storebrand

Storebrand Bank ASA
Annual report

2020

Company information

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Content

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This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group assumes no responsibility to update any of the forward-looking statements contained in this document or any other forwardlooking statements it may make.

Key figures Storebrand Bank Group

NOK million and percentage	2020	2019
Profit and Loss account (as % of avg. total assets)		
Net interest income	1.11 %	1.26 %
Other operating income [2]	0.32 %	0.37 %
Main balance sheet figures		
Total assets	39,809.4	35,140.6
Average total assets [1]	38,869.4	34,492.0
Gross loans to customers	31,854.9	30,238.0
Deposits from customers	15,506.3	14,404.3
Deposits from customers as % of gross loans	48.7 %	47.6 %
Equity	2,539.0	2,399.2
Other key figures		
Loan losses and provisions as % of average total loans [4]	0.12 %	0.06 %
Gross non-performing and loss-exposed loans as % of total loans	0.4 %	0.4 %
Cost/income ratio [3]	59.1 %	48.3 %
Adjusted return on equity [6]	6.3 %	9.9 %
Core equity Tier 1 (CET1) capital ratio	15.1 %	15.8 %
LCR [5]	224.0 %	179.0 %

Definitions:

1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.

2) Other operating income includes net fee and commission income.

3) Total operating expenses as % of total income.

4) Loan losses and provisions for Storebrand Bank Group consists of total loan loss provisions including change in statistical provisions for the period.

5) Liquidity coverage requirement.

6) There is a change in the calculation method from June 30, 2019. Comparative figures have been restated accordingly. Please see the description in the document "Guide to Alternative Performance Meassures" on our website www.storebrand.no/en/investor-relations/reporting-changes-and-special-effects.

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(Figures in brackets are the comparative figures for 2019)

MAIN TRENDS

Storebrand Bank ASA is a wholly owned subsidiary of Storebrand ASA. The activities of the bank are managed as an integrated part of the activities of the Storebrand Group and are organised under the retail market. Storebrand Bank ASA is a commercial bank with licenses under the Securities Trading Act. Its head office is in Lysaker, in the municipality of Bærum.

Storebrand Bank ASA is a web-based bank that offers a broad range of bank products to the Norwegian retail market. The bank is positioned as a provider of favourable home loans, combined with account and card products that provide customers with an easy and efficient everyday banking experience via the internet or mobile phone. The bank has the objective of promoting sustainable choices for its customers through the products that it offers, with a particular focus on Boliglån Fremtid (Mortgage Future). The bank also offers consumer loans, both directly to the market and in partnership with Dreams, where the focus is on refinancing and actively assisting customers to pay off unsecured debt quickly in order for them to get into a position to start saving. The bank seeks to both recruit new customers to Storebrand and expand customer relationships as an integrated part of Storebrand's retail market strategy.

Storebrand Bank AS has a wholly owned subsidiary, Storebrand Boligkreditt AS, which is a mortgage company with a licence from the Financial Supervisory Authority of Norway to issue covered bonds. In 2020, the Group's investment advice business for the retail market (Storebrand Finansiell Rådgivning AS (SFR)) was merged into the bank, and the bank has therefore obtained additional licenses under the Securities Trading Act to receive and transmit orders, as well as provide investment advice.

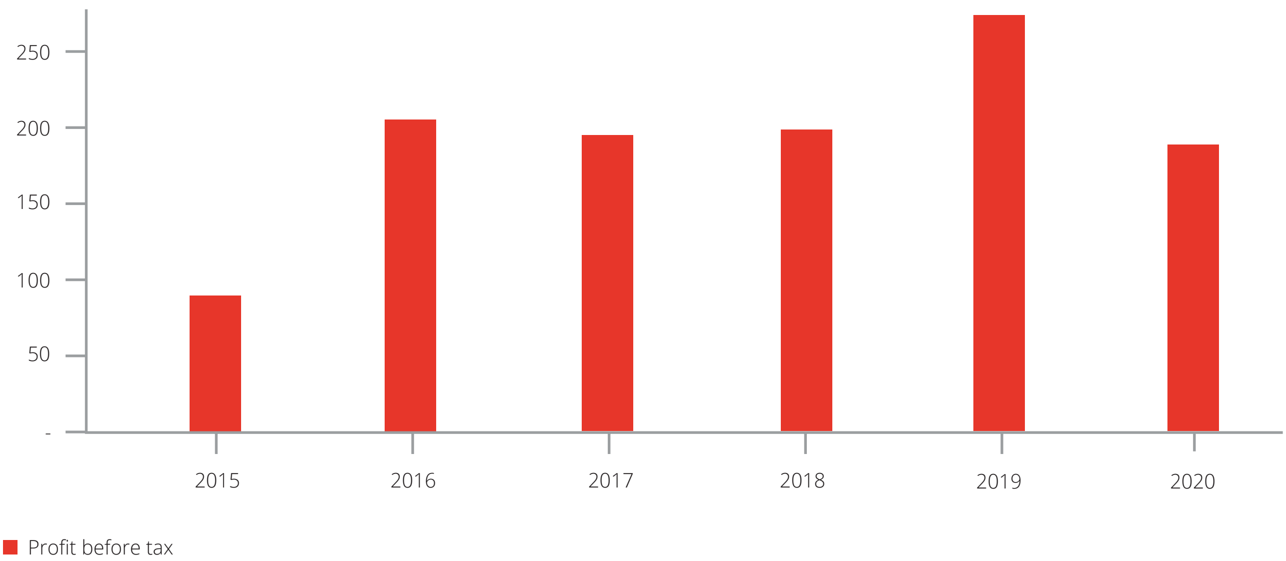
COVID-19

In 2020, Storebrand Bank was heavily impacted by the Covid-19 epidemic. During the initial phase, the bank experienced a significant increase in customer inquiries, including from customers who required a repayment grace period due to having been laid-off from work. As a result of the weaker macroeconomic outlook and increased uncertainty, the statistical provisions for loss were increased in the first quarter. The increase in provisions for loss was largely maintained during the subsequent quarters because there is still a great deal of uncertainty relating to the long-term effects of the pandemic. However, the bank has thus far not experienced any significant change in customer defaults since the pandemic occurred.

In terms of income, Covid-19 has particularly impacted on net interest income. Lending margins were initially weakened because lending rates were cut before deposit rates and other borrowing rates could be adjusted accordingly. Deposit margins have subsequently been weak because the market price floor for deposits has been zero per cent, despite the NIBOR level offering negative deposit rates.

FINANCIAL PERFORMANCE

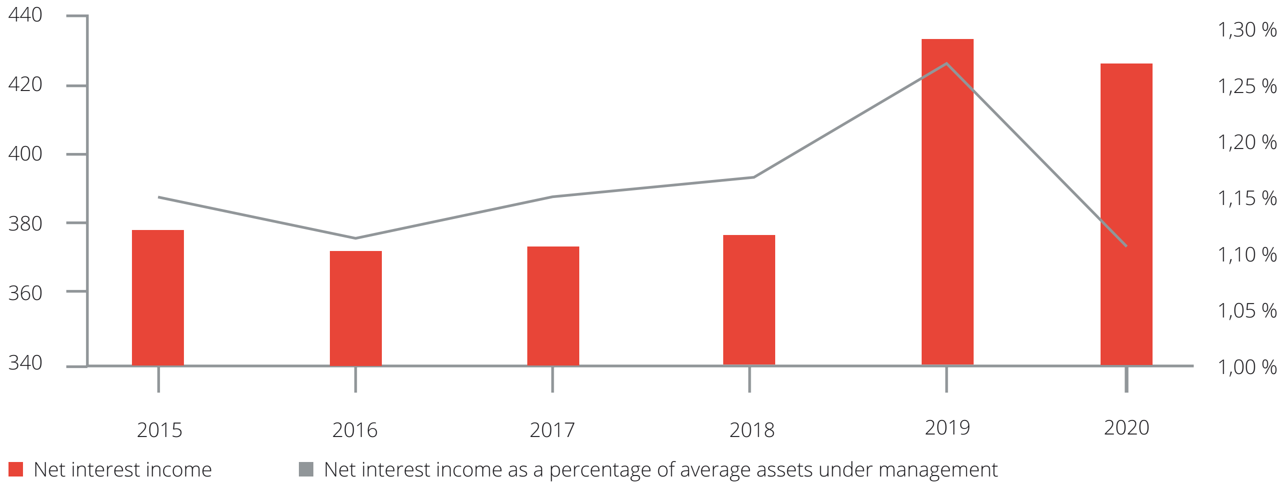
TRENDS IN PROFIT BEFORE TAX (NOK MILLION).



The bank group achieved a profit before tax of NOK 190 million for 2020, compared with NOK 272 million in 2019 for continued operations. The primary reason for the decline in profit from 2019 was increased operating expenses of NOK 57 million. Operating expenses rose as a result of an increase in services purchased from sister companies in the Storebrand Group and the inclusion of the SFR's cost base in the bank group. The increased expenses due to the inclusion of SFR's cost base were equivalent to the management income earned at SFR.
Net interest income fell by NOK 3 million in 2020 to NOK 430 million despite increased assets under management and this fall was due to reduced deposit margins. Despite lower gains on financial instruments in 2020 than in 2019, other operating income increased by NOK 7 million in 2020 compared to the previous year as a result of management income earned at SFR. Losses on loans were NOK 19 million higher in 2020 compared with 2019 due to increased provisions for loss resulting from the weaker macroeconomic situation caused by Covid-19.
The bank group achieved a profit after tax of NOK 147 million in 2020, compared with NOK 207 million in 2019.

NET INTEREST INCOME

NET INTEREST INCOME (NOK MILLION) AND NET INTEREST INCOME AS A PERCENTAGE OF AVERAGE ASSETS UNDER MANAGEMENT



Net interest income for the bank group amounted to NOK 430 million in 2020 compared with NOK 434 million in the previous year. Net interest income as a percentage of average assets under management was 1.11 per cent in 2020, 0.15 percentage points lower than in 2019. The interest margin decreased as a result of reduced margins on deposits.

NET COMMISSION INCOME

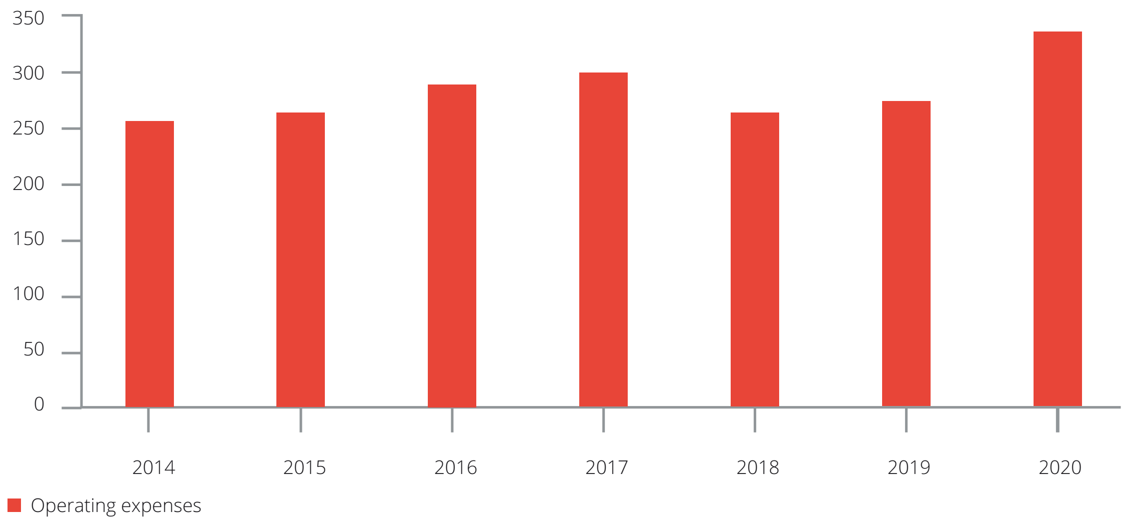
The bank group's net commission income totalled NOK 97 million, compared with NOK 107 million in 2019. Net commission income was weakened by reduced commission income, primarily relating to cards.

OTHER INCOME

Other operating income amounted to NOK 28 million in 2020, compared with NOK 21 million in 2019. Despite lower gains on financial instruments in 2020 compared with 2019, other operating income increased in 2020 due to management income earned at SFR.

OPERATING EXPENSES

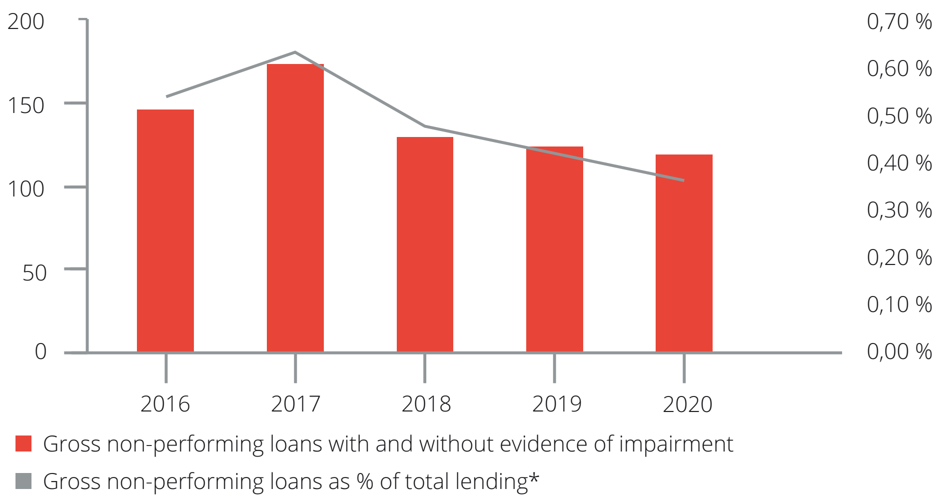
OPERATING EXPENSES (NOK MILLION)



The operating expenses in the bank group totalled NOK 328 million (NOK 271 million). The increase was primarily due to the inclusion of SFR's cost base in the bank group and increase in services purchased from sister companies in the Storebrand Group, including services relating to marketing. The cost percentage was 59 per cent in 2020 (48 per cent).

LOSSES AND NON-PERFORMING LOANS

DEVELOPMENTS IN GROSS NON-PERFORMING LOANS WITH AND WITHOUT IMPAIRMENT (NOK MILLION) AND IN THE PERCENTAGE OF AVERAGE GROSS LENDING.



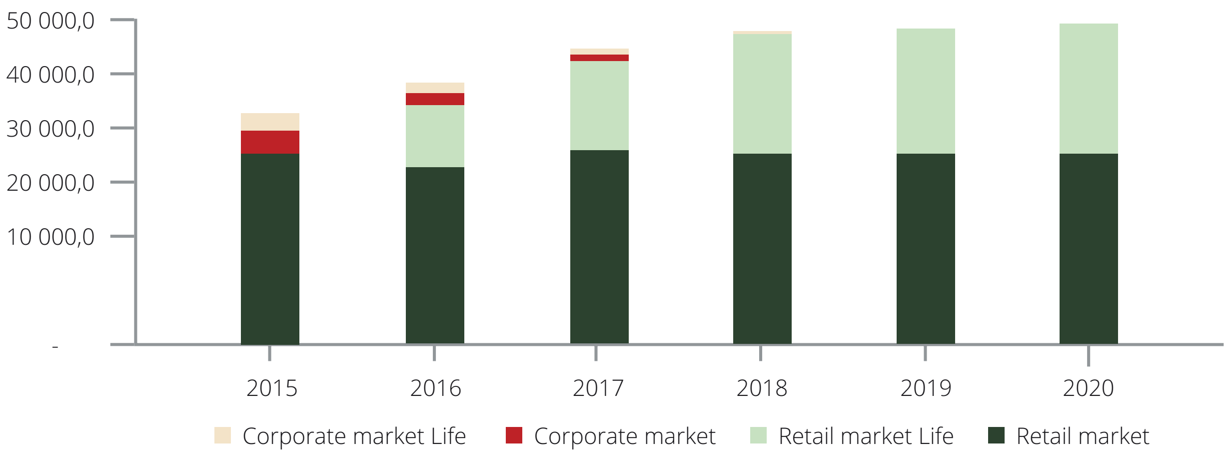
* Defaults measured at account level.

Total loan losses amounted to NOK 37 million for the bank group in 2020, compared with NOK 18 million in 2019. As a result of the diminished macroeconomic outlook caused by Covid-19, the bank increased its statistical provisions for loss in 2020.

Both non-performing loans without impairment and non-performing loans with impairment fell slightly in 2020 and amount to NOK 71 million (NOK 74 million) and NOK 50 million (NOK 52 million) respectively. The total volume of non-performing loans represents 0.4 per cent of gross lending (0.4 per cent).

BALANCE SHEET

Development of gross lending in both the Retail Market and Corporate Market (NOK million)



At the end of 2020, the bank group had NOK 39.8 billion in assets under management. Gross lending to customers was NOK 31.8 billion at year-end, an increase of NOK 1.6 billion from 2019. In 2016, the bank entered into an agreement with Storebrand Livsforsikring AS for the sale of loans to the retail market. The portfolio of home loans at Storebrand Livsforsikring AS remained unchanged in 2020 and amounted to NOK 17.7 billion as at 31 December 2020.

The loan portfolio, including loans managed on behalf of Storebrand Livsforsikring AS, amounted to NOK 49.6 billion at the end of the year, which represents an increase of NOK 1.6 billion from the start of the year.

The bank group's loan portfolio primarily consists of low risk home mortgages. The weighted average loan-to-value ratio for the bank group's home loan portfolio is 56 per cent, compared with 57 per cent at the end of 2019. The loan-to-value ratio is calculated based on amounts drawn in the case of flexible secured loans.

The bank group has a balanced funding structure and bases its funding on customer deposits, issuance of securities and covered bonds, as well as borrowing in the Norwegian and international capital markets. The bank has established good liquidity buffers. The volume of deposits from customers was NOK 15.5 billion (NOK 14.4 billion) at the end of the year, which represents a deposit-to-loan ratio of 49 per cent (48 per cent).

The bank group issued NOK 0.75 billion in senior bonds and NOK 10 billion in covered bonds during 2020. At year-end, Storebrand Bank ASA had NOK 19.2 billion in covered bonds (OMF) issued by Storebrand Boligkreditt AS.

BUSINESS SEGMENTS

Storebrand Bank ASA is a web-based bank that provides traditional bank products to the Norwegian retail market. Among other things, these services include home loans, consumer loans, instant access accounts and cards, as well as mobile and internet banking. Storebrand Bank also offers a wide range of options for bank savings. Storebrand is also partnered with Dreams, which offers an innovative savings app that makes saving simple and fun, as well as the service Bli Gjeldfri (Become Debt Free), as part of the bank's consumer loan services.

Storebrand strives to be at the forefront of the fight to preserve the environment and offers products intended to assist the customer in making sustainable choices in everyday life. Among other things, the bank's customers are offered Boliglån Fremtid and credit cards. Home loans have favourable terms and enable the customer to make smart, energy-related decisions for the home. The credit card provides the customer with one of the best travel insurance policies in the market and has multiple advantages if the customer chooses sustainable travel.

At the end of 2020, the bank group had approximately 126,000 active customers, with a lending volume of NOK 31.8 billion and a volume of deposits of NOK 15.5 billion.

GROUP STRUCTURE AND SUBSIDIARIES

Subsidiary Storebrand Boligkreditt AS holds a licence to issue covered bonds secured by mortgages in residential property. The company had a balance sheet of NOK 22.6 billion (NOK 20.6 billion) at the end of 2020, and primarily serves as a funding tool. NOK 19.2 billion in covered bonds were issued. The portfolio had 0.2 per cent non-performance at the end of 2020. The established lending programme has a AAA rating from S&P Global Rating Services.

Storebrand Bank ASA acquired Storebrand Finansiell Rådgivning AS from sister company Storebrand Livsforsikring AS on 1 September 2020 and merged the company with the parent company from the same date.

RISK MANAGEMENT

A bank's core activities are linked to creating value through exposure to acceptable risk. The bank group is proactive in managing the risks in its business activities, has a good understanding of risks that result in earnings and losses and continuously works to develop systems and processes for risk management. The risk profile is considered low.

The risk in the bank group is closely monitored in accordance with guidelines for risk management and internal control that have been approved by the Board. The Board specifies the appetite for risk, risk strategy and risk limits on an annual basis. Separate risk strategies are prepared for the individual risks, with risk indicators and risk limits. The development of these parameters is monitored through risk reports to the Board.

Credit risk and liquidity risk are the principal risks for the bank group. The bank is also exposed to market risk, operational risk, including ICT risk, and compliance risk

CREDIT RISK

As at 31 December 2020, the bank group had net lending to customers totalling NOK 31.8 billion, in addition to unused credit facilities of NOK 3.0 billion.

The lending volume, including unused credit facilities and guarantees to the retail market, amounted to NOK 34.8 billion. The credit quality of the retail market portfolio is considered good, with a low to moderate risk in accordance with the bank's risk appetite. Almost the entire portfolio is secured in real estate. The portfolio's high collateral coverage indicates a limited risk of loss. New loans are granted in accordance with the regulations relating to new loans secured by a mortgage on residential property.

The weighted average loan-to-value ratio in the bank group for the retail market portfolio is just under 57 per cent for home loans. 52 per cent of home loans have a loan-to-value ratio within 60 per cent, 91 per cent are within 80 per cent and 99 per cent are within 100 per cent. Storebrand Bank ASA continually monitors the loan-to-value ratio and updates the market values every quarter, most recently at the end of November.

Residential mortgages (line of credit secured by way of home mortgages) represent 12 per cent of the total exposure in the retail market portfolio. The average utilisation rate is 54 per cent. There are stricter loan criteria for residential mortgages and the bank monitors customers with a high degree of utilisation and customers who do not pay interest and instalments on a regular basis.

The corporate market portfolio has been in the process of being wound up since 2013. The gross loan portfolio amounts to approximately NOK 21 million. There are also guarantees of NOK 0.3 million.

At year-end, the bank group had deposited securities with a fair value of NOK 1.7 billion as collateral for drawing rights to overnight loans and F-loans in Norges Bank. In addition, there are deposited securities with a fair value of NOK 151 million to other credit institutions.

LIQUIDITY RISK

The Storebrand Bank Group has solid liquidity buffers. The liquidity coverage requirement (LCR) measures the size of the company's liquid assets, in relation to the net liquidity outflow 30 days in the future, in a given stress situation in the money and capital markets. The minimum LCR is 100 per cent. The bank reports LCR on a monthly basis. The LCR requirement is satisfied at all times of measurement. The bank group's LCR was 224 per cent at the end of the year. Storebrand Bank has significant volumes of housing loans that qualify as security for OMF in Storebrand Boligkreditt. The bank therefore has major potential for issuing OMFs.

The deposit-to-loan ratio at the Storebrand Bank Group was 49 per cent at the end of the year. For market financing, a great deal of importance is placed on having a balanced funding structure in relation to the different maturities, instruments and issues in different markets. Among other things, the Storebrand Bank Group measures and assesses the Financial Supervisory Authority of Norway's "liquidity indicator 1" and NSFR when evaluating the bank's financing. From 2021, it will be a requirement that NSFR exceeds 100%. The bank group's NSFR exceeded this requirement by a good margin at the end of the 2020, and was equivalent to the NSFR level in recent times.

MARKET RISK

The interest rate risk and spread risk in the liquidity portfolio represent the most important market risks. On the whole, the market risk is low. There are very low limits for foreign exchange risk and there is no active investment strategy for shares. The bank has no trading portfolio.

OPERATIONAL RISK

The bank group manages operational risk by focusing on establishing good work and control routines. It also works systematically to create the right attitude among the bank group's employees. The most important measures to reduce operational risk are systematic risk reviews carried out at least every six months on all of the bank group's activities, and also when starting projects or with special events. The most recent risk review was performed in autumn 2020. Operational risk is considered low.

Among other things, the bank group's IT systems are vital for product establishment, credit approval, portfolio follow-up and accounting. Errors and disruptions can have consequences for operations and impact on customer trust. In the worst case, abnormal situations may result in penalties from supervisory authorities. Operations of the IT systems are outsourced to a considerable extent. The bank's system platform is based on purchased standard systems that are operated and monitored through service agreements. A lateral management model has been established with close supplier follow-up and internal control activities to reduce the risk associated with the development, management and operation of the IT systems and information security. The IT platform is stable and functions well.

COMPLIANCE RISK

The risk of incurring public sanctions or financial losses due to failure to comply with external and internal regulations is defined as the bank group's compliance risk. Storebrand Bank ASA is particularly focused on the risk relating to compliance and implementation of changes in the current legislation regarding customer protection, capital adequacy, liquidity management and the application of international accounting standards. Compliance risk is considered low.

FRAUD AND LEGAL DISPUTES

In 2020, Storebrand Bank ASA reported five cases to the police. Two of these involved document forgery. The others concerned fraud that occurred on finn.no, invoice fraud and telephone fraud where the customer disclosed codes and access to online banking.

The bank received a total of six customer complaints in 2020, compared with six in 2019. The complaints concerned loans, payment services and deposits. Of the complaints received, four were heard by the Financial Complaints Board. The Board upheld the complaint in two of the cases and partly upheld the complaint in one of the cases. One was dismissed.

CAPITAL MANAGEMENT

CAPITAL ADEQUACY

The bank group had net primary capital of NOK 2.6 billion (NOK 2.6 billion) at the end of 2020. The capital adequacy ratio was 18.7 per cent and the pure core capital ratio was 15.1 per cent, compared to 19.6 per cent and 15.8 per cent respectively at the end of 2019. The bank group must at all times comply with the capital requirements with an adequate buffer. The combined requirements for pure core capital and primary capital were 12.3 per cent and 15.8 per cent respectively. The company has satisfactory financial strength and liquidity based on its operations. The bank group, parent bank and home mortgage company all satisfy the current statutory requirements.

SUSTAINABILITY

Storebrand Bank's lending activities primarily consist of mortgages and almost the entire lending portfolio is secured by way of property mortgages. Based on this, we launched "Boliglån Fremtid" (Mortgage Future) in 2016. Boliglån Fremtid is a mortgage with favourable interest, which gives customers tips and motivation to make smart energy choices for their homes.

The risk function at Storebrand ASA is responsible for the company's climate risk work, and this is included in the same framework for assessing other risks. Climate risk concerns how climate change, or the measures taken to reduce climate change, can lead to risks and opportunities for the business[1]. In 2020, a risk assessment was carried out for Storebrand Bank. The assessment identified the following six risks:

Risk 1: Lower demand for loans and other banking services.
Risk 2: Increased losses on lending as a result of climate change or the transition to low emissions.
Risk 3: Green mortgages give low profitability.
Risk 4: Non-compliance with new requirements relating to climate adaptation or reporting.
Risk 5: We do not achieve our own targets for green mortgages.
Risk 6: Ambitions are too low in relation to the zero emissions commitment.

During 2021, we will continue the work on assessing these risks.

[1] Read more about climate risk and Storebrand's work with climate risk in Storebrand ASA's annual report (chapter entitled "climate risk")

PERSONNEL, ORGANISATION, GOVERNING BODIES AND THE ENVIRONMENT

CORPORATE GOVERNANCE AND TRUST

Our business activities are dependent on trust from customers, partners, authorities, shareholders and society at large. All of our employees must act with integrity and hold a high ethical standard in their work.

In Norway, it is our ambition that 75 per cent of our advisers across savings, banking and insurance shall be authorised[1] at all times. In 2020, 56 per cent of the bank's advisers were authorised.

All of our employees must familiarise themselves with our ethical rules and guidelines and complete courses in ethics, anti-corruption, privacy, anti-money laundering and anti-terrorism financing. Our guidelines are reviewed and approved by the Board.

We work actively against corruption and to combat money laundering and terrorist financing, through our operations, in contact with our suppliers and with other partners.

THE ENVIRONMENT

Storebrand systematically strives to reduce the company's impact on the environment due to our business activities, investments, procurements and property management. Our operations are climate neutral. We achieve this by setting clear goals and measures for reducing CO2 emissions from our own operations. However, the emission that we do have are compensated for by purchasing verified emission allowances. The company's head office is a low-emission building that uses renewable energy sources with guarantees of origin. The head office has been Eco-Lighthouse Certified (Miljøfyrtårnsertifisert) since 2009. The Storebrand Group follows up and sets clear requirements for suppliers and partners, and the companies in which it invests.

HUMAN RESOURCES AND ORGANISATION

The bank group and Storebrand Bank ASA had 168 full-time equivalents at the end of the year, compared with 105 at the beginning of the year. Gender distribution is 58 per cent men and 42 per cent women. The average age of our employees is 38 and the average term of service is nine years.

DIVERSITY

Storebrand makes a focused effort to strengthen the development and have an even distribution of women and men in all areas and at all levels in the company. At the end of 2020, 63 per cent of the company's board members were women. At the end of the year, 43 per cent of the employees with managerial responsibility at the company were women.

The company has increased its cultural diversity along the same lines as society in general. The company seeks to ensure equal treatment and opportunities for all the internal and external recruitment and development processes. The head office is a universal design building.

COMPETENCE

A high level of skill is one of Storebrand's most important factors for success, and it creates the foundation for renewed growth. At Storebrand, skills are synonymous with the ability that each individual employee has to perform and manage certain tasks and situations. This ability is based on knowledge and experience, skills, motivation and personality.

At Storebrand, all employees should have an opportunity to develop in step with the company's needs. The company focusses on the fact that the greatest and most important part of skills development takes place through facilitating development as part of the everyday work. Skills development should take place by assigning challenging tasks to employees in their positions, and that they are allowed to develop themselves for new requirements and tasks.

[1] The reason that we do not have the ambition of 100 per cent is that there will always be some turnover at the organisation.

WORKING ENVIRONMENT AND ABSENCE DUE TO ILLNESS

Storebrand has worked systematically to prevent absence due to illness for several years, and has placed health and satisfaction high on the agenda. The company had absence due to illness of 4.3 per cent in 2020, which is a decrease of 0.5 percentage points over the previous year. The company has been an "inclusive workplace (IA)" company since 2002, and over the years, the managers have developed good routines for following up sick employees. All managers must complete a mandatory HSE course, in which part of the training involves following up illnesses. Storebrand has its own health clinic to reduce absence due to illness. Employees can exercise in the spinning room, weights room and in a separate sports hall during working hours. The company sports association is responsible for activities in the hall.

No personal injuries, property damage or accidents were reported in the company in 2020.

CORPORATE GOVERNANCE

The bank group's systems for internal control and risk management linked to the accounting process adhere to Storebrand Group guidelines. The Board decides upon the guidelines annually. In addition, the bank group purchases all bookkeeping and financial reporting services from Storebrand Livsforsikring through service contracts.

The management and Board of Storebrand ASA consider the principles for corporate governance every year. Storebrand ASA established principles for corporate governance in 1998. In accordance with Section 3-3b of the Accounting Act and the Norwegian recommendation for corporate governance (most recently revised on 30 October 2014), Storebrand presents a report on its principles and practices for corporate governance. For a more detailed report on Storebrand's corporate governance in accordance with Section 3-3b of the Accounting Act, see the specific article on this in the Storebrand Group's annual report for 2020.

The bank group publishes four interim financial statements, in addition to the ordinary annual financial statements. The financial statements must satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies and published according to the schedule adopted by the Board of Storebrand ASA. The bank's financial statements are prepared by the Group Accounts department of Storebrand Livsforsikring AS, which is under the Storebrand Group's CFO. Key managers in Group Accounts have a fixed annual remuneration that is not affected by the group's financial results. A series of risk assessment and control measures have been established in connection with the preparation of the financial statements. Internal meetings are held, as well as meetings in which external auditors participate, to identify risk conditions and measures in connection with significant accounting items or other circumstances. Corresponding quarterly meetings are also held with various professional centres in the group that are key to the assessment and valuation of lending and financial instruments, as well as other items for assessment. These meetings have a particular focus on any market changes, specific conditions relating to default trends, individual loans and investments, transactions and operational conditions etc. Assessments relating to significant accounting items and any changes in principles etc. are described in a separate document (assessment item memo). The external auditor participates in board meetings that deal with the annual accounts and in meetings of Storebrand ASA' audit committee. Monthly and quarterly operating reports are prepared in which the results per business area and product area are analysed and assessed against set budgets. The operating reports are reconciled against other financial reporting. Otherwise, continuous reconciliation of specialist systems, etc. takes place against the accounting system.

The work of the Board is regulated by special rules of procedure for the Board. The Board of Storebrand ASA has also adopted an executive "Steering Document for Management and Control in the Storebrand Group" and a set of instructions for the boards of subsidiary companies. These documents describe how guidelines, plans and strategies adopted by the Group's Board of Directors are expected to be followed, as well as how risk management and control is to be performed in the Group. The Board of Storebrand ASA has three advisory sub-committees that are common to the Storebrand Group: The Compensation Committee, Audit Committee and Risk Committee.

The bank has no provisions in the Articles of Association or authority that enable the Board to decide that the company may buy back or issue its own shares or capital certificates.

CHANGES IN THE COMPOSITION OF THE BOARD

Kenneth Holand was elected to the Board in December 2020 and Gro Opsanger Rebbestad was elected in January 2021

GOING CONCERN

The Board confirms that the prerequisites for the going concern assumption exist and accordingly the annual report has been prepared based on the going concern principle.

EVENTS AFTER THE BALANCE SHEET DATE

During the normal course of its business, the Storebrand Bank Group is involved in legal proceedings and disputes. The Board is not aware of any events of material importance to the annual and consolidated financial statements that have occurred since the balance sheet date.

STOREBRAND BANK ASA

The annual profit for the parent bank Storebrand Bank ASA was NOK 129 million (NOK 213 million) in 2020. Net interest income for Storebrand Bank ASA was NOK 229 million (NOK 271 million) in 2020. A net amount of NOK 35 million (NOK 18 million) was expensed for write-downs on loans for the year.

The parent bank had total assets of NOK 23.0 billion (NOK 20.8 billion) at year-end. Gross lending in the parent bank amounted to NOK 10.8 billion (NOK 9.8 billion). Equity in the parent bank at the end of the year amounted to NOK 2.4 billion (NOK 2.3 billion). The net capital base at year-end after giving group contributions amounted to NOK 2.6 billion (NOK 2.5 billion). The company's capital adequacy was 24.9 per cent (26.5 per cent) and the pure core capital adequacy was 20.0 per cent (21.3 per cent).

The bank group's activities, with the exception of activities in Storebrand Boligkreditt AS, are run by the parent bank. Part of the bank group's retail market business area is in Storebrand Boligkreditt AS. Storebrand Bank ASA's corporate market portfolio is being wound up and the increased proportion of retail market loans reduces net interest income as a percentage of average assets under management for the parent bank. Other profit and balance sheet trends for the parent bank are covered in the description of the bank group above.

ALLOCATION OF PROFIT

Storebrand Bank ASA (the parent bank) achieved an annual profit for 2020 of NOK 129.3 million.

The Board proposes that a group contribution of NOK 80.0 million be paid to Storebrand ASA, of which NOK 57.2 million is with tax effect and NOK 22.8 million is without tax effect. The Board considers the capital situation of the bank group and Storebrand Bank ASA to be good given the risk profile and proposes the following allocation of the profit for the year to the bank's general meeting:

AMOUNTS IN NOK MILLION:

(NOK million)	
Group contribution after tax	-65.7
Transferred to other equity	-63.6
Total allocations	**-129.3**

Storebrand Bank ASA provides group contributions to the subsidiary Storebrand Boligkreditt AS of NOK 54.4 million without tax effect.

STRATEGY AND OUTLOOK FOR 2021

Following a turbulent 2020, where results were marked by the effects of the Corona pandemic, the Storebrand Bank Group will continue its focus on profitable growth in 2021. The principal focus will be on home loans and active recruitment of new customers, as well as expanding the services used by existing customers within savings and insurance. In parallel with this, several initiatives have been initiated to streamline the bank's operations, through better customer experiences that require less manual effort. We will also continue the work on improving and digitalising the most important customer experiences within home loans, and ensure that there is an overall focus on both credit services and deposits. The bank will also prioritise maintaining a moderate to low risk profile with a good balance sheet and good funding composition.

