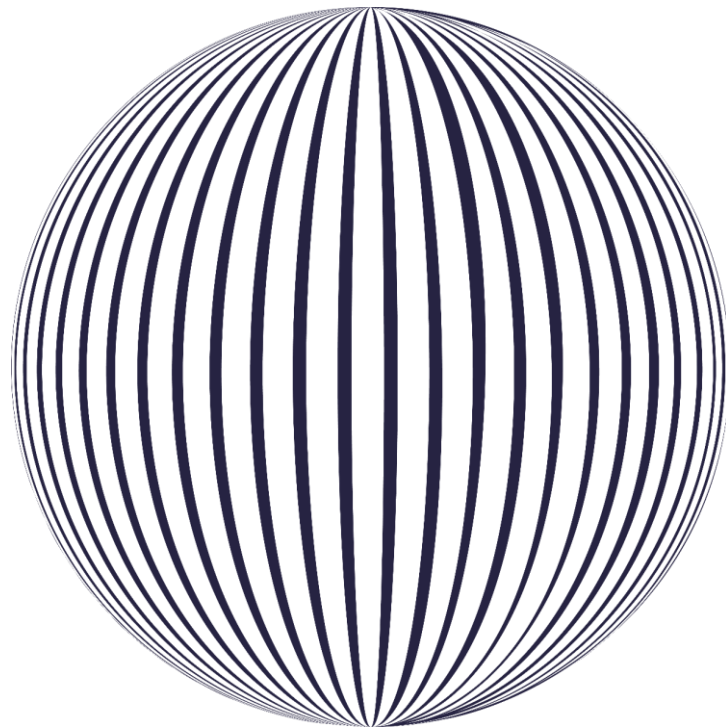


Sbanken

Q2 – 2019

Sbanken group



Sbanken – the leading digital challenger



The leading digital retail bank in Norway with more than 450 000 customers



Loan book growth above 40 per cent since IPO November 2015



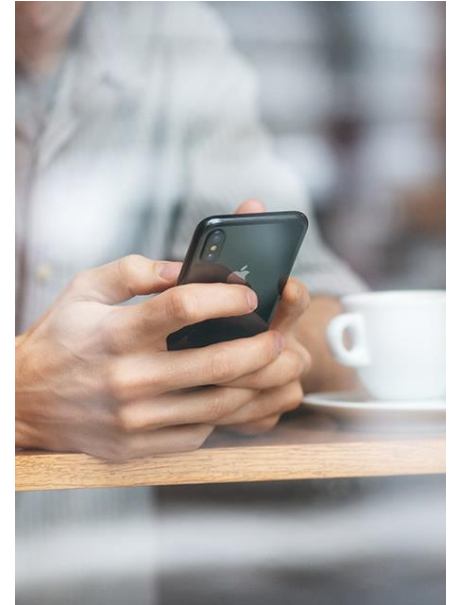
High profitability – average ROE of 13 per cent last three years



Most satisfied customers in the last 18 years



Launching game changing offering for SMEs and long-term savings



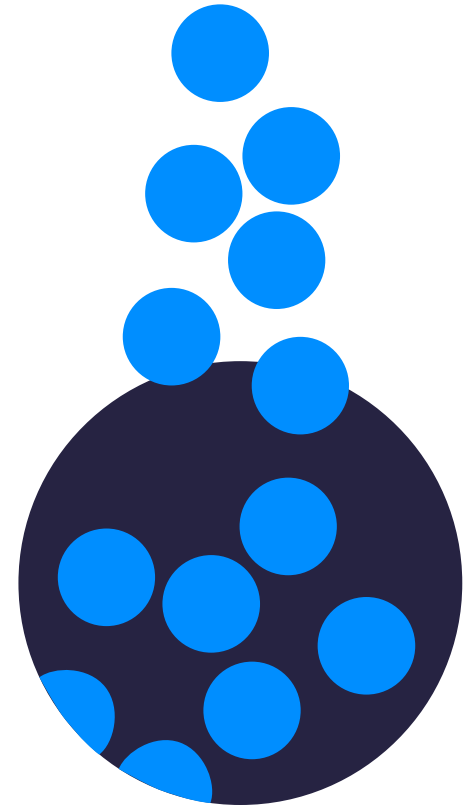
Financial highlights

	Q2 – 2019	Q2 – 2018	12 month growth
Net interest income (NOK million)	359.1	327.5	9.7 %
Net fee and commission (NOK million)	50.5	47.6	6.0 %
Profit before loan losses (NOK million)	245.5	268.1	-8.4 %
Net profit (NOK million)	157.8	209.2	-24.6 %
Earning per share (NOK)	1.40	1.90	-6.0 %
ROE (per cent)	10.3	15.3	
Cost-to-income (per cent)	40.8	38.6	
NIM (per cent)	1.57	1.47	
Loan-loss-ratio (per cent)	0.22	0.07	
CET1* (per cent)	14.9	14.6	

