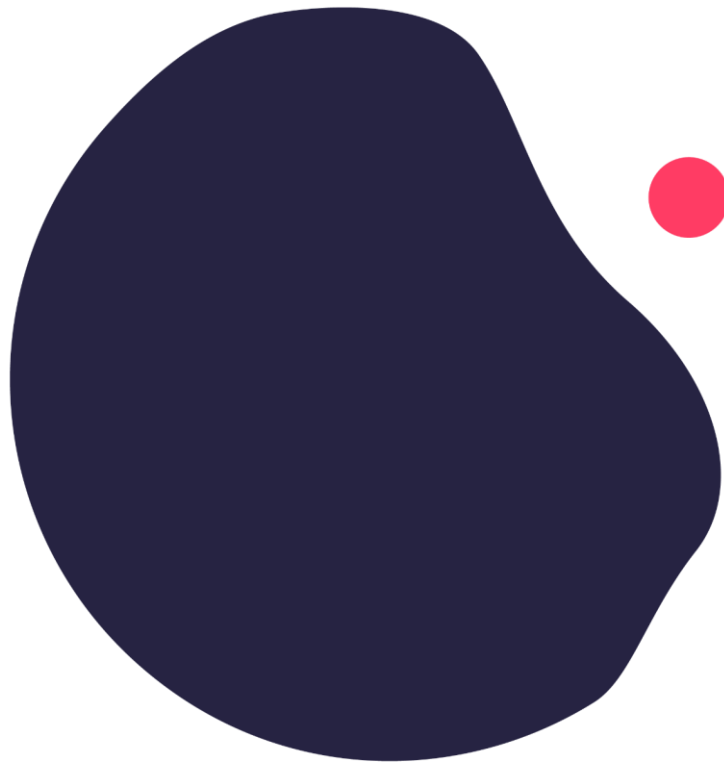


Sbanken

Q4

Fourth quarter 2020

Sbanken group



# Sbanken – the leading digital challenger



Leading digital retail bank in Norway with 475 000 customers



CAGR loan growth 8.0 % since IPO November 2015



Average ROE of 12.2 % last four years



Most satisfied customers in the last 19 years



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



# Developments in the quarter

## Focusing on long-term profitability

- EPS growth 10.4 % in 2020
- ROE increased to 12.5 %
- Non-recurring items positive effect of 13.0 million
- Mortgage lending flat from previous quarter
- Consumer loans volume trending lower

## Record quarter within long-term savings

- FuM increased to NOK 23.2bn – up 3.9bn from last quarter
- Record high NCCF – inflow market share 26 % in 2020

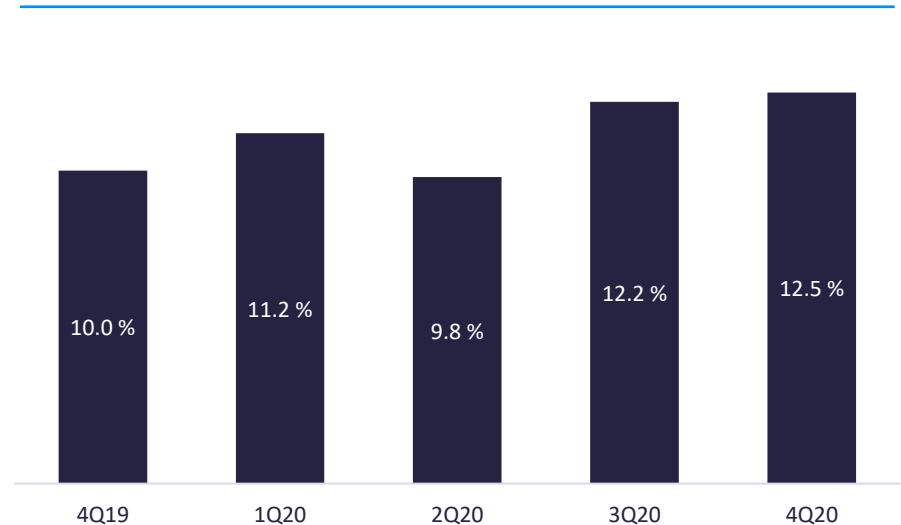
## Improved asset quality

- Loss level reduced to 0.02 %

## Underscoring capital efficiency

- CET1 at 15.5 % - NOK 1bn above CET1 target post dividends
- 2019 dividend: distribution of NOK 3.15 per share
- 2020 dividend: authorisation of NOK 4.40 per share

