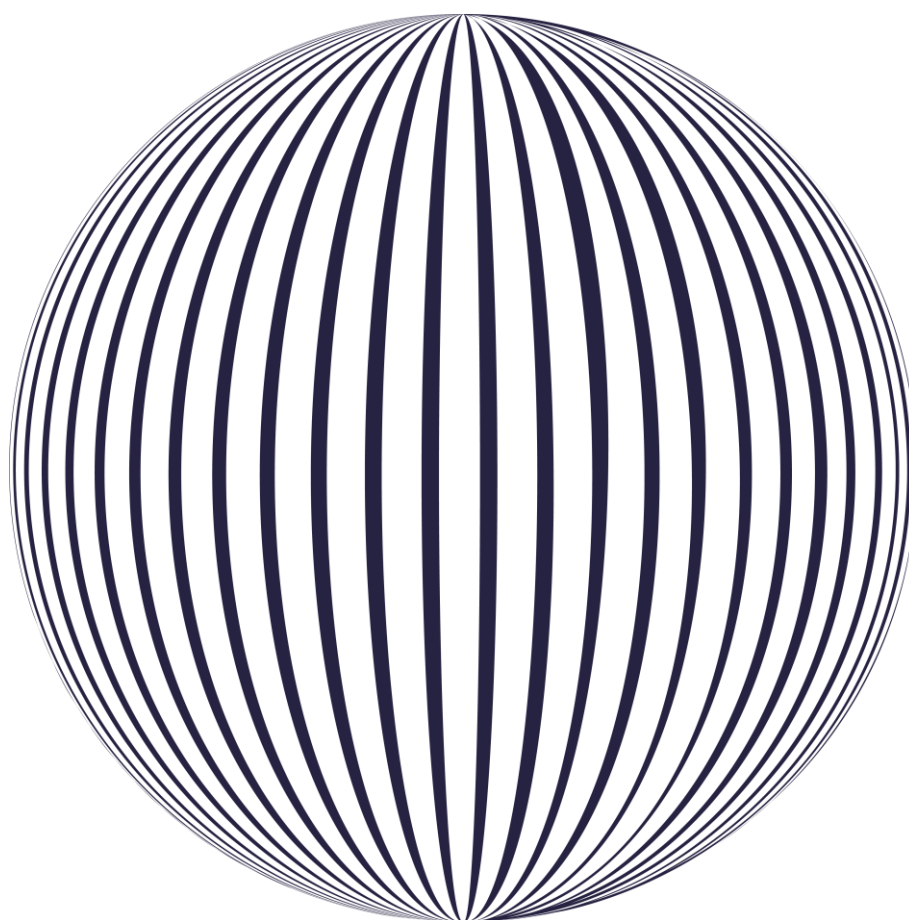


Q2

Second quarter 2019

(Unaudited)

Sbanken ASA



Sbanken

Q2

Second quarter 2019 – Highlights Sbanken ASA

Annual lending growth

4.0 %
(8.1 %)

Cost-to-income ratio

40.8 %
(38.6 %)

ROE

10.3 %
(15.3 %)

Net interest margin

1.57%
(1.47 %)

Loan loss ratio

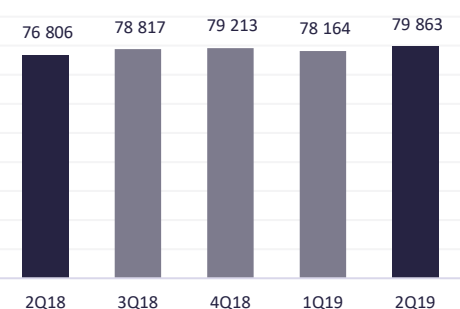
0.22 %*
(0.07 %)

CET1 ratio

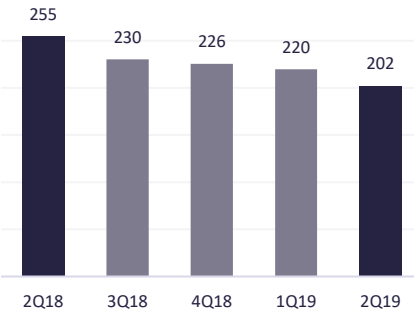
14.9 %**
(14.6 %)

- 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 provisions for consumer loans mitigated by strengthened risk pricing
- New SME offering launched end of June, well received with customers

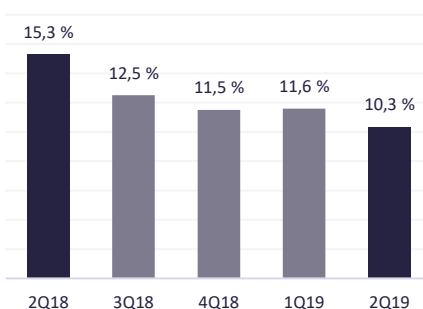
Total loans to customers
NOK million



Earnings before tax
NOK million



Return on equity
Per cent



* Of this, 0.15 % was the underlying loss level and 0.07% was related to IFRS 9 loss model calibration.

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

Key figures (group)

In NOK thousand	Reference	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Summary of income statement						
Net interest income		359 103	327 450	714 240	675 848	1 371 240
Net fee and commission income		50 503	47 630	97 574	91 005	203 599
Net other income		4 928	61 309	7 999	56 130	71 376
Operating income		414 533	436 389	819 813	822 983	1 646 215
Operating expenses						
Operating expenses		-169 005	-168 266	-331 513	-321 790	-641 992
Operating profit before loan losses		245 530	268 122	488 300	501 193	1 004 223
Loan losses						
Loan losses		-43 381	-13 465	-66 237	-28 330	-75 513
Earnings before tax		202 149	254 657	422 063	472 863	928 710
Calculated tax						
Calculated tax		-44 381	-45 464	-92 694	-97 299	-205 990
Net profit		157 767	209 194	329 369	375 564	722 720
Profitability						
Return on equity	1	10.3%	15.3%	11.0%	14.0%	12.9%
Net interest margin	2	1.57%	1.47%	1.57%	1.57%	1.53%
Cost-to-income ratio	3	40.8%	38.6%	40.4%	39.1%	39.0%
Earnings per share		1.40	1.90	2.94	3.40	6.53
Balance sheet figures (in NOK million)						
Total loan volume		79 863	76 806	79 863	76 806	79 213
Customer deposits		53 930	51 400	53 930	51 400	49 534
Deposit-to-loan ratio	4	64.6%	64.0%	64.1%	64.5%	64.1%
Lending growth (gross) previous 12 months		4.0%	8.1%	4.0%	8.1%	9.7%
Average total assets	5	91 611	89 532	91 719	87 081	89 367
Total assets, end of period		94 959	92 412	94 959	92 412	91 511
Losses and defaults						
Total loan loss (%)	6	0.22%	0.07%	0.17%	0.08%	0.10%
Capital adequacy and leverage ratio						
Common equity Tier 1 capital ratio	7	14.9%	14.6%	14.9%	14.6%	14.6 %
Tier 1 capital ratio		16.4%	16.0%	16.4%	16.0%	15.9 %
Total capital ratio		18.5%	17.8%	18.5%	17.8%	17.7 %
Leverage ratio		6.1%	5.8%	6.1%	5.8%	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 first half year of 2019 and 2018. Year-end 2018 is based on actual dividend.

Second Quarter Results

The Sbanken group generated a profit before tax of NOK 202.1 million in the second quarter. Net interest income increased to NOK 359.1 (327.5) million, while net fee and commission income increased by 6.9 per cent from the second quarter of 2018, to NOK 50.5 million (47.6).

At quarter-end, total customer lending was NOK 79.9 billion, compared with NOK 76.8 billion at the end of the second quarter of 2018 and NOK 78.2 billion at the end of the first quarter of 2019. Return on equity in the second quarter was 10.3 per cent (15.3).

Important events during the quarter

The average Norwegian short-term money market rates increased during the second quarter of 2019. The three-month NIBOR increased by 18 basis points from 1.34 per cent at the end of the first quarter, to 1.52 per cent at the end of the second quarter. On 20 June 2019, Norges Bank raised the key policy rate by 25 basis points to 1.25 per cent.

In April, Sbanken announced an increase in car loan and unsecured credit rates of on average 25 basis points with effect from 8 June 2019.

In June, Sbanken announced an increase in its mortgage rates of 25 basis points. The increase will have full effect from 7 August.

The new SME offering was launched late in June and was well received with customers.

For the 18th consecutive year, Sbanken was rated as the bank with the most loyal and satisfied customers by Norsk Kundebarmeter.

The yearly RepTrak® also confirmed that Sbanken is the bank with the best reputation in Norway.

To offset the capital relief effects of CRR/CRD IV coming into effect in Norwegian legislation the Norwegian Ministry of Finance 25 June, issued a consultation paper suggesting an increase in the systemic risk buffer by 1.5 percentage points by 2021.