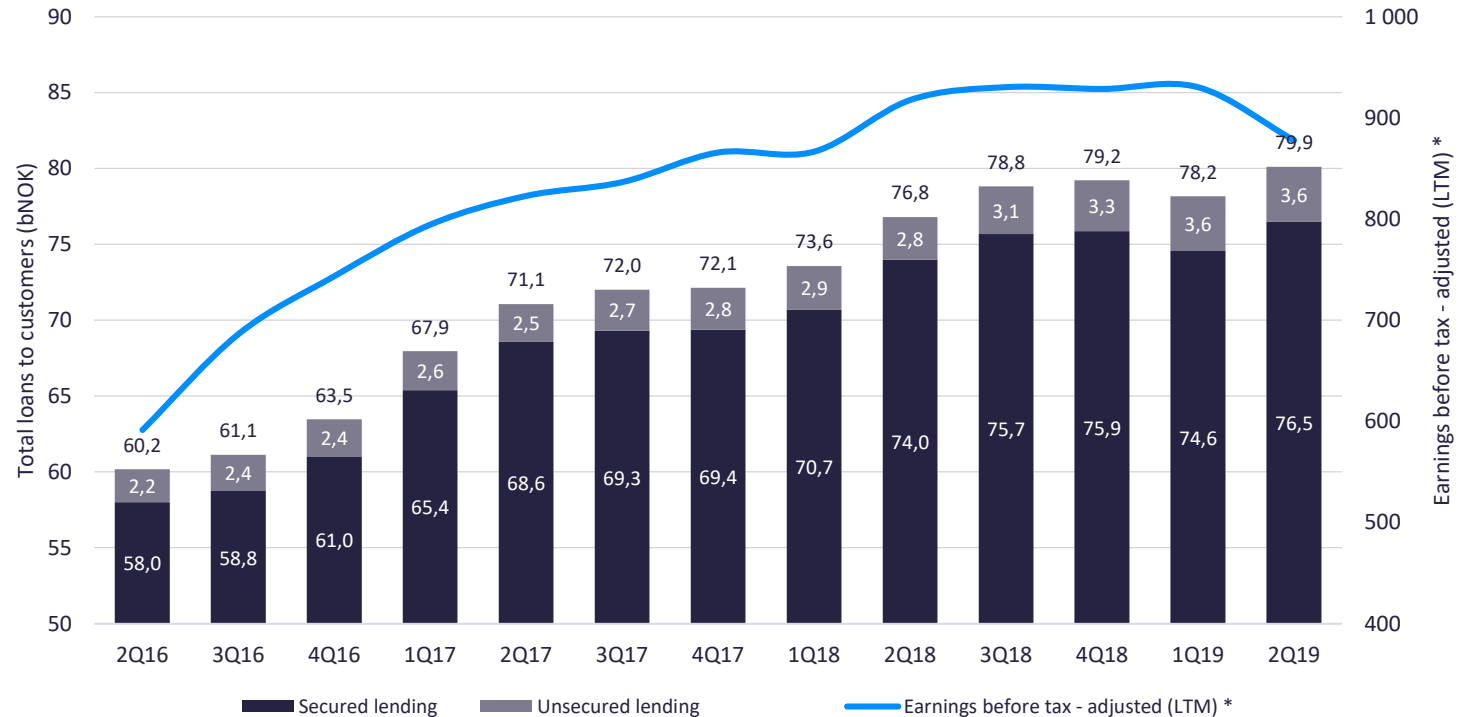
*Including 70 per cent retained earnings for Q2 2019 and Q2 2018.

Developments in the quarter

- Lending growth 2.2 per cent in the quarter, gaining market share.
- Repricing of loan book will contribute to improve the net interest margin.
- Increase in loss reserves for consumer loans mitigated by strengthened risk pricing.
- New SME offering launched end of June, well received with customers.
- Continued growth in savings - total FuM above NOK 13.3 billion.
- Sbanken was rated as the bank with the most loyal and satisfied customers and the best reputation in Norway.

