

# Annual Report 2021







## Contents

<b>Report from the Board</b>	page 4
<b>Financial statements</b>	page 10
• Income statement	page 10
• Balance sheet	page 11
• Cash flow statement	page 12
• Notes to the financial statements	page 13
<b>Auditor's report</b>	page 32
<b>Governing bodies</b>	
• Board and management	page 35
• Organisation chart	page 35
<b>What the deposit guarantee scheme covers</b>	page 36
<b>Members at 31 December 2021</b>	page 37
<b>Statutes</b>	page 38

## Report from the Board of Directors 2021

### The Norwegian Banks' Guarantee Fund (NBGF) – objective and activities

#### The NBGF's mandate

The NBGF's mandate and operations are defined in the Act on the Norwegian Banks' Guarantee Fund, the Financial Institutions Act and associated regulations.

The NBGF is to contribute to financial stability by administering the deposit guarantee scheme and managing the deposit guarantee fund. This means guaranteeing the availability of covered deposits and having the financial means to meet this commitment.

Contingency is about being ready to handle a critical situation. This is the NBGF's most important task – and crucial for confidence in the deposit guarantee scheme. If the Ministry of Finance decides to wind down a bank, covered deposits are to be made available to depositors within seven working days. The NBGF either reimburse these deposits to depositors or transfer them to another bank in consultation with the administrators of the failing bank. The NBGF may also provide alternative measures to prevent a bank from failing.

All banks headquartered in Norway are required to be a member of the deposit guarantee scheme. Deposits in Norwegian branches of banks headquartered in another EEA member state are covered in the first instance by that country's deposit guarantee scheme. However, these branches may also be a member of the Norwegian scheme if this provides better cover than in their home country.

The NBGF also manages the capital in the resolution fund and performs other administrative tasks relating to the resolution fund.

#### The NBGF's vision

The NBGF's vision is the common objective to which its activities must aspire. The Board has defined this vision as follows:

*Everyone feels confident that their deposits are safe.  
The banks and the authorities have confidence in us.*

The value of the deposit guarantee scheme depends entirely on depositors having confidence in the scheme and the scheme being considered credible. A credible deposit guarantee scheme contributes to financial stability and is of value to society as a whole.

The deposit guarantee scheme is funded through annual statutory contributions from member banks. It is essential that the NBGF manages contributions to the scheme responsibly and cost-effectively in line with its mandate.

The NBGF forms part of a wider system for dealing with failing banks. There is therefore a need for close collaboration both with banks and with the other agencies in the financial safety net for us to be prepared. The NBGF must have the confidence of banks and the authorities to succeed in this.

#### The NBGF has six strategic priorities

The NBGF has set the following priorities for the strategy period 2021-2023:

- 1) Cooperation with the other agencies in the financial safety net
- 2) Safe and efficient reimbursement of covered deposits
- 3) Sufficient awareness of the scheme among the general public
- 4) Transparent and clearly set out calculation of contributions that reflects the deposit guarantee scheme's guarantee liability
- 5) Liquidity solutions for all scenarios
- 6) Competent and cost-effective administration

What this entails and how the NBGF plans to proceed are set out in the strategy document, which can be downloaded from the NBGF's website:

[www.banknessikringsfond.no](http://www.banknessikringsfond.no)

## Significant events in 2021

### The winding down of Optin Bank ASA

On 23 June 2021, the Ministry of Finance decided to wind down Optin Bank ASA (under public administration) due to the bank's financial position. The bank was in breach of capital requirements, and it was anticipated that the value of its assets could drop below the value of its liabilities. The decision triggered the deposit guarantee for the first time since 2008.

The NBGF opened its online payment solution on 29 June, well within the statutory deadline of seven working days for making covered deposits available. Over the following days, Optin Bank's depositors logged into the payment solution and transferred their deposits to another bank.

To reimburse these covered deposits, the NBGF sold assets from the deposit guarantee fund. The NBGF has filed a claim against Optin Bank ASA (under public administration) for the deposits reimbursed and anticipates full coverage of this claim.

### Continued growth in covered deposits

Covered deposits have increased considerably during the pandemic. The rate of growth in 2021 was lower than the previous year but still high by historical standards. This has taken place in a period of much lower interest rates than prior to 2020. Most of the growth can probably be attributed to consumers having reduced opportunities to spend money as a result of pandemic restrictions. Greater economic uncertainty may also have played a role.

### Revised model for calculating contributions to deposit guarantee fund

Each bank's annual contribution to the deposit guarantee fund is to reflect its share of the deposit guarantee scheme's overall guarantee liability. In 2021, the NBGF revised the model used to calculate risk-adjusted contributions.

A proposal for the new model was sent out for consultation in April 2021. The model was then finalised and submitted to the Financial Supervisory Authority in Norway (Finanstilsynet) for approval as required by the Financial Institutions Act. Approval was duly granted in November 2021, and the revised model will be used to calculate contributions from 2022 onwards.

The new model may lead to sizeable changes in contributions from the banks considered most risky. These changes will also mean that other banks' contributions will be more stable from year to year. Documentation on the model is available on the NBGF's website: [www.banknessikringsfond.no](http://www.banknessikringsfond.no)

### Information collection

In November 2021, the NBGF launched an online portal to make members' reporting to the NBGF more secure and efficient. The portal digitalises and automates several key working processes and will benefit both members and the NBGF. Further information about the portal is available on the NBGF's website: [www.banknessikringsfond.no](http://www.banknessikringsfond.no)

### A century of guarantee funds in Norway

The year 2021 marked the centenary of the establishment of the Norwegian Savings Banks' Guarantee Fund as a voluntary scheme for the country's savings banks. The fund's capital was to be used to provide support on reasonable terms for banks that were in difficulty but still viable and whose survival was in the public interest. The scheme was legalised and became compulsory for all savings banks in 1924. Later, a voluntary guarantee fund for commercial banks was also established and then legalised.

The deposit guarantee itself gradually became a significant part of the legislation, and a general deposit guarantee for both savings and commercial banks was introduced in 1996. The two guarantee funds were merged in 2003, and the NBGF was created the following year.

The centenary was marked at the NBGF's autumn conference on 16-17 September 2021.

## Results for 2021

### Going concern assumption

The annual financial statements have been prepared on a going concern basis. The Board confirms that the NBGF is a going concern.

### Collection of risk-adjusted contributions

Contributions from banks and financial institutions totalled NOK 2,520 million, breaking down into NOK 1,120 million for the deposit guarantee fund and NOK 1,400 million for the resolution fund. Total contributions were 6.1 per cent higher than in 2020 as a result of growth in covered deposits. Section 19-10 of the Financial Institutions Act requires an annual contributions to the deposit guarantee fund of 0.08 per cent of member banks' total covered deposits. The equivalent requirement for the resolution fund set out in Section 20-51 of the same act is 0.1 per cent of total covered deposits.

### Reimbursement of covered deposits

The NBGF reimbursed covered deposits to depositors of Optin Bank ASA (under public administration) after it was decided on 23 June 2021 to wind down the bank under public administration. Covered deposits at Optin Bank ASA (under public administration) amounted to NOK 266.9 million at the time of the decision. At 31 December 2021, covered deposits of NOK 9,000 had yet to be reimbursed, as a result of not having been claimed. At the same date, the NBGF had a claim against Optin Bank ASA (under public administration) corresponding to total covered deposits.

### Income from asset management

Asset management before costs and fees produced a loss of NOK 12.5 million, equivalent to a negative time-weighted return of 0.02 per cent, down from a positive 1.51 per cent in 2020. The NBGF's holdings of securities and financial contracts are treated as a trading portfolio and recognised in the financial statements at fair value. The capital in the deposit guarantee fund and the resolution fund is invested in low-risk interest-bearing securities. Falling interest rates made a positive contribution to the return in 2020, but contributed to a weaker return in 2021 as a result of lower interest income. A rise in interest rates at the end of the year led to a drop in bond prices, which also reduced the return relative to 2020.

### Operating expenses

Operating expenses totalled NOK 64.8 million, compared with NOK 64.4 million in 2020. Depreciation and amortisation increased as a result of the recognition of intangible assets relating to the online portal and software for analysing and calculating contributions. The move to new offices in the fourth quarter of 2020 also increased the costs in 2021 compared with the previous year. On the other hand, the use of external contractors was reduced in 2021. The pandemic has led to reduced costs in a number of areas, due partly to reduced travel. Some projects originally planned for 2021 were postponed to 2022.

### Other financial items

Other financial items amounted to a net expense of NOK 10.3 million in 2021, up from NOK 0.4 million in 2020. The increase was mainly a result of fees for credit facilities established at the end of 2020.

### Profit/loss

The NBGF recorded a profit of NOK 2,432 million in 2021, compared with NOK 2,890 million in 2020. The profit for the year has been transferred to equity.

