



Q4



Fourth quarter 2020

(Unaudited)

Sbanken Boligkreditt AS

Key figures

In NOK thousand	Reference	2020	2019
Summary of income statement			
Net interest income		354 180	250 053
Net other income		-21 154	-14 994
Total income		333 026	235 059
Other operating expenses			
Operating profit before loan losses		320 304	225 801
Loan losses		-185	-2 204
Profit before tax		320 119	223 597
Tax expense		-67 771	-46 464
Net profit		252 347	177 133
Balance sheet figures (in million NOK)			
Total loan volume		35 184	34 371
Covered bonds issued (nominal value)		30 805	30 005
Covered bonds issued (carried value)		31 395	30 271
Total assets, end of period		37 391	36 359
Losses and defaults			
Loss rate (%)	1	0.00%	0.01%
Solvency			
	2		
Common equity Tier 1 ratio		17.3 %	17.6 %
Tier 1 capital ratio		19.0 %	19.3 %
Total capital ratio		21.4 %	21.9 %
Leverage ratio		6.8 %	6.9 %
Other			
Loan to value	3	49.7 %	53.0 %
Cover Pool	4	35 972	35 423
Over-collateralisation (OC), (nominal)		16.8 %	18.1 %

Alternative Performance Measures

Sbanken Boligkreditt AS (the company) discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are commonly used by analysts, investors and other stakeholders to evaluate the performance of the company in isolation or relative to the financial industry. The measures are provided to give an enhanced insight into the operations, financing and future prospects of the company. Some of the measures are presented in detail in notes to the financial statement and not repeated here.

References

1) Loss rate is calculated as the loan losses of the period divided by the average loan volume of the period. The measure is commonly used by banks and industry analysts to indicate the performance and quality of the lending book. For interim periods the loan losses for the period is annualised using the number of days in the period to the total number of days in the year.

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

3) Loan-to-Value (LTV) is calculated as the loan amount divided by the estimated value of the property. When calculating a weighted average of LTV for the entire loan book, the credit balance of mortgages is used as weights. The LTV is provided as a measure of lending risk exposure.

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

Fourth Quarter Results

Sbanken Boligkreditt AS had a net profit of NOK 69.9 million in the fourth quarter of 2020, compared to NOK 45.2 million in the fourth quarter of 2019.

At the end of the quarter, customer loans amounted to NOK 35.2 (34.4) billion. Outstanding covered bonds amounted to NOK 30.8 (30.0) billion. The average loan-to-value (LTV) ratio was 49.7 (53.0) per cent.

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

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

Important events during the quarter

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 weighted on economic activity towards year-end.

Norge 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.

Close to all mortgage customers who in March and April opted for instalment deferrals, have now returned to normal repayment schedules.

Operating income

Operating income increased to NOK 90.9 million, compared with NOK 57.9 million in the fourth quarter of 2019, following an increase in net interest income to NOK 100.6 (58.2) million and an decrease in other operating income to NOK -9.7 (-0.3) million.

Operating expenses

Operating expenses amounted to NOK 2.5 (1.8) million in the quarter and consisted mainly of administrative expenses related to the company's hire of management and administrative resources from Sbanken ASA.

Impairments and losses

Loan losses were positive in the amount of NOK 0.5 million in the quarter, compared with positive NOK 0.8 million in the fourth quarter of 2019. At the end of the quarter, expected credit losses (ECL) amounted to NOK 6.0 million.

Taxes

The estimated tax expense was NOK 19.0 (11.7) million in the quarter, corresponding to an effective tax rate of 21.3 (20.6) per cent.

Loans to customers

Loans to customers amounted to NOK 35.2 (34.4) billion.

Capitalisation, liquidity and financial position

Sbanken Boligkreditt had total equity of NOK 2.7 billion as of 31 December 2020. CET1 capital ratio 17.3 was per cent against a regulatory CET1 capital requirement of 12.5 per cent. The tier 1 capital ratio was 19.0 per cent and total capital ratio 21.4 per cent. The capital ratios include 4.3 per cent of retained earnings for 2020, following the Board's dividend proposal.

As of quarter-end, the company had a leverage ratio of 6.8 per cent against a regulatory requirement of 3 per cent.

At quarter-end, Sbanken Boligkreditt had total liquid assets of NOK 1.7 (1.8) billion.

