

Sbanken

Q1

First quarter 2023
(Unaudited)

Sbanken ASA

Q1

First quarter 2023 – Highlights Sbanken ASA

Annual lending growth

12.8 %
(7.5 %*)

Cost-to-income ratio

45.3 %
(48.0 %*)

ROE

10.8 %
(10.2 %*)

Net interest margin

1.73 %
(1.49 %*)

Loan loss ratio

0.03 %
(0.03 %*)

CET1 ratio

16.1 %**
(15.7 %**)

* Comparable figure corresponding period last year.

**Including 0 percent of the profit for the first quarter of 2022 and 2023.

Key figures (group)

In NOK thousand	Reference	Q1 23	Q1 22	2022
Summary of income statement				
Net interest income		500 275	377 519	1 719 916
Net fee and commission income		52 396	54 083	267 302
Net other income		-21 983	14 674	21 881
Total income		530 688	446 276	2 009 099
Other operating expenses		-240 491	-214 212	-854 117
Operating profit before loan losses		290 198	232 066	1 154 981
Loan losses		-8 082	-5 898	-27 374
Earnings before tax		282 116	226 168	1 127 607
Calculated tax		-66 744	-46 685	-261 675
Net profit		215 372	179 483	865 932
Profitability				
Return on equity	1	10.8 %	10.2 %	11.6 %
Net interest margin	2	1.73 %	1.49 %	1.59 %
Cost-to-income ratio	3	45.3 %	48.0 %	42.5 %
Earnings per share		1.91	1.61	7.78
Balance sheet figures (in NOK million)				
Total loan volume		100 838	89 423	98 236
Customer deposits		65 826	64 933	65 770
Deposit-to-loan ratio	4	66.5 %	74.2 %	71.9 %
Lending growth (gross) previous 12 months		12.8 %	7.5 %	16.0 %
Average total assets	5	116 957	102 527	107 845
Total assets, end of period		118 210	103 748	114 891
Book value per share		72.77	64.91	70.84
Losses and defaults				
Total loan loss (%)	6	0.03 %	0.03 %	0.03 %
Capital adequacy and leverage ratio				
Common equity Tier 1 capital ratio	7	16.1 %	15.7 %	16.5 %
Tier 1 capital ratio		17.6 %	17.3 %	18.0 %
Total capital ratio		19.5 %	19.5 %	20.0 %
Leverage ratio		6.4 %	6.6 %	6.6 %
Employment				
FTEs		331	321	329

References

- 1) Return to shareholders after tax (annualised) as a percentage of average shareholder equity in the period.
- 2) Net interest income (annualised) as a percentage of average total capital
- 3) Operating expenses before loss as a percentage of total income
- 4) Average deposits from customers as a percentage of average loan volume
- 5) Average total assets in the period
- 6) Loan losses as a percentage of average loan volume in the period
- 7) Including 0 per cent of the profit for the first quarter of 2023 and 2022. Year-end 2022 includes fully retained earnings with no dividend.

First Quarter Results

The Sbanken group recorded a profit before tax of NOK 282.1 million in the first quarter, compared with NOK 226.2 million in the first quarter of 2022. Net interest income increased to NOK 500.3 (377.5) million, while net fee and commission income decreased somewhat to NOK 52.4 (54.1) million. Total customer lending at quarter-end was NOK 100.8 (89.4) billion. Funds under management decreased to NOK 30.3 (30.8) billion. Return on equity in the first quarter was 10.8 (10.2) per cent.

Important events during the quarter

Norges Bank raised the key policy rate with 0.25 percentage points, to 3.00 percent in March.

Operating income

Operating income amounted to NOK 530.7 (446.3) million, following an increase in net interest income of NOK 122.8 million, a decrease in net fee and commission income of NOK 1.7 million and a decrease in other operating income of NOK 36.7 million from the first quarter of 2022.

Net interest income increased to NOK 500.3 (377.5) million. The net interest margin was 1.73 per cent, up from 1.49 per cent in the first quarter of 2022. Compared to the previous quarter, the net interest margin was down 2 basis points.

Net fee and commission income decreased to NOK 52.4 (54.1) million.

The effective lending rate increased to 4.05 per cent, compared to 2.06 per cent in the first quarter of 2022, and 3.56 per cent in the previous quarter.

The effective funding rate increased to 2.32 per cent, compared with 0.57 per cent in the first quarter of 2022. The funding rate increased by 52 basis points from the previous quarter.

Operating expenses

Operating expenses amounted to NOK 240.5 (214.2) million in the quarter.

The cost-to-income ratio was 45.3 per cent in the quarter, compared to 48.0 per cent in the first quarter of 2022.

Impairments and losses

Loan losses amounted to NOK 8.1 million (5.9) in the quarter, equivalent to a loan loss ratio of 0.03 per cent.

Total expected credit losses amounted to NOK 350.5 million at quarter-end, of which NOK 64.6 million related to secured loans and NOK 285.9 million to unsecured loans.

Taxes

The estimated tax expense amounted to NOK 66.7 (46.7) million, corresponding to an effective tax rate of 23.7 (20.6) per cent.

Loans to and deposits from customers

At the end of the quarter, loans to customers totalled NOK 100.8 (89.4) billion. Lending growth over the past 12 months was 12.8 per cent. Mortgage lending increased with NOK 2.7 billion to NOK 97.1 billion in the quarter.

Outstanding consumer loans amounted to NOK 1.0 (1.3) billion at quarter-end, down from NOK 1.1 billion the previous quarter.

Customer deposits increased to NOK 65.8 (64.9) billion, a 1.4 per cent increase from the first quarter of 2022.

Savings

Funds under management (FuM) were NOK 30.3 billion, compared to NOK 30.8 billion at the end of the first quarter 2022 and NOK 28.7 billion at the end of the previous quarter.

Net client cash flow in the quarter was NOK 0.3 billion.

Capital adequacy, leverage ratio and risk factors

Sbanken currently has a regulatory CET1 requirement of 14.0 per cent and a capital ratio target of 14.5 per cent. At quarter-end, Sbanken had a CET1 capital ratio of 16.1 per cent. The tier 1 capital ratio was 17.6 per cent and the total capital ratio was 19.5 per cent, while the leverage ratio was 6.4 per cent.

Sbanken's financial risk mainly consists of credit risk, market risk and liquidity risk. The credit risk comprises of lending to the public primarily in the form of mortgages, car loans and unsecured credit products. Sbanken has a high-quality lending portfolio predominately composed of mortgages with a moderate loan-to-value (LTV) ratio. At quarter-end, the average LTV was 52.1 per cent, down from 52.6 per cent in the previous quarter. Mortgage lending accounted for 96.3 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 62.8 million at the end of the quarter, of which 57.0 million related to the valuation of the bank's shares in VN Norge AS (Visa). The majority of lending provided by Sbanken has variable interest rates. Interest rate swaps are used to reduce interest rate risk that arises with fixed rate mortgages. All deposits have variable interest rates, while capital market funding uses three-month Nibor as reference rate. At quarter-end, Sbanken had a liquidity portfolio of NOK 13.6 billion in interest-bearing securities issued by sovereigns, municipalities and financial institutions. The corresponding credit spread risk was estimated at NOK 267.1 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 120 per cent against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 143 per cent.

Sbanken had outstanding capital market funding amounting to NOK 41.3 billion at quarter-end. Sbanken Boligkredit's total nominal issue of covered bonds amounted to NOK 30.3 billion. At the end of the quarter, Sbanken had

a deposit-to-loan ratio of 66.5 per cent, compared to 68.1 per cent at the end of the previous quarter and 74.2 per cent at the end of the first quarter of 2022. 91.5 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 80.2 per cent by the harmonised EU Deposit Guarantee Scheme (EUR 0.1 million).

