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Safe
Deposit
Bank
of Norway

Pillar 3

2020

Safe Deposit Bank of Norway AS
& Safe Deposit Holding ASA

(Consolidated)

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Safe
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Bank
of Norway

Glossary

The Bank: Safe Deposit Bank of Norway AS ("SDBN")

The Company: Safe Deposit Holding ASA ("SDH")

The Group: Safe Deposit Bank of Norway AS + Safe Deposit Holding ASA

BoD: Board of Directors

CRR: Capital Requirement Regulation

CRD: Capital Requirement Directive

CET 1: Common Equity Tier 1

Own Funds: Tier 1 + Tier 2

RWA: Risk-Weighted Assets

House Bank: External bank used for the Group's operational funds

ICAAP: Internal Capital Adequacy Assessment Process

ILAAP: Internal Liquidity Adequacy Assessment Process

LCR: Liquidity Coverage Ratio

ICT: Information and Communication Technology

Note to readers

The Group consists of Safe Deposit Holding ASA ("SDH" or "Company") and its wholly owned subsidiary, the Safe Deposit Bank of Norway AS ("SDBN" or "the Bank").

SDBN is a financial infrastructure firm, not a traditional bank. It offers a single, unique service to institutional, regulated Clients. Its specialised banking license restricts it to the single function of placing, as agent, EUR and NOK Client deposits, one-to-one, directly with the relevant Central Banks. SDBN does not hold deposits on its balance sheet or use deposits as a funding source. SDBN makes no loans or financial investments.

This report provides Pillar 3 disclosures at the consolidated level of Safe Deposit Holding ASA (the Group) as required by the regulatory framework for capital and liquidity, established by the Basel Committee on Banking Supervision, also known as Basel 3.

All figures published in this report refer to Group consolidated figures. The scope of consolidation used for the calculation of capital adequacy is identical to the one applied for accounting purposes. Therefore, the balance sheet according to the regulatory scope of consolidation is identical to the IFRS balance sheet.

The disclosure requirements as provided in Part Eight of the "Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms" (Capital Requirements Regulation or "CRR") and the "Directive (EU) 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" (Capital Requirements Directive or "CRD"), set the regulatory prudential framework applicable to credit institutions following the recommendations of the Basel Committee on Banking Supervision. Norway implemented the CRR and CRD disclosure requirements into national law in Section XI of the CRR/CRD IV-forskriften.

Throughout this report, references are made to the annual report, which is available on the SDBN website (www.sdbn.com) and filed with the Registrar of Companies in Norway.

1 – Introduction

The goal of the Pillar III report 2020 is to provide a clear view of the way the risks faced by the Bank are processed internally, and to draw a fair picture of the risks to which the Bank is exposed by providing figures related to those risks from a prudential point of view under the regulatory framework established by CRD IV.

The report is organized as follows:

- Section 2 presents the structure of the Bank, its decision-making structure and corporate governance;
- Section 3 describes the risk management of the Bank at each of the levels of control;
- Section 4 describes regulatory capital adequacy and its related risks;
- Section 5 outlines the diversity of the Group;
- Section 6 presents the remuneration policy of the Group.

The Group conducts Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP") analysis on an annual basis to assess the Group's risk, capital adequacy and capital targets.

The information presented is based on consolidated financial figures from 31.12.2020 and is updated on an annual basis.

Oslo, March 25, 2021

Christian A. Horneman Wist	Olga Godinho	Monica Amanda Haugan	Harry Konterud	Daniel Vock	Morten Meland
Chairman	*Board Member*	*Board Member*	*Board Member*	*Board Member*	*CEO*

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2 – Corporate governance and decision-making

Board and Executive Committees

The appointment of the members of the Boards of both SDH and SDBN is subject to regulatory approval.

SDH Board of Directors

The SDH Board of Directors (BoD) is composed of 5 directors, 40% of whom are female. Members bring varied experience at a senior level within the financial sector as well as law, politics, investment or auditing. The balance of different experiences and backgrounds encourages independent thinking and constructive discussion in the decision-making process.

