

Q4

Fourth quarter 2019

(Unaudited)

Sbanken ASA



Sbanken

Q4

Fourth quarter 2019 – Highlights Sbanken ASA

Annual lending growth

2.9 %
(9.8 %*)

Cost-to-income ratio

45.4 %
(38.8 %*)

ROE

10.0 %
(11.5 %*)

Net interest margin

1.81 %
(1.56 %*)

Loan loss ratio

0.24 %
(0.14 %*)

CET1 ratio

15.6 %**
(14.6 %*)

- Continued improvement in net interest margin
- Non-recurring items of NOK 50.7m – ROE 12.5 % and C/I 38.6 % excl. one-offs
- Strong growth in retail fund savings
- Solid capital situation – CET1 at 15.6 per cent after dividend
- Increased dividend to NOK 1.90 per share

Total loans to customers
NOK million



Earnings before tax
NOK million



Return on equity
Per cent



* Comparable figure corresponding period last year.

** Including 70.1 per cent retained earnings for 2019. Proposed dividend of 29.9 per cent.

Key figures (group)

In NOK thousand	Reference	Q4 19	Q4 18	2019	2018
Summary of income statement					
Net interest income		429 057	362 091	1 564 127	1 371 240
Net fee and commission income		53 529	49 812	214 924	203 599
Net other income		1 233	1 913	20 778	71 376
Total income		483 819	413 817	1 799 829	1 646 215
Other operating expenses		-219 833	-160 629	-727 239	-641 992
Operating profit before loan losses		263 986	253 188	1 072 589	1 004 223
Loan losses		-49 845	-27 507	-153 149	-75 513
Earnings before tax		214 142	225 681	919 440	928 710
Calculated tax		-51 166	-56 479	-209 388	-205 990
Net profit		162 975	169 203	710 052	722 720
Profitability					
Return on equity	1	10.0 %	11.5 %	11.4 %	12.9 %
Net interest margin	2	1.81 %	1.56 %	1.68 %	1.53 %
Cost-to-income ratio	3	45.4 %	38.8 %	40.4 %	39.0 %
Earnings per share		1.44	1.52	6.34	6.53
Balance sheet figures (in NOK million)					
Total loan volume		81 494	79 213	81 494	79 213
Customer deposits		52 845	49 534	52 845	49 534
Deposit-to-loan ratio	4	64.9 %	62.8 %	64.8 %	64.1 %
Lending growth (gross) previous 12 months		2.9 %	9.8 %	2.9 %	9.8 %
Average total assets	5	93 947	91 905	92 913	89 367
Total assets, end of period		93 006	91 511	93 006	91 511
Losses and defaults					
Total loan loss (%)	6	0.24 %	0.14 %	0.19 %	0.10 %
Capital adequacy and leverage ratio					
Common equity Tier 1 capital ratio	7	15.6 %	14.6 %	15.6 %	14.6 %
Tier 1 capital ratio		17.5 %	15.9 %	17.5 %	15.9 %
Total capital ratio		19.9 %	17.7 %	19.9 %	17.7 %
Leverage ratio		6.7 %	6.1 %	6.7 %	6.1 %
Employment					
FTEs		370	344	370	344

References

- 1) Return to shareholders after tax (annualised) as a percentage of average shareholder equity in the period.
- 2) Net interest income (annualised) as a percentage of average total capital
- 3) Operating expenses before loss as a percentage of total income (not adjusted for the profit from the Visa transaction)
- 4) Average deposits from customers as a percentage of average loan volume
- 5) Average total assets in the period
- 6) Loan losses as a percentage of average loan volume in the period
- 7) Year-end 2018 is based on actual dividend. Year-end 2019 is based on proposed dividend.

Fourth Quarter Results

The Sbanken group generated a profit before tax of NOK 214.1 million in the fourth quarter, compared with NOK 225.7 million in the fourth quarter of 2018. Net interest income increased to NOK 429.1 (362.1) million, while net fee and commission income increased to NOK 53.5 (49.8) million. Profit before tax was negatively affected by NOK 50.7 million in non-recurring items, including write-down of intangible assets, sale of non-performing unsecured loans and severance pay.

At the end of the quarter, total customer lending was NOK 81.5 billion, compared with NOK 79.2 billion at the end of the fourth quarter of 2018 and NOK 81.6 billion at the end of the third quarter of 2019. Return on equity in the fourth quarter was 10.0 (11.5) per cent. Adjusting for non-recurring items, the return on equity was 12.5 per cent.

Important events during the quarter

Following the launch of a new price model for mutual fund distribution in the third quarter, funds under management increased by NOK 1.9 billion in the quarter. Net client cash flow including migrations increased to NOK 957 million, representing a market share of 18.0 per cent of inflows in Norwegian retail fund savings.

Sbanken continued the rollout of product features to SME customers, including debit card and ERP integration. At quarter-end, Sbanken had close to 4 000 SME customers with deposits totalling NOK 638 million.

Sbanken launched fixed rate mortgages in the quarter, having previously only offered loans with variable interest rates. Customers now have the option to fix their mortgage rate for a duration of 3, 5 or 10 years.

The three-month NIBOR rate increased by 7 basis points from 1.77 per cent at the end of the third quarter, to 1.84 per cent at the end of the fourth quarter. Norges Bank kept the key policy rate unchanged at 1.50 per cent during the quarter.

On 8 November, the interest rate hike from Sbanken in September came into full effect, contributing positively to the net interest margin.

In December, the Norwegian Ministry of Finance published their decision on capital requirements following the CRR/CRD IV implementation. The proposed 1.5 percentage point increase in the systemic risk buffer, has been delayed until 31 December 2022 for standardised method banks, and no longer includes a phase-in period. The decision provides clarity on future capital requirements, and gives Sbanken time to adapt to the systemic risk buffer increase.

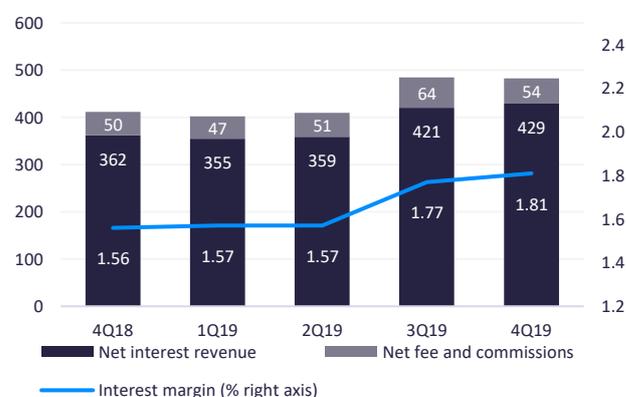
Operating income

Operating income increased to NOK 483.8 (413.8) million, following an increase in net interest income of NOK 67.0 million, an increase in net fee and commission income of 3.7 million and a decrease in other operating income of NOK 0.7 million from the fourth quarter of 2018.

Net interest income increased to NOK 429.1 (362.1) million, primarily as a result of improved net interest margin. The net interest margin was 1.81 per cent, up from 1.56 per cent in the fourth quarter of 2018.

Net fee and commission income increased to NOK 53.5 (49.8) million, primarily as a result of increased revenues from credit and debit cards.

Net interest and fee and commission income
NOK million



Repricing of loan and credit products led to an increase in the effective lending rate in the quarter to 3.17 per cent, compared to 2.64 per cent in the fourth quarter of 2018, and 2.29 per cent in the third quarter of 2018.

Average effective interest rate by product group

	4Q18	1Q19	2Q19	3Q19	4Q19
Home loans	2.48 %	2.57 %	2.59 %	2.71 %	2.94 %
Car loans	5.00 %	5.01 %	5.36 %	5.23 %	5.48 %
Consumer loans	9.76 %	9.92 %	10.44 %	10.68 %	10.38 %
Other credit	11.14 %	11.52 %	11.26 %	11.03 %	11.40 %

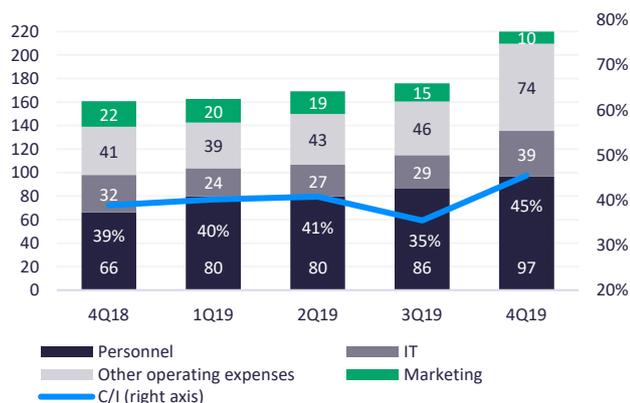
The effective funding rate in the quarter increased to 1.33 per cent, compared with 1.06 per cent in the fourth quarter of 2018. The funding rate increased by 0.18 percentage points from the previous quarter, primarily due to reversal of provisions for the resolution fund in the previous quarter.

Operating expenses

Operating expenses amounted to NOK 219.8 (160.6) million in the quarter. Non-recurring items included NOK 23.5 million write-down of intangible assets and NOK 9.8 million in severance pay and provisions related to changes in management. Marketing costs decreased to NOK 10.1 million, a 53.3 per cent reduction compared to the fourth quarter of 2018.

The cost-to-income ratio was 45.4 per cent in the quarter, compared to 38.8 per cent in the fourth quarter of 2018. The ratio excluding non-recurring items was 38.6 per cent.

Operating expenses
NOK million



Impairments and losses

The net cost of losses amounted to NOK 49.8 million in the quarter, equivalent to a loan loss ratio of 0.24 per cent. This included a NOK 17.4 million loss from a one-off sale of a non-performing unsecured loan portfolio. Adjusting for the one-off sale, the underlying loss ratio was 0.16 per cent. The increase in losses relates primarily to the consumer loans portfolio, with an isolated loan loss ratio of 604 basis point in the quarter. For mortgages the development was stable, with a small reversal of previous recorded losses.

Total expected credit losses amounted to NOK 264.2 million at the end of the quarter, of which NOK 54.8 million related to secured loans and NOK 209.4 million to unsecured loans.

Taxes

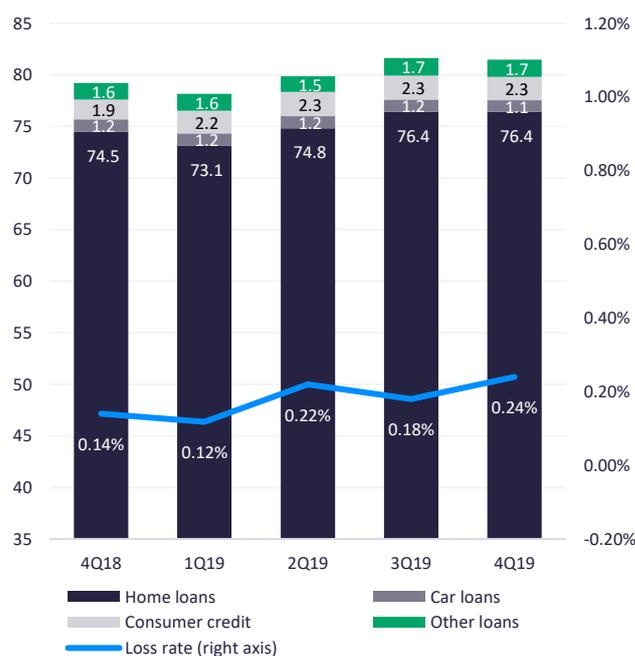
The estimated tax expense amounted to NOK 51.2 (56.5) million, corresponding to an effective tax rate of 23.9 (25.0) per cent.

Loans to and deposits from customers

At quarter-end, loans to customers was NOK 81.5 (79.2) billion. Lending growth over the past 12 months was 2.9 per cent. Mortgage volume was unchanged from the previous quarter at NOK 76.4 billion, attributable to less activity in the mortgage refinancing market.

