

Sbanken

Q2



Second quarter 2021

(Unaudited)

Sbanken ASA

Q2

Second quarter 2021 – Highlights Sbanken ASA

Annual lending growth

-2.9 %
(5.7 %*)

Cost-to-income ratio

44.9 %
(39.5 %*)

ROE

11.1 %
(9.8 %*)

Net interest margin

1.58 %
(1.51 %*)

Loan loss ratio

-0.09 %
(0.24 %*)

CET1 ratio

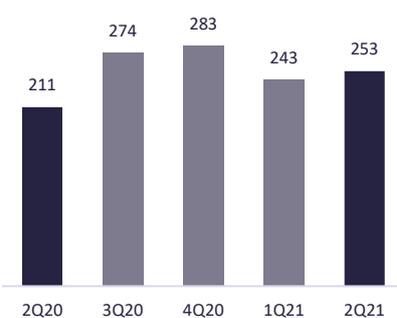
16.0 %**
(15.9 %*)

- DNB 108.85 per share offer received 91.2 per cent combined acceptance
- Received Ministry of Finance approval – awaiting competition authorities consent
- World first with robo-advisor authorisation
- Increased mortgage churn – quarterly growth minus 1.3 per cent
- Strong asset quality – net reversal of loan loss provisions

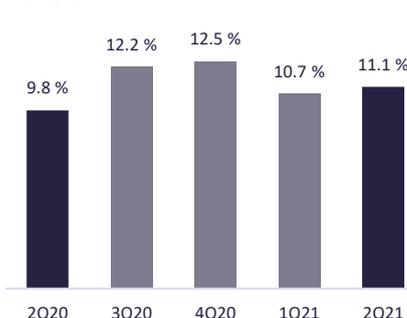
Total loans to customers
NOK million



Earnings before tax
NOK million



Return on equity
Per cent



* Comparable figure corresponding period last year.

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

Key figures (group)

In NOK thousand	Reference	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Summary of income statement						
Net interest income		392 351	383 996	777 057	814 628	1 644 137
Net fee and commission income		46 660	42 521	95 261	90 924	184 310
Net other income		-13 567	3 580	-16 516	-1 731	22 050
Total income		425 444	430 097	855 802	903 821	1 850 497
Other operating expenses		-191 102	-170 039	-365 839	-353 789	-710 371
Operating profit before loan losses		234 342	260 059	489 963	550 032	1 140 126
Loan losses		18 815	-49 508	6 073	-100 527	-133 482
Earnings before tax		253 157	210 551	496 036	449 505	1 006 643
Calculated tax		-57 091	-44 746	-113 632	-99 657	-223 601
Net profit		196 066	165 805	382 404	349 848	783 042
Profitability						
Return on equity	1	11.1 %	9.8 %	10.8 %	10.5 %	11.4 %
Net interest margin	2	1.58 %	1.51 %	1.56 %	1.68 %	1.66 %
Cost-to-income ratio	3	44.9 %	39.5 %	42.7 %	39.1 %	38.4 %
Earnings per share		1.77	1.47	3.46	3.10	7.00
Balance sheet figures (in NOK million)						
Total loan volume		81 955	84 393	81 955	84 393	83 438
Customer deposits		64 186	59 901	64 186	59 901	58 644
Deposit-to-loan ratio	4	74.6 %	67.5 %	73.0 %	66.3 %	68.4 %
Lending growth (gross) previous 12 months		-2.9 %	5.7 %	-2.9 %	5.7 %	2.4 %
Average total assets	5	99 780	102 113	100 227	97 608	98 939
Total assets, end of period		101 461	104 269	101 461	104 269	100 726
Book value per share		64.95	60.90	64.95	60.90	64.72
Losses and defaults						
Total loan loss (%)	6	-0.09 %	0.24 %	-0.01 %	0.24 %	0.16 %
Capital adequacy and leverage ratio						
Common equity Tier 1 capital ratio	7	16.0 %	15.9 %	16.0 %	15.9 %	15.5 %
Tier 1 capital ratio		17.8 %	18.1 %	17.8 %	18.1 %	17.3 %
Total capital ratio		20.1 %	20.4 %	20.1 %	20.4 %	19.6 %
Leverage ratio		6.4 %	6.5 %	6.4 %	6.5 %	6.3 %
Employment						
FTEs		333	338	333	338	334

References

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

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

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

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

5) Average total assets in the period

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

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

Second Quarter Results

The Sbanken group recorded a profit before tax of NOK 253.2 million in the second quarter, compared with NOK 210.6 million in the second quarter of 2020. Net interest income increased to NOK 392.4 (384.0) million, while net fee and commission income increased by 9.7 per cent to NOK 46.7 (42.5) million. Non-recurring costs related to the ongoing offer process amounted to NOK 8.7 million in the quarter. Return on equity in the second quarter was 11.1 (9.8) per cent.

Total customer lending at quarter-end was NOK 82.0 billion. Mortgage lending was down 1.3 per cent from the previous quarter as churn was elevated in May. Growth in mortgages was moderately positive in June. Funds under management increased to NOK 29.4 billion.

Important events during the quarter

On 15 April, DNB Bank ASA announced a voluntary cash offer, recommended by the Board of Directors of Sbanken, to acquire 100 per cent of the shares of Sbanken ASA at NOK 103.85 per share. On 7 June, the offer price was raised to NOK 108.85 per share, corresponding to a total consideration of approximately NOK 11.6 billion. Following the final expiration of the offer period on 14 June, DNB had received acceptances of 81.3 per cent of outstanding shares, which in combination with DNB's own holding, brings the total holding following settlement to 91.2 per cent. Settlement of the offer is conditional upon regulatory approval.

On 24 June, the Norwegian Competition Authority (NCA) opened a phase II review to assess the proposed acquisition. The NCA confirmed that potential competition concerns only relate to distribution of funds, and not mortgages or other banking services. Final deadline for the NCA's review is 7 October.

Norges Bank kept the key policy rate unchanged at zero per cent, a record low level. The average three-month Nibor rate was 0.26 per cent, down 19 basis points from the previous quarter.

In April, the bank granted interest rate guarantees until year-end 2021 to all mortgage customers. The bank launched new products for mortgage credit and car loans in May, both among the most competitive in the market.

On 21 June, the Norwegian financial industry through FinAut authorised Sbanken's robo-advisor for savings. According to Finance Norway, the robo-advisor is the first in the world to receive authorisation, demonstrating the bank's position in delivering market-leading digital customer solutions.

For the 20th consecutive year, Sbanken was rated as the bank with the most loyal and satisfied customers by Norsk Kundebarmeter.

Operating income

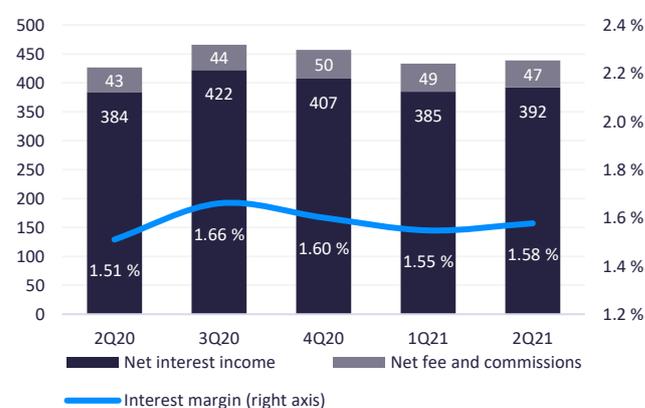
Operating income amounted to NOK 425.4 (430.1) million, following an increase in net interest income of NOK 8.4 million, an increase in net fee and commission income of NOK 4.1 million and a decrease in other operating income of NOK 17.1 million from the second quarter of 2020.

Net interest income increased to NOK 392.4 (384.0) million. The net interest margin was 1.58 per cent, up from 1.51 per cent in the second quarter of

2020. Compared to the previous quarter, the net interest margin increased by 3 basis points.

Net fee and commission income increased to NOK 46.7 (42.5) million, a result of increased revenues from fund savings and securities trading. Other operating income decreased to minus NOK 13.6 million, mainly due to liquidity portfolio investments which increased net interest income correspondingly this quarter.

Net interest and fee and commission income
NOK million



The effective lending rate decreased to 2.00 per cent, compared to 2.37 per cent in the second quarter of 2020. The lending rate increased by 3 basis points from the previous quarter.

Average effective interest rate by product group

	2Q20	3Q20	4Q20	1Q21	2Q21
Mortgages	2.23 %	1.99 %	1.89 %	1.85 %	1.88 %
Car loans	5.55 %	5.46 %	5.61 %	5.46 %	5.45 %
Consumer loans	10.36 %	10.35 %	10.23 %	10.02 %	10.10 %
Other credit	12.21 %	11.58 %	11.56 %	11.43 %	11.08 %

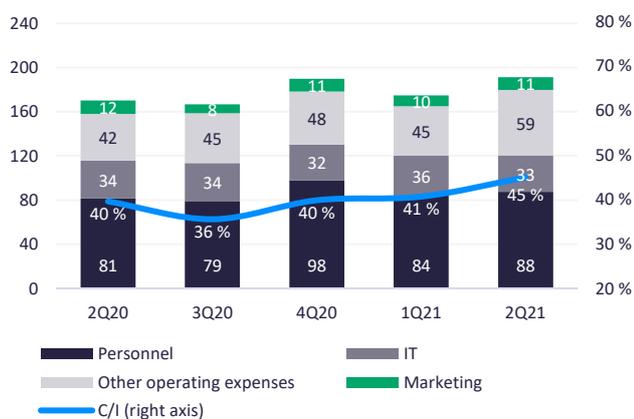
The effective funding rate decreased to 0.42 per cent, compared with 0.85 per cent in the second quarter of 2020. The funding rate decreased by 1 basis point from the previous quarter.

Operating expenses

Operating expenses amounted to NOK 191.1 (170.0) million in the quarter, including NOK 8.7 million in non-recurring transaction costs related to the ongoing offer process. Compared to the second quarter of 2020, the main difference was higher payroll expenses and increased spend on consultants. Marketing costs decreased to NOK 11.4 million from NOK 12.2 million in the second quarter of 2020.

The cost-to-income ratio was 44.9 per cent in the quarter, compared to 39.5 per cent in the second quarter of 2020. Adjusting for non-recurring costs, the ratio was 42.9 per cent.

Operating expenses
NOK million



Impairments and losses

Loan losses were positive in the amount of NOK 18.8 (49.5) million in the quarter, following a reversal of previously recorded loan loss provisions. The loan loss ratio was minus 0.09 per cent.

Total expected credit losses (ECL) amounted to NOK 353.2 million at quarter-end, of which NOK 54.9 million related to secured loans and NOK 298.4 million to unsecured loans.

Taxes

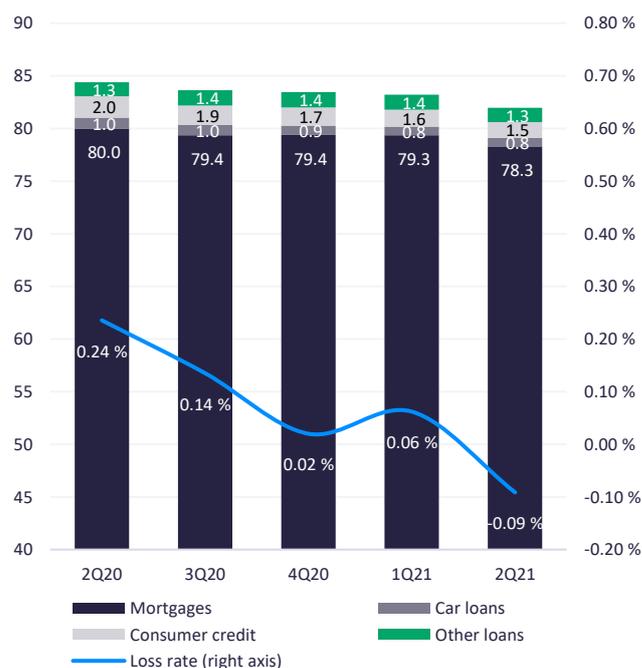
The estimated tax expense amounted to NOK 57.1 (44.7) million, corresponding to an effective tax rate of 22.6 (21.3) per cent.

