

Sbanken

Q4

Fourth quarter 2022
(Unaudited)

Sbanken ASA



Q4

Fourth quarter 2022 – Highlights Sbanken ASA

Annual lending growth

16.0 %
(1.5 %*)

Cost-to-income ratio

40.2 %
(45.0 %*)

ROE

13.7 %
(10.1 %*)

Net interest margin

1.75 %
(1.53 %*)

Loan loss ratio

0.07 %
(-0.01 %*)

CET1 ratio

16.5 %**
(16.8 %*)

* Comparable figure corresponding period last year.

** Year-end 2021 and 2022 includes fully retained earnings with no dividend.

Key figures (group)

In NOK thousand	Reference	Q4 22	Q4 21	2022	2021
Summary of income statement					
Net interest income		502 003	367 271	1 719 916	1 517 710
Net fee and commission income		72 177	64 372	267 302	210 573
Net other income		43 672	410	21 881	-34 995
Total income		617 852	432 053	2 009 099	1 693 288
Other operating expenses		-248 387	-194 308	-854 117	-741 203
Operating profit before loan losses		369 465	237 745	1 154 981	952 085
Loan losses		-16 102	2 648	-27 374	3 470
Earnings before tax		353 363	240 393	1 127 607	955 555
Calculated tax		-86 245	-57 605	-261 675	-222 015
Net profit		267 119	182 788	865 932	733 540
Profitability					
Return on equity	1	13.7 %	10.1 %	11.6 %	10.3 %
Net interest margin	2	1.75 %	1.53 %	1.59 %	1.53 %
Cost-to-income ratio	3	40.2 %	45.0 %	42.5 %	43.8 %
Earnings per share		2.40	1.65	7.78	6.62
Balance sheet figures (in NOK million)					
Total loan volume		98 236	84 671	98 236	84 671
Customer deposits		65 770	64 240	65 770	64 240
Deposit-to-loan ratio	4	68.1 %	76.9 %	71.9 %	75.2 %
Lending growth (gross) previous 12 months		16.0 %	1.5 %	16.0 %	1.5 %
Average total assets	5	113 625	95 899	107 845	98 953
Total assets, end of period		114 891	102 274	114 891	102 274
Book value per share		70.84	63.50	70.84	63.50
Losses and defaults					
Total loan loss (%)	6	0.07 %	-0.01 %	0.03 %	0.00 %
Capital adequacy and leverage ratio					
Common equity Tier 1 capital ratio	7	16.5 %	16.8 %	16.5 %	16.8 %
Tier 1 capital ratio		18.0 %	18.6 %	18.0 %	18.6 %
Total capital ratio		20.0 %	20.8 %	20.0 %	20.8 %
Leverage ratio		6.6 %	6.8 %	6.6 %	6.8 %
Employment					
FTEs		329	323	329	323

References

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

Fourth Quarter Results

The Sbanken group recorded a profit before tax of NOK 353.4 million in the fourth quarter, compared with NOK 240.4 million in the fourth quarter of 2021. Net interest income increased to NOK 502.0 (367.3) million, while net fee and commission income increased by 12.1 per cent to NOK 72.2 (64.4) million. Total customer lending at quarter-end was NOK 98.2 (84.7) billion. Funds under management decreased to NOK 28.7 (33.1) billion. Return on equity in the fourth quarter was 13.7 (10.1) per cent.

Important events during the quarter

In November the Boards of Directors of DNB Bank ASA and Sbanken ASA approved the merger plan for the merger of Sbanken into DNB, whereafter the approval was filed with Norwegian Register of Business Enterprises for the initiation of a six weeks' creditor notice period.

Norges Bank raised the key policy rate with 0.25 percentage points, to 2.50 percent in November, and a further 0.25 percentage points to 2.75 percent in December.

Operating income

Operating income amounted to NOK 617.9 (432.1) million, following an increase in net interest income of NOK 134.7 million, an increase in net fee and commission income of NOK 7.8 million and an increase in other operating income of NOK 43.3 million from the fourth quarter of 2021.

Net interest income increased to NOK 502.0 (367.3) million. The net interest margin was 1.75 per cent, up from 1.53 per cent in the fourth quarter of 2021. Compared to the previous quarter, the net interest margin was up 15 basis points.

Net fee and commission income increased to NOK 72.2 (64.4) million.

The effective lending rate increased to 3.56 per cent, compared to 2.01 per cent in the fourth quarter of 2021, and 2.65 per cent in the previous quarter.

The effective funding rate increased to 1.80 per cent, compared with 0.49 per cent in the fourth quarter of 2021. The funding rate increased by 75 basis points from the previous quarter.

Operating expenses

Operating expenses amounted to NOK 248.4 (194.3) million in the quarter.

The cost-to-income ratio was 40.2 per cent in the quarter, compared to 45.0 per cent in the fourth quarter of 2021.

Impairments and losses

Loan losses amounted to NOK 16.1 million (positive 2.6) in the quarter, equivalent to a loan loss ratio of 0.07 per cent.

Total expected credit losses amounted to NOK 344.3 million at quarter-end, of which NOK 61.1 million related to secured loans and NOK 283.2 million to unsecured loans.

Taxes

The estimated tax expense amounted to NOK 86.2 (57.6) million, corresponding to an effective tax rate of 24.4 (24.0) per cent.

Loans to and deposits from customers

At the end of the quarter, loans to customers totalled NOK 98.2 (84.7) billion. Lending growth over the past 12 months was 16.0 per cent. Mortgage lending increased with NOK 3.2 billion to NOK 94.4 billion in the quarter.

Outstanding consumer loans amounted to NOK 1.1 (1.3) billion at quarter-end 2021, on the same level as the previous quarter.

Customer deposits increased to NOK 65.8 (64.2) billion, a 2.5 per cent increase from the fourth quarter of 2021.

Savings

Funds under management (FuM) were NOK 28.7 billion, compared to NOK 33.1 billion at the end of the fourth quarter 2021 and NOK 27.9 billion at the end of the previous quarter.

Net client cash flow in the quarter was negative in the amount of NOK 0.8 billion.

Comments on the results for 2022

Sbanken recorded a net profit of NOK 865.9 million in 2022, compared with NOK 733.5 million in 2021.

Net interest income increased by 13.3 per cent to NOK 1.719.9 (1.517.7) million. Net fee and commission income increased by 26.9 per cent to NOK 267.3 (210.6) million.

Operating expenses increased by 15.2 per cent to NOK 854.1 (741.2) million.

Loan losses were NOK 27.4 million (positive 3.5). The loan loss ratio was 0.03 per cent, compared to a loss ratio of 0.00 per cent in 2021.

Capital adequacy, leverage ratio and risk factors

Sbanken currently has a regulatory CET1 requirement of 13.5 per cent and a capital ratio target of 14.0 per cent. At quarter-end, Sbanken had a CET1 capital ratio of 16.5 per cent. The tier 1 capital ratio was 18.0 per cent and the total capital ratio was 20.0 per cent, while the leverage ratio was 6.6 per cent.

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 52.6 per cent, up from 50.5 per cent in the previous quarter. Mortgage lending accounted for 96.5 per cent of the gross lending portfolio.

