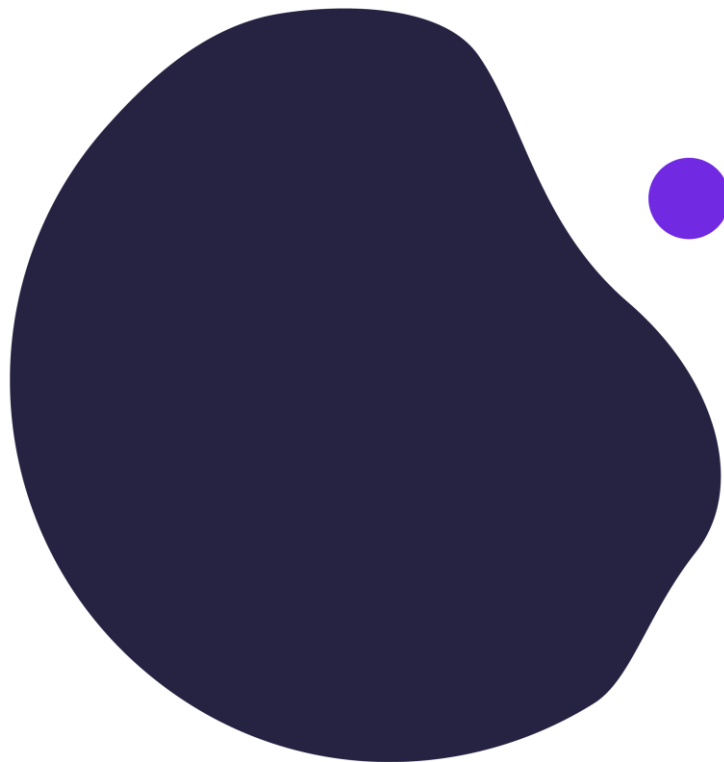


Sbanken

Q3

Third quarter 2021

Sbanken group



# Sbanken – the leading digital challenger



Leading digital bank with above 480 000 retail customers and 10 000 SMEs



CAGR loan growth 7 % since IPO November 2015



Average ROE of 12 % last four years



Most satisfied customers in the last 20 years



Capitalising on platform investments



# Developments in the quarter

## Positive lending development

- Quarterly lending growth 0.5 %, car loans up 14.5 %
- Targeted product adaptations and marketing efforts to mitigate churn – initiatives with short-term negative margin impact

## DNB transaction

- Awaiting decision from the Norwegian Competition Authority (NCA)

## Robust asset quality

- Loss ratio at 0.03 %

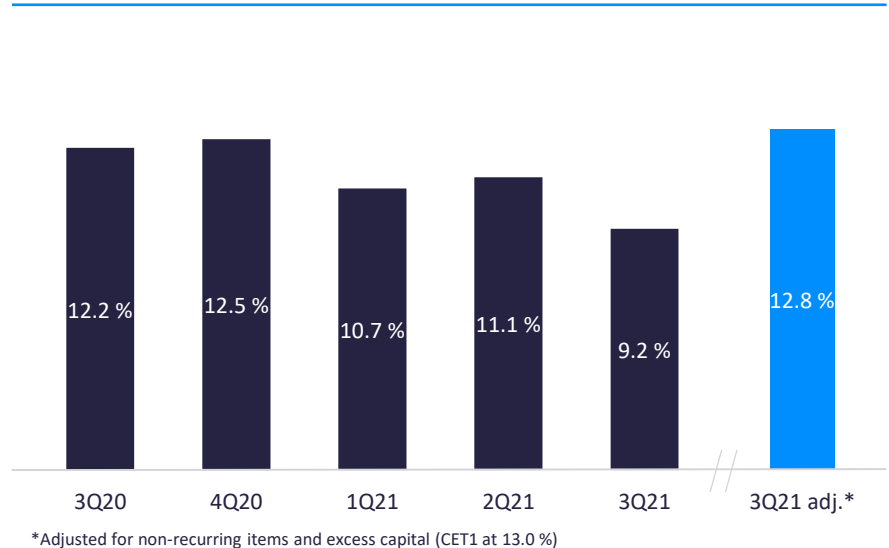
## Significantly overcapitalised

- Distribution of NOK 4.40 per share dividend in October
- NOK 1.4bn above capital target post 2020 dividend
- Quarterly adj. ROE 12.8 % with capital level at target