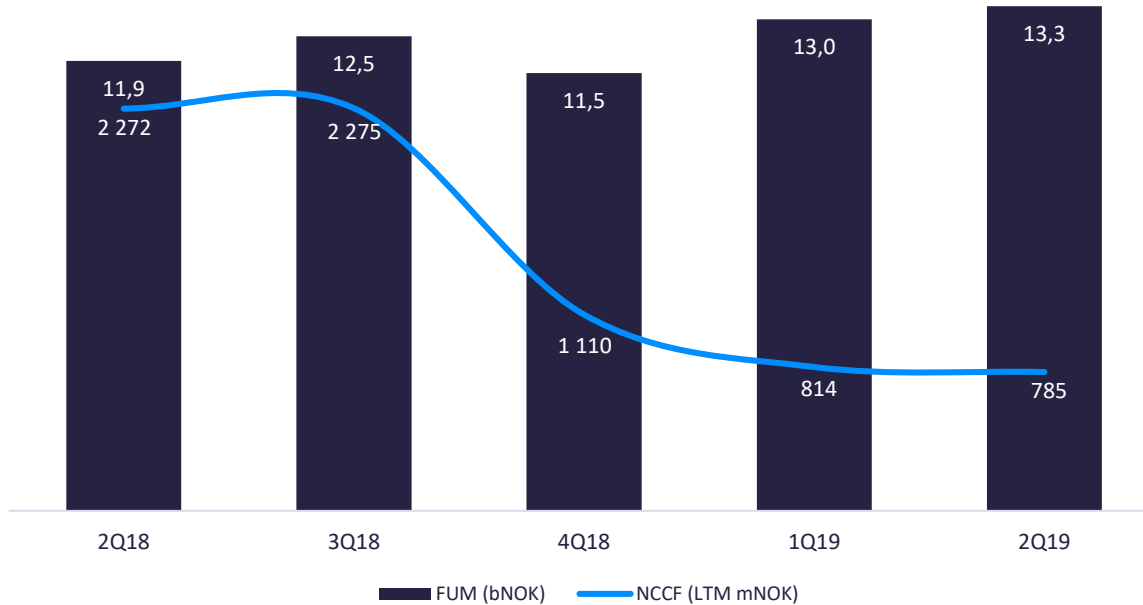


Profitable growth through scale and diversification



* Adjustment due to one-off gain in 2Q 2016.

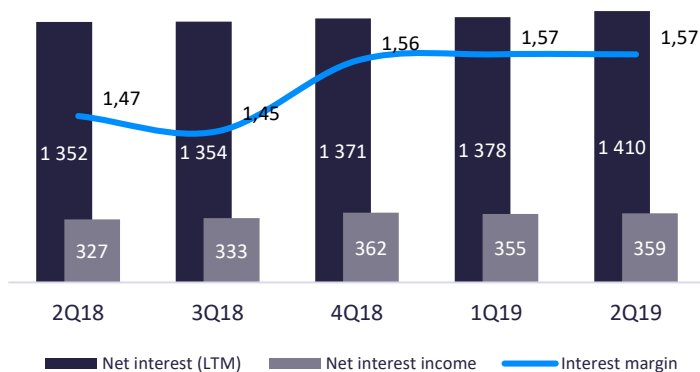
Continued growth in savings



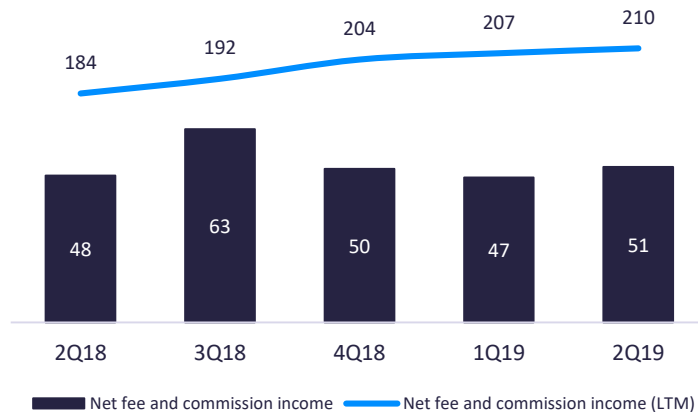
- Continued strong performance.
- Increasing market-share.
- Scalable low cost model, prepared to take increased volumes.