Sbanken is exposed to market risks such as interest rate risk, share price risk and credit spread risk. The exposure to share price risk amounted to NOK 56.8 million at the end of the quarter, of which 50.2 million related to the valuation of the bank's shares in VN Norge AS (Visa). The majority of lending provided by Sbanken has variable interest rates. Interest rate swaps are used to reduce interest rate risk that arises with fixed rate mortgages. All deposits have variable interest rates, while capital market funding uses three-month Nibor as reference rate. At quarter-end, Sbanken had a liquidity portfolio of NOK 14.2 billion in interest-bearing securities issued by sovereigns, municipalities and financial institutions. The corresponding credit spread risk was estimated at NOK 283.2 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 242 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 38.6 billion at quarter-end. Sbanken Boligkreditt's total nominal issue of covered bonds amounted to NOK 31.3 billion. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 68.1 per cent, compared to 72.5 per cent at the end of the previous quarter and 76.9 per cent at the end of the fourth quarter of 2021. 90.8 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 78.7 per cent by the harmonised EU Deposit Guarantee Scheme (EUR 0.1 million).

Sbanken ASA's long-term credit is rated Aa2, by Moody's, with a positive outlook. Covered bonds issued by Sbanken Boligkreditt AS have a long-term rating of Aaa from Moody's.

Macroeconomic and regulatory developments

In the fourth quarter of 2022, the inflationary pressure in the economy was high, and there were volatile energy prices as well as geopolitical uncertainties. Taken together, this increases economic risks and may hamper the economic outlook.

In the December monetary policy report, Norges Bank projected that the key policy rate is likely to be raised further in 2023 towards a level of around 3.10 per cent at the end of the third quarter 2023.

Mainland GDP grew 4.2 per cent in 2021 and was forecasted to be reduced to 3.6 per cent in 2022 before a contraction of 0.2 per cent in 2023, and growth of 0.2 per cent in 2024.

Registered unemployment was 1.6 per cent at quarter-end, at the same level as at the end of the previous quarter. The average annual unemployment rate is forecasted at 2.0 per cent in 2023 and 2.4 per cent in 2024.

Norges Bank projects housing prices to decrease by 4.3 per cent in 2023, and then increase by 2.1 percent in 2024. Credit growth for households is forecasted at 3.4 per cent for 2023 and 3.0 per cent for 2024.

Subsequent events

Following the board approval of the merger plan for the merger with DNB Bank ASA, the approval was filed with the Norwegian Register of Business Enterprises for the initiation of a six weeks' creditor notice period which ran from late November to early January.

The merger is now planned to take place on 2 May 2023.

Bergen, 8 February 2023

The Board of Directors of Sbanken ASA


Ingjerd Blekeli Spiten
(Chair)



Mai-Lill Ibsen


Tor Arne Hansen


Sarah Lunde Mjåtvedt


Tore Olaf Rimmerid


Stein Zahl Pettersen


Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q4 22	Q4 21	2022	2021
Interest income from financial instruments using the effective interest method	8	1 018 147	486 831	2 867 018	1 939 390
Other interest income	8	0	0	0	0
Interest expense	8	-516 144	-119 560	-1 147 102	-421 680
Net interest income		502 003	367 271	1 719 916	1 517 710
Commission and fee income	9	108 735	90 607	404 847	332 604
Commission and fee expense	9	-36 558	-26 235	-137 545	-122 031
Net commission and fee income		72 177	64 372	267 302	210 573
Net gain/(loss) on financial instruments	10	43 672	400	21 881	-35 005
Other income		0	10	0	10
Other operating income		43 672	410	21 881	-34 995
Personnel expenses	11	-101 168	-80 309	-362 028	-336 733
Administrative expenses	11,14	-115 097	-89 477	-423 530	-332 152
Depreciation and impairment of fixed and intangible assets		-32 122	-24 522	-68 559	-72 318
Profit before loan losses		369 465	237 745	1 154 981	952 085
Loan losses	6	-16 102	2 648	-27 374	3 470
Profit before tax		353 363	240 393	1 127 607	955 555
Tax expense		-86 245	-57 605	-261 675	-222 015
Profit for the period		267 119	182 788	865 932	733 540
Attributable to					
Shareholders		256 464	176 029	831 561	707 781
Additional Tier 1 capital holders		10 655	6 759	34 371	25 759
Profit for the period		267 119	182 788	865 932	733 540

Earnings per share, see note 15.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q4 22	Q4 21	2022	2021
Profit for the period	267 119	182 788	865 932	733 540
Other comprehensive income:				
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	37 163	-33 580	-69 483	-34 200
Tax effect	-7 760	8 514	17 675	8 637
Other comprehensive income that can be reclassified to profit or loss after tax	29 403	-25 066	-51 808	-25 563
Actuarial gains (losses)	6 909	-8 430	6 909	-8 430
Tax effect	-1 727	2 107	-1 727	2 107
Other comprehensive income that can-not be reclassified to profit or loss after tax	5 182	-6 323	5 182	-6 323
Total components of other comprehensive income (after tax)	34 585	-31 389	-46 626	-31 886
Total comprehensive income for the period	301 704	151 399	819 306	701 654
Attributable to				
Shareholders	291 049	144 640	784 935	675 895
Additional Tier 1 capital holders	10 655	6 759	34 371	25 759
Total comprehensive income for the period	301 704	151 399	819 306	701 654

Balance sheet

(Sbanken group)

In NOK thousand	Note	31.12.22	31.12.21
Assets			
Cash and receivables with central bank	12	314 326	510 676
Loans to and receivables from credit institutions	12	1 245 783	856 622
Loans to customers	5, 6, 12	97 896 951	84 346 875
Net loans to customers, central bank and credit institutions		99 457 060	85 714 173
Commercial paper and bonds at fair value through OCI	12, 13	14 177 305	15 487 702
Equity and funds	12, 13	318 974	309 142
Derivatives	13	633 779	377 403
Intangible assets		72 356	103 350
Deferred tax assets		47 091	35 638
Property, plant and equipment		72 779	86 411
Other assets		20 899	85 488
Advance payment and accrued income		91 060	74 280
Total assets		114 891 302	102 273 586
Liabilities			
Loans and deposits from central bank		0	0
Loans and deposits from credit institutions	12	562 881	326 830
Deposits from customers	12	65 770 095	64 240 315
Debt securities issued	7, 12, 14	38 632 830	28 500 950
Derivatives		54 019	14 607
Taxes payable		238 570	217 805
Pension commitments		9 122	22 459
Other liabilities		450 810	564 335
Subordinated loans	7, 12, 14	899 409	899 151
Total liabilities		106 617 736	94 786 452
Equity			
Share capital		1 068 693	1 068 693
Share premium		2 625 895	2 625 895
Additional Tier 1 capital		702 886	701 389
Other equity		3 876 091	3 091 157
Total equity		8 273 565	7 487 134
Total liabilities and equity		114 891 302	102 273 586

Subsequent events

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Statement of changes in equity

(Sbanken group)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.21	1 068 693	2 625 895	701 223	-25 005	-22 920	3 270 052	7 617 936
Profit for the period to other equity (01.01.21 to 31.12.21)						707 781	707 781
Profit for the period to Tier 1 capital holders (01.01.21 to 31.12.21)			25 759				25 759
Payments to Tier 1 capital holders (01.01.21 to 31.12.21)			-25 593				-25 593
Actuarial gains and losses for the period (01.01.21 to 31.12.21)				-6 323			-6 323
Net change in fair value of financial instruments at fair value through OCI (01.01.21 to 31.12.21)					-25 563		-25 563
Paid dividend to shareholders, February						-336 638	-336 638
Paid dividend to shareholders, October						-470 225	-470 225
Balance sheet as at 31.12.21	1 068 693	2 625 895	701 389	-31 328	-48 483	3 170 970	7 487 134
Profit for the period to other equity (01.01.22 to 31.12.22)						831 561	831 561
Profit for the period to Tier 1 capital holders (01.01.22 to 31.12.22)			34 371				34 371
Payments to Tier 1 capital holders (01.01.22 to 31.12.22)			-32 874				-32 874
Actuarial gains and losses for the period (01.01.22 to 31.12.22)				5 182			5 182
Net change in fair value of financial instruments at fair value through OCI (01.01.22 to 31.12.22)					-51 808		-51 808
Balance sheet as at 31.12.22	1 068 693	2 625 895	702 886	-26 146	-100 291	4 002 531	8 273 565

