

Sbanken

Q4

Fourth quarter 2021

(Unaudited)

Sbanken ASA



Q4

Fourth quarter 2021 – Highlights Sbanken ASA

Annual lending growth

1.5 %
(2.4 %*)

Cost-to-income ratio

45.0 %
(39.8 %*)

ROE

10.1 %
(12.5 %*)

Net interest margin

1.53 %
(1.60 %*)

Loan loss ratio

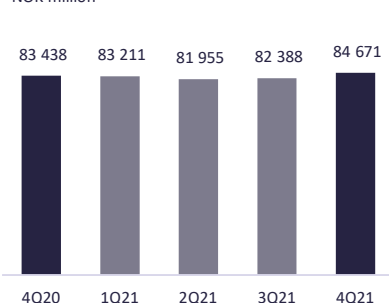
-0.01 %
(0.02 %*)

CET1 ratio

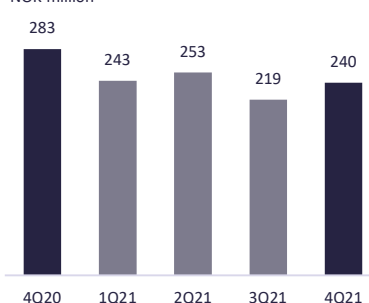
15.0 %**
(15.5 %*)

- Continued lending growth, 2.8 % in the quarter
- C/I negatively impacted by ongoing process with DNB
- NIM compressed by interest rate guarantee that expired 31 December 2021
- Robust asset quality – reversing losses
- Proposed dividend of NOK 6.60 per share for 2021

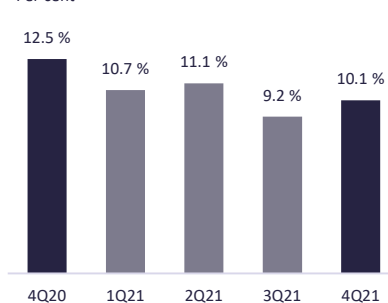
Total loans to customers
NOK million



Earnings before tax
NOK million



Return on equity
Per cent



* Comparable figure corresponding period last year.

** Based on distribution of NOK6.60 per share in dividend for 2021.

Key figures (group)

In NOK thousand	Reference	Q4 21	Q4 20	2021	2020
Summary of income statement					
Net interest income		367 271	407 309	1 517 710	1 644 137
Net fee and commission income		64 372	49 561	210 573	184 310
Net other income		410	20 173	-34 995	22 050
Total income		432 053	477 043	1 693 288	1 850 497
Other operating expenses		-194 308	-189 781	-741 203	-710 371
Operating profit before loan losses		237 745	287 261	952 085	1 140 126
Loan losses		2 648	-4 571	3 470	-133 482
Earnings before tax		240 393	282 690	955 555	1 006 643
Calculated tax		-57 605	-61 328	-222 015	-223 601
Net profit		182 788	221 362	733 540	783 042
Profitability					
Return on equity	1	10.1 %	12.5 %	10.3 %	11.4 %
Net interest margin	2	1.53 %	1.60 %	1.53 %	1.66 %
Cost-to-income ratio	3	45.0 %	39.8 %	43.8 %	38.4 %
Earnings per share		1.65	2.01	6.62	7.00
Balance sheet figures (in NOK million)					
Total loan volume		84 671	83 438	84 671	83 438
Customer deposits		64 240	58 644	64 240	58 644
Deposit-to-loan ratio	4	76.9 %	70.2 %	75.2 %	68.4 %
Lending growth (gross) previous 12 months		1.5 %	2.4 %	1.5 %	2.4 %
Average total assets	5	95 899	101 312	98 953	98 939
Total assets, end of period		102 274	100 726	102 274	100 726
Book value per share		63.50	64.72	63.50	64.72
Losses and defaults					
Total loan loss (%)	6	-0.01 %	0.02 %	0.00 %	0.16 %
Capital adequacy and leverage ratio					
Common equity Tier 1 capital ratio	7	15.0 %	15.5 %	15.0 %	15.5 %
Tier 1 capital ratio		16.8 %	17.3 %	16.8 %	17.3 %
Total capital ratio		19.0 %	19.6 %	19.0 %	19.6 %
Leverage ratio		6.1 %	6.3 %	6.1 %	6.3 %
Employment					
FTEs		323	334	323	334

References

- 1) Return to shareholders after tax (annualised) as a percentage of average shareholder equity in the period.
- 2) Net interest income (annualised) as a percentage of average total capital
- 3) Operating expenses before loss as a percentage of total income
- 4) Average deposits from customers as a percentage of average loan volume
- 5) Average total assets in the period
- 6) Loan losses as a percentage of average loan volume in the period
- 7) Year-end 2021 is adjusted with proposed dividend of NOK 6.60 per share. Year-end 2020 includes 37.2 per cent of retained earnings for 2020 and 50.4 per cent of the profit for 2019.

Fourth Quarter Results

The Sbanken group recorded a profit before tax of NOK 240.4 million in the fourth quarter, compared with NOK 282.7 million in the fourth quarter of 2020. Net interest income decreased to NOK 367.3 (407.3) million, while net fee and commission income increased by 29.8 per cent to NOK 64.4 (49.6) million. Return on equity in the fourth quarter was 10.1 (12.5) per cent.

Total customer lending at quarter-end increased to NOK 84.7 billion. Compared to the previous quarter, mortgage lending increased 2.9 per cent, while car loans increased 11.4 per cent. Funds under management increased to NOK 33.1 billion. The board will propose a dividend of NOK 6.60 per share.

Important events during the quarter

On 26 August, the Norwegian Competition Authority (NCA) issued a reasoned statement against the transaction. On 7 October, the final deadline for the NCA's review was extended following proposal for remedies from DNB to address NCA's preliminary concerns. On 16 November, the NCA issued a decision rejecting the contemplated acquisition. On 3 December, DNB decided to challenge the decision by the NCA by filing an appeal to the Norwegian Competition Tribunal ("NCT") (Nw.: Konkurransklagenemnda). On 22 December, the appeal was passed from the NCA to the NCT, which will conclude the appeal by latest 16 March 2022.

In response to market dynamics following DNB's offer for Sbanken, the bank has made targeted product adaptations, including a 2021 mortgage rate guarantee granted in the second quarter, which expired 31 December, and targeted marketing efforts to mitigate customer churn. The initiatives have been successful but led to margin compression also in the fourth quarter.

On 1 October, the Board of Directors opted to utilise the outstanding dividend authorisation for 2020 to distribute NOK 4.40 per share, corresponding to 62.8 per cent of net profit after tax.

On 16 December, Norges Bank raised the key policy rate by 25 basis points to 0.50 per cent. The average three-month Nibor rate for the fourth quarter was 0.78 per cent, up 40 basis points from the previous quarter.

In accordance with the granting of interest rate guarantees to all mortgage customers, the bank did not make changes in mortgage rates in 2021.

In December Sbanken was rated as the supplier with the most satisfied retail customers within savings and investments in Norway. This is the first time EPSI has reviewed this market in Norway.

Operating income

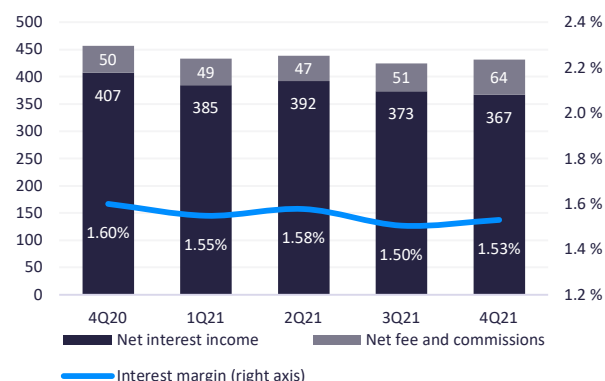
Operating income amounted to NOK 432.1 (477.0) million, following a decrease in net interest income of NOK 40.0 million, an increase in net fee and commission income of NOK 14.8 million and a decrease in net other income of NOK 19.8 million from the fourth quarter of 2020.

Net interest income decreased to NOK 367.3 (407.3) million. The net interest margin was 1.53 per cent, down from 1.60 per cent in the fourth quarter of

2020. Compared to the previous quarter, the net interest margin was up 3 basis points.

Net fee and commission income increased to NOK 64.4 (49.6) million, primarily due to the re-opening of the society and an increase in mobile payments. Net other income decreased to NOK 0.4 (20.2) million. In the fourth quarter of 2020 Sbanken received an extraordinary dividend from Visa.

Net interest and fee and commission income
NOK million



The effective lending rate increased to 2.01 per cent, compared to 1.99 per cent in the fourth quarter of 2020. The lending rate increased by 13 basis points from the previous quarter.

Average effective interest rate by product group

	4Q20	1Q21	2Q21	3Q21	4Q21
Mortgages	1.89 %	1.88 %	1.85 %	1.79 %	1.78 %
Car loans	5.61 %	5.46 %	5.45 %	4.97 %	4.45 %
Consumer loans	10.23 %	10.02 %	10.10 %	9.76 %	9.68 %
Other credit	11.56 %	11.43 %	11.08 %	10.53 %	10.56 %

The effective funding rate increased to 0.49 per cent, compared with 0.39 per cent in the fourth quarter of 2020. The funding rate increased by 12 basis points from the previous quarter.