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

Macroeconomic and regulatory developments

In the first quarter of 2023, the inflationary pressure in the economy was high, and there were geopolitical uncertainties. Even after 18 months of rate hikes from Norges Bank, housing prices continue to rise. Taken together, this increases economic risks, and the economic outlook is uncertain.

In the March monetary policy report, Norges Bank projected that the key policy rate is likely to be raised further in 2023 towards a level of around 3.60 per cent at the end of 2023.

Mainland GDP grew 3.7 per cent in 2022 and growth was forecasted to be reduced to 1.1 per cent in 2023, and further to 0.5 in 2024 before increasing to 1.1 in 2025.

Registered unemployment was 1.8 per cent at quarter-end, up from 1.6 percent at the end of the previous quarter. The average annual unemployment rate is forecasted at 1.9 per cent in 2023 and 2.2 per cent in 2024.

Norges Bank projects housing prices to decrease by 2.9 per cent in 2023, and then remain stable in 2024. Credit growth for households is forecasted at 3.7 per cent for 2023 and 3.2 per cent for 2024.

Subsequent events

No significant events have occurred after 31 March 2023 that affect the financial statements for the first quarter of 2023.

The merger with DNB Bank ASA will take place on 2 May 2023.

Bergen, 26 April 2023

The Board of Directors of Sbanken ASA


Ingjerd Blekeli Spiten
(Chair)


Mai-Lill Ibsen


Tor Arne Hansen


Sarah Lunde Mjåtvedt


Tore Olaf Rimmereid


Stein Zahl Pettersen


Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q1 23	Q1 22	2022
Interest income from financial instruments using the effective interest method	8	1 168 218	521 723	2 867 018
Other interest income	8	0	0	0
Interest expense	8	-667 943	-144 204	-1 147 102
Net interest income		500 275	377 519	1 719 916
Commission and fee income	9	89 888	88 343	404 847
Commission and fee expense	9	-37 492	-34 259	-137 545
Net commission and fee income		52 396	54 083	267 302
Net gain/(loss) on financial instruments	10	-21 983	14 674	21 881
Other income		0	0	0
Other operating income		-21 983	14 674	21 881
Personnel expenses	11	-109 634	-84 488	-362 028
Administrative expenses	11,14	-110 133	-118 028	-423 530
Depreciation and impairment of fixed and intangible assets		-20 724	-11 696	-68 559
Profit before loan losses		290 198	232 066	1 154 981
Loan losses	6	-8 082	-5 898	-27 374
Profit before tax		282 116	226 168	1 127 607
Tax expense		-66 744	-46 685	-261 675
Profit for the period		215 372	179 483	865 932
Attributable to				
Shareholders		204 246	172 031	831 561
Additional Tier 1 capital holders		11 125	7 452	34 371
Profit for the period		215 372	179 483	865 932

Earnings per share, see note 15.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q1 23	Q1 22	2022
Profit for the period	215 372	179 483	865 932
Other comprehensive income:			
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	2 369	-28 617	-69 483
Tax effect	-474	7 379	17 675
Other comprehensive income that can be reclassified to profit or loss after tax	1 895	-21 238	-51 808
Actuarial gains (losses)	0	0	6 909
Tax effect	0	0	-1 727
Other comprehensive income that can-not be reclassified to profit or loss after tax	0	0	5 182
Total components of other comprehensive income (after tax)	1 895	-21 238	-46 626
Total comprehensive income for the period	217 267	158 245	819 306
Attributable to			
Shareholders	206 142	150 793	784 935
Additional Tier 1 capital holders	11 125	7 452	34 371
Total comprehensive income for the period	217 267	158 245	819 306

Balance sheet

(Sbanken group)

In NOK thousand	Note	31.03.23	31.03.22	31.12.22
Assets				
Cash and receivables with central bank	12	580 406	460 994	314 326
Loans to and receivables from credit institutions	12	1 692 750	291 828	1 245 783
Loans to customers	5, 6, 12	100 492 809	89 095 161	97 896 951
Net loans to customers, central bank and credit institutions		102 765 965	89 847 983	99 457 060
Commercial paper and bonds at fair value through OCI	12, 13	13 598 956	12 835 079	14 177 305
Equity and funds	12, 13	331 494	339 698	318 974
Derivatives	13	1 070 059	315 851	633 779
Intangible assets		58 284	104 648	72 356
Deferred tax assets		39 618	41 892	47 091
Property, plant and equipment		67 257	82 991	72 779
Other assets		110 749	102 853	20 899
Advance payment and accrued income		167 999	76 617	91 060
Total assets		118 210 382	103 747 614	114 891 302
Liabilities				
Loans and deposits from central bank		0	0	0
Loans and deposits from credit institutions	12	971 925	224 436	562 881
Deposits from customers	12	65 825 757	64 933 310	65 770 095
Debt securities issued	7, 12.14	41 284 490	29 368 079	38 632 830
Derivatives		57 598	45 163	54 019
Taxes payable		204 224	147 332	238 570
Pension commitments		9 122	22 459	9 122
Other liabilities		478 080	469 145	450 810
Subordinated loans	7, 12, 14	899 469	899 231	899 409
Total liabilities		109 730 665	96 109 155	106 617 736
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital		702 896	701 921	702 886
Other equity		4 082 232	3 241 949	3 876 091
Total equity		8 479 716	7 638 458	8 273 565
Total liabilities and equity		118 210 382	103 747 614	114 891 302

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 01.01.22	1 068 693	2 625 895	701 389	-31 328	-48 483	3 170 970	7 487 134
Profit for the period to other equity (01.01.22 to 31.12.22)						831 561	831 561
Profit for the period to Tier 1 capital holders (01.01.22 to 31.12.22)			34 371				34 371
Payments to Tier 1 capital holders (01.01.22 to 31.12.22)			-32 874				-32 874
Actuarial gains and losses for the period (01.01.22 to 31.12.22)				5 182			5 182
Net change in fair value of financial instruments at fair value through OCI (01.01.22 to 31.12.22)					-51 808		-51 808
Balance sheet as at 31.12.22	1 068 693	2 625 895	702 886	-26 146	-100 291	4 002 531	8 273 565
Profit for the period to other equity (01.01.23 to 31.03.23)						204 246	204 246
Profit for the period to Tier 1 capital holders (01.01.23 to 31.03.23)			11 125				11 125
Payments to Tier 1 capital holders (01.01.23 to 31.03.23)			-11 115				-11 115
Actuarial gains and losses for the period (01.01.23 to 31.03.23)				0			0
Net change in fair value of financial instruments at fair value through OCI (01.01.23 to 31.03.23)					1 895		1 895
Balance sheet as at 31.03.23	1 068 693	2 625 895	702 896	-26 146	-98 396	4 206 777	8 479 716