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	2022	2021
Cash flows from operating activities			
Net payments on loans to customers	5	-13 593 070	-1 380 979
Interest received on loans to customers	8	2 464 016	1 774 035
Net receipts on deposits from customers	12	1 529 779	5 596 688
Interest paid on deposits from customers	8	-425 883	-151 980
Net receipts/payments from buying and selling financial instruments at fair value	12, 13	1 159 175	-1 325 202
Interest received from commercial paper and bonds	8	282 796	149 644
Receipts of collateral related to derivatives used in hedge accounting		236 051	-215 902
Net receipts/payments on deposits from credit institutions and central bank		0	-2 250 000
Interest paid on deposits from credit institutions	8	-2 973	-2 201
Interest received on loans to credit institutions and central bank	8	14 101	2 601
Receipts related to commissions and fees	9	407 226	306 367
Payments related to commissions and fees	9	-155 647	-119 029
Payments related to administrative expenses	11	-407 874	-315 529
Payments related to personnel expenses	11	-364 333	-317 877
Taxes paid		-236 966	-231 178
Other receipts/payments		-16 218	76 467
Net cash flows from operating activities		-9 109 820	1 595 925
Cash flows from investment activities			
Invested in associated company		0	0
Payments on the acquisition of fixed assets		-2 855	-4 588
Payments on the acquisition of intangible assets		-26 900	-23 418
Net cash flows from investment activities		-29 755	-28 006
Cash flows from financing activities			
Receipts on share capital and share premium net of issuing cost	EQ	0	0
Paid dividend to shareholders	EQ	0	-806 863
Receipts on subordinated loans	7	150 000	0
Payments on matured and redeemed subordinated loans	7	-150 000	0
Interest paid on subordinated loans	8	-26 553	-17 151
Receipts on issued additional Tier1 capital		100 000	0
Payments on matured and redeemed additional Tier1 capital		-100 000	0
Interest paid on additional Tier 1 capital	EQ	-32 874	-25 593
Receipts on issued bonds and commercial paper	7	16 602 000	7 480 000
Payments on matured and redeemed bonds and commercial paper	7	-6 533 092	-8 662 775
Interest paid on issued bonds and commercial paper	8	-677 094	-246 025
Net cash flows from financing activities		9 332 387	-2 278 407
Total net cash flow		192 812	-710 488
Cash at the beginning of the period		1 367 297	2 077 785
Cash at the end of the period		1 560 109	1 367 297
Change in cash		192 812	-710 488
Cash			
Cash and receivables with central bank		314 326	510 675
Loans to credit institutions		1 245 783	856 622
Total cash		1 560 109	1 367 297

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 2021.

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 2021.

New and revised standards effective from 1 January 2022

Sbanken ASA has applied no new accounting standards effective from 1 January 2022.

New and revised standards effective from 1 January 2023 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2023 or later have not been used in the preparation of the accounts. For Sbanken ASA no new published 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.

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/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	31.12.22		31.12.21	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 216 569	0	1 636 276	0
Regional governments	860 120	174 322	1 576 900	228 088
Multilateral Development Banks	1 734 151	0	1 563 271	0
Institutions	2 137 408	481 092	1 717 129	377 910
Retail	8 566 933	3 348 521	8 614 935	3 337 562
Secured by mortgages on immovable property	116 355 394	36 464 152	99 193 525	30 877 352
Exposures in default	420 444	470 498	519 364	582 455
Covered bonds	9 914 394	991 439	10 536 254	1 053 625
Equity	434 325	434 325	399 720	400 265
Other items	163 170	163 170	162 307	162 307
Total credit risk, standardised method ¹	141 802 908	42 527 519	125 919 681	37 019 564
Credit value adjustment risk (CVA)		17 665		56 442
Operational risk		2 896 278		2 773 710
Total risk-weighted volume		45 441 462		39 849 716
Capital base				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		3 044 530		2 383 376
Additional Tier 1 capital		702 886		701 389
Profit for the period		831 561		707 781
Total booked equity		8 273 565		7 487 134
Additional Tier 1 capital instruments included in total equity		-702 886		-701 389
Common equity Tier 1 capital instruments		7 570 679		6 785 745
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-54 267		-77 513
Value adjustment due to the requirements for prudent valuation (AVA)		-14 496		-15 796
Dividends payable		0		0
Profit for the period, not eligible				0
Common equity Tier 1 capital		7 501 916		6 692 436
Additional Tier 1 capital		700 000		700 000
Tier 1 capital		8 201 916		7 392 436
Tier 2 capital		900 000		900 000
Own funds (primary capital)		9 101 916		8 292 436
Capital requirements				
Minimum requirements - common equity Tier 1 capital	4.5%	2 044 866	4.5%	1 793 237
Institution specific Pillar II requirement	1.5%	681 622	1.5%	597 746
Capital conservation buffer	2.5%	1 136 037	2.5%	996 243
Systemic risk buffer	3.0%	1 363 244	3.0%	1 195 491
Countercyclical capital buffer	2.0%	908 829	1.0%	398 497
Additional Tier 1 capital	1.5%	681 622	1.5%	597 746
Tier 2 capital	2.0%	908 829	2.0%	796 994
Total minimum and buffer requirements own funds (primary capital)	17.0%	7 725 049	16.0%	6 375 955

Available common equity Tier 1 capital after buffer requirements	1 358 490	1 711 222
Available own funds (primary capital)	1 376 868	1 916 482
Capital ratio % (regulatory) ²⁾		
Common equity Tier 1 capital	16.5%	16.8%
Additional Tier 1 capital	1.5%	1.8%
Tier 2 capital	2.0%	2.3%
Total capital ratio	20.0%	20.8%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Year-end 2022 and 2021 includes fully retained earnings with no dividend.

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		31.12.22	31.12.21
Exposure value on derivatives		171 921	145 898
Off-balance sheet commitments		9 624 657	7 450 518
Loans and advances and other assets		114 185 167	101 792 833
Regulatory adjustments included in Tier 1 capital		0	0
Total leverage exposure		123 981 745	109 389 249
Tier 1 capital ¹⁾		8 201 916	7 392 436
Leverage ratio % (regulatory)		6.6 %	6.8 %
Leverage Ratio requirements			
Minimum requirements	3.0%	3 719 452	3 281 677
Buffer requirements ²⁾	0%/2%	0	2 187 785
Total minimum and buffer requirements (Tier 1 capital)	3%/5%	3 719 452	5 469 462
Available Tier 1 capital after minimum and buffer requirements		4 482 464	1 922 974

¹⁾ Year-end 2022 and 2021 includes fully retained earnings with no dividend.

²⁾ The special Norwegian buffer requirement for banks expired from June 2022.

