



Q2

Second quarter 2020

(Unaudited)

Sbanken Boligkreditt AS

Key figures

In NOK thousand	Reference	Jan-Jun 20	Jan-Jun 19	2019
Summary of income statement				
Net interest income		137 458	135 727	250 053
Net other income		-6 251	-14 569	-14 994
Total income		131 207	121 158	235 059
Other operating expenses		-6 029	-4 980	-9 258
Operating profit before loan losses		125 177	116 178	225 801
Loan losses		810	-937	-2 204
Profit before tax		125 986	115 241	223 597
Tax expense		-26 249	-24 197	-46 464
Net profit		99 737	91 045	177 133
Balance sheet figures (in million NOK)				
Total loan volume		35 932	32 880	34 371
Covered bonds issued (nominal value)		31 855	29 345	30 005
Covered bonds issued (carried value)		32 650	29 525	30 271
Total assets, end of period		39 499	33 504	36 359
Losses and defaults				
Loss rate (%)	1	0.00%	0.00%	0.01%
Solvency				
	2			
Common equity Tier 1 ratio		17.3%	18.0%	17.6%
Tier 1 capital ratio		18.9%	19.9%	19.3%
Total capital ratio		21.4%	22.5%	21.9%
Leverage ratio		6.7%	7.2%	6.9%
Other				
Loan to value	3	50.9%	50.2%	53.0%
Cover Pool	4	37 935	33 241	35 803
Over-collateralisation (OC), (nominal)		18.3%	11.7%	18.1%

Alternative Performance Measures

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

References

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

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

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

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

Second Quarter Results

Sbanken Boligkreditt AS had a net profit of NOK 58.6 million in the second quarter of 2020, compared to NOK 45.1 million in the second quarter of 2019.

At the end of the quarter, customer loans amounted to NOK 35.9 (32.9) billion. Outstanding covered bonds amounted to NOK 31.9 (29.3) billion. The average loan-to-value (LTV) ratio was 50.9 (50.2) per cent.

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

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

Important events during the quarter

Following the outbreak of coronavirus COVID-19 towards the end of the previous quarter, government containment measures have in this quarter been eased and business activity has picked up. Unemployment has come down from elevated levels, but there still persists significant uncertainty regarding the outlook for the Norwegian economy.

On 7 May, Norges bank lowered the key policy rate by 25 basis points to zero per cent, a record low level. The three-month NIBOR rate decreased by 70 basis points from 1.06 per cent at the end of the first quarter, to 0.36 per cent at the end of the second quarter.

The Sbanken group followed Norges Bank's rate cut by lowering interest rates by up to 40 basis points, with mortgage rate cuts having full effect from 25 May.

To support customers facing an uncertain future, the bank has been offering deferral of instalments for all mortgage customers for up to six months. These measures are not expected to have a material effect on credit risk.

Operating income

Operating income increased to NOK 75.1 million, compared with NOK 60.9 million in the second quarter of last year, following an increase in net interest income to NOK 77.6 (63.1) million and an decrease in other operating income to NOK -2.5 (-2.3) million.

Operating expenses

Operating expenses amounted to NOK 2.9 (2.9) million in the quarter and consisted mainly of administrative expenses related to the company's hire of management and administrative resources from Sbanken ASA.

Impairments and losses

Loan losses were positive in the amount of NOK 2.0 (0.7) million in the quarter. At the end of the quarter, expected credit losses (ECL) amounted to NOK 5.0 million.

Taxes

The estimated tax expense was NOK 15.7 (12.1) million in the second quarter, which corresponds to an effective tax rate of 21.1 (21.2) per cent.

Loans to customers

Loans to customers amounted to NOK 35.9 (32.9) billion.

Capitalisation, liquidity and financial position

Sbanken Boligkreditt had total booked equity of NOK 2.6 billion as of 30 June 2020, equivalent to a common equity Tier 1 capital ratio of 17.3 per cent. The Tier 1 capital ratio was 18.9 per cent and the total capital ratio 21.4 per cent. The capital ratios include full retained earnings for the first half-year of 2020, following the company's zero dividend policy. Expected dividends for the group are deducted in the parent bank's capital ratio calculation.

As of quarter-end, the company had a leverage ratio of 6.7 per cent against a regulatory requirement of 3 per cent.

Sbanken Boligkreditt had NOK 31.9 (29.3) billion in outstanding debt issued as covered bonds as of 30 June 2020.

At quarter-end, Sbanken Boligkreditt had total liquid assets of NOK 2.8 (0.5) billion.

Covered bonds issued by Sbanken Boligkreditt have been assigned the highest rating from Moody's Investors Service (Aaa) with stable outlook, last confirmed 29 May 2020.