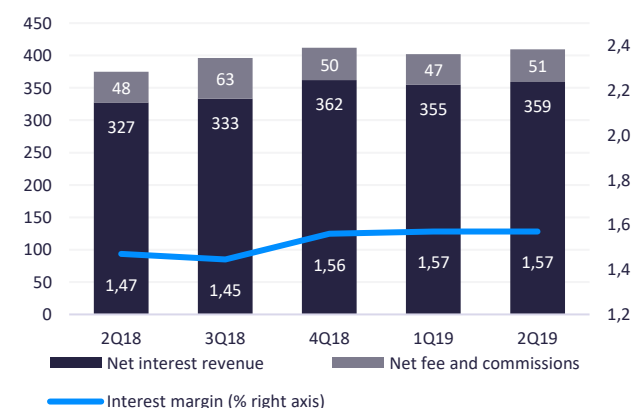
Operating income

Operating income decreased to NOK 414.5 (436.4) million, following an increase in net interest income of 31.7 million, an increase in net fee and commission income of 2.9 million and a decrease in other operating income of 56.4 million. The decrease in other operating income was related to the Vipps, BankAxept and BankID merger and the conversion of Visa Norge FLI in the second quarter of 2018, which had a total effect of NOK 56.4 million.

Net interest income increased to NOK 359.1 (327.5) million as a result of increased net lending to customers, and an increase in net interest margin. The net interest margin was 1.57 per cent, up from 1.47 per cent in the second quarter of 2018, and at the same level as in the first quarter 2019.

Net fee and commission income increased to NOK 50.5 (47.6) million, primarily as a result of increased revenues from credit and debit cards.

Net interest and fee and commission income
NOK million



The effective lending rate in the quarter was 2.83 per cent, compared with 2.48 per cent in the second quarter of 2018, and 2.76 per cent in the first quarter of 2019.

Average effective interest rate by product group

	2Q18	3Q18	4Q18	1Q19	2Q19
Home loans	2.37 %	2.36 %	2.48 %	2.57 %	2.59 %
Car loans	4.80 %	4.90 %	5.00 %	5.01 %	5.36 %
Consumer loans	9.90 %	9.56 %	9.76 %	9.92 %	10.44 %
Other credit	10.92 %	10.71 %	11.14 %	11.52 %	11.26 %

The effective funding rate in the quarter increased to 1.26 per cent, compared with 1.02 per cent in the second quarter of 2018. The funding rate increased by 0.04 percentage points from the first quarter of 2019. The increase in the effective funding rate is primarily due to increase in money market rates, resulting in an increase in capital market funding costs for the bank.

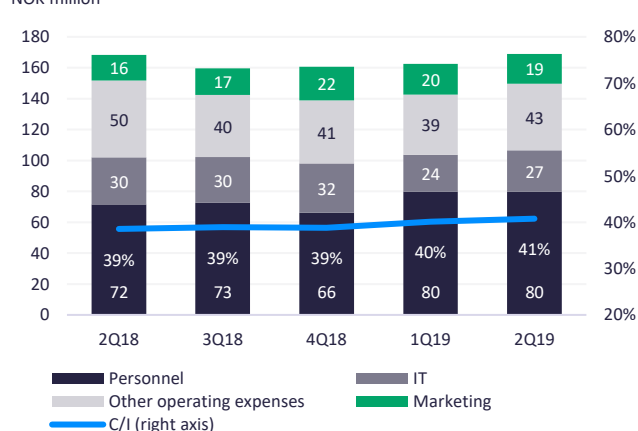
Operating expenses

Operating expenses amounted to NOK 169.0 (168.3) million in the quarter. Compared to the second quarter of 2018, the main difference was an increase in personnel costs and a reduction in the use of consultants.

Marketing cost increased by NOK 2.8 million, primarily related to consumer credit and preparations for the launch of the SME solution.

The cost-to-income ratio was 40.8 per cent in the quarter, compared to 38.6 per cent in the second quarter of 2018.

Operating expenses



Impairments and losses

The net cost of losses amounted to NOK 43.4 million in the quarter, equivalent to a loan loss ratio of 0.22 per cent. Total expected credit losses amounted to NOK 252.6 million at the end of the quarter, of which NOK 58.3 million related to secured loans and NOK 194.3 million to unsecured loans.

The underlying loss level in the quarter was 0.15 per cent. Losses were influenced by calibration in the IFRS 9-loss models for unsecured credit. This accounts for NOK 13.9 million in the quarter, equivalent to 0.07 per cent points of the loss level. This solely relates to performing loans and the financial effect will be mitigated by strengthened risk pricing.

Taxes

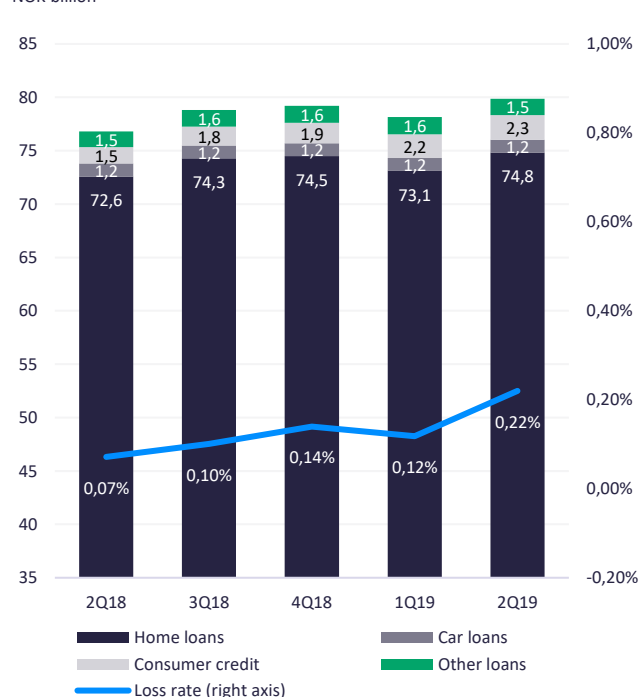
The estimated tax expense amounted to NOK 44.4 (45.5) million, corresponding to an effective tax rate of 22.0 (17.9) per cent.

Loans to and deposits from customers

Loans to customers increased to NOK 79.9 (76.8) billion. Lending growth over the past 12 months was 4.0 per cent.

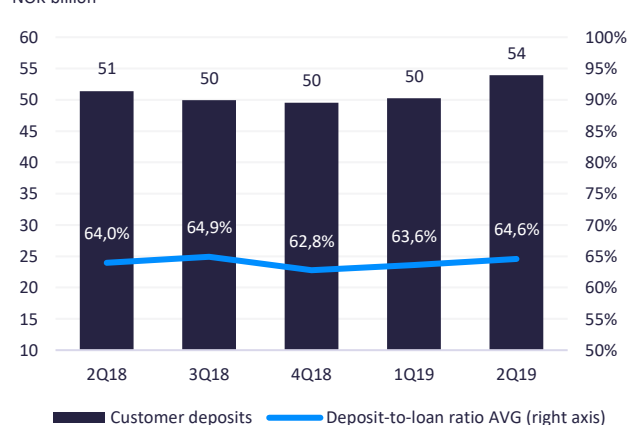
At the end of the quarter, outstanding consumer loans amounted to NOK 2 324 (1 537) million. This corresponds to a growth of 51.2 per cent over the past 12 months. The volume of other credit products (account credit, credit cards and custody account loans) was NOK 1 521 (1 471) million at the end of the quarter.

Loans to customers



Customer deposits increased to NOK 53.9 (51.4) billion, which is an increase of NOK 2.5 billion, or 4.9 per cent, from the second quarter of 2018. The average deposit-to-loan ratio in the quarter was 64.6 per cent, compared with 64.0 per cent in the second quarter of 2018.

Customer deposits



Savings

Funds under management increased with NOK 0.3 billion during the quarter, mainly due to improved markets. Net client cash flow was positive in the quarter, amounting to NOK 119 million, and 785 million the last twelve months. Funds under management amounted to NOK 13.3 billion at the end of the quarter.

Customers' investment in mutual funds (FuM)
NOK billion



Comments on the results for the first half-year of 2019

Sbanken recorded a net profit of NOK 329.4 million in the first half-year of 2019, compared with NOK 375.6 million in the first half-year of 2018.

Net interest income increased by 5.7 per cent to NOK 714.2 (675.8) million in the first half-year of 2019, primarily due to lending growth. Net fee and commission income increased by 7.3 per cent to NOK 97.6 (91.0) million. The increase is mainly due to increased volumes of card transactions by customers and customers' holdings in mutual funds.

In the first half of 2018 Sbanken had a positive accounting effect related to the merger between Vipps, BankAxept and BankID of NOK 36 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 3.0 per cent to NOK 331.5 (321.8) million.

The net cost of losses amounted to NOK 66.2 million. Total expected credit losses amounted NOK 252.6 million, NOK 58.3 million of which was related to secured loans and NOK 194.3 million to unsecured loans. The loan loss ratio was 0.17 (0.08) per cent.

Capital adequacy, leverage ratio and risk factors

The Financial Supervisory authority updated its assessment of Sbanken's capital ratio target on 2 April and increased the Pillar 2 requirement by 0.3 percentage points, to 1.5 per cent, with effect from 30 June 2019. From 31 December 2019 the counter cyclical buffer increases to 2.5 per cent.

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 14.9 (14.6) per cent, a Tier 1 capital ratio of 16.4 (16.2) per cent and a total capital ratio of 18.5 (18.0) per cent at the end of the quarter. At the same time the leverage ratio was 6.1 (5.9) per cent.

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 53.2 (53.5) per cent. Home loans account for 93.7 (94.5) per cent of the 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 162 (154.1) million at the end of the quarter, of which NOK 108.1 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 the three-month NIBOR as its reference rate. At quarter end Sbanken had a portfolio of NOK 11.1 (13.1) billion in interest-bearing securities issued by sovereigns and municipalities as well as covered bonds. The corresponding credit spread risk was estimated to NOK 161.4 (167.0) million.