Note 5 - Loans to customers

Gross carrying amount				
31.12.22				
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) 01.01.22	80 796 523	3 060 816	813 768	84 671 109
Transfers to Stage 1 (12-months ECL)	563 336	-541 440	-21 896	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 812 817	1 881 148	-68 331	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-98 401	-91 895	190 296	0
New financial assets originated	37 555 524	747 266	40 307	38 343 097
Financial assets that have been derecognised	-23 694 321	-832 644	-226 097	-24 753 062
Changes in interest accrual	54 823	4 752	8 467	68 042
Other movements	-93 160	0	0	-93 160
Closing balance gross carrying amount 31.12.22	93 271 507	4 228 003	736 512	98 236 022

Gross carrying amount				
31.12.21				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers) 01.01.21	78 483 644	4 344 627	609 847	83 438 118
Transfers to Stage 1 (12-months ECL)	1 202 654	-1 198 999	-3 655	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 112 425	1 121 602	-9 177	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-132 312	-278 852	411 164	0
New financial assets originated	31 064 310	441 955	36 751	31 543 016
Financial assets that have been derecognised	-28 567 347	-1 366 555	-246 742	-30 180 644
Changes in interest accrual	-2 577	-2 962	15 582	10 043
Other movements	-139 424	0	0	-139 424
Closing balance gross carrying amount 31.12.21	80 796 523	3 060 816	813 768	84 671 109

Lending by geographical area				
In NOK thousand	31.12.22		31.12.21	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	45.9%	45 098 999	45.3%	38 370 605
Oslo	20.6%	20 269 451	19.6%	16 624 833
Southern Norway	2.3%	2 279 969	2.3%	1 962 117
Western Norway	20.0%	19 682 087	21.0%	17 807 262
Central Norway	4.9%	4 816 404	4.8%	4 076 377
Northern Norway	6.2%	6 089 112	6.9%	5 829 915
Total gross lending by geographical area	100.0%	98 236 022	100.0%	84 671 109

Note 6 - Loan losses

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

¹As of 31.12.2022, the bank has included a credit loss provision of NOK 25.0 for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty related to outbreak of coronavirus. The distribution of this provision is as follows: stage 1 NOK 0.8 million, stage 2 NOK 2.3 million and stage 3 NOK 21.9 million.

Specification of ECL

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

In NOK thousands	31.12.22			
Secured loans	4 526	10 097	46 434	61 057
Unsecured loans	8 843	36 756	237 651	283 250
Total	13 369	46 853	284 085	344 306

ECL by geographical area

In NOK thousands	31.12.22
Eastern Norway ex. Oslo	118 698
Oslo	53 453
Southern Norway	13 602
Western Norway	106 289
Central Norway	23 057
Northern Norway	29 207
Total	344 306

Specification of loan losses

In NOK thousands	Q4 22	Q4 21	2022	2021
Changes in ECL, stage 1	-551	-91	1 450	8 292
Changes in ECL, stage 2	-5 894	1 344	-6 612	51 616
Changes in ECL, stage 3	-6 707	25 780	-10 087	-27 431
Write-offs	-3 174	-24 970	-13 058	-29 858
Recoveries of previously written off loans	224	585	933	851
Net cost of loan losses in the period	-16 102	2 648	-27 374	3 470

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

¹As of 31.12.2021, the bank has included a credit loss provision of NOK 25.0 for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty related to outbreak of coronavirus. The distribution of this provision is as follows: stage 1 NOK 0.8 million, stage 2 NOK 2.3 million and stage 3 NOK 21.9 million.

² Effects related to new definition of default.

Specification of ECL

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

In NOK thousands	31.12.21			
Secured loans	3 390	5 118	47 798	56 306
Unsecured loans	11 429	35 122	226 199	272 750
Total	14 819	40 240	273 997	329 056

ECL by geographical area

In NOK thousands	31.12.21
Eastern Norway ex. Oslo	116 930
Oslo	48 571
Southern Norway	13 436
Western Norway	99 104
Central Norway	22 120
Northern Norway	28 895
Total	329 056

Specification of loan losses

In NOK thousands	2021	2020
Changes in ECL, stage 1	8 292	-4 496
Changes in ECL, stage 2	51 616	-14 737
Changes in ECL, stage 3	-27 431	-78 057
Write-offs	-29 858	-36 672
Recoveries of previously written off loans	851	480
Net cost of loan losses in the period	3 470	-133 482

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

Note 7 - Debt securities issued and subordinated loans

Carried at amortised cost:

In NOK thousand	Currency	31.12.22	31.12.21
Bonds issued	NOK	38 632 830	28 500 950
Subordinated loans	NOK	899 409	899 151
Total debt securities issued and subordinated loans		39 532 239	29 400 101

Specification of bonds and subordinated loans as at 31.12.22:

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

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
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	125 000
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 592
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 817
NO0011203598	Sbanken ASA	150 000	NOK	Floating	14.01.32	150 000
Total subordinated loans		900 000				899 409

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

Changes of debt securities and subordinated loans:

	31.12.21	January- December 2022				31.12.22
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	3 990 000	2 500 000	0	-1 338 000	0	5 152 000
Bonds, senior non-preferred (nominal)	1 200 000	2 300 000	0	0	0	3 500 000
Covered Bonds (nominal)	22 985 000	11 802 000	0	-5 233 000	0	29 554 000
Subordinated loans (nominal)	900 000	150 000	0	-150 000	0	900 000
Total	29 075 000	16 752 000	0	-6 721 000	0	39 106 000

Note 8 - Net interest income

Net interest income

In NOK thousand	Q4 22	Q4 21	2022	2021
Loans to and receivables from credit institutions and central bank	6 229	1 171	14 101	2 601
Loans to customers ¹	890 903	441 011	2 540 316	1 789 628
Commercial paper and bonds ²	121 015	44 649	312 601	147 161
Total interest income	1 018 147	486 831	2 867 018	1 939 390
Loans and deposits from credit institutions and central bank	-1 327	-190	-2 973	-2 201
Deposits from customers	-188 029	-20 555	-342 896	-81 492
Debt securities issued	-294 193	-75 244	-682 530	-244 812
Subordinated loans	-9 850	-4 719	-28 454	-17 364
Other interest expenses	-22 745	-18 852	-90 249	-75 811
Total interest expenses	-516 144	-119 560	-1 147 102	-421 680
Net interest income	502 003	367 271	1 719 916	1 517 710

¹ Interest income in Jan-Dec 2022 of TNOK 221 551 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	Q4 22	Q4 21	2022	2021
Home loans	807 494	358 043	2 216 228	1 440 781
Car loans	17 830	11 208	56 311	44 509
Consumer loans	26 722	33 538	117 578	149 629
Other loans ³	38 857	38 222	150 199	154 709
Total interest income from loans to customers	890 903	441 011	2 540 316	1 789 628

³ Credit card, account credit and custody account credit

Note 9 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q4 22	Q4 21	2022	2021
Payment processing	9 714	11 792	40 740	40 664
Card and interbank	64 319	54 507	251 089	186 735
Mutual funds and securities	33 802	23 411	109 334	101 640
Other commission income	900	897	3 684	3 565
Total commission and fee income	108 735	90 607	404 847	332 604
Payment processing	-6 412	-6 395	-25 005	-22 810
Card and interbank	-21 716	-12 600	-78 234	-65 620
Mutual funds and securities	-7 368	-7 038	-31 092	-32 359
Other commission expenses	-1 062	-202	-3 214	-1 242
Total commission and fee expenses	-36 558	-26 235	-137 545	-122 031
Net commission and fee income	72 177	64 372	267 302	210 573

Note 10 - Net gain (loss) on financial instruments

In NOK thousand	Q4 22	Q4 21	2022	2021
1) Realisation of financial instruments at fair value through other comprehensive income				
Gain/(loss) by realisation of financial instruments:	6 039	-3 644	-21 476	-19 700
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	6 039	-3 644	-21 476	-19 700
2) Financial instruments at fair value through profit and loss				
Realised gain/ (loss) from shares and funds	3 610	0	48 041	0
Unrealised gain/(loss) from shares and funds	-19 152	-193	-30 263	3 241
Net gain/(loss) on derivatives (used in hedge accounting)	10 514	718	-1 798	2 444
Unrealised gain/(loss) on derivatives	-80 303	24 652	85 029	134 878
Unrealised gain/(loss) from fixed rate loans	76 596	-22 152	-93 160	-131 106
Total gain/(loss) on financial instruments at fair value through profit and loss	-8 735	3 025	7 849	9 457
3) Financial instruments at amortised cost				
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-840	0	-12 747	-28 009
Total gain (loss) on financial instruments at amortised cost	-840	0	-12 747	-28 009
4) Currency				
Net gain (loss) on currency items	2 361	1 019	1 524	3 247
Total gain (loss) on currency items	2 361	1 019	1 524	3 247
5) Dividends:				
Dividends from investments in shares and funds	44 847	0	46 731	0
Total dividends	44 847	0	46 731	0
Total gain (loss) on financial instruments recognised through profit and loss	43 672	400	21 881	-35 005