## Return on Equity

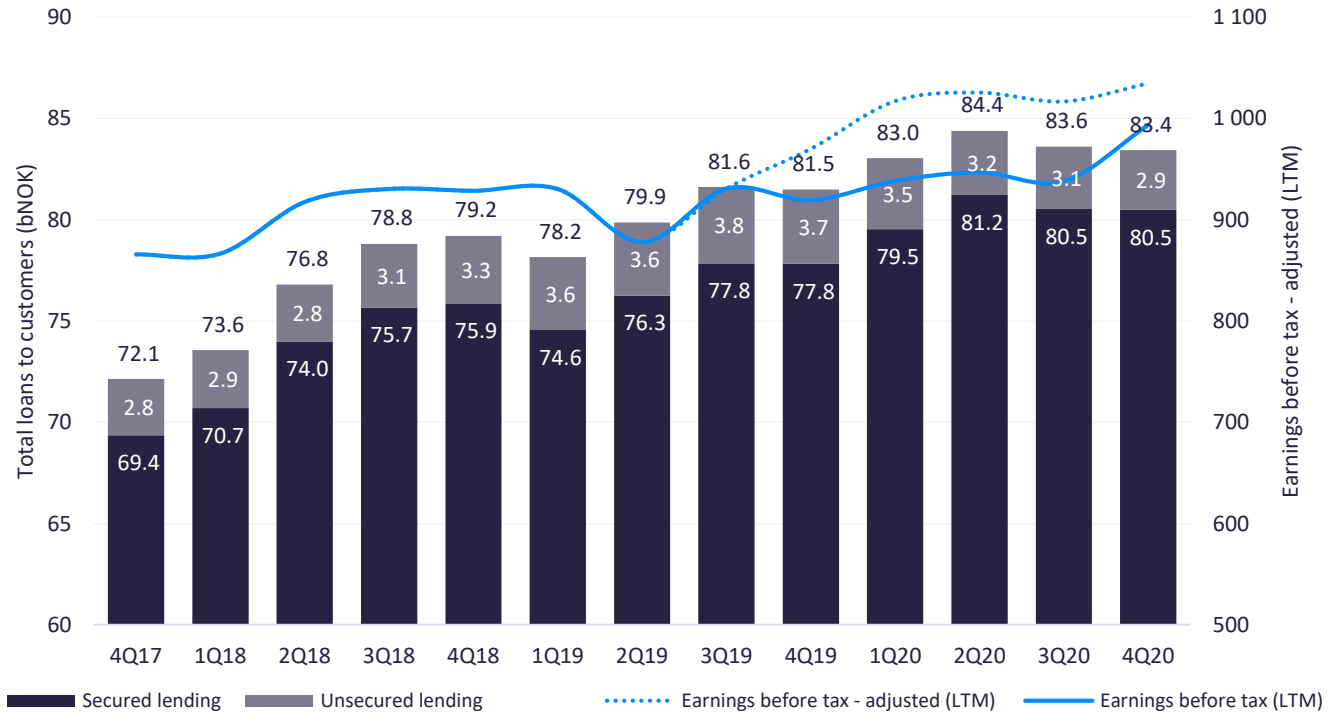


# Financial highlights

	Q4 2020	Q4 2019	12-month growth
Net interest income (NOK million)	407.3	429.1	-5.1 %
Net fee and commission (NOK million)	49.6	53.5	-7.4 %
Net profit (NOK million)	221.4	163.0	35.8 %
Earning per share (NOK)	2.01	1.44	
ROE (per cent)	12.5	10.0	
Cost-to-income (per cent)	39.8	45.4	
Loan-loss-ratio (per cent)	0.02	0.24	
NIM (per cent)	1.60	1.81	
CET1 (per cent)	15.5*	15.6	
FuM (NOK billion)	23.2	15.8	

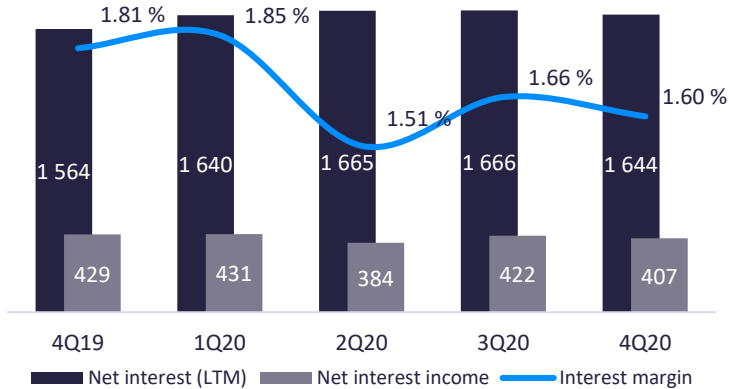
\* Including 37.2 per cent retained earnings for 2020 and 50.4 per cent retained earnings for 2019.

# Sound balance between profitability and growth

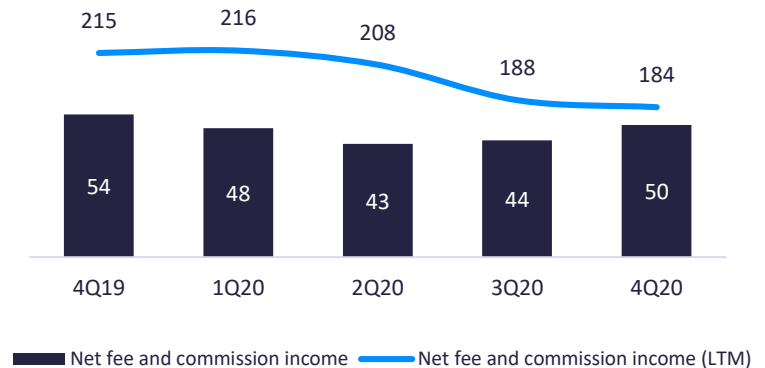


# Revenues

## Net interest income



## Net fee and commission income

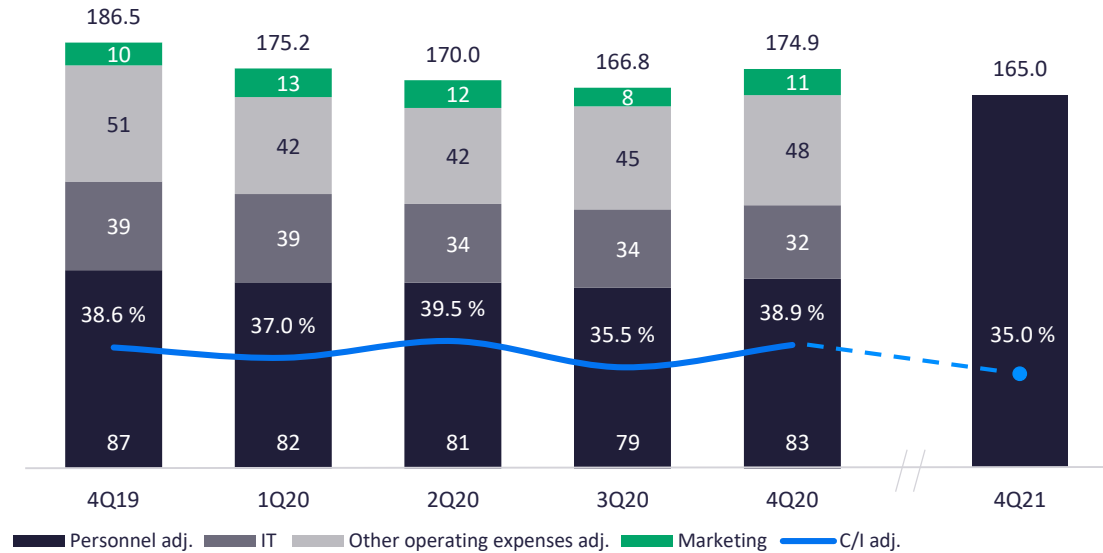


- NIM stabilising from period with rapid key policy rate cuts
- Selective price adjustments for mortgages in October

