

Sbanken

Q1

First quarter 2020

(Unaudited)

Sbanken ASA



Q1

First quarter 2020 – Highlights Sbanken ASA

Annual lending growth

6.2 %
(6.3 %*)

Cost-to-income ratio

38.8 %
(40.1 %*)

ROE

11.2 %
(11.6 %*)

Net interest margin

1.85 %
(1.57 %*)

Loan loss ratio

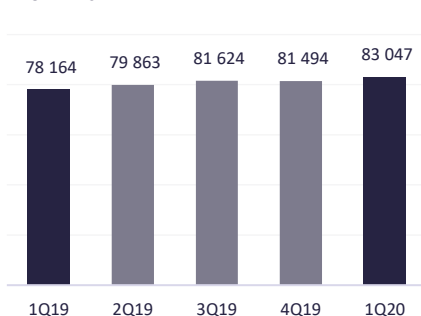
0.25 %
(0.12 %*)

CET1 ratio

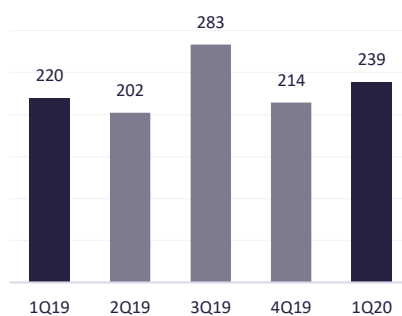
16.1 %**
(14.9 %*)

- Gaining market share – quarterly lending growth 1.9 per cent
- Strong net interest margin
- Solid capital position – CET1 at 16.1 per cent
- Conservative balance sheet – 94.3 per cent home loans with low LTV
- Resilient business model in an uncertain environment

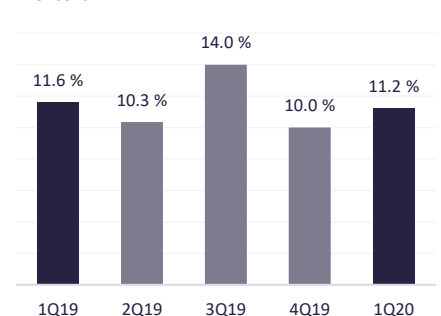
Total loans to customers
NOK million



Earnings before tax
NOK million



Return on equity
Per cent



* Comparable figure corresponding period last year.

** Including 70 per cent retained earnings for Q1 2020 and 100 per cent retained earnings for 2019.

Key figures (group)

In NOK thousand	Reference	Q1 20	Q1 19	2019
Summary of income statement				
Net interest income		430 632	355 137	1 564 127
Net fee and commission income		48 403	47 071	214 924
Net other income		-5 311	3 071	20 778
Total income		473 724	405 280	1 799 829
Other operating expenses		-183 750	-162 508	-727 239
Operating profit before loan losses		289 973	242 771	1 072 589
Loan losses		-51 019	-22 856	-153 149
Earnings before tax		238 955	219 915	919 440
Calculated tax		-54 911	-48 313	-209 388
Net profit		184 043	171 602	710 052
Profitability				
Return on equity	1	11.2 %	11.6 %	11.4 %
Net interest margin	2	1.85 %	1.57 %	1.68 %
Cost-to-income ratio	3	38.8 %	40.1 %	40.4 %
Earnings per share		1.63	1.54	6.34
Balance sheet figures (in NOK million)				
Total loan volume		83 047	78 164	81 494
Customer deposits		55 239	50 256	52 845
Deposit-to-loan ratio	4	65.1 %	63.6 %	64.8 %
Lending growth (gross) previous 12 months		6.2 %	6.3 %	2.9 %
Average total assets	5	93 533	91 965	92 913
Total assets, end of period		96 352	91 085	93 006
Losses and defaults				
Total loan loss (%)	6	0.25 %	0.12 %	0.19 %
Capital adequacy and leverage ratio				
Common equity Tier 1 capital ratio	7	16.1 %	14.9 %	15.6 %
Tier 1 capital ratio		17.9 %	16.5 %	17.5 %
Total capital ratio		20.2 %	18.6 %	19.9 %
Leverage ratio		6.8 %	6.3 %	6.7 %
Employment				
FTEs		346	361	370

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) Q1 20 includes 70 per cent retained earnings for first three months of 2020 and fully retained earnings for 2019 following the revised dividend proposal. Q1 19 includes 70 per cent retained earnings. 2019 includes 70.1 per cent retained earnings following the original dividend proposal.

First Quarter Results

The Sbanken group generated a profit before tax of NOK 239.0 million in the first quarter, compared with NOK 219.9 million in the first quarter of 2019. Net interest income increased to NOK 430.6 (355.1) million, while net fee and commission income increased by 2.8 per cent to NOK 48.4 (47.1) million.

Total customer lending at quarter-end was NOK 83.0 (78.2) billion, supported by robust growth in home loans. At quarter-end, home loans with an average LTV of 53.4 per cent accounted for 94.3 per cent of overall customer lending. Adjusting for one-off loan loss provisions and severance pay, the return on equity was 12.5 per cent. The conservative balance sheet, combined with a solid capital position, ensures that the group is well positioned to navigate through the COVID-19 pandemic.

Important events during the quarter

In the first quarter of 2020, the outbreak of coronavirus Covid-19 has spread from China to large parts of the world, including Europe and Norway. The World Health Organisation (WHO) recognised the outbreak as a pandemic on the 11 March. On 12 March, the Norwegian Government announced extensive measures to combat the outbreak, including the closure of schools and kindergartens, in addition to extensive fiscal and monetary policy measures. Many businesses have been forced to temporarily lay off staff, which has led to a sharp increase in registered unemployment in Norway. Sbanken established a crisis management team to deal with the effects of the outbreak as expediently as possible in relation to customers, staff, investors and other stakeholders. The bank's fully digital business model enables staff to work effectively from home, and after 12 March, only a handful of the bank's staff have been working from the head office.

On 13 March, the Ministry of Finance followed Norges Bank's advice to lower the countercyclical buffer requirement from 2.5 to 1 per cent, effective immediately. At the end of the quarter, Sbanken had a CET1 capital ratio of 16.1 per cent, against an updated minimum requirement including Pillar 2 of 12.5 per cent. Sbanken's updated CET1 capital ratio target is 13.0 per cent.

Norges Bank lowered the key policy rate twice in March, first from 1.5 per cent to 1 per cent on 13 March, then to 0.25 per cent on 20 March, a record low level for the Norwegian key policy rate. The three-month NIBOR rate decreased by 78 basis points from 1.84 per cent at the end of the fourth quarter, to 1.06 per cent at the end of the first quarter.

Sbanken followed Norges Bank's first rate cut by lowering interest rates by up to 50 basis points on 17 March, with mortgage rate cuts having full effect from 30 April. On 23 March, Sbanken lowered mortgage rates by 50 basis points with immediate effect for all customers. Sbanken was one of the first banks to cut mortgage rates with immediate effect for all customers, a decision which received significant media attention and contributed to a strong inflow of mortgage customers.

To support customers facing an uncertain future, the bank is offering deferral of instalments for all mortgage customers for up to three months. Since the outbreak of coronavirus, the bank has granted 2 200 new applications for mortgage instalment deferrals with a combined volume of NOK 5.1 billion.

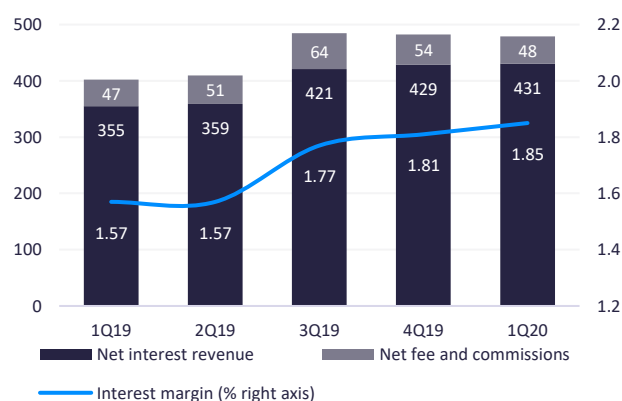
Operating income

Operating income increased to NOK 473.7 (405.3) million, following an increase in net interest income of NOK 75.5 million and an increase in net fee and commission income of 1.3 million from the first quarter of 2019. Other operating income decreased to minus NOK 5.3 million, mainly due to increased funding spreads related to fixed rate mortgages.

Net interest income increased to NOK 430.6 (355.1) million as a result of increased mortgage lending and improved net interest margin. The net interest margin was 1.85 per cent, up from 1.57 per cent in the first quarter of 2019.

Net fee and commission income increased to NOK 48.4 (47.1) million, primarily as a result of increased revenues from credit and debit cards.

Net interest and fee and commission income
NOK million



The effective lending rate in the quarter was 3.21 per cent, compared to 2.76 per cent in the first quarter of 2019, and 3.17 per cent in the fourth quarter of 2019.

Average effective interest rate by product group

	1Q19	2Q19	3Q19	4Q19	1Q20
Home loans	2.57 %	2.59 %	2.71 %	2.94 %	2.98 %
Car loans	5.01 %	5.36 %	5.23 %	5.48 %	5.70 %
Consumer loans	9.92 %	10.44 %	10.68 %	10.38 %	10.33 %
Other credit	11.52 %	11.26 %	11.03 %	11.40 %	11.81 %

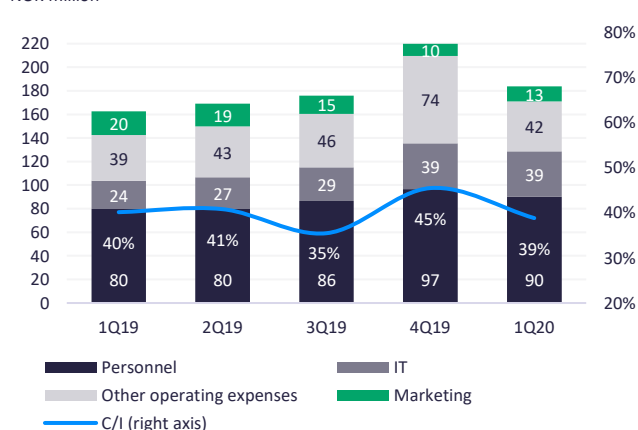
The effective funding rate in the quarter increased to 1.36 per cent, compared with 1.22 per cent in the first quarter of 2019. The funding rate increased by 3 basis points from the previous quarter, primarily due to increased money market and deposit rates, but counteracted by an increased proportion of deposits in the bank's funding mix.

