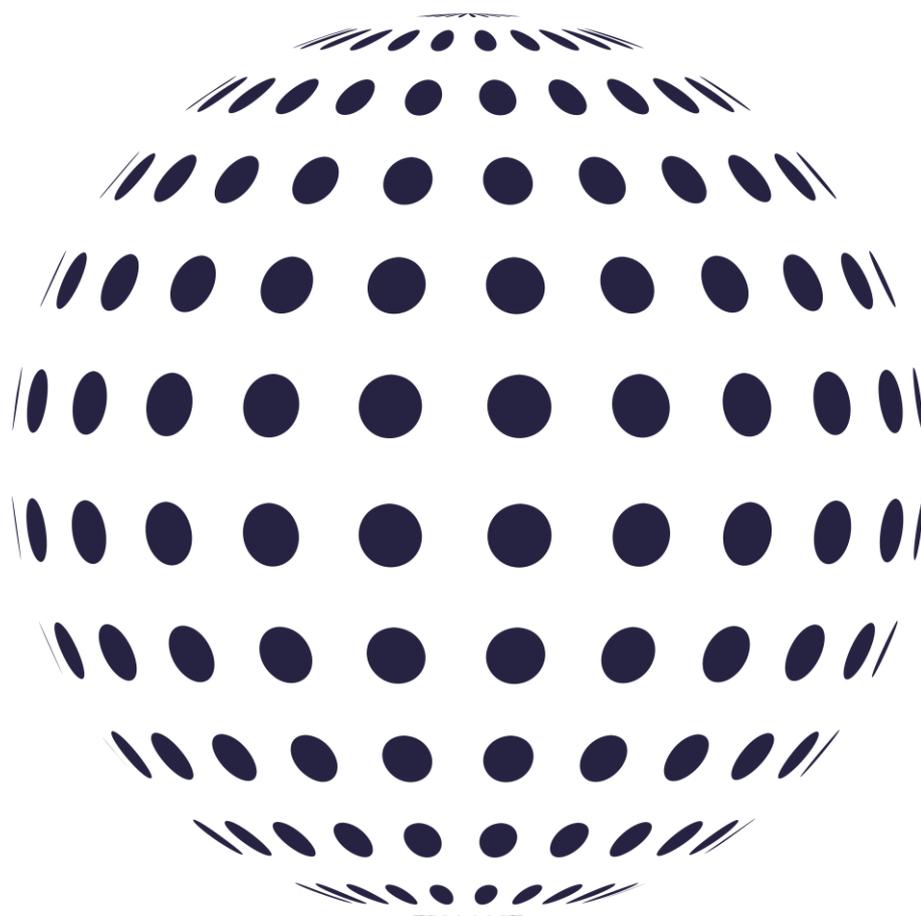


Q3

Third quarter 2019

(Unaudited)

Sbanken ASA



Sbanken

Q3

Third quarter 2019 – Highlights Sbanken ASA

Annual lending growth

3.6 %
(9.4 %*)

Cost-to-income ratio

35.4 %
(39.0 %*)

ROE

14.0 %
(12.5 %*)

Net interest margin

1.77 %
(1.45 %*)

Loan loss ratio

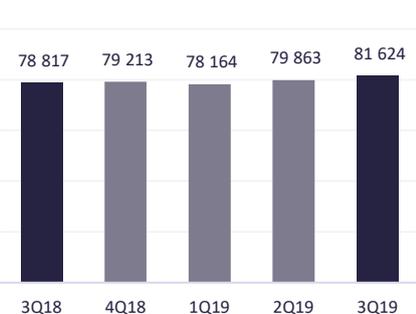
0.18 %
(0.10 %*)

CET1 ratio

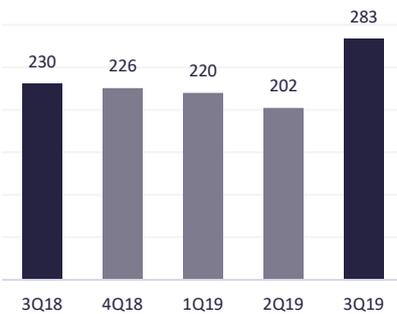
15.0 %**
(14.5 %*)

- Loan book repricing supports improvement in net interest margin
- Robust lending growth, 2.2 per cent from previous quarter
- Launched new platform and pricing model for fund distribution
- Øyvind Thomassen new CEO

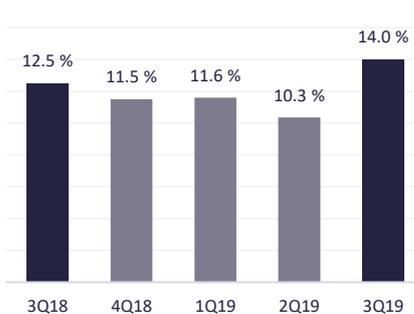
Total loans to customers
NOK million



Earnings before tax
NOK million



Return on equity
Per cent



* Comparable figure corresponding period last year.

** Including 70 per cent retained earnings for first nine months of 2019 and 2018.

Key figures (group)

In NOK thousand	Reference	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Summary of income statement						
Net interest income		420 830	333 300	1 135 070	1 009 149	1 371 240
Net fee and commission income		63 821	62 783	161 395	153 787	203 599
Net other income		11 546	13 332	19 545	69 462	71 376
Operating income		496 197	409 415	1 316 010	1 232 398	1 646 215
Operating expenses						
Operating expenses		-175 894	-159 573	-507 407	-481 363	-641 992
Operating profit before loan losses		320 302	249 842	808 603	751 035	1 004 223
Loan losses						
Loan losses		-37 067	-19 676	-103 304	-48 006	-75 513
Earnings before tax		283 235	230 166	705 299	703 029	928 710
Calculated tax						
Calculated tax		-65 528	-52 212	-158 222	-149 511	-205 990
Net profit		217 708	177 954	547 077	553 517	722 720
Profitability						
Return on equity	1	14.0%	12.5%	11.9%	13.4%	12.9%
Net interest margin	2	1.77%	1.45%	1.64%	1.52%	1.53%
Cost-to-income ratio	3	35.4%	39.0%	38.6%	39.1%	39.0%
Earnings per share		1.96	1.60	4.90	5.00	6.53
Balance sheet figures (in NOK million)						
Total loan volume		81 624	78 817	81 624	78 817	79 213
Customer deposits		52 654	49 930	52 654	49 930	49 534
Deposit-to-loan ratio	4	65.8%	64.9%	64.7%	64.6%	64.1%
Lending growth (gross) previous 12 months		3.6%	9.4%	3.6%	9.4%	9.8%
Average total assets	5	94 410	91 494	92 640	88 578	89 367
Total assets, end of period		94 107	91 025	94 107	91 025	91 511
Losses and defaults						
Total loan loss (%)	6	0.18%	0.10%	0.17%	0.09%	0.10%
Capital adequacy and leverage ratio						
Common equity Tier 1 capital ratio	7	15.0%	14.5%	15.0%	14.5%	14.6 %
Tier 1 capital ratio		16.5%	15.9%	16.5%	15.9%	15.9 %
Total capital ratio		18.6%	17.6%	18.6%	17.6%	17.7 %
Leverage ratio		6.3%	6.0%	6.3%	6.0%	6.1 %

References

- 1) Return to shareholders after tax (annualised) as a percentage of average shareholder equity in the period.
- 2) Net interest income (annualised) as a percentage of average total capital
- 3) Operating expenses before loss as a percentage of total income (not adjusted for the profit from the Visa transaction)
- 4) Average deposits from customers as a percentage of average loan volume
- 5) Average total assets in the period
- 6) Loan losses as a percentage of average loan volume in the period
- 7) Including 70 per cent of the profit for the nine months of 2019 and 2018. Year-end 2018 is based on actual dividend.

Third Quarter Results

The Sbanken group generated a profit before tax of NOK 283.2 million in the third quarter, compared with NOK 230.2 million in the third quarter last year. Net interest income increased to NOK 420.8 (333.3) million, while net fee and commission income increased by 1.6 per cent from the third quarter of 2018, to NOK 63.8 (62.8) million. Profit before tax was positively affected as the resolution fund contribution, for the first nine months of 2019, was NOK 36.0 million below previous estimates.

At quarter-end, total customer lending was NOK 81.6 billion, compared with NOK 78.8 billion at the end of the third quarter of 2018 and NOK 79.9 billion at the end of the second quarter of 2019. Return on equity in the third quarter was 14.0 (12.5) per cent.

Important events during the quarter

Average Norwegian short-term money market rates increased during the third quarter of 2019. The three-month NIBOR rate increased by 25 basis points from 1.52 per cent at the end of the second quarter, to 1.77 per cent at the end of the third quarter. On 19 September 2019, Norges Bank raised the key policy rate by 25 basis points to 1.50 per cent.

On 7 August, the interest rate hike from Sbanken in June came into full effect, contributing positively to the net interest margin.

On 26 September, Sbanken announced an increase in its mortgage rates of up to 25 basis points. The increase will have full effect from 8 November.

In August, a game changing new price model was introduced for mutual fund distribution to customers. All kickbacks from fund managers are transferred back to customers while introducing a transparent platform fee structure. The model has been well received by customers, while also attracting significant media attention.

Sbanken was placed number one for the 11th consecutive year on the annual EPSI customer satisfaction survey, solidifying the position as the Norwegian bank with the most satisfied customers.

The 2019 contribution to the Norwegian deposit guarantee fund and resolution fund was confirmed. Sbanken recorded a NOK 36.0 million positive effect to net interest income, corresponding to 15 basis points in net interest margin, as the final contribution to the resolution fund was lower than estimated for the first nine months of 2019.

Øyvind Thomassen has been appointed as the new CEO, replacing Magnar Øyhovden. Thomassen was instrumental in building up Sbanken's predecessor Skandiabanken from its start, both as CEO of the bank and of its parent company, Skandiabanken AB.

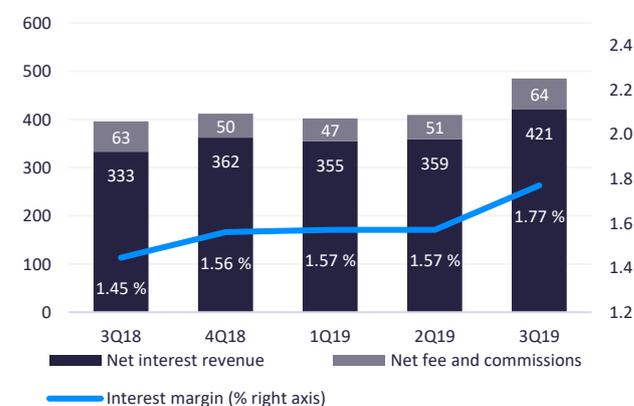
Operating income

Operating income increased to NOK 496.2 (409.4) million, following an increase in net interest income of 87.5 million, an increase in net fee and commission income of 1.0 million and a decrease in other operating income of 1.8 million from the previous quarter.

Net interest income increased to NOK 420.8 (333.3) million as a result of increased net lending to customers, increased net interest margin. The net interest margin was 1.77 per cent, up from 1.45 per cent in the third quarter of 2018, of which 15 basis points related to lower than provisioned contributions to resolution fund.

Net fee and commission income increased to NOK 63.8 (62.8) million, primarily as a result of increased revenues from credit and debit cards.

Net interest and fee and commission income
NOK million



Repricing of loan and credit products led to an increase in the effective lending rate in the quarter to 2.94 per cent, compared to 2.48 per cent in the third quarter of 2018, and 2.83 per cent in the second quarter of 2019.

Average effective interest rate by product group

	3Q18	4Q18	1Q19	2Q19	3Q19
Home loans	2.36 %	2.48 %	2.57 %	2.59 %	2.71 %
Car loans	4.90 %	5.00 %	5.01 %	5.36 %	5.23 %
Consumer loans	9.56 %	9.96 %	9.92 %	10.44 %	10.68 %
Other credit	10.71 %	11.14 %	11.52 %	11.26 %	11.03 %

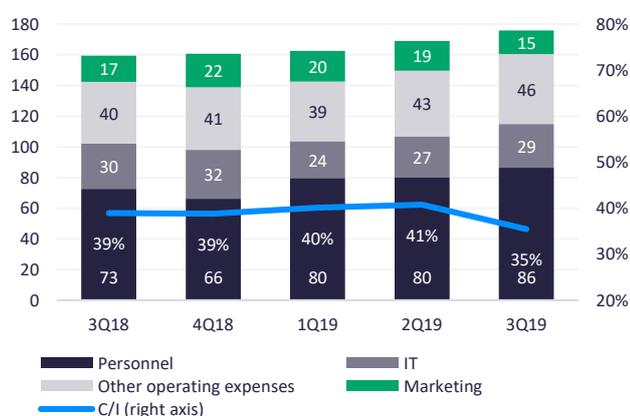
The effective funding rate in the quarter increased to 1.15 per cent, compared with 1.02 per cent in the third quarter of 2018. Market rates increased, but the overall funding rate decreased by 0.11 percentage points from the previous quarter when incorporating the lower than estimated resolution fund contribution.