The SDH BoD meets biannually and ad-hoc when required. In 2020, the SDH Board met twice for the ordinary meetings, and once for an extraordinary meeting.

SDBN Board of Directors

The SDBN BoD is composed of 4 directors, 50% of whom are female. Members have business administration, law, regulatory or/and finance knowledge and all have a wide and strong experience in the banking sector, including at international level. Most Board members held senior executive or/and director positions before joining the Board and all members have strong multi-cultural competencies.

The SDBN BoD sets the strategy, oversees its implementation, and ensures that effective internal control mechanisms are in place and functioning. The Board bears responsibility for the set up and oversight of risk management. The BoD determines the Bank's Risk Appetite - the type and amount of risk that the Bank is able and willing to accept in pursuit of its business objectives. The BoD delegates to the CEO the responsibility for implementing the appropriate Risk Management Framework to ensure that the risk profile of the Group remains within the defined risk appetite. The BoD believes that the Group's Risk Management Framework is appropriate to the Group's profile and strategy.

There are no sub-committees. The full Board fulfills the duties and responsibilities of a Risk Committee until a separate Risk Committee is required based on the size of the Bank's assets.

The Board meets quarterly, and ad-hoc when required. In 2020, the Board met four times for the ordinary meetings, and once for an extraordinary meeting.

All SDH and SDBN Board meetings were fully attended.

3 – Risk Management

The Board, in consultation with external consultants and following best practice, has defined the Group's Risk Management Strategy. The Risk Management Strategy specifies an effective risk management process that is appropriate to the business' size and risks.

The Risk Management Strategy identifies and examines each of the risks faced by the group. Risks are then evaluated against the Board's Risk Appetite and mitigating measures are determined. Board verifies the adequacy and efficiency of the mitigating measures, outlines how risk shall be managed and monitored, and defines which issues are to be escalated.

The BoD ensures competent and systematic internal controls within the Group. It is imperative that the risk profile of the Bank remains within the Risk Appetite level deemed appropriate by the Board of Directors.

3.1 Risk Control functions

The Group's risk management processes are essential for achieving business objectives within the Group. They are organized across 3 levels of control or "lines of defence":

- First line of defence: The primary responsibility for risk management and internal control remains with the first line of defence, the Executive team and service providers' responsibility to perform their work in line with their job descriptions, internal policies and guidelines and Service Level Agreements
- Second line of defence: is internal with a focus on control and oversight roles.
- Third line of defence: is the external auditor.

The Risk Control function ensures that each key risk is identified and managed and that a comprehensive view of relevant risks is reported to the Bank's supervisory and management functions represented respectively by the BoD and the CEO. Therefore, the tasks of the Risk Control Function consist in identifying, measuring, monitoring, addressing, and reporting the risks that fall within its scope of competence.

The Risk Control function must react quickly and efficiently in periods of crisis/stress. Therefore, any material risk development is immediately assessed and escalated to the CEO. The Risk Control function also has a right and, if necessary, a duty to report to the BoD.

The Risk Control function is responsible for ensuring that all employees complete all of the required annual training modules on risk.

The Group's risks are monitored continuously and reported to SDBN's BoD at minimum on a quarterly basis. Written risk assessments, internal control reports and updates on all of the risk framework are reviewed by the BoD on an annual basis.

The Group Data Protection Officer is in charge of enforcing the provisions of the European regulation on the protection of personal data ("GDPR") within the Group. It is also informing and monitoring compliance with regulation.

The risks facing the Group are detailed in Section 4.6.

4 – Capital Adequacy

This section provides an overview of the capital requirements under Basel 3. All numbers, line-ups, and referrals relate to 31.12.2020 unless otherwise stated.

