2 715	1 481	3 434	15 514	-47 023
Gain/(loss) on derivatives (used in hedge accounting)	1 238	1 124	1 726	539	776
Unrealised gain/(loss) on derivatives	28 782	-12 519	110 226	-44 392	7 080
Unrealised gain/(loss) from fixed rate loans	-28 237	19 310	-108 954	45 652	-8 318
Total gain/(loss) on financial instruments at fair value through profit and loss	-932	9 396	6 432	17 313	-47 485
3) Financial instruments at amortised cost					
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-14 244	-6 846	-28 009	-15 925	-26 089
Total gain (loss) on financial instruments at amortised cost	-14 244	-6 846	-28 009	-15 925	-26 089
4) Currency					
Net gain (loss) on currency items	1 448	1 099	2 228	4 798	6 296
Total gain (loss) on currency items	1 448	1 099	2 228	4 798	6 296
5) Dividends:					
Dividends from investments in shares and funds	0	0	0	0	95 012
Total dividends	0	0	0	0	95 012
6) Result from associated company					
Result from associated company	0	0	0	0	-2 014
Total from associated company	0	0	0	0	-2 014
Total gain (loss) on financial instruments recognised through profit and loss	-18 888	3 578	-35 405	1 847	21 920

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Properties and premises ¹	-654	-749	-1 822	-1 539	-2 463
IT	-34 470	-34 214	-103 315	-107 274	-139 445
Advertising and marketing	-13 283	-8 262	-34 549	-33 111	-44 593
Temporary employment agencies	-5 704	-3 869	-15 471	-13 359	-17 025
Consultants and other external services	-13 937	-11 438	-51 726	-30 406	-45 053
Telephone and postage	-3 982	-3 979	-11 973	-10 862	-14 469
Other operating expenses	-8 052	-8 560	-23 819	-24 192	-33 004
Total administrative expenses	-80 082	-71 071	-242 675	-220 743	-296 053

¹ After the introduction of IFRS 16, rental costs are recognised as depreciation and interest expenses.

Personnel expenses

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Wages	-63 611	-60 476	-197 501	-191 267	-267 680
<i>Capitalised as intangible assets</i>	<i>1 322</i>	<i>1 696</i>	<i>8 321</i>	<i>6 048</i>	<i>8 555</i>
Pension costs	-6 182	-6 134	-17 176	-17 533	-26 667
Payroll tax	-13 686	-12 046	-42 254	-39 429	-51 224
Other personnel expenses	-2 701	-2 195	-7 814	-8 434	-11 542
Total personnel expenses	-84 858	-79 155	-256 424	-250 615	-348 558

In 2020, NOK 25.5 million (NOK 10.6 mill in Jan-Sep 20) in severance pay and provisions related to changes in personnel was recognised.

Note 16 - Tax expense

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Specification of tax expense:					
Taxes payable	51 686	60 666	165 049	161 725	224 640
Change in deferred tax	-908	1 950	-639	548	-1 289
Correction of taxes payable previous year	0	0	0	0	250
Total tax expense	50 778	62 616	164 410	162 273	223 601
Reconciliation of the tax expense:					
Profit before tax	219 125	274 448	715 161	723 953	1 006 643
-from Sbanken ASA	142 242	171 963	491 842	502 154	944 366
-from Sbanken Boligkreditt AS	94 836	105 223	270 016	231 209	320 119
- from group transactions related to own debt, hybrid capital and dividend from subsidiary	-17 953	-2 740	-46 697	-9 411	-257 842
Expected tax expense at nominal rate of 25 % Sbanken ASA	35 561	42 991	122 961	125 539	236 092
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS	20 864	23 149	59 404	50 866	70 426
Total expected tax expense	56 424	66 140	182 364	176 404	306 518
Tax effect from non-deductible expenses and tax-exempt income	0	0	0	0	139
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	1 271	-822	-570	-4 330	-66 814
Tax effect from costs recognised against interest to Tier 1 capital holders	-1 971	-2 821	-6 280	-9 033	-12 817
Other differences	-4 946	119	-11 104	-768	-3 675
Correction of taxes payable previous year	0	0	0	0	250
Total tax expense	50 778	62 616	164 410	162 273	223 601
Effective tax rate	23.2%	22.8%	23.0%	22.4%	22.2%

Note 17 - Classification of financial instruments

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
30.09.21				
Financial assets				
Cash and receivables with central bank	0	0	581 647	581 647
Loans to and receivables from credit institutions	0	0	1 092 541	1 092 541
Loans to customers	8 245 041	0	73 792 131	82 037 172
Commercial paper and bonds	0	16 551 591	0	16 551 591
Equity and funds ¹	286 616	0	364	286 980
Derivatives ²	455 198	0	0	455 198
Other assets	0	0	451 967	451 967
Total financial assets	8 986 855	16 551 591	75 918 650	101 457 096
Financial liabilities				
Loans and deposits from central bank	0	0	0	0
Loans and deposits from credit institutions	0	0	401 606	401 606
Deposits from customers	0	0	63 845 031	63 845 031
Debt securities issued ³	0	0	27 840 858	27 840 858
Derivatives	10 979	0	0	10 979
Subordinated loans	0	0	899 071	899 071
Other liabilities	0	0	656 144	656 144
Total financial liabilities	10 979	0	93 642 710	93 653 689
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	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
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	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	163 701
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 18 - Fair value of financial instruments at amortised cost