Operating expenses

Operating expenses amounted to NOK 183.8 (162.5) million in the quarter. Compared to the first quarter of 2019, the main difference was a reduction in the capitalisation of projects and NOK 8.6 million in severance pay related to cost-cutting initiatives announced in February. Marketing costs decreased to NOK 12.7 million, a 36.4 per cent reduction compared to the first quarter of 2019.

The cost-to-income ratio was 38.8 per cent in the quarter, compared to 40.1 per cent in the first quarter of 2019.

Operating expenses



Impairments and losses

The net cost of losses amounted to NOK 51.0 million in the quarter, equivalent to a loan loss ratio of 0.25 per cent. This includes a NOK 19.5 million provision increase to account for anticipated adverse effects from the outbreak of coronavirus COVID-19. The underlying loss-level ratio was 0.15 per cent. Underlying loan loss ratio for consumer loans was 331 basis points and 3 basis points for home loans.

Total expected credit losses amounted to NOK 302.4 million at the end of the quarter, of which NOK 59.7 million related to secured loans and NOK 242.7 million to unsecured loans.

Taxes

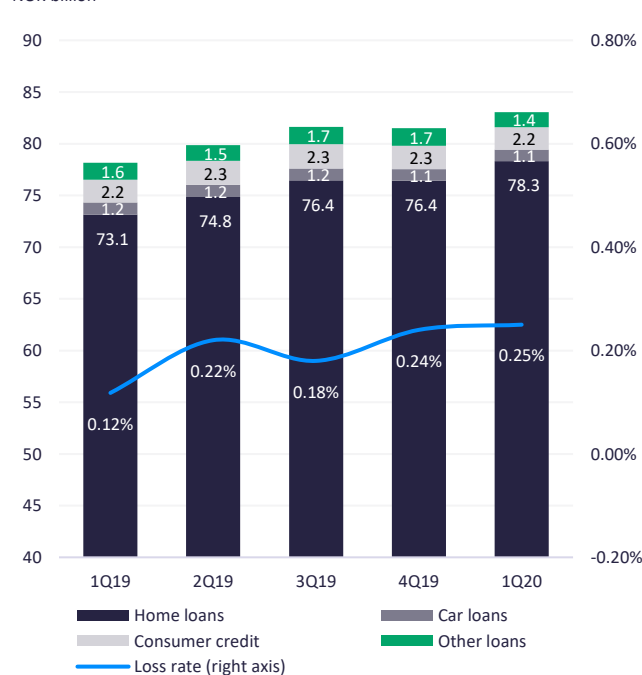
The estimated tax expense amounted to NOK 54.9 (48.3) million, corresponding to an effective tax rate of 23.0 (22.0) per cent.

Loans to and deposits from customers

At the end of the quarter, loans to customers was NOK 83.0 (78.2) billion. Lending growth over the past 12 months increased to 6.2 per cent, partly due to strong mortgage growth in the quarter.

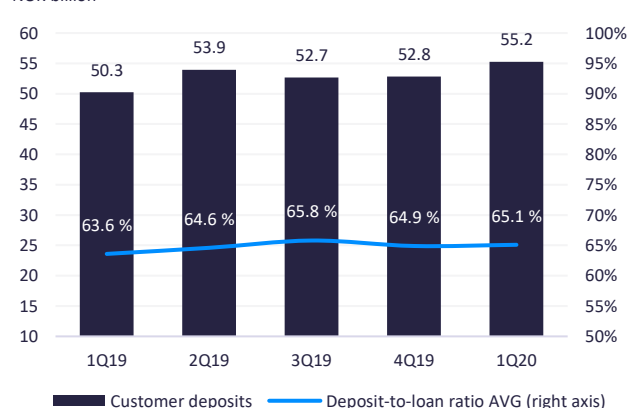
Outstanding consumer loans amounted to NOK 2 187 (2 209) million at quarter-end, a 3.3 per cent reduction from the end of the fourth quarter of 2019. The volume of other credit products (account credit, credit cards and custody account loans) was NOK 1 443 (1 631). The reduction in other credit products is mainly due to a reduction in custody loans following the stock market correction amidst the outbreak of coronavirus.

Loans to customers



Customer deposits increased to NOK 55.2 (50.3) billion, up NOK 5.0 billion, or 9.9 per cent, from the first quarter of 2019. At quarter-end, the bank had close to 6 000 SME customers with combined deposits of NOK 1.0 billion.

Customer deposits



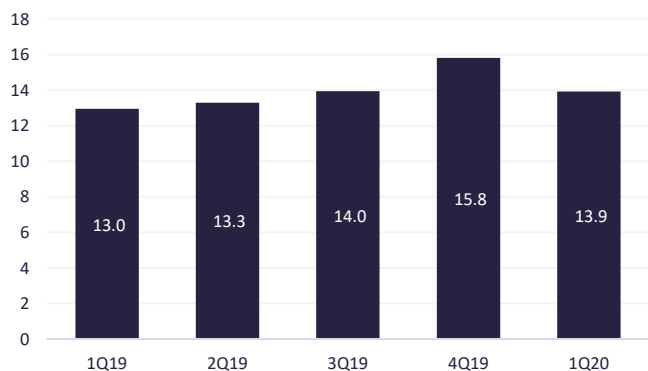
Savings

Funds under management decreased with NOK 1 884 million during the quarter, mainly ascribed to lower market value of investments following the stock market correction amidst the outbreak of coronavirus. Sbanken's market share in retail savings increased to 6.9 per cent, but this was

predominately due to a classification change by the Norwegian Fund and Asset Management Association (VFF).

Net client cash in the quarter was negative in the amount NOK 194 million. Fixed saving agreements contributed with an average monthly inflow of NOK 97 million, compared to a monthly average of NOK 79 million in 2019.

Customers' investment in mutual funds (FuM)
NOK billion



Capital adequacy, leverage ratio and risk factors

Following the reduction of the countercyclical buffer on 13 March 2020 from 2.5 per cent to 1 per cent, Sbanken has a regulatory CET1 requirement of 12.5 per cent and a capital ratio target of 13.0 per cent. At quarter-end, Sbanken had a CET1 capital ratio of 16.1 per cent, up 0.5 percentage points from the fourth quarter of 2019. Tier 1 capital ratio was 17.9 per cent and total capital ratio was 20.2 per cent, while the leverage ratio was 6.8 per cent. The capital ratios includes 70 per cent of retained earnings from the first quarter of 2020 and 100 per cent of retained earnings for 2019, following the Board's revised dividend proposal announced 14 April to not distribute 2019 dividend at this point in time. The updated dividend proposal resulted in a 0.5 percentage points increase in the CET1 capital ratio. Retained earnings accounted for a 0.3 percentage points increase in CET1 capital ratio, while increased risk-weighted assets accounted for a 0.2 percentage points reduction.

Sbanken's financial risk mainly consists of credit risk, market risk and liquidity risk. The credit risk comprises of 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 53.4 per cent, reduced from 54.3 in the previous quarter. Home loans accounted for 94.3 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 171.9 million at the end of the quarter, of which NOK 121.0 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 9.6 billion in interest-bearing securities issued by sovereigns and municipalities, as well as covered bonds. The corresponding credit spread risk was estimated to NOK 182.3 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 245 per cent, against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 135 per cent.

Sbanken had outstanding capital market funding amounting to NOK 30.3 billion at quarter end. 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 66.8 per cent, compared to 65.1 per cent in the previous quarter. 94.3 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 83.8 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

The outbreak of coronavirus has coincided with a large drop in oil prices and has significantly changed the outlook for the Norwegian economy, in addition to increasing the uncertainty regarding economic forecasts.

Norges Bank lowered the key policy rate twice in March, first from 1.5 per cent to 1 per cent on 13 March, then to 0.25 per cent on 20 March, a record low level. In conjunction with the monetary policy meeting on 13 March, Norges Bank published their updated monetary policy report. Statistics Norway (SSB) published updated forecasts on 23 April.

Preliminary figures show a fall of 1.9 per cent in mainland GDP in the first quarter of 2020. In their updated forecasts, Statistics Norway projects mainland GDP to contract by 5.5 per cent in 2020, compared to 2.4 per cent growth in 2019. GDP growth is thereafter forecasted to increase to 4.7 per cent in 2021 and 3 per cent in 2022.

Following the outbreak of coronavirus, many businesses have been forced to temporarily lay off staff. Statistics Norway forecasts that unemployment, represented by the Labour Force Survey (LFS), will rise to approximately 6 per cent as an annual average in 2020. Thereafter, unemployment is projected to fall towards 5 per cent in 2023.

Norwegian housing prices fell by 1.4 per cent in March, while annual price growth slowed to 1.4 per cent. For 2020, Statistics Norway forecast 2 per cent fall in housing prices, followed by a gradual recovery. Housing prices are towards the end of 2023 are forecasted to be 5 per cent higher than year-end 2019. Norges Bank's latest forecast indicate a credit growth for households of 4.5 per cent in 2020.

On 13 March, the Norwegian Ministry of Finance decided to follow Norges Bank's advice to lower the countercyclical capital buffer from 2.5 per cent to 1.0 per cent, effective immediately. Norges Bank do not expect to advise the Ministry to increase the buffer until the first quarter of 2021 at the earliest. Sbanken's updated minimum CET1 requirement is 12.5 per cent.

Subsequent events

On 1 April 2020, the Board of Directors proposed to uphold the previously communicated dividend proposal of NOK 1.90 per share, equivalent to a payout ratio of 29.9 per cent of net profits for 2019. The bank was subsequently approached by the Norwegian FSA on general grounds with a request to reconsider its dividend proposal. Following this, the Board proposed to not pay dividend for 2019 at this point in time, a proposal that was adopted by the Annual General Meeting on 24 April. If circumstances change, the Board will reconsider dividend for 2019 at an extraordinary general meeting no later than December 2020. The bank's CET1 ratio was positively affected by 0.5 percentage points by the decision to not distribute dividend for 2019 at this point in time.

On 7 May, Norges Bank lowered the key policy rate by 0.25 percentage points to 0 per cent. The following day, Sbanken announced mortgage rate cuts of up to 0.4 percentage points, coming into full effect from 25 May.

Outlook

The outlook for the Norwegian economy has been significantly altered by the outbreak of coronavirus. Future growth rate, unemployment and housing prices are currently difficult to predict, but the development will be supported by Norway's scope for manoeuvrability in fiscal and monetary policy.