Note 11 - Operating expenses

Other administrative expenses

In NOK thousand	Q4 22	Q4 21	2022	2021
Properties and premises	-4 101	-1 162	-8 704	-2 984
IT	-49 018	-38 416	-171 553	-141 731
Advertising and marketing	-19 339	-11 854	-57 134	-46 403
Temporary employment agencies	-7 565	-6 346	-23 941	-21 817
Consultants and other external services	-17 898	-18 629	-96 423	-70 355
Telephone and postage	-3 960	-4 138	-16 457	-16 111
Other operating expenses	-13 216	-8 931	-49 318	-32 750
Total administrative expenses	-115 097	-89 477	-423 530	-332 152

In the period January -December 22, 28.2 million NOK has been recognised as success fees for facilitators who have contributed to the acquisition of Sbanken (all in Q1 22).

Personnel expenses

In NOK thousand	Q4 22	Q4 21	2022	2021
Wages	-70 320	-72 572	-268 881	-270 073
<i>Capitalised as intangible assets</i>	392	2 966	9 304	11 287
Pension costs	-11 824	5 515	-31 227	-11 661
Payroll tax	-13 343	-11 573	-56 597	-53 827
Other personnel expenses	-6 073	-4 645	-14 627	-12 459
Total personnel expenses	-101 168	-80 309	-362 028	-336 733

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

Note 12 - 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
31.12.22				
Financial assets				
Cash and receivables with central bank	0	0	314 326	314 326
Loans to and receivables from credit institutions	0	0	1 245 783	1 245 783
Loans to customers	7 582 301	0	90 314 650	97 896 951
Commercial paper and bonds	0	14 177 305	0	14 177 305
Equity and funds	318 974	0	0	318 974
Derivatives ¹	633 779	0	0	633 779
Other assets	0	0	111 959	111 959
Total financial assets	8 535 054	14 177 305	91 986 718	114 699 077
Financial liabilities				
Loans and deposits from central bank	0	0	0	0
Loans and deposits from credit institutions	0	0	562 881	562 881
Deposits from customers	0	0	65 770 095	65 770 095
Debt securities issued ²	0	0	38 632 830	38 632 830
Derivatives ¹	54 019	0	0	54 019
Subordinated loans	0	0	899 409	899 409
Other liabilities	0	0	450 810	450 810
Total financial liabilities	54 019	0	106 316 025	106 370 044
¹ Including derivatives used as hedging instruments.				
² 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
31.12.21				
Financial assets				
Cash and receivables with central bank	0	0	510 676	510 676
Loans to and receivables from credit institutions	0	0	856 622	856 622
Loans to customers	8 168 042	0	76 178 833	84 346 875
Commercial paper and bonds	0	15 487 702	0	15 487 702
Equity and funds ¹	308 778	0	364	309 142
Derivatives ²	377 403	0	0	377 403
Other assets	0	0	159 768	159 768
Total financial assets	8 854 223	15 487 702	77 706 263	102 048 188
Financial liabilities				
Loans and deposits from central bank	0	0	0	0
Loans and deposits from credit institutions	0	0	326 830	326 830
Deposits from customers	0	0	64 240 315	64 240 315
Debt securities issued ³	0	0	28 500 950	28 500 950
Derivatives	14 607	0	0	14 607
Subordinated loans	0	0	899 151	899 151
Other liabilities	0	0	564 335	564 335
Total financial liabilities	14 607	0	94 531 581	94 546 188
¹ Shares in associated company are recognised using the equity method and put under the category amortised cost.				
² Including derivatives used as hedging instruments.				
³ Including hedged liabilities.				

Note 13 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.12.22		31.12.21	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity and funds	318 974	318 974	308 778	308 778
Commercial paper and bonds	14 177 305	14 177 305	15 487 702	15 487 702
Derivatives	633 779	633 779	377 403	377 403
Loans to customers (fixed rate)	7 582 301	7 582 301	8 168 042	8 168 042
Total financial assets at fair value	22 712 359	22 712 359	24 341 925	24 341 925
Liabilities:				
Derivatives	54 019	54 019	14 607	14 607
Total financial liabilities at fair value	54 019	54 019	14 607	14 607

31.12.2022				
In NOK thousand	Level 1	Level 2	Level 3	Total
Equity and funds	0	267 992	50 982	318 974
Commercial paper and bonds	0	14 177 305	0	14 177 305
Derivatives at fair value through profit and loss (asset)	0	633 779	0	633 779
Loans to customers (fixed rate)	0	0	7 582 301	7 582 301
Total	0	15 079 076	7 633 283	22 712 359
Derivatives at fair value through profit and loss (liability)	0	54 019	0	54 019
Total	0	54 019	0	54 019

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2022	8 168 042	114 560	8 282 602
Net gain/(loss) on financial instruments (realised and unrealised)	-93 160	53 602	-39 558
New loans/exits	-492 581	0	-492 581
Sale	0	-70 449	-70 449
Settlement (dividend from VN Norge AS)	0	-46 731	-46 731
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 December 2022	7 582 301	50 982	7 633 283

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

Information about fair value of securities at Level 3:

Shares in Vipps AS

Sbanken has sold their shares in Vipps in Q2 22. The realised profit on 17.9 MNOK has been recognised in the line "Net gain/(loss) on financial instruments".

Shares in VN Norge AS

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

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

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

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

Fixed rate loans

Principles related to fair value of fixed rate loans are described in the annual report for 2021.

31.12.2021

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity and funds	0	194 218	114 560	308 778
Commercial paper and bonds	1 240 074	14 247 628	0	15 487 702
Derivatives at fair value through profit and loss (asset)	0	377 403	0	377 403
Loans to customers (fixed rate)	0	0	8 168 042	8 168 042
Total	1 240 074	14 819 249	8 282 602	24 341 925
Derivatives at fair value through profit and loss (liability)	0	14 607	0	14 607
Total	0	14 607	0	14 607

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2021	7 921 668	110 285	8 031 953
Net gain/(loss) on financial instruments (unrealised)	-139 424	4 275	-135 149
New loans/exits	385 798	0	385 798
Sale	0	0	0
Settlement	0	0	0
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 December 2021	8 168 042	114 560	8 282 602

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

Note 14 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	31.12.22	31.12.21
Receivable related to overdraft facility with Sbanken Boligkreditt AS	3 610 008	5 655 290
Sbanken Boligkreditt AS's deposit in Sbanken ASA	3 975 216	782 646
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	1 695 634	7 538 556
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.22 - 31.12.22	01.01.21 - 31.12.21
Sale of services in line with service agreement	8 496	8 652
Interest on overdraft facility	87 799	32 468
Interest on deposit	2 880	1 055
Interest on covered bonds issued by Sbanken Boligkreditt AS	124 825	81 018
Interest on subordinated loan issued by Sbanken Boligkreditt AS	9 443	6 622
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	10 476	8 948
Dividend from Sbanken Boligkreditt AS to Sbanken ASA	0	260 000

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

As of 31.03.22, other companies of the DNB Group are considered a related party to Sbanken Group. This includes assets and liabilities related to deposits, covered bonds and derivatives.