Comments on results for the first half-year of 2020

Sbanken Boligkreditt made a net profit of NOK 99.7 million in the first half-year of 2020, compared with NOK 91.0 million in the first half-year of 2019.

Net interest income amounted to NOK 137.5 (135.7) million. Operating expenses amounted to NOK 6.0 million, compared with NOK 5.0 million in the first half-year of 2019.

Loan losses for the first half-year of 2019 were positive in the amount of NOK 0.8 (0.9) million.

Subsequent events

No significant events have occurred after 30 June 2020 that affect the financial statements for second quarter of 2020.

Outlook

The Norwegian economy has experienced a sharp downturn following the COVID-19 pandemic, but there is now clear signs of growth picking up again. The development going forward is still uncertain, but Norway's strong fiscal position mitigates the risk of a prolonged negative impact on growth and unemployment.

Record low key policy rate puts downward pressure on the group's interest rate margin. The full effects on net interest margin is dependent on changes in funding rates and competition.

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

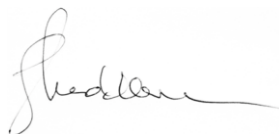
Sbanken Boligkreditt is well capitalised to acquire significant amounts of residential mortgages from Sbanken ASA to support the group's further growth.

Bergen, 14 July 2020

The Board of Directors, Sbanken Boligkreditt AS



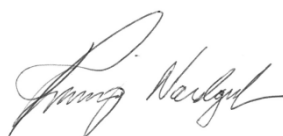
Mai-Lill Ibsen
(Chair)



Egil Møkleiv



Øyvind Thomassen



Henning Nordgulen
(CEO)

Income statement

In NOK thousand	Note	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Interest income	14	200 484	209 764	450 467	421 327	898 226
Interest expense	14	-122 879	-146 615	-313 009	-285 600	-648 172
Net interest income		77 604	63 149	137 458	135 727	250 053
Net gain (loss) on financial instruments	15	-2 484	-2 278	-6 251	-14 569	-14 994
Other income		0	0	0	0	0
Other operating income		-2 484	-2 278	-6 251	-14 569	-14 994
Personnel expenses	16	-92	-102	-184	-228	-415
Administrative expenses	16	-2 775	-2 839	-5 845	-4 752	-8 843
Profit before loan losses		72 253	57 930	125 177	116 178	225 801
Loan losses	10	2 023	-729	810	-937	-2 204
Profit before tax		74 276	57 201	125 986	115 241	223 597
Tax expense	17	-15 650	-12 142	-26 249	-24 197	-46 464
Profit for the period		58 626	45 060	99 737	91 045	177 133
Attributable to						
Shareholders		55 487	41 781	93 066	84 591	163 722
Tier 1 capital holders	13	3 139	3 279	6 671	6 454	13 411
Profit for the period		58 626	45 060	99 737	91 045	177 133

Statement of comprehensive income

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Profit for the period	58 626	45 060	99 737	91 045	177 133
Other comprehensive income					
Other comprehensive income that can be reclassified to profit or loss after tax	-17 971	6 750	3 160	3 575	1 766
Other items that can not be reclassified to profit or loss after tax	0	0	0	0	0
Total components of other comprehensive income (after tax)	-17 971	6 750	3 160	3 575	1 766
Total comprehensive income for the period	40 655	51 810	102 897	94 620	178 899
Attributable to					
Shareholders	37 516	48 531	96 226	88 166	165 488
Tier 1 capital holders	3 139	3 279	6 671	6 454	13 411
Total comprehensive income for the period	40 655	51 810	102 897	94 620	178 899

Balance sheet

In NOK thousand	Note	30.06.20	30.06.19	31.12.19
Assets				
Loans to and receivables from credit institutions	5,6	2 744 830	322 723	1 701 897
Loans to customers	5,6,7,8,18	35 927 498	32 875 445	34 365 353
Net loans to customers and credit institutions		38 672 328	33 198 168	36 067 250
Commercial paper and bonds at fair value through other comprehensive income (OCI)	18	76 092	157 415	86 411
Derivatives		747 223	144 742	201 842
Deferred tax assets		3 213	3 670	3 976
Other assets		0	0	0
Advance payment and accrued income		0	0	0
Total assets		39 498 856	33 503 995	36 359 479
Liabilities				
Loans from credit institutions	18	3 860 920	1 017 653	2 897 390
Debt securities issued	12,18	32 650 248	29 524 556	30 271 177
Deferred tax		0	0	0
Taxes payable	17	22 492	34 451	46 464
Other liabilities		51 249	186 793	326 468
Subordinated loan	12	325 000	325 000	325 000
Total liabilities		36 909 909	31 088 452	33 866 499
Equity				
Share capital		850 000	850 000	850 000
Share premium		849 880	849 880	849 880
Additional Tier 1 capital	13	225 844	225 988	226 102
Other equity		663 223	489 675	566 998
Total equity		2 588 947	2 415 543	2 492 980
Total liabilities and equity		39 498 856	33 503 995	36 359 479