Revenues

Net interest income



Net fee and commission income

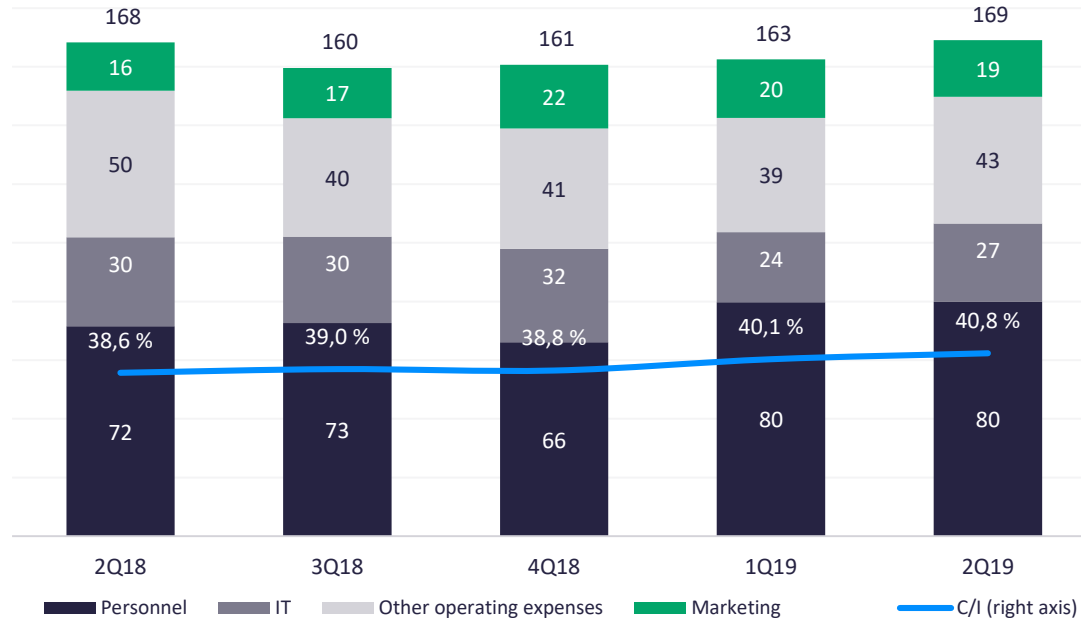


- NII increase due to lending growth.
- Stable NIM development and increased lending rates.

- Positive development in income from card transactions.
- Positive net client cash flow in mutual funds.

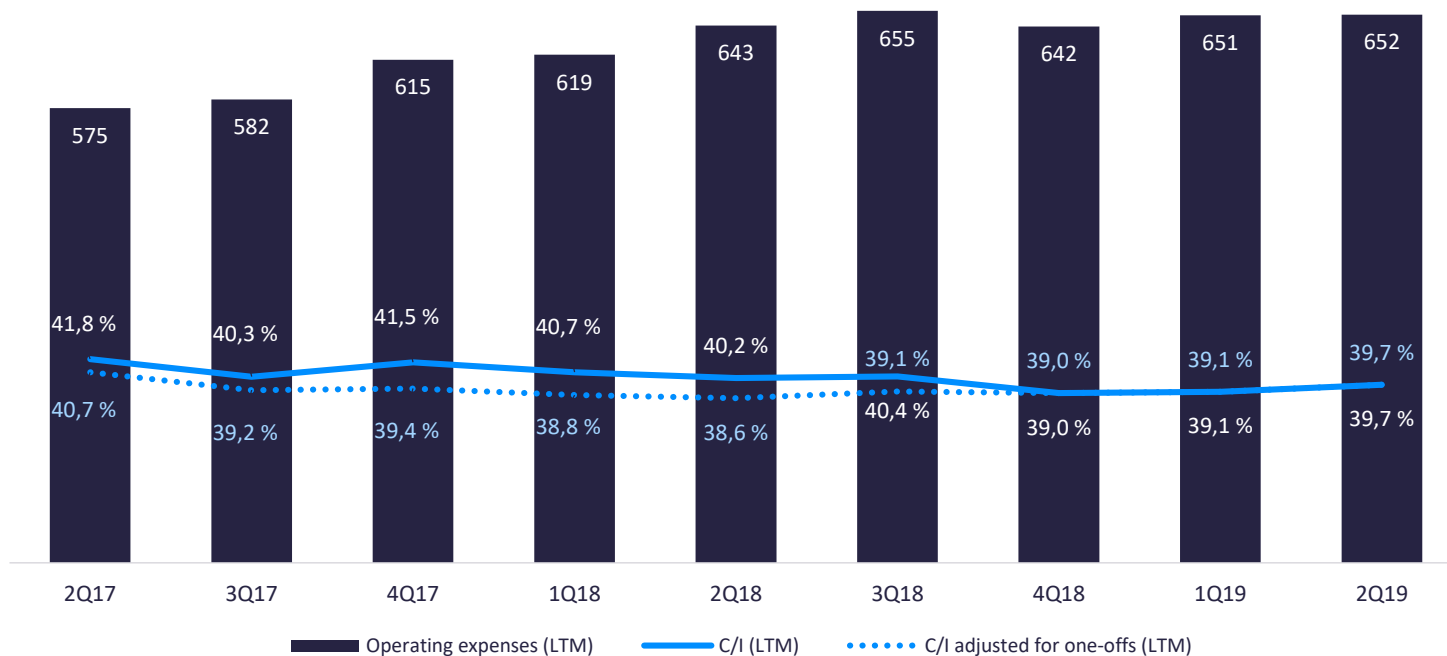
Operating cost

NOK million



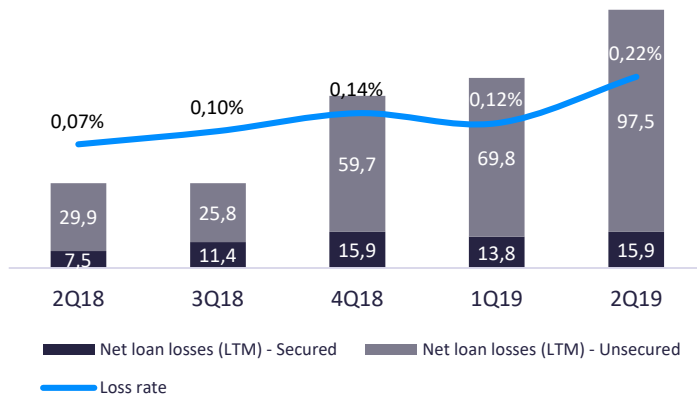
- Cost development in line with expectation.
- Other operating expenses increase due to planned depreciation of capitalised development projects.
- Cost-to-income of 40.8 per cent in the quarter.