Sbanken Boligkreditt had NOK 30.8 (30.0) billion in outstanding debt issued as covered bonds as of 31 December 2020. Covered bonds issued by Sbanken Boligkreditt have been assigned the highest rating from Moody's Investors Service (Aaa) with stable outlook, last confirmed 17 December 2020.

Comments on the results for the full year 2020

Sbanken Boligkreditt made a net profit of NOK 252.3 million in 2020, compared with NOK 177.1 million in 2019.

Net interest income increased to NOK 354.2 (250.1) million. Operating expenses amounted to NOK 12.7 million, compared with NOK 9.3 million in 2019.

Loan losses for the full year of 2020 amounted to NOK 0.2 (2.2) million.

The Board of Directors proposes to deviate from the company's zero dividend policy and distribute a dividend of NOK 230.0 million to the parent bank, Sbanken ASA, equivalent to 95.7 per cent of shareholders share of net profits. The dividend is deemed justifiable given the company's significant headroom to regulatory capital requirements. The dividend proposal has not been recognised in the accounts for 2020 as it does not qualify as a provision pursuant to IFRS.

Subsequent events

No significant events have occurred after 31 December 2020 that affect the financial statements for the fourth quarter of 2020.

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.

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

Losses related to mortgages have historically been low. There is uncertainty regarding future loss levels, but a conservative lending portfolio and a strong capital position, taking into account the dividend proposal, ensures that the group is well positioned to face macroeconomic headwinds.

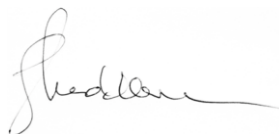
Sbanken Boligkreditt is well capitalised to acquire significant amounts of residential mortgages from Sbanken ASA to support lending growth in the group.

Bergen, 10 February 2021

The Board of Directors, Sbanken Boligkreditt AS



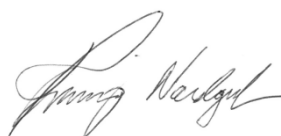
Mai-Lill Ibsen
(Chair)



Egil Møkleiv



Øyvind Thomassen



Henning Nordgulen
(CEO)

Income statement

In NOK thousand	Note	Q4 20	Q4 19	2020	2019
Interest income	14	170 401	249 385	816 368	898 226
Interest expense	14	-69 801	-191 162	-462 188	-648 172
Net interest income		100 600	58 223	354 180	250 053
Net gain (loss) on financial instruments	15	-9 739	-349	-21 154	-14 994
Other income		0	0	0	0
Other operating income		-9 739	-349	-21 154	-14 994
Personnel expenses	16	-92	-95	-366	-415
Administrative expenses	16	-2 382	-1 712	-12 356	-8 843
Profit before loan losses		88 387	56 067	320 304	225 801
Loan losses	10	523	826	-185	-2 204
Profit before tax		88 910	56 892	320 119	223 597
Tax expense	17	-18 975	-11 725	-67 771	-46 464
Profit for the period		69 935	45 167	252 347	177 133
Attributable to					
Shareholders		67 236	41 629	240 239	163 722
Tier 1 capital holders	13	2 699	3 538	12 109	13 411
Profit for the period		69 935	45 167	252 347	177 133

Statement of comprehensive income

In NOK thousand	Q4 20	Q4 19	2020	2019
Profit for the period	69 935	45 167	252 347	177 133
Other comprehensive income				
Other comprehensive income that can be reclassified to profit or loss after tax	214	-459	2 355	1 766
Other items that can not be reclassified to profit or loss after tax	0	0	0	0
Total components of other comprehensive income (after tax)	214	-459	2 355	1 766
Total comprehensive income for the period	70 149	44 708	254 702	178 899
Attributable to				
Shareholders	67 450	41 170	242 593	165 488
Tier 1 capital holders	13	2 699	3 538	12 109
Total comprehensive income for the period	70 149	44 708	254 702	178 899

