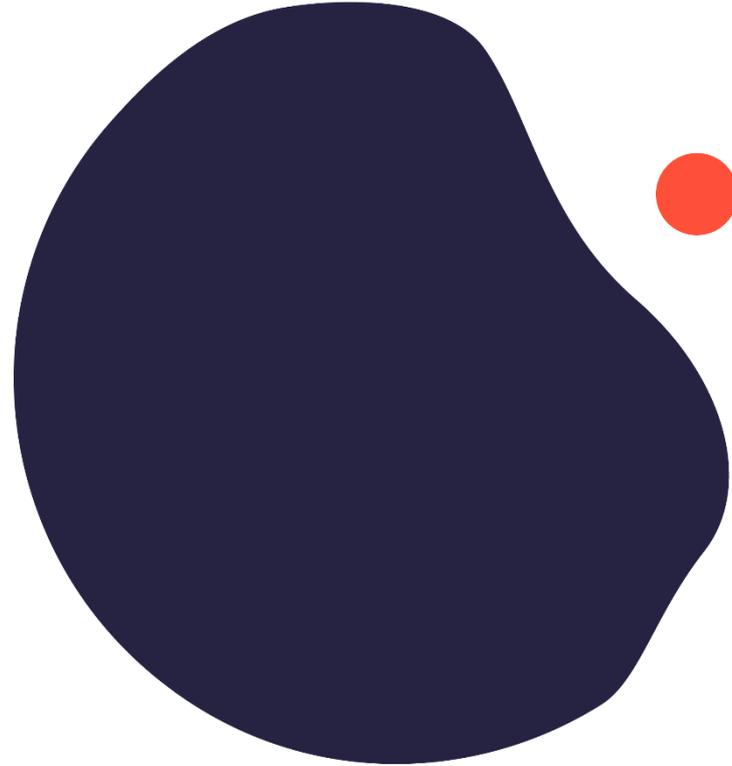


Sbanken

Q2

Second quarter 2021

Sbanken group



Sbanken – the leading digital challenger



Leading digital bank with 478 000 retail customers and 10 000 SMEs



CAGR loan growth 7 % since IPO November 2015



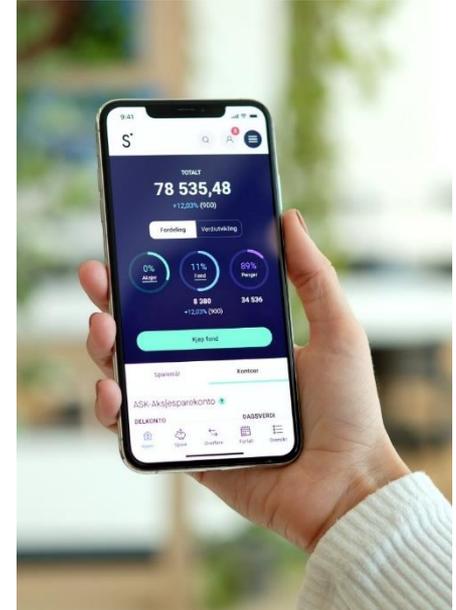
Average ROE of 12 % last four years



Most satisfied customers in the last 20 years



Capitalising on investments made in SME offering and long-term savings



Developments in the quarter

DNB recommended voluntary offer

- NOK 108.85 per share offer receives 91.2 % combined acceptance
- Approved by Ministry of Finance – awaiting consent from Norwegian Competition Authority

Innovative digital offering for savings

- World first with authorisation for robo-advisor
- FuM increase to 29.4bn – continued strong inflow

Increased customer lending churn

- Churn elevated in May – mortgage lending down 1.3 % from first quarter
- Launched interest rate guarantee and new mortgage credit product
- Mortgage lending moderately positive growth in June

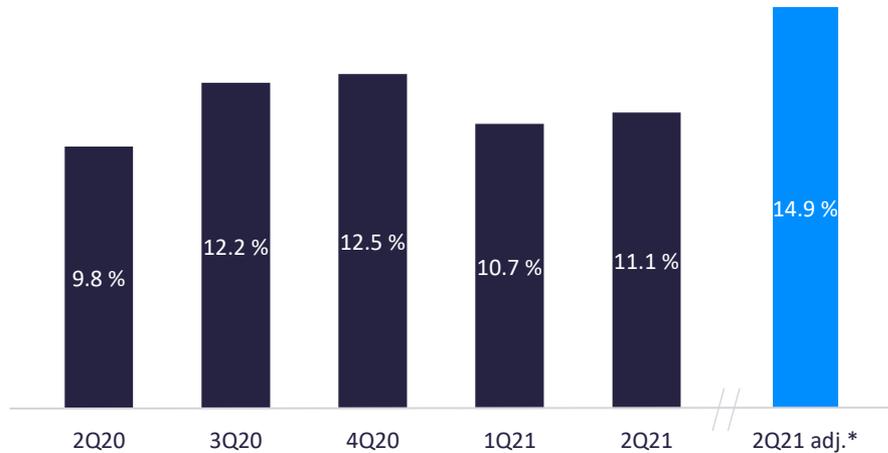
Healthy asset quality

- Net reversal of loan loss provisions – loss ratio minus 9bp

Significantly overcapitalised

- NOK 1.3bn above capital target post 2020 dividend
- Quarterly ROE 14.9 % with capital level at target