Loans to and deposits from customers

At the end of the quarter, loans to customers totalled NOK 82.0 (84.4) billion. Lending growth over the past 12 months was minus 2.9 per cent. Mortgage lending was down 1.3 per cent from the previous quarter, predominantly a result of increased mortgage churn subsequent to the announcement of DNB's offer for Sbanken. The volume of fixed rate mortgages amounted to NOK 8.3 billion, unchanged from the previous quarter.

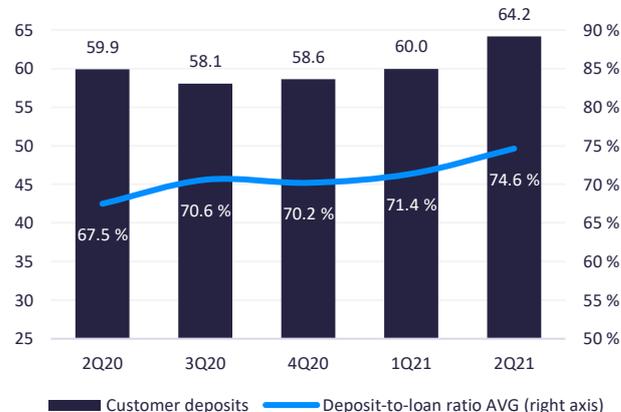
Outstanding consumer loans amounted to NOK 1.5 (2.0) billion at quarter-end, an 8.3 per cent reduction from the end of the previous quarter. The volume of other credit products (account credit, credit cards and custody account credit) was NOK 1.3 (1.3) billion.

Loans to customers
NOK billion



Customer deposits increased to NOK 64.2 (59.9) billion, a 7.2 per cent increase from the second quarter of 2020. At quarter-end, the bank had 10 400 SME customers with combined deposits of NOK 2.3 billion.

Customer deposits
NOK billion

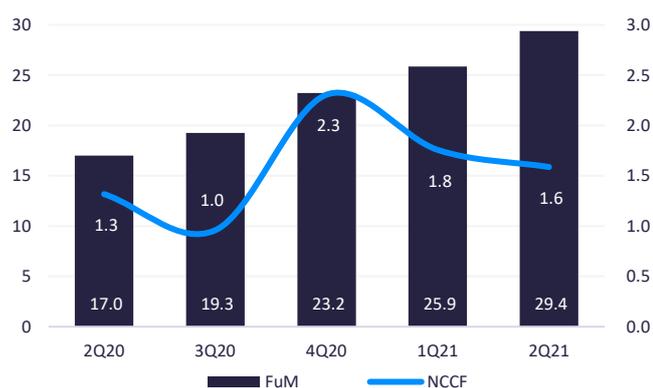


Savings

Funds under management (FuM) increased to NOK 29.4 billion, up NOK 3.5 billion from the end of the previous quarter. The increase was ascribed both to inflow of customers' funds and increased market valuations. At quarter-end, combined FuM as share of retail fund savings in Norway had increased to 8.6 per cent, up from 8.4 per cent in the previous quarter.

Net client cash flow in the quarter was positive in the amount of NOK 1.6 billion. Combined inflows as share of Norwegian retail fund inflows was 11.2 per cent. In June, inflow from savings agreements reached a record high of NOK 164.4 million per month.

Customers' investment in mutual funds (FuM)
NOK billion



Comments on the results for the first half-year of 2021

Sbanken recorded a net profit of NOK 382.4 million in the first half-year of 2021, compared with NOK 349.8 million in the first half-year of 2020.

Net interest income decreased by 4.6 per cent to NOK 777.1 (814.6) million, primarily ascribed to reduced net interest margin. Net fee and commission income increased to NOK 95.3 (90.9) million.

Operating expenses increased by 3.4 per cent to NOK 365.8 (353.8) million.

Loan losses were positive in the amount of NOK 6.1 (100.5) million. The loan loss ratio was minus 0.01 per cent, compared to a loss ratio of 0.24 per cent in the first half-year of 2020.

Capital adequacy, leverage ratio and risk factors

Sbanken has a regulatory CET1 requirement of 12.5 per cent and a capital ratio target of 13.0 per cent. At quarter-end, Sbanken had a CET1 capital ratio of 16.0 per cent, a 0.1 percentage point increase from the first quarter of 2021. The tier 1 capital ratio was 17.8 per cent and the total capital ratio was 20.1 per cent, while the leverage ratio was 6.4 per cent. The capital ratios include 50 per cent of retained earnings for the first half-year of 2021 and 37.2 per cent of retained earnings for 2020.

Sbanken's financial risk mainly consists of credit risk, market risk and liquidity risk. The credit risk comprises of lending to the public primarily in the form of mortgages, car loans and unsecured credit products. Sbanken has a high-quality lending portfolio predominately composed of mortgages with a moderate loan-to-value (LTV) ratio. At quarter-end, the average LTV was 50.2 per cent, down from 51.6 per cent in the previous quarter. Mortgage lending accounted for 95.5 per cent of the gross lending portfolio.

Sbanken is exposed to market risks such as interest rate risk, share price risk and credit spread risk. The exposure to share price risk amounted to NOK 129.1 million at the end of the quarter, of which NOK 75.4 million related to the valuation of the bank's shares in VN Norge AS (Visa) and NOK 39.5 million to the valuation of the bank's shares in Vipps AS. The majority of lending provided by Sbanken has variable interest rates. Interest rate swaps are used to reduce interest rate risk that arises with fixed rate mortgages. All deposits have variable interest rates, while capital market funding uses three-month Nibor as reference rate. At quarter-end, Sbanken had a liquidity portfolio of NOK 14.3 billion in interest-bearing securities issued by sovereigns, municipalities and financial institutions. The corresponding credit spread risk was estimated at NOK 230.6 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 788 per cent against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 145 per cent.

Sbanken had outstanding capital market funding amounting to NOK 27.6 billion at quarter-end. Sbanken Boligkreditt's total nominal issue of covered bonds amounted to NOK 34.5 billion. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 78.7 per cent, compared to 72.4 per cent in the previous quarter and 71.3 per cent in the second quarter of 2020. 92.5 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 82.3 per cent by the harmonised EU Deposit Guarantee Scheme (EUR 0.1 million).

Sbanken ASA has a long-term credit rating of A2, last confirmed 20 April 2021. The rating is placed on review for upgrade following the announcement of DNB's offer for Sbanken. Covered bonds issued by Sbanken Boligkreditt AS have a long-term rating of Aaa from Moody's.

Macroeconomic and regulatory developments

In the second quarter of 2021, coronavirus infection rates have declined and containment measures have been eased. Vaccine rollout has accelerated and is likely to support economic growth through 2021.

In the June monetary policy report, Norges Bank projected that the key policy rate will most likely be raised to 0.25 percentage points in September 2021, followed by a gradual rise towards 1.3 per cent by 2023.

Following a contraction in mainland GDP of 2.5 per cent in 2020, growth is forecasted to increase to 3.8 per cent in 2021 and 4.1 per cent in 2022.

Registered unemployment was 2.9 per cent at quarter-end, down from 4.2 per cent at the end of the previous quarter. The average annual unemployment rate is forecasted at 3.3 per cent in 2021 and 2.3 per cent in 2022.

Norwegian housing prices adjusted for seasonality rose by 0.7 per cent in the second quarter of 2021. Norges Bank projects housing prices to increase by 9.2 per cent in 2021 as a whole, with price growth easing thereafter. Credit growth for households is forecasted at 4.9 per cent for 2021.

In June, the Norwegian Ministry of Finance decided to increase the countercyclical capital buffer by 0.5 percentage point, effective from 30 June 2022. Sbanken's CET1 capital target ratio is set at 0.5 percentage point above the regulatory requirement, and the target follows changes in the requirement dynamically as they become effective.

Subsequent events

On 1 July, the Norwegian Ministry of Finance approved DNB's contemplated acquisition of Sbanken subsequent to a recommendation from the Norwegian FSA. Following this, the only remaining regulatory approval is that from the Norwegian Competition Authority.

Outlook

The short term outlook for the Norwegian economy is supported by gradual easing of containment measures and continued vaccine rollout. In the medium term, the outlook is balanced with continued low unemployment and household credit growth projected at around 5 per cent.

Norges Bank is indicating the key policy rate will likely be hiked to 0.25 per cent in September, and that this will mark the start of a gradual hiking cycle. For the second-half of 2021, increasing money market rates and the mortgage rate guarantee is likely to have a negative impact on the bank's net interest margin. Looking further ahead, a higher interest rate environment will likely have a positive impact on the margin outlook. The full effects on the net interest margin is dependent on changes in funding rates and competition.

Loss levels related to both unsecured and secured loans are currently low, and the lending portfolio is exhibiting clear signs of robust credit quality. For the second-half of the year, the bank expects an average loss level of below 0.05 per cent.

The bank is continuing its efficiency initiatives to provide the market's most automated banking services. This will provide a strong foundation for delivering attractive financial returns going forward.

For more than 20 years, Sbanken has delivered superior digital banking services to Norway's most satisfied banking customers. If the offer process concludes with DNB as Sbanken's new owner, we will together set strategic plans to deliver the market-leading banking solutions for the future.

Bergen, 15 July 2021

The Board of Directors of Sbanken ASA



Niklas Midby
(Chair)



Mai-Lill Ibsen



August Baumann



Herman Korsgaard



Cathrine Klouman



Karianne Mjøs-Haugland



Stein Zahl Pettersen



Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Interest income from financial instruments using the effective interest method	12	496 575	600 508	987 284	1 347 762	2 380 696
Other interest income	12	0	0	0	0	0
Interest expense	12	-104 223	-216 512	-210 227	-533 134	-736 560
Net interest income		392 351	383 996	777 057	814 628	1 644 137
Commission and fee income	13	76 803	78 262	157 393	165 210	345 717
Commission and fee expense	13	-30 143	-35 741	-62 132	-74 286	-161 407
Net commission and fee income		46 660	42 521	95 261	90 924	184 310
Net gain/(loss) on financial instruments	14	-13 567	3 580	-16 516	-1 731	21 920
Other income		0	0	0	0	130
Other operating income		-13 567	3 580	-16 516	-1 731	22 050
Personnel expenses	15	-87 568	-81 310	-171 566	-171 460	-348 558
Administrative expenses	15,20	-87 642	-72 316	-162 593	-149 672	-296 053
Depreciation and impairment of fixed and intangible assets		-15 892	-16 413	-31 680	-32 657	-65 760
Profit before loan losses		234 342	260 059	489 963	550 032	1 140 126
Loan losses	8	18 815	-49 508	6 073	-100 527	-133 482
Profit before tax		253 157	210 551	496 036	449 505	1 006 643
Tax expense	16	-57 091	-44 746	-113 632	-99 657	-223 601
Profit for the period		196 066	165 805	382 404	349 848	783 042
Attributable to						
Shareholders		189 654	156 856	369 650	330 872	748 575
Additional Tier 1 capital holders	11	6 412	8 949	12 754	18 976	34 467
Profit for the period		196 066	165 805	382 404	349 848	783 042

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Profit for the period	196 066	165 805	382 404	349 848	783 042
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-13 612	30 418	-10 911	5 598	99
Tax effect	3 214	-8 296	2 489	-1 279	65
Other comprehensive income that can be reclassified to profit or loss after tax	-10 398	22 122	-8 422	4 319	164
Actuarial gains (losses)	0	0	0	0	-9 637
Tax effect	0	0	0	0	2 410
Other comprehensive income that can-not be reclassified to profit or loss after tax	0	0	0	0	-7 227
Total components of other comprehensive income (after tax)	-10 398	22 122	-8 422	4 319	-7 063
Total comprehensive income for the period	185 668	187 927	373 982	354 167	775 979
Attributable to					
Shareholders	179 256	178 978	361 228	335 191	741 512
Additional Tier 1 capital holders	11 6 412	8 949	12 754	18 976	34 467
Total comprehensive income for the period	185 668	187 927	373 982	354 167	775 979

Balance sheet

(Sbanken group)