At the end of the quarter, Sbanken had a liquidity coverage ratio (LCR) of 323 (345). The net stable funding ratio (NSFR) was 142 (143) per cent.

At quarter end, Sbanken had outstanding capital market funding amounting to NOK 33.1 (34.0) billion. Sbanken Boligkreditt AS' total nominal issue of covered bonds amounted to NOK 29.3 (29.6) billion. At the end of the quarter, Sbanken had a deposit-to-loan ratio of 67.5 (67.1) per cent, with 94.9 per cent of deposits covered by the existing Deposit Guarantee Fund (NOK 2.0 million) and 81.7 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 to 1.25 per cent on 20 June 2019.

The unemployment rate has fallen to 3.2 per cent and is expected to remain stable at below 4 per cent over the next years. In the housing market prices are expected to increase below 2 per cent in 2019, taking into account the effect of increasing interest rates. The moderate growth expected, suggests that the housing market is balanced, thus reducing risk of fluctuations in prices and investments compared to recent years.

On 25 June, the Norwegian Ministry of Finance issued a consultation paper whereby it is outlined to increase the systemic risk buffer by 150 basis points over three years. If introduced as proposed, the CET1 requirement for Sbanken would increase by 50 basis points each year-end 2019, 2020 and 2021.

The proposal is intended to offset capital relieving effects from the removal of the Basel I-floor for IRB-banks and the introduction of lower risk weights for SME-exposures. While the suggested increase is well adapted for many larger Norwegian banks, it has unintended consequences for low risk retail banks using the standardised approach such as Sbanken. The bank will address these unintended effects in the public consultation which runs until 30 September.

Subsequent events

No significant events have occurred after 30 June 2019 that affect the financial statements for Q2 2019.

Outlook

The positive outlook for Norwegian economy is expected to continue and Norges Bank has indicated a further hike in the key policy rate in the second half of 2019. Household credit growth is expected to remain above 5 per cent in 2019.

Repricing of loan book announced in the second quarter will contribute to a strengthened net interest margin. The full effects on net interest margin are dependent on changes in funding rates and competition.

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


Given expected market conditions Sbanken targets a lending growth above market growth in the second half of 2019.

Since 2000, Sbanken has challenged the status quo in the domestic banking market. In the third quarter, we will proceed on this mission by taking long term savings and SME banking to the next level for Norwegian customers.


As the bank has increased its unsecured lending, the bank expects the average loss level to trend around 0.15 per cent in 2019. Risk pricing will be used to maintain product return levels.

Bergen, 11 July 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



Magnar Øyhovden
(CEO)

Income statement

(Sbanken group)

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

Earnings per share, see note 21.

Statement of comprehensive income

(Sbanken group)

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Profit for the period	157 767	209 194	329 369	375 564	722 720
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	12 386	-11 249	17 750	-3 280	-42 292
Tax effect	-2 921	2 934	-4 451	942	10 967
Other comprehensive income that can be reclassified to profit or loss after tax	9 465	-8 315	13 299	-2 338	-31 325
Actuarial gains (losses)	0	0	0	0	4 093
Tax effect	0	0	0	0	-1 131
Other comprehensive income that cannot be reclassified to profit or loss after tax	0	0	0	0	2 962
Total components of other comprehensive income (after tax)	9 465	-8 315	13 299	-2 338	-28 363
Total comprehensive income for the period	167 232	200 879	342 668	373 226	694 357
Attributable to					
Shareholders	159 182	194 459	327 942	360 777	668 976
Additional Tier 1 capital holders	11 8 050	6 420	14 726	12 449	25 381
Total comprehensive income for the period	167 232	200 879	342 668	373 226	694 357

Balance sheet

(Sbanken group)

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

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 30.06.18)						363 115	363 115
Profit for the period to Tier 1 capital holders (01.01.18 to 30.06.18)			12 449				12 449
Payments to Tier 1 capital holders (01.01.18 to 30.06.18)			-12 200				-12 200
Actuarial gains and losses for the period (01.01.18 to 30.06.18)				0			0
Net change in fair value of financial instruments available for sale (01.01.18 to 30.06.18)					-2 338		-2 338
Payments related to share incentive program						-589	-589
Paid dividend to shareholders						-80 152	-80 152
Balance sheet as at 30.06.18	1 068 693	2 625 895	504 932	-21 768	11 559	1 701 810	5 891 121
Profit for the period to other equity (01.07.18 to 31.12.18)						334 224	334 224
Profit for the period to Tier 1 capital holders (01.07.18 to 31.12.18)			12 932				12 932
Payments to Tier 1 capital holders (01.07.18 to 31.12.18)			-12 886				-12 886
Actuarial gains and losses for the period (01.07.18 to 31.12.18)				2 962			2 962
Net change in fair value of financial instruments available for sale (01.07.18 to 31.12.18)					-28 987		-28 987
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 30.06.19)						314 643	314 643
Profit for the period to Tier 1 capital holders (01.01.19 to 30.06.19)			14 726				14 726
Payments to Tier 1 capital holders (01.01.19 to 30.06.19)			-14 366				-14 366
Issue of Tier 1 capital			100 000				100 000
Actuarial gains and losses for the period (01.01.19 to 30.06.19)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.19 to 30.06.19)					13 299		13 299
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
Balance sheet as at 30.06.19	1 068 693	2 625 895	605 338	-18 806	-4 129	2 163 526	6 440 517

Statement of cash flows

(Sbanken group)

In NOK thousand	Note	Jan-Jun 19	Jan-Jun 18	2018
Cash flows from operating activities				
Net payments on loans to customers	6	-650 722	-4 611 240	-7 032 237
Interest received on loans to customers	12	1 174 548	1 030 864	2 128 285
Net receipts on deposits from customers	17, 18	4 401 131	4 208 285	2 342 876
Interest paid on deposits from customers	12	-206 205	-160 286	-339 559
Net receipts/payments from buying and selling financial instruments at fair value	17, 18, 19	161 098	-3 860 878	-2 007 484
Interest received from commercial paper and bonds	12	87 123	59 591	126 510
Receipts of collateral related to derivatives used in hedge accounting		-89 798	0	185 376
Net receipts/payments on deposits from credit institutions	5	0	0	0
Interest paid on deposits from credit institutions	12	-384	-67	-225
Interest received on loans to credit institutions and central bank	12	8 470	5 521	10 553
Receipts related to commissions and fees	13	160 452	150 177	312 909
Payments related to commissions and fees	13	-63 376	-70 361	-118 087
Payments related to administrative expenses	15	-119 260	-164 354	-333 418
Payments related to personnel expenses	15	-159 704	-151 555	-287 022
Taxes paid	16	-207 036	-208 316	-208 132
Other receipts/payments		-63	63 077	110 883
Net cash flows from operating activities		4 496 274	-3 709 542	-5 108 772
Cash flows from investment activities				
Invested in associated company		0	0	0
Payments on the acquisition of fixed assets		-2 048	-10 624	-15 367
Payments on the acquisition of intangible assets		-48 810	-22 220	-68 838
Net cash flows from investment activities		-50 858	-32 844	-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	-10 285	-9 285	-19 412
Receipts on issued additional Tier1 capital	11	100 000	0	0
Interest paid on additional Tier 1 capital	EQ	-14 366	-12 200	-25 086
Receipts on issued bonds and commercial paper	10	1 900 000	8 355 000	10 605 000
Payments on matured and redeemed bonds and commercial paper	10	-3 128 708	-3 976 573	-6 131 638
Interest paid on issued bonds and commercial paper	12	-296 344	-219 170	-480 388
Net cash flows from financing activities		-1 511 724	4 057 620	3 868 324
Total net cash flow		2 933 692	315 234	-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		3 556 241	2 262 436	622 549
Change in cash		2 933 692	315 234	-1 324 653
Cash				
Cash and receivables with central bank		3 267 987	2 179 241	393 148
Loans to credit institutions		288 254	83 195	229 401
Total cash		3 556 241	2 262 436	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	30.06.19		30.06.18		31.12.18	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	4 440 568	0	5 020 944	0	1 088 815	0
Regional governments	3 058 178	483 936	3 504 219	474 863	3 463 197	525 315
Multilateral Development Banks	656 929	0	576 320	0	573 741	0
Institutions	429 273	85 855	207 320	41 464	381 996	76 399
Retail	10 151 413	4 322 859	9 195 257	3 794 737	9 629 797	4 113 103
Secured by mortgages on immovable property	91 463 031	28 305 155	88 981 265	27 484 284	87 029 819	28 158 968
Exposures in default	443 883	527 028	273 957	324 539	338 266	402 253
Covered bonds	6 204 778	620 478	6 207 984	620 798	6 529 644	652 964
Equity	161 989	389 592	154 103	347 458	156 769	353 829
Other items	189 155	189 155	45 989	45 989	47 847	47 847
Total credit risk, standardised method*	117 199 197	34 924 058	114 167 358	33 134 132	109 239 891	34 330 678
Credit value adjustment risk (CVA)		68 984		43 368		52 746
Operational risk		2 794 674		2 484 019		2 794 674
Total risk-weighted volume		37 787 716		35 661 519		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		1 825 948		1 328 487		1 302 462
Additional Tier 1 capital		605 338		504 932		504 978
Profit for the period		314 643		363 115		697 339
Total booked equity		6 440 517		5 891 121		6 199 367
Additional Tier 1 capital instruments included in total equity		-605 338		-504 932		-504 978
Common equity Tier 1 capital instruments		5 835 179		5 386 189		5 694 389
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-115 355		-51 719		-82 968
Value adjustment due to the requirements for prudent valuation (AVA)		-11 238		-13 273		-11 397
Dividends payable		0		0		-187 021
Profit for the period, unaudited		-94 394		-363 115		0
Common equity Tier 1 capital		5 614 192		4 958 083		5 413 002
Additional Tier 1 capital		600 000		500 000		500 000
Tier 1 capital		6 214 192		5 458 083		5 913 002
Tier 2 capital		775 000		650 000		650 000
Own funds (primary capital)		6 989 192		6 108 083		6 563 002
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 700 447	4.5%	1 604 768	4.5%	1 673 014
Capital conservation buffer	2.5%	944 693	2.5%	891 538	2.5%	929 452
Systemic risk buffer	3.0%	1 133 631	3.0%	1 069 846	3.0%	1 115 343
Countercyclical capital buffer	2.0%	755 754	2.0%	713 230	2.0%	743 562
Additional Tier 1 capital	1.5%	566 816	1.5%	534 923	1.5%	557 671
Tier 2 capital	2.0%	755 754	2.0%	713 230	2.0%	743 562
Total minimum and buffer requirements own funds (primary capital)	15.5%	5 857 096	15.5%	5 527 535	15.5%	5 762 605