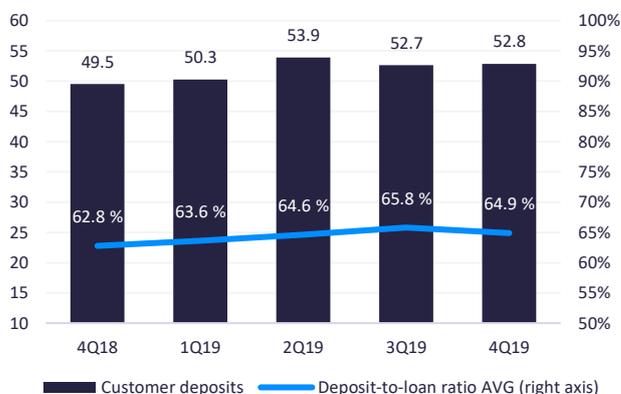
At the end of the quarter, outstanding consumer loans amounted to NOK 2 263 (1 934) million. This corresponds to a growth of 17.0 per cent over the past 12 months, and a 3.4 per cent reduction compared to the third quarter of 2019. Following the introduction of the debt register in July, the market growth for consumer loans has been negative. The volume of other credit products (account credit, credit cards and custody account loans) was NOK 1 684 (1 596) million at the end of the quarter.

Loans to customers
NOK billion



Customer deposits increased to NOK 52.8 (49.5) billion, up NOK 3.3 billion, or 6.7 per cent, from the fourth quarter of 2018. The average deposit-to-loan ratio in the quarter was 64.9 per cent, compared with 62.8 per cent in the fourth quarter of 2018.

Customer deposits
NOK billion

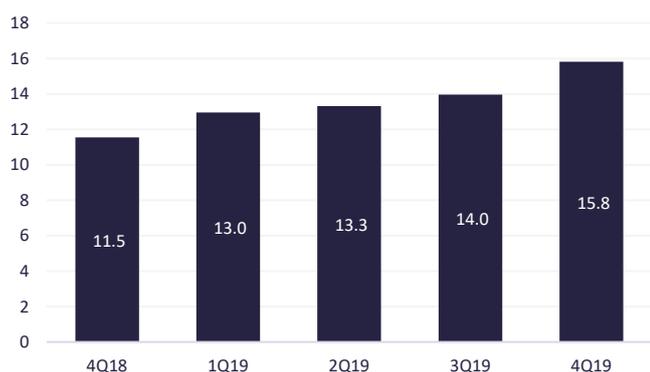


Savings

Funds under management increased with NOK 1 862 million during the quarter, ascribed both to inflow of customers' funds and improved markets.

Following the introduction of the new platform pricing in August, net client cash flow in the quarter was NOK 957 million, the highest quarterly inflow since the fourth quarter of 2017. Including migrations, Sbanken had a 18.0 per cent quarterly market share of Norwegian retail fund inflows.

Customers' investment in mutual funds (FuM)
NOK billion



Comments to the results for the full year 2019

Sbanken recorded a net profit after tax of NOK 710.1 million in 2019, compared with NOK 722.7 million in 2018. Profit for 2018 was positively affected by non-recurring income of NOK 56.4 million related to ownership stakes in Vipps AS and Visa Norge FLI. Non-recurring items relating to severance pay, write-down of intangibles and losses related to consumer loans had a negative impact on profit for 2019.

Net interest income increased by 14.1 per cent to NOK 1 564.1 (1 371.2) million in 2019, ascribed to increased net interest margin and lending growth. Net fee and commission income increased by 5.6 per cent to NOK 214.9 (203.6) million. The increase is primarily attributable to increased volumes of card transactions and increased customers' holdings in mutual funds.

Operating expenses increased by 13.3 per cent to NOK 727.2 (642.0) million due to increased depreciation of intangible assets, increased personnel cost associated to the SME offering and the new fund distribution model and management restructuring costs.

Net cost of losses amounted to NOK 153.1 (75.5) million, corresponding to a loan loss ratio of 0.19 (0.10) per cent. The increase in losses relates primarily to the consumer loans portfolio, which has seen rising loss levels after the introduction of the Norwegian debt registry in July.

The Board of Directors has proposed a dividend of NOK 1.90 per share, corresponding to 29.9 per cent of net profit after tax. When considering the dividend proposal, the Board has taken future growth and the regulatory capital requirements into account. Sbanken's dividend policy is a payout ratio of up to 30 per cent.

Capital adequacy, leverage ratio and risk factors

Following an increase in the countercyclical buffer to 2.5 per cent from 31 December 2019, Sbanken's minimum CET1 requirement is 14.0 per cent. At quarter-end, Sbanken had a CET1 capital ratio of 15.6 per cent, up 0.6 percentage points from the third quarter of 2019. The increase in CET1 capital ratio is partly attributable to new calculation model for operational risk. Tier 1 capital ratio was 17.5 per cent and total capital ratio was 19.9 per cent, while the leverage ratio was 6.7 per cent. The capital ratios include 70.1 per cent of retained earnings from 2019.

Sbanken's financial risk mainly consists of credit risk, market risk and liquidity risk. The credit risk comprises lending to the public primarily in the form of home loans, car loans and unsecured credit products. Sbanken has a high-quality lending portfolio that includes mortgages with a moderate loan-to-value ratio (LTV). At quarter-end, the average LTV was 54.3 per cent, up from 53.5 in the previous quarter. Home loans accounted for 93.8 per cent of the gross lending portfolio.

Sbanken is exposed to market risks such as interest rate risk, share price risk and credit spread risk. The exposure to share price risk amounted to NOK 171.7 million at the end of the quarter, of which NOK 118.9 million was related to the valuation of the bank's shares in VN Norge AS (Visa) and NOK 39.5 million to the valuation of the bank's shares in Vipps AS. The majority of lending provided by Sbanken has variable interest rates. Interest rate swaps are used to reduce interest rate risk that arises with fixed rate mortgages. All deposits have variable interest rates, while capital market funding mainly uses three-month NIBOR as reference rate. At quarter-end, Sbanken had a portfolio of NOK 9.1 billion in interest-bearing securities issued by sovereigns and municipalities as well as covered bonds. The corresponding credit spread risk was estimated to NOK 164.7 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 252 per cent, against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 137 per cent.

Sbanken had outstanding capital market funding amounting to NOK 31.3 billion. Sbanken Boligkreditt AS' total nominal issue of covered bonds amounted to NOK 30.0 billion. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 65.1 per cent, compared to 64.7 per cent in the previous quarter. 94.5 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 84.1 per cent by the harmonised EU Deposit Guarantee Scheme (EUR 0.1 million).

Sbanken ASA has a long-term credit rating of A3 with a stable outlook from Moody's, last confirmed 10 December 2019. Covered bonds issued by Sbanken Boligkreditt AS have a long-term rating of Aaa from Moody's.

Macroeconomic and regulatory developments

Norges Bank kept the key policy rate unchanged at 1.50 per cent during the fourth quarter, following a series of four hikes from September 2018. The central bank's projections from December were unchanged from September. The current assessment indicates stable policy rates through 2020.

The upturn in the Norwegian economy seems to be reaching an end. For 2019, mainland GDP growth for 2019 is expected around 2.5 per cent, supported by mainland business investments and petroleum sector activity. Growth in the mainland economy is expected to slow in the years ahead, mainly due to lower petroleum investments.

The unemployment rate (LFS) increased slightly to 3.8 per cent, up from 3.4 per cent in the second quarter of 2019. Estimates from Norges Bank Statistics Norway in December suggests that the unemployment rate will remain around 4.0 per cent the next coming years.

Norwegian housing prices have increased moderately in 2019, with the market well balanced after lending regulation tightening introduced over the past years. Going forward, house prices are expected to grow at a pace similar to wage growth.

Following implementation of CRR/CRD IV, the Ministry of Finance in December increased the systemic risk buffer to 4.50 per cent with effect from 31 December 2020 for IRB banks. The requirement will take effect for Sbanken and other standardised method banks from year-end 2022. Additionally, the Ministry has asked the Norwegian FSA to review the relation between requirements under Pillar 1 and Pillar 2. The Ministry's final decision was favourable to Sbanken compared to the original proposal, and significantly improves visibility on capital requirements going forward.

Subsequent events

No significant events have occurred after 31 December 2019 that affect the financial statements for the fourth quarter of 2019.

Outlook

The outlook for the Norwegian economy is balanced with positive growth and low unemployment. Household credit growth is expected to remain above 5 per cent.

Repricing of the loan book contributes to a positive net interest margin outlook. The full effects on net interest margin are dependent on changes in funding rates and competition.

Loss levels related to unsecured lending increased through 2019, while losses for secured loans stayed at historic low levels. Sbanken's prudent risk level, improved credit score visibility and risk pricing will be used to maintain satisfying product returns. The bank expects the average loss level to trend around 0.20 per cent for 2020.

Sbanken has disrupted the market for fund distribution and introduced next level SME banking for Norwegian customers. We expect strong growth in number of SME customers and target NOK 5 billion in associated deposits at year-end 2020.

Sbanken is determined to always challenge the status quo of the banking market. Following management changes, Sbanken is now entering a new phase. Going forward, the bank will capitalise on a strong portfolio with Norway's most satisfied banking customers through cross-sales, technological disruption and operational excellence.

Bergen, 13 February 2020

The Board of Directors of Sbanken ASA



Niklas Midby
(Chairman)



August Baumann



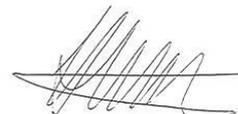
Ragnhild Wiborg



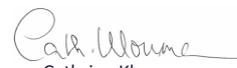
Karianne Mjøs-Haugland



Mai-Lill Ibsen



Hugo Maurstad



Cathrine Klouman



Svein Frøystad



Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q4 19	Q4 18	2019	2018
Interest income from financial instruments using the effective interest method	12	745 153	608 584	2 719 164	2 275 239
Other interest income	12	0	0	0	0
Interest expense	12	-316 096	-246 493	-1 155 037	-903 999
Net interest income		429 057	362 091	1 564 127	1 371 240
Commission and fee income	13	89 629	74 455	344 607	314 056
Commission and fee expense	13	-36 100	-24 643	-129 683	-110 457
Net commission and fee income		53 529	49 812	214 924	203 599
Net gain/(loss) on financial instruments	14	1 133	1 794	20 553	71 256
Other income		100	119	225	119
Other operating income		1 233	1 913	20 778	71 376
Personnel expenses	15	-96 576	-66 112	-342 921	-282 150
Administrative expenses	15,20	-82 499	-90 267	-303 070	-345 811
Depreciation and impairment of fixed and intangible assets		-40 758	-4 249	-81 249	-14 031
Profit before loan losses		263 986	253 188	1 072 589	1 004 223
Loan losses	8	-49 845	-27 507	-153 149	-75 513
Profit before tax		214 142	225 681	919 440	928 710
Tax expense	16	-51 166	-56 479	-209 388	-205 990
Profit for the period		162 975	169 203	710 052	722 720
Attributable to					
Shareholders		154 080	162 717	678 080	697 339
Additional Tier 1 capital holders	11	8 895	6 486	31 972	25 381
Profit for the period		162 975	169 203	710 052	722 720

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q4 19	Q4 18	2019	2018
Profit for the period	162 975	169 203	710 052	722 720
Other comprehensive income:				
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-9 714	-21 398	-7 226	-42 292
Tax effect	2 241	5 739	1 570	10 967
Other comprehensive income that can be reclassified to profit or loss after tax	-7 473	-15 659	-5 656	-31 325
Actuarial gains (losses)	1 371	4 093	1 371	4 093
Tax effect	-343	-1 131	-343	-1 131
Other comprehensive income that can-not be reclassified to profit or loss after tax	1 028	2 962	1 028	2 962
Total components of other comprehensive income (after tax)	-6 445	-12 697	-4 628	-28 363
Total comprehensive income for the period	156 530	156 506	705 424	694 357
Attributable to				
Shareholders	147 635	150 020	673 452	668 976
Additional Tier 1 capital holders	11 895	6 486	31 972	25 381
Total comprehensive income for the period	156 530	156 506	705 424	694 357

Balance sheet

(Sbanken group)

In NOK thousand	Note	31.12.19	31.12.18
Assets			
Cash and receivables with central bank	5	1 587 606	393 148
Loans to and receivables from credit institutions	5	286 802	229 401
Loans to customers	5, 6, 7, 17, 18	81 233 217	79 020 747
Net loans to customers, central bank and credit institutions		83 107 625	79 643 295
Commercial paper and bonds at fair value through OCI	17, 19	9 087 319	11 244 999
Shares and funds	17, 18, 19	171 680	156 769
Derivatives	19	201 975	201 977
Intangible assets		135 376	110 624
Deferred tax assets	16	17 915	17 253
Property, plant and equipment		164 782	18 607
Other assets		88 588	93 702
Advance payment and accrued income		30 425	23 481
Total assets		93 005 685	91 510 707
Liabilities			
Loans and deposits from credit institutions	17, 18	0	0
Deposits from customers	17, 18	52 844 881	49 534 250
Debt securities issued	10, 17, 18	31 304 025	34 309 941
Derivatives		0	0
Taxes payable	16	208 769	209 036
Pension commitments		27 494	30 797
Other liabilities		834 679	578 022
Subordinated loans	10, 17, 18	899 438	649 294
Total liabilities		86 119 287	85 311 340
Equity			
Share capital		1 068 693	1 068 693
Share premium		2 625 895	2 625 895
Additional Tier 1 capital	11	705 858	504 978
Other equity		2 485 952	1 999 801
Total equity		6 886 398	6 199 367
Total liabilities and equity		93 005 685	91 510 707