The Group complies with all supervisory capital requirements of the CRR. These requirements are related to Credit Risk, Market Risk and Operational Risk, which are factored in our risk-weighted assets calculations. The Group calculates the required capital for credit risk using the standardized approach. For operational risk, the basic approach is applied. The Group's market risk comprises a small exposure to foreign exchange (currency) which is factored in using the standardized approach. It has no exposure to interest rate, equity, commodity or derivative product risks.

4.1 Own Funds

The Group's equity capital consists of ordinary shares - on 31 Dec 2020, the share capital of the SDH consists of 99 000 ordinary shares. No other class of shares have been issued. The table below provides a calculation of the CET1, Tier 1, Tier 2, and Own Funds ratios.

Amounts in TNOK	31.12.2020	31.12.2019
Capital instruments qualifying as core Tier 1 capital	137 967	125 467
Retained earnings carry over	(83 278)	(71 605)
Total equity	**54 689**	**53 862**
Effect from regulatory consolidation		
Additional Tier 1 capital instruments included in total equity		
Net accrued interest on additional Tier 1 capital instruments		
Common equity Tier 1 capital instruments	**54 689**	**53 862**
Deductions		
Other intangible assets	(6 442)	(4 305)
Common equity Tier 1 capital	48 247	49 557
Tier 1 capital	48 247	49 557
Tier 2 capital		
Total eligible capital (own funds)	48 247	49 557
RWA, transitional rules (section 4.1.1)	8 250	7 573
Minimum capital requirement, transitional rules	660	606
Common equity Tier 1 capital ratio, transitional rules (%)	585 %	654 %
Tier 1 capital ratio, transitional rules (%)	585 %	654 %
Capital ratio, transitional rules (%)	585 %	654 %

At the end of year 2020, the CET 1, Tier 1 and Overall Capital (own funds) Ratio stands at 584,80 % (654,37 % in 2019) for the Group.

4 – Capital Adequacy continued

4.1.1 Risk-Weighted Assets

The Group's calculation of the Risk-Weighted Assets is illustrated in the below:

Amounts in TNOK	Nominal exposure 31.12.2020	Average risk weights in per cent 31.12.2020	Risk-weighted assets 31.12.2020	Capital requirements 31.12.2020
Standardised approach				
Central Bank	32 720	0,0 %		
House Bank	20 018	20,0 %	4 004	320
Corporate				
Other assets / exposures	2 189	100,0 %	2 189	175
Total credit risk, standardised approach	**54 927**	**11,3 %**	**6 193**	**495**
Total credit risk	**54 927**	**11,3 %**	**6 193**	**495**
Market risk				
Currency risk			1 608	129
Total market risk			1 608	129
Operational risk (basic approach)			450	36
Total risk-weighted assets and capital requirements before transitional rules			8 250	660
Additional capital requirements according to transitional rules				
Total risk-weighted assets and capital requirements			8 250	660

The Group had per 31st of December 2020 TNOK 8 250 in Risk-Weighted Assets, derived from credit risk, market risk and operational risk.

4 – Capital Adequacy continued

4.2 Pillar 1 – capital requirements

As of 31st December 2020, the capital conservation buffer requirement is 2,5 percent, the systemic risk requirement is 3,0 percent and countercyclical buffer is 1,0 percent. These requirements are additional to the requirement of 4,5 percent CET1 capital, so that the overall minimum requirement on CET1 capital is 11,0 percent. Due to the COVID-19 virus, the countercyclical buffer has been reduced from 2,5 % to 1 % as of March 2020. The Group considers this as temporary and has therefore conservatively not factored this into these calculations.

31.12.2020	%	Group (TNOK)
Minimum requirement	4,5	371
Capital conservation buffer	2,5	206
Systemic risk buffer	3,0	248
Countercyclical buffer	2,5	206
Capital Requirement CET 1	**12,5**	**1 031**
Hybrid capital	1,5	124
Capital Requirement Tier 1	**14,0**	**1 155**
Additional capital requirements	2,0	165
Total Capital Requirement	**16,0**	**1 320**

The Group's Common Equity Tier 1 capital at 31st December 2020 was TNOK 48 247 and the basis for calculation of the capital requirements was TNOK 8 250, which gives a CET1 capital ratio of 584,80 % on a consolidated basis.

