

Sbanken

Q4



Fourth quarter 2020

(Unaudited)

Sbanken ASA

# Q4

## Fourth quarter 2020 – Highlights Sbanken ASA

Annual lending growth

**2.4 %**  
(2.9 %\*)

Cost-to-income ratio

**39.8 %**  
(45.4 %\*)

ROE

**12.5 %**  
(10.0 %\*)

Net interest margin

**1.60 %**  
(1.81 %\*)

Loan loss ratio

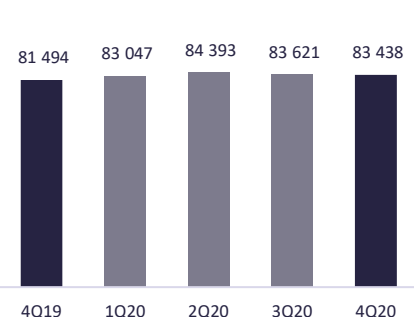
**0.02 %**  
(0.24 %\*)

CET1 ratio

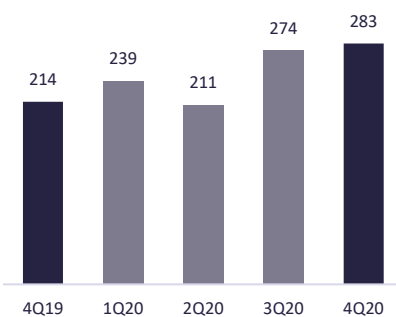
**15.5 %\*\***  
(15.6 %\*)

- EPS growth 10.4 per cent in 2020
- FuM record growth to NOK 23.2bn – market share 8.1 per cent
- Reduced loss levels – loss ratio 0.02 per cent
- Dividend per share: 2019 distribution NOK 3.15, 2020 authorisation NOK 4.40
- Significant overcapitalisation – NOK 1bn above CET1 target post proposed dividends

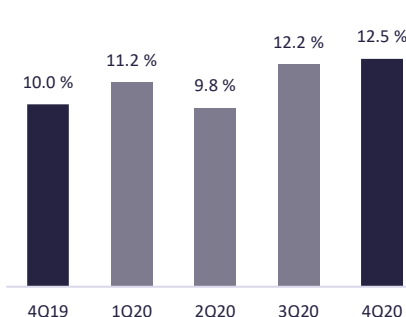
Total loans to customers  
NOK million



Earnings before tax  
NOK million



Return on equity  
Per cent



\* Comparable figure corresponding period last year.

\*\* Including 37.2 per cent retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

# Key figures (group)

In NOK thousand	Reference	Q4 20	Q4 19	2020	2019
<b>Summary of income statement</b>					
Net interest income		407 309	429 057	1 644 137	1 564 127
Net fee and commission income		49 561	53 529	184 310	214 924
Net other income		20 173	1 233	22 050	20 778
<b>Total income</b>		<b>477 043</b>	<b>483 819</b>	<b>1 850 497</b>	<b>1 799 829</b>
Other operating expenses		-189 781	-219 833	-710 371	-727 239
<b>Operating profit before loan losses</b>		<b>287 261</b>	<b>263 986</b>	<b>1 140 126</b>	<b>1 072 589</b>
Loan losses		-4 571	-49 845	-133 482	-153 149
<b>Earnings before tax</b>		<b>282 690</b>	<b>214 142</b>	<b>1 006 643</b>	<b>919 440</b>
Calculated tax		-61 328	-51 166	-223 601	-209 388
<b>Net profit</b>		<b>221 362</b>	<b>162 975</b>	<b>783 042</b>	<b>710 052</b>
<b>Profitability</b>					
Return on equity	1	12.5 %	10.0 %	11.4 %	11.4 %
Net interest margin	2	1.60 %	1.81 %	1.66 %	1.68 %
Cost-to-income ratio	3	39.8 %	45.4 %	38.4 %	40.4 %
Earnings per share		2.01	1.44	7.00	6.34
<b>Balance sheet figures (in NOK million)</b>					
Total loan volume		83 438	81 494	83 438	81 494
Customer deposits		58 644	52 845	58 644	52 845
Deposit-to-loan ratio	4	70.2 %	64.9 %	68.4 %	64.8 %
Lending growth (gross) previous 12 months		2.4 %	2.9 %	2.4 %	2.9 %
Average total assets	5	101 312	93 947	98 939	92 913
Total assets, end of period		100 726	93 006	100 726	93 006
Book value per share		64.72	57.83	64.72	57.83
<b>Losses and defaults</b>					
Total loan loss (%)	6	0.02 %	0.24 %	0.16 %	0.19 %
<b>Capital adequacy and leverage ratio</b>					
Common equity Tier 1 capital ratio	7	15.5 %	15.6 %	15.5 %	15.6 %
Tier 1 capital ratio		17.3 %	17.5 %	17.3 %	17.5 %
Total capital ratio		19.6 %	19.9 %	19.6 %	19.9 %
Leverage ratio		6.3 %	6.7 %	6.3 %	6.7 %
<b>Employment</b>					
FTEs		334	370	334	370

## References

1) Return to shareholders after tax (annualised) as a percentage of average shareholder equity in the period.

2) Net interest income (annualised) as a percentage of average total capital

3) Operating expenses before loss as a percentage of total income

4) Average deposits from customers as a percentage of average loan volume

5) Average total assets in the period

6) Loan losses as a percentage of average loan volume in the period

7) Year-end 2020 includes 37.2 per cent retained earnings for 2020 and 50.4 per cent of retained earnings for 2019. Year-end 2019 includes 70.1 per cent retained earnings following the Board's original dividend proposal.

# Fourth Quarter Results

The Sbanken group recorded a profit before tax of NOK 282.7 million in the fourth quarter, compared with NOK 214.1 million in the fourth quarter of 2019. Net interest income decreased to NOK 407.3 (429.1) million, while net fee and commission income decreased by 7.4 per cent to NOK 49.6 (53.5) million. Non-recurring items, relating to conversion of shares in VN Norge (Visa) and severance pay, had a net positive effect of NOK 13.0 million.

Total customer lending at quarter-end was NOK 83.4 (81.5) billion. Mortgage lending was flat from the previous quarter as healthy inflow of new customers at higher LTVs was countered by elevated churn in lower yielding mortgages. Funds under management increased to NOK 23.2 billion, supported by record high inflow. Return on equity in the fourth quarter was 12.5 (10.0) per cent.

## Important events during the quarter

Following the outbreak of coronavirus in the first half-year of 2020, and a pick-up in business activity thereafter, higher infection rates and stricter containment measures have weighed on the economic activity towards year-end. The bank's operations have in the quarter performed consistently well with the majority of staff working from home.

Norges Bank kept the key policy rate unchanged at zero per cent, a record low level. The average three-month NIBOR rate was 0.38 per cent, up 10 basis points from the previous quarter.

Sbanken received an extraordinary dividend from VN Norge following a conversion of half of the company's remaining C-shares in Visa Inc. The bank recognised a NOK 27.9 million gain in relation to the transaction.

A materiality analysis was conducted to evaluate what environmental, social and governance (ESG) topics are most important for Sbanken's long-term value creation. Following this, the bank set new targets in relation to gender equality, emissions reduction and fund savings with a positive ESG profile.

In December, Moody's Investor Service upgraded the outlook of Sbanken ASA's long-term A3 credit rating to positive. The outlook was updated as a result of the bank's low and improving risk profile, solid capital position, strong growth in deposits and resilient profitability.

Sbanken received its Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirement from the Norwegian FSA in December. The requirement is set at 31.0 per cent of adjusted risk weighted assets. The requirement comes into effect from 31 March 2021, while the subordination requirement must be fulfilled by 1 January 2024.

On 16 December, an extraordinary general meeting decided to grant authorisation to the Board to decide on the distribution of dividends for 2019, limited to NOK 3.15 per share.

## Operating income

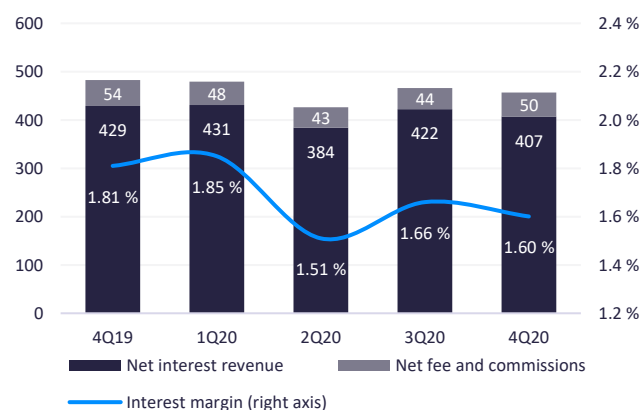
Operating income amounted to NOK 477.0 (483.8) million, following a decrease in net interest income of NOK 21.7 million, a decrease in net fee

and commission income of NOK 4.0 million and an increase in other operating income of NOK 18.9 million from the fourth quarter of 2019.

The increase in other operating income was primarily a result of the extraordinary dividend received from VN Norge. Net interest income decreased to NOK 407.3 (429.1) million. The net interest margin was 1.60 per cent, down from 1.81 per cent in the fourth quarter of 2019. Compared to the previous quarter, the net interest margin was down 6 basis points as the bank made selective price adjustments for mortgages in October.

Net fee and commission income decreased to NOK 49.6 (53.5) million, primarily as a result of reduced revenues from card transactions as customers' foreign travel activity remained subdued.

Net interest and fee and commission income  
NOK million



The effective lending rate decreased to 1.99 per cent, compared to 3.17 per cent in the fourth quarter of 2019, and 2.07 per cent in the previous quarter.

### Average effective interest rate by product group

	4Q19	1Q20	2Q20	3Q20	4Q20
Mortgages	2.94 %	2.98 %	2.23 %	1.99 %	1.89 %
Car loans	5.48 %	5.70 %	5.55 %	5.46 %	5.61 %
Consumer loans	10.38 %	10.33 %	10.36 %	10.35 %	10.23 %
Other credit	11.40 %	11.81 %	12.21 %	11.58 %	11.56 %

The effective funding rate decreased to 0.39 per cent, compared with 1.33 per cent in the fourth quarter of 2019. The funding rate decreased by 3 basis points from the previous quarter.

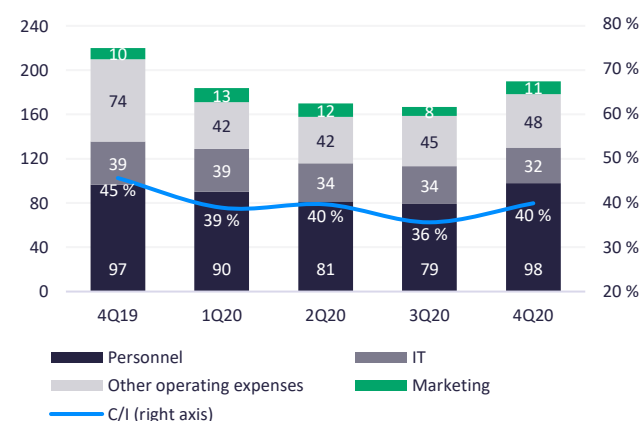
### Operating expenses

Operating expenses amounted to NOK 189.8 (219.8) million in the quarter, including NOK 14.9 million in non-recurring severance pay relating to the bank's ongoing cost-cutting initiatives. Compared to the fourth quarter of 2019, the main difference was a reduction in amortisation of intangible assets. Marketing costs increased to NOK 11.5 million from NOK 10.1 million in the fourth quarter of 2019.

The cost-to-income ratio was 39.8 per cent in the quarter, compared to 45.4 per cent in the fourth quarter of 2019.

### Operating expenses

NOK million



### Impairments and losses

Loan losses amounted to NOK 4.6 (49.8) million in the quarter, equivalent to a loan loss ratio of 0.02 per cent. Losses for secured loans remained at historic low levels, while the loss ratio for unsecured loans was significantly lower compared to the previous quarters.

Total expected credit losses amounted to NOK 361.5 million at the end of the quarter, of which NOK 56.4 million related to secured loans and NOK 305.1 million to unsecured loans.

### Taxes

The estimated tax expense amounted to NOK 61.3 (51.2) million, corresponding to an effective tax rate of 21.7 (23.9) per cent.

