



Cultura
Bank

Annual Report
2022

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01 Year 2022

A word from the CEO

A look back at 2022



A word from the CEO

In 2022, it was 25 years since Cultura Bank had received its banking licence, after 10 years as Cultura Lånesamvirke [Loan Co-operative]. Our thoughts go back to the pioneers, who for a number of years worked to realise a revolutionary idea for banking. The very reason for starting Cultura Bank was to ensure that the money transferred from depositors and owners to borrowers would create positive ripple effects in society, be it in societal, environmental or cultural terms. I hope and believe that those who in the 1980s initiated the process that would become Cultura Bank can today nod in approval and think that we have achieved a lot in these 25 years.

But we cannot rest on our laurels. Although the loan portfolio in 25 years has increased from 20 to over 900 million, and the staffing at the bank has increased from 4 to 20 people, the regulatory landscape and regulatory requirements for banks have also evolved and become so extensive that we see that many smaller savings banks have concluded that they need to merge with other banks in order to survive. For Cultura Bank, it has also been both demanding and challenging to keep up with all the new requirements. Nevertheless, our ambition is to remain an independent savings bank that is true to our core values, while recognising that it is strategically wise and necessary to find partners in areas that do not interfere with our core business. In 2022, we therefore signed a letter of intent with Lokalbank c/o LB-selskapet AS, for a collaboration that gives us access to a rich environment of expertise.



2022 has been a year of greater uncertainty and change than we've been used to - both globally and in Norway. We were recovering from the coronavirus pandemic but were caught off guard by the war in Ukraine and energy prices rising to unprecedented levels. We've had inflation that exceeded the government's targets, so they've had to put the brakes on in the form of one interest rate hike after another - and there's still no end in sight. Many families are finding that they have become less well-off and are having to cut back on spending. This in turn is affecting local businesses, which are struggling to survive - not all of them can.

With so many negative trends, is it possible for us to find something positive too? As people become less well-off, it becomes more important to safeguard what they have. Reducing our consumption somewhat is not a bad thing for the planet and the climate. So, I would like to appeal to all the handy people of my grandparents' generation, who grew up in a time when material goods were less abundant and it was necessary to conserve and utilise

scarce resources in the best possible way. It would be a shame if that knowledge were to disappear with you. Pass those skills on to your children and grandchildren. Teach them to do carpentry, sew and mend clothes, cook from scratch, pick mushrooms and berries and edible plants and maybe grow a kitchen garden. We are soon to become a nation of professionals - we must also value the practical knowledge that helps make us more resilient and adaptable for the future.

I have been working at Cultura Bank since 1998 and took over as Bank Manager in March 2022, first as acting manager and since September as permanent manager. It has been a long journey, which has never been boring, and I look forward to being involved in continuing to improve Cultura Bank for some years to come, and to continue the close cooperation with all the bank's stakeholders - customers, employees, elected representatives, suppliers and partners.

Jannike Østervold
Bank Manager, CEO

A look back at 2022

Q1



- More than NOK 150,000 was distributed to our partner organisations, thanks to all those saving with the support account.
- Cultura Bank's own magazine "Pengevirke" came out with the special issue on "Diversity"
- Jannike Østervold became the new bank manager
- Cultura Bank's customers can use the new BankID app.
- New payment cards on recycled plastic with a new design



Q2



- The bank published its first sustainability report according to GRI standards.
- Credit officer Øyvind Aasnæs attended "Summer School" organised by the Institute for Social Banking
- Cultura Bank signed a letter of intent with LOKALBANK via LB Selskapet AS for collaboration in selected areas of expertise.
- Letter of intent with Frende Forsikring



"We welcome Cultura Bank to the Frende family," says Erik Bjordal, Sales and Marketing Director at Frende Forsikring.

A look back at 2022

Q3



- Nordic bank leaders' meeting in Hadeland
- Eco-hunt 2022 saw a record number of participants
- Cultura surpassed 5,000 retail customers!



We have a close and positive collaborative relationship with both Merkur Cooperative Bank in Denmark and Ekobanken in Sweden. We have a tradition whereby bank managers and board members of the three banks meet twice a year to exchange experiences, discuss current issues and inspire each other

Q4



- We have had three Article 9 (also known as dark green) funds approved by Triodos for distribution in Norway
- Our Danish "sister bank" Merkur turns 40, and we take part in the celebration
- Cultura customers were winners at the Food Prize 2022 award ceremony
- We celebrate 25 years as a bank and take our employees on a pre-Christmas visit to Cultura customer Vidaråsen Village



Virgenes farm was awarded the prize for Producer of the Year at the Food Prize 2022 award ceremony. Tore Jardar Virgenes accepted the award. Photo: Food Prize/Magnus Gulliksen



Mølleren Sylvia, winner of the Debio Prize, with award presenters Ole Martin Alfsen and Anja Bakke Riise and programme host Astrid Regine Næsslander. Photo: Food Prize/Magnus Gulliksen

02 *About Cultura Bank*

Key figures

Briefly about Cultura Bank

Strategy for 2022-2024



Key figures

In thousands of NOK	2022	2021	2020	2019	2018	In thousands of NOK (continued)	2022	2021	2020	2019	2018
Debt-equity ratio						Environment					
Common equity tier 1 capital adequacy ratio (in%)	20.79	20.34	21.32	23.46	19.25	CO2 emissions from own operations (in tonnes)	n/a	9.3	7.8	7.2	11.0
Tier 1 capital adequacy ratio (in %)	23.50	23.12	24.24	26.84	22.52	Returns/profitability					
Total capital adequacy ratio (in %)	23.50	23.12	24.24	26.84	22.52	Profit after tax	6,465	2,083	4,327	6,719	5,477
Risk-weighted balance sheet according to calculation basis	560,565	543,854	517,814	444,790	459,037	Return on total assets ³	0.45	0.16	0.37	0.62	0.55
Unweighted tier 1 capital ratio (in %)	8.75	8.87	9.92	10.58	9.54	Return on equity ⁴	4.94	1.63	3.70	6.91	6.20
Total assets	1,489,093	1,396,350	1,226,346	1,112,511	1,066,368	Net interest income ⁵	2.61	1.84	2.25	2.38	2.21
Average total assets	1,442,722	1,311,348	1,169,429	1,089,440	1,005,582	Cost/income %	71.59	93.63	75.16	74.00	79.68
Equity	133,424	128,098	126,984	104,661	89,836	Operating expenses as a percentage of average total assets	2.16	2.05	2.04	2.23	2.28
Liquidity						³ Return on total assets: profit after tax as a percentage of average total assets					
Liquidity Coverage Ratio (LCR)	271	256	242	238	322	⁴ Return on equity: profit after tax as a percentage of average equity					
Net Stable Funding Ratio (NSFR)	171	175	170	164	172	⁵ Net interest income: net interest and credit commission income as a percentage of average total assets					
Deposit and loan development											
Lending to customers	921,788	912,897	802,618	728,450	635,508						
Annual lending growth (in %)	1.0	13.7	10.2	14.6	12.3						
Deposits from customers	1,339,536	1,255,830	1,086,302	982,957	951,603						
Annual deposit growth (in %)	6.7	15.6	10.5	3.3	13.9						
Deposit-to-loan ratio (in %)	145	138	135	135	150						

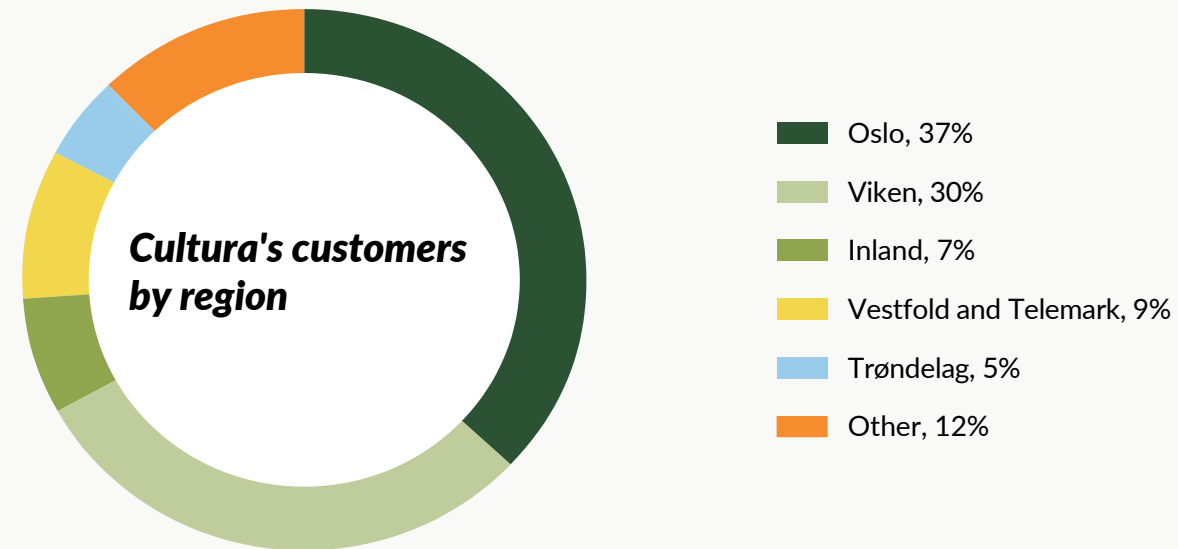
Briefly about Cultura Bank

Cultura Bank was established in 1997, as a continuation of the member-based Cultura Lånesamvirke. The bank aims to fund socially beneficial and sustainable projects and is the only bank in Norway that practises transparency in its lending to businesses.

Cultura Bank offers most of the usual banking services for private individuals and businesses.

The lending business, which follows a values-based lending policy, is the bank's core business. The bank has customers all over the country, with the majority of the customer base located in the eastern part of the country. The bank's office is at Holbergsgate 1 in Oslo.

As a values-based bank, we seek to contribute to value creation for our owners, customers and society in general. Depositors, owners and employees are represented on our Board of Trustees.



THE ETHICAL BANK GUIDE'S TOP RANKING FOR NORWAY

We are proud and pleased that our values-based banking has once again earned us the Ethical Bank Guide's top ranking for Norway with 98 out of 100 possible points. The Ethical Bank Guide is based on a comprehensive review of the banks' guidelines, requirements and policy documents. The review was carried out by the Future in Our Hands and the Norwegian Consumer Council.

Strategy for 2022-2024

Cultura Bank has a statutory goal of funding projects that are socially beneficial and contribute to creating quality of life and protecting nature and the environment.

The articles of association also state that the bank shall contribute to influencing attitudes towards money and finances, so that capital can be directed towards real needs and unmet societal challenges. Informational and awareness-raising activities are therefore also important to fulfil the bank's objectives. With this in mind, we have formulated Cultura Bank's vision and mission for the strategy period 2022-2024.



Vision

Cultura Bank shall work to ensure the quality of life and natural assets today and for future generations.

Mission

Cultura Bank aims to inspire the conscious use of money by disseminating knowledge and funding projects that take into account the resilience and sustainable development of the planet. The bank is based on business principles that balance the interests of people, the environment and the economy.



Our values

Transparent, fair, innovative.

STRATEGIC PRIORITIES IN THE PERIOD 2022 - 2024:

Values-based #1 bank for our customers

Cultura Bank shall be a values-based principal bank for our customers.

Sustainability reference point

Cultura Bank shall be a reference point for ethical banking and sustainability through transparency, communication and cooperation.

Partner for a future-oriented and ethical business community

Cultura Bank shall create value by channelling depositors' funds to value-conscious companies and people, contributing to a fair society and sustainable development.



Financially robust with a high level of expertise

Cultura Bank shall operate with financial results that create long-term sustainability for customers, owners and employees.

03 *Our business*

Values-based banking culture

Overall objectives

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Our products and services



Values-based banking culture

In 2022, Cultura Bank celebrated its 25th anniversary as a savings bank. However, the bank's roots go back to the 1970s, when an alternative banking movement started to emerge in Europe. Eventually, it also had an offshoot in Norway, Cultura Lånesamvirke, which was the precursor to Cultura Bank.

The international alternative banking community moved from using the terms "ethical banking" and "social banking" to "values-based banking". This means that the bank's activities should contribute to the benefit of society, respect for human rights and environmental considerations. Consideration for society and the environment takes priority over the bank's own financial results, but profitable operations are, however, a prerequisite for the bank to be able to grow and develop.

The mission statement of Cultura Bank has something in addition to what is found in the standard articles of association for savings banks:

SECTION 1.2 OF THE ARTICLES OF ASSOCIATION:

The purpose is, by funding projects of benefit to society, to contribute to creating quality of life and a viable economy within a living natural environment. The bank shall contribute to shaping attitudes about money and finances so that capital can be directed towards real needs and unmet societal challenges.

The mission statement specifies that the bank shall broaden its economic understanding to include ethics and social responsibility.

Cultura is a member of the Global Alliance for Banking on Values (GABV), an international network of values-based banks, working to find sustainable solutions to global problems. The Alliance was founded in 2009 and Cultura Bank joined the Alliance in 2010. Cultura Bank endorses the Global Alliance for Banking on Values six principles of values-based banking.

THE TRIPLE BOTTOM LINE

Cultura invests in businesses and allocates capital to causes that have a positive impact on social, economic and environmental issues. Our lending portfolio shall contribute to positive developments in one or more of these areas. Cultura divides its lending portfolio according to the triple bottom line: "People, Planet and Prosperity".

THE REAL ECONOMY

Cultura shall serve customers who contribute positively to the real economy, i.e., buying and selling sustainable products and services. The bank shall only invest in derivative transactions for hedging purposes only, but not for speculative purposes.

TRANSPARENCY

Our corporate governance shall be inclusive and transparent. Cultura publishes, with customers' consent, a list 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 being a values-based bank.

LONG-TERM RESILIENCE

Cultura as a credit institution has a long-term and positive perspective and shall contribute to our customers having sustainable and resilient finances.



PROUD MEMBER

CUSTOMER-ORIENTED

Our core business is based on our loan customers. The bank shall be customer-orientated by listening to our customers' financial needs and finding effective, innovative solutions. Cultura shall also work to create awareness of attitudes towards money and finances. This is done, among other things, through articles and reports in the bank's magazine Pengevirke and activity on social media.



Overall objectives

Sustainability and corporate social responsibility are enshrined in the bank's articles of association. Consideration of climate, ethics and social issues must be a consistent feature of the entire organisation. The bank's products and services, investments and marketing shall be in line with ethical guidelines.

Transparency is one of the bank's fundamental values. The bank shall contribute to positive value creation and be a committed player in society. Both in decision-making and in daily work, Cultura shall be known for being transparent and applying ethics and sustainability in everything we do. We want an open and honest dialogue with our stakeholders.

SUSTAINABLE LENDING POLICY

Credit is the bank's core business and the area where the bank has the greatest impact on climate and the environment. In the corporate market in particular, the bank has set guidelines for lending through a values-based lending policy. The lending policy is primarily based on positive selection but excludes businesses and projects that are harmful to society and the environment, or that have a negative impact on human life and health.

RESPONSIBLE INVESTMENT

Sustainability is also integrated into our management and investment activities.

Responsible ownership is an important part of our core values and a prerequisite for sustainable development in society in general. Cultura conducts sustainability assessments in line with financial assessments when evaluating securities and counterparties.

We engage in dialogue with our managers on ESG issues to ensure up-to-date and most appropriate assessment criteria. Cultura's investments shall also be in line with the exclusion list in the bank's lending policy.

CLIMATE AND ENVIRONMENT

Norway supports the goals of the Paris Agreement to limit global warming to below two degrees. The goal is to reduce the temperature increase to 1.5 degrees in order to limit the risk of the greatest impacts of climate change. Norway's commitment to reduce its emissions by 50-55% by 2030 sets clear expectations for Norwegian players, including in the private business sector. The bank has endorsed the Paris Agreement and aims to work towards an ambitious climate target for our operations in line with our GABV member banks.

Cultura is certified as an Eco-Lighthouse company according to the industry criteria for banking and finance activities. It is therefore important to have a well-adapted environmental management system, which means that all employees should be well informed about the bank's sustainability policy. This is pursued, among other things, by monitoring the results of the Eco-Lighthouse report.

The bank's main environmental impact is indirect through our lending activities and investments. The bank's lending policy limits our negative impact on the environment and the bank measures scope-3 emissions (indirect emissions) through its PCAF reporting (Partnership for Carbon Accounting Financials).

BIOLOGICAL DIVERSITY

Safeguarding biodiversity in nature is particularly important for Cultura, given the bank's goal of preserving quality of life and natural assets for future generations. All species have a specific function and contribute in their own way to the functioning of ecosystems. Cultura aims to contribute to more robust and sustainable ecosystems and therefore integrates this consideration into the bank's lending policy. This consideration is also highlighted in the selection of suppliers.

The bank's policy of funding only organic or regenerative agriculture is motivated by, e.g., biodiversity considerations, since organic farming produces more organic matter and

a higher content of micro-organisms, earthworms and other small creatures in the soil. The bank aims to include this consideration wherever possible in other business areas.

SOCIAL RESPONSIBILITY

The bank also has a special social responsibility as a values-based bank. Contributing to cultural diversity and quality education is an important contribution to social sustainability. It is the bank's desire to continue this as a priority lending area. The bank's ethical guidelines describe employees' responsibility for and ability to report suspicious behaviour. The bank shall maintain and implement the anti-money laundering and counter-terrorist financing measures set out in the sustainability and corporate social responsibility policy. The bank respects internationally recognised human rights and shall not, under any circumstances, contribute to their being violated. Guidelines for safeguarding human rights are discussed in the bank's ethical guidelines. The internal work of the bank shall take forms that support

society's goals of education, participation, lifelong learning and the fostering of individual creativity. The bank's ethical guidelines also address the bank's approach to promoting gender equality and combating discrimination and harassment.

REQUIREMENTS FOR SUPPLIERS

Cultura shall require its suppliers and partners to have a conscious attitude towards sustainability. Our social responsibility also extends to our business relationships. According to the purchasing instructions, an assessment of needs and the supplier's environmental profile must be made. The bank's purchasing policy provides clear guidance for what the bank emphasises when selecting new suppliers.

[Read more about our value chain](#)

Corporate governance

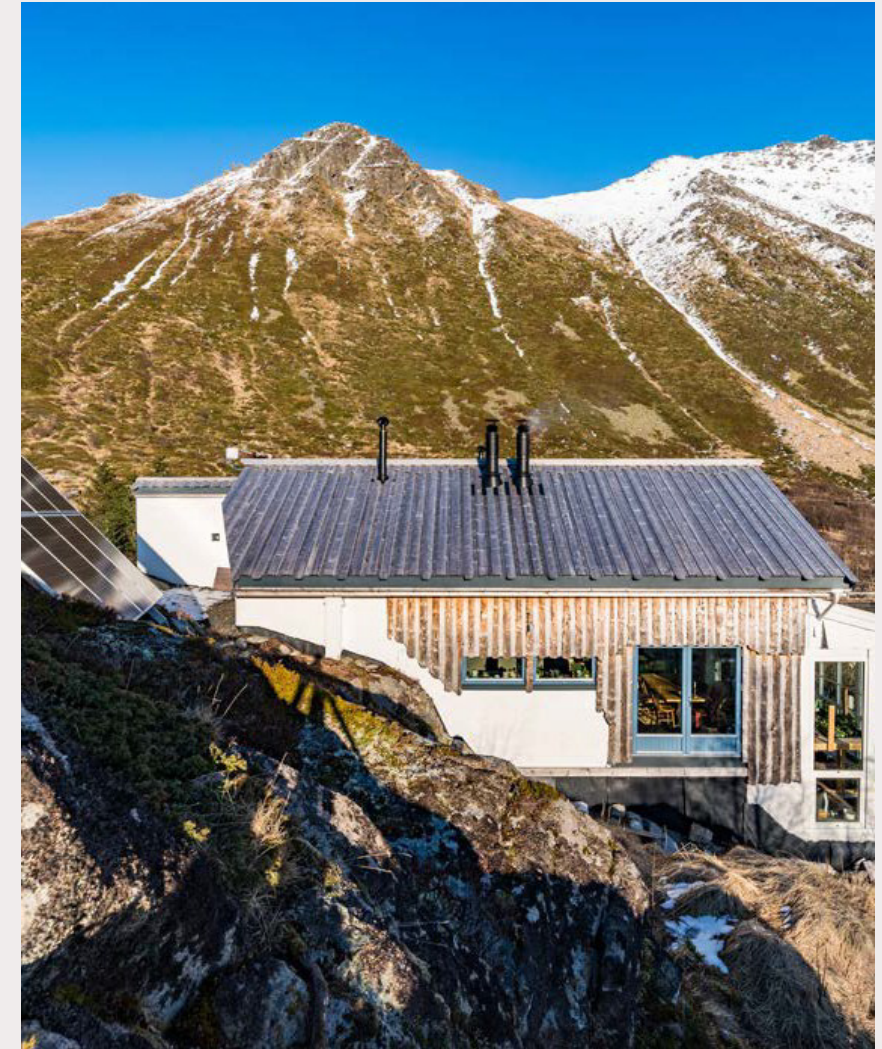
Corporate governance at Cultura Bank shall ensure that the bank achieves its financial and value objectives without taking risks that in the short or long term are incompatible with these objectives. All risk factors must be identified and addressed through internal regulations, sound understanding of risks in all parts of the business, ongoing management focus and effective internal control.

Public information about the bank shall comply with legal requirements for reporting and disclosure. Information shall be accurate, relevant, timely and accessible to meet the needs of regulators, investors, customers, external credit rating agencies and the public. The bank's principles for corporate governance and risk management also apply to its outsourced activities.

PRINCIPLES FOR CORPORATE GOVERNANCE

- Cultura Bank's purpose as a values-based bank is integrated into the management of the business.

