



Sbanken

Q2

Second quarter 2020

(Unaudited)

Sbanken ASA

Q2

Second quarter 2020 – Highlights Sbanken ASA

Annual lending growth

5.7 %
(4.0 %*)

Cost-to-income ratio

39.5 %
(40.8 %*)

ROE

9.8 %
(10.3 %*)

Net interest margin

1.51 %
(1.57 %*)

Loan loss ratio

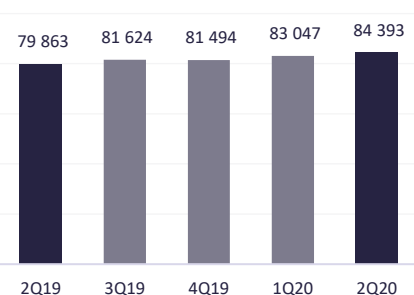
0.24 %
(0.22 %*)

CET1 ratio

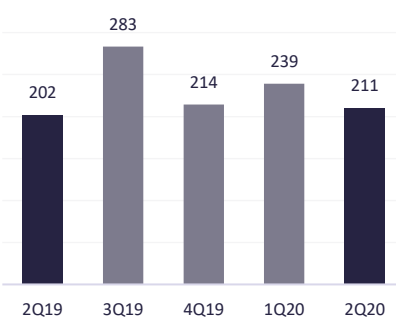
15.9 %**
(14.9 %*)

- Gaining market share in mortgages – quarterly lending growth 1.6 %
- FuM at NOK 17.0bn – market share increased to 7.1 %
- Operating costs below guidance
- Conservative balance sheet – 94.8 % mortgages with low LTV

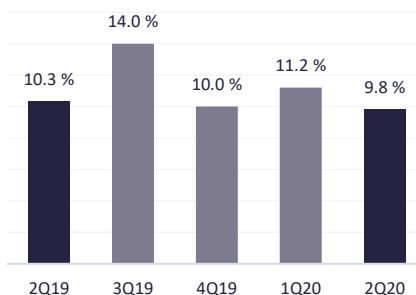
Total loans to customers
NOK million



Earnings before tax
NOK million



Return on equity
Per cent



* Comparable figure corresponding period last year.

** Including 70 per cent retained earnings for the first half-year of 2020 and 100 per cent retained earnings for 2019.

Key figures (group)

In NOK thousand	Reference	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Summary of income statement						
Net interest income		383 996	359 103	814 628	714 240	1 564 127
Net fee and commission income		42 521	50 503	90 924	97 574	214 924
Net other income		3 580	4 928	-1 731	7 999	20 778
Total income		430 097	414 534	903 821	819 813	1 799 829
Operating profit before loan losses						
Other operating expenses		-170 039	-169 004	-353 789	-331 512	-727 239
Operating profit before loan losses		260 059	245 530	550 032	488 300	1 072 589
Earnings before tax						
Loan losses		-49 508	-43 381	-100 527	-66 237	-153 149
Earnings before tax		210 551	202 149	449 505	422 063	919 440
Net profit						
Calculated tax		-44 746	-44 381	-99 657	-92 694	-209 388
Net profit		165 805	157 767	349 848	329 369	710 052
Profitability						
Return on equity	1	9.8 %	10.3 %	10.5 %	11.0 %	11.4 %
Net interest margin	2	1.51 %	1.57 %	1.68 %	1.57 %	1.68 %
Cost-to-income ratio	3	39.5 %	40.8 %	39.1 %	40.4 %	40.4 %
Earnings per share		1.47	1.40	3.10	2.94	6.34
Balance sheet figures (in NOK million)						
Total loan volume		84 393	79 863	84 393	79 863	81 494
Customer deposits		59 901	53 930	59 901	53 930	52 845
Deposit-to-loan ratio	4	67.5 %	64.6 %	66.3 %	64.1 %	64.8 %
Lending growth (gross) previous 12 months		5.7 %	4.0 %	5.7 %	4.0 %	2.9 %
Average total assets	5	102 113	91 611	97 608	91 719	92 913
Total assets, end of period		104 269	94 959	104 269	94 959	93 006
Book value per share		60.9	54.6	60.9	54.6	57.8
Losses and defaults						
Total loan loss (%)	6	0.24 %	0.22 %	0.24 %	0.17 %	0.19 %
Capital adequacy and leverage ratio						
Common equity Tier 1 capital ratio	7	15.9 %	14.9 %	15.9 %	14.9 %	15.6 %
Tier 1 capital ratio		18.1 %	16.4 %	18.1 %	16.4 %	17.5 %
Total capital ratio		20.4 %	18.5 %	20.4 %	18.5 %	19.9 %
Leverage ratio		6.5 %	6.1 %	6.5 %	6.1 %	6.7 %
Employment						
FTEs		338	363	338	363	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

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) The calculation includes 70 per cent retained earnings for the first half-year of 2020 and fully retained earnings for 2019 following the revised dividend proposal.

The first half-year of 2019 includes 70 per cent retained earnings. Full year 2019 includes 70.1 per cent retained earnings following the original dividend proposal.

Second Quarter Results

The Sbanken group generated a profit before tax of NOK 210.6 million in the second quarter, compared with NOK 202.1 million in the second quarter of 2019. Net interest income increased to NOK 384.0 (359.1) million, but was in the quarter negatively affected as rate cuts were effectuated earlier for lending than for deposits. Net fee and commission income decreased to NOK 42.5 (50.5) million due to effects from the coronavirus outbreak.

Total customer lending at quarter-end was NOK 84.4 (79.9) billion, supported by continued strong growth in mortgage lending. At quarter-end, mortgages with an average LTV of 52.9 per cent accounted for 94.8 per cent of overall customer lending. Return on equity in the second quarter was 9.8 (10.3) per cent.

Important events during the quarter

Following the outbreak of coronavirus COVID-19 towards the end of the first quarter, government containment measures have in this quarter been eased and business activity has picked up. Unemployment has come down from record high levels, but remains elevated. There still persists significant uncertainty regarding the outlook for the Norwegian economy. The majority of Sbanken's staff has been able to work effectively from home, supported by the bank's fully digital business model. A process to migrate staff back to head office has now been initiated.

On 7 May, Norges Bank lowered the key policy rate by 25 basis points to zero per cent, a record low level. The three-month NIBOR rate decreased by 70 basis points from 1.06 per cent at the end of the first quarter, to 0.36 per cent at the end of the second quarter.

Sbanken followed Norges Bank's rate cut by lowering interest rates by up to 40 basis points, with mortgage rate cuts having full effect from 25 May, while changes in deposit rates had full effect from 12 July.

Compared to March and April, fewer mortgage customers are now applying for instalment deferrals as support amidst the uncertain market situation. At the end of the quarter, 2 600 customers had availed themselves of the offer with a combined volume of NOK 6.0 billion.

For the 19th consecutive year, Sbanken was rated as the bank with the most loyal and satisfied customers by Norsk Kundebarometer. In the Reputation Institute's RepTrak® survey, Sbanken's strong reputation was again confirmed.

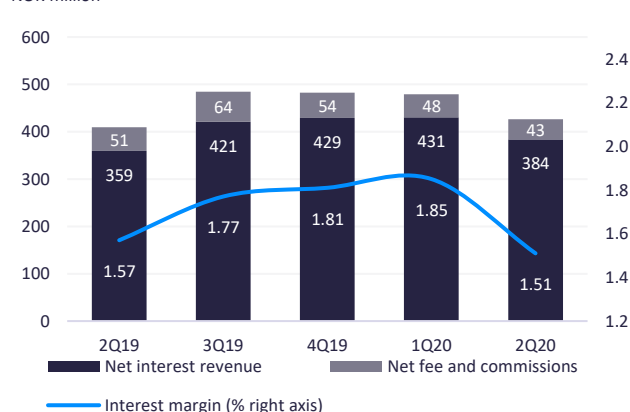
Operating income

Operating income increased to NOK 430.1 (414.5) million, following an increase in net interest income of NOK 24.9 million, a decrease in net fee and commission income of NOK 8.0 million and a decrease in other operating income of NOK 1.3 million from the second quarter of 2019.

Net interest income increased to NOK 384.0 (359.1) million, predominately as a result of increased mortgage lending. The net interest margin was 1.51 per cent, down from 1.57 per cent in the second quarter of 2019. Net interest income was in the quarter negatively affected as the rate cuts announced in March and May were effectuated earlier for lending than for deposits, which follow the two month statutory notice period.

Net fee and commission income decreased to NOK 42.5 (50.5) million, primarily as a result of reduced revenues from card transactions as travel activity among customers fell.

Net interest and fee and commission income
NOK million



Repricing of loan and credit products led to a decrease in the effective lending rate to 2.37 per cent, compared to 2.83 per cent in the second quarter of 2019, and 3.21 per cent in the previous quarter.

Average effective interest rate by product group

	2Q19	3Q19	4Q19	1Q20	2Q20
Mortgages	2.59 %	2.71 %	2.94 %	2.98 %	2.23 %
Car loans	5.36 %	5.23 %	5.48 %	5.70 %	5.55 %
Consumer loans	10.44 %	10.68 %	10.38 %	10.33 %	10.36 %
Other credit	11.26 %	11.03 %	11.40 %	11.81 %	12.21 %

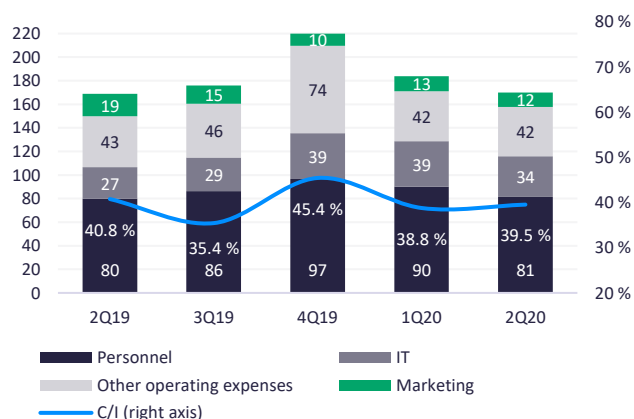
The effective funding rate in the quarter decreased to 0.85 per cent, compared with 1.36 per cent in the second quarter of 2019. The funding rate decreased by 51 basis points from the previous quarter, primarily a result of reduced money market rates and repricing of deposits.

Operating expenses

Operating expenses amounted to NOK 170.0 (169.0) million in the quarter. Compared to the second quarter of 2019, the main differences were lower marketing spend and a reduction in the capitalisation of IT projects. Marketing costs decreased to NOK 12.2 million from NOK 19.2 million in the second quarter of 2019.