## Financial position

### Resolution fund

In line with changes to the Financial Institutions Act from 1 January 2019, a resolution fund was formed by placing 55 per cent of the NBGF's equity on that date at the disposal of the resolution authority. The remaining 45 per cent constituted the deposit guarantee fund. Under the transition rules, the transfer of the net value of assets and liabilities is to take place by 31 December 2022, with effect for accounting purposes from 1 January 2022. The capital at the disposal of the resolution authority is managed in the name of the NBGF and presented as part of the NBGF's equity in the annual financial statements for 2021.

### Equity

At 31 December 2021, the NBGF had equity of NOK 43.6 billion, breaking down into NOK 24.1 billion at the disposal of the resolution authority and NOK 19.5 billion in the deposit guarantee fund. At 31 December 2020, the NBGF had equity of NOK 41.1 billion, breaking down into NOK 22.7 billion at the disposal of the resolution authority and NOK 18.4 billion in the deposit guarantee fund.

### Minimum requirement for available financial means

Section 19-9 of the Financial Institutions Act requires the deposit guarantee fund to have available financial means corresponding to at least 0.8 per cent of total covered deposits. At 30 September 2021, the fund had available financial means corresponding to 1.23 per cent of total covered deposits at that time and thus exceeded the minimum requirement by NOK 6.7 billion.

Section 20-50 of the Financial Institutions Act requires the resolution fund to have available financial means corresponding to at least 1 per cent of total covered deposits. At 30 September 2021, the fund had available financial means corresponding to 1.54 per cent of covered deposits at that time and thus exceeded the minimum requirement by NOK 8.5 billion.

Figures for covered deposits at 31 December 2021 are not yet available, which is why the measurement date here is 30 September 2021.

### Liquidity

The NBGF's cash position was satisfactory during the year, cf. the cash flow statement. The difference between the profit for the year and the change in cash and cash equivalents was due mainly to the reinvestment of contributions and investment returns, together with the reimbursement of covered deposits to depositors of Optin Bank ASA (under public administration).

The NBGF has unused credit facilities of NOK 5 billion to increase the deposit guarantee scheme's available financial means.

### Investment strategy

The NBGF manages the deposit guarantee fund and the resolution fund. The capital in the two funds is to be invested in liquid, low-risk assets.

In 2021, the resolution fund was invested in foreign government securities with a high credit rating and a remaining maturity of up to three years. The upper limit for modified duration was 1.3. This investment strategy for the resolution fund will be continued in 2022.

The deposit guarantee fund had the same investment strategy as the resolution fund in 2021 for its investments in foreign government securities, and this investment strategy will also be continued in 2022. The deposit guarantee fund was also invested in short-term fixed-income securities issued by the Norwegian government and by Norwegian local authorities. In the investment strategy for 2022, the limit for the remaining maturity of Norwegian fixed-income securities has been raised from two to five years, and the limit for modified duration has been set at 1.3.

The NBGF expects external managers and currency counterparties to have signed the FX Global Code, which is a set of principles for good practice in the foreign exchange market spanning ethics, governance, conduct of trades, exchange of information, settlement, risk management and compliance. Environmental, social and governance factors will be taken into account when making changes to the investment universe.

### Exposure to market, credit and liquidity risk

The NBGF is exposed to market risk, credit risk and liquidity risk through its investments in foreign government bonds and Norwegian fixed-income securities. In line with the NBGF's mandate, the Board has laid down an investment strategy that reflects stringent requirements for the liquidity and credit quality of securities holdings. Investments in foreign government bonds are hedged against currency movements.

## Outlook for the deposit guarantee fund and the deposit guarantee scheme's guarantee liability

The size of the deposit guarantee fund will depend primarily on member banks' annual contributions. These contributions are statutory and reflect the development in covered deposits.

The investment strategy is presented above. Given that investments in foreign government securities are hedged to Norwegian kroner, and the deposit guarantee fund also has investments in Norwegian fixed-income securities, Norwegian interest rates will have an impact on the value of the fund. The interest rate risk is low, and so a sharp rise in interest rates in a short period would have a limited negative impact on the value of the fund, but the return could still be negative at times. In the longer term, higher interest income will compensate for losses following a rise in interest rates.

The NBGF expects to receive full coverage from Optin Bank ASA (under public administration) for the covered deposits reimbursed in 2021.

The deposit guarantee fund is expected to continue to grow. Its guarantee liability has also increased in recent years as a result of the growth in covered deposits. This means that the deposit guarantee fund as a percentage of covered deposits has been almost unchanged since the resolution fund was split off from the deposit guarantee fund with effect from 1 January 2019.

The NBGF will prepare a separate report presenting more detailed analysis of the deposit guarantee scheme's guarantee liability. The report will be made available to download from the NBGF's website.

## International collaboration

The global financial system is closely interconnected, and a financial crisis in one country can have consequences in others. Banks headquartered in Norway have activities abroad, and there are foreign banks operating in the Norwegian market.

For maximum contingency, the NBGF therefore depends on broad and effective collaboration with the organisations that run the deposit guarantee schemes in other countries. Historically, there have been long time periods between actual crises. This creates a need for regular testing of contingency plans and also makes it useful to learn from the experience of deposit guarantee schemes in other countries where the guarantees have been triggered. This exchange

of experience teaches staff about best practice and further increases their own expertise.

International collaboration is also important for monitoring and contributing to regulatory developments in areas relevant to the NBGF's mandate and activities.

The NBGF participates in working groups set up by the International Association of Deposit Insurers (IADI), the European Forum of Deposit Insurers (EFDI), the European Banking Authority (EBA) and the EU Commission's expert group on deposit insurance and bank resolution.

## Administrative matters and organisation

### Organisation

The NBGF's Board is appointed by the Ministry of Finance. The Board is the NBGF's supreme governing body and represents the NBGF externally. The NBGF's management is headed by the CEO, who is appointed by the Board and approved by the Ministry.

### Diversity and inclusion

The NBGF aims to be a workplace with equal opportunities and diversity where all employees are respected for who they are regardless of gender, ethnicity, religion, beliefs, disability, sexual orientation, gender identity, gender expression, age and other material personal characteristics. There is to be space for the exchange of opinions, and employees must be able to express what they think about different aspects of the business. Suggestions, criticisms and other comments are welcome as a basis for improvement and development. Unlawful or unethical conduct harms the working environment, the individual and the business. It is therefore important that such matters are addressed and dealt with appropriately. Our whistleblowing procedure provides guidance in the event of any wrongdoing.

We wish to have skilled employees regardless of age, gender, disability, religion or beliefs, sexual orientation and ethnic background, and we will continue to work on awareness in our recruitment processes and internal skills development. We have a life phase policy which supports employees through the different phases of working life. Our premises meet the requirements of universal design.

Employee appraisals are regularly carried out and actioned. Employee representatives and management meet regularly to discuss relevant topics. Employees are covered by various welfare schemes and an agreement on occupational health services. Sickness absence amounted to 1.9 per cent in 2021, up from 1.1 per cent in 2020.



**Gender balance**

The NBGF had 21 employees at the end of 2021. There was a fairly even balance between women and men. The table below shows that women accounted for 48 per cent of the workforce, which is on a par with the financial sector as a whole. The table also shows the breakdown between women and men for the Board, management team and other employees. The NBGF had no temporary or part-time staff in 2021.

**Gender pay gap**

Women earned 99 per cent of average pay at the NBGF in 2021, and men 101 per cent. The average pay calculated for 2021 includes benefits in kind and is for a full-time position. It does not include pension contributions or compensation for discontinued defined-benefit pension scheme. Women's average pay is thus 98 per cent of men's average pay. The equivalent figure for those in the financial sector covered by tariff range in 2020 was 82 per cent.

Gender balance at 31 December 2021

Gender balance

Per cent

	Women	Men	Women	Men
Board members	3	4	43%	57%
All employees	10	11	48%	52%
Management team	2	2	50%	50%
Other employees	8	9	47%	53%

**Environmental impact and working environment**

The NBGF has no activities that impact on the external environment in the form of noise or emissions, and the working environment is deemed to be satisfactory. No injuries or accidents in the workplace were reported during the year.

**Insurance for the Board and CEO**

The NBGF has not taken out directors' and officers' insurance for the members of the Board or the CEO for potential liability to the NBGF or third parties.