- Reduced revenues from card transactions as customers' travel activity remained subdued
- Positive contribution from savings growth and equity trading income

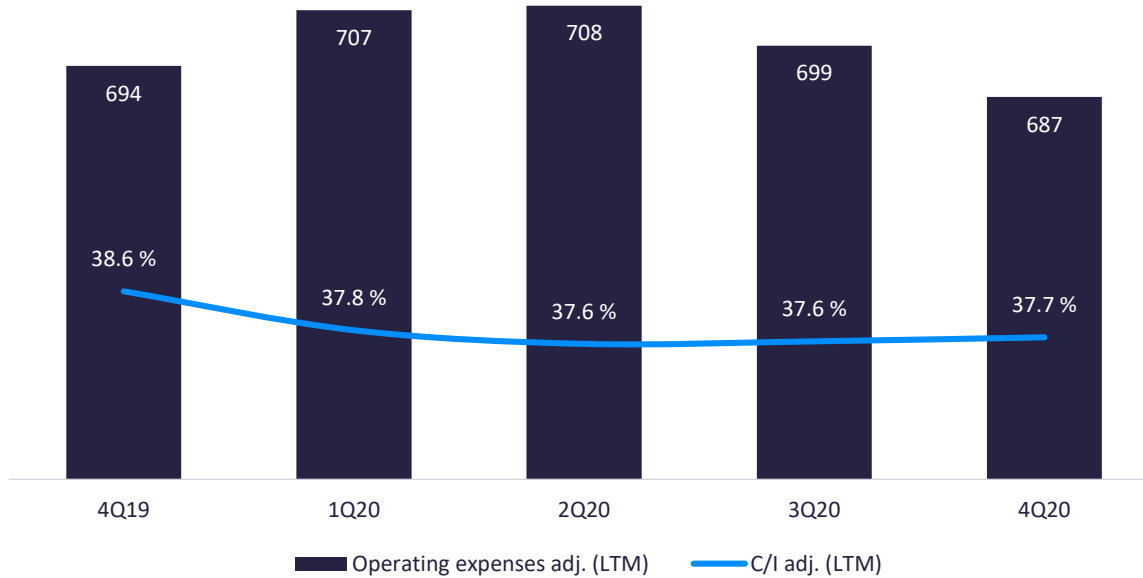
# Operating costs

NOK million



- NOK 14.9 million in severance pay related to cost-cutting initiatives
- Reduced amortisation – intangible assets down NOK 20 million in 2020
- Underlying OPEX 174.9m – Q4 2021 guidance of 165m

# Cost and cost-to-income

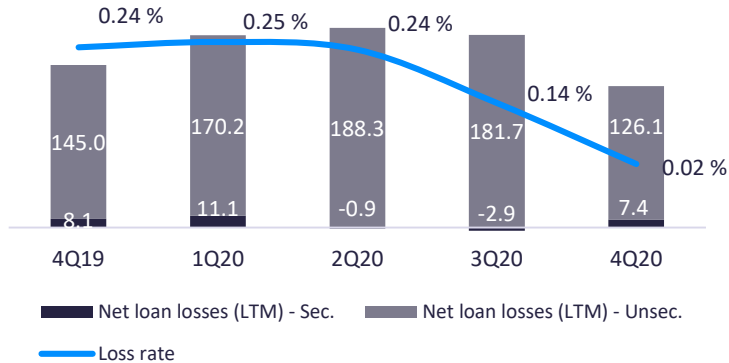


- Cost-income target of 34 % mid-term
- Underlying cost level trending lower
- Improving efficiency and automation within core banking operations



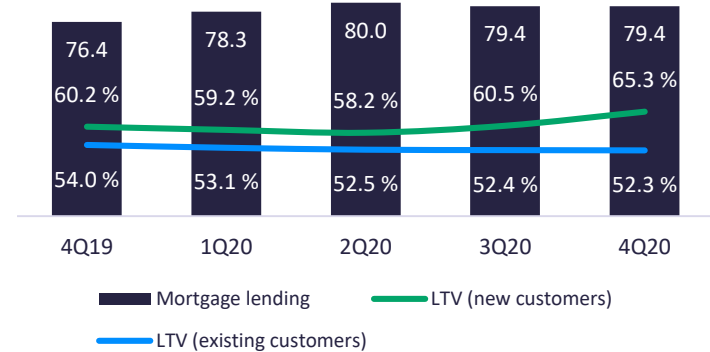
# Asset quality

## Net loan losses and loss ratio



- Losses for unsecured loans trending lower with signs of improving credit quality
- Loss level expected to trend around 0.10 % for 2021