Subsequent events

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Statement of changes in equity

(Sbanken group)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.18	1 068 693	2 625 895	504 683	-21 768	13 897	1 419 437	5 610 837
Profit for the period to other equity (01.01.18 to 31.12.18)						697 339	697 339
Profit for the period to Tier 1 capital holders (01.01.18 to 31.12.18)			25 381				25 381
Payments to Tier 1 capital holders (01.01.18 to 31.12.18)			-25 086				-25 086
Actuarial gains and losses for the period (01.01.18 to 31.12.18)				2 962			2 962
Net change in fair value of financial instruments available for sale (01.01.18 to 31.12.18)					-31 325		-31 325
Payments related to share incentive program						-589	-589
Paid dividend to shareholders						-80 152	-80 152
Balance sheet as at 31.12.18	1 068 693	2 625 895	504 978	-18 806	-17 428	2 036 035	6 199 367
Profit for the period to other equity (01.01.19 to 31.12.19)						678 080	678 080
Profit for the period to Tier 1 capital holders (01.01.19 to 31.12.19)			31 972				31 972
Payments to Tier 1 capital holders (01.01.19 to 31.12.19)			-31 092				-31 092
Issue of Tier 1 capital			200 000			-148	199 852
Actuarial gains and losses for the period (01.01.19 to 31.12.19)				1 028			1 028
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.19 to 31.12.19)					-5 656		-5 656
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
Balance sheet as at 31.12.19	1 068 693	2 625 895	705 858	-17 778	-23 084	2 526 815	6 886 398

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	2019	2018
Cash flows from operating activities			
Net payments on loans to customers	6	-2 349 722	-7 032 237
Interest received on loans to customers	12	2 492 549	2 128 285
Net receipts on deposits from customers	17, 18	3 315 842	2 342 876
Interest paid on deposits from customers	12	-484 240	-339 559
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	2 128 975	-2 007 484
Interest received from commercial paper and bonds	12	189 369	126 510
Receipts of collateral related to derivatives used in hedge accounting		36 671	185 376
Net receipts/payments on deposits from credit institutions	5	0	0
Interest paid on deposits from credit institutions	12	-969	-225
Interest received on loans to credit institutions and central bank	12	22 050	10 553
Receipts related to commissions and fees	13	335 032	312 909
Payments related to commissions and fees	13	-132 072	-118 087
Payments related to administrative expenses	15	-309 880	-333 418
Payments related to personnel expenses	15	-312 767	-287 022
Taxes paid	16	-209 035	-208 132
Other receipts/payments		35 635	110 883
Net cash flows from operating activities		4 757 438	-5 108 772
Cash flows from investment activities			
Invested in associated company		-1 765	0
Payments on the acquisition of fixed assets		-4 021	-15 367
Payments on the acquisition of intangible assets		-69 040	-68 838
Net cash flows from investment activities		-74 826	-84 205
Cash flows from financing activities			
Receipts on share capital and share premium net of issuing cost	EQ	0	0
Paid dividend to shareholders	EQ	-187 021	-80 152
Receipts on subordinated loans	10	250 000	0
Interest paid on subordinated loans	12	-25 052	-19 412
Receipts on issued additional Tier1 capital	11	200 000	0
Interest paid on additional Tier 1 capital	EQ	-31 092	-25 086
Receipts on issued bonds and commercial paper	10	4 800 000	10 605 000
Payments on matured and redeemed bonds and commercial paper	10	-7 814 867	-6 131 638
Interest paid on issued bonds and commercial paper	12	-622 721	-480 388
Net cash flows from financing activities		-3 430 753	3 868 324
Total net cash flow		1 251 859	-1 324 653
Cash at the beginning of the period		622 549	1 947 202
Cash at the end of the period		1 874 408	622 549
Change in cash		1 251 859	-1 324 653
Cash			
Cash and receivables with central bank		1 587 606	393 148
Loans to credit institutions		286 802	229 401
Total cash		1 874 408	622 549

EQ = Statement of changes in equity

Notes

(Sbanken group)

Note 1 - Accounting principles and critical accounting estimates and judgment

The quarterly financial statement for the Sbanken group has been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and adopted by the EU. A description of the accounting principles applied in the preparation of the financial statements appears in the annual report for 2018.

The quarterly financial statements of Sbanken ASA is prepared in accordance with the Norwegian regulations on annual accounts for banks, sections 1-6 ("simplified IFRS") and IAS 34. Simplified IFRS permits recognition of provisions for dividend and group contribution through profit and loss and as a liability at the balance sheet date. A full application of IFRS would require the proposition to remain part of the equity until approved by the general meeting. For Sbanken ASA there are no other differences between the use of simplified IFRS and full IFRS.

When preparing the financial statements, management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the critical accounting estimates and areas where judgment is applied appears in note 2 in the annual report for 2018.

In Q4 2019 the Sbanken group began offering fixed rate mortgages. The accounting principles used are described below.

Fixed rate loans to customers are designated at fair value through profit and loss on initial recognition, and in following periods, by applying fair value option (FVO). Financial instruments are classified in this category if the classification eliminates or significantly reduces accrual accounting differences for gains and losses on hedging instruments and hedged items in connection with financial hedging.

The fixed rate loans are assigned to this category because the bank utilises derivatives to hedge interest rate risk. Derivatives are always measured at fair value through profit and loss, and recognition of the fixed rate loans at amortised cost will lead to significant fluctuations in the bank's profit and loss. The recognition of the loans at fair value will lead to a more balanced presentation of the value of derivatives and changes in the value of the loans.

The fair value of fixed rate loans is determined by discounting interest cash flows over the term of the loan, using a discount factor adjusted for margin requirements. The discount factor uses a swap rate based on duration equal to the remaining time to maturity for the relevant fixed rate loans. The assumptions for calculating the margin requirement are based on market conditions on the balance sheet date and on an assessment of the considerations made by external investors when investing in a corresponding portfolio.

New and revised standards effective from 1 January 2019

Sbanken ASA has from 1 January 2019 applied the new accounting standard IFRS 16 Leases.

Under IFRS 16, all future lease payment obligations under the bank's material lease agreements with a duration of more than 12 months shall be recognised in the balance sheet as a liability. Correspondingly, the right to the future use of leased assets shall be recognised as an asset. Sbanken ASA has decided to use the following accounting principles and solutions:

- the exemption for low-value assets (primarily office equipment)
- to apply the modified retrospective approach upon implementation of IFRS 16

The latter means that comparative figures for 2018 will not be restated. The right-of-use asset and the lease liability will be measured at the same amount, adjusted for advance payments, accruals and provisions included in the balance sheet at 31 December 2018. The right-of-use asset is classified as fixed assets in the balance sheet, while the lease liability is classified as other liabilities. Sbanken ASA's lease liabilities are related to the lease of commercial property, in addition to some IT equipment.

The total lease liability and right-of-use asset amounted to approximately NOK 155 million at 1 January 2019. The right-of-use asset has been assigned a risk weight of 100 per cent, and the effect on CET1 is a reduction of less than 0.1 percentage points.

The effect on profit will change over time, but the combination of interest and depreciation expenses under IFRS 16 is expected to be somewhat higher than lease expenses under IAS 17 at the start of the lease period and lower towards the end.

New and revised standards effective from 1 January 2020 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2020 or later have not been used in the preparation of the accounts. For Sbanken ASA no new standards will have material effect.

Note 2 - Segments

No segment information has been prepared, as the entire operation of the Sbanken group is deemed to constitute one segment, the "Private Consumer Market", under IFRS 8. Sbanken group launched an SME (small and medium entities) offering late June 2019. At present, neither the customer base nor the revenues or costs from the SME offering constitutes a separate reporting segment. Hence in the supervisory activities performed by the board and management, the customer base is not divided into different business segments that are followed up over time.

For information purposes the deposits from customers related to SME are NOK 638 million at 31.12.2019.

Note 3 - Capital adequacy

The capital adequacy regulations are intended to improve institutions' risk management and achieve closer concordance between risk and capital. The applicable regulations for Norwegian banks are adapted to the EU's capital adequacy regulations for credit institutions and investment firms (CRD IV/CRR).

Sbanken ASA uses the standard method to establish the risk-weighted volume credit risk and the standardised approach (changed from basic method in Q4 19) to establish the risk-weighted volume for operational risk. At the balance sheet date no exposure was included in the risk-weighted volume for market risk. The group mainly engages in banking business and the bank's wholly owned subsidiary, Sbanken Boligkreditt AS, is fully consolidated. There are no differences between solvency and accounting consolidation.

In NOK thousand	31.12.19		31.12.18	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	2 232 664	0	1 088 815	0
Regional governments	902 805	64 881	3 463 197	525 315
Multilateral Development Banks	627 533	0	573 741	0
Institutions	732 265	85 333	381 996	76 399
Retail	9 756 799	4 246 600	9 629 797	4 113 103
Secured by mortgages on immovable property	89 475 944	29 015 590	87 029 819	28 158 968
Exposures in default	466 999	584 212	338 266	402 253
Covered bonds	6 624 238	662 424	6 529 644	652 964
Equity	171 680	174 695	156 769	353 829
Other items	192 523	192 523	47 847	47 847
Total credit risk, standardised method*	111 183 450	35 026 258	109 239 891	34 330 678
Credit value adjustment risk (CVA)		31 257		52 746
Operational risk		2 546 153		2 794 674
Total risk-weighted volume		37 603 668		37 178 098
Capital base				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		1 807 872		1 302 462
Additional Tier 1 capital		705 858		504 978
Profit for the period		678 080		697 339
Total booked equity		6 886 398		6 199 367
Additional Tier 1 capital instruments included in total equity		-705 858		-504 978
Common equity Tier 1 capital instruments		6 180 540		5 694 389
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-101 531		-82 968
Value adjustment due to the requirements for prudent valuation (AVA)		-9 257		-11 397
Profit for the period, not eligible**		-203 052		-187 021
Common equity Tier 1 capital		5 866 700		5 413 002
Additional Tier 1 capital		700 000		500 000
Tier 1 capital		6 566 700		5 913 002
Tier 2 capital		900 000		650 000
Own funds (primary capital)		7 466 700		6 563 002

Capital requirements				
Minimum requirements - common equity Tier 1 capital	4.5%	1 692 165	4.5%	1 673 014
Capital conservation buffer	2.5%	940 092	2.5%	929 452
Systemic risk buffer	3.0%	1 128 110	3.0%	1 115 343
Countercyclical capital buffer	2.5%	940 092	2.0%	743 562
Additional Tier 1 capital	1.5%	564 055	1.5%	557 671
Tier 2 capital	2.0%	752 073	2.0%	743 562
Total minimum and buffer requirements own funds (primary capital)	16.0%	6 016 587	15.5%	5 762 605
<i>Available common equity Tier 1 capital after buffer requirements</i>		1 166 241		800 397
<i>Available own funds (primary capital)</i>		1 450 113		800 397
Capital ratio %				
Common equity Tier 1 capital		15.6%		14.6%
Additional Tier 1 capital		1.9%		1.3%
Tier 2 capital		2.4%		1.7%
Total capital ratio		19.9%		17.7%

* The specification is according to EBA reporting framework

** Adjusted for proposed dividend.

Note 4 - Leverage Ratio

The leverage ratio requirements is a supplement to the risk-weighted minimum capital requirements and states that the capital base in financial institutions shall also comprise a defined percentage of the value of the company's assets and off-balance-sheet liabilities, calculated without risk weighting. The capital ratio target consists of Tier 1 capital and the exposure target follows the rules in the Commission Delegated Regulation (EU) 2015-62. The minimum leverage ratio requirement for Norwegian banks and credit institutions is three per cent and a buffer requirement of two per cent.

The table below shows the calculation for the bank, on the basis of existing rule proposals and with conversion factors based on the current standardised approach, subject to a floor of 10 per cent.

