

Sbanken

Q2

Second quarter 2022

(Unaudited)

Sbanken ASA



Q2

Second quarter 2022 – Highlights Sbanken ASA

Annual lending growth

10.5 %
(-2.9 %*)

Cost-to-income ratio

44.4 %
(44.9 %*)

ROE

10.4 %
(11.1 %*)

Net interest margin

1.56 %
(1.58 %*)

Loan loss ratio

0.01 %
(-0.09 %*)

CET1 ratio

15.7 %**
(16.7 %*)

* Comparable figure corresponding period last year.

** Including 0 per cent of the profit for the first half-year of 2022 and 2021. Year-end 2021 includes fully retained earnings for 2021 with no dividend.

Key figures (group)

In NOK thousand	Reference	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Summary of income statement						
Net interest income		405 363	392 351	782 883	777 057	1 517 710
Net fee and commission income		59 589	46 660	113 672	95 261	210 573
Net other income		-22 463	-13 567	-7 789	-16 516	-34 995
Total income		442 489	425 444	888 766	855 802	1 693 288
Other operating expenses		-196 370	-191 102	-410 582	-365 839	-741 203
Operating profit before loan losses		246 118	234 342	478 184	489 963	952 085
Loan losses		-1 120	18 815	-7 018	6 073	3 470
Earnings before tax		244 998	253 157	471 166	496 036	955 555
Calculated tax		-55 499	-57 091	-102 183	-113 632	-222 015
Net profit		189 499	196 066	368 983	382 404	733 540
Profitability						
Return on equity	1	10.4 %	11.1 %	10.3 %	10.8 %	10.3 %
Net interest margin	2	1.56 %	1.58 %	1.51 %	1.56 %	1.53 %
Cost-to-income ratio	3	44.4 %	44.9 %	46.2 %	42.7 %	43.8 %
Earnings per share		1.70	1.77	3.31	3.46	6.62
Balance sheet figures (in NOK million)						
Total loan volume		90 535	81 955	90 535	81 955	84 671
Customer deposits		67 997	64 186	67 997	64 186	64 240
Deposit-to-loan ratio	4	73.4 %	74.6 %	73.8 %	73.0 %	75.2 %
Lending growth (gross) previous 12 months		10.5 %	-2.9 %	10.5 %	-2.9 %	1.5 %
Average total assets	5	104 505	99 780	104 648	100 227	98 953
Total assets, end of period		107 102	101 461	107 102	101 461	102 274
Book value per share		66.18	64.95	66.18	64.95	63.50
Losses and defaults						
Total loan loss (%)	6	0.01 %	-0.09 %	0.02 %	-0.01 %	0.00 %
Capital adequacy and leverage ratio						
Common equity Tier 1 capital ratio	7	15.7 %	16.7 %	15.7 %	16.7 %	16.8 %
Tier 1 capital ratio		17.4 %	18.5 %	17.4 %	18.5 %	18.6 %
Total capital ratio		19.5 %	20.8 %	19.5 %	20.8 %	20.8 %
Leverage ratio		6.3 %	6.7 %	6.3 %	6.7 %	6.8 %
Employment						
FTEs		330	333	330	333	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) Including 0 per cent of the profit for the first half-year of 2022 and 2021. Year-end 2021 includes fully retained earnings for 2021 with no dividend.

Second Quarter Results

The Sbanken group recorded a profit before tax of NOK 245.0 million in the second quarter, compared with NOK 253.2 million in the second quarter of 2021. Net interest income increased to NOK 405.4 (392.4) million, while net fee and commission income increased by 27.6 per cent to NOK 59.6 (46.7) million. Total customer lending at quarter-end was NOK 90.5 (82.0) billion. Funds under management decreased to NOK 28.6 (29.4) billion. Return on equity in the second quarter was 10.4 (11.1) per cent.

Important events during the quarter

Sbanken ASA became a fully owned subsidiary of DNB Bank ASA on 7 April.

In June Sbanken was awarded the prize for the best customer service, both for 2021 and for the decade 2011-2021, across all industries in Norway, a confirmation of Sbanken's unrivalled reputation as the customers favourite bank in Norway.

Norges Bank raised the key policy rate with 0.50 percentage points, to 1.25 percent in June.

Operating income

Operating income amounted to NOK 442.5 (425.4) million, following an increase in net interest income of NOK 13.0 million, an increase in net fee and commission income of NOK 12.9 million and a decrease in other operating income of NOK 8.9 million from the second quarter of 2021.

Net interest income increased to NOK 405.4 (392.4) million. The net interest margin was 1.56 per cent, down from 1.58 per cent in the second quarter of 2021. Compared to the previous quarter, the net interest margin was up 7 basis points.

Net fee and commission income increased to NOK 59.6 (46.7) million.

The effective lending rate increased to 2.32 per cent, compared to 2.00 per cent in the second quarter of 2021, and 2.06 per cent in the previous quarter.

The effective funding rate increased to 0.77 per cent, compared with 0.42 per cent in the second quarter of 2021. The funding rate increased by 20 basis points from the previous quarter.

Operating expenses

Operating expenses amounted to NOK 196.4 (191.1) million in the quarter.

The cost-to-income ratio was 44.4 per cent in the quarter, compared to 44.9 per cent in the second quarter of 2021.

Impairments and losses

Loan losses amounted to NOK 1.1 million (positive 18.8) in the quarter, equivalent to a loan loss ratio of 0.01 per cent.

Total expected credit losses amounted to NOK 329.1 million at quarter-end, of which NOK 57.1 million related to secured loans and NOK 272.0 million to unsecured loans.

Taxes

The estimated tax expense amounted to NOK 55.5 (57.1) million, corresponding to an effective tax rate of 22.7 (22.6) per cent.

Loans to and deposits from customers

At the end of the quarter, loans to customers totalled NOK 90.5 (82.0) billion. Lending growth over the past 12 months was 10.5 per cent. Mortgage lending increased with NOK 1.2 billion to NOK 86.8 billion in the quarter.

Outstanding consumer loans amounted to NOK 1.2 (1.5) billion at quarter-end 2021.

Customer deposits increased to NOK 68.0 (64.2) billion, a 5.9 per cent increase from the second quarter of 2021.

Savings

Funds under management (FuM) were NOK 28.6 billion, compared to NOK 29.4 billion at the end of the second quarter 2021 and NOK 30.8 billion at the end of the previous quarter.

Net client cash flow in the quarter was negative in the amount of NOK 0.5 billion.

Comments on the results for the first half-year of 2022

Sbanken recorded a net profit of NOK 369.0 million in the first half-year of 2022, compared with NOK 382.4 million in the first half-year of 2021.

Net interest income increased by 0.7 per cent to NOK 782.9 (777.1) million. Net fee and commission income increased to NOK 113.7 (95.3) million.

Operating expenses increased by 12.2 per cent to NOK 410.6 (365.8) million.

Loan losses were NOK 7.0 million (positive 6.1). The loan loss ratio was 0.02 per cent, compared to a loss ratio of minus 0.01 per cent in the first half-year of 2021.

Capital adequacy, leverage ratio and risk factors

Sbanken currently has a regulatory CET1 requirement of 13.0 per cent and a capital ratio target of 13.5 per cent. At quarter-end, Sbanken had a CET1 capital ratio of 15.7 per cent. The tier 1 capital ratio was 17.4 per cent and the total capital ratio was 19.5 per cent, while the leverage ratio was 6.3 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 49.6 per cent, down from 50.7 per cent in the previous quarter. Mortgage lending accounted for 95.9 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 114.6 million at the end of the quarter, of which NOK 71.3 million related to the valuation of the bank's shares in VN Norge AS (Visa) and NOK 28.9 million to Quantfolio AS. The majority of lending provided by Sbanken has variable interest rates. Interest rate swaps are used to reduce interest rate risk that arises with fixed rate mortgages. All deposits have variable interest rates, while capital market funding uses three-month Nibor as reference rate. At quarter-end, Sbanken had a liquidity portfolio of NOK 13.7 billion in interest-bearing securities issued by sovereigns, municipalities and financial institutions. The corresponding credit spread risk was estimated at NOK 289.0 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 238 per cent against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 150 per cent.

Sbanken had outstanding capital market funding amounting to NOK 29.3 billion at quarter-end. Sbanken Boligkreditt's total nominal issue of covered bonds amounted to NOK 31.2 billion. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 75.1 per cent, compared to 72.9 per cent at the end of the previous quarter and 78.7 per cent at the end of the second quarter of 2021. 90.7 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 80.9 per cent by the harmonised EU Deposit Guarantee Scheme (EUR 0.1 million).

Moody's aligned Sbanken ASA's long-term credit rating with DNB Bank ASA's Aa2 with a negative outlook on 5 April 2022. Covered bonds issued by Sbanken Boligkreditt AS have a long-term rating of Aaa from Moody's.

