



Sbanken

Q1



First quarter 2021

(Unaudited)

Sbanken ASA

Q1

First quarter 2021 – Highlights Sbanken ASA

Annual lending growth

0.2 %
(6.2 %*)

Cost-to-income ratio

40.6 %
(38.8 %*)

ROE

10.7 %
(11.2 %*)

Net interest margin

1.55 %
(1.85 %*)

Loan loss ratio

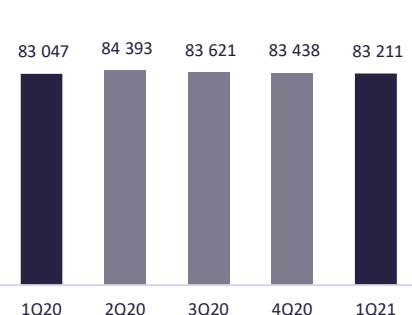
0.06 %
(0.25 %*)

CET1 ratio

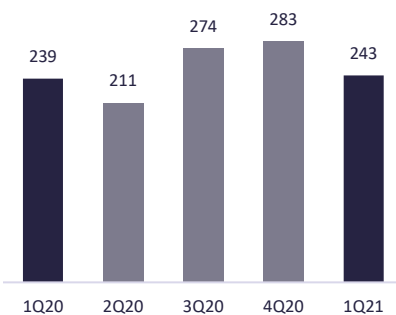
15.9 %**
(16.1 %*)

- DNB launches recommended voluntary offer to acquire all shares of Sbanken
- Strong asset quality – loss ratio 0.06 per cent
- FuM growth to NOK 25.9bn – annual increase 86 per cent
- Awarded best mobile banking app in Norway
- Remains significantly overcapitalised – NOK 1.2bn above target

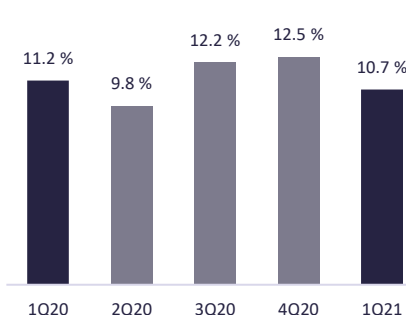
Total loans to customers
NOK million



Earnings before tax
NOK million



Return on equity
Per cent



* Comparable figure corresponding period last year.

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

Key figures (group)

In NOK thousand	Reference	Q1 21	Q1 20	2020
Summary of income statement				
Net interest income		384 707	430 632	1 644 137
Net fee and commission income		48 601	48 403	184 310
Net other income		-2 949	-5 311	22 050
Total income		430 359	473 724	1 850 497
Other operating expenses		-174 737	-183 750	-710 371
Operating profit before loan losses		255 621	289 973	1 140 126
Loan losses		-12 742	-51 019	-133 482
Earnings before tax		242 879	238 955	1 006 643
Calculated tax		-56 541	-54 911	-223 601
Net profit		186 338	184 043	783 042
Profitability				
Return on equity	1	10.7 %	11.2 %	11.4 %
Net interest margin	2	1.55 %	1.85 %	1.66 %
Cost-to-income ratio	3	40.6 %	38.8 %	38.4 %
Earnings per share		1.68	1.63	7.00
Balance sheet figures (in NOK million)				
Total loan volume		83 211	83 047	83 438
Customer deposits		59 962	55 239	58 644
Deposit-to-loan ratio	4	71.4 %	65.1 %	68.4 %
Lending growth (gross) previous 12 months		0.2 %	6.2 %	2.4 %
Average total assets	5	100 804	93 533	98 939
Total assets, end of period		101 718	96 352	100 726
Book value per share		63.27	59.26	64.72
Losses and defaults				
Total loan loss (%)	6	0.06 %	0.25 %	0.16 %
Capital adequacy and leverage ratio				
Common equity Tier 1 capital ratio	7	15.9 %	16.1 %	15.5 %
Tier 1 capital ratio		17.7 %	17.9 %	17.3 %
Total capital ratio		20.1 %	20.2 %	19.6 %
Leverage ratio		6.3 %	6.8 %	6.3 %
Employment				
FTEs		335	346	334

References

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

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

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

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

5) Average total assets in the period

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

7) Including 50 per cent of the profit for the first quarter of 2021 and 70 per cent of the profit for the first quarter of 2020. Year-end 2020 includes 37,2 per cent retained earnings for 2020 and 50,4 per cent retained earnings for 2019.

First Quarter Results

The Sbanken group recorded a profit before tax of NOK 242.9 million in the first quarter, compared with NOK 239.0 million in the first quarter of 2020. Net interest income decreased to NOK 384.7 (430.6) million, while net fee and commission income increased by 0.4 per cent to NOK 48.6 (48.4) million. Total customer lending at quarter-end was NOK 83.2 (83.0) billion. Funds under management increased to NOK 25.9 (13.9) billion, supported by continued high inflow. Return on equity in the first quarter was 10.7 (11.2) per cent.

On 15 April, DNB announced a voluntary cash offer, recommended by the Board of Directors, to acquire 100 per cent of the shares of Sbanken ASA at NOK 103.85 per share, corresponding to a total consideration of approximately NOK 11.1 billion.

Important events during the quarter

Periodic increases in coronavirus infection rates and stricter containment measures have continued to weigh on the economic activity in Norway. The bank's operations have in the quarter performed consistently well with the majority of staff working from home.

Norges Bank kept the key policy rate unchanged at zero per cent, a record low level. The average three-month Nibor rate was 0.45 per cent, up 7 basis points from the previous quarter.

In the Norwegian Innovation Index (NII) for 2020, Sbanken ranked top for customer perceived digital innovation. In March, Sbanken was awarded first place in Cicero's test of 16 mobile banking apps in Norway.

In January, Moody's upgraded Sbanken ASA's long-term credit rating to A2, with the positive outlook remaining unchanged. The upgrade was driven by the receipt of the Minimum Requirement for own funds and Eligible Liabilities (MREL) requirement.

On 25 March, the group's annual report for 2020 was published with ESG reporting based on the Global Reporting Initiative (GRI).

The Board opted in February to utilise the dividend authorisation for 2019 to distribute dividends of NOK 3.15 per share. The Sbanken share traded ex-dividend from 1 March 2021.

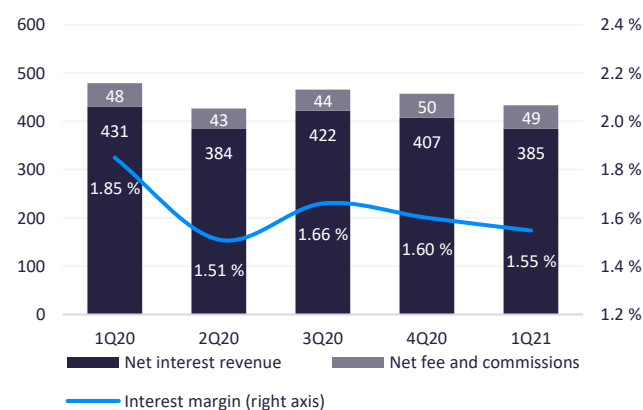
Operating income

Operating income amounted to NOK 430.4 (473.7) million, following a decrease in net interest income of NOK 45.9 million, an increase in net fee and commission income of NOK 0.2 million and an increase in other operating income of NOK 2.4 million from the first quarter of 2020.

Net interest income decreased to NOK 384.7 (430.6) million. The net interest margin was 1.55 per cent, down from 1.85 per cent in the first quarter of 2020. Compared to the previous quarter, the net interest margin was down 5 basis points.

Net fee and commission income increased to NOK 48.6 (48.4) million as reduced revenues from card transactions abroad were countered by increased revenues from fund savings and securities trading.

Net interest and fee and commission income
NOK million



The effective lending rate decreased to 1.97 per cent, compared to 3.21 per cent in the first quarter of 2020, and 1.99 per cent in the previous quarter.

Average effective interest rate by product group

	1Q20	2Q20	3Q20	4Q20	1Q21
Mortgages	2.98 %	2.23 %	1.99 %	1.89 %	1.88 %
Car loans	5.70 %	5.55 %	5.46 %	5.61 %	5.46 %
Consumer loans	10.33 %	10.36 %	10.35 %	10.23 %	10.02 %
Other credit	11.81 %	12.21 %	11.58 %	11.56 %	11.43 %

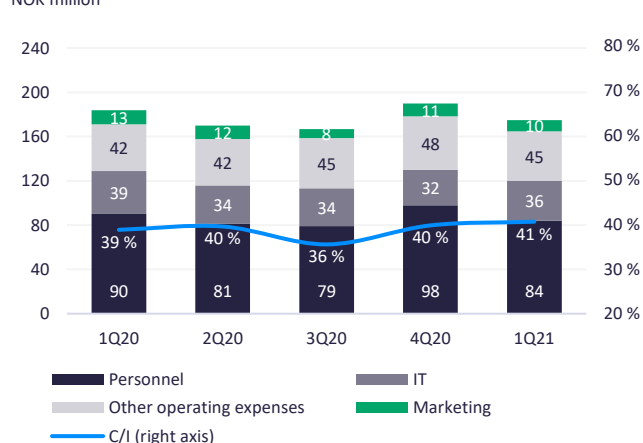
The effective funding rate decreased to 0.43 per cent, compared with 1.36 per cent in the first quarter of 2020. The funding rate increased by 4 basis points from the previous quarter.

Operating expenses

Operating expenses amounted to NOK 174.7 (183.8) million in the quarter. Compared to the first quarter of 2020, the main difference was reduced severance pay. Marketing costs decreased to NOK 9.9 million from NOK 12.7 million in the first quarter of 2020.

The cost-to-income ratio was 40.6 per cent in the quarter, compared to 38.8 per cent in the first quarter of 2020.

Operating expenses



Impairments and losses

Loan losses amounted to NOK 12.7 (51.0) million in the quarter, equivalent to a loan loss ratio of 0.06 per cent. Losses were influenced by the implementation of EBA's new definition of default from 1 January 2021, which in isolation resulted in an ECL provision increase of NOK 23.1 million. Implementation of the new definition is also the predominant reason for the increase in gross exposure of credit impaired assets from NOK 609.8 million at year-end 2020 to NOK 901.9 million.