Operating expenses

Operating expenses amounted to NOK 175.9 (159.6) million in the quarter. Costs associated to the change in CEO, including severance pay, were booked in this quarter. Marketing costs decreased by NOK 1.7 million, compared with the third quarter of 2018, while other operating costs increased due to higher consultancy costs for marketing projects associated to the SME offering and the new fund distribution model.

The cost-to-income ratio was 35.4 per cent in the quarter, compared to 39.0 per cent in the third quarter of 2018.

Operating expenses
NOK million



Impairments and losses

The net cost of losses amounted to NOK 37.1 million in the quarter, equivalent to a loan loss ratio of 0.18 per cent. Total expected credit losses amounted to NOK 272.2 million at the end of the quarter, of which NOK 65.8 million related to secured loans and NOK 206.4 million to unsecured loans.

Following the implementation of the Norwegian debt register in July and August, Sbanken is closely monitoring its effects on the consumer lending market and potential loan losses.

Taxes

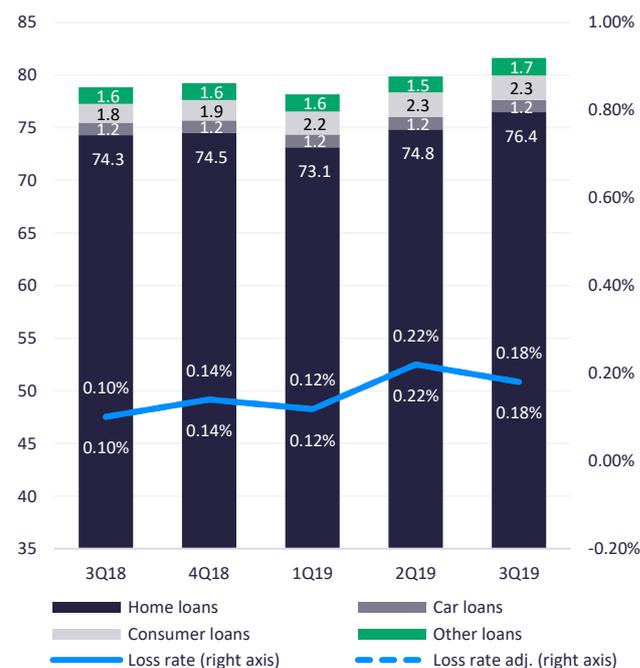
The estimated tax expense amounted to NOK 65.5 (52.2) million, corresponding to an effective tax rate of 23.1 (22.7) per cent.

Loans to and deposits from customers

Loans to customers increased to NOK 81.6 (78.8) billion. Lending growth over the past 12 months was 3.6 per cent.

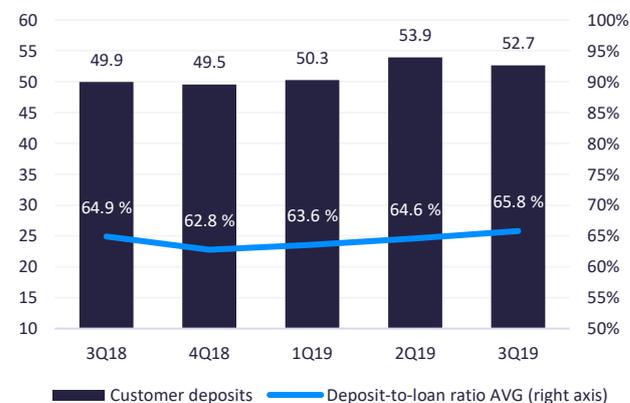
At the end of the quarter, outstanding consumer loans amounted to NOK 2 341 (1 772) million. This corresponds to a growth of 32.1 per cent over the past 12 months. The volume of other credit products (account credit, credit cards and custody account loans) was NOK 1 681 (1 569) million at the end of the quarter.

Loans to customers
NOK billion



Customer deposits increased to NOK 52.7 (49.9) billion, up NOK 2.7 billion, or 5.5 per cent, from the third quarter of 2018. The average deposit-to-loan ratio in the quarter was 65.8 per cent, compared with 64.9 per cent in the third quarter of 2018.

Customer deposits
NOK billion



Savings

Funds under management increased with NOK 649 million during the quarter, ascribed mainly to improved markets. Net client cash flow was positive in the quarter, amounting to NOK 136 million, and NOK 663 million the last twelve months. Funds under management amounted to NOK 14.0 billion at the end of the quarter.

Following the introduction of the new fund platform pricing model, the net fund transfer has been positive. Lag effect do however persist as fund transfers often are delayed after client initiation.

Customers' investment in mutual funds (FuM) NOK billion



Comments on the results for the first nine months of 2019

Sbanken recorded a net profit after tax of NOK 547.1 million in the first nine months of 2019, compared with NOK 553.5 million in the corresponding period of 2018.

Net interest income increased by 12.5 per cent to NOK 1 135.1 (1 009.1) million in the first nine months of 2019, primarily due to increased net interest margin. Net fee and commission income increased by 4.9 per cent to NOK 161.4 (153.8) million. The increase is mainly due to increased volumes of card transactions by customers and increased customers' holdings in mutual funds.

Comparable figures for the first nine months 2018 Sbanken had a positive accounting effect related to the merger between Vipps, BankAsept and BankID of NOK 36.0 million and recognised a gain of NOK 20.4 million after conversion of Visa Norge FLI from a general partnership into a limited liability company.

Operating expenses increased by 5.4 per cent to NOK 507.4 (481.4) million.

The net cost of losses amounted to NOK 103.3 million. Total expected credit losses amounted NOK 272.2 million, NOK 65.8 million of which was related to secured loans and NOK 206.4 million to unsecured loans. The loan loss ratio was 0.17 (0.09) per cent.

Capital adequacy, leverage ratio and risk factors

Reflecting that the counter cyclical buffer increases to 2.5 per cent from 31 December 2019, Sbanken has a CET1 capital ratio target of 14.5 per cent, a Tier 1 capital ratio target of 16.0 per cent and a total capital ratio target of 18.0 per cent. Including 70 per cent of retained earnings, Sbanken had a CET1 capital ratio of 15.0 per cent, up 0.1 percentage points from the previous quarter. Tier 1 capital ratio was 16.5 per cent and total capital ratio was 18.6 per cent at the end of the quarter. At the same time the leverage ratio was 6.3 per cent. The capital ratios include 70 per cent of retained earnings from the first nine months of 2019 and 2018.

Sbanken's financial risk mainly consists of credit risk, market risk and liquidity risk. The credit risk comprises lending to the public primarily in the form of home loans, car loans, custody account loans, consumer loans, overdrafts and credit cards. Sbanken has a high-quality lending portfolio that includes mortgages with a moderate loan-to-value ratio (LTV). At the end of the quarter, the average LTV was 53.5 (53.5) per cent. Home loans accounted for 93.7 (94.4) 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

169.1 (164.1) million at the end of the quarter, of which NOK 115.0 million was related to the valuation of the bank's shares in VN Norge AS (Visa) and NOK 39.5 million to the valuation of the bank's shares in Vipps AS. All lending provided by Sbanken has variable interest rates. The same applies to deposits, while capital market funding mainly uses three-month NIBOR as reference rate. At quarter end Sbanken had a portfolio of NOK 10.2 (9.6) billion in interest-bearing securities issued by sovereigns and municipalities as well as covered bonds. The corresponding credit spread risk was estimated to NOK 177.5 (161.2) million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 245 (264). The net stable funding ratio (NSFR) was 135 (139) per cent.

At quarter end, Sbanken had outstanding capital market funding amounting to NOK 32.8 (33.8) billion. Sbanken Boligkreditt AS' total nominal issue of covered bonds amounted to NOK 30.9 (29.6) billion. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 64.7 (63.5) per cent, with 94.5 per cent of deposits covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 84.1 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. Covered bonds issued by Sbanken Boligkreditt AS have a long-term rating of Aaa from Moody's.

Macroeconomic and regulatory developments

Norges Bank raised the key policy rate by 0.25 percentage points to 1.50 per cent on 19 September 2019. Norges Bank's policy rate forecast was revised downward due to weaker growth prospects and lower interest rates abroad. Current forecast indicates no further policy rate hikes in 2019 and stable policy rates through 2020.

The moderate growth in the Norwegian economy is expected to continue into 2020, although risk of lower growth internationally increases uncertainty related to the growth path.

The unemployment rate has been continuously trending downwards since early 2016. Statistics Norway expect the unemployment rate to be 3.6 per cent by the end of 2019 and remain below 4 per cent over the next years.

Norwegian housing prices have increased moderately through 2019. Prices are expected to increase by 2.5 per cent during 2019 according to Statistics Norway, who also expects above 2.0 per cent growth in 2020.

A public consultation period for the suggested CRR/CRD IV implementation, with a gradual 1.5 percentage point increase in systemic risk buffer, ended on 30 September. The proposal is aimed at offsetting capital relief primarily for IRB banks. Sbanken has addressed the competition bias for banks using the standardised approach via a consultation response. A final decision by the Ministry of Finance is expected in the fourth quarter.

In September the FSA published a consultation paper proposing changes to the regulation on mortgage loans. The proposal include a reduction in maximum loan to gross income and a reduced flexibility quota, from 10 per cent to 5 per cent of new loan volume in the quarter. The consultation period ended 22 October 2019. Certain public stakeholders have questioned the need for tighter mortgage regulations going forward. A final decision is expected in the fourth quarter.

Subsequent events

The contribution to the Norwegian deposit guarantee and resolution fund was confirmed in October. While the deposit guarantee contribution was in line with estimates, the new resolution fund was significantly below.

Outlook

The positive outlook for the Norwegian economy is expected to continue and Norges Bank has indicated no further policy rate hikes in the medium term. Household credit growth is expected to remain above 5 per cent.

Repricing of loan book continued into the fourth quarter and will, together with the confirmed resolution fund levy, contribute to a strengthened net interest margin. The full effects on net interest margin are dependent on changes in funding rates and competition.

The bank has increased its unsecured lending and expects average loss level below 0.20 per cent in 2019. Risk pricing will be used to maintain product return levels.

Sbanken is capitalised to absorb the proposed increase in the systemic risk buffer, should it be implemented as outlined from year-end 2019.

Since 2000, Sbanken has challenged the status quo in the domestic banking market. We are following this mission by disrupting the fund distribution model and introducing next level SME banking for Norwegian customers.