Cost and cost-to-income



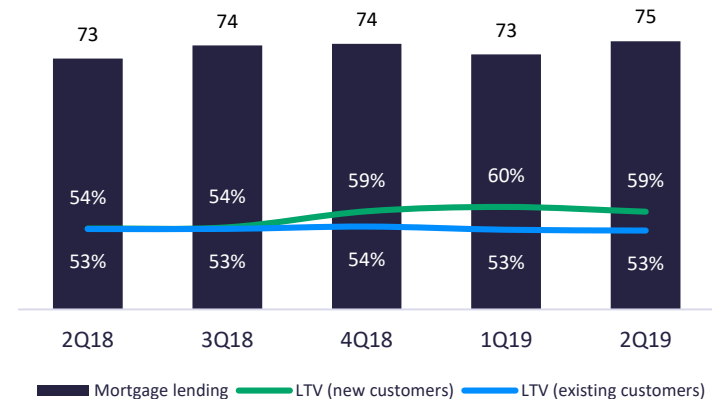
Asset quality

Net loan losses and loss ratio



- Losses influenced by calibration of the IFRS 9-loss models for unsecured credit, mitigated by risk pricing.
- Expected loss level 2019 at around 0.15 %,

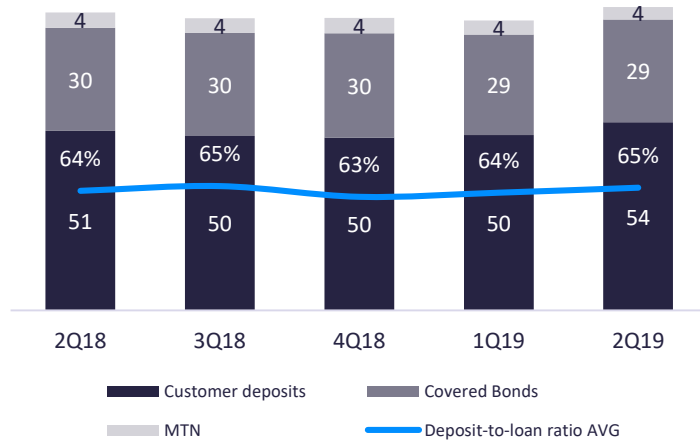
Mortgage lending and LTV



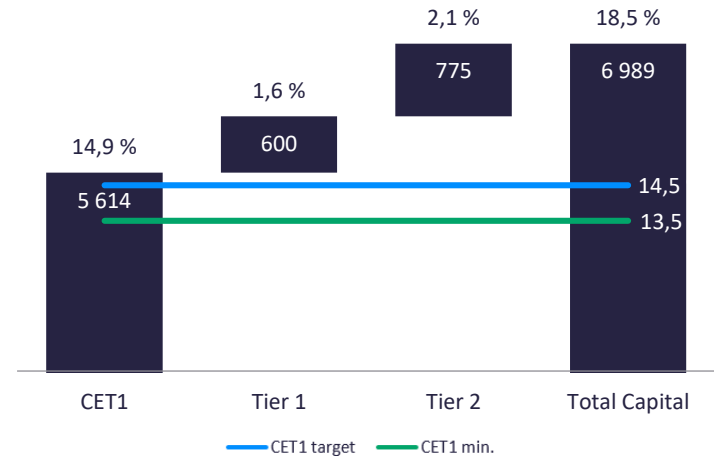
- Average LTV stable both for existing portfolio and new loans.

Funding and capital

Funding








Capital



- CET 1 capital ratio include 70 per cent of the profit in H1 2019.
- The Ministry of Finance issued a consultation paper whereby it is outlined to increase the systemic risk buffer over three years.