Total expected credit losses amounted to NOK 372.8 million at quarter-end, of which NOK 55.6 million related to secured loans and NOK 317.2 million to unsecured loans.

Taxes

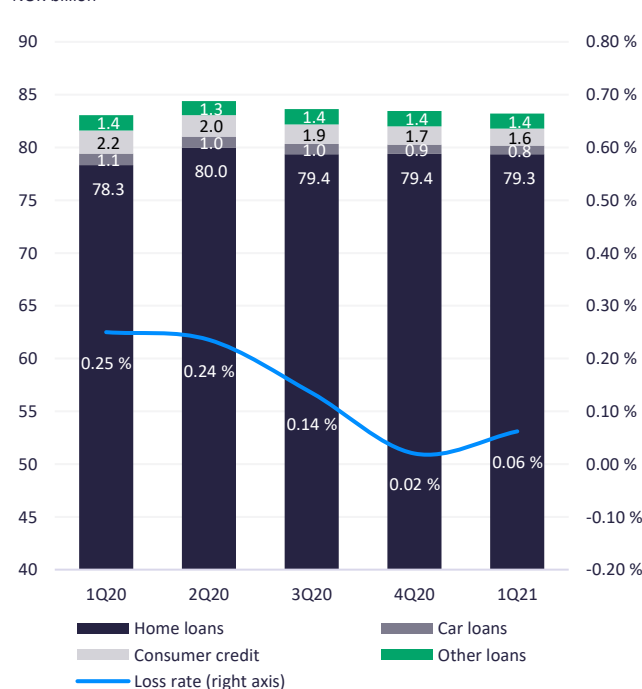
The estimated tax expense amounted to NOK 56.5 (54.9) million, corresponding to an effective tax rate of 23.3 (23.0) per cent.

Loans to and deposits from customers

At the end of the quarter, loans to customers totalled NOK 83.2 (83.0) billion. Lending growth over the past 12 months was 0.2 per cent. Mortgage lending was unchanged from the previous quarter. The volume of fixed rate mortgages increased to NOK 8.3 billion, up NOK 0.4 billion from the previous quarter.

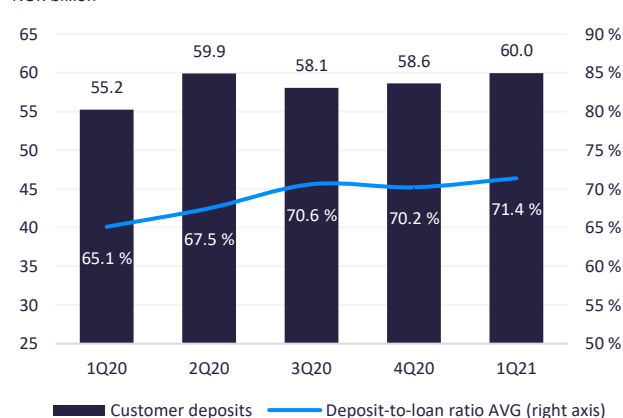
Outstanding consumer loans amounted to NOK 1.6 (2.2) billion at quarter-end, a 6.9 per cent reduction from the end of the previous quarter. The volume of other credit products (account credit, credit cards and custody account credit) was NOK 1.4 (1.4) billion.

Loans to customers



Customer deposits increased to NOK 60.0 (55.2) billion, an 8.5 per cent increase from the first quarter of 2020. At quarter-end, the bank had 10 100 SME customers with combined deposits of NOK 2.1 billion.

Customer deposits

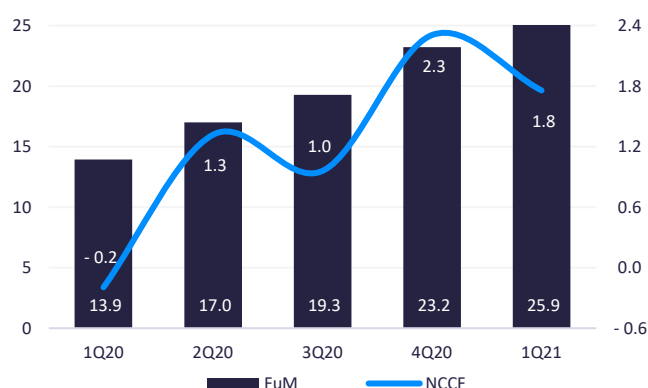


Savings

Funds under management (FuM) increased to NOK 25.9 billion, up NOK 2.6 billion from the end of the previous quarter. The increase was ascribed both to inflow of customers' funds and increased market valuations. At quarter-end, combined FuM as share of retail fund savings in Norway had increased to 8.4 per cent, up from 8.1 per cent in the previous quarter.

Net client cash flow in the quarter was positive in the amount of NOK 1.8 billion. Combined inflows as share of Norwegian retail fund inflows was 14.6 per cent. In March, inflow from savings agreements reached a record high of NOK 164 million per month.

Customers' investment in mutual funds (FuM)
NOK billion



Capital adequacy, leverage ratio and risk factors

Sbanken currently has a regulatory CET1 requirement of 12.5 per cent and a capital ratio target of 13.0 per cent. At quarter-end, Sbanken had a CET1 capital ratio of 15.9 per cent, a 0.4 percentage points increase from the fourth quarter of 2020. The tier 1 capital ratio was 17.7 per cent and the total capital ratio was 20.1 per cent, while the leverage ratio was 6.3 per cent. The capital ratios include 50 per cent of retained earnings for the first quarter of 2021 and 37.2 per cent of retained earnings for 2020.

Sbanken's financial risk mainly consists of credit risk, market risk and liquidity risk. The credit risk comprises of lending to the public primarily in the form of mortgages, car loans and unsecured credit products. Sbanken has a high-quality lending portfolio predominately composed of mortgages with a moderate loan-to-value (LTV) ratio. At quarter-end, the average LTV was 51.6 per cent, down from 52.9 per cent in the previous quarter. Mortgage lending accounted for 95.4 per cent of the gross lending portfolio.

Sbanken is exposed to market risks such as interest rate risk, share price risk and credit spread risk. The exposure to share price risk amounted to NOK 123.1 million at the end of the quarter, of which NOK 70.2 million related to the valuation of the bank's shares in VN Norge AS (Visa) and NOK 39.5 million to the valuation of the bank's shares in Vipps AS. The majority of lending provided by Sbanken has variable interest rates. Interest rate swaps are used to reduce interest rate risk that arises with fixed rate mortgages. All deposits have variable interest rates, while capital market funding uses three-month Nibor as reference rate. At quarter-end, Sbanken had a liquidity portfolio of NOK 16.9 billion in interest-bearing securities issued by sovereigns, municipalities and financial institutions. The corresponding credit spread risk was estimated at NOK 215.2 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 357 per cent against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 141 per cent.

Sbanken had outstanding capital market funding amounting to NOK 30.1 billion at quarter-end. Sbanken Boligkredit's total nominal issue of covered bonds amounted to NOK 37.2 billion. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 72.4 per cent, compared to 70.6 per cent in the previous quarter and 66.8 per cent in the first quarter of 2020. 92.8 per cent

of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 82.6 per cent by the harmonised EU Deposit Guarantee Scheme (EUR 0.1 million).

Sbanken ASA has a long-term credit rating of A2 with a positive outlook from Moody's, last confirmed 20 April 2021. Covered bonds issued by Sbanken Boligkredit AS have a long-term rating of Aaa from Moody's.

Macroeconomic and regulatory developments

In the first quarter of 2021, coronavirus containment measures have continued to weigh on the economic activity in Norway. Vaccine rollout is likely to lift growth through 2021.

In the March monetary policy report, Norges Bank projected that the key policy rate is likely to be raised by 0.25 percentage points in the latter half of 2021, followed by a gradual rise towards 1 per cent by 2023.

Following a contraction in mainland GDP of 2.5 per cent in 2020, growth is forecasted to increase to 3.8 per cent in 2021 and 3.4 per cent in 2022.

Registered unemployment was 4.2 per cent at quarter-end, up from 3.8 per cent at the end of the previous quarter. The average annual unemployment rate is forecasted at 3.4 per cent in 2021 and 2.4 per cent in 2022.

Norwegian housing prices adjusted for seasonality rose by 3.5 per cent in the first quarter of 2021. Norges Bank projects housing prices to increase by 10.1 per cent in 2021 as a whole, with price growth easing thereafter. Credit growth for households is forecasted at 5 per cent for 2021.

Subsequent events

On 15 April, the Board of Directors announced that an agreement had been reached with DNB for the launch of a recommended voluntary cash offer to acquire all shares of Sbanken ASA. The offer price of NOK 103.85 per share, corresponding to a total valuation of approximately NOK 11.1 billion, represents a premium of 29.8 per cent over the closing price on 14 April and a 49.8 per cent premium over the average volume weighted share price adjusted for dividends in the prior six months. The offer document was approved by Oslo Stock Exchange on 23 April, and with an offer period from 26 April to 24 May, subject to extensions at DNB's discretion. The announcement of the offer received significant attention from customers, media and other stakeholders.

Outlook

The short term economic outlook for the Norwegian economy is weighed down by coronavirus containment measures. Looking towards the second half of 2021, vaccine rollout is likely to substantially improve the growth outlook.

The low interest rate environment puts downward pressure on the bank's interest rate margin. Since the start of the year, Nibor rates have come down from elevated levels. In the short term, the key policy rate is expected to remain at the current level of zero per cent. The full effects on the net interest margin is dependent on changes in funding rates and competition.

Loss levels related to unsecured lending have come down from elevated levels and the portfolio is showing clear signs of robust credit quality. For

secured loans, losses are expected to remain at the historic low levels. The bank expects the average loss level to remain below 0.10 per cent for the current year.

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

For more than 20 years, Sbanken has delivered superior digital banking services to Norway's most satisfied banking customers. Irrespective of the outcome of the pending offer process, Sbanken will continue to deliver Norway's best customer experiences.