In NOK thousand	Note	30.06.21	30.06.20	31.12.20
Assets				
Cash and receivables with central bank	5	545 564	1 885 119	1 423 268
Loans to and receivables from credit institutions	5	4 011 377	2 075 942	654 517
Loans to customers	5, 6, 7, 17, 18	81 606 802	84 057 144	83 082 252
Net loans to customers, central bank and credit institutions		86 163 743	88 018 205	85 160 037
Commercial paper and bonds at fair value through OCI	17, 19	14 275 864	14 854 822	14 412 990
Equity and funds	17, 18, 19	188 582	218 207	163 701
Derivatives	19	432 039	747 223	561 305
Intangible assets		117 791	125 844	114 645
Deferred tax assets	16	23 899	18 039	21 679
Property, plant and equipment		97 677	143 545	127 755
Other assets		49 134	78 874	110 850
Advance payment and accrued income		111 977	64 466	53 498
Total assets		101 460 706	104 269 225	100 726 459
Liabilities				
Loans and deposits from central bank	17,18	0	4 550 000	2 250 000
Loans and deposits from credit institutions	17, 18	409 588	708 707	542 731
Deposits from customers	17, 18	64 185 954	59 901 290	58 643 627
Debt securities issued	10, 17, 18	27 559 184	30 147 666	29 974 370
Derivatives		10 307	35 135	21 738
Taxes payable	16	128 982	103 025	224 640
Pension commitments		36 998	27 494	36 998
Other liabilities		588 268	506 624	515 589
Subordinated loans	10, 17, 18	898 991	889 923	898 831
Total liabilities		93 818 271	96 869 865	93 108 523
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital	11	701 133	887 612	701 223
Other equity		3 246 714	2 817 159	3 222 125
Total equity		7 642 435	7 399 360	7 617 936
Total liabilities and equity		101 460 706	104 269 225	100 726 459

Subsequent events

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Statement of changes in equity

(Sbanken group)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.20	1 068 693	2 625 895	705 858	-17 778	-23 084	2 526 815	6 886 398
Profit for the period to other equity (01.01.20 to 30.06.20)						330 872	330 872
Profit for the period to Tier 1 capital holders (01.01.20 to 30.06.20)			18 976				18 976
Payments to Tier 1 capital holders (01.01.20 to 30.06.20)			-20 922				-20 922
Issue of Tier 1 capital			300 000			-600	299 400
Redeem of Tier 1 capital			-116 300				-116 300
Actuarial gains and losses for the period (01.01.20 to 30.06.20)				0			0
Net change in fair value of financial instruments available for sale (01.01.20 to 30.06.20)					4 319		4 319
Payments related to share incentive program						-3 384	-3 384
Paid dividend to shareholders						0	0
Balance sheet as at 30.06.20	1 068 693	2 625 895	887 612	-17 778	-18 765	2 853 703	7 399 360
Profit for the period to other equity (01.07.20 to 31.12.20)						417 703	417 703
Profit for the period to Tier 1 capital holders (01.07.20 to 31.12.20)			15 491				15 491
Payments to Tier 1 capital holders (01.07.20 to 31.12.20)			-18 180				-18 180
Issue of Tier 1 capital			100 000			-200	99 800
Redeem of Tier 1 capital			-283 700				-283 700
Actuarial gains and losses for the period (01.07.20 to 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments available for sale (01.07.20 to 31.12.20)					-4 155		-4 155
Payments related to share incentive program						-1 154	-1 154
Paid dividend to shareholders						0	0
Balance sheet as at 31.12.20	1 068 693	2 625 895	701 223	-25 005	-22 920	3 270 052	7 617 936
Profit for the period to other equity (01.01.21 to 30.06.21)						369 650	369 650
Profit for the period to Tier 1 capital holders (01.01.21 to 30.06.21)			12 754				12 754
Payments to Tier 1 capital holders (01.01.21 to 30.06.21)			-12 844				-12 844
Actuarial gains and losses for the period (01.01.21 to 30.06.21)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 30.06.21)					-8 422		-8 422
Paid dividend to shareholders						-336 638	-336 638
Balance sheet as at 30.06.21	1 068 693	2 625 895	701 133	-25 005	-31 342	3 303 064	7 642 435

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	Jan-Jun 21	Jan-Jun 20	2020
Cash flows from operating activities				
Net payments on loans to customers	6	1 394 476	-2 930 860	-1 990 799
Interest received on loans to customers	12	919 342	1 254 601	2 237 788
Net receipts on deposits from customers	17, 18	5 542 327	7 056 409	5 798 746
Interest paid on deposits from customers	12	-109 568	-266 145	-306 451
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	157 305	-5 798 998	-5 379 526
Interest received from commercial paper and bonds	12	115 822	94 303	143 062
Receipts of collateral related to derivatives used in hedge accounting		-133 143	486 660	320 684
Net receipts/payments on deposits from credit institutions and central bank		-2 250 000	4 550 000	2 250 000
Interest paid on deposits from credit institutions	12	-2 008	-2 593	-6 181
Interest received on loans to credit institutions and central bank	12	842	5 652	7 089
Receipts related to commissions and fees	13	144 740	169 305	331 229
Payments related to commissions and fees	13	-65 051	-66 568	-138 775
Payments related to administrative expenses	15	-140 708	-154 051	-315 232
Payments related to personnel expenses	15	-174 974	-190 902	-351 633
Taxes paid	16	-209 021	-207 156	-208 769
Other receipts/payments		42 260	-4 722	56 431
Net cash flows from operating activities		5 232 641	3 994 935	2 447 663
Cash flows from investment activities				
Invested in associated company		0	0	-427
Payments on the acquisition of fixed assets		-2 554	-5 722	-1 183
Payments on the acquisition of intangible assets		-21 854	-501	-13 349
Net cash flows from investment activities		-24 408	-6 223	-14 959
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost	EQ	0	0	0
Paid dividend to shareholders	EQ	-336 638	0	0
Receipts on subordinated loans	10	0	350 000	500 000
Payments on matured and redeemed subordinated loans	10	0	-359 515	-500 000
Interest paid on subordinated loans	12	-8 672	-18 451	-28 003
Receipts on issued additional Tier1 capital	11	0	300 000	400 000
Payments on matured and redeemed additional Tier1 capital		0	-116 300	-400 000
Interest paid on additional Tier 1 capital	EQ	-12 844	-20 921	-39 102
Receipts on issued bonds and commercial paper	10	1 880 000	1 750 000	7 800 000
Payments on matured and redeemed bonds and commercial paper	10	-4 103 864	-3 434 411	-9 486 393
Interest paid on issued bonds and commercial paper	12	-147 059	-352 461	-475 729
Net cash flows from financing activities		-2 729 077	-1 902 059	-2 229 327
Total net cash flow		2 479 156	2 086 653	203 377
Cash at the beginning of the period		2 077 785	1 874 408	1 874 408
Cash at the end of the period		4 556 941	3 961 061	2 077 785
Change in cash		2 479 156	2 086 653	203 377
Cash				
Cash and receivables with central bank		545 564	1 885 119	1 423 268
Loans to credit institutions		4 011 377	2 075 942	654 517
Total cash		4 556 941	3 961 061	2 077 785

EQ = Statement of changes in equity.

Notes

(Sbanken group)

Note 1 - Accounting principles and critical accounting estimates and judgment

The quarterly financial statement for the Sbanken group has been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and adopted by the EU. A description of the accounting principles applied in the preparation of the financial statements appears in the annual report for 2020.

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

When preparing the financial statements, management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the critical accounting estimates and areas where judgment is applied appears in note 2 in the annual report for 2020.

New definition of default from 1 January 2021:

As of 1 January 2021, a new definition of default applies for Sbanken. The definition is adapted to the European Banking Authority (EBA) guidelines on the definition of default (EBA GL 2016/07), and requirements to materiality thresholds for credit obligations past due in the Norwegian CRR/CRD IV regulation.

According to the bank's definition of default, an exposure is defaulted if at least one of the following criteria occurs:

- The exposure is overdue more than 90 consecutive days and the overdue amount exceeds the materiality threshold (over NOK 1 000 and over 1 per cent of the exposure amount).
- The overdue amount exceeds four instalment amounts.
- Debt settlement is registered on the exposure, the loan is written down, or the exposure has a debt collection status with a duration of more than 90 days.
- Default occurs on another exposure of the debtor in the same product category. The following product categories are defined:
 - o Mortgages
 - o Car loans
 - o Unsecured credit products
- Defaults occur on at least 20 per cent of the total obligation of the debtor.
- More than one forbearance measure is registered on the exposure or the total grace period exceeds six months of the last two years in combination with an overdue amount of at least two instalment amounts, a forbearance measure is granted for a defaulted exposure in probation, or the exposure is classified in FINREP as forborne non-performing. Payment deferrals the customer itself can initiate within the contract are not relevant in this context.

Before the defaulted exposure can return to a non-defaulted status, the exposure must go through a probation period.

For defaults triggered by the first criterion above, the probation period starts when the overdue amount is zero. For defaults triggered by the last criterion, the probation period starts when the overdue amount is zero and any grace period has expired. For other defaults, the probation period starts when the conditions that triggered the default no longer applies.

The probation period lasts for at least 90 days, or for at least 365 days for defaults triggered by forbearance measures. The exposure is reclassified to a non-defaulted status when certain recovery criteria are met the last 90 or 365 days. Among other things, there can be no overdue amount the last part of the probation period.

New and revised standards effective from 1 January 2021

Sbanken ASA has applied the new accounting standards effective from 1 January 2021, including changes in IAS 1 and IAS 8 regarding materiality and changes in IFRS 9 and IFRS 7 relating to hedge accounting as a result of the IBOR-reform.

New and revised standards effective from 1 January 2022 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2022 or later have not been used in the preparation of the accounts. For Sbanken ASA no new standards will have material effect.

Note 2 - Segments

No segment information has been prepared, as the entire operation of the Sbanken group is deemed to constitute one segment, the "Private Consumer Market", under IFRS 8. Sbanken group launched an SME (small and medium entities) offering late June 2019. At present, neither the customer base nor the revenues or costs from the SME offering constitutes a separate reporting segment. Hence in the supervisory activities performed by the board and management, the customer base is not divided into different business segments that are followed up over time.

For information purposes the deposits from customers related to SME are NOK 2.3 billion at 30 June 2021.

Note 3 - Capital adequacy

The capital adequacy regulations are intended to improve institutions' risk management and achieve closer concordance between risk and capital. The applicable regulations for Norwegian banks are adapted to the EU's capital adequacy regulations for credit institutions and investment firms (CRD IV/CRR).

Sbanken ASA uses the standard method to establish the risk-weighted volume credit risk and the standardised approach to establish the risk-weighted volume for operational risk. At the balance sheet date no exposure was included in the risk-weighted volume for market risk. The group mainly engages in banking business and the bank's wholly owned subsidiary, Sbanken Boligkreditt AS, is fully consolidated. There are no differences between solvency and accounting consolidation.

In NOK thousand	30.06.21		30.06.20		31.12.20	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 455 709	0	2 519 749	0	2 064 169	0
Regional governments	2 804 564	457 941	5 004 445	825 993	4 845 555	829 664
Multilateral Development Banks	1 675 817	0	620 819	0	1 144 014	0
Institutions	4 612 306	905 129	2 657 432	484 815	1 224 701	198 079
Retail	8 533 177	3 213 121	9 325 325	3 805 458	8 826 783	3 529 607
Secured by mortgages on immovable property	95 184 902	29 465 795	96 106 354	30 235 330	94 431 929	29 942 281
Exposures in default	564 183	647 235	361 849	427 355	349 658	411 482
Covered bonds	8 403 615	840 361	8 165 062	816 506	7 430 527	743 053
Equity	238 923	239 469	231 961	235 321	177 694	181 260
Other items	209 915	209 915	242 689	242 689	191 696	191 696
Total credit risk, standardised method ¹	123 683 111	35 978 966	125 235 685	37 073 467	120 686 726	36 027 122
Credit value adjustment risk (CVA)		39 556		57 189		54 711
Operational risk		2 693 289		2 546 153		2 693 289
Total risk-weighted volume		38 711 811		39 676 809		38 775 122
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		2 877 064		2 486 288		2 473 550
Additional Tier 1 capital		701 133		887 612		701 223
Profit for the period		369 650		330 872		748 575
Total booked equity		7 642 435		7 399 360		7 617 936
Additional Tier 1 capital instruments included in total equity		-701 133		-887 612		-701 223
Common equity Tier 1 capital instruments		6 941 302		6 511 748		6 916 713
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-88 344		-94 383		-85 984
Value adjustment due to the requirements for prudent valuation (AVA)		-14 464		-15 071		-14 576
Profit for the period, not eligible		-369 650		-330 872		-336 638
Common equity Tier 1 capital		6 468 844		6 071 422		6 479 515
Additional Tier 1 capital		700 000		883 700		700 000
Tier 1 capital		7 168 844		6 955 122		7 179 515
Tier 2 capital		900 000		891 000		900 000
Own funds (primary capital)		8 068 844		7 846 122		8 079 515
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 742 031	4.5%	1 785 456	4.5%	1 744 880
Institution specific Pillar II requirement	1.5%	580 677	1.5%	595 152	1.5%	581 627
Capital conservation buffer	2.5%	967 795	2.5%	991 920	2.5%	969 378
Systemic risk buffer	3.0%	1 161 354	3.0%	1 190 304	3.0%	1 163 254
Countercyclical capital buffer	1.0%	387 118	1.0%	396 768	1.0%	387 751
Additional Tier 1 capital	1.5%	580 677	1.5%	595 152	1.5%	581 627
Tier 2 capital	2.0%	774 236	2.0%	793 536	2.0%	775 502
Total minimum and buffer requirements own funds (primary capital)	16.0%	6 193 890	16.0%	6 348 289	16.0%	6 204 020
<i>Available common equity Tier 1 capital after buffer requirements</i>		1 629 869		1 706 972		1 632 625
<i>Available own funds (primary capital)</i>		1 874 955		2 092 984		1 875 496