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	Q1 23	Q1 22	2022
Cash flows from operating activities				
Net payments on loans to customers	5	-2 554 189	-4 841 521	-13 593 070
Interest received on loans to customers	8	1 011 716	457 056	2 464 016
Net receipts on deposits from customers	12	55 662	692 994	1 529 779
Interest paid on deposits from customers	8	-358 001	-25 909	-425 883
Net receipts/payments from buying and selling financial instruments at fair value	12, 13	579 364	2 586 038	1 159 175
Interest received from commercial paper and bonds	8	133 480	53 556	282 796
Receipts of collateral related to derivatives used in hedge accounting		409 043	-102 394	236 051
Net receipts/payments on deposits from credit institutions and central bank		0	0	0
Interest paid on deposits from credit institutions	8	-128	-40	-2 973
Interest received on loans to credit institutions and central bank	8	8 093	1 268	14 101
Receipts related to commissions and fees	9	91 126	95 190	407 226
Payments related to commissions and fees	9	-33 595	-35 330	-155 647
Payments related to administrative expenses	11	-109 172	-84 196	-407 874
Payments related to personnel expenses	11	-127 076	-115 461	-364 333
Taxes paid		-98 313	-116 032	-236 966
Other receipts/payments		-61 936	-119 397	-16 218
Net cash flows from operating activities		-1 053 926	-1 554 178	-9 109 820
Cash flows from investment activities				
Invested in associated company		0	0	0
Payments on the acquisition of fixed assets		-1 149	-1 206	-2 855
Payments on the acquisition of intangible assets		-2 334	-10 433	-26 900
Net cash flows from investment activities		-3 483	-11 639	-29 755
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost	EQ	0	0	0
Paid dividend to shareholders	EQ	0	0	0
Receipts on subordinated loans	7	0	150 000	150 000
Payments on matured and redeemed subordinated loans	7	0	-150 000	-150 000
Interest paid on subordinated loans	8	-10 542	-4 853	-26 553
Receipts on issued additional Tier1 capital		0	100 000	100 000
Payments on matured and redeemed additional Tier1 capital		0	-100 000	-100 000
Interest paid on additional Tier 1 capital	EQ	-11 115	-6 920	-32 874
Receipts on issued bonds and commercial paper	7	5 500 000	3 522 000	16 602 000
Payments on matured and redeemed bonds and commercial paper	7	-3 351 500	-2 459 396	-6 533 092
Interest paid on issued bonds and commercial paper	8	-356 387	-99 489	-677 094
Net cash flows from financing activities		1 770 456	951 342	9 332 387
Total net cash flow		713 047	-614 475	192 812
Cash at the beginning of the period		1 560 109	1 367 297	1 367 297
Cash at the end of the period		2 273 156	752 822	1 560 109
Change in cash		713 047	-614 475	192 812
Cash				
Cash and receivables with central bank		580 406	460 994	314 326
Loans to credit institutions		1 692 750	291 828	1 245 783
Total cash		2 273 156	752 822	1 560 109

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 2022.

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 2022.

New and revised standards effective from 1 January 2023

Sbanken ASA has applied no new accounting standards effective from 1 January 2023.

New and revised standards effective from 1 January 2024 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2024 or later have not been used in the preparation of the accounts. For Sbanken ASA no new published standards will have material effect.

Note 2 - Segments

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

Note 3 - Capital adequacy

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

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

In NOK thousand	31.03.23		31.03.22		31.12.22	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 328 211	0	1 450 095	0	1 216 569	0
Regional governments	469 320	99 045	737 921	104 731	860 120	174 322
Multilateral Development Banks	1 923 802	0	1 662 693	0	1 734 151	0
Institutions	2 715 967	596 391	1 272 780	308 427	2 137 408	481 092
Retail	8 566 933	3 348 521	8 654 819	3 360 967	8 566 933	3 348 521
Secured by mortgages on immovable property	121 996 257	37 619 907	108 342 595	33 738 627	116 355 394	36 464 152
Exposures in default	451 901	502 359	529 021	588 485	420 444	470 498
Covered bonds	9 676 413	967 641	8 670 189	867 019	9 914 394	991 439
Equity	446 627	446 627	449 464	492 789	434 325	434 325
Other items	225 618	225 618	176 102	176 102	163 170	163 170
Total credit risk, standardised method ¹	147 801 049	43 806 109	131 945 679	39 637 147	141 802 908	42 527 519
Credit value adjustment risk (CVA)		40 216		61 183		17 665
Operational risk		2 896 278		2 773 710		2 896 278
Total risk-weighted volume		46 742 603		42 472 040		45 441 462
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		3 877 986		3 069 918		3 044 530
Additional Tier 1 capital		702 896		701 921		702 886
Profit for the period		204 246		172 031		831 561
Total booked equity		8 479 716		7 638 458		8 273 565
Additional Tier 1 capital instruments included in total equity		-702 896		-701 921		-702 886
Common equity Tier 1 capital instruments		7 776 820		6 936 537		7 570 679
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-43 713		-78 486		-54 267
Value adjustment due to the requirements for prudent valuation (AVA)		-13 930		-13 146		-14 496
Dividends payable		0		0		0
Profit for the period, not eligible		-204 246		-172 031		
Common equity Tier 1 capital		7 514 931		6 672 874		7 501 916
Additional Tier 1 capital		700 000		700 000		700 000
Tier 1 capital		8 214 931		7 372 874		8 201 916
Tier 2 capital		900 000		900 000		900 000
Own funds (primary capital)		9 114 931		8 272 874		9 101 916
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	2 103 417	4.5%	1 911 242	4.5%	2 044 866
Institution specific Pillar II requirement	1.5%	701 139	1.5%	637 081	1.5%	681 622
Capital conservation buffer	2.5%	1 168 565	2.5%	1 061 801	2.5%	1 136 037
Systemic risk buffer	3.0%	1 402 278	3.0%	1 274 161	3.0%	1 363 244
Countercyclical capital buffer	2.5%	1 168 565	1.0%	424 720	2.0%	908 829
Additional Tier 1 capital	1.5%	701 139	1.5%	637 081	1.5%	681 622
Tier 2 capital	2.0%	934 852	2.0%	849 441	2.0%	908 829
Total minimum and buffer requirements own funds (primary capital)	17.5%	8 179 956	16.0%	6 795 526	17.0%	7 725 049

<i>Available common equity Tier 1 capital after buffer requirements</i>	934 975	1 363 870	1 358 490
<i>Available own funds (primary capital)</i>	934 975	1 477 348	1 376 868
Capital ratio % (regulatory) ²⁾			
Common equity Tier 1 capital	16.1%	15.7%	16.5%
Additional Tier 1 capital	1.5%	1.6%	1.5%
Tier 2 capital	1.9%	2.1%	2.0%
Total capital ratio	19.5%	19.5%	20.0%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Including 0 per cent of the profit for the first quarter of 2023 and 2022. Year-end 2022 includes fully retained earnings with no dividend.

Note 4 - Leverage Ratio

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

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

In NOK thousand		31.03.23	31.03.22	31.12.22
Exposure value on derivatives		212 831	187 290	171 921
Off-balance sheet commitments		10 269 328	8 739 393	9 624 657
Loans and advances and other assets		117 082 038	103 327 115	114 185 167
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		127 564 197	112 253 798	123 981 745
Tier 1 capital ¹⁾		8 214 931	7 372 874	8 201 916
Leverage ratio % (regulatory)		6.4 %	6.6 %	6.6 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 826 926	3 367 614	3 719 452
Buffer requirements ²⁾	0%/2%	0	2 245 076	0
Total minimum and buffer requirements (Tier 1 capital)	3%/5%	3 826 926	5 612 690	3 719 452
<i>Available Tier 1 capital after minimum and buffer requirements</i>		4 388 005	1 760 184	4 482 464

¹⁾ Including 0 per cent of the profit for the first quarter of 2023 and 2022. Year-end 2022 includes fully retained earnings with no dividend.