In NOK thousand		31.12.19	31.12.18
Derivatives at market value		134	16 600
Potential future exposure on derivatives		48 458	48 050
Off-balance sheet commitments		5 886 915	5 740 983
Loans and advances and other assets		92 668 332	91 198 106
Regulatory adjustments included in Tier 1 capital		0	0
Total leverage exposure		98 603 839	97 003 739
Tier 1 capital*		6 566 700	5 913 002
Leverage ratio %		6.7 %	6.1 %
Leverage Ratio requirements			
Minimum requirements	3.0%	2 958 115	2 910 112
Buffer requirements	2.0%	1 972 077	1 940 075
Total minimum and buffer requirements (Tier 1 capital)	5.0%	4 930 192	4 850 187
<i>Available Tier 1 capital after minimum and buffer requirements</i>		1 636 508	1 062 815

* Adjusted for proposed dividend.

Note 5 – Maximum exposure to credit risk

Credit risk is defined as the risk of loss resulting from a counterparty not fulfilling its obligations, and any pledged collateral not covering the outstanding claim. The Bank's maximum credit exposure is the book value of financial assets and any associated off-balance sheet liabilities. The following table shows the Bank's maximum credit risk exposure to financial instruments by measurement category.

In NOK thousand	31.12.19		
	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	1 587 606	0	1 587 606
Loans to and receivables from credit institutions	286 802	0	286 802
Loans to and receivables from central bank and credit institutions	1 874 408	0	1 874 408
Loans to customers, secured	77 664 471	13 490 073	91 154 544
Loans to customers, unsecured	3 665 720	4 970 975	8 636 695
Loans to and receivables from customers	81 330 191	18 461 048	99 791 239
Shares in associated company	2 010	0	2 010
Other financial assets with credit risk	119 012	0	119 012
Financial instruments at amortised cost (gross)	83 325 621	18 461 048	101 786 669
Commercial paper and bonds	9 087 319	0	9 087 319
Financial instruments at fair value through other comprehensive income	9 087 319	0	9 087 319
Shares and funds	169 669	0	169 669
Derivatives	201 975	0	201 975
Loans to customers, secured	164 062	0	164 062
Financial instruments at fair value through profit and loss	535 706	0	371 644
Gross exposure with credit risk	92 948 646	18 461 048	111 245 632
Impairment	-261 036	-3 207	-264 243
Total net exposure with credit risk	92 687 610	18 457 841	111 145 451
Other assets without credit risk	318 075	n/a	n/a
Total assets	93 005 685	n/a	n/a

In NOK thousand	31.12.18		
	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	393 148	0	393 148
Loans to and receivables from credit institutions	229 401	0	229 401
Loans to and receivables from central bank and credit institutions	622 549	0	622 549
Loans to customers, secured	75 865 959	12 951 592	88 817 551
Loans to customers, unsecured	3 346 778	5 028 618	8 375 396
Loans to and receivables from customers	79 212 737	17 980 210	97 192 947
Shares in associated company	4 052	0	4 052
Other financial assets with credit risk	117 184	0	117 184
Financial instruments at amortised cost (gross)	79 956 522	17 980 210	97 936 732
Commercial paper and bonds	11 244 999	0	11 244 999
Financial instruments at fair value through other comprehensive income	11 244 999	0	11 244 999
Shares and funds	152 717	0	152 717
Derivatives	201 977	0	201 977
Financial instruments at fair value through profit and loss	354 694	0	354 694
Gross exposure with credit risk	91 556 215	17 980 210	109 536 425
Impairment	-191 991	-3 075	-195 066
Total net exposure with credit risk	91 364 224	17 977 135	109 341 359
Other assets without credit risk	146 483	n/a	n/a
Total assets	91 510 707	n/a	n/a

Note 6 - Loans to customers

Gross carrying amount				
31.12.19				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	75 625 127	3 114 808	472 802	79 212 737
Transfers to Stage 1 (12-months ECL)	770 258	-763 795	-6 463	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-2 741 876	2 746 826	-4 950	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-148 269	-153 744	302 013	0
New financial assets originated	26 190 832	888 685	62 065	27 141 582
Financial assets that have been derecognised	-23 686 974	-923 544	-265 679	-24 876 197
Changes in interest accrual	9 484	5 181	1 466	16 131
Other movements	0	0	0	0
Closing balance gross carrying amount	76 018 582	4 914 417	561 254	81 494 253

Gross carrying amount				
31.12.18				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	69 398 153	2 484 380	314 427	72 196 960
Transfers to Stage 1 (12-months ECL)	624 982	-615 625	-9 357	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 323 152	1 343 973	-20 821	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-109 365	-109 835	219 200	0
New financial assets originated	28 013 665	630 949	47 734	28 692 348
Financial assets that have been derecognised	-20 987 189	-619 833	-78 692	-21 685 714
Changes in interest accrual	8 033	799	311	9 143
Other movements	0	0	0	0
Closing balance gross carrying amount	75 625 127	3 114 808	472 802	79 212 737

Lending by geographical area

In NOK thousand	31.12.19		31.12.18	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	43.4%	35 339 386	42.3%	33 490 131
Oslo	19.4%	15 845 516	19.1%	15 130 283
Southern Norway	2.2%	1 828 660	2.3%	1 855 466
Western Norway	23.2%	18 875 595	24.3%	19 260 537
Central Norway	4.9%	3 971 184	5.0%	3 965 640
Northern Norway	6.9%	5 633 912	7.0%	5 510 679
Total gross lending by geographical area	100.0%	81 494 253	100.0%	79 212 737

Note 7 – Credit risk exposure and collateral

The bank's customer exposures comprises the bulk of the bank's total credit exposure. A high percentage of the bank's lending is collateralised. Collateral in the private retail market essentially comprise fixed property and vehicles.

The table below shows the relationship between total credit exposure and the associated collateral distributed to exposure class. Lending secured by mortgages and cars includes the percentage distributed of exposure relating to the various loan-to-value levels. The property values on which the calculations are based are updated in the last month of each quarter and are therefore representative of the current market value. The calculation of loan-to-value does not take into account any additional collateral.

In NOK thousand	31.12.19			31.12.18		
	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
Loan-to-value, secured loans						
0 % - 40 %	25.1%	19 145 110	3 716 644	23.4%	17 452 597	3 557 399
40 % - 60 %	33.0%	25 242 904	3 014 107	33.7%	25 073 042	3 240 481
60 % - 80 %	28.9%	22 113 068	1 097 259	31.2%	23 224 248	1 046 129
80 % - 90 %	9.0%	6 841 169	168 514	8.9%	6 603 545	95 472
90 % - 100 %	2.0%	1 517 024	92 461	1.6%	1 158 407	54 006
> 100 %	2.1%	1 567 307	142 996	1.3%	983 334	99 020
Home loans, secured by fixed property	100.0%	76 426 582	8 231 981	100.0%	74 495 173	8 092 507
< 50 %	14.5%	162 905	0	13.1%	155 118	0
50 % - 80 %	39.0%	437 399	0	35.9%	426 688	0
80 % - 100 %	27.1%	303 782	0	30.8%	366 406	0
> = 100 %	19.4%	217 181	0	20.2%	239 701	0
Car loans, secured	100.0%	1 121 267	0	100.0%	1 187 913	0
Custody account credit, secured	100.0%	280 684	103 304	100.0%	182 873	81 717
Loan and funding commitments, secured loans		0	5 154 788		0	4 777 368
Total loans to customers, secured		77 828 533	13 490 073		75 865 959	12 951 592

The table below shows the percentage allocation of exposures for home loans for various loan-to-value levels. Where the entire exposure in the table above is placed at a related loan-to-value level, the relative share of the loan exposure at each level is shown in the table below.

In NOK thousand	31.12.19		31.12.18	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, home loans (relative distribution)				
0 % - 85 %	99.11%	75 747 469	99.34%	74 006 404
85 % - 100 %	0.51%	391 291	0.38%	282 988
> 100 %	0.38%	287 822	0.28%	205 781
Home loans, secured by fixed property	100.0%	76 426 582	100.0%	74 495 173

In NOK thousand	31.12.19		31.12.18	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, home loans				
Apartment	23.6%	18 011 831	24.1%	17 944 569
Detached house	53.3%	40 737 098	51.9%	38 697 797
Semidetached house	19.9%	15 171 175	20.6%	15 347 452
Vacation home	3.3%	2 506 478	3.4%	2 505 355
Total home loans secured by fixed property	100.0%	76 426 582	100.0%	74 495 173

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers				
January - December 2019				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.19	17 059	37 724	140 283	195 066
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	455	-5 156	-1 337	-6 038
Transfers to Stage 2	-3 752	9 957	-550	5 655
Transfers to Stage 3	-1 315	-5 921	63 059	55 823
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-379	515	16 507	16 643
<i>Other changes:</i>				
New financial assets originated	8 926	27 618	16 258	52 802
Financial assets that have been derecognised	-3 851	-7 132	-17 081	-34 229
Financial assets that have been derecognised through sale of portfolio			-51 984	-45 819
Changes to model assumption and methodologies	1 472	19 515	3 353	24 340
Other movements	0	0	0	0
Closing balance ECL 31.12.19	18 615	77 120	168 508	264 243
Specification of ECL				
In NOK thousands	31.12.19			
ECL On-balance sheet amounts 31.12.19	17 382	76 241	167 413	261 036
ECL Off-balance sheet amounts 31.12.19	1 233	879	1 095	3 207
Closing balance ECL 31.12.19	18 615	77 120	168 508	264 243
Specification of ECL by type of loan				
In NOK thousands	31.12.19			
Secured loans	2 396	11 934	40 472	54 802
Unsecured loans	16 218	65 186	128 037	209 441
Total	18 615	77 120	168 508	264 243

ECL by geographical area	
In NOK thousands	31.12.19
Eastern Norway ex. Oslo	90 424
Oslo	40 387
Southern Norway	10 919
Western Norway	83 188
Central Norway	17 142
Northern Norway	22 183
Total	264 243

Sbanken ASA has no expected credit loss related to loans to central bank, credit institutions and commercial paper and bonds.

Specification of loan losses				
In NOK thousands	Q4 19	Q4 18	2019	2018
Changes in ECL, stage 1	-930	-652	-1 555	-4 964
Changes in ECL, stage 2	-7 862	-5 709	-39 396	-13 696
Changes in ECL, stage 3	16 738	-12 241	-28 226	-40 394
Write-offs	-58 976	-9 072	-85 789	-19 851
Recoveries of previously written off loans	1 185	166	1 817	3 392
Net cost of loan losses in the period	-49 845	-27 507	-153 149	-75 513

Expected credit loss (ECL) - Loans to customers

January - December 2018

In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.18	12 095	24 028	99 889	136 012
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	540	-5 145	-381	-4 986
Transfers to Stage 2	-860	11 409	-1 477	9 072
Transfers to Stage 3	-899	-3 062	43 525	39 564
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-2 142	960	11 066	9 884
<i>Other changes:</i>				
New financial assets originated	11 488	13 581	8 152	33 221
Financial assets that have been derecognised	-3 163	-4 047	-9 873	-17 083
Write-offs	0	0	-10 618	-10 618
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.12.18	17 059	37 724	140 283	195 066

Specification of ECL

In NOK thousands	31.12.18			
ECL On-balance sheet amounts 31.12.18	15 727	37 020	139 244	191 991
ECL Off-balance sheet amounts 31.12.18	1 332	704	1 039	3 075
Closing balance ECL 31.12.18	17 059	37 724	140 283	195 066

In NOK thousands	31.12.18			
Secured loans	3 096	12 837	40 288	56 221
Unsecured loans	13 963	24 887	99 995	138 845
Closing balance ECL 31.12.18	17 059	37 724	140 283	195 066

ECL by geographical area

In NOK thousands	31.12.18
Eastern Norway ex. Oslo	66 251
Oslo	29 104
Southern Norway	8 731
Western Norway	64 486
Central Norway	11 734
Northern Norway	14 760
Total	195 066

Sbanken ASA has no expected credit loss related to loans to central bank, credit institutions and commercial paper and bonds.