Statement of changes in equity

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Changes in fair value through other comprehensive income	Other equity	Total equity
Balance sheet as at 01.01.19	850 000	849 880	225 893	-15 861	417 370	2 327 282
Profit for the period to other equity (01.01.19 - 30.06.19)					84 591	84 591
Profit for the period to Tier 1 capital holders (01.01.19 - 30.06.19)			6 454			6 454
Payments to Tier 1 capital holders (01.01.19 - 30.06.19)			-6 359			-6 359
Net change of financial instruments at fair value through other comprehensive income (01.01.19 to 30.06.19)				3 575		3 575
Balance sheet as at 30.06.19	850 000	849 880	225 988	-12 286	501 961	2 415 543
Profit for the period to other equity (01.07.19 - 31.12.19)					79 131	79 131
Profit for the period to Tier 1 capital holders (01.07.19 - 31.12.19)			6 957			6 957
Payments to Tier 1 capital holders (01.07.19 - 31.12.19)			-6 843			-6 843
Net change of financial instruments at fair value through other comprehensive income (01.07.19 to 31.12.19)				-1 809		-1 809
Balance sheet as at 31.12.19	850 000	849 880	226 102	-14 095	581 092	2 492 980
Profit for the period to other equity (01.01.20 - 30.06.20)					93 066	93 066
Profit for the period to Tier 1 capital holders (01.01.20 - 30.06.20)			6 671			6 671
Payments to Tier 1 capital holders (01.01.20 - 30.06.20)			-6 929			-6 929
Net change of financial instruments at fair value through other comprehensive income (01.01.20 to 30.06.20)				3 160		3 160
Balance sheet as at 30.06.20	850 000	849 880	225 844	-10 935	674 158	2 588 947

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

Statement of cash flows

In NOK thousand	Note	Jan-Jun 20	Jan-Jun 19	2019
Cash flows from operating activities				
Net payments on loans to customers	5,6	-1 574 798	1 528 060	40 881
Interest received on loans to customers	14	461 424	414 245	883 951
Interest received on loans to credit institutions		1 634	690	1 914
Interest paid on loans and deposits from credit institution	14	-24 634	-21 363	-48 364
Net receipts/payments from buying and selling financial instruments at fair value	18	9 927	-60 576	10 062
Receipts of collateral related to derivatives used in hedge accounting		486 660	-89 798	36 671
Interest received from commercial paper and bonds	14	964	474	2 552
Other interest cost		0	0	-4 048
Payments related to administrative expenses	16	-5 249	-4 432	-9 387
Payments related to personnel expenses		-184	-230	-418
Taxes paid		-50 350	-42 384	-52 638
Other receipts/payments		5 799	-1 916	-2 120
Net cash flows from operating activities		-688 807	1 722 770	859 056
Cash flows from investment activities				
Net cash flows from investment activities		0	0	0
Cash flows from financing activities				
Receipts on issued covered bonds	12	5 000 000	1 600 000	3 450 000
Payments on matured and redeemed covered bonds	12	-3 149 344	-2 792 411	-3 964 475
Interest paid on covered bonds	14	-349 595	-261 168	-562 763
Net receipts on loans and deposits from credit institution	18	244 113	-1 102 890	776 847
Receipts on subordinated loan	12	0	0	0
Interest paid on subordinated loan	14	-6 505	-5 708	-12 055
Receipts on share capital and share premium	EQ	0	0	0
Receipts on issued additional Tier1 capital	13	0	0	0
Interest paid on additional Tier 1 capital	14	-6 929	-6 359	-13 202
Net cash flows from financing activities		1 731 740	-2 568 536	-325 648
Total net cash flows		1 042 933	-845 766	533 408
Cash at the beginning of the period		1 701 897	1 168 489	1 168 489
Cash at the end of the period		2 744 830	322 723	1 701 897
Change in cash		1 042 933	-845 766	533 408
Cash				
Loans to credit institutions		2 744 830	322 723	1 701 897
Total cash		2 744 830	322 723	1 701 897

EQ = see statement of changes in equity.

Notes

Note 1 – Accounting Principles

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

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

Following the outbreak of coronavirus COVID-19, Sbanken Boligkreditt AS has relied on the following assessments/assumptions in connection with the estimation of expected credit losses (ECL) on loans to customers, in addition to the principles described in Note 2 to the 2019 annual report:

1) Migration between stages as a result of granted instalment deferral

Sbanken Boligkreditt AS has offered all its mortgage customers instalment free periods of up to six months. It is the group's assessment that an instalment deferral in itself will not result in a migration from Stage 1 to Stage 2. Furthermore, a customer that is granted instalment deferral for up to six months is not in itself deemed to be an adequate indication of a significant increase in credit risk, unless the group has previous observations that indicate an increased credit risk for the customer.