Sound management of the bank's credit and liquidity risk, and control of the operational risk in key work processes will continue to be a vital focus in 2021. The bank will continue to closely monitor developments in non-performing loans and loan losses. Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market, particularly in Oslo, are regarded as the key risk factors that can affect the results of the Storebrand Bank group in 2021. The long-term effects of the Corona pandemic remain unclear, and developments will be closely monitored.

Lysaker, 9 February 2021
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret
Chairman

Karin Greve-Isdahl
Board Member

Leif Helmich Pedersen
Board Member

Jan Birger Penne
Board Member

Maria Skotnes
Board Member

Gro Opsanger Rebbestad
Board Member

Kenneth Holand
Board Member

Camilla Leikvoll
CEO

Notes to the account

Storebrand Bank Group
Income statement
1 January - 31 December

(NOK million)	Note	2020	2019
Interest income and similar income			
Interest income calculated by using the effective interest method		750.7	838.9
Other interest income		72.5	61.2
Total interest income and similar income	**11**	**823.3**	**900.0**
Interest expenses and similar expenses			
Interest expenses calculated by using the effective interest method		-362.3	-472.9
Other interest expenses		-30.6	6.7
Total interest expenses and similar expenses	**11**	**-392.8**	**-466.2**
Net interest income	**11**	**430.4**	**433.8**
Fee and commission income from banking services	12	114.4	123.6
Fee and commission expense for banking services	12	-17.7	-16.9
Dividends and other income from equity instruments			
Income fra shares, units and other equity instruments		10.2	2.1
Income from ownership in associated companies and joint ventures			
Income from ownership interests in group companies			
Total dividends and other income from equity instruments		**10.2**	**2.1**
Net change in fair value and gain/loss on foreign exchange and financial instruments			
Net change in fair value and gain/loss on loans to customers		21.3	1.5
Net change in fair value and gain/loss on interest bearing securities		5.3	-0.7
Net change in fair value and gain/loss on equity instruments		-6.9	4.1
Net change in fair value and gain/loss on financial liabilites (except of derivatives)		-25.8	21.4
Net change in fair value and gain/loss on foreign exchange and derivatives		5.5	-7.5
Net change in fair value and gain/loss on guarantees			
Total net change in fair value and gain/loss on foreign exchange and financial instruments	**11**	**-0.7**	**18.7**
Other operating income		18.7	
Staff expenses	14	-114.8	-87.5
Other operating cost	13, 14	-190.0	-162.0
Depreciation and impairment of non-financial assets			
Depreciation	28	-19.3	-18.1
Impairment	28	-4.0	-3.5
Total depreciation and impairment of non-financial assets		**-23.2**	**-21.5**

Storebrand Bank Group
Income statement continues

(NOK million)	Note	2020	2019
Credit loss on loans, guarantees etc. and interest-bearing secuirities			
Credit loss on loans valued at amortised cost or fair value with change in value through other comprehensive income		-25.6	-14.5
Credit loss on loans valued at fair value through profit and loss			
Credit loss on guarantees and unused credit facilites which not are valued at fair value through profit and loss		-11.8	-3.9
Credit loss on guarantees and unused credit facilites valued at fair value through profit and loss			
Credit loss on interest bearing securities valued at amortised cost or fair value with change in value through other comprehensive income			
Credit loss on interest bearing securities valued at fair value through profit and loss			
Total credit loss on loans, guarantees and interest-bearing securities	16	**-37.4**	**-18.3**
Profit before tax for continued operations		**190.0**	**272.0**
Tax on profit from continued operations	17	-42.9	-65.5
Profit incl. tax from continued operations		**147.1**	**206.6**
Profit incl, tax from discontinued operations'			-0.1
Profit before other comprehensive income		**147.1**	**206.5**
Other comprehensive income			
Other income and expenses not to be reclassified to profit/loss			
Changes in estimates related to defined benefit pension plans		-0.2	-1.9
Other income and expenses			
Tax on other income and expenses not to be reclassified to profit/loss			0.5
Other income and expenses that may be reclassified to profit/loss			
Other income and expenses			3.5
Tax on other income and expenses that may be reclassified to profit/loss			-0.9
Total other income and expenses		**-0.1**	**1.2**
Total comprehensive income for the period		**147.0**	**207.7**
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders		137.0	196.1
Portion attributable to additional Tier 1 capital holders		10.0	11.6
Total comprehensive income for the period		**147.0**	**207.7**

Storebrand Bank Group
Statement of financial position
31 December

ASSETS

(NOK million)	Note	2020	2019
Cash and deposits with central banks	5, 18	49.5	280.2
Loans to and deposits with credit institutions	5, 9, 18	103.3	40.9
Loans to customers at fair value	5, 9, 18, 25, 26, 27	31,508.4	29,909.4
Loans to customers at amortised cost	5, 9, 18, 25, 26, 27	294.1	288.2
Interest-bearing securities at fair value	5, 9, 18, 19, 22	4,351.1	3,268.8
Interest-bearing securities at amortised cost	5, 9, 18, 20, 22	3,277.4	1,136.8
Financial derivatives	5, 9, 18, 23, 30	73.5	57.8
Equity instruments	9, 18, 21	41.7	46.1
Intangible assets	28	67.9	84.2
Deferred tax assets	17	6.2	2.3
Other current assets	18	36.3	26.0
Total assets		**39,809.4**	**35,140.6**

Storebrand Bank Group
Statement of financial position
31 December

LIABILITIES AND EQUITY

(NOK million)	Note	2020	2019
Loans and deposits from credit institutions	6, 9, 18	1,653.3	445.7
Deposits from and due to customers	9, 18, 29	15,506.3	14,404.3
Debt securities issued	6, 9, 18, 30	19,648.1	17,420.7
Financial derivatives	6, 9, 18, 23, 30	77.8	62.5
Other current liabilities	6, 18, 32	65.7	54.2
Pensions	15	4.7	5.6
Tax payable	17	14.3	60.5
Deferred tax	17		
Provisions for guarantees and unused credit facilities	26	23.6	11.8
Other provisions	31	0.9	
Subordinated loans	6, 9, 18	275.6	276.0
Total liabilities		**37,270.4**	**32,741.4**
Share capital		960.6	960.6
Share premium		156.0	156.0
Other paid in equity		728.1	544.1
Total paid in equity		1,844.6	1,660.6
Other equity		468.7	512.6
Total retained earnings		468.7	512.6
Additional Tier 1 capital		225.7	225.9
Total equity	35	**2,539.0**	**2,399.2**
Total liabilities and equity		**39,809.4**	**35,140.6**

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Storebrand Bank Group
Consolidated statement of changes in equity

(NOK million)	Share capital	Share premium	Other paid in equity	Total paid in equity	Other equity	Total retained earnings	Additional Tier 1 capital	Total equity
	Paid in equity				Other equity			
Equity at 31.12.2018	960.6	156.0	474.3	1,590.9	429.1	429.1	176.0	2,196.0
Profit for the period					194.9	194.9	11.6	206.5
Changes in estimates related to defined benefit pension plans					-1.4	-1.4		-1.4
Total other income and expenses not to be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**-1.4**	**-1.4**	**0.0**	**-1.4**
Other income and expenses					2.6	2.6		2.6
Total other income and expenses that may be classified to profit/loss					**2.6**	**2.6**		**2.6**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**196.1**	**196.1**	**11.6**	**207.7**
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.9	2.9	50.0	52.9
Payment to additional Tier 1 holders							-11.6	-11.6
Group contribution received			69.8	69.8				69.8
Group contribution paid					-115.5	-115.5		-115.5
Equity at 31.12.2019	**960.6**	**156.0**	**544.1**	**1,660.6**	**512.6**	**512.6**	**225.9**	**2,399.2**
Profit for the period					137.1	137.1	10.0	147.1
Changes in estimates related to defined benefit pension plans (see note 15)					-0.1	-0.1		-0.1
Total other income and expenses not to be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**-0.1**	**-0.1**	**0.0**	**-0.1**
Other income and expenses								0.0
Total other income and expenses that may be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**		**0.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**137.0**	**137.0**	**10.0**	**147.0**
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.5	2.5		2.5
Payment to additional Tier 1 holders							-10.3	-10.3
Group contribution received			184.0	184.0				184.0
Group contribution paid					-183.5	-183.5		-183.5
Equity at 31.12.2020	**960.6**	**156.0**	**728.1**	**1,844.6**	**468.7**	**468.7**	**225.7**	**2,539.0**

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly to total comprehensive income. Share capital, the share premium reserve and other equity is evaluated and managed together. The share premium and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

Storebrand Bank ASA actively manages the level of equity in the company and the group. The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver.The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new capital, this must be issued by the holding company Storebrand ASA.

Storebrand Bank ASA is a financial group subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Bank ASA, these legal requirements are most important in its capital management.

For further information on the group's fulfilment of the capital requirements, see note 35.

Storebrand Bank Group
Statement of cash flow
1 January - 31 December

(NOK million)	Note	2020	2019
Cash flow from operating activities			
Receipts of interest, commissions and fees from customers		953.2	1,014.5
Payments of interest, commissions and fees to customers		-102.1	-115.2
Net disbursement/payments on customer loans		-1,606.4	-1,729.3
Net receipts/payments of deposits from banking customers		1,102.0	-15.0
Net receipts/payments - securities		-3,153.2	-920.3
Payments of operating costs		-385.9	-326.4
Net cash flow from operating activities		**-3,192.4**	**-2,091.7**
Cash flow from investing activities			
Net payments on purchase/capitalisation of subsidiaries		-18.8	
Net payments on purchase/sale of fixed assets etc.	26	-6.9	-29.4
Net cash flow from investing activities		**-25.7**	**-29.4**
Cash flow from financing activities			
Payments - repayments debt securities issued	6	-6,248.0	-1,289.5
Receipts - new debt securities issued	6	8,512.5	3,000.0
Payments - interest on debt securities issued		-341.7	-350.7
Receipts - subordinated loans			125.0
Payments - repayments of subordinated loans			-125.0
Payments - interest on subordinated loans		-7.8	-10.1
Receipts - Tier 1 capital			125.0
Payments - repayments of Tier 1 capital			-75.0
Payments - interest on additional Tier 1 capital		-10.3	-11.6
Net receipts/payments of liabilities to credit institutions	6	1,205.2	443.2
Receipts - group contribution		184.0	69.8
Payments - group contribution		-244.0	-153.0
Net cash flow from financing activities		**3,049.9**	**1,748.2**
Net cash flow in the period		**-168.2**	**-373.0**
Cash and bank deposits at the start of the period		321.1	694.0
Cash and bank deposits at the end of the period		**152.8**	**321.1**
Cash and deposits with central banks		49.5	280.2
Loans to and deposits with credit institutions		103.3	40.9
Total cash and bank deposits in the balance sheet		**152.8**	**321.1**

The cash flow analysis shows the group's cash flows for operating, investing and financing activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

OPERATING ACTIVITIES
A substantial part of the activities in a financial group will be classified as operational.

INVESTING ACTIVITIES
Includes cash flows for holdings in group companies and tangible fixed assets.

FINANCING ACTIVITIES
Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the group's activities. Payments of interest on borrowing and payments of group contribution are financial activities.

CASH/CASH EQUIVALENTS
Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions.
See note 33 for information about undrawn credit limits.

Notes
Storebrand Bank Group

Note 1 - Company information and accounting policies

1. COMPANY INFORMATION

Storebrand Bank AS is a Norwegian public limited company with bonds listed on the Oslo Stock Exchange. The Bank group's 2020 financial statements were approved by the Board of Directors on 9 February 2021.

Storebrand Bank ASA is a web-based bank that offers traditional bank products to the Norwegian retail market. The bank's main target group is persons who have an occupational pension with Storebrand. These customers are also members of the Group's loyalty programme, Storebrand Fordel. The bank's services are also integrated with the Group's loyalty programme. Storebrand Bank ASA is headquartered at Professor Kohts vei 9, Lysaker.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the consolidated financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

The consolidated financial statements of Storebrand Bank ASA have been prepared in accordance with International Financial Reporting Standards (IFRS), approved by EU, and appurtenant interpretations, as well as other Norwegian disclosure obligations pursuant to the law and regulations. As a result of the layout plan being changed in the company accounts in accordance with changes in the annual accounts regulations for banks, mortgage companies and finance companies, it has been decided to use the same layout plan for the Storebrand Bank Group. This also applies to the presentation of the comparative figures.

USE OF ESTIMATES IN PREPARING THE ANNUAL FINANCIAL STATEMENTS

The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL STATEMENT OF FINANCIAL POSITION ITEMS

The assets side of the bank group's statement of financial position primarily consists of financial instruments. Loans with variable interest are measured at fair value with the change in value through other income and costs (OCI), while loans with fixed interest are measured at fair value though profit or loss. Interest-bearing securities are valued at amortised cost and fair value through profit or loss. Shares and derivatives are measured at fair value through profit or loss. Other financial instruments are measured at amortised cost. Intangible assets are also included on the balance sheet. Intangible assets are measured at cost minus any depreciation and are tested for impairment at least once a year. The liabilities side primarily consists of financial instruments (liabilities).

The accounting policies are described in more detail below.

4. CHANGES IN ACCOUNTING POLICIES

No new accounting standards were implemented in 2020 that have had a significant impact on the company or consolidated financial statements of Storebrand Bank ASA. For changes to estimates, see the detailed overview on this in Note 2.

No new standards or changes to standards had not come into effect when the 2020 financial statements were prepared.

5. CONSOLIDATION

The consolidated financial statements include Storebrand Bank ASA and companies in which Storebrand ASA has a controlling interest. A controlling interest is normally achieved when the Group owns, either directly or indirectly, more than 50 per cent of the shares in the company and the Group is in a position to exercise actual control over the company. Minority interests are included in the Group's equity.

Storebrand Boligkreditt AS is a directly owned subsidiary of Storebrand Bank ASA.

ELIMINATION OF INTERNAL TRANSACTIONS

Internal receivables and payables, internal gains and losses, interest, dividends and similar between companies in the Group are eliminated in the consolidated financial statements. This also includes Storebrand Bank ASA's investments in covered bonds issued by Storebrand Boligkreditt AS.

6. BUSINESS COMBINATIONS

The acquisition method is applied when accounting for acquisition of businesses. The consideration is measured at fair value. The direct acquisition expenses are recognised when they arise, with the exception of expenses related to raising debt or equity (new issues).

When making investments, a decision is made as to whether the purchase constitutes the acquisition of a business pursuant to IFRS 3. When such acquisitions are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 Business Combinations is not applied, and a provision is not set aside for deferred tax as would have occurred in a business combination.

7. INCOME RECOGNITION

NET INTEREST INCOME

Income recognition of interest according to the effective interest method is used for interest-bearing balance sheet items that are valued at amortised cost and balance sheet items that are valued at fair value through other income and costs. The effective interest rate is the interest rate that causes the present value of future cash flows within the loan's expected term to be equal to the book value of the loan on initial recognition. Cash flows include start-up fees, as well as any residual value at the end of the expected term. Interest income on commitments that are credit impaired is calculated using the effective interest rate on impaired value. Interest income on commitments that have not been impaired by credit is calculated using the effective interest rate on gross amortised cost (amortised cost before provision for expected losses).

For interest-bearing balance sheet items that are valued at fair value through profit or loss, interest income is recognised based on nominal interest.

OTHER INCOME

Fees are recognised when the income can be measured reliably and earned, fixed fees are recognised as income in line with delivery of the service, and performance fees are recognised as income once the success criteria have been met.

8. INTANGIBLE ASSETS

Intangible assets with limited useful economic lives are measured at the acquisition cost less accumulated depreciation and any write-downs. The depreciation period and method are assessed annually. If new intangible assets are carried it must be possible to prove that it is likely that future financial benefits that can be attributed to the asset will pass to the group. In addition, it must be possible to estimate the cost price of the asset in a reliable manner. Impairment needs are assessed when there are indications of impairment in value, normally by testing the associated cash-generating unit(s). Otherwise, impairment of intangible assets and reversal of impairment will be handled in the same manner as described for tangible fixed assets.

9. FINANCIAL ASSETS AND LIABILITIES

9-1. GENERAL POLICIES AND DEFINITIONS

RECOGNITION AND DERECOGNITION

Financial assets and liabilities are recognised on the trading day, i.e. the date on which the Storebrand Bank Group becomes party to the instruments' contractual terms. Ordinary purchases and sales of financial assets are booked on the transaction date and financial liabilities are booked on the settlement date. When a financial asset or a financial liability is initially recognised, it is measured at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a financial liability at fair value through profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the rights to the cash flows from the asset are transferred such that essentially all the risks and returns relating to ownership of the asset are transferred.

Financial liabilities are derecognised when the contractual terms have been fulfilled, cancelled or expired.

MODIFIED ASSETS AND LIABILITIES

If the terms of an existing financial asset or obligation are modified or changed, the instrument is treated as a new financial asset if the renegotiated terms are substantially different from the previous terms. If the terms are substantially different, the old financial asset or liability is derecognised and a new financial asset or liability is recognised. In general, a loan is considered to be a new financial asset if new loan documentation is issued and a new credit approval process is undertaken, resulting in new loan terms and conditions.

If the modified instrument is not considered to be substantially different from the existing instrument, the instrument is treated as a continuation of the existing instrument in terms of accounting. In the event of modification that is treated as a continuation of the existing instrument in the accounts, the new cash flows are discounted with the instrument's original effective interest rate, and any difference compared with the existing book value is recognised in the income statement.

FAIR VALUE

Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If a market for a financial instrument is not active, fair value is determined by using recognised valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties, where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market for pricing the instrument and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

When calculating the fair value of loans, the current market rate on similar loans is used. Changes in credit risk are taken into account.

IMPAIRMENT OF FINANCIAL ASSETS

According to IFRS 9, loan loss provisions are recognised on the basis of expected credit loss (ECL). The general model for impairments is used for financial assets that are measured at amortised cost or at fair value through other comprehensive income and for which no losses were determined at initial recognition. Loan commitments, financial guarantee contracts not measured at fair value through profit or loss, and lease receivables are also encompassed by the general model for impairments. The measurement of the provisions for expected loss in the general model depends on whether the credit risk has increased significantly since initial recognition. On initial recognition and when the credit risk has not increased significantly since initial recognition, provisions must be made for the 12-month expected losses. The 12-month expected loss is the loss that is expected to occur over the lifetime of the instrument, but that can be linked to events occurring during the initial 12 months. If the credit risk has increased significantly since initial recognition, a loss provision must be made for expected losses over the full lifetime of the instrument. The expected credit losses are calculated on the basis of the present value of all cash flows over the remaining life expectancy, i.e. the difference between the contractual cash flows according to the contract and the cash flows expected to be received, minus the effective interest on the instrument.

Separate principles for impairment are used for issued loans, including renegotiated, loans that are treated as new, and bought loans where there is accrued credit loss on initial recognition in the balance sheet. For these, an effective interest rate will be calculated that takes into account expected credit losses, and in the event of any changes in expected cash flows, the change will be discounted with the originally set effective interest rate and recognised in the income statement. For these assets, there is thus no need to monitor whether there has been a substantial increase in credit risk after initial recognition, as the expected losses over the entire lifetime are taken into account.

For accounts receivables without a significant financing component, a simplified model will be used. For these, provisions will be made for expected loss over the entire lifetime from initial recognition. The Storebrand Bank Group has also chosen to use the simplified model as the accounting policy for accounts receivables with a significant financing component and lease receivables.

9-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

FINANCIAL ASSETS ARE CLASSIFIED AND MEASURED INTO ONE OF THE FOLLOWING CATEGORIES:

- Financial assets measured at amortised cost.
- Financial assets measured at fair value with change in value through other income and costs with a reclassification of accumulated gains and losses for the profit or loss.
- Financial assets measured at fair value through profit or loss.

FINANCIAL ASSETS CLASSIFIED AND MEASURED AT AMORTISED COST

A financial asset is classified and measured at amortised cost if it is:

- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates.

Financial assets measured at amortised cost are recognised at amortised cost using the effective interest method.

FINANCIAL ASSETS CLASSIFIED AND MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, WITH A RECLASSIFICATION OF ACCUMULATED GAINS AND LOSSES FOR THE PROFIT OR LOSS

A significant share of the Storebrand Bank Group's financial instruments are classified under the category of fair value through other comprehensive income (OCI). A financial asset is classified and measured at fair value through other comprehensive income if the following condition is met:

- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates and for sale.

Financial assets in this category are recognised at fair value with change in value through other comprehensive income. For realisation of the instrument, accumulated changes in value from other comprehensive income are reclassified for the profit or loss. Associated interest income, foreign currency translation differences and any impairments are recognised in the ordinary profit or loss.

FINANCIAL ASSETS CLASSIFIED AND MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Storebrand Bank Group have financial instruments that are classified under the category of fair value through profit or loss for the following reasons:

- the financial assets are included in a portfolio that is continuously measured and reported at fair value,
- the financial assets have cash flows generated not only by interest and instalments on the principal, or that
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities.

Interest income is recognised as income based on nominal interest, while other changes in value are presented as ”Net change in value and gains / losses on currency and financial instruments”.

Classification of financial instruments follows from note 18.

9-3. IMPAIRMENT - GENERAL METHOD

In order to estimate expected credit loss, models have been developed to calculate three indicators: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These models have been derived from similar models used for internal assessments of capital needs. The models used for IFRS 9 purposes are based on the current macroeconomic situation and forecasts, and the models for PD, LGD and EAD are thus point in time (PIT) models, as opposed to through the cycle (TTC) models, which are used for capital needs purposes. The risk parameters in IFRS 9 have also been calibrated to be more forward-looking. Since the future is always uncertain, different future scenarios are used to compute PD, LGD and EAD for the bank's financial instruments. The various future scenarios have different weights determined by their position in the economic cycle and the forecasts of future events and economic conditions. The final expected credit loss per financial instrument will be a weighted average of the expected credit losses in the various scenarios. Total expected credit loss for the portfolio is the sum of the weighted credit losses per financial instrument.

In the PD model, financial circumstances are a significant predictor, combined with behavioural data on the individual customer. The model is a statistical model based on logistic regression. Loan-to-value ratio is a significant factor in the LGD model. For EAD, the most significant factors are loan size for downpayment loans and credit limit for lines of credit. The models are validated annually.

Forecasts affect the PD and LGD estimates in particular.

Storebrand Bank uses future scenarios to calculate expected credit losses. Storebrand Bank bases its future scenarios on the future scenarios presented by Norges Bank in its Financial Stability Report and assessments by Statistics Norway. The scenarios build on the current macroeconomic situation, economic forecasts, and the impact the macroeconomic situation is expected to have on the credit risk of the bank's financial instruments. These expectations affect the probability of default, exposure at default, and loss given default.

Probability of default is affected by unemployment, wage growth and interest rates, among others. Higher unemployment and interest rates result in weaker capacity to service debt in the portfolio, and lower wage growth also entails weaker capacity to service debt and thus increased probability of default. Macrovariables will have different effects on the risk parameters, and the impact will vary significantly for the individual customers in the portfolio. Average PD will increase during periods of economic downturn.

Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD. For many financial instruments, the losses will be very small, given the existing market prices. The increase in loss given default as a result of falling house prices is greater than the reduction in loss given default when house prices are rising. Nonlinearities in expected credit loss are taken into account by estimating expected credit loss in a variety of scenarios.

Stress tests and sensitivity tests are used in the assessment of expected credit loss. Sensitivity assessments of stage migration are carried out by assessing the change in expected credit losses if certain commitments migrate from stage 1 to stage 2. Sensitivity analyses are carried out in ICAAP on a regular basis.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macrovariables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

DEFINITION OF DEFAULT

A facility/account is considered to be in default if the repayment instalments and/or interest on the loan is overdue by more than 90 days or credit limits have been overdrawn for more than 90 days and the amount is not insignificant. The threshold for what is considered a significant amount is NOK 2,000.

A facility/account is also considered to be in default if individual impairments are recorded on the commitment, cf. the section on the definition of credit loss.

Storebrand Bank assesses default at the account/facility level for retail customers.

For corporate customers, default is assessed at the customer level. In the corporate market, the entire customer relationship is regarded as being in default if one facility or account is in default. The definition of default is in accordance with internal credit risk assessments, credit risk models and reporting. The credit risk models have been developed at the facility/account level in the retail market.

DEFINITION OF CREDIT LOSS

Credit loss is a loss that arises from a credit risk where the loss is the difference between the value of the contractual cash flow and the expected cash flow discounted by the original effective interest rate.

The expected credit loss is the difference between the present value of the contractual cash flow and the expected probability-weighted cash flow.

An expected credit loss is estimated either by means of an individual assessment (individual impairment) or by using statistical models (model-based impairment) to calculate the expected probability-weighted cash flow.

An individual assessment with subsequent booking of individual impairments is carried out for commitments with objective evidence of loss and that the loss reduces the future cash flows of the commitment. Individually assessed commitments are moved to stage 3 (see a more detailed description of stage 3 below). Objective loss incidents can be significant financial problems involving a debtor, defaults, debt and/or bankruptcy proceedings for the debtor, or that this is probable, or forbearance caused by financial problems. The calculation of cash flow and the impairments are assessed based on the expected values.

For other commitments, expected credit loss is estimated using model-based impairment. The commitments are divided into different stages (see the section below on calculating expected credit loss). Model-based impairment depends on the stage to which the commitment belongs, parameter estimates for PD, EAD, LGD and expected maturity.

CALCULATING EXPECTED CREDIT LOSSES

The classification and changing of stages are described below.

Stage 1

The starting point for all financial assets is stage 1. Stage 1 encompasses all financial assets that do not have substantially higher credit risk than at initial recognition. Financial assets with low credit risk will always be in stage 1. A low credit risk includes facilities/accounts in the retail market with a 12 month probability of default of less than 0.75%. For corporate market commitments, a low credit risk is defined as a 12 month probability of default at customer level of less than 0.75%. In stage 1, expected credit loss is calculated over 12 months.

Stage 2

Stage 2 consists of financial assets where there has been a significant increase in credit risk since initial recognition, but that are not in default or where there is objective evidence of loss. For financial assets in stage 2, expected credit loss is calculated over the expected term of the loan. The expected term deviates from the contractual term and is estimated on the basis of historically observed performance.

Stage 3

Stage 3 includes financial assets that are in default and/or which have objective evidence of loss. For commitments that have objective evidence of loss, an assessment of whether there must be individual impairment is carried out. For other commitments without individual impairment, the expected credit loss is calculated over the expected maturity of the asset.

Migrating to a lower stage

A commitment that no longer meets the criterion for stage 2 is moved to stage 1. The risk models ensure that there has been a sufficiently long period of payment before reducing and returning the risk to stage 1. A commitment in stage 3 can be moved both to stage 2, if stage 2 criteria are met, or directly to stage 1 once the criteria for stage 3 are no longer met.

SUBSTANTIAL INCREASE IN CREDIT RISK

Substantial increase in credit risk is assessed on the basis of the financial instrument's probability of default at the time of measurement compared with initial recognition. The assessment is based on both changes in probability of default during the expected lifetime and changes in probability of default in the next 12 months. The assessments are based on absolute changes and relative changes. A criterion for relative change is a doubling of the probability of default over the expected maturity of the asset, and absolute change is an increase of 1.5 percentage points in the probability of default over the next 12 months. Both assessments are made at the time of measurement in relation to the time of initial recognition.

Commitments for which scheduled payment is overdue by 30 days or more are assessed, irrespective of whether this has caused a significant increase in the credit risk. The same applies to loans for which temporary postponement of payment has been granted (forbearance).

EXPECTED MATURITY

Expected maturity is estimated for various financial instruments. Expected maturity is significant because for commitments with a substantial increase in credit risk, including defaulted financial commitments, i.e. commitments in stage 2 and stage 3, expected credit loss shall be calculated over the expected maturity of the commitments. The overall probability of default increases over the time horizon being measured, and the expected credit loss over the expected maturity of the commitment is therefore higher than the expected credit loss over one year, provided that the loan's remaining expected maturity is more than 12 months.

Expected maturity is calculated for different products. Expected maturity is estimated at around five years for downpayment loans and six years for lines of credit. The expected maturity at the time of loan approval is estimated at 9 years for credit cards and 9 years for credit accounts. Expected maturity is also contractual maturity for top-up loans (loan share greater than LTV of 70%), building credit and bridging loans. Expected maturity is reassessed and validated regularly.

For ongoing commitments, expected maturity is adjusted by a maturity coefficient:
The maturity coefficient is the ratio of expected maturity to contractual maturity. The remaining expected maturity is the expected maturity of the product multiplied by the maturity coefficient.

CATEGORISATION INTO PORTFOLIOS

The retail market portfolio is divided into:

i) Housing loans and housing credit
ii) Credit cards
iii) Other credits

The corporate portfolio is not further categorised, and the assessment is done manually (regardless of stage).

9-4. DERIVATIVES

Derivatives that do not meet the criteria for hedging are classified and measured at fair value through profit or loss. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

9-5. HEDGE ACCOUNTING

FAIR VALUE HEDGING

The Storebrand Bank Group uses fair value hedging. The items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss.

9-6. FINANCIAL LIABILITIES

Following initial recognition, all financial liabilities are measured at amortised cost using an effective interest method.

10. PENSION LIABILITIES FOR OWN EMPLOYEES

The employees of Storebrand Bank Group have a defined-contribution pension. The scheme is recognised in accordance with IAS 19. Storebrand participates in the Norwegian AFP scheme (collective agreement pension). The Norwegian AFP scheme is regarded as a defined-benefit scheme, but there is insufficient quantitative information to be able to estimate reliable liabilities and costs for accounting purposes.

10-1. DEFINED BENEFIT SCHEME

Pension costs and pension liabilities for defined benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the calculated return on pension plan assets.

Actuarial gains and losses and the effects of changes in assumptions are recognised in total comprehensive income in the income statement for the period in which they occur. Employees who resign before reaching retirement age or leave the scheme will be issued ordinary paid-up policies.

10-2. DEFINED CONTRIBUTION SCHEME

The defined contribution pension scheme involves the company paying an annual contribution to the employees' collective pension savings. The future pension will depend on the size of the contribution and annual return on the pension savings. The Group does not have any further obligation related to work performed after the annual contribution has been paid. There are no provisions for accrued pension liabilities in such schemes. Defined contribution pension schemes are expensed directly in the financial statements.

11. TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

The bank group's tangible fixed assets comprise equipment, fixtures and fittings, and IT systems.

Equipment, fixtures and fittings and IT systems are valued at acquisition cost less accumulated depreciation and any write-downs.

The depreciation period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. This applies correspondingly to the disposal value. Properties are split into components if different parts have different useful economic lives. The depreciation period and method of depreciation are evaluated separately for each component.

An impairment loss assessment is performed when there is an indication of impairment. The impairment test is performed for the individual asset if it mainly has independent incoming cash flows, possibly a larger cash-generating unit.
Any impairment in value is recognised in the income statement as the difference between the book value and the recoverable amount. The recoverable amount is the greater of the fair value less costs of sale and the value in use. On each reporting date an assessment is made as to whether to reverse previous impairment losses on non-financial assets.

12. TAX

The tax expense in the income statement comprises current tax and changes to deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised in the statement of total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the bank group's tax loss carryforwards, deductible temporary differences and taxable temporary differences. Any deferred tax asset is recognised if it is considered probable that the tax asset will be recovered. Deferred tax assets and liabilities are recognised as a net amount when there is a legal right to offset taxable assets and liabilities and the Group is capable of and intends to settle net current taxes.

The Storebrand Bank Group includes companies that are both subject to and not subject to the financial tax. When capitalizing deferred tax/ deferred tax assets in the consolidated financial statements, the company tax rate is used that is applicable for the individual companies (22 or 25 per cent).

Changes in deferred tax assets and liabilities due to changes in tax rates are recognised as a starting point in the income statement.

13. PROVISION FOR GROUP CONTRIBUTION

Pursuant to IAS 10, which deals with events after the balance sheet date, proposed dividends/group contributions are classified as equity until approved by the general meeting.

14. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the direct method and shows cash flows grouped according to sources and uses. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice. The statement of cash flows is classified according to operating, investing and financing activities.

Note 2 - Key accounting estimates and judgements

In preparing the bank group's financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis, and they are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.
Actual results may differ from these estimates.

The Bank Group's critical estimates and judgments that could result in material adjustment of recognised amounts are discussed below.

COVID-19

Covid-19 and the uncertain macroeconomic situation lead to greater uncertainty related to more estimates by the end of 2020 than the situation before the start of the pandemic. There is still great uncertainty associated with the spread of Covid-19 and the consequences for society. The uncertainty in the cash flows associated with expected loan losses has consequently also increased.

LOAN WRITE-DOWNS

For loans valued at amortised cost or at fair value through other comprehensive income, loss provisions are recognised based on the Expected Credit Loss (ECL) in accordance with the general method. The models used for IFRS 9 are based on the current macroeconomic situation and forecasts, and the models for probability of default (PD), loss given default (LGD) and exposure at default (EAD) are thus point in time (PIT) models. Future scenarios are used to calculate PD, LGD and EAD for the commitments.

Forecasts affect the PD and LGD estimates in particular.

Among other things, PD is affected by unemployment, wage growth and interest rates. Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macrovariables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

FINANCIAL INSTRUMENTS AT FAIR VALUE

There will be some uncertainty associated with the pricing of financial instruments that are not priced in an active market. This is particularly true of the types of securities priced on the basis of non-observable assumptions. Various valuation techniques are applied to these investments in order to determine the fair value. They include fixed-rate loans and other financial instruments where theoretical models are used for pricing. Any changes to the assumptions could affect recognised amounts.

Reference is also made to Note 9 in which the valuation of financial instruments at fair value is described in more detail.

INTANGIBLE ASSETS

Intangible assets with undefined useful lives are tested annually for impairment. The valuation method in the test requires estimating the cash flows that arise in the relevant cash flow generating unit, as well as applying the relevant discount rate. Tangible fixed assets and other intangible assets are valued annually to ensure that the method and time period used correspond with economic realities.

CONTINGENT LIABILITIES

The Storebrand Bank Group can be a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 3 - Merger completed during the year

As a part of simplifying the corporate structure, Storebrand Bank ASA has completed a merger with the fully owned subsidiary Storebrand Finansiell Rådgivning AS. The merger has been carried out with consideration pursuant to the Norwegian Public Limited Liability Companies Act with continuity accounting effect from September 1, 2020, and assuming tax continuity.

(NOK million)	Storebrand Bank ASA	Storebrand Finansiell Rådgivning AS	eliminations/ adjustments merger	Merged Statement of financial position
Cash and deposits with central banks	336.3			336.3
Loans to and deposits with credit institutions	2,211.8	53.6		2,265.5
Loans to customers	11,218.3			11,218.3
Financial assets designated at fair value through profit and loss:				
Equity instruments	52.3			52.3
Interest-bearing securities	5,145.7			5,145.7
Derivatives	76.8			76.8
Interest-bearing securities at amortised cost	2,836.8			2,836.8
Intangible assets	82.4			82.4
Deferred tax assets		30.2	-16.9	13.4
Other current assets	1,497.1	1.8	-72.5	1,426.4
Total assets	**23,457.6**	**85.7**	**-89.4**	**23,453.9**
Liabilities to credit institutions	1,802.8			1,802.8
Deposits from and due to customers	15,562.1			15,562.1
Other financial liabilities:				
Derivatives	87.2			87.2
Debt securities issued	3,016.8			3,016.8
Other liabilities	291.7	13.2		304.8
Provision for accrued expenses and liabilities	25.7			25.7
Deferred tax	16.9		-16.9	0.0
Pension liabilities	5.6			5.6
Subordinated loans	275.1			275.1
Total liabilities	**21,083.9**	**13.2**	**-16.9**	**21,080.2**
Paid in capital	2,016.2	65.5	-65.5	2,016.2
Retained earnings	131.7	7.0	-7.0	131.7
Additional Tier 1 capital	225.8			225.8
Total equity	**2,373.7**	**72.5**	**-72.5**	**2,373.7**
Total equity and liabilities	**23,457.6**	**85.7**	**-89.4**	**23,453.9**

Note 4 - Risk management

Continuous monitoring and active risk management are core areas of the bank's activities and organisation. The strategy and planning process provides guidance for the business for the next few years. The board determines the risk appetite and risk limits for the different forms of risk on an annual basis.

