

# Annual report 2021



<b>1.</b>	<b>Forewod by the Group CEO</b>	<b>3</b>
<hr/>		
<b>2.</b>	<b>About Bane NOR</b>	<b>5</b>
2.1.	This is Bane NOR	6
2.2.	Bane NOR's values	7
2.3.	The rail network in numbers in 2021	8
<hr/>		
<b>3.</b>	<b>Group Management</b>	<b>10</b>
<hr/>		
<b>4.</b>	<b>The board of directors of Bane NOR</b>	<b>12</b>
<hr/>		
<b>5.</b>	<b>Strategy</b>	<b>15</b>
<hr/>		
<b>6.</b>	<b>Our activities</b>	<b>17</b>
6.1.	Sustainability	18
6.2.	Property	20
6.3.	Construction	23
6.4.	Operations and Technology	26
6.5.	Customer and Marketing	29
<hr/>		
<b>7.</b>	<b>Annual report</b>	<b>31</b>
<hr/>		
<b>8.</b>	<b>Financial statements</b>	<b>41</b>
8.1.	Annual financial statements, notes and accounting policies	42



Photo: Aksel Jermstad

# 1. Foreword by the Group CEO

It has been a while since New Year fireworks lit up the first moments of 2021. We wished each other happy New Year with the hope of simpler and infection-free everyday lives. Unfortunately, that is not how things turned out. Covid-19 left its mark on last year too.

In spite of the challenges, we managed to maintain good rail operations. We rolled up our sleeves and did our jobs. We drove our projects forward.

And we managed to do so while maintaining a high level of safety on our sites and preventing increased infections in site accommodation, on the tracks and in our offices. People dug deep and made a huge effort.

I would therefore like to say a big thank you to all of Bane NOR's capable employees! At the same time, I would also like to thank our partners, contractors and subcontractors for a job well done last year.

Autumn 2021 was difficult for both us and many of Greater Oslo's commuters. Society was, for a few months, transitioning back to normal and we were able to enjoy the sight of people streaming back to train stations. At the same time, we experienced a number of incidents that impacted punctuality.

I understand why passengers get irritated when they do not get the product they have paid for and expect. I understand why many feel angry when they cannot get to and from work. Many people in Bane NOR also rely on the train to travel between home and work. Those days when railway is a problem in people lives instead of the good, climate friendly transport solution we are usually proud of, are painful.

However, punctuality was good for the year as a whole. More than 90 per cent of all passenger trains ran on time. This means that the target of 90 per cent punctuality was achieved despite rail's operational challenges due to a large maintenance backlog.

In 2021, some of our framework conditions changed, which gives us good reason to be optimistic on behalf of Bane NOR and the Norwegian railway network. Better dependability and greater financial and operational room for action are keywords regarding the agreement signed with the Ministry of Transport in September 2021, which was followed up with new agreements with the Norwegian Railway Directorate in January 2022. Simply put, we now have greater leeway to make decisions about measures in those areas where we believe the needs are, and the impacts will be, greatest.

One important element of this is the introduction of fixed prices for construction projects. If we can bring in projects under the agreed budget, we can keep what is saved. This can be used for other important tasks we believe are priorities. On the other hand, in the case of cost overruns, we will have to cover the higher costs ourselves.

The targets we have to work towards are determined by politicians. These could be, for example, that more passengers must be able to travel faster via a more punctual railway service. We will now get to decide which projects and measures to implement to achieve these impacts.

This increases our room for manoeuvre; something we have worked for many years. We now have it, and we should be pleased about that! At the same time, we will feel the greater responsibility that comes with it. Our owners and society will closely follow what we do and how we produce results. They will see Bane NOR's employees sticking at it together and developing the railway network in good, socially economic and sustainable ways. We will show what Bane NOR can do and why anyone who travels by railway has made the right choice.

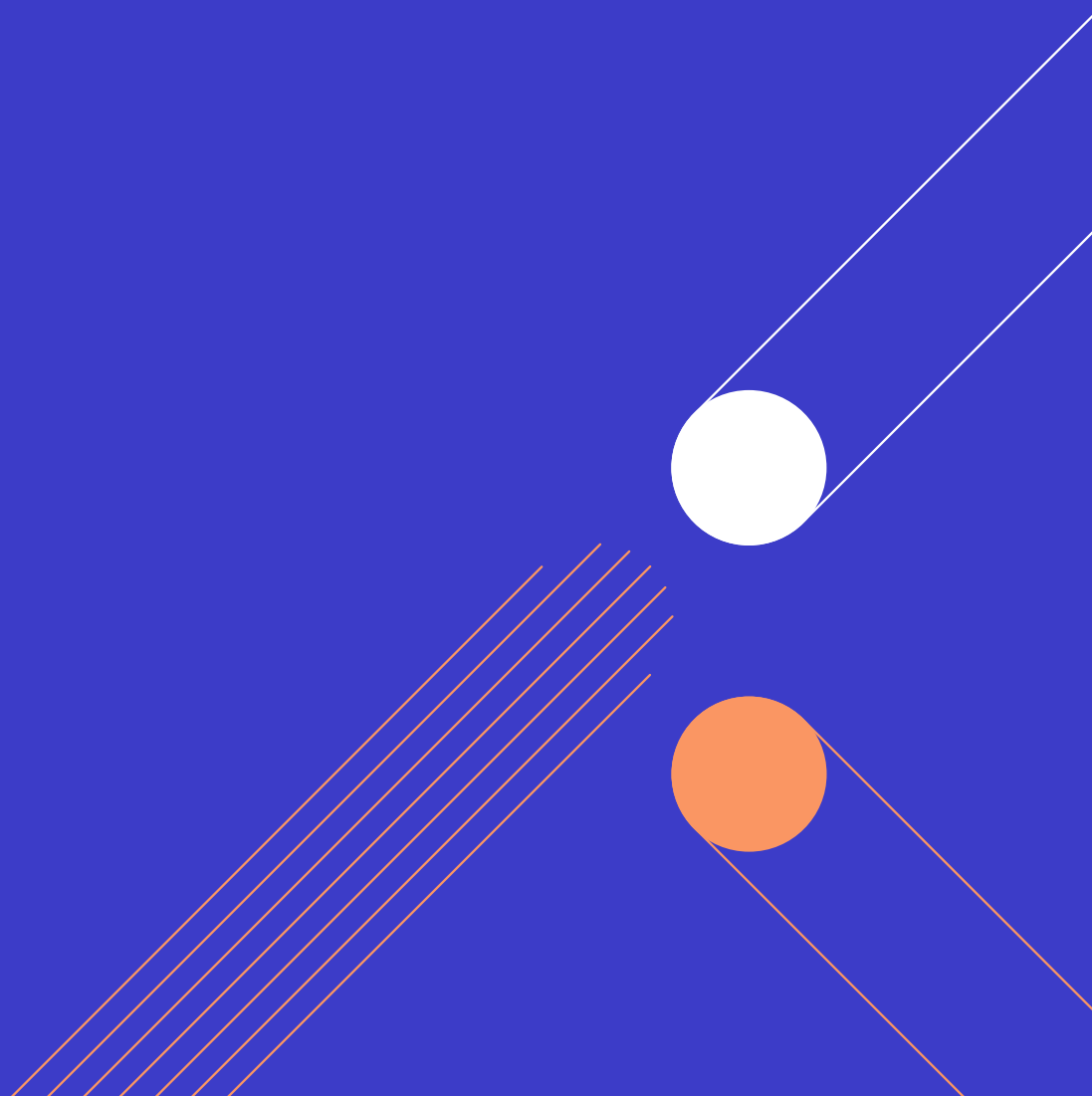


Gorm Frimannslund  
Group CEO

2.

# About Bane NOR

2.1.	This is Bane NOR	6
2.2.	Bane NOR's values	7
2.3.	The rail network in numbers in 2021	8



## 2.1 This is Bane NOR

Bane NOR is a state-owned enterprise and was established as part of the Railway Reform on 01.01.2017. We are wholly owned by the state via the Ministry of Transport. Our mission is to operate, maintain, plan and develop the national railway network, manage railway traffic, and administer and develop railway properties. Bane NOR's purpose is to lay the foundations for rail traffic growth by ensuring safe, accessible and efficient rail infrastructure and facilitating customer friendly hubs for passengers and freight.

In 2021, we signed a new agreement with the Ministry of Transport. The aim of the agreement was to achieve greater room for action and responsibility, greater financial flexibility and more predictable financing of railway projects. Negotiations also took place with the Norwegian Railway Directorate on a new agreement structure in 2021. This was signed on 13.01.2022.

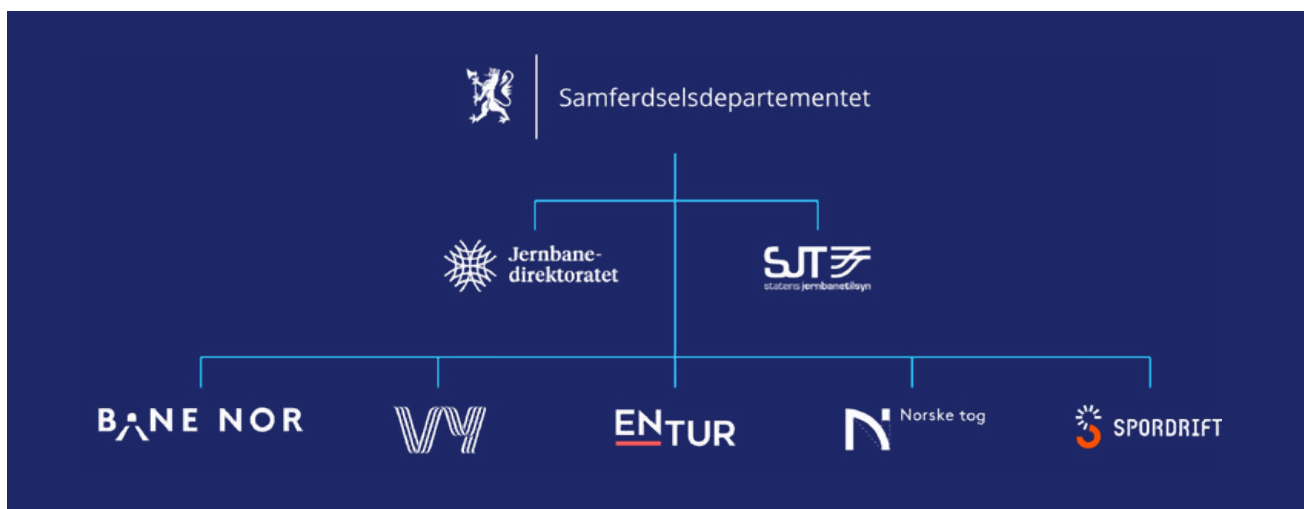
Bane NOR complies with the state's principles for good corporate governance and has also chosen to comply with the Norwegian Code of Practice for Corporate Governance wherever appropriate.

lished a corporate governance policy.

The Bane NOR Group employs around 3,400 employees and its head office is in Oslo.

The Group is organised into four divisions, each of which is responsible for its own specialist areas, as well as four group staff teams with specialist responsibility across the divisions. Operations and Technology is the largest division and has overall responsibility for management, operation and maintenance, as well as infrastructure refurbishment and railway operations, including traffic management.

All of our planning and construction projects are gathered in the Construction division, while Customer and Marketing has overall responsibility for contact with the train companies, timetables and capacity allocation, customer information, freight terminals and revenues from train companies. The Property division manages and operates more than 300 operational train stations and stops, 45 workshop buildings and many terminals, operational buildings and infrastructure properties.



Figur 1. Organisation of the rail sector in Norway and the Ministry of Transport's ownership as at 31.12.2021.

The Ministry of Transport has overall policy responsibility for the transport sector. It is responsible for the corporate governance of the Norwegian Railway Directorate, Bane NOR SF and Spordrift (from 01.07.2019), Entur AS (national sales channel for train tickets) and Norske Tog AS (company tasked with ensuring passenger train operators have access to rolling stock). The Ministry of Transport also manages the state's ownership of Vy AS (formerly NSB AS) while the Ministry of Trade, Industry and Fisheries manages the ownership of Flytoget AS and Mantena AS. (source: Jernbanedirektoratet.no)

## 2.2 Bane NOR's values

These values are fundamental to our work.

We will be open, respectful, engaged and innovative



### Open

- We share and cooperate to succeed
- We value diversity and new perspectives
- We address ethical dilemmas and act with integrity
- We are open and honest in our business operations

### Respectful

- We treat each other and the outside world with respect, tolerance and trust
- We put safety first
- We promote sustainability, ethical awareness and social responsibility

### Engaged

- We are all ambassadors for Bane NOR
- We think of the big picture and are solution-oriented
- We take responsibility for our own expertise and professional development

### Innovative

- We are curious, seek new knowledge and learn from our experiences
- We use each other's expertise to deliver good results
- We challenge established truths
- We are courageous and a driving force behind change and development

## 2.3 The rail network in numbers in 2021



4221

kilometres of railway track



335

train stations and stops



723

tunnels



2618

bridges



15

freight terminals



16

train workshops



14

timber terminals



4360

properties

9008<sup>mill</sup>

gross tonne kilometres, for all types of freight trains





punctuality for passenger trains



punctuality for freight trains

42,6<sup>mill</sup>

Passenger transport

Passengers (boardings): 42.6 million passengers (2020).\*

Source: Statistics Norway. The most recent figures are for 2020, published in June 2021. The figures for 2021 will not be available before June 2022.



regularity for passenger trains



uptime for the rail network

## 3. Group management

Bane NOR's group management consists of nine people and is led by Group CEO Gorm Frimannslund.



**Gorm Frimannslund**  
Group CEO

Gorm Frimannslund (born 1962) is the Group CEO of Bane NOR. He holds qualifications within transport, economics and management from Møre og Romsdal District College, BI Norwegian Business School and Templeton College Oxford. Frimannslund is the former director of the Infrastructure Division of the Norwegian National Rail Administration. He has also held several management positions in Widerøe and SAS.



**Sverre Kjenne**  
EVP Operations and Technology

Sverre Kjenne (born 1964) is the EVP Operations and Technology. He is a graduate engineer from Manchester (UMIST) with an MBA from Lausanne (IMD). Kjenne has broad experience from managing listed and privately owned industrial and technology companies in Norway and abroad. He joined the Norwegian National Rail Administration in 2011 as the director of technology and has been a driving force behind the digital railway in Norway.



**Karsten Boe**  
EVP Safety and Quality

Karsten Boe (born 1970) is the EVP Safety and Quality. He is a graduate engineer from the Norwegian University of Science and Technology (NTNU). Boe joined Bane NOR in January 2017 and has more than 20 years' experience of HSE, quality and project management, national and international, from Norsk Hydro and the Aker Group.



**Stine Undrum**  
EVP Construction

Stine Undrum (born 1969) is the EVP Construction. She is a graduate engineer from the Norwegian Institute of Technology (NTH), Institute for Building and Construction Technology. Undrum joined the Norwegian National Rail Administration in 2007 as a project manager for the construction of the Holm-Nykirke stretch. She also has long experience from companies such as Veidekke and Asplan Viak.



**Henning Scheel**  
EVP Customer and Marketing

Henning Scheel (born 1980) is the EVP Customer and Marketing. As a social scientist with an additional master's degree in innovation and international management, Scheel has a broad and versatile background. From the middle of the 2000s until he joined Bane NOR in 2017, as the director of contracts and marketing, he worked on various major projects for Hydro, REC and Equinor. He has held several management positions in Equinor.



**Rune Fjeldstad**  
EVP Business Management

Rune Fjeldstad (born 1962) is the EVP Business Management. He is a qualified economist and holds a Master of Management from BI Norwegian Business School. He has previously held management positions in Sparebanken NOR, Postbanken and Sparebank 1-BV, including a number of divisional director positions in DNB. He was also the Group CEO of Nets and then a partner in the consulting firm Bene Agere. He has board experience from a couple of dozen companies, both nationally and internationally.



**Jon-Erik Lunøe**  
EVP Property

Jon-Erik Lunøe (born 1962) is the EVP Property. He is a graduate engineer in building and construction from Manchester (UMIST) and also holds a Master in Project Management from the same institution. Lunøe has broad experience from the property and contractor industry, most recently as the head of a property development company, Ulven AS.



**Beate Hamre Deck**  
EVP HR and Organisation

Beate Hamre Deck (born 1967) is the EVP HR and Organisation. She has a Master in Business and Economics from France. Hamre Deck worked for many years in Arthur Andersen & Co. before she joined Statkraft as the director of the internal audit function and thereafter took on the role of HR director in the same company. She also worked for many years as the HR director in the international production and development business areas in Equinor before she joined Bane NOR in 2017.



**Torild Lid**  
EVP Communications and Public Relations

Torild Lid Uribarri (born 1964) is the EVP Communications and Public Relations. She has a Master in Business and Marketing from BI Norwegian Business School, management course at INSEAD and leadership course from the Norwegian Defence University College. Uribarri has many years' management experience from Telenor and Telenor-owned companies, in addition to international experience within salmon farming and PR, as well as a business adviser in DNB (formerly Bergen Bank). She joined Bane NOR in 2018.

## 4. The Board of Directors of Bane NOR

The Board of Bane NOR consists of eight board members and two observers, including the Board Chair and Deputy Chair.



**Cato Hellesjø**  
Chairman

Cato Hellesjø (born 1956) has been the Chair since June 2020. He has a Master in Business and Economics from BI Norwegian Business School and has been the Group CEO of Sporveien AS since 2009. He is the former Group CEO of Dagbladet and has been a director in Ringnes and head of department in Aftenposten. Hellesjø is the chair of the board of a number of companies and has held several board positions in Norwegian business.



**Olaf Melbø**  
Deputy chairman

Olaf Melbø (born 1949) has been the Deputy Chair since 2016. He is a graduate engineer from the Norwegian Institute of Technology (NTH) and has 35 years' experience from heading major onshore development projects. Melbø has board experience from Baneservice, AF-Gruppen and Norway at Expo2000.



**Hildegunn Naas-Bibow**  
Board member

Hildegunn Naas-Bibow (born 1972) has been a board member since August 2021. She has a Master in Business and Economics from NHH Norwegian School of Economics and an MBA from Harvard Business School. She was formerly a partner in PwC Consulting and a consultant in BCG. Naas-Bibow is also a board member of Unibuss AS and has previously been the deputy chair of the board of PwC AS.



**Baard Haugen**  
Board member

Baard Haugen (born 1955) has been a board member since 2017. He has a Master in Business and Economics from NHH Norwegian School of Economics and has held several management positions within economics and finance in Elkem, Torvald Klaveness and Elopak. Haugen is currently the CFO of the NHST Media Group.



**Renate Larsen**  
Board member

Renate Larsen (born 1975) has been a board member of Bane NOR SF since June 2021. Larsen has a Master in Business and Economics from NHH Norwegian School of Economics and more than 20 years' experience of management and board work. Renate Larsen is currently the chief executive of the Norwegian Seafood Council and the chair of the board of the Northern Norway Regional Health Authority. Her previous experience includes chair of the board of Hålogaland Theatre, board member of Folketrygdfondet, Nofima



**Adele Norman Pran**  
Board member

Adele Norman Pran (born 1970) has been a board member since June 2021. Pran is qualified lawyer and has a master's degree in auditing. She has long experience from private equity and company development, a background from finance, sits on the boards of listed, state-owned and private companies, and also has experience from chairing both boards and audit committees. She currently sits on the boards of Yara ASA, Zalaris ASA, ABG SC ASA, B2Holding ASA and Hitecvision AS.



**Bente Langeland Roheim**  
Board member / employee representative

Bente Langeland Roheim (born 1972) has been a board member since June 2021. Graduated with a master's in electric power engineering from the Norwegian University of Science and Technology (NTNU) in Trondheim in 1997 and immediately joined the Norwegian National Rail Administration in January 1998. He has largely worked in various positions in projects in Bane NOR since then.



**Terje Wold**  
Board member / employee representative

Terje Wold (born 1961) has been a board member since summer 2021. State trained. Has worked on the railways since 1978 in many different roles and held union positions.