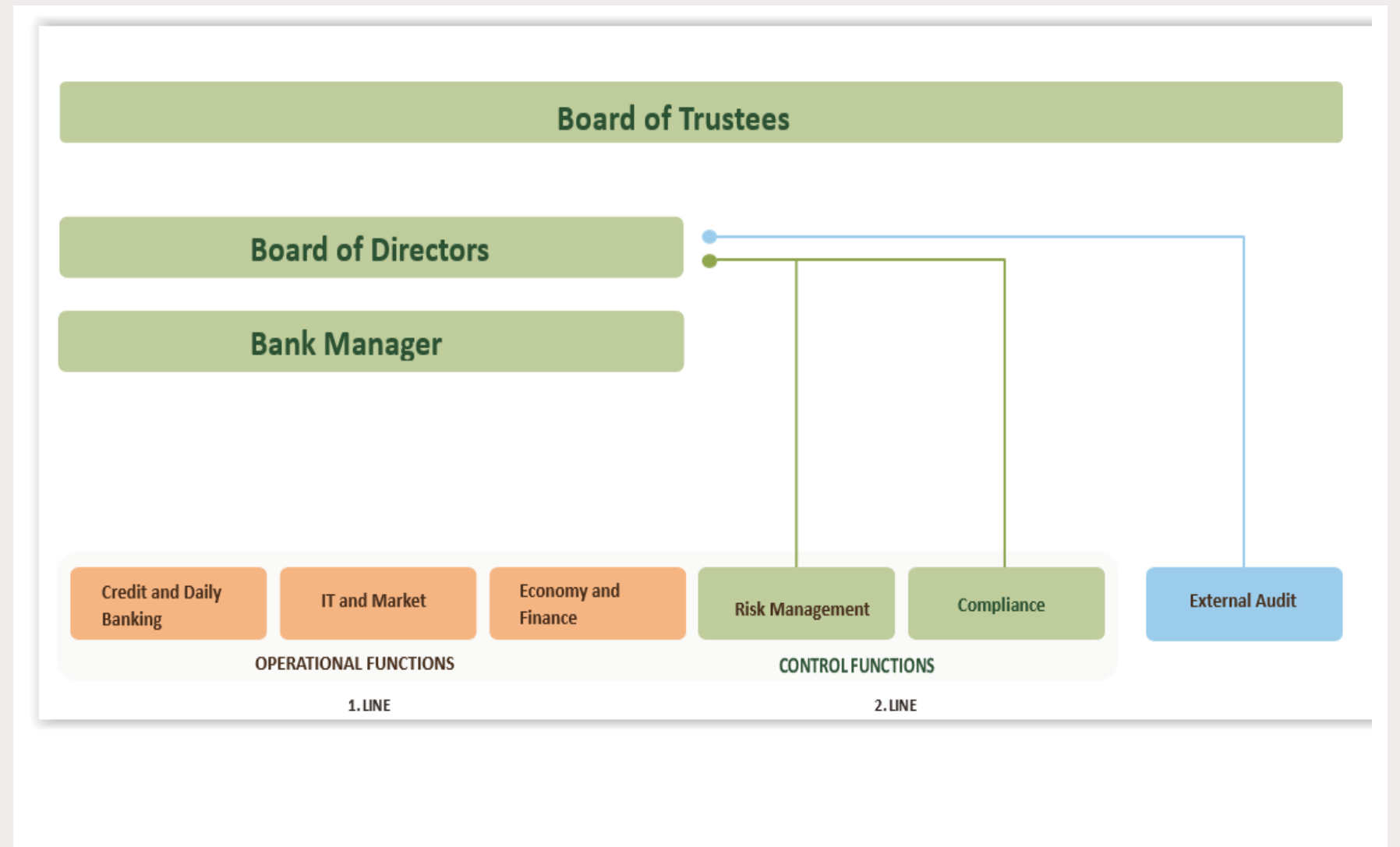
- Cultura Bank's values, vision and ethical principles are clear, well known and are the basis for the management and operations of the bank.
- Governing bodies are set up with the responsibilities defined in laws, regulations and in the bank's articles of association.
- The organisational structure is clear and transparent, with a clear division of responsibilities and clear reporting lines. Responsibilities, duties and authorisations are laid down in instructions, including job descriptions at all levels.
- The development of the business and the management of business risk is done through the processes for setting strategy, risk appetite and plans.
- The risk framework ensures the management and mitigation of risk and consists of limits and assessment principles for the risk categories that are material to the bank.
- The internal control system ensures robust operations, effective and documented work processes, reliable reporting and control procedures that ensure compliance with external and internal regulations.



- Governance documents and other information relevant to day-to-day operations shall be easily accessible to all staff.
- Corporate governance is supported by appropriate reporting, with content, frequency and format adapted to the target audience.

ORGANISATIONAL STRUCTURE

Cultura Bank is organised in accordance with the Financial Institutions Act and the bank's articles of association. The bank refers to its highest body as the Board of Trustees. The Board of Trustees consists of representatives of depositors (5), owners of equity certificates (4) and the bank's employees (3). The Board of Trustees normally meets twice a year. The 12 members of the Board of Trustees elect their own permanent chairperson. The tasks of the Board of Trustees include adopting the bank's accounts, electing the Board of Directors and appointing the Nomination Committee. The Board of Directors elects an Audit and Risk Committee from among its members.



Our products and services

With its current service offering, Cultura can meet many of its customers' needs for financial services. Many still have another bank as their principal bank. Cultura Bank's strategy for 2022-24 includes a goal to be the number one bank for more customers. The product and service offering is therefore under development and is expected to be expanded during 2023.

Deposits and lending

Cultura Bank is engaged in traditional banking activities, which consist of deposits from and lending to private, corporate and non-profit organisations.

SUPPORT ACCOUNTS

In addition to regular current and savings accounts, we also offer support accounts where our customers have the opportunity to support one of our partner organisations while saving. Cultura Bank collaborates with the Norwegian Society for the Conservation of Nature, WWF-Norway, the Norwegian Rainforest Foundation, Save the Children, the Norwegian Women and Family Association and P.E.N. Norway

VALUES-BASED LENDING POLICY

Cultura Bank's values-based lending policy describes which lending purposes are prioritised and which purposes are excluded when it comes to business lending.

In the retail market, the bank currently has mainly home loans, but our lending policy also allows for loans for electric cars and electric bicycles. In the corporate market, the bank offers short-term operational financing, guarantees and long-term investment loans.

Payment services

Cultura offers payment services for private individuals and businesses and covers most basic banking needs, including banking integration for businesses.

Crowdfunding on CulturaFlokk

Cultura Bank's crowdfunding platform, CulturaFlokk, welcomes donation and reward-based projects that are in line with the bank's values.

The platform enables early-stage projects to get funding before they are far enough in the process to get a regular bank loan. CulturaFlokk does not provide loans or equity.

The platform is both an effort to emphasise the importance of donations and a good tool to establish contact with new projects and communities.

During 2022, approximately NOK 247 thousand was raised for seven projects through CulturaFlokk. Since the start in 2018, NOK 2.9 million has been collected for 96 projects.

Cultura Bank is a member of the Norwegian Crowdfunding Association.



Tori-maa House in Kolkata, India, is a learning and gathering place for more than a hundred children and youth, adult friends and teachers. It teaches yoga, plant painting, knowledge of nature and is the administrative centre for EarthCare with Art, West Bengal. For people in the neighbourhood, it is their ashram. From the time the house was built in 2013-14, the idea of solar energy has been part of it. Money and expertise were lacking. They set up a CulturaFlokk project and raised over NOK 40,000 for the project.

Pengevirke – journal for a new banking culture

Cultura Bank's mission statement states that the bank shall contribute to shaping attitudes towards money and finances so that capital can be directed towards real needs and unmet societal challenges. As an important part of this awareness-raising work, the bank publishes "Pengevirke, journal for a new banking culture".

HOW IT STARTED

Pengevirke magazine first appeared in 1999, with the topic "Banks on the move". The magazine was a collaboration between Merkur Cooperative Bank in Denmark and Cultura Bank. As with most new-borns, it was a challenge to find a name for the child. It was particularly difficult because it had to be something that would work equally well in both Danish and Norwegian. Because although the languages are in many ways very similar, the spelling is often slightly different. The result was "Pengevirke" - a word that did not exist before, either in Danish or Norwegian, but which we have now become accustomed to.

As of the 2013 issue, Danish and Norwegian Pengevirke are produced as two completely independent magazines. The editorial team for Norwegian Pengevirke has consisted of Arne Øgaard and Jannike Østervold from the very beginning.

The printed version is produced 100% biodegradable, without the use of harmful chemicals and heavy metals, according to the Cradle-to-Cradle principles. Material from Pengevirke is also reused in social media and on cultura.no. The circulation of the paper edition is approximately 3,800 copies, most of which are distributed to the bank's customers and some external subscribers. It is also possible to subscribe digitally. The magazines can be read in full at cultura.no.

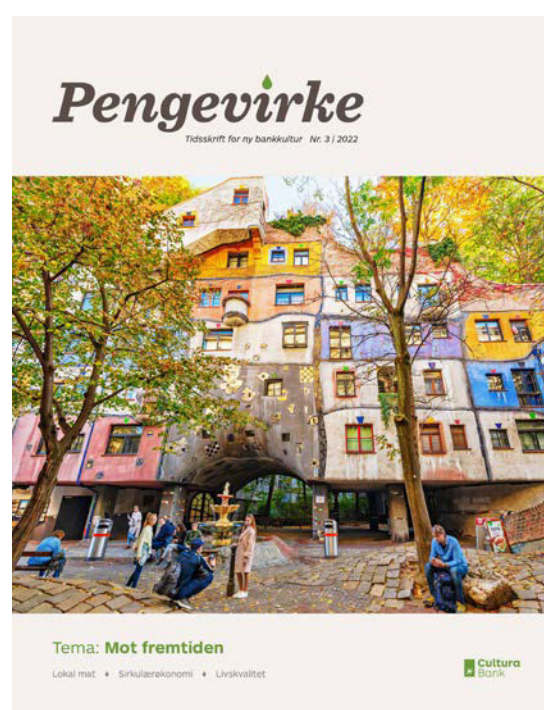
PARTLY FUNDED BY VOLUNTARY CONTRIBUTIONS

Pengevirke is partly funded by voluntary contributions, and we have had the interesting experience that when we send out a giro with an open amount and state what is the cost, and since it is a voluntary subscription fee,

we find that many take the liberty of making an extra donation. In 2022, NOK 68,000 was donated to Pengevirke.

ISSUES IN 2022

In 2022, the topics were 'Diversity', 'Change', "Towards the future" and "Finances and money".



04 *Sustainability at Cultura Bank*

Starting from sustainability

Employees

Management

Customers

Our Customers and the UN Sustainable Development Goals

Suppliers

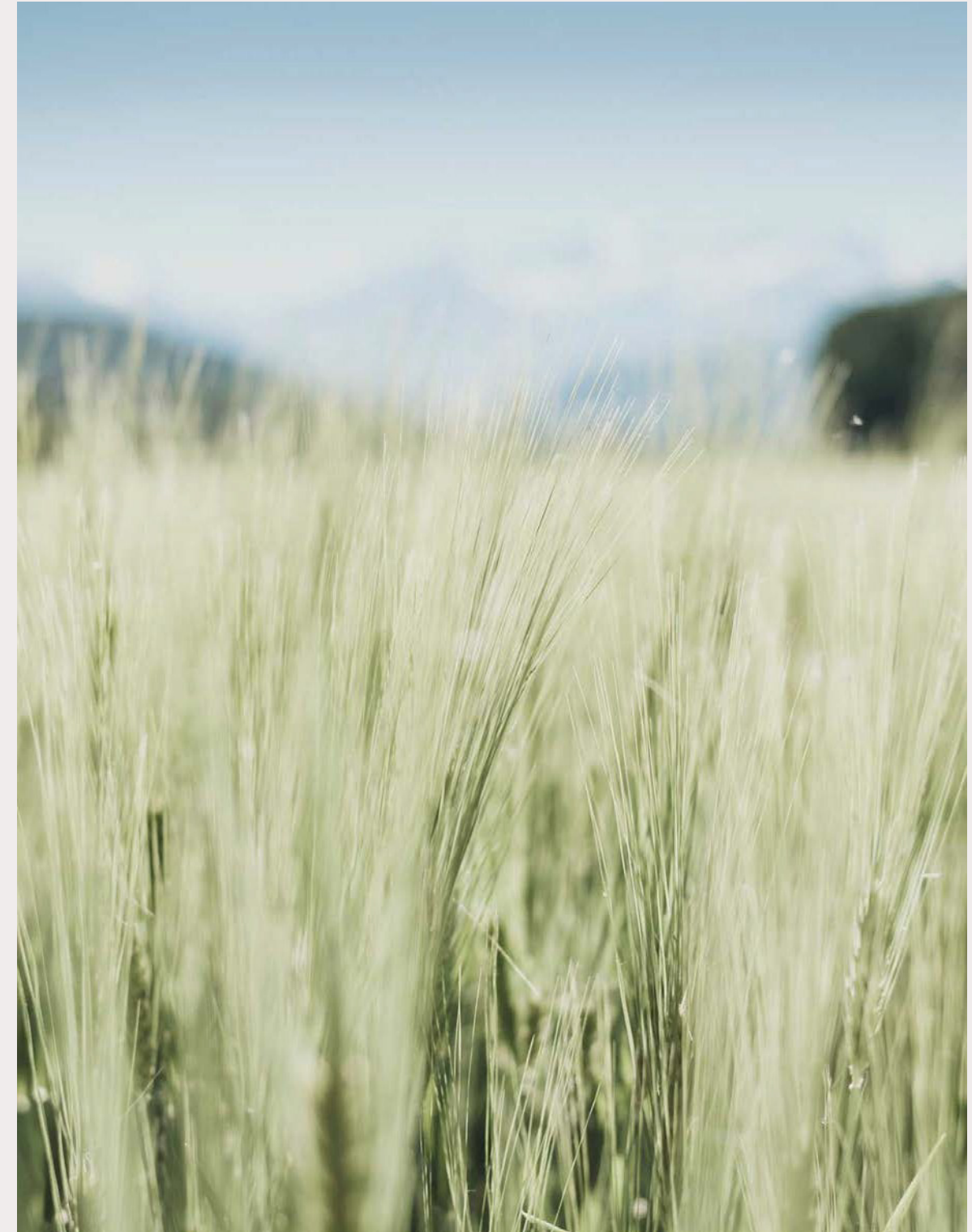
Stakeholder dialogue



Starting from sustainability

Since the bank's inception, responsible stewardship of money and the safeguarding of natural resources have been at the core of its activities. The bank's lending policy clearly defines the purposes for which loans are granted. The bank's value "transparency" is expressed by publishing which projects have received loans, so that customers who save at Cultura know what their money goes to. Lending is the bank's main activity, but beyond this, several processes have been initiated in Cultura's sustainability work.

Cultura has endorsed a number of national and international conventions and initiatives. These have been reviewed by the Board and include in particular initiatives aimed at the banking industry. In addition, we aim to clarify our policies towards human rights, biodiversity and natural and cultural heritage.



NATIONAL AND INTERNATIONAL INITIATIVES ENDORSED BY CULTURA

Initiatives Cultura Bank supports	Description
UNEP FI PRB	United Nations Environment Programme's partnership with the financial sector, Principles for Responsible Banking, aiming for banks to take a driving role in working towards the Sustainable Development Goals and fulfilling the Paris Agreement
Net Zero Banking Alliance	UN climate initiative for banks, climate neutrality by 2050
UN Global Compact Principles	The world's largest corporate social responsibility initiative. Ten principles on human rights, labour standards, environment and anti-corruption
ILO Convention no. 169	Convention on the Rights of Indigenous Peoples
OECD Guidelines for Multinational Enterprises	Guidelines for multinational enterprises on responsible corporate governance with respect to internationally recognised standards
UN Guiding Principles on Business and Human Rights	Guidelines for safeguarding human rights in business
Women`s Empowerment Principles	Principles developed in co-operation with the Global Compact to enhance women's opportunities and rights
IFC Performance Standards	Guidelines developed by the World Bank for projects it finances. They were last updated in 2012 and, together with the Equator Principles, are internationally recognised guidelines to ensure that projects are implemented in a socially and environmentally responsible manner. The eight standards cover: Social and environmental risk management, labour conditions, resource efficiency and measures to reduce pollution, community health, safety and environment, land grabbing and involuntary resettlement, biodiversity conservation, and sustainable management of living natural resources, indigenous peoples and cultural heritage. See also the Government's website for more information.
Sustainable Development Goals	The world's shared blueprint for a sustainable future. The goals are to be achieved by 2030 (2030 Agenda)
The Universal Declaration on Human Rights	Fundamental Convention containing 30 principles of human rights
ILO Declaration	International convention on labour rights
The UNESCO World Heritage Sites	Universal UN Convention for the Conservation and Protection of Cultural and Natural Heritage
Convention on the Rights of Persons with Disabilities	The Convention on the Rights of Persons with Disabilities is an international human rights treaty of the United Nations that aims to protect the rights and dignity of persons with disabilities. Parties to the Convention are required to promote, protect and ensure the full enjoyment of human rights by persons with disabilities and ensure that persons with disabilities enjoy full equality under the law.
Ramsar Convention on Wetlands	International treaty for the conservation of wetlands
UN Convention on Biological Diversity	Endorsed by 150 countries during the 1992 Rio Earth Summit for the protection of biodiversity
IFC Environmental, Health and Safety Guidelines	Provides information on cross-cutting environmental, health and safety issues that can apply to all industry sectors
UN Principles for Responsible Investment	UN initiative establishing principles for responsible investment
UN Convention on Biological Diversity & Convention on the Law of the Sea	UN initiative defining the protection of biodiversity and the protection of ecosystems. UNCLOS is specific to the ocean.
UN Declaration on the Rights of Indigenous Peoples	The Declaration on the Rights of Indigenous Peoples is a legally non-binding resolution adopted by the UN in 2007. It delineates and defines the individual and collective rights of indigenous peoples, including their ownership rights to cultural and ceremonial expression, identity, language, employment, health, education and other issues. Their ownership also includes the protection of their intellectual and cultural property
IUCN Category I to IV & IUCN Red List	Multilateral organisation of governmental bodies and NGOs working for biodiversity that has developed the Red List of threatened species and categorised four areas where biodiversity needs to be protected.

REPORTING INITIATIVES CULTURA ENDORSES

GABV Scorecard

As a member of the Global Alliance for Banking on Values, the bank is obliged to report a “scorecard” with quantitative and qualitative information on the bank's impact on climate, economic and social issues. This includes the share of the bank's lending portfolio included in the triple bottom line.

PCAF

Cultura Bank has joined the Global Alliance for Banking on Values' Climate Change Commitment (3C initiative), and through this also the global initiative PCAF. The banks in the PCAF partnership has committed to calculate the climate impact of their lending portfolio and investments in order to manage their activities towards the goals of the Paris Agreement. Cultura Bank has joined the PCAF together with more than 20 other banks from GABV, and through the partnership in GABV has access to resource persons who can provide technical support.

TCFD

Cultura reports its climate risk through the Task Force for Climate-related Financial Disclosures (TCFD). This framework is based on four elements: strategy, governance, risk management and climate-related targets and metrics.

GRI

The bank produced its first report according to the Global Reporting Initiative (GRI) standard in 2022. This is an international reporting standard that highlights the bank's work on sustainability and material topics where the bank has the greatest impact on economic, social and environmental issue. The 2022 report will be published in June.

Eco-Lighthouse

Cultura is an Eco-Lighthouse-certified business and is obliged to follow up and report on measures and results in a number of areas on an annual basis. This provides insight into the bank's environmental performance in the following areas:

1. Work environment
2. Waste
3. Energy
4. Purchasing
5. Transport

[Read more about Eco-Lighthouse and Health, Safety and Environment in the directors' report.](#)

Employees

Cultura's employees are the bank's most important resource, and we rely on close collaboration across the organisation to make the best possible use of our resources and contribute to sustainable value creation. In line with the Women`s Empowerment Principle, the bank`s gender equality work has been established as an integral part of the business, including at the top level. In its employment policy, the bank follows a gender-equality policy based on professional criteria and aims to provide equal opportunities for all, regardless of gender.

The bank's staff is made up of 7 men and 11 women. The management team consists of one man (Head of Risk Department) and five women (Head of Banking, Head of Credit, Head of Finance, Head of Anti-Money Laundering and Head of Customer Centre). The Board of Directors consists of four women and four men. The chairperson is female, and the vice chairperson is male.

The deputy representatives are two women and one man.

[Read more about our employees, diversity and gender equality in the directors' report](#)

Share in permanent position	Men	Women	Total
Total	7	11	18
Permanent position	6	10	16
Temporary position	1	1	2
	14.3 %	9.1 %	11.1 %

Share in part-time position	Men	Women	Total
Total	7	11	18
In part-time position	1	2	3
	14.3 %	18.2 %	16.7%

Management



Jannike Østervold (b. 1956)

Bank Manager, CEO

Jannike has a degree in social economics from the University of Oslo and has previously worked as a researcher at the National Insurance Service, Head of ADB at the University of Oslo and Bank Manager at Svalbard Sparebank. Jannike has been employed by Cultura Bank since 1998 and has held positions on both the Board of Directors and the Board of Trustees. She was Assistant Bank Manager and Deputy Manager from 2015 until she took over as Bank Manager, CEO, after Kristine Falkgård from 1 March 2022.



Torstein Dyrnes (b. 1977)

Head of Risk Management and Compliance

Torstein heads the bank's Risk Management function. He has been employed at Cultura Bank since 2002 and the first years worked in the bank's Customer Department. In 2010, he moved to the bank's Finance Department, and in 2016 he took over as head of the department. From 2018, he simultaneously held the position of Chief Financial Officer and head of the bank's Risk Management function, until July 2021 when he moved to the position of Head of Risk Management. As of June 2022, he is also responsible for compliance.



Liv Rannekleiv (b. 1975)

Credit Manager/Assistant Bank Manager

Liv holds a Master's degree in Management from E.M. Lyon. Liv has worked in banking and finance since 2001, both nationally and internationally. She has held various positions in several major commercial banks, but always with a focus on credit and customer care. She has most recently worked for the last 12 years at Danske Bank, with structured financing in oil and gas.



Christine Praamsma (b. 1989)

Chief Financial Officer

Christine holds a double Master's degree in International Economics and Strategy from BI Norwegian Business School and the University of Groningen. She has been working at Cultura since 2016 and moved to the position of Chief Financial Officer in July 2021.



Camilla Gjetnes (b. 1980)
Anti-Money Laundering (AML) Officer

Camilla has been employed by the bank from 2022-2005 and again from 2008. In 2010, she became Head of the Customer Centre, and in 2019/2020 she was project manager for a project to update the bank's customer declarations, etc., as part of compliance with AML requirements. She has played a key role in the follow-up of the bank's digital solutions for customer care, where fulfilment of AML requirements is an important element. From 2021, she moved to the position of AML Officer.



Mie Tørmoen (b. 1991)
Head of the Customer Centre

Mie has a Bachelor's degree in Economics and Management from the University of Manchester, England. She has been working at the Customer Centre of Cultura Bank since 2014, both with retail and corporate customers. Mie assumed the position of Head of the Customer Centre in April 2022, after having previously held the same position in 2019/2020.

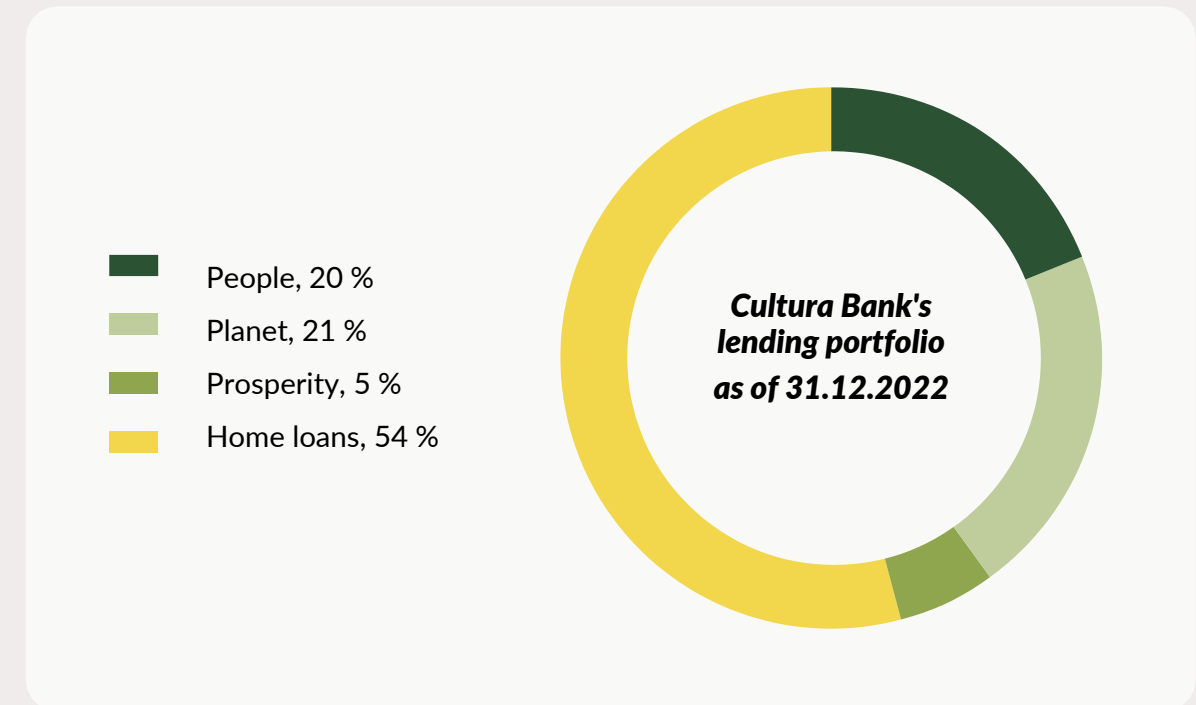
Customers

As of 31.12.22, Caltura has 5,194 retail customers and 1,536 corporate customers.