Oslo, 22 March 2022

Endre Skjørestad  
Chair  
(signed electronically)

Torbjørn Hægeland  
(signed electronically)

Marie Meling  
(signed electronically)

Trude Myklebust  
(signed electronically)

Jøril Mæland  
(signed electronically)

Roar Hoff  
(signed electronically)

Arvid Andenæs  
(signed electronically)

Stig Helberg  
CEO  
(signed electronically)

## Income statement

All figures in thousands of NOK

	NOTE	2021	2020
<b>Revenue</b>			
Contributions to deposit guarantee fund	1	1 119 832	1 055 048
Contributions to resolution fund	1	1 399 754	1 320 109
Other operating revenue	2	355	9
Total revenue		2 519 941	2 375 166
<b>Asset management</b>			
Fixed-income investments			
Interest income		670 288	724 331
Other income/expenses	3	-650	-1 199
Gains and losses	4	-682 168	-143 636
Income from fixed-income investments		-12 530	579 496
<b>Income from asset management</b>		-12 530	579 496
<b>Other financial items</b>			
Other financial income		976	1 669
Other financial expenses		-11 234	-2 072
Other financial items	5	-10 257	-403
<b>Operating expenses</b>			
Operating expenses	6	-64 836	-64 448
Profit/loss for the year		2 432 318	2 889 810
<b>Appropriation of profit/loss</b>			
Transferred to/from equity		2 432 318	2 889 810

## Balance sheet

All figures in thousands of NOK

	NOTE	31.12.2021	31.12.2020
<b>ASSETS</b>			
Bank deposits	7	303 595	1 117 846
Bonds and bills	8	43 688 749	39 409 149
Bonds and bills pledged as collateral	8	294 940	0
Financial derivatives	9	244 567	1 404 582
Intangible assets	10	5 902	0
Property, plant and equipment	11	2 412	2 783
Other receivables	12	278 663	15 816
Total assets		44 818 828	41 950 176
<b>LIABILITIES AND EQUITY</b>			
Equity	13	43 551 515	41 119 197
Financial derivatives	9	635 663	27 377
Unsettled trades		572 361	110 161
Other liabilities	14	53 819	687 172
Provisions for pension liabilities	15	5 470	6 269
Total liabilities		1 267 314	830 979
Total liabilities and equity		44 818 828	41 950 176

Oslo, 22 March 2022  
31 December 2021

Endre Skjørestad  
Chair  
(signed electronically)

Torbjørn Hægeland  
(signed electronically)

Marie Meling  
(signed electronically)

Trude Myklebust  
(signed electronically)

Jøril Mæland  
(signed electronically)

Roar Hoff  
(signed electronically)

Arvid Andenæs  
(signed electronically)

Stig Helberg  
CEO  
(signed electronically)



## Cash flow statement

All figures in thousands of NOK

	2021	2020
Profit/loss for the year	2 432 318	2 889 810
Depreciation and amortisation	888	338
<b>Cash flow from operating activities</b>	<b>2 433 205</b>	<b>2 890 149</b>
Investments in intangible assets, property, plant and equipment	-6 419	-2 719
Decrease (increase) in holdings of bonds and bills	-4 591 788	-2 207 747
Decrease (increase) in accrued interest	17 248	-5 092
Decrease (increase) in other receivables	-262 847	229 597
Change in financial derivatives	1 768 301	-479 601
Change in provisions for pension liabilities	-799	-407
Increase (decrease) in other liabilities	-171 153	-77 364
<b>Net change in cash and cash equivalents</b>	<b>-814 252</b>	<b>346 814</b>
Cash and cash equivalents at 1 January	1 117 846	771 032
Cash and cash equivalents at 31 December	303 595	1 117 846

Cash and cash equivalents comprise bank deposits and cash.

The Norwegian Banks' Guarantee Fund had unutilised credit facilities of NOK 5,000 million at 31 December 2021 with maturity of more than one year.

## Notes to the financial statements for the year ended 31 December 2021

### General

Banks headquartered in Norway must be members of the deposit guarantee scheme. The Ministry of Finance may decree that financial institutions other than banks headquartered in Norway must be members. Credit institutions headquartered in other EEA member states but accepting deposits from the general public through branches in Norway may become members if the deposit guarantee scheme in the branch's home country does not give the same degree of protection as that afforded under Norwegian law.

The financial statements for the Norwegian Banks' Guarantee Fund (NBGF) have been prepared in accordance with the Act on the Norwegian Banks' Guarantee Fund, the Financial Institutions Act, the Accounting Act and generally accepted accounting practice in Norway. The provisions of the Act on the Norwegian Banks' Guarantee Fund, the Financial Institutions Act and associated regulations concerning the transfer of assets and liabilities managed by the NBGF under the previous Chapter 19 of the Financial Institutions Act and the creation of a resolution fund are covered by transition arrangements running through to 31 December 2022. These provisions are not therefore fully reflected in the financial statements for 2021. See further discussion below.

The presentation of the financial statements are aligned with the NBGF's activities and will be amended to reflect the transfer of assets and liabilities managed by the NBGF under the previous Chapter 19 of the Financial Institutions Act and the management of capital in the resolution fund at the end of the transition period.

In the annual financial statements for 2021, the notes have been reordered. Notes concerning items in the income statement and balance sheet are now in the same order as the items appear in the income statement and balance sheet.

#### Resolution fund

Changes to the Financial Institutions Act from 1 January 2019 resulted in the creation of a resolution fund to be used to finance future crisis management activities. The resolution fund is at the disposal of the Financial Supervisory Authority of Norway (Finanstilsynet) as resolution authority, but the

NBGF is responsible for the management of the fund. The NBGF may be given duties relating to the administration of the resolution fund. On inception, the fund received 55 per cent of the capital of the NBGF at 1 January 2019, based on the valuation at 31 December 2018. The resolution fund will continue to be built up through contributions from banks and financial institutions and returns on its capital. Under the transition rules, the transfer of assets and liabilities is to be completed by 31 December 2022 but take effect for accounting purposes from 1 January 2022. Assets and liabilities are to be divided on the basis of their values at 1 January 2019 and subsequent changes in value, plus the contributions collected for the resolution fund, less costs for the administration of the fund. The capital at the disposal of the resolution authority is to be presented for accounting purposes as equity of the NBGF until the transfer is complete. The NBGF's financial statements for 2021 have been prepared in accordance with these transition rules. For further information, see Note 13.

### Accounting policies for financial instruments

#### General

Holdings of securities and financial contracts are considered a trading portfolio and priced at fair value. The official closing price in each market is used when available. Securities holdings are valued on a daily basis, mainly using the bid price. The NBGF performs regular checks on the pricing and valuations provided by its external suppliers.

#### Currency translation

Bonds, bills, cash and cash equivalents, receivables and liabilities are translated into NOK and valued on a daily basis. At period-end, items are translated using the exchange rate at the reporting date. The London closing rate is used for both daily and period-end valuations.

#### Foreign exchange contracts

Foreign exchange forwards and swaps are recognised at fair value and presented on a gross basis.



### Collateral

The NBGF requires collateral in the form of cash and securities when trading in financial derivatives. Where cash collateral received is not legally separate from other cash, it is recognised in the balance sheet as an asset with a corresponding liability to the provider of the collateral. Collateral received in the form of securities is recognised if the collateral is sold or used as security for other counterparties or if the counterparty breaches the terms of the underlying contract. Collateral pledged to counterparties is derecognised applying the same principles as for collateral received. If the recipient of the collateral has the right to sell the collateral or re-pledge this as security, the asset is classified separately in the balance sheet as an asset pledged as collateral.

### Guarantees

One of the NBGF's objects is to secure deposits in members of the deposit guarantee scheme up to NOK 2 million per depositor per bank. The NBGF will recognise a liability relating to this deposit guarantee when there is a specific event in which one or more banks are wound down under public administration and the NBGF has an established obligation.

See Note 17 for further information.

## Other accounting policies

All figures in the notes to the financial statements are stated in thousands of NOK unless otherwise specified.

### Estimates

The preparation of the financial statements involves the use of estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenue and expenses. Estimates are based on the latest available reliable information and experience from similar assessments. Actual outcomes may differ from these estimates.

### Revenue recognition

Interest and contributions are recognised in the income statement as they are earned, in line with the general accounting principles in the Accounting Act. Contributions are calculated per calendar year, cf. further discussion in Note 1. Prepaid revenue and expenses incurred but not paid are accrued and recognised as liabilities in the balance sheet. Revenue earned but not received is recognised in income and recorded as a receivable in the balance sheet.

### Adjustments to collection and allocation of contributions

Adjustments to the collection and allocation of contributions between members for previous years due to corrections to the underlying data reported are taken into account when invoicing contributions for the following year. Where individual members have underpaid, this is reflected in a receivable in the balance sheet at the end of the year. Similarly, any overpayment is carried as a liability at the same date.

### Costs for credit facilities

Upfront fees for credit facilities are amortised over the term of the facility. Commitment fees are expensed as they incur.

### Pensions

The NBGF has several pension schemes for its employees which satisfy the criteria for mandatory occupational pensions. The NBGF previously had a defined-benefit scheme which was discontinued with effect from 1 May 2019. One employee remains in that scheme. Other staff are covered by a defined-contribution scheme.