Balance sheet

In NOK thousand	Note	31.12.20	31.12.19
Assets			
Loans to and receivables from credit institutions	5,6	1 602 401	1 701 897
Loans to customers	5,6,7,8,18	35 177 564	34 365 353
Net loans to customers and credit institutions		36 779 965	36 067 250
Commercial paper and bonds at fair value through other comprehensive income (OCI)	18	76 007	86 411
Derivatives		531 772	201 842
Deferred tax assets		3 141	3 976
Other assets		0	0
Advance payment and accrued income		0	0
Total assets		37 390 885	36 359 479
Liabilities			
Loans from credit institutions	18	2 846 829	2 897 390
Debt securities issued	12,18	31 395 199	30 271 177
Deferred tax		0	0
Taxes payable	17	67 592	46 464
Other liabilities		20 957	326 468
Subordinated loan	12	325 000	325 000
Total liabilities		34 655 577	33 866 499
Equity			
Share capital		850 000	850 000
Share premium		849 880	849 880
Additional Tier 1 capital	13	225 837	226 102
Other equity		809 592	566 998
Total equity		2 735 308	2 492 980
Total liabilities and equity		37 390 885	36 359 479

Statement of changes in equity

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Changes in fair value through other comprehensive income	Other equity	Total equity
Balance sheet as at 01.01.19	850 000	849 880	225 893	-15 861	417 370	2 327 282
Profit for the period to other equity (01.01.19 - 31.12.19)					163 722	163 722
Profit for the period to Tier 1 capital holders (01.01.19 - 31.12.19)			13 411			13 411
Payments to Tier 1 capital holders (01.01.19 - 31.12.19)			-13 202			-13 202
Net change of financial instruments at fair value through other comprehensive income (01.01.19 - 31.12.19)				1 766		1 766
Balance sheet as at 31.12.19	850 000	849 880	226 102	-14 095	581 092	2 492 980
Profit for the period to other equity (01.01.20 - 31.12.20)					240 239	240 239
Profit for the period to Tier 1 capital holders (01.01.20 - 31.12.20)			12 109			12 109
Payments to Tier 1 capital holders (01.01.20 - 31.12.20)			-12 374			-12 374
Net change of financial instruments at fair value through other comprehensive income (01.01.20 - 31.12.20)				2 355		2 355
Balance sheet as at 31.12.20	850 000	849 880	225 837	-11 740	821 331	2 735 308

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

The Board of Directors proposes to deviate from the company's zero dividend policy and distribute a dividend of NOK 230.0 million to the parent bank, Sbanken ASA, equivalent to 95.7 per cent of shareholders share of net profits. The dividend proposal has not been recognised in the accounts for 2020 as it does not qualify as a provision pursuant to IFRS.

Statement of cash flows

In NOK thousand	Note	2020	2019
Cash flows from operating activities			
Net payments on loans to customers	5,6	-826 311	40 881
Interest received on loans to customers	14	824 818	883 951
Interest received on loans to credit institutions		3 852	1 914
Interest paid on loans and deposits from credit institution	14	-39 622	-48 364
Net receipts/payments from buying and selling financial instruments at fair value	18	9 927	10 062
Receipts of collateral related to derivatives used in hedge accounting		320 684	36 671
Interest received from commercial paper and bonds	14	1 694	2 552
Other interest cost		-5 594	-4 048
Payments related to administrative expenses	16	-12 023	-9 387
Payments related to personnel expenses		-366	-418
Taxes paid		-46 464	-52 638
Other receipts/payments		41	-2 120
Net cash flows from operating activities		230 636	859 056
Cash flows from investment activities			
Net cash flows from investment activities		0	0
Cash flows from financing activities			
Receipts on issued covered bonds	12	10 000 000	3 450 000
Payments on matured and redeemed covered bonds	12	-9 224 928	-3 964 475
Interest paid on covered bonds	14	-488 687	-562 763
Net receipts on loans and deposits from credit institution	18	-593 293	776 847
Receipts on subordinated loan	12	0	0
Interest paid on subordinated loan	14	-10 850	-12 055
Receipts on share capital and share premium	EQ	0	0
Receipts on issued additional Tier1 capital	13	0	0
Interest paid on additional Tier 1 capital	14	-12 374	-13 202
Net cash flows from financing activities		-330 132	-325 648
Total net cash flows		-99 496	533 408
Cash at the beginning of the period		1 701 897	1 168 489
Cash at the end of the period		1 602 401	1 701 897
Change in cash		-99 496	533 408
Cash			
Loans to credit institutions		1 602 401	1 701 897
Total cash		1 602 401	1 701 897

EQ = see statement of changes in equity.

Notes

Note 1 – Accounting Principles

The quarterly financial statement for Sbanken Boligkreditt AS has been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and adopted by the EU. A description of the accounting principles applied in the preparation of the financial statements appears in the annual report for 2019. There have been no changes or amendments to accounting principles in the period.