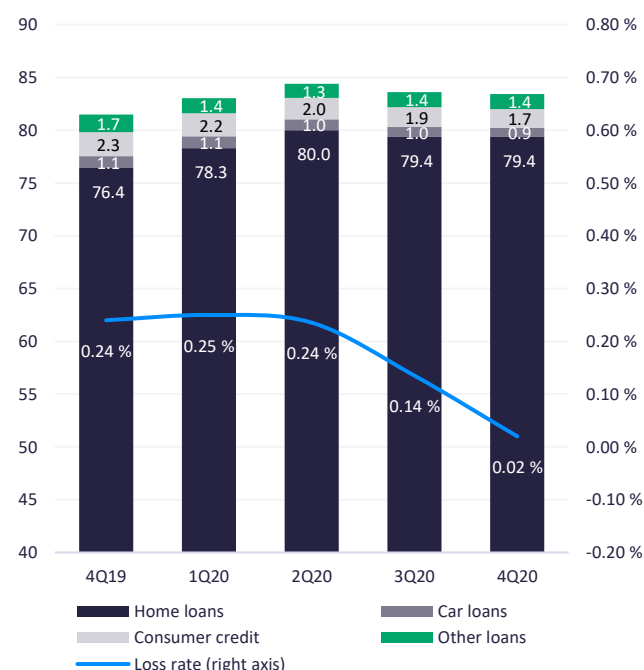
### Loans to and deposits from customers

At the end of the quarter, loans to customers totalled NOK 83.4 (81.5) billion. Lending growth over the past 12 months was 2.4 per cent. Mortgage lending was unchanged from the previous quarter. The volume of fixed rate mortgages increased to NOK 7.9 billion, up NOK 2.0 billion from the previous quarter. Close to all mortgage customers who in March and April opted for instalment deferrals have now returned to normal repayment schedules.

Outstanding consumer loans amounted to NOK 1.7 (2.3) billion at quarter-end, a 7.0 per cent reduction 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 (1.7) billion.

### Loans to customers

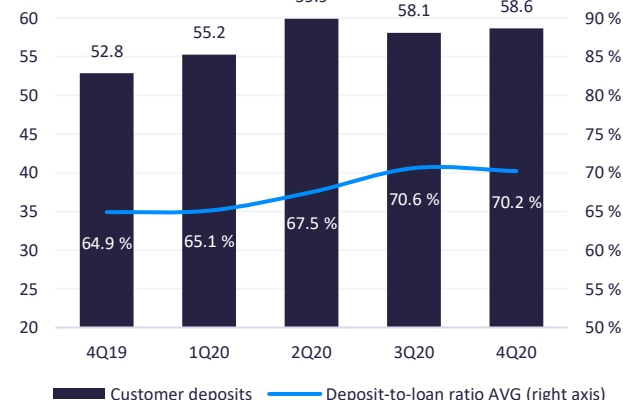
NOK billion



Customer deposits increased to NOK 58.6 (52.8) billion, an 11.0 per cent increase from the fourth quarter of 2019. At quarter-end, the bank had close to 8 600 SME customers with combined deposits of NOK 1.8 billion.

### Customer deposits

NOK billion

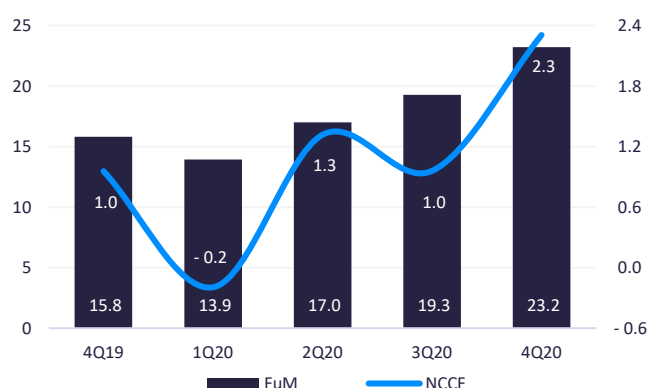


### Savings

Funds under management increased to NOK 23.2 billion during the quarter, up NOK 3.9 billion from the end of the previous quarter. The increase was ascribed both to inflow of customers' funds and increased market valuations. At quarter-end, Sbanken's market share in retail fund savings had increased to 8.1 per cent, up from 7.6 per cent in the previous quarter.

Net client cash flow in the quarter was positive in the amount of NOK 2.3 billion, corresponding to an 18.9 percentage market share of Norwegian retail fund inflows. In December, inflow from fixed savings agreements reached a record high of NOK 145 million per month.

### Customers' investment in mutual funds (FuM) NOK billion



### Comments on the results for the full year 2020

Sbanken recorded a net profit after tax of NOK 783.0 million in 2020, compared NOK 710.1 million in 2019.

Net interest income increased by 5.1 per cent to NOK 1 644.1 (1 564.1) million, primarily ascribed to increased mortgage lending. Net fee and commission income decreased to NOK 184.3 (214.9) million, primarily a result of reduced income from card transactions abroad.

Operating expenses were reduced by 2.3 per cent to NOK 710.4 (727.2) million, mainly a result of lower marketing spend and reduced amortisation of intangible assets.

Loan losses amounted to NOK 133.5 (153.1) million, corresponding to a loan loss ratio of 0.16 (0.19) per cent. The majority of losses came in the first half-year of 2020 as new macro assumptions affected ECL model calibrations.

The Board of Directors proposes that an authorisation is granted to the Board to decide on the distribution of 2020 dividends, limited to NOK 4.40 per share, corresponding to 62.8 per cent of net profit after tax.

### Capital adequacy, leverage ratio and risk factors

Sbanken currently 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 15.5 per cent, a 1.2 percentage points decrease from the third quarter of 2020. The tier 1 capital ratio was 17.3 per cent and total capital ratio was 19.6 per cent, while the leverage ratio was 6.3 per cent. The capital ratios include 37.2 per cent of retained earnings for 2020 and 50.4 per cent of retained earnings for 2019.

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 52.9 per cent, up from 52.8 per cent in the previous quarter. Mortgage lending accounted for 95.1 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 122.9 million at the end of the quarter, of which NOK 70.7 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 14.5 billion in interest-bearing securities issued by sovereigns, municipalities and financial institutions. The corresponding credit spread risk was estimated at NOK 186.0 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 331 per cent, against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 143 per cent.

Sbanken had outstanding capital market funding amounting to NOK 30.0 billion at quarter-end. Sbanken Boligkreditt AS' total nominal issue of covered bonds amounted to NOK 30.8 billion. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 70.6 per cent, compared to 69.7 per cent in the previous quarter and 65.1 per cent in the fourth quarter of 2019. 93.5 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 83.3 per cent by the harmonised EU Deposit Guarantee Scheme (EUR 0.1 million).

At quarter-end, Sbanken ASA had a long-term credit rating of A3 with a positive outlook from Moody's. Covered bonds issued by Sbanken Boligkreditt AS have a long-term rating of Aaa from Moody's.

### Macroeconomic and regulatory developments

Towards year-end, increases in coronavirus infections rates and containment measures have weighed on economic activity. The prospect of vaccine availability will likely speed up the recovery, but there still persist uncertainty regarding the development in the short term.

In the December monetary policy report, Norges Bank projected that the key policy rate will remain at zero per cent for over a year ahead, followed by a gradual rise from the first half-year of 2022.

Following the sharp decline in the first half-year of 2020, mainland GDP is expected to have contracted by 3.5 per cent in 2020. GDP growth is forecasted to increase to 3.7 per cent in 2021 and 3.1 per cent in 2022.

Registered unemployment was 3.8 per cent at quarter-end, up from 3.7 per cent in the previous quarter. Unemployment is forecasted to fall to 3.2 per cent in 2021, before falling to below 3 per cent in 2022.

Norwegian housing prices rose by 2.7 per cent in the fourth quarter, and by 8.7 per cent for 2020 as a whole. Norges Bank projects housing prices to increase by 6.7 per cent in 2021, followed by easing price growth thereafter. Credit growth for households is forecasted at just below 5 per cent for 2021.

In December, the Ministry of Finance adopted an updated lending regulation where the existing requirements in the residential mortgage regulation were left unchanged. The new regulation, which will also covers consumer credit regulations, will be in force until year-end 2024.

### Subsequent events

On 20 January, the Ministry of Finance issued guidelines on how the recommendation of the ESRB on profit distribution should apply in Norway. The Ministry expects banks to keep combined distributions within 30 per cent of cumulative profits for 2019 and 2020, until 30 September 2021.

In January, Moody's upgrade Sbanken ASA's long-term credit rating to A2. The upgrade was driven by the anticipation of the issuance of additional loss-absorbing instruments, following receipt of the MREL requirement.

On 10 February, the Board opted to utilise the current dividend authorisation for 2019 by distributing dividends of NOK 3.15 per share, equivalent to 26.6 per cent of Sbanken ASA's cumulative net profits for 2019 and 2020. The Board has also reviewed the bank's dividend policy. The new target is to return capital to shareholders through the distribution of 50 per cent of the group's net profit in cash dividends, in addition to share buy-backs.

# Outlook

The short term economic outlook for the Norwegian economy is weighed down by increased coronavirus infection rates and containment measures. In the medium term, vaccine availability provides ground for optimism of a recovery towards the end of 2021.

The low interest rate environment puts downward pressure on the bank's interest rate margin. In the short to medium term, the key policy rate is expected to remain at the current level of zero per cent. The full effects on the net interest margin is dependent on changes in funding rates and competition.

Loss levels related to unsecured lending have come down from elevated levels and the portfolio is showing clear signs of improved credit quality. For secured loans, losses are expected to remain at the historic low levels. For 2021, the bank expects the average loss level to trend around 0.10 per cent.

Sbanken is rapidly growing its market share and volumes within savings. Going forward, scalable growth in capital light income from savings will be key to reach the bank's ROE target of 14 per cent.


The bank continues its efforts to provide the market's most efficient and automated banking services. This will provide a strong foundation for delivering attractive financial returns going forward.

**Bergen, 10 February 2021**

The Board of Directors of Sbanken ASA



Niklas Midby  
(Chair)



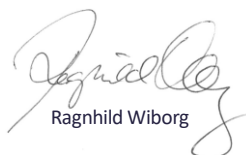
Mai-Lill Ibsen



August Baumann



Hugo Maurstad



Ragnhild Wiborg



Cathrine Klouman



Sarah Lunde Mjåtvedt



Stein Zahl-Pettersen



Øyvind Thomassen  
(CEO)

# Income statement

(Sbanken group)

In NOK thousand	Note	Q4 20	Q4 19	2020	2019
Interest income from financial instruments using the effective interest method	12	506 207	745 153	2 380 696	2 719 164
Other interest income	12	0	0	0	0
Interest expense	12	-98 898	-316 096	-736 560	-1 155 037
<b>Net interest income</b>		<b>407 309</b>	<b>429 057</b>	<b>1 644 137</b>	<b>1 564 127</b>
Commission and fee income	13	95 761	89 629	345 717	344 607
Commission and fee expense	13	-46 200	-36 100	-161 407	-129 683
<b>Net commission and fee income</b>		<b>49 561</b>	<b>53 529</b>	<b>184 310</b>	<b>214 924</b>
Net gain/(loss) on financial instruments	14	20 073	1 133	21 920	20 553
Other income		100	100	130	225
<b>Other operating income</b>		<b>20 173</b>	<b>1 233</b>	<b>22 050</b>	<b>20 778</b>
Personnel expenses	15	-97 943	-96 576	-348 558	-342 921
Administrative expenses	15,20	-75 310	-82 499	-296 053	-303 070
Depreciation and impairment of fixed and intangible assets		-16 529	-40 758	-65 760	-81 249
<b>Profit before loan losses</b>		<b>287 261</b>	<b>263 986</b>	<b>1 140 126</b>	<b>1 072 589</b>
Loan losses	8	-4 571	-49 845	-133 482	-153 149
<b>Profit before tax</b>		<b>282 690</b>	<b>214 142</b>	<b>1 006 643</b>	<b>919 440</b>
Tax expense	16	-61 328	-51 166	-223 601	-209 388
<b>Profit for the period</b>		<b>221 362</b>	<b>162 975</b>	<b>783 042</b>	<b>710 052</b>
<b>Attributable to</b>					
Shareholders		214 747	154 080	748 575	678 080
Additional Tier 1 capital holders	11	6 615	8 895	34 467	31 972
<b>Profit for the period</b>		<b>221 362</b>	<b>162 975</b>	<b>783 042</b>	<b>710 052</b>

Earnings per share, see note 21.



# Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q4 20	Q4 19	2020	2019
<b>Profit for the period</b>	<b>221 362</b>	<b>162 975</b>	<b>783 042</b>	<b>710 052</b>
<b>Other comprehensive income:</b>				
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-2 356	-9 714	99	-7 226
Tax effect	618	2 241	65	1 570
<b>Other comprehensive income that can be reclassified to profit or loss after tax</b>	<b>-1 738</b>	<b>-7 473</b>	<b>164</b>	<b>-5 656</b>
Actuarial gains (losses)	-9 637	1 371	-9 637	1 371
Tax effect	2 410	-343	2 410	-343
<b>Other comprehensive income that can-not be reclassified to profit or loss after tax</b>	<b>-7 227</b>	<b>1 028</b>	<b>-7 227</b>	<b>1 028</b>
<b>Total components of other comprehensive income (after tax)</b>	<b>-8 965</b>	<b>-6 445</b>	<b>-7 063</b>	<b>-4 628</b>
<b>Total comprehensive income for the period</b>	<b>212 397</b>	<b>156 530</b>	<b>775 979</b>	<b>705 424</b>
<b>Attributable to</b>				
Shareholders	205 782	147 635	741 512	673 452
Additional Tier 1 capital holders	11 615	8 895	34 467	31 972
<b>Total comprehensive income for the period</b>	<b>212 397</b>	<b>156 530</b>	<b>775 979</b>	<b>705 424</b>

# Balance sheet

(Sbanken group)

In NOK thousand	Note	31.12.20	31.12.19
<b>Assets</b>			
Cash and receivables with central bank	5	1 423 268	1 587 606
Loans to and receivables from credit institutions	5	654 517	286 802
Loans to customers	5, 6, 7, 17, 18	83 082 252	81 233 217
<b>Net loans to customers, central bank and credit institutions</b>		<b>85 160 037</b>	<b>83 107 625</b>
Commercial paper and bonds at fair value through OCI	17, 19	14 412 990	9 087 319
Equity and funds	17, 18, 19	163 701	171 680
Derivatives	19	561 305	201 975
Intangible assets		114 645	135 376
Deferred tax assets	16	21 679	17 915
Property, plant and equipment		127 755	164 782
Other assets		110 850	88 588
Advance payment and accrued income		53 498	30 425
<b>Total assets</b>		<b>100 726 459</b>	<b>93 005 685</b>
<b>Liabilities</b>			
Loans and deposits from central bank	17,18	2 250 000	0
Loans and deposits from credit institutions	17, 18	542 731	0
Deposits from customers	17, 18	58 643 627	52 844 881
Debt securities issued	10, 17, 18	29 974 370	31 304 025
Derivatives		21 738	0
Taxes payable	16	224 640	208 769
Pension commitments		36 998	27 494
Other liabilities		515 589	834 679
Subordinated loans	10, 17, 18	898 831	899 438
<b>Total liabilities</b>		<b>93 108 523</b>	<b>86 119 287</b>
<b>Equity</b>			
Share capital		1 068 693	1 068 693
Share premium		2 625 895	2 625 895
Additional Tier 1 capital	11	701 223	705 858
Other equity		3 222 125	2 485 952
<b>Total equity</b>		<b>7 617 936</b>	<b>6 886 398</b>
<b>Total liabilities and equity</b>		<b>100 726 459</b>	<b>93 005 685</b>

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
<b>Balance sheet as at 01.01.19</b>	<b>1 068 693</b>	<b>2 625 895</b>	<b>504 978</b>	<b>-18 806</b>	<b>-17 428</b>	<b>2 036 035</b>	<b>6 199 367</b>
Profit for the period to other equity (01.01.19 to 31.12.19)						678 080	678 080
Profit for the period to Tier 1 capital holders (01.01.19 to 31.12.19)			31 972				31 972
Payments to Tier 1 capital holders (01.01.19 to 31.12.19)			-31 092				-31 092
Issue of Tier 1 capital			200 000			-148	199 852
Actuarial gains and losses for the period (01.01.19 to 31.12.19)				1 028			1 028
Net change in fair value of financial instruments available for sale (01.01.19 to 31.12.19)					-5 656		-5 656
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
<b>Balance sheet as at 31.12.19</b>	<b>1 068 693</b>	<b>2 625 895</b>	<b>705 858</b>	<b>-17 778</b>	<b>-23 084</b>	<b>2 526 815</b>	<b>6 886 398</b>

Profit for the period to other equity (01.01.20 to 31.12.20)						748 575	748 575
Profit for the period to Tier 1 capital holders (01.01.20 to 31.12.20)			34 467				34 467
Payments to Tier 1 capital holders (01.01.20 to 31.12.20)			-39 102				-39 102
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 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.20 to 31.12.20)					164		164
Payments related to share incentive program						-4 538	-4 538
Paid dividend to shareholders						0	0
<b>Balance sheet as at 31.12.20</b>	<b>1 068 693</b>	<b>2 625 895</b>	<b>701 223</b>	<b>-25 005</b>	<b>-22 920</b>	<b>3 270 052</b>	<b>7 617 936</b>

# Statement of cash flows

(Sbanken group)

In NOK thousand	Note	2020	2019
<b>Cash flows from operating activities</b>			
Net payments on loans to customers	6	-1 990 799	-2 349 722
Interest received on loans to customers	12	2 237 788	2 492 549
Net receipts on deposits from customers	17, 18	5 798 746	3 315 842
Interest paid on deposits from customers	12	-306 451	-484 240
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	-5 379 526	2 128 975
Interest received from commercial paper and bonds	12	143 062	189 369
Receipts of collateral related to derivatives used in hedge accounting		320 684	36 671
Net receipts/payments on deposits from credit institutions and central bank		2 250 000	0
Interest paid on deposits from credit institutions	12	-6 181	-969
Interest received on loans to credit institutions and central bank	12	7 089	22 050
Receipts related to commissions and fees	13	331 229	335 032
Payments related to commissions and fees	13	-138 775	-132 072
Payments related to administrative expenses	15	-315 232	-309 880
Payments related to personnel expenses	15	-351 633	-312 767
Taxes paid	16	-208 769	-209 035
Other receipts/payments		56 431	35 635
<b>Net cash flows from operating activities</b>		<b>2 447 663</b>	<b>4 757 438</b>
<b>Cash flows from investment activities</b>			
Invested in associated company		-427	-1 765
Payments on the acquisition of fixed assets		-1 183	-4 021
Payments on the acquisition of intangible assets		-13 349	-69 040
<b>Net cash flows from investment activities</b>		<b>-14 959</b>	<b>-74 826</b>
<b>Cash flows from financing activities</b>			
Receipts on share capital and share premium net of issuing cost	EQ	0	0
Paid dividend to shareholders	EQ	0	-187 021
Receipts on subordinated loans	10	500 000	250 000
Payments on matured and redeemed subordinated loans	10	-500 000	0
Interest paid on subordinated loans	12	-28 003	-25 052
Receipts on issued additional Tier1 capital	11	400 000	200 000
Payments on matured and redeemed additional Tier1 capital		-400 000	0
Interest paid on additional Tier 1 capital	EQ	-39 202	-31 092
Receipts on issued bonds and commercial paper	10	7 800 000	4 800 000
Payments on matured and redeemed bonds and commercial paper	10	-9 486 393	-7 814 867
Interest paid on issued bonds and commercial paper	12	-475 729	-622 721
<b>Net cash flows from financing activities</b>		<b>-2 229 327</b>	<b>-3 430 753</b>
<b>Total net cash flow</b>		<b>203 377</b>	<b>1 251 859</b>
Cash at the beginning of the period		1 874 408	622 549
Cash at the end of the period		2 077 785	1 874 408
<b>Change in cash</b>		<b>203 377</b>	<b>1 251 859</b>
<b>Cash</b>			
Cash and receivables with central bank		1 423 268	1 587 606
Loans to credit institutions		654 517	286 802
<b>Total cash</b>		<b>2 077 785</b>	<b>1 874 408</b>

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 2019.

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 2019.

Following the outbreak of coronavirus COVID-19, Sbanken ASA has relied on the following assessments/assumptions in connection with the estimation of expected credit losses (ECL) on loans to customers, in addition to the principles described in Note 2 to the 2019 annual report:

### 1) Migration between stages as a result of granted instalment deferral

Sbanken ASA has offered all its mortgage customers instalment free periods of up to six months. It is the bank's assessment that an instalment deferral in itself will not result in a migration from Stage 1 to Stage 2. Furthermore, a customer that is granted instalment deferral for up to six months is not in itself deemed to be an adequate indication of a significant increase in credit risk, unless the bank has previous observations that indicate an increased credit risk for the customer. Related to the outbreak of the COVID-19 pandemic, the bank has at quarter-end approximately 91 outstanding instalment deferrals for mortgages, with a combined lending volume of NOK 0.25 billion. This is down from 700 instalment deferrals, with a combined lending volume of NOK 1.6 billion as at 30 September 2020.

### 2) Macroeconomic assumptions

As described in the 2019 annual report, the bank considers forward-looking information both when assessing whether the credit risk of an asset has increased significantly since initial recognition, and in order to arrive at an unbiased ECL estimate. Recognised ECL is calculated by probability weighting estimated ECL under the different scenarios. Three different scenarios have been used in the calculation (expected, optimistic and pessimistic), and the projection period is set to three years. After the projection period, there are not assumed to be any differences between the different scenarios. The process for assessing forward-looking information and applying the different scenarios is based on projections obtained from Norges Bank, in addition to the bank's annual ICAAP process.

In connection with the assessment of forward-looking information for Q4 2020, the bank has used projections set out in Norges Bank's Monetary Policy Report 4/20 (December 2020).

In Note 2 to the 2019 annual report, the bank has presented a sensitivity analysis on the impact of housing prices on ECL. This analysis has been updated for Q4 2020 (shown below).

In NOK thousand	Change in stage 1	Change in stage 2	Change in stage 3	Total change in expected credit loss (ECL)
House price changes				
10 % increase	-783	-2 862	-4 464	-8 109
5 % increase	-444	-1 646	-2 631	-4 721
5 % reduction	554	2 168	3 383	6 105
10 % reduction	1 213	4 908	7 546	13 667
20 % reduction	2 839	12 434	18 346	33 619
30 % reduction	4 901	22 802	31 742	59 445
40 % reduction	7 391	35 413	47 225	90 029
60 % reduction	13 595	66 121	83 696	163 411

### 3) Granting of credit

In connection with the COVID-19 outbreak, the bank has introduced more stringent criteria for the granting of consumer loans to customers assigned to the weakest risk classes. No changes have been made to the credit granting criteria for customers applying for mortgages.

#### **New and revised standards effective from 1 January 2020**

Sbanken ASA has applied the new accounting standards effective from 1 January 2020, 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 2021 or later**

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2021 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 1.8 billion at 31.12.20.

## 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 (changed from basic method in Q4 19) 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	31.12.20		31.12.19	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	2 064 169	0	2 232 664	0
Regional governments	4 845 555	829 664	902 805	64 881
Multilateral Development Banks	1 144 014	0	627 533	0
Institutions	1 224 701	198 079	732 265	85 333
Retail	8 826 783	3 529 607	9 756 799	4 246 600
Secured by mortgages on immovable property	94 431 929	29 942 281	89 475 944	29 015 590
Exposures in default	349 658	411 482	466 999	584 212
Covered bonds	7 430 527	743 053	6 624 238	662 424
Equity	177 694	181 260	171 680	174 695
Other items	191 696	191 696	192 523	192 523
<b>Total credit risk, standardised method <sup>1</sup></b>	<b>120 686 726</b>	<b>36 027 122</b>	<b>111 183 450</b>	<b>35 026 258</b>
Credit value adjustment risk (CVA)		54 711		31 257
Operational risk		2 693 289		2 546 153
<b>Total risk-weighted volume</b>		<b>38 775 122</b>		<b>37 603 668</b>
<b>Capital base</b>				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		2 473 550		1 807 872
Additional Tier 1 capital		701 223		705 858
Profit for the period		748 575		678 080
<b>Total booked equity</b>		<b>7 617 936</b>		<b>6 886 398</b>
Additional Tier 1 capital instruments included in total equity		-701 223		-705 858
<b>Common equity Tier 1 capital instruments</b>		<b>6 916 713</b>		<b>6 180 540</b>
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-85 984		-101 531
Value adjustment due to the requirements for prudent valuation (AVA)		-14 576		-9 257
Dividends payable <sup>2)</sup>		-336 638		-203 052
<b>Common equity Tier 1 capital</b>		<b>6 479 515</b>		<b>5 866 700</b>
Additional Tier 1 capital		700 000		700 000
<b>Tier 1 capital</b>		<b>7 179 515</b>		<b>6 566 700</b>
Tier 2 capital		900 000		900 000
<b>Own funds (primary capital)</b>		<b>8 079 515</b>		<b>7 466 700</b>
<b>Capital requirements</b>				
Minimum requirements - common equity Tier 1 capital	4.5%	1 744 880	4.5%	1 692 165
Institution specific Pillar II requirement	1.5%	581 627	1.5%	564 055
Capital conservation buffer	2.5%	969 378	2.5%	940 092
Systemic risk buffer	3.0%	1 163 254	3.0%	1 128 110
Countercyclical capital buffer	1.0%	387 751	2.5%	940 092
Additional Tier 1 capital	1.5%	581 627	1.5%	564 055
Tier 2 capital	2.0%	775 502	2.0%	752 073
<b>Total minimum and buffer requirements own funds (primary capital)</b>	<b>16.0%</b>	<b>6 204 020</b>	<b>17.5%</b>	<b>6 580 642</b>
<i>Available common equity Tier 1 capital after buffer requirements</i>		1 632 625		602 186
<i>Available own funds (primary capital)</i>		1 875 496		886 058

<b>Capital ratio % (regulatory)</b>		
Common equity Tier 1 capital	16.7%	15.6%
Additional Tier 1 capital	1.8%	1.9%
Tier 2 capital	2.3%	2.4%
<b>Total capital ratio</b>	<b>20.8%</b>	<b>19.9%</b>

<b>Capital ratio % <sup>3)</sup></b>		
Common equity Tier 1 capital	15.5%	15.6%
Additional Tier 1 capital	1.8%	1.9%
Tier 2 capital	2.3%	2.4%
<b>Total capital ratio</b>	<b>19.6%</b>	<b>19.9%</b>

<sup>1)</sup> The specification is according to EBA reporting framework.