Our values set the framework for our work with customer relations and partners. Our loan customers consist of around 60% private individuals, while our corporate portfolio consists of both non-profit organisations and other companies.

In the credit area, the bank's values are expressed through positive selection in addition to exclusion criteria, which specify which business areas Caltura cannot operate in.

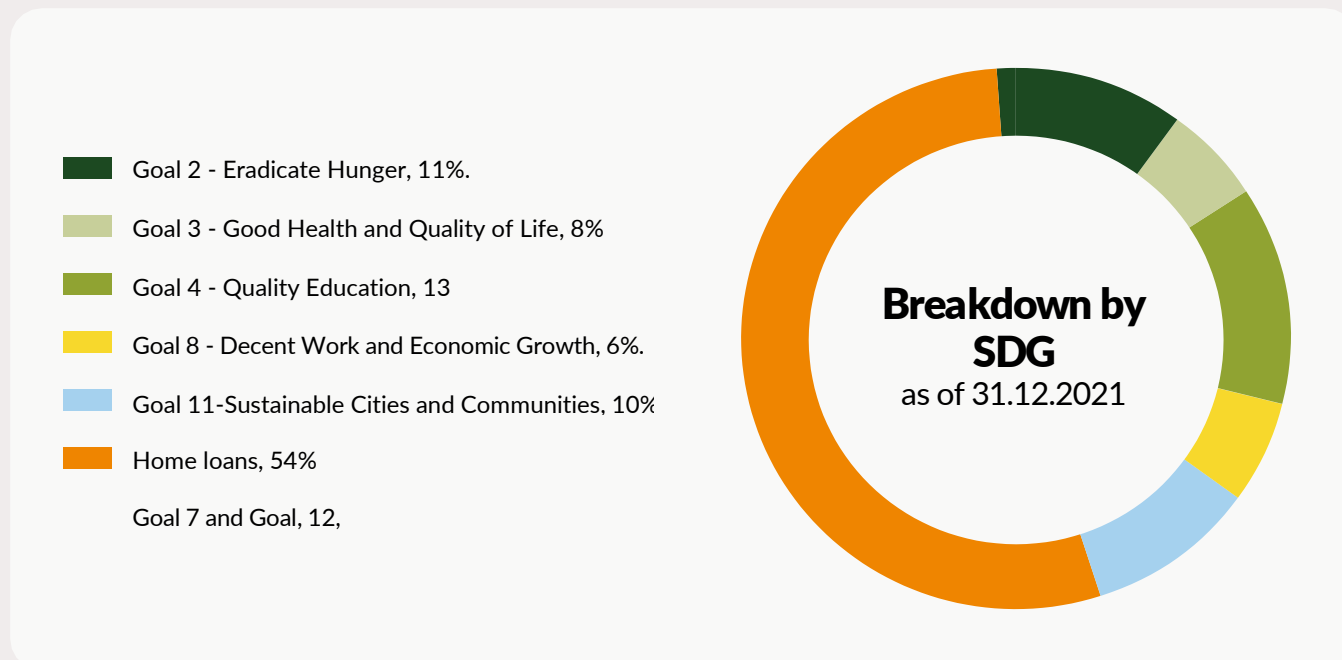
The bank's loans are divided into the categories "People", "Planet" and "Prosperity", which are used in the reporting to the Global Alliance for Banking on Values (GABV), so-called "triple-bottom line loans". Under "People" we find loans for education, cultural purposes and health care. Under "Planet" we find environmental home loans and agriculture as the largest groups, as well as distribution of organic products and other environmentally orientated purposes. Under "Prosperity" we find loans to local small businesses. In addition to these, there are ordinary home loans, which as of 31 December 2002 accounted for 54% of the loan portfolio, and less than 1% of other loans not covered by the above categories.



Our customers and the UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are the world's common blueprint to eradicate poverty, fight inequality and stop climate change by 2030. The UN Sustainable Development Goals consist of 17 goals and 169 targets. The goals are intended to serve as a common global direction for countries, businesses and civil society. As of 31 December 2022, around 46% of the bank's lending had been granted to projects categorised as "Triple bottom line" (TBL), i.e., projects that have positive societal benefits for people and/or the environment, and that in some way support the UN Sustainable Development Goals.

The bank's data systems do not contain enough information on the lending projects to accurately group them according to the SDGs, but based on the classification criteria under the Triple Bottom Line categorisation, the lending portfolio is grouped as follows:





Goal 2 End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

2.4 By 2030, ensure the existence of sustainable food production systems and adopt robust agricultural practices that increase productivity and production, contribute to maintaining ecosystems, enhance the ability to adapt to climate change, extreme weather events, droughts, floods and other disasters, and progressively improve soil quality.

Cultura finances Debio-certified organic businesses, and businesses that bring agriculture closer to the goals of ecological balance through cultivation methods and techniques that safeguard soil quality and animal welfare. Many of the farms practise quasi-circular farming, where animal husbandry is an integral part of farm management. The animals produce fertiliser for the crops they grow and are fed feed grown on the farm or in the local area. This type of farming has minimal climate impact and can be virtually carbon neutral through careful cultivation methods and by stimulating carbon storage in the soil through grazing. We also see the emergence of small market gardens, where a wide range of crops are grown using regenerative methods on a few acres of land, for distribution and sale in the local community.

2.5 By 2020, maintain genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through well-managed and abundant seed and plant stocks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilisation of genetic resources and associated traditional knowledge, in line with international consensus.



Økologisk Spezialkorn is based in Sigdal in Buskerud municipality and has received a loan from the bank for things such as the purchase of property.

Organic and biodynamic agriculture utilises a rich selection of old vegetable and grain varieties and helps to keep them alive. Among Cultura Bank's customers are Sigdal Mølle (formerly Økologisk Spezialkorn Skandinavia), which works with the processing of old grain varieties. Sigdal Mølle is owned and run by organic farmers, many of whom have a strong focus on regenerative cultivation and carbon storage in the soil. They offer grain and flour from cultivated and ancient grain varieties, such as einkorn, emmer, spelt, spelt, rye and country wheat varieties.

The grain is stone-ground at their own mill in Sigdal. They have full traceability on all batches of grain so that the flour you buy can always be traced back to the farmer and the land the grain was grown on. You can be sure that you get the product you want with the protein percentage and falling number you have been promised. You can get their flour in groceries around the country, in their own mill shop, on the online shop (www.sigdalmolle.no) and at some REKO rings.



Goal 3
Ensure healthy lives and promote well-being for all at all ages.

Cultura Bank has among its customers the Camphill Villages in Norway, seven village communities where people with disabilities live and work side by side with able-bodied people. It is difficult to place this activity under one specific UN goal, as it includes health, development opportunities, local organic food production and work for all. But if we think that the key word is quality of life, then it is natural to place this type of activity under UN goal no. 3.

We place Fremja AS in the same category, which has built a programme of care homes for the mentally disabled in the Oslo area, inspired by the social therapy and health education work in Järna in Sweden.



Vidaråsen Village is a living and working community for adults in need of special care, as well as employees and their families. Photo: Stian Torstenson

3.5 Strengthen prevention and treatment of substance abuse, including drug abuse and harmful use of alcohol.

The Way Out Foundation focuses on qualitative drug treatment and aims to inspire drug addicts and their families, other institutions, politicians, business and society in general. The Way Out is a faith-neutral foundation that uses nature as an arena for the treatment of addicts.



The Way Out Foundation uses the positive effects of nature together with professional therapists to help addicts live a lasting drug-free life. Photo: The Way Out.



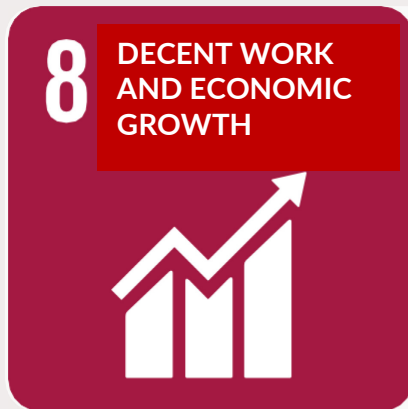
Goal 4
Ensure inclusive, equitable and quality education and promote lifelong learning opportunities for all.

In the Norwegian context, this goal may seem less relevant, as we have a good public school system and free education for all.

To contribute to diversity in education, Cultura Bank has provided loans to educational alternatives such as Steiner schools and kindergartens, and the theatre school of the Nordic Black Theatre.

The Rudolf Steiner School of Health Education "Ljabruskolen" in the municipality of Oslo provides education and social training for children with special needs for follow-up and adaptation.

4.a Establish and upgrade the provision of education that respects children, persons with disabilities and gender differences, and ensures safe, non-violent, inclusive and effective learning environments for all



Goal 8
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

8.3 Promote development-oriented policies that support productive activity, the creation of decent jobs, entrepreneurship, creativity and innovation, and stimulate the formalisation and growth of very small, small and medium-sized enterprises, including by providing access to financial services.

Cultura Bank's customers include a large number of sole proprietorships and very small enterprises, which represent great creativity and flexibility, creating and maintaining sustainable jobs in the local communities. These include, for example, craftsmen, artists, architects and galleries.



EvArt AS operates two galleries "East of the Sun" in Kamøyvær and "West of the Moon" in Honningsvåg. The galleries are available to all the 300,000 or so people who visit North Cape every year. In one year, there have been 25,000 visitors to the gallery, and in the high season there can be 25 buses per day.



Hurumhonning AS sells equipment to beekeepers throughout Norway through the online stop Hurumhonning.no. They also have their own honey production and sell honey through the online shop, Hurumhonning.no. They also sell honey through self-service points, local groceries and farm outlets. Photo: Dmitry Grigoriev / Unsplash

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for youth and persons with disabilities, and equal pay for equal work.

This item is fulfilled by the Camphill Villages, which are also mentioned under Goal 3.

Another example is Aurora Verksted AS, which organises permanent jobs in arts, design and crafts for workers with mental illness, mental and physical disabilities.



Art made at Aurora Workshop in Stabekk, which has been operating for 25 years. Their business concept is that people with disabilities can still work, with some adaptation. They also run the shop RESPECT/aurora in Majorstua, which sells clothes and furnishings produced at Aurora Workshop, as well as some selected brands. Photo: Stian Torstenson



Goal 11
Make cities and communities inclusive, safe, resilient and sustainable.

11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

Since “In the Same Boat” was established in 2017, they have cleared more than 1,250 tonnes of plastic waste from the Norwegian coast with the help of volunteers. They clear beaches of plastic all year round, from Bergen to Kirkenes. Cultura Bank has given them loans for specially adapted boats for the purpose.



In the Same Boat's clean-up crews live in sailboats, while the actual clean-up is done with efficient landing craft, specially built for the task. Photo: In the Same Boat



At the organic farm Nordgard Aukrust (Lom) you can wander through the herb garden, buy organic food in the farm shop or enjoy a meal made from the farm's own products. Nordgard Aukrust is the farm where the poet Olav Aukrust was born and raised, and the people who run the farm today are preserving an important cultural heritage. Photo: Nordgard Aukrust.



Goal 12
Ensure sustainable consumption and production patterns.

12.1 Implement the 10-year action programme on sustainable consumption and production, with the participation of all countries and with developed countries taking the lead, while taking into account the level of development and opportunities of developing countries.

In addition to the fact that Cultura Bank emphasises sustainability when assessing credit applications, thus incorporating it into its core business, the bank itself is certified as an Eco-Lighthouse. The mission statement of Cultura Bank also includes that the bank shall conduct awareness-raising work. This is done, among other things, through the magazine "Pengevirke", which is distributed to customers and a small number of external subscribers. The articles are also disseminated in digital channels. The magazine is intended as a counterweight to the prevailing media image, where negative news gets the big headlines. The emphasis is on sharing good examples of sustainable lifestyles and production, as well as positive news that can inspire readers. Rather than telling you how to maximise the return on your money in monetary terms, the magazine features articles

on alternative economy, interviews with people who have chosen a less materialistic lifestyle, as well as information on Cultura Bank's activities and examples of projects that customers have helped to finance.

Suppliers

We want to improve our environmental performance for our own operations. Purchase management is one of the key inputs to achieve that. Therefore, our purchase policy sets out guidelines on how to proceed when selecting a new supplier and before making individual purchases.

Before making a purchase, a needs assessment must be carried out. When purchasing materials that will last for a while, life cycle analyses must be carried out, where the environmental impact of the products from "cradle to grave" must be clarified and, if possible, documented.

Environmental criteria are imposed on all our purchases, and we have a goal of choosing environmentally certified suppliers rather than suppliers who are unable to document environmentally friendly operations - and/or who only carry a limited range of environmentally friendly products, when requirements for quality, delivery times and costs can also be met.

In 2022, 85% of our suppliers with a turnover of NOK 40 000 or more were environmentally certified. As

a bank, it is natural that the majority of our costs are related to labour costs, rental of premises and payment services.

Category	Name	Turnover 2022
Taxes and fees	Oslo Tax Collection Office	8,949,275.00
Payment services	Skandinavisk Data Center A/S (SDC)	6,201,260.54
Rental of premises	Norsk telegrambyrå AS	1,660,082.00
Insurance	Norwegian Banks' Guarantee Fund	1,208,416.60
Pension	Storebrand Livsforsikring AS	1,003,115.00
Auditor	BDO AS	604,988.75
Payment services	Nets Branch Norway	556,711.87
Payment Services	TietoEVERY Norway AS	498,018.90
Marketing and communication	Kulturmeglerne AS	359,767.00
Labour costs	Manpower AS	307,499.35

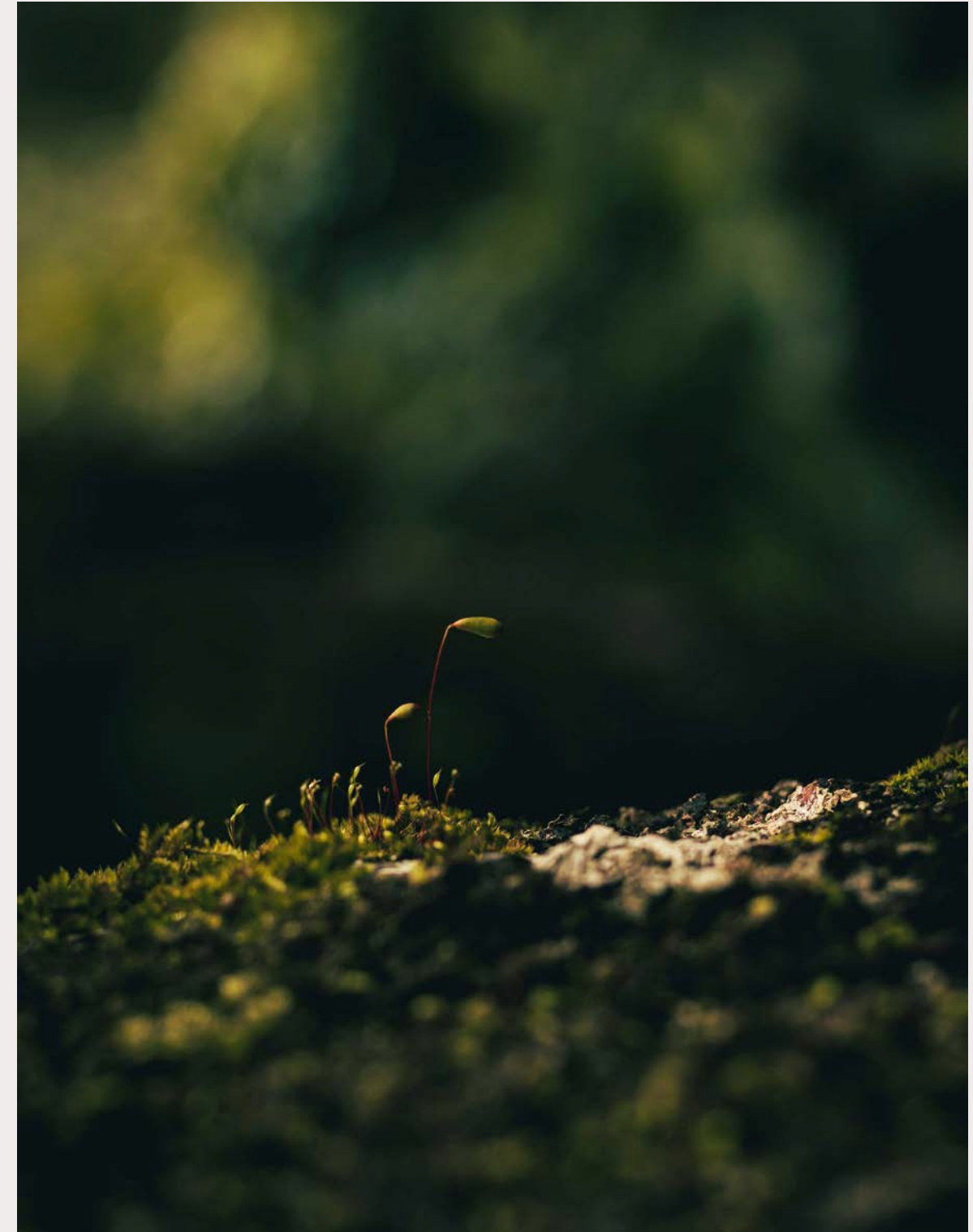
Stakeholder dialogue

Openness and cooperation are core values for Cultura Bank, and the dialogue with stakeholders sets important premises for the bank's further development. Cultura Bank is a values-based bank, and when we, 25 years after the bank received its licence, start to renew the way we formulate our core values, it is important that our most important stakeholders are aware of this and support the work.

The Board of Trustees of Cultura Bank has in many ways the same function as the general meeting of a limited liability company, it is the bank's highest body, which approves accounts, capital increases, amendments to the articles of association, etc., and not least, it is a forum where the bank at two annual meetings can have a dialogue with some of our most important stakeholder groups - employees, depositors and owners. In 2022, our international cooperation with other values-based banks was discussed with the Board of Trustees.

Other important stakeholders are government agencies and partners who share our values, including the Global Alliance for Banking on Values and our sister banks in Denmark and Sweden - Merkur Cooperative Bank and Ekobanken.

The Ethical Bank Guide has played an important role in raising Cultura Bank in the public awareness, by placing Cultura Bank at the top of the list since the launch of the Ethical Bank Guide. It is important for Cultura Bank to continue the positive dialogue with the Ethical Bank Guide, in order to fulfil the requirements.



Who	Why	How
Customers Retail customers, business customers, self-employed, organisations and associations.	Ensure that lending is in line with the bank's lending policy. Communicate how the bank fulfils its purpose and provides information on products and services. Get feedback from customers on their needs and wants – positive and negative.	Include sustainability assessment in the loan application process. Publicise lending projects on the website. Four issues per year of the magazine "Pengevirke" Electronic newsletters 4-6 times per year. Depositor representation on the Board of Trustees. Customer meetings. Annual "Eco-hunt" during Eco Week. Lectures, seminars, online courses.
Employees Employees of Cultura Sparebank, employee representatives, safety representatives and pensioners.	Communicate Cultura Bank's core values and corporate culture to new employees, provide the necessary training and facilitate a positive social environment. Collect good ideas from all levels of the organisation.	Weekly joint meetings for all employees. Involving all staff in the strategy process. Joint HSE review, where everyone is invited to make suggestions for action. Mentors for new employees. Employees are represented by three members of the Board of Trustees and one member of the bank's Board of Directors.
Owners Cultura Sparebank has over 600 equity certificate holders, which include international values-based banks, companies, organisations, foundations and individuals.	Cultura Bank aims to have owners who are motivated by the bank's values rather than by the prospect of returns, and who have a long-term perspective on their investments. In order to maintain the motivation and commitment of the owners, even in periods where there has been zero or low NOK dividends, it is important that they feel included in the Cultura community and informed about how the bank is doing.	Follow-up meetings with the largest owners. Many owners subscribe to our magazine "Pengevirke" and/or electronic newsletters. The owners are invited to an annual election meeting, where they elect representatives to the Board of Trustees, which meets twice a year. The owners are represented by four members on the Board of Trustees. Furthermore, the bank's lending activities etc., are communicated through the website Cultura.no.
Government Agencies Financial Supervisory Authority of Norway, Norges Bank	Fulfil reporting requirements.	Quarterly and annual reporting.
The Capital Market Equity certificate investors, other banks, Norne	Information to and dialogue with existing and potential owners of Cultura's equity certificates to ensure stable access to equity. Finding investment opportunities for our own surplus liquidity.	Ongoing meeting activities. Bilateral meetings with potential investors. Information through our Investor Relations pages on cultura.no. Meetings with Norne and other banks.
Suppliers Product and service suppliers, suppliers of IT systems and consultancy services.	Ensure that environmental considerations are taken into account in purchasing.	Request environmental certification when entering into agreements with suppliers and take initiatives to encourage suppliers to become environmentally certified if they are not. This is done as part of the work to comply with the bank's certification as an Eco-Lighthouse.
Competitors Norwegian banks, both savings banks and commercial banks.	Be an example to inspire other banks.	Explain the bank's values and values-based lending policy in various forums where we meet colleagues from other banks. (Courses, conferences) Be highly ranked in the Ethical Bank Guide.

Who	Why	How
Partners GABV, FEBEA, ISB, organisations with which the bank has support account partnerships, Cooperative Bank in Denmark, Ekobanken in Sweden, Personnel Service Trøndelag, Eco-week	Exchange ideas on how we can collaborate for mutual benefit. Exchange of experience, learning, inspiration.	Annual meetings with support account partners. Ongoing exchange of information on events and news items. Meetings at different levels of the Global Alliance for Banking on Values (CEO, metrics, marketing). Meetings at management and staff level with Ekobanken in Sweden and Merkur in Denmark, our Scandinavian sister banks.
Donation Recipients Recipients of donations from the Cultura Gift Fund and recipients of funds raised in crowdfunding campaigns on CulturaFlokk.	We get information about new, exciting projects and they get to know more about Cultura Bank.	Talks with applicants to the Cultura Gift Fund and with project owners on CulturaFlokk. We disseminate information about selected projects in our channels (Pengevirke, website, social media).
Education and research communities	There is great interest in values-based banking among students.	Professor Ove Jakobsen at Nord University is a regular contributor to the magazine Pengevirke. Presentations on values-based banking etc., at colleges and universities. Cultura Bank is a corporate member of Rethinking Economics. Many students approach us for interviews and input for assignments on sustainable banking.
Society, public opinion, government actors Potential customers, Norwegian Financial Services Complaints Board, politicians	It is part of the bank's mission to spread knowledge and inspiration about values-based banking.	Websites, Pengevirke, social media. Participate in debates, respond to enquiries. Update data in the Finance Portal.
Media Local newspapers, national media, FinansWatch	Media approach Cultura Bank to get views on various issues or write articles on values-based banking. Or Cultura Bank raises issues that we wish to publicise.	Interview requests Press releases
Social media Our followers, the general public	Reach out to many people in a cost-effective way and spread knowledge about Cultura Bank. Reach out to younger age groups.	The bank is present on Facebook, Instagram and Twitter with weekly updates. Also active on LinkedIn and YouTube with less frequent updates.