#### Defined-contribution pension scheme

In a defined-contribution scheme, the NBGF does not promise future pension benefits of a certain size, but makes an annual contribution to employees' pension savings. The eventual pension depends on the size of the contributions and the annual return on pension savings. The NBGF has no further obligations beyond payment of the contribution each year. No provisions for accrued pension liabilities are made under such schemes. Defined-contribution pension schemes are expensed directly.

#### Defined-benefit pension scheme

In a defined-benefit scheme, the employer has an obligation to pay specific future pension benefits. This scheme is administered by a life insurance company. The estimated accrued liability is compared with the value of funds paid in and earned. Where total assets exceed the estimated liability at the balance sheet date, the net value is recognised as an asset in the balance sheet. Where pension liabilities exceed pension assets, the net value is classified as a liability in the balance sheet. The pension liability is calculated as the present value of estimated future pension benefits considered for accounting purposes to have been earned at the balance sheet date. The pension cost is based on assumptions made at the start of the period.



The NBGF also has unfunded pension obligations that are financed through its operations. The obligations under these agreements are recognised as a liability in the balance sheet. These liabilities are discussed in more detail in Note 15.

In addition, the NBGF has obligations under the AFP Early Retirement Subsidy Act. Financial contributions to this scheme are recognised in the income statement as a defined-contribution insurance scheme. Individual employers do not possess the information needed to calculate this liability at 31 December 2021, and so the scheme is treated as a defined-contribution scheme in line with generally accepted accounting practice. In practice, only the central administrator Fellesordningen for AFP has the data necessary to calculate the liability.

Net pension costs for the period are included in "Other operating expenses" in the income statement.

Pension costs and liabilities include employer National Insurance contributions.

See Note 15 for further information.

#### Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation. Depreciation for the year is charged to the year's operating expenses and is included in this item.

#### Intangible assets

Intangible assets are recognised where the criteria for recognition are met. They are carried at cost less accumulated amortisation. Amortisation for the year is charged to the year's operating expenses and is included in this item.

The NBGF has recognised intangible assets in respect of a portal for members' reporting to the NBGF, and IT software for analysing and calculating contributions to the deposit guarantee fund and the resolution fund.

#### Tax

Under Section 2-30 of the Tax Act, the NBGF is exempt from tax.



## Note 1

### Contributions

#### Contribution to deposit guarantee fund

The contribution to the deposit guarantee fund for 2021 was calculated in accordance with Section 19-10 of the Financial Institutions Act. The total annual contribution corresponds to 0.08 per cent of total covered deposits at the end of the third and fourth quarters of 2019 and the first and second quarters of 2020.

	2021	2020
Contribution to deposit guarantee fund	1 119 832	1 052 636
Corrections to previous years' contributions	-	2 412
Total	1 119 832	1 055 048

#### Contribution to resolution fund

The contribution to the resolution fund for 2021 was calculated in accordance with Section 20-51 of the Financial Institutions Act. The total annual contribution corresponds to 0.1 per cent of total covered deposits at the end of the third and fourth quarters of 2019 and the first and second quarters of 2020.

	2021	2020
Contribution to resolution fund	1 399 790	1 317 009
Corrections to previous years' contributions	-35	3 100
Total	1 399 754	1 320 109

## Note 2

Other operating revenue	2021	2020
Net income from courses	355	8
Other operating revenue	-	1
Total	355	9

Breakdown of net income from courses	2021	2020
Income from courses	1 001	8
Costs related to courses	-646	-
Total	355	8

## Note 3

Other revenue and expenses	2021	2020
Interest income from bank deposits	108	396
Interest expenses from bank deposits	-634	-1 250
Interest income from cash collateral pledged by counterparties	76	458
Interest expenses from cash collateral pledged by counterparties	-200	-802
Total	-650	-1 199

## Note 4

### Gains and losses on fixed-income investments

	2021	2020
Realised gains/losses	1 946 845	-214 995
Unrealised gains/losses	-2 629 012	71 359
Total gains/losses	-682 168	-143 636

### Breakdown of realised gains/losses

	2021	2020
Bonds/bills	48 489	811 960
Foreign exchange derivatives	1 898 356	-1 026 957
Compensation under group lawsuits	-	1
	1 946 845	-214 995

### Breakdown of unrealised gains/losses

	2021	2020
Bonds/bills	-860 712	-408 242
Foreign exchange derivatives	-1 768 301	479 601
	-2 629 012	71 359



## Note 5

### Other financial items

#### Breakdown of other financial income

	2021	2020
Interest income from bank deposits	188	943
Other financial income	780	701
Foreign exchange gains	8	25
	976	1 669

#### Breakdown of other financial expenses

	2021	2020
Other financial expenses	11 198	2 053
Foreign exchange losses	36	19
	11 234	2 072

## Note 6

### Operating expenses

	2021	2020
Salaries, fees and other personell expenses	36 693	32 143
Administration and operating expenses	20 224	25 657
Costs, external asset managers	7 031	6 309
Depreciation and amortisation	888	338
	64 836	64 448

### Salaries, fees and other personell expenses

Number of employees at 31 December 2021: 21	2021	2020
Total salaries and fees	26 446	23 257
National Insurance contributions	4 610	3 807
Pension costs	5 039	4 753
Other personell expenses	598	326
	36 693	32 143

### The following are included in salaries and fees:

	2021	2020
Chairman of the board	159	155
Other board members	508	497
Board adviser	-	200
Other fees	-	32

### Paid to CEO \*)

	2021	2020
Salary and holiday pay	2 418	1 949
Defined-contribution pension	157	123
Other	27	15

\*) Benefits in 2020 is for the period from 1 March to 31 December

The CEO did not receive any benefits in the form of bonuses, profit sharing or similar in 2021.

<b>Paid to acting CEO *)</b>	<b>2021</b>	<b>2020</b>
Salary and holiday pay	-	383
Defined-contribution pension	-	25
Compensation for discontinued DBP	-	95
Other	-	3

\*) Benefits in 2020 is for the period from 1 January to 29 February

No special payments have been agreed in the event of termination or amendment of the terms of employment or office of the CEO or Chairman of the board.

<b>Auditor's fees etc.</b>	<b>2021</b>	<b>2020</b>
Fees for statutory audit	195	189
Fees for other services from auditor	51	91
Fees for other assurance services *)	43	42
Fees for agreed-upon procedures regarding financial information **)	117	164
<b>Total</b>	<b>405</b>	<b>485</b>

\*) Fees for auditor's statement on internal controls

\*\*) Fees for auditor's review of contribution models

## Note 7

### Bank deposits

Tax withholding funds held in a separate account totalled NOK 2,126 thousand at 31 December 2021.

The equivalent figure for 31 December 2020 was NOK 1,893 thousand.

Total bank deposits included NOK 69,885 thousand in foreign currency at 31 December 2021, and NOK 756,235 thousand at 31 December 2020.

At 31 December 2021, cash and bank deposits (excluding current accounts) amounted to 0.51 per cent of assets managed by the NBGF (net asset value). The equivalent figure for 31 December 2020 was 2.4 per cent.

The NBGF had unutilised credit facilities of NOK 5,000 million at 31 December 2021 with maturity of more than one year.



## Note 8

### Bonds and bills

Debtor category	2021			2020		
	Cost	Fair value (incl. accrued interest) *)	Accrued interest	Cost	Fair value (incl. accrued interest) *)	Accrued interest
Treasury bills	3 030 182	3 030 127	-	3 184 740	3 189 361	-
Government bonds	41 401 229	40 938 375	216 818	35 818 424	36 219 788	234 226
Bonds from other public issuers	15 094	15 187	160	-	-	-
Total	44 446 505	43 983 689	216 978	39 003 164	39 409 149	234 226

The table includes bonds delivered as collateral.

\*) The market value of bonds pledged as collateral was NOK 294,940 thousand at 31 December 2021 and NOK 0 at 31 December 2020. See also Note 16.

The fair value including accrued interest was NOK 462,816 thousand lower than cost at 31 December 2021 and NOK 405,985 thousand higher than cost at 31 December 2020.

The NBGF sets requirements for the liquidity of bond holdings. Liquidity in bond holdings is measured monthly on security, portfolio and fund level. The NBGF also sets requirements for the creditworthiness of issuers.

### Bonds and bills by country

Country	2021	2020
	Fair value (incl. accrued interest)	Fair value (incl. accrued interest)
Australia	3 040 402	2 817 116
Canada	3 149 484	2 742 156
France	3 849 943	3 733 317
Germany	10 528 484	8 789 141
Norway	3 045 314	3 189 361
UK	6 141 303	5 243 287
USA	14 228 758	12 894 771
Total	43 983 689	39 409 149

## Note 9

### Financial derivatives

2021			2020	
Debtor category	Asset	Liability	Asset	Liability
Foreign exchange derivatives	244 567	635 663	1 404 582	27 377
Total financial derivatives	244 567	635 663	1 404 582	27 377

### Foreign exchange contracts

The only type of financial derivatives owned by the NBGF are foreign exchange contracts.