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

Note 5 - Loans to customers

Gross carrying amount				
31.03.23				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers) 01.01.23	93 271 507	4 228 003	736 512	98 236 022
Transfers to Stage 1 (12-months ECL)	467 975	-461 422	-6 553	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 200 648	1 210 806	-10 158	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-26 295	-81 216	107 511	0
New financial assets originated	9 449 368	144 426	1 780	9 595 574
Financial assets that have been derecognised	-6 635 367	-350 001	-55 515	-7 040 883
Changes in interest accrual	10 378	1 271	1 765	13 414
Other movements	34 051	0	0	34 051
Closing balance gross carrying amount 31.03.23	95 370 969	4 691 867	775 340	100 838 176

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

Lending by geographical area				
In NOK thousand	31.03.23		31.12.22	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	45.9%	46 245 538	45.9%	45 098 999
Oslo	20.9%	21 069 910	20.6%	20 269 451
Southern Norway	2.3%	2 347 387	2.3%	2 279 969
Western Norway	19.9%	20 034 335	20.0%	19 682 087
Central Norway	5.0%	5 046 384	4.9%	4 816 404
Northern Norway	6.0%	6 094 622	6.2%	6 089 112
Total gross lending by geographical area	100.0%	100 838 176	100.0%	98 236 022

Note 6 - Loan losses

Expected credit loss (ECL) - Loans to customers				
January - March 2023				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.23	13 369	46 853	284 085	344 306
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	633	-4 932	-539	-4 838
Transfers to Stage 2	-1 059	11 827	-1 134	9 634
Transfers to Stage 3	-111	-3 203	10 049	6 735
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	-1 076	-2 050	4 903	1 777
<i>Other changes:</i>				
New financial assets originated	1 756	762	334	2 852
Financial assets that have been derecognised	-1 344	-2 682	-5 936	-9 962
Financial assets that have been derecognised through sale of portfolio			0	0
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.03.23	12 168	46 575	291 762	350 506
¹ As of 31.03.2023, 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 due to the macroeconomic situation. The distribution of this provision is as follows: stage 1 NOK 0.8 million, stage 2 NOK 2.3 million and stage 3 NOK 21.9 million.				
Specification of ECL				
In NOK thousands	31.03.23			
ECL On-balance sheet amounts 31.03.23	10 280	44 865	290 222	345 367
ECL Off-balance sheet amounts 31.03.23	1 888	1 710	1 540	5 139
Closing balance ECL 31.03.23	12 168	46 575	291 762	350 506
In NOK thousands	31.03.23			
Secured loans	4 259	11 481	48 880	64 620
Unsecured loans	7 909	35 094	242 882	285 885
Total	12 168	46 575	291 762	350 506

ECL by geographical area	
In NOK thousands	31.03.23
Eastern Norway ex. Oslo	123 939
Oslo	53 271
Southern Norway	13 468
Western Norway	107 988
Central Norway	23 761
Northern Norway	28 079
Total	350 506

Specification of loan losses				
In NOK thousands	Q1 23	Q1 22	2022	
Changes in ECL, stage 1	1 201	489	1 450	
Changes in ECL, stage 2	278	-4 043	-6 612	
Changes in ECL, stage 3	-7 679	-560	-10 087	
Write-offs	-2 153	-2 063	-13 058	
Recoveries of previously written off loans	271	279	933	
Net cost of loan losses in the period	-8 082	-5 898	-27 374	

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 2022				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.22	14 819	40 240	273 997	329 056
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	585	-6 805	-2 191	-8 411
Transfers to Stage 2	-1 122	13 587	-5 598	6 867
Transfers to Stage 3	-446	-3 897	24 812	20 469
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers ¹	-1 522	-1 497	23 795	20 776
<i>Other changes:</i>				
New financial assets originated	5 354	14 558	4 015	23 927
Financial assets that have been derecognised	-4 299	-9 333	-34 745	-48 377
Financial assets that have been derecognised through sale of portfolio			0	0
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.12.22	13 369	46 853	284 085	344 306
¹ As of 31.12.2022, the bank has included a credit loss provision of NOK 25.0 for unsecured loans in addition to the model calculation. The provision is included to account for potential uncertainty related to outbreak of coronavirus. The distribution of this provision is as follows: stage 1 NOK 0.8 million, stage 2 NOK 2.3 million and stage 3 NOK 21.9 million.				
Specification of ECL				
In NOK thousands	31.12.22			
ECL On-balance sheet amounts 31.12.22	11 423	45 078	282 570	339 071
ECL Off-balance sheet amounts 31.12.22	1 946	1 775	1 515	5 235
Closing balance ECL 31.12.22	13 369	46 853	284 085	344 306
In NOK thousands	31.12.22			
Secured loans	4 526	10 097	46 434	61 057
Unsecured loans	8 843	36 756	237 651	283 250
Total	13 369	46 853	284 085	344 306

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

Specification of loan losses		
In NOK thousands	2022	2021
Changes in ECL, stage 1	1 450	8 292
Changes in ECL, stage 2	-6 612	51 616
Changes in ECL, stage 3	-10 087	-27 431
Write-offs	-13 058	-29 858
Recoveries of previously written off loans	933	851
Net cost of loan losses in the period	-27 374	3 470

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

Note 7 - Debt securities issued and subordinated loans

Carried at amortised cost:

In NOK thousand	Currency	31.03.23	31.12.22
Bonds issued	NOK	41 284 490	38 632 830
Subordinated loans	NOK	899 469	899 409
Total debt securities issued and subordinated loans		42 183 959	39 532 239

Specification of bonds and subordinated loans as at 31.03.23:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010886757	Sbanken ASA	785 000	NOK	Floating	26.09.23	785 346
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 778
NO0012785122	Sbanken ASA	2 000 000	NOK	Floating	03.07.24	2 003 676
NO0010920762	Sbanken ASA	2 000 000	NOK	Floating	12.12.24	1 996 719
Total bonds		5 785 000				5 785 519
Bonds, senior non-preferred						
NO0011087587	Sbanken ASA	3 500 000	NOK	Floating	08.09.25	3 471 343
NO0011087595	Sbanken ASA	800 000	NOK	Fixed	07.09.27	756 049
Total bonds, senior non-preferred		4 300 000				4 227 392
Covered bonds ¹						
NO0010887078	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	17.06.24	5 007 918
NO0010878978	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	20.06.25	5 026 990
NO0010958093	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	20.11.26	7 064 817
NO0012483835	Sbanken Boligkreditt AS	8 500 000	NOK	Floating	29.03.27	8 464 761
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 707 094
Total covered bonds						31 271 580
Total bonds and covered bonds						41 284 490

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

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	125 000
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 634
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 835
NO0011203598	Sbanken ASA	150 000	NOK	Floating	14.01.32	150 000
Total subordinated loans		900 000				899 469

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:

	31.12.22	January- March 2023			Other adjustments	31.03.23
		Issued	Matured	Redeemed		
Bonds (nominal)	5 152 000	1 000 000	0	-367 000	0	5 785 000
Bonds, senior non-preferred (nominal)	3 500 000	800 000	0	0	0	4 300 000
Covered Bonds (nominal)	29 554 000	3 700 000	0	-2 949 000	0	30 305 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	39 106 000	5 500 000	0	-3 316 000	0	41 290 000

Note 8 - Net interest income

Net interest income

In NOK thousand	Q1 23	Q1 22	2022
Loans to and receivables from credit institutions and central bank	8 093	1 268	14 101
Loans to customers ¹	1 027 194	467 270	2 540 316
Commercial paper and bonds ²	132 931	53 185	312 601
Total interest income	1 168 218	521 723	2 867 018
Loans and deposits from credit institutions and central bank	-128	-40	-2 973
Deposits from customers	-266 810	-25 488	-342 896
Debt securities issued	-365 378	-94 897	-682 530
Subordinated loans	-10 535	-5 388	-28 454
Other interest expenses	-25 092	-18 391	-90 249
Total interest expenses	-667 943	-144 204	-1 147 102
Net interest income	500 275	377 519	1 719 916

¹ Interest income in Jan-Mar 2023 of TNOK 84 344 are related to home loans measured at fair value through profit and loss.