The cost-to-income ratio was 39.5 per cent in the quarter, compared to 40.8 per cent in the second quarter of 2019.

Operating expenses
NOK million



Impairments and losses

The net cost of losses amounted to NOK 49.5 million in the quarter, equivalent to a loan loss ratio of 0.24 per cent. Losses for unsecured credit were influenced by ECL model calibrations in light of new macro assumptions. Loan loss ratio was around 590 basis points for consumer loans, while there was a marginal reduction in provisions for mortgages.

Total expected credit losses amounted to NOK 339.8 million at the end of the quarter, of which NOK 50.9 million related to secured loans and NOK 288.9 million to unsecured loans.

Taxes

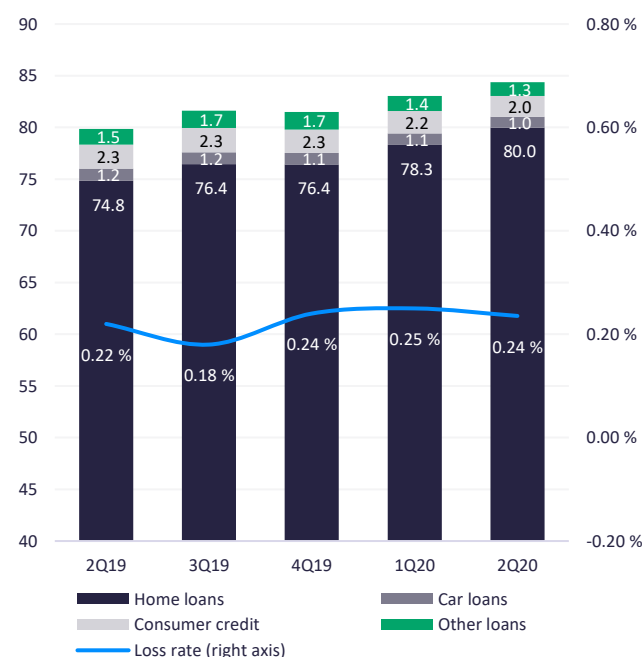
The estimated tax expense amounted to NOK 44.7 (44.4) million, corresponding to an effective tax rate of 21.3 (22.0) per cent.

Loans to and deposits from customers

At the end of the quarter, loans to customers was NOK 84.4 (79.9) billion. Lending growth over the past 12 months was 5.7 per cent, driven by strong growth in mortgages lending. The volume of fixed rate mortgages increased to NOK 2.9 billion, up from NOK 0.7 billion at the end of the first quarter of 2020.

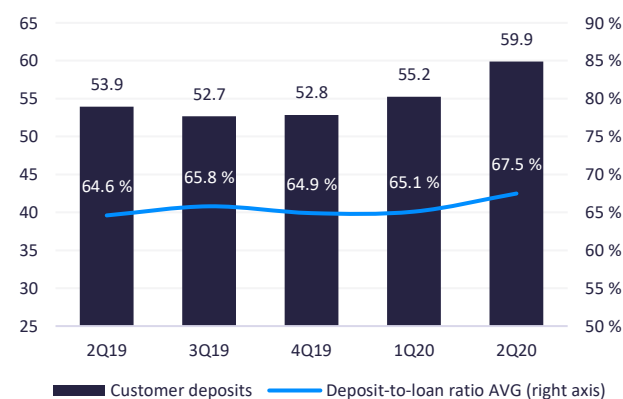
Outstanding consumer loans amounted to NOK 2 027 (2 325) million at quarter-end, a 7.3 per cent reduction from the end of the previous quarter. The volume of other credit products (account credit, credit cards and custody account loans) was NOK 1 339 (1 521) million.

Loans to customers
NOK billion



Customer deposits increased to NOK 59.9 (53.9) billion, an 11.1 per cent increase from the second quarter of 2019. At quarter-end, the bank had close to 6 600 SME customers with combined deposits of NOK 1.3 billion.

Customer deposits
NOK billion

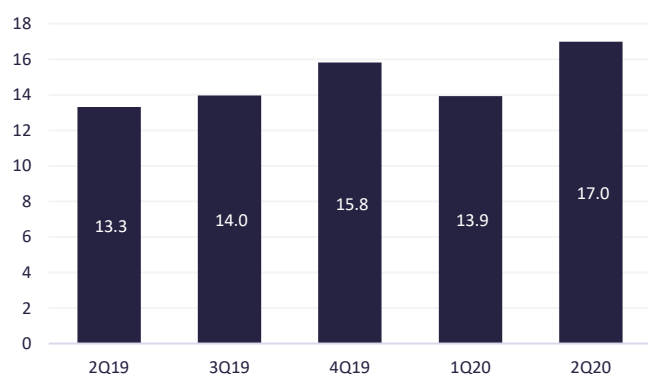


Savings

Funds under management increased with NOK 3 063 million during the quarter, ascribed both to improved market sentiment and inflow of customers' funds. At the end of May, Sbanken's market share in retail fund savings had increased to 7.1 per cent, up from 6.9 per cent at the end of the previous quarter.

Net client cash flow in the quarter was positive in the amount NOK 1 318 million. For April and May combined, net client cash flow as share of Norwegian retail fund inflows was 13.2 per cent.

Customers' investment in mutual funds (FuM)
NOK billion



Comments on the results for the first half-year of 2020

Sbanken recorded a net profit after tax of NOK 349.8 million in the first half-year of 2020, compared with NOK 329.4 million in the first half-year of 2019.

Net interest income increased by 14.1 per cent to NOK 814.6 (714.2) million, primarily due to growth in mortgage lending. Net fee and commission decreased to NOK 90.9 (97.6) million, mainly as a result of lower income from card transactions abroad amidst the COVID-19 pandemic.

Operating expenses increased by 6.7 per cent to NOK 353.8 (331.5) million.

The net cost of losses amounted to NOK 100.5 (66.2) million, corresponding to a loan loss ratio of 0.24 (0.17) per cent. Losses for the first half-year of 2020 were negatively influenced by ECL model calibrations.

Capital adequacy, leverage ratio and risk factors

On 10 June, Sbanken issued additional Tier 1 capital of NOK 300 million and subordinated Tier 2 capital of NOK 350 million, partially replacing additional Tier 1 and Tier 2 capital with call dates in the second half of 2020.

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 15.9 per cent, a 0.2 percentage points reduction from the first quarter of 2020. Tier 1 capital ratio was 18.1 per cent and total capital ratio was 20.4 per cent, while the leverage ratio was 6.5 per cent. The capital ratios include 70 per cent of retained earnings for the first half-year of 2020 and 100 per cent of retained earnings for 2019, following the Board's revised dividend proposal to not distribute 2019 dividend at this point in time. Retained earnings accounted for a 0.3 percentage points increase in CET1 capital ratio, while an increase in risk-weighted assets accounted for a 0.5 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 mortgages, car loans and unsecured credit products. Sbanken has a high-quality lending portfolio predominately composed of mortgages with a moderate loan-to-value ratio (LTV). At quarter-end, the average LTV was 52.9 per cent, reduced from 53.4 per cent in the previous quarter. Mortgage lending accounted for 94.8 per cent of the gross lending portfolio.

Sbanken is exposed to market risks such as interest rate risk, share price risk and credit spread risk. The exposure to share price risk amounted to NOK 186.0 million at the end of the quarter, of which NOK 133.5 million 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 14.9 billion in interest-bearing securities issued by sovereigns and municipalities, as well as covered bonds. The corresponding credit spread risk was estimated to NOK 217.3 million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 413 per cent, against a minimum requirement of 100 per cent. The net stable funding ratio (NSFR) was 142 per cent.

Sbanken had outstanding capital market funding amounting to NOK 30.1 billion at quarter-end. Sbanken Boligkreditt AS' total nominal issue of covered bonds amounted to NOK 31.9 billion. Sbanken had at quarter-end borrowed NOK 4.6 billion through extraordinary F-loans offered by Norges Bank, primarily as an attractive funding alternative for liquidity portfolio investments. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 71.3 per cent, compared to 66.8 per cent in the previous quarter. 94.2 per cent of deposits were covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 85.8 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 8 June 2020. Covered bonds issued by Sbanken Boligkreditt AS have a long-term rating of Aaa from Moody's.

Macroeconomic and regulatory developments

Following the outbreak of coronavirus COVID-19 in March, economic activity has picked up and unemployment has come down during the second quarter. While the economic outlook is showing signs of improvement, there still persists significant uncertainty regarding the magnitude of the decline in economic activity and the development going forward.

In the June monetary policy report, Norges Bank projects that the key policy rate will remain at the current level of zero per cent level over the next couple of years, followed by a gradual rise.

Norges Bank projects mainland GDP to contract by 3.5 per cent in 2020, compared to 2.4 per cent growth in 2019. GDP growth is thereafter forecasted to increase to 3.7 per cent in 2021 and 2.5 per cent in 2022.

Registered unemployment fell to 4.8 per cent at the end of the quarter, compared to 10.6 per cent in the previous quarter. Unemployment is forecasted to rise to approximately 5 per cent as an annual average in 2020, before falling to below 3 per cent by 2023.

The Norwegian housing market has remained resilient with housing prices adjusted for seasonality rising by 2.5 per cent in the quarter. Rolling 12 month price growth increased to 3.5 per cent. Norges Bank projects housing prices to increase by just under 3 per cent in 2020 and 4 per cent in 2021. Credit growth for households is forecasted at around 4 per cent for 2020.

The Ministry of Finance has decided to extend the temporary increase in the mortgage regulation's flexibility quota, currently at 20 per cent, until the end of the third quarter of 2020.

Subsequent events

In July, the Norwegian Ministry of Finance ruled in favour of Sbanken in its application to exempt its parent company from the leverage ratio buffer requirement of 2 per cent. The ruling follows on an original application rejection from the Norwegian FSA, received in the fourth quarter of 2019.

The leverage ratio requirement for the group and Sbanken Boligkreditt AS is kept unchanged at 5 and 3 per cent respectively, while the updated requirement for the parent company is 3 per cent. The decision improves the group's capital flexibility going forward.

Outlook

The Norwegian economy has experienced a sharp downturn following the COVID-19 pandemic, but there is now clear signs of growth picking up again. The development going forward is still uncertain, but Norway's strong fiscal position mitigates the risk of a prolonged negative impact on growth and unemployment.

Record low key policy rate puts downward pressure on the bank's interest rate margin, but the short term outlook is positive as the effect of unmatched timing of rate cuts in the second quarter dissipates. The full effects on net interest margin is dependent on changes in funding rates and competition.