Return on Equity*



*ROE with CET1 capital at 13.0 % target level

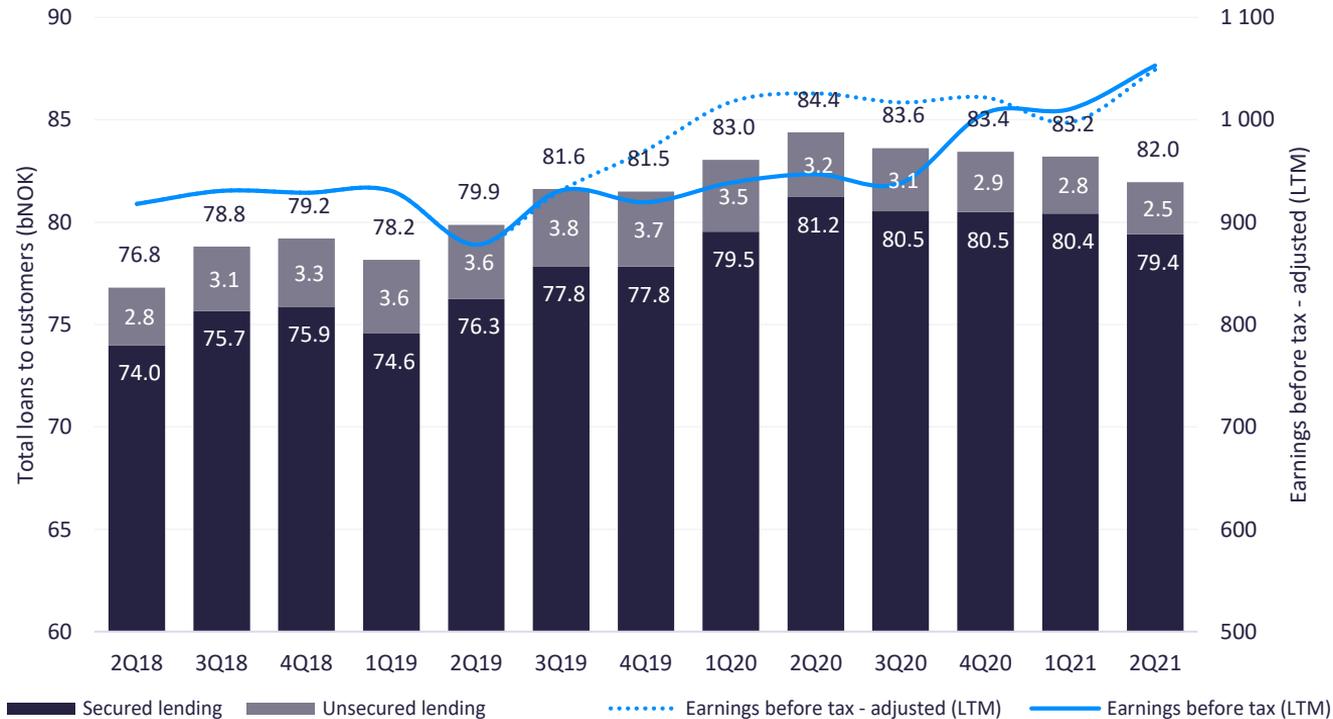
Financial highlights

	Q2 2021	Q2 2020	12-month growth
Net interest income (NOK million)	392.4	384.7	2.2 %
Net fee and commission (NOK million)	46.7	42.5	9.7 %
Net profit (NOK million)	196.1	165.8	1.2 %
Earning per share (NOK)	1.77	1.47	
ROE (per cent)	11.1	9.8	
Cost-to-income (per cent)	42.9*	39.5	
Loan-loss-ratio (per cent)	-0.09	0.24	
NIM (per cent)	1.58	1.51	
CET1 (per cent)	16.0**	15.9	
FuM (NOK billion)	29.4	17.0	

* Adjusted for one-off items totalling NOK 8.7 million.

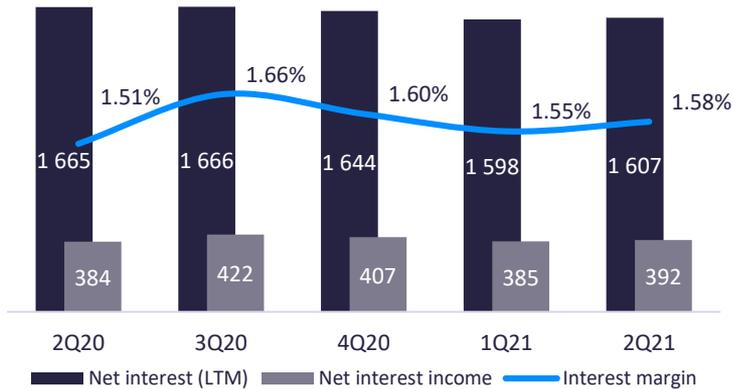
** Including 50 per cent retained earnings for first half-year of 2021 and 37.2 per cent retained earnings for 2020.