Available common equity Tier 1 capital after buffer requirements	1 079 667	580 547	800 397
Available own funds (primary capital)	1 132 097	580 547	800 397
Capital ratio %			
Common equity Tier 1 capital	14.9%	13.9%	14.6%
Additional Tier 1 capital	1.6%	1.4%	1.3%
Tier 2 capital	2.1%	1.8%	1.7%
Total capital ratio	18.5%	17.1%	17.7%
Capital ratio % (including interim profits**)			
Common equity Tier 1 capital	14.9%	14.6%	14.6%
Additional Tier 1 capital	1.6%	1.4%	1.3%
Tier 2 capital	2.1%	1.8%	1.7%
Total capital ratio	18.5%	17.8%	17.7%

* The specification is according to "Kapitalkravsforskriften".

** Including 70 per cent of the profit for the first half year of 2019 and 2018. Year-end 2018 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		30.06.19	30.06.18	31.12.18
Derivatives market value		46 779	0	16 600
Potential future exposure on derivatives		48 050	48 050	48 050
Off-balance sheet commitments		6 444 162	6 250 399	5 740 983
Loans and advances and other assets		94 660 341	92 343 066	91 198 106
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		101 199 332	98 641 515	97 003 739
Tier 1 capital		6 214 192	5 458 083	5 913 002
Leverage ratio % *		6.1 %	5.5 %	6.1 %
Leverage ratio % (including interim profits*)		6.1 %	5.8 %	6.1 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 035 980	2 959 245	2 910 112
Buffer requirements	2.0%	2 023 987	1 972 830	1 940 075
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 059 967	4 932 076	4 850 187
Available Tier 1 capital after minimum and buffer requirements		1 154 225	526 007	1 062 815
Available Tier 1 capital after minimum and buffer requirements (including interim profits*)		1 154 225	780 186	1 062 815

* Including 70 per cent of the profit for the first half year of 2019 and 2018. Year-end 2018 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.

30.06.19			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Cash and receivables with central bank	3 267 987	0	3 267 987
Loans to and receivables from credit institutions	288 253	0	288 253
Loans to and receivables from central bank and credit institutions	3 556 240	0	3 556 240
Loans to customers, secured	76 257 349	17 129 377	93 386 726
Loans to customers, unsecured	3 605 905	5 311 041	8 916 946
Loans to and receivables from customers	79 863 254	22 440 418	102 303 672
Shares in associated company	4 052	0	4 052
Other financial assets with credit risk	74 997	0	74 997
Financial instruments at amortised cost (gross)	83 498 543	22 440 418	105 938 961
Commercial paper and bonds	11 079 915	0	11 079 915
Financial instruments at fair value through other comprehensive income	11 079 915	0	11 079 915
Shares and funds	157 937	0	157 937
Derivatives	144 742	0	144 742
Financial instruments at fair value through profit and loss	302 679	0	302 679
Gross exposure with credit risk	94 881 137	22 440 418	117 321 555
Impairment	-248 954	-3 610	-252 564
Total net exposure with credit risk	94 632 183	22 436 808	117 068 991
Other assets without credit risk	326 707	n/a	n/a
Total assets	94 958 890	n/a	n/a

31.12.18			
In NOK thousand	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				
30.06.19				
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)	785 722	-779 171	-6 551	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-1 865 848	1 880 235	-14 387	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-78 911	-158 822	237 733	0
New financial assets originated	14 384 023	193 546	5 268	14 582 837
Financial assets that have been derecognised	-13 414 734	-439 346	-87 668	-13 941 748
Changes in interest accrual	3 117	2 024	4 288	9 429
Other movements	0	0	0	0
Closing balance gross carrying amount	75 438 496	3 813 274	611 485	79 863 254

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				
30.06.19				
In NOK thousand	Percentage	Gross lending	31.12.18 Percentage	Gross lending
Eastern Norway ex. Oslo	42.9%	34 235 925	42.3%	33 490 131
Oslo	19.2%	15 347 178	19.1%	15 130 283
Southern Norway	2.3%	1 843 366	2.3%	1 855 466
Western Norway	23.6%	18 880 088	24.3%	19 260 537
Central Norway	5.0%	3 953 439	5.0%	3 965 640
Northern Norway	7.0%	5 603 258	7.0%	5 510 679
Total gross lending by geographical area	100.0%	79 863 254	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	30.06.19			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 %	25.6%	19 190 713	3 787 938	23.4%	17 452 597	3 557 399
40 % - 60 %	34.0%	25 410 320	3 022 040	33.7%	25 073 042	3 240 481
60 % - 80 %	30.3%	22 691 315	1 041 836	31.2%	23 224 248	1 046 129
80 % - 90 %	6.9%	5 130 357	152 497	8.9%	6 603 545	95 472
90 % - 100 %	1.8%	1 325 131	80 635	1.6%	1 158 407	54 006
> 100 %	1.5%	1 090 032	120 372	1.3%	983 334	99 020
Home loans, secured by fixed property	100.0%	74 837 868	8 205 318	100.0%	74 495 173	8 092 507
< 50 %	13.0%	153 231	0	13.1%	155 118	0
50 % - 80 %	34.4%	405 457	0	35.9%	426 688	0
80 % - 100 %	28.8%	339 645	0	30.8%	366 406	0
> = 100 %	23.9%	281 658	0	20.2%	239 701	0
Car loans, secured	100.0%	1 179 991	0	100.0%	1 187 913	0
Custody account credit, secured	100.0%	239 490	90 690	100.0%	182 873	81 717
Loan and funding commitments, secured loans		0	8 833 369		0	4 777 368
Total loans to customers, secured		76 257 349	17 129 377		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	30.06.19		31.12.18	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, home loans (relative distribution)				
0 % - 85 %	99.33%	74 336 772	99.34%	74 006 404
85 % - 100 %	0.39%	293 627	0.38%	282 988
> 100 %	0.28%	207 469	0.28%	205 781
Home loans, secured by fixed property	100.0%	74 837 868	100.0%	74 495 173

In NOK thousand	30.06.19		31.12.18	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Distribution by type of security object, home loans				
Apartment	24.1%	18 004 175	24.1%	17 944 569
Detached house	52.2%	39 100 508	51.9%	38 697 797
Semidetached house	20.3%	15 198 451	20.6%	15 347 452
Vacation home	3.4%	2 534 734	3.4%	2 505 355
Total home loans secured by fixed property	100.0%	74 837 868	100.0%	74 495 173

Note 8 - Loan losses

Expected credit loss (ECL) - Loans to customers				
January - June 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	529	-5 608	-1 197	-6 276
Transfers to Stage 2	-4 156	11 265	-1 241	5 868
Transfers to Stage 3	-821	-5 608	35 151	28 722
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-1 540	1 099	13 207	12 766
<i>Other changes:</i>				
New financial assets originated	9 511	10 696	1 522	21 729
Financial assets that have been derecognised	-2 166	-3 263	-8 030	-13 459
Write-offs	0	0	-5 738	-5 738
Changes to model assumption and methodologies	0	13 886	0	13 886
Other movements	0	0	0	0
Closing balance ECL 30.06.19	18 416	60 191	173 957	252 564
Specification of ECL				
In NOK thousands	30.06.19			
ECL On-balance sheet amounts 30.06.19	16 842	59 255	172 856	248 954
ECL Off-balance sheet amounts 30.06.19	1 574	936	1 101	3 610
Closing balance ECL 30.06.19	18 416	60 191	173 957	252 564
Specification of ECL				
In NOK thousands	30.06.19			
Secured loans	2 931	10 881	44 446	58 258
Unsecured loans	15 485	49 310	129 511	194 306
Total	18 416	60 191	173 957	252 564
ECL by geographical area				
In NOK thousands	30.06.19			
Eastern Norway ex. Oslo	89 377			
Oslo	37 402			
Southern Norway	11 481			
Western Norway	77 320			
Central Norway	17 023			
Northern Norway	19 961			
Total	252 564			

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

Specification of loan losses					
In NOK thousands	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Changes in ECL, stage 1	600	-985	-1 357	-1 227	-4 964
Changes in ECL, stage 2	-19 755	2 516	-22 467	1 859	-13 696
Changes in ECL, stage 3	-22 398	-12 914	-33 674	-26 171	-40 394
Write-offs	-1 839	-2 531	-9 248	-5 929	-19 851
Recoveries of previously written off loans	11	449	509	3 138	3 392
Net cost of loan losses in the period	-43 381	-13 465	-66 237	-28 330	-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		30.06.19					
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%

	Credit-impaired (Gross carrying amount)
30.06.2019	
Home loans - Loan to value	
0 % - 40 %	24 605
40 % - 60 %	66 711
60 % - 80 %	118 852
80 % - 90 %	31 833
90 % - 100 %	17 578
> 100 %	40 519
Total	300 098

Overdue loans - age distribution

The table below shows the carrying value of overdue loans and overdrawn amounts on credits allocated by number of days after maturity. The table provides an analysis of exposure where there is inadequate ability or propensity to pay, rather than overdue amounts attributable to a delay in transferring funds. Based on this and the bank's internal routines for monitoring overdue exposure, the default must exceed NOK 800 for more than 6 days to be included in the second table below.

