

Annual Report *2020*



Contents

Contents	3
What an uphill year	5
Board of Directors' Report for the Year 2020.....	9
Main principles for the business.....	9
Organisation	9
Environment and other matters	10
Economy.....	13
Marketing and Communication.....	16
Expression of gratitude.....	18
Some of our lending projects	20
Some highlights from 2020	22
Income Statement	24
Balance sheet as of 31.12.2020.....	25
Changes in equity.....	26
Cash flow analysis.....	27
Key figures	28
Notes to the accounts	29
1. General accounting principles	29
2. Credit risk	34
3. Application of estimates and discretionary assessments.....	36
4. Capital adequacy	37
5. Risk management.....	38
6. Lending to customers by credit quality level.....	39
7. Distribution of loans.....	41
8. Credit impaired commitments	43
9. Exposure on loans.....	44
10. Impairments on loans and guarantees.....	45
11. Large commitments.....	46
12. Liquidity risk.....	47
13. Currency risk	48
14. Price risk.....	48
15. Interest rate risk	48
16. Net interest and credit commission income.....	50
17. Other income	50
18. Salaries and other personnel expenses	51
19. Other operating expenses.....	53
20. Tax	53
21. Categories of financial instruments	54
22. Fair value of financial instruments.....	55

23. Certificates and bonds	56
24. Shares and equity certificates	57
25. Fixed assets and intangible assets	58
26. Other assets	59
27. Borrowing from credit institutions	59
28. Deposits from customers	59
29. Other debt	61
30. Subordinated bond capital.....	61
31. Owner share capital and ownership structure.....	62
32. Earnings per equity certificate	65
33. Guarantees	65
34. Leases	66
35. Covid-19	66
Employees and representatives.....	69
Independent Auditor's Report.....	71

What an uphill year

The troubadour Øystein Sunde created a humorous show many years ago about the year things were such an uphill challenge. On 12 March 2020, things suddenly became more of a challenge in Norway than they had been in 80 years. We hadn't experienced this type of uphill struggle, namely a global pandemic, in 100 years. Covid-19 is a far "kinder" pandemic than the Spanish flu was 100 years earlier in terms of the number of sick and dead, but when it comes to social and economic upheaval, Covid-19 is probably on a par with its predecessor. Paradoxically, it seems to be related to the enormous development in medical treatment and thus in expectations of the health care system. In Norway, Covid-19 has taken a small fraction of the number of lives the Spanish flu so brutally claimed. The number of patients admitted to intensive care at Norwegian hospitals at the same time has never been much more than 300 during the year Covid-19 ravaged the country. In order to maintain this condition, i.e. to prevent the health care system from being overburdened and unable to provide the expected treatment services, the authorities have had to implement some long-term economic and social shutdowns. Such measures have never been implemented in peacetime.



Cultura Bank has not been more directly affected by the infection control measures than other banks. Home offices have been utilised as far as practically possible, and customer service over the counter has been reduced to a minimum. The employees keep their distance from each other if they're in the office at the same time. Strict hand hygiene is observed. When conducting meetings, there is an extensive use of digital solutions.

In terms of business activity, however, Cultura has been more strongly affected by the pandemic than other banks on average. This is due to the interest margin being a more dominant element in the bank's revenue base. Interest rates fell sharply when Norway shut down in March 2020. Cultura Bank has no income from the dissemination of products, such as insurance or investments, and therefore feels the effect of a reduced interest margin more sharply than banks with a broader income base. Due to the general economic uncertainty resulting from the pandemic, we, like other banks, made additional loss provisions in 2020 and are posting higher loss costs than were normal in recent years. Cultura Bank is delivering positive results in 2020 as well, but markedly reduced compared with 2019. Interest rates are not expected to rise again until the end of 2021 at the earliest. This means that Cultura must be prepared to live with moderate profit margins in the coming year as well.

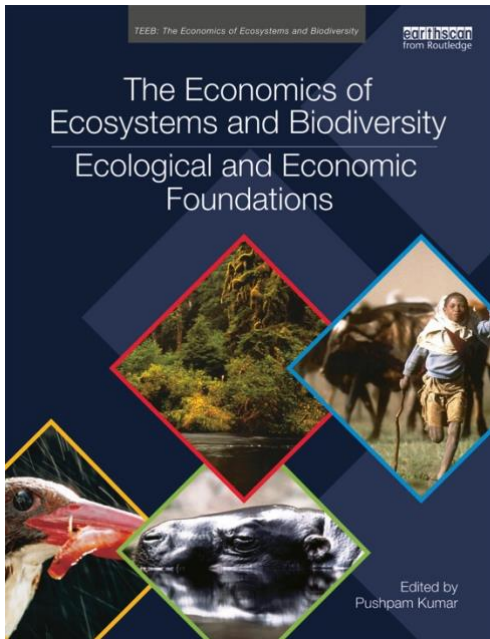
When the pandemic hit Europe and Norway in the first quarter of 2020, there was concern that it would have a slowing effect on the "sustainability wave", which had risen in the financial industry in the last couple of years. Fortunately, this concern has not proved to be particularly justified. Sustainability has clearly reached such a high level in the consciousness of politicians and other people of influence that not even a pandemic has been able to seriously weaken the relevance of the issue. This seems to apply globally. The great international attention is now confirmed by extensive high-level efforts to implement the sustainability goals. An important example in this context is the EU's development of a taxonomy for measuring sustainability results both in business and industry in general and in the financial industry in particular.

There is talk of developing legally binding regulations, and parts of this are expected to enter into force at the end of 2021/beginning of 2022. There is no doubt that this development is now being taken into account by Norwegian banks. It has become common to mention sustainability standards in the banks' periodic reports. Several employ their own sustainability managers, in some cases highly placed in the banks' management, and some also produce their own sustainability reports on their own activities. For Cultura Bank, this is inspiring at the same time as the bank is being challenged to assess its own position and opportunities. What of significance can little Cultura now contribute when all the others, which are much larger and stronger, seem to be embracing the goal of creating a sustainable financial industry? One thing should at least be clear: it's not Cultura Bank's task to denigrate the commitment of others. It can be tempting to use a lot of energy to effectively expose others' "greenwashing", but would that be the most fruitful? The "greenwashing" by large and financially strong players can be a problem, but behind the "greenwashing" there will at least have to be some kind of acceptance that "green is good". Isn't the task then also to try to contribute to the washing actually working, even though those who are responsible for the washing may not have been as motivated by the "real green" to begin with? At the same time, it can be an important task for the bank to try to contribute to an understanding of what "real green" is. It has to do with an ecological perspective on the environmental challenges.



There are those who point out that the commitment to save the climate can actually be too narrow-minded and unilaterally technology optimistic. This has never been prominent for Cultura. Since its inception, the bank has borne a broader environmental commitment. The "alternative" in thinking about economics has largely revolved around just that. Not about a strong general technological scepticism, but a fundamental thinking that is based on the fact that the challenge is to take care of and thus adapt human activity, especially economic activity, to natural processes. Humans' utilisation of and any intervention in these processes must take place with caution that presupposes that the natural processes will not be disturbed beyond their tolerable limit. It is said that we are now in the Anthropocene geological age, that is, human activity has become so extensive on the planet that it is the dominant influencing factor for the entire biodiversity. The most important symptom of this is precisely that we're affecting something as fantastically large and extensive as the climate's development.

But when we try to do something about global warming, the globe's fever, we should look for the causes of the underlying disease. Researchers do have an answer; they're giving a clear message that it's the totality of our physical intervention in nature that's the problem. This intervention is leading to a catastrophic decline in biodiversity. There is mainly no ill will connected to the intervention, but the intervention is often to achieve environmental benefits, such as the production of renewable energy. Wind farms and hydropower plants involve major encroachments on nature. Other examples are the production and use of plastic packaging to take proper care of food or drainage of bogs to obtain new arable land. These are positive goals, but the result is unfortunately at the same time a significant contribution to reducing biological diversity. The problem has been long known and described.



It's been many years since the former chief executive of the German banking system, the Indian Pavan Sukhdev, together with a large research team delivered the TEEB report (The Economics of Ecosystems and Biodiversity). The report was very comprehensive and examined how the international economy could contribute to conservation instead of destroying the biological diversity on which the same economy itself is so dependent. The report came out in 2010, 18 years after the Convention on Biological Diversity was signed at a major conference in Rio de Janeiro, Brazil. In 2020, the report 'The Economics of Biodiversity' was written by the Indo-British professor Partha Dasgupta, on behalf of the Conservative British Minister

of Finance Philip Hammond. In a very enthusiastic review of the report in *Morgenbladet* in February this year, it was pointed out that the issues in the report had been formulated by the Swedes Elin Wägner and Elisabeth Tamm in their 1940 book "Peace with the Earth" where a broad and progressive ecological vision was presented. *Morgenbladet's* reviewer contrasts this with reference to Bill Gate's book "How to Avoid an Environmental Disaster". He claims that Gates' technology-oriented solutions are based on the premise that man always acts in complete isolation, and that the task is to make life continue as before. The premise of Wägner, Tamm and Dasgupta, on the other hand, is a trust-based human community as a prerequisite for the future of nature and for our future in it. Our community must, if it is to be meaningful, necessarily include the nature of which we are a part. Cultura Bank's values are based on this. This is what is meant by the bank making positive social and environmental contributions. This has been the case for Cultura Bank since day one, i.e. since its founding in 1997. Although similar thoughts were expressed long before then, and although many are now opening their eyes to the importance of sustainability, it can be stated that Cultura Bank has not done everything it can. Many see that there is a great need to take care of the broad ecological and social perspective. The narrower and more technology-oriented perspectives may otherwise become too dominant. Ensuring little Cultura's continued development and growth is a major, important task.

In 2020, there were many economic uphill challenges. There is no denying that the world is in crisis, but out of crises, great progress has been made time and time again. Cultura Bank wants to contribute to this happening again. Bright spots can be seen. A major bright spot is that the pandemic has not killed the sustainability wave. It may, on the contrary, be that we can now see that a great deal can and must be done differently. Let's all try to contribute so that it's not about more control, withdrawal, isolation and loneliness, but about a more social human existence. An existence in and with a living nature. If we achieve this, we will fulfil Cultura Bank's statutory purpose.

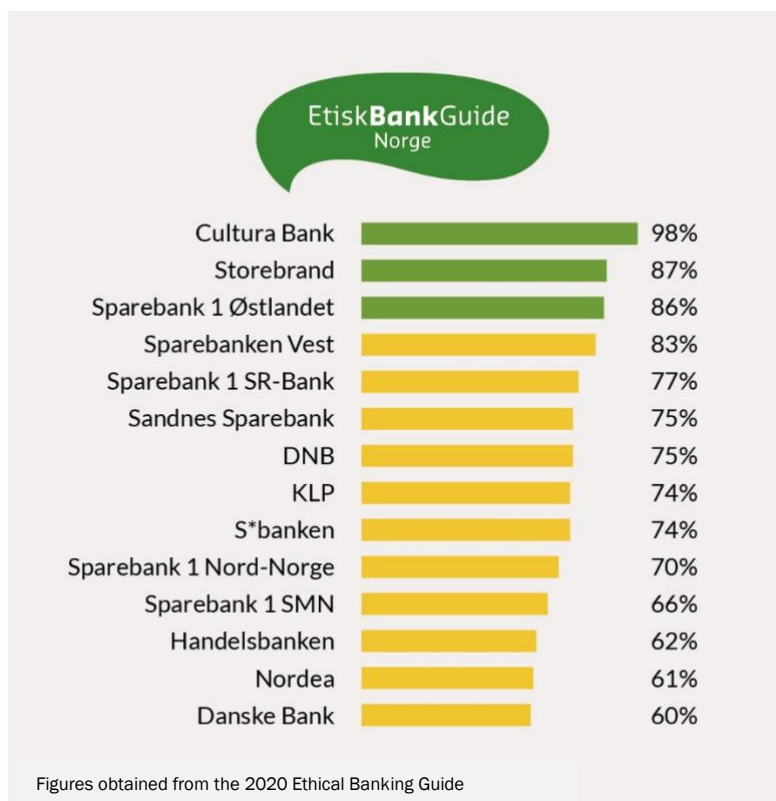


FINANCIAL STATUS

The bank's ordinary profit after losses and tax in 2020 was NOK 3,896,000. This is NOK 2,823,000 weaker than in 2019. Total assets as of 31.12.2020 were NOK 1.23 billion. This is an increase of 10.2% in the last 12 months and thus significantly higher growth than in 2019. Growth in both deposits and lending has been in excess of 10%. The bank's decline in earnings from 2019 is related to the pandemic that hit Norway in mid-March. Norges Bank quickly reduced the key interest rate to 0 with a reduced interest margin for Cultura as a result. Secondly, the impairment cost is just over 2.9 million in 2020, compared with close to 0 in 2019. The increased loss cost is largely due to increased provisions as a result of the economic uncertainty created by the pandemic. The bank's long-term goal is continued growth, reduced cost ratio and improved profitability and return on capital. The total capital adequacy and tier 1 capital adequacy as of 31.12.2020 is at 24.24%, and common equity tier 1 capital adequacy ratio is 21.32%. Both government-imposed and internal requirements are satisfied by a good margin. Cultura Bank has a solid capital adequacy ratio, but the result for 2020 does not provide a basis for paying dividends to equity certificate holders. It is also taken into account that the supervisory authorities have strongly expressed that the banks should show great restraint with dividend payments based on the results for 2020. It is an important goal for the bank to get into a position to pay the equity owners a reasonable dividend as soon as possible.

Kjell Fredrik Løvold

CEO, General Manager



For the 5th year in a row, Cultura Bank came in a clear first place in the Fair Finance Guide, which is a survey in which the Future in Our Hands and the Consumer Council have reviewed Norwegian banks' ethical guidelines, requirements and policy documents regarding social responsibility, ethics and the environment.

Board of Directors' Report for the Year 2020

Main principles for the business

Cultura Bank's values are set out in the statutory purpose of the articles of association and do not change from year to year. The bank's task is to cover people's real needs. That is, it shall be a player in the real economy. Participation in the global network Global Alliance for Banking on Values (GABV), is still very important for Cultura, even though all contact with GABV after 1 March 2020 has been purely digital. In connection with GABV, the bank is also a participant in the Institute for Social Banking (ISB), which is headquartered in Berlin. The contact with ISB has also been digital over the past year.



PROUD MEMBER

THE MAIN PRINCIPLES OF THE BANK'S ACTIVITIES CAN BE SUMMARISED AS FOLLOWS:

CREDIT AND SUSTAINABILITY

In its lending activities, Cultura places decisive emphasis on the projects' social and environmental effects. This precedes a conventional assessment of security and project finances, which Cultura also carries out in line with other banks. In the assessment of the loan applications, it is revealed whether the project will have environmental, social and/or cultural qualities.

TRANSPARENCY

Cultura publishes, with the customers' consent, an overview of lending projects. This is done so that depositors and owners of equity certificates can see what their money is being used for. This principle of transparency is a very important part of the bank's alternative way of operating a bank. The principle is also used as a basis in the international networks in which the bank is an active participant.

AWARENESS

Cultura shall work to create awareness of attitudes towards money and finances. This is done, e.g., through articles and reports in the bank's magazine *Pengevirke*, active use of the bank's website and through an active profile on Facebook and Twitter. Representatives of Cultura also regularly attend conferences, seminars and various forums with presentations on banking and finance.

SUSTAINABILITY REPORT

This year, for the first time, Cultura is publishing its own sustainability report on its own activities. This is completed and distributed at the same time as the annual report.

Organisation

Cultura Bank is organised in accordance with the Act on Financial Undertakings and the bank's articles of association. The bank calls its highest body the *board of trustees*. As above, this is composed of representatives of customers, holders of equity certificates, the bank's employees and the public sector. The board of trustees normally holds two meetings a year. The board of trustees elects a permanent leader from among its 12 members.

The tasks of the board of trustees include approving the bank's accounts, electing a board of directors and appointing a nomination committee. The board of directors elects an audit and risk committee from among its members,

REMUNERATION

The remuneration schemes in Cultura Sparebank are designed in accordance with the Financial Undertakings Act. The remuneration guidelines are revised annually by the board of directors. The board is also presented with an annual report from the CEO with a review of the remuneration scheme. In addition to any remuneration for required overtime, no form of variable remuneration is paid based on the results achieved or on any other basis.