05 Directors' report

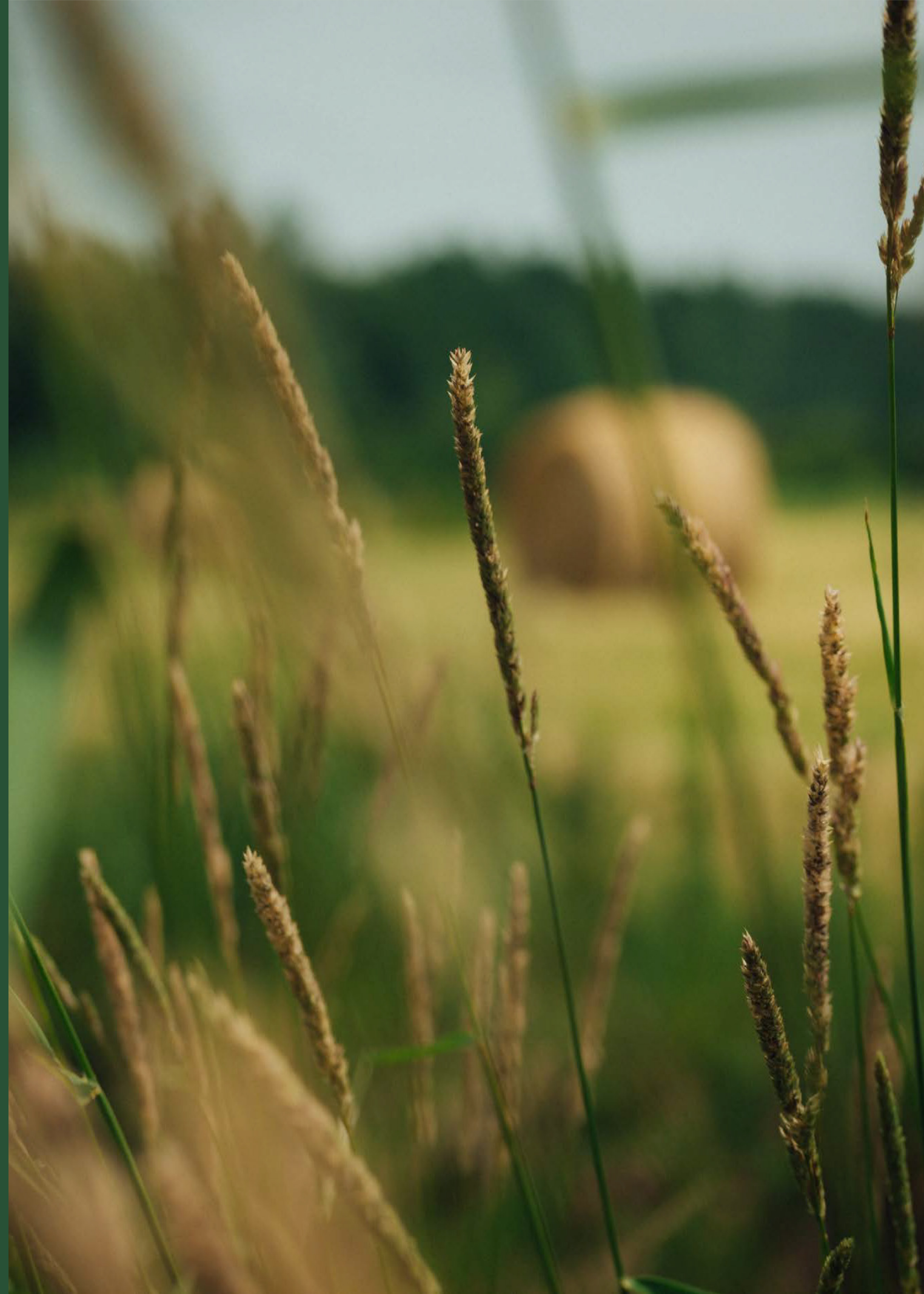
Board of Directors of Cultura Bank

Income Statement

Balance Sheet

Changes in Equity

Cash Flow Statement



The Directors' 2022 Report

Cultura Bank is a savings bank aimed at customers all over the country. We find that the customers who apply to us are concerned about our values and appreciate the way the bank conducts its business.

2022 has also been an eventful year for Cultura Bank. An expected generational shift has taken place, and several people have started new roles in the bank. We are very pleased to have a great and partially new team in place for the future.

The need to raise awareness and put many of the bank's values in writing became apparent for several reasons. Internally, there was a need to have new people on the team; what the "old timers" had in their DNA had to be brought up and discussed with new employees. Externally, there is a growing need for such clarification because all financial institutions are now working in different ways to meet the EU's sustainability requirements. Cultura Bank prepared its "Values-based Lending Policy" in 2022, as an important piece in highlighting the bank's distinctive character.

The Bank's main lending priorities are "nature and environment", "culture and society" and "social initiatives". Together with the exclusion principles, which list excluded sectors and behaviour, this provides the framework for the bank's lending activities.

2022 has been a year with more turmoil both in Europe and Norway than we have been used to. For Cultura Bank, it has nonetheless been a year where the bank's operating finances have improved in line with the increases in the key



interest rate, and it provides the ability to make the necessary investments and hiring to be able to continue to develop the bank. The Board of Directors is positive about the developments in 2022, which have resulted in a large improvement in operating profit compared to last year. The positive developments are expected to continue in 2023.

Financial developments

We entered 2022 with a key interest rate of 0.5% and saw a total of 6 increases in the key interest rate during the year, reaching a level of 2.75%, the highest since 2009.

The year has otherwise been characterised by the economic recovery from the pandemic, with strong price increases, high energy prices and low unemployment. Increased production costs for companies have in turn led to higher retail prices and reduced household purchasing power. Many people saved up funds during the pandemic that they can draw on, but there are also many people who had low incomes to begin with and don't have much to spend before they run into payment problems.

In mid-March 2023, there was turmoil in financial markets as a result of three bank failures in the United States. The ensuing uncertainty has led to turbulent conditions including for European banks and stock exchanges. In the December 2022 Financial Supervision Outlook, the Financial Supervisory Authority stated that Norwegian banks were solid and liquid. They should therefore be well equipped to face market turmoil. However, it is still too early to draw any final conclusions about the extent of the turmoil and the extent to which the Norwegian banking market will be affected.

Main features of Cultura Bank's finances in 2022

The rising interest rate level has been positive for the bank's finances, as the main share of the bank's income is interest rate dependent. The increase in the key interest rate also meant higher returns on the bank's liquidity investments. Throughout 2021 and 2022, there was a generational shift in the bank's management, which has led to overlapping salary costs at times. We also observe relatively high salary expectations in the market when recruiting experienced employees externally, and in order to retain skilled employees, we are dependent on keeping up in terms of salaries when long-standing employees are willing to take on new tasks and increased responsibility.

In view of the macroeconomic conditions, additional loss provisions of NOK 1.1 million have been made.

Due to the announced increase in capital requirements, the bank has chosen to be cautious about taking on new credit customers in 2022 in order to have the capacity to meet existing customers' credit needs, while maintaining a necessary margin for the capital requirements. Lending growth ended at 1% and deposit growth at 6.7%.

The bank registered 127 new corporate customers and 1,162 new retail customers in 2022. Significant efforts have been made in 2021 and 2022 to broaden the bank's product range, to make its operating finances less interest

rate dependent and to respond to the requests expressed in the 2021 customer survey. The results of these efforts and investments will be realised in 2023 and in the coming years.

ACCOUNTING PRINCIPLES

Cultura Sparebank prepares accounts in accordance with the Regulations on Annual Accounts for Banks, Section 1-4, 1st paragraph b), which means that the assessment rules and disclosure requirements under IFRS are followed with the exceptions provided for in the regulations.

Results

The bank's comprehensive income after tax was NOK 6,465 million. This is an increase of NOK 4,382 million compared to 2021. The increase is mainly explained by higher net interest income, which more than offsets increased salary and personnel costs, negative changes in the value of fixed-income securities and impairment losses. Ordinary profit before tax was NOK 10.3 million, compared to NOK 3.5 million in 2021.

NET INTEREST INCOME

The bank's net interest income totalled NOK 37.7 million, an increase of NOK 13.5 million compared to 2021. The main reason for the increase is the increases in the key interest rate.

OTHER OPERATING INCOME

Other operating income totalled NOK 5.9 million, an increase of NOK 1.4 million compared to last year. The increase is partly due to the payment of an extraordinary dividend from Visa and partly to an increase in fee income.

OPERATING EXPENSES

The bank's operating expenses totalled NOK 31.1 million in 2022. This is an increase of NOK 4.3 million compared to the previous year. The increase is explained both by increased salary and personnel costs, and increased costs for external assistance and IT operations.

LOSSES AND DEFAULTS

Expensed credit losses on loans, guarantees, etc., amount to NOK 2.1 million, compared with a reduction of NOK 1.6 million in loss impairments in 2021.

The increase in expensed credit losses compared to last year is due to increased individual impairments in stage 3 and increased additional impairments due to increased macroeconomic uncertainty.

The Board of Directors' proposal for the appropriation of the profit for the year

Under current legislation, the profit is to be distributed proportionately between the bank's own funds and the share capital. The Board of Directors proposes that the equity certificates not be granted a dividend on the basis of the earnings for 2022 and the expectation of increased capital requirements in 2023. NOK 5,141,604 will be added to the equalisation fund, earmarked for subsequent dividend payments if the bank's total equity situation so allows. The remaining share, NOK 204,625, will be added to the primary capital.

Balance Sheet

In 2022, the bank's balance sheet increased by 6.6% ending at NOK 1,489 million. Lending to customers increased by 1% to NOK 918 million. Deposits from customers increased by 6.7% to NOK 1,340 million.

LENDING TO CUSTOMERS

In its lending policy, Cultura places special emphasis on enhancing the qualitative profile of its lending. Work is ongoing to reflect this 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 loans for education, cultural purposes and health care. Under "Planet", we find environmental home loans 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 home loans, which as of 31.12.22 make up 54% of the loan portfolio and 0.1% of other loans, which are not covered by the above categories. The breakdown of loans by purpose of lending according to the criteria reported to the GABV is shown in the table below. "Social inclusion" refers mainly to lending for social therapy activities for people with mental disabilities and for specialised housing.

Lending by purpose 31.12.2022

	Lending purpose	NOK 1,000	in %	Sustainability goal No.
People	arts and culture	27,460	3.0 %	4
	health care	1,601	0.2 %	3
	education	89,220	9.7 %	4
	social inclusion	66,552	7.2 %	3
	other - people	376	0.0 %	3
Planet	green housing	72,226	7.8 %	11
	sustainable agriculture	89,402	9.7 %	2
	distribution ecological products	9,217	1.0 %	2
	waste / pollution reduction	14,596	1.6 %	11
	renewable energy	832	0.1 %	7
	other - planet	1,754	0.2 %	12
Prosperity	sme lending	47,707	5.2 %	8
	other - prosperity	35	0.0 %	8
Other	housing	500,254	54.3 %	
	other	558	0.1 %	
TOTAL		921,789	100.0%	

CUSTOMER DEPOSITS

Deposit growth in 2022 has been significantly lower than in 2020. The increase has been 6.7% since the end of 2021.

The liquidity surplus is still significant, and a large part of the bank's deposits are invested in the market. In 2022, the bank continued to maintain a very conservative investment profile.

In addition to investments in covered bonds, treasury bills, municipalities and multilateral development banks, the bank has, to the extent necessary, deposits in Norges Bank and in DNB as settlement bank. The bank's securities are highly liquid and are deposited as security for the bank's overdraft facilities with Norges Bank.

The bank's current policy requires a minimum of a 110% "weighted deposit-to-loan ratio" for lending. In the weighted deposit-to-loan ratio, deposits not covered by the deposit guarantee are given a weight of 50%. The bank's weighted deposit-to-loan ratio as of 31.12.22 was 127%. The liquidity risk of the bank is still considered low.

Support accounts:

At the end of 2022, Cultura customers had NOK 36 million in support accounts. This generated total support of around NOK 237 thousand, which was distributed among our six partner organisations: The Norwegian Society for the Conservation of Nature, WWF Norway, Rainforest Foundation Norway, Save the Children, Norwegian Women and Family Federation and P.E.N. Norway.

Support organisation	Contributions in NOK	Balance as of 31.12.22
Norwegian Society for the Conservation of Nature	50,743.38	7,755,726.79
WWF	54,884.60	8,511,027.03
Rainforest Foundation Norway	43,858.89	7,434,669.17
Save the Children	67,395.06	9,404,331.36
Norwegian Women and Family Federation	11,462.50	1,768,021.21
P.E.N. Norway.	5,275.12	1,124,111.56
TOTAL	233,619.55	35,997,887.12

Liquidity

The LCR (Liquidity Coverage Ratio) was 271% as of 31 December 2022, compared to 256% the previous year, while the NSFR (Net Stable Funding Ratio) was 171% as of 31.12.2022, compared to 175% the previous year. The Board of Directors considers the bank's liquidity situation to be satisfactory.

Equity Certificates

On 31 December 2022, the share capital consisted of 85,308 equity certificates with a nominal value of NOK 1,000. Of these, the bank has its own holdings of 906 equity certificates for sale.

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

In order to realise the bank's objectives of continued significant volume growth, it is necessary for the bank to continue to obtain new equity through new issues.

Capital adequacy, equity

The total capital adequacy at the end of the year was 23.50% compared to 23.12% as of 31.12.2021. The tier 1 capital adequacy is also 23.50%. The common equity tier 1 capital adequacy ratio is 20.79%. As of 31.12.2022, the bank meets both internal and external capital adequacy requirements by a good margin. However, the government's announced increase in the countercyclical capital buffer and systemic risk buffer over the next 12 months means that the bank must implement measures to meet future capital requirements.

Capital adequacy as of 31.12.2022

in %	Regulatory requirements	Internal requirements	Capital adequacy
Common equity tier 1 capital	14.53	15.23	20.79
Tier 1 capital	16.88	17.58	23.50
Total capital	20.00	20.70	23.50

The primary capital consists of the original endowment capital at the time of establishment and retained earnings. A proportional and significant part of the retained earnings is also allocated to the equalisation fund, which is earmarked for subsequent distribution of dividends if the capital situation so permits.

Cultura Gift Fund and Cultura Guarantee Fund



Manages funds that can be granted for initiatives related to e.g., 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.



In Cultura Bank's early phase, the Guarantee Fund played an important role by providing guarantees for loan projects that represented a good purpose but may offered too little security for the bank. Following the Board's decision in 2019 to repay previously received conditional deposits from Innovation Norway, the remaining capital only provides a basis for very limited activity by the Guarantee Fund, and the Boards of the Cultura Guarantee Fund and Cultura Gift Fund have now decided to apply to the Foundation Authority for authorisation to merge the Cultura Guarantee Fund and Cultura Gift Fund. The merger is expected to be completed in 2023. These two organisations are independent foundations.

Risk management

The risk management of Cultura Bank shall ensure that the bank's risks in the various areas remain within the limits adopted by the Board and documented in the bank's policy documents. The policy documents are revised at least annually.

CREDIT RISK

Credit risk is defined as the risk of loss due to the inability and/or unwillingness of customers or other counterparties to fulfil their obligations. The bank's risk appetite in the credit area is moderate.

For a savings bank, Cultura Bank has a relatively high proportion of loans to businesses. This is in accordance with the bank's special core values and organisation.

The volume of corporate loans has increased throughout the year, while growth in the retail market has been negative. During 2022, the share of home loans decreased from 62.6 to 60.9 per cent.

At the end of the fourth quarter, non-performing and impaired loans amounted to 1.83% of gross lending, compared to 1.23% at the end of 2021.

See Notes 6-11.

MARKET RISK

The bank's market risk is the risk that the value of the bank's assets will decrease as a result of changes in observable market variables such as interest rates and exchange rates. The bank's market risk is managed through defined maximum investment limits in the bank's market risk policy document.

According to this document, market risk should be low. Risk exposure and development are monitored continuously and reported periodically to the Board of Directors and management.

Interest rate risk arises because the bank's balance sheet items have different remaining fixed interest periods. The Board has adopted limits for the total interest rate risk with regard to a two-percentage point parallel shift in the yield curve.

Foreign exchange risk is managed using approved exposure limits.

Guidelines and limits for investments in fixed income securities are aligned with the Board's risk tolerance and regulatory requirements for liquidity management. The portfolio is exclusively a bank portfolio, and it consists mainly of investments in issuers with very high credit ratings (AA or better as well as Norwegian municipalities and county authorities), which results in limited spread risk.

The Board considers that the bank's overall market risk is within the bank's adopted risk tolerance. The bank's market risk is assessed as low.

LIQUIDITY RISK

The bank's liquidity risk is defined as the risk that the bank is unable to meet its debt obligations, or that the bank is unable to refinance its debt or finance its activities without incurring significant additional costs. According to the bank's liquidity risk policy document, liquidity risk should be low.

The document sets a minimum requirement for "weighted deposit-to-loan ratio" of 110%. At the end of 2022, the bank's weighted deposit-to-loan ratio was 127%.

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 12.

OPERATIONAL RISK

Operational risk is the risk of financial losses occurring 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 should 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.

ESG RISK

ESG (Environmental, Social and Governance) risk is defined as the risk of loss due to environmental, social and governance issues. ESG risk is not addressed in a separate policy document but is considered to be covered by the bank's values-based lending policy, sustainability policy and market policy.

Marketing and communication

The bank has received the Ethical Bank Guide's top rating in six times in a row, and this has been an important contribution to spreading awareness of Cultura Bank and its ethical profile, and we are seeing great interest in our type of banking also outside our customer base. For example, we see that we have more followers on Facebook than there are customers in the bank.

The bank's marketing is largely carried out in digital channels and through our own magazine "Pengevirke".

The bank estimates that the marketing work will amount to approximately 0.6 FTEs in 2022, divided between two employees. In addition, external partners are used to help with graphic design, websites and other communication work.

During Eco Week in September, Cultura Bank organised the fifth Eco Hunt, where participants were encouraged to visit businesses offering organic products and to take advantage of great offers and discounts, which were available through our own mobile app. Cultura participated in the opening



With the Eco Week app, participants were able to scan QR codes at the organic shops in Oslo. The main prize at the Eco Hunt was a year's supply of organic bread from Cultura customer Godt Brød. Photo: Stig Weston/Cultura Bank.

breakfast of Eco Week, which was held at our customer Godt Brød. There was record participation in this year's Eco Hunt, with over 10,000 downloads of the app.

Employees

There were larger than usual changes in staff in 2022. Several long-serving employees retired, and other employees took on new tasks and responsibilities. In particular, we strengthened the anti-whitewashing area and the work on sustainability reporting.

The generational change has also meant that there is now room to take on new staff. We see this in the fact that the average age of the employees was reduced by as much as 7 years from 2021 to 2022.

Cultura Bank is more than just a bank, it is also a values-based culture, and as an employee of Cultura Bank you are part of the corporate culture. To remind new and old employees of why Cultura Bank exists and what our organisation can contribute, before Christmas we invited employees to visit Vidaråsen Village, a long-standing Cultura customer. Vidaråsen in Andebu is one of several Camphill Villages in Norway, an ecological village community where people with special needs are assisted with adapted work, housing and cultural programmes, and work side by side with the employees. We at Cultura were given a tour of the workshops and were served tasty organic locally produced food.

We are happy that the Institute for Social Banking once again organised its traditional "Summer School". Cultura has traditionally sent 1-2 employees,

who spend an intense week immersing themselves in values-based banking and how it is practised in other countries. In 2022, it was one of our younger credit employees who got to represent the bank.

As a small bank with 20 employees, we have the advantage of short lines of communication and employees gather for a weekly morning meeting where everyone has a chance to speak.

WORKING CONDITIONS

The bank's office is located in the centre of Oslo. As a result of the corona situation, many employees worked from home for much of 2021, with only a minimum presence at the bank's premises. Following the end of the corona measures, a practice was introduced whereby employees can work from home one day per week without a special agreement, and digital meetings have become part of everyday life. Working from home more than one day per week must be agreed with the manager.

Employees have the opportunity to use a subsidised canteen.

COLLECTIVE BARGAINING AGREEMENTS

In the past, the Bank did not have a formalised policy on salary agreements or salary adjustments. In addition to an assessment of duties and responsibilities, salaries were handled in accordance with the outcome of the annual negotiations between Finance Norway and the Finance Sector Union of Norway. The bank has applied for membership in Finance Norway as an employers' organisation.

LIABILITY INSURANCE FOR BOARD MEMBERS AND THE CEO

Cultura Bank has taken out insurance for the board members and the CEO for

their potential liability to the organisation and third parties. The insurance coverage for directors' liability is NOK 50 million per claim and in total per year.

The environment and other issues

For Cultura Bank, responsibility for nature and the environment is part of the basic vision. Our main environmental work is therefore done indirectly through the bank's lending. In addition, the bank also wants to demonstrate that it is environmentally conscious in its own operations and has developed 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.

HEALTH, ENVIRONMENT AND SAFETY (HSE)

No major labour or environmental issues have been dealt with during the year. The Board considers the work environment to be good. No major accidents or injuries were recorded in 2022.

The rate of absence due to illness was 4.5% (6.8% in 2021). The rate of absence due to illness was high in 2021 due to the COVID-19 situation but was reduced in 2022. The cases of illness are not considered to be related to workplace conditions.

The company has its own HSE manual, and HSE efforts are regularly followed up by the CEO and safety representative.

NEW HSE MEASURES IN 2022

- The bank has applied for membership in Finance Norway as an employers' organisation.
- Bought a new coffee machine.
- Improved indoor climate with more plants.

Eco-Lighthouse Company



The bank is certified as an "Eco-Lighthouse company". The certification was renewed in 2020 and must be renewed every 3 years.

The certification involves annual follow-up and reporting of measures and results in a number of areas, including:

- The bank strives to use suppliers that are environmentally certified, and that supplies and office materials must be eco-labelled/ecological. Read more about our suppliers.
- Source-sorting of food waste, glass, plastic, polystyrene and electronic waste as well as cardboard and paper.
- Travelling by public transport (train, bus or tram) or by foot/cycle is preferred if possible.
- Telephone/video conferencing is used where appropriate.



Diversity and gender equality

The bank strives to provide women and men with equal opportunities for professional development and advancement and is a signatory to the Women's Empowerment Principles (UN Global Compact).

The bank's staff is made up of 7 men and 11 women.

[Read more about our employees and our work on diversity and gender equality.](#)

Society/social conditions	2022	2021
Number of FTEs	20.1	18.4
Share of women by position level (in %)		
CEO/Bank Manager	100	100
Assistant Bank Manager	100	100
Other management	75	50
Other employees	50	54
All employees	61	60
Age groups (number)		
Under 30 years old	6	2
Between 30 and 50 years old	8	9
Over 50 years old	4	9
Total	18	20

Society/social conditions (continued)	2022	2021
Average age	41	48
Average salary		
Men	586,282	644,168
Women	662,081	660,875
All employees	632,604	654,193
Ratio of highest salary to median salary	2.20	2.00
Women's salaries as a share of men's by position level (in %)		
CEO/Bank Manager	100	100
Assistant Bank Manager	100	100
Other management	86	78
Other employees	91	87
All employees	113	103
Absence due to illness (in %)		
Men	4.5	0.5
Women	4.5	12.7
Total	4.5	6.8
Part-time share (in %)		
Men	14.3	12.5
Women	18.2	16.7
Total	16.7	15.0

ETHICS AND WHISTLEBLOWING

Ethical guidelines have been prepared for the bank's employees and elected representatives. The general principles on which they are based are that the bank's employees, elected representatives and partners must demonstrate high ethical standards and act in accordance with legislation, the bank's articles of association and its core values and guidelines. Everyone covered by the guidelines must act honestly and in line with good business practice. Cultura Bank shall maintain a good psychosocial work environment and does not accept any form of bullying, harassment or discrimination. This shall be addressed internally and in dealings with business partners and other external relations. Bullying, discrimination or harassment at the workplace must be reported.

A whistleblowing committee has been established, consisting of the CEO, the safety representative and a board member, and there is a procedure for internal whistleblowing, which is available in the bank's quality manual.

THE TRANSPARENCY ACT

The Transparency Act entered into force on 1 July 2022. This new law sets stricter requirements for companies' transparency and work on fundamental human rights and decent working conditions, also known as social sustainability.

The law aims to promote companies' respect for fundamental human rights and decent work in the production of goods and provision of services, and to ensure public access to information on how companies address negative impacts on fundamental human rights and decent conditions.

For our bank, it is very important that human rights and decent working conditions be respected. A full report in line with the Organisation for Economic Co-operation and Development (OECD) guidelines will be published on our website by the end of June 2023.