² Investments are recognised at fair value.

Interest income from loans to customers:

In NOK thousand	Q1 23	Q1 22	2022
Home loans	941 885	386 742	2 216 228
Car loans	19 830	11 583	56 311
Consumer loans	27 440	31 567	117 578
Other loans ³	38 039	37 378	150 199
Total interest income from loans to customers	1 027 194	467 270	2 540 316

³ Credit card, account credit and custody account credit

Note 9 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q1 23	Q1 22	2022
Payment processing	9 024	9 933	40 740
Card and interbank	56 801	50 038	251 089
Mutual funds and securities	23 340	27 482	109 334
Other commission income	723	890	3 684
Total commission and fee income	89 888	88 343	404 847
Payment processing	-7 374	-5 535	-25 005
Card and interbank	-21 461	-18 108	-78 234
Mutual funds and securities	-7 634	-9 691	-31 092
Other commission expenses	-1 023	-925	-3 214
Total commission and fee expenses	-37 492	-34 259	-137 545
Net commission and fee income	52 396	54 083	267 302

Note 10 - Net gain (loss) on financial instruments

In NOK thousand	Q1 23	Q1 22	2022
1) Realisation of financial instruments at fair value through other comprehensive income			
Gain/(loss) by realisation of financial instruments:	-16 949	-11 275	-21 476
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	-16 949	-11 275	-21 476
2) Financial instruments at fair value through profit and loss			
Realised gain/ (loss) from shares and funds	0	0	48 041
Unrealised gain/(loss) from shares and funds	602	26 197	-30 263
Net gain/(loss) on derivatives (used in hedge accounting)	2 471	3 825	-1 798
Unrealised gain/(loss) on derivatives	-38 574	97 992	85 029
Unrealised gain/(loss) from fixed rate loans	34 051	-97 797	-93 160
Total gain/(loss) on financial instruments at fair value through profit and loss	-1 450	30 217	7 849
3) Financial instruments at amortised cost			
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	0	-7 247	-12 747
Total gain (loss) on financial instruments at amortised cost	0	-7 247	-12 747
4) Currency			
Net gain (loss) on currency items	-3 584	2 979	1 524
Total gain (loss) on currency items	-3 584	2 979	1 524
5) Dividends:			
Dividends from investments in shares and funds	0	0	46 731
Total dividends	0	0	46 731
Total gain (loss) on financial instruments recognised through profit and loss	-21 983	14 674	21 881

Note 11 - Operating expenses

Other administrative expenses

In NOK thousand	Q1 23	Q1 22	2022
Properties and premises	-1 849	-1 224	-8 704
IT	-50 810	-42 666	-171 553
Advertising and marketing	-11 267	-10 991	-57 134
Temporary employment agencies	-7 974	-5 239	-23 941
Consultants and other external services	-23 282	-46 383	-96 423
Telephone and postage	-4 894	-3 708	-16 457
Other operating expenses	-10 057	-7 817	-49 318
Total administrative expenses	-110 133	-118 028	-423 530

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

Personnel expenses

In NOK thousand	Q1 23	Q1 22	2022
Wages	-81 462	-64 733	-268 881
<i>Capitalised as intangible assets</i>	0	4 422	9 304
Pension costs	-6 490	-6 796	-31 227
Payroll tax	-18 327	-14 875	-56 597
Other personnel expenses	-3 355	-2 506	-14 627
Total personnel expenses	-109 634	-84 488	-362 028

Note 12 - Classification of financial instruments

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
31.03.23				
Financial assets				
Cash and receivables with central bank	0	0	580 406	580 406
Loans to and receivables from credit institutions	0	0	1 692 750	1 692 750
Loans to customers	7 316 532	0	93 176 277	100 492 809
Commercial paper and bonds	0	13 598 956	0	13 598 956
Equity and funds	331 494	0	0	331 494
Derivatives ¹	1 070 059	0	0	1 070 059
Other assets	0	0	278 748	278 748
Total financial assets	8 718 085	13 598 956	95 728 181	118 045 222
Financial liabilities				
Loans and deposits from central bank	0	0	0	0
Loans and deposits from credit institutions	0	0	971 925	971 925
Deposits from customers	0	0	65 825 757	65 825 757
Debt securities issued ²	0	0	41 284 490	41 284 490
Derivatives	57 598	0	0	57 598
Subordinated loans	0	0	899 469	899 469
Other liabilities	0	0	478 080	478 080
Total financial liabilities	57 598	0	109 459 721	109 517 319
¹ Including derivatives used as hedging instruments.				
² Including hedged liabilities.				

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
31.12.22				
Financial assets				
Cash and receivables with central bank	0	0	314 326	314 326
Loans to and receivables from credit institutions	0	0	1 245 783	1 245 783
Loans to customers	7 582 301	0	90 314 650	97 896 951
Commercial paper and bonds	0	14 177 305	0	14 177 305
Equity and funds	318 974	0	0	318 974
Derivatives ¹	633 779	0	0	633 779
Other assets	0	0	111 959	111 959
Total financial assets	8 535 054	14 177 305	91 986 718	114 699 077
Financial liabilities				
Loans and deposits from central bank	0	0	0	0
Loans and deposits from credit institutions	0	0	562 881	562 881
Deposits from customers	0	0	65 770 095	65 770 095
Debt securities issued ²	0	0	38 632 830	38 632 830
Derivatives	54 019	0	0	54 019
Subordinated loans	0	0	899 409	899 409
Other liabilities	0	0	450 810	450 810
Total financial liabilities	54 019	0	106 316 025	106 370 044
¹ Including derivatives used as hedging instruments.				
² Including hedged liabilities.				

Note 13 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.03.23		31.12.22	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity and funds	331 494	331 494	318 974	318 974
Commercial paper and bonds	13 598 956	13 598 956	14 177 305	14 177 305
Derivatives	1 070 059	1 070 059	633 779	633 779
Loans to customers (fixed rate)	7 316 532	7 316 532	7 582 301	7 582 301
Total financial assets at fair value	22 317 041	22 317 041	22 712 359	22 712 359
Liabilities:				
Derivatives	57 598	57 598	54 019	54 019
Total financial liabilities at fair value	57 598	57 598	54 019	54 019

31.03.2023

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity and funds	0	274 510	56 984	331 494
Commercial paper and bonds	0	13 598 956	0	13 598 956
Derivatives at fair value through profit and loss (asset)	0	1 070 059	0	1 070 059
Loans to customers (fixed rate)	0	0	7 316 532	7 316 532
Total	0	14 943 525	7 373 516	22 317 041
Derivatives at fair value through profit and loss (liability)	0	57 598	0	57 598
Total	0	57 598	0	57 598

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2023	7 582 301	50 982	7 633 283
Net gain/(loss) on financial instruments (realised and unrealised)	34 051	6 002	40 053
New loans/exits	-299 820	0	-299 820
Sale	0	0	0
Settlement	0	0	0
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 March 2023	7 316 532	56 984	7 373 516

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to March 2023.

Information about fair value of securities at Level 3:

Shares in VN Norge AS

Sbanken has used the same method as year-end 2022 for calculating the fair value of the shares in VN Norge AS at 31 March 2023. In the calculation of fair value, adjustments for movements in currency (USD/NOK), share price of Visa Inc. and number of shares in Visa Inc. is accounted for.

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

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

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

Fixed rate loans

Principles related to fair value of fixed rate loans are described in the annual report for 2022.