Macroeconomic and regulatory developments

In the second quarter of 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 June monetary policy report, Norges Bank projected that the key policy rate is likely to be raised 0.25 percentage points several times in 2022 and 2023 towards a level of around 3.10 per cent at the end of 2023.

Mainland GDP grew 4.2 per cent in 2021. Growth is forecasted to be reduced to 3.5 per cent in 2022 and then be further reduced to 1.1 per cent in 2023, and 0.9 per cent in 2024.

Registered unemployment was 2.0 per cent at quarter-end, the same level as at the end of the previous quarter. The average annual unemployment rate is forecasted at 1.8 per cent in 2022 and 1.8 per cent in 2023.

Norges Bank projects housing prices to increase by 5.5 per cent in 2022, and then fall by 1.1 percent in 2023. Credit growth for households is forecasted at 4.7 per cent for 2022.

Subsequent events

No significant events have occurred after 30 June 2022 that affect the financial statements for the second quarter of 2022.

Bergen, 11 July 2022

The Board of Directors of Sbanken ASA


Ingjerd Blekeli Spiten
(Chair)


Mai-Lill Ibsen


Tor Arne Hansen


Sarah Lunde Mjåtvædt


Tore Olaf Rimmereid


Stein Zahl Pettersen


Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Interest income from financial instruments using the effective interest method	12	605 078	496 575	1 126 801	987 284	1 939 390
Other interest income	12	0	0	0	0	0
Interest expense	12	-199 715	-104 223	-343 919	-210 227	-421 680
Net interest income		405 363	392 351	782 883	777 057	1 517 710
Commission and fee income	13	93 195	76 803	181 537	157 393	332 604
Commission and fee expense	13	-33 606	-30 143	-67 865	-62 132	-122 031
Net commission and fee income		59 589	46 660	113 672	95 261	210 573
Net gain/(loss) on financial instruments	14	-22 463	-13 567	-7 789	-16 516	-35 005
Other income		0	0	0	0	10
Other operating income		-22 463	-13 567	-7 789	-16 516	-34 995
Personnel expenses	15	-85 571	-87 568	-170 059	-171 566	-336 733
Administrative expenses	15,20	-98 615	-87 642	-216 643	-162 593	-332 152
Depreciation and impairment of fixed and intangible assets		-12 184	-15 892	-23 880	-31 680	-72 318
Profit before loan losses		246 118	234 342	478 184	489 963	952 085
Loan losses	8	-1 120	18 815	-7 018	6 073	3 470
Profit before tax		244 998	253 157	471 166	496 036	955 555
Tax expense	16	-55 499	-57 091	-102 183	-113 632	-222 015
Profit for the period		189 499	196 066	368 983	382 404	733 540
Attributable to						
Shareholders		181 655	189 654	353 687	369 650	707 781
Additional Tier 1 capital holders	11	7 844	6 412	15 296	12 754	25 759
Profit for the period		189 499	196 066	368 983	382 404	733 540

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Profit for the period	189 499	196 066	368 983	382 404	733 540
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-61 060	-13 612	-89 677	-10 911	-34 200
Tax effect	15 094	3 214	22 473	2 489	8 637
Other comprehensive income that can be reclassified to profit or loss after tax	-45 966	-10 398	-67 204	-8 422	-25 563
Actuarial gains (losses)	0	0	0	0	-8 430
Tax effect	0	0	0	0	2 107
Other comprehensive income that can-not be reclassified to profit or loss after tax	0	0	0	0	-6 323
Total components of other comprehensive income (after tax)	-45 966	-10 398	-67 204	-8 422	-31 886
Total comprehensive income for the period	143 533	185 668	301 779	373 982	701 654
Attributable to					
Shareholders	135 689	179 256	286 483	361 228	675 895
Additional Tier 1 capital holders	11 7 844	6 412	15 296	12 754	25 759
Total comprehensive income for the period	143 533	185 668	301 779	373 982	701 654

Balance sheet

(Sbanken group)

In NOK thousand	Note	30.06.22	30.06.21	31.12.21
Assets				
Cash and receivables with central bank	5	436 234	545 564	510 676
Loans to and receivables from credit institutions	5	1 341 273	4 011 377	856 622
Loans to customers	5, 6, 7, 17, 18	90 211 371	81 606 802	84 346 875
Net loans to customers, central bank and credit institutions		91 988 877	86 163 743	85 714 173
Commercial paper and bonds at fair value through OCI	17, 19	13 721 210	14 275 864	15 487 702
Equity and funds	17, 18, 19	318 464	188 582	309 142
Derivatives	19	632 724	432 039	377 403
Intangible assets		105 319	117 791	103 350
Deferred tax assets	16	61 481	23 899	35 638
Property, plant and equipment		79 384	97 677	86 411
Other assets		37 162	49 134	85 488
Advance payment and accrued income		157 272	111 977	74 280
Total assets		107 101 892	101 460 706	102 273 586
Liabilities				
Loans and deposits from central bank	17,18	0	0	0
Loans and deposits from credit institutions	17, 18	552 585	409 588	326 830
Deposits from customers	17, 18	67 997 377	64 185 954	64 240 315
Debt securities issued	10, 17, 18	29 309 640	27 559 184	28 500 950
Derivatives		58 654	10 307	14 607
Taxes payable	16	91 293	128 982	217 805
Pension commitments		22 459	36 998	22 459
Other liabilities		396 493	588 268	564 335
Subordinated loans	10, 17, 18	899 291	898 991	899 151
Total liabilities		99 327 791	93 818 271	94 786 452
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital	11	701 874	701 133	701 389
Other equity		3 377 639	3 246 714	3 091 157
Total equity		7 774 102	7 642 435	7 487 134
Total liabilities and equity		107 101 892	101 460 706	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 30.06.21)						369 650	369 650
Profit for the period to Tier 1 capital holders (01.01.21 to 30.06.21)			12 754				12 754
Payments to Tier 1 capital holders (01.01.21 to 30.06.21)			-12 844				-12 844
Actuarial gains and losses for the period (01.01.21 to 30.06.21)				0			0
Net change in fair value of financial instruments at fair value through OCI (01.01.21 to 30.06.21)					-8 422		-8 422
Paid dividend to shareholders						-336 638	-336 638
Balance sheet as at 30.06.21	1 068 693	2 625 895	701 133	-25 005	-31 342	3 303 064	7 642 435
Profit for the period to other equity (01.07.21 to 31.12.21)						338 131	338 131
Profit for the period to Tier 1 capital holders (01.07.21 to 31.12.21)			13 005				13 005
Payments to Tier 1 capital holders (01.07.21 to 31.12.21)			-12 749				-12 749
Actuarial gains and losses for the period (01.07.21 to 31.12.21)				-6 323			-6 323
Net change in fair value of financial instruments at fair value through OCI (01.07.21 to 31.12.21)					-17 141		-17 141
Paid dividend to shareholders						-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 30.06.22)						353 687	353 687
Profit for the period to Tier 1 capital holders (01.01.22 to 30.06.22)			15 296				15 296
Payments to Tier 1 capital holders (01.01.22 to 30.06.22)			-14 811				-14 811
Actuarial gains and losses for the period (01.01.22 to 30.06.22)				0			0
Net change in fair value of financial instruments at fair value through OCI (01.01.22 to 30.06.22)					-67 204		-67 204
Balance sheet as at 30.06.22	1 068 693	2 625 895	701 874	-31 328	-115 687	3 524 657	7 774 102

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	Jan-Jun 22	Jan-Jun21	2021
Cash flows from operating activities				
Net payments on loans to customers	6	-6 022 322	1 394 476	-1 380 979
Interest received on loans to customers	12	995 805	919 342	1 774 035
Net receipts on deposits from customers	17, 18	3 757 061	5 542 327	5 596 688
Interest paid on deposits from customers	12	-153 438	-109 568	-151 980
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	1 667 996	157 305	-1 325 202
Interest received from commercial paper and bonds	12	109 254	115 822	149 644
Receipts of collateral related to derivatives used in hedge accounting		225 755	-133 143	-215 902
Net receipts/payments on deposits from credit institutions and central bank		0	-2 250 000	-2 250 000
Interest paid on deposits from credit institutions	12	-265	-2 008	-2 201
Interest received on loans to credit institutions and central bank	12	4 248	842	2 601
Receipts related to commissions and fees	13	154 711	144 740	306 367
Payments related to commissions and fees	13	-69 347	-65 051	-119 029
Payments related to administrative expenses	15	-209 880	-140 708	-315 529
Payments related to personnel expenses	15	-198 535	-174 974	-317 877
Taxes paid	16	-232 064	-209 021	-231 178
Other receipts/payments		-53 467	42 260	76 467
Net cash flows from operating activities		-24 488	5 232 641	1 595 925
Cash flows from investment activities				
Invested in associated company		0	0	0
Payments on the acquisition of fixed assets		-2 247	-2 554	-4 588
Payments on the acquisition of intangible assets		-20 705	-21 854	-23 418
Net cash flows from investment activities		-22 952	-24 408	-28 006
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost	EQ	0	0	0
Paid dividend to shareholders	EQ	0	-336 638	-806 863
Receipts on subordinated loans	10	150 000	0	0
Payments on matured and redeemed subordinated loans	10	-150 000	0	0
Interest paid on subordinated loans	12	-11 102	-8 672	-17 151
Receipts on issued additional Tier1 capital	11	100 000	0	0
Payments on matured and redeemed additional Tier1 capital		-100 000	0	0
Interest paid on additional Tier 1 capital	EQ	-14 811	-12 844	-25 593
Receipts on issued bonds and commercial paper	10	5 590 000	1 880 000	7 480 000
Payments on matured and redeemed bonds and commercial paper	10	-4 867 183	-4 103 864	-8 662 775
Interest paid on issued bonds and commercial paper	12	-239 254	-147 059	-246 025
Net cash flows from financing activities		457 650	-2 729 077	-2 278 407
Total net cash flow		410 210	2 479 156	-710 488
Cash at the beginning of the period		1 367 297	2 077 785	2 077 785
Cash at the end of the period		1 777 507	4 556 941	1 367 297
Change in cash		410 210	2 479 156	-710 488
Cash				
Cash and receivables with central bank		436 234	545 564	510 675
Loans to credit institutions		1 341 273	4 011 377	856 622
Total cash		1 777 507	4 556 941	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 IV/CRR).