When preparing the financial statements, the management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the critical accounting estimates and areas where judgment is applied appear in note 2 in the annual report for 2019.

Following the outbreak of coronavirus COVID-19, Sbanken Boligkreditt AS 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 Boligkreditt AS has offered all its mortgage customers instalment free periods of up to six months. It is the group'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 group has previous observations that indicate an increased credit risk for the customer.

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 Statistics Norway and 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).

New and revised standards effective from 1 January 2020

Sbanken Boligkreditt AS 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 financial statements. For Sbanken Boligkreditt AS no new standards will have material effect.

Note 2 – Segment information

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

Note 3 – Capital adequacy

The capital adequacy regulations are intended to improve institutions' risk management and achieve closer concordance between risk and capital. The applicable regulations for Norwegian banks are adapted to the EU's capital adequacy regulations for credit institutions and investment firms (CRD IV/CRR). Sbanken Boligkreditt AS uses the standard method to establish the risk weighted volume for credit risk and the standardised approach (changed from basic method in Q4 19) for operational risk. At the balance sheet date, no exposure was included in the volume for market risk.

In NOK thousand	31.12.20		31.12.19	
	Nominal exposure	Risk-Weighted volume	Nominal exposure	Risk-Weighted volume
Central governments	25 606	0	35 985	0
Regional governments	3 141	7 852	3 976	9 939
Institutions	1 664 770	332 954	1 749 947	349 989
Secured by mortgages on immovable property	35 092 857	12 313 772	34 292 583	12 065 311
Exposures in default	84 706	84 706	72 770	72 770
Covered bonds	50 401	5 040	50 426	5 043
Total credit risk, standardised method ¹	36 921 481	12 744 324	36 205 687	12 503 052
Credit value adjustment risk (CVA risk)		28 301		30 647
Operational risk		432 159		357 665
Total risk- weighted volume		13 204 784		12 891 364
Capital base				
Share capital		850 000		850 000
Share premium		849 880		849 880
Other equity		569 352		403 276
Additional Tier 1 capital		225 837		226 102
Profit for the period		240 239		163 722
Total booked equity		2 735 308		2 492 980
Additional Tier 1 capital instruments included in total equity		-225 837		-226 102
Common equity Tier 1 capital instruments		2 509 471		2 266 878
<i>Deductions</i>				
Value adjustment due to the requirements for prudent valuation (AVA)		-76		-87
Profit for the period, not eligible ²		-230 000		0
Common equity Tier 1 capital		2 279 395		2 266 791
Additional Tier 1 capital		225 000		225 000
Tier 1 capital		2 504 395		2 491 791
Tier 2 capital		325 000		325 000
Own funds (primary capital)		2 829 395		2 816 791
Specification of capital requirements				
Minimum requirements CET1 capital	4.5%	594 215	4.5%	580 111
Capital conservation buffer	2.5%	330 120	2.5%	322 284
Systemic risk buffer	3.0%	396 144	3.0%	386 741
Countercyclical capital buffer	1.0%	132 048	2.5%	322 284
Additional Tier 1 capital	1.5%	198 072	1.5%	193 370
Tier 2 capital	2.0%	264 096	2.0%	257 827
Total minimum and buffer requirements own funds (primary capital)	14.5%	1 914 694	16.0%	2 062 618
Available CET1 capital after buffer requirements		826 869		655 371
Available Own funds (primary capital)		914 702		754 173
Capital ratio %				
Common equity Tier 1 capital		17.3%		17.6%
Additional Tier 1 capital		1.7%		1.7%
Tier 2 capital		2.5%		2.5%
Total capital ratio		21.4%		21.9%

¹ The specification is according to EBA reporting framework.

² Year-end 2020 adjusted for proposed dividend and year-end 2019 including 100 per cent of the profit.

Note 4 – Leverage ratio

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

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

In NOK thousand		31.12.20	31.12.19
Derivatives market value		14 318	0
Potential future exposure on derivatives		48 050	48 050
Loans and advances and other assets		36 859 113	36 157 637
Regulatory adjustments included in Tier 1 capital		0	0
Total leverage exposure		36 921 481	36 205 687
Tier 1 capital ¹⁾		2 504 395	2 491 791
Leverage ratio %		6.8 %	6.9 %
Leverage Ratio requirements			
Minimum requirements	3.0%	1 107 644	1 086 171
Buffer requirements credit institutions	0.0%	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	1 107 644	1 086 171
Available Tier 1 capital after minimum and buffer requirements		1 396 751	1 405 620

¹⁾ Year-end 2020 adjusted for proposed dividend and year-end 2019 including 100 per cent of the profit.

