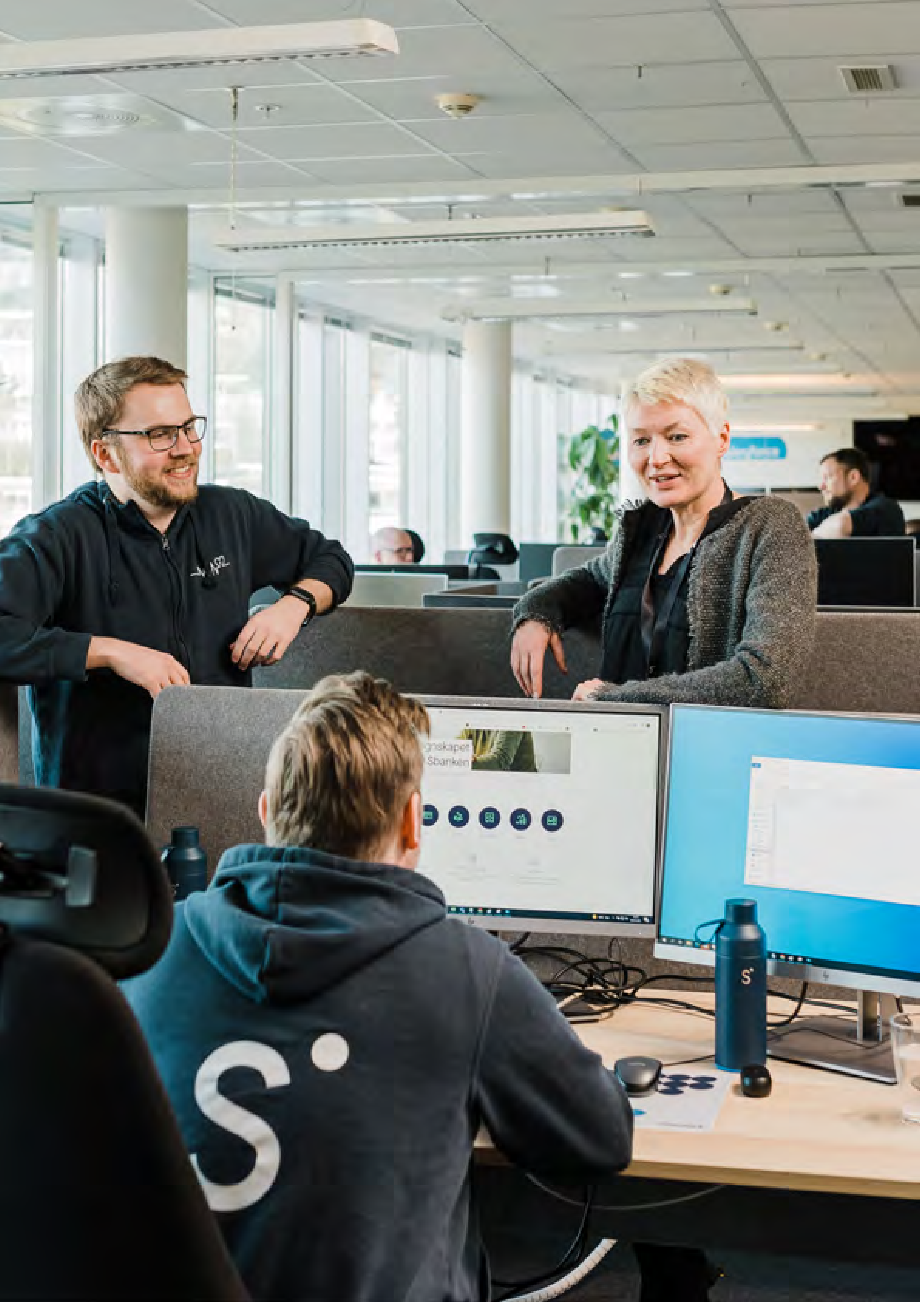
Sbanken

# Annual Report 2022

sbanken.no



# Content

# Key figures (group)

| In NOK thousand | Reference | 2022 | 2021 |
|---|---|---|---|
| Summary of income statement | | | |
| Net interest income | | 1 719 916 | 1 517 710 |
| Net fee and commission income | | 267 302 | 210 573 |
| Net other income | | 21 881 | -34 995 |
| **Total income** | | **2 009 099** | **1 693 288** |
| Other operating expenses | | -854 117 | -741 203 |
| **Operating profit before loan losses** | | **1 154 981** | **952 085** |
| Loan losses | | -27 374 | 3 470 |
| **Earnings before tax** | | **1 127 607** | **955 555** |
| Calculated tax | | -261 675 | -222 015 |
| **Net profit** | | **865 932** | **733 540** |
| | | | |
| **Profitability** | | | |
| Return on equity | 1 | 11,6% | 10,3% |
| Net interest margin | 2 | 1,59% | 1,53% |
| Cost-to-income ratio | 3 | 42,5% | 43,8% |
| Earnings per share | | 7,78 | 6,62 |
| **Balance sheet figures (in NOK million)** | | | |
| Total loan volume | | 98 236 | 84 671 |
| Customer deposits | | 65 770 | 64 240 |
| Deposit-to-loan ratio | 4 | 71,9% | 75,2% |
| Lending growth (gross) previous 12 months | | 16,0% | 1,5% |
| Average total assets | 5 | 107 845 | 98 953 |
| Total assets, end of period | | 114 891 | 102 274 |
| | | | |
| Book value per share | | 70,84 | 63,50 |
| **Losses and defaults** | | | |
| Total loan loss (%) | 6 | 0,03% | 0,00% |
| **Capital adequacy and leverage ratio** | 7 | | |
| Common equity Tier 1 capital ratio | | 16,5% | 16,8% |
| Tier 1 capital ratio | | 18,0% | 18,6% |
| Total capital ratio | | 20,0% | 20,8% |
| Leverage ratio | | 6,6% | 6,8% |
| **Employment** | | | |
| FTEs | | 329 | 323 |

**References**

1) Return to shareholders after tax (annualised) as a percentage of average shareholder equity in the period.
2) Net interest income (annualised) as a percentage of average total capital
3) Operating expenses before loss as a percentage of total income
4) Average deposits from customers as a percentage of average loan volume
5) Average total assets in the period
6) Loan losses as a percentage of average loan volume in the period
7) Year-end 2022 and 2021 includes fully retained earnings with no dividend.



# Corporate social responsibility and sustainability

It is Sbanken's ambition to have a positive impact on people, the environment and society. All the bank's activities shall be driven by an ambition to achieve a balance between satisfied customers, employees and owner, and a positive impact on society. We call that the Fair Deal, which is our approach to creating lasting value for all the bank's stakeholders.

Sbanken is an online-only bank with 500,000 retail customers and 12,000 corporate customers in the SME segment. Our services for retail customers include digital, customer-friendly mortgages, car loans and consumer loans, savings products and day-to-day banking services. Our services for corporate customers do not include credit, but consist of efficient, digital day-to-day banking and savings services.

Trust is the very foundation of banking. The trust of our customers, employees, the owner and the authorities is decisive to our long-term success. To gain that trust, we need to strike a balance between different stakeholders' needs and wishes.

Sbanken was acquired by DNB in 2022 as a wholly-owned subsidiary. DNB has initiated preparatory work to transfer all Sbanken's assets and obligations to DNB. Consequently, Sbanken has not prioritised further development of and improvements to its ESG framework or operational ESG initiatives.

## About ESG in the business model

In order to create lasting value for our stakeholders, as described in the Fair Deal stakeholder model later in the report, considerations of national and international sustainability principles, the climate and environment, social conditions and business ethics, hereafter referred to as ESG (Environmental, Social, Governance) factors, will be essential to all decisions made in the organisation.

**E: Environmental factors**
Sbanken's activities leave a small environmental footprint, which provides limited opportunities to influence climate and environmental factors directly through our business. The bank is an online-only retail bank with no branches, company cars or need for extensive travel from the head office. The bank's products and services for retail customers also provide limited opportunity to make an impact. Nor does the bank offer credit to corporate customers, which means that it does not finance any emission-intensive companies. The bank distributes funds but does not manage funds of its own.

In the transition to a low-emission society, the bank's opportunity to make an impact must be seen in light of these factors. The business model thereby also affects our strategy, objectives and climate risk reporting. The bank's work to reduce direct (Scope 1) and indirect (Scope 2 and 3) emissions includes:

- Environmental certification through the Eco-Lighthouse Foundation, which bases its climate calculator on the Greenhouse Gas Protocol (GHG Protocol) classification. The Eco-Lighthouse scheme is recognised by the EU for its high environmental and quality standards in line with international labelling schemes (EMAS and ISO 14001). Our environmental accounts meet the provisions set out in the Accounting Act Section 3-3 ('Content of the annual report') and the Environmental Information Act Section 16 ('Right to receive information about undertakings'). Moreover, the climate and environmental report is based on a principle that is equally important in environmental management and finances, namely continuous improvement. The bank's emission reduction targets for its own operations are in line with the Paris/Glasgow agreements.
- Annual reporting of climate risk with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Green bond framework
- Measures relating to customers' investments in funds
  - Dialogue with fund managers on investments in emission-intensive companies
  - Low-emission labelling of funds
  - ESG labelling of funds ('ethical labelling')
- Expectations and requirements of suppliers to adopt clear emission targets, strategy and reporting
- Expectations of companies in which the bank has holdings to adopt clear emission targets, strategy and reporting
- Continuous assessment of new product opportunities with the potential to make a positive impact.

**S: Social factors**
Sbanken shall not discriminate against or give differential treatment to customers, employees, the owner or stakeholders. It is in our DNA to make financial services simple and accessible to enable customers to make smart decisions in their day-to-day lives. The bank's strategy to ensure equal treatment and reduce differences includes:

- Credit assessment of customers based on objective criteria. The bank does not discriminate within given credit classes.
- Digital savings solutions
  - Sophisticated financial advice available to everyone with the help of the bank's robo-adviser.
  - ESG assessment and labelling of funds ('ethical labelling'). Contributes to channelling capital into industries and companies that take ESG principles seriously, including focusing on human and labour rights. Simple tools to avoid ESG risk are thereby universally available.
- One of the most transparent price models in the market.
- Sbanken aims to be a workplace that practises transparency and fairness concerning employees' employment relationships. The framework for employees' day-to-day work must be predictable and there must be fair access to competence development.
- Expectations and requirements of suppliers to comply with human and labour rights and to strive for equality.
- Expectations of companies in which the bank has holdings to adopt clear emission targets, strategy and reporting.
- Financial support for projects that work to prevent exclusion among children and young people, through the 'Framgang Sammen' foundation.

**G: Governance factors**
In the ESG perspective, governance is about corporate governance, risk management and how the bank's sustainability work is managed.

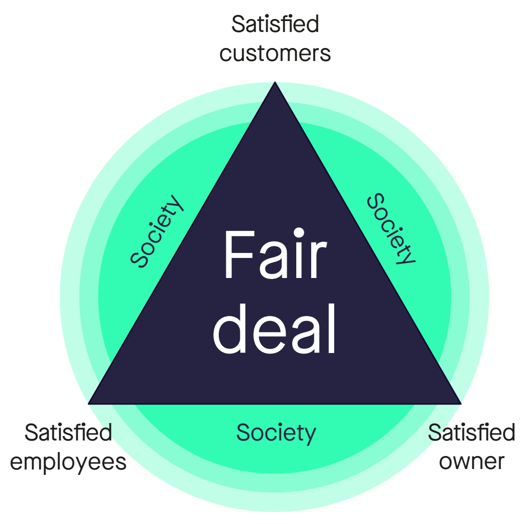
The bank considers good corporate governance to be a precondition for value creation and credibility, and access to competitive capital. To ensure strong and sustainable governance, it is important that the bank ensures good and healthy business practices, reliable financial reporting and a culture for compliance with laws and regulations. The bank's corporate governance policy sets out principles for how the business should be run. The bank is subject to requirements for an annual review of the bank's implementation and reporting on corporate governance under Section 3-3b of the Accounting Act and Chapter 4.4 of the Oslo Rule Book II. Sbanken submits its review in accordance with the Norwegian Code of Practice for Corporate Governance. The Accounting Act is available on the Lovdata website. The Oslo Rule Book II is available at oslobors.no/Oslo-Boers/Regelverk. The Code of Practice is available at www.nues.no. The annual review of the bank's implementation and reporting of corporate governance is available in Chapter 19 of this annual report and is an integral part of the Board of Directors' report and the sustainability report.

The Transparency Act, which took effect on 1 July 2022, imposes new obligations on Sbanken. During the first year of its implementation, the bank has been obligated to provide information (on request) about how the bank handles actual and potentially negative consequences, such as violations of human rights. This relates in particular to the products and services offered by the bank. Sbanken has ensured the public's access to information by publishing information on its website about how the bank works to respect basic human rights and decent working conditions. The second duty that follows from the Transparency Act is to account for how the bank handles actual and potentially negative consequences. This means that the bank must carry out due diligence assessments, which must then be explained in a report, to be published no later than 30 June 2023. The scope of due diligence is set out in Section 4 of the Transparency Act.

Increasingly stringent and more complex statutory regulations make it crucial that Sbanken, with its high degree of automated processes, has good management and control systems. Sound risk management and control systems for anti-money laundering, corruption and terrorist financing, data protection and information security are part of the foundation for safeguarding the bank's 'licence to operate'.

In support of the bank's CSR ambition and to ensure that environmental, social and governance factors are incorporated into Sbanken's day-to-day activities, the Board has adopted a CSR and sustainability policy that guides the bank's approach to and compliance with national and international ESG principles, in other words its ability to give due consideration to environmental and social factors as well as corporate governance. In addition, the Board has adopted dedicated policies for e.g. ethics and business conduct, anti-money laundering, information security and data protection. These policies are considered annually by the Board.

To ensure compliance with the intentions of the policy documents, the management has devised more detailed guidelines that are intended to support the organisation's compliance with internal policies and external regulations in its day-to-day work. A more detailed description of the ESG management system is available in the section 'How Sbanken manages its ESG work' below.




## Fair Deal – the bank's approach to ESG

The Fair Deal concept is built around four stakeholders, where the three main parties are customers, employees and owner. They are encompassed by the fourth stakeholder – society – reflecting laws, rules, standards for and expectations of the organisation's corporate social responsibility. The inclusion of the owner perspective highlights how the totality of the bank's sustainable initiatives and activities must be profitable and build stakeholder value. The Fair Deal stakeholder model underpins the bank's core values: open, simple, fair and friendly rebel. The values describe how the bank would like its stakeholders to perceive the bank's business model and practices.

Sbanken's main focus is to enable **customers** to make wise financial choices, including by making sophisticated financial advice available to everyone. In order to succeed, the bank depends on **employees** perceiving the bank's culture as characterised by mutual trust, fairness and innovation, and that the bank pursues gender balance and equal pay as evidence of equal opportunities and rights, regardless of gender and other diversity parameters. The **owner**, on its part, need reassurance that it is investing in a bank that understands customer needs and is thereby attractive in the market, which yields a good return. In order to create lasting value for customers, employees and the owner alike, the bank must act as a **responsible member of society** by organising its activities to reinforce its positive influence and reduce any negative impact on society and the environment.

The Fair Deal concept is integrated in all the bank's processes and thereby forms a natural framework for the bank's work on and reporting of CSR and sustainability, hereafter also referred to as the bank's ESG (Environmental, Social and Governance) work.

### Stakeholder engagement in the Fair Deal

An open, inclusive stakeholder dialogue is important to enable Sbanken to safeguard its responsibility, meet and understand expectations, adjust to change and create trust in relation to the stakeholders in the Fair Deal. For more information, see the appendix 'Stakeholder engagement'.

Our dialogue with **customers** takes place through regular surveys. User surveys are used in connection with product development. In addition, the bank receives input from customers on an ongoing basis through digital channels such as the online banking solution and the apps. In 2022, we have established an option whereby customers can choose which category their feedback applies to. The system is called 'Ris og Ros' (praise and criticism). We separate the feedback from retail and corporate customers. All the feedback is collected once a month and published on an internal website to make it available to all employees. Personal information from and about the customer is removed from the messages to ensure anonymity. In 2022, the bank received almost 10,000 'Ris og Ros' inputs. Some of the inputs were spam, and a solution has now been developed to minimise such input. More than 600 inputs have been reviewed and uploaded to the internal website.

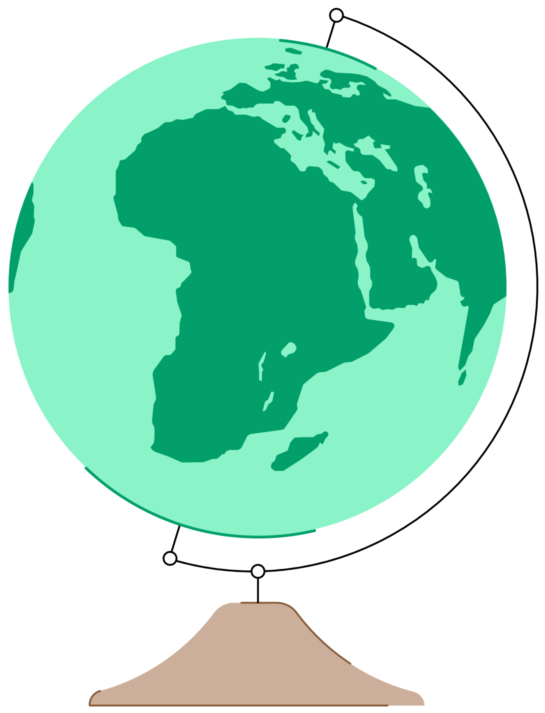
Meetings with specific product teams are held if the bank receives specific customer feedback that requires immediate operational adjustments. The system enables direct feedback to the correct professional resources in the bank and ensures that the customer dialogue is handled even more efficiently.

Both formal and informal dialogue between managers and **employees** is decisive to achieve a common understanding of the organisation's needs, to create motivation and commitment towards common goals, and to ensure a good, productive working environment in which meaning, mastery and development are the drivers of good results. The most important tool for the systematic collection of information and input from employees is regular organisation surveys, which guarantee the full anonymity of respondents via an external supplier. The results are communicated at aggregated levels to departments and teams that work together to reinforce positive trends, implement measures where needed and define improvement targets. Employees are also invited to regular staff meetings at which the bank's managers engage in dialogue with staff through open and direct Q&A sessions.





To attend to its role as a responsible member of society, the bank actively participates in various forums in society. The bank engages in ongoing dialogue with relevant official bodies concerning, among other things, framework conditions and compliance with laws and regulations. Discipline experts also collaborate within and across industries, both regionally, nationally and internationally. When selecting suppliers and partners, and when entering into contracts, ESG is part of the formal process.



# Sbanken's investors

Sbanken is concerned with putting the customer first, but also with ensuring that employees, society and the owner have a clear influence on how the business is run. The business depends on a high degree of trust from all market players, and it is only by acting professionally and with high integrity that the bank will ensure good access to the capital markets, including both equity and loan capital. By integrating ESG in the business model, the bank aims to reduce the financial risk and create long-term value for both its owner and society at large.

The shareholder (DNB) and bondholders investing in Sbanken invest in a bank that provides loans to private individuals only, where the majority are in a geographically well-diversified mortgage portfolio, limited to Norway. As a result, the bank is considered, as an investment object, to have slightly lower climate risk than many other banks, which offer loans to, for example, businesses in industries with a high carbon footprint. See the appendix 'Climate risk reporting based on the TCFD recommendations'.

Sbanken has a framework for issuing green covered bonds that is in accordance with the bank's ESG strategy and supports the UN SDGs. Sbanken has yet to issue any green bonds. For details concerning mortgages by energy class, see the appendix 'Climate risk reporting based on the TCFD recommendations'.

## How Sbanken manages its ESG work

Sbanken undertakes to promote and respect human rights and labour standards, the climate and environment, and to combat corruption and money laundering in all our activities. This includes the development of products and services, advisory services and sales, and investment and credit assessments. Sbanken's ESG work includes our own operations and investments, and all activities relating to customers, suppliers and other business associates.

### Domestic and international obligations

Sbanken's ESG work complies with Norwegian law. Issues such as financial crime prevention, work on information security and data protection and efforts to safeguard employees' labour and human rights, including equality and the working environment, are regulated by law and managed accordingly.

In Proposition 208 LS (2020–2021), the Ministry of Finance proposed to establish a new Sustainable Finance Act that will implement the EU regulation on sustainability-related disclosures in the financial services sector and the regulation on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation). The draft proposes an obligation for banks, insurance companies and listed companies with more than 500 employees to include information in their annual reports on the extent to which their activities can be classified as sustainable under the EU Taxonomy. Sbanken has fewer than 500 employees, and the bank's activities are therefore not covered by the scope of the Taxonomy Regulation, as the situation stands for the 2022 fiscal year.

Climate and environmental work and reporting fall under Section 3-3 C of the Accounting Act ('Statement on social responsibility'), which governs the CSR topics the bank can report on. The Act sets out requirements for large enterprises, while reporting is not mandatory for Sbanken. As a listed company, the bank chooses to organise its ESG work and reporting on the basis of Oslo Børs – Euronext's guidance on the reporting of corporate social responsibility, which in turn is based on the Global Reporting Initiative (GRI).

In addition, Sbanken follows several non-mandatory standards and self-regulation initiatives in its ESG work. The following framework applies:
- The United Nations Environment Programme Finance Initiative (UNEP FI)
- The UN Global Compact (UN GC)
- The UN Sustainable Development Goals (UN SDGs)
- The Paris and Glasgow agreements

Sbanken is a member of UNEP FI, has signed the UN PRB principles for responsible banking, and reports and assesses its own opportunity to make an impact using the Portfolio Impact Analysis Tool. The UN Principles for Responsible Investment (UN PRI) are applied but are less relevant since Sbanken is not a fund manager. Sbanken follows up guidelines and relevant industry standards to make necessary adaptations in its ESG work. The bank is a member of Finance Norway's sustainability reference group.

### Overarching ESG and sustainability management system

The Board of Sbanken is responsible for ensuring that the bank creates value in a sustainable manner and adopts the overarching sustainability strategy for the bank through the CSR and sustainability policy. The policy is evaluated annually.

In 2021, more topics were discussed and included as a result of the bank's ESG project, the intention of which was to strengthen the annual report as a management tool for the bank's ESG work. The Board placed special emphasis on clarifying the handling of governance matters, referred to as 'Responsibility, governance and reporting' in the policy. In 2022, the bank deemed its vision from 2021 to be comprehensive and, as a result, has continued the work from last year. The policy contains strategic guidelines relating to the following topics:

- Human and labour rights
- Ethics and business conduct
- Climate change and biodiversity
- Responsible credit
- Responsible marketing, sales and communication
- Socially responsible investments
- Information security and data privacy (GDPR)
- Financial crime
- Tax

- Procurement of goods and services
- Responsible saving in funds
- Pooled Engagement globally
- Projects for the public benefit

The Board delegates the day-to-day operation of the bank to the bank's management through policies adopted by the Board. The senior management team adopts guidelines for CSR and sustainability that describe how the bank intends to comply with the policy adopted by the Board. The CEO carries strategic responsibility for ensuring that ESG is implemented throughout the organisation. The Chief Organisation, Leadership and Culture Officer (COLC) is responsible for organising the bank's activities to ensure optimal CSR and sustainability work. The management team adopts goals and measures for the bank's ESG work. The Head of CSR and Sustainability has operative responsibility and chairs the bank's Sustainability Committee, which works to ensure compliance with the ESG framework, including to implement the goals and measures adopted by the management team. The committee is an interdisciplinary body broadly composed of HR, saving, credit, risk, operation, procurement, IR and communication staff. The organisation and division of responsibilities is intended to ensure that Sbanken attends to its obligations to all the Fair Deal stakeholders.

### Management of operational ESG risk

The bank's framework for operational risk management shall ensure that the business is run in accordance with legislation, the group's overarching strategy for risk management and internal control, and in a secure and profitable manner within the defined risk appetite. Structured risk assessments are an integral part of operational risk management in the bank. This means, among other things, that:

- ESG-related risk is part of the quarterly risk assessment
- ESG criteria are incorporated into the bank's New Product Approval Policy (NPAP), which is applied in connection with the development of new products and in the event of material changes to existing products.





### Materiality assessment and the UN SDGs

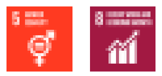
The bank considers the materiality assessment carried out in 2020 to be relevant and correct also in 2022. The analysis defines the bank's actual impact on the Fair Deal stakeholders, both in terms of correlation between the UN SDGs and Sbanken's identity, the bank's business model and values, and what matters to the bank's stakeholders. Although carried out during the pandemic, the analysis provides first-hand information collected from internal stakeholders through in-depth interviews, and data from the survey conducted among all the bank's employees. For external stakeholders, information was obtained from secondary sources. The aim of the analysis was to identify Sbanken's primary means of making an impact, based on the understanding that Sbanken's activities have a minimal negative impact, but may have a considerable positive impact on the attainment of the SDGs, with reference to the fact that: 'It is the bank's ambition to exert a positive influence on people, society and the environment'. The conclusion was that the main emphasis should be placed on the following SDGs:

- Goal 5: Gender equality
- Goal 8: Decent work and economic growth
- Goal 9: Industry, innovation and infrastructure
- Goal 10: Reducing inequalities
- Goal 13: Climate action
- Goal 17: Partnership for the Goals

Read more about the result of the materiality assessment under 'UN SDGs in Sbanken's work on ESG'.

### The bank's overarching ESG goals for material topics

Based on the bank's materiality assessment (2020), and the bank's strategic priorities and business model, the following overarching ESG goals have been established based on the SMART model (Specific, Measurable, Attainable, Relevant, Time-bound):

| Focus area | UN SDGs etc. | Short term (0–3 years) | Medium term (3–8 years) | Long term (8–25 years) | Comment |
|---|---|---|---|---|---|
| Percentage reduction of own emissions in line with established climate goals |  | 10% annual reduction | 10% annual reduction | 2029: Halving of emissions in 10 years from the base year 2019.<br><br>Zero emissions 2050 | The Paris Agreement aims to limit global warming to 2 degrees, and preferably to 1.5 degrees.<br><br>According to the IPCC, the world needs to halve GHG emissions by 2030, and bring them close to zero by 2050 in order for the 1.5-degree target to be attainable.<br><br>See emission figures under 'Climate and environment' in the chapter 'Sbanken and society'. |
| Gender balance at all management levels and in decision-making bodies |  | 40/60 | 40/60 | 40/60 | See table under 'Diversity, equality and equal pay' in the chapter 'Human resources'. |
| Proportion of green car loans of total car loan portfolio |  | 85% | 100% | 100% | See figures under 'Responsible credit' in the chapter 'Sbanken's customers'. |
| Proportion of FUM in funds with a positive ESG profile |  | Min 90% | Min 95% | 100% | See table under 'Responsible saving in funds' in the chapter 'Sbanken's customers'. |
| Proportion of suppliers that have signed 'Self-declaration on CSR' |  | 90% | 100% | 100% | See figures under 'Cooperation and dialogue' in the chapter 'Sbanken and society'. |

# Sbanken's customers

For more than 20 years, Sbanken has prided itself on being on the side of customers and achieved recognition for that. It is the bank's express goal to create simple solutions for its customers and to facilitate smart financial choices. In 2022, the bank has again focused on listening to its customers. Through open and clear communication, we show how we put the customer's perspective and understanding first.

### Values and trust

In line with the bank's values, the bank shall inspire customers to make smart financial decisions, be bold and create positive change by making banking services simple and accessible to the general public. Customers can expect Sbanken to:

- be open, honest and fair
- give them good advice on both loans and savings based on their needs and financial situation
- have a high level of accessibility based on customers' expectations and needs
- sell and market financial services in an informative, transparent manner
- keep them up to date about how their savings are managed through the funds available on the bank's savings platform
- facilitate dialogue that allows them to make suggestions on how the bank's products and services can be improved

The bank's activities and services are dependent on a high degree of trust. The trust of our customers and other stakeholders is based on a good reputation and high ethical standards in all parts of the business. The bank's business is based on offering products and services that best satisfy the needs of the different customer segments. Good business conduct and good advisory practice are important customer service concepts. Professional and ethical customer service is decisive for customers and important for the bank's trust and reputation in general.

### Customer satisfaction

For Sbanken, innovation is all about resolving challenges in customer's day-to-day lives. Good digital solutions and simple, easy-to-understand products and services give customers an overview of their finances and enable them to perform most banking tasks at their convenience.

A number of external surveys show that Sbanken's customers are very satisfied and loyal. For 21 years, we have had Norway's most satisfied banking customers. These results are a sign of our ability to offer simple solutions to customers' day-to-day needs.

## Responsible marketing, sales and communication

All marketing shall be serious and objective and comply with applicable marketing rules and good business practices. For Sbanken, this means that:

- Neither the market nor individual customers shall be given a false or exaggerated impression of the bank's products and services. Information about competitors shall be objective and not be misused.
- Customers shall be informed of the different risks associated with the products offered.
- In connection with personal sales and advice, customers shall never be offered a product they do not need.
- Customers shall never be persuaded to switch to another product unless it gives them an advantage.
- The bank shall exercise particular caution regarding marketing aimed at children and young people.

In addition to complying with the Marketing Control Act, the bank has signed and undertaken to comply with the principles of the Guide Against Greenwashing, an initiative launched by the business-led climate initiative Skift, the environmental foundation Zero, WWF and Future in our Hands. The principles have been adopted with the aim of combating greenwashing, a form of misleading marketing that presents a product or activity as better than it is with respect to climate change, the environment or human rights issues.

The bank has not received any complaints or enquiries about matters that warrant criticism relating to the bank's marketing of products and services in 2022.





## Responsible credit

Since Sbanken was launched in 2000, it has been a bank for private customers. In addition, we offer small and medium-sized businesses a fee-free, fully digital corporate bank, without access to credit. That means that the bank does not finance companies with either low or high ESG risk.

### Sound lending portfolio with low risk

More than 96 per cent of Sbanken's lending consists of mortgages. All such loans are secured on the borrower's residential property or holiday home. This approach has meant that Sbanken has a solid lending portfolio, which enables Sbanken to offer lending rates that are very competitive over time. The average loan-to-value ratio for Sbanken's mortgage portfolio was 55 per cent at the end of 2022.

Both mortgages and unsecured loans are subject to stringent regulation by the supervisory authorities. Sbanken wishes to help its customers make smart financial decisions for the future, also when they take up loans. This approach has given Sbanken a sound lending portfolio that enables the bank to offer lending rates that are competitive over time.

### Fair interest rates based on objective credit criteria

Sbanken has a transparent, predictable price model. The bank does not discriminate against individual customers or groups of customers. Customers are rated based on objective credit criteria, and the bank does not discriminate between customers in the same credit classes. The bank's price list is open and accessible to everyone. Consumer loans are priced individually based on the customer's estimated risk of default, based on objective criteria. Over time, Sbanken's interest rates are below the industry average, which is reflected in our moderate risk profile.

The bank offers fixed-rate mortgages with a term to maturity of 3, 5 or 10 years. Fixed interest rates are suitable for customers looking for a predictable monthly payment schedule. In 2022, there has been a decrease in fixed-rate loans of 7.1 per cent compared to 2021.

Since Norges Bank started raising the interest rate in September 2021, the key rate has increased by 2.75 per cent. During the same period, Sbanken has only increased the customer interest rate for housing and fixed-rate loans by 2.28 per cent on average. This is a consequence of the interest guarantee that we gave our customers in 2021.

### Car loans: From low to zero emissions

Sbanken focuses on sustainability when developing new products for the bank's customers. It therefore also changes product criteria in line with developments and climate goals in society around us. This applies, among other things, to the product 'Green car loan', which is offered at a lower rate than a regular car loan. Until 2022, cars that run on fossil fuel with emissions below 120 grams per kilometre were defined as 'green' by the EU. Sbanken used the same criteria for its 'Green car loans' and the proportion of these loans has increased steadily over the past few years. However, in early 2022, the bank tightened the requirements for getting the lower rate product to only apply to zero-emission cars. The new and stricter criteria mean that the proportion of 'Green car loans' decreased from 75 per cent in 2021 to 70 per cent in 2022. Today, our 'Green car loan' is in reality a zero-emission car loan.

The short-term consequence of stricter criteria is a slowdown in achieving a zero-emission car fleet, but the bank still believes that the long-term goals are achievable. This is also considering that 79.3 per cent of new car sales in Norway in 2022 were electric cars. In the National Transport Plan 2018-2029, the Norwegian government sets out the following target: New cars and light vans must be zero-emission vehicles (electric cars and hydrogen cars) from 2025.

### Development: Green car loans

| Parameter | 2020 | 2021 | 2022 | Short term* | Medium term* | Long term* |
|---|---|---|---|---|---|---|
| Green car loans as a proportion of car lending | 69% | 75% | 70% | 85% | 100% | 100% |

* The short term is defined as within 3 years, the medium term is 8 years and the long term is 25 years.

### Measures implemented in 2022 – responsible credit

- In 2022, Sbanken has continued to build expertise among the bank's advisers, with several of them becoming authorised credit advisers. The aim of the national authorisation scheme in credit is to strengthen the quality of advice by providing credit advisers with formal competence in finance, regulations, sustainability and ethics. This is in line with the bank's strategy to enable customers to make smart and sustainable choices. At the end of 2022, Sbanken had a total of 21 authorised credit advisers. The bank has particularly strengthened credit competence at the bank's Customer Centre. This means that customers who contact the Customer Centre are dealt with by advisers with good, broad expertise in personal finance issues.

- Sbanken aims to further digitise loan processes and increase the proportion of loan documents that can be signed electronically. In 2022, 79 per cent of all loan applications were signed electronically, in 2021 the proportion was 76 per cent. A new automated process was also developed for the renewal of fixed-rate agreements where letters are not sent to the customer and the entire exchange of information takes place digitally in the online bank.

## Responsible saving in funds

Sbanken takes steps to enable customers to use their consumer power to channel assets towards ethical and sustainable investments and works continuously to offer customers a wide selection of mutual funds that meet internationally recognised ESG criteria.

The bank has a broad range of mutual funds with more than 470 funds from 40 different fund suppliers. In 2022, the bank has experienced a decline in customers' fund savings. At the end of the year, customers' investments in mutual funds amounted to NOK 28.98 billion, a decrease of 12.5 per cent from 2021. The decrease in customers' fund subscriptions is a result of increased market unrest and a tough year for the global stock markets. The energy crisis in Europe led to customers increasing their exposure to fossil energy sources, and the proportion of red-labelled funds therefore increased in 2022.

### Standardisation of ESG reporting

In 2021, the Sustainable Finance Disclosure Regulation (SFDR) entered into force in Norway. The regulations impose reporting and information requirements on manufacturers and advisers on how sustainability is considered in the company's activities and products. To ensure a common classification system, the EU has drawn up a taxonomy with guidelines for which activities are considered sustainable. For the fund industry, this means that producers of funds must classify their funds under Article 6, 8 or 9, and report in accordance with the stipulated requirements. In 2022, Sbanken worked to adapt to the regulations that will take effect in 2023, including the implementation of sustainability preferences in advice. In 2023, Sbanken will continue to work on the implementation of the SFDR and use the regulations to further develop our existing 'ethical labelling' of funds.

### Clarification of terms: 'ethical labelling' as ESG assessment

'Ethical labelling' is the tool Sbanken uses to communicate to stakeholders its assessment of the ESG profile of the mutual funds it offers on its platform. The labelling thereby enables customers to make investment decisions they believe are right for them and for society. Sbanken analyses, assesses and assigns ethical labels to funds in accordance with the ten UN Global Compact Principles for sustainable business and the Government Pension Fund Global blacklist. This means that not only ethics are assessed, but also criteria for human rights, labour rights, the environment and climate, anti-corruption, anti-money laundering and other financial crime. To clarify that 'ethical labelling' covers the whole ESG area and does not only concern ethical principles, 'ethical labelling' will from now on be referred to as an ESG profile based on clear criteria. Only funds that meet the requirements for yellow or green leaves are labelled with a positive ESG profile. Read more about the requirements on our website under 'How we label our funds'.

In 2010, Sbanken was the first Norwegian bank to introduce labelling of mutual funds by ESG profile. The bank categorises funds as follows:

- Two green leaves: a robust ESG profile

- One green leaf: meets recognised ESG criteria

- One yellow leaf: meets recognised ESG criteria equal to one green leaf and is deemed to have a positive ESG profile, but does not follow the Government Pension Fund Global blacklist, or the fund manager uses a different definition of ESG criteria that does not meet the bank's green leaf criteria.

- Red triangle: the fund violates recognised ESG criteria.
- An unlabelled fund means that the fund provider has not signed the bank's 'Declaration on Sustainable Investment', but the investments are in compliance with recognised ESG criteria and thereby avoid the red triangle.

### ESG dialogue with fund managers

Sbanken expects managers who offer their funds on the bank's platform to integrate ESG criteria into their management. All fund managers offering funds on the bank's platform are encouraged to consent to our 'Declaration on Sustainable Investment', which is available on the bank's website. In the declaration, the fund manager indicates the category they believe the fund should belong to, based on the bank's ESG criteria. The fund is then evaluated and labelled by the bank.

Our partner ISS-ESG performs a quarterly screening of all the funds available on the bank's distribution platform. Violations of ESG criteria are flagged and reported to Sbanken. The bank then establishes dialogue with the fund manager to verify the violations.

- In 2022, the bank had dialogue with 14 trustees in connection with the breaches uncovered by ISS-ESG. The dialogue led to four managers selling out of a total of five companies, in order to maintain the existing positive labelling. Eight funds were downgraded to a lower ESG rating as a result of the breach that was uncovered. In cases where the manager's commitment to the companies is assessed as sufficient, the funds are allowed to maintain the existing labelling.

- Funds that do not achieve a positive ESG profile are excluded from the bank's composite savings products and fund selection for advice, including the savings robot.

- The bank does not take in new funds for distribution if they do not meet the requirements for a positive ESG label.

- Of all the managers who offer funds on the bank's fund platform, 73 per cent have supported the bank's ESG criteria as defined in the 'Declaration on sustainable investment' in order to have their funds labelled according to their ESG profile. This is an increase from 67 per cent in 2021.

- By the end of 2022, 92 per cent of the customers' fund holdings are invested in funds with a positive ESG profile, i.e., funds marked with a green or yellow leaf.

### Criteria for best ESG profile

Funds that are awarded two green leaves on the bank's platform are deemed to have a robust sustainability standard and climate strategy. The criteria for being awarded the bank's highest ESG profile are stricter than the Government Pension Fund Global exclusion criteria and include the following exclusions:

- Companies that fall under the Government Pension Fund Global exclusion criteria
- Controversial weapons
- Tobacco production
- Pornography production
- Shale oil or gas extraction
- Oil sand production
- Oil drilling in Arctic regions
- Energy production from fossil fuels: less than 20% of revenue
- Energy production from thermal coal: less than 5% of revenue
- Thermal coal production: less than 5% of revenue

In addition, the manager must:

- Have a strategy to identify investments that violate international human rights, labour rights, the environment and anti-corruption, as well as integrate this into the investment process. This may include downselling, dialogue or voting.

- Explain its approach to climate risk in the investment mandate, in line with the expectations of the Paris Agreement, which aims to limit global warming to 1.5 degrees Celsius.

- Report in line with the TCFD recommendations

- Explain the fund's approach to industries with high ESG risk, including oil and gas, energy, air defence and other defence activities.

- Actively monitor the Norwegian Pension Fund Global exclusion list

Over the past three years, the bank has seen a significant increase in customers' investments in funds with the best ESG profile (two green leaves). Annual growth is expected to be more stable going forward. This is due to a gradual tightening of the requirements for what the bank considers a robust ESG profile, in line with the transition to a low-emission society. We revise our criteria for ESG labelling annually and during 2022 we tightened our criteria for investments in fossil energy. This led to a downward adjustment of the proportion of fossil energy from 30 per cent to 20 per cent. The change is based on the EU emission targets for 2030, which require an accelerated phase-out of thermal coal if the target is to be attainable.

### Development: Assets invested in funds with two green leaves

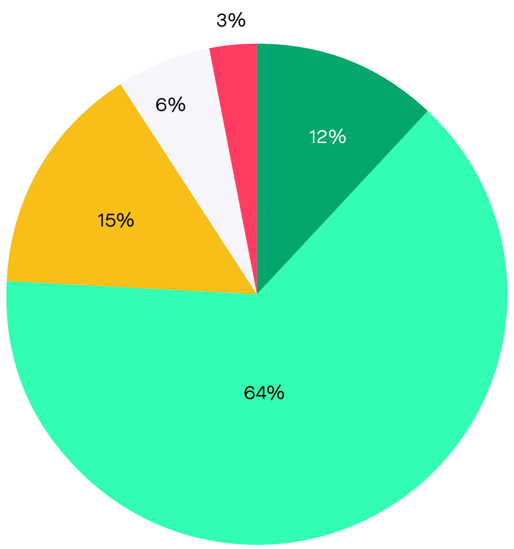
| Parameter | 2020 | 2021 | 2022 |
|---|---|---|---|
| Assets in NOK | 2.7 bill. | 3.97 bill. | 3.5 bill. |
| Proportion of total assets in funds | 11.6% | 12% | 12% |

### Low-carbon labelling of funds

The bank would like to enable customers to invest in funds that can help to reduce global carbon emissions. The funds on the bank's platform are therefore labelled according to carbon risk, in addition to the overarching ESG profile. A fund is labelled with 'Low carbon risk' by the bank's fund data supplier, Morningstar, if it scores low on carbon risk and has low exposure to fossil fuel. The designation indicates that the companies in the fund portfolio contribute in the transition to a low-carbon economy.

- By year-end 2022, 45 per cent of the funds in Sbanken met the requirements for 'Low carbon risk' labelling.
- About 36 per cent of customers' assets were invested in low-carbon funds.

### Etisk merking av fond 2022




| | | 2021 | 2022 |
|---|---|---|---|
| Two green leaves | | 12% | 12% |
| Green leaf | | 68.3% | 64% |
| Yellow leaf | | 15.1% | 15% |
| Red triangle | | 1.4% | 3% |
| No label | | 3.2% | 6% |

### Transparent price structure without trailer fees

A new platform and price structure for fund distribution was launched in 2019 as part of the move to launch innovative, expedient product solutions to the benefit of customers. The new platform includes the bank paying trailer fees to customers while also introducing a fixed platform fee. The introduction of this model also enabled Sbanken to reduce the price customers pay for the distribution of funds and thereby the cost of saving in funds. Through 2022, Sbanken has continued to press for cost-effective distribution in Norway, to the benefit of customers. Sbanken will continue to promote effective competition in the Norwegian market for saving in funds, and to give customers the best savings solutions with no hidden costs.

### Making investment advice available to everyone

One of Sbanken's main goals is to make financial services simple, reasonable and available to everyone. In 2021, Sbanken's savings robot became the world's first authorised financial robo-adviser, certified by the Finance Industry Authorisation (FinAut) schemes. The robo-adviser will make it easier for customers to make smart financial decisions for the future. Financial advice that was previously only available to people with financial wealth or expertise has been made available to everyone through the bank's robo-adviser. The robo-adviser only recommends funds with a positive ESG profile.

Sbanken was rated top three in EPSI's 2022 survey of customer satisfaction in saving and investment, with a score of 67.5, while the rest of the industry had an average score of 62.7. Although Sbanken came out among the top three, we see clear potential for improvement across the industry. Sbanken will contribute to improving customers' overall impression by creating trust in our investment advisers through objective advice in the best interests of customers.

### Neutral investment advice

The bank's investment advisers never advise customers to invest in funds with a negative ESG profile, although they are available on our distribution platform. In order to ensure that customers receive neutral advice based on their needs, Sbanken's investment advisers do not receive incentives or bonuses based on the funds they recommend, or the number of sales they make. Sbanken's income from investment advice is also completely independent of the choice of funds. All Sbanken's investments advisers are certified financial advisers. They update their expertise on an annual basis in line with the requirements set by the Authorisation Scheme for Financial Advisers (AFR).

### Development: socially responsible saving

| Parameter | 2020 | 2021 | 2022 | Short term* | Medium term* | Long term* |
|---|---|---|---|---|---|---|
| Customers' investments in funds with a positive ESG profile | 92% | 95% | 92% | Min. 90% | Min. 95% | 100% |

* The short term is defined as within 3 years, the medium term is 8 years and the long term is 25 years.





## Stable IT systems: Customers' perception of accessibility

As an online-only bank, Sbanken has built an infrastructure that makes banking services accessible to everyone, at their convenience. Our customers expect highly stable and reliable systems. To ensure that we meet their expectations, the bank's technologists have followed a standardised measurement of 'customers' perception of accessibility' over several years. The score is reported on a monthly basis to the management and Board.

The bank uses an industry standard called the Application Performance Index (Apdex), an open standard developed by an alliance of companies to measure the performance of software applications in computing. Its purpose is to convert measurements into insight about user satisfaction, by specifying a uniform way to analyse and report on the extent to which measured performance meets user expectations.

The metrics we use are linked to our most important business services, including login and signing procedures, invoice payment (in Norway and abroad), account information, loans, other credit and saving.

| Score | Satisfaction | Explanation |
|---|---|---|
| 0.94-1 | Satisfied/Excellent | The user is capable of using the application without performance frustration or lags, which makes them fully productive. |
| 0.85-0.95 | Satisfied/Good | |
| 0.7-0.85 | Tolerant/Fair | Users are able to notice small delays or performance lags, but are able to tolerate them and continue their work. |
| 0.5-0.7 | Tolerant/Poor | |
| 0-0.5 | Frustrated/Unacceptable | Users consider giving up waiting, or even not using the tool, because of long waiting times at regular intervals. |

Source: www.apdex.org

Internal surveys of customer-perceived accessibility combined with other customer satisfaction surveys confirm that the bank provides its customers with stable and accessible services. We score in the upper range of the scale on an annual average, where the customers are in the 'Satisfied to Excellent' category and there are only small variations in the score, regardless of which functionality is used.

## Information security and data protection

Data protection and information security are very important factors in establishing trust in digital services for all stakeholders in the Fair Deal, but the most important thing for the bank is to ensure that customers feel assured that their personal data and financial information are treated correctly and respectfully. Personal data and sensitive information about the bank's customers, employees and owner must not fall into the wrong hands. The bank works on data protection and information security at all levels; in the bank's management, processes, information systems, and together with our employees, suppliers and partners.

The bank makes structured, targeted efforts to identify, correctly deal with and report violations to the Data Protection Authority in accordance with the requirements in the Personal Data Act. The bank naturally endeavours to have as few violations as possible but believes that a low absolute target may lead to under-reporting.

### Development: Information security and data protection

| Parameter | 2020 | 2021 | 2022 | Target |
|---|---|---|---|---|
| Personal data violations reported to the Data Protection Authority | 15 | 14 | 10 | - |
| Penalties imposed by the Data Protection Authority for GDPR violations | 0 | 0 | 0 | 0 |

### Active industry collaboration

The bank closely monitors changes in threat levels and new forms of digital crime. Sbanken participates in forums in the financial industry where information about threats and incidents is exchanged to enable the industry to effectively prevent, identify and handle undesirable incidents. The bank is a member of Nordic Financial CERT, which assists members of the Nordic financial industry in connection with incidents, ensures a good exchange of information and actively monitors threat levels. The bank has strengthened its own work on coordinating threat information, risks and incidents through a broadly composed, operative forum that convenes on a weekly basis.

Security work is also carried out in partnership with suppliers. Important suppliers are followed up to ensure that customers' right to data protection and information security is safeguarded.

### Measures implemented – information security and data protection 2022:

- Cyber attacks and fraud activity aimed at bank customers have been at a very high level in 2022. The bank has increased its efforts to ensure that customers have received warnings and guidance in several channels and formats, for example on social media.
- The bank has carried out mandatory training and activity in privacy and information security for all employees in 2022. In order to increase commitment, dilemma training has been used as a tool in the training. Sbanken has contributed by sharing experience as a speaker at several external forums throughout the year.

# Human resources

In March 2022, the final go-ahead was given to the merger between Sbanken and DNB, which has greatly affected the activities of our managers and employees. For the management, it has been important to maintain a stable organisation, and attend to the employees' working conditions and information needs during a demanding year. The management has emphasised close dialogue with shop stewards, employees and managers at all levels, in order to reduce uncertainty and answer questions. Throughout the year, as the figures show, we have had somewhat higher turnover compared to a normal year. However, organisation surveys show, at the same time, a strong commitment and sense of belonging to Sbanken as a workplace.

## A forward-looking workplace

Sbanken aims to be a workplace that practises transparency and fairness concerning employees' employment relationships. The framework for employee's day-to-day work must be predictable and there must be fair access to competence development. The bank focuses on ensuring that competence-raising measures are equally divided between the genders, and systematically recruits employees to key roles. All employees have a fundamental right to be represented by a trade union, and the bank respects employees' and their unions' right to collective bargaining. The bank encourages all new employees to join a trade union. In 2022, 62 per cent of the bank's permanent employees were members of the Finance Sector Union of Norway.

All employees are covered by the collective agreement between the Union and Finance Norway, which, among other things, secures their right to parental leave on equal terms and with equal rights. In accordance with the collective agreement, the bank has a minimum period of notice of three months.

All employees are members of the bank's pension scheme. The pension contribution in 2021 was 5 per cent of earnings up to 7.1 times the basic National Insurance amount (G), and 12 per cent from 7.1 to 12 G. In 2021, it was decided to change the bank's defined contribution scheme. The new rates from 1 January 2022 are 7 per cent of earnings from the first NOK to 7.1 G and 15 per cent from 7.1 G to 12 G. At the same time, the bank's defined benefit scheme was discontinued for everyone under the age of 58, with compensation for anyone who came off worse as a result of the transition.





All employees of Sbanken receive full pay during parental leave, and, in accordance with the agreements, they receive a pay raise of at least one salary grade when they return, if the leave lasts more than five months.

Permanent employees have access to some employee benefits that temporary staff do not, including a loan discount arrangement in Sbanken, and individual competence-raising measures.

### Working environment, sickness absence and HSE

The bank conducts regular organisation surveys among all employees and draws up a plan of measures based on the results. For the overall results, the bank has defined targets based on its own priorities and benchmarking with other organisations. The main results of the organisation surveys are presented to all employees, and the feedback received forms the basis for organisation-wide improvements. Each department goes through its results, draws up a plan of measures for its own working environment and makes suggestions for improvements for the whole bank. In 2022, 85 per cent of the bank's employees took part in the organisation survey.

The bank introduced new employee development processes in 2021, and in 2022 this process has become well established among our employees. This entails structured discussions between managers and employees relating to their contributions and development twice a year, and frequent status and follow-up discussions.

In autumn 2021, we conducted several surveys among our employees and managers to strike the right balance between office presence, hybrid solutions and working from home in a post-COVID world. In 2022, we introduced three mandatory days in the office and two optional days where our employees can choose whether they work from home or in the office, which has worked well.

In 2022, 20 employees were on parental leave for all or parts of the year. Eighty-two per cent of our female employees and 100 per cent of our male employees came back to work afterwards. Sickness absence was reduced from 3.6 per cent in 2021 to 2.68 per cent in 2022. The bank monitors and evaluates sickness absences on a monthly basis, and initiates measures as early as possible. Employees on long-term sick leave are offered advice and guidance by the bank's HR department. No work-related injuries were reported in 2022. The bank hired 65 new employees in 2022.

Total turnover in the bank in 2022 was 14.4 per cent (16 per cent in 2021).

Sbanken's employees are covered by medical treatment insurance, which also gives them access to psychologist services as needed. The bank offers its employees a number of free activities, and exercise facilities and changing rooms are available in the workplace.