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

In NOK thousand	30.06.22		30.06.21		31.12.21	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 132 825	0	1 455 709	0	1 636 276	0
Regional governments	756 574	153 702	2 804 564	457 941	1 576 900	228 088
Multilateral Development Banks	1 616 054	0	1 675 817	0	1 563 271	0
Institutions	2 142 856	482 007	4 612 306	905 129	1 717 129	377 910
Retail	8 643 824	3 297 402	8 533 177	3 213 121	8 614 935	3 337 562
Secured by mortgages on immovable property	108 860 803	33 129 924	95 184 902	29 465 795	99 193 525	30 877 352
Exposures in default	571 244	629 232	564 183	647 235	519 364	582 455
Covered bonds	9 906 703	990 670	8 403 615	840 361	10 536 254	1 053 625
Equity	424 709	468 034	238 923	239 469	399 720	400 265
Other items	243 065	243 065	209 915	209 915	162 307	162 307
Total credit risk, standardised method ¹	134 298 657	39 394 036	123 683 111	35 978 966	125 919 681	37 019 564
Credit value adjustment risk (CVA)		23 308		39 556		56 442
Operational risk		2 773 710		2 693 289		2 773 710
Total risk-weighted volume		42 191 054		38 711 811		39 849 716
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		3 023 953		2 877 064		2 383 376
Additional Tier 1 capital		701 874		701 133		701 389
Profit for the period		353 687		369 650		707 781
Total booked equity		7 774 102		7 642 435		7 487 134
Additional Tier 1 capital instruments included in total equity		-701 874		-701 133		-701 389
Common equity Tier 1 capital instruments		7 072 228		6 941 302		6 785 745
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-78 989		-88 344		-77 513
Value adjustment due to the requirements for prudent valuation (AVA)		-14 011		-14 464		-15 796
Profit for the period, not eligible		-353 687		-369 650		0
Common equity Tier 1 capital		6 625 541		6 468 844		6 692 436
Additional Tier 1 capital		700 000		700 000		700 000
Tier 1 capital		7 325 541		7 168 844		7 392 436
Tier 2 capital		900 000		900 000		900 000
Own funds (primary capital)		8 225 541		8 068 844		8 292 436
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 898 597	4.5%	1 742 031	4.5%	1 793 237
Institution specific Pillar II requirement	1.5%	632 866	1.5%	580 677	1.5%	597 746
Capital conservation buffer	2.5%	1 054 776	2.5%	967 795	2.5%	996 243
Systemic risk buffer	3.0%	1 265 732	3.0%	1 161 354	3.0%	1 195 491
Countercyclical capital buffer	1.5%	632 866	1.0%	387 118	1.0%	398 497
Additional Tier 1 capital	1.5%	632 866	1.5%	580 677	1.5%	597 746
Tier 2 capital	2.0%	843 821	2.0%	774 236	2.0%	796 994
Total minimum and buffer requirements own funds (primary capital)	16.5%	6 961 524	16.0%	6 193 890	16.0%	6 375 955
<i>Available common equity Tier 1 capital after buffer requirements</i>		1 140 704		1 629 869		1 711 222
<i>Available own funds (primary capital)</i>		1 264 017		1 874 955		1 916 482

Capital ratio % (regulatory) ²⁾

Common equity Tier 1 capital	15.7%	16.7%	16.8%
Additional Tier 1 capital	1.7%	1.8%	1.8%
Tier 2 capital	2.1%	2.3%	2.3%
Total capital ratio	19.5%	20.8%	20.8%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Including 0 per cent of the profit for the first half-year of 2022 and 2021. Year-end 2021 includes fully retained earnings for 2021 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		30.06.22	30.06.21	31.12.21
Exposure value on derivatives		70 307	91 775	145 898
Off-balance sheet commitments		9 011 386	6 556 603	7 450 518
Loans and advances and other assets		106 363 850	100 910 876	101 792 833
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		115 445 543	107 559 254	109 389 249
Tier 1 capital ¹⁾		7 325 541	7 168 844	7 392 436
Leverage ratio % (regulatory)		6.3 %	6.7 %	6.8 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 463 366	3 226 778	3 281 677
Buffer requirements ²⁾	0%/2%	0	2 151 185	2 187 785
Total minimum and buffer requirements (Tier 1 capital)	3%/5%	3 463 366	5 377 963	5 469 462
<i>Available Tier 1 capital after minimum and buffer requirements</i>		3 862 175	1 790 881	1 922 974

¹⁾ Including 0 per cent of the profit for the first half-year of 2022 and 2021. Year-end 2021 includes fully retained earnings for 2021 with no dividend.

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

Note 5 – Maximum exposure to credit risk

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

	30.06.22		
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	436 234	0	436 234
Loans to and receivables from credit institutions	1 341 273	0	1 341 273
Loans to and receivables from central bank and credit institutions	1 777 507	0	1 777 507
Loans to customers, secured	80 511 771	22 900 680	103 412 451
Loans to customers, unsecured	2 222 661	4 967 555	7 190 216
Loans to and receivables from customers	82 734 432	27 868 235	110 602 667
Shares in associated company	0	0	0
Other financial assets with credit risk	194 434	0	194 434
Financial instruments at amortised cost (gross)	84 706 373	27 868 235	112 574 608
Commercial paper and bonds	13 721 210	0	13 721 210
Financial instruments at fair value through other comprehensive income	13 721 210	0	13 721 210
Equity and funds	318 464	0	318 464
Derivatives	632 724	0	632 724
Loans to customers, secured	7 800 785	0	7 800 785
Financial instruments at fair value through profit and loss	8 751 973	0	8 751 973
Gross exposure with credit risk	107 179 556	27 868 235	135 047 791
Impairment	-323 846	-5 234	-329 080
Total net exposure with credit risk	106 855 710	27 863 001	134 718 711
Other assets without credit risk	246 182	n/a	n/a
Total assets	107 101 892	n/a	n/a

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

Note 6 - Loans to customers

Gross carrying amount	30.06.22			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
In NOK thousand				
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)	551 337	-538 482	-12 855	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 114 124	1 130 371	-16 247	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-109 535	-70 127	179 662	0
New financial assets originated	20 427 612	223 598	27 358	20 678 568
Financial assets that have been derecognised	-14 067 929	-468 430	-122 425	-14 658 784
Changes in interest accrual	6 916	661	3 613	11 190
Other movements	-166 862	0	0	-166 862
Closing balance gross carrying amount 30.06.22	86 323 938	3 338 407	872 872	90 535 217

Gross carrying amount	31.12.21			Total
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	
In NOK thousand				
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	30.06.22		31.12.21	
	Percentage	Gross lending	Percentage	Gross lending
In NOK thousand				
Eastern Norway ex. Oslo	45.6%	41 309 624	45.3%	38 370 605
Oslo	20.2%	18 293 290	19.6%	16 624 833
Southern Norway	2.4%	2 146 680	2.3%	1 962 117
Western Norway	20.3%	18 405 275	21.0%	17 807 262
Central Norway	4.9%	4 450 841	4.8%	4 076 377
Northern Norway	6.5%	5 929 507	6.9%	5 829 915
Total gross lending by geographical area	100.0%	90 535 217	100.0%	84 671 109