Note 5 – Maximum exposure to credit risk

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

31.12.20			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Loans to and receivables from credit institutions	1 602 401	0	1 602 401
Loans to and receivables from central bank and credit institutions	1 602 401	0	1 602 401
Loans to customers, secured	35 183 521	0	35 183 521
Loans to and receivables from customers	35 183 521	0	35 183 521
Other financial assets with credit risk	0	0	0
Financial instruments at amortised cost	36 785 922	0	36 785 922
Commercial paper and bonds	76 007	0	76 007
Financial instruments at fair value through other comprehensive income	76 007	0	76 007
Derivatives	531 772	0	531 772
Financial instruments at fair value through profit and loss	531 772	0	531 772
Gross exposure	37 393 701	0	37 393 701
Other financial assets without credit risk	3 141	0	3 141
Impairment	-5 957	0	-5 957
Total net exposure	37 390 885	0	37 390 885

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

Note 6 – Loans to credit institutions and customers

Gross carrying amount - Loans to credit institutions				
31.12.20				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	1 701 897	0	0	1 701 897
Transfers between stages	0	0	0	0
Opening balance gross carrying amount (after transfers)	1 701 897	0	0	1 701 897
Net new financial assets originated or derecognised	0	0	0	0
Financial assets that have been derecognised	-99 496	0	0	-99 496
Changes in interest accrual	0	0	0	0
Closing balance gross carrying amount	1 602 401	0	0	1 602 401
Maturity:				
In NOK thousands				
Loans with agreed maturity	0	0	0	0
Loans without agreed maturity	1 602 401	0	0	1 602 401
Total	1 602 401	0	0	1 602 401
Gross carrying amount - Loans to customers				
31.12.20				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	32 726 759	1 567 333	77 033	34 371 125
Transfers to Stage 1 (12-months ECL)	443 420	-441 909	-1 511	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-706 271	710 043	-3 772	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-17 925	-32 249	50 174	0
Net new financial assets originated or derecognised	1 169 114	-304 883	-37 375	826 856
Changes in interest accrual	-13 500	-1 117	157	-14 460
Other movements	0	0	0	0
Closing balance gross carrying amount 31.12.20	33 601 597	1 497 218	84 706	35 183 521
Gross carrying amount - Loans to credit institutions				
31.12.19				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	1 168 489	0	0	1 168 489
Transfers between stages	0	0	0	0
Opening balance gross carrying amount (after transfers)	1 168 489	0	0	1 168 489
Net new financial assets originated or derecognised	533 408	0	0	533 408
Changes in interest accrual	0	0	0	0
Closing balance gross carrying amount	1 701 897	0	0	1 701 897
Maturity:				
In NOK thousands				
Loans with agreed maturity	0	0	0	0
Loans without agreed maturity	1 701 897	0	0	1 701 897
Total	1 701 897	0	0	1 701 897

Gross carrying amount - Loans to customers

31.12.19

In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	33 510 854	831 544	59 806	34 402 204
Transfers to Stage 1 (12-months ECL)	284 343	-280 481	-3 862	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 162 872	1 164 183	-1 311	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-39 480	-25 024	62 937	-1 567
Net new financial assets originated or derecognised	130 491	-124 372	-42 107	-35 988
Changes in interest accrual	3 423	1 483	1 570	6 476
Other movements	0	0	0	0
Closing balance gross carrying amount 31.12.19	32 726 759	1 567 333	77 033	34 371 125

Note 7 – Loans to customers by geographical area

Lending by geographical area

In NOK thousand	31.12.20		31.12.19	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	45.4%	15 962 711	44.1%	15 154 207
Oslo	20.9%	7 342 657	19.4%	6 660 013
Southern Norway	1.8%	650 124	1.9%	662 679
Western Norway	20.4%	7 183 395	22.4%	7 695 833
Central Norway	4.5%	1 582 336	4.7%	1 600 376
Northern Norway	7.0%	2 462 298	7.6%	2 598 017
Total gross lending by geographical area	100.0%	35 183 521	100.0%	34 371 125

Note 8 – Credit risk exposure and collateral

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

The table below shows the relationship between total credit exposure and the associated collateral distributed to exposure class. Lending secured by mortgages includes the percentage distributed of exposure relating to the various loan-to-value levels. The property values on which the calculations are based are updated in the last month of each quarter and are therefore representative of the current market value. The calculation of loan-to-value does not take into account any additional collateral.