Note 9 – Credit-impaired assets and overdue loans

Credit-impaired assets		31.12.19					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Home loans	Residential property	251 016	-36 484	214 532	210 342	4 190	89.7%
Car Loans	Vehicle	10 299	-3 897	6 402	5 445	957	80.3%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	299 939	-127 033	172 906	0	172 906	42.4%
Total credit-impaired assets		561 254	-167 413	393 840	215 787	178 053	48.5%

31.12.2019	Credit-impaired (Gross carrying amount)
Home loans - Loan to value	
0 % - 40 %	16 880
40 % - 60 %	46 630
60 % - 80 %	110 896
80 % - 90 %	30 056
90 % - 100 %	9 003
> 100 %	37 551
Total	251 016

Overdue loans - age distribution

The table below shows the carrying value of overdue loans and overdrawn amounts on credits allocated by number of days after maturity. The table provides an analysis of exposure where there is inadequate ability or propensity to pay, rather than overdue amounts attributable to a delay in transferring funds. Based on this and the bank's internal routines for monitoring overdue exposure, the default must exceed NOK 800 for more than 6 days to be included in the second table below.

Credit-impaired loans	
In NOK thousand	31.12.19
Overdue loans - more than 90 days	554 630
Other credit-impaired assets	6 624
Total	561 254

Overdue loans		31.12.19			
In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Home loans	1 014 289	258 307	34 481	247 004	1 554 081
Car loans	36 533	11 497	2 580	10 299	60 909
Other loans	147 543	60 007	27 154	297 327	532 031
Loans to customers	1 198 365	329 811	64 215	554 630	2 147 021

Credit-impaired assets

31.12.18

In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Home loans	Residential property	227 630	-34 106	193 524	193 041	483	98.6%
Car Loans	Vehicle	11 634	-6 182	5 452	5 462	-10	100.2%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	233 538	-98 956	134 582	0	134 582	42.4%
Total credit-impaired assets		472 802	-139 244	333 558	198 503	135 055	50.8%

31.12.18

In NOK thousand	Credit-impaired (Gross carrying amount)
Home loans - Loan to value	
0 % - 40 %	21 956
40 % - 60 %	53 210
60 % - 80 %	86 977
80 % - 90 %	32 133
90 % - 100 %	7 047
> 100 %	26 307
Total	227 630

Credit-impaired loans

In NOK thousand	31.12.18
Overdue loans - more than 90 days	464 741
Other credit-impaired assets	8 061
Total	472 802

Overdue loans

31.12.18

In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Home loans	1 283 678	253 358	70 383	223 557	1 830 976
Car loans	29 621	3 071	1 531	11 109	45 332
Other loans	105 590	28 758	15 653	230 075	380 076
Loans to customers	1 418 889	285 187	87 567	464 741	2 256 384

Note 10 - Debt securities issued and subordinated loan

Carried at amortised cost:

In NOK thousand	Currency	31.12.19	31.12.18
Commercial paper issued	NOK	0	0
Bonds issued	NOK	31 304 025	34 309 941
Subordinated loans	NOK	899 438	649 294
Total debt securities issued and subordinated loans		32 203 463	34 959 235

Specification of commercial paper, bonds and subordinated loans as at 31.12.19:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Commercial paper issued						
		0				0
Total commercial paper		0				0
Bonds						
NO0010782527	Sbanken ASA	182 000	NOK	Floating	17.01.20	182 001
NO0010788276	Sbanken ASA	950 000	NOK	Floating	10.08.20	950 279
NO0010793029	Sbanken ASA	1 000 000	NOK	Floating	01.03.21	1 000 682
NO0010835325	Sbanken ASA	600 000	NOK	Floating	06.09.21	600 461
NO0010862048	Sbanken ASA	300 000	NOK	Floating	09.10.22	299 922
Total bonds		3 032 000				3 033 345
Covered bonds ¹						
NO0010745334	Sbanken Boligkreditt AS	3 458 000	NOK	Floating	14.08.20	3 459 036
NO0010745342	Sbanken Boligkreditt AS	6 200 000	NOK	Floating	14.10.21	6 186 357
NO0010786999	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	27.04.22	7 024 575
NO0010790603	Sbanken Boligkreditt AS	6 550 000	NOK	Floating	10.02.23	6 566 932
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 033 780
Total covered bonds						28 270 680
Total commercial paper, bonds and covered bonds						31 304 025

¹ All covered bond loans have "soft bullet" with the possibility of extending the maturity by one year.

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ²	Carrying value
NO0010746464	Sbanken ASA	500 000	NOK	Floating	12.10.25	499 815
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 812
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 811
Total subordinated loans		900 000				899 438

² First possible call date for the issuer is 5 years before date of maturity. The loan agreement has covenants to qualify as Tier 2 capital.

Changes of debt securities and subordinated loans:

	31.12.18	January- December 2019				Other adjustments	31.12.19
		Issued	Matured	Redeemed			
Commercial paper (nominal)	0	0	0	0	0	0	
Bonds (nominal)	4 445 000	600 000	-490 000	-1 523 000	0	3 032 000	
Covered Bonds (nominal)	29 636 000	3 950 000	-867 000	-4 706 000	0	28 013 000	
Subordinated loans (nominal)	650 000	250 000	0	0	0	900 000	
Total	34 731 000	4 800 000	-1 357 000	-6 229 000	0	31 945 000	

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	31.12.19	31.12.18
Additional Tier 1 capital	NOK	700 000	500 000
Total Additional Tier 1 capital		700 000	500 000

Specification of additional Tier 1 capital as at 31.12.19:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying amounts
Additional Tier 1 capital						
NO0010746456	Sbanken ASA	400 000	NOK	3M Nibor + 4.1%	Perpetual ¹	400 000
NO0010786759	Sbanken ASA	100 000	NOK	3M Nibor + 3.6%	Perpetual ²	100 000
NO0010847213	Sbanken ASA	100 000	NOK	3M Nibor + 3.6%	Perpetual ³	100 000
NO0010871494	Sbanken ASA	100 000	NOK	3M Nibor + 3.15%	Perpetual ⁴	100 000
Total additional Tier 1 capital		700 000				700 000

¹ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 12 October 2020.

² The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 02 March 2022.

³ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 23 March 2024.

⁴ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 19 December 2024.

Change of additional Tier 1 capital

	31.12.18	January - December 2019				Other adjustments	31.12.19
		Issued	Matured	Redeemed			
Additional Tier 1 capital	500 000	200 000	0	0	0	700 000	
Total	500 000	200 000	0	0	0	700 000	

As at 31 December 2019, NOK 5.9 million in accrued interest is related to additional Tier 1 capital.

This has been recognised against the additional Tier 1 capital and the carried value including accrued interest is NOK 705.9 million.

Note 12 - Net interest income

Net interest income

In NOK thousand	Q4 19	Q4 18	2019	2018
Loans to and receivables from credit institutions and central bank	6 206	2 838	22 050	10 553
Loans to customers ¹	688 164	569 177	2 508 329	2 128 243
Commercial paper and bonds ²	50 782	36 569	188 784	136 443
Total interest income	745 153	608 584	2 719 164	2 275 239
Loans and deposits from credit institutions	-551	-144	-969	-225
Deposits from customers	-115 197	-95 218	-429 738	-339 560
Debt securities issued	-177 423	-136 837	-636 412	-507 028
Subordinated loans	-7 436	-5 104	-26 083	-19 784
Other interest expenses	-15 489	-9 190	-61 835	-37 402
Total interest expenses	-316 096	-246 493	-1 155 037	-903 999
Net interest income	429 057	362 091	1 564 127	1 371 240

¹ Interest income in 2019 of TNOK 213 are related to home loans measured at fair value through profit and loss.

² Investments are recognised at fair value.

Interest income from loans to customers:

In NOK thousand	Q4 19	Q4 18	2019	2018
Home loans	563 188	462 973	2 024 221	1 733 173
Car loans	15 624	14 961	61 631	59 649
Consumer loans	60 494	45 448	234 185	157 208
Other loans ³	48 858	45 795	188 292	178 213
Total interest income from loans to customers	688 164	569 177	2 508 329	2 128 243

³ Credit card, account credit and custody account credit.

Note 13 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q4 19	Q4 18	2019	2018
Payment processing	8 261	6 998	29 962	25 082
Card and interbank	52 309	44 294	216 146	197 209
Mutual funds and securities	28 021	22 096	94 453	87 730
Other commission income	1 037	1 068	4 045	4 036
Total commission and fee income	89 629	74 455	344 607	314 056
Payment processing	-8 634	-7 789	-33 911	-31 249
Card and interbank	-8 450	-8 389	-50 886	-47 172
Mutual funds and securities	-17 445	-7 300	-38 880	-27 440
Other commission expenses	-1 570	-1 165	-6 005	-4 595
Total commission and fee expenses	-36 100	-24 643	-129 683	-110 457
Net commission and fee income	53 529	49 812	214 924	203 599

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q4 19	Q4 18	2019	2018
1) Realisation of financial instruments at fair value through other comprehensive income				
Gain/(loss) by realisation of financial instruments:	151	5 082	3 035	11 040
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	151	5 082	3 035	11 040
2) Financial instruments at fair value through profit and loss				
Realised gain/ (loss) from shares and funds	0	1 921	0	2 280
Unrealised gain/(loss) from shares and funds	5 397	-4 312	17 496	68 951
Gain/(loss) on derivatives (used in hedge accounting)	894	388	-176	253
Total gain/(loss) on financial instruments at fair value through profit and loss	6 291	-2 003	17 320	71 484
3) Financial instruments at amortised cost				
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-485	0	-13 597	-10 254
Total gain (loss) on financial instruments at amortised cost	-485	0	-13 597	-10 254
4) Currency				
Net gain (loss) on currency items	-1 016	541	-1 921	812
Total gain (loss) on currency items	-1 016	541	-1 921	812
5) Dividends:				
Dividends from investments in shares and funds	0	0	19 524	0
Total dividends	0	0	19 524	0
6) Result from associated company				
Result from associated company	-3 808	-1 826	-3 808	-1 826
Total from associated company	-3 808	-1 826	-3 808	-1 826
Total gain (loss) on financial instruments recognised through profit and loss	1 133	1 794	20 553	71 256

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q4 19	Q4 18	2019	2018
Properties and premises ¹	-1 271	-5 496	-3 505	-19 328
IT	-38 833	-31 868	-118 040	-117 225
Advertising and marketing	-10 130	-21 672	-64 652	-70 999
Temporary employment agencies	-6 503	-7 978	-22 536	-36 033
Consultants and other external services	-12 211	-10 719	-43 453	-53 989
Telephone and postage	-3 345	-3 864	-14 109	-15 038
Other operating expenses	-10 205	-8 670	-36 774	-33 199
Total administrative expenses	-82 499	-90 267	-303 070	-345 811

¹ After the introduction of IFRS 16, rental costs are recognised as depreciation and interest expenses.

Sbanken ASA recorded an impairment of NOK 23.5 million of intangible assets in the quarter, which is recognised under "Depreciation and impairment of fixed and intangible assets". The impairment is primarily related to the applicability of code written in certain modules and discontinuation of some services.

Personnel expenses

In NOK thousand	Q4 19	Q4 18	2019	2018
Wages	-74 213	-51 899	-270 019	-216 252
-of which capitalised as intangible assets	3 177	5 615	19 418	17 035
Pension costs	-7 869	-6 236	-26 049	-23 159
Payroll tax	-13 800	-7 711	-52 689	-43 898
Other personnel expenses	-3 872	-5 881	-13 583	-15 876
Total personnel expenses	-96 576	-66 112	-342 921	-282 150

In Q4 19 it was recognised NOK 9.8 million in severance pay and provisions related to changes in management.

Note 16 - Tax expense

In NOK thousand	Q4 19	Q4 18	2019	2018
Specification of tax expense:				
Taxes payable	50 639	59 753	208 769	209 036
Change in deferred tax	471	-4 023	563	-3 795
Correction of taxes payable previous year	56	749	56	749
Total tax expense	51 166	56 479	209 388	205 990
Reconciliation of the tax expense:				
Profit before tax	214 142	225 681	919 440	928 710
-from Sbanken ASA	162 721	154 811	711 187	695 577
-from Sbanken Boligkreditt AS	56 891	69 630	223 597	239 734
- from group transactions related to own debt and hybrid capital	-5 471	1 240	-15 344	-6 601
Expected tax expense at nominal rate of 25 % Sbanken ASA	40 680	38 702	177 797	173 894
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS (23 % in 2018)	12 516	16 015	49 191	55 139
Total expected tax expense	53 196	54 717	226 988	229 033
Tax effect from non-deductible expenses and tax-exempt income	446	117	446	156
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	-1 401	2 082	-9 178	-16 301
Tax effect from costs recognised against interest to Tier 1 capital holders	-3 002	-2 188	-10 943	-8 876
Other differences	1 871	1 002	2 019	1 229
Correction of taxes payable previous year	56	749	56	749
Total tax expense	51 166	56 479	209 388	205 990
Effective tax rate	23.9%	25.0%	22.8%	22.2%

Note 17 - Classification of financial instruments

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
31.12.19				
Financial assets				
Cash and receivables with central bank	0	0	1 587 606	1 587 606
Loans to and receivables from credit institutions	0	0	286 802	286 802
Loans to customers	164 062	0	81 069 155	81 233 217
Commercial paper and bonds	0	9 087 319	0	9 087 319
Shares and funds ¹	169 669	0	2 010	171 680
Derivatives ²	201 975	0	0	201 975
Other assets	0	0	119 013	119 013
Total financial assets	535 706	9 087 319	83 064 586	92 687 612
Financial liabilities				
Loans and deposits from credit institutions	0	0	0	0
Deposits from customers	0	0	52 844 881	52 844 881
Debt securities issued ³	0	0	31 304 025	31 304 025
Subordinated loans	0	0	899 438	899 438
Other liabilities	0	0	834 679	834 679
Total financial liabilities	0	0	85 883 023	85 883 023

¹ Shares in associated company are recognised using the equity method and allocated to the category amortised cost.