ORGANISATION OF RISK MANAGEMENT

The board of Storebrand Bank ASA has ultimate responsibility for monitoring and managing the organisation's risks. The board determines the annual risk appetite and risk strategy as well as ceilings and guidelines for the risks taken by the business, receives reports of actual risk levels and provides a forward assessment of risks.

The CEO is responsible for the bank group operating within the risk limits stipulated by the board. The CEO has an advisory management group and the individual units are responsible for risk management in their respective areas. The CEO has the overall responsibility for implementing risk management routines.

The Balance Sheet Management Committee is chaired by the CEO. The committee works with balance sheet management and risk management of liquidity and financing. The Committee is also an advisory body for expected credit losses according to IFRS 9.

The Storebrand Group's organisation of risk management responsibility follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and group level.

FIRST LINE OF DEFENCE

At the Storebrand Group, responsibility for risk management and internal control is an integral part of management responsibility. Managers at all levels of the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks and events, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

A high level of awareness of risks and risk management are vital elements of the group's culture.

Managers at the bank, the CEO of Storebrand Boligkreditt AS and managers in the Storebrand group's areas that provide services for the bank, submit annual confirmation documenting the unit's risk management activities.

SECOND LINE OF DEFENCE

Storebrand Bank ASA has independent control functions for the company's risk management (Chief Risk Officer, CRO) and for compliance (Chief Compliance Officer, CCO). The CRO and CCO are directly subordinate to the CEO and both report directly to the bank's board. In terms of function the independent control functions are affiliated with the Group CRO, who is responsible to the Group CEO and reports to the board of Storebrand ASA.

THIRD LINE OF DEFENCE

Internal auditing is under the direct authority of the board and is intended to give the board confirmation of the appropriateness and effectiveness of the organisation's risk management, including how the lines of defence are functioning.

Note 5 - Credit risk

Credit risk is the risk of loss associated with customers or counterparties not fulfilling their debt obligations. The risk includes risk associated with lending to customers and counterparty risk on bank deposits, securities and financial derivatives. Credit risk includes potential concentration risk in the loan portfolio. Credit risk is the most significant risk in the bank group.

RISK MANAGEMENT

The risk strategy reflects how much credit risk the bank group is willing to accept. The willingness to accept risk is adjusted to the bank's risk appetite and goals regarding risk profile, capital adequacy and growth. Credit policies establish general principles for granting credit. The bank group's routines for credit management are set forth in the credit manual. The credit manual are primarily designed for account managers and others who are involved in case management processes. The credit manual contain common guidelines for the bank group's credit activities, and are intended to ensure uniform and consistent credit management practices.

Credit risk is assessed in relation to the capacity and willingness of customers, including any co-participants, to service debt and potential security. The bank uses credit risk models to conduct risk classifications of customers with regard to probability of default (PD) and loss given default (LGD) and expected exposure resulted in default (EAD). The credit assessments are mainly assessed in automated and semi-automated processes with automatic calculations

The credit manuals and adopted routines provide specific criteria for monitoring non-performance, loan covenants, loss assessments and the annual loan review. Furthermore, the models ensure uniform portfolio risk assessment classifications and reporting on risk development. Specialised functions have been established for deposits, loan establishment and administration of the customer portfolio. Credit is granted in accordance with an authorisation structure determined by the board.

Treasury has the credit risk for its counterparties in the liquidity portfolio. Permitted counterparties and the composition of the portfolio are set out in the bank goup's counterparty risk policy.

Counterparty risk in connection with bank deposits, securities and financial derivatives with counterparties is included under credit risk and is managed according to a specific policy on the basis of an assessment of the counterparty's repayment capacity, rating and amount under management. Financial derivatives permitted by the bank are outlined in policy documents.

RISK CONTROL

Credit risk control is carried out directly in models and processes in various units in the first line, as well as with controls from the second line to ensure compliance with internal and external regulations.

Exposure relating to trade in financial derivatives for customers is monitored by Back Office. Price development is monitored in respect of the customer's situation, cleared lines and breach clauses. The Middle Office conducts running spot checks with regard to this.

Trades with counterparties made by Treasury are checked by the Middle Office in accordance with dedicated procedures and work descriptions.

The Chief Risk Officer (CRO) reports to the board on credit risk trends on an ongoing basis.

ANALYSIS OF CREDIT RISK BY TYPE OF FINANCIAL INSTRUMENT

MAXIMUM CREDIT EXPOSURE

(NOK million)	Book value	Guarantees, unused credits and loan commitments	2020 Maximum credit exposure	2019 Maximum credit exposure
Loans to and deposits wiht credit institutions and the central bank	49.5		49.5	280.2
Loans to customers at amortised cost	320.8		320.8	306.3
Interest-bearing securities at amortised cost	3,277.4		3,277.4	1,136.8
Total financial instruments at amortised cost	**3,647.8**		**3,647.8**	**1,723.3**
Equities	41.7		41.7	46.1
Loans to customers at fair value through profit and loss	722.3		722.3	389.2
Interest-bearing securities at fair value through profit and loss	4,351.1		4,351.1	3,268.8
Interest swaps	73.5		73.5	57.8
Total financial instruments at fair value through profit and loss	**5,188.6**		**5,188.6**	**3,761.8**
Loans to customers at fair value through other comprehensive income (OCI)	30,811.7		30,811.7	29,542.5
Total financial instruments at fair value through other comprehensive income (OCI)	**30,811.7**		**30,811.7**	**29,542.5**
Gross exposure with credit risk	**39,648.1**		**39,648.1**	**35,027.6**
Loan loss provisions	-52.4	-23.6	-76.0	-54.6
Net exposure with credit risk	**39,595.7**	**-23.6**	**39,572.1**	**34,973.0**

Other current assets without credit risk	213.6
Total assets	**39,809.4**

CREDIT RISK LIQUIDITY PORTFOLIO

INTEREST-BEARING SECURITIES AT FAIR VALUE
CREDIT RISK PER COUNTERPARTY

Short-term holdings of interest-bearing securities
Issuer category

	AAA	AA	A	BBB	NIG	Total 2020	Total 2019
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Sovereign and Government Guaranteed bonds	94.5	333.2				427.6	840.0
Mortgage and asset backed bonds	3,802.6	120.9				3,923.5	2,428.8
Total	**3,897.0**	**454.0**	**0.0**	**0.0**	**0.0**	**4,351.1**	**3,268.8**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value on the balance sheet	10.4	1.2				11.6	6.6
Change in vaule recognised in the profit and loss during period	3.3	1.7				5.0	-3.0

INTEREST-BEARING SECURITIES AT AMORTISED COST
CREDIT RISK PER COUNTERPARTY

Short-term holdings of interest-bearing securities
Issuer category

	AAA	AA	A	BBB	NIG	Total 2020	Total 2019
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Public issuers and/or Government Guaranteed bonds	1,033.0	610.7				1,643.7	594.0
Mortgage and asset backed bonds	1,601.7					1,601.7	504.0
Total	**2,634.6**	**610.7**	**0.0**	**0.0**	**0.0**	**3,245.4**	**1,098.0**

Rating classes are based on Standard & Poors.

CREDIT RISK ON LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS AND CENTRAL BANK

CREDIT RISK PER COUNTERPARTY

	AAA	AA	A	BBB	NIG	Total 2020	Total 2019
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Norway	49.5					49.5	280.2
Total deposits with central bank	**49.5**	**0.0**	**0.0**	**0.0**	**0.0**	**49.5**	**280.2**
Norway		71.4				71.4	20.3
Denmark			31.9			31.9	20.6
Total loans to and deposits with credit institutions	**0.0**	**71.4**	**31.9**	**0.0**	**0.0**	**103.3**	**40.9**
Total loans to and deposits with credit institutions and central bank	**49.5**	**71.4**	**31.9**	**0.0**	**0.0**	**152.8**	**321.1**

CREDIT EXPOSURE FOR LENDING ACTIVITIES

CORPORATE MARKET

Gross lending in the Corporate Market represents approximately NOK 21 million. In addition, there are guarantees of NOK 0.3 million.

As a result of group prioritizations regarding use of capital at Storebrand and a strategic assessment of the future direction of the Group, the Corporate Market segment at the bank is no longer prioritised as a core activity, and has largely been wound up.

As at the end of 2020, the corporate market lending portfolio consisted of one loan. The loan has identified impairment of NOK 8.8 million. The losses that have been recorded are considered to be sufficient. The bank does not believe that new losses will be forthcoming from these loans at this time.

RETAIL MARKET

Retail customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy regulations and the customers are scored using a scoring model. For other retail market customers, the overall loan to value ratio and debt servicing capability (as determined by the bank's credit policy for the segment) that apply to the portfolio are used as a basis. The securities for the portfolio are principally in properties for the retail market portfolio.

Storebrand Bank ASA has developed internal models for classifying home loans. The models estimate a loan's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). PD estimates are based on a logistical regression model where late payment notices, reminders, overdrafts and information about assets are key explanatory variables when predicting defaults. When estimating the LGD, the loan-to-value ratio is the most important explanatory variable. Home loans are classified according to the bank's master scale, consisting of 11 risk classes from A to K, with A indicating the lowest default probability and K containing non-performing loans. The classification of home loans is automatically updated on a monthly basis. As at the end of 2020, just over 65% of the EAD was linked to home loans in risk class A, while about 2% of the EAD was in risk classes G to J. The models are validated on an annual basis, with the accuracy of the models compared to actual outcomes.

Historically observed default frequency and realised losses for loans with credit risk classification from and including risk class A up to and including risk class D are virtually 0. Therefore, loans in risk classes A-D (equivalent to probability of default of up to 0.75%) are considered low-risk loans, and are in stage 1. The exceptions are loans in arrears/overdrafts in excess of 30 days, loans with forbearance and loans with objective evidence of loss.

The bank group uses three scenarios when calculating the expected loss in accordance with the regulations. The base case scenario is the most probable future development and is in line with expectations published by Norges Bank. The worst case scenario corresponds to the stress scenario that is used as a basis for ICAAP. Macro amounts in the worst case scenario follow assumptions published by the Financial Supervisory Authority of Norway. The best case scenario is based on the base case scenario, which assumes higher house prices, lower unemployment and higher wage growth.

When entering into loan commitments, the Storebrand Bank Group collects information of significance to the value of the residential property. Each quarter, the bank obtains an updated, independent valuation of residential properties from Eiendomsverdi AS. For homes where Eiendomsverdi AS does not have an up-to-date valuation (such as housing cooperative apartments, owner-tenant apartments and some leisure properties) the most recent updated market value is used until further notice. Where Eiendomsverdi AS cannot determine the market value of a property with a high degree of certainty, a "haircut" is used so as to reduce the risk of giving an inflated estimate of market value. If Eiendomsverdi AS has never received information regarding the property's market value, the value recorded at the time of entering into the contract (the deposit value) will be used. Loans such as those mentioned here constitute just under 1% of the total portfolio exposure.

In the retail market, most of the loans are secured by way of home mortgages. NOK 31.5 billion has been lent in home loans, with a further NOK 1.9 billion in undrawn credit facilities. Total commitments in residential property are therefore approximately NOK 33.3 billion.

The weighted average loan-to-value ratio is just under 57% for home loans. Approximately 91% of loans have a loan-to-value ratio within 80% and just over 99% have a loan-to-value ratio within 100%. Approximately 49% of the home loans have a loan-to-value ratio within 60%. The portfolio is regarded as having a low to moderate credit risk in accordance with the bank's risk appetite.

There is largely good security on non-performing loans that are not impaired for retail market customers. The average loan-to-value ratio for these loans is 51%. Home loans/residential mortgages that are part of the volume of non-performing loans total NOK 55 million. All loans are within an 80% loan-to-value ratio. The security is also good on home loans/residential mortgages between 1 and 90 days past due. Assets pledged as collateral are sold in the retail market. They are not taken over by the bank.

In the credit card and account credit portfolio, approximately NOK 210 million has been drawn, and NOK 1.16 billion is available as unused credit facilities. The consumer loan portfolio is approximately NOK 100 million.

COMMITMENTS PER CUSTOMER GROUP

2020						
(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Sale and operation of real estate		20.9				20.9
Service providers		1.1			0.2	1.4
Wage-earners	317.0	30,656.2	722.3		3,041.1	34,736.6
Other	3.8	133.6	0.0	0.3	21.8	159.5
Total	320.8	30,811.7	722.3	0.3	3,063.2	34,918.3
Provision for expected loss Stage 1	-2.0	-2.9			-4.0	-8.9
Provision for expected loss Stage 2	-11.4	-5.0			-19.6	-36.0
Provision for expected loss Stage 3	-13.3	-17.7				-31.1
Total loans to and due from customers	**294.1**	**30,786.1**	**722.3**	**0.3**	**3,039.6**	**34,842.3**

2019						
(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Sale and operation of real estate		20.9		1.2		22.1
Service providers	0.1	1.2			0.3	1.6
Wage-earners	301.2	29,392.7	375.3		3,046.2	33,115.4
Other	4.9	127.7	13.9	0.3	25.1	171.9
Total	306.3	29,542.5	389.2	1.5	3,071.6	33,311.0
Provision for expected loss Stage 1	-1.7	-1.0			-4.1	-6.8
Provision for expected loss Stage 2	-3.0	-1.4			-7.7	-12.1
Provision for expected loss Stage 3	-13.4	-20.0			0.0	-33.3
Total loans to and due from customers	**288.2**	**29,520.3**	**389.2**	**1.5**	**3,059.8**	**33,258.8**

Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages.

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

AVERAGE VOLUME COMMITMENTS PER CUSTOMER GROUP

(NOK million)	2020 Average volume loans to and deposits from customers *)	Average volume guarantees	Average volume undrawn credit limits	Total average commitments
Sale and operation of real estate	20.9	0.6		21.5
Service providers	1.2		0.3	1.5
Wage-earners	30,882.3		3,043.6	33,926.0
Other	142.0	0.3	23.5	165.7
Total	**31,046.4**	**0.9**	**3,067.4**	**34,114.7**

*) Based on total loans per 31 December 2020.

(NOK million)	2019 Average volume loans to and deposits from customers *)	Average volume guarantees	Average volume undrawn credit limits	Total average commitments
Sale and operation of real estate	19.7	1.2		20.9
Service providers	5.4		0.3	5.7
Wage-earners	29,207.5		3,190.5	32,398.0
Other	139.7	0.3	25.8	165.7
Total	**29,372.2**	**1.4**	**3,216.6**	**32,590.2**

*) Based on total loans per 31 December 2019.

COMMITMENTS PER GEOGRAPHICAL AREA

(NOK million) 2020	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guaran-tees	Undrawn credit limits	Total commit-ments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Model based provisions for loan losses*)	Net defaulted and loss-exposed loans
Eastern Norway	213.8	24,745.7	570.6	0.3	2,422.7	27,953.1	49.3	39.0	88.3	14.0	6.8	67.5
Western Norway	57.5	3,754.8	105.0		433.2	4,350.5	12.1	10.0	22.1	2.4	3.6	16.1
Southern Norway	9.6	453.2	18.7		41.0	522.5	1.1		1.1		1.0	0.0
Mid-Norway	14.0	804.1	19.4		77.5	914.9	5.8	0.4	6.2	0.4	1.1	4.7
Northern Norway	22.8	936.4	8.6		67.6	1,035.3	2.0	0.2	2.1	0.2	0.9	1.0
Rest of world	3.2	117.6			21.2	142.0	0.7		0.7		0.6	0.1
Total	**320.8**	**30,811.7**	**722.3**	**0.3**	**3,063.2**	**34,918.3**	**70.9**	**49.7**	**120.5**	**17.0**	**14.0**	**89.5**

*) Model based provisions are used for defaulted loans without impairment. Stage 3 provisions consist of these provisions, and provisions for defaulted loans with impairment.

(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guaran-tees	Undrawn credit limits	Total commit-ments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Model based provisions for loan losses*)	Net defaulted and loss-exposed loans
						2019						
Eastern Norway	218.7	22,609.7	262.2	1.5	2,289.6	25,381.6	50.3	37.8	88.2	16.8	8.7	62.7
Western Norway	48.8	4,072.6	62.6		480.7	4,664.6	11.8	10.9	22.8	2.4	2.7	17.7
Southern Norway	7.4	480.6	14.8		49.3	552.2	1.0		1.0		0.6	0.4
Mid-Norway	9.6	791.6	10.9		66.6	878.6	5.5	0.4	5.9	0.4	0.6	4.9
Northern Norway	11.3	965.4	14.9		67.4	1,059.0	0.8	0.2	1.0	0.2	0.6	0.2
Rest of world	10.5	622.7	23.8		118.0	775.0	4.1	1.4	5.5		0.4	5.1
Total	**306.3**	**29,542.5**	**389.2**	**1.5**	**3,071.6**	**33,311.0**	**73.5**	**50.8**	**124.3**	**19.8**	**13.5**	**91.0**

*) Model based provisions are used for defaulted loans without impairment. Stage 3 provisions consist of these provisions, and provisions for defaulted loans with impairment.

TOTAL COMMITMENT AMOUNT BY REMAINING TERM TO MATURITY

(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
			2020			
Up to 1 month		9.3			2.3	11.6
From 1 month up to 3 months	3.0	88.3			30.9	122.2
From 3 months up to 1 year	13.4	503.8			171.3	688.6
From 1 year to 5 years	42.9	1,502.2	5.8		586.8	2,137.6
More than 5 years	261.5	28,708.1	716.6	0.3	2,271.9	31,958.3
Total	**320.8**	**30,811.7**	**722.3**	**0.3**	**3,063.2**	**34,918.3**

(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
			2019			
Up to 1 month	3.5	16.7			5.0	25.2
From 1 month up to 3 months	1.1	118.2			22.6	142.0
From 3 months up to 1 year	9.5	324.7		1.2	116.1	451.5
From 1 year to 5 years	9.3	1,754.2	8.6		727.6	2,499.8
More than 5 years	282.8	27,328.8	380.6	0.3	2,200.1	30,192.5
Total	**306.3**	**29,542.5**	**389.2**	**1.5**	**3,071.6**	**33,311.0**

AGE DISTRIBUTION OF OVERDUE COMMITMENTS WITHOUT IMPAIRMENT

2020

(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	9.0	209.9	3.1		0.1	222.0
Overdue 31 - 60 days	4.3	51.5			0.1	55.8
Overdue 61- 90 days	0.9	26.9				27.8
Overdue more than 90 days	16.3	54.6				70.9
Total	**30.5**	**342.8**	**3.1**	**0.0**	**0.2**	**376.5**
Commitments overdue more than 90 days by geographical area:						
Eastern Norway	9.2	40.1				49.3
Western Norway	3.7	8.4				12.1
Southern Norway	1.1					1.1
Mid-Norway	0.8	5.0				5.8
Northern Norway	0.9	1.1				2.0
Rest of world	0.7					0.7
Total	**16.3**	**54.6**	**0.0**	**0.0**	**0.0**	**70.9**

2019

(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	4.4	180.1	1.0		0.2	185.7
Overdue 31 - 60 days	3.6	40.2			0.2	44.0
Overdue 61- 90 days	1.8	30.8			0.1	32.7
Overdue more than 90 days	21.8	51.7				73.5
Total	**31.7**	**302.8**	**1.0**	**0.0**	**0.4**	**335.9**
Commitments overdue more than 90 days by geographical area:						
Eastern Norway	14.1	36.3				50.4
Western Norway	4.6	7.2				11.8
Southern Norway	1.0					1.0
Mid-Norway	0.9	4.6				5.5
Northern Norway	0.8					0.8
Rest of world	0.5	3.5				4.1
Total	**21.8**	**51.7**	**0.0**	**0.0**	**0.0**	**73.5**

Only non-performing and loss-exposed loans are classified by geographical area in this overview.
The same definition is used for due commitments as the one in the capital requirements regulations, however the number of days in the definition equals the age distribution.

Loans are regarded as non-performing and loss-exposed:
- when a credit facility has been overdrawn for more than 90 days and the overdrawn amount minimum is NOK 2,000
- when an ordinary mortgage has arrears older than 90 days and thee arrears minimum is NOK 2,000
- when a credit card has arrears older than 90 days

When one of the three situations described above occurs, the specific loan is considered as non-performing without taking into account the customers other engagements.

CREDIT RISK PER CUSTOMER GROUP

(NOK million)	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for expected loan loss provisions stage 3 *)	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
				2020			
Sale and operation of real estate	20.9		20.9	8.8	12.1		
Service providers							
Wage-earners	28.8	69.7	98.5	21.1	77.3		-1.9
Other		1.2	1.2	1.1	0.1		-0.3
Total	**49.7**	**70.9**	**120.5**	**31.1**	**89.5**	**0.0**	**-2.3**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

(NOK million)	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for expected loan loss provisions stage 3 *)	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
				2019			
Sale and operation of real estate	20.9		20.9	8.8	12.1		-0.3
Service providers							
Wage-earners	29.9	71.6	101.5	23.1	78.4		-6.6
Other		1.9	1.9	1.4	0.5		0.1
Total	**50.8**	**73.5**	**124.3**	**33.3**	**91.0**	**0.0**	**-6.7**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

OVERVIEW OF LOAN LOSS PROVISIONS AND SECURITIES ON LOANS IN STAGE 3

(NOK million)	Gross amount	Loan loss provisions	Net value	Value of collateral	Type of collateral
			2020		
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	54.6	-0.8	53.8	132.9	residential property
- unsecured retail exposures including credit cards exposures	16.3	-13.2	3.1		
- other exposures including SME exposures					
Total non-performing loans without evidence of impairment	**70.9**	**-14.1**	**56.8**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	27.5	-7.4	20.0	38.7	residential property
- unsecured retail exposures including credit cards exposures	0.4	-0.1	0.3		
- other exposures including SME exposures	21.8	-9.5	12.3	10.0	commercial real estate
Total loss-exposed loans with evidence of impairment	**49.7**	**-17.0**	**32.7**		

The bank group has loans of NOK 35.6 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

(NOK million)	Gross amount	Loan loss provisions	Net value	Value of collateral	Type of collateral
			2019		
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	51.7	-0.2	51.4	114.7	residential property
- unsecured retail exposures including credit cards exposures	21.8	-13.3	8.5		
- other exposures including SME exposures					
Total non-performing loans without evidence of impairment	**73.5**	**-13.6**	**59.9**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	28.7	-10.2	18.5	44.3	residential property
- unsecured retail exposures including credit cards exposures	0.3		0.2		
- other exposures including SME exposures	21.9	-9.6	12.3	10.0	commercial real estate
Total loss-exposed loans with evidence of impairment	**50.8**	**-19.8**	**31.0**		

The bank group has loans of NOK 27.3 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

LOAN-TO-VALUE RATIO, SECURED LOANS

(NOK million)	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
		2020		
0% - 40%	23.6 %	6,228.2	1,668.1	7,896.3
40% - 60%	28.6 %	9,360.8	193.2	9,554.1
60% - 80%	39.0 %	13,016.3	28.1	13,044.4
80% - 90%	7.0 %	2,332.3	0.6	2,332.9
90% - 100%	0.9 %	304.9	0.6	305.4
> 100%	0.9 %	285.6	8.2	293.8
Total secured loans	**100 %**	**31,528.1**	**1,898.9**	**33,426.9**
Loan commitments and financing certificates, secured			2,961.7	2,961.7
Total secured loans incl. loan commitments and financing certificates		**31,528.1**	**4,860.5**	**36,388.6**

(NOK million)	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
		2019		
0% - 40%	22.7 %	5,591.0	1,636.9	7,227.9
40% - 60%	26.1 %	8,121.2	191.5	8,312.7
60% - 80%	39.4 %	12,482.4	33.5	12,515.9
80% - 90%	10.2 %	3,240.9	1.5	3,242.3
90% - 100%	0.8 %	267.2	0.9	268.1
> 100%	0.7 %	222.4	1.5	223.9
Total secured loans	**100 %**	**29,925.0**	**1,865.7**	**31,790.8**
Loan commitments and financing certificates, secured			1,466.3	1,466.3
Total secured loans incl. loan commitments and financing certificates		**29,925.0**	**3,332.1**	**33,257.1**

RISK RELATED TO SECURED LOANS

		2020		
(NOK million)	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	93.2 %	29,277.2	1,875.8	31,152.9
Medium risk	6.1 %	2,008.8	23.1	2,031.9
High risk	0.5 %	160.0		160.0
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.2 %	82.1		82.1
Total secured loans	**100 %**	**31,528.1**	**1,898.9**	**33,426.9**
Loan commitments and financing certificates, secured			2,961.7	2,961.7
Total secured loans incl loan commitments and financing certificates		**31,528.1**	**4,860.5**	**36,388.6**

		2019		
(NOK million)	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	92.4 %	27,518.1	1,863.6	29,381.7
Medium risk	6.7 %	2,117.1	2.2	2,119.2
High risk	0.7 %	209.5		209.5
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.3 %	80.4		80.4
Total secured loans	**100 %**	**29,925.0**	**1,865.7**	**31,790.8**
Loan commitments and financing certificates, secured			1,466.3	1,466.3
Total secured loans incl loan commitments and financing certificates		**29,925.0**	**3,332.1**	**33,257.1**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Lending to customers		Liquidity portfolio	
(NOK million)	2020	2019	2020	2019
Book value maximum exposure for credit risk	722.3	389.2	4 351.1	3,268.8
Book value of related credit derivatives that reduce credit risk				
Collateral				
Net credit risk	**722.3**	**389.2**	**4 351.1**	**3,268.8**
This year's change in fair value of financial assets due to change in credit risk			8.6	6.9
Accumulated change in fair value of financial assets due to change in credit risk			2.4	-6.2
This year's change in value of related credit derivatives				
Accumulated change in value of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

Financial assets are designated at fair value through the profit and loss account (FVTPL) the first time they are recognised where another measurement would result in an inconsistency in the profit and loss account. Objective market prices are used for papers where these exist. Valuation techniques involving the use of interest rate curves from Reuters and credit spreads from external providers are used for the remaining papers.

CREDIT RISK DERIVATIVES

The purpose of the use of financial derivatives is to identify and reduce currency and interest rate risk. Counterparty risk in connection with the trading of financial derivatives is included in credit risk. The bank's risk strategies and policies establish limits for how much credit risk the bank group is willing to accept. Storebrand Bank ASA hedges all customer derivative trades by opposite derivatives to minimise foreign exchange and interest rate exposure. The overview shows gross credit exposure, the bank has only collateral for credit risk against non-financial companies. Net credit exposure for 2020 is NOK 78,1 million, see note 23.

CREDIT RISK PER COUNTERPARTY

	2020					
	AAA	AA	A	BBB	NIG	Total 2019
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Norway		4.6		67.6		72.3
Sweden		1.2				1.2
Total	**0.0**	**5.8**	**0.0**	**67.6**	**0.0**	**73.5**
Change in value:						
Total change in value on the balance sheet		5.8		67.6		73.5
Change in value recognised in the profit and loss during period		1.1		14.6		15.7

	2019					
	AAA	AA	A	BBB	NIG	Total 2019
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Norway		4.7		53.0		57.8
Total	**0.0**	**4.7**	**0.0**	**53.0**	**0.0**	**57.8**
Change in value:						
Total change in value on the balance sheet		4.7		53.0		57.8
Change in value recognised in the profit and loss during period		0.5	-39.8	1.9		-37.4

EQUITY OPTIONS, INTEREST RATE SWAPS, BASIS SWAPS AND FORWARD FOREIGN EXCHANGE CONTRACTS

Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

Note 6 - Liquidity risk

Liquidity risk is the risk that the company will be unable to refinance its obligations (refinancing risk) or that the company will not be able to refinance its obligations without incurring substantial additional expenses (price risk).

RISK MANAGEMENT

The risk strategy establishes overall limits for how much liquidity risk the bank group is willing to accept. The policy for liquidity risk describes principles for liquidity management and specifies stress testing, minimum liquidity holdings and indicators for measuring liquidity risk. In addition, the Treasury department draws up an annual funding strategy and funding plan that set out the overall limits for the bank group's funding activities.

Stress tests are used to illustrate the expected effects of various scenarios on the statement of financial position and cash flows. Results of the stress tests are applied when assessing the framework for liquidity risk. A contingency plan is drawn up annually to safeguard proper management of the liquidity situation during stressful periods.

The Treasury function is responsible for the bank's liquidity management, and the Middle Office monitors and reports on the utilisation of limits pursuant to the liquidity policy. Risk management prepares liquidity forecasts.

RISK CONTROL

The means of controlling liquidity risk include monthly reports of the liquidity indicators and monitoring developments in the bank's maturity profile. Both are included in the CRO's ongoing reporting to the board. The liquidity policy specifies which liquidity indicators are followed. The Middle Office performs checks on trades undertaken by Treasury to ensure conformance with the applicable policy rules.

NON-DISCOUNTED CASH FLOWS - FINANCIAL LIABILITIES

(NOK million)	0 - 6 months	7 months - 12 months	2 - 3 years	4 - 5 years	More than 5 years	Total	Book value
Loans and deposits from credit institutions	1,653.3					1,653.3	1,653.3
Deposits from and due to customers	15,503.7	2.6				15,506.3	15,506.3
Debt securities issued	1,463.1	371.7	10,626.1	7,827.4		20,288.3	19,648.1
Other liabilities	65.7					65.7	65.7
Subordinated loans	3.1	3.0	157.1	129.7		292.9	275.6
Undrawn credit limits	3,063.4					3,063.4	
Loan commitments	2,961.7					2,961.7	
Total financial liabilities 2020	**24,714.0**	**377.3**	**10,783.3**	**7,957.2**	**0.0**	**43,831.8**	**37,149.1**
Derivatives related to funding 31.12.2020	**-5.8**	**0.0**	**0.0**	**0.0**	**0.0**	**-5.8**	**4.3**
Total financial liabilities 2019	23,100.9	183.3	11,021.6	4,046.1	117.8	38,469.7	32,661.4

The amounts include accrued interest.

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2020 are used to calculate interest costs for lending with FRN conditions. The maturity overview does not take account of the fact that the loans have extended maturity date, i.e. the original maturity date is used. Deposits from and liabilities to customers are on call deposits or deposits locked in for less than 6 months.

SPECIFICATION OF SUBORDINATED LOANS

(NOK million) ISIN code	Issuer	Net nominal value	Currency	Interest	Call-date	Book value
Dated subordinated loans						
NO0010714314	Storebrand Bank ASA	150	NOK	Floating	22.02.2022	150.3
NO0010786510	Storebrand Bank ASA	125	NOK	Floating	27.02.2025	125.3
Total subordinated loans 2020						**275.6**
Total subordinated loans 2019						276.0

SPECIFICATION OF LOANS AND DEPOSITS FROM TO CREDIT INSTITUTIONS

(NOK million)	2020	2019
Total loans and deposits from credit institutions without fixed maturity	**1.9**	**42.9**
Repurchase agreements, maturity 2020		402.8
F-loans	1,651.5	
Total loans and deposits from credit institutions with fixed maturity	**1,651.5**	**402.8**
Total loans and deposits from to credit institutions	**1,653.3**	**445.7**

SPECIFICATION OF DEBT SECURITIES ISSUED

(NOK million) ISIN nummer	Issuer	Net nominal value	Currency	Interest	Maturity	Book value
Bond loans						
NO0010762891	Storebrand Bank ASA	284.0	NOK	Fixed	19.04.2021	288.2
NO0010831571	Storebrand Bank ASA	280.0	NOK	Floating	06.09.2021	280.0
NO0010841562	Storebrand Bank ASA	550.0	NOK	Floating	18.01.2022	551.5
NO0010860398	Storebrand Bank ASA	550.0	NOK	Floating	15.08.2022	550.5
NO0010868185	Storebrand Bank ASA	400.0	NOK	Floating	11.11.2022	400.4
NO0010881386	Storebrand Bank ASA	300.0	NOK	Floating	04.05.2023	300.5
NO0010891344	Storebrand Bank ASA	450.0	NOK	Floating	25.08.2023	450.3
Total bond loands		**2,814.0**				**2,821.5**
Covered bonds						
NO0010760192	Storebrand Boligkreditt AS	1,067.0	NOK	Floating	16.06.2021	1,068.5
NO0010786726	Storebrand Boligkreditt AS	4,000.0	NOK	Floating	15.06.2022	4,008.3
NO0010813959	Storebrand Boligkreditt AS	4,000.0	NOK	Floating	20.06.2023	4,014.7
NO0010873177	Storebrand Boligkreditt AS	5,000.0	NOK	Floating	19.06.2024	4,997.0
NO0010894199	Storebrand Boligkreditt AS	2,650.0	NOK	Floating	25.06.2025	2,738.0
Total covered bonds		**16,717.0**				**16,826.6**
Total debt securities issued 2020		**19,531.0**				**19,648.1**
Total debt securities issued 2019		17,359.0				17,420.7

For issued covered bonds, a regulatory requirement for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent for bonds issued before 21 June 2017 apply. In 2020 all covenants are fulfilled.

FINANCING ACTIVITIES - CHANGES DURING THE YEAR

		2020	
(NOK million)	Subordinated loans	Loans and deposits from credit institutions	Debt securities issued
Book value 01.01.2020	276.0	445.7	17,420.6
New loans / bond debt issued		1,651.9	8,512.5
Repayment of loans/liabilities		-445.7	-6,248.0
Changes in accrued interest	-0.4	1.5	-37.1
Book value 31.12.2020	**275.6**	**1,653.3**	**19,648.1**

		2019	
(NOK million)	Subordinated loans	Loans and deposits from credit institutions	Debt securities issued
Book value 01.01.2019	276.3	2.4	15,715.4
New loans / bond debt issued	125.0	445.7	3,000.0
Repayment of loans/liabilities	-125.0	-2.4	-1,289.5
Changes in accrued interest	-0.2		-5.3
Book value 31.12.2019	**276.0**	**445.7**	**17,420.7**

Note 7 - Market risik

Market risk is risk of a change in value due to financial market prices (such as interest rates, exchange rates, credit spreads) or volatility differing from what was expected.

RISK MANAGEMENT

The risk strategy sets general limits for market risk. Storebrand Bank group's market risk mostly are related to spread risk in the liquidity portfolio and interest rate risk. The bank group is exposed to market risk in equity instruments and currency to a lesser degree.

Market risk policies specify limits for market risk that the bank group is willing to accept. The bank group's market risk is primarily managed and controlled through daily monitoring of risk exposure pursuant to the policy and continuous analyses of outstanding positions. Credit spread risk is regulated through ceilings on investments.

The exposure limits are reviewed and renewed by the board at least once a year. The size of these limits is set on the basis of stress tests and analyses of market movements.

RISK CONTROL

The Middle Office is responsible for the ongoing, independent monitoring of market risk. The means of controlling market risk include monthly reports of the market risk indicators. Market risk indicators that are followed are described in the interest rate risk policy, counterparty policy and currency risk policy and are included in the CRO's ongoing reporting to the board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as at 31 December 2020:

Effect on accounting income

(NOK million)	2020	2019
Interest rate -1,0%	16.4	8.8
Interest rate +1,0%	-16.4	-8.8

Effect on accounting result/equity [1)]

(NOK million)	2020	2019
Interest rate -1,0%	16.4	8.8
Interest rate +1,0%	-16.4	-8.8

1) Before taxes.

Financial interest rate risk

(NOK million)	2020	2019
Interest rate -1,0%	16.0	-10.3
Interest rate +1,0%	-16.0	10.3

The note presents the accounting effect over a 12 month period and the immediate financial effect of an immediate parallel change in interest rates of +1.0 percentage points and -1.0 percentage points respectively. When the accounting risk is calculated, account is taken of the non-recurring effect that such an immediate change in interest rates would have on the items recognised at fair value and the value of hedging, and the effect that the change in interest rates would have on the net profit for the remaining duration of the interest rate before the change in interest rates has an effect on income and expenses. Items that would be affected by the non-recurring effect and are recorded at fair value are the investment portfolio, fixed interest rate loans and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. The change in market value that such an immediate change in interest rates would have is looked at for all items on the statement of financial position when calculating the financial effect.