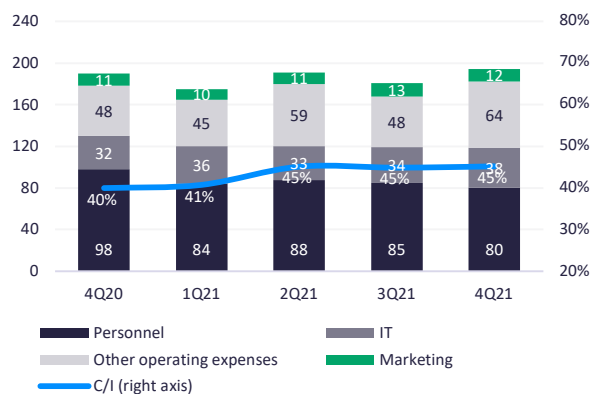
Operating expenses

Operating expenses amounted to NOK 194.3 (189.8) million in the quarter. A change of pension plan from defined benefit to defined contribution, for employees under the age of 58, 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 the quarter. Intangibles were written down with NOK 10 million. Total non-recurring costs were thus positive with NOK 0.9 million in the quarter. In the fourth quarter of 2020, Sbanken had non-recurring costs of 14.9 million in severance pay relating to the bank's cost-cutting initiative.

One-off costs directly associated with the ongoing DNB process was NOK 4.7 million in the fourth quarter.

The cost-to-income ratio was 45 per cent in the quarter, compared to 39.8 per cent in the fourth quarter of 2020 and 44.7 per cent in the previous quarter. Adjusting for non-recurring costs, the ratio was 45.2 per cent.

Operating expenses
NOK million



Impairments and losses

Loan losses were positive in the amount of NOK 2.6 million (-4.6) million in the quarter. Recognised loan losses for both secured and unsecured loans remained at historically low levels.

Total expected credit losses (ECL) amounted to NOK 329.1 million at quarter-end, of which NOK 56.3 million related to secured loans and NOK 272.8 million to unsecured loans.

Taxes

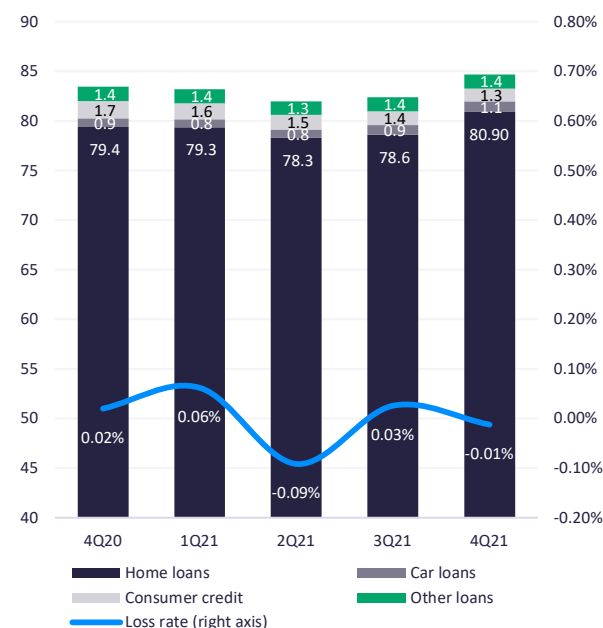
The estimated tax expense amounted to NOK 57.6 (61.3) million, corresponding to an effective tax rate of 24 (21.7) per cent.

Loans to and deposits from customers

At the end of the quarter, loans to customers totalled NOK 84.7 (83.4) billion. Lending growth over the past 12 months was 1.5 per cent, while quarterly lending growth was 2.8 per cent. The volume of fixed rate mortgages amounted to NOK 8.3 billion.

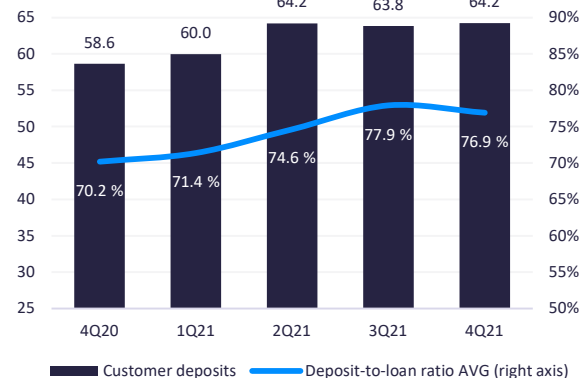
Outstanding consumer loans amounted to NOK 1.3 (1.7) billion at quarter-end. The volume of car loans increased to NOK 1.1 billion, up 11.4 per cent from the end of the previous quarter. The volume of other credit products (account credit, credit cards and custody account credit) was NOK 1.4 (1.4) billion.

Loans to customers
NOK billion



Customer deposits increased to NOK 64.2 (58.6). At quarter-end, the bank had 10 400 SME customers with combined deposits of NOK 2.7 billion.

Customer deposits
NOK billion



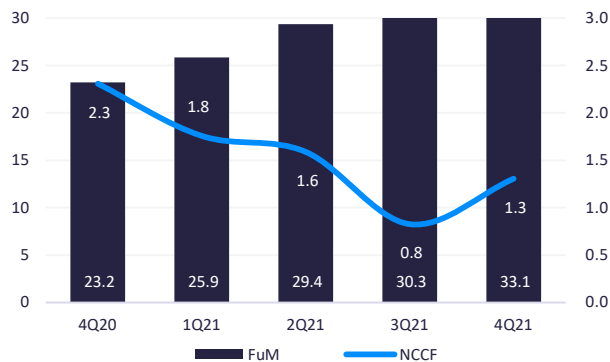
Savings

Funds under management (FuM) increased to NOK 33.1 billion, up NOK 2.8 billion from the end of the previous quarter. Funds under management increased by NOK 9.9 billion during 2021, representing a growth of 42.7 per cent. At quarter-end, combined FuM as share of Norwegian retail fund savings in Norway was 8.6 per cent, unchanged from the previous quarter.

Net client cash flow in the quarter was positive in the amount of NOK 1.3 billion. Combined inflows as share of Norwegian retail fund inflows increased to 14.7 per cent from 10 percent the previous quarter. Average inflow from savings agreements increased to NOK 175 million per month in the quarter.

Of the increase in FuM of NOK 9.9 billion since the fourth quarter of 2020, Net client cash flow contributed with NOK 5.5 billion.

Customers' investment in mutual funds (FuM)
NOK billion



Comments on the results for the full year 2021

Sbanken recorded a net profit of NOK 733.5 million in 2021, compared with NOK 783.0 million in 2020.

Net interest income decreased by 7.7 per cent to NOK 1 517.7 (1 644.1) million, primarily ascribed to reduced net interest margin. Net fee and commission income increased to NOK 210.6 (184.3) million.

Operating expenses increased by 4.3 per cent to NOK 741.2 (710.4) million. Total costs related to the DNB process was NOK 17.2 million.

Loan losses were positive in the amount of NOK 3.5 (-133.5) million. The loan loss ratio was 0.00 per cent, compared to a loss ratio of 0.16 per cent in 2020.

Capital adequacy, leverage ratio and risk factors

Sbanken has a regulatory CET1 requirement of 12.5 per cent and a capital ratio target of 13.0 per cent. At quarter-end, Sbanken had a CET1 capital ratio of 15.0 per cent, a 1.3 percentage point decrease from the third quarter of 2021. The tier 1 capital ratio was 16.8 per cent and the total capital ratio was 19.0 per cent, while the leverage ratio was 6.1 per cent. The capital ratios are based on a proposed dividend of NOK 6.60 per share after 2021.

Sbanken's financial risk mainly consists of credit risk, market risk and liquidity risk. The credit risk comprises of lending to the public primarily in the form of mortgages, car loans and unsecured credit products. Sbanken has a high-quality lending portfolio predominately composed of mortgages with a moderate loan-to-value (LTV) ratio. At quarter-end, the average LTV was 51.3 per cent, up from 51.1 per cent in the previous quarter. Mortgage lending accounted for 95.5 per cent of the gross lending portfolio.

Sbanken is exposed to market risks such as interest rate risk, share price risk and credit spread risk. The exposure to share price risk amounted to NOK 129.9 million at the end of the quarter, of which NOK 72.2 million related to the valuation of the bank's shares in VN Norge AS (Visa) and NOK 41.6 million to the valuation of the bank's shares in Vipps AS. The majority of lending provided by Sbanken has variable interest rates. Interest rate swaps are used to reduce interest rate risk that arises with fixed rate mortgages. All deposits have variable interest rates, while capital market funding uses three-month Nibor as reference rate. At quarter-end, Sbanken had a liquidity portfolio of NOK 15.5 billion in interest-bearing securities issued by sovereigns, municipalities and financial institutions. The corresponding credit spread risk was estimated at NOK 283.7 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 285 per cent against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 144 per cent.