### Statistics: Sbanken as a workplace

| Parameter at 31 Dec. 2022 | Total | Women | Men |
|---|---|---|---|
| Permanent employees | 345 | 170 (49%) | 175 (51%) |
| Full-time | 321 | 159 (50%) | 162 (50%) |
| Part-time | 24 | 11 (46%) | 13 (54%) |
| under 30 years | 98 | 48 (45%) | 50 (51%) |
| 30–50 years | 196 | 91 (46%) | 105 (54%) |
| over 50 years | 51 | 31 (61%) | 20 (39%) |
| On parental leave | 20 | 15 (68%) | 9 (45%) |
| Back from parental leave | 18 | 82% | 100% |
| Turnover in 2022 | 59 | 28 (47%) | 31 (53%) |
| under 30 years | 16 | 8 (50%) | 8 (50%) |
| 30–50 years | 36 | 17 (47%) | 19 (53%) |
| over 50 years | 7 | 3 (43%) | 4 (57%) |
| Employed in 2021 | 65 | 35 (54%) | 30 (57%) |
| under 30 years | 42 | 22 (52%) | 15 (56%) |
| 30–50 years | 22 | 12 (55%) | 7 (54%) |
| over 50 years | 1 | 1 (100%) | 0 (0%) |

## Diversity, equality and equal pay

Sbanken strives to achieve gender balance and diversity in all its activities. We have adopted equal pay as a principle – defined as equal pay for equal work, responsibility and authority. Individual differences in pay reflect development in roles, responsibilities and performance over time. A new pay process was introduced in 2021 to achieve a more fair and transparent process, with clear criteria for wage determination in the wage settlement. It has provided managers at all levels with clear guidelines, responsibilities and a pay pool for distribution in the wage settlement, with dedicated support from HR to ensure uniform application of the criteria and process across the organisation.

We see that giving priority to equal pay and clear criteria for the pay pool distribution has largely closed the wage gap when groups of employees are compared over time, at different levels of the organisation. The remaining differences in pay, measured as the ratio of women's pay to men's at the aggregate level in Sbanken, is largely about an uneven gender distribution in some areas and for specialist positions. Going forward, this will be given priority in our systematic work to achieve an equal gender distribution in all areas of the bank.

The bank's focus on inclusion and diversity encompasses more than just gender. Important qualities, skills and experience may be related to employees' age, upbringing and life experience, ethnicity and nationality, functional ability, socio-economic status, education and work experience, values and personality. Through an open and supportive leadership culture, we will ensure that the bank's employees represent a diversity of lifestyles and opinions. That will also enable the bank to better understand customers' behaviour, needs and expectations and continuously develop a learning organisation where a diverse range of experiences and insights are shared. That yields results.

For Sbanken, it has been important to ensure a good gender balance in the senior management team as well. The balance has been significantly improved in 2022, and the team now consists of five women and three men, in addition to the CEO, who is a man. The management team also represents diversity in other areas such as their background, age, expertise and personal qualities.

Active efforts were also made to ensure better diversity at other management levels and in decision-making forums in 2022. The bank's recruitment process has been reviewed to ensure that we attract a diverse group of candidates. Among other things, this has resulted in changes to the wording of job advertisements, a clearer definition of desired qualifications and qualities for the position, expectations of diversity in the interview situation to counteract potential bias issues, and expectations of diversity in the final round of recruitment processes.

The bank has recruited many new managers from within the organisation in 2022. In the technology area, for example, we recruited women internally who were best qualified for several of the newly established management positions at team level. This is an important step towards more diversity in the bank's technology management, and an example of how internal talent development is an effective way of gaining access to expertise, while giving individuals an opportunity to develop and grow. At the management level reporting to the senior management team, the proportion of women has only increased from 32 to 37 per cent, despite the internal recruitment of women for new roles. The imbalance is due to both a lack of diversity in some areas of the bank, and the fact that candidates have not yet been recruited to replace female managers who have left or changed jobs. The goal in this area also is a gender balance of 40/60, as well as diversity in terms of ages, backgrounds and qualities. This will be an important focus in recruitment processes in 2022, both internally and externally.

### Development: Equality and equal pay

| Parameter | Description | 31 Dec. 2021 | 31 Dec. 2022 | Target 2023 |
|---|---|---|---|---|
| Diversity among employees, proportion of women | Senior management team incl. CEO | 44% | 55% | Min 40% |
| | Senior management team excl. CEO | 50% | 63% | Min 40% |
| | Managers reporting to the senior management team | 32% | 37% | Min 40% |
| | Other managers* | 53% | 55% | Min 40% |
| | Proportion of women of total number of managers* | 41% | 53% | Min 40% |
| | Whole bank (excl. SMT) | 48% | 49% | Min 40% |
| Pay (ratio of women's pay to men's) | Senior management team excl. CEO | 72% | 83% | |
| | Managers reporting to the senior management team | 95% | 92% | |
| | Other managers* | 98% | 89% | |
| | All managers* | 87% | 88% | |
| | Whole bank (excl. SMT) | 84% | 87% | |

* The categories 'Other managers' and 'All managers' were defined in 2021 as a result of the new career model.





## Competence and management development

### Manager, employee and competence development

The bank has recently evaluated and revised its internal career and employee development processes, which has helped to clarify internal career development opportunities for both managers and specialists. Systematic, transparent support has been ensured for internal talent and competence development for all employees. It has become easier for managers at all levels to support and guide their employees' development, in both existing and potential new roles in the bank.

Towards the end of 2021, the bank introduced a new e-learning system that will provide easier access to structured knowledge transfer and an overview of courses taken. Mandatory training has already been introduced for ethical guidelines, security and data protection, and course material has been prepared for, among other things, the onboarding of new employees and learning across departments and disciplines. The different discipline groups devise peer training plans for their own and other departments.

The bank participates in several external collaborations that also contribute to internal competence development, including with SINTEF and VOXT.

In 2022, the bank introduced an intensive management development programme for all our management teams. The focus here has been on self-development as well as management team development with a strong focus on addressing the needs and interests of the managers themselves as well as their colleagues and teams during a demanding period. The programme has received very good feedback and many managers have said that these activities have kept them 'in check' this year.

### Motivation, satisfaction and mastery

The bank introduced management by objectives at the managerial level in 2021 and spent the autumn preparing for the implementation of a new methodology that will apply to the whole bank. The goal-setting framework Objective and Key Results (OKR) will be introduced and used to define measurable goals and assess the degree and quality of implementation. The organisation surveys have demonstrated a clear link between goal-oriented management, autonomy and engagement and the ability to follow through. The bank considers it important that each and every employee understands our strategy and the relationship between their contribution and the bank's overarching objectives. Clear performance monitoring, involvement of managers and employees in prioritisation and goal attainment, a supportive leadership style and learning during the process create a sense of mastery, motivation and satisfaction.

In the organisation survey, the statement 'I'm proud of working at Sbanken' received a score of 4.3 on a scale from 1 to 5, where 5 equals 'completely agree'. That is an increase of 0. 1 from 2021.

## Ethics and business conduct

The bank's adopted policy for ethics and business conduct is the guiding principle for the whole organisation and applies to all employees of the bank, including persons who are not employed in the bank but work on assignments or as consultants for the bank. At the overarching level, the policy also applies to the bank's Board, unless otherwise specified or regulated in the rules of procedure for the Board of Sbanken ASA, or through legislation.

In order to maintain high ethical standards in all parts of the business, the individual product and business areas have established concrete principles, rules and processes for handling relevant ethical issues. If employees are in doubt about the correct procedure for handling ethical issues in a business relationship, they are obliged to contact their immediate superior. The bank's core values shall form the basis for decision-making and govern the corporate culture.

All employees are required to undergo annual training in ethical guidelines. E-learning modules are distributed to all employees, with deadlines for when they need to be completed. Employees on sick leave or other leave of absence must complete the training when practically possible, to be determined through dialogue with their manager. Failure to complete the training may have consequences for their employment relationship. In 2022, 92 per cent of employees completed the training (adjusted for employees on leave of absence or sick leave).

#### Whistleblowing and follow-up of the working environment

The bank endeavours to facilitate an open culture where it is safe to speak up about or report matters warranting criticism in the workplace. Facilitating a safe culture for raising matters of importance to the working environment, employee satisfaction and the bank's optimal operation is important to the bank. Sbanken has its own procedures for reporting matters that warrant criticism, in accordance with the notification rules set out in the Working Environment Act. Retaliation is prohibited, and when an employee reports a matter using their own identity, they are protected under the Act and may demand compensation in the event of retaliation.

The bank has a dedicated whistleblowing system that enables anyone to make a report anonymously or under their name. When a whistleblowing report is received in the system, a message is issued to the whistleblowing committee, comprising the Head of HR, the Chief Compliance Officer (CCO) and the bank's chief safety delegate. The committee is responsible for following up and making sure that the report is received by the correct body in the bank. If the committee finds that a matter warrants criticism, the report shall be handled in accordance with the notification rules. If the report concerns a non-conformity or a personnel matter, the employer must ensure that it is followed up in line with the appropriate procedures and rules.

When needed, the committee may receive legal assistance from the system provider. Forms, procedures and an overview of safety delegates are available to employees on the bank's intranet pages.

The bank did not receive any messages in the whistleblower channel in 2022.

#### Corruption and bribes

Corruption is defined in the ethical guidelines, and concrete examples are provided of bribes, improper advantages, gifts, services etc. of relevance to the bank's employees, with a description of how they should deal with the situation when in doubt. The guidelines are reviewed regularly and updated as needed. They are available to all employees on the intranet pages, included in all employment contracts and confirmed as read upon signature.





# Sbanken and society

As a responsible member of society, the bank engages in dialogue with various stakeholders to raise the focus on socially responsible, sustainable business. Sbanken expects suppliers, corporate customers and companies it holds ownership interests in to implement ESG principles in their business models. Through dialogue and the use of self-declaration forms that partners sign to declare that they will conduct their business in line with Sbanken's ESG framework, as described in the policy and guidelines for CSR and sustainability, including ensuring that their own suppliers comply with the ESG framework, the bank wishes to promote ethical and socially responsible business conduct in society.

Other examples of stakeholders in society are the authorities, the EU (EEA), special interest organisations in the industry, the media, rating agencies and analysts, non-governmental organisations (NGOs), and international initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI).

## Climate and environment

The financial industry plays a key role in the transition to a low-emission society. In accordance with the Paris and Glasgow agreements, the bank focuses on measuring and reducing its own emissions and on encouraging customers and other business associates to do the same.

The bank considers climate risk to be the risk of financial losses as a consequence of climate change and climate policy. Since Sbanken only provides loans to private customers and has a geographically diversified mortgage portfolio, Sbanken considers its climate risk exposure to be lower than for many other banks. Read more about climate risk in the appendix.

#### Environmental accounts and climate footprint

As an online-only bank, Sbanken has a modest climate footprint. The bank is nonetheless concerned with reducing its own emissions and has set a goal to halve emissions by 2030, with an annual reduction of 10 per cent. The amount of air travel by the bank's employees was very low in 2021, but increased in 2022 due to the acquisition process. As soon as DNB made a bid for Sbanken, the two banks started working on finding future solutions together. This required the bank's decision-makers to meet DNB's decision-makers frequently and in person. Flights between the two head offices in Oslo and Bergen were therefore necessary to ensure a sustainable outcome for this business transfer in the long term.

#### Environmental footprint calculated by the Eco-Lighthouse Foundation:

Your $CO_2$ emissions in tonnes for 2022

194,56

#### Development: Emissions with new emission indicators from the Eco-Lighthouse Foundation

| Parameter* | 2020 | 2021 | 2022 | Target 2030 |
|---|---|---|---|---|
| Scope 1 | 48.52 | 37.6 | 24.50 | 23.7 |
| Scope 2 | 33.97 | 33.74 | 32.84 | 20.24 |
| Scope 3 | 48.61 | 14.63 | 137.21 | 38.9 |
| Total | 131.1 | 85.96 | 194.56 | 82 |

*Emissions are stated in tonnes of $CO_2$ equivalents ($tCO_2e$).

Despite a significant increase in emissions from 2021 to 2022, the bank is only 2 per cent above target achievement when we look at the accumulated emissions figures for the period from base year 2019 to 2022. The total accumulated emissions figure for the last four years is 575.01. The accumulated emissions target with a 10 per cent annual decrease, was 563.41.

## Cooperation and dialogue

#### International cooperation

Sbanken is a member of the United Nations Environment Programme Finance Initiative (UNEP FI) and has endorsed the Principles for Responsible Banking (UN PRB). More than 250 banks worldwide have endorsed the principles that were officially launched on 22 September 2019. The goal is for banks all over the world to be prime movers in the work on achieving the UN SDGs and fulfilling the obligations of the Paris Agreement.

### Responsible supply chain

In 2022, Sbanken spent in excess of NOK 470 million on the procurement of goods and services, of which services accounted for more than 95 per cent of the procurement costs. Sbanken had approximately 370 suppliers, and the 10 biggest suppliers accounted for more than 50 per cent of the procurement costs.

Sbanken's purchasing guidelines state that CSR and environmental considerations shall be an integral part of agreements. In connection with procurements, the bank may require suppliers to be certified Eco-Lighthouses or equivalent, and to include a description of how they demonstrate social responsibility. By signing Sbanken's self-declaration on CSR, suppliers undertake to, among other things, conduct their business in line with Sbanken's guidelines and principles, and to make sure that their own subcontractors do not violate internationally recognised principles and guidelines, laws and regulations, relating to the environment, corruption, anti-money laundering, human rights and labour standards in connection with deliveries to Sbanken. Sbanken prefers its suppliers to sign Sbanken's own CSR self-declaration, but if they have their own framework corresponding to that of Sbanken, the bank will consider whether it is sufficient to achieve compliance with recognised ESG principles.

In 2022, 90 per cent of the bank's biggest suppliers (with deliveries exceeding NOK 10 million) were certified according to ISO/EMAS/the Eco-Lighthouse scheme or equivalent.

### Active ownership

The bank does not invest its own assets in companies that, either themselves or through entities they control, engage in business activities that violate international standards on human rights, labour rights, the environment and climate, or financial crime. The bank's equity investments are moderate and limited to investments in infrastructure and technology that are relevant to the bank's day-to-day operations. Sbanken has some minor investments in industry-specific companies, including VN Norge AS. The bank's holdings are stated in Note 38. The three companies concerned have signed the bank's self-declaration on CSR for companies in which Sbanken has ownership interests.

As part of Sbanken's liquidity management, Sbanken primarily invests in certificates, senior bonds and covered bonds that can be used as collateral for loans from Norges Bank, or that count as liquid assets when calculating the liquidity coverage ratio (LCR). The bank's treasury department is responsible for managing the bank's liquid assets. The composition of the liquidity portfolio is described in Note 37.

### Contractual social responsibility for corporate customers

Sbanken offers fee-free fully digital corporate banking services to small and medium-sized businesses, allowing business wto spend their resources on work that creates added value. Small and medium-sized businesses represent around half of all value creation in Norway, and two out of three new jobs. Sbanken considers it part of its social responsibility to reduce costs and simplify day-to-day life for this group of customers. The bank does not offer credit to businesses, however.

Businesses that wish to use the bank's services are required to conduct socially responsible operations. The bank expects its corporate customers to demonstrate ethical conduct and to respect the bank's policies and guidelines for CSR and sustainability. Sbanken has made it a contractual condition that the bank can terminate the customer relationship if a corporate customer acts in violation of the agreement.

### Pooled Engagement

The bank has joined forces with other financial institutions and investors to influence large global corporations to conduct their business in accordance with established ESG principles. The initiative is called Pooled Engagement and is carried out by the bank's partner ISS-ESG.

On behalf of Sbanken and other financial institutions and investors, ISS-ESG enters into dialogue with companies involved in serious or systematic breaches of international standards and conventions such as the ten UN Global Compact Principles, the OECD Guidelines for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. The bank thus participates in the Pooled Engagement initiative on behalf of its customers and in order to help exert global pressure on companies that violate established ESG principles.

## Financial crime prevention

Financial crime, including money laundering and terrorist financing, represents serious threats to both society and individuals. Sbanken makes proactive efforts to prevent and uncover money laundering, terrorist financing, fraud and other forms of financial crime.

The prevalence of fraud is increasing at the macroeconomic level, also in Norwegian society. Globalisation and digitalisation have made it easier to commit mass fraud, and Norwegian businesses and private individuals are attractive targets also for foreign fraudsters and criminals. Sbanken has sound procedures in place and makes use of modern technology to reduce the likelihood of businesses and individuals falling victim of fraud. The bank has established systems, infrastructure and procedures to ensure that transactions and other matters that need closer examination are identified and examined. All suspicious matters that are identified are thoroughly examined and reported to the Financial Intelligence Unit (FIU) at the National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim).
To ensure that the work to prevent financial crime, money laundering and terrorist financing is founded on a good risk-based approach, Sbanken's financial crime department comprises interdisciplinary expertise. The department makes use of both automated and manual controls to prevent crime. With the help of technological solutions, Sbanken places great emphasis on changing its work methods to reflect changes in the development and prevalence of crime and trends in society. Sbanken believes in thorough anti-money laundering work at the overarching level combined with the integration of anti-money laundering measures in all processes and areas of the bank. Sbanken carries out several competence-raising training activities in the organisation every year, and also gives talks to external parties on measures to combat financial crime.

### Development: Suspicious transactions

| Parameter | 2020 | 2021 | 2022 |
|---|---|---|---|
| Number of transactions investigated for money laundering | 74,714 | 97,239 | 63,483 |
| Suspicious matters reported to Økokrim | 512 | 534 | 710 |

Note that the reduction in the number of transactions examined is primarily due to targeted work to reduce the number and proportion of false-positive transactions that are processed.

### Measures implemented – financial crime prevention:

The bank focuses on continuous development of its in-house expertise, and employees have participated in a number of internal and external training initiatives.

- Also, in 2022, Sbanken participated in a national anti-money laundering initiative under the auspices of the DSOP programme office's public-private digitalisation project. Through cooperation between public agencies and enterprises with a reporting obligation under the Money Laundering Act, the goal is to improve the risk-based approach to anti-money laundering work and rationalise the work for each of the enterprises.

- The bank has seen an increase in fraud attempts against customers, and several means are used to gain access to the victim's funds. Phishing activities in particular have been relevant but other means of fraud such as vishing, smishing and investment fraud are also observed more or less regularly. The bank has worked purposefully on both proactive and reactive measures to reduce the likelihood of fraud succeeding and to assist customers who are affected. The bank makes determined efforts to combat this activity for the sake of both customers and the financial system.

## Support for work to prevent exclusion among children and young people

Through the 'Framgang Sammen' foundation, Sbanken supports projects that make a positive contribution to the development and social integration of children and young people. Projects that receive support must engage and involve children and young people up to the age of 25, and they must promote equality and equal treatment regardless of religion, gender, health, sexual orientation or ethnic background. In 2022, the foundation has continued to use the allocation model that was introduced last year. Four of the selected projects from last year have received support again in 2022. The fifth project that received donations in 2021, 'Se Meg', was unfortunately discontinued by the initiative itself. The foundation will, together with the bank's task force, select a new project in 2023. The task force has contributed to employees' involvement in the foundation's work. Through the task force and open voting, the entire bank has engaged in the work.

The projects that received funding in 2022 were:

- Aktivt pusterom
- Møhlenpris Idrettslag
- Unify
- KIL fond

In addition, employees had the option of donating part or all of their Christmas present from the bank to one of the projects, namely KIL Fond, which supports families and others in need of assistance. In total, employees donated NOK 100,000 from the Christmas gifts they received from the bank.

### The Framgang Sammen fund, and return

The support granted to projects aimed at children and young people by the Framgang Sammen foundation is primarily the return on assets invested by Sbanken and the bank's customers in the fund of the same name. Every year, the fund distributes 1.5 per cent of the return to the Framgang Sammen foundation. The fund is managed by Alfred Berg, which has copied the investment profile of the Alfred Berg Humanfond. The fund has a high risk profile because it is an equity fund, and is labelled with two green leaves.

At 31 December 2022, the balance in the foundation's account was NOK 1.8 million. The earmarked 1.5 per cent of the fund's return in 2022 will be transferred to 2023. The foundation will then receive another NOK 1.5 million, for distribution in 2023.

# UN SDGs in Sbanken's work on ESG

The UN Sustainable Development Goals (SDGs) are a set of global goals set to end poverty, achieve equality and combat climate change by 2030. The SDGs consist of 17 goals and 169 targets. The goals are intended as a blueprint for the joint global effort and priorities for nations, businesses and civil society up until 2030.

Sbanken has chosen to focus on the following goals:

- Goal 5: Gender equality
- Goal 8: Decent work and economic growth
- Goal 9: Industry, innovation and infrastructure
- Goal 10: Reducing inequalities
- Goal 13: Climate action
- Goal 17: Partnership for the Goals


In the following section, each of the goals selected by the bank will be directly linked to the bank's activities, objectives, challenges and possibilities, and the implications of goal attainment for the Fair Deal stakeholders.

## SDG 5: Gender equality

Equality is about a fair distribution of power, influence and resources. A free life without violence and discrimination is a fundamental human right and decisive to the development of people and society. It has been proven over and over again that political, economic and social equality between men and women contributes to all dimensions of positive development

**Relevant targets:**
5.1), 5.2), 5.4), 5.5), 5.a) and 5.b)

**Why this matters to Sbanken**
Equality and women's rights are a recurring topic in the SDGs, and essential for achieving all the goals by 2030. Sbanken aims for diversity and equality in its own organisation. The bank has devoted even further attention to this goal in 2022.

Sbanken's activities relating to this goal:

- The bank makes targeted efforts to build and maintain gender balance and equal pay in the organisation. Read more in the section 'Human resources'.
- The bank aims to prevent different access to financial services based on gender or other diversity parameters. Read more in the section 'Fair interest rates based on objective credit criteria'.
- The gender balance on the Board and in the senior management team is good. See the chapters 'The Board of Directors of Sbanken ASA' and 'Human resources', section 'Diversity, equality and equal pay'.

**Implications of goal attainment for the Fair Deal stakeholders**
For customers, it means that Sbanken understands different customer needs because its employees reflect the diversity of the population. Sbanken's customers are treated equally regardless of gender, and customers choose a bank that prioritises equality among its staff.

For employees, it means that men and women have the same career opportunities in the bank, that there is gender balance in all parts of the organisation, and that they receive equal pay for equal work/responsibility. There is zero tolerance of discrimination and harassment, and everyone has equal opportunities to take parental leave and follow up their children.

For the owners, it means that Sbanken attracts the best people because both men and women see the bank as an attractive place to work. The bank meets the same equality criteria as the bank's partners.

For society, it means that Sbanken comes across as an example of genuine equality and promotes role models who will encourage young talents, regardless of gender, to choose a career in banking and finance.

## SDG 8: Decent work and economic growth

To eradicate poverty and combat inequality in the world, everyone needs jobs. Fair economic growth and new jobs are prerequisites for that to happen. That entails including young people in the labour market, ensuring permanent, secure jobs, getting more women into employment and reducing informal and undeclared work.

**Relevant targets:**
8.2), 8.3), 8.4), 8.5), 8.6), 8.7), 8.8) and 8.10)

**Why this matters to Sbanken**
Lack of access to capital is one of the major obstacles to stability and economic growth. Sbanken provides simple, accessible day-to-day banking services and capital to ensure financial predictability, stability and growth. The bank offers products and services that enable people to achieve healthy finances, at the same time as it acts as a responsible credit provider that makes systematic efforts to prevent financial crime.

Sbanken's activities relating to this goal:

- The bank safeguards human rights and labour rights in its own operations (read more in 'Human resources') and in the value chain (read more in 'Cooperation and dialogue').
- The bank has a good management system to prevent financial crime. Read more in 'Financial crime prevention'.

**Implications of goal attainment for the Fair Deal stakeholders**
For customers, it means they are treated fairly regardless of their level of wealth. Sbanken's customers perceive the bank's services and products to be predictable and useful financial management tools, and the bank provides security for customer deposits.

For employees, it means that Sbanken is financially sound and offers good working conditions and a secure environment for reporting nonconformities or unpleasant experiences.

For the owners, it means that Sbanken achieves good results and a good reputation in the market, where it makes systematic efforts to prevent unethical business conduct and financial crime.

For society, it means that Sbanken is a responsible member of society that makes requirements and expectations of decent working conditions, also among its partners.

## SDG 9: Industry, innovation and infrastructure

Build resilient infrastructure and promote inclusive, sustainable industrialisation and innovation.

**Relevant targets:**
9.1), 9.2), 9.3), 9.4) og 9.a)

**Why this matters to Sbanken**
Sbanken has built an infrastructure that makes banking services accessible to everyone without having to visit a branch office. Customers can perform banking tasks at their convenience. For Sbanken, innovation is about resolving challenges in customers' day-to-day lives. A premise for sustainable development of information technology is to attend to information security, data protection and ethical business conduct.

Sbanken's activities relating to this goal:

- Customers' total rating of the company's innovation capacity is very good.
- Customers' perception of accessibility demonstrates the bank's reliable IT systems. Read more in 'Stable IT systems'.
- The bank has expedient procedures for attending to information security, data protection and ethical business conduct.

**Implications of goal attainment for the Fair Deal stakeholders**
For customers, it means digital access to banking services for everyone. It means services that are easy to understand and that customers' data are protected.

For employees, it means working in an innovative environment. It means that Sbanken is an attractive place to work for people who want to be creative and challenge the status quo.

For the owners, it means that Sbanken has the ability to translate technological opportunities into something customers need and are willing to pay for, thereby ensuring a good return over time.

For society, it means that Sbanken is a driving force for innovation in banking services, with the goal of being accessible, smart and simple for everyone.

## SDG 10: Reducing inequalities

10.2) By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

**Relevant targets:**
10.2), 10.3), 10.4), 10.5) and 10.c)

**Why this matters to Sbanken**
Increasing inequalities are well documented both nationally and globally. Lack of access to capital is one of the major obstacles to a higher standard of living. Contributing to financial inclusion – regardless of gender, race and ethnicity – is therefore a high priority for Sbanken. With the help of objective criteria for credit and digital savings solutions for retail customers, the bank helps to reduce inequality and give more customers an opportunity to take part in general economic growth.

Sbanken's activities relating to this goal:
- The bank's robo-adviser makes sophisticated financial advice available to everyone. Read more under 'Responsible saving in funds'.
- Ethical labelling of funds enables the bank to channel capital into industries and companies that take ESG principles seriously, including focusing on human rights and labour rights. Simple tools to avoid ESG risk are thereby universally available to all customers. Read more under 'Responsible saving in funds'.
- Retail customers are credit rated based on objective criteria. Read more under 'Responsible credit'.
- The bank has one of the most transparent price models in the market. Read more under 'Responsible credit'.
- Through the 'Framgang Sammen' foundation, the bank supports projects that work to prevent exclusion among children and young people. Read more under 'Support for work to prevent exclusion among children and young people'.

**Implications of goal attainment for the Fair Deal stakeholders**
For customers, it means equal access to financial advice regardless of wealth, and fair credit assessments based on objective criteria. The bank does not discriminate between individual customers or customer groups in the credit classes they belong to, based on objective criteria.

For employees, it means that people can be hired without having the same background as everybody else, and it means having a workplace where no discrimination takes place.

For the owners, diversity among the staff leads to a better understanding of needs in different customer segments, which in turn provides fertile ground for new services and continued growth.

For society, it means simple banking services and easily accessible financial services, and the possibility for more people to achieve financial prosperity.

## SDG 13: Climate action

Take urgent action to combat climate change and its impacts.

**Relevant targets:**
13.1), 13.3) and 13.a)

**Why this matters to Sbanken**
Climate change is a global issue that knows no boundaries. It is important to limit the increase in average temperature to 1.5 °C if we are to avoid catastrophic global impacts. In addition to emission cuts and carbon capture and storage, increased investments must be made in renewable energy, new industrial systems and changes in infrastructure. Everyone must invest in protection and adaptation, and limiting the adverse impacts of climate change.

Sbanken's activities relating to this goal:
- As a fully digital bank, Sbanken has a modest climate footprint. The bank has nonetheless set a target to halve its own emissions by 2030.
- Sbanken's lending portfolio is based on mortgages and does not finance any high-emission business activities.
- The bank offers products with clear climate criteria.
- The bank reports climate risk with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Read more under 'Climate and environment' and 'About CSR in the business model'.

**Implications of goal attainment for the Fair Deal stakeholders**
For customers, it means they can be sure that their deposits are not used to finance projects or companies that pollute the environment. With the help of ethical labelling, which is the bank's overarching ESG assessment of funds, and low-carbon labelling of funds, customers can use their consumer power to aid the transition to a low-emission society.

For employees, it means that Sbanken is part of the global effort to reduce greenhouse gas emissions, and that the bank, with the help of good digital solutions, enables employees to make climate-friendly choices in their day-to-day lives.

For the owner, it means that the bank has a framework for issuing green bonds, and that the shareholder avoid exposure to high climate risk through their ownership in the bank.

For society, it means that Sbanken reduces its direct and indirect emissions and encourages its partners to do the same.





## SDG 17: Partnership for the Goals

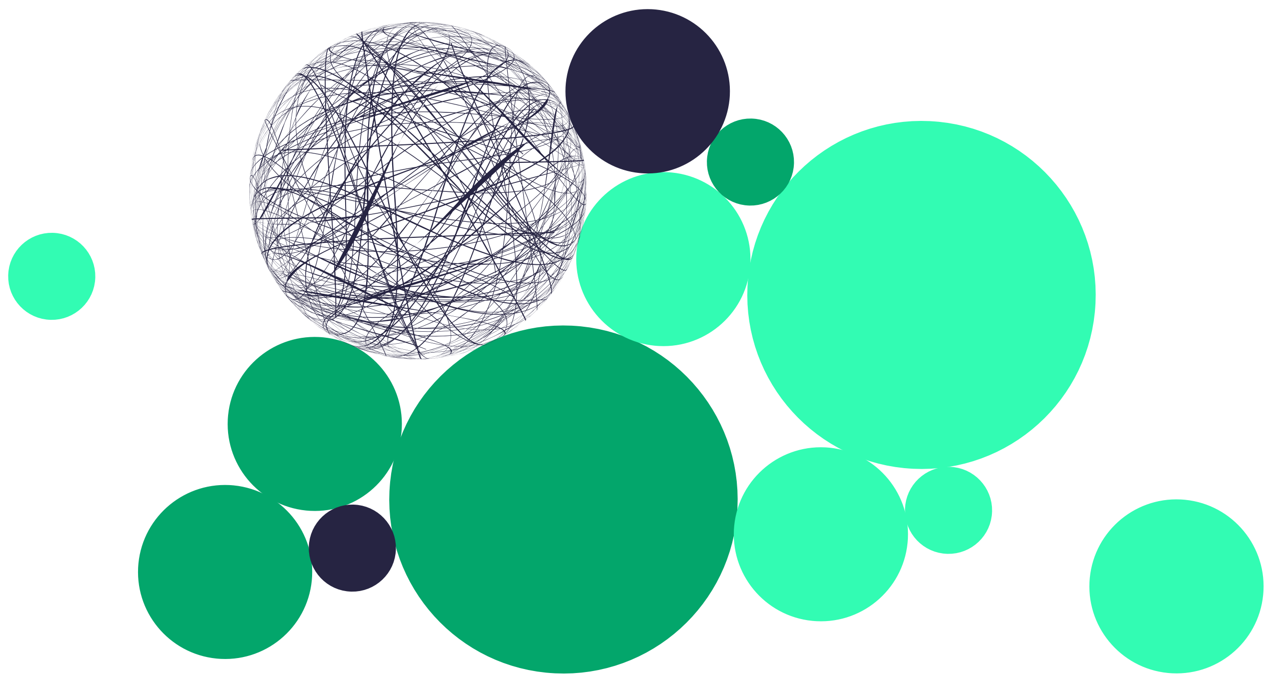
Strengthen the means of implementation and revitalise the global partnership for sustainable development.

**Relevant targets:**
17.6), 17.8), 17.9, 17.14, 17.15, 17.16), 17.17) and 17.19)

**Why this matters to Sbanken**
Finance Norway has established a roadmap for green competitiveness, and work is under way to continuously improve standards for sustainability reporting. These common standards are necessary to be able to compare the extent to which different parties succeed in their sustainability work, and transparency will help to influence attitudes. Sbanken's affiliation to UNEP FI entails a commitment, and the bank considers UNEP FI to be an arena for cooperation where we can be involved in the development of new banking initiatives. Sbanken wishes to contribute to harmonisation of legislation and standards through channels for cooperation.

Sbanken's activities relating to this goal:
- The bank is a member of the United Nations Environment Programme Finance Initiative (UNEP FI).
- The bank is a member of Finance Norway's sustainability reference group.
- The bank is a member of Sustainability Hub Norway.
- The bank is involved in Pooled Engagement globally through its partner ISS-ESG.
- The bank engages in dialogue with and expects its partners to implement ESG criteria.
- The bank is open about the process behind ethical labelling of funds and how products are classified as green. Read more under 'Responsible saving in funds'.

Read more under 'Cooperation and dialogue'.



**Implications of goal attainment for the Fair Deal stakeholders**
Long-term value creation requires cooperation between all stakeholders. For customers, it means that Sbanken gives them the tools to make sound financial decisions and socially responsible purchases and investments that contribute towards the UN SDGs.

For employees, it means that the management and staff work together on sustainable operation of Sbanken, and to prevent greenwashing of the bank and its products.

For the owners, it means that Sbanken is respected as a sustainable bank that takes social responsibility and is thereby an attractive investment object for investors with an ESG focus. For society, it means that Sbanken joins forces with others in the industry and across industries – locally, nationally and internationally – to find good solutions, and that Sbanken uses established standards and frameworks to enable benchmarking with others.

# Board of Directors' report

## Operational review 2022

In 2022 Sbanken ASA ("Sbanken") was acquired by DNB Bank ASA ("DNB"). The process surrounding the acquisition led to increased costs, but a significant growth in lending and an improved interest margin resulted in a better cost-to-income ratio and an improved return on equity compared with 2021. In 2022 Norway exited the pandemic that had had significant societal and economic (negative) impacts in 2020 and 2021. These impacts were in 2022 replaced by high inflation, high energy costs and geopolitical uncertainties. The central bank has reacted to the higher inflation by increasing the key policy rate significantly. The short-term effect on Sbanken has been a higher interest margin. The effect on the Norwegian economy has been a cooling off for the property market, an expected downturn in the property market in 2023 and an expected mild recession in 2023 with a slight increase in unemployment. Overall, the risk-level has increased.

The group achieved a pre-tax profit of NOK 1 127.6 million in 2022, an increase of NOK 172.1 million, or 18.0 per cent, compared with 2021. The group's net profit amounted to NOK 865.9 (733.5) million. The return on equity was 11.6 per cent in 2022, compared with 10.3 per cent in 2021.

Annual lending growth was 16.0 per cent for 2022. Compared with 2021, when lending growth was 1.5 per cent, 2022 was characterised by strong growth in mortgages, while unsecured lending was somewhat reduced, predominantly for consumer loans.

Net interest income increased by NOK 202.2 million, following the growth in mortgage lending and a stronger interest margin. The average interest margin was 1.59 per cent, up from 1.53 per cent in 2021. Net commission income amounted to NOK 267.3 million, an increase of NOK 56.7 million from 2021, as a result of more activity in card usage and payment services.

The group's operating expenses increased by 15.2 per cent compared with 2021, to NOK 854.1 million. The growth in costs was primarily driven by an increase in consultancy fees following the merger process. The cost-to-income ratio was 42.5 per cent, down from 43.8 per cent in 2021.

Loan losses were NOK 27.4 million (positive 3.5), corresponding to a loan loss ratio of 0.03 (0.00) per cent.

## Important events 2022

### Sbanken was acquired by DNB
After a process that lasted more than a year, Sbanken became a fully owned subsidiary of DNB on 30 March 2022. After this date, Sbanken has prepared for a merger of Sbanken into DNB. The merger plan between DNB and Sbanken was approved by the boards in November 2022. The merger will be carried out by Sbanken transferring all its business, including all assets, rights and obligations, to DNB as the acquiring company. The merger is expected to take place on 2 May 2023.

### Geopolitical uncertainty and an energy crisis
On 24 February 2022 Russia launched a military assault on Ukraine. The ensuing atrocities are a tragedy for the Ukrainian society. It has also led to increased geopolitical uncertainty and has fuelled an energy crisis.

### The pandemic receded
In 2022 the Pandemic which started in February 2020 receded. Lockdowns were lifted, face masks were taken off, social life resumed, travelling resumed, and people returned to offices, kindergartens, schools, and universities.

As the pandemic receded, economic activity returned to pre-pandemic level, but with some disruptions.

### High inflation
Financial and monetary stimuli used to counter the negative effects of the pandemic, the strong economic growth following the receding pandemic, associated logistical disruptions and the aforementioned energy crisis, all contributed to a material rise in inflation starting late 2021 and continuing throughout 2022.

### Increased interest rates
The high inflation caused Norges Bank to raise the key policy rate six times in 2022 from 0.5 per cent at the start of the year to 2.75 percent by the end of the year.

### Reduced savings
In the savings area, 2022 was impacted by a significant fall in equity markets, with the exception of the energy sector. Sbanken's customers' investments in mutual funds fell from NOK 33.1 billion to NOK 28.7 billion.

### Increase in the customer portfolio
Sbanken gained 18,000 new retail customers and 2,500 new corporate customers in 2022, taking the total up to just over 514,000 in 2022.

## Strategy and targets

Sbanken is a fully digital bank with no branches. The bank offers banking services through a user-friendly online bank available on digital platforms with an emphasis on mobile phones. Sbanken aims to challenge the status quo to the benefit of its customers.

Since Sbanken's inception in 2000, the development of the bank's concept has been implemented on the basis of the following three principles: (i) to offer a simple and open price structure that ensures customers get a 'fair deal', (ii) to continuously update and improve the product offering based on customers' feedback, and (iii) to provide banking products and services across a simple and efficient digital platform with market-leading user experience and accessibility.

The merger with DNB is expected to take place on 2 May 2023. A detailed strategy for maximising the value of Sbanken's business and market position as an integral part of DNB is under development.

## Financial results

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the going concern assumption applies.

Pursuant to Section 3-9 of the Norwegian Accounting Act, Sbanken prepares its consolidated annual accounts in accordance with the International Financial Reporting Standards (IFRS), which are approved by the EU. Sbanken ASA's annual accounts have been prepared in accordance with Norwegian IFRS regulations.

Net interest income increased by 13.3 per cent from 2021, to NOK 1,719.9 million. The increase was the result of growth in lending and an increased interest margin to 1.59 per cent, from 1.53 per cent in 2021. The growth in customer lending was predominantly the result of a growth in mortgages of 16.7 percent. The volume of consumer loans decreased by 23.5 per cent to NOK 1.1 billion. At year-end, consumer loans accounted for 1.1 per cent of the bank's lending, while interest income from this product represented 4.1 per cent of total interest income for the year. Car loans and other products excluding mortgages and consumer loans accounted for 2.8 per cent of total lending at year-end, up from 1.6 per cent at the end of 2021.

Net commission income increased by 26.9 per cent to NOK 267.3 (210.6) million. The growth was the result of more activity in card and payment services.

At year-end 2022, customers' investments in mutual funds amounted to NOK 28.7 billion, corresponding to a decrease of 15.3 per cent from 2021.

Operating expenses in 2022 increased by 15.2 per cent to NOK 854.1 (741.2) million. An increase in the use of hired personnel, resulting from the merger process, is the main cause of this cost increase. The bank had a cost-to-income ratio of 42.5 (43.8) per cent in 2022.

The net cost of losses amounted to NOK 27.4 (positive 3.5) million in 2022, corresponding to a loan loss ratio of 0.03 (0.00) per cent. The bank experienced low losses on all its lending products throughout the year.

## Tax

Sbanken's tax expense amounted to NOK 261.7 (222.0) million, corresponding to an effective tax rate of 23.2 (23.2) per cent. In 2022, the tax rate on general income for banks and financial institutions was 25 per cent, while it was 22 per cent for other industries. Sbanken ASA's profit is taxed at 25 per cent, while the profit for its wholly owned subsidiary Sbanken Boligkreditt AS is taxed at 22 per cent.

## Financing, liquidity and balance sheet

Customer deposits are the bank's primary source of funding, and in 2022 deposits increased by 2.4 per cent to NOK 65.8 (64.2) billion. The deposit-to-loan ratio at year-end was 67.2 (76.2) per cent. The decrease was related to the strong growth in lending in 2022.

In 2022, Sbanken issued NOK 4.8 billion in senior unsecured and senior non-preferred bonds. Sbanken Boligkreditt AS issued NOK 6.5 billion in covered bonds. The covered bonds were purchased by the parent bank, Sbanken ASA. The parent bank sold NOK 11.8 billion of its holding of the bonds in the secondary market and to DNB Bank ASA during the year.

At year-end, Sbanken ASA had a long-term deposit rating of Aa2 with a positive outlook from Moody's, while covered bond issues by Sbanken Boligkreditt AS had the highest long-term rating of Aaa.

Interest rate and currency risk arising in connection with financing in foreign currency is hedged through transactions in the derivatives market. Sbanken uses solely the three-month Nibor rate as the reference rate for its capital market funding. Credit spreads on Norwegian banks' capital market funding expanded in 2022, but contracted somewhat towards the end of the year, though not to the same low level as the end of 2021. Equity increased to NOK 8.3 (7.5) billion in 2022

At year-end, Sbanken had liquid assets amounting to NOK 15.7 (16.9) billion. They consisted of NOK 1.6 (1.4) billion in short-term loans to central banks and other financial institutions, and NOK 14.2 (15.5) billion in interest-bearing securities issued by sovereign states, municipalities, and financial institutions. At year-end, the bank had a liquidity coverage ratio (LCR) of 242 (285) per cent, compared with a minimum requirement of 100 per cent. The bank's net stable funding ratio (NSFR) was 141 (144) per cent.

Total assets increased from NOK 102.3 billion in 2021 to NOK 114.9 billion at the end of 2022. This was primarily due to an increase in lending to customers of NOK 13.6 billion. At year-end 2022, 34.9 (47.1) per cent of the bank's mortgages had been sold to the wholly owned subsidiary Sbanken Boligkreditt AS.

## Dividend and allocation of profit

Sbanken will not pay a dividend for 2022.

| | NOK 1000 |
|---|---|
| Parent bank's net profit for the year | 719 710 |
| Allocated to hybrid capital investors | 34 371 |
| Allocated to equity investors | 685 339 |
| Dividend | 0 |
| Retained earnings | 685 339 |

## Risk and capital adequacy

### Capital adequacy

At year-end, the bank had a CET1 capital ratio of 16.5 per cent, compared with the minimum and buffer requirement of 13.5 per cent. The total capital ratio at year-end was 20.0 per cent, while the leverage ratio was 6.6 per cent, compared with a regulatory group requirement of 3.0 per cent.

In June 2021, the Ministry of Finance decided, on the advice of Norges Bank, to increase the countercyclical capital buffer requirement from 1.0 per cent to 1.5 per cent with effect from 30 June 2022. In December 2021, Norges Bank decided to raise the countercyclical capital buffer requirement to 2.0 per cent with effect from 31 December 2022. In March 2022, Norges Bank decide to increase the countercyclical capital buffer to 2.5 per cent with effect from 30 March 2023.

A systemic risk buffer increase from 3.0 per cent to 4.5 per cent was adopted in Norway following the introduction of CRR / CRD IV. For Sbanken and other banks that do not apply the advanced IRB method, the increase will not be effective until 31 December 2023.

### Risk management

Sbanken's core business is to offer banking services such as deposits, savings, loans and payment services to retail customers, and banking services excluding credit to SMEs. Sbanken shall not take on other material risks than those associated with maintaining and further developing its core activities.

Sbanken shall be a secure, solid bank for retail customers and SMEs, have a credit policy based on openness, transparency, and competence, and continuously challenge its own methods, processes, and procedures in order to improve its performance. Sbanken follows an established framework for defining and implementing the desired risk appetite in its risk management. The framework ensures that actual risks taken by the business are in accordance with the Board's established risk limits in defined areas. The most important risks the bank is exposed to are credit risk, market risk, liquidity risk, operational risk, business, and strategic risk and ESG risk, which includes climate risk.

### Credit risk

Credit risk represents the most significant risk to Sbanken and is defined as the risk of loss resulting from a counterparty not fulfilling its obligations, at the same time as any pledged collateral fails to cover the outstanding claim.

Sbanken's credit risk is related to loans to private individuals, in the form of mortgages, car loans, consumer loans, account credit and credit cards, as well as loans secured by securities. The bank's lending portfolio is of high quality, and mortgages make up 96.5 per cent of total customer lending. The mortgage portfolio has a relatively low loan-to-value (LTV) ratio, and at year-end, the average LTV ratio was 52.6 (51.3) per cent.





When granting credit, an automated credit assessment system is used to evaluate the applicant's ability to pay, probability of default and collateral. Automated credit assessments and control procedures ensure consistent credit practices and a high-quality lending portfolio. The debt register still contributes to a good overview of customers' total unsecured loans, which, seen in isolation, improves the bank's credit assessment for new loans.

Sbanken's excess liquidity is invested in short-term loans to central banks and other financial institutions, as well as in interest-bearing securities issued by sovereign states, municipalities and financial institutions. The bank's credit risk remained within the limits adopted by the Board throughout 2022.

### Market risk

Market risk is the risk of loss due to unfavourable changes in market variables. Sbanken is exposed to market risks such as interest rate risk, credit spread risk, currency risk and share price risk.

Sbanken has established EMTN programmes for financing in foreign currency in order to increase the diversification of the bank's funding sources. At year-end, the group's financing in foreign currency amounted to EUR 500 million, with maturity in April 2023.

Currency and interest rate risk arising in conjunction with this type of financing is hedged through hedging instruments in the derivatives market. Sbanken had no lending in foreign currency at year-end. The group's currency risk is low and within limits adopted by the Board.

The majority of the bank's lending is granted with variable interest rates, and the bank has decreased its portfolio of fixed-rate mortgages since 2021. Interest rate risk that arises from fixed rate mortgages is hedged through the use of interest rate swaps. All deposits in the bank have variable interest rates, while the three-month Nibor rate is the reference rate for the bank's capital market funding. This also applies to financing in foreign currency where interest rate and cross-currency swaps have been entered into, resulting in low interest rate risk.

Credit spread risk is the risk that the value of the bank's holding of interest-bearing securities will be reduced as a result of an increase in the associated credit spreads of these securities. The bank calculates its exposure to credit spreads in accordance with the method for assessing risk and capital needs prescribed by the Financial Supervisory Authority (Circular 12/2016). The bank's credit spread risk at year-end was calculated at NOK 283.2 (283.6) million and is related to the portfolio of interest-bearing securities.

The bank has limited share price risk, and the exposure at year-end amounted to NOK 56.8 (129.9) million. Of this amount, NOK 50.2 million was related to the value of Sbanken's holding in VN Norge AS (Visa).

### Liquidity risk

Liquidity risk comprises refinancing risk, which is the risk of the bank being unable to refinance its obligations as they mature, and price risk, defined as the risk of the bank being unable to refinance its obligations without a material increase in costs.

Sbanken manages its liquidity risk by minimising its financing cost, while ensuring that the refinancing risk is managed within the risk appetite set by the Board. In order to keep this risk within the defined risk parameters, the bank has established limits that ensure a balanced maturity structure and diversification of funding vehicles. After April 2022 the issued debt instruments have been issued with DNB Bank ASA as the counterparty. The bank aims for low refinancing risk and carries out stress tests in the liquidity area with scenarios that cover both general liquidity stress in the market and specifically for the bank. Liquidity risk is managed at individual company level and for the group as a whole.

### Operational risk

Operational risk is defined as the risk of unexpected losses due to inadequate internal control, human error, failure of processes or systems, or unexpected losses arising from external events. In its operational risk management, the bank emphasises internal control, including a strong control environment, a systematic risk assessment process, established procedures and exercises to prepare for critical events.

Conduct risk, cyber risk and compliance risk are managed under operational risk. Sbanken has a very low tolerance for non-compliance, and the bank's reputation and regulated licences must not be exposed to unnecessary risk. Compliance in the business is managed through regular reviews and control activities that are reported to the bank's Board and management group.

### Ownership risk

Ownership risk is defined as the risk of negative results from the group's holdings in strategically owned companies, in addition to the need for infusing more capital into these companies. Investments in strategically owned companies are approved by the Board, and the bank's appetite for ownership risk is low.

### Business risk and strategic risk

Business risk is the risk of a material reduction in the bank's earnings. This includes changes in volumes, interest margins and other price changes associated with borrowing and lending, as well as reduced net commission income, which may arise as a result of changes in macroeconomic conditions, competition or customer behaviour.

Sbanken's measurement of business risk takes into account changes that arise from credit losses, and other risks such as market risk, liquidity risk and operational risk. The magnitude of the business risk is affected by variations in net interest and net commission income. The bank manages its business risk through diversification of income flows, stable revenue generation and cost control.

Sbanken's definition of strategic risk is long-term risk that arises as a result of erroneous or ill-conceived commercial decisions, poor or incorrect implementation of decisions, or inadequate responsiveness to changes in society, competition, technology, regulations or the banking and finance sector.

### Capital risk

Capital risk is the risk of the bank not meeting regulatory capital requirements. Capital targets are set annually and followed up continuously, with capital adequacy assessments at least quarterly.

### Model risk

Model risk is the risk of financial loss as a result of weaknesses and errors in models used in the management of the group, including models relating to credit risk, market risk, liquidity risk and capital risk. The risk is managed through specified validation requirements described in the bank's governing documents and through the correction of any model weaknesses.

### ESG risk

ESG risk is defined as the risk of the group suffering negative results as a consequence of changes in climate and environmental conditions (E), non-compliance with requirements and expectations of labour rights, human rights and good business ethics (S), and non-compliance with requirements or expectations regarding governance and control (G). The bank has adopted a CSR and sustainability policy that manages this risk at the overarching level.

## Technology and product development

Over the years, Sbanken has maintained its position as a leading digital challenger bank. In 2022, the bank continued to work on developing the online banking solution to meet different customer needs, strengthening the data and technological platform and improving the basis for providing insight-driven advice to customers. Sbanken's leading position was confirmed in national surveys over the course of the year. Sbanken was named the best in digital innovations by the Norwegian Innovation Index (NII).

Sbanken's digital platform is based on flexible IT architecture with limited dependence on old core systems. The bank uses agile work methods to develop digital services and aims to utilise new technology to be able to offer customers regular improvements. Sbanken's customers can choose to test the pilot versions of the bank's new solutions, which gives the bank valuable customer feedback before they are launched. Combined with Sbanken's flexible IT architecture, this enables the bank to take a leading position in technological developments.

Responsible and insightful use of customer data to be able to offer customers value-added services and products will be crucial in developing the digital banking services of the future. To support this, Sbanken's guiding principle is to have internal expertise in areas that provide competitive advantages. As a rule, the operation of application platforms shall be outsourced, and third-party interfaces shall be standardised. The right expertise, strong performance, in addition to expectations relating to ESG matters of partners and suppliers, help to ensure a robust, flexible and cost-effective platform.

## Corporate social responsibility

It is Sbanken's ambition to exert a positive influence on people, society and the environment. The bank's work on corporate social responsibility (CSR) starts and ends with what we call the Fair Deal concept. The bank's activities shall at all times be driven by an ambition to strike a balance between satisfied customers, employees and investors. From the bank's perspective, good sustainability performance will create positive long-term effects for all stakeholders.

Sbanken's key focus is to enable customers to make smart financial decisions. In order to succeed, the bank depends on employees perceiving Sbanken as a safe, fair and innovative workplace where employees have an opportunity to develop and help generate results. The investors, on their part, will benefit from investing in a bank that understands customer needs. In order to create long-term value for customers, employees and investors alike, the bank must conduct itself as a responsible member of society.