## Sustainability

- Received B+ score in ESG 100 survey, up from D last year

## Return on Equity



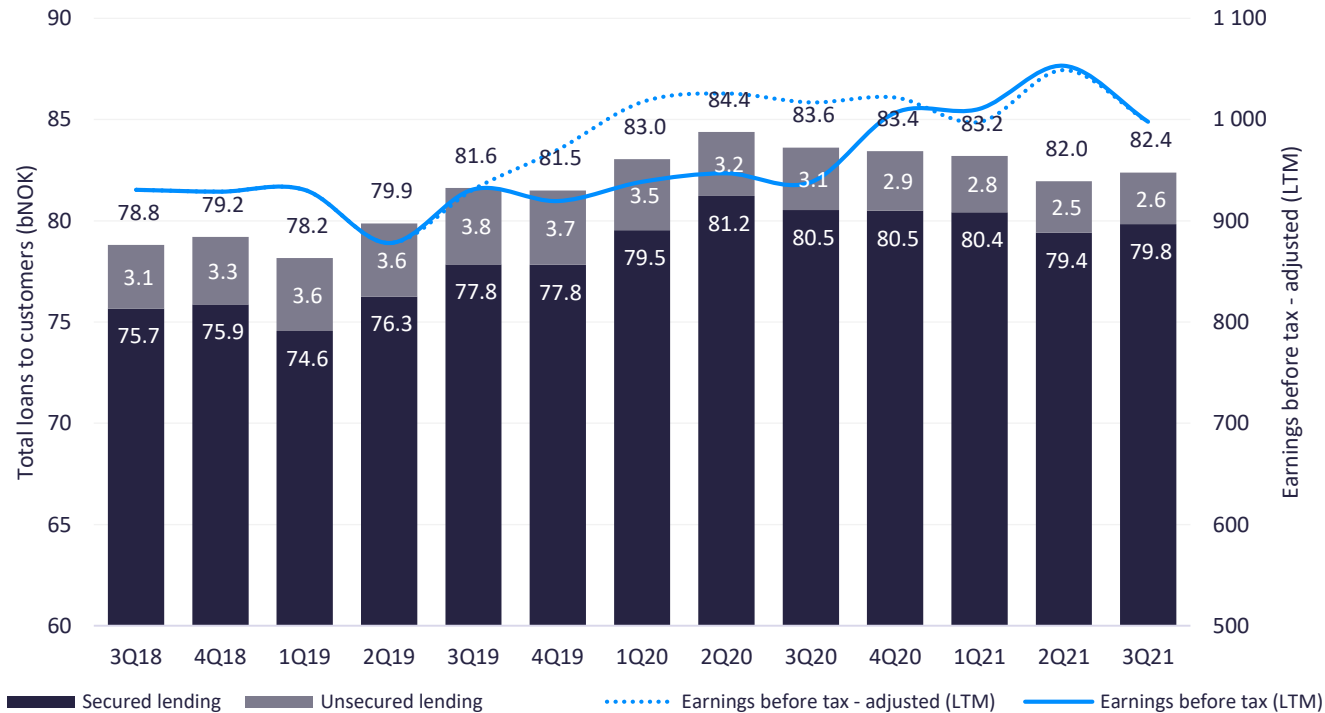
# Financial highlights

	Q3 2021	Q3 2020	12-month growth
Net interest income (NOK million)	373.4	422.2	-11.6 %
Net fee and commission (NOK million)	50.9	43.8	16.2 %
Net profit (NOK million)	168.3	211.8	-20.5 %
Earning per share (NOK)	1.52	1.90	
ROE (per cent)	9.2	12.2	
Cost-to-income (per cent)	43.7*	35.5	
Loan-loss-ratio (per cent)	0.03	0.14	
NIM (per cent)	1.50	1.66	
CET1 (per cent)	16.3**	16.8	
FuM (NOK billion)	30.3	19.3	

\* Adjusted for one-off items totalling NOK 3.8 million.

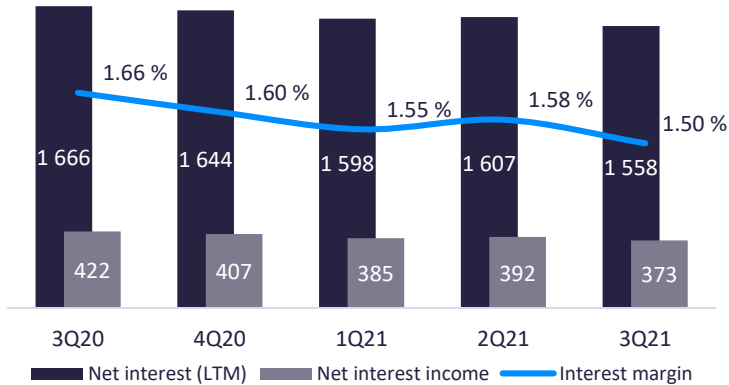
\*\* Including 50 per cent retained earnings for first nine months of 2021 and 37.2 per cent retained earnings for 2020.

