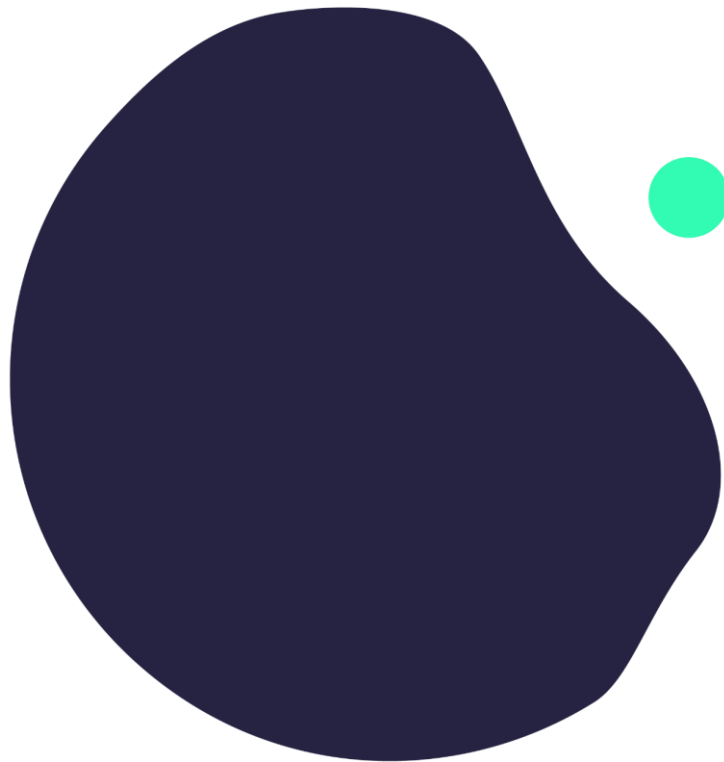


Sbanken

Q3

Third quarter 2020

Sbanken group



Sbanken – the leading digital challenger



Leading digital retail bank in Norway with 470 000 customers



CAGR loan growth 8.4 % since IPO November 2015



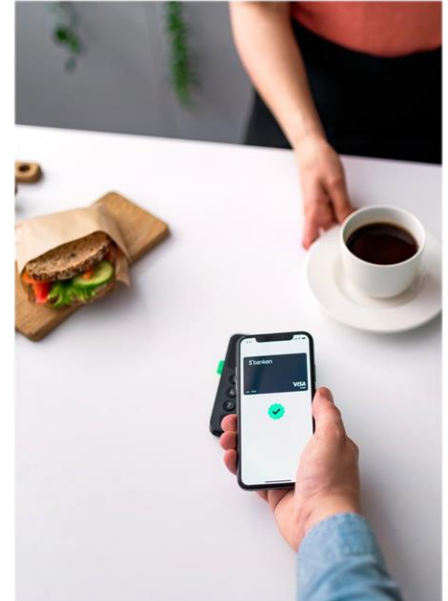
Average ROE of 12.3 % last four years



Most satisfied customers in the last 19 years



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



Developments in the quarter

Favouring profitable growth

- NIM 1.66 % - up 15 bps from previous quarter
- Strong competition within mortgages
- Mortgage lending down 0.8 %
- Consumer loans volume trending lower

Strong momentum in long-term savings

- FuM increased to NOK 19.3bn
- NCCF market share 25 %

Cost level trending lower

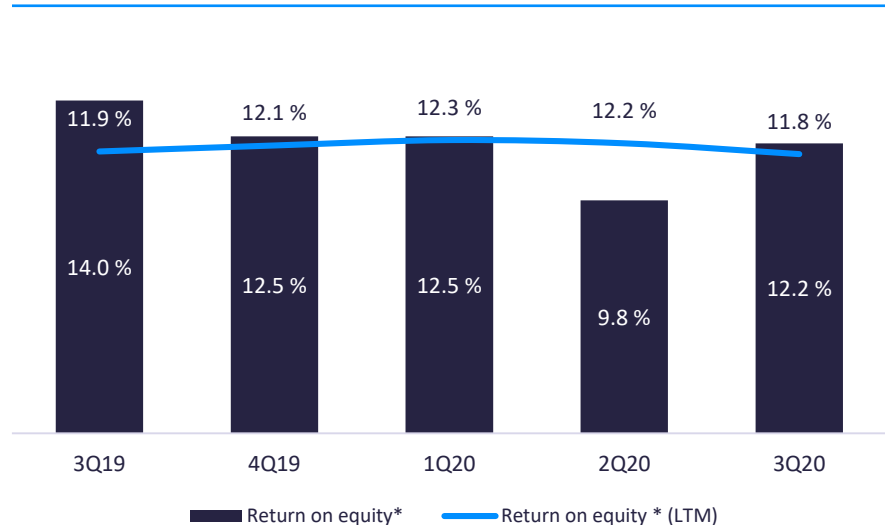
- Operating costs NOK 167m against 175m guiding