Bergen, 10 May 2021

The Board of Directors of Sbanken ASA



Niklas Midby
(Chair)



Mai-Lill Ibsen



August Baumann



Herman Korsgaard



Cathrine Klouman



Sarah Lunde Mjåtvæd



Stein Zahl Pettersen



Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q1 21	Q1 20	2020
Interest income from financial instruments using the effective interest method	12	490 710	747 254	2 380 696
Other interest income	12	0	0	0
Interest expense	12	-106 003	-316 622	-736 560
Net interest income		384 707	430 632	1 644 137
Commission and fee income	13	80 590	86 948	345 717
Commission and fee expense	13	-31 989	-38 545	-161 407
Net commission and fee income		48 601	48 403	184 310
Net gain/(loss) on financial instruments	14	-2 949	-5 311	21 920
Other income		0	0	130
Other operating income		-2 949	-5 311	22 050
Personnel expenses	15	-83 998	-90 150	-348 558
Administrative expenses	15,20	-74 951	-77 357	-296 053
Depreciation and impairment of fixed and intangible assets		-15 788	-16 243	-65 760
Profit before loan losses		255 621	289 973	1 140 126
Loan losses	8	-12 742	-51 019	-133 482
Profit before tax		242 879	238 955	1 006 643
Tax expense	16	-56 541	-54 911	-223 601
Profit for the period		186 338	184 043	783 042
Attributable to				
Shareholders		179 996	174 016	748 575
Additional Tier 1 capital holders	11	6 342	10 027	34 467
Profit for the period		186 338	184 043	783 042

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q1 21	Q1 20	2020
Profit for the period	186 338	184 043	783 042
Other comprehensive income:			
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	2 701	-24 820	99
Tax effect	-725	7 017	65
Other comprehensive income that can be reclassified to profit or loss after tax	1 976	-17 803	164
Actuarial gains (losses)	0	0	-9 637
Tax effect	0	0	2 410
Other comprehensive income that can-not be reclassified to profit or loss after tax	0	0	-7 227
Total components of other comprehensive income (after tax)	1 976	-17 803	-7 063
Total comprehensive income for the period	188 314	166 240	775 979
Attributable to			
Shareholders	181 972	156 213	741 512
Additional Tier 1 capital holders	6 342	10 027	34 467
Total comprehensive income for the period	188 314	166 240	775 979

Balance sheet

(Sbanken group)

In NOK thousand	Note	31.03.21	31.03.20	31.12.20
Assets				
Cash and receivables with central bank	5	584 984	1 046 441	1 423 268
Loans to and receivables from credit institutions	5	500 859	1 176 530	654 517
Loans to customers	5, 6, 7, 17, 18	82 843 734	82 748 395	83 082 252
Net loans to customers, central bank and credit institutions		83 929 577	84 971 367	85 160 037
Commercial paper and bonds at fair value through OCI	17, 19	16 858 808	9 630 644	14 412 990
Equity and funds	17, 18, 19	186 019	191 137	163 701
Derivatives	19	355 822	1 069 828	561 305
Intangible assets		117 344	130 931	114 645
Deferred tax assets	16	21 280	27 358	21 679
Property, plant and equipment		103 087	151 836	127 755
Other assets		69 254	104 498	110 850
Advance payment and accrued income		76 865	74 628	53 498
Total assets		101 718 054	96 352 228	100 726 459
Liabilities				
Loans and deposits from central bank	17, 18	2 250 000	500 000	2 250 000
Loans and deposits from credit institutions	17, 18	352 841	0	542 731
Deposits from customers	17, 18	59 962 127	55 239 466	58 643 627
Debt securities issued	10, 17, 18	30 075 596	30 327 081	29 974 370
Derivatives		10 647	30 169	21 738
Taxes payable	16	176 997	162 704	224 640
Pension commitments		36 998	27 494	36 998
Other liabilities		490 619	2 126 550	515 589
Subordinated loans	10, 17, 18	898 911	899 521	898 831
Total liabilities		94 254 736	89 312 986	93 108 523
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital	11	701 272	705 872	701 223
Other equity		3 067 458	2 638 781	3 222 125
Total equity		7 463 319	7 039 241	7 617 936
Total liabilities and equity		101 718 054	96 352 228	100 726 459

Subsequent events

22

Statement of changes in equity

(Sbanken group)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.20	1 068 693	2 625 895	705 858	-17 778	-23 084	2 526 815	6 886 398
Profit for the period to other equity (01.01.20 to 31.03.20)						174 016	174 016
Profit for the period to Tier 1 capital holders (01.01.20 to 31.03.20)			10 027				10 027
Payments to Tier 1 capital holders (01.01.20 to 31.03.20)			-10 013				-10 013
Actuarial gains and losses for the period (01.01.20 to 31.03.20)				0			0
Net change in fair value of financial instruments available for sale (01.01.20 to 31.03.20)					-17 803		-17 803
Payments related to share incentive program						-3 384	-3 384
Paid dividend to shareholders						0	0
Balance sheet as at 31.03.20	1 068 693	2 625 895	705 872	-17 778	-40 887	2 697 447	7 039 241
Profit for the period to other equity (01.04.20 to 31.12.20)						574 559	574 559
Profit for the period to Tier 1 capital holders (01.04.20 to 31.12.20)			24 440				24 440
Payments to Tier 1 capital holders (01.04.20 to 31.12.20)			-29 089				-29 089
Issue of Tier 1 capital			400 000			-800	399 200
Redeem of Tier 1 capital			-400 000				-400 000
Actuarial gains and losses for the period (01.04.20 to 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments available for sale (01.04.20 to 31.12.20)					17 967		17 967
Payments related to share incentive program						-1 154	-1 154
Paid dividend to shareholders						0	0
Balance sheet as at 31.12.20	1 068 693	2 625 895	701 223	-25 005	-22 920	3 270 052	7 617 936
Profit for the period to other equity (01.01.21 to 31.03.21)						179 996	179 996
Profit for the period to Tier 1 capital holders (01.01.21 to 31.03.21)			6 342				6 342
Payments to Tier 1 capital holders (01.01.21 to 31.03.21)			-6 293				-6 293
Actuarial gains and losses for the period (01.01.21 to 31.03.21)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 31.03.21)					1 976		1 976
Paid dividend to shareholders						-336 638	-336 638
Balance sheet as at 31.03.21	1 068 693	2 625 895	701 272	-25 005	-20 944	3 113 410	7 463 319

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	Jan-Mar 21	Jan-Mar 20	2020
Cash flows from operating activities				
Net payments on loans to customers	6	153 653	-1 563 614	-1 990 799
Interest received on loans to customers	12	459 118	689 983	2 237 788
Net receipts on deposits from customers	17, 18	1 318 500	2 394 585	5 798 746
Interest paid on deposits from customers	12	-20 777	-171 939	-306 451
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	-2 476 856	-161 559	-5 379 526
Interest received from commercial paper and bonds	12	36 659	50 570	143 062
Receipts of collateral related to derivatives used in hedge accounting		-189 890	874 936	320 684
Net receipts/payments on deposits from credit institutions and central bank		0	500 000	2 250 000
Interest paid on deposits from credit institutions	12	-1 664	-411	-6 181
Interest received on loans to credit institutions and central bank	12	548	4 688	7 089
Receipts related to commissions and fees	13	62 423	90 433	331 229
Payments related to commissions and fees	13	-13 055	-26 534	-138 775
Payments related to administrative expenses	15	-55 367	-81 031	-315 232
Payments related to personnel expenses	15	-97 497	-112 539	-351 633
Taxes paid	16	-104 796	-103 754	-208 769
Other receipts/payments		1 292	-8 653	56 431
Net cash flows from operating activities		-927 709	2 375 161	2 447 663
Cash flows from investment activities				
Invested in associated company		0	0	-427
Payments on the acquisition of fixed assets		-347	-1 609	-1 183
Payments on the acquisition of intangible assets		-12 033	-481	-13 349
Net cash flows from investment activities		-12 380	-2 090	-14 959
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost	EQ	0	0	0
Paid dividend to shareholders	EQ	-336 638	0	0
Receipts on subordinated loans	10	0	0	500 000
Payments on matured and redeemed subordinated loans	10	0	0	-500 000
Interest paid on subordinated loans	12	-4 219	-8 376	-28 003
Receipts on issued additional Tier1 capital	11	0	0	400 000
Payments on matured and redeemed additional Tier1 capital		0	0	-400 000
Interest paid on additional Tier 1 capital	EQ	-6 293	-10 013	-39 102
Receipts on issued bonds and commercial paper	10	1 300 000	950 000	7 800 000
Payments on matured and redeemed bonds and commercial paper	10	-941 474	-2 777 573	-9 486 393
Interest paid on issued bonds and commercial paper	12	-63 229	-178 545	-475 729
Net cash flows from financing activities		-51 853	-2 024 507	-2 229 327
Total net cash flow		-991 942	348 564	203 377
Cash at the beginning of the period		2 077 785	1 874 408	1 874 408
Cash at the end of the period		1 085 843	2 222 972	2 077 785
Change in cash		-991 942	348 564	203 377
Cash				
Cash and receivables with central bank		584 984	1 046 441	1 423 268
Loans to credit institutions		500 859	1 176 530	654 517
Total cash		1 085 843	2 222 972	2 077 785

EQ = Statement of changes in equity.

Notes

(Sbanken group)

Note 1 - Accounting principles and critical accounting estimates and judgment

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

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

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

New definition of default from 1 January 2021:

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

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

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

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

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

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

New and revised standards effective from 1 January 2021

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

New and revised standards effective from 1 January 2022 or later

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

Note 2 - Segments

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

For information purposes the deposits from customers related to SME are NOK 2.1 billion at 31 March 2021.