Capital ratio % (regulatory) ²⁾			
Common equity Tier 1 capital	16.7%	15.3 %	16.7%
Additional Tier 1 capital	1.8%	2.2 %	1.8%
Tier 2 capital	2.3%	2.2 %	2.3%
Total capital ratio	20.8%	19.8 %	20.8%

Capital ratio % ³⁾			
Common equity Tier 1 capital	16.0%	15.9 %	15.5%
Additional Tier 1 capital	1.8%	2.2 %	1.8%
Tier 2 capital	2.3%	2.2 %	2.3%
Total capital ratio	20.1%	20.4 %	19.6%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Including 0 per cent of the profit for the first half-year of 2021 and 2020. Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

³⁾ Including 50 per cent of retained earnings for the first half-year of 2021 and 37.2 per cent of retained earnings for 2020. The first half-year of 2020 includes 70 per cent of retained earnings for the first half-year of 2020 and fully retained earnings for 2019. Year-end 2020 includes 37.2 per cent of retained earnings for 2020 and 50.4 per cent of the profit for 2019.

Note 4 - Leverage Ratio

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

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

In NOK thousand		30.06.21	30.06.20	31.12.20
Derivatives at market value		0	38 516	21 249
Potential future exposure on derivatives		91 775	64 600	88 850
Off-balance sheet commitments		6 556 603	6 376 235	6 146 043
Loans and advances and other assets		100 910 876	103 396 158	100 050 509
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		107 559 254	109 875 509	106 306 651
Tier 1 capital ¹⁾		7 168 844	6 955 122	7 179 515
Leverage ratio % (regulatory)		6.7 %	6.3 %	6.8 %
Leverage ratio % ²⁾		6.4 %	6.5 %	6.3 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 226 778	3 296 265	3 189 200
Buffer requirements	2.0%	2 151 185	2 197 510	2 126 133
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 377 963	5 493 775	5 315 333
<i>Available Tier 1 capital after minimum and buffer requirements</i>		1 790 881	1 461 347	1 864 182
<i>Available Tier 1 capital after minimum and buffer requirements ²⁾</i>		1 505 482	1 692 956	1 393 958

¹⁾ Including 0 per cent of the profit for the first half-year of 2021 and 2020. Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

²⁾ Including 50 per cent of retained earnings for the first half-year of 2021 and 37.2 per cent of retained earnings for 2020. The first half-year of 2020 includes 70 per cent of retained earnings for the first half-year of 2020 and fully retained earnings for 2019. Year-end 2020 includes 37.2 per cent of retained earnings for 2020 and 50.4 per cent of the profit for 2019.

Note 5 – Maximum exposure to credit risk

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

	30.06.21		
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	545 564	0	545 564
Loans to and receivables from credit institutions	4 011 377	0	4 011 377
Loans to and receivables from central bank and credit institutions	4 556 941	0	4 556 941
Loans to customers, secured	71 089 017	17 656 685	88 745 702
Loans to customers, unsecured	2 547 858	5 026 274	7 574 132
Loans to and receivables from customers	73 636 875	22 682 959	96 319 834
Shares in associated company	364	0	364
Other financial assets with credit risk	161 111	0	161 111
Financial instruments at amortised cost (gross)	78 355 291	22 682 959	101 038 250
Commercial paper and bonds	14 275 864	0	14 275 864
Financial instruments at fair value through other comprehensive income	14 275 864	0	14 275 864
Equity and funds	188 218	0	188 218
Derivatives	432 039	0	432 039
Loans to customers, secured	8 317 870	0	8 317 870
Financial instruments at fair value through profit and loss	8 938 127	0	620 257
Gross exposure with credit risk	101 569 282	22 682 959	115 934 371
Impairment	-347 943	-5 275	-353 218
Total net exposure with credit risk	101 221 339	22 677 684	123 899 023
Other assets without credit risk	239 367	n/a	n/a
Total assets	101 460 706	n/a	n/a

	31.12.20		
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	1 423 268	0	1 423 268
Loans to and receivables from credit institutions	654 517	0	654 517
Loans to and receivables from central bank and credit institutions	2 077 785	0	2 077 785
Loans to customers, secured	72 575 818	15 540 305	88 116 123
Loans to customers, unsecured	2 940 632	4 988 444	7 929 076
Loans to and receivables from customers	75 516 450	20 528 749	96 045 199
Shares in associated company	364	0	364
Other financial assets with credit risk	164 348	0	164 348
Financial instruments at amortised cost (gross)	77 758 947	20 528 749	98 287 696
Commercial paper and bonds	14 412 990	0	14 412 990
Financial instruments at fair value through other comprehensive income	14 412 990	0	14 412 990
Equity and funds	163 337	0	163 337
Derivatives	561 305	0	561 305
Loans to customers, secured	7 921 668	0	7 921 668
Financial instruments at fair value through profit and loss	8 646 310	0	724 642
Gross exposure with credit risk	100 818 247	20 528 749	113 425 328
Impairment	-355 866	-5 667	-361 533
Total net exposure with credit risk	100 462 381	20 523 082	120 985 463
Other assets without credit risk	264 079	n/a	n/a
Total assets	100 726 459	n/a	n/a

Note 6 - Loans to customers

Gross carrying amount				
30.06.21				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers) 01.01.21	78 483 644	4 344 627	609 847	83 438 118
Transfers to Stage 1 (12-months ECL)	1 046 138	-1 043 839	-2 299	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-861 757	871 900	-10 143	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-83 230	-293 179	376 409	0
New financial assets originated	16 657 774	178 054	4 877	16 840 705
Financial assets that have been derecognised	-17 331 785	-780 680	-125 373	-18 237 838
Changes in interest accrual	-5 843	-2 981	11 619	2 795
Other movements	-89 035	0	0	-89 035
Closing balance gross carrying amount 30.06.21	77 815 906	3 273 902	864 937	81 954 745

Gross carrying amount				
31.12.20				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers) 01.01.20	76 018 582	4 914 417	561 254	81 494 253
Transfers to Stage 1 (12-months ECL)	1 011 599	-1 006 213	-5 386	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 683 822	1 696 344	-12 522	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-70 329	-182 191	252 520	0
New financial assets originated	34 946 820	602 554	17 799	35 567 173
Financial assets that have been derecognised	-31 700 068	-1 675 353	-201 371	-33 576 792
Changes in interest accrual	-30 823	-4 931	-2 447	-38 201
Other movements	-8 315	0	0	-8 315
Closing balance gross carrying amount 31.12.20	78 483 644	4 344 627	609 847	83 438 118

Lending by geographical area				
In NOK thousand	30.06.21		31.12.20	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	44.9%	36 813 339	44.4%	37 036 962
Oslo	19.6%	16 077 184	19.9%	16 589 456
Southern Norway	2.2%	1 840 467	2.2%	1 853 649
Western Norway	21.4%	17 550 431	21.8%	18 160 985
Central Norway	4.8%	3 910 402	4.8%	4 004 100
Northern Norway	7.0%	5 762 922	6.9%	5 792 966
Total gross lending by geographical area	100.0%	81 954 745	100.0%	83 438 118

Note 7 – Credit risk exposure and collateral

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

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

In NOK thousand	30.06.21			31.12.20		
	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
Loan-to-value, secured loans						
0 % - 40 %	30.3%	23 689 147	5 237 327	27.2%	21 628 359	4 170 008
40 % - 60 %	33.7%	26 367 098	2 476 399	32.9%	26 111 581	2 991 990
60 % - 80 %	28.6%	22 355 019	489 892	29.5%	23 389 013	783 201
80 % - 90 %	4.8%	3 784 776	83 609	7.0%	5 520 414	118 890
90 % - 100 %	1.3%	1 044 051	41 870	1.7%	1 364 044	71 625
> 100 %	1.4%	1 057 929	225 949	1.7%	1 368 459	103 540
Home loans, secured by fixed property	100.0%	78 298 020	8 555 046	100.0%	79 381 870	8 239 254
< 50 %	13.8%	114 186	0	13.1%	114 815	0
50 % - 80 %	33.4%	275 929	0	32.1%	281 990	0
80 % - 100 %	24.4%	201 160	0	25.6%	224 965	0
> = 100 %	28.3%	233 630	0	29.2%	255 839	0
Car loans, secured	100.0%	824 905	0	100.0%	877 609	0
Custody account credit, secured	100.0%	283 962	195 261	100.0%	238 007	183 616
Loan and funding commitments, secured loans		0	8 906 378		0	7 117 435
Total loans to customers, secured		79 406 887	17 656 685		80 497 486	15 540 305

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

In NOK thousand	30.06.21		31.12.20	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, home loans (relative distribution)				
0 % - 85 %	99.36%	77 800 044	99.18%	78 731 845
85 % - 100 %	0.33%	255 410	0.47%	369 336
> 100 %	0.31%	242 566	0.35%	280 689
Home loans, secured by fixed property	100.0%	78 298 020	100.0%	79 381 870

In NOK thousand	30.06.21		31.12.20	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, home loans				
Apartment	25.3%	19 777 058	25.2%	20 023 449
Detached house	51.6%	40 370 566	51.4%	40 770 934
Semidetached house	19.5%	15 229 125	19.8%	15 698 024
Vacation home	3.7%	2 921 271	3.6%	2 889 463
Total home loans secured by fixed property	100.0%	78 298 020	100.0%	79 381 870

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers				
January - June 2021				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.21	23 111	91 857	246 565	361 533
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 897	-14 369	-489	-12 961
Transfers to Stage 2	-1 217	9 314	-1 695	6 402
Transfers to Stage 3	-77	-5 331	12 691	7 283
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	-4 909	-9 613	2 651	-11 871
<i>Other changes:</i>				
New financial assets originated	3 344	3 108	821	7 273
Financial assets that have been derecognised	-3 956	-10 221	-13 393	-27 570
Financial assets that have been derecognised through sale of portfolio			0	0
Changes to model assumption and methodologies ²	-1 249	-16 896	41 274	23 129
Other movements	0	0	0	0
Closing balance ECL 30.06.21	16 944	47 849	288 425	353 218

¹As of 30.06.2021, the bank has included a credit loss provision of NOK 25.0 for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty related to outbreak of coronavirus. The distribution of this provision is as follows: stage 1 NOK 2.3 million, stage 2 NOK 8.5 million and stage 3 NOK 14.2 million.

² Effects related to new definition of default.