Long-term balance between profitability and growth

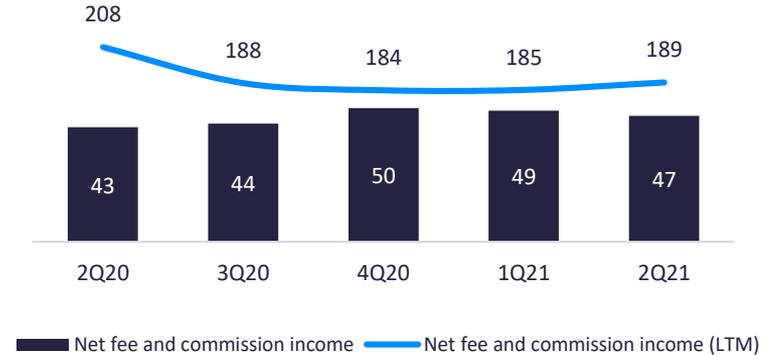


Revenues

Net interest income



Net fee and commission income

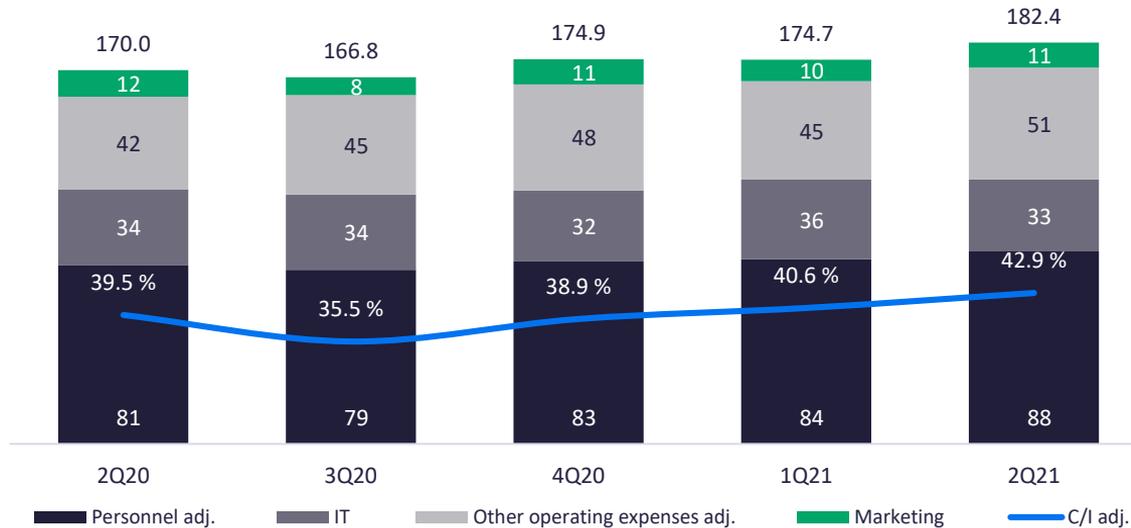


- Money market rates down from elevated levels in first quarter
- Expecting NIM contraction for second-half of year 2021

- Revenues from card transactions abroad remains subdued
- Increased contribution from fund savings and securities trading

Operating costs

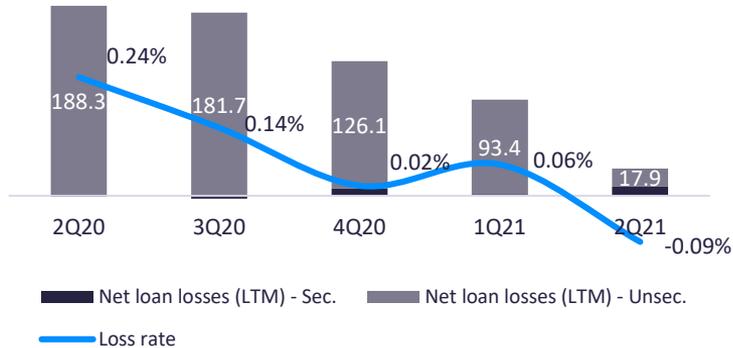
NOK million



- Cost and efficiency initiatives continuing through the year
- NOK 8.7 million in non-recurring transaction costs
- Securing workforce retention

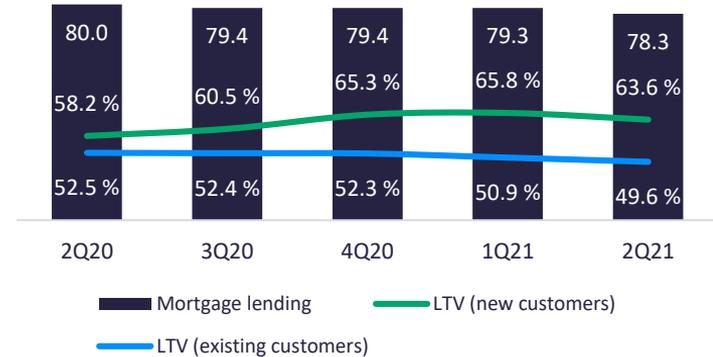
Asset quality

Net loan losses and loss ratio



- Robust credit quality in unsecured and secured loans
- Loss level expected below 0.05 % for second-half of 2021