ICAAP/ILAAP

In accordance with the capital adequacy regulations, the bank prepares an annual ICAAP report. In it, the bank assesses its capital needs by reviewing the bank's risk areas. As part of the report, the bank's liquidity needs (ILAAP) are also assessed. The bank's various risks are described in more detail in a separate risk report which is available on the bank's website.

RECOVERY PLAN

Cultura Bank established a recovery plan in 2019. This complies with the provisions of the Crisis Management Directive which was introduced into Norwegian law on 1 January 2019. The plan is an important part of the bank's preparedness and must ensure that it has available effective and relevant measures that can be implemented in a stressful situation, without causing significant negative consequences for customers, other financial institutions or the economy in general. Any breaches of the plan's trigger levels are reported to the board of directors on a monthly basis.

Environment and other matters

HEALTH SAFETY AND ENVIRONMENT

No major labour or environmental cases have been dealt with during the year. The board considers the work environment to be positive. No major accidents or injuries have been registered in 2020.

- Absence due to illness was a total of 368.2 FTEs, of which 24.6 FTEs were short-term absences and 343.6 FTEs with sick leave. The absence due to illness rate was 9.2% (1.7% in 2019). The increase in absence due to illness is related to long-term sick leave in connection with hospital treatment. These cases of illness are not considered to be related to workplace conditions.
- Electricity consumption in 2020 was 69,680 kWh against 59,292 kWh the previous year.

The company has its own HSE handbook, and HSE efforts are followed up regularly by the general manager and safety representative.

For Cultura Bank, responsibility for nature and the environment is part of the basic premise. We therefore do our foremost environmental work indirectly through the bank's lending. In addition, the bank also wants to present an environmentally conscious profile in its own operations, and the bank has prepared its own environmental policy.

Cultura Bank pollutes its external environment to a small extent. The bank has no direct emissions, and with lending primarily to non-polluting and environmentally conscious businesses, the indirect environmental pollution is also modest.

Environmentally certified

The bank is certified as an "Eco-Lighthouse company". The certification was renewed in 2020.

The certification involves an annual follow-up and reporting of measures and results from a number of areas.

- The bank makes every effort to use suppliers who are environmentally certified, and that supplies and office supplies must be eco-labelled/organic.
- Food waste, glass, plastic, Styrofoam and electronic waste as well as cardboard and paper are source sorted.
- Travel by public transport (train, bus or tram) is opted for if possible. None of the bank's employees use a car daily for work.
- Telephone/video conferencing is done where appropriate.



PCAF – Partnership for Carbon Accounting Financials

Cultura Bank has joined the Global Alliance for Banking on Values' Climate Change Commitment (3C initiative), and through this the global initiative PCAF as well, which was originally started by Dutch financial institutions and launched globally in 2019. The banks in the PCAF cooperation have committed themselves to calculating the climate effect of their loan portfolio and their investments in order to be able to steer the business towards the goals of the Paris Agreement. The method is arranged so that you can start with rough estimates and then refine the calculations as you eventually get access to better data. The first step in the process is to get an overview of the bank's current emissions of greenhouse gases, and then assess what can be done through measures to reduce negative impact and increase positive impact. This year, Cultura Bank is publishing the first estimates as part of its sustainability report

Gender equality

In its employment policy, the bank follows a gender equality line based on professional criteria. The bank strives to provide women and men with equal opportunities for professional development and advancement and supports "The Beijing Platform for Action (1995)" and has signed "The Women's Empowerment Principles" (UN Global Compact).

The bank's employees consists of eight men and nine women. The management team consists of one man (CEO) and two women (deputy manager and credit manager). The board consists of four women and three men. The board chair is a woman and the deputy chair, a man. The deputies are two women and one man.

New loan customers are asked about the gender distribution on the board of directors and management. Companies with more than ten employees are asked if they have a gender equality policy and if they have carried out a survey of wage differences between women and men.

Society/social conditions	2020	2019
Number of FTEs	16	15
Proportion of women by job level (in %)		
General manager/CEO	-	-
Assistant Bank Manager	100	100
Department manager	50	50
Other employees	50	55
All employees	53	56
Age groups (number)		
Under 30 years	2	1
Between 30 and 50 years	7	7
Over 50 years	8	8
Total	17	16
Average age	49	49
Average salary		
Men	627 312	584 571
Women	583 010	556 222
All employees	603 858	581 146
The ratio between the median and the highest salary	1.62	1.63
Women's salaries in proportion to men's by job level (in %)		
General manager/CEO	-	-
Assistant Bank Manager	100	100
Department manager	87	88
Other employees	91	95
All employees	93	95
Absence due to illness (in%)		
Men	7.3	1.3
Women	11.2	2.0
Total	9.2	1.7
Part-time share (in%)		
Men	12.5	14.3
Women	22.2	22.2
Total	17.6	18.8

Economy

ECONOMIC DEVELOPMENT

The Norwegian Central Bank lowered the key policy rate to zero shortly after the outbreak of the pandemic in Norway in mid-March. The Norwegian Central Bank reports that the Norwegian economy is doing well. No interest rate hikes are expected in 2021. As a result of the pandemic, the situation in the world economy is characterised by very great uncertainty. This is in addition to the uncertainty due to there being strong warnings of a global negative development for climate and biodiversity. For Cultura, this confirms the legitimacy of the bank's values and objectives, but the bank will still be affected by the challenges that the situation entails, for society in general and the financial industry in particular. It is difficult to avoid the pandemic and environmental challenges in the short term leading to increased costs and profitability under pressure in many industries. It is therefore important that the new business opportunities resulting from necessary restructuring are seized. With its well-established and future-oriented value base, Cultura has the right conditions to seize these opportunities. At the same time as the bank wants to further develop its value-based business operations, the revenue base must also be expanded with new service offerings.

The economic outlook for 2021 must be described as challenging, but also as characterised by opportunities precisely for a bank such as Cultura with a particularly well-established sustainability profile as a core value also in business.

MAIN FEATURES FOR CULTURA BANK'S FINANCES IN 2020

Change in accounting principles

From 1.1.2020, Cultura Sparebank will submit accounts in accordance with the Regulations on Annual Accounts for Banks § 1-4, 1 b), which means that valuation rules and disclosure requirements under IFRS have been complied with, with the exceptions that follow from the regulations.

The opening balance and effects of the transition to a new accounting language are presented in the 2019 Annual Report, financial note 10 "Transition disclosure IFRS"

INCOME STATEMENT

Ordinary profit after tax

Total operating revenues in 2020 were NOK 31.8 million, which is a reduction of 3.3% compared with 2019. Operating costs were reduced by 1.8% NOK to 23.9 million in the same period. This gives an operating profit of NOK 7.9 million, which is 7.7% weaker than in 2019. After loan impairment costs, the result for 2020 is NOK 5 million.

Other comprehensive income

Other comprehensive income includes changes in the value of the bank's bond and equity portfolio, which are measured at fair value. The equity portfolio had an unrealised gain of NOK 713,000 which was transferred to a fund for unrealised gains that is part of the bank's equity. The bond portfolio had an unrealised loss of NOK 377,000, which in turn led to a reduction in the tax expense for the year of NOK 94,000.

Total comprehensive income

The total comprehensive income for the year is NOK 4.3 million, which is a reduction of 35.6% compared with ordinary profit after tax in 2019. The total profit provides a basis for paying tax of NOK 962,000.

Of the total comprehensive income for the year, NOK 713,000 is transferred to the fund for unrealised gains and NOK 1.1 million covers the year's interest expense on the

subordinated bond capital. Thus, NOK 2.6 million remains for distribution between the share capital and the primary capital.

The board's proposal for allocation of the year's profit is discussed in a separate section below

Revenue

Net interest income, the difference between deposit and lending rates, which is the bank's most important source of revenue, was NOK 26.4 million in 2020, compared with NOK 25.9 million the year before. Net interest income measured against total assets was reduced from 2.38% to 2.25%. Commission income was reduced by 7.7% from NOK 8.3 million to NOK 7.6 million.

Expenses

The bank's payroll costs increased by 2.9% to NOK 13.0 million in 2020. A significant part of the increase is in personnel expenses as a result of payroll adjustments and the use of overtime and hired staff, especially in the first quarter. The bank's other operating expenses and depreciation expenses were reduced by 7% compared with 2019.

Losses and write-downs on loans.

Items for losses and write-downs charged to the bank's accounts in 2020 in the amount of NOK 2.9 million. This is an extraordinarily high loss cost for Cultura. It has its basis in loss provisions as a result of general uncertainty in the economy after the outbreak of the pandemic and other provisions related to a small number of commitments where the debtor has had payment problems.

The board of directors' proposal for allocation of the net profit

According to current laws, the profit must be distributed proportionally between the bank's own funds and the share capital. The board proposes that the equity certificates not be allocated a dividend on the basis of the result for 2020. Cultura Gavefond is awarded a gift of NOK 25,000. NOK 2,461,596 is added to the equalisation fund, earmarked for later dividend payment if the bank's total equity situation allows this. The remaining portion of the profit, NOK 73,553, is allocated to the primary capital.

BALANCE SHEET

The bank's balance sheet increased by 10.2% in 2020 and ended at NOK 1,226 million. Lending to customers increased by 10.2% to NOK 803 million. Deposits from customers increased by 10.5% to NOK 1,086 million.

Lending

In its lending policy, Cultura places special emphasis on further developing the qualitative profile of the lending. Work is continuing to make this visible in the reporting, with the loans being divided into the categories of "People", "Planet" and "Prosperity", used in the reporting to the Global Alliance for Banking on Values (GABV), so-called "triple-bottom line loans". Under "People" we find e.g., loans for education, cultural purposes and health and care. Under "Planet", we find environmental home mortgages and organic farming as the largest groups, as well as the distribution of organic products and other environmentally oriented purposes. Under "Prosperity" we find loans to local small businesses. In addition to these, there are ordinary mortgages, which as of 31.12.20 make up 46% of the loan portfolio and 4% other loans, which are not covered by the categories above. The distribution of loans for various lending purposes according to the criteria reported to GABV is shown in the table below. "Social inclusion" essentially concerns lending for social therapeutic activities for people with mental development disabilities.

OUTSTANDING LOANS BY PURPOSE 31.12.2020

	Lending purpose	In NOK thousands	In %
People	arts and culture	30 997	3.86
	education	101 524	12.65
	health care	1 279	0.16
	social inclusion	57 497	7.16
	other - people	1 466	0.18
Planet	distribution ecological products	8 167	1.02
	green housing	79 426	9.90
	renewable energy and low carbon	1 680	0.21
	sustainable agriculture	77 915	9.71
	waste/pollution reduction	15 025	1.87
	energy efficiency/retrofits	1 083	0.13
	other - planet	8 420	1.05
Prosperity	sme lending	16 764	2.09
	other - prosperity	567	0.07
Other	housing	371 723	46.31
	other	29 085	3.62
	TOTAL	802 618	100.00

CUSTOMER DEPOSITS

Growth in customer deposits in 2020 has been significantly higher than in 2019. The increase has been 10.5% since the end of 2019. The liquidity surplus is still significant, and a large part of the bank's deposits are invested in the market. In 2020, the bank also had a very conservative investment profile. In addition to investments in covered bonds and treasury bills, the bank has, to the extent necessary, deposits in Norges Bank and in DNB as a settlement bank. The bank's securities are very liquid and are deposited as security for the bank's overdraft facilities with Norges Bank. The bank's current policy requires a minimum of 110% "weighted deposit adequacy" for lending. In the weighted deposit adequacy, deposits that are not covered by the deposit guarantee are given a weight of 50%. The bank's weighted deposit adequacy ratio as of 31.12.20 was 122%. The liquidity risk in the bank is still considered moderate.

CAPITAL ADEQUACY AND EQUITY

The total capital adequacy ratio at the end of the year was 24.24% against 26.84% as of 12/31/2019. The tier 1 capital adequacy ratio was also 24.24%. Common equity tier 1 capital adequacy was at 21.32%. As of 31.12.2020 the bank still meets both internal and external requirements for capital adequacy with a good margin. In order to achieve the bank's goals of continued significant volume growth, it is essential for the bank to continue to receive an infusion of new equity through

new issues. Issuance of equity certificates is the bank's most important source of equity. The equity certificates are registered with the Norwegian Central Securities Depository (VPS), but not listed on the Oslo Stock Exchange.

Capital adequacy as of 31.12.2020

in %	Regulatory requirements	Internal requirements	Capital coverage
Common equity tier 1	15.50	16.20	21.32
Tier 1 capital	17.00	17.70	24.24
Total capital	19.00	19.70	24.24

The Saving Bank's fund consists of the initial gifts from inauguration and retained earnings. A proportionate and significant part of retained earnings is also allocated to the equalisation fund, which is earmarked for later dividend distribution if the capital situation allows this.

CULTURA GIFT FUND AND CULTURA GUARANTEE FUND

Cultura Gift Fund manages funds that can be given to initiatives which have to do with e.g. the development, research and testing of new ideas. The grants are given regardless of the customer relationship with the bank. The majority of the fund's assets are invested in Cultura Bank's equity certificates.



Cultura Guarantee Fund. can offer guarantees in favour of worthy loan projects, where the security is deemed insufficient to satisfy the normal requirements of the bank. After the board decided in 2019 to repay previously received contingent contributions from Innovation Norway, the remaining capital only provides a basis for very limited activity on the part of the Guarantee Fund.



Both funds are self-governing trusts, legally independent from the bank.

Marketing and Communication

Marketing and communications efforts are based on the bank's communication strategy which is continuously assessed and revised. The bank has, for the fifth year in a row, received top ranking in the Fair Finance Guide Norway (98 of 100 points). This has been an important contribution in spreading knowledge about the bank and its ethical profile.

The bank markets itself through various channels such as social media, web sites and advertisements in digital and print media.

Marketing efforts are estimated by the bank to be around 0.6 FTE's in 2020, divided between two employees. In addition, external consultants are used for help with graphic design, web sites and other communication work.

Magazine Pengevirke

Cultura Bank's statutory purpose states that the bank shall contribute to developing attitudes toward money and the economy so that capital can be directed towards real needs and unresolved tasks in society. As an important part of this work, the bank publishes "Pengevirke", a magazine for a new banking culture. The magazine is a quarterly magazine, published both on paper and on our web pages.

CulturaFlokk

Cultura Bank's crowd funding platform, CulturaFlokk, accepts donation and reward-based projects that are in line with the bank's values and do not provide loans or equity. The platform is both a commitment to highlight the importance of gift money while being a good tool for establishing contact with new projects



and environments. In 2020 approximately NOK 316,000 for a total of 14 projects was collected through CulturaFlokk. Cultura Bank is a member of the Norwegian Crowdfunding Association.

Events

During Økouka (Eco-Week) in September Cultura Bank organised Økojakt (Eco Hunting) for the third time. Participants were invited to visit companies that have a range of organic products and were offered several good deals and discounts, which were available through the Cultura's Økojakt app.

In 2020, Cultura Bank was a sponsor of the Kongsgård Seminary and sponsor/co-organiser of Steiner Week. There is a solidly increasing interest for value-based banking, and the bank receives many requests to participate in various events. Representatives of the bank contributed with presentations during various events throughout the year.

Customers of Cultura Bank save and support non-profit organizations

Cultura Bank cooperates with a number of organizations to offer a support account, where you can simultaneously support one of these organizations while saving in Cultura Bank.

Civil society organizations solve important societal tasks that the public sector and the market cannot solve on their own. At the end of 2020, customers of Cultura Bank had almost NOK 27 million in such savings accounts. This generated a total support of approximately NOK 176 thousand, which was divided between five organizations. Save the Children was the first organization Cultura Bank partnered with about 20 years ago, while the Norwegian P.E.N. is the last addition.