See also note 24 regarding foreign exchange risk.

Note 8 - Operational risk

The assessment of operational risks is linked to the ability to achieve targets and to implement plans. Operational risk is defined as the risk of financial loss or damaged reputation due to inadequate or failing internal processes, control routines, systems, human error, or external events.

RISK MANAGEMENT

Operational risk is being controlled and reduced through an effective system for internal control with (1) clear descriptions of responsibilities, (2) clear routines, and (3) documented powers of attorney/authority. Risks are followed-up through the management's risk review, with documentation of risks, measures and follow-up of incidents. The bank has prepared contingency plans which are updated regularly. In addition, internal audit carries out an independent control in accordance with audit projects adopted by the board.

RISK CONTROL

The CRO supports the risk review process and is responsible for compiling and reporting the area's risk scenario, following up on improvement measures and checking that risk registration is up to date in Easy Risk Manager (ERM). The results of the process are reported to the board.

In order to be able to identify problem areas internally, the bank group has implemented routines for ongoing reporting of events to the CRO, who is responsible for logging and follow-up of reported events. The CRO reviews significant events with the board.

In connection with monthly, quarterly and annual accounts, the bank's staff functions perform various checks and reconciliations so as to control and reduce operational risk. In addition to this, the compliance function and internal auditor carry out spot checks in a number of the most important work processes. The results are reported to the bank's management and the board.

COMPLIANCE RISK

Compliance risk is the risk of the company incurring public sanctions or financial loss as a result of non compliance with external or internal rules.

RISK MANAGEMENT

The compliance risk in Storebrand Bank Group is managed through instructions for the compliance function. The function's main responsibility is to support the company's board and management in complying with relevant laws and regulations by independently identifying, evaluating, monitoring and reporting compliance risk. The function must perform preventive work by advising and ensuring that effective processes have been established for information and the implementation of current and future rules. The compliance function must have a risk-based approach.

RISK CONTROL

The compliance function performs control activities in order to ensure actual compliance.

Note 9 - Valuation of financial instruments

The Storebrand Bank Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters, Bloomberg and Nordic Bond Pricing. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

The Storebrand Bank Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments valued at fair value into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The bank group has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

LEVEL 1: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS

Bonds, certificates or equivalent instruments issued by nation states are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

LEVEL 2: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF OBSERVABLE MARKET INFORMATION NOT COVERED BY LEVEL 1

This category encompasses financial instruments that are valued based on market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified in level 2.

LEVEL 3: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF INFORMATION THAT IS NOT OBSERVABLE ACCORDING TO THE DEFINITION FOR LEVEL 2

Investments classified as level 3 primarily includes fixed-rate loans, variable home loans and the investment in VN Norge AS.

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

The value of variable home loans is determined by discounting cash flows over the remaining maturity using the current discount rate. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the maturity of the underlying loan.

Under shares, it is primarily the investment in VN Norge AS. As at the end of the year, the value of the shares was adjusted in accordance with the change in price of the C-shares in VISA Inc. as well as received dividend from VN Norge AS for the sale of the A-shares in VISA Inc. The shares are appraised at fair value through profit and loss and changes in value are included in the ordinary result .

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Book value 31.12.2020	Book value 31.12.2019
Equities		31.2	10.5	41.7	46.1
Total equities 31.12.2020	**0.0**	**31.2**	**10.5**	**41.7**	
Total equities 31.12.2019		26.7	19.4		
Loans to customers - corporate market					
Loans to customers - retail market			722.3	722.3	389.2
Total loans to customers 31.12.2020	**0.0**	**0.0**	**722.3**	**722.3**	
Total loans to customers 31.12.2019			389.2		
Government and government guaranteedbonds		427.6		427.6	840.0
Mortgage and asset backed bonds		3,923.5		3,923.5	2,428.8
Total interest-bearing securities 31.12.2020	**0.0**	**4,351.1**	**0.0**	**4,351.1**	
Total interest-bearing securities 31.12.2019		3,268.8			
Interest derivatives		-4.2		-4.2	-4.7
Currency derivatives		-0.1		-0.1	
Total derivatives 31.12.2020	**0.0**	**-4.3**	**0.0**	**-4.3**	
Derivatives with a positive fair value		73.5		73.5	57.8
Derivatives with a negative fair value		-77.8		-77.8	-62.5
Total derivatives 31.12.2019		-4.7			

There have not been any changes between quoted prices and observable assumptions on the various financial instruments during the year.

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Book value 31.12.2020	Book value 31.12.2019
Loans to customers - corporate market			12.1	12.1	12.1
Loans to customers - retail market			30,774.0	30,774.0	29,508.2
Total loans to customers	**0.0**	**0.0**	**30,786.0**	**30,786.0**	**29,520.3**

FINANCIAL INSTRUMENTS AT FAIR VALUE - LEVEL 3

	2020		
(NOK million)	Equities	Loans to customers at fair value through profit and loss	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2020	19.4	389.2	29,520.3
Net gains/losses on financial instruments	-8.9	3.0	-3.4
Supply / disposal		556.5	14,337.3
Sales / due settlements		-226.3	-13,068.1
Book value 31.12.2020	**10.5**	**722.4**	**30,786.1**

	2019		
(NOK million)	Equities	Loans to customers at fair value through profit and loss	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2019	15.3	220.2	27,923.7
Net gains/losses on financial instruments	4.1	2.7	1.5
Supply / disposal		250.4	13,780.1
Sales / due settlements		-84.2	-12,185.0
Book value 31.12.2019	**19.4**	**389.2**	**29,520.3**

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Fair value 31.12.2020	Book value 31.12.2020	Fair value 31.12.2019	Book value 31.12.2019
Financial assets							
Loans to and deposits with credit institutions		103.3		103.3	103.3	40.9	40.9
Loans to customers - corporate market							
Loans to customers - retail market		294.1		294.1	294.1	288.2	288.2
Interest-bearing securities at amortised cost		3,287.1		3,287.1	3,277.4	1,140.4	1,136.8
Total financial assets 31.12.2020	**0.0**	**3,684.5**	**0.0**	**3,684.5**	**3,674.7**		
Total financial assets 31.12.2019		1,329.2				1,329.2	1,465.9
Financial liabilities							
Loans and deposits from credit institutions		1,653.3		1,653.3	1,653.3	445.7	445.7
Deposits from and due to customers		15,506.3		15,506.3	15,506.3	14,404.3	14,404.3
Debt securities issued		19,737.7		19,737.7	19,648.1	17,406.5	17,420.7
Subordinated loans		280.7		280.7	275.6	280.9	276.0
Total financial liabilities 31.12.2020	**0.0**	**37,178.1**	**0.0**	**37,178.1**	**37,083.4**		
Total financial liabilities 31.12.2019		30,434.6				32,537.4	32,546.7

SENSITIVITY ANALYSIS FINANCIAL INSTRUMENTS AT FAIR VALUE

Loans to customers at fair value through profit and loss
The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

Loans to customers at fair value through other comprehensive income (OCI)
The value of variable home loans is determined by discounting cash flows over the remaining maturity using the current discount rate.
The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the maturity of the underlying loan.

Equities
This item consist of shares in VN Norge. At the end of the year, the value of the shares were changed according to changes in share price of C-shares in VISA Inc. as well as received dividend from VN Norge AS for sale of A-shares in VISA Inc. The shares are valued at fair value through profit and loss and changes in value are included in profit and loss.

	Floating loans to customers		**Floating loans to customers**		**Equities**	
	Fair value through other comprehensive income (OCI)		Fair value through other comprehensive income (OCI)			
	Change in market spread		Change in market spread		Change in value	
Increase/reduction in fair value	+ 10 bp	- 10 bp	+ 25 bp	- 25 bp	+ 25 bp	- 25 bp
Increase/reduction in fair value at 31.12.2020 (MNOK)	**-3.5**	**3.5**	**-8.9**	**8.9**	**7.0**	**-8.3**
Increase/reduction in fair value at 31.12.2019 (MNOK)	-3.5	3.5	-8.9	8.9	7.0	-8.3

Note 10 - Segment

Business segments are the bank group's primary reporting segments. In 2013, the bank group decided to wind up the bank's loan portfolie in the corporate market. The remaining portfolio was marginal at the end of 2020 and the bank group therefor no longer reports on segment in its reporting. The bank group's accounts for 2020 therefore relate entirely to the Retail Lending segment. Geographic segments form the bank group's secondary reporting segments. The bank group does not have any activities outside Norway. Customers from abroad are classified as part of the Norwegian activities. All operating income and the bank group's earnings therefore relate solely to its Norwegian activities.

Note 11 - Net income from financial instruments

NET INTEREST INCOME

(NOK million)	2020	2019
Interest on loans to credit institutions	3.8	11.0
Interest on loans to customers - loans valued at amortised cost	39.6	41.6
Interest on loans to customers - loans valued at fair value with change in value through other comprehensive income (OCI)	680.5	768.9
Interest on interest-bearing securities valued at amortised cost	26.8	17.4
Other interest income		
Total interest income calculated by using the effective interest method	**750.7**	**838.9**
Interest on loans to customers valued at fair value with change in value through profit and loss	15.9	11.7
Interest on interest-bearing securities valued at fair value with change in value through profit and loss	51.4	58.1
Interest on derivatives	5.2	-8.6
Other interest income	0.1	0.0
Total other interest income	**72.5**	**61.2**
Total interest income	**823.3**	**900.0**
Interest on loans from credit institutions	-4.0	-2.5
Interest on deposits from customers	-84.8	-98.6
Interest on debt securities issued	-266.1	-361.9
Interest on subordinated loans	-7.4	-9.9
Other interest expenses		
Total interest expenses calculated by using the effective interest method	**-362.3**	**-472.9**
Interest on derivatives	-13.5	24.2
Other interest expenses	-17.0	-17.6
Total other interest expenses	**-30.6**	**6.7**
Total interest expenses	**-392.8**	**-466.2**
Net interest income	**430.4**	**433.8**

NET INCOME AND GAIN/LOSS FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(NOK million)	2020	2019
Realiset gain/loss on loans and receivables		
Urealiset gain/loss on loans and receivables	21.3	1.5
Net change in value and gain/loss on loans and receivables	**21.3**	**1.5**
Realised gain/loss on interest-bearing securities	5.2	2.4
Unrealised gain/loss on interest-bearing securities	0.1	-3.0
Net change in value and gain/loss on interest-bearing securities	**5.3**	**-0.7**
Realised gain/loss on equity instruments		
Unrealised gain/loss on equity instruments	-6.9	4.1
Net change in value and gain/loss on equity instruments	**-6.9**	**4.1**
Realised gain/loss on financial liabilities	-19.0	-11.1
Unrealised gain/loss on financial liabilities	-6.8	32.5
Net change in value and gain/loss on financial liabilities (except financial derivatives)	**-25.8**	**21.4**
Realised gain/loss on foreign exchange and financial derivatives	6.2	11.2
Unrealised gain/loss on foreign exchange and financial derivatives	-0.8	-18.8
Net change in value and gain/loss on foreign exchange and financial derivatives	**5.5**	**-7.5**
Realised gain/loss on financial guarantees		
Unrealised gain/loss on financial guarantees		
Net change in value and gain/loss on financial guarantees	**0.0**	**0.0**
Total change in value and net gain/loss on financial assets and financial liabilities	**-0.7**	**18.7**

Note 12 - Net commission income

(NOK million)	2020	2019
Fees related to banking operations	45.0	52.8
Fees from and management of loans	69.4	70.9
Total fees and commissions receivable *)	**114.4**	**123.6**
Fees and commissions payable relating to banking operations	-16.1	-14.4
Other fees and commissions payable	-1.6	-2.4
Total fees and commissions payable **)	**-17.7**	**-16.9**
Net commission income	**96.7**	**106.7**
*) Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through the profit and loss account	45.0	52.8
**) Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through the profit and loss account	-17.7	-16.9

Note 13 - Remuneration paid to auditors

Remuneration including value added tax:

(NOK 1000)	2020	2019
Statutory audit	-516	-851
Other reporting duties	-18	-116
Other non-audit services		-47
Total	**-534**	**-1,014**

Note 14 - Operating expenses

(NOK million)	2020	2019
Ordinary wages and salaries	-81.6	-62.6
Employer's social security contributions	-16.0	-11.9
Pension cost (see note 15)	-11.3	-10.1
Other staff expenses	-5.8	-2.9
Total staff expenses	**-114.8**	**-87.5**
IT expenses	-78.4	-65.7
Office operation and other general administration expenses	-1.1	-0.7
Operating expenses on rented premises	-10.7	-9.4
Foreign services (see note 13)	-2.6	-3.8
Inter-company charges for services [1)]	-97.9	-71.7
Sold services to group companies	7.0	-0.8
Other operating expenses	-6.2	-9.9
Total other operating expenses	**-190.0**	**-162.0**
Total operating expenses	**-304.8**	**-249.5**

1) Services purchased from the group contain expenses relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

Note 15 - Pensions

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have e defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:
- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 101,351 at 31 December 2020)
- In addition, 13 per cent of salary between 7.1 and 12 G is saved.
- Savings rate for salary over 12 G is 20 per cent.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.5 % in 2020. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

Employees who were on sick leave and partiality disabled during the transition to the defined-contribution pension, remain in the defined-benefit pension scheme. There are also pension liabilities for the defined-benefit scheme related to direct pensions for certain former employees and former board members.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

(NOK million)	2020	2019
Present value of insured pension liabilities incl. employer's NI contribution	9.6	14.2
Fair value of pension assets	-7.1	-13.2
Net pension liabilities/assets insured scheme	2.5	0.9
Present value of unsecured liabilities	2.2	4.7
Net pension liabilities recognised in statement of financial position	**4.7**	**5.6**

Includes employer contributions on net under-financed liabilities in the gross liabilities

BOOKED IN STATEMENT OF FINANCIAL POSITION

(NOK million)	2020	2019
Pension liabilities	4.7	5.6

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

(NOK million)	2020	2019
Net pension liabilities 01.01 incl. provision for employer's NI contribution	18.9	19.3
Pensions earned in the period incl provision for employer's NI contribution		0.3
Interest expenses on the pension liability	0.4	0.5
Estimate deviations	-6.8	0.6
Pensions paid	-0.5	-1.8
Employer's NI contribution reversed	-0.1	-0.2
Net pension liabilities 31.12	**11.8**	**18.9**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

(NOK million)	2020	2019
Pension assets at fair value 01.01	13.2	13.3
Expected return	0.3	0.4
Estimate deviation	-7.0	-1.2
Premiums paid	0.7	0.9
Employer's NI contribution pension assets	-0.1	-0.2
Net pension assets 31.12	**7.1**	**13.2**
Expected premium payments (pension assets) in 2021:	0.3	
Expected premium payments (contributions) in 2021:	10.7	
Expected AFP early retirement scheme payments in 2021:	2.0	
Expected payments from operations (uninsured scheme) in 2021:	2.2	

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE COMPOSED AT 31.12

	2020	2019
Real estate	15 %	13 %
Bonds at amortised cost	34 %	36 %
Loans	20 %	13 %
Equities and units	12 %	15 %
Bonds	17 %	20 %
Other short-term financial assets	3 %	1 %
Total	**100 %**	**100 %**

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance AS.

Realised return on assets	4.4 %	3.6 %

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS:

(NOK million)	2020	2019
Current service cost incl provision for employer's NI contribution		0.3
Net interest cost/expected return	0.2	0.2
Changes to pension scheme		
Total for defined benefit schemes	**0.2**	**0.5**
The period's payment to contribution scheme	9.3	8.0
The period's payment to contractual pension	1.8	1.6
Net pension cost recognised in profit and loss account in the period	**11.3**	**10.1**

Net pension cost includes payroll tax of employer contribution and is included in operating expenses. See note 14.

ANALYSIS OF ACTUARIAL LOSS (GAIN) IN THE PERIOD

(NOK million)	2020
Actuarial loss (gain) - change in discount rate	1.8
Actuarial loss (gain) - change in other financial assumptions	
Actuarial loss (gain) - change in mortality table	
Actuarial loss (gain) - change in other demographic assumptions	
Actuarial loss (gain) - experienced DBO	-8.6
Loss (gain) - experience Assets	6.8
Investment management cost	0.1
Asset ceiling - asset adjustment	
Remeasurements loss (gain) in the period	**0.2**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY

	31.12.2020	31.12.2019
Discount rate	1.5 %	2.2 %
Expected return	1.8 %	2.0 %
Expected earnings growth	1.8 %	2.0 %
Expected annual increase in pensions payment	0.0 %	0.0 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

Financial assumptions:
The financial assumptions have been determined on the basis of the rules in IAS 19. Long term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are particularly subject to a high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, and in Storebrand's opinion, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:
In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. A new mortality basis K2013 for group pension insurance in life insurance companies and pension funds was introduced effective from 2014. Storebrand has used the mortality table K2013BE (best estimate) for the actuarial calculations as at 31 December 2020.

Note 16 - Losses on loans, guarantees and unused credits

	2020		
(NOK million)	Loans to customers and securities valued at amortisert cost and loans to customers valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	-2.2		-2.2
The periods change in impairment losses stage 2	-7.9	-9.0	-16.9
The periods change in impairment losses stage 3	2.3		2.3
Realised losses	-14.2		-14.2
Recoveries on previously realised losses	1.5		1.5
Credit loss on interest-bearing securities			0.0
Management overlay	-4.1	-2.9	-7.0
Other changes	-0.8		-0.8
Loss expense for the period	**-25.6**	**-11.8**	**-37.4**

The bank's model for calculating expected credit losses is not adapted to the uncertainty that exists due to, among other things, the corona epidemic. The bank has therefore made a discretionary additional provision of NOK 7 million which has been added to stage 2. See note 26.

The Storebrand Bank group has NOK 10.5 million in outstanding contractual amounts for realised losses during 2020 that are still subject to enforcement activities.

(NOK million)	Loans to customers and securities valued at amortisert cost and loans to customers valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
	2019		
The periods change in impairment losses stage 1	0.3	0.5	0.8
The periods change in impairment losses stage 2	-0.7	-4.4	-5.1
The periods change in impairment losses stage 3	6.7		6.8
Realised losses	-21.4		-21.4
Recoveries on previously realised losses	1.3		1.3
Credit loss on interest-bearing securities			0.0
Other changes	-0.7		-0.7
Loss expense for the period	**-14.5**	**-3.9**	**-18.3**

Note 17 - Tax

TAX CHARGE FOR THE YEAR

(NOK million)	2020	2019
Tax payable	-16.8	-63.0
Changes in deferred tax/deferred tax asset	-27.2	-2.5
Changes in deferred tax/deferred tax asset without effect on profit and loss	1.1	
Total tax cost	**-42.9**	**-65.5**

TAX PAYABLE IN THE BALANCE SHEET

(NOK million)	2020	2019
Tax payable	-14.3	-60.5
- tax effect of group contribution paid		
Tax payable in the balance sheet	**-14.3**	**-60.5**

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

(NOK million)	2020	2019
Ordinary pre-tax profit	190.0	272.0
Expected tax on income at nominal rate	-47.5	-68.0
Tax effect of:		
Realised shares	0.7	1.3
Permanent differences	2.7	2.4
Effect of change in accounting principles on transition to IFRS 9		3.9
Change in tax rules	1.1	
Changes earlier years		-5.1
Tax charge	**-42.9**	**-65.5**

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

(NOK million)	2020	2019
Tax-increasing temporary differences		
Financial instruments	-1.1	8.0
Total tax-increasing temporary differences	**-1.1**	**8.0**
Tax-reducing temporary differences		
Pensions	-4.7	-5.6
Fixed assets	-13.3	-5.9
Provisions	-7.3	-6.2
Total tax-reducing temporary differences	**-25.4**	**-17.7**
Losses/allowances carried forward		-124.1
Base for deferred tax/tax assets	**-26.4**	**-133.8**
Temporary differences not included in calculation for defered tax/deferred tax assets	5.0	
Net base for deferred tax and deferred tax asset	**-21.4**	**-133.8**
Net deferred tax / tax asset	**-6.2**	**-33.5**
Correction for effects of temporary differences from merged company		-31.3
Net deferred asset/liability in the balance sheet	**-6.2**	**-2.3**

The tax rate for companies in Norway was changed from 23 to 22 per cent with effect from 1 January 2019. It was also agreed to keep the rate at 25 per cent for companies subject to the financial tax. The Storebrand Bank Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalising deferred tax/ deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual companies is used (22 or 25 per cent).

ANALYSIS OF TAX PAYABLE AND DEFERRED TAX APPLIED INTO OCI:

(NOK million)	2020	2019
Pension experience adjustments		0.5
Tax on change in value on loans to fair value through other comprehensive income (OCI)		-0.9
Total	**0.0**	**-0.4**

Note 18 - Classification of financial assets and liabilities

(NOK million)	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income (OCI)	Total
Financial assets				
Cash and deposits with central banks	49.5			49.5
Loans to and deposits with credit institutions	103.3			103.3
Equity instruments		41.7		41.7
Interest-bearing securities	3,277.4	4,351.1		7,628.5
Derivatives		73.5		73.5
Lending to customers	294.1	722.3	30,786.1	31,802.5
Other current assets	36.3			36.3
Total financial assets 2020	**3,760.6**	**5,188.6**	**30,786.1**	**39,735.3**
Total financial assets 2019	1,772.0	3,761.8	29,520.3	35,054.1
Financial liabilities				
Loans and deposits from credit institutions	1,653.3			1,653.3
Deposits from and due to customers	15,506.3			15,506.3
Debt securities issued	19,648.1			19,648.1
Derivatives		77.8		77.8
Other liabilities	65.7			65.7
Subordinated loans	275.6			275.6
Total financial liabilities 2020	**37,149.1**	**77.8**	**0.0**	**37,226.9**
Total financial liabilities 2019	32,661.4	62.5		32,723.9

Note 19 - Interest-bearing securities at fair value through profit and loss account

	2020	2019
(NOK million)	Fair value	Fair value
Sovereign and Government Guaranteed bonds	427.6	840.0
Mortgage and asset backed bonds	3,923.5	2,428.8
Total interest-bearing securities at fair value	**4,351.1**	**3,268.8**
Modified duration	0.14	0.16
Average effective yield per 31.12.	0.50 %	1.86 %

The portfolio is mainly denominated in NOK.
Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 20 - Interest-bearing securities at amortised cost

(NOK million)	2020 Book value	2020 Fair value	2019 Book value	2019 Fair value
Public issuers and Government Guaranteed Bonds	1,685.2	1,685.4	636.1	636.4
Mortgage and asset backed bonds	1,592.1	1,601.7	500.7	504.0
Total interest-bearing securities at amortised cost	**3,277.4**	**3,287.1**	**1,136.8**	**1,140.4**
Modified duration		0.13		0.14
Average effective yield per 31.12.		0.58 %		1.89 %

All securities are denominated in NOK.
The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 21 - Equity instruments

NOK mill. Name of the company	Organisation number	No. of shares	Ownership interest	2020 Book value	2019 Book value
VN Norge AS	821083052	10,138,359,344,595,400	1.01 %	10.5	19.4
Other Norwegian companies				0.4	0.2
Scandinavisk Datacenter AS		54,111	3.12 %	29.8	25.4
Other foreign companies				1.1	1.1
Total equity instruments				**41.7**	**46.1**

Note 22 - Buyback agreements (repo agreements)

(NOK million)	2020 Book value	2019 Book value
Transferred bonds still recognised on the statement of financial position		402.8
Liabilities related to the assets		402.8

Storebrand Bank ASA has not entered into any buyback agreements as of 31 December 2020.
Transferred bonds that are included in buyback agreements (repos) are not derecognised, since all the risk and return on the securities is retained by Storebrand Bank ASA.

Note 23 - Financial derivatives

Financial derivatives are linked to underlying amounts which are not carried on the balance sheet. In order to quantify the volume of derivatives, reference is made to such underlying amounts as underlying principal, nominal volume, etc. Different calculation methods are applied to nominal volume for different types of financial derivatives, and this figure expresses the scope of risk and positions of financial derivatives.

Gross nominal volume primarily provides information on scope, while net nominal volume provides a certain expression of risk positions. However, the nominal volume for different instruments is not necessarily comparable, considering the risk exposure. As opposed to gross nominal volume, the calculation of net nominal volume also takes into account the sign for the instrument's market risk exposure, by differing between so-called asset positions and liability positions.

An asset position in a share derivative implies a positive change in value if share prices rise. For interest derivatives, an asset position implies a positive change in value if interest rates are reduced – as is the case with bonds. An asset position in a currency derivative generates a positive change in value if the exchange rate against the NOK sees an increase. The average gross nominal volume is based on daily calculations of gross nominal volume.

(NOK million)	Gross nom. volume [1]	Gross recognised financial assets	Gross recognised debt	Net financial assets / debt in the balance sheet	Net amounts taken into account netting agreements		Net amount
					Fin. assets	Fin. debt	
Interest derivatives [2]	1,304.4	73.5	77.7				-4.2
Currency derivatives	11.1		0.1				-0.1
Total derivatives 31.12.2020	**1,315.5**	**73.5**	**77.8**	**0.0**	**0.0**	**0.0**	**-4.3**
Total derivatives 31.12.2019	1,563.7	57.8	62.5				-4.7

1) Values as at 31.12:

2) Interest derivatives include accrued, not due, interest.

INVESTMENTS SUBJECT TO NETTING AGREEMENTS /CSA

(NOK million)	Recognised assets	Recognised liabilities	Net assets	Collateral		Net exposure
				Cash (+/-)	Securities (+/-)	
Investments subject to netting agreements	5.8	77.8	-71.9		-150.0	78.1
Investments not subject to netting agreements/CSA	67.6		67.6			
Total 2020	**73.5**	**77.8**	**-4.3**			

Note 24 - Foreign exchange risk

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCY

(NOK million)	Statement of financial position items		Currency forwards	Net position	
	Assets	Liabilities	Net sale	in currency	in NOK
CHF	0.1	0.0	0.0	0.0	0.0
DKK	0.0	0.1	0.0	-0.1	-0.1
EUR	19.9	19.8	0.0	0.0	0.1
GBP	0.2	0.3	0.0	0.0	-0.1
JPY	0.0	0.0	0.0	0.1	0.0
SEK	0.5	0.4	0.0	0.2	0.2
USD	11.1	0.1	11.1	1.3	11.0
Other	0.2	0.0	0.0	0.2	0.1
Total net currency positions 2020					**11.3**
Total net currency positions 2019					-0.3

The permitted limit for the bank's foreign exchange position is 0.50% of primary capital, which is approximately NOK 13 million at present. The overview shows holdings in foreign exchange accounts as of 31 December 2020.

Note 25 - Loan portfolio and guarantees

(NOK million)	2020 Book value	2019 Book value
Loans to customers at amortised cost	320.8	306.3
Loans to customers at fair value through profit and loss (PL)	722.3	389.2
Loans to customers at fair value through other comprehensive income (OCI)	30,811.7	29,542.5
Total gross loans to customers	**31,854.9**	**30,238.0**
Provision for expected loss Stage 1	-4.9	-2.7
Provision for expected loss Stage 2	-16.4	-4.4
Provision for expected loss Stage 3	-31.1	-33.3
Net loans to customers	**31,802.5**	**30,197.6**

See note 5 for analysis of loan portfolio and guarantees per customer group.

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT AMORTISED COST

	2020			
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2020	227.2	56.9	22.1	306.3
Transfer to stage 1	2.3	-2.3		0.0
Transfer to stage 2	-56.2	57.0	-0.8	0.0
Transfer to stage 3	-2.1	-2.7	4.8	0.0
New loans	63.6	46.8	2.8	113.2
Derecognition	-34.4	-11.2	-13.3	-58.9
Other changes	-26.9	-13.9	1.1	-39.7
Gross loans 31.12.2020	**173.6**	**130.6**	**16.7**	**320.8**

	2019			
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2019	262.4	46.2	30.1	338.7
Transfer to stage 1	9.8	-9.3	-0.5	0.0
Transfer to stage 2	-28.1	28.3	-0.3	0.0
Transfer to stage 3	-5.2	-3.1	8.3	0.0
New loans	23.5	5.9	1.9	31.2
Derecognition	-39.5	-11.7	-18.6	-69.7
Other changes	4.2	0.6	1.1	6.0
Gross loans 31.12.2019	**227.2**	**56.9**	**22.1**	**306.3**

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

	2020			
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2020	27,841.6	1,598.7	102.2	29,542.5
Transfer to stage 1	280.0	-274.8	-5.1	0.0
Transfer to stage 2	-1,099.0	1,115.6	-16.6	0.0
Transfer to stage 3	-15.0	-40.5	55.5	0.0
New loans	11,299.0	826.6		12,125.6
Derecognition	-9,662.4	-578.6	-31.2	-10,272.2
Other changes	-539.5	-43.9	-0.8	-584.2
Gross loans 31.12.2020	**28,104.7**	**2,603.1**	**103.9**	**30,811.7**

(NOK million)	2019 Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2019	26,322.4	1,529.3	95.8	27,947.4
Transfer to stage 1	279.3	-279.3		0.0
Transfer to stage 2	-556.7	571.5	-14.8	0.0
Transfer to stage 3	-14.7	-38.9	53.7	0.0
New loans	11,135.1	351.2	1.7	11,487.9
Derecognition	-8,724.5	-495.2	-33.0	-9,252.8
Other changes	-599.1	-39.8	-1.1	-640.1
Gross loans 31.12.2019	**27,841.6**	**1,598.7**	**102.2**	**29,542.5**

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

(NOK million)	2020 Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2020	376.3	12.9		389.2
Transfer to stage 1	0.0	0.0		0.0
Transfer to stage 2	-5.4	5.4		0.0
Transfer to stage 3				
New guarantees and unused credits	487.5	45.1		532.7
Dereceognition	-200.3	-1.2		-201.4
Other changes	1.5	0.4		1.9
Gross loans 31.12.2020	**659.6**	**62.7**	**0.0**	**722.3**

(NOK million)	2019 Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2019	193.3	26.9		220.2
Transfer to stage 1				
Transfer to stage 2				
Transfer to stage 3				
New guarantees and unused credits	247.7	3.7		251.4
Dereceognition	-63.7	-17.6		-81.3
Other changes	-1.0	-0.2		-1.2
Gross loans 31.12.2019	**376.3**	**12.9**	**0.0**	**389.2**

CHANGE IN MAXIMUM EXPOSURE FOR GUARANTEES AND UNUSED CREDITS

(NOK million)	2020 Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2020	2,878.2	194.8	0.1	3,073.0
Transfer to stage 1	8.7	-8.7		0.0
Transfer to stage 2	-191.4	191.4		0.0
Transfer to stage 3	-0.3	-0.3	0.6	0.0
New guarantees and unused credits	290.3	14.4		304.7
Dereceognition	-397.4	-29.6		-427.0
Other changes	102.3	11.0	-0.6	112.7
Maximum exposure 31.12.2020	**2,690.4**	**373.1**	**0.0**	**3,063.4**

(NOK million)	2019 Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2019	3,252.2	110.8	0.1	3,363.1
Transfer to stage 1	36.8	-36.8		0.0
Transfer to stage 2	-130.6	130.6		0.0
Transfer to stage 3	-0.9	-0.5	1.4	0.0
New guarantees and unused credits	144.5	15.9		160.4
Dereceognition	-434.6	-20.1		-454.8
Other changes	10.8	-5.2	-1.3	4.3
Maximum exposure 31.12.2019	**2,878.2**	**194.8**	**0.1**	**3,073.0**

Note 26 - Loss provisions on loans, guarantees and unused credits

	2020			
(NOK million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions 01.01.2020	6.8	12.1	33.3	52.2
Transfer to stage 1 (12-month ECL)	0.5	-0.4	-0.1	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-3.3	3.7	-0.4	0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)		-0.3	0.3	0.0
Net remeasurement of loan losses	-0.4	7.8	4.9	12.3
New financial assets originated or purchased	3.3	3.0	1.4	7.7
Financial assets that have been derecognised	-0.9	-1.5	-2.0	-4.3
ECL changes of balances on financial assets without changes in stage in the period	3.0	4.8	2.5	10.4
Changes due to modification without any effect in derecognition				
Financial assets written off during the period		-0.2	-9.0	-9.2
Changes in models/risk parameters				
Foreign exchange and other changes				
Management overlay		7.0		7.0
Loan loss provisions 31.12.2020	**8.9**	**36.0**	**31.1**	**76.0**
Loan loss provisions on loans to customers valued at amortised cost	2.0	11.4	13.3	26.7
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	2.9	5.0	17.7	25.7
Loan loss provisions on guarantees and unused credit limits	4.0	19.6		23.6
Total loans loss provisions	**8.9**	**36.0**	**31.0**	**76.0**

SENSITIVITY

If the value of all mortgaged items had been 10% lower as of 31 December 2020 (with all else being equal), total write-downs would have increased by approximately 9%. Correspondingly, with a 10 percentage point higher loss given default (LGD) on unsecured credits (with all else being equal), total write-downs would have increased by approximately 10%.

(NOK million)	2019 Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions 01.01.2019	7.6	6.9	40.1	54.6
Transfer to stage 1 (12-month ECL)	1.8	-1.6	-0.2	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-0.8	1.0	-0.2	0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	-0.1	-0.2	0.3	0.0
Net remeasurement of loan losses	-1.4	6.3	6.0	10.9
New financial assets originated or purchased	0.6	0.8	1.0	2.3
Financial assets that have been derecognised	-1.1	-1.2	-2.0	-4.2
ECL changes of balances on financial assets without changes in stage in the period	0.2	0.3	-0.4	0.0
Changes due to modification without any effect in derecognition				
Financial assets written off during the period		-0.2	-11.3	-11.5
Changes in models/risk parameters				
Foreign exchange and other changes				
Loan loss provisions 31.12.2019	**6.8**	**12.1**	**33.3**	**52.2**
Loan loss provisions on loans to customers valued at amortised cost	1.7	3.0	13.3	18.1
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	1.0	1.4	20.0	22.3
Loan loss provisions on guarantees and unused credit limits	4.1	7.7		11.8
Total loans loss provisions	**6.8**	**12.1**	**33.3**	**52.2**

Periodical changes in individual impairments and expected credit loss on loans, loan commitments and guarantees are shown above. The periods realised losses are not included in the overview above.

Storebrand Bank Group has not any expected loan loss provisions related to loans to the central bank, credit institutions, commercial papers and bonds.

Note 27 - Distribution of loan loss provisions and exposure on secured and unsecured retail exposures

DISTRIBUTION OF LOAN LOSS PROVISIONS

(NOK million)	2020 Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	2.9	5.0	8.3	16.2
Unsecured retail exposures including credit cards exposures	6.0	31.0	13.3	50.3
Other exposures including SME exposures			9.5	9.5
Total loan loss provisions	**8.9**	**36.0**	**31.1**	**76.0**

(NOK million)	2019 Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	1.0	1.4	10.4	12.8
Unsecured retail exposures including credit cards exposures	5.8	10.7	13.4	29.9
Other exposures including SME exposures			9.6	9.6
Total loan loss provisions	**6.8**	**12.1**	**33.3**	**52.2**

DISTRIBUTION OF EXPOSURE INCL. UNUSED CREDIT LIMITS AND GUARANTEES

		2020		
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	30,626.1	2,718.7	82.1	33,426.9
Unsecured retail exposures including credit cards exposures	1,001.9	450.4	16.7	1,469.0
Other exposures including SME exposures	0.3	0.3	21.8	22.4
Total exposure	**31,628.3**	**3,169.4**	**120.6**	**34,918.3**

		2019		
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	30,080.0	1,630.4	80.4	31,790.8
Unsecured retail exposures including credit cards exposures	1,241.5	232.8	22.2	1,496.5
Other exposures including SME exposures	1.8		21.9	23.7
Total exposure	**31,323.3**	**1,863.3**	**124.4**	**33,311.0**

Note 28 - Intangible assets

(NOK million)	IT-systems	Book value 2020	Book value 2019
Acquisition cost at 01.01	160.6	160.6	146.6
Additions in the period:			
Purchased separately	9.1	9.1	29.6
Disposals in the period	-9.6	-9.6	-15.6
Acquisition cost at 31.12	**160.1**	**160.1**	**160.6**
Accumulated depreciation and write-downs at 01.01	76.4	76.4	70.3
Depreciation in the period (see note 13)	19.3	19.3	18.1
Disposals in the period	-7.4	-7.4	-15.4
Write-downs in the period (see note 13)	4.0	4.0	3.5
Accumulated depreciation and write-downs at 31.12	**92.2**	**92.2**	**76.4**
Book value at 31.12	**67.9**	**67.9**	**84.2**

Intangible assets are depreciated on a linear basis over periods from two to ten years.

IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc.
All capitalised expenses in respect of systems development relate to work carried out by external resources. The estimate of economic lifetime are reviewed annually.

Note 29 - Deposits from and due to customers

(NOK million)	2020 Book value	2019 Book value
Deposits from customers without agreed maturity	15,137.9	13,352.8
Term loans and deposits from customers with agreed maturity	368.5	1,051.5
Total deposits from customers	**15,506.4**	**14,404.3**

Deposits with agreed maturity relate to deposits for a contractually agreed period.
Deposits without agreed maturity relates to deposits with no fixed period where the customer has unrestricted access to the deposit.

DEPOSITS FROM CUSTOMERS PER SECTOR AND INDUSTRY CLASSIFICATION AND GEOGRAPHICAL DISTRIBUTION

(NOK million)	2020 Book value	2019 Book value
Sector and industry classification		
Development of building projects	24.1	31.1
Sale and operation of real estate	593.0	763.2
Service providers	792.7	859.8
Wage-earners	12,864.6	11,609.7
Other	1,232.1	1,140.5
Total	**15,506.4**	**14,404.3**
Geographic distribution		
Eastern Norway	11,765.3	10,556.9
Western Norway	1,927.9	1,774.9
Southern Norway	300.6	268.3
Mid-Norway	527.1	545.2
Northern Norway	654.0	600.4
Rest of world	331.4	658.6
Total	**15,506.4**	**14,404.3**

Note 30 - Hedge accounting

The Storebrand Bank Group has chosen IFRS 9 for hedge accounting. The Storebrand Bank Group's interest rate risk strategy is defined in the interest rate risk policy, which sets frameworks for limiting the company's interest rate risk exposure. The group uses fair value hedging to reduce the interest rate risk on borrowings with fixed interest terms. The risk that is hedged in accordance with the interest rate risk policy is Nibor. This entails that separate credit risk is not hedged by keeping the credit spread constant as when established. Hedged risk accounts for approximately 90% of the total interest rate risk exposure in the loans. Fair value hedging of the hedged item is interest rate hedged by entering into an interest rate swap in which we swap from fixed to variable interest to reduce the risk associated with future changes in interest rates. The hedging satisfies the requirements for hedge accounting at individual transaction level by a hedging instrument being directly linked to a hedged item and the hedging relationship being adequately documented.

All hedging relationships are established with an identical fixed interest profile, i.e. fixed interest, principal, coupon dates and maturity, both in the object and the instrument. The instrument swaps from fixed interest to variable interest quoted on Nibor three months. The fixed leg is between 2% to 5.05%. The hedging relationship is expected to be highly effective in counteracting the effect of changes in fair value due to changes in interest rates. Net recognised changes in value of fair value hedges are due to changes in value resulting from changed market interest rates, i.e. hedged risk. This is entered in the accounts under "Net unrealised changes in value of financial instruments". The hedging efficiency is measured based on the basic "Dollar Offset" method with regard to prospective efficiency.

Storebrand Bank has identified the following sources of inefficiency:
- Change in value of the short leg (Nibor 3 months).
- Credit risk for counterparty.

It is not expected that these factors will create significant inefficiency. No other sources of inefficiency were identified during the financial year.

	2020			2019		
	Contract/ nominal value	Fair value [1]		Contract/ nominal value	Fair value [1]	
(NOK million)	0-3 years	Assets	Liabilities	0-3 years	Assets	Liabilities
Interest rate swaps	284.0	7.2		500.0	7.2	
Total interest rate derivatives	284.0	7.2		500.0	7.2	
Total derivatives	**284.0**	**7.2**		**500.0**	**7.2**	

(NOK million)	Contract/ nominal value 0-3 years	Hedging value [1] Assets	Liabilities	Contract/ nominal value 0-3 years	Hedging value [1] Assets	Liabilities
Total underlying items	284.0		284.2	500.0		493.1
Hedging effectiveness - prospective			84.3 %			98.2 %

Gain/loss on fair value hedging: [2]

(NOK million)	2020 Gain/loss	2019 Gain/loss
On hedging instruments	7.5	-9.0
On items hedged	-6.8	15.4

1) Book value at 31.12.

2) Amounts included in the line "Net change in fair value and gain/loss on financial liabilites".

Note 31 - Provisions

	Provisions for restructuring	
(NOK million)	2020	2019
Provisions 01.01.		0.1
Provisions during the period	0.9	
Provisions used during the period		-0.1
Total provisions 31.12.	**0.9**	**0.0**

This provision is related to the cost reduction program in Storebrand and mainly concerns costs related to headcount reductions. The provision has been considered in accordance with IAS 37, and the restructuring plan has been announced to all parties affected by the changes.

Note 32 - Other liabilities

(NOK million)	2020 Book value	2019 Book value
Money transfers	14.8	7.3
Accrued expenses and prepaid income	18.1	12.1
Accounts payable	4.2	3.7
Other debt	42.9	31.2
Total other liabilities	**80.0**	**54.2**

Note 33 - Off balance sheet liabilities and contingent liabilities

(NOK million)	2020	2019
Guarantees	0.3	1.5
Undrawn credit limits	3,063.2	3,071.6
Loan commitments retail market	2,961.7	1,466.3
Total contingent liabilities	**6,025.1**	**4,539.3**

Guarantees are mainly payment guarantees and contract guarantees. See also note 5. Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages.

Note 34 - Collateral

The banking group has not received or issued any collateral except securities pledged as collateral in Norges Bank and in other credit institutions (see the tabel below).

COLLATERAL AND SECURITY PLEDGED

(NOK million)	2020	2019
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	1,702.8	903.6
Booked value of securities pledged as collateral in other financial institutions	150.7	151.1
Total	**1,853.5**	**1,054.8**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank.

LOAN SECURITY AT STOREBRAND BOLIGKREDITT AS

Of the total lending of NOK 31.5 billion in the bank group, NOK 21.1 billion is loans in Storebrand Boligkreditt AS. The loans in Storebrand Boligkreditt AS have been mortgaged in connection with the issuing of covered bonds (covered bond rate) in Storebrand Boligkreditt AS. Storebrand Boligkreditt AS has over-collateralisation (OC) of 16 per cent. The company must maintain the applicable OC that the rating agency requires if the company wishes to retain the current AAA rating. At the end of 2020 the requirement was 9.13 per cent. The statutory OC is 2 per cent. Through commitments from previous prospectuses for covered bond issues, the company is obligated to maintain OC of up to 9.5 per cent until these securities mature. Storebrand Boligkreditt AS has security that is NOK 1.3 billion more than what the present rating requires. Storebrand Bank ASA therefore considers the security to be adequate.

Note 35 - Capital adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. Profit for the year has been added to net primary capital.

NET PRIMARY CAPITAL

(NOK million)	2020	2019
Share capital	960.6	960.6
Other equity	1,578.4	1,438.7
Total equity	**2,539.0**	**2,399.2**
Additional Tier 1 capital included in total equity	-225.0	-225.0
Accrued interest on capital instruments included in total equity	-0.7	-0.9
Total equity included in Core Equity Tier 1 (CET1)	**2,313.3**	**2,173.3**
Deductions:		
AVA adjustments	-36.1	-33.4
Intangible assets	-67.9	-84.2
Provision for group contribution to Storebrand ASA	-80.0	-183.5
Addition:		
Group contribution received from Storebrand ASA		184.0
Core Equity Tier 1 (CET1)	**2,129.4**	**2,056.2**
Additional Tier 1 capital:		
Capital instruments eligible as Tier 1 capital	225.0	225.0
Addition		
Tier 1 capital	**2,354.4**	**2,281.2**
Tier 2 capital		
Subordinated loans	275.0	275.0
Tier 2 capital deductions		
Eligible capital (Tier 1 capital + Tier 2 capital)	**2,629.4**	**2,556.2**

MINIMUM CAPITAL REQUIREMENT

(NOK million)	2020	2019
Credit risk	1,033.1	950.6
Of which:		
Local and regional authorities	1.2	1.4
Institutions	1.7	0.7
Loans secured in residential real estate *	889.2	836.0
Retail market	46.7	52.8
Loans past-due	13.5	15.7
Covered bonds	44.1	23.4
Other	36.6	20.7
Total minimum requirement for credit risk	**1,033.1**	**950.6**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	77.8	77.8
CVA risk	15.1	12.7
Deductions		
Minimum requirement for net primary capital	**1,126.0**	**1,041.2**

*According to the Capital Requirements Regulation (CRR), exposures to corporates are secured lending transactions where real estate is used as collateral.

CAPITAL ADEQUACY

	2020	2019
Capital ratio	18.7 %	19.6 %
Tier 1 capital ratio	16.7 %	16.7 %
Core equity Tier 1 (CET1) capital ratio	15.1 %	15.8 %

The standard method is used for credit risk and market risk and the basis method is used for operational risk. Total requirement to Core Equity Tier 1 (CET1) and eligible capital (Tier 1 capital + Tier 2 capital) are 12,3 per cent and 15.8 per cent. As of 31 March 2020, the Pilar 2 requirement for Storebrand Bank is 1.3 per cent of the risk-weihgted volume.

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

(NOK million)	2020	2019
Credit risk	12,913.4	11,883.0
Of which:		
Local and regional authorities	15.6	16.9
Institutions	21.3	9.0
Loans secured in residential real estate *	11,115.5	10,449.9
Retail market	583.2	659.4
Loans past-due	168.7	195.9
Covered bonds	551.2	292.7
Other	457.8	259.2
Total minimum requirement for credit risk	**12,913.4**	**11,883.0**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	973.0	973.0
CVA risk	189.1	158.4
Deductions		
Minimum requirement for net primary capital	**14,075.5**	**13,014.4**

*According to the Capital Requirements Regulation (CRR), exposures to corporates are secured lending transactions where real estate is used as collateral.

Note 36 - Changes in the Group's composition

Storebrand Bank ASA purchased 100 per cent of the shares in Storebrand Finansiell Rådgivning AS from its sister company Storebrand Livsforsikring AS in September 2002. Storebrand Bank ASA and Storebrand Finansiell Rådgivning AS were later merged through a parent-subsidiary merger. For further information, see Note 3, as well as Note 3 for Storebrand Bank ASA.

Note 37 - Related parties

TRANSACTIONS WITH GROUP COMPANIES

(NOK million)	2020 Other group companies [1]	2019 Other group companies [1]
Interest income		
Interest expense		
Services sold	7.0	2.6
Services purchased	97.9	75.2
Due from	4.3	119.3
Liabilities to	5.2	93.6

Transactions with group companies are based on the principle of transactions at arm's length.

1) Other group companies are companies in other sub-groups within the Storebrand group.

LOANS SOLD TO STOREBRAND LIVSFORSIKRING AS

Storebrand Bank ASA has sold mortgages to sister company Storebrand Livsforsikring AS. In 2020, there has been sold loans of total NOK 5.2 billion. The home mortgage portfolio managed on behalf of Storebrand Livsforsikring AS as of 31.12.2020 is NOK 17.7 billion. As the buyer, Storebrand Livsforsikring AS, has acquired both cash flows and most of the risk and control. The loans were therefore derecognised in the bank's balance sheet in accordance with IFRS 9. Storebrand Bank ASA receives management fees for the work being done with the sold portfolio. The bank has recognised NOK 68.9 million as revenue in the accounts for 2020.

OTHER RELATED PARTIES

Storebrand Bank ASA conducts transactions with related parties as part of its normal business activities.
The terms for transactions with senior employees and related parties are stipulated in notes 40 for Storebrand Bank ASA.

LOANS TO EMPLOYEES

(NOK million)	2020	2019
Loans to employees of Storebrand Bank ASA	275.4	78.4
Loans to employees of Storebrand group excl. Storebrand Bank ASA	1,522.4	1,351.1

Employees can borrow up to NOK 7.0 million at subsidised interest rates. This rate is presently 1.19% p.a. Excess loan amounts are in accordance with market terms.

NUMBER OF EMPLOYEES

	2020	2019
Number of employees at 31 December	168	106
Number of employees expressed as full-time equivalent positions	168	105

The increase in the number of employees is due to the merger of Storebrand Bank ASA and Storebrand Finansiell Rådgivning AS in 2020.

Storebrand Bank ASA
Income statement
1 January - 31 December

(NOK million)	Note	2020	2019
Interest income and similar income			
Interest income calculated by using the effective interest method		315.2	376.2
Other interest income		76.9	86.8
Total interest income and similar income	**12**	**392.1**	**463.0**
Interest expenses and similar expenses			
Interest expenses calculated by using the effective interest method		-136.4	-176.1
Other interest expenses		-27.2	-16.0
Total interest expenses and similar expenses	**12**	**-163.6**	**-192.1**
Net interest income	**12**	**228.5**	**270.9**
Fee and commission income from banking services	13	197.4	197.5
Fee and commission expense for banking services	13	-17.3	-16.6
Dividends and other income from equity instruments			
Income fra shares, units and other equity instruments		10.2	2.1
Income from ownership in associated companies and joint ventures			
Income from ownership interests in group companies	21	69.8	80.3
Total dividends and other income from equity instruments		**80.0**	**82.4**
Net change in fair value and gain/loss on foreign exchange and financial instruments			
Net change in fair value and gain/loss on loans to customers		21.3	1.6
Net change in fair value and gain/loss on interest bearing securities		10.4	12.4
Net change in fair value and gain/loss on equity instruments		-6.9	3.3
Net change in fair value and gain/loss on financial liabilites (except of derivatives)		-8.8	-0.9
Net change in fair value and gain/loss on foreign exchange and derivatives		5.5	17.2
Net change in fair value and gain/loss on guarantees			
Total net change in fair value and gain/loss on foreign exchange and financial instruments	**12**	**21.5**	**33.6**
Other operating income	14	18.7	
Staff expenses	16	-114.5	-87.3
Other operating cost	16	-188.8	-160.3
Depreciation and impairment of non-financial assets			
Depreciation	31	-19.3	-18.1
Impairment	31	-4.0	-3.5
Total depreciation and impairment of non-financial assets		**-23.2**	**-21.5**

Storebrand Bank ASA
Income statement continues

(NOK million)	Note	2020	2019
Credit loss on loans, guarantees etc. and interest-bearing secuirities			
Credit loss on loans valued at amortised cost or fair value with change in value through other comprehensive income		-22.9	-14.1
Credit loss on loans valued at fair value through profit and loss			
Credit loss on guarantees and unused credit facilites which not are valued at fair value through profit and loss		-11.8	-3.9
Credit loss on guarantees and unused credit facilites valued at fair value through profit and loss			
Credit loss on interest bearing securities valued at amortised cost or fair value with change in value through other comprehensive income			
Credit loss on interest bearing securities valued at fair value through profit and loss			
Total credit loss on loans, guarantees and interest-bearing securities	18	**-34.7**	**-18.0**
Profit before tax for continued operations		**167.4**	**280.7**
Tax on profit from continued operations	19	-38.1	-67.9
Profit incl. tax from continued operations		**129.3**	**212.8**
Profit incl, tax from discontinued operations'			
Profit before other comprehensive income		**129.3**	**212.8**
Other comprehensive income			
Other income and expenses not to be reclassified to profit/loss			
Changes in estimates related to defined benefit pension plans		-0.2	-1.9
Other income and expenses			
Tax on other income and expenses not to be reclassified to profit/loss			0.5
Other income and expenses that may be reclassified to profit/loss			
Other income and expenses			3.5
Tax on other income and expenses that may be reclassified to profit/loss			-0.9
Total other income and expenses		**-0.1**	**1.2**
Total comprehensive income for the period		**129.2**	**214.1**
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders		119.2	202.5
Portion attributable to additional Tier 1 capital holders		10.0	11.6
Total comprehensive income for the period		**129.2**	**214.1**

Storebrand Bank ASA
Statement of financial position
31 December

ASSETS

(NOK million)	Note	2020	2019
Cash and deposits with central banks	6, 20	49.5	280.2
Loans to and deposits with credit institutions	6,10, 20	1,807.7	4,501.5
Loans to customers at fair value	6, 10, 20, 28, 29 ,30	10,442.8	9,506.1
Loans to customers at amortised cost	6, 10, 20, 28, 29, 30	294.1	288.2
Interest-bearing securities at fair value	6, 10, 20, 22, 25	5,327.9	3,188.0
Interest-bearing securities at amortised cost	6, 10, 20, 23	3,235.7	1,094.4
Derivatives	6, 10, 20, 26, 34	73.5	57.8
Equity instruments	10, 20, 24	41.7	46.1
Ownership interests in group companies	21	1,510.9	1,456.5
Intangible assets	31	67.9	84.2
Deferred tax assets	19	8.5	
Other current assets	20, 32	100.5	289.4
Total assets		**22,960.8**	**20,792.3**

Storebrand Bank ASA
Statement of financial position
31 December

LIABILITIES AND EQUITY

(NOK million)	Note	2020	2019
Loans and deposits from credit institutions	7, 10, 20, 25	1,653.3	445.7
Deposits from and due to customers	10, 20, 33	15,506.3	14,404.3
Debt securities issued	7, 10, 20,34	2,821.5	2,887.1
Derivatives	7, 10, 20, 26, 34	77.8	62.5
Other current liabilities	7, 20, 36	209.7	367.1
Pensions	17	4.7	5.6
Tax payable	19		
Deferred tax	19		0.4
Provisions for guarantees and unused credit facilities	29	23.6	11.8
Other provisions	35	0.9	
Subordinated loans	7, 10, 20	275.6	276.0
Total liabilities		**20,573.4**	**18,460.6**
Share capital		960.6	960.6
Share premium		156.0	156.0
Other paid in equity		899.6	899.6
Total paid in equity		2,016.2	2,016.2
Other equity		145.5	89.5
Total retained earnings		145.5	89.5
Additional Tier 1 capital		225.7	225.9
Total equity	**35**	**2,387.4**	**2,331.7**
Total liabilities and equity		**22,960.8**	**20,792.3**

Lysaker, 9 February 2021
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret
Chairman

Karin Greve-Isdahl
Board Member

Leif Helmich Pedersen
Board Member

Jan Birger Penne
Board Member

Gro Opsanger Rebbestad
Board Member

Kenneth Holand
Board Member

Maria Skotnes
Board Member

Camilla Leikvoll
CEO

Storebrand Bank ASA
Statement of changes in equity

	Paid in equity				Other equity			
(NOK million)	Share capital	Share premium	Other paid in equity	Total paid in equity	Other equity	Total retained earnings	Additional Tier 1 capital	Total equity
Equity at 31.12.2018	960.6	156.0	715.6	1,832.2	67.6	67.6	176.0	2,075.8
Profit for the period					201.3	201.3	11.6	212.8
Changes in estimates related to defined benefit pension plans					-1.4	-1.4		-1.4
Total other income and expenses not to be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**-1.4**	**-1.4**	**0.0**	**-1.4**
Other income and expenses					2.6	2.6		2.6
Total other income and expenses that may be classified to profit/loss					**2.6**	**2.6**	**0.0**	**2.6**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**202.5**	**202.5**	**11.6**	**214.1**
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.9	2.9	50.0	52.9
Payment to additional Tier 1 holders							-11.6	-11.6
Group contribution received			184.0	184.0				184.0
Provision for group contribution					-183.5	-183.5		-183.5
Equity at 31.12.2019	**960.6**	**156.0**	**899.6**	**2,016.2**	**89.5**	**89.5**	**225.9**	**2,331.7**
Profit for the period					119.3	119.3	10.0	129.3
Changes in estimates related to defined benefit pension plans (see note 17)					-0.1	-0.1		-0.1
Total other income and expenses not to be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**-0.1**	**-0.1**	**0.0**	**-0.1**
Other income and expenses								0.0
Total other income and expenses that may be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**		**0.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**119.2**	**119.2**	**10.0**	**129.2**
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.5	2.5		2.5
Payment to additional Tier 1 holders							-10.3	-10.3
Provision for group contribution					-65.7	-65.7		-65.7
Equity at 31.12.2020	**960.6**	**156.0**	**899.6**	**2,016.2**	**145.5**	**145.5**	**225.7**	**2,387.4**

The entire share capital of NOK 960.6 million made up of 64,037,183 shares (of nominal value NOK 15) is owned by Storebrand ASA.

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly to total comprehensive income. Share capital, the share premium reserve and other equity is evaluated and managed together. The share premium and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

Storebrand Bank ASA actively manages the level of equity in the company and the group. The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver. The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new capital, this must be issued by the holding company Storebrand ASA.

Storebrand Bank ASA is a financial group subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Bank ASA, these legal requirements are most important in its capital management.

For further information on the group's fulfilment of the capital requirements, see note 39.

Storebrand Bank ASA
Statement of Cash flow
1 January - 31 December

(NOK million)	Note	2020	2019
Cash flow from operating activities			
Receipts of interest, commissions and fees from customers		509.8	558.0
Payments of interest, commissions and fees to customers		-102.1	-115.2
Net disbursement/payments on customer loans		-937.9	187.9
Net receipts/payments of deposits from banking customers		1,102.0	-16.8
Net receipts/payments - securities		-4,191.0	696.3
Payments of operating costs		-294.9	-254.9
Net cash flow from operating activities		**-3,914.0**	**1,055.3**
Cash flow from investing activities			
Net receipts on sale of subsidiaries and associated companies			1.9
Net payments on purchase/capitalisation of subsidiaries	4	-18.8	
Net payments on purchase/sale of fixed assets etc.	31	-6.9	-29.4
Net cash flow from investing activities		**-25.7**	**-27.5**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt	7	-815.0	-1,500.0
Receipts - new loans and issuing of bond debt	7	750.0	1,500.0
Payments - interest on debt securities issued		-65.5	-96.6
Receipts - subordinated loans			125.0
Payments - repayments of subordinated loans			-125.0
Payments - interest on subordinated loans		-7.8	-10.1
Receipts - Tier 1 capital			125.0
Payments - repayments of Tier 1 capital			-75.0
Payments - interest on additional Tier 1 capital		-10.3	-11.6
Net receipts/payments of liabilities to credit institutions	7	1,206.2	443.2
Receipts - group contribution		264.3	134.1
Payments - group contribution / dividends		-306.6	-202.9
Net cash flow from financing activities		**1,015.3**	**306.1**
Net cash flow in the period		**-2,924.4**	**1,333.9**
Cash and bank deposits at the start of the period		4,781.6	3,447.7
Cash and bank deposits at the end of the period		**1,857.2**	**4,781.6**
Cash and deposits with central banks		49.5	280.2
Loans to and deposits with credit institutions		1,807.7	4,501.5
Total cash and bank deposits in the balance sheet		**1,857.2**	**4,781.6**

The cash flow analysis shows the group's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

OPERATING ACTIVITIES
A substantial part of the activities in a financial group will be classified as operational.

INVESTING ACTIVITIES
Includes cash flows for holdings in group companies and tangible fixed assets.

FINANCING ACTIVITIES
Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the group's activities. Payments of interest on borrowing and payments of group contribution are financial activities.

CASH/CASH EQUIVALENTS
Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions.
See note 37 for information regarding undrawn credit limits.

Notes
Storebrand Bank ASA

Note 1 - Company information and accounting policies

1. COMPANY INFORMATION

Storebrand Bank AS is a Norwegian public limited company with bonds listed on the Oslo Stock Exchange. The company's 2020 financial statements were approved by the Board of Directors on 9 February 2021.

Storebrand Bank ASA is a web-based bank that offers traditional bank products to the Norwegian retail market. The bank's main target group is persons who have an occupational pension with Storebrand. These customers are also members of the Group's loyalty programme, Storebrand Fordel. The bank's services are also integrated with the Group's loyalty programme. Storebrand Bank ASA is headquartered at Professor Kohts vei 9, Lysaker.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the company's financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

Storebrand Bank ASA's financial statements are prepared in accordance with the annual accounts regulations of banks, mortgage and finance companies § 1-4, 2nd paragraph b), as well as other Norwegian disclosure requirements laid down in legislation and regulations. This means that measurement and recognition are fully in accordance with IFRS, with the exception that the board's proposed dividends and group contributions are recognised as debt on the balance sheet date. The annual accounts regulations were amended with effect from 1 January 2020 and do not entail any changes in recognition or measurement, but the layout plan has been changed. This also applies to the presentation of the comparative figures.

USE OF ESTIMATES IN PREPARING THE ANNUAL FINANCIAL STATEMENTS.
The preparation of the annual financial statements in accordance with legislation and regulations requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL STATEMENT OF FINANCIAL POSITION ITEMS

The assets side of the company's statement of financial position primarily consists of financial instruments. Loans with variable interest are measured at fair value with the change in value through other income and costs (OCI), while loans with fixed interest are measured at fair value though profit or loss. Interest-bearing securities are measured at amortised cost or fair value through profit or loss. Shares and derivatives are measured at fair value through profit or loss. Other financial instruments are measured at amortised cost. Intangible assets are also included on the balance sheet. Intangible assets are measured at cost minus any depreciation and are tested for impairment at least once a year. The liabilities side primarily consists of financial instruments (liabilities).

The accounting policies are described in more detail below.

4. CHANGES IN ACCOUNTING POLICIES

No new accounting standards were implemented in 2020 that have had a significant impact on the company or consolidated financial statements for Storebrand Bank ASA. For changes to estimates, see the detailed overview on this in Note 2.

No new standards or changes to standards had not come into effect when the 2020 financial statements were prepared.

5. BUSINESS COMBINATIONS

The acquisition method is applied when accounting for acquisition of businesses. The consideration is measured at fair value. The direct acquisition expenses are recognised when they arise, with the exception of expenses related to raising debt or equity (new issues).

When making investments, a decision is made as to whether the purchase constitutes the acquisition of a business pursuant to IFRS 3. When such acquisitions are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 Business Combinations is not applied, and a provision is not set aside for deferred tax as would have occurred in a business combination.

6. INCOME RECOGNITION

NET INTEREST INCOME

Income recognition of interest according to the effective interest method is used for interest-bearing balance sheet items that are valued at amortised cost and balance sheet items that are valued at fair value through other income and costs. The effective interest rate is the interest rate that causes the present value of future cash flows within the loan's expected term to be equal to the book value of the loan on initial recognition. Cash flows include start-up fees, as well as any residual value at the end of the expected term. Interest income on commitments that are credit impaired is calculated using the effective interest rate on impaired value. Interest income on commitments that have not been impaired by credit is calculated using the effective interest rate on gross amortised cost (amortised cost before provision for expected losses).

For interest-bearing balance sheet items that are valued at fair value through profit or loss, interest income is recognised based on nominal interest.

OTHER INCOME

Fees are recognised when the income can be measured reliably and earned, fixed fees are recognised as income in line with delivery of the service, and performance fees are recognised as income once the success criteria have been met.

7. INTANGIBLE ASSETS

Intangible assets with limited useful economic lives are measured at the acquisition cost less accumulated depreciation and any write-downs. The depreciation period and method are assessed annually. If new intangible assets are carried it must be possible to prove that it is likely that future financial benefits that can be attributed to the asset will pass to the company. In addition, it must be possible to estimate the cost price of the asset in a reliable manner. Impairment needs are assessed when there are indications of impairment in value, normally by testing the associated cash-generating unit(s). Otherwise, impairment of intangible assets and reversal of impairment will be handled in the same manner as described for tangible fixed assets.

8. FINANCIAL INSTRUMENTS

8-1. GENERAL POLICIES AND DEFINITIONS

RECOGNITION AND DERECOGNITION

Financial assets and liabilities are recognised on the trading day, i.e. the date on which the Storebrand Bank ASA becomes party to the instruments' contractual terms. Ordinary purchases and sales of financial assets are booked on the transaction date and financial liabilities are booked on the settlement date. When a financial asset or a financial liability is initially recognised, it is measured at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a financial liability at fair value through profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the rights to the cash flows from the asset are transferred such that essentially all the risks and returns relating to ownership of the asset are transferred.

Financial liabilities are derecognised when the contractual terms have been fulfilled, cancelled or expired.

MODIFIED ASSETS AND LIABILITIES

If the terms of an existing financial asset or obligation are modified or changed, the instrument is treated as a new financial asset if the renegotiated terms are substantially different from the previous terms. If the terms are substantially different, the old financial asset or liability is derecognised and a new financial asset or liability is recognised. In general, a loan is considered to be a new financial asset if new loan documentation is issued and a new credit approval process is undertaken, resulting in new loan terms and conditions.

If the modified instrument is not considered to be substantially different from the existing instrument, the instrument is treated as a continuation of the existing instrument in terms of accounting. In the event of modification that is treated as a continuation of the existing instrument in the accounts, the new cash flows are discounted with the instrument's original effective interest rate, and any difference compared with the existing book value is recognised in the income statement.

FAIR VALUE

Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If a market for a financial instrument is not active, fair value is determined by using recognised valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties, where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market for pricing the instrument and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

When calculating the fair value of loans, the current market rate on similar loans is used. Changes in credit risk are taken into account.

IMPAIRMENT OF FINANCIAL ASSETS

According to IFRS 9, loan loss provisions are recognised on the basis of expected credit loss (ECL). The general model for impairments is used for financial assets that are measured at amortised cost or at fair value through other comprehensive income and for which no losses were determined at initial recognition. Loan commitments, financial guarantee contracts not measured at fair value through profit or loss, and lease receivables are also encompassed by the general model for impairments. The measurement of the provision for expected loss in the general model depends on whether the credit risk has increased significantly since initial recognition. On initial recognition and when the credit risk has not increased significantly since initial recognition, provisions must be made for the 12-month expected losses. The 12-month expected loss is the loss that is expected to occur over the lifetime of the instrument, but that can be linked to events occurring during the initial 12 months. If the credit risk has increased significantly since initial recognition, a loss provision must be made for expected losses over the full lifetime of the instrument. The expected credit losses are calculated on the basis of the present value of all cash flows over the remaining life expectancy, i.e. the difference between the contractual cash flows according to the contract and the cash flows expected to be received, minus the effective interest on the instrument.

Separate principles for impairment are used for issued loans, including renegotiated, loans that are treated as new, and bought loans where there is accrued credit loss on initial recognition in the balance sheet. For these, an effective interest rate will be calculated that takes into account expected credit losses, and in the event of any changes in expected cash flows, the change will be discounted with the originally set effective interest rate and recognised in the income statement. For these assets, there is thus no need to monitor whether there has been a substantial increase in credit risk after initial recognition, as the expected losses over the entire lifetime are taken into account.

For accounts receivables without a significant financing component, a simplified model will be used. For these, provisions will be made for expected loss over the entire lifetime from initial recognition. Storebrand Bank ASA has also chosen to use the simplified model as the accounting policy for accounts receivables with a significant financing component and lease receivables.

8-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

FINANCIAL ASSETS ARE CLASSIFIED AND MEASURED INTO ONE OF THE FOLLOWING CATEGORIES:

- Financial assets measured at amortised cost.
- Financial assets measured at fair value with change in value through other income and costs with a reclassification of accumulated gains and losses for the profit or loss.
- Financial assets measured at fair value through profit or loss.

FINANCIAL ASSETS CLASSIFIED AND MEASURED AT AMORTISED COST

A financial asset is classified and measured at amortised cost if it is:

- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates.

Financial assets measured at amortised cost are recognised at amortised cost using the effective interest method.

FINANCIAL ASSETS CLASSIFIED AND MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, WITH A RECLASSIFICATION OF ACCUMULATED GAINS AND LOSSES FOR THE PROFIT OR LOSS

A significant share of the Storebrand Bank ASAs financial instruments are classified under the category of fair value through other comprehensive income (OCI). A financial asset is classified and measured at fair value through other comprehensive income if the following condition is met:

- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates and for sale.

Financial assets in this category are recognised at fair value with change in value through other comprehensive income. For realisation of the instrument, accumulated changes in value from other comprehensive income are reclassified for the profit or loss. Associated interest income, foreign currency translation differences and any impairments are recognised in the ordinary profit or loss.

FINANCIAL ASSETS CLASSIFIED AND MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Storebrand Bank ASA has financial instruments that are classified under the category of fair value through profit or loss for the following reasons:

- the financial assets are included in a portfolio that is continuously measured and reported at fair value,
- the financial assets have cash flows generated not only by interest and instalments on the principal, or that
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities.

Interest income is recognised as income based on nominal interest, while other changes in value are presented as "Net change in value and gains / losses on currency and financial instruments".

Classification of financial instruments follows from note 20.

8-3. IMPAIRMENT - GENERAL METHOD

In order to estimate expected credit loss, models have been developed to calculate three indicators: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These models have been derived from similar models used for internal assessments of capital needs. The models used for IFRS 9 purposes are based on the current macroeconomic situation and forecasts, and the models for PD, LGD and EAD are thus point in time (PIT) models, as opposed to through the cycle (TTC) models, which are used for capital needs purposes. The risk parameters in IFRS 9 have also been calibrated to be more forward-looking. Since the future is always uncertain, different future scenarios are used to compute PD, LGD and EAD for the bank's financial instruments. The various future scenarios have different weights determined by their position in the economic cycle and the forecasts of future events and economic conditions. The final expected credit loss per financial instrument will be a weighted average of the expected credit losses in the various scenarios. Total expected credit loss for the portfolio is the sum of the weighted credit losses per financial instrument.

In the PD model, financial circumstances are a significant predictor, combined with behavioural data on the individual customer. The model is a statistical model based on logistic regression. Loan-to-value ratio is a significant factor in the LGD model. For EAD, the most significant factors are loan size for downpayment loans and credit limit for lines of credit. The models are validated annually.

Forecasts affect the PD and LGD estimates in particular.

Storebrand Bank uses future scenarios to calculate expected credit losses. Storebrand Bank bases its future scenarios on the future scenarios presented by Norges Bank in its Financial Stability Report and assessments by Statistics Norway. The scenarios build on the current macroeconomic situation, economic forecasts, and the impact the macroeconomic situation is expected to have on the credit risk of the bank's financial instruments. These expectations affect the probability of default, exposure at default, and loss given default.

Probability of default is affected by unemployment, wage growth and interest rates, among others. Higher unemployment and interest rates result in weaker capacity to service debt in the portfolio, and lower wage growth also entails weaker capacity to service debt and thus increased probability of default. Macrovariables will have different effects on the risk parameters, and the impact will vary significantly for the individual customers in the portfolio. Average PD will increase during periods of economic downturn.

Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD. For many financial instruments, the losses will be very small, given the existing market prices. The increase in loss given default as a result of falling house prices is greater than the reduction in loss given default when house prices are rising. Nonlinearities in expected credit loss are taken into account by estimating expected credit loss in a variety of scenarios.

Stress tests and sensitivity tests are used in the assessment of expected credit loss. Sensitivity assessments of stage migration are carried out by assessing the change in expected credit losses if certain commitments migrate from stage 1 to stage 2. Sensitivity analyses are carried out in ICAAP on a regular basis.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macrovariables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

DEFINITION OF DEFAULT

A facility/account is considered to be in default if the repayment instalments and/or interest on the loan is overdue by more than 90 days or credit limits have been overdrawn for more than 90 days and the amount is not insignificant. The threshold for what is considered a significant amount is NOK 2,000.

A facility/account is also considered to be in default if individual impairments are recorded on the commitment, cf. the section on the definition of credit loss.

Storebrand Bank assesses default at the account/facility level for retail customers.

For corporate customers, default is assessed at the customer level. In the corporate market, the entire customer relationship is regarded as being in default if one facility or account is in default.

The definition of default is in accordance with internal credit risk assessments, credit risk models and reporting. The credit risk models have been developed at the facility/account level in the retail market.