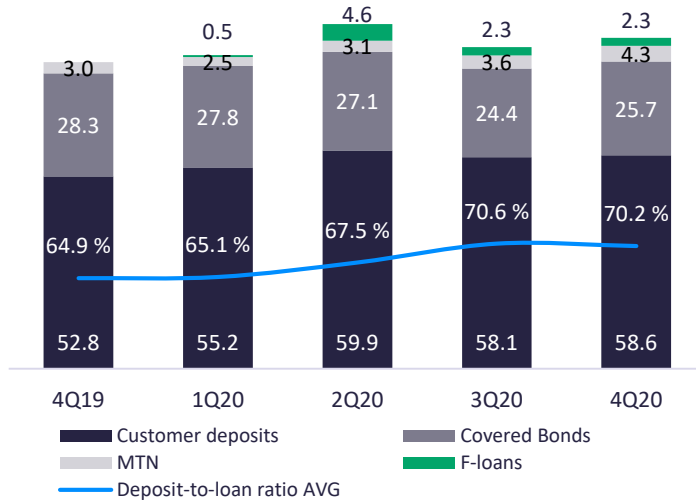
## Mortgage lending and LTV



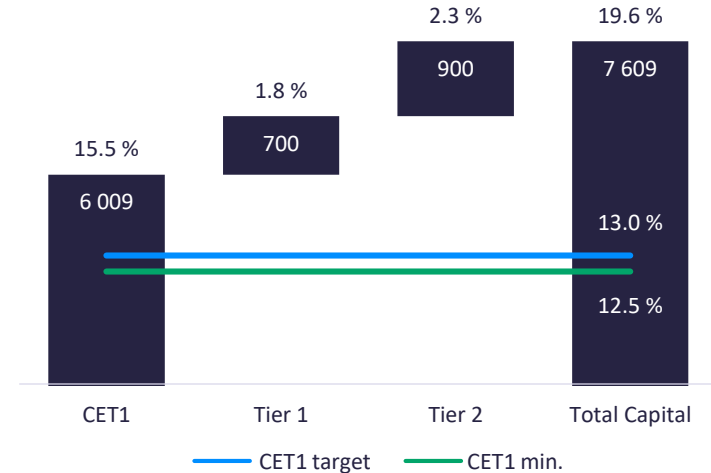
- LTV on new loans trending higher in line with strategy for larger loans at higher LTV

# Funding and capital

## Funding



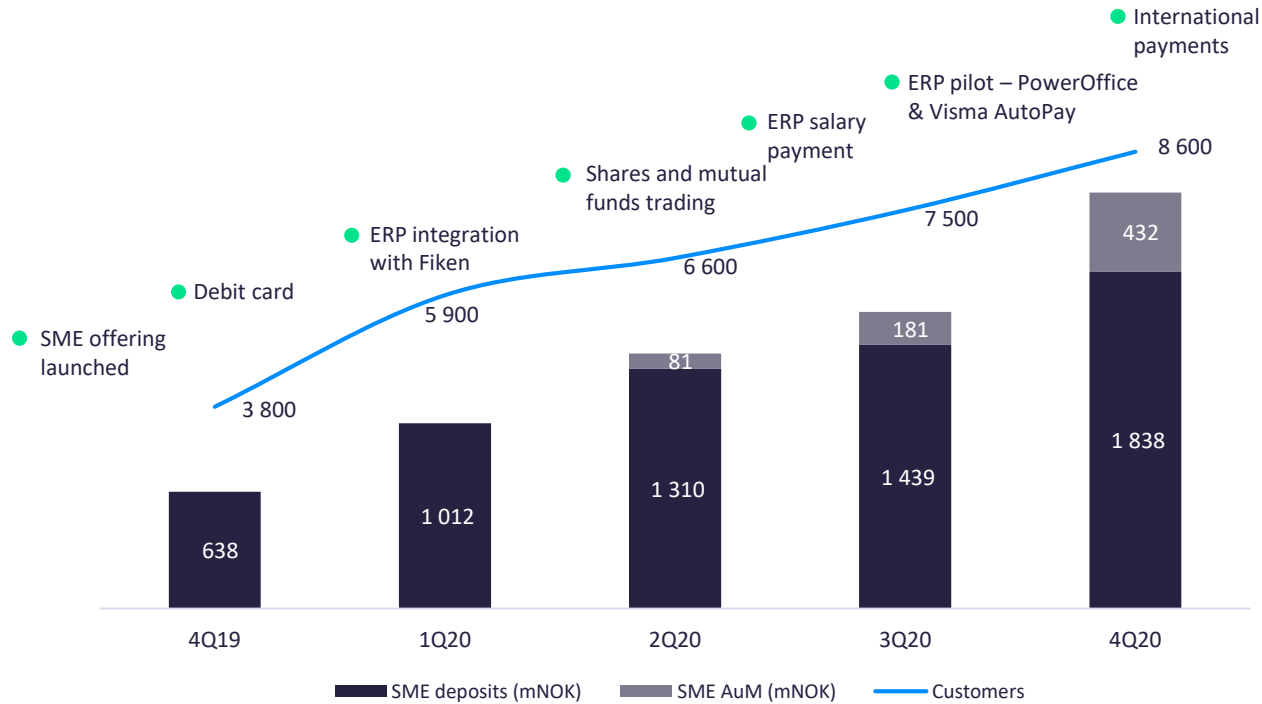
## Capital



- Deposit growth 11.0 % in 2020
- Received MREL requirement - 31.0 % of adjusted RWA
- Moody's upgrade credit rating to A2 and outlook to positive

- 2019 dividend distribution NOK 3.15 per share
- 2020 dividend authorisation NOK 4.40 per share
- Significant overcapitalisation – NOK 1bn above CET1 target post dividends

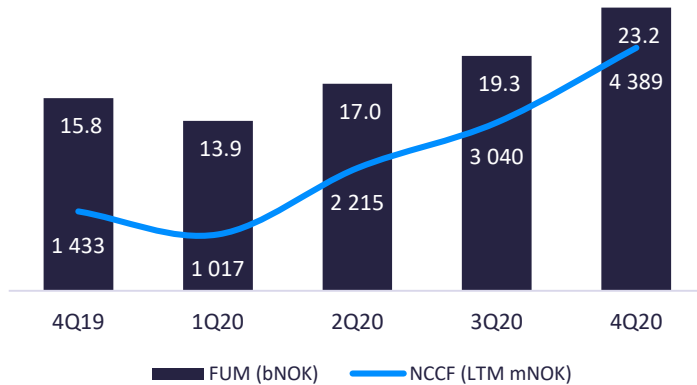
# SMEs



- Underserved customer group
- Cost-effective solutions on highly scalable platform with cutting-edge technology
- Positive reviews on new ERP pilots
- AuM from corporates NOK 440 million – up 260m from previous quarter

