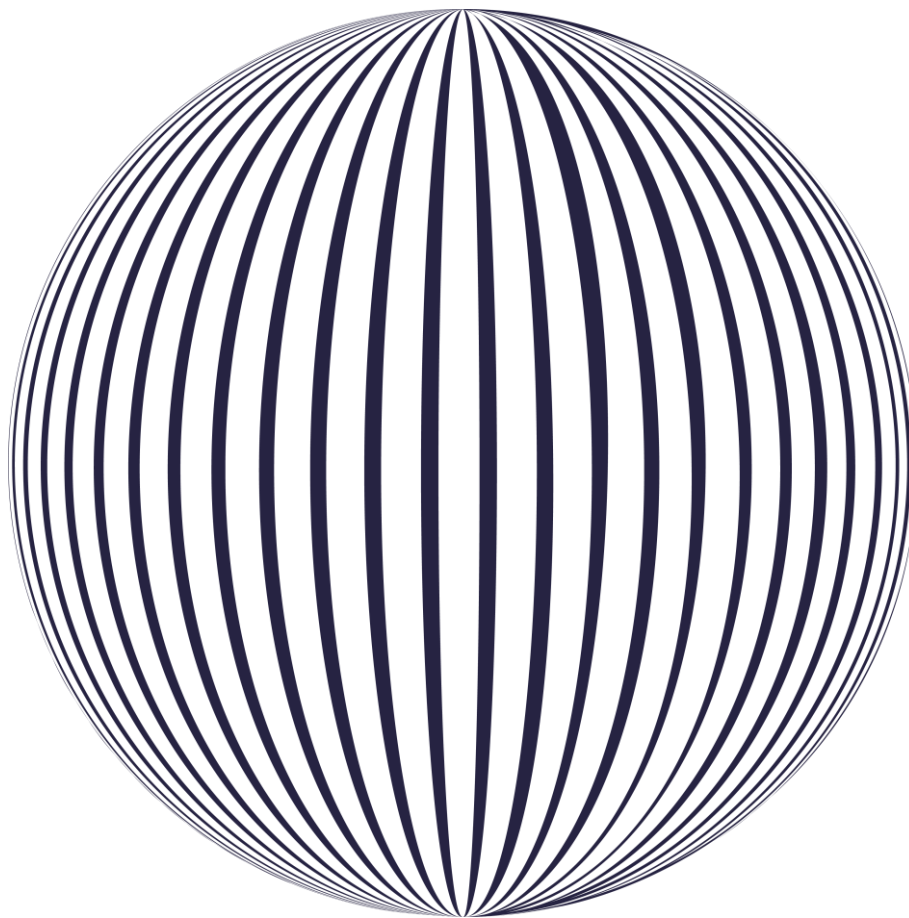


# Q2

Second quarter 2019

(Unaudited)

Sbanken Boligkreditt AS



# Key figures

In NOK thousand	Reference	Jan-Jun 19	Jan -Jun 18	2018
<b>Summary of income statement</b>				
Net interest income		135 727	130 836	260 253
Net other income		-14 569	-11 161	-8 948
<b>Total income</b>		<b>121 158</b>	<b>119 675</b>	<b>251 305</b>
Other operating expenses		-4 980	-5 746	-10 117
<b>Operating profit before loan losses</b>		<b>116 178</b>	<b>113 929</b>	<b>241 188</b>
Loan losses		-937	515	-1 454
<b>Profit before tax</b>		<b>115 241</b>	<b>114 444</b>	<b>239 734</b>
Tax expense		-24 197	-25 506	-52 639
<b>Net profit</b>		<b>91 045</b>	<b>88 938</b>	<b>187 095</b>
<b>Balance sheet figures (in million NOK)</b>				
Total loan volume		32 880	33 019	34 402
Covered bonds issued (nominal value)		29 345	29 647	30 555
Covered bonds issued (carried value)		29 525	29 615	30 786
Total assets, end of period		33 504	33 705	35 869
<b>Losses and defaults</b>				
Loss rate (%)	1	0.00%	0.00%	0.00%
<b>Solvency</b>				
Common equity Tier 1 ratio	2	18.0%	16.7%	16.4%
Tier 1 capital ratio		19.9%	18.6%	18.2%
Total capital ratio		22.5%	21.3%	20.7%
Leverage ratio		7.2%	6.6%	6.5%
<b>Other</b>				
Loan to value	3	50.2%	49.1%	51.5%
Cover Pool	4	33 241	33 482	35 489
Over-collateralisation (OC), (nominal)		11.7%	12.9%	15.2%

## Alternative Performance Measures

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

### References

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

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

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

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

# Second Quarter Results

Sbanken Boligkreditt AS had a net profit of NOK 45.1 million in the second quarter of 2019, compared to NOK 40.5 million in the second quarter of 2018.

At the end of the quarter, customer loans amounted to NOK 32.9 (33.0) billion. Outstanding covered bonds amounted to NOK 29.5 (29.6) billion. The average loan to value (LTV) was 50.2 (49.1) per cent.

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

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

## Important events during the quarter

The average Norwegian short-term money market rates increased during the second quarter of 2019. The three-month NIBOR increased by approximately 18 basis points from 1.34 per cent at the end of the first quarter, to 1.52 per cent at the end of the quarter. On June 20, Norges Bank raised the key policy rate by 25 basis points to 1.25 per cent.

In June, Sbanken announced an increase in its mortgage rates of 25 basis points. The increase will have full effect from 7 August.