<sup>2)</sup> Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019 following proposed dividend. Year-end 2019 includes 70.1 per cent retained earnings for 2019 following the original dividend proposal.

<sup>3)</sup> Year-end 2020 includes 37.2 per cent retained earnings for 2020 and 50.4 per cent retained earnings for 2019. Year-end 2019 includes 70.1 per cent retained earnings for 2019 following the original dividend proposal.

## 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	31.12.20	31.12.19
Derivatives at market value	21 249	134
Potential future exposure on derivatives	88 850	48 458
Off-balance sheet commitments	6 146 043	5 886 915
Loans and advances and other assets	100 050 509	92 668 332
Regulatory adjustments included in Tier 1 capital	0	0
<b>Total leverage exposure</b>	<b>106 306 651</b>	<b>98 603 839</b>
<b>Tier 1 capital <sup>1)</sup></b>	<b>7 179 515</b>	<b>6 566 700</b>
<b>Leverage ratio % (regulatory)</b>	<b>6.8 %</b>	<b>6.7 %</b>
<b>Leverage ratio % <sup>2)</sup></b>	<b>6.3 %</b>	<b>6.7 %</b>
<b>Leverage Ratio requirements</b>		
Minimum requirements	3.0%	3 189 200
Buffer requirements	2.0%	2 126 133
<b>Total minimum and buffer requirements (Tier 1 capital)</b>	<b>5.0%</b>	<b>5 315 333</b>
<i>Available Tier 1 capital after minimum and buffer requirements</i>	1 864 182	1 636 508
<i>Available Tier 1 capital after minimum and buffer requirements <sup>2)</sup></i>	1 393 958	1 636 508

<sup>1)</sup> Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019 following proposed dividend. Year-end 2019 includes 70.1 per cent retained earnings for 2019 following the original dividend proposal.

<sup>2)</sup> Year-end 2020 includes 37.2 per cent retained earnings for 2020 and 50.4 per cent retained earnings for 2019. Year-end 2019 includes 70.1 per cent retained earnings for 2019 following the original dividend proposal.



## 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.

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
<b>Loans to and receivables from central bank and credit institutions</b>	<b>2 077 785</b>	<b>0</b>	<b>2 077 785</b>
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
<b>Loans to and receivables from customers</b>	<b>75 516 450</b>	<b>20 528 749</b>	<b>96 045 199</b>
Shares in associated company	364	0	364
Other financial assets with credit risk	164 348	0	164 348
<b>Financial instruments at amortised cost (gross)</b>	<b>77 758 947</b>	<b>20 528 749</b>	<b>98 287 696</b>
Commercial paper and bonds	14 412 990	0	14 412 990
<b>Financial instruments at fair value through other comprehensive income</b>	<b>14 412 990</b>	<b>0</b>	<b>14 412 990</b>
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
<b>Financial instruments at fair value through profit and loss</b>	<b>8 646 310</b>	<b>0</b>	<b>724 642</b>
<b>Gross exposure with credit risk</b>	<b>100 818 247</b>	<b>20 528 749</b>	<b>113 425 328</b>
Impairment	-355 866	-5 667	-361 533
<b>Total net exposure with credit risk</b>	<b>100 462 381</b>	<b>20 523 082</b>	<b>120 985 463</b>
Other assets without credit risk	264 079	n/a	n/a
<b>Total assets</b>	<b>100 726 459</b>	<b>n/a</b>	<b>n/a</b>

31.12.19			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	1 587 606	0	1 587 606
Loans to and receivables from credit institutions	286 802	0	286 802
<b>Loans to and receivables from central bank and credit institutions</b>	<b>1 874 408</b>	<b>0</b>	<b>1 874 408</b>
Loans to customers, secured	77 664 471	13 490 073	91 154 544
Loans to customers, unsecured	3 665 720	4 970 975	8 636 695
<b>Loans to and receivables from customers</b>	<b>81 330 191</b>	<b>18 461 048</b>	<b>99 791 239</b>
Shares in associated company	2 010	0	2 010
Other financial assets with credit risk	119 012	0	119 012
<b>Financial instruments at amortised cost (gross)</b>	<b>83 325 621</b>	<b>18 461 048</b>	<b>101 786 669</b>
Commercial paper and bonds	9 087 319	0	9 087 319
<b>Financial instruments at fair value through other comprehensive income</b>	<b>9 087 319</b>	<b>0</b>	<b>9 087 319</b>
Shares and funds	169 669	0	169 669
Derivatives	201 975	0	201 975
Loans to customers, secured	164 062	0	164 062
<b>Financial instruments at fair value through profit and loss</b>	<b>535 706</b>	<b>0</b>	<b>371 644</b>
<b>Gross exposure with credit risk</b>	<b>92 948 646</b>	<b>18 461 048</b>	<b>111 245 632</b>
Impairment	-261 036	-3 207	-264 243
<b>Total net exposure with credit risk</b>	<b>92 687 610</b>	<b>18 457 841</b>	<b>111 145 451</b>
Other assets without credit risk	318 075	n/a	n/a
<b>Total assets</b>	<b>93 005 685</b>	<b>n/a</b>	<b>n/a</b>

## Note 6 - Loans to customers

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
<b>Opening balance gross carrying amount (before transfers) 01.01.20</b>	<b>76 018 582</b>	<b>4 914 417</b>	<b>561 254</b>	<b>81 494 253</b>
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
<b>Closing balance gross carrying amount 31.12.20</b>	<b>78 483 644</b>	<b>4 344 627</b>	<b>609 847</b>	<b>83 438 118</b>

Gross carrying amount				
31.12.19				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
<b>Opening balance gross carrying amount (before transfers) 01.01.19</b>	<b>75 625 127</b>	<b>3 114 808</b>	<b>472 802</b>	<b>79 212 737</b>
Transfers to Stage 1 (12-months ECL)	770 258	-763 795	-6 463	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-2 741 876	2 746 826	-4 950	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-148 269	-153 744	302 013	0
New financial assets originated	26 190 832	888 685	62 065	27 141 582
Financial assets that have been derecognised	-23 686 974	-923 544	-265 679	-24 876 197
Changes in interest accrual	9 484	5 181	1 466	16 131
Other movements	0	0	0	0
<b>Closing balance gross carrying amount 31.12.19</b>	<b>76 018 582</b>	<b>4 914 417</b>	<b>561 254</b>	<b>81 494 253</b>

Lending by geographical area				
In NOK thousand	31.12.20		31.12.19	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	44.4%	37 036 962	43.4%	35 339 386
Oslo	19.9%	16 589 456	19.4%	15 845 516
Southern Norway	2.2%	1 853 649	2.2%	1 828 660
Western Norway	21.8%	18 160 985	23.2%	18 875 595
Central Norway	4.8%	4 004 100	4.9%	3 971 184
Northern Norway	6.9%	5 792 966	6.9%	5 633 912
<b>Total gross lending by geographical area</b>	<b>100.0%</b>	<b>83 438 118</b>	<b>100.0%</b>	<b>81 494 253</b>

## 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	31.12.20			31.12.19		
	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
<b>Loan-to-value, secured loans</b>						
0 % - 40 %	27.2%	21 628 359	4 170 008	25.1%	19 145 110	3 716 644
40 % - 60 %	32.9%	26 111 581	2 991 990	33.0%	25 242 904	3 014 107
60 % - 80 %	29.5%	23 389 013	783 201	28.9%	22 113 068	1 097 259
80 % - 90 %	7.0%	5 520 414	118 890	9.0%	6 841 169	168 514
90 % - 100 %	1.7%	1 364 044	71 625	2.0%	1 517 024	92 461
> 100 %	1.7%	1 368 459	103 540	2.1%	1 567 307	142 996
<b>Mortgages, secured by fixed property</b>	<b>100.0%</b>	<b>79 381 870</b>	<b>8 239 254</b>	<b>100.0%</b>	<b>76 426 582</b>	<b>8 231 981</b>
< 50 %	13.1%	114 815	0	14.5%	162 905	0
50 % - 80 %	32.1%	281 990	0	39.0%	437 399	0
80 % - 100 %	25.6%	224 965	0	27.1%	303 782	0
> = 100 %	29.2%	255 839	0	19.4%	217 181	0
<b>Car loans, secured</b>	<b>100.0%</b>	<b>877 609</b>	<b>0</b>	<b>100.0%</b>	<b>1 121 267</b>	<b>0</b>
Custody account credit, secured	100.0%	238 007	183 616	100.0%	280 684	103 304
Loan and funding commitments, secured loans		0	7 117 435		0	5 154 788
<b>Total loans to customers, secured</b>		<b>80 497 486</b>	<b>15 540 305</b>		<b>77 828 533</b>	<b>13 490 073</b>

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	31.12.20		31.12.19	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
<b>Loan-to-value, Mortgages (relative distribution)</b>				
0 % - 85 %	99.18%	78 731 845	99.11%	75 747 469
85 % - 100 %	0.47%	369 336	0.51%	391 291
> 100 %	0.35%	280 689	0.38%	287 822
<b>Mortgages, secured by fixed property</b>	<b>100.0%</b>	<b>79 381 870</b>	<b>100.0%</b>	<b>76 426 582</b>

In NOK thousand	31.12.20		31.12.19	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
<b>Distribution by type of security object, Mortgages</b>				
Apartment	25.2%	20 023 449	23.6%	18 011 831
Detached house	51.4%	40 770 934	53.3%	40 737 098
Semidetached house	19.8%	15 698 024	19.9%	15 171 175
Vacation home	3.6%	2 889 463	3.3%	2 506 478
<b>Total Mortgages secured by fixed property</b>	<b>100.0%</b>	<b>79 381 870</b>	<b>100.0%</b>	<b>76 426 582</b>

## Note 8 - Loan losses

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
<b>Opening balance ECL 01.01.20</b>	<b>18 615</b>	<b>77 120</b>	<b>168 508</b>	<b>264 243</b>
<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 <sup>1</sup>	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
<b>Closing balance ECL 31.12.20</b>	<b>23 111</b>	<b>91 857</b>	<b>246 565</b>	<b>361 533</b>

<sup>1</sup>As of year-end 2020, the bank has included a credit loss provision of NOK 30.0 for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty related to outbreak of coronavirus. The distribution of this provision is as follows: stage 1 NOK 2.3 million, stage 2 NOK 8.5 million and stage 3 NOK 19.2 million.

Specification of ECL				
In NOK thousands	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
<b>Closing balance ECL 31.12.20</b>	<b>23 111</b>	<b>91 857</b>	<b>246 565</b>	<b>361 533</b>
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
<b>Total</b>	<b>23 111</b>	<b>91 857</b>	<b>246 565</b>	<b>361 533</b>

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
<b>Total</b>	<b>361 533</b>

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

Specification of loan losses				
In NOK thousands	Q4 20	Q4 19	2020	2019
Changes in ECL, stage 1	-1 124	-930	-4 496	-1 555
Changes in ECL, stage 2	-2 613	-7 862	-14 737	-39 396
Changes in ECL, stage 3	1 065	16 738	-78 057	-28 226
Write-offs	-2 150	-58 976	-36 672	-85 789
Recoveries of previously written off loans	251	1 185	480	1 817
<b>Net cost of loan losses in the period</b>	<b>-4 571</b>	<b>-49 845</b>	<b>-133 482</b>	<b>-153 149</b>

Expected credit loss (ECL) - Loans to customers

January - December 2019

In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
<b>Opening balance ECL 01.01.19</b>	<b>17 059</b>	<b>37 724</b>	<b>140 283</b>	<b>195 066</b>
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	455	-5 156	-1 337	-6 038
Transfers to Stage 2	-3 752	9 957	-550	5 655
Transfers to Stage 3	-1 315	-5 921	63 059	55 823
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-379	515	16 507	16 643
<i>Other changes:</i>				
New financial assets originated	8 926	27 618	16 258	52 802
Financial assets that have been derecognised	-3 851	-7 132	-17 081	-28 064
Financial assets that have been derecognised through sale of portfolio			-51 984	-51 984
Changes to model assumption and methodologies	1 472	19 515	3 353	24 340
Other movements	0	0	0	0
<b>Closing balance ECL 31.12.19</b>	<b>18 615</b>	<b>77 120</b>	<b>168 508</b>	<b>264 243</b>

**Specification of ECL**

In NOK thousands	31.12.19			
ECL On-balance sheet amounts 31.12.19	17 382	76 241	167 413	261 036
ECL Off-balance sheet amounts 31.12.19	1 233	879	1 095	3 207
<b>Closing balance ECL 31.12.19</b>	<b>18 615</b>	<b>77 120</b>	<b>168 508</b>	<b>264 243</b>

In NOK thousands	31.12.19			
Secured loans	2 396	11 934	40 472	54 802
Unsecured loans	16 218	65 186	128 037	209 441
<b>Total</b>	<b>18 615</b>	<b>77 120</b>	<b>168 508</b>	<b>264 243</b>