Targets 2019 - 2021

	H1 2019	2018	Targets 2019 - 2021
 Return on equity	11.0 %	12.9 %	14.0 %
 Annual EPS growth	N/A	9.9 %	> 10 %
 Pay-out-ratio	N/A	26.8 %	Up to 30 %
 CET1 ratio	14.9 % *	14.6 %	14.5 %
 Cost-to-income ratio	40.4 %	39.0 %	< 34 %

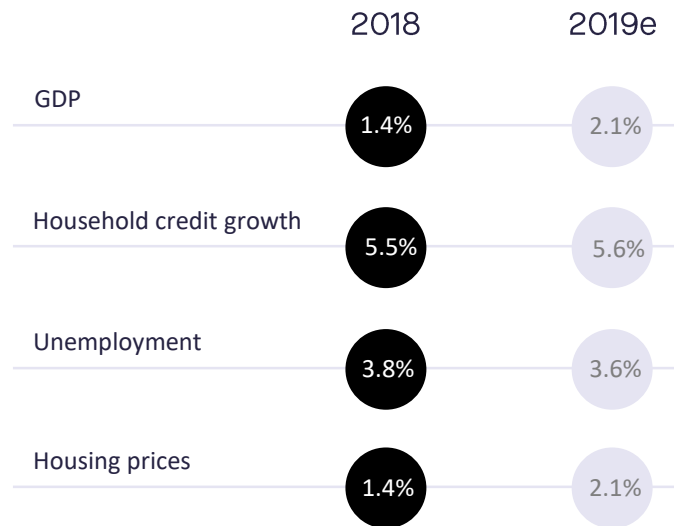
* Including 70 per cent retained earnings

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

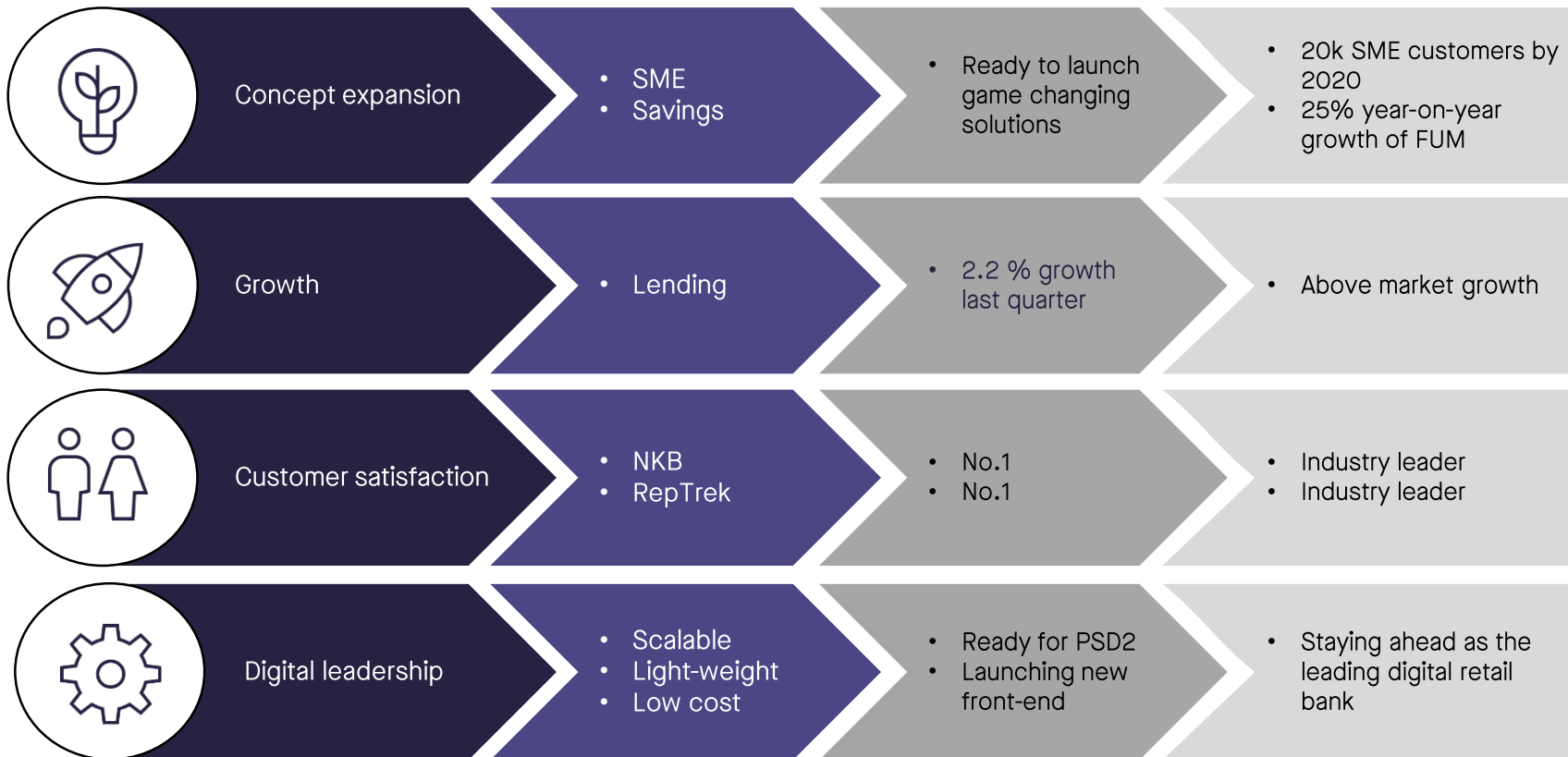
Outlook 2019



- Positive outlook for the Norwegian economy. Norges Bank indicates a further key policy rate hike.
- Increased lending rates contribute to a strengthened net interest margin, dependent on changes in funding rates and competition.
- Lending growth above market growth given expected market conditions.
- Overall loss level expected around 15 basis points.
- Increased deposits by inflow of SME customers.
- Strengthened position in the retail savings market.