To offset the capital relief effects of CRR/CRD IV coming into effect in Norwegian legislation the Norwegian Ministry of Finance 25 June, issued a consultation paper suggesting an increase in the systemic risk buffer by 1.5 percentage points by 2021.

## Operating income

Operating income increased to NOK 60.9 million compared with 53.4 million in the second quarter last year, following an increase in net interest income to NOK 63.1 (58.4) million and other operating income of NOK - 2.3 million (- 5.0) mainly related to repurchase of own bonds.

## Operating expenses

Operating expenses amounted to NOK 2.9 (2.0) million in the quarter and consisted mainly of administrative expenses related to company's hire of management and administrative resources from Sbanken ASA and renewal of the company's programme for issuing covered bonds in Europe.

## Impairments and losses

Loan losses amounted to NOK 0.7 (positive in the amount of 0.7) million in the quarter. At the end of the quarter, expected credit losses (ECL) amounted to NOK 4.5 million.

## Taxes

The calculated income tax expense was NOK 12.1 (11.6) million in the second quarter, which corresponds to an effective tax rate of 21.2 (22.3) per cent.

## Loans to customers

Loans to customers amounted to NOK 32.9 (33.0) billion.

## Capitalisation, liquidity and financial position

Sbanken Boligkreditt had total booked equity of NOK 2.4 billion as of 30 June 2019, equivalent to a common equity Tier 1 capital ratio of 18.0 per cent. The Tier 1 capital ratio was 19.9 per cent and the total capital ratio 22.5 per cent. The capital ratios include full retained earnings from the first half year of 2019, following the company's zero dividend policy. Expected dividends for the group are deducted in the parent bank's capital ratio calculation.

As of quarter-end, the company had a leverage ratio of 7.2 per cent compared with the regulatory requirement of 3 per cent.

Sbanken Boligkreditt had NOK 29.5 (29.6) billion in outstanding debt issued as covered bonds as of 30 June 2019.

At quarter-end, Sbanken Boligkreditt had total liquid assets of NOK 0.5 (0.7) billion.

Covered bonds issued by Sbanken Boligkreditt have been assigned the highest rating from Moody's Investors Service (Aaa).

## Comments on results for the first half-year of 2019

Sbanken Boligkreditt made a net profit of NOK 91.0 million in the first half-year of 2019, compared with NOK 88.9 million in the first half-year of 2018.

Net interest income amounted to NOK 135.7 (130.8) million. Operating expenses amounted to NOK 5.0 million, compared with NOK 5.7 million in the first half-year of 2018.

Loan losses for the first half-year of 2019 was NOK 0.9 (positive in the amount of 0.5) million.

## Subsequent events

There were no material subsequent events.

# Outlook

The positive outlook for Norwegian economy is expected to continue and Norges Bank has indicated a further hike in the key policy rate in the second half of 2019. Household credit growth is expected to remain above 5 per cent in 2019.


Repricing of assets announced in the second quarter will contribute to a strengthened net interest margin. The full effects on net interest margin are dependent on changes in funding rates and competition.

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

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

**Bergen, 11 July 2019**

The Board of Directors, Sbanken Boligkreditt AS




Mai-Lill Ibsen  
(Chairman)



Petter Skouen



Magnar Øyhovden



Henning Nordgulen  
(CEO)

# Income statement

In NOK thousand	Note	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Interest income	14	209 764	180 063	421 327	347 496	738 719
Interest expense	14	-146 615	-121 622	-285 600	-216 660	-478 466
<b>Net interest income</b>		<b>63 149</b>	<b>58 441</b>	<b>135 727</b>	<b>130 836</b>	<b>260 253</b>
Net gain (loss) on financial instruments	15	-2 278	-5 015	-14 569	-11 161	-8 948
Other income		0	0	0	0	0
<b>Other operating income</b>		<b>-2 278</b>	<b>-5 015</b>	<b>-14 569</b>	<b>-11 161</b>	<b>-8 948</b>
Personnel expenses	16	-102	-121	-228	-239	-483
Administrative expenses	16	-2 839	-1 837	-4 752	-5 507	-9 634
<b>Profit before loan losses</b>		<b>57 930</b>	<b>51 468</b>	<b>116 178</b>	<b>113 929</b>	<b>241 188</b>
Loan losses	10	-729	650	-937	515	-1 454
<b>Profit before tax</b>		<b>57 201</b>	<b>52 118</b>	<b>115 241</b>	<b>114 444</b>	<b>239 734</b>
Tax expense	17	-12 142	-11 610	-24 197	-25 506	-52 639
<b>Profit for the period</b>		<b>45 060</b>	<b>40 508</b>	<b>91 045</b>	<b>88 938</b>	<b>187 095</b>
Attributable to						
Shareholders		41 781	37 701	84 591	84 222	176 088
Tier 1 capital holders	13	3 279	2 807	6 454	4 716	11 007
<b>Profit for the period</b>		<b>45 060</b>	<b>40 508</b>	<b>91 045</b>	<b>88 938</b>	<b>187 095</b>