**Lars Øyvind Sannes**  
Observer / employee representative

Lars Øyvind Sannes (born 1975) has been an observer since summer 2021. Graduated from the Polytechnical College in 1999, including in object oriented programming, project management, business administration and Oracle SQL. Joined the Norwegian National Rail Administration in 2000 and has worked within ICT, procurement and contract management. Union representative since 2005 and holds positions in the local union and national council of the Norwegian Union of Railway Workers.



**Morten Tannum**  
Observer / employee representative

Morten Tannum (born 1958) has been an observer on the board since autumn 2021. Qualified as an engineer from the electrical engineering course at Oslo Engineering College in 1981 and as a market economist from Oslo Marketing College in 1991. Held various engineering positions within ICT and electrical engineering between 1982 and 2009. He joined the Norwegian National Rail Administration in 2009 and thereafter worked in Bane NOR as a senior engineer.

Photos: Aksel Jernstad

## 5. Strategy

In 2021, Bane NOR established our new strategy that looks ahead to 2025. We have done a thorough job that included comprehensive analyses of both external and internal factors that we know will affect our room for action and how we shape our place in society.

### Mer på skinner setter mindre spor



The strategy has two main components. One is about impact and looks at what we want to achieve for society and our surroundings. This part concentrates on three topics: sustainable social development, value for money and customer focus.

The second part describes how we can achieve the desired impacts. The strategy concentrates on three areas where improvements are required, namely greater market orientation, new ways of working and strengthening our ability to deliver. Safety is a basic prerequisite in everything we do and constitutes its own topic: safety as the foundation of everything we do. We will also base our public profile on our values.

## Mål

### Effekter på samfunn



Øke jernbanens konkurransekraft for gods og reisende



Styrke utviklingen av knutepunkt og sømløse reiser



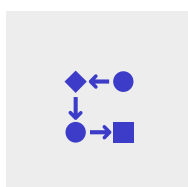
Øke kunnskap om jernbanens effekt og rolle

## Mål

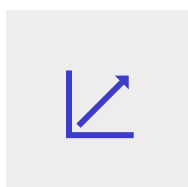
### Effekter på økonomi



Redusere utbyggingskostnadene



Effektivisere drift og vedlikehold



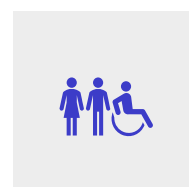
Øke kommersielle inntekter

## Mål

### Effekter på kunde



«Bane NOR gir riktig, lik og nyttig informasjon»



«Bane NOR tilbyr attraktive stasjoner»



«Bane NOR jobber sammen med oss mot felles mål»

We have tied the strategy to three UN Sustainable Development Goals: Industry, Innovation and Infrastructure, Sustainable Cities and Communities, and Climate Action. All of these areas have specific goals that must be met by the end of 2025.

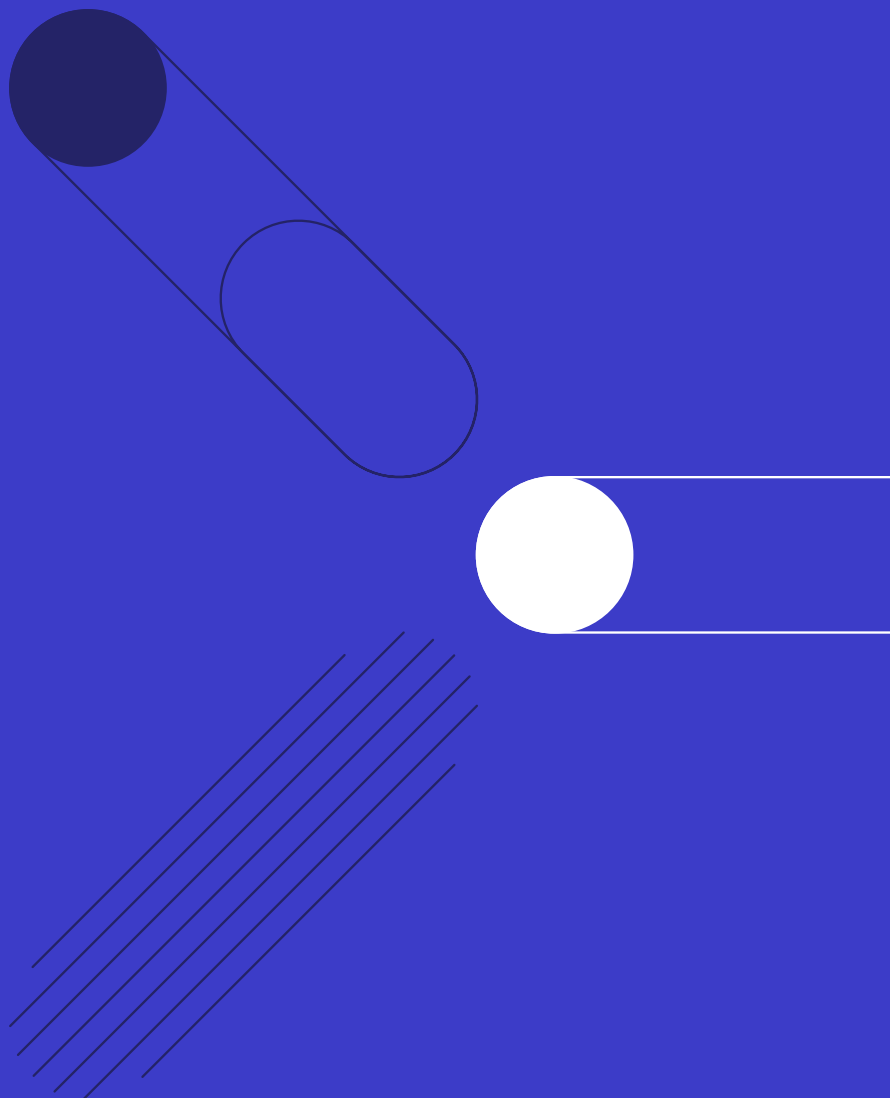
Goals have been formulated and indicators established for the period up to 2025 for each of the

topics mentioned above. These are designed to measure our progress in relation to the ambitions we have set for ourselves. We believe even more strongly in the importance of looking ahead. When we set goals, we do our best to achieve improvements in all areas.



# 6. Our activities

6.1.	Sustainability	18
6.2.	Property	20
6.3.	Construction	23
6.4.	Operations and Technology	26
6.5.	Customer and Marketing	29



## 6.1 Sustainability

Bane NOR's most important contribution to greater sustainability, in society in general and the transport sector in particular, is to strengthen support for rail and help ensure more people can travel by train.

Transferring transport over to rail will make the transport sector more sustainable because rail uses less energy and land in relation to capacity than any other means of transport.

The vision for our work on sustainability is the same as Bane NOR's corporate vision: "More on track leaves a smaller footprint". This stems from our environmental advantages and our activities' inherent contribution to a more sustainable society: the fact that we are part of the answer to one of the world's greatest challenges.

Rail contributes to the climate and zero growth target by shifting traffic away from fossil means of transport. Rail also needs less land and causes less air pollution. It offers rapid, energy efficient transport with high capacity utilisation and results in fewer road traffic accidents. These advantages are even greater in central regions where most people and freight are transported. When more people can live, work or carry out necessary errands near a station, greenhouse gas emissions are reduced because there is significantly less need for private cars.

Bane NOR's work on sustainability is well integrated into the company's core business and updated corporate strategy from 2021, where one of the three strategic goals is to be a "sustainable social developer", primarily through improving rail's competitiveness, developing hubs and improving public knowledge about the impact and role of rail.

That is why we have also sharpened Bane NOR's work on sustainability. The prioritised topics that significantly contribute to the Group's goals are:

- Further developing rail's environmental advantages
- Ensuring punctuality and dependability
- Improving hub development and seamless travel

It is by making improvements in these areas that Bane NOR can have the greatest impact in relation to our ambition of getting "more on track".

This prioritisation in no way means that we are not diligently working on the other topics that we, together with our stakeholders, have defined as material and thus priorities for Bane NOR's work on sustainability (see the section on material sustainability topics below). The other topics we have prioritised each contribute to rail "leaves fewer traces" in various ways. They are all essential for our professionalism and our legitimacy as an important social stakeholder. Therefore, they also affect our ability to fulfil our mission: Being a driving force behind more people taking trains.

### Bane NOR's material sustainability topics

In 2019, Bane NOR conducted a materiality analysis that still provides the basis for our material sustainability topics and materiality matrix (Figure 1). As a basis for the materiality matrix, a structured analysis was conducted of topics that are of strategic importance for our contribution to

social development, including the UN Sustainable Development Goals, the Bane NOR Group's goals, external guidelines and legislation, and stakeholder feedback. The topics were assessed on the basis of their strategic importance for the company's contribution to sustainable social development and prioritised based on the expectations of our stakeholders and their importance for the company.

The highlighted topics are the ones that particularly contribute to the Group's goal of being a sustainable social developer and new corporate strategy in 2021. A new materiality analysis will be conducted in 2022 to ensure integration with Bane NOR's new corporate strategy and any adjustments to material topics.

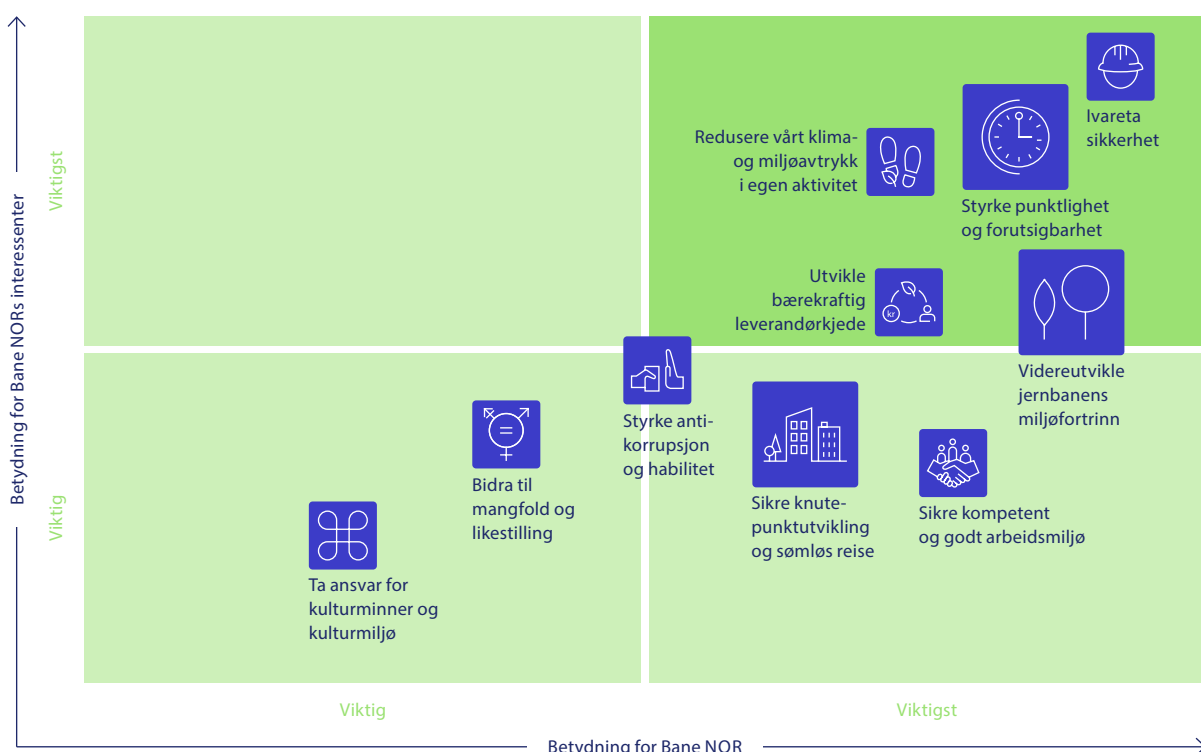
We have systemically worked on our material topics ever since the materiality matrix was established in 2019. Our stakeholders have also provided important input.

Based on our material sustainability topics, Bane NOR established a dedicated roadmap for sustainability in 2021. The roadmap sharpens Bane NOR's work on sustainability, long-term ambitions and the strategic goals we have to work towards in order to achieve our ambition of being a role model within sustainability by the end of 2025. The roadmap represents our starting point for following up measures and results and is a useful tool in all internal and external communication.

The roadmap also illustrates how Bane NOR, through our activities, contributes to achieving the UN Sustainable Development Goals. Bane NOR has prioritised six out of the 17 Sustainable Development Goals. These were chosen because they are the ones most closely related to our core activities and are thus areas where our efforts could have the greatest positive impacts.

Read more about our work on sustainability and key figures here <https://arsrapport.banenor.no/2021/baerekraft>.

Bane NORs vesentlighetsmatrise



## 6.2 Property

Bane NOR is one of Norway's largest property owners. Our job is to develop, manage, operate, maintain and lease out properties.



Photo: N. Tourrenc/Bane NOR

Our property portfolio includes 1,560 buildings and 3,700 leases and has a gross estimated value of NOK 54 billion. The Property division employs 225 FTEs and has more than 230 ongoing property development projects. Gross investments in 2021 included NOK 3.1 billion in property acquisitions. The Property division consists partly of activities in state-owned enterprises (SFs) and partly of activities in our wholly owned subsidiary Bane NOR Eiendom AS.

We help to manage and operate train stations and stops in Norway, as well as other buildings for use by the railways. 2021 was a very busy year for the Property division. Below are the biggest cases we worked on during the year:

We partnered with Smartly on establishing and maintaining charging points for electric cars at selected stations and properties.

1 Bane NOR Eiendom AS is wholly owned by Bane NOR SF. The company operates without government subsidies and in competition with other commercial developers in the real estate sector within the development and leasing of retail, office and hotel premises. Bane NOR Eiendom develops and sells homes near public transport hubs across the entire country.

After 20 years' work in Bjørvika, Bane NOR Eiendom sold its stake in the company Oslo S Utvikling for NOK 950 million.

"We are proud to have been part of such a development right in the heart of Oslo city centre. Most of the urban and hub development around Oslo Central Station has now been completed and we will be concentrating on exciting new projects," said CEO Jon-Erik Lunøe of Bane NOR Eiendom.

"Brunosten" was sold to the property company NREP for NOK 485 million. "Brunosten", which translates as brown cheese, is the popular colloquial nickname of Quality Hotel River Station in Drammen.

We helped to establish Oslobolig, which helps people on regular wages purchase a flat in the capital. The concept is a collaboration between the City of Oslo, the housing developer OBOS and the property company NREP.

As far as major investments are concerned, we acquired Strandgata 19, with its strategic location right next to Oslo Central Station, for just over NOK 1 billion. The more than 16,000-square metre building houses office, business and parking spaces. We are now planning how to best develop the

property in order to generate a good return and ensure it is useful for the railways.

A new double track workshop opened in Bergen with space for trains up to 110 metres long. Its facilities include ceiling galleries, derricks and wheel lathes. An administration building, several technical rooms and a warehouse have also been built. The workshop is an important contribution to the railway sector and will be in operation for many decades for rolling stock in the west. It will be able to take in all present and future rolling stock that operates in the Bergen region.

In 2022, Bane NOR Eiendom will focus on the Hamar region and construct a science park in the shore zone right next to Hamar Station, which will be home to research and business premises. We will share the costs of Espern Bridge with Hamar Municipality and Espern Eiendom and have started the work on zoning plans in cooperation with the municipality. In Kristiansand we are opening our major new and architecturally exciting urban development project called Quadrum. These five buildings are located right next to the train station and will house office premises for around 1,500 jobs and a new police station. We are also breaking ground for Campus Kristiansund. Together with NHP Eiendom, we plan to build a common arena for higher education, research and

innovation in Nordmøre at Devoldholmen in the centre of the city. As a part-owner of Drammen Health Park, we are in the process of a major development near Brakerøya Station and next to the new hospital.

Bane NOR Eiendom publishes its own annual report, which is available at [banenoreiendom.no](http://banenoreiendom.no).

#### Contributing to more attractive, climate friendly cities

Train stations should function as public transport hubs. It is clear that where train services are good, stations act like a powerful engine for climate friendly urban and city centre development. Homes, workplaces and retail outlets are built around central stations.

Many employers want to be located near a station. This allows them to recruit qualified people from a greater area who can travel emission-free by train between work and home. At the same time, this focus on green densification in cities supports the political aim of ensuring traffic growth in cities is made up of walking, cycling and travelling by public transport. This is intended to help reduce the growth of car traffic.

Such a development would result in more green journeys every day and prevent urban spread through the construction of large new residential areas on the outskirts of cities. Unlike densification in city centres, that sort of urban development often comes at the expense of nature and farming land. We want to develop hubs that are attractive to visit, universally designed, sustainable and that contribute to reducing people's travel times.

## 6.3 Construction

The Construction division is responsible for planning and executing Bane NOR's infrastructure projects and major refurbishment projects.



Photo: Einar Aslaksen/Bane NOR

Its project portfolio ranges from small, simple projects to gigantic, technically complex projects. They span all types of railway infrastructure: long stretches of double tracks, tunnels and stations, as well as less extensive measures like passing tracks, platform extensions and areas for stabling trains.

### The year just ended

One important job we completed in 2021 was to lay the groundwork for the new impact agreements with the Norwegian Railway Directorate. We signed an agreement with the Ministry of Transport that results in more predictability and greater operational room for action, and this provided a basis for the impact agreements. This is in line with our new strategy in which "value for money" and reduced development costs are top priorities.

In 2021, we had a portfolio of 68 projects, 50 of which were in the planning phase and 18 of which were under construction. In March, Bane NOR cancelled the consultant tender for the largest project in the portfolio, a new rail tunnel in Oslo, and postponed the project indefinitely. This was due to the lack of an agreement with the Norwegian Railway Directorate. At the same time, the Ministry of Transport announced that the Joint Rail and Road Project Ringerike Line and E16 Highway was being transferred to Nye Veier.

In May, work on constructing a new contact conductor system for the Kongsvinger Line was completed half a year ahead of schedule and NOK 140 million under budget. The upgrading of Skarnes Station, which is on the same stretch of line, was completed in December. The upgrading will result in more punctual train services for passengers.

On the Gjøvik Line, passengers could enjoy the fact that Jaren Station had been fully upgraded 7 months earlier than planned and on budget. Once the Gjøvik Line has been fully upgraded in 2022, its passenger train capacity will have doubled, and it will also have room for more freight trains.

The ground is being laid for more climate friendly railway services in Trøndelag with the electrification of the Trønder and Meråker Line. Contracts were signed for the various deliverables in 2021 and the first preparatory work started. At the end of the year, five new tracks for stabling modern, new bimodal trains were also opened in Steinkjer. The trains were partially phased into operation in Trøndelag in 2021 and the remainder will be in 2022.

In Bergen, preparations started for the construction of Norway's most environmentally friendly freight terminal in Nygårdstangen. The Nygårdstangen-Bergen-Fløen Project includes completion of the final section between Arna and Bergen. This will allow trains to enter the tunnel in Ulriken at both ends and the redevelopment of Nygårdstangen freight terminal will allow it to accept twice as much freight from 2024 onwards.

Thanks to hard work, during a period of strict Covid-19 infection control measures, good progress was made in the major InterCity projects

on the Dovre Line, Vestfold Line and Østfold Line, respectively.

The Follo Line Project reached a very important milestone in 2021. During the 6-week long train-free period in the summer, we completed the largest expansion of the track areas at Oslo Central Station since 1981. At the same time, the Kongshavn Tunnel was opened for traffic on new inbound tracks from the Østfold Line.

The year for the Sandbukta-Moss-Såstad development project on the Østfold Line was marred by the quick clay area under the route in the centre of Moss proving to be larger and more unstable than previously thought. Nine of the ten kilometres of double track under construction saw full production.

However, further work in the centre of Moss has been put on hold pending execution of the necessary area stabilisation measures.

A major job was completed on the Dovre Line in October when train traffic switched from the old to the newly built track between Venjar and Eidsvoll Station. The old track will now be upgraded before it is opened for traffic in September 2022.