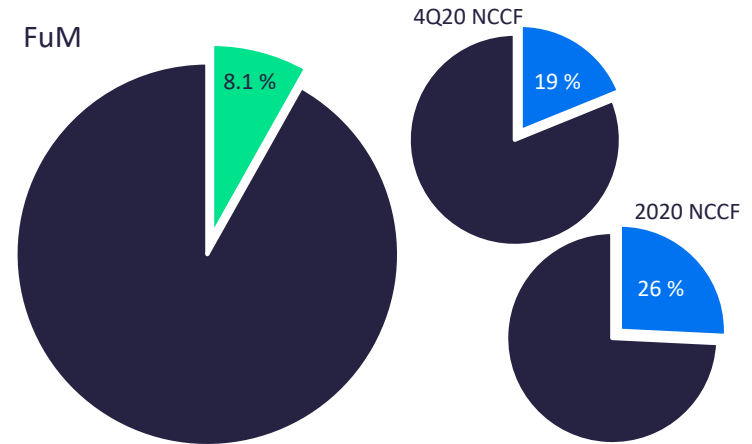
# Record growth in savings

## Funds under Management



- Strong growth in FuM – record high inflow of customers' funds
- Net client cash flow NOK 2 306 million in the quarter
- Annual NCCF doubled from record year 2017

## Market share\*

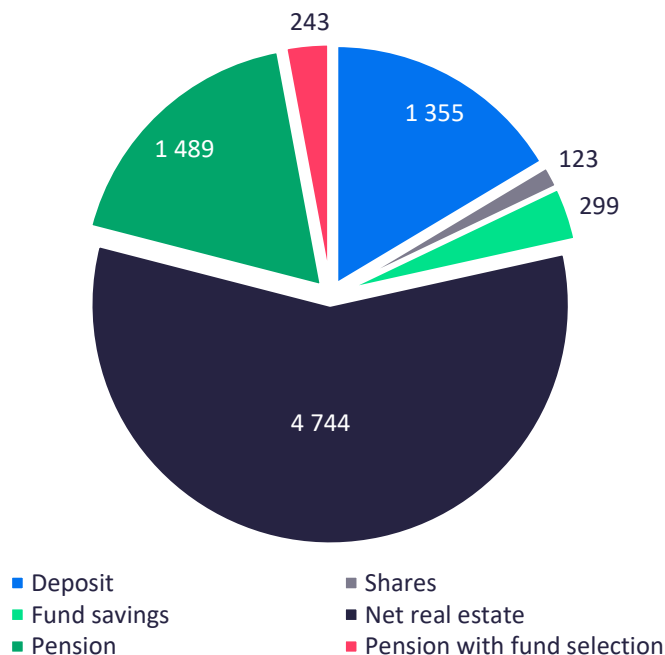


- Monthly inflow from fixed savings agreements reached NOK 145 million
- Targeted marketing in own and external channels – high penetration within own portfolio

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

# Savings as driver for capital light revenues

## Households – Combined Savings (NOKbn)\*



## Savings Platform





### Fondslisten

OVERSIKT AVKASTNING **BÆREKRAFT** 🔍 ☰ 🛒

FOND	ETISK	LAV CO2-RISIKO	AVGIFT	12 MND	
BGF Next Generation Technology A2	🌱	Nei	1,51 %	112,20 %	🛒
DNB Miljøinvest A	🌱	Nei	1,36 %	79,23 %	🛒
Ohman Global Growth	🌱	Nei	1,26 %	79,12 %	🛒
Nordea Far East	🌱	Ja ☀️	1,10 %	59,29 %	🛒
DNB SMB A	🌱	Nei	1,35 %	58,79 %	🛒
Nordea China	🌱	Nei	1,25 %	58,41 %	🛒
FIRST Veritas	🌱	Ja ☀️	1,25 %	57,09 %	🛒
FIRST Global Focus	🌱	Nei	1,31 %	53,70 %	🛒

- Customer friendly – wide selection and transparent pricing
- Saving consciously – ethical and low-carbon designation  
- 9 of 10 kroner invested in funds with positive ESG profile
- Robot adviser – individual advice with annual rebalancing

# Financial targets 2021 - 2023

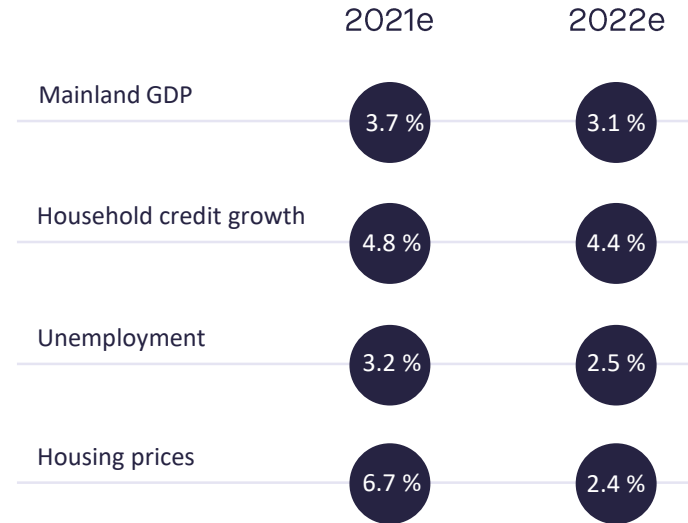
	<b>Targets 2021 – 2023</b>	<b>2020</b>
 <b>Return on equity</b>	<b>14 %</b>	<b>11.4 %</b>
 <b>LTM EPS growth</b>	<b>10 %</b>	10.4 %
 <b>Cost-to-income ratio</b>	<b>30 %</b>	38.4 %
 <b>CET1 ratio</b>	<b>Regulatory req. plus 50 bps*</b>	15.5 %

\* Currently 13.0 per cent.