A strong capital situation and conservative lending portfolio ensures that the bank is well positioned to face macroeconomic headwinds. While the outbreak of coronavirus COVID-19 has resulted in increased provisioning relating to unsecured credit provisions, the bank expects that the cost of risk in the coming quarters will trend lower.


Going forward, the bank expects to continue gaining market share within mortgages and retail savings and will continue its cost control program. Furthermore, the bank will look to capitalise on a strong portfolio of Norway's most satisfied customers through cross-sales, technological disruption and operational excellence.

Bergen, 14 July 2020

The Board of Directors of Sbanken ASA



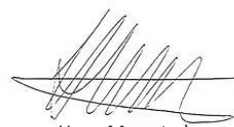
Niklas Midby
(Chair)



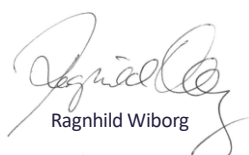
Mai-Lill Ibsen



August Baumann



Hugo Maurstad



Ragnhild Wiborg



Cathrine Klouman



Sarah Lunde Mjåtvædt



Stein Zahl-Pettersen



Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Interest income from financial instruments using the effective interest method	12	600 508	647 252	1 347 762	1 279 752	2 719 164
Other interest income	12	0	0	0	0	0
Interest expense	12	-216 512	-288 149	-533 134	-565 512	-1 155 037
Net interest income		383 996	359 103	814 628	714 240	1 564 127
Commission and fee income	13	78 262	81 226	165 210	157 859	344 607
Commission and fee expense	13	-35 741	-30 723	-74 286	-60 285	-129 683
Net commission and fee income		42 521	50 503	90 924	97 574	214 924
Net gain/(loss) on financial instruments	14	3 580	4 928	-1 731	7 999	20 553
Other income		0	0	0	0	225
Other operating income		3 580	4 928	-1 731	7 999	20 778
Personnel expenses	15	-81 310	-79 852	-171 460	-159 603	-342 921
Administrative expenses	15,20	-72 316	-74 889	-149 672	-146 368	-303 070
Depreciation and impairment of fixed and intangible assets		-16 413	-14 263	-32 657	-25 541	-81 249
Profit before loan losses		260 059	245 530	550 032	488 300	1 072 589
Loan losses	8	-49 508	-43 381	-100 527	-66 237	-153 149
Profit before tax		210 551	202 149	449 505	422 063	919 440
Tax expense	16	-44 746	-44 381	-99 657	-92 694	-209 388
Profit for the period		165 805	157 767	349 848	329 369	710 052
Attributable to						
Shareholders		156 856	149 717	330 872	314 643	678 080
Additional Tier 1 capital holders	11	8 949	8 050	18 976	14 726	31 972
Profit for the period		165 805	157 767	349 848	329 369	710 052

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q1 20	Q1 19	Jan-Jun 20	Jan-Jun 19	2019
Profit for the period	165 805	157 767	349 848	329 369	710 052
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	30 418	12 386	5 598	17 750	-7 226
Tax effect	-8 296	-2 921	-1 279	-4 451	1 570
Other comprehensive income that can be reclassified to profit or loss after tax	22 122	9 465	4 319	13 299	-5 656
Actuarial gains (losses)	0	0	0	0	1 371
Tax effect	0	0	0	0	-343
Other comprehensive income that can-not be reclassified to profit or loss after tax	0	0	0	0	1 028
Total components of other comprehensive income (after tax)	22 122	9 465	4 319	13 299	-4 628
Total comprehensive income for the period	187 927	167 232	354 167	342 668	705 424
Attributable to					
Shareholders	178 978	159 182	335 191	327 942	673 452
Additional Tier 1 capital holders	11 8 949	8 050	18 976	14 726	31 972
Total comprehensive income for the period	187 927	167 232	354 167	342 668	705 424

Balance sheet

(Sbanken group)

In NOK thousand	Note	30.06.20	30.06.19	31.12.19
Assets				
Cash and receivables with central bank	5	1 885 119	3 267 987	1 587 606
Loans to and receivables from credit institutions	5	2 075 942	288 253	286 802
Loans to customers	5, 6, 7, 17, 18	84 057 144	79 614 300	81 233 217
Net loans to customers, central bank and credit institutions		88 018 205	83 170 540	83 107 625
Commercial paper and bonds at fair value through OCI	17, 19	14 854 822	11 079 915	9 087 319
Equity and funds	17, 18, 19	218 207	161 989	171 680
Derivatives	19	747 223	144 742	201 975
Intangible assets		125 844	153 807	135 376
Deferred tax assets	16	18 039	12 760	17 915
Property, plant and equipment		143 545	160 140	164 782
Other assets		78 874	43 501	88 588
Advance payment and accrued income		64 466	31 495	30 425
Total assets		104 269 225	94 958 890	93 005 685
Liabilities				
Loans and deposits from central bank	17,18	4 550 000	0	0
Loans and deposits from credit institutions	17, 18	708 707	0	0
Deposits from customers	17, 18	59 901 290	53 930 170	52 844 881
Debt securities issued	10, 17, 18	30 147 666	33 050 095	31 304 025
Derivatives		35 135	0	0
Taxes payable	16	103 025	94 653	208 769
Pension commitments		27 494	30 797	27 494
Other liabilities		506 624	638 198	834 679
Subordinated loans	10, 17, 18	889 923	774 461	899 438
Total liabilities		96 869 865	88 518 373	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	887 612	605 338	705 858
Other equity		2 817 159	2 140 590	2 485 952
Total equity		7 399 360	6 440 517	6 886 398
Total liabilities and equity		104 269 225	94 958 890	93 005 685

Subsequent events

22

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 30.06.19)						314 643	314 643
Profit for the period to Tier 1 capital holders (01.01.19 to 30.06.19)			14 726				14 726
Payments to Tier 1 capital holders (01.01.19 to 30.06.19)			-14 366				-14 366
Issue of Tier 1 capital			100 000				100 000
Actuarial gains and losses for the period (01.01.19 to 30.06.19)				0			0
Net change in fair value of financial instruments available for sale (01.01.19 to 30.06.19)					13 299		13 299
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
Balance sheet as at 30.06.19	1 068 693	2 625 895	605 338	-18 806	-4 129	2 163 526	6 440 517
Profit for the period to other equity (01.07.19 to 31.12.19)						363 437	363 437
Profit for the period to Tier 1 capital holders (01.07.19 to 31.12.19)			17 246				17 246
Payments to Tier 1 capital holders (01.07.19 to 31.12.19)			-16 726				-16 726
Issue of Tier 1 capital			100 000			-148	99 852
Actuarial gains and losses for the period (01.07.19 to 31.12.19)				1 028			1 028
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.07.19 to 31.12.19)					-18 955		-18 955
Payments related to share incentive program						0	0
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 30.06.20)						330 872	330 872
Profit for the period to Tier 1 capital holders (01.01.20 to 30.06.20)			18 976				18 976
Payments to Tier 1 capital holders (01.01.20 to 30.06.20)			-20 922				-20 922
Issue of Tier 1 capital			300 000			-600	299 400
Redeem of Tier 1 capital			-116 300				-116 300
Actuarial gains and losses for the period (01.01.20 to 30.06.20)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.20 to 30.06.20)					4 319		4 319
Payments related to share incentive program						-3 384	-3 384
Paid dividend to shareholders						0	0
Balance sheet as at 30.06.20	1 068 693	2 625 895	887 612	-17 778	-18 765	2 853 703	7 399 360

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	Jan-Jun 20	Jan-Jun 19	2019
Cash flows from operating activities				
Net payments on loans to customers	6	-2 930 860	-650 722	-2 349 722
Interest received on loans to customers	12	1 254 601	1 174 548	2 492 549
Net receipts on deposits from customers	17, 18	7 056 409	4 401 131	3 315 842
Interest paid on deposits from customers	12	-266 145	-206 205	-484 240
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	-5 798 998	161 098	2 128 975
Interest received from commercial paper and bonds	12	94 303	87 123	189 369
Receipts of collateral related to derivatives used in hedge accounting		486 660	-89 798	36 671
Net receipts/payments on deposits from credit institutions and central bank		4 550 000	0	0
Interest paid on deposits from credit institutions	12	-2 593	-384	-969
Interest received on loans to credit institutions and central bank	12	5 652	8 470	22 050
Receipts related to commissions and fees	13	169 305	160 452	335 032
Payments related to commissions and fees	13	-66 568	-63 376	-132 072
Payments related to administrative expenses	15	-154 051	-119 260	-309 880
Payments related to personnel expenses	15	-190 902	-159 704	-312 767
Taxes paid	16	-207 156	-207 036	-209 035
Other receipts/payments		-4 722	-63	35 635
Net cash flows from operating activities		3 994 935	4 496 274	4 757 438
Cash flows from investment activities				
Invested in associated company		0	0	-1 765
Payments on the acquisition of fixed assets		-5 722	-2 048	-4 021
Payments on the acquisition of intangible assets		-501	-48 810	-69 040
Net cash flows from investment activities		-6 223	-50 858	-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	-187 021	-187 021
Receipts on subordinated loans	10	350 000	125 000	250 000
Payments on matured and redeemed subordinated loans	10	-359 515	0	0
Interest paid on subordinated loans	12	-18 451	-10 285	-25 052
Receipts on issued additional Tier1 capital	11	300 000	100 000	200 000
Payments on matured and redeemed additional Tier1 capital		-116 300	0	0
Interest paid on additional Tier 1 capital	EQ	-20 921	-14 366	-31 092
Receipts on issued bonds and commercial paper	10	1 750 000	1 900 000	4 800 000
Payments on matured and redeemed bonds and commercial paper	10	-3 434 411	-3 128 708	-7 814 867
Interest paid on issued bonds and commercial paper	12	-352 461	-296 344	-622 721
Net cash flows from financing activities		-1 902 059	-1 511 724	-3 430 753
Total net cash flow		2 086 653	2 933 692	1 251 859
Cash at the beginning of the period		1 874 408	622 549	622 549
Cash at the end of the period		3 961 061	3 556 241	1 874 408
Change in cash		2 086 653	2 933 692	1 251 859
Cash				
Cash and receivables with central bank		1 885 119	3 267 987	1 587 606
Loans to credit institutions		2 075 942	288 254	286 802
Total cash		3 961 061	3 556 241	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 six 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 outbreak of the COVID-19 pandemic, the bank has granted approximately 2 600 new instalment deferrals for mortgages, up from 2 200 in the first quarter, with a combined lending volume of NOK 6.0 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 Norges Bank, in addition to the bank's annual ICAAP process.