As of 31.12.22 Sbanken has no holdings of DNB Bank ASA and DNB Boligkreditt AS bonds. At the same time DNB Bank ASA had invested a total amount of NOK 14 billion in bonds issued by Sbanken ASA and Sbanken Boligkreditt AS.

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

Note 15 - Earnings per share

In NOK	Q4 22	Q4 21	2022	2021
Profit for the period to shareholders	256 464 000	176 029 000	831 561 000	707 781 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	2.40	1.65	7.78	6.62
Earnings per share (diluted)	2.40	1.65	7.78	6.62

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 16 - Subsequent events

There have not been any significant events subsequent to 31.12.22 that affect the financial statements for Q4 2022.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q4 22	Q4 21	2022	2021
Interest income from financial instruments using the effective interest method		793 448	359 247	2 234 442	1 377 607
Other interest income		0	0	0	0
Interest expense		-288 685	-59 003	-616 577	-218 410
Net interest income		504 763	300 244	1 617 865	1 159 197
Commission and fee income		108 735	90 607	404 847	332 604
Commission and fee expense		-36 558	-26 235	-137 545	-122 031
Net commission and fee income		72 177	64 372	267 302	210 573
Net gain/(loss) on financial instruments		18 601	260 189	-78 854	285 260
Other income		2 019	2 153	8 496	8 662
Other operating income		20 620	262 342	-70 358	293 922
Personnel expenses		-101 134	-80 214	-361 810	-336 357
Administrative expenses		-114 639	-90 084	-421 876	-330 823
Depreciation and impairment of fixed and intangible assets		-32 122	-24 522	-68 559	-72 318
Profit before loan losses		349 665	432 139	962 564	924 193
Loan losses		-15 037	2 921	-26 977	2 709
Profit before tax		334 628	435 060	935 587	926 902
Tax expense		-81 291	-42 672	-215 877	-159 672
Profit for the period		253 337	392 388	719 710	767 230
Attributable to					
Shareholders		242 682	385 630	685 339	741 472
Additional Tier 1 capital holders		10 655	6 759	34 371	25 759
Profit for the period		253 337	392 388	719 710	767 230

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q4 22	Q4 21	2022	2021
Profit for the period	253 337	392 388	719 710	767 230
Other comprehensive income:				
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	64 576	-64 291	-52 639	-96 721
Tax effect	-16 144	16 072	13 160	24 180
Other comprehensive income that can be reclassified to profit or loss after tax	48 432	-48 219	-39 479	-72 541
Actuarial gains (losses)	6 909	-8 430	6 909	-8 430
Tax effect	-1 727	2 107	-1 727	2 107
Other comprehensive income that can not be reclassified to profit or loss after tax	5 182	-6 323	5 182	-6 323
Total components of other comprehensive income (after tax)	53 614	-54 542	-34 297	-78 864
Total comprehensive income for the period	306 951	337 846	685 413	688 366
Attributable to				
Shareholders	296 296	331 087	651 042	662 607
Additional Tier 1 capital holders	10 655	6 759	34 371	25 759
Total comprehensive income for the period	306 951	337 846	685 413	688 366

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	31.12.22	31.12.21
Assets			
Cash and receivables with central bank		314 326	510 676
Loans to and receivables from credit institutions		4 855 635	6 511 755
Loans to customers		65 017 860	46 217 101
Net loans to customers, central bank and credit institutions		70 187 820	53 239 532
Commercial paper and bonds at fair value through OCI		14 377 000	22 520 436
Equity investments and funds		542 473	536 668
Commercial paper and bonds at amortised cost		327 014	325 854
Shares in subsidiary		1 699 880	1 699 880
Derivatives		225 109	143 382
Intangible assets		72 356	103 350
Deferred tax assets		51 553	36 577
Property, plant and equipment		72 779	86 411
Other assets		21 575	344 219
Advance payment and accrued income		91 060	74 550
Total assets		87 668 618	79 110 860
Liabilities			
Loans and deposits from central bank		0	0
Loans and deposits from credit institutions		4 174 779	1 109 560
Deposits from customers		65 770 095	64 240 315
Debt securities issued		8 576 883	5 177 881
Derivatives		54 019	14 607
Taxes payable		219 962	160 280
Pension commitments		9 122	22 459
Other liabilities		371 374	546 169
Subordinated loans		899 409	899 151
Total liabilities		80 075 643	72 170 422
Equity			
Share capital		1 068 693	1 068 693
Share premium		2 625 895	2 625 895
Additional Tier 1 capital		702 886	701 389
Other equity		3 195 501	2 544 460
Total equity		7 592 975	6 940 437
Total liabilities and equity		87 668 618	79 110 860

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 5.6 million in Sbanken Boligkreditt AS, please refer to note 6 in the financial statements for the Sbanken group. For information regarding related parties, refer to note 14 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 01.01.21	1 068 693	2 625 895	701 223	-25 005	16 657	2 697 064	7 084 526
Profit for the period to other equity (01.01.21 to 31.12.21)						741 472	741 472
Profit for the period to Tier 1 capital holders (01.01.21 to 31.12.21)			25 759				25 759
Payments to Tier 1 capital holders (01.01.21 to 31.12.21)			-25 593				-25 593
Actuarial gains and losses for the period (01.01.21 to 31.12.21)				-6 323			-6 323
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 31.12.21)					-72 541		-72 541
Paid dividend to shareholders, February						-336 638	-336 638
Paid dividend to shareholders, October						-470 225	-470 225
Balance sheet as at 31.12.21	1 068 693	2 625 895	701 389	-31 328	-55 884	2 631 673	6 940 437
Profit for the period to other equity (01.01.22 to 31.12.22)						685 339	685 339
Profit for the period to Tier 1 capital holders (01.01.22 to 31.12.22)			34 371				34 371
Payments to Tier 1 capital holders (01.01.22 to 31.12.22)			-32 874				-32 874
Actuarial gains and losses for the period (01.01.22 to 31.12.22)				5 182			5 182
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.22 to 31.12.22)					-39 479		-39 479
Balance sheet as at 31.12.22	1 068 693	2 625 895	702 886	-26 146	-95 363	3 317 012	7 592 975

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	2022	2021
Cash flows from operating activities			
Net payments on loans to customers		-18 866 992	1 573 224
Interest received on loans to customers		1 640 455	1 089 672
Net receipts on deposits from customers		1 529 779	5 596 668
Interest paid on deposits from customers		-425 884	-151 980
Payments/receipts on loans to/deposits from group company		5 019 745	-3 952 683
Interest received on loans to group company		84 919	32 468
Net receipts/payments from buying and selling financial instruments at fair value		8 001 111	-2 644 217
Interest received from commercial paper and bonds		422 487	233 288
Receipts of collateral related to derivatives used in hedge accounting		90 756	108 807
Net receipts/payments on deposits from central bank		0	-2 250 000
Interest paid on deposits from credit institutions		-2 973	-2 201
Interest received on loans to credit institutions and central bank		14 040	900
Receipts related to commissions and fees		407 226	306 367
Payments related to commissions and fees		-155 647	-119 029
Payments related to administrative expenses		-406 375	-314 108
Payments related to personnel expenses		-364 109	-317 501
Taxes paid		-160 280	-163 586
Other receipts/payments		-60 336	65 028
Net cash flows from operating activities		-3 232 078	-908 883
Cash flows from investment activities			
Capital increase in subsidiary		0	0
Received dividend from subsidiary		260 000	230 000
Invested in Additional Tier 1 capital in subsidiary		0	0
Invested in associated company		0	0
Payments on the acquisition of fixed assets		-2 855	-4 588
Payments on the acquisition of intangible assets		-26 900	-23 418
Net cash flows from investment activities		230 245	201 994
Cash flows from financing activities			
Receipts on share capital and share premium net of issuing cost		0	0
Paid dividend to shareholders		0	-806 863
Receipts on subordinated loans		150 000	0
Payments on matured and redeemed subordinated loans		-150 000	0
Interest paid on subordinated loans		-26 553	-17 151
Receipts on issued additional Tier1 capital		100 000	0
Payments on matured and redeemed additional Tier1 capital		-100 000	0
Interest paid on additional Tier 1 capital		-32 874	-25 593
Receipts on issued bonds and commercial paper		4 950 000	1 700 000
Payments on matured and redeemed bonds and commercial paper		-1 551 853	-814 531
Interest paid on issued bonds and commercial paper		-144 075	-39 460
Net cash flows from financing activities		3 194 645	-3 598
Total net cash flow		192 812	-710 487
Cash at the beginning of the period		1 367 140	2 077 627
Cash at the end of the period		1 559 952	1 367 140
Change in cash		192 812	-710 487
Cash			
Cash and receivables with central bank		314 326	510 675
Loans to credit institutions		1 245 626	856 465
Total cash		1 559 952	1 367 140