In NOK thousand	31.12.20			31.12.19		
	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
Loan-to-value, secured loans						
0 % - 40 %	27.8%	9 795 268	0	23.4%	8 038 714	0
40 % - 60 %	42.1%	14 816 853	0	35.9%	12 322 404	0
60 % - 80 %	29.1%	10 229 873	0	39.3%	13 501 097	0
80 % - 90 %	0.6%	226 855	0	1.0%	336 355	0
90 % - 100 %	0.2%	56 756	0	0.3%	103 865	0
> 100 %	0.2%	57 916	0	0.2%	68 690	0
Residential mortgages	100.0%	35 183 521	0	100.0%	34 371 125	0

The table below shows the percentage allocation of exposures for mortgages for various loan-to-value levels. Where the entire exposure in the table above is placed in a related loan-to-value level, the relative share of the loan exposure at each level is shown in the table below.

In NOK thousand	31.12.20		31.12.19	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, residential mortgages (relative distribution)				
0 % - 85 %	99.91%	35 153 554	99.90%	34 337 403
85 % - 100 %	0.05%	18 192	0.07%	23 115
> 100 %	0.03%	11 775	0.03%	10 607
Residential mortgages	100.0%	35 183 521	100.0%	34 371 125

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

In NOK thousand	31.12.20	31.12.19
Debt related to securities issued, nominal value	30 805 000	30 005 000
Debt related to securities issued, carried value	31 395 199	30 271 177
Loans to customers (gross) ¹	35 148 061	34 323 261
Average size of loan per customer	1 871	1 851
Number of loans	18 783	18 536
Weighted average since issuing of the loans (months)	55	54
Weighted average remaining maturity (months)	258	259
Average LTV (percent)	49.7	53.0
Cover pool		
	31.12.20	31.12.19
Loans secured with mortgages	35 148 061	34 323 261
Not eligible for the over-collateralisation calculation	-236 075	-380 581
Net loans that are in the over-collateralisation	34 911 985	33 942 680
Supplementary assets	1 060 225	1 480 171
Total cover pool for the over-collateralisation calculation	35 972 210	35 422 851
	Nominal value	Nominal value
	Carried value	Carried value
Over-collateralisation (percent)	16.8	14.6
	18.1	17.0
Amount surpassing legal minimum requirements and requirements as indicated by rating agency	4 551 110	3 949 107
	4 817 751	4 546 250

¹Excluding accrued interest.

Note 10 – Loan losses

Expected credit loss (ECL)				
January - December 2020				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.20	219	1 290	4 263	5 772
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	6	-430	0	-424
Transfers to Stage 2	-39	509	-55	415
Transfers to Stage 3	-1	-37	537	499
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-156	-325	287	-194
<i>Other changes:</i>				
New financial assets originated	352	372	0	724
Financial assets that have been derecognised	-256	-395	-184	-835
Write-offs, covered by previous write-downs			0	0
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.12.20	125	984	4 848	5 957

Specification of loan losses

In NOK thousands	Q4 20	Q4 19	2020	2019
Changes in ECL, stage 1	27	-13	94	36
Changes in ECL, stage 2	-57	-185	306	-546
Changes in ECL, stage 3	553	1 024	-585	-1 694
Write-offs	0	0	0	0
Recoveries of previously written off loans	0	0	0	0
Net cost of loan losses in the period	523	826	-185	-2 204

Expected credit loss (ECL)

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

Note 11 – 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
Loans to customers:							
Mortgages	Residential property	84 706	-4 848	79 858	79 858	0	0.0%
Total credit-impaired assets		84 706	-4 848	79 858	79 858	0	0.0%

Overdue loans - age distribution

The table below shows the carrying value of overdue loans and overdrawn amounts on credits allocated by number of days after maturity. The table provides an analysis of exposure where there is inadequate ability or propensity to pay, rather than overdue amounts attributable to a delay in transferring funds. Based on this and the company's internal routines for monitoring overdue exposure, the default must exceed NOK 800 for more than 6 days to be included in the second table below.