Note 7 – Credit risk exposure and collateral

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

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

In NOK thousand	30.06.22			31.12.21		
	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 %	29.3%	25 444 712	7 098 736	27.3%	22 111 687	5 341 938
40 % - 60 %	37.4%	32 500 999	5 375 821	34.1%	27 594 337	4 126 770
60 % - 80 %	26.1%	22 661 263	508 286	27.8%	22 505 324	591 487
80 % - 90 %	5.1%	4 394 419	76 901	7.5%	6 090 897	91 154
90 % - 100 %	1.0%	838 370	27 510	1.6%	1 318 962	54 777
> 100 %	1.1%	997 084	63 315	1.6%	1 276 011	64 539
Mortgages, secured by fixed property	100.0%	86 836 847	13 150 569	100.0%	80 897 218	10 270 665
< 50 %	16.7%	198 332	0	14.4%	151 465	0
50 % - 80 %	48.1%	571 866	0	42.9%	451 446	0
80 % - 100 %	17.0%	201 618	0	20.0%	210 440	0
> = 100 %	18.2%	216 385	0	22.7%	238 743	0
Car loans, secured	100.0%	1 188 201	0	100.0%	1 052 094	0
Custody account credit, secured	100.0%	287 508	200 837	100.0%	291 152	198 861
Loan and funding commitments, secured loans		0	9 549 274		0	8 599 514
Total loans to customers, secured		88 312 556	22 900 680		82 240 463	19 069 040

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

In NOK thousand	30.06.22		31.12.21	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, Mortgages (relative distribution)				
0 % - 85 %	99.50%	86 406 772	99.27%	80 304 145
85 % - 100 %	0.26%	221 481	0.44%	352 590
> 100 %	0.24%	208 594	0.30%	240 483
Mortgages, secured by fixed property	100.0%	86 836 847	100.0%	80 897 218

In NOK thousand	30.06.22		31.12.21	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, Mortgages				
Apartment	26.02%	22 590 804	25.8%	20 875 054
Detached house	51.52%	44 737 434	51.5%	41 651 256
Semidetached house	18.74%	16 276 978	18.9%	15 306 496
Vacation home	3.72%	3 231 631	3.8%	3 064 412
Total Mortgages secured by fixed property	100.0%	86 836 847	100.0%	80 897 218

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers

In NOK thousand	January - June 2022			
	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	734	-6 066	-1 440	-6 772
Transfers to Stage 2	-1 251	12 121	-2 568	8 302
Transfers to Stage 3	-340	-3 454	17 511	13 717
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	-1 882	-2 965	5 740	893
<i>Other changes:</i>				
New financial assets originated	3 418	4 055	2 001	9 474
Financial assets that have been derecognised	-2 581	-5 175	-17 833	-25 589
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 30.06.22	12 917	38 756	277 408	329 080

¹As of 30.06.2022, 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	30.06.22			
ECL On-balance sheet amounts 30.06.22	11 004	36 934	275 908	323 846
ECL Off-balance sheet amounts 30.06.22	1 913	1 822	1 500	5 234
Closing balance ECL 30.06.22	12 917	38 756	277 408	329 080

In NOK thousands	30.06.22			
Secured loans	3 107	4 627	49 412	57 146
Unsecured loans	9 810	34 129	227 996	271 935
Total	12 917	38 756	277 408	329 080

ECL by geographical area

In NOK thousands	30.06.22
Eastern Norway ex. Oslo	113 605
Oslo	51 181
Southern Norway	14 046
Western Norway	99 827
Central Norway	21 944
Northern Norway	28 477
Total	329 080

Specification of loan losses

In NOK thousands	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Changes in ECL, stage 1	1 413	3 072	1 902	6 167	8 292
Changes in ECL, stage 2	5 528	8 049	1 485	44 008	51 616
Changes in ECL, stage 3	-2 852	8 443	-3 411	-41 860	-27 431
Write-offs	-5 489	-828	-7 552	-2 393	-29 858
Recoveries of previously written off loans	280	79	558	151	851
Net cost of loan losses in the period	-1 120	18 815	-7 018	6 073	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.

²Effects 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 9 – Credit-impaired assets and overdue loans

Credit-impaired assets		30.06.22					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Home loans	Residential property	475 735	-42 084	433 651	433 387	264	99.4%
Car Loans	Vehicle	20 417	-5 927	14 490	14 039	451	92.9%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	376 720	-227 897	148 823	0	148 823	60.5%
Total credit-impaired assets		872 872	-275 908	596 964	447 426	149 538	64.9%

30.06.2022	Credit-impaired (Gross carrying amount)
Home loans - Loan to value	
0 % - 40 %	72 791
40 % - 60 %	172 242
60 % - 80 %	146 409
80 % - 90 %	27 791
90 % - 100 %	25 111
> 100 %	31 391
Total	475 735

Credit-impaired loans	
In NOK thousand	30.06.22
Overdue loans - more than 90 days	457 184
Other credit-impaired assets	415 688
Total	872 872

Credit-impaired assets

31.12.21

In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Mortgages	Residential property	415 077	-44 432	370 645	368 993	1 652	96.4%
Car Loans	Vehicle	15 832	-5 155	10 677	10 657	20	99.6%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	382 859	-222 916	159 943	0	159 943	58.2%
Total credit-impaired assets		813 768	-272 503	541 265	379 650	161 615	62.8%

31.12.2021	Credit-impaired (Gross carrying amount)
Mortgages - Loan to value	
0 % - 40 %	44 270
40 % - 60 %	129 549
60 % - 80 %	150 116
80 % - 90 %	22 541
90 % - 100 %	19 082
> 100 %	49 519
Total	415 077

Credit-impaired loans

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

Note 10 - Debt securities issued and subordinated loans

Carried at amortised cost:

In NOK thousand	Currency	30.06.22	30.06.21	31.12.21
Bonds issued	NOK	29 309 640	27 559 184	28 500 950
Subordinated loans	NOK	899 291	898 991	899 151
Total debt securities issued and subordinated loans		30 208 931	28 458 175	29 400 101

Specification of bonds and subordinated loans as at 30.06.22:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010862048	Sbanken ASA	279 000	NOK	Floating	09.09.22	278 990
NO0010874878	Sbanken ASA	467 000	NOK	Floating	10.02.23	466 621
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	800 889
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 738
NO0010920762	Sbanken ASA	1 400 000	NOK	Floating	12.12.24	1 398 084
Total bonds		3 946 000				3 944 322
Bonds, senior non-preferred						
NO0011087587	Sbanken ASA	1 200 000	NOK	Floating	08.09.25	1 198 898
NO0011087595	Sbanken ASA	800 000	NOK	Fixed	07.09.27	748 633
Total bonds, senior non-preferred		2 000 000				1 947 531
Covered bonds ¹						
NO0010790603	Sbanken Boligkreditt AS	4 246 000	NOK	Floating	10.02.23	4 248 824
NO0010887078	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	17.06.24	5 012 668
NO0010878978	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	20.06.25	5 035 987
NO0010958093	Sbanken Boligkreditt AS	3 888 000	NOK	Floating	20.11.26	3 951 605
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 168 703
Total covered bonds						23 417 787
Total bonds and covered bonds						29 309 640

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	124 982
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 517
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 790
NO0011203598	Sbanken ASA	150 000	NOK	Floating	14.01.32	150 002
Total subordinated loans		900 000				899 291

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- June 2022				30.06.22
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	3 990 000	900 000	0	-944 000	0	3 946 000
Bonds, senior non-preferred (nominal)	1 200 000	800 000	0	0	0	2 000 000
Covered Bonds (nominal)	22 985 000	3 890 000	0	-3 936 000	0	22 939 000
Subordinated loans (nominal)	900 000	150 000	0	-150 000	0	900 000
Total	29 075 000	5 740 000	0	-5 030 000	0	29 785 000

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	30.06.22	31.12.21
Additional Tier 1 capital	NOK	700 000	700 000
Total Additional Tier 1 capital		700 000	700 000

Specification of additional Tier 1 capital as at 30.06.22:

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

¹ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 23 March 2024.

² The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 19 December 2024.

³ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 17 June 2025.

⁴ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 28 August 2025.

⁵ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 14 January 2027.

Change of additional Tier 1 capital

	January - June 2022					30.06.22
	31.12.21	Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	700 000	100 000	0	-100 000	0	700 000
Total	700 000	100 000	0	-100 000	0	700 000

As of 30 June 2022, NOK 1.9 million in accrued interest is related to additional Tier 1 capital.

This has been recognised against the additional Tier 1 capital and the carried value including accrued interest is NOK 701.9 million.

Note 12 - Net interest income

Net interest income

In NOK thousand	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Loans to and receivables from credit institutions and central bank	2 980	294	4 248	842	2 601
Loans to customers ¹	544 222	452 682	1 011 492	913 001	1 789 628
Commercial paper and bonds ²	57 876	43 599	111 062	73 441	147 161
Total interest income	605 078	496 575	1 126 801	987 284	1 939 390
Loans and deposits from credit institutions and central bank	-225	-344	-265	-2 008	-2 201
Deposits from customers	-46 215	-20 318	-71 703	-40 379	-81 492
Debt securities issued	-120 622	-57 607	-215 519	-121 174	-244 812
Subordinated loans	-6 240	-4 313	-11 628	-8 582	-17 364
Other interest expenses	-26 414	-21 641	-44 804	-38 084	-75 811
Total interest expenses	-199 715	-104 223	-343 919	-210 227	-421 680
Net interest income	405 363	392 351	782 883	777 057	1 517 710

¹ Interest income in Jan-Jun 2022 of TNOK 87 783 are related to mortgages measured at fair value through profit and loss.