Note 3 - Capital adequacy

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

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

In NOK thousand	31.03.21		31.03.20		31.12.20	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	4 346 036	0	1 683 959	0	2 064 169	0
Regional governments	3 311 361	541 859	1 363 258	159 115	4 845 555	829 664
Multilateral Development Banks	1 464 828	0	623 311	0	1 144 014	0
Institutions	1 160 277	213 621	1 665 381	271 774	1 224 701	198 079
Retail	8 614 605	3 344 041	9 564 346	4 043 060	8 826 783	3 529 607
Secured by mortgages on immovable property	95 569 527	29 644 863	94 149 754	29 771 023	94 431 929	29 942 281
Exposures in default	594 644	677 645	405 279	485 133	349 658	411 482
Covered bonds	7 832 171	783 217	6 667 220	666 722	7 430 527	743 053
Equity	240 187	240 732	203 365	206 380	177 694	181 260
Other items	179 523	179 523	251 972	251 972	191 696	191 696
Total credit risk, standardised method ¹	123 313 159	35 625 501	116 577 845	35 855 179	120 686 726	36 027 122
Credit value adjustment risk (CVA)		63 774		35 261		54 711
Operational risk		2 693 289		2 546 153		2 693 289
Total risk-weighted volume		38 382 564		38 436 593		38 775 122
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		2 887 463		2 464 766		2 473 550
Additional Tier 1 capital		701 272		705 872		701 223
Profit for the period		179 996		174 016		748 575
Total booked equity		7 463 319		7 039 241		7 617 936
Additional Tier 1 capital instruments included in total equity		-701 272		-705 872		-701 223
Common equity Tier 1 capital instruments		6 762 047		6 333 370		6 916 713
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-88 007		-98 198		-85 984
Value adjustment due to the requirements for prudent valuation (AVA)		-17 044		-9 820		-14 576
Profit for the period, not eligible		-179 996		-174 016		-336 638
Common equity Tier 1 capital		6 477 000		6 051 336		6 479 515
Additional Tier 1 capital		700 000		700 000		700 000
Tier 1 capital		7 177 000		6 751 335		7 179 515
Tier 2 capital		900 000		900 000		900 000
Own funds (primary capital)		8 077 000		7 651 335		8 079 515
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 727 215	4.5%	1 729 647	4.5%	1 744 880
Institution specific Pillar II requirement	1.5%	575 738	1.5%	576 549	1.5%	581 627
Capital conservation buffer	2.5%	959 564	2.5%	960 915	2.5%	969 378
Systemic risk buffer	3.0%	1 151 477	3.0%	1 153 098	3.0%	1 163 254
Countercyclical capital buffer	1.0%	383 826	1.0%	384 366	1.0%	387 751
Additional Tier 1 capital	1.5%	575 738	1.5%	576 549	1.5%	581 627
Tier 2 capital	2.0%	767 651	2.0%	768 732	2.0%	775 502
Total minimum and buffer requirements own funds (primary capital)	16.0%	6 141 210	16.0%	6 149 855	16.0%	6 204 020
<i>Available common equity Tier 1 capital after buffer requirements</i>		1 679 178		1 246 761		1 632 625
<i>Available own funds (primary capital)</i>		1 935 788		1 501 480		1 875 496

Capital ratio % (regulatory) ²⁾				
Common equity Tier 1 capital		16.9%	15.7 %	16.7%
Additional Tier 1 capital		1.8%	1.8 %	1.8%
Tier 2 capital		2.3%	2.3 %	2.3%
Total capital ratio		21.0%	19.9 %	20.8%
Capital ratio % ³⁾				
Common equity Tier 1 capital		15.9%	16.1 %	15.5%
Additional Tier 1 capital		1.8%	1.8 %	1.8%
Tier 2 capital		2.3%	2.3 %	2.3%
Total capital ratio		20.1%	20.2 %	19.6%

¹⁾ The specification is according to EBA reporting framework.

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

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

Note 4 - Leverage Ratio

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

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

In NOK thousand		31.03.21	31.03.20	31.12.20
Derivatives at market value		41 877	0	21 249
Potential future exposure on derivatives		91 350	55 400	88 850
Off-balance sheet commitments		6 318 469	6 387 545	6 146 043
Loans and advances and other assets		101 244 889	95 151 469	100 050 509
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		107 696 585	101 594 414	106 306 651
Tier 1 capital		7 177 000	6 751 335	7 179 515
Leverage ratio % (regulatory) ¹⁾		6.7 %	6.6 %	6.8 %
Leverage ratio % ²⁾		6.3 %	6.8 %	6.3 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 230 898	3 047 832	3 189 200
Buffer requirements	2.0%	2 153 932	2 031 888	2 126 133
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 384 829	5 079 721	5 315 333
<i>Available Tier 1 capital after minimum and buffer requirements</i>		1 792 171	1 671 614	1 864 182
<i>Available Tier 1 capital after minimum and buffer requirements ²⁾</i>		1 411 942	1 793 426	1 393 958

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

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

Note 5 – Maximum exposure to credit risk

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

31.03.21			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	584 984	0	584 984
Loans to and receivables from credit institutions	500 859	0	500 859
Loans to and receivables from central bank and credit institutions	1 085 843	0	1 085 843
Loans to customers, secured	72 135 671	16 943 665	89 079 336
Loans to customers, unsecured	2 785 345	4 994 490	7 779 835
Loans to and receivables from customers	74 921 016	21 938 155	96 859 171
Shares in associated company	364	0	364
Other financial assets with credit risk	146 119	0	146 119
Financial instruments at amortised cost (gross)	76 153 342	21 938 155	98 091 497
Commercial paper and bonds	16 858 808	0	16 858 808
Financial instruments at fair value through other comprehensive income	16 858 808	0	16 858 808
Equity and funds	185 655	0	185 655
Derivatives	355 822	0	355 822
Loans to customers, secured	8 290 363	0	8 290 363
Financial instruments at fair value through profit and loss	8 831 840	0	541 477
Gross exposure with credit risk	101 843 990	21 938 155	115 491 782
Impairment	-367 645	-5 136	-372 782
Total net exposure with credit risk	101 476 345	21 933 019	123 409 364
Other assets without credit risk	241 711	n/a	n/a
Total assets	101 718 054	n/a	n/a

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

Note 6 - Loans to customers

Gross carrying amount				
31.03.21				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers) 01.01.21	78 483 644	4 344 627	609 847	83 438 118
Transfers to Stage 1 (12-months ECL)	744 744	-742 950	-1 794	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-613 338	623 609	-10 271	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-88 897	-273 600	362 497	0
New financial assets originated	8 658 015	48 194	43	8 706 252
Financial assets that have been derecognised	-8 381 767	-408 779	-69 507	-8 860 053
Changes in interest accrual	-483	-2 199	11 133	8 451
Other movements	-81 389	0	0	-81 389
Closing balance gross carrying amount 31.03.21	78 720 529	3 588 902	901 948	83 211 379

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

Lending by geographical area				
In NOK thousand	31.03.21		31.12.20	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	44.6%	37 136 805	44.4%	37 036 962
Oslo	19.7%	16 392 323	19.9%	16 589 456
Southern Norway	2.2%	1 857 636	2.2%	1 853 649
Western Norway	21.6%	17 995 456	21.8%	18 160 985
Central Norway	4.8%	3 998 259	4.8%	4 004 100
Northern Norway	7.0%	5 830 900	6.9%	5 792 966
Total gross lending by geographical area	100.0%	83 211 379	100.0%	83 438 118

Note 7 – Credit risk exposure and collateral

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

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

In NOK thousand	31.03.21			31.12.20		
	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
Loan-to-value, secured loans						
0 % - 40 %	28.9%	22 917 368	4 434 320	27.2%	21 628 359	4 170 008
40 % - 60 %	33.5%	26 579 688	2 965 452	32.9%	26 111 581	2 991 990
60 % - 80 %	28.6%	22 718 305	647 572	29.5%	23 389 013	783 201
80 % - 90 %	5.9%	4 677 363	91 973	7.0%	5 520 414	118 890
90 % - 100 %	1.6%	1 237 182	66 935	1.7%	1 364 044	71 625
> 100 %	1.5%	1 219 788	76 636	1.7%	1 368 459	103 540
Home loans, secured by fixed property	100.0%	79 349 694	8 282 888	100.0%	79 381 870	8 239 254
< 50 %	13.4%	109 867	0	13.1%	114 815	0
50 % - 80 %	31.4%	257 765	0	32.1%	281 990	0
80 % - 100 %	24.8%	203 374	0	25.6%	224 965	0
> = 100 %	30.4%	249 571	0	29.2%	255 839	0
Car loans, secured	100.0%	820 577	0	100.0%	877 609	0
Custody account credit, secured	100.0%	255 763	190 059	100.0%	238 007	183 616
Loan and funding commitments, secured loans		0	8 470 718		0	7 117 435
Total loans to customers, secured		80 426 034	16 943 665		80 497 486	15 540 305

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

In NOK thousand	31.03.21		31.12.20	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, home loans (relative distribution)				
0 % - 85 %	99.32%	78 810 269	99.18%	78 731 845
85 % - 100 %	0.39%	308 845	0.47%	369 336
> 100 %	0.29%	230 580	0.35%	280 689
Home loans, secured by fixed property	100.0%	79 349 694	100.0%	79 381 870

In NOK thousand	31.03.21		31.12.20	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, home loans				
Apartment	25.1%	19 945 939	25.2%	20 023 449
Detached house	51.6%	40 942 860	51.4%	40 770 934
Semidetached house	19.6%	15 553 448	19.8%	15 698 024
Vacation home	3.7%	2 907 447	3.6%	2 889 463
Total home loans secured by fixed property	100.0%	79 349 694	100.0%	79 381 870