# Long-term balance between profitability and growth

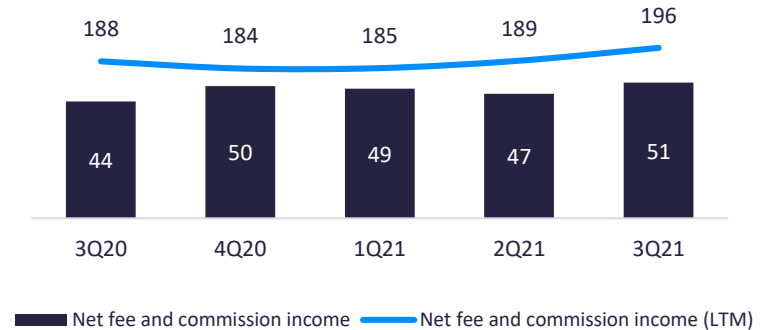


# Revenues

## Net interest income



## Net fee and commission income

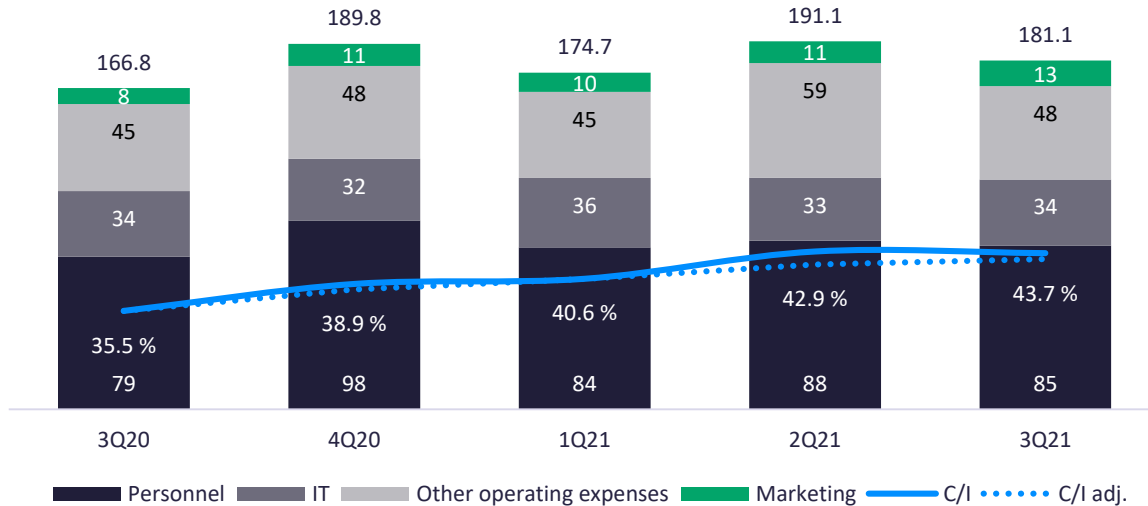


- Norges Bank raised key policy rates by 25 basis points in September – increasing money market rates
- Short-term NIM contraction with targeted product adaptations

- Revenues from card transactions increased as travel restrictions were eased

# Operating costs

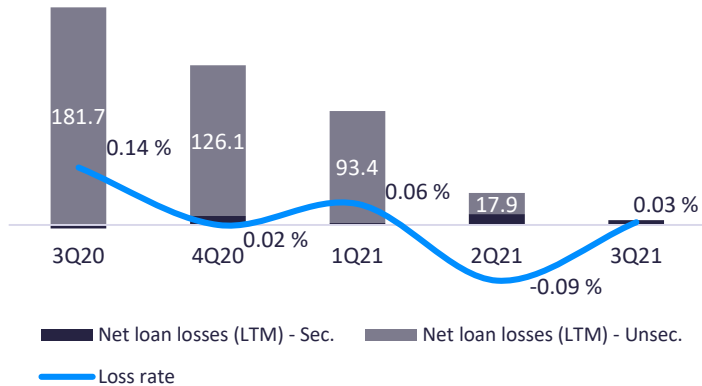
NOK million



- NOK 3.8 million in non-recurring transaction costs
- Targeted marketing spend to mitigate customer churn

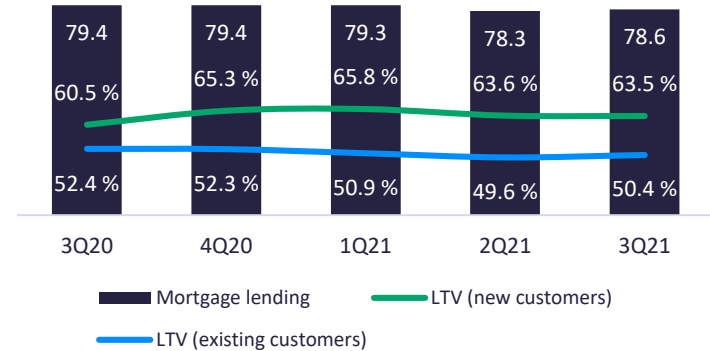
# Asset quality

## Net loan losses and loss ratio



- Robust credit quality in unsecured and secured loans
- Loss level expected below 0.05 % for the coming quarters