Sbanken is subject to the following reporting requirements on corporate social responsibility:

- The Accounting Act Section 3-3c: Report on the company's efforts to integrate corporate social responsibility into its business strategies and day-to-day operations.
- The Accounting Act Section 3-3a, ninth and tenth paragraphs: Disclose information about the working environment, injuries and accidents, sickness absence and environmental impact.
- The Equality and Anti-Discrimination Act Section 26a: Requirement to provide an account of (in the Board of Directors' report or other public document) the actual status regarding gender equality in the undertaking and what efforts are made to meet the activity requirement pursuant to Section 26.

The topics linked to CSR and sustainability are discussed in a separate chapter on sustainability on page 6 in the annual report, and in an appendix to the annual report on pages 147 to 150.

Sbanken has carried out a due diligence according to the Transparency act. The account is accessible, in Norwegian, on the bank's website: https://sbanken.no/om-oss/om-sbanken/samfunnsansvar/slik-jobber-vi-med-apenhetsloven/





## Corporate governance

Sbanken ASA's corporate governance principles are based on the DNB Group's corporate governance policy. The Group's policy follows the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance.

DNB's governing principles for corporate responsibility set the standards for all of the Group's work on both the observance and the further development of corporate responsibility. In addition, the Group has guidelines, business models and fora that aim to ensure that corporate responsibility is an integral part of daily operations. Read more about DNB's corporate responsibility in the document "Implementation of and reporting on corporate governance" on ir.dnb.no/about-dnb, and in the Board of Director's report on corporate governance in DNB's annual report for 2022.

The Board of Directors of Sbanken ASA reviews the financial reporting process. The company follows the DNB Group's policy for financial management and reporting, which includes requirements for quality assurance of financial reporting processes to ensure relevant, timely and uniform reporting to internal stakeholders, regulators, and capital market participants.

Sbanken ASA has a management team which is adapted to its organisation and operations. The team reviews the process of internal control over financial reporting and implements adequate and effective internal processes in accordance with established requirements. Processes include control measures to ensure that the financial reporting is of high quality. Every year, the team makes an evaluation of compliance with external and internal regulations and prepares a plan to implement any required improvements.

The Board of Directors approves management's proposed annual accounts for Sbanken ASA.

### Directors' and officers' liability insurance

Sbanken has taken out directors' and officers' liability insurance for the Group and its subsidiaries. The insurance covers the Board, CEO and members of the management or corresponding governing bodies, and any previous, current, or future employee of the Group who takes on an independent management responsibility.

### The Board of Directors' work in 2022

The Board of Sbanken ASA held 18 meetings and one strategy seminar in 2022. When Sbanken ASA became a fully owned subsidiary of DNB Bank ASA, the board's composition was changed and representatives from DNB were included in the board.

One of the key priorities for the Board in 2022 has been the work on the transaction and the following merger with DNB, including potential financial and other consequences for the company's various stakeholders as a result of the acquisition of the bank by DNB.

The Board has continued work on ensuring that expedient procedures for internal control and satisfactory systems, procedures, capacity, and expertise are in place in the organisation. The bank's financial results, funding and risk management have also been priorities, in addition to changes in the regulatory conditions.

The Board had three sub-committees, until it became a fully owned subsidiary of DNB Bank ASA: the Audit Committee, the Risk and Compliance Committee and the Remuneration Committee. These committees met regularly to address their areas of responsibility. After the bank became a fully owned subsidiary, these tasks were covered by the subcommittees of DNB Bank ASA.

## Thanks

The Board of Directors wishes to thank all employees for their great efforts and teamwork in 2022. The Board would also like to thank the bank's customers, partners, suppliers, and former investors for their support of the bank.

Bergen, 8 March 2023
The Board of Directors of Sbanken ASA

| | | |
|---|---|---|
| Ingjerd Blekeli Spiten (Chair of the Board) | Mai-Lill Ibsen | Tor Arne Hansen |
| Tore Olaf Rimmereid | Stein Zahl-Pettersen | Sarah Lunde Mjåtvedt |
| | Øyvind Thomassen (CEO) | |



# Annual accounts and notes

# Income statement

| Sbanken ASA (parent company) [1] | | | | Sbanken ASA Group | |
|---|---|---|---|---|---|
| 2021 | 2022 | In NOK thousand | Notes | 2022 | 2021 |
| 1 377 607 | 2 234 442 | Interest income from financial instruments using the effective interest method | 29 | 2 867 018 | 1 939 390 |
| 0 | 0 | Other interest income | 29 | 0 | 0 |
| -218 410 | -616 577 | Interest expense | 29 | -1 147 102 | -421 680 |
| **1 159 197** | **1 617 865** | **Net interest income** | | **1 719 916** | **1 517 710** |
| 332 604 | 404 847 | Commission and fee income | 30 | 404 847 | 332 604 |
| -122 031 | -137 545 | Commission and fee expense | 30 | -137 545 | -122 031 |
| **210 573** | **267 302** | **Net commission and fee income** | | **267 302** | **210 573** |
| 285 260 | -78 854 | Net gain/(loss) on financial instruments | 31 | 21 881 | -35 005 |
| 8 662 | 8 496 | Other income | | 0 | 10 |
| **293 922** | **-70 358** | **Other operating income** | | **21 881** | **-34 995** |
| -336 357 | -361 810 | Personnel expenses | 34, 46 | -362 028 | -336 733 |
| -330 823 | -421 876 | Administrative expenses | 32, 33 | -423 530 | -332 152 |
| -72 318 | -68 559 | Depreciation and impairment of fixed and intangible assets | 32 | -68 559 | -72 318 |
| **924 193** | **962 564** | **Profit before loan losses** | | **1 154 981** | **952 085** |
| 2 709 | -26 977 | Loan losses | 14 | -27 374 | 3 470 |
| **926 902** | **935 587** | **Profit before tax** | | **1 127 607** | **955 555** |
| -159 672 | -215 877 | Tax expense | 35 | -261 675 | -222 015 |
| **767 230** | **719 710** | **Profit for the period** | | **865 932** | **733 540** |
| | | **Attributable to** | | | |
| 741 472 | 685 339 | Shareholders | 48 | 831 561 | 707 781 |
| 25 759 | 34 371 | Additional Tier 1 capital holders | 21 | 34 371 | 25 759 |
| **767 230** | **719 710** | **Profit for the period** | | **865 932** | **733 540** |

Earnings per share, see Note 49.

[1] The financial statements for Sbanken ASA (parent company) have been prepared in accordance with the Accounting Act Section 3-9 and regulations on annual accounts for banks, mortgage companies and finance companies.

# Statement of comprehensive income

| Sbanken ASA (parent company) | | | | Sbanken ASA Group | |
|---|---|---|---|---|---|
| 2021 | 2022 | In NOK thousand | Notes | 2022 | 2021 |
| **767 230** | **719 710** | **Profit for the period** | | **865 932** | **733 540** |
| | | **Other comprehensive income:** | | | |
| -96 721 | -52 639 | Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) | | -69 483 | -34 200 |
| 24 180 | 13 160 | Tax effect | 35 | 17 675 | 8 637 |
| **-72 541** | **-39 479** | **Other comprehensive income that can be reclassified to profit or loss after tax** | | **-51 808** | **-25 563** |
| -8 430 | 6 909 | Actuarial gains (losses) | 46 | 6 909 | -8 430 |
| 2 107 | -1 727 | Tax effect | 35 | -1 727 | 2 107 |
| **-6 323** | **5 182** | **Other comprehensive income that can-not be reclassified to profit or loss after tax** | | **5 182** | **-6 323** |
| **-78 864** | **-34 297** | **Total components of other comprehensive income (after tax)** | | **-46 626** | **-31 886** |
| **688 366** | **685 413** | **Total comprehensive income for the period** | | **819 306** | **701 654** |
| | | **Attributable to** | | | |
| 662 607 | 651 042 | Shareholders | | 784 935 | 675 895 |
| 25 759 | 34 371 | Additional Tier 1 capital holders | 21 | 34 371 | 25 759 |
| **688 366** | **685 413** | **Total comprehensive income for the period** | | **819 306** | **701 654** |





# Balance sheet

| Sbanken ASA (parent company) [1] | | | | Sbanken ASA Group | |
|---|---|---|---|---|---|
| 31.12.21 | 31.12.22 | In NOK thousand | Notes | 31.12.22 | 31.12.21 |
| | | **Assets** | | | |
| 510 676 | 314 326 | Cash and receivables with central bank | 8, 13 | 314 326 | 510 676 |
| 6 511 755 | 4 855 635 | Loans to and receivables from credit institutions | 8, 12 | 1 245 783 | 856 622 |
| 46 217 101 | 65 017 860 | Loans to customers | 7, 8, 9, 10, 11 | 97 896 951 | 84 346 875 |
| **53 239 532** | **70 187 820** | **Net loans to customers, central bank and credit institutions** | | **99 457 060** | **85 714 173** |
| 22 846 290 | 14 704 014 | Commercial paper and bonds | 8, 36, 37 | 14 177 305 | 15 487 702 |
| 536 668 | 542 473 | Equity investments and funds | 8, 38, 40 | 318 974 | 309 142 |
| 143 382 | 225 109 | Derivatives | 25 | 633 779 | 377 403 |
| 1 699 880 | 1 699 880 | Shares in subsidiary | 38 | 0 | 0 |
| 103 350 | 72 356 | Intangible assets | 42 | 72 356 | 103 350 |
| 36 577 | 51 553 | Deferred tax assets | 35 | 47 091 | 35 638 |
| 86 411 | 72 779 | Property, plant and equipment | 43, 44 | 72 779 | 86 411 |
| 344 219 | 21 575 | Other assets | 41 | 20 899 | 85 488 |
| 74 550 | 91 060 | Advance payment and accrued income | | 91 060 | 74 280 |
| **79 110 860** | **87 668 618** | **Total assets** | | **114 891 302** | **102 273 586** |
| | | **Liabilities** | | | |
| 0 | 0 | Loans and deposits from central bank | 13 | 0 | 0 |
| 1 109 560 | 4 174 779 | Loans and deposits from credit institutions | 12, 18,19 | 562 881 | 326 830 |
| 64 240 315 | 65 770 095 | Deposits from customers | 18, 19, 23 | 65 770 095 | 64 240 315 |
| 5 177 881 | 8 576 883 | Debt securities issued | 18, 19, 22 | 38 632 830 | 28 500 950 |
| 14 607 | 54 019 | Derivatives | 25 | 54 019 | 14 607 |
| 160 280 | 219 962 | Taxes payable | 35 | 238 570 | 217 805 |
| 22 459 | 9 122 | Pension commitments | 46 | 9 122 | 22 459 |
| 546 169 | 371 374 | Other liabilities | 45 | 450 810 | 564 335 |
| 899 151 | 899 409 | Subordinated loans | 19, 20 | 899 409 | 899 151 |
| **72 170 422** | **80 075 643** | **Total liabilities** | | **106 617 736** | **94 786 452** |
| | | **Equity** | | | |
| 1 068 693 | 1 068 693 | Share capital | 48 | 1 068 693 | 1 068 693 |
| 2 625 895 | 2 625 895 | Share premium | | 2 625 895 | 2 625 895 |
| 701 389 | 702 886 | Additional Tier 1 capital | 21 | 702 886 | 701 389 |
| 2 544 460 | 3 195 501 | Other equity | | 3 876 091 | 3 091 157 |
| **6 940 437** | **7 592 975** | **Total equity** | | **8 273 565** | **7 487 134** |
| **79 110 860** | **87 668 618** | **Total liabilities and equity** | | **114 891 302** | **102 273 586** |

Subsequent events 50

[1] The financial statements for Sbanken ASA (parent company) have been prepared in accordance with the Accounting Act Section 3-9 and regulations on annual accounts for banks, mortgage companies and finance companies.

# Statement of changes in equity – group

**Sbanken ASA 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 01.01.21** | **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 | | | | | | 707 781 | **707 781** |
| Profit for the period to Tier 1 capital holders | | | 25 759 | | | | **25 759** |
| Payments to Tier 1 capital holders | | | -25 593 | | | | **-25 593** |
| Actuarial gains and losses for the period | | | | -6 323 | | | **-6 323** |
| Net change in fair value of financial instruments at fair value through OCI | | | | | -25 563 | | **-25 563** |
| Paid dividend to shareholders, February | | | | | | -336 638 | **-336 638** |
| Paid dividend to shareholders, October | | | | | | -470 225 | **-470 225** |
| **Balance sheet as at 31.12.21** | **1 068 693** | **2 625 895** | **701 389** | **-31 328** | **-48 483** | **3 170 970** | **7 487 134** |
| Profit for the period to other equity | | | | | | 831 561 | **831 561** |
| Profit for the period to Tier 1 capital holders | | | 34 371 | | | | **34 371** |
| Payments to Tier 1 capital holders | | | -32 874 | | | | **-32 874** |
| Issue of Tier 1 capital | | | 100 000 | | | | **100 000** |
| Redeem/maturity of Tier 1 capital | | | -100 000 | | | | **-100 000** |
| Actuarial gains and losses for the period | | | | 5 182 | | | **5 182** |
| Net change in fair value of financial instruments at fair value through OCI | | | | | -51 808 | | **-51 808** |
| **Balance sheet as at 31.12.22** | **1 068 693** | **2 625 895** | **702 886** | **-26 146** | **-100 291** | **4 002 531** | **8 273 565** |





# Statement of changes in equity – parent company

**Sbanken ASA (parent company)**

| 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 01.01.21** | **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 | | | | | | 741 472 | **741 472** |
| Profit for the period to Tier 1 capital holders | | | 25 759 | | | | **25 759** |
| Payments to Tier 1 capital holders | | | -25 593 | | | | **-25 593** |
| Actuarial gains and losses for the period | | | | -6 323 | | | **-6 323** |
| Net change in fair value of financial instruments at fair value through OCI | | | | | -72 541 | | **-72 541** |
| Paid dividend to shareholders, February | | | | | | -336 638 | **-336 638** |
| Paid dividend to shareholders, October | | | | | | -470 225 | **-470 225** |
| **Balance sheet as at 31.12.21** | **1 068 693** | **2 625 895** | **701 389** | **-31 328** | **-55 884** | **2 631 673** | **6 940 437** |
| Profit for the period to other equity | | | | | | 685 339 | **685 339** |
| Profit for the period to Tier 1 capital holders | | | 34 371 | | | | **34 371** |
| Payments to Tier 1 capital holders | | | -32 874 | | | | **-32 874** |
| Issue of Tier 1 capital | | | 100 000 | | | | **100 000** |
| Redeem/maturity of Tier 1 capital | | | -100 000 | | | | **-100 000** |
| Actuarial gains and losses for the period | | | | 5 182 | | | **5 182** |
| Net change in fair value of financial instruments at fair value through OCI | | | | | -39 479 | | **-39 479** |
| **Balance sheet as at 31.12.22** | **1 068 693** | **2 625 895** | **702 886** | **-26 146** | **-95 363** | **3 317 012** | **7 592 975** |

# Statement of Cash Flows 01.01-31.12

| Sbanken ASA (parent company) | | | | Sbanken ASA Group | |
|---|---|---|---|---|---|
| 2021 | 2022 | In NOK thousand | Notes | 2022 | 2021 |
| | | **Cash flows from operating activities** | | | |
| 1 573 224 | -18 866 992 | Net payments on loans to customers | 8, 9,10 | -13 593 070 | -1 380 979 |
| 1 089 672 | 1 640 455 | Interest received on loans to customers | 29 | 2 464 016 | 1 774 035 |
| 5 596 668 | 1 529 779 | Net receipts on deposits from customers | 23 | 1 529 779 | 5 596 688 |
| -151 980 | -425 884 | Interest paid on deposits from customers | 29 | -425 883 | -151 980 |
| -3 952 683 | 5 019 745 | Payments on loans to group company | | 0 | 0 |
| 32 468 | 84 919 | Interest received on loans to group company | | 0 | 0 |
| -2 644 217 | 8 001 111 | Net receipts/payments from buying and selling financial instruments at fair value | 37 | 1 159 175 | -1 325 202 |
| 233 288 | 422 487 | Interest received from commercial paper and bonds | 29 | 282 796 | 149 644 |
| -2 250 000 | 0 | Net receipts/payments on deposits from credit institution and central bank | 13 | 0 | -2 250 000 |
| 108 807 | 90 756 | Receipts of collateral related to derivatives used in hedge accounting | | 236 051 | -215 902 |
| -2 201 | -2 973 | Interest paid on deposits from credit institutions | | -2 973 | -2 201 |
| 900 | 14 040 | Interest received on loans to credit institutions and central bank | 29 | 14 101 | 2 601 |
| 306 367 | 407 226 | Receipts related to commissions and fees | 30 | 407 226 | 306 367 |
| -119 029 | -155 647 | Payments related to commissions and fees | 30 | -155 647 | -119 029 |
| -314 108 | -406 375 | Payments related to administrative expenses | 32, 33 | -407 874 | -315 529 |
| -317 501 | -364 109 | Payments related to personnel expenses | 34 | -364 333 | -317 877 |
| -163 586 | -160 280 | Taxes paid | 35 | -236 966 | -231 178 |
| 65 028 | -60 336 | Other receipts/payments | | -16 218 | 76 467 |
| **-908 883** | **-3 232 078** | **Net cash flows from operating activities** | | **-9 109 820** | **1 595 925** |
| | | **Cash flows from investment activities** | | | |
| 0 | 0 | Capital increase in subsidary | | 0 | 0 |
| 230 000 | 260 000 | Recepits of dividend from subsidary | | 0 | 0 |
| 0 | 0 | Payment of additional Tier 1 capital to group company | | 0 | 0 |
| 0 | 0 | Invested in associated company | 38 | 0 | 0 |
| -4 588 | -2 855 | Payments on the acquisition of fixed assets | 43, 44 | -2 855 | -4 588 |
| -23 418 | -26 900 | Payments on the acquisition of intangible assets | 42 | -26 900 | -23 418 |
| **201 994** | **230 245** | **Net cash flows from investment activities** | | **-29 755** | **-28 006** |
| | | **Cash flows from financing activities** | | | |
| 0 | 0 | Receipts on share capital and share premium net of issuing cost | EQ | 0 | 0 |
| -806 863 | 0 | Paid dividend to shareholders | EQ | 0 | -806 863 |
| 0 | 150 000 | Receipts on subordinated loans | 20 | 150 000 | 0 |
| 0 | -150 000 | Payments on matured and redeemed subordinated loans | | -150 000 | 0 |
| -17 151 | -26 553 | Interest paid on subordinated loans | 29 | -26 553 | -17 151 |
| 0 | 100 000 | Receipts on issued additional Tier1 capital | 21 | 100 000 | 0 |
| 0 | -100 000 | Payments on matured and redeemed additional Tier 1 capital | | -100 000 | 0 |
| -25 593 | -32 874 | Interest paid on additional Tier 1 capital | EQ | -32 874 | -25 593 |
| 1 700 000 | 4 950 000 | Receipts on issued bonds and commercial paper | 22 | 16 602 000 | 7 480 000 |
| -814 531 | -1 551 853 | Payments on matured and redeemed bonds and commercial paper | 22 | -6 533 092 | -8 662 775 |
| -39 460 | -144 075 | Interest paid on issued bonds and commercial paper | 29 | -677 094 | -246 025 |
| **-3 598** | **3 194 645** | **Net cash flows from financing activities** | | **9 332 387** | **-2 278 407** |
| **-710 488** | **192 812** | **Total net cash flow** | | **192 812** | **-710 488** |
| 2 077 627 | 1 367 140 | Cash at the beginning of the period | | 1 367 297 | 2 077 785 |
| 1 367 140 | 1 559 952 | Cash at the end of the period | | 1 560 109 | 1 367 297 |
| **-710 488** | **192 812** | **Change in cash** | | **192 812** | **-710 488** |
| | | **Cash** | | | |
| 510 676 | 314 326 | Cash and receivables with central bank | | 314 326 | 510 676 |
| 856 465 | 1 245 626 | Loans to credit institutions | | 1 245 783 | 856 622 |
| **1 367 140** | **1 559 952** | **Total cash** | | **1 560 109** | **1 367 297** |

EQ = Statement of changes in equity





# Note 1 – Accounting principles

## 1. In general

Sbanken ASA is a public limited company domiciled in Norway. The company's head office is at Folke Bernadottesvei 38 in Bergen. Sbanken ASA is a subsidiary of DNB Bank ASA.

The Sbanken ASA group consists of Sbanken ASA and its subsidiary Sbanken Boligkreditt AS.

## 2. Basis for preparation of the financial statements

Sbanken ASA's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The bank has applied all standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU, that are relevant to the business and that are mandatory for accounting periods starting 1 January 2022.

The financial statements for Sbanken ASA (parent company) have been prepared in accordance with the Accounting Act Section 3-9 and regulations on annual accounts for banks, mortgage companies and finance companies. These regulations are the same as for IFRS with the exception of accounting of dividends and group contributions from subsidiaries. This may, in accordance with Section 3-1 of the regulations, be recognised as income on the balance sheet date. For Sbanken ASA (parent company), there are no other differences from application of full IFRS.

The consolidated financial statements are based on the principles of historical cost accounting. Amortised cost is used for financial assets and liabilities in the group, except for financial instruments on the assets side. All securities on the assets side are recognised either at fair value through comprehensive income or at fair value through profit or loss. Financial derivatives are recognised at fair value through profit or loss and used for hedge accounting. The same classification is used in the parent bank's financial statements as in the group, except for loans to customers where the business model is based on both the receipt of fixed cash flows and sales. This applies to mortgages that can potentially be sold to Sbanken Boligkreditt AS. These loans are classified at fair value through other comprehensive income.

The consolidated financial statements have been prepared on the basis of the going concern assumption, and were approved by the Board of Directors on 8 March 2023.

## 3. New and revised standards effective from 1 January 2022

Sbanken ASA has not applied any new accounting standards in 2022.

## 4. New and revised standards effective from 1 January 2023 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2023 or later have not been used in the preparation of the accounts. The new standards will not materially affect Sbanken ASA.

## 5. Recognition of income and expenses

**Net interest income**

Interest income is recognised using the effective interest rate method. This means that interest is recognised as it accrues, with the addition of amortised front-end fees and any other fees, which are considered an integral part of the effective interest rate. The effective interest rate method is used for both balance sheet items valued at amortised cost and balance sheet items valued at fair value through other comprehensive income.

Interest on written-down loans in Stage 3 is recognised using the effective interest rate based on the written-down value of the loan. In Stage 1 and 2, the interest is calculated before any write-downs. Interest expenses are also expensed using the effective interest rate method.

**Net commission income**

Commission income from various customer services is recognised depending on the type of service concerned. Fees are recognised as income when the service is rendered or when a material part of the service is completed. Fees received for services rendered are recognised as income in the period when the services are rendered. Commission expenses are based on transactions and are recognised in the period when the services are received.

**Net gain/loss on investments in securities**

Realised gains and losses are recognised in the income statement at the time of realisation. Unrealised gains and losses are recognised in other comprehensive income when the investments are classified at fair value through other comprehensive income, and through profit or loss when the investments are related to derivatives or other securities classified at fair value through profit or loss.

# Note 1 – Accounting principles (continued)

### Operating expenses
Operating expenses consist of personnel expenses and administration expenses. Personnel expenses are accrued throughout the year, while administration expenses are recognised in the period when the services are received.

Costs resulting from depreciation relating to tangible fixed assets and intangible assets come in addition.

### Losses on loans
Impairment losses on loans to customers and credit institutions are presented under losses on loans in the income statement. Losses in the period linked to individual commitments are presented net after having pledged collateral and any other guarantees are taken into account. See Note 2 on principles relating to the calculation of impairment losses on loans to customers and credit institutions.

## 6. Currency

Sbanken's presentation and functional currency is Norwegian kroner (NOK). Transactions in foreign currency are translated into the functional currency at the exchange rate on the transaction date. Realised currency gains or losses from the settlement of transactions and from the translation of monetary items in foreign currency at the exchange rate on the balance sheet date are recognised in the income statement.

## 7. Property, plant and equipment

Property, plant and equipment include improvements to leased property, IT equipment, furniture and other equipment.

Property, plant and equipment are valued at acquisition cost, reduced by accumulated depreciation. The acquisition cost includes expenses that are directly attributable to the acquisition. Costs incurred after the asset has been taken into use are only recognised in the balance sheet when it is probable that future economic benefits will pass to the enterprise, and the costs can be measured in a reliable manner. The balance sheet value of a component of an asset is derecognised when the component is replaced. Other repair and maintenance costs are expensed in the period they are incurred. Property, plant and equipment are depreciated on a straight-line basis over the asset's estimated lifetime. The lifetime is stipulated for each asset individually.

At the time of reporting, an assessment is carried out of whether there are indications of impairment relating to a tangible fixed asset. If there are such indications, a recoverable amount is estimated and a write-down carried out unless it is assumed to be temporary. The write-down will be the difference between the previous book value and the new estimated recoverable amount.

## 8. Leases

IFRS 16 Leases was adopted with effect from 1 January 2019. Under IFRS 16, all future lease payment obligations under the bank's material lease agreements with a duration of more than 12 months shall be recognised in the balance sheet as a liability. Correspondingly, the right to future use of leased assets shall be recognised as an asset. In the income statement, depreciation of the right-of-use assets will be recognised separately from interest on lease liabilities and together these replace lease expenses under IAS 17.

Sbanken ASA has decided to use the following accounting principles and solutions:
- the exemption for low-value assets (primarily office equipment)
- the modified retrospective approach upon implementation of IFRS 16

The latter means that comparative figures for 2018 have not been restated. The right-of-use asset and the lease liability were measured at the same amount, adjusted for advance payments, accruals and provision included in the balance sheet at 31 December 2018.

The right-of-use asset is classified as tangible fixed assets in the balance sheet, while the lease liability is classified as other liabilities. Sbanken ASA's lease liabilities are related to the lease of commercial property, in addition to some IT equipment. The total lease liability and right-of-use asset amounted to NOK 155 million at 1 January 2019. The right-of-use asset has been assigned a risk weight of 100 per cent, and the effect on CET1 was less than 0.1 percentage points (negative effect).

The effect on profit will change over time, but the combination of interest and depreciation expenses under IFRS 16 is expected to be somewhat higher than lease expenses under IAS 17 at the start of the lease period and lower towards the end.





Note 1 – Accounting principles (continued)

## 9. Intangible assets

Intangible assets are identifiable, non-monetary assets that lack physical substance. Sbanken is entitled to the future economic benefits of the asset and thereby also controls the asset. Intangible assets in Sbanken mainly consist of IT development and software.

### IT development/software:
Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the group are recognised in the balance sheet as an intangible asset when the following criteria are met:

- it generates future economic benefits and cash flows
- it is technically feasible to complete the software and make it available for use
- the management intends to complete the software for use
- there is a possibility of using or selling the software
- technical, financial or other resources are available to complete the software
- expenses relating to the software development can be measured in a reliable manner

Capitalised development costs are recognised as intangible assets and depreciated when the asset is taken into use. Software also includes purchased software licences that are not physical assets.
Intangible assets are depreciated on a straight-line basis over a period of 3 to 7 years.

Costs relating to the maintenance of software are expensed in profit or loss when the cost is incurred.

### Impairment of intangible assets:
At the time of reporting, an assessment is carried out of whether there are indications of a fall in value relating to an intangible asset. If there are, a recoverable amount is estimated and a write-down carried out unless it is assumed to be temporary. Indicators that can trigger an impairment test include:

- significantly reduced performance of the asset
- material change in the use of the asset
- significant negative trends
- other external or internal factors

## 10. Financial instruments

### Recognition and derecognition
Financial assets and liabilities are recognised in the balance sheet when the company becomes a party to the instrument's contractual terms. Normal purchases and sales of financial instruments are recognised on the transaction date. Upon initial recognition of a financial asset or a financial liability (asset/liability that is not valued at fair value through profit or loss), the asset or liability is measured at fair value with the addition of transaction expenses that are directly attributable to the acquisition or issuing of the financial assets or liability.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the financial asset expire, or (b) when the enterprise transfers the financial asset in a transaction where all or nearly all risks and rewards of ownership relating to the asset are transferred.

Under IFRS 9, classification in the correct measurement category will be based on both characteristics of the contractual cash flows and the business model for managing the financial assets.

IFRS 9 has the following measurement categories:

### A) Debt instruments at amortised cost
Instruments included in this measurement category are instruments held for the purpose of receiving contractual cash flows, where these cash flows only consist of the payment of interest and principle.

Sbanken ASA group uses this category for all loans to customers, central banks and credit institutions, and for items included in the accounting item 'Other financial assets'.

Sbanken ASA (parent company) uses this category for loans to customers, except instalment loans secured by a mortgage (all mortgages except lines of credit), loans to central banks and credit institutions, and for items included in the accounting item 'Other financial assets'.

### B) Debt instruments at fair value through other comprehensive income (FVOCI)
Instruments included in this measurement category are instruments held for the purpose of both receiving contractual cash flows and for sale. The cash flows shall also here consist of the payment of interest and principal only.

Sbanken ASA group uses this category for debt instruments in the company's liquidity portfolio.

Sbanken ASA (parent company) uses this category for debt instruments in the company's liquidity portfolio, and for loans to customers that are instalment loans secured by residential

# Note 1 – Accounting principles (continued)

mortgage (all mortgages except lines of credit). The reason for this is that Sbanken ASA has a business model indicating that all qualified mortgages can be sold to the subsidiary Sbanken Boligkreditt AS.

**C) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)**
The following instruments will be included in this measurement category:

1) Derivatives shall always be measured at fair value through profit or loss
2) Equity instruments shall as a rule be classified here
3) Debt instruments may be classified here if the criteria for using the fair value option (FVO) are met and if the business model indicates that the instrument is managed and followed up at fair value (trading).

Sbanken ASA group and the parent company use this category for investments in shares and fixed-rate loans to customers.

**D) Equity instruments where the OCI option is used, so that the instrument is measured at fair value through other comprehensive income without recycling**
The company can choose to recognise equity instruments through other comprehensive income instead of through profit or loss, provided that the instrument is not held for trading purposes. If it chooses to do so, these instruments will not be reclassified to profit or loss upon realisation.

Sbanken ASA group and the parent company do not use this category.

## 11. Financial liabilities

The bank's financial liabilities consist of debt to credit institutions, deposits from customers, and covered bonds and senior bonds issued.

**Debt to credit institutions and customer deposits**
Debt to credit institutions and customer deposits are recognised at fair value upon establishment, adjusted for any transaction costs, and subsequently at amortised cost in accordance with the effective interest rate method.

**Covered bonds and senior bonds**
The bank has issued covered bonds through its subsidiary Sbanken Boligkreditt AS. Covered bonds are recognised at fair value upon issue, adjusted for any transactions costs, and subsequently at amortised cost in accordance with the effective interest rate method. The same accounting treatment also applies to senior bonds.

**Subordinated loans**
Subordinated loans are recognised at fair value upon establishment, adjusted for any transactions costs, and subsequently at amortised cost in accordance with the effective interest rate method.

## 12. Hedge accounting

Sbanken uses derivatives to hedge against interest rate and currency risk in connection with the issuing of debt in EURO. When the company issues securities in currencies other than Norwegian kroner, the bank's market risk policy states that hedging transactions shall be carried out, so that the bank avoids exposure in foreign currency and thereby minimises currency risk. Upon initial recognition, derivatives and borrowings are designated as hedging instruments and recognised as fair value hedges. Formal earmarking and documentation of the hedging relationship takes place when it is established. There is a direct and documented connection between fluctuations in the value of the hedged item that are due to the hedged risk and the value of the financial derivatives. The hedging is documented with reference to the company's risk management strategy, with a description of the hedged risk and why the hedging is expected to be effective.

The hedging instruments (interest rate and currency swaps) are recognised at fair value, while the hedged items are valued at fair value for the hedged risks (interest rate and currency). Hedge ineffectiveness, defined as the difference between the value adjustment of hedged instruments and the value adjustment of the hedged items, is recognised through profit or loss as it arises. The exemption is the part of the value adjustment caused by a change in basis spreads relating to hedged instruments recognised in other comprehensive income.

## 13. Hybrid capital

Sbanken ASA has issued hybrid capital instruments. The instruments are perpetual, entitling the issuer to redeem the capital on specific dates, for the first time five years after the date of issue. The terms and conditions of the agreement meet the requirements of the Capital Adequacy Regulations, and the instruments are included in the bank's core capital for capital adequacy purposes. This means that the bank is unilaterally entitled to not pay interest and/or redeem the nominal value of the instruments to the hybrid capital investors. For this reason, the instruments do not meet the definition of debt in IAS 32 and are classified as equity.

A share of the profit corresponding to accrued interest is allocated to the hybrid capital investors and accumulated as hybrid capital as part of the bank's equity. Correspondingly,





# Note 1 – Accounting principles (continued)

interest paid will reduce the hybrid capital upon payment to the hybrid capital investors. Transaction costs relating to the issue of hybrid capital are charged to other equity, corresponding to the costs relating to share issues.

## 14. Fair value

Fair value is the price at which an asset can be sold or a liability settled in a voluntary transaction at arm's length between well-informed parties. For financial assets listed on a stock exchange or another regulated market-place, the fair value is the purchase price on the last day of trading up to and including the balance sheet date, and the sales price of an asset that can be acquired or a liability held.

Where the price of a financial instrument is not observable in an active market, the fair value is determined using valuation methods. Valuation methods include the use of recent market transactions carried out at arm's length between well-informed parties, if such are available, reference to the fair value on an ongoing basis of another instrument that is practically identical, discounted cash flow calculations and option pricing models.

Reference is made to Note 40 for a description of the fair value hierarchy.

## 15. Dividend

Dividends from investments are recognised when the company has unconditional right to receive the dividend.

For Sbanken ASA (the parent company), the regulations on annual accounts for banks Section 3-1 allows dividends and group contributions from subsidiaries to be recognised in accordance with the provisions of the Accounting Act.

This means that the Sbanken ASA can recognise dividends from its wholly-owned subsidiary Sbanken Boligkreditt AS on the balance sheet date.

## 16. Accounting provisions for liabilities

Provisions for liabilities are non-financial liabilities with an uncertain settlement date or amount. The bank makes a provision for liabilities when a statutory or self-imposed obligation exists as a result of previous events, when there is a preponderance of probability that the liability will have to be settled and a reliable estimate can be prepared.

## 17. Pensions

Sbanken has both defined contribution and defined benefit pension schemes for its employees.

Under the defined contribution scheme, a contribution is paid into the employees' personal pension accounts in the life insurance company Nordea Liv Norge AS every month. This amounts to 7 per cent of earnings between 0 and 7.1 times the National Insurance basic amount (G) and 15 per cent of earnings between 7.1 and 12 G. The maximum age for earning pension benefits under the scheme is 70. The age of retirement will vary from 62 to 70 according to the employee's wishes. Defined contribution pension plans are expensed directly.

Under the defined benefit scheme, employees will receive retirement pension of around 66 per cent of the pension basis (max. 12 G) given a full contribution period of 30 years. Employees carry no risk over and above the risk of dying before reaching the retirement age, in which case the pension funds will pass to the other members of the pension scheme and not the employee's next of kin.

Defined benefit plans are valued at the present value of future pension benefits, which for accounting purposes are deemed to have been earned on the balance sheet date, minus pension assets measured at fair value. Pension obligations are estimated annually by an independent actuary. The present value of a defined benefit pension is determined by discounting future cash flows that are expected to be disbursed under the scheme using the interest rate on covered bonds (OMF) on the balance sheet date, plus an addition for taking into account the relevant duration of the obligation.

Net interest expense is calculated by applying the discount rate on the net pension obligation. Net interest expense is recognised under personnel expenses in profit or loss. Actuarial losses and gains are recognised in other comprehensive income in the period they arise.

Changes in the pension obligation that are due to plan changes are recognised directly in profit or loss.

# Note 1 – Accounting principles (continued)

## 18. Tax

The tax expense represents the sum of current tax and deferred tax. Current tax is the tax payable for the period based on the taxable profit/loss for the year, plus any changes in the estimated current tax for previous years.

Deferred tax is calculated on the basis of the differences between the book value and tax value of assets and liabilities at the time of reporting.

The deferred tax liability is generally recognised for all taxable (tax-increasing) temporary differences, and the deferred tax asset is generally recognised for all deductible (tax-reducing) temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be offset.

Current tax and deferred tax are recognised as expenses or income in profit or loss, except deferred tax on items recognised directly against equity, in which case the tax is recognised directly in equity, or in cases where they arise as a result of the recognition of a business merger.

## 19. Associated companies

Associated companies are entities in which the group exercises significant influence, but not control. Significant influence is normal for investments where the group owns between 20 and 50 per cent of the capital carrying voting rights. Investments in associated companies are recognised pursuant to the equity method. At the time of acquisition, investments in associated companies are recognised at acquisition cost. Investments in associated companies also include goodwill identified at the time of acquisition, reduced by any subsequent write-downs. The share of profit or loss in associated companies is recognised and added to the capitalised value of the investments plus the share of unrecognised changes in equity. The group does not recognise the share of the loss if this means that the capitalised value of the investment is negative, unless the group has undertaken obligations or furnished guarantees on behalf of the associated company.

## 20. Consolidation

The consolidated financial statements include Sbanken ASA and subsidiaries in which Sbanken ASA controls the company's operations (actual control). A controlled company is one in which the bank has power over the investee, is exposed, or has rights to variable returns from the investee, and has the power to control the activities of the investee that materially affect the return. This means that a consolidation obligation must also be considered in cases where there is no majority shareholding.

**Elimination of intercompany transactions**
Intercompany balances, gains and losses, interest and dividend etc. between group companies are eliminated in the consolidated financial statements.

## 21. Segment reporting

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. The Sbanken group launched an SME (small and medium entities) offering in late June 2019. At present, neither the customer base nor the revenues or costs from the SME offering constitute 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.

These groups consist of the following products and services:
**Lending:** Home loans, car loans, credit cards, overdraft facilities, consumer loans and custody account credit
**Deposits:** all-in-one, high-interest, security deposit accounts and home savings for young people (BSU)
**Payment services:** payment of bills, international payments, card transactions etc.
**Security:** log-in, security solutions etc.

The products in these groups are followed up by management, but their focus and weight vary depending on the overall situation for the business as a whole. The bank's own investment activities do not constitute a separate reportable segment, and they are therefore presented together with the Private Market. As the bank only operates in Norway, the reporting of geographical and secondary segments is not considered relevant. However, important classes of assets (mortgages) and liabilities (deposits) are broken down by county and presented in a separate note.





# Note 1 – Accounting principles (continued)

## 22. Related parties

Sbanken ASA defines related parties as:
– Shareholders with significant influence (DNB Bank ASA)
– Subsidiaries
– Associated companies
– Executive personnel
– Other related parties

All transactions with related parties are carried out on the basis of the arm's length principle. See Notes 34 and 47 for further information about related parties.

# Note 2 – Critical accounting estimates and judgement in applying accounting policies

The preparation of financial statements in accordance with IFRS and the application of the chosen accounting principles require the management to make assessments, prepare estimates and apply assumptions that affect the carrying amounts of assets, liabilities, income and expenses. The estimates and pertaining assumptions are based on previous experience and other factors that are considered to be reasonable under the circumstances. Actual figures may deviate from these estimates. The estimates and the pertaining assumptions are reviewed on a regular basis.

Changes in accounting estimates are recognised in the period when the change occurs if the change only affects this period or in the period when the estimates are changed, and in future periods if the changes affect both current and future periods.

The accounting principles that the company applies when assessments, estimates and assumptions deviate significantly from the actual figures are described below.

**A. Fair value of financial assets and liabilities**
There is uncertainty attached to the pricing of financial instruments that are not quoted in an active market. This applies in particular to securities that are priced on the basis of unobservable assumptions (Level 3 in the fair value hierarchy), and different valuation techniques are used to determine the fair value of these investments.

Reference is made to Note 40 for a more detailed description of financial instruments valued at fair value.

**B. Losses on financial assets**

**Calculation of impairment**
The principles in IFRS 9 relating to impairment of financial instruments are based on the approach that a provision shall be made for expected credit losses (ECL). This represents a change from the previous standard, IAS 39, which was based on the 'incurred loss' principle. It entailed recognising a loss only when there was objective evidence that a loss event had occurred. The change entails, to a much greater extent than before, estimating future credit losses regardless of whether there is objective evidence of a loss event.

The new principles for impairment in IFRS 9 apply to financial instruments that are debt instruments and that are measured at amortised cost or at fair value through other comprehensive income (OCI). They also include loan commitments.

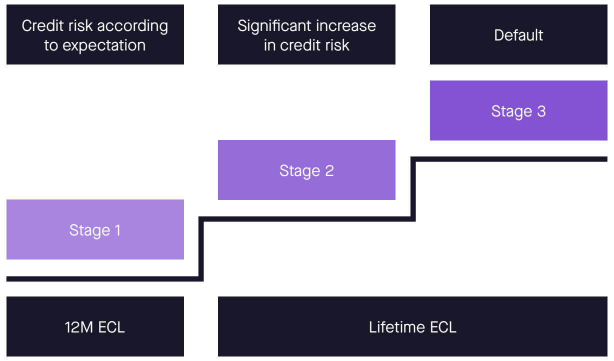
## 1. Framework used to estimate the provision for ECL

The bank has developed a framework to estimate the provision for expected credit losses (ECL) in accordance with IFRS 9. The bank estimates ECL at account level for the following products:

- Home loans
- Car loans
- Consumer loans
- Credit cards
- Overdrafts

The ECL calculation is based on a three-stage model as illustrated below. At initial recognition, the exposures are allocated to Stage 1. If the credit risk has increased significantly since initial recognition, the exposure migrates to Stage 2. Defaulted exposures are allocated to Stage 3. The provision for assets in Stage 1 corresponds to 12-month expected credit loss (12M ECL), whereas for assets in Stage 2 and 3, the provision corresponds to lifetime expected credit loss (LT ECL). Provisions for Stage 1 and 2 replace the collective impairment model under IAS 39. For individual impairment (Stage 3 assets), there are no significant changes in the rules compared with IAS 39.

# Note 2 – Critical accounting estimates and judgement in applying accounting policies (continued)




ECL is an unbiased estimate based on a range of possible outcomes/scenarios. The bank's approach to macroeconomic scenarios and forward-looking information is described in further detail in section 4 below.

The bank estimates ECL as the sum of marginal losses occurring in each time period from the balance sheet date. The marginal losses are derived from parameters that estimate exposure and loss given default (EAD and LGD) and the marginal probability of default for each period.

12M ECL is the portion of LT ECL resulting from default events that may occur within 12 months of the reporting date.

### Probability of Default (PD)

Sbanken has developed internal statistical models to estimate 12-month PD based on historical default data. For each product, the bank has an application model that is used to estimate PD at initial recognition and a portfolio model used to estimate PD for all loans and credit in the portfolio on a monthly basis. All PD models provide point-in-time estimates that are adjusted to reflect forward-looking information before they are used for accounting purposes.

In addition to the PD models that provide 12-month PD on the reporting date, Sbanken has also developed PD curves consisting of marginal 12-month PD throughout the life of the loan. The PD curves are used both in the stage allocation process and to calculate ECL for exposures in Stage 2.

### Loss Given Default (LGD)

The LGD represents the expected loss conditional on a default event. The methodology behind the LGD models varies between loans secured by collateral and unsecured loans and credit. All models are based on two components; the likelihood that a defaulted exposure is cured (Cure rate) and the expected loss in the event that the exposure is not cured.

For mortgages, the cure rate is calculated on a loan-by-loan basis, taking into account characteristics of the underlying collateral. For other portfolios, the cure rate depends on how long the loan has been in default.

For mortgages and car loans, the expected value of the collateral, when it is realised, is included in the loss-given-loss (LGL) component.

For secured loans, expected realisable values of underlying collateral are obtained when determining LGL. The expected realisable values of residential property in the portfolio are statistically estimated values from Eiendomsverdi AS, which are updated to Sbanken's portfolio quarterly. The bank performs a reasonableness assessment of the estimated property values.

The expected realisable value of cars in the portfolio are statistically estimated values from Eurotaxglass Norge AS, which are regularly updated to Sbanken's portfolio.

For unsecured loans, LGL is based on historical recovery rates on similar non-performing receivables.

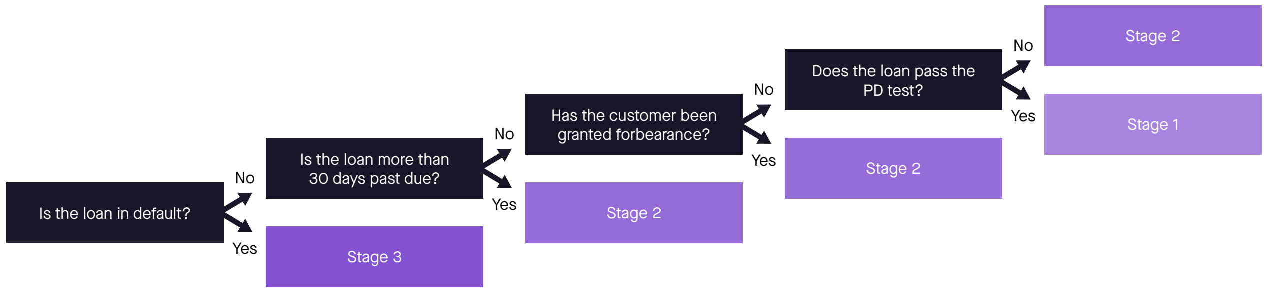
### Exposure at Default (EAD)

The EAD represents the expected exposure at the time of default. For mortgages, car loans and consumer loans, EAD is based on the repayment plan for the loan. This is further adjusted by taking into account the probability of early repayment.

For credit facilities, EAD is based on the expected drawdown on the facility at the time of default. In addition, an adjustment is made for expected life.

### Lifetime

For financial assets in Stage 2, the provisions correspond to LT ECL. For loans and credit with a repayment plan, ECL is calculated over the full remaining contractual period. For revolving credit, the period of exposure, or expected life, is not modelled separately, but rather included in the EAD estimate.








# Note 2 – Critical accounting estimates and judgement in applying accounting policies (continued)

## 2. Staging assessment

The staging assessment is illustrated in the flow chart below. All defaulted loans are allocated to Stage 3. Exposures whose credit risk has increased significantly since initial recognition are allocated to Stage 2. The remaining exposures are allocated to Stage 1.

### 2.1 Significant increase in credit risk

Migration from Stage 1 to Stage 2 is determined by the definition of significant increase in credit risk. The bank's assessment of changes in credit risk consists of three elements; a quantitative element, a qualitative element and a back-stop.

### 2.1.1 Quantitative element

The quantitative element is the main driver of significant increase in credit risk. This is determined by comparing the difference between the 12-month PD on the reporting date and the 12-month PD on the reporting date, expected at initial recognition. This is referred to as the PD test. The PD estimates used in the PD test take into account forward-looking information and are probability-weighted estimates based on a range of possible scenarios.

The PD test consists of two criteria that must both be met in order for the increase in credit risk to be regarded as significant. The change in PD must be more than 250% and it must equal at least 1 percentage point.

If the bank had not used an absolute limit of 1 percentage point when assessing a significant increase in credit risk, NOK 6.7 billion of the loans currently in Stage 1 would have been recognised in Stage 2, of which about 90 per cent are mortgages, 7 per cent are car loans and 3 per cent are unsecured loans. Due to the high proportion of mortgages, the increase in ECL due to the migration between the stages would be about NOK 1.4 million.

### 2.1.2 Qualitative element

Customers who have been granted forbearance are deemed to have had a significant increase in credit risk. Forbearance takes into account contagion between the customer's different products, which is not necessarily reflected in the PD estimates. The bank will implement the qualitative element as a back-stop, which means that all exposures with a forbearance flag will be allocated to Stage 2, unless they are in default. Loans where payment holidays are agreed and where there are no other indications that the customer has payment problems are not considered to qualify for forbearance as defined in IFRS 9 and are placed in Stage 1.

### 2.1.3 Back-stop

If an exposure is more than 30 days past due, it will be allocated to Stage 2.

### 2.2 Migration to lower stage

An exposure that has migrated to Stage 2 can migrate back to Stage 1 if it no longer meets any of the three criteria mentioned above. No explicit quarantine period must be implemented before an exposure can migrate to a lower stage. Exposures in default will migrate to Stage 1 or 2 when they are no longer marked as 'in default'.

## 3. Definition of default

As at 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 materiality threshold requirements 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 of the debtor's exposures in the same product category. The following product categories are defined: 1) Mortgages, 2) Car loans, 3) 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 apply.

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 nondefaulted status when certain

# Note 2 – Critical accounting estimates and judgement in applying accounting policies (continued)

| Sensitivity analysis of development in the housing price with effect on Expected credit loss (ECL) | Sbanken ASA Group | | | |
|---|---|---|---|---|
| In NOK thousand<br>House price changes | Change in Stage 1 | Change in Stage 2 | Change in Stage 3 | Total change in expected credit loss (ECL) in NOK |
| 10% increase | (1 171) | (3 767) | (5 465) | (10 403) |
| 5% increase | (632) | (2 082) | (3 003) | (5 717) |
| 5% decrease | 737 | 2 589 | 3 605 | 6 931 |
| 10% decrease | 1 581 | 5 660 | 7 798 | 15 039 |
| 20% decrease | 3 643 | 13 354 | 18 156 | 35 153 |
| 30% decrease | 6 265 | 23 073 | 31 306 | 60 645 |
| 40% decrease | 9 474 | 34 665 | 45 994 | 90 133 |
| 60% decrease | 17 504 | 63 346 | 77 792 | 158 643 |

The sensitivity analysis has been based on total mortgages and stage distribution of loans at 31 December 2022. No adjustments have been made for any changes in the default rate due to house prices rising or falling .

recovery criteria are met for the last 90 or 365 days. Among other things, there can be no overdue amount during the last part of the probation period.

## 4. Macroeconomic scenarios

As described earlier, the bank includes forward-looking information both in the stage assessment process and in the estimation of ECL. More specifically, a probability-weighted PD is used when assessing whether an exposure has had a significant increase in credit risk. Furthermore, the ECL is a probability-weighted amount based on ECLs determined for each of three scenarios – a base case, a positive scenario and a negative scenario. The forecasts for the different macroeconomic factors in each scenario will be updated on a quarterly basis. The forecast period is set to three years. After this period, the macroeconomic factors will not vary between the three scenarios. The bank will base the macro scenarios on prognoses from Statistics Norway and Norges Bank in addition to the bank's annual ICAAP process. This will ensure that the macro view of the bank is based on external, independent prognoses and that the assumptions underlying the ECL estimation are subject to periodic stress testing.

The bank will use an approach that is largely based on expert credit judgement to identify key macroeconomic drivers and their impact on PD, LGD and EAD, as the bank does not have sufficient historical data available to build a statistical model for this purpose. The bank will group exposures secured by collateral and unsecured assets separately when carrying out this assessment. The process will result in a set of adjustment factors for each scenario that are applied to the estimated PD for the prognosis period. Forward-looking information is included in the LGD estimates for mortgages by adjusting the underlying collateral value in accordance with expected developments in the house price index in each scenario.

The macro variables used in the assessments are: changes in interest rates (NIBOR 3M), GDP growth, unemployment and changes in housing prices.

## 5. Governance

The bank has established a governance structure for the model that is used to calculate provisions for bad debt with clearly defined responsibilities for maintenance of models and methods, the quality and completion of the data that form the basis for the calculations, as well as the preparation of macroeconomic scenarios.

The macroeconomic scenarios are assessed quarterly by the interdisciplinary committee (extended credit committee).

## 6. Accounting treatment

The recognition of an impairment loss is always made through the use of an allowance account to write down the carrying amount of the asset. If the amount of the impairment loss decreases in a subsequent period, the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss. Subsequent recoveries of amounts previously written off are credited to the impairment loss account in profit or loss for the year.

### Write-off policy

Sbanken writes off and thereby reduces the carrying amount of a financial asset when there is no reasonable expectation of recovery. This may be when a court of law has reached a final decision, a decision has been made to cancel the debt or an agreement has been reached on debt restructuring. The write-off can relate to the entire asset or a portion of the asset and may constitute a derecognition event. Sbanken maintains the legal claim against the customer even though a write-off has been carried out.