2) Macroeconomic assumptions

As described in the 2019 annual report, the bank considers forward-looking information both when assessing whether the credit risk of an asset has increased significantly since initial recognition, and in order to arrive at an unbiased ECL estimate. Recognised ECL is calculated by probability weighting estimated ECL under the different scenarios. Three different scenarios have been used in the calculation (expected, optimistic and pessimistic), and the projection period is set to three years. After the projection period, there are not assumed to be any differences between the different scenarios. The process for assessing forward-looking information and applying the different scenarios is based on projections obtained from Statistics Norway and Norges Bank, in addition to the bank's annual ICAAP process.

In connection with the assessment of forward-looking information for Q2 2020, the bank has used projections set out in Norges Bank's Monetary Policy Report 2/20 (June 2020). Contrary to Q1 2020 the bank has not chosen to adjust Norges Bank's projections, hence reverting to the normal application.

New and revised standards effective from 1 January 2020

Sbanken Boligkreditt AS has applied the new accounting standards effective from 1 January 2020, including changes in IAS 1 and IAS 8 regarding materiality and changes in IFRS 9 and IFRS 7 relating to hedge accounting as a result of the IBOR-reform.

New and revised standards effective from 1 January 2021 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2021 or later have not been used in the preparation of the accounts. For Sbanken Boligkreditt AS no new standards will have material effect.

Note 2 – Segment information

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

Note 3 – Capital adequacy

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

In NOK thousand	30.06.20		30.06.19		31.12.19	
	Nominal exposure	Risk-Weighted volume	Nominal exposure	Risk-Weighted volume	Nominal exposure	Risk-Weighted volume
Central governments	25 767	0	81 958	0	35 985	0
Regional governments	3 213	8 033	3 670	9 175	3 976	9 939
Multilateral Development Banks	0	0	25 046	0	0	0
Institutions	2 831 396	566 279	417 552	83 510	1 749 947	349 989
Secured by mortgages on immovable property	35 855 408	12 579 981	32 791 734	11 533 025	34 292 583	12 065 311
Exposures in default	72 090	72 090	83 686	83 686	72 770	72 770
Covered bonds	50 325	5 033	50 435	5 044	50 426	5 043
Total credit risk, standardised method ¹	38 838 199	13 231 416	33 454 081	11 714 440	36 205 687	12 503 052
Credit value adjustment risk (CVA risk)		47 316		68 984		30 647
Operational risk		357 665		367 727		357 665
Total risk- weighted volume		13 636 397		12 151 151		12 891 364
Capital base						
Share capital		850 000		850 000		850 000
Share premium		849 880		849 880		849 880
Other equity		570 157		405 085		403 276
Additional Tier 1 capital		225 844		225 988		226 102
Profit for the period		93 066		84 590		163 722
Total booked equity		2 588 947		2 415 543		2 492 980
Additional Tier 1 capital instruments included in total equity		-225 844		-225 988		-226 102
Common equity Tier 1 capital instruments		2 363 103		2 189 555		2 266 878
<i>Deductions</i>						
Value adjustment due to the requirements for prudent valuation (AVA)		-76		-157		-87
Profit for the period, not eligible		-93 066		0		0
Common equity Tier 1 capital		2 269 961		2 189 398		2 266 791
Additional Tier 1 capital		225 000		225 000		225 000
Tier 1 capital		2 494 961		2 414 398		2 491 791
Tier 2 capital		325 000		325 000		325 000
Own funds (primary capital)		2 819 961		2 739 398		2 816 791
Specification of capital requirements						
Minimum requirements CET1 capital	4.5%	613 638	4.5%	546 802	4.5%	580 111
Capital conservation buffer	2.5%	340 910	2.5%	303 779	2.5%	322 284
Systemic risk buffer	3.0%	409 092	3.0%	364 535	3.0%	386 741
Countercyclical capital buffer	1.0%	136 364	2.0%	243 023	2.5%	322 284
Additional Tier 1 capital	1.5%	204 546	1.5%	182 267	1.5%	193 370
Tier 2 capital	2.0%	272 728	2.0%	243 023	2.0%	257 827
Total minimum and buffer requirements own funds (primary capital)	14.5%	1 977 278	15.5%	1 883 428	16.0%	2 062 618
<i>Available CET1 capital after buffer requirements</i>		<i>769 958</i>		<i>731 259</i>		<i>655 371</i>
<i>Available Own funds (primary capital)</i>		<i>842 684</i>		<i>855 969</i>		<i>754 173</i>
Capital ratio %		30.06.20		30.06.19		31.12.19
Common equity Tier 1 capital		16.6%		18.0%		17.6%
Additional Tier 1 capital		1.6%		1.9%		1.7%
Tier 2 capital		2.4%		2.7%		2.5%
Total capital ratio		20.7%		22.5%		21.9%

Capital ratio % (including interim profits ²)				
Common equity Tier 1 capital		17.3%	18.0%	17.6%
Additional Tier 1 capital		1.6%	1.9%	1.7%
Tier 2 capital		2.4%	2.7%	2.5%
Total capital ratio		21.4%	22.5%	21.9%

¹ The specification is according to EBA reporting framework.