ORGANIZATION	NOK	ACCOUNTS	TOTAL NOK 31.12.2020
Friends of the Earth Norway	30 533	50	5 608 342
WWF-Norway	35 179	88	6 285 986
Rainforest Foundation Norway	37 273	154	6 117 725
Save the Children	62 833	172	10 086 125
The Norwegian Woman and Family Association	6 546	26	1 092 460
Norwegian P.E.N.	3 798	13	643 389
Total:	176 162	503	29 834 027



OTHER MATTERS AND OUTLOOK FOR THE FUTURE

The annual accounts and the information provided in the annual report represent a true picture of the development, the financial results and the position of the bank. The Board of Directors is not aware of matters that are of significance to the assessment of the bank's position as of 31.12.2020 and which do not appear in the income statement or balance sheet.

Expression of gratitude

The Board of Directors express its gratitude to the bank's staff in recognition of the good work performed. Further thanks go to the bank's customers, the owners of equity certificates, and the elected representatives of the bank's nomination committee and board of trustees. The existence of Cultura bank is dependent on support from individuals and groups to realise a common goal of developing beneficial and sustainable economic activities.

Oslo, 18.03.2021



Maria Bjune (sign.)
Chair of the Board



Christian Dubrau (sign.)
Deputy chair



Camilla Brox (sign.)
Board member



Morten Johannessen (sign.)
Board member



Alf Hovlid (sign.)
Board member



Christine Praamsma (sign.)
Board member
(elected by the employees)



Randi A. Welhaven (sign.)
Board member

Some of our lending projects

A WAY OUT

Veien Ut (The Way Out) Foundation focuses on quality drug treatment and is to be an inspiration for drug addicts and their families, other institutions, politicians, the business community and society in general. Veien Ut is a philosophy-neutral foundation that uses nature as a venue for the treatment of drug addicts.



ALM ØSTRE

On Alm Farm, the participants agree on a common set of values, where food quality and quality of life are given priority over financial profit. Alm Østre is today the oldest biodynamic farm in operation in Norway, it is on 550 acres and located in Stange Vestbygd. The farm has its own farm sale and subscription scheme for vegetables. On the farm, they strive to have a flat organisational form without power structures.



Photo: Scott Gilmour

THE CHOSEN ONES

The theater group De Utvalgte (The Chosen Ones) is looking forward to finally having a permanent production facility at Nesodden. De Utvalgte is described as one of Norway's leading theatre companies and has since the beginning worked cross-aesthetically in collaboration with other artists and professionals. They are known for experimenting with different forms of expression and the use of new technology. After many years of work to establish permanent and suitable work and production premises in Nesodden, De Utvalgte is finally in the process of building their own studio.



From the performance «De Utvalgte»



IN THE SAME BOAT

Salt Life AS is responsible for the operational part of the In The Same Boat association's beach cleaning operations. They clear beaches of plastic all year round, from Bergen to Kirkenes. Cultura Bank has financed several of Salt Life AS's boats, which are specially adapted for beach cleaning.

FREMJA

Fremja A/S has built a range of care homes for the mentally impaired in the Oslo area, inspired by the social therapy and health education work in Järna in Sweden. Fremja considers care as a creative craft and has an artistic and ecological approach to the task.



HONNING FRA HURUM

Hurumhonning AS sells equipment to beekeepers throughout Norway through the online store Hurumhonning.no. They also have their own honey production and sell honey through self-service points, local grocery stores and farm outlets. There is now an application to convert the apiary to ecological operations.



KRAKE BOFELLESSKAP.

In Lejre, a 35-minute drive from Copenhagen, the Krake housing association is built in the beautiful Allerslev Old School. Krake is becoming a small village near the big city for those who want to have an idyllic life, close to nature and have an active life in the local community. In collaboration with our “sister bank” Andelskassen Merkur in Denmark, Cultura Bank has provided a guarantee for the loan.

KULTURHUSET HOVTUN

Kulturhuset Hovtun (Hovtun Cultural Centre) in Hurum has become a reality thanks to a strong local commitment where private individuals have contributed with significant personal involvement. The building is financed with loans from Cultura Bank in addition to private loans. Renovation work and furnishings have provided through volunteer work, gifts and collections.



Photo: Scott Gilmour

Some highlights from 2020

TOP RANKING IN THE FAIR FINANCE GUIDE FOR THE 5TH YEAR IN A ROW

Ethical Banking Guide in Norway is a project under the auspices of The Future in Our Hands and the Norwegian Consumer Council. It's part of the international project Fair Finance Guide, in which so far 13 countries participate.

We are pleased that ethics and sustainability are high on the agenda of many banks. The results in the Fair Finance Guide are based on a comprehensive review of the banks' policy documents and guidelines.

The project's aim is to use consumer power to get banks to do better. For the 5th year in a row, Cultura Bank topped the 2020 Fair Finance Guide for Norway, with 98 out of 100 possible points. Most of the participating banks are showing progress from the previous year.

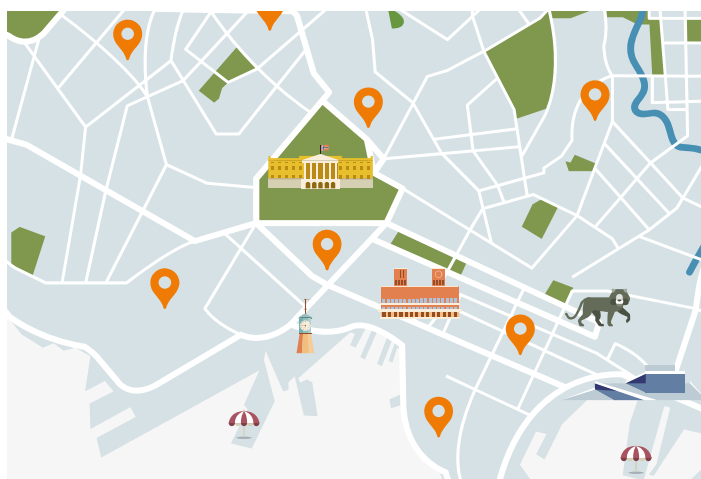


THE HUNT FOR THE ORGANIC

Also in 2020, Cultura Bank participated in activities during Organic-Week. We repeated the success from previous years with Økojakt (Organic Hunt) in Oslo and this year we had even more great companies with us than last year.

The purpose of Eco-Hunting was to give as many people as possible the opportunity to discover the diversity of ecological, environmentally conscious and fair trade-oriented companies that have gradually emerged in Oslo. The participants used a mobile app to find the companies. The participating companies contributed by giving participants

discounts or gifts as a thank you for the visit. For each company they visited, they received a virtual raffle ticket to draw for great prizes. The main prize was one month of organic, biodynamically grown vegetables from Bergsmyrene farm and second prize was an annual membership card at the Oslo Sauna Association.



ESTABLISHMENT LOANS TO ORGANIC FARMERS

The establishment phase as a new, young farmer can present financial challenges. In 2020, Cultura Bank had a special focus on start-up loans on favourable terms, with interest rate discounts and instalment exemptions in the start-up phase.

Start-up loans are for those under the age of 45, and who are in the process of establishing themselves as a farmer on concessional property (first-time purchase, or generational change).

Cultura Bank can also offer ordinary agricultural loans (repayment loans) and framework loans to organic and biodynamic farmers.



Photo: Bergsmyrene farm, Scott Gilmour

HOUSING COOPERATIVE LOANS

Cultura Bank, which was established to contribute to improved sustainability in the financial industry, would like to finance joint debt in housing cooperatives when the housing cooperatives undertake efforts for the benefit of the environment and social communities.

Housing cooperatives are a proven form of organisation for housing associations. What the housing cooperatives do for improved sustainability is of great social significance.

Reduced energy consumption and reduced CO2 footprint are important. However, the perspective should be extended to also include green mobility, water consumption, land use, waste management, circular economy and ecology.



Income Statement

<i>In thousands of NOK</i>	Notes	2020	2019
Interest income from assets valued at amortised cost		26 524	26 604
Interest income from other assets		3 222	3 961
Interest costs and similar costs		3 378	4 628
Net interest and credit commission income	16	26 368	25 937
Commission income and income from banking services		7 616	8 250
Commission expenses and costs of banking services		3 492	2 867
Dividends and other income from equity instruments		1 081	105
Net gain/(loss) from foreign exchange and financial instruments		175	1 421
Net other operating income	17	5 380	6 909
Salaries and other personnel expenses	18	13 004	12 634
Other operating expenses	19	9 600	10 219
Depreciation and write-downs on tangible and intangible assets	25	1 257	1 452
Total operating costs		23 862	24 305
Profit before losses		7 887	8 541
Credit losses on loans, guarantees, etc. and interest-bearing securities	10	2 935	25
Impairment/reversal of impairment and gain/loss on financial fixed assets ¹			312
Profit before tax		4 952	8 828
Tax	20	1 056	2 109
Profit from ordinary operations after tax		3 896	6 719
OTHER COMPREHENSIVE INCOME			
Change in value of equity instruments at fair value through other comprehensive income		713	
Tax		0	
Total items that will not be classified through profit/loss		713	
Other income and expenses related to investments in interest-bearing securities		-377	
Tax		-94	
Total items that will be classified through profit/loss		-282	
Total other comprehensive income		431	
Total comprehensive income		4 327	

¹ Only applies to 2019

Balance sheet as of 31.12.2020

<i>In thousands of NOK</i>	Notes	2020	2019
ASSETS			
Cash and cash equivalents		144	174
Loans and claims on credit institutions and claims on central banks		84 381	87 938
Loans and claims on customers at amortised cost	6-10	800 698	727 001
Interest-bearing securities	23	319 186	284 476
Shares, participations and other equity instruments	24	12 239	8 363
Intangible assets	25	1 140	300
Fixed assets	25	5 454	583
Other assets	26	3 104	3 676
TOTAL ASSETS		1 226 346	1 112 511
LIABILITIES AND EQUITY			
Borrowing from credit institutions	27	109	80
Deposits from customers	28	1 086 193	982 877
Other debt	29	11 643	7 785
Payable tax	20	1 243	2 108
Other provisions		175	
Subordinated bond capital	30	0	15 000
TOTAL LIABILITIES		1 099 362	1 007 850
EQUITY			
Share capital	31	85 308	85 308
Own equity certificates	31	-1 001	-926
Subordinated bond capital	30	15 104	
Total paid-in equity		99 411	84 382
Fund for unrealised gains		3 845	
The Saving Bank's Fund		4 173	4 064
Equalisation fund		19 555	16 215
Total retained earnings		27 573	20 279
TOTAL EQUITY		126 984	104 661
TOTAL EQUITY AND LIABILITIES		1 226 346	1 112 511
Guarantees	33	18 680	4 932

Changes in equity

	Paid-in capital			Retained earnings			Transfer red to gifts	Total equity
	Equity certificates	Holdings of own equity certificates	Subordinated bond capital	Equalisation fund	Savings Bank's fund	Fund for unrealised gains		
<i>IN NOK 1 000</i>								
Equity as of 1.1.2019	74 543	-926	-	12 361	3 858	-	-	89 836
Allocation of profit for the year after dividend	-	-	-	4 065	206	-	50	4 321
Issue of equity certificate	10 765	-	-	-	-	-	-	10 765
Issue costs	-	-	-	-211	-	-	-	-211
Transferred to gifts	-	-	-	-	-	-	-50	-50
Equity as of 31.12.2019	85 308	-926	-	16 215	4 064	-	-	104 661

	Paid-in capital			Retained earnings			Transfer red to gifts	Total equity
	Equity certificates	Holdings of own equity certificates	Subordinated bond capital	Equalisation fund	Savings Bank's fund	Fund for unrealised gains		
<i>IN NOK 1 000</i>								
Equity as of 1.1.2020	85 308	-926	-	16 215	4 064	-	-	104 661
Reclassification Subordinated bond capital	-	-	15 116	-	-	-	-	15 116
Reclassification of financial instruments	-	-	-	1 290	52	3 132	-	4 474
Introduction of IFRS 16	-	-	-	-615	-25	-	-	-640
New measurement loss provision	-	-	-	496	20	-	-	516
Tax effect related to change	-	-	-	-293	-11	-	-	-304
Equity as of 1.1.2020 (restated)	85 308	-926	15 116	17 093	4 100	3 132	-	123 823
Profit for the period	-	-	1 054	2 733	84	-	25	3 896
Items in other comprehensive income	-	-	-	-271	-11	713	-	431
Purchase/sale of own equity certificates	-	-75	-	-	-	-	-	-75
Interest paid on subordinated bond	-	-	-1 066	-	-	-	-	-1 066
Transferred to gifts	-	-	-	-	-	-	-25	-25
Equity as of 31.12.2020	85 308	-1 001	15 104	19 555	4 173	3 845	-	126 984

Cash flow analysis

In thousands of NOK	2020	2019
Cash flow from operating activities		
Net disbursement of loans to customers	-74 168	-92 942
Interest payments on loans to customers	26 178	24 934
Net deposit/payment of deposits from customers	103 316	31 326
Interest payments on deposits from customers	-2 360	-2 809
Net repayment/disbursement of loans from credit institutions/deposits in credit institutions	-3 557	-1 994
Interest payments on deposits in credit institutions	-47	-
Purchase and sale of certificates and bonds	-34 795	46 310
Interest payments on certificates and bonds	3 702	3 961
Net commission payments	4 124	5 383
Payments for operations	-19 867	-21 737
Paid tax	-2 155	-1 546
Paid gifts	-50	-50
Net cash flow from operating activities	322	-9 164
Cash flow from investing activities		
Expenditure on investment in tangible and intangible assets	-1 371	-276
Payment on purchase of long-term investment in securities	-30	-
Payment from the sale of long-term investments in securities	-	85
Dividends from long-term investments in shares	1 081	105
Net cash flow from investing activities	-320	-86
Cash flow from financing activities		
Interest on subordinated bond capital	-1 066	-1 190
Purchase and sale of own shares	-75	-
Issuance of equity certificates	-	10 765
Dividend to equity certificate holders	-2 448	-2 236
Net cash flow from financing activities	-3 589	7 339
Net change in cash during the period	-3 587	-1 911
Cash and cash equivalents as of 1.1	88 112	90 023
Cash and cash equivalents as of 31.12	84 525	88 112
Liquidity portfolio specified		
Cash and cash equivalents	144	174
Claims on central banks	63 864	68 215
Claims on credit institutions without notice period (gross)	20 517	19 723
Liquidity portfolio	84 525	88 112

Key figures

<i>(in full thousands of NOK)</i>	2020	2019	2018	2017	2016
Debt-equity ratio					
Common equity tier 1 capital adequacy (in%)	21.32	23.46	19.25	19.94	18.27
Tier 1 capital adequacy ratio (in %)	24.24	26.84	22.52	19.94	18.27
Total capital ratio (in %)	24.24	26.84	22.52	23.50	22.07
Risk-weighted balance sheet according to calculation basis	517 814	444 790	459 037	421 403	393 601
Unweighted common equity tier 1 capital (in %)	9.92	10.58	9.54	8.36	8.35
Total assets	1 226 346	1 112 511	1 066 368	944 796	836 692
Average total assets	1 169 429	1 089 440	1 005 582	890 744	796 081
Equity	126 984	104 661	89 836	86 747	76 522
Liquidity					
Liquidity Coverage Ratio (LCR)	242	238	322	357	361
Net Stable Funding Ratio (NSFR)	170	164	172	171	174
Deposit and loan development					
Lending to customers	802 618	728 450	635 508	565 764	510 669
Annual lending growth (in %)	10.2	14.6	12.3	10.8	11.1
Deposits from customers	1 086 302	982 957	951 603	835 509	737 307
Annual deposit growth (in %)	10.5	3.3	13.9	13.3	9.9
Deposit adequacy (in %)	135	135	150	148	144
Environment					
CO2 emissions (in tonnes)	7.8	7.2	11.0	10.4	10.5
Profitability					
Profit after tax	4 327	6 719	5 477	3 062	5 526
Return on total assets ²	0.37	0.62	0.55	0.34	0.69
Return on equity ³	3.70	6.91	6.20	3.75	7.86
Net interest income ⁴	2.25	2.38	2.21	2.23	2.37
Cost/income %	75.16	74.00	79.68	85.64	82.80
Operating expenses as a percentage of average total assets	2.04	2.23	2.28	2.50	2.59

² Return on total assets: profit after tax as a percentage of average total assets

³ Return on equity: profit after tax as a percentage of average equity

⁴ Net interest income: net interest and credit commission income as a percentage of average total assets

Notes to the accounts

1. General accounting principles

Basis

Beginning 01.01.2020, Cultura Sparebank will submit accounts in accordance with the Regulations on Annual Accounts for Banks § 1-4, 1 paragraph b), which means that valuation rules and disclosure requirements under IFRS have been complied with, with the exceptions that follow from the regulations.