# Statement of comprehensive income

In NOK thousand		Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Profit for the period		45 060	40 508	91 045	88 938	187 095
Other comprehensive income						
Other comprehensive income that can be reclassified to profit or loss after tax		6 750	-7 168	3 575	-7 282	-15 421
Other items that can not be reclassified to profit or loss after tax		0	0	0	0	0
<b>Total components of other comprehensive income (after tax)</b>		<b>6 750</b>	<b>-7 168</b>	<b>3 575</b>	<b>-7 282</b>	<b>-15 421</b>
<b>Total comprehensive income for the period</b>		<b>51 810</b>	<b>33 340</b>	<b>94 620</b>	<b>81 656</b>	<b>171 674</b>
Attributable to						
Shareholders		48 531	30 533	88 166	76 940	160 667
Tier 1 capital holders	13	3 279	2 807	6 454	4 716	11 007
<b>Total comprehensive income for the period</b>		<b>51 810</b>	<b>33 340</b>	<b>94 620</b>	<b>81 656</b>	<b>171 674</b>

# Balance sheet

In NOK thousand	Note	30.06.19	30.06.18	31.12.18
<b>Assets</b>				
Loans to and receivables from credit institutions	5,6	322 723	484 819	1 168 489
Loans to customers	5,6,7,8,18	32 875 445	33 016 993	34 398 637
<b>Net loans to customers and credit institutions</b>		<b>33 198 168</b>	<b>33 501 812</b>	<b>35 567 126</b>
Commercial paper and bonds at fair value through other comprehensive income (OCI)	18	157 415	201 309	95 644
Derivatives		144 742	0	201 977
Deferred tax assets		3 670	2 277	4 738
Other assets		0	0	0
Advance payment and accrued income		0	0	0
<b>Total assets</b>		<b>33 503 995</b>	<b>33 705 397</b>	<b>35 869 485</b>
<b>Liabilities</b>				
Loans from credit institutions	18	1 017 653	1 380 448	2 120 543
Debt securities issued	12,18	29 524 556	29 614 900	30 785 688
Derivatives		0	36 769	0
Taxes payable	17	34 451	25 505	52 638
Other liabilities		186 793	79 045	258 334
Subordinated loan	12	325 000	325 000	325 000
<b>Total liabilities</b>		<b>31 088 452</b>	<b>31 461 667</b>	<b>33 542 203</b>
<b>Equity</b>				
Share capital		850 000	850 000	850 000
Share premium		849 880	849 880	849 880
Additional Tier 1 capital	13	225 988	225 968	225 893
Other equity		489 675	317 882	401 509
<b>Total equity</b>		<b>2 415 543</b>	<b>2 243 730</b>	<b>2 327 282</b>
<b>Total liabilities and equity</b>		<b>33 503 995</b>	<b>33 705 397</b>	<b>35 869 485</b>

# 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
<b>Balance sheet as at 01.01.18</b>	<b>600 000</b>	<b>849 880</b>	<b>125 190</b>	<b>-440</b>	<b>241 478</b>	<b>1 816 107</b>
Profit for the period to other equity (01.01.18 - 30.06.18)					84 222	84 222
Profit for the period to Tier 1 capital holders (01.01.18 - 30.06.18)			4 716			4 716
Payments to Tier 1 capital holders (01.01.18 - 30.06.18)			-3 938			-3 938
Issued Additional Tier 1 capital (01.07.18 - 31.12.18)			100 000			100 000
Net change of financial instruments at fair value through other comprehensive income (01.01.18 to 30.06.18)				-7 282		-7 282
Capital increase	250 000	0			-95	249 905
<b>Balance sheet as at 30.06.18</b>	<b>850 000</b>	<b>849 880</b>	<b>225 968</b>	<b>-7 722</b>	<b>325 605</b>	<b>2 243 730</b>
Profit for the period to other equity (01.07.18 - 31.12.18)					91 765	91 765
Profit for the period to Tier 1 capital holders (01.07.18 - 31.12.18)			6 291			6 291
Payments to Tier 1 capital holders (01.07.18 - 31.12.18)			-6 366			-6 366
Net change of financial instruments at fair value through other comprehensive income (01.07.18 to 31.12.18)				-8 139		-8 139
<b>Balance sheet as at 31.12.18</b>	<b>850 000</b>	<b>849 880</b>	<b>225 893</b>	<b>-15 861</b>	<b>417 370</b>	<b>2 327 282</b>
Profit for the period to other equity (01.01.19 - 30.06.19)					84 591	84 591
Profit for the period to Tier 1 capital holders (01.01.19 - 30.06.19)			6 454			6 454
Payments to Tier 1 capital holders (01.01.19 - 30.06.19)			-6 359			-6 359
Net change of financial instruments at fair value through other comprehensive income (01.01.19 to 30.06.19)				3 575		3 575
<b>Balance sheet as at 30.06.19</b>	<b>850 000</b>	<b>849 880</b>	<b>225 988</b>	<b>-12 286</b>	<b>501 961</b>	<b>2 415 543</b>