Two of the construction projects on the Vestfold Line, Drammen-Kobbervikdalen and Nykirke-Barkåker, saw good progress and are on schedule for opening in 2025.

#### The way forward

With a NOK 260 billion portfolio we constantly need to look for potential savings and ways of increasing socioeconomic benefits that in turn result in “value for money”. New framework conditions mean that our approach will have to change. Gaining full control of costs, generating surpluses in fixed price contracts and prioritising smartly in order to achieve the greatest impact for every krone invested will require a lot of our organisation.

Work on contributing to a sustainable supply market will continue in 2022, including by implementing social responsibility throughout the supply chain. It is the established companies in Norway that are the backbone of Norwegian railways development. The ambition is to continue this tradition and at the same time supplement it with foreign companies where appropriate.

2022 will also see the start-up of new projects and awarding of several contracts. Both Nygårdstangen-Bergen-Fløen on the Bergen Line and Kleverud-Sørli-Åkersvika on the Dovre Line will start construction in 2022.

However, the big event in 2022 will be the opening of the Follo Line in December. This means more trains and shorter travel times on the Østfold Line.

## 6.4 Operations and Technology

Operations and Technology is Bane NOR's largest division and is responsible for developing, operating and maintaining the railways. The division is responsible for everything that affects the train traffic, from operation, monitoring and traffic management to maintenance, refurbishment and innovation.



Photo: Einar Aslaksen/Bane NOR

We are now digitalising rail in order to standardise, modernise and deliver a future-oriented railway. The division consists of seven units: ERTMS Programme, Line, ICT, Traffic, Procurements, Technical and Safety and Quality.

Safety is the most important thing and a prerequisite for everything we do. This includes measures for reducing dangerous incidents at level crossings and procedures that enable people to work safely on or near tracks and on electrical systems. Our job is to minimise the risk of injuries to people and damage to equipment.

This includes preventive activities such as Banorama.no, a website that was launched in spring 2021. Banorama.no is an e-learning tool for children and teenagers that teaches them how to

move safely in areas with railways.

The introduction of HMSREG will contribute to the fight against work-related crime and increase safety on our construction sites. By integrating it with access control systems or a separate mobile phone app, HMSREG provides an overview of construction sites with lists of the contractors and crew that are on site. This ensures orderly working conditions with checks that ensure all crews are employed by approved contractors. The system is also linked to various public registers. Here we can see whether companies are complying with the law and regulations, and whether they pay their taxes and fees. It will also show where, when and how long employees work and whether they have taken the necessary courses and have approved qualifications.

In 2021, we intensified our work on making level crossings without road safety systems safer. A new review showed that a number of level crossings did not satisfy the line of sight requirements for those crossing the tracks. Employees in the Operations and Technology areas worked hard to improve lines of sight and close unsecured level crossings.

We cleared a lot of forest and vegetation. We also purchased and eliminated buildings and removed rock and earth. In January 2022, speeds were lowered at 36 level crossings to improve the safety of those crossing the tracks, which unfortunately resulted in slightly longer travel times on the Røros Line and Solør Line.

In 2021, the overall punctuality score for all passengers was 90.3 per cent, which is just above the target. In the autumn, a steadily increasing number of passengers started to return to train stations. In the same period, we experienced some incidents that resulted in delays and cancellations. We constantly work to analyse the causes of interruptions in order to increase punctuality.

The division did a lot of work in 2021. Almost NOK 3 billion was spent on projects, programme packages and refurbishment. Below are a few examples of measures that were executed faster and cheaper than planned:

- Fauske freight terminal was opened for operations in November 2021, half a year ahead of schedule and NOK 20 million under budget.
- The extension of the platform on the Trønder Line was completed by the deadline. Our efficient construction saved NOK 20 million.

Outdated technology exists throughout the rail network. Our numerous old signalling systems will be replaced by a common European standard, the European Rail Traffic Management System (ERTMS). This will result in more punctual trains, fewer technical faults, lower maintenance costs, greater safety and better and faster information for passengers and train companies. On 31.10.2021, we celebrated the fact that it is only 1 year until the new digital ERTMS signalling system becomes operational on the Nordland Line from Grong

to Bodø. 31.10.2022 will be a major milestone in Norwegian railway history. ERTMS will be installed throughout the Norwegian rail network by 2034. With a budget of NOK 25 billion, this is one of Norway's largest digitalisation projects.

#### New, environmentally friendly signalling system

Rail signalling systems will be renewed across the entire country along 4,200 kilometres of railway. It has been important for Bane NOR to choose climate friendly technological solutions. Fewer lamp-based signals will reduce power consumption and the need for signal cables. We will reduce the use of cables by more than 1,500 kilometres and energy consumption by around 552 megawatt hours annually (equivalent to the electricity consumption of nearly 35 households).

Trains are already the leading energy saving means of transport. A standard electric car uses 0.2 kilowatt hours per kilometre. This is three times more than a train uses to carry each passenger one kilometre (0.066 kilowatt hours). And this calculation is based on a train that is less than half full (40 per cent occupancy). A full train is even more energy efficient. In the long-term, ERTMS is expected to cut the energy consumed by trains even further because speed will be monitored,

automatically controlled and adjusted to the other traffic on the tracks.

In addition to this, Operations and Technology had a number of other important ongoing modernisation and digitalisation projects in 2021, like predictive maintenance and obstacle detection designed to improve safety when crossing level crossings with road safety systems.

In 2021, the division published its *Infrastatus* report, the first in a series of annual status reports that will provide an overall classification of the status of the national rail network. The report will be an important contribution to Bane NOR's continuous work on assessing the condition and refurbishment needs of rail infrastructure, from a general and long-term perspective.

In *Infrastatus*, 76 per cent of the national rail infrastructure is classified as being in a good or very good condition. Some 24 per cent of the rail network is in a condition that will require maintenance and refurbishment in the next 12 years. This entails an annual need for the refurbishment of infrastructure systems across the entire country of about NOK 9 billion for the next 12 years. This applies to, for example, the ongoing and continuous refurbishment of the contact conductor system, as well as continuous work on maintaining and replacing track, points and sleepers.

## 6.5 Customer and Marketing

Customer and Marketing's responsibilities involve following up passenger train companies and actors in the freight industry, planning timetables and allocating capacity, managing and operating the freight terminals and timber terminals, and ensuring passengers at stations and those in digital channels receive good information.



Photo: Øyvind Haug

Customer and Marketing are tasked with ensuring that rail customers are satisfied with Bane NOR as a provider of infrastructure, including train stations and stops, tracks and technical equipment.

Twelve companies are licensed to carry freight in Norway.

As far as passenger trains are concerned, we have contracts with Vy, Flytoget, Go-Ahead and SJ Norge, as well as TM Togdrift, which carries tourist traffic on the Ofoten Line and Flåm Line.

Our foreign train company customers are SJ AB and Vy AB. Customer and Marketing has 58 employees.

Bane NOR is tasked with developing, offering and delivering services that enable train companies to operate efficiently and profitably. The Customer and Marketing division is meant to involve customers in the process of developing rail through good, close stakeholder engagement. The goal is for our customers to experience an organisation that is always working for them. Rail should be a good, in-demand means of transport within both passenger and freight traffic.

It is important that passengers get good, fast and correct information. We want to keep train companies properly updated on what is happening in the rail network and, at the same time, we must make travelling by train more attractive.

The Norwegian Railway Directorate conducts an annual customer satisfaction survey that reveals what passengers think of the information we provide. This includes situations involving rail replacement bus services. In 2021, 88 per cent of passengers were satisfied with the information we provided before their train journey via screens and signage at the stations. This is an increase of 6 per cent since 2018.

In autumn 2020, 46 per cent responded that they were satisfied with the information on screens in the event of service deviations (delays, cancelled services or rail replacement bus services). After taking some steps in 2021, no fewer than 77 per cent said the same. We believe the increase is due to these simple measures:

- New layout and colour changes for information screens
- Trains that are running and trains that have been cancelled are listed separately on the screen
- Bus timetables and stops are listed on selected screens in the event of rail replacement bus services
- Permanent bus stops for rail replacement bus services with signage year round
- Better signage at stops for rail replacement bus services
- More stations have got screens and signage that shows where people should wait with a children's pushchair or if they are in a wheelchair

We also have the NÅ app for mobile phones, which, among other things, provides passengers with information about where the train is and exactly when it will arrive, which carriages have

space for wheelchairs and children's pushchairs, and where the most unoccupied seats are on the train. The app can also provide the same information as the public announcements.

2021 was marked by the pandemic and associated low passenger figures. The train companies ran just as many trains as usual, although ticket revenues dropped sharply. Going forward, there will be a major focus on getting passengers back on the trains. Our mission is to support the achievement of this goal.

On the other hand, freight traffic experienced a significant boost last year with 12 per cent growth compared with 2020. A number of stretches in Eastern Norway, Western Norway and Northern Norway saw even greater growth.

We are constantly working to ensure that a steadily larger amount of transport in Norway can be transferred from road to rail. The increase in rail has been huge and the demand is even greater. Therefore, Bane NOR will initiate a number of measures that strengthen capacity in the rail network, such as more and longer passing sections and upgrading and streamlining terminals.

We must also do our utmost to contribute to the most sustainable development possible. At the same time, we can see that on many stretches utilisation is approaching maximum capacity. In some places, we simply have to say no to more freight because there is no room.

Most of the Norwegian rail network is single track and has to be shared by both passenger train traffic and freight trains. Getting this to work together is complicated. We have strengthened the Scheduling unit with expertise and new tools in order to contribute to maximum capacity utilisation.

7.

# Annual report



## Highlights

The Group's purpose is to develop railway infrastructure and ensure this infrastructure is available along with efficient and user friendly rail infrastructure services, including hub and terminal development, as a basis for carrying passengers and freight on the national rail network.

Bane NOR continued its work of developing the railway network in Norway in 2021. One important element of the focus on rail is the development of the InterCity stretches in towards Oslo. The aim of constructing double tracks between the major cities in Eastern Norway is to provide 1,500,000 people with faster travel routes and greater flexibility vis-à-vis where they live and work. Besides the ongoing work on InterCity, work is also taking place on the existing tunnel on the Arna-Fløen stretch, on increasing capacity in the Trønder Line in the Trondheim region, and on a terminal in Narvik to improve freight traffic capacity and logistics on the Ofoten Line.

Bane NOR has focused heavily on keeping railway services going during the Covid-19 pandemic so that essential personnel can get to and from work and freight traffic can maintain the flow of goods in society. However, Bane NOR's commercial revenues were negatively impacted by less traffic. The Covid-19 pandemic has also impacted the execution of some projects.

Good punctuality is important for delivering the best possible service for passengers. The last few years have seen a sharp increase in train traffic. This is making greater demands on infrastructure. Despite an increasing backlog of maintenance, Bane NOR achieved a punctuality score of 90.3 per cent for passenger trains in 2021. This is slightly lower than in 2020 when the punctuality score was 92.7 per cent. There were three main reasons for the change in punctuality:

- The development of Venjar-Eidsvoll, the Follo Line, Skarnes and Nittedal have entailed infrastructure restrictions, which have contributed to the traffic being vulnerable to delays.
- Train traffic was affected by several slow running stretches in the Oslo area, including on the Main

Line and the Kongsvinger Line.

- There were some major incidents, such as multiple fires and failures in converters at Sandefjord.

The right level of refurbishment and maintenance of railway infrastructure is essential for good punctuality and regularity over time. Bane NOR takes a systematic approach to securing sufficient funds for refurbishment and maintenance and focuses heavily on redistributing the available funds to where they will have the greatest effect.

In 2021, work continued on several complex, major infrastructure projects. The largest ongoing project is the Follo Line, which will halve travel times and increase capacity between Oslo and Ski. The project includes Norway's longest railway tunnel, where the tracks have now been installed in all tunnel bores. Work on the Follo Line largely proceeded according to plan in 2021. However, the project still has residual risks. These mainly relate to a tight schedule for the complicated entrance to Oslo Central Station but the redevelopment of the eastern side of Ski Station also faces some challenging ground conditions and the time left to complete tunnel works is short.

There was a high level of activity in the new Venjar-Langset double track project in 2021. The project is designed to increase frequency and save travel time on the Gardermoen Line and Dovre Line. Works are ongoing along the stretch of line with, among other things, construction of the Minnevik Bridge and rail engineering works along much of the stretch.

The new double track Sandbukta-Moss-Såstad project on the Østfold Line includes a new station in Moss. Due to major challenges with ground conditions and area stability in the centre of Moss, it will not be possible to complete the project within the approved budget. Safety is the highest priority. The work has been halted since February 2021 and will remain so until a site stability review has been completed.

There was also a high level of activity in the Drammen-Kobbervikdalen and Nykirke-Barkåker projects on the Vestfold Line in 2021. The connection interruptions planned for October 2024 have been



postponed until July 2025 for both projects. The Drammen-Kobbervikdalen project's schedule has been affected by a lack of personnel as a result of restrictions on entering Norway. Corrective measures have been closely followed up in order to reduce the consequences for the work. These are important InterCity development projects and will result in shorter travel times, better punctuality and room for more trains.

In the coming years, Bane NOR will expand the European Rail Traffic Management System (ERTMS). ERTMS is a standardised system in Europe for digitalising railway signalling and traffic management. The system will replace the current signalling system, which uses outdated technology in most of the installations. ERTMS is expected to result in better safety and more stable railway infrastructure with greater punctuality. In time, the system will result in increased capacity with automated train operation. Experiences with ERTMS from Norway and other countries suggest that the number of faults will be reduced, and punctuality will increase. The plan is to open ERTMS on the Nordland Line in October 2022, as well as on the Gjøvik Line in November 2022. The ERTMS programme is extensive, highly complex and will be completed in stages in the period up to 2034.

The Storting (Norwegian parliament) considered the National Transport Plan (NTP) 2022-2033 in June 2021. The plan provides a framework for the development of good train services where most people live and for completing ongoing construction projects before starting new ones. Giving greater priority to maintenance and refurbishment in the coming plan period is recommended in order to ensure good train services.

Bane NOR continuously works on refurbishing and modernising the railways and improving processes and routines in order to improve the situations raised in the Auditor General's report. Bane NOR takes a long-term approach to developing and putting in place methods for measuring productivity and efficiency and will continuously develop and improve project management and have ongoing measures designed to improve future punctuality.

In autumn 2019, Bane NOR started a major restructuring and efficiency programme: Epoch 2023. The project is designed to achieve considerable efficiency gains with an annual target of accumulated efficiency gains worth NOK 500 million in operations in 2023. The measures cover the entire enterprise. Epoch 2023 represents continuous improvement work aimed at extracting efficiency gains throughout the enterprise and helping Bane NOR better deliver on its core tasks and achieving "more rail for the money".

A new corporate strategy for the period up to 2025 was prepared during the first half of the year and approved by the Board in August 2021. Extensive work on operationalising Bane NOR's corporate strategy took place in autumn 2021, on both a general level and a senior divisional/corporate level. The Board has been closely involved in the work on establishing the new corporate strategy's goals and priorities.

The national budget approved for 2022 provides a budget of NOK 26.7 billion for operating, maintaining and investing in the rail network. Of this, NOK 19.1 billion has been allocated to planning and constructing new infrastructure. Despite the high overall budget, the funds allocated for refurbishments are substantially lower than what is needed.

The state, via the Ministry of Transport, revised Bane NOR's articles of association in December in order to clarify the objective of ownership of Bane NOR SF. The articles of association now clearly require Bane NOR to operate cost-effectively and comply with business principles. The enterprise must base its priorities and activities on socio-economic profitability assessments and must also deliver on goals and tasks that are agreed with the state via the Norwegian Railway Directorate and the Ministry of Transport.

In the last half of the year, Bane NOR worked on preparing for new framework conditions that will apply from 2022 and is currently in the process of changing its management model. The new model emphasises impacts and benefits, and also lays the groundwork for professional ownership and portfolio management at all levels. New agree-

ments have been negotiated with the Norwegian Railway Directorate. These were signed on 13.01.2022. Fixed price impact packages above the threshold value have been agreed, with the exception of Kleverud-Sørli-Åkersvika and Sandbukta-Moss-Såstad. New contracts are in line with Bane NOR's new strategy in which "value for money" and reduced development costs are top priorities.

The Board will work to ensure that the enterprise continuously strengthens its ability to implement projects at the agreed time and cost, as well as to streamline operations in order to ensure that the greater room for action produces results.

The Board would like to take this opportunity to thank the organisation for its good, comprehensive work in 2021.

### About Bane NOR

Bane NOR SF is a state-owned enterprise that operates, maintains and develops the state's railway infrastructure and associated installations on behalf of the state. The Group consists of Bane NOR SF, Bane NOR Eiendom AS and their subsidiaries.

Bane NOR wants to be a forward-thinking social stakeholder that delivers a safe, reliable transport system that works well and that provides a basis for rail traffic growth through the development of stretches of track, stations, hubs and freight terminals. The enterprise is also responsible for traffic management in the national rail network. This involves allocating capacity, scheduling and operational traffic management. Bane NOR is an infrastructure administrator pursuant to the Railway Regulations and must provide a safe, functional rail network for train companies and transport users. The enterprise must help to ensure that the value of the railway infrastructure is maintained and further developed, and that the best possible use is made of it.

Hub development involves facilitating seamless travel and densification around train stations by building attractive properties and providing

premises for relevant service offerings. Passengers should be offered good amenities in stations through the facilitation of pleasant food and beverage outlets and shops, as well as parking for both bikes and cars. Bane NOR offers train companies functional and modern workshops, terminals and operations buildings. Commercial properties are generally developed for sale in the market.

Bane NOR's head office is in Oslo.

### Economy and finance

The Group's total operating revenue in 2021 amounted to NOK 14,299 million (2020: NOK 14,383 million) with an annual profit for the year of NOK 363 million (2020: NOK 584 million).

Operating revenue decreased by NOK 84 million from 2020 to 2021. Recognised remuneration from the Norwegian Railway Directorate amounted to NOK 5,455 million (2020: NOK 5,309 million). Compensation for wear and age (deferred revenue recognition of grants) amounted to NOK 5,498 million (2020: NOK 5,760 million) of operating revenue. Other operating revenue amounted to NOK 3,318 million (2020: NOK 2,335 million) and mainly consisted of infrastructure charges, energy revenue from sales of traction current to train companies, and rental revenue from real estate and other rental revenue.

Total operating expenses in 2021 amounted to NOK 8,397 million (2020: NOK 7,793 million). In 2021, operating expenses included two significant increases in costs, which are the main reason for the difference between 2020 and 2021. Planned increased production within refurbishment and preventive maintenance resulted in an increase in costs of around NOK 300 million. In addition to this, the cost of goods, energy and diesel rose significantly in 2021, by just under NOK 300 million.

In 2021, depreciation and write-downs amounted to NOK 5,968 million (2020: NOK 6,148 million).

The financial revenue of NOK 98 million (2020: NOK 112 million) mainly consists of interest revenue on bank deposits and gains on foreign

exchange. Of the NOK 138 million in financial expenses (2020: NOK 122 million), NOK 85 million was due to interest on loans in Bane NOR Eiendom, compared with NOK 103 million in 2020.

The ordinary profit before income tax (EBT) amounted to NOK 449 million (2020: NOK 620 million). Profit after income tax amounted to NOK 363 million (2020: NOK 584 million). The parent company Bane NOR SF's profit for the year amounted to NOK 13 million (2020: NOK 617 million). This includes financial revenue consisting of NOK 250 million in dividends from Bane NOR Eiendom AS.

Bane NOR's investments primarily consist of new developments and refurbishments (upgrades) of the railway infrastructure. The investments are capitalised on the enterprise's balance sheet. Total investments in 2021 amounted to NOK 19,418 million (2020: NOK 17,862 million).

As at the 31.12.2021, the Group's equity amounted to NOK 11,819 million. The enterprise's capital structure is a consequence of the funding model the state has chosen for the company.