In connection with the assessment of forward-looking information for Q2 2020, the bank has used projections set out in Norges Bank's Monetary Policy Report 2/20 (June 2020). Contrary to Q1 2020 the bank has not chosen to adjust Norges Bank's projections, hence reverting to the normal application.

Due to the outbreak of coronavirus COVID-19 and substantial macroeconomic uncertainty, the bank decided in Q1 2020 to include a credit loss provision of NOK 19.5 million in addition to the model calculation. For Q2 2020, this loss provision has been incorporated in the ECL model calculations for unsecured credit.

In Note 2 to the 2019 annual report, the bank has presented a sensitivity analysis on the impact of housing prices on ECL. This analysis has been updated for Q2 2020 (shown below).

In NOK thousand				Total change in expected credit loss (ECL)
	Change in stage 1	Change in stage 2	Change in stage 3	
House price changes				
10 % increase	-856	-3 547	-4 832	-9 235
5 % increase	-486	-2 098	-2 817	-5 401
5 % reduction	592	2 797	3 488	6 877
10 % reduction	1 291	6 309	8 034	15 633
20 % reduction	3 022	16 057	19 845	38 924
30 % reduction	5 199	28 943	34 244	68 387
40 % reduction	7 842	44 441	50 944	103 227
60 % reduction	14 520	82 042	88 609	185 171

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 mortgages.

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 1.3 billion at 30.06.20.

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	30.06.20		30.06.19		31.12.19	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	2 519 749	0	4 440 568	0	2 232 664	0
Regional governments	5 004 445	825 993	3 058 178	483 936	902 805	64 881
Multilateral Development Banks	620 819	0	656 929	0	627 533	0
Institutions	2 657 432	484 815	429 273	85 855	732 265	85 333
Retail	9 325 325	3 805 458	10 151 413	4 322 859	9 756 799	4 246 600
Secured by mortgages on immovable property	96 106 354	30 235 330	91 463 031	28 305 155	89 475 944	29 015 590
Exposures in default	361 849	427 355	443 883	527 028	466 999	584 212
Covered bonds	8 165 062	816 506	6 204 778	620 478	6 624 238	662 424
Equity	231 961	235 321	161 989	389 592	171 680	174 695
Other items	242 689	242 689	189 155	189 155	192 523	192 523
Total credit risk, standardised method ¹	125 235 685	37 073 467	117 199 197	34 924 058	111 183 450	35 026 258
Credit value adjustment risk (CVA)		57 189		68 984		31 257
Operational risk		2 546 153		2 794 674		2 546 153
Total risk-weighted volume		39 676 809		37 787 716		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		2 486 288		1 825 948		1 807 872
Additional Tier 1 capital		887 612		605 338		705 858
Profit for the period		330 872		314 643		678 080
Total booked equity		7 399 360		6 440 517		6 886 398
Additional Tier 1 capital instruments included in total equity		-887 612		-605 338		-705 858
Common equity Tier 1 capital instruments		6 511 748		5 835 179		6 180 540
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-94 383		-115 355		-101 531
Value adjustment due to the requirements for prudent valuation (AVA)		-15 071		-11 238		-9 257
Dividends payable		0		0		-203 052
Profit for the period, not eligible		-330 872		-94 394		0
Common equity Tier 1 capital		6 071 422		5 614 192		5 866 700
Additional Tier 1 capital		883 700		600 000		700 000
Tier 1 capital		6 955 122		6 214 192		6 566 700
Tier 2 capital		891 000		775 000		900 000
Own funds (primary capital)		7 846 122		6 989 192		7 466 700
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 785 456	4.5%	1 700 447	4.5%	1 692 165
Capital conservation buffer	2.5%	991 920	2.5%	944 693	2.5%	940 092
Systemic risk buffer	3.0%	1 190 304	3.0%	1 133 631	3.0%	1 128 110
Countercyclical capital buffer	1.0%	396 768	2.0%	755 754	2.5%	940 092
Additional Tier 1 capital	1.5%	595 152	1.5%	566 816	1.5%	564 055
Tier 2 capital	2.0%	793 536	2.0%	755 754	2.0%	752 073
Total minimum and buffer requirements own funds (primary capital)	14.5%	5 753 137	15.5%	5 857 096	16.0%	6 016 587

Available common equity Tier 1 capital after buffer requirements	1 706 972	1 079 667	1 166 241
Available own funds (primary capital)	2 092 984	1 132 097	1 450 113
Capital ratio %			
Common equity Tier 1 capital	15.3%	14.9%	15.6%
Additional Tier 1 capital	2.2%	1.6%	1.9%
Tier 2 capital	2.2%	2.1%	2.4%
Total capital ratio	19.8%	18.5%	19.9%
Capital ratio % (including interim profits ²⁾)			
Common equity Tier 1 capital	15.9%	14.9%	16.1%
Additional Tier 1 capital	2.2%	1.6%	1.9%
Tier 2 capital	2.2%	2.1%	2.4%
Total capital ratio	20.4%	18.5%	20.4%

¹⁾ The specification is according to EBA reporting framework.

²⁾ Including 70 per cent of the profit for the first half-year 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		30.06.20	30.06.19	31.12.19
Derivatives at market value		38 516	46 779	134
Potential future exposure on derivatives		64 600	48 050	48 458
Off-balance sheet commitments		6 376 235	6 444 162	5 886 915
Loans and advances and other assets		103 396 158	94 660 341	92 668 332
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		109 875 509	101 199 332	98 603 839
Tier 1 capital		6 955 122	6 214 192	6 566 700
Leverage ratio %		6.3 %	6.1 %	6.7 %
Leverage ratio % (including interim profits¹⁾)		6.5 %	6.1 %	6.9 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 296 265	3 035 980	2 958 115
Buffer requirements	2.0%	2 197 510	2 023 987	1 972 077
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 493 775	5 059 967	4 930 192
Available Tier 1 capital after minimum and buffer requirements		1 461 347	1 154 225	1 636 508
Available Tier 1 capital after minimum and buffer requirement (including interim profits ¹⁾)		1 692 956	1 154 225	1 839 560

¹⁾ Including 70 per cent of the profit for the first half-year 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.

30.06.20			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	1 885 119	0	1 885 119
Loans to and receivables from credit institutions	2 075 942	0	2 075 942
Loans to and receivables from central bank and credit institutions	3 961 061	0	3 961 061
Loans to customers, secured	78 308 466	16 588 653	94 897 119
Loans to customers, unsecured	3 162 331	5 150 228	8 312 559
Loans to and receivables from customers	81 470 797	21 738 881	103 209 678
Shares in associated company	2 260	0	2 260
Other financial assets with credit risk	143 340	0	143 340
Financial instruments at amortised cost (gross)	85 577 458	21 738 881	107 316 339
Commercial paper and bonds	14 854 822	0	14 854 822
Financial instruments at fair value through other comprehensive income	14 854 822	0	14 854 822
Equity and funds	215 947	0	215 947
Derivatives	747 223	0	747 223
Loans to customers, secured	2 922 308	0	2 922 308
Financial instruments at fair value through profit and loss	3 885 478	0	963 170
Gross exposure with credit risk	104 317 758	21 738 881	123 134 331
Impairment	-335 961	-3 803	-339 764
Total net exposure with credit risk	103 981 797	21 735 078	125 716 875
Other assets without credit risk	287 428	n/a	n/a
Total assets	104 269 225	n/a	n/a

31.12.19			
In NOK thousand	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				
30.06.20				
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) 01.01.20	76 018 582	4 914 417	561 254	81 494 253
Transfers to Stage 1 (12-months ECL)	814 297	-811 106	-3 191	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 518 147	1 528 994	-10 847	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-37 243	-131 748	168 991	0
New financial assets originated	20 502 339	190 486	7 704	20 700 529
Financial assets that have been derecognised	-16 777 462	-895 687	-116 810	-17 789 959
Changes in interest accrual	-30 948	-3 647	-3 465	-38 060
Other movements	26 342	0	0	26 342
Closing balance gross carrying amount 30.06.20	78 997 760	4 791 709	603 636	84 393 105

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) 01.01.19	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 31.12.19	76 018 582	4 914 417	561 254	81 494 253

Lending by geographical area				
In NOK thousand	30.06.20		31.12.19	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	43.9%	37 018 228	43.4%	35 339 386
Oslo	19.8%	16 719 207	19.4%	15 845 516
Southern Norway	2.2%	1 886 687	2.2%	1 828 660
Western Norway	22.4%	18 870 169	23.2%	18 875 595
Central Norway	4.9%	4 097 168	4.9%	3 971 184
Northern Norway	6.9%	5 801 646	6.9%	5 633 912
Total gross lending by geographical area	100.0%	84 393 105	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	30.06.20			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 %	27.0%	21 593 842	4 030 522	25.1%	19 145 110	3 716 644
40 % - 60 %	33.5%	26 799 733	3 159 948	33.0%	25 242 904	3 014 107
60 % - 80 %	29.4%	23 482 286	848 823	28.9%	22 113 068	1 097 259
80 % - 90 %	6.5%	5 223 159	139 215	9.0%	6 841 169	168 514
90 % - 100 %	1.8%	1 413 191	75 679	2.0%	1 517 024	92 461
> 100 %	1.9%	1 482 544	124 912	2.1%	1 567 307	142 996
Mortgages, secured by immovable property	100.0%	79 994 755	8 379 099	100.0%	76 426 582	8 231 981
< 50 %	17.0%	175 841	0	14.5%	162 905	0
50 % - 80 %	43.1%	444 796	0	39.0%	437 399	0
80 % - 100 %	23.4%	241 376	0	27.1%	303 782	0
> = 100 %	16.5%	170 630	0	19.4%	217 181	0
Car loans, secured	100.0%	1 032 643	0	100.0%	1 121 267	0
Custody account credit, secured	100.0%	203 376	153 580	100.0%	280 684	103 304
Loan and funding commitments, secured loans		0	8 055 974		0	5 154 788
Total loans to customers, secured		81 230 774	16 588 653		77 828 533	13 490 073

The table below shows the percentage allocation of exposures for mortgages 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	30.06.20		31.12.19	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, mortgages (relative distribution)				
0 % - 85 %	99.20%	79 355 875	99.11%	75 747 469
85 % - 100 %	0.44%	351 557	0.51%	391 291
> 100 %	0.36%	287 323	0.38%	287 822
Mortgages, secured by fixed property	100.0%	79 994 755	100.0%	76 426 582