4.3 Pillar 2 – internal own funds capital adequacy valuation

In order to assess its internal capital adequacy, the Group relies on the ICAAP analysis which shows that the Group has Own Funds (Tier 1 and Tier 2 capital) of 48,2 MNOK, which is above the ICAAP capital target (2,0 MNOK) and above the legal minimum requirement. SDBN has Own Funds (Tier 1 and Tier 2 capital) of 48,2 MNOK, which is above the ICAAP capital target (2,0 MNOK) and above the legal minimum requirement.

31.12.2020	%	Required amount Group (TNOK)	Required amount SDBN (TNOK)	Percent aggregated (%)
Total capital requirement Pillar 1	16	1 320	1 271	16
Pillar 2 Operational risk	8,5	700	700	
Pillar 2 Market risk	0,7	58	58	
Sum Pillar 1 + 2		2 078	2 029	25,2

31.12.2020	Group
Risk-Weighted Assets	TNOK 8 250
Capital requirement	25,2 %
Actual capital ratio	584,80 %

4 – Capital Adequacy continued

4.4 Leverage ratio

In addition to the requirement for the Group to hold eligible capital proportionate to its risk-weighted assets, the leverage ratio is a non-risk-based metric, defined as the ratio between eligible tier 1 capital and the total leverage exposure. The Group's leverage ratio was 87,84 % per 31st December 2020 (92,21 % in 2019).

Amounts in TNOK		31.12.2020
On-balance sheet exposures		
1	On-balance sheet exposures	61 369
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-6 442
3	Total on-balance sheet exposures	54 927
Capital and total exposures		
20	Tier 1 capital	48 247
21	Total exposures	54 927
Leverage ratio		
22	Basel III leverage ratio	87,84 %

For the calculation of the leverage ratio exposure, please refer to the Appendix.

4.5 LCR

The LCR refers to the proportion of highly liquid assets held by the Group, to ensure its ongoing ability to meet short-term obligations. The Group's regulatory LCR requirement is 100%. The Group had per 31.12.2020 an LCR of 2 111 %, which exceeds the minimum requirement.

31.12.2020 (TNOK)	The Group
Liquidity buffer	32 720
Net cash outflows	1 550
LCR (%)	2 111 %

The Bank's Client deposits are not a source of funding for the Group and are therefore not included in the LCR-calculation.

4 – Capital Adequacy continued

4.6 Risks

4.6.1 Credit risk

The Group does not take deposits on to its balance sheet, provide loans or engage in any financial trading activity. Credit risk exposure within the Group originates from the Group's operating capital which is deposited with the external House Bank. The Group's operating deposits are classified as amortised cost. Amortised cost entails valuing items after initially agreed cash flows, adjusted for impairment. Measurement at fair value will invariably be encumbered with uncertainty, as it has not been measured, but assumed that their carrying amounts (book value) are a reasonable approximation of fair value among else due to short-term nature and low credit risk. Please refer to the Annual Report note 2 for further information on impairment.

The Group has not implemented credit risk mitigation techniques (collateral, guarantees, credit derivatives, etc.) due to low credit risk.

The Group's credit risk management processes include:

- Identifying credit risk in due time
- Enabling adequate action upon risks
- Deliver input for strategic decisions regarding credit through useful and timely information to management.

The Risk Control function is responsible for the ongoing monitoring of the rating of the Group's financial institution/bank. In the event that a rating falls below the set limits, the BoD shall be notified, and an alternative financial institution shall be considered for the Group's operating deposits.

4.6.2 Market risk

The Group is exposed to some EUR/NOK currency risk. The Bank's expected revenue is mainly in EUR and some suppliers invoice in EUR (approximately 20 % of the Bank's total expenses). The currency risk arises from the change in price of EUR/NOK exchange rate when the Bank has a net EUR position above 0. The Group has set the limit net exposure position in foreign currency to a maximum of MNOK 2. The Group has no interest rate, commodity, other currency or derivative risks.