² Including derivatives used as hedging instruments.

³ Including hedged liabilities.

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
31.12.18				
Financial assets				
Cash and receivables with central bank	0	0	393 148	393 148
Loans to and receivables from credit institutions	0	0	229 401	229 401
Loans to customers	0	0	79 020 747	79 020 747
Commercial paper and bonds	0	11 244 999	0	11 244 999
Shares and funds ¹	152 717	0	4 052	156 769
Derivatives ²	201 977	0	0	201 977
Other assets	0	0	117 184	117 184
Total financial assets	354 694	11 244 999	79 764 532	91 364 225
Financial liabilities				
Loans and deposits from credit institutions	0	0	0	0
Deposits from customers	0	0	49 534 250	49 534 250
Debt securities issued ³	0	0	34 309 941	34 309 941
Subordinated loans	0	0	649 294	649 294
Other liabilities	0	0	578 022	578 022
Total financial liabilities	0	0	85 071 507	85 071 507

¹ Shares in associated company are recognised using the equity method and allocated to the category amortised cost.

² Including derivatives used as hedging instruments.

³ Including hedged liabilities.

Note 18 - Fair value of financial instruments at amortised cost

Recognised at amortised cost	Carrying value	Fair value
	31.12.19	31.12.19
Assets		
Cash and receivables with central bank	1 587 606	1 587 606
Loans to and receivables from credit institutions	286 802	286 802
Loans to customers	81 069 155	81 069 155
Shares and funds	2 010	2 010
Other assets	119 013	119 013
Total financial assets at amortised cost	83 064 586	83 064 586
Liabilities		
Loans and deposits from credit institutions	0	0
Deposits from customers	52 844 881	52 844 881
Debt securities issued	31 304 025	31 443 080
Subordinated loans	899 438	909 105
Other liabilities	834 679	834 679
Total financial liabilities at amortised cost	85 883 023	86 031 745

31.12.19	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		1 587 606		1 587 606
Loans to and receivables from credit institutions			286 802	286 802
Loans to customers			81 069 155	81 069 155
Shares and funds			2 010	2 010
Other assets			119 013	119 013
Total financial assets at amortised cost		1 587 606	81 476 980	83 064 586
Liabilities				
Loans and deposits from credit institutions			0	0
Deposits from customers			52 844 881	52 844 881
Debt securities issued	31 443 080		0	31 443 080
Subordinated loan	909 105		0	909 105
Other liabilities			834 679	834 679
Total financial liabilities at amortised cost		32 352 185	53 679 560	86 031 745

Recognised at amortised cost

	Carrying value	Fair value
	31.12.18	31.12.18
Assets		
Cash and receivables with central bank	393 148	393 148
Loans to and receivables from credit institutions	229 401	229 401
Loans to customers	79 020 747	79 020 747
Shares and funds	4 052	4 052
Other assets	117 184	117 184
Total financial assets at amortised cost	79 764 532	79 764 532
Liabilities		
Loans and deposits from credit institutions	0	0
Deposits from customers	49 534 250	49 534 250
Debt securities issued	34 309 941	34 465 946
Subordinated loans	649 294	657 414
Other liabilities	578 022	578 022
Total financial liabilities at amortised cost	85 071 507	85 235 632

31.12.18	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		393 148		393 148
Loans to and receivables from credit institutions			229 401	229 401
Loans to customers			79 020 747	79 020 747
Shares and funds			4 052	4 052
Other assets			117 184	117 184
Total financial assets at amortised cost		393 148	79 371 384	79 764 532

Liabilities

Loans and deposits from credit institutions		0	0
Deposits from customers		49 534 250	49 534 250
Debt securities issued	34 465 946		34 465 946
Subordinated loan	657 414		657 414
Other liabilities		578 022	578 022
Total financial liabilities at amortised cost	35 123 360	50 112 272	85 235 632

Note 19 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.12.19		31.12.18	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Shares and funds	169 669	169 669	152 717	152 717
Commercial paper and bonds	9 087 319	9 087 319	11 244 999	11 244 999
Derivatives	201 975	201 975	201 977	201 977
Loans to customers (fixed rate)	164 062	164 062	0	0
Total financial assets at fair value	9 623 025	9 623 025	11 599 693	11 599 693
Liabilities:				
Derivatives	0	0	0	0
Total financial liabilities at fair value	0	0	0	0

31.12.2019

In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds	0	11 268	158 401	169 669
Commercial paper and bonds	627 533	8 459 786	0	9 087 319
Derivatives at fair value through profit and loss (asset)	0	201 975	0	201 975
Loans to customers (fixed rate)	0	0	164 062	164 062
Total	627 533	8 673 029	322 463	9 623 025
Derivatives at fair value through profit and loss (liability)		0		0
Total	0	0	0	0

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2019	0	143 504	143 504
Net gain/(loss) on financial instruments (unrealised)	0	14 897	14 897
Acquisitions/exits	164 062	0	164 062
Sale	0	0	0
Settlement	0	0	0
Transferred from Level 1 or Level 2	0	0	0
Transferred to Level 1 or Level 2	0	0	0
Other	0	0	0
Closing balance at 31 December 2019	164 062	158 401	322 463

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2019.

Information about fair value of securities at Level 3:

Shares in Vipps AS

In July 2018 the companies BankAxept AS, Bank ID Norge AS and Vipps AS, merged into VBB AS. The name of the company was changed to Vipps AS in November 2018. Sbanken has used the value of the merged company as the basis for calculating the fair value of the shares in Vipps AS at 31 December 2019, adjusted for a liquidity and general uncertainty discount of 20 %.

Shares in VN Norge AS

Visa Bankgruppe FLI was converted into the limited liability company VN Norge AS with effect from June 2018. Sbanken owns 9.4216 % of the shares in VN Norge AS. Sbanken has used the fair value from the conversion as the basis for calculating the fair value of the shares in VN Norge AS at 31 December 2019 including adjustments for movements in currency and share price of Visa Inc. The total value has been adjusted for a liquidity and general uncertainty discount of 20 %.

Sensitivity analysis regarding shares in VN Norge:

Parameter	Effect in NOK
Shift in exchange rate of NOK/USD of +/- 10 %	+/- 6.1 mill
Shift in share price of Visa Inc. of +/- 10 %	+/- 6.1 mill
Shift in liquidity discount on shares in VN Norge AS of +/- 10 basis points	+/- 13.3 mill

Fixed rate loans

Principles related to fair value of fixed rate loans are described in note 1.

31.12.2018

In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds	0	9 213	143 504	152 717
Commercial paper and bonds	693 355	10 551 644	0	11 244 999
Derivatives at fair value through profit and loss (asset)	0	201 977	0	201 977
Total	693 355	10 762 834	143 504	11 599 693
Derivatives at fair value through profit and loss (liability)		0		0
Total	0	0	0	0

Financial instruments measured at fair value Level 3

In NOK thousand	Shares and funds	Total
Opening balance at 1 January 2018	74 553	74 553
Net gain/(loss) on financial instruments (unrealised)	68 951	68 951
Acquisitions/exits	0	0
Sale	0	0
Settlement	0	0
Transferred from Level 1 or Level 2	0	0
Transferred to Level 1 or Level 2	0	0
Other	0	0
Closing balance at 31 December 2018	143 504	143 504

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2018.

Note 20 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	31.12.19	31.12.18
Receivable related to overdraft facility with Sbanken Boligkreditt AS	2 897 390	2 120 543
Sbanken Boligkreditt AS's deposit in Sbanken ASA	1 701 897	1 001 382
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	2 006 575	925 282
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt AS	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.19 - 31.12.19	01.01.18 - 31.12.18
Sale of services in line with service agreement	6 808	6 480
Interest on overdraft facility	48 364	28 025
Interest on deposit	1 290	1 325
Interest on covered bonds issued by Sbanken Boligkreditt AS	23 898	4 766
Interest on subordinated loan issued by Sbanken Boligkreditt AS	12 330	9 690
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	13 411	11 007

All numbers in the income statement and the balance sheet between Sbanken ASA and Sbanken Boligkreditt AS are eliminated in the group financial statements.

Transactions with related parties are based on the arm length principle.

Note 21 - Earnings per share

In NOK	Q4 19	Q4 18	2019	2018
Profit for the period to shareholders	154 080 000	162 717 000	678 080 000	697 339 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.44	1.52	6.34	6.53
Earnings per share (diluted)	1.44	1.52	6.34	6.53

The earnings-per-share ratio shows the return to the group's ordinary shareholders. Accrued interest paid to hybrid capital investors, has been excluded from the profit in the calculation of earnings per share for the period.

Note 22 - Subsequent events

There have not been any significant events subsequent to 31.12.19 that affect the financial statements for Q4 2019.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q4 19	Q4 18	2019	2018
Interest income from financial instruments using the effective interest method		532 192	421 322	1 920 230	1 591 331
Other interest income		0	0	0	0
Interest expense		-157 820	-128 470	-592 746	-469 338
Net interest income		374 373	292 852	1 327 485	1 121 993
Commission and fee income		89 629	74 455	344 607	314 056
Commission and fee expense		-36 100	-24 643	-129 683	-110 457
Net commission and fee income		53 529	49 812	214 924	203 599
Net gain/(loss) on financial instruments		3 415	-4 053	37 479	75 799
Other income		1 805	1 812	7 032	6 599
Other operating income		5 220	-2 241	44 512	82 398
Personnel expenses		-96 481	-65 991	-342 506	-281 666
Administrative expenses		-82 491	-89 852	-301 034	-342 657
Depreciation and impairment of fixed and intangible assets		-40 758	-4 249	-81 249	-14 031
Profit before loan losses		213 392	180 331	862 132	769 636
Loan losses		-50 670	-25 520	-150 945	-74 059
Profit before tax		162 722	154 811	711 187	695 577
Tax expense		-39 924	-40 085	-163 408	-152 250
Profit for the period		122 797	114 727	547 780	543 327
Attributable to					
Shareholders		113 902	108 241	515 808	517 946
Additional Tier 1 capital holders		8 895	6 486	31 972	25 381
Profit for the period		122 797	114 727	547 780	543 327

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q4 19	Q4 18	2019	2018
Profit for the period	122 797	114 727	547 780	543 327
Other comprehensive income:				
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-9 353	-16 643	-9 754	-22 878
Tax effect	2 338	4 694	2 332	6 360
Other comprehensive income that can be reclassified to profit or loss after tax	-7 015	-11 949	-7 422	-16 518
Actuarial gains (losses)	1 371	4 093	1 371	4 093
Tax effect	-343	-1 131	-343	-1 131
Other comprehensive income that can not be reclassified to profit or loss after tax	1 028	2 962	1 028	2 962
Total components of other comprehensive income (after tax)	-5 987	-8 987	-6 394	-13 556
Total comprehensive income for the period	116 810	105 740	541 386	529 771
Attributable to				
Shareholders	107 915	99 254	509 414	504 390
Additional Tier 1 capital holders	8 895	6 486	31 972	25 381
Total comprehensive income for the period	116 810	105 740	541 386	529 771

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	31.12.19	31.12.18
Assets			
Cash and receivables with central bank		1 587 606	393 148
Loans to and receivables from credit institutions		3 184 035	2 183 558
Loans to customers		46 867 863	44 622 110
Net loans to customers, central bank and credit institutions		51 639 504	47 198 816
Commercial paper and bonds at fair value through OCI		11 007 483	12 075 530
Shares and funds		403 902	385 957
Commercial paper and bonds at amortised cost		326 044	325 771
Shares in subsidiary		1 699 880	1 699 880
Derivatives		134	0
Intangible assets		135 376	110 624
Deferred tax assets		12 409	11 466
Property, plant and equipment		164 782	18 607
Other assets		89 168	94 278
Advance payment and accrued income		30 425	23 481
Total assets		65 509 106	61 944 410
Liabilities			
Loans and deposits from credit institutions		1 701 739	1 002 104
Deposits from customers		52 844 881	49 534 250
Debt securities issued		3 033 344	4 446 914
Taxes payable		162 305	156 398
Pension commitments		27 494	30 797
Other liabilities		515 916	323 656
Subordinated loans		899 438	649 294
Total liabilities		59 185 117	56 143 413
Equity			
Share capital		1 068 693	1 068 693
Share premium		2 625 895	2 625 895
Additional Tier 1 capital		705 858	504 978
Other equity		1 923 543	1 601 431
Total equity		6 323 989	5 800 997
Total liabilities and equity		65 509 106	61 944 410

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 5.8 million in Sbanken Boligkreditt AS, please refer to note 8 in the financial statements for the Sbanken group. For information regarding related parties, refer to note 20 in the financial statements for the Sbanken group.