These are used to hedge the bond portfolio's currency exposure. The fair value of forward exchange contracts is recorded as an unrealised gain/loss at the balance sheet date.

2021			2020	
Derivative category	Cost	Fair value	Cost	Fair value
Foreign exchange derivatives	-	-391 096	-	1 377 205
Total financial derivatives	-	-391 096	-	1 377 205

### Foreign exchange contracts by currency

2021				2020	
Purchased currency	Purchased currency	Net nom. volume	Fair value	Net nom. volume	Fair value
NOK	AUD	2 982 103	-8 552	2 825 673	-12 146
NOK	CAD	3 114 402	-42 774	2 898 383	119 160
NOK	EUR	13 818 252	-70 701	12 918 305	348 711
NOK	GBP	6 068 441	-79 803	5 415 141	115 341
NOK	USD	14 147 645	-188 707	13 451 207	802 141
USD	AUD	-	-559	-	-
AUD	GBP	-	-	-	237
CAD	EUR	-	-	-	168
EUR	USD	-	-	-	1 675
GBP	USD	-	-	-	1 917
Totalt		40 130 843	-391 096	37 508 710	1 377 205

Nominal volume denotes exposure in NOK. Exposure is allocated between the currency pairs in which the NBGF hedges the portfolio. Nominal volume is not specified for contracts where NOK is neither bought nor sold.

## Note 10

### Intangible assets

	<b>2021</b>	<b>2020</b>
	Intangible assets	Intangible assets
Cost at 1 January	-	-
Additions	6 102	-
Disposals	-	-
Cost at 31 December	6 102	-
Acc. amortisation at 1 January	-	-
Amortisation for the year	200	-
Disposals	-	-
Acc. amortisation at 31 December	200	-
Acc. impairment losses at 1 Jan	-	-
Disposals	-	-
Acc. impairment losses at 31 Dec	-	-
Carrying amount at 31 December	5 902	-

Intangible assets are amortised on a straight-line basis at an annual rate of 1/5 of cost.

## Note 11

### Property, plant and equipment

	<b>2021</b>	<b>2020</b>
	Fixtures, computer hardware, improvements to rented premises	Fixtures, computer hardware, improvements to rented premises
Cost at 1 January	3 895	1 323
Additions	317	2 719
Disposals	-	147
Cost at 31 December	4 212	3 895
Acc. depreciation at 1 January	1 113	921
Depreciation for the year	687	338
Disposals	-	147
Acc. depreciation at 31 December	1 800	1 113
Acc. impairment losses at 1 Jan	-	-
Disposals	-	-
Acc. impairment losses at 31 Dec	-	-
Carrying amount at 31 December	2 412	2 783

Operating assets are depreciated on a straight-line basis at the following rates:

Computer hardware	1/3 of cost
Fixtures	1/5 of cost
Improvements to rented premises	1/15 of cost

## Note 12

### Other receivables

	2021	2020
Undercharged contributions	-	377
Prepayments	11 645	15 396
Claim on Optin Bank ASA under public administration- covered deposits *)	266 928	-
Other receivables	91	44
<b>Total</b>	<b>278 663</b>	<b>15 816</b>

\*) See Note 17

## Note 13

### Equity

Equity	Deposit guarantee fund	Resolution fund	Total equity
Equity at 31 December 2019	17 176 908	21 052 478	38 229 386
Profit/loss for the year	1 249 459	1 640 352	2 889 810
Equity at 31 December 2020	18 426 367	22 692 830	41 119 197
Profit/loss for the year	1 055 064	1 377 254	2 432 318
Equity at 31 December 2021	19 481 431	24 070 084	43 551 515

The NBGF's own funds are defined in Section 4 of the Act on the Norwegian Banks' Guarantee Fund as capital contributed to the deposit guarantee fund. In accordance with the transition rules, the resolution fund is also presented as equity of the NBGF at 31 December 2021.

**Minimum requirement for the deposit guarantee fund's available financial means**

Section 19-9 of the Financial Institutions Act requires the deposit guarantee fund to have available financial means corresponding to at least 0.8 per cent of total covered deposits. The definition of available financial means is as set out in Article 2 of the Deposit Guarantee Schemes Directive (Directive 2014/49/EU).

The most recently available figures for covered deposits are for 30 September 2021. The statutory minimum level has therefore been calculated on the basis of covered deposits on that date, totalling NOK 1,560,528 million, and available financial means on the same date.

0.8% of total covered deposits	12 484 225
Deposit guarantee fund's available financial means at 30 September 2021	19 222 431
Available financial means over minimum requirement at 30 September 2021	6 738 206

**Resolution fund**

A resolution fund was established with effect from 1 January 2019 by law amendments, placing 55 per cent of the NBGF's capital on that date at the disposal of the resolution authority. The remaining 45 per cent constitutes the deposit guarantee fund. Under the transition rules, the transfer of the net value of assets and liabilities is to take place by 31 December 2022 but take effect for accounting purposes from 1 January 2022. Assets and liabilities are to be divided on the basis of their values at 1 January 2019 and subsequent changes in value, plus the contributions collected for the resolution fund, less costs for the administration of the fund. The capital to be transferred to the resolution fund is presented in the NBGF's equity at 31 December 2021.

Statement of capital at disposal of the resolution authority

	2021	2020
Value of capital at disposal of the resolution authority at 1 January	22 692 830	21 052 478
Income from asset management	-9 131	333 472
Contributions to resolution fund	1 399 754	1 320 109
Penalty interest on contributions to resolution fund	13	6
Fee for management and administration of resolution fund	-13 381	-13 235
Value of capital at disposal of the resolution authority at 31 December	24 070 084	22 692 830

Minimum requirement for the resolution fund's available financial means

Section 20-50 of the Financial Institutions Act requires the resolution fund to have available financial means corresponding to at least 1 per cent of total covered deposits. We have used the same definition of available financial means as set out in Article 2 of the Deposit Guarantee Schemes Directive (Directive 2014/49/EU).

The most recently available figures for covered deposits are for 30 September 2021. The statutory minimum level has therefore been calculated on the basis of covered deposits on that date, totalling NOK 1,560,528 million, and available financial means on the same date.

1.0% of total covered deposits	15 605 281
Resolution fund's available financial means at 30 September 2021	24 094 714
Available financial means over minimum requirement at 30 September 2021	8 489 433





## Note 14

Other liabilities	2021	2020
Advance tax deductions, employer contributions	3 416	3 216
Trade payables	1 758	15 929
Accrued expenses	4 405	4 296
Cash collateral received	41 455	661 308
Guarantee liability Optin Bank ASA under public administration *)	9	-
Other liabilities	2 776	2 423
<b>Total</b>	<b>53 819</b>	<b>687 172</b>

\*) Se note 17

## Note 15

### Pension costs, pension liabilities and pension assets

#### Defined-benefit occupational pension scheme

The NBGF previously had a defined-benefit occupational pension scheme for all staff taken on before 1 January 2013. This scheme was discontinued with effect from 1 May 2019, and staff were transferred to the defined-contribution scheme. At 31 December 2021, one employee remains in the defined-benefit scheme.

Employees transferred from the defined-benefit scheme to the defined-contribution scheme have been included in a special compensation scheme. The compensation scheme is based on length of service in the defined-benefit scheme. The scheme covers only active employees and provides for payments until reaching 67 or ceasing employment. Five employees were covered by this scheme at 31 December 2021, and the benefits are included in pension costs.

Pension liabilities and pension costs for 2021 for the employee still in the defined-benefit scheme have been calculated in accordance with Norwegian Accounting Standard NRS 6 "Pension costs".

#### Defined-contribution occupational pension scheme

All employees (except for one) are covered by a defined-contribution pension scheme, with contribution rates of 7 per cent of salary up to 7.1 G and 20 per cent of salary between 7.1 G and 12 G.

#### Disability pension

All employees are entitled to by a disability pension. The premium is an insurance premium which is paid to an

insurance company and there is no accumulation of capital. The annual premium is included in pension costs. Employees who were previously members of the defined-benefit scheme are covered by a disability pension for salary above 12 G under a policy with an insurance company with no accumulation of capital. The annual premium is included in pension costs.

#### Remaining unfunded pension liabilities

Pension agreements with no insurance coverage are referred to as unfunded pension liabilities and mainly consist of the following:

- Accrued rights to early retirement pension from the age of 62 for the NBGF's former investment manager
- A former department manager has an agreement on compensation for losses in the group scheme in the period from 62 to 67 years

#### AFP scheme

The NBGF is covered by the AFP scheme in the private sector pursuant to the AFP Early Retirement Subsidy Act that entered into force in 2010, and has a financial liability under this scheme. Individual employers do not possess the information needed to calculate this liability at 31 December 2021, and so the scheme is treated as a defined-contribution pension scheme in line with generally accepted accounting practice.