Improved asset quality – loss level coming down

Strong capital situation – CET1 16.8 %

- Proposed dividend authorisation to distribute up to NOK 3.15 per share

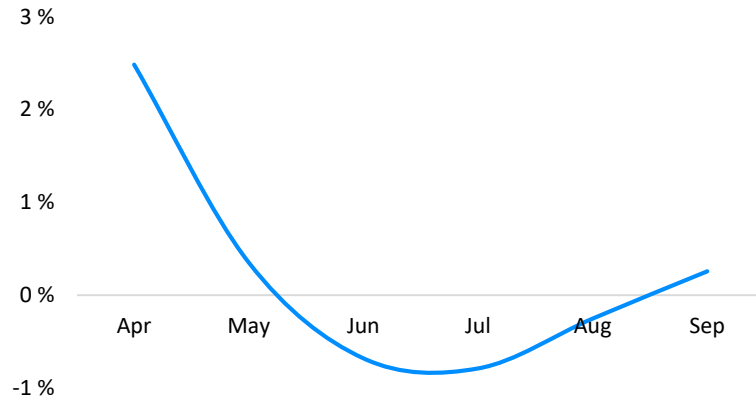
Return on Equity



* Adjusted for non-recurring items

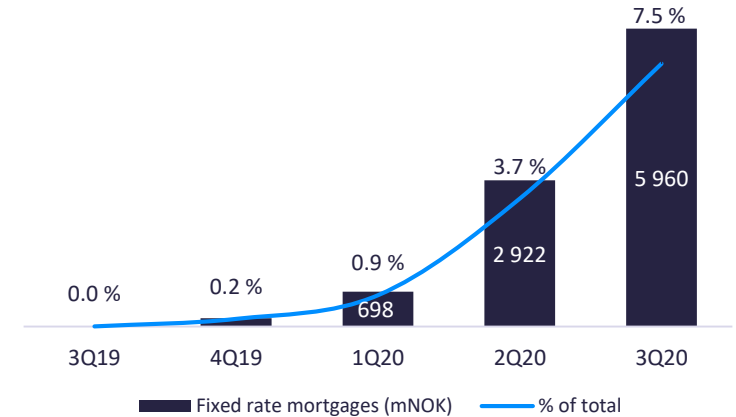
Mortgage lending development

Growth development



- Prioritised higher yielding mortgages for interest cut in May
- Competitive for strategic price points and fixed rate
- Shifting towards higher LTV buckets and larger loan sizes

Fixed rate mortgages



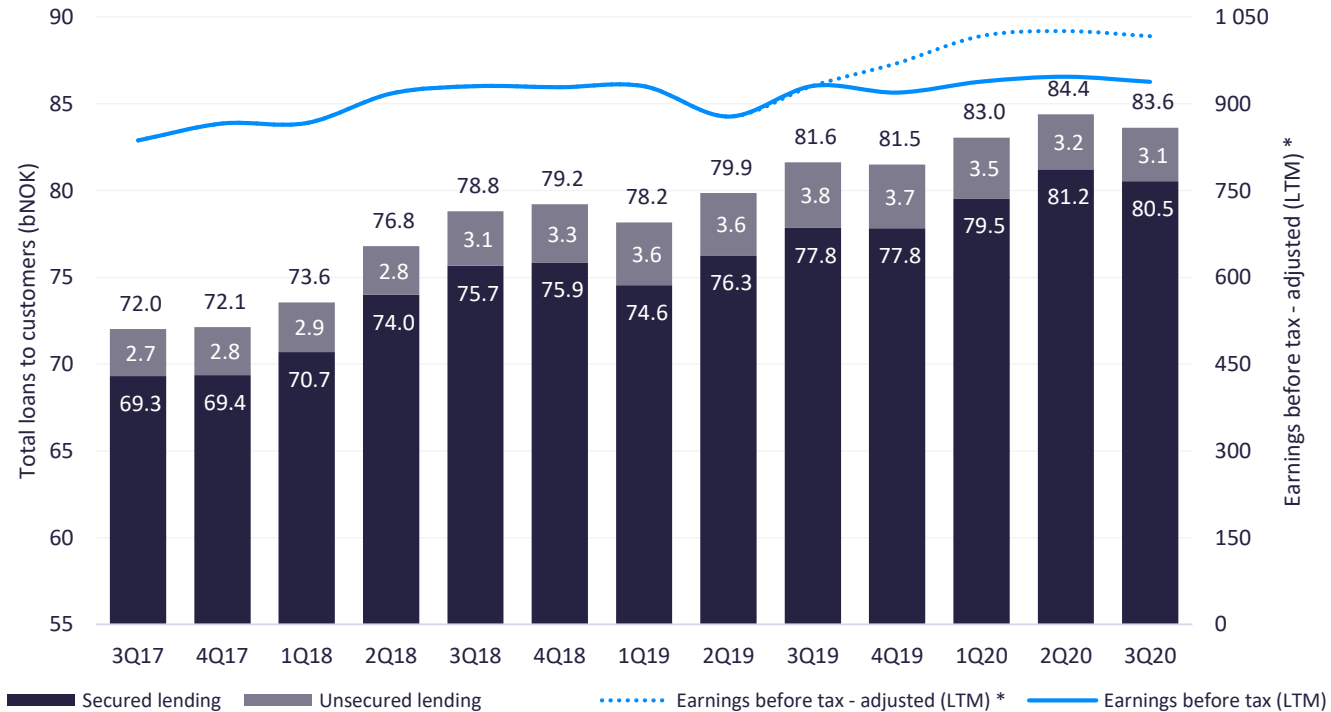
- High growth in fixed rate mortgages
– predictable payment schedule for customers

Financial highlights

	Q3 2020	Q3 2019	12-month growth
Net interest income (NOK million)	422.2	420.8	0.3 %
Net fee and commission (NOK million)	43.8	63.8	-31.3 %
Net profit (NOK million)	211.8	217.7	-3.1 %
Earning per share (NOK)	1.90	1.96	
ROE (per cent)	12.2	14.0	
Cost-to-income (per cent)	35.5	35.4	
Loan-loss-ratio (per cent)	0.14	0.18	
NIM (per cent)	1.66	1.51	
CET1 (per cent)	16.8*	15.0	
FuM (NOK billion)	19.2	14.0	

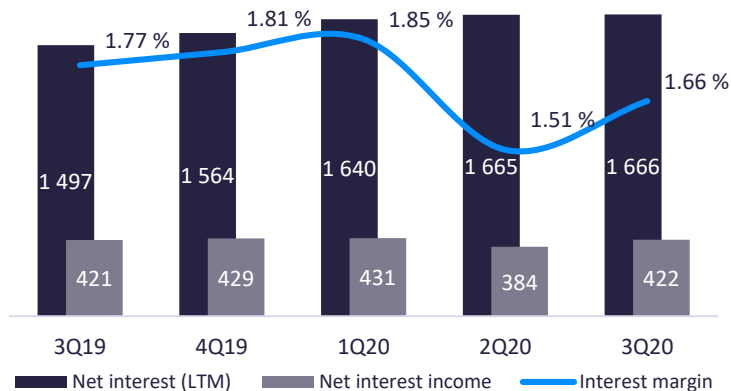
* Including 70 per cent retained earnings for first nine months of 2020 and 100 per cent retained earnings for 2019 following the Board's revised dividend proposal