In NOK thousand	30.06.20		31.12.19	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, mortgages				
Apartment	24.5%	19 585 165	23.6%	18 011 831
Detached house	52.1%	41 668 684	53.3%	40 737 098
Semidetached house	19.9%	15 938 371	19.9%	15 171 175
Vacation home	3.5%	2 802 535	3.3%	2 506 478
Total mortgage lending, secured by immovable property	100.0%	79 994 755	100.0%	76 426 582

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers				
January - June 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	1 720	-10 669	-867	-9 816
Transfers to Stage 2	-2 321	19 538	-1 744	15 473
Transfers to Stage 3	-599	-11 099	37 461	25 763
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	3 271	13 129	54 748	71 148
<i>Other changes:</i>				
New financial assets originated	4 457	6 054	1 546	12 057
Financial assets that have been derecognised	-2 667	-9 852	-6 483	-19 002
Financial assets that have been derecognised through sale of portfolio			-20 102	-20 102
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 30.06.20	22 476	84 221	233 067	339 764
Specification of ECL				
In NOK thousands	30.06.20			
ECL On-balance sheet amounts 30.06.20	20 958	83 242	231 761	335 961
ECL Off-balance sheet amounts 30.06.20	1 518	979	1 306	3 803
Closing balance ECL 30.06.20	22 476	84 221	233 067	339 764
Specification of ECL				
In NOK thousands	30.06.20			
Secured loans	2 170	8 243	40 462	50 875
Unsecured loans	20 306	75 978	192 605	288 889
Total	22 476	84 221	233 067	339 764
ECL by geographical area				
In NOK thousands	30.06.20			
Eastern Norway ex. Oslo	117 644			
Oslo	47 292			
Southern Norway	13 179			
Western Norway	108 081			
Central Norway	23 499			
Northern Norway	30 069			
Total	339 764			

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

Specification of loan losses					
In NOK thousands	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Changes in ECL, stage 1	-2 653	600	-3 861	-1 357	-1 555
Changes in ECL, stage 2	-1 759	-19 755	-7 101	-22 467	-39 396
Changes in ECL, stage 3	-32 945	-22 398	-64 559	-33 674	-28 226
Write-offs	-12 171	-1 839	-25 177	-9 248	-85 789
Recoveries of previously written off loans	20	11	171	509	1 817
Net cost of loan losses in the period	-49 508	-43 381	-100 527	-66 237	-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		30.06.20					
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	247 940	-35 350	212 590	211 075	1 515	95.9%
Car Loans	Vehicle	12 145	-4 478	7 667	7 629	38	99.2%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	343 551	-191 933	151 618	0	151 618	55.9%
Total credit-impaired assets		603 636	-231 761	371 875	218 704	153 171	60.2%

	Credit-impaired (Gross carrying amount)
30.06.2020	
Mortgages - Loan to value	
0 % - 40 %	18 918
40 % - 60 %	58 771
60 % - 80 %	112 553
80 % - 90 %	18 510
90 % - 100 %	3 927
> 100 %	35 261
Total	247 940

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	30.06.20
Overdue loans - more than 90 days	598 752
Other credit-impaired assets	4 884
Total	603 636

Overdue loans	30.06.20				
In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Mortgages	551 509	114 890	47 502	246 184	960 085
Car loans	24 189	6 247	1 372	12 145	43 954
Other loans	102 538	33 874	14 486	340 422	491 320
Loans to customers	678 236	155 011	63 360	598 752	1 495 359

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:							
Mortgages	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)
Mortgages - 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
Mortgages	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	30.06.20	30.06.19	31.12.19
Commercial paper issued	NOK	0	0	0
Bonds issued	NOK	30 147 666	33 050 095	31 304 025
Subordinated loans	NOK	889 923	774 461	899 438
Total debt securities issued and subordinated loans		31 037 589	33 824 556	32 203 463

Specification of commercial paper, bonds and subordinated loans as at 30.06.20:

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	28 002
NO0010793029	Sbanken ASA	486 000	NOK	Floating	01.03.21	486 170
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 271
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 717
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	996 593
NO0010886757	Sbanken ASA	300 000	NOK	Floating	26.09.23	299 902
Total bonds		3 064 000				3 060 655
Covered bonds ¹						
NO0010745334	Sbanken Boligkreditt AS	1 486 000	NOK	Floating	14.08.20	1 486 088
NO0010745342	Sbanken Boligkreditt AS	6 010 000	NOK	Floating	14.10.21	6 000 419
NO0010786999	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	27.04.22	7 019 370
NO0010790603	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	10.02.23	7 021 061
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 560 073
Total covered bonds						27 087 011
Total commercial paper, bonds and covered bonds						30 147 666

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	141 000	NOK	Floating	12.10.25	140 939
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 854
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 830
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 300
Total subordinated loans		891 000				889 923

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- June 2020				30.06.20
		Issued	Matured	Redeemed	Other adjustments	
Commercial paper (nominal)	0	0	0	0	0	0
Bonds (nominal)	3 032 000	1 750 000	-182 000	-1 536 000	0	3 064 000
Covered Bonds (nominal)	28 013 000	0	0	-1 712 000	0	26 301 000
Subordinated loans (nominal)	900 000	350 000	0	-359 000	0	891 000
Total	31 945 000	2 100 000	-182 000	-3 607 000	0	30 256 000

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	30.06.20	30.06.19	31.12.19
Additional Tier 1 capital	NOK	883 700	600 000	700 000
Total Additional Tier 1 capital		883 700	600 000	700 000

Specification of additional Tier 1 capital as at 30.06.20:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying amounts
Additional Tier 1 capital						
NO0010746456	Sbanken ASA	283 700	NOK	3M Nibor + 4.1 %	Perpetual ¹	283 700
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
NO0010885205	Sbanken ASA	300 000	NOK	3M Nibor + 3.10 %	Perpetual ⁵	300 000
Total additional Tier 1 capital		883 700				883 700

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.

⁵ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 17 June 2025.

Change of additional Tier 1 capital

	31.12.19	January - June 2020				30.06.20
		Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	700 000	300 000	0	-116 300	0	883 700
Total	700 000	300 000	0	-116 300	0	883 700

As at 30 June 2020, NOK 3.91 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 887.61 million.

Note 12 - Net interest income

Net interest income

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Loans to and receivables from credit institutions and central bank	964	5 072	5 652	8 470	22 050
Loans to customers ¹	555 553	597 707	1 247 525	1 183 314	2 508 329
Commercial paper and bonds ²	43 991	44 473	94 585	87 968	188 784
Total interest income	600 508	647 252	1 347 762	1 279 752	2 719 164
Loans and deposits from credit institutions and central bank	-2 182	-292	-2 593	-384	-969
Deposits from customers	-84 400	-104 067	-201 402	-206 206	-429 738
Debt securities issued	-106 511	-150 599	-280 788	-294 154	-636 412
Subordinated loans	-6 663	-6 475	-15 054	-11 821	-26 083
Other interest expenses	-16 756	-26 716	-33 297	-52 947	-61 835
Total interest expenses	-216 512	-288 149	-533 134	-565 512	-1 155 037
Net interest income	383 996	359 103	814 628	714 240	1 564 127

¹ Interest income in Jan-Jun 2020 of TNOK 10 834 are related to mortgages measured at fair value through profit and loss.

² Investments are recognised at fair value.

Interest income from loans to customers:

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Mortgages	442 978	475 234	1 012 995	947 999	2 024 221
Car loans	14 726	15 889	30 502	30 705	61 631
Consumer loans	54 532	59 330	112 305	110 955	234 185
Other loans ³	43 317	47 254	91 723	93 655	188 292
Total interest income from loans to customers	555 553	597 707	1 247 525	1 183 314	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	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Payment processing	8 672	7 581	13 539	14 473	29 962
Card and interbank	36 460	50 370	85 445	97 633	216 146
Mutual funds and securities	32 196	22 220	64 336	43 793	94 453
Other commission income	934	1 054	1 890	1 959	4 045
Total commission and fee income	78 262	81 226	165 210	157 859	344 607
Payment processing	-4 964	-8 480	-10 112	-16 837	-33 911
Card and interbank	-12 105	-13 038	-27 669	-26 410	-50 886
Mutual funds and securities	-19 384	-7 400	-35 982	-14 243	-38 880
Other commission expenses	712	-1 804	-523	-2 794	-6 005
Total commission and fee expenses	-35 741	-30 723	-74 286	-60 285	-129 683
Net commission and fee income	42 521	50 503	90 924	97 574	214 924

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
1) Realisation of financial instruments at fair value through other comprehensive income					
Gain/(loss) by realisation of financial instruments:	-4 680	-3 920	-4 268	-1 906	3 035
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	-4 680	-3 920	-4 268	-1 906	3 035
2) Financial instruments at fair value through profit and loss					
Realised gain/ (loss) from shares and funds	0	0		0	0
Unrealised gain/(loss) from shares and funds	13 852	-8 426	14 033	5 201	17 496
Gain/(loss) on derivatives (used in hedge accounting)	3 131	-187	-585	-1 197	-176
Unrealised gain/(loss) on derivatives	-1 551	0	-31 873	0	0
Unrealised gain/(loss) from fixed rate loans	2 515	0	26 342	0	0
Total gain/(loss) on financial instruments at fair value through profit and loss	17 947	-8 613	7 917	4 004	17 320
3) Financial instruments at amortised cost					
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-9 421	-2 009	-9 079	-12 747	-13 597
Total gain (loss) on financial instruments at amortised cost	-9 421	-2 009	-9 079	-12 747	-13 597
4) Currency					
Net gain (loss) on currency items	-266	-53	3 699	-875	-1 921
Total gain (loss) on currency items	-266	-53	3 699	-875	-1 921
5) Dividends:					
Dividends from investments in shares and funds	0	19 524	0	19 524	19 524
Total dividends	0	19 524	0	19 524	19 524
6) Result from associated company					
Result from associated company	0	0	0	0	-3 808
Total from associated company	0	0	0	0	-3 808
Total gain (loss) on financial instruments recognised through profit and loss	3 580	4 928	-1 731	7 999	20 553

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Properties and premises ¹	-21	-748	-790	-1 677	-3 505
IT	-34 478	-26 818	-73 060	-50 680	-118 040
Advertising and marketing	-12 183	-19 243	-24 849	-39 151	-64 652
Temporary employment agencies	-4 652	-4 347	-9 490	-10 304	-22 536
Consultants and other external services	-9 224	-11 343	-18 968	-20 243	-43 453
Telephone and postage	-3 193	-3 467	-6 883	-6 788	-14 109
Other operating expenses	-8 565	-8 925	-15 632	-17 526	-36 774
Total administrative expenses	-72 316	-74 889	-149 672	-146 368	-303 070

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

Personnel expenses

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Wages	-62 020	-63 267	-130 791	-128 956	-270 019
<i>Capitalised as intangible assets</i>	<i>2 490</i>	<i>6 670</i>	<i>4 352</i>	<i>14 368</i>	<i>19 418</i>
Pension costs	-5 727	-5 285	-11 399	-11 023	-26 049
Payroll tax	-13 009	-14 240	-27 383	-27 621	-52 689
Other personnel expenses	-3 044	-3 730	-6 239	-6 371	-13 583
Total personnel expenses	-81 310	-79 852	-171 460	-159 603	-342 921

In the first half-year of 2020, NOK 10.6 million (NOK 2.0 mill in Q2 20) in severance pay and provisions related to changes in personnel was recognised.