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers				
January - March 2021				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.21	23 111	91 857	246 565	361 533
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 997	-10 907	-239	-9 149
Transfers to Stage 2	-1 421	9 096	-1 499	6 176
Transfers to Stage 3	-864	-4 891	12 230	6 475
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	-1 640	-8 361	4 960	-5 041
<i>Other changes:</i>				
New financial assets originated	2 137	452	18	2 607
Financial assets that have been derecognised	-2 055	-4 452	-6 441	-12 948
Financial assets that have been derecognised through sale of portfolio			0	0
Changes to model assumption and methodologies ²	-1 249	-16 896	41 274	23 129
Other movements	0	0	0	0
Closing balance ECL 31.03.21	20 016	55 898	296 868	372 782
¹ As of 31 March 2021, the bank has included a credit loss provision of NOK 30.0 for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty related to outbreak of coronavirus. The distribution of this provision is as follows: stage 1 NOK 2.3 million, stage 2 NOK 8.5 million and stage 3 NOK 19.2 million.				
² Effects related to new definition of default.				
Specification of ECL				
In NOK thousands	31.03.21			
ECL On-balance sheet amounts 31.03.21	18 276	54 525	294 845	367 646
ECL Off-balance sheet amounts 31.03.21	1 740	1 372	2 024	5 136
Closing balance ECL 31.03.21	20 016	55 898	296 868	372 782
In NOK thousands	31.03.21			
Secured loans	4 127	4 469	47 005	55 601
Unsecured loans	15 889	51 429	249 863	317 181
Total	20 016	55 898	296 868	372 782

ECL by geographical area	
In NOK thousands	31.03.21
Eastern Norway ex. Oslo	133 854
Oslo	51 137
Southern Norway	15 333
Western Norway	113 029
Central Norway	25 461
Northern Norway	33 967
Total	372 782

Specification of loan losses			
In NOK thousands	Q1 21	Q1 20	2020
Changes in ECL, stage 1	3 095	-1 209	-4 496
Changes in ECL, stage 2	35 959	-5 342	-14 737
Changes in ECL, stage 3	-50 303	-31 613	-78 057
Write-offs	-1 565	-13 006	-36 672
Recoveries of previously written off loans	72	150	480
Net cost of loan losses in the period	-12 742	-51 019	-133 482

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

Expected credit loss (ECL) - Loans to customers

January - December 2020

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

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

Specification of ECL

In NOK thousands	31.12.20			
ECL On-balance sheet amounts 31.12.20	21 025	89 953	244 888	355 866
ECL Off-balance sheet amounts 31.12.20	2 086	1 903	1 678	5 667
Closing balance ECL 31.12.20	23 111	91 857	246 565	361 533
In NOK thousands	31.12.20			
Secured loans	3 012	12 444	40 977	56 433
Unsecured loans	20 099	79 413	205 588	305 100
Total	23 111	91 857	246 565	361 533

ECL by geographical area

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

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

Note 9 – Credit-impaired assets and overdue loans

Credit-impaired assets		31.03.21					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Home loans	Residential property	445 451	-38 216	407 235	405 195	2 040	94.9%
Car Loans	Vehicle	21 099	-7 710	13 389	12 746	643	92.3%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	435 398	-248 919	186 479	0	186 479	57.2%
Total credit-impaired assets		901 948	-294 845	607 103	417 941	189 162	60.9%

31.03.2021	Credit-impaired (Gross carrying amount)
Home loans - Loan to value	
0 % - 40 %	33 880
40 % - 60 %	152 107
60 % - 80 %	176 739
80 % - 90 %	33 086
90 % - 100 %	11 624
> 100 %	38 015
Total	445 451

Credit-impaired loans	
In NOK thousand	31.03.21
Overdue loans - more than 90 days	551 416
Other credit-impaired assets	350 532
Total	901 948

Credit-impaired assets

31.12.20

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

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

Overdue loans - age distribution

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

Credit-impaired loans

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

Overdue loans

31.12.20

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

Note 10 - Debt securities issued and subordinated loan

Carried at amortised cost:

In NOK thousand	Currency	31.03.21	31.12.20
Bonds issued	NOK	30 075 596	29 974 370
Subordinated loans	NOK	898 911	898 831
Total debt securities issued and subordinated loans		30 974 507	30 873 201

Specification of bonds and subordinated loans as at 31.03.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 101
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 812
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	997 562
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 774
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 674
NO0010920762	Sbanken ASA	500 000	NOK	Floating	12.12.24	500 001
Total bonds		4 550 000				4 548 924
Covered bonds ¹						
NO0010745342	Sbanken Boligkreditt AS	1 022 000	NOK	Floating	14.10.21	1 021 085
NO0010786999	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	27.04.22	7 011 463
NO0010790603	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	10.02.23	7 015 110
NO0010887078	Sbanken Boligkreditt AS	3 050 000	NOK	Floating	17.06.24	3 056 588
NO0010878978	Sbanken Boligkreditt AS	2 300 000	NOK	Floating	20.06.25	2 319 232
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 103 194
Total covered bonds						25 526 672
Total bonds and covered bonds						30 075 596

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

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 917
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 887
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 362
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 745
Total subordinated loans		900 000				898 911

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

Changes of debt securities and subordinated loans:

		January- March 2021				
	31.12.20	Issued	Matured	Redeemed	Other adjustments	31.03.21
Bonds (nominal)	4 293 000	500 000	-243 000	0	0	4 550 000
Covered Bonds (nominal)	25 074 000	800 000	0	-697 000	0	25 177 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	30 267 000	1 300 000	-243 000	-697 000	0	30 627 000

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	31.03.21	31.12.20
Additional Tier 1 capital	NOK	700 000	700 000
Total Additional Tier 1 capital		700 000	700 000

Specification of additional Tier 1 capital as at 31.03.21:

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

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

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

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

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

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

Change of additional Tier 1 capital

January - March 2021						
	31.12.20	Issued	Matured	Redeemed	Other adjustments	31.03.21
Additional Tier 1 capital	700 000	0	0	0	0	700 000
Total	700 000	0	0	0	0	700 000

As of 31 March 2021, NOK 1.27 million in accrued interest is related to additional Tier 1 capital.

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

Note 12 - Net interest income

Net interest income

In NOK thousand	Q1 21	Q1 20	2020
Loans to and receivables from credit institutions and central bank	548	4 688	7 089
Loans to customers ¹	460 319	691 972	2 226 772
Commercial paper and bonds ²	29 843	50 594	146 835
Total interest income	490 710	747 254	2 380 696
Loans and deposits from credit institutions and central bank	-1 664	-411	-7 581
Deposits from customers	-20 061	-117 002	-243 868
Debt securities issued	-63 567	-174 277	-394 379
Subordinated loans	-4 269	-8 391	-23 954
Other interest expenses	-16 442	-16 540	-66 778
Total interest expenses	-106 003	-316 622	-736 560
Net interest income	384 707	430 632	1 644 137

¹ Interest income in Jan-March 2021 of TNOK 30 802 are related to home loans measured at fair value through profit and loss.

² Investments are recognised at fair value.

Interest income from loans to customers:

In NOK thousand	Q1 21	Q1 20	2020
Home loans	367 461	570 017	1 786 028
Car loans	11 395	15 776	57 077
Consumer loans	41 531	57 773	209 464
Other loans ³	39 932	48 406	174 203
Total interest income from loans to customers	460 319	691 972	2 226 772

³ Credit card, account credit and custody account credit

Note 13 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q1 21	Q1 20	2020
Payment processing	9 429	4 867	29 207
Card and interbank	39 987	48 985	169 378
Mutual funds and securities ¹	30 300	32 140	143 415
Other commission income	875	956	3 717
Total commission and fee income	80 590	86 948	345 717
Payment processing	-5 607	-5 148	-21 264
Card and interbank	-16 755	-15 564	-50 181
Mutual funds and securities ¹	-8 355	-16 598	-86 078
Other commission expenses	-1 273	-1 235	-3 884
Total commission and fee expenses	-31 989	-38 545	-161 407
Net commission and fee income	48 601	48 403	184 310

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

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

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q1 21	Q1 20	2020
1) Realisation of financial instruments at fair value through other comprehensive income			
Gain/(loss) by realisation of financial instruments:	-1 690	411	-3 800
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	-1 690	411	-3 800
2) Financial instruments at fair value through profit and loss			
Realised gain/ (loss) from shares and funds	0	0	0
Unrealised gain/(loss) from shares and funds	82	181	-47 023
Gain/(loss) on derivatives (used in hedge accounting)	-885	-3 716	776
Unrealised gain/(loss) on derivatives	73 360	-30 322	7 080
Unrealised gain/(loss) from fixed rate loans	-73 069	23 827	-8 318
Total gain/(loss) on financial instruments at fair value through profit and loss	-512	-10 030	-47 485
3) Financial instruments at amortised cost			
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-2 121	342	-26 089
Total gain (loss) on financial instruments at amortised cost	-2 121	342	-26 089
4) Currency			
Net gain (loss) on currency items	1 374	3 966	6 296
Total gain (loss) on currency items	1 374	3 966	6 296
5) Dividends:			
Dividends from investments in shares and funds	0	0	95 012
Total dividends	0	0	95 012
6) Result from associated company			
Result from associated company	0	0	-2 014
Total from associated company	0	0	-2 014
Total gain (loss) on financial instruments recognised through profit and loss	-2 949	-5 311	21 920

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q1 21	Q1 20	2020
Properties and premises ¹	-721	-769	-2 463
IT	-36 141	-38 582	-139 445
Advertising and marketing	-9 900	-12 666	-44 593
Temporary employment agencies	-4 613	-4 838	-17 025
Consultants and other external services	-11 582	-9 744	-45 053
Telephone and postage	-3 834	-3 690	-14 469
Other operating expenses	-8 160	-7 067	-33 004
Total administrative expenses	-74 951	-77 357	-296 053

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

Personnel expenses

In NOK thousand	Q1 21	Q1 20	2020
Wages	-65 644	-68 771	-267 680
<i>Capitalised as intangible assets</i>	<i>3 101</i>	<i>1 862</i>	<i>8 555</i>
Pension costs	-5 351	-5 672	-26 667
Payroll tax	-13 752	-14 374	-51 224
Other personnel expenses	-2 352	-3 195	-11 542
Total personnel expenses	-83 998	-90 150	-348 558

In 2020, NOK 25.5 million (NOK 8.6 mill in Q1 20) in severance pay and provisions related to changes in personnel was recognised.