² Investments are recognised at fair value.

Interest income from loans to customers:

In NOK thousand	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Mortgages	464 928	363 593	851 670	731 054	1 440 781
Car loans	12 636	10 881	24 219	22 276	44 509
Consumer loans	29 342	39 171	60 909	80 702	149 629
Other loans ³	37 316	39 036	74 695	78 968	154 709
Total interest income from loans to customers	544 222	452 682	1 011 492	913 001	1 789 628

³ Credit card, account credit and custody account credit

Note 13 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Payment processing	10 965	10 047	20 897	19 476	40 664
Card and interbank	57 221	40 816	107 260	80 803	186 735
Mutual funds and securities	24 095	25 121	51 576	55 421	101 640
Other commission income	914	819	1 804	1 693	3 565
Total commission and fee income	93 195	76 803	181 537	157 393	332 604
Payment processing	-6 924	-5 380	-12 459	-10 987	-22 810
Card and interbank	-19 514	-16 732	-37 621	-33 487	-65 620
Mutual funds and securities	-6 334	-9 087	-16 025	-17 442	-32 359
Other commission expenses	-835	1 056	-1 761	-216	-1 242
Total commission and fee expenses	-33 606	-30 143	-67 865	-62 132	-122 031
Net commission and fee income	59 589	46 660	113 672	95 261	210 573

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
1) Realisation of financial instruments at fair value through other comprehensive income					
Gain/(loss) by realisation of financial instruments:	-13 439	-9 206	-24 714	-10 896	-19 700
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	-13 439	-9 206	-24 714	-10 896	-19 700
2) Financial instruments at fair value through profit and loss					
Realised gain/ (loss) from shares and funds	17 911	0	17 911	0	0
Unrealised gain/(loss) from shares and funds	-1 989	6 067	24 208	6 149	3 241
Gain/(loss) on derivatives (used in hedge accounting)	-10 784	1 373	-6 959	488	2 444
Unrealised gain/(loss) on derivatives	59 441	8 084	157 433	81 444	134 878
Unrealised gain/(loss) from fixed rate loans	-69 065	-7 648	-166 862	-80 717	-131 106
Total gain/(loss) on financial instruments at fair value through profit and loss	-4 486	7 876	25 731	7 364	9 457
3) Financial instruments at amortised cost					
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-3 999	-11 644	-11 246	-13 765	-28 009
Total gain (loss) on financial instruments at amortised cost	-3 999	-11 644	-11 246	-13 765	-28 009
4) Currency					
Net gain (loss) on currency items	-2 423	-593	556	781	3 247
Total gain (loss) on currency items	-2 423	-593	556	781	3 247
5) Dividends:					
Dividends from investments in shares and funds	1 884	0	1 884	0	0
Total dividends	1 884	0	1 884	0	0
Total gain (loss) on financial instruments recognised through profit and loss	-22 463	-13 567	-7 789	-16 516	-35 005

From January 2022, Sbanken ASA no longer had shares recognised as associated companies using the equity method, as the ownership in Quantfolio AS was reduced from 22.4% to 15.3%. The shares are valued at fair value from that time, which led to an unrealised increase in value of NOK 26.5 million in Q1 22.

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Properties and premises	-1 776	-447	-3 000	-1 168	-2 984
IT	-38 405	-32 704	-81 071	-68 845	-141 731
Advertising and marketing	-15 940	-11 366	-26 931	-21 266	-46 403
Temporary employment agencies	-5 423	-5 154	-10 662	-9 767	-21 817
Consultants and other external services	-16 598	-26 207	-62 981	-37 789	-70 355
Telephone and postage	-4 133	-4 156	-7 841	-7 991	-16 111
Other operating expenses	-16 340	-7 608	-24 157	-15 767	-32 750
Total administrative expenses	-98 615	-87 642	-216 643	-162 593	-332 152

In the period January -June 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	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Wages	-65 425	-68 246	-130 158	-133 890	-270 073
<i>Capitalised as intangible assets</i>	<i>3 718</i>	<i>3 898</i>	<i>8 140</i>	<i>6 999</i>	<i>11 287</i>
Pension costs	-6 247	-5 644	-13 043	-10 994	-11 661
Payroll tax	-13 790	-14 815	-28 665	-28 568	-53 827
Other personnel expenses	-3 827	-2 761	-6 333	-5 113	-12 459
Total personnel expenses	-85 571	-87 568	-170 059	-171 566	-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 16 - Tax expense

In NOK thousand	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Specification of tax expense:					
Taxes payable	60 053	56 496	105 554	113 363	222 399
Change in deferred tax	-4 555	595	-3 371	269	-3 215
Correction of taxes payable previous year	0	0	0	0	2 831
Total tax expense	55 499	57 091	102 183	113 632	222 015
Reconciliation of the tax expense:					
Profit before tax	244 998	253 157	471 166	496 036	955 555
-from Sbanken ASA	199 222	178 947	378 322	349 600	926 902
-from Sbanken Boligkreditt AS	31 066	92 805	74 176	175 180	356 128
- from group transactions related to own debt, hybrid capital and dividend from subsidiary	22 626	-18 595	18 668	-28 744	-327 475
Expected tax expense at nominal rate of 25 % Sbanken ASA	49 806	44 737	94 581	87 400	231 726
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS	6 835	20 417	16 319	38 540	78 348
Total expected tax expense	56 640	65 154	110 899	125 940	310 074
Tax effect from non-deductible expenses and tax-exempt income	0	0	0	0	660
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	-4 185	-1 637	-10 617	-1 841	-66 012
Tax effect from costs recognised against interest to Tier 1 capital holders	-2 467	-2 127	-4 796	-4 309	-8 409
Other differences	5 510	-4 299	6 697	-6 158	-17 129
Correction of taxes payable previous year	0	0	0	0	2 831
Total tax expense	55 499	57 091	102 183	113 632	222 015
Effective tax rate	22.7%	22.6%	21.7%	22.9%	23.2%

Note 17 - Classification of financial instruments

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
30.06.22				
Financial assets				
Cash and receivables with central bank	0	0	436 234	436 234
Loans to and receivables from credit institutions	0	0	1 341 273	1 341 273
Loans to customers	7 800 785	0	82 410 586	90 211 371
Commercial paper and bonds	0	13 721 210	0	13 721 210
Equity and funds	318 464	0	0	318 464
Derivatives ¹	632 724	0	0	632 724
Other assets	0	0	194 434	194 434
Total financial assets	8 751 973	13 721 210	84 382 527	106 855 710
Financial liabilities				
Loans and deposits from central bank	0	0	0	0
Loans and deposits from credit institutions	0	0	552 585	552 585
Deposits from customers	0	0	67 997 377	67 997 377
Debt securities issued ²	0	0	29 309 640	29 309 640
Derivatives	58 654	0	0	58 654
Subordinated loans	0	0	899 291	899 291
Other liabilities	0	0	396 493	396 493
Total financial liabilities	58 654	0	99 155 386	99 214 040
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 18 - Fair value of financial instruments at amortised cost

Recognised at amortised cost	Carrying value	Fair value
	30.06.22	30.06.22
Assets		
Cash and receivables with central bank	436 234	436 234
Loans to and receivables from credit institutions	1 341 273	1 341 273
Loans to customers	82 410 586	82 410 586
Equity and funds	0	0
Other assets	194 434	194 434
Total financial assets at amortised cost	84 382 527	84 382 527
Liabilities		
Loans and deposits from central bank	0	0
Loans and deposits from credit institutions	552 585	552 585
Deposits from customers	67 997 377	67 997 377
Debt securities issued	29 309 640	29 222 252
Subordinated loans	899 291	881 778
Other liabilities	396 493	396 493
Total financial liabilities at amortised cost	99 155 386	99 050 485

30.06.22	Level 1	Level 2	Level 3	Total
Assets				
Cash and receivables with central bank			436 234	436 234
Loans to and receivables from credit institutions			1 341 273	1 341 273
Loans to customers			82 410 586	82 410 586
Equity and funds			0	0
Other assets			194 434	194 434
Total financial assets at amortised cost		0	84 382 527	84 382 527
Liabilities				
Loans and deposits from central bank			0	0
Loans and deposits from credit institutions			552 585	552 585
Deposits from customers			67 997 377	67 997 377
Debt securities issued		29 222 252	0	29 222 252
Subordinated loan		881 778	0	881 778
Other liabilities			396 493	396 493
Total financial liabilities at amortised cost		30 104 030	68 946 455	99 050 485