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

# Statement of cash flows

In NOK thousand	Note	Jan-Jun 19	Jan-Jun 18	2018
<b>Cash flows from operating activities</b>				
Net payments on loans to customers	5,6	1 528 060	-4 661 420	-6 045 033
Interest received on loans to customers	14	414 245	346 102	735 886
Interest received on loans to credit institutions		690	732	1 329
Interest paid on loans and deposits from credit institution	14	-21 363	-10 432	-28 025
Net receipts/payments from buying and selling financial instruments at fair value	18	-60 576	-125 539	-20 222
Receipts of collateral related to derivatives used in hedge accounting		-89 798	0	185 376
Interest received from commercial paper and bonds	14	474	417	1 595
Payments related to administrative expenses	16	-4 432	-5 080	-10 099
Payments related to personnel expenses		-230	-234	-481
Taxes paid		-42 384	-44 228	-44 227
Other receipts/payments		-1 916	5 848	-2 929
<b>Net cash flows from operating activities</b>		<b>1 722 770</b>	<b>-4 493 834</b>	<b>-5 226 830</b>
<b>Cash flows from investment activities</b>				
<b>Net cash flows from investment activities</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>				
Receipts on issued covered bonds	12	1 600 000	7 305 000	9 705 000
Payments on matured and redeemed covered bonds	12	-2 792 411	-3 153 190	-4 640 852
Interest paid on covered bonds	14	-261 168	-188 147	-412 615
Net receipts on loans and deposits from credit institution	18	-1 102 890	514 658	1 254 753
Receipts on subordinated loan	12	0	150 000	150 000
Interest paid on subordinated loan	14	-5 708	-4 151	-9 084
Receipts on share capital and share premium	EQ	0	250 000	250 000
Receipts on issued additional Tier1 capital	13	0	100 000	100 000
Interest paid on additional Tier 1 capital	14	-6 359	-3 938	-10 304
<b>Net cash flows from financing activities</b>		<b>-2 568 536</b>	<b>4 970 232</b>	<b>6 386 898</b>
<b>Total net cash flows</b>		<b>-845 766</b>	<b>476 398</b>	<b>1 160 068</b>
Cash at the beginning of the period		1 168 489	8 421	8 421
Cash at the end of the period		322 723	484 819	1 168 489
<b>Change in cash</b>		<b>-845 766</b>	<b>476 398</b>	<b>1 160 068</b>
<b>Cash</b>				
Loans to credit institutions		322 723	484 819	1 168 489
<b>Total cash</b>		<b>322 723</b>	<b>484 819</b>	<b>1 168 489</b>

EQ= see statement of changes in equity



# Notes

## Note 1 – Accounting Principles

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

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

### **New and revised standards effective from 1 January 2019**

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

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

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

## Note 2 – Segment information

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

## Note 3 – Capital adequacy

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

In NOK thousand	30.06.19		30.06.18		31.12.18	
	Nominal exposure	Risk-Weighted volume	Nominal exposure	Risk-Weighted volume	Nominal exposure	Risk-Weighted volume
Central governments	81 958	0	25 410	0	45 454	0
Regional governments	3 670	9 175	2 277	5 692	4 738	11 845
Multilateral Development Banks	25 046	0	0	0	0	0
Institutions	417 552	83 510	532 868	106 574	1 233 140	246 628
Secured by mortgages on immovable property	32 791 734	11 533 025	32 977 682	11 573 206	34 341 399	12 065 188
Exposures in default	83 686	83 686	39 310	39 310	57 237	57 237
Covered bonds	50 435	5 044	175 900	17 590	50 190	5 019
<b>Total credit risk, standardised method</b>	<b>33 454 081</b>	<b>11 714 440</b>	<b>33 753 447</b>	<b>11 742 372</b>	<b>35 732 158</b>	<b>12 385 917</b>
Credit value adjustment risk (CVA risk)		68 984		43 368		52 747
Operational risk		367 727		280 279		367 727
<b>Total risk- weighted volume</b>		<b>12 151 151</b>		<b>12 066 019</b>		<b>12 806 391</b>
<b>Capital base</b>						
Share capital		850 000		850 000		850 000
Share premium		849 880		849 880		849 880
Other equity		405 085		233 660		225 421
Additional Tier 1 capital		225 988		225 968		225 893
Profit for the period		84 590		84 222		176 088
<b>Total booked equity</b>		<b>2 415 543</b>		<b>2 243 730</b>		<b>2 327 282</b>
Additional Tier 1 capital instruments included in total equity		-225 988		-225 968		-225 893
<b>Common equity Tier 1 capital instruments</b>		<b>2 189 555</b>		<b>2 017 762</b>		<b>2 101 389</b>
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		0		0		0
Value adjustment due to the requirements for prudent valuation (AVA)		-157		-201		-95
Profit for the period, unaudited		0		-84 222		0
<b>Common equity Tier 1 capital</b>		<b>2 189 398</b>		<b>1 933 339</b>		<b>2 101 294</b>
Additional Tier 1 capital		225 000		225 000		225 000
<b>Tier 1 capital</b>		<b>2 414 398</b>		<b>2 158 339</b>		<b>2 326 294</b>
Tier 2 capital		325 000		325 000		325 000
<b>Own funds (primary capital)</b>		<b>2 739 398</b>		<b>2 483 339</b>		<b>2 651 294</b>
<b>Specification of capital requirements</b>						
Minimum requirements CET1 capital	4.5%	546 802	4.5%	542 971	4.5%	576 288
Capital conservation buffer	2.5%	303 779	2.5%	301 650	2.5%	320 160
Systemic risk buffer	3.0%	364 535	3.0%	361 981	3.0%	384 192
Countercyclical capital buffer	2.0%	243 023	2.0%	241 320	2.0%	256 128
Additional Tier 1 capital	1.5%	182 267	1.5%	180 990	1.5%	192 096
Tier 2 capital	2.0%	243 023	2.0%	241 320	2.0%	256 128
<b>Total minimum and buffer requirements own funds (primary capital)</b>	<b>15.5%</b>	<b>1 883 428</b>	<b>15.5%</b>	<b>1 870 233</b>	<b>15.5%</b>	<b>1 984 991</b>
Available CET1 capital after buffer requirements		731 259		569 639		564 527
Available Own funds (primary capital)		855 969		697 328		666 303
<b>Capital ratio %</b>						
Common equity Tier 1 capital		18.0%		16.0%		16.4%
Additional Tier 1 capital		1.9%		1.9%		1.8%
Tier 2 capital		2.7%		2.7%		2.5%
<b>Total capital ratio</b>		<b>22.5%</b>		<b>20.6%</b>		<b>20.7%</b>