Recognised at amortised cost	Carrying value	Fair value
	30.09.21	30.09.21
Assets		
Cash and receivables with central bank	581 647	581 647
Loans to and receivables from credit institutions	1 092 541	1 092 541
Loans to customers	73 792 131	73 792 131
Equity and funds	364	364
Other assets	451 967	451 967
Total financial assets at amortised cost	75 918 650	75 918 650
Liabilities		
Loans and deposits from central bank	0	0
Loans and deposits from credit institutions	401 606	401 606
Deposits from customers	63 845 031	63 845 031
Debt securities issued	27 840 858	27 922 268
Subordinated loans	899 071	910 368
Other liabilities	656 144	656 144
Total financial liabilities at amortised cost	93 642 710	93 735 417

30.09.21	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		581 647		581 647
Loans to and receivables from credit institutions			1 092 541	1 092 541
Loans to customers			73 792 131	73 792 131
Shares and funds			364	364
Other assets			451 967	451 967
Total financial assets at amortised cost		581 647	75 337 003	75 918 650
Liabilities				
Loans and deposits from central bank			0	0
Loans and deposits from credit institutions			401 606	401 606
Deposits from customers			63 845 031	63 845 031
Debt securities issued		27 922 268	0	27 922 268
Subordinated loan		910 368	0	910 368
Other liabilities			646 144	646 144
Total financial liabilities at amortised cost		28 832 636	64 892 781	93 725 417

Recognised at amortised cost

	Carrying value	Fair value
	31.12.20	31.12.20
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

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	0	30 071 043
Subordinated loan		912 345	0	912 345
Other liabilities			515 589	515 589
Total financial liabilities at amortised cost		30 983 388	61 951 947	92 935 335

Note 19 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	30.09.21		31.12.20	
Assets:	Carrying value	Fair value	Carrying value	Fair value
Equity and funds	286 616	286 616	163 337	163 337
Commercial paper and bonds	16 551 591	16 551 591	14 412 990	14 412 990
Derivatives	455 198	455 198	561 305	561 305
Loans to customers (fixed rate)	8 245 041	8 245 041	7 921 668	7 921 668
Total financial assets at fair value	25 538 446	25 538 446	23 059 300	23 059 300
Liabilities:				
Derivatives	10 979	10 979	21 738	21 738
Total financial liabilities at fair value	10 979	10 979	21 738	21 738

30.09.2021

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity and funds	0	172 645	113 971	286 616
Commercial paper and bonds	792 774	15 758 817	0	16 551 591
Derivatives at fair value through profit and loss (asset)	0	455 198	0	455 198
Loans to customers (fixed rate)	0	0	8 245 041	8 245 041
Total	792 774	16 386 660	8 359 012	25 538 446
Derivatives at fair value through profit and loss (liability)	0	10 979	0	10 979
Total	0	10 979	0	10 979

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)	-117 272	3 686	-113 586
New loans/exits	440 645	0	440 645
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 30 September 2021	8 245 041	113 971	8 359 012

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to September 2021.

Information about fair value of securities at Level 3:

Shares in Vipps AS

Sbanken has used the same value as year-end 2020 for calculating the fair value of the shares in Vipps AS at 30 September 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 30 September 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 basis points	+/- 6.6 mill

Fixed rate loans

Principles related to fair value of fixed rate loans are described in the annual report for 2020.

31.12.2020

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity and funds	0	53 052	110 285	163 337
Commercial paper and bonds	819 725	13 593 265	0	14 412 990
Derivatives at fair value through profit and loss (asset)	0	561 305	0	561 305
Loans to customers (fixed rate)	0	0	7 921 668	7 921 668
Total	819 725	14 207 622	8 031 953	23 059 300
Derivatives at fair value through profit and loss (liability)	0	21 738	0	21 738
Total	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 20 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	30.09.21	30.09.20	31.12.20
Receivable related to overdraft facility with Sbanken Boligkreditt AS	3 105 290	2 758 186	2 304 097
Sbanken Boligkreditt AS's deposit in Sbanken ASA	356 774	1 641 891	1 602 401
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	8 485 707	10 032 860	5 714 265
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.21 - 30.09.21	01.01.20 - 30.09.20	01.01.20 - 31.12.20
Sale of services in line with service agreement	6 509	6 188	8 249
Interest on overdraft facility	20 065	32 282	39 508
Interest on deposit	837	1 125	1 373
Interest on covered bonds issued by Sbanken Boligkreditt AS	57 663	45 132	55 799
Interest on subordinated loan issued by Sbanken Boligkreditt AS	5 190	8 304	10 427
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	6 956	9 410	12 109
Dividend from Sbanken Boligkreditt AS to Sbanken ASA	0	0	230 000

All numbers in the income statement and the balance sheet between Sbanken ASA and Sbanken Boligkreditt AS are eliminated in the group financial statements.