# Outlook



- Short term economic outlook is weighed down by coronavirus infection rates and containment measures
- Record low key policy rate puts pressure on interest margin – first policy rate hike forecasted in first-half 2022
- Cost of risk expected trend around 0.10 % in 2021
- Savings providing scalable growth in capital light income
- Continuing its efforts to provide the market's most efficient and automated banking services



# Important information

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

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

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



# Appendix

# Income statement

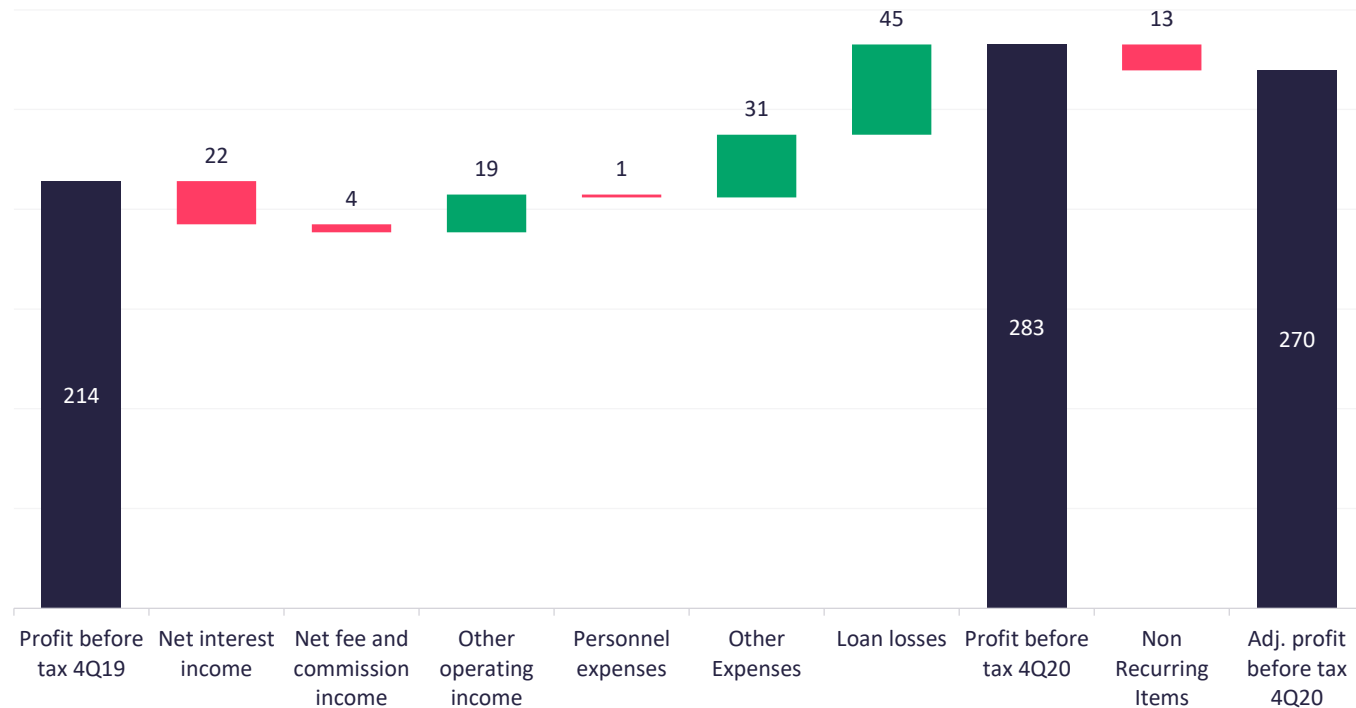
In NOK thousand	Note	Q4 20	Q4 19	2020	2019
Interest income from financial instruments using the effective interest method	12	506 207	745 153	2 380 696	2 719 164
Other interest income	12	0	0	0	0
Interest expense	12	-98 898	-316 096	-736 560	-1 155 037
<b>Net interest income</b>		<b>407 309</b>	<b>429 057</b>	<b>1 644 137</b>	<b>1 564 127</b>
Commission and fee income	13	95 761	89 629	345 717	344 607
Commission and fee expense	13	-46 200	-36 100	-161 407	-129 683
<b>Net commission and fee income</b>		<b>49 561</b>	<b>53 529</b>	<b>184 310</b>	<b>214 924</b>
Net gain/(loss) on financial instruments	14	20 073	1 133	21 920	20 553
Other income		100	100	130	225
<b>Other operating income</b>		<b>20 173</b>	<b>1 233</b>	<b>22 050</b>	<b>20 778</b>
Personnel expenses	15	-97 943	-96 576	-348 558	-342 921
Administrative expenses	15,20	-75 310	-82 499	-296 053	-303 070
Depreciation and impairment of fixed and intangible assets		-16 529	-40 758	-65 760	-81 249
<b>Profit before loan losses</b>		<b>287 261</b>	<b>263 986</b>	<b>1 140 126</b>	<b>1 072 589</b>
Loan losses	8	-4 571	-49 845	-133 482	-153 149
<b>Profit before tax</b>		<b>282 690</b>	<b>214 142</b>	<b>1 006 643</b>	<b>919 440</b>
Tax expense	16	-61 328	-51 166	-223 601	-209 388
<b>Profit for the period</b>		<b>221 362</b>	<b>162 975</b>	<b>783 042</b>	<b>710 052</b>
<b>Attributable to</b>					
Shareholders		214 747	154 080	748 575	678 080
Additional Tier 1 capital holders	11	6 615	8 895	34 467	31 972
<b>Profit for the period</b>		<b>221 362</b>	<b>162 975</b>	<b>783 042</b>	<b>710 052</b>