Credit-impaired loans	
In NOK thousand	30.06.19
Overdue loans - more than 90 days	598 737
Other credit-impaired assets	12 748
Total	611 485

Overdue loans		30.06.19			
In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Home loans	1 331 927	260 682	81 240	294 259	1 968 108
Car loans	60 643	21 485	3 101	8 248	93 477
Other loans	171 470	53 639	22 447	296 230	543 786
Loans to customers	1 564 040	335 806	106 788	598 737	2 605 371

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	30.06.19	31.12.18
Commercial paper issued	NOK	0	0
Bonds issued	NOK	33 050 095	34 309 941
Subordinated loans	NOK	774 461	649 294
Total debt securities issued and subordinated loans		33 824 556	34 959 235

Specification of commercial paper, bonds and subordinated loans as at 30.06.19:

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						
NO0010719826	Sbanken ASA	259 000	NOK	Floating	10.09.19	258 990
NO0010782527	Sbanken ASA	715 000	NOK	Floating	17.01.20	715 025
NO0010788276	Sbanken ASA	1 000 000	NOK	Floating	10.08.20	1 000 533
NO0010793029	Sbanken ASA	1 000 000	NOK	Floating	01.03.21	1 001 016
NO0010835325	Sbanken ASA	600 000	NOK	Floating	06.09.21	600 595
Total bonds		3 574 000				3 576 159
Covered bonds ¹						
NO0010745300	Sbanken Boligkreditt AS	1 190 000	NOK	Floating	29.10.19	1 189 677
NO0010745334	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	14.08.20	5 002 705
NO0010745342	Sbanken Boligkreditt AS	6 200 000	NOK	Floating	14.10.21	6 182 589
NO0010786999	Sbanken Boligkreditt AS	6 600 000	NOK	Floating	27.04.22	6 624 655
NO0010790603	Sbanken Boligkreditt AS	5 500 000	NOK	Floating	10.02.23	5 511 551
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	4 962 759
Total covered bonds						29 473 936
Total commercial paper, bonds and covered bonds						33 050 095

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	499 690
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27 ³	149 771
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29 ⁴	125 000
Total subordinated loans		775 000				774 461

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- June 2019				30.06.19
		Issued	Matured	Redeemed	Other adjustments	
Commercial paper (nominal)	0	0	0	0	0	0
Bonds (nominal)	4 445 000	300 000	-231 000	-940 000	0	3 574 000
Covered Bonds (nominal)	29 636 000	1 600 000	0	-1 941 000	0	29 295 000
Subordinated loans (nominal)	650 000	125 000	0	0	0	775 000
Total	34 731 000	2 025 000	-231 000	-2 881 000	0	33 644 000

Note 11 - Additional Tier 1 capital (hybrid capital)

In NOK thousand	Currency	30.06.19	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 30.06.19:

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

	January - June 2019					30.06.19
	31.12.18	Issued	Matured	Redeemed	Other adjustments	
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 June 2019, there is NOK 5.3 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 605.3 million.

Note 12 - Net interest income

Net interest income

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Loans to and receivables from credit institutions and central bank	5 072	2 334	8 470	5 521	10 553
Loans to customers	597 707	517 021	1 183 314	1 030 849	2 128 243
Commercial paper and bonds ¹	44 473	35 988	87 968	62 723	136 443
Total interest income	647 252	555 343	1 279 752	1 099 093	2 275 239
Loans and deposits from credit institutions	-292	-63	-384	-67	-225
Deposits from customers	-104 067	-81 034	-206 206	-160 286	-339 560
Debt securities issued	-150 599	-132 256	-294 154	-234 512	-507 028
Subordinated loans	-6 475	-5 049	-11 821	-9 632	-19 784
Other interest expenses	-26 716	-9 491	-52 947	-18 748	-37 402
Total interest expenses	-288 149	-227 893	-565 512	-423 245	-903 999
Net interest income	359 103	327 450	714 240	675 848	1 371 240

¹ Investments are recognised at fair value.

Interest income from loans to customers:

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Home loans	475 234	419 637	947 999	837 981	1 733 173
Car loans	15 889	14 579	30 705	29 917	59 649
Consumer loans	59 330	36 985	110 955	72 590	157 208
Other loans ²	47 254	45 820	93 655	90 361	178 213
Total interest income from loans to customers	597 707	517 021	1 183 314	1 030 849	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	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Payment processing	7 581	6 143	14 473	12 223	25 082
Card and interbank	50 370	46 947	97 633	93 263	197 209
Mutual funds and securities	22 220	22 087	43 793	43 561	87 730
Other commission income	1 054	968	1 959	1 927	4 036
Total commission and fee income	81 226	76 144	157 859	150 974	314 056
Payment processing	-8 480	-7 841	-16 837	-15 423	-31 249
Card and interbank	-13 038	-12 004	-26 410	-28 885	-47 172
Mutual funds and securities	-7 400	-7 532	-14 243	-13 340	-27 440
Other commission expenses	-1 804	-1 137	-2 794	-2 322	-4 595
Total commission and fee expenses	-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

Note 14 - Net gain (loss) on financial instruments

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
1) Realisation of financial instruments at fair value through other comprehensive income					
Gain/(loss) by realisation of financial instruments:	-3 920	859	-1 906	3 412	11 040
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	-3 920	859	-1 906	3 412	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	-8 426	65 396	5 201	63 540	68 951
Gain/(loss) on derivatives (used in hedge accounting)	-187	-1 168	-1 197	-1 168	253
Total gain/(loss) on financial instruments at fair value through profit and loss	-8 613	64 228	4 004	62 731	71 484
3) Financial instruments at amortised cost					
Gain (loss) by repurchase of own bonds/commercial paper at amortised cost	-2 009	-3 992	-12 747	-10 138	-10 254
Total gain (loss) on financial instruments at amortised cost	-2 009	-3 992	-12 747	-10 138	-10 254
4) Currency					
Net gain (loss) on currency items	-53	214	-875	125	812
Total gain (loss) on currency items	-53	214	-875	125	812
5) Dividends					
Dividends from investments in shares and funds	19 524	0	19 524	0	0
Total dividends	19 524	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	4 928	61 309	7 999	56 130	71 256

Note 15 - Operating expenses

Other administrative expenses

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Properties and premises ¹	-748	-4 805	-1 677	-9 295	-19 328
IT	-26 818	-30 416	-50 680	-55 831	-117 225
Advertising and marketing	-19 243	-16 482	-39 151	-32 228	-70 999
Temporary employment agencies	-4 347	-9 553	-10 304	-16 462	-36 033
Consultants and other external services	-11 343	-19 627	-20 243	-33 823	-53 989
Telephone and postage	-3 467	-3 921	-6 788	-7 414	-15 038
Other operating expenses	-8 925	-8 686	-17 526	-17 325	-33 199
Total administrative expenses	-74 889	-93 490	-146 368	-172 379	-345 811

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

Personnel expenses

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Wages	-63 267	-52 147	-128 956	-107 442	-216 252
<i>Capitalised as intangible assets</i>	<i>6 670</i>	<i>2 907</i>	<i>14 368</i>	<i>6 077</i>	<i>17 035</i>
Pension costs	-5 285	-6 090	-11 023	-10 576	-23 159
Payroll tax	-14 240	-12 799	-27 621	-24 338	-43 898
Other personnel expenses	-3 730	-3 389	-6 371	-7 155	-15 876
Total personnel expenses	-79 852	-71 518	-159 603	-143 433	-282 150