Transactions with related parties are based on the arm's length principle.

Note 21 - Earnings per share

In NOK	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Profit for the period to shareholders	162 101 000	202 956 000	531 751 000	533 828 000	748 575 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.52	1.90	4.98	5.00	7.00
Earnings per share (diluted)	1.52	1.90	4.98	5.00	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 22 - Subsequent events

On 1 October, the Board of Directors opted to utilise the outstanding dividend authorisation for 2020 to distribute NOK 4.40 per share, corresponding to 62.8 per cent of net profit after tax. Sbanken's capital ratios, including a CET1 capital ratio of 16.3 per cent, are not impacted by the dividend distribution. DNB announced on 1 October that the offer price per share will be reduced by NOK 4.40 to NOK 104.45 to account for the economic effects of the dividend.

There have not been any significant events subsequent to 30.09.21 that affect the financial statements for Q3 2021.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Interest income from financial instruments using the effective interest method		321 488	361 023	1 018 360	1 324 775	1 683 659
Other interest income		0	0	0	0	0
Interest expense		-51 836	-52 208	-159 407	-332 118	-381 594
Net interest income		269 652	308 815	858 953	992 657	1 302 065
Commission and fee income		84 604	84 746	241 997	249 956	345 717
Commission and fee expense		-33 664	-40 921	-95 796	-115 207	-161 407
Net commission and fee income		50 940	43 825	146 201	134 749	184 310
Net gain/(loss) on financial instruments		4 683	8 702	25 071	13 262	288 806
Other income		2 201	2 206	6 509	6 218	8 379
Other operating income		6 884	10 908	31 580	19 480	297 186
Personnel expenses		-84 763	-79 065	-256 143	-250 341	-348 192
Administrative expenses		-78 872	-69 078	-240 739	-216 957	-291 946
Depreciation and impairment of fixed and intangible assets		-16 116	-16 574	-47 796	-49 231	-65 760
Profit before loan losses		147 724	198 831	492 054	630 357	1 077 663
Loan losses		-5 482	-26 867	-212	-128 204	-133 297
Profit before tax		142 242	171 964	491 842	502 154	944 366
Tax expense		-34 347	-40 069	-117 000	-113 477	-159 763
Profit for the period		107 895	131 895	374 842	388 677	784 603
Attributable to						
Shareholders		101 649	123 019	355 842	360 825	750 136
Additional Tier 1 capital holders		6 246	8 876	19 000	27 852	34 467
Profit for the period		107 895	131 895	374 842	388 677	784 603

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Profit for the period	107 895	131 895	374 842	388 677	784 603
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-6 996	48 248	-32 430	49 794	36 803
Tax effect	1 749	-12 063	8 108	-12 449	-9 201
Other comprehensive income that can be reclassified to profit or loss after tax	-5 247	36 185	-24 322	37 345	27 602
Actuarial gains (losses)	0	0	0	0	-9 637
Tax effect	0	0	0	0	2 410
Other comprehensive income that can not be reclassified to profit or loss after tax	0	0	0	0	-7 227
Total components of other comprehensive income (after tax)	-5 247	36 185	-24 322	37 345	20 375
Total comprehensive income for the period	102 648	168 080	350 520	426 022	804 978
Attributable to					
Shareholders	96 402	159 204	331 520	398 170	770 511
Additional Tier 1 capital holders	6 246	8 876	19 000	27 852	34 467
Total comprehensive income for the period	102 648	168 080	350 520	426 022	804 978

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	30.09.21	30.09.20	31.12.20
Assets				
Cash and receivables with central bank		581 647	397 484	1 423 268
Loans to and receivables from credit institutions		4 197 674	3 646 342	2 958 456
Loans to customers		45 814 914	44 800 149	47 904 688
Net loans to customers, central bank and credit institutions		50 594 235	48 843 974	52 286 412
Commercial paper and bonds at fair value through OCI		24 240 285	22 077 600	20 109 350
Equity investments and funds		516 454	440 648	393 011
Commercial paper and bonds at amortised cost		325 664	325 582	325 622
Shares in subsidiary		1 699 880	1 699 880	1 699 880
Derivatives		124 988	1 519	29 533
Intangible assets		112 626	119 326	114 645
Deferred tax assets		16 865	0	7 738
Property, plant and equipment		91 721	135 404	127 755
Other assets		376 257	92 575	341 533
Advance payment and accrued income		74 154	56 189	53 498
Total assets		78 173 129	73 792 697	75 488 979
Liabilities				
Loans and deposits from central bank		0	2 250 000	2 250 000
Loans and deposits from credit institutions		758 186	1 641 891	1 602 243
Deposits from customers		63 845 031	58 064 313	58 643 627
Debt securities issued		4 784 036	3 603 115	4 291 792
Derivatives		10 979	55 336	21 738
Taxes payable		117 114	118 899	161 643
Deferred tax		0	472	0
Pension commitments		36 998	27 494	36 998
Other liabilities		642 330	420 324	497 581
Subordinated loans		899 071	898 751	898 831
Total liabilities		71 093 745	67 080 595	68 404 453
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital		701 200	701 139	701 223
Other equity		2 683 596	2 316 375	2 688 715
Total equity		7 079 384	6 712 102	7 084 526
Total liabilities and equity		78 173 129	73 792 697	75 488 979