Bergen, 13 November 2019

The Board of Directors of Sbanken ASA



Niklas Midby
(Chairman)



Mai-Lill Ibsen



August Baumann



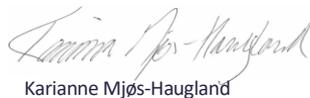
Hugo Maurstad



Ragnhild Wiborg



Cathrine Klouman



Karianne Mjøs-Haugland



Svein Frøystad



Øyvind Thomassen
(CEO)

Income statement

(Sbanken group)

In NOK thousand	Note	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Interest income from financial instruments using the effective interest method	12	694 259	567 560	1 974 011	1 666 655	2 275 239
Other interest income	12	0	0	0	0	0
Interest expense	12	-273 429	-234 261	-838 941	-657 506	-903 999
Net interest income		420 830	333 300	1 135 070	1 009 149	1 371 240
Commission and fee income	13	97 119	88 627	254 978	239 601	314 056
Commission and fee expense	13	-33 298	-25 844	-93 583	-85 813	-110 457
Net commission and fee income		63 821	62 783	161 395	153 787	203 599
Net gain/(loss) on financial instruments	14	11 421	13 332	19 420	69 462	71 256
Other income		125	0	125	0	119
Other operating income		11 546	13 332	19 545	69 462	71 376
Personnel expenses	15	-86 742	-72 604	-246 345	-216 038	-282 150
Administrative expenses	15,20	-74 203	-83 166	-220 571	-255 544	-345 811
Depreciation and impairment of fixed and intangible assets		-14 950	-3 803	-40 491	-9 781	-14 031
Profit before loan losses		320 302	249 842	808 603	751 035	1 004 223
Loan losses	8	-37 067	-19 676	-103 304	-48 006	-75 513
Profit before tax		283 235	230 166	705 299	703 029	928 710
Tax expense	16	-65 528	-52 212	-158 222	-149 511	-205 990
Profit for the period		217 708	177 954	547 077	553 517	722 720
Attributable to						
Shareholders		209 357	171 508	524 000	534 622	697 339
Additional Tier 1 capital holders	11	8 351	6 446	23 077	18 895	25 381
Profit for the period		217 708	177 954	547 077	553 517	722 720

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Profit for the period	217 708	177 954	547 077	553 517	722 720
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-15 262	-17 614	2 488	-20 894	-42 292
Tax effect	3 780	4 286	-671	5 228	10 967
Other comprehensive income that can be reclassified to profit or loss after tax	-11 482	-13 328	1 817	-15 666	-31 325
Actuarial gains (losses)	0	0	0	0	4 093
Tax effect	0	0	0	0	-1 131
Other comprehensive income that can not be reclassified to profit or loss after tax	0	0	0	0	2 962
Total components of other comprehensive income (after tax)	-11 482	-13 328	1 817	-15 666	-28 363
Total comprehensive income for the period	206 226	164 626	548 894	537 851	694 357
Attributable to					
Shareholders	197 875	158 180	525 817	518 956	668 976
Additional Tier 1 capital holders	11 8 351	6 446	23 077	18 895	25 381
Total comprehensive income for the period	206 226	164 626	548 894	537 851	694 357

Balance sheet

(Sbanken group)

In NOK thousand	Note	30.09.19	30.09.18	31.12.18
Assets				
Cash and receivables with central bank	5	581 892	568 346	393 148
Loans to and receivables from credit institutions	5	1 108 269	1 747 245	229 401
Loans to customers	5, 6, 7, 17, 18	81 354 441	78 644 266	79 020 747
Net loans to customers, central bank and credit institutions		83 044 602	80 959 857	79 643 295
Commercial paper and bonds at fair value through OCI	17, 19	10 214 745	9 627 240	11 244 999
Shares and funds	17, 18, 19	169 089	164 096	156 769
Derivatives	19	265 675	0	201 977
Intangible assets		158 627	90 383	110 624
Deferred tax assets	16	16 489	9 125	17 253
Property, plant and equipment		152 039	18 867	18 607
Other assets		56 381	119 744	93 702
Advance payment and accrued income		29 446	35 547	23 481
Total assets		94 107 095	91 024 860	91 510 707
Liabilities				
Loans and deposits from credit institutions	17, 18	0	0	0
Deposits from customers	17, 18	52 653 797	49 930 355	49 534 250
Debt securities issued	10, 17, 18	32 769 320	33 764 518	34 309 941
Derivatives		0	91 265	0
Taxes payable	16	160 130	149 098	209 036
Pension commitments		30 797	37 217	30 797
Other liabilities		1 079 950	353 909	578 022
Subordinated loans	10, 17, 18	774 544	649 211	649 294
Total liabilities		87 468 537	84 975 574	85 311 340
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	605 505	504 916	504 978
Other equity		2 338 465	1 849 781	1 999 801
Total equity		6 638 558	6 049 285	6 199 367
Total liabilities and equity		94 107 095	91 024 860	91 510 707

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 01.01.18	1 068 693	2 625 895	504 683	-21 768	13 897	1 419 437	5 610 837
Profit for the period to other equity (01.01.18 to 30.09.18)						534 622	534 622
Profit for the period to Tier 1 capital holders (01.01.18 to 30.09.18)			18 895				18 895
Payments to Tier 1 capital holders (01.01.18 to 30.09.18)			-18 662				-18 662
Actuarial gains and losses for the period (01.01.18 to 30.09.18)				0			0
Net change in fair value of financial instruments available for sale (01.01.18 to 30.09.18)					-15 666		-15 666
Payments related to share incentive program						-589	-589
Paid dividend to shareholders						-80 152	-80 152
Balance sheet as at 30.09.18	1 068 693	2 625 895	504 916	-21 768	-1 769	1 873 318	6 049 285
Profit for the period to other equity (01.10.18 to 31.12.18)						162 716	162 716
Profit for the period to Tier 1 capital holders (01.10.18 to 31.12.18)			6 486				6 486
Payments to Tier 1 capital holders (01.10.18 to 31.12.18)			-6 424				-6 424
Actuarial gains and losses for the period (01.10.18 to 31.12.18)				2 962			2 962
Net change in fair value of financial instruments available for sale (01.10.18 to 31.12.18)					-15 659		-15 659
Balance sheet as at 31.12.18	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 30.09.19)						524 000	524 000
Profit for the period to Tier 1 capital holders (01.01.19 to 30.09.19)			23 077				23 077
Payments to Tier 1 capital holders (01.01.19 to 30.09.19)			-22 550				-22 550
Issue of Tier 1 capital			100 000				100 000
Actuarial gains and losses for the period (01.01.19 to 30.09.19)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.19 to 30.09.19)					1 817		1 817
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
Balance sheet as at 30.09.19	1 068 693	2 625 895	605 505	-18 806	-15 611	2 372 883	6 638 558

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	Jan-Sep 19	Jan-Sep 18	2018
Cash flows from operating activities				
Net payments on loans to customers	6	-2 425 726	-6 627 683	-7 032 237
Interest received on loans to customers	12	1 808 935	1 559 041	2 128 285
Net receipts on deposits from customers	17, 18	3 124 758	2 738 982	2 342 876
Interest paid on deposits from customers	12	-314 539	-244 341	-339 559
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	1 212 806	-382 296	-2 007 484
Interest received from commercial paper and bonds	12	138 368	98 623	126 510
Receipts of collateral related to derivatives used in hedge accounting		69 073	0	185 376
Net receipts/payments on deposits from credit institutions	5	0	0	0
Interest paid on deposits from credit institutions	12	-418	-81	-225
Interest received on loans to credit institutions and central bank	12	15 844	7 714	10 553
Receipts related to commissions and fees	13	254 677	238 873	312 909
Payments related to commissions and fees	13	-97 292	-94 824	-118 087
Payments related to administrative expenses	15	-227 020	-241 311	-333 418
Payments related to personnel expenses	15	-248 280	-215 807	-287 022
Taxes paid	16	-207 036	-208 316	-208 132
Other receipts/payments		64 759	17 016	110 883
Net cash flows from operating activities		3 168 909	-3 354 410	-5 108 772
Cash flows from investment activities				
Invested in associated company		0	0	0
Payments on the acquisition of fixed assets		-2 233	-13 843	-15 367
Payments on the acquisition of intangible assets		-60 135	-45 949	-68 838
Net cash flows from investment activities		-62 368	-59 792	-84 205
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	-187 021	-80 152	-80 152
Receipts on subordinated loans	10	125 000	0	0
Interest paid on subordinated loans	12	-18 029	-13 379	-19 412
Receipts on issued additional Tier1 capital	11	100 000	0	0
Interest paid on additional Tier 1 capital	EQ	-22 550	-18 662	-25 086
Receipts on issued bonds and commercial paper	10	4 175 000	8 355 000	10 605 000
Payments on matured and redeemed bonds and commercial paper	10	-5 759 175	-4 107 975	-6 131 638
Interest paid on issued bonds and commercial paper	12	-452 154	-352 243	-480 388
Net cash flows from financing activities		-2 038 929	3 782 589	3 868 324
Total net cash flow		1 067 612	368 387	-1 324 653
Cash at the beginning of the period		622 549	1 947 202	1 947 202
Cash at the end of the period		1 690 161	2 315 589	622 549
Change in cash		1 067 612	368 387	-1 324 653
Cash				
Cash and receivables with central bank		581 892	568 346	393 148
Loans to credit institutions		1 108 269	1 747 245	229 401
Total cash		1 690 161	2 315 589	622 549

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 2018.

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 will be 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 2018.

New and revised standards effective from 1 January 2019

Sbanken ASA has from 1 January 2019 applied the new accounting standard IFRS 16 Leases.

Under IFRS 16, all future lease payment obligations under the bank's material lease agreements with a duration of more than 12 months shall be recognised in the balance sheet as a liability. Correspondingly, the right to future use of leased assets shall be recognised as an asset. Sbanken ASA has decided to use the following accounting principles and solutions:

- the exemption for low-value assets (primarily office equipment)
- to apply the modified retrospective approach upon implementation of IFRS 16

The latter means that comparative figures for 2018 will not be restated. The right-of-use asset and the lease liability will be measured at the same amount, adjusted for advance payments, accruals and provision included in the balance sheet at 31 December 2018. The right-of-use asset is classified as fixed assets in the balance sheet, while the lease liability is classified as other liabilities.

Sbanken ASA's lease liabilities are related to the lease of commercial property, in addition to some IT equipment.

The total lease liability and right-of-use asset amounted to approximately NOK 155 million at 1 January 2019. The right-of-use asset has been assigned a risk weight of 100 per cent, and the effect on CET1 is a reduction of less than 0.1 percentage points.

The effect on profit will change over time, but the combination of interest and depreciation expenses under IFRS 16 is expected to be somewhat higher than lease expenses under IAS 17 at the start of the lease period and lower towards the end.

New and revised standards effective from 1 January 2020 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2020 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 offering late June 2019. At present neither the customer base nor the revenues 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.

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 basic method 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 is no difference between solvency and accounting consolidation.

In NOK thousand	30.09.19		30.09.18		31.12.18	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 328 905	0	1 222 260	0	1 088 815	0
Regional governments	1 520 362	185 012	1 738 180	131 544	3 463 197	525 315
Multilateral Development Banks	629 559	0	574 895	0	573 741	0
Institutions	1 530 915	245 328	1 897 035	379 407	381 996	76 399
Retail	10 006 743	4 378 967	9 561 097	4 011 748	9 629 797	4 113 103
Secured by mortgages on immovable property	91 891 835	28 909 612	90 547 277	28 109 149	87 029 819	28 158 968
Exposures in default	445 550	534 052	296 429	354 758	338 266	402 253
Covered bonds	7 030 026	703 003	6 669 376	666 938	6 529 644	652 964
Equity	169 089	406 999	164 096	371 505	156 769	353 829
Other items	178 771	178 771	72 419	72 419	47 847	47 847
Total credit risk, standardised method*	114 731 755	35 541 744	112 743 064	34 097 468	109 239 891	34 330 678
Credit value adjustment risk (CVA)		40 523		41 119		52 746
Operational risk		2 794 674		2 484 019		2 794 674
Total risk-weighted volume		38 376 941		36 622 606		37 178 098
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		1 814 466		1 315 159		1 302 462
Additional Tier 1 capital		605 505		504 916		504 978
Profit for the period		524 000		534 622		697 339
Total booked equity		6 638 558		6 049 285		6 199 367
Additional Tier 1 capital instruments included in total equity		-605 505		-504 916		-504 978
Common equity Tier 1 capital instruments		6 033 053		5 544 369		5 694 389
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-118 970		-67 787		-82 968
Value adjustment due to the requirements for prudent valuation (AVA)		-10 350		-9 785		-11 397
Dividends payable		0		0		-187 021
Profit for the period, not eligible		-303 749		-160 388		0
Common equity Tier 1 capital		5 599 984		5 306 410		5 413 002
Additional Tier 1 capital		600 000		500 000		500 000
Tier 1 capital		6 199 984		5 806 410		5 913 002
Tier 2 capital		775 000		650 000		650 000
Own funds (primary capital)		6 974 984		6 456 410		6 563 002
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 726 962	4.5%	1 648 017	4.5%	1 673 014
Capital conservation buffer	2.5%	959 424	2.5%	915 565	2.5%	929 452
Systemic risk buffer	3.0%	1 151 308	3.0%	1 098 678	3.0%	1 115 343
Countercyclical capital buffer	2.0%	767 539	2.0%	732 452	2.0%	743 562
Additional Tier 1 capital	1.5%	575 654	1.5%	549 339	1.5%	557 671
Tier 2 capital	2.0%	767 539	2.0%	732 452	2.0%	743 562
Total minimum and buffer requirements own funds (primary capital)	15.5%	5 948 426	15.5%	5 676 504	15.5%	5 762 604
<i>Available common equity Tier 1 capital after buffer requirements</i>		994 751		779 906		800 397
<i>Available own funds (primary capital)</i>		1 026 558		779 906		800 397

Capital ratio %**				
Common equity Tier 1 capital		14.6%	14.5%	14.6%
Additional Tier 1 capital		1.6%	1.4%	1.3%
Tier 2 capital		2.0%	1.8%	1.7%
Total capital ratio		18.2%	17.6%	17.7%
Capital ratio % (including interim profits***)				
Common equity Tier 1 capital		15.0%	14.5%	14.6%
Additional Tier 1 capital		1.6%	1.4%	1.3%
Tier 2 capital		2.0%	1.8%	1.7%
Total capital ratio		18.6%	17.6%	17.7%

* The specification is according to "Kapitalkravsforskriften"

** Including 70 per cent of the profit for the first half year of 2019 and 70 per cent of the profit for the first nine months in 2018, due to external interim audit. Year-end is based on actual dividend.