Capital adequacy

(Sbanken ASA)

In NOK thousand	31.12.22		31.12.21	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 209 371	0	1 611 053	0
Regional governments	863 382	182 477	1 577 839	230 435
Multilateral Development Banks	1 581 043	0	1 469 749	0
Institutions	38 399 159	4 343 885	29 981 388	3 742 762
Retail	8 563 612	3 346 030	8 612 228	3 335 532
Secured by mortgages on immovable property	83 585 791	24 977 529	61 177 525	17 584 879
Exposures in default	314 278	364 330	408 298	471 389
Covered bonds	10 267 197	1 026 720	17 687 733	1 768 773
Equity	2 362 489	2 362 489	2 652 980	2 653 525
Other items	170 999	170 999	421 308	421 308
Total credit risk, standardised method¹⁾	147 317 321	36 774 460	125 600 101	30 208 603
Credit value adjustment risk (CVA)		9 110		37 612
Operational risk		2 507 908		2 316 820
Total risk-weighted volume		39 291 478		32 563 035
Capital base				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		2 510 162		1 802 988
Additional Tier 1 capital		702 886		701 389
Profit for the period		685 339		741 472
Total booked equity		7 592 975		6 940 437
Additional Tier 1 capital instruments included in total equity		-702 886		-701 389
Common equity Tier 1 capital instruments		6 890 089		6 239 048
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-54 267		-77 513
Value adjustment due to the requirements for prudent valuation (AVA)		-14 924		-23 057
Dividends payable		0		0
Profit for the period, not eligible ²⁾		0		0
Common equity Tier 1 capital		6 820 898		6 138 478
Additional Tier 1 capital		700 000		700 000
Tier 1 capital		7 520 898		6 838 478
Tier 2 capital		900 000		900 000
Own funds (primary capital)		8 420 898		7 738 478
Capital requirements				
Minimum requirements - common equity Tier 1 capital	4.5%	1 768 117	4.5%	1 465 337
Capital conservation buffer	2.5%	982 287	2.5%	814 076
Systemic risk buffer	3.0%	1 178 744	3.0%	976 891
Countercyclical capital buffer	2.0%	785 830	1.0%	325 630
Additional Tier 1 capital	1.5%	589 372	1.5%	488 446
Tier 2 capital	2.0%	785 830	2.0%	651 261
Total minimum and buffer requirements own funds (primary capital)	15.5%	6 090 179	14.5%	4 721 640
<i>Available common equity Tier 1 capital after buffer requirements</i>		2 109 520		2 556 545
<i>Available own funds (primary capital)</i>		2 334 319		3 016 838
Capital ratio % (regulatory)				
Common equity Tier 1 capital		17.4%		18.9%
Additional Tier 1 capital		1.8%		2.1%
Tier 2 capital		2.3%		2.8%
Total capital ratio		21.4%		23.8%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Year-end 2022 and 2021 includes fully retained earnings with no dividend.

Leverage Ratio (Sbanken ASA)

In NOK thousand		31.12.22	31.12.21
Exposure value on derivatives		40 919	81 850
Off-balance sheet commitments		40 160 581	29 847 924
Loans and advances and other assets		87 374 753	78 864 127
Regulatory adjustments included in Tier 1 capital		0	0
Total leverage exposure		127 576 253	108 793 901
Tier 1 capital ¹⁾		7 520 898	6 838 478
Leverage ratio % (regulatory)		5.9 %	6.3 %
Leverage Ratio requirements			
Minimum requirements	3.0%	3 827 288	3 263 817
Buffer requirements	0.0%	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	3 827 288	3 263 817
<i>Available Tier 1 capital after minimum and buffer requirements</i>		3 693 610	3 574 661

¹⁾ Year-end 2022 and 2021 includes fully retained earnings with no dividend.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	31.12.22	31.12.21
Bonds issued	NOK	8 576 883	5 177 881
Subordinated loans	NOK	899 409	899 151
Total debt securities issued and subordinated loans		9 476 292	6 077 032

Specification of bonds and subordinated loans as at 31.12.22:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010874878	Sbanken ASA	367 000	NOK	Floating	10.02.23	366 946
NO0010886757	Sbanken ASA	785 000	NOK	Floating	26.09.23	785 519
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 764
NO0012785122	Sbanken ASA	1 000 000	NOK	Floating	03.07.24	1 000 000
NO0010920762	Sbanken ASA	2 000 000	NOK	Floating	12.12.24	1 996 255
Total bonds		5 152 000				5 148 484
Bonds, senior non-preferred						
NO0011087587	Sbanken ASA	2 700 000	NOK	Floating	08.09.25	2 678 287
NO0011087595	Sbanken ASA	800 000	NOK	Fixed	07.09.27	750 112
Total bonds, senior non-preferred		3 500 000				3 428 399
Total bonds		8 652 000				8 576 883

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	125 000
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 592
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 817
NO0011203598	Sbanken ASA	150 000	NOK	Floating	14.01.32	150 000
Total subordinated loans		900 000				899 409

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:

	31.12.21	January-December 2022				31.12.22
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	3 990 000	2 500 000	0	-1 338 000	0	5 152 000
Bonds, senior non-preferred (nominal)	1 200 000	2 300 000	0	0	0	3 500 000
Subordinated loans (nominal)	900 000	150 000	0	-150 000	0	900 000
Total	6 090 000	4 950 000	0	-1 488 000	0	9 552 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q4 22	Q4 21	2022	2021
Loans to and receivables from credit institutions and central bank	37 183	13 295	101 839	33 369
Loans to customers ¹	616 529	276 317	1 693 119	1 104 237
Commercial paper and bonds ²	139 736	69 637	439 484	240 002
Total interest income	793 448	359 247	2 234 442	1 377 607
Loans and deposits from credit institutions and central bank	-2 336	-408	-5 853	-3 256
Deposits from customers	-188 029	-20 555	-342 896	-81 492
Debt securities issued	-67 623	-15 732	-156 386	-45 810
Subordinated loans	-9 850	-4 719	-28 454	-17 364
Other interest expenses	-20 848	-17 589	-82 988	-70 488
Total interest expenses	-288 685	-59 003	-616 577	-218 410
Net interest income	504 763	300 244	1 617 865	1 159 197

¹ Interest income in Jan-Dec 22 of TNOK 752 714 are related to home loans measured at fair value through OCI and TNOK 221 551 are related to home loans measured at fair value through profit and loss.