² Including 100 per cent of the profit. Expected dividends for the group are deducted in the parent bank's capital ratio calculation.

Note 4 – Leverage ratio

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

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

In NOK thousand		30.06.20	30.06.19	31.12.19
Derivatives market value		35 516	46 779	0
Potential future exposure on derivatives		48 050	48 050	48 050
Loans and advances and other assets		38 751 633	33 359 253	36 157 637
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		38 835 199	33 454 082	36 205 687
Tier 1 capital		2 494 961	2 414 398	2 491 791
Leverage ratio %		6.4 %	7.2 %	6.9 %
Leverage ratio % (including interim profits) ¹		6.7 %	7.2 %	6.9 %
Leverage Ratio requirements				
Minimum requirements	3.0%	1 165 056	1 003 622	1 086 171
Buffer requirements credit institutions	0.0%	0	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	1 165 056	1 003 622	1 086 171
<i>Available Tier 1 capital after minimum and buffer requirements</i>		<i>1 329 905</i>	<i>1 410 776</i>	<i>1 405 620</i>
<i>Available Tier 1 capital after minimum and buffer requirement (including interim profits¹)</i>		<i>1 422 971</i>	<i>1 410 776</i>	<i>1 405 620</i>

¹ Including 100 per cent of the profit. Expected dividends for the group are deducted in the parent bank's capital ratio calculation.

Note 5 – Maximum exposure to credit risk

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

30.06.20			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Loans to and receivables from credit institutions	2 744 830	0	2 744 830
Loans to and receivables from central bank and credit institutions	2 744 830	0	2 744 830
Loans to customers, secured	35 932 460	0	35 932 460
Loans to and receivables from customers	35 932 460	0	35 932 460
Other financial assets with credit risk	0	0	0
Financial instruments at amortised cost	38 677 290	0	38 677 290
Commercial paper and bonds	76 092	0	76 092
Financial instruments at fair value through other comprehensive income	76 092	0	76 092
Derivatives	747 223	0	747 223
Financial instruments at fair value through profit and loss	747 223	0	747 223
Gross exposure	39 500 605	0	39 500 605
Other financial assets without credit risk	3 213	0	3 213
Impairment	-4 962	0	-4 962
Total net exposure	39 498 856	0	39 498 856

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

Note 6 – Loans to credit institutions and customers

Gross carrying amount - Loans to credit institutions				
30.06.20				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	1 701 897	0	0	1 701 897
Transfers between stages	0	0	0	0
Opening balance gross carrying amount (after transfers)	1 701 897	0	0	1 701 897
Net new financial assets originated or derecognised	1 042 933	0	0	1 042 933
Financial assets that have been derecognised	0	0	0	0
Changes in interest accrual	0	0	0	0
Closing balance gross carrying amount	2 744 830	0	0	2 744 830
Maturity:				
In NOK thousands				
Loans with agreed maturity	0	0	0	0
Loans without agreed maturity	2 744 830	0	0	2 744 830
Total	2 744 830	0	0	2 744 830
Gross carrying amount - Loans to customers				
30.06.20				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	32 726 759	1 567 333	77 033	34 371 125
Transfers to Stage 1 (12-months ECL)	278 106	-278 106	0	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-623 871	627 643	-3 772	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-4 621	-18 451	23 072	0
Net new financial assets originated or derecognised	1 753 083	-157 391	-20 415	1 575 277
Changes in interest accrual	-13 362	-828	248	-13 942
Other movements	0	0	0	0
Closing balance gross carrying amount 30.06.20	34 116 094	1 740 200	76 166	35 932 460

Gross carrying amount - Loans to credit institutions				
31.12.19				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	1 168 489	0	0	1 168 489
Transfers between stages	0	0	0	0
Opening balance gross carrying amount (after transfers)	1 168 489	0	0	1 168 489
Net new financial assets originated or derecognised	533 408	0	0	533 408
Changes in interest accrual	0	0	0	0
Closing balance gross carrying amount	1 701 897	0	0	1 701 897

Maturity:

In NOK thousands				
Loans with agreed maturity	0	0	0	0
Loans without agreed maturity	1 701 897	0	0	1 701 897
Total	1 701 897	0	0	1 701 897