As at the 31.12.2021, the Group's cash holdings amounted NOK 3,115 million. At year-end, the Group's interest-bearing liabilities amounted to NOK 5,344 million (NOK 4,644 million), and were related to Bane NOR Eiendom AS. Cash and cash equivalents on the balance sheet were mainly recognised in Bane NOR SF, which also has NOK 500 million in unused operating credit at Norges Bank.

Pursuant to section 3-3(a) of the Accounting Act, the Board confirms that the basis for assuming that the enterprise is a going concern exists. The annual financial statements for 2021 were prepared on this basis.

#### Allocation of the profit for the year

The Board will propose the following allocation of Bane NOR SF's NOK 13 million profit to the corporate assembly:

To other equity: NOK 13 million

#### Safety and HSE

Bane NOR manages critical national infrastructure and the Board attaches great importance to safe operations and a high degree of preparedness. Good risk management and a high degree of preparedness are important in a situation where the enterprise is carrying out a historically high level of investment and at the same time must continue to operate safely. Measures were to a greater extent prioritised on the basis of risk, including stretch analyses, condition assessments and landslide mapping.

The management's review shows that the work on safety and quality is developing in the right direction, i.e. systematic, risk-based and preventive. Corporate methods and requirements are now largely in place and risk is decreasing, although some important challenges still remain. This is a continuous process involving the whole enterprise.

In the Filipstad case, which concerned the accident at Filipstad depot in 2019, the Court of Appeal fined Bane NOR NOK 10 million for breaches of the Safety Management Systems Regulations, and for having negligently caused bodily harm and death. The judgement has been appealed and Bane NOR is waiting for the case to be considered by the Supreme Court.

The comprehensive measures following the Filipstad accident, with the signage and physical securing of exposed areas and routines for monitoring and checks, have been implemented. One important focus area in 2021 has been a web-based programme designed to help children and teenagers better understand the dangers of railways (Banorama).

A list of the ten main risks has been established as priority areas for measures. The development of the risk picture is monitored on a monthly basis and the overview shows that the overall level of risk is falling.

The work on clearing and securing level crossings was intensified in 2021. A lot of work has been

done to clear vegetation, reduce speeds and improve calling routines. The work on safety in and near tracks has been a priority focus area for several years. This was also true in 2021, and it focused on people and machines unintentionally on tracks and touching live systems. The work on mapping flood and landslide dangers and measures to counter climate change was continued from 2020.

Bane NOR takes a systematic approach to designing and improving working conditions in order to avoid accidents at work, work-related illnesses and absences due to illness caused by physical and psychosocial risk factors in the working environment. Average sickness absence in 2021 was 4.1 per cent (unchanged from 2020), which is below the rates for both the building and construction industry and all industries as a whole.

Personal injuries in the enterprise are followed up on a monthly basis by, among other things, measuring the number of lost time injuries per million hours worked (LTI frequency). The LTI frequency for employees remains low (0.3 at the end of 2021 compared with the target of 0.5). The LTI frequency for contractors (5.1) is slightly above the target of 4.0.

The enterprise was of course impacted by the Covid-19 pandemic in 2021 and the measures implemented in the enterprise have closely followed the government's recommendations, and Covid-19 challenges have been managed on an ongoing basis.

Bane NOR sets strict requirements concerning contractors' compliance with rules and requirements for HSE, ethics, the external environment and social conditions.

Bane NOR is exposed to significant cyber risk and a lot of attention has been paid to the threat of unauthorised access to critical systems in recent years. Multiple incidents have confirmed that unauthorised access to ICT systems can have serious consequences for enterprises. Bane NOR therefore implemented significant upgrades to

secure critical ICT solutions. The work will continue in the coming years.

Following the management review, Bane NOR started assessing the maturity of safety management in accordance with the ERA's methods. Work is also being done on clarifying duties and responsibilities linked to the enterprise's core processes. A number of initiatives for further developing safety culture are ongoing.

### Financial and operational matters

Bane NOR has a funding model that entails the majority of the company's annual requirement being granted through the national budget. Access to liquidity for that part of the activities that are based on agreements with the Norwegian Railway Directorate is largely determined by this, and a NOK 500 million operating credit line in Norges Bank. Liquidity in the property activities that represent the commercial component of the enterprise is secured through unused funds in long-term credit facilities and short-term drawing rights.

The targets for infrastructure availability involve risk. The enterprise's goal continues to be ensuring that grants for maintenance ensure that the maintenance backlog does not continue to increase. If the funding for refurbishing railway infrastructure is not increased, the ever-increasing backlog in maintenance will result in increased costs in the long term and more unavailable infrastructure due to more faults. Installations that have already exceeded their technical lifetimes require more maintenance to fulfil their intended functions. Infrastructure with a large backlog in maintenance suffers more faults and produces more unforeseen disruptions to operations. The result of this may be that the number of faults increases causing more disruptions to operations, more slow running, more hours of delay, and poorer punctuality. If the maintenance backlog is not reduced, it will impact the ability to achieve the targets set for punctuality and regularity.

Bane NOR's project portfolio contains economic risk. Major development projects in particular

are complex and rely heavily on external actors and demanding execution, in many cases with challenging ground conditions. Cost estimates are established early on before, for example, availability and capacity in the contractor market are known and before the ground conditions have been fully clarified. A process aimed at improving risk and financial management in projects, so that this type of risk and the associated costs are caught early, is ongoing. It is also important that Bane NOR is included in the planning process at an early stage, before concept studies are conducted, so that the enterprise can assume greater responsibility for early cost estimates as well.

Executing major development projects close to ordinary operating activities results in further complexity and entails a cost risk. The Covid-19 pandemic has increased the risk of extra costs and progress delays for parts of the project portfolio, including because of restrictions on entry to Norway for foreign workers.

The signalling and traffic management project, ERTMS, involves significant risk. The project requires the development of a significant element of new technical solutions, is highly complex and also involves a number of dependencies. There are dependencies on other stakeholders in the railway sector such as traffic companies and owners of trains, and its implementation requires good cooperation with the suppliers.

Bane NOR's revenues are mainly earned in NOK while in the Follo Line project the enterprise makes some payments to main contractors in EUR. However, it has been contractually agreed with the Norwegian Railway Directorate that Bane NOR will not bear the currency risk for either this project or the ERTMS programme, because the budget was established before 01.01.2017. Bane NOR bears the currency risk in other projects itself, although our exposure is limited given that contracts are generally entered into in NOK.

The Group is exposed to interest rate risk through Bane NOR Eiendom AS. Interest rate hedging agreements are used to reduce the interest rate risk in the Group.

Bane NOR has hedged purchases of power through forward contracts. At the same time, sales of power for train operations are hedged in relation to the train companies. This means that Bane NOR has little exposure to fluctuations in power prices.

The enterprise has taken out directors' and officers' liability insurance, with a scope of coverage in line with market practice.

### Corporate governance in Bane NOR

Bane NOR complies with the state's principles for good corporate governance and also complies with the Norwegian Code of Practice for Corporate Governance ([www.nues.no](http://www.nues.no)) wherever appropriate.

The Board bears overarching responsibility for corporate governance in Bane NOR and has established a corporate governance policy. The corporate governance policy forms part of Bane NOR's governing documents. It is intended to help the Group deliver on its social mission by clarifying the allocation of roles, between the owner, the Board and the management, and establishing a framework for how the Group is managed and controlled.

For a more detailed account of corporate governance in Bane NOR, please see the special section in the annual report.

### Social responsibility and sustainability

Bane NOR's social mission is to develop and manage the national rail network. Bane NOR plays an important role in resolving transport challenges in and around major cities, and with respect to climate and environmental challenges. It is important for Bane NOR, as a forward-thinking social stakeholder and responsible construction client, to ensure that we operate soundly from an ethical and financial perspective.

Bane NOR has worked systematically on social responsibility and sustainability in recent years. In 2021, Bane NOR produced a roadmap for sustainability. The roadmap has been integrated into Bane NOR's new corporate strategy with the common

vision of “more on track leaves fewer traces”. Our ambition for the work on sustainability is that it will make Bane NOR a role model within sustainability by the end of 2025. As a role model, Bane NOR will be an important driving force behind sustainable development.

In 2021, Bane NOR continued to develop the Group’s work on sustainability based on the long-term ambitions and goals set out in the roadmap for sustainability. The work covers ten priority and crucial areas within sustainability for Bane NOR:

- Further developing rail’s environmental advantages
- Ensuring punctuality and dependability
- Improving hub development and seamless travel
- Reducing our activities’ climate and environmental footprints
- Developing a sustainable supply chain
- Ensuring a good, expert working environment
- Taking responsibility for cultural heritage sites and the cultural environment
- Contributing to diversity and equal opportunities
- Strengthening anti-corruption and impartiality
- Ensuring safety

Bane NOR has produced a climate report in line with the Global Reporting Initiative and its greenhouse gas model, the Greenhouse Gas Protocol, and has included these in the annual report in chapter 10.2.

### Research and development

Bane NOR’s research and development work is intended to ensure that it can make the right decisions based on good expertise and ensure technological solutions are future-oriented.

Introducing new technology can present challenges when it has to be integrated with technological solutions already in use in existing infrastructure. Continuous monitoring provides new opportunities for maintenance, which is contributing to longer lifetimes and less need for resources. New solutions and material options are helping to reinforce this. The work is intended to support the goals of safe and efficient traffic management with a high degree of punctuality and predictability. Bane NOR often carries out research and development activities with partners such as other infrastructure managers (e.g. the Norwegian Public Roads Administration, Statnett, etc.) or research organisations (e.g. NTNU, Oslo Met, NGI or SINTEF).

Bane NOR is working with the Norwegian Geotechnical Institute (NGI) on the development of a new system for warning train drivers of rockfalls and landslides so that trains can reduce speed. The system improves safety by preventing collisions between trains and rocks. Indirectly, this also results in better punctuality because such incidents often result in long delays.

Bane NOR has developed a system that enables trains to save large amounts of electricity. Modern trains can produce electricity during braking. Simple technology makes it possible to accurately measure power use in trains anywhere in Europe. Bane NOR leads the European ERESS partnership, which manages the technology and is run from Bane NOR’s premises in Oslo. More than 50 train companies in seven countries are currently covered by the partnership.

### HR and organisation

At the end of 2021, the Group employed 3,337 people. Women represented 34 per cent of the

enterprise's total workforce. The proportion of women in the group management team was 33 per cent, and 50 per cent of the board members are women.

Bane NOR strives to promote equal opportunities and diversity, and to prevent all forms of discrimination and harassment. This is made clear in our values and governing documents and underscored in, for example, management training activities, recruitment, and pay and working conditions, as well as by ensuring equal development opportunities for all. Through clear guidelines, preventive work and good follow-up, the Group wants to prevent harassment and unwanted behaviour among both permanent and contract staff. Work on developing the enterprise's diversity and equality strategy continues and relevant metrics are being introduced in line with the guidance in the new corporate strategy. The topic of diversity was included in the annual employee survey in 2021. All employees undergo annual e-learning courses on ethics and social responsibility that highlight diversity.

As far as the strengthened activity duty of public authorities and duty to issue a statement in section 26 of the Equality and Anti-Discrimination Act is concerned, Bane NOR explains how it actively promotes equality and anti-discrimination in a separate report on the annual report's website, with reference to chapter 7.1 of the annual report. This covers how any equality challenges that exist in the enterprise can be detected, the actual situation surrounding gender equality and what has been done to fulfil the activity duty.

Regular risk assessments have been conducted and infection control measures introduced in

connection with the Covid-19 pandemic. This has included training in infection control for all employees. Risk assessments were also conducted in relation to working from home with follow-up measures aimed at addressing the working environment. Regular status surveys have enabled us to introduce targeted measures to ensure a proper working environment for employees.

Skills are a top priority and Bane NOR has, among other things, representatives on the boards of the Training Office for Railway Subjects and Konnekt (a national resource centre for transport established by the Norwegian Railway Directorate). A comprehensive HR system was implemented in 2021. Employee development forms a central part of it. For the first time, we now have a common system for registering performance and development interviews that makes it easier to follow up on goals and development plans throughout the year. The trainee scheme was continued with 11 new trainees in 2021. There was a total of 33 trainees at the end of 2021. The management training programme for all managers in Bane NOR is a top priority and is continually being developed through both in-person and digital gatherings. There will be a particular focus in 2022 on the responsibility of managers in relation to implementing the new strategy throughout the organisation.

#### Future outlook and framework conditions

The National Transport Plan for 2022-2033 was considered by the Storting in June 2021 and sets out the framework for how one will in the next 12 years work towards the overarching goal for the transport sector.

The ongoing situation with the Covid-19 pande-

mic is increasing uncertainty about the prerequisites for implementing the enterprise's activities. Going forward, the Board will continue to focus on stable operations and train performance, costs and progress in the enterprise's major construction projects, and ensuring solidity and liquidity in the enterprise's commercial property activities.

In 2021 and 2022, Bane NOR has signed new agreements with the Ministry of Transport and the Norwegian Railway Directorate. The new contracts comply with Bane NOR's new strategy in which "value for money" and reduced development costs are top priorities. A new framework will result in greater room for action, financial flexibility and predictable funding. The enterprise is carrying out development work within portfolio and ownership management in order to be able

to deliver on the new framework conditions. The development work will cover a number of measures designed to develop and implement the new framework, such that Bane NOR is able to live up to expectations.

The Board of Bane NOR believes that it is important to ensure predictability and framework conditions for the enterprise that provide a basis for the good development and operation of Norwegian railway infrastructure. Work on ensuring that the railways are constructed, operated and maintained in as systematic, safe and cost-effective manner as possible will continue at full speed in the future as well.

Oslo, 1. april 2022

**Cato Hellesjø**  
Styrets leder  
(elektronisk signert)

**Olaf Trygve Melbø**  
Nestleder  
(elektronisk signert)

**Gorm Frimannslund**  
Konsernsjef  
(elektronisk signert)

**Hildegunn Naas-Bibow**  
Styremedlem  
(elektronisk signert)

**Baard Haugen**  
Styremedlem  
(elektronisk signert)

**Renate Larsen**  
Styremedlem  
(elektronisk signert)

**Adele Norman Pran**  
Styremedlem  
(elektronisk signert)

**Terje Wold**  
Styremedlem  
(elektronisk signert)

**Bente Langeland Roheim**  
Styremedlem  
(elektronisk signert)



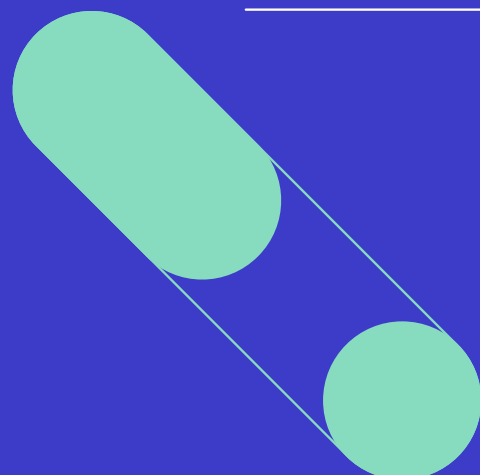
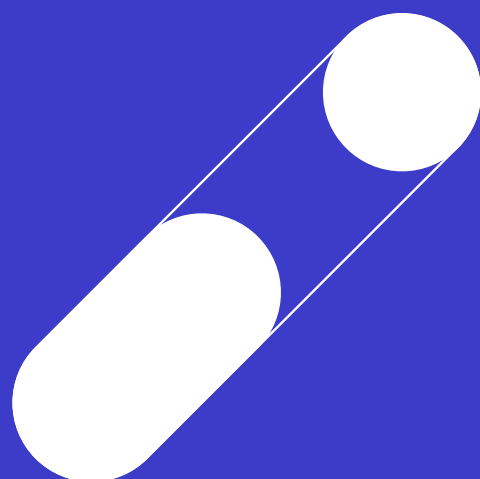
8.

# Financial statements

8.1.

Annual financial statements, notes and accounting policies

42



## Income statement

Figures in NOK millions

Bane NOR SF			Note	Bane NOR Group	
2021	2020			2021	2020
5 455	5 309	Remuneration from the Norwegian Railway Directorate	1	5 455	5 309
5 490	5 755	Compensation for wear and age (deferred revenue recognition of grants)	1	5 498	5 760
0	0	Sales revenue, property projects	1, 2	27	979
2 442	2 347	Other operating revenue	1	3 318	2 335
<b>13 388</b>	<b>13 411</b>	<b>Total operating revenue</b>		<b>14 299</b>	<b>14 383</b>
0	0	Project expenses property projects	2	13	549
462	256	Commodity expenses		565	287
1 911	1 890	Personnel expenses	3, 4, 16	1 873	2 929
3 522	3 118	Machinery rental, equipment and maintenance	5	3 646	1 744
2 206	2 142	Other operating expenses	5	2 300	2 283
<b>8 101</b>	<b>7 406</b>	<b>Total operating expenses before depreciation and write-downs</b>		<b>8 397</b>	<b>7 793</b>
5 572	5 721	Depreciation and write-downs	8, 9	5 968	6 148
<b>-286</b>	<b>284</b>	<b>Operating profit</b>		<b>-65</b>	<b>443</b>
0	0	Profit from investments in joint ventures	10	555	187
357	365	Financial revenue	6	98	112
50	23	Financial expenses	6	138	122
<b>306</b>	<b>341</b>	<b>Net financial result</b>		<b>514</b>	<b>177</b>
<b>20</b>	<b>626</b>	<b>Ordinary profit before income tax</b>		<b>449</b>	<b>620</b>
7	9	Income tax on ordinary profit	7	86	36
<b>13</b>	<b>617</b>	<b>Profit for the year</b>		<b>363</b>	<b>584</b>

## Balance sheet

Figures in NOK millions

Bane NOR SF		Assets	Note	Bane NOR Group	
2021	2020			2021	2020
390	307	Other intangible assets	8	390	302
<b>390</b>	<b>307</b>	<b>Total intangible assets</b>		<b>390</b>	<b>302</b>
31 907	31 711	Land, buildings, etc.	9	40 430	40 138
86 172	83 836	Infrastructure	9	86 172	83 836
65 492	55 877	Construction in progress	9	67 083	57 005
1 040	1 071	Operating equipment, machinery, transport equipment, etc.	9	1 160	1 224
<b>184 611</b>	<b>172 495</b>	<b>Total property, plant and equipment</b>		<b>194 844</b>	<b>182 203</b>
8 261	8 190	Investments in subsidiaries	10	0	0
0	0	Investments in joint ventures	10	732	1 127
0	0	Investments in shares and units		6	6
550	1 240	Other receivables and other financial non-current assets	11, 21, 22	169	547
<b>8 811</b>	<b>9 430</b>	<b>Total financial non-current assets</b>		<b>907</b>	<b>1 680</b>
<b>193 812</b>	<b>182 231</b>	<b>Total non-current assets</b>		<b>196 141</b>	<b>184 185</b>
0	0	Development properties	12	5 256	3 486
852	874	Inventories	12	855	874
<b>345</b>	<b>245</b>	<b>Accounts receivable</b>	<b>11</b>	<b>475</b>	<b>475</b>
4 430	6 737	Other receivables	11, 21, 22	3 452	6 231
<b>400</b>	<b>0</b>	<b>Market-based financial instruments</b>	<b>11</b>	<b>400</b>	<b>0</b>
3 056	1 731	Bank deposits	13	3 115	2 535
<b>9 084</b>	<b>9 587</b>	<b>Total current assets</b>		<b>13 554</b>	<b>13 601</b>
<b>202 897</b>	<b>191 818</b>	<b>Total assets</b>		<b>209 695</b>	<b>197 786</b>