**ECL by geographical area**

In NOK thousands	31.12.19
Eastern Norway ex. Oslo	90 424
Oslo	40 387
Southern Norway	10 919
Western Norway	83 188
Central Norway	17 142
Northern Norway	22 183
<b>Total</b>	<b>264 243</b>

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		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
<b>Loans to customers:</b>							
Mortgages	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%
<b>Total credit-impaired assets</b>		<b>609 847</b>	<b>-244 888</b>	<b>364 960</b>	<b>216 587</b>	<b>148 373</b>	<b>62.3%</b>

	Credit-impaired (Gross carrying amount)
<b>31.12.2020</b>	
<b>Mortgages - Loan to value</b>	
0 % - 40 %	18 550
40 % - 60 %	61 029
60 % - 80 %	102 686
80 % - 90 %	20 310
90 % - 100 %	8 284
> 100 %	35 125
<b>Total</b>	<b>245 984</b>

### 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	<b>31.12.20</b>
Overdue loans - more than 90 days	603 668
Other credit-impaired assets	6 179
<b>Total</b>	<b>609 847</b>

Overdue loans		31.12.20			
In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Mortgages	614 030	125 694	25 977	244 487	<b>1 010 188</b>
Car loans	17 951	4 241	888	12 146	<b>35 226</b>
Other loans	86 759	37 990	9 015	347 035	<b>480 799</b>
<b>Loans to customers</b>	<b>718 740</b>	<b>167 925</b>	<b>35 880</b>	<b>603 668</b>	<b>1 526 213</b>

## Credit-impaired assets

31.12.19

In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
<b>Loans to customers:</b>							
Mortgages	Residential property	251 016	-36 484	214 532	210 342	4 190	89.7%
Car Loans	Vehicle	10 299	-3 897	6 402	5 445	957	80.3%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	299 939	-127 033	172 906	0	172 906	42.4%
<b>Total credit-impaired assets</b>		<b>561 254</b>	<b>-167 413</b>	<b>393 840</b>	<b>215 787</b>	<b>178 053</b>	<b>48.5%</b>

31.12.2019	Credit-impaired (Gross carrying amount)
<b>Mortgages - Loan to value</b>	
0 % - 40 %	16 880
40 % - 60 %	46 630
60 % - 80 %	110 896
80 % - 90 %	30 056
90 % - 100 %	9 003
> 100 %	37 551
<b>Total</b>	<b>251 016</b>

## Credit-impaired loans

In NOK thousand	31.12.19
Overdue loans - more than 90 days	554 630
Other credit-impaired assets	6 624
<b>Total</b>	<b>561 254</b>

## Overdue loans

31.12.19

In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Mortgages	1 014 289	258 307	34 481	247 004	1 554 081
Car loans	36 533	11 497	2 580	10 299	60 909
Other loans	147 543	60 007	27 154	297 327	532 031
<b>Loans to customers</b>	<b>1 198 365</b>	<b>329 811</b>	<b>64 215</b>	<b>554 630</b>	<b>2 147 021</b>

## Note 10 - Debt securities issued and subordinated loan

Carried at amortised cost:

In NOK thousand	Currency	31.12.20	31.12.19
Bonds issued	NOK	29 974 370	31 304 025
Subordinated loans	NOK	898 831	899 438
<b>Total debt securities issued and subordinated loans</b>		<b>30 873 201</b>	<b>32 203 463</b>

Specification of bonds and subordinated loans as at 31.12.20:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
<b>Bonds</b>						
NO0010793029	Sbanken ASA	243 000	NOK	Floating	01.03.21	243 002
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 157
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 781
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	997 243
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 948
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 661
<b>Total bonds</b>		<b>4 293 000</b>				<b>4 291 792</b>
<b>Covered bonds <sup>1</sup></b>						
NO0010745342	Sbanken Boligkreditt AS	1 719 000	NOK	Floating	14.10.21	1 717 323
NO0010786999	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	27.04.22	7 014 070
NO0010790603	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	10.02.23	7 017 073
NO0010887078	Sbanken Boligkreditt AS	3 050 000	NOK	Floating	17.06.24	3 057 091
NO0010878978	Sbanken Boligkreditt AS	1 500 000	NOK	Floating	20.06.25	1 511 285
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 365 736
<b>Total covered bonds</b>						<b>25 682 578</b>
<b>Total bonds and covered bonds</b>						<b>29 974 370</b>

<sup>1</sup> 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 <sup>2</sup>	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 896
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 868
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 331
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 736
<b>Total subordinated loans</b>		<b>900 000</b>				<b>898 831</b>

<sup>2</sup> 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:

	31.12.19	January- December 2020				31.12.20
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	3 032 000	3 250 000	-210 000	-1 779 000	0	4 293 000
Covered Bonds (nominal)	28 013 000	4 550 000	-1 486 000	-6 003 000	0	25 074 000
Subordinated loans (nominal)	900 000	500 000	0	-500 000	0	900 000
<b>Total</b>	<b>31 945 000</b>	<b>8 300 000</b>	<b>-1 696 000</b>	<b>-8 282 000</b>	<b>0</b>	<b>30 267 000</b>



## Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	31.12.20	31.12.19
Additional Tier 1 capital	NOK	700 000	700 000
<b>Total Additional Tier 1 capital</b>		<b>700 000</b>	<b>700 000</b>

### Specification of additional Tier 1 capital as at 31.12.20:

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

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

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

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

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

<sup>5</sup> 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 - December 2020					31.12.20
	31.12.19	Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	700 000	400 000	0	-400 000	0	700 000
<b>Total</b>	<b>700 000</b>	<b>400 000</b>	<b>0</b>	<b>-400 000</b>	<b>0</b>	<b>700 000</b>

As at 31 December 2020, NOK 1.23 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	Q4 20	Q4 19	2020	2019
Loans to and receivables from credit institutions and central bank	821	6 206	7 089	22 050
Loans to customers <sup>1</sup>	478 508	688 164	2 226 772	2 508 329
Commercial paper and bonds <sup>2</sup>	26 878	50 782	146 835	188 784
<b>Total interest income</b>	<b>506 207</b>	<b>745 153</b>	<b>2 380 696</b>	<b>2 719 164</b>
Loans and deposits from credit institutions and central bank	-867	-551	-7 581	-969
Deposits from customers	-19 956	-115 197	-243 868	-429 738
Debt securities issued	-57 018	-177 423	-394 379	-636 412
Subordinated loans	-4 201	-7 436	-23 954	-26 083
Other interest expenses	-16 856	-15 489	-66 778	-61 835
<b>Total interest expenses</b>	<b>-98 898</b>	<b>-316 096</b>	<b>-736 560</b>	<b>-1 155 037</b>
<b>Net interest income</b>	<b>407 309</b>	<b>429 057</b>	<b>1 644 137</b>	<b>1 564 127</b>

<sup>1</sup> Interest income in Jan-Dec 2020 of TNOK 48 151 are related to mortgages measured at fair value through profit and loss.

<sup>2</sup> Investments are recognised at fair value.

### Interest income from loans to customers:

In NOK thousand	Q4 20	Q4 19	2020	2019
Mortgages	377 277	563 188	1 786 028	2 024 221
Car loans	12 921	15 624	57 077	61 631
Consumer loans	46 461	60 494	209 464	234 185
Other loans <sup>3</sup>	41 849	48 858	174 203	188 292
<b>Total interest income from loans to customers</b>	<b>478 508</b>	<b>688 164</b>	<b>2 226 772</b>	<b>2 508 329</b>

<sup>3</sup> Credit card, account credit and custody account credit

## Note 13 - Net commission and fee income

### Net commission and fee income

In NOK thousand	Q4 20	Q4 19	2020	2019
Payment processing	8 800	8 261	29 207	29 962
Card and interbank	40 262	52 309	169 378	216 146
Mutual funds and securities	45 759	28 021	143 415	94 453
Other commission income	940	1 037	3 717	4 045
<b>Total commission and fee income</b>	<b>95 761</b>	<b>89 629</b>	<b>345 717</b>	<b>344 607</b>
Payment processing	-5 691	-8 634	-21 264	-33 911
Card and interbank	-8 612	-8 450	-50 181	-50 886
Mutual funds and securities	-30 087	-17 445	-86 078	-38 880
Other commission expenses	-1 810	-1 570	-3 884	-6 005
<b>Total commission and fee expenses</b>	<b>-46 200</b>	<b>-36 100</b>	<b>-161 407</b>	<b>-129 683</b>
<b>Net commission and fee income</b>	<b>49 561</b>	<b>53 529</b>	<b>184 310</b>	<b>214 924</b>

## Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q4 20	Q4 19	2020	2019
<b>1) Realisation of financial instruments at fair value through other comprehensive income</b>				
Gain/(loss) by realisation of financial instruments:	539	151	-3 800	3 035
<b>Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income</b>	<b>539</b>	<b>151</b>	<b>-3 800</b>	<b>3 035</b>
<b>2) Financial instruments at fair value through profit and loss</b>				
Realised gain/ (loss) from shares and funds	0	0	0	0
Unrealised gain/(loss) from shares and funds	-62 537	5 397	-47 023	17 496
Gain/(loss) on derivatives (used in hedge accounting)	237	894	776	-176
Unrealised gain/(loss) on derivatives	51 472	0	7 080	0
Unrealised gain/(loss) from fixed rate loans	-53 970	0	-8 318	0
<b>Total gain/(loss) on financial instruments at fair value through profit and loss</b>	<b>-64 798</b>	<b>6 291</b>	<b>-47 485</b>	<b>17 320</b>
<b>3) Financial instruments at amortised cost</b>				
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-10 164	-485	-26 089	-13 597
<b>Total gain (loss) on financial instruments at amortised cost</b>	<b>-10 164</b>	<b>-485</b>	<b>-26 089</b>	<b>-13 597</b>
<b>4) Currency</b>				
Net gain (loss) on currency items	1 498	-1 016	6 296	-1 921
<b>Total gain (loss) on currency items</b>	<b>1 498</b>	<b>-1 016</b>	<b>6 296</b>	<b>-1 921</b>
<b>5) Dividends:</b>				
Dividends from investments in shares and funds	95 012	0	95 012	19 524
<b>Total dividends</b>	<b>95 012</b>	<b>0</b>	<b>95 012</b>	<b>19 524</b>
<b>6) Result from associated company</b>				
Result from associated company	-2 014	-3 808	-2 014	-3 808
<b>Total from associated company</b>	<b>-2 014</b>	<b>-3 808</b>	<b>-2 014</b>	<b>-3 808</b>
<b>Total gain (loss) on financial instruments recognised through profit and loss</b>	<b>20 073</b>	<b>1 133</b>	<b>21 920</b>	<b>20 553</b>

## Note 15 - Operating expenses

### Other administrative expenses

In NOK thousand	Q4 20	Q4 19	2020	2019
Properties and premises <sup>1</sup>	-924	-1 271	-2 463	-3 505
IT	-32 171	-38 833	-139 445	-118 040
Advertising and marketing	-11 482	-10 130	-44 593	-64 652
Temporary employment agencies	-3 666	-6 503	-17 025	-22 536
Consultants and other external services	-14 647	-12 211	-45 053	-43 453
Telephone and postage	-3 607	-3 345	-14 469	-14 109
Other operating expenses	-8 812	-10 205	-33 004	-36 774
<b>Total administrative expenses</b>	<b>-75 310</b>	<b>-82 499</b>	<b>-296 053</b>	<b>-303 070</b>

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

### Personnel expenses

In NOK thousand	Q4 20	Q4 19	2020	2019
Wages	-76 413	-74 213	-267 680	-270 019
<i>Capitalised as intangible assets</i>	2 507	3 177	8 555	19 418
Pension costs	-9 134	-7 869	-26 667	-26 049
Payroll tax	-11 795	-13 800	-51 224	-52 689
Other personnel expenses	-3 108	-3 872	-11 542	-13 583
<b>Total personnel expenses</b>	<b>-97 943</b>	<b>-96 576</b>	<b>-348 558</b>	<b>-342 921</b>

In 2020, NOK 25.5 million (NOK 14.9 million in Q4 20) in severance pay and provisions related to changes in personnel was recognised.