## Pension costs, pension liabilities and pension assets in the defined-benefit scheme

	2021	2020		2021	2020
Discount rate	1,90 %	1,70 %			
Expected return	3,10 %	2,70 %			
Expected wage growth	2,75 %	2,25 %			
Expected adjustment of basic amount (G)	2,50 %	2,00 %	No. of active members	1	1
Expected adjustment of pensions	0,00 %	0,00 %	No. of pensioners	0	0

	2021			2020		
<b>Pension costs</b>						
<b>Recognised in income statement</b>	<b>Funded</b>	<b>Unfunded</b>	<b>Total</b>	<b>Funded</b>	<b>Unfunded</b>	<b>Total</b>
Present value of year's pension earnings (incl. employer NI)	248	-	248	214	-	214
Interest expenses on accrued liability	40	117	157	48	167	215
Expected return on pension assets	-17	-	-17	-48	-	-48
Pension costs before actuarial gains and losses	271	117	388	214	167	381
Amortisation of changes in estimates	-	34	34	-	-	-
Curtailment/settlement	-	-	-	-	-	-
Administration expenses	15	-	15	15	-	15
Net pension costs recognised for period	286	151	437	229	167	396
Premium, Fellesordningen for AFP	287	-	287	256	-	256
Defined-contribution pensions	2 175	-	2 175	1 853	-	1 853
Compensation for discontinued DBP	1 833	-	1 833	1 825	-	1 825
Insurance premium, disability pension incl. suppl. pension	534	-	534	-	-	-
				611	-	611
Total pension costs and insurance premiums	5 115	151	5 266	4 774	167	4 941

	2021			2020		
<b>Pension liabilities</b>						
<b>Balance sheet</b>	<b>Funded</b>	<b>Unfunded</b>	<b>Total</b>	<b>Funded</b>	<b>Unfunded</b>	<b>Total</b>
Estimated accrued pension liability (incl. employer NI)	2644	6 429	9 073	2 381	7 376	9 757
Estimated value of pension assets	2 800	-	2 800	2 582	-	2 582
Net pension liabilities (assets)	-156	6 429	6 273	201	7 376	7 577
Actuarial gains and losses not recognised in income	215	-1 018	-803	-201	-1 107	-1 308
Net pension liabilities (assets)	59	5 411	5 470	-	6 269	6 269
Recognised assets (net overfunding)		-			-	
Recognised liabilities		5 470			6 269	

**Year's change in pension liabilities**

<b>Pension liabilities</b>	<b>2021</b>	<b>2020</b>
Opening balance at 1 January	9 757	9 754
Rights earned during year	248	214
Year's interest expenses	157	215
Payments to retirees and payment of employer NI on premiums	-1 036	-804
Actuarial gains and losses	-53	378
Closing balance at 31 December	9 073	9 757

**Year's change in pension assets**

<b>Pension assets</b>	<b>2021</b>	<b>2020</b>
Estimated pension assets at 1 January	2 582	2 467
Actuarial gains and losses	16	82
Pension assets at 1 January plus actuarial gains and losses	2 598	2 549
Expected return on pension assets	17	48
Premiums paid in	200	-
Pensions paid out	-	-
Administration expenses	-15	-15
Estimated pension assets at 31 December	2 800	2 582
Actual gross return on fund assets	-	-

## Note 16

### Risk management

#### Overarching guidelines for the investment strategy

Pursuant to the NBGF's Statutes, the Board determines the strategy and guidelines for the management of the NBGF's assets. The assets shall be managed in a responsible and ethical manner based on recognised ESG principles. Each of the funds shall be characterised by low risk, sufficient diversification and necessary liquidity. Within these constraints, the asset management shall seek good risk-adjusted returns.

The NBGF invests in fixed-income securities with low-risk. The intention of this investment strategy is to have a liquid portfolio that holds its value well in a crisis situation where there may be a need for liquidity.

#### Investment strategy

In its investment strategy for 2021, the Board elected to allocate around 90 per cent of the capital to foreign government bonds and around 10 per cent to fixed-income securities issued by the Norwegian government and Norwegian local authorities.

#### Risk limits

Risk limits are determined by the Board. The Board sets upper limits for interest rate risk, country weights, hedging, counterparty risk, bank deposits and the share of Norwegian fixed-income securities issued by the Norwegian government and Norwegian local authorities.

#### Operational risk

A system of controls and procedures has been established in order to ensure an effective control environment that helps reduce operational risk. The management of the NBGF's capital is monitored by the Department of Investment Risk Management and Control.

All risk limits are incorporated into a compliance system both locally at the external asset manager and centrally in the Department of Investment Risk Management and Control. The Department of Investment Risk Management and Control follows up any breaches of limits, reports periodically to management and the Board, and obtains independent statements from the external auditor on procedures and control activities (ISAE 3402 and SOC 1).

#### Foreign exchange risk

The NBGF's government bond holdings are denominated and traded in foreign currency and are thus exposed to foreign exchange risk. Forward exchange contracts are used to manage foreign exchange risk. The manager may only perform currency trades to hedge against foreign exchange risk. Exposure to all foreign currencies is monitored daily.

#### Foreign currency exposure at 31.12.2021

	AUD	CAD	EUR	GBP	USD
Fixed income portfolios (excl. currency hedging)	476 179	451 683	1 376 757	514 261	1 614 781
Currency hedging	-477 278	-452 010	-1 382 825	-514 462	-1 616 286
Not currency exposure	-1 099	-327	-6 068	-201	-1 505

#### Foreign currency exposure at 31.12.2020

	AUD	CAD	EUR	GBP	USD
Fixed income portfolios (excl. currency hedging)	427 468	408 057	1 190 393	448 402	1 508 934
Currency hedging	-427 829	-406 500	-1 187 953	-446 422	-1 504 762
Not currency exposure	-361	1 557	2 439	1 980	4 172

### Counterparty risk and netting

The NBGF enters into foreign exchange contracts with various counterparties, which results in counterparty risk. The NBGF has entered into standardised international agreements (ISDA Master Agreement with Credit Support Annex). For example, when a pre-defined exposure limit for a counterparty has been exceeded, collateral is required. This collateral is provided in the form of cash and highly-rated bonds.

The NBGF regularly monitors the credit ratings/creditworthiness of its counterparties, and exposure to counterparties is monitored and controlled on a daily basis.

The table below shows amounts that are covered by a netting agreement but presented gross in the balance sheet.

<i>Amounts in million of NOK</i>	Gross value	Amounts offset in the balance sheet	Carrying amount	Financial instrument	Cash collateral	Securites pledged as collateral	Amounts after permitted netting
<b>Assets</b>							
Financial derivatives	245	-	245	244	0	0	1
Securities pledged as collateral	295	-	295	392	0	0	-97
Total assets	540	-	540	636	0	0	-96
<b>Liabilities</b>							
Financial derivatives	636	-	636	244	-	392	0
Total liabilities	636	-	636	244	-	392	0

### Interest rate risk

Duration is calculated for positions in the fixed-income market and is weighted according to market value at 31 December 2021. Duration shows the effective repayment period of a bond/bill and is a measure of sensitivity to interest rates. The NBGF's duration was 1.1 in 2021, unchanged from 2020.

### Liquidity risk

The NBGF's investments consist of foreign government bonds, with an emphasis on the largest and most liquid markets, and Norwegian treasury bills and local authority bonds. Liquidity is considered sufficient for the NBGF to fulfil its obligations.

### Taxation/withholding tax

The NBGF is exempt from taxation in Norway but may be required to pay withholding tax on its investments abroad, for which it can then apply for a refund. The NBGF's tax status in Norway means that it is not always covered by the tax agreements Norway has with other countries. The NBGF must therefore assess and clarify its tax position before investing in new markets.



## Note 17

### Guarantees

One of the objects of the NBGF is to protect deposits in members of the deposit guarantee scheme up to NOK 2 million per depositor per bank. In some situations, the guarantee also covers deposits in excess of NOK 2 million. These are deposits made in the past 12 months that relate to a specific life event, such as the sale of a home, an inheritance or an insurance payout. Such deposits are covered in full.

The NBGF shall make guaranteed deposits available as soon as possible and no later than seven working days after:

1. The Financial Supervisory Authority of Norway (Finanstilsynet) concludes that the institution is not in a position to repay deposits, or
2. The bank is wound down under public administration.

More detailed rules on settlement and deadline extensions are set out in the Financial Institutions Act.