Record low key policy rate and executed reprising will put downward pressure on the bank's interest rate margin. The full effects on net interest margin is dependent on changes in funding rates and competition.

Sbanken's fully digital business model enables staff to be fully operational from home, which in turn ensures a continuously high level of customer service and product innovation.

A strong capital situation and conservative lending portfolio, consisting of more than 94 per cent home loans with low LTV ratio, ensures that the bank is well positioned to handle adverse effects from the outbreak of coronavirus. There is increased uncertainty regarding future loss levels, but the bank will at this point in time not change its loss guidance of around 0.20 per cent for 2020.

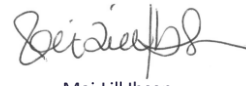
The bank is actively engaging with affected customers to support them through the difficult situation they now face. Going forward, the bank will consider opportunities presented by the current situation, in addition to capitalising on a strong portfolio of Norway's most satisfied customers through cross-sales, technological disruption and operational excellence.

Bergen, 14 May 2020

The Board of Directors of Sbanken ASA



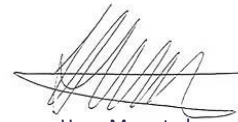
Niklas Midby
(Chair)



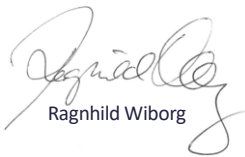
Mai-Lill Ibsen



August Baumann



Hugo Maurstad



Ragnhild Wiborg



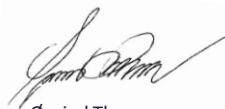
Cathrine Klouman



Sarah Lunde Mjåtvedt



Stein Zahl-Pettersen



Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q1 20	Q1 19	2019
Interest income from financial instruments using the effective interest method	12	747 254	632 500	2 719 164
Other interest income	12	0	0	0
Interest expense	12	-316 622	-277 363	-1 155 037
Net interest income		430 632	355 137	1 564 127
Commission and fee income	13	86 948	76 633	344 607
Commission and fee expense	13	-38 545	-29 562	-129 683
Net commission and fee income		48 403	47 071	214 924
Net gain/(loss) on financial instruments	14	-5 311	3 071	20 553
Other income		0	0	225
Other operating income		-5 311	3 071	20 778
Personnel expenses	15	-90 150	-79 751	-342 921
Administrative expenses	15,20	-77 357	-71 479	-303 070
Depreciation and impairment of fixed and intangible assets		-16 243	-11 278	-81 249
Profit before loan losses		289 973	242 771	1 072 589
Loan losses	8	-51 019	-22 856	-153 149
Profit before tax		238 955	219 915	919 440
Tax expense	16	-54 911	-48 313	-209 388
Profit for the period		184 043	171 602	710 052
Attributable to				
Shareholders		174 016	164 926	678 080
Additional Tier 1 capital holders	11	10 027	6 676	31 972
Profit for the period		184 043	171 602	710 052

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q1 20	Q1 19	2019
Profit for the period	184 043	171 602	710 052
Other comprehensive income:			
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-24 820	5 364	-7 226
Tax effect	7 017	-1 530	1 570
Other comprehensive income that can be reclassified to profit or loss after tax	-17 803	3 834	-5 656
Actuarial gains (losses)	0	0	1 371
Tax effect	0	0	-343
Other comprehensive income that can-not be reclassified to profit or loss after tax	0	0	1 028
Total components of other comprehensive income (after tax)	-17 803	3 834	-4 628
Total comprehensive income for the period	166 240	175 436	705 424
Attributable to			
Shareholders	156 213	168 760	673 452
Additional Tier 1 capital holders	11 027	6 676	31 972
Total comprehensive income for the period	166 240	175 436	705 424

Balance sheet

(Sbanken group)

In NOK thousand	Note	31.03.20	31.03.19	31.12.19
Assets				
Cash and receivables with central bank	5	1 046 441	516 156	1 587 606
Loans to and receivables from credit institutions	5	1 176 530	1 716 890	286 802
Loans to customers	5, 6, 7, 17, 18	82 748 395	77 956 447	81 233 217
Net loans to customers, central bank and credit institutions		84 971 367	80 189 493	83 107 625
Commercial paper and bonds at fair value through OCI	17, 19	9 630 644	10 224 275	9 087 319
Equity instruments and funds	17, 18, 19	191 137	170 396	171 680
Derivatives	19	1 069 828	81 105	201 975
Intangible assets		130 931	131 208	135 376
Deferred tax assets	16	27 358	15 617	17 915
Property, plant and equipment		151 836	167 249	164 782
Other assets		104 498	75 323	88 588
Advance payment and accrued income		74 628	30 386	30 425
Total assets		96 352 228	91 085 053	93 005 685
Liabilities				
Loans and deposits from central bank	17, 18	500 000	0	0
Loans and deposits from credit institutions	17, 18	0	0	0
Deposits from customers	17, 18	55 239 466	50 255 533	52 844 881
Debt securities issued	10, 17, 18	30 327 081	32 816 932	31 304 025
Derivatives		30 169	0	0
Taxes payable	16	162 704	153 727	208 769
Pension commitments		27 494	30 797	27 494
Other liabilities		2 126 550	585 638	834 679
Subordinated loans	10, 17, 18	899 521	774 378	899 438
Total liabilities		89 312 986	84 617 005	86 119 287
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital	11	705 872	605 030	705 858
Other equity		2 638 781	2 168 430	2 485 952
Total equity		7 039 241	6 468 048	6 886 398
Total liabilities and equity		96 352 228	91 085 053	93 005 685

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 01.01.19	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 31.03.19)						164 926	164 926
Profit for the period to Tier 1 capital holders (01.01.19 to 31.03.19)			6 676				6 676
Payments to Tier 1 capital holders (01.01.19 to 31.03.19)			-6 624				-6 624
Issue of Tier 1 capital			100 000				100 000
Actuarial gains and losses for the period (01.01.19 to 31.03.19)				0			0
Net change in fair value of financial instruments available for sale (01.01.19 to 31.03.19)					3 834		3 834
Payments related to share incentive program						-131	-131
Balance sheet as at 31.03.19	1 068 693	2 625 895	605 030	-18 806	-13 594	2 200 830	6 468 048
Profit for the period to other equity (01.04.19 to 31.12.19)						513 154	513 154
Profit for the period to Tier 1 capital holders (01.04.19 to 31.12.19)			25 296				25 296
Payments to Tier 1 capital holders (01.04.19 to 31.12.19)			-24 468				-24 468
Issue of Tier 1 capital			100 000			-148	99 852
Actuarial gains and losses for the period (01.04.19 to 31.12.19)				1 028			1 028
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.04.19 to 31.12.19)					-9 490		-9 490
Payments related to share incentive program						0	0
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
Profit for the period to other equity (01.01.20 to 31.03.20)						174 016	174 016
Profit for the period to Tier 1 capital holders (01.01.20 to 31.03.20)			10 027				10 027
Payments to Tier 1 capital holders (01.01.20 to 31.03.20)			-10 013				-10 013
Actuarial gains and losses for the period (01.01.20 to 31.03.20)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.20 to 31.03.20)					-17 803		-17 803
Payments related to share incentive program						-3 384	-3 384
Paid dividend to shareholders						0	0
Balance sheet as at 31.03.20	1 068 693	2 625 895	705 872	-17 778	-40 887	2 697 447	7 039 241

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	Jan-Mar 20	Jan-Mar 19	2019
Cash flows from operating activities				
Net payments on loans to customers	6	-1 563 614	1 043 159	-2 349 722
Interest received on loans to customers	12	689 983	583 804	2 492 549
Net receipts on deposits from customers	17, 18	2 394 585	721 283	3 315 842
Interest paid on deposits from customers	12	-171 939	-102 139	-484 240
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	-161 559	1 005 635	2 128 975
Interest received from commercial paper and bonds	12	50 570	48 965	189 369
Receipts of collateral related to derivatives used in hedge accounting		874 936	-91 826	36 671
Net receipts/payments on deposits from credit institutions and central bank		500 000	0	0
Interest paid on deposits from credit institutions	12	-411	-92	-969
Interest received on loans to credit institutions and central bank	12	4 688	3 398	22 050
Receipts related to commissions and fees	13	90 433	76 250	335 032
Payments related to commissions and fees	13	-26 534	-31 035	-132 072
Payments related to administrative expenses	15	-81 031	-67 823	-309 880
Payments related to personnel expenses	15	-112 539	-86 853	-312 767
Taxes paid	16	-103 754	-103 518	-209 035
Other receipts/payments		-8 653	-44 813	35 635
Net cash flows from operating activities		2 375 161	2 954 395	4 757 438
Cash flows from investment activities				
Invested in associated company		0	0	-1 765
Payments on the acquisition of fixed assets		-1 609	-887	-4 021
Payments on the acquisition of intangible assets		-481	-23 375	-69 040
Net cash flows from investment activities		-2 090	-24 262	-74 826
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost	EQ	0	0	0
Paid dividend to shareholders	EQ	0	0	-187 021
Receipts on subordinated loans	10	0	125 000	250 000
Interest paid on subordinated loans	12	-8 376	-5 232	-25 052
Receipts on issued additional Tier1 capital	11	0	100 000	200 000
Interest paid on additional Tier 1 capital	EQ	-10 013	-6 624	-31 092
Receipts on issued bonds and commercial paper	10	950 000	600 000	4 800 000
Payments on matured and redeemed bonds and commercial paper	10	-2 777 573	-1 993 096	-7 814 867
Interest paid on issued bonds and commercial paper	12	-178 545	-139 684	-622 721
Net cash flows from financing activities		-2 024 507	-1 319 636	-3 430 753
Total net cash flow		348 564	1 610 497	1 251 859
Cash at the beginning of the period		1 874 408	622 549	622 549
Cash at the end of the period		2 222 972	2 233 046	1 874 408
Change in cash		348 564	1 610 497	1 251 859
Cash				
Cash and receivables with central bank		1 046 441	516 156	1 587 606
Loans to credit institutions		1 176 530	1 716 890	286 802
Total cash		2 222 972	2 233 046	1 874 408

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 2019.

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 2019.