*** Including 70 per cent of the profit for the interim period for both 2019 and 2018. Year-end is based on actual dividend.

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		30.09.19	30.09.18	31.12.18
Derivatives market value		11 225	0	16 600
Potential future exposure on derivatives		48 050	48 050	48 050
Off-balance sheet commitments		6 229 206	6 305 025	5 740 983
Loans and advances and other assets		93 682 793	90 934 477	91 198 106
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		99 971 274	97 287 552	97 003 739
Tier 1 capital		6 199 984	5 806 410	5 913 002
Leverage ratio % *		6.2 %	6.0 %	6.1 %
Leverage ratio % (including interim profits**)		6.3 %	6.0 %	6.1 %
Leverage Ratio requirements				
Minimum requirements	3.0%	2 999 138	2 918 627	2 910 112
Buffer requirements	2.0%	1 999 425	1 945 751	1 940 075
Total minimum and buffer requirements (Tier 1 capital)	5.0%	4 998 564	4 864 378	4 850 187
<i>Available Tier 1 capital after minimum and buffer requirements</i>		1 201 420	942 032	1 062 815
<i>Available Tier 1 capital after minimum and buffer requirements (including interim profits**)</i>		1 347 969	942 032	1 062 815

* Including 70 per cent of the profit for the first half year of 2019 and 70 per cent of the profit for the first nine months in 2018, due to external interim audit. Year-end is based on actual dividend.

** Including 70 per cent of the profit for the interim period for both 2019 and 2018. Year-end is based on actual dividend.

Note 5 – Maximum exposure to credit risk

Credit risk is defined as the risk of loss resulting from a counterparty not fulfilling its obligations, and any pledged collateral not covering the outstanding claim. The Bank's maximum credit exposure is the book value of financial assets and any associated off-balance sheet liabilities. The following table shows the Bank's maximum credit risk exposure to financial instruments by measurement category.

In NOK thousand	30.09.19		
	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	581 892	0	581 892
Loans to and receivables from credit institutions	1 108 269	0	1 108 269
Loans to and receivables from central bank and credit institutions	1 690 161	0	1 690 161
Loans to customers, secured	77 849 704	15 932 563	93 782 267
Loans to customers, unsecured	3 773 850	5 059 121	8 832 971
Loans to and receivables from customers	81 623 554	20 991 684	102 615 238
Shares in associated company	4 052	0	4 052
Other financial assets with credit risk	85 828	0	85 828
Financial instruments at amortised cost (gross)	83 403 595	20 991 684	104 395 279
Commercial paper and bonds	10 214 745	0	10 214 745
Financial instruments at fair value through other comprehensive income	10 214 745	0	10 214 745
Shares and funds	165 037	0	165 037
Derivatives	265 675	0	265 675
Financial instruments at fair value through profit and loss	430 712	0	430 712
Gross exposure with credit risk	94 049 052	20 991 684	115 040 736
Impairment	-269 112	-3 076	-272 188
Total net exposure with credit risk	93 779 940	20 988 607	114 768 547
Other assets without credit risk	327 155	n/a	n/a
Total assets	94 107 095	n/a	n/a

In NOK thousand	31.12.18		
	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	393 148	0	393 148
Loans to and receivables from credit institutions	229 401	0	229 401
Loans to and receivables from central bank and credit institutions	622 549	0	622 549
Loans to customers, secured	75 865 959	12 951 592	88 817 551
Loans to customers, unsecured	3 346 778	5 028 618	8 375 396
Loans to and receivables from customers	79 212 737	17 980 210	97 192 947
Shares in associated company	4 052	0	4 052
Other financial assets with credit risk	117 184	0	117 184
Financial instruments at amortised cost (gross)	79 956 522	17 980 210	97 936 732
Commercial paper and bonds	11 244 999	0	11 244 999
Financial instruments at fair value through other comprehensive income	11 244 999	0	11 244 999
Shares and funds	152 717	0	152 717
Derivatives	201 977	0	201 977
Financial instruments at fair value through profit and loss	354 694	0	354 694
Gross exposure with credit risk	91 556 215	17 980 210	109 536 425
Impairment	-191 991	-3 075	-195 066
Total net exposure with credit risk	91 364 224	17 977 135	109 341 359
Other assets without credit risk	146 483	n/a	n/a
Total assets	91 510 707	n/a	n/a

Note 6 - Loans to customers

Gross carrying amount				
30.09.19				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	75 625 127	3 114 808	472 802	79 212 737
Transfers to Stage 1 (12-months ECL)	738 602	-731 379	-7 223	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-2 369 984	2 379 481	-9 497	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-117 357	-165 242	282 599	0
New financial assets originated	21 525 323	450 048	31 709	22 007 080
Financial assets that have been derecognised	-18 798 735	-659 447	-148 566	-19 606 748
Changes in interest accrual	5 167	2 581	2 737	10 485
Other movements	0	0	0	0
Closing balance gross carrying amount	76 608 143	4 390 850	624 561	81 623 554

Gross carrying amount				
31.12.18				
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)	69 398 153	2 484 380	314 427	72 196 960
Transfers to Stage 1 (12-months ECL)	624 982	-615 625	-9 357	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 323 152	1 343 973	-20 821	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-109 365	-109 835	219 200	0
New financial assets originated	28 013 665	630 949	47 734	28 692 348
Financial assets that have been derecognised	-20 987 189	-619 833	-78 692	-21 685 714
Changes in interest accrual	8 033	799	311	9 143
Other movements	0	0	0	0
Closing balance gross carrying amount	75 625 127	3 114 808	472 802	79 212 737

Lending by geographical area				
In NOK thousand	30.09.19		31.12.18	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	43.1%	35 199 370	42.3%	33 490 131
Oslo	19.5%	15 878 712	19.1%	15 130 283
Southern Norway	2.3%	1 863 314	2.3%	1 855 466
Western Norway	23.4%	19 060 914	24.3%	19 260 537
Central Norway	4.9%	3 962 484	5.0%	3 965 640
Northern Norway	6.9%	5 658 760	7.0%	5 510 679
Total gross lending by geographical area	100.0%	81 623 554	100.0%	79 212 737

Note 7 – Credit risk exposure and collateral

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 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 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	30.09.19			31.12.18		
	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 %	25.7%	19 680 257	3 820 009	23.4%	17 452 597	3 557 399
40 % - 60 %	33.5%	25 614 044	3 065 752	33.7%	25 073 042	3 240 481
60 % - 80 %	29.8%	22 784 552	1 023 872	31.2%	23 224 248	1 046 129
80 % - 90 %	7.5%	5 743 919	146 580	8.9%	6 603 545	95 472
90 % - 100 %	1.8%	1 372 826	93 327	1.6%	1 158 407	54 006
> 100 %	1.6%	1 251 565	117 643	1.3%	983 334	99 020
Home loans, secured by fixed property	100.0%	76 447 163	8 267 183	100.0%	74 495 173	8 092 507
< 50 %	13.4%	154 154	0	13.1%	155 118	0
50 % - 80 %	37.1%	427 669	0	35.9%	426 688	0
80 % - 100 %	28.7%	331 365	0	30.8%	366 406	0
> = 100 %	20.9%	240 981	0	20.2%	239 701	0
Car loans, secured	100.0%	1 154 169	0	100.0%	1 187 913	0
Custody account credit, secured	100.0%	248 372	91 117	100.0%	182 873	81 717
Loan and funding commitments, secured loans		0	7 574 263		0	4 777 368
Total loans to customers, secured		77 849 704	15 932 563		75 865 959	12 951 592

The table below shows the percentage allocation of exposures for home loans for various loan-to-value levels. Where the entire exposure in the table above is placed at a related loan-to-value level, the relative share of the loan exposure at each level is shown in the table below.

In NOK thousand	30.09.19		31.12.18	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, home loans (relative distribution)				
0 % - 85 %	99.19%	75 827 415	99.34%	74 006 404
85 % - 100 %	0.41%	313 114	0.38%	282 988
> 100 %	0.40%	306 634	0.28%	205 781
Home loans, secured by fixed property	100.0%	76 447 163	100.0%	74 495 173

In NOK thousand	30.09.19		31.12.18	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, home loans				
Apartment	23.7%	18 135 236	24.1%	17 944 569
Detached house	52.9%	40 470 369	51.9%	38 697 797
Semidetached house	20.0%	15 296 836	20.6%	15 347 452
Vacation home	3.3%	2 544 722	3.4%	2 505 355
Total home loans secured by fixed property	100.0%	76 447 163	100.0%	74 495 173

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers				
January - September 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	467	-5 076	-1 400	-6 009
Transfers to Stage 2	-4 044	11 630	-821	6 765
Transfers to Stage 3	-1 126	-6 047	53 233	46 060
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-1 513	-250	15 386	13 623
<i>Other changes:</i>				
New financial assets originated	9 875	22 186	7 536	39 597
Financial assets that have been derecognised	-3 034	-4 795	-8 878	-16 707
Write-offs			-20 093	-20 093
Changes to model assumption and methodologies	0	13 886	0	13 886
Other movements	0	0	0	0
Closing balance ECL 30.09.19	17 684	69 258	185 246	272 188
Specification of ECL				
In NOK thousands	30.09.19			
ECL On-balance sheet amounts 30.09.19	16 415	68 530	184 167	269 112
ECL Off-balance sheet amounts 30.09.19	1 269	728	1 079	3 076
Closing balance ECL 30.09.19	17 684	69 258	185 246	272 188
Specification of ECL by type of loan				
In NOK thousands	30.09.19			
Secured loans	2 728	13 041	50 014	65 783
Unsecured loans	14 956	56 217	135 232	206 405
Total	17 684	69 258	185 246	272 188

ECL by geographical area	
In NOK thousands	30.09.19
Eastern Norway ex. Oslo	95 146
Oslo	38 655
Southern Norway	12 023
Western Norway	84 201
Central Norway	18 832
Northern Norway	23 331
Total	272 188

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

In NOK thousands	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Changes in ECL, stage 1	732	-3 085	-625	-4 312	-4 964
Changes in ECL, stage 2	-9 067	-9 846	-31 534	-7 987	-13 696
Changes in ECL, stage 3	-11 290	-1 983	-44 964	-28 154	-40 394
Write-offs	-17 565	-4 850	-26 813	-10 779	-19 851
Recoveries of previously written off loans	123	88	632	3 226	3 392
Net cost of loan losses in the period	-37 067	-19 676	-103 304	-48 006	-75 513

Expected credit loss (ECL) - Loans to customers

January - December 2018

In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.18	12 095	24 028	99 889	136 012
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	540	-5 145	-381	-4 986
Transfers to Stage 2	-860	11 409	-1 477	9 072
Transfers to Stage 3	-899	-3 062	43 525	39 564
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-2 142	960	11 066	9 884
<i>Other changes:</i>				
New financial assets originated	11 488	13 581	8 152	33 221
Financial assets that have been derecognised	-3 163	-4 047	-9 873	-17 083
Write-offs	0	0	-10 618	-10 618
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.12.18	17 059	37 724	140 283	195 066

Specification of ECL

In NOK thousands	31.12.18			
ECL On-balance sheet amounts 31.12.18	15 727	37 020	139 244	191 991
ECL Off-balance sheet amounts 31.12.18	1 332	704	1 039	3 075
Closing balance ECL 31.12.18	17 059	37 724	140 283	195 066