# Note 2 – Critical accounting estimates and judgement in applying accounting policies (continued)

### C. Pension obligations, own employees

The fair value of pension obligations is estimated based on a range of actuarial and financial assumptions. Any changes in the assumptions will affect the estimated obligation. Changes in the discount rate have the most impact. The discount rate is stipulated locally for each pension scheme based on the economic area the plan is established in.

The discount rate and other assumptions are normally reviewed once a year in connection with the actuarial calculation, unless significant changes occur during the year. The pension obligations are valued by an independent qualified actuary, based on assumptions issued by the Norwegian Accounting Standards Board (NRS). Before final stipulation, the assumptions are considered in relation to the bank's specific circumstances.

### D. Intangible assets

If there are indications of impairment, an impairment test is performed to check whether the book value of self-developed software is present. The recoverable amount is also estimated in that connection. There is uncertainty attached to the estimate of cash flows and discount rates in connection with the estimation of the recoverable amount.

# Note 3 – 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. The Sbanken group launched an SME (small and medium entities) offering in late June 2019. At present, neither the customer base nor the revenues or costs from the SME offering constitute 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.

The groups comprise the following products and services:

- **Lending:** Home loans, car loans, credit cards, overdraft facilities, personal loans and custody account lending
- **Deposits:** All-in-one, high-interest and security deposit accounts, as well as BSU (young home-buyer's savings account)
- **Payment services:** Invoice payments, international payments, card transactions etc.
- **Security:** Log-in, security solutions etc.

The products in these groups are followed up by management, but the focus is shifted depending on the overall situation for the business as a whole. The bank's own investment activities do not form a separate reportable segment and are therefore presented in conjunction with the Private Market. Since the bank operates only in Norway, the reporting of geographical and secondary segments is not considered relevant. Important classes of assets (e.g. mortgages) are, however, broken down geographically and presented in a separate note.

# Note 4 – 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/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. On 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.

# Note 4 – Capital adequacy (continued)

| | Sbanken ASA Group | | | |
|---|---|---|---|---|
| In NOK thousand | 31.12.22 | | 31.12.21 | |
| **Specification of risk-weighted volume** | **Nominal exposure** | **Risk-weighted volume** | **Nominal expo-sure** | **Risk-weighted volume** |
| Central governments | 1 216 569 | 0 | 1 636 276 | 0 |
| Regional governments | 860 120 | 174 322 | 1 576 900 | 228 088 |
| Multilateral Development Banks | 1 734 151 | 0 | 1 563 271 | 0 |
| Institutions | 2 137 408 | 481 092 | 1 717 129 | 377 910 |
| Retail | 8 566 933 | 3 348 521 | 8 614 935 | 3 337 562 |
| Secured by mortgages on immovable property | 116 355 394 | 36 464 152 | 99 193 525 | 30 877 352 |
| Exposures in default | 420 444 | 470 498 | 519 364 | 582 455 |
| Covered bonds | 9 914 394 | 991 439 | 10 536 254 | 1 053 625 |
| Equity | 434 325 | 434 325 | 399 720 | 400 265 |
| Other items | 163 170 | 163 170 | 162 307 | 162 307 |
| **Total credit risk, standardised method [1]** | **141 802 908** | **42 527 519** | **125 919 681** | **37 019 564** |
| Credit value adjustment risk (CVA) | | 17 665 | | 56 442 |
| Operational risk | | 2 896 278 | | 2 773 710 |
| **Total risk-weighted volume** | | **45 441 462** | | **39 849 716** |
| | | | | |
| **Capital base** | | | | |
| Share capital | | 1 068 693 | | 1 068 693 |
| Share premium | | 2 625 895 | | 2 625 895 |
| Other equity | | 3 876 091 | | 3 091 157 |
| Additional Tier 1 capital | | 702 886 | | 701 389 |
| **Total booked equity** | | **8 273 565** | | **7 487 134** |
| Additional Tier 1 capital instruments included in total equity | | -702 886 | | -701 389 |
| **Common equity Tier 1 capital instruments** | | **7 570 679** | | **6 785 745** |
| *Deductions* | | | | |
| Goodwill, deferred tax assets and other intangible assets | | -54 267 | | -77 513 |
| Value adjustment due to the requirements for prudent valuation (AVA) | | -14 496 | | -15 796 |
| Dividends payable [2] | | 0 | | 0 |
| **Common equity Tier 1 capital** | | **7 501 916** | | **6 692 436** |
| Additional Tier 1 capital | | 700 000 | | 700 000 |
| **Tier 1 capital** | | **8 201 916** | | **7 392 436** |
| Tier 2 capital | | 900 000 | | 900 000 |
| **Own funds (primary capital)** | | **9 101 916** | | **8 292 436** |
| | | | | |
| **Capital requirements** | | | | |
| Minimum requirements - common equity Tier 1 capital | 4,5% | 2 044 866 | 4,5% | 1 793 237 |
| Institution specific Pillar II requirement | 1,5% | 681 622 | 1,5% | 597 746 |
| Capital conservation buffer | 2,5% | 1 136 037 | 2,5% | 996 243 |
| Systemic risk buffer | 3,0% | 1 363 244 | 3,0% | 1 195 491 |
| Countercyclical capital buffer | 2,0% | 908 829 | 1,0% | 398 497 |
| Additional Tier 1 capital | 1,5% | 681 622 | 1,5% | 597 746 |
| Tier 2 capital | 2,0% | 908 829 | 2,0% | 796 994 |
| **Total minimum and buffer requirements own funds (primary capital)** | **17,0%** | **7 725 049** | **16,0%** | **6 375 955** |
| *Available common equity Tier 1 capital after buffer requirements* | | *1 358 490* | | *1 711 222* |
| *Available own funds (primary capital)* | | *1 376 868* | | *1 916 482* |
| | | | | |
| **Capital ratio% (regulatory) [2]** | | | | |
| Common equity Tier 1 capital | | 16,5% | | 16,8% |
| Additional Tier 1 capital | | 1,5% | | 1,8% |
| Tier 2 capital | | 2,0% | | 2,3% |
| **Total capital ratio** | | **20,0%** | | **20,8%** |

[1] The specification is according to the EBA reporting framework.
[2] Year-end 2022 and 2021 includes fully retained earnings with no dividend.





# Note 4 – Capital adequacy (continued)

| | Sbanken ASA (parent company) | | | |
|---|---|---|---|---|
| In NOK thousand | 31.12.22 | | 31.12.21 | |
| **Specification of risk-weighted volume** | **Nominal exposure** | **Risk-weighted volume** | **Nominal expo-sure** | **Risk-weighted volume** |
| Central governments | 1 209 371 | 0 | 1 611 053 | 0 |
| Regional governments | 863 382 | 182 477 | 1 577 839 | 230 435 |
| Multilateral Development Banks | 1 581 043 | 0 | 1 469 749 | 0 |
| Institutions | 38 399 159 | 4 343 885 | 29 981 388 | 3 742 762 |
| Retail | 8 563 612 | 3 346 030 | 8 612 228 | 3 335 532 |
| Secured by mortgages on immovable property | 83 585 791 | 24 977 529 | 61 177 525 | 17 584 879 |
| Exposures in default | 314 278 | 364 330 | 408 298 | 471 389 |
| Covered bonds | 10 267 197 | 1 026 720 | 17 687 733 | 1 768 773 |
| Equity | 2 362 489 | 2 362 489 | 2 652 980 | 2 653 525 |
| Other items | 170 999 | 170 999 | 421 308 | 421 308 |
| **Total credit risk, standardised method [1]** | **147 317 321** | **36 774 460** | **125 600 101** | **30 208 603** |
| Credit value adjustment risk (CVA) | | 9 110 | | 37 612 |
| Operational risk | | 2 507 908 | | 2 316 820 |
| **Total risk-weighted volume** | | **39 291 478** | | **32 563 035** |
| | | | | |
| **Capital base** | | | | |
| Share capital | | 1 068 693 | | 1 068 693 |
| Share premium | | 2 625 895 | | 2 625 895 |
| Other equity | | 3 195 501 | | 2 544 460 |
| Additional Tier 1 capital | | 702 886 | | 701 389 |
| **Total booked equity** | | **7 592 975** | | **6 940 437** |
| Additional Tier 1 capital instruments included in total equity | | -702 886 | | -701 389 |
| **Common equity Tier 1 capital instruments** | | **6 890 089** | | **6 239 048** |
| *Deductions* | | | | |
| Goodwill, deferred tax assets and other intangible assets | | -54 267 | | -77 513 |
| Value adjustment due to the requirements for prudent valuation (AVA) | | -14 924 | | -23 057 |
| Dividends payable [2] | | 0 | | 0 |
| **Common equity Tier 1 capital** | | **6 820 898** | | **6 138 478** |
| Additional Tier 1 capital | | 700 000 | | 700 000 |
| **Tier 1 capital** | | **7 520 898** | | **6 838 478** |
| Tier 2 capital | | 900 000 | | 900 000 |
| **Own funds (primary capital)** | | **8 420 898** | | **7 738 478** |
| | | | | |
| **Capital requirements** | | | | |
| Minimum requirements - common equity Tier 1 capital | 4,5% | 1 768 117 | 4,5% | 1 465 337 |
| Capital conservation buffer | 2,5% | 982 287 | 2,5% | 814 076 |
| Systemic risk buffer | 3,0% | 1 178 744 | 3,0% | 976 891 |
| Countercyclical capital buffer | 2,0% | 785 830 | 1,0% | 325 630 |
| Additional Tier 1 capital | 1,5% | 589 372 | 1,5% | 488 446 |
| Tier 2 capital | 2,0% | 785 830 | 2,0% | 651 261 |
| **Total minimum and buffer requirements own funds (primary capital)** | **15,5%** | **6 090 179** | **14,5%** | **4 721 640** |
| *Available common equity Tier 1 capital after buffer requirements* | | *2 109 520* | | *2 556 545* |
| *Available own funds (primary capital)* | | *2 334 319* | | *3 016 838* |
| | | | | |
| **Capital ratio% (regulatory) [2]** | | | | |
| Common equity Tier 1 capital | | 17,4% | | 18,9% |
| Additional Tier 1 capital | | 1,8% | | 2,1% |
| Tier 2 capital | | 2,3% | | 2,8% |
| **Total capital ratio** | | **21,4%** | | **23,8%** |

[1] The specification is according to the EBA reporting framework.
[2] Year-end 2022 and 2021 includes fully retained earnings with no dividend.

# Note 5 – Leverage Ratio

The leverage ratio requirements are a supplement to the risk-weighted minimum capital requirements and state 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 3 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.

| Sbanken ASA (parent company) | | | Sbanken ASA Group | |
|---|---|---|---|---|
| **31.12.21** | **31.12.22** | In NOK thousand | **31.12.22** | **31.12.21** |
| 81 850 | 40 919 | Exposure value on derivatives | 171 921 | 145 898 |
| 29 847 924 | 40 160 581 | Off-balance sheet commitments | 9 624 657 | 7 450 518 |
| 78 864 127 | 87 374 753 | Loans and advances and other assets | 114 185 167 | 101 792 833 |
| 0 | 0 | Regulatory adjustments included in Tier 1 capital | 0 | 0 |
| 108 793 901 | 127 576 253 | Total leverage exposure | 123 981 745 | 109 389 249 |
| **6 838 478** | **7 520 898** | **Tier 1 capital [1]** | **8 201 916** | **7 392 436** |
| **6,3%** | **5,9%** | **Leverage ratio% (regulatory)** | **6,6%** | **6,8%** |

**Leverage Ratio requirements**

| | | | | | | |
|---|---|---|---|---|---|---|
| 3 263 817 | 3 827 288 | 3,0% | Minimum requirements | 3,0% | 3 719 452 | 3 281 677 |
| 0 | 0 | 0,0% | Buffer requirements [2] | 0%/2% | 0 | 2 187 785 |
| **3 263 817** | **3 827 288** | **3,0%** | **Total minimum and buffer requirements (Tier 1 capital)** | **3%/5%** | **3 719 452** | **5 469 462** |
| *3 574 661* | *3 693 610* | | *Available Tier 1 capital after minimum and buffer r equirements* | | *4 482 464* | *1 922 974* |

[1] Year-end 2022 and 2021 includes fully retained earnings with no dividend.
[2] The special Norwegian buffer requirement for banks expired in June 2022.





# Note 6 – Financial risk management

The bank's risk strategy comprises its risk culture, risk appetite and principles for risk management.

## Risk culture

Sbanken's core business is to offer standard banking services such as deposits, saving, loans and payment services to retail customers, and basic banking services for the smallest SME customers. Sbanken shall not take on other material risks than those associated with maintaining and further developing these core activities, meaning in areas where a risk appetite has been defined. Sbanken shall be a safe, secure bank for private individuals and small SMEs, and have a credit policy adapted to its defined risk appetite. Sbanken shall have a sound risk culture based on openness, transparency and competence, and shall continuously challenge its own methods, processes and procedures in order to improve its performance. The bank's risk appetite shall be consistent with its risk capacity.

## Risk appetite

For risk management purposes, the bank classified risk in the following categories in 2022:
- Credit risk
- Market risk
- Owner risk
- Liquidity risk
- Capital risk
- Operational risk (including model risk)
- Business risk
- Strategic risk

Sbanken's Board determines the risk appetite for each of the defined risk categories and adopts guidelines that operationalise the company's risk appetite. The bank applied the following risk appetite levels in 2022:
- Credit risk: Low
- Market risk: Moderate
- Owner risk: Low
- Liquidity risk: Low
- Capital risk: Low
- Operational risk: Moderate
- Business risk: Moderate
- Strategic risk: Moderate

## Risk management principles

The bank adopts a holistic approach to risk management. This means that the following principles shall apply:
- The bank's risk appetite shall be translated into specific management parameters.
- Each risk area shall be allocated capital in line with the actual risk status, which in turn shall be tailored to the specified risk appetite.
- Risk management and reporting shall be performed in accordance with the above-mentioned parameters and objectives.
- The bank's risk management systems and procedures shall be appropriate to the complexity of the business.
- Risk management shall be an ongoing, continuous process.
- Risk reports shall be presented in an understandable manner that provides a clear picture of the bank's risk situation to all stakeholders.
- Risk management shall be performed across group companies, at all levels within each individual group company, and for the group as a whole.
- The bank shall only assume risks that are understood by the bank and the individual decision-maker.
- The bank shall perform risk assessment before implementing material changes.
- Responsibility for entering into agreements that incur risk for the bank is delegated through personal authorisations.
- Efforts shall be made to achieve as great a balance as possible between risk and profitability. Profitability shall be measured on a risk-adjusted basis and on the basis of the economic capital allocated.

## Organisation of risk management

The organisation of the bank is based on the bank's principles for risk management and internal control, and is designed to ensure that the bank's risk strategy is implemented.

### Board of Directors

Sbanken's Board has overarching responsibility for ensuring that the bank manages risk effectively. The Board defines the bank's risk appetite and risk management framework and monitors the bank's risk exposure. The bank's Board is also responsible for ensuring that the bank is sufficiently capitalised in relation to its risk factors.

### The Board's Committees

The Board had three sub-committees, until it became a fully owned subsidiary of DNB Bank ASA: the Audit Committee, the Risk and Compliance Committee and the Remuneration Committee. These committees met regularly to address their areas of responsibility. After the bank became a fully owned subsidiary, these tasks were covered by the subcommittees of DNB Bank ASA.

## Note 6 – Financial risk management (continued)

### CEO and committees
The CEO is responsible for the implementation of risk management procedures that ensure attainment of the goals decided by the Board, including efficient management systems for risk management and internal control. A number of advisory committees have been established to support the CEO's responsibility for risk management.

### The Risk and Compliance Committee
The Risk and Compliance Committee is chaired by the bank's CRO and CCO and reports to the CEO. The Committee monitors the bank's risk management and compliance programme, including the bank's systems for risk management, internal control and compliance with the regulatory framework.

### ALCO
The Asset & Liability Committee (ALCO) is chaired by the CFO and reports to the CEO. The Committee provides advice on strategic management of the bank's asset-liability and risk management framework.

### The organisation of Sbanken is based on the principle of three lines of defence:

### First line of defence
The first line of defence consists of all employees and managers who are not part of the second line of defence. The first line carries out risk assessments and implements risk and internal control processes that enable the bank to operate within limits adopted by the Board and the defined risk appetite. The first line of defence is the risk owner and is responsible for monitoring and implementing control activities.

### Second line of defence
The second line of defence consists of two independent control functions – Risk Management and Compliance – which monitor and check that the bank operates within limits adopted by the Board and relevant laws and regulations.

The Chief Risk Officer (CRO) is head of the bank's risk management function. The risk management function is responsible for establishing and maintaining systems and processes that ensure that the bank complies with adopted risk strategies, policies and procedures. The function prepares regular risk reports for the Board, and reports any breaches of limits and guidelines.

The CRO is independent of managers with responsibility for risk-taking, and does not take part in decisions that relate directly to areas that are monitored and reported. The CRO reports directly to the CEO, but has a right and a duty to report directly to the Board in cases where the Board does not receive necessary information about material risks via ordinary reporting procedures. The CRO may not be dismissed without the Board's consent.

The Chief Compliance Officer (CCO) leads the part of the second line of defence that covers compliance with procedures and regulations. Administratively, the function reports to the CEO. In practice, however, it is independent of the bank's management and other staff and control functions. The CCO checks compliance with regulations based on the Board's instructions, and reports to the Board on relevant matters.

### Third line of defence
The third line of defence consists of the internal auditor, who is responsible for independent testing of the risk management procedures. The function is independent of the management and is appointed by and reports to the Board. The internal auditor performs audits in accordance with the audit plan and instructions issued each year by the Board. The internal auditor prepares a summary of the bank's internal control once a year.





# Note 7 – Credit risk

Credit risk represents the most significant risk to Sbanken and is defined as the risk of loss resulting from counterparties not fulfilling their obligations, and of any pledged collateral failing to cover outstanding claims. How credit risk is managed is determined by whether it is related to loans to customers or other types of exposure, primarily the investment of excess liquidity.

The bank's lending to customers consists of loans to private individuals secured by real property, housing associations, cars or securities, or unsecured loans in the form of consumer loans, credit facilities and credit cards. The risk arising from loans to customers is managed, for all credit matters, through an assessment of the borrower's ability and willingness to pay and a valuation of any collateral. The total customer exposure is also taken into account, including any co-borrowers' exposure. The credit assessment is primarily carried out on the basis of automated credit regulations, a key element of which is credit scoring.

The bank measures credit risk arising from loans to customers through credit risk models. The risk classification system consists of a number of systems, processes and methods used to quantify credit risk. Credit scoring models for all lending products are based on statistical data, but some models also take expert assessments into account. The models estimate the probability of default (PD), which includes factors such as payment history, income, assets and the total number of borrowers. Loss given default (LGD) is estimated for loans with pertaining collateral, where the loss ratio is primarily based on the value of pledged collateral in relation to the sum borrowed.

Sbanken holds excess liquidity, which is invested short-term in the interbank market and in securities with counterparties in/issued by sovereign states, municipalities, institutions and enterprises. This credit risk is managed by assessing exposures based on the counterparty's ability to repay and their financial position. The Board has issued guidelines for the amount of credit that can be furnished to a counterparty/issuer, while the CEO approves counterparties/issuers and removes credit limits based on ALCO's recommendation.

Credit risk also includes concentration risk, including risk relating to significant exposure to a specific group of customers or a geographical area. The bank seeks to reduce concentration risk through diversified products and broad geographical distribution. In the retail market, the whole portfolio is categorised as 'mass market' in accordance with the Capital Adequacy Regulations Section 5-8 or as commitments secured by residential mortgage (Section 5-9), and there is thus no concentration risk in this portfolio. Concentration risk in the liquidity portfolio is managed by granting limits for individual counterparties within limits adopted by the Board. These limits also take into account the Regulations relating to large exposures.

Risk shall be weighed against the return and balanced so that the bank stays within the defined risk appetite. Credit risk that exceeds the bank's defined risk appetite shall not be compensated by high price. Credit assessment rules and tools shall be used to avoid very high-risk credit exposure. Reference is made to a separate note for an overview of exposure to credit risk and pertaining collateral.

### Climate risk
Climate risk is the risk of financial losses due to climate change and climate policy. The bank is exposed to climate risk in the form of physical risk and transition risk. The bank sorts climate risk under credit risk and strategic risk. Physical risk is the direct effects and consequences of climate change that can lead to physical damage. Physical risk is relevant to the bank's mortgage portfolio and can affect the bank's credit risk through reduced property values in vulnerable areas. Sbanken has not yet made changes to the credit process or ECL modelling on the basis of climate risk associated with the bank's mortgage portfolio, as the risk is not considered to have significant impact on lending or ECL. Transition risk is risk associated with the transition to a low emission society and overlaps both credit risk and strategic risk. In the credit area, the transition risk may include rising energy prices and requirements for energy efficiency and emissions, which may affect the customer's serviceability and the value of mortgages and car loans. In the strategic area, the transition risk may include reputation risk as a result of changing consumer preferences and increased environmental awareness. Reference is made to the bank's reporting on climate risk based on the recommendations from the TCFD (Task Force on Climate Related Financial Disclosure).

### Risk classification of loans to the mass market
Economic capital in the lending portfolio is calculated for measurement and monitoring purposes. The main components in this calculation are Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). 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 of the debtor's exposures 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

# Note 7 – Credit risk (continued)

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 apply.

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 for the last 90 or 365 days. Among other things, there can be no overdue amount during the last part of the probation period.

Based on internal default data, the bank has developed statistical models to estimate the probability of default for a commitment in the next 12 month-period.

The following classification is used for probability of default:
Low risk: Probability of default under 1.25%
Medium risk: Probability of default from 1.25% to 5%
High risk: Probability of default over 5%

| In NOK thousand | | | | 31.12.22 | | | |
|---|---|---|---|---|---|---|---|
| Gross loans distributed in risk groups | Mortgages Sbanken Boligkreditt AS | Mortgages Sbanken ASA (parent company) | Car loans | Custody account credit | Other loans, unsecured | Total Sbanken ASA (parent company) | Total Sbanken ASA Group |
| Low risk | 31 582 848 | 59 516 729 | 1 172 822 | 275 317 | 973 436 | 61 938 304 | 93 521 152 |
| Medium risk | 739 339 | 1 142 744 | 118 351 | | 524 750 | 1 785 845 | 2 525 184 |
| High risk | 450 003 | 671 560 | 38 149 | | 293 462 | 1 003 171 | 1 453 173 |
| **Total non-matured or written down** | **32 772 190** | **61 331 033** | **1 329 322** | **275 317** | **1 791 648** | **64 727 320** | **97 499 509** |
| Non-performing loans | 112 495 | 230 636 | 19 264 | 0 | 374 117 | 624 017 | 736 512 |
| **Total gross loans** | **32 884 685** | **61 561 669** | **1 348 586** | **275 317** | **2 165 765** | **65 351 337** | **98 236 022** |
| **Unutilised credit lines distributed in risk groups** | **Mortgages Sbanken Boligkreditt AS** | **Mortgages Sbanken ASA (parent company)** | **Car loans** | **Custody account credit** | **Other loans, unsecured** | **Total Sbanken ASA (parent company)** | **Total Sbanken ASA Group** |
| Low risk | 0 | 15 083 934 | 0 | 192 291 | 4 736 997 | 20 013 222 | 20 013 222 |
| Medium risk | 0 | 62 250 | 0 | 0 | 71 432 | 133 682 | 133 682 |
| High risk | 0 | 1 466 | 0 | 0 | 15 905 | 17 371 | 17 371 |
| **Total non-matured or written down** | **0** | **15 147 650** | **0** | **192 291** | **4 824 334** | **20 164 275** | **20 164 275** |
| Non-performing and doubtful loans | | 3 328 | | | 7 223 | 10 551 | 10 551 |
| **Total unutilised credit lines** | **0** | **15 150 978** | **0** | **192 291** | **4 831 557** | **20 174 827** | **20 174 827** |
| | | | | | | 0 | |
| Loan- and funding commitments | 0 | 7 109 214 | 148 427 | 0 | 17 073 | 7 274 714 | 7 274 714 |
| | | | | | | 0 | |
| **Maximum exposure to credit risk (gross)** | **32 884 685** | **83 821 861** | **1 497 013** | **467 608** | **7 014 395** | **92 800 877** | **125 685 562** |





# Note 7 – Credit risk (continued)

| In NOK thousand | | | | 31.12.21 | | | |
|---|---|---|---|---|---|---|---|
| Gross loans distributed in risk groups | Mortgages Sbanken Boligkreditt AS | Mortgages Sbanken ASA (parent company) | Car loans | Custody account credit | Other loans, unsecured | Total Sbanken ASA (parent company) | Total Sbanken ASA Group |
| Low risk | 37 137 453 | 40 981 111 | 926 398 | 291 152 | 1 029 941 | 43 228 602 | 80 366 055 |
| Medium risk | 599 711 | 1 013 370 | 80 891 | | 652 824 | 1 747 085 | 2 346 796 |
| High risk | 280 815 | 469 681 | 28 973 | | 365 021 | 863 675 | 1 144 489 |
| **Total non-matured or written down** | **38 017 979** | **42 464 162** | **1 036 262** | **291 152** | **2 047 786** | **45 839 362** | **83 857 340** |
| Non-performing loans | 116 992 | 298 085 | 15 832 | 0 | 382 859 | 696 776 | 813 768 |
| **Total gross loans** | **38 134 971** | **42 762 247** | **1 052 094** | **291 152** | **2 430 645** | **46 536 138** | **84 671 109** |
| **Unutilised credit lines distributed in risk groups** | **Mortgages Sbanken Boligkreditt AS** | **Mortgages Sbanken ASA (parent company)** | **Car loans** | **Custody account credit** | **Other loans, unsecured** | **Total Sbanken ASA (parent company)** | **Total Sbanken ASA Group** |
| Low risk | 0 | 10 239 579 | 0 | 198 861 | 4 776 941 | 15 215 381 | 15 215 381 |
| Medium risk | 0 | 27 279 | 0 | 0 | 74 496 | 101 775 | 101 775 |
| High risk | 0 | 611 | 0 | 0 | 18 122 | 18 733 | 18 733 |
| **Total non-matured or written down** | **0** | **10 267 469** | **0** | **198 861** | **4 869 559** | **15 335 889** | **15 335 889** |
| Non-performing and doubtful loans | | 3 196 | | | 8 584 | 11 780 | 11 780 |
| **Total unutilised credit lines** | **0** | **10 270 665** | **0** | **198 861** | **4 878 143** | **15 347 669** | **15 347 669** |
| | | | | | | 0 | |
| Loan- and funding commitments | 0 | 8 445 886 | 153 628 | 0 | 37 096 | 8 636 610 | 8 636 610 |
| | | | | | | 0 | |
| **Maximum exposure to credit risk (gross)** | **38 134 971** | **61 478 798** | **1 205 722** | **490 013** | **7 345 884** | **70 520 417** | **108 655 387** |

The table below shows Sbanken's home loans portfolio divided between the outstanding loan balance, type of security object and type of repayment plan. The table also shows the overall volume of the bank's ten and fifty largest home loans, nominally and as a share of the total home loans portfolio.

| In NOK thousand | Sbanken ASA Group 31.12.22 | | Sbanken ASA Group 31.12.21 | |
|---|---|---|---|---|
| Distribution based on the outstanding loan balance | Gross carrying amounts | Distribution as percentage | Gross carrying amounts | Distribution as percentage |
| Under 1 million NOK | 9 547 919 | 10,1% | 9 389 501 | 11,6% |
| 1 - 2 million NOK | 22 014 628 | 23,3% | 20 429 483 | 25,3% |
| 2 - 3 million NOK | 25 047 411 | 26,5% | 22 423 622 | 27,7% |
| 3 - 4 million NOK | 17 838 735 | 18,9% | 14 447 385 | 17,9% |
| 4 - 5 million NOK | 10 396 281 | 11,0% | 7 757 823 | 9,6% |
| > 5 million NOK | 9 601 380 | 10,2% | 6 449 404 | 8,0% |
| **Total mortgages secured by fixed property** | **94 446 354** | **100,0%** | **80 897 218** | **100,0%** |
| **Distribution by type of security object** | | | | |
| Detached house | 48 002 832 | 50,8% | 41 651 256 | 51,5% |
| Semidetached house | 17 871 180 | 18,9% | 15 306 496 | 18,9% |
| Apartment | 25 062 750 | 26,5% | 20 875 054 | 25,8% |
| Vacation home | 3 509 592 | 3,7% | 3 064 412 | 3,8% |
| **Total mortgages secured by fixed property** | **94 446 354** | **100,0%** | **80 897 218** | **100,0%** |
| **Distribution by type of repayment plan** | | | | |
| Amortising mortgages | 64 032 249 | 67,8% | 61 443 450 | 76,0% |
| Non-amortising mortgages | 9 780 913 | 10,4% | 9 463 708 | 11,7% |
| Revolving mortgages | 20 633 192 | 21,8% | 9 990 060 | 12,3% |
| **Total mortgages secured by fixed property** | **94 446 354** | **100,0%** | **80 897 218** | **100,0%** |
| **Distribution based on the largest loans** | | | | |
| 50 largest (share of total mortgages) | 550 443 | 0,58% | 480 126 | 0,59% |
| 10 largest (share of total mortgages) | 148 744 | 0,16% | 116 493 | 0,14% |

# Note 8 – 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.

| | Sbanken ASA Group 31.12.22 | | |
|---|---|---|---|
| In NOK thousand | Gross carrying amounts | Off-balance sheet amounts | Maximum exposure to credit risk |
| Cash and receivables with central bank | 314 326 | 0 | 314 326 |
| Loans to and receivables from credit institutions | 1 245 783 | 0 | 1 245 783 |
| **Loans to and receivables from central bank and credit institutions** | **1 560 109** | **0** | **1 560 109** |
| Loans to customers, secured | 88 487 956 | 22 600 911 | 111 088 867 |
| Loans to customers, unsecured | 2 165 765 | 4 848 630 | 7 014 395 |
| **Loans to and receivables from customers** | **90 653 721** | **27 449 541** | **118 103 262** |
| Shares in associated company | 0 | 0 | 0 |
| Other financial assets with credit risk | 111 959 | 0 | 111 959 |
| **Financial instruments at amortised cost (gross)** | **92 325 789** | **27 449 541** | **119 775 330** |
| Commercial paper and bonds | 14 177 305 | 0 | 14 177 305 |
| **Financial instruments at fair value through other comprehensive income** | **14 177 305** | **0** | **14 177 305** |
| Equity investments and funds | 318 974 | 0 | 318 974 |
| Derivatives | 633 779 | 0 | 633 779 |
| Loans to customers, secured | 7 582 301 | 0 | 7 582 301 |
| **Financial instruments at fair value through profit and loss** | **8 535 054** | **0** | **8 535 054** |
| **Gross exposure with credit risk** | **115 038 148** | **27 449 541** | **142 487 689** |
| Impairment | -339 071 | -5 235 | -344 306 |
| **Total net exposure with credit risk** | **114 699 077** | **27 444 306** | **142 143 383** |
| Other assets without credit risk | 192 225 | n/a | n/a |
| **Total assets** | **114 891 302** | **n/a** | **n/a** |

| | Sbanken ASA (parent company) 31.12.22 | | |
|---|---|---|---|
| In NOK thousand | Gross carrying amounts | Off-balance sheet amounts | Maximum exposure to credit risk |
| Cash and receivables with central bank | 314 326 | 0 | 314 326 |
| Loans to and receivables from credit institutions | 4 855 635 | 2 389 992 | 7 245 627 |
| **Loans to and receivables from central bank and credit institutions** | **5 169 961** | **2 389 992** | **7 559 953** |
| Loans to customers, secured | 22 253 773 | 22 600 911 | 44 854 684 |
| Loans to customers, unsecured | 2 165 765 | 4 848 630 | 7 014 395 |
| **Loans to and receivables from customers** | **24 419 538** | **27 449 541** | **51 869 079** |
| Shares in associated company | 0 | 0 | 0 |
| Commercial paper and bonds at amortised cost | 327 014 | 0 | 327 014 |
| Shares in subsidiary | 1 699 880 | 0 | 1 699 880 |
| Other financial assets with credit risk | 112 635 | 0 | 112 635 |
| **Financial instruments at amortised cost (gross)** | **31 729 028** | **29 839 533** | **61 568 561** |
| Commercial paper and bonds | 14 377 000 | 0 | 14 377 000 |
| Loans to customers, secured | 33 349 498 | 0 | 33 349 498 |
| **Financial instruments at fair value through other comprehensive income** | **47 726 498** | **0** | **47 726 498** |
| Equity investments and funds | 542 473 | 0 | 542 473 |
| Derivatives | 225 109 | 0 | 225 109 |
| Loans to customers, secured | 7 582 301 | 0 | 7 582 301 |
| **Financial instruments at fair value through profit and loss** | **8 349 883** | **0** | **8 349 883** |
| **Gross exposure with credit risk** | **87 805 409** | **29 839 533** | **117 644 942** |
| Impairment | -333 477 | -5 235 | -338 712 |
| **Total net exposure with credit risk** | **87 471 932** | **29 834 298** | **117 306 230** |
| Other assets without credit risk | 196 688 | n/a | n/a |
| **Total assets** | **87 668 618** | **n/a** | **n/a** |





## Note 8 – Maximum exposure to credit risk (continued)

| | Sbanken ASA Group 31.12.21 | | |
|---|---|---|---|
| In NOK thousand | Gross carrying amounts | Off-balance sheet amounts | Maximum exposure to credit risk |
| Cash and receivables with central bank | 510 676 | 0 | 510 676 |
| Loans to and receivables from credit institutions | 856 622 | 0 | 856 622 |
| **Loans to and receivables from central bank and credit institutions** | **1 367 298** | **0** | **1 367 298** |
| Loans to customers, secured | 74 072 421 | 19 069 040 | 93 141 461 |
| Loans to customers, unsecured | 2 430 645 | 4 915 239 | 7 345 884 |
| **Loans to and receivables from customers** | **76 503 066** | **23 984 279** | **100 487 345** |
| Shares in associated company | 364 | 0 | 364 |
| Other financial assets with credit risk | 159 768 | 0 | 159 768 |
| **Financial instruments at amortised cost (gross)** | **78 030 496** | **23 984 279** | **102 014 775** |
| Commercial paper and bonds | 15 487 702 | 0 | 15 487 702 |
| **Financial instruments at fair value through other comprehensive income** | **15 487 702** | **0** | **15 487 702** |
| Equity investments and funds | 308 778 | 0 | 308 778 |
| Derivatives | 377 403 | 0 | 377 403 |
| Loans to customers, secured | 8 168 042 | 0 | 8 168 042 |
| **Financial instruments at fair value through profit and loss** | **8 854 223** | **0** | **8 854 223** |
| **Gross exposure with credit risk** | **102 372 421** | **23 984 279** | **126 356 700** |
| Impairment | -324 234 | -4 822 | -329 056 |
| **Total net exposure with credit risk** | **102 048 187** | **23 979 457** | **126 027 644** |
| Other assets without credit risk | 225 399 | n/a | n/a |
| **Total assets** | **102 273 586** | **n/a** | **n/a** |

| | Sbanken ASA (parent company) 31.12.21 | | |
|---|---|---|---|
| In NOK thousand | Gross carrying amounts | Off-balance sheet amounts | Maximum exposure to credit risk |
| Cash and receivables with central bank | 510 676 | 0 | 510 676 |
| Loans to and receivables from credit institutions | 6 511 755 | 348 319 | 6 860 074 |
| **Loans to and receivables from central bank and credit institutions** | **7 022 431** | **348 319** | **7 370 750** |
| Loans to customers, secured | 11 333 305 | 19 069 040 | 30 402 345 |
| Loans to customers, unsecured | 2 427 938 | 4 915 239 | 7 343 177 |
| **Loans to and receivables from customers** | **13 761 243** | **23 984 279** | **37 745 522** |
| Shares in associated company | 364 | 0 | 364 |
| Commercial paper and bonds at amortised cost | 325 854 | 0 | 325 854 |
| Shares in subsidiary | 1 699 880 | 0 | 1 699 880 |
| Other financial assets with credit risk | 418 769 | 0 | 418 769 |
| **Financial instruments at amortised cost (gross)** | **23 228 541** | **24 332 598** | **47 561 139** |
| Commercial paper and bonds | 22 520 436 | 0 | 22 520 436 |
| Loans to customers, secured | 24 606 853 | 0 | 24 606 853 |
| **Financial instruments at fair value through other comprehensive income** | **47 127 289** | **0** | **47 127 289** |
| Equity investments and funds | 536 304 | 0 | 536 304 |
| Derivatives | 143 382 | 0 | 143 382 |
| Loans to customers, secured | 8 168 042 | 0 | 8 168 042 |
| **Financial instruments at fair value through profit and loss** | **8 847 728** | **0** | **8 847 728** |
| **Gross exposure with credit risk** | **79 203 558** | **24 332 598** | **103 536 156** |
| Impairment | -319 037 | -4 822 | -323 859 |
| **Total net exposure with credit risk** | **78 884 521** | **24 327 776** | **103 212 297** |
| Other assets without credit risk | 226 339 | n/a | n/a |
| **Total assets** | **79 110 860** | **n/a** | **n/a** |

# Note 9 – Loans to customers

| | | Sbanken ASA Group 31.12.22 | | |
|---|---|---|---|---|
| In NOK thousand<br>Gross carrying amount - Loans to customers (at amortised cost and fair value) | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| **Opening balance gross carrying amount (before transfers)** | **80 796 523** | **3 060 816** | **813 768** | **84 671 109** |
| Transfers to Stage 1 (12-months ECL) | 563 336 | -541 440 | -21 896 | 0 |
| Transfers to Stage 2 (Lifetime ECL - not impaired) | -1 812 817 | 1 881 148 | -68 331 | 0 |
| Transfers to Stage 3 (Lifetime ECL - impaired) | -98 401 | -91 895 | 190 296 | 0 |
| Net new financial assets originated | 37 555 524 | 747 266 | 40 307 | 38 343 097 |
| Financial assets that have been derecognised | -23 694 321 | -832 644 | -226 097 | -24 753 062 |
| Changes in interest accrual | 54 823 | 4 752 | 8 467 | 68 042 |
| Other movements (change in fair value on fixed rate loans) | -93 160 | 0 | 0 | -93 160 |
| **Closing balance gross carrying amount** | **93 271 507** | **4 228 003** | **736 512** | **98 236 022** |

| In NOK thousand<br>Gross carrying amount - loans to customers | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
|---|---|---|---|---|
| Mortgages | 90 587 425 | 3 515 798 | 343 131 | 94 446 354 |
| Car loans | 1 193 418 | 135 904 | 19 264 | 1 348 586 |
| Custody account credits | 275 317 | 0 | 0 | 275 317 |
| Unsecured loans | 1 215 346 | 576 302 | 374 117 | 2 165 765 |
| **Total loans to customers (gross)** | **93 271 507** | **4 228 003** | **736 512** | **98 236 022** |

| In NOK thousand<br>Unutilised credit lines | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
|---|---|---|---|---|
| Mortgages in Sbanken Boligkreditt AS | 0 | 0 | 0 | 0 |
| Mortgages in Sbanken ASA | 15 112 370 | 35 280 | 3 328 | 15 150 978 |
| Car loans | 0 | 0 | 0 | 0 |
| Custody account credits | 192 291 | 0 | 0 | 192 291 |
| Unsecured loans | 4 714 801 | 109 534 | 7 223 | 4 831 558 |
| **Total** | **20 019 462** | **144 814** | **10 551** | **20 174 827** |
| Loan and funding commitments, home loans | 7 109 214 | 0 | 0 | 7 109 214 |
| Loan and funding commitments, car loans | 148 427 | 0 | 0 | 148 427 |
| Loan and funding commitments, consumer loans | 17 073 | 0 | 0 | 17 073 |
| **Total loan and funding commitments** | **7 274 714** | **0** | **0** | **7 274 714** |
| **Total loans to customers on and off- balance (gross)** | **120 565 683** | **4 372 817** | **747 063** | **125 685 562** |

| | | Sbanken ASA Group 31.12.22 | | |
|---|---|---|---|---|
| In NOK thousand<br>Gross carrying amount - Loans to customers | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Low risk | 92 377 356 | 1 143 796 | | 93 521 152 |
| Medium risk | 809 425 | 1 715 759 | | 2 525 184 |
| High risk | 84 726 | 1 368 448 | 736 512 | 2 189 685 |
| **Closing balance gross carrying amount** | **93 271 507** | **4 228 003** | **736 512** | **98 236 022** |





# Note 9 – Loans to customers (continued)

| In NOK thousand<br>Maturity loans to customers: | Sbanken ASA Group |
|---|---|
| Less than 1 year | 3 475 574 |
| 1-5 years | 12 609 849 |
| More than 5 years | 81 023 440 |
| No agreed maturity, unsecured | 1 127 159 |
| **Total loans to customers (gross)** | **98 236 022** |

| | | Sbanken ASA Group 31.12.22 | | |
|---|---|---|---|---|
| In NOK thousand<br>Maturity loans to customers: | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Loans with agreed maturity Sbanken Boligkreditt AS | 31 185 891 | 1 586 299 | 112 495 | 32 884 685 |
| Loans with agreed maturity Sbanken ASA | 61 208 243 | 2 263 114 | 477 504 | 63 948 861 |
| Loans without agreed maturity, secured Sbanken ASA | 275 317 | 0 | 0 | 275 317 |
| Loans without agreed maturity, unsecured Sbanken ASA | 602 056 | 378 590 | 146 513 | 1 127 159 |
| **Total loans to customers (gross)** | **93 271 507** | **4 228 003** | **736 512** | **98 236 022** |

| | | Sbanken ASA (parent company) 31.12.22 | | |
|---|---|---|---|---|
| In NOK thousand<br>Gross carrying amount - Loans to customers (at amortised cost and fair value) | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| **Opening balance gross carrying amount (before transfers)** | **43 952 903** | **1 886 459** | **696 776** | **46 536 138** |
| Transfers to Stage 1 (12-months ECL) | 359 771 | -344 639 | -15 132 | 0 |
| Transfers to Stage 2 (Lifetime ECL - not impaired) | -1 014 796 | 1 069 703 | -54 907 | 0 |
| Transfers to Stage 3 (Lifetime ECL - impaired) | -57 545 | -64 332 | 121 877 | 0 |
| Net new financial assets originated | 37 555 524 | 747 266 | 40 307 | 38 343 097 |
| Financial assets that have been derecognised | -18 650 689 | -655 351 | -172 815 | -19 478 855 |
| Changes in interest accrual | 33 609 | 2 599 | 7 913 | 44 121 |
| Other movements (change in fair value on fixed rate loans) | -93 160 | 0 | 0 | -93 160 |
| **Closing balance gross carrying amount** | **62 085 616** | **2 641 705** | **624 017** | **65 351 337** |

| | | Sbanken ASA (parent company) 31.12.22 | | |
|---|---|---|---|---|
| In NOK thousand<br>Gross carrying amount - loans to customers | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Mortgages | 59 401 534 | 1 929 499 | 230 636 | 61 561 669 |
| Car loans | 1 193 418 | 135 904 | 19 264 | 1 348 586 |
| Custody account credits | 275 317 | 0 | 0 | 275 317 |
| Unsecured loans | 1 215 346 | 576 302 | 374 117 | 2 165 765 |
| **Total loans to customers (gross)** | **62 085 616** | **2 641 705** | **624 017** | **65 351 337** |

# Note 9 – Loans to customers (continued)

| In NOK thousand<br>Unutilised credit lines | Sbanken ASA (parent company) 31.12.22<br>Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
|---|---|---|---|---|
| Mortgages in Sbanken Boligkreditt AS | 0 | 0 | 0 | 0 |
| Mortgages in Sbanken ASA | 15 112 370 | 35 280 | 3 328 | 15 150 978 |
| Car loans | 0 | 0 | 0 | 0 |
| Custody account credits | 192 291 | 0 | 0 | 192 291 |
| Unsecured loans | 4 714 801 | 109 534 | 7 223 | 4 831 558 |
| **Total** | **20 019 462** | **144 814** | **10 551** | **20 174 827** |
| | | | | |
| Loan and funding commitments, home loans | 7 109 214 | 0 | 0 | 7 109 214 |
| Loan and funding commitments, car loans | 148 427 | 0 | 0 | 148 427 |
| Loan and funding commitments, consumer loans | 17 073 | 0 | 0 | 17 073 |
| **Total loan and funding commitments** | **7 274 714** | **0** | **0** | **7 274 714** |
| | | | | |
| **Total loans to customers on and off- balance (gross)** | **89 379 792** | **2 786 519** | **634 568** | **92 800 877** |

| In NOK thousand<br>Maturity loans to customers: | Sbanken ASA (parent company) 31.12.22<br>Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
|---|---|---|---|---|
| Loans with agreed maturity Sbanken ASA | 61 208 243 | 2 263 114 | 477 504 | 63 948 861 |
| Loans without agreed maturity, secured Sbanken ASA | 275 317 | 0 | 0 | 275 317 |
| Loans without agreed maturity, unsecured Sbanken ASA | 602 056 | 378 590 | 146 513 | 1 127 159 |
| **Total loans to customers (gross)** | **62 085 616** | **2 641 705** | **624 017** | **65 351 337** |

| Gross carrying amount - Loans to customers (at amortised cost and fair value) | Sbanken ASA Group 31.12.21<br>Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
|---|---|---|---|---|
| **Opening balance gross carrying amount (before transfers)** | **78 483 644** | **4 344 627** | **609 847** | **83 438 118** |
| Transfers to Stage 1 (12-months ECL) | 1 202 654 | -1 198 999 | -3 655 | 0 |
| Transfers to Stage 2 (Lifetime ECL - not impaired) | -1 112 425 | 1 121 602 | -9 177 | 0 |
| Transfers to Stage 3 (Lifetime ECL - impaired) | -132 312 | -278 852 | 411 164 | 0 |
| Net new financial assets originated | 31 064 310 | 441 955 | 36 751 | 31 543 016 |
| Financial assets that have been derecognised | -28 567 347 | -1 366 555 | -246 742 | -30 180 644 |
| Changes in interest accrual | -2 577 | -2 962 | 15 582 | 10 043 |
| Other movements (change in fair value on fixed rate loans) | -139 424 | 0 | 0 | -139 424 |
| **Closing balance gross carrying amount** | **80 796 523** | **3 060 816** | **813 768** | **84 671 109** |





# Note 9 – Loans to customers (continued)

| Gross carrying amount - loans to customers | Sbanken ASA Group 31.12.21<br>Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
|---|---|---|---|---|
| Mortgages | 78 079 836 | 2 402 305 | 415 077 | 80 897 218 |
| Car loans | 948 617 | 87 645 | 15 832 | 1 052 094 |
| Custody account credits | 291 152 | 0 | 0 | 291 152 |
| Unsecured loans | 1 476 919 | 570 867 | 382 859 | 2 430 645 |
| **Total loans to customers (gross)** | **80 796 523** | **3 060 816** | **813 768** | **84 671 109** |
| | | | | |
| **Unutilised credit lines** | | | | |
| Mortgages in Sbanken Boligkreditt AS | 0 | 0 | 0 | 0 |
| Mortgages in Sbanken ASA | 10 256 281 | 11 188 | 3 196 | 10 270 665 |
| Car loans | 0 | 0 | 0 | 0 |
| Custody account credits | 198 861 | 0 | 0 | 198 861 |
| Unsecured loans | 4 786 561 | 82 998 | 8 584 | 4 878 143 |
| **Total** | **15 241 703** | **94 186** | **11 780** | **15 347 669** |
| | | | | |
| Loan and funding commitments, home loans | 8 445 886 | 0 | 0 | 8 445 886 |
| Loan and funding commitments, car loans | 153 628 | 0 | 0 | 153 628 |
| Loan and funding commitments, consumer loans | 37 096 | 0 | 0 | 37 096 |
| **Total loan and funding commitments** | **8 636 610** | **0** | **0** | **8 636 610** |
| | | | | |
| **Total loans to customers on and off- balance (gross)** | **104 674 836** | **3 155 002** | **825 548** | **108 655 387** |
| | | | | |
| **Gross carrying amount - Loans to customers** | | | | |
| Low risk | 79 634 202 | 731 853 | | 80 366 055 |
| Medium risk | 1 009 884 | 1 336 912 | | 2 346 796 |
| High risk | 152 437 | 992 051 | 813 768 | 1 958 257 |
| **Closing balance gross carrying amount** | **80 796 523** | **3 060 816** | **813 768** | **84 671 109** |

| Maturity loans to customers: | Sbanken ASA Group |
|---|---|
| Less than 1 year | 4 122 772 |
| 1-5 years | 7 377 008 |
| More than 5 years | 71 722 121 |
| No agreed maturity, unsecured | 1 449 208 |
| **Total loans to customers (gross)** | **84 671 109** |

| In NOK thousand<br>Maturity loans to customers: | Sbanken ASA Group 31.12.21<br>Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
|---|---|---|---|---|
| Loans with agreed maturity Sbanken Boligkreditt AS | 36 843 621 | 1 174 358 | 116 992 | 38 134 971 |
| Loans with agreed maturity Sbanken ASA | 43 034 947 | 1 517 424 | 556 499 | 45 108 870 |
| Loans without agreed maturity, secured Sbanken ASA | 291 152 | 0 | 0 | 291 152 |
| Loans without agreed maturity, unsecured Sbanken ASA | 626 803 | 369 034 | 140 277 | 1 136 114 |
| **Total loans to customers (gross)** | **80 796 523** | **3 060 816** | **813 768** | **84 671 109** |

## Note 9 – Loans to customers (continued)

| | Sbanken ASA (parent company) 31.12.21 | | | |
|---|---|---|---|---|
| **Gross carrying amount - Loans to customers (at amortised cost and fair value)** | **Stage 1, 12-months ECL** | **Stage 2, Lifetime ECL (not impaired)** | **Stage 3, Lifetime ECL (impaired)** | **Total** |
| **Opening balance gross carrying amount (before transfers)** | **44 882 047** | **2 847 409** | **525 141** | **48 254 597** |
| Transfers to Stage 1 (12-months ECL) | 576 473 | -572 818 | -3 655 | 0 |
| Transfers to Stage 2 (Lifetime ECL - not impaired) | -587 893 | 594 742 | -6 849 | 0 |
| Transfers to Stage 3 (Lifetime ECL - impaired) | -100 920 | -219 044 | 319 964 | 0 |
| Net new financial assets originated | 31 064 310 | 441 955 | 36 751 | 31 543 016 |
| Financial assets that have been derecognised | -31 736 645 | -1 203 170 | -191 291 | -33 131 106 |
| Changes in interest accrual | -5 045 | -2 615 | 16 715 | 9 055 |
| Other movements (change in fair value on fixed rate loans) | -139 424 | 0 | 0 | -139 424 |
| **Closing balance gross carrying amount** | **43 952 903** | **1 886 459** | **696 776** | **46 536 138** |
| | | | | |
| **Gross carrying amount - loans to customers** | | | | |
| Mortgages | 41 236 215 | 1 227 947 | 298 085 | 42 762 247 |
| Car loans | 948 617 | 87 645 | 15 832 | 1 052 094 |
| Custody account credits | 291 152 | 0 | 0 | 291 152 |
| Unsecured loans | 1 476 919 | 570 867 | 382 859 | 2 430 645 |
| **Total loans to customers (gross)** | **43 952 903** | **1 886 459** | **696 776** | **46 536 138** |
| | | | | |
| **Unutilised credit lines** | | | | |
| Mortgages in Sbanken Boligkreditt AS | 0 | 0 | 0 | 0 |
| Mortgages in Sbanken ASA | 10 256 281 | 11 188 | 3 196 | 10 270 665 |
| Car loans | 0 | 0 | 0 | 0 |
| Custody account credits | 198 861 | 0 | 0 | 198 861 |
| Unsecured loans | 4 786 561 | 82 998 | 8 584 | 4 878 143 |
| **Total** | **15 241 703** | **94 186** | **11 780** | **15 347 669** |
| | | | | |
| Loan and funding commitments, home loans | 8 445 886 | 0 | 0 | 8 445 886 |
| Loan and funding commitments, car loans | 153 628 | 0 | 0 | 153 628 |
| Loan and funding commitments, consumer loans | 37 096 | 0 | 0 | 37 096 |
| **Total loan and funding commitments** | **8 636 610** | **0** | **0** | **8 636 610** |
| | | | | |
| **Total loans to customers on and off- balance (gross)** | **67 831 216** | **1 980 645** | **708 556** | **70 520 416** |
| | | | | |
| **Maturity loans to customers:** | | | | |
| Loans with agreed maturity Sbanken ASA | 43 034 947 | 1 517 424 | 556 499 | 45 108 870 |
| Loans without agreed maturity, secured Sbanken ASA | 291 152 | 0 | 0 | 291 152 |
| Loans without agreed maturity, unsecured Sbanken ASA | 626 803 | 369 034 | 140 277 | 1 136 114 |
| **Total loans to customers (gross)** | **43 952 903** | **1 886 459** | **696 776** | **46 536 138** |