Prospects for the future

Due to the adjustment to the upcoming increased capital requirements for banks, lending growth in 2023 must be kept within the limits set by the new capital requirements, and growth is therefore expected to be somewhat restrained compared to historical growth. The forecast for the strategy period shows that from 2023 the bank expects an operating profit that can both provide a stable dividend to equity certificate holders and provide room for further growth.

INTEREST RATE TRENDS

The bank has noticed a positive effect on the bank's earnings as a result of the increases in the key interest rate in March, June, August, September, November and December 2022. Based on Norges Bank's interest rate path in December 2022, the key interest rate is expected to increase to 3.25% during 2023.

Norges Bank publication	Key interest rate
19.01.2023	2.75
15.12.2022	2.75
03.11.2022	2.50
22.09.2022	2.25
18.08.2022	1.75
23.06.2022	1.25
05.05.2022	0.75
24.03.2022	0.75
20.01.2022	0.50

OPTIMISATION

In 2023, we will deploy new labour-saving system solutions that will both improve the user experience for customers and automate work operations, enabling further growth without a corresponding increase in staff numbers. The bank is also looking at how we can utilise economies of scale by collaborating with other banks in areas that are not competitively sensitive.

NEW SERVICES

To meet customer demand for a broader range of services while making the bank's finances more resilient to future fluctuations in interest rates, much work has been done in 2021 and 2022 to prepare new products and services, which we will benefit from in 2023.

- **Funds:** Cultura Bank has entered into an agency agreement with Norne Securities for the distribution of funds to Cultura's customers, and in 2022 Cultura Bank has contributed to getting three funds from Triodos Investment Management approved for distribution in Norway. The funds are expected to be available during the first quarter of 2023.
- **Insurance:** The bank has signed a letter of intent with Frende Insurance to become a distributor of insurance products.

Other matters

The annual accounts have been prepared on a going concern basis. In the opinion of the Board of Directors, the accounts and disclosures in the directors' report give a true and fair view of the development and results of the company and the position of the bank. The Board is not aware of any matters that are important for the assessment of the bank's position as of 31 December 2022 that are not disclosed in the income statement or balance sheet.

Expression of gratitude

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. Thank you!

Maria Bjune
Board Chair
(signed electronically)

Morten Johannessen
Vice Chair
(signed electronically)

Liv Anna Lindman
Board Member
(signed electronically)

Else Hovind Hendel
Board Member
(signed electronically)

Alf Hovlid
Board Member
(signed electronically)

Thomas Emil Lie Karlsen
Board Member
Employee Representative
(signed electronically)

Randi A. Welhaven
Board Member
(signed electronically)

Gustavo Parra de Andrade
Board Member
(signed electronically)

Board of Directors of Cultura Bank



Maria Bjune (b. 1960)

Board Chair, residing in Hadeland.

Board member of Cultura Bank since 2008, board chair since 2014. He has a degree in agronomy and a degree in political science with a major in economic geography, as well as some additional training in management skills and project management. He has worked as a lecturer and rector at Sogn Jord- og Hagebruksskule, senior advisor at Norges Vel, CEO at the Granly Foundation, and various project assignments in development co-operation in several countries. Has held many positions of trust, especially in the field of organic agriculture.



Morten Johannessen (b. 1953)

Vice Chair, residing in Røyken.

MA in political science and public law from the University of Oslo. Has held various management positions at Sparebanken NOR and DnB for 30 years, including many years with responsibility for business development in the retail market. He is currently board chair of Spama and Prokom AS, companies owned by Norwegian savings banks.



Gustavo Parra de Andrade, (b. 1985)
Board Member, residing in Bærum

Gustavo Parra de Andrade holds a degree in social economics from the University of Freiburg, Germany. He has previously worked at the bank as an accountant and analyst and has been a board member of Cultura Gift Fund. He has also completed postgraduate programmes in ethical banking under the auspices of MIT and Oxford University. He now works for the municipality of Oslo. He has been a board member since 2021.



Else Hovind Hendel (b. 1975)
Board Member, residing in Oslo

Else Hovind Hendel is vice chair of the WWF World Wildlife Fund. Else holds a Master's degree in history, political science and languages from the University of Oslo. After studying in Oslo, she completed a Master of Science at the London School of Economics and wrote her master's thesis on "Equal distribution of resources". She started her working career at Norges Bank Investment Management as an analyst in the ownership department with the operationalisation of the ethical guidelines for the fund. After eight years at Norges Bank, she joined Det Norske Veritas as a sustainability consultant. Her work included the Nordic Swan Ecolabelling of investment funds. In 2017, she joined WWF World Wildlife Fund as a senior advisor in sustainable finance. She joined Cultura as a new board member in 2022.



Alf Howlid (b. 1952)

Board Member, residing in Bærum

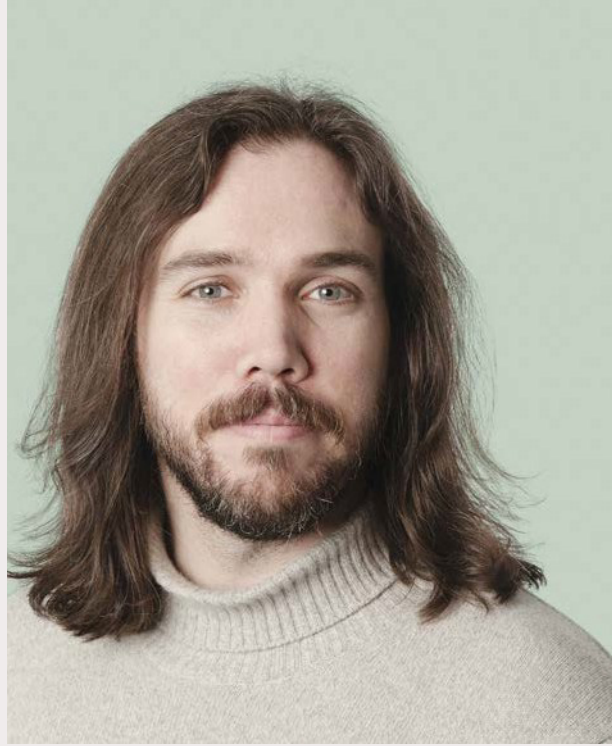
Alf Howlid is a civil architect. He has worked at Design and Architecture Norway - DOGA and has been a classroom instructor at the Steiner School. He is currently collaborating with the National Museum on architectural education. He has been board chair of the Steiner School Association and is the board chair of the Berle Anthroposophical Work Centre. He has been a board member of Cultura since 2015.



Liv Anna Lindman (b. 1987)

Board Member, residing in Hølen.

Liv Anna is a social economist and advisor at LO Norway. She has a master's degree in environmental economics from the Norwegian University of Life Sciences (NMBU), Ås. She is a beekeeper and a former municipal politician for MDG in Ås. When Liv Anna was elected as a deputy member of the Board, she was working as Nordic coordinator for the international organisation Rethinking Economics (RE), where she was involved in the start-up of both Norwegian and Nordic networks. She has extensive experience in non-profit work, organisational work and work in public agencies. At LO, she works on macroeconomic issues and topics related to economic inequality and social justice. Liv Anna joined the Board as a permanent member in 2022.



Thomas Emil Lie Karlsen, (b. 1988)

Employee Representative, residing in Oslo.

Thomas joined the bank as a temporary employee in 2015 and later became a permanent employee in the customer department, where he has gained versatile experience with the bank's various products and services. He holds a bachelor's degree in film and television science from Lillehammer University College and a bachelor's degree in organisation and management from the same university. Thomas joined the Board as an employee representative in 2022 and is currently on leave to further his education in modern project management, self-management and innovation at the Emergence School of Leadership.



Randi Almås Welhaven (b. 1963)

Board Member, residing in Hamar

Randi Almås Welhaven is a lawyer and was previously head of the legal department at Sparebank 1 Østlandet. She was a member of the Financial Services Complaints Board Bank for a few years. She has also been a deputy judge. She has held several board positions, including at a bank. Today she works as a lawyer at the legal department of Innlandet Hospital Trust. She has been a board member of Cultura since 2015.

Income Statement

In thousands of NOK	Notes	2022	2021
Interest income from assets valued at amortised cost		32,667	24,381
Interest income from other assets		9,681	2,491
Interest expense and similar charges		4,699	2,746
Net interest and credit commission income	17	37,650	24,127
Commission income and income from banking services		9,031	7,856
Commission expenses and costs of banking services		3,800	3,478
Dividends and other income from equity instruments		579	82
Net change in value and gains/losses on foreign exchange and financial instruments		123	93
Net other operating income	18	5,933	4,554
Salaries and other personnel expenses	19	18,065	15,498
Other operating expenses	20	11,459	9,907
Depreciation and write-downs on tangible and intangible assets	26	1,591	1,448
Total operating expenses		31,115	26,853

In thousands of NOK (continued)	Notes	2022	2021
Profit before losses		12,468	1,827
Credit losses on loans, guarantees, etc., and fixed-income securities	10,11	2,138	-1,643
Profit before tax		10,330	3,470
Tax	21	2,299	485
Profit on ordinary activities after tax		8,032	2,985
Other comprehensive income			
Change in value of equity instruments at fair value through other comprehensive income		-50	-156
Tax		0	0
Total items that will not be classified through profit or loss		-50	-156
Other income and expenses related to investments in fixed-income securities		-2,021	-994
Tax		-505	-249
Total items that will be classified through profit or loss		-1,516	-746
Total other comprehensive income		-1,566	-902
Total comprehensive income	33	6,465	2,083

Balance Sheet

In thousands of NOK	Notes	2022	2021
ASSETS			
Cash and cash equivalents		0	0
Loans to and claims on credit institutions and claims on central banks		96,619	81,173
Loans to and claims on customers at amortised cost	6-12	917,788	911,708
Fixed-income securities	24	453,128	381,125
Shares, participations and other equity instruments	25	13,178	12,127
Intangible assets	26	1,240	1,991
Tangible fixed assets	26,27	3,385	4,772
Other assets	28	3,756	3,452
TOTAL ASSETS		1,489,093	1,396,350
LIABILITIES AND EQUITY			
Borrowing from credit institutions	29	110	109
Deposits from customers	30	1,339,536	1,255,721
Other liabilities	31	13,999	12,014
Payable tax	21	2,009	358
Other provisions		14	50
TOTAL LIABILITIES		1,355,669	1,268,252

In thousands of NOK (continued)	Notes	2022	2021
EQUITY			
Share capital	33	85,308	85,308
Own equity certificates	33	-906	-1,001
Subordinated bond capital	32	15,152	15,111
Other paid-in equity		-106	
Total paid-in equity		99,448	99,418
Fund for unrealised gains		3,639	3,689
Savings bank fund		4,426	4,222
Equalisation Fund		25,912	20,770
Total retained earnings		33,977	28,680
TOTAL EQUITY	33	133,424	128,098
TOTAL LIABILITIES AND EQUITY			
		1,489,093	1,396,350
Guarantees	35	5,700	5,870

Changes in equity

	Paid-in equity		Subordinated bond capital	Equity		Accrued equity			Total equity
	Equity certificate	Holdings of own equity certificates		Other paid-in equity	Equalisation fund	Savings Bank's fund	Fund for unrealised gains	Transferred to donations	
In thousands of NOK									
Equity 1.1.2021	85,308	-1,001	15,104	-	19,555	4,173	3,845	-	126,984
Profit/loss for the period	-	-	976	-	1,932	77	-	-	2,985
Items in other comprehensive income	-	-	-	-	-717	-29	-156	-	-902
Purchase/sale of own equity certificates	-	-	-	-	-	-	-	-	-
Interest paid on subordinated bond	-	-	-969	-	-	-	-	-	-969
Transferred to donations	-	-	-	-	-	-	-	-	-
Equity 31.12.2021	85,308	-1,001	15,111	-	20,770	4,222	3,689	-	128,098
Equity 1.1.2022	85,308	-1,001	15,111	-	20,770	4,222	3,689	-	128,098
Profit/loss for the period	-	-	1,169	-	6,600	262	-	-	8,031
Items in other comprehensive income	-	-	-	-	-1,458	-58	-50	-	-1,566
Purchase/sale of own equity certificates	-	95	-	-	-	-	-	-	95
Interest paid on subordinated bond	-	-	-1,128	-	-	-	-	-	-1,128
Transferred to donations	-	-	-	-	-	-	-	-	-
Other equity transactions	-	-	-	-106	-	-	-	-	-106
Equity 31.12.2022	85,308	-906	15,152	-106	25,912	4,426	3,639	-	133,424

Cash Flow Statement

In thousands of NOK	2022	2021
Cash flow from operating activities		
Net disbursement of loans to customers	-8,891	-110,279
Interest payments on loans to customers	31,383	24,322
Net deposit/payment of deposits from customers	83,815	169,529
Interest payments on deposits from customers	-3,236	-1,644
Net repayment/disbursement of loans from credit institutions/deposits in credit institutions	-1	-3,518
Interest payments on deposits in credit institutions	-19	-134
Purchase and sale of certificates and bonds	-72,003	-64,292
Interest payments on certificates and bonds	9,681	2,254
Net commission payments	5,231	4,379
Payments for operations	-27,613	-20,409
Paid tax	-358	-1,251
Paid donations	0	-25
Net cash flow from operating activities	17,989	-1,070
Cash flow from investing activities		
Expenditure on investment in tangible fixed assets and intangible assets	-38	-1,397
Payment from sale of tangible fixed assets	332	
Payment on purchase of long-term investment in securities	-1,101	-66
Payment from the sale of long-term investments in securities	-	21

In thousands of NOK (continued)	2022	2021
Dividends from long-term investments in shares	578	82
Net cash flow from investing activities	-228	-1,360
Cash flow from financing activities		
Interest on subordinated bond	-1,128	-969
Purchase and sale of own shares	-	-
Payments on lease obligations	-1,187	
Issue of equity certificates	-	-
Dividend to equity certificate holders	-	-
Net cash flow from financing activities	-2,315	-969
Net change in cash and cash equivalents during the period	15,446	-3,399
Cash and cash equivalents as of 1.1	81,173	84,525
Cash and cash equivalents as of 31 December	96,619	81,173
Liquidity portfolio itemised		
Cash and cash equivalents	-	-
Claims on central banks	73,989	65,997
Claims on credit institutions without notice period (gross)	22,630	15,177
Liquidity portfolio	96,619	81,173

06 Notes to the accounts

Credit risk

Market risk

Results

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Notes to the accounts

NOTE 1 - GENERAL ACCOUNTING PRINCIPLES

GENERAL INFORMATION

The bank offers banking services for the retail and corporate market in Norway.

Cultura Sparebank is engaged in traditional banking activities, which consist of deposits from and lending to private individuals, as well as to companies and organisations. In addition, the bank offers payment services to its customers through online banking, mobile banking and bank cards.

Approximately 40% of the bank's lending is for commercial activities that are carried out in accordance with the intentions of the bank's values and articles of association. The share of lending outside the retail market is significantly higher than is typical for other small savings banks. However, the bank also provides home loans with a special emphasis on environmentally friendly buildings, which are incentivised with lower interest rates than ordinary home loans.

Deposits are made up of savings deposits and current accounts, which are accessed by bank cards and online/mobile banking or giro. A key element is that the deposit customer should be able to see which purposes and individual companies receive loans. Cultura is the only bank in Norway that practises this transparency. In its lending policy, Cultura places particular emphasis on the enhancement of the qualitative profile of its loans.

The bank's head office has a visiting address of Holbergs gate 1.

The accounts for 2022 were approved by the Board of Directors on 16.03.2023.

BASIS FOR THE PREPARATION OF THE ACCOUNTS

The annual accounts for Cultura Sparebank have been prepared in accordance with the Regulation on Annual Accounts for Banks Section 1-4, 1 paragraph b), which means that the assessment rules and disclosure requirements under IFRS have been followed with the exceptions provided for in the regulation.

CURRENCY

Transactions in foreign currencies are translated at the exchange rate at the time of the transaction. Monetary items denominated in foreign currencies are translated into Norwegian kroner using the exchange rate at the balance sheet date. Non-monetary items that are measured at historical cost expressed in foreign currency are translated into Norwegian kroner using the exchange rate at the time of the transaction. Non-monetary items 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, which is the bank's functional currency. Unless otherwise stated, values are rounded to the nearest thousand.

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 profit and loss with the difference in the change in fair value and recognition after amortised cost presented in other comprehensive income. Interest income on commitments 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 carrying amount 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 payment services, credit procurement and securities services.

The income is recognised when the services are provided.

CLASSIFICATION AND MEASUREMENT

IFRS 9 requires financial assets to 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 are measured at amortised cost.
- Interest rate instruments that are part of a portfolio for the purpose of both receiving cash flows and making sales are measured at fair value through other comprehensive income. With interest income, currency translation effects and impairments presented through ordinary profit.
- Interest rate instruments in other business models are 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 into the measurement category of 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 through other comprehensive income, ordinary dividends are recognised through profit or loss. Changes in value, both current and on disposal, are recognised in 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 are recognised through other comprehensive income.

Derivatives

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

FAIR VALUE MEASUREMENT

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 prices in an active market

Level 1 classifies financial instruments that are valued using quoted prices in active markets for identical assets or liabilities. This 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 classifies 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 securitised debt, derivatives and bonds that are not at level 1.

Level 3 - Valuation based on other than observable market data

Level 3 classifies 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 the income/expenses are calculated using the instrument's effective interest rate. Amortised cost is determined by discounting contractual cash flows over the expected life of the instrument. 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 loss, 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 initial recognition, a loss provision is made 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 the gross carrying amount and the provision for losses is normally model-based.

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

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.

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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 is made 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, and the asset is reclassified to stage 2.

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

If a credit impairment occurs, the instrument is moved to stage 3. Interest income is then recognised based on amortised cost and the loss provision is normally set on an individual basis.

For further details, please refer to IFRS 9.

Impairment model at the bank

Expected credit loss (ECL) in stage 1 and 2 is calculated as $EAD \times PD \times LGD$, discounted at the effective interest rate. The bank's system provider 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 3.

IFRS 16 Leases

IFRS 16 sets out principles for recognition, measurement, presentation and disclosures on leases for both parties to a lease, that is, the customer (lessee) and provider (lessor). The standard requires the lessee to recognise assets and liabilities for most leases. A contract is or contains a lease if the contract transfers the right to control the use of an asset for a period in exchange for consideration. The standard shall be applied to all such contracts except for short-term leases (defined as leases with a lease term of 12 months or less) or where the underlying asset has a low value (5,000 USD). Fixed non-lease components that are included in the lease are separated and recognised as other operating expenses as incurred.

On initial recognition, the lease liability and the right of use are measured at the present value of future lease payments. In subsequent periods, the lease liability is measured at amortised cost. The lease liability is reduced by rent paid and increased by estimated interest. The related right of use is measured and amortised. The right of use and lease liability shall be adjusted for any remeasurement arising from changes in contractual lease payments (e.g., annual adjustments). Rent previously recognised as an expense under ordinary operating expenses is replaced by and presented as estimated interest and depreciation.

DISCOUNT RATE

IFRS 16 refers to two different methods for determining the discount rate for lease payments:

- Interest rate implicit in the lease
- The lessee's incremental borrowing rate, if the implicit rate cannot be readily determined.

If the interest rate implicit in the lease cannot be easily determined, the bank applies the incremental borrowing rate to its capitalised leases. The incremental borrowing rate is defined as the rate the lessee in a similar environment would have to pay to borrow, over a similar period and with similar security, an amount necessary to acquire an asset of similar value to the right-of-use asset. This rate is defined as follows:

Incremental borrowing rate = Financing cost + add-on for cost of capital

As of 31.12.2022, the discount rate is calculated at 5.2 per cent, compared to 4 per cent as of 31.12.2021.

TAKEOVER OF ASSETS

Assets that are taken over in connection with the follow-up of non-performing and impaired 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.

OFFSETTING

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

Income and expenses are not offset unless required or permitted by IFRS.

TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at acquisition cost less accumulated depreciation and write-downs. Acquisition cost for tangible 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 TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

At each reporting date, and if there are indications of a fall in the value of tangible 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 carrying amount of the asset is impaired if the carrying amount is higher than the estimated recoverable amount.

TAX

Tax expense consists of payable tax 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.

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

PENSION OBLIGATIONS

Pension costs and obligations 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 salary 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 repayments 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 claims on Norges Bank and other credit institutions.

NOTE 2 - 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.

THE CORONA PANDEMIC, THE WAR IN UKRAINE AND ADDITIONAL PROVISION

The COVID-19 pandemic, the war in Ukraine and uncertainties in the economy have led to a significant and rapid change in the credit risk of the bank's portfolio. The uncertainty has led to the need to make an adjustment at portfolio level for expected losses.

This is discussed further in Note 11.

IMPAIRMENT OF LOANS AND GUARANTEES

The bank reviews selected thresholds of the corporate market portfolio annually. Large and particularly risky, as well as non-performing and impaired commitments are reviewed quarterly. Loans to private individuals are reviewed when they are non-performing and at the latest after 90 days, or if they have a particularly poor payment history.

The bank's risk classification systems are discussed under risk management. The bank makes an individual assessment of the need for impairment if there is credit deterioration that can be identified on individual commitments, and the credit deterioration results in a reduced future cash flow to service the

commitment. Examples of credit deterioration would be default, bankruptcy, liquidity or other significant financial problems.

Impairment in stage 3 is calculated as the difference between the carrying amount of the loan and the present value of the discounted expected cash flow based on the effective interest rate.

Other impairments in stages 1 and 2 are based on loss estimates calculated on the basis of 12-month and lifetime probability of default (PD), loss given default (LGD) and exposure at default (EAD).

NOTE 3 - CREDIT RISK

DEFINITION OF DEFAULT

A customer will be classified as non-performing 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 retail market customers, the absolute limit is equal to NOK 1,000
- For corporate market customers, the absolute limit is equal to NOK 2,000
- It is considered likely that the customer will not be able to honour 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 relies 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) is calculated by SDC and depends on the type of product, the commitments are divided into three main products:

- Loans
- Credits and lines of credit
- Guarantees

For loans, future instalment amounts are used to calculate EAD, where the sum of the discounted instalment amounts constitutes EAD. The EAD depends on whether the loan is in stage 1 or 2. The EAD in stage 1 corresponds to the discounted value of future instalments and interest for the next 12 months, where the residual debt is added to the cash flow in 12 months.

EAD in stage 2 corresponds to the discounted value of future instalments and interest until the expected maturity date, where the residual debt is added to the cash flow at the expected maturity of the loan.

For credits, EAD is determined on the basis of credit used, credit granted and the associated conversion factor on unused credit (Credit granted - Credit limit used). The following formula for calculating EAD applies to credit products:

$EAD_{Credit} = \text{Credit limit used} + \text{Conversion factor} \times (\text{Granted credit} - \text{Credit limit used})$

As the conversion factor on credit products is set equal to 1, the corresponding EAD will always be equal to the credit granted. By using a fixed conversion factor equal to 1, this represents a conservative approach compared to Common Reporting (COREP)¹ where several of these products are calculated with a conversion factor lower than 1.

For guarantees, the EAD is determined by the guarantee limit and the associated conversion factor. The conversion factor for loan guarantees is equal to 100%, while it is equal to 50% for payment guarantees, contract guarantees and other guarantees. The conversion factors used in the calculation of EAD are the same as those used in COREP. The following formula for the calculation of EAD applies to guarantee products:

$EAD_{Guarantees} = \text{Conversion Factor} \times \text{Guarantee Frame}$

PD - Probability of default

Probability of default (PD) estimates the statistical correlation between default and the customer's financial position, demographic data and payment behaviour. Default is defined as an overdraft of at least NOK 1,000 for 90 consecutive days, in addition to other qualitative indicators that indicate that the commitment is non-performing, cf. Article 178 of the CRR and Section 7 of the Regulation amending the CRR/CRD IV Regulation etc.