31.12.2022

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

Financial instruments measured at fair value Level 3

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

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

Note 14 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	31.03.23	31.03.22	31.12.22
Receivable related to overdraft facility with Sbanken Boligkreditt AS	3 606 183	3 862 419	3 610 008
Sbanken Boligkreditt AS's deposit in Sbanken ASA	4 481 521	2 143 556	3 975 216
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	18 568	10 417 429	1 695 634
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.23 - 31.03.23	01.01.22 - 31.03.22	01.01.22 - 31.12.22
Sale of services in line with service agreement	1 973	2 200	8 496
Interest on overdraft facility	22 489	19 203	87 799
Interest on deposit	668	338	2 880
Interest on covered bonds issued by Sbanken Boligkreditt AS	3 634	27 440	124 825
Interest on subordinated loan issued by Sbanken Boligkreditt AS	3 661	1 689	9 443
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	3 515	2 120	10 476
Dividend from Sbanken Boligkreditt AS to Sbanken ASA	0	0	0

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

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

As of 31.03.23 Sbanken has no holdings of DNB Bank ASA and DNB Boligkreditt AS bonds. At the same time DNB Bank ASA had invested a total amount of NOK 19 254 million in bonds issued by Sbanken ASA and Sbanken Boligkreditt AS.

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

Note 15 - Earnings per share

In NOK	Q1 23	Q1 22	2022
Profit for the period to shareholders	204 246 000	172 031 000	831 561 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.91	1.61	7.78
Earnings per share (diluted)	1.91	1.61	7.78

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

Note 16 - Subsequent events

There have not been any significant events subsequent to 31.03.23 that affect the financial statements for Q1 2023.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q1 23	Q1 22	2022
Interest income from financial instruments using the effective interest method		881 947	399 136	2 234 442
Other interest income		0	0	0
Interest expense		-390 569	-72 475	-616 577
Net interest income		491 378	326 660	1 617 865
Commission and fee income		89 888	88 343	404 847
Commission and fee expense		-37 492	-34 259	-137 545
Net commission and fee income		52 396	54 083	267 302
Net gain/(loss) on financial instruments		-35 060	16 602	-78 854
Other income		1 973	2 200	8 496
Other operating income		-33 087	18 802	-70 358
Personnel expenses		-109 600	-84 385	-361 810
Administrative expenses		-109 612	-117 646	-421 876
Depreciation and impairment of fixed and intangible assets		-20 724	-11 696	-68 559
Profit before loan losses		270 751	185 818	962 564
Loan losses		-8 140	-6 719	-26 977
Profit before tax		262 611	179 100	935 587
Tax expense		-61 420	-36 575	-215 877
Profit for the period		201 191	142 525	719 710
Attributable to				
Shareholders		190 066	135 073	685 339
Additional Tier 1 capital holders		11 125	7 452	34 371
Profit for the period		201 191	142 525	719 710

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q1 23	Q1 22	2022
Profit for the period	201 191	142 525	719 710
Other comprehensive income:			
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	18 027	-50 103	-52 639
Tax effect	-4 506	12 526	13 160
Other comprehensive income that can be reclassified to profit or loss after tax	13 521	-37 577	-39 479
Actuarial gains (losses)	0	0	6 909
Tax effect	0	0	-1 727
Other comprehensive income that can not be reclassified to profit or loss after tax	0	0	5 182
Total components of other comprehensive income (after tax)	13 521	-37 577	-34 297
Total comprehensive income for the period	214 712	104 948	685 413
Attributable to			
Shareholders	203 587	97 496	651 042
Additional Tier 1 capital holders	11 125	7 452	34 371
Total comprehensive income for the period	214 712	104 948	685 413

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	31.03.23	31.03.22	31.12.22
Assets				
Cash and receivables with central bank		580 406	460 994	314 326
Loans to and receivables from credit institutions		5 298 777	4 154 092	4 855 635
Loans to customers		70 237 987	51 175 031	65 017 860
Net loans to customers, central bank and credit institutions		76 117 170	55 790 117	70 187 820
Commercial paper and bonds at fair value through OCI		11 343 603	22 620 923	14 377 000
Equity investments and funds		554 876	567 250	542 473
Commercial paper and bonds at amortised cost		326 877	325 956	327 014
Shares in subsidiary		1 699 880	1 699 880	1 699 880
Derivatives		188 730	247 534	225 109
Intangible assets		58 284	104 648	72 356
Deferred tax assets		47 918	48 403	51 553
Property, plant and equipment		67 257	82 991	72 779
Other assets		111 402	358 956	21 575
Advance payment and accrued income		162 335	76 617	91 060
Total assets		90 678 332	81 923 274	87 668 618
Liabilities				
Loans and deposits from central bank		0	0	0
Loans and deposits from credit institutions		5 452 363	2 368 410	4 174 779
Deposits from customers		65 825 757	64 933 310	65 770 095
Debt securities issued		10 012 911	6 054 264	8 576 883
Derivatives		57 596	45 163	54 019
Taxes payable		202 553	114 363	219 962
Pension commitments		9 122	22 459	9 122
Other liabilities		421 990	447 611	371 374
Subordinated loans		899 469	899 231	899 409
Total liabilities		82 881 762	74 884 810	80 075 643
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital		702 896	701 921	702 886
Other equity		3 399 087	2 641 955	3 195 501
Total equity		7 796 571	7 038 464	7 592 975
Total liabilities and equity		90 678 332	81 923 274	87 668 618

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 5.5 million in Sbanken Boligkreditt AS, please refer to note 6 in the financial statements for the Sbanken group. For information regarding related parties, refer to note 14 in the financial statements for the Sbanken group.

Statement of changes in equity

(Sbanken ASA)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.22	1 068 693	2 625 895	701 389	-31 328	-55 884	2 631 673	6 940 437
Profit for the period to other equity (01.01.22 to 31.12.22)						685 339	685 339
Profit for the period to Tier 1 capital holders (01.01.22 to 31.12.22)			34 371				34 371
Payments to Tier 1 capital holders (01.01.22 to 31.12.22)			-32 874				-32 874
Actuarial gains and losses for the period (01.01.22 to 31.12.22)				5 182			5 182
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.22 to 31.12.22)					-39 479		-39 479
Balance sheet as at 31.12.22	1 068 693	2 625 895	702 886	-26 146	-95 363	3 317 012	7 592 975
Profit for the period to other equity (01.01.23 to 31.03.23)						190 066	190 066
Profit for the period to Tier 1 capital holders (01.01.23 to 31.03.23)			11 125				11 125
Payments to Tier 1 capital holders (01.01.23 to 31.03.23)			-11 115				-11 115
Actuarial gains and losses for the period (01.01.23 to 31.03.23)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.23 to 31.03.23)					13 521		13 521
Balance sheet as at 31.03.23	1 068 693	2 625 895	702 896	-26 146	-81 842	3 507 078	7 796 571