# Note 10 – Loans to customers by geographical area

| Sbanken ASA (parent company) | | | | | Sbanken ASA Group | | | |
|---|---|---|---|---|---|---|---|---|
| 31.12.21 | | 31.12.22 | | | 31.12.22 | | 31.12.21 | |
| **Percentage** | **Gross lending** | **Percentage** | **Gross lending** | In NOK thousand | **Percentage** | **Gross lending** | **Percentage** | **Gross lending** |
| 18,8% | 8 753 321 | 21,2% | 13 846 811 | Oslo | 20,6% | 20 245 458 | 19,6% | 16 624 883 |
| 35,7% | 16 616 287 | 37,1% | 24 244 958 | Viken | 37,1% | 36 441 154 | 36,5% | 30 906 250 |
| 3,2% | 1 489 942 | 2,9% | 1 926 942 | Innlandet | 2,8% | 2 791 872 | 3,0% | 2 504 712 |
| 5,9% | 2 755 608 | 6,1% | 3 958 619 | Vestfold og Telemark | 6,0% | 5 876 705 | 5,9% | 4 959 643 |
| 2,7% | 1 257 500 | 2,4% | 1 600 803 | Agder | 2,3% | 2 276 591 | 2,3% | 1 962 117 |
| 7,3% | 3 405 838 | 6,2% | 4 031 173 | Rogaland | 6,3% | 6 167 849 | 6,7% | 5 685 835 |
| 12,8% | 5 944 612 | 11,8% | 7 735 065 | Vestland | 12,2% | 11 992 120 | 12,6% | 10 676 736 |
| 2,0% | 927 753 | 1,6% | 1 074 921 | Møre og Romsdal | 1,6% | 1 544 123 | 1,7% | 1 444 691 |
| 4,9% | 2 262 518 | 4,9% | 3 180 835 | Trøndelag | 4,9% | 4 816 371 | 4,8% | 4 076 377 |
| 2,9% | 1 337 030 | 2,5% | 1 641 684 | Nordland | 2,6% | 2 514 485 | 2,9% | 2 426 571 |
| 3,8% | 1 785 729 | 3,2% | 2 109 526 | Troms og Finnmark | 3,6% | 3 569 294 | 4,0% | 3 403 294 |
| **100,0%** | **46 536 138** | **100,0%** | **65 351 337** | **Total gross lending by geographical area** | **100,0%** | **98 236 022** | **100,0%** | **84 671 109** |

* the basis for the geographical distribution is the customer's residential address

# Note 11 – Credit risk exposure and collateral

The bank's customer exposure 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 comprises 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 distribution 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.

| Sbanken ASA Group | | | | | | |
|---|---|---|---|---|---|---|
| In NOK thousand | 31.12.22 | | | 31.12.21 | | |
| Loan-to-value, secured loans | Distribution as percentage | Gross carrying amounts | Unutilised credit lines | Distribution as percentage | Gross carrying amounts | Unutilised credit lines |
| 0% - 40% | 25,2% | 23 811 401 | 7 411 538 | 27,3% | 22 111 687 | 5 341 938 |
| 40% - 60% | 35,8% | 33 834 937 | 6 703 691 | 34,1% | 27 594 337 | 4 126 770 |
| 60% - 80% | 26,3% | 24 793 988 | 823 065 | 27,8% | 22 505 324 | 591 487 |
| 80% - 90% | 9,2% | 8 723 378 | 86 173 | 7,5% | 6 090 897 | 91 154 |
| 90% - 100% | 1,9% | 1 840 782 | 73 567 | 1,6% | 1 318 962 | 54 777 |
| > 100% | 1,5% | 1 441 868 | 52 944 | 1,6% | 1 276 011 | 64 539 |
| **Mortgages, secured by fixed property** | **100,0%** | **94 446 354** | **15 150 978** | **100,0%** | **80 897 218** | **10 270 665** |
| < 50% | 17,9% | 241 345 | 0 | 14,4% | 151 465 | 0 |
| 50% - 80% | 49,4% | 666 347 | 0 | 42,9% | 451 446 | 0 |
| 80% - 100% | 15,6% | 210 058 | 0 | 20,0% | 210 440 | 0 |
| > = 100% | 17,1% | 230 836 | 0 | 22,7% | 238 743 | 0 |
| **Car loans, secured** | **100,0%** | **1 348 586** | **0** | **100,0%** | **1 052 094** | **0** |
| Custody account credit, secured | 100,0% | 275 317 | 192 291 | 100,0% | 291 152 | 198 861 |
| Loan and funding commitments, secured loans | | 0 | 7 257 641 | | 0 | 8 599 514 |
| **Total loans to customers, secured** | | **96 070 257** | **22 600 911** | | **82 240 463** | **19 069 040** |

The table below shows the percentage allocation of exposures for home loans 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.

| Sbanken ASA Group | | | | |
|---|---|---|---|---|
| In NOK thousand | 31.12.22 | | 31.12.21 | |
| Loan-to-value, Mortgages (relative distribution) | Distribution as percentage | Gross carrying amounts | Distribution as percentage | Gross carrying amounts |
| 0% - 85% | 99,26% | 93 752 061 | 99,27% | 80 304 145 |
| 85% - 100% | 0,48% | 450 299 | 0,44% | 352 590 |
| > 100% | 0,26% | 243 994 | 0,30% | 240 483 |
| **Mortgages, secured by fixed property** | **100,0%** | **94 446 354** | **100,0%** | **80 897 218** |



Annual accounts and notes


# Note 11 – Credit risk exposure and collateral (continued)

| Sbanken ASA (parent company) | | | | | | |
|---|---|---|---|---|---|---|
| In NOK thousand | 31.12.22 | | | 31.12.21 | | |
| Loan-to-value, secured loans | Distribution as percentage | Gross carrying amounts | Unutilised credit lines | Distribution as percentage | Gross carrying amounts | Unutilised credit lines |
| 0% - 40% | 24,6% | 15 142 474 | 7 411 538 | 26,2% | 11 210 435 | 5 341 938 |
| 40% - 60% | 36,6% | 22 554 842 | 6 703 691 | 28,5% | 12 189 519 | 4 126 770 |
| 60% - 80% | 20,1% | 12 351 864 | 823 065 | 25,5% | 10 903 957 | 591 487 |
| 80% - 90% | 13,5% | 8 311 300 | 86 173 | 14,0% | 5 977 848 | 91 154 |
| 90% - 100% | 2,9% | 1 801 423 | 73 567 | 2,9% | 1 251 909 | 54 777 |
| > 100% | 2,3% | 1 399 766 | 52 944 | 2,9% | 1 231 287 | 64 539 |
| **Mortgages, secured by fixed property** | **100,0%** | **61 561 669** | **15 150 978** | **100,0%** | **42 764 955** | **10 270 665** |
| < 50% | 14,4% | 241 345 | 0 | 14,4% | 151 465 | 0 |
| 50% - 80% | 42,9% | 666 347 | 0 | 42,9% | 451 446 | 0 |
| 80% - 100% | 20,0% | 210 058 | 0 | 20,0% | 210 440 | 0 |
| > = 100% | 22,7% | 230 836 | 0 | 22,7% | 238 743 | 0 |
| **Car loans, secured** | **100,0%** | **1 348 586** | **0** | **100,0%** | **1 052 094** | **0** |
| Custody account credit, secured | 100,0% | 275 317 | 192 291 | 100,0% | 291 152 | 198 861 |
| Loan and funding commitments, secured loans | | 0 | 7 257 641 | | 0 | 8 599 514 |
| **Total loans to customers, secured** | | **63 185 572** | **22 600 911** | | **44 108 200** | **19 069 040** |

| Sbanken ASA (parent company) | | | | |
|---|---|---|---|---|
| In NOK thousand | 31.12.22 | | 31.12.21 | |
| Loan-to-value, Mortgages (relative distribution) | Distribution as percentage | Gross carrying amounts | Distribution as percentage | Gross carrying amounts |
| 0% - 85% | 98,91% | 60 889 749 | 98,67% | 42 196 027 |
| 85% - 100% | 0,71% | 437 779 | 0,79% | 338 228 |
| > 100% | 0,38% | 234 141 | 0,54% | 230 700 |
| **Mortgages, secured by fixed property** | **100,0%** | **61 561 669** | **100,0%** | **42 764 955** |

# Note 12 – Credit institutions – receivables and liabilities

| Sbanken ASA (parent company) | | | Sbanken ASA Group | |
|---|---|---|---|---|
| **2021** | **2022** | In NOK thousand | **2022** | **2021** |
| | | **Loans to and receivables from credit institutions** | | |
| 6 427 905 | 4 779 107 | Loans and receivables without agreed maturity or notice period | 1 169 255 | 772 772 |
| 83 850 | 76 528 | Loans and receivables with agreed maturity or notice period | 76 528 | 83 850 |
| **6 511 755** | **4 855 635** | **Total loans to and receivables from credit institutions** | **1 245 783** | **856 622** |
| | | | | |
| 0 | 0 | Write-downs for impaired loan | 0 | 0 |
| **6 511 755** | **4 855 635** | **Total net loans to and receivables from credit institutions** | **1 245 783** | **856 622** |
| | | **Lending by geographical area** | | |
| 855 358 | 1 245 783 | Oslo and Viken | 1 245 783 | 856 622 |
| 5 656 397 | 3 609 852 | Vestland and Rogaland | 0 | 0 |
| **6 511 755** | **4 855 635** | **Total** | **1 245 783** | **856 622** |

| **2021** | **2022** | In NOK thousand | **2022** | **2021** |
|---|---|---|---|---|
| | | **Liabilities to credit institutions** | | |
| 1 109 560 | 4 174 779 | Loans and deposits from credit institutions without agreed maturity or notice period | 562 881 | 326 830 |
| 0 | 0 | Loans and deposits from credit institutions with agreed maturity or notice period | 0 | 0 |
| **1 109 560** | **4 174 779** | **Total liabilities to credit institutions** | **562 881** | **326 830** |
| | | **Maturity** | | |
| | | **Residual time to maturity (gross loans)** | | |
| 1 109 560 | 4 174 779 | Upon request | 562 881 | 326 830 |
| 0 | 0 | Maximum 3 months | 0 | 0 |
| 0 | 0 | 3 months - 1 year | 0 | 0 |
| 0 | 0 | 1-5 years | 0 | 0 |
| 0 | 0 | More than 5 years | 0 | 0 |
| **1 109 560** | **4 174 779** | **Total** | **562 881** | **326 830** |
| | | **Liabilities by geographical area** | | |
| 108 807 | 563 026 | Oslo and Viken | 562 881 | 326 830 |
| 1 000 753 | 3 611 753 | Vestland and Rogaland | 0 | 0 |
| 0 | 0 | Outside Norway | 0 | 0 |
| **1 109 560** | **4 174 779** | **Total** | **562 881** | **326 830** |





# Note 13 – Loans and receivables to central bank

| Sbanken ASA (parent company) | | | Sbanken ASA Group | |
|---|---|---|---|---|
| **2021** | **2022** | In NOK thousand | **2022** | **2021** |
| | | **Loans and receivables to central bank** | | |
| 510 676 | 314 326 | Loans and receivables without agreed maturity or notice period | 314 326 | 510 676 |
| 0 | 0 | Loans and receivables with agreed maturity or notice period | 0 | 0 |
| **510 676** | **314 326** | **Total loans and receivables to central bank** | **314 326** | **510 676** |
| | | | | |
| 0 | 0 | Write-downs for impaired loans | 0 | 0 |
| **510 676** | **314 326** | **Total net loans and receivables to central bank** | **314 326** | **510 676** |
| | | **Liabilities to central bank** | | |
| 0 | 0 | Loans and deposits from central bank without agreed maturity or notice period | 0 | 0 |
| 0 | 0 | Loans and deposits from central bank with agreed maturity or notice period | 0 | 0 |
| **0** | **0** | **Total liabilities to central bank** | **0** | **0** |
| | | **Maturity** | | |
| | | **Residual time to maturity (gross loans)** | | |
| 0 | 0 | Upon request | 0 | 0 |
| 0 | 0 | Maximum 3 months | 0 | 0 |
| 0 | 0 | 3 months - 1 year | 0 | 0 |
| 0 | 0 | 1-5 years | 0 | 0 |
| 0 | 0 | More than 5 years | 0 | 0 |
| **0** | **0** | **Total** | **0** | **0** |

# Note 14 – Loan losses

| Expected credit loss (ECL) - Loans to customers (at amortised cost and fair value) | Sbanken ASA Group 2022 | | | |
|---|---|---|---|---|
| In NOK thousand | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| **Opening balance ECL 01.01.22** | **14 819** | **40 240** | **273 997** | **329 056** |
| *Changes in PDs/LGDs/EADs on existing portfolio:* | | | | |
| Transfers to Stage 1 | 585 | -6 805 | -2 191 | -8 411 |
| Transfers to Stage 2 | -1 122 | 13 587 | -5 598 | 6 867 |
| Transfers to Stage 3 | -446 | -3 897 | 24 812 | 20 469 |
| Changes in PDs/LGDs/EADs on existing portfolio, with no transfers[1] | -1 522 | -1 497 | 23 795 | 20 776 |
| *Other changes:* | | | | |
| New financial assets originated | 5 354 | 14 558 | 4 015 | 23 927 |
| Financial assets that have been derecognised | -4 299 | -9 333 | -34 745 | -48 377 |
| Financial assets that have been derecognised through sale of portfolio | | | 0 | 0 |
| Changes to model assumption and methodologies[2] | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 0 | 0 |
| **Closing balance ECL 31.12.22** | **13 369** | **46 853** | **284 085** | **344 306** |

[1] As at 31 December 2022, the bank has included a credit loss provision of NOK 25.0 million for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty due to the macroeconomic situation. The distribution of this provision is as follows: Stage 1 NOK 0.8 million, Stage 2 NOK 2.3 million and Stage 3 NOK 21.9 million.
[2] Effects related to new definition of default.

**Specification of ECL**

| In NOK thousand | Sbanken ASA Group 31.12.22 | | | |
|---|---|---|---|---|
| ECL On-balance sheet amounts 31.12.22 | 11 423 | 45 078 | 282 570 | 339 071 |
| ECL Off-balance sheet amounts 31.12.22 | 1 946 | 1 775 | 1 515 | 5 235 |
| **Closing balance ECL 31.12.22** | **13 369** | **46 853** | **284 085** | **344 306** |

| In NOK thousand | Sbanken ASA Group 31.12.22 | | | |
|---|---|---|---|---|
| Secured loans | 4 526 | 10 097 | 46 434 | 61 057 |
| Unsecured loans | 8 843 | 36 756 | 237 651 | 283 250 |
| **Total** | **13 369** | **46 853** | **284 085** | **344 306** |

**Specification of loan losses**

| In NOK thousand | Sbanken ASA Group 2022 |
|---|---|
| Changes in ECL, stage 1 | 1 450 |
| Changes in ECL, stage 2 | -6 612 |
| Changes in ECL, stage 3 | -10 087 |
| Write-offs | -13 058 |
| Recoveries of previously written off loans | 933 |
| **Net cost of loan losses in the period** | **-27 374** |

**ECL by geographical area**

| In NOK thousand | Sbanken ASA Group 31.12.22 |
|---|---|
| Eastern Norway ex. Oslo | 118 698 |
| Oslo | 53 453 |
| Southern Norway | 13 602 |
| Western Norway | 106 289 |
| Central Norway | 23 057 |
| Northern Norway | 29 207 |
| **Total** | **344 306** |





## Note 14 – Loan losses (continued)

**Sensitivity analysis (Sbanken ASA Group):**

**1) Sensitivity analysis of development in housing prices with effect on Expected credit loss (ECL)**

| In NOK thousand **House price changes** | Change in stage 1 | Change in stage 2 | Change in stage 3 | Total change in expected credit loss (ECL) in NOK |
|---|---|---|---|---|
| 10% increase | (1 171) | (3 767) | (5 465) | (10 403) |
| 5% increase | (632) | (2 082) | (3 003) | (5 717) |
| 5% decrease | 737 | 2 589 | 3 605 | 6 931 |
| 10% decrease | 1 581 | 5 660 | 7 798 | 15 039 |
| 20% decrease | 3 643 | 13 354 | 18 156 | 35 153 |
| 30% decrease | 6 265 | 23 073 | 31 306 | 60 645 |
| 40% decrease | 9 474 | 34 665 | 45 994 | 90 133 |
| 60% decrease | 17 504 | 63 346 | 77 792 | 158 643 |

The sensitivity analysis has been based on total home loans and stage distribution of loans at 31 December 2022. No adjustments have been made for any changes in the default rate due to house prices rising or falling.

| 2) Sensitivity in model-calculated expected credit loss (ECL) (% difference from reported ECL) | Change in expected credit loss (ECL) in percent |
|---|---|
| Change in ECL with 100% weighting of best case scenario | -6,69% |
| Change in ECL with 100% weighting of worst case scenario | 10,82% |
| Change in ECL due to stress (Raw PD increases by 20% and collateral falls by 20%) | 17,19% |

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

# Note 14 – Loan losses (continued)

| Expected credit loss (ECL) - Loans to customers (at amortised cost and fair value) | Sbanken ASA Group 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** |
| *Changes in PDs/LGDs/EADs on existing portfolio:* | | | | |
| Transfers to Stage 1 | 1 156 | -14 178 | -927 | -13 949 |
| Transfers to Stage 2 | -1 041 | 7 941 | -1 540 | 5 360 |
| Transfers to Stage 3 | -231 | -3 888 | 22 769 | 18 650 |
| Changes in PDs/LGDs/EADs on existing portfolio, with no transfers[1] | -5 784 | -14 998 | 11 835 | -8 947 |
| *Other changes:* | | | | |
| New financial assets originated | 5 344 | 11 295 | 6 386 | 23 025 |
| Financial assets that have been derecognised | -6 487 | -20 893 | -20 650 | -48 030 |
| Financial assets that have been derecognised through sale of portfolio | | | -31 715 | -31 715 |
| Changes to model assumption and methodologies[2] | -1 249 | -16 896 | 41 274 | 23 129 |
| Other movements | 0 | 0 | 0 | 0 |
| **Closing balance ECL 31.12.21** | **14 819** | **40 240** | **273 997** | **329 056** |

[1] As at 31 December 2021, the bank has included a credit loss provision of NOK 25.0 million for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty related to coronavirus outbreak. The distribution of this provision is as follows: Stage 1 NOK 0.8 million, Stage 2 NOK 2.3 million and Stage 3 NOK 21.9 million.
[2] Effects related to new definition of default.

**Specification of ECL**

| In NOK thousand | Sbanken ASA Group 31.12.21 | | | |
|---|---|---|---|---|
| ECL On-balance sheet amounts 31.12.21 | 12 943 | 38 788 | 272 503 | 324 234 |
| ECL Off-balance sheet amounts 31.12.21 | 1 876 | 1 452 | 1 494 | 4 822 |
| **Closing balance ECL 31.12.21** | **14 819** | **40 240** | **273 997** | **329 056** |

| In NOK thousand | Sbanken ASA Group 31.12.21 | | | |
|---|---|---|---|---|
| Secured loans | 3 390 | 5 118 | 47 798 | 56 306 |
| Unsecured loans | 11 429 | 35 122 | 226 199 | 272 750 |
| **Total** | **14 819** | **40 240** | **273 997** | **329 056** |

**Specification of loan losses**

| In NOK thousand | Sbanken ASA Group 2021 |
|---|---|
| Changes in ECL, stage 1 | 8 292 |
| Changes in ECL, stage 2 | 51 616 |
| Changes in ECL, stage 3 | -27 431 |
| Write-offs | -29 858 |
| Recoveries of previously written off loans | 851 |
| **Net cost of loan losses in the period** | **3 470** |

**ECL by geographical area**

| In NOK thousand | Sbanken ASA Group 31.12.21 |
|---|---|
| Eastern Norway ex. Oslo | 116 930 |
| Oslo | 48 571 |
| Southern Norway | 13 436 |
| Western Norway | 99 104 |
| Central Norway | 22 120 |
| Northern Norway | 28 895 |
| **Total** | **329 056** |





# Note 14 – Loan losses (continued)

**Sensitivity analysis:**

| [1] Sensitivity analysis of development in housing prices with effect on Expected credit loss (ECL)<br>In NOK thousand<br>**House price changes** | Change in stage 1 | Change in stage 2 | Change in stage 3 | Total change in expected credit loss (ECL) in NOK |
|---|---|---|---|---|
| 10% increase | -772 | -1 663 | -5 799 | -8 234 |
| 5% increase | -426 | -957 | -3 262 | -4 645 |
| 5% decrease | 505 | 1 189 | 3 949 | 5 644 |
| 10% decrease | 1 093 | 2 699 | 8 951 | 12 742 |
| 20% decrease | 2 539 | 6 995 | 21 162 | 30 695 |
| 30% decrease | 4 352 | 12 802 | 37 196 | 54 350 |
| 40% decrease | 6 537 | 19 915 | 56 130 | 82 582 |
| 60% decrease | 11 896 | 36 827 | 98 830 | 147 554 |

The sensitivity analysis has been based on total home loans and stage distribution of loans at 31 December 2021. No adjustments have been made for any changes in the default rate due to house prices rising or falling.

| [2] Sensitivity in model-calculated expected credit loss (ECL) (% difference from reported ECL) | Change in expected credit loss (ECL) in per cent |
|---|---|
| Change in ECL with 100% weighting of best case scenario | -4,46% |
| Change in ECL with 100% weighting of worst case scenario | 13,47% |
| Change in ECL due to stress (Raw PD increases by 20% and collateral falls by 20%) | 15,20% |

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

# Note 14 – Loan losses (continued)

| Expected credit loss (ECL) - Loans to customers (at amortised cost and fair value) | Sbanken ASA (parent company) 2022 | | | |
|---|---|---|---|---|
| In NOK thousand | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| **Opening balance ECL 01.01.22** | **14 619** | **39 798** | **269 442** | **323 859** |
| *Changes in PDs/LGDs/EADs on existing portfolio:* | | | | |
| Transfers to Stage 1 | 573 | -6 567 | -2 167 | -8 161 |
| Transfers to Stage 2 | -1 080 | 13 135 | -5 569 | 6 486 |
| Transfers to Stage 3 | -444 | -3 873 | 24 022 | 19 705 |
| Changes in PDs/LGDs/EADs on existing portfolio, with no transfers | -1 499 | -1 505 | 23 589 | 20 585 |
| Other changes: | | | | |
| New financial assets originated | 5 037 | 14 292 | 4 015 | 23 344 |
| Financial assets that have been derecognised | -4 211 | -9 243 | -33 651 | -47 105 |
| Financial assets that have been derecognised through sale of portfolio | | | 0 | 0 |
| Changes to model assumption and methodologies | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 0 | 0 |
| **Closing balance ECL 31.12.22 (parent company)** | **12 995** | **46 037** | **279 681** | **338 712** |

**Specification of ECL**

| In NOK thousand | Sbanken ASA (parent company) 31.12.22 | | | |
|---|---|---|---|---|
| ECL On-balance sheet amounts 31.12.22 | 11 049 | 44 262 | 278 166 | 333 477 |
| ECL Off-balance sheet amounts 31.12.22 | 1 946 | 1 775 | 1 515 | 5 235 |
| **Closing balance ECL 31.12.22** | **12 995** | **46 037** | **279 681** | **338 712** |

| In NOK thousand | Sbanken ASA (parent company) 31.12.22 | | | |
|---|---|---|---|---|
| Secured loans | 4 152 | 9 281 | 42 030 | 55 463 |
| Unsecured loans | 8 843 | 36 756 | 237 651 | 283 250 |
| **Total** | **12 995** | **46 037** | **279 681** | **338 712** |

**Specification of loan losses**

| In NOK thousand | Sbanken ASA (parent company) 2022 |
|---|---|
| Changes in ECL, stage 1 | 1 625 |
| Changes in ECL, stage 2 | -6 238 |
| Changes in ECL, stage 3 | -10 239 |
| Write-offs | -13 058 |
| Recoveries of previously written off loans | 933 |
| **Net cost of loan losses in the period** | **-26 977** |





# Note 14 – Loan losses (continued)

| Expected credit loss (ECL) - Loans to customers (at amortised cost and fair value) | Sbanken ASA (parent company) 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 (parent company)** | **22 986** | **90 873** | **241 717** | **355 576** |
| *Changes in PDs/LGDs/EADs on existing portfolio:* | | | | |
| Transfers to Stage 1 | 1 142 | -13 775 | -927 | -13 560 |
| Transfers to Stage 2 | -1 026 | 7 807 | -1 540 | 5 241 |
| Transfers to Stage 3 | -230 | -3 799 | 22 217 | 18 188 |
| Changes in PDs/LGDs/EADs on existing portfolio, with no transfers | -5 623 | -14 570 | 11 968 | -8 225 |
| *Other changes:* | | | | |
| New financial assets originated | 5 344 | 11 295 | 6 386 | 23 025 |
| Financial assets that have been derecognised | -6 725 | -21 137 | -19 938 | -47 800 |
| Financial assets that have been derecognised through sale of portfolio | | | -31 715 | -31 715 |
| Changes to model assumption and methodologies | -1 249 | -16 896 | 41 274 | 23 129 |
| Other movements | 0 | 0 | 0 | 0 |
| **Closing balance ECL 31.12.21 (parent company)** | **14 619** | **39 798** | **269 442** | **323 859** |

**Specification of ECL**

| In NOK thousand | Sbanken ASA (parent company) 31.12.21 | | | |
|---|---|---|---|---|
| ECL On-balance sheet amounts 31.12.21 | 12 743 | 38 346 | 267 948 | 319 037 |
| ECL Off-balance sheet amounts 31.12.21 | 1 876 | 1 452 | 1 494 | 4 822 |
| **Closing balance ECL 31.12.21** | **14 619** | **39 798** | **269 442** | **323 859** |

| In NOK thousand | Sbanken ASA (parent company) 31.12.21 | | | |
|---|---|---|---|---|
| Secured loans | 3 190 | 4 676 | 43 243 | 51 109 |
| Unsecured loans | 11 429 | 35 122 | 226 199 | 272 750 |
| **Total** | **14 619** | **39 798** | **269 442** | **323 859** |

**Specification of loan losses**

| In NOK thousand | Sbanken ASA (parent company) 2021 |
|---|---|
| Changes in ECL, stage 1 | 8 367 |
| Changes in ECL, stage 2 | 51 074 |
| Changes in ECL, stage 3 | -27 725 |
| Write-offs | -29 858 |
| Recoveries of previously written off loans | 851 |
| **Net cost of loan losses in the period** | **2 709** |

# Note 15 – Non-performing and doubtful loans

| In NOK thousand | | 31.12.22 | | | | | |
|---|---|---|---|---|---|---|---|
| Loans to customers: | Principal type of collateral held | Gross exposure | Impairment allowance | Carrying amount | Fair value of collateral held | Net exposure | Provisioning ratio after collateral |
| Mortgages in Sbanken Boligkreditt AS | Residential property | 112 495 | -4 404 | 108 091 | 107 760 | 331 | 93,0% |
| Mortgages in Sbanken ASA | Residential property | 230 636 | -34 013 | 196 623 | 196 062 | 561 | 98,4% |
| Car Loans | Vehicle | 19 264 | -5 444 | 13 820 | 13 478 | 342 | 94,1% |
| Custody account credits | Listed securities | 0 | 0 | 0 | 0 | 0 | n/a |
| Unsecured loans | None | 374 117 | -238 709 | 135 408 | 0 | 135 408 | 63,8% |
| **Total credit-impaired assets in the group** | | **736 512** | **-282 570** | **453 942** | **317 300** | **136 642** | **67,4%** |
| *Hereof credit-impaired assets in Sbanken ASA (parent company)* | | *624 017* | *-278 166* | *345 851* | *209 540* | *136 311* | *67,1%* |

| **31.12.22** | |
|---|---|
| **Mortgages - Loan to value** | **Credit-impaired (Gross carrying amount)** |
| 0% - 40% | 39 201 |
| 40% - 60% | 91 889 |
| 60% - 80% | 133 659 |
| 80% - 90% | 40 936 |
| 90% - 100% | 6 833 |
| > 100% | 30 613 |
| **Total** | **343 131** |

| **Credit-impaired loans** | |
|---|---|
| In NOK thousand | **31.12.22** |
| Overdue loans - more than 90 days | 458 141 |
| Other credit-impaired assets | 278 371 |
| **Total** | **736 512** |





## Note 15 – Non-performing and doubtful loans (continued)

| In NOK thousand | | 31.12.21 | | | | | |
|---|---|---|---|---|---|---|---|
| Loans to customers: | Principal type of collateral held | Gross exposure | Impairment allowance | Carrying amount | Fair value of collateral held | Net exposure | Provisioning ratio after collateral |
| Mortgages in Sbanken Boligkreditt AS | Residential property | 116 992 | -4 556 | 112 436 | 112 436 | 0 | 100,0% |
| Mortgages in Sbanken ASA | Residential property | 298 085 | -39 876 | 258 209 | 256 557 | 1 652 | 96,0% |
| Car Loans | Vehicle | 15 832 | -5 155 | 10 677 | 10 657 | 20 | 99,6% |
| Custody account credits | Listed securities | 0 | 0 | 0 | 0 | 0 | n/a |
| Unsecured loans | None | 382 859 | -222 916 | 159 943 | 0 | 159 943 | 58,2% |
| **Total credit-impaired assets in the group** | | **813 768** | **-272 503** | **541 265** | **379 650** | **161 615** | **62,8%** |
| *Hereof credit-impaired assets in Sbanken ASA (parent company)* | | *696 776* | *-267 947* | *428 829* | *267 214* | *161 615* | *62,4%* |

| **31.12.21** | |
|---|---|
| **Mortgages - Loan to value** | **Credit-impaired (Gross carrying amount)** |
| 0% - 40% | 44 270 |
| 40% - 60% | 129 549 |
| 60% - 80% | 150 116 |
| 80% - 90% | 22 541 |
| 90% - 100% | 19 082 |
| > 100% | 49 519 |
| **Total** | **415 077** |

| **Credit-impaired loans** | |
|---|---|
| In NOK thousand | **31.12.21** |
| Overdue loans - more than 90 days | 470 715 |
| Other credit-impaired assets | 343 053 |
| **Total** | **813 768** |

# Note 16 – Forbearance

**Loans with forbearance measures**

Loans with payment forbearance are defined as loans where relief has been granted as the customer has payment problems, and that these terms would not have been granted in an ordinary loan issue.

| | Sbanken ASA Group | | | |
|---|---|---|---|---|
| In NOK thousand, 31.12.22 | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Forbearance loans to customers (secured loans), gross | 411 249 | 415 612 | 62 475 | **889 336** |
| Expected credit loss (ECL) | -217 | -466 | -17 183 | **-17 866** |
| **Total forbearance, loans to customers (secured loans), net** | **411 032** | **415 146** | **45 292** | **871 470** |
| Forbearance loans to customers (unsecured loans), gross | 0 | 0 | 4 958 | **4 958** |
| Expected credit loss (ECL) | 0 | 0 | -3 471 | **-3 471** |
| **Total forbearance, loans to customers (unsecured loans), net** | **0** | **0** | **1 487** | **1 487** |
| **Total forbearance, loans to customers, net** | **411 032** | **415 146** | **46 779** | **872 957** |

| In NOK thousand, 31.12.21 | | | | |
|---|---|---|---|---|
| Forbearance loans to customers (secured loans), gross | 305 412 | 257 033 | 78 749 | **641 194** |
| Expected credit loss (ECL) | -98 | -160 | -20 727 | **-20 985** |
| **Total forbearance, loans to customers (secured loans), net** | **305 314** | **256 873** | **58 022** | **620 209** |
| Forbearance loans to customers (unsecured loans), gross | 0 | 0 | 23 711 | **23 711** |
| Expected credit loss (ECL) | 0 | 0 | -162 | **-162** |
| **Total forbearance, loans to customers (unsecured loans), net** | **0** | **0** | **23 549** | **23 549** |
| **Total forbearance, loans to customers, net** | **305 314** | **256 873** | **81 571** | **643 758** |

| | Sbanken ASA (parent company) | | | |
|---|---|---|---|---|
| In NOK thousand, 31.12.22 | Stage 1, 12-months ECL | Stage 2, Lifetime ECL (not impaired) | Stage 3, Lifetime ECL (impaired) | Total |
| Forbearance loans to customers (secured loans), gross | 291 261 | 256 731 | 47 630 | **595 622** |
| Expected credit loss (ECL) | -213 | -417 | -14 695 | **-15 325** |
| **Total forbearance, loans to customers (secured loans), net** | **291 048** | **256 314** | **32 935** | **580 297** |
| Forbearance loans to customers (unsecured loans), gross | 0 | 0 | 4 958 | **4 958** |
| Expected credit loss (ECL) | 0 | 0 | -3 471 | **-3 471** |
| **Total forbearance, loans to customers (unsecured loans), net** | **0** | **0** | **1 487** | **1 487** |
| **Total forbearance, loans to customers, net** | **291 048** | **256 314** | **34 422** | **581 784** |

| In NOK thousand, 31.12.21 | | | | |
|---|---|---|---|---|
| Forbearance loans to customers (secured loans), gross | 218 002 | 121 698 | 60 741 | **400 441** |
| Expected credit loss (ECL) | -97 | -102 | -17 832 | **-18 031** |
| **Total forbearance, loans to customers (secured loans), net** | **217 905** | **121 596** | **42 909** | **382 410** |
| Forbearance loans to customers (unsecured loans), gross | 0 | 0 | 23 711 | **23 711** |
| Expected credit loss (ECL) | 0 | 0 | -162 | **-162** |
| **Total forbearance, loans to customers (unsecured loans), net** | **0** | **0** | **23 549** | **23 549** |
| **Total forbearance, loans to customers, net** | **217 905** | **121 596** | **66 458** | **405 959** |





# Note 17 – Guarantees and collateralised debt

**Collateral in Norges Bank**

Sbanken ASA has provided securities as collateral for borrowing facilities with Norges Bank. In order to be granted loans or credit facilities in Norges Bank, collateral must be provided in interest carrying securities that fulfils certain criteria. As at 31 December 2022, Sbanken ASA had 0 million (0 million in 2021) in loans from Norges Bank.

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Fair value (carrying value) of securities deposited as collateral in Norges Bank | 6 084 520 | 11 532 377 |
| Haircut of fair value | -306 295 | -538 146 |
| **Net value of securities deposited in Norges Bank** | **5 778 225** | **10 994 231** |

As at 31 December 2022, Sbanken ASA had additional securities with a fair value of NOK 5,584 million, which would have qualified as collateral in Norges Bank.

**Intra group liquidity facility**

Sbanken ASA has provided a credit facility relating to the maturity of covered bonds issued by Sbanken Boligkreditt AS.

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Nominal value issued of covered bonds | 31 255 000 | 30 405 000 |
| - own holdings (owned by Sbanken ASA) | -1 701 000 | -7 420 000 |
| **Net intra group liquidity facility** | **29 554 000** | **22 985 000** |

| **Residual time to maturity, intra group liquidity facility** | **2022** | **2021** |
|---|---|---|
| Less than 6 months | 0 | 0 |
| 6 - 12 months | 7 754 000 | 1 182 000 |
| 1-2 years | 5 000 000 | 7 000 000 |
| 2-4 years | 12 000 000 | 14 203 000 |
| 4-5 years | 4 800 000 | 600 000 |
| More than 5 years | 0 | 0 |
| **Total** | **29 554 000** | **22 985 000** |

**Collateral for share trading settlement**

In connection with the share trading settlement to customers, Sbanken ASA has pledged collateral to the clearing company Six x-clear Ltd NUF. This company supervises all settlements between buyers and sellers in connection with share trading by Sbanken ASA's customers.

The collateral pledged by Sbanken ASA is two fold in that one part is a fixed component and part of a default fund in Six x-clear, while the second part is variable and is calculated based on the scope of the trades made via the stock market.

As at 31 December 2022, the fixed component amounted to NOK 8.6 (8.3) million, while the variable component amounted to NOK 46.5 (46.1) million.

# Note 18 – Liquidity risk

Liquidity risk comprises the following two elements:

**Refinancing risk:** The risk of the bank being unable to refinance its obligations as they fall due for payment.

**Price risk:** The risk of the bank being unable to refinance its obligations without a material rise in costs.

Liquidity risk shall be managed such that the bank minimises its financing costs, at the same time as the refinancing risk is kept within the Board of Directors' specified risk appetite. Liquidity risk shall be managed at group level, at company level and for each individual transaction. The bank measures liquidity risk over the short and long term. Short-term risk measures include the liquidity coverage ratio (LCR), and internal stress tests. The main long-term measure is the net stable funding ratio (NSFR). The LCR and NSFR are measured in accordance with methodology established by the Financial Supervisory Authority of Norway.

Sbanken maintains a liquidity portfolio comprising liquid funds managed by Treasury and which qualify, or will qualify, as collateral at Norges Bank. See Note 17. This can be used to even out fluctuations in the bank's liquidity requirements.

### Management of inherent risk relating to maturity structures

The CFO is responsible for ensuring that ongoing forecasts are prepared covering the group's financing requirements for at least the next 12 months. The financing plan is reviewed by ALCO at the start of each forecast period, as a minimum quarterly. The CEO determines the financing plan on advice from ALCO, and Treasury operations are subsequently based on this plan. In addition, the management frameworks for LCR and intraday and overnight financing requirements contribute to keeping short-term financing risk low. The group shall endeavor to maintain a balanced maturity profile, and as a main rule shall not have a maturity concentration under which more than 30 per cent of the capital market financing matures in the next twelve months.

### Financing sources

The bank prefers relationship-based borrowing, but shall also strive to diversify its borrowing sources. The bank's financing comprises covered bonds, senior bonds and certificates and deposits, where the latter is the main source of financing. The bank has a low tolerance for short-term financing risk and shall be able to manage a serious stress scenario. The bank carries out stress tests in connection with ICAAP and ILAAP where it analyses the consequences for financing requirements of various changes in the bank's most important assets and liabilities.





# Note 19 – Maturity analysis of liabilities

| Cash flows, undiscounted | Sbanken ASA Group | | | | | | |
|---|---|---|---|---|---|---|---|
| **2022** | **1 month** | **1-3 months** | **3-12 months** | **1-5 years** | **More than 5 years** | **Without maturity** | **Total** |
| **Maturity overview** | | | | | | | |
| Loans and deposits from central bank | | | 0 | | | | 0 |
| Loans and deposits from credit institutions | 562 881 | | | | | | 562 881 |
| Deposits from customers | 65 770 095 | | | | | | 65 770 095 |
| Interest disbursement, deposits from customers | 71 161 | | 98 144 | | | | 169 305 |
| Debt securities issued | | 3 316 000 | 6 041 900 | 29 200 000 | | | 38 557 900 |
| Interest disbursement, debt securities issued | 9 302 | 301 808 | 896 775 | 2 066 156 | | | 3 274 041 |
| Subordinated loan | | | 0 | 900 000 | | | 900 000 |
| Interest disbursement, subordinated loan | 1 680 | 8 862 | 33 163 | 66 037 | | | 109 742 |
| Taxes payable | | 118 038 | 120 532 | | | | 238 570 |
| Other financial liabilities (ex. accrued interest) | 223 542 | 42 378 | 52 721 | 36 904 | 9 122 | 5 235 | 369 902 |
| Hybrid capital instrument | | | | | | 700 000 | 700 000 |
| Interest disbursement, hybrid capital instrument | 1 517 | 9 598 | 30 208 | 49 914 | | | 91 237 |
| Off-balance sheet commitments | 27 449 541 | | | | | | 27 449 541 |
| **Total disbursements** | **94 089 719** | **3 796 684** | **7 273 443** | **32 319 011** | **9 122** | **705 235** | **138 193 214** |
| **Financial derivatives** | | | | | | | |
| Outgoing contractual cash flows | -18 770 | -8 083 | -85 819 | -4 984 868 | -24 423 | n/a | -5 121 963 |
| Incoming contractual cash flows | 67 040 | 0 | 213 199 | 5 434 402 | 33 576 | n/a | 5 748 217 |

| Cash flows, undiscounted | Sbanken ASA Group | | | | | | |
|---|---|---|---|---|---|---|---|
| **2021** | **1 month** | **1-3 months** | **3-12 months** | **1-5 years** | **More than 5 years** | **Without maturity** | **Total** |
| **Maturity overview** | | | | | | | |
| Loans and deposits from central bank | | | 0 | | | | 0 |
| Loans and deposits from credit institutions | 326 830 | | | | | | 326 830 |
| Deposits from customers | 64 240 315 | | | | | | 64 240 315 |
| Interest disbursement, deposits from customers | 7 020 | | 67 803 | | | | 74 823 |
| Debt securities issued | | 250 000 | 1 870 000 | 26 380 950 | | | 28 500 950 |
| Interest disbursement, debt securities issued | 6 988 | 66 658 | 326 358 | 758 509 | | | 1 158 513 |
| Subordinated loan | | | 0 | 900 000 | | | 900 000 |
| Interest disbursement, subordinated loan | 0 | 4 533 | 15 955 | 58 984 | | | 79 472 |
| Taxes payable | | 116 033 | 124 239 | | | | 240 272 |
| Other financial liabilities (ex. accrued interest) | 101 157 | 4 859 | 27 190 | 143 350 | 0 | | 276 556 |
| Hybrid capital instrument | | | | | | 700 000 | 700 000 |
| Interest disbursement, hybrid capital instrument | 0 | 6 781 | 20 548 | 69 760 | | | 97 089 |
| Off-balance sheet commitments | 23 984 279 | | | | | | 23 984 279 |
| **Total disbursements** | **88 666 589** | **448 864** | **2 452 093** | **28 311 553** | **0** | **700 000** | **120 579 099** |
| **Financial derivatives** | | | | | | | |
| Outgoing contractual cash flows | -20 762 | -549 | -75 427 | -5 046 125 | -23 118 | n/a | -5 165 981 |
| Incoming contractual cash flows | 9 285 | 0 | 57 411 | 5 469 448 | 19 711 | n/a | 5 555 855 |

## Note 19 – Maturity analysis of liabilities (continued)

| Cash flows, undiscounted<br>2022 | Sbanken ASA (parent company)<br>1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Without maturity | Total |
|---|---|---|---|---|---|---|---|
| **Maturity overview** | | | | | | | |
| Loans and deposits from central bank | | | 0 | | | | 0 |
| Loans and deposits from credit institutions | 4 174 779 | | | | | | 4 174 779 |
| Deposits from customers | 65 770 095 | | | | | | 65 770 095 |
| Interest disbursement, deposits from customers | 71 161 | | 90 608 | | | | 161 769 |
| Debt securities issued | | 367 000 | 785 000 | 7 500 000 | | | 8 652 000 |
| Interest disbursement, debt securities issued | 9 302 | 56 203 | 240 308 | 270 838 | | | 576 651 |
| Subordinated loan | | | 0 | 900 000 | | | 900 000 |
| Interest disbursement, subordinated loan | 1 680 | 8 862 | 33 163 | 66 037 | | | 109 742 |
| Taxes payable | | 79 700 | 139 562 | | | | 219 262 |
| Other financial liabilities (ex. accrued interest) | 223 119 | 42 378 | 52 721 | 36 904 | 9 122 | 5 235 | 369 479 |
| Hybrid capital instrument | | | | | | 700 000 | 700 000 |
| Interest disbursement, hybrid capital instrument | 1 517 | 9 598 | 30 208 | 49 914 | | | 91 237 |
| Off-balance sheet commitments | 27 449 541 | | | | | | 27 449 541 |
| **Total disbursements** | **97 701 194** | **563 741** | **1 371 570** | **8 823 693** | **9 122** | **705 235** | **109 174 555** |
| **Financial derivatives** | | | | | | | |
| Outgoing contractual cash flows | -18 770 | -8 083 | -85 819 | -179 868 | -24 423 | n/a | -316 963 |
| Incoming contractual cash flows | 67 040 | 0 | 213 199 | 204 696 | 33 576 | n/a | 518 511 |

| Cash flows, undiscounted<br>2021 | Sbanken ASA (parent company)<br>1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Without maturity | Total |
|---|---|---|---|---|---|---|---|
| **Maturity overview** | | | | | | | |
| Loans and deposits from central bank | | | 0 | | | | 0 |
| Loans and deposits from credit institutions | 1 109 560 | | | | | | 1 109 560 |
| Deposits from customers | 64 240 315 | | | | | | 64 240 315 |
| Interest disbursement, deposits from customers | 7 020 | | 67 803 | | | | 74 823 |
| Debt securities issued | | 250 000 | 690 000 | 4 500 000 | | | 5 440 000 |
| Interest disbursement, debt securities issued | 3 067 | 14 524 | 83 204 | 219 149 | | | 319 944 |
| Subordinated loan | | | 0 | 900 000 | | | 900 000 |
| Interest disbursement, subordinated loan | 0 | 4 533 | 15 955 | 58 984 | | | 79 472 |
| Taxes payable | | 81 793 | 81 793 | | | | 163 586 |
| Other financial liabilities (ex. accrued interest) | 101 127 | 4 859 | 21 867 | 143 350 | 0 | | 271 203 |
| Hybrid capital instrument | | | | | | 700 000 | 700 000 |
| Interest disbursement, hybrid capital instrument | 0 | 6 781 | 20 548 | 69 760 | | | 97 089 |
| Off-balance sheet commitments | 23 984 279 | | | | | | 23 984 279 |
| **Total disbursements** | **89 445 368** | **362 490** | **981 170** | **5 891 243** | **0** | **700 000** | **97 380 271** |
| **Financial derivatives** | | | | | | | |
| Outgoing contractual cash flows | -20 762 | -549 | -75 427 | -165 110 | -23 118 | n/a | -284 966 |
| Incoming contractual cash flows | 9 285 | 0 | 57 411 | 166 948 | 19 711 | n/a | 253 355 |





# Note 20 – Subordinated loans

**The note is the same for the Group and the parent company**

| In NOK thousand | Currency | 31.12.22 | 31.12.21 |
|---|---|---|---|
| Subordinated loans | NOK | 899 409 | 899 151 |
| **Total subordinated loans** | **NOK** | **899 409** | **899 151** |

| Specification of subordinated loan as at 31.12.22:<br>ISIN | Issuing company | Nominal value | Currency | Interest | Maturity[1] | Carrying value |
|---|---|---|---|---|---|---|
| NO0010847205 | Sbanken ASA | 125 000 | NOK | 3M Nibor + 1.60% | 21.03.29 | 125 000 |
| NO0010871502 | Sbanken ASA | 125 000 | NOK | 3M Nibor + 1.30% | 19.12.29 | 125 000 |
| NO0010885197 | Sbanken ASA | 350 000 | NOK | 3M Nibor + 1.60% | 17.06.30 | 349 592 |
| NO0010891922 | Sbanken ASA | 150 000 | NOK | 3M Nibor + 1.25% | 28.08.30 | 149 817 |
| NO0011203598 | Sbanken ASA | 150 000 | NOK | 3M Nibor + 1.08% | 14.01.32 | 150 000 |
| **Total subordinated loans** | | **900 000** | | | | **899 409** |

[1] First possible call date for the issuer is 5 years before maturity. The loan agreements have covenants to qualify as Tier 2 capital.

| Changes of subordinated loans: | 31.12.21 | January-December 2022<br>Issued | Matured | Redeemed | Other adjustments | 31.12.22 |
|---|---|---|---|---|---|---|
| Subordinated loans (nominal) | 900 000 | 150 000 | 0 | -150 000 | 0 | 900 000 |
| **Total** | **900 000** | **150 000** | **0** | **-150 000** | **0** | **900 000** |

As at 31 December 2022, NOK 3.0 million in accrued interest is related to subordinated loans. This has been recognised under other liabilities. See Note 29 for interest expenses in 2022.

# Note 21 – Additional Tier 1 capital (hybrid capital)

**The note is the same for the Group and the parent company.**

Sbanken ASA has issued hybrid capital instruments with a nominal value of NOK 700 million. The instruments are perpetual with an option for the issuer to redeem the capital on specific dates.

The loan agreements fulfil the Norwegian regulatory requirements for inclusion in the Bank's Tier 1 capital. This implies that the issuer, at its sole discretion, has the right to withhold interest and/or redemption of the instrument. This implies that the instruments do not fulfil the definition of a debt instrument according to IAS 32 and are as such defined as equity in the Bank's balance sheet.

| In NOK thousand | Currency | 31.12.22 | 31.12.21 |
|---|---|---|---|
| Additional Tier 1 capital | NOK | 700 000 | 700 000 |
| **Total Additional Tier 1 capital** | **NOK** | **700 000** | **700 000** |

**Specification of additional Tier 1 capital as at 31.12.22:**

| ISIN | Issuing company | Nominal value | Currency | Interest | Maturity | Carrying amounts |
|---|---|---|---|---|---|---|
| NO0010847213 | Sbanken ASA | 100 000 | NOK | 3M Nibor + 3.6% | Perpetual [1] | 100 000 |
| NO0010871494 | Sbanken ASA | 100 000 | NOK | 3M Nibor + 3.15% | Perpetual [2] | 100 000 |
| NO0010885205 | Sbanken ASA | 300 000 | NOK | 3M Nibor + 3.10% | Perpetual [3] | 300 000 |
| NO0010891914 | Sbanken ASA | 100 000 | NOK | 3M Nibor + 3.0% | Perpetual [4] | 100 000 |
| NO0011204125 | Sbanken ASA | 100 000 | NOK | 3M Nibor + 2.6% | Perpetual [5] | 100 000 |
| **Total additional Tier 1 capital** | | **700 000** | | | | **700 000** |

[1] The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 21 March 2024.
[2] The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 19 December 2024.
[3] The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 17 June 2025.
[4] The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 28 August 2025.
[5] The Tier 1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 14 January 2027.

| | | January - December 2022 | | | | |
|---|---|---|---|---|---|---|
| **Change of additional Tier 1 capital** | **31.12.21** | **Issued** | **Matured** | **Redeemed** | **Other adjustments** | **31.12.22** |
| Additional Tier 1 capital | 700 000 | 100 000 | 0 | -100 000 | 0 | 700 000 |
| **Total** | **700 000** | **100 000** | **0** | **-100 000** | **0** | **700 000** |

As at 31 December 2022, NOK 2.9 million in accrued interest is related to additional Tier 1 capital.

This has been recognised under the additional Tier 1 capital and the carrying value including accrued interest is NOK 702.9 million. See statement of changes in equity for interest paid related to hybrid capital.