² Interest income in Jan-Dec 22 of TNOK 9 443 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
31.12.22					
Financial Assets					
Cash and receivables with central bank			314 326	314 326	314 326
Loans to and receivables from credit institutions			4 855 635	4 855 635	4 855 635
Loans to customers	7 582 301	33 349 498	24 086 061	65 017 860	65 017 860
Commercial paper and bonds		14 377 000	0	14 377 000	14 377 000
Equity investments and funds ²	542 473		0	542 473	542 473
Commercial paper and bonds at amortised cost			327 014	327 014	318 777
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	225 109			225 109	225 109
Other assets			112 635	112 635	112 635
Total financial assets	8 349 883	47 726 498	31 395 551	87 471 932	87 463 695
Financial liabilities					
Loans and deposits from central bank			0	0	0
Loans and deposits from credit institutions			4 174 779	4 174 779	4 174 779
Deposits from customers			65 770 095	65 770 095	65 770 095
Debt securities issued			8 576 883	8 576 883	8 534 692
Derivatives	54 019			54 019	54 019
Subordinated loans			899 409	899 409	884 741
Other liabilities			371 374	371 374	371 374
Total financial liabilities	54 019	0	79 792 540	79 846 559	79 789 700

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

² 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
31.12.21					
Financial Assets					
Cash and receivables with central bank			510 676	510 676	510 676
Loans to and receivables from credit institutions			6 511 755	6 511 755	6 511 755
Loans to customers	8 168 042	24 606 853	13 442 206	46 217 101	46 217 101
Commercial paper and bonds		22 520 436	0	22 520 436	22 520 436
Equity investments and funds ^{2 and 3}	536 304		364	536 668	536 668
Commercial paper and bonds at amortised cost			325 854	325 854	326 408
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	143 382			143 382	143 382
Other assets			418 769	418 769	418 769
Total financial assets	8 847 728	47 127 289	22 909 504	78 884 521	78 885 075
Financial liabilities					
Loans and deposits from central bank			0	0	0
Loans and deposits from credit institutions			1 109 560	1 109 560	1 109 560
Deposits from customers			64 240 315	64 240 315	64 240 315
Debt securities issued			5 177 881	5 177 881	5 190 219
Derivatives	14 607			14 607	14 607
Subordinated loans			899 151	899 151	910 584
Other liabilities			546 168	546 168	546 168
Total financial liabilities	14 607	0	71 973 075	71 987 682	72 011 453

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	31.12.22		31.12.21	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity investments and funds	542 473	542 473	536 304	536 304
Commercial paper and bonds	14 377 000	14 377 000	22 520 436	22 520 436
Loans to customers	40 931 799	40 931 799	32 774 895	32 774 895
Derivatives	225 109	225 109	143 382	143 382
Total financial assets at fair value	56 076 381	56 076 381	55 975 017	55 975 017
Liabilities:				
Derivatives	54 019	54 019	14 607	14 607
Total financial liabilities at fair value	54 019	54 019	14 607	14 607

31.12.2022				
In NOK thousand	Level 1	Level 2	Level 3	Total
Equity investments and funds	0	491 491	50 982	542 473
Commercial paper and bonds	0	14 377 000	0	14 377 000
Loans to customers	0	0	40 931 799	40 931 799
Derivatives	0	225 109	0	225 109
Total	0	15 093 600	40 982 781	56 076 381
Derivatives at fair value through profit and loss (liability)		54 019		54 019
Total		54 019		54 019

Financial instruments measured at fair value Level 3			
In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2022	32 774 895	114 560	32 889 455
Net gain/(loss) on financial instruments (unrealised)	-93 160	53 602	-39 558
Net new loans/exits	18 100 929	0	18 100 929
Sale (to Sbanken Boligkreditt AS)	-9 850 865	0	-9 850 865
Sale to others	0	-70 449	-70 449
Settlement (dividend from VN Norge AS)	0	-46 731	-46 731
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 December 2022	40 931 799	50 982	40 982 781

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

31.12.2021

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity investments and funds	0	421 744	114 560	536 304
Commercial paper and bonds	1 240 074	21 280 362	0	22 520 436
Loans to customers	0	0	32 774 895	32 774 895
Derivatives	0	143 382	0	143 382
Total	1 240 074	21 845 488	32 889 455	55 975 017
Derivatives at fair value through profit and loss (liability)		14 607		14 607
Total		14 607		14 607

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2021	38 033 122	110 285	38 143 407
Net gain/(loss) on financial instruments (unrealised)	-139 424	4 275	-135 149
Net new loans/exits	18 310 806	0	18 310 806
Sale (to Sbanken Boligkreditt AS)	-23 429 609	0	-23 429 609
Settlement	0	0	0
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 December 2021	32 774 895	114 560	32 889 455

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

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	Q4 22	Q4 21	2022	2021
Net interest income (annualised)	1 991 641	1 457 110	1 719 916	1 517 710
Average total assets	113 624 916	95 898 907	107 845 276	98 953 138
Net interest margin	1.75 %	1.52 %	1.59 %	1.53 %
Interest income (annualised)	4 039 386	1 931 451	2 867 018	1 939 390
Average total assets	113 624 916	95 898 907	107 845 276	98 953 138
Effective lending rate	3.56 %	2.01 %	2.66 %	1.96 %
Interest expense (annualised)	2 047 744	474 341	1 147 102	421 680
Average total assets	113 624 916	95 898 907	107 845 276	98 953 138
Effective funding rate	1.80 %	0.49 %	1.06 %	0.43 %

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	Q4 22	Q4 21	2022	2021
Operating expense	248 387	194 308	854 117	741 203
Operating income	617 852	432 053	2 009 099	1 693 288
Cost-to-income ratio	40.2 %	45.0 %	42.5 %	43.8 %
Operating expense	248 387	194 308	854 117	741 203
Adjustment one-off	0	947	-29 028	-11 514
Operating expense adjusted	248 387	195 255	825 089	729 689
Operating income	617 852	432 053	2 009 099	1 693 288
Adjustment one-off	0	0	-26 520	0
Operating income adjusted	617 852	432 053	1 982 579	1 693 288
Cost-to-income ratio adjusted	40.2 %	45.2 %	41.6 %	43.1 %
Profit for the period attributable to shareholders (annualised)	1 017 493	698 378	831 561	707 781
Average equity	7 425 155	6 948 538	7 178 213	6 851 229
Return on equity	13.7 %	10.1 %	11.6 %	10.3 %

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	Q4 22	Q4 21	2022	2021
Loan losses (annualised)	63 883	-10 507	27 374	-3 470
Average loan volume	96 751 320	83 623 378	91 595 031	82 824 694
Loss rate	0.07 %	-0.01 %	0.03 %	0.00 %
Average deposits from customers	65 874 853	64 346 414	65 897 714	62 307 679
Average loans to customers	96 751 320	83 623 378	91 595 031	82 824 694
Average deposit-to-loan ratio	68.1 %	76.9 %	71.9 %	75.2 %
Deposits from customers	65 770 095	64 240 315	65 770 095	64 240 315
Loans to customers	97 896 951	84 346 875	97 896 951	84 346 875
Deposit-to-loan ratio	67.2 %	76.2 %	67.2 %	76.2 %
LTV (Loan-to-value)	52.6 %	51.3 %	52.6 %	51.3 %

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

Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the financial statements for the group and the company for the period 1 January through 31 December 2022 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the company taken as a whole.

To the best of our knowledge, the 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, 8 February 2023

The Board of Directors of Sbanken ASA


Ingjerd Blekeli Spiten
(Chair)



Mai-Lill Ibsen


Tore Olaf Rimmereid


Tor Arne Hansen


Sarah Lunde Mjåtvedt


Stein Zahl Pettersen


Øyvind Thomassen
(CEO)

S'banken

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