Note 16 - Tax expense

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Specification of tax expense:					
Taxes payable	44 445	45 310	92 654	97 145	209 036
Change in deferred tax	-64	154	40	154	-3 795
Correction of taxes payable previous year	0	0	0	0	749
Total tax expense	44 381	45 464	92 694	97 299	205 990
Reconciliation of the tax expense:					
Profit before tax	202 149	254 657	422 063	472 863	928 710
-from Sbanken ASA	148 225	205 347	313 276	363 134	695 577
-from Sbanken Boligkreditt AS	57 201	52 118	115 241	114 444	239 734
- from group transactions related to own debt and hybrid capital	-3 278	-2 806	-6 454	-4 715	-6 601
Expected tax expense at nominal rate of 25 % Sbanken ASA	37 056	51 337	78 319	90 784	173 894
Expected tax expense at nominal rate of 22 % Sbanken Boligkreditt AS (23 % in 2018)	12 584	11 987	25 353	26 322	55 139
Total expected tax expense	49 640	63 324	103 672	117 106	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)	-2 623	-15 803	-6 029	-15 803	-16 301
Tax effect from costs recognised against interest to Tier 1 capital holders	-2 784	-2 212	-5 097	-4 197	-8 876
Other differences	148	154	148	154	1 229
Correction of taxes payable previous year	0	0	0	0	749
Total tax expense	44 381	45 464	92 694	97 299	205 990
Effective tax rate	22.0%	17.9%	22.0%	20.6%	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
30.06.19				
Financial assets				
Cash and receivables with central bank	0	0	3 267 987	3 267 987
Loans to and receivables from credit institutions	0	0	288 253	288 253
Loans to customers	0	0	79 614 300	79 614 300
Commercial paper and bonds	0	11 079 915	0	11 079 915
Shares and funds	157 937	0	4 052	161 989
Derivatives	144 742	0	0	144 742
Other assets	0	0	74 996	74 996
Total financial assets	302 679	11 079 915	83 249 588	94 632 182
Financial liabilities				
Loans and deposits from credit institutions	0	0	0	0
Deposits from customers	0	0	53 930 170	53 930 170
Debt securities issued	0	0	33 050 095	33 050 095
Derivatives	0	0	0	0
Subordinated loans	0	0	774 461	774 461
Other liabilities	0	0	638 198	638 198
Total financial liabilities	0	0	88 392 924	88 392 924
Shares in associated company are recognised using the equity method and placed under the category amortised cost.				

In NOK thousand

31.12.18	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
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
		30.06.19	30.06.19
Assets			
Cash and receivables with central bank		3 267 987	3 267 987
Loans to and receivables from credit institutions		288 253	288 253
Loans to customers		79 614 300	79 614 300
Shares and funds		4 052	4 052
Other assets		74 996	74 996
Total financial assets at amortised cost		83 249 588	83 249 588
Liabilities			
Loans and deposits from credit institutions		0	0
Deposits from customers		53 930 170	53 930 170
Debt securities issued		33 050 095	33 240 105
Subordinated loans		774 461	784 115
Other liabilities		638 198	638 198
Total financial liabilities at amortised cost		88 392 924	88 592 588

30.06.19	Level 1	Level 2	Level 3	Total
Cash and receivables with central bank		3 267 987		3 267 987
Loans to and receivables from credit institutions			288 253	288 253
Loans to customers			79 614 300	79 614 300
Shares and funds			4 052	4 052
Other assets			74 996	74 996
Total financial assets at amortised cost		3 267 987	79 981 601	83 249 588
Liabilities				
Loans and deposits from credit institutions			0	0
Deposits from customers			53 930 170	53 930 170
Debt securities issued	33 240 105		0	33 240 105
Subordinated loan	784 115		0	784 115
Other liabilities			638 198	638 198
Total financial liabilities at amortised cost		34 024 220	54 568 368	88 592 588

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	30.06.19		31.12.18	
Assets:	Carrying value	Fair value	Carrying value	Fair value
Shares and funds	157 937	157 937	152 717	152 717
Commercial paper and bonds	11 079 915	11 079 915	11 244 999	11 244 999
Derivatives	144 742	144 742	201 977	201 977
Total financial assets at fair value	11 382 594	11 382 594	11 599 693	11 599 693
Liabilities:				
Derivatives	0	0	0	0
Total financial liabilities at fair value	0	0	0	0

30.06.2019

In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds	0	10 253	147 684	157 937
Commercial paper and bonds	655 257	10 424 658	0	11 079 915
Derivatives at fair value through profit and loss (asset)	0	144 742	0	144 742
Total	655 257	10 579 653	147 684	11 382 594
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)	4 180	4 180
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 June 2019	147 684	147 684

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

31.12.2018

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 have been 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	30.06.19	30.06.18	31.12.18
Receivable related to overdraft facility with Sbanken Boligkreditt AS	1 017 653	1 380 448	2 120 543
Sbanken Boligkreditt AS's deposit in Sbanken ASA	322 556	484 662	1 001 382
Sbanken ASA's ownership of covered bonds issued by Sbanken Boligkreditt AS	50 791	5 007	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 AS	225 000	225 000	225 000

Transactions with Sbanken Boligkreditt AS

In NOK thousand	01.01.19 - 30.06.19	01.01.18 - 30.06.18	01.01.18 - 31.12.18
Sale of services in line with service agreement	3 379	3 129	6 480
Interest on overdraft facility	21 363	10 432	28 025
Interest on deposit	560	732	1 325
Interest on covered bonds issued by Sbanken Boligkreditt AS	2 626	2 124	4 766
Interest on subordinated loan issued by Sbanken Boligkreditt AS	5 831	4 151	9 690
Share of result related to ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	6 454	4 716	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	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Profit for the period to shareholders	149 717 000	202 774 000	314 643 000	363 115 000	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)	1.40	1.90	2.94	3.40	6.53
Earnings per share (diluted)	1.40	1.90	2.94	3.40	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

There have not been any significant events subsequent to 30 June 2019 that affect the financial statements for Q2 2019.

Income statement

(Sbanken ASA)

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		455 442	385 968	895 259	773 753	1 591 331
Other interest income		0	0	0	0	0
Interest expense		-156 209	-114 153	-310 291	-224 025	-469 338
Net interest income		299 233	271 815	584 968	549 728	1 121 993
Commission and fee income		81 226	76 144	157 859	150 974	314 056
Commission and fee expense		-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		7 206	66 324	22 568	67 291	75 799
Other income		1 690	1 611	3 379	3 129	6 599
Other operating income		8 896	67 935	25 947	70 420	82 398
Personnel expenses		-79 750	-71 397	-159 375	-143 194	-281 666
Administrative expenses		-73 741	-93 263	-144 995	-170 001	-342 657
Depreciation and impairment of fixed and intangible assets		-14 263	-3 259	-25 541	-5 978	-14 031
Profit before loan losses		190 878	219 462	378 576	391 981	769 636
Loan losses		-42 651	-14 116	-65 300	-28 845	-74 059
Profit before tax		148 225	205 346	313 276	363 135	695 577
Tax expense		-32 238	-33 854	-68 497	-71 793	-152 250
Profit for the period		115 987	171 493	244 779	291 342	543 327
Attributable to						
Shareholders		107 937	165 073	230 053	278 892	517 946
Additional Tier 1 capital holders		8 050	6 420	14 726	12 449	25 381
Profit for the period		115 987	171 493	244 779	291 342	543 327

Statement of comprehensive income

(Sbanken ASA)

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Profit for the period	115 987	171 493	244 779	291 342	543 327
Other comprehensive income:					
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI)	3 619	-1 806	13 106	5 498	-22 878
Tax effect	-904	559	-3 383	-1 267	6 360
Other comprehensive income that can be reclassified to profit or loss after tax	2 715	-1 247	9 723	4 231	-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)	2 715	-1 247	9 723	4 231	-13 556
Total comprehensive income for the period	118 702	170 246	254 502	295 573	529 771
Attributable to					
Shareholders	110 652	163 826	239 776	283 123	504 390
Additional Tier 1 capital holders	8 050	6 420	14 726	12 449	25 381
Total comprehensive income for the period	118 702	170 246	254 502	295 573	529 771

Balance sheet

(Sbanken ASA)

In NOK thousand	Note	30.06.19	30.06.18	31.12.18
Assets				
Cash and receivables with central bank		3 267 987	2 179 241	393 148
Loans to and receivables from credit institutions		1 305 750	1 463 487	2 183 558
Loans to customers		46 738 855	43 630 657	44 622 110
Net loans to customers, central bank and credit institutions		51 312 592	47 273 384	47 198 816
Commercial paper and bonds at fair value through OCI		10 973 290	13 164 408	12 075 530
Shares and funds		392 164	154 103	385 957
Commercial paper and bonds at amortised cost		325 894	325 000	325 771
Shares in subsidiary		1 699 880	1 699 880	1 699 880
Intangible assets		153 807	68 959	110 624
Deferred tax assets		8 042	488	11 466
Property, plant and equipment		160 140	17 020	18 607
Other assets		44 057	81 906	94 278
Advance payment and accrued income		31 495	50 372	23 481
Total assets		65 101 362	62 835 521	61 944 410
Liabilities				
Loans and deposits from credit institutions		322 566	484 662	1 002 104
Deposits from customers		53 930 170	51 399 659	49 534 250
Debt securities issued		3 576 159	4 346 210	4 446 914
Taxes payable		60 203	71 455	156 398
Pension commitments		30 797	37 217	30 797
Other liabilities		453 025	267 507	323 656
Subordinated loans		774 461	649 128	649 294
Total liabilities		59 147 381	57 255 838	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		605 338	504 932	504 978
Other equity		1 654 055	1 380 163	1 601 431
Total equity		5 953 981	5 579 683	5 800 997
Total liabilities and equity		65 101 362	62 835 521	61 944 410