The accounting principles described are used in the preparation of the bank's annual accounts for 2020. See Annual Report 2019 financial note 10 *Transition disclosure IFRS* for the opening balance sheet and effects of the transition to a new accounting language.

Income recognition

Income recognition of interest according to the effective interest method is used for balance sheet items that are valued at amortised cost and for receivables that are valued at fair value in the balance sheet and amortised cost in the income statement with the difference in the change in fair value and recognition after amortised cost presented in other comprehensive income. Interest income on exposures that are credit impaired is calculated using the effective interest rate on impaired value. Interest income on non-credit impaired liabilities is calculated using the effective interest rate on gross amortised cost (before provision for expected losses).

The effective interest rate is calculated in two different ways depending on whether the loan is credit-impaired, when it is first recognised in the balance sheet. The effective interest rate is the interest rate that causes the present value of future cash flows in the loan's expected maturity to be equal to the book value of the loan on initial recognition. Cash flows include start-up fees, as well as any residual value at the end of the expected term. For loans that have not been credit-impaired when first recognised in the balance sheet, contractual cash flows are used without adjustment for expected losses. For loans that have been credit-impaired when first recognised in the balance sheet, contractual cash flows are adjusted for expected losses. The effective interest rate is then referred to as a credit-adjusted effective interest rate.

Interest income on financial instruments classified as loans is included on the line for net interest income.

Fees and commissions are recognised in the income statement as the service is provided. Fees for establishing loan agreements are included in the cash flows when calculating amortised cost and are recognised as income under net interest income according to the effective interest method. Other operating income includes fees and commissions related to money transfers, credit procurement and securities services.

The income recognition takes place when the services have been delivered.

Classification and measurement

According to IFRS 9, financial assets shall be classified and measured in three categories:

- Amortised cost (AC)
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The classification of a financial asset is determined by the business model for the portfolio the instrument is part of and which contractual cash flows the instrument has.

A distinction is made between debt instruments, derivatives and equity instruments. A debt instrument is all financial assets that are not derivatives or equity instruments.

Financial assets that are debt instruments

For ordinary interest rate instruments, the measurement category is determined by the purpose of the investment:

- Interest rate instruments that are part of a portfolio for the purpose of receiving contractual cash flows in the form of interest and instalments shall be measured at amortised cost.
- Interest rate instruments that are part of a portfolio for the purpose of both receiving cash flows and making sales must be measured at fair value through other comprehensive income. With interest income, currency translation effects and write-downs presented through ordinary profit.
- Interest rate instruments in other business models shall be measured at fair value through profit or loss.
- Changes in the value of ordinary interest rate instruments recognised in other comprehensive income shall be reclassified to profit or loss on the sale or other disposal of the assets.
- Other debt instruments shall be measured at fair value with changes in value through profit or loss.

Investments in equity instruments

Equity instruments fall in the measurement category at fair value through profit or loss. For equity instruments that are not derivatives and are not held for trading purposes, there is the opportunity to choose to recognise these at fair value through other comprehensive income. When equity instruments are designated at fair value with changes in value through other comprehensive income, ordinary dividends are recognised through profit or loss. Changes in value, both ongoing and on disposal, are recognised through other comprehensive income.

Financial liabilities

For financial liabilities that are specifically accounted for at fair value with changes in value through profit or loss, changes in value due to the company's own credit risk shall be recognised through other comprehensive income.

Derivatives

Derivatives are measured at fair value with changes in value through profit or loss.

Measurement at fair value

The valuation of financial instruments is classified at different levels based on the quality of market data for each type of instrument.

Level 1 – Valuation based on quoted prices in active markets

Level 1 places financial instruments that are valued using quoted prices in active markets for identical assets or liabilities. This category includes listed shares and fund shares, as well as government bonds and certificates traded in active markets.

Level 2 – Valuation based on observable market data

Level 2 places financial instruments that are valued using information that is not quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, including quoted prices in inactive markets for identical assets or liabilities. The category mainly includes securities debt, derivatives and bonds that are not at level 1.

Level 3 – Valuation based on other than observable market data

Level 3 places financial instruments that cannot be valued based on directly or indirectly observable prices. The category mainly includes loans to and deposits from customers, as well as shares.

Measurement at amortised cost

Financial instruments that are not measured at fair value are measured at amortised cost, and income/expenses are calculated using the instrument's effective interest rate. Amortised cost is determined by discounting contractual cash flows within the

expected term. Cash flows include set-up fees and direct, marginal transaction costs that are not directly paid by the customer, as well as any residual value at the end of the expected term. If expected losses are included in the calculation of effective interest, then expected losses in cash flows are included in the calculation of amortised cost. Amortised cost is the present value of such cash flows discounted by the effective interest rate less provisions for expected losses.

Impairment of financial assets

Under IFRS 9, the loss provisions shall be recognised based on expected credit losses. The general model for impairment of financial assets comprises financial assets that are measured at amortised cost or at fair value with changes in value through other comprehensive income. In addition, loan commitments, financial guarantee contracts that are not measured at fair value through profit or loss and receivables on leases are also included.

A financial instrument that has not been impaired will, on initial recognition in the balance sheet, have a provision for losses corresponding to 12 months' expected losses, and is classified in stage 1. A 12-month expected loss is the present value, determined using the effective interest rate, of the loss that is expected to occur over the life of the instrument, but which can be linked to defaults that occur in the first 12 months.

If the credit risk, assessed as the probability of default over the remaining life of an asset, is considered to have increased significantly since the initial recognition, a loss provision corresponding to the present value, determined using the effective interest rate, of the loss that is expected to occur over the entire life of the instrument. The asset is reclassified to stage 2.

For loans classified in stage 1 and 2, respectively, the interest rate is calculated based on gross book value and the provision for losses is normally model-based.

If a credit impairment occurs, the instrument must be moved to stage 3. Interest income is then recognised based on amortised cost and the provision for losses is normally set on an individual basis. For further details, see IFRS 9.

Impairment model

Expected credit loss (ECL) in stage 1 and 2 is calculated as $EAD \times PD \times LGD$, discounted at the effective interest rate. Eika has developed its own models for calculating the probability of default (PD) and losses due to default (LGD). The bank's system supplier Skandinavisk Data Center (SDC) has developed models for calculating the probability of default (PD), loss given default (LGD), exposure in the event of default (EAD) and calculation of losses and model for assessing whether a commitment has had a significant increase in credit risk since initial recognition. The impairment model is further described in note 2.

IFRS 16 Leases

IFRS 16 Leases is implemented from the first of January 2020. IFRS 16 sets out principles for recognition, measurement, presentation and information on leases for both parties to a lease, that is, the customer (lessee) and provider (lessor). The new standard requires the lessee to recognise assets and liabilities for most leases, which is a significant change from current principles. A contract is or contains a lease if the contract transfers the right to control the use of an asset for a period. The standard shall be applied to all such contracts with the exception of short-term leases or where

the underlying asset is of low value. The new standard entails changes where the bank operates as a lessee as the contract must be recognised in the balance sheet as a right of use with a corresponding lease obligation. Upon initial recognition, the lease obligation and the right of use are measured at the present value of future lease payments. The lease obligation is measured in subsequent periods at amortised cost. The lease obligation is reduced by paid rent and increased by calculated interest rates. The associated right of use is measured and depreciated. The right of use and lease obligation shall be adjusted for any new measurement due to changes in agreed rental payments (for example, annual adjustments). Previously expensed rent under ordinary operating costs is replaced with and presented as calculated interest and depreciation.

Takeover of assets

Assets that are taken over in connection with the follow-up of defaulted and written-down commitments are valued at fair value upon acquisition. Such assets are classified in the balance sheet by type. Subsequent valuation and classification of profit and loss effects follow the principles for the asset in question.

Presentation of profit and loss items related to financial assets and liabilities at fair value

Realised gains/(losses) and changes in estimated values of financial instruments at fair value through profit or loss, including dividends, are included in the accounts under "Net gain/(loss) on financial instruments" in the period in which they arise.

Hedge accounting

Cultura Bank does not use hedge accounting.

Offsetting

Financial assets and financial liabilities are set off and presented only when the bank has a legally enforceable right to set off and when the bank intends to settle on a net basis.

Revenues and expenses are not offset unless required or permitted in accordance with IFRS.

Currency

Transactions in foreign currency are translated at the exchange rate at the time of the transaction. Monetary items in foreign currency are translated into Norwegian kroner using the exchange rate on the balance sheet date. Non-monetary items that are measured at the historical exchange rate expressed in foreign currency are translated into Norwegian kroner using the exchange rate at the time of the transaction. Non-monetary items that are measured at fair value expressed in foreign currency are translated at the exchange rate determined at the balance sheet date. Exchange rate changes are recognised in the income statement on an ongoing basis during the accounting period.

The accounts are presented in Norwegian kroner.

Fixed assets

Fixed assets are valued at acquisition cost less accumulated depreciation and write-downs. Acquisition cost for fixed assets is the purchase price, including taxes and fees, and costs directly related to enabling the fixed asset to be used. Expenses incurred after the fixed asset has been taken into use, such as ongoing maintenance, are recognised in the income statement. Other expenses that are expected to provide future financial benefits are capitalised. Linear depreciation has been used to allocate cost over the operating assets' useful lives.

Impairment of fixed assets and intangible assets

At each reporting date, and if there are indications of a fall in the value of fixed assets and intangible assets, the recoverable amount of the assets will be estimated to

calculate any impairment. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

The asset's carrying amount is written down if the carrying amount is higher than the estimated recoverable amount.

Tax

Tax expense consists of tax payable and change in deferred tax. Deferred tax/tax assets are calculated on all differences between the accounting and tax value of assets and liabilities, as well as losses to be carried forward.

Deferred tax assets are recognised when it is probable that the bank will have sufficient taxable profits in later periods to utilise the tax asset. The bank recognises previously non-recognised deferred tax assets to the extent that it has become probable that the bank can utilise the deferred tax asset. Likewise, the company will reduce the deferred tax asset to the extent that the bank no longer considers it probable that it can utilise the deferred tax asset.

Deferred tax and deferred tax assets are measured based on expected future tax rates and tax rules that apply on the balance sheet date, or which are in all probability expected to be adopted, and which are assumed to be utilised when the deferred tax asset is realised or when the deferred tax is settled.

Tax payable and deferred tax are recognised directly in equity to the extent that the tax items relate to equity transactions.

Pension obligations

Pension costs and liabilities comply with IAS 19. In 2014, the bank converted the collective defined benefit plan into a defined contribution plan for all employees. The scheme is covered through Storebrand, and the bank has no pension obligations beyond the collective pension scheme. The deposits are expensed on an ongoing basis and are accounted for as payroll costs.

Subordinated bond loans

Issued subordinated bonds where the bank is not obliged to pay interest do not satisfy the definition of a financial obligation and are consequently classified as equity in the balance sheet. Interest is presented as a reduction of other equity, while the tax effect of the interest is presented as a tax expense.

Events after the balance sheet date

New information after the balance sheet date about the bank's financial position on the balance sheet date has been taken into account in the annual accounts. Events after the balance sheet date that do not affect the bank's financial position on the balance sheet date, but which will affect the bank's financial position in the future, are stated if this is significant.

Cash flow statement

The cash flow statement has been prepared on the basis of cash flows from operating, investing and financing activities according to direct methods. Cash flows from operating activities are defined as all deposits and disbursements related to lending and deposit operations to customers and credit institutions, deposits and disbursements from short-term securities, as well as disbursements generated from costs related to ordinary operating activities. Investment activities are defined as cash flows from long-term securities transactions, as well as investments in fixed assets and real estate. Cash flows from raising and repaying subordinated loans and bond debt and equity are defined as financing activities. Cash and cash equivalents include cash and receivables from Norges Bank and other credit institutions.

2. Credit risk

Definition of default

Default is defined as an overdraft of at least NOK 1,000 for more than 90 consecutive days. A customer's commitment will also be classified as defaulted if the bank considers that the customer's financial situation makes it probable that the customer's financial obligations to the bank will not be fulfilled. In such cases, the customer will be marked for losses and an individual assessment of the need for impairment will be carried out.

As of 31.12.2020, a new definition of default will be introduced, these rules stipulate that a customer will be classified as defaulted if at least one of the following criteria is met:

- The customer has an overdraft that exceeds both a relative and absolute limit for more than 90 consecutive days. For both Retail Market and Corporate Market customers, the relative limit is equal to 1% of the customer's total exposures.
 - For RM customers, the absolute limit is equal to NOK 1,000
 - For CM customers, the absolute limit is equal to NOK 2,000
- It is considered probable that the customer will not be able to meet their credit obligations to the bank (unlikely to pay - UTP).
- The customer is affected by another customer who is in default in accordance with the first two criteria mentioned above.

Description of impairment model

Cultura Bank is based on the impairment model developed by SDC. Expected credit loss (ECL) is calculated as $EAD \times PD \times LGD$, discounted at the original effective interest rate.

EAD - Exposure at default

Exposure at default (EAD) for Level 1 agreements consists of outstanding receivables or liabilities adjusted for cash flows over the next 12 months and for Level 2 agreements the discounted cash flows for the expected life of the agreement. For guarantees, EAD is equal to the outstanding liability on the reporting date multiplied by a conversion factor of 1 or 0.5 depending on the type of guarantee. Unused credits have EAD equal to outstanding unused credit at the time of reporting.

The expected life of an agreement is calculated on the basis of the historical average life of similar agreements. Agreements that are modified are measured from the original grant date even if the agreement has new conditions.

PD - Probability of default

Probability of default (PD) is estimated as the statistical correlation between default and the customer's financial position, demographic data and payment behaviour. Default is defined as an overdraft of a minimum of NOK 1,000 for 90 consecutive days, in addition to other qualitative indicators that indicate that the commitment has defaulted, cf. CRR article 178 and regulations amending the CRR/CRD IV regulations etc. § 7.

PD₁₂

The model distinguishes between retail and corporate customers, and measures the probability of default for the next 12 months (PD). The retail customer model further differentiates between customers with and without mortgages. The corporate customer model distinguishes between real estate companies, limited personal liability and unlimited personal liability. SDC has a model for customers with a six-month history where PD is based on the customer's data, and a model for customers with less than a six-month history who receive a PD based on an external model. The models are validated annually and recalibrated as needed. When the quality of the models deteriorates, new models are developed.

PD_life

When calculating the probability of default over the expected life of the commitment (PD_life), a migration-based projection is used to estimate expected default in the future, based on developments in PD over the last 12 months (Markov chain). The following principles are applied:

- The calculation is done at group level and not at customer level
- The calculation is made on the basis of defaults in each risk class and migration between risk classes

Significant increase in credit risk

Significant increase in credit risk is measured based on developments in PD. Cultura Bank has defined a significant increase in credit risk as an increase in the original PD on initial recognition (PD_{ini}) for various levels in order for the model to capture relative developments in credit risk.

For commitments that originally had a PD of less than 1%, a significant increase is defined as:

$PD > PD_{ini} + 0.5\%$, $PD_{life} > PD_{life_ini} * 2$

For commitments that originally had a PD above or equal to 1%, a significant increase is defined as:

$PD > PD_{ini} + 2\%$, $PD_{life} > PD_{life_ini} * 2$

LGD – Loss given default

Loss given default (LGD) consists of two elements, LGD_{blank} and blank factor. Blank factor is the part of exposure on the account for which no security has been provided. LGD_{blank} is based on historical losses in all Norwegian banks that are part of SDC, for a period of approx. three years for intervals of security coverage. It indicates how much of the blank exposure is lost on average when an account defaults. The LGD model is under continuous development as the data base increases with loss history for new periods. The models distinguish between retail and corporate customers and account types, i.e. cards, loans, credits and guarantees.

Retail customers

- Customers without registered collateral
- Customers with collateral in housing
- Customers with collateral in other than housing

Corporate customers

- Customers without registered collateral
- Customers with registered collateral

The value of the collateral is based on estimated realisable value.