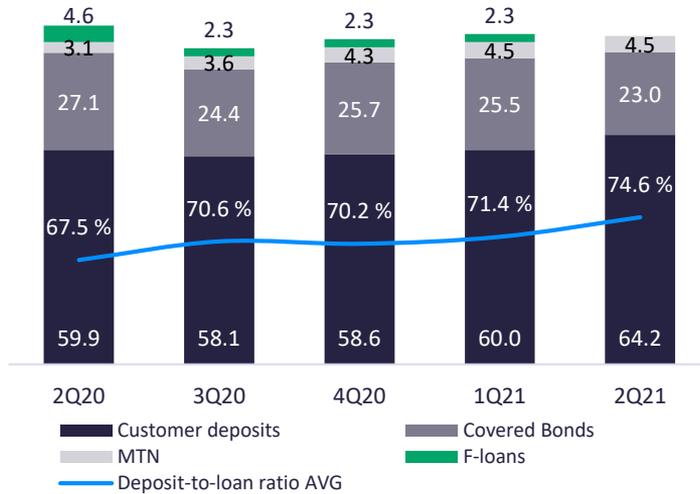
Mortgage lending and LTV



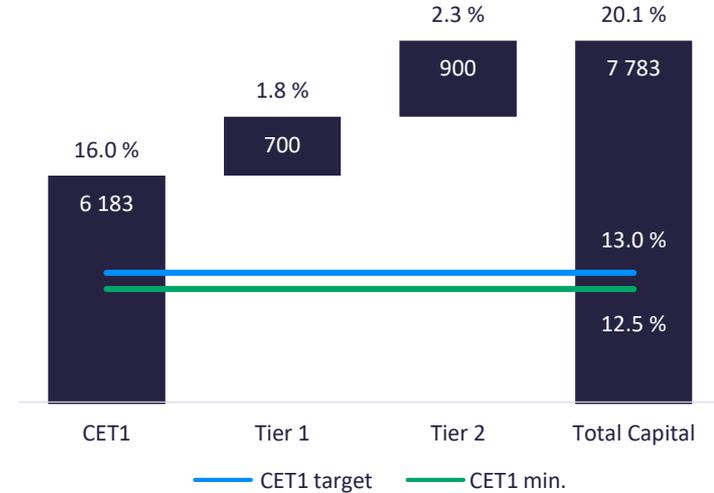
- Stock LTV trending lower with increasing housing prices

Funding and capital

Funding



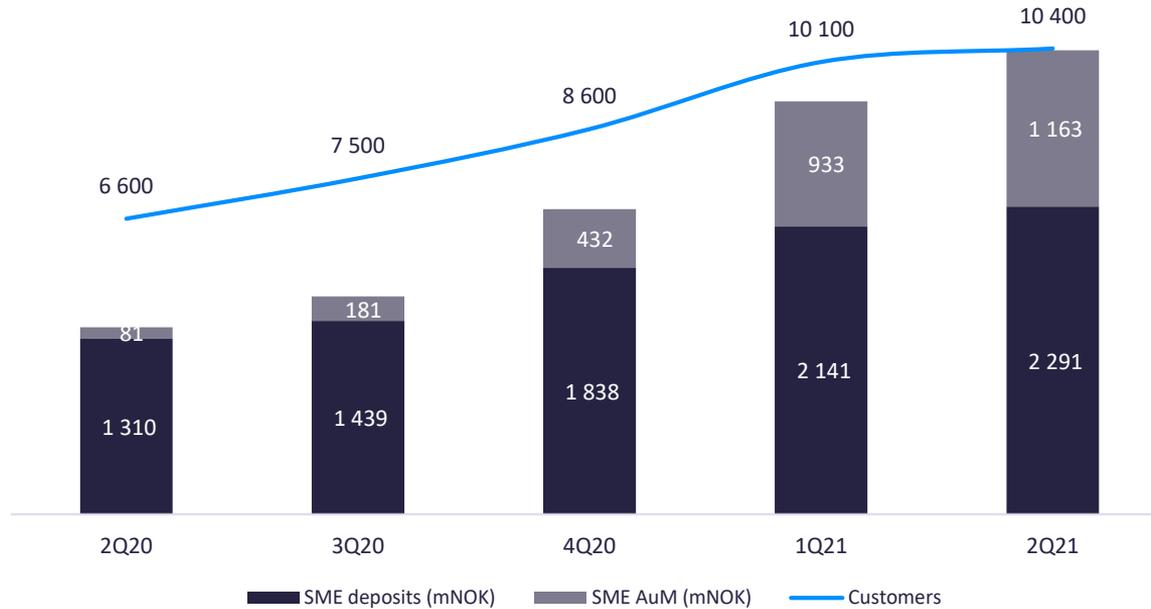
Capital



- Annual deposit growth 7.2 %
- Moody's credit rating to A2 – review for upgrade

- NOK 4.40 dividend authorisation for 2020
- Significant overcapitalisation – NOK 1.3bn above CET1 target post 2020 dividend

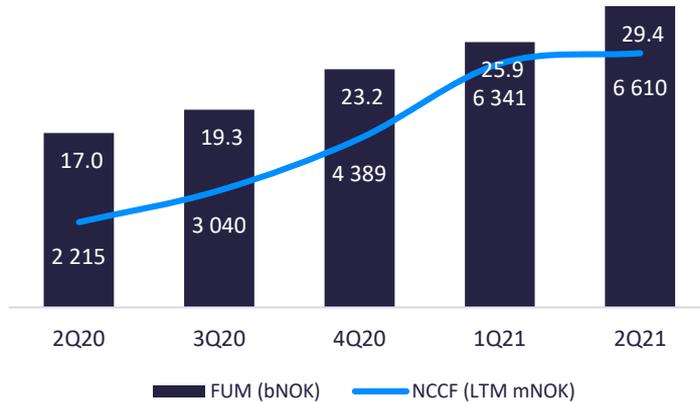
SMEs



- Cost-effective solutions on highly scalable platform with cutting-edge technology
- PowerOffice Go and Visma eAccounting fully launched in April
- AuM from SMEs passes NOK 1 billion