<b>Capital ratio %*</b>				
Common equity Tier 1 capital		18.0%	16.7%	16.4%
Additional Tier 1 capital		1.9%	1.9%	1.8%
Tier 2 capital		2.7%	2.7%	2.5%
<b>Total capital ratio</b>		<b>22.5%</b>	<b>21.3%</b>	<b>20.7%</b>

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

## Note 4 – Leverage ratio

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

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

In NOK thousand		<b>30.06.19</b>	<b>30.06.18</b>	<b>31.12.18</b>
Derivatives market value		46 779	0	16 600
Potential future exposure on derivatives		48 050	48 050	48 050
Loans and advances and other assets		33 359 253	33 705 397	35 667 508
Regulatory adjustments included in Tier 1 capital			0	0
<b>Total leverage exposure</b>		<b>33 454 082</b>	<b>33 753 447</b>	<b>35 732 158</b>
<b>Tier 1 capital</b>		<b>2 414 398</b>	<b>2 158 339</b>	<b>2 326 294</b>
<b>Leverage ratio %</b>		<b>7.2 %</b>	<b>6.4 %</b>	<b>6.5 %</b>
<b>Leverage ratio % (including interim profits*)</b>		<b>7.2 %</b>	<b>6.6 %</b>	<b>6.5 %</b>
<b>Leverage Ratio requirements</b>				
Minimum requirements	3.0%	1 003 622	1 012 603	1 071 965
Buffer requirements credit institutions	0.0%	0	0	0
Total minimum and buffer requirements (Tier 1 capital)	<b>3.0%</b>	<b>1 003 622</b>	<b>1 012 603</b>	<b>1 071 965</b>
Available Tier 1 capital after minimum and buffer requirements		1 410 776	1 145 736	1 254 329
Available Tier 1 capital after minimum and buffer requirements (including interim profits)*		1 410 776	1 229 958	1 254 329

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

## Note 5 – Maximum exposure to credit risk

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

30.06.19			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Loans to and receivables from credit institutions	322 723	0	322 723
<b>Loans to and receivables from central bank and credit institutions</b>	<b>322 723</b>	<b>0</b>	<b>322 723</b>
Loans to customers, secured	32 879 949	0	32 879 949
<b>Loans to and receivables from customers</b>	<b>32 879 949</b>	<b>0</b>	<b>32 879 949</b>
Other financial assets with credit risk	0	0	0
<b>Financial instruments at amortised cost</b>	<b>33 202 672</b>	<b>0</b>	<b>33 202 672</b>
Commercial paper and bonds	157 415	0	157 415
<b>Financial instruments at fair value through other comprehensive income</b>	<b>157 415</b>	<b>0</b>	<b>157 415</b>
Derivatives	144 742	0	144 742
<b>Financial instruments at fair value through profit and loss</b>	<b>144 742</b>	<b>0</b>	<b>144 742</b>
<b>Gross exposure</b>	<b>33 504 829</b>	<b>0</b>	<b>33 504 829</b>
Other financial assets without credit risk	3 670	0	3 670
Impairment	-4 505	0	-4 505
<b>Total net exposure</b>	<b>33 503 995</b>	<b>0</b>	<b>33 503 995</b>

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

## Note 6 – Loans to credit institutions and customers

Gross carrying amount - Loans to credit institutions				
30.06.19				
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)</b>	<b>1 168 489</b>	<b>0</b>	<b>0</b>	<b>1 168 489</b>
Transfers between stages	0	0	0	0
<b>Opening balance gross carrying amount (after transfers)</b>	<b>1 168 489</b>	<b>0</b>	<b>0</b>	<b>1 168 489</b>
Net new financial assets originated or derecognised	-845 766	0	0	-845 766
Changes in interest accrual	0	0	0	0
<b>Closing balance gross carrying amount</b>	<b>322 723</b>	<b>0</b>	<b>0</b>	<b>322 723</b>
<b>Maturity:</b>				
In NOK thousands				
Loans with agreed maturity	0	0	0	0
Loans without agreed maturity	322 723	0	0	322 723
<b>Total</b>	<b>322 723</b>	<b>0</b>	<b>0</b>	<b>322 723</b>
<b>Gross carrying amount - Loans to customers</b>				
30.06.19				
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)</b>	<b>33 510 854</b>	<b>831 544</b>	<b>59 806</b>	<b>34 402 204</b>
Transfers to Stage 1 (12-months ECL)	215 277	-211 415	-3 862	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-576 026	580 418	-4 392	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-22 766	-28 346	51 112	0
Net new financial assets originated or derecognised	-1 353 535	-155 570	-16 893	-1 525 998
Changes in interest accrual	2 037	161	1 545	3 743
Other movements	0	0	0	0
<b>Closing balance gross carrying amount 30.06.19</b>	<b>31 775 841</b>	<b>1 016 792</b>	<b>87 316</b>	<b>32 879 949</b>

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

**Maturity:**

In NOK thousands

Loans with agreed maturity	0	0	0	0
Loans without agreed maturity	1 168 489	0	0	1 168 489
<b>Total</b>	<b>1 168 489</b>	<b>0</b>	<b>0</b>	<b>1 168 489</b>