Expected credit losses based on expectations for the future

IFRS 9 requires that forward-looking information be included in the assessment of expected credit losses. Expectations for the future are based on expected macroeconomic developments one to four years ahead

Impairment losses in stage 3

The bank reviews the portfolio quarterly. Commitments with accrued arrears and overdrafts are followed up weekly. A quarterly list of commitments under special follow-up and commitments with payment facilities is kept. When estimating write-downs on individual customers, both the current and expected future financial position and, for

commitments in the corporate market, the market situation for the customer, the relevant sector and market conditions in general are also considered. The possibility of recapitalisation, restructuring and refinancing are also considered. An overall assessment of these factors is used as a basis for estimating future cash flow. Cash flows are estimated for three scenarios, a normal scenario, a positive scenario and a negative scenario, each over a period corresponding to the expected maturity of the relevant customer in the relevant scenario, where the provision appears as a weighted average of these. The bank makes a provision for losses in stage 3 if the customer has a credit impairment. When assessing the provision for losses, there is uncertainty in estimating the time and amount for future cash flows, including the valuation of collateral. See note 10 for a list of write-downs on loans and guarantees.

Credit risk

The bank takes credit risk, which is the risk that the counterparty will incur a loss on the bank by not settling the bank's receivables. Credit exposure is primarily related to outstanding loans and debt securities. There is also credit risk associated with "off-balance" financial instruments such as loan commitments, unused credit and guarantees.

See notes 6 to 12 for assessment of credit risk.

Classification

Probability of default is used as a measure of credit quality. The bank divides the portfolio into ten risk classes, based on PD for each credit commitment (see the table below). Credit-impaired commitments (stage 3) are given a PD of 100 per cent. The bank's portfolio divided by risk classes and stages is presented in note 6.

3. Application of estimates and discretionary assessments

Preparation of accounts in accordance with generally accepted accounting principles requires that management in a number of cases must apply estimates and discretionary assessments. These assessments are evaluated on an ongoing basis and are based on historical experiences and assumptions about future events that are considered probable at the balance sheet date. Uncertainty is associated with the assumptions and expectations that form the basis for applied estimates and discretionary assessments.

Covid-19

The Covid-19 pandemic has led to a significant and rapid change in the credit risk for the bank's portfolio. The uncertainty has led to a need to make an adjustment at the portfolio level for expected losses.

This is discussed in more detail in note 36 Covid-19.

See also note 9 *Exposures on loans* and note 10 *Write-downs on loans, guarantees, etc.*

4. Capital adequacy

In thousands of NOK	31.12.2020	31.12.2019
Saving Bank's fund	4 173	4 064
Fund for unrealised gains	3 845	
Equalisation fund	19 555	16 215
Equity certificate	85 308	85 308
Own holding of equity certificates	-1 001	-926
Total equity	111 880	104 661
Intangible assets	-1 140	-300
Deduction for prudent valuation	-319	
Total common equity tier 1 capital	110 421	104 361
Subordinated bond capital	15 104	15 000
Total tier 1 capital	125 525	119 361
Subordinated loan	-	-
Total subordinated capital	125 525	119 361
Total tier 1 and subordinated capital	251 050	238 722
Total capital	362 930	347 383
Total capital as a % of total assets	10.35	9.41
Common equity tier 1 capital in %	21.32	23.46
Tier 1 capital in %	24.24	26.84
Subordinated capital in %	24.24	26.84

In thousands of NOK	31.12.2020	31.12.2019
States and central banks	-	-
Local and regional authorities	8 018	-
Publicly owned enterprises	-	-
Institutions	7 203	8 845
Enterprises	58 929	24 919
Commitments with mortgage security in real estate	314 614	303 268
Overdue commitments	8 697	14 120
High-risk commitments	-	-
Bonds with preferential rights	17 911	17 478
Other commitments	25 576	15 387
Total calculation basis credit risk	440 947	384 017
+ operational risk	54 765	54 765
+ currency risk	22 102	6 008
Total calculation basis	517 814	444 790
Total calculation basis as a % of total assets	15.28	13.27

5. Risk management

The bank's business activities lead to it being exposed to a number of financial risks. The goal is to achieve a balance between return and risk. The bank's financial risk management has been established to identify and analyse these risks, and to establish appropriate risk frameworks and risk controls. The bank regularly assesses the established guidelines for risk management and the system that has been established to ensure that changes in products and markets are reflected in the risk limits. The responsibility for the bank's risk management and control is divided between the bank's board and management. The board adopts the bank's goals and frameworks within all risk areas, including guidelines for risk management.

There are separate policy documents for the following risk areas:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- IT risk
- Money laundering and terrorist financing
- Business and risk management

The policy documents are revised at least annually.

The bank also has its own recovery plan in accordance with the EU crisis management directive, which was introduced into Norwegian law in 2019.

A risk control function has been established which is directly under the general manager, and which reports directly to the board. There is also a separate procedure for carrying out internal control. The internal control report is reviewed annually by the board. A risk and audit committee has also been established on the board.

Liquidity risk

The bank's liquidity risk is defined as the risk that the bank will not be able to meet its debt obligations, or that the bank will not be able to refinance its debt or finance its activity without incurring significant additional costs. According to the bank's policy document for liquidity risk, the liquidity risk must be low.

The document sets a minimum requirement for "weighted deposit adequacy⁵" of 110%. The bank's weighted deposit adequacy ratio was 122% at the end of 2020. In order to meet large withdrawals and fluctuations in customer deposits, the bank maintains a liquidity reserve and drawing rights in Norges Bank. The holdings in the daily settlement bank, DNB, are adjusted on an ongoing basis to cover current payments.

See note 13 for assessment of liquidity risk.

Market risk

The bank's market risk is the risk that the value of the bank's assets will be reduced as a result of changes in market conditions. Management of the bank's market risk takes place through defined maximum limits for investments in the bank's policy document for market risk. According to this document, the market risk must be very low. Risk exposure and development are monitored on an ongoing basis and reported periodically to the board and management.

The bank's portfolio of interest-bearing securities consists of covered bonds, bonds issued by municipalities/counties, and treasury bills. All securities have a high credit

⁵ Here, deposits not covered by the deposit guarantee are weighted 50 %

rating and variable interest rates with three-month intervals for interest rate adjustment (covered bonds), or a maximum maturity of 12 months (treasury bills), and thus a relatively low exchange rate and interest rate risk.

The bank's equity portfolio is relatively small and consists of investments in related companies abroad and investments in strategic partners. It is considered to be less exposed to turmoil in the securities markets.

Operational risk

The operational risk is the risk of financial losses as a result of errors in internal processes and systems, human errors or as a result of external events. According to the bank's policy document for operational risk, the risk must be very low.

Operational risk management takes place through the bank's policy, procedures and guidelines. Monitoring of operational risk takes place through internal control, where periodic review of incident logs is a key element. Operational loss incidents and internal control deviations are reported to management and the board.

ICAAP/ILAAP

In accordance with the capital adequacy regulations, the bank prepares an ICAAP report annually. Here, the bank assesses its capital needs by reviewing the bank's risk areas. As part of the report, the bank's liquidity needs (ILAAP) are also assessed.

The bank's various risks are described in more detail in a separate risk report which is available on the bank's website.

RECOVERY PLAN

A recovery plan has been established in accordance with the provisions of the Crisis Management Directive, which was introduced into Norwegian law in 2019. The plan is an important part of the bank's preparedness and must ensure that it has effective and relevant measures that can be implemented in a stressful situation, without causing significant negative consequences for customers, other financial undertakings or the economy in general. Any breaches of the plan's trigger levels are reported to the board on a monthly basis.

6. Lending to customers by credit quality level

LOANS, GUARANTEES AND UNUSED CREDITS TO CUSTOMERS BY CREDIT QUALITY LEVEL 2020

Lending - total

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (1-3)	367 254	7 519	-	374 772
Medium risk (4-7)	261 161	9 719	-	270 880
High risk (8-10)	81 067	59 265	-	140 332
Defaulted and exposed to loss (11)	-	-	16 634	16 634
Total gross lending	709 481	76 503	16 634	802 618
Write-downs	-1 195	-264	-461	-1 920
Total lending at book value	708 286	76 239	16 173	800 698

Lending – retail market

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (1-3)	254 142	-	-	254 142
Medium risk (4-7)	117 345	1	-	117 346
High risk (8-10)	58 780	23 895	-	82 674
Defaulted and exposed to loss (11)	-	-	9 691	9 691
Total gross lending	430 266	23 896	9 691	463 853
Write-downs	-21	-50	-213	-284
Total lending at book value	430 245	23 846	9 478	463 569

Lending - corporate market

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (1-3)	113 112	7 519	-	120 631
Medium risk (4-7)	143 816	9 717	-	153 533
High risk (8-10)	22 287	35 370	-	57 657
Defaulted and exposed to loss (11)	-	-	6 943	6 943
Total gross lending	279 215	52 606	6 943	338 765
Write-downs	-1 174	-214	-248	-1 636
Total lending at book value	278 041	52 392	6 695	337 129

Guarantees and unused credits by credit quality level

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (Risk class 1-3)	11 699	5	-	11 704
Medium risk (Risk class 4-7)	18 117	81	-	18 198
High risk (Risk class 8-10)	689	2 479	-	3 168
Defaulted and prone to loss (Risk class 11)	-	-	-	-
Total guarantees and unused credits	30 505	2 565	-	33 069
Write-downs	-137	-14	-	-151
Net guarantees and unused credits	30 368	2 550	-	32 918

Loans where payment relief (forbearance) has been granted as of 31.12.2020

In thousands of NOK	Stage 2	Stage 3	Total
Loans with repayment relief	18 579	10 030	28 610

LOANS, GUARANTEES AND UNUSED DRAWING RIGHTS TO CUSTOMERS BY CREDIT QUALITY LEVEL 2019

Up to and including 2019, the bank's credit commitments were classified in risk classes A-E, where A is the best class. The classification takes place for the first time upon granting and is then updated continuously. The classification forms the basis for the write-downs that are carried out. The bank makes group write-downs for risk classes B, C and D and individual write-downs for commitments in group E.

The classes appear as a function of the customer's serviceability and security provided, both assessed on a grade scale from A-E, where A is the highest score. The assessment provides a total of 25 combination possibilities of serviceability and security, and these are then grouped into risk classes A-E, as shown in the table below:

		Security				
		A	B	C	D	E
Serviceability	A	A	A	A	B	B
	B	A	A	B	B	B
	C	A	B	B	C	D
	D	B	B	C	D	D
	E	B	C	C	D	E

Loans and guarantees divided into risk groups with associated write-downs:

Classes	Loans	Guarantees	Drawing rights	Total	Write-downs	Description
Thousand NOK	2019	2019	2019	2019	2019	
Class A	668 087	2 195	12 069	682 297	0	
Class B	57 042	2 737	1 518	61 284	613	Group write-down
Class C	2 608	0	0	2 608	521	Group write-down
Class D	485	0	21	505	167	Group write-down
Class E	228	0	0	228	148	Individual write-downs
Total	728 450	4 932	13 608	746 922	1 449	

7. Distribution of loans

LENDING BY TYPE OF RECEIVABLE

In thousands of NOK	31.12.2020	31.12.2019
Cash, operating and use credits	10 983	14 127
Construction loans	2 300	-
Repayment loans	789 335	714 323
Gross lending and receivables from customers	802 618	728 451
Write-downs on loans in stage 1	-1 195	-
Write-downs on loans in stage 2	-264	-
Write-downs on loans in stage 3	-461	-
Group write-downs	-	-1 301
Individual write-downs	-	-148
Net lending and receivables from customers	800 698	727 002

GROSS LENDING BY GEOGRAPHICAL AREA AS OF 31.12.2020

In thousands of NOK	31.12.2020
Oslo	279 092
Rogaland	16 681
Møre og Romsdal	2 315
Nordland	25 103
Viken	242 797
Inland	76 504
Vestfold og Telemark	60 081
Agder	5 800
Vestland	26 819
Trøndelag	39 127
Troms og Finnmark	28 298
Abroad	1
Gross lending and receivables from customers	800 698

GROSS LENDING BY GEOGRAPHICAL AREA AS OF 31.12. 2019

In thousands of NOK	31.12.2019
Østfold	44 018
Akershus	128 407
Oslo	243 285
Hedmark	46 878
Oppland	25 842
Buskerud	50 927
Vestfold	44 428
Telemark	4 339
Aust-Agder	3 787
Rogaland	16 222
Hordaland	26 150
Møre og Romsdal	2 979
Nordland	24 659
Troms	22 960
Finnmark	5 818
Trøndelag	35 128
Abroad	2 623
Gross lending and receivables from customers	728 450

8. Credit impaired commitments

CREDIT IMPAIRED COMMITMENTS BY SECTOR/INDUSTRY AS OF 31.12.2020

In thousands of NOK	Gross imp. comm.	Impairment in stage 3	Net imp. commitments
Retail market	9 691	-213	9 478
Corporate market			
Retail, repair of motor vehicles	5 025	-181	4 844
Professional services	62	-62	-
Business services	1 857	-5	1 852
Total credit impaired commitments	16 365	-461	16 174

The bank has NOK 3.1 million in loans in stage 3 where no impairment has been made due to the value of the collateral. As of 31.12.2020, the bank has NOK 13.5 million in impaired commitments that are still being recovered. Income from this activity is entered as a reduction of the impairments.

CREDIT IMPAIRED COMMITMENTS BY SECTOR/INDUSTRY AS OF 31.12.19

In thousands of NOK	Gross imp. comm.	Individual impairment	Net imp. commitments
Retail market	161	-81	80
Corporate market			
Agriculture and related services	9 400	-	9 400
Professional services	67	-67	-
Total credit impaired commitments	9 628	-148	9 480

CREDIT IMPAIRED LOANS

In thousands of NOK	31.12.2020	31.12.2019
Gross non-defaulted loans - over 90 days	6 002	9 468
Impairment in stage 3	-148	-
Individual impairments	-	-67
Net defaulted loans	5 854	9 401
Other impaired loans	10 633	161
Impairment in stage 3	-313	-
Individual impairments	-	-81
Net credit impaired non-defaulted loans	10 320	80
Net defaulted and impaired commitments	16 174	9 481

CREDIT IMPAIRED LOANS DISTRIBUTED BY SECURITY

In thousands of NOK	31.12.2020	%	31.12.2019	%
Loans secured by residential mortgage	11 548	69.4	-	0.0
Loans secured by other collateral	5 025	30.2	9 400	97.6
Unsecured lending	62	0.4	229	2.4
Total credit-impaired loans	16 635	100.0	9 629	100.0

9. Exposure on loans

2020

Thousand NOK	Gross lending	Impair. stage 1	Impair. stage 2	Impair. stage 3	Unused credit	Guarant ees	Impair. stage 1	Impair. stage 2	Impair. stage 3	Max cred.exp.
Retail market	463 853	-21	-50	-213	473	206	-	-	-	464 248
Corporate market										
Agriculture and related services	70 424	-15	-	-	3 142	-	-	-	-	73 551
Forestry and related services	449	-	-	-	-	-	-	-	-	449
Fishing and hunting	1 949	-	-	-	-	-	-	-	-	1 949
Industry	9 972	-4	-3	-	-	-	-	-	-	9 965
Construction activities	-	-	-	-	10	-	-	-	-	10
Retail, rep. of motor vehicles	9 481	-2	-2	-181	561	350	-	-	-	10 207
Transport otherwise and storage	590	-	-	-	-	149	-	-	-	739
Accommodation and catering activities	237	-	-	-	344	-	-	-	-	581
Information and communication	94	-	-	-	-	-	-	-	-	94
Sale and operation of real estate	58 832	-	-	-	1 704	-	-	-	-	60 536
Professional services	2 865	-	-	-62	643	-	-	-	-	3 446
Business services	1 859	-	-	-5	-	2 894	-	-	-	4 748
Service industries otherwise	182 012	-24	-10	-	7 513	865	-	-14	-	190 342
Foreign companies	-	-	-	-	-	14 216	-137	-	-	14 080
Covid-19 impairment		-1 129	-199							
Total	802 618	-1 195	-264	-461	14 390	18 680	-137	-14	-	834 945

Sector/industry	Gross lending	Individ. Impair.	Unused credit	Guarantees	Individ. Impair.	Max credit exposure
Private market	391 808	-81	524	206	-	392 457
Industry Market						
Agriculture and related services	72 051	-	2 103	-	-	74 154
Forestry and related services	482	-	-	-	-	482
Fisheries and related services	2 127	-	-	-	-	2 127
Manufacturing	7 621	-	-	-	-	7 621
Construction activities otherwise	-	-	10	-	-	10
Retail, repair of motor vehicles	8 477	-	772	350	-	9 599
Transport otherwise and storage	-	-	-	77	-	77
Accommodation and catering activities	215	-	428	-	-	643
Information and communication	405	-	96	-	-	501
Sale and operation of real estate	51 933	-	2 987	-	-	54 920
Professional services	2 863	-67	611	-	-	3 407
Business services	1 858	-	-	2 859	-	4 717
Service industries otherwise	188 610	-	6 077	1 440	-	196 127
Total	728 450	-148	13 608	4 932	-	746 842

10. Impairments on loans and guarantees.

In accordance with IFRS 9, the bank's lending to customers, guarantees, unused credits and interest-bearing securities measured at fair value are grouped into three stages. The stages are based on default probabilities at the time of recognition compared with default probabilities on the balance sheet date as well as other indicators of significant increase in credit risk and/or credit impairment, including number of days of default, payment relief for financial difficulties and discretionary loss assessments. The distribution between the stages is made for the individual loan or commitment.