Sbanken had outstanding capital market funding amounting to NOK 28.5 billion at the end of the quarter. Sbanken Boligkreditt's total nominal issue of

covered bonds amounted to NOK 30.4 billion. In the quarter, Sbanken had an average deposit-to-loan ratio of 76.9 per cent, compared to 77.9 per cent in the previous quarter and 70.2 per cent in the fourth quarter of 2020. 91.1 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 79.2 per cent by the harmonised EU Deposit Guarantee Scheme (EUR 0.1 million).

Sbanken ASA has a long-term credit rating of A2 from Moody's, last confirmed 16 September 2021. Covered bonds issued by Sbanken Boligkreditt AS have a long-term rating of Aaa from Moody's.

Macroeconomic and regulatory developments

In the fourth quarter of 2021, the recovery of the Norwegian economy continued. Infection rates increased with the easing of containment measures and a new virus mutation, leading to new lock-down measures in mid-December and short-term uncertainty about continued recovery. The majority of the Norwegian population has been vaccinated, and the strain on health care system has been manageable, leading to the easing of measures already in mid-January.

Norges Bank raised the key policy rate by 0.25 percentage points to 0.50 per cent on 16 December 2021. Compared to the September monetary policy report, the policy rate forecast was revised slightly lower short term and slightly higher long term. The current policy rate forecast projects that the key policy rate will most likely be further increased in March 2022, followed by a gradual rise towards 1.75 per cent by 2024.

Mainland GDP is forecasted to increase 3.5 per cent in 2022.

Registered unemployment was 2.6 per cent at quarter-end, up from 2.4 per cent at the end of the previous quarter. The average annual unemployment rate is forecasted at 2.4 per cent in 2022.

Norwegian housing prices adjusted for seasonality rose by 0.2 per cent in the fourth quarter of 2021. Norges Bank projects housing prices to increase by 2.8 per cent in 2022. Credit growth for households is forecasted at 4.9 per cent for 2021.

In December, the central bank decided to increase the countercyclical capital buffer by 0.5 percentage point, to 2 percent, effective from 31 December 2022. The central bank expects to make a decision on a further increase of 0.5 percentage point during the first half of 2022. Sbanken's CET1 capital target ratio is set at 0.5 percentage point above the regulatory requirement, and the target follows changes in the requirement dynamically as they become effective.

Subsequent events

The board of directors has resolved to propose a dividend of NOK 6.60 per share, corresponding to marginally below 100 percent of the group's result for 2021.

The bank increased its mortgage rates by up to 25 basis points and deposit pricing by up to 15 basis points. For existing mortgage customers, the increase comes into effect from 1 March 2022. For new customers, the adjustment was applied from 17 January 2022.

Outlook

After a short period of increased uncertainty about the pandemic, from mid-December to mid-January, the short-term outlook for the Norwegian economy has returned to positive territory. In the medium term, the economic outlook is balanced with continued low unemployment and household credit growth projected at 4.9 per cent in 2022.

Norges Bank is projecting that the key policy rate will likely be hiked by an additional 0.25 per cent in March, continuing a gradual hiking cycle expected to end by 2024 at 1.75 percent. In the short term, increasing money market rates and the mortgage rate guarantee, is likely to have a negative impact on the bank's net interest margin. Looking further ahead, a higher interest rate environment will likely have a positive impact on the margin outlook. The full effects on the net interest margin are dependent on changes in funding rates and competition.

Loss levels related to both unsecured and secured loans have been low, demonstrating the lending portfolio's robust credit quality. The bank expects the average loss level to remain below 0.05 per cent for the coming quarters.

For more than 20 years, Sbanken has delivered superior digital banking services to Norway's most satisfied banking customers. If the Norwegian Competition Tribunal (NCT) reverses the decision to reject the contemplated acquisition of Sbanken by DNB so that DNB becomes Sbanken's new owner, we will together set strategic plans to deliver market-leading banking solutions for the future.

In the event that the NCT upholds the decision by the NCA, Sbanken is prepared to exit the process from a strengthened position.

Bergen, 9 February 2022

The Board of Directors of Sbanken ASA



Niklas Midby
(Chair)



Mai-Lill Ibsen



August Baumann



Herman Korsgaard



Cathrine Klouman



Sarah Lunde Mjåtvedt



Stein Zahl Pettersen



Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q4 21	Q4 20	2021	2020
Interest income from financial instruments using the effective interest method	12	486 831	506 207	1 939 390	2 380 696
Other interest income	12	0	0	0	0
Interest expense	12	-119 560	-98 898	-421 680	-736 560
Net interest income		367 271	407 309	1 517 710	1 644 137
Commission and fee income	13	90 607	95 761	332 604	345 717
Commission and fee expense	13	-26 235	-46 200	-122 031	-161 407
Net commission and fee income		64 372	49 561	210 573	184 310
Net gain/(loss) on financial instruments	14	400	20 073	-35 005	21 920
Other income		10	100	10	130
Other operating income		410	20 173	-34 995	22 050
Personnel expenses	15	-80 309	-97 943	-336 733	-348 558
Administrative expenses	15,20	-89 477	-75 310	-332 152	-296 053
Depreciation and impairment of fixed and intangible assets		-24 522	-16 529	-72 318	-65 760
Profit before loan losses		237 745	287 261	952 085	1 140 126
Loan losses	8	2 648	-4 571	3 470	-133 482
Profit before tax		240 393	282 690	955 555	1 006 643
Tax expense	16	-57 605	-61 328	-222 015	-223 601
Profit for the period		182 788	221 362	733 540	783 042
Attributable to					
Shareholders		176 029	214 747	707 781	748 575
Additional Tier 1 capital holders	11	6 759	6 615	25 759	34 467
Profit for the period		182 788	221 362	733 540	783 042

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q4 21	Q4 20	2021	2020
Profit for the period	182 788	221 362	733 540	783 042
Other comprehensive income:				
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-33 580	-2 356	-34 200	99
Tax effect	8 514	618	8 637	65
Other comprehensive income that can be reclassified to profit or loss after tax	-25 066	-1 738	-25 563	164
Actuarial gains (losses)	-8 430	-9 637	-8 430	-9 637
Tax effect	2 107	2 410	2 107	2 410
Other comprehensive income that can-not be reclassified to profit or loss after tax	-6 323	-7 227	-6 323	-7 227
Total components of other comprehensive income (after tax)	-31 389	-8 965	-31 886	-7 063
Total comprehensive income for the period	151 399	212 397	701 654	775 979
Attributable to				
Shareholders	144 640	205 782	675 895	741 512
Additional Tier 1 capital holders	11 6 759	6 615	25 759	34 467
Total comprehensive income for the period	151 399	212 397	701 654	775 979

Balance sheet

(Sbanken group)

In NOK thousand	Note	31.12.21	31.12.20
Assets			
Cash and receivables with central bank	5	510 676	1 423 268
Loans to and receivables from credit institutions	5	856 622	654 517
Loans to customers	5, 6, 7, 17, 18	84 346 875	83 082 252
Net loans to customers, central bank and credit institutions		85 714 173	85 160 037
Commercial paper and bonds at fair value through OCI	17, 19	15 487 702	14 412 990
Equity and funds	17, 18, 19	309 142	163 701
Derivatives	19	377 403	561 305
Intangible assets		103 350	114 645
Deferred tax assets	16	35 638	21 679
Property, plant and equipment		86 411	127 755
Other assets		85 488	110 850
Advance payment and accrued income		74 280	53 498
Total assets		102 273 586	100 726 459
Liabilities			
Loans and deposits from central bank	17,18	0	2 250 000
Loans and deposits from credit institutions	17, 18	326 830	542 731
Deposits from customers	17, 18	64 240 315	58 643 627
Debt securities issued	10, 17, 18	28 500 950	29 974 370
Derivatives		14 607	21 738
Taxes payable	16	217 805	224 640
Pension commitments		22 459	36 998
Other liabilities		564 335	515 589
Subordinated loans	10, 17, 18	899 151	898 831
Total liabilities		94 786 452	93 108 523
Equity			
Share capital		1 068 693	1 068 693
Share premium		2 625 895	2 625 895
Additional Tier 1 capital	11	701 389	701 223
Other equity		3 091 157	3 222 125
Total equity		7 487 134	7 617 936
Total liabilities and equity		102 273 586	100 726 459

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 01.01.20	1 068 693	2 625 895	705 858	-17 778	-23 084	2 526 815	6 886 398
Profit for the period to other equity (01.01.20 to 31.12.20)						748 575	748 575
Profit for the period to Tier 1 capital holders (01.01.20 to 30.09.20)			34 467				34 467
Payments to Tier 1 capital holders (01.01.20 to 31.12.20)			-39 102				-39 102
Issue of Tier 1 capital			400 000			-800	399 200
Redeem of Tier 1 capital			-400 000				-400 000
Actuarial gains and losses for the period (01.01.20 to 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments available for sale (01.01.20 to 31.12.20)					164		164
Payments related to share incentive program						-4 538	-4 538
Paid dividend to shareholders						0	0
Balance sheet as at 31.12.20	1 068 693	2 625 895	701 223	-25 005	-22 920	3 270 052	7 617 936
Profit for the period to other equity (01.01.21 to 31.12.21)						707 781	707 781
Profit for the period to Tier 1 capital holders (01.01.21 to 31.12.21)			25 759				25 759
Payments to Tier 1 capital holders (01.01.21 to 31.12.21)			-25 593				-25 593
Actuarial gains and losses for the period (01.01.21 to 31.12.21)				-6 323			-6 323
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 31.12.21)					-25 563		-25 563
Paid dividend to shareholders, February						-336 638	-336 638
Paid dividend to shareholders, October						-470 225	-470 225
Balance sheet as at 31.12.21	1 068 693	2 625 895	701 389	-31 328	-48 483	3 170 970	7 487 134