Expected credit losses (ECL) relate to Sbanken ASA with exception of a provision of NOK 4.5 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 30.06.18)						278 892	278 892
Profit for the period to Tier 1 capital holders (01.01.18 to 30.06.18)			12 449				12 449
Payments to Tier 1 capital holders (01.01.18 to 30.06.18)			-12 200				-12 200
Actuarial gains and losses for the period (01.01.18 to 30.06.18)				0			0
Net change in fair value of financial instruments available for sale (01.01.18 to 30.06.18)					4 231		4 231
Payments related to share incentive program						-589	-589
Paid dividend to shareholders						-80 152	-80 152
Balance sheet as at 30.06.18	1 068 693	2 625 895	504 932	-21 768	17 226	1 384 704	5 579 683
Profit for the period to other equity (01.07.18 to 31.12.18)						239 054	239 054
Profit for the period to Tier 1 capital holders (01.07.18 to 31.12.18)			12 932				12 932
Payments to Tier 1 capital holders (01.07.18 to 31.12.18)			-12 886				-12 886
Actuarial gains and losses for the period (01.07.18 to 31.12.18)				2 962			2 962
Net change in fair value of financial instruments available for sale (01.07.18 to 31.12.18)					-20 749		-20 749
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 30.06.19)						230 053	230 053
Profit for the period to Tier 1 capital holders (01.01.19 to 30.06.19)			14 726				14 726
Payments to Tier 1 capital holders (01.01.19 to 30.06.19)			-14 366				-14 366
Issue of Tier 1 capital			100 000				100 000
Actuarial gains and losses for the period (01.01.19 to 30.06.19)				0			0
Net change in fair value of financial instruments at fair value through other comprehensive income (OCI) (01.01.19 to 30.06.19)					9 723		9 723
Payments related to share incentive program						-131	-131
Paid dividend to shareholders						-187 021	-187 021
Balance sheet as at 30.06.19	1 068 693	2 625 895	605 338	-18 806	6 200	1 666 659	5 953 981

Statement of Cash Flows

(Sbanken ASA)

In NOK thousand	Note	Jan - Jun 19	Jan - Jun 18	2018
Cash flows from operating activities				
Net payments on loans to customers		-2 178 782	50 180	-987 204
Interest received on loans to customers		760 304	684 762	1 392 400
Net receipts on deposits from customers		4 401 131	4 208 285	2 342 876
Interest paid on deposits from customers		-206 205	-160 286	-339 559
Payments/receipts on loans to/deposits from group company		338 116	-38 260	-260 913
Interest received on loans to group company		20 803	9 700	28 025
Net receipts/payments from buying and selling financial instruments at fair value		1 093 546	-3 335 921	-2 405 520
Interest received from commercial paper and bonds		103 793	69 865	147 616
Net receipts/payments on deposits from credit institutions		0	0	0
Interest paid on deposits from credit institutions		-384	-67	-225
Interest received on loans to credit institutions and central bank		8 339	5 521	38 573
Receipts related to commissions and fees		160 452	150 177	312 909
Payments related to commissions and fees		-63 376	-70 361	-118 087
Payments related to administrative expenses		-67 874	-162 403	-329 799
Payments related to personnel expenses		-159 474	-151 321	-286 542
Taxes paid		-164 652	-164 088	-208 131
Other receipts/payments		2 248	36 099	109 567
Net cash flows from operating activities		4 047 985	1 131 882	-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		-2 048	-10 624	-15 367
Payments on the acquisition of intangible assets		-48 810	-22 220	-68 838
Net cash flows from investment activities		-50 858	-282 844	-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		-10 285	-9 285	-19 412
Receipts on issued additional Tier1 capital		100 000	0	0
Interest paid on additional Tier 1 capital		-14 366	-12 200	-25 086
Receipts on issued bonds and commercial paper		125 000	400 000	900 000
Payments on matured and redeemed bonds and commercial paper		-995 282	-797 871	-1 196 927
Interest paid on issued bonds and commercial paper		-40 252	-34 297	-71 087
Net cash flows from financing activities		-897 206	-533 805	-492 664
Total net cash flow		3 099 921	315 233	-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		3 556 084	2 262 279	456 163
Change in cash		3 099 921	315 233	-1 490 883
Cash				
Cash and receivables with central bank		3 267 987	2 179 241	393 148
Loans to credit institutions		288 097	83 038	63 015
Total cash		3 556 084	2 262 279	456 163

Capital adequacy

(Sbanken ASA)

In NOK thousand	30.06.19		30.06.18		31.12.18	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	4 358 610	0	4 995 535	0	1 043 361	0
Regional governments	3 053 460	472 142	3 499 794	463 801	3 457 411	510 850
Multilateral Development Banks	631 882	0	576 321	0	573 741	0
Institutions	36 376 485	3 648 450	36 329 429	3 662 939	36 567 216	3 759 457
Retail	10 151 413	4 322 860	9 168 671	3 774 798	9 629 797	4 113 103
Secured by mortgages on immovable property	58 671 273	16 772 105	56 003 583	15 911 077	52 688 420	16 093 779
Exposures in default	360 197	443 342	234 646	285 228	281 029	345 016
Covered bonds	6 205 134	620 513	6 037 088	603 709	7 404 737	740 474
Equity	1 861 869	2 089 471	1 853 983	2 047 338	1 856 649	2 053 709
Other items	189 735	189 735	73 223	73 223	48 422	48 422
Total credit risk, standardised method	121 860 058	28 558 618	118 772 273	26 822 113	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		31 021 415		29 054 043		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		1 424 002		1 101 271		1 083 486
Additional Tier 1 capital		605 338		504 932		504 978
Profit for the period		230 053		278 892		517 946
Total booked equity		5 953 981		5 579 683		5 800 998
Additional Tier 1 capital instruments included in total equity		-605 338		-504 932		-504 978
Common equity Tier 1 capital instruments		5 348 643		5 074 751		5 296 020
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		-115 355		-51 719		-82 968
Value adjustment due to the requirements for prudent valuation (AVA)		-11 362		-13 312		-12 457
Dividends payable		0		0		-187 021
Profit for the period, not eligible		-94 393		-278 892		0
Common equity Tier 1 capital		5 127 533		4 730 828		5 013 573
Additional Tier 1 capital		600 000		500 000		500 000
Tier 1 capital		5 727 533		5 230 828		5 513 573
Tier 2 capital		775 000		650 000		650 000
Own funds (primary capital)		6 502 533		5 880 828		6 163 573
Capital requirements						
Minimum requirements - common equity Tier 1 capital	4.5%	1 395 964	4.5%	1 307 432	4.5%	1 355 742
Capital conservation buffer	2.5%	775 535	2.5%	726 351	2.5%	753 190
Systemic risk buffer	3.0%	930 642	3.0%	871 621	3.0%	903 828
Countercyclical capital buffer	2.0%	620 428	2.0%	581 081	2.0%	602 552
Additional Tier 1 capital	1.5%	465 321	1.5%	435 811	1.5%	451 914
Tier 2 capital	2.0%	620 428	2.0%	581 081	2.0%	602 552
Total minimum and buffer requirements own funds (primary capital)	15.5%	4 808 319	15.5%	4 503 377	15.5%	4 669 779
<i>Available common equity Tier 1 capital after buffer requirements</i>		<i>1 404 964</i>				<i>1 398 260</i>
<i>Available own funds (primary capital)</i>		<i>1 694 214</i>				<i>1 493 794</i>

Capital ratio %				
Common equity Tier 1 capital	16.5%	16.3%	16.6%	
Additional Tier 1 capital	1.9%	1.7%	1.7%	
Tier 2 capital	2.5%	2.2%	2.2%	
Total capital ratio	21.0%	20.2%	20.5%	

Capital ratio % (including interim profits*)				
Common equity Tier 1 capital	16.5%	16.9%	16.6%	
Additional Tier 1 capital	1.9%	1.7%	1.7%	
Tier 2 capital	2.5%	2.2%	2.2%	
Total capital ratio	21.0%	20.8%	20.5%	

* Excluding 30 per cent dividend for the group for the first half year of 2019 and 2018. Year-end 2018 is based on actual dividend for the group.

Leverage Ratio (Sbanken ASA)

In NOK thousand		30.06.19	30.06.18	31.12.18
Derivatives market value		0	0	0
Potential future exposure on derivatives		0	0	0
Off-balance sheet commitments		36 874 141	37 270 091	36 641 116
Loans and advances and other assets		64 947 554	62 766 562	61 833 786
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		101 821 695	100 036 653	98 474 902
Tier 1 capital		5 727 533	5 230 828	5 513 573
Leverage ratio %		5.6 %	5.2 %	5.6 %
Leverage ratio % (including interim profits*)		5.6 %	5.4 %	5.6 %
Leverage Ratio requirements				
Minimum requirements	3.0%	3 054 651	3 001 100	2 954 247
Buffer requirements	2.0%	2 036 434	2 000 733	1 969 498
Total minimum and buffer requirements (Tier 1 capital)	5.0%	5 091 085	5 001 833	4 923 745
Available Tier 1 capital after minimum and buffer requirements		636 448	228 995	589 828
Available Tier 1 capital after minimum and buffer requirements (including interim profits*)		636 448	398 952	589 828

* Excluding 30 per cent dividend for the group for the first half year of 2019 and 2018. Year-end is based on actual dividend for the group.