Overdue loans		31.12.20			
In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Mortgages	223 457	40 775	8 780	84 706	357 718
Total	223 457	40 775	8 780	84 706	357 718

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

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

Note 12 – Issued debt

Carried at amortised cost:

In NOK thousand	Currency	31.12.20	31.12.19
Bonds issued	NOK	31 395 199	30 271 177
Subordinated loan	NOK	325 000	325 000
Total debt securities issued		31 720 199	30 596 177

Specification of covered bonds as at 31.12.20:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Covered bonds						
NO0010745342	Sbanken Boligkreditt AS	2 000 000	NOK	Floating	14.10.21	1 998 320
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	5 000 000	NOK	Floating	17.06.24	5 000 000
NO0010878978	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	20.06.25	5 000 000
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 365 736
Total covered bonds						31 395 199
All covered bond loans have “soft bullet” with the possibility to extend the maturity with one year.						
Subordinated loan						
NO0010768120	Sbanken Boligkreditt AS	175 000	NOK	Floating	22.06.2026 ¹	175 000
NO0010821853	Sbanken Boligkreditt AS	150 000	NOK	Floating	26.04.2028 ²	150 000
Total subordinated loan						325 000

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

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

Changes of debt securities:

	31.12.19	January - December 2020				31.12.20
		Issued	Matured	Redeemed	Other adjustments	
Covered bonds (nominal)	30 005 000	10 000 000	-1 486 000	-7 714 000	0	30 805 000
Subordinated loan	325 000	0	0	0	0	325 000
Total	30 330 000	10 000 000	-1 486 000	-7 714 000	0	31 130 000

Note 13 – Additional Tier 1 Capital (hybrid capital)

In NOK thousand	Currency	31.12.20	31.12.19
Additional Tier 1 capital	NOK	225 000	225 000
Total Additional Tier 1 capital		225 000	225 000

Specification of additional Tier 1 capital as at 31.12.20:

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

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

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

Change of Additional Tier 1 capital

	31.12.19	January - December 2020				31.12.20
		Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	225 000	0	0	0	0	225 000
Total	225 000	0	0	0	0	225 000

As at 31 December 2020, NOK 0.8 million in accrued interest related to additional Tier 1 capital.

This has been recognised against additional Tier 1 capital and the carried value including accrued interest is NOK 225.8 million.

Note 14 – Net interest income

Net interest income

In NOK thousand	Q4 20	Q4 19	2020	2019
Loans to and receivables from credit institutions	1 078	744	3 852	1 914
Loans to customers	169 114	247 495	810 902	893 753
Commercial paper and bonds	208	1 146	1 613	2 559
Total interest income	170 401	249 385	816 368	898 226
Loans and deposits from credit institutions	-7 340	-17 905	-39 622	-48 364
Debt securities issued	-58 939	-168 880	-406 544	-583 430
Subordinated loan	-2 123	-3 336	-10 427	-12 330
Other interest expense	-1 398	-1 041	-5 594	-4 048
Total interest expense	-69 801	-191 162	-462 188	-648 172
Net interest income	100 600	58 223	354 180	250 053

All interest income from customers is related to residential mortgages.

Note 15 – Net gain (loss) on financial instruments

In NOK thousand	Q4 20	Q4 19	2020	2019
1) Financial instruments at fair value through profit and loss:				
Gain/(loss) on derivatives (used in hedge accounting)	237	894	776	-176
Total gain/(loss) on financial instruments at fair value through profit and loss	237	894	776	-176
2) Financial instruments at amortised cost:				
Gain (loss) by repurchase of own bonds at amortised cost	-9 968	-14	-21 943	-12 120
Total gain (loss) on financial instruments at amortised cost	-9 968	-14	-21 943	-12 120
3) Currency items:				
Gain (loss) on currency items	-8	-1 076	13	-1 746
Total gain (loss) on currency items	-8	-1 076	13	-1 746
4) Realisation of financial instruments at fair value through other comprehensive income				
Gain/(loss) by realisation of financial instruments:	0	-153	0	-952
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	0	-153	0	-952
Total gain (loss) on financial instruments recognised through profit and loss	-9 739	-349	-21 154	-14 994

Note 16 – Administrative expenses

Other administrative expenses

In NOK thousand	Q4 20	Q4 19	2020	2019
Consultants and other external services	-2 371	-1 708	-12 148	-8 713
Other operating expenses	-11	-4	-208	-130
Total other administrative expenses	-2 382	-1 712	-12 356	-8 843