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	2021	2020
Cash flows from operating activities			
Net payments on loans to customers	6	-1 380 979	-1 990 799
Interest received on loans to customers	12	1 774 035	2 237 788
Net receipts on deposits from customers	17, 18	5 596 688	5 798 746
Interest paid on deposits from customers	12	-151 980	-306 451
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	-1 325 202	-5 379 526
Interest received from commercial paper and bonds	12	149 644	143 062
Receipts of collateral related to derivatives used in hedge accounting		-215 902	320 684
Net receipts/payments on deposits from credit institutions and central bank		-2 250 000	2 250 000
Interest paid on deposits from credit institutions	12	-2 201	-6 181
Interest received on loans to credit institutions and central bank	12	2 601	7 089
Receipts related to commissions and fees	13	306 367	331 229
Payments related to commissions and fees	13	-119 029	-138 775
Payments related to administrative expenses	15	-315 529	-315 232
Payments related to personnel expenses	15	-317 877	-351 633
Taxes paid	16	-231 178	-208 769
Other receipts/payments		76 467	56 431
Net cash flows from operating activities		1 595 925	2 447 663
Cash flows from investment activities			
Invested in associated company		0	-427
Payments on the acquisition of fixed assets		-4 588	-1 183
Payments on the acquisition of intangible assets		-23 418	-13 349
Net cash flows from investment activities		-28 006	-14 959
Cash flows from financing activities			
Receipts on share capital and share premium net of issuing cost	EQ	0	0
Paid dividend to shareholders	EQ	-806 863	0
Receipts on subordinated loans	10	0	500 000
Payments on matured and redeemed subordinated loans	10	0	-500 000
Interest paid on subordinated loans	12	-17 151	-28 003
Receipts on issued additional Tier1 capital	11	0	400 000
Payments on matured and redeemed additional Tier1 capital		0	-400 000
Interest paid on additional Tier 1 capital	EQ	-25 593	-39 102
Receipts on issued bonds and commercial paper	10	7 480 000	7 800 000
Payments on matured and redeemed bonds and commercial paper	10	-8 662 775	-9 486 393
Interest paid on issued bonds and commercial paper	12	-246 025	-475 729
Net cash flows from financing activities		-2 278 407	-2 229 327
Total net cash flow		-710 488	203 377
Cash at the beginning of the period		2 077 785	1 874 408
Cash at the end of the period		1 367 297	2 077 785
Change in cash		-710 488	203 377
Cash			
Cash and receivables with central bank		510 675	1 423 268
Loans to credit institutions		856 622	654 517
Total cash		1 367 297	2 077 785

EQ = Statement of changes in equity.

Notes

(Sbanken group)

Note 1 - Accounting principles and critical accounting estimates and judgment

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

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

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

New definition of default from 1 January 2021:

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

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

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

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

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

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

New and revised standards effective from 1 January 2021

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

New and revised standards effective from 1 January 2022 or later

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

Note 2 - Segments

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

For information purposes the deposits from customers related to SME are NOK 2.7 billion at 31 December 2021.

Note 3 - Capital adequacy

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

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

In NOK thousand	31.12.21		31.12.20	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 636 276	0	2 064 169	0
Regional governments	1 576 900	228 088	4 845 555	829 664
Multilateral Development Banks	1 563 271	0	1 144 014	0
Institutions	1 717 129	377 910	1 224 701	198 079
Retail	8 614 935	3 337 562	8 826 783	3 529 607
Secured by mortgages on immovable property	99 193 525	30 877 352	94 431 929	29 942 281
Exposures in default	519 364	582 455	349 658	411 482
Covered bonds	10 536 254	1 053 625	7 430 527	743 053
Equity	399 720	400 265	177 694	181 260
Other items	162 307	162 307	191 696	191 696
Total credit risk, standardised method ¹	125 919 681	37 019 564	120 686 726	36 027 122
Credit value adjustment risk (CVA)		56 442		54 711
Operational risk		2 773 710		2 693 289
Total risk-weighted volume		39 849 716		38 775 122
Capital base				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		2 383 376		2 473 550
Additional Tier 1 capital		701 389		701 223
Profit for the period		707 781		748 575
Total booked equity		7 487 134		7 617 936
Additional Tier 1 capital instruments included in total equity		-701 389		-701 223
Common equity Tier 1 capital instruments		6 785 745		6 916 713
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-77 513		-85 984
Value adjustment due to the requirements for prudent valuation (AVA)		-15 796		-14 576
Profit for the period, not eligible		0		-336 638
Common equity Tier 1 capital		6 692 436		6 479 515
Additional Tier 1 capital		700 000		700 000
Tier 1 capital		7 392 436		7 179 515
Tier 2 capital		900 000		900 000
Own funds (primary capital)		8 292 436		8 079 515
Capital requirements				
Minimum requirements - common equity Tier 1 capital	4.5%	1 793 237	4.5%	1 744 880
Institution specific Pillar II requirement	1.5%	597 746	1.5%	581 627
Capital conservation buffer	2.5%	996 243	2.5%	969 378
Systemic risk buffer	3.0%	1 195 491	3.0%	1 163 254
Countercyclical capital buffer	1.0%	398 497	1.0%	387 751
Additional Tier 1 capital	1.5%	597 746	1.5%	581 627
Tier 2 capital	2.0%	796 994	2.0%	775 502
Total minimum and buffer requirements own funds (primary capital)	16.0%	6 375 955	16.0%	6 204 020
<i>Available common equity Tier 1 capital after buffer requirements</i>		1 711 222		1 632 625
<i>Available own funds (primary capital)</i>		1 916 482		1 875 496

Capital ratio % (regulatory) ²⁾		
Common equity Tier 1 capital	16.8%	16.7%
Additional Tier 1 capital	1.8%	1.8%
Tier 2 capital	2.3%	2.3%
Total capital ratio	20.8%	20.8%

Capital ratio % ³⁾		
Common equity Tier 1 capital	15.0%	15.5%
Additional Tier 1 capital	1.8%	1.8%
Tier 2 capital	2.3%	2.3%
Total capital ratio	19.0%	19.6%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Year-end 2021 includes fully retained earnings for 2021. Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

³⁾ Year-end 2021 is adjusted with proposed dividend NOK 6.60 per share for 2021. Year-end 2020 includes 37.2 per cent of retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

Note 4 - Leverage Ratio

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

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

In NOK thousand		31.12.21	31.12.20
Derivatives at market value		50 573	21 249
Potential future exposure on derivatives		95 325	88 850
Off-balance sheet commitments		7 450 518	6 146 043
Loans and advances and other assets		101 792 833	100 050 509
Regulatory adjustments included in Tier 1 capital		0	0
Total leverage exposure		109 389 249	106 306 651
Tier 1 capital ¹⁾		7 392 436	7 179 515
Leverage ratio % (regulatory)		6.8 %	6.8 %
Leverage ratio % ²⁾		6.1 %	6.3 %
Leverage Ratio requirements			
Minimum requirements	3.0%	3 281 677	3 189 200
Buffer requirements	2.0%	2 187 785	2 126 133
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 469 462	5 315 333
<i>Available Tier 1 capital after minimum and buffer requirements</i>		1 922 974	1 864 182
<i>Available Tier 1 capital after minimum and buffer requirements ²⁾</i>		1 217 636	1 393 958

¹⁾ Year-end 2021 includes fully retained earnings for 2021. Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019

²⁾ Year-end 2021 is adjusted with proposed dividend NOK 6.60 per share for 2021. Year-end 2020 includes 37.2 per cent of retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

Note 5 – Maximum exposure to credit risk

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

In NOK thousand	31.12.21		
	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	686 181
Gross exposure with credit risk	102 372 421	23 984 279	118 188 658
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

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

Note 6 - Loans to customers

Gross carrying amount	31.12.21			
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
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

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

Lending by geographical area	31.12.21		31.12.20	
	Percentage	Gross lending	Percentage	Gross lending
In NOK thousand				
Eastern Norway ex. Oslo	45.3%	38 370 605	44.4%	37 036 962
Oslo	19.6%	16 624 833	19.9%	16 589 456
Southern Norway	2.3%	1 962 117	2.2%	1 853 649
Western Norway	21.0%	17 807 262	21.8%	18 160 985
Central Norway	4.8%	4 076 377	4.8%	4 004 100
Northern Norway	6.9%	5 829 915	6.9%	5 792 966
Total gross lending by geographical area	100.0%	84 671 109	100.0%	83 438 118