Sound balance between profitability and growth



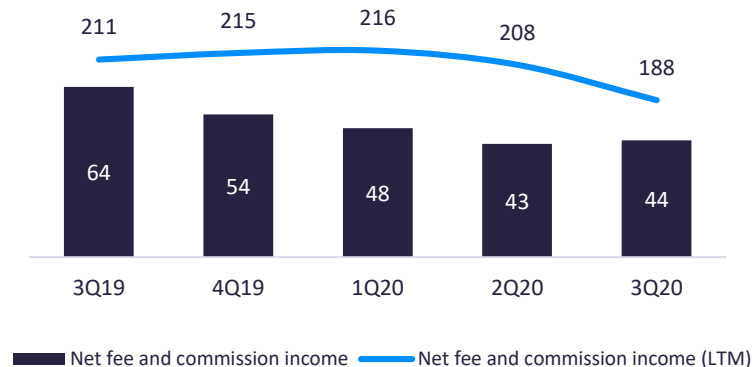
Revenues

Net interest income



- Interest rate cut in May had full effect from 12 July
- NIM expected to stabilise as effects from of unmatched timing abates

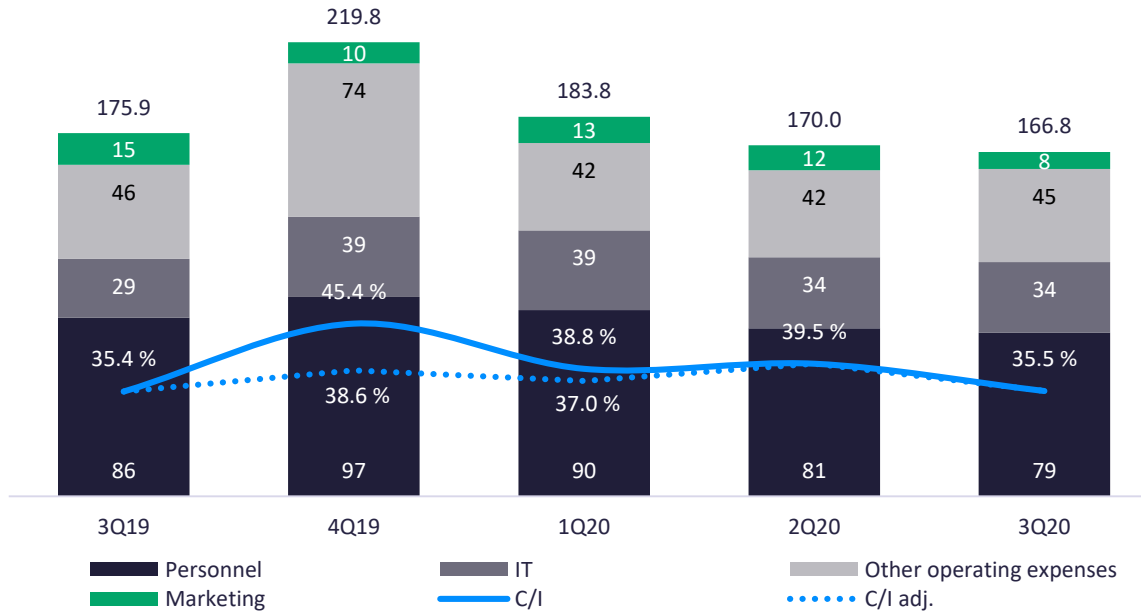
Net fee and commission income



- Reduced revenues from card transactions as customers' travel activity fell during COVID-19 pandemic
- Positive contribution from FuM growth

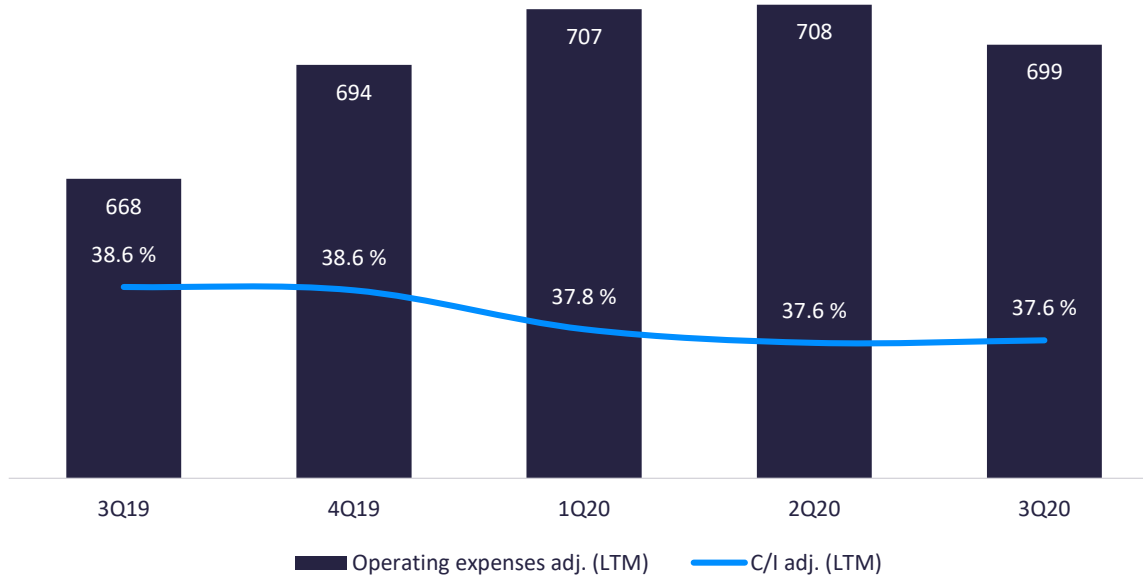
Operating costs

NOK million



- Cost base trending lower – below Q4 2020 guidance of NOK 175m
- Lower payroll expense as cost initiatives show effect
- Reduced marketing towards consumer loans and increased mobile advertising