Personnel expenses

In NOK thousand	Q4 20	Q4 19	2020	2019
Board remuneration	-81	-83	-323	-364
Payroll tax	-11	-12	-43	-51
Total personnel expenses	-92	-95	-366	-415

Note 17 – Tax expense

In NOK thousand	Q4 20	Q4 19	2020	2019
Taxes payable	18 915	11 725	67 592	46 464
Change in deferred tax	51	0	170	0
Correction of taxes payable previous year	9	0	9	0
Total tax expense	18 975	11 725	67 771	46 464
Reconciliation of the tax expense:				
Profit before tax	88 910	56 892	320 119	223 597
Expected tax expense at nominal rate of 22 % (in 2020) and 22 % (in 2019)	19 560	12 516	70 426	49 191
Tax effect from interest to Tier 1 capital holders	-594	-779	-2 664	-2 951
Tax effect from unrealised financial instruments	0	-12	0	224
Correction of taxes payable previous year	9	0	9	0
Total tax expense	18 975	11 725	67 771	46 464
Effective tax rate	21.3%	20.6%	21.2%	20.8%

Note 18 – Fair value of financial instruments

In NOK thousand	31.12.20		31.12.19	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Loans to and receivables from credit institutions (ac)	1 602 401	1 602 401	1 701 897	1 701 897
Loans to customers (ac)	35 177 564	35 177 564	34 365 353	34 365 353
Commercial paper and bonds at fair value through OCI	76 007	76 007	86 411	86 411
Derivatives (used in hedge accounting)	531 772	531 772	201 842	201 842
Other assets (ac)	3 141	3 141	3 976	3 976
Total assets financial instruments	37 390 885	37 390 885	36 359 479	36 359 479
Liabilities				
Loans and deposits from credit institutions (ac)	2 846 829	2 846 829	2 897 390	2 897 390
Debt securities issued (ac)	31 395 199	31 541 238	30 271 177	30 403 601
Other liabilities (ac)	20 957	20 957	326 468	326 468
Subordinated loan (ac)	325 000	326 485	325 000	331 799
Total liabilities financial instruments	34 587 985	34 735 509	33 820 035	33 959 258

31.12.2020

	Level 1	Level 2	Level 3	Total
Derivatives (used in hedge accounting)	0	531 772	0	531 772
Commercial paper and bonds at fair value through OCI	0	76 007	0	76 007
Total	0	607 779	0	607 779
Derivatives (used in hedge accounting)	0	0	0	0
Total	0	0	0	0

Financial instruments measured at fair value level 3

In NOK thousand

	Total
Opening balance 1 January 2020	0
Net gain/(loss) on financial instruments (unrealised)	0
Acquisitions / exits	0
Sale	0
Settlement	0
Transferred from Level 1 or Level 2	0
Transferred to Level 1 or Level 2	0
Other	0
Closing balance at 31 December 2020	0

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

31.12.2019

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

Financial instruments measured at fair value level 3

In NOK thousand

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

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

Note 19 – Related party transactions

Liabilities to and receivables from Sbanken ASA

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

Transactions with Sbanken ASA

In NOK thousand	01.01.20 - 31.12.20	01.01.19 - 31.12.19
Purchase of services in line with service agreement	8 249	6 808
Interest expense on overdraft facility	39 508	48 364
Interest income on deposits	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 Sbanken ASAs ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	12 109	13 411

Note 20 – Subsequent events

There have not been any significant events subsequent to 31.12.20 that affect the financial statements for Q4 2020.

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 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:

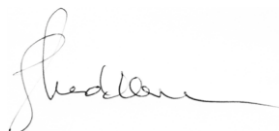
- overview of important events that occurred during the accounting period and their impact on the financial statements
- description of the principal risks and uncertainties facing the group over the next accounting period
- description of major transactions with related parties.

Bergen, 10 February 2021


The Board of Directors of Sbanken ASA



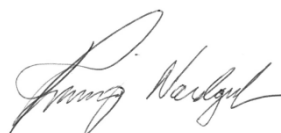
Mai-Lill Ibsen
(Chair)



Egil Møkleiv



Øyvind Thomassen



Henning Nordgulen
(CEO)



Contact information

Sbanken Boligkreditt AS
P.O. Box 7077
NO-5020 Bergen
NORWAY

<https://sbanken.no/IR/IR-english/funding-and-rating/funding>

<https://sbanken.no/IR/funding-og-rating/funding-no>