In NOK thousands	31.12.18			
Secured loans	3 096	12 837	40 288	56 221
Unsecured loans	13 963	24 887	99 995	138 845
Closing balance ECL 31.12.18	17 059	37 724	140 283	195 066

ECL by geographical area

In NOK thousands	31.12.18
Eastern Norway ex. Oslo	66 251
Oslo	29 104
Southern Norway	8 731
Western Norway	64 486
Central Norway	11 734
Northern Norway	14 760
Total	195 066

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		30.09.19					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Home loans	Residential property	296 311	-45 317	250 994	250 232	762	98.3%
Car Loans	Vehicle	9 909	-4 468	5 441	5 311	130	97.2%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	318 341	-134 382	183 959	0	183 959	42.2%
Total credit-impaired assets		624 561	-184 167	440 394	255 543	184 851	49.9%

	Credit-impaired (Gross carrying amount)
30.09.2019	
Home loans - Loan to value	
0 % - 40 %	23 355
40 % - 60 %	60 713
60 % - 80 %	112 695
80 % - 90 %	37 201
90 % - 100 %	17 811
> 100 %	44 536
Total	296 311

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	30.09.19
Overdue loans - more than 90 days	617 863
Other credit-impaired assets	6 698
Total	624 561

Overdue loans		30.09.19			
In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Home loans	1 187 965	250 400	56 779	291 942	1 787 086
Car loans	39 021	14 340	1 880	9 909	65 150
Other loans	168 422	65 320	23 597	316 012	573 351
Loans to customers	1 395 408	330 060	82 256	617 863	2 425 587

Credit-impaired assets

31.12.18

In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Home loans	Residential property	227 630	-34 106	193 524	193 041	483	98.6%
Car Loans	Vehicle	11 634	-6 182	5 452	5 462	-10	100.2%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	233 538	-98 956	134 582	0	134 582	42.4%
Total credit-impaired assets		472 802	-139 244	333 558	198 503	135 055	50.8%

31.12.18

In NOK thousand	Credit-impaired (Gross carrying amount)
Home loans - Loan to value	
0 % - 40 %	21 956
40 % - 60 %	53 210
60 % - 80 %	86 977
80 % - 90 %	32 133
90 % - 100 %	7 047
> 100 %	26 307
Total	227 630

Credit-impaired loans

In NOK thousand	31.12.18
Overdue loans - more than 90 days	464 741
Other credit-impaired assets	8 061
Total	472 802

Overdue loans

31.12.18

In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Home loans	1 283 678	253 358	70 383	223 557	1 830 976
Car loans	29 621	3 071	1 531	11 109	45 332
Other loans	105 590	28 758	15 653	230 075	380 076
Loans to customers	1 418 889	285 187	87 567	464 741	2 256 384

Note 10 - Debt securities issued and subordinated loan

Carried at amortised cost:

In NOK thousand	Currency	30.09.19	31.12.18
Commercial paper issued	NOK	0	0
Bonds issued	NOK	32 769 320	34 309 941
Subordinated loans	NOK	774 544	649 294
Total debt securities issued and subordinated loans		33 543 864	34 959 235

Specification of commercial paper, bonds and subordinated loans as at 30.09.19:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Commercial paper issued						
NA	Sbanken ASA	0	NOK	NA	NA	0
Total commercial paper		0				0
Bonds						
NO0010782527	Sbanken ASA	692 000	NOK	Floating	17.01.20	692 013
NO0010788276	Sbanken ASA	1 000 000	NOK	Floating	10.08.20	1 000 414
NO0010793029	Sbanken ASA	1 000 000	NOK	Floating	01.03.21	1 000 849
NO0010835325	Sbanken ASA	600 000	NOK	Floating	06.09.21	600 528
NO0010862048	Sbanken ASA	300 000	NOK	Floating	09.10.22	299 915
Total bonds		3 592 000				3 593 719
Covered bonds ¹						
NO0010745300	Sbanken Boligkreditt AS	867 000	NOK	Floating	29.10.19	866 947
NO0010745334	Sbanken Boligkreditt AS	3 488 000	NOK	Floating	14.08.20	3 489 466
NO0010745342	Sbanken Boligkreditt AS	6 200 000	NOK	Floating	14.10.21	6 184 469
NO0010786999	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	27.04.22	7 027 192
NO0010790603	Sbanken Boligkreditt AS	6 500 000	NOK	Floating	10.02.23	6 516 328
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 091 199
Total covered bonds						29 175 601
Total commercial paper, bonds and covered bonds						32 769 320

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	Carrying value
NO0010746464	Sbanken ASA	500 000	NOK	Floating	12.10.25 ²	499 753
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27 ³	149 791
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29 ⁴	125 000
Total subordinated loans		775 000				774 544

² First possible call date for the issuer is 12 October 2020. The loan agreement has covenants to qualify as Tier 2 capital.

³ First possible call date for the issuer is 02 March 2022. The loan agreement has covenants to qualify as Tier 2 capital.

⁴ First possible call date for the issuer is 21 March 2024. The loan agreement has covenants to qualify as Tier 2 capital.

Changes of debt securities and subordinated loans:

	31.12.18	January- September 2019				Other adjustments	30.09.19
		Issued	Matured	Redeemed			
Commercial paper (nominal)	0	0	0	0	0	0	
Bonds (nominal)	4 445 000	600 000	-490 000	-963 000	0	3 592 000	
Covered Bonds (nominal)	29 636 000	3 450 000	0	-4 226 000	0	28 860 000	
Subordinated loans (nominal)	650 000	125 000	0	0	0	775 000	
Total	34 731 000	4 175 000	-490 000	-5 189 000	0	33 227 000	

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	30.09.19	31.12.18
Additional Tier 1 capital	NOK	600 000	500 000
Total Additional Tier 1 capital		600 000	500 000

Specification of additional Tier 1 capital as at 30.09.19:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying amounts
Additional Tier 1 capital						
NO0010746456	Sbanken ASA	400 000	NOK	3M Nibor + 4.1 %	Perpetual ¹	400 000
NO0010786759	Sbanken ASA	100 000	NOK	3M Nibor + 3.6 %	Perpetual ²	100 000
NO0010847213	Sbanken ASA	100 000	NOK	3M Nibor + 3.6 %	Perpetual ³	100 000
Total additional Tier 1 capital		600 000				600 000

¹ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 12 October 2020.

² The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 02 March 2022.

³ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first being 23 March 2024.

Change of additional Tier 1 capital

	31.12.18	January - September 2019				Other adjustments	30.09.19
		Issued	Matured	Redeemed			
Additional Tier 1 capital	500 000	100 000	0	0	0	600 000	
Total	500 000	100 000	0	0	0	600 000	

As at 30 September 2019, there is NOK 5.5 million in accrued interest 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 605.5 million.

Note 12 - Net interest income

Net interest income

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Loans to and receivables from credit institutions and central bank	7 374	2 193	15 844	7 715	10 553
Loans to customers	636 851	528 217	1 820 165	1 559 066	2 128 243
Commercial paper and bonds ¹	50 034	37 150	138 002	99 874	136 443
Total interest income	694 259	567 560	1 974 011	1 666 655	2 275 239
Loans and deposits from credit institutions	-34	-14	-418	-81	-225
Deposits from customers	-108 335	-84 056	-314 541	-244 342	-339 560
Debt securities issued	-164 835	-135 679	-458 989	-370 191	-507 028
Subordinated loans	-6 826	-5 048	-18 647	-14 680	-19 784
Other interest expenses	6 601	-9 464	-46 346	-28 212	-37 402
Total interest expenses	-273 429	-234 261	-838 941	-657 506	-903 999
Net interest income	420 830	333 300	1 135 070	1 009 149	1 371 240

¹ Investments are recognised at fair value

Interest income from loans to customers:

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Home loans	513 034	432 219	1 461 033	1 270 200	1 733 173
Car loans	15 032	14 771	46 007	44 688	59 649
Consumer loans	62 736	39 170	173 691	111 760	157 208
Other loans ²	45 779	42 057	139 434	132 418	178 213
Total interest income from loans to customers	636 581	528 217	1 820 165	1 559 066	2 128 243

² Credit card, account credit and custody account credit

Note 13 - Net commission and fee income

Net commission and fee income

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Payment processing	7 228	5 861	21 701	18 084	25 082
Card and interbank	66 204	59 652	163 837	152 915	197 209
Mutual funds and securities	22 639	22 073	66 432	65 634	87 730
Other commission income	1 048	1 041	3 008	2 968	4 036
Total commission and fee income	97 119	88 627	254 978	239 601	314 056
Payment processing	-8 440	-8 037	-25 277	-23 460	-31 249
Card and interbank	-16 026	-9 898	-42 436	-38 783	-47 172
Mutual funds and securities	-7 192	-6 800	-21 435	-20 140	-27 440
Other commission expenses	-1 640	-1 109	-4 435	-3 430	-4 595
Total commission and fee expenses	-33 298	-25 844	-93 583	-85 813	-110 457
Net commission and fee income	63 821	62 783	161 395	153 787	203 599

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
1) Realisation of financial instruments at fair value through other comprehensive income					
Gain/(loss) by realisation of financial instruments:	4 790	2 546	2 884	5 958	11 040
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	4 790	2 546	2 884	5 958	11 040
2) Financial instruments at fair value through profit and loss					
Realised gain/ (loss) from shares and funds	0	0	0	359	2 280
Unrealised gain/(loss) from shares and funds	6 898	9 723	12 099	73 263	68 951
Gain/(loss) on derivatives (used in hedge accounting)	127	1 033	-1 070	-135	253
Total gain/(loss) on financial instruments at fair value through profit and loss	7 025	10 756	11 029	73 487	71 484
3) Financial instruments at amortised cost					
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-365	-116	-13 112	-10 254	-10 254
Total gain (loss) on financial instruments at amortised cost	-365	-116	-13 112	-10 254	-10 254
4) Currency					
Net gain (loss) on currency items	-30	146	-905	271	812
Total gain (loss) on currency items	-30	146	-905	271	812
5) Dividends:					
Dividends from investments in shares and funds	0	0	19 524	0	0
Total dividends	0	0	19 524	0	0
6) Result from associated company					
Result from associated company	0	0	0	0	-1 826
Total from associated company	0	0	0	0	-1 826
Total gain (loss) on financial instruments recognised through profit and loss	11 421	13 332	19 420	69 462	71 256

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Properties and premises ¹	-557	-4 537	-2 234	-13 832	-19 328
IT	-28 527	-29 526	-79 207	-85 357	-117 225
Advertising and marketing	-15 371	-17 099	-54 522	-49 327	-70 999
Temporary employment agencies	-5 729	-11 593	-16 033	-28 055	-36 033
Consultants and other external services	-10 999	-9 447	-31 242	-43 270	-53 989
Telephone and postage	-3 976	-3 760	-10 764	-11 174	-15 038
Other operating expenses	-9 043	-7 205	-26 569	-24 530	-33 199
Total administrative expenses	-74 203	-83 166	-220 571	-255 544	-345 811

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

Personnel expenses

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Wages	-66 850	-56 911	-195 806	-164 353	-216 252
<i>Capitalised as intangible assets</i>	<i>1 873</i>	<i>5 343</i>	<i>16 241</i>	<i>11 420</i>	<i>17 035</i>
Pension costs	-7 157	-6 347	-18 180	-16 923	-23 159
Payroll tax	-11 268	-11 849	-38 889	-36 187	-43 898
Other personnel expenses	-3 340	-2 839	-9 711	-9 994	-15 876
Total personnel expenses	-86 742	-72 604	-246 345	-216 038	-282 150

Note 16 - Tax expense

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Specification of tax expense:					
Taxes payable	65 476	52 138	158 130	149 283	209 036
Change in deferred tax	52	74	92	228	-3 795
Correction of taxes payable previous year	0	0	0	0	749
Total tax expense	65 528	52 212	158 222	149 511	205 990
Reconciliation of the tax expense:					
Profit before tax	283 235	230 166	705 299	703 029	928 710
-from Sbanken ASA	235 189	177 631	548 466	540 766	695 577
-from Sbanken Boligkreditt AS	51 465	55 659	166 706	170 104	239 734
- from group transactions related to own debt and hybrid capital	-3 419	-3 124	-9 873	-7 841	-6 601
Expected tax expense at nominal rate of 25 % Sbanken ASA	58 797	44 408	137 117	135 192	173 894
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS (23 % in 2018)	11 322	12 802	36 675	39 124	55 139
Total expected tax expense	70 120	57 210	173 792	174 315	229 033
Tax effect from non-deductible expenses and tax-exempt income	0	0	0	39	156
Tax effect from tax-exempt income from shareholdings and funds (realised and unrealised)	-1 748	-2 580	-7 777	-18 383	-16 301
Tax effect from costs recognised against interest to Tier 1 capital holders	-2 844	-2 491	-7 941	-6 688	-8 876
Other differences	0	74	148	228	1 229
Correction of taxes payable previous year	0	0	0	0	749
Total tax expense	65 528	52 212	158 222	149 511	205 990
Effective tax rate	23.1%	22.7%	22.4%	21.3%	22.2%