Following the outbreak of coronavirus COVID-19, Sbanken ASA has relied on the following assessments/assumptions in connection with the estimation of expected credit losses (ECL) on loans to customers, in addition to the principles described in Note 2 to the 2019 annual report:

1) Migration between stages as a result of granted instalment deferral

Sbanken ASA has offered all its mortgage customers instalment free periods of up to three months. It is the bank's assessment that an instalment deferral in itself will not result in a migration from Stage 1 to Stage 2. Furthermore, a customer that is granted instalment deferral for up to six months is not in itself deemed to be an adequate indication of a significant increase in credit risk, unless the bank has previous observations that indicate an increased credit risk for the customer. After the COVID-19 outbreak, the bank has granted 2 200 new instalment deferrals for home loans with a combined lending volume of NOK 5.1 billion.

2) Macroeconomic assumptions

As described in the 2019 annual report, the bank considers forward-looking information both when assessing whether the credit risk of an asset has increased significantly since initial recognition, and in order to arrive at an unbiased ECL estimate. Recognised ECL is calculated by probability weighting estimated ECL under the different scenarios. Three different scenarios have been used in the calculation (expected, optimistic and pessimistic), and the projection period is set to three years. After the projection period, there are not assumed to be any differences between the different scenarios. The process for assessing forward-looking information and applying the different scenarios is based on projections obtained from Statistics Norway and Norges Bank, in addition to the bank's annual ICAAP process.

In connection with the assessment of forward-looking information for Q1 2020, the bank has used projections set out in Norges Bank's Monetary Policy Report 1/20 (March 2020). The bank has chosen to adjust Norges Bank's projections for the development in housing prices and GDP slightly downwards, and to adjust the unemployment projections slightly upwards. Statistics Norway's projections were not published until late April, and were therefore not available when the model-based provisions were made.

Due to the outbreak of coronavirus COVID-19 and substantial macroeconomic uncertainty, the bank has decided to include a credit loss provision of NOK 19.5 million in addition to the model calculation. The actual distribution of this loss estimate can not be ascertained at the report date, but a significant share is expected to relate to unsecured exposures. The loss estimate is therefore presented in stage 3 for unsecured loan products.

It is underlined that the outbreak of COVID-19 has raised the level of uncertainty associated with forward-looking information considerably. At the same time, oil prices have also fallen dramatically and further increased the uncertainty for the outlook of the Norwegian economy. The uncertainty relates to the scope and duration of the financial consequences, as well as the impact of the relief measures that the Government has introduced. For Sbanken ASA, the unemployment rate and housing prices are important macroeconomic factors in the calculation of ECL.

The sensitivity analysis on the impact of housing prices on ECL included in Note 2 to the 2019 annual report is still considered relevant, and the bank has therefore not prepared a new sensitivity analysis for Q1 2020.

3) Granting of credit

In connection with the COVID-19 outbreak, the bank has introduced more stringent criteria for the granting of consumer loans to customers assigned to the weakest risk classes. No changes have been made to the credit granting criteria for customers applying for home loans.

New and revised standards effective from 1 January 2020

Sbanken ASA has applied the new accounting standards effective from 1 January 2020, including changes in IAS 1 and IAS 8 regarding materiality and changes in IFRS 9 and IFRS 7 relating to hedge accounting as a result of the IBOR-reform.

New and revised standards effective from 1 January 2021 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2021 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 1 012 million at 31.03.2020.

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	31.03.20		31.03.19		31.12.19	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 683 959	0	1 396 679	0	2 232 664	0
Regional governments	1 363 258	159 115	1 399 409	108 768	902 805	64 881
Multilateral Development Banks	623 311	0	634 056	0	627 533	0
Institutions	1 665 381	271 774	1 843 410	368 682	732 265	85 333
Retail	9 564 346	4 043 060	10 061 493	4 347 087	9 756 799	4 246 600
Secured by mortgages on immovable property	94 149 754	29 771 023	88 020 644	27 651 484	89 475 944	29 015 590
Exposures in default	405 279	485 133	359 859	430 785	466 999	584 212
Covered bonds	6 667 220	666 722	7 325 973	732 597	6 624 238	662 424
Equity	203 365	206 380	170 396	387 194	171 680	174 695
Other items	251 972	251 972	203 329	203 329	192 523	192 523
Total credit risk, standardised method ¹	116 577 845	35 855 179	111 415 248	34 229 926	111 183 450	35 026 258
Credit value adjustment risk (CVA)		35 261		43 957		31 257
Operational risk		2 546 153		2 794 674		2 546 153
Total risk-weighted volume		38 436 593		37 068 557		37 603 668
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		2 464 766		2 003 504		1 807 872
Additional Tier 1 capital		705 872		605 030		705 858
Profit for the period		174 016		164 926		678 080
Total booked equity		7 039 241		6 468 048		6 886 398
Additional Tier 1 capital instruments included in total equity		-705 872		-605 030		-705 858
Common equity Tier 1 capital instruments		6 333 370		5 863 018		6 180 540
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-98 198		-98 406		-101 531
Value adjustment due to the requirements for prudent valuation (AVA)		-9 820		-10 391		-9 257
Dividends payable		0		-187 021		-203 052
Profit for the period, unaudited		-174 016		-164 926		0
Common equity Tier 1 capital		6 051 335		5 402 274		5 866 700
Additional Tier 1 capital		700 000		600 000		700 000
Tier 1 capital		6 751 335		6 002 274		6 566 700
Tier 2 capital		900 000		775 000		900 000
Own funds (primary capital)		7 651 335		6 777 274		7 466 700
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 729 647	4.5%	1 668 085	4.5%	1 692 165
Capital conservation buffer	2.5%	960 915	2.5%	926 714	2.5%	940 092
Systemic risk buffer	3.0%	1 153 098	3.0%	1 112 057	3.0%	1 128 110
Countercyclical capital buffer	1.0%	384 366	2.0%	741 371	2.5%	940 092
Additional Tier 1 capital	1.5%	576 549	1.5%	556 028	1.5%	564 055
Tier 2 capital	2.0%	768 732	2.0%	741 371	2.0%	752 073
Total minimum and buffer requirements own funds (primary capital)	14.5%	5 573 306	15.5%	5 745 626	16.0%	6 016 587

<i>Available common equity Tier 1 capital after buffer requirements</i>	1 823 310	954 047	1 166 241
<i>Available own funds (primary capital)</i>	2 078 029	1 031 647	1 450 113
Capital ratio %			
Common equity Tier 1 capital	15.7%	14.6%	15.6%
Additional Tier 1 capital	1.8%	1.6%	1.9%
Tier 2 capital	2.3%	2.1%	2.4%
Total capital ratio	19.9%	18.3%	19.9%
Capital ratio % (including interim profits ²)			
Common equity Tier 1 capital	16.1%	14.9%	16.1%
Additional Tier 1 capital	1.8%	1.6%	1.9%
Tier 2 capital	2.3%	2.1%	2.4%
Total capital ratio	20.2%	18.6%	20.4%

¹ The specification is according to EBA reporting framework.

² Including 70 per cent of the profit for the first quarter of 2020 and 2019. Year-end 2019 include fully retained earnings for 2019, following the revised Board proposal, and adopted on the Annual General Meeting on 24 April 2020, that 2019 dividend should not be distributed at this point in time.

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		31.03.20	31.03.19	31.12.19
Derivatives at market value		0	8 910	134
Potential future exposure on derivatives		55 400	48 050	48 458
Off-balance sheet commitments		6 387 545	6 083 361	5 886 915
Loans and advances and other assets		95 151 469	90 872 740	92 668 332
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		101 594 414	97 013 061	98 603 839
Tier 1 capital		6 751 335	6 002 274	6 566 700
Leverage ratio %		6.6 %	6.2 %	6.7 %
Leverage ratio % (including interim profits*)		6.8 %	6.3 %	6.9 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 047 832	2 910 392	2 958 115
Buffer requirements	2.0%	2 031 888	1 940 261	1 972 077
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 079 721	4 850 653	4 930 192
<i>Available Tier 1 capital after minimum and buffer requirements</i>		1 671 614	1 151 621	1 636 508
<i>Available Tier 1 capital after minimum and buffer requirement (including interim profits*)</i>		1 793 426	1 267 069	1 839 560

* Including 70 per cent of the profit for the first quarter of 2020 and 2019. Year-end 2019 include fully retained earnings for 2019, following the revised Board proposal, and adopted on the Annual General Meeting on 24 April 2020, that 2019 dividend should not be distributed at this point in time.

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	31.03.20		
	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	1 046 441	0	1 046 441
Loans to and receivables from credit institutions	1 176 530	0	1 176 530
Loans to and receivables from central bank and credit institutions	2 222 971	0	2 222 971
Loans to customers, secured	78 845 991	16 323 346	95 169 337
Loans to customers, unsecured	3 502 101	5 034 836	8 536 937
Loans to and receivables from customers	82 348 092	21 358 182	103 706 274
Shares in associated company	2 010	0	2 010
Other financial assets with credit risk	179 126	0	179 126
Financial instruments at amortised cost (gross)	84 752 199	21 358 182	106 110 381
Commercial paper and bonds	9 630 644	0	9 630 644
Financial instruments at fair value through other comprehensive income	9 630 644	0	9 630 644
Equity instruments and funds	189 127	0	189 127
Derivatives	1 069 828	0	1 069 828
Loans to customers, secured	698 856	0	698 856
Financial instruments at fair value through profit and loss	1 957 811	0	1 258 955
Gross exposure with credit risk	96 340 654	21 358 182	116 999 980
Impairment	-298 554	-3 853	-302 407
Total net exposure with credit risk	96 042 100	21 354 329	117 396 429
Other assets without credit risk	310 126	n/a	n/a
Total assets	96 352 228	n/a	n/a

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

Note 6 - Loans to customers

Gross carrying amount				
31.03.20				
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)	76 018 582	4 914 417	561 254	81 494 253
Transfers to Stage 1 (12-months ECL)	559 464	-556 435	-3 029	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 470 206	1 485 216	-15 010	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-7 052	-114 184	121 236	0
New financial assets originated	9 432 695	131 577	145	9 564 417
Financial assets that have been derecognised	-7 551 280	-417 633	-68 258	-8 037 171
Changes in interest accrual	-544	1 786	381	1 623
Other movements	23 827	0	0	23 827
Closing balance gross carrying amount	77 005 486	5 444 744	596 719	83 046 949

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

Lending by geographical area				
In NOK thousand	31.12.20		31.12.19	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	43.6%	36 186 806	43.4%	35 339 386
Oslo	19.6%	16 312 977	19.4%	15 845 516
Southern Norway	2.3%	1 869 586	2.2%	1 828 660
Western Norway	22.8%	18 918 182	23.2%	18 875 595
Central Norway	4.9%	4 069 429	4.9%	3 971 184
Northern Norway	6.9%	5 689 969	6.9%	5 633 912
Total gross lending by geographical area	100.0%	83 046 949	100.0%	81 494 253