# Balance sheet

In NOK thousand	Note	31.12.20	31.12.19
<b>Assets</b>			
Cash and receivables with central bank	5	1 423 268	1 587 606
Loans to and receivables from credit institutions	5	654 517	286 802
Loans to customers	5, 6, 7, 17, 18	83 082 252	81 233 217
<b>Net loans to customers, central bank and credit institutions</b>		<b>85 160 037</b>	<b>83 107 625</b>
Commercial paper and bonds at fair value through OCI	17, 19	14 412 990	9 087 319
Equity and funds	17, 18, 19	163 701	171 680
Derivatives	19	561 305	201 975
Intangible assets		114 645	135 376
Deferred tax assets	16	21 679	17 915
Property, plant and equipment		127 755	164 782
Other assets		110 850	88 588
Advance payment and accrued income		53 498	30 425
<b>Total assets</b>		<b>100 726 459</b>	<b>93 005 685</b>
<b>Liabilities</b>			
Loans and deposits from central bank	17,18	2 250 000	0
Loans and deposits from credit institutions	17, 18	542 731	0
Deposits from customers	17, 18	58 643 627	52 844 881
Debt securities issued	10, 17, 18	29 974 370	31 304 025
Derivatives		21 738	0
Taxes payable	16	224 640	208 769
Pension commitments		36 998	27 494
Other liabilities		515 589	834 679
Subordinated loans	10, 17, 18	898 831	899 438
<b>Total liabilities</b>		<b>93 108 523</b>	<b>86 119 287</b>
<b>Equity</b>			
Share capital		1 068 693	1 068 693
Share premium		2 625 895	2 625 895
Additional Tier 1 capital	11	701 223	705 858
Other equity		3 222 125	2 485 952
<b>Total equity</b>		<b>7 617 936</b>	<b>6 886 398</b>
<b>Total liabilities and equity</b>		<b>100 726 459</b>	<b>93 005 685</b>