Note 16 - Tax expense

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Specification of tax expense:					
Taxes payable	43 723	44 445	101 059	92 654	208 769
Change in deferred tax	1 023	-64	-1 402	40	563
Correction of taxes payable previous year	0	0	0	0	56
Total tax expense	44 746	44 381	99 657	92 694	209 388
Reconciliation of the tax expense:					
Profit before tax	210 551	202 149	449 505	422 063	919 440
-from Sbanken ASA	139 415	148 225	330 191	313 276	711 187
-from Sbanken Boligkreditt AS	74 276	57 201	125 986	115 241	223 597
- from group transactions related to own debt and hybrid capital	-3 140	-3 278	-6 671	-6 454	-15 344
Expected tax expense at nominal rate of 25 % Sbanken ASA	34 854	37 056	82 548	78 319	177 797
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS	16 341	12 584	27 717	25 353	49 191
Total expected tax expense	51 194	49 640	110 265	103 672	226 988
Tax effect from non-deductible expenses and tax-exempt income	0	0	0	0	446
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	-3 464	-2 623	-3 508	-6 029	-9 178
Tax effect from costs recognised against interest to Tier 1 capital holders	-2 931	-2 784	-6 212	-5 097	-10 943
Other differences	-53	148	-888	148	2 019
Correction of taxes payable previous year	0	0	0	0	56
Total tax expense	44 746	44 381	99 657	92 694	209 388
Effective tax rate	21.3%	22.0%	22.2%	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
30.06.20				
Financial assets				
Cash and receivables with central bank	0	0	1 885 119	1 885 119
Loans to and receivables from credit institutions	0	0	2 075 942	2 075 942
Loans to customers	2 922 308	0	81 134 836	84 057 144
Commercial paper and bonds	0	14 854 822	0	14 854 822
Equity and funds ¹	215 947	0	2 260	218 207
Derivatives ²	747 223	0	0	747 223
Other assets	0	0	143 340	143 340
Total financial assets	3 885 478	14 854 822	85 241 497	103 981 797
Financial liabilities				
Loans and deposits from central bank	0	0	4 550 000	4 550 000
Loans and deposits from credit institutions	0	0	708 707	708 707
Deposits from customers	0	0	59 901 290	59 901 290
Debt securities issued ³	0	0	30 147 666	30 147 666
Derivatives	35 135	0	0	35 135
Subordinated loans	0	0	889 923	889 923
Other liabilities	0	0	506 624	506 624
Total financial liabilities	35 135	0	96 704 210	96 739 345
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
		30.06.20	30.06.20
Assets			
Cash and receivables with central bank		1 885 119	1 885 119
Loans to and receivables from credit institutions		2 075 942	2 075 942
Loans to customers		81 134 836	81 134 836
Equity and funds		2 260	2 260
Other assets		143 340	143 340
Total financial assets at amortised cost		85 241 497	85 241 497
Liabilities			
Loans and deposits from central bank		4 550 000	4 550 000
Loans and deposits from credit institutions		708 707	708 707
Deposits from customers		59 901 290	59 901 290
Debt securities issued		30 147 666	30 247 840
Subordinated loans		889 923	893 257
Other liabilities		506 624	506 624
Total financial liabilities at amortised cost		96 704 210	96 807 718

30.06.20	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		1 885 119		1 885 119
Loans to and receivables from credit institutions			2 075 942	2 075 942
Loans to customers			81 134 836	81 134 836
Shares and funds			2 260	2 260
Other assets			143 340	143 340
Total financial assets at amortised cost		1 885 119	83 356 378	85 241 497
Liabilities				
Loans and deposits from central bank			4 550 000	4 550 000
Loans and deposits from credit institutions			708 707	708 707
Deposits from customers			59 901 290	59 901 290
Debt securities issued		30 247 840	0	30 247 840
Subordinated loan		893 257	0	893 257
Other liabilities			506 624	506 624
Total financial liabilities at amortised cost		31 141 097	65 666 621	96 807 718

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	30.06.20		31.12.19	
Assets:	Carrying value	Fair value	Carrying value	Fair value
Equity and funds	215 947	215 947	169 669	169 669
Commercial paper and bonds	14 854 822	14 854 822	9 087 319	9 087 319
Derivatives	747 223	747 223	201 975	201 975
Loans to customers (fixed rate)	2 922 308	2 922 308	164 062	164 062
Total financial assets at fair value	18 740 300	18 740 300	9 623 025	9 623 025
Liabilities:				
Derivatives	35 135	35 135	0	0
Total financial liabilities at fair value	35 135	35 135	0	0

30.06.2020				
In NOK thousand	Level 1	Level 2	Level 3	Total
Equity and funds	0	42 886	173 061	215 947
Commercial paper and bonds	626 290	14 228 532	0	14 854 822
Derivatives at fair value through profit and loss (asset)	0	747 223	0	747 223
Loans to customers (fixed rate)	0	0	2 922 308	2 922 308
Total	626 290	15 018 641	3 095 369	18 740 300
Derivatives at fair value through profit and loss (liability)	0	35 135	0	35 135
Total	0	35 135	0	35 135

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)	26 342	14 660	41 002
New loans/exits	2 731 904	0	2 731 904
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 30 June 2020	2 922 308	173 061	3 095 369

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to June 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 30 June 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 30 June 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 were 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	30.06.20	30.06.19	31.12.19
Receivable related to overdraft facility with Sbanken Boligkreditt AS	3 860 920	1 017 653	2 897 390
Sbanken Boligkreditt AS's deposit in Sbanken ASA	2 744 467	322 556	1 701 897
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	5 564 922	50 791	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 - 30.06.20	01.01.19 - 30.06.19	01.01.19 - 31.12.19
Sale of services in line with service agreement	4 052	3 379	6 808
Interest on overdraft facility	24 634	21 363	48 364
Interest on deposit	683	560	1 290
Interest on covered bonds issued by Sbanken Boligkreditt AS	28 348	2 626	23 898
Interest on subordinated loan issued by Sbanken Boligkreditt AS	6 122	5 831	12 330
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	6 671	6 454	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's length principle.

Note 21 - Earnings per share

In NOK	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Profit for the period to shareholders	156 856 000	149 717 000	330 872 000	314 643 000	678 080 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.47	1.40	3.10	2.94	6.34
Earnings per share (diluted)	1.47	1.40	3.10	2.94	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

There have not been any significant events subsequent to 30.06.20 that affect the financial statements for Q2 2020.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Interest income from financial instruments using the effective interest method		429 748	455 442	963 752	895 259	1 920 230
Other interest income		0	0	0	0	0
Interest expense		-120 216	-156 209	-279 910	-310 291	-592 746
Net interest income		309 532	299 233	683 842	584 968	1 327 485
Commission and fee income		78 262	81 226	165 210	157 859	344 607
Commission and fee expense		-35 741	-30 723	-74 286	-60 285	-129 683
Net commission and fee income		42 521	50 503	90 924	97 574	214 924
Net gain/(loss) on financial instruments		6 104	7 206	4 560	22 568	37 479
Other income		2 011	1 690	4 012	3 379	7 032
Other operating income		8 115	8 896	8 572	25 947	44 512
Personnel expenses		-81 217	-79 750	-171 276	-159 375	-342 506
Administrative expenses		-71 592	-73 741	-147 879	-144 995	-301 034
Depreciation and impairment of fixed and intangible assets		-16 413	-14 263	-32 657	-25 541	-81 249
Profit before loan losses		190 946	190 878	431 527	378 576	862 132
Loan losses		-51 531	-42 651	-101 337	-65 300	-150 945
Profit before tax		139 415	148 225	330 191	313 276	711 187
Tax expense		-29 096	-32 238	-73 408	-68 497	-163 408
Profit for the period		110 319	115 987	256 783	244 779	547 780
Attributable to						
Shareholders		101 370	107 937	237 807	230 053	515 808
Additional Tier 1 capital holders		8 949	8 050	18 976	14 726	31 972
Profit for the period		110 319	115 987	256 783	244 779	547 780

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Profit for the period	110 319	115 987	256 783	244 779	547 780
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	53 458	3 619	1 546	13 106	-9 754
Tax effect	-13 364	-904	-386	-3 383	2 332
Other comprehensive income that can be reclassified to profit or loss after tax	40 094	2 715	1 160	9 723	-7 422
Actuarial gains (losses)	0	0	0	0	1 371
Tax effect	0	0	0	0	-343
Other comprehensive income that can not be reclassified to profit or loss after tax	0	0	0	0	1 028
Total components of other comprehensive income (after tax)	40 094	2 715	1 160	9 723	-6 394
Total comprehensive income for the period	150 413	118 702	257 943	254 502	541 386
Attributable to					
Shareholders	141 464	110 652	238 967	239 776	509 414
Additional Tier 1 capital holders	8 949	8 050	18 976	14 726	31 972
Total comprehensive income for the period	150 413	118 702	257 943	254 502	541 386

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	30.06.20	30.06.19	31.12.19
Assets				
Cash and receivables with central bank		1 885 119	3 267 987	1 587 606
Loans to and receivables from credit institutions		5 227 997	1 305 750	3 184 035
Loans to customers		48 129 645	46 738 855	46 867 863
Net loans to customers, central bank and credit institutions		55 242 761	51 312 592	51 639 504
Commercial paper and bonds at fair value through OCI		20 343 652	10 973 290	11 007 483
Equity investments and funds		450 171	392 164	403 902
Commercial paper and bonds at amortised cost		325 662	325 894	326 044
Shares in subsidiary		1 699 880	1 699 880	1 699 880
Derivatives		0	0	134
Intangible assets		125 844	153 807	135 376
Deferred tax assets		13 295	8 042	12 409
Property, plant and equipment		143 545	160 140	164 782
Other assets		79 555	44 057	89 168
Advance payment and accrued income		64 466	31 495	30 425
Total assets		78 488 831	65 101 362	65 509 106
Liabilities				
Loans and deposits from central bank		4 550 000	0	0
Loans and deposits from credit institutions		2 744 672	322 566	1 701 739
Deposits from customers		59 901 290	53 930 170	52 844 881
Debt securities issued		3 060 655	3 576 159	3 033 344
Derivatives		35 135	0	0
Taxes payable		80 532	60 203	162 305
Pension commitments		27 494	30 797	27 494
Other liabilities		458 403	453 025	515 916
Subordinated loans		889 923	774 461	899 438
Total liabilities		71 748 106	59 147 381	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		887 612	605 338	705 858
Other equity		2 158 524	1 654 055	1 923 543
Total equity		6 740 725	5 953 981	6 323 989
Total liabilities and equity		78 488 831	65 101 362	65 509 106