## Mortgage lending and LTV

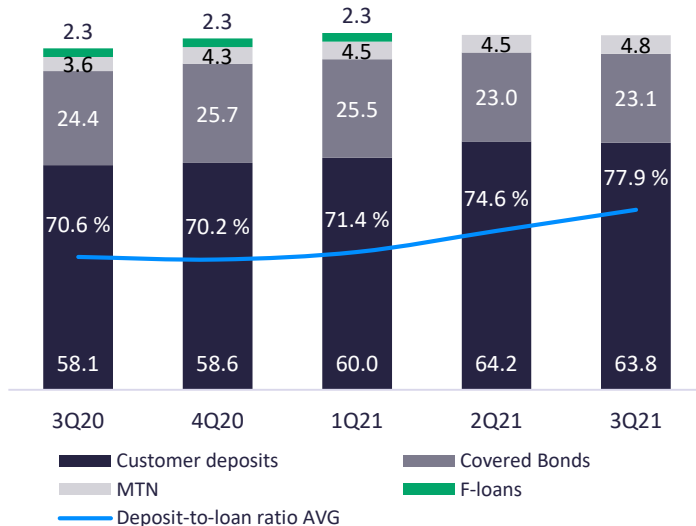


- Stable LTV for existing and new mortgages

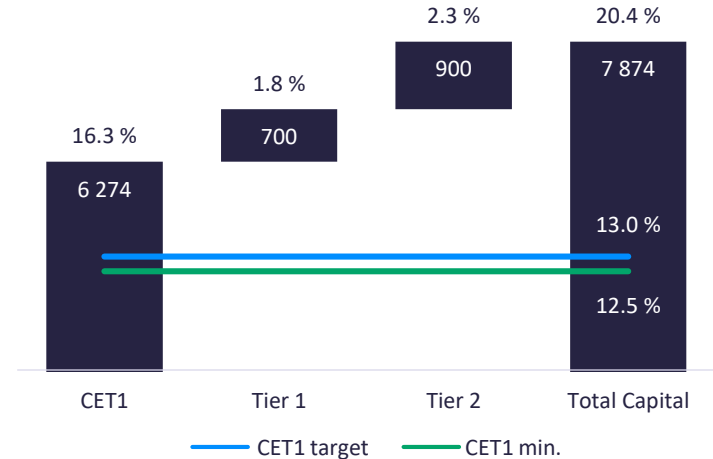


# Funding and capital

## Funding



## Capital

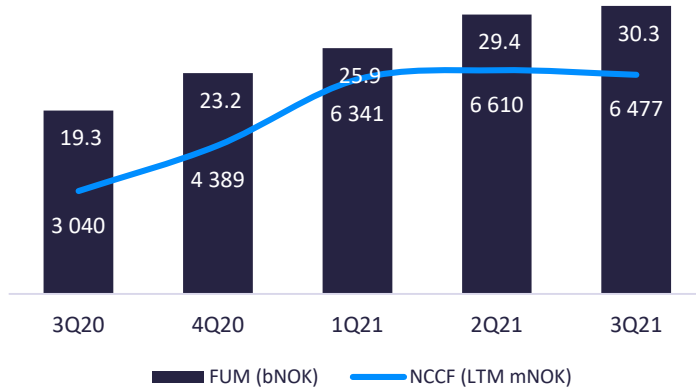


- Annual deposit growth 10.0 %
- Moody's credit rating A2 – review for upgrade
- Issuance of SNP in relation to MREL requirement

- NOK 4.40 per share dividend for 2020 distributed in October
- Significant overcapitalisation – NOK 1.4bn above CET1 target post 2020 dividend

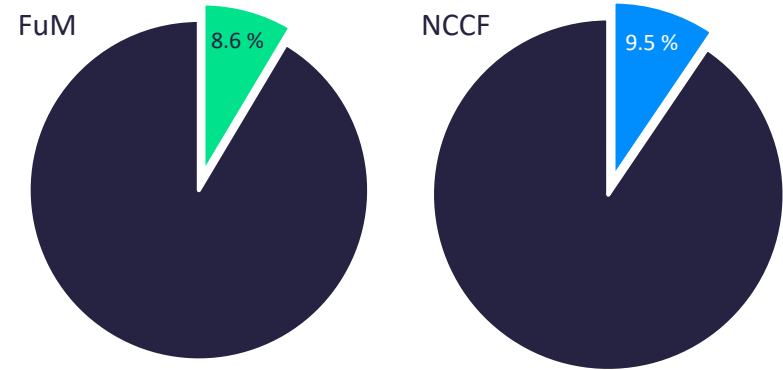
# Continued growth in savings

## Funds under Management



- Growth in FuM – continued inflow of customers’ funds
- Net client cash flow NOK 826 million in the quarter