In 2021, the NBGF reimbursed covered deposits to customers of Optin Bank ASA (under public administration) after it was decided to wind down the bank under public administration. The guarantee liability in this respect is discussed in the section below.

There were no other events where the NBGF had to reimburse covered deposits in 2021, nor have there been any such events since the balance sheet date.

#### Guarantee liability related to the wind down of Optin Bank ASA under public administration

It was decided on 23 June 2021 to wind down Optin Bank ASA under public administration, and the NBGF reimbursed covered deposits to the bank's depositors. Covered deposits at the bank totalled NOK 266.9 million at the time of the decision. These included deposits up to NOK 2 million per depositor and deposits over NOK 2 million related to a specific life event made known to the NBGF. At 31 December 2021, NOK 266.9 million of these covered deposits had been reimbursed by the NBGF. The NBGF's total claim on Optin Bank ASA (under public administration) has been recognised as a receivable in the NBGF's balance sheet. The NBGF also has a claim on Optin Bank ASA (under public administration) in respect of the bank's contributions to the resolution fund and deposit guarantee fund for 2021.

The remaining covered deposits at Optin Bank ASA (under public administration) not yet reimbursed at 31 December 2021 have been recognised as a liability in the NBGF's balance sheet.

Securities were sold for NOK 270 million in connection with reimbursement to depositors.

#### Breakdown of deposit guarantee liability

Covered deposits at Optin Bank ASA (under public administration)	266 928
Covered deposits reimbursed at 31 December 2021	-266 919
Total guarantee liability at 31 December 2021	9

#### Breakdown of claims on Optin Bank ASA (under public administration)

Covered deposits at Optin Bank ASA (under public administration)	266 928
Contributions to deposit guarantee fund and resolution fund for 2021	245
Total claims on Optin Bank ASA (under public administration) at 31 December 2021	267 173

## Note 18

### Post balance sheet events

Russia's invasion of Ukraine on 24 February 2022 and subsequent events have not yet impacted on the NBGF's business. In the longer term, the NBGF may be indirectly affected through changes in economic conditions, but it is difficult at this stage to predict what this effect might be.



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## INDEPENDENT AUDITOR'S REPORT

To the Ministry of Finance

### Opinion

We have audited the financial statements of Bankenes sikringsfond, which comprise the balance sheet as at 31 December 2021, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of Bankenes sikringsfond as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for opinion

We conducted our audit in accordance with 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 Bankenes sikringsfond in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. 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 board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with 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 or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 Bankenes sikringsfond's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

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using the going concern basis of accounting unless management either intends to liquidate Bankenes sikringsfond 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 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 the 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 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, 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 Bankenes sikringsfond'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 Bankenes sikringsfond'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 Bankenes sikringsfond 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 fair presentation.

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.

Oslo, 28 March 2022  
ERNST & YOUNG AS

Kjetil Rimstad  
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

Independent auditor's report - Bankenes sikringsfond 2021

A member firm of Ernst & Young Global Limited







## Governing bodies

### Board and management

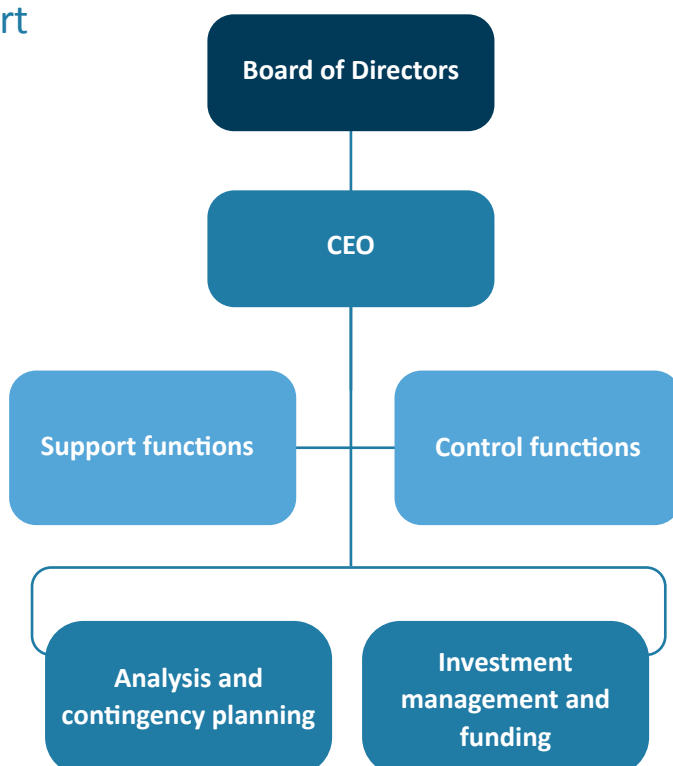
The Board is the NBGF's supreme governing body and represents the NBGF externally. The Board had the following members in 2021:

- Endre Skjørestad, Chair
- Torbjørn Hægeland
- Marie Meling
- Trude Myklebust
- Jøril Mæland
- Roar Inge Hoff
- Arvid Andenæs

The NBGF's management comprises:

- Stig Helberg, Chief Executive Officer
- Sonja Lill Flø Myklebust, Executive Director
- Tanja Log, Chief Investment Officer
- Tor Runshaug Foss, Chief Legal Director

## Organisation chart





## What the deposit guarantee scheme covers

The deposit guarantee covers up to NOK 2 million per depositor per member bank.

If your bank balance becomes unavailable, for example because the authorities have decided to wind down your bank under public administration, the Norwegian Banks' Guarantee Fund will make your money available within seven working days.

In some cases, the guarantee also covers deposits above NOK 2 million. This is where a deposit has been made within the past 12 months as a result of a specific life event, such as an insurance payout or the sale of a home. These deposits will be reimbursed within three months.

The deposit guarantee covers:

- Deposits on savings and current accounts
- Deposits in both Norwegian kroner and foreign currencies
- Positive balances (deposits) on credit cards
- Deposits on a share savings account (Aksjesparekonto) (not shares or other financial instruments)

The deposit guarantee does not cover:

- Investments in financial assets like stocks or securities
- Deposits from depositors with unknown identity
- Deposits deriving from transactions, which based on a legally binding judgment, violates laws on money laundering or terrorist financing

All Norwegian banks are members of the deposit guarantee scheme. Membership is voluntary for branches of foreign banks. Our website [www.sikringsfondet.no](http://www.sikringsfondet.no) makes it easy to find out what cover applies to your bank. It also provides more information about the deposit guarantee and the Norwegian Banks' Guarantee Fund.

## Members at 31 December 2021

The deposit guarantee scheme had 126 members at the end of 2021, of which 117 were headquartered in Norway and nine were branch members. This is a net decrease of one member from the end of 2020. There were the following membership changes in 2021:

- Boligbanken ASA was accepted as a new member.
- Surnadal Sparebank and SpareBank 1 Nordvest merged under the name SpareBank 1 Nordmøre.
- SpareBank 1 BV and SpareBank 1 Telemark merged under the name SpareBank 1 Sørøst-Norge.

Member companies at 31 December 2021 are listed below. An updated list of member companies can be found on our website.

### Members headquartered in Norway

#### A

Aasen Sparebank  
Åfjord Sparebank  
Andebu Sparebank  
Aprila Bank ASA  
Arendal og Omegns Sparekasse  
Askim og Spydeberg Sparebank  
Aurskog Sparebank

#### B

Bank Norwegian AS  
Bank2 ASA  
Berg Sparebank  
Bien Sparebank ASA  
Birkenes Sparebank  
Bjugn Sparebank  
Blaker Sparebank  
BNbank ASA  
Boligbanken ASA  
BRA Bank ASA

#### C

Cultura Sparebank

#### D

DNB Bank ASA  
Drangedal Sparebank

#### E

Eidsberg Sparebank  
Eika Kreditbank AS  
Etne Sparebank  
Etnedal Sparebank  
Evje og Hornnes Sparebank

#### F

Fana Sparebank  
Flekkefjord Sparebank  
Fornebu Sparebank

#### G

Gildeskål Sparebank  
Grong Sparebank  
Grue Sparebank

#### H

Haltdalen Sparebank  
Haugesund Sparebank  
Hegra Sparebank  
Hemne Sparebank  
Hjartdal og Gransherad Sparebank  
Hjelmeland Sparebank  
Høland og Setskog Sparebank

#### I

Instabank ASA

#### J

Jernbanepersonalets Sparebank  
Jæren Sparebank

#### K

KLP Banken AS  
Komplett Bank ASA  
Kraft Bank ASA  
Kvinesdal Sparebank

#### L

Landkreditt Bank AS  
Larvikbanken – din personlige sparebank  
Lillesands Sparebank  
Luster Sparebank

#### M

Maritime & Merchant Bank ASA  
Marker Sparebank  
Melhus Sparebank  
MyBank ASA

#### N

Nidaros Sparebank  
Nordea Direct Bank ASA  
Nordic Corporate Bank ASA  
Næringsbanken ASA