Gross carrying amount - Loans to customers

31.12.19

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

Note 7 – Loans to customers by geographical area

Lending by geographical area

In NOK thousand	30.06.20		31.12.19	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	44.7%	16 058 299	44.1%	15 154 207
Oslo	20.2%	7 263 030	19.4%	6 660 013
Southern Norway	1.9%	667 457	1.9%	662 679
Western Norway	21.3%	7 670 436	22.4%	7 695 833
Central Norway	4.7%	1 675 343	4.7%	1 600 376
Northern Norway	7.2%	2 597 895	7.6%	2 598 017
Total gross lending by geographical area	100.0%	35 932 460	100.0%	34 371 125

Note 8 – Credit risk exposure and collateral

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

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

In NOK thousand

	30.06.20			31.12.19		
	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
Loan-to-value, secured loans						
0 % - 40 %	21.2%	7 612 897	0	23.4%	8 038 714	0
40 % - 60 %	46.4%	16 674 032	0	35.9%	12 322 404	0
60 % - 80 %	31.4%	11 268 637	0	39.3%	13 501 097	0
80 % - 90 %	0.6%	214 486	0	1.0%	336 355	0
90 % - 100 %	0.3%	108 180	0	0.3%	103 865	0
> 100 %	0.2%	54 228	0	0.2%	68 690	0
Residential mortgages	100.0%	35 932 460	0	100.0%	34 371 125	0

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

In NOK thousand

	30.06.20		31.12.19	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, residential mortgages (relative distribution)				
0 % - 85 %	99.91%	35 901 215	99.90%	34 337 403
85 % - 100 %	0.05%	19 735	0.07%	23 115
> 100 %	0.03%	11 510	0.03%	10 607
Residential mortgages	100.0%	35 932 460	100.0%	34 371 125

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

In NOK thousand

	30.06.20		31.12.19	
	Nominal value	Carried value	Nominal value	Carried value
Debt related to securities issued, nominal value	31 855 000		30 005 000	
Debt related to securities issued, carried value	32 650 248		30 271 177	
Loans to customers (gross) ¹	35 898 157		34 323 261	
Average size of loan per customer	1 878		1 851	
Number of loans	19 105		18 536	
Weighted average since issuing of the loans (months)	55		54	
Weighted average remaining maturity (months)	259		259	
Average LTV (percent)	50.9		53.0	
Cover pool				
	30.06.20		31.12.19	
	Nominal value	Carried value	Nominal value	Carried value
Loans secured with mortgages	35 898 157		34 323 261	
Not eligible for the over-collateralisation calculation	-263 638		-380 581	
Net loans that are in the over-collateralisation	35 634 519		33 942 680	
Supplementary assets	2 037 214		1 480 171	
Total cover pool for the over-collateralisation calculation	37 671 733		35 422 851	
	30.06.20		31.12.19	
	Nominal value	Carried value	Nominal value	Carried value
Over-collateralisation (percent)	18.3	15.4	18.1	17.0
Amount surpassing legal minimum requirements and requirements as indicated by rating agency	5 179 633	4 368 480	4 817 751	4 546 250

¹ Excluding accrued interest. [antar vi mener uten påløpte/opptjente renter?]

Note 10 – Loan losses

Expected credit loss (ECL)				
January - June 2020				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.20	219	1 290	4 263	5 772
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	6	-174	0	-168
Transfers to Stage 2	-33	206	-55	118
Transfers to Stage 3	-1	-26	104	77
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-74	-514	-160	-748
<i>Other changes:</i>				
New financial assets originated	74	0	0	74
Financial assets that have been derecognised	-25	-62	-76	-163
Write-offs, covered by previous write-downs			0	0
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 30.06.20	166	720	4 076	4 962

Specification of loan losses

In NOK thousands	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Changes in ECL, stage 1	171	10	56	65	36
Changes in ECL, stage 2	1 009	55	568	58	-546
Changes in ECL, stage 3	843	-794	186	-1 060	-1 694
Write-offs	0	0	0	0	0
Recoveries of previously written off loans	0	0	0	0	0
Net cost of loan losses in the period	2 023	-729	810	-937	-2 204

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

Note 11 – Credit-impaired assets and overdue loans

Credit-impaired assets		30.06.20					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Mortgages	Residential property	76 166	-4 076	72 090	72 090	0	0.0%
Total credit-impaired assets		76 166	-4 076	72 090	72 090	0	0.0%

Overdue loans - age distribution

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

Overdue loans		30.06.20			
In NOK thousand		7-30 days	31 - 60 days	61 - 90 days	More than 90 days
Mortgages		205 170	31 841	22 100	76 166
Total		205 170	31 841	22 100	76 166

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

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

Note 12 – Issued debt

Carried at amortised cost:

In NOK thousand	Currency	30.06.20	30.06.19	31.12.19
Bonds issued	NOK	32 650 248	29 524 556	30 271 177
Subordinated loan	NOK	325 000	325 000	325 000
Total debt securities issued		32 975 248	29 849 556	30 596 177

Specification of covered bonds as at 30.06.20:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Covered bonds						
NO0010745334	Sbanken Boligkreditt AS	1 850 000	NOK	Floating	14.08.20	1 850 110
NO0010745342	Sbanken Boligkreditt AS	6 200 000	NOK	Floating	14.10.21	6 190 116
NO0010786999	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	27.04.22	7 019 370
NO0010790603	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	10.02.23	7 021 061
NO0010878978	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	20.06.25	5 009 518
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 560 073
Total covered bonds						32 650 248
All covered bond loans have “soft bullet” with the possibility to extend the maturity with one year.						
Subordinated loan						
NO0010768120	Sbanken Boligkreditt AS	175 000	NOK	Floating	22.06.2026 ¹	175 000
NO0010821853	Sbanken Boligkreditt AS	150 000	NOK	Floating	26.04.2028 ²	150 000
Total subordinated loan						325 000

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

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

Changes of debt securities:

	31.12.19	January - June 2020				30.06.20
		Issued	Matured	Redeemed	Other adjustments	
Covered bonds (nominal)	30 005 000	5 000 000	0	-3 150 000	0	31 855 000
Subordinated loan	325 000	0	0	0	0	325 000
Total	30 330 000	5 000 000	0	-3 150 000	0	32 180 000

Note 13 – Additional Tier 1 Capital (hybrid capital)

In NOK thousand	Currency	30.06.20	30.06.19	31.12.19
Additional Tier 1 capital	NOK	225 000	225 000	225 000
Total Additional Tier 1 capital		225 000	225 000	225 000

Specification of additional Tier 1 capital as at 30.06.20:

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

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

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

Change of Additional Tier 1 capital

	31.12.19	January - June 2020				30.06.20
		Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	225 000	0	0	0	0	225 000
Total	225 000	0	0	0	0	225 000

As at 30 June 2020, NOK 0.85 million in accrued interest is related to additional Tier 1 capital.

This has been recognised against additional Tier 1 capital and the carried value including accrued interest is NOK 225.85 million.

Note 14 – Net interest income

Net interest income

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Loans to and receivables from credit institutions	939	357	1 634	690	1 914
Loans to customers	199 161	209 187	447 961	420 050	893 753
Commercial paper and bonds	384	220	872	587	2 559
Total interest income	200 484	209 764	450 467	421 327	898 226
Loans and deposits from credit institutions	-9 563	-10 271	-24 634	-21 363	-48 364
Debt securities issued	-109 094	-133 363	-279 457	-258 407	-583 430
Subordinated loan	-2 776	-2 981	-6 122	-5 831	-12 330
Other interest expense	-1 446	0	-2 796	0	-4 048
Total interest expense	-122 879	-146 615	-313 009	-285 600	-648 172
Net interest income	77 604	63 149	137 458	135 727	250 053

All interest income from customers is related to residential mortgages.

Note 15 – Net gain (loss) on financial instruments

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
1) Financial instruments at fair value through profit and loss:					
Gain/(loss) on derivatives (used in hedge accounting)	3 131	-187	-585	-1 197	-176
Total gain/(loss) on financial instruments at fair value through profit and loss	3 131	-187	-585	-1 197	-176
2) Financial instruments at amortised cost:					
Gain (loss) by repurchase of own bonds at amortised cost	-5 628	-1 315	-5 628	-11 809	-12 120
Total gain (loss) on financial instruments at amortised cost	-5 628	-1 315	-5 628	-11 809	-12 120
3) Currency items:					
Gain (loss) on currency items	13	19	-38	-768	-1 746
Total gain (loss) on currency items	13	19	-38	-768	-1 746
4) Realisation of financial instruments at fair value through other comprehensive income					
Gain/(loss) by realisation of financial instruments:	0	-795	0	-795	-952
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	0	-795	0	-795	-952
Total gain (loss) on financial instruments recognised through profit and loss	-2 484	-2 278	-6 251	-14 569	-14 994

Note 16 – Administrative expenses

Other administrative expenses

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Consultants and other external services	-2 619	-2 721	-5 684	-4 631	-8 713
Other operating expenses	-156	-118	-161	-121	-130
Total other administrative expenses	-2 775	-2 839	-5 845	-4 752	-8 843

Personnel expenses

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Board remuneration	-81	-92	-161	-200	-364
Payroll tax	-11	-10	-23	-28	-51
Total personnel expenses	-92	-102	-184	-228	-415