The Risk Control function is responsible for the ongoing monitoring of the Bank's net position in foreign currency. The currency risk is reported on a monthly basis to the CEO, and on a quarterly basis to the Board. In the event that the Bank exceeds the set limit, the CEO and BoD shall be notified, and actions shall be taken to reduce the net foreign currency position (e.g. immediate exchange of currency).

4.6.3 Operational risk

The Group considers the following in its operational risk overview:

- Institutional Client onboarding
- Zero error payment transaction processing
- Operational stability / deposit liquidity
- Integrity and confidentiality of Client data

The operating model gives rise to further operational risks:

- Key employee risk – a small number of staff means that the business is vulnerable to loss of key persons
- Use of outsourced service providers

4 – Capital Adequacy continued

Operational risk is divided into quantitative and qualitative assessments. Quantitively assessed operational risk applies the Basic Indicator Approach for estimating capital requirement. Qualitatively assessed operational risk is assessed in relation to the probability of an event and the consequences should it occur.

The Group defines operational risk as a subset of risks arising through daily operations, such as the risk of inadequate or failed internal processes or systems, human error or external events.

Many qualitative risks are related to operational risk. The main qualitative risks are described below:

Regulatory risk

Regulatory risk is the risk of non-compliance with existing regulation, directives or law. Regulatory issues and correspondences with the authorities are monitored centrally and addressed by the Board. Although the Group's operating model is relatively straight forward, the banking sector is subject to stringent regulatory requirements. Hence the clear processes and procedures, as well as input on best practices from external advisors.

Reputation risk

Reputation risk leads to a loss of trust or negative perception by stakeholders, be they Clients, shareholders, Central Banks or regulators. This has an adverse impact on the Bank. In marketing its financial infrastructure activity, the Group does not engage via mass media channels. All marketing is specifically targeted at the relevant financial institutions.

The Group's service is based on providing regulated institutions real-time liquidity with low risk for their liquid cash assets. A prerequisite to avoid reputation risk is operational stability. Operational risk management ensuring adequate control of internal processes, systems and human errors is therefore of vital importance.

Client risk

Considering the Bank's client base is regulated institutions, the Bank has few Clients, hence the risk of client's dissatisfaction, should the Bank fail to meet expectations. Poor level of service, inadequacies in the end-to-end design, development and execution of the service (including design, pricing, marketing) add risk. Complaints are escalated to the CEO and the BoD.

People risk

People can be a source of operational risk (lack of know-how, resignation of key people, high turnover level, absentee rate). The Group had, as of 31.12.2020, five employees, the resignation of an employee is a high risk. To mitigate this risk, all key employees are contractually bound to 6 months' notice period. In addition, the Group uses long-term outsourced competent advisors to reduce the key personnel risk.

ICT risk

The Group operates a purpose built and highly automated IT system, which helps to reduce operational risk.

4 – Capital Adequacy continued

The Group conducts ICT Risk assessments, supplier assessments, user assessments, and cloud vendor assessments, on a yearly, or more frequent, basis; all to ensure ICT standards are in line with the recommendations and regulations laid forth in the European Banking Authority guidelines *"GUIDELINES ON ICT RISK ASSESSMENT UNDER SREP"*, EBA/GL/2017/05 – 11/09/2017 and *"EBA GUIDELINES ON ICT AND SECURITY RISK MANAGEMENT"*, EBA/GL/2019/04 as well as the Norwegian National Security Authority's ("NSM") principles for safe conduct. Information asset handling is ensured to be in line with the business requirements and relevant external rules and regulations such as the Norwegian Regulations on use of Information and Communication Technology, mv. FOR-2003-05-21-630 ("ICT"), the Norwegian Personal Data Act and the GDPR. All ICT SOPs are reviewed on a yearly basis, and employees participate in frequent training sessions to mitigate user-level cyber threats and to ensure safe conduct. The Group had no major incidents with its core IT suppliers in 2020.