Specification of ECL

In NOK thousands	30.06.21			
ECL On-balance sheet amounts 30.06.21	15 105	46 427	286 411	347 943
ECL Off-balance sheet amounts 30.06.21	1 839	1 422	2 014	5 275
Closing balance ECL 30.06.21	16 944	47 849	288 425	353 218

In NOK thousands	30.06.21			
Secured loans	2 556	8 524	43 778	54 858
Unsecured loans	14 388	39 325	244 647	298 360
Total	16 944	47 849	288 425	353 218

ECL by geographical area

In NOK thousands	30.06.21
Eastern Norway ex. Oslo	124 921
Oslo	51 872
Southern Norway	15 023
Western Norway	107 061
Central Norway	23 981
Northern Norway	30 360
Total	353 218

Specification of loan losses

In NOK thousands	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Changes in ECL, stage 1	3 072	-2 653	6 167	-3 861	-4 496
Changes in ECL, stage 2	8 049	-1 759	44 008	-7 101	-14 737
Changes in ECL, stage 3	8 443	-32 945	-41 860	-64 559	-78 057
Write-offs	-828	-12 171	-2 393	-25 177	-36 672
Recoveries of previously written off loans	79	20	151	171	480
Net cost of loan losses in the period	18 815	-49 508	6 073	-100 527	-133 482

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

Expected credit loss (ECL) - Loans to customers

January - December 2020

In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.20	18 615	77 120	168 508	264 243
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 865	-13 184	-575	-11 894
Transfers to Stage 2	-1 931	22 983	-1 563	19 489
Transfers to Stage 3	-827	-12 175	61 779	48 777
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	3 929	18 057	58 968	80 954
<i>Other changes:</i>				
New financial assets originated	6 956	18 750	2 969	28 675
Financial assets that have been derecognised	-5 496	-19 694	-23 419	-48 609
Financial assets that have been derecognised through sale of portfolio			-20 102	-20 102
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.12.20	23 111	91 857	246 565	361 533

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

Specification of ECL

In NOK thousands	31.12.20			
ECL On-balance sheet amounts 31.12.20	21 025	89 953	244 888	355 866
ECL Off-balance sheet amounts 31.12.20	2 086	1 903	1 678	5 667
Closing balance ECL 31.12.20	23 111	91 857	246 565	361 533

In NOK thousands	31.12.20			
Secured loans	3 012	12 444	40 977	56 433
Unsecured loans	20 099	79 413	205 588	305 100
Total	23 111	91 857	246 565	361 533

ECL by geographical area

In NOK thousands	31.12.20
Eastern Norway ex. Oslo	127 527
Oslo	51 408
Southern Norway	14 567
Western Norway	111 058
Central Norway	24 567
Northern Norway	32 406
Total	361 533

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

Note 9 – Credit-impaired assets and overdue loans

Credit-impaired assets		30.06.21					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Home loans	Residential property	408 379	-40 207	368 172	367 500	672	98.4 %
Car Loans	Vehicle	18 898	-6 508	12 390	12 077	313	95.4 %
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	437 660	-239 696	197 964	0	197 964	54.8 %
Total credit-impaired assets		864 937	-286 411	578 526	379 577	198 949	59.0 %

30.06.2021	Credit-impaired (Gross carrying amount)
Home loans - Loan to value	
0 % - 40 %	37 048
40 % - 60 %	143 552
60 % - 80 %	160 756
80 % - 90 %	18 540
90 % - 100 %	15 826
> 100 %	32 657
Total	408 379

Credit-impaired loans	
In NOK thousand	30.06.21
Overdue loans - more than 90 days	522 771
Other credit-impaired assets	342 166
Total	864 937

Credit-impaired assets

31.12.20

In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Home loans	Residential property	245 984	-35 239	210 745	209 715	1 030	97.2%
Car Loans	Vehicle	12 146	-5 269	6 877	6 872	5	99.9%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	351 718	-204 380	147 338	0	147 338	58.1%
Total credit-impaired assets		609 847	-244 888	364 960	216 587	148 373	62.3%

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

Overdue loans - age distribution

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

Credit-impaired loans

In NOK thousand	31.12.20
Overdue loans - more than 90 days	603 668
Other credit-impaired assets	6 179
Total	609 847

Overdue loans

31.12.20

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

Note 10 - Debt securities issued and subordinated loan

Carried at amortised cost:

In NOK thousand	Currency	30.06.21	31.12.20
Bonds issued	NOK	27 559 184	29 974 370
Subordinated loans	NOK	898 991	898 831
Total debt securities issued and subordinated loans		28 458 175	30 873 201

Specification of bonds and subordinated loans as at 30.06.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 043
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 844
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	997 885
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 598
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 688
NO0010920762	Sbanken ASA	500 000	NOK	Floating	12.12.24	500 001
Total bonds		4 550 000				4 549 059
Covered bonds ¹						
NO0010745342	Sbanken Boligkreditt AS	992 000	NOK	Floating	14.10.21	991 641
NO0010786999	Sbanken Boligkreditt AS	4 215 000	NOK	Floating	27.04.22	4 220 310
NO0010790603	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	10.02.23	7 013 117
NO0010887078	Sbanken Boligkreditt AS	3 630 000	NOK	Floating	17.06.24	3 642 538
NO0010878978	Sbanken Boligkreditt AS	1 968 000	NOK	Floating	20.06.25	1 977 457
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 165 062
Total covered bonds						23 010 125
Total bonds and covered bonds						27 559 184

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

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 938
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 906
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 393
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 754
Total subordinated loans		900 000				898 991

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

Changes of debt securities and subordinated loans:

	31.12.20	January- June 2021				30.06.21
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	4 293 000	500 000	-243 000	0	0	4 550 000
Covered Bonds (nominal)	25 074 000	1 380 000	0	-3 844 000	0	22 610 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	30 267 000	1 880 000	-243 000	-3 844 000	0	28 060 000

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	30.06.21	31.12.20
Additional Tier 1 capital	NOK	700 000	700 000
Total Additional Tier 1 capital		700 000	700 000

Specification of additional Tier 1 capital as at 30.06.21:

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

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

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

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

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

⁵ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 28 August 2025.

Change of additional Tier 1 capital

	January - June 2021					30.06.21
	31.12.20	Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	700 000	0	0	0	0	700 000
Total	700 000	0	0	0	0	700 000

As of 30 June 2021, NOK 1.33 million in accrued interest is related to additional Tier 1 capital.

This has been recognised against the additional Tier 1 capital and the carried value including accrued interest is NOK 701.3 million.

Note 12 - Net interest income

Net interest income

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Loans to and receivables from credit institutions and central bank	294	964	842	5 652	7 089
Loans to customers ¹	452 682	555 553	913 001	1 247 525	2 226 772
Commercial paper and bonds ²	43 599	43 991	73 441	94 585	146 835
Total interest income	496 575	600 508	987 284	1 347 762	2 380 696
Loans and deposits from credit institutions and central bank	-344	-2 182	-2 008	-2 593	-7 581
Deposits from customers	-20 318	-84 400	-40 379	-201 402	-243 868
Debt securities issued	-57 607	-106 511	-121 174	-280 788	-394 379
Subordinated loans	-4 313	-6 663	-8 582	-15 054	-23 954
Other interest expenses	-21 641	-16 756	-38 084	-33 297	-66 778
Total interest expenses	-104 223	-216 512	-210 227	-533 134	-736 560
Net interest income	392 351	383 996	777 057	814 628	1 644 137

¹ Interest income in Jan-Jun 2021 of TNOK 60 784 are related to home loans measured at fair value through profit and loss.

² Investments are recognised at fair value.

Interest income from loans to customers:

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Home loans	363 593	442 978	731 054	1 012 995	1 786 028
Car loans	10 881	14 726	22 276	30 502	57 077
Consumer loans	39 171	54 532	80 702	112 305	209 464
Other loans ³	39 036	43 317	78 968	91 723	174 203
Total interest income from loans to customers	452 682	555 553	913 001	1 247 525	2 226 772

³ Credit card, account credit and custody account credit

Note 13 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Payment processing	10 047	8 672	19 476	13 539	29 207
Card and interbank	40 816	36 460	80 803	85 445	169 378
Mutual funds and securities ¹	25 121	32 196	55 421	64 336	143 415
Other commission income	819	934	1 693	1 890	3 717
Total commission and fee income	76 803	78 262	157 393	165 210	345 717
Payment processing	-5 380	-4 964	-10 987	-10 112	-21 264
Card and interbank	-16 732	-12 105	-33 487	-27 669	-50 181
Mutual funds and securities ¹	-9 087	-19 384	-17 442	-35 982	-86 078
Other commission expenses	1 056	712	-216	-523	-3 884
Total commission and fee expenses	-30 143	-35 741	-62 132	-74 286	-161 407
Net commission and fee income	46 660	42 521	95 261	90 924	184 310

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

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

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
1) Realisation of financial instruments at fair value through other comprehensive income					
Gain/(loss) by realisation of financial instruments:	-9 206	-4 680	-10 896	-4 268	-3 800
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	-9 206	-4 680	-10 896	-4 268	-3 800
2) Financial instruments at fair value through profit and loss					
Realised gain/ (loss) from shares and funds	0	0	0	0	0
Unrealised gain/(loss) from shares and funds	6 067	13 852	6 149	14 033	-47 023
Gain/(loss) on derivatives (used in hedge accounting)	1 373	3 131	488	-585	776
Unrealised gain/(loss) on derivatives	8 084	-1 551	81 444	-31 873	7 080
Unrealised gain/(loss) from fixed rate loans	-7 648	2 515	-80 717	26 342	-8 318
Total gain/(loss) on financial instruments at fair value through profit and loss	7 876	17 947	7 364	7 917	-47 485
3) Financial instruments at amortised cost					
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-11 644	-9 421	-13 765	-9 079	-26 089
Total gain (loss) on financial instruments at amortised cost	-11 644	-9 421	-13 765	-9 079	-26 089
4) Currency					
Net gain (loss) on currency items	-593	-266	781	3 699	6 296
Total gain (loss) on currency items	-593	-266	781	3 699	6 296
5) Dividends:					
Dividends from investments in shares and funds	0	0		0	95 012
Total dividends	0	0	0	0	95 012
6) Result from associated company					
Result from associated company	0	0		0	-2 014
Total from associated company	0	0	0	0	-2 014
Total gain (loss) on financial instruments recognised through profit and loss	-13 567	3 580	-16 516	-1 731	21 920

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Properties and premises ¹	-447	-21	-1 168	-790	-2 463
IT	-32 704	-34 478	-68 845	-73 060	-139 445
Advertising and marketing	-11 366	-12 183	-21 266	-24 849	-44 593
Temporary employment agencies	-5 154	-4 652	-9 767	-9 490	-17 025
Consultants and other external services	-26 207	-9 224	-37 789	-18 968	-45 053
Telephone and postage	-4 156	-3 193	-7 991	-6 883	-14 469
Other operating expenses	-7 608	-8 565	-15 767	-15 632	-33 004
Total administrative expenses	-87 642	-72 316	-162 593	-149 672	-296 053

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

Personnel expenses

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Wages	-68 246	-62 020	-133 890	-130 791	-267 680
<i>Capitalised as intangible assets</i>	<i>3 898</i>	<i>2 490</i>	<i>6 999</i>	<i>4 352</i>	<i>8 555</i>
Pension costs	-5 644	-5 727	-10 994	-11 399	-26 667
Payroll tax	-14 815	-13 009	-28 568	-27 383	-51 224
Other personnel expenses	-2 761	-3 044	-5 113	-6 239	-11 542
Total personnel expenses	-87 568	-81 310	-171 566	-171 460	-348 558

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

Note 16 - Tax expense

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Specification of tax expense:					
Taxes payable	56 496	43 723	113 363	101 059	224 640
Change in deferred tax	595	1 023	269	-1 402	-1 289
Correction of taxes payable previous year	0	0	0	0	250
Total tax expense	57 091	44 746	113 632	99 657	223 601
Reconciliation of the tax expense:					
Profit before tax	253 157	210 551	496 036	449 505	1 006 643
-from Sbanken ASA	178 947	139 415	349 600	330 191	944 366
-from Sbanken Boligkreditt AS	92 805	74 276	175 180	125 986	320 119
- from group transactions related to own debt, hybrid capital and dividend from subsidiary	-18 595	-3 140	-28 744	-6 671	-257 842
Expected tax expense at nominal rate of 25 % Sbanken ASA	44 737	34 854	87 400	82 548	236 092
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS	20 417	16 341	38 540	27 717	70 426
Total expected tax expense	65 154	51 194	125 940	110 265	306 518
Tax effect from non-deductible expenses and tax-exempt income	0	0	0	0	139
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	-1 637	-3 464	-1 841	-3 508	-66 814
Tax effect from costs recognised against interest to Tier 1 capital holders	-2 127	-2 931	-4 309	-6 212	-12 817
Other differences	-4 299	-53	-6 158	-888	-3 675
Correction of taxes payable previous year	0	0	0	0	250
Total tax expense	57 091	44 746	113 632	99 657	223 601
Effective tax rate	22.6%	21.3%	22.9%	22.2%	22.2%

Note 17 - Classification of financial instruments

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
30.06.21				
Financial assets				
Cash and receivables with central bank	0	0	545 564	545 564
Loans to and receivables from credit institutions	0	0	4 011 377	4 011 377
Loans to customers	8 317 870	0	73 288 932	81 606 802
Commercial paper and bonds	0	14 275 864	0	14 275 864
Equity and funds ¹	188 218	0	364	188 582
Derivatives ²	432 039	0	0	432 039
Other assets	0	0	161 111	161 111
Total financial assets	8 938 127	14 275 864	78 007 348	101 221 339
Financial liabilities				
Loans and deposits from central bank	0	0	0	0
Loans and deposits from credit institutions	0	0	409 588	409 588
Deposits from customers	0	0	64 185 954	64 185 954
Debt securities issued ³	0	0	27 559 184	27 559 184
Derivatives	10 307	0	0	10 307
Subordinated loans	0	0	898 991	898 991
Other liabilities	0	0	588 268	588 268
Total financial liabilities	10 307	0	93 641 985	93 652 292
¹ Shares in associated company are recognised using the equity method and put under the category amortised cost.				
² Including derivatives used as hedging instruments.				
³ Including hedged liabilities.				