Statement of changes in equity

(Sbanken ASA)

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Actuarial gains and losses	Changes in fair value of financial instruments at fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.18	1 068 693	2 625 895	504 683	-21 768	12 995	1 186 553	5 377 052
Profit for the period to other equity (01.01.18 to 31.12.18)						517 946	517 946
Profit for the period to Tier 1 capital holders (01.01.18 to 31.12.18)			25 381				25 381
Payments to Tier 1 capital holders (01.01.18 to 31.12.18)			-25 086				-25 086
Actuarial gains and losses for the period (01.01.18 to 31.12.18)				2 962			2 962
Net change in fair value of financial instruments available for sale (01.01.18 to 31.12.18)					-16 518		-16 518
Payments related to share incentive program						-589	-589
Paid dividend to shareholders						-80 152	-80 152
Balance sheet as at 31.12.18	1 068 693	2 625 895	504 978	-18 806	-3 523	1 623 758	5 800 997
Profit for the period to other equity (01.01.19 to 31.12.19)						515 808	515 808
Profit for the period to Tier 1 capital holders (01.01.19 to 31.12.19)			31 972				31 972
Payments to Tier 1 capital holders (01.01.19 to 31.12.19)			-31 092				-31 092
Issue of Tier 1 capital			200 000			-148	199 852
Actuarial gains and losses for the period (01.01.19 to 31.12.19)				1 028			1 028
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.19 to 31.12.19)					-7 422		-7 422
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
Balance sheet as at 31.12.19	1 068 693	2 625 895	705 858	-17 778	-10 945	1 952 266	6 323 989

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	2019	2018
Cash flows from operating activities			
Net payments on loans to customers		-2 390 604	-987 204
Interest received on loans to customers		1 608 598	1 392 400
Net receipts on deposits from customers		3 315 842	2 342 876
Interest paid on deposits from customers		-484 240	-339 559
Payments/receipts on loans to/deposits from group company		-76 860	-260 913
Interest received on loans to group company		47 074	28 025
Net receipts/payments from buying and selling financial instruments at fair value		1 041 078	-2 405 520
Interest received from commercial paper and bonds		232 514	147 616
Net receipts/payments on deposits from credit institutions		0	0
Interest paid on deposits from credit institutions		-969	-225
Interest received on loans to credit institutions and central bank		21 425	38 573
Receipts related to commissions and fees		335 032	312 909
Payments related to commissions and fees		-132 072	-118 087
Payments related to administrative expenses		-307 299	-329 799
Payments related to personnel expenses		-312 349	-286 542
Taxes paid		-156 397	-208 131
Other receipts/payments		38 093	109 567
Net cash flows from operating activities		2 778 866	-564 014
Cash flows from investment activities			
Capital increase in subsidiary		0	-250 000
Invested in Additional Tier 1 capital in subsidiary		0	-100 000
Invested in associated company		-1 765	0
Payments on the acquisition of fixed assets		-4 021	-15 367
Payments on the acquisition of intangible assets		-69 040	-68 838
Net cash flows from investment activities		-74 826	-434 205
Cash flows from financing activities			
Receipts on share capital and share premium net of issuing cost		0	0
Paid dividend to shareholders		-187 021	-80 152
Receipts on subordinated loans		250 000	0
Interest paid on subordinated loans		-25 052	-19 412
Receipts on issued additional Tier1 capital		200 000	0
Interest paid on additional Tier 1 capital		-31 092	-25 086
Receipts on issued bonds and commercial paper		850 000	900 000
Payments on matured and redeemed bonds and commercial paper		-2 262 390	-1 196 927
Interest paid on issued bonds and commercial paper		-80 398	-71 087
Net cash flows from financing activities		-1 285 953	-492 664
Total net cash flow		1 418 087	-1 490 883
Cash at the beginning of the period		456 163	1 947 045
Cash at the end of the period		1 874 250	456 163
Change in cash		1 418 087	-1 490 883
Cash			
Cash and receivables with central bank		1 587 606	393 148
Loans to credit institutions		286 644	63 015
Total cash		1 874 250	456 163

Capital adequacy

(Sbanken ASA)

In NOK thousand	31.12.19		31.12.18	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	2 196 679	0	1 043 361	0
Regional governments	897 299	51 115	3 457 411	510 850
Multilateral Development Banks	627 533	0	573 741	0
Institutions	35 513 006	3 724 152	36 567 216	3 759 457
Retail	9 756 799	4 246 600	9 629 797	4 113 103
Secured by mortgages on immovable property	55 183 361	16 950 279	52 688 420	16 093 779
Exposures in default	394 229	511 442	281 029	345 016
Covered bonds	8 580 387	858 039	7 404 737	740 474
Equity	1 871 560	1 874 575	1 856 649	2 053 709
Other items	193 103	193 103	48 422	48 422
Total credit risk, standardised method*	115 213 956	28 409 305	113 550 783	27 664 810
Credit value adjustment risk (CVA)		611		0
Operational risk		2 214 005		2 462 797
Total risk-weighted volume		30 623 921		30 127 607
Capital base				
Share capital		1 068 693		1 068 693
Share premium		2 625 895		2 625 895
Other equity		1 407 735		1 083 486
Additional Tier 1 capital		705 858		504 978
Profit for the period		515 808		517 946
Total booked equity		6 323 989		5 800 998
Additional Tier 1 capital instruments included in total equity		-705 858		-504 978
Common equity Tier 1 capital instruments		5 618 131		5 296 020
<i>Deductions</i>				
Goodwill, deferred tax assets and other intangible assets		-101 531		-82 968
Value adjustment due to the requirements for prudent valuation (AVA)		-11 409		-12 457
Profit for the period, not eligible**		-203 052		-187 021
Common equity Tier 1 capital		5 302 139		5 013 573
Additional Tier 1 capital		700 000		500 000
Tier 1 capital		6 002 139		5 513 573
Tier 2 capital		900 000		650 000
Own funds (primary capital)		6 902 139		6 163 573
Capital requirements				
Minimum requirements - common equity Tier 1 capital	4.5%	1 378 076	4.5%	1 355 742
Capital conservation buffer	2.5%	765 598	2.5%	753 190
Systemic risk buffer	3.0%	918 718	3.0%	903 828
Countercyclical capital buffer	2.5%	765 598	2.0%	602 552
Additional Tier 1 capital	1.5%	459 359	1.5%	451 914
Tier 2 capital	2.0%	612 478	2.0%	602 552
Total minimum and buffer requirements own funds (primary capital)	16.0%	4 899 827	15.5%	4 669 779
Available common equity Tier 1 capital after buffer requirements		1 474 149		1 398 260
Available own funds (primary capital)		2 002 311		1 493 794
Capital ratio %				
Common equity Tier 1 capital		17.3%		16.6%
Additional Tier 1 capital		2.3%		1.7%
Tier 2 capital		2.9%		2.2%
Total capital ratio		22.5%		20.5%

* The specification is according to EBA reporting framework

** Adjusted for proposed dividend.

Leverage Ratio

(Sbanken ASA)

In NOK thousand		31.12.19	31.12.18
Derivatives at market value		134	0
Potential future exposure on derivatives		408	0
Off-balance sheet commitments		35 377 024	36 641 116
Loans and advances and other assets		65 373 596	61 833 786
Regulatory adjustments included in Tier 1 capital		0	0
Total leverage exposure		100 751 162	98 474 902
Tier 1 capital		6 002 139	5 513 573
Leverage ratio % *		6.0 %	5.6 %
Leverage Ratio requirements			
Minimum requirements	3.0%	3 022 535	2 954 247
Buffer requirements	2.0%	2 015 023	1 969 498
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 037 558	4 923 745
<i>Available Tier 1 capital after minimum and buffer requirements</i>		964 581	589 828

* Adjusted for proposed dividend.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	31.12.19	31.12.18
Commercial paper issued	NOK	0	0
Bonds issued	NOK	3 033 344	4 446 914
Subordinated loans	NOK	899 438	649 294
Total debt securities issued and subordinated loans		3 932 783	5 096 208

Specification of commercial paper, bonds and subordinated loans as at 31.12.19:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Commercial paper issued						
		0				0
Total commercial paper		0				0
Bonds						
NO0010782527	Sbanken ASA	182 000	NOK	Floating	17.01.20	182 001
NO0010788276	Sbanken ASA	950 000	NOK	Floating	10.08.20	950 279
NO0010793029	Sbanken ASA	1 000 000	NOK	Floating	01.03.21	1 000 682
NO0010835325	Sbanken ASA	600 000	NOK	Floating	06.09.21	600 461
NO0010862048	Sbanken ASA	300 000	NOK	Floating	09.10.22	299 922
Total bonds		3 032 000				3 033 344
Total commercial paper and bonds						3 033 344

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ¹	Carrying value
NO0010746464	Sbanken ASA	500 000	NOK	Floating	12.10.25	499 815
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 812
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 811
Total subordinated loans		900 000				899 438

¹ First possible call date for the issuer is 5 years before maturity. The loan agreement has covenants to qualify as Tier 2 capital.

Changes of debt securities and subordinated loans:

	31.12.18	January-December 2019				31.12.19
		Issued	Matured	Redeemed	Other adjustments	
Commercial paper (nominal)	0	0	0	0	0	0
Bonds (nominal)	4 445 000	600 000	-490 000	-1 523 000	0	3 032 000
Subordinated loans (nominal)	650 000	250 000	0	0	0	900 000
Total	5 095 000	850 000	-490 000	-1 523 000	0	3 932 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q4 19	Q4 18	2019	2018
Loans to and receivables from credit institutions and central bank	23 771	12 987	69 790	38 573
Loans to customers ¹	440 669	363 578	1 614 576	1 392 358
Commercial paper and bonds ²	67 753	44 757	235 865	160 400
Total interest income	532 192	421 322	1 920 230	1 591 331
Loans and deposits from credit institutions	-955	-381	-2 258	-1 549
Deposits from customers	-115 197	-95 218	-429 738	-339 560
Debt securities issued	-19 784	-18 577	-76 880	-71 042
Subordinated loans	-7 436	-5 104	-26 083	-19 784
Other interest expenses	-14 447	-9 190	-57 786	-37 403
Total interest expenses	-157 820	-128 470	-592 746	-469 338
Net interest income	374 373	292 852	1 327 485	1 121 993

¹ Interest income 2019 of TNOK 898 403 are related to home loans measured at fair value through OCI.

² Interest income 2019 of TNOK 12 330 are related to commercial paper and bonds at amortised cost. The rest relates to investments measured at fair value through OCI.

Classification of financial instruments

(Sbanken ASA)

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI ¹	Financial instruments carried at amortised cost	Total carrying value	Total fair value
31.12.19					
Financial Assets					
Cash and receivables with central bank			1 587 606	1 587 606	1 587 606
Loans to and receivables from credit institutions			3 184 035	3 184 035	3 184 035
Loans to customers	164 062	34 334 730	12 369 071	46 867 863	46 867 863
Commercial paper and bonds		11 007 483	0	11 007 483	11 007 483
Shares and funds ^{2 and 3}	401 892		2 010	403 902	403 902
Commercial paper and bonds at amortised cost			326 044	326 044	331 799
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Derivatives	134			134	134
Other assets			119 593	119 593	119 593
Total financial assets	566 088	45 342 213	19 288 239	65 196 540	65 202 295
Financial liabilities					
Loans and deposits from credit institutions			1 701 739	1 701 739	1 701 739
Deposits from customers			52 844 881	52 844 881	52 844 881
Debt securities issued			3 033 344	3 033 344	3 039 975
Subordinated loans			899 438	899 438	909 105
Other liabilities			515 916	515 916	515 916
Total financial liabilities	0	0	58 995 318	58 995 318	59 011 616

¹ Home loans and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income.