The table below specifies the changes in the period's write-downs on gross capitalised loans, guarantees, unused drawing rights and interest-bearing securities measured at fair value for each stage, and includes the following elements:

- Transfer between the stages due to change in credit risk, from 12 months of expected credit loss in stage 1 to credit loss over the life of the instrument in stage 2 and stage 3.
- Increase in write-downs through the issuance of new loans, guarantees and unused credits as well as the acquisition of interest-bearing securities measured at fair value.
- Reduction in write-downs when deducting loans, guarantees, unused credits and redeemed interest-bearing securities.
- Increase or decrease in write-downs due to changes in input variables, calculation assumptions, macroeconomic assumptions and the effect of discounting.

Write-downs on unused credits and guarantees are recognised in the balance sheet as a liability in the accounts.

IMPAIRMENT OF LOANS, GUARANTEES ETC.

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Write-downs on loans, guarantees, etc. as of 1.1.2020	214	50	669	933
Migrated from stage 1	-25	29	186	190
Migrated from stage 2	13	-36	86	63
Migrated from stage 3	-	-	-81	-81
Impairment of new commitments during the period	209	48	-	257
Commitments deducted during the period	-29	-5	-	-34
Other changes	-33	-6	-400	-438
Covid-19 impairment	1 129	199	-	1 328
Write-downs on loans, guarantees, etc. as of 31.12.2020	1 478	278	461	2 217

LOSS COST IN THE PERIOD

In thousands of NOK	2020	2019
Impairment for the period in stage 1	1 264	
Impairment for the period in stage 2	229	
Impairment for the period on groups of loans		-26
Impairment for the period in stage 3	-208	
Impairment of individual loans for the period		4
The period's established losses against previous write-downs	1 337	4
The period's established losses without previous write-downs	313	59
The beginning of the period on previously established losses	-	16
Loss cost in the period	2 935	25

11. Large commitments

As of 31 December 2020, the bank's ten largest credit commitments accounted for 18.47% of gross commitments (2019: 20.23%). The bank has nine commitments that are reported as large commitments, i.e. greater than 10% of subordinated capital. The largest credit commitment is 15.31% of subordinated capital.

In thousands of NOK	2020	2019
10 largest engagements	154 355	151 143
Total gross commitments	835 688	746 990
10 largest commitments in % of gross commitments	18.47 %	20.23 %
Subordinated capital	125 524	119 361
10 largest commitments in % of subordinated capital	127.33 %	126.63 %
Largest commitment in % of subordinated capital	15.31 %	21.21 %

12. Liquidity risk

AGREED MATURITY ON THE MAIN BALANCE SHEET ITEMS 31.12.2020

	0-1 month	1-3 months	3 months - 1 year	1-5 years	Over 5 years	No maturity	Total
Cash and cash equivalents	-	-	-	-	-	144	144
Receivables from credit institutions and central banks	84 381	-	-	-	-	-	84 381
Net lending to and receivables from customers	1 538	8 640	39 119	119 561	620 857	10 983	800 698
Bonds, certificates, etc.	10 034	110 000	91 290	107 862	-	-	319 186
Other assets	822	999	1 104	1 956	4 817	12 239	21 937
Total Assets	96 775	119 639	131 513	229 379	625 674	23 366	1 226 346
Debt to credit institutions	109	-	-	-	-	-	109
Deposits from and debts to customers	1 086 193	-	-	-	-	-	1 086 193
Other debt	3 597	1 558	2 503	-	5 402	-	13 061
Subordinated loan capital	-	-	-	-	-	-	-
Total debt	1 089 889	1 558	2 503	-	5 402	-	1 099 362
Net	-993 124	118 081	129 010	229 379	620 272	23 366	126 984

AGREED MATURITY ON THE MAIN BALANCE SHEET ITEMS AS OF 31.12.2020

	0-1 month	1-3 months	3 months - 1 year	1-5 years	Over 5 years	No maturity	Total
Cash and cash equivalents	-	-	-	-	-	174	174
Receivables from credit institutions and central banks	87 938	-	-	-	-	-	87 938
Net lending to and receivables from customers	2 966	12 966	29 667	139 254	528 021	14 127	727 001
Bonds, certificates, etc.	10 015	109 698	64 409	100 354	-	-	284 476
Other assets	1 569	1 094	1 010	807	79	8 363	12 922
Total Assets	102 488	123 758	95 086	240 415	528 100	22 664	1 112 511
Debt to credit institutions	80	-	-	-	-	-	80
Deposits from and debts to customers	982 877	-	-	-	-	-	982 877
Other debt	3 027	5 739	1 127	-	-	-	9 893
Subordinated loan capital	-	-	-	15 000	-	-	15 000
Total debt	985 984	5 739	1 127	15 000	-	-	1 007 850
Net	-883 496	118 019	93 959	225 415	528 100	22 664	104 661

13. Currency risk

The bank's loans and deposits across national borders are issued in Norwegian kroner and thus do not constitute a currency risk. However, the bank has some currency risk in connection with strategic investments in ideologically related European financial institutions, as well as the bank's system supplier, SDC AS. The bank is also exposed to some currency risk in connection with SDC AS invoicing its services in DKK. A loan guarantee of DKK 10 million has been issued.

CURRENCY POSITIONS AS OF 31.12.2020

In thousands of NOK	EUR	DKK	SEK
Loans and advances to credit institutions	30	5	236
Shares, participations and other equity instruments	2 035	5 060	519
Guarantee	-	14 216	-
Total	2 065	19 281	755

14. Price risk

Price risk on securities is the risk of losses that arise from changes in the value of bonds and equity instruments in which the bank has invested. The bank has established a framework for investments and investments in addition to this must be approved by the bank's board.

15. Interest rate risk

TIME UNTIL CHANGE OF INTEREST TERMS AS OF 31.12.2020

	0-1 month	1-3 months	3 months - 1 year	1-5 years	Over 5 years	No maturity	Total
Cash and cash equivalents	-	-	-	-	-	144	144
Receivables from credit institutions and central banks	-	-	-	-	-	84 381	84 381
Net lending to and receivables from customers	-	800 698	-	-	-	-	800 698
Bonds, certificates, etc.	-	319 186	-	-	-	-	319 186
Other assets	-	-	-	-	-	21 937	21 937
Total Assets	-	1 119 884	-	-	-	106 461	1 226 346
<i>Of which in foreign currency</i>	-	-	-	-	-	7 615	7 615
Debt to credit institutions	-	-	-	-	-	109	109
Deposits from and debts to customers	-	608 414	-	-	-	477 779	1 086 193
Other debt	-	-	-	-	-	-	13 061
Subordinated loan capital	-	-	-	-	-	-	-
Total debt	-	608 414	-	-	-	490 949	1 099 362
<i>Of which in foreign currency</i>	-	-	-	-	-	-	-
Net	-	511 470	-	-	-	-384 488	126 984

TIME UNTIL CHANGE OF INTEREST TERMS AS OF 31.12.2019

	0-1 month	1-3 months	3 months - 1 year	1-5 years	Over 5 years	No maturity	Total
Cash and cash equivalents	-	-	-	-	-	174	174
Receivables from credit institutions and central banks	-	-	-	-	-	87 938	87 938
Net lending to and receivables from customers	-	727 001	-	-	-	-	727 001
Bonds, certificates, etc.	-	284 476	-	-	-	-	284 476
Other assets	-	-	-	-	-	12 922	12 922
Total Assets	-	1 011 477	-	-	-	101 034	1 112 511
<i>Of which in foreign currency</i>	-	-	-	-	-	5 887	5 887
Debt to credit institutions	-	-	-	-	-	80	80
Deposits from and debts to customers	-	584 716	-	-	-	398 161	982 877
Other debt	-	-	-	-	-	9 893	9 893
Subordinated loan capital	-	15 000	-	-	-	-	15 000
Total debt	-	599 716	-	-	-	408 134	1 007 850
<i>Of which in foreign currency</i>	-	-	-	-	-	-	-
Net	-	411 761	-	-	-	-307 100	104 661

INTEREST RATE RISK AS OF 31.12.2020

In thousands of NOK	Exposure	Interest maturity	Interest rate risk at 1% change
Assets			
Lending to customers	802 618	0,12	924
Interest-bearing securities	319 186	0,18	562
Debt/equity			
Interest-bearing deposits from customers	608 414	0,12	-700
Subordinated bond capital	15 104	0,15	-22
Total interest rate risk			763

16. Net interest and credit commission income

In thousands of NOK	2020	2019
Interest and similar income from loans to and receivables from credit institutions	346	969
Interest and similar income from loans to and receivables from customers	26 178	25 635
Interest and similar income from interest-bearing securities	3 222	3 961
Total interest income and similar income	29 746	30 565
Interest and similar costs on debt to credit institutions	47	-
Interest and similar costs on deposits from and debt to customers	2 360	2 809
Interest and similar costs on subordinated bond capital	60	1 191
Other interest expenses and similar expenses	911	629
Total interest costs and similar costs	3 378	4 628
Net interest and credit commission income	26 368	25 937

17. Other income

In thousands of NOK	2020	2019
Guarantee commission (gross)	240	115
Brokerage commission	85	96
Money transfer and interbank transactions	7 521	8 039
Total commission income and income from banking services	7 846	8 250
Guarantee commission (gross)	230	245
Money transfer and interbank transactions	3 492	2 622
Total commission income and income from banking services	3 722	2 867
Net gain/loss on certificates and bonds	-182	1 055
Net gain/loss on currency	357	366
Net gain/loss on financial instruments	175	1 421
Income from shares, participations and other equity instruments	1 081	105
Dividends and other income from equity instruments	1 081	105
Net other operating income	5 380	6 909

18. Salaries and other personnel expenses

All employees are remunerated exclusively with a fixed salary. In addition to any remuneration for required overtime, no form of variable remuneration is paid based on the results achieved or any other basis. The general manager has been granted a supplement of NOK 1,000 per month to cover expenses for electronic communication (EKOM). The management team, which consists of the CEO/general manager, assistant bank manager/deputy manager and assistant bank manager/credit manager, is not entitled to overtime pay as a result of a special independent position. The general manager's salary is determined by the board. According to the current agreement, the general manager is entitled to six months' severance pay with pension accrual calculated from the first day of the following month after receiving notice of termination, if the board exercises its right to terminate the employment contract.

SALARIES AND OTHER PERSONNEL EXPENSES

In thousands of NOK	2020	2019
Salaries	9 891	9 890
Employer's contribution and financial tax	2 009	1 941
Pensions	757	702
Social security costs	348	182
Total salaries and other personnel expenses	13 004	12 634

The number of FTEs as of 31.12.2020: 16

INFORMATION REGARDING SENIOR EXECUTIVES AND REPRESENTATIVES 2020

In thousands of NOK	Salary and fees	Pension premium	Other remuneration	Loans
Senior executives				
CEO, general manager	952	65	14	3 102
Deputy manager, assistant bank manager, IT and marketing manager	793	54	1	356
Assistant bank manager, credit manager	772	53	1	-
Total	2 517	172	16	3 458
Board of Directors				
Board chair, member of the risk and audit committee	145	-	2	-
Deputy board chair, chair of the risk and audit committee	69	-	-	2 765
Board member, member of the risk and audit committee	62	-	2	-
Board member	53	-	-	-
Board member	52	-	1	-
Board member (until March 2020)	12	-	-	-
Board member (before April 2020)	43	-	-	-
Board member employees (up to and including March 2020)	8	-	-	-
Board member for the employees (before April 2020)	19	-	1	-
Total	463	-	5	2 765

Board of Trustees

Head of the Board of Trustees	4	-	-	-
Board member, chair of the nomination committee	15	-	-	3 389
Board member, member of the nomination committee	10	-	-	-
Board member, member of the nomination committee	10	-	-	1 200
Board member, employee member of the nomination committee	5	-	-	-
Board member	-	-	-	794
Board member	-	-	-	356
Total	44	-	-	5 739

INFORMATION REGARDING SENIOR EXECUTIVES AND REPRESENTATIVES 2019

In thousands of NOK	Salary and fees	Pension premium	Other remuneration	Loans
Senior executives				
CEO, general manager	903	62	14	-
Deputy manager, assistant bank manager, IT and marketing manager	746	51	2	482
Assistant Bank Manager, Credit Manager	726	50	2	-
Total	2 375	163	18	482

Board of Directors

Board chair, member of the risk and audit committee	145	-	7	-
Deputy board chair, chair of the risk and audit committee	59	-	-	3 459
Board member (before April 2019)	41	-	-	-
Board member for the employees	23	-	1	-
Board member (before April 2019)	43	-	-	-
Board member, member of the risk and audit committee	53	-	-	-
Board member	45	-	-	-
Board member (until March 2019)	8	-	-	-
Total	417	-	8	3 459

Board of Trustees

Head of the Board of Trustees	4	-	-	-
Board member, chair of the nomination committee	15	-	-	-
Board member, member of the nomination committee	10	-	-	-
Board member, member of the nomination committee	10	-	-	1 001
Board member, employee member of the nomination committee	5	-	-	-
Board member	-	-	-	398
Board member	-	-	-	482
Total	44	-	-	1 881

As of 31.12.20, loans to employees amounted to NOK 9,245,903, of which NOK 3,457,395 to senior executives. No guarantees have been provided to the bank's employees. Loans to senior executives are granted on the same terms as for other employees.

In 2020, interest rate subsidies on loans to employees amounted to NOK 50,002.

Pension

Cultura Bank has a collective pension scheme for its permanent employees, which satisfies the requirements for mandatory occupational pensions. In 2014, the bank switched to a defined contribution pension scheme. The scheme is covered through

Storebrand, and the bank has no pension obligations beyond the collective pension scheme. The bank's pension contribution is 7%, which is the maximum contribution within the scheme.