DEFINITION OF CREDIT LOSS

Credit loss is a loss that arises from a credit risk where the loss is the difference between the value of the contractual cash flow and the expected cash flow discounted by the original effective interest rate.

The expected credit loss is the difference between the present value of the contractual cash flow and the expected probability-weighted cash flow.

An expected credit loss is estimated either by means of an individual assessment (individual impairment) or by using statistical models (model-based impairment) to calculate the expected probability-weighted cash flow.

An individual assessment with subsequent booking of individual impairments is carried out for commitments with objective evidence of loss and that the loss reduces the future cash flows of the commitment. Individually assessed commitments are moved to stage 3 (see a more detailed description of stage 3 below). Objective loss incidents can be significant financial problems involving a debtor, defaults, debt and/or bankruptcy proceedings for the debtor, or that this is probable, or forbearance caused by financial problems. The calculation of cash flow and the impairments are assessed based on the expected values.

For other commitments, expected credit loss is estimated using model-based impairment. The commitments are divided into different stages (see the section below on calculating expected credit loss). Model-based impairment depends on the stage to which the commitment belongs, parameter estimates for PD, EAD, LGD and expected maturity

CALCULATING EXPECTED CREDIT LOSSES

The classification and changing of stages are described below.

Stage 1

The starting point for all financial assets is stage 1. Stage 1 encompasses all financial assets that do not have substantially higher credit risk than at initial recognition. Financial assets with low credit risk will always be in stage 1. A low credit risk includes facilities/accounts in the retail market with a 12 month probability of default of less than 0.75%. For corporate market commitments, a low credit risk is defined as a 12 month probability of default at customer level of less than 0.75%. In stage 1, expected credit loss is calculated over 12 months.

Stage 2

Stage 2 consists of financial assets where there has been a significant increase in credit risk since initial recognition, but that are not in default or where there is objective evidence of loss. For financial assets in stage 2, expected credit loss is calculated over the expected term of the loan. The expected term deviates from the contractual term and is estimated on the basis of historically observed performance.

Stage 3

Stage 3 includes financial assets that are in default and/or which have objective evidence of loss. For commitments that have objective evidence of loss, an assessment of whether there must be individual impairment is carried out. For other commitments without individual impairment, the expected credit loss is calculated over the expected maturity of the asset.

Migrating to a lower stage

A commitment that no longer meets the criterion for stage 2 is moved to stage 1. The risk models ensure that there has been a sufficiently long period of payment before reducing and returning the risk to stage 1. A commitment in stage 3 can be moved both to stage 2, if stage 2 criteria are met, or directly to stage 1 once the criteria for stage 3 are no longer met.

SUBSTANTIAL INCREASE IN CREDIT RISK

Substantial increase in credit risk is assessed on the basis of the financial instrument's probability of default at the time of measurement compared with initial recognition. The assessment is based on both changes in probability of default during the expected lifetime and changes in probability of default in the next 12 months. The assessments are based on absolute changes and relative changes. A criterion for relative change is a doubling of the probability of default over the expected maturity of the asset, and absolute change is an increase of 1.5 percentage points in the probability of default over the next 12 months. Both assessments are made at the time of measurement in relation to the time of initial recognition.

Commitments for which scheduled payment is overdue by 30 days or more are assessed, irrespective of whether this has caused a significant increase in the credit risk. The same applies to loans for which temporary postponement of payment has been granted (forbearance).

EXPECTED MATURITY

Expected maturity is estimated for various financial instruments. Expected maturity is significant because for commitments with a substantial increase in credit risk, including defaulted financial commitments, i.e. commitments in stage 2 and stage 3, expected credit loss shall be calculated over the expected maturity of the commitments. The overall probability of default increases over the time horizon being measured, and the expected credit loss over the expected maturity of the commitment is therefore higher than the expected credit loss over one year, provided that the loan's remaining expected maturity is more than 12 months.

Expected maturity is calculated for different products. Expected maturity is estimated at around five years for downpayment loans and six years for lines of credit. The expected maturity at the time of loan approval is estimated at 9 years for credit cards and 9 years for credit accounts. Expected maturity is also contractual maturity for top-up loans (loan share greater than LTV of 70%), building credit and bridging loans. Expected maturity is reassessed and validated regularly.

For ongoing commitments, expected maturity is adjusted by a maturity coefficient:
The maturity coefficient is the ratio of expected maturity to contractual maturity. The remaining expected maturity is the expected maturity of the product multiplied by the maturity coefficient.

CATEGORISATION INTO PORTFOLIOS

The retail market portfolio is divided into:

i) Housing loans and housing credit
ii) Credit cards
iii) Other credits

The corporate portfolio is not further categorised, and the assessment is done manually (regardless of stage).

8-4. DERIVATIVES

Derivatives that do not meet the criteria for hedging are classified and measured at fair value through profit or loss. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

8-5. HEDGE ACCOUNTING

FAIR VALUE HEDGING

Storebrand Bank ASA uses fair value hedging. The items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss.

8-6. FINANCIAL LIABILITIES

Following initial recognition, all financial liabilities are measured at amortised cost using an effective interest method.

9. PENSION LIABILITIES FOR OWN EMPLOYEES

The employees of Storebrand Bank ASA have a defined-contribution pension. The scheme is recognised in accordance with IAS 19. Storebrand participates in the Norwegian AFP scheme (collective agreement pension). The Norwegian AFP scheme is regarded as a defined-benefit scheme, but there is insufficient quantitative information to be able to estimate reliable liabilities and costs for accounting purposes.

9-1. DEFINED BENEFIT SCHEME

Pension costs and pension liabilities for defined benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the calculated return on pension plan assets.

Actuarial gains and losses and the effects of changes in assumptions are recognised in total comprehensive income in the income statement for the period in which they occur. Employees who resign before reaching retirement age or leave the scheme will be issued ordinary paid-up policies.

9-2. DEFINED CONTRIBUTION SCHEME

The defined contribution pension scheme involves the company paying an annual contribution to the employees' collective pension savings. The future pension will depend on the size of the contribution and annual return on the pension savings. The Group does not have any further obligation related to work performed after the annual contribution has been paid. There are no provisions for accrued pension liabilities in such schemes. Defined contribution pension schemes are expensed directly in the financial statements.

10. TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

The company's tangible fixed assets comprise equipment, fixtures and fittings, and IT systems.

Equipment, fixtures and fittings and IT systems are valued at acquisition cost less accumulated depreciation and any write-downs.

The depreciation period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. This applies correspondingly to the disposal value. Properties are split into components if different parts have different useful economic lives. The depreciation period and method of depreciation are evaluated separately for each component.

An impairment loss assessment is performed when there is an indication of impairment. The impairment test is performed for the individual asset if it mainly has independent incoming cash flows, possibly a larger cash-generating unit. Any impairment in value is recognised in the income statement as the difference between the book value and the recoverable amount. The recoverable amount is the greater of the fair value less costs of sale and the value in use. On each reporting date an assessment is made as to whether to reverse previous impairment losses on non-financial assets.

11. TAX

The tax expense in the income statement comprises current tax and changes to deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised in the statement of total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the company's tax loss carryforwards, deductible temporary differences and taxable temporary differences. Any deferred tax asset is recognised if it is considered probable that the tax asset will be recovered. Deferred tax assets and liabilities are recognized as a net amount when there is a legal right to offset taxable assets and liabilities and the company is capable of and intends to settle net current taxes.

12. PROVISION FOR GROUP CONTRIBUTION

Provisions for group contributions are recgonised in the year the provisions are made for and the group contributions are recognised as a liability on the reporting date.

13. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the direct method and shows cash flows grouped according to sources and uses. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice. The statement of cash flows is classified according to operating, investing and financing activities.

Note 2 - Key accounting estimates and judgements

In preparing the company's financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis, and they are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.
Actual results may differ from these estimates.

Storebrand Bank ASAs critical estimates and judgments that could result in material adjustment of recognised amounts are discussed below.

COVID-19
Covid-19 and the uncertain macroeconomic situation lead to greater uncertainty related to more estimates by the end of 2020 than the situation before the start of the pandemic. There is still great uncertainty associated with the spread of Covid-19 and the consequences for society. The uncertainty in the cash flows associated with expected loan losses has consequently also increased.

LOAN LOSS PROVISIONS
For loans valued at amortised cost or at fair value through other comprehensive income, loss provisions are recognised based on the Expected Credit Loss (ECL) in accordance with the general method. The models used for IFRS 9 are based on the current macroeconomic situation and forecasts, and the models for probability of default (PD), loss given default (LGD) and exposure at default (EAD) are thus point in time (PIT) models. Future scenarios are used to calculate PD, LGD and EAD for the commitments.

Forecasts affect the PD and LGD estimates in particular.

Among other things, PD is affected by unemployment, wage growth and interest rates. Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macrovariables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

FINANCIAL INSTRUMENTS AT FAIR VALUE
There will be some uncertainty associated with the pricing of financial instruments that are not priced in an active market. This is particularly true of the types of securities priced on the basis of non-observable assumptions. Various valuation techniques are applied to these investments in order to determine the fair value. They include fixed-rate loans and other financial instruments where theoretical models are used for pricing. Any changes to the assumptions could affect recognised amounts.

Reference is also made to Note 10 in which the valuation of financial instruments at fair value is described in more detail.

INTANGIBLE ASSETS
Intangible assets with undefined useful lives are tested annually for impairment. The valuation method in the test requires estimating the cash flows that arise in the relevant cash flow generating unit, as well as applying the relevant discount rate. Tangible fixed assets and other intangible assets are valued annually to ensure that the method and time period used correspond with economic realities.

CONTINGENT LIABILITIES
Storebrand Bank ASA can be a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 3 - Acquisitions

On 22 October 2019, Storebrand Storebrand Bank ASA entered into an agreement with Storebrand Livsforsikring AS to acquire 100 per cent of the shares in Storebrand Finansiell Rådgivning AS. The acquisition is made in accordance with the Norwegian Public Limited Liability Companies Act and the Norwegian Financial Institutions Act. The transaction was completed in September 2020.

The acquisition has been accounted for by using the purchase method. Upon an acquisition of a subsidiary, there will be made a fair value analysis and total assets and total liabilites will be assessed at fair value at the time for the acquisition. A residual value in the acquisition will constitute goodwill. In the acquisition of Storebrand Finansiell Rådgivning AS, the fair value of the shares have been assessed to be equal to the booked equity at the date of acquisition.

As a part of simplifying the corporate structure, Storebrand Bank ASA has completed a merger with the fully owned subsidiary Storebrand Finansiell Rådgivning AS (see note 4). The merger has been carried out with consideration pursuant to the Norwegian Public Limited Liability Companies Act with continuity accounting effect from 1 September 2020.

ACQUISITION ANALYSIS STOREBRAND FINANSIELL RÅDGIVNING AS

(NOK million)	Book values in the company	Excess value upon acquistion	Book values
Assets			
Bank deposits	53.6		53.6
Other assets	1.8		1.8
Deferred tax asset	30.2		30.2
Total assets	**85.7**	**0.0**	**85.7**
Liabilities			
Short-term debt	13.2		13.2
Net identifiable assets and liabilities	**72.5**	**0.0**	**72.5**
Goodwill			0.0
Fair value at acquisition date	**72.5**	**0.0**	**72.5**

Note 4 - Merger completed during the year

As a part of simplifying the corporate structure, Storebrand Bank ASA has completed a merger with the fully owned subsidiary Storebrand Finansiell Rådgivning AS (see note 3). The merger has been carried out with consideration pursuant to the Norwegian Public Limited Liability Companies Act with continuity accounting effect from September 1, 2020, and assuming tax continuity.

(NOK million)	Storebrand Bank ASA	Storebrand Finansiell Rådgivning AS	eliminations/ adjustments merger	Merged Statement of financial positio
Cash and deposits with central banks	336.3			336.3
Loans to and deposits with credit institutions	2,211.8	53.6		2,265.5
Loans to customers	11,218.3			11,218.3
Financial assets designated at fair value through profit and loss:				
Equity instruments	52.3			52.3
Interest-bearing and other fixed-income securities	5,145.7			5,145.7
Derivatives	76.8			76.8
Interest-bearing at amortised cost	2,836.8			2,836.8
Intangible assets	82.4			82.4
Deferred tax assets		30.2	-16.9	13.4
Other current assets	1,497.1	1.8	-72.5	1,426.4
Total assets	**23,457.6**	**85.7**	**-89.4**	**23,453.9**
Liabilities to credit institutions	1,802.8			1,802.8
Deposits from and due to customers	15,562.1			15,562.1
Other financial liabilities:				
Derivatives	87.2			87.2
Debt securities issued	3,016.8			3,016.8
Other liabilities	291.7	13.2		304.8
Provision for accrued expenses and liabilities	25.7			25.7
Deferred tax	16.9		-16.9	0.0
Pension liabilities	5.6			5.6
Subordinated loans	275.1			275.1
Total liabilities	**21,083.9**	**13.2**	**-16.9**	**21,080.2**
Paid in capital	2,016.2	65.5	-65.5	2,016.2
Retained earnings	131.7	7.0	-7.0	131.7
Additional Tier 1 capital	225.8			225.8
Total equity	**2,373.7**	**72.5**	**-72.5**	**2,373.7**
Total equity and liabilities	**23,457.6**	**85.7**	**-89.4**	**23,453.9**

Note 5 - Risk management

Continuous monitoring and active risk management are core areas of the bank's activities and organisation. The strategy and planning process provides guidance for the business for the next few years. The board determines the risk appetite and risk limits for the different forms of risk on an annual basis.

ORGANISATION OF RISK MANAGEMENT

The board of Storebrand Bank ASA has ultimate responsibility for monitoring and managing the organisation's risks. The board determines the annual risk appetite and risk strategy as well as ceilings and guidelines for the risks taken by the business, receives reports of actual risk levels and provides a forward assessment of risks.

The CEO is responsible for the bank operating within the risk limits stipulated by the board. The CEO has an advisory management group and the individual units are responsible for risk management in their respective areas. The CEO has the overall responsibility for implementing risk management routines.

The Balance Sheet Management Committee is chaired by the CEO. The committee works with balance sheet management and risk management of liquidity and financing. The Committee is also an advisory body for expected credit losses according to IFRS 9.

Storebrand Bank ASA's organisation of risk management responsibility follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and group level.

FIRST LINE OF DEFENCE

At the bank, responsibility for risk management and internal control is an integral part of management responsibility. Managers at all levels of the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks and events, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

A high level of awareness of risks and risk management are vital elements of the company's culture.

Managers at the bank, the CEO of Storebrand Boligkreditt AS and managers in the Storebrand bank's areas that provide services for the bank, submit annual confirmation documenting the unit's risk management activities.

SECOND LINE OF DEFENCE

Storebrand Bank ASA has independent control functions for the company's risk management (Chief Risk Officer, CRO) and for compliance (Chief Compliance Officer, CCO). The CRO and CCO are directly subordinate to the CEO and both report directly to the bank's board. In terms of function the independent control functions are affiliated with the Group CRO, who is responsible to the Group CEO and reports to the board of Storebrand ASA.

THIRD LINE OF DEFENCE

Internal auditing is under the direct authority of the board and is intended to give the board confirmation of the appropriateness and effectiveness of the organisation's risk management, including how the lines of defence are functioning.

Note 6 - Credit risk

Credit risk is the risk of loss associated with customers or counterparties not fulfilling their debt obligations. The risk includes risk associated with lending to customers and counterparty risk on bank deposits, securities and financial derivatives. Credit risk includes potential concentration risk in the loan portfolio. Credit risk is the most significant risk in Storebrand Bank ASA.

RISK MANAGEMENT

The risk strategy reflects how much credit risk the bank is willing to accept. The willingness to accept risk is adjusted to the bank's risk appetite and goals regarding risk profile, capital adequacy and growth. Credit policies establish general principles for granting credit. The bank's routines for credit management are set forth in the credit manual. The credit manual are primarily designed for account managers and others who are involved in case management processes. The credit manual contain common guidelines for the bank's credit activities, and are intended to ensure uniform and consistent credit management practices.

Credit risk is assessed in relation to the capacity and willingness of customers, including any co-participants, to service debt and potential security. The bank uses credit risk models to conduct risk classifications of customers with regard to probability of default (PD) and loss given default (LGD) and expected exposure resulted in default (EAD). The credit assessments are mainly assessed in automated and semi-automated processes with automatic calculations

The credit manuals and adopted routines provide specific criteria for monitoring non-performance, loan covenants, loss assessments and the annual loan review. Furthermore, the models ensure uniform portfolio risk assessment classifications and reporting on risk development. Specialised functions have been established for deposits, loan establishment and administration of the customer portfolio. Credit is granted in accordance with an authorisation structure determined by the board.

Treasury has the credit risk for its counterparties in the liquidity portfolio. Permitted counterparties and the composition of the portfolio are set out in the bank's counterparty risk policy.

Counterparty risk in connection with bank deposits, securities and financial derivatives with counterparties is included under credit risk and is managed according to a specific policy on the basis of an assessment of the counterparty's repayment capacity, rating and amount under management. Financial derivatives permitted by the bank are outlined in policy documents.

RISK CONTROL

Credit risk control is carried out directly in models and processes in various units in the first line, as well as with controls from the second line to ensure compliance with internal and external regulations.

Exposure relating to trade in financial derivatives for customers is monitored by Back Office. Price development is monitored in respect of the customer's situation, cleared lines and breach clauses. The Middle Office conducts running spot checks with regard to this.

Trades with counterparties made by Treasury are checked by the Middle Office in accordance with dedicated procedures and work descriptions.

The Chief Risk Officer (CRO) reports to the board on credit risk trends on an ongoing basis.

ANALYSIS OF CREDIT RISK BY TYPE OF FINANCIAL INSTRUMENT

MAXIMUM CREDIT EXPOSURE

(NOK million)	Book value	Guarantees, unused credits and loan commitments	2020 Maximum credit exposure	2019 Maximum credit exposure
Loans to and deposits with credit institutions and the central bank	49.5		49.5	280.2
Loans to customers at amortised cost	320.8		320.8	306.3
Interest-bearing securities at amortised cost	3,235.7		3,235.7	1,094.4
Total financial instruments at amortised cost	**3,606.1**	**0.0**	**3,606.1**	**1,680.8**
Equities	41.7		41.7	46.1
Loans to customers at fair value through profit and loss	722.3		722.3	389.2
Interest-bearing securities at fair value through profit and loss	5,327.9		5,327.9	3,188.0
Interest swaps	73.5		73.5	57.8
Total financial instruments at fair value through profit and loss	**6,165.5**	**0.0**	**6,165.5**	**3,681.1**
Loans to customers at fair value through other comprehensive income (OCI)	9,742.0		9,742.0	9,137.6
Total financial instruments at fair value through other comprehensive income (OCI)	**9,742.0**	**0.0**	**9,742.0**	**9,137.6**
Gross exposure with credit risk	**19,513.5**	**0.0**	**19,513.5**	**14,499.5**
Loan loss provisions	-48.2	-23.6	-71.9	-53.4
Net exposure with credit risk	**19,465.3**	**-23.6**	**19,441.7**	**14,446.1**
Other current assets without credit risk	3,495.5			
Total assets	**22,960.8**			

CREDIT RISK LIQUIDITY PORTFOLIO

INTEREST-BEARING SECURITIES AT FAIR VALUE
CREDIT RISK PER COUNTERPARTY

Short-term holdings of interest-bearing securities
Issuer category

	AAA	AA	A	BBB	NIG	Total 2020	Total 2019
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Sovereign and Government Guaranteed bonds	94.5	333.2				427.6	840.0
Mortgage and asset backed bonds	4,779.4	120.9				4,900.3	2,348.0
Total	**4,873.9**	**454.0**	**0.0**	**0.0**	**0.0**	**5,327.9**	**3,188.0**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value on the balance sheet	9.6	1.2				10.8	6.7
Change in value recognised in the profit and loss during period	2.4	1.7				4.1	-4.5

INTEREST-BEARING SECURITIES AT AMORTISED COST
CREDIT RISK PER COUNTERPARTY

Short-term holdings of interest-bearing securities
Issuer category

	AAA	AA	A	BBB	NIG	Total 2020	Total 2019
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Public issuers and Government Guaranteed Bonds	1,033.0	610.7				1,643.7	594.0
Mortgage and asset backed bonds	1,601.7					1,601.7	504.0
Total	**2,634.6**	**610.7**	**0.0**	**0.0**	**0.0**	**3,245.4**	**1,098.0**

Rating classes are based on Standard & Poors.

CREDIT RISK ON LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS AND CENTRAL BANK

(NOK million)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2020 Fair value	Total 2019 Fair value
Norway	49.5					49.5	280.2
Total deposits with central bank	**49.5**	**0.0**	**0.0**	**0.0**	**0.0**	**49.5**	**280.2**
Norway		65.3	0.0	1,712.7		1,778.0	4,482.8
Denmark			29.7			29.7	18.6
Total loans to and deposits with credit institutions	**0.0**	**65.3**	**29.7**	**1,712.7**	**0.0**	**1,807.7**	**4,501.5**
Total loans to and deposits with credit institutions and central bank	**49.5**	**65.3**	**29.7**	**1,712.7**	**0.0**	**1,857.2**	**4,781.6**

CREDIT EXPOSURE FOR LENDING ACTIVITIES

CORPORATE MARKET

Gross lending in the Corporate Market represents approximately NOK 21 million. In addition, there are guarantees of NOK 0.3 million.

As a result of group prioritizations regarding use of capital at Storebrand and a strategic assessment of the future direction of the Group, the Corporate Market segment at the bank is no longer prioritised as a core activity, and has largely been wound up.

As at the end of 2020, the corporate market lending portfolio consisted of one loan. The loan has identified impairment of NOK 8.8 million. The losses that have been recorded are considered to be sufficient. The bank does not believe that new losses will be forthcoming from these loans at this time.

RETAIL MARKET

Retail customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy regulations and the customers are scored using a scoring model. For other retail market customers, the overall loan to value ratio and debt servicing capability (as determined by the bank's credit policy for the segment) that apply to the portfolio are used as a basis. The securities for the portfolio are principally in properties for the retail market portfolio.

Storebrand Bank ASA has developed internal models for classifying home loans. The models estimate a loan's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). PD estimates are based on a logistical regression model where late payment notices, reminders, overdrafts and information about assets are key explanatory variables when predicting defaults. When estimating the LGD, the loan-to-value ratio is the most important explanatory variable. Home loans are classified according to the bank's master scale, consisting of 11 risk classes from A to K, with A indicating the lowest default probability and K containing non-performing loans. The classification of home loans is automatically updated on a monthly basis. As at the end of 2020, 50% of the EAD was linked to home loans in risk class A, while about 3% of the EAD was in risk classes G to J. The models are validated on an annual basis, with the accuracy of the models compared to actual outcomes.

Historically observed default frequency and realised losses for loans with credit risk classification from and including risk class A up to and including risk class D are virtually 0. Therefore, loans in risk classes A-D (equivalent to probability of default of up to 0.75%) are considered low-risk loans, and are in stage 1. The exceptions are loans in arrears/overdrafts in excess of 30 days, loans with forbearance and loans with objective evidence of loss.

The bank uses three scenarios when calculating the expected loss in accordance with the regulations. The base case scenario is the most probable future development and is in line with expectations published by Norges Bank. The worst case scenario corresponds to the stress scenario that is used as a basis for ICAAP. Macro amounts in the worst case scenario follow assumptions published by the Financial Supervisory Authority of Norway. The best case scenario is based on the base case scenario, which assumes higher house prices, lower unemployment and higher wage growth.

When entering into loan commitments, Storebrand Bank ASA collects information of significance to the value of the residential property. Each quarter, the bank obtains an updated, independent valuation of residential properties from Eiendomsverdi AS. For homes where Eiendomsverdi AS does not have an up-to-date valuation (such as housing cooperative apartments, owner-tenant apartments and some leisure properties) the most recent updated market value is used until further notice. Where Eiendomsverdi AS cannot determine the market value of a property with a high degree of certainty, a "haircut" is used so as to reduce the risk of giving an inflated estimate of market value. If Eiendomsverdi AS has never received information regarding the property's market value, the value recorded at the time of entering into the contract (the deposit value) will be used. Loans such as those mentioned here constitute just under 1% of the total portfolio exposure.

In the retail market, most of the loans are secured by way of home mortgages. NOK 10.4 billion has been lent in home loans, with a further NOK 0.8 billion in undrawn credit lines. Total commitments in residential property are therefore approximately NOK 11.2 billion.

The weighted average loan-to-value ratio is just under 63% for home loans. Approximately 78% of loans have a loan-to-value ratio within 80% and just over 98% have a loan-to-value ratio within 100%. Approximately 38% of the home loans have a loan-to-value ratio within 60%. The portfolio is regarded as having a low to moderate credit risk in accordance with the bank's risk appetite.

There is largely good security on non-performing loans that are not impaired for retail market customers. The average loan-to-value ratio for these loans is 53%. Home loans/residential mortgages that are part of the volume of non-performing loans total NOK 21.5 million. All loans are within an 80% loan-to-value ratio. The security is also good on home loans/residential mortgages between 1 and 90 days past due. Assets pledged as collateral are sold in the retail market. They are not taken over by the bank.

In the credit card and account credit portfolio, approximately NOK 210 million has been drawn, and NOK 1.16 billion is available as unused credit facilities. The consumer loan portfolio is approximately NOK 100 million.

COMMITMENTS PER CUSTOMER GROUP

2020						
(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair valute through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Sale and operation of real estate		20.9				20.9
Service providers		0.4			0.2	0.6
Wage-earners	317.0	9,672.0	722.3		1,962.1	12,673.4
Other	3.8	48.8		0.3	10.1	63.0
Total	320.8	9,742.0	722.3	0.3	1,972.5	12,757.9
Provision for expected loss Stage 1	-2.0	-2.1			-4.0	-8.1
Provision for expected loss Stage 2	-11.4	-3.0			-19.6	-34.0
Provision for expected loss Stage 3	-13.3	-16.4				-29.7
Total loans to and due from customers	**294.1**	**9,720.5**	**722.3**	**0.3**	**1,948.8**	**12,686.1**

2019						
(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair valute through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Sale and operation of real estate		20.9		1.2		22.1
Service providers	0.1	0.4			0.3	0.8
Wage-earners	301.2	9,075.7	375.3		1,828.6	11,580.8
Other	4.9	40.6	13.9	0.3	13.4	73.1
Total	306.3	9,137.6	389.2	1.5	1,842.3	11,676.8
Provision for expected loss Stage 1	-1.7	-0.7			-4.1	-6.5
Provision for expected loss Stage 2	-3.0	-0.8			-7.7	-11.5
Provision for expected loss Stage 3	-13.4	-19.2			0.0	-32.6
Total loans to and due from customers	**288.2**	**9,116.9**	**389.2**	**1.5**	**1,830.5**	**11,626.2**

Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages.

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

AVERAGE VOLUME COMMITTMENTS PER CUSTOMER GROUP

	2020			
(NOK million)	Average volume loans to and deposits from customers *)	Average volume guarantees	Average volume undrawn credit limits	Total average committments
Sale and operation of real estate	20.9	0.6		21.5
Service providers	0.5		0.3	0.7
Wage-earners	10,231.7		1,895.4	12,127.1
Other	56.0	0.3	11.8	68.1
Total	**10,309.1**	**0.9**	**1,907.4**	**12,217.4**

*) Based on total loans per 31 December 2020.

	2019			
(NOK million)	Average volume loans to and deposits from customers *)	Average volume guarantees	Average volume undrawn credit limits	Total average committments
Sale and operation of real estate	19.7	1.2		20.9
Service providers	4.5		0.3	4.8
Wage-earners	9,842.6		1,886.1	11,728.7
Other	59.9	0.3	15.0	75.2
Total	**9,926.7**	**1.4**	**1,901.4**	**11,829.6**

*) Based on total loans per 31 December 2019.

COMMITMENTS PER GEOGRAPHICAL AREA

						2020						
(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other compre-hensive income (OCI)	Loans to customers at fair valute through profit and loss	Guaran-tees	Undrawn credit limits	Total commit-ments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Model based provisions for loan losses *)	Net defaulted and loss-exposed loans
Eastern Norway	213.8	7,888.8	570.6	0.3	1,590.2	10,263.8	23.8	38.8	62.6	14.0	6.6	42.0
Western Norway	57.5	1,164.8	105.0		244.8	1,572.2	6.1	2.9	9.0	1.7	3.6	3.7
Southern Norway	9.6	126.3	18.7		26.3	180.9	1.1		1.1		1.0	0.0
Mid-Norway	14.0	276.8	19.4		56.4	366.6	4.2		4.2		1.1	3.1
Northern Norway	22.8	246.0	8.6		45.2	322.5	2.0	0.2	2.1	0.2	0.9	1.0
Rest of world	3.2	39.2			9.5	51.9	0.7		0.7		0.6	0.1
Total	**320.8**	**9,742.0**	**722.3**	**0.3**	**1,972.5**	**12,757.9**	**37.8**	**41.9**	**79.7**	**15.8**	**13.8**	**50.0**

*) Model based provisions are used for defaulted loans without impairment. Stage 3 provisions consist of these provisions and provisions for defaulted loans with impairment.

(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other compre-hensive income (OCI)	Loans to customers at fair valute through profit and loss	Guaran-tees	Undrawn credit limits	Total commit-ments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Model based provisions for loan losses *)	Net defaulted and loss-exposed loans
						2019						
Eastern Norway	218.7	7,086.9	262.2	1.5	1,386.3	8,955.6	23.8	37.3	61.1	16.6	8.6	35.9
Western Norway	48.8	1,190.3	62.6		271.5	1,573.3	9.7	7.8	17.5	2.3	2.7	12.4
Southern Norway	7.4	145.6	14.8		32.4	200.3	1.0		1.0		0.6	0.4
Mid-Norway	9.6	298.9	10.9		49.4	368.8	5.4		5.4		0.6	4.8
Northern Norway	11.3	247.0	14.9		41.1	314.3	0.8	0.2	1.0	0.2	0.6	0.2
Rest of world	10.5	168.8	23.8		61.5	264.6	2.2	1.4	3.6	0.0	0.4	3.2
Total	**306.3**	**9,137.6**	**389.2**	**1.5**	**1,842.3**	**11,676.8**	**42.8**	**46.8**	**89.5**	**19.1**	**13.4**	**57.0**

*) Model based provisions are used for defaulted loans without impairment. Stage 3 provisions consist of these provisions and provisions for defaulted loans with impairment.

TOTAL COMMITTMENT AMOUNT BY REMAINING TERM TO MATURITY

(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair valute through profit and loss	Guarantees	Undrawn credit limits	Total commitments
		2020				
Up to 1 month		8.3			0.3	8.7
From 1 month up to 3 months	3.0	63.0			7.6	73.7
From 3 months up to 1 year	13.4	327.2			53.7	394.3
From 1 year to 5 years	42.9	759.8	5.8		142.2	950.6
More than 5 years	261.5	8,583.8	716.6	0.3	1,768.6	11,330.7
Total	**320.8**	**9,742.0**	**722.3**	**0.3**	**1,972.5**	**12,757.9**

(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair valute through profit and loss	Guarantees	Undrawn credit limits	Total commitments
		2019				
Up to 1 month	3.5	11.9			1.4	16.8
From 1 month up to 3 months	1.1	107.2			17.8	126.2
From 3 months up to 1 year	9.5	216.6		1.2	57.9	285.2
From 1 year to 5 years	9.3	703.0	8.6		155.0	876.0
More than 5 years	282.8	8,098.9	380.6	0.3	1,610.2	10,372.7
Total	**306.3**	**9,137.6**	**389.2**	**1.5**	**1,842.3**	**11,676.8**

AGE DISTRIBUTION OF OVERDUE COMMITMENTS WITHOUT IMPAIRMENT

2020

(NOK million)	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair valute through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	9.0	95.5	3.1		0.1	107.7
Overdue 31 - 60 days	4.3	28.3			0.1	32.6
Overdue 61- 90 days	0.9	17.5				18.4
Overdue more than 90 days	16.3	21.5				37.8
Total	**30.5**	**162.8**	**3.1**	**0.0**	**0.2**	**196.5**
Commitments overdue more than 90 days by geographical area:						
Eastern Norway	9.2	14.6				23.8
Western Norway	3.7	2.4				6.1
Southern Norway	1.1					1.1
Mid-Norway	0.8	3.4				4.2
Northern Norway	0.9	1.1				2.0
Rest of world	0.7					0.7
Total	**16.3**	**21.5**	**0.0**	**0.0**	**0.0**	**37.8**

2019

(NOK million)	Loans to customers at amortised cost *)	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	4.4	84.7	1.0		0.2	90.3
Overdue 31 - 60 days	3.6	22.8			0.2	26.6
Overdue 61- 90 days	1.8	15.4			0.1	17.2
Overdue more than 90 days	21.8	20.9				42.8
Total	**31.7**	**143.8**	**1.0**	**0.0**	**0.4**	**177.0**
Commitments overdue more than 90 days by geographical area:						
Eastern Norway	14.1	9.7				23.8
Western Norway	4.6	5.1				9.7
Southern Norway	1.0					1.0
Mid-Norway	0.9	4.5				5.4
Northern Norway	0.8					0.8
Rest of world	0.5	1.7				2.2
Total	**21.8**	**20.9**	**0.0**	**0.0**	**0.0**	**42.8**

*) According to IAS 39.

Only non-performing and loss-exposed loans are classified by geographical area in this overview.
The same definition is used for due commitments as the one in the capital requirements regulations, however the number of days in the definition equals the age distribution.

Loans are regarded as non-performing and loss-exposed:
- when a credit facility has been overdrawn for more than 90 days and the overdrawn amount minimum is NOK 2,000
- when an ordinary mortgage has arrears older than 90 days and thee arrears minimum is NOK 2,000
- when a credit card has arrears older than 90 days

When one of the three situations described above occurs, the specific loan is considered as non-performing without taking into account the customers other engagements.

CREDIT RISK PER CUSTOMER GROUP

(NOK million)	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for expected loan loss provisions stage 3 *)	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
	2020						
Sale and operation of real estate	20.9		20.9	8.8	12.1		
Service providers							
Wage-earners	21.0	36.6	57.6	19.8	37.8		-2.5
Other		1.2	1.2	1.1	0.1		-0.3
Total	**41.9**	**37.8**	**79.7**	**29.7**	**50.0**	**0.0**	**-2.9**

*) Individual and model based provisions are included. Only provisions on defaulted loans, with and without impairment.

(NOK million)	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for expected loan loss provisions stage 3 *)	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
	2019						
Sale and operation of real estate	20.9		20.9	8.8	12.1		-0.3
Service providers	0.0						
Wage-earners	25.9	40.9	66.7	22.3	44.4		-7.1
Other		1.9	1.9	1.4	0.5		0.1
Total	**46.8**	**42.8**	**89.5**	**32.6**	**57.0**	**0.0**	**-7.3**

*) Individual and model based provisions are included. Only provisions on defaulted loans, with and without impairment.