Note 17 – Tax expense

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Taxes payable	14 961	12 142	26 378	24 197	46 464
Change in deferred tax	689	0	-129	0	0
Correction of taxes payable previous year	0	0	0	0	0
Total tax expense	15 650	12 142	26 249	24 197	46 464
Reconciliation of the tax expense:					
Profit before tax	74 276	57 201	125 986	115 241	223 597
Expected tax expense at nominal rate of 22 % (in 2020) and 22 % (in 2019)	16 341	12 584	27 717	25 353	49 191
Tax effect from interest to Tier 1 capital holders	-691	-928	-1 468	-1 420	-2 951
Tax effect from unrealised financial instruments	0	486	0	264	224
Correction of taxes payable previous year	0	0	0	0	0
Total tax expense	15 650	12 142	26 249	24 197	46 464
Effective tax rate	21.1%	21.2%	20.8%	21.0%	20.8%

Note 18 – Fair value of financial instruments

In NOK thousand	30.06.20		31.12.19	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Loans to and receivables from credit institutions (ac)	2 744 830	2 744 830	1 701 897	1 701 897
Loans to customers (ac)	35 927 498	35 927 498	34 365 353	34 365 353
Commercial paper and bonds at fair value through OCI	76 092	76 092	86 411	86 411
Derivatives (used in hedge accounting)	747 223	747 223	201 842	201 842
Other assets (ac)	0	0	3 976	3 976
Total assets financial instruments	39 495 643	39 495 643	36 359 479	36 359 479
Liabilities				
Loans and deposits from credit institutions (ac)	3 860 920	3 860 920	2 897 390	2 897 390
Debt securities issued (ac)	32 650 248	32 753 087	30 271 177	30 403 601
Other liabilities (ac)	51 249	51 249	326 468	326 468
Subordinated loan (ac)	325 000	328 890	325 000	331 799
Total liabilities financial instruments	36 887 417	36 994 146	33 820 035	33 959 258

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

30.06.2020

	Level 1	Level 2	Level 3	Total
Derivatives (used in hedge accounting)	0	747 223	0	747 223
Commercial paper and bonds at fair value through OCI	0	76 092	0	76 092
Total	0	823 315	0	823 315
Derivatives (used in hedge accounting)	0	0	0	0
Total	0	0	0	0

Financial instruments measured at fair value level 3

In NOK thousand

	Total
Opening balance 1 January 2020	0
Net gain/(loss) on financial instruments (unrealised)	0
Acquisitions / exits	0
Sale	0
Settlement	0
Transferred from Level 1 or Level 2	0
Transferred to Level 1 or Level 2	0
Other	0
Closing balance at 30 June 2020	0

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

31.12.2019

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

Financial instruments measured at fair value level 3

In NOK thousand

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

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

Note 19 – Related party transactions

Liabilities to and receivables from Sbanken ASA

In NOK thousand	30.06.20	30.06.19	31.12.19
Liability related to overdraft facility to Sbanken ASA	3 860 920	1 017 653	2 897 390
Receivables related to deposits in Sbanken ASA	2 744 467	322 556	1 701 897
Sbanken ASAs ownership of covered bonds issued by Sbanken Boligkreditt AS	5 564 922	50 791	2 006 575
Sbanken ASAs ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000	325 000
Sbanken ASAs ownership of additional Tier 1 capital issued by Sbanken Boligkreditt AS	225 000	225 000	225 000

Transactions with Sbanken ASA

In NOK thousand	01.01.20 - 30.06.20	01.01.19 - 30.06.19	01.01.19 - 31.12.19
Purchase of services in line with service agreement	4 052	3 379	6 808
Interest expense on overdraft facility	24 634	21 363	48 364
Interest income on deposits	683	560	1 290
Interest on covered bonds issued by Sbanken Boligkreditt AS	28 348	2 626	23 898
Interest on subordinated loan issued by Sbanken Boligkreditt AS	6 122	5 831	12 330
Share of result related to Sbanken ASAs ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	6 671	6 454	13 411

Note 20 – Subsequent events

There have not been any significant events subsequent to 30.06.20 that affect the financial statements for Q2 2020.

Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the half-yearly financial statements for the group and the company for the period 1 January through 30 June 2020 have been prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the company taken as a whole.

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

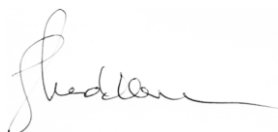
- overview of important events that occurred during the accounting period and their impact on the financial statements
- description of the principal risks and uncertainties facing the group over the next accounting period
- description of major transactions with related parties.

Bergen, 14 July 2020

The Board of Directors of Sbanken ASA



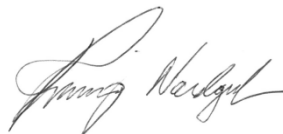
Mai-Lill Ibsen
(Chair)



Egil Mokleiv



Øyvind Thomassen



Henning Nordgulen
(CEO)



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