² Shares in associated company are recognised using the equity method and allocated to the category amortised cost.

³ Sbanken ASAs holdings of Tier 1 capital issued by others are measured at fair value through profit and loss

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total carrying value	Total fair value
31.12.18					
Financial Assets					
Cash and receivables with central bank			393 148	393 148	393 148
Loans to and receivables from credit institutions			2 183 558	2 183 558	2 183 558
Loans to customers		32 144 454	12 477 656	44 622 110	44 622 110
Commercial paper and bonds		12 075 530	0	12 075 530	12 075 530
Shares and funds	381 905		4 052	385 957	385 957
Commercial paper and bonds at amortised cost			325 771	325 771	329 094
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Other assets			117 759	117 759	117 759
Total financial assets	381 905	44 219 984	17 201 824	61 803 713	61 807 036
Financial liabilities					
Loans and deposits from credit institutions			1 002 104	1 002 104	1 002 104
Deposits from customers			49 534 250	49 534 250	49 534 250
Debt securities issued			4 446 914	4 446 914	4 456 155
Subordinated loans			649 294	649 294	657 414
Other liabilities			323 656	323 656	323 656
Total financial liabilities	0	0	55 956 218	55 956 218	55 973 579

Financial instruments at fair value

(Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.12.19		31.12.18	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Shares and funds	401 892	401 892	381 905	381 905
Commercial paper and bonds	11 007 483	11 007 483	12 075 530	12 075 530
Loans to customers	34 498 792	34 498 792	32 144 454	32 144 454
Derivatives	134	134	0	0
Total financial assets at fair value	45 908 301	45 908 301	44 601 889	44 601 889

Liabilities:

Derivatives	0	0	0	0	0	0
Total financial liabilities at fair value	0	0	0	0	0	0

31.12.2019

In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds	0	243 491	158 401	401 892
Commercial paper and bonds	627 533	10 379 950	0	11 007 483
Loans to customers	0	0	34 498 792	34 498 792
Derivatives	0	134	0	134
Total	627 533	10 623 575	34 657 193	45 908 301
Derivatives at fair value through profit and loss (liability)		0		0
Total		0		0

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2019	32 144 454	143 504	32 287 958
Net gain/(loss) on financial instruments (unrealised)		14 897	14 897
Net new loans/exits	16 077 338	0	16 077 338
Sale (to Sbanken Boligkreditt AS)	-13 723 000	0	-13 723 000
Settlement		0	0
Transferred from Level 1 or Level 2		0	0
Transferred to Level 1 or Level 2		0	0
Other		0	0
Closing balance at 31 December 2019	34 498 792	158 401	34 657 193

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2019.

31.12.2018

In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds		238 401	143 504	381 905
Commercial paper and bonds	693 355	11 382 175		12 075 530
Loans to customers			32 144 454	32 144 454
Total	693 355	11 620 576	32 287 958	44 601 889

Derivatives at fair value through profit and loss (liability)	0	0
Total	0	0

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2018	31 376 065	74 553	31 450 618
Net gain/(loss) on financial instruments (unrealised)		68 951	68 951
Net new loans/exits	19 310 198	0	19 310 198
Sale (to Sbanken Boligkreditt AS)	-18 541 809	0	-18 541 809
Settlement		0	0
Transferred from Level 1 or Level 2		0	0
Transferred to Level 1 or Level 2		0	0
Other		0	0
Closing balance at 31 December 2018	32 144 454	143 504	32 287 958

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2018.

Alternative performance measures

(Sbanken group)

Sbanken discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are commonly used by analysts, investors and other stakeholders to evaluate the performance of the bank in isolation or relative to the financial industry. The measures are provided to give an enhanced insight into the operations, financing and future prospects of the Bank.

Interest rate measures

Interest rate measures are presented to provide enhanced insight into the underlying performance of net interest income. These measures are commonly used by industry analysts to calculate performance and projections for banks. For interim periods the interest income and expense figures are annualised using the number of interest bearing days in the period to the total number of interest bearing days in the year.

Average total assets is calculated based on daily observations of the total balance divided by the number of days in the period.

Net interest margin is calculated as annualised net interest income divided by average total assets. The measure reflects the margin between interest paid and interest received. It is an important measure to evaluate the profitability of the Bank's lending operations.

Effective lending rate is calculated as annualised interest income divided by average total assets. The measure reflects the average interest rate received on the Bank's assets.

Effective funding rate is calculated as annualised interest expense divided by average total assets. The measure reflects the average interest rate paid on the Bank's liabilities.

Average effective interest rate by product group is calculated as annualised interest income divided by average lending for each product respectively. The average lending is calculated based on daily observations over the number of days in the period.

In NOK thousand	Q4 19	Q4 18	2019	2018
Net interest income (annualised)	1 702 237	1 436 558	1 564 127	1 371 240
Average total assets	93 946 925	91 905 345	92 912 687	89 367 366
Net interest margin	1.81 %	1.56 %	1.68 %	1.53 %
Interest income (annualised)	2 975 122	2 429 739	2 719 164	2 275 239
Average total assets	93 946 925	91 905 345	92 912 687	89 367 366
Effective lending rate	3.17 %	2.64 %	2.93 %	2.55 %
Interest expense (annualised)	1 254 076	977 935	1 155 037	903 999
Average total assets	93 946 925	91 905 345	92 912 687	89 367 366
Effective funding rate	1.33 %	1.06 %	1.24 %	1.01 %

Profit related measures

Profit related measures are provided for enhanced insight into the underlying performance of the business. Cost-to-income ratio and Return on Equity are commonly used by analysts and investors to evaluate the financial performance of banks and the banking industry.

Operating income is the sum of net interest income, net commission and fee income and other operating income.

Operating expenses is the sum of personnel expenses, administrative expenses and depreciation and impairment of fixed and intangible assets.

Cost-to-income ratio is calculated as operating expense divided by operating income. The measure reflects the operating efficiency of the Bank.

Return on Equity (ROE) is calculated as profit for the period attributable to shareholders as a percentage of average shareholder equity in the period. Tier-1 capital and related accrued interest have been excluded from the ROE calculation. For interim periods the profit for the period is annualised using the number of days in the period to the total number of days in the year. The average equity is calculated using a linear average over the reporting period.

In NOK thousand	Q4 19	Q4 18	2019	2018
Operating expense	219 833	160 629	727 239	641 992
Operating income	483 819	413 817	1 799 829	1 646 215
Cost-to-income ratio	45.4 %	38.8 %	40.4 %	39.0 %
Operating expense	219 833	n/a	727 239	n/a
One-off adjustment	-33 300	n/a	-33 300	n/a
Operating expense adjusted	186 533	n/a	693 939	n/a
Operating income	483 819	n/a	1 799 829	n/a
Cost-to-income ratio adjusted	38.6 %	n/a	38.6 %	n/a
Profit for the period attributable to shareholders (annualised)	611 300	645 560	678 080	697 339
Average equity	6 103 493	5 619 380	5 939 664	5 404 237
Return on equity	10.0 %	11.5 %	11.4 %	12.9 %
Profit for the period attributable to shareholders (annualised)	611 300	n/a	678 080	n/a
One-off adjustment (loan loss and operating expense after tax)	38 583	n/a	38 583	n/a
One-off adjustment (annualised)	154 331	n/a	716 663	n/a
Profit for the period attributable to shareholders (annualised) adjusted	765 631	n/a	716 663	n/a
Average equity	6 103 493	n/a	5 939 664	n/a
Return on equity adjusted	12.5 %	n/a	12.1 %	n/a

Other performance measures

Other performance measures are presented as they are commonly used by analysts and investors to evaluate the performance of the loan book and the funding mix of banks.

Growth, e.g loan growth, is calculated as a percentage by subtracting the period end balance from the period start balance and dividing by the period start balance.

Average loan volume is calculated based on daily observations of gross loans to customers divided by the number of days in the period.

Loss rate is calculated as the loan losses of the period divided by the average loan volume of the period. The measure is commonly used by banks and industry analysts to indicate the performance and quality of the lending book. For interim periods the loan losses for the period is annualised using the number of days in the period to the total number of days in the year.

Loss rate (adj.) is calculated as the loan losses of the period adjusted for income from sold portfolio of non-performing loans, divided by the average loan volume in the period. The measure is presented to provide a better understanding of the underlying performance of the lending book.

Average deposit-to-loan ratio is calculated as average deposits from customers in the period divided by average loans to customers in the period. The average is based on daily observations. The measure reflects the average amount of customer lending funded by customer deposits and is commonly used by banks and industry analysts.

Deposit-to-loan ratio is calculated as deposits from customers divided by loans to customers at the end of the period. The measure reflects the average amount of customer lending funded by customer deposits and is commonly used by banks and industry analysts.

LTV (Loan-to-Value) is calculated as the loan amount divided by the estimated value of the property. When calculating a weighted average of LTV for the entire loan book, the credit balance of home loans and the credit limit of home equity credit lines are used as weights. The LTV is provided as a measure of lending risk exposure.

In NOK thousand	Q4 19	Q4 18	2019	2018
Loan losses (annualised)	197 753	109 130	153 149	75 513
Average loan volume	81 679 328	79 212 761	79 897 657	76 229 943
Loss rate	0.24 %	0.14 %	0.19 %	0.10 %
Loan losses	49 845	n/a	153 149	n/a
Adjustment one-off sale of loans	-17 400	n/a	-17 400	n/a
Loan losses adjusted	32 445	n/a	135 749	n/a
Loan losses annualised adjusted	129 778	n/a	135 749	n/a
Average loan volume	81 679 328	n/a	79 897 657	n/a
Loss rate adjusted	0.16 %	n/a	0.17 %	n/a
Average deposits from customers	52 989 246	49 725 558	51 737 333	48 887 720
Average loans to customers	81 679 328	79 212 761	79 897 657	76 229 943
Average deposit-to-loan ratio	64.9 %	62.8 %	64.8 %	64.1 %
Deposits from customers	52 844 881	49 534 250	52 844 881	49 534 250
Loans to customers	81 233 217	79 020 747	81 233 217	79 020 747
Deposit-to-loan ratio	65.1 %	62.7 %	65.1 %	62.7 %
LTV (Loan-to-value)	54.3 %	54.4 %	54.3 %	54.4 %

The liquidity requirements are intended to guarantee satisfactory liquidity management by ensuring that the institutions have sufficient liquid assets to cover their liabilities on maturity and have stable and long-term financing at all times. The Liquidity Coverage Ratio (LCR) is intended to ensure that institutions can convert sufficient assets to cash to cover expected net liquidity outflows over the next 30 days in stressed situations in the money and capital markets. The Net Stable Funding Ratio (NSFR) is intended to ensure that less liquid assets are financed over the long term.

LCR (Liquidity Coverage Ratio)

In NOK thousand	31.12.19		31.12.18	
	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	3 949 991	3 949 991	2 697 577	2 697 577
Level 1 covered bonds	5 876 307	5 464 966	6 061 638	5 637 323
Level 2A - assets	848 395	721 136	2 878 926	657 022
Level 2B - assets				
Assets ineligible as "liquid assets"	82 330 991		79 839 403	
Total assets	93 005 685	10 136 093	91 477 543	8 991 922
Net outflows		4 020 627		3 481 440
LCR %		252 %		258 %

Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the yearly financial statements for the group and the company for the period 1 January through 31 December 2019 have been prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the company taken as a whole.

To the best of our knowledge, the report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the financial statements
- description of the principal risks and uncertainties facing the group over the next accounting period
- description of major transactions with related parties.

Bergen, 13 February 2020

The Board of Directors of Sbanken ASA



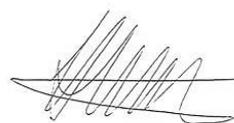
Niklas Midby
(Chairman)



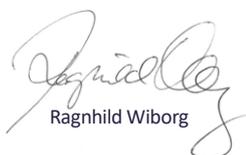
Mai-Lill Ibsen



August Baumann



Hugo Maurstad



Ragnhild Wiborg



Cathrine Klouman



Karianne Mjøs-Haugland



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