Note 16 - Tax expense

In NOK thousand	Q1 21	Q1 20	2020
Specification of tax expense:			
Taxes payable	56 867	57 336	224 640
Change in deferred tax	-326	-2 425	-1 289
Correction of taxes payable previous year	0	0	250
Total tax expense	56 541	54 911	223 601
Reconciliation of the tax expense:			
Profit before tax	242 879	238 955	1 006 643
-from Sbanken ASA	170 653	190 776	944 366
-from Sbanken Boligkreditt AS	82 375	51 710	320 119
- from group transactions related to own debt, hybrid capital and dividend from subsidiary	-10 149	-3 531	-257 842
Expected tax expense at nominal rate of 25 % Sbanken ASA	42 663	47 694	236 092
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS	18 123	11 376	70 426
Total expected tax expense	60 786	59 070	306 518
Tax effect from non-deductible expenses and tax-exempt income	0	0	139
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	-204	-44	-66 814
Tax effect from costs recognised against interest to Tier 1 capital holders	-2 182	-3 281	-12 817
Other differences	-1 859	-834	-3 675
Correction of taxes payable previous year	0	0	250
Total tax expense	56 541	54 911	223 601
Effective tax rate	23.3%	23.0%	22.2%

Note 17 - Classification of financial instruments

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
31.03.21				
Financial assets				
Cash and receivables with central bank	0	0	584 984	584 984
Loans to and receivables from credit institutions	0	0	500 859	500 859
Loans to customers	8 290 363	0	74 553 371	82 843 734
Commercial paper and bonds	0	16 858 808	0	16 858 808
Equity and funds ¹	185 655	0	364	186 019
Derivatives ²	355 822	0	0	355 822
Other assets	0	0	146 119	146 119
Total financial assets	8 831 840	16 858 808	75 785 697	101 476 345
Financial liabilities				
Loans and deposits from central bank	0	0	2 250 000	2 250 000
Loans and deposits from credit institutions	0	0	352 841	352 841
Deposits from customers	0	0	59 962 127	59 962 127
Debt securities issued ³	0	0	30 075 596	30 075 596
Derivatives	10 647	0	0	10 647
Subordinated loans	0	0	898 911	898 911
Other liabilities	0	0	490 619	490 619
Total financial liabilities	10 647	0	94 030 094	94 040 741
¹ Shares in associated company are recognised using the equity method and put under the category amortised cost.				
² Including derivatives used as hedging instruments.				
³ Including hedged liabilities.				

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

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

² Including derivatives used as hedging instruments.

³ Including hedged liabilities.

Note 18 - Fair value of financial instruments at amortised cost

Recognised at amortised cost	Carrying value 31.03.21	Fair value 31.03.21
Assets		
Cash and receivables with central bank	584 984	584 984
Loans to and receivables from credit institutions	500 859	500 859
Loans to customers	74 553 371	74 553 371
Equity and funds	364	364
Other assets	146 119	146 119
Total financial assets at amortised cost	75 785 697	75 785 697
Liabilities		
Loans and deposits from central bank	2 250 000	2 250 000
Loans and deposits from credit institutions	352 841	352 841
Deposits from customers	59 962 127	59 962 127
Debt securities issued	30 075 596	30 189 766
Subordinated loans	898 911	911 284
Other liabilities	490 619	490 619
Total financial liabilities at amortised cost	94 030 094	94 156 637

31.03.21	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		584 984		584 984
Loans to and receivables from credit institutions			500 859	500 859
Loans to customers			74 553 371	74 553 371
Shares and funds			364	364
Other assets			146 119	146 119
Total financial assets at amortised cost		584 984	75 200 713	75 785 697
Liabilities				
Loans and deposits from central bank			2 250 000	2 250 000
Loans and deposits from credit institutions			352 841	352 841
Deposits from customers			59 962 127	59 962 127
Debt securities issued		30 189 766	0	30 189 766
Subordinated loan		911 284	0	911 284
Other liabilities			490 619	490 619
Total financial liabilities at amortised cost		31 101 050	63 055 587	94 156 637

Recognised at amortised cost

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

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

Note 19 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.03.21		31.12.20	
Assets:	Carrying value	Fair value	Carrying value	Fair value
Equity and funds	185 655	185 655	163 337	163 337
Commercial paper and bonds	16 858 808	16 858 808	14 412 990	14 412 990
Derivatives	355 822	355 822	561 305	561 305
Loans to customers (fixed rate)	8 290 363	8 290 363	7 921 668	7 921 668
Total financial assets at fair value	25 690 648	25 690 648	23 059 300	23 059 300
Liabilities:				
Derivatives	10 647	10 647	21 738	21 738
Total financial liabilities at fair value	10 647	10 647	21 738	21 738

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In NOK thousand	Level 1	Level 2	Level 3	Total
Equity and funds	0	75 840	109 815	185 655
Commercial paper and bonds	1 139 807	15 719 001	0	16 858 808
Derivatives at fair value through profit and loss (asset)	0	355 822	0	355 822
Loans to customers (fixed rate)	0	0	8 290 363	8 290 363
Total	1 139 807	16 150 663	8 400 178	25 690 648
Derivatives at fair value through profit and loss (liability)	0	10 647	0	10 647
Total	0	10 647	0	10 647

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)	-81 389	-470	-81 859
New loans/exits	450 084	0	450 084
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 March 2021	8 290 363	109 815	8 400 178

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

Information about fair value of securities at Level 3:

Shares in Vipps AS

Sbanken has used the same value as year-end 2020 for calculating the fair value of the shares in Vipps AS at 31 March 2021, adjusted for a liquidity and general uncertainty discount of 20 %.

Shares in VN Norge AS

Sbanken has used the same method as year-end 2020 for calculating the fair value of the shares in VN Norge AS at 31 March 2021. In the calculation of fair value, adjustments for movements in currency (USD/NOK) and share price of Visa Inc. is accounted for. Sbanken's valuation of VN Norge AS includes a discount of 20 per cent to account for liquidity and general uncertainty.

Sensitivity analysis regarding shares in VN Norge:

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

Fixed rate loans

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

31.12.2020

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

Financial instruments measured at fair value Level 3

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

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

Note 20 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	31.03.21	31.03.20	31.12.20
Receivable related to overdraft facility with Sbanken Boligkreditt AS	2 309 891	3 511 538	2 304 097
Sbanken Boligkreditt AS's deposit in Sbanken ASA	1 279 088	376 372	1 602 401
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	12 165 684	3 289 120	5 714 265
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.21 - 31.03.21	01.01.20 - 31.03.20	01.01.20 - 31.12.20
Sale of services in line with service agreement	2 047	2 002	8 249
Interest on overdraft facility	6 890	15 071	39 508
Interest on deposit	280	386	1 373
Interest on covered bonds issued by Sbanken Boligkreditt AS	10 918	14 400	55 799
Interest on subordinated loan issued by Sbanken Boligkreditt AS	2 177	3 346	10 427
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	2 709	3 532	12 109
Dividend from Sbanken Boligkreditt AS to Sbanken ASA	0	0	230 000

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

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

Note 21 - Earnings per share

In NOK	Q1 21	Q1 20	2020
Profit for the period to shareholders	179 996 000	174 016 000	748 575 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.68	1.63	7.00
Earnings per share (diluted)	1.68	1.63	7.00

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

Note 22 - Subsequent events

There have not been any significant events subsequent to 31 March 2021 that affect the financial statements for Q1 2021.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q1 21	Q1 20	2020
Interest income from financial instruments using the effective interest method		351 793	534 004	1 683 659
Other interest income		0	0	0
Interest expense		-52 152	-159 694	-381 594
Net interest income		299 641	374 310	1 302 065
Commission and fee income		80 590	86 948	345 717
Commission and fee expense		-31 989	-38 545	-161 407
Net commission and fee income		48 601	48 403	184 310
Net gain/(loss) on financial instruments		7 473	-1 544	288 806
Other income		2 047	2 001	8 379
Other operating income		9 520	457	297 186
Personnel expenses		-83 906	-90 058	-348 192
Administrative expenses		-74 720	-76 287	-291 946
Depreciation and impairment of fixed and intangible assets		-15 788	-16 243	-65 760
Profit before loan losses		183 348	240 582	1 077 663
Loan losses		-12 696	-49 806	-133 297
Profit before tax		170 653	190 776	944 366
Tax expense		-40 874	-44 312	-159 763
Profit for the period		129 779	146 464	784 603
Attributable to				
Shareholders		123 437	136 437	750 136
Additional Tier 1 capital holders		6 342	10 027	34 467
Profit for the period		129 779	146 464	784 603

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q1 21	Q1 20	2020
Profit for the period	129 779	146 464	784 603
Other comprehensive income:			
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	2 527	-51 912	36 803
Tax effect	-631	12 978	-9 201
Other comprehensive income that can be reclassified to profit or loss after tax	1 896	-38 934	27 602
Actuarial gains (losses)	0	0	-9 637
Tax effect	0	0	2 410
Other comprehensive income that can not be reclassified to profit or loss after tax	0	0	-7 227
Total components of other comprehensive income (after tax)	1 896	-38 934	20 375
Total comprehensive income for the period	131 675	107 530	804 978
Attributable to			
Shareholders	125 333	97 503	770 511
Additional Tier 1 capital holders	6 342	10 027	34 467
Total comprehensive income for the period	131 675	107 530	804 978

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	31.03.21	31.03.20	31.12.20
Assets				
Cash and receivables with central bank		584 984	1 046 441	1 423 268
Loans to and receivables from credit institutions		2 810 593	4 687 856	2 958 456
Loans to customers		41 160 400	46 630 323	47 904 688
Net loans to customers, central bank and credit institutions		44 555 977	52 364 620	52 286 412
Commercial paper and bonds at fair value through OCI		28 822 384	12 843 748	20 109 350
Equity investments and funds		415 336	423 341	393 011
Commercial paper and bonds at amortised cost		325 648	326 020	325 622
Shares in subsidiary		1 699 880	1 699 880	1 699 880
Derivatives		93 182	0	29 533
Intangible assets		117 344	130 931	114 645
Deferred tax assets		7 238	26 994	7 738
Property, plant and equipment		103 087	151 836	127 755
Other assets		299 979	105 175	341 533
Advance payment and accrued income		76 865	74 628	53 498
Total assets		76 516 919	68 147 173	75 488 979
Liabilities				
Loans and deposits from central bank		2 250 000	500 000	2 250 000
Loans and deposits from credit institutions		1 341 295	1 473 319	1 602 243
Deposits from customers		59 962 127	55 239 466	58 643 627
Debt securities issued		4 548 924	2 485 211	4 291 792
Derivatives		10 647	30 169	21 738
Taxes payable		121 373	129 998	161 643
Pension commitments		36 998	27 494	36 998
Other liabilities		473 375	943 872	497 581
Subordinated loans		898 911	899 521	898 831
Total liabilities		69 643 650	61 729 051	68 404 453
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital		701 272	705 872	701 223
Other equity		2 477 408	2 017 662	2 688 715
Total equity		6 873 269	6 418 122	7 084 526
Total liabilities and equity		76 516 919	68 147 173	75 488 979

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 6.0 million in Sbanken Boligkreditt AS, please refer to note 8 in the financial statements for the Sbanken group. For information regarding related parties, refer to note 20 in the financial statements for the Sbanken group.