Model risk

Model risk is not applicable for the Group, as the Group is not using internal models for calculating the capital requirement.

4.6.4 Strategic risks

Business risk also includes a strategic risk component. The Group is, as are all operating companies, exposed to strategic risk.

The Group provides a vital financial infrastructure product to institutions. The business services targeted Clients that have a need to diversify their liquidity portfolio by adding a lower risk liquidity asset alternative. In the Euro-launch phase, there are risks related to building a sufficiently large client base. The entry of new competitors may also increase strategic risk.

5 – Diversity

The Group values diversity in terms of gender, cultural background and nationality. A fair representation of this diversity is evident in the composition of the BoD and management with around 40% female and 60% male. Members of the BoD and key management are subject to the FSA's suitability assessment (1). When assessing the relevance of a candidate, attention is paid to whether the individual is deemed to have good repute, adequate knowledge, skills and experience to perform their duties. They must have the necessary understanding of the business of the Group and its risks, in particular areas for which the person is responsible or collectively accountable together with other members of the management or BoD.

The Group recognises its talented and diverse team as a key competitive advantage. The Group seeks a balance in age, nationality, gender, seniority. Assessing the initial and ongoing suitability of the management is the responsibility of the Bank.

These criteria are assessed according to the recommendations provided by the FSA's (Finantilsynet's) circular 1/2020 on the assessment of the suitability of members of the management body and key function holders.

Individual profiles are available on the Bank's website.

6 – Remuneration Policy

The Group offers their employees remuneration that is fair, motivating and in support of the Risk Management Strategy. The Remuneration Policy complies with relevant regulations concerning remuneration in Financial Institutions. The Policy applies to all forms of remuneration and to all employees, as well as the BoD.

The Group's Remuneration Policy is subject to BoD's approval. The BoD reviews the Group's remuneration scheme annually. Remuneration is consistent with the Group's business strategy, risk appetite and long-term interests. The Group had no deferred remuneration in 2020, nor sign-on or severance payments. Please refer to note 9 in the annual report for aggregated quantitative information on remuneration in 2020, broken down by senior management.

7 – Appendix

7.1 A03 - Disclosure of main features of regulatory capital instruments as at 31 Dec. 2020

	Ordinary shares
1. Issuer	Safe Deposit Holding ASA
2. Unique identifier (e.g. CUSIP, ISIN, or Bloomberg identifier for private placement)	NO0010674351
3. Governing law for the instrument	Norway
Regulatory treatment:	
4. Transitional rules	Common Equity Tier 1
5. Post-transitional rules	Common Equity Tier 1
6. Eligible at ind. company/group/group & ind. company level	Ind. company and group
7. Instrument type	Common shares
8. Amount recognised in regulatory capital (in NOK as at 31 December 2020)	137 977 053
9. Par value of instrument (amounts in the relevant currency and in NOK)	N/A
9a. Issue price	Various
9b. Redemption price	N/A
10. Accounting classification	Shareholder's equity
11. Original date of issuance	N/A
12. Perpetual or dated	N/A
13. Original maturity date	N/A
14. Issuer call subject to prior supervisory approval	No
15. Optional call date, contingent call dates and redemption amount	N/A
16. Subsequent call dates, if applicable	N/A

7 – Appendix continued

	Ordinary shares
Coupons/dividends:	
17. Fixed or floating dividend/coupon	Floating
18. Coupon rate and any related index	N/A
19. Existence of a dividend stopper	Yes
20a. Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b. Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21. Existence of a step-up or other incentive to redeem	N/A
22. Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible:	
23. Convertible or non-convertible 4)	N/A
24. If convertible, conversion trigger(s)	N/A
25. If convertible, fully or partially	N/A
26. If convertible, conversion rate	N/A
27. If convertible, mandatory or optional conversion	N/A
28. If convertible, specify instrument type convertible into	N/A
29. If convertible, specify issuer of instrument it converts into	N/A
30. Write-down features	No
31. If write-down, write-down trigger (s)	N/A
32. If write-down, full or partial	N/A
33. If write-down, permanent or temporary	N/A
34. If temporary write-down, description of revaluation mechanism	N/A
35. Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	No
36. Non-compliant transitioned features	No
37. If yes, specify non-compliant features	N/A