**Gross carrying amount - Loans to customers**

31.12.18

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

**Note 7 – Loans to customers by geographical area**

Lending by geographical area

In NOK thousand	30.06.19		31.12.18	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	43.3%	14 244 370	43.4%	14 929 960
Oslo	20.6%	6 769 859	21.0%	7 240 270
Southern Norway	2.0%	642 425	1.9%	644 568
Western Norway	22.1%	7 265 285	21.9%	7 544 796
Central Norway	4.7%	1 544 230	4.8%	1 636 032
Northern Norway	7.3%	2 413 780	7.0%	2 406 578
<b>Total gross lending by geographical area</b>	<b>100.0%</b>	<b>32 879 949</b>	<b>100.0%</b>	<b>34 402 204</b>

**Note 8 – Credit risk exposure and collateral**

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 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	30.06.19			31.12.18		
	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 %	28.5%	9 359 614	0	25.7%	8 858 085	0
40 % - 60 %	37.6%	12 377 972	0	37.3%	12 837 653	0
60 % - 80 %	32.7%	10 748 484	0	36.2%	12 447 913	0
80 % - 90 %	0.8%	248 623	0	0.6%	199 549	0
90 % - 100 %	0.2%	75 182	0	0.1%	31 083	0
> 100 %	0.2%	70 074	0	0.1%	27 921	0
<b>Residential mortgages</b>	<b>100.0%</b>	<b>32 879 949</b>	<b>0</b>	<b>100.0%</b>	<b>34 402 204</b>	<b>0</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 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	30.06.19		31.12.18	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
<b>Loan-to-value, residential mortgages (relative distribution)</b>				
0 % - 85 %	99.92%	32 852 287	99.96%	34 389 150
85 % - 100 %	0.06%	21 282	0.03%	9 748
> 100 %	0.02%	6 380	0.01%	3 306
<b>Residential mortgages</b>	<b>100.0%</b>	<b>32 879 949</b>	<b>100.0%</b>	<b>34 402 204</b>

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

In NOK thousand	30.06.19		31.12.18	
	Nominal value	Carried value	Nominal value	Carried value
Debt related to securities issued, nominal value	29 345 000		30 555 000	
Debt related to securities issued, carried value	29 524 556		30 785 688	
Loans to customers (gross)*	32 838 969		34 366 012	
Average size of loan per customer	1 816		1 872	
Number of loans	18 081		18 211	
Weighted average since issuing of the loans (months)	52		49	
Weighted average remaining maturity (months)	258		262	
Average LTV (percent)	50.2		51.5	
<b>Cover pool</b>				
		<b>30.06.19</b>		<b>31.12.18</b>
Loans secured with mortgages		32 838 969		34 366 012
Not eligible for the over-collateralisation calculation		-322 334		-275 892
<b>Net loans that are in the over-collateralisation</b>		<b>32 516 635</b>		<b>34 090 120</b>
Supplementary assets		401 615		1 122 567
Supplementary assets not eligible for the over-collateralisation calculation		-154 155		0
<b>Total cover pool for the over-collateralisation calculation</b>		<b>32 764 095</b>		<b>35 212 687</b>
Over-collateralisation (percent)	11.7	11.0	15.2	14.5
Amount surpassing legal minimum requirements and requirements as indicated by rating agency	2 832 195	2 649 048	4 046 587	3 811 285

\*Excl. earned interest

## Note 10 – Loan losses

Expected credit loss (ECL)	January - June 2019			
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
In NOK thousand				
<b>Opening balance ECL 01.01.19</b>	<b>257</b>	<b>741</b>	<b>2 569</b>	<b>3 567</b>
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	11	-202	-265	-456
Transfers to Stage 2	-28	349	-8	313
Transfers to Stage 3	-1	-48	610	561
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-22	-82	809	705
<i>Other changes:</i>				
New financial assets originated	21	0	0	21
Financial assets that have been derecognised	-46	-75	-85	-206
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
<b>Closing balance ECL 30.06.19</b>	<b>192</b>	<b>683</b>	<b>3 630</b>	<b>4 505</b>

### Specification of loan losses

In NOK thousands	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Changes in ECL, stage 1	10	3	65	25	-2
Changes in ECL, stage 2	55	403	58	321	-159
Changes in ECL, stage 3	-794	245	-1 060	170	-1 292
Write-offs	0	0	0	0	0
Recoveries of previously written off loans	0	0	0	0	0
<b>Net cost of loan losses in the period</b>	<b>-729</b>	<b>650</b>	<b>-937</b>	<b>515</b>	<b>-1 454</b>

### Expected credit loss (ECL)

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



## Note 11 – Credit-impaired assets and overdue loans

Credit-impaired assets		30.06.19					
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	87 316	-3 630	83 686	83 686	0	0.0%
<b>Total credit-impaired assets</b>		<b>87 316</b>	<b>-3 630</b>	<b>83 686</b>	<b>83 686</b>	<b>0</b>	<b>0.0%</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 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		30.06.19			
In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Mortgages	520 291	84 794	25 275	87 316	<b>717 676</b>
<b>Total</b>	<b>520 291</b>	<b>84 794</b>	<b>25 275</b>	<b>87 316</b>	<b>717 676</b>

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

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

## Note 12 – Issued debt

Carried at amortised cost:

In NOK thousand	Currency	30.06.19	31.12.18
Bonds issued	NOK	29 524 556	30 785 688
Subordinated loan	NOK	325 000	325 000
<b>Total debt securities issued</b>		<b>29 849 556</b>	<b>31 110 688</b>