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 4.9 million in Sbanken Boligkreditt AS, please refer to note 8 in the financial statements for the Sbanken group. For information regarding related parties, refer to note 20 in the financial statements for the Sbanken group.

Statement of changes in equity

(Sbanken ASA)

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 (01.01.20 to 30.09.20)						360 825	360 825
Profit for the period to Tier 1 capital holders (01.01.20 to 30.09.20)			25 634				25 634
Payments to Tier 1 capital holders (01.01.20 to 30.09.20)			-30 353				-30 353
Issue of Tier 1 capital			400 000			-800	399 200
Redeem of Tier 1 capital			-400 000				-400 000
Actuarial gains and losses for the period (01.01.20 to 30.09.20)				0			0
Net change in fair value of financial instruments available for sale (01.01.20 to 30.09.20)					37 345		37 345
Payments related to share incentive program						-4 538	-4 538
Balance sheet as at 30.09.20	1 068 693	2 625 895	701 139	-17 778	26 400	2 307 753	6 712 102
Profit for the period to other equity (01.10.20 to 31.12.20)						389 311	389 311
Profit for the period to Tier 1 capital holders (01.10.20 to 31.12.20)			8 833				8 833
Payments to Tier 1 capital holders (01.10.20 to 31.12.20)			-8 749				-8 749
Issue of Tier 1 capital			0			0	0
Redeem of Tier 1 capital			0				0
Actuarial gains and losses for the period (01.10.20 to 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments available for sale (01.10.20 to 31.12.20)					-9 743		-9 743
Payments related to share incentive program						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 (01.01.21 to 30.09.21)						355 842	355 842
Profit for the period to Tier 1 capital holders (01.01.21 to 30.09.21)			19 000				19 000
Payments to Tier 1 capital holders (01.01.21 to 30.09.21)			-19 023				-19 023
Actuarial gains and losses for the period (01.01.21 to 30.09.21)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 30.09.21)					-24 322		-24 322
Paid dividend to shareholders						-336 638	-336 638
Balance sheet as at 30.09.21	1 068 693	2 625 895	701 200	-25 005	-7 665	2 716 268	7 079 384

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	Jan-Sep 21	Jan-Sep 20	2020
Cash flows from operating activities				
Net payments on loans to customers		1 974 741	1 938 252	-1 164 488
Interest received on loans to customers		833 500	1 108 880	1 412 970
Net receipts on deposits from customers		5 201 404	5 219 432	5 798 746
Interest paid on deposits from customers		-130 786	-283 962	-306 451
Payments/receipts on loans to/deposits from group company		-1 724 916	109 529	493 797
Interest received on loans to group company		20 065	32 282	39 622
Net receipts/payments from buying and selling financial instruments at fair value		-4 057 793	-11 049 407	-9 109 085
Interest received from commercial paper and bonds		174 323	189 632	224 826
Receipts of collateral related to derivatives used in hedge accounting		79 665	0	0
Net receipts/payments on deposits from central bank		-2 250 000	2 250 000	2 250 000
Interest paid on deposits from credit institutions		-2 011	-7 839	-6 180
Interest received on loans to credit institutions and central bank		9	4 619	4 610
Receipts related to commissions and fees		240 596	251 198	331 229
Payments related to commissions and fees		-91 161	-103 491	-138 775
Payments related to administrative expenses		-216 498	-222 542	-311 458
Payments related to personnel expenses		-263 229	-273 297	-351 267
Taxes paid		-162 548	-156 806	-161 469
Other receipts/payments		-324 589	-63 959	67 645
Net cash flows from operating activities		-699 228	-1 057 479	-925 728
Cash flows from investment activities				
Capital increase in subsidiary		0	0	0
Received dividend from subsidiary		230 000	0	0
Invested in Additional Tier 1 capital in subsidiary		0	0	0
Invested in associated company		0	-367	-427
Payments on the acquisition of fixed assets		-4 392	-619	-1 183
Payments on the acquisition of intangible assets		-26 108	-8 618	-13 349
Net cash flows from investment activities		199 500	-9 604	-14 959
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost		0	0	0
Paid dividend to shareholders		-336 638	0	0
Receipts on subordinated loans		0	500 000	500 000
Payments on matured and redeemed subordinated loans		0	-500 000	-500 000
Interest paid on subordinated loans		-10 651	-23 222	-28 003
Receipts on issued additional Tier1 capital		0	400 000	400 000
Payments on matured and redeemed additional Tier1 capital		0	-400 000	-400 000
Interest paid on additional Tier 1 capital		-19 022	-30 352	-39 202
Receipts on issued bonds and commercial paper		1 300 000	2 403 700	3 250 000
Payments on matured and redeemed bonds and commercial paper		-808 159	-1 833 750	-1 991 454
Interest paid on issued bonds and commercial paper		-29 398	-37 905	-47 277
Net cash flows from financing activities		96 132	478 471	1 144 064
Total net cash flow		-403 596	-588 612	203 377
Cash at the beginning of the period		2 077 627	1 874 250	1 874 250
Cash at the end of the period		1 674 031	1 285 638	2 077 627
Change in cash		-403 596	-588 612	203 377
Cash				
Cash and receivables with central bank		581 647	397 483	1 423 268
Loans to credit institutions		1 092 384	888 155	654 359
Total cash		1 674 031	1 285 638	2 077 627