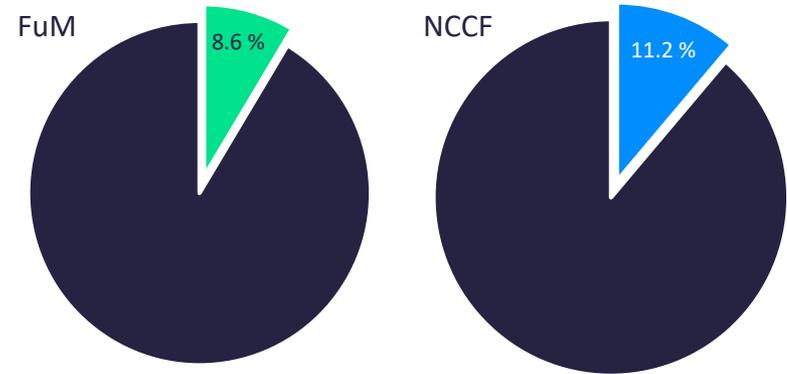
Continued growth in savings

Funds under Management



- Growth in FuM – continued high inflow of customers' funds
- Net client cash flow NOK 1 587 million in the quarter
- World first with authorisation for robo-advisor

Market share*



- Monthly inflow from savings agreements reached NOK 164.4 million

*Calculated as total FuM, including retail and SMEs, as share of Norwegian retail fund savings and total NCCF as share of Norwegian retail fund inflows.
Source: Norwegian Fund and Asset Management Association (VFF)

Financial targets 2021 - 2023

	Targets 2021 – 2023	Q2 2021
 Return on equity	14 %	11.1 % (14.9 %*)
 LTM EPS growth	10 %	13.4 %
 Cost-to-income ratio	30 %	42.9 %**
 CET1 ratio	Regulatory req. plus 50 bps***	16.0 %

* ROE with CET1 capital at 13.0 % target level

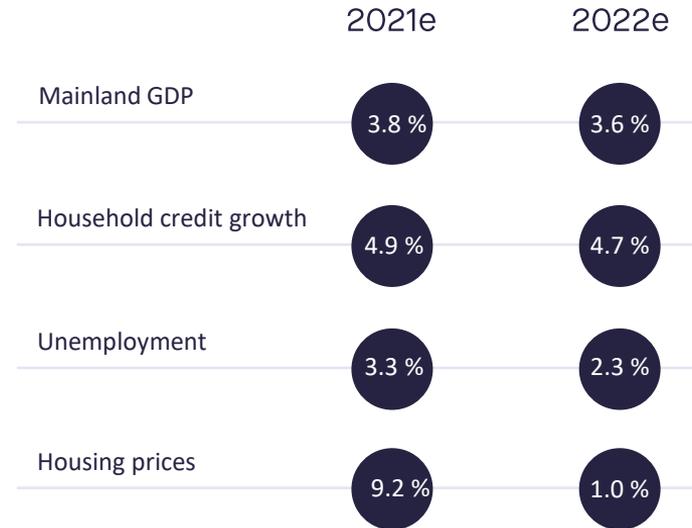
** Adj. for non-recurring items

*** Currently 12.5 per cent plus 50 bps management buffer

Outlook



- First key policy rate hike likely in September – increasing money market rates and mortgage rate guarantee likely to put short-term pressure on interest margin
- Longer-term, higher interest rate environment expected to improve margin outlook
- Loss level for second-half of 2021 expected below 0.05 per cent
- Continuing efficiency initiatives to provide the market's most automated core banking solutions
- If DNB becomes new owner, we will together set strategic plans to deliver market-leading banking solutions for our customers



Important information

Sbanken ASA and its wholly-owned covered bond subsidiary, Sbanken Boligkreditt AS, constitute the Sbanken group.

This presentation contains certain forward-looking statements relating to the business, financial performance and results of the group. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved and any reader is cautioned not to place any undue reliance on any forward-looking statement. The information obtained from third parties has been accurately reproduced and, as far as the company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information to be inaccurate or misleading.

This presentation contains alternative performance measures, or non-IFRS financial measures. Definitions and calculations are presented in our quarterly report.