Recognised at amortised cost

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

31.12.21	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		510 676		510 676
Loans to and receivables from credit institutions			856 622	856 622
Loans to customers			76 178 833	76 178 833
Equity and funds			364	364
Other assets			159 768	159 768
Total financial assets at amortised cost		510 676	77 195 587	77 706 263
Liabilities				
Loans and deposits from central bank			0	0
Loans and deposits from credit institutions			326 830	326 830
Deposits from customers			64 240 315	64 240 315
Debt securities issued		28 545 722	0	28 545 722
Subordinated loan		910 584	0	910 584
Other liabilities			564 335	564 335
Total financial liabilities at amortised cost		29 456 306	65 131 480	94 587 786

Note 19 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	30.06.22		31.12.21	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity and funds	318 464	318 464	308 778	308 778
Commercial paper and bonds	13 721 210	13 721 210	15 487 702	15 487 702
Derivatives	632 724	632 724	377 403	377 403
Loans to customers (fixed rate)	7 800 785	7 800 785	8 168 042	8 168 042
Total financial assets at fair value	22 473 183	22 473 183	24 341 925	24 341 925
Liabilities:				
Derivatives	58 654	58 654	14 607	14 607
Total financial liabilities at fair value	58 654	58 654	14 607	14 607

30.06.2022

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity and funds	0	217 541	100 923	318 464
Commercial paper and bonds	0	13 721 210	0	13 721 210
Derivatives at fair value through profit and loss (asset)	0	632 724	0	632 724
Loans to customers (fixed rate)	0	0	7 800 785	7 800 785
Total	0	14 571 475	7 901 708	22 473 183
Derivatives at fair value through profit and loss (liability)	0	58 654	0	58 654
Total	0	58 654	0	58 654

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 (unrealised)	-166 862	27 928	-138 934
New loans/exits	-200 395	0	-200 395
Sale	0	-41 565	-41 565
Settlement	0	0	0
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 30 June 2022	7 800 785	100 923	7 901 708

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to June 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 30 June 2022. In the calculation of fair value, adjustments for movements in currency (USD/NOK) and share price of Visa Inc. is accounted for. Sbanken's valuation of VN Norge AS includes a discount of 20 per cent to account for liquidity and general uncertainty.

Sensitivity analysis regarding shares in VN Norge:

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

Fixed rate loans

Principles related to fair value of fixed rate loans are described in the annual report for 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 20 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	30.06.22	30.06.21	31.12.21
Receivable related to overdraft facility with Sbanken Boligkreditt AS	3 004 980	2 544 777	5 655 290
Sbanken Boligkreditt AS's deposit in Sbanken ASA	2 809 992	1 128 758	782 646
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	8 240 395	12 040 198	7 538 556
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.22 - 30.06.22	01.01.21 - 30.06.21	01.01.21 - 31.12.21
Sale of services in line with service agreement	4 385	4 307	8 652
Interest on overdraft facility	34 395	12 831	32 468
Interest on deposit	897	582	1 055
Interest on covered bonds issued by Sbanken Boligkreditt AS	67 812	36 062	81 018
Interest on subordinated loan issued by Sbanken Boligkreditt AS	3 581	3 988	6 622
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	4 419	5 096	8 948
Dividend from Sbanken Boligkreditt AS to Sbanken ASA	260 000	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.

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

Note 21 - Earnings per share

In NOK	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Profit for the period to shareholders	181 655 000	189 654 000	353 687 000	369 650 000	707 781 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.70	1.77	3.31	3.46	6.62
Earnings per share (diluted)	1.70	1.77	3.31	3.46	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 22 - Subsequent events

There have not been any significant events subsequent to 30.06.22 that affect the financial statements for Q2 2022.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Interest income from financial instruments using the effective interest method		468 422	345 078	867 558	696 872	1 377 607
Other interest income		0	0	0	0	0
Interest expense		-104 936	-55 419	-177 411	-107 571	-218 410
Net interest income		363 486	289 660	690 146	589 301	1 159 197
Commission and fee income		93 195	76 803	181 537	157 393	332 604
Commission and fee expense		-33 606	-30 143	-67 865	-62 132	-122 031
Net commission and fee income		59 589	46 660	113 672	95 261	210 573
Net gain/(loss) on financial instruments		-28 942	12 916	-12 340	20 388	285 260
Other income		2 185	2 260	4 385	4 307	8 662
Other operating income		-26 757	15 175	-7 955	24 695	293 922
Personnel expenses		-85 525	-87 474	-169 910	-171 380	-336 357
Administrative expenses		-98 176	-87 146	-215 822	-161 867	-330 823
Depreciation and impairment of fixed and intangible assets		-12 184	-15 892	-23 880	-31 680	-72 318
Profit before loan losses		200 433	160 982	386 252	344 330	924 193
Loan losses		-1 211	17 965	-7 930	5 270	2 709
Profit before tax		199 222	178 947	378 322	349 600	926 902
Tax expense		-44 327	-41 780	-80 902	-82 654	-159 672
Profit for the period		154 895	137 167	297 420	266 946	767 230
Attributable to						
Shareholders		147 052	130 755	282 125	254 192	741 472
Additional Tier 1 capital holders		7 844	6 412	15 296	12 754	25 759
Profit for the period		154 895	137 167	297 420	266 946	767 230

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Profit for the period	154 895	137 167	297 420	266 946	767 230
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-64 772	-27 961	-114 875	-25 434	-96 721
Tax effect	16 193	6 990	28 719	6 359	24 180
Other comprehensive income that can be reclassified to profit or loss after tax	-48 579	-20 971	-86 156	-19 075	-72 541
Actuarial gains (losses)	0	0	0	0	-8 430
Tax effect	0	0	0	0	2 107
Other comprehensive income that can not be reclassified to profit or loss after tax	0	0	0	0	-6 323
Total components of other comprehensive income (after tax)	-48 579	-20 971	-86 156	-19 075	-78 864
Total comprehensive income for the period	106 316	116 196	211 264	247 871	688 366
Attributable to					
Shareholders	98 472	109 784	195 968	235 117	662 607
Additional Tier 1 capital holders	7 844	6 412	15 296	12 754	25 759
Total comprehensive income for the period	106 316	116 196	211 264	247 871	688 366

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	30.06.22	30.06.21	31.12.21
Assets				
Cash and receivables with central bank		436 234	545 564	510 676
Loans to and receivables from credit institutions		4 346 097	6 555 997	6 511 755
Loans to customers		55 666 783	42 703 980	46 217 101
Net loans to customers, central bank and credit institutions		60 449 114	49 805 540	53 239 532
Commercial paper and bonds at fair value through OCI		21 471 637	26 111 187	22 520 436
Equity investments and funds		546 070	418 024	536 668
Commercial paper and bonds at amortised cost		326 028	325 648	325 854
Shares in subsidiary		1 699 880	1 699 880	1 699 880
Derivatives		293 921	98 683	143 382
Intangible assets		105 319	117 791	103 350
Deferred tax assets		68 656	13 935	36 577
Property, plant and equipment		79 384	97 677	86 411
Other assets		297 874	49 347	344 219
Advance payment and accrued income		153 516	109 650	74 550
Total assets		85 491 397	78 847 363	79 110 860
Liabilities				
Loans and deposits from central bank		0	0	0
Loans and deposits from credit institutions		3 043 783	1 538 435	1 109 560
Deposits from customers		67 997 377	64 185 954	64 240 315
Debt securities issued		5 891 853	4 549 059	5 177 881
Derivatives		58 654	10 307	14 607
Taxes payable		80 956	81 587	160 280
Pension commitments		22 459	36 998	22 459
Other liabilities		360 135	563 120	546 169
Subordinated loans		899 291	898 991	899 151
Total liabilities		78 354 507	71 864 449	72 170 422
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital		701 874	701 133	701 389
Other equity		2 740 428	2 587 193	2 544 460
Total equity		7 136 890	6 982 914	6 940 437
Total liabilities and equity		85 491 397	78 847 363	79 110 860

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 4.3 million in Sbanken Boligkreditt AS, please refer to note 8 in the financial statements for the Sbanken group. For information regarding related parties, refer to note 20 in the financial statements for the Sbanken group.