Capital adequacy

(Sbanken ASA)

	30.09.21		30.09.20		31.12.20	
In NOK thousand	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	2 687 118	0	1 004 133	0	2 038 554	0
Regional governments	1 740 796	217 471	2 432 809	287 340	4 831 614	794 811
Multilateral Development Banks	1 477 058	0	619 019	0	1 144 014	0
Institutions	31 048 663	3 455 109	31 641 390	3 344 955	32 825 074	3 402 274
Retail	8 591 294	3 294 816	9 054 780	3 682 966	8 825 210	3 528 427
Secured by mortgages on immovable property	59 892 515	17 025 131	57 411 281	16 523 305	59 340 645	17 629 689
Exposures in default	426 847	500 709	247 454	298 582	264 951	326 776
Covered bonds	18 310 113	1 831 011	18 046 325	1 804 632	13 152 493	1 315 249
Equity	2 623 196	2 623 741	2 479 993	2 483 383	2 432 507	2 436 073
Other items	166 121	166 121	237 612	237 612	192 389	192 389
Total credit risk, standardised method¹⁾	126 963 721	29 114 109	123 174 796	28 662 775	125 047 451	29 625 688
Credit value adjustment risk (CVA)		22 602		10 313		26 410
Operational risk		2 290 161		2 214 005		2 290 161
Total risk-weighted volume		31 426 872		30 887 093		31 942 259
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		2 327 754		1 955 550		1 938 579
Additional Tier 1 capital		701 200		701 139		701 223
Profit for the period		355 842		360 825		750 136
Total booked equity		7 079 384		6 712 102		7 084 526
Additional Tier 1 capital instruments included in total equity		-701 200		-701 139		-701 223
Common equity Tier 1 capital instruments		6 378 184		6 010 963		6 383 303
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-84 470		-89 494		-85 983
Value adjustment due to the requirements for prudent valuation (AVA)		-24 756		-22 516		-20 503
Dividends payable		-470 225		0		-470 225
Profit for the period, not eligible ²⁾		-355 842		-360 825		-336 638
Common equity Tier 1 capital		5 442 891		5 538 128		5 469 954
Additional Tier 1 capital		700 000		700 000		700 000
Tier 1 capital		6 142 891		6 238 128		6 169 954
Tier 2 capital		900 000		900 000		900 000
Own funds (primary capital)		7 042 891		7 138 128		7 069 954
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 414 209	4.5%	1 389 919	4.5%	1 437 402
Capital conservation buffer	2.5%	785 672	2.5%	772 177	2.5%	798 556
Systemic risk buffer	3.0%	942 806	3.0%	926 613	3.0%	958 268
Countercyclical capital buffer	1.0%	314 269	1.0%	308 871	1.0%	319 423
Additional Tier 1 capital	1.5%	471 403	1.5%	463 306	1.5%	479 134
Tier 2 capital	2.0%	628 537	2.0%	617 742	2.0%	638 845
Total minimum and buffer requirements own funds (primary capital)	14.5%	4 556 896	14.5%	4 478 628	14.5%	4 631 628
<i>Available common equity Tier 1 capital after buffer requirements</i>		<i>1 985 935</i>		<i>2 140 549</i>		<i>2 426 531</i>
<i>Available own funds (primary capital)</i>		<i>2 485 995</i>		<i>2 659 500</i>		<i>2 908 552</i>
Capital ratio % (regulatory)						
Common equity Tier 1 capital		17.3%		17.9%		18.6%
Additional Tier 1 capital		2.2%		2.3%		2.2%
Tier 2 capital		2.9%		2.9%		2.8%
Total capital ratio		22.4%		23.1%		23.6%

Capital ratio % ³⁾				
Common equity Tier 1 capital		18.3%	18.6%	17.1%
Additional Tier 1 capital		2.2%	2.3%	2.2%
Tier 2 capital		2.9%	2.9%	2.8%
Total capital ratio		23.3%	23.8%	22.1%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Including 0 per cent of the profit for the interim period of 2021 and 2020. Year-end 2020 is adjusted to ex-dividend NOK 4.40 per share for 2020.