Note 7 – Credit risk exposure and collateral

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

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

In NOK thousand	31.12.21			31.12.20		
	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
Loan-to-value, secured loans						
0 % - 40 %	27.3%	22 111 687	5 341 938	27.2%	21 628 359	4 170 008
40 % - 60 %	34.1%	27 594 337	4 126 770	32.9%	26 111 581	2 991 990
60 % - 80 %	27.8%	22 505 324	591 487	29.5%	23 389 013	783 201
80 % - 90 %	7.5%	6 090 897	91 154	7.0%	5 520 414	118 890
90 % - 100 %	1.6%	1 318 962	54 777	1.7%	1 364 044	71 625
> 100 %	1.6%	1 276 011	64 539	1.7%	1 368 459	103 540
Home loans, secured by fixed property	100.0%	80 897 218	10 270 665	100.0%	79 381 870	8 239 254
< 50 %	14.4%	151 465	0	13.1%	114 815	0
50 % - 80 %	42.9%	451 446	0	32.1%	281 990	0
80 % - 100 %	20.0%	210 440	0	25.6%	224 965	0
> = 100 %	22.7%	238 743	0	29.2%	255 839	0
Car loans, secured	100.0%	1 052 094	0	100.0%	877 609	0
Custody account credit, secured	100.0%	291 152	198 861	100.0%	238 007	183 616
Loan and funding commitments, secured loans		0	8 599 514		0	7 117 435
Total loans to customers, secured		82 240 463	19 069 040		80 497 486	15 540 305

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

In NOK thousand	31.12.21		31.12.20	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, home loans (relative distribution)				
0 % - 85 %	99.27%	80 304 145	99.18%	78 731 845
85 % - 100 %	0.44%	352 590	0.47%	369 336
> 100 %	0.30%	240 483	0.35%	280 689
Home loans, secured by fixed property	100.0%	80 897 218	100.0%	79 381 870

In NOK thousand	31.12.21		31.12.20	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, home loans				
Apartment	25.8%	20 875 054	25.2%	20 023 449
Detached house	51.5%	41 651 256	51.4%	40 770 934
Semidetached house	18.9%	15 306 496	19.8%	15 698 024
Vacation home	3.8%	3 064 412	3.6%	2 889 463
Total home loans secured by fixed property	100.0%	80 897 218	100.0%	79 381 870

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers

In NOK thousand	January - December 2021			
	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.21	23 111	91 857	246 565	361 533
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 156	-14 178	-927	-13 949
Transfers to Stage 2	-1 041	7 941	-1 540	5 360
Transfers to Stage 3	-231	-3 888	22 769	18 650
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	-5 784	-14 998	11 835	-8 947
<i>Other changes:</i>				
New financial assets originated	5 344	11 295	6 386	23 025
Financial assets that have been derecognised	-6 487	-20 893	-20 650	-48 030
Financial assets that have been derecognised through sale of portfolio			-31 715	-31 715
Changes to model assumption and methodologies ²	-1 249	-16 896	41 274	23 129
Other movements	0	0	0	0
Closing balance ECL 31.12.21	14 819	40 240	273 997	329 056

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

² Effects related to new definition of default.

Specification of ECL

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

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

ECL by geographical area

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

Specification of loan losses

In NOK thousands	Q4 21	Q4 20	2021	2020
Changes in ECL, stage 1	-91	-1 124	8 292	-4 496
Changes in ECL, stage 2	1 344	-2 613	51 616	-14 737
Changes in ECL, stage 3	25 780	1 065	-27 431	-78 057
Write-offs	-24 970	-2 150	-29 858	-36 672
Recoveries of previously written off loans	585	251	851	480
Net cost of loan losses in the period	2 648	-4 571	3 470	-133 482

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

Expected credit loss (ECL) - Loans to customers

January - December 2020

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

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

Specification of ECL

In NOK thousands	31.12.20			
ECL On-balance sheet amounts 31.12.20	21 025	89 953	244 888	355 866
ECL Off-balance sheet amounts 31.12.20	2 086	1 903	1 678	5 667
Closing balance ECL 31.12.20	23 111	91 857	246 565	361 533

In NOK thousands	31.12.20			
Secured loans	3 012	12 444	40 977	56 433
Unsecured loans	20 099	79 413	205 588	305 100
Total	23 111	91 857	246 565	361 533

ECL by geographical area

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

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

Note 9 – Credit-impaired assets and overdue loans

Credit-impaired assets		31.12.21					
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:							
Home loans	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)
Home loans - 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

Credit-impaired assets

31.12.20

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

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

Overdue loans - age distribution

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

Credit-impaired loans

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

Overdue loans

31.12.20

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

Note 10 - Debt securities issued and subordinated loan

Carried at amortised cost:

In NOK thousand	Currency	31.12.21	31.12.20
Bonds issued	NOK	28 500 950	29 974 370
Subordinated loans	NOK	899 151	898 831
Total debt securities issued and subordinated loans		29 400 101	30 873 201

Specification of bonds and subordinated loans as at 31.12.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010862048	Sbanken ASA	690 000	NOK	Floating	09.09.22	689 917
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	998 541
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 241
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 713
NO0010920762	Sbanken ASA	500 000	NOK	Floating	12.12.24	500 001
Total bonds		3 990 000				3 989 413
Bonds, senior non-preferred						
NO0011087587	Sbanken ASA	600 000	NOK	Floating	08.09.25	599 729
NO0011087595	Sbanken ASA	600 000	NOK	Fixed	07.09.27	588 739
Total bonds, senior non-preferred		1 200 000				1 188 468
Covered bonds ¹						
NO0010786999	Sbanken Boligkreditt AS	1 182 000	NOK	Floating	27.04.22	1 182 701
NO0010790603	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	10.02.23	7 009 063
NO0010887078	Sbanken Boligkreditt AS	4 980 000	NOK	Floating	17.06.24	4 995 815
NO0010878978	Sbanken Boligkreditt AS	4 418 000	NOK	Floating	20.06.25	4 457 836
NO0010958093	Sbanken Boligkreditt AS	600 000	NOK	Floating	20.11.26	611 107
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 066 547
Total covered bonds						23 323 069
Total bonds and covered bonds						28 500 950

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

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 980
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 944
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 455
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 772
Total subordinated loans		900 000				899 151

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:

	31.12.20	January- December 2021			Other adjustments	31.12.21
		Issued	Matured	Redeemed		
Bonds (nominal)	4 293 000	1 700 000	-743 000	-60 000	0	5 190 000
Covered Bonds (nominal)	25 074 000	5 780 000	0	-7 869 000	0	22 985 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	30 267 000	7 480 000	-743 000	-7 929 000	0	29 075 000

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	31.12.21	31.12.20
Additional Tier 1 capital	NOK	700 000	700 000
Total Additional Tier 1 capital		700 000	700 000

Specification of additional Tier 1 capital as at 31.12.21:

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

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

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

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

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

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

Change of additional Tier 1 capital

	January - December 2021					31.12.21
	31.12.20	Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	700 000	0	0	0	0	700 000
Total	700 000	0	0	0	0	700 000

As of 31 December 2021, NOK 1.3 million in accrued interest is related to additional Tier 1 capital.

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

Note 12 - Net interest income

Net interest income

In NOK thousand	Q4 21	Q4 20	2021	2020
Loans to and receivables from credit institutions and central bank	1 171	821	2 601	7 089
Loans to customers ¹	441 011	478 508	1 789 628	2 226 772
Commercial paper and bonds ²	44 649	26 878	147 161	146 835
Total interest income	486 831	506 207	1 939 390	2 380 696
Loans and deposits from credit institutions and central bank	-190	-867	-2 201	-7 581
Deposits from customers	-20 555	-19 956	-81 492	-243 868
Debt securities issued	-75 244	-57 018	-244 812	-394 379
Subordinated loans	-4 719	-4 201	-17 364	-23 954
Other interest expenses	-18 852	-16 856	-75 811	-66 778
Total interest expenses	-119 560	-98 898	-421 680	-736 560
Net interest income	367 271	407 309	1 517 710	1 644 137

¹ Interest income in Jan-Dec 2021 of TNOK 121 032 are related to home loans measured at fair value through profit and loss.

² Investments are recognised at fair value.