## Note 16 - Tax expense

In NOK thousand	Q4 20	Q4 19	2020	2019
<b>Specification of tax expense:</b>				
Taxes payable	62 915	50 639	224 640	208 769
Change in deferred tax	-1 837	471	-1 289	563
Correction of taxes payable previous year	250	56	250	56
<b>Total tax expense</b>	<b>61 328</b>	<b>51 166</b>	<b>223 601</b>	<b>209 388</b>
<b>Reconciliation of the tax expense:</b>				
<b>Profit before tax</b>	<b>282 690</b>	<b>214 142</b>	<b>1 006 643</b>	<b>919 440</b>
-from Sbanken ASA	442 212	162 721	944 366	711 187
-from Sbanken Boligkreditt AS	88 910	56 891	320 119	223 597
- from group transactions related to own debt, hybrid capital and dividend from subsidiary	-248 431	-5 471	-257 842	-15 344
Expected tax expense at nominal rate of 25 % Sbanken ASA	110 553	40 680	236 092	177 797
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS	19 560	12 516	70 426	49 191
<b>Total expected tax expense</b>	<b>130 113</b>	<b>53 196</b>	<b>306 518</b>	<b>226 988</b>
Tax effect from non-deductible expenses and tax-exempt income	139	446	139	446
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	-62 484	-1 401	-66 814	-9 178
Tax effect from costs recognised against interest to Tier 1 capital holders	-3 784	-3 002	-12 817	-10 943
Other differences	-2 907	1 871	-3 675	2 019
Correction of taxes payable previous year	250	56	250	56
<b>Total tax expense</b>	<b>61 328</b>	<b>51 166</b>	<b>223 601</b>	<b>209 388</b>
Effective tax rate	21.7%	23.9%	22.2%	22.8%

## 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
<b>31.12.20</b>				
<b>Financial assets</b>				
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 <sup>1</sup>	163 337	0	364	163 701
Derivatives <sup>2</sup>	561 305	0	0	561 305
Other assets	0	0	164 348	164 348
<b>Total financial assets</b>	<b>8 646 310</b>	<b>14 412 990</b>	<b>77 403 081</b>	<b>100 462 381</b>
<b>Financial liabilities</b>				
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 <sup>3</sup>	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
<b>Total financial liabilities</b>	<b>21 738</b>	<b>0</b>	<b>92 825 148</b>	<b>92 846 886</b>
<sup>1</sup> Shares in associated company are recognised using the equity method and put under the category amortised cost. <sup>2</sup> Including derivatives used as hedging instruments. <sup>3</sup> 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
<b>31.12.19</b>				
<b>Financial assets</b>				
Cash and receivables with central bank	0	0	1 587 606	1 587 606
Loans to and receivables from credit institutions	0	0	286 802	286 802
Loans to customers	164 062	0	81 069 155	81 233 217
Commercial paper and bonds	0	9 087 319	0	9 087 319
Shares and funds <sup>1</sup>	169 669	0	2 010	171 680
Derivatives <sup>2</sup>	201 975	0	0	201 975
Other assets	0	0	119 013	119 013
<b>Total financial assets</b>	<b>535 706</b>	<b>9 087 319</b>	<b>83 064 586</b>	<b>92 687 612</b>
<b>Financial liabilities</b>				
Loans and deposits from credit institutions	0	0	0	0
Deposits from customers	0	0	52 844 881	52 844 881
Debt securities issued <sup>3</sup>	0	0	31 304 025	31 304 025
Subordinated loans	0	0	899 438	899 438
Other liabilities	0	0	834 679	834 679
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>85 883 023</b>	<b>85 883 023</b>
<sup>1</sup> Shares in associated company are recognised using the equity method and put under the category amortised cost. <sup>2</sup> Including derivatives used as hedging instruments. <sup>3</sup> Including hedged liabilities.				

## Note 18 - Fair value of financial instruments at amortised cost

Recognised at amortised cost	Carrying value	Fair value
	31.12.20	31.12.20
<b>Assets</b>		
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
<b>Total financial assets at amortised cost</b>	<b>77 403 081</b>	<b>77 403 081</b>
<b>Liabilities</b>		
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
<b>Total financial liabilities at amortised cost</b>	<b>92 825 148</b>	<b>92 935 335</b>

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
<b>Total financial assets at amortised cost</b>		<b>1 423 268</b>	<b>75 979 813</b>	<b>77 403 081</b>
<b>Liabilities</b>				
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
<b>Total financial liabilities at amortised cost</b>		<b>30 983 388</b>	<b>61 951 947</b>	<b>92 935 335</b>

Recognised at amortised cost

	Carrying value	Fair value
	31.12.19	31.12.19
<b>Assets</b>		
Cash and receivables with central bank	1 587 606	1 587 606
Loans to and receivables from credit institutions	286 802	286 802
Loans to customers	81 069 155	81 069 155
Shares and funds	2 010	2 010
Other assets	119 013	119 013
<b>Total financial assets at amortised cost</b>	<b>83 064 586</b>	<b>83 064 586</b>
<b>Liabilities</b>		
Loans and deposits from credit institutions	0	0
Deposits from customers	52 844 881	52 844 881
Debt securities issued	31 304 025	31 443 080
Subordinated loans	899 438	909 105
Other liabilities	834 679	834 679
<b>Total financial liabilities at amortised cost</b>	<b>85 883 023</b>	<b>86 031 745</b>

31.12.19	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		1 587 606		1 587 606
Loans to and receivables from credit institutions			286 802	286 802
Loans to customers			81 069 155	81 069 155
Shares and funds			2 010	2 010
Other assets			119 013	119 013
<b>Total financial assets at amortised cost</b>		<b>1 587 606</b>	<b>81 476 980</b>	<b>83 064 586</b>
<b>Liabilities</b>				
Loans and deposits from credit institutions			0	0
Deposits from customers			52 844 881	52 844 881
Debt securities issued		31 443 080	0	31 443 080
Subordinated loan		909 105	0	909 105
Other liabilities			834 679	834 679
<b>Total financial liabilities at amortised cost</b>		<b>32 352 185</b>	<b>53 679 560</b>	<b>86 031 745</b>



## Note 19 - Financial instruments at fair value

### Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.12.20		31.12.19	
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets:</b>				
Equity and funds	163 337	163 337	169 669	169 669
Commercial paper and bonds	14 412 990	14 412 990	9 087 319	9 087 319
Derivatives	561 305	561 305	201 975	201 975
Loans to customers (fixed rate)	7 921 668	7 921 668	164 062	164 062
<b>Total financial assets at fair value</b>	<b>23 059 300</b>	<b>23 059 300</b>	<b>9 623 025</b>	<b>9 623 025</b>
<b>Liabilities:</b>				
Derivatives	21 738	21 738	0	0
<b>Total financial liabilities at fair value</b>	<b>21 738</b>	<b>21 738</b>	<b>0</b>	<b>0</b>

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
<b>Total</b>	<b>819 725</b>	<b>14 207 622</b>	<b>8 031 953</b>	<b>23 059 300</b>
Derivatives at fair value through profit and loss (liability)	0	21 738	0	21 738
<b>Total</b>	<b>0</b>	<b>21 738</b>	<b>0</b>	<b>21 738</b>

### Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
<b>Opening balance at 1 January 2020</b>	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
<b>Closing balance at 31 December 2020</b>	<b>7 921 668</b>	<b>110 285</b>	<b>8 031 953</b>

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2020.

### Information about fair value of securities at Level 3:

#### Shares in Vipps AS

Sbanken has used the same value as year-end 2019 for calculating the fair value of the shares in Vipps AS at 31 December 2020, adjusted for a liquidity and general uncertainty discount of 20 %.

#### Shares in VN Norge AS

Following the receipt of extraordinary dividend from VN Norges AS in Q4 20 in relation to conversion of C-shares in Visa Inc., Sbanken has reduced the underlying number of shares in Visa Inc., owned through VN Norge's holding, by 50 per cent. 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 2019.

#### 31.12.2019

In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds	0	11 268	158 401	169 669
Commercial paper and bonds	627 533	8 459 786	0	9 087 319
Derivatives at fair value through profit and loss (asset)	0	201 975	0	201 975
Loans to customers (fixed rate)	0	0	164 062	164 062
<b>Total</b>	<b>627 533</b>	<b>8 673 029</b>	<b>322 463</b>	<b>9 623 025</b>
Derivatives at fair value through profit and loss (liability)		0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
<b>Opening balance at 1 January 2019</b>	0	143 504	143 504
Net gain/(loss) on financial instruments (unrealised)	0	14 897	14 897
Acquisitions/exits	164 062	0	164 062
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
<b>Closing balance at 31 December 2019</b>	<b>164 062</b>	<b>158 401</b>	<b>322 463</b>

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

## Note 20 - Information about related parties

### Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	31.12.20	31.12.19
Receivable related to overdraft facility with Sbanken Boligkreditt AS	2 304 097	2 897 390
Sbanken Boligkreditt AS's deposit in Sbanken ASA	1 602 401	1 701 897
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	5 714 265	2 006 575
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000

### Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.20 - 31.12.20	01.01.19 - 31.12.19
Sale of services in line with service agreement	8 249	6 808
Interest on overdraft facility	39 508	48 364
Interest on deposit	1 373	1 290
Interest on covered bonds issued by Sbanken Boligkreditt AS	55 799	23 898
Interest on subordinated loan issued by Sbanken Boligkreditt AS	10 427	12 330
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	12 109	13 411
Dividend from Sbanken Boligkreditt AS to Sbanken ASA	230 000	0

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	Q4 20	Q4 19	2020	2019
Profit for the period to shareholders	214 747 000	154 080 000	748 575 000	678 080 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333	106 869 333
<b>Earnings per share (basic)</b>	<b>2.01</b>	<b>1.44</b>	<b>7.00</b>	<b>6.34</b>
<b>Earnings per share (diluted)</b>	<b>2.01</b>	<b>1.44</b>	<b>7.00</b>	<b>6.34</b>

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 10 February, the Board opted to utilise the current dividend authorisation for 2019 by distributing dividends of NOK 3.15 per share, equivalent to 26.6 per cent of Sbanken ASA's cumulative net profits for 2019 and 2020. The Board has also reviewed the bank's dividend policy. The new target is to return capital to shareholders through the distribution of 50 per cent of the group's net profit in cash dividends, in addition to share buy-backs.

# Income statement

(Sbanken ASA)

In NOK thousand	Note	Q4 20	Q4 19	2020	2019
Interest income from financial instruments using the effective interest method		358 884	532 192	1 683 659	1 920 230
Other interest income		0	0	0	0
Interest expense		-49 476	-157 820	-381 594	-592 746
<b>Net interest income</b>		<b>309 408</b>	<b>374 373</b>	<b>1 302 065</b>	<b>1 327 485</b>
Commission and fee income		95 761	89 629	345 717	344 607
Commission and fee expense		-46 200	-36 100	-161 407	-129 683
<b>Net commission and fee income</b>		<b>49 561</b>	<b>53 529</b>	<b>184 310</b>	<b>214 924</b>
Net gain/(loss) on financial instruments		275 544	3 415	288 806	37 479
Other income		2 161	1 805	8 379	7 032
<b>Other operating income</b>		<b>277 705</b>	<b>5 220</b>	<b>297 186</b>	<b>44 512</b>
Personnel expenses		-97 851	-96 481	-348 192	-342 506
Administrative expenses		-74 989	-82 491	-291 946	-301 034
Depreciation and impairment of fixed and intangible assets		-16 529	-40 758	-65 760	-81 249
<b>Profit before loan losses</b>		<b>447 305</b>	<b>213 392</b>	<b>1 077 663</b>	<b>862 132</b>
Loan losses		-5 093	-50 670	-133 297	-150 945
<b>Profit before tax</b>		<b>442 212</b>	<b>162 722</b>	<b>944 366</b>	<b>711 187</b>
Tax expense		-46 286	-39 924	-159 763	-163 408
<b>Profit for the period</b>		<b>395 926</b>	<b>122 797</b>	<b>784 603</b>	<b>547 780</b>
<b>Attributable to</b>					
Shareholders		389 311	113 902	750 136	515 808
Additional Tier 1 capital holders		6 615	8 895	34 467	31 972
<b>Profit for the period</b>		<b>395 926</b>	<b>122 797</b>	<b>784 603</b>	<b>547 780</b>

# Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q4 20	Q4 19	2020	2019
<b>Profit for the period</b>	<b>395 926</b>	<b>122 797</b>	<b>784 603</b>	<b>547 780</b>
<b>Other comprehensive income:</b>				
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-12 991	-9 353	36 803	-9 754
Tax effect	3 248	2 338	-9 201	2 332
<b>Other comprehensive income that can be reclassified to profit or loss after tax</b>	<b>-9 743</b>	<b>-7 015</b>	<b>27 602</b>	<b>-7 422</b>
Actuarial gains (losses)	-9 637	1 371	-9 637	1 371
Tax effect	2 410	-343	2 410	-343
<b>Other comprehensive income that can not be reclassified to profit or loss after tax</b>	<b>-7 227</b>	<b>1 028</b>	<b>-7 227</b>	<b>1 028</b>
<b>Total components of other comprehensive income (after tax)</b>	<b>-16 970</b>	<b>-5 987</b>	<b>20 375</b>	<b>-6 394</b>
<b>Total comprehensive income for the period</b>	<b>378 956</b>	<b>116 810</b>	<b>804 978</b>	<b>541 386</b>
<b>Attributable to</b>				
Shareholders	372 341	107 915	770 511	509 414
Additional Tier 1 capital holders	6 615	8 895	34 467	31 972
<b>Total comprehensive income for the period</b>	<b>378 956</b>	<b>116 810</b>	<b>804 978</b>	<b>541 386</b>

# Balance sheet

(Sbanken ASA)