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	Q1 23	Q1 22	2022
Cash flows from operating activities				
Net payments on loans to customers		-5 178 946	-5 055 656	-18 866 992
Interest received on loans to customers		706 275	290 131	1 640 455
Net receipts on deposits from customers		55 662	692 994	1 529 779
Interest paid on deposits from customers		-358 001	-25 909	-425 884
Payments/receipts on loans to/deposits from group company		1 316 573	2 960 975	5 019 745
Interest received on loans to group company		21 693	18 865	84 919
Net receipts/payments from buying and selling financial instruments at fair value		3 030 999	-169 501	8 001 111
Interest received from commercial paper and bonds		134 626	83 411	422 487
Receipts of collateral related to derivatives used in hedge accounting		-35 163	90 745	90 756
Net receipts/payments on deposits from central bank		0	0	0
Interest paid on deposits from credit institutions		-128	-40	-2 973
Interest received on loans to credit institutions and central bank		9 520	946	14 040
Receipts related to commissions and fees		91 126	95 190	407 226
Payments related to commissions and fees		-33 595	-35 330	-155 647
Payments related to administrative expenses		-108 887	-84 056	-406 375
Payments related to personnel expenses		-127 040	-115 362	-364 109
Taxes paid		-79 701	-81 792	-160 280
Other receipts/payments		-54 425	-116 408	-60 336
Net cash flows from operating activities		-609 412	-1 450 797	-3 232 078
Cash flows from investment activities				
Capital increase in subsidiary		0	0	0
Received dividend from subsidiary		0	0	260 000
Invested in Additional Tier 1 capital in subsidiary		0	0	0
Invested in associated company		0	0	0
Payments on the acquisition of fixed assets		-1 149	-1 206	-2 855
Payments on the acquisition of intangible assets		-2 334	-10 432	-26 900
Net cash flows from investment activities		-3 483	-11 638	230 245
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost		0	0	0
Paid dividend to shareholders		0	0	0
Receipts on subordinated loans		0	150 000	150 000
Payments on matured and redeemed subordinated loans		0	-150 000	-150 000
Interest paid on subordinated loans		-10 542	-4 853	-26 553
Receipts on issued additional Tier1 capital		0	100 000	100 000
Payments on matured and redeemed additional Tier1 capital		0	-100 000	-100 000
Interest paid on additional Tier 1 capital		-34 361	-6 920	-32 874
Receipts on issued bonds and commercial paper		1 800 000	1 300 000	4 950 000
Payments on matured and redeemed bonds and commercial paper		-364 157	-423 792	-1 551 853
Interest paid on issued bonds and commercial paper		-64 997	-16 473	-144 075
Net cash flows from financing activities		1 325 943	847 962	3 194 645
Total net cash flow		713 048	-614 473	192 812
Cash at the beginning of the period		1 559 952	1 367 140	1 367 140
Cash at the end of the period		2 273 000	752 667	1 559 952
Change in cash		713 048	-614 473	192 812
Cash				
Cash and receivables with central bank		580 406	460 994	314 326
Loans to credit institutions		1 692 594	261 673	1 245 626
Total cash		2 273 000	722 667	1 559 952

Capital adequacy

(Sbanken ASA)

In NOK thousand	31.03.23		31.03.22		31.12.22	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 328 211	0	1 424 968	0	1 209 371	0
Regional governments	477 620	119 796	744 432	121 007	863 382	182 477
Multilateral Development Banks	1 311 480	0	1 508 117	0	1 581 043	0
Institutions	39 909 691	4 513 740	30 507 250	3 470 723	38 399 159	4 343 885
Retail	8 501 912	3 328 986	8 652 112	3 358 937	8 563 612	3 346 030
Secured by mortgages on immovable property	91 865 246	27 053 822	70 544 646	20 521 981	83 585 791	24 977 529
Exposures in default	333 726	384 184	409 548	469 012	314 278	364 330
Covered bonds	8 033 382	803 338	18 635 736	1 863 574	10 267 197	1 026 720
Equity	2 696 766	2 696 766	2 702 851	2 746 177	2 362 489	2 362 489
Other items	178 622	178 622	419 912	419 912	170 999	170 999
Total credit risk, standardised method¹⁾	154 636 656	39 079 254	135 549 572	32 971 323	147 317 321	36 774 460
Credit value adjustment risk (CVA)		30 541		41 577		9 110
Operational risk		2 507 907		2 316 820		2 507 908
Total risk-weighted volume		41 617 702		35 329 720		39 291 478
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		3 209 021		2 506 882		2 510 162
Additional Tier 1 capital		702 896		701 921		702 886
Profit for the period		190 066		135 073		685 339
Total booked equity		7 796 571		7 038 464		7 592 975
Additional Tier 1 capital instruments included in total equity		-702 896		-701 921		-702 886
Common equity Tier 1 capital instruments		7 093 675		6 336 543		6 890 089
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-43 713		-78 486		-54 267
Value adjustment due to the requirements for prudent valuation (AVA)		-11 898		-12 159		-14 924
Profit for the period, not eligible ²⁾		-190 066		-135 073		0
Common equity Tier 1 capital		6 847 997		6 110 825		6 820 898
Additional Tier 1 capital		700 000		700 000		700 000
Tier 1 capital		7 547 997		6 810 825		7 520 898
Tier 2 capital		900 000		900 000		900 000
Own funds (primary capital)		8 447 997		7 710 825		8 420 898
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 872 797	4.5%	1 589 837	4.5%	1 768 117
Capital conservation buffer	2.5%	1 040 443	2.5%	883 243	2.5%	982 287
Systemic risk buffer	3.0%	1 248 531	3.0%	1 059 892	3.0%	1 178 744
Countercyclical capital buffer	2.5%	1 040 443	1.0%	353 297	2.0%	785 830
Additional Tier 1 capital	1.5%	624 266	1.5%	529 946	1.5%	589 372
Tier 2 capital	2.0%	832 354	2.0%	706 594	2.0%	785 830
Total minimum and buffer requirements own funds (primary capital)	16.0%	6 658 832	14.5%	5 122 809	15.5%	6 090 179
<i>Available common equity Tier 1 capital after buffer requirements</i>		<i>1 645 785</i>		<i>2 213 556</i>		<i>2 109 520</i>
<i>Available own funds (primary capital)</i>		<i>1 789 165</i>		<i>2 577 016</i>		<i>2 334 319</i>
Capital ratio % (regulatory)						
Common equity Tier 1 capital		16.5%		17.3%		17.4%
Additional Tier 1 capital		1.7%		2.0%		1.8%
Tier 2 capital		2.2%		2.5%		2.3%
Total capital ratio		20.3%		21.8%		21.4%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Including 0 per cent of the profit for the first quarter of 2023 and 2022. Year-end 2022 includes fully retained earnings with no dividend.

Leverage Ratio (Sbanken ASA)

In NOK thousand		31.03.23	31.03.22	31.12.22
Exposure value on derivatives		70 862	95 807	40 919
Off-balance sheet commitments		42 020 908	32 480 725	40 160 581
Loans and advances and other assets		90 431 318	81 571 093	87 374 753
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		132 523 088	114 147 625	127 576 253
Tier 1 capital ¹⁾		7 547 997	6 810 825	7 520 898
Leverage ratio % (regulatory)		5.7 %	6.0 %	5.9 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 975 693	3 424 429	3 827 288
Buffer requirements	0.0%	0	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	3 975 693	3 424 429	3 827 288
<i>Available Tier 1 capital after minimum and buffer requirements</i>		3 572 304	3 386 396	3 693 610

¹⁾ Including 0 per cent of the profit for the first quarter of 2023 and 2022. Year-end 2022 includes fully retained earnings with no dividend.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	31.03.23	31.12.22
Bonds issued	NOK	10 012 911	8 576 883
Subordinated loans	NOK	899 469	899 409
Total debt securities issued and subordinated loans		10 912 380	9 476 292

Specification of bonds and subordinated loans as at 31.03.23:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Bonds						
NO0010886757	Sbanken ASA	785 000	NOK	Floating	26.09.23	785 346
NO0010895519	Sbanken ASA	1 000 000	NOK	Floating	12.04.24	999 778
NO0012785122	Sbanken ASA	2 000 000	NOK	Floating	03.07.24	2 003 676
NO0010920762	Sbanken ASA	2 000 000	NOK	Floating	12.12.24	1 996 719
Total bonds		5 785 000				5 785 519
Bonds, senior non-preferred						
NO0011087587	Sbanken ASA	3 500 000	NOK	Floating	08.09.25	3 471 343
NO0011087595	Sbanken ASA	800 000	NOK	Fixed	07.09.27	756 049
Total bonds, senior non-preferred		4 300 000				4 227 392
Total bonds		10 085 000				10 012 911