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
30.09.19				
Financial assets				
Cash and receivables with central bank	0	0	581 892	581 892
Loans to and receivables from credit institutions	0	0	1 108 269	1 108 269
Loans to customers	0	0	81 354 441	81 354 441
Commercial paper and bonds	0	10 214 745	0	10 214 745
Shares and funds	165 037	0	4 052	169 089
Derivatives	265 675	0	0	265 675
Other assets	0	0	85 827	85 827
Total financial assets	430 712	10 214 745	83 134 481	93 779 938
Financial liabilities				
Loans and deposits from credit institutions	0	0	0	0
Deposits from customers	0	0	52 653 797	52 653 797
Debt securities issued	0	0	32 769 320	32 769 320
Derivatives	0	0	0	0
Subordinated loans	0	0	774 544	774 544
Other liabilities	0	0	1 079 950	1 079 950
Total financial liabilities	0	0	87 277 611	87 277 611

Shares in associated company are recognised using the equity method and put under the category amortised cost

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
31.12.18				
Financial assets				
Cash and receivables with central bank	0	0	393 148	393 148
Loans to and receivables from credit institutions	0	0	229 401	229 401
Loans to customers	0	0	79 020 747	79 020 747
Commercial paper and bonds	0	11 244 999	0	11 244 999
Shares and funds	152 717	0	4 052	156 769
Derivatives	201 977	0	0	201 977
Other assets	0	0	117 184	117 184
Total financial assets	354 694	11 244 999	79 764 532	91 364 225
Financial liabilities				
Loans and deposits from credit institutions	0	0	0	0
Deposits from customers	0	0	49 534 250	49 534 250
Debt securities issued	0	0	34 309 941	34 309 941
Derivatives	0	0	0	0
Subordinated loans	0	0	649 294	649 294
Other liabilities	0	0	578 022	578 022
Total financial liabilities	0	0	85 071 507	85 071 507

Shares in associated company are recognised using the equity method and placed under the category amortised cost.

Note 18 - Fair value of financial instruments at amortised cost

Recognised at amortised cost	Carrying value	Fair value
	30.09.19	30.09.19
Assets		
Cash and receivables with central bank	581 892	581 892
Loans to and receivables from credit institutions	1 108 269	1 108 269
Loans to customers	81 354 441	81 354 441
Shares and funds	4 052	4 052
Other assets	85 827	85 827
Total financial assets at amortised cost	83 134 481	83 134 481
Liabilities		
Loans and deposits from credit institutions	0	0
Deposits from customers	52 653 797	52 653 797
Debt securities issued	32 769 320	32 939 498
Subordinated loans	774 544	784 974
Other liabilities	1 079 950	1 079 950
Total financial liabilities at amortised cost	87 277 611	87 458 219

30.09.19	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		581 892		581 892
Loans to and receivables from credit institutions			1 108 269	1 108 269
Loans to customers			81 354 441	81 354 441
Shares and funds			4 052	4 052
Other assets			85 827	85 827
Total financial assets at amortised cost		581 892	82 552 589	83 134 481
Liabilities				
Loans and deposits from credit institutions			0	0
Deposits from customers			52 653 797	52 653 797
Debt securities issued	32 939 498		0	32 939 498
Subordinated loan	784 974		0	784 974
Other liabilities			1 079 950	1 079 950
Total financial liabilities at amortised cost		33 724 472	53 733 747	87 458 219

Recognised at amortised cost

	Carrying value	Fair value
	31.12.18	31.12.18
Assets		
Cash and receivables with central bank	393 148	393 148
Loans to and receivables from credit institutions	229 401	229 401
Loans to customers	79 020 747	79 020 747
Shares and funds	4 052	4 052
Other assets	117 184	117 184
Total financial assets at amortised cost	79 764 532	79 764 532
Liabilities		
Loans and deposits from credit institutions	0	0
Deposits from customers	49 534 250	49 534 250
Debt securities issued	34 309 941	34 465 946
Subordinated loans	649 294	657 414
Other liabilities	578 022	578 022
Total financial liabilities at amortised cost	85 071 507	85 235 632

31.12.18	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		393 148		393 148
Loans to and receivables from credit institutions			229 401	229 401
Loans to customers			79 020 747	79 020 747
Shares and funds			4 052	4 052
Other assets			117 184	117 184
Total financial assets at amortised cost		393 148	79 371 384	79 764 532

Liabilities

Loans and deposits from credit institutions		0	0
Deposits from customers		49 534 250	49 534 250
Debt securities issued	34 465 946		34 465 946
Subordinated loan	657 414		657 414
Other liabilities		578 022	578 022
Total financial liabilities at amortised cost	35 123 360	50 112 272	85 235 632

Note 19 - Financial instruments at fair value

Fair value of financial instruments (in NOK thousand)

In NOK thousand	30.09.19		31.12.18	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Shares and funds	165 037	165 037	152 717	152 717
Commercial paper and bonds	10 214 745	10 214 745	11 244 999	11 244 999
Derivatives	265 675	265 675	201 977	201 977
Total financial assets at fair value	10 645 457	10 645 457	11 599 693	11 599 693
Liabilities:				
Derivatives	0	0	0	0
Total financial liabilities at fair value	0	0	0	0

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In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds	0	10 482	154 555	165 037
Commercial paper and bonds	737 512	9 477 233	0	10 214 745
Derivatives at fair value through profit and loss (asset)	0	265 675	0	265 675
Total	737 512	9 753 390	154 555	10 645 457
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	Shares and funds	Total
Opening balance at 1 January 2019	143 504	143 504
Net gain/(loss) on financial instruments (unrealised)	11 051	11 051
Acquisitions/exits	0	0
Sale	0	0
Settlement	0	0
Transferred from Level 1 or Level 2	0	0
Transferred to Level 1 or Level 2	0	0
Other	0	0
Closing balance at 30 September 2019	154 555	154 555

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to September 2019.

Information about fair value of securities at Level 3:

Shares in Vipps AS

In July 2018 the companies BankAxept AS, Bank ID Norge AS and Vipps AS, merged into VBB AS. The name of the company was changed to Vipps AS in November 2018. Sbanken has used the value of the merged company as the basis for calculating the fair value of the shares in Vipps AS at 30 September 2019, adjusted for a liquidity and general uncertainty discount of 20 %.

Shares in VN Norge AS

Visa Bankgruppe FLI was converted into the limited liability company VN Norge AS with effect from June 2018. Sbanken owns 9.4216 % of the shares in VN Norge AS. Sbanken has used the fair value from the conversion as the basis for calculating the fair value of the shares in VN Norge AS at 30 September 2019 including adjustments 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

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In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds	0	9 213	143 504	152 717
Commercial paper and bonds	693 355	10 551 644	0	11 244 999
Derivatives at fair value through profit and loss (asset)	0	201 977	0	201 977
Total	693 355	10 762 834	143 504	11 599 693
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	Shares and funds	Total
Opening balance at 1 January 2018	74 553	74 553
Net gain/(loss) on financial instruments (unrealised)	68 951	68 951
Acquisitions/exits	0	0
Sale	0	0
Settlement	0	0
Transferred from Level 1 or Level 2	0	0
Transferred to Level 1 or Level 2	0	0
Other	0	0
Closing balance at 31 December 2018	143 504	143 504

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2018.

Note 20 - Information about related parties

Assets and liabilities to Sbanken Boligkreditt AS

In NOK thousand	30.09.19	30.09.18	31.12.18
Receivable related to overdraft facility with Sbanken Boligkreditt AS	2 380 290	1 586 326	2 120 543
Sbanken Boligkreditt AS's deposit in Sbanken ASA	1 992 384	1 925 083	1 001 382
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	2 028 813	5 018	925 282
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	01.01.19 - 30.09.19	01.01.18 - 30.09.18	01.01.18 - 31.12.18
Sale of services in line with service agreement	5 103	4 788	6 480
Interest on overdraft facility	30 459	17 872	28 025
Interest on deposit	885	1 088	1 325
Interest on covered bonds issued by Sbanken Boligkreditt AS	12 657	2 143	4 766
Interest on subordinated loan issued by Sbanken Boligkreditt AS	8 994	6 892	9 690
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	9 873	7 841	11 007

All numbers in the income statement and the balance sheet between Sbanken ASA and Sbanken Boligkreditt AS are eliminated in the group financial statements.

Transactions with related parties are based on the arm length principle.

Note 21 - Earnings per share

In NOK	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Profit for the period to shareholders	209 357 000	171 508 000	524 000 000	534 622 000	697 339 000
Number of shares (weighted average)	106 869 333	106 869 333	106 869 333	106 869 333	106 869 333
Earnings per share (basic)	1.96	1.60	4.90	5.00	6.53
Earnings per share (diluted)	1.96	1.60	4.90	5.00	6.53

The main purpose of the earnings-per-share ratio is to show the return to the group's ordinary shareholders. Accrued interest in the period, which is paid to hybrid capital investors, has been excluded from the profit for the period in the calculation of earnings per share for the period.

Note 22 - Subsequent events

The 2019 contribution to the Norwegian deposit guarantee fund and resolution fund was confirmed. Sbanken recorded a NOK 36.0 million positive effect to net interest income in the third quarter of 2019, as the final contribution to the resolution fund was lower than estimated for the first nine months of 2019.

Income statement

(Sbanken ASA)

In NOK thousand	Note	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Interest income from financial instruments using the effective interest method		492 779	396 256	1 388 038	1 170 009	1 591 331
Other interest income		0	0	0	0	0
Interest expense		-124 635	-116 843	-434 926	-340 868	-469 338
Net interest income		368 144	279 413	953 111	829 141	1 121 993
Commission and fee income		97 119	88 627	254 978	239 601	314 056
Commission and fee expense		-33 298	-25 844	-93 583	-85 813	-110 457
Net commission and fee income		63 821	62 783	161 395	153 787	203 599
Net gain/(loss) on financial instruments		11 496	12 560	34 064	79 851	75 799
Other income		1 849	1 658	5 228	4 787	6 599
Other operating income		13 345	14 218	39 292	84 638	82 398
Personnel expenses		-86 650	-72 482	-246 025	-215 676	-281 666
Administrative expenses		-73 548	-82 804	-218 543	-252 805	-342 657
Depreciation and impairment of fixed and intangible assets		-14 950	-3 803	-40 491	-9 781	-14 031
Profit before loan losses		270 164	197 325	648 740	589 304	769 636
Loan losses		-34 975	-19 694	-100 275	-48 539	-74 059
Profit before tax		235 190	177 631	548 466	540 765	695 577
Tax expense		-54 986	-40 372	-123 483	-112 165	-152 250
Profit for the period		180 204	137 259	424 982	428 600	543 327
Attributable to						
Shareholders		171 853	130 813	401 905	409 705	517 946
Additional Tier 1 capital holders		8 351	6 446	23 077	18 895	25 381
Profit for the period		180 204	137 259	424 982	428 600	543 327

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Profit for the period	180 204	137 259	424 982	428 600	543 327
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	-13 507	-11 733	-401	-6 235	-22 878
Tax effect	3 377	2 933	-6	1 666	6 360
Other comprehensive income that can be reclassified to profit or loss after tax	-10 130	-8 800	-407	-4 569	-16 518
Actuarial gains (losses)	0	0	0	0	4 093
Tax effect	0	0	0	0	-1 131
Other comprehensive income that can not be reclassified to profit or loss after tax	0	0	0	0	2 962
Total components of other comprehensive income (after tax)	-10 130	-8 800	-407	-4 569	-13 556
Total comprehensive income for the period	170 074	128 459	424 575	424 031	529 771
Attributable to					
Shareholders	161 723	122 013	401 498	405 136	504 390
Additional Tier 1 capital holders	8 351	6 446	23 077	18 895	25 381
Total comprehensive income for the period	170 074	128 459	424 575	424 031	529 771