Interest income from loans to customers:

In NOK thousand	Q4 21	Q4 20	2021	2020
Home loans	358 043	377 277	1 440 781	1 786 028
Car loans	11 208	12 921	44 509	57 077
Consumer loans	33 538	46 461	149 629	209 464
Other loans ³	38 222	41 849	154 709	174 203
Total interest income from loans to customers	441 011	478 508	1 789 628	2 226 772

³ Credit card, account credit and custody account credit

Note 13 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q4 21	Q4 20	2021	2020
Payment processing	11 792	8 800	40 664	29 207
Card and interbank	54 507	40 262	186 735	169 378
Mutual funds and securities ¹	23 411	45 759	101 640	143 415
Other commission income	897	940	3 565	3 717
Total commission and fee income	90 607	95 761	332 604	345 717
Payment processing	-6 395	-5 691	-22 810	-21 264
Card and interbank	-12 600	-8 612	-65 620	-50 181
Mutual funds and securities ¹	-7 038	-30 087	-32 359	-86 078
Other commission expenses	-202	-1 810	-1 242	-3 884
Total commission and fee expenses	-26 235	-46 200	-122 031	-161 407
Net commission and fee income	64 372	49 561	210 573	184 310

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

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

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q4 21	Q4 20	2021	2020
1) Realisation of financial instruments at fair value through other comprehensive income				
Gain/(loss) by realisation of financial instruments:	-3 644	539	-19 700	-3 800
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	-3 644	539	-19 700	-3 800
2) Financial instruments at fair value through profit and loss				
Realised gain/ (loss) from shares and funds	0	0	0	0
Unrealised gain/(loss) from shares and funds	-193	-62 537	3 241	-47 023
Gain/(loss) on derivatives (used in hedge accounting)	718	237	2 444	776
Unrealised gain/(loss) on derivatives	24 652	51 472	134 878	7 080
Unrealised gain/(loss) from fixed rate loans	-22 152	-53 970	-131 106	-8 318
Total gain/(loss) on financial instruments at fair value through profit and loss	3 025	-64 798	9 457	-47 485
3) Financial instruments at amortised cost				
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	0	-10 164	-28 009	-26 089
Total gain (loss) on financial instruments at amortised cost	0	-10 164	-28 009	-26 089
4) Currency				
Net gain (loss) on currency items	1 019	1 498	3 247	6 296
Total gain (loss) on currency items	1 019	1 498	3 247	6 296
5) Dividends:				
Dividends from investments in shares and funds	0	95 012	0	95 012
Total dividends	0	95 012	0	95 012
6) Result from associated company				
Result from associated company	0	-2 014	0	-2 014
Total from associated company	0	-2 014	0	-2 014
Total gain (loss) on financial instruments recognised through profit and loss	400	20 073	-35 005	21 920

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q4 21	Q4 20	2021	2020
Properties and premises ¹	-1 162	-924	-2 984	-2 463
IT	-38 416	-32 171	-141 731	-139 445
Advertising and marketing	-11 854	-11 482	-46 403	-44 593
Temporary employment agencies	-6 346	-3 666	-21 817	-17 025
Consultants and other external services	-18 629	-14 647	-70 355	-45 053
Telephone and postage	-4 138	-3 607	-16 111	-14 469
Other operating expenses	-8 931	-8 812	-32 750	-33 004
Total administrative expenses	-89 477	-75 310	-332 152	-296 053

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

Personnel expenses

In NOK thousand	Q4 21	Q4 20	2021	2020
Wages	-72 572	-76 413	-270 073	-267 680
<i>Capitalised as intangible assets</i>	2 966	2 507	11 287	8 555
Pension costs	5 515	-9 134	-11 661	-26 667
Payroll tax	-11 573	-11 795	-53 827	-51 224
Other personnel expenses	-4 645	-3 108	-12 459	-11 542
Total personnel expenses	-80 309	-97 943	-336 733	-348 558

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 Q4 21.

In 2020, NOK 25.5 million (NOK 14.9 mill in Q4 20) in severance pay and provisions related to changes in personnel was recognised.

Note 16 - Tax expense

In NOK thousand	Q4 21	Q4 20	2021	2020
Specification of tax expense:				
Taxes payable	57 350	62 915	222 399	224 640
Change in deferred tax	-2 576	-1 837	-3 215	-1 289
Correction of taxes payable previous year	2 831	250	2 831	250
Total tax expense	57 605	61 328	222 015	223 601
Reconciliation of the tax expense:				
Profit before tax	240 394	282 690	955 555	1 006 643
-from Sbanken ASA	435 060	442 212	926 902	944 366
-from Sbanken Boligkreditt AS	86 112	88 910	356 128	320 119
- from group transactions related to own debt, hybrid capital and dividend from subsidiary	-280 778	-248 431	-327 475	-257 842
Expected tax expense at nominal rate of 25 % Sbanken ASA	108 765	110 553	231 726	236 092
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS	18 945	19 560	78 348	70 426
Total expected tax expense	127 710	130 113	310 074	306 518
Tax effect from non-deductible expenses and tax-exempt income	660	139	660	139
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	-65 442	-62 484	-66 012	-66 814
Tax effect from costs recognised against interest to Tier 1 capital holders	-2 129	-3 784	-8 409	-12 817
Other differences	-6 025	-2 907	-17 129	-3 675
Correction of taxes payable previous year	2 831	250	2 831	250
Total tax expense	57 605	61 328	222 015	223 601
Effective tax rate	24.0%	21.7%	23.2%	22.2%

Note 17 - Classification of financial instruments

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
31.12.21				
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.				

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

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

² Including derivatives used as hedging instruments.

³ Including hedged liabilities.

Note 18 - Fair value of financial instruments at amortised cost

Recognised at amortised cost		Carrying value	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	
30.09.21				
	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
Shares 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

Recognised at amortised cost

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

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

Note 19 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.12.21		31.12.20	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity and funds	308 778	308 778	163 337	163 337
Commercial paper and bonds	15 487 702	15 487 702	14 412 990	14 412 990
Derivatives	377 403	377 403	561 305	561 305
Loans to customers (fixed rate)	8 168 042	8 168 042	7 921 668	7 921 668
Total financial assets at fair value	24 341 925	24 341 925	23 059 300	23 059 300
Liabilities:				
Derivatives	14 607	14 607	21 738	21 738
Total financial liabilities at fair value	14 607	14 607	21 738	21 738

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.

Information about fair value of securities at Level 3:

Shares in Vipps AS

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

Shares in VN Norge AS

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

Sensitivity analysis regarding shares in VN Norge:

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

Fixed rate loans

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

31.12.2020

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

Financial instruments measured at fair value Level 3

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

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

Note 20 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	31.12.21	31.12.20
Receivable related to overdraft facility with Sbanken Boligkreditt AS	5 655 290	2 304 097
Sbanken Boligkreditt AS's deposit in Sbanken ASA	782 646	1 602 401
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	7 538 556	5 714 265
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.21 - 31.12.21	01.01.20 - 31.12.20
Sale of services in line with service agreement	8 652	8 249
Interest on overdraft facility	32 468	39 508
Interest on deposit	1 055	1 373
Interest on covered bonds issued by Sbanken Boligkreditt AS	81 018	55 799
Interest on subordinated loan issued by Sbanken Boligkreditt AS	6 622	10 427
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	8 948	12 109
Dividend from Sbanken Boligkreditt AS to Sbanken ASA	260 000	230 000

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

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

Note 21 - Earnings per share

In NOK	Q4 21	Q4 20	2021	2020
Profit for the period to shareholders	176 029 000	214 747 000	707 781 000	748 575 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.65	2.01	6.62	7.00
Earnings per share (diluted)	1.65	2.01	6.62	7.00

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

Note 22 - Subsequent events

There have not been any significant events subsequent to 31.12.21 that affect the financial statements for Q4 2021.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q4 21	Q4 20	2021	2020
Interest income from financial instruments using the effective interest method		359 247	358 884	1 377 607	1 683 659
Other interest income		0	0	0	0
Interest expense		-59 003	-49 476	-218 410	-381 594
Net interest income		300 244	309 408	1 159 197	1 302 065
Commission and fee income		90 607	95 761	332 604	345 717
Commission and fee expense		-26 235	-46 200	-122 031	-161 407
Net commission and fee income		64 372	49 561	210 573	184 310
Net gain/(loss) on financial instruments		260 189	275 544	285 260	288 806
Other income		2 153	2 161	8 662	8 379
Other operating income		262 342	277 705	293 922	297 186
Personnel expenses		-80 214	-97 851	-336 357	-348 192
Administrative expenses		-90 084	-74 989	-330 823	-291 946
Depreciation and impairment of fixed and intangible assets		-24 522	-16 529	-72 318	-65 760
Profit before loan losses		432 139	447 305	924 193	1 077 663
Loan losses		2 921	-5 093	2 709	-133 297
Profit before tax		435 060	442 212	926 902	944 366
Tax expense		-42 672	-46 286	-159 672	-159 763
Profit for the period		392 388	395 926	767 230	784 603
Attributable to					
Shareholders		385 630	389 311	741 472	750 136
Additional Tier 1 capital holders		6 759	6 615	25 759	34 467
Profit for the period		392 388	395 926	767 230	784 603

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q4 21	Q4 20	2021	2020
Profit for the period	392 388	395 926	767 230	784 603
Other comprehensive income:				
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-64 291	-12 991	-96 721	36 803
Tax effect	16 072	3 248	24 180	-9 201
Other comprehensive income that can be reclassified to profit or loss after tax	-48 219	-9 743	-72 541	27 602
Actuarial gains (losses)	-8 430	-9 637	-8 430	-9 637
Tax effect	2 107	2 410	2 107	2 410
Other comprehensive income that can not be reclassified to profit or loss after tax	-6 323	-7 227	-6 323	-7 227
Total components of other comprehensive income (after tax)	-54 542	-16 970	-78 864	20 375
Total comprehensive income for the period	337 846	378 956	688 366	804 978
Attributable to				
Shareholders	331 087	372 341	662 607	770 511
Additional Tier 1 capital holders	6 759	6 615	25 759	34 467
Total comprehensive income for the period	337 846	378 956	688 366	804 978