## Market share\*



- Monthly inflow from savings agreements reached NOK 165 million

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

# Financial targets 2021 - 2023

	<b>Targets 2021 – 2023</b>	<b>Q3 2021</b>
 <b>Return on equity</b>	<b>14 %</b>	<b>9.2 % (12.8 %*)</b>
 <b>LTM EPS growth</b>	<b>10 %</b>	<b>8.4 %</b>
 <b>Cost-to-income ratio</b>	<b>30 %</b>	<b>43.7 %*</b>
 <b>CET1 ratio</b>	<b>Regulatory req. plus 50bp**</b>	<b>16.3 %</b>

\* Adj. for non-recurring items and excess capital (CET1 at 13.0 %)

\*\* Currently 12.5 per cent plus 50bp management buffer

# Outlook



- Key policy rate likely to be hiked again in December, marking that a gradual hiking cycle has started
- Increasing money market rates and mortgage rate guarantee likely to put short-term pressure on interest margin
- Longer-term, higher interest rate environment expected to positively impact margin outlook
- Loss level for coming quarters expected below 0.05 per cent
- If DNB becomes the new owner, we will together set strategic plans to deliver market-leading banking solutions for our customers
- Should process conclude without transaction, Sbanken will through its customer centric model and technological leadership, be uniquely positioned to capture growth opportunities

	2021e	2022e
Mainland GDP	3.9 %	4.5 %
Household credit growth	4.8 %	4.8 %
Unemployment	3.1 %	2.2 %
Housing prices	9.2 %	1.7 %

# Important information

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

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

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

# Appendix

# Income statement

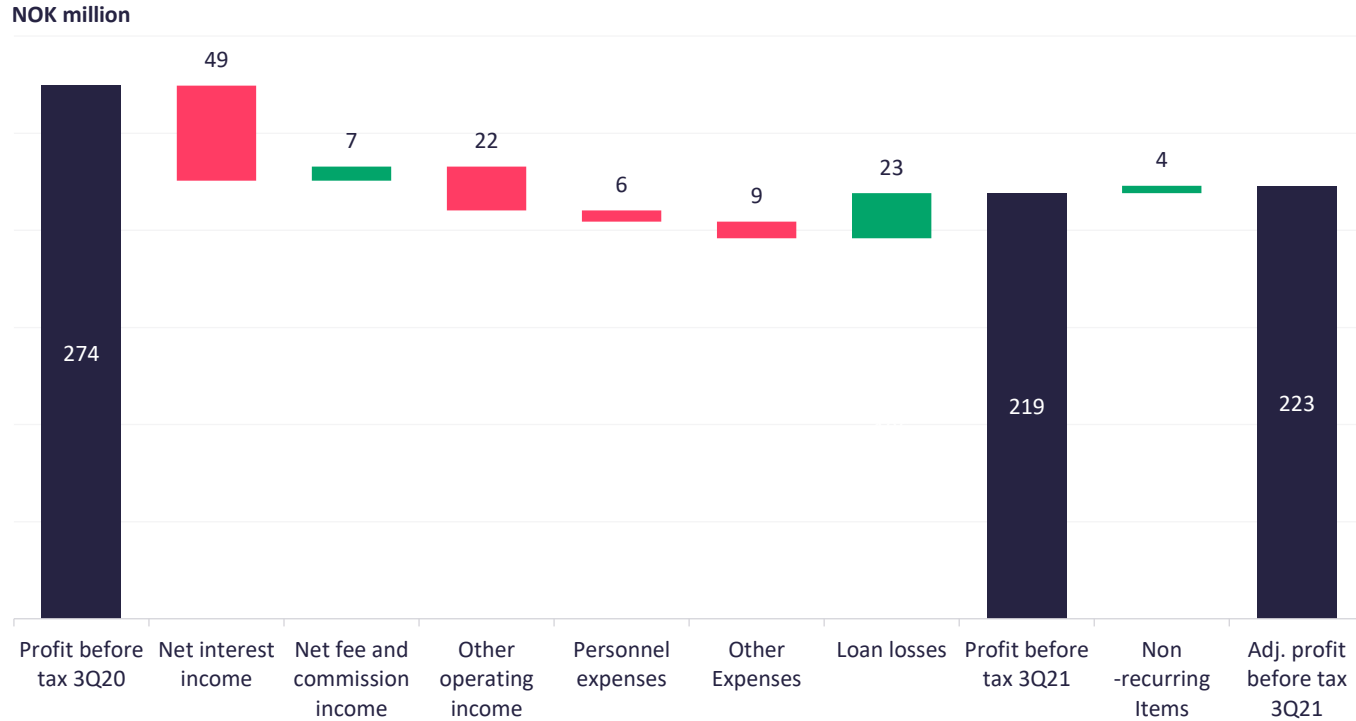
In NOK thousand	Note	Q3 21	Q3 20	Jan-Sep 21	Jan-Sep 20	2020
Interest income from financial instruments using the effective interest method	12	465 275	526 727	1 452 559	1 874 489	2 380 696
Other interest income	12	0	0	0	0	0
Interest expense	12	-91 893	-104 528	-302 120	-637 662	-736 560
<b>Net interest income</b>		<b>373 381</b>	<b>422 199</b>	<b>1 150 439</b>	<b>1 236 827</b>	<b>1 644 137</b>
Commission and fee income	13	84 604	84 746	241 997	249 956	345 717
Commission and fee expense	13	-33 664	-40 921	-95 796	-115 207	-161 407
<b>Net commission and fee income</b>		<b>50 940</b>	<b>43 825</b>	<b>146 201</b>	<b>134 749</b>	<b>184 310</b>
Net gain/(loss) on financial instruments	14	-18 888	3 578	-35 405	1 847	21 920
Other income		0	30	0	30	130
<b>Other operating income</b>		<b>-18 888</b>	<b>3 608</b>	<b>-35 405</b>	<b>1 877</b>	<b>22 050</b>
Personnel expenses	15	-84 858	-79 155	-256 424	-250 615	-348 558
Administrative expenses	15,20	-80 082	-71 071	-242 675	-220 743	-296 053
Depreciation and impairment of fixed and intangible assets		-16 116	-16 575	-47 796	-49 231	-65 760
<b>Profit before loan losses</b>		<b>224 377</b>	<b>302 832</b>	<b>714 340</b>	<b>852 864</b>	<b>1 140 126</b>
Loan losses	8	-5 252	-28 384	821	-128 911	-133 482
<b>Profit before tax</b>		<b>219 125</b>	<b>274 448</b>	<b>715 161</b>	<b>723 953</b>	<b>1 006 643</b>
Tax expense	16	-50 778	-62 616	-164 410	-162 273	-223 601
<b>Profit for the period</b>		<b>168 347</b>	<b>211 832</b>	<b>550 751</b>	<b>561 680</b>	<b>783 042</b>
<b>Attributable to</b>						
Shareholders		162 101	202 956	531 751	533 828	748 575
Additional Tier 1 capital holders	11	6 246	8 876	19 000	27 852	34 467
<b>Profit for the period</b>		<b>168 347</b>	<b>211 832</b>	<b>550 751</b>	<b>561 680</b>	<b>783 042</b>