Debt securities issued and subordinated loans

(Sbanken ASA)

Carried at amortised cost:

In NOK thousand	Currency	30.06.19	31.12.18
Commercial paper issued	NOK	0	0
Bonds issued	NOK	3 576 159	4 446 914
Subordinated loans	NOK	774 461	649 294
Total debt securities issued and subordinated loans		4 350 620	5 096 208

Specification of commercial paper, bonds and subordinated loans as at 30.06.19:

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						
NO0010719826	Sbanken ASA	259 000	NOK	Floating	10.09.19	258 990
NO0010782527	Sbanken ASA	715 000	NOK	Floating	17.01.20	715 025
NO0010788276	Sbanken ASA	1 000 000	NOK	Floating	10.08.20	1 000 533
NO0010793029	Sbanken ASA	1 000 000	NOK	Floating	01.03.21	1 001 016
NO0010835325	Sbanken ASA	600 000	NOK	Floating	06.09.21	600 595
Total bonds		3 574 000				3 576 159
Total commercial paper and bonds						3 576 159

Subordinated loans

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
NO0010746464	Sbanken ASA	500 000	NOK	Floating	12.10.25 ¹	499 690
NO0010786767	Sbanken ASA	150 000	NOK	Floating	02.03.27 ²	149 771
NO0010847205	Sbanken ASA	125 000	NOK	Floating	21.03.29 ³	125 000
Total subordinated loans		775 000				774 461

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-June 2019				30.06.19
		Issued	Matured	Redeemed	Other adjustments	
Commercial paper (nominal)	0	0	0	0	0	0
Bonds (nominal)	4 445 000	300 000	-231 000	-940 000	0	3 574 000
Subordinated loans (nominal)	650 000	125 000	0	0	0	775 000
Total	5 095 000	425 000	-231 000	-940 000	0	4 349 000

Net interest income

(Sbanken ASA)

Net interest income

In NOK thousand	Q2 19	Q2 18	Jan-Jun 19	Jan-Jun 18	2018
Loans to and receivables from credit institutions and central bank	15 274	7 279	29 702	15 953	38 573
Loans to customers ¹	388 520	337 715	763 264	684 747	1 392 358
Commercial paper and bonds ²	51 647	40 975	102 292	73 052	160 400
Total interest income	455 442	385 968	895 259	773 753	1 591 331
Loans and deposits from credit institutions	-581	-461	-944	-799	-1 549
Deposits from customers	-104 067	-81 034	-206 206	-160 286	-339 560
Debt securities issued	-18 369	-18 118	-38 373	-34 560	-71 042
Subordinated loans	-6 475	-5 049	-11 821	-9 632	-19 784
Other interest expenses	-26 717	-9 491	-52 947	-18 748	-37 403
Total interest expenses	-156 209	-114 153	-310 291	-224 025	-469 338
Net interest income	299 233	271 815	584 968	549 728	1 121 993

¹ Interest income Jan-Jun 2019 of TNOK 416 981 are related to home loans measured at fair value through OCI.

² Interest income Jan-Jun 2019 of TNOK 5 831 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
30.06.19					
Financial Assets					
Cash and receivables with central bank			3 267 987	3 267 987	3 267 987
Loans to and receivables from credit institutions			1 305 750	1 305 750	1 305 750
Loans to customers		34 245 991	12 482 864	46 738 855	46 738 855
Commercial paper and bonds		10 973 290	0	10 973 290	10 973 290
Shares and funds	388 112		4 052	392 164	392 164
Commercial paper and bonds at amortised cost			325 894	325 894	330 898
Shares in subsidiary			1 699 880	1 699 880	1 699 880
Other assets			75 552	75 552	75 552
Total financial assets	388 112	45 219 281	19 161 979	64 769 372	64 784 376
Financial liabilities					
Loans and deposits from credit institutions			322 566	322 566	322 566
Deposits from customers			53 930 170	53 930 170	53 930 170
Debt securities issued			3 576 159	3 576 159	3 589 287
Subordinated loans			774 461	774 461	784 115
Other liabilities			453 025	453 025	453 025
Total financial liabilities	0	0	59 056 381	59 056 381	59 079 163
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

Financial instruments at fair value

(Sbanken ASA)

Fair value of financial instruments (in NOK thousand)

In NOK thousand	30.06.19		31.12.18	
Assets:	Carrying value	Fair value	Carrying value	Fair value
Shares and funds	388 112	388 112	381 905	381 905
Commercial paper and bonds	10 973 290	10 973 290	12 075 530	12 075 530
Loans to customers	34 245 991	34 245 991	32 144 454	32 144 454
Total financial assets at fair value	45 607 393	45 607 393	44 601 889	44 601 889
Liabilities:				
Derivatives	0	0	0	0
Total financial liabilities at fair value	0	0	0	0

30.06.2019				
In NOK thousand	Level 1	Level 2	Level 3	Total
Shares and funds		240 428	147 684	388 112
Commercial paper and bonds	655 257	10 318 033	0	10 973 290
Loans to customers	0	0	34 245 991	34 245 991
Total	655 257	10 558 461	34 393 675	45 607 393
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)		4 180	4 180
Net new loans/exits	7 389 910	0	7 389 910
Sale (to Sbanken Boligkreditt AS)	-5 288 373	0	-5 288 373
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 June 2019	34 245 991	147 684	34 393 675

There have been no transfers of financial instruments between Level 1 and Level 2 in the period January to June 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	Q2 2019	Q2 18	Jan - Jun 19	Jan-Jun 18	2018
Net interest income (annualised)	1 440 358	1 313 398	1 440 319	1 362 899	1 371 240
Average total assets	91 611 036	89 531 698	91 718 875	87 081 108	89 367 366
Net interest margin	1.57 %	1.47 %	1.57 %	1.57 %	1.53 %
Interest income (annualised)	2 590 682	2 222 882	2 564 487	2 202 581	2 275 239
Average total assets	91 611 036	89 531 698	91 718 875	87 081 108	89 367 366
Effective lending rate	2.83 %	2.48 %	2.80 %	2.53 %	2.55 %
Interest expense (annualised)	1 155 766	914 077	1 140 397	853 506	903 999
Average total assets	91 611 036	89 531 698	91 718 875	87 081 108	89 367 366
Effective funding rate	1.26 %	1.02 %	1.24 %	0.98 %	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	Q2 2019	Q2 18	Jan - Jun 19	Jan-Jun 18	2018
Operating expense	169 005	168 266	331 513	321 790	641 992
Operating income	414 533	436 389	819 813	822 983	1 646 215
Cost-to-income ratio	40.8 %	38.6 %	40.4 %	39.1 %	39.0 %
Profit for the period attributable to shareholders (annualised)	600 513	813 324	634 502	732 246	697 339
Average equity	5 845 794	5 329 330	5 766 983	5 246 172	5 404 237
Return on Equity	10.3 %	15.3 %	11.0 %	14.0 %	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	Q2 2019	Q2 18	Jan - Jun 19	Jan-Jun 18	2018
Loan losses (annualised)	174 000	54 009	133 572	57 130	75 513
Average loan volume	78 670 739	75 384 715	78 592 666	74 018 208	76 229 943
Loss rate	0.22 %	0.07 %	0.17 %	0.08 %	0.10 %
Average deposits from customers	50 851 632	48 227 605	50 393 578	47 705 031	48 887 720
Average loans to customers	78 670 739	75 384 715	78 592 666	74 018 208	76 229 943
Average deposit-to-loan ratio	64.6 %	64.0 %	64.1 %	64.5 %	64.1 %
Deposits from customers	53 930 170	51 399 659	53 930 170	51 399 659	49 534 250
Loans to customers	79 863 254	76 647 650	79 863 254	76 647 650	79 020 747
Deposit-to-loan ratio	67.5 %	67.1 %	67.1 %	67.1 %	62.7 %
LTV (Loan-to-value)	53.2 %	53.5 %	53.2 %	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.

In NOK thousand	30.06.19		30.06.18		31.12.18	
	Carrying value	Value LCR	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive of covered bonds	5 882 760	5 882 760	6 783 634	6 783 634	2 697 577	2 697 577
Level 1 covered bonds	5 410 667	5 031 920	5 511 037	5 125 264	6 061 638	5 637 323
Level 2A - assets	3 054 289	2 596 146	3 009 829	2 558 355	2 878 926	657 022
Level 2B - assets	0	0	0	0	0	0
Assets ineligible as "liquid assets"	80 611 174	0	77 107 524	0	79 839 403	0
Total assets	94 958 890	13 510 826	92 412 024	14 467 253	91 477 543	8 991 922
Net outflows		4 182 510		4 187 805	0	3 481 440
LCR %		323 %		345 %		258 %

Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that, to the best of our knowledge, the half-yearly financial statements for the group and the company for the period 1 January through 30 June 2019 have been prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the company taken as a whole.

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

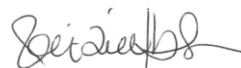
- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the group over the next accounting period
- description of major transactions with related parties.

Bergen, 11 July 2019

The Board of Directors of Sbanken ASA



Niklas Midby
(Chairman)



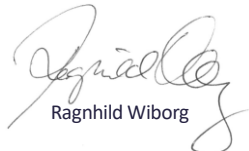
Mai-Lill Ibsen



August Baumann



Hugo Maurstad



Ragnhild Wiborg



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Magnar Øyhovden
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