# Note 22 – Debt securities issued

| **Carried at amortised cost:** | | Sbanken ASA Group | |
|---|---|---|---|
| In NOK thousand | **Currency** | **31.12.22** | **31.12.21** |
| Bonds issued | NOK | 38 632 830 | 28 500 950 |
| **Total debt securities issued** | | **38 632 830** | **28 500 950** |

**Specification of bonds as at 31.12.22:**

| ISIN | Issuing company | Nominal value | Currency | Interest | Maturity | Carrying value |
|---|---|---|---|---|---|---|
| **Bonds** | | | | | | |
| NO0010874878 | Sbanken ASA | 367 000 | NOK | Nibor + 0.35% | 10.02.23 | 366 946 |
| NO0010886757 | Sbanken ASA | 785 000 | NOK | Nibor + 0.62% | 26.09.23 | 785 519 |
| NO0010895519 | Sbanken ASA | 1 000 000 | NOK | Nibor + 0.56% | 12.04.24 | 999 764 |
| NO0012785122 | Sbanken ASA | 1 000 000 | NOK | Nibor + 0.76% | 03.07.24 | 1 000 000 |
| NO0010920762 | Sbanken ASA | 2 000 000 | NOK | Nibor + 0.42% | 12.12.24 | 1 996 255 |
| **Total bonds** | | **5 152 000** | | | | **5 148 484** |
| **Bonds, senior non-preferred** | | | | | | |
| NO0011087587 | Sbanken ASA | 2 700 000 | NOK | Nibor + 0.49% | 08.09.25 | 2 678 287 |
| NO0011087595 | Sbanken ASA | 800 000 | NOK | Fixed rate 0.615% | 07.09.27 | 750 112 |
| **Total bonds, senior non-preferred** | | **3 500 000** | | | | **3 428 399** |
| **Covered bonds [1]** | | | | | | |
| NO0010790603 | Sbanken Boligkreditt AS | 2 949 000 | NOK | Nibor + 0.50% | 10.02.23 | 2 949 388 |
| NO0010887078 | Sbanken Boligkreditt AS | 5 000 000 | NOK | Nibor + 0.28% | 17.06.24 | 5 009 501 |
| NO0010878978 | Sbanken Boligkreditt AS | 5 000 000 | NOK | Nibor + 0.42% | 20.06.25 | 5 029 989 |
| NO0010958093 | Sbanken Boligkreditt AS | 7 000 000 | NOK | Nibor + 0.60% | 20.11.26 | 7 069 236 |
| NO0012483835 | Sbanken Boligkreditt AS | 4 800 000 | NOK | Nibor + 0.35% | 29.03.27 | 4 768 127 |
| XS1813051858 | Sbanken Boligkreditt AS | 500 000 | EURO | Fixed 0.375% [2] | 26.04.23 | 5 229 706 |
| **Total covered bonds** | | | | | | **30 055 947** |
| **Total commercial paper, bonds and covered bonds** | | | | | | **38 632 830** |

[1] All 'soft bullet' covered bond loans have the possibility of extending the maturity by one year.
[2] Entered into a swap-agreement with Nibor + 0.425%.

| | | January- December 2022 | | | | |
|---|---|---|---|---|---|---|
| **Changes of debt securities:** | **31.12.21** | **Issued** | **Matured** | **Redeemed** | **Other adjustments** | **31.12.22** |
| Bonds (nominal) | 3 990 000 | 2 500 000 | 0 | -1 338 000 | 0 | 5 152 000 |
| Bonds, senior non-preferred (nominal) | 1 200 000 | 2 300 000 | 0 | 0 | 0 | 3 500 000 |
| Covered Bonds (nominal) | 22 985 000 | 11 802 000 | 0 | -5 233 000 | 0 | 29 554 000 |
| **Total** | **28 175 000** | **16 602 000** | **0** | **-6 571 000** | **0** | **38 206 000** |

# Note 22 – Debt securities issued (continued)

| Carried at amortised cost: | Sbanken ASA (parent company) | | |
|---|---|---|---|
| In NOK thousand | Currency | 31.12.22 | 31.12.21 |
| Bonds issued | NOK | 8 576 883 | 5 177 881 |
| **Total debt securities issued** | | **8 576 883** | **5 177 881** |

**Specification of bonds as at 31.12.22:**

| ISIN | Issuing company | Nominal value | Currency | Interest | Maturity | Carrying value |
|---|---|---|---|---|---|---|
| **Bonds** | | | | | | |
| NO0010874878 | Sbanken ASA | 367 000 | NOK | Nibor + 0.35% | 10.02.23 | 366 946 |
| NO0010886757 | Sbanken ASA | 785 000 | NOK | Nibor + 0.62% | 26.09.23 | 785 519 |
| NO0010895519 | Sbanken ASA | 1 000 000 | NOK | Nibor + 0.56% | 12.04.24 | 999 764 |
| NO0012785122 | Sbanken ASA | 1 000 000 | NOK | Nibor + 0.76% | 03.07.24 | 1 000 000 |
| NO0010920762 | Sbanken ASA | 2 000 000 | NOK | Nibor + 0.42% | 12.12.24 | 1 996 255 |
| **Total bonds** | | **5 152 000** | | | | **5 148 484** |
| | | | | | | |
| **Bonds, senior non-preferred** | | | | | | |
| NO0011087587 | Sbanken ASA | 2 700 000 | NOK | Nibor + 0.49% | 08.09.25 | 2 678 287 |
| NO0011087595 | Sbanken ASA | 800 000 | NOK | Fixed rate 0.615% | 07.09.27 | 750 112 |
| **Total bonds, senior non-preferred** | | **3 500 000** | | | | **3 428 399** |
| | | | | | | |
| **Total commercial paper and bonds** | | | | | | **8 576 883** |

| | | January- December 2022 | | | | |
|---|---|---|---|---|---|---|
| **Changes of debt securities:** | **31.12.21** | **Issued** | **Matured** | **Redeemed** | **Other adjustments** | **31.12.22** |
| Bonds (nominal) | 3 990 000 | 2 500 000 | 0 | -1 338 000 | 0 | 5 152 000 |
| Bonds, senior non-preferred (nominal) | 1 200 000 | 2 300 000 | 0 | 0 | 0 | 3 500 000 |
| **Total bonds and bonds senior non-preferred** | **5 190 000** | **4 800 000** | **0** | **-1 338 000** | **0** | **8 652 000** |





# Note 23 – Deposits from customers

**The note is the same for the Group and the parent company.**

| | 31.12.22 | | 31.12.21 | |
|---|---|---|---|---|
| In NOK thousand | Share | Deposits | Share | Deposits |
| Deposits without an agreed term to maturity | 100,0% | 65 770 095 | 100,0% | 64 240 315 |
| Deposits with an agreed term to maturity | 0,0% | 0 | 0,0% | 0 |
| **Total** | **100,0%** | **65 770 095** | **100,0%** | **64 240 315** |
| | | | | |
| Average deposit rate | | 0,65% | | 0,25% |
| Covered by the Norwegian Banks' Guarantee Fund | 90,80% | 59 719 246 | 91,01% | 58 464 952 |
| | | | | |
| **Deposits by sector and industry** | **Share** | **Deposits** | **Share** | **Deposits** |
| Retail customers | 95,1% | 62 517 890 | 95,9% | 61 582 499 |
| Small and medium sized entities (SME) | 4,9% | 3 252 205 | 4,1% | 2 657 816 |
| **Total deposits from customers** | **100,0%** | **65 770 095** | **100,0%** | **64 240 315** |
| | | | | |
| **Deposits by geographical area** | | | | |
| Oslo | 22,9% | 15 057 398 | 23,8% | 15 265 846 |
| Viken | 28,8% | 18 920 610 | 28,2% | 18 084 227 |
| Innlandet | 2,7% | 1 806 063 | 2,7% | 1 705 155 |
| Vestfold og Telemark | 5,2% | 3 394 302 | 4,9% | 3 147 917 |
| Agder | 2,7% | 1 794 536 | 2,7% | 1 729 261 |
| Rogaland | 6,5% | 4 253 854 | 6,4% | 4 103 634 |
| Vestland | 14,5% | 9 538 855 | 14,9% | 9 547 023 |
| Møre og Romsdal | 2,5% | 1 639 765 | 2,5% | 1 587 104 |
| Trøndelag | 6,8% | 4 463 935 | 6,8% | 4 347 973 |
| Nordland | 3,1% | 2 049 851 | 3,1% | 1 985 263 |
| Troms og Finnmark | 4,3% | 2 850 927 | 4,3% | 2 736 912 |
| **Total deposits from customers** | **100,0%** | **65 770 095** | **100,0%** | **64 240 315** |
| | | | | |
| **Deposits** | | | | |
| **Residual time to maturity** | | | | |
| Upon request | 100,0% | 65 770 095 | 100,0% | 64 240 315 |
| Less than 3 months | | | | |
| 3 - 12 months | | | | |
| 1-5 years | | | | |
| More than 5 years | | | | |
| **Total deposits from customers** | **100,0%** | **65 770 095** | **100,0%** | **64 240 315** |

# Note 24 – Market risk and sensitivity

### Market risk

Market risk is the risk of losses due to unfavourable changes in market variables, such as interest rates, exchange rates and credit spreads.

The group is exposed to the following market risks:

-Interest rate risk: the risk of loss resulting from a general change in market rates due to different fixed interest rates of assets and liabilities allocated to the banking book.

-Exchange rate risk: the risk of loss resulting from changes in exchange rates.

-Credit spread risk: the risk that interest-bearing securities will fall in value as a result of an increase in the credit spread for corresponding credit instruments in the market.

-Share price risk: the risk of loss resulting from a fall in share prices.

### Interest rate sensitivity

The items in Sbanken's balance sheet that are primarily sensitive to interest rates comprise floating rate positions. In the last quarter of 2019, Sbanken launched mortgages with fixed interest rates, which, at the end of 2022, accounted for 8.1 per cent of the loan portfolio A two percentage point parallel shift in interest rates is used to measure interest rate risk, in accordance with circular 12/2016 from the Financial Supervisory Authority of Norway.

| Sbanken ASA (parent company) 31.12.2022 | | | | Sbanken ASA Group 31.12.22 | | |
|---|---|---|---|---|---|---|
| Change in value | Weighted duration | Volume (thousand) | Interest sensitive balance | Volume (thousand) | Weighted duration | Change in value |
| 132 435 | 0,12 | 57 435 559 | Loans to customers | 90 314 650 | 0,12 | 208 310 |
| 211 712 | 1,39 | 7 582 301 | Loans to customers (fixed rate) | 7 582 301 | 1,39 | 211 712 |
| *19 615* | *0,12* | *8 500 000* | *Interest rate swaps* | 8 500 000 | *0,12* | *19 615* |
| 53 029 | 0,17 | 15 193 094 | Commercial paper, bonds and Tier 1 instruments | 14 439 476 | 0,17 | 48 343 |
| 0 | 0,00 | 7 469 474 | Other assets | 2 554 875 | 0,00 | 0 |
| **416 791** | **0,23** | **87 680 427** | **Total assets** | **114 891 302** | **0,20** | **487 981** |
| 151 777 | 0,12 | 65 770 095 | Deposits from customers | 65 770 095 | 0,12 | 151 777 |
| 30 409 | 0,18 | 8 576 883 | Debt securities issued | 38 632 831 | 0,17 | 129 209 |
| *223 843* | *1,32* | *8 500 000* | *Interest rate swaps* | 8 500 000 | *1,32* | *223 843* |
| 5 878 | 0,18 | 1 656 884 | Additional Tier 1 capital and subordinated loan | 1 656 884 | 0,18 | 5 878 |
| 0 | 0,000 | 4 782 877 | Other liabilities | 1 260 812 | 0,00 | - |
| 0 | 0,000 | 6 893 689 | Equity ex. Tier 1 capital | 7 570 680 | 0,00 | - |
| **411 908** | **0,24** | **87 680 428** | **Total liabilities and equity** | **114 891 302** | **0,22** | **510 707** |
| **4 884** | | | **Total** | | | **-22 726** |

The table below shows six stress scenarios in accordance with EBA/GL/2018/02: 'Guidelines on the management of interest rate risk arising from non-trading activities'). As at 31 December 2022, The Sbanken group primarily had balance sheet items exposed to interest rate changes for a forward period of three months and less. Consequently, the scenario for terms over 3–6 months will have little effect on Sbanken, with the result that Scenario 3 and 6 and Scenario 4 and 5 are nearly identical.

| | Sbanken ASA Group | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 31.12.22 | Over-night | O/N - 1 month | 1 - 3 months | 3 -6 months | 6 - 9 months | 9 - 12 months | 12 - 18 months | 18 - 24 months | 2 - 3 year | > 3 years | Total |
| Scenario 1 : parallel shock up (200bp) | 0 | -4 560 | -6 083 | 13 968 | 24 952 | -39 757 | -8 802 | 8 694 | 8 716 | -19 854 | -22 726 |
| Scenario 2 : parallel shock down (200bp) | 0 | 4 560 | 6 083 | -13 968 | -24 952 | 39 757 | 8 802 | -8 694 | -8 716 | 19 854 | 22 726 |
| Scenario 3: short term rates down (300bp) long term rates up (150bp) | 0 | 6 840 | 9 124 | -20 952 | -37 428 | 59 635 | 13 203 | -13 041 | 6 537 | -14 891 | 9 027 |
| Scenario 4: short term rates up (300 bp), long term rates down (150 bp) | 0 | -6 840 | -9 124 | 20 952 | 37 428 | -59 635 | -13 203 | 13 041 | -6 537 | 14 891 | -9 027 |
| Scenario 5: short term rates up (300 bp) | 0 | -6 840 | -9 124 | 20 952 | 37 428 | -59 635 | -13 203 | 13 041 | 0 | 0 | -17 381 |
| Scenario 6: short term rates down (300 bp) | 0 | 6 840 | 9 124 | -20 952 | -37 428 | 59 635 | 13 203 | -13 041 | 0 | 0 | 17 381 |





## Note 24 – Market risk and sensitivity (continued)

| | Sbanken ASA (parent company) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 31.12.22 | Over-night | O/N - 1 month | 1 - 3 months | 3 -6 months | 6 - 9 months | 9 - 12 months | 12 - 18 months | 18 - 24 months | 2 - 3 year | > 3 years | Total |
| Scenario 1 : parallel shock up (200bp) | 0 | 2 574 | 14 393 | 13 968 | 24 952 | -39 757 | -8 802 | 8 694 | 8 716 | -19 854 | 4 884 |
| Scenario 2 : parallel shock down (200bp) | 0 | -2 574 | -14 393 | -13 968 | -24 952 | 39 757 | 8 802 | -8 694 | -8 716 | 19 854 | -4 884 |
| Scenario 3: short term rates down (300bp) long term rates up (150bp) | 0 | -3 861 | -21 590 | -20 952 | -37 428 | 59 635 | 13 203 | -13 041 | 6 537 | -14 891 | -32 388 |
| Scenario 4: short term rates up (300 bp), long term rates down (150 bp) | 0 | 3 861 | 21 590 | 20 952 | 37 428 | -59 635 | -13 203 | 13 041 | -6 537 | 14 891 | 32 388 |
| Scenario 5: short term rates up (300 bp) | 0 | 3 861 | 21 590 | 20 952 | 37 428 | -59 635 | -13 203 | 13 041 | 0 | 0 | 24 034 |
| Scenario 6: short term rates down (300 bp) | 0 | -3 861 | -21 590 | -20 952 | -37 428 | 59 635 | 13 203 | -13 041 | 0 | 0 | -24 034 |

**Currency**

The net currency position (long or short) is measured in each currency. Long and short positions are also summarised. Exposure against the limit is the highest absolute value of the long and short position. The exchange rate risk at 31 December 2022 amounted to NOK 3.6 million.

| | Sbanken ASA Group | | | | | |
|---|---|---|---|---|---|---|
| 31.12.22 | USD | SEK | EUR | JPY | CHF | GBP |
| **Net currency position (NOK thousand)** | **0** | **671** | **2 284** | **664** | **0** | **0** |

| | Sbanken ASA (parent company) | | | | | |
|---|---|---|---|---|---|---|
| 31.12.22 | USD | SEK | EUR | JPY | CHF | GBP |
| **Net currency position (NOK thousand)** | **0** | **671** | **2 284** | **664** | **0** | **0** |

**Shares, funds and Tier 1 capital in other banks**

Sbanken's equity investments relate to strategic ownership positions and certain minor shareholdings in funds. The total fair value amounts to NOK 318.9 million. A weakening of the price of the share or fund of 45 per cent would reduce the value of the portfolio to NOK 175.4 millions.

| 31.12.22 Share and fund portfolio (Group) | Fair value (in NOK thousand) | Value after 45% drop |
|---|---|---|
| VN Norge AS | 50 212 | 27 617 |
| Pensjonskontoregisteret | 60 | 33 |
| Norsk gjeldsinformasjon | 710 | 391 |
| **Total shares** | **50 982** | **28 040** |
| Framgang Sammen | 5 821 | 3 202 |
| **Total funds** | **5 821** | **3 202** |
| Tier 1 capital in other banks | 262 171 | 144 194 |
| **Total Tier 1 capital** | **262 171** | **144 194** |
| **Total shares, funds and Tier 1 capital** | **318 974** | **175 436** |

**Credit spread risk**

The calculation of credit spread risk is based on the Financial Supervisory Authority's circular 12/2016.

| Sbanken ASA (parent company) 31.12.22 | | | | | Sbanken ASA Group 31.12.22 | | | |
|---|---|---|---|---|---|---|---|---|
| Credit spread risk | Spread change | Duration (weighted) | Market value (thousand) | Rating | Market value (thousand) | Duration (weighted) | Spread change | Credit spread risk |
| 0 | 0,00% | 2,40 | 2 302 843 | AAA (sovereign) | 2 455 951 | 2,31 | 0,00% | 0 |
| 184 447 | 0,70% | 3,07 | 8 570 583 | AAA (covered bonds) | 9 914 394 | 2,90 | 0,70% | 201 562 |
| 10 996 | 0,90% | 2,31 | 530 056 | AAA (municipalties) | 530 056 | 2,31 | 0,90% | 10 996 |
| 9 535 | 1,40% | 3,00 | 226 843 | AA (covered bonds) | 226 843 | 3,00 | 1,40% | 9 535 |
| 6 031 | 1,10% | 0,71 | 768 094 | AA (municipalties)* | 768 094 | 0,71 | 1,10% | 6 031 |
| 55 094 | 3,00% | 3,37 | 544 139 | Without rating | 544 139 | 3,37 | 3,00% | 55 094 |
| **266 103** | **0,74%** | **2,79** | **12 942 558** | **Total** | **14 439 476** | **2,68** | **0,73%** | **283 218** |

*Municipalities without a rating are placed in category AA (municipalities).

# Note 24 – Market risk and sensitivity (continued)

| Sbanken ASA (parent company) 31.12.2021 | | | | Sbanken ASA Group 31.12.21 | | |
|---|---|---|---|---|---|---|
| Change in value | Weighted duration | Volume (thousand) | Interest sencitive balance | Volume (thousand) | Weighted duration | Change in value |
| 87 498 | 0,12 | 37 915 792 | Loans to customers | 76 045 566 | 0,12 | 175 490 |
| 353 717 | 2,13 | 8 301 309 | Loans to customers (fixed rate) | 8 301 309 | 2,13 | 353 717 |
| *19 050* | *0,12* | *8 255 000* | *Interest rate swaps* | *8 255 000* | *0,12* | *19 050* |
| 66 119 | 0,14 | 23 253 352 | Commercial paper and bonds | 15 666 933 | 0,14 | 44 473 |
| 0 | 0,00 | 9 640 407 | Other assets | 2 259 778 | 0,00 | 0 |
| **526 383** | **0,34** | **79 110 860** | **Total assets** | **102 273 586** | **0,27** | **592 730** |
| 148 247 | 0,12 | 64 240 315 | Deposits from customers | 64 240 315 | 0,12 | 148 247 |
| 15 586 | 0,15 | 5 177 881 | Debt securities issued | 28 497 081 | 0,14 | 81 917 |
| *360 450* | *2,18* | *8 255 000* | *Interest rate swaps* | *8 255 000* | *2,18* | *360 450* |
| 6 292 | 0,20 | 1 592 494 | Additional Tier 1 capital and subordinated loan | 1 592 493 | 0,20 | 6 292 |
| 0 | 0,00 | 1 700 842 | Other liabilities | 996 626 | 0,00 | 0 |
| 0 | 0,00 | 6 399 328 | Equity ex. Tier 1 capital | 6 947 071 | 0,00 | 0 |
| **530 574** | **0,33** | **79 110 860** | **Total liabilities and equity** | **102 273 586** | **0,29** | **596 905** |
| **-4 191** | | | **Total** | | | **-4 175** |

**Sbanken ASA Group**

| 31.12.21 | Over-night | O/N - 1 month | 1 - 3 months | 3 -6 months | 6 - 9 months | 9 - 12 months | 12 - 18 months | 18 - 24 months | 2 - 3 year | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Scenario 1 : parallel shock up (200bp) | 0 | -11 652 | 11 787 | 1 857 | 0 | 673 | 0 | 0 | 0 | 2 664 |
| Scenario 2 : parallel shock down (200bp) | 0 | 11 652 | -11 787 | -1 857 | 0 | -673 | 0 | 0 | 0 | -2 664 |
| Scenario 3: short term rates down (300bp) long term rates up (150bp) | 0 | 17 479 | -17 681 | -2 785 | 0 | -1 009 | 0 | 0 | 0 | -3 997 |
| Scenario 4: short term rates up (300 bp), long term rates down (150 bp) | 0 | -17 479 | 17 681 | 2 785 | 0 | 1 009 | 0 | 0 | 0 | 3 997 |
| Scenario 5: short term rates up (300 bp) | 0 | -17 479 | 17 681 | 2 785 | 0 | 1 009 | 0 | 0 | 0 | 3 997 |
| Scenario 6: short term rates down (300 bp) | 0 | 17 479 | -17 681 | -2 785 | 0 | -1 009 | 0 | 0 | 0 | -3 997 |

**Sbanken ASA (parent company)**

| 31.12.21 | Over-night | O/N - 1 month | 1 - 3 months | 3 -6 months | 6 - 9 months | 9 - 12 months | 12 - 18 months | 18 - 24 months | 2 - 3 year | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Scenario 1 : parallel shock up (200bp) | | -2 203 | 2 322 | 1 857 | 0 | 0 | 0 | 0 | 0 | 1 976 |
| Scenario 2 : parallel shock down (200bp) | | 2 203 | -2 322 | -1 857 | 0 | 0 | 0 | 0 | 0 | -1 976 |
| Scenario 3: short term rates down (300bp) long term rates up (150bp) | | 3 304 | -3 483 | -2 785 | 0 | 0 | 0 | 0 | 0 | -2 964 |
| Scenario 4: short term rates up (300 bp), long term rates down (150 bp) | | -3 304 | 3 483 | 2 785 | 0 | 0 | 0 | 0 | 0 | 2 964 |
| Scenario 5: short term rates up (300 bp) | | -3 304 | 3 483 | 2 785 | 0 | 0 | 0 | 0 | 0 | 2 964 |
| Scenario 6: short term rates down (300 bp) | | 3 304 | -3 483 | -2 785 | 0 | 0 | 0 | 0 | 0 | -2 964 |

**Sbanken ASA Group**

| 31.12.21 | USD | SEK | EUR | JPY | CHF | GBP |
|---|---|---|---|---|---|---|
| **Net currency position (NOK thousand)** | **3 063** | **0** | **0** | **207** | **0** | **0** |

**Sbanken ASA (parent company)**

| 31.12.21 | USD | SEK | EUR | JPY | CHF | GBP |
|---|---|---|---|---|---|---|
| **Net currency position (NOK thousand)** | **3 063** | **0** | **0** | **207** | **0** | **0** |





# Note 24 – Market risk and sensitivity (continued)

| 31.12.21 Share and fund portfolio (Group) | Fair value (in NOK thousand) | Value after 45% drop |
|---|---|---|
| Vipps AS | 41 565 | 22 861 |
| VN Norge AS | 72 225 | 39 724 |
| Pensjonskontoregisteret | 60 | 33 |
| Norsk gjeldsinformasjon | 710 | 391 |
| **Total shares** | **114 560** | **63 008** |
| Utsikt2050 | 4 031 | 2 217 |
| Utsikt2040 | 2 378 | 1 308 |
| Utsikt2030 | 2 376 | 1 307 |
| Framgang Sammen | 6 202 | 3 411 |
| **Total funds** | **14 987** | **8 243** |
| Tier 1 capital in other banks | 179 230 | 98 577 |
| **Total Tier 1 capital** | **179 230** | **98 577** |
| **Total shares, funds and Tier 1 capital** | **308 778** | **169 827** |

| Sbanken ASA (parent company) 31.12.21 | | | | | Sbanken ASA Group 31.12.21 | | | |
|---|---|---|---|---|---|---|---|---|
| Credit spread risk | Spread change | Duration (weighted) | Market value (thousand) | Rating | Market value (thousand) | Duration (weighted) | Spread change | Credit spread risk |
| 0 | 0,00% | 3,00 | 2 452 988 | AAA (sovereign) | 2 571 732 | 2,94 | 0,00% | 0 |
| 217 883 | 0,70% | 2,85 | 10 907 759 | AAA (covered bonds) | 11 309 328 | 2,78 | 0,70% | 246 654 |
| 1 117 | 0,90% | 1,24 | 100 223 | AAA (municipalties) | 100 223 | 1,24 | 0,90% | 1 117 |
| 5 456 | 1,40% | 4,10 | 95 129 | AA (covered bonds) | 95 129 | 4,10 | 1,40% | 5 456 |
| 11 735 | 1,10% | 0,77 | 1 394 048 | AA (municipalties)* | 1 394 048 | 0,77 | 1,10% | 11 735 |
| 18 674 | 3,00% | 3,17 | 196 472 | Without rating | 196 472 | 3,17 | 3,00% | 18 674 |
| **254 864** | **0,63%** | **2,69** | **15 146 620** | **Total** | **15 666 933** | **2,63** | **0,62%** | **283 636** |

*Municipalities without a rating are placed in category AA (municipalities).

# Note 25 – Derivatives

Sbanken ASA uses financial derivatives to manage interest rate and currency risk. Financial derivatives are agreements entered into with financial institutions or customers to stipulate interest terms, exchange rates and the value of equity instruments for specific periods.

### Method of valuation and accounting principles

All derivatives are valued at fair value and exchange rate gains/losses are classified as net gain/(loss) on financial instruments. Interest from derivatives entered into to manage the interest rate risk associated with the bank's ordinary portfolios is classified as interest income and recognised as an adjustment of the bank's other interest income/interest expenses.

Sbanken ASA has used the following financial derivatives during the year:

### Forward currency contracts

These are agreements to purchase or sell specific amounts of currency at an agreed exchange rate on a future date.

### Interest rate agreements

Interest swaps are agreements to swap interest rate terms (fixed for floating) for a specific amount over a fixed period of time.

### Interest rate and currency derivatives

Cross-currency interest rate swaps where the swap agreement includes both interest rate and currency terms.

The table below shows the nominal value of financial derivatives broken down by the type of derivative in addition to positive and negative market values. Positive market values are recognised in the balance sheet as assets, while negative market values are recognised as liabilities.

| Sbanken ASA Group<br>In NOK thousand | 31.12.22<br>Nominal value | 31.12.22<br>Positive fair value | 31.12.22<br>Negative fair value | 31.12.21<br>Nominal value | 31.12.21<br>Positive fair value | 31.12.21<br>Negative fair value |
|---|---|---|---|---|---|---|
| Interes rate swaps | 8 500 000 | 225 109 | 0 | 8 855 000 | 143 382 | 14 607 |
| **Total** | **8 500 000** | **225 109** | **0** | **8 855 000** | **143 382** | **14 607** |
| | | | | | | |
| Cross currency swaps used in hedge accounting | 4 805 000 | 408 670 | 0 | 4 805 000 | 234 020 | 0 |
| Interest rate swaps used in hedge accounting | 800 000 | 0 | 54 019 | 0 | 0 | 0 |
| **Total** | **5 605 000** | **408 670** | **54 019** | **4 805 000** | **234 020** | **0** |
| | | | | | | |
| **Total** | **14 105 000** | **633 779** | **54 019** | **13 660 000** | **377 403** | **14 607** |

| Sbanken ASA (parent company)<br>In NOK thousand | 31.12.22<br>Nominal value | 31.12.22<br>Positive fair value | 31.12.22<br>Negative fair value | 31.12.21<br>Nominal value | 31.12.21<br>Positive fair value | 31.12.21<br>Negative fair value |
|---|---|---|---|---|---|---|
| Interes rate swaps | 8 500 000 | 225 109 | 0 | 8 855 000 | 143 382 | 14 607 |
| **Total** | **8 500 000** | **225 109** | **0** | **8 855 000** | **143 382** | **14 607** |
| | | | | | | |
| Cross currency swaps used in hedge accounting | 800 000 | 0 | 54 019 | 0 | 0 | 0 |
| **Total** | **800 000** | **0** | **54 019** | **0** | **0** | **0** |
| | | | | | | |
| **Total** | **9 300 000** | **225 109** | **54 019** | **8 855 000** | **143 382** | **14 607** |





# Note 26 – Derivatives and hedge accounting

Sbanken uses derivatives to hedge against interest rate and currency risk in connection with the issuing of debt in EUR. When the company issues securities in currencies other than Norwegian kroner, the bank's market risk policy states that hedging transactions shall be carried out, so that the bank avoids exposure in foreign currency and thereby minimises currency risk. Derivatives are recognised at fair value (see Note 1 for further information).

| Sbanken ASA Group<br>In NOK thousand | 31.12.22<br>Nominal value | 31.12.22<br>Positive fair value | 31.12.22<br>Negative fair value | 31.12.21<br>Nominal value | 31.12.21<br>Positive fair value | 31.12.21<br>Negative fair value |
|---|---|---|---|---|---|---|
| Interest and currency derivatives for use in hedge accounting | 4 805 000 | 408 670 | 0 | 4 805 000 | 234 020 | 0 |
| Interest derivative for use in hedge accounting | 800 000 | 0 | 54 019 | 0 | 0 | 0 |
| **Total derivatives for use in hedge accounting** | **5 605 000** | **408 670** | **54 019** | **4 805 000** | **234 020** | **0** |

The Sbanken ASA group uses hedge accounting to ensure an accounting treatment that reflects how interest rate and currency risk is actually managed for loans in foreign currency. The hedged items consist exclusively of debt established by issuing covered bonds and are recognised in accordance with IFRS 9 as a fair value hedge. When debt is issued in foreign currency, separate interest rate and cross currency swaps are entered into, with the same principal and maturity date as the underlying hedged item. So far, a loan of EUR 500 million has been issued with a fixed rate of 0.375 per cent, while the cross currency swap changes principal to NOK and the interest rate to a floating 3-month Nibor plus a margin of 0.425 per cent. The hedging instruments (interest rate and currency swaps) are recognised at fair value, while the hedged items are valued at fair value for the hedged risks (interest rate and currency). Hedge ineffectiveness, defined as the difference between the value adjustment of hedged instruments and the value adjustment of the hedged items, is recognised through profit or loss as it arises. The exemption is the part of the value adjustment caused by a change in basis spreads relating to hedged instruments recognised in other comprehensive income. Sources of hedge ineffectiveness can be changes in own credit risk, price changes relating to unilateral collateral, soft bullet structures and minimum rating floors for the issuer.

It is a condition for the derivative agreement that unilateral collateral is furnished, meaning that the bank receives collateral in cases where the derivative has a positive value, but does not have to provide collateral in cases where the derivative has a negative value. The counterparty in the derivative agreement is Nordea Bank Finland.

| Sbanken ASA Group<br>In NOK thousand | 31.12.22<br>Hedging instrument nominal value | 31.12.22<br>Hedging object nominal value | 31.12.22<br>Inefficiency nominal value | 31.12.21<br>Hedging instrument nominal value | 31.12.21<br>Hedging object nominal value | 31.12.21<br>Inefficiency nominal value |
|---|---|---|---|---|---|---|
| Nominal value loan in Euro (foreign currency loans at fixed interest rates, 500 MEUR) | 4 805 000 | 4 805 000 | 0 | 4 805 000 | 4 805 000 | 0 |
| Nominal value loan with fixed interest rate | 800 000 | 800 000 | 0 | 0 | 0 | 0 |
| **Total** | **5 605 000** | **5 605 000** | **0** | **4 805 000** | **4 805 000** | **0** |

| Sbanken ASA Group<br>In NOK thousand | Hedging instrument carrying amount | Hedging object carrying amount | Inefficiency carrying amount | Hedging instrument carrying amount | Hedging object carrying amount | Inefficiency carrying amount |
|---|---|---|---|---|---|---|
| Carrying amount assets | 408 670 | 0 | | 234 020 | 0 | |
| Carrying amount liabilities | 54 019 | 5 979 818 | | 0 | 5 066 547 | |
| **Total** | **462 689** | **5 979 818** | | **234 020** | **5 066 547** | |

| Sbanken ASA Group<br>In NOK thousand | Hedging instrument carrying amount | Hedging object carrying amount | Inefficiency carrying amount | Hedging instrument carrying amount | Hedging object carrying amount | Inefficiency carrying amount |
|---|---|---|---|---|---|---|
| Accumulated change in fair value, outgoing balance | 462 689 | -466 977 | -4 288 | 234 020 | -240 500 | -6 480 |
| Accumulated change in fair value, ingoing balance | 234 020 | -240 500 | -6 480 | 531 772 | -546 303 | -14 531 |
| **Total change in fair value** | **228 669** | **-226 477** | **2 192** | **-297 752** | **305 803** | **8 051** |
| | | | | | | |
| Recognised through profit and loss | | | -2 140 | | | 1 453 |
| Recognised through other comprehensive income | | | -2 148 | | | -7 933 |
| **Total change in fair value** | **0** | **0** | **-4 288** | **0** | **0** | **-6 480** |

# Note 26 – Derivatives and hedge accounting (continued)

| Sbanken ASA parent company<br>In NOK thousand | 31.12.22<br>Nominal value | Positive fair value | Negative fair value | 31.12.21<br>Nominal value | Positive fair value | Negative fair value |
|---|---|---|---|---|---|---|
| Interest and currency derivatives for use in hedge accounting | 800 000 | 0 | 54 019 | 0 | 0 | 0 |
| **Total derivatives for use in hedge accounting** | **800 000** | **0** | **54 019** | **0** | **0** | **0** |

| Sbanken ASA parent company<br>In NOK thousand | Hedging instrument nominal value | Hedging object nominal value | Inefficiency nominal value | Hedging instrument nominal value | Hedging object nominal value | Inefficiency nominal value |
|---|---|---|---|---|---|---|
| Nominal value loan with fixed interest rate | 800 000 | 800 000 | 0 | 0 | 0 | 0 |
| **Total** | **800 000** | **800 000** | **0** | **0** | **0** | **0** |

| Sbanken ASA parent company<br>In NOK thousand | Hedging instrument carrying amount | Hedging object carrying amount | Inefficiency carrying amount | Hedging instrument carrying amount | Hedging object carrying amount | Inefficiency carrying amount |
|---|---|---|---|---|---|---|
| Carrying amount assets | 0 | 750 112 | | 0 | 0 | |
| Carrying amount liabilities | 54 019 | 0 | | 0 | 0 | |
| **Total** | **54 019** | **750 112** | | **0** | **0** | |

| Sbanken ASA parent company<br>In NOK thousand | Hedging instrument carrying amount | Hedging object carrying amount | Inefficiency carrying amount | Hedging instrument carrying amount | Hedging object carrying amount | Inefficiency carrying amount |
|---|---|---|---|---|---|---|
| Accumulated change in fair value, outgoing balance | -54 019 | 54 929 | 910 | 0 | 0 | 0 |
| Accumulated change in fair value, ingoing balance | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total change in fair value** | **-54 019** | **54 929** | **910** | **0** | **0** | **0** |
| Recognised through profit and loss | | | 910 | | | 0 |
| Recognised through other comprehensive income | | | 0 | | | 0 |
| **Total change in fair value** | **0** | **0** | **910** | **0** | **0** | **0** |





# Note 27 – Repricing structure

| In NOK thousand<br>2022 | Sbanken ASA Group<br>1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Without interest rate exposure | Total |
|---|---|---|---|---|---|---|---|
| Cash and receivables with central bank | 314 326 | | | | | | 314 326 |
| Loans to central bank | 0 | | | | | | 0 |
| Loans to and receivables from credit institutions | 1 245 783 | | | | | | 1 245 783 |
| Loans to customers | 522 517 | 97 713 505 | | | | | 98 236 022 |
| Expected credit loss (ECL) on-balance | | | | | | -339 071 | -339 071 |
| **Net loans to customers, central bank and credit institutions** | **2 082 626** | **97 713 505** | **0** | **0** | **0** | **-339 071** | **99 457 060** |
| Commercial paper and bonds | 2 847 295 | 10 767 982 | 0 | 0 | 0 | 562 028 | 14 177 305 |
| Shares and funds | | | | | | 318 974 | 318 974 |
| Derivatives | | | | | | 633 779 | 633 779 |
| Intangible assets | | | | | | 72 356 | 72 356 |
| Deferred tax assets | | | | | | 47 091 | 47 091 |
| Property, plant and equipment | | | | | | 72 779 | 72 779 |
| Other assets | | | | | | 20 899 | 20 899 |
| Advance payment and accrued income | | | | | | 91 060 | 91 060 |
| **Total assets** | **4 929 921** | **108 481 487** | **0** | **0** | **0** | **1 479 895** | **114 891 302** |
| **Liabilities** | | | | | | | |
| Loans and deposits from central bank | 0 | | | | | | 0 |
| Loans and deposits from credit institutions | | | | | | 562 881 | 562 881 |
| Deposits from customers | | 65 770 095 | | | | | 65 770 095 |
| Derivatives | | | | | | 54 019 | 54 019 |
| Taxes payable | | | | | | 238 570 | 238 570 |
| Debt securities issued | 6 229 470 | 30 653 247 | 1 000 000 | 0 | | 750 112 | 38 632 830 |
| Other liabilities | | | | | | 459 932 | 459 932 |
| Subordinated loans | 150 000 | 749 409 | | | | | 899 409 |
| **Total liabilities** | **6 379 470** | **97 172 751** | **1 000 000** | **0** | **0** | **2 065 514** | **106 617 736** |

# Note 27 – Repricing structure (continued)

| Sbanken ASA Group<br>In NOK thousand<br>2021 | 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Without interest rate exposure | Total |
|---|---|---|---|---|---|---|---|
| Cash and receivables with central bank | 510 676 | | | | | | 510 676 |
| Loans to central bank | 0 | | | | | | 0 |
| Loans to and receivables from credit institutions | 856 622 | | | | | | 856 622 |
| Loans to customers | 429 264 | 84 241 845 | | | | | 84 671 109 |
| Expected credit loss (ECL) on-balance | | | | | | -324 234 | -324 234 |
| **Net loans to customers, central bank and credit institutions** | **1 796 562** | **84 241 845** | **0** | **0** | **0** | **-324 234** | **85 714 173** |
| | | | | | | | |
| Commercial paper and bonds | 3 800 180 | 10 474 923 | 903 070 | 309 529 | 0 | 0 | 15 487 702 |
| Shares and funds | | | | | | 309 142 | 309 142 |
| Derivatives | | | | | | 377 403 | 377 403 |
| Intangible assets | | | | | | 103 350 | 103 350 |
| Deferred tax assets | | | | | | 35 638 | 35 638 |
| Property, plant and equipment | | | | | | 86 411 | 86 411 |
| Other assets | | | | | | 85 488 | 85 488 |
| Advance payment and accrued income | | | | | | 74 280 | 74 280 |
| **Total assets** | **5 596 742** | **94 716 768** | **903 070** | **309 529** | **0** | **747 478** | **102 273 586** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Loans and deposits from central bank | 0 | | | | | | 0 |
| Loans and deposits from credit institutions | | 0 | | | | 326 830 | 326 830 |
| Deposits from customers | | 64 240 315 | | | | | 64 240 315 |
| Derivatives | | | | | | 14 607 | 14 607 |
| Taxes payable | | | | | | 217 805 | 217 805 |
| Debt securities issued | 2 182 414 | 20 655 267 | 5 066 547 | 0 | | 596 722 | 28 500 950 |
| Other liabilities | | | | | | 586 794 | 586 794 |
| Subordinated loans | 899 151 | | | | | | 899 151 |
| **Total liabilities** | **3 081 565** | **84 895 582** | **5 066 547** | **0** | **0** | **1 742 758** | **94 786 452** |





# Note 27 – Repricing structure (continued)

| Sbanken ASA (parent company)<br>In NOK thousand<br>2022 | 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Without interest rate exposure | Total |
|---|---|---|---|---|---|---|---|
| Cash and receivables with central bank | 314 326 | | | | | | 314 326 |
| Loans to central bank | 0 | | | | | | 0 |
| Loans to and receivables from credit institutions | 4 855 635 | | | | | | 4 855 635 |
| Loans to customers | 331 030 | 65 020 307 | | | | | 65 351 337 |
| Expected credit loss (ECL) on-balance | | | | | | -333 477 | -333 477 |
| **Net loans to customers, central bank and credit institutions** | **5 500 991** | **65 020 307** | **0** | **0** | **0** | **-333 477** | **70 187 820** |
| | | | | | | | |
| Commercial paper and bonds | 2 794 844 | 11 347 142 | 0 | 0 | 0 | 562 028 | 14 704 014 |
| Shares in subsidiary | | | | | | 1 699 880 | 1 699 880 |
| Shares and funds | | | | | | 542 473 | 542 473 |
| Derivatives | | | | | | 225 109 | 225 109 |
| Intangible assets | | | | | | 72 356 | 72 356 |
| Deferred tax assets | | | | | | 51 553 | 51 553 |
| Property, plant and equipment | | | | | | 72 779 | 72 779 |
| Other assets | | | | | | 21 575 | 21 575 |
| Advance payment and accrued income | | | | | | 91 060 | 91 060 |
| **Total assets** | **8 295 835** | **76 367 449** | **0** | **0** | **0** | **3 005 336** | **87 668 618** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Loans and deposits from central bank | 0 | | | | | | 0 |
| Loans and deposits from credit institutions | | 0 | | | | 4 174 779 | 4 174 779 |
| Deposits from customers | | 65 770 095 | | | | | 65 770 095 |
| Derivatives | | | | | | 54 019 | 54 019 |
| Taxes payable | | | | | | 219 962 | 219 962 |
| Debt securities issued | 999 764 | 5 827 007 | 1 000 000 | 0 | | 750 112 | 8 576 883 |
| Other liabilities | | | | | | 380 496 | 380 496 |
| Subordinated loans | 150 000 | 749 409 | | | | | 899 409 |
| **Total liabilities** | **1 149 764** | **72 346 511** | **1 000 000** | **0** | **0** | **5 579 368** | **80 075 643** |

# Note 27 – Repricing structure (continued)

Sbanken ASA (parent company)

| In NOK thousand<br>2021 | 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Without interest rate exposure | Total |
|---|---|---|---|---|---|---|---|
| Cash and receivables with central bank | 510 676 | | | | | | 510 676 |
| Loans to central bank | 0 | | | | | | 0 |
| Loans to and receivables from credit institutions | 6 511 755 | | | | | | 6 511 755 |
| Loans to customers | 180 441 | 46 355 697 | | | | | 46 536 138 |
| Expected credit loss (ECL) on-balance | | | | | | -319 037 | -319 037 |
| **Net loans to customers, central bank and credit institutions** | **7 202 872** | **46 355 697** | **0** | **0** | **0** | **-319 037** | **53 239 532** |
| Commercial paper and bonds | 4 219 963 | 17 413 728 | 903 070 | 309 529 | 0 | 0 | 22 846 290 |
| Shares in subsidiary | | | | | | 1 699 880 | 1 699 880 |
| Shares and funds | | | | | | 536 668 | 536 668 |
| Derivatives | | | | | | 143 382 | 143 382 |
| Intangible assets | | | | | | 103 350 | 103 350 |
| Deferred tax assets | | | | | | 36 577 | 36 577 |
| Property, plant and equipment | | | | | | 86 411 | 86 411 |
| Other assets | | | | | | 344 219 | 344 219 |
| Advance payment and accrued income | | | | | | 74 550 | 74 550 |
| **Total assets** | **11 422 835** | **63 769 425** | **903 070** | **309 529** | **0** | **2 706 000** | **79 110 861** |
| **Liabilities** | | | | | | | |
| Loans and deposits from central bank | 0 | | | | | | 0 |
| Loans and deposits from credit institutions | | 0 | | | | 1 109 560 | 1 109 560 |
| Deposits from customers | | 64 240 315 | | | | | 64 240 315 |
| Derivatives | | | | | | 14 607 | 14 607 |
| Taxes payable | | | | | | 160 280 | 160 280 |
| Debt securities issued | 999 713 | 3 581 446 | 0 | 0 | | 596 722 | 5 177 881 |
| Other liabilities | | | | | | 568 628 | 568 628 |
| Subordinated loans | 899 151 | | | | | | 899 151 |
| **Total liabilities** | **1 898 864** | **67 821 761** | **0** | **0** | **0** | **2 449 797** | **72 170 422** |





# Note 28 – Operational risk

Operational risk means unexpected fluctuations in results that are attributable to inadequacies or failures in internal processes and systems, errors made by employees or external events, which oblige the bank to retain financial capital in order to safeguard itself against substantial and unexpected operational losses. The definition also includes legal risk, i.e. the risk that an agreement or legal action cannot be performed in line with underlying assumptions; and compliance risk, i.e. the risk of non-compliance with statutory provisions, internal guidelines, industry standards, etc.

The bank's framework for operational risk, including contingency plans, describes preventive and mitigating measures. In addition to policies and instructions, and procedure and job descriptions, Sbanken has a self-evaluation process for operational risk and internal control. This process is intended to identify operational risk and quantify any potential ensuing losses, as well as assess the effectiveness of internal control. This work results in action plans whose implementation is subject to ongoing monitoring. The evaluation is performed each year and includes quarterly updates and follow-up.

Sbanken has a documented process for conducting risk assessments. The process also includes the area of ICT, and determines an acceptable level of risk, performs assessments, and decides on risk response including the delegation of responsibility for monitoring and mitigating measures. Reviews of risks and conditions relevant to ICT security are conducted and reported on a quarterly basis together with other risk areas related to operational risk.

### Compliance risk

Compliance risk is defined as the risk of sanctions or losses as a result of non-compliance with the regulations that regulate the business.

The bank's risk appetite in the compliance area is low, and it has a very low tolerance for non-compliance: The bank's reputation and licence(s) shall not be exposed to unnecessary risk.

Compliance risk includes compliance with regulations, information security and personal data protection for all parts of the business.

Compliance risk is managed through regular reviews and control activities in the company, the results of which are reported to the Board and management.

### Commercial and strategic risk

Commercial risk is the risk that earnings will weaken, including changes in volumes, interest margins and other price changes associated with borrowing and lending, weakened net commission income and earnings that are insufficient to cover costs. The risk may arise as a result of cyclical change, competitive conditions and changes in customer behaviour, among other factors.

Measurement of commercial risk takes into account changes due to credit losses and other risks such as market risk, liquidity risk and operational risk. The size of commercial risk is essentially affected by variations in net interest and commission. Some costs vary in line with volume and transaction-based changes in income, other costs are deemed to be variable without being volume or transaction-based, while further costs are deemed to be fixed. The management's short-term opportunities to influence potential losses of income depend on the ratio of variable to fixed costs.

Commercial risk is managed through diversification of income, stable revenue generation and cost control.

Sbanken's definition of strategic risk is long-term risk that arises as a result of erroneous or ill-conceived commercial decisions, poor or incorrect implementation of decisions, or inadequate responsiveness to changes in society, competition, technology, the regulatory system or the financial sector.