Statement of changes in equity

(Sbanken ASA)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.20	1 068 693	2 625 895	705 858	-17 778	-10 945	1 952 266	6 323 989
Profit for the period to other equity (01.01.20 to 31.03.20)						136 437	136 437
Profit for the period to Tier 1 capital holders (01.01.20 to 31.03.20)			10 027				10 027
Payments to Tier 1 capital holders (01.01.20 to 31.03.20)			-10 013				-10 013
Actuarial gains and losses for the period (01.01.20 to 31.03.20)				0			0
Net change in fair value of financial instruments available for sale (01.01.20 to 31.03.20)					-38 934		-38 934
Payments related to share incentive program						-3 384	-3 384
Paid dividend to shareholders						0	0
Balance sheet as at 31.03.20	1 068 693	2 625 895	705 872	-17 778	-49 879	2 085 319	6 418 122
Profit for the period to other equity (01.04.20 to 31.12.20)						613 699	613 699
Profit for the period to Tier 1 capital holders (01.04.20 to 31.12.20)			24 440				24 440
Payments to Tier 1 capital holders (01.04.20 to 31.12.20)			-29 089				-29 089
Issue of Tier 1 capital			400 000			-800	399 200
Redeem of Tier 1 capital			-400 000				-400 000
Actuarial gains and losses for the period (01.04.20 to 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments available for sale (01.04.20 to 31.12.20)					66 536		66 536
Payments related to share incentive program						-1 154	-1 154
Paid dividend to shareholders						0	0
Balance sheet as at 31.12.20	1 068 693	2 625 895	701 223	-25 005	16 657	2 697 064	7 084 526
Profit for the period to other equity (01.01.21 to 31.03.21)						123 437	123 437
Profit for the period to Tier 1 capital holders (01.01.21 to 31.03.21)			6 342				6 342
Payments to Tier 1 capital holders (01.01.21 to 31.03.21)			-6 293				-6 293
Actuarial gains and losses for the period (01.01.21 to 31.03.21)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 31.03.21)					1 896		1 896
Paid dividend to shareholders						-336 638	-336 638
Balance sheet as at 31.03.21	1 068 693	2 625 895	701 272	-25 005	18 553	2 483 863	6 873 269

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	Jan-Mar 21	Jan-Mar 20	2020
Cash flows from operating activities				
Net payments on loans to customers		6 654 389	189 114	-1 164 488
Interest received on loans to customers		303 574	442 387	1 412 970
Net receipts on deposits from customers		1 318 500	2 394 585	5 798 746
Interest paid on deposits from customers		-20 777	-171 939	-306 451
Payments/receipts on loans to/deposits from group company		-323 154	-828 446	493 797
Interest received on loans to group company		6 890	17 137	39 622
Net receipts/payments from buying and selling financial instruments at fair value		-8 742 231	-1 450 944	-9 109 085
Interest received from commercial paper and bonds		50 783	68 287	224 826
Receipts of collateral related to derivatives used in hedge accounting		62 206	0	0
Net receipts/payments on deposits from central bank		0	500 000	2 250 000
Interest paid on deposits from credit institutions		-1 689	-411	-6 180
Interest received on loans to credit institutions and central bank		0	1 928	4 610
Receipts related to commissions and fees		62 423	90 433	331 229
Payments related to commissions and fees		-13 055	-26 534	-138 775
Payments related to administrative expenses		-55 317	-80 263	-311 458
Payments related to personnel expenses		-97 402	-112 443	-351 267
Taxes paid		-81 274	-78 580	-161 469
Other receipts/payments		-3 038	-15 932	67 645
Net cash flows from operating activities		-879 172	938 379	-925 728
Cash flows from investment activities				
Capital increase in subsidiary		0	0	0
Invested in Additional Tier 1 capital in subsidiary		0	0	0
Invested in associated company		0	0	-427
Payments on the acquisition of fixed assets		-347	-1 609	-1 183
Payments on the acquisition of intangible assets		-12 032	-481	-13 349
Net cash flows from investment activities		-12 379	-2 090	-14 959
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost		0	0	0
Paid dividend to shareholders		-336 638	0	0
Receipts on subordinated loans		0	0	500 000
Payments on matured and redeemed subordinated loans		0	0	-500 000
Interest paid on subordinated loans		-4 219	-8 376	-28 003
Receipts on issued additional Tier1 capital		0	0	400 000
Payments on matured and redeemed additional Tier1 capital		0	0	-400 000
Interest paid on additional Tier 1 capital		-6 293	-10 013	-39 102
Receipts on issued bonds and commercial paper		500 000	950 000	3 250 000
Payments on matured and redeemed bonds and commercial paper		-242 979	-1 497 858	-1 991 454
Interest paid on issued bonds and commercial paper		-10 262	-21 533	-47 277
Net cash flows from financing activities		-100 391	-587 780	1 144 064
Total net cash flow		-991 942	348 509	203 377
Cash at the beginning of the period		2 077 627	1 874 250	1 874 250
Cash at the end of the period		1 085 685	2 222 759	2 077 627
Change in cash		-991 942	348 509	203 377
Cash				
Cash and receivables with central bank		584 984	1 046 441	1 423 268
Loans to credit institutions		500 701	1 176 318	654 359
Total cash		1 085 685	2 222 759	2 077 627

Capital adequacy

(Sbanken ASA)

In NOK thousand	31.03.21		31.03.20		31.12.20	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	4 320 520	0	1 658 063	0	2 038 554	0
Regional governments	3 297 319	506 753	1 362 894	158 205	4 831 614	794 811
Multilateral Development Banks	1 411 155	0	623 311	0	1 144 014	0
Institutions	32 638 742	3 407 636	36 008 286	3 959 446	32 825 074	3 402 274
Retail	8 613 032	3 342 861	9 564 346	4 043 060	8 825 210	3 528 427
Secured by mortgages on immovable property	54 038 423	15 124 768	58 102 777	17 119 930	59 340 645	17 629 689
Exposures in default	443 987	526 987	334 183	414 036	264 951	326 776
Covered bonds	19 874 936	1 987 494	9 906 220	990 622	13 152 493	1 315 249
Equity	2 495 032	2 495 578	1 903 245	1 906 260	2 432 507	2 436 073
Other items	410 248	410 248	250 099	250 099	192 389	192 389
Total credit risk, standardised method¹⁾	127 543 394	27 802 325	119 713 424	28 841 658	125 047 451	29 625 688
Credit value adjustment risk (CVA)		44 230		6 796		26 410
Operational risk		2 290 161		2 214 005		2 290 161
Total risk-weighted volume		30 136 716		31 062 459		31 942 259
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		2 353 972		1 881 225		1 938 579
Additional Tier 1 capital		701 272		705 872		701 223
Profit for the period		123 437		136 437		750 136
Total booked equity		6 873 269		6 418 122		7 084 526
Additional Tier 1 capital instruments included in total equity		-701 272		-705 872		-701 223
Common equity Tier 1 capital instruments		6 171 997		5 712 250		6 383 303
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-88 008		-98 198		-85 983
Value adjustment due to the requirements for prudent valuation (AVA)		-29 237		-13 266		-20 503
Profit for the period, not eligible ²⁾		-123 437		-136 437		-336 638
Common equity Tier 1 capital		5 931 315		5 464 349		5 940 179
Additional Tier 1 capital		700 000		700 000		700 000
Tier 1 capital		6 631 315		6 164 349		6 640 179
Tier 2 capital		900 000		900 000		900 000
Own funds (primary capital)		7 531 315		7 064 349		7 540 179
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 356 152	4.5%	1 397 811	4.5%	1 437 402
Capital conservation buffer	2.5%	753 418	2.5%	776 561	2.5%	798 556
Systemic risk buffer	3.0%	904 101	3.0%	931 874	3.0%	958 268
Countercyclical capital buffer	1.0%	301 367	1.0%	310 625	1.0%	319 423
Additional Tier 1 capital	1.5%	452 051	1.5%	465 937	1.5%	479 134
Tier 2 capital	2.0%	602 734	2.0%	621 249	2.0%	638 845
Total minimum and buffer requirements own funds (primary capital)	14.5%	4 369 824	14.5%	4 504 057	14.5%	4 631 628
<i>Available common equity Tier 1 capital after buffer requirements</i>		<i>2 616 276</i>		<i>2 047 479</i>		<i>2 426 531</i>
<i>Available own funds (primary capital)</i>		<i>3 161 491</i>		<i>2 560 293</i>		<i>2 908 552</i>
Capital ratio % (regulatory)						
Common equity Tier 1 capital		19.7%		17.6%		18.6%
Additional Tier 1 capital		2.3%		2.3%		2.2%
Tier 2 capital		3.0%		2.9%		2.8%
Total capital ratio		25.0%		22.7%		23.6%

Capital ratio % ³⁾				
Common equity Tier 1 capital		18.4%	17.9%	17.1%
Additional Tier 1 capital		2.3%	2.3%	2.2%
Tier 2 capital		3.0%	2.9%	2.8%
Total capital ratio		23.7%	23.0%	22.1%

¹⁾ The specification is according to EBA reporting framework.