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
31.12.20				
Financial assets				
Cash and receivables with central bank	0	0	1 423 268	1 423 268
Loans to and receivables from credit institutions	0	0	654 517	654 517
Loans to customers	7 921 668	0	75 160 584	83 082 252
Commercial paper and bonds	0	14 412 990	0	14 412 990
Equity and funds ¹	163 337	0	364	163 701
Derivatives ²	561 305	0	0	561 305
Other assets	0	0	164 348	164 348
Total financial assets	8 646 310	14 412 990	77 403 081	100 462 381
Financial liabilities				
Loans and deposits from central bank	0	0	2 250 000	2 250 000
Loans and deposits from credit institutions	0	0	542 731	542 731
Deposits from customers	0	0	58 643 627	58 643 627
Debt securities issued ³	0	0	29 974 370	29 974 370
Derivatives	21 738	0	0	21 738
Subordinated loans	0	0	898 831	898 831
Other liabilities	0	0	515 589	515 589
Total financial liabilities	21 738	0	92 825 148	92 846 886

¹ Shares in associated company are recognised using the equity method and put under the category amortised cost.

² Including derivatives used as hedging instruments.

³ Including hedged liabilities.

Note 18 - Fair value of financial instruments at amortised cost

Recognised at amortised cost	Carrying value	Fair value
	30.06.21	30.06.21
Assets		
Cash and receivables with central bank	545 564	545 564
Loans to and receivables from credit institutions	4 011 377	4 011 377
Loans to customers	73 288 932	73 288 932
Equity and funds	364	364
Other assets	161 111	161 111
Total financial assets at amortised cost	78 007 348	78 007 348
Liabilities		
Loans and deposits from central bank	0	0
Loans and deposits from credit institutions	409 588	409 588
Deposits from customers	64 185 954	64 185 954
Debt securities issued	27 559 184	27 653 638
Subordinated loans	898 991	911 684
Other liabilities	588 268	588 268
Total financial liabilities at amortised cost	93 641 985	93 749 132

30.06.21	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		545 564		545 564
Loans to and receivables from credit institutions			4 011 377	4 011 377
Loans to customers			73 288 932	73 288 932
Shares and funds			364	364
Other assets			161 111	161 111
Total financial assets at amortised cost		545 564	77 461 784	78 007 348
Liabilities				
Loans and deposits from central bank			0	0
Loans and deposits from credit institutions			409 588	409 588
Deposits from customers			64 185 954	64 185 954
Debt securities issued		27 653 638	0	27 653 638
Subordinated loan		911 684	0	911 684
Other liabilities			588 268	588 268
Total financial liabilities at amortised cost		28 565 322	65 183 810	93 749 132

Recognised at amortised cost

	Carrying value	Fair value
	31.12.20	31.12.20
Assets		
Cash and receivables with central bank	1 423 268	1 423 268
Loans to and receivables from credit institutions	654 517	654 517
Loans to customers	75 160 584	75 160 584
Equity and funds	364	364
Other assets	164 348	164 348
Total financial assets at amortised cost	77 403 081	77 403 081
Liabilities		
Loans and deposits from central bank	2 250 000	2 250 000
Loans and deposits from credit institutions	542 731	542 731
Deposits from customers	58 643 627	58 643 627
Debt securities issued	29 974 370	30 071 043
Subordinated loans	898 831	912 345
Other liabilities	515 589	515 589
Total financial liabilities at amortised cost	92 825 148	92 935 335

31.12.20	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		1 423 268		1 423 268
Loans to and receivables from credit institutions			654 517	654 517
Loans to customers			75 160 584	75 160 584
Shares and funds			364	364
Other assets			164 348	164 348
Total financial assets at amortised cost		1 423 268	75 979 813	77 403 081
Liabilities				
Loans and deposits from central bank			2 250 000	2 250 000
Loans and deposits from credit institutions			542 731	542 731
Deposits from customers			58 643 627	58 643 627
Debt securities issued		30 071 043	0	30 071 043
Subordinated loan		912 345	0	912 345
Other liabilities			515 589	515 589
Total financial liabilities at amortised cost		30 983 388	61 951 947	92 935 335

Note 19 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	30.06.21		31.12.20	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity and funds	188 218	188 218	163 337	163 337
Commercial paper and bonds	14 275 864	14 275 864	14 412 990	14 412 990
Derivatives	432 039	432 039	561 305	561 305
Loans to customers (fixed rate)	8 317 870	8 317 870	7 921 668	7 921 668
Total financial assets at fair value	23 213 991	23 213 991	23 059 300	23 059 300
Liabilities:				
Derivatives	10 307	10 307	21 738	21 738
Total financial liabilities at fair value	10 307	10 307	21 738	21 738

30.06.2021

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity and funds	0	72 698	115 520	188 218
Commercial paper and bonds	1 351 021	12 924 843	0	14 275 864
Derivatives at fair value through profit and loss (asset)	0	432 039	0	432 039
Loans to customers (fixed rate)	0	0	8 317 870	8 317 870
Total	1 351 021	13 429 580	8 433 390	23 213 991
Derivatives at fair value through profit and loss (liability)	0	10 307	0	10 307
Total	0	10 307	0	10 307

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2021	7 921 668	110 285	8 031 953
Net gain/(loss) on financial instruments (unrealised)	-89 035	5 235	-83 800
New loans/exits	485 237	0	485 237
Sale	0	0	0
Settlement	0	0	0
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 30 June 2021	8 317 870	115 520	8 433 390

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

Information about fair value of securities at Level 3:

Shares in Vipps AS

Sbanken has used the same value as year-end 2020 for calculating the fair value of the shares in Vipps AS at 30 June 2021, adjusted for a liquidity and general uncertainty discount of 20 %.

Shares in VN Norge AS

Sbanken has used the same method as year-end 2020 for calculating the fair value of the shares in VN Norge AS at 30 June 2021. In the calculation of fair value, adjustments for movements in currency (USD/NOK) and share price of Visa Inc. is accounted for. Sbanken's valuation of VN Norge AS includes a discount of 20 per cent to account for liquidity and general uncertainty.

Sensitivity analysis regarding shares in VN Norge:

Parameter	Effect in NOK
Shift in exchange rate of NOK/USD of +/- 10 %	+/- 3.0 mill
Shift in share price of Visa Inc. of +/- 10 %	+/- 3.0 mill
Shift in liquidity discount on shares in VN Norge AS of +/- 10 basis points	+/- 6.6 mill

Fixed rate loans

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

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

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2020	164 062	158 401	322 463
Net gain/(loss) on financial instruments (unrealised)	-8 315	46 836	38 521
New loans/exits	7 765 921	60	7 765 981
Sale	0	0	0
Settlement	0	-95 012	-95 012
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 December 2020	7 921 668	110 285	8 031 953

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

Note 20 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	30.06.21	30.06.20	31.12.20
Receivable related to overdraft facility with Sbanken Boligkreditt AS	2 544 777	3 860 920	2 304 097
Sbanken Boligkreditt AS's deposit in Sbanken ASA	1 128 758	2 744 467	1 602 401
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	12 040 198	5 564 922	5 714 265
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.21 - 30.06.21	01.01.20 - 30.06.20	01.01.20 - 31.12.20
Sale of services in line with service agreement	4 307	4 052	8 249
Interest on overdraft facility	12 831	24 634	39 508
Interest on deposit	582	683	1 373
Interest on covered bonds issued by Sbanken Boligkreditt AS	36 062	28 348	55 799
Interest on subordinated loan issued by Sbanken Boligkreditt AS	3 988	6 122	10 427
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	5 096	6 671	12 109
Dividend from Sbanken Boligkreditt AS to Sbanken ASA	0	0	230 000

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

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

Note 21 - Earnings per share

In NOK	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Profit for the period to shareholders	189 654 000	156 856 000	369 650 000	330 872 000	748 575 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.77	1.47	3.46	3.10	7.00
Earnings per share (diluted)	1.77	1.47	3.46	3.10	7.00

The earnings-per-share ratio shows the return to the group's ordinary shareholders. Accrued interest paid to hybrid capital investors, has been excluded from the profit in the calculation of earnings per share for the period.

Note 22 - Subsequent events

There have not been any significant events subsequent to 30 June 2021 that affect the financial statements for Q2 2021.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Interest income from financial instruments using the effective interest method		345 078	429 748	696 872	963 752	1 683 659
Other interest income		0	0	0	0	0
Interest expense		-55 419	-120 216	-107 571	-279 910	-381 594
Net interest income		289 660	309 532	589 301	683 842	1 302 065
Commission and fee income		76 803	78 262	157 393	165 210	345 717
Commission and fee expense		-30 143	-35 741	-62 132	-74 286	-161 407
Net commission and fee income		46 660	42 521	95 261	90 924	184 310
Net gain/(loss) on financial instruments		12 916	6 104	20 388	4 560	288 806
Other income		2 260	2 011	4 307	4 012	8 379
Other operating income		15 175	8 115	24 695	8 572	297 186
Personnel expenses		-87 474	-81 217	-171 380	-171 276	-348 192
Administrative expenses		-87 146	-71 592	-161 867	-147 879	-291 946
Depreciation and impairment of fixed and intangible assets		-15 892	-16 413	-31 680	-32 657	-65 760
Profit before loan losses		160 982	190 946	344 330	431 527	1 077 663
Loan losses		17 965	-51 531	5 270	-101 337	-133 297
Profit before tax		178 947	139 415	349 600	330 191	944 366
Tax expense		-41 780	-29 096	-82 654	-73 408	-159 763
Profit for the period		137 167	110 319	266 946	256 783	784 603
Attributable to						
Shareholders		130 755	101 370	254 192	237 807	750 136
Additional Tier 1 capital holders		6 412	8 949	12 754	18 976	34 467
Profit for the period		137 167	110 319	266 946	256 783	784 603

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Profit for the period	137 167	110 319	266 946	256 783	784 603
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-27 961	53 458	-25 434	1 546	36 803
Tax effect	6 990	-13 364	6 359	-386	-9 201
Other comprehensive income that can be reclassified to profit or loss after tax	-20 971	40 094	-19 075	1 160	27 602
Actuarial gains (losses)	0	0	0	0	-9 637
Tax effect	0	0	0	0	2 410
Other comprehensive income that can not be reclassified to profit or loss after tax	0	0	0	0	-7 227
Total components of other comprehensive income (after tax)	-20 971	40 094	-19 075	1 160	20 375
Total comprehensive income for the period	116 196	150 413	247 871	257 943	804 978
Attributable to					
Shareholders	109 784	141 464	235 117	238 967	770 511
Additional Tier 1 capital holders	6 412	8 949	12 754	18 976	34 467
Total comprehensive income for the period	116 196	150 413	247 871	257 943	804 978

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	30.06.21	30.06.20	31.12.20
Assets				
Cash and receivables with central bank		545 564	1 885 119	1 423 268
Loans to and receivables from credit institutions		6 555 997	5 227 997	2 958 456
Loans to customers		42 703 980	48 129 645	47 904 688
Net loans to customers, central bank and credit institutions		49 805 540	55 242 761	52 286 412
Commercial paper and bonds at fair value through OCI		26 111 187	20 343 652	20 109 350
Equity investments and funds		418 024	450 171	393 011
Commercial paper and bonds at amortised cost		325 648	325 662	325 622
Shares in subsidiary		1 699 880	1 699 880	1 699 880
Derivatives		98 683	0	29 533
Intangible assets		117 791	125 844	114 645
Deferred tax assets		13 935	13 295	7 738
Property, plant and equipment		97 677	143 545	127 755
Other assets		49 347	79 555	341 533
Advance payment and accrued income		109 650	64 466	53 498
Total assets		78 847 363	78 488 831	75 488 979
Liabilities				
Loans and deposits from central bank		0	4 550 000	2 250 000
Loans and deposits from credit institutions		1 538 435	2 744 672	1 602 243
Deposits from customers		64 185 954	59 901 290	58 643 627
Debt securities issued		4 549 059	3 060 655	4 291 792
Derivatives		10 307	35 135	21 738
Taxes payable		81 587	80 532	161 643
Pension commitments		36 998	27 494	36 998
Other liabilities		563 120	458 403	497 581
Subordinated loans		898 991	889 923	898 831
Total liabilities		71 864 449	71 748 106	68 404 453
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital		701 133	887 612	701 223
Other equity		2 587 193	2 158 524	2 688 715
Total equity		6 982 914	6 740 725	7 084 526
Total liabilities and equity		78 847 363	78 488 831	75 488 979

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 5.2 million in Sbanken Boligkreditt AS, please refer to note 8 in the financial statements for the Sbanken group. For information regarding related parties, refer to note 20 in the financial statements for the Sbanken group.