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	31.03.20			31.12.19		
	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 %	26.5%	20 731 306	3 868 912	25.1%	19 145 110	3 716 644
40 % - 60 %	33.1%	25 952 883	3 103 857	33.0%	25 242 904	3 014 107
60 % - 80 %	29.1%	22 758 299	947 606	28.9%	22 113 068	1 097 259
80 % - 90 %	7.5%	5 889 983	147 518	9.0%	6 841 169	168 514
90 % - 100 %	1.8%	1 443 111	87 908	2.0%	1 517 024	92 461
> 100 %	2.0%	1 542 498	143 199	2.1%	1 567 307	142 996
Home loans, secured by fixed property	100.0%	78 318 080	8 299 000	100.0%	76 426 582	8 231 981
< 50 %	15.4%	168 993	0	14.5%	162 905	0
50 % - 80 %	40.7%	447 118	0	39.0%	437 399	0
80 % - 100 %	25.5%	279 911	0	27.1%	303 782	0
> = 100 %	18.4%	202 186	0	19.4%	217 181	0
Car loans, secured	100.0%	1 098 208	0	100.0%	1 121 267	0
Custody account credit, secured	100.0%	128 560	125 784	100.0%	280 684	103 304
Loan and funding commitments, secured loans		0	7 898 562		0	5 154 788
Total loans to customers, secured		79 544 847	16 323 346		77 828 533	13 490 073

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	31.03.20		31.12.19	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, home loans (relative distribution)				
0 % - 85 %	99.10%	77 615 909	99.11%	75 747 469
85 % - 100 %	0.46%	362 149	0.51%	391 291
> 100 %	0.43%	340 022	0.38%	287 822
Home loans, secured by fixed property	100.0%	78 318 080	100.0%	76 426 582

In NOK thousand	31.03.20		31.12.19	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, home loans				
Apartment	23.9%	18 731 952	23.6%	18 011 831
Detached house	52.7%	41 280 923	53.3%	40 737 098
Semidetached house	19.9%	15 588 834	19.9%	15 171 175
Vacation home	3.5%	2 716 371	3.3%	2 506 478
Total home loans secured by fixed property	100.0%	78 318 080	100.0%	76 426 582

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers				
January - March 2020				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.20	18 615	77 120	168 508	264 243
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	1 303	-6 537	-1 028	-6 262
Transfers to Stage 2	-2 591	22 129	-1 641	17 897
Transfers to Stage 3	-334	-8 594	21 378	12 450
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	3	1 897	9 956	11 856
<i>Other changes:</i>				
New financial assets originated	4 276	1 017	101	5 394
Financial assets that have been derecognised and/or written off	-1 448	-4 570	-5 480	-11 498
Financial assets that have been derecognised through sale of portfolio			-11 173	-11 173
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	19 500	19 500
Closing balance ECL 31.03.20	19 824	82 462	200 121	302 407
Specification of ECL				
In NOK thousands	31.03.20			
ECL On-balance sheet amounts 31.03.20	18 305	81 395	198 854	298 554
ECL Off-balance sheet amounts 31.03.20	1 519	1 067	1 267	3 853
Closing balance ECL 31.03.20	19 824	82 462	200 121	302 407
Specification of ECL				
In NOK thousands	31.03.20			
Secured loans	3 068	14 426	42 241	59 735
Unsecured loans	16 756	68 036	157 880	242 672
Total	19 824	82 462	200 121	302 407

ECL by geographical area	
In NOK thousands	31.03.20
Eastern Norway ex. Oslo	106 144
Oslo	42 942
Southern Norway	11 189
Western Norway	93 444
Central Norway	21 471
Northern Norway	27 217
Total	302 407

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

In NOK thousands	Q1 20	Q1 19	2019
Changes in ECL, stage 1	-1 209	-1 957	-1 555
Changes in ECL, stage 2	-5 342	-2 712	-39 396
Changes in ECL, stage 3	-31 613	-11 276	-28 226
Write-offs	-13 006	-7 408	-85 789
Recoveries of previously written off loans	150	498	1 817
Net cost of loan losses in the period	-51 019	-22 856	-153 149

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	-28 064
Financial assets that have been derecognised through sale of portfolio			-51 984	-51 984
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

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.

Note 9 – Credit-impaired assets and overdue loans

Credit-impaired assets		31.03.20					
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	265 893	-38 065	227 828	225 830	1 998	95.0%
Car Loans	Vehicle	11 679	-4 176	7 503	7 473	30	99.3%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	319 147	-156 613	162 534	0	162 534	49.1%
Total credit-impaired assets		596 719	-198 854	397 865	233 303	164 562	54.7%

31.03.2020	Credit-impaired (Gross carrying amount)
Home loans - Loan to value	
0 % - 40 %	14 551
40 % - 60 %	48 422
60 % - 80 %	125 368
80 % - 90 %	26 993
90 % - 100 %	12 447
> 100 %	38 112
Total	265 893

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	31.03.20
Overdue loans - more than 90 days	589 117
Other credit-impaired assets	7 602
Total	596 719

Overdue loans		31.03.20			
In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Home loans	786 498	225 468	55 509	261 402	1 328 877
Car loans	26 948	7 022	3 343	11 679	48 992
Other loans	132 687	49 085	20 884	316 036	518 692
Loans to customers	946 133	281 575	79 736	589 117	1 896 561

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

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

Note 10 - Debt securities issued and subordinated loan

Carried at amortised cost:

In NOK thousand	Currency	31.03.20	31.03.19	31.12.19
Commercial paper issued	NOK	0	0	0
Bonds issued	NOK	30 327 081	32 816 932	31 304 025
Subordinated loans	NOK	899 521	774 378	899 438
Total debt securities issued and subordinated loans		31 226 602	33 591 310	32 203 463

Specification of commercial paper, bonds and subordinated loans as at 31.03.20:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Commercial paper issued						
						0
Total commercial paper						0
Bonds						
NO0010788276	Sbanken ASA	28 000	NOK	Floating	10.08.20	28 005
NO0010793029	Sbanken ASA	707 000	NOK	Floating	01.03.21	707 365
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 328
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 685
NO0010874878	Sbanken ASA	500 000	NOK	Floating	10.02.23	499 828
Total bonds		2 485 000				2 485 211
Covered bonds ¹						
NO0010745334	Sbanken Boligkreditt AS	1 951 000	NOK	Floating	14.08.20	1 951 350
NO0010745342	Sbanken Boligkreditt AS	6 200 000	NOK	Floating	14.10.21	6 188 232
NO0010786999	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	27.04.22	7 021 977
NO0010790603	Sbanken Boligkreditt AS	6 777 000	NOK	Floating	10.02.23	6 799 289
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 881 022
Total covered bonds						27 841 870
Total commercial paper, bonds and covered bonds						30 327 081

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	499 877
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 833
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				899 521

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:

	31.12.19	January- March 2020				Other adjustments	31.03.20
		Issued	Matured	Redeemed			
Commercial paper (nominal)	0	0	0	0	0	0	
Bonds (nominal)	3 032 000	950 000	-182 000	-1 315 000	0	2 485 000	
Covered Bonds (nominal)	28 013 000	0	0	-1 280 000	0	26 733 000	
Subordinated loans (nominal)	900 000	0	0	0	0	900 000	
Total	31 945 000	950 000	-182 000	-2 595 000	0	30 118 000	

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	31.03.20	31.12.19
Additional Tier 1 capital	NOK	700 000	700 000
Total Additional Tier 1 capital		700 000	700 000

Specification of additional Tier 1 capital as at 31.03.20:

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

	31.12.19	January - March 2020				Other adjustments	31.03.20
		Issued	Matured	Redeemed			
Additional Tier 1 capital	700 000	0	0	0	0	700 000	
Total	700 000	0	0	0	0	700 000	

As at 31 March 2020, 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	Q1 20	Q1 19	2019
Loans to and receivables from credit institutions and central bank	4 688	3 398	22 050
Loans to customers ¹	691 972	585 607	2 508 329
Commercial paper and bonds ²	50 594	43 495	188 784
Total interest income	747 254	632 500	2 719 164
Loans and deposits from credit institutions and central bank	-411	-92	-969
Deposits from customers	-117 002	-102 139	-429 738
Debt securities issued	-174 277	-143 555	-636 412
Subordinated loans	-8 391	-5 346	-26 083
Other interest expenses	-16 540	-26 231	-61 835
Total interest expenses	-316 622	-277 363	-1 155 037
Net interest income	430 632	355 137	1 564 127

¹ Interest income in Q1 2020 of TNOK 3 835 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	Q1 20	Q1 19	2019
Home loans	570 017	472 765	2 024 221
Car loans	15 776	14 816	61 631
Consumer loans	57 773	51 625	234 185
Other loans ³	48 406	46 401	188 292
Total interest income from loans to customers	691 972	585 607	2 508 329

³ Credit card, account credit and custody account credit

Note 13 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q1 20	Q1 19	2019
Payment processing	4 867	6 892	29 962
Card and interbank	48 985	47 263	216 146
Mutual funds and securities	32 140	21 573	94 453
Other commission income	956	905	4 045
Total commission and fee income	86 948	76 633	344 607
Payment processing	-5 148	-8 357	-33 911
Card and interbank	-15 564	-13 372	-50 886
Mutual funds and securities	-16 598	-6 843	-38 880
Other commission expenses	-1 235	-990	-6 005
Total commission and fee expenses	-38 545	-29 562	-129 683
Net commission and fee income	48 403	47 071	214 924

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q1 20	Q1 19	2019
1) Realisation of financial instruments at fair value through other comprehensive income			
Gain/(loss) by realisation of financial instruments:	411	2 014	3 035
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	411	2 014	3 035
2) Financial instruments at fair value through profit and loss			
Realised gain/ (loss) from equity instruments and funds	0	0	0
Unrealised gain/(loss) from equity instruments and funds	181	13 627	17 496
Gain/(loss) on derivatives (used in hedge accounting)	-3 716	-1 010	-176
Gain/(loss) on derivatives	-30 322	0	0
Unrealised gain/(loss) from fixed rate loans	23 827	0	0
Total gain/(loss) on financial instruments at fair value through profit and loss	-10 030	12 617	17 320
3) Financial instruments at amortised cost			
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	342	-10 738	-13 597
Total gain (loss) on financial instruments at amortised cost	342	-10 738	-13 597
4) Currency			
Net gain (loss) on currency items	3 966	-822	-1 921
Total gain (loss) on currency items	3 966	-822	-1 921
5) Dividends:			
Dividends from investments in shares and funds	0	0	19 524
Total dividends	0	0	19 524
6) Result from associated company			
Result from associated company	0	0	-3 808
Total from associated company	0	0	-3 808
Total gain (loss) on financial instruments recognised through profit and loss	-5 311	3 071	20 553