19. Other operating expenses

OTHER OPERATING EXPENSES

In thousands of NOK	2020	2019
IT	4 193	3 861
Rent and rent-related costs	406	1 545
Office expenses	844	836
Marketing	1 237	1 689
External auditor	454	270
Other operating expenses	2 466	2 018
Total other operating expenses	9 600	10 219

SPECIFICATION OF FEES FOR EXTERNAL AUDITOR

In thousands of NOK	2020	2019
Statutory audit	225	208
Consulting and certifications	204	42
Preparation of tax assessment papers	25	20
Total fees paid to external auditors	454	270

20. Tax

Deferred tax and deferred tax assets are calculated on the basis of temporary differences between accounting and tax values at the end of the financial year. Tax-increasing and tax-reducing differences are assessed against each other within the same time interval. This means that tax-reducing temporary differences that are expected to reverse far in the future cannot be offset against tax-increasing differences that are expected to reverse earlier. The calculation of deferred tax is based on 25% as of 31.12.2020 and 25% as of 31.12.2019

Specification of the basis for deferred tax/deferred tax assets temporary differences

In thousands of NOK	2020	2019
Fixed assets	-84	-391
Bonds	73	-167
Leases	-644	-
Total temporary differences	-655	-558
Deferred tax (- tax assets) 25%	-164	-140

The tax expense for the year is as follows

In thousands of NOK	2020	2019
Ordinary profit before tax	5 293	8 828
Permanent differences	325	-404
Change temporary differences	337	-71
Basis payable tax	5 955	8 353
Tax payable 25%	1 489	2 088
Wealth tax	20	20
Tax effect of interest on subordinated bond capital recognised in equity	-265	
Total tax payable	1 243	2 108
Change deferred tax	-329	5
Insufficient/excess provision previous years	46	-4
Total tax expense	962	2 109
Tax expense ordinary result	1 056	
Tax expense in other comprehensive income	-94	
Tax cost	962	

21. Categories of financial instruments

CATEGORIES OF FINANCIAL INSTRUMENTS AS OF 31.12.2020

In thousands of NOK	Amortised cost	Fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	144	-	144
Receivables from credit institutions and the central bank	84 381	-	84 381
Lending to and receivables from customers	802 618	-	802 618
Interest-bearing securities	-	319 186	319 186
Shares, participations and other equity instruments	-	12 239	12 239
Total financial assets	887 143	331 425	1 218 568
Financial debt			
Debt to credit institutions	109	-	109
Deposits from and debts to customers	1 086 193	-	1 086 193
Total financial debt	1 086 302	-	1 086 302

CATEGORIES OF FINANCIAL INSTRUMENTS AS OF 31.12.2019

In thousands of NOK	Amortised cost	Booked at the lowest value principle	Total
Financial assets			
Cash and cash equivalents	174	-	174
Receivables from credit institutions and the central bank	87 938	-	87 938
Lending to and receivables from customers	728 451	-	728 451
Interest-bearing securities	-	284 476	284 476
Shares, participations and other equity instruments	-	8 363	8 363
Total financial assets	816 563	292 839	1 109 402
Financial debt			
Debt to credit institutions	80	-	80
Deposits from and debts to customers	982 877	-	982 877
Subordinated bond capital	15 000	-	15 000
Total financial debt	997 957	-	997 957

22. Fair value of financial instruments

FAIR VALUE AND BOOK VALUE OF FINANCIAL ASSETS AND DEBT RECOGNISED AT AMORTISED COST AS OF 31.12.2020

In thousands of NOK	Book value	Fair value
Assets		
Cash	144	144
Receivables from credit institutions and central banks	84 381	84 381
Lending to customers	800 698	800 698
Total assets valued at amortised cost	885 223	885 223
Debt		
Borrowing from credit institutions	109	109
Deposits from customers	1 086 193	1 086 193
Total debt valued at amortised cost	1 086 302	1 086 302

LEVEL BREAKDOWN OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AS OF 31.12.2020

The valuation of financial instruments is placed in different levels based on the quality of market data for the individual type of instrument.

Level 1 - Valuation based on prices in an active market

Level 1 contains financial instruments that are valued using quoted prices in active markets for identical assets or liabilities. The category includes listed shares and fund units, as well as government bonds and certificates traded in active markets.

Level 2 - Valuation based on observable market data

Level 2 contains financial instruments that are valued using information that is not quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, including quoted prices in inactive markets for identical assets or liabilities. The category mainly includes securities debt, derivatives and bonds that are not at level 1.

Level 3 - Valuation based on other than observable market data

Level 3 contains financial instruments that cannot be valued based on directly or indirectly observable prices. The category mainly includes loans to and deposits from customers, as well as shares.

In thousands of NOK	Level 1	Level 2	Level 3	Total
Interest-bearing securities	319 186	-	-	319 186
Shares, participations and other equity instruments	-	-	12 239	12 239
Total Assets	319 186	-	12 239	331 425

RECONCILIATION OF LEVEL 3

In thousands of NOK	Fair value through other comprehensive income
Opening balance	11 495
Realised gain recognised in the income statement	-
Unrealised gains and losses recognised in the income statement	-
Unrealised gains and losses in other profit components	713
Investment	31
Sales	-
Closing balance	12 239

SENSITIVITY ANALYSIS FOR LEVEL 3

	Price change -20%	Price change -10 %	Price change +10 %	Price change +20 %
Shares, participations and other equity instruments	9 791	11 015	13 463	14 687

23. Certificates and bonds

CERTIFICATES AND BONDS AS OF 31.12.2020

In thousands of NOK	Cost price	Fair value	Book value
State/state guaranteed	100 003	99 991	99 991
Municipality/county	40 090	40 074	40 074
Bonds with preferential rights	178 930	179 121	179 121
Total certificates and bonds	319 023	319 186	319 186
Of which listed securities	319 023	319 186	319 186

CERTIFICATES AND BONDS AS OF 31.12.2019

In thousands of NOK	Cost price	Fair value	Book value
State/state guaranteed	109 698	109 769	109 698
Municipality/county	-	-	-
Bonds with preferential rights	174 945	176 049	174 778
Total certificates and bonds	284 643	285 818	284 476
Of which listed securities	284 643	285 818	284 476

The bank's certificates and bonds are classified at fair value through other comprehensive income. Ongoing changes in value of the portfolio are shown in other comprehensive income. Realised gains/losses on redemption/sale are recognised in the income statement.

24. Shares and equity certificates

At fair value through other comprehensive income

SHARES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In thousands of NOK	Org.no.	Number	Cost price	Book value	Dividend received
Eiendoms kreditt AS	979 391 285	15 072	1 571	2 357	84
Vipps AS	918 713 867	229	906	906	-
VN Norge AS	821 083 052	961 bill.	-	1 361	969
Banca Etica		180	78	111	-
Ekobanken		381	351	519	-
La Nef		4 070	916	1 278	-
Merkur Andelskasse		837	1 481	2 026	-
SDC AS		5 530	2 574	3 035	-
Sefea		26	117	136	-
SustainFin SICAV		988,37	471	422	-
Triodos Bank		100	52	88	-
Total			8 517	12 239	1 053

CHANGE IN BALANCE SHEET VALUE

In thousands of NOK	2020
Book value 1.1	11 495
Additions	31
Disposals	-
Other comprehensive income	713
Book value 31.12	12 239

25. Fixed assets and intangible assets

FIXED ASSETS

FIXED ASSETS	Machinery and equipment	Right of use leased premises	Total
Acquisition cost as of 1.1.2019	1 250	-	1 250
Additions during the year	122	-	122
Disposals during the year	-	-	-
Acquisition cost as of 31.12.2020	1 372	-	1 372
Accumulated depreciation and write-downs as of 1/1/2019	673	-	673
Ordinary depreciation during the year	116	-	116
Accumulated depreciation and write-downs as of 12/31/2019	789	-	789
Book value as of 31.12.2020	583	-	583
Acquisition cost as of 1.1.2020	1 372	5 597	69 69
Additions during the year	310	33	343
Disposals during the year	-	-	-
Acquisition cost as of 31.12.2020	1 682	5 630	7 312
Accumulated depreciation and write-downs as of 1.1.2020	789	-	789
Ordinary depreciation during the year	197	872	1 069
Accumulated depreciation and write-downs as of 31.12.2020	986	872	1 858
Book value as of 31.12.20	697	4 757	5 454
Depreciation rates	3-10 years	6 years	

INTANGIBLE ASSETS

In thousands of NOK		
Acquisition cost as of 1.1.2020		8 464
Additions during the year		154
Disposals during the year		-
Acquisition cost as of 31.12.2019		8 618
Accumulated depreciation and write-downs as of 1.1.2020		6 983
Ordinary depreciation during the year		1 335
Accumulated depreciation and write-downs as of 31.12.2019		8 318
Book value as of 31.12.2019		300
Acquisition cost as of 1.1.2020		8 618
Additions during the year		1 028
Disposals during the year		-
Acquisition cost as of 31.12.2020		9 646
Accumulated depreciation and write-downs as of 1.1.2020		8 318
Ordinary depreciation during the year		188
Accumulated depreciation and write-downs as of 31.12.2020		8 506
Book value as of 31.12.20		1 140
Depreciation rates		3-5 years

26. Other assets

PREPAID EXPENSES AND ACCRUED INCOME

In thousands of NOK	2020	2019
Deferred tax assets	164	140
Earned, not received income	806	1 515
Other prepaid, non-accrued expenses	2 034	2 021
Other assets	100	-
Total	3 104	3 676

27. Borrowing from credit institutions

In thousands of NOK	31.12.2020	Interest	31.12.2019	Interest
Borrowing from credit institutions at amortised cost	109	-	80	-
Total borrowing from credit institutions	109	-	80	-

28. Deposits from customers

DEPOSITS FROM CUSTOMERS

In thousands of NOK	2020	2019
Deposits from and debt to customers at amortised cost	1 086 193	982 877
Total deposits and debts to customers	1 086 193	982 877

DEPOSITS FROM CUSTOMERS BY SECTOR AND INDUSTRY

In thousands of NOK	2020	2019
Retail market	570 852	524 302
Corporate market		
Agriculture and related services	22 969	20 288
Forestry and related services	718	57
Fisheries and related services	105	112
Manufacturing	3 264	3 868
Construction of ships and boats	281	179
Water supply, sewerage and waste management activities	472	412
Development of construction projects	185	89
Construction activities otherwise	4 404	6 173
Wholesale and retail trade, repair of motor vehicles	8 863	7 741
Transport otherwise and storage	883	1 757
Accommodation and catering activities	2 409	3 012
Information and communication	13 134	13 088
Sale and operation of real estate	12 434	10 906
Professional services	59 075	41 450
Business services	9 806	10 023
Service industries otherwise	376 048	338 546
Foreign companies	289	873
Total deposits and debts to customers	1 086 193	982 877

DEPOSITS BY GEOGRAPHICAL AREA 31.12.2020

In thousands of NOK	31.12.2020
Oslo	412 383
Rogaland	23 871
Møre og Romsdal	5 617
Nordland	18 846
Viken	280 773
Inland	64 876
Vestfold og Telemark	69 171
Agder	12 564
Vestland	67 171
Trøndelag	85 547
Troms og Finnmark	23 270
Abroad	22 104
Total deposits and debts to customers	1 086 193

DEPOSITS BY GEOGRAPHICAL AREA 31.12.2019

In thousands of NOK	31.12.2019
Østfold	39 712
Akershus	174 857
Oslo	385 395
Hedmark	29 605
Oppland	32 673
Buskerud	31 243
Vestfold	44 150
Telemark	10 901
Aust-Agder	5 744
Vest-Agder	2 478
Rogaland	21 231
Hordaland	44 092
Sogn og Fjordane	11 712
Møre og Romsdal	5 197
Nordland	21 325
Troms	13 997
Finnmark	6 141
Trøndelag	80 898
Abroad	21 528
Total deposits and debts to customers	982 877

29. Other debt

In thousands of NOK	31.12.2020	31.12.2019
Accrued costs	1 607	1 640
Withholding tax due	531	496
Obligations related to leases	5 402	-
Accounts payable	1 208	735
Other debt	2 870	2 466
Provision for gifts	25	50
Provision for dividends	-	2 398
Total other debt	11 643	7 785

30. Subordinated bond capital

ISIN	Borrowing	First recall date	Nominal value	Interest terms	Book value 31.12.2020	Book value 31.12.2019
N00010837073	23.11.2018	23.11.2023	NOK 15 mill.	3m Nibor + 600 bp	15 104	15 000

The terms of the agreement for the subordinated bonds satisfy the requirements of the EU CRR regulations, and the subordinated bonds are included in the bank's tier 1 capital for capital adequacy purposes. As a result, the bank has a unilateral right not to repay interest or principal to investors. This means that the subordinated bonds do not satisfy the terms of financial obligations in IAS 32 Financial Instruments - Presentation and are therefore presented in the bank's equity. This also means that the interest related to the subordinated bonds are not presented on the accounting line total interest expenses, but as a reduction in retained earnings. The benefit of the tax deduction for interest is presented as a reduction of the tax expense in note 20 Tax.

31. Owner share capital and ownership structure

The bank's equity certificate amounts to NOK 85.3 million, divided into 85,308 equity certificates with a nominal value of NOK 1,000.

OWNERSHIP FRACTION

In thousands of NOK	2020	2019
Equity certificate	85 308	85 308
Equalisation fund	19 555	16 215
Share capital	104 863	101 523
Saving Bank's fund	4 173	4 064
Primary capital	4 173	4 064
Fund for unrealised gains	3 845	-
Subordinated bond capital	15 104	-
Own holding of equity certificates	-1 001	-926
Total equity	126 984	104 661
Share capital in %	96,17	96,15

20 LARGEST EQUITY CERTIFICATES AS OF 31.12.2020

In thousands of NOK	Country	Holding	Owner share
Camphills Management Fund	NO	9 302	10.90 %
Alternative Bank Switzerland	CH	4 444	5.21 %
Personnel service Trøndelag	NO	3 750	4.40 %
Cooperative Credit	FR	3 427	4.02 %
A/S Skarv	NO	3 000	3.52 %
Cultura Gavefond	NO	2 211	2.59 %
Liv Bråten	NO	2 050	2.40 %
Acini Capital AS	NO	2 000	2.34 %
Skog Invest AS	NO	2 000	2.34 %
Annette Holding AS	NO	2 000	2.34 %
La Nef	FR	1 856	2.18 %
Gemeinnützige Treuhandstelle e.V.	DE	1 855	2.17 %
Ekobanken	SE	1 822	2.14 %
Banca Etica	IT	1 500	1.76 %
GLS Community Bank	DE	1 300	1.52 %
Merkur Andelskasse	DK	1 294	1.52 %
Triodos Bank	NL	1 000	1.17 %
O. Kavli and Knut Kavli's non-profit fund	NO	1 000	1.17 %
Granly Foundation	NO	1 000	1.17 %
APS bank Ltd.	MT	800	0.94 %
Total 20 largest equity certificate holders		47 611	55.81 %
Own holding of equity certificates		1 001	1.17 %
Other equity certificate holders		36 696	43.02 %
Total number of equity certificates (nominal NOK 1,000)		85 308	100.00 %

EQUITY CERTIFICATES OWNED BY REPRESENTATIVES AND MANAGEMENT AS OF 31.12.2020

Individual	Member of	Number
Kjell Fredrik Løvdal	CEO, General Manager	125
Jannike Østervold	Assistant bank manager and Board of Trustees	5
Lars Hektoen	Board of Trustees	223
Idun Leinaas	Board of Trustees	1
Rune Horne	Board of Trustees	100
Åsa Jeppsson	Board of Trustees	3
Anne-Kristin Løes	Board of Trustees	100
Stian Torstenson	Board of Trustees	3
Elizabeth Wirsching	Board of Trustees	6
Holger Schlaupitz	Board of Trustees	248
Maria Bjune	Board of Directors	25
Christian Dubrau via Bykuba AS	Board of Directors	70
Morten Johannessen	Board of Directors	20
Christine Praamsma	Board of Directors	5

20 LARGEST EQUITY CERTIFICATES AS OF 31.12.2019

In thousands of NOK	Country	Holding	Owner share
Camphills Management Fund	NO	9 302	10.90 %
Alternative Bank Switzerland	CH	4 344	5.09 %
Personnel service Trøndelag	NO	3 750	4.40 %
Crédit Coopératif	FR	3 427	4.02 %
A/S Skarv	NO	3 000	3.52 %
Cultura Gavefond	NO	2 211	2.59 %
Liv Bråten	NO	2 050	2.40 %
Acini Capital AS	NO	2 000	2.34 %
Skog Invest AS	NO	2 000	2.34 %
Annette Holding AS	NO	2 000	2.34 %
La Nef	FR	1 856	2.18 %
Gemeinnützige Treuhandstelle E.W.	DE	1 855	2.17 %
Ekobanken	SE	1 822	2.14 %
Banca Etica	IT	1 500	1.76 %
GLS Community Bank	DE	1 300	1.52 %
Merkur Andelskasse	DK	1 294	1.52 %
Triodos Bank	NL	1 000	1.17 %
O. Kavli and Knut Kavli's non-profit fund	NO	1 000	1.17 %
Granly Foundation	NO	1 000	1.17 %
APS bank Ltd.	MT	800	0.94 %
Total 20 largest equity certificate holders		47 511	55.69 %
Own holding of equity certificates		926	1.09 %
Other equity certificate holders		36 871	43.22 %
Total number of equity certificates (nominal NOK 1,000)		85 308	100.00 %

EQUITY CERTIFICATES OWNED BY REPRESENTATIVES AND MANAGEMENT AS OF 31.12.2019

Individual	Member of	Number
Kjell Fredrik Løvold	CEO, General Manager	125
Jannike Østervold	Assistant Bank Manager and Board of Trustees	5
Johannes Brinkmann	Board of Trustees	10
Lars Hektoen	Board of Trustees	223
Elizabeth Brockfield	Board of Trustees	21
Rune Horne	Board of Trustees	100
Åsa Jeppsson	Board of Trustees	3
Anne-Kristin Løes	Board of Trustees	100
Stian Torstenson	Board of Trustees	3
Elizabeth Wirsching	Board of Trustees	6
Kjersti Aspheim	Board of Trustees	100
Maria Bjune	Board of Directors	25
Christian Dubrau via Bykuba AS	Board of Directors	70
Morten Johannessen	Board of Directors	20

ACQUISITION OF EQUITY CERTIFICATES

During 2020, the bank's holdings of equity certificates increased from 926 to 1,001. All purchases and sales were made at par. The reason why the bank buys its own equity certificates is that it wants to contribute to their sales. Self-acquisition of equity certificates is used as a tool to provide the securities with increased liquidity.