³⁾ Including 50 per cent of the profit for interim period of 2021 and 70 per cent of the profit for the interim period of 2020. Year-end 2020 includes 37.2 per cent retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

Leverage Ratio (Sbanken ASA)

In NOK thousand		30.09.21	30.09.20	31.12.20
Derivatives market value		0	1 519	6 930
Potential future exposure on derivatives		45 900	23 300	40 800
Off-balance sheet commitments		30 431 366	31 383 681	32 756 893
Loans and advances and other assets		77 935 515	73 671 382	75 114 801
Regulatory adjustments included in Tier 1 capital			0	0
Total leverage exposure		108 412 781	105 079 882	107 919 424
Tier 1 capital ¹⁾		6 142 891	6 238 128	6 169 954
Leverage ratio % (regulatory)		5.7 %	5.9 %	5.7 %
Leverage ratio % ²⁾		5.9 %	6.1 %	5.7 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 252 383	3 152 396	3 237 583
Buffer requirements ³⁾	0.0%	0	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	3 252 383	3 152 396	3 237 583
<i>Available Tier 1 capital after minimum and buffer requirements</i>		2 890 508	3 085 732	2 932 371
<i>Available Tier 1 capital after minimum and buffer requirements ²⁾</i>		3 185 662	3 286 408	2 932 371

¹⁾ Including 0 per cent of the interim period of 2021 and 2020. Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019 following proposed dividend.

²⁾ Including 50 per cent of the interim period of 2021 and 70 per cent of the profit for the interim period of 2020. Year-end 2020 is adjusted to ex-dividend NOK 4.40 per share for 2020.

³⁾ In July 20, the Norwegian Ministry of Finance ruled in favour of Sbanken in its application to exempt its parent company from the leverage ratio buffer requirement of 2 per cent.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	30.09.21	31.12.20
Bonds issued	NOK	4 784 036	4 291 792
Subordinated loans	NOK	899 071	898 831
Total debt securities issued and subordinated loans		5 683 107	5 190 623

Specification of bonds and subordinated loans as at 30.09.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010862048	Sbanken ASA	690 000	NOK	Floating	09.09.22	689 887
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	998 212
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 420
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 700
NO0010920762	Sbanken ASA	500 000	NOK	Floating	12.12.24	500 001
Total bonds		3 990 000				3 989 220
Bonds, senior non-preferred						
NO0011087587	Sbanken ASA	400 000	NOK	Floating	08.09.25	399 765
NO0011087595	Sbanken ASA	400 000	NOK	Fixed	07.09.27	395 051
Total bonds, senior non-preferred		800 000				794 816
Total bonds		4 790 000				4 784 036

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 959
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 925
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 424
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 763
Total subordinated loans		900 000				899 071

¹ First possible call date for the issuer is 5 years before date of maturity. The loan agreement has covenants to qualify as Tier 2 capital.

Changes of debt securities and subordinated loans:

	31.12.20	January-September 2021				30.09.21
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	4 293 000	1 300 000	-743 000	-60 000	0	4 790 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	5 193 000	1 300 000	-743 000	-60 000	0	5 690 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Loans to and receivables from credit institutions and central bank	7 339	7 566	20 074	36 901	44 232
Loans to customers ¹	261 336	306 911	827 920	1 106 475	1 415 870
Commercial paper and bonds ²	52 812	46 545	170 365	181 398	223 557
Total interest income	321 488	361 023	1 018 360	1 324 775	1 683 659
Loans and deposits from credit institutions and central bank	-258	-4 564	-2 848	-7 839	-8 954
Deposits from customers	-20 558	-22 510	-60 937	-223 912	-243 868
Debt securities issued	-9 345	-5 209	-30 078	-34 888	-43 634
Subordinated loans	-4 063	-4 699	-12 645	-19 753	-23 954
Other interest expenses	-17 612	-15 226	-52 899	-45 726	-61 184
Total interest expenses	-51 836	-52 208	-159 407	-332 118	-381 594
Net interest income	269 652	308 815	858 953	992 657	1 302 065

¹ Interest income in Jan-Sep 21 of TNOK 361 342 are related to home loans measured at fair value through OCI and TNOK 86 687 are related to home loans measured at fair value through profit and loss.

² Interest income in Jan-Sep 21 of TNOK 5 190 are related to commercial paper and bonds at amortised cost. The rest relates to investments measured at fair value through OCI.