OVERVIEW OF LOAN LOSS PROVISIONS AND SECURITIES ON LOANS IN STAGE 3

(NOK million)	Gross amount	Loan loss provisions	Net value	Value of collateral	Type of collateral
		2020			
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	21.5	-0.6	20.9	54.2	residential property
- unsecured retail exposures including credit cards exposures	16.3	-13.2	3.1		
- other exposures including SME exposures					
Total non-performing loans without evidence of impairment	**37.8**	**-13.8**	**24.0**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	20.0	-6.3	13.6	24.7	residential property
- unsecured retail exposures including credit cards exposures	0.4	-0.1	0.3		
- other exposures including SME exposures	21.5	-9.4	12.1	10.0	commercial real estate
Total loss-exposed loans with evidence of impairment	**41.9**	**-15.8**	**26.0**		

The bank has loans of NOK 12.5 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

(NOK million)	Gross amount	Loan loss provisions	2019 Net value	Value of collateral	Type of collateral
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	20.9	-0.1	20.8	57.2	residential property
- unsecured retail exposures including credit cards exposures	21.8	-13.3	8.5		
- other exposures including SME exposures					
Total non-performing loans without evidence of impairment	**42.8**	**-13.5**	**29.3**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	24.9	-9.6	15.4	29.6	residential property
- unsecured retail exposures including credit cards exposures	0.3		0.2		
- other exposures including SME exposures	21.6	-9.5	12.1	10.0	commercial real estate
Total loss-exposed loans with evidence of impairment	**46.8**	**-19.1**	**27.6**		

The bank has loans of NOK 7.4 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

LOAN-TO-VALUE RATIO, SECURED LOANS

(NOK million)	Distribution in per cent	2020 Book value (gross)	Unused credit limits	Total commitments
0% - 40%	18.7 %	1,460.9	640.9	2,101.7
40% - 60%	23.7 %	2,539.7	132.8	2,672.5
60% - 80%	37.0 %	4,149.9	23.7	4,173.6
80% - 90%	16.5 %	1,855.1	0.7	1,855.8
90% - 100%	2.0 %	228.0	0.7	228.7
> 100%	2.1 %	225.1	9.5	234.5
Total secured loans	**100 %**	**10,458.7**	**808.1**	**11,266.8**
Loan commitments and financing certificates, secured			2,961.7	2,961.7
Total secured loans incl. loan commitments and financing certificates		**10,458.7**	**3,769.8**	**14,228.5**

(NOK million)	Distribution in per cent	2019 Book value (gross)	Unused credit limits	Total commitments
0% - 40%	16.1 %	1,131.0	506.7	1,637.6
40% - 60%	24.5 %	2,388.7	97.9	2,486.6
60% - 80%	39.1 %	3,942.0	27.7	3,969.7
80% - 90%	17.0 %	1,723.0	1.2	1,724.2
90% - 100%	1.8 %	179.8	1.1	181.0
> 100%	1.6 %	155.9	1.9	157.8
Total secured loans	**100 %**	**9,520.4**	**636.5**	**10,156.9**
Loan commitments and financing certificates, secured			1,466.3	1,466.3
Total secured loans incl. loan commitments and financing certificates		**9,520.4**	**2,102.8**	**11,623.3**

RISK RELATED TO SECURED LOANS

(NOK million)	2020 Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	91.1 %	9,481.3	786.8	10,268.1
Medium risk	7.9 %	864.6	21.3	885.9
High risk	0.6 %	71.3		71.3
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.4 %	41.5		41.5
Total secured loans	**100 %**	**10,458.7**	**808.1**	**11,266.8**
Loan commitments and financing certificates, secured			2,961.7	2,961.7
Total secured loans incl. loan commitments and financing certificates		**10,458.7**	**3,769.8**	**14,228.5**

(NOK million)	2019 Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	92.0 %	8,709.0	636.3	9,345.3
Medium risk	6.6 %	673.0	0.3	673.3
High risk	0.9 %	92.5		92.5
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.5 %	45.9		45.9
Total secured loans	**100 %**	**9,520.4**	**636.5**	**10,156.9**
Loan commitments and financing certificates, secured			1,466.3	1,466.3
Total secured loans incl. loan commitments and financing certificates		**9,520.4**	**2,102.8**	**11,623.3**

REPOSSESSED ASSETS

In the event of non-performing loans Storebrand Bank ASA will sell the collateral or repossessed assets if this is most appropriate. The bank has not any repossessed assets at the end of 2020.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Loans to customers		Liquidity portfolio	
(NOK million)	2020	2019	2020	2019
Book value maximum exposure for credit risk	722.3	389.2	5,327.9	3,188.0
Book value of related credit derivatives that reduce credit risk				
Collateral				
Net credit risk	**722.3**	**389.2**	**5,327.9**	**3,188.0**
This year's change in fair value of financial assets due to change in credit risk			7.0	7.0
Accumulated change in fair value of financial assets due to change in credit risk			2.0	-5.0
This year's change in value of related credit derivatives				
Accumulated change in value of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

Financial assets are designated at fair value through the profit and loss account (FVTPL) the first time they are recognised where another measurement would result in an inconsistency in the profit and loss account.
Objective market prices are used for papers where these exist. Valuation techniques involving the use of interest rate curves from Reuters and credit spreads from external providers are used for the remaining papers.

CREDIT RISK DERIVATIVES

The purpose of the use of financial derivatives is to identify and reduce currency and interest rate risk. Counterparty risk in connection with the trading of financial derivatives is included in credit risk. The bank's risk strategies and policies establish limits for how much credit risk the bank is willing to accept. Storebrand Bank hedges all customer derivative trades by opposite derivatives to minimise foreign exchange and interest rate exposure.

The overview shows gross credit exposure, the bank has only collateral for credit risk against non-financial companies.

CREDIT RISK PER COUNTERPARTY

			2020			
	AAA	AA	A	BBB	NIG	Total 2020
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Norway		4.6		67.6		72.3
Sweden		1.2				1.2
Total	**0.0**	**5.8**	**0.0**	**67.6**	**0.0**	**73.5**
Rating classes are based on Standard & Poors.						
Change in value:						
Total change in value on the balance sheet		5.8		67.6		73.5
Change in value recognised in the profit and loss during period		1.1		14.6		15.7

			2019			
	AAA	AA	A	BBB	NIG	Total 2019
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Norway		4.7		53.0		57.8
Total	**0.0**	**4.7**	**0.0**	**53.0**	**0.0**	**57.8**
Change in value:						
Total change in value on the balance sheet		4.7		53.0		57.8
Change in value recognised in the profit and loss during period		-0.5	0.7	-2.3		-2.2

EQUITY OPTIONS, INTEREST RATE SWAPS, BASIS SWAPS AND FORWARD FOREIGN EXCHANGE CONTRACTS

Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

Note 7 - Liquidity risk

Liquidity risk is the risk that the company will be unable to refinance its obligations (refinancing risk) or that the company will not be able to refinance its obligations without incurring substantial additional expenses (price risk).

RISK MANAGEMENT

The risk strategy establishes overall limits for how much liquidity risk the bank is willing to accept. The policy for liquidity risk describes principles for liquidity management and specifies stress testing, minimum liquidity holdings and indicators for measuring liquidity risk. In addition, the Treasury department draws up an annual funding strategy and funding plan that set out the overall limits for the bank's funding activities.

Stress tests are used to illustrate the expected effects of various scenarios on the statement of financial position and cash flows. Results of the stress tests are applied when assessing the framework for liquidity risk. A contingency plan is drawn up annually to safeguard proper management of the liquidity situation during stressful periods.

The Treasury function is responsible for the bank's liquidity management, and the Middle Office monitors and reports on the utilisation of limits pursuant to the liquidity policy. Risk management prepares liquidity forecasts.

RISK CONTROL

The means of controlling liquidity risk include monthly reports of the liquidity indicators and monitoring developments in the bank's maturity profile. Both are included in the CRO's ongoing reporting to the board. The liquidity policy specifies which liquidity indicators are followed. The Middle Office performs checks on trades undertaken by Treasury to ensure conformance with the applicable policy rules.

NON-DISCOUNTED CASH FLOWS - FINANCIAL LIABILITIES

(NOK million)	0 - 6 months	7 months - 12 months	2 - 3 years	4 - 5 years	More than 5 years	Total	Book value
Loans and deposits from credit institutions	1,653.3					1,653.3	1,653.3
Deposits from and due to customers	15,503.7	2.6				15,506.3	15,506.3
Debt securities issued	301.8	290.8	2,274.7			2,867.3	2,821.5
Other liabilities	209.7					209.7	209.7
Subordinated loans	3.1	3.0	157.1	129.7		292.9	275.6
Undrawn credit limits	1,972.7					1,972.7	
Loan commitments	2,961.7					2,961.7	
Total financial liabilities 2020	**22,606.0**	**296.4**	**2,431.8**	**129.7**	**0.0**	**25,464.0**	**20,466.4**
Derivatives related to funding 31.12.2020	**-5.8**	**0.0**	**0.0**	**0.0**	**0.0**	**-5.8**	**4.3**
Total financial liabilities 2019	19,445.8	32.6	2,639.0	9.4	126.2	22,253.0	18,380.2

The amounts include accrued interest.

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2020 are used to calculate interest costs for lending with FRN conditions. The call date is used as the maturity date on subordinated loan capital. The maturity overview does not take account of the fact that the loans have extended maturity date, i.e. the original maturity date is used. Deposits from and liabilities to customers are on call deposits or deposits locked in for less than 6 months.

SPECIFICATION OF SUBORDINATED LOANS

(NOK million) ISIN nummer	Issuer	Net nominal value	Currency	Interest	Call-date	Book value
Dated subordinated loans						
NO0010786510	Storebrand Bank ASA	150.0	NOK	Floating	22.02.2022	150.3
NO0010843519	Storebrand Bank ASA	125.0	NOK	Floating	27.02.2025	125.3
Total subordinated loans 2020						**275.6**
Total subordinated loans 2019						276.0

SPECIFICATION OF LOANS AND DEPOSITS FROM CREDIT INSTITUTIONS

(NOK million)	2020	2019
Loans and deposits from credit institutions without fixed maturity	**1.9**	**42.9**
Repurchase agreements, maturity 2020		402.8
F-loans, maturity 2021	1,651.5	
Total loans and deposits from credit institutions with fixed maturity	**1,651.5**	**402.8**
Total loans and deposits from credit institutions	**1,653.3**	**445.7**

SPECIFICATION OF DEBT SECURITIES ISSUED

(NOK million) ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity	Book value
Bond loans						
NO0010762891	Storebrand Bank ASA	284.0	NOK	Fixed	19.04.2021	288.2
NO0010831571	Storebrand Bank ASA	280.0	NOK	Floating	06.09.2021	280.0
NO0010841562	Storebrand Bank ASA	550.0	NOK	Floating	18.01.2022	551.5
NO0010860398	Storebrand Bank ASA	550.0	NOK	Floating	15.08.2022	550.5
NO0010868185	Storebrand Bank ASA	400.0	NOK	Floating	11.11.2022	400.4
NO0010881386	Storebrand Bank ASA	300.0	NOK	Floating	04.05.2023	300.5
NO0010891344	Storebrand Bank ASA	450.0	NOK	Floating	25.08.2023	450.3
Total debt securities issued 2020		**2,814.0**				**2,821.5**
Total debt securities issued 2019		2,879.0				2,887.1

FINANCING ACTIVITIES - CHANGES DURING THE YEAR

	2020		
(NOK million)	Subordinated loans	Loans and deposits from credit institutions	Debt securities issued
Book value 01.01.2020	276.0	445.7	2,887.1
New loans / bond debt issued		1,651.9	750.0
Repayment of loans/liabilities		-445.7	-815.0
Changes in accrued interest	-0.4	1.5	-0.6
Book value 31.12.2020	**275.6**	**1,653.3**	**2,821.5**

	2019		
(NOK million)	Subordinated loans	Loans and deposits from credit institutions	Debt securities issued
Book value 01.01.2019	276.3	2.4	2,887.4
New loans / bond debt issued	125.0	445.7	1,500.0
Repayment of loans/liabilities	-125.0	-2.4	-1,500.0
Changes in accrued interest	-0.2		-0.3
Book value 31.12.2019	**276.0**	**445.7**	**2,887.1**

Note 8 - Market risk

Market risk is risk of a change in value due to financial market prices (such as interest rates, exchange rates, credit spreads) or volatility differing from what was expected.

RISK MANAGEMENT

The risk strategy sets general limits for market risk. Storebrand Bank ASA's market risk mostly are related to spread risk in the liquidity portfolio and interest rate risk. The bank is exposed to market risk in equity instruments and currency to a lesser degree.

Market risk policies specify limits for market risk that the bank is willing to accept. The bank's market risk is primarily managed and controlled through daily monitoring of risk exposure pursuant to the policy and continuous analyses of outstanding positions. Credit spread risk is regulated through ceilings on investments.

The exposure limits are reviewed and renewed by the board at least once a year. The size of these limits is set on the basis of stress tests and analyses of market movements.

RISK CONTROL

The Middle Office is responsible for the ongoing, independent monitoring of market risk. The means of controlling market risk include monthly reports of the market risk indicators. Market risk indicators that are followed are described in the interest rate risk policy, counterparty policy and currency risk policy and are included in the CRO's ongoing reporting to the board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as at 31 December 2020:

Effect on accounting income

(NOK million)	2020	2019
Interest rate -1,0%	25.1	-8.7
Interest rate +1,0%	-25.1	8.7

Effect on accounting result/equity [1)]

(NOK million)	2020	2019
Interest rate -1,0%	25.1	-8.7
Interest rate +1,0%	-25.1	8.7

1) Before tax

Financial interest rate risk

(NOK million)	2020	2019
Interest rate -1,0%	27.2	1.7
Interest rate +1,0%	-27.2	-1.7

The note shows the accounting effects over a 12 month period, as well as the immediate financial effect of an immediate parallel interest rate change of + 1.0 percentage points and - 1.0 percentage point respectively. In calculating the accounting risk, note has been taken of the one-off effect such an immediate rate change has on the items that are recognised at fair value and the value of the security, and the effect that the change in interest rates would have on the net profit for the remaining duration of the interest rate before the change in interest rates has an effect on income and expenses. Items that would be affected by the one-time effect and are recorded at fair value are the investment portfolio, fixed interest rate loans and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. In calculating the financial effect, account has been taken of changes in market value of all items on the balance sheet that such an immediate interest rate change will lead to.

See also note 27 regarding foreign exchange risk.

Note 9 - Operational risk

The assessment of operational risks is linked to the ability to achieve targets and to implement plans. Operational risk is defined as the risk of financial loss or damaged reputation due to inadequate or failing internal processes, control routines, systems, human error, or external events.

RISK MANAGEMENT

Operational risk is being controlled and reduced through an effective system for internal control with (1) clear descriptions of responsibilities, (2) clear routines, and (3) documented powers of attorney/authority. Risks are followed-up through the management's risk review, with documentation of risks, measures and follow-up of incidents. The bank has prepared contingency plans which are updated regularly. In addition, internal audit carries out an independent control in accordance with audit projects adopted by the board.

RISK CONTROL

The CRO supports the risk review process and is responsible for compiling and reporting the area's risk scenario, following up on improvement measures and checking that risk registration is up to date in Easy Risk Manager (ERM). The results of the process are reported to the board.

In order to be able to identify problem areas internally, the bank has implemented routines for ongoing reporting of events to the CRO, who is responsible for logging and follow-up of reported events. The CRO reviews significant events with the board.

In connection with monthly, quarterly and annual accounts, the bank's staff functions perform various checks and reconciliations so as to control and reduce operational risk. In addition to this, the compliance function and internal auditor carry out spot checks in a number of the most important work processes. The results are reported to the bank's management and the board.

COMPLIANCE RISK

Compliance risk is the risk of the company incurring public sanctions or financial loss as a result of non compliance with external or internal rules.

RISK MANAGEMENT

The compliance risk in Storebrand Bank ASA is managed through instructions for the compliance function. The function's main responsibility is to support the company's board and management in complying with relevant laws and regulations by independently identifying, evaluating, monitoring and reporting compliance risk. The function must perform preventive work by advising and ensuring that effective processes have been established for information and the implementation of current and future rules. The compliance function must have a risk-based approach.

RISK CONTROL

The compliance function performs control activities in order to ensure actual compliance.

Note 10 - Valuation of financial instruments

Storebrand Bank ASA conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters, Bloomberg and Nordic Bond Pricing. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Bank ASA carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments valued at fair value into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

LEVEL 1: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS
Bonds, certificates or equivalent instruments issued by nation states are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

LEVEL 2: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF OBSERVABLE MARKET INFORMATION NOT COVERED BY LEVEL 1
This category encompasses financial instruments that are valued based on market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified in level 2.

LEVEL 3: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF INFORMATION THAT IS NOT OBSERVABLE ACCORDING TO THE DEFINITION FOR LEVEL 2
Investments classified as level 3 primarily includes fixed-rate loans, variable home loans and the investment in VN Norge AS.

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

The value of variable home loans is determined by discounting cash flows over the remaining maturity using the current discount rate. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the maturity of the underlying loan.

Under shares, it is primarily the investment in VN Norge AS. As at the end of the year, the value of the shares was adjusted in accordance with the change in price of the C-shares in VISA Inc. as well as received dividend from VN Norge AS for the sale of the A-shares in VISA Inc. The shares are appraised at fair value through profit and loss and changes in value are included in the ordinary result .

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Book value 31.12.2020	Book value 31.12.2019
Equities		31.2	10.5	41.7	46.1
Total equities 31.12.2020	**0.0**	**31.2**	**10.5**	**41.7**	
Total equities 31.12.2019		26.7	19.4		46.1
Loans to customers - corporate market					
Loans to customers - retail market			722.3	722.3	389.2
Total loans to customers 31.12.2020	**0.0**	**0.0**	**722.3**	**722.3**	
Total loans to customers 31.12.2019			389.2		389.2
Government and government guaranteed bonds		427.6		427.6	840.0
Mortgage and asset backed bonds		4,900.3		4,900.3	2,348.0
Total interest-bearing securities 31.12.2020	**0.0**	**5,327.9**	**0.0**	**5,327.9**	
Total interest-bearing securities 31.12.2019		3,188.0			3,188.0
Interest derivatives		-4.2		-4.2	-4.7
Currency derivatives		-0.1		-0.1	
Total derivatives 31.12.2020	**0.0**	**-4.3**	**0.0**	**-4.3**	
Derivatives with a positive fair value		73.5		73.5	57.8
Derivatives with a negative fair value		-77.8		-77.8	-62.5
Total derivatives 31.12.2019		-4.7			

There have not been any changes between quoted prices and observable assumptions on the various financial instruments during the year.

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Book value 31.12.2020	Book value 31.12.2019
Loans to customers - corporate market			12.1	12.1	12.1
Loans to customers - retail market			9,708.4	9,708.4	9,104.9
Total loans to customers	**0.0**	**0.0**	**9,720.5**	**9,720.5**	**9,116.9**

FINANCIAL INSTRUMENTS AT FAIR VALUE - LEVEL 3

	2020		
(NOK million)	Equities	Loans to to customers at fair value through profit and loss	Loans to to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2020	19.4	389.2	9,116.9
Net gains/losses on financial instruments	-8.9	3.0	-0.8
Supply / disposal		556.5	6,912.2
Sales / due settlements		-226.3	-6,307.8
Book value 31.12.2020	**10.5**	**722.4**	**9,720.5**

	2019		
(NOK million)	Equities	Loans to to customers at fair value through profit and loss	Loans to to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2019	15.3	220.2	9,438.9
Net gains/losses on financial instruments	4.1	2.7	1.8
Supply / disposal		250.4	5,924.4
Sales / due settlements		-84.2	-6,248.2
Book value 31.12.2019	**19.4**	**389.2**	**9,116.9**

VALUATION OF FINANCIAL ASSETS AT AMORTISED COST

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Fair value 31.12.2020	Book value 31.12.2020	Fair value 31.12.2019	Book value 31.12.2019
Financial assets							
Loans to and deposits with credit institutions		1,807.7		1,807.7	1,807.7	4,501.5	4,501.5
Loans to customers - corporate market							
Loans to customers - retail market		294.1		294.1	294.1	288.2	288.2
Interest-bearing securities		3,245.4		3,245.4	3,235.7	1,098.0	1,094.4
Total financial assets 31.12.2020	**0.0**	**5,347.2**	**0.0**	**5,347.2**	**5,337.5**		
Total financial assets 31.12.2019		5,887.7				5,887.7	5,884.0
Financial liabilities							
Loans and deposits from credit institutions		1,653.3		1,653.3	1,653.3	445.7	445.7
Deposits from and due to customers		15,506.3		15,506.3	15,506.3	14,404.3	14,404.3
Debt seurities issued		2,830.5		2,830.5	2,821.5	2,896.8	2,887.1
Subordinated loans		280.7		280.7	275.6	280.9	276.0
Total financial liabilities 31.12.2020	**0.0**	**20,270.9**	**0.0**	**20,270.9**	**20,256.8**		
Total financial liabilities 31.12.2019		18,027.7				18,027.7	18,013.1

SENSITIVITY ANALYSIS ON FINANCIAL INSTRUMENTS AT FAIR VALUE

Loans to customers at fair value through profit and loss

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

Loans to customers at fair value through other comprehensive income (OCI)

The value of variable home loans is determined by discounting cash flows over the remaining maturity using the current discount rate.
The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the maturity of the underlying loan.

Equities

This item consist of shares in VN Norge . At the end of the year, the value of the shares were changed according to changes in share price of C-shares in VISA Inc. as well as received dividend from VN Norge AS for sale of A-shares in VISA Inc. The shares are valued at fair value through profit and loss and changes in value are included in profit and loss.

	Floating loans to customers		**Floating loans to customers**		**Equities**	
	Fair value through other comprehensive income (OCI)		Fair value through other comprehensive income (OCI)			
	Change in market spread		Change in market spread		Change in value	
Increase/reduction in fair value	+ 10 bp	- 10 bp	+ 25 bp	- 25 bp	+ 25 bp	- 25 bp
Increase/reduction in fair value at 31.12.2020 (MNOK)	**-1.1**	**1.1**	**-2.8**	**2.8**	**7.0**	**-8.3**
Increase/reduction in fair value at 31.12.2019 (MNOK)	-1.0	1.0	-2.6	2.6	6.4	-6.9

Note 11 - Segment

Business segments are the bank's primary reporting segments. In 2013, the bank decided to wind up the bank's loan portfolie in the corporate market. The remaining portfolio was marginal at the end of 2020 and the bank therefor no longer reports on segment in its reporting. The bank's accounts for 2020 therefore relate entirely to the Retail Lending segment. Geographic segments form the bank's secondary reporting segments. The bank does not have any activities outside Norway. Customers from abroad are classified as part of the Norwegian activities. All operating income and the bank's earnings therefore relate solely to its Norwegian activities.

Note 12 - Net income from financial instruments

NET INTEREST INCOME

(NOK million)	2020	2019
Interest on loans to credit institutions	30.4	41.6
Interest on loans to customers - loans valued at amortised cost	39.6	41.6
Interest on loans to customers - loans valued at fair value with change in value through other comprehensive income (OCI)	218.7	276.1
Interest on interest-bearing securities valued at amortised cost	26.4	16.9
Other interest income		
Total interest income calculated by using the effective interest method	**315.2**	**376.2**
Interest on loans to customers valued at fair value with change in value through profit and loss	15.9	11.7
Interest on interest-bearing securities valued at fair value with change in value through profit and loss	55.8	83.7
Interest on derivatives	5.2	-8.6
Other interest income	0.1	
Total other interest income	**76.9**	**86.8**
Total interest income	**392.1**	**463.0**
Interest on loans from credit institutions	-4.0	-2.5
Interest on deposits from customers	-84.7	-98.6
Interest on debt securities issued	-40.2	-65.1
Interest on subordinated loans	-7.4	-9.9
Other interest expenses		
Total interest expenses calculated by using the effective interest method	**-136.4**	**-176.1**
Interest on derivatives	-13.5	-0.6
Other interest expenses	-13.6	-15.4
Total other interest expenses	**-27.2**	**-16.0**
Total interest expenses	**-163.6**	**-192.1**
Net interest income	**228.5**	**270.9**

NET INCOME AND GAIN/LOSS FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(NOK million)	2020	2019
Realised gain/loss on loans and receivables		
Unrealised gain/loss on loans and receivables	21.3	1.6
Net change in value and gain/loss on loans and receivables	**21.3**	**1.6**
Realised gain/loss on interest-bearing securities	6.3	16.9
Unrealised gain/loss on interest-bearing securities	4.1	-4.5
Net change in value and gain/loss on interest-bearing securities	**10.4**	**12.4**
Realised gain/loss on equity instruments		-0.7
Unrealised gain/loss on equity instruments	-6.9	4.1
Net change in value and gain/loss on equity instruments	**-6.9**	**3.3**
Realised gain/loss on financial liabilities	-2.0	-3.4
Unrealised gain/loss on financial liabilities	-6.8	2.5
Net change in value and gain/loss on financial liabilities (except financial derivatives)	**-8.8**	**-0.9**
Realised gain/loss on foreign exchange and financial derivatives	6.3	3.9
Unrealised gain/loss on foreign exchange and financial derivatives	-0.8	13.3
Net change in value and gain/loss on foreign exchange and financial derivatives	**5.5**	**17.2**
Realised gain/loss on financial guarantees		
Unrealised gain/loss on financial guarantees		
Net change in value and gain/loss on financial guarantees	**0.0**	**0.0**
Total change in value and net gain/loss on financial assets and financial liabilities	**21.5**	**33.6**

Note 13 - Net commission income

(NOK million)	2020	2019
Fees related to banking operations	45.0	52.8
Fees from and management of loans	152.4	144.8
Total fees and commissions receivable *)	**197.4**	**197.5**
Fees and commissions payable relating to banking operations	-16.1	-14.4
Other fees and commissions payable	-1.3	-2.2
Total fees and commissions payable **)	**-17.3**	**-16.6**
Net commission income	**180.1**	**180.9**
*) Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through the profit and loss account	45.0	52.8
**) Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through the profit and loss account	-17.3	-16.6

Note 14 - Other income

(NOK million)	2020	2019
Distribution fees for the sale of products for other Storebrand companies	18.7	
Total other income	**18.7**	**0.0**

Note 15 - Remuneration paid to auditor

Remuneration incl. value added tax:

NOK 1000	2020	2019
Statutory audit	-418	-755
Other reporting duties	-18	-116
Total	**-436**	**-871**

Note 16 - Operating expenses

(NOK million)	2020	2019
Ordinary wages and salaries	-81.6	-62.6
Employer's social security contributions	-16.0	-11.9
Pension cost (see note 17)	-11.3	-10.1
Other staff expenses	-5.6	-2.8
Total staff expenses	**-114.5**	**-87.3**
IT costs	-78.4	-65.6
Office operation and other general administration expenses	-1.1	-0.7
Operating expenses on rented premises	-10.7	-9.4
Foreign services (see note 15)	-2.4	-3.7
Inter-company charges for services [1]	-97.3	-71.1
Other operating expenses	-5.9	-8.9
Total other operating expenses	**-188.8**	**-160.3**
Total operating expenses	**-303.4**	**-247.6**

1) Services purchased from the group contain expenses relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

Note 17 - Pensions

Storebrand Group has country-specific pension schemes.

Storebrand’s employees in Norway have e defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:
- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount ”G” was NOK 101,351 at 31 December 2020)
- In addition, 13 per cent of salary between 7.1 and 12 G is saved.
- Savings rate for salary over 12 G is 20 per cent.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.5 % in 2020. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

Employees who were on sick leave and partiality disabled during the transition to the defined-contribution pension, remain in the defined-benefit pension scheme. There are also pension liabilities for the defined-benefit scheme related to direct pensions for certain former employees and former board members.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

(NOK million)	2020	2019
Present value of insured pension liabilities	9.6	14.2
Fair value of pension assets	-7.1	-13.2
Net pension liabilities/assets insured scheme	2.5	0.9
Present value of unsecured liabilities	2.2	4.7
Net pension liabilities recognised in statement of financial position	**4.7**	**5.6**

Includes employer contributions on net under-financed liabilities in the gross liabilities.

BOOKED IN STATEMENT OF FINANCIAL POSITION

(NOK million)	2020	2019
Pension assets		
Pension liabilities	4.7	5.6

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

(NOK million)	2020	2019
Net pension liabilities 01.01	18.9	19.3
Pensions earned in the period		0.3
Interest expenses on the pension liability	0.4	0.5
Estimate deviations	-6.8	0.6
Pensions paid	-0.5	-1.8
Employer's NI contribution reversed	-0.1	-0.2
Net pension liabilities 31.12	**11.8**	**18.9**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

(NOK million)	2020	2019
Pension assets at fair value 01.01	13.2	13.3
Expected return	0.3	0.4
Estimate deviation	-7.0	-1.2
Premiums paid	0.7	0.9
Employer's NI contribution pension assets	-0.1	-0.2
Net pension assets 31.12	**7.1**	**13.2**
Expected premium payments (pension assets) in 2021:	0.3	
Expected premium payments (contributions) in 2021:	10.7	
Expected AFP early retirement scheme payments in 2021:	2.0	
Expected payments from operations (uninsured scheme) in 2021:	2.2	

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE COMPOSED AT 31.12

	2020	2019
Real estate	15 %	13 %
Bonds at amortised cost	34 %	36 %
Loans	20 %	13 %
Equities and units	12 %	15 %
Bonds	17 %	20 %
Other short-term financial assets	3 %	1 %
Total	**100 %**	**100 %**

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance AS. Financial instruments are valued on three differendt levels.

Realised return on assets	4.4 %	3.6 %

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS:

(NOK million)	2020	2019
Current service cost incl provsion for employer's NI contribution		0.3
Net interest cost/expected return	0.2	0.2
Changes to pension scheme		
Total for defined benefit schemes	**0.2**	**0.5**
The period's payment to contribution scheme	9.3	8.0
The period's payment to contractual pension	1.8	1.6
Net pension cost recognised in profit and loss account in the period	**11.3**	**10.1**

Net pension cost includes payroll tax of employer contribution and is included in operating expenses. See note 16.

ANALYSIS OF ACTUARIAL LOSS (GAIN) IN THE PERIOD

(NOK million)	2020
Actuarial loss (gain) - change in discount rate	1.8
Actuarial loss (gain) - change in other financial assumptions	
Actuarial loss (gain) - change in mortality table	
Actuarial loss (gain) - change in other demographic assumptions	
Actuarial loss (gain) - experience DBO	-8.6
Loss (gain) - experience Assets	6.8
Investment management cost	0.1
Asset ceiling - asset adjustment	
Remeasurements loss (gain) in the period	**0.2**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY

	31.12.2020	31.12.2019
Discount rate	1.5 %	2.2 %
Expected return	1.75 %	2.0 %
Expected earnings growth	1.75 %	2.0 %
Expected annual increase in pensions payment	0.0 %	0.0 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

Financial assumptions:
The financial assumptions have been determined on the basis of the rules in IAS 19. Long term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are particularly subject to a high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, and in Storebrand's opinion, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:
In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. A new mortality basis K2013 for group pension insurance in life insurance companies and pension funds was introduced effective from 2014. Storebrand has used the mortality table K2013BE (best estimate) for the actuarial calculations as at 31 December 2020.

Note 18 - Losses on loans, guarantees and unused credits

(NOK million)	2020 Loans to customers and securities valued at amortisert cost and loans to customers valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	-1.7	-0.1	-1.6
The periods change in impairment losses stage 2	-6.5	-9.0	-15.5
The periods change in impairment losses stage 3	2.9		2.9
Realised losses	-14.0		-14.0
Recoveries on previously realised losses	1.5		1.5
Credit loss on interest-bearing securities			0.0
Management overlay	-4.1	-2.9	-7.0
Other changes	-0.8		-0.8
Loss expense for the period	**-22.9**	**-11.8**	**-34.7**

The bank's model for calculating expected credit losses is not adapted to the uncertainty that exists due to, among other things, the corona epidemic. The bank has therefore made a discretionary additional provision of NOK 7 million which has been added to stage 2. See note 29. Storebrand Bank ASA has NOK 10.3 million in outstanding contractual amounts for realised losses during 2020 that are still subject to enforcement activities.

(NOK million)	2019 Loans to customers and securities valued at amortisert cost and loans to customers valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	0.2	0.5	0.7
The periods change in impairment losses stage 2	-0.8	-4.4	-5.2
The periods change in impairment losses stage 3	7.3		7.3
Realised losses	-21.4		-21.4
Recoveries on previously realised losses	1.3		1.3
Credit loss on interest-bearing securities			0.0
Other changes	-0.7		-0.7
Loss expense for the period	**-14.1**	**-3.9**	**-18.0**

Note 19 - Tax

TAX CHARGE FOR THE YEAR

(NOK million)	2020	2019
Tax payable in profit/loss	-16.8	-63.0
Change in deferred tax assets	-22.4	-4.9
Changes in deferred tax/deferred tax asset without effect on profit and loss	1.1	0.0
Total tax charge for the year	**-38.1**	**-67.9**

TAX BASIS FOR THE YEAR

(NOK million)	2020	2019
Profit before taxes	167.4	280.7
+ Group contribution received, difference between the carrying amount and the tax base	-8.4	-9.6
+/- Share of results realted to additional Tier 1 capital holders	-10.2	-11.6
- Dividend on shares within EEA	-10.2	-2.1
+/- Realised gains/losses on shares within EEA	7.3	-3.3
Other permanent differences	0.8	-0.7
Changes in temporary differences	34.5	0.6
Effect of change in value on loans to fair value through other comprehensive income (OCI)		3.5
Efffect of transtion to IFRS 9		-15.5
Tax basis for the year	**181.2**	**242.1**
Reduction for tax deductible loss		
- Application of tax loss carryforward	-124.1	
Tax basis for the year for current taxes [1)]	**57.2**	**242.1**
Tax rate	25 %	25 %

1) Allocated group contribution with tax effect

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

(NOK million)	2020	2019
Ordinary pre-tax profit	167.4	280.7
Expected tax on income at nominal rate	-41.9	-70.2
Tax effect of:		
Realised shares	0.7	1.3
Permanent differences	-0.2	-0.3
Group contribution received	2.1	2.4
Effect of change in accounting principles on transition to IFRS 9		3.9
Change in deferred tax booked directly in the balance sheet earlier	1.1	
Change of tax assessment earlier years		-5.1
Tax charge	**-38.1**	**-67.9**
Effective tax rate	**23 %**	**24 %**

TAX PAYABLE IN THE BALANCE SHEET

(NOK million)	2020	2019
Tax payable in profit & loss	-16.8	-63.0
Tax payable in the equity	2.5	2.9
Tax payable in other comprehensive income		-0.4
- tax effect of group contribution paid	14.3	60.5
Tax payable in the balance sheet	**0.0**	**0.0**

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

(NOK million)	2020	2019
Tax-increasing temporary differences		
Financial instruments	-17.3	15.1
Total tax-increasing temporary differences	**-17.3**	**15.1**
Tax-reducing temporary differences		
Pensions	-4.7	-5.6
Fixed assets	-13.3	-5.9
Provisions	-3.7	-3.1
Total tax-reducing temporary differences	**-21.7**	**-14.6**
Losses/allowances carried forward		-124.1
Base for deferred tax and deferred tax asset	**-39.0**	**-123.6**
Temporary differences not included in the calculaion of deferred tax	5.0	0.0
Net base for deferred tax and deferred tax asset	**-34.0**	**-123.6**
Net deferred tax/tax asset	**8.5**	**30.9**
Correction for effects of temporary differences from merged company		-31.3
Net deferred tax/tax asset in the balance sheet	**8.5**	**-0.4**

The tax rate for companies in Norway was changed from 23 to 22 per cent with effect from 1 January 2019. It was also agreed to keep the rate at 25 per cent for companies subject to the financial tax.