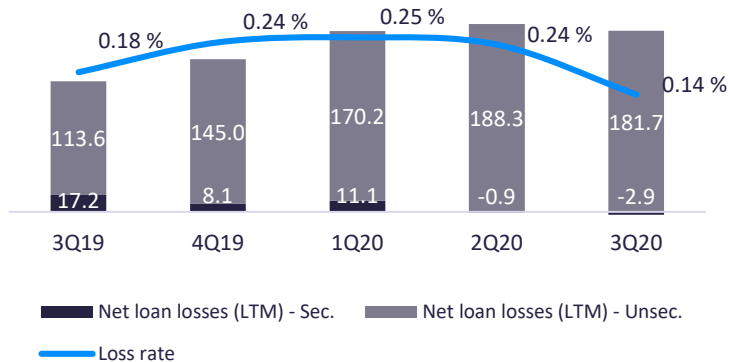
Cost and cost-to-income



- Cost-income target of 34 % mid-term
- Cost-to-income of 35.5 % in the quarter
- Improving efficiency and automation within core banking operations

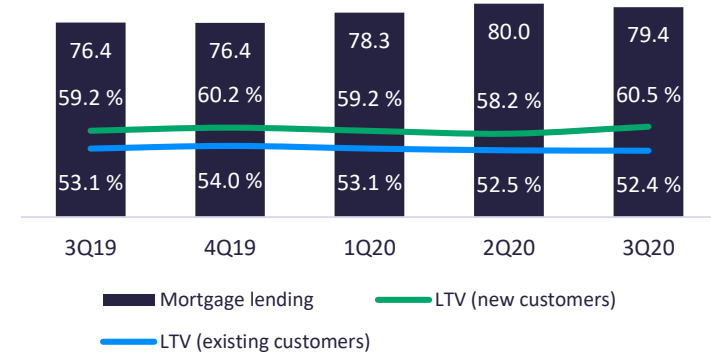
Asset quality

Net loan losses and loss ratio



- Loss rate trending lower with improved macro visibility
- Cost of risk expected to remain below 0.20 % in the coming quarters

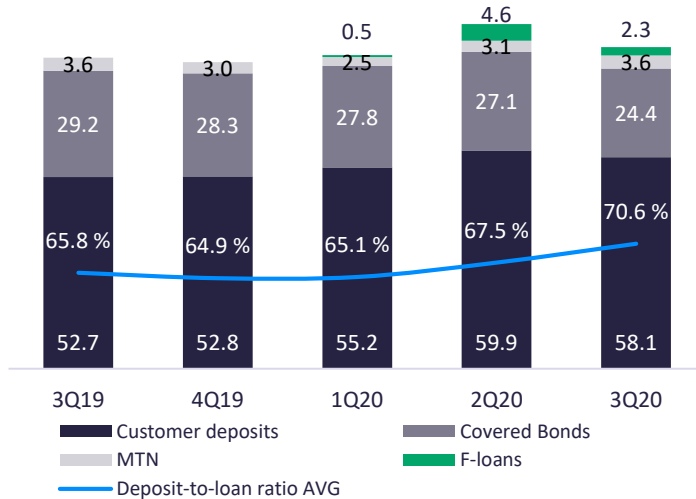
Mortgage lending and LTV



- Average LTV stable both for existing portfolio and new loans

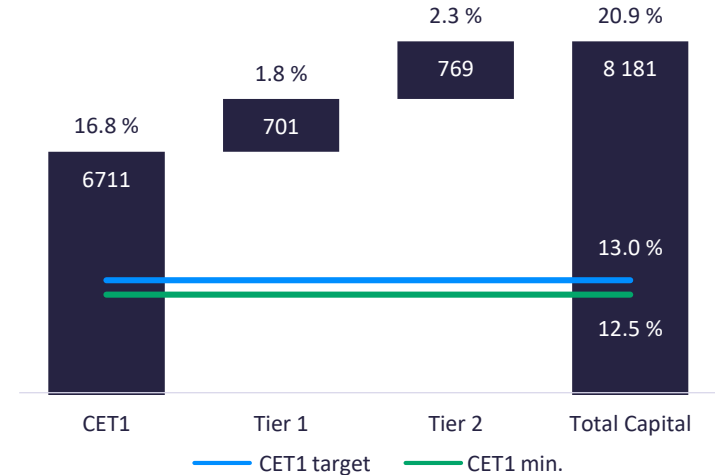
Funding and capital

Funding



- Robust liquidity position with increased deposit-to-loan ratio

Capital



- Substantial excess capital - CET1 at 16.8 %
- Proposed authorisation to Board to distribute up to 49.6 % of net profit in dividend for 2019

Dividend

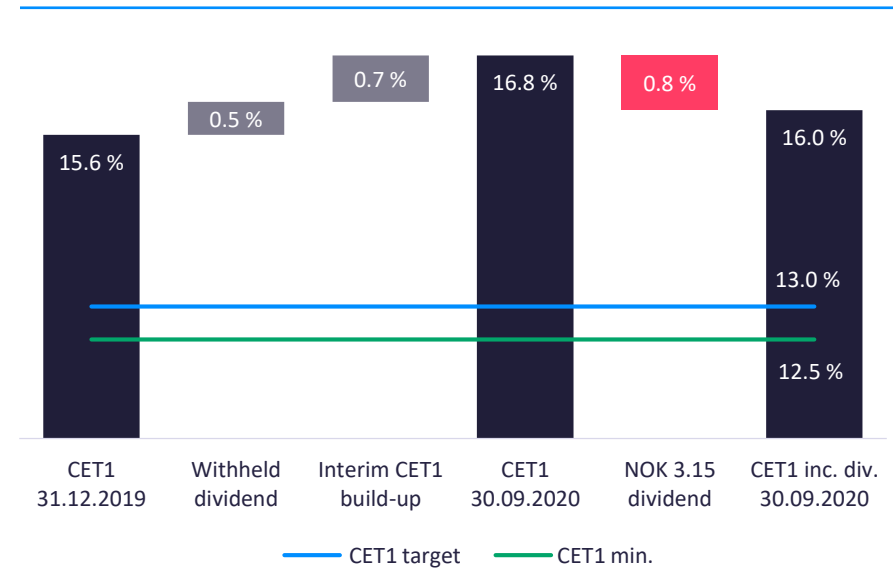
Proposed authorisation for 2019 dividends