# Balance sheet

In NOK thousand	Note	30.09.21	30.09.20	31.12.20
<b>Assets</b>				
Cash and receivables with central bank	5	581 647	397 484	1 423 268
Loans to and receivables from credit institutions	5	1 092 541	888 298	654 517
Loans to customers	5, 6, 7, 17, 18	82 037 172	83 266 268	83 082 252
<b>Net loans to customers, central bank and credit institutions</b>		<b>83 711 360</b>	<b>84 552 050</b>	<b>85 160 037</b>
Commercial paper and bonds at fair value through OCI	17, 19	16 551 591	12 070 728	14 412 990
Equity and funds	17, 18, 19	286 980	208 732	163 701
Derivatives	19	455 198	849 677	561 305
Intangible assets		112 626	119 326	114 645
Deferred tax assets	16	22 442	16 814	21 679
Property, plant and equipment		91 721	135 404	127 755
Other assets		376 820	91 873	110 850
Advance payment and accrued income		75 147	56 189	53 498
<b>Total assets</b>		<b>101 683 885</b>	<b>98 100 793</b>	<b>100 726 459</b>
<b>Liabilities</b>				
Loans and deposits from central bank	17,18	0	2 250 000	2 250 000
Loans and deposits from credit institutions	17, 18	401 606	808 480	542 731
Deposits from customers	17, 18	63 845 031	58 064 313	58 643 627
Debt securities issued	10, 17, 18	27 840 858	27 978 475	29 974 370
Derivatives		10 979	55 336	21 738
Taxes payable	16	180 668	163 690	224 640
Pension commitments		36 998	27 494	36 998
Other liabilities		656 144	442 182	515 589
Subordinated loans	10, 17, 18	899 071	898 751	898 831
<b>Total liabilities</b>		<b>93 871 355</b>	<b>90 688 722</b>	<b>93 108 523</b>
<b>Equity</b>				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital	11	701 200	701 139	701 223
Other equity		3 416 742	3 016 344	3 222 125
<b>Total equity</b>		<b>7 812 530</b>	<b>7 412 071</b>	<b>7 617 936</b>
<b>Total liabilities and equity</b>		<b>101 683 885</b>	<b>98 100 793</b>	<b>100 726 459</b>