In NOK thousand	Note	31.12.20	31.12.19
<b>Assets</b>			
Cash and receivables with central bank		1 423 268	1 587 606
Loans to and receivables from credit institutions		2 958 456	3 184 035
Loans to customers		47 904 688	46 867 863
<b>Net loans to customers, central bank and credit institutions</b>		<b>52 286 412</b>	<b>51 639 504</b>
Commercial paper and bonds at fair value through OCI		20 109 350	11 007 483
Equity investments and funds		393 011	403 902
Commercial paper and bonds at amortised cost		325 622	326 044
Shares in subsidiary		1 699 880	1 699 880
Derivatives		29 533	134
Intangible assets		114 645	135 376
Deferred tax assets		7 738	12 409
Property, plant and equipment		127 755	164 782
Other assets		341 533	89 168
Advance payment and accrued income		53 498	30 425
<b>Total assets</b>		<b>75 488 979</b>	<b>65 509 106</b>
<b>Liabilities</b>			
Loans and deposits from central bank		2 250 000	0
Loans and deposits from credit institutions		1 602 243	1 701 739
Deposits from customers		58 643 627	52 844 881
Debt securities issued		4 291 792	3 033 344
Derivatives		21 738	0
Taxes payable		161 643	162 305
Deferred tax		0	0
Pension commitments		36 998	27 494
Other liabilities		497 581	515 916
Subordinated loans		898 831	899 438
<b>Total liabilities</b>		<b>68 404 453</b>	<b>59 185 117</b>
<b>Equity</b>			
Share capital		1 068 693	1 068 693
Share premium		2 625 895	2 625 895
Additional Tier 1 capital		701 223	705 858
Other equity		2 688 715	1 923 543
<b>Total equity</b>		<b>7 084 526</b>	<b>6 323 989</b>
<b>Total liabilities and equity</b>		<b>75 488 979</b>	<b>65 509 106</b>

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 6.0 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
<b>Balance sheet as at 01.01.19</b>	<b>1 068 693</b>	<b>2 625 895</b>	<b>504 978</b>	<b>-18 806</b>	<b>-3 523</b>	<b>1 623 758</b>	<b>5 800 996</b>
Profit for the period to other equity (01.01.19 to 31.12.19)						515 808	515 808
Profit for the period to Tier 1 capital holders (01.01.19 to 31.12.19)			31 972				31 972
Payments to Tier 1 capital holders (01.01.19 to 31.12.19)			-31 092				-31 092
Issue of Tier 1 capital			200 000			-148	199 852
Actuarial gains and losses for the period (01.01.19 to 31.12.19)				1 028			1 028
Net change in fair value of financial instruments available for sale (01.01.19 to 31.12.19)					-7 422		-7 422
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
<b>Balance sheet as at 31.12.19</b>	<b>1 068 693</b>	<b>2 625 895</b>	<b>705 858</b>	<b>-17 778</b>	<b>-10 945</b>	<b>1 952 266</b>	<b>6 323 989</b>
Profit for the period to other equity (01.01.20 to 31.12.20)						750 136	750 136
Profit for the period to Tier 1 capital holders (01.01.20 to 31.12.20)			34 467				34 467
Payments to Tier 1 capital holders (01.01.20 to 31.12.20)			-39 102				-39 102
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 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.20 to 31.12.20)					27 602		27 602
Payments related to share incentive program						-4 538	-4 538
<b>Balance sheet as at 31.12.20</b>	<b>1 068 693</b>	<b>2 625 895</b>	<b>701 223</b>	<b>-25 005</b>	<b>16 657</b>	<b>2 697 064</b>	<b>7 084 526</b>

# Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	2020	2019
<b>Cash flows from operating activities</b>			
Net payments on loans to customers		-1 164 488	-2 390 604
Interest received on loans to customers		1 412 970	1 608 598
Net receipts on deposits from customers		5 798 746	3 315 842
Interest paid on deposits from customers		-306 451	-484 240
Payments/receipts on loans to/deposits from group company		493 797	-76 860
Interest received on loans to group company		39 622	47 074
Net receipts/payments from buying and selling financial instruments at fair value		-9 109 085	1 041 078
Interest received from commercial paper and bonds		224 826	232 514
Net receipts/payments on deposits from central bank		2 250 000	0
Interest paid on deposits from credit institutions		-6 180	-969
Interest received on loans to credit institutions and central bank		4 610	21 425
Receipts related to commissions and fees		331 229	335 032
Payments related to commissions and fees		-138 775	-132 072
Payments related to administrative expenses		-311 458	-307 299
Payments related to personnel expenses		-351 267	-312 349
Taxes paid		-161 469	-156 397
Other receipts/payments		67 645	38 093
<b>Net cash flows from operating activities</b>		<b>-925 728</b>	<b>2 778 866</b>
<b>Cash flows from investment activities</b>			
Capital increase in subsidiary		0	0
Invested in Additional Tier 1 capital in subsidiary		0	0
Invested in associated company		-427	-1 765
Payments on the acquisition of fixed assets		-1 183	-4 021
Payments on the acquisition of intangible assets		-13 349	-69 040
<b>Net cash flows from investment activities</b>		<b>-14 959</b>	<b>-74 826</b>
<b>Cash flows from financing activities</b>			
Receipts on share capital and share premium net of issuing cost		0	0
Paid dividend to shareholders		0	-187 021
Receipts on subordinated loans		500 000	250 000
Payments on matured and redeemed subordinated loans		-500 000	0
Interest paid on subordinated loans		-28 003	-25 052
Receipts on issued additional Tier1 capital		400 000	200 000
Payments on matured and redeemed additional Tier1 capital		-400 000	0
Interest paid on additional Tier 1 capital		-39 202	-31 092
Receipts on issued bonds and commercial paper		3 250 000	850 000
Payments on matured and redeemed bonds and commercial paper		-1 991 454	-2 262 390
Interest paid on issued bonds and commercial paper		-47 277	-80 398
<b>Net cash flows from financing activities</b>		<b>1 144 064</b>	<b>-1 285 953</b>
<b>Total net cash flow</b>		<b>203 377</b>	<b>1 418 087</b>
Cash at the beginning of the period		1 874 250	456 163
Cash at the end of the period		2 077 627	1 874 250
<b>Change in cash</b>		<b>203 377</b>	<b>1 418 087</b>
<b>Cash</b>			
Cash and receivables with central bank		1 423 268	1 587 606
Loans to credit institutions		654 359	286 644
<b>Total cash</b>		<b>2 077 627</b>	<b>1 874 250</b>



# Capital adequacy

## (Sbanken ASA)

In NOK thousand	31.12.20		31.12.19	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	2 038 554	0	2 196 679	0
Regional governments	4 831 614	794 811	897 299	51 115
Multilateral Development Banks	1 144 014	0	627 533	0
Institutions	32 825 074	3 402 274	35 513 006	3 724 152
Retail	8 825 210	3 528 427	9 756 799	4 246 600
Secured by mortgages on immovable property	59 340 645	17 629 689	55 183 361	16 950 279
Exposures in default	264 951	326 776	394 229	511 442
Covered bonds	13 152 493	1 315 249	8 580 387	858 039
Equity	2 432 507	2 436 073	1 871 560	1 874 575
Other items	192 389	192 389	193 103	193 103
<b>Total credit risk, standardised method<sup>1)</sup></b>	<b>125 047 451</b>	<b>29 625 688</b>	<b>115 213 956</b>	<b>28 409 305</b>
Credit value adjustment risk (CVA)		26 410		611
Operational risk		2 290 161		2 214 005
<b>Total risk-weighted volume</b>		<b>31 942 259</b>		<b>30 623 921</b>
<b>Capital base</b>				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		1 938 579		1 407 735
Additional Tier 1 capital		701 223		705 858
Profit for the period		750 136		515 808
<b>Total booked equity</b>		<b>7 084 526</b>		<b>6 323 989</b>
Additional Tier 1 capital instruments included in total equity		-701 223		-705 858
<b>Common equity Tier 1 capital instruments</b>		<b>6 383 303</b>		<b>5 618 131</b>
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-85 983		-101 531
Value adjustment due to the requirements for prudent valuation (AVA)		-20 503		-11 409
Dividends payable <sup>2)</sup>		-336 638		-203 052
<b>Common equity Tier 1 capital</b>		<b>5 940 179</b>		<b>5 302 139</b>
Additional Tier 1 capital		700 000		700 000
<b>Tier 1 capital</b>		<b>6 640 179</b>		<b>6 002 139</b>
Tier 2 capital		900 000		900 000
<b>Own funds (primary capital)</b>		<b>7 540 179</b>		<b>6 902 139</b>
<b>Capital requirements</b>				
Minimum requirements - common equity Tier 1 capital	4.5%	1 437 402	4.5%	1 378 076
Capital conservation buffer	2.5%	798 556	2.5%	765 598
Systemic risk buffer	3.0%	958 268	3.0%	918 718
Countercyclical capital buffer	1.0%	319 423	2.5%	765 598
Additional Tier 1 capital	1.5%	479 134	1.5%	459 359
Tier 2 capital	2.0%	638 845	2.0%	612 478
<b>Total minimum and buffer requirements own funds (primary capital)</b>	<b>14.5%</b>	<b>4 631 628</b>	<b>16.0%</b>	<b>4 899 827</b>
<i>Available common equity Tier 1 capital after buffer requirements</i>		<i>2 426 531</i>		<i>1 474 149</i>
<i>Available own funds (primary capital)</i>		<i>2 908 552</i>		<i>2 002 311</i>
<b>Capital ratio % (regulatory)</b>				
Common equity Tier 1 capital		18.6%		17.3%
Additional Tier 1 capital		2.2%		2.3%
Tier 2 capital		2.8%		2.9%
<b>Total capital ratio</b>		<b>23.6%</b>		<b>22.5%</b>

<b>Capital ratio % <sup>3)</sup></b>			
Common equity Tier 1 capital		17.1%	17.3%
Additional Tier 1 capital		2.2%	2.3%
Tier 2 capital		2.8%	2.9%
<b>Total capital ratio</b>		<b>22.1%</b>	<b>22.5%</b>

<sup>1)</sup> The specification is according to EBA reporting framework.

<sup>2)</sup> Year-end 2020 includes fully retained earnings for 2020 and 34.7 per cent retained earnings for 2019 following proposed dividend. Year-end 2019 includes 70.1 per cent retained earnings for 2019 following the original dividend proposal for the group.

<sup>3)</sup> Year-end 2020 adjusted for dividends for the group by 62.8 per cent for 2020 and 49.6 per cent for 2019. Year-end 2019 includes 70.1 per cent retained earnings for 2019 following the original dividend proposal.

## Leverage Ratio (Sbanken ASA)

In NOK thousand		<b>31.12.20</b>	<b>31.12.19</b>
Derivatives market value		6 930	134
Potential future exposure on derivatives		40 800	408
Off-balance sheet commitments		32 756 893	35 377 024
Loans and advances and other assets		75 114 801	65 373 596
Regulatory adjustments included in Tier 1 capital		0	0
<b>Total leverage exposure</b>		<b>107 919 424</b>	<b>100 751 162</b>
<b>Tier 1 capital <sup>1)</sup></b>		<b>6 640 179</b>	<b>6 002 139</b>
<b>Leverage ratio % (regulatory)</b>		<b>6.2 %</b>	<b>6.0 %</b>
<b>Leverage ratio % <sup>2)</sup></b>		<b>5.7 %</b>	<b>6.0 %</b>
<b>Leverage Ratio requirements</b>			
Minimum requirements	3.0%	3 237 583	3 022 535
Buffer requirements <sup>3)</sup>	0.0%	0	2 015 023
<b>Total minimum and buffer requirements (Tier 1 capital)</b>	<b>3.0%</b>	<b>3 237 583</b>	<b>5 037 558</b>
<i>Available Tier 1 capital after minimum and buffer requirements</i>		3 402 596	964 581
<i>Available Tier 1 capital after minimum and buffer requirements <sup>2)</sup></i>		2 932 371	964 581

<sup>1)</sup> Year-end 2020 includes fully retained earnings for 2020 and 34.7 per cent retained earnings for 2019 following proposed dividend. Year-end 2019 includes 70.1 per cent retained earnings for 2019 following the original dividend proposal for the group.

<sup>2)</sup> Year-end 2020 adjusted for dividends for the group by 62.8 per cent for 2020 and 49.6 per cent for 2019. Year-end 2019 includes 70.1 per cent retained earnings for 2019 following the original dividend proposal.