Specification of covered bonds as at 30.06.19:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Covered bonds						
NO0010745300	Sbanken Boligkreditt AS	1 190 000	NOK	Floating	29.10.19	1 189 677
NO0010745334	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	14.08.20	5 002 705
NO0010745342	Sbanken Boligkreditt AS	6 200 000	NOK	Floating	14.10.21	6 182 589
NO0010786999	Sbanken Boligkreditt AS	6 650 000	NOK	Floating	27.04.22	6 675 275
NO0010790603	Sbanken Boligkreditt AS	5 500 000	NOK	Floating	10.02.23	5 511 551
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	4 962 759
<b>Total covered bonds</b>						<b>29 524 556</b>

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 <sup>1</sup>	175 000
NO0010821853	Sbanken Boligkreditt AS	150 000	NOK	Floating	26.04.2028 <sup>2</sup>	150 000
<b>Total subordinated loan</b>		<b>325 000</b>				<b>325 000</b>

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

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

Changes of debt securities:

	31.12.18	January - June 2019				30.06.19
		Issued	Matured	Redeemed	Other adjustments	
Covered bonds (nominal)	30 555 000	1 600 000	0	-2 810 000	0	29 345 000
Subordinated loan	325 000	0	0	0	0	325 000
<b>Total</b>	<b>30 880 000</b>	<b>1 600 000</b>	<b>0</b>	<b>-2 810 000</b>	<b>0</b>	<b>29 670 000</b>

## Note 13 – Additional Tier 1 Capital (hybrid capital)

In NOK thousand	Currency	30.06.19	31.12.18
Additional Tier 1 capital	NOK	225 000	225 000
<b>Total Additional Tier 1 capital</b>		<b>225 000</b>	<b>225 000</b>

Specification of additional Tier 1 capital as at 30.06.19:

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

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

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

Change of Additional Tier 1 capital

	31.12.18	January - June 2019				30.06.19
		Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	225 000	0	0	0	0	225 000
<b>Total</b>	<b>225 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>225 000</b>

As at 30 June 2019, there is NOK 1 million in accrued interest related to additional Tier 1 capital.

This has been recognised against the additional Tier 1 capital and the carried value including accrued interest is 226.0 million NOK.

## Note 14 – Net interest income

Net interest income	Q2 19	Q2 18	Jan- Jun 19	Jan-Jun 18	2018
In NOK thousand					
Loans to and receivables from credit institutions	357	398	690	732	1 329
Loans to customers	209 187	179 307	420 050	346 102	735 886
Commercial paper and bonds	220	359	587	663	1 504
<b>Total interest income</b>	<b>209 764</b>	<b>180 063</b>	<b>421 327</b>	<b>347 496</b>	<b>738 719</b>
Loans and deposits from credit institutions	-10 271	-4 944	-21 363	-10 432	-28 025
Debt securities issued	-133 363	-114 194	-258 407	-202 077	-440 751
Subordinated loan	-2 981	-2 484	-5 831	-4 151	-9 690
Other interest expense	0	0	0	0	0
<b>Total interest expense</b>	<b>-146 615</b>	<b>-121 622</b>	<b>-285 600</b>	<b>-216 660</b>	<b>-478 466</b>
<b>Net interest income</b>	<b>63 149</b>	<b>58 441</b>	<b>135 727</b>	<b>130 836</b>	<b>260 253</b>

All interest income from customers is related to residential mortgages.

## Note 15 – Net gain (loss) on financial instruments

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
1) Financial instruments at fair value through profit and loss:					
Gain/(loss) on derivatives (used in hedge accounting)	-187	-1 168	-1 197	-1 168	253
<b>Total gain/(loss) on financial instruments at fair value through profit and loss</b>	<b>-187</b>	<b>-1 168</b>	<b>-1 197</b>	<b>-1 168</b>	<b>253</b>
2) Financial instruments at amortised cost:					
Gain (loss) by repurchase of own bonds at amortised cost	-1 315	-3 847	-11 809	-9 993	-9 994
<b>Total gain (loss) on financial instruments at amortised cost</b>	<b>-1 315</b>	<b>-3 847</b>	<b>-11 809</b>	<b>-9 993</b>	<b>-9 994</b>
3) Currency items:					
Gain (loss) on currency items	19	0	-768	0	793
<b>Total gain (loss) on currency items</b>	<b>19</b>	<b>0</b>	<b>-768</b>	<b>0</b>	<b>793</b>
4) Realisation of financial instruments at fair value through other comprehensive income					
Gain/(loss) by realisation of financial instruments:	-795	0	-795	0	0
<b>Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income</b>	<b>-795</b>	<b>0</b>	<b>-795</b>	<b>0</b>	<b>0</b>
<b>Total gain (loss) on financial instruments recognised through profit and loss</b>	<b>-2 278</b>	<b>-5 015</b>	<b>-14 569</b>	<b>-11 161</b>	<b>-8 948</b>

## Note 16 – Administrative expenses

### Other administrative expenses

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Consultants and other external services	-2 721	-1 749	-4 631	-5 416	-9 538
Other operating expenses	-118	-88	-121	-91	-96
<b>Total other administrative expenses</b>	<b>-2 839</b>	<b>-1 837</b>	<b>-4 752</b>	<b>-5 507</b>	<b>-9 634</b>