- EGM to decide on authorisation to the Board of Directors
- Authorisation valid from 1 January 2021 until 2021 AGM
- Dividend limited to NOK 3.15 per share
 - 49.6 % of net profit for 2019

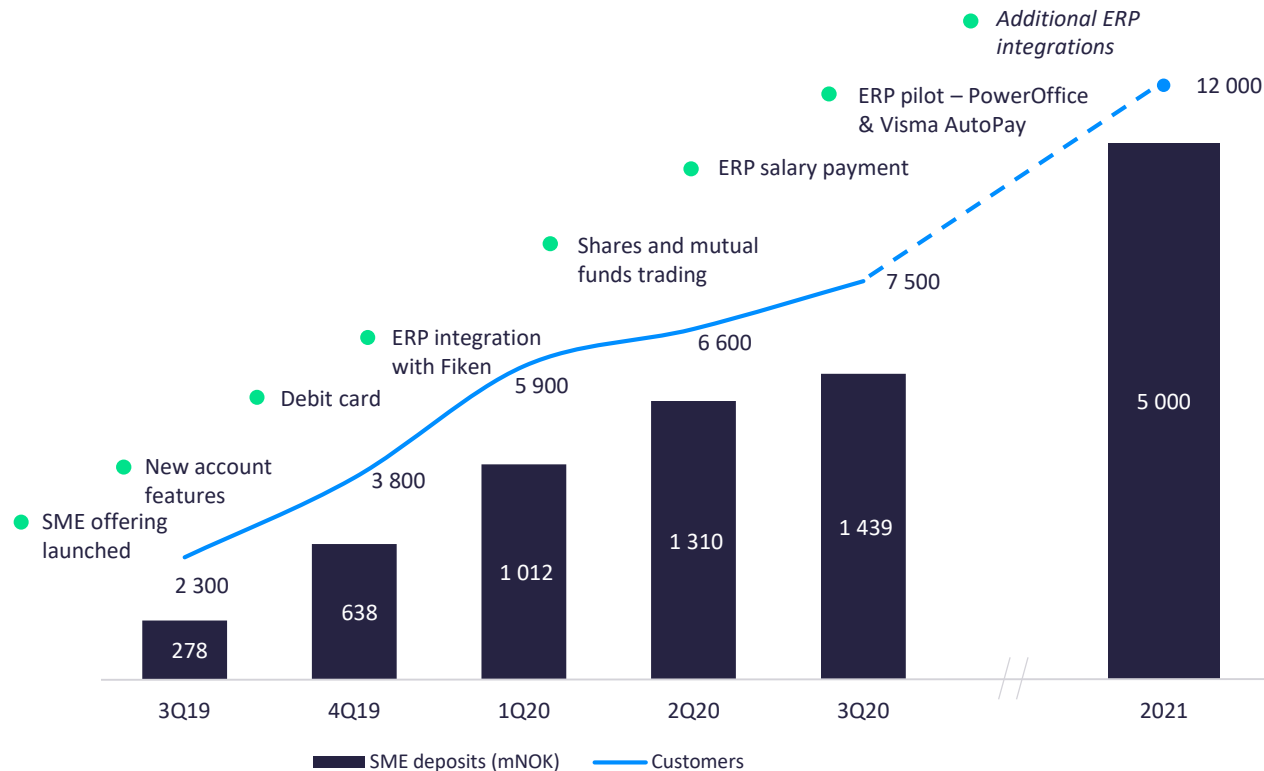
Timeline



Solid capital position



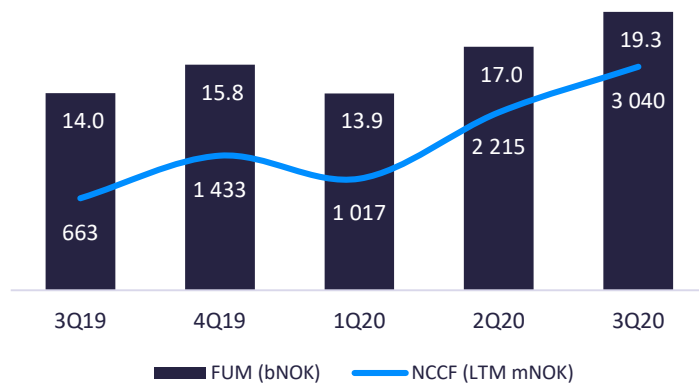
SMEs



- Underserved customer group
- Cost-effective solutions on cutting-edge technological platform
- Platform functioning well and highly scalable.
- Positive reviews following first ERP integrations
- Reaching objectives at slower pace than planned – negative impact of COVID-19 on customer acquisition

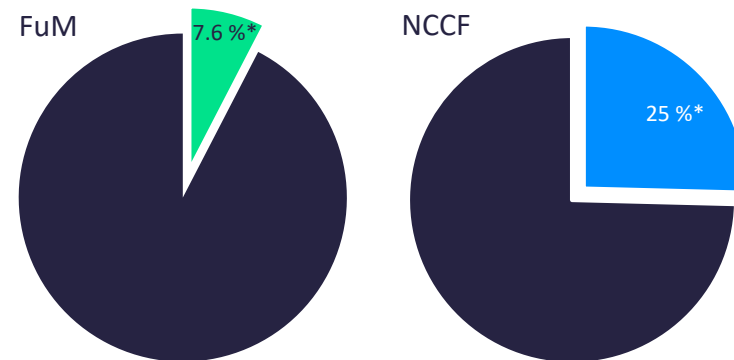
Strong growth in savings

Funds under Management








- Strong growth in FuM – improved market sentiment and high inflow of customers' funds
- Net client cash flow NOK 960 million in the quarter

Market share



- Record high inflow from savings agreements
- Targeted marketing in own and external channels – recruiting new customers and increasing savings within existing portfolio

Financial targets 2020 - 2022

		Targets 2020 - 2022	Q3 2020	2019
	Return on equity	14.0 %	12.2 %	12.1 %*
	LTM EPS growth	> 10 %	6.8 %*	2.8 %*
	Payout ratio	Up to 30 %	N/A	29.9 %**
	CET1 ratio	13.0 %	16.8 %**	15.6 %**
	Cost-to-income ratio	< 34 %	35.5 %	38.6 %*

* Excluding non-recurring items.