Going forward



Important information

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

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

Appendix

Income statement

In NOK thousand	Note	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Interest income from financial instruments using the effective interest method	12	647 252	555 343	1 279 752	1 099 093	2 275 239
Other interest income	12	0	0	0	0	0
Interest expense	12	-288 149	-227 893	-565 512	-423 245	-903 999
Net interest income		359 103	327 450	714 240	675 848	1 371 240
Commission and fee income	13	81 226	76 144	157 859	150 974	314 056
Commission and fee expense	13	-30 723	-28 514	-60 285	-59 969	-110 457
Net commission and fee income		50 503	47 630	97 574	91 005	203 599
Net gain/(loss) on financial instruments	14	4 928	61 309	7 999	56 130	71 256
Other income		0	0	0	0	119
Other operating income		4 928	61 309	7 999	56 130	71 376
Personnel expenses	15	-79 852	-71 518	-159 603	-143 433	-282 150
Administrative expenses	15,20	-74 889	-93 490	-146 368	-172 379	-345 811
Depreciation and impairment of fixed and intangible assets		-14 263	-3 259	-25 541	-5 978	-14 031
Profit before loan losses		245 530	268 122	488 300	501 193	1 004 223
Loan losses	8	-43 381	-13 465	-66 237	-28 330	-75 513
Profit before tax		202 149	254 657	422 063	472 863	928 710
Tax expense	16	-44 381	-45 464	-92 694	-97 299	-205 990
Profit for the period		157 767	209 194	329 369	375 564	722 720
Attributable to						
Shareholders		149 717	202 774	314 643	363 115	697 339
Additional Tier 1 capital holders	11	8 050	6 420	14 726	12 449	25 381
Profit for the period		157 767	209 194	329 369	375 564	722 720

Balance sheet

In NOK thousand

	Note	30.06.19	30.06.18	31.12.18
Assets				
Cash and receivables with central bank	5	3 267 987	2 179 241	393 148
Loans to and receivables from credit institutions	5	288 253	83 195	229 401
Loans to customers	5, 6, 7, 17, 18	79 614 300	76 647 650	79 020 747
Net loans to customers, central bank and credit institutions		83 170 540	78 910 086	79 643 295
Commercial paper and bonds at fair value through OCI	17, 19	11 079 915	13 125 314	11 244 999
Shares and funds	17, 18, 19	161 989	154 103	156 769
Derivatives	19	144 742	0	201 977
Intangible assets		153 807	68 959	110 624
Deferred tax assets	16	12 760	4 913	17 253
Property, plant and equipment		160 140	17 020	18 607
Other assets		43 501	81 258	93 702
Advance payment and accrued income		31 495	50 372	23 481
Total assets		94 958 890	92 412 025	91 510 707
Liabilities				
Loans and deposits from credit institutions	17, 18	0	0	0
Deposits from customers	17, 18	53 930 170	51 399 659	49 534 250
Debt securities issued	10, 17, 18	33 050 095	33 956 126	34 309 941
Derivatives		0	36 769	0
Taxes payable	16	94 653	96 960	209 036
Pension commitments		30 797	37 217	30 797
Other liabilities		638 198	345 045	578 022
Subordinated loans	10, 17, 18	774 461	649 128	649 294
Total liabilities		88 518 373	86 520 904	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	605 338	504 932	504 978
Other equity		2 140 590	1 691 601	1 999 801
Total equity		6 440 517	5 891 121	6 199 367
Total liabilities and equity		94 958 890	92 412 025	91 510 707

Change in profit before tax

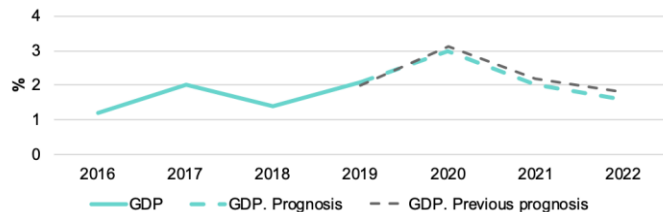
NOK million



Norwegian macro development

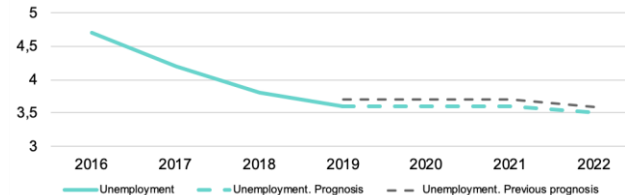
GDP

Gross domestic product. SSB (y/y)