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	30.09.19	30.09.18	31.12.18
Assets				
Cash and receivables with central bank		581 892	568 346	393 148
Loans to and receivables from credit institutions		3 488 402	3 333 535	2 183 558
Loans to customers		47 755 168	46 903 337	44 622 110
Net loans to customers, central bank and credit institutions		51 825 462	50 805 218	47 198 816
Commercial paper and bonds at fair value through OCI		11 599 996	9 578 455	12 075 530
Shares and funds		399 335	164 096	385 957
Commercial paper and bonds at amortised cost		325 979	325 791	325 771
Shares in subsidiary		1 699 880	1 699 880	1 699 880
Intangible assets		158 627	90 383	110 624
Deferred tax assets		11 368	3 348	11 466
Property, plant and equipment		152 039	18 867	18 607
Other assets		56 950	120 401	94 278
Advance payment and accrued income		29 446	35 547	23 481
Total assets		66 259 083	62 841 986	61 944 410
Liabilities				
Loans and deposits from credit institutions		2 246 151	1 925 046	1 002 104
Deposits from customers		52 653 797	49 930 355	49 534 250
Debt securities issued		3 593 719	4 202 153	4 446 914
Taxes payable		115 137	111 753	156 398
Pension commitments		30 797	37 217	30 797
Other liabilities		729 070	284 569	323 656
Subordinated loans		774 544	649 211	649 294
Total liabilities		60 143 215	57 140 304	56 143 413
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		605 505	504 916	504 978
Other equity		1 815 775	1 502 177	1 601 431
Total equity		6 115 868	5 701 681	5 800 997
Total liabilities and equity		66 259 083	62 841 986	61 944 410

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 6.6 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 01.01.18	1 068 693	2 625 895	504 683	-21 768	12 995	1 186 553	5 377 052
Profit for the period to other equity (01.01.18 to 30.09.18)						409 705	409 705
Profit for the period to Tier 1 capital holders (01.01.18 to 30.09.18)			18 895				18 895
Payments to Tier 1 capital holders (01.01.18 to 30.09.18)			-18 662				-18 662
Actuarial gains and losses for the period (01.01.18 to 30.09.18)				0			0
Net change in fair value of financial instruments available for sale (01.01.18 to 30.09.18)					-4 569		-4 569
Payments related to share incentive program						-589	-589
Paid dividend to shareholders						-80 152	-80 152
Balance sheet as at 30.09.18	1 068 693	2 625 895	504 916	-21 768	8 426	1 515 517	5 701 681
Profit for the period to other equity (01.10.18 to 31.12.18)						108 241	108 241
Profit for the period to Tier 1 capital holders (01.10.18 to 31.12.18)			6 486				6 486
Payments to Tier 1 capital holders (01.10.18 to 31.12.18)			-6 424				-6 424
Actuarial gains and losses for the period (01.10.18 to 31.12.18)				2 962			2 962
Net change in fair value of financial instruments available for sale (01.10.18 to 31.12.18)					-11 949		-11 949
Balance sheet as at 31.12.18	1 068 693	2 625 895	504 978	-18 806	-3 523	1 623 758	5 800 997
Profit for the period to other equity (01.01.19 to 30.09.19)						401 905	401 905
Profit for the period to Tier 1 capital holders (01.01.19 to 30.09.19)			23 077				23 077
Payments to Tier 1 capital holders (01.01.19 to 30.09.19)			-22 550				-22 550
Issue of Tier 1 capital			100 000				100 000
Actuarial gains and losses for the period (01.01.19 to 30.09.19)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.19 to 30.09.19)					-407		-407
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
Balance sheet as at 30.09.19	1 068 693	2 625 895	605 505	-18 806	-3 930	1 838 511	6 115 868

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	Jan - Sep 19	Jan - Sep 18	2018
Cash flows from operating activities				
Net payments on loans to customers		-3 229 563	-3 242 345	-987 204
Interest received on loans to customers		1 170 180	1 028 755	1 392 400
Net receipts on deposits from customers		3 124 758	2 738 982	2 342 876
Interest paid on deposits from customers		-314 539	-244 341	-339 559
Payments/receipts on loans to/deposits from group company		984 744	1 196 245	-260 913
Interest received on loans to group company		29 574	17 871	28 025
Net receipts/payments from buying and selling financial instruments at fair value		658 307	229 696	-2 405 520
Interest received from commercial paper and bonds		166 126	114 363	147 616
Net receipts/payments on deposits from credit institutions		0	0	0
Interest paid on deposits from credit institutions		-418	-81	-225
Interest received on loans to credit institutions and central bank		15 559	7 714	38 573
Receipts related to commissions and fees		254 677	238 873	312 909
Payments related to commissions and fees		-97 292	-94 824	-118 087
Payments related to administrative expenses		-224 652	-237 791	-329 799
Payments related to personnel expenses		-247 954	-215 444	-286 542
Taxes paid		-164 652	-164 088	-208 131
Other receipts/payments		66 066	10 549	109 567
Net cash flows from operating activities		2 190 921	1 384 134	-564 014
Cash flows from investment activities				
Capital increase in subsidiary		0	-250 000	-250 000
Invested in Additional Tier 1 capital in subsidiary		0	0	-100 000
Invested in associated company		0	0	0
Payments on the acquisition of fixed assets		-2 233	-13 843	-15 367
Payments on the acquisition of intangible assets		-60 135	-45 949	-68 838
Net cash flows from investment activities		-62 368	-309 792	-434 205
Cash flows from financing activities				
Receipts on share capital and share premium net of issuing cost		0	0	0
Paid dividend to shareholders		-187 021	-80 152	-80 152
Receipts on subordinated loans		125 000	0	0
Interest paid on subordinated loans		-18 029	-13 379	-19 412
Receipts on issued additional Tier1 capital		100 000	0	0
Interest paid on additional Tier 1 capital		-22 550	-17 499	-25 086
Receipts on issued bonds and commercial paper		725 000	400 000	900 000
Payments on matured and redeemed bonds and commercial paper		-1 558 433	-941 867	-1 196 927
Interest paid on issued bonds and commercial paper		-58 679	-52 936	-71 087
Net cash flows from financing activities		-894 712	-705 833	-492 664
Total net cash flow		1 233 841	368 509	-1 490 883
Cash at the beginning of the period		456 163	1 947 046	1 947 045
Cash at the end of the period		1 690 004	2 315 555	456 163
Change in cash		1 233 841	368 509	-1 490 883
Cash				
Cash and receivables with central bank		581 892	568 346	393 148
Loans to credit institutions		1 108 112	1 747 209	63 015
Total cash		1 690 004	2 315 555	456 163

Capital adequacy

(Sbanken ASA)

In NOK thousand	30.09.19		30.09.18		31.12.18	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	1 166 858	0	1 187 359	0	1 043 361	0
Regional governments	1 515 241	172 210	1 732 403	117 101	3 457 411	510 850
Multilateral Development Banks	629 559	0	522 517	0	573 741	0
Institutions	35 541 387	3 754 084	37 958 109	4 015 369	36 567 216	3 759 457
Retail	10 006 743	4 378 967	9 561 096	3 992 535	9 629 797	4 113 103
Secured by mortgages on immovable property	58 378 214	17 123 162	58 851 190	16 986 176	52 688 420	16 093 779
Exposures in default	359 897	448 399	251 588	309 917	281 029	345 016
Covered bonds	8 577 324	857 732	6 473 353	647 335	7 404 737	740 474
Equity	1 868 969	2 106 879	1 863 976	2 071 385	1 856 649	2 053 709
Other items	179 340	179 340	73 075	73 075	48 422	48 422
Total credit risk, standardised method*	118 223 532	29 020 773	118 474 667	28 212 894	113 550 783	27 664 810
Credit value adjustment risk (CVA)		0		0		0
Operational risk		2 462 797		2 231 930		2 462 797
Total risk-weighted volume		31 483 570		30 444 824		30 127 607
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		1 413 870		1 092 472		1 083 486
Additional Tier 1 capital		605 505		504 916		504 978
Profit for the period		401 905		409 705		517 946
Total booked equity		6 115 868		5 701 681		5 800 998
Additional Tier 1 capital instruments included in total equity		-605 505		-504 916		-504 978
Common equity Tier 1 capital instruments		5 510 363		5 196 765		5 296 020
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-118 970		-67 787		-82 968
Value adjustment due to the requirements for prudent valuation (AVA)		-11 995		-9 737		-12 457
Dividends payable		0		0		-187 021
Profit for the periode, not eligible		-266 245		-160 387		0
Common equity Tier 1 capital		5 113 153		4 958 854		5 013 573
Additional Tier 1 capital		600 000		500 000		500 000
Tier 1 capital		5 713 153		5 458 854		5 513 573
Tier 2 capital		775 000		650 000		650 000
Own funds (primary capital)		6 488 153		6 108 854		6 163 573
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 416 761	4.5%	1 370 017	4.5%	1 355 742
Capital conservation buffer	2.5%	787 089	2.5%	761 121	2.5%	753 190
Systemic risk buffer	3.0%	944 507	3.0%	913 345	3.0%	903 828
Countercyclical capital buffer	2.0%	629 671	2.0%	608 896	2.0%	602 552
Additional Tier 1 capital	1.5%	472 254	1.5%	456 672	1.5%	451 914
Tier 2 capital	2.0%	629 671	2.0%	608 896	2.0%	602 552
Total minimum and buffer requirements own funds (primary capital)	15.5%	4 879 953	15.5%	4 718 948	15.5%	4 669 779
<i>Available common equity Tier 1 capital after buffer requirements</i>		<i>1 335 125</i>		<i>1 305 475</i>		<i>1 398 260</i>
<i>Available own funds (primary capital)</i>		<i>1 608 200</i>		<i>1 389 906</i>		<i>1 493 794</i>
Capital ratio % **						
Common equity Tier 1 capital		16.2%		16.3%		16.6%
Additional Tier 1 capital		1.9%		1.6%		1.7%
Tier 2 capital		2.5%		2.1%		2.2%
Total capital ratio		20.6%		20.1%		20.5%

Capital ratio % (including interim profits***)				
Common equity Tier 1 capital		16.6%	16.3%	16.6%
Additional Tier 1 capital		1.9%	1.6%	1.7%
Tier 2 capital		2.5%	2.1%	2.2%
Total capital ratio		21.0%	20.1%	20.5%

* The specification is according to "Kapitalkravsforskriften"

** Including 70 per cent of the profit for the first half year of 2019 and 70 per cent of the profit for the first nine months in 2018, due to external interim audit. Year-end is based on actual dividend.

*** Including 70 per cent of the profit for the interim period for both 2019 and 2018. Year-end is based on actual dividend.

Leverage Ratio (Sbanken ASA)

In NOK thousand		30.09.19	30.09.18	31.12.18
Derivatives market value		0	0	0
Potential future exposure on derivatives		0	0	0
Off-balance sheet commitments		35 977 865	37 134 950	36 641 116
Loans and advances and other assets		66 100 456	62 751 603	61 833 786
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		102 078 321	99 886 553	98 474 902
Tier 1 capital		5 713 153	5 458 854	5 513 573
Leverage ratio % *		5.6 %	5.5 %	5.6 %
Leverage ratio % (including interim profits**)		5.7 %	5.5 %	5.6 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 062 350	2 996 597	2 954 247
Buffer requirements	2.0%	2 041 566	1 997 731	1 969 498
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 103 916	4 994 328	4 923 745
<i>Available Tier 1 capital after minimum and buffer requirements</i>		609 237	464 526	589 828
<i>Available Tier 1 capital after minimum and buffer requirements (including interim profits)</i>		718 282	464 526	589 828

* Including 70 per cent of the profit for the first half year of 2019 and 70 per cent of the profit for the first nine months in 2018, due to external interim audit. Year-end is based on actual dividend.