Appendix

Income statement

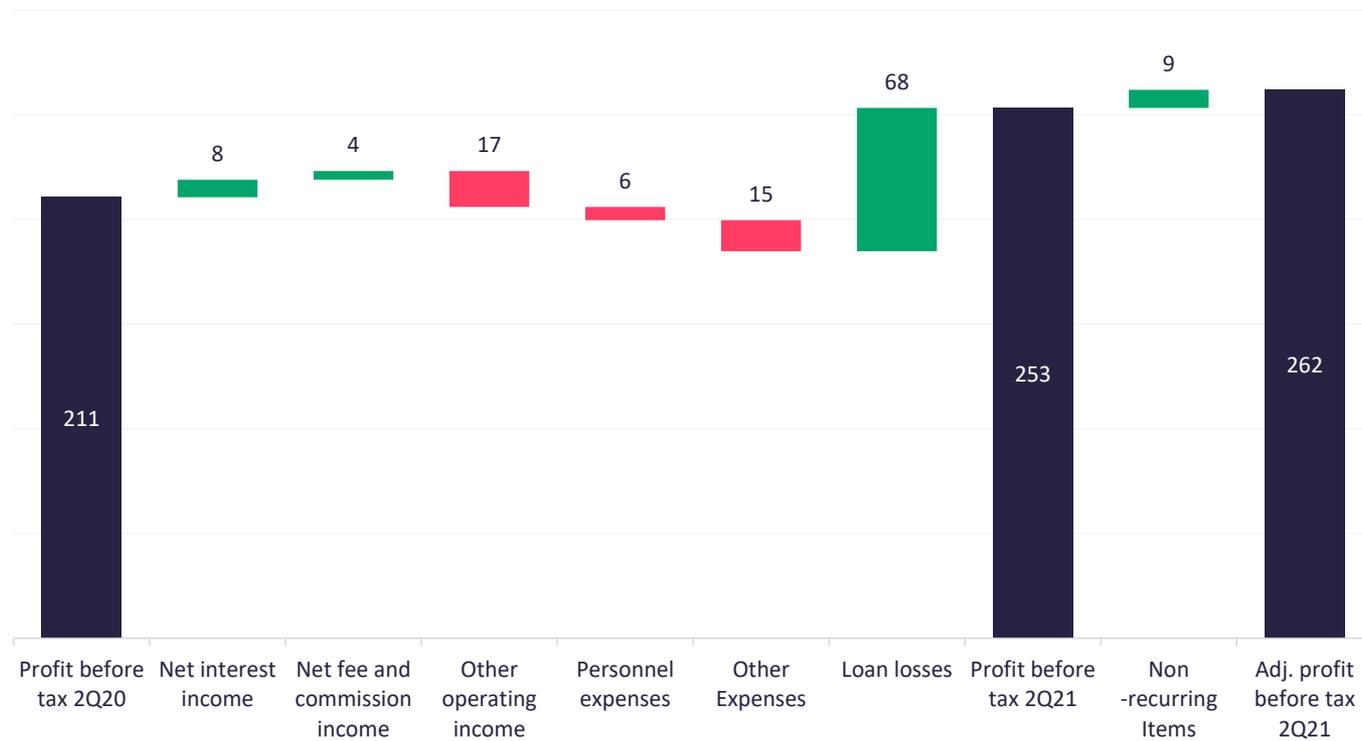
In NOK thousand	Note	Q2 21	Q2 20	Jan-Jun 21	Jan-Jun 20	2020
Interest income from financial instruments using the effective interest method	12	496 575	600 508	987 284	1 347 762	2 380 696
Other interest income	12	0	0	0	0	0
Interest expense	12	-104 223	-216 512	-210 227	-533 134	-736 560
Net interest income		392 351	383 996	777 057	814 628	1 644 137
Commission and fee income	13	76 803	78 262	157 393	165 210	345 717
Commission and fee expense	13	-30 143	-35 741	-62 132	-74 286	-161 407
Net commission and fee income		46 660	42 521	95 261	90 924	184 310
Net gain/(loss) on financial instruments	14	-13 567	3 580	-16 516	-1 731	21 920
Other income		0	0	0	0	130
Other operating income		-13 567	3 580	-16 516	-1 731	22 050
Personnel expenses	15	-87 568	-81 310	-171 566	-171 460	-348 558
Administrative expenses	15,20	-87 642	-72 316	-162 593	-149 672	-296 053
Depreciation and impairment of fixed and intangible assets		-15 892	-16 413	-31 680	-32 657	-65 760
Profit before loan losses		234 342	260 059	489 963	550 032	1 140 126
Loan losses	8	18 815	-49 508	6 073	-100 527	-133 482
Profit before tax		253 157	210 551	496 036	449 505	1 006 643
Tax expense	16	-57 091	-44 746	-113 632	-99 657	-223 601
Profit for the period		196 066	165 805	382 404	349 848	783 042
Attributable to						
Shareholders		189 654	156 856	369 650	330 872	748 575
Additional Tier 1 capital holders	11	6 412	8 949	12 754	18 976	34 467
Profit for the period		196 066	165 805	382 404	349 848	783 042

Balance sheet

In NOK thousand	Note	30.06.21	30.06.20	31.12.20
Assets				
Cash and receivables with central bank	5	545 564	1 885 119	1 423 268
Loans to and receivables from credit institutions	5	4 011 377	2 075 942	654 517
Loans to customers	5, 6, 7, 17, 18	81 606 802	84 057 144	83 082 252
Net loans to customers, central bank and credit institutions		86 163 743	88 018 205	85 160 037
Commercial paper and bonds at fair value through OCI	17, 19	14 275 864	14 854 822	14 412 990
Equity and funds	17, 18, 19	188 582	218 207	163 701
Derivatives	19	432 039	747 223	561 305
Intangible assets		117 791	125 844	114 645
Deferred tax assets	16	23 899	18 039	21 679
Property, plant and equipment		97 677	143 545	127 755
Other assets		49 134	78 874	110 850
Advance payment and accrued income		111 977	64 466	53 498
Total assets		101 460 706	104 269 225	100 726 459
Liabilities				
Loans and deposits from central bank	17,18	0	4 550 000	2 250 000
Loans and deposits from credit institutions	17, 18	409 588	708 707	542 731
Deposits from customers	17, 18	64 185 954	59 901 290	58 643 627
Debt securities issued	10, 17, 18	27 559 184	30 147 666	29 974 370
Derivatives		10 307	35 135	21 738
Taxes payable	16	128 982	103 025	224 640
Pension commitments		36 998	27 494	36 998
Other liabilities		588 268	506 624	515 589
Subordinated loans	10, 17, 18	898 991	889 923	898 831
Total liabilities		93 818 271	96 869 865	93 108 523
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	701 133	887 612	701 223
Other equity		3 246 714	2 817 159	3 222 125
Total equity		7 642 435	7 399 360	7 617 936
Total liabilities and equity		101 460 706	104 269 225	100 726 459