Classification of financial instruments

(Sbanken ASA)

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI ¹	Financial instruments carried at amortised cost	Total carrying value	Total fair value
30.09.21					
Financial Assets					
Cash and receivables with central bank			581 647	581 647	581 647
Loans to and receivables from credit institutions			4 197 674	4 197 674	4 197 674
Loans to customers	8 245 041	25 950 970	11 618 903	45 814 914	45 814 914
Commercial paper and bonds		24 240 285	0	24 240 285	24 240 285
Equity investments and funds ^{2 and 3}	516 090		364	516 454	516 454
Commercial paper and bonds at amortised cost			325 664	325 664	326 306
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	124 988			124 988	124 988
Other assets			450 411	450 411	450 411
Total financial assets	8 886 119	50 191 255	18 874 543	77 951 917	77 952 559
Financial liabilities					
Loans and deposits from central bank			0	0	0
Loans and deposits from credit institutions			758 186	758 186	758 186
Deposits from customers			63 845 031	63 845 031	63 845 031
Debt securities issued			4 784 036	4 784 036	4 804 532
Derivatives	10 979		10 979	10 979	10 979
Subordinated loans			899 071	899 071	910 368
Other liabilities			642 330	642 330	642 330
Total financial liabilities	10 979	0	70 928 654	70 939 633	70 971 426
¹ Home loans and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income.					
² Shares in associated company are recognised using the equity method and allocated to the category amortised cost.					
³ Sbanken ASAs holdings of Tier 1 capital issued by others are measured at fair value through profit and loss.					

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI ¹	Financial instruments carried at amortised cost	Total carrying value	Total fair value
31.12.20					
Financial Assets					
Cash and receivables with central bank			1 423 268	1 423 268	1 423 268
Loans to and receivables from credit institutions			2 958 456	2 958 456	2 958 456
Loans to customers	7 921 668	30 111 454	9 871 566	47 904 688	47 904 688
Commercial paper and bonds		20 109 350	0	20 109 350	20 109 350
Equity investments and funds ^{2 and 3}	392 647		364	393 011	393 011
Commercial paper and bonds at amortised cost			325 622	325 622	327 225
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	29 533			29 533	29 533
Other assets			395 031	165 031	165 031
Total financial assets	8 343 848	50 220 804	16 674 187	75 008 839	75 010 442
Financial liabilities					
Loans and deposits from central bank			2 250 000	2 250 000	2 250 000
Loans and deposits from credit institutions			1 602 243	1 602 243	1 602 243
Deposits from customers			58 643 627	58 643 627	58 643 627
Debt securities issued			4 291 792	4 291 792	4 300 530
Derivatives	21 738			21 738	21 738
Subordinated loans			898 831	898 831	912 345
Other liabilities			497 581	497 581	497 581
Total financial liabilities	21 738	0	68 184 074	68 205 812	68 228 064

¹ Home loans and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income.

² Shares in associated company are recognised using the equity method and allocated to the category amortised cost.

³ Sbanken ASAs holdings of Tier 1 capital issued by others are measured at fair value through profit and loss.

Financial instruments at fair value (Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	30.09.21		31.12.20	
Assets:	Carrying value	Fair value	Carrying value	Fair value
Equity investments and funds	516 090	516 090	392 647	392 647
Commercial paper and bonds	24 240 285	24 240 285	20 109 350	20 109 350
Loans to customers	34 196 011	34 196 011	38 033 122	38 033 122
Derivatives	124 988	124 988	29 533	29 533
Total financial assets at fair value	59 077 374	59 077 374	58 564 652	58 564 652
Liabilities:				
Derivatives	10 979	10 979	21 738	21 738
Total financial liabilities at fair value	10 979	10 979	21 738	21 738

30.09.2021				
In NOK thousand	Level 1	Level 2	Level 3	Total
Equity investments and funds	0	402 119	113 971	516 090
Commercial paper and bonds	792 774	23 447 511	0	24 240 285
Loans to customers	0	0	34 196 011	34 196 011
Derivatives	0	124 988	0	124 988
Total	792 774	23 974 618	34 309 982	59 077 374
Derivatives at fair value through profit and loss (liability)		10 979		10 979
Total		10 979		10 979

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)	-117 272	3 686	-113 586
Net new loans/exits	13 857 469	0	13 857 469
Sale (to Sbanken Boligkreditt AS)	-17 577 308	0	-17 577 308
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 30 September 2021	34 196 011	113 971	34 309 982

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to September 2021.

31.12.2020

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity investments and funds	0	282 362	110 285	392 647
Commercial paper and bonds	819 725	19 289 625	0	20 109 350
Loans to customers	0	0	38 033 122	38 033 122
Derivatives	0	29 533	0	29 533
Total	819 725	19 601 520	38 143 407	58 564 652
Derivatives at fair value through profit and loss (liability)				21 738
Total				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.