### Personnel expenses

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Board remuneration	-92	-106	-200	-209	-423
Payroll tax	-10	-15	-28	-30	-60
<b>Total personnel expenses</b>	<b>-102</b>	<b>-121</b>	<b>-228</b>	<b>-239</b>	<b>-483</b>

## Note 17 – Tax expense

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
<b>Taxes payable</b>	<b>12 142</b>	<b>11 610</b>	<b>24 197</b>	<b>25 506</b>	<b>52 697</b>
Change in deferred tax	0	0	0	0	-58
Correction of taxes payable previous year	0	0	0	0	0
<b>Total tax expense</b>	<b>12 142</b>	<b>11 610</b>	<b>24 197</b>	<b>25 506</b>	<b>52 639</b>
Reconciliation of the tax expense:					
Profit before tax	<b>57 201</b>	<b>52 118</b>	<b>115 241</b>	<b>114 444</b>	<b>239 734</b>
Expected tax expense at nominal rate of 22 % (in 2019) and 23 % (in 2018)	12 584	11 987	25 353	26 322	55 473
Tax effect from interest to Tier 1 capital holders	-928	-645	-1 420	-1 085	-2 776
Tax effect from unrealised financial instruments	486	268	264	268	-58
Correction of taxes payable previous year	0	0	0	0	0
<b>Total tax expense</b>	<b>12 142</b>	<b>11 610</b>	<b>24 197</b>	<b>25 506</b>	<b>52 639</b>
<b>Effective tax rate</b>	<b>21.2%</b>	<b>22.3%</b>	<b>21.0%</b>	<b>22.3%</b>	<b>21.8%</b>

## Note 18 – Fair value of financial instruments

In NOK thousand	30.06.19		31.12.18	
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets</b>				
Loans to and receivables from credit institutions (ac)	322 723	322 723	1 168 489	1 168 489
Loans to customers (ac)	32 875 445	32 875 445	34 398 637	34 398 637
Commercial paper and bonds at fair value through OCI	157 415	157 415	95 644	95 644
Derivatives (used in hedge accounting)	144 742	144 742	201 977	201 977
Other assets (ac)	3 670	3 670	4 738	4 738
<b>Total assets financial instruments</b>	<b>33 503 995</b>	<b>33 503 995</b>	<b>35 869 485</b>	<b>35 869 485</b>
<b>Liabilities</b>				
Loans and deposits from credit institutions (ac)	1 017 653	1 017 653	2 120 543	2 120 543
Debt securities issued (ac)	29 524 556	29 701 318	30 785 688	30 934 790
Other liabilities (ac)	186 793	186 793	258 334	258 334
Subordinated loan (ac)	325 000	330 898	325 000	329 094
<b>Total liabilities financial instruments</b>	<b>31 054 002</b>	<b>31 236 662</b>	<b>33 489 565</b>	<b>33 642 761</b>

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

**30.06.2019**

	Level 1	Level 2	Level 3	Total
Derivatives (used in hedge accounting)	0	144 742	0	144 742
Commercial paper and bonds at fair value through OCI	0	157 415	0	157 415
<b>Total</b>	<b>0</b>	<b>302 157</b>	<b>0</b>	<b>302 157</b>
Derivatives (used in hedge accounting)	0	0	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	Total
<b>Opening balance 1 January 2019</b>	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
<b>Closing balance at 30 June 2019</b>	<b>0</b>

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

**31.12.2018**

	Level 1	Level 2	Level 3	Total
Derivatives (used in hedge accounting)	0	201 977	0	201 977
Commercial paper and bonds available for sale	0	95 644	0	95 644
<b>Total</b>	<b>0</b>	<b>297 621</b>	<b>0</b>	<b>297 621</b>
Derivatives (used in hedge accounting)	0	0	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	Total
<b>Opening balance 1 January 2018</b>	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
<b>Closing balance at 31 December 2018</b>	<b>0</b>

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

## Note 19 – Related party transactions

### Liabilities to and receivables from Sbanken ASA

In NOK thousand	30.06.19	31.12.18
Liability related to overdraft facility to Sbanken ASA	1 017 653	2 120 543
Receivables related to deposits in Sbanken ASA	322 556	1 001 382
Sbanken ASAs ownership of covered bonds issued by Sbanken Boligkreditt AS	50 791	925 282
Sbanken ASAs ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000
Sbanken ASAs ownership of additional Tier 1 capital issued by Sbanken Boligkreditt AS	225 000	225 000

### Transactions with Sbanken ASA

In NOK thousand	01.01.19- 30.06.19	2018
Purchase of services in line with service agreement	3 379	6 480
Interest expense on overdraft facility	21 363	28 025
Interest income on deposits	560	1 325
Interest on covered bonds issued by Sbanken Boligkreditt AS	2 626	4 766
Interest on subordinated loan issued by Sbanken Boligkreditt AS	5 831	9 690
Share of result related to Sbanken ASAs ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	6 454	11 007

## Note 20 – Subsequent events

There have not been any significant events subsequent to 30 June 2019 that affect the financial statements for Q2 2019.

# Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the half-yearly financial statements for the group and the company for the period 1 January through 30 June 2019 have been prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the company taken as a whole.

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

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

**Bergen, 11 July 2019**

The Board of Directors of Sbanken Boligkreditt ASA



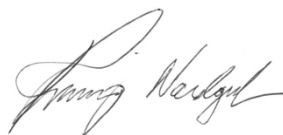
Mai-Lill Ibsen  
(Chairman)



Petter Skouen



Magnar Øyhovden



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>