#### O

OBOSBanken AS  
Odal Sparebank  
Opdals Sparebank  
Optin Bank ASA under offentlig administrasjon  
Orkla Sparebank

#### P

Pareto Bank ASA

#### R

Rindal Sparebank  
Romerike Sparebank  
Romsdal Sparebank  
Rørosbanken Røros Sparebank

#### S

Safe Deposit Bank of Norway AS  
Sandnes Sparebank  
Santander Consumer Bank AS  
Sbanken ASA  
Selbu Sparebank  
Skagerrak Sparebank  
Skudenes & Aakra Sparebank  
Skue Sparebank  
Sogn Sparebank  
Soknedal Sparebank  
SpareBank 1 Gudbrandsdal  
SpareBank 1 Hallingdal Valdres

SpareBank 1 Helgeland  
SpareBank 1 Lom og Skjåk  
SpareBank 1 Modum  
SpareBank 1 Nord-Norge  
SpareBank 1 Nordmøre  
SpareBank 1 Ringerike Hadeland  
SpareBank 1 SMN  
SpareBank 1 SR-Bank ASA  
SpareBank 1 Sør Sunnmøre  
SpareBank 1 Sørøst-Norge  
SpareBank 1 Østfold Akershus  
SpareBank 1 Østlandet  
Sparebank 68 grader Nord  
Sparebanken DIN  
Sparebanken Møre  
Sparebanken Narvik  
Sparebanken Sogn og Fjordane  
Sparebanken Sør  
Sparebanken Telemark  
Sparebanken Vest  
Sparebanken Øst  
Spareskillingsbanken  
Stadsbygd Sparebank  
Storebrand Bank ASA  
Strømmen Sparebank  
Sunndal Sparebank  
Søgne og Greipstad Sparebank

#### T

Tinn Sparebank  
Tolga- Os Sparebank  
Totens Sparebank  
Trøgstad Sparebank  
Tysnes Sparebank

#### V

Valdres Sparebank  
Valle Sparebank  
Voss Sparebank  
Voss Veksel- og Landmandsbank ASA

#### Ø

Ørland Sparebank  
Ørskog Sparebank  
Østre Agder Sparebank

#### Å

Åfjord Sparebank  
Aasen Sparebank

### Branch members (cf. Section 19-2 of the Financial Institutions Act)

BlueStep Finans AB, Filial Oslo  
Danske Bank (norsk filial av Danske Bank A/S)  
Handelsbanken (norsk filial av Svenska Handelsbanken AB)  
Nordea Bank Abp, filial i Norge  
Nordnet Bank, filial av Nordnet Bank AB  
Resurs Bank AB, NUF  
Skandinaviska Enskilda Banken AB Oslofilialen  
Swedbank Norge, filial av Swedbank AB  
TF Bank Norge NUF

## Statutes for the Norwegian Banks' Guarantee Fund

Laid down by the Ministry of Finance on 14 December 2020, cf. Regulation No. 2145 of 19 December 2018 pursuant to Section 1 of the Act on the Norwegian Banks' Guarantee Fund.

### § 1. Statutory basis etc.

The Norwegian Banks' Guarantee Fund is an independent legal entity established by act of parliament. The entity's business is regulated by the Act on the Norwegian Banks' Guarantee Fund of 23 March 2018 and the Financial Institutions Act of 10 April 2015, and associated regulations.

### § 2. Name

The name of the entity is Bankenes sikringsfond – the Norwegian Banks' Guarantee Fund. The entity shall be registered with the Norwegian Register of Business Enterprises.

### § 3. Registered office

The Norwegian Banks' Guarantee Fund shall have its registered office in Oslo.

### § 4. Own funds

The Norwegian Banks' Guarantee Fund's own funds consist of capital contributed to the deposit guarantee fund.

### § 5. Investment management

(1) The Board shall set an investment strategy and guidelines for the management of the capital in the deposit guarantee fund and the resolution fund.

(2) The capital shall be managed in a responsible and ethical manner based on recognised environmental, social and governance principles. The overall portfolio for each fund shall be characterised by low risk, sufficient diversification and necessary liquidity. Within these constraints, the aim shall be a good risk-adjusted return.

(3) The capital may not be invested directly or indirectly in shares, primary capital certificates, other equity capital or convertible debt issued by Norwegian banks or in the parent companies of financial groups that include Norwegian banks, unless as part of measures under Section 19-11 of the Financial Institutions Act.

### § 6. Powers and composition of the Board

(1) The Board is the supreme governing body of the Norwegian Banks' Guarantee Fund and represents the Norwegian Banks' Guarantee Fund externally. The Chair alone or any two other members of the Board together may sign for the Norwegian Banks' Guarantee Fund.

(2) The Board shall have seven members appointed by the Ministry of Finance. Alternate members may be appointed. The Ministry may appoint replacements and in special cases amend the composition of the Board. Full and alternate members of the Board are appointed for a term of two years. The Board's fees are set by the Ministry of Finance.

(3) The Chair is appointed by the Ministry of Finance.

(4) The Board may issue rules of procedure for its work.

(5) The Board shall review the Norwegian Banks' Guarantee Fund's goals, strategies and risk profile at least annually. The Norwegian Banks' Guarantee Fund's most important risks shall be prioritised in this annual review. The review shall cover general guidelines and systems for risk management and internal control. The Board shall discuss internal control with the auditor, including any weaknesses identified by the auditor and suggested improvements.

(6) The Board issues rules of procedure and sets the remuneration for the Chief Executive Officer.

### § 7. Board meetings

(1) Board meetings shall be held at least four times a year, or more often if the Chair deems this necessary or if at least two other members of the Board so request. Where necessary, meetings may be held digitally or as a teleconference.

(2) Notice of meeting shall be given in writing. The notice of meeting shall specify the matters to be considered. The Chief Executive Officer calls meetings on behalf of the Chair.

(3) Where deemed necessary, the Chair may choose to put a matter to the Board for written consideration only. A decision may not be made on the basis of written consideration only if any one member of the Board requests that the matter is considered at a meeting. Decisions reached on the basis of written consideration only shall be presented and minuted at the next meeting.

(4) The Board's proceedings are to be led by the Chair. Where the Chair does not attend a meeting, the Board shall elect a person to lead the proceedings.

(5) The Board's proceedings are to be minuted. If the Board's decision is not unanimous, the minutes must state who voted for and against. If a member of the Board or the Chief Executive Officer does not agree with a decision or its rationale, he or she may request that this is minuted. The minutes shall be signed by all members participating in the proceedings and by the Chief Executive Officer.

(6) A valid decision requires at least four members of the Board to be in attendance. Decisions are made by a simple majority. In the event of a tie, the Chair has the casting vote.

#### § 8. Emergency powers in extraordinary situations

(1) In extraordinary situations where there is neither time nor opportunity to gather the Board physically or digitally, the Chair may take necessary decisions on behalf of the Board to safeguard the interests of Norwegian Banks' Guarantee Fund, including deciding on alternative measures under Section 19-11 of the Financial Institutions Act.

(2) Where these powers are used, the Board shall be informed as soon as practically possible of the decision that has been taken, and of the reasons why it was not possible to hold a meeting first.

#### § 9. Management

(1) The management of the Norwegian Banks' Guarantee Fund's activities shall be headed by a Chief Executive Officer appointed by the Board and approved by the Ministry.

(2) The Chief Executive Officer prepares matters for consideration by the Board. The Board may issue instructions on the matters to be put before the Board and on the Chief Executive Officer's duties and obligations to the Board.

(3) The Chief Executive Officer shall ensure that instructions are issued specifying employees' duties and responsibilities, as well as reporting and administrative procedures.

#### § 10. Annual report and annual financial statements

(1) The Norwegian Banks' Guarantee Fund shall prepare and publish an annual report and annual financial statements. The annual report and annual financial statements shall cover both the deposit guarantee fund and the resolution fund. The Chief Executive Officer shall submit draft audited annual financial statements to the Board by the end of March of the following year.

(2) The annual report and annual financial statements shall be signed by the Board and the Chief Executive Officer by 30 June of the following year and submitted to the Ministry of Finance, Finanstilsynet, Norges Bank and the Brønnøysund Register Centre.

#### § 11. Auditing

The external auditor of the Norwegian Banks' Guarantee Fund is appointed by the Ministry of Finance, which also sets the auditor's fees.

#### § 12. Amendment of the Statutes

The Ministry of Finance may amend these Statutes at any time and may issue written exemptions from its provisions in specific cases. The Board of the Norwegian Banks' Guarantee Fund may submit proposals for amendments to the Statutes.





## **Bankenes sikringsfond/Norwegian Banks' Guarantee Fund**

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Graphic production

Vild AS