Statement of changes in equity

(Sbanken ASA)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.21	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 30.06.21)						254 192	254 192
Profit for the period to Tier 1 capital holders (01.01.21 to 30.06.21)			12 754				12 754
Payments to Tier 1 capital holders (01.01.21 to 30.06.21)			-12 844				-12 844
Actuarial gains and losses for the period (01.01.21 to 30.06.21)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 30.06.21)					-19 075		-19 075
Paid dividend to shareholders, February						-336 638	-336 638
Balance sheet as at 30.06.21	1 068 693	2 625 895	701 133	-25 005	-2 418	2 614 618	6 982 914
Profit for the period to other equity (01.07.21 to 31.12.21)						487 280	487 280
Profit for the period to Tier 1 capital holders (01.07.21 to 31.12.21)			13 005				13 005
Payments to Tier 1 capital holders (01.07.21 to 31.12.21)			-12 749				-12 749
Actuarial gains and losses for the period (01.07.21 to 31.12.21)				-6 323			-6 323
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.07.21 to 31.12.21)					-53 466		-53 466
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 30.06.22)						282 125	282 125
Profit for the period to Tier 1 capital holders (01.01.22 to 30.06.22)			15 296				15 296
Payments to Tier 1 capital holders (01.01.22 to 30.06.22)			-14 811				-14 811
Actuarial gains and losses for the period (01.01.22 to 30.06.22)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.22 to 30.06.22)					-86 156		-86 156
Balance sheet as at 30.06.22	1 068 693	2 625 895	701 874	-31 328	-142 040	2 913 798	7 136 890

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	Jan-Jun 22	Jan-Jun 21	2021
Cash flows from operating activities				
Net payments on loans to customers		-9 610 824	5 118 656	1 573 224
Interest received on loans to customers		632 674	573 199	1 089 672
Net receipts on deposits from customers		3 757 061	5 542 327	5 596 668
Interest paid on deposits from customers		-153 438	-109 568	-151 980
Payments/receipts on loans to/deposits from group company		4 459 548	-358 622	-3 952 683
Interest received on loans to group company		33 498	12 248	32 468
Net receipts/payments from buying and selling financial instruments at fair value		892 476	-5 974 786	-2 644 217
Interest received from commercial paper and bonds		185 185	123 912	233 288
Receipts of collateral related to derivatives used in hedge accounting		124 984	54 134	108 807
Net receipts/payments on deposits from central bank		0	-2 250 000	-2 250 000
Interest paid on deposits from credit institutions		-265	-2 008	-2 201
Interest received on loans to credit institutions and central bank		3 771	95	900
Receipts related to commissions and fees		154 711	144 740	306 367
Payments related to commissions and fees		-69 347	-65 051	-119 029
Payments related to administrative expenses		-209 541	-140 356	-314 108
Payments related to personnel expenses		-198 380	-174 788	-317 501
Taxes paid		-163 586	-162 548	-163 586
Other receipts/payments		-51 938	43 804	65 028
Net cash flows from operating activities		-213 411	2 375 388	-908 883
Cash flows from investment activities				
Capital increase in subsidiary		0	0	0
Received dividend from subsidiary		0	230 000	230 000
Invested in Additional Tier 1 capital in subsidiary		0	0	0
Invested in associated company		0	0	0
Payments on the acquisition of fixed assets		-2 247	-2 554	-4 588
Payments on the acquisition of intangible assets		-20 705	-1 724	-23 418
Net cash flows from investment activities		-22 952	225 722	201 994
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost		0	0	0
Paid dividend to shareholders		0	-336 638	-806 863
Receipts on subordinated loans		150 000	0	0
Payments on matured and redeemed subordinated loans		-150 000	0	0
Interest paid on subordinated loans		-11 102	-8 672	-17 151
Receipts on issued additional Tier1 capital		100 000	0	0
Payments on matured and redeemed additional Tier1 capital		-100 000	0	0
Interest paid on additional Tier 1 capital		-14 811	-12 844	-25 593
Receipts on issued bonds and commercial paper		1 300 000	500 000	1 700 000
Payments on matured and redeemed bonds and commercial paper		-586 156	-242 979	-814 531
Interest paid on issued bonds and commercial paper		-41 357	-20 820	-39 460
Net cash flows from financing activities		646 574	-121 953	-3 598
Total net cash flow		410 211	2 479 157	-710 487
Cash at the beginning of the period		1 367 140	2 077 627	2 077 627
Cash at the end of the period		1 777 351	4 556 784	1 367 140
Change in cash		410 211	2 479 157	-710 487
Cash				
Cash and receivables with central bank		436 234	545 564	510 675
Loans to credit institutions		1 341 117	4 011 220	856 465
Total cash		1 777 351	4 556 784	1 367 140

Capital adequacy

(Sbanken ASA)

In NOK thousand	30.06.22		30.06.21		31.12.21	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 132 825	0	1 430 294	0	1 611 053	0
Regional governments	763 749	171 639	2 789 600	420 532	1 577 839	230 435
Multilateral Development Banks	1 462 132	0	1 622 259	0	1 469 749	0
Institutions	31 528 663	3 527 684	33 590 509	3 871 120	29 981 388	3 742 762
Retail	8 640 501	3 294 910	8 527 974	3 210 716	8 612 228	3 335 532
Secured by mortgages on immovable property	74 450 148	21 089 674	56 413 054	15 907 814	61 177 525	17 584 879
Exposures in default	440 635	498 622	435 916	518 969	408 298	471 389
Covered bonds	17 811 052	1 781 105	20 317 912	2 031 791	17 687 733	1 768 773
Equity	2 678 224	2 721 550	2 497 608	2 498 153	2 652 980	2 653 525
Other items	493 146	493 146	207 801	207 801	421 308	421 308
Total credit risk, standardised method¹⁾	139 401 075	33 578 330	127 832 927	28 666 896	125 600 101	30 208 603
Credit value adjustment risk (CVA)		20 171		22 293		37 612
Operational risk		2 316 820		2 290 161		2 316 820
Total risk-weighted volume		35 915 321		30 979 350		32 563 035
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		2 458 303		2 333 001		1 802 988
Additional Tier 1 capital		701 874		701 133		701 389
Profit for the period		282 125		254 192		741 472
Total booked equity		7 136 890		6 982 914		6 940 437
Additional Tier 1 capital instruments included in total equity		-701 874		-701 133		-701 389
Common equity Tier 1 capital instruments		6 435 016		6 281 781		6 239 048
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-78 989		-88 343		-77 513
Value adjustment due to the requirements for prudent valuation (AVA)		-21 988		-26 529		-23 057
Profit for the period, not eligible ²⁾		-282 125		-254 192		0
Common equity Tier 1 capital		6 051 914		5 912 717		6 138 478
Additional Tier 1 capital		700 000		700 000		700 000
Tier 1 capital		6 751 914		6 612 717		6 838 478
Tier 2 capital		900 000		900 000		900 000
Own funds (primary capital)		7 651 914		7 512 717		7 738 478
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 616 189	4.5%	1 394 071	4.5%	1 465 337
Capital conservation buffer	2.5%	897 883	2.5%	774 484	2.5%	814 076
Systemic risk buffer	3.0%	1 077 460	3.0%	929 381	3.0%	976 891
Countercyclical capital buffer	1.5%	538 730	1.0%	309 794	1.0%	325 630
Additional Tier 1 capital	1.5%	538 730	1.5%	464 690	1.5%	488 446
Tier 2 capital	2.0%	718 306	2.0%	619 587	2.0%	651 261
Total minimum and buffer requirements own funds (primary capital)	15.0%	5 387 298	14.5%	4 492 006	14.5%	4 721 640
<i>Available common equity Tier 1 capital after buffer requirements</i>		1 921 652		2 504 989		2 556 545
<i>Available own funds (primary capital)</i>		2 264 616		3 020 711		3 016 838
Capital ratio % (regulatory)						
Common equity Tier 1 capital		16.9%		19.1%		18.9%
Additional Tier 1 capital		1.9%		2.3%		2.1%
Tier 2 capital		2.5%		2.9%		2.8%
Total capital ratio		21.3%		24.3%		23.8%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Including 0 per cent of the profit for the first half-year of 2022 and 2021. Year-end 2021 includes fully retained earnings for 2021 with no dividend.