## Balance sheet

Figures in NOK millions

Bane NOR SF		Equity and liabilities	Note	Bane NOR Group	
2021	2020			2021	2020
8 802	9 002	Invested capital	14	8 802	9 002
<b>8 802</b>	<b>9 002</b>	<b>Total paid-up equity</b>		<b>8 802</b>	<b>9 002</b>
2 807	3 506	Other equity	14	3 017	3 302
<b>2 807</b>	<b>3 506</b>	<b>Total retained earnings</b>		<b>3 017</b>	<b>3 302</b>
<b>11 610</b>	<b>12 508</b>	<b>Total equity</b>		<b>11 819</b>	<b>12 304</b>
183 389	171 978	Performance obligation	15	183 749	172 346
3 073	2 366	Pension liabilities	16	3 073	2 936
12	14	Deferred tax	7	367	264
310	603	Other provisions for liabilities	17	310	603
<b>186 784</b>	<b>174 962</b>	<b>Total provisions for liabilities</b>		<b>187 499</b>	<b>176 148</b>
0	0	Non-current interest-bearing liabilities	18	4 100	2 900
<b>0</b>	<b>0</b>	<b>Total other non-current liabilities</b>		<b>4 100</b>	<b>2 900</b>
0	0	Current interest-bearing liabilities	18	1 244	1 744
<b>1 165</b>	<b>1 413</b>	<b>Accounts payable</b>	21, 22	<b>1 397</b>	<b>1 543</b>
9	8	Tax payable	7	94	104
<b>127</b>	<b>126</b>	<b>Public charges due</b>		<b>127</b>	<b>164</b>
3 202	2 802	Other current liabilities	19	3 414	2 878
<b>4 503</b>	<b>4 348</b>	<b>Total current liabilities</b>		<b>6 277</b>	<b>6 433</b>
<b>191 287</b>	<b>179 310</b>	<b>Total liabilities</b>		<b>197 876</b>	<b>185 482</b>
<b>202 897</b>	<b>191 818</b>	<b>Total equity and liabilities</b>		<b>209 695</b>	<b>197 786</b>

Oslo, 1. april 2022

**Cato Hellesjø**  
Chair  
(elektronisk signert)

**Olaf Trygve Melbø**  
Deputy chair  
(elektronisk signert)

**Gorm Frimannslund**  
Group CEO  
(elektronisk signert)

**Hildegunn Naas-Bibow**  
Board member  
(elektronisk signert)

**Baard Haugen**  
Board member  
(elektronisk signert)

**Renate Larsen**  
Board member  
(elektronisk signert)

**Adele Norman Pran**  
Board member  
(elektronisk signert)

**Terje Wold**  
Board member  
(elektronisk signert)

**Bente Langeland Roheim**  
Board member  
(elektronisk signert)

## Cash flow statement

Figures in NOK millions

Bane NOR SF			Bane NOR Konsern	
2021	2020		2021	2020
		<b>Cash flow from operating activities</b>		
20	626	Profit before income tax	449	620
-8	-3	Income tax paid for the period	-56	-67
-35	-382	Gain/loss from sales of non-current assets and development properties	-203	-470
5 572	5 721	Depreciation and write-downs	5 968	6 148
-5 490	-5 755	Revenue recognition, performance obligation	-5 498	-5 760
0	0	Profit contributions from joint ventures	-555	-187
22	2	Change in inventories	19	2
-100	2	Change in accounts receivable	0	112
2 461	670	Claim for remuneration from the Norwegian Railway Directorate	2 461	670
-248	331	Change in accounts payable	-146	262
-5	-2	Difference between expensed pensions and receipts/payments in pension schemes	-5	-10
-13	-21	Calculated interest on non-current receivable	-13	-21
198	-1 307	Change in other accruals and deferred items	-239	-726
<b>2 374</b>	<b>-118</b>	<b>Net cash flow from operating activities</b>	<b>2 182</b>	<b>573</b>
		<b>Cash flow from investing activities</b>		
107	52	Sales of development properties and property, plant and equipment	858	1 108
-17 724	-16 385	Investments in development properties and property, plant and equipment	-20 911	-17 649
0	0	Receipts from sales of shares and units in other enterprises	951	0
-271	0	Payments upon investments in shares and units in other enterprises	-90	-118
-400	0	Payments upon purchases of other investments	-400	14
16	227	Receipts from other loan receivables (current/non-current)	17	27
0	-425	Payments for other loan receivables (current/non-current)	-63	-18
<b>-18 272</b>	<b>-16 531</b>	<b>Net cash flow from investing activities</b>	<b>-19 638</b>	<b>-16 636</b>
		<b>Cash flow from financing activities</b>		
17 223	16 534	Remuneration from the Norwegian Railway Directorate used for investments	17 223	16 534
0	0	Receipts from new debt	3 080	1 393
0	0	Payments on repayment of debt	-2 380	-1 550
0	0	Receipts from dividends and group contributions	113	107
<b>17 223</b>	<b>16 534</b>	<b>Net cash flow from financing activities</b>	<b>18 036</b>	<b>16 484</b>
1 325	-115	Net change in cash and cash equivalents	580	421
1 731	1 846	Cash and cash equivalents at the start of the period	2 535	2 114
<b>3 056</b>	<b>1 731</b>	<b>Cash and cash equivalents at the close of the period</b>	<b>3 115</b>	<b>2 535</b>

## Notes

1.	Revenue
2.	Property projects
3.	Personnel expenses FTEs, fees, etc.
4.	Guidelines for determining salaries and other remuneration for executive persons
5.	Operating expenses
6.	Financial revenue and financial expenses
7.	Tax
8.	Intangible assets
9.	Property, plant and equipment
10.	Subsidiaries and joint ventures
11.	Receivables
12.	Inventories and development properties for sale
13.	Restricted bank deposits
14.	Equity and ownership information
15.	Performance obligation
16.	Pensions
17.	Other provisions for liabilities
18.	Interest-bearing liabilities
19.	Other current liabilities
20.	Business transfers
21.	Intra-group balances
22.	Transactions with related parties
23.	Hedging using financial derivatives
24.	Events after the balance sheet date

Note  
01

Figures in NOK million

## Revenue

Bane NOR SF

Bane NOR Groupo

2021	2020	Revenue by category	2021	2020
5 455	5 309	Recognised remuneration from the Norwegian Railway Directorate	5 455	5 309
5 490	5 755	Compensation for wear and age	5 498	5 760
0	0	Sales revenue, property projects	27	979
29	63	Revenue from other public enterprises	29	64
458	226	Energy revenue	458	226
1 049	850	Infrastructure charges	1 049	850
35	382	Gain on sale of assets	189	40
78	46	Training services	78	46
402	374	Rental revenue from real estate and other rental revenue	962	908
392	406	Other operating revenue	554	201
<b>13 388</b>	<b>13 411</b>	<b>Total revenue</b>	<b>14 299</b>	<b>14 383</b>

2021	2020	Revenue per business area	2021	2020
11 072	9 941	Operations and Technology	11 072	9 959
594	377	Construction	594	377
418	1 131	Customer and Marketing	418	1 131
1 105	1 402	Property	2 016	2 382
199	559	Administration and support functions	199	533
<b>13 388</b>	<b>13 411</b>	<b>Total revenue</b>	<b>14 299</b>	<b>14 383</b>

Remuneration from the agreements with the Norwegian Railway Directorate are accrued for accounting purposes as follows:

2021	Change in unearned revenue	Revenue recognised operating grants	Capitalised performance obligation	Total
K01		4 600	2 401	7 001
K02		29		29
K03		233	1 035	1 268
K04		394	13 634	14 027
K03/K04-hybrid		200	407	607
<b>Total remuneration</b>	<b>0</b>	<b>5 455</b>	<b>17 478</b>	<b>22 933</b>

2020	Change in unearned revenue	Revenue recognised operating grants	Capitalised performance obligation	Total
K01	-70	4 688	3 011	7 629
K02		16		16
K03		288	1 109	1 397
K04		154	12 058	12 212
K03/K04-hybrid		163	356	519
<b>Total remuneration</b>	<b>-70</b>	<b>5 309</b>	<b>16 534</b>	<b>21 773</b>

# Note 02

## Property projects

The Group is involved in a number of development projects through its subsidiaries in the Bane NOR Eiendom Group. An overview is provided below of the main projects that have generated construction client gains upon realisation/sale or ongoing settlement.

The Bane NOR Eiendom Group's development projects are capitalised on the balance sheet as development properties for sale, ref. note 12. Revenue from commercial buildings and residential buildings is not recognised for an ongoing settlement until a sales contract has been signed (in line with revenue recognition for construction contracts), ref. the policy note on construction contracts. Any associated value added is included in the calculation of the degree of completion and net project result.

The Bane NOR Eiendom Group is also involved in a substantial number of projects organised as joint ventures with other property developers. These projects (companies) are not consolidated. They are instead recognised using the equity method, ref. note 10.

Bane NOR Group			
2021	Sales revenue	Project expenses	Total net profit
Riverside (residential, Fredrikstad)	27	-13	14
<b>Total</b>	<b>27</b>	<b>-13</b>	<b>14</b>
2020			
Drammen Station Office (commercial, Drammen)	698	-388	310
Riverside (residential, Fredrikstad)	281	-161	120
<b>Total</b>	<b>979</b>	<b>-549</b>	<b>430</b>

# Note 03

## Personnel expenses FTEs, fees, etc.

Bane NOR SF			Bane NOR Group	
2021	2020	Personnel expenses	2021	2020
2 646	2 612	Salaries	2 646	3 486
361	335	Employer's national insurance contributions	361	437
338	341	Pension expenses	338	432
16	15	Other benefits	16	21
-1 450	-1 413	Capitalised personnel expenses	-1 488	-1 446
<b>1 911</b>	<b>1 890</b>	<b>Total personnel expenses</b>	<b>1 873</b>	<b>2 929</b>
3 335	3 392	FTEs employed in the accounting year	3 335	4 647

See note 4 for details about the Board and management team's remuneration. No loans/guarantees were provided to the Group CEO, Chair or other related parties.

Bane NOR SF			Bane NOR Group	
2021	2020	Expensed auditor's fees (figure excl. VAT)	2021	2020
1,0	1,3	Statutory audit	2,7	3,2
0,2	0,2	Other attestation services	0,3	0,5
0,0	0,0	Tax advice	0,0	0,2
0,0	2,8	Other services *	0,0	2,8
<b>1,2</b>	<b>4,3</b>	<b>Total expensed</b>	<b>3,0</b>	<b>6,8</b>

\* The elected auditor assisted the ERTMS programme with project support. The work included facilitating change processes and organisational development, as well as ongoing assistance with project and programme management.



## Note

## 04

## Guidelines for determining salaries and other remuneration for executive persons

Guidelines for determining salaries and other remuneration for Bane NOR's Group CEO and other executive persons (hereinafter referred to as "executive persons") are prepared in accordance with the provisions of the Accounting Act and the Norwegian Code of Practice for Corporate Governance. The Norwegian Government's guidelines for remuneration of executive persons in state-owned enterprises (the "Guidelines") are binding for the Group. The Board of Directors believes that the Guidelines are well-suited for determining salaries and other remuneration of executive persons in the Group.

**Guidelines for executive remuneration**

Group procedure for salaries and other remuneration in Bane NOR SF provides a framework for determining salaries and other remuneration in Bane NOR. The purpose is to ensure: Bane NOR can attract and retain the right employees, and that salaries and other remuneration in Bane NOR are regarded as transparent, understandable and predictable. The group procedure applies to the total remuneration of all employees in Bane NOR and has been approved by the Board.

**The salaries and remuneration of executive persons are based on the following principles:**

- Bane NOR aims to be a professional enterprise that attracts and retains capable employees, and that develops the competence of its employees. Bane NOR therefore needs to use remuneration, including competitive salaries and pension schemes, to ensure that the Group recruits and retains attractive expertise.
- The remuneration of both executive persons and employees in general must be competitive, but the enterprise must not be a pay leader.
- The enterprise's determination of remuneration must not put Bane NOR in a bad light or damage its reputation.
- The salaries and remuneration of executive persons must be transparent and in line with the principles for good corporate governance.

Bane NOR conducts pay comparisons in which pay levels for executive persons in Bane NOR are compared with pay levels for comparable positions in relevant enterprises and sector. This is done to ensure that the remuneration of executive persons in Bane NOR is competitive but that it is not a pay leader and that the goal of moderation is being respected.

**Procedures for determining salaries and other remuneration**

The Board has established a dedicated Remuneration Committee consisting of the Chair of the Board, an owner-elected board member and an employee-elected board member tasked with following up the salaries and other remuneration of the Group's executive persons. The Group CEO attends the committee's meetings, unless the committee is considering matters relating to the Group CEO.

The Remuneration Committee acts as an advisory body to the Board and Group CEO in their determination of remuneration and conditions by:

- Making recommendations to the Board based on the committee's assessment of the principles and systems used to determine the salaries and other remuneration of the Group CEO and other executive persons.
- Assisting and advising the Group CEO in the determination of the remuneration of other executive persons.
- Providing the Board and Group CEO with advice on remuneration matters that the committee considers matters of importance or principle for Bane NOR.

**Determination of salaries and other remuneration in 2021****General information**

Bane NOR's remuneration policy includes the following components: fixed salary, benefits in kind, and pension and insurance schemes.

No changes to the policy are planned for 2022.

**Components of remuneration packages****Fixed salary**

Bane NOR adheres to the principle that group management's remuneration should be in the form of fixed salaries. Base salaries are determined based on job content, level of responsibility, qualifications and experience.

Bane NOR has not deemed it appropriate to introduce variable remuneration for people in group management or other executive persons in the Group.

Positions in Bane NOR's group management are placed in a comprehensive job assessment system and the determination of remuneration for executive persons is assessed in relation to both internal and external pay levels. Bane NOR uses established benchmarks to assess pay levels in relation to comparable positions in comparable companies.

**Benefits in kind**

Executive persons are offered free telephony, broadband, free newspapers and free tickets for travel on trains covered by the Norwegian Railway Directorate's employee ticket scheme. The offer of free telephony, broadband and free newspapers will be discontinued in 2022.

**Pension and insurance schemes**

Executive persons are covered by the Group's general pension and insurance schemes and are subject to the Group's general age limit. The Group's pension scheme is a defined contribution pension scheme with 5.7 per cent of salary from 0G to 7.1G (where G is the National Insurance basis amount) and 23.8 per cent of salary between 7.1G and 12G. The Group also has a closed defined benefit scheme in the Norwegian Public Service Pension Fund where the members of this scheme are employees who were transferred to the Group from the Norwegian National Rail Administration who chose to retain this scheme instead of switching to the Group's defined contribution pension scheme. Accrued pension rights in the pension scheme in the Norwegian Public Service Pension Fund are coordinated with the accrual of pension rights from other enterprises with public service pensions. No pension schemes have been established for salary in excess of 12 G (where G = national insurance (NI) basic amount). No pension expenses are incurred when the senior executive is no longer employed by the Group beyond the pension expenses that are incurred during the ordinary period of notice, as well as expenses from adjusting deferred pension rights.

**Board remuneration**

The Group CEO and executive persons do not receive special remuneration for board positions in subsidiaries.

Employee-elected board members receive the same remuneration as owner-appointed members.

Employee-elected observers receive remuneration equal to 75 per cent of the ordinary board remuneration.

**Severance packages**

If the Board requests his or her resignation, the Group CEO is entitled to a severance package equivalent to 12 months' base salary. This includes remuneration during the period of notice. The severance package will be reduced proportionately in the event of income from a new position, but will correspond to at least 6 months' salary, which is 3 months longer than the period of notice. This deviates from the government's guidelines. The difference must be viewed in the context of the agreed period of notice for Bane NOR's CEO being 3 months rather than 6 months, which is the norm in this type of position. Other principles in the Guidelines must be complied with, including that no severance package will be due if the Group CEO initiates the resignation.

Other executive persons do not receive severance packages.

## Note

## 04

fortsetter

**The senior executive pay policy and compliance with the Guidelines in previous accounting years**

The executive remuneration policy for 2021 has been implemented in compliance with the Guidelines.

The adjustment of executive persons' remuneration took place at the same time and based on the same principles used for other employees in the Group. For 2021, the increase was on

average 2.7 per cent on an annual basis in line with the result of the negotiations in the leading sector.

The senior executive pay policy is reviewed by the Board every year.

Remuneration and any other benefits for executive persons for 2021, and the individual's total pension expenses, are set out in the table below.

Figures in NOK thousands

**Overview of overall remuneration of executive persons in 2021**

Name	Title	Salary	Benefits in kind	Pension expenses	Total
Gorm Frimannslund *	Group CEO	3 035	6	256	3 297
Jon-Erik Lunøe **	EVP Property	2 263	6	167	2 437
Stine B Ilebrette Undrum *	EVP Construction	2 411	9	290	2 710
Sverre Kjenne *	EVP Operations and Technology	2 634	9	258	2 901
Henning Scheel **	EVP Customer and Marketing	1 785	6	167	1 959
Eli Skrøvset ** (to 31.08.2021)	EVP Business Management	1 438	10	111	1 559
Rune Fjeldstad ** (from 01.09.2021)	EVP Business Management	787	2	56	844
Karsten Boe **	EVP Safety and Quality	1 768	10	167	1 946
Beate Hamre Deck **	EVP HR and Organisation	1 861	10	167	2 038
Torild Lid Uribarri **	EVP Communications and Public Relations	1 800	10	167	1 978

\* Norwegian Public Service Pension Fund

\*\* Defined contribution pension DNB

**Overview of overall remuneration for the Board in 2021**

Name	Role	Appointed	Directors' remuneration paid	Remuneration Committee	Total
Cato Hellesjø	Chair, chair RC, member PC	23.06.20	501	83	584
Olaf Trygve Melbø	Deputy Chair, chair PC	10.02.16	305	77	381
Ane Rongen Breivega	board member, member RC, member AC (to 20.06.2021)	10.02.16	127	35	161
Renate Larsen	board member, member RC (from 21.06.2021)	21.06.21	123	7	130
Toril Nag	board member (to 20.06.2021)	10.02.16	127	0	127
Adele Norman Pran	board member (from 21.06.2021)	21.06.21	123	0	123
Baard Haugen	board member, chair AC	20.06.17	249	77	326
Hildegunn Naas-Bibow	board member, member AC (from 02.08.2021)	21.06.21	123	14	137
Solbjørg Engeset	employee-elected board member, member AC (to 24.06.2021)	01.04.17	129	23	153
Bente Langeland Roheim	employee-elected board member, member PC (from 25.06.2021)	25.06.21	120	14	134
Torfinn Håverstad	employee-elected board member, member RC (to 24.06.2021)	09.08.19	129	13	141
Terje Wold	employee-elected board member, member RC (from 25.06.2021)	25.06.21	120	7	128
Tor Egil Pålerud	observer, member PC (to 24.06.2021)	09.08.19	97	23	121
Lars Øyvind Sannes	observer, member AC (from 25.06.2021)	25.06.21	90	14	104
Morten Lønnes	observer (to 24.06.2021)	09.08.19	97	0	97
Morten Fred Tannum	observer (from 25.06.2021)	25.06.21	90	0	90

**Nomination Committee**

Remuneration Committee ("RC")

Audit Committee ("AC")

Project Committee ("PC")

Figures in NOK million

# Note 05

## Operating expenses

Bane NOR SF			Bane NOR Group	
2021	2020		2021	2020
		<b>Machinery rental, equipment and maintenance</b>		
37	42	Rental of machinery, fixtures, etc.	37	120
242	230	Tools, fixtures and operating machinery	242	305
330	241	Repairs and maintenance	477	396
2 913	2 605	Contractor and engineering services	2 890	923
<b>3 522</b>	<b>3 118</b>	<b>Total machinery rental, equipment and maintenance</b>	<b>3 646</b>	<b>1 744</b>
		<b>Other operating expenses</b>		
1	1	Freight and shipping expenses	1	1
140	84	Production-related energy expenses	140	84
785	800	Office premises and public areas, etc.	580	542
139	114	Consultancy services	149	138
489	541	Other external services	489	582
34	29	Course, meeting and office expenses	35	48
55	55	Telephony, computer communications, postage, etc.	58	68
47	58	Operation of own transport equipment and machinery	47	73
34	41	Travel, daily allowances, car allowances	34	73
316	328	Compensation for train companies	316	328
166	90	Other expenses	451	345
<b>2 206</b>	<b>2 142</b>	<b>Total other operating expenses</b>	<b>2 300</b>	<b>2 283</b>

# Note 06

## Financial revenue and financial expenses

Bane NOR SF			Bane NOR Konsern	
2021	2020		2021	2020
		<b>Financial revenue</b>		
35	40	Interest revenue from external parties	44	52
19	17	Interest revenue from group companies	0	0
13	23	Financial revenue, leasing fibre cables	13	23
37	30	Foreign exchange gains	37	30
250	250	Dividends from Bane NOR Eiendom AS	0	0
3	6	Other financial revenue	4	8
<b>357</b>	<b>365</b>	<b>Total financial revenue</b>	<b>98</b>	<b>112</b>
		<b>Financial expenses</b>		
0	0	Debt interest payments	85	103
0	9	Interest expenses to other group companies	0	0
0	0	Other interest expenses	0	0
43	13	Foreign exchange gains	43	14
7	1	Other financial expenses	10	6
<b>50</b>	<b>23</b>	<b>Total financial expenses</b>	<b>138</b>	<b>122</b>

Figures in NOK million

# Note 07

## Tax

### Tax policy

In principle, the Bane NOR SF Group strives to be a responsible taxpayer. The Group will, to the best of its ability, comply with tax rules, recognised practices, and reporting and disclosure requirements. If necessary, advice will be obtained from external advisers. This is to make sure that the Group remains within the applicable tax rules.