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 4.9 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 30.06.19)						230 053	230 053
Profit for the period to Tier 1 capital holders (01.01.19 to 30.06.19)			14 726				14 726
Payments to Tier 1 capital holders (01.01.19 to 30.06.19)			-14 366				-14 366
Issue of Tier 1 capital			100 000				100 000
Actuarial gains and losses for the period (01.01.19 to 30.06.19)				0			0
Net change in fair value of financial instruments available for sale (01.01.19 to 30.06.19)					9 723		9 723
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
Balance sheet as at 30.06.19	1 068 693	2 625 895	605 338	-18 806	6 200	1 666 659	5 953 981
Profit for the period to other equity (01.07.19 to 31.12.19)						285 755	285 755
Profit for the period to Tier 1 capital holders (01.07.19 to 31.12.19)			17 246				17 246
Payments to Tier 1 capital holders (01.07.19 to 31.12.19)			-16 726				-16 726
Issue of Tier 1 capital			100 000			-148	99 852
Actuarial gains and losses for the period (01.07.19 to 31.12.19)				1 028			1 028
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.07.19 to 31.12.19)					-17 145		-17 145
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 30.06.20)						237 807	237 807
Profit for the period to Tier 1 capital holders (01.01.20 to 30.06.20)			18 976				18 976
Payments to Tier 1 capital holders (01.01.20 to 30.06.20)			-20 922				-20 922
Issue of Tier 1 capital			300 000			-600	299 400
Redeem of Tier 1 capital			-116 300				-116 300
Actuarial gains and losses for the period (01.01.20 to 30.06.20)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.20 to 30.06.20)					1 160		1 160
Payments related to share incentive program						-3 384	-3 384
Balance sheet as at 30.06.20	1 068 693	2 625 895	887 612	-17 778	-9 785	2 186 089	6 740 725

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	Jan-Jun 20	Jan-Jun 19	2019
Cash flows from operating activities				
Net payments on loans to customers		-1 356 062	-2 178 782	-2 390 604
Interest received on loans to customers		793 178	760 304	1 608 598
Net receipts on deposits from customers		7 056 409	4 401 131	3 315 842
Interest paid on deposits from customers		-260 551	-206 205	-484 240
Payments/receipts on loans to/deposits from group company		797 075	338 116	-76 860
Interest received on loans to group company		24 634	20 803	47 074
Net receipts/payments from buying and selling financial instruments at fair value		-9 371 667	1 093 546	1 041 078
Interest received from commercial paper and bonds		139 516	103 793	232 514
Net receipts/payments on deposits from central bank		4 550 000	0	0
Interest paid on deposits from credit institutions		-3 275	-384	-969
Interest received on loans to credit institutions and central bank		4 701	8 339	21 425
Receipts related to commissions and fees		169 305	160 452	335 032
Payments related to commissions and fees		-66 568	-63 376	-132 072
Payments related to administrative expenses		-152 854	-67 874	-307 299
Payments related to personnel expenses		-190 718	-159 474	-312 349
Taxes paid		-156 806	-164 652	-156 397
Other receipts/payments		-10 320	2 248	38 093
Net cash flows from operating activities		1 965 997	4 047 985	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		-5 722	-2 048	-4 021
Payments on the acquisition of intangible assets		-501	-48 810	-69 040
Net cash flows from investment activities		-6 223	-50 858	-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	-187 021	-187 021
Receipts on subordinated loans		350 000	125 000	250 000
Payments on matured and redeemed subordinated loans		-359 515	0	
Interest paid on subordinated loans		-18 451	-10 285	-25 052
Receipts on issued additional Tier1 capital		300 000	100 000	200 000
Payments on matured and redeemed additional Tier1 capital		-116 300	0	
Interest paid on additional Tier 1 capital		-20 921	-14 366	-31 092
Receipts on issued bonds and commercial paper		1 750 000	125 000	850 000
Payments on matured and redeemed bonds and commercial paper		-1 722 326	-995 282	-2 262 390
Interest paid on issued bonds and commercial paper		-35 608	-40 252	-80 398
Net cash flows from financing activities		126 879	-897 206	-1 285 953
Total net cash flow		2 086 653	3 099 921	1 418 087
Cash at the beginning of the period		1 874 250	456 163	456 163
Cash at the end of the period		3 960 903	3 556 084	1 874 250
Change in cash		2 086 653	3 099 921	1 418 087
Cash				
Cash and receivables with central bank		1 885 119	3 267 987	1 587 606
Loans to credit institutions		2 075 784	288 097	286 644
Total cash		3 960 903	3 556 084	1 874 250

Capital adequacy

(Sbanken ASA)

In NOK thousand	30.06.20		30.06.19		31.12.19	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	2 519 749	0	4 358 610	0	2 196 679	0
Regional governments	4 999 704	814 132	3 053 460	472 142	897 299	51 115
Multilateral Development Banks	620 819	0	631 882	0	627 533	0
Institutions	35 657 719	3 920 526	36 376 485	3 648 450	35 513 006	3 724 152
Retail	9 325 325	3 805 458	10 151 413	4 322 860	9 756 799	4 246 600
Secured by mortgages on immovable property	60 250 946	17 655 349	58 671 273	16 772 105	55 183 361	16 950 279
Exposures in default	289 759	355 265	360 197	443 342	394 229	511 442
Covered bonds	13 679 659	1 367 966	6 205 134	620 513	8 580 387	858 039
Equity	2 483 316	2 486 706	1 861 869	2 089 471	1 871 560	1 874 575
Other items	223 723	223 723	189 735	189 735	193 103	193 103
Total credit risk, standardised method¹⁾	130 050 719	30 629 125	121 860 058	28 558 618	115 213 956	28 409 305
Credit value adjustment risk (CVA)		9 873		0		611
Operational risk		2 214 005		2 462 797		2 214 005
Total risk-weighted volume		32 853 003		31 021 415		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		1 920 718		1 424 002		1 407 735
Additional Tier 1 capital		887 612		605 338		705 858
Profit for the period		237 807		230 053		515 808
Total booked equity		6 740 725		5 953 981		6 323 989
Additional Tier 1 capital instruments included in total equity		-887 612		-605 338		-705 858
Common equity Tier 1 capital instruments		5 853 113		5 348 643		5 618 131
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-94 383		-115 355		-101 531
Value adjustment due to the requirements for prudent valuation (AVA)		-20 792		-11 362		-11 409
Dividends payable		0		0		-203 052
Profit for the period, not eligible		-237 807		-94 393		0
Common equity Tier 1 capital		5 500 131		5 127 533		5 302 139
Additional Tier 1 capital		883 700		600 000		700 000
Tier 1 capital		6 383 831		5 727 533		6 002 139
Tier 2 capital		891 000		775 000		900 000
Own funds (primary capital)		7 274 831		6 502 533		6 902 139
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 478 385	4.5%	1 395 964	4.5%	1 378 076
Capital conservation buffer	2.5%	821 325	2.5%	775 535	2.5%	765 598
Systemic risk buffer	3.0%	985 590	3.0%	930 642	3.0%	918 718
Countercyclical capital buffer	1.0%	328 530	2.0%	620 428	2.5%	765 598
Additional Tier 1 capital	1.5%	492 795	1.5%	465 321	1.5%	459 359
Tier 2 capital	2.0%	657 060	2.0%	620 428	2.0%	612 478
Total minimum and buffer requirements own funds (primary capital)	14.5%	4 763 685	15.5%	4 808 319	16.0%	4 899 827
<i>Available common equity Tier 1 capital after buffer requirements</i>		<i>1 886 301</i>		<i>1 404 964</i>		<i>1 474 149</i>
<i>Available own funds (primary capital)</i>		<i>2 511 146</i>		<i>1 694 214</i>		<i>2 002 311</i>
Capital ratio %						
Common equity Tier 1 capital		16.7%		16.5%		17.3%
Additional Tier 1 capital		2.7%		1.9%		2.3%
Tier 2 capital		2.7%		2.5%		2.9%
Total capital ratio		22.1%		21.0%		22.5%

Capital ratio % (including interim profits²)				
Common equity Tier 1 capital		17.2%	16.5%	18.0%
Additional Tier 1 capital		2.7%	1.9%	2.3%
Tier 2 capital		2.7%	2.5%	2.9%
Total capital ratio		22.6%	21.0%	23.2%

¹) The specification is according to EBA reporting framework.

²) Including 70 per cent of the profit for the first half-year 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.

Leverage Ratio (Sbanken ASA)

In NOK thousand		30.06.20	30.06.19	31.12.19
Derivatives market value		0	0	134
Potential future exposure on derivatives		16 550	0	408
Off-balance sheet commitments		34 032 803	36 874 141	35 377 024
Loans and advances and other assets		78 362 987	64 947 554	65 373 596
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		112 412 340	101 821 695	100 751 162
Tier 1 capital		6 383 831	5 727 533	6 002 139
Leverage ratio %		5.7 %	5.6 %	6.0 %
Leverage ratio % (including interim profits¹)		5.8 %	5.6 %	6.2 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 372 370	3 054 651	3 022 535
Buffer requirements ²⁾	0.0%	0	2 036 434	2 015 023
Total minimum and buffer requirements (Tier 1 capital)	3.0%	3 372 370	5 091 085	5 037 558
<i>Available Tier 1 capital after minimum and buffer requirements</i>		3 011 461	636 448	964 581
<i>Available Tier 1 capital after minimum and buffer requirement (including interim profits¹)</i>		3 150 006	636 448	1 167 632

¹) Including profit excluding 30 per cent dividend for the group for the first half year 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.