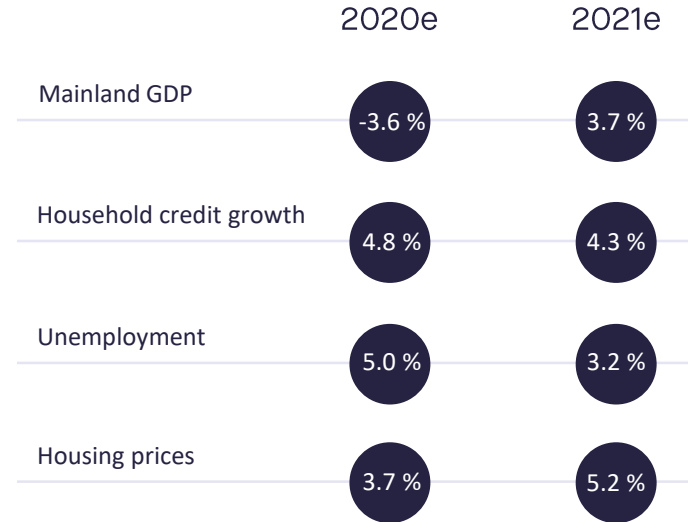
** 2019 is based on proposed dividend. Q3 2020 follows the revised dividend proposal to not distribute 2019 dividends at this point in time.

Note: Targets are subject to the current capital requirements. Any future regulatory changes could imply a change to the target

Outlook



- Economic outlook for Norway is improving, but there still persists uncertainty regarding the development going forward
- Record low key policy rate puts downward pressure on interest margin
- Expects to continue to gain market share in savings
- Cost of risk expected to remain below 0.20 % in the coming quarters
- Bank is on track to reach year-end employment and cost targets



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

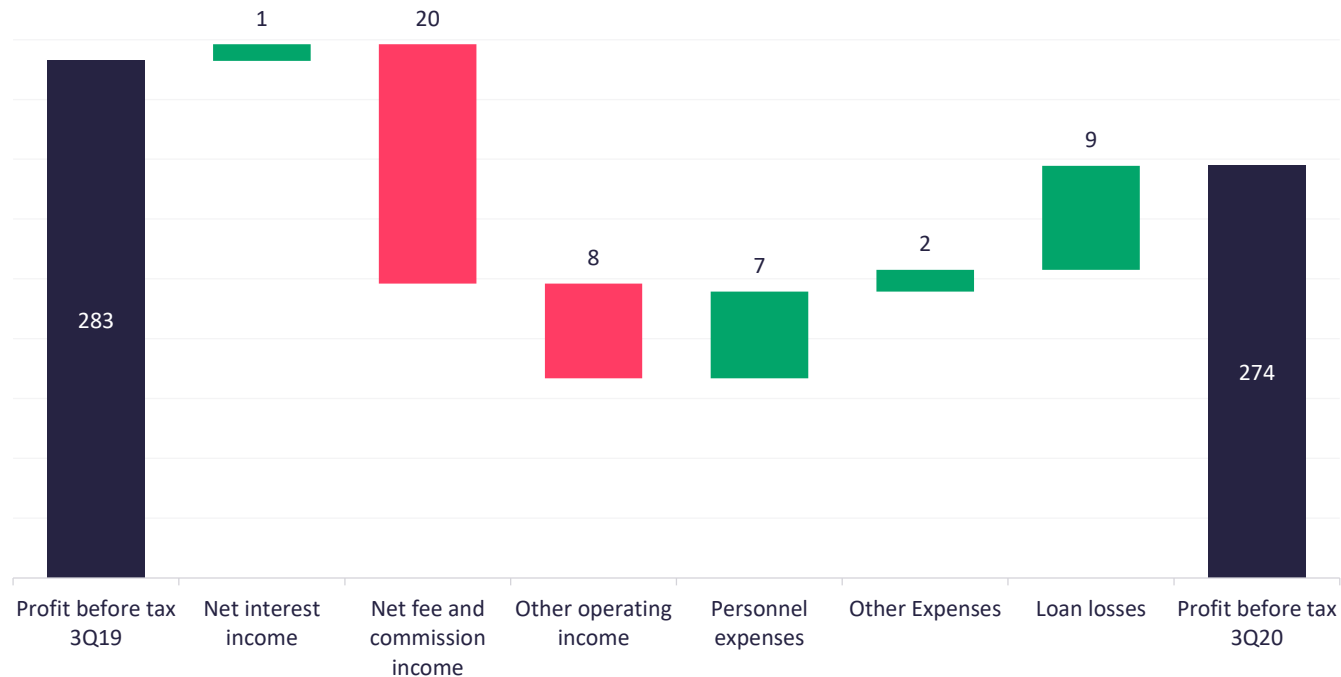
In NOK thousand	Note	Q3 20	Q3 19	Jan-Sep 20	Jan-Sep 19	2019
Interest income from financial instruments using the effective interest method	12	526 727	694 259	1 874 489	1 974 011	2 719 164
Other interest income	12	0	0	0	0	0
Interest expense	12	-104 528	-273 429	-637 662	-838 941	-1 155 037
Net interest income		422 199	420 830	1 236 827	1 135 070	1 564 127
Commission and fee income	13	84 746	97 119	249 956	254 978	344 607
Commission and fee expense	13	-40 921	-33 298	-115 207	-93 583	-129 683
Net commission and fee income		43 825	63 821	134 749	161 395	214 924
Net gain/(loss) on financial instruments	14	3 578	11 421	1 847	19 420	20 553
Other income		30	125	30	125	225
Other operating income		3 608	11 546	1 877	19 545	20 778
Personnel expenses	15	-79 155	-86 742	-250 615	-246 345	-342 921
Administrative expenses	15,20	-71 071	-74 203	-220 743	-220 571	-303 070
Depreciation and impairment of fixed and intangible assets		-16 575	-14 950	-49 231	-40 491	-81 249
Profit before loan losses		302 832	320 302	852 864	808 603	1 072 589
Loan losses	8	-28 384	-37 067	-128 911	-103 304	-153 149
Profit before tax		274 448	283 235	723 953	705 299	919 440
Tax expense	16	-62 616	-65 528	-162 273	-158 222	-209 388
Profit for the period		211 832	217 708	561 680	547 077	710 052
Attributable to						
Shareholders		202 956	209 357	533 828	524 000	678 080
Additional Tier 1 capital holders	11	8 876	8 351	27 852	23 077	31 972
Profit for the period		211 832	217 708	561 680	547 077	710 052