PD₁₂

The model distinguishes between retail and corporate customers and measures the probability of default over the next 12 months (PD₁₂ months). The overall model further consists of two sub-models, a behavioural model and a generic model, which are weighted differently based on the duration of the customer relationship and the time elapsed since the last credit search. The overall model consists exclusively of the generic model when a new customer relationship is created and the customer has not previously had a customer relationship with the bank, as well as existing customers where the customer relationship is shorter than two months. The behavioural model will only be used for existing customers where more than 13 months have passed since the last generic score. For all other time horizons, a combination of the models will be used.

The generic model indicates the 12-month PD based on public information. For corporate customers, the generic model consists of four sub-models, including sole proprietorships (ENK), enterprises where the owner is directly liable for debt (ANS/DA), other enterprises with submitted accounts and other enterprises without accounts. For retail customers, the generic model consists of five sub-models, four of which are divided according to the age of the customer (18-26 years, 27-42 years, 43-65 years and 66+ years) and the last consists of persons, regardless of age, with at least one active payment remark.

The behavioural model indicates the 12-month PD based on observed behaviour from customers' accounts, transactions and product distribution. Consequently, this model makes use of information on customer behaviour at the bank and therefore requires a given time horizon of customer data before it takes effect.

¹ Common Reporting (COREP) is the standardised reporting framework issued by the European Banking Authority (EBA) for the Capital Requirements Directive's reporting.

The models are constructed in such a way that the customer is assessed according to a number of variables: the customer receives a point and the higher the total score a customer receives, the lower the customer's PD.

The models are validated and recalibrated when necessary. If the quality of the models deteriorates, new models will be developed.

PD_life

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

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

Significant increase in credit risk

When a commitment is created, the commitment is placed in stage 1. The commitment remains in stage 1 unless there is a significant increase in credit risk since recognition. If the credit risk of a commitment or group of commitments is deemed to have increased significantly since recognition, the commitment shall be placed in stage 2.

The loss provision in stage 1 corresponds to the expected credit loss over 12 months. The loss provision in stage 2 is equal to the expected credit loss over the lifetime of the commitment. The definition of a significant increase in credit risk is therefore of great importance for the size of the bank's loss provisions.

The bank's impairment model uses the following definition of a significant increase in credit risk:

- PD at establishment < 1%: Increase in PD > 0.5% and doubling of lifetime PD
- PD at establishment > 1%: Increase in PD > 2% or doubling of lifetime PD

Furthermore, there are absolute criteria that always define a significant increase in credit risk:

- An account is forbearance flagged when the customer is in financial difficulties. When a customer is marked "forbearance", it means that forbearance has been granted
- Contractual cash flows are more than 30 days or more past due
- More than two arrears of at least 5 days' duration within 12 months
- Breach of covenants

The definition of a significant increase in credit risk shall be monitored on an ongoing basis and must be amended if necessary - for example, if it appears that a significant proportion of loans are migrating directly from stage 1 to stage 3. Changes to the bank's definition of a significant increase in credit risk must be approved by the Board of Directors.

LGD - Loss given default

Loss given default (LGD) consists of two elements, LGD_blank and blank factor. Blank factor is the part of commitment 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 commitment will be 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 market

- Customers without registered collateral
- Customers with registered collateral

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

EXPECTED CREDIT LOSSES BASED ON FUTURE EXPECTATIONS

The IFRS 9 standard requires consideration of several possible future scenarios that may affect losses in the future. A concrete approach to this is not specified, other than that it should provide a result that is as close to expectations as possible and that the cost and complexity of the modelling must be balanced against the possible improvement in precision.

The SDC ECL model uses a macro factor to account for this effect (the future expectations factor (FtF)). It has proven difficult to develop effective macro models that take into account the complexity of the macroeconomy and the effect on bank losses.

Cultura Bank uses the Financial Supervisory Authority's semi-annual report Financial Outlook as a basis for its macroeconomic future expectations. The report presents the expected development in future gross domestic product (GDP) from Statistics Norway and the Financial Supervisory Authority in a base and a stress scenario. Cultura Bank uses a weighted average of these two scenarios. In the stress scenario, it is assumed that the world economy would enter a prolonged period of high inflation, rising interest rates and lower economic growth.

IMPAIRMENTS IN STAGE 3

The bank reviews the portfolio on a quarterly basis. Commitments with arrears and overdrafts are monitored weekly. A quarterly overview is kept of commitments under special monitoring and commitments with forbearance. When estimating impairment on individual customers, both the current and expected future financial position are assessed and, for commitments in the corporate market, also the market situation for the customer, the relevant sector and market conditions in general. The possibility of recapitalisation, restructuring and refinancing is also considered. An overall assessment of these factors is used as a basis for estimating future cash flows. Cash flows are estimated for three scenarios, a normal scenario, a positive and a negative scenario, each over a period corresponding to the expected term for the relevant customer in the scenario in question, where the provision is a weighted

average of these. The bank makes a provision for losses in stage 3 if the customer is credit-impaired. When assessing the loss provision, there is uncertainty in estimating the timing and amount of future cash flows, including the valuation of collateral. See Note 10 for an overview of impairment of loans and guarantees.

NOTE 4 - CAPITAL ADEQUACY

In thousands of NOK	31.12.2022	31.12.2021
Savings Bank's fund	4,426	4,222
Fund for unrealised gains	3,639	3,689
Equalisation fund	25,911	20,770
Equity certificates	85,308	85,308
Own holding of equity certificates	-1,001	-1,001
Other equity capital	-106	-
Total equity	118,272	112,987
Intangible assets	-1,240	-1,991
Deduction for prudent valuation	-466	-393
Total common equity tier 1 capital	116,566	110,602
Subordinated bond capital	15,152	15,111
Total tier 1 capital	131,718	125,713
Subordinated loan	-	-
Total subordinated capital	131,718	125,713

In thousands of NOK	31.12.2022	31.12.2021
States and central banks	-	-
Local and regional authorities	16,426	13,433
Publicly owned enterprises	-	-
Institutions	6,326	4,854
Enterprises	46,142	50,231
Commitments with mortgage security in real estate	358,983	354,772
Overdue commitments	14,326	10,895
High-risk commitments	-	-
Bonds with preferential rights	22,532	19,104
Other commitments	21,666	24,674
Total calculation basis credit risk	486,402	477,962
+ operational risk	65,007	58,297
+ currency risk	9,156	7,595
Total calculation basis	560,565	543,854
Equity as % of total assets under management	8.96	9.17
Common equity tier 1 capital in %	20.79	20.34
Tier 1 capital in %	23.50	23.12
Subordinated capital in %	23.50	23.12

NOTE 5 - RISK MANAGEMENT

RISK MANAGEMENT

The bank's business activities expose it to a variety of financial risks. The objective is to achieve a balance between returns and risk and to minimise potential adverse effects on the bank's financial performance. The bank's financial risk management is established to identify and analyse these risks, to establish appropriate risk limits and controls, and to monitor compliance

through the use of reliable and up-to-date information systems. The bank regularly assesses the established guidelines for risk management and the system established to ensure that changes in products and markets are reflected in the risk limits.

Responsibility for the bank's risk management and control is shared between the bank's Board of Directors and management. The Board of Directors adopts the bank's goals and limits in all risk areas, including risk management guidelines.

The Chief Banking Officer is responsible for the bank's overall risk management. All decisions related to risk and risk management are normally made by the CBO in consultation with other members of the bank's management.

All managers of the bank are responsible for managing risk and ensuring effective internal control within their own area in line with the bank's approved risk profile.

There are separate policy documents for the following risk areas:

- Business and risk management
- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Processing of personal data
- ICT preparedness and information security
- Money laundering and terrorist financing
- Sustainability and corporate social responsibility
- Values-based lending policy

The policy documents are reviewed at least annually.

A risk control function has been established that is directly subordinate to the CEO and reports directly to the Board of Directors. There is also a separate procedure for the implementation of internal control. The internal control report is reviewed annually by the Board of Directors. A risk and audit committee has also been established within the Board of Directors.

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 sums owed to the bank. Credit exposure is primarily related to outstanding loans and debt securities. There is also credit risk associated with off-balance sheet financial instruments such as loan commitments, unutilised credit and guarantees.

See Notes 6 to 12 for the assessment of credit risk.

CLASSIFICATION

Probability of default is used as a measure of credit quality. The bank divides its portfolio into ten risk classes, based on the PD of each credit commitment (see that table). Credit-impaired commitments (stage 3) are assigned a PD of 100 per cent. The bank's portfolio categorised by risk class and stage is presented in Note 6.

Risk class	Retail Market		Corporate Market	
	From	To	From	To
1	0.000 %	0.024 %	0.000 %	0.102 %
2	0.024 %	0.042 %	0.102 %	0.182 %
3	0.042 %	0.070 %	0.182 %	0.246 %
4	0.070 %	0.097 %	0.246 %	0.333 %
5	0.097 %	0.143 %	0.333 %	0.459 %
6	0.143 %	0.214 %	0.459 %	0.562 %
7	0.214 %	0.359 %	0.562 %	0.752 %
8	0.359 %	2.190 %	0.752 %	1.338 %
9	2.190 %	4.101 %	1.338 %	4.417 %
10	4.101 %	100.000 %	4.417 %	100.000 %
11	100.000 %	100.000 %	100.000 %	100.000 %

LIQUIDITY RISK

The bank's liquidity risk is defined as the risk that the bank is unable to honour its debt obligations, or that the bank is unable to refinance its debt or fund its activities without incurring significant additional costs. According to the bank's liquidity risk policy document, liquidity risk must be low.

The document sets a minimum "weighted loan-to-deposit ratio²" of 110%. The bank's weighted loan-to-deposit ratio at the end of 2022 was 127%.

To be able to meet large withdrawals and fluctuations in customer deposits, the bank holds a liquidity reserve and drawing rights in Norges Bank. The balance in the daily settlement bank, DNB, is adjusted on an ongoing basis to cover current disbursements.

See Note 13 for assessment of liquidity risk.

² Here, deposits not covered by a deposit guarantee are weighted 50 %.

MARKET RISK

The bank's market risk is the risk that the value of its assets will decrease as a result of changes in market conditions. The bank's market risk is managed through defined maximum investment limits in the bank's market risk policy document. According to this document, market risk must be low. Risk exposure and developments are monitored on an ongoing basis and reported periodically to the Board of Directors and management.

The bank's portfolio of fixed income securities consists of:

- treasury bills
- covered bonds (OMF)
- bonds issued by
 - Norwegian municipalities
 - Nordic municipal banks
 - Multilateral development banks

All securities have a high credit rating and variable interest rates with 3-month intervals for interest rate adjustment (OMF), or a maximum maturity of 12 months (treasury bills), and thus relatively low price and interest rate risk.

The bank's equity portfolio is relatively small and consists of shares in related businesses abroad and investments in strategic partners. It is considered to have low exposure to turmoil in the securities markets.

OPERATIONAL RISK

Operational risk is the risk of financial loss resulting from failures in internal processes and systems, human error or from external events. According to the bank's operational risk policy document, the risk should be low.

Operational risk is managed through the bank's policies, procedures and guidelines. Operational risk is monitored through internal control, where periodic review of the incident log is a key element. Operational loss events and internal control deviations are reported to management and the Board of Directors.

COMPLIANCE RISK

Compliance risk is the risk that the bank incurs public sanctions, fines or financial losses as a result of non-compliance with laws and regulations. The bank emphasises sound processes to ensure compliance with applicable laws and regulations. The Board of Directors adopts guidelines for the bank's compliance function, describing the main principles for responsibility and organisation. Work is ongoing to assess how best to adapt to new regulations and rules to ensure both compliance and efficiency in the organisation. New regulations and rules that affect operations will be included in procedures and guidelines on an ongoing basis.

There has been considerable activity in the area of compliance in recent years. The bank works systematically to implement procedures and guidelines to ensure compliance and to maintain and enhance staff expertise.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP) AND INTERNAL LIQUIDITY ADEQUACY ASSESSMENT PROCESS (ILAAP)

The bank prepares an annual ICAAP report in accordance with the capital adequacy regulations. Here, the bank assesses its capital requirements by reviewing its 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 is intended to ensure that it has available effective and relevant measures that can be implemented in a stress 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 on a monthly basis.

Credit risk

NOTE 6 - LENDING TO CUSTOMERS BY CREDIT QUALITY LEVEL

LOANS, GUARANTEES AND UNUSED CREDITS TO CUSTOMERS BY CREDIT QUALITY LEVEL AS OF 31.12.2022

LOANS - TOTAL

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (Risk class 1-3)	371,037	1,139	0	372,175
Medium risk (Risk classes 4-7)	357,831	17,200	0	375,031
High risk (Risk classes 8-10)	125,513	32,196	0	157,709
Non-performing or impaired (Risk class 11)	0	0	16,873	16,873
Total gross lending	854,381	50,535	16,873	921,789
Impairment losses	- 1,073	- 97	- 2,832	- 4,002
Total carrying amount of loans	853,308	50,438	14,041	917,787

LENDING - RETAIL MARKET

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (Risk class 1-3)	285,736	1,139	0	286,874
Medium risk (Risk classes 4-7)	179,060	5	0	179,065
High risk (Risk classes 8-10)	65,716	18,031	0	83,747
Non-performing or impaired (Risk class 11)	0	0	12,037	12,037
Total gross lending	530,512	19,175	12,037	561,724
Impairment losses	-580	-41	-2,756	-3,377
Total carrying amount of loans	529,932	19,134	9,281	558,346

LENDING - CORPORATE MARKET

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (Risk class 1-3)	85,301	-	-	85,301
Medium risk (Risk classes 4-7)	178,772	17,195	-	195,966
High risk (Risk classes 8-10)	59,797	14,165	-	73,962
Non-performing or impaired (Risk class 11)	-	-	4,836	4,836
Total gross lending	323,869	31,360	4,836	360,065
Impairment losses	- 493	- 56	- 76	- 625
Total carrying amount of loans	323,376	31,304	4,760	359,440

GUARANTEES AND UNUSED CREDITS BY CREDIT QUALITY LEVEL AS OF 31.12.2022

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (Risk class 1-3)	11,915	5	0	11,920
Medium risk (Risk classes 4-7)	11,758	7	0	11,765
High risk (Risk classes 8-10)	976	15	0	992
Non-performing or impaired (Risk class 11)	0	0	0	0
Total guarantees and unused credits	24,649	27	0	24,676
Impairment losses	-2	0	0	-2
Net guarantees and unused credits	24,647	27	0	24,674

LOANS FOR WHICH FORBEARANCE HAS BEEN GRANTED AS OF 31.12.2022

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Loans with forbearance	0	14,455	7,609	22,065

LOANS, GUARANTEES AND UNUSED CREDITS TO CUSTOMERS BY CREDIT QUALITY LEVEL AS OF 31.12.2021

LOANS - TOTAL

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (Risk class 1-3)	385,680	11,555	-	397,234
Medium risk (Risk classes 4-7)	297,131	13,420	-	310,551
High risk (Risk classes 8-10)	141,135	52,713	-	193,848
Non-performing or impaired (Risk class 11)	-	-	11,263	11,263
Total gross lending	823,946	77,688	11,263	912,897
Impairment losses	-668	-142	-379	-1,189
Total carrying amount of loans	823,278	77,546	10,884	911,708

LENDING - RETAIL MARKET

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (Risk class 1-3)	314,773	-	-	314,773
Medium risk (Risk classes 4-7)	111,389	56	-	111,445
High risk (Risk classes 8-10)	113,250	23,536	-	136,786
Non-performing or impaired (Risk class 11)	-	-	8,897	8,897
Total gross lending	539,411	23,592	8,897	571,900
Impairment losses	-16	-5	-225	-246
Total carrying amount of loans	539,395	23,587	8,672	571,654

LENDING - CORPORATE MARKET

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Low risk (Risk class 1-3)	70,908	11,555	-	82,463
Medium risk (Risk classes 4-7)	185,742	13,365	-	199,107
High risk (Risk classes 8-10)	27,886	29,177	-	57,062
Non-performing or impaired (Risk class 11)	-	-	2,366	2,366
Total gross lending	284,536	54,096	2,366	340,998
Impairment losses	-652	-137	-153	-943
Total carrying amount of loans	283,884	53,959	2,213	340,055

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)	6,716	5	-	6,721
Medium risk (Risk classes 4-7)	8,742	708	-	9,450
High risk (Risk classes 8-10)	40	406	-	446
Non-performing or impaired (Risk class 11)	-	-	-	-
Total guarantees and unused credits	15,498	1,119	-	16,617
Impairment losses	-15	-	-	-15
Net guarantees and unused credits	15,483	1,119	-	16,602

LOANS FOR WHICH FORBEARANCE HAS BEEN GRANTED AS OF 31.12.2021

In thousands of NOK	Stage 2	Stage 3	Total
Loans with forbearance	17,762	4,371	22,132

NOTE 7 - BREAKDOWN OF LOANS

LOANS BY TYPE OF CLAIM

In thousands of NOK	31.12.2022	31.12.2021
Cash, operating and consumer credit	5,132	7,026
Construction loans	-	-
Instalment loans	916,657	905,871
Gross lending and claims on customers	921,789	912,897
Impairment losses on loans and advances in stage 1	-1,072	-668
Impairment losses on loans in stage 2	-97	-142
Impairment losses on loans in stage 3	- 2,832	-379
Net lending and claims on customers	917,787	911,708

GROSS LENDING BY GEOGRAPHICAL AREA

In thousands of NOK	31.12.2022	31.12.2021
Oslo	352,405	343,809
Rogaland	8,800	14,539
Møre and Romsdal	2,182	2,237
Nordland	30,098	29,030
Viken	267,002	271,959
Inland	69,543	65,971
Vestfold and Telemark	82,778	81,581
Agder	5,288	5,434
Vestland	28,322	24,204
Trøndelag	50,605	42,974
Troms and Finnmark	24,750	31,155
Abroad	16	6
Gross lending and claims on customers	921,789	912,897

NOTE 8 – NON-PERFORMING OR IMPAIRED COMMITMENTS

CREDIT-IMPAIRED COMMITMENTS BY SECTOR/INDUSTRY AS OF 31.12.2022

In thousands of NOK	Gross impaired commitments	Impairment in stage 3	Net impaired commitments
Retail market	12,037	-2,755	9,282
Corporate market			
Cultural, entertainment and recreational activities	4,469	-43	4,426
Professional, scientific and technical activities	367	-34	333
Total credit-impaired commitments	16,873	-2,832	14,041

As of 31.12.2022, the bank has NOK 16.9 million in impaired commitments that are still being recovered. Income from this activity is recognised as a reduction of the impairments. The corresponding figure for 2021 was NOK 9.3 million.

CREDIT-IMPAIRED COMMITMENTS BY SECTOR/INDUSTRY AS OF 31.12.2021

In thousands of NOK	Gross impaired commitments	Impairment in stage 3	Net impaired commitments
Retail market	8,897	-225	8,672
Corporate market			
Business services	2,366	-153	2,213
Total credit-impaired commitments	11,263	-379	10,885

CREDIT-IMPAIRED LENDING

In thousands of NOK	31.12.2022	31.12.2021
Gross non-performing loans - over 90 days	-	4,061
Impairment in stage 3	-	-129
Net non-performing loans	-	3,932
Other credit-impaired loans	16,914	7,202
Impairment in stage 3	-2,832	-250
Net credit-impaired performing loans	14,082	6,953
Net non-performing and credit-impaired commitments	14,082	10,885

CREDIT-IMPAIRED LOANS BY COLLATERAL

In thousands of NOK	31.12.2022	%	31.12.2021	%
Lending secured by residential mortgage	16,914	100.0	11,263	100.0
Loans secured by other collateral	-	-	-	-
Loans without collateral	-	-	-	-
Total credit-impaired lending	16,914	100.0	11,263	100.0

NOTE 9 - EXPOSURE ON LENDING

2022

Thousand NOK	Gross lending	Impairment stage 1	Impairment stage 2	Impairment stage 3	Unused credit	Guarantees	Impairment stage 1	Impairment stage 2	Impairment stage 3	Max credit exp
Retail market	561,724	-580	-41	-2,755	835	90	8	-	-	559,280
Corporate market										
Agriculture and related services	80,717	-154	-	-	2,548	-	-	-	-	83,111
Forestry and related services	2,672	-7	-	-	-	-	-	-	-	2,665
Fishing and catching	1,770	-2	-1	-	-	-	-	-	-	1,767
Manufacturing	7,994	-17	-3	-	-	-	-	-	-	7,974
Building and construction	0	-0	-	-	10	-	-	-	-	10
Retail, repair of motor vehicles	5,065	-11	-	-	254	350	-	-	-	5,658
Other transport and storage		-	-	-	-	77	-	-	-	
Accommodation and catering activities	655	-2	-	-	-	-	-	-	-	653
Information and communication	187	-0	-	-	-	-	-	-	-	186
Sale and operation of real estate	83,094	-132	-13	-	4,497	-	-	-	-	87,447
Professional services	9,020	-14	-2	-34	641	578	-	-	-	10,189
Business services	5,227	-4	-2			3,008	1	-	-	8,230
Other service industries	163,664	-150	-34	-43	3,429	1,597	3	-	-	168,465
Total	921,789	-1,073	-96	-2,832	12,214	5,700	12	-	-	935,635

2021

Thousand NOK	Gross lending	Impairment stage 1	Impairment stage 2	Impairment stage 3	Unused credit	Guarantees	Impairment stage 1	Impairment stage 2	Impairment stage 3	Max credit exp
Retail market	571,900	-16	-5	-225	484	90	-29	-	-	572,198
Corporate market										
Agriculture and related services	76,448	-	-57	-	1,952	-	-	-	-	78,342
Forestry and related services	414	-	-	-	-	-	-	-	-	414
Fishing and catching	1,952	-	-	-	-	-	-	-	-	1,952
Manufacturing	9,683	-	-	-	-	-	-	-	-	9,683
Building and construction	-	-	-	-	10	-	-	-	-	10
Retail, repair of motor vehicles	4,353	-1	-	-	158	350	-	-	-	4,860
Other transport and storage	292	-	-	-	-	77	-	-	-	369
Accommodation and catering activities	1	-	-	-	550	-	-	-	-	551
Information and communication	71	-	-	-	-	-	-	-	-	71
Sale and operation of real estate	70,591	-2	-	-	3,217	-	-	-	-	73,806
Professional services	8,724	-6	-	-	834	578	-	-	-	10,130
Business services	5,553	-	-	-153	-	3,118	-7	-	-	8,510
Other service industries	162,918	-2	-	-	3,543	1,657	-6	-	-	168,110
<i>Covid-19 impairment</i>		-640	-80							-720
Total	912,897	-668	-142	-379	10,747	5,870	-42	-	-	928,284

NOTE 10 - IMPAIRMENT LOSSES ON LOANS, GUARANTEES, ETC.

In accordance with IFRS 9, the bank's lending to customers, unused credits, guarantees and fixed-income securities are grouped in three stages based on the probability of default (PD) at the recognition date compared with the probability of default at the balance sheet date. As well as other indicators of significant increases in credit risk and/or credit deterioration, including the number of days in payment default, forbearance 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 impairment losses for the period on gross capitalised loans, guarantees, unused drawing rights and fixed-income securities measured at fair value for each stage, and includes the following elements:

- Transfers between stages due to changes in credit risk, from 12 months' expected credit loss in stage 1 to credit loss over the life of the instrument in stage 2 and stage 3.
- Increase in impairment losses on the issuance of new loans, guarantees and unused credit lines and the acquisition of fixed-income securities measured at fair value.
- Decrease in impairment losses on the derecognition of loans, guarantees, unused credits and redeemed fixed-income securities.
- Increase or decrease in impairment losses due to changes in input variables, calculation assumptions, macroeconomic assumptions and the effect of discounting.

Impairment losses on unused credits and guarantees are recognised in the balance sheet as a liability in the accounts.

IMPAIRMENT LOSSES ON LENDING, GUARANTEES, ETC.