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q1 20	Q1 19	2019
Properties and premises ¹	-769	-929	-3 505
IT	-38 582	-23 862	-118 040
Advertising and marketing	-12 666	-19 908	-64 652
Temporary employment agencies	-4 838	-5 957	-22 536
Consultants and other external services	-9 744	-8 900	-43 453
Telephone and postage	-3 690	-3 321	-14 109
Other operating expenses	-7 067	-8 601	-36 774
Total administrative expenses	-77 357	-71 479	-303 070

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

Personnel expenses

In NOK thousand	Q1 20	Q1 19	2019
Wages	-68 771	-65 689	-270 019
<i>Capitalised as intangible assets</i>	<i>1 862</i>	<i>7 698</i>	<i>19 418</i>
Pension costs	-5 672	-5 738	-26 049
Payroll tax	-14 374	-13 381	-52 689
Other personnel expenses	-3 195	-2 641	-13 583
Total personnel expenses	-90 150	-79 751	-342 921

In the first quarter of 2020, NOK 8.6 million in severance pay and provisions related to changes in personnel was recognised.

Note 16 - Tax expense

In NOK thousand	Q1 20	Q1 19	2019
Specification of tax expense:			
Taxes payable	57 336	48 209	208 769
Change in deferred tax	-2 425	104	563
Correction of taxes payable previous year	0	0	56
Total tax expense	54 911	48 313	209 388
Reconciliation of the tax expense:			
Profit before tax	238 955	219 915	919 440
-from Sbanken ASA	190 776	165 051	711 187
-from Sbanken Boligkreditt AS	51 710	58 040	223 597
- from group transactions related to own debt and hybrid capital	-3 531	-3 176	-15 344
Expected tax expense at nominal rate of 25 % Sbanken ASA	47 694	41 263	177 797
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS	11 376	12 769	49 191
Total expected tax expense	59 070	54 032	226 988
Tax effect from non-deductible expenses and tax-exempt income	0	0	446
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	-44	-3 406	-9 178
Tax effect from costs recognised against interest to Tier 1 capital holders	-3 281	-2 313	-10 943
Other differences	-834	0	2 019
Correction of taxes payable previous year	0	0	56
Total tax expense	54 911	48 313	209 388
Effective tax rate	23.0%	22.0%	22.8%

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
31.03.20				
Financial assets				
Cash and receivables with central bank	0	0	1 046 441	1 046 441
Loans to and receivables from credit institutions	0	0	1 176 530	1 176 530
Loans to customers	698 856	0	82 049 539	82 748 395
Commercial paper and bonds	0	9 630 644	0	9 630 644
Equity instruments and funds ¹	189 127	0	2 010	191 137
Derivatives ²	1 069 828	0	0	1 069 828
Other assets	0	0	179 126	179 126
Total financial assets	1 957 811	9 630 644	84 453 646	96 042 102
Financial liabilities				
Loans and deposits from central bank	0	0	500 000	500 000
Loans and deposits from credit institutions	0	0	0	0
Deposits from customers	0	0	55 239 466	55 239 466
Debt securities issued ³	0	0	30 327 081	30 327 081
Derivatives	30 169	0	0	30 169
Subordinated loans	0	0	899 521	899 521
Other liabilities	0	0	2 126 550	2 126 550
Total financial liabilities	30 169	0	89 092 618	89 122 787
¹ Shares in associated company are recognised using the equity method and put under 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
31.12.19				
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 put under 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
	31.03.20	31.03.20
Assets		
Cash and receivables with central bank	1 046 441	1 046 441
Loans to and receivables from credit institutions	1 176 530	1 176 530
Loans to customers	82 049 539	82 049 539
Equity instruments and funds	2 010	2 010
Other assets	179 126	179 126
Total financial assets at amortised cost	84 453 646	84 453 646
Liabilities		
Loans and deposits from central bank	500 000	500 000
Loans and deposits from credit institutions	0	0
Deposits from customers	55 239 466	55 239 466
Debt securities issued	30 327 081	30 329 931
Subordinated loans	899 521	874 120
Other liabilities	2 126 550	2 126 550
Total financial liabilities at amortised cost	89 092 618	89 070 067

31.03.20	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		1 046 441		1 046 441
Loans to and receivables from credit institutions			1 176 530	1 176 530
Loans to customers			82 049 539	82 049 539
Equity instruments and funds			2 010	2 010
Other assets			179 126	179 126
Total financial assets at amortised cost		1 046 441	83 407 205	84 453 646
Liabilities				
Loans and deposits from central bank			500 000	500 000
Loans and deposits from credit institutions			0	0
Deposits from customers			55 239 466	55 239 466
Debt securities issued			30 327 081	30 329 931
Subordinated loan			899 521	874 120
Other liabilities			2 126 550	2 126 550
Total financial liabilities at amortised cost		0	89 092 618	89 070 067

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

Note 19 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.03.20		31.12.19	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity instruments and funds	189 127	189 127	169 669	169 669
Commercial paper and bonds	9 630 644	9 630 644	9 087 319	9 087 319
Derivatives	1 069 828	1 069 828	201 975	201 975
Loans to customers (fixed rate)	698 856	698 856	164 062	164 062
Total financial assets at fair value	11 588 455	11 588 455	9 623 025	9 623 025
Liabilities:				
Derivatives	30 169	30 169	0	0
Total financial liabilities at fair value	30 169	30 169	0	0

31.03.2020				
In NOK thousand	Level 1	Level 2	Level 3	Total
Equity instruments and funds	0	28 578	160 549	189 127
Commercial paper and bonds	623 310	9 007 334	0	9 630 644
Derivatives at fair value through profit and loss (asset)	0	1 069 828	0	1 069 828
Loans to customers (fixed rate)	0	0	698 856	698 856
Total	623 310	10 105 740	859 405	11 588 455
Derivatives at fair value through profit and loss (liability)	0	30 169	0	30 169
Total	0	30 169	0	30 169

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2020	164 062	158 401	322 463
Net gain/(loss) on financial instruments (unrealised)	23 827	2 148	25 975
Acquisitions/exits	510 967	0	510 967
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 March 2020	698 856	160 549	859 405

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to March 2020.

Information about fair value of securities at Level 3:

Shares in Vipps AS

Sbanken has used the same value as year-end 2019 for calculating the fair value of the shares in Vipps AS at 31 March 2020, adjusted for a liquidity and general uncertainty discount of 20 %.

Shares in VN Norge AS

Sbanken has used the same value as year-end 2019 for calculating the fair value of the shares in VN Norge AS at 31 March 2020, but adjusted 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 the annual report for 2019.

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.

Note 20 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	31.03.20	31.03.19	31.12.19
Receivable related to overdraft facility with Sbanken Boligkreditt AS	3 511 538	2 258 834	2 897 390
Sbanken Boligkreditt AS's deposit in Sbanken ASA	376 372	200 009	1 701 897
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	3 289 120	140 923	2 006 575
Sbanken ASA's ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000	325 000
Sbanken ASA's ownership of additional Tier 1 capital issued by Sbanken Boligkreditt	225 000	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.20 - 31.03.20	01.01.19 - 31.03.19	01.01.19 - 31.12.19
Sale of services in line with service agreement	2 002	1 689	6 808
Interest on overdraft facility	15 071	11 092	48 364
Interest on deposit	386	271	1 290
Interest on covered bonds issued by Sbanken Boligkreditt AS	14 400	1 492	23 898
Interest on subordinated loan issued by Sbanken Boligkreditt AS	3 346	2 850	12 330
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	3 532	3 175	13 411

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	Q1 20	Q1 19	2019
Profit for the period to shareholders	174 016 000	164 926 000	678 080 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.63	1.54	6.34
Earnings per share (diluted)	1.63	1.54	6.34

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

On 1 April 2020, the Board of Directors proposed to uphold the previously communicated dividend proposal of NOK 1.90 per share, equivalent to a payout ratio of 29.9 per cent of net profits for 2019. The bank was subsequently approached by the Norwegian FSA on general grounds with a request to reconsider its dividend proposal. Following this, the Board proposed to not pay dividend for 2019 at this point in time, a proposal that was adopted by the Annual General Meeting on 24 April. If circumstances change, the Board will reconsider dividend for 2019 at an extraordinary general meeting no later than December 2020.

The bank's CET1 ratio was positively affected by 0.5 percentage points by the decision to not distribute dividend for 2019 at this point in time. At the end of the quarter, the bank had a CET1 ratio of 16.1 per cent against an updated minimum requirement of 12.5 per cent.