As far as tax is concerned, the Group seeks to optimise its business affairs within the applicable rules for this area. This means that the Group will exercise its right to make legal group contributions between companies in the Group, utilise established depreciation opportunities and make other tax-related disposals within the applicable tax rules.

Bane NOR is covered by and reports to the Central Tax Office for Large Enterprises with respect to income tax and VAT. The Group's goal is to contribute to an open dialogue with the tax authorities, including by providing complete, accurate and timely information in tax returns and other correspondence with the tax authorities. This is especially true in those cases where the enterprise has made its own assessments of how tax rules and practices should be understood.

### Calculation of tax payable and deferred tax for the year

The parent company, Bane NOR SF, has a tax exemption pursuant to section 2-32, paragraph one, of the Taxation Act. Acquisitions are not one of the enterprise's purposes. Nonetheless, the enterprise has limited tax liability for financial activities pursuant to section 2-32, paragraph two, of the Taxation Act. Taxable revenue in the parent company mainly involves the commercial leasing of property, revenue from power sales that are not related to the enterprise's infrastructure activities, contracting of employees to the subsidiary group Bane NOR Eiendom, and revenue from leasing fibre infrastructure.

Other group companies are liable for ordinary tax.

### Bane NOR SF

### Bane NOR Group

2021	2020		2021	2020
		<b>Income tax for the year in the income statement</b>		
9	3	Tax payable	95	101
-2	6	Change in deferred tax	-9	-65
<b>7</b>	<b>9</b>	<b>Income tax in the income statement</b>	<b>86</b>	<b>36</b>
		<b>Tax payable on the balance sheet</b>		
9	8	Tax payable for the year	95	106
0	0	Too little/too much set aside for tax in previous years	-1	-2
<b>9</b>	<b>8</b>	<b>Tax payable on the balance sheet</b>	<b>94</b>	<b>104</b>
		<b>Reconciliation from nominal to actual tax rate</b>		
20	626	Ordinary profit before income tax	449	619
4	138	Expected income tax based on nominal tax rate (22%)	99	136
		<i>Adjusted for tax effects of following items:</i>		
-55	-55	Permanent differences (exemption method)	-105	-50
	0	Permanent differences (profit contributions from joint ventures)	-26	-52
58	-63	Tax exemption pursuant to section 2-32, paragraph one of the Taxation Act.	58	0
	-5	Too little/too much set aside for tax in previous years	0	-15
	0	Other items	60	23
<b>7</b>	<b>15</b>	<b>Income tax</b>	<b>86</b>	<b>42</b>
<b>35 %</b>	<b>2 %</b>	<b>Effective tax rate</b>	<b>19 %</b>	<b>7 %</b>

### Calculation of deferred tax:

2021	2020		2021	2020
		<b>Temporary differences</b>		
51	53	Non-current assets	-471	-446
0	0	Current assets	1 777	1 498
0	0	Profit and loss account	400	433
0	0	Pension liabilities	0	-213
0	0	Deficit carried forward	-3	-49
5	12	Other items	-34	-22
<b>56</b>	<b>65</b>	<b>Basis for deferred tax</b>	<b>1 669</b>	<b>1 201</b>
<b>12</b>	<b>14</b>	<b>Deferred tax on the balance sheet</b>	<b>367</b>	<b>264</b>

Provisions are not made for deferred tax related to value added concerning properties whose usage is restricted to railway purposes.

Figures in NOK million

# Note 08

## Intangible assets

### Bane NOR SF

	Licences, rights	Goodwill	Total
Acquisition cost 01.01.	451	37	488
Additions	149	0	149
Transfers to/from property, plant and equipment	-31	0	-31
<b>Acquisition cost 31.12.</b>	<b>569</b>	<b>37</b>	<b>606</b>
Accumulated depreciation 01.01.	160	21	181
Depreciation for the year	28	7	35
<b>Accumulated depreciation 31.12.</b>	<b>188</b>	<b>28</b>	<b>216</b>
<b>Total carrying amount 31.12.</b>	<b>381</b>	<b>9</b>	<b>390</b>

Goodwill relates to the value of employees in Bane NOR Eiendom AS transferred to Bane NOR SF in 2017, and to assets taken over in the business transfer of the Norwegian Railway Academy from the Norwegian Railway Directorate in 2019. The amortisation period for intangible assets is five years, except where the lifetime of the asset is deemed to be significantly longer.

### Bane NOR Group

	Lisenser, rettigheter	Goodwill	Sum
Acquisition cost 01.01.	455	19	474
Additions	150	0	150
Transfers to/from property, plant and equipment	-31	0	-31
Disposals	-5	0	-5
<b>Acquisition cost 31.12.</b>	<b>569</b>	<b>19</b>	<b>588</b>
Accumulated depreciation 01.01.	164	8	172
Depreciation for the year	28	2	30
Disposals	-4	0	-4
<b>Acquisition cost 31.12.</b>	<b>188</b>	<b>10</b>	<b>198</b>
<b>Total carrying amount 31.12.</b>	<b>381</b>	<b>9</b>	<b>390</b>

Figures in NOK million

# Note 09

## Property, plant and equipment

### Bane NOR SF

	Land, build- ings, etc.	Infrastructure	Construction in progress	Operating equipment, machinery, etc.	Total
Acquisition cost 01.01.	32 070	105 093	55 877	1 533	194 573
Additions	0	437	17 534	12	17 982
Transfers between assets groups	464	7 004	-7 549	81	0
Transfers to/from intangible assets	0	0	0	33	33
Disposals	-165	-22	-369	-17	-573
<b>Acquisition cost 31.12.</b>	<b>32 369</b>	<b>112 512</b>	<b>65 492</b>	<b>1 641</b>	<b>212 015</b>
Accumulated depreciation 01.01.	359	21 257	0	462	22 078
Depreciation for the year	225	5 095	61	156	5 537
Disposals	-122	-12	-61	-17	-212
<b>Accumulated depreciation 31.12.</b>	<b>463</b>	<b>26 340</b>	<b>0</b>	<b>601</b>	<b>27 404</b>
<b>Total carrying amount 31.12.</b>	<b>31 907</b>	<b>86 172</b>	<b>65 492</b>	<b>1 040</b>	<b>184 611</b>
Expected economic lifetime	20-50 years	20-50 years		3-10 years	
Depreciation plan	Straight-line	Straight-line		Straight-line	

#### Annual rent for non-capitalised fixed assets:

Fixed asset	Annual rent
Machines	36
Buildings	764

Pursuant to its social mission, Bane NOR SF is responsible for the development of new railway infrastructure in Norway and it has a number of ongoing development projects. Accrued expenses related to development projects are capitalised on an ongoing basis as construction in progress.

Figures in NOK million

# Note

# 09

fortsetter

## Property, plant and equipment

### Bane NOR Group

	Land, build-ings, etc.	Infrastructure	Construction in progress	Operating equipment, machinery, etc.	Total
Acquisition cost 01.01.	44 727	105 093	57 065	1 903	208 788
Additions	1 253	437	17 562	16	19 268
Transfers between assets groups	0	7 004	-7 085	81	0
Transfers to/from development properties	0	0	0	0	0
Transfers to/from intangible assets	0	0	0	33	33
Disposals	-110	-22	-399	-40	-571
<b>Acquisition cost 31.12.</b>	<b>45 870</b>	<b>112 512</b>	<b>67 143</b>	<b>1 993</b>	<b>227 518</b>
Accumulated depreciation 01.01.	4 589	21 257	60	679	26 585
Depreciation for the year	581	5 095	61	185	5 922
Write-downs for the year	-3	0	0	0	-3
Disposals	273	-12	-61	-31	169
<b>Accumulated depreciation 31.12.</b>	<b>5 440</b>	<b>26 340</b>	<b>60</b>	<b>833</b>	<b>32 673</b>
<b>Total carrying amount 31.12.</b>	<b>40 430</b>	<b>86 172</b>	<b>67 083</b>	<b>1 160</b>	<b>194 845</b>

Expected economic lifetime	10-50 years	20-50 years	2-10 years
Depreciation plan	Straight-line	Straight-line	Straight-line

#### Annual rent for non-capitalised fixed assets:

Fixed asset	Annual rent
Machines	36
Buildings	559

At year-end 2021, an assessment was made of the need to write down the Group's value added, including value added for land and buildings. The write-down assessment was based on valuations conducted by an independent party. The valuation indicates an increase in the value of the property portfolio in Bane NOR Eiendom Group, less investments made during the year.

# Note 10

## Subsidiaries and joint ventures

### Bane NOR SF

All subsidiaries have their registered office in Oslo and the stake/voting rights are 100%

### Subsidiaries

Bane NOR Eiendom AS  
Bn Lysaker Elveveien AS

### Bane NOR Group

The Group's other subsidiaries and joint ventures are owned by Bane NOR Eiendom AS, the parent company in the Bane NOR Eiendom Group.

### Subsidiaries in the Bane NOR Eiendom Group:

All subsidiaries have their registered office in Oslo and the stake/voting rights are 100%.

Company	Company	Company
Bane NOR Serviceeiendom AS	Bne Orkanger AS	Grenstølveien 40 AS
Bne 20legend AS	Bne Paradis 1 AS	Grønland 21 AS
Bne 254 Vikersund AS	Bne Parkering AS	Inkubator Sundland AS
Bne Asker AS	Bne Riverside AS	Jernbanebrygga 63 AS
Bne Asker Insekthotell AS	Bne S-22 AS	Jernbaneveien 27 AS
Bne Baneveien 57 AS	Bne Schweigaardsgate 40-46 AS	Lierstranda Tomteselskap AS
Bne Brueland AS	Bne Schweigaardsgate 41-51 AS	Moss Tomteselskap AS
Bne C6 AS	Bne Schweigaardsgate 51 I AS	Mysen S16 Næring AS
Bne Cecilienborg AS	Bne Schweigaardsgate 51 II AS	Mysen S16 Utvikling AS
Bne Egersund AS	Bne Schweigaardsgate 51 III AS	Paradis Boligutvikling 1B AS
Bne Foss Eikeland AS	Bne Schweigaardsgate 51 IV AS	Paradis Boligutvikling 2 AS
Bne Frodegaten 23 AS	Bne Ski Jernbanesvingen AS	Paradis Næring 1 AS
Bne Ganddal AS	Bne Ski Vestveien AS	Professor Smiths Hage Utvikling AS
Bne Horten AS	Bne Ski Vestveien Sør AS	Quadrum AS
Bne Hvalstad Bolig AS	Bne Strandgata 19 AS	Quadrum Bygg A AS
Bne Hvalstad Næring AS	Bne Stryn AS	Quadrum Bygg B AS
Bne Hvalstad Parkering AS	Bne Strømmen AS	Quadrum Bygg C AS
Bne Kanalhotellet AS	Bne Tangen AS	Quadrum Bygg D AS
Bne Kløfta Bolig AS	Bne Voss Knutepunktet AS	Skien Brygge AS
Bne Lagårdsveien felt G AS	Bne X6 AS	Skøyen Knutepunkt Utvikling AS
Bne Lagårdsveien felt I AS	Bne Økern AS	Stabæk Torg Utvikling AS
Bne Lagårdsveien Veiareal AS	Bne Årnes AS	Strandgata Moss 25 og 27 AS
Bne Langhus AS	Brakerøya Tomteselskap AS	Sundland Eiendom AS
Bne Lierstranda AS	Byterminalen Stavanger AS	Togdiesel AS
Bne Lisleby Utvikling AS	Drammen Stasjon A1 AS	Trolløya Eiendom AS
Bne Nordfjordeid AS	Drammen Stasjon A3 AS	Trondheim Stasjonsenter Gryta AS
Bne Nye Nybyen AS	Fosnagaten 12 AS	



## Note

## 10

fortsetter

## Subsidiaries and joint ventures

Joint ventures and associated companies in the subsidiary group the Bane NOR Eiendom Group:

Name	Registered office	Stake/voting rights, %
Bellevue Utvikling AS	Fredrikstad	50 %
Bne Holmestrand Bolig AS	Oslo	50 %
Devoldholmen Utvikling AS	Oslo	50 %
Drammen Helsepark AS	Drammen	50 %
Eidos Eiendomsutvikling AS	Lier	23 %
Gjøvik Utvikling AS	Gjøvik	50 %
Grefsen Utvikling AS	Oslo	50 %
HAL 12 D AS	Oslo	50 %
Hinna Stasjon Utvikling AS	Stavanger	50 %
Hokksund Vest Utvikling AS	Oslo	50 %
Hommelvik Stasjonsby AS	Malvik	50 %
Jessheim Byutvikling AS	Ullensaker	50 %
Kammerherreløkka AS	Porsgrunn	50 %
Knutepunkt Porsgrunn AS	Porsgrunn	50 %
Kjærlighetsstien Bolig AS	Levanger	50 %
Lagårdsveien Utvikling AS	Oslo	50 %
Lierstranda Invest AS	Oslo	50 %
Lurhaugen Utvikling AS	Oslo	50 %
Nyhavna Hotell AS	Hamar	50 %
Oslo S Parkering Holding AS	Oslo	50 %
Oslo S Utvikling AS (solgt i 2021)	Oslo	0 %
Paradis Boligutvikling 1 AS	Stavanger	50 %
Paradis Stasjon Bolig AS	Stavanger	50 %
Perleporten Asker AS	Asker	50 %
Sagtomta Utvikling Mysen AS	Indre Østfold	33 %
Sjøsidan Moss AS	Moss	50 %
Skien Brygge Utvikling AS	Skien	50 %
Snipetorp AS	Oslo	50 %
Stasjonsgarasjen Voss AS	Oslo	50 %
Steinkjer Fylkeshus AS	Hamar	33 %
Strandsonen Utvikling AS	Hamar	50 %
Tangenkaia AS	Drammen	37 %
Torggata 5 AS	Oslo	50 %
Trondheim Stasjonssenter AS	Trondheim	50 %
Vikersund Utvikling AS	Modum	50 %
Voss Stasjon - Hotell AS	Oslo	50 %
Årnes Brygge AS	Oslo	50 %
Åstadveien ABC Utvikling AS	Asker	50 %

## Note

## 10

fortsetter

## Subsidiaries and joint ventures

The profit contributions for the year from joint ventures and associated companies:

	Grefsen Utvikling AS	Jessheim Byut- vikling AS	Oslo S Parkering Holding AS	Oslo S Utvikling AS	Øvrige	Sum
Profit contribution	28	14	3	20	-18	46
Earnings result	0	0	0	437	0	437
Internal gains	22	0	0	51	17	90
Value added	0	0	0	0	-17	-17
<b>Profit contribution for the year</b>	<b>50</b>	<b>14</b>	<b>3</b>	<b>507</b>	<b>-18</b>	<b>555</b>

Specification of carrying amount as at 31.12. for joint ventures and associated companies:

	Grefsen Utvikling AS	Jessheim Byutvikling AS	Oslo S Parkering Holding AS	Oslo S Utvikling AS	Øvrige	Sum
Carrying amount 01.01.	94	94	157	444	338	1 127
Other additions/disposals in the period	0	0	0	-951	90	-861
Profit contribution for the year	50	14	3	507	-18	555
Change in internal gain/value added	0	0	0	0	24	24
Dividends	-65	-20	-20	0	-9	-114
Receipts/payments equity	0	0	0	0	0	0
<b>Total carrying amount 31.12.</b>	<b>79</b>	<b>88</b>	<b>139</b>	<b>0</b>	<b>426</b>	<b>732</b>

Figures in NOK million

Note  
11

## Receivables

Bane NOR SF

Bane NOR Group

2021	2020		2021	2020
		<b>Accounts receivable</b>		
347	251	Accounts receivable at nominal value	483	486
-2	-6	Provision for losses on accounts receivable	-7	-11
<b>345</b>	<b>245</b>	<b>Total accounts receivable</b>	<b>475</b>	<b>475</b>
		<b>Other receivables</b>		
1 420	3 881	Claim for remuneration from the Norwegian Railway Directorate, ref. note 1	1 420	3 881
633	637	VAT credit	677	677
1 150	689	Receivables from group companies	0	0
412	433	Prepaid expenses and accrued revenue	492	478
816	1 096	Other current receivables	864	1 195
<b>4 430</b>	<b>6 737</b>	<b>Total other receivables</b>	<b>3 452</b>	<b>6 231</b>
		<b>Market-based financial instruments</b>		
400	0	Money market unit trust	400	0
<b>400</b>	<b>0</b>	<b>Total other receivables</b>	<b>400</b>	<b>0</b>
		<b>Receivables due later than one year</b>		
0	438	Financial leases, fibre infrastructure	0	438
537	787	Loans to group companies	0	0
0	0	Loans to joint ventures and associated companies	157	94
13	15	Other non-current receivables	13	15
<b>550</b>	<b>1 240</b>	<b>Total receivables due later than one year</b>	<b>169</b>	<b>547</b>

Note  
12

## Inventories and development properties for sale

Bane NOR SF

Bane NOR Group

2021	2020		2021	2020
		<b>Inventories and development properties for sale</b>		
245	194	Regional inventories	245	194
692	687	Central inventories	692	687
8	80	Other inventories	11	80
0	0	Development properties for sale, incl. value added	5 256	3 486
-93	-87	Write-down for redundant railway-related inventories	-93	-87
<b>852</b>	<b>874</b>	<b>Total inventories and development properties for sale</b>	<b>6 111</b>	<b>4 360</b>

Regional inventories concern components for ongoing rail maintenance and operation. Central inventories concern components for long-term material requirements linked to existing rail infrastructure.

At year-end 2021, an assessment was made of the need to write down the Group's value added, including value added for development properties. The write-down assessment was based on valuations conducted by an independent party. The valuation indicates an increase in the value of the property portfolio in Bane NOR Eiendom Group, less investments made during the year. The review showed that some properties had booked values that were higher than their fair value. These development properties were written down by NOK 47 million to their fair values.

Figures in NOK million

# Note 13

## Restricted bank deposits

Bane NOR SF

Bane NOR SF			Bane NOR Group	
2020	2019	Restricted bank deposits	2020	2019
126	119	Tax deduction funds	170	159

# Note 14

## Equity and ownership information

The enterprise is a wholly stated-owned enterprise under the Ministry of Transport.

