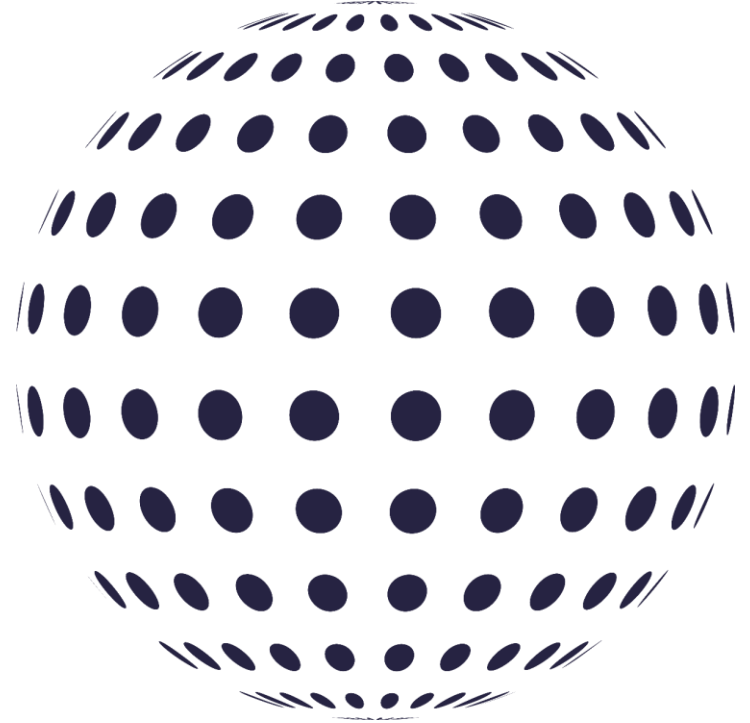


Sbanken

Q3 – 2019

Sbanken group



# Sbanken – the leading digital challenger



Leading digital retail bank in Norway with more than 450 000 customers



Loan book growth above 40 per cent since IPO November 2015