Alternative performance measures

(Sbanken group)

Sbanken 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. For interim periods the interest income and expense figures are annualised using the number of interest bearing days in the period to the total number of interest bearing days in the year.

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	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Net interest income (annualised)	1 481 350	1 679 616	1 538 133	1 652 112	1 644 137
Average total assets	98 433 335	101 349 436	99 643 284	98 347 563	98 938 512
Net interest margin	1.50 %	1.66 %	1.54 %	1.68 %	1.66 %
Interest income (annualised)	1 845 927	2 100 776	1 942 066	2 503 879	2 380 696
Average total assets	98 433 335	101 349 436	99 643 284	98 347 563	98 938 512
Effective lending rate	1.88 %	2.07 %	1.95 %	2.55 %	2.41 %
Interest expense (annualised)	364 577	421 161	403 934	851 767	736 560
Average total assets	98 433 335	101 349 436	99 643 284	98 347 563	98 938 512
Effective funding rate	0.37 %	0.42 %	0.41 %	0.87 %	0.74 %

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.

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	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Operating expense	181 056	166 801	546 895	520 589	710 371
Operating income	405 433	469 632	1 261 235	1 373 453	1 850 497
Cost-to-income ratio	44.7 %	35.5 %	43.4 %	37.9 %	38.4 %
Operating expense	181 056	n/a	546 895	n/a	710 371
Adjustment one-off	-3 785	n/a	-12 461	n/a	-23 500
Operating expense adjusted	177 271	n/a	534 434	n/a	686 871
Operating income	405 433	n/a	1 261 235	n/a	1 850 497
Adjustment one-off	0	n/a	0	n/a	-27 900
Operating income adjusted	405 433	n/a	1 261 235	n/a	1 822 597
Cost-to-income ratio adjusted	43.7 %	n/a	42.4 %	n/a	37.7 %
Profit for the period attributable to shareholders (annualised)	643 120	807 410	710 950	713 069	748 575
Average equity	7 026 316	6 611 340	7 014 022	6 445 736	6 548 627
Return on equity	9.2 %	12.2 %	10.1 %	11.1 %	11.4 %
Profit for the period attributable to shareholders (annualised)	643 120	n/a	n/a	n/a	n/a
Adjustment one off (after tax effect)	2 831	n/a	n/a	n/a	n/a
Adjustment one off (annualised)	11 263	n/a	n/a	n/a	n/a
Profit for the period attributable to shareholders (annualised) adjusted	654 383	n/a	n/a	n/a	n/a
Average CET 1 equity	7 026 316	n/a	n/a	n/a	n/a
Average CET 1 equity buffer	-1 903 978	n/a	n/a	n/a	n/a
Average CET 1 equity adjusted for average CET 1 buffer	5 122 338	n/a	n/a	n/a	n/a
Return on equity adjusted	12.8 %	n/a	n/a	n/a	n/a

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 banks.

Growth, e.g loan growth, is calculated as a percentage by subtracting the period end balance from the period start balance and dividing by the period start balance.

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.

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.

In NOK thousand	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Loan losses (annualised)	20 836	112 920	1 098	172 195	133 482
Average loan volume	81 895 896	83 547 506	82 555 541	83 378 359	83 416 532
Loss rate	0.03 %	0.14 %	0.00 %	0.21 %	0.16 %
Average deposits from customers	63 797 722	58 980 306	61 620 633	56 503 335	57 041 527
Average loans to customers	81 895 896	83 547 506	82 555 541	83 378 359	83 416 532
Average deposit-to-loan ratio	77.9 %	70.6 %	74.6 %	67.8 %	68.4 %
Deposits from customers	63 845 031	58 064 313	63 845 031	58 064 313	58 643 627
Loans to customers	82 037 172	83 266 268	82 037 172	83 266 268	83 082 252
Deposit-to-loan ratio	77.8 %	69.7 %	77.8 %	69.7 %	70.6 %
LTV (Loan-to-value)	51.1 %	52.8 %	51.1 %	52.8 %	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 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.

LCR (Liquidity Coverage Ratio)

	30.09.21		30.09.20		31.12.20	
In NOK thousand	Carrying value	Value LCR	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	5 591 418	5 591 418	2 953 902	2 953 902	4 464 258	4 464 258
Level 1 covered bonds	8 712 139	8 102 289	6 933 540	6 448 192	6 504 158	6 048 867
Level 2A - assets	2 516 618	2 139 126	2 463 834	2 094 259	4 780 653	4 063 555
Level 2B - assets	0	0	0	0	0	0
Excess liquid asset amount		0		-1 650 014		0
Assets ineligible as "liquid assets"	84 863 710		85 749 517		84 977 390	
Total assets	101 683 885	15 832 833	98 100 793	9 846 339	100 726 459	14 576 680
Net outflows		5 036 536		4 558 664		4 409 270
LCR %		314 %		216 %		331 %



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