Bane NOR SF

Change in equity	Invested capital	Other equity	Total
Equity 31.12.2019	9 002	2 011	11 013
Correction contingent liabilities directly against equity 01.01.2020	0	1 446	1 446
<b>Total equity 01.01.2020</b>	<b>9 002</b>	<b>3 457</b>	<b>12 459</b>
Profit for the year	0	617	617
Actuarial gains and losses	0	-567	-567
<b>Total equity 31.12.2020</b>	<b>9 002</b>	<b>3 506</b>	<b>12 508</b>
Withdrawal in kind 23.01.2021	-200	0	-200
Profit for the year	0	13	13
Actuarial gains and losses	0	-712	-712
<b>Total equity 31.12.2021</b>	<b>8 802</b>	<b>2 808</b>	<b>11 610</b>

Bane NOR Group

Change in equity	Invested capital	Other equity	Total
Equity 31.12.2019	9 002	1 946	10 948
Correction contingent liabilities directly against equity 01.01.2020	0	1 446	1 446
<b>Total equity 01.01.2020</b>	<b>9 002</b>	<b>3 392</b>	<b>12 394</b>
Profit for the year	0	584	584
Actuarial gains and losses	0	-674	-674
<b>Total equity 31.12.2020</b>	<b>9 002</b>	<b>3 302</b>	<b>12 304</b>
Withdrawal in kind 23.01.2021	-200	64	-136
Profit for the year	0	363	363
Actuarial gains and losses	0	-712	-712
<b>Total equity 31.12.2021</b>	<b>8 802</b>	<b>3 017</b>	<b>11 819</b>

On 16.10.2020, the corporate assembly passed the following resolution: "The invested capital in Bane NOR SF shall be reduced by NOK 200,110,000, from NOK 9,002,291,516 to NOK 8,802,181,516. The decrease shall be used for repayment to the state. Ref. section 16, paragraph one, no. 2 of the Act relating to State-Owned Enterprises, by the enterprise's shares in Spordrift AS, measured at NOK 200,110,000, being transferred to the state." The decrease in invested capital was registered with final effect in the Norwegian Register of Business Enterprises on 23.01.2021.

The opening balance as at 01.01.2017 included provisions for annual maintenance expenses and a maintenance backlog for listed and protected stretches of track and buildings, as well as future removal and clearance expenses. The reason has been that these are assets that no longer generate revenue. A new assessment has been conducted of the basis for these accounting provisions. Since the enterprise's revenue primarily consist of public grants, all activities are in principle revenue generating from an accounting perspective. The provision is therefore corrected against equity as a correction in previous periods. Last year's figures have been restated for the purpose of comparison.

Figures in NOK million

# Note 15

## Performance obligation

The performance obligation arises due to the gross transfer of public grants and is the cross entry for capitalised expenses related to railway infrastructure financed by government grants. The performance obligation is recognised in revenue in line with the depreciation of the assets financed by the government grants.

Bane NOR SF			Bane NOR Group	
2021	2020	Year's change in performance obligation	2021	2020
171 978	161 586	Performance obligation 01.01.	172 346	161 586
17 478	16 534	Additions through procurements of property, plant and equipment financed by grants from the Norwegian Railway Directorate	17 478	16 534
-576	-15	Reclassification	-576	-14
0	-372	Sales of individual properties from Bane NOR SF to BNE Group	0	0
-5 490	-5 755	Year's revenue recognition	-5 498	-5 760
<b>183 389</b>	<b>171 978</b>	<b>Total</b>	<b>183 749</b>	<b>172 346</b>

Figures in NOK million

# Note 16

## Pensions

The enterprise has a defined contribution scheme that applies to new employees after 01.01.2017. Defined contribution pensions, inclusive of employer's national insurance contributions, are expensed on an ongoing basis. The enterprise also has a closed collective defined benefit scheme in the Norwegian Public Service Pension Fund for employees transferred from the Norwegian National Rail Administration on 01.01.2017, as well as for employees transferred from Bane NOR Eiendom AS and the Norwegian Railway Academy.

The private contractual early retirement (AFP) scheme is regarded as a benefit-based multi-enterprise scheme. The administrator is unable to obtain reliable calculations of the earned liabilities. The AFP scheme is therefore treated in the financial statements as a defined contribution-based scheme and is included in expenses for the defined contribution scheme, inclusive of employer's national insurance contributions.

The enterprise's pension schemes satisfy the requirements of the Mandatory Occupational Pensions Act.

### Number of schemes as at 31.12.2021

Defined benefit scheme active	1 600
Defined benefit scheme pensioners	621
Defined benefit scheme set up	1 323
Defined contribution scheme	1 761

	Bane NOR SF		Bane NOR Group	
Balance sheet	2021	2020	2021	2020
Pension liability 01.01.	5 714	5 043	7 024	6 164
Present value of pension accrual for the year	158	169	158	205
Interest expense on pension liability	96	115	96	140
Pension payments	-148	-113	-148	-132
Change in pension liability (Spordrift AS)	0	0	-1 310	0
Change in pension liability (voluntary transfer to the defined contribution pension)	0	0	0	0
Scheme change	0	0	0	0
Actuarial losses (gains)	638	500	638	646
<b>Total calculated gross pension liability at the end of the period</b>	<b>6 457</b>	<b>5 714</b>	<b>6 457</b>	<b>7 024</b>
Pension assets 01.01.	3 640	3 464	4 451	4 199
Interest revenue on pension assets	62	81	62	98
Receipts incl. administration expenses	199	208	199	260
Administration expense	-4	-4	-4	-5
Pension payments	-147	-113	-147	-132
Change in pension assets (Spordrift AS)	0	0	-811	0
Change in pension assets (voluntary transition to defined contribution pension)	0	0	0	0
Actuarial losses (gains)	14	3	14	30
<b>Total pension assets at the end of the period</b>	<b>3 764</b>	<b>3 640</b>	<b>3 764</b>	<b>4 451</b>
Net pension liability	2 693	2 074	2 693	2 573
Employer's NI contributions on net pension liability	380	292	380	363
<b>Total net capitalised pension liability incl. employer's NI contributions</b>	<b>3 073</b>	<b>2 366</b>	<b>3 073</b>	<b>2 936</b>

# Note

# 16

fortsetter

Figures in NOK million

Pensions	Bane NOR SF		Bane NOR Group	
	2021	2020	2021	2020
<b>Results</b>				
Present value of pension accrual for the year	158	169	158	205
Employer's national insurance contributions	28	29	28	36
Interest expense on pension liability	96	115	96	140
Expected return on pension assets	-62	-81	-62	-98
Gain from voluntary transfer to defined contribution pension	0	0	0	0
Scheme change	0	0	0	0
Administration expense	4	4	4	5
<b>Total pension expense, defined benefit scheme, in the income statement</b>	<b>222</b>	<b>236</b>	<b>222</b>	<b>287</b>
Actuarial losses (gains)	624	497	624	616
Employer's NI contributions on actuarial losses (gains)	88	70	88	87
<b>Total pension expenses (actuarial gains/losses) recognised directly against equity</b>	<b>712</b>	<b>567</b>	<b>712</b>	<b>703</b>
Total pension expense, defined benefit scheme, in the income statement	222	236	222	287
Expenses from defined contribution scheme incl. employer's NI contr.	116	105	116	145
<b>Total net pension expense in the income statement</b>	<b>338</b>	<b>341</b>	<b>338</b>	<b>432</b>
<b>Reconciliation of pension liability and pension expenses for the year</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net pension liability at the start of the period	2 366	1 801	2 936	2 242
Change in net pension liability, incl. employer's NI contributions	0	0	-570	0
Annual premiums, incl. administration expense and employer's NI contr.	-227	-238	-227	-297
Total pension expenses (actuarial gains/losses) recognised directly against equity	712	567	712	703
Total pension expense, defined benefit scheme, in the income statement	222	236	222	287
<b>Total net capitalised pension liability incl. employer's NI contributions</b>	<b>3 073</b>	<b>2 366</b>	<b>3 073</b>	<b>2 936</b>
<b>Economic, demographic and actuarial assumptions</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Discounting interest rate	1,90 %	1,70 %	1,90 %	1,70 %
Expected return on pension assets	1,90 %	1,70 %	1,90 %	1,70 %
Expected annual wages growth	2,75 %	2,25 %	2,75 %	2,25 %
Expected annual adjust. of retirement and survivor's pension over 67 years old	1,75 %	1,25 %	1,75 %	1,25 %
Expected annual adjust. of G (NI basic amount), AFP, disability and survivor's pensions	2,50 %	2,00 %	2,50 %	2,00 %
Average employer's NI contribution factor	14,1 %	14,1 %	14,1 %	14,1 %
Number of active workers	1 600	1 796	1 600	2 282
Average age – active workers	54	53	54	52
Total pension basis (NOK millions)	1 114	1 189	1 114	1 463
Average pay (NOK thousands)	696	662	696	641
Number of pensioners	621	501	621	572
Number of deferred	1 323	1 282	1 323	1 297
Mortality	K2013	K2013	K2013	K2013
Disability	200 % * K63	200 % * K63	200 % * K63	200 % * K63
Survivors/probability of marriage, etc.	K2013	K2013	K2013	K2013
Voluntary departure < 50 years old	10,0 %	10,0 %	10,0 %	10,0 %
Voluntary departure > 50 years old	3,0 %	3,0 %	3,0 %	3,0 %
Early withdrawal trend (AFP) (equal both years)			Age limit 70 years old: 36% at 62 years old, Special age 65 years old: 100% 62 years old	

# Note 17

## Other provisions for liabilities

Bane NOR SF			Bane NOR Group	
2021	2020		2021	2020
		<b>Recognised contingent liabilities</b>		
305	597	Contingent liabilities in connection with disputes and claims	305	597
5	6	Other contingent liabilities	5	6
<b>310</b>	<b>603</b>	<b>Total recognised contingent liabilities</b>	<b>310</b>	<b>603</b>

### Contingent liabilities in connection with disputes and claims

Provisions for the best estimate of the future settlement of contingent liabilities in connection with various types of disputes.

### Polluted ground

Surveys indicate that properties owned by the Bane NOR Eiendom Group have latent environmental obligations. When development projects are identified, expenses related to preparing the ground, including expenses related to polluted soil, are taken into account. The expenses are included in the project expenses. For this reason, no provisions have been made in relation to polluted ground in development properties being developed for sale.

# Note 18

## Current interest-bearing liabilities

Bane NOR SF			Bane NOR Group	
2021	2020		2021	2020
		<b>Interest-bearing liabilities</b>		
0	0	Bonds	2 750	3 100
0	0	Bank loans	1 350	1 350
0	0	Certificate loans	950	0
0	0	Used overdrafts	294	194
0	0	Pension remuneration, business transfer to Spordrift AS	0	0
<b>0</b>	<b>0</b>	<b>Total interest-bearing liabilities</b>	<b>5 344</b>	<b>4 644</b>
0	0	<i>of which non-current liabilities</i>	4 100	2 900
0	0	<i>of which current liabilities</i>	1 244	1 744

### Bane NOR Group

Maturity structure	2022	2023	2024	2025	2026	> 2027
Interest-bearing liabilities	1 244	850		1 122	695	1 433

### Covenant requirements (Bane NOR Eiendom Group)

	Requirement	2021	2020
Loan-to-asset value ratio in relation to market value	< 65,0 %	28,2 %	28,8 %

### Credit facilities/drawing rights

The Bane NOR Eiendom Group has a total of NOK 2,000 million in committed and available facilities, of which NOK 500 million is an operating credit line in a corporate account arrangement and the remaining NOK 1,500 million is a revolving credit facility. The revolving credit facility is not used for day-to-day operations and is regarded as security for the coverage of funding needs.

Bane NOR SF also has an operating credit line in Norges Bank, with a total limit of NOK 500 million. The operating credit line was unused as at 31.12.2021.

### Collateral and guarantees:

Neither Bane NOR SF nor other companies in the Group have mortgaged or pledged property or other assets as security as at 31.12.2021.



## Note 19

### Other current liabilities

Bane NOR SF			Bane NOR Group	
2021	2020	Other current liabilities	2021	2020
129	162	Unearned revenue	174	90
2 249	1 795	Accrued expenses	2 405	1 693
548	552	Salary owed, holiday pay and tax deducted	548	738
276	293	Other current liabilities	287	357
<b>3 202</b>	<b>2 802</b>	<b>Total other current liabilities</b>	<b>3 414</b>	<b>2 878</b>

## Note 20

### Business transfers

As at 31.12.2020, the company owned 100 per cent of the shares in Spordrift AS. The book value of the shares was NOK 200 million. Ownership of Spordrift AS was transferred to the state in 2021. The transfer was carried out by writing down the business capital in Bane NOR SF through a withdrawal in kind of the shares at their carrying value, ref. note 14. The transaction is treated in the financial statements as an equity transaction in 2021.

Spordrift AS is consolidated into the consolidated financial statements of the Bane SF Group as follows for 2020:

Operating revenue	2 108
Operating expenses	2 040
<b>Operating profit</b>	<b>68</b>
Net financial revenue	4
Income tax	6
<b>Result</b>	<b>66</b>
<b>Non-current assets</b>	<b>212</b>
Current assets	995
<b>Total assets</b>	<b>1 207</b>
Equity	202
Pension liabilities	570
Current liabilities	435
<b>Total equity and liabilities</b>	<b>1 207</b>

# Note 21

Figures in NOK million

## Intra-group balances

Bane NOR SF

Bane NOR Group

2021	2020		2021	2020
		<b>Receivables from:</b>		
1 150	689	Subsidiaries	0	0
0	0	Joint ventures	0	0
<b>1 150</b>	<b>689</b>	<b>Total</b>	<b>0</b>	<b>0</b>
		<b>Loans to:</b>		
537	787	Subsidiaries	0	0
0	0	Joint ventures	157	94
<b>537</b>	<b>787</b>	<b>Total</b>	<b>157</b>	<b>94</b>
		<b>Debt to:</b>		
27	332	Subsidiaries	0	0
0	0	Joint ventures	0	0
<b>27</b>	<b>332</b>	<b>Total</b>	<b>0</b>	<b>0</b>
		<b>Loans from:</b>		
0	0	Subsidiaries	0	0
0	0	Joint ventures	0	0
<b>0</b>	<b>0</b>	<b>Total</b>	<b>0</b>	<b>0</b>

Figures in NOK million

# Note 22

## Transactions with related parties

Bane NOR SF is a wholly state-owned enterprise under the Ministry of Transport. The Norwegian state and underlying companies, directorates and agencies are consequently related parties of the enterprise. Furthermore, the companies in the Group, including joint ventures, and board members and members of the enterprise's and subsidiaries' management teams are also related parties.

Equity transactions with the Ministry of Transport are discussed in notes 14 and 20, as well as in the notes regarding accounting policies.

Benefits for executive persons are detailed in note 4 and intra-group balances are discussed in note 21. For the Group, no information is provided about transactions that have been eliminated in the consolidated financial statements.

### The Group's transactions with related parties, beyond those stated in other notes:

Bane NOR SF			Bane NOR Group	
<b>a) Revenue and government grants received:</b>				
2021	2020	Remuneration (government grants)	2021	2020
22 933	21 773	Norwegian Railway Directorate	22 933	21 773
<i>Sales of good and services</i>				
17	3	Norwegian Railway Directorate	17	3
1 137	832	Operators that are subsidiary agencies of the Ministry of Transport	1 176	1 094
<b>b) Purchase of goods and services:</b>				
2021	2020		2021	2020
0	1	Norwegian Railway Directorate	0	1
2 312	463	Operators that are subsidiary agencies of the Ministry of Transport	2 315	555
<b>c) Outstanding balances with related parties outside the Group</b> (ref. note 15 for information within the Group):				
2021	2020	Current receivables	2021	2020
1 420	3 881	Norwegian Railway Directorate	1 420	3 881
85	87	Operators that are subsidiary agencies of the Ministry of Transport	145	98
<i>Operators that are subsidiary agencies of the Ministry of Transport</i>				
0	0	Ministry of Transport	0	0
105	20	Operators that are subsidiary agencies of the Ministry of Transport	105	20

Figures in NOK million

# Note 23

## Hedging using financial derivatives

### Energy hedging

The enterprise hedges purchase prices for power for both onward sale to train operators and internal use. Price hedging for onward sale takes place in consultation with the train operators and the full loss or gain related to the hedging is included in the price they pay for train operating power. The train operators have chosen a strategy with a longer horizon (up to six years) with a gradual build-up of predictability. The train operators have also chosen to currency hedge their exposure to the Euro. For hedging of power for internal use, a shorter horizon (up to 3 years) has been chosen.

The fair value of the holding of forward contracts for the enterprise's own consumption was positive in the amount of NOK 8 million as at 31.12.2021. Maturity is in 2022. As at 31.12.2021, the holding of forward contracts (power and currency) for onward sale to the train operators had a positive fair value of NOK 184 million. Maturity is in 2022-2027.

### Interest rate hedging

The subsidiary group the Bane NOR Eiendom Group has raised external debt to finance its property activities. The loan agreements with external lenders state that part of the debt must be interest rate hedged. Interest rate swap contracts for a total of NOK 3,370 million have been entered into. Average remaining duration of the interest rate swap agreements was 4 years as at year-end 2021. The hedging agreements in Bane NOR Eiendom are treated as cash flow hedging and are subject to hedging accounting, such that the ongoing interest expenses that are recognised correspond to the fixed rate in the hedging agreement.

### Currency hedging

Some currency hedging agreements have been entered into in connection with the company's projects. The hedging agreements are treated as cash flow hedging and are subject to hedging accounting, such that the project expenses that are recognised correspond to the fixed currency amount in the hedging agreement. As at 31.12.2021, the following currency hedging agreements had been entered into: EUR 63 million CHF 8 million and SEK 4 million.

Bane NOR SF			Bane NOR Group	
2021	2020		2021	2020
		<b>Fair value of hedging instruments</b>		
192	0	Energy hedging instruments	192	0
0	0	Interest rate hedging instruments	46	-38
-36	-14	Currency hedging instruments	-36	-14
<b>156</b>	<b>-14</b>	<b>Total fair value of hedging instruments</b>	<b>202</b>	<b>-52</b>
		<b>Unposted gains(+)/losses(-) on hedging instruments</b>		
192	0	Energy hedging instruments	192	0
0	0	Interest rate hedging instruments	46	-38
-36	-14	Currency hedging instruments	-36	-14
<b>156</b>	<b>-14</b>	<b>Total unposted gains(+)/losses(-) on hedging instruments</b>	<b>202</b>	<b>-52</b>

# Note 24

## Events after the balance sheet date

Infrastructure charges are what users pay for using the track, which is a service the enterprise is required to deliver to train operators. Infrastructure charge rates are set by the enterprise and the revenue is paid by train operators directly to the enterprise. In a decision dated 23.05.2019, Bane NOR SF was ordered by the Norwegian Railway Authority (NRA) to reimburse the calculated premiums for infrastructure charges for the years 2017 and 2018, as well as partly reimburse and partly cease further collection in future years.

Bane NOR SF disagreed with the decision and served the NRA with a summons to legally test the lawfulness of the decision before the courts. In a judgement dated 27.01.2022, Borgarting Court of Appeal determined that the NRA's decision should be annulled. On 28.02.2022, the NRA appealed this judgement to the Supreme Court. From an accounting perspective, the enterprise has considered the calculated premiums contingent assets in line with NRS 13 Contingent liabilities and contingent assets. The calculated premiums have not, pending a final enforceable judgement, not been recognised as revenue.

Besides this, no material events of significance are known to have occurred after the balance sheet data for the accounting year 2021.

Some uncertainty remains concerning the development of the Covid-19 pandemic and the financial consequences for the company, although the risk picture is now known. In the opinion of the Board of Directors, both the Group as a whole and Bane NOR Eiendom AS in isolation are well-equipped to face an economic downturn and retain good capacity for continued operations.

## 9.2 Accounting policies

### General information

The annual financial statements of Bane NOR SF and the Bane NOR Group are prepared in accordance with the provisions of the Accounting Act and good accounting practices in Norway.

All figures are presented in whole NOK millions unless otherwise specified.

Bane NOR SF is a wholly state-owned enterprise. The state's ownership is administered by the Ministry of Transport. The enterprise was established as part of the decision by the Storting (the Norwegian parliament) to reorganise the railway sector and introduce competition for passenger transport by rail, commonly referred to as the "Railway Reform".

Most of the former Norwegian National Rail Administration's assets and liabilities were transferred to Bane NOR SF on 02.01.2017. The transfer was carried out as a contribution in kind at fair value and the enterprise's opening balance showed the value of the enterprise's assets and liabilities on the transfer date.