In thousands of NOK	Stage 1	Stage 2	Stage 3	Total
Impairment losses on loans, guarantees, etc., as of 31.12.2021	852	143	379	1,373
Migrated from stage 1	18	-	2,768	2,751
Migrated from stage 2	1	-62	0	-61
Migrated from Stage 3	-	-	-153	-153
Impairment losses on new commitments in the period	65	-	0	65
Commitments derecognised during the period	-38	-1	-128	-167
Other changes	-57	10	-32	-80
Covid-19 impairment	408	6	-	414
Impairment losses on loans, guarantees, etc., as of 31.12.2022	1,214	96	2,832	4,143

LOSS COST DURING THE PERIOD

In thousands of NOK	2022	2021
Impairment loss for the period in stage 1	361	-626
Impairment loss for the period in stage 2	-48	-135
Impairment loss for the period in stage 3	2,457	-83
Established losses for the period against previous	-	66
Established losses for the period without previous	-	34
Recovery of previously established losses for the	-631	-899
Loss cost for the period	2,138	-1,643

NOTE 11 - ADDITIONAL PROVISIONS IN CONNECTION WITH THE CORONA PANDEMIC AND THE WAR IN UKRAINE

The Norwegian economy is characterised by low unemployment, high consumer price inflation, falling home prices and rising interest rates. In the short term, a moderate slowdown in the economy is expected.

The coronavirus pandemic broke out in the spring of 2020 and caused a significant setback to the Norwegian economy. However, the economy recovered quickly as soon as the infection control measures ceased, and through spring, summer and early autumn 2021 we saw a return to normal, and in some cases above-normal, activity levels. However, in the fourth quarter of 2021, infection control measures were reintroduced due to the Omicron variant, which had an impact on activity in the economy and society in general. The nature of the variant proved to be such that there was no need for prolonged infection control measures.

Inflation reached a full 5.8 per cent for 2022, it is expected to fall to 4.9 per cent in 2023. A combination of continued rising interest rates that have not yet had their full effect, increased costs (especially energy costs) and other direct effects of the war in Ukraine means that banks have to take into account that defaults among households will increase and that the trend in bankruptcies among Norwegian companies will increase.

ESTIMATED ADDITIONAL CORPORATE AND RETAIL MARKET PORTFOLIO PROVISIONS

As of 31.12.2022, the bank has reassessed the additional provisions because the models used do not adequately reflect the new uncertainties. An assessment was made against the customers' loan-to-value ratio (LTV) and risk class. Customers with a low LTV and low risk class may have less need for additional impairments. In light of the considerations in the macroeconomic assessments, we have increased the impairments in the portfolio for the retail market and a large part of the corporate market. The result showed an increase in impairment losses of NOK 1,134,310. This is considered to be sufficient at present but will be assessed on a continuous basis in the future in line with economic developments.

Corporate market:

The portfolio has been assessed, and it is considered that the majority of the bank's corporate customers are exposed to interest rate increases, inflation, increased energy prices and possible recession as a result of the general macroeconomic situation.

Schools and kindergartens are excluded, as they are considered as providing a necessary social good and get the majority of their income from state or municipal counterparties. Stage 3 customers are also excluded, as they are already subject to individual impairments.

Additional provisions have been made on the remaining commitments as follows:

- Commitments with LTV>60%
 - with low risk (1-3) have been amortised by 0.15%
 - with moderate risk (4-7) have been amortised by 0.20%
 - with high risk (8-10) have been amortised by 0.25%
- Commitments with LTV<60%
 - with low risk (1-3) have been amortised by 0.00%
 - with moderate risk (4-7) have been amortised by 0.15%
 - with high risk (8-10) have been amortised by 0.20%.

Given the above criteria, approximately 80% of the bank's total corporate market portfolio of approximately NOK 360 million is subject to estimated additional provisions.

Corporate Market	Impairment rate		Volume		Impairment	
	LTV < 60%	LTV > 60%	LTV < 60%	LTV > 60%	LTV < 60%	LTV > 60%
Low risk	0.00 %	0.15 %	13,820	31,388	-	47
Medium risk	0.15 %	0.20 %	107,750	77,005	162	154
High risk	0.20 %	0.25 %	40,086	33,935	80	72

Retail market

The portfolio has been assessed. It is believed that households in Norway will be affected by higher interest rates, energy costs and high inflation in general through 2023. The bank has therefore chosen to make additional provisions for a large share of the bank's portfolio of retail customers.

Stage 3 customers are excluded, as these are already subject to individual impairment.

Additional provisions have been made on the remaining commitments as follows:

- Commitments with LTV>70%
 - with low risk (1-3) have been amortised by 0.15%
 - with moderate risk (4-7) have been amortised by 0.20%
 - with high risk (8-10) have been amortised by 0.25%
- Commitments with LTV<70%
 - with low risk (1-3) have been amortised by 0.00%
 - with moderate risk (4-7) have been amortised by 0.15%
 - with high risk (8-10) have been amortised by 0.20%.

Given the above criteria, approximately 65% of the bank's total retail market portfolio of approximately NOK 560 million is subject to estimated additional provisions.

Retail Market	Impairment rate		Volume		Impairment	
	LTV < 70 %	LTV > 70 %	LTV < 70 %	LTV > 70 %	LTV < 70 %	LTV > 70 %
Low risk	0.00 %	0.15 %	195,121	91,636	-	137
Medium risk	0.15 %	0.20 %	118,933	60,112	178	120
High risk	0.20 %	0.25 %	52,032	31,708	104	79

Total additional provisions:

Retail Market	Volume		Impairment		TOTAL
	LTV < 70 %	LTV > 70 %	LTV < 70 %	LTV > 70 %	
Low risk	195,121	91,636	-	47	47
Medium risk	118,933	60,112	162	154	316
High risk	52,032	31,708	80	72	152
Total retail market	366,086	183,456	242	273	515

Corporate Market	LTV < 60%	LTV > 60%	TOTAL	
Low risk	13,820	31,388	-	137
Medium risk	107,750	77,005	178	120
High risk	40,086	33,935	104	79
Total corporate market	161,656	142,328	282	336

Total	527,742	325,784	524	609	1,133
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NOTE 12 - LARGE COMMITMENTS

As of 31.12.2022, the ten largest credit commitments of the bank accounted for 17.58% of gross commitments (2021: 15.94%). The bank has seven credit commitments that are reported as large commitments, i.e. greater than 10% of subordinated capital. The largest credit commitment is 19 % of subordinated capital.

In thousands of NOK	2022	2021
10 largest commitments	166,397	148,052
Total gross commitments	946,465	929,004
10 largest commitments as % of gross commitments	17.58%	15.94 %
Subordinated capital	131,718	125,713
10 largest commitments in % of subordinated capital	126.33%	117.77 %
Largest commitments in % of subordinated capital	19.02%	15.91%

Gross commitments include lending to customers before impairment, guarantees and unused credit lines.

Market risk

NOTE 13 - LIQUIDITY RISK

AGREED MATURITY OF MAIN BALANCE SHEET ITEMS AS OF 31.12.2022

	0-1 month	1-3 months	3 months - 1 year	1-5 years	Over 5 years	No maturity	Total
Cash and cash equivalents	-	-	-	-	-	-	-
Loans to and claims on credit institutions and claims on central banks	-	-	-	-	-	96,619	96,619
Net loans to and claims on customers	12,014	12,778	31,991	148,257	707,668	5,078	917,787
Bonds, certificates, etc.	-	120,023	150,516	182,590	-	-	453,128
Other assets	-	-	473	-	-	21,086	21,559
Total assets	12,014	132,801	182,980	330,847	707,668	122,783	1,489,093
Debt to credit institutions	110	-	-	-	-	-	110
Deposits from and debts to customers	1,339,536	-	-	-	-	-	1,339,536
Other debt	9,089	3,415	862	2,644	-	14	16,023
Total debt	1,348,735	3,415	862	2,644	-	14	1,355,669
Net	-1,336,720	129,386	182,118	328,203	707,668	122,769	133,424

AGREED MATURITY OF MAIN BALANCE SHEET ITEMS AS OF 31.12.2021

	0-1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	No maturity	Total
Cash and cash equivalents	-	-	-	-	-	-	-
Claims on credit institutions and central banks	-	-	-	-	-	81,173	81,173
Net loans to and claims on customers	1,859	8,529	26,577	104,538	763,213	6,992	911,708
Bonds, certificates, etc.	16,052	89,959	155,699	119,415	-	-	381,125
Other assets	-	-	293	-	-	22,049	22,342
Total assets	17,911	98,488	182,569	223,953	763,213	110,214	1,396,350
Debt to credit institutions	109	-	-	-	-	-	109
Deposits from and debts to customers	1,255,721	-	-	-	-	-	1,255,721
Other debt	5,689	2,120	1,123	3,439	-	50	12,422
Total debt	1,261,519	2,120	1,123	3,439	-	50	1,268,252
Net	-1,243,608	96,368	181,446	220,514	763,213	110,164	128,098

NOTE 14 - CURRENCY RISK

The bank's cross-border loans and deposits are denominated 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 provider, SDC AS. The bank is also exposed to some currency risk in connection with SDC AS invoicing its services in DKK.

CURRENCY POSITIONS AS OF 31.12.2022

In thousands of NOK	EUR	DKK	SEK
Loans to and receivables from credit institutions	28	3	211
Shares, units and other equity instruments	2,094	6,328	492
Total	2,122	6,331	703

CURRENCY POSITIONS AS OF 31.12.2021

In thousands of NOK	EUR	DKK	SEK
Loans to and receivables from credit institutions	29	3	225
Shares, units and other equity instruments	1,978	4,865	495
Total	2,007	4,869	719

NOTE 15 - PRICE RISK

Securities price risk is the risk of loss arising from changes in the value of fixed income securities and equity instruments in which the bank has invested. The bank has established investment limits and investments beyond these limits are subject to the approval of the bank's Board of Directors.

NOTE 16 - INTEREST RATE RISK

TIME UNTIL CHANGE IN INTEREST RATE CONDITIONS AS OF 31.12.2022

	0-1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	No fixed interest rate	Total
Cash and cash equivalents	-	-	-	-	-	-	-
Claims on credit institutions and central banks	-	-	-	-	-	96,619	96,619
Net loans to and claims on customers	-	917,787	-	-	-	-	917,787
Bonds, certificates, etc.	-	453,128	-	-	-	-	453,128
Other assets	-	-	-	-	-	21,559	21,559
Total assets	-	1,370,915	-	-	-	118,178	1,489,093
<i>Of which in foreign currency</i>	-	-	-	-	-	9,156	-
Debt to credit institutions	-	-	-	-	-	110	110
Deposits from and debts to customers	-	689,034	-	-	-	650,502	1,339,536
Other debt	-	-	-	-	-	16,023	16,023
Subordinated loan capital	-	-	-	-	-	-	-
Total debt	-	689,034	-	-	-	666,635	1,355,669
<i>Of which in foreign currency</i>	-	-	-	-	-	-	-
Net interest rate exposure assets and liabilities		681,881	-	-	-	-548,457	133,424

TIME UNTIL CHANGE IN INTEREST RATE CONDITIONS AS OF 31.12.2021

	0-1 month	1-3 months	3 months -1 year	1-5 years	Over 5 years	No fixed interest rate	Total
Cash and cash equivalents	-	-	-	-	-	-	-
Claims on credit institutions and central banks	-	-	-	-	-	81,173	81,173
Net loans to and claims on customers	-	911,708	-	-	-	-	911,708
Bonds, certificates, etc.	-	381,125	-	-	-	-	381,125
Other assets	-	-	-	-	-	22,343	22,343
Total assets	-	1,292,834	-	-	-	103,516	1,396,350
<i>Of which in foreign currency</i>	-	-	-	-	-	7,595	7,595
Debt to credit institutions	-	-	-	-	-	109	109
Deposits from and debts to customers	-	667,650	-	-	-	588,071	1,255,721
Other debt	-	-	-	-	-	12,422	12,422
Subordinated loan capital	-	-	-	-	-	-	-
Total debt	-	667,650	-	-	-	600,602	1,268,252
<i>Of which in foreign currency</i>	-	-	-	-	-	-	-
Net interest rate exposure assets and liabilities	-	625,184	-	-	-	-497,086	128,098

INTEREST RATE RISK AS OF 31.12.2022

In thousands of NOK	Exposure	Interest rate maturity	Interest rate risk at 2% change
Assets			
Loans to customers	921,789	0.12	2,122
Fixed-income securities	453,128	0.17	1,513
Debt/equity			
Fixed-income deposits from	689,034	0.12	-1,586
Subordinated bond capital	15,000	0,15	-44
Total interest rate risk			2,005

INTEREST RATE RISK AS OF 31.12.2021

In thousands of NOK	Exposure	Interest rate maturity	Interest rate risk at 2% change
Assets			
Loans to customers	912,556	0.12	2,101
Fixed-income securities	381,235	0.17	1,311
Debt/equity			
Fixed-income deposits from	667,650	0.12	-1,537
Subordinated bond capital	15,111	0,15	-45
Total interest rate risk			1,830

Results

NOTE 17 - NET INTEREST AND CREDIT COMMISSION INCOME

In thousands of NOK	2022	2021
Interest and similar income on loans to and claims from credit institutions	1,284	59
Interest and similar income on loans and claims from customers	31,383	24,322
Interest and similar income on fixed-income securities	9,681	2,491
Total interest and similar income	42,348	26,872
Interest and similar costs on debt to credit institutions	19	134
Interest and similar costs on deposits from and debt to customers	3,236	1,644
Interest and similar costs on subordinated bond capital	60	60
Other interest and similar costs	1,384	907
Total interest and similar costs	4,699	2,745
Net interest and credit commission income	37,649	24,127

NOTE 18 - OTHER INCOME

In thousands of NOK	2022	2021
Guarantee commission (gross)	112	146
Brokerage commission	168	102
Money transfer and interbank transactions	8,751	7,754
Total commission income and income from banking services	9,031	8,002
Guarantee commission (gross)	90	155
Money transfer and interbank transactions	3,710	3,469
Total commission expenses and costs of banking services	3,800	3,623
Net gain/loss on certificates and bonds	-383	-312
Net gain/loss on currency	506	405
Net gains/losses on financial instruments	123	93
Income from shares, units and other equity instruments	578	82
Dividends and other income on equity instruments	578	82
Net other operating income	5,933	4,554

NOTE 19 - SALARIES AND OTHER PERSONNEL EXPENSES

All employees are remunerated exclusively by fixed salaries. Apart from any remuneration for overtime worked, no variable remuneration is paid based on performance or any other basis. The CEO has been granted a supplement of NOK 1,000 per month to cover expenses for electronic communication (EKOM). The bank's management, which consists of the bank manager/CEO and assistant bank manager/deputy manager/credit manager, are not entitled to overtime pay due to their special independent position. The CEO's salary is set by the Board of Directors. Under the current agreement, the bank has the right to terminate the employment relationship without special cause by providing three months' written notice from the date of termination. In such a case, the CEO is entitled to severance pay for a further two months.

19.1 REMUNERATION

The remuneration schemes in Cultura Bank are designed in accordance with the Financial Institutions Act. The remuneration guidelines are revised annually by the Board of Directors. The Board is also presented with an annual report from the bank manager with a review of the remuneration scheme. Apart from any remuneration for overtime incurred, no variable remuneration is paid based on performance or on any other basis.

19.2 SALARIES AND OTHER PERSONNEL EXPENSES

In thousands of NOK	2022	2021
Salaries	13,585	11,597
Employer's contribution and financial tax	2,816	2,423
Pensions	1,071	1,069
Social security costs	593	410
Total salaries and other personnel	18,065	15,498

Number of FTEs as of 31.12.2022: 20.1

19.3 INFORMATION ON KEY MANAGEMENT PERSONNEL AND ELECTED REPRESENTATIVES 2022

In thousands of NOK	Salaries and fees	Pension cost	Other remuneration	Loans
Key management personnel				
Kristine Falkgård - Bank Manager, CEO until February 2022	292	15	-	-
Jannike Østervold - Deputy Manager, Assistant Bank Manager, Head of IT and Marketing Bank	1,155	54	15	228
Liv-Tone Rannekleiv - Assistant Bank Manager, Credit Manager	942	66	-	-
Total	2,389	134	15	228
Board of Directors				
Maria Bjune - Chair	145	-	3	-
Morten Johannessen - Vice Chair	74	-	1	-
Camilla Brox - Member until February 2022	15	-	-	-
Alf Howlid - Member	52	-	-	-
Gustavo Parra de Andrade - Member	64	-	-	-
Christine Praamsma - Member, staff until February 2022	6	-	-	1,441
Thomas Emil Lie-Karlsen - Member, staff as of March 2022	19	-	-	-
Randi Almås Welhaven - Member	54	-	1	-
Else Hendel - Member as of March 2022	38	-	-	-
Liv Anna Lindman - Deputy Member until March 2022	42	-	-	-
Total	508	-	5	1,441
Board of Trustees				
Frank Schmiemann - Chair of the Board of Trustees & Member of the Nomination Committee	4	-	-	-
Michael Lommertz - Member of the Board of Trustees, Chair of the Nomination Committee	13	-	-	782
Lars Hektoen - Member of the Board of Trustees, Member of the Nomination Committee	13	-	-	-
Anne-Kristin Løes - Member of the Board of Trustees, Member of the Nomination Committee	13	-	-	-
Christine Praamsma - Member of the Board of Trustees, Deputy Member of the Nomination	6	-	-	1,441
Andreas Haugerud - Member of the Board of Trustees, Member of the Nomination Committee	-	-	-	1,128
Ninon Onarheim - Member of the Board of Trustees	-	-	-	7,456
Total	48	-	-	10,808

Information on key management personnel and elected representatives 2021

In thousands of NOK	Salaries and fees	Pension cost	Other remuneration	Loans
Key management personnel				
Kjell Fredrik Løvold - Bank Manager, CEO until March 2021	336	16	3	-
Kristine Falkgård - Bank Manager, CEO as of April 2021	855	63	-	-
Jannike Østervold - Deputy Manager, Assistant Bank Manager, Head of IT and Marketing	838	57	-	248
Kari Schage - Assistant Bank Manager, Credit Manager until September 2021	605	41	-	-
Liv-Tone Rannekleiv - Assistant Bank Manager, Credit Manager as of October 2021	250	17	-	-
Total	2,885	195	3	248
Board of Directors				
Maria Bjune – Board Chair	145	-	5	-
Christian Dubrau – Vice Board Chair until March 2021	18	-	-	3,632
Morten Johannessen Vice Board Chair as of April 2021	68	-	1	-
Camilla Brox - Board Member	50	-	-	-
Alf Howlid - Board Member	50	-	-	-
Randi Welhaven - Board Member	50	-	1	-
Gustavo Parra de Andrade - Board Member as of April 2021	43	-	-	-
Christine Praamsma – Employee Board Member	25	-	-	1,729
Total	448	-	6	5,361
Board of Trustees				
Lars Hektoen - Chair of the Board of Trustees (until March), Member of the Nomination Committee	15	-	-	-
Frank Schmiemann - Chair of the Board of Trustees (as of March)	-	-	4	-
Åsa Jeppsson - Member of the Board of Trustees, Chair of the Nomination Committee	20	-	-	3,266
Anne Kristin Løes - Member of the Board of Trustees, Member of the Nomination Committee	13	-	-	-
Elizabeth Wirsching - Member of the Board of Trustees, Member of the Nomination Committee	13	-	-	1,200
Kari Schage - Member of the Board of Trustees, Employee Member of the Nomination Committee	6	-	-	-
Michael Lommertz - Member of the Board of Trustees	-	-	-	854
Jannike Østervold - Member of the Board of Trustees	-	-	-	248
Total	66	-	4	5,569

Loans to employees as of 31.12.22 amounted to NOK 8,671,200, of which NOK 227,686 to key management personnel. No guarantees have been issued for the bank's employees. Loans to key management personnel are granted on the same terms as for other personnel.

Interest rate subsidies on loans to employees totalled NOK 106,809 in 2022.

19.4 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.

NOTE 20 - OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES

In thousands of NOK	2022	2021
IT	4,810	4,232
Rent and rent-related costs	878	566
Office expenses	896	748
Marketing expenditure	1,416	1,419
External auditor	605	512
Other operating costs	2,854	2,431
Total other operating expenses	11,459	9,907

SPECIFICATION OF FEES TO THE EXTERNAL AUDITOR

In thousands of NOK	2022	2021
Statutory audit	435	307
Consulting and certifications	138	171
Preparation of tax assessment documents	31	34
Total fees to external auditor	605	512

NOTE 21 - TAXES

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 in the distant 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 31.12.2022 and 25 % as of 31.12.2021.

SPECIFICATION OF THE BASIS OF DEFERRED TAX/DEFERRED TAX ASSETS TEMPORARY DIFFERENCES

In thousands of NOK	2022	2021
Tangible fixed assets	-428	147
Bonds	-688	-640
Leases	-775	-679
Total temporary differences	-1,891	-1,173
Deferred tax (- tax asset) 25	-473	-293

THE TAX EXPENSE FOR THE YEAR IS AS FOLLOWS

In thousands of NOK	2022	2021
Profit before tax (ordinary and comprehensive)	8,259	2,319
Permanent differences	813	234
Change in temporary differences	57	-226
Tax base payable	9,129	2,328
Payable tax 25 %	2,282	582
Wealth tax	20	20
Tax effect of interest on subordinated bond capital recognised in equity	-292	-244
Total payable tax	2,010	358
Change in deferred tax	-180	-129
Insufficient/excessive provision in previous year	-36	8
Total tax expense	1,794	236
Tax expense on ordinary profit	2,299	485
Tax expense on other comprehensive income	-505	-249
Tax expense	1,794	236

Balance sheet

NOTE 22 - CATEGORIES OF FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS AS OF 31.12.2022

In thousands of NOK	Amortised cost	Fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	-	-	-
Claims on credit institutions and the central	96,619	-	96,619
Loans to and claims from customers	917,788	-	917,788
Fixed-income securities	-	453,128	453,128
Shares, units and other equity instruments	-	13,178	13,178
Total financial assets	1,014,406	466,306	1,480,712
Financial debt			
Debt to credit institutions	110	-	110
Deposits from and debts to customers	1,339,536	-	1,339,536
Total financial debt	1,339,646	-	1,339,646

CATEGORIES OF FINANCIAL INSTRUMENTS AS OF 31.12.2021

In thousands of NOK	Amortised cost	Fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	-	-	-
Claims on credit institutions and the central	81,173	-	81,173
Loans to and claims from customers	912,897	-	912,897
Fixed-income securities	-	381,125	381,125
Shares, units and other equity instruments	-	12,127	12,127
Total financial assets	994,070	393,252	1,387,322
Financial debt			
Debt to credit institutions	109	-	109
Deposits from and debts to customers	1,255,721	-	1,255,721
Total financial debt	1,255,830	-	1,255,830

NOTE 23 - FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE AND CARRYING AMOUNT OF FINANCIAL ASSETS AND DEBT CARRIED AT AMORTISED COST AS OF 31.12.2022

In thousands of NOK	Carrying amount	Fair value
<i>Assets</i>		
Cash	-	-
Claimson credit institutions and central banks	96,619	96,619
Loans to customers	917,788	917,788
Total assets measured at amortised cost	1,014,406	1,014,406
<i>Debt</i>		
Borrowing from credit institutions	110	110
Deposits from customers	1,339,536	1,339,536
Total debt measured at amortised cost	1,339,646	1,339,646

FAIR VALUE AND CARRYING AMOUNT OF FINANCIAL ASSETS AND DEBT CARRIED AT AMORTISED COST AS OF 31.12.2021

In thousands of NOK	Carrying amount	Fair value
<i>Assets</i>		
Cash	-	-
Claimson credit institutions and central banks	81,173	81,173
Loans to customers	911,708	911,708
Total assets measured at amortised cost	992,881	992,881
<i>Debt</i>		
Borrowing from credit institutions	109	109
Deposits from customers	1,255,721	1,255,721
Total debt measured at amortised cost	1,255,830	1,255,830

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

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 prices in an active market

Level 1 classifies financial instruments that are valued using quoted prices in active markets for identical assets or liabilities. This 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 classifies 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 securitised debt, derivatives and bonds that are not at level 1.