<sup>3)</sup> In July, 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	31.12.20	31.12.19
Bonds issued	NOK	4 291 792	3 033 345
Subordinated loans	NOK	898 831	899 438
<b>Total debt securities issued and subordinated loans</b>		<b>5 190 623</b>	<b>3 932 783</b>

Specification of bonds and subordinated loans as at 31.12.20:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
<b>Bonds</b>						
NO0010793029	Sbanken ASA	243 000	NOK	Floating	01.03.21	243 002
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 157
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 781
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	997 243
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 948
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 661
<b>Total bonds</b>		<b>4 293 000</b>				<b>4 291 792</b>

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity <sup>1</sup>	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 896
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 868
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 331
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 736
<b>Total subordinated loans</b>		<b>900 000</b>				<b>898 831</b>

<sup>1</sup> 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:

	31.12.19	January-December 2020				31.12.20
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	3 032 000	3 250 000	-210 000	-1 779 000	0	4 293 000
Subordinated loans (nominal)	900 000	500 000	0	-500 000	0	900 000
<b>Total</b>	<b>3 932 000</b>	<b>3 750 000</b>	<b>-210 000</b>	<b>-2 279 000</b>	<b>0</b>	<b>5 193 000</b>

# Net interest income

## (Sbanken ASA)

### Net interest income

In NOK thousand	Q4 20	Q4 19	2020	2019
Loans to and receivables from credit institutions and central bank	7 331	23 771	44 232	69 790
Loans to customers <sup>1</sup>	309 395	440 669	1 415 870	1 614 576
Commercial paper and bonds <sup>2</sup>	42 159	67 753	223 557	235 865
<b>Total interest income</b>	<b>358 884</b>	<b>532 192</b>	<b>1 683 659</b>	<b>1 920 230</b>
Loans and deposits from credit institutions and central bank	-1 115	-955	-8 954	-2 258
Deposits from customers	-19 956	-115 197	-243 868	-429 738
Debt securities issued	-8 746	-19 784	-43 634	-76 880
Subordinated loans	-4 201	-7 436	-23 954	-26 083
Other interest expenses	-15 458	-14 447	-61 184	-57 786
<b>Total interest expenses</b>	<b>-49 476</b>	<b>-157 820</b>	<b>-381 594</b>	<b>-592 746</b>
<b>Net interest income</b>	<b>309 408</b>	<b>374 373</b>	<b>1 302 065</b>	<b>1 327 485</b>

<sup>1</sup> Interest income in Jan-Dec 20 of TNOK 732 345 are related to mortgages measured at fair value through OCI and TNOK 48 151 are related to mortgages measured at fair value through profit and loss.

<sup>2</sup> Interest income in Jan-Dec 20 of TNOK 10 427 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 <sup>1</sup>	Financial instruments carried at amortised cost	Total carrying value	Total fair value
<b>31.12.20</b>					
<b>Financial Assets</b>					
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 <sup>2 and 3</sup>	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
<b>Total financial assets</b>	<b>8 343 848</b>	<b>50 220 804</b>	<b>16 674 187</b>	<b>75 008 839</b>	<b>75 010 442</b>
<b>Financial liabilities</b>					
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
<b>Total financial liabilities</b>	<b>21 738</b>	<b>0</b>	<b>68 184 074</b>	<b>68 205 812</b>	<b>68 228 064</b>

<sup>1</sup> Mortgages and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income.

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

<sup>3</sup> 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 <sup>1</sup>	Financial instruments carried at amortised cost	Total carrying value	Total fair value
<b>31.12.19</b>					
<b>Financial Assets</b>					
Cash and receivables with central bank			1 587 606	1 587 606	1 587 606
Loans to and receivables from credit institutions			3 184 035	3 184 035	3 184 035
Loans to customers	164 062	34 334 730	12 369 071	46 867 863	46 867 863
Commercial paper and bonds		11 007 483	0	11 007 483	11 007 483
Shares and funds <sup>2 and 3</sup>	401 892		2 010	403 902	403 902
Commercial paper and bonds at amortised cost			326 044	326 044	331 799
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	134			134	134
Other assets			119 593	119 593	119 593
<b>Total financial assets</b>	<b>566 088</b>	<b>45 342 213</b>	<b>19 288 239</b>	<b>65 196 540</b>	<b>65 202 295</b>
<b>Financial liabilities</b>					
Loans and deposits from credit institutions			1 701 739	1 701 739	1 701 739
Deposits from customers			52 844 881	52 844 881	52 844 881
Debt securities issued			3 033 344	3 033 344	3 039 975
Subordinated loans			899 438	899 438	909 105
Other liabilities			515 916	515 916	515 916
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>58 995 318</b>	<b>58 995 318</b>	<b>59 011 616</b>

<sup>1</sup> Mortgages and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income.

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

<sup>3</sup> 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	31.12.20		31.12.19	
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets:</b>				
Equity investments and funds	392 647	392 647	401 892	401 892
Commercial paper and bonds	20 109 350	20 109 350	11 007 483	11 007 483
Loans to customers	38 033 122	38 033 122	34 498 792	34 498 792
Derivatives	29 533	29 533	134	134
<b>Total financial assets at fair value</b>	<b>58 564 652</b>	<b>58 564 652</b>	<b>45 908 301</b>	<b>45 908 301</b>
<b>Liabilities:</b>				
Derivatives	21 738	21 738	0	0
<b>Total financial liabilities at fair value</b>	<b>21 738</b>	<b>21 738</b>	<b>0</b>	<b>0</b>

### 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
<b>Total</b>	<b>819 725</b>	<b>19 601 520</b>	<b>38 143 407</b>	<b>58 564 652</b>
Derivatives at fair value through profit and loss (liability)		21 738		21 738
<b>Total</b>		<b>21 738</b>		<b>21 738</b>

### Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
<b>Opening balance at 1 January 2020</b>	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
<b>Closing balance at 31 December 2020</b>	<b>38 033 122</b>	<b>110 285</b>	<b>38 143 407</b>

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2020.

**31.12.2019**

In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds	0	243 491	158 401	401 892
Commercial paper and bonds	627 533	10 379 950	0	11 007 483
Loans to customers	0	0	34 498 792	34 498 792
Derivatives	0	134	0	134
<b>Total</b>	<b>627 533</b>	<b>10 623 575</b>	<b>34 657 193</b>	<b>45 908 301</b>

Derivatives at fair value through profit and loss (liability)		0		0
<b>Total</b>		<b>0</b>		<b>0</b>

**Financial instruments measured at fair value Level 3**

In NOK thousand	Loans to customers	Shares and funds	Total
<b>Opening balance at 1 January 2019</b>	32 144 454	143 504	32 287 958
Net gain/(loss) on financial instruments (unrealised)	0	14 897	14 897
Net new loans/exits	16 077 338	0	16 077 338
Sale (to Sbanken Boligkreditt AS)	-13 723 000	0	-13 723 000
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
<b>Closing balance at 31 December 2019</b>	<b>34 498 792</b>	<b>158 401</b>	<b>34 657 193</b>

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

# 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	Q4 20	Q4 19	2020	2019
Net interest income (annualised)	1 620 383	1 702 237	1 644 137	1 564 127
Average total assets	101 311 943	93 946 925	98 938 512	92 912 687
<b>Net interest margin</b>	<b>1.60 %</b>	<b>1.81 %</b>	<b>1.66 %</b>	<b>1.68 %</b>
Interest income (annualised)	2 013 827	2 975 122	2 380 696	2 719 164
Average total assets	101 311 943	93 946 925	98 938 512	92 912 687
<b>Effective lending rate</b>	<b>1.99 %</b>	<b>3.17 %</b>	<b>2.41 %</b>	<b>2.93 %</b>
Interest expense (annualised)	393 444	1 254 076	736 560	1 155 037
Average total assets	101 311 943	93 946 925	98 938 512	92 912 687
<b>Effective funding rate</b>	<b>0.39 %</b>	<b>1.33 %</b>	<b>0.74 %</b>	<b>1.24 %</b>

## 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	Q4 20	Q4 19	2020	2019
Operating expense	189 781	219 833	710 371	727 239
Operating income	477 043	483 819	1 850 497	1 799 829
<b>Cost-to-income ratio</b>	<b>39.8 %</b>	<b>45.4 %</b>	<b>38.4 %</b>	<b>40.4 %</b>
Operating expense	189 781	219 833	710 371	727 239
<b>Adjustment one-off</b>	<b>-14 900</b>	<b>-33 300</b>	<b>-23 500</b>	<b>-33 300</b>
<b>Operating expense adjusted</b>	<b>174 881</b>	<b>186 533</b>	<b>686 871</b>	<b>693 939</b>
Operating income	477 043	483 819	1 850 497	1 799 829
<b>Adjustment one-off</b>	<b>-27 900</b>	<b>0</b>	<b>-27 900</b>	<b>0</b>
<b>Operating income adjusted</b>	<b>449 143</b>	<b>483 819</b>	<b>1 822 597</b>	<b>1 799 829</b>
<b>Cost-to-income ratio adjusted</b>	<b>38.9 %</b>	<b>38.6 %</b>	<b>37.7 %</b>	<b>38.6 %</b>
Profit for the period attributable to shareholders (annualised)	854 321	611 300	748 575	678 080
Average equity	6 813 823	6 103 493	6 548 627	5 939 664
<b>Return on equity</b>	<b>12.5 %</b>	<b>10.0 %</b>	<b>11.4 %</b>	<b>11.4 %</b>
Profit for the period attributable to shareholders (annualised)	n/a	611 300	n/a	678 080
<b>Adjustment one off (loan loss, operating expense and tax effect)</b>	<b>n/a</b>	<b>38 583</b>	<b>n/a</b>	<b>38 583</b>
<b>Adjustment one off (annualised)</b>	<b>n/a</b>	<b>154 331</b>	<b>n/a</b>	<b>716 663</b>
Profit for the period attributable to shareholders (annualised) adjusted	n/a	765 631	n/a	716 663
Average equity	n/a	6 103 493	n/a	5 939 664
<b>Return on equity adjusted</b>	<b>n/a</b>	<b>12.5 %</b>	<b>n/a</b>	<b>12.1 %</b>

#### 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	Q4 20	Q4 19	2020	2019
Loan losses (annualised)	18 185	197 753	133 482	153 149
Average loan volume	83 530 219	81 679 328	83 416 532	79 897 657
<b>Loss rate</b>	<b>0.02 %</b>	<b>0.24 %</b>	<b>0.16 %</b>	<b>0.19 %</b>
Loan losses	n/a	49 845	n/a	153 149
Adjustment one-off sale	n/a	-17 400	n/a	-17 400
<b>Loan losses (adj.)</b>	<b>n/a</b>	<b>32 445</b>	<b>n/a</b>	<b>135 749</b>
<b>Loan losses (annualised) adj.)</b>	<b>n/a</b>	<b>129 778</b>	<b>n/a</b>	<b>135 749</b>
Average loan volume	n/a	81 679 328	n/a	79 897 657
<b>Loss rate (adj.)</b>	<b>n/a</b>	<b>0.16 %</b>	<b>n/a</b>	<b>0.17 %</b>
Average deposits from customers	58 644 402	52 989 246	57 041 527	51 737 333
Average loans to customers	83 530 219	81 679 328	83 416 532	79 897 657
<b>Average deposit-to-loan ratio</b>	<b>70.2 %</b>	<b>64.9 %</b>	<b>68.4 %</b>	<b>64.8 %</b>
Deposits from customers	58 643 627	52 844 881	58 643 627	52 844 881
Loans to customers	83 082 252	81 233 217	83 082 252	81 233 217
<b>Deposit-to-loan ratio</b>	<b>70.6 %</b>	<b>65.1 %</b>	<b>70.6 %</b>	<b>65.1 %</b>
<b>LTV (Loan-to-value)</b>	<b>52.9 %</b>	<b>54.3 %</b>	<b>52.9 %</b>	<b>54.3 %</b>

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)

In NOK thousand	31.12.20		31.12.19	
	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	4 464 258	4 464 258	3 949 991	3 949 991
Level 1 covered bonds	6 504 158	6 048 867	5 876 307	5 464 966
Level 2A - assets	4 780 653	4 063 555	848 395	721 136
Level 2B - assets	0	0	0	0
Excess liquid asset amount		0		0
Assets ineligible as "liquid assets"	84 977 390		82 330 991	
<b>Total assets</b>	<b>100 726 459</b>	<b>14 576 680</b>	<b>93 005 685</b>	<b>10 136 093</b>
Net outflows		4 409 270		4 020 627
<b>LCR %</b>		<b>331 %</b>		<b>252 %</b>

# Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the yearly financial statements for the group and the company for the period 1 January through 31 December 2020 have been prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the company taken as a whole.

To the best of our knowledge, the report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the financial statements
- description of the principal risks and uncertainties facing the group over the next accounting period
- description of major transactions with related parties.

Bergen, 10 February 2021

The Board of Directors of Sbanken ASA



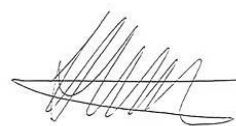
Niklas Midby  
(Chair)



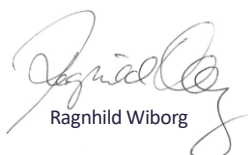
Mai-Lill Ibsen



August Baumann



Hugo Maurstad



Ragnhild Wiborg



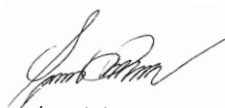
Cathrine Klouman



Sarah Lunde Mjåtvedt



Stein Zahl-Pettersen



Øyvind Thomassen  
(CEO)

# Sbanken

## **Contact information**

Sbanken ASA  
P.O. Box 7077  
NO-5020 Bergen  
NORWAY

[sbanken.no/ir](https://www.sbanken.no/ir)