Statement of changes in equity

(Sbanken ASA)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.20	1 068 693	2 625 895	705 858	-17 778	-10 945	1 952 266	6 323 989
Profit for the period to other equity (01.01.20 to 30.06.20)						237 807	237 807
Profit for the period to Tier 1 capital holders (01.01.20 to 30.06.20)			18 976				18 976
Payments to Tier 1 capital holders (01.01.20 to 30.06.20)			-20 922				-20 922
Issue of Tier 1 capital			300 000			-600	299 400
Redeem of Tier 1 capital			-116 300				-116 300
Actuarial gains and losses for the period (01.01.20 to 30.06.20)				0			0
Net change in fair value of financial instruments available for sale (01.01.20 to 30.06.20)					1 160		1 160
Payments related to share incentive program						-3 384	-3 384
Paid dividend to shareholders						0	0
Balance sheet as at 30.06.20	1 068 693	2 625 895	887 612	-17 778	-9 785	2 186 089	6 740 725
Profit for the period to other equity (01.07.20 to 31.12.20)						512 329	512 329
Profit for the period to Tier 1 capital holders (01.07.20 to 31.12.20)			15 491				15 491
Payments to Tier 1 capital holders (01.07.20 to 31.12.20)			-18 180				-18 180
Issue of Tier 1 capital			100 000			-200	99 800
Redeem of Tier 1 capital			-283 700				-283 700
Actuarial gains and losses for the period (01.07.20 to 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments available for sale (01.07.20 to 31.12.20)					26 442		26 442
Payments related to share incentive program						-1 154	-1 154
Paid dividend to shareholders						0	0
Balance sheet as at 31.12.20	1 068 693	2 625 895	701 223	-25 005	16 657	2 697 064	7 084 526
Profit for the period to other equity (01.01.21 to 30.06.21)						254 192	254 192
Profit for the period to Tier 1 capital holders (01.01.21 to 30.06.21)			12 754				12 754
Payments to Tier 1 capital holders (01.01.21 to 30.06.21)			-12 844				-12 844
Actuarial gains and losses for the period (01.01.21 to 30.06.21)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 30.06.21)					-19 075		-19 075
Paid dividend to shareholders						-336 638	-336 638
Balance sheet as at 30.06.21	1 068 693	2 625 895	701 133	-25 005	-2 418	2 614 618	6 982 914

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	Jan-Jun 21	Jan-Jun 20	2020
Cash flows from operating activities				
Net payments on loans to customers		5 118 656	-1 356 062	-1 164 488
Interest received on loans to customers		573 199	793 178	1 412 970
Net receipts on deposits from customers		5 542 327	7 056 409	5 798 746
Interest paid on deposits from customers		-109 568	-260 551	-306 451
Payments/receipts on loans to/deposits from group company		-358 622	797 075	493 797
Interest received on loans to group company		12 248	24 634	39 622
Net receipts/payments from buying and selling financial instruments at fair value		-5 974 786	-9 371 667	-9 109 085
Interest received from commercial paper and bonds		123 912	139 516	224 826
Receipts of collateral related to derivatives used in hedge accounting		54 134	0	0
Net receipts/payments on deposits from central bank		-2 250 000	4 550 000	2 250 000
Interest paid on deposits from credit institutions		-2 008	-3 275	-6 180
Interest received on loans to credit institutions and central bank		95	4 701	4 610
Receipts related to commissions and fees		144 740	169 305	331 229
Payments related to commissions and fees		-65 051	-66 568	-138 775
Payments related to administrative expenses		-140 356	-152 854	-311 458
Payments related to personnel expenses		-174 788	-190 718	-351 267
Taxes paid		-162 548	-156 806	-161 469
Other receipts/payments		43 804	-10 320	67 645
Net cash flows from operating activities		2 375 388	1 965 997	-925 728
Cash flows from investment activities				
Capital increase in subsidiary		0	0	0
Received dividend from subsidiary		230 000	0	0
Invested in Additional Tier 1 capital in subsidiary		0	0	0
Invested in associated company		0	0	-427
Payments on the acquisition of fixed assets		-2 554	-5 722	-1 183
Payments on the acquisition of intangible assets		-1 724	-501	-13 349
Net cash flows from investment activities		225 722	-6 223	-14 959
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost		0	0	0
Paid dividend to shareholders		-336 638	0	0
Receipts on subordinated loans		0	350 000	500 000
Payments on matured and redeemed subordinated loans		0	-359 515	-500 000
Interest paid on subordinated loans		-8 672	-18 451	-28 003
Receipts on issued additional Tier1 capital		0	300 000	400 000
Payments on matured and redeemed additional Tier1 capital		0	-116 300	-400 000
Interest paid on additional Tier 1 capital		-12 844	-20 921	-39 202
Receipts on issued bonds and commercial paper		500 000	1 750 000	3 250 000
Payments on matured and redeemed bonds and commercial paper		-242 979	-1 722 326	-1 991 454
Interest paid on issued bonds and commercial paper		-20 820	-35 608	-47 277
Net cash flows from financing activities		-121 953	126 879	1 144 064
Total net cash flow		2 479 157	2 086 653	203 377
Cash at the beginning of the period		2 077 627	1 874 250	1 874 250
Cash at the end of the period		4 556 784	3 960 903	2 077 627
Change in cash		2 479 157	2 086 653	203 377
Cash				
Cash and receivables with central bank		545 564	1 885 119	1 423 268
Loans to credit institutions		4 011 220	2 075 784	654 359
Total cash		4 556 784	3 960 903	2 077 627

Capital adequacy

(Sbanken ASA)

In NOK thousand	30.06.21		30.06.20		31.12.20	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 430 294	0	2 519 749	0	2 038 554	0
Regional governments	2 789 600	420 532	4 999 704	814 133	4 831 614	794 811
Multilateral Development Banks	1 622 259	0	620 819	0	1 144 014	0
Institutions	33 590 509	3 871 120	35 657 719	3 920 526	32 825 074	3 402 274
Retail	8 527 974	3 210 716	9 325 325	3 805 458	8 825 210	3 528 427
Secured by mortgages on immovable property	56 413 054	15 907 814	60 250 946	17 655 349	59 340 645	17 629 689
Exposures in default	435 916	518 969	289 759	355 265	264 951	326 776
Covered bonds	20 317 912	2 031 791	13 679 659	1 367 966	13 152 493	1 315 249
Equity	2 497 608	2 498 153	2 483 316	2 486 707	2 432 507	2 436 073
Other items	207 801	207 801	223 723	223 723	192 389	192 389
Total credit risk, standardised method¹⁾	127 832 927	28 666 896	130 050 719	30 629 125	125 047 451	29 625 688
Credit value adjustment risk (CVA)		22 293		9 873		26 410
Operational risk		2 290 161		2 214 005		2 290 161
Total risk-weighted volume		30 979 350		32 853 003		31 942 259
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		2 333 001		1 920 718		1 938 579
Additional Tier 1 capital		701 133		887 612		701 223
Profit for the period		254 192		237 807		750 136
Total booked equity		6 982 914		6 740 725		7 084 526
Additional Tier 1 capital instruments included in total equity		-701 133		-887 612		-701 223
Common equity Tier 1 capital instruments		6 281 781		5 853 113		6 383 303
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-88 343		-94 383		-85 983
Value adjustment due to the requirements for prudent valuation (AVA)		-26 529		-20 792		-20 503
Profit for the period, not eligible ²⁾		-254 192		-237 807		-336 638
Common equity Tier 1 capital		5 912 717		5 500 131		5 940 179
Additional Tier 1 capital		700 000		883 700		700 000
Tier 1 capital		6 612 717		6 383 831		6 640 179
Tier 2 capital		900 000		891 000		900 000
Own funds (primary capital)		7 512 717		7 274 831		7 540 179
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 394 071	4.5%	1 478 385	4.5%	1 437 402
Capital conservation buffer	2.5%	774 484	2.5%	821 325	2.5%	798 556
Systemic risk buffer	3.0%	929 381	3.0%	985 590	3.0%	958 268
Countercyclical capital buffer	1.0%	309 794	1.0%	328 530	1.0%	319 423
Additional Tier 1 capital	1.5%	464 690	1.5%	492 795	1.5%	479 134
Tier 2 capital	2.0%	619 587	2.0%	657 060	2.0%	638 845
Total minimum and buffer requirements own funds (primary capital)	14.5%	4 492 006	14.5%	4 763 685	14.5%	4 631 628
<i>Available common equity Tier 1 capital after buffer requirements</i>		<i>2 504 989</i>		<i>1 886 301</i>		<i>2 426 531</i>
<i>Available own funds (primary capital)</i>		<i>3 020 711</i>		<i>2 511 146</i>		<i>2 908 552</i>
Capital ratio % (regulatory)						
Common equity Tier 1 capital		19.1%		16.7%		18.6%
Additional Tier 1 capital		2.3%		2.7%		2.2%
Tier 2 capital		2.9%		2.7%		2.8%
Total capital ratio		24.3%		22.1%		23.6%

Capital ratio % ³⁾				
Common equity Tier 1 capital		18.2%	17.2%	17.1%
Additional Tier 1 capital		2.3%	2.7%	2.2%
Tier 2 capital		2.9%	2.7%	2.8%
Total capital ratio		23.4%	22.6%	22.1%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Including 0 per cent of the profit for the first half-year of 2021 and 2020. Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019 following proposed dividend.

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

Leverage Ratio (Sbanken ASA)

In NOK thousand		30.06.21	30.06.20	31.12.20
Derivatives market value		0	0	6 930
Potential future exposure on derivatives		43 725	16 550	40 800
Off-balance sheet commitments		32 910 886	34 032 803	32 756 893
Loans and advances and other assets		78 630 889	78 362 987	75 114 801
Regulatory adjustments included in Tier 1 capital			0	0
Total leverage exposure		111 585 500	112 412 340	107 919 424
Tier 1 capital ¹⁾		6 612 717	6 383 831	6 640 179
Leverage ratio % (regulatory)		5.9 %	5.7 %	6.2 %
Leverage ratio % ²⁾		5.7 %	5.8 %	5.7 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 347 565	3 372 370	3 237 583
Buffer requirements ³⁾	0.0%	0	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	3 347 565	3 372 370	3 237 583
<i>Available Tier 1 capital after minimum and buffer requirements</i>		3 265 152	3 011 461	3 402 596
<i>Available Tier 1 capital after minimum and buffer requirements ²⁾</i>		2 996 960	3 150 006	2 932 371

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

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

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

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	30.06.21	31.12.20
Bonds issued	NOK	4 549 059	4 291 792
Subordinated loans	NOK	898 991	898 831
Total debt securities issued and subordinated loans		5 448 050	5 190 623

Specification of bonds and subordinated loans as at 30.06.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 043
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 844
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	997 885
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 598
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 688
NO0010920762	Sbanken ASA	500 000	NOK	Floating	12.12.24	500 001
Total bonds		4 550 000				4 549 059

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 938
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 906
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 393
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 754
Total subordinated loans		900 000				898 991

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

Changes of debt securities and subordinated loans:

	31.12.20	January-June 2021				30.06.21
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	4 293 000	500 000	-243 000	0	0	4 550 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	5 193 000	500 000	-243 000	0	0	5 450 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Loans to and receivables from credit institutions and central bank	5 871	9 884	12 735	29 335	44 232
Loans to customers ¹	266 890	356 392	566 584	799 564	1 415 870
Commercial paper and bonds ²	72 318	63 472	117 553	134 853	223 557
Total interest income	345 078	429 748	696 872	963 752	1 683 659
Loans and deposits from credit institutions and central bank	-645	-2 478	-2 590	-3 275	-8 954
Deposits from customers	-20 318	-84 400	-40 379	-201 402	-243 868
Debt securities issued	-9 896	-11 365	-20 733	-29 679	-43 634
Subordinated loans	-4 313	-6 663	-8 582	-15 054	-23 954
Other interest expenses	-20 246	-15 310	-35 287	-30 500	-61 184
Total interest expenses	-55 419	-120 216	-107 571	-279 910	-381 594
Net interest income	289 660	309 532	589 301	683 842	1 302 065

¹ Interest income in Jan-Jun 21 of TNOK 246 595 are related to home loans measured at fair value through OCI and TNOK 60 784 are related to home loans measured at fair value through profit and loss.