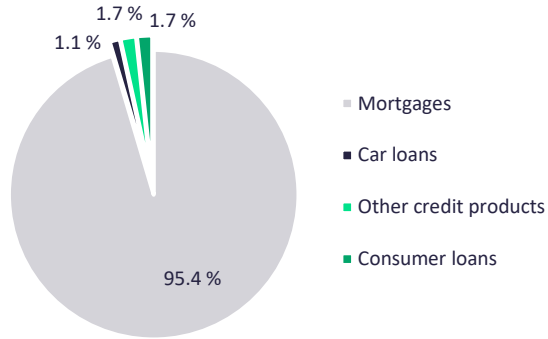


# Change in profit before tax

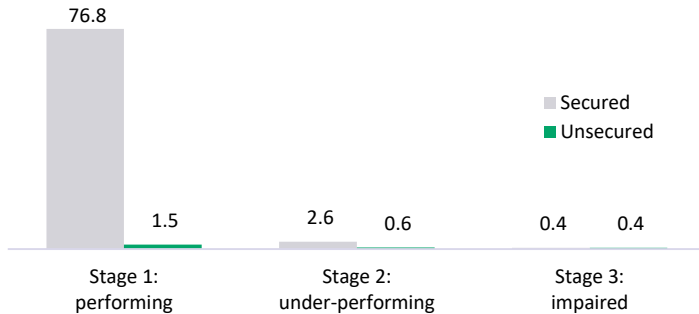


# Lending portfolio

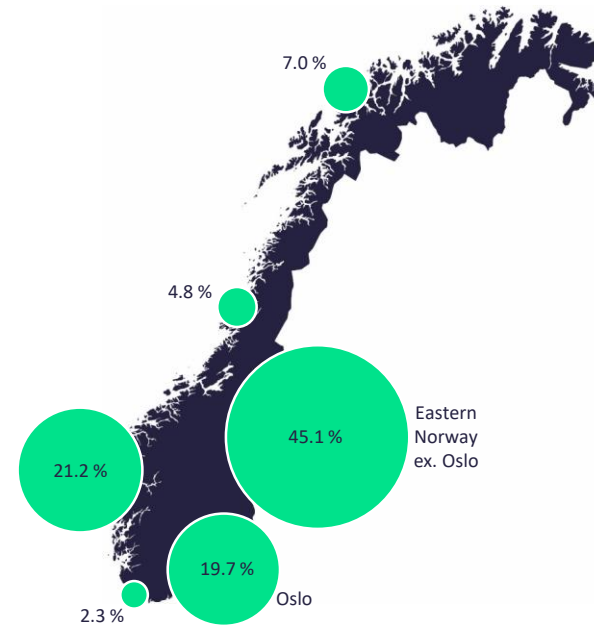
## Product distribution



## Risk classification (bnNOK)

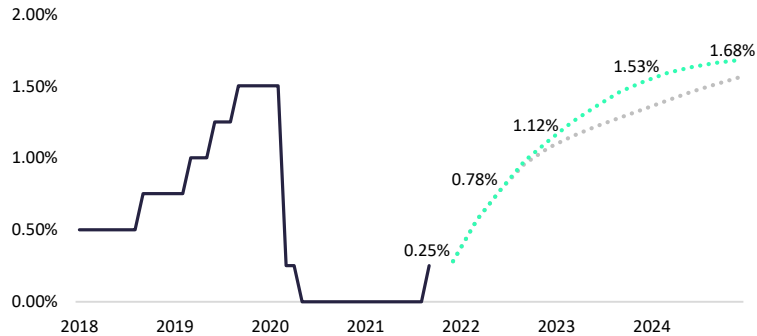


## Mortgage lending centred in urban areas

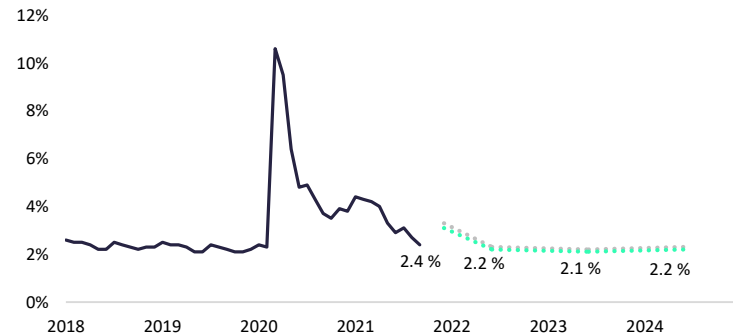


# Norwegian macro development

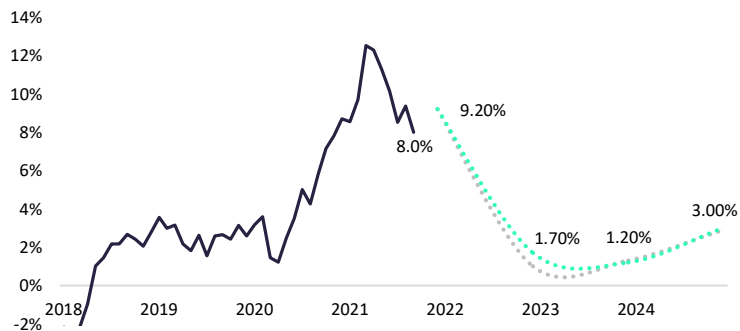
## Key policy rate



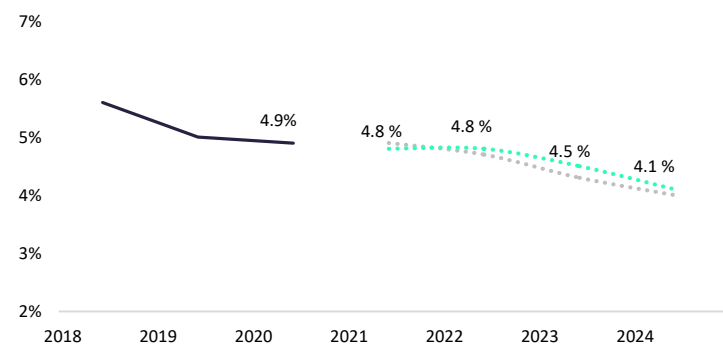
## Unemployment (registered)



## Housing prices (12-month rolling)



## Credit to households (C2)



# Interest bearing lending and funding

## Interest bearing lending

NOKm		2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Mortgages	Volume	79 382	79 362	79 382	79 350	78 298	78 611
	Interest income	1 786	397	377	367	364	352
	Effective rate <sup>1</sup>	2.26 %	1.99 %	1.89 %	1.88 %	1.85 %	1.79 %
Car loans	Volume	878	953	878	821	825	945
	Interest income	57	14	13	11	11	11
	Effective rate <sup>1</sup>	5.58 %	5.46 %	5.61 %	5.46 %	5.45 %	4.97 %
Consumer loans	Volume	1 739	1 869	1 739	1 618	1 483	1 404
	Interest income	209	51	46	42	39	35
	Effective rate <sup>1</sup>	10.32 %	10.35 %	10.23 %	10.02 %	10.10 %	9.76 %
Other credit products <sup>2</sup>	Volume	1 440	1 436	1 440	1 423	1 349	1 429
	Interest income	174	41	42	40	39	38
	Effective rate <sup>1</sup>	11.80 %	11.58 %	11.56 %	11.43 %	11.08 %	10.53 %
Interest bearing securities	Volume	14 413	12 071	14 413	16 859	14 413	16 552
	Interest income	147	25	27	30	44	29
	Effective rate <sup>1</sup>	1.19 %	0.70 %	0.81 %	0.92 %	1.20 %	0.91 %
Total	Volume	100 726	98 101	100 726	101 718	101 461	101 684
	Interest income	2 381	527	506	491	497	465