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

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

Leverage Ratio (Sbanken ASA)

In NOK thousand		31.03.21	31.03.20	31.12.20
Derivatives market value		41 877	0	6 930
Potential future exposure on derivatives		43 300	7 350	40 800
Off-balance sheet commitments		32 790 196	35 726 610	32 756 893
Loans and advances and other assets		76 306 393	68 016 242	75 114 801
Regulatory adjustments included in Tier 1 capital			0	0
Total leverage exposure		109 181 766	103 750 202	107 919 424
Tier 1 capital ¹⁾		6 631 315	6 164 349	6 640 179
Leverage ratio % (regulatory)		6.1 %	5.9 %	6.2 %
Leverage ratio % ²⁾		5.7 %	6.0 %	5.7 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 275 453	3 112 506	3 237 583
Buffer requirements ³⁾	0.0%	0	2 075 004	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	3 275 453	5 187 510	3 237 583
<i>Available Tier 1 capital after minimum and buffer requirements</i>		3 355 862	976 839	3 402 596
<i>Available Tier 1 capital after minimum and buffer requirements ²⁾</i>		2 981 215	1 061 072	2 932 371

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

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

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

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	31.03.21	31.12.20
Bonds issued	NOK	4 548 924	4 291 792
Subordinated loans	NOK	898 911	898 831
Total debt securities issued and subordinated loans		5 447 835	5 190 623

Specification of bonds and subordinated loans as at 31.03.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 101
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 812
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	997 562
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 774
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 674
NO0010920762	Sbanken ASA	500 000	NOK	Floating	12.12.24	500 001
Total bonds		4 550 000				4 548 924

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 917
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 887
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 362
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 745
Total subordinated loans		900 000				898 911

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

Changes of debt securities and subordinated loans:

	31.12.20	January-March 2021				31.03.21
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	4 293 000	500 000	-243 000	0	0	4 550 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	5 193 000	500 000	-243 000	0	0	5 450 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q1 21	Q1 20	2020
Loans to and receivables from credit institutions and central bank	6 864	19 451	44 232
Loans to customers ¹	299 694	443 172	1 415 870
Commercial paper and bonds ²	45 235	71 382	223 557
Total interest income	351 793	534 004	1 683 659
Loans and deposits from credit institutions and central bank	-1 945	-797	-8 954
Deposits from customers	-20 061	-117 002	-243 868
Debt securities issued	-10 837	-18 313	-43 634
Subordinated loans	-4 269	-8 391	-23 954
Other interest expenses	-15 041	-15 190	-61 184
Total interest expenses	-52 152	-159 694	-381 594
Net interest income	299 641	374 310	1 302 065

¹ Interest income in Jan-Mar 21 of TNOK 136 403 are related to home loans measured at fair value through OCI and TNOK 30 802 are related to home loans measured at fair value through profit and loss.

² Interest income in Jan-Mar 21 of TNOK 2 177 are related to commercial paper and bonds at amortised cost. The rest relates to investments measured at fair value through OCI.

Classification of financial instruments

(Sbanken ASA)

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI ¹	Financial instruments carried at amortised cost	Total carrying value	Total fair value
31.03.21					
Financial Assets					
Cash and receivables with central bank			584 984	584 984	584 984
Loans to and receivables from credit institutions			2 810 593	2 810 593	2 810 593
Loans to customers	8 290 363	23 500 387	9 369 650	41 160 400	41 160 400
Commercial paper and bonds		28 822 384	0	28 822 384	28 822 384
Equity investments and funds ^{2 and 3}	414 972		364	415 336	415 336
Commercial paper and bonds at amortised cost			325 648	325 648	326 348
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	93 182			93 182	93 182
Other assets			376 844	376 844	376 844
Total financial assets	8 798 517	52 322 771	15 167 963	76 289 251	76 289 951
Financial liabilities					
Loans and deposits from central bank			2 250 000	2 250 000	2 250 000
Loans and deposits from credit institutions			1 341 295	1 341 295	1 341 295
Deposits from customers			59 962 127	59 962 127	59 962 127
Debt securities issued			4 548 924	4 548 924	4 566 745
Derivatives	10 647			10 647	10 647
Subordinated loans			898 911	898 911	911 284
Other liabilities			473 375	473 375	473 375
Total financial liabilities	10 647	0	69 474 632	69 485 279	69 515 473
¹ Home loans and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income. ² Shares in associated company are recognised using the equity method and allocated to the category amortised cost. ³ Sbanken ASAs holdings of Tier 1 capital issued by others are measured at fair value through profit and loss.					

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

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

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

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

Financial instruments at fair value (Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.03.21		31.12.20	
Assets:	Carrying value	Fair value	Carrying value	Fair value
Equity investments and funds	414 972	414 972	392 647	392 647
Commercial paper and bonds	28 822 384	28 822 384	20 109 350	20 109 350
Loans to customers	31 790 750	31 790 750	38 033 122	38 033 122
Derivatives	93 182	93 182	29 533	29 533
Total financial assets at fair value	61 121 288	61 121 288	58 564 652	58 564 652
Liabilities:				
Derivatives	10 647	10 647	21 738	21 738
Total financial liabilities at fair value	10 647	10 647	21 738	21 738

31.03.2021				
In NOK thousand	Level 1	Level 2	Level 3	Total
Equity investments and funds	0	305 157	109 815	414 972
Commercial paper and bonds	1 139 807	27 682 577	0	28 822 384
Loans to customers	0	0	31 790 750	31 790 750
Derivatives	0	93 182	0	93 182
Total	1 139 807	28 080 916	31 900 565	61 121 288
Derivatives at fair value through profit and loss (liability)		10 647		10 647
Total		10 647		10 647

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)	-81 389	-470	-81 859
Net new loans/exits	4 620 875	0	4 620 875
Sale (to Sbanken Boligkreditt AS)	-10 781 858	0	-10 781 858
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 March 2021	31 790 750	109 815	31 900 565

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

31.12.2020

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

Financial instruments measured at fair value Level 3

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

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

Alternative performance measures

(Sbanken group)

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

Interest rate measures

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

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

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

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

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

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

In NOK thousand	Q1 21	Q1 20	2020
Net interest income (annualised)	1 560 198	1 731 992	1 644 137
Average total assets	100 803 732	93 533 421	98 938 512
Net interest margin	1.55 %	1.85 %	1.66 %
Interest income (annualised)	1 990 100	3 005 437	2 380 696
Average total assets	100 803 732	93 533 421	98 938 512
Effective lending rate	1.97 %	3.21 %	2.41 %
Interest expense (annualised)	429 902	1 273 445	736 560
Average total assets	100 803 732	93 533 421	98 938 512
Effective funding rate	0.43 %	1.36 %	0.74 %

Profit related measures

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

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

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

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

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

In NOK thousand	Q1 21	Q1 20	2020
Operating expense	174 737	183 750	710 371
Operating income	430 359	473 724	1 850 497
Cost-to-income ratio	40.6 %	38.8 %	38.4 %
Operating expense	n/a	n/a	710 371
Adjustment one-off	n/a	n/a	-23 500
Operating expense adjusted	n/a	n/a	686 871
Operating income	n/a	n/a	1 850 497
Adjustment one-off	n/a	n/a	-27 900
Operating income adjusted	n/a	n/a	1 822 597
Cost-to-income ratio adjusted	n/a	n/a	37.7 %
Profit for the period attributable to shareholders (annualised)	729 984	699 892	748 575
Average equity	6 839 380	6 256 955	6 548 627
Return on equity	10.7 %	11.2 %	11.4 %
Profit for the period attributable to shareholders (annualised)	729 984	699 892	n/a
Adjustment one off (loan loss, operating expense and tax effect)	n/a	21 100	n/a
Adjustment one off (annualised)	n/a	84 400	n/a
Profit for the period attributable to shareholders (annualised) adjusted	n/a	784 292	n/a
Average CET1 equity	6 839 380	6 256 955	n/a
Average CET1 equity buffer	-1 721 324	n/a	n/a
Average CET1 equity adjusted for average CET1 buffer	5 118 056	n/a	n/a
Return on equity adjusted	14.3 %	12.5 %	n/a

Other performance measures

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

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

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

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

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

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

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

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

In NOK thousand	Q1 21	Q1 20	2020
Loan losses (annualised)	51 677	205 196	133 482
Average loan volume	83 288 248	82 016 651	83 416 532
Loss rate	0.06 %	0.25 %	0.16 %
Loan losses	n/a	51 019	n/a
Adjustment one-off sale	n/a	-19 500	n/a
Loan losses (adj.)	n/a	31 519	n/a
Loan losses (annualised) adj.)	n/a	126 076	n/a
Average loan volume	n/a	82 016 651	n/a
Loss rate (adj.)	n/a	0.15 %	n/a
Average deposits from customers	59 441 340	53 405 062	57 041 527
Average loans to customers	83 288 248	82 016 651	83 416 532
Average deposit-to-loan ratio	71.4 %	65.1 %	68.4 %
Deposits from customers	59 962 127	55 239 466	58 643 627
Loans to customers	82 843 734	82 748 395	83 082 252
Deposit-to-loan ratio	72.4 %	66.8 %	70.6 %
LTV (Loan-to-value)	51.6 %	53.4 %	52.9 %

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

LCR (Liquidity Coverage Ratio)

In NOK thousand	31.03.21		31.12.20	
	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	6 968 423	6 968 423	4 464 258	4 464 258
Level 1 covered bonds	6 927 612	6 442 679	6 504 158	6 048 867
Level 2A - assets	3 347 853	2 845 675	4 780 653	4 063 555
Level 2B - assets	0	0	0	0
Excess liquid asset amount		0		0
Assets ineligible as "liquid assets"	84 474 166		84 977 390	
Total assets	101 718 054	16 256 777	100 726 459	14 576 680
Net outflows		4 555 997		4 409 270
LCR %		357 %		331 %

S'banken

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