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	31.12.21	31.12.20
Assets			
Cash and receivables with central bank		510 676	1 423 268
Loans to and receivables from credit institutions		6 511 755	2 958 456
Loans to customers		46 217 101	47 904 688
Net loans to customers, central bank and credit institutions		53 239 532	52 286 412
Commercial paper and bonds at fair value through OCI		22 520 436	20 109 350
Equity investments and funds		536 668	393 011
Commercial paper and bonds at amortised cost		325 854	325 622
Shares in subsidiary		1 699 880	1 699 880
Derivatives		143 382	29 533
Intangible assets		103 350	114 645
Deferred tax assets		36 577	7 738
Property, plant and equipment		86 411	127 755
Other assets		344 219	341 533
Advance payment and accrued income		74 550	53 498
Total assets		79 110 860	75 488 979
Liabilities			
Loans and deposits from central bank		0	2 250 000
Loans and deposits from credit institutions		1 109 560	1 602 243
Deposits from customers		64 240 315	58 643 627
Debt securities issued		5 177 881	4 291 792
Derivatives		14 607	21 738
Taxes payable		160 280	161 643
Deferred tax		0	0
Pension commitments		22 459	36 998
Other liabilities		546 169	497 581
Subordinated loans		899 151	898 831
Total liabilities		72 170 422	68 404 453
Equity			
Share capital		1 068 693	1 068 693
Share premium		2 625 895	2 625 895
Additional Tier 1 capital		701 389	701 223
Other equity		2 544 460	2 688 715
Total equity		6 940 437	7 084 526
Total liabilities and equity		79 110 860	75 488 979

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 5.2 million in Sbanken Boligkreditt AS, please refer to note 8 in the financial statements for the Sbanken group. For information regarding related parties, refer to note 20 in the financial statements for the Sbanken group.

Statement of changes in equity

(Sbanken ASA)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.20	1 068 693	2 625 895	705 858	-17 778	-10 945	1 952 266	6 323 989
Profit for the period to other equity (01.01.20 to 31.12.20)						750 136	750 136
Profit for the period to Tier 1 capital holders (01.01.20 to 31.12.20)			34 467				34 467
Payments to Tier 1 capital holders (01.01.20 to 31.12.20)			-39 102				-39 102
Issue of Tier 1 capital			400 000			-800	399 200
Redeem of Tier 1 capital			-400 000				-400 000
Actuarial gains and losses for the period (01.01.20 to 31.12.20)				-7 227			-7 227
Net change in fair value of financial instruments available for sale (01.01.20 to 31.12.20)					27 602		27 602
Payments related to share incentive program						-4 538	-4 538
Balance sheet as at 31.12.20	1 068 693	2 625 895	701 223	-25 005	16 657	2 697 064	7 084 526
Profit for the period to other equity (01.01.21 to 31.12.21)						741 472	741 472
Profit for the period to Tier 1 capital holders (01.01.21 to 31.12.21)			25 759				25 759
Payments to Tier 1 capital holders (01.01.21 to 31.12.21)			-25 593				-25 593
Actuarial gains and losses for the period (01.01.21 to 31.12.21)				-6 323			-6 323
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.21 to 31.12.21)					-72 541		-72 541
Paid dividend to shareholders, February						-336 638	-336 638
Paid dividend to shareholders, October						-470 225	-470 225
Balance sheet as at 31.12.21	1 068 693	2 625 895	701 389	-31 328	-55 884	2 631 673	6 940 437

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	2021	2020
Cash flows from operating activities			
Net payments on loans to customers		1 573 224	-1 164 488
Interest received on loans to customers		1 089 672	1 412 970
Net receipts on deposits from customers		5 596 668	5 798 746
Interest paid on deposits from customers		-151 980	-306 451
Payments/receipts on loans to/deposits from group company		-3 952 683	493 797
Interest received on loans to group company		32 468	39 622
Net receipts/payments from buying and selling financial instruments at fair value		-2 644 217	-9 109 085
Interest received from commercial paper and bonds		233 288	224 826
Receipts of collateral related to derivatives used in hedge accounting		108 807	0
Net receipts/payments on deposits from central bank		-2 250 000	2 250 000
Interest paid on deposits from credit institutions		-2 201	-6 180
Interest received on loans to credit institutions and central bank		900	4 610
Receipts related to commissions and fees		306 367	331 229
Payments related to commissions and fees		-119 029	-138 775
Payments related to administrative expenses		-314 108	-311 458
Payments related to personnel expenses		-317 501	-351 267
Taxes paid		-163 586	-161 469
Other receipts/payments		65 028	67 645
Net cash flows from operating activities		-908 883	-925 728
Cash flows from investment activities			
Capital increase in subsidiary		0	0
Received dividend from subsidiary		230 000	0
Invested in Additional Tier 1 capital in subsidiary		0	0
Invested in associated company		0	-427
Payments on the acquisition of fixed assets		-4 588	-1 183
Payments on the acquisition of intangible assets		-23 418	-13 349
Net cash flows from investment activities		201 994	-14 959
Cash flows from financing activities			
Receipts on share capital and share premium net of issuing cost		0	0
Paid dividend to shareholders		-806 863	0
Receipts on subordinated loans		0	500 000
Payments on matured and redeemed subordinated loans		0	-500 000
Interest paid on subordinated loans		-17 151	-28 003
Receipts on issued additional Tier1 capital		0	400 000
Payments on matured and redeemed additional Tier1 capital		0	-400 000
Interest paid on additional Tier 1 capital		-25 593	-39 202
Receipts on issued bonds and commercial paper		1 700 000	3 250 000
Payments on matured and redeemed bonds and commercial paper		-814 531	-1 991 454
Interest paid on issued bonds and commercial paper		-39 460	-47 277
Net cash flows from financing activities		-3 598	1 144 064
Total net cash flow		-710 487	203 377
Cash at the beginning of the period		2 077 627	1 874 250
Cash at the end of the period		1 367 140	2 077 627
Change in cash		-710 487	203 377
Cash			
Cash and receivables with central bank		510 675	1 423 268
Loans to credit institutions		856 465	654 359
Total cash		1 367 140	2 077 627

Capital adequacy

(Sbanken ASA)

In NOK thousand	31.12.21		31.12.20	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 611 053	0	2 038 554	0
Regional governments	1 577 839	230 435	4 831 614	794 811
Multilateral Development Banks	1 469 749	0	1 144 014	0
Institutions	29 981 388	3 742 762	32 825 074	3 402 274
Retail	8 612 228	3 335 532	8 825 210	3 528 427
Secured by mortgages on immovable property	61 177 525	17 584 879	59 340 645	17 629 689
Exposures in default	408 298	471 389	264 951	326 776
Covered bonds	17 687 733	1 768 773	13 152 493	1 315 249
Equity	2 652 980	2 653 525	2 432 507	2 436 073
Other items	421 308	421 308	192 389	192 389
Total credit risk, standardised method¹⁾	125 600 101	30 208 603	125 047 451	29 625 688
Credit value adjustment risk (CVA)		37 612		26 410
Operational risk		2 316 820		2 290 161
Total risk-weighted volume		32 563 035		31 942 259
Capital base				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		1 802 988		1 938 579
Additional Tier 1 capital		701 389		701 223
Profit for the period		741 472		750 136
Total booked equity		6 940 437		7 084 526
Additional Tier 1 capital instruments included in total equity		-701 389		-701 223
Common equity Tier 1 capital instruments		6 239 048		6 383 303
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-77 513		-85 983
Value adjustment due to the requirements for prudent valuation (AVA)		-23 057		-20 503
Profit for the period, not eligible ²⁾		0		-336 638
Common equity Tier 1 capital		6 138 478		5 940 179
Additional Tier 1 capital		700 000		700 000
Tier 1 capital		6 838 478		6 640 179
Tier 2 capital		900 000		900 000
Own funds (primary capital)		7 738 478		7 540 179
Capital requirements				
Minimum requirements - common equity Tier 1 capital	4.5%	1 465 337	4.5%	1 437 402
Capital conservation buffer	2.5%	814 076	2.5%	798 556
Systemic risk buffer	3.0%	976 891	3.0%	958 268
Countercyclical capital buffer	1.0%	325 630	1.0%	319 423
Additional Tier 1 capital	1.5%	488 446	1.5%	479 134
Tier 2 capital	2.0%	651 261	2.0%	638 845
Total minimum and buffer requirements own funds (primary capital)	14.5%	4 721 640	14.5%	4 631 628
<i>Available common equity Tier 1 capital after buffer requirements</i>		2 556 545		2 426 531
<i>Available own funds (primary capital)</i>		3 016 838		2 908 552
Capital ratio % (regulatory)				
Common equity Tier 1 capital		18.9%		18.6%
Additional Tier 1 capital		2.1%		2.2%
Tier 2 capital		2.8%		2.8%
Total capital ratio		23.8%		23.6%

Capital ratio % ³⁾		
Common equity Tier 1 capital	16.7%	17.1%
Additional Tier 1 capital	2.1%	2.2%
Tier 2 capital	2.8%	2.8%
Total capital ratio	21.6%	22.1%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Year-end 2021 includes fully retained earnings for 2021. Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

³⁾ Year-end 2021 is adjusted with proposed dividend NOK 6.60 per share for 2021. Year-end 2020 includes 37.2 per cent retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