** Including 70 per cent of the profit for the interim period for both 2019 and 2018. Year-end is based on actual dividend.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	30.09.19	31.12.18
Commercial paper issued	NOK	0	0
Bonds issued	NOK	3 593 719	4 446 914
Subordinated loans	NOK	774 544	649 294
Total debt securities issued and subordinated loans		4 368 263	5 096 208

Specification of commercial paper, bonds and subordinated loans as at 30.09.19:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Commercial paper issued						
NA	Sbanken ASA	0	NOK	NA	NA	0
Total commercial paper		0				0
Bonds						
NO0010782527	Sbanken ASA	692 000	NOK	Floating	17.01.20	692 013
NO0010788276	Sbanken ASA	1 000 000	NOK	Floating	10.08.20	1 000 414
NO0010793029	Sbanken ASA	1 000 000	NOK	Floating	01.03.21	1 000 849
NO0010835325	Sbanken ASA	600 000	NOK	Floating	06.09.21	600 528
NO0010862048	Sbanken ASA	300 000	NOK	Floating	09.10.22	299 915
Total bonds		3 592 000				3 593 719
Total commercial paper and bonds						3 593 719

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
NO0010746464	Sbanken ASA	500 000	NOK	Floating	12.10.25 ¹	499 753
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27 ²	149 791
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29 ³	125 000
Total subordinated loans		775 000				774 544

¹ First possible call date for the issuer is 12 October 2020. The loan agreement has covenants to qualify as Tier 2 capital.

² First possible call date for the issuer is 02 March 2022. The loan agreement has covenants to qualify as Tier 2 capital.

³ First possible call date for the issuer is 21 March 2024. The loan agreement has covenants to qualify as Tier 2 capital.

Changes of debt securities and subordinated loans:

	31.12.18	January-September 2019				30.09.19
		Issued	Matured	Redeemed	Other adjustments	
Commercial paper (nominal)	0	0	0	0	0	0
Bonds (nominal)	4 445 000	600 000	-490 000	-963 000	0	3 592 000
Subordinated loans (nominal)	650 000	125 000	0	0	0	775 000
Total	5 095 000	725 000	-490 000	-963 000	0	4 367 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q3 19	Q3 18	Jan-Sep 19	Jan-Sep 18	2018
Loans to and receivables from credit institutions and central bank	16 317	9 633	46 019	25 586	38 573
Loans to customers ¹	410 643	344 033	1 173 907	1 028 780	1 392 358
Commercial paper and bonds ²	65 820	42 591	168 112	115 643	160 400
Total interest income	492 779	396 256	1 388 038	1 170 009	1 591 331
Loans and deposits from credit institutions	-359	-369	-1 303	-1 168	-1 549
Deposits from customers	-108 335	-84 056	-314 541	-244 342	-339 560
Debt securities issued	-18 723	-17 905	-57 096	-52 465	-71 042
Subordinated loans	-6 826	-5 048	-18 647	-14 680	-19 784
Other interest expenses	9 608	-9 465	-43 339	-28 213	-37 403
Total interest expenses	-124 635	-116 843	-434 926	-340 868	-469 338
Net interest income	368 144	279 413	953 111	829 141	1 121 993

¹ Interest income Jan-Sep 19 of TNOK 644 734 are related to home loans measured at fair value through OCI

² Interest income Jan - Sep 19 of TNOK 8 994 are related to commercial paper and bonds at amortised cost. The rest relates to investments measured at fair value through OCI

Classification of financial instruments

(Sbanken ASA)

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total carrying value	Total fair value
30.09.19					
Financial Assets					
Cash and receivables with central bank			581 892	581 892	581 892
Loans to and receivables from credit institutions			3 488 402	3 488 402	3 488 402
Loans to customers		35 134 106	12 621 062	47 755 168	47 755 168
Commercial paper and bonds		11 599 996		11 599 996	11 599 996
Shares and funds	395 283		4 052	399 335	399 335
Commercial paper and bonds at amortised cost			325 979	325 979	331 629
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Other assets			86 396	86 396	86 396
Total financial assets	395 283	46 734 102	18 807 663	65 937 048	65 942 698
Financial liabilities					
Loans and deposits from credit institutions			2 246 151	2 246 151	2 246 151
Deposits from customers			52 653 797	52 653 797	52 653 797
Debt securities issued			3 593 719	3 593 719	3 605 038
Subordinated loans			774 544	774 544	784 974
Other liabilities			729 070	729 070	729 070
Total financial liabilities	0	0	59 997 359	59 997 359	60 019 030
Home loans and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income.					
Shares in associated company are not classified at fair value through profit and loss, but are recognised using the equity method and put into the category amortised cost.					
Sbanken ASAs holdings of Tier 1 capital issued by others are measured at fair value through profit and loss					

In NOK thousand	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total carrying value	Total fair value
31.12.18					
Financial Assets					
Cash and receivables with central bank			393 148	393 148	393 148
Loans to and receivables from credit institutions			2 183 558	2 183 558	2 183 558
Loans to customers		32 144 454	12 477 656	44 622 110	44 622 110
Commercial paper and bonds		12 075 530	0	12 075 530	12 075 530
Shares and funds	381 905		4 052	385 957	385 957
Commercial paper and bonds at amortised cost			325 771	325 771	329 094
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Other assets			117 759	117 759	117 759
Total financial assets	381 905	44 219 984	17 201 824	61 803 713	61 807 036
Financial liabilities					
Loans and deposits from credit institutions			1 002 104	1 002 104	1 002 104
Deposits from customers			49 534 250	49 534 250	49 534 250
Debt securities issued			4 446 914	4 446 914	4 456 155
Subordinated loans			649 294	649 294	657 414
Other liabilities			323 656	323 656	323 656
Total financial liabilities	0	0	55 956 218	55 956 218	55 973 579

Home loans and earned interest that may be sold to Sbanken Boligkreditt AS are measured at fair value through other comprehensive income.

Shares in associated company are not classified at fair value through profit and loss, but are recognised using the equity method and put into the category amortised cost.

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	30.09.19		31.12.18	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Shares and funds	395 283	395 283	381 905	381 905
Commercial paper and bonds	11 599 996	11 599 996	12 075 530	12 075 530
Loans to customers	35 134 106	35 134 106	32 144 454	32 144 454
Total financial assets at fair value	47 129 385	47 129 385	44 601 889	44 601 889
Liabilities:				
Derivatives	0	0	0	0
Total financial liabilities at fair value	0	0	0	0

30.09.2019

In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds	0	240 728	154 555	395 283
Commercial paper and bonds	737 512	10 862 484	0	11 599 996
Loans to customers	0	0	35 134 106	35 134 106
Total	737 512	11 103 212	35 288 661	47 129 385
Derivatives at fair value through profit and loss (liability)		0		0
Total		0		0

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2019	32 144 454	143 504	32 287 958
Net gain/(loss) on financial instruments (unrealised)		11 051	11 051
Net new loans/exits	12 494 708	0	12 494 708
Sale (to Sbanken Boligkreditt AS)	-9 505 056	0	-9 505 056
Settlement		0	0
Transferred from Level 1 or Level 2		0	0
Transferred to Level 1 or Level 2		0	0
Other		0	0
Closing balance at 30 September 2019	35 134 106	154 555	35 288 661

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to September 2019

31.12.2018

In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds		238 401	143 504	381 905
Commercial paper and bonds	693 355	11 382 175		12 075 530
Loans to customers			32 144 454	32 144 454
Total	693 355	11 620 576	32 287 958	44 601 889
Derivatives at fair value through profit and loss (liability)		0		0
Total		0		0

Financial instruments measured at fair value Level 3

In NOK thousand	Loans to customers	Shares and funds	Total
Opening balance at 1 January 2018	31 376 065	74 553	31 450 618
Net gain/(loss) on financial instruments (unrealised)		68 951	68 951
Net new loans/exits	19 310 198	0	19 310 198
Sale (to Sbanken Boligkreditt AS)	-18 541 809	0	-18 541 809
Settlement		0	0
Transferred from Level 1 or Level 2		0	0
Transferred to Level 1 or Level 2		0	0
Other		0	0
Closing balance at 31 December 2018	32 144 454	143 504	32 287 958

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2018

Alternative performance measures

(Sbanken group)

Sbanken (the bank) 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	Q3 2019	Q3 2018	Jan - Sept 19	Jan - Sept 18	2018
Net interest income (annualised)	1 669 596	1 322 332	1 517 584	1 349 228	1 371 240
Average total assets	94 409 808	91 493 539	92 639 741	88 577 745	89 367 366
Net interest margin	1.77 %	1.45 %	1.64 %	1.52 %	1.53 %
Interest income (annualised)	2 771 767	2 265 839	2 633 707	2 223 672	2 275 239
Average total assets	94 409 808	91 493 539	92 639 741	88 577 745	89 367 366
Effective lending rate	2.94 %	2.48 %	2.84 %	2.51 %	2.55 %
Interest expense (annualised)	1 084 798	929 404	1 121 661	879 083	903 999
Average total assets	94 409 808	91 493 539	92 639 741	88 577 745	89 367 366
Effective funding rate	1.15 %	1.02 %	1.21 %	0.99 %	1.01 %

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	Q3 2019	Q3 2018	Jan - Sept 19	Jan - Sept 18	2018
Operating expense	175 894	159 573	507 407	481 363	641 992
Operating income	496 197	409 415	1 316 010	1 232 398	1 646 215
Cost-to-income ratio	35.4 %	39.0 %	38.6 %	39.1 %	39.0 %
Profit for the period attributable to shareholders (annualised)	830 597	680 442	700 585	714 788	697 339
Average equity	5 930 812	5 465 279	5 865 920	5 329 227	5 404 237
Return on Equity	14.0 %	12.5 %	11.9 %	13.4 %	12.9 %

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 the bank.

Growth, e.g. loan growth, is calculated as a percentage by subtracting the period end balance from the period start balance and dividing by the period start balance.

Average loan volume is calculated based on daily observations of gross loans to customers divided by the number of days in the period.

Loss rate is calculated as the loan losses of the period divided by the average loan volume of the period. The measure is commonly used by banks and industry analysts to indicate the performance and quality of the lending book. For interim periods the loan losses for the period is annualised using the number of days in the period to the total number of days in the year.

Loss rate (adj.) is calculated as the loan losses of the period adjusted for income from sold portfolio of non-performing loans, divided by the average loan volume in the period. The measure is presented to provide a better understanding of the underlying performance of the lending book.

Average deposit-to-loan ratio is calculated as average deposits from customers in the period divided by average loans to customers in the period. The average is based on daily observations. The measure reflects the average amount of customer lending funded by customer deposits and is commonly used by banks and industry analysts.

Deposit-to-loan ratio is calculated as deposits from customers divided by loans to customers at the end of the period. The measure reflects the average amount of customer lending funded by customer deposits and is commonly used by banks and industry analysts.

LTV (Loan-to-Value) is calculated as the loan amount divided by the estimated value of the property. When calculating a weighted average of LTV for the entire loan book, the credit balance of home loans and the credit limit of home equity credit lines are used as weights. The LTV is provided as a measure of lending risk exposure.

In NOK thousand	Q3 2019	Q3 2018	Jan - Sept 19	Jan - Sept 18	2018
Loan losses (annualised)	147 060	78 062	138 118	64 184	75 513
Average loan volume	80 683 414	77 598 473	79 297 240	75 224 744	76 229 943
Loss rate	0.18 %	0.10 %	0.17 %	0.09 %	0.10 %
Average deposits from customers	53 129 113	50 376 695	51 315 443	48 605 372	48 887 720
Average loans to customers	80 683 414	77 598 473	79 297 240	75 224 744	76 229 943
Average deposit-to-loan ratio	65.8 %	64.9 %	64.7 %	64.6 %	64.1 %
Deposits from customers	52 653 797	49 930 355	52 653 797	49 930 355	49 534 250
Loans to customers	81 354 441	78 644 266	81 354 441	78 644 266	79 020 747
Deposit-to-loan ratio	64.7 %	63.5 %	64.7 %	63.5 %	62.7 %
LTV (Loan-to-value)	53.5 %	53.5 %	53.5 %	53.5 %	54.4 %

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	30.09.19		30.09.18		31.12.18	
	Carrying value	Value LCR	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	3 047 661	3 047 661	2 982 544	2 982 544	2 697 577	2 697 577
Level 1 covered bonds	6 282 184	5 842 431	6 048 145	5 624 775	6 061 638	5 637 323
Level 2A - assets	1 466 855	1 246 827	1 164 888	990 155	2 878 926	657 022
Level 2B - assets			0	0	0	0
Assets ineligible as "liquid assets"	83 310 095		80 829 281	0	79 839 403	0
Total assets	94 107 095	10 136 919	91 024 860	9 597 475	91 510 707	8 991 922
Net outflows		4 145 762		3 641 422	0	3 481 440
LCR %		245 %		264 %		258 %

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