7 – Appendix continued

7.2 Summary comparison of accounting assets vs leverage ratio exposure

Amounts in TNOK		31 December 2020
1	Total consolidated assets as per published financial statements	61 369
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4	Adjustments for derivative financial instruments	
5	Adjustment for securities financing transactions (i.e., repos and similar secured lending)	
6	Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	
7	Other adjustments	-6 442
8	Leverage ratio exposure measure	54 927

7.3 CCyB1 - Geographical distribution of credit exposures used in the countercyclical capital buffer

31.12.2020 TNOK	Geographical breakdown	Countercyclical capital buffer rate	Exposure values	Risk-weighted assets	Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
The Group	Norway	1 %	2 189	2 189	0 %	22

The countercyclical buffer in Norway was 1 per cent at year-end. The requirement for the Group is the weighted average of the buffer rates for the countries where the Group has credit exposures. The Group's effective countercyclical buffer rate at year-end 2020 was 1 per cent.

7 – Appendix continued

7.4 MR1 - Market risk under the standardised approach

31.12.2020 Amounts in TNOK		a RWAs	b Capital requirements
	Outright products		
1	Interest rate risk (general and specific)		
2	Equity risk (general and specific)		
3	Foreign exchange risk	1 608	129
4	Commodity risk		
	Options		
5	Simplified approach		
6	Delta-plus method		
7	Scenario approach		
8	Securitisation (specific risk)		
9	**Total**	**1 608**	**129**

The Group had a market risk exposure equal to MNOK 1,6 at year-end. The Group did not have any market risk per December 2019.

7 – Appendix continued

7.5 CR1-A - Credit quality of exposures by exposure class and instrument

		Gross carrying values of						Net values
		a	b	c	d	e	f	g
31.12.2020 Amounts in TNOK		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	(a+b-c-d-e)
9	Central Bank		32 720		-			32 720
14	House Bank		20 018					20 018
24	Other exposures		2 189					2 189
25	Total standardised approach	-	54 927	-	-	-	-	54 927
26	**Total**	**-**	**54 927**	**-**	**-**	**-**	**-**	**54 927**
27	Of which: Loans		-					-
28	Of which: Debt securities		-					-
29	Of which: Off- balance-sheet exposures		-					-

7 – Appendix continued

7.6 CR1-B - Credit quality of exposures by industry or counterparty types

	Gross carrying values of						Net values
	a	b	c	d	f	f	g
31.12.2020 Amounts in TNOK	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	(a+b-c-d-e)
Bank, insurance and portfolio management		52 738		-			52 738
Other		2 189		-			2 189
Total	**-**	**54 927**	**-**	**-**	**-**	**-**	**54 927**