There have not been any significant events subsequent to 31.03.20 that affect the financial statements for Q1 2020.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q1 20	Q1 19	2019
Interest income from financial instruments using the effective interest method		534 004	439 817	1 920 230
Other interest income		0	0	0
Interest expense		-159 694	-154 082	-592 746
Net interest income		374 310	285 735	1 327 485
Commission and fee income		86 948	76 633	344 607
Commission and fee expense		-38 545	-29 562	-129 683
Net commission and fee income		48 403	47 071	214 924
Net gain/(loss) on financial instruments		-1 544	15 362	37 479
Other income		2 001	1 689	7 032
Other operating income		457	17 051	44 512
Personnel expenses		-90 058	-79 625	-342 506
Administrative expenses		-76 287	-71 254	-301 034
Depreciation and impairment of fixed and intangible assets		-16 243	-11 278	-81 249
Profit before loan losses		240 582	187 700	862 132
Loan losses		-49 806	-22 649	-150 945
Profit before tax		190 776	165 051	711 187
Tax expense		-44 312	-36 259	-163 408
Profit for the period		146 464	128 792	547 780
Attributable to				
Shareholders		136 437	122 116	515 808
Additional Tier 1 capital holders		10 027	6 676	31 972
Profit for the period		146 464	128 792	547 780

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q1 20	Q1 19	2019
Profit for the period	146 464	128 792	547 780
Other comprehensive income:			
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-51 912	9 487	-9 754
Tax effect	12 978	-2 479	2 332
Other comprehensive income that can be reclassified to profit or loss after tax	-38 934	7 008	-7 422
Actuarial gains (losses)	0	0	1 371
Tax effect	0	0	-343
Other comprehensive income that can not be reclassified to profit or loss after tax	0	0	1 028
Total components of other comprehensive income (after tax)	-38 934	7 008	-6 394
Total comprehensive income for the period	107 530	135 800	541 386
Attributable to			
Shareholders	97 503	129 124	509 414
Additional Tier 1 capital holders	10 027	6 676	31 972
Total comprehensive income for the period	107 530	135 800	541 386

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	31.03.20	31.03.19	31.12.19
Assets				
Cash and receivables with central bank		1 046 441	516 156	1 587 606
Loans to and receivables from credit institutions		4 687 856	3 975 648	3 184 035
Loans to customers		46 630 323	44 260 506	46 867 863
Net loans to customers, central bank and credit institutions		52 364 620	48 752 310	51 639 504
Commercial paper and bonds at fair value through OCI		12 843 748	10 241 222	11 007 483
Equity instruments and funds		423 341	400 568	403 902
Commercial paper and bonds at amortised cost		326 020	325 873	326 044
Shares in subsidiary		1 699 880	1 699 880	1 699 880
Derivatives		0	0	134
Intangible assets		130 931	131 208	135 376
Deferred tax assets		26 994	8 883	12 409
Property, plant and equipment		151 836	167 249	164 782
Other assets		105 175	75 901	89 168
Advance payment and accrued income		74 628	30 385	30 425
Total assets		68 147 173	61 833 480	65 509 106
Liabilities				
Loans and deposits from central bank		500 000	0	0
Loans and deposits from credit institutions		1 473 319	239 250	1 701 739
Deposits from customers		55 239 466	50 255 533	52 844 881
Debt securities issued		2 485 211	3 977 700	3 033 344
Derivatives		30 169	0	0
Taxes payable		129 998	110 226	162 305
Pension commitments		27 494	30 797	27 494
Other liabilities		943 872	415 554	515 916
Subordinated loans		899 521	774 378	899 438
Total liabilities		61 729 051	55 803 438	59 185 117
Equity				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital		705 872	605 030	705 858
Other equity		2 017 662	1 730 424	1 923 543
Total equity		6 418 122	6 030 042	6 323 989
Total liabilities and equity		68 147 173	61 833 480	65 509 106

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 7.0 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 01.01.19	1 068 693	2 625 895	504 978	-18 806	-3 523	1 623 758	5 800 996
Profit for the period to other equity (01.01.19 to 31.03.19)						122 116	122 116
Profit for the period to Tier 1 capital holders (01.01.19 to 31.03.19)			6 676				6 676
Payments to Tier 1 capital holders (01.01.19 to 31.03.19)			-6 624				-6 624
Issue of Tier 1 capital			100 000				100 000
Actuarial gains and losses for the period (01.01.19 to 31.03.19)				0			0
Net change in fair value of financial instruments available for sale (01.01.19 to 31.03.19)					7 008		7 008
Payments related to share incentive program						-131	-131
Balance sheet as at 31.03.19	1 068 693	2 625 895	605 030	-18 806	3 485	1 745 743	6 030 042
Profit for the period to other equity (01.04.19 to 31.12.19)						393 692	393 692
Profit for the period to Tier 1 capital holders (01.04.19 to 31.12.19)			25 296				25 296
Payments to Tier 1 capital holders (01.04.19 to 31.12.19)			-24 468				-24 468
Issue of Tier 1 capital			100 000			-148	99 852
Actuarial gains and losses for the period (01.04.19 to 31.12.19)				1 028			1 028
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.04.19 to 31.12.19)					-14 430		-14 430
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
Profit for the period to other equity (01.01.20 to 31.03.20)						136 437	136 437
Profit for the period to Tier 1 capital holders (01.01.20 to 31.03.20)			10 027				10 027
Payments to Tier 1 capital holders (01.01.20 to 31.03.20)			-10 013				-10 013
Actuarial gains and losses for the period (01.01.20 to 31.03.20)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.20 to 31.03.20)					-38 934		-38 934
Payments related to share incentive program						-3 384	-3 384
Balance sheet as at 31.03.20	1 068 693	2 625 895	705 872	-17 778	-49 879	2 085 319	6 418 122

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	Jan-Mar 20	Jan-Mar 19	2019
Cash flows from operating activities				
Net payments on loans to customers		189 114	338 985	-2 390 604
Interest received on loans to customers		442 387	374 627	1 608 598
Net receipts on deposits from customers		2 394 585	721 283	3 315 842
Interest paid on deposits from customers		-171 939	-102 139	-484 240
Payments/receipts on loans to/deposits from group company		-828 446	-901 145	-76 860
Interest received on loans to group company		17 137	10 821	47 074
Net receipts/payments from buying and selling financial instruments at fair value		-1 450 944	1 816 044	1 041 078
Interest received from commercial paper and bonds		68 287	58 119	232 514
Net receipts/payments on deposits from central bank		500 000	0	0
Interest paid on deposits from credit institutions		-411	-92	-969
Interest received on loans to credit institutions and central bank		1 928	3 336	21 425
Receipts related to commissions and fees		90 433	76 250	335 032
Payments related to commissions and fees		-26 534	-31 035	-132 072
Payments related to administrative expenses		-80 263	-67 874	-307 299
Payments related to personnel expenses		-112 443	-86 723	-312 349
Taxes paid		-78 580	-82 326	-156 397
Other receipts/payments		-15 932	-49 974	38 093
Net cash flows from operating activities		938 379	2 078 157	2 778 866
Cash flows from investment activities				
Capital increase in subsidiary		0	0	0
Invested in Additional Tier 1 capital in subsidiary		0	0	0
Invested in associated company		0	0	-1 765
Payments on the acquisition of fixed assets		-1 609	-887	-4 021
Payments on the acquisition of intangible assets		-481	-23 375	-69 040
Net cash flows from investment activities		-2 090	-24 262	-74 826
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost		0	0	0
Paid dividend to shareholders		0	0	-187 021
Receipts on subordinated loans		0	125 000	250 000
Interest paid on subordinated loans		-8 376	-5 232	-25 052
Receipts on issued additional Tier1 capital		0	100 000	200 000
Interest paid on additional Tier 1 capital		-10 013	-6 624	-31 092
Receipts on issued bonds and commercial paper		950 000	0	850 000
Payments on matured and redeemed bonds and commercial paper		-1 497 858	-468 994	-2 262 390
Interest paid on issued bonds and commercial paper		-21 533	-21 238	-80 398
Net cash flows from financing activities		-587 780	-277 088	-1 285 953
Total net cash flow		348 509	1 776 807	1 418 087
Cash at the beginning of the period		1 874 250	456 163	456 163
Cash at the end of the period		2 222 759	2 232 970	1 874 250
Change in cash		348 509	1 776 807	1 418 087
Cash				
Cash and receivables with central bank		1 046 441	516 156	1 587 606
Loans to credit institutions		1 176 318	1 716 814	286 644
Total cash		2 222 759	2 232 970	1 874 250

Capital adequacy

(Sbanken ASA)

In NOK thousand	31.03.20		31.03.19		31.12.19	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 658 063	0	1 322 564	0	2 196 679	0
Regional governments	1 362 894	158 205	1 392 675	91 933	897 299	51 115
Multilateral Development Banks	623 311	0	634 057	0	627 533	0
Institutions	36 008 286	3 959 446	37 181 224	3 998 247	35 513 006	3 724 152
Retail	9 564 346	4 043 060	10 061 492	4 347 087	9 756 799	4 246 600
Secured by mortgages on immovable property	58 102 777	17 119 930	54 386 715	15 830 304	55 183 361	16 950 279
Exposures in default	334 183	414 036	297 847	368 773	394 229	511 442
Covered bonds	9 906 220	990 622	7 416 957	741 696	8 580 387	858 039
Equity	1 903 245	1 906 260	1 870 276	2 087 074	1 871 560	1 874 575
Other items	250 099	250 099	204 125	204 125	193 103	193 103
Total credit risk, standardised method*	119 713 424	28 841 658	114 767 932	27 669 239	115 213 956	28 409 305
Credit value adjustment risk (CVA)		6 796		0		611
Operational risk		2 214 005		2 462 797		2 214 005
Total risk-weighted volume		31 062 459		30 132 036		30 623 921
Capital base						
Share capital		1 068 693		1 068 693		1 068 693
Share premium		2 625 895		2 625 895		2 625 895
Other equity		1 881 225		1 608 308		1 407 735
Additional Tier 1 capital		705 872		605 030		705 858
Profit for the period		136 437		122 116		515 808
Total booked equity		6 418 122		6 030 042		6 323 989
Additional Tier 1 capital instruments included in total equity		-705 872		-605 030		-705 858
Common equity Tier 1 capital instruments		5 712 250		5 425 012		5 618 131
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-98 198		-98 406		-101 531
Value adjustment due to the requirements for prudent valuation (AVA)		-13 266		-10 638		-11 409
Dividends payable		0		-187 021		-203 052
Profit for the period, unaudited		-136 437		-122 116		0
Common equity Tier 1 capital		5 464 349		5 006 831		5 302 139
Additional Tier 1 capital		700 000		600 000		700 000
Tier 1 capital		6 164 349		5 606 831		6 002 139
Tier 2 capital		900 000		775 000		900 000
Own funds (primary capital)		7 064 349		6 381 831		6 902 139
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 397 811	4.5%	1 355 942	4.5%	1 378 076
Capital conservation buffer	2.5%	776 561	2.5%	753 301	2.5%	765 598
Systemic risk buffer	3.0%	931 874	3.0%	903 961	3.0%	918 718
Countercyclical capital buffer	1.0%	310 625	2.0%	602 641	2.5%	765 598
Additional Tier 1 capital	1.5%	465 937	1.5%	451 981	1.5%	459 359
Tier 2 capital	2.0%	621 249	2.0%	602 641	2.0%	612 478
Total minimum and buffer requirements own funds (primary capital)	14.5%	4 504 057	15.5%	4 670 466	16.0%	4 899 827
<i>Available common equity Tier 1 capital after buffer requirements</i>		<i>2 047 479</i>		<i>1 390 987</i>		<i>1 474 149</i>
<i>Available own funds (primary capital)</i>		<i>2 560 293</i>		<i>1 711 365</i>		<i>2 002 311</i>
Capital ratio %						
Common equity Tier 1 capital		17.6%		16.6%		17.3%
Additional Tier 1 capital		2.3%		2.0%		2.3%
Tier 2 capital		2.9%		2.6%		2.9%
Total capital ratio		22.7%		21.2%		22.5%

Capital ratio % (including interim profits**)			
Common equity Tier 1 capital	17.9%	16.9%	18.0%
Additional Tier 1 capital	2.3%	2.0%	2.3%
Tier 2 capital	2.9%	2.6%	2.9%
Total capital ratio	23.0%	21.4%	23.2%

* The specification is according to EBA reporting framework.