# Note 29 – Net interest income

Sbanken ASA Group

| In NOK thousand | 2022 Recognised at amortised cost | 2022 Recognised at fair value | 2022 Total | 2021 Recognised at amortised cost | 2021 Recognised at fair value | 2021 Total |
|---|---|---|---|---|---|---|
| Loans to and receivables from credit institutions and central bank | 14 101 | | 14 101 | 2 601 | | 2 601 |
| Loans to customers | 2 318 765 | 221 551 | 2 540 316 | 1 668 596 | 121 032 | 1 789 628 |
| Commercial paper and bonds | | 312 601 | 312 601 | | 147 161 | 147 161 |
| **Total interest income** | **2 332 866** | **534 152** | **2 867 018** | **1 671 197** | **268 193** | **1 939 390** |
| | | | | | | |
| Loans and deposits from credit institutions | -2 973 | | -2 973 | -2 201 | | -2 201 |
| Deposits from customers | -342 896 | | -342 896 | -81 492 | | -81 492 |
| Debt securities issued | -682 530 | | -682 530 | -244 812 | | -244 812 |
| Subordinated loans | -28 454 | | -28 454 | -17 364 | | -17 364 |
| Other interest expenses | -90 249 | | -90 249 | -75 811 | | -75 811 |
| **Total interest expenses** | **-1 147 102** | **0** | **-1 147 102** | **-421 680** | **0** | **-421 680** |
| | | | | | | |
| **Net interest income** | **1 185 764** | **534 152** | **1 719 916** | **1 249 517** | **268 193** | **1 517 710** |

**Interest income from loans to customers:**

| | 2022 | 2021 |
|---|---|---|
| Mortgages | 2 216 228 | 1 440 781 |
| Car loans | 56 311 | 44 509 |
| Consumer loans | 117 578 | 149 629 |
| Other loans[1] | 150 199 | 154 709 |
| **Total interest income from loans to customers** | **2 540 316** | **1 789 628** |

[1] Credit card, account credit and custody account credit

Sbanken ASA (parent company)

| In NOK thousand / Interest income | 2022 Recognised at amortised cost | 2022 Recognised at fair value | 2022 Total | 2021 Recognised at amortised cost | 2021 Recognised at fair value | 2021 Total |
|---|---|---|---|---|---|---|
| Loans to and receivables from credit institutions and central bank | 101 839 | | 101 839 | 33 369 | | 33 369 |
| Loans to customers | 718 854 | 974 265 | 1 693 119 | 500 251 | 603 986 | 1 104 237 |
| Commercial paper and bonds | 9 443 | 430 041 | 439 484 | 6 622 | 233 380 | 240 002 |
| **Total interest income** | **830 137** | **1 404 305** | **2 234 442** | **540 243** | **837 365** | **1 377 607** |
| | | | | | | |
| Loans and deposits from credit institutions | -5 853 | | -5 853 | -3 256 | | -3 256 |
| Deposits from customers | -342 896 | | -342 896 | -81 492 | | -81 492 |
| Debt securities issued | -156 386 | | -156 386 | -45 810 | | -45 810 |
| Subordinated loans | -28 454 | | -28 454 | -17 364 | | -17 364 |
| Other interest expenses | -82 988 | | -82 988 | -70 488 | | -70 488 |
| **Total interest expenses** | **-616 577** | **0** | **-616 577** | **-218 410** | **0** | **-218 410** |
| | | | | | | |
| **Net interest income** | **213 560** | **1 404 305** | **1 617 865** | **321 833** | **837 365** | **1 159 197** |

**Interest income from loans to customers:**

| | 2022 | 2021 |
|---|---|---|
| Mortgages | 1 369 031 | 755 390 |
| Car loans | 56 311 | 44 509 |
| Consumer loans | 117 578 | 149 629 |
| Other loans[1] | 150 199 | 154 709 |
| **Total interest income from loans to customers** | **1 693 119** | **1 104 237** |

[1] Credit card, account credit and custody account credit





# Note 30 – Net commission and fee income

**The note is the same for the Group and the parent company.**

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Payment processing | 40 740 | 40 664 |
| Card and interbank | 251 089 | 186 735 |
| Mutual funds and securities | 109 334 | 101 640 |
| Other commission income | 3 684 | 3 565 |
| **Total commission and fee income** | **404 847** | **332 604** |
| | | |
| Payment processing | -25 005 | -22 810 |
| Card and interbank | -78 234 | -65 620 |
| Mutual funds and securities | -31 092 | -32 359 |
| Other commission expenses | -3 214 | -1 242 |
| **Total commission and fee expenses** | **-137 545** | **-122 031** |
| | | |
| **Net commission and fee income** | **267 302** | **210 573** |

# Note 31 – Net gain (loss) on financial instruments

**Gain/loss on financial instruments recognised through profit and loss**

| Sbanken ASA (parent company) | | | Sbanken ASA Group | |
|---|---|---|---|---|
| 2021 | 2022 | In NOK thousand | 2022 | 2021 |
| | | **1) Realisation of financial instruments at fair value through other comprehensive income (OCI):** | | |
| 16 315 | -130 115 | Gain/(loss) by realisation of financial instruments: | -21 476 | -19 700 |
| **16 315** | **-130 115** | **Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income (OCI)** | **-21 476** | **-19 700** |
| | | **2) Financial instruments at fair value through profit and loss** | | |
| 0 | 48 041 | Realised gain/ (loss) from equity investments and funds | 48 041 | 0 |
| 2 156 | -35 063 | Unrealised gain/(loss) from equity investments and funds | -30 263 | 3 241 |
| 0 | 885 | Gain/(loss) on derivatives (used in hedge accounting) | -1 798 | 2 444 |
| 134 878 | 85 029 | Gain/(loss) on derivatives | 85 029 | 134 878 |
| -131 106 | -93 160 | Unrealised gain/(loss) from fixed rate loans | -93 160 | -131 106 |
| **5 928** | **5 732** | **Total gain/(loss) on financial instruments at fair value through profit and loss** | **7 849** | **9 457** |
| | | **3) Financial instruments at amortised cost:** | | |
| -201 | -2 749 | Gain (loss) by repurchase of own bonds/commercial paper at amortised cost | -12 747 | -28 009 |
| **-201** | **-2 749** | **Total gain (loss) on financial instruments at amortised cost** | **-12 747** | **-28 009** |
| | | **4) Currency:** | | |
| 3 218 | 1 547 | Net gain (loss) on currency items | 1 524 | 3 247 |
| **3 218** | **1 547** | **Total gain (loss) on currency items** | **1 524** | **3 247** |
| | | **5) Dividends:** | | |
| 0 | 46 731 | Dividends from investments i shares and funds | 46 731 | 0 |
| 260 000 | 0 | Dividend from subsidiary | 0 | 0 |
| **260 000** | **46 731** | **Total dividends** | **46 731** | **0** |
| **285 260** | **-78 854** | **Total gain (loss) on financial instruments recognised through profit and loss** | **21 881** | **-35 005** |





# Note 32 – Operating expenses

**Other administrative expenses**

| Sbanken ASA (parent company) | | | Sbanken ASA Group | |
|---|---|---|---|---|
| 2021 | 2022 | In NOK thousand | 2022 | 2021 |
| -2 984 | -8 704 | Properties and premises [1] | -8 704 | -2 984 |
| -141 731 | -171 553 | IT | -171 553 | -141 731 |
| -46 403 | -57 134 | Advertising and marketing | -57 134 | -46 403 |
| -21 817 | -23 941 | Temporary employment agencies | -23 941 | -21 817 |
| -69 161 | -94 905 | Consultants and other external services | -96 423 | -70 355 |
| -16 111 | -16 457 | Telephone and postage | -16 457 | -16 111 |
| -32 616 | -49 182 | Other operating expenses | -49 318 | -32 750 |
| **-330 823** | **-421 876** | **Total administrative expenses** | **-423 530** | **-332 152** |

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

**Depreciations and write-downs on fixed and intangible assets**

| | | | | |
|---|---|---|---|---|
| -28 564 | -18 638 | Depreciations during the year fixed assets | -18 638 | -28 564 |
| -33 704 | -34 921 | Depreciations during the year intangible assets | -34 921 | -33 704 |
| -10 050 | -15 000 | Write-downs intangible assets | -15 000 | -10 050 |
| **-72 318** | **-68 559** | **Total depreciations an write-downs during the year** | **-68 559** | **-72 318** |

Sbanken ASA recorded an impairment of NOK 15.0 million of intangible assets in 2022 (NOK 10 million in 2021), which is recognised under 'Depreciation and impairment of fixed and intangible assets'. The impairment is primarily related to the applicability of code written in certain modules and discontinuation of some services.

# Note 33 – Remuneration to the statutory auditor

| Sbanken ASA (parent company) | | | Sbanken ASA Group | |
|---|---|---|---|---|
| 2021 | 2022 [1] | In NOK thousand | 2022 [1] | 2021 |
| 1 390 | 1 840 | Statutory audit | 1 928 | 1 571 |
| 0 | 48 | Other certification services | 48 | 20 |
| 0 | 0 | Tax-related services | 0 | 0 |
| 139 | 178 | Other services | 393 | 339 |
| **1 529** | **2 066** | **Total remuneration to the statutory auditor** | **2 369** | **1 930** |

Remuneration to the statutory auditor is presented including VAT.

Until April 2022, the statutory auditor for all the companies in the Sbanken group has been Deloitte AS. From April 2022, the statutory auditor for all the companies in the Sbanken group has been Ernst & Young AS (EY).

[1] In 2022 the audit fee to Ernst & Young AS (EY) is 625 000 NOK relating to the statutory audit of the parent company and 713 000 NOK relating to the statutory audit of the group. Related to other services in 2022 the fee to Ernst & Young AS (EY) is 125 000 NOK.

# Note 34 – Personnel expenses and benefits/ remuneration to executive management and governing bodies

**Personnel expenses**

| Sbanken ASA (parent company) | | | Sbanken ASA Group | |
|---|---|---|---|---|
| **2021** | **2022** | In NOK thousand | **2022** | **2021** |
| -269 744 | -268 689 | Wages | -268 881 | -270 073 |
| *11 287* | *9 304* | *Capitalised as intangible assets* | *9 304* | *11 287* |
| -11 661 | -31 227 | Pension costs incl. payroll tax | -31 227 | -11 661 |
| -15 090 | -21 336 | - defines contribution pensions | -21 336 | -15 090 |
| 8 570 | -4 552 | - defined benefit pensions | -4 552 | 8 570 |
| -5 141 | -5 339 | -other pension related costs | -5 339 | -5 141 |
| -53 780 | -56 571 | Payroll tax | -56 597 | -53 827 |
| -12 459 | -14 627 | Other personnel expenses | -14 627 | -12 459 |
| **-336 357** | **-361 810** | **Total personnel expenses** | **-362 028** | **-336 733** |

**Funds with restrictions**

| | | | | |
|---|---|---|---|---|
| 11 280 | 11 313 | Income tax account | 11 323 | 11 303 |
| **11 280** | **11 313** | **Total restricted assets** | **11 323** | **11 303** |

**Employees**

| | | | | |
|---|---|---|---|---|
| 342 | 345 | Total employees as at 31.12 | 345 | 342 |
| 323 | 329 | Total FTE as at 31.12 | 329 | 323 |
| 353 | 343 | Average number of employees | 343 | 353 |
| 34 | 25 | FTE temporary employees as at 31.12 | 25 | 34 |

A change of pension plan from defined benefit to defined contribution resulted in transaction costs of NOK 1.5 million and a positive re-valuation effect of NOK 17.1 million, leading to a net positive effect of NOK 15.6 million in 2021.





## Note 34 – Personnel expenses and benefits/remuneration to executive management and governing bodies (continued)

| Name and position (In NOK thousand) | Agreed fixed annual salary as at 31.12.22 [1] | Paid salaries 2022 [2] | Paid performance related salary 2022 [3] | Paid other variable salary 2022 [4] | Total paid salaries 2022 | Benefits in kind and other benefits 2022 [5] | Total remuneration paid/ received in 2022 | Pension cost 2022 | Loan as at 31.12.22 |
|---|---|---|---|---|---|---|---|---|---|
| **Executive management** | | | | | | | | | |
| Øyvind Thomassen, Chief Executive Officer | 4 720 | 5 139 | 510 | 143 | 5 792 | 902 | 6 694 | 146 | 19 |
| John-Arne Fagerli, CTO | 1 800 | 1 657 | 99 | 0 | 1 756 | 14 | 1 770 | 142 | 360 |
| Lene Eltvik Vindfeld, Chief Organisation, Leadership & Culture officer | 2 000 | 1 657 | 155 | 0 | 1 812 | 14 | 1 826 | 136 | 9 079 |
| Eirik Christensen, COO banking | 2 500 | 2 869 | 188 | 143 | 3 200 | 33 | 3 233 | 145 | 3 166 |
| Arlin Opsahl Mæland, Chief compliance officer | 1 400 | 1 760 | 141 | 143 | 2 044 | 28 | 2 072 | 147 | 2 874 |
| Jørgen Gudmundsson, CFO | 2 000 | 2 390 | 161 | 143 | 2 694 | 52 | 2 746 | 142 | 5 712 |
| Line Sverdrup Ulvesæter, chief corporate customers | 1 600 | 1 933 | 147 | 143 | 2 223 | 58 | 2 281 | 143 | 11 635 |
| Hanne Alver Krum, CMO | 2 000 | 810 | 0 | 72 | 882 | 7 | 889 | 68 | 5 460 |

| Name and position (In NOK thousand) | Agreed annual board remuneration as at 2022 | Agreed annual remuneration for board committees as at 2022 | Agreed annual remuneration from group companies 2022 | Paid board remuneration 2022 | Paid committee remuneration 2022 | Paid remuneration from group companies 2022 | Paid other compensation 2022 | Total remuneration paid/ received in 2022 | Loan as at 31.12.22 |
|---|---|---|---|---|---|---|---|---|---|
| **The Board of Directors** | | | | | | | | | |
| Ingjerd Blekeli Spiten, Chair of the board | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tore Olaf Rimmereid | 355 | 0 | 0 | 237 | 0 | 0 | 0 | 237 | 0 |
| Mai-Lill Ibsen | 355 | 0 | 0 | 420 | 0 | 0 | 0 | 420 | 0 |
| Tor Arne Bruvold Hansen | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sarah Lunde Mjåtvedt (Employee representative) | 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Stein Zahl Pettersen (Employee representative) | 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | |
| Loans to other employees in Sbanken ASA | | | | | | | | | 811 200 |

In 2022, a total of NOK 137,000 was paid to members of the Nomination Comitmitte.

# Note 34 – Personnel expenses and benefits/remuneration to executive management and governing bodies (continued)

| Name and position (In NOK thousand) | Agreed fixed annual salary as at 31.12.21 [1] | Paid salaries 2021 [2] | Paid performance related salary 2021 [3] | Paid other variable salary 2021 [4] | Total paid salaries 2021 | Benefits in kind and other benefits 2021 [5] | Total remuneration paid/ received in 2021 | Pension cost 2021 | Loan as at 31.12.21 | Shares as at 31.12.21 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Executive management** | | | | | | | | | | |
| Øyvind Thomassen, Chief Executive Officer | 4 600 | 4 658 | 141 | 143 | 4 942 | 15 | 4 957 | 104 | 1 | 101 629 |
| Henning Nordgulen, Chief financial officer | 2 550 | 2 566 | 68 | 143 | 2 777 | 63 | 2 840 | 109 | 8 129 | 70 472 |
| Lene Eltvik Vindfeld, Chief Organisation, Leadership & Culture officer | 1 700 | 1 612 | 10 | 143 | 1 765 | 61 | 1 826 | 101 | 9 344 | 212 |
| Morten Jacobsen, CTO | 2 139 | 2 122 | 31 | 143 | 2 296 | 15 | 2 311 | 103 | 0 | 7 371 |
| Eirik Christensen, COO Banking | 2 000 | 2 094 | 50 | 143 | 2 287 | 42 | 2 329 | 106 | 3 108 | 15 000 |
| Arlin Opsahl Mæland, Chief compliance officer | 1 250 | 1 309 | 39 | 143 | 1 491 | 35 | 1 526 | 105 | 1 738 | 2 978 |
| Jørgen Gudmundsson, Chief Risk Officer | 1 750 | 1 800 | 44 | 143 | 1 987 | 66 | 2 053 | 102 | 5 888 | 7 840 |
| Line Sverdrup Ulvesæter, chief corporate customers | 1 325 | 1 175 | 24 | 88 | 1 287 | 69 | 1 356 | 84 | 6 250 | 1 248 |
| Jostein Dalland (until 31.10.21) | 2 500 | 1 847 | 0 | 119 | 1 966 | 12 | 1 978 | n/a | n/a | n/a |

| Name and position (In NOK thousand) | Agreed annual board remuneration as at 2021 | Agreed annual remuneration for board committees as at 2021 | Agreed annual remuneration from group companies 2021 | Paid board remuneration 2021 | Paid committee remuneration 2021 | Paid remuneration from group companies 2021 | Paid other compensation 2021 | Total remuneration paid/ received in 2021 | Loan as at 31.12.21 | Shares as at 31.12.21 |
|---|---|---|---|---|---|---|---|---|---|---|
| **The Board of Directors** | | | | | | | | | | |
| Niklas Midby, Chair of the board | 660 | 223 | 0 | 653 | 221 | 0 | 0 | 874 | 0 | 77 776 |
| August Baumann | 355 | 158 | 0 | 352 | 157 | 0 | 0 | 509 | 0 | 41 630 |
| Mai-Lill Ibsen | 355 | 195 | 209 | 352 | 193 | 205 | 0 | 750 | 0 | 5 528 |
| Ragnhild Wiborg [6] | 355 | 0 | 0 | 115 | 85 | 0 | 0 | 200 | 0 | n/a |
| Hugo Maurstad [7] | 0 | 0 | 0 | 115 | 0 | 0 | 0 | 115 | 0 | 0 |
| Herman Korsgaard [7] | 355 | 160 | 0 | 237 | 107 | | | 344 | 0 | 0 |
| Cathrine Klouman | 355 | 263 | 0 | 352 | 160 | 0 | 0 | 512 | 0 | 18 428 |
| Sarah Lunde Mjåtvedt (Employee representative) | 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 795 |
| Stein Zahl Pettersen (Employee representative) | 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 304 |
| Loans to other employees in Sbanken ASA | | | | | | | | | 803 000 | |

In 2021, a total of NOK 137,000 was paid to members of the Nomination Comitmitte.

[1] Agreed annual fixed salary/fees at the end of the year.
[2] Paid fixed salary and holiday pay for both profit-related and other variable pay.
[3] Paid profit-related pay earned previous years. Profit related pay earned in 2021 will be paid out in 2022. Profit related pay earned in 2020 was paid out in 2021.
[4] Paid other agreed compensation such as car allowance and annuity insurance.
[5] Other benefits in kind include the cost of telephones, broadband, insurance, loans at beneficial interest rates and other agreed expenses etc.
[6] Board remuneration paid to Altor Fund Manager AB.
[7] Board member until April 2021.





# Note 35 – Tax expense

| Sbanken ASA (parent company) 2021 | 2022 | Specification of tax expense: In NOK thousand | Sbanken ASA Group 2022 | 2021 |
|---|---|---|---|---|
| 160 280 | 219 962 | Taxes payable | 238 570 | 222 399 |
| -2 551 | -3 544 | Change in deferred tax | -2 934 | -3 215 |
| 0 | 0 | Change in deferred tax from eliminations in the group | 26 590 | 0 |
| 1 943 | -541 | Correction of taxes payable previous year | -551 | 2 831 |
| **159 672** | **215 877** | **Total tax expense** | **261 675** | **222 015** |
| | | **Reconciliation of the tax expense:** | | |
| **926 902** | **935 587** | **Profit before tax** | **1 127 607** | **955 555** |
| 926 902 | 935 587 | *-from Sbanken ASA* | 935 587 | 926 902 |
| 0 | 0 | *-from Sbanken Boligkreditt AS* | 92 374 | 356 128 |
| 0 | 0 | *- from group transactions related to own debt, hybrid capital and dividends from subsidiaries* | 99 646 | -327 475 |
| 231 726 | 233 897 | *Expected tax expense at nominal rate of 25% Sbanken ASA* | 233 897 | 231 726 |
| 0 | 0 | *Expected tax expense at nominal rate of 22% Sbanken Boligkreditt AS (22% in 2021)* | 20 322 | 78 348 |
| **231 726** | **233 897** | **Total expected tax expense** | **254 219** | **310 074** |
| 660 | 7 639 | Tax effect from non deductible expenses and tax-exempt income | 7 639 | 660 |
| 0 | -12 010 | Tax effect from tax-exempt income from shareholdings and funds | -12 010 | 0 |
| -1 012 | 5 503 | Tax effect from tax-exempt loss from shareholdings and funds | 6 704 | -1 012 |
| -65 000 | -11 332 | Tax effect from taxable income from shareholdings and funds 3% | -11 332 | -65 000 |
| -6 440 | -8 593 | Tax effect from costs booked against other equity related to capital increase and interest to Tier 1 capital holders | -10 898 | -8 409 |
| -2 205 | 1 314 | Other differences | 27 904 | -17 129 |
| 1 943 | -541 | Correction of taxes payable previous year | -551 | 2 831 |
| **159 672** | **215 877** | **Total tax expense** | **261 675** | **222 015** |
| 17,2% | 23,1% | Effective tax rate | 23,2% | 23,2% |

| 2021 | 2022 | The year's changes in deferred tax asset (deferred tax): | 2022 | 2021 |
|---|---|---|---|---|
| **7 738** | **36 577** | **Deferred tax asset as at 1 January** | **35 635** | **21 679** |
| **0** | **0** | **Correction IB due to transfer of payable tax to deferred tax from eliminations** | **19 164** | **0** |
| 2 551 | 3 544 | Change recognised through profit and loss | 2 934 | 3 215 |
| 26 287 | 11 433 | Change recognised through other comprehensive income (OCI) | 15 948 | 10 744 |
| 0 | 0 | Change that is related to eliminations in the group | -26 590 | 0 |
| **36 577** | **51 553** | **Total deferred tax assets (deferred tax) as at 31 December** | **47 091** | **35 638** |
| 3 606 | 22 | Change related to fixed assets and intangible assets | 22 | 3 606 |
| -5 742 | -1 607 | Change related to pension liabilities | -1 607 | -5 742 |
| 4 687 | 5 129 | Change related to financial instruments | 4 519 | 5 351 |
| **2 551** | **3 544** | **Total change in deferred tax assets recognised through profit and loss** | **2 934** | **3 215** |
| 24 180 | 13 160 | Change related to interest bearing securities and shares | 17 675 | 8 637 |
| 2 107 | -1 727 | Change related to pension liabilities | -1 727 | 2 107 |
| **26 287** | **11 433** | **Total change in deferred tax assets recognised through other comprehensive income** | **15 948** | **10 744** |

## Note 35 – Tax expense (continued)

| In NOK thousand | 31.12.21 | Sbanken ASA Group<br>Through profit and loss | Through other comprehensive income (OCI) | 31.12.2022 |
|---|---|---|---|---|
| **Changes in deferred tax asset (deferred tax):** | | | | |
| Fixed assets and intangible assets | 3 395 | 22 | 0 | 3 417 |
| Financial instruments | 26 736 | 4 519 | 17 675 | 48 930 |
| Net pension liabilities | 5 507 | -1 607 | -1 727 | 2 173 |
| Eliminations related to self-issued debt in the group | 19 164 | -26 590 | 0 | -7 428 |
| **Total deferred tax assets (deferred tax)** | **54 802** | **-23 656** | **15 948** | **47 091** |

| In NOK thousand | 31.12.21 | Sbanken ASA (parent company)<br>Through profit and loss | Through other comprehensive income (OCI) | 31.12.22 |
|---|---|---|---|---|
| **Changes in deferred tax asset (deferred tax):** | | | | |
| Fixed assets and intangible assets | 3 395 | 22 | 0 | 3 417 |
| Financial instruments | 27 674 | 5 129 | 13 160 | 45 963 |
| Net pension liabilities | 5 507 | -1 607 | -1 727 | 2 173 |
| **Total deferred tax assets (deferred tax)** | **36 577** | **3 544** | **11 433** | **51 553** |

| Sbanken ASA (parent company) 2021 | 2022 | In NOK thousand | Sbanken ASA Group 2022 | 2021 |
|---|---|---|---|---|
| | | **Specification of deferred tax assets (deferred tax)** | | |
| 3 395 | 3 417 | Fixed assets and intangible assets | 3 417 | 3 395 |
| 27 674 | 45 963 | Interest bearing securities and shares | 48 930 | 26 736 |
| 5 507 | 2 173 | Net pension liabilities | 2 173 | 5 507 |
| 0 | 0 | Eliminations related to own debt in the group | -7 428 | 0 |
| **36 577** | **51 553** | **Total deferred tax assets (deferred tax)** | **47 091** | **35 638** |
| | | | | |
| 10 406 | 13 950 | Deferred tax assets recognised through profit and loss | 12 555 | 9 621 |
| 26 171 | 37 603 | Deferred tax assets recognised through other comprehensive income | 41 965 | 26 017 |
| 0 | 0 | Deferred tax from eliminations in the group | -7 428 | 0 |
| **36 577** | **51 553** | **Total deferred tax assets (deferred tax)** | **47 091** | **35 638** |

Deferred tax assets and deferred tax liabilities are offset and recognised net when this is legally justifiable and the items relate to the same tax authority.





# Note 36 – Classification of financial instruments

| In NOK thousand<br>31.12.22 | Sbanken ASA Group<br>Financial instruments at fair value through profit and loss | Financial instruments at fair value through OCI | Financial instruments carried at amortised cost | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and receivables with central bank | 0 | 0 | 314 326 | 314 326 |
| Loans to and receivables from credit institutions | 0 | 0 | 1 245 783 | 1 245 783 |
| Loans to customers | 7 582 301 | 0 | 90 314 650 | 97 896 951 |
| Commercial paper and bonds | 0 | 14 177 305 | 0 | 14 177 305 |
| Equity investments and funds [1] | 318 974 | 0 | 0 | 318 974 |
| Derivatives [2] | 633 779 | 0 | 0 | 633 779 |
| Other assets | 0 | 0 | 111 959 | 111 959 |
| **Total financial assets** | **8 535 054** | **14 177 305** | **91 986 718** | **114 699 077** |
| | | | | |
| **Financial liabilities** | | | | |
| Loans and deposits from central bank | 0 | 0 | 0 | 0 |
| Loans and deposits from credit institutions | 0 | 0 | 562 881 | 562 881 |
| Deposits from customers | 0 | 0 | 65 770 095 | 65 770 095 |
| Debt securities issued [3] | 0 | 0 | 38 632 830 | 38 632 830 |
| Derivatives [2] | 54 019 | 0 | 0 | 54 019 |
| Subordinated loans | 0 | 0 | 899 409 | 899 409 |
| Other liabilities | 0 | 0 | 450 810 | 450 810 |
| **Total financial liabilities** | **54 019** | **0** | **106 316 025** | **106 370 044** |

[1] Sbanken ASA's holdings of Tier 1 capital issued by others are measured at fair value through profit and loss.
[2] Including derivatives used as hedging instruments.
[3] Including hedged liabilities.

| In NOK thousand<br>31.12.21 | Sbanken ASA Group<br>Financial instruments at fair value through profit and loss | Financial instruments at fair value through OCI | Financial instruments carried at amortised cost | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and receivables with central bank | 0 | 0 | 510 676 | 510 676 |
| Loans to and receivables from credit institutions | 0 | 0 | 856 622 | 856 622 |
| Loans to customers | 8 168 042 | 0 | 76 178 833 | 84 346 875 |
| Commercial paper and bonds | 0 | 15 487 702 | 0 | 15 487 702 |
| Equity investments and funds [1] | 308 778 | 0 | 364 | 309 142 |
| Derivatives [2] | 377 403 | 0 | 0 | 377 403 |
| Other assets | 0 | 0 | 159 768 | 159 768 |
| **Total financial assets** | **8 854 223** | **15 487 702** | **77 706 263** | **102 048 188** |
| | | | | |
| **Financial liabilities** | | | | |
| Loans and deposits from central bank | 0 | 0 | 0 | 0 |
| Loans and deposits from credit institutions | 0 | 0 | 326 830 | 326 830 |
| Deposits from customers | 0 | 0 | 64 240 315 | 64 240 315 |
| Debt securities issued [3] | 0 | 0 | 28 500 950 | 28 500 950 |
| Derivatives | 14 607 | 0 | 0 | 14 607 |
| Subordinated loans | 0 | 0 | 899 151 | 899 151 |
| Other liabilities | 0 | 0 | 564 335 | 564 335 |
| **Total financial liabilities** | **14 607** | **0** | **94 531 581** | **94 546 188** |

[1] Shares in associated company are recognised using the equity method and allocated to the category amortised cost.
[2] Including derivatives used as hedging instruments.
[3] Including hedged liabilities.

# Note 36 – Classification of financial instruments (continued)

| In NOK thousand<br>31.12.22 | Sbanken ASA (parent company)<br>Financial instruments at fair value through profit and loss | Financial instruments at fair value through OCI | Financial instruments carried at amortised cost | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and receivables with central bank | | | 314 326 | 314 326 |
| Loans to and receivables from credit institutions | | | 4 855 635 | 4 855 635 |
| Loans to customers | 7 582 301 | 33 349 498 | 24 086 061 | 65 017 860 |
| Commercial paper and bonds | | 14 377 000 | 327 014 | 14 704 014 |
| Equity investments and funds [1] | 542 473 | | 0 | 542 473 |
| Shares in subsidiary | 0 | 0 | 1 699 880 | 1 699 880 |
| Derivatives | 225 109 | 0 | 0 | 225 109 |
| Other assets | 0 | 0 | 112 635 | 112 635 |
| **Total financial assets** | **8 349 883** | **47 726 498** | **31 395 551** | **87 471 932** |
| **Financial liabilities** | | | | |
| Loans and deposits from central bank | | | 0 | 0 |
| Loans and deposits from credit institutions | | | 4 174 779 | 4 174 779 |
| Deposits from customers | | | 65 770 095 | 65 770 095 |
| Debt securities issued [3] | | | 8 576 883 | 8 576 883 |
| Derivatives [2] | 54 019 | | | 54 019 |
| Subordinated loans | | | 899 409 | 899 409 |
| Other liabilities | | | 371 374 | 371 374 |
| **Total financial liabilities** | **54 019** | **0** | **79 792 540** | **79 846 559** |

[1] Sbanken ASA's holdings of Tier 1 capital issued by others are measured at fair value through profit and loss.
[2] Including derivatives used as hedging instruments.
[3] Including hedged liabilities.

| In NOK thousand<br>31.12.21 | Sbanken ASA (parent company)<br>Financial instruments at fair value through profit and loss | Financial instruments at fair value through OCI | Financial instruments carried at amortised cost | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and receivables with central bank | 0 | 0 | 510 676 | 510 676 |
| Loans to and receivables from credit institutions | 0 | 0 | 6 511 755 | 6 511 755 |
| Loans to customers | 8 168 042 | 24 606 853 | 13 442 206 | 46 217 101 |
| Commercial paper and bonds | 0 | 22 520 436 | 325 854 | 22 846 290 |
| Equity investments and funds [1] | 536 304 | 0 | 364 | 536 668 |
| Shares in subsidiary | 0 | 0 | 1 699 880 | 1 699 880 |
| Derivatives | 143 382 | 0 | 0 | 143 382 |
| Other assets | 0 | 0 | 418 769 | 418 769 |
| **Total financial assets** | **8 847 728** | **47 127 289** | **22 909 504** | **78 884 521** |
| **Financial liabilities** | | | | |
| Loans and deposits from central bank | 0 | 0 | 0 | 0 |
| Loans and deposits from credit institutions | 0 | 0 | 1 109 560 | 1 109 560 |
| Deposits from customers | 0 | 0 | 64 240 315 | 64 240 315 |
| Debt securities issued | 0 | 0 | 5 177 881 | 5 177 881 |
| Derivatives | 14 607 | 0 | 0 | 14 607 |
| Subordinated loans | 0 | 0 | 899 151 | 899 151 |
| Other liabilities | 0 | 0 | 546 168 | 546 168 |
| **Total financial liabilities** | **14 607** | **0** | **71 973 075** | **71 987 682** |

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





# Note 37 – Commercial paper and bonds

| 31.12.22<br>Commercial paper and bonds at fair value through OCI<br>In NOK thousand | Sbanken ASA Group<br>Nominal value | Cost value | Fair value | Relative share |
|---|---|---|---|---|
| State- and state guaranteed securities | 3 060 000 | 3 224 164 | 3 140 668 | 22,2% |
| Other governmental issuer (municipalities) | 281 900 | 281 988 | 282 012 | 2,0% |
| Covered bonds | 9 846 000 | 9 916 914 | 9 883 400 | 69,7% |
| Other financial corporations | 820 000 | 864 425 | 818 052 | 5,8% |
| Accrued interest | | | 53 173 | 0,4% |
| **Total commercial paper and bonds** | **14 007 900** | **14 287 491** | **14 177 305** | **100,0%** |
| | | | | |
| Listed securities | | | 13 530 349 | 95,4% |
| Non-listed securities | | | 646 956 | 4,6% |
| **Total commercial paper and bonds** | | | **14 177 305** | **100,0%** |

| 31.12.21<br>Commercial paper and bonds at fair value through OCI<br>In NOK thousand | Sbanken ASA Group<br>Nominal value | Cost value | Fair value | Relative share |
|---|---|---|---|---|
| State- and state guaranteed securities | 2 833 500 | 3 076 343 | 2 989 287 | 19,3% |
| Other governmental issuer (municipalities) | 1 539 236 | 1 539 339 | 1 539 746 | 9,9% |
| Covered bonds | 10 442 000 | 10 517 312 | 10 524 169 | 68,0% |
| Other financial corporations | 412 000 | 412 460 | 411 131 | 2,7% |
| Accrued interest | | | 23 369 | 0,2% |
| **Total commercial paper and bonds** | **15 226 736** | **15 545 454** | **15 487 702** | **100,0%** |
| | | | | |
| Listed securities | | | 14 449 124 | 93,3% |
| Non-listed securities | | | 1 038 578 | 6,7% |
| **Total commercial paper and bonds** | | | **15 487 702** | **100,0%** |

## Note 37 – Commercial paper and bonds (continued)

| 31.12.22 | Sbanken ASA (parent company) | | | |
|---|---|---|---|---|
| **Commercial paper and bonds at fair value through OCI** | | | | |
| In NOK thousand | Nominal value | Cost value | Fair value | Relative share |
| State- and state guaranteed securities | 2 910 000 | 3 068 964 | 2 988 361 | 20,8% |
| Other governmental issuer (municipalities) | 281 900 | 281 988 | 282 012 | 2,0% |
| Covered bonds | 10 208 000 | 10 275 453 | 10 239 915 | 71,2% |
| Other financial corporations | 820 000 | 864 425 | 818 052 | 5,7% |
| Accrued interest | | | 48 660 | 0,3% |
| **Total commercial paper and bonds** | **14 219 900** | **14 490 830** | **14 377 000** | **100,0%** |
| | | | | |
| Listed securities | | | 13 730 044 | 95,5% |
| Non-listed securities | | | 646 956 | 4,5% |
| **Total commercial paper and bonds** | | | **14 377 000** | **100,0%** |

| 31.12.21 | Sbanken ASA (parent company) | | | |
|---|---|---|---|---|
| **Commercial paper and bonds at fair value through OCI** | | | | |
| In NOK thousand | Nominal value | Cost value | Fair value | Relative share |
| State- and state guaranteed securities | 2 718 500 | 2 954 465 | 2 870 999 | 12,7% |
| Other governmental issuer (municipalities) | 1 539 236 | 1 539 339 | 1 539 746 | 6,8% |
| Covered bonds | 17 462 000 | 17 677 377 | 17 664 966 | 78,4% |
| Other financial corporations | 412 000 | 412 460 | 411 131 | 1,8% |
| Accrued interest | | | 33 594 | 0,1% |
| **Total commercial paper and bonds** | **22 131 736** | **22 583 641** | **22 520 436** | **100,0%** |
| | | | | |
| Listed securities | | | 21 481 858 | 95,4% |
| Non-listed securities | | | 1 038 578 | 4,6% |
| **Total commercial paper and bonds** | | | **22 520 436** | **100,0%** |





# Note 38 – Shares and mutual funds

**Fair value and amortised cost:**

| Sbanken ASA (parent company) | | | Sbanken ASA (Group) | |
|---|---|---|---|---|
| 2021 | 2022 | In NOK thousand | 2022 | 2021 |
| 114 560 | 50 982 | Shares | 50 982 | 114 560 |
| 14 987 | 5 821 | Mutual funds | 5 821 | 14 987 |
| 406 757 | 485 670 | Tier 1 capital in other banks | 262 170 | 179 230 |
| **536 304** | **542 473** | **Total at fair value through profit and loss** | **318 974** | **308 778** |
| | | | | |
| 364 | 0 | Shares in associated company | 0 | 364 |
| **364** | **0** | **Total amortised cost** | **0** | **364** |
| | | | | |
| **536 668** | **542 473** | **Total shares and funds** | **318 974** | **309 142** |
| | | | | |
| **Valuation techniques:** | | | | |
| 114 560 | 50 982 | Shares assessed based on other valuation techniques (Level 3)* | 50 982 | 114 560 |
| | | | | |
| 0 | 0 | Listed securities | 0 | 0 |
| 536 668 | 542 473 | Non-listed securities | 318 974 | 309 142 |
| **536 668** | **542 473** | **Total** | **318 974** | **309 142** |

| Investments in shares and funds as at 31 December 2022: | | | | | |
|---|---|---|---|---|---|
| Name | Country | Fair value | Carrying value | Number of shares | Ownership |
| VN Norge AS | Norway | 50 212 | 50 212 | 94.25 billiards | 9,42% |
| Pensjonskontoregisteret AS | Norway | 60 | 60 | 10 | 1,00% |
| Norsk gjeldsinformasjon AS | Norway | 710 | 710 | na | na |
| Framgang sammen fondet | Norway | 5 821 | 5 821 | 30 000 | na |
| | | | | | |
| **Tier 1 capital in other banks:** | | | | | |
| Spb 1 SR-Bank ASA 19/PERP FRN C HYB | Norway | 20 141 | 20 141 | 20 000 000 | na |
| Spb 1 SR-Bank ASA 19/PERP FRN C HYB | Norway | 20 093 | 20 093 | 20 000 000 | na |
| Spb 1 Østlandet 19/PERP FRN C HYBRI | Norway | 17 068 | 17 068 | 17 000 000 | na |
| Spb Sogn og Fjordan 19/PERP FRN C H | Norway | 17 036 | 17 036 | 17 000 000 | na |
| OBOS-banken AS 20/PERP FRN C HYBRID | Norway | 7 922 | 7 922 | 8 000 000 | na |
| Spb 1 Østlande 20/PERP FRN STEP C H | Norway | 4 991 | 4 991 | 5 000 000 | na |
| Spb 1 Sørøst-N 20/PERP FRN STEP C H | Norway | 7 963 | 7 963 | 8 000 000 | na |
| Spb Sogn og Fjordan 21/PERP FRN C H | Norway | 9 687 | 9 687 | 10 000 000 | na |
| Spb 1 Helgeland 21/PERP FRN C HYBRI | Norway | 26 987 | 26 987 | 28 000 000 | na |
| Spb 1 Østlande 21/PERP FRN STEP C H | Norway | 19 229 | 19 229 | 20 000 000 | na |
| Spb Sør 21/PERP FRN C HYBRID | Norway | 24 341 | 24 341 | 25 000 000 | na |
| Brage Finans AS 22/PERP FRN C HYBRI | Norway | 4 918 | 4 918 | 5 000 000 | na |
| Spb Møre 22/PERP FRN C HYBRID | Norway | 21 129 | 21 129 | 21 000 000 | na |
| Spb 1 Sørøst-Norge 22/PERP FRN C HY | Norway | 6 044 | 6 044 | 6 000 000 | na |
| Spb 1 SMN 22/PERP ADJ C HYBRID | Norway | 51 106 | 51 106 | 50 000 000 | na |
| Landkreditt Bank AS 22/PERP FRN C H | Norway | 3 515 | 3 515 | 3 500 000 | na |
| **Total** | | **262 170** | **262 170** | | |

* Reference is made to further description in Note 40.

## Note 38 – Shares and mutual funds (continued)

| Shares in subsidiary: Company | Org number | Office | Ownership | Voting share | Share capital | Cost value | Carried value 31.12.22 |
|---|---|---|---|---|---|---|---|
| Sbanken Boligkreditt AS | 915 287 662 | Bergen | 100,0% | 100,0% | 850 000 | 1 699 880 | 1 699 880 |
| **Total shares in subsidiaries** | | | | | **850 000** | **1 699 880** | **1 699 880** |

| Tier 1 capital in subsidiary: Name | Country | Fair value | Carrying value | Number of shares | Ownership |
|---|---|---|---|---|---|
| Sbanken Boligkreditt AS 18/PERP FRN C H | Norway | 100 000 | 100 000 | 100 000 | 100% |
| Sbanken Boligkreditt AS 21/PERP FRN C H | Norway | 123 500 | 123 500 | 125 000 | 100% |
| **Total Tier 1 in subsidiaries** | | **223 500** | **223 500** | **225 000** | |

Sbanken ASA has sold its shares in Vipps AS and Quantfolio AS in 2022.





## Note 39 – Fair value of financial instruments at amortised cost

| In NOK thousand | Sbanken ASA Group | |
|---|---|---|
| **Recognised at amortised cost** | **Carrying value 31.12.22** | **Fair value 31.12.22** |
| **Assets** | | |
| Cash and receivables with central bank | 314 326 | 314 326 |
| Loans to and receivables from credit institutions | 1 245 783 | 1 245 783 |
| Loans to customers | 90 314 650 | 90 314 650 |
| Equity investments and funds | 0 | 0 |
| Other assets | 111 959 | 111 959 |
| **Total financial assets at amortised cost** | **91 986 718** | **91 986 718** |
| **Liabilities** | | |
| Loans and deposits from central bank | 0 | 0 |
| Loans and deposits from credit institutions | 562 881 | 562 881 |
| Deposits from customers | 65 770 095 | 65 770 095 |
| Debt securities issued | 38 632 830 | 38 585 339 |
| Subordinated loans | 899 409 | 884 741 |
| Other liabilities | 450 810 | 450 810 |
| **Total financial liabilities at amortised cost** | **106 316 025** | **106 253 866** |

| In NOK thousand | Sbanken ASA Group | | | |
|---|---|---|---|---|
| **31.12.22** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Cash and receivables with central bank | | 314 326 | | 314 326 |
| Loans to and receivables from credit institutions | | | 1 245 783 | 1 245 783 |
| Loans to customers | | | 90 314 650 | 90 314 650 |
| Equity investments and funds | | | 0 | 0 |
| Other assets | | | 111 959 | 111 959 |
| **Total financial assets at amortised cost** | | **314 326** | **91 672 392** | **91 986 718** |
| **Liabilities** | | | | |
| Loans and deposits from central bank | | | 0 | 0 |
| Loans and deposits from credit institutions | | | 562 881 | 562 881 |
| Deposits from customers | | 65 770 095 | 0 | 65 770 095 |
| Debt securities issued | | 38 585 339 | 0 | 38 585 339 |
| Subordinated loan | | 884 741 | 0 | 884 741 |
| Other liabilities | | | 450 810 | 450 810 |
| **Total financial liabilities at amortised cost** | | **105 240 175** | **1 013 691** | **106 253 866** |

# Note 39 – Fair value of financial instruments at amortised cost (continued)

| In NOK thousand | Sbanken ASA Group | |
|---|---|---|
| | Carrying value | Fair value |
| Recognised at amortised cost | 31.12.21 | 31.12.21 |
| **Assets** | | |
| Cash and receivables with central bank | 510 676 | 510 676 |
| Loans to and receivables from credit institutions | 856 622 | 856 622 |
| Loans to customers | 76 178 833 | 76 178 833 |
| Equity investments and funds | 364 | 364 |
| Other assets | 159 768 | 159 768 |
| **Total financial assets at amortised cost** | **77 706 263** | **77 706 263** |
| **Liabilities** | | |
| Loans and deposits from central bank | 0 | 0 |
| Loans and deposits from credit institutions | 326 830 | 326 830 |
| Deposits from customers | 64 240 315 | 64 240 315 |
| Debt securities issued | 28 500 950 | 28 545 722 |
| Subordinated loans | 899 151 | 910 584 |
| Other liabilities | 564 335 | 564 335 |
| **Total financial liabilities at amortised cost** | **94 531 581** | **94 587 786** |

| In NOK thousand | Sbanken ASA Group | | | |
|---|---|---|---|---|
| 31.12.21 | Level 1 | Level 2 | Level 3 | Total |
| Cash and receivables with central bank | | 510 676 | | 510 676 |
| Loans to and receivables from credit institutions | | | 856 622 | 856 622 |
| Loans to customers | | | 76 178 833 | 76 178 833 |
| Equity investments and funds | | | 364 | 364 |
| Other assets | | | 159 768 | 159 768 |
| **Total financial assets at amortised cost** | | **510 676** | **77 195 587** | **77 706 263** |
| **Liabilities** | | | | |
| Loans and deposits from central bank | | | 0 | 0 |
| Loans and deposits from credit institutions | | | 326 830 | 326 830 |
| Deposits from customers | | 64 240 315 | 0 | 64 240 315 |
| Debt securities issued | | 28 545 722 | 0 | 28 545 722 |
| Subordinated loan | | 910 584 | 0 | 910 584 |
| Other liabilities | | | 564 335 | 564 335 |
| **Total financial liabilities at amortised cost** | | **93 696 621** | **891 165** | **94 587 786** |

## Fair value of financial instruments at amortised cost

Cash and cash equivalents, loans to credit institutions and loans to customers (that cannot be sold to Sbanken Boligkreditt AS), deposits, subordinated debt and debt securities are measured at amortised cost. Measurement at amortised cost implies that a financial asset or liability is recognised at the present value of the contractual cash flows using the effective interest rate method, adjusted for potential impairment. This measurement method will not necessarily provide a carrying value equal to the fair value of the financial instrument, due to volatility in the market, changed market conditions, asymmetrical information and changes in the investor's risk and return expectations.

Cash and cash equivalents and loans and advances: Fair value is estimated based on amortised cost, as all assets are recognised in the accounts based on the contractual cash flow with floating interest rates, and loans with impairment indicators are written down to the fair value of expected cash flows. There is no active market for loan portfolios.

Deposits from customers and debt to credit institutions are liabilities with variable and floating interest rates, respectively, and as there have not been any significant changes in the credit spread, amortised cost is assumed to be a reasonable approximation of fair value.

Debt securities and subordinated loans are measured at fair value based on prices sourced from Nordic Bond Pricing. Nordic Bond Pricing has estimated the fair value based on available price information from investment banks and brokers trading in the bond markets.





# Note 39 – Fair value of financial instruments at amortised cost (continued)

| In NOK thousand | Sbanken ASA (parent company) | |
|---|---|---|
| | Carrying value | Fair value |
| Recognised at amortised cost | 31.12.22 | 31.12.22 |
| **Assets** | | |
| Cash and receivables with central bank | 314 326 | 314 326 |
| Loans to and receivables from credit institutions | 4 855 635 | 4 855 635 |
| Loans to customers | 24 086 061 | 24 086 061 |
| Commercial paper and bonds | 327 014 | 318 777 |
| Equity investments and funds | 0 | 0 |
| Shares in subsidiary | 1 699 880 | 1 699 880 |
| Other assets | 112 635 | 112 635 |
| **Total financial assets at amortised cost** | **31 395 551** | **31 387 314** |
| **Liabilities** | | |
| Loans and deposits from central bank | 0 | 0 |
| Loans and deposits from credit institutions | 4 174 779 | 4 174 779 |
| Deposits from customers | 65 770 095 | 65 770 095 |
| Debt securities issued | 8 576 883 | 8 534 692 |
| Subordinated loans | 899 409 | 884 741 |
| Other liabilities | 371 374 | 371 374 |
| **Total financial liabilities at amortised cost** | **79 792 540** | **79 735 681** |

| In NOK thousand | Sbanken ASA (parent company) | | | |
|---|---|---|---|---|
| 31.12.22 | Level 1 | Level 2 | Level 3 | Total |
| Cash and receivables with central bank | | 314 326 | | 314 326 |
| Loans to and receivables from credit institutions | | | 4 855 635 | 4 855 635 |
| Loans to customers | | | 24 086 061 | 24 086 061 |
| Commercial paper and bonds | | 318 777 | | 318 777 |
| Equity investments and funds | | | 0 | 0 |
| Shares in subsidiary | | | 1 699 880 | 1 699 880 |
| Other assets | | | 112 635 | 112 635 |
| **Total financial assets at amortised cost** | | **633 103** | **30 754 211** | **31 387 314** |
| **Liabilities** | | | | |
| Loans and deposits from central bank | | | 0 | 0 |
| Loans and deposits from credit institutions | | | 4 174 779 | 4 174 779 |
| Deposits from customers | | 65 770 095 | | 65 770 095 |
| Debt securities issued | | 8 534 692 | | 8 534 692 |
| Subordinated loans | | 884 741 | | 884 741 |
| Other liabilities | | | 371 374 | 371 374 |
| **Total financial liabilities at amortised cost** | | **75 189 528** | **4 546 153** | **79 735 681** |

## Note 39 – Fair value of financial instruments at amortised cost (continued)

| In NOK thousand | Sbanken ASA (parent company) | |
|---|---|---|
| | Carrying value | Fair value |
| **Recognised at amortised cost** | **31.12.21** | **31.12.21** |
| **Assets** | | |
| Cash and receivables with central bank | 510 676 | 510 676 |
| Loans to and receivables from credit institutions | 6 511 755 | 6 511 755 |
| Loans to customers | 13 442 206 | 13 442 206 |
| Commercial paper and bonds | 325 854 | 326 408 |
| Equity investments and funds | 364 | 364 |
| Shares in subsidiary | 1 699 880 | 1 699 880 |
| Other assets | 418 769 | 418 769 |
| **Total financial assets at amortised cost** | **22 909 504** | **22 910 058** |
| **Liabilities** | | |
| Loans and deposits from central bank | 0 | 0 |
| Loans and deposits from credit institutions | 1 109 560 | 1 109 560 |
| Deposits from customers | 64 240 315 | 64 240 315 |
| Debt securities issued | 5 177 881 | 5 190 218 |
| Subordinated loans | 899 151 | 910 584 |
| Other liabilities | 546 168 | 546 168 |
| **Total financial liabilities at amortised cost** | **71 973 075** | **71 996 845** |

| In NOK thousand | Sbanken ASA (parent company) | | | |
|---|---|---|---|---|
| **31.12.21** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Cash and receivables with central bank | | 510 676 | | 510 676 |
| Loans to and receivables from credit institutions | | | 6 511 755 | 6 511 755 |
| Loans to customers | | | 13 442 206 | 13 442 206 |
| Commercial paper and bonds | | 326 408 | | 326 408 |
| Equity investments and funds | | | 364 | 364 |
| Shares in subsidiary | | | 1 699 880 | 1 699 880 |
| Other assets | | | 418 769 | 418 769 |
| **Total financial assets at amortised cost** | | **837 084** | **22 072 974** | **22 910 058** |
| **Liabilities** | | | | |
| Loans and deposits from central bank | | | 0 | 0 |
| Loans and deposits from credit institutions | | | 1 109 560 | 1 109 560 |
| Deposits from customers | | | 64 240 315 | 64 240 315 |
| Debt securities issued | | 5 190 218 | | 5 190 218 |
| Subordinated loans | | 910 584 | | 910 584 |
| Other liabilities | | | 546 168 | 546 168 |
| **Total financial liabilities at amortised cost** | | **6 100 802** | **65 896 043** | **71 996 845** |





# Note 40 – Financial instruments at fair value

| | Sbanken ASA Group | |
|---|---|---|
| **31.12.22** | **Carrying value** | **Fair value** |
| In NOK thousand | **31.12.22** | **31.12.22** |
| **Assets:** | | |
| Commercial paper and bonds | 14 177 305 | 14 177 305 |
| Equity and funds | 318 974 | 318 974 |
| Derivatives | 633 779 | 633 779 |
| Loans to customers (fixed rate) | 7 582 301 | 7 582 301 |
| **Total financial assets at fair value** | **22 712 359** | **22 712 359** |
| **Liabilities:** | | |
| Derivatives | 54 019 | 54 019 |
| **Total financial liabilities at fair value** | **54 019** | **54 019** |

| **31.12.22** | Sbanken ASA Group | | | |
|---|---|---|---|---|
| In NOK thousand | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Commercial paper and bonds | 0 | 14 177 305 | 0 | 14 177 305 |
| Equity and funds | 0 | 267 992 | 50 982 | 318 974 |
| Derivatives | 0 | 633 779 | 0 | 633 779 |
| Loans to customers (fixed rate) | 0 | 0 | 7 582 301 | 7 582 301 |
| **Total financial assets at fair value** | **0** | **15 079 076** | **7 633 283** | **22 712 359** |
| Derivatives | 0 | 54 019 | 0 | 54 019 |
| **Total financial liabilities at fair value** | **0** | **54 019** | **0** | **54 019** |

| **Financial instruments measured at fair value Level 3** | | | |
|---|---|---|---|
| In NOK thousand | **Loans to customers** | **Shares and funds** | **Total** |
| **Opening balance at 1 January 2022** | **8 168 042** | **114 560** | **8 282 602** |
| Net gain/(loss) on financial instruments (realised and unrealised) | -93 160 | 53 602 | -39 558 |
| New loans/exits | -492 581 | 0 | -492 581 |
| Sale | 0 | -70 449 | -70 449 |
| Settlement (dividend from VN Norge AS) | 0 | -46 731 | -46 731 |
| 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 2022** | **7 582 301** | **50 982** | **7 633 283** |

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2022.

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

**Shares in VN Norge AS**
Sbanken has used the same method as year-end 2021 for calculating the fair value of the shares in VN Norge AS at 31 December 2022. In the calculation of fair value, adjustmentsfor movements in currency (USD/NOK), share price of Visa Inc. and number of shares in Visa Inc. is accounted for. Sbanken ASA received a dividend of 45 mill NOK from VN Norge AS in Q4 22.

Sbanken's valuation of VN Norge AS includes a discount of 10 per cent to account for liquidity and general uncertainty.

Sensitivity analysis regarding shares in VN Norge AS and fixed rate loans:

| **Parameter** | **Effect in NOK** |
|---|---|
| Shift in exchange rate of NOK/USD of +/- 10% | +/- 4.0 mill |
| Shift in share price of Visa Inc. of +/- 10% | +/- 4.0 mill |
| No liquidity discount on shares in VN Norge AS | +/- 5.5 mill |
| Shift in interest related to fair value of fixed rate loans 10 bp | +/- 10.3 mill |

**Loans to customers that can be sold to Sbanken Boligkreditt AS (only applies to Sbanken ASA parent company):**
All Sbanken's repayment loans with collateral in fixed property

# Note 40 – Financial instruments at fair value (continued)

are initially discounted for in the parent company (Sbanken ASA). In the parent company, there is both an intention to receive cash flows from interest and principal, and an intention to sell the loans to Sbanken Boligkreditt AS at a future date. All of the repayment loans secured by fixed property in the parent company Sbanken ASA are therefore recognised at fair value with value adjustment over other comprehensive income (OCI). In the consolidated financial statements, cash flows will only tend to be received from interest and principal, so that the loans are recognised at amortised cost.

It is assumed that amortised cost is the best estimate of fair value for repayment loans linked to fixed property. The arguments for this are that the bank´s pricing model means that no fees exist either at the establishment or at the ongoing monthly maturities, and that the bank's customer interest is the best estimate of a market interest rate for corresponding loans with the same risk profile and funding structure. The bank has also considered that an advanced model for calculating fair value will not give users of the financial statements increased information value, but add more noise and uncertainty.