Level 3 - Valuation based on other than observable market data

Level 3 classifies 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.

LEVEL BREAKDOWN AS OF 31.12.2022

In thousands of NOK	Level 1	Level 2	Level 3	Total
Fixed-income securities	453,128	-	-	453,128
Shares, units and other equity instruments	-	-	13,178	13,178
Total assets	453,128	-	13,178	466,306

RECONCILIATION OF LEVEL 3 AS OF 31.12.2022

In thousands of NOK	Fair value through other comprehensive income
Opening balance	12,127
Realised gains recognised in the income statement	-
Unrealised gains and losses recognised in the income statement	-
Unrealised gains and losses in other profit components	-50
Investment	1,101
Sales	-
Closing balance	13,178

SENSITIVITY ANALYSIS FOR LEVEL 3 VALUATION AS OF 31.12.2022

	Price change - 20%	Price change -10%	Price change +10%	Price change +20%
Shares, units and other equity instruments	10,542	11,860	14,496	15,814

LEVEL BREAKDOWN AS OF 31.12.2021

In thousands of NOK	Level 1	Level 2	Level 3	Total
Fixed-income securities	381,125	-	-	381,125
Shares, units and other equity instruments	-	-	12,127	12,127
Total assets	381,125	-	12,127	393,252

RECONCILIATION OF LEVEL 3 AS OF 31.12.2021

In thousands of NOK	Fair value through other comprehensive income
Opening balance	12,239
Realised gains recognised in the income statement	-
Unrealised gains and losses recognised in the income statement	-
Unrealised gains and losses in other profit components	-156
Investment	66
Sales	-21
Closing balance	12,127

SENSITIVITY ANALYSIS FOR LEVEL 3 VALUATION AS OF 31.12.2021

	Price change - 20%	Price change -10%	Price change +10%	Price change +20%
Shares, units and other equity instruments	9,701	10,914	13,340	14,552

NOTE 24 - CERTIFICATES AND BONDS

NOTES AND BONDS AS OF 31.12.2022

In thousands of NOK	Cost price	Fair value	Carrying amount
Government / state guaranteed	146,180	145,675	145,675
Municipality / County	82,168	82,129	82,129
Bonds with preferential rights	225,555	225,324	225,324
Total certificates and bonds	453,903	453,128	453,128
Of which listed securities	453,903	453,128	453,128

NOTES AND BONDS AS OF 31.12.2021

In thousands of NOK	Cost price	Fair value	Carrying amount
Government / state guaranteed	122,996	122,922	122,922
Municipality / County	67,256	67,163	67,163
Bonds with preferential rights	191,553	191,041	191,041
Total certificates and bonds	381,806	381,125	381,125
Of which listed securities	381,806	381,125	381,125

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

NOTE 25 - SHARES AND EQUITY CERTIFICATES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

SHARES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME 2022

In thousands of NOK	Org no.	Number	Cost price	Carrying amount	Dividend received
Eiendomskreditt AS	979 391 285	15,072	1,571	2,398	100
Norsk Gjeldsinformasjon AS	920 013 015	203	3	15	-
Vipps AS	918 713 867	244	969	1,226	-
VN Norge AS	821 083 052	961 bill.	-	1,361	477
Banca Etica		180	78	99	-
Ekobanken		381	351	492	-
La Nef		4,070	916	1,284	-
Merkur Cooperative Bank		837	1,481	2,021	-
SDC AS		7,473	3,654	4,307	-
Sefea		26	117	137	-
SustainFin SICAV		1,964	471	512	-
Triodos Bank		100	52	63	2
Total			9,663	13,178	579

SHARES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In thousands of NOK	Org no.	Number	Cost price	Carrying amount	Dividend received
Eiendomskreditt AS	979 391 285	15,072	1,571	2,398	81
Norsk Gjeldsinformasjon AS	920 013 015	203	3	15	-
Vipps AS	918 713 867	244	969	1,016	-
VN Norge AS	821 083 052	961 bill.	-	1,361	-
Banca Etica		180	78	94	-
Ekobanken		381	351	495	-
La Nef		4,070	916	1,220	-
Merkur Cooperative Bank		837	1,481	1 966	-
SDC AS		5,490	2,553	2,899	-
Sefea		26	117	130	-
SustainFin SICAV		988,37	471	476	-
Triodos Bank		100	52	59	1
Total			8,562	12,127	82

CHANGE IN CARRYING AMOUNT 2022

In thousands of NOK	2022	2021
Carrying amount 1.1	12,127	12,239
Additions	1,101	66
Disposals	-	-21
Extended result	-50	-156
Carrying amount as of 31.12	13,178	12,127

TANGIBLE FIXED ASSETS

In thousands of NOK	Machinery and equipment	Right of use of leased premises (Note 27)	Total
Acquisition cost as of 1.1.2021	1,682	5,630	7,312
Additions during the year	282	198	480
Disposals during the year	-	-	-
Acquisition cost as of 31.12.2021	1,964	5,828	7,792
Accumulated depreciation and impairment as of 1.1.2021	986	872	1,858
Ordinary depreciation during the year	283	878	1,161
Accumulated depreciation and impairment as of 31.12.2021	1,269	1,750	3,019
Carrying amount as of 31.12.21	695	4,077	4,772
Acquisition cost as of 1.1.2022	695	4,077	4,772
Additions during the year	38	-	38
Disposals during the year	-	216	216
Acquisition cost as of 31.12.2022	733	3,861	4,594
Accumulated depreciation and impairment as of 1.1.2022	1,269	1,750	3,019
Ordinary depreciation during the year	286	923	1,209
Accumulated depreciation and impairment as of 31.12.2022	1,555	2,673	4,228
Carrying amount as of 31.12.22	447	2,938	3,385
Depreciation rates	3-10 years	5 years	

NOTE 26 – TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

INTANGIBLE ASSETS

In thousands of NOK	
Acquisition cost as of 1.1.2021	9,646
Additions during the year	1,115
Disposals during the year	-
Acquisition cost as of 31.12.2021	10,761
Accumulated depreciation and impairment as of 1.1.2021	8,506
Ordinary amortisation during the year	264
Accumulated depreciation and impairment as of 31.12.2021	8,770
Carrying amount as of 31.12.21	1,991
Acquisition cost as of 1.1.2022	10,761
Additions during the year	-360
Disposals during the year	-
Acquisition cost as of 31.12.2022	10,401
Accumulated depreciation and impairment as of 1.1.2022	8,770
Ordinary amortisation during the year	391
Accumulated depreciation and impairment as of 31.12.2022	9,161
Carrying amount as of 31.12.22	1,240

The bank's tangible fixed assets consist mainly of computers and office furniture.

Intangible assets consist mainly of investments in an ERP solution and onboarding solution for retail customers.

NOTE 27 - LEASES

RIGHT-OF-USE ASSET

In thousands of NOK	
Right of use of leased premises 1.1.2021	5,630
Revaluation of right of use on remeasurement	198
Right of use of leased premises 31.12.2021	5,828
Accumulated depreciation and impairment as of 1.1.2021	-872
Ordinary amortisation during the year	-878
Accumulated depreciation and impairment as of 31.12.2021	-1,750
Carrying amount of right-of-use assets as of 31.12.2021	4,077
Right of use of leased premises 1.1.2022	5,828
Revaluation of right of use on remeasurement	-216
Right of use of leased premises 31.12.2022	5,612
Accumulated depreciation and impairment as of 1.1.2022	-1,750
Ordinary amortisation during the year	-923
Accumulated depreciation and impairment as of 31.12.2022	-2,674
Carrying amount of right-of-use assets as of 31.12.2022	2,938

LEASE LIABILITY

Amortisation rates	3-5 years
In thousands of NOK	
Lease liability 1.1.2021	5,402
New/changed lease liabilities recognised during the period	229
Lease payments during the year	-1,130
Interest expense	216
Carrying amount of lease liability 31.12.2021	4,717
Lease liability 1.1.2021	4,717
New/changed lease liabilities recognised during the period	-93
Lease payments during the year	-1,187
Interest expense	189
Carrying amount of lease liability 31.12.2022	3,626

NOTE 28 - OTHER ASSETS

PREPAID NON-ACCRUED EXPENSES AND EARNED INCOME NOT YET RECEIVED

In thousands of NOK	2022	2021
Deferred tax assets	473	293
Earned income not received	923	1,113
Other prepaid non-accrued expenses	2,301	2,046
Other assets	59	-
Total	3,756	3,452

NOTE 29 - BORROWINGS FROM CREDIT INSTITUTIONS

In thousands of NOK	31.12.2022	Interest	31.12.2021	Interest
Borrowings from credit institutions at amortised cost	110	-	109	-
Total borrowings from credit institutions	110	-	109	-

NOTE 30 - DEPOSITS FROM CUSTOMERS

DEPOSITS FROM CUSTOMERS

In thousands of NOK	2022	2021
Deposits from and debt to customers at amortised	1,339,536	1,255,721
Total deposits from and debt to customers	1,339,536	1,255,721

DEPOSITS FROM CUSTOMERS BY SECTOR AND INDUSTRY

In thousands of NOK	2022	2021
Retail market	696,876	640,513
Corporate market		
Agriculture and related services	18,885	24,277
Forestry and related services	132	691
Fishing and catching	261	168
Manufacturing	5,902	2,861
Construction of ships and boats	152	86
Water supply, sewerage and waste disposal activities	862	882
Development of construction projects	93	125
Other building and construction	8,404	6,854
Retail, repair of motor vehicles	9,154	11,663
Other transport and storage	536	882
Accommodation and catering activities	8,830	5,286
Information and communication	17,288	24,317
Sale and operation of real estate	24,576	15,016
Professional services	75,539	88,014
Business services	11,949	14,788
Other service industries	459,303	418,120
Foreign companies	792	1,178
Total deposits from and debt to customers	1,339,536	1,255,721

GEOGRAPHICAL BREAKDOWN OF DEPOSITS

In thousands of NOK	31.12.2022	31.12.2021
Oslo	530,570	484,483
Rogaland	26,250	25,417
Møre and Romsdal	6,159	7,053
Nordland	17,743	21,195
Viken	356,511	347,774
Inland	78,681	64,637
Vestfold and Telemark	83,059	74,143
Agder	17,845	12,984
Vestland	76,819	78,875
Trøndelag	85,019	89,218
Troms and Finnmark	35,808	28,820
Abroad	25,072	21,124
Total deposits from and debt to customers	1,339,536	1,255,721

NOTE 31 - OTHER DEBT

In thousands of NOK	31.12.2022	31.12.2021
Costs incurred	1,840	1,633
Withholding tax due	514	712
Obligations related to leases (see Note 27)	3,626	4,717
Trade payables	1,200	1,657
Other debt	6,819	3,295
Total other debt	13,999	12,014

NOTE 32 - SUBORDINATED BOND CAPITAL

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 21 Tax.

NOTE 33 – OWNER SHARE CAPITAL AND OWNERSHIP

ISIN	Borrowings	First recall date	Nominal value	Interest terms	Carrying amount 31.12. 2022	Carrying amount 31.12. 2021
NO0010837073	23.11.2018	23.11.2023	NOK 15 mill.	3m Nibor + 600 bp	15,152	15,111

STRUCTURE

The bank's equity certificates amount 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	2022	2021
Equity certificates	85,308	85,308
Equalisation fund	25,912	20,770
Other equity capital	-106	-
Owner share capital	111,114	106,078
Savings bank fund	4,426	4,222
Primary capital	4,426	4,222
Fund for unrealised gains	3,639	3,689
Subordinated bond capital	15,152	15,111
Own holding of equity certificates	-906	-1,001
Total equity	133,425	128,098
Owner share capital in %	96.68	96.17

In thousands of NOK	Country	Holdings 2022	Owner share 2022	Holdings 2021	Owner share 2021
Camphills Forvaltningsfond	NO	9,302	10.90 %	9,302	10.90 %
Alternative Bank Schweiz	CH	4,444	5.21 %	4,444	5.21 %
Personellservice Trøndelag	NO	3,750	4.40 %	3,750	4.40 %
CACEIS Bank (nominee)	FR	3,427	4.02 %	3,427	4.02 %
A/S Skarv	NO	3,000	3.52 %	3,000	3.52 %
Cultura Gavefond	NO	2,211	2.59 %	2,211	2.59 %
Liv Bråten	NO	2,050	2.40 %	2,050	2.40 %
Acini Capital AS	NO	2,000	2.34 %	2,000	2.34 %
Skog Invest AS	NO	2,000	2.34 %	2,000	2.34 %
Annette Holding AS	NO	2,000	2.34 %	2,000	2.34 %
La Nef	FR	1,856	2.18 %	1,856	2.18 %
Gemeinnützige Treuhandstelle e.V.	DE	1,855	2.17 %	1,855	2.17 %
Ekobanken	SE	1,822	2.14 %	1,822	2.14 %
Banca Etica	IT	1,500	1.76 %	1,500	1.76 %
GLS Gemeinschaftsbank	DE	1,300	1.52 %	1,300	1.52 %
Merkur Andelskasse	DK	1,294	1.52 %	1,294	1.52 %
Triodos Bank	NL	1,000	1.17 %	1,000	1.17 %
O. Kavli og Knut Kavlis allmenntyttige fond	NO	1,000	1.17 %	1,000	1.17 %
Granly Stiftelse	NO	1,000	1.17 %	1,000	1.17 %
APS bank Ltd.	MT	800	0.94 %	800	0.94 %
Total 20 largest equity certificate holders		47,611	55.81%	47,611	55.81%
Own holding of equity certificates		906	1.06 %	1,001	1.17 %
Other equity certificate holders		36,791	43.13 %	36,696	43.02 %
Total number of equity certificates (nominal value NOK 1,000)		85,308	100.00%	85,308	100.00%

EQUITY CERTIFICATES HELD BY ELECTED REPRESENTATIVES AND MANAGEMENT AS OF 31.12.2022

Individual	Member of	Number
Jannike Østervold	Bank Manager and Board of Trustees	55
Andreas Haugerud	Board of Trustees	5
Anne-Kristin Løes	Board of Trustees	130
Christine Praamsma	Board of Trustees	35
Holger Schlaupitz	Board of Trustees	279
Idun Bierkvik Leinaas	Board of Trustees	1
Lars Hektoen	Board of Trustees	223
Michael Lommertz	Board of Trustees	30
Morten Skogly	Board of Trustees	2
Stian Torstenson	Board of Trustees	3
Alf Howlid	Board of Directors	73
Camilla Gietnes	Board of Directors	81
Gustavo Parra de Andrade	Board of Directors	15
Liv Anna Lindmann	Board of Directors	30
Maria Biune	Board of Directors	55
Morten Johannessen	Board of Directors	20

EQUITY CERTIFICATES HELD BY ELECTED REPRESENTATIVES AND MANAGEMENT AS OF 31.12.2021

Individual	Member of	Number
Jannike Østervold	Assistant Bank Manager	5
Lars Hektoen	Board of Trustees	223
Åsa Jeppsson	Board of Trustees	3
Idun Leinaas	Board of Trustees	1
Anne-Kristin Løes	Board of Trustees	100
Holger Schlaupitz	Board of Trustees	249
Maria Bjune	Board of Directors	25
Morten Johannessen	Board of Directors	20
Christine Praamsma	Board of Directors	5

ACQUISITION OF OWN EQUITY CERTIFICATES

The bank's holdings of own equity certificates have changed in 2022. 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 means to provide the securities with increased liquidity. The bank implemented a savings programme for employees at the end of 2022. These equity certificates have been sold from the bank's own holdings.

NOTE 34 - EARNINGS PER EQUITY CERTIFICATE

	2022	2021
Total comprehensive income	6,465,288	2,083,023
Interest on subordinated bond	-1.169.296	-976.204
From fund for unrealised gains	50,236	156,169
Total	5,346,229	1,262,988
Result attributable to equity certificate owners of the bank	5,141,604	1,214,648
Number of equity certificates issued	85,308	85,308
Earnings per equity certificate	60.27	14.24

NOTE 35 - GUARANTEES

GUARANTEES

In thousands of NOK	2022	2021
Payment guarantees	5,700	5,870
Loan guarantees	-	-
Total guarantees	5,700	5,870

GUARANTEES BY GEOGRAPHICAL AREA AS OF 31.12.2022

In thousands of NOK	Amount	in %
Oslo	4,433	77.8
Viken	1,100	19.3
Vestfold and Telemark	30	0.5
Vestland	90	1.6
Trøndelag	47	0.8
Abroad	-	-
Total guarantees	5,700	100.00

GUARANTEES BY GEOGRAPHICAL AREA AS OF 31.12.2021

In thousands of NOK	Amount	in %
Oslo	4,493	76.5
Viken	1,100	18.7
Vestfold and Telemark	30	0.5
Vestland	90	1.5
Trøndelag	157	2.7
Abroad	-	-
Total guarantees	5,870	100.00

NOTE 36 - EVENTS AFTER THE BALANCE SHEET DATE

The bank has not received any information after the balance sheet date that has not already been taken into account in the annual accounts.

Elected representatives

BOARD OF TRUSTEES

Name	Position	Representative for
Frank Schmiemann	Chair	Equity certificate owners
Idun Bjerkvik Leinaas	Vice Chair	Depositors
Lars Hektoen	Member	Depositors
Ove Jakobsen	Member	Depositors
Elisabeth Tollisen	Member	Depositors
Michael Lommertz	Member	Depositors
Svanhild Sørensen	Deputy member	Depositors
Ninon Onarheim	Member	Equity certificate owners
Anne-Kristin Løes	Member	Equity certificate owners
Holger Schlaupitz	Member	Equity certificate owners
Morten Skogly	Deputy member	Equity certificate owners
Alice Awino Nyamogo	Member	Employees
Christine Praamsma	Member	Employees
Andreas Haugerud	Member	Employees
Stian Torstenson	Deputy member	Employee

BOARD OF DIRECTORS

Maria Bjune	Chair
Morten Johannessen	Vice Chair
Alf Howlid	Board member
Gustavo Parra de Andrade	Board member
Else Hendel	Board member
Liv Anna Lindmann	Board member
Randi Almås Welhaven	Board member
Thomas Emil Lie-Karlsen	Employee board member
Stig Aleksander Aune	Deputy member
Maren Hersleth Holsen	Deputy member
Camilla Gjetnes	Employee deputy board member

A SELECTION OF PARTNER BANKS IN EUROPE

Merkur Cooperative Bank	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 Etiques et Alternatives (FEBEA), Global Alliance for Banking on Values (GABV) and Institute for Social Banking (ISB).



Independent auditor's report

To the Board of Trustees of Cultura Sparebank

Statement on 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 31 December 2022• Income statement, statement of comprehensive income for 2022• Statement of changes in equity• Cash flow statement for the financial year ended 31 December 2022• Notes to the annual accounts, including a summary of significant accounting policies.	<p>In our opinion:</p> <ul style="list-style-type: none">• The annual accounts comply with applicable legal requirements; and• The annual accounts give a true and fair view of the bank's financial position as of 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with the Regulation on Annual Accounts for Banks, Credit Institutions and Financial Undertakings.
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Our conclusion is consistent with our supplementary report to the Audit Committee.

Basis for our opinion

We have conducted our audit in accordance with 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 company as required by law, regulation and the International Code of Ethics for Professional Accountants (including International Standards on Independence) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We are not aware of any services that we have provided that are contrary to the prohibition of Article 5 No. 1 of the Audit Regulation (EU) No. 537/2014.

We have been Cultura Savings Bank's auditor continuously for 11 years as of the election by the meeting of the Board of Trustees with effect from the financial year 2012 and with re-election by the meeting of the Board of Trustees on 24 October 2017.

Key aspects of the audit

Key aspects are those issues that we consider to be of most significance in the audit of the annual accounts for 2022. These issues were addressed in the course of performing the audit and in forming our opinion on the annual accounts as a whole. We do not make separate conclusions on these issues.

Impairment losses on loans, guarantees etc.

Description of the issue	Audit of the issue
<p>Loans to customers amount to NOK 917.8million (62 %) of the bank's total assets as of 31 December 2022. Expected credit losses on loans, guarantees, etc., that are credit-impaired amount to NOK 4.1 million.</p> <p>For loans and guarantees, IFRS 9 requires the bank to calculate expected credit losses for the next 12 months for loans that do not have a significant increase in credit risk (Stage 1) and expected credit losses over the entire term of the loan for loans that have a significant increase in credit risk (Stage 2). The bank uses a model to calculate expected credit losses. The model is complex and is based on large amounts of data and discretionary assessments.</p> <p>The bank uses SDC's model and recommended assumptions. For loans and guarantees where there is a significant increase in credit risk and where there are indications that the commitment is credit-impaired, the bank makes an individual assessment of expected credit loss over the entire term of the commitment (Stage 3).</p> <p>In addition, the bank makes discretionary impairments in Stage 1 and Stage 2 to compensate for the fact that the bank's loss models do not take macroeconomic trends into account.</p> <p>Due to the size of gross loans, the inherent credit risk, the amount of impairment and the estimates underlying management's assessment, we consider the valuation of loans to be a key audit aspect.</p>	<p>We have obtained an understanding of the bank's definitions, methodologies and control activities for the valuation of loans and assessed whether they are in line with the requirements of IFRS 9.</p> <p>We have obtained independent assurance that the IFRS 9 model provided by SDC is in line with the loan impairment principles in IFRS 9 and that the model calculates in all material respects the impairment of loans in accordance with the model description which in turn is in accordance with IFRS 9.</p> <p>For the calculation of expected losses in Stage 1 and Stage 2, we have checked and ensured that the bank has used the estimates provided by the model from SDC. We have also reviewed the bank's additional provisions in Stage 1 and Stage 2 and assessed the applied principles and assumptions underlying the calculations.</p> <p>Furthermore, we have gained an understanding of the bank's credit management, identification and follow-up of commitments that are credit-impaired (Stage 3) and estimates of expected losses on these exposures. In this context, we have ensured that the individual impairments are calculated based on scenarios, collateral and future cash flows in line with IFRS 9. We have also ensured that all arrears have been assessed and taken into account in Stage 3.</p> <p>We have also assessed the adequacy of the disclosures in the notes related to IFRS 9 and expected credit losses as required by IFRS 7.</p>

Other information

The Board of Directors and the CEO (management) are responsible for other information. Other information consists of the directors' report and other information in the annual report but does not include the annual accounts and the auditor's report. Our conclusion on the annual accounts above does not cover other information.

In connection with our audit of the annual accounts, our responsibility is to read other information. Our objective is to determine whether there are material inconsistencies between other information and the annual accounts and the knowledge we have obtained in the audit of the annual accounts, or whether information in other information is otherwise materially misstated. We are required to report if other information is materially misstated. We have nothing to report in this respect.

Conclusion on the directors' report

Based on the knowledge we have obtained in the audit, we are of the opinion that the directors' report

- is consistent with the annual accounts and
- contains the disclosures required by applicable legal requirements.

Responsibilities of the Board of Directors and CEO for the annual accounts

The Board of Directors and CEO (management) are responsible for the preparation and fair presentation of the annual accounts in accordance with the Regulation on Annual Accounts for Banks, Credit Institutions and Financial Undertakings. Management is also responsible for such internal control as it determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, management is required to make judgements about the company's ability to continue as a going concern and disclose matters related to going concern. The going concern basis of accounting should be applied unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Auditor's duties and responsibilities in the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our conclusion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with laws, regulations and auditing standards and generally accepted practices in Norway, including ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or unintentional errors. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the financial decisions of users taken on the basis of the annual accounts.

For a further description of the auditor's duties and responsibilities, see:
<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

John Christian Løvaas
Certified Public Accountant



Cultura Bank

Cultura Sparebank

PO Box 6800 St. Olavs Plass, 0130 Oslo

Office address: Holbergs gate 1, Oslo

Phone: +47 22 99 51 99

cultura@cultura.no

Org. no. 977 041 244

www.cultura.no