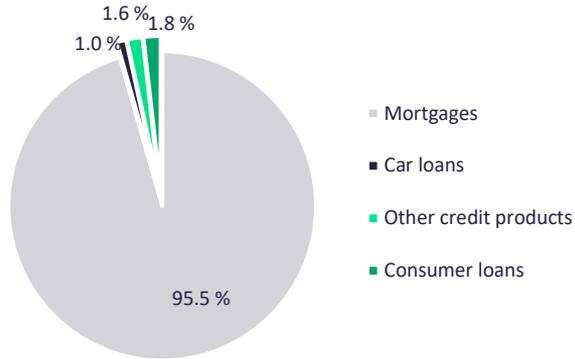
Change in profit before tax

NOK million

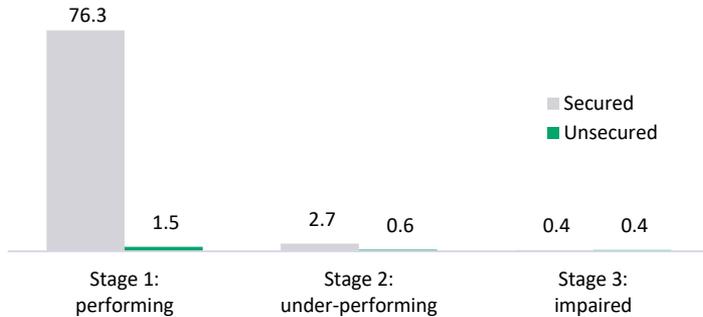


Lending portfolio

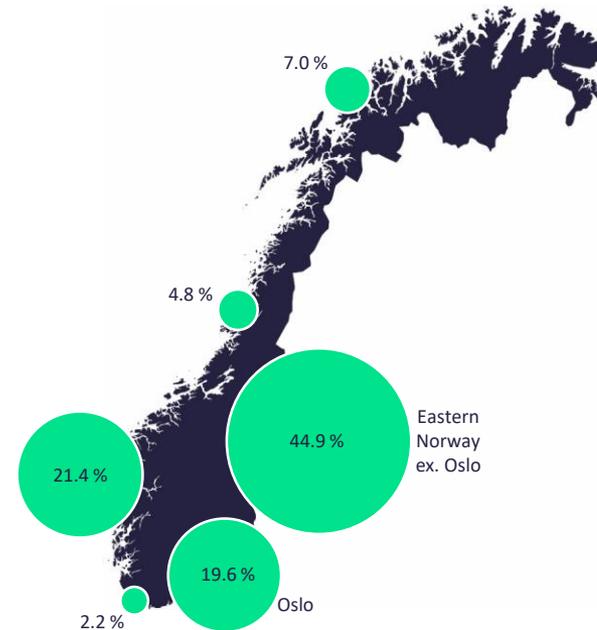
Product distribution



Risk classification (bnNOK)