	Effective lending rate <sup>1</sup>	2.41 %	2.07 %	1.99 %	1.97 %	2.00 %	1.88 %

## Interest bearing funding

NOKm		2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Deposits	Volume	58 644	58 064	58 644	59 962	64 186	63 845
	Interest expense	244	38	20	20	20	21
	Effective rate <sup>1</sup>	0.43 %	0.15 %	0.13 %	0.13 %	0.13 %	0.13 %
	Bank guarantee fee	67	16	17	16	21	19
	Effective rate incl. fee <sup>1</sup>	0.54 %	0.26 %	0.24 %	0.24 %	0.27 %	0.24 %
Debt securities issued	Volume	29 956	27 978	29 956	30 076	27 579	27 841
	Interest expense	394	56	57	64	58	48
	Effective rate <sup>1</sup>	1.31 %	0.78 %	0.75 %	0.86 %	0.80 %	0.75 %
Loans from central bank	Volume	2 250	2 250	2 250	2 250	0	0
	Interest expense	6	2	2	2	0	0
	Effective rate <sup>1</sup>	N/A	0.24 %	0.24 %	0.24 %	0.00 %	0.00 %
Total	Volume	87 469	90 689	93 095	94 255	93 838	93 871
	Interest expense	737	105	98	106	104	92
	Effective funding rate <sup>1</sup>	0.74 %	0.42 %	0.39 %	0.43 %	0.42 %	0.37 %

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

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

# Non-performing and doubtful loans per product

Credit-impaired assets		30.09.21					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
<b>Loans to customers:</b>							
Home loans	Residential property	405 367	-42 945	362 422	360 697	1 725	96.1%
Car Loans	Vehicle	17 447	-6 691	10 756	10 653	103	98.5%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	432 680	-248 192	184 488	0	184 488	57.4%
<b>Total credit-impaired assets</b>		<b>855 494</b>	<b>-297 828</b>	<b>557 666</b>	<b>371 350</b>	<b>186 316</b>	<b>61.5%</b>

# Financial calendar

10.02.2022

Quarterly report Q4 2021

24.03.2022

Annual report FY 2021