Leverage Ratio (Sbanken ASA)

In NOK thousand		30.06.22	30.06.21	31.12.21
Exposure value on derivatives		51 303	43 725	81 850
Off-balance sheet commitments		33 008 482	32 910 886	29 847 924
Loans and advances and other assets		85 092 158	78 630 889	78 864 127
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		118 151 943	111 585 500	108 793 901
Tier 1 capital ¹⁾		6 751 914	6 612 717	6 838 478
Leverage ratio % (regulatory)		5.7 %	5.9 %	6.3 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 544 558	3 347 565	3 263 817
Buffer requirements	0.0%	0	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	3 544 558	3 347 565	3 263 817
<i>Available Tier 1 capital after minimum and buffer requirements</i>		3 207 356	3 265 152	3 574 661

¹⁾ Including 0 per cent of the profit for the first quarter of 2022 and 2021. Year-end 2021 includes fully retained earnings for 2021 with no dividend.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	30.06.22	31.12.21
Bonds issued	NOK	5 891 853	5 177 881
Subordinated loans	NOK	899 291	899 151
Total debt securities issued and subordinated loans		6 791 144	6 077 032

Specification of bonds and subordinated loans as at 30.06.22:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010862048	Sbanken ASA	279 000	NOK	Floating	09.09.22	278 990
NO0010874878	Sbanken ASA	467 000	NOK	Floating	10.02.23	466 621
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	800 889
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 738
NO0010920762	Sbanken ASA	1 400 000	NOK	Floating	12.12.24	1 398 084
Total bonds		3 946 000				3 944 322
Bonds, senior non-preferred						
NO0011087587	Sbanken ASA	1 200 000	NOK	Floating	08.09.25	1 198 898
NO0011087595	Sbanken ASA	800 000	NOK	Fixed	07.09.27	748 633
Total bonds, senior non-preferred		2 000 000				1 947 531
Total bonds		5 946 000				5 891 853

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	124 982
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 517
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 790
NO0011203598	Sbanken ASA	150 000	NOK	Floating	14.01.32	150 002
Total subordinated loans		900 000				899 291

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-June 2022				30.06.22
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	3 990 000	900 000	0	-944 000	0	3 946 000
Bonds, senior non-preferred (nominal)	1 200 000	800 000	0	0	0	2 000 000
Subordinated loans (nominal)	900 000	150 000	0	-150 000	0	900 000
Total	6 090 000	1 850 000	0	-1 094 000	0	6 846 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Loans to and receivables from credit institutions and central bank	18 016	5 871	38 166	12 735	33 369
Loans to customers ¹	349 281	266 890	645 957	566 584	1 104 237
Commercial paper and bonds ²	101 124	72 318	183 434	117 553	240 002
Total interest income	468 422	345 078	867 558	696 872	1 377 607
Loans and deposits from credit institutions and central bank	-784	-645	-1 162	-2 590	-3 256
Deposits from customers	-46 215	-20 318	-71 703	-40 379	-81 492
Debt securities issued	-27 779	-9 896	-51 600	-20 733	-45 810
Subordinated loans	-6 240	-4 313	-11 628	-8 582	-17 364
Other interest expenses	-23 918	-20 246	-41 318	-35 287	-70 488
Total interest expenses	-104 936	-55 419	-177 411	-107 571	-218 410
Net interest income	363 486	289 660	690 146	589 301	1 159 197

¹ Interest income in Jan-Jun 22 of TNOK 274 963 are related to mortgages measured at fair value through OCI and TNOK 87 783 are related to mortgages measured at fair value through profit and loss.

² Interest income in Jan-Jun 22 of TNOK 3 581 are related to commercial paper and bonds at amortised cost. The rest relates to investments measured at fair value through OCI.

Classification of financial instruments

(Sbanken ASA)

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI ¹	Financial instruments carried at amortised cost	Total carrying value	Total fair value
30.06.22					
Financial Assets					
Cash and receivables with central bank			436 234	436 234	436 234
Loans to and receivables from credit institutions			4 346 097	4 346 097	4 346 097
Loans to customers	7 800 785	28 254 980	19 611 018	55 666 783	55 666 783
Commercial paper and bonds		21 471 637	0	21 471 637	21 471 637
Equity investments and funds ²	546 070		0	546 070	546 070
Commercial paper and bonds at amortised cost			326 028	326 028	315 215
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	293 921			293 921	293 921
Other assets			451 390	451 390	451 390
Total financial assets	8 640 776	49 726 617	26 870 647	85 238 040	85 227 227
Financial liabilities					
Loans and deposits from central bank			0	0	0
Loans and deposits from credit institutions			3 043 783	3 043 783	3 043 783
Deposits from customers			67 997 377	67 997 377	67 997 377
Debt securities issued			5 891 853	5 891 853	5 868 951
Derivatives	58 654			58 654	58 654
Subordinated loans			899 291	899 291	881 778
Other liabilities			360 135	360 135	360 135
Total financial liabilities	58 654	0	78 192 439	78 251 093	78 210 678

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

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

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

Financial instruments at fair value (Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	30.06.22		31.12.21	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity investments and funds	546 070	546 070	536 304	536 304
Commercial paper and bonds	21 471 637	21 471 637	22 520 436	22 520 436
Loans to customers	36 055 765	36 055 765	32 774 895	32 774 895
Derivatives	293 921	293 921	143 382	143 382
Total financial assets at fair value	58 367 393	58 367 393	55 975 017	55 975 017
Liabilities:				
Derivatives	58 654	58 654	14 607	14 607
Total financial liabilities at fair value	58 654	58 654	14 607	14 607

30.06.2022

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity investments and funds	0	445 147	100 923	546 070
Commercial paper and bonds	0	21 471 637	0	21 471 637
Loans to customers	0	0	36 055 765	36 055 765
Derivatives	0	293 921	0	293 921
Total	0	22 210 705	36 156 688	58 367 393
Derivatives at fair value through profit and loss (liability)		58 654		58 654
Total		58 654		58 654

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)	-166 862	27 928	-138 934
Net new loans/exits	8 295 565	0	8 295 565
Sale (to Sbanken Boligkreditt AS)	-4 847 833	0	-4 847 833
Sale to others	0	-41 565	-41 565
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 30 June 2022	36 055 765	100 923	36 156 688

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to June 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	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Net interest income (annualised)	1 625 908	1 573 716	1 578 741	1 566 994	1 517 710
Average total assets	104 505 407	99 780 221	104 648 369	100 227 065	98 953 138
Net interest margin	1.56 %	1.58 %	1.51 %	1.56 %	1.53 %
Interest income (annualised)	2 426 961	1 991 755	2 272 279	1 990 932	1 939 390
Average total assets	104 505 407	99 780 221	104 648 369	100 227 065	98 953 138
Effective lending rate	2.32 %	2.00 %	2.17 %	1.99 %	1.96 %
Interest expense (annualised)	801 053	418 039	693 538	423 938	421 680
Average total assets	104 505 407	99 780 221	104 648 369	100 227 065	98 953 138
Effective funding rate	0.77 %	0.42 %	0.66 %	0.42 %	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	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Operating expense	196 370	191 102	410 582	365 839	741 203
Operating income	442 489	425 444	888 766	855 802	1 693 288
Cost-to-income ratio	44.4 %	44.9 %	46.2 %	42.7 %	43.8 %
Operating expense	196 370	191 102	410 582	365 839	741 203
Adjustment one-off	0	-8 676	-29 028	-8 676	-11 514
Operating expense adjusted	196 370	182 426	381 554	357 163	729 689
Operating income	442 489	425 444	888 766	855 802	1 693 288
Adjustment one-off	0	0	-26 520	0	0
Operating income adjusted	442 489	425 444	862 246	855 802	1 693 288
Cost-to-income ratio adjusted	44.4 %	42.9 %	44.3 %	41.7 %	43.1 %
Profit for the period attributable to shareholders (annualised)	728 620	760 701	713 236	745 426	707 781
Average equity	7 002 382	6 851 674	6 926 987	6 929 008	6 851 229
Return on equity	10.4 %	11.1 %	10.3 %	10.8 %	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	Q2 22	Q2 21	Jan-Jun 22	Jan-Jun 21	2021
Loan losses (annualised)	4 492	-75 468	14 151	-12 247	-3 470
Average loan volume	89 617 433	82 497 779	88 558 937	82 890 830	82 824 694
Loss rate	0.01 %	-0.09 %	0.02 %	-0.01 %	0.00 %
Average deposits from customers	65 792 142	61 574 964	65 372 014	60 514 046	62 307 679
Average loans to customers	89 617 433	82 497 779	88 558 937	82 890 830	82 824 694
Average deposit-to-loan ratio	73.4 %	74.6 %	73.8 %	73.0 %	75.2 %
Deposits from customers	67 997 377	64 185 954	67 997 377	64 185 954	64 240 315
Loans to customers	90 535 217	81 606 802	90 535 217	81 606 802	84 346 875
Deposit-to-loan ratio	75.1 %	78.7 %	75.1 %	78.7 %	76.2 %
LTV (Loan-to-value)	49.6 %	50.2 %	49.6 %	50.2 %	51.3 %

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

LCR (Liquidity Coverage Ratio)

In NOK thousand	30.06.22		30.06.21		31.12.21	
	Carrying value	Value LCR	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	3 753 290	3 753 290	4 289 555	4 289 555	4 355 321	4 355 321
Level 1 covered bonds	8 109 975	7 542 277	7 169 546	6 667 678	8 586 363	7 985 318
Level 2A - assets	1 767 105	1 502 039	3 162 539	2 688 158	2 614 867	2 222 637
Level 2B - assets	0	0	0	0	0	0
Excess liquid asset amount		-286 639		0		-45 540
Assets ineligible as "liquid assets"	93 471 522		86 839 066		86 717 035	
Total assets	107 101 892	12 510 967	101 460 706	13 645 390	102 273 586	14 517 736
Net outflows		5 256 202		1 731 435		5 102 181
LCR %		238 %		788 %		285 %

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 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, 11 July 2022

The Board of Directors of Sbanken ASA


Ingjerd Blekeli Spiten
(Chair)

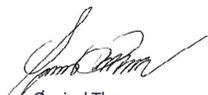

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