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	125 000
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 634
NO0010891922	Sbanken ASA	150 000	NOK	Floating	28.08.30	149 835
NO0011203598	Sbanken ASA	150 000	NOK	Floating	14.01.32	150 000
Total subordinated loans		900 000				899 469

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:

	31.12.22	January-March 2023				Other adjustments	31.03.23
		Issued	Matured	Redeemed			
Bonds (nominal)	5 152 000	1 000 000	0	-367 000	0	5 785 000	
Bonds, senior non-preferred (nominal)	3 500 000	800 000	0	0	0	4 300 000	
Subordinated loans (nominal)	900 000	0	0	0	0	900 000	
Total	9 552 000	1 800 000	0	-367 000	0	10 985 000	

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q1 23	Q1 22	2022
Loans to and receivables from credit institutions and central bank	32 009	20 150	101 839
Loans to customers ¹	721 323	296 676	1 693 119
Commercial paper and bonds ²	128 615	82 310	439 484
Total interest income	881 947	399 136	2 234 442
Loans and deposits from credit institutions and central bank	-796	-378	-5 853
Deposits from customers	-266 810	-25 488	-342 896
Debt securities issued	-89 223	-23 821	-156 386
Subordinated loans	-10 535	-5 388	-28 454
Other interest expenses	-23 205	-17 400	-82 988
Total interest expenses	-390 569	-72 475	-616 577
Net interest income	491 378	326 660	1 617 865

¹ Interest income in Jan-Mar 23 of TNOK 349 097 are related to home loans measured at fair value through OCI and TNOK 84 344 are related to home loans measured at fair value through profit and loss.

² Interest income in Jan-Mar 23 of TNOK 3 661 are related to commercial paper and bonds at amortised cost. The rest relates to investments measured at fair value through OCI.

Classification of financial instruments

(Sbanken ASA)

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI ¹	Financial instruments carried at amortised cost	Total carrying value	Total fair value
31.03.23					
Financial Assets					
Cash and receivables with central bank			580 406	580 406	580 406
Loans to and receivables from credit institutions			5 298 777	5 298 777	5 298 777
Loans to customers	7 316 532	38 388 129	24 533 326	70 237 987	70 237 987
Commercial paper and bonds		11 343 603	0	11 343 603	11 343 603
Equity investments and funds ²	554 876		0	554 876	554 876
Commercial paper and bonds at amortised cost			326 877	326 877	326 877
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	188 730			188 730	188 730
Other assets			273 737	273 737	273 737
Total financial assets	8 060 138	49 731 732	32 713 003	90 504 873	90 504 873
Financial liabilities					
Loans and deposits from central bank			0	0	0
Loans and deposits from credit institutions			5 452 363	5 452 363	5 452 363
Deposits from customers			65 825 757	65 825 757	65 825 757
Debt securities issued			10 012 911	10 012 911	10 009 446
Derivatives	57 596			57 596	57 596
Subordinated loans			899 469	899 469	883 551
Other liabilities			421 990	421 990	421 990
Total financial liabilities	57 596	0	82 612 490	82 670 086	82 650 703

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

² Sbanken ASAs holdings of Tier 1 capital issued by others are measured at fair value through profit and loss.

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

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

² Sbanken ASAs holdings of Tier 1 capital issued by others are measured at fair value through profit and loss.

Financial instruments at fair value (Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.03.23		31.12.22	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity investments and funds	554 876	554 876	542 473	542 473
Commercial paper and bonds	11 343 603	11 343 603	14 377 000	14 377 000
Loans to customers	45 704 661	45 704 661	40 931 799	40 931 799
Derivatives	188 730	188 730	225 109	225 109
Total financial assets at fair value	57 791 870	57 791 870	56 076 381	56 076 381
Liabilities:				
Derivatives	57 596	57 596	54 019	54 019
Total financial liabilities at fair value	57 596	57 596	54 019	54 019

31.03.2023

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity investments and funds	0	497 892	56 984	554 876
Commercial paper and bonds	0	11 343 603	0	11 343 603
Loans to customers	0	0	45 704 661	45 704 661
Derivatives	0	188 730	0	188 730
Total	0	12 030 225	45 761 645	57 791 870
Derivatives at fair value through profit and loss (liability)		57 596		57 596
Total		57 596		57 596

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2023	40 931 799	50 982	40 982 781
Net gain/(loss) on financial instruments (unrealised)	34 051	6 002	40 053
Net new loans/exits	4 738 811	0	4 738 811
Sale (to Sbanken Boligkreditt AS)	0	0	0
Sale to others	0	0	0
Settlement (dividend from VN Norge AS)	0	0	0
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 March 2023	45 704 661	56 984	45 761 645

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to March 2023.

31.12.2022

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

Financial instruments measured at fair value Level 3

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

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

Alternative performance measures

(Sbanken group)

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

Interest rate measures

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

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

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

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

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

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

In NOK thousand	Q1 23	Q1 22	2022
Net interest income (annualised)	2 028 893	1 531 050	1 719 916
Average total assets	116 956 840	102 527 415	107 845 276
Net interest margin	1.73 %	1.49 %	1.59 %
Interest income (annualised)	4 737 774	2 115 878	2 867 018
Average total assets	116 956 840	102 527 415	107 845 276
Effective lending rate	4.05 %	2.06 %	2.66 %
Interest expense (annualised)	2 708 881	584 828	1 147 102
Average total assets	116 956 840	102 527 415	107 845 276
Effective funding rate	2.32 %	0.57 %	1.06 %

Profit related measures

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

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

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

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

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

In NOK thousand	Q1 23	Q1 22	2022
Operating expense	240 491	214 212	854 117
Operating income	530 688	446 276	2 009 099
Cost-to-income ratio	45.3 %	48.0 %	42.5 %
Operating expense	240 491	214 212	854 117
Adjustment one-off	0	-29 028	-29 028
Operating expense adjusted	240 491	185 184	825 089
Operating income	530 688	432 053	2 009 099
Adjustment one-off	0	-26 520	-26 520
Operating income adjusted	530 688	405 533	1 982 579
Cost-to-income ratio adjusted	45.3 %	45.7 %	41.6 %
Profit for the period attributable to shareholders (annualised)	828 332	697 681	831 561
Average equity	7 673 750	6 861 141	7 178 213
Return on equity	10.8 %	10.2 %	11.6 %

Other performance measures

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

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

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

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

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

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

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

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

In NOK thousand	Q1 23	Q1 22	2022
Loan losses (annualised)	32 777	23 919	27 374
Average loan volume	99 216 943	87 497 734	91 595 031
Loss rate	0.03 %	0.03 %	0.03 %
Average deposits from customers	66 019 337	64 935 502	65 897 714
Average loans to customers	99 216 943	87 497 734	91 595 031
Average deposit-to-loan ratio	66.5 %	74.2 %	71.9 %
Deposits from customers	65 825 757	64 933 310	65 770 095
Loans to customers	100 492 809	89 095 161	97 896 951
Deposit-to-loan ratio	65.5 %	72.9 %	67.2 %
LTV (Loan-to-value)	52.1 %	50.7 %	52.6 %

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.

Sbanken

Contact information

Sbanken ASA
P.O. Box 7077
NO-5020 Bergen
NORWAY

sbanken.no/ir