² Interest income in Jan-Jun 21 of TNOK 3 988 are related to commercial paper and bonds at amortised cost. The rest relates to investments measured at fair value through OCI.

Classification of financial instruments

(Sbanken ASA)

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI ¹	Financial instruments carried at amortised cost	Total carrying value	Total fair value
30.06.21					
Financial Assets					
Cash and receivables with central bank			545 564	545 564	545 564
Loans to and receivables from credit institutions			6 555 997	6 555 997	6 555 997
Loans to customers	8 317 870	24 606 665	9 779 445	42 703 980	42 703 980
Commercial paper and bonds		26 111 187	0	26 111 187	26 111 187
Equity investments and funds ^{2 and 3}	417 660		364	418 024	418 024
Commercial paper and bonds at amortised cost			325 648	325 648	326 296
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	98 683			98 683	98 683
Other assets			158 997	158 997	158 997
Total financial assets	8 834 213	50 717 852	19 065 895	78 617 960	78 618 608
Financial liabilities					
Loans and deposits from central bank			0	0	0
Loans and deposits from credit institutions			1 538 435	1 538 435	1 538 435
Deposits from customers			64 185 954	64 185 954	64 185 954
Debt securities issued			4 549 059	4 549 059	4 567 063
Derivatives	10 307			10 307	10 307
Subordinated loans			898 991	898 991	911 684
Other liabilities			563 120	563 120	563 120
Total financial liabilities	10 307	0	71 735 559	71 745 866	71 776 563

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

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

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

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

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

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

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

Financial instruments at fair value (Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	30.06.21		31.12.20	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity investments and funds	417 660	417 660	392 647	392 647
Commercial paper and bonds	26 111 187	26 111 187	20 109 350	20 109 350
Loans to customers	32 924 535	32 924 535	38 033 122	38 033 122
Derivatives	98 683	98 683	29 533	29 533
Total financial assets at fair value	59 552 065	59 552 065	58 564 652	58 564 652
Liabilities:				
Derivatives	10 307	10 307	21 738	21 738
Total financial liabilities at fair value	10 307	10 307	21 738	21 738

30.06.2021

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity investments and funds	0	302 140	115 520	417 660
Commercial paper and bonds	1 351 021	24 760 166	0	26 111 187
Loans to customers	0	0	32 924 535	32 924 535
Derivatives	0	98 683	0	98 683
Total	1 351 021	25 160 989	33 040 055	59 552 065
Derivatives at fair value through profit and loss (liability)		10 307		10 307
Total		10 307		10 307

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2021	38 033 122	110 285	38 143 407
Net gain/(loss) on financial instruments (unrealised)	-89 035	5 235	-83 800
Net new loans/exits	9 612 568	0	9 612 568
Sale (to Sbanken Boligkreditt AS)	-14 632 120	0	-14 632 120
Settlement	0	0	0
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 30 June 2021	32 924 535	115 520	33 040 055

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

31.12.2020

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

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2020	34 498 792	158 401	34 657 193
Net gain/(loss) on financial instruments (unrealised)	-8 315	46 836	38 521
Net new loans/exits	25 877 100	60	25 877 160
Sale (to Sbanken Boligkreditt AS)	-22 334 455	0	-22 334 455
Settlement	0	-95 012	-95 012
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 December 2020	38 033 122	110 285	38 143 407

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

Alternative performance measures

(Sbanken group)

Sbanken discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are commonly used by analysts, investors and other stakeholders to evaluate the performance of the bank in isolation or relative to the financial industry. The measures are provided to give an enhanced insight into the operations, financing and future prospects of the Bank.

Interest rate measures

Interest rate measures are presented to provide enhanced insight into the underlying performance of net interest income. These measures are commonly used by industry analysts to calculate performance and projections for banks. For interim periods the interest income and expense figures are annualised using the number of interest bearing days in the period to the total number of interest bearing days in the year.

Average total assets is calculated based on daily observations of the total balance divided by the number of days in the period.

Net interest margin is calculated as annualised net interest income divided by average total assets. The measure reflects the margin between interest paid and interest received. It is an important measure to evaluate the profitability of the Bank's lending operations.

Effective lending rate is calculated as annualised interest income divided by average total assets. The measure reflects the average interest rate received on the Bank's assets.

Effective funding rate is calculated as annualised interest expense divided by average total assets. The measure reflects the average interest rate paid on the Bank's liabilities.

Average effective interest rate by product group is calculated as annualised interest income divided by average lending for each product respectively. The average lending is calculated based on daily observations over the number of days in the period.

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Net interest income (annualised)	1 573 716	1 544 426	1 566 994	1 638 209	1 644 137
Average total assets	99 780 221	102 113 464	100 227 065	97 607 854	98 938 512
Net interest margin	1.58 %	1.51 %	1.56 %	1.68 %	1.66 %
Interest income (annualised)	1 991 755	2 415 233	1 990 932	2 710 335	2 380 696
Average total assets	99 780 221	102 113 464	100 227 065	97 607 854	98 938 512
Effective lending rate	2.00 %	2.37 %	1.99 %	2.78 %	2.41 %
Interest expense (annualised)	418 039	870 807	423 938	1 072 126	736 560
Average total assets	99 780 221	102 113 464	100 227 065	97 607 854	98 938 512
Effective funding rate	0.42 %	0.85 %	0.42 %	1.10 %	0.74 %

Profit related measures

Profit related measures are provided for enhanced insight into the underlying performance of the business. Cost-to-income ratio and Return on Equity are commonly used by analysts and investors to evaluate the financial performance of banks and the banking industry.

Operating income is the sum of net interest income, net commission and fee income and other operating income.

Operating expenses is the sum of personnel expenses, administrative expenses and depreciation and impairment of fixed and intangible assets.

Cost-to-income ratio is calculated as operating expense divided by operating income. The measure reflects the operating efficiency of the Bank.

Return on Equity (ROE) is calculated as profit for the period attributable to shareholders as a percentage of average shareholder equity in the period. Tier-1 capital and related accrued interest have been excluded from the ROE calculation. For interim periods the profit for the period is annualised using the number of days in the period to the total number of days in the year. The average equity is calculated using a linear average over the reporting period.

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Operating expense	191 102	170 039	365 839	353 789	710 371
Operating income	425 444	430 097	855 802	903 821	1 850 497
Cost-to-income ratio	44.9 %	39.5 %	42.7 %	39.1 %	38.4 %
Operating expense	191 102	n/a	365 839	n/a	710 371
Adjustment one-off	-8 676	n/a	-8 676	n/a	-23 500
Operating expense adjusted	182 426	n/a	357 163	n/a	686 871
Operating income	425 444	n/a	855 802	n/a	1 850 497
Adjustment one-off	0	n/a	0	n/a	-27 900
Operating income adjusted	425 444	n/a	855 802	n/a	1 822 597
Cost-to-income ratio adjusted	42.9 %	n/a	41.7 %	n/a	37.7 %
Profit for the period attributable to shareholders (annualised)	760 701	630 868	745 426	665 380	748 575
Average equity	6 851 674	6 422 559	6 929 008	6 346 144	6 548 627
Return on equity	11.1 %	9.8 %	10.8 %	10.5 %	11.4 %
Profit for the period attributable to shareholders (annualised)	760 701	n/a	n/a	n/a	n/a
Average CET 1 equity	6 851 674	n/a	n/a	n/a	n/a
Average CET 1 equity buffer	-1 731 064	n/a	n/a	n/a	n/a
Average CET 1 equity adjusted for average CET 1 buffer	5 120 610	n/a	n/a	n/a	n/a
Return on equity adjusted	14.9 %	n/a	n/a	n/a	n/a

Other performance measures

Other performance measures are presented as they are commonly used by analysts and investors to evaluate the performance of the loan book and the funding mix of banks.

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

Average loan volume is calculated based on daily observations of gross loans to customers divided by the number of days in the period.

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

Loss rate (adj.) is calculated as the loan losses of the period adjusted for income from sold portfolio of non-performing loans, divided by the average loan volume in the period. The measure is presented to provide a better understanding of the underlying performance of the lending book.

Average deposit-to-loan ratio is calculated as average deposits from customers in the period divided by average loans to customers in the period. The average is based on daily observations. The measure reflects the average amount of customer lending funded by customer deposits and is commonly used by banks and industry analysts.

Deposit-to-loan ratio is calculated as deposits from customers divided by loans to customers at the end of the period. The measure reflects the average amount of customer lending funded by customer deposits and is commonly used by banks and industry analysts.

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

In NOK thousand	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Loan losses (annualised)	-75 468	199 121	-12 247	202 159	133 482
Average loan volume	82 497 779	84 569 346	82 890 830	83 292 999	83 416 532
Loss rate	-0.09 %	0.24 %	-0.01 %	0.24 %	0.16 %
Average deposits from customers	61 574 964	57 072 794	60 514 046	55 238 928	57 041 527
Average loans to customers	82 497 779	84 569 346	82 890 830	83 292 999	83 416 532
Average deposit-to-loan ratio	74.6 %	67.5 %	73.0 %	66.3 %	68.4 %
Deposits from customers	64 185 954	59 901 290	64 185 954	59 901 290	58 643 627
Loans to customers	81 606 802	84 057 144	81 606 802	84 057 144	83 082 252
Deposit-to-loan ratio	78.7 %	71.3 %	78.7 %	71.3 %	70.6 %
LTV (Loan-to-value)	50.2 %	52.9 %	50.2 %	52.9 %	52.9 %

The liquidity requirements are intended to guarantee satisfactory liquidity management by ensuring that the institutions have sufficient liquid assets to cover their liabilities on maturity and have stable and long-term financing at all times. The Liquidity Coverage Ratio (LCR) is intended to ensure that institutions can convert sufficient assets to cash to cover expected net liquidity outflows over the next 30 days in stressed situations in the money and capital markets. The Net Stable Funding Ratio (NSFR) is intended to ensure that less liquid assets are financed over the long term.

LCR (Liquidity Coverage Ratio)

In NOK thousand	30.06.21		30.06.20		31.12.20	
	Carrying value	Value LCR	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	4 289 555	4 289 555	4 530 696	4 530 696	4 464 258	4 464 258
Level 1 covered bonds	7 169 546	6 667 678	7 212 643	6 707 758	6 504 158	6 048 867
Level 2A - assets	3 162 539	2 688 158	4 803 732	4 083 172	4 780 653	4 063 555
Level 2B - assets	0	0	0	0	0	0
Excess liquid asset amount		0		-3 252 641		0
Assets ineligible as "liquid assets"	86 844 068		87 722 154		84 977 390	
Total assets	101 460 706	13 645 390	104 269 225	12 068 985	100 726 459	14 576 680
Net outflows		1 731 435		2 921 710		4 409 270
LCR %		788 %		413 %		331 %

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 2021 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, 15 July 2021

The Board of Directors of Sbanken ASA



Niklas Midby
(Chair)



Mai-Lill Ibsen



August Baumann



Herman Korsgaard



Cathrine Klouman



Karianne Mjøs-Haugland



Stein Zahl Pettersen



Øyvind Thomassen
(CEO)

Sbanken

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