Balance sheet

In NOK thousand	Note	30.09.20	30.09.19	31.12.19
Assets				
Cash and receivables with central bank	5	397 484	581 892	1 587 606
Loans to and receivables from credit institutions	5	888 298	1 108 269	286 802
Loans to customers	5, 6, 7, 17, 18	83 266 268	81 354 441	81 233 217
Net loans to customers, central bank and credit institutions		84 552 050	83 044 602	83 107 625
Commercial paper and bonds at fair value through OCI	17, 19	12 070 728	10 214 745	9 087 319
Equity and funds	17, 18, 19	208 732	169 089	171 680
Derivatives	19	849 677	265 675	201 975
Intangible assets		119 326	158 627	135 376
Deferred tax assets	16	16 814	16 489	17 915
Property, plant and equipment		135 404	152 039	164 782
Other assets		91 873	56 381	88 588
Advance payment and accrued income		56 189	29 446	30 425
Total assets		98 100 793	94 107 095	93 005 685
Liabilities				
Loans and deposits from central bank	17,18	2 250 000	0	0
Loans and deposits from credit institutions	17, 18	808 480	0	0
Deposits from customers	17, 18	58 064 313	52 653 797	52 844 881
Debt securities issued	10, 17, 18	27 978 475	32 769 320	31 304 025
Derivatives		55 336	0	0
Taxes payable	16	163 690	160 130	208 769
Pension commitments		27 494	30 797	27 494
Other liabilities		442 182	1 079 950	834 679
Subordinated loans	10, 17, 18	898 751	774 544	899 438
Total liabilities		90 688 722	87 468 537	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	701 139	605 505	705 858
Other equity		3 016 344	2 338 465	2 485 952
Total equity		7 412 071	6 638 558	6 886 398
Total liabilities and equity		98 100 793	94 107 095	93 005 685

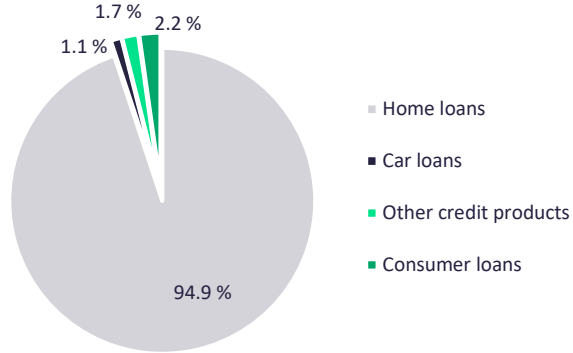
Change in profit before tax

NOK million

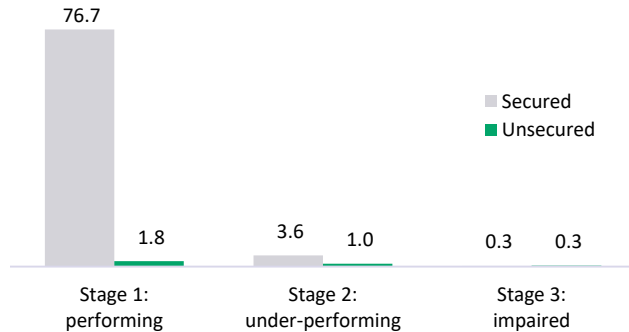


Lending portfolio

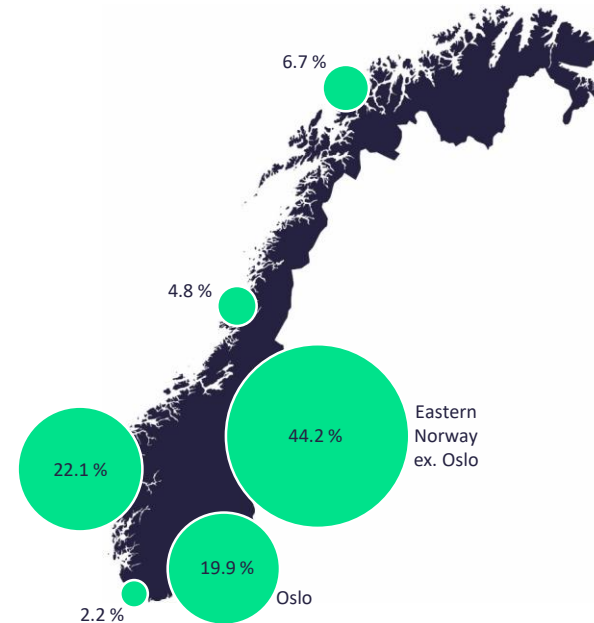
Product distribution



Risk classification (bnNOK)