In preparing the enterprise's opening balance, the Ministry of Transport, in consultation with external advisers, estimated the value of the assets and liabilities transferred from the Norwegian National Rail Administration to the enterprise. The valuations were carried out in accordance with the Accounting Act and principles for good accounting practices in Norway. The fixed assets that were transferred included land, infrastructure, buildings, machinery and transport equipment, operating equipment and ICT. The transferred assets are specialised and generally do not generate revenue on their own. Nor is there, for most of the assets, an existing functioning second-hand market with reference prices. Therefore, most of the assets were valued based on a cost-based approach, which is normal when valuing assets in state-owned enterprises where the

ownership is due to sectoral policy considerations. The reacquisition cost was based on prices at the time of acquisition and thereafter adjusted for wear, age, other reduction in value, and technical development.

On 20.06.2017, 100 per cent of the shares in Rom Eiendom (now: Bane NOR Eiendom AS) were deposited as a contribution in kind in Bane NOR SF. The transfer took place as part of the Railway Reform and resulted in properties, including railway properties such as stations, workshops and terminals that had previously been owned by Norwegian State Railways (NSB), being transferred to the infrastructure administrator Bane NOR SF. The contribution in kind was carried out at fair value and with accounting effect from 01.01.2017.

### Performance obligation

The transfer of non-current assets from the state to Bane NOR SF, supplied the enterprise with assets linked to historical investments in railway-related infrastructure, measured at reacquisition cost. However, the state set clear guidelines for the use of the non-current assets transferred to Bane NOR SF via the contribution in kind. The enterprise's articles of association also specify that the purpose of the enterprise is railway activities. The owner consequently expects the non-current assets that were received to be managed for the benefit of society and in line with the guidelines issued to the enterprise in the delivery agreements. Both ongoing future remuneration from the state and the contribution in kind must be used to fulfil this obligation and perform this social mission. This is shown on the balance sheet through the capitalisation of a performance obligation. On the date the contribution in kind involving railway-related property was made, this matched the fair value of the assets that were deposited and whose usage was restricted to railway purposes.

Reductions in value due to wear, age and using the enterprise's property, plant and equipment in the enterprise's social mission are reflected through depreciation. Use of the property, plant and equipment to fulfil the enterprise's social mission results in corresponding reductions being made in the performance obligation in the accounts. Reductions in the performance obligation are recognised as revenue on the line "Compensation for wear and age (deferred revenue recognition of grants)". Also see the description of the policy concerning remuneration from the Norwegian Railway Directorate and other revenue.

If an asset's usage is no longer restricted to railway purposes, the asset's residual related performance obligation is recognised as revenue on the aforementioned accounting line since eliminating the usage restriction means the asset no longer has any related performance obligation.

#### Remuneration from the Norwegian Railway Directorate and other operating revenue

The enterprise's main source of revenue is remuneration from the state, which is received in line with agreements with the Norwegian Railway Directorate. The Group also receives other revenue related to the parent company's social mission, primarily from train companies, as well as commercial revenue that primarily consists of rental revenue and gains on sales of assets from the Group's property activities.

#### Remuneration from the Norwegian Railway Directorate

The enterprise recognises remuneration from the Norwegian Railway Directorate as revenue in line with NRS 4 Government Grants. This implies that the remuneration is recognised and accrued over the same period as the costs to which it relates. Remuneration for operating activities (operating grants) is recognised as revenue in the same period in which the operating expenses accrue. Remuneration for investments (investment grants) is accrued as deferred revenue that is capitalised and called a performance obligation. This is subsequently recognised as revenue in line with the depreciation of the fixed asset. The enterprise recognises operating grants at their gross amount since this best reflects the enterprise's level of activity. However, this does not apply to non-depreciable fixed assets, which are presented net in line with the standard.

The enterprise has entered into a number of agreements with the Norwegian Railway Directorate that regulate the remuneration the enterprise will receive and the performance the enterprise has to deliver. The purpose of the main agreement (K00) is to establish a basis and general framework for Bane NOR's tasks and the funding of these. The various agreements for specific tasks/projects, referred to as "K agreements" are described below. The enterprise has a contractual option to redistribute remuneration between the K01, K03 and K04 agreements, after informing the Norwegian Railway Directorate. The enterprise can redistribute the funds in order to ensure the most effective implementation possible of planned activities and projects. The ability to manage portfolios means that any unused remuneration related to K04 projects that have lower cost estimates/are completed at a lower cost than their allocation can be transferred to other unfinished projects that are expected to cost more than their allocation.

#### Availability in existing infrastructure (K01)

Remuneration for covering the operation, maintenance and refurbishment of existing infrastructure. A total amount of remuneration is allocated which is then redistributed by the enterprise to operating activities (which include operating expenses, operational investments, corrective maintenance and preventive maintenance) as well as refurbishment, respectively.

**K01 Operating activities:** Remuneration for operating activities is generally considered an operating grant. The year's operating remuneration is recognised as revenue in the accounting year in which the remuneration is awarded, with the exception of operational investments and planned preventive maintenance that are scheduled for another time. Remuneration for operational investments is treated in the same way as remuneration for K01 refurbishments, ref. description below. In line with NRS 4 Government Grants, remuneration for planned preventive maintenance scheduled for another time is not recognised as revenue until the period during which the maintenance is carried out and the expenses incurred. This principle ensures that the enterprise does not show a surplus because a planned activity has not been carried out. Since the remuneration for K01 is fixed, the enterprise can experience an accounting surplus or deficit in relation to the agreement depending on how efficiently the enterprise is operated.

**K01 Refurbishments:** Remuneration for refurbishments is generally considered an investment grant. The remuneration is capitalised and treated as deferred revenue until the non-current asset has been completed and is ready to be used. Revenue recognition takes place from the date when the non-current asset is ready to be used and depreciation commences. Revenue recognition takes place in line with the related depreciation.

### Studies (K02)

The remuneration is intended to cover studies and impact assessments ordered in connection with the development of new infrastructure. Revenue recognition takes place in line with production of the services.

### Planning and engineering agreements (K03)

The remuneration is intended to cover activities related to the planning and engineering of infrastructure up to when an investment decision is made. Projects that involve engineering before a main plan has been adopted are not regarded as meeting the criteria for capitalisation from an accounting perspective. The related remuneration is treated as an operating grant and the revenue is recognised in line with accrued expenses. Projects that involve engineering after a main plan has been adopted are regarded as qualifying for capitalisation. Remuneration related to such projects is treated as an investment grant, ref. the description of K01 refurbishments above.

### Project agreements (K04)

The remuneration relates to grants for constructing infrastructure after investment decisions have been made. The remuneration is generally treated as investment grants, ref. description of K01 refurbishments above. For administration expenses that are not directly linked to projects and for expenses that do not meet the criteria for capitalisation, revenue is recognised in line with the expenses incurred in the relevant year.

### New agreement regime from 2022

A new governance regime has been introduced with effect from 2022. The governance model now consists of three agreements with the state:

- Agreement with the Ministry of Transport, which provides the enterprise with state funding
- Two agreements with the Norwegian Railway Directorate, which set requirements for Bane NOR's deliveries:

- › Main Agreement A1 on the delivery of access to existing infrastructure (operation and maintenance) and studies, as well as general provisions between the parties
- › Main Agreement A2 on the delivery of new and modified infrastructure (investments) The impact package provisions are included with targets for train services, based on the structure of the National Transport Plan.

### Revenue from train companies

Revenue from train companies can be divided into three main categories:

#### Infrastructure charges

Infrastructure charges are what users pay for using the track, which is a service the enterprise is required to deliver to train operators. Infrastructure charge rates are set by the enterprise and the revenue is paid by train operators directly to the enterprise. Infrastructure charges are recognised as revenue as they are earned, i.e. in line with the number of gross tonne kilometres train operators have driven on the track.

#### Performance scheme (remuneration for the train companies)

A performance scheme has been introduced that is intended to encourage train operators and the enterprise to reduce disruptions on the rail network to a minimum and improve the performance of the rail network. Revenue from the performance scheme is recognised as it is earned, i.e. when the enterprise has accrued a claim against a train operator for such remuneration.

#### Other statutory services

This is revenue from other services offered to train operators by the enterprise in line with the Railway Regulations and the Authorisation Regulations, and generally concerns the delivery of power and service offerings. Sales of services are recognised through profit or loss when the service has been delivered and the revenue earned.

#### Other revenue

The Group's other revenue mainly comes from leasing and sales of real estate, sales of power to parties other than train operators, and sales of individual other services to third parties.

Sales of power and services are recognised through profit or loss when the service has been delivered and the revenue earned.

Revenue from leasing real estate is recognised through profit or loss over the duration of the lease. Gains from sales of properties are recognised through profit or loss in the period when the risk and control is transferred to the buyer (transfer date) with the exception of gains from sales related to property that are constructed for sale (construction contracts).

Revenue from properties that are constructed for sale, including residential and commercial projects, are recognised in line with the degree of sale and degree of completion of the property. Ongoing settlement revenue amounts to expected project revenue multiplied by degree of sale and degree of completion. Also see the description of construction contracts in the separate policy description. In Bane NOR Eiendom AS's contribution in kind, all of the Group's property projects were deposited at their fair value as at 20.06.2017. Therefore, at a group level, results from ongoing settlement are eliminated by offsetting them against the relevant ongoing projects' related value added up to the value assigned to a project when it was deposited via the contribution in kind.

### Use of estimates

In preparing the consolidated financial statements, the company's management has to use its judgement and make estimates and assumptions that affect items in the income statement, balance sheet and notes. Estimates and assumptions are based on previous experience and other factors, including expectations concerning future events that are regarded as reasonable. Estimates and assumptions may change over time and are subject to continuous assessment. Meanwhile, actual figures may differ from recognised estimates. The effects differences in relation to estimates and changed estimates and assumptions have on the results are recognised in the period when the change occurs or are accrued over the periods affected by the change.

Estimates and assumptions that are of material significance for the consolidated financial statements include:

### Assessments of the fair value of non-current assets and some current assets

The Group has significant capitalised value added

linked to the Bane NOR Eiendom Group's contribution in kind. This relates to assets in non-current assets linked to investment properties, including in land, buildings, etc., and development properties classified under current assets. These assets are tested for write-downs when there are indications of a potential fall in value that would mean there is a risk that the recognised value exceeds the recoverable amount. The recoverable amount for cash generating units is determined by calculating the utility value of non-current assets and the realisation value of current assets. These calculations require the use of estimates.

Recognised assets in the property portfolio are tested annually for falls in value. The outcome of the test for a fall in value may be a significant loss linked to capitalised assets that must be recognised through profit or loss. The property portfolio in the Bane NOR Eiendom Group consists of two portfolios divided between properties needed for operating activities (investment properties) and development properties being developed for sale. The properties needed for operating activities (investment properties) mainly consist of station areas, railway workshops, engine sheds and terminal buildings. Development properties are mainly located in project development areas, either already started or in the planning stage. Pending zoning plans, development properties, both land and buildings, are leased out on shorter and flexible leases.

### Contingent liabilities and other non-current liabilities

The enterprise makes provisions for contingent liabilities where the enterprise believes it is likely that the liability will have to be settled. Provisions are made based on the best estimate of the liability.

### Consolidation policies

The consolidated financial statements cover the parent company Bane NOR SF and its subsidiaries Bane NOR Eiendom AS and Bn Lysaker Elveveien AS. The subsidiary Bane NOR Eiendom AS is in turn the parent company of the Bane NOR Eiendom Group, which consists of around 100 wholly and partly-owned companies.

The consolidated financial statements are prepared as if the Group was a single financial unit. Transactions and outstanding balances between the legal entities



in the Group have been eliminated. In the consolidated financial statements, the item line for shares in subsidiaries has been replaced by the subsidiaries' assets and liabilities. The consolidated financial statements are prepared based on uniform policies in that the Bane NOR Eiendom Group is restated to comply with good Norwegian accounting practices, which is the parent company's accounting language. The subsidiary group prepares its consolidated financial statements based on simplified IFRS.

The subsidiaries are recognised in the consolidated financial statements based on the parent company's acquisition cost. For Bane NOR Eiendom AS, acquisition cost is equal to the fair value of the shareholding upon the contribution in kind carried out on 20.06.2017. Acquisition cost is allocated to identifiable assets and liabilities in the subsidiary, which are stated in the consolidated financial statements at fair value on the date the Group was established. Value added in the consolidated financial statements is depreciated over the asset's expected lifetime. Value added related to land is not depreciated.

The Group's joint ventures are recognised based on the equity method. Using this method results in recognised values on the balance sheet corresponding to the share of equity in the joint venture, corrected for any value added since the purchase and unrealised internal gains. The profit contribution in the financial statements is based on the share of the joint venture's profit after tax and is corrected for the depreciation of value added and unrealised gains. The income statement shows the profit contribution as separate operations-related revenue.

#### Main rule for classifying assets and liabilities

Assets intended for permanent ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables that will be repaid within one year are classified as current assets. Equivalent criteria are used for classifying current and non-current liabilities.

Non-current assets are measured at acquisition cost but written down to fair value when a fall in value is not expected to be temporary. For non-current assets related to railway-related infrastructure and used for the enterprise's purpose, assessments will be made

of fair value and any need for writing down based on the non-current asset's utility value for the enterprise. Assuming that the asset is used for the enterprise's purpose and fulfils the conditions in the remuneration agreement with the Norwegian Railway Directorate, the asset's utility value is generally assumed to have been retained.

Non-current assets with limited financial lifetimes are depreciated according to a schedule.

Current assets are measured at the lower of acquisition cost and fair value. Current and non-current liabilities are capitalised at their nominal received amount at the time of establishment.

#### Acquisition cost

The acquisition cost of assets includes the asset's purchase price, less any discounts and similar, plus any addition for purchase expenses. For purchases in foreign currency, the asset is capitalised at the exchange rate on the transaction date. Interest related to the manufacture of non-current assets is capitalised.

#### Property, plant and equipment

Land is not depreciated. Other property, plant and equipment is capitalised and depreciated on a straight-line basis to its residual value over the fixed asset's expected useful lifetime. Self-produced fixed assets are broken down into the significant component parts with different lifetimes and capitalised upon completion. Maintenance of fixed assets is expensed on an ongoing basis under operating expenses. Embellishments and improvements, which in Bane NOR SF are referred to as "refurbishments", are added to the fixed asset's cost price and depreciated over the lifetime of the improvement (broken down).

Significant leased fixed assets are capitalised as fixed assets if the lease is deemed financial. Such assets have a corresponding cross entry in the form of a capitalised liability.

#### Shares in subsidiaries, joint ventures and associated companies

Subsidiaries are enterprises over which the parent company has a direct or indirect controlling influence. Normally a stake of more than 50 per cent will in any

case result in a company being deemed a subsidiary. Joint ventures are enterprises over which the parent company has a direct or indirect joint control with other owners. No single owner has a controlling influence, instead the parties have established joint control of the enterprise through an agreement. Associated companies are companies in which the Group has a significant influence, but which are not subsidiaries or joint ventures. A significant influence normally exists with stakes in excess of 20 per cent.

Shares in subsidiaries, joint ventures and associated companies are recognised at acquisition cost in the parent company's financial statements, although they are written down to fair value if a fall in value occurs that is not considered to be temporary. Write-downs are reversed if the basis for the write-down no longer exists. The cost price is increased when funds are added through capital increases or when a group contribution is made to a subsidiary. Received dividends are generally recognised through profit or loss as revenue in the parent company. Disbursements that exceed the share of retained earnings after the purchase are recognised as a reduction in acquisition cost. Dividends/group contributions from subsidiaries are recognised in the same year as the subsidiary allocates the amount. Dividends from other companies are recognised as financial revenue when the dividends are approved.

### Other shares

Other long-term shareholdings are shareholdings where the enterprise's stake is less than 20 per cent. Such shareholdings are recognised at acquisition cost in the consolidated financial statements but are written down to fair value if a fall in value occurs that is not deemed to be temporary. Write-downs are reversed if the basis for the write-down no longer exists.

### Inventories

Properties, including land and projects, that are under development and intended for subsequent sale are classified as development properties in the consolidated financial statements and included on the line "Inventories".

The enterprise's inventories consist of equipment and components that are intended for use in the ongoing maintenance and operation of existing railway infrastructure.

Holdings of purchased inventories are measured at the lower of acquisition value and fair value. Inventories and development properties are written down if the fair value of the inventories is deemed to be lower than the acquisition cost. For inventories that are intended to be used for railway purposes, the enterprise's utility value of the inventories is used to measure fair value.

### Construction contracts

Works under construction, related to the Group's residential projects and other property projects under construction for customers, are measured using the ongoing settlement method. The degree of completion is calculated as accrued expenses as a percentage of the expected total cost. The total cost is reassessed on an ongoing basis. For projects where it is assumed that the result will be a loss, the calculated loss is expensed immediately.

### Currency

Receivables and liabilities, as well as monetary items in foreign currency are measured at the exchange rate on the balance sheet date.

### Pensions

The enterprise has a defined contribution pension scheme that applies for new employees. The scheme covers people employed by the enterprise after 01.01.2017. The enterprise also has a closed collective defined benefit scheme in the Norwegian Public Service Pension Fund (closed scheme for employees who were transferred from the Norwegian National Rail Administration and Bane NOR Eiendom AS).

The defined contribution pension scheme is expensed in line with deposits into the employees' pension savings accounts. The enterprise has no further payment obligations once the deposits have been paid.

The private contractual early retirement (AFP) scheme is regarded as a benefit-based multi-enterprise scheme. The administrator is unable to obtain reliable calculations of the earned liabilities. The AFP scheme is therefore treated in the financial statements as a defined contribution-based scheme and is included in expenses for defined contribution schemes including employer's national insurance contributions.

The enterprise uses the option in NRS 6 Pensions to

recognise pensions in line with IAS 19 Employee Benefits. A straight-line earnings model based on expected final pay is used to calculate pension expenses. The calculations are also based on expectations concerning the discounting interest rate, future wage adjustments, pensions and benefits from the National Insurance Scheme, future returns on pension assets, and actuarial assumptions concerning mortality, voluntary departure and early departure due to the special age limit in Bane NOR SF.

Bane NOR SF recognises actuarial gains and losses directly against equity. Changes in the pension liability and assets due to changes and deviations in relation to calculation assumptions (actuarial changes) are recognised against equity.

With effect from 01.01.2018, the Ministry of Labour and Social Affairs introduced amended provisions for adjusting deferred rights in state-owned enterprises. Financing deferred pension rights for employees who leave the enterprise remains the responsibility of the enterprise.

#### Financial and operational leases

Leases that transfer most of the financial risk and control from the lessor to the lessee are treated as financial leases. Other leases are treated as operational leases.

#### Hedging

The enterprise hedges purchases of power for both onward sale to train operators and internal use. Price hedging for onward sale takes place in consultation with the train operators and is included in the cost basis invoiced to these back-to-back.

The Group has entered into so-called swap contracts to interest rate hedge loans that have been raised in the Group's subsidiaries. Only interest rate hedging entered into for the purpose of hedging cash flows for specific loans is treated as interest rate hedging.

The Group has entered into forward exchange contracts to hedge currency purchases in some projects.

The Group's hedge accounting is carried out in line with NRS 18, option 2, such that realised and unrealised gains and losses on hedging instruments are not

recognised before the hedging instrument is realised. The value of the hedging object is not capitalised. Accumulated gains and losses not recognised through profit or loss are shown in the disclosures in the notes to the financial statements.

#### Tax liability

The parent company, Bane NOR SF, has a tax exemption pursuant to section 2-32, paragraph one, of the Taxation Act. Acquisitions are not one of the enterprise's purposes and it does not distribute dividends to the owner. Nonetheless, the enterprise has limited tax liability for financial activities pursuant to section 2-32, paragraph two, of the Taxation Act. Other group companies are liable for tax.

The income tax in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated based on the temporary differences that exist between accounting and tax-related values, as well as tax deficits that can be carried forward at the end of the accounting year. Tax increasing and tax reducing temporary differences that are reversed or could be reversed in the same period are offset. Deferred tax and tax assets that can be capitalised are recognised net on the balance sheet.

#### Cash flow

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include the Group's cash and bank deposits.

BANE NOR