ANALYSIS OF TAX PAYABLE AND DEFERRED TAX APPLIED TO OCI:

(NOK million)	2020	2019
Pension experience adjustments		0.5
Tax on change in value on loans to fair value through other comprehensive income (OCI)		-0.9
Total	**0.0**	**-0.4**

Deferred tax assets principally relate to tax reducing temporary differences on fixed assets, pension liabilities and financial instruments. The bank produces an annual profit, and is expected to continue to produce a profit in future years. Deferred tax assets in respect of Storebrand Bank ASA are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

Note 20 - Classification of financial assets and liabilities

(NOK million)	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income (OCI)	Total
Financial assets				
Cash and deposits with central banks	49.5			49.5
Loans to and deposits with credit institutions	1,807.7			1,807.7
Equity instruments		41.7		41.7
Interest-bearing securities	3,235.7	5,327.9		8,563.6
Derivatives		73.5		73.5
Lending to customers	294.1	722.3	9,720.5	10,737.0
Other current assets	100.5			100.5
Total financial assets 2020	**5,487.5**	**6,165.5**	**9,720.5**	**21,373.5**
Total financial assets 2019	6,453.5	3,681.1	9,116.9	19,251.5
Financial liabilities				
Loans and deposits from credit institutions	1,653.3			1,653.3
Deposits from and due to customers	15,506.3			15,506.3
Debt securities issued	2,821.5			2,821.5
Derivatives		77.8		77.8
Other liabilities	209.7			209.7
Subordinated loans	275.6			275.6
Total financial liabilities 2020	**20,466.4**	**77.8**	**0.0**	**20,544.2**
Total financial liabilities 2019	18,380.2	62.5		18,442.7

Note 21 - Ownership interests in group companies

SHARES IN SUBSIDIARIES

(NOK million)	Business registration number	Registered office	Ownership interest	Share of votes	Share capital	Acquisition cost	Book value 31.12.2020	Book value 31.12.2019
Storebrand Boligkreditt AS	990645515	Lysaker	100 %	100 %	490.0	1,510.9	1,510.9	1,456.5
Total investments in subsidiaries						**1,510.9**	**1,510.9**	**1,456.5**

See note 3 - Acquisitions and note 4 - Merger completed during the year

INCOME FROM OWNERSHIP ITERESTS IN GROUP COMPANIES

(NOK million)	2020	2019
Received group contribution from Storebrand Boligkreditt AS	69.8	80.3
Total income from ownership interests in group companies	**69.8**	**80.3**

Note 22 - Interest-bearing securities at fair value through profit and loss

(NOK million)	2020 Fair value	2019 Fair value
Sovereign and Government Guaranteed bonds	427.6	840.0
Mortgage and asset backed bonds	4,900.3	2,348.0
Total interest-bearing securities at fair value through profit and loss	**5,327.9**	**3,188.0**
Modified duration	0.18	0.16
Average effective yield per 31.12.	0.61 %	1.86 %

The portfolio is mainly denominated in NOK.
Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 23 - Interest-bearing securities at amortised cost

	2020		2019	
(NOK million)	Book value	Fair value	Book value	Fair value
Public issuers and Government Guaranteed Bonds	1,643.5	1,643.7	593.6	594.0
Mortgage and asset backed bonds	1,592.1	1,601.7	500.7	504.0
Total interest-bearing at amortised cost	**3,235.7**	**3,245.4**	**1,094.4**	**1,098.0**
Modified duration		0.13		0.15
Average effective yield per 31.12.		0.59 %		1.90 %

All securities are denominated in NOK.
The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 24 - Equity instruments

(NOK million) Name of the company	Organisation number	No. of shares	Ownership interest	2020 Book value	2019 Book value
VN Norge AS	821083052	10,138,359,344,595,400	1.01 %	10.5	19.4
Other Norwegian companies				0.4	0.2
Scandinavisk Datacenter AS		54,111	3.12 %	29.8	25.4
Other foreign companies				1.1	1.1
Total equity instruments				**41.7**	**46.1**

Note 25 - Buyback agreements (repo agreements)

	2020	2019
(NOK million)	Book value	Book value
Transferred bonds still recognised on the statement of financial position		402.8
Liabilities related to the assets		402.8

Storebrand Bank ASA has not entered into any buyback agreements as of 31 December 2020.
Transferred bonds that are included in buyback agreements (repos) are not derecognised, since all the risk and return on the securities is retained by Storebrand Bank ASA.

Note 26 - Financial derivatives

Financial derivatives are linked to underlying amounts which are not carried on the balance sheet. In order to quantify the volume of derivatives, reference is made to such underlying amounts as underlying principal, nominal volume, etc. Different calculation methods are applied to nominal volume for different types of financial derivatives, and this figure expresses the scope of risk and positions of financial derivatives.

Gross nominal volume primarily provides information on scope, while net nominal volume provides a certain expression of risk positions. However, the nominal volume for different instruments is not necessarily comparable, considering the risk exposure. As opposed to gross nominal volume, the calculation of net nominal volume also takes into account the sign for the instrument's market risk exposure, by differing between so-called asset positions and liability positions.

An asset position in a share derivative implies a positive change in value if share prices rise. For interest derivatives, an asset position implies a positive change in value if interest rates are reduced – as is the case with bonds. An asset position in a currency derivative generates a positive change in value if the exchange rate against the NOK sees an increase. The average gross nominal volume is based on daily calculations of gross nominal volume.

					Net amounts taken into account netting agreements		
(NOK million)	Gross nom. volume [1]	Gross recognised financial assets	Gross recognised debt	Net financial assets / debt in the balance sheet	Fin. assets	Fin. debt	Net amount
Interest derivatives [2]	1,304.4	73.5	77.7				-4.2
Currency derivatives	11.1		0.1				-0.1
Total derivatives 31.12.2020	**1,315.5**	**73.5**	**77.8**	**0.0**	**0.0**	**0.0**	**-4.3**
Total derivatives 31.12.2019	1,563.7	57.8	62.5				-4.7

1) Values as at 31.12:
2) Interest derivatives include accrued, not due, interest.

INVESTMENTS SUBJECT TO NETTING AGREEMENTS /CSA

				Collateral		
(NOK million)	Recognised assets	Recognised liabilities	Net assets	Cash (+/-)	Securities (+/-)	Net exposure
Investments subject to netting agreements/CSA	5.8	77.8	-71.9		-150.0	78.1
Investments not subject to netting agreements/CSA	67.6		67.6			
Total 2020	**73.5**	**77.8**	**-4.3**			

Note 27 - Foreign exchange risk

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCY

	Statement of financial position items		Currency forwards	Net position	
(NOK million)	Assets	Liabilities	Net sale	in currency	in NOK
CHF	0.1	0.0	0.0	0.0	0.0
DKK	0.0	0.1	0.0	-0.1	-0.1
EUR	19.9	19.8	0.0	0.0	0.1
GBP	0.2	0.3	0.0	0.0	-0.1
SEK	0.5	0.4	0.0	0.2	0.2
USD	11.1	0.1	11.1	1.3	11.0
Other	0.2	0.0	0.0	0.2	0.1
Total net currency positions 2020					**11.3**
Total net currency positions 2019					0.1

The permitted limit for the bank's foreign exchange position is 0.50% of primary capital, which is approximately NOK 13 million at present. The overview shows holdings in foreign exchange accounts as of 31 December 2020.

Note 28 - Loans and guarantees

(NOK million)	2020 Book value	2019 Book value
Loans to customers at amortised cost	320.8	306.3
Loans to customers at fair value through profit and loss (PL)	722.3	389.2
Loans to customers at fair value through other comprehensive income (OCI)	9,742.0	9,137.6
Total gross lending to customers	**10,785.2**	**9,833.0**
Provision for expected loss Stage 1	-4.1	-2.4
Provision for expected loss Stage 2	-14.5	-3.8
Provision for expected loss Stage 3	-29.7	-32.6
Net lending to customers	**10,737.0**	**9,794.2**

See note 6 for analysis of loan portfolio and guarantees per customer group.

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT AMORTISED COST

	2020			
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2020	227.2	56.9	22.1	306.3
Transfer to stage 1	2.3	-2.3		0.0
Transfer to stage 2	-56.2	57.0	-0.8	0.0
Transfer to stage 3	-2.1	-2.7	4.8	0.0
New loans	63.6	46.8	2.8	113.2
Derecognition	-34.4	-11.2	-13.3	-58.9
Other changes	-26.9	-13.9	1.1	-39.7
Gross loans 31.12.2020	**173.6**	**130.6**	**16.7**	**320.8**

	2019			
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2019	262.4	46.2	30.1	338.7
Transfer to stage 1	9.8	-9.3	-0.5	0.0
Transfer to stage 2	-28.1	28.3	-0.3	0.0
Transfer to stage 3	-5.2	-3.1	8.3	0.0
New loans	23.5	5.9	1.9	31.2
Derecognition	-39.5	-11.7	-18.6	-69.7
Other changes	4.2	0.6	1.1	6.0
Gross loans 31.12.2019	**227.2**	**56.9**	**22.1**	**306.3**

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

	2020			
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2020	8,616.1	454.1	67.4	9,137.6
Transfer to stage 1	38.6	-38.0	-0.6	0.0
Transfer to stage 2	-223.2	232.7	-9.5	0.0
Transfer to stage 3	-4.1	-17.3	21.4	0.0
New loans	6,513.9	398.4		6,912.2
Derecognition	-5,905.7	-226.9	-15.5	-6,148.1
Other changes	-142.6	-16.9	-0.3	-159.7
Gross loans 31.12.2020	**8,893.0**	**786.0**	**63.0**	**9,742.0**

	2019			
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2019	8,906.1	490.3	65.1	9,461.4
Transfer to stage 1	62.4	-62.4		0.0
Transfer to stage 2	-125.2	125.3	-0.1	0.0
Transfer to stage 3	-7.5	-17.3	24.9	0.0
New loans	5,747.7	176.6	0.1	5,924.4
Derecognition	-5,780.7	-238.2	-23.9	-6,042.9
Other changes	-186.7	-20.1	1.5	-205.3
Gross loans 31.12.2019	**8,616.1**	**454.1**	**67.4**	**9,137.6**

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS (PL)

	2020			
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Gross loans 01.01.2020	376.3	12.9		389.2
Transfer to stage 1				
Transfer to stage 2	-5.4	5.4		0.0
Transfer to stage 3				
New guarantees and unused credits	487.5	45.1		532.7
Dereceognition	-200.3	-1.2		-201.4
Other changes	1.5	0.4		1.9
Gross loans 31.12.2020	**659.6**	**62.7**	**0.0**	**722.3**

	2019			
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Gross loans 01.01.2019	193.3	26.9		220.2
Transfer to stage 1				
Transfer to stage 2				
Transfer to stage 3				
New guarantees and unused credits	247.7	3.7		251.4
Dereceognition	-63.7	-17.6		-81.3
Other changes	-1.0	-0.2		-1.2
Gross loans 31.12.2019	**376.3**	**12.9**	**0.0**	**389.2**

CHANGE IN MAXIMUM EXPOSURE FOR GUARANTEES AND UNSUED CREDITS

	2020			
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2020	1,652.9	190.9	0.1	1,843.8
Transfer to stage 1	6.1	-6.1		0.0
Transfer to stage 2	-175.5	175.5		0.0
Transfer to stage 3	-0.3	-0.3	0.6	0.0
New guarantees and unused credits	336.9	13.7		350.5
Dereceognition	-221.1	-28.9		-250.0
Other changes	18.1	10.9	-0.6	28.4
Maximum exposure 31.12.2020	**1,617.1**	**355.6**	**0.0**	**1,972.7**

	2019			
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2019	1,855.0	107.0	0.1	1,962.0
Transfer to stage 1	34.9	-34.9		0.0
Transfer to stage 2	-124.7	124.7		0.0
Transfer to stage 3	-0.9	-0.5	1.4	0.0
New guarantees and unused credits	179.2	15.9		195.1
Dereceognition	-279.7	-19.5		-299.2
Other changes	-10.9	-1.8	-1.3	-14.0
Maximum exposure 31.12.2019	**1,652.9**	**190.9**	**0.1**	**1,843.8**

Note 29 - Loan loss provisionson loans, guarantees and unused credits

(NOK million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
	2020			
Loan loss provisions 01.01.2020	6.5	11.5	32.6	50.6
Transfer to stage 1 (12-month ECL)	0.4	-0.4		0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-3.3	3.7	-0.4	0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)		-0.3	0.3	0.0
Net remeasurement of loan losses	-0.3	7.2	4.1	11.0
New financial assets originated or purchased	3.0	2.8	1.4	7.3
Financial assets that have been derecognised	-0.9	-1.3	-2.0	-4.1
ECL changes of balances on financial assets without changes in stage in the period	2.8	3.9	2.5	9.1
Changes due to modification without any effect in derecognition				
Financial assets written off during the period		-0.2	-8.8	-9.0
Changes in models/risk parameters				
Foreign exchange and other changes				
Management overlay		7.0		7.0
Loan loss provisions 31.12.2020	**8.1**	**34.0**	**29.7**	**71.9**
Loan loss provisions on loans to customers valued at amortised cost	2.0	11.4	13.3	26.7
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	2.1	3.0	16.4	21.5
Loan loss provisions on guarantees and unused credit limits	4.0	19.6		23.6
Total loans loss provisions	**8.1**	**34.0**	**29.7**	**71.9**

(NOK million)	2019 Stage 1 12-month ECL	 Stage 2 Lifetime ECL - no objective evidence of impairment	 Stage 3 Lifetime ECL - objective evidence of impairment	 Total
Loan loss provisions 01.01.2019	7.2	6.3	39.9	53.4
Transfer to stage 1 (12-month ECL)	1.7	-1.5	-0.2	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-0.8	1.0	-0.1	0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	-0.1	-0.2	0.3	0.0
Net remeasurement of loan losses	-1.3	6.2	5.5	10.4
New financial assets originated or purchased	0.5	0.6	1.0	2.1
Financial assets that have been derecognised	-1.0	-1.1	-2.0	-4.0
ECL changes of balances on financial assets without changes in stage in the period	0.3	0.4	-0.5	0.2
Changes due to modification without any effect in derecognition				
Financial assets written off during the period		-0.2	-11.3	-11.5
Changes in models/risk parameters				
Foreign exchange and other changes				
Loan loss provisions 31.12.2019	**6.5**	**11.5**	**32.6**	**50.6**
Loan loss provisions on loans to customers valued at amortised cost	1.7	3.0	13.4	18.1
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	0.7	0.8	19.2	20.7
Loan loss provisions on guarantees and unused credit limits	4.1	7.7		11.8
Total loans loss provisions	**6.5**	**11.5**	**32.6**	**50.6**

Periodical changes in individual impairments and expected credit loss on loans, loan commitments and guarantees are shown above. The periods realised losses are not included in the overview above.

Storebrand Bank ASA has not any expected loan loss provisions relatet to loans to the central bank, credit institutions, commercial papers and bonds.

Note 30 - Distribution of loan loss provisions and exposure on secured and unsecured retail exposures

DISTRIBUTION OF LOAN LOSS PROVISIONS

(NOK million)	2020 Stage 1	 Stage 2	 Stage 3	 Total loan loss provisions
Retail exposures secured by mortgages on immovable property	2.1	3.0	6.9	12.1
Unsecured retail exposures including credit cards exposures	6.0	31.0	13.3	50.3
Other exposures including SME exposures			9.4	9.5
Total loan loss provisions	**8.1**	**34.0**	**29.7**	**71.9**

(NOK million)	2019 Stage 1	 Stage 2	 Stage 3	 Total loan loss provisions
Retail exposures secured by mortgages on immovable property	0.7	0.8	9.7	11.2
Unsecured retail exposures including credit cards exposures	5.8	10.7	13.4	29.9
Other exposures including SME exposures			9.5	9.5
Total loan loss provisions	**6.5**	**11.5**	**32.6**	**50.6**

DISTRIBUTION OF EXPOSURE INCL. UNUSED CREDIT LIMITS AND GUARANTEES

	2020			
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	10,341.1	884.2	41.5	11,266.8
Unsecured retail exposures including credit cards exposures	1,001.9	450.4	16.7	1,469.0
Other exposures including SME exposures	0.3	0.3	21.5	22.1
Total exposure	**11,343.3**	**1,334.9**	**79.7**	**12,757.9**

	2019			
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	9,629.1	481.9	45.9	10,156.9
Unsecured retail exposures including credit cards exposures	1,241.5	232.8	22.2	1,496.5
Other exposures including SME exposures	1.8		21.6	23.4
Total exposure	**10,872.4**	**714.8**	**89.6**	**11,676.8**

Note 31 - Intangible assets

(NOK million)	IT systems	Total book value 2020	Total book value 2019
Acquisiton cost at 01.01	160.6	160.6	146.6
Additions in the period:			
Purchased separately	9.1	9.1	29.6
Disposals in the period	-9.6	-9.6	-15.6
Acquisition cost at 31.12	**160.1**	**160.1**	**160.6**
Accumulated depreciation and write-downs at 01.01	76.4	76.4	70.3
Depreciation in the period (see note 14)	19.3	19.3	18.1
Disposals in the period	-7.4	-7.4	-15.4
Write-downs in the period (see note 14)	4.0	4.0	3.5
Accumulated depreciation and write-downs at 31.12	**92.2**	**92.2**	**76.4**
Book value at 31.12	**67.9**	**67.9**	**84.2**
For each class of intangible assets:			
Depreciation method	linear		linear
Economic life	2 - 10 years		2 - 10 years
Rate of depreciation	10.0% -50.0%		10.0% -50.0%

All intangible assets relates to system development, data warehouses, system accesses etc. Development of systems is carried out by external resources. The estimate of economic lifetime are reviewed annually.

Note 32 - Other current assets

(NOK million)	2020 Book value	2019 Book value
Other accrued income and prepaid expenses	23.9	19.3
Due from group companies	74.0	269.3
Other assets	2.6	0.8
Total other current assets	**100.5**	**289.4**

Note 33 - Deposits from customers

(NOK million)	2020 Book value	2019 Book value
Deposits from customers	15,137.9	13,352.8
Term loans and deposits from customers	368.5	1,051.5
Total deposits from customers	**15,506.4**	**14,404.3**

Deposits with agreed maturity relate to deposits for a contractually agreed period. Deposits without agreed maturity relates to deposits with no fixed period where the customer has unrestricted access to the deposit.

DEPOSITS FROM CUSTOMERS PER SECTOR AND INDUSTRY CLASSIFICATION AND GEOGRAPHICAL DISTRIBUTION

(NOK million)	2020 Book value	2019 Book value
Sector and industry classification		
Development of building projects	24.1	31.1
Sale and operation of real estate	593.0	763.2
Professional and financial services	792.7	859.8
Wage-earners	12,864.6	11,609.7
Other	1,232.1	1,140.5
Total	**15,506.4**	**14,404.3**
Geographic distribution		
Eastern Norway	11,765.3	10,556.9
Western Norway	1,927.9	1,774.9
Southern Norway	300.6	268.3
Mid-Norway	527.1	545.2
Northern Norway	654.0	600.4
Rest of world	331.4	658.6
Total	**15,506.4**	**14,404.3**

Note 34 - Hedge accounting

Storebrand Bank ASA has chosen IFRS 9 for hedge accounting. Storerbrand Bank ASAs interest rate risk strategy is defined in the interest rate risk policy, which sets frameworks for limiting the company's interest rate risk exposure. The company uses fair value hedging to reduce the interest rate risk on borrowings with fixed interest terms. The risk that is hedged in accordance with the interest rate risk policy is Nibor. This entails that separate credit risk is not hedged by keeping the credit spread constant as when established. Hedged risk accounts for approximately 90% of the total interest rate risk exposure in the loans. Fair value hedging of the hedged item is interest rate hedged by entering into an interest rate swap in which we swap from fixed to variable interest to reduce the risk associated with future changes in interest rates. The hedging satisfies the requirements for hedge accounting at individual transaction level by a hedging instrument being directly linked to a hedged item and the hedging relationship being adequately documented.

All hedging relationships are established with an identical fixed interest profile, i.e. fixed interest, principal, coupon dates and maturity, both in the object and the instrument. The instrument swaps from fixed interest to variable interest quoted on Nibor three months. The fixed leg is between 2% to 5.05%. The hedging relationship is expected to be highly effective in counteracting the effect of changes in fair value due to changes in interest rates. Net recognised changes in value of fair value hedges are due to changes in value resulting from changed market interest rates, i.e. hedged risk. This is entered in the accounts under "Net unrealised changes in value of financial instruments". The hedging efficiency is measured based on the basic "Dollar Offset" method with regard to prospective efficiency.

Storebrand Bank has identified the following sources of inefficiency:
-Change in value of the short leg (Nibor 3 months).
-Credit risk for counterparty.

It is not expected that these factors will create significant inefficiency. No other sources of inefficiency were identified during the financial year.

	2020			2019		
	Contract/ nominal value	Fair value [1]		Contract/ nominal value	Fair value [1]	
(NOK million)	0-3 years	Assets	Liabilities	0-3 years	Assets	Liabilities
Interest rate swaps	284.0	0.4		500.0	7.2	
Total interest rate derivatives	284.0	0.4		500.0	7.2	
Total derivatives	**284.0**	**0.4**		**500.0**	**7.2**	

	Contract/ nominal value	Hedging value [1]		Contract/ nominal value	Hedging value [1]	
(NOK million)	0-3 years	Assets	Liabilities	0-3 years	Assets	Liabilities
Total underlying items	284.0		284.2	500.0		493.1
Hedging effectiveness - prospective			84.3 %			98.2 %

Gain/loss on fair value hedging: [2]

(NOK million)	2020 Gain/loss	2019 Gain/loss
On hedging instruments	7.5	1.0
On items hedged	-6.8	-0.6

1) Book value at 31.12.

2) Amounts included in the line "Net change in fair value and gain/loss on financial liabilites ".

Note 35 - Provisions

(NOK million)	Provisions for restructuring 2020	2019
Provisions 1 January		0.1
Provisions during the period	0.9	
Provisions used during the period		-0.1
Total provisions 31 December	**0.9**	**0.0**

This provision is related to the cost reduction program in Storebrand and mainly concerns costs related to headcount reductions.
The provision has been considered in accordance with IAS 37, and the restructuring plan has been announced to all parties affected by the changes.

Note 36 - Other liabilities

(NOK million)	2020 Book value	2019 Book value
Payable to Storebrand group companies	15.5	9.2
Money transfers	14.8	7.3
Group contribution payable to group companies	134.4	306.6
Accounts payable	4.1	3.7
Accrued expenses and prepaid income	18.1	12.1
Other debt	22.7	28.3
Total other liabilities	**209.7**	**367.1**

Note 37 - Off balance sheet liabilities and contingent liabilities

(NOK million)	2020	2019
Guarantees	0.3	1.5
Undrawn credit limits	6,259.7	3,374.9
Loan commitments, retail market	2,961.7	1,466.3
Total contingent liabilities	**9,221.6**	**4,842.7**

Guarantees are mainly payment guarantees and contract guarantees. See also note 6. Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages. Undrawn credit limits includes NOK 4.3 billion in credit facility to Storebrand Boligkreditt AS.

Storebrand Bank ASA are engaged in extensive activities and may become a party in legal disputes.

Note 38 - Collateral

Storebrand Bank ASA has not received or issued any collateral except securities pledged as collateral in Norges Bank and in other credit institutions (see the tabel below).

COLLATERAL AND SECURITY PLEDGED

(NOK million)	2020	2019
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	3,255.8	903.6
Booked value of securities pledged as collateral in other financial institutions	150.7	151.1
Total	**3,406.5**	**1,054.8**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has F-loans totaling NOK 1.7 billion in Norges Bank as of 31 December 2020.

Note 39 - Capital adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. Profit for the year has been added to net primary capital.

NET PRIMARY CAPITAL

(NOK million)	2020	2019
Share capital	960.6	960.6
Other equity	1,426.8	1,371.1
Total equity	**2,387.4**	**2,331.7**
Additional Tier 1 capital included in total equity	-225.0	-225.0
Accrued interest on capital instruments included in total equity	-0.7	-0.9
Total equity included in Core Equity Tier 1 (CET1)	**2,161.7**	**2,105.7**
Deductions:		
AVA adjustments	-16.0	-12.9
Intangible assets	-67.9	-84.2
Core Equity Tier 1 (CET1)	**2,077.9**	**2,008.6**
Additional Tier 1 capital:		
Capital instruments eligible as Tier 1 capital		
Addition	225.0	225.0
Core capital	**2,302.9**	**2,233.6**
Tier 2 capital		
Subordinated loans	275.0	275.0
Tier 2 capital deductions		
Eligible capital (Tier 1 capital + Tier 2 capital)	**2,577.9**	**2,508.6**

MINIMUM REQUIREMENT FOR NET PRIMARY CAPITAL

(NOK million)	2020	2019
Credit risk	748.1	677.2
Of which:		
Local and regional authorities	1.7	0.9
Institutions	215.2	212.3
Loans secured in residential real estate *)	306.2	272.0
Retail market	41.7	43.5
Loans past-due	7.0	8.9
Covered bonds	151.3	126.4
Other	24.9	13.2
Total minimum requirement for credit risk	**748.1**	**677.2**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	66.2	66.2
CVA risk	15.1	12.7
Deductions		
Minimum requirement for net primary capital	**829.5**	**756.1**

*According to the Capital Requirements Regulation (CRR), exposures to corporates are secured lending transactions where real estate is used as collateral.

CAPITAL ADEQUACY

	2020	2019
Capital ratio	24.9 %	26.5 %
Tier 1 capital ratio	22.2 %	23.6 %
Core equity Tier 1 (CET1) capital ratio	20.0 %	21.3 %

The standard method is used for credit risk and market risk and the basis method is used for operational risk. Total requirement to Core Equity Tier 1 (CET1) and eligible capital (Tier 1 capital + Tier 2 capital) are 12,3 per cent and 15.8 per cent. As of 31 March 2020, the Pilar 2 requirement for Storebrand Bank is 1.3 per cent of the risk-weihgted volume.

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

(NOK million)	2020	2019
Credit risk	9,351.1	8,465.1
Of which:		
Local and regional authorities	21.3	11.2
Institutions	2,690.1	2,654.3
Loans secured on residential real estate *	3,828.1	3,399.6
Retail market	521.2	543.7
Loans past-due	87.0	111.7
Covered bonds	1,891.7	1,579.4
Other	311.6	165.1
Total basis of calculation credit risk	**9,351.1**	**8,465.1**
Total basis of calculation market risk	**0.0**	**0.0**
Operational risk	828.0	828.0
CVA risk	189.1	158.4
Deductions		
Total basis of calculation of minimum requirements for capital base	**10,368.3**	**9,451.5**

* Minimum requirement for net primary capital. Fotnotetekst under tabellen.

Note 40 - Remuneration to senior employees and elected officers of the company

NOK 1000	Ordinary salary	Other benefits [1]	Total remu-neration for the year	Pension accrued for the year	Post terminati-on salary (months)	Loan [2]	No. of shares owned [3]
Senior employees							
Camilla Leikvoll (CEO)	2,088	49	2,137	341		3,944	6,052
Asle Borud	1,320	116	1,436	203			573
Torunn Sjåstad Hoftvedt	1,365	130	1,495	207		6,363	23,499
Aasmund Hveding	1,163	16	1,179	134			
Bernt Uppstad	1,496	120	1,617	236		690	2,705
Mari Rindal Øyen	2,437	62	2,499	399		2,635	8,732
Total 2020	**9,869**	**494**	**10,363**	**1,521**		**13,633**	**41,561**
Total 2019	5,957	390	6,348	902		7,807	29,934

1) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.

2) Employees can borrow up to NOK 7.0 million at subsidised interest rates. This rate is presently 1.19% p.a. Excess loan amounts are in accordance with market terms.

3) The summary shows the number of shares owned by the individual, as well as his or her immediate family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

NOK 1000	Remuneration	Loan	No. of shares owned [2]
Board of Directors [1]			
Heidi Skaaret [3]		3,135	94,788
Karin Greve-Isdahl [3]		18,598	20,962
Jan Birger Penne	183		
Leif Helmich Pedersen	138		
Maria Skotnes	125	4,996	1,679
Total 2020	**446**	**26,730**	**117,429**
Total 2019	497	38,383	84,100

1) Remuneration to the Board of Directors are remuneration paid in connection to each one appointments as member of the Board of Storebrand Bank ASA.

2) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

3) Neither Heidi Skaaret nor Karin Greve-Isdahl receives any remuneration from Storebrand Bank ASA for their appointments as members of the Board.

Note 41 - Related Parties

TRANSACTIONS WITH GROUP COMPANIES

	2020		2019	
(NOK million)	Subsidiaries	Other group companies	Subsidiaries	Other group companies
Interest income	34.7	0.0	59.6	
Interest expense				
Services sold	83.1	7.0	74.0	2.6
Services purchased		97.3		74.6
Due from	1,782.5	4.3	4,547.7	189.0
Liabilities to	64.6	85.2	69.1	246.6

Transaction with group companies are based on the principle of transactions at arm's length.

LOANS TRANSFERRED TO STOREBRAND BOLIGKREDITT AS

Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. Once the loans are transferred, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt that receives all the cash flows from the loan customer. The bank and Storebrand Boligkreditt have not signed any agreements concerning guarantees, options "or similar in relation to the loan portfolio in Storebrand Boligkreditt AS. Storebrand Bank ASA will ensure the transfer and return of loans as needs" change, i.e. when there is a need to increase borrowing, switches from fixed to variable interest rates, switches to employee loans and switches to home equity loans. The costs form part of the contractual management fees.

Loans in Storebrand Boligkreditt AS that do not perform remain in the company. According to the service agreement with Storebrand Bank ASA, these loans will be treated in the same way as non-performing loans in the bank. A special report on non-performing loans in Storebrand Boligkreditt AS is prepared. These loans are not included in the mortgage company's total collateral.

Loan to employees can be transferred to Storebrand Boligkreditt AS. The difference between the market interest rate and the subsidised interest rate is covered monthly by the company in which the debtor is employed.

OVERVIEW OF TRANSFERRED LOANS TO/FROM STOREBRAND BOLIGKREDITT AS

	2020	2019
To Storebrand Boligkreditt AS - accumulated transfer	21,069.7	20,404.9
Fra Storebrand Boligkreditt AS - this year's transfer	423.7	80.9

Storebrand Bank ASA has not pledged any guarantees in connection with loans to Storebrand Boligkreditt AS.

LOANS SOLD TO STOREBRAND LIVSFORSIKRING AS

Storebrand Bank ASA has sold mortgages to sister company Storebrand Livsforsikring AS. In 2020, there has been sold loans of total NOK 5.2 billion. The home mortgage portfolio managed on behalf of Storebrand Livsforsikring AS as of 31.12.2020 is NOK 17.7 billion. As the buyer, Storebrand Livsforsikring AS, has acquired both cash flows and most of the risk and control. The loans were therefore derecognised in the bank's balance sheet in accordance with IFRS 9. Storebrand Bank ASA receives management fees for the work being done with the sold portfolio. The bank has recognised NOK 68.9 million as revenue in the accounts for 2020.

CREDIT FACILITIES WITH STOREBRAND BOLIGKREDITT AS

The bank has issued two credit facilities to Storebrand Boligkreditt AS. One of these is a normal overdraft facility, with a ceiling of NOK 6 billion. This has no expiry date, but can be terminated by the bank on 15 months' notice. The other facility may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity. Both agreements provide a minimum capacity to cover at least interests and payments on covered bonds and derivatives the following 31 days.

OTHER RELATED PARTIES

Storebrand Bank ASA conducts transactions with related parties as part of its normal business activities. The terms for transactions with senior employees and related parties are stipulated in note 40.

LOANS TO EMPLOYEES

(NOK million)	2020	2019
Loans to employees of Storebrand Bank ASA	143.9	78.4
Loans to employees of Storebrand group excl. Storebrand Bank ASA	520.4	693.8

Employees can borrow up to NOK 7.0 million at subsidised interest rates. This rate is presently 1.19% p.a. Excess loan amounts are in accordance with market terms.

NUMBER OF EMPLOYEES

	2020	2019
Number of employees at 31 December	168	106
Number of employees expressed as full-time equivalent positions	168	105

The increase in the number of employees is due to the merger of Storebrand Bank ASA and Storebrand Finansiell Rådgivning AS in 2020.

Storebrand Bank ASA and the Storebrand Bank Group – Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the annual report and annual financial statements for Storebrand Bank ASA for the 2020 financial year and as at 31 December 2020 (2020 Annual Report).

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act and the Financial Reporting Regulations for Banks, Finance Companies, etc. that must be observed as at 31 December 2020. The annual financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act, Financial Reporting Regulations for Banks, Finance Companies, etc. as at 31 December 2020, as well as additional requirements in the Norwegian Securities Trading Act. The annual report for the Group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as at 31 December 2020.

In the best judgement of the Board and the CEO, the annual financial statements for 2020 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 31 December 2020. In the best judgement of the Board and the CEO, the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand Bank ASA and the Storebrand Bank Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 9 February 2021
The Board of Directors of Storebrand Bank ASA

Translation – not to be signed

Heidi Skaaret
Chairman

Karin Greve-Isdahl
Board Member

Leif Helmich Pedersen
Board Member

Jan Birger Penne
Board Member

Gro Opsanger Rebbestad
Board Member

Maria Skotnes
Board Member

Kenneth Holand
Board Member

Camilla Leikvoll
CEO

To the General Meeting of Storebrand Bank ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Storebrand Bank ASA, which comprise:

- The financial statements of the parent company Storebrand Bank ASA (the Company), which comprise the statement of financial position as at 31 December 2020, the income statement, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Storebrand Bank ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the income statement, consolidated statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Company's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or events of material significance for the 2020 financial statements that qualified as new Key Audit Matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loans to customers	
Loans to customers represents a considerable part of the Bank's total assets. The assessment of impairment losses is a model-based framework which includes elements of management judgement. The framework is complex and includes a considerable volume of data and judgemental parameters. We focused on this area due to the significance of the impairment considerations for the value of loans in the financial statements, and the fact that the use of judgement has a potential to affect the profit for the period. Furthermore, there is an inherent risk of errors because of the complexity and quantity of data involved in the modelling. In accordance with IFRS 9, write-downs on loans are to be based on more forward-looking assessments, so that write-downs reflect expected losses. The use of models to determine expected credit losses entails judgement, specifically with respect to: • classification of the various credit portfolios by risk and asset type; • identification of impaired loans or loans presenting a significant increase in credit risk; • the categorisation of loans into stages; and	In our audit of expected loss provisions, we assessed and reviewed the design and effectiveness of internal control to provide assurance for the assumptions and calculation methods used. We obtained a detailed understanding of the process and relevant controls associated with: • the calculation and methodologies used by management; • whether the management-approved model was in compliance with the framework and the model worked as intended; • the reliability of the sources of the data used in the model. We also performed test of details in order to evaluate these conditions. Our review of the process and controls did not indicate material errors in the model or deviation from IFRS 9. Our work also included tests aimed at the Company's financial reporting systems relevant to financial reporting. The Company use external service providers to operate some IT systems. The auditor of the relevant service organizations is used to evaluate the design and effectiveness of and test established controls to ensure the integrity of the IT systems relevant to financial reporting. The auditor's testing included, among other things, whether key calculations made by the core systems were performed in line with expectations, including interest rate calculations and amortization. The testing also included data integrity, changes to and access to the systems. In order to decide whether we could use the information in the auditor's reports as the

- determination of significant parameters in the model

The Bank's business is mainly concentrated on the retail market. The impairment model is designed to estimate loan-loss impairment provisions for this segment.

In addition, individual provisions are made for loans with incurred credit losses or where there is objective evidence of impairment. This assessment requires judgements by management.

For the part of the group that has issued covered bonds, compliance with the requirements for collateral in real estate is of fundamental importance. The requirement is that the security pool is always within 75% of the value of the real estate. For this reason, this topic has also been an area of focus for the audit.

basis for our assessments, we examined the auditor's competence and objectivity and reviewed the reports sent and considered possible deviations and measures taken. We also carried out testing of access controls to IT systems and segregation of duties where necessary for the sake of our own specific audit procedures.

Our assessments and tests substantiate that we could rely on that the data handled in- and the calculations made by the Company's external core system were reliable. This was a necessary basis for our audit.

For loans where there were objective evidence of impairment and where the write-down amount was individually calculated, we tested a sample. The Company's processes included that the realization value was calculated using external tariffs or internal assessments. To assess the realization value, we reviewed the tariffs. For assessments made internally without using tariffs, we interviewed credit personnel and management and challenged the relevance and reasonableness of important assumptions and the methodology used in calculating the impairment amount. This testing included testing of whether the securities where within 75% of the real estate value for the part of the securities financed with covered bonds. Further we tested if loans with objective evidence of impairment were classified correctly in the model and evaluated the reasonableness of the total impairment provisions. Deviations uncovered was deemed immaterial.

The group's note 1, 2, 5, 16, 25, 26 and 27 and the Company's note 1, 2, 6, 18, 28, 29 and 30 in the annual report is relevant for the description of the Bank's model and processes to estimate loan-loss impairment provisions and the implementation of IFRS 9. We read the notes and found them to be adequate and to give a balanced overview of the model, parameters and judgemental assumptions used.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

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the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 9 February 2021
PricewaterhouseCoopers AS

Thomas Steffensen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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