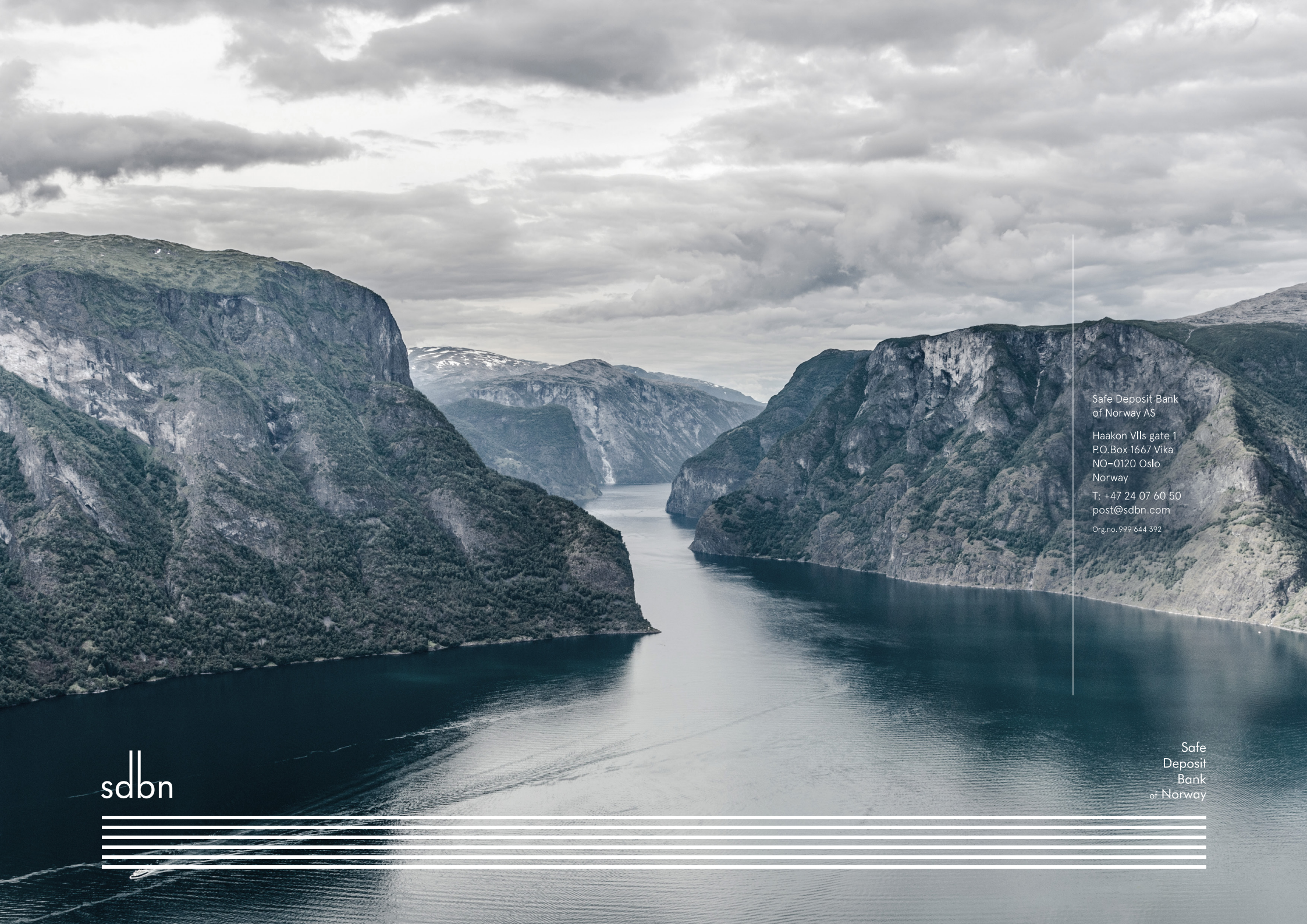
7.7 CR1-C - Credit quality of exposures by geography

	Gross carrying values of						Net values
	a	b	c	d	e	f	g
31.12.2020 Amounts in TNOK	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	(a+b-c-d-e)
Norway		50 282		-			50 282
Germany		4 645					4 645
Total	**-**	**54 927**	**-**	**-**	**-**	**-**	**54 927**

7 – Appendix continued

7.8 AE - Asset Encumbrance

31.12.2020		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
Amounts in TNOK		**010**	**030**	**040**	**050**	**060**	**080**	**090**	**100**
010	**Assets of the reporting institution**					**61 068**			
020	Loans on demand					52 503			
030	Equity instruments								
040	Debt securities								
050	of which: covered bonds								
060	of which: asset-backed securities								
070	of which: issued by general governments								
080	of which: issued by financial corporations								
090	of which: issued by non-financial corporations								
120	Other assets					8 565			
121	of which: Loans								



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