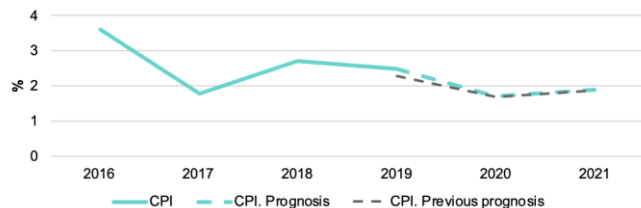
Unemployment (AKU)

Unemployment rate (level). SSB



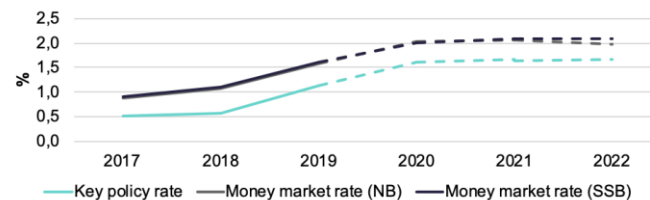
CPI

CPI. SSB (y/y)



Interest rates

Key policy rate and Money market rate



Interest bearing lending and funding

Interest bearing lending

NOKm		2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Home Loans	Volume	74 495	72 585	74 276	74 495	73 139	74 838
	Interest income	1 733	420	431	463	473	475
	Effective rate ²	2.41 %	2.37 %	2.36 %	2.48 %	2.57 %	2.59 %
Car loans	Volume	1 188	1 213	1 200	1 188	1 184	1 180
	Interest income	60	15	15	15	15	16
	Effective rate ²	4.91 %	4.80 %	4.90 %	5.00 %	5.01 %	5.36 %
Consumer loans	Volume	1 934	1 537	1 772	1 934	2 209	2 325
	Interest income	157	37	39	45	52	59
	Effective rate ²	9.80 %	9.90 %	9.56 %	9.96 %	9.92 %	10.44 %
Other credit products ³	Volume	1 596	1 471	1 569	1 596	1 632	1 521
	Interest income	178	45	43	46	46	47
	Effective rate ²	10.96 %	10.92 %	10.71 %	11.14 %	11.52 %	11.26 %
Interest bearing securities	Volume	11 245	12 818	9 627	11 245	10 244	10 080
	Interest income	136	36	37	37	43	45
	Effective rate ²	1.27 %	1.25 %	1.25 %	1.37 %	1.61 %	1.71 %
Total	Volume	91 511	92 412	91 029	91 511	91 072	94 959
	Interest income	2 275	555	568	609	633	647
	Effective lending rate ²	2.55 %	2.48 %	2.48 %	2.64 %	2.76 %	2.83 %

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

Interest bearing funding

NOKm		2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Deposits	Volume	49 534	51 400	49 930	49 534	50 256	53 930
	Interest expense	340	81	84	95	102	104
	Effective rate ²	0.69 %	0.67 %	0.66 %	0.76 %	0.83 %	0.82 %
Debt securities in issue	Bank guarantee fee	37	9	9	9	25	26
	Effective rate incl. fee ²	0.77 %	0.75 %	0.74 %	0.83 %	1.03 %	1.02 %
	Volume	34 310	33 956	33 765	34 310	32 817	33 050
Other int. bearing funding ⁴	Interest expense	507	131	135	137	142	151
	Effective rate ²	1.51 %	1.56 %	1.57 %	1.56 %	1.71 %	1.83 %
Total	Volume	0	0	0	0	0	0
	Interest expense	0	0	0	0	0	0
	Effective rate ²	N/A	N/A	N/A	N/A	N/A	N/A
Total	Volume	84 493	86 042	84 435	84 493	83 847	87 755
	Interest expense	904	228	234	246	277	288
	Effective funding rate ²	1.01 %	1.02 %	1.02 %	1.06 %	1.22 %	1.26 %

(1) Interest income from other credit products and total lending; (2) Effective lending and funding rates calculated as the interest income or expense (annualised for quarterly figures) as a percentage of average balance in the period; (3) Other credit products include account credit, credit cards and custody account lending; (4) Other interest bearing funding includes debt to credit institutions and subordinated debt but excluding hybrid capital.

Non-performing and doubtful loans per product

Credit-impaired assets		30.06.19					
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	300 098	-40 376	259 722	259 010	712	98,3%
Car Loans	Vehicle	8 248	-3 939	4 309	4 274	35	99,1%
Custody account credits	Listed securities	0		0	0	0	Na
Unsecured loans	None	303 139	-128 542	174 597	0	174 597	42,4%
Total credit-impaired assets		611 485	-172 856	438 628	263 284	175 344	49,6%

Financial calendar

12.07.2019

Quarterly report Q2 2019

14.11.2019

Quarterly report Q3 2019

14.02.2020

Quarterly report Q4 2019