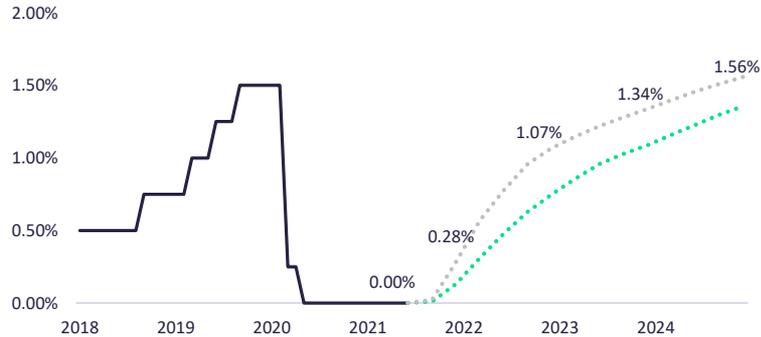


Mortgage lending centred in urban areas

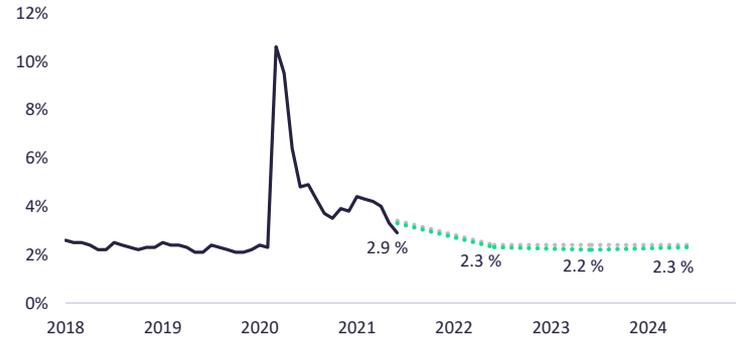


Norwegian macro development

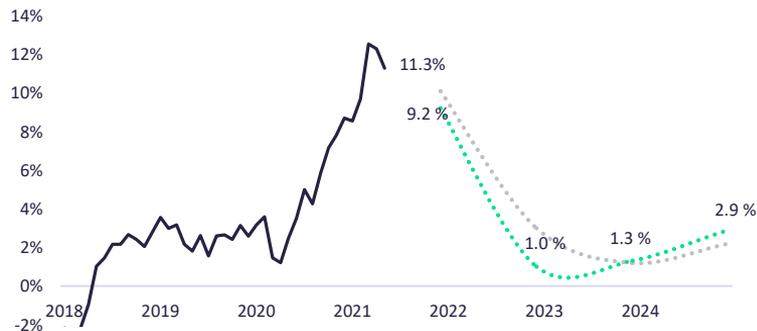
Key policy rate



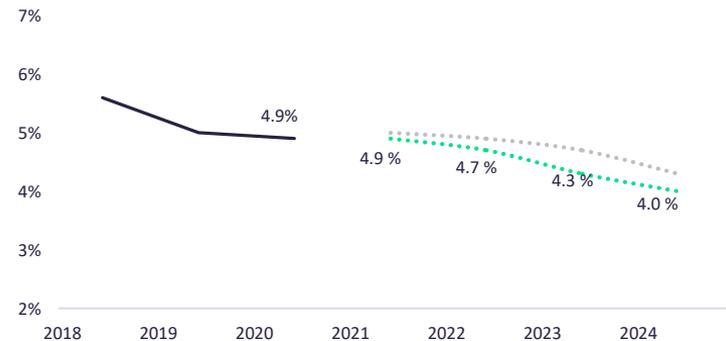
Unemployment (registered)



Housing prices (12-month rolling)



Credit to households (C2)



Interest bearing lending and funding

Interest bearing lending

NOKm		2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Mortgages	Volume	79 382	79 995	79 362	79 382	79 350	78 298
	Interest income	1 786	443	397	377	367	364
	Effective rate ¹	2.26 %	2.23 %	1.99 %	1.89 %	1.88 %	1.85 %
Car loans	Volume	878	1 033	953	878	821	825
	Interest income	57	15	14	13	11	11
	Effective rate ¹	5.58 %	5.55 %	5.46 %	5.61 %	5.46 %	5.45 %
Consumer loans	Volume	1 739	2 027	1 869	1 739	1 618	1 483
	Interest income	209	54	51	46	42	39
	Effective rate ¹	10.32 %	10.36 %	10.35 %	10.23 %	10.02 %	10.10 %
Other credit products ²	Volume	1 440	1 339	1 436	1 440	1 423	1 349
	Interest income	174	43	41	42	40	39
	Effective rate ¹	11.80 %	12.21 %	11.58 %	11.56 %	11.43 %	11.08 %
Interest bearing securities	Volume	14 413	14 855	12 071	14 413	16 859	14 413
	Interest income	147	44	25	27	30	44
	Effective rate ¹	1.19 %	1.31 %	0.70 %	0.81 %	0.92 %	1.20 %
Total	Volume	100 726	104 269	98 101	100 726	101 718	101 461
	Interest income	2 381	601	527	506	491	497
	Effective lending rate ¹	2.41 %	2.37 %	2.07 %	1.99 %	1.97 %	2.00 %

Interest bearing funding

NOKm		2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Deposits	Volume	58 644	59 901	58 064	58 644	59 962	564 186
	Interest expense	244	84	38	20	20	20
	Effective rate ¹	0.43 %	0.59 %	0.15 %	0.13 %	0.13 %	0.13 %
	Bank guarantee fee	67	16	16	17	16	21
	Effective rate incl. fee ¹	0.54 %	0.71 %	0.26 %	0.24 %	0.24 %	0.27 %
Debt securities issued	Volume	29 956	30 148	27 978	29 956	30 076	27 579
	Interest expense	394	107	56	57	64	58
	Effective rate ¹	1.31 %	1.37 %	0.78 %	0.75 %	0.86 %	0.80 %
Loans from central bank	Volume	2 250	4 550	2 250	2 250	2 250	0
	Interest expense	6	2	2	2	2	0
	Effective rate ¹	N/A	0.24 %	0.24 %	0.24 %	0.24 %	0.00 %
Total	Volume	87 469	95 524	90 689	93 095	94 255	93 838
	Interest expense	737	217	105	98	106	104
	Effective funding rate ¹	0.74 %	0.85 %	0.42 %	0.39 %	0.43 %	0.42 %

Note: total includes lending to credit institutions and lending to the central bank

(1) Effective lending and funding rates calculated as the interest income or expense (annualised for quarterly figures) as a percentage of average balance in the period; (2) Other credit products include account credit, credit cards and custody account lending.

Non-performing and doubtful loans per product

Credit-impaired assets		30.06.21					
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	408 379	-40 207	368 172	367 500	672	98.4%
Car Loans	Vehicle	18 898	-6 508	12 390	12 077	313	95.4%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	437 660	-239 696	197 964	0	197 964	54.8%
Total credit-impaired assets		864 937	-286 411	578 526	379 577	198 949	59.0%

Financial calendar

11.11.2021

Quarterly report Q3 2021

10.02.2022

Quarterly report Q4 2021

24.03.2022

Annual report FY 2021