**Loans to customers with fixed rate loans:**
The fair value of fixed rate loans is determined by discounting interest cash flows over the term of the loan, using a discount factor adjusted for margin requirements. The discount factor uses a swap rate based on duration equal to the remaining time to maturity for the relevant fixed rate loans. The assumptions for calculating the margin requirement are based on market conditions on the balance sheet date and on an assessment of the considerations made by external investors when investing in a corresponding portfolio.

| | Sbanken ASA Group | |
|---|---|---|
| **31.12.21** | **Carrying value** | **Fair value** |
| In NOK thousand | **31.12.21** | **31.12.21** |
| **Assets:** | | |
| Commercial paper and bonds | 15 487 702 | 15 487 702 |
| Equity and funds | 308 778 | 308 778 |
| Derivatives | 377 403 | 377 403 |
| Loans to customers (fixed rate) | 8 168 042 | 8 168 042 |
| **Total financial assets at fair value** | **24 341 925** | **24 341 925** |
| **Liabilities:** | | |
| Derivatives | 14 607 | 14 607 |
| **Total financial liabilities at fair value** | **14 607** | **14 607** |

| **31.12.21** | | Sbanken ASA Group | | |
|---|---|---|---|---|
| In NOK thousand | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Commercial paper and bonds | 1 240 074 | 14 247 628 | 0 | 15 487 702 |
| Equity and funds | 0 | 194 218 | 114 560 | 308 778 |
| Derivatives | 0 | 377 403 | 0 | 377 403 |
| Loans to customers (fixed rate) | 0 | 0 | 8 168 042 | 8 168 042 |
| **Total financial assets at fair value** | **1 240 074** | **14 819 249** | **8 282 602** | **24 341 925** |
| Derivatives | 0 | 14 607 | 0 | 14 607 |
| **Total financial liabilities at fair value** | **0** | **14 607** | **0** | **14 607** |

| **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) | -139 424 | 4 275 | -135 149 |
| New loans/exits | 385 798 | 0 | 385 798 |
| 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 31 December 2021** | **8 168 042** | **114 560** | **8 282 602** |

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





# Note 40 – Financial instruments at fair value (continued)

| | Sbanken ASA (parent company) | |
|---|---|---|
| **31.12.22** | **Carrying value** | **Fair value** |
| In NOK thousand | **31.12.22** | **31.12.22** |
| **Assets:** | | |
| Commercial paper and bonds | 14 377 000 | 14 377 000 |
| Equity and funds | 542 473 | 542 473 |
| Loans to customers | 40 931 799 | 40 931 799 |
| Derivatives | 225 109 | 225 109 |
| **Total financial assets at fair value** | **56 076 381** | **56 076 381** |
| **Liabilities:** | | |
| Derivatives | 54 019 | 54 019 |
| **Total financial liabilities at fair value** | **54 019** | **54 019** |

| **31.12.22** | | Sbanken ASA (parent company) | | |
|---|---|---|---|---|
| In NOK thousand | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Commercial paper and bonds | 0 | 14 377 000 | 0 | 14 377 000 |
| Equity and funds | 0 | 491 491 | 50 982 | 542 473 |
| Loans to customers [1] | 0 | 0 | 40 931 799 | 40 931 799 |
| Derivatives | 0 | 225 109 | 0 | 225 109 |
| **Total financial assets at fair value** | **0** | **15 093 600** | **40 982 781** | **56 076 381** |
| Derivatives | 0 | 54 019 | 0 | 54 019 |
| **Total financial liabilities at fair value** | 0 | 54 019 | 0 | 54 019 |

| **Financial instruments measured at fair value Level 3** | | | |
|---|---|---|---|
| In NOK thousand | **Loans to customers** | **Shares and funds** | **Total** |
| **Opening balance at 1 January 2022** | **32 774 895** | **114 560** | **32 889 455** |
| Net gain/(loss) on financial instruments (unrealised) | -93 160 | 53 602 | -39 558 |
| Net new loans/exits | 18 100 929 | 0 | 18 100 929 |
| Sale (to Sbanken Boligkreditt AS) | -9 850 865 | 0 | -9 850 865 |
| Sale to others | 0 | -70 449 | -70 449 |
| Settlement (dividend from VN Norge AS) | 0 | -46 731 | -46 731 |
| 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 2022** | **40 931 799** | **50 982** | **40 982 781** |

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2022.
[1] Loans to customers related to fixed rated loans are 7.582.301 NOK

## Fair value hierarchy

Due to financial assets and debt recognised at fair value, having been classified either as 'held for trade', 'designated at fair value through profit or loss on initial recognition (fair value option)' or 'at fair value through other comprehensive income', they shall be classified in a fair value hierarchy depending on the reliability of the fair value estimate. At Level 1, assets or liabilities are priced in an active market, at Level 2 prices are determined on the basis of observable input data from similar assets (either directly or indirectly) and at Level 3 prices are fair value based on unobservable input data.

**Level 1:** Quoted prices in active markets for identical assets or liabilities that the entity has access to on the reporting date. An active market is a market where quoted prices are easily obtained from a stock exchange or similar trading place, from a broker or other entity that publishes price information. Quoted prices shall represent actual and frequent transactions. For Sbanken, Level 1 assets and liabilities comprise listed interest-bearing bonds and shares.

**Level 2:** Prices other than the quoted prices at Level 1 and which are observable either directly or indirectly. Interest-bearing bonds that are valued based on prices sourced from trading places, brokers or other entities that publish price information, but where there is no active market because no official prices are available, are categorised as Level 2. When using valuation methods, external data are applied to

# Note 40 – Financial instruments at fair value (continued)

discounted cash flows (e.g. prices quoted by third parties or prices for similar instruments). The discount rate is implicit in the market interest rate with respect to credit and liquidity risk. For all financial instruments at Level 2, fair value is determined by discounted cash flow models.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities and loans to customers at fair value in Sbanken ASA (parent company).

| | Sbanken ASA (parent company) | |
|---|---|---|
| **31.12.21** | **Carrying value** | **Carrying value** |
| In NOK thousand | **31.12.21** | **31.12.21** |
| **Assets:** | | |
| Commercial paper and bonds | 22 520 436 | 22 520 436 |
| Equity and funds | 536 304 | 536 304 |
| Loans to customers | 32 774 895 | 32 774 895 |
| Derivatives | 143 382 | 143 382 |
| **Total financial assets at fair value** | **55 975 017** | **55 975 017** |
| **Liabilities:** | | |
| Derivatives | 14 607 | 14 607 |
| **Total financial liabilities at fair value** | **14 607** | **14 607** |

| **31.12.21** | | Sbanken ASA (parent company) | | |
|---|---|---|---|---|
| In NOK thousand | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Commercial paper and bonds | 1 240 074 | 21 280 362 | 0 | 22 520 436 |
| Equity and funds | 0 | 421 744 | 114 560 | 536 304 |
| Loans to customers | 0 | 0 | 32 774 895 | 32 774 895 |
| Derivatives | 0 | 143 382 | 0 | 143 382 |
| **Total financial assets at fair value** | **1 240 074** | **21 845 488** | **32 889 455** | **55 975 017** |
| Derivatives | 0 | 14 607 | 0 | 14 607 |
| **Total financial liabilities at fair value** | **0** | **14 607** | **0** | **14 607** |

| **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) | -139 424 | 4 275 | -135 149 |
| Net new loans/exits | 18 310 806 | 0 | 18 310 806 |
| Sale (to Sbanken Boligkreditt AS) | -23 429 609 | 0 | -23 429 609 |
| 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 31 December 2021** | **32 774 895** | **114 560** | **32 889 455** |

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





# Note 41 – Other assets

| Sbanken ASA (parent company) | | | Sbanken ASA Group | |
|---|---|---|---|---|
| **31.12.21** | **31.12.22** | In NOK thousand | **31.12.22** | **31.12.21** |
| 83 877 | 20 899 | Receivables from fund managers and other receivables | 20 899 | 83 877 |
| 342 | 676 | Other assets | 0 | 1 611 |
| 260 000 | 0 | Receivables on subsidiary (dividend) | 0 | 0 |
| **344 219** | **21 575** | **Total other assets** | **20 899** | **85 488** |

Receivables from fund managers and other receivables mainly consist of unsettled settlements against fund managers arising from customer sales of funds.

# Note 42 – Intangible assets

**The note is the same for the Group and the parent company.**

| In NOK thousand | **SME Software and licenses** | **Software and licenses** | **Total** |
|---|---|---|---|
| Acquistion cost at 1.1.22 | 68 426 | 211 166 | 279 592 |
| Additions during the year | 0 | 18 927 | 18 927 |
| Disposals during the year | 0 | 0 | 0 |
| **Acquistion cost at 31.12.22** | **68 426** | **230 093** | **298 519** |
| Accumulated depreciation at 1.1.22 | 39 859 | 136 385 | 176 244 |
| Depreciations during the year (see Note 32) | 10 000 | 24 921 | 34 921 |
| Write-downs during the year | 0 | 15 000 | 15 000 |
| Disposals during the year | 0 | 0 | 0 |
| **Accumulated depreciation at 31.12.22** | **49 859** | **176 306** | **226 165** |
| **Balance sheet value at 31.12.22** | **18 567** | **53 787** | **72 356** |
| Acquistion cost at 1.1.21 | 62 505 | 184 628 | 247 133 |
| Additions during the year | 5 921 | 26 538 | 32 459 |
| Disposals during the year | 0 | 0 | 0 |
| **Acquistion cost at 31.12.21** | **68 426** | **211 166** | **279 592** |
| Accumulated depreciation at 1.1.21 | 19 045 | 113 445 | 132 490 |
| Depreciations during the year (see Note 32) | 10 764 | 22 940 | 33 704 |
| Write-downs during the year | 10 050 | 0 | 10 050 |
| Disposals during the year | 0 | 0 | 0 |
| **Accumulated depreciation at 31.12.21** | **39 859** | **136 385** | **176 244** |
| **Balance sheet value at 31.12.21** | **28 567** | **74 781** | **103 350** |
| **Expected useful life** | **5 years** | **3-5 years** | |

# Note 43 – Property, plant and equipment

**The note is the same for the Group and the parent company.**

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Fixed asset | 9 260 | 9 973 |
| Lease right of use IFRS 16 | 63 519 | 76 438 |
| **Total** | **72 779** | **86 411** |

| In NOK thousand | Leasehold improvements | Machinery, fixtures and means and transport | Lease right of use IFRS 16 | Total |
|---|---|---|---|---|
| Acquistion cost at 1.1.22 | 11 555 | 31 379 | 153 743 | 196 678 |
| Additions during the year | 0 | 5 006 | 0 | 5 006 |
| Disposals during the year | 0 | 0 | 0 | 0 |
| **Acquistion cost at 31.12.22** | **11 555** | **36 385** | **153 743** | **201 684** |
| Accumulated depreciation at 1.1.22 | 9 553 | 23 407 | 77 306 | 110 266 |
| Depreciations during the year (see Note 32) | 1 951 | 3 768 | 12 919 | 18 638 |
| Write-downs during the year | 0 | 0 | 0 | 0 |
| Disposals during the year | 0 | 0 | 0 | 0 |
| **Accumulated depreciation at 31.12.22** | **11 504** | **27 175** | **90 225** | **128 904** |
| **Balance sheet value at 31.12.22** | **50** | **9 210** | **63 519** | **72 779** |
| Acquistion cost at 1.1.21 | 11 555 | 26 697 | 171 205 | 209 458 |
| Additions during the year | 0 | 4 682 | 0 | 4 682 |
| Disposals during the year | 0 | 0 | -17 462 | -17 462 |
| **Acquistion cost at 31.12.21** | **11 555** | **31 379** | **153 743** | **196 678** |
| Accumulated depreciation at 1.1.21 | 7 589 | 19 443 | 54 670 | 81 702 |
| Depreciations during the year (see Note 32) | 1 964 | 3 964 | 22 636 | 28 564 |
| Write-downs during the year | 0 | 0 | 0 | 0 |
| Disposals during the year | 0 | 0 | 0 | 0 |
| **Accumulated depreciation at 31.12.21** | **9 553** | **23 407** | **77 306** | **110 266** |
| **Balance sheet value at 31.12.21** | **2 002** | **7 972** | **76 438** | **86 411** |
| Expected useful life | 5 years | 3-5 years | | |





# Note 44 – Lease

**The note is the same for the Group and the parent company.**

| In NOK thousand | Leased property | Leased IT-systems | Total |
|---|---|---|---|
| Right of use asset as at 1.1.22 | 118 768 | 34 975 | 153 743 |
| Additions during the year | 0 | 0 | 0 |
| Disposals during the year | 0 | 0 | 0 |
| **Right of use asset as at 31.12.22** | **118 768** | **34 975** | **153 743** |
| Accumulated depreciation at 1.1.22 | 42 330 | 34 975 | 77 306 |
| Depreciations during the year (see Note 32) | 12 919 | 0 | 12 919 |
| Write-downs during the year | 0 | 0 | 0 |
| Disposals during the year | 0 | 0 | 0 |
| **Accumulated depreciation at 31.12.22** | **55 249** | **34 975** | **90 225** |
| **Balance sheet value at 31.12.22** | **63 519** | **0** | **63 519** |
| Right of use asset as at 1.1.21 | 136 230 | 34 975 | 171 205 |
| Additions during the year | 0 | 0 | 0 |
| Disposals during the year | 17 462 | 0 | 17 462 |
| **Right of use asset as at 31.12.21** | **118 768** | **34 975** | **153 743** |
| Accumulated depreciation at 1.1.21 | 28 574 | 26 096 | 54 670 |
| Depreciations during the year (see Note 32) | 13 757 | 8 879 | 22 636 |
| Write-downs during the year | 0 | 0 | 0 |
| Disposals during the year | 0 | 0 | 0 |
| **Accumulated depreciation at 31.12.21** | **42 330** | **34 975** | **77 305** |
| **Balance sheet value at 31.12.21** | **76 438** | **0** | **76 438** |
| Rental period | 120 months | 60 months | |
| Remaining rental period | 59 months | 0 months | |

**Lease liabilities:**

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| **Maturity analysis contractual maturity - undiscounted** | | |
| Less than one year | 16 237 | 16 237 |
| 1 to 5 years | 63 594 | 64 947 |
| More than 5 years | 0 | 14 884 |
| **Total undiscounted lease liabilities** | **79 831** | **96 068** |
| **Balance lease liabilities** | **66 059** | **78 781** |
| of which are current lease liabilities | 12 661 | 12 661 |
| of which are non-current lease liabilities | 53 398 | 66 120 |

**Profit and loss**

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Interest on the lease liabilities | 1 513 | 2 231 |
| Variable rent that is not included in the measurement of the lease liabilities | 17 037 | 6 384 |
| Cost of short-term leases | 0 | 0 |
| Cost of renting where underlying assets have low value | 265 | 383 |
| Depreciations | 12 919 | 22 636 |
| Sublease income | 0 | 0 |
| **Total** | **31 734** | **31 634** |

# Note 45 – Other liabilities

| Sbanken ASA (parent company) | | | Sbanken ASA Group | |
|---|---|---|---|---|
| 2021 | 2022 | In NOK thousand | 2022 | 2021 |
| 166 877 | 39 673 | Fund settlement | 39 673 | 166 877 |
| 170 026 | 163 130 | Accrued costs | 163 539 | 170 286 |
| 26 975 | 1 895 | Accrued interest | 80 908 | 44 842 |
| 6 200 | 5 510 | Accounts payable | 5 510 | 6 201 |
| 4 822 | 5 235 | Expected credit loss (ECL) off-balance | 5 235 | 4 822 |
| 78 781 | 66 059 | Lease liabilities IFRS 16 | 66 059 | 78 781 |
| 92 488 | 89 872 | Other liabilities | 89 886 | 92 526 |
| **546 169** | **371 374** | **Total other liabilities** | **450 810** | **564 335** |





# Note 46 – Pensions

### Description of pension schemes at Sbanken ASA

Sbanken ASA is required to have an occupational pension scheme pursuant to the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of the Act.

Sbanken ASA had a defined benefit pension scheme for all of its employees until 31 December 2008. This was closed on 1 January 2009, and all employees could choose between maintaining their defined benefit pension scheme or voluntarily converting to a defined contribution scheme. Anyone employed after 1 January 2009 has been automatically registered as a member of the defined contribution scheme.

The defined benefit scheme has a maximum pensionable income of 12 G (G is the National Insurance basic amount) for all employees, and no employees have additional pension schemes beyond this. This scheme is an insured scheme provided by Livsforsikringsselskapet Nordea Liv Norge AS. In the defined benefit scheme, the retirement benefit, in combination with benefits from the National Insurance Scheme and taking into account any paid-up policies from previous employment, represents approximately 66 per cent of the salary earned at retirement age, assuming a full contribution period of 30 years. The employees are included in the scheme until they reach the age of 67. Working beyond the age of 67, the employee will be part of the defined contribution scheme. Retirement age is 67.

The decision was made to discontinue the defined benefit scheme in the fourth quarter of 2021 for all employees under the age of 58, and they then came under a joint defined contribution scheme. The above represents a change in the pension plan that is accounted for in the income statement. This resulted in a recognition of relatively substantial income related to change of effects in the pension cost NOK (17.1 million) in 2021. As at 1 January 2022, 27 people remain in the defined benefit scheme.

In the defined contribution scheme, employees receive a contribution paid into a personal pension account with Livsforsikringsselskapet Nordea Liv Norge AS every month. The contribution constitutes 7 per cent of pay between 0 and 7.1 G, and 15 per cent of pay between 7.1 and 12 G. Retirement age is 67.

As at 31 December 2022, 1 G was NOK 111,477.

### More about defined benefit schemes

In the defined benefit scheme, employees will receive a retirement benefit of approximately 66 per cent of their pensionable income (maximum 12 G), assuming a full contribution period of 30 years. Employees do not bear any risk beyond the possibility of death before retirement age, which would result in the assets passing to other members of the pension scheme and not their surviving next of kin.

Based on factors such as future wage inflation, pension weight, longevity, etc., the present value of the expected pension liabilities is calculated on the date of measurement. Pension assets will be measured at market value on the date of measurement. The difference between the present value of the commitment and the market value of the assets will be recognised in the accounts as the net pension liability. If the value of the assets exceeds that of the liabilities, they will be recognised as net pension assets on the balance sheet. Differences between the estimated pension liability and the estimated value of the pension assets at the end of the previous financial year and the actuarially calculated pension liabilities and fair value of the pension assets at the beginning of the year are recognised in other comprehensive income.

When the actuary makes their calculations related to the value of the net pension liability, a number of economic assumptions are made in the calculation. These assumptions are based on the assumptions recommended by the Norwegian Accounting Standards Board at 31 December 2022 and are specified in a separate table below. The factor that most affects the size of the obligation is the discount rate. In 2022 and 2021, the OMF rate has been used for discounting pension liabilities. The Norwegian market for covered bonds is deemed to satifsfy the requirement for corporate bonds with a market that is adequately deep.

The expected return on pension assets is based on long-term expectations of the return on various asset classes. This is related to the discount rate for obligations, and is added to a risk premium for investments in real estate and equity-related securities.

The pension costs for the year are classified in the income statement as a personnel expense. The average expected remaining period of service is 5,8 years at the end of 2022.

### More about defined contribution pension schemes

Defined contribution pension plans entail that Sbanken does not guarantee a future pension of a specific amount, instead the bank pays an annual contribution to the employees' pension savings plan. The future pension will depend on the size of the contribution and the annual return on the pension savings. Sbanken does not have any further obligation after the annual contribution has been paid. There are no provisions for accrued pension liabilities in such schemes. Defined contribution pension plans are charged directly as an expense.

### Contractual early retirement scheme (AFP)

Sbanken ASA participates in the Joint Scheme for Collective Agreement Pensions, AFP. The private AFP scheme provides a lifelong supplement to the ordinary pension. Employees can choose to receive benefits from the AFP scheme from the age of 62, also while continuing to work. Even if the AFP scheme is a defined benefit plan, it is recognised as a defined contribution plan.

# Note 46 – Pensions (continued)

**Economic assumptions**

| The main economic assumptions that are used by the actuary in his calculations are as follows: | 2022 | 2021 |
|---|---|---|
| Discount rate | 3,00% | 1,90% |
| Expected return on pension funds | 3,00% | 1,90% |
| Anticipated rise in salaries | 3,50% | 2,75% |
| Anticipated rise in basic amount | 3,25% | 2,50% |
| Anticipated rise in pensions | 3,25% | 2,50% |
| Anticipated CPA (contractual pension scheme) acceptance from 62 years | Actual acceptance | Actual acceptance |
| Demographic assumptions about mortality | K2013BE | K2013BE |
| Turnover | 5,00% | 5,00% |
| Disability | Disability Tariff Nordea | Disability Tariff Nordea |

**Pension expenses**

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Net present value of pension entitlements | 3 429 | 5 379 |
| Accrued payroll tax | 730 | 1 135 |
| Interest expense on pension commitments | 1 643 | 1 856 |
| Calculated return on pension funds | -1 371 | -1 419 |
| Administrative expenses | 120 | 121 |
| Recognised change in pension plan | 0 | -17 141 |
| Cost to pension company related to change in pension plan | 0 | 1 500 |
| **Net recognised defined benefit costs including payroll tax** | **4 552** | **-8 569** |
| Defined contribution schemes incl. payroll tax | 21 336 | 15 090 |
| CPA Scheme incl. payroll tax | 5 339 | 5 141 |
| **Net pension expenses** | **31 227** | **11 661** |

**Effects recognised in other comprehensive income**

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Remeasurement (gains)/losses changes in economic assumptions, pension commitments | -5 801 | 7 078 |
| Remeasurement (gains)/losses experience-based adjustments | 0 | 0 |
| Remeasurement gains - changes in other factors, pension funds | 0 | 0 |
| Payroll tax | -1 108 | 1 352 |
| Remeasurement gains as a change in total members | 0 | 0 |
| **Total recognised in other comprehensive income before tax effect** | **-6 909** | **8 430** |
| **Total effect from actuarial gains or losses** | **-6 909** | **8 430** |
| Actuarial gains or (losses) as at 1.1, gross before tax effect | -41 619 | -33 189 |
| Actuarial gains or (losses) as at 31.12, gross before tax effec | -34 710 | -41 619 |
| **Actuarial gains or (losses) as at 31.12, gross after tax effect** | **-26 146** | **-31 328** |

**Net pension commitments in the balance sheet**

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Net present value pension commitments | 86 161 | 86 801 |
| Fair value of pension funds | -78 502 | -67 943 |
| **Net pension commitments excl. payroll tax** | **7 659** | **18 858** |
| Payroll tax | 1 463 | 3 601 |
| **Net pension commitments in the balance sheet** | **9 122** | **22 459** |





# Note 46 – Pensions (continued)

**Changes in the pension commitments in the balance sheet**

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Opening balance | 86 801 | 109 426 |
| Net present value of this year pension entitlements | 3 429 | 5 379 |
| Interest expenses | 1 643 | 1 856 |
| Actuarial (gains)/losses related to change in parameters | -3 677 | 2 767 |
| Actuarial (gains)/losses related to change in expectations | -1 334 | 3 730 |
| Recognised change in pension plan excl. effect payroll tax | 0 | -38 587 |
| Payroll tax change in pension plan | 0 | 2 749 |
| Pension payments | -699 | -519 |
| **Closing balance** | **86 161** | **86 801** |

**Changes in the pension funds in the balance sheet**

| In NOK thousand | 2022 | 2021 |
|---|---|---|
| Opening balance | 67 943 | 78 362 |
| Expected return | 1 371 | 1 419 |
| Administrative expenses | -120 | -121 |
| Pension payments | -700 | -519 |
| Actuarial (gains)/losses related to change in parameters | 790 | -582 |
| Actuarial (gains)/losses related to change in expectations | 0 | 0 |
| Premium paid | 9 218 | 10 830 |
| Change in pension plan | 0 | -21 446 |
| **Closing balance** | **78 502** | **67 943** |

**Investment of the pension funds**
The insured pension scheme in Norway is insured primarily through Livsforsikringsselskapet Nordea Liv Norge AS, and thus the pension assets are linked to an insurance policy. An interest rate guarantee is linked to the insurance, which entails that Livsforsikringsselskapet Nordea Liv Norge AS carries the risk for the return on the pension assets.

**Distribution of pension funds on different asset classes**

| | 2022 | 2021 |
|---|---|---|
| Shares | 12,70% | 12,70% |
| Bonds | 72,70% | 72,70% |
| Property | 14,00% | 14,00% |
| Other | 0,60% | 0,60% |
| **Total** | **100,00%** | **100,00%** |

**Sensitivity analysis of pension commitment**
The sensitivity analysis is based on a change in one of the assumptions, given that all the other assumptions remain constant. In reality, there would be covariation between the assumptions, so that changes in any of the assumptions may covary.

## Note 46 – Pensions (continued)

| Effect on pension commitments | Change in the economic assumptions | Change in the pension commitments |
|---|---|---|
| Discount rate | 0,50% | -6 239 |
| Discount rate | -0,50% | 6 983 |
| Annual rise in salaries | 0,50% | 1 179 |
| Annual rise in salaries | -0,50% | -1 157 |
| Annual rise in pensions and basic amount | 0,50% | 5 673 |
| Annual rise in pensions and basic amount | -0,50% | -5 155 |
| Life expectancy | + 1 year | 4 042 |

| Members in the pension schemes | 2022 | 2021 |
|---|---|---|
| Number of persons covered by the pension schemes: | | |
| - defined benefit schemes | 27 | 27 |
| - retirement and disability pensions | 12 | 12 |
| - defined contribution schemes | 301 | 285 |

Average expected remaining service for employees covered by the defined benefit plan is 7.28 years.

| Expected contributions to pension schemes in 2023: | 2023 |
|---|---|
| Expected contributions to defined benefit schemes | 3 897 |
| Expected contributions to defined contribution schemes | 18 600 |
| **Total expected contributions to pension schemes incl. payroll tax** | **22 497** |





# Note 47 – Information about related parties

**Assets/liabilities to Sbanken Boligkreditt AS**

| In NOK thousand | 31.12.22 | 31.12.21 |
|---|---|---|
| Receivable related to overdraft facility with Sbanken Boligkreditt AS | 3 610 008 | 5 655 290 |
| Sbanken Boligkreditt AS's deposit in Sbanken ASA | 3 975 216 | 782 646 |
| Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS | 1 695 634 | 7 538 556 |
| Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS | 325 000 | 325 000 |
| Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt | 225 000 | 225 000 |

**Transactions with Sbanken Boligkreditt AS**

| In NOK thousand | 01.01.22 - 31.12.22 | 01.01.21 - 31.12.21 |
|---|---|---|
| Sale of services in line with service agreement | 8 496 | 8 652 |
| Interest on overdraft facility | 87 799 | 32 468 |
| Interest on deposit | 2 880 | 1 055 |
| Interest on covered bonds issued by Sbanken Boligkreditt AS | 124 825 | 81 018 |
| Interest on subordinated loan issued by Sbanken Boligkreditt AS | 9 443 | 6 622 |
| Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS | 10 476 | 8 948 |
| Dividend from Sbanken Boligkreditt AS to Sbanken ASA | 0 | 260 000 |

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

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

As at 31 March 2022, other companies of the DNB Group are considered a related party to the Sbanken Group. This includes assets and liabilities related to deposits, covered bonds and derivatives.

As at 31 December 2022 Sbanken has no holdings of DNB Bank ASA and DNB Boligkreditt AS bonds. At the same time, DNB Bank ASA had invested a total amount of NOK 14 billions in bonds issued by Sbanken ASA and Sbanken Boligkreditt AS.

In 2022 Sbanken ASA sold their shares in Vipps AS and Quantfolio AS to DNB. The transactions were carried out at the market value of the shares at the time of the sale.

### Sale of mortgages to Sbanken Boligkreditt AS

Sbanken ASA sells mortgages to its subsidiary, Sbanken Boligkreditt AS. Only loans with a LTV lower than 75 per cent may be sold to Sbanken Boligkreditt AS. The sale and transfer of loans are carried out on market terms and conditions. After the loans have been transferred, Sbanken Boligkreditt AS assumes all the risks and benefits associated with the mortgages sold.

The practicalities relating to the transfer of new loans and the write-back of loans are undertaken by employees of Sbanken ASA. In general, the write-back of loans from Sbanken Boligkreditt AS to Sbanken ASA will be relevant only if a customer wishes to increase/refinance the loan (original loans in Sbanken Boligkreditt are then repaid). Any such write-back will also be carried out on market terms and conditions. Delinquent loans will remain with Sbanken Boligkreditt AS, and are treated in the same way as delinquent mortgages in Sbanken ASA.

### Management agreement between Sbanken ASA and Sbanken Boligkreditt AS

A management agreement has been entered into between Sbanken ASA and Sbanken Boligkreditt AS, under the terms of which Sbanken Boligkreditt AS purchases administrative services from Sbanken ASA. These services relate, inter alia, to the CEO, Treasury, IT, Finance and Accounting, Risk Management and Complience. The agreement has been entered into on market terms and conditions.

### Sbanken Boligkreditt AS's credit facilities

Sbanken ASA has granted an overdraft facility and a revolving credit facility to Sbanken Boligkreditt. The overdraft is divided into two credit facilities, each in the amount of NOK 3 billion and with a term of 364 days and three years, respectively. The revolving credit facility equals Sbanken Boligkreditt's payment obligations for the next 12 months in respect of issued covered bonds, and has a term extending four months after the last maturity date of issued covered bonds. Both facilities are at floating interest rates, three-month NIBOR plus a margin.

### Deposit accounts in Sbanken ASA

Sbanken Boligkreditt AS has two ordinary deposit accounts with Sbanken ASA with interest at the market rate.

# Note 48 – Shareholders

**The note is the same for the Group and the parent company.**

| **Share capital:**<br>In NOK | **Changes in share capital** | **Total share capital** | **Nominal value NOK** | **Number of shares** |
|---|---|---|---|---|
| 16.01.17, Capital increase with cash contribution | 3 443 330 | 1 068 693 330 | 10 | 106 869 333 |
| 02.11.15, Capital increase with cash contribution | 65 250 000 | 1 065 250 000 | 10 | 106 525 000 |
| 05.10.15, Capital reduction with cash refund to owner | -1 000 000 | 1 000 000 000 | 10 | 100 000 000 |
| 05.10.15, Capital increase with net value of transferred assets (non-cash contribution) | 1 000 000 000 | 1 001 000 000 | 10 | 101 000 000 |
| 17.04.15, Skandiabanken ASA was incorporated as Midgard Prosject 1 ASA. | 1 000 000 | 1 000 000 | 10 | 100 000 |

| **Shareholder structure at 31 December 2022:**<br>**Shareholder structure:** | **Nominee** | **Number of shares** | **Ownership in per cent** |
|---|---|---|---|
| DNB BANK ASA | No | 106 869 333 | 100,00% |
| **Total number of shares** | | **106 869 333** | **100,00%** |





# Note 49 – Earnings per share

| In NOK thousand | **Sbanken ASA Group**<br>**2022** | **2021** |
|---|---|---|
| Profit for the period to shareholders | 831 561 000 | 707 781 000 |
| Number of shares (weighted average) | 106 869 333 | 106 869 333 |
| **Earnings per share (basic)** | **7,78** | **6,62** |
| **Earnings per share (diluted)** | **7,78** | **6,62** |

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

# Note 50 – Subsequent events

There have not been any significant events subsequent to 31 December 2022 that affect the financial statements for 2022.

# Alternative perfomance measures

Sbanken (the bank) 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.

**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 | 2022 | 2021 |
|---|---|---|
| Net interest income (annualised) | 1 719 916 | 1 517 710 |
| Average total assets | 107 845 276 | 98 953 138 |
| **Net interest margin** | **1,59%** | **1,53%** |
| | | |
| Interest income (annualised) | 2 867 018 | 1 939 390 |
| Average total assets | 107 845 276 | 98 953 138 |
| **Effective lending rate** | **2,66%** | **1,96%** |
| | | |
| Interest expense (annualised) | 1 147 102 | 421 680 |
| Average total assets | 107 845 276 | 98 953 138 |
| **Effective funding rate** | **1,06%** | **0,43%** |





# Alternative perfomance measures (continued)

## 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. One-off items are excluded from these measures to provide better comparability between reporting periods and a better view of underlying performance.

**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 | 2022 | 2021 |
|---|---|---|
| Operating expense | 854 117 | 741 203 |
| Operating income | 2 009 099 | 1 693 288 |
| **Cost-to-income ratio** | **42,5%** | **43,8%** |
| | | |
| Operating expense | 854 117 | 741 203 |
| **Adjustment one-off** | **-29 028** | **-11 514** |
| **Operating expense adjusted** | **825 089** | **729 689** |
| Operating income | 2 009 099 | 1 693 288 |
| **Adjustment one-off** | **-26 520** | **0** |
| **Operating income adjusted** | **1 982 579** | **1 693 288** |
| **Cost-to-income ratio adjusted** | **41,6%** | **43,1%** |
| | | |
| Profit for the period attributable to shareholders (annualised) | 831 561 | 707 781 |
| Average equity | 7 178 213 | 6 851 229 |
| **Return on equity** | **11,6%** | **10,3%** |

# Alternative perfomance measures (continued)

### Oher perfomance 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 the bank.

**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 | 2022 | 2021 |
|---|---|---|
| Loan losses (annualised) | 27 374 | -3 470 |
| Average loan volume | 91 595 031 | 82 824 694 |
| **Loss rate** | **0,03%** | **0,00%** |
| | | |
| Average deposits from customers | 65 897 714 | 62 307 679 |
| Average loans to customers | 91 595 031 | 82 824 694 |
| **Average deposit-to-loan ratio** | **71,9%** | **75,2%** |
| | | |
| Deposits from customers | 65 770 095 | 64 240 315 |
| Loans to customers | 97 896 951 | 84 346 875 |
| **Deposit-to-loan ratio** | **67,2%** | **76,2%** |
| | | |
| **LTV (Loan-to-value)** | **52,6%** | **51,3%** |

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)** | 31.12.22 | | 31.12.21 | |
|---|---|---|---|---|
| In NOK thousand | Carrying value | Value LCR | Carrying value | Value LCR |
| Level 1 - assets exclusive of covered bonds | 3 785 454 | 3 785 454 | 4 355 321 | 4 355 321 |
| Level 1 covered bonds | 8 007 263 | 7 446 755 | 8 586 363 | 7 985 318 |
| Level 2A - assets | 2 110 148 | 1 793 626 | 2 614 867 | 2 222 637 |
| Level 2B - assets | 0 | 0 | 0 | 0 |
| Assets ineligible as "liquid assets" | 100 988 437 | -407 655 | 86 717 035 | -45 540 |
| **Total assets** | **13 902 865** | **12 618 179** | **102 273 586** | **14 517 736** |
| Net outflows | | 5 216 150 | 0 | 5 102 181 |
| **LCR%** | | **242%** | | **285%** |





# Statement

## Pursuant to Section 5-5 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the yearly financial statements for the Group and the company for the period 1 January through 31 December 2022 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 yearly report gives a true and fair:

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

Bergen, 8 March 2023
The Board of Directors of Sbanken ASA

Ingjerd Blekeli Spiten
(Chair of the Board)

Mai-Lill Ibsen

Tor Arne Hansen

Tore Olaf Rimmereid

Stein Zahl-Pettersen

Sarah Lunde Mjåtvedt

Øyvind Thomassen
(CEO)

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

**INDEPENDENT AUDITOR'S REPORT**

To the Annual Shareholders' Meeting of Sbanken ASA

## Opinion

We have audited the financial statements of Sbanken ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 year from the election by the general meeting of the shareholders in 2022 for the accounting year 2022.

## Other matters

The financial statements for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2022.





## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

### Expected credit loss on loans to customers

*Basis for the key audit matter*
Loans to customers represent NOK 97 897 million (85 per cent) of total assets for the Group as of 31 December 2022. The corresponding amounts in the financial statements of the Company is NOK 65 018 million. Total expected credit losses (ECL) on loans to customers and financial commitments for the Group amount to NOK 344 million and NOK 339 million for the Company.

The ECL calculation requires models, but does not prescribe a specific approach. This requires the use of judgement. To calculate the provision the Group is required to make estimates and assumptions, including the probability of default, exposure at default, loss given default and forecasts of economic development, as well as assessing significant increases in credit risk. Due to the use of judgement in applying the ECL measurement criteria and the complexity of the calculation, we consider ECL a key audit matter.

Expected credit losses are disclosed in note 2 and note 14 in the financial statements.

*Our audit response*
We assessed the Group's methodology for calculating ECL including the criteria for determining significant increases in credit risk. We assessed the design and tested the effectiveness of controls of key assumptions and input to the models as well as the calculation of ECL in the models. We evaluated the input and assumptions used in the models. For loans to customers subject to individual assessment by management, we assessed the expected future cash flows and the estimated value of underlying collateral.

Building a better working world

### Valuation of fixed-rate loans to customers

*Basis for the key audit matter*
Fair value of fixed-rate loans to customers is determined by discounting contractual cash flows from interest over the life of the loan using a discount factor adjusted for a margin requirement. The margin requirement is not observable on a marketplace. Due to the significance of the unobservable input in the valuation of fixed-rate loans to customers, the valuation requires the use of judgement. Such fixed-rate loans to customers comprise assets of NOK 7 582 million measured at fair value in the Group's financial statements and classified as level 3 instruments within the fair value hierarchy. The corresponding amount for the Company is NOK 7 582 million. Due to the materiality of the fixed-rate loans to customers, and the required use of judgement, we considered the valuation of these instruments a key audit matter.

Fixed-rate loans to customers classified as level 3 instruments within the fair value hierarchy are disclosed in note 40 in the financial statements.

*Our audit response*
We assessed management's determination and approval of assumptions and methodology used in the model-based calculation of fair value. We have also assessed the pricing methodology against industry practice and valuation guidelines. We evaluated the external source data used and the assumptions applied to determine the fair value, performed independent recalculations and compared the results of our valuations to the Group's valuations.

### IT environment supporting financial reporting

*Basis for the key audit matter*
The Group has a complex and automated IT environment and is dependent on IT processes for reporting of financial information. The operation of the IT environment is partly outsourced to various service providers. To ensure complete and accurate presentation of financial information, it is important that controls over transaction processing and measurement are designed and operate effectively. Likewise controls to ensure appropriate access rights and system changes also need to be designed and operate effectively both within the Group's organization as well as within the service provider's organization. The IT environment supporting financial reporting is considered a key audit matter as the IT environment is critical to ensure accurate, complete and reliable financial reporting.

*Our audit response*
We obtained an understanding of the Group's IT environment relevant for financial reporting. We tested IT general controls over access management, change management and IT operations. For the IT environment outsourced to service providers we evaluated third party attestation reports (ISAE 3402 reports) and assessed and tested the effectiveness of key controls. Further we tested key automated controls in the IT environment supporting financial reporting related to amongst others, effective interest rate and amortization including subsequent recoding to the general ledger. We involved specialists on our team in understanding the IT environment and in assessing and testing the operative effectiveness of controls.

## Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Group Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.











Building a better working world

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statement, there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

## Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 8 March 2023
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Johan-Herman Stene
State Authorised Public Accountant (Norway)









# Climate risk reporting based on the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD)

Sbanken is an online-only bank with 500,000 retail customers and 12,000 corporate customers in the SME segment. The bank does not offer credit to corporate customers, which means that it does not finance any emission-intensive companies. The bank distributes funds but does not manage funds of its own. These aspects of the bank's business model thereby guide the bank's management of climate risk. Sbanken was acquired by DNB in 2022 as a wholly-owned subsidiary. DNB has initiated preparatory work to transfer all Sbanken's assets and obligations to DNB. Consequently, Sbanken has not prioritised further development of and improvements to its ESG framework and climate risk according to the recommendations of the TCFD.

## Governance

Describe the organisation's governance of climate-related risks and opportunities.

**a) The Board's oversight of climate-related risks and opportunities:**

ESG and climate risk are addressed by Sbanken's Board and will be included in the ICAAP according to the bank's strategy development plans. Note that the last ICAAP was issued in January 2022 as an extraordinary report because of the DNB acquisition. ESG and climate risk were not covered in this ICAAP.

Climate risk also forms part of the bank's ESG framework and annual report, which is considered by the Board.

**b) The management's role in assessing and managing climate-related risks and opportunities:**

The CEO reports directly to the Board and is responsible for assessing and managing climate-related risks and opportunities relating to the bank's lending activities, products, services and banking operations.

Responsibility for incorporating and following up climate risk rests with the CRO with the support of the Head of CSR and Sustainability. The management team defines the bank's ambitions and follows up the work. The management team discusses all matters to be considered by the Board, including items relating to climate risk.

## Strategy

Describe the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

**a) Climate-related risks and opportunities the organisation has identified over the short, medium and long term:**

The bank is exposed to climate risk in the form of physical risk and transition risk. Sbanken classifies climate risk under credit risk and strategic risk.

Physical risk is about the direct impact and consequences of climate change that can lead to physical damage. Physical risk is relevant to the bank's lending portfolio and is considered low in the short and medium term. Sbanken has a geographically diversified mortgage portfolio concentrated in urban areas. As regards the consequences of extreme weather, the bank relies on the assumption that urban areas are better mapped and secured. Densely populated areas are often located in flatter terrain subject to a lower risk of landslides, but the risk of surface water can be at least as high as in more sparsely populated areas. Although some urban areas may be exposed to surface water, the bank believes that the quality of urban locations helps maintain the general price level in the biggest towns and cities.

Transition risk is risk associated with the transition to a low-emission society and overlaps with both credit risk and strategic risk. In the credit area, transition risk may concern rising energy prices and energy efficiency and emission requirements that can affect customers' debt-servicing ability and the collateral value of assets used to secure a loan. In the strategic area, transition risk may concern reputational risk as a result of increased attention on the climate and changes in consumer preferences. Overall, the bank considers its transition risk to be low in the short and medium term but increasing in the strategic area.

The bank's electric car loans and ethical labelling of funds are among the identified strategic opportunities that can be linked to transition risk. These initiatives are discussed in more detail below.

**b) The impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning:**

Climate-related risks and opportunities have affected Sbanken's strategy relating to products and services, the value chain, R&D investments and banking operations.

Sbanken was the first bank in Norway to introduce ESG assessment and labelling of mutual funds on its own platform. Ethical labelling enables the bank's customers to find information about the ESG profiles of different funds. Funds with a negative ESG profile are labelled with a red triangle and are excluded from the bank's pre-defined investment packages recommended by Sbanken's financial advisers, including the robo-adviser.

The ESG assessment of funds follows the ten UN Global Compact Principles and the Government Pension Fund Global blacklist. At year-end 2022, 92 per cent of customers' investments were in mutual funds with a positive ESG profile. Investments in funds with a very high ESG score, i.e. funds labelled with two green leaves, have decreased from NOK 3.97 billion in 2021 to NOK 3.5 billion at the end of 2022.

Sbanken focuses on sustainability when developing new products for the bank's customers. It therefore also changes product criteria in line with developments and climate goals in society around us. This applies, among other things, to the product 'Green car loan', which is offered at a lower rate than a regular car loan. Until 2022, cars that run on fossil fuel with emissions below 120 grams per kilometre, were defined as 'green' by the EU. Sbanken used the same criteria for its 'Green car loans', and the proportion of these loans in the portfolio has increased steadily over the past few years. However, in early 2022, the bank tightened the requirements for getting a green car loan to only apply to zero-emission cars. The new and stricter criteria mean that the proportion of 'Green car loans' decreased from 75 per cent in 2021 to 70 per cent in 2022. Today, our 'Green car loan' is in reality a zero-emission car loan.

The bank's suppliers sign a self-declaration form under which they undertake to comply with the bank's policy and ESG guidelines. The bank's strategy contains a clearly defined goal of establishing a well-functioning electronic contract register that is both cost-effective and provides a better overview of how the bank's suppliers take responsibility for ESG. A complete digital archive of contracts will enable the bank to follow up its suppliers.

Sbanken therefore focuses on measuring and reducing its own emissions and encourages business associates to do the same. The bank is a certified Eco-Lighthouse and uses various methods to improve its performance in relation to the working environment, sorting of waste, energy consumption, purchasing and transport. We report our annual emissions, set targets and draw up action plans to reduce the bank's negative environmental impact. The Eco-Lighthouse scheme maintains high environmental standards and quality and is recognised by the EU as being in accordance with international schemes such as EMAS and ISO 14001.

The bank does not want its investments to be exposed to climate risk. Sbanken does not invest therefore in companies that, either themselves or through partly-owned or associated companies, violate international climate or environmental standards.

The bank has developed the green bond framework as an alternative source of funding, at potentially attractive rates. This has an impact on both the bank's liquidity and funding plans. More information about Sbanken Boligkreditt AS's Green Bond Framework is available here: https://sbanken.no/globalassets/sbanken.no/om-oss/samfunnsansvar/sbanken-green-bond-framework-final.pdf

**c) The potential impact of different scenarios, including a 2-degree scenario, on the organisation's business, strategy and financial planning:**

Work has commenced on scenario analyses. So far, the bank has carried out qualitative assessments at the overarching level. Sbanken only furnishes loans to private individuals in the form of mortgages, car loans and unsecured credit. In the bank's experience, publicly available examples of scenario analyses and climate risk assessments are very often tailored to corporate portfolios. Sbanken expects an industry standard to be established for climate risk scenario analyses, what-if scenarios, that take account of loans to private individuals (mortgage portfolios etc.). An industry standard will improve assessments of climate-related risk for credit furnished to private individuals, and how Sbanken should improve its resilience to this type of risk.

The bank is a member of Finance Norway's sustainability reference group and closely follows the work on establishing an industry standard. When the work has progressed further, the bank will consider its own metrics and reporting.

## Risk management

Describe how the organisation identifies, assesses and manages climate-related risk.

**a) The organisation's process for identifying and assessing climate-related risk:**

Climate risk is the subject of a special risk assessment in connection with the Internal Capital Adequacy Assessment Process (ICAAP) at least once a year. When a climate risk is considered material, it will be included in the ongoing management of credit risk and strategic risk. ICAAP is, among other things, an extensive risk assessment that covers all relevant risk the bank is exposed to, involving the Board for final assessment and decision. The CRO and the risk management department are responsible for the practical implementation of the process.

Sbanken applies the TCFD recommendations and terminology relating to climate-related risk. The bank analyses physical risk and transition risk separately. The risks are assessed in relation to credit risk (risk of losses on loans and investments) and strategic risk (threats to the business model). The analysis is divided into three parts: i) physical risk/credit risk, ii) transition risk/credit risk, and iii) transition risk/strategic risk.

When the bank uses external suppliers of products and services, it emphasises whether they are certified Eco-Lighthouses or have equivalent certification/approval/labelling relating to ISO/EMAS, the Nordic Ecolabel or the EU Ecolabel.

**b) The organisation's processes for managing climate-related risk:**

Sbanken offers green car loans, which will help to reduce risk in the lending portfolio in the long term. Targets for the short, medium and long term have been defined for the proportion of green loans in the car loan portfolio.

The bank has also set a target for the proportion of customers' investments in funds with a positive ESG profile.

Furthermore, the bank has devised a green bond framework. The green bond committee is responsible for managing and developing the bank's framework for issuing green bonds, to ensure that the framework is aligned with regulations, market practice and expectations of green bond issues for financing purposes. The committee is chaired by the bank's CFO and comprises representatives of the risk management, treasury, customer loan, investor relations and procurement units, as well as the Head of CSR and Sustainability.

Green bond issues will contribute to the development of a green bond market, which in turn will support further growth in the sustainable finance market. Sbanken considers green bonds to be an effective way of financing projects that help to achieve the UN SDGs.

The bank is a certified Eco-Lighthouse.

**c) How processes for identifying, assessing and managing climate-related risk are integrated into the organisation's overall risk management:**

Responsibility for climate risk rests with the CRO, together with the Head of CSR and Sustainability.

Climate-related risk is integrated in the bank's annual risk assessment, conducted in connection with ICAAP. When relevant, climate risk is also assessed as part of risk assessments relating to credit risk and strategic risk.

We consider processes for identifying, assessing and managing climate-related risk to be well integrated in the bank's overall risk management, but will continue to focus on this going forward. The reporting framework is at an early stage, and the bank monitors the development of an industry standard for //further improvement. We devote attention to the topic and have dedicated resources to following it up.

## Metrics and targets

Describe the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

**a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process:**

The decrease in the percentage share of green car loans from 75 per cent in 2021 to 70 per cent in 2022 is attributed to the bank tightening the requirements for green car loans at the beginning of 2022 to only apply to zero-emission cars. Cars that run on fossil fuel with emissions below 120 grams per kilometre were previously defined as 'green'.

The short-term consequence of this will be a slowdown in achieving a zero-emission car fleet, but the bank still believes that the long-term goals are achievable. This is also considering that 79.3 per cent of new car sales in Norway in 2022 were electric cars. For ESG-positive funds, the target was defined as the proportion of customer investments in funds with a positive ESG profile. In 2022, the proportion was 92 per cent, which corresponds to the bank's expressed medium-term target. In the short and long term, the target is 90 per cent and 100 per cent, respectively.

The bank uses the Eco-Lighthouse Foundation's environmental management system, and the bank's environmental certification is verified by an external party.

**b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks:**

In a five-year perspective, based on estimated figures, we expect a reduction in Scope 1 emissions. Scope 2 emissions are expected to increase due to the use of renewable energy when gas is eliminated for heating purposes. We expect Scope 3 emissions to increase as a consequence of more relevant sources of emissions from Scope 3 categories being identified.

As an online-only bank with no branches outside the head office, Sbanken's Scope 1 emissions are minimal compared to others. For the same reasons, its Scope 2 emissions are also low. We rent office premises in a BREEAM certified building, which helps to ensure efficient energy consumption and to reduce other emissions. Waste management has improved in step with growing awareness among the bank's employees and improved infrastructure for sorting office waste. The bank makes continuous efforts to consider the materiality of different Scope 3 emission sources, including by evaluating their impact on the environment.

**c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets:**

The bank offers zero-emission terms on car loans.

The bank would like to enable customers to invest in funds that can help to reduce global carbon emissions, and offers a range of mutual funds with a low carbon risk. The carbon risk labelling comes in addition to the ethical labelling based on the overall ESG profile. A fund is labelled 'Low carbon risk' by the bank's fund data supplier, Morningstar, if it scores low on carbon risk and has low exposure to fossil fuel. The designation indicates that the companies in the fund portfolio are in line with the transition to a low-carbon economy.

By year-end 2022, 45 per cent of the funds in Sbanken met the requirements for 'Low carbon risk' labelling. About 36 per cent of customers' assets were invested in low-carbon funds.

Sbanken has a green bond framework that is in accordance with the bank's ESG strategy and supports the UN SDGs. The framework is also aligned with the ICMA's Green Bond Principles. Sbanken has yet to issue any green bonds. At year-end 2022, loans in energy classes A, B and C made up 8.6 per cent of mortgages in Sbanken Boligkreditt AS and 9.5 per cent of mortgages in Sbanken ASA, which qualify for sale to the housing credit company. The bank's risk management department monitors changes in energy classes. The collateral for a considerable proportion of mortgages is housing without energy classification, but some of them may nonetheless qualify under the framework. Before the framework is taken into use, the criteria for eligible mortgages will be updated in accordance with the EU Taxonomy.

The bank has a recycling station for sorting food waste, plastic, paper and cardboard, electronic waste and glass and metal at source. This enables the bank's employees to make sustainable choices in their day-to-day lives.

On the recommendation of the bank's sustainability committee, the senior management team decided in 2020 to set emission reduction targets for its own operations in line with the Paris Agreement. An annual reduction of 10 per cent will halve the bank's emissions by 2030.

**Sbanken ASA**
Postboks 7077, 5020 Bergen

sbanken.no