32. Earnings per equity certificate

	2020	2019
Total earnings	4 326 746	6 718 596
Interest on subordinated bond	-1 053 606	-
To fund for unrealised gains	-712 990	-
Total	2 560 149	6 718 596
Earnings assigned to the bank's equity certificate holders	2 461 596	6 462 946
Number of equity certificates issued	85 308	85 308
Earnings per equity certificate	28.86	75.76

33. Guarantees

GUARANTEES

In thousands of NOK	2020	2019
Payment guarantees	4 464	4 932
Loan guarantees	14 216	-
Total guarantees	18 680	4 932

GUARANTEES BY GEOGRAPHIC AREA 31.12.2020

In thousands of NOK	2020	%
Oslo	3 013	16.1
Viken	1 172	6.3
Vestland	122	0.7
Trøndelag	157	0.8
Abroad	14 216	76.1
Total guarantees	18 680	100.00

GUARANTEES BY GEOGRAPHIC AREA 31.12.2019

In thousands of NOK	2020	2019
Østfold	50	1.0
Akershus	892	18.1
Oslo	3 793	76.9
Hordaland	122	2.5
Trøndelag	75	1.5
Total guarantees	4 932	100.00

34. Leases

IFRS 16 Leases was implemented from the first of January 2020. IFRS 16 sets out principles for recognition, measurement, presentation and information on leases for both parties to a lease, that is, the customer (lessee) and provider (lessor). The new standard requires the lessee to recognise assets and liabilities for most leases, which is a significant change from current principles. A contract is or contains a lease if the contract transfers the right to control the use of an asset for a period. The standard shall be applied to all such contracts with the exception of short-term leases or where the underlying asset is of low value. The new standard entails changes where the bank operates as a lessee as the contract must be recognised in the balance sheet as a right of use with a corresponding lease obligation. Upon initial recognition, the lease obligation and the right of use are measured at the present value of future lease payments. The lease obligation is measured in subsequent periods at amortised cost. The lease obligation is reduced by paid rent and increased by calculated interest rates. The associated right of use is measured and depreciated. Right of use and lease obligation shall be adjusted for any new measurement due to changes in agreed rental payments (for example, annual adjustments). Previously expensed rent under ordinary operating costs is replaced with and presented as calculated interest and depreciation.

Right of use assets

In thousands of NOK	2020
Right of use of leased premises 1.1.2020	5 596 582
Revaluation of right of use	33 096
Right of use of leased premises 31.12.2020	5 629 678
Depreciation	-872 195
Book value of right of use assets 31.12.2020	4 757 484

Lease liability

In thousands of NOK	2020
Lease liability 1.1.2020	6 274 452
Lease payments per year	-1 121 988
Interest expense	249 475
Book value of lease liability 31.12.2020	5 401 939

35. Covid-19

The corona pandemic broke out in the spring of 2020 and has led to a significant setback in the Norwegian economy. After a decline in the number of people infected in the early summer and summer of 2020, the infection rate increased throughout the autumn and towards the end of the year, resulting in the recovery of the activity level in the Norwegian economy slowing down. The outlook for economic development in 2021 largely depends on how quickly vaccination can take place. As an increasing proportion of the population is vaccinated through 2021, infection control measures are expected to be scaled back and activity in vulnerable industries, such as services in catering, accommodation and culture, will gradually pick up again.

Guarantee scheme

As part of the corona measures, on 27 March 2020 the government established regulations to the Act on State guarantee scheme for loans to small and medium sized enterprises. The guarantee scheme is aimed at companies that have financing from the banks, and which are affected by a decline in turnover and loss of income as a result of the Covid-19 pandemic. With the loan guarantee scheme, banks can provide loans to companies with a government guarantee of 90 per cent of the loan amounts.

As of 31.12.2020, Cultura Sparebank has granted one loan under the guarantee scheme. The bank is in close contact with its customers and will continuously assess applications that satisfy the eligibility requirements for the scheme.

Financial assets

The classification of a financial asset is determined by the business model for the portfolio the instrument is part of, and which contractual cash flows the instrument has. A distinction is made between debt instruments, derivatives and equity instruments. A debt instrument is all financial assets that are not derivatives or equity instruments.

According to IFRS 9, financial assets must be classified and measured in three categories:

- Amortised cost (AC)
- Fair value through profit or loss (FVPL)
- Fair value through comprehensive income (FVOCI)

As of 31.12.2020, the bank has not changed the classification of financial assets since the outbreak of COVID-19, as this has not changed the purpose of the bank's financial assets. The corona outbreak has affected the value of assets valued at fair value through a weaker Norwegian krone and lower interest rates, which has affected the value of interest-bearing securities and equity instruments.

Loss write-downs on loans

However, increased uncertainty related to future loan losses as a result of the pandemic still entails a need for discretionary additions to the model-calculated write-downs in stage 1 and stage 2. The bank has estimated the need for additional write-downs in stage 1 and stage 2 for customers in the corporate market, based on how vulnerable the various industries are considered to be. The bank has chosen to continue the calculation principles for additional write-downs unchanged from the previous quarter, as follows:

The effect of COVID-19 on different sectors and industries is divided into 2 scenarios:

Scenario 1: Slightly affected (low risk)

Scenario 2: Highly affected (high risk)

Each degree of risk represents a potential change in the industry's risk as a result of Covid-19. The need for increased provisions at the sector level is related to the effect of the pandemic. In the adjustment model, assigned an "adjustment factor" in percentage points: The adjustment factor for the individual industry is multiplied by the bank's exposure in each industry. This provides a proposed addition in model-calculated write-downs per industry. This is thus not an assessment of the need for increased individual provisions at the individual customer level.

The scenarios represent a rough estimate of total loan losses. Since the effects of the epidemic and countermeasures are still unclear, the loss estimates will also be

associated with uncertainty. The bank has assessed that there is an 80% probability for scenario 1, and a 20% probability for scenario 2. The bank follows developments closely and will adjust the estimates for write-downs if necessary.

Industry	Exposure 31.12.2020	Low scenario	Expected loss	High scenario	Expected loss	Total expected loss
Agriculture	74 000	0.25 %	185	1.00 %	740	
Sale and operation of real estate	61 000	0.50 %	305	2.00 %	1 220	
Instruction	75 000	0.00 %	-	2.00 %	1 500	
Health and social work	66 000	0.00 %	-	1.00 %	660	
Cultural activities	8 000	1.00 %	80	3.00 %	240	
Sum	284 000		570		4 360	
Probability- weighted loss		80.00 %	456	20.00 %	872	1 328

Employees and representatives

Board of Trustees

Name	Function	Representative for
Lars Hektoen	Manager	Depositors
Ove Jakobsen	Deputy Chairman	Depositors
Idun Leinaas	Member	Depositors
Elisabeth Tollisen	Member	Depositors
Elizabeth Wirsching	Member	Depositors
Michael Lommertz	Deputy member	Depositors
Åsa Jeppsson	Member	Equity certificate holders
Anne-Kristin Løes	Member	Equity certificate holders
Holger Schlaupitz	Member	Equity certificate holders
Frank Schmiemann	Member	Equity certificate holders
Morten Ingvaldsen	Deputy member	Equity certificate holders
Rune Horne	Member	Employees
Jannike Østervold	Member	Employees
Kari Schage	Member	Employees
Stian Torstenson	Deputy member	Employees

Board of Directors

Maria Bjune	Chair
Christian Dubrau	Deputy Chair
Camilla Brox	Board member
Alf Howlid	Board member
Morten Johannessen	Board member
Christine Praamsma	Board member elected by the employees
Randi Almås Welhaven	Board member
Stig Aleksander Aune	Deputy member
Camilla Gjetnes	Deputy member elected by the employees
Liv Anna Lindmann	Deputy member

Employees

The bank's management team

Kjell Fredrik Løvold	CEO, general manager
Jannike Østervold	Deputy manager, assistant bank manager, IT and marketing manager
Kari Schage	Assistant Bank Manager, Credit Manager
Christina Andersson	Money laundering manager
Torstein Dyrnes	CFO, manager risk control, compliance
Camilla Gjetnes	Manager of daily banking
Andreas Haugerud	Daily banking
Bjarne Hjertholm	Lending
Rune Horne	Lending
Thomas Emil Lie Karlsen	Daily banking
Annette Larssen	Daily banking
Alice Nyamogo	Accounting and operations
Christine Praamsma	Accounting and operations
Tor-Fabian Seljesæther-Aaserud	Lending
Gro Sissel Taraldrud	Lending
Stian Torstenson	IT and market
Mie Tørmoen	Daily banking

Some cooperating banks in Europe

Andelskassen Merkur	Denmark	La NEF	France
Ekobanken	Sweden	Crédit Coopératif	France
Freie Gemeinschaftsbank BCL	Switzerland	Banca Etica	Italy
GLS Gemeinschaftsbank e.G.	Germany	Triodos Bank	The Netherlands

Cultura Bank also participates in international cooperation through its membership in the organisations Fédération Européenne des Banques Étiques et Alternatives (FEBEA), Global Alliance for Banking on Values (GABV) and the Institute for Social Banking (ISB).



Independent Auditor's Report

To the Board of Trustees of Cultura Sparebank

Statement on the audit of the annual accounts

CONCLUSION

We have audited the annual accounts of Cultura Sparebank.

<p>The annual accounts consist of:</p> <ul style="list-style-type: none">• Balance sheet as of December 31, 2020• Income statement and other comprehensive income• Statement of changes in equity• Cash flow statement for the financial year ended as of 31 December 2020• Notes to the annual accounts, including a summary of important accounting principles	<p>In our opinion:</p> <ul style="list-style-type: none">• the annual accounts have been submitted in accordance with the law and regulations• the annual accounts give a true and fair view of the financial position as of 31 December 2020 and of the bank's results and cash flows for the financial year ended as of this date in accordance with the Regulations on Annual Accounts for Banks, Credit And Financing Companies § 1-4, 1 b).
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BASIS FOR THE CONCLUSION

We conducted our audit in accordance with Norwegian law, regulations and generally accepted auditing standards, including the International Standards on Auditing (ISAs). Our duties and responsibilities in accordance with these standards are described in the Auditor's duties and responsibilities for auditing the annual accounts. We are independent of the bank as required by the law and regulations and have complied with our other ethical obligations in accordance with these requirements. In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OTHER INFORMATION

Management is responsible for other information. Other information consists of the annual report and other information in the annual report, but does not include the annual accounts and the auditor's report.

Our statement on the audit of the annual accounts does not cover other information, and we do not certify the other information.

In connection with the audit of the annual accounts, it is our task to read other information identified above for the purpose of assessing whether there is a significant inconsistency between other information and the annual accounts, knowledge we have accumulated during the audit, or whether it apparently contains material misstatement.

Should we conclude, on the basis of the work we have performed, that this other information contains material misstatement, we are required to comment on this. We have nothing to report in this respect.

THE BOARD OF DIRECTORS AND CEO'S RESPONSIBILITY FOR THE ANNUAL ACCOUNTS

The Board of Directors and CEO (management) are responsible for preparing the annual accounts in accordance with laws and regulations, including ensuring that it provides a true and fair view in accordance with the Regulations on Annual Accounts for Banks, Mortgage Companies And Financing Companies § 1-4, 1 b). Management is also responsible for such internal control as it deems necessary to prepare annual accounts that do not contain material misstatement, either as a result of fraud or unintentional error.

When preparing the annual accounts, management must express an opinion on the bank's ability to continue as a going concern and provide information on matters of significance for a going concern. The assumption of going concern shall be used as a basis for the annual accounts unless management either intends to wind down the bank or cease operations, or has no realistic alternative to doing so.

AUDITOR'S DUTIES AND RESPONSIBILITIES IN THE AUDIT OF THE ANNUAL ACCOUNTS

Our goal is to obtain satisfactory assurance that the annual accounts as a whole do not contain material misstatement, either as a result of fraud or unintentional error, and to submit an audit report that contains our conclusion. Satisfactory assurance is a high degree of assurance, but no guarantee that an audit performed in accordance with laws, regulations and good auditing practice in Norway, including the ISAs, will always reveal existing material misstatement. Incorrect information may occur as a result of fraud or unintentional error. Misstatement is considered significant if it individually or collectively may reasonably be expected to influence financial decisions that users make based on the annual accounts.

For a further description of the auditor's duties and responsibilities, see:

<https://revisorforeningen.no/revisjonsberetninger>

Statement on other legal requirements

CONCLUSION ON THE ANNUAL REPORT

Based on our audit of the annual accounts as described above, we believe that the disclosures in the annual report on the annual accounts, the assumption of going concern and the proposed use of earnings are consistent with the annual accounts and in accordance with laws and regulations.

CONCLUSION ON REGISTRATION AND DOCUMENTATION

Based on our audit of the annual accounts as described above, and control measures we have found necessary in accordance with the International Standard for Certification Assignments (ISAE) 3000 "Non-audit certification or simplified audit of historical financial information", we believe that management has fulfilled its duty to ensure proper and clear registration and documentation of the bank's accounting information in accordance with laws and good accounting practice in Norway.

BDO AS

John Christian Løvaas
Certified Public Accountant
(signed electronically)

Uavhengig revisors beretning

Til forstanderskapet i Cultura Sparebank

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert årsregnskapet til Cultura Sparebank.

Årsregnskapet består av:

- Balanse per 31. desember 2020
- Resultatregnskap og utvidet resultat
- Oppstilling over endringer i egenkapital
- Kontantstrømpoppstilling for regnskapsåret avsluttet per 31. desember 2020
- Noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper

Etter vår mening:

- Er årsregnskapet avgitt i samsvar med lov og forskrifter
- Gir årsregnskapet et rettviseende bilde av den finansielle stillingen per 31. desember 2020 og av bankens resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med forskrift om årsregnskap for banker, kredittforetak og finansieringsforetak § 1-4, 1. ledd b).

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av banken slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Annen informasjon

Ledelsen er ansvarlig for annen informasjon. Annen informasjon består av årsberetningen og annen informasjon i årsrapporten, men inkluderer ikke årsregnskapet og revisjonsberetningen

Vår uttalelse om revisjonen av årsregnskapet dekker ikke annen informasjon, og vi attesterer ikke den andre informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese annen informasjon identifisert ovenfor med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom annen informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi, på bakgrunn av arbeidet vi har utført, konkluderer med at disse andre opplysningene inneholder vesentlig feilinformasjon, er vi pålagt å uttale oss om dette. Vi har ingenting å rapportere i så henseende.

Styret og banksjefs ansvar for årsregnskapet

Styret og banksjef (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvise bilde i samsvar med forskrift om årsregnskap for banker, kredittforetak og finansieringsforetak § 1-4, 1. ledd b). Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til bankens evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvike banken eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avggi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:

<https://revisorforeningen.no/revisjonsberetninger>

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av bankens regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

BDO AS

John Christian Løvaas
statsautorisert revisor
(elektronisk signert)



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