Leverage Ratio (Sbanken ASA)

In NOK thousand		31.12.21	31.12.20
Derivatives market value		34 575	6 930
Potential future exposure on derivatives		47 275	40 800
Off-balance sheet commitments		29 847 924	32 756 893
Loans and advances and other assets		78 864 127	75 114 801
Regulatory adjustments included in Tier 1 capital		0	0
Total leverage exposure		108 793 901	107 919 424
Tier 1 capital ¹⁾		6 838 478	6 640 179
Leverage ratio % (regulatory)		6.3 %	6.2 %
Leverage ratio % ²⁾		5.6 %	5.7 %
Leverage Ratio requirements			
Minimum requirements	3.0%	3 263 817	3 237 583
Buffer requirements	0.0%	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	3 263 817	3 237 583
<i>Available Tier 1 capital after minimum and buffer requirements</i>		3 574 661	3 402 596
<i>Available Tier 1 capital after minimum and buffer requirements ²⁾</i>		2 869 324	2 932 371

¹⁾ Year-end 2021 includes fully retained earnings for 2021. Year-end 2020 includes fully retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

²⁾ Year-end 2021 is adjusted with proposed dividend NOK 6.60 per share for 2021. Year-end 2020 includes 37.2 per cent retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	31.12.21	31.12.20
Bonds issued	NOK	5 177 881	4 291 792
Subordinated loans	NOK	899 151	898 831
Total debt securities issued and subordinated loans		6 077 032	5 190 623

Specification of bonds and subordinated loans as at 31.12.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010862048	Sbanken ASA	690 000	NOK	Floating	09.09.22	689 917
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	998 541
NO0010886757	Sbanken ASA	800 000	NOK	Floating	26.09.23	801 241
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 713
NO0010920762	Sbanken ASA	500 000	NOK	Floating	12.12.24	500 001
Total bonds		3 990 000				3 989 413
Bonds, senior non-preferred						
NO0011087587	Sbanken ASA	600 000	NOK	Floating	08.09.25	599 729
NO0011087595	Sbanken ASA	600 000	NOK	Fixed	07.09.27	588 739
Total bonds, senior non-preferred		1 200 000				1 188 468
Total bonds		5 190 000				5 177 881

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 980
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 944
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 455
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 772
Total subordinated loans		900 000				899 151

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

Changes of debt securities and subordinated loans:

	31.12.20	January-December 2021				31.12.21
		Issued	Matured	Redeemed	Other adjustments	
Bonds (nominal)	4 293 000	1 700 000	-743 000	-60 000	0	5 190 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	5 193 000	1 700 000	-743 000	-60 000	0	6 090 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q4 21	Q4 20	2021	2020
Loans to and receivables from credit institutions and central bank	13 295	7 331	33 369	44 232
Loans to customers ¹	276 317	309 395	1 104 237	1 415 870
Commercial paper and bonds ²	69 637	42 159	240 002	223 557
Total interest income	359 247	358 884	1 377 607	1 683 659
Loans and deposits from credit institutions and central bank	-408	-1 115	-3 256	-8 954
Deposits from customers	-20 555	-19 956	-81 492	-243 868
Debt securities issued	-15 732	-8 746	-45 810	-43 634
Subordinated loans	-4 719	-4 201	-17 364	-23 954
Other interest expenses	-17 589	-15 458	-70 488	-61 184
Total interest expenses	-59 003	-49 476	-218 410	-381 594
Net interest income	300 244	309 408	1 159 197	1 302 065

¹ Interest income in Jan-Dec 21 of TNOK 482 954 are related to home loans measured at fair value through OCI and TNOK 121 032 are related to home loans measured at fair value through profit and loss.

² Interest income in Jan-Dec 21 of TNOK 6 622 are related to commercial paper and bonds at amortised cost. The rest relates to investments measured at fair value through OCI.

Classification of financial instruments

(Sbanken ASA)

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

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

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

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

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

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

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

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

Financial instruments at fair value (Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.12.21		31.12.20	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity investments and funds	536 304	536 304	392 647	392 647
Commercial paper and bonds	22 520 436	22 520 436	20 109 350	20 109 350
Loans to customers	32 774 895	32 774 895	38 033 122	38 033 122
Derivatives	143 382	143 382	29 533	29 533
Total financial assets at fair value	55 975 017	55 975 017	58 564 652	58 564 652
Liabilities:				
Derivatives	14 607	14 607	21 738	21 738
Total financial liabilities at fair value	14 607	14 607	21 738	21 738

31.12.2021

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

Financial instruments measured at fair value Level 3

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

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

Alternative performance measures

(Sbanken group)

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

Interest rate measures

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

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

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

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

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

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

In NOK thousand	Q4 21	Q4 20	2021	2020
Net interest income (annualised)	1 457 110	1 620 383	1 517 710	1 644 137
Average total assets	95 953 907	101 311 943	98 953 138	98 938 512
Net interest margin	1.52 %	1.60 %	1.53 %	1.66 %
Interest income (annualised)	1 931 451	2 013 827	1 939 390	2 380 696
Average total assets	95 898 907	101 311 943	98 953 138	98 938 512
Effective lending rate	2.01 %	1.99 %	1.96 %	2.41 %
Interest expense (annualised)	474 341	393 444	421 680	736 560
Average total assets	95 898 907	101 311 943	98 953 138	98 938 512
Effective funding rate	0.49 %	0.39 %	0.43 %	0.74 %

Profit related measures

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

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

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

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

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

In NOK thousand	Q4 21	Q4 20	2021	2020
Operating expense	194 308	189 781	741 203	710 371
Operating income	432 053	477 043	1 693 288	1 850 497
Cost-to-income ratio	45.0 %	39.8 %	43.8 %	38.4 %
Operating expense	194 308	189 781	741 203	710 371
Adjustment one-off	947	-14 900	-11 514	-23 500
Operating expense adjusted	195 255	174 881	729 689	686 871
Operating income	432 053	477 043	1 693 288	1 850 497
Adjustment one-off	0	-27 900	0	-27 900
Operating income adjusted	432 053	449 143	1 693 288	1 822 597
Cost-to-income ratio adjusted	45.2 %	38.9 %	43.1 %	37.7 %
Profit for the period attributable to shareholders (annualised)	698 378	854 321	707 781	748 575
Average equity	6 948 538	6 813 823	6 851 229	6 548 627
Return on equity	10.1 %	12.5 %	10.3 %	11.4 %
Profit for the period attributable to shareholders (annualised)	698 378	n/a	n/a	n/a
Adjustment one off (after tax effect)	-711	n/a	n/a	n/a
Adjustment one off (annualised)	-2 819	n/a	n/a	n/a
Profit for the period attributable to shareholders (annualised) adjusted	695 559	n/a	n/a	n/a
Average CET 1 equity	6 948 538	n/a	n/a	n/a
Average CET 1 equity buffer	1 772 781	n/a	n/a	n/a
Average CET 1 equity adjusted for average CET 1 buffer	5 175 757	n/a	n/a	n/a
Return on equity adjusted	13.4 %	n/a	n/a	n/a

Other performance measures

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

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

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

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

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

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

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

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

In NOK thousand	Q4 21	Q4 20	2021	2020
Loan losses (annualised)	-10 507	18 185	-3 470	133 482
Average loan volume	83 623 378	83 530 219	82 824 694	83 416 532
Loss rate	-0.01 %	0.02 %	0.00 %	0.16 %
Average deposits from customers	64 346 414	58 644 402	62 307 679	57 041 527
Average loans to customers	83 623 378	83 530 219	82 824 694	83 416 532
Average deposit-to-loan ratio	76.9 %	70.2 %	75.2 %	68.4 %
Deposits from customers	64 240 315	58 643 627	64 240 315	58 643 627
Loans to customers	84 346 875	83 082 252	84 346 875	83 082 252
Deposit-to-loan ratio	76.2 %	70.6 %	76.2 %	70.6 %
LTV (Loan-to-value)	51.3 %	52.9 %	51.3 %	52.9 %

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

LCR (Liquidity Coverage Ratio)

In NOK thousand	31.12.21		31.12.20	
	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	4 355 321	4 355 321	4 464 258	4 464 258
Level 1 covered bonds	8 586 363	7 985 318	6 504 158	6 048 867
Level 2A - assets	2 614 867	2 222 637	4 780 653	4 063 555
Level 2B - assets	0	0	0	0
Excess liquid asset amount		-45 540		0
Assets ineligible as "liquid assets"	86 717 035		84 977 390	
Total assets	102 273 586	14 517 736	100 726 459	14 576 680
Net outflows		5 102 181		4 409 270
LCR %		285 %		331 %

Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the yearly financial statements for the group and the company for the period 1 January through 31 December 2021 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, 9 February 2022

The Board of Directors of Sbanken ASA



Niklas Midby
(Chair)



Mai-Lill Ibsen



August Baumann



Herman Korsgaard



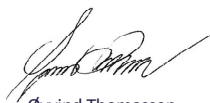
Cathrine Klouman



Sarah Lunde Mjåtvedt



Stein Zahl Pettersen



Øyvind Thomassen
(CEO)

Sbanken

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