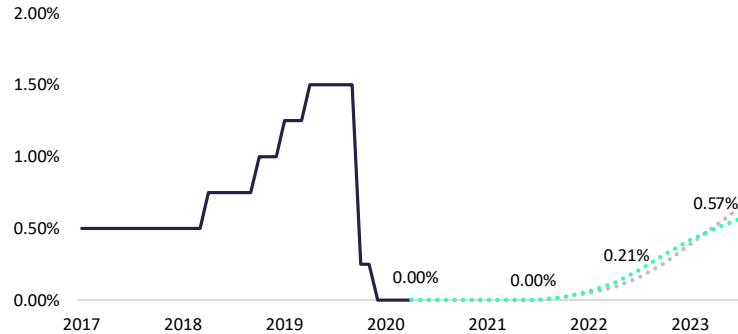


Mortgage lending centred in urban areas

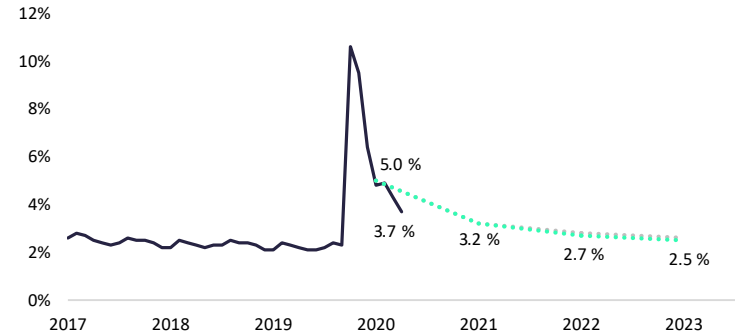


Norwegian macro development

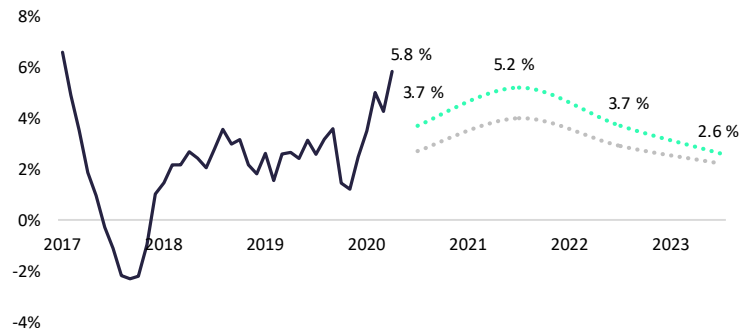
Key policy rate



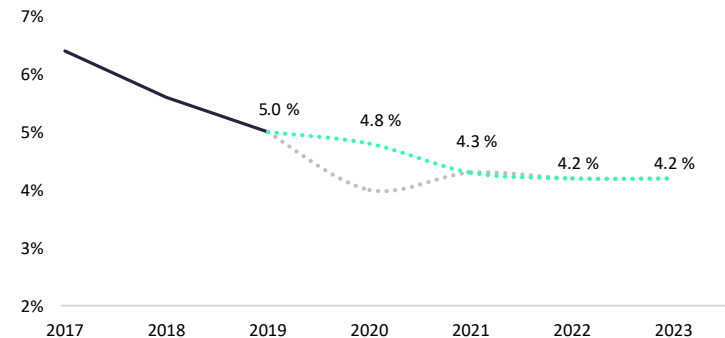
Unemployment (registered)



Housing prices (12-month rolling)



Credit to households (C2)



Interest bearing lending and funding

Interest bearing lending

NOKm		2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Home loans	Volume	76 427	76 447	76 427	78 318	79 995	79 362
	Interest income	2 024	513	563	570	443	397
	Effective rate ¹	2.71 %	2.71 %	2.94 %	2.98 %	2.23 %	1.99 %
Car loans	Volume	1 121	1 154	1 121	1 098	1 033	953
	Interest income	62	15	16	16	15	14
	Effective rate ¹	5.27 %	5.23 %	5.48 %	5.70 %	5.55 %	5.46 %
Consumer loans	Volume	2 263	2 341	2 263	2 187	2 027	1 869
	Interest income	234	63	60	58	54	51
	Effective rate ¹	10.36 %	10.68 %	10.38 %	10.33 %	10.36 %	10.35 %
Other credit products ²	Volume	1 684	1 681	1 684	1 443	1 339	1 436
	Interest income	188	46	49	48	43	41
	Effective rate ¹	11.30 %	11.03 %	11.40 %	11.81 %	12.21 %	11.58 %
Interest bearing securities	Volume	9 087	10 215	9 087	9 631	14 855	12 071
	Interest income	189	50	51	51	44	25
	Effective rate ¹	1.82 %	1.87 %	2.10 %	2.21 %	1.31 %	0.70 %
Total	Volume	93 006	94 107	93 006	96 352	104 269	98 101
	Interest income	2 719	694	745	747	601	527
	Effective lending rate ¹	2.93 %	2.94 %	3.17 %	3.21 %	2.37 %	2.07 %

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

Interest bearing funding

NOKm		2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Deposits	Volume	52 845	52 654	52 845	55 239	59 901	58 064
	Interest expense	430	108	115	117	84	38
	Effective rate ¹	0.83 %	0.81 %	0.86 %	0.88 %	0.59 %	0.15 %
	Bank guarantee fee	62	-8	15	16	16	16
Debt securities issued	Effective rate incl. fee ¹	0.94 %	0.75 %	0.97 %	1.00 %	0.71 %	0.26 %
	Volume	31 304	32 769	31 304	30 327	30 148	27 978
	Interest expense	636	151	177	174	107	56
	Effective rate ¹	1.93 %	1.98 %	2.20 %	2.27 %	1.37 %	0.78 %
Loans from central bank	Volume	0	0	0	0	4 550	2 250
	Interest expense	0	0	0	0	2	2
	Effective rate ¹	N/A	N/A	N/A	N/A	0.24 %	0.24 %
Total	Volume	84 048	87 469	85 048	86 496	95 524	90 689
	Interest expense	1 155	273	316	317	217	105
	Effective funding rate ¹	1.24 %	1.15 %	1.33 %	1.36 %	0.85 %	0.42 %

(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		30.09.20					
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:							
Mortgages	Residential property	245 691	-35 310	210 381	209 071	1 310	96.4%
Car Loans	Vehicle	11 234	-5 083	6 151	6 143	8	99.8%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	338 460	-205 888	132 572	0	132 572	60.8%
Total credit-impaired assets		595 385	-246 281	349 104	215 214	133 890	64.8%

Financial calendar

11.02.2021

Quarterly report Q4 2020

01.04.2021

Annual report FY 2020

13.05.2021

Quarterly report Q1 2021