** Including 70 per cent of the profit for the first quarter of 2020 and 2019. Year-end 2019 include fully retained earnings for 2019, following the decision on the Annual General Meeting on 24 April 2020, that dividend for 2019 not should be distributed at this point in time.

Leverage Ratio (Sbanken ASA)

In NOK thousand		31.03.20	31.03.19	31.12.19
Derivatives market value		0	0	134
Potential future exposure on derivatives		7 350	0	408
Off-balance sheet commitments		35 726 610	35 892 749	35 377 024
Loans and advances and other assets		68 016 242	61 702 272	65 373 596
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		103 750 202	97 595 021	100 751 162
Tier 1 capital		6 164 349	5 606 831	6 002 139
Leverage ratio %		5.9 %	5.7 %	6.0 %
Leverage ratio % (including interim profits*)		6.0 %	5.8 %	6.2 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 112 506	2 927 851	3 022 535
Buffer requirements	2.0%	2 075 004	1 951 900	2 015 023
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 187 510	4 879 751	5 037 558
<i>Available Tier 1 capital after minimum and buffer requirements</i>		976 839	727 080	964 581
<i>Available Tier 1 capital after minimum and buffer requirement (including interim profits*)</i>		1 061 072	799 718	1 167 632

* Including 70 per cent of the profit for the first quarter of 2020 and 2019. Year-end 2019 include fully retained earnings for 2019, following the decision on the Annual General Meeting on 24 April 2020, that dividend for 2019 not should be distributed at this point in time.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	31.03.20	31.03.19	31.12.19
Commercial paper issued	NOK	0	0	0
Bonds issued	NOK	2 485 211	3 977 700	3 033 345
Subordinated loans	NOK	899 521	774 378	899 438
Total debt securities issued and subordinated loans		3 384 732	4 752 078	3 932 783

Specification of commercial paper, bonds and subordinated loans as at 31.03.20:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Commercial paper issued						
		0				0
Total commercial paper						0
Bonds						
NO0010788276	Sbanken ASA	28 000	NOK	Floating	10.08.20	28 005
NO0010793029	Sbanken ASA	707 000	NOK	Floating	01.03.21	707 365
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 328
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 685
NO0010874878	Sbanken ASA	500 000	NOK	Floating	10.02.23	499 828
Total bonds						2 485 211
Total commercial paper and bonds						2 485 211

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ¹	Carrying value
NO0010746464	Sbanken ASA	500 000	NOK	Floating	12.10.25	499 877
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 833
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						899 521

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:

	31.12.19	January-March 2020				31.03.20
		Issued	Matured	Redeemed	Other adjustments	
Commercial paper (nominal)	0	0	0	0	0	0
Bonds (nominal)	3 032 000	950 000	-182 000	-1 315 000	0	2 485 000
Subordinated loans (nominal)	900 000	0	0	0	0	900 000
Total	3 932 000	950 000	-182 000	-1 315 000	0	3 385 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q1 20	Q1 19	2019
Loans to and receivables from credit institutions and central bank	19 451	14 428	69 790
Loans to customers ¹	443 172	374 744	1 614 576
Commercial paper and bonds ²	71 382	50 645	235 865
Total interest income	534 004	439 817	1 920 230
Loans and deposits from credit institutions and central bank	-797	-363	-2 258
Deposits from customers	-117 002	-102 139	-429 738
Debt securities issued	-18 313	-20 004	-76 880
Subordinated loans	-8 391	-5 346	-26 083
Other interest expenses	-15 190	-26 230	-57 786
Total interest expenses	-159 694	-154 082	-592 746
Net interest income	374 310	285 735	1 327 485

¹ Interest income in Q1 20 of TNOK 255 548 are related to home loans measured at fair value through OCI and TNOK 3 835 are related to home loans measured at fair value through profit an loss.

² Interest income in Q1 20 of TNOK 3 346 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
31.03.20					
Financial Assets					
Cash and receivables with central bank			1 046 441	1 046 441	1 046 441
Loans to and receivables from credit institutions			4 687 856	4 687 856	4 687 856
Loans to customers	698 856	34 108 702	11 822 765	46 630 323	46 630 323
Commercial paper and bonds		12 843 748	0	12 843 748	12 843 748
Shares and funds ^{2 and 3}	421 331		2 010	423 341	423 341
Commercial paper and bonds at amortised cost			326 020	326 020	316 510
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Other assets			179 803	179 803	179 803
Total financial assets	1 120 187	46 952 450	19 764 775	67 837 412	67 827 902
Financial liabilities					
Loans and deposits from central bank			500 000	500 000	500 000
Loans and deposits from credit institutions			1 473 319	1 473 319	1 473 319
Deposits from customers			55 239 466	55 239 466	55 239 466
Debt securities issued			2 485 211	2 485 211	2 446 505
Derivatives	30 169			30 169	30 169
Subordinated loans			899 521	899 521	909 105
Other liabilities			943 872	943 872	943 872
Total financial liabilities	30 169	0	61 541 389	61 571 558	61 542 436
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 other issuers 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 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 other issuers are measured at fair value through profit and loss.

Financial instruments at fair value (Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	31.03.20		31.12.19	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Equity instruments and funds	421 331	421 331	401 892	401 892
Commercial paper and bonds	12 843 748	12 843 748	11 007 483	11 007 483
Loans to customers	34 807 558	34 807 558	34 498 792	34 498 792
Derivatives	0	0	134	134
Total financial assets at fair value	48 072 637	48 072 637	45 908 301	45 908 301
Liabilities:				
Derivatives	30 169	30 169	0	0
Total financial liabilities at fair value	30 169	30 169	0	0

31.03.2020

In NOK thousand	Level 1	Level 2	Level 3	Total
Equity instruments and funds	0	260 782	160 549	421 331
Commercial paper and bonds	623 310	12 220 438	0	12 843 748
Loans to customers	0	0	34 807 558	34 807 558
Derivatives	0	0	0	0
Total	623 310	12 481 220	34 968 107	48 072 637
Derivatives at fair value through profit and loss (liability)		30 169		30 169
Total		30 169		30 169

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2020	34 498 792	158 401	34 657 193
Net gain/(loss) on financial instruments (unrealised)	23 827	2 148	25 975
Net new loans/exits	5 591 099	0	5 591 099
Sale (to Sbanken Boligkreditt AS)	-5 306 160	0	-5 306 160
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 March 2020	34 807 558	160 549	34 968 107

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to March 2020

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)	0	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	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	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

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	Q1 20	Q1 19	2019
Net interest income (annualised)	1 731 992	1 440 279	1 564 127
Average total assets	93 533 421	91 965 187	92 912 687
Net interest margin	1.85 %	1.57 %	1.68 %
Interest income (annualised)	3 005 437	2 538 269	2 719 164
Average total assets	93 533 421	91 965 187	92 912 687
Effective lending rate	3.21 %	2.76 %	2.93 %
Interest expense (annualised)	1 273 445	1 124 858	1 155 037
Average total assets	93 533 421	91 965 187	92 912 687
Effective funding rate	1.36 %	1.22 %	1.24 %

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	Q1 20	Q1 19	2019
Operating expense	183 750	162 508	727 239
Operating income	473 724	405 280	1 799 829
Cost-to-income ratio	38.8 %	40.1 %	40.4 %
Operating expense	n/a	n/a	727 239
Adjustment one-off	n/a	n/a	-33 300
Operating expense adjusted	n/a	n/a	693 939
Operating income	n/a	n/a	1 799 829
Cost-to-income ratio adjusted	n/a	n/a	38.6 %
Profit for the period attributable to shareholders (annualised)	699 892	668 867	678 080
Average equity	6 256 955	5 778 703	5 939 664
Return on equity	11.2 %	11.6 %	11.4 %
Profit for the period attributable to shareholders (annualised)	699 892	n/a	678 080
Adjustment one off (loan loss, operating expense and tax effect)	21 100	n/a	38 583
Adjustment one off (annualised)	84 400	n/a	716 663
Profit for the period attributable to shareholders (annualised) adjusted	784 292	n/a	716 663
Average equity	6 256 955	n/a	5 939 664
Return on equity adjusted	12.5 %	n/a	12.1 %

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	Q1 20	Q1 19	2019
Loan losses (annualised)	205 196	92 696	153 149
Average loan volume	82 016 651	78 507 709	79 897 657
Loss rate	0.25 %	0.12 %	0.19 %
Loan losses	51 019	n/a	153 149
Adjustment one-off	-19 500	n/a	-17 400
Loan losses (adj.)	31 519	n/a	135 749
Loan losses (annualised) adj.)	126 076	n/a	135 749
Average loan volume	82 016 651	n/a	79 897 657
Loss rate (adj.)	0.15 %	n/a	0.17 %
Average deposits from customers	53 405 062	49 932 025	51 737 333
Average loans to customers	82 016 651	78 507 709	79 897 657
Average deposit-to-loan ratio	65.1 %	63.6 %	64.8 %
Deposits from customers	55 239 466	50 255 533	52 844 881
Loans to customers	82 748 395	77 956 447	81 233 217
Deposit-to-loan ratio	66.8 %	64.5 %	65.1 %
LTV (Loan-to-value)	53.4 %	53.5 %	54.3 %

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	31.03.20		31.12.19	
	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	3 496 081	3 496 081	3 949 991	3 949 991
Level 1 covered bonds	5 873 877	5 462 705	5 876 307	5 464 966
Level 2A - assets	1 182 595	1 005 206	848 395	721 136
Level 2B - assets	0		0	
Assets ineligible as "liquid assets"	85 799 675		82 330 991	
Total assets	96 352 228	9 963 992	93 005 685	10 136 093
Net outflows		4 065 280		4 020 627
LCR %		245 %		252 %

Sbanken

Contact information

Sbanken ASA
P.O. Box 7077
NO-5020 Bergen
NORWAY

sbanken.no/ir