²) In July, the Norwegian Ministry of Finance ruled in favour of Sbanken in its application to exempt its parent company from the leverage ratio buffer requirement of 2 per cent.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	30.06.20	30.06.19	31.12.19
Commercial paper issued	NOK	0	0	0
Bonds issued	NOK	3 060 655	3 576 159	3 033 345
Subordinated loans	NOK	889 923	774 461	899 438
Total debt securities issued and subordinated loans		3 950 578	4 350 620	3 932 783

Specification of commercial paper, bonds and subordinated loans as at 30.06.20:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Commercial paper issued						
		0				0
Total commercial paper		0				0
Bonds						
NO0010788276	Sbanken ASA	28 000	NOK	Floating	10.08.20	28 002
NO0010793029	Sbanken ASA	486 000	NOK	Floating	01.03.21	486 170
NO0010835325	Sbanken ASA	500 000	NOK	Floating	06.09.21	500 271
NO0010862048	Sbanken ASA	750 000	NOK	Floating	09.10.22	749 717
NO0010874878	Sbanken ASA	1 000 000	NOK	Floating	10.02.23	996 593
NO0010886757	Sbanken ASA	300 000	NOK	Floating	26.09.23	299 902
Total bonds		3 064 000				3 060 655
Total commercial paper and bonds						3 060 655

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity ¹	Carrying value
NO0010746464	Sbanken ASA	141 000	NOK	Floating	12.10.25	140 939
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27	149 854
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29	125 000
NO0010871502	Sbanken ASA	125 000	NOK	Floating	19.12.29	124 830
NO0010885197	Sbanken ASA	350 000	NOK	Floating	17.06.30	349 300
Total subordinated loans		891 000				889 923

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-June 2020				30.06.20
		Issued	Matured	Redeemed	Other adjustments	
Commercial paper (nominal)	0	0	0	0	0	0
Bonds (nominal)	3 032 000	1 750 000	-182 000	-1 536 000	0	3 064 000
Subordinated loans (nominal)	900 000	350 000	0	-359 000	0	891 000
Total	3 932 000	2 100 000	-182 000	-1 895 000	0	3 955 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Loans to and receivables from credit institutions and central bank	9 884	15 274	29 335	29 702	69 790
Loans to customers ¹	356 392	388 520	799 564	763 264	1 614 576
Commercial paper and bonds ²	63 472	51 647	134 853	102 292	235 865
Total interest income	429 748	455 442	963 752	895 259	1 920 230
Loans and deposits from credit institutions and central bank	-2 478	-581	-3 275	-944	-2 258
Deposits from customers	-84 400	-104 067	-201 402	-206 206	-429 738
Debt securities issued	-11 365	-18 369	-29 679	-38 373	-76 880
Subordinated loans	-6 663	-6 475	-15 054	-11 821	-26 083
Other interest expenses	-15 310	-26 717	-30 500	-52 947	-57 786
Total interest expenses	-120 216	-156 209	-279 910	-310 291	-592 746
Net interest income	309 532	299 233	683 842	584 968	1 327 485

¹ Interest income in Jan-Jun 20 of TNOK 445 204 are related to mortgages measured at fair value through OCI and TNOK 10 834 are related to mortgages measured at fair value through profit and loss.

² Interest income in Jan-Jun 20 of TNOK 6 122 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					
30.06.20	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
Financial Assets					
Cash and receivables with central bank			1 885 119	1 885 119	1 885 119
Loans to and receivables from credit institutions			5 227 997	5 227 997	5 227 997
Loans to customers	2 922 308	34 310 935	10 896 402	48 129 645	48 129 645
Commercial paper and bonds		20 343 652	0	20 343 652	20 343 652
Equity investmens and funds ^{2 and 3}	447 911		2 260	450 171	450 171
Commercial paper and bonds at amortised cost			325 662	325 662	328 990
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Other assets			144 021	144 021	144 021
Total financial assets	3 370 219	54 654 587	20 181 341	78 206 147	78 209 475
Financial liabilities					
Loans and deposits from central bank			4 550 000	4 550 000	4 550 000
Loans and deposits from credit institutions			2 744 672	2 744 672	2 744 672
Deposits from customers			59 901 290	59 901 290	59 901 290
Debt securities issued			3 060 655	3 060 655	3 057 989
Derivatives	35 135			35 135	35 135
Subordinated loans			889 923	889 923	893 257
Other liabilities			458 403	458 403	458 403
Total financial liabilities	35 135	0	71 604 943	71 640 078	71 640 746
¹ Mortgages and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income. ² Shares in associated company are recognised using the equity method and allocated to the category amortised cost. ³ Sbanken ASAs holdings of Tier 1 capital issued by others are measured at fair value through profit and loss.					

In NOK thousand					
31.12.19	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
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 Mortgages and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income.

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

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

Financial instruments at fair value (Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	30.06.20		31.12.19	
Assets:	Carrying value	Fair value	Carrying value	Fair value
Equity investments and funds	447 911	447 911	401 892	401 892
Commercial paper and bonds	20 343 652	20 343 652	11 007 483	11 007 483
Loans to customers	37 233 243	37 233 243	34 498 792	34 498 792
Derivatives	0	0	134	134
Total financial assets at fair value	58 024 806	58 024 806	45 908 301	45 908 301
Liabilities:				
Derivatives	35 135	35 135	0	0
Total financial liabilities at fair value	35 135	35 135	0	0

30.06.2020				
In NOK thousand	Level 1	Level 2	Level 3	Total
Equity investments and funds	0	274 850	173 061	447 911
Commercial paper and bonds	626 290	19 717 362	0	20 343 652
Loans to customers	0	0	37 233 243	37 233 243
Derivatives	0	0	0	0
Total	626 290	19 992 212	37 406 304	58 024 806
Derivatives at fair value through profit and loss (liability)		35 135		35 135
Total		35 135		35 135

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)	26 342	14 660	41 002
Net new loans/exits	13 343 939	0	13 343 939
Sale (to Sbanken Boligkreditt AS)	-10 635 830	0	-10 635 830
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 30 June 2020	37 233 243	173 061	37 406 304

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to June 2020.

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	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Net interest income (annualised)	1 544 426	1 440 358	1 638 209	1 440 319	1 564 127
Average total assets	102 113 464	91 611 036	97 607 854	91 718 875	92 912 687
Net interest margin	1.51 %	1.57 %	1.68 %	1.57 %	1.68 %
Interest income (annualised)	2 415 233	2 590 682	2 710 335	2 564 487	2 719 164
Average total assets	102 113 464	91 611 036	97 607 854	91 718 875	92 912 687
Effective lending rate	2.37 %	2.83 %	2.78 %	2.80 %	2.93 %
Interest expense (annualised)	870 807	1 155 766	1 072 126	1 140 397	1 155 037
Average total assets	102 113 464	91 611 036	97 607 854	91 718 875	92 912 687
Effective funding rate	0.85 %	1.26 %	1.10 %	1.24 %	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	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Operating expense	170 039	169 004	353 789	331 512	727 239
Operating income	430 097	414 534	903 821	819 813	1 799 829
Cost-to-income ratio	39.5 %	40.8 %	39.1 %	40.4 %	40.4 %
Operating expense	n/a	n/a	n/a	n/a	727 239
Adjustment one-off	n/a	n/a	n/a	n/a	-33 300
Operating expense adjusted	n/a	n/a	n/a	n/a	693 939
Operating income	n/a	n/a	n/a	n/a	1 799 829
Cost-to-income ratio adjusted	n/a	n/a	n/a	n/a	38.6 %
Profit for the period attributable to shareholders (annualised)	630 868	600 513	665 380	634 502	678 080
Average equity	6 422 559	5 845 794	6 346 144	5 766 983	5 939 664
Return on equity	9.8 %	10.3 %	10.5 %	11.0 %	11.4 %
Profit for the period attributable to shareholders (annualised)	n/a	n/a	n/a	n/a	678 080
Adjustment one off (loan loss, operating expense and tax effect)	n/a	n/a	n/a	n/a	38 583
Adjustment one off (annualised)	n/a	n/a	n/a	n/a	716 663
Profit for the period attributable to shareholders (annualised) adjusted	n/a	n/a	n/a	n/a	716 663
Average equity	n/a	n/a	n/a	n/a	5 939 664
Return on equity adjusted	n/a	n/a	n/a	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 mortgages 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	Q2 20	Q2 19	Jan-Jun 20	Jan-Jun 19	2019
Loan losses (annualised)	199 121	174 000	202 159	133 572	153 149
Average loan volume	84 569 346	78 670 739	83 292 999	78 592 666	79 897 657
Loss rate	0.24 %	0.22 %	0.24 %	0.17 %	0.19 %
Loan losses	n/a	n/a	n/a	n/a	153 149
Adjustment one-off sale	n/a	n/a	n/a	n/a	-17 400
Loan losses (adj.)	n/a	n/a	n/a	n/a	135 749
Loan losses (annualised) adj.)	n/a	n/a	n/a	n/a	135 749
Average loan volume	n/a	n/a	n/a	n/a	79 897 657
Loss rate (adj.)	n/a	n/a	n/a	n/a	0.17 %
Average deposits from customers	57 072 794	50 851 632	55 238 928	50 393 578	51 737 333
Average loans to customers	84 569 346	78 670 739	83 292 999	78 592 666	79 897 657
Average deposit-to-loan ratio	67.5 %	64.6 %	66.3 %	64.1 %	64.8 %
Deposits from customers	59 901 290	53 930 170	59 901 290	53 930 170	52 844 881
Loans to customers	84 057 144	79 614 300	84 057 144	79 614 300	81 233 217
Deposit-to-loan ratio	71.3 %	67.7 %	71.3 %	67.7 %	65.1 %
LTV (Loan-to-value)	52.9 %	53.2 %	52.9 %	53.2 %	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	30.06.20		31.12.19	
	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	4 530 696	4 530 696	3 949 991	3 949 991
Level 1 covered bonds	7 212 643	6 707 758	5 876 307	5 464 966
Level 2A - assets	4 803 732	4 083 172	848 395	721 136
Level 2B - assets	0	0	0	0
Excess liquid asset amount		-3 252 641		0
Assets ineligible as "liquid assets"	87 722 154		82 330 991	
Total assets	104 269 225	12 068 985	93 005 685	10 136 093
Net outflows		2 921 710		4 020 627
LCR %		413 %		252 %

Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the half-yearly financial statements for the group and the company for the period 1 January through 30 June 2020 have been prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the company taken as a whole.

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

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

Bergen, 14 July 2020

The Board of Directors of Sbanken ASA



Niklas Midby
(Chair)



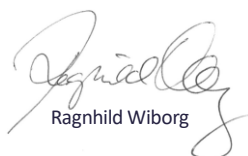
Mai-Lill Ibsen



August Baumann



Hugo Maurstad



Ragnhild Wiborg



Cathrine Klouman



Sarah Lunde Mjåtvædt



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