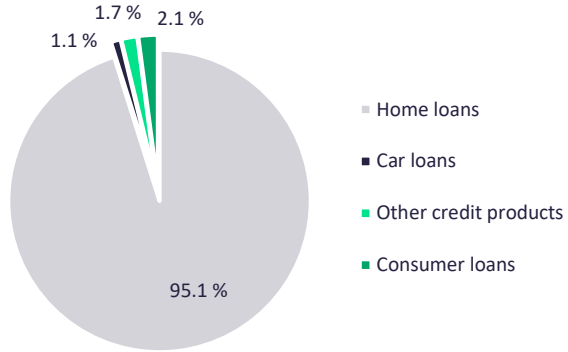
# Change in profit before tax

NOK million

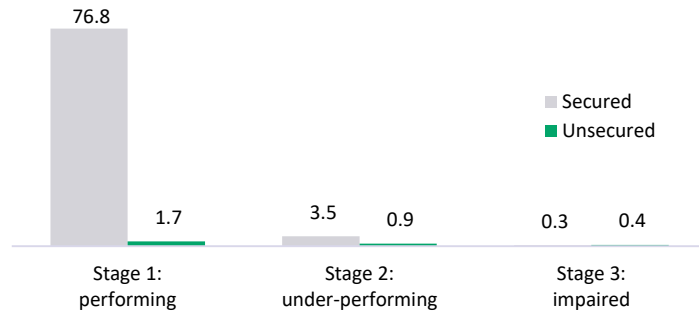


# Lending portfolio

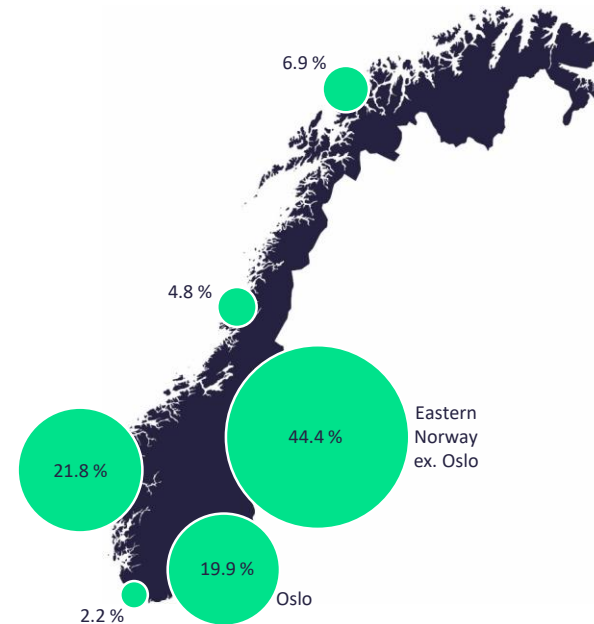
## Product distribution



## Risk classification (bnNOK)

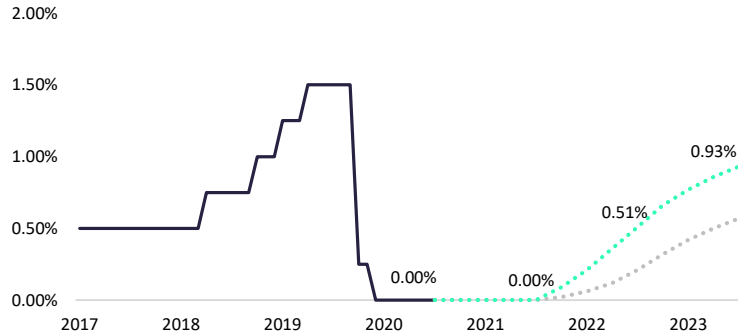


## Mortgage lending centred in urban areas

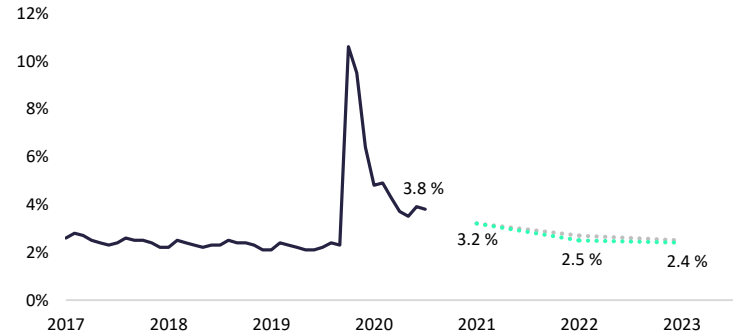


# Norwegian macro development

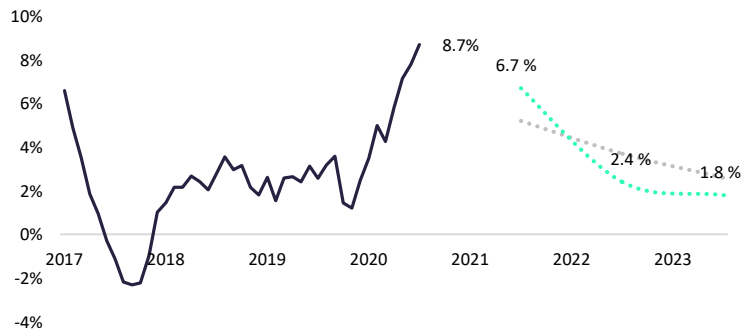
## Key policy rate



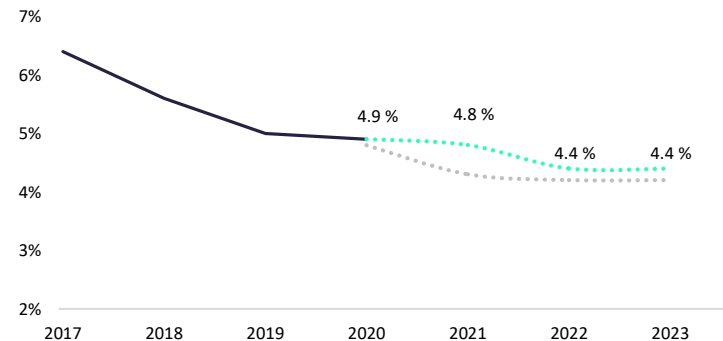
## Unemployment (registered)



## Housing prices (12-month rolling)



## Credit to households (C2)



# Interest bearing lending and funding

## Interest bearing lending

NOKm		2019	2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Home loans	Volume	76 427	79 382	78 318	79 995	79 362	79 382
	Interest income	2 024	1 786	570	443	397	377
	Effective rate <sup>1</sup>	2.71 %	2.26 %	2.98 %	2.23 %	1.99 %	1.89 %
Car loans	Volume	1 121	878	1 098	1 033	953	878
	Interest income	62	57	16	15	14	13
	Effective rate <sup>1</sup>	5.27 %	5.58 %	5.70 %	5.55 %	5.46 %	5.61 %
Consumer loans	Volume	2 263	1 739	2 187	2 027	1 869	1 739
	Interest income	234	209	58	54	51	46
	Effective rate <sup>1</sup>	10.36 %	10.32 %	10.33 %	10.36 %	10.35 %	10.23 %
Other credit products <sup>2</sup>	Volume	1 684	1 440	1 443	1 339	1 436	1 440
	Interest income	188	174	48	43	41	42
	Effective rate <sup>1</sup>	11.30 %	11.80 %	11.81 %	12.21 %	11.58 %	11.56 %
Interest bearing securities	Volume	9 087	14 413	9 631	14 855	12 071	14 413
	Interest income	189	147	51	44	25	27
	Effective rate <sup>1</sup>	1.82 %	1.19 %	2.21 %	1.31 %	0.70 %	0.81 %
Total	Volume	93 006	100 726	96 352	104 269	98 101	100 726
	Interest income	2 719	2 381	747	601	527	506
	Effective lending rate <sup>1</sup>	2.93 %	2.41 %	3.21 %	2.37 %	2.07 %	1.99 %

## Interest bearing funding

NOKm		2019	2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Deposits	Volume	52 845	58 644	55 239	59 901	58 064	58 644
	Interest expense	430	244	117	84	38	20
	Effective rate <sup>1</sup>	0.83 %	0.43 %	0.88 %	0.59 %	0.15 %	0.13 %
	Bank guarantee fee	62	67	16	16	16	17
	Effective rate incl. fee <sup>1</sup>	0.94 %	0.54 %	1.00 %	0.71 %	0.26 %	0.24 %
Debt securities issued	Volume	31 304	29 956	30 327	30 148	27 978	29 956
	Interest expense	636	394	174	107	56	57
	Effective rate <sup>1</sup>	1.93 %	1.31 %	2.27 %	1.37 %	0.78 %	0.75 %
Loans from central bank	Volume	0	2 250	0	4 550	2 250	2 250
	Interest expense	0	6	0	2	2	2
	Effective rate <sup>1</sup>	N/A	N/A	N/A	0.24 %	0.24 %	0.24 %
Total	Volume	84 048	87 469	86 496	95 524	90 689	93 095
	Interest expense	1 155	737	317	217	105	98
	Effective funding rate <sup>1</sup>	1.24 %	0.74 %	1.36 %	0.85 %	0.42 %	0.39 %

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

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

# Non-performing and doubtful loans per product

Credit-impaired assets		31.12.20					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
<b>Loans to customers:</b>							
Home loans	Residential property	245 984	-35 239	210 745	209 715	1 030	97.2%
Car Loans	Vehicle	12 146	-5 269	6 877	6 872	5	99.9%
Custody account credits	Listed securities	0	0	0	0	0	Na
Unsecured loans	None	351 718	-204 380	147 338	0	147 338	58.1%
<b>Total credit-impaired assets</b>		<b>609 847</b>	<b>-244 888</b>	<b>364 960</b>	<b>216 587</b>	<b>148 373</b>	<b>62.3%</b>



# Financial calendar

25.03.2021

Annual report

FY 2020

11.05.2021

Quarterly report

Q1 2021

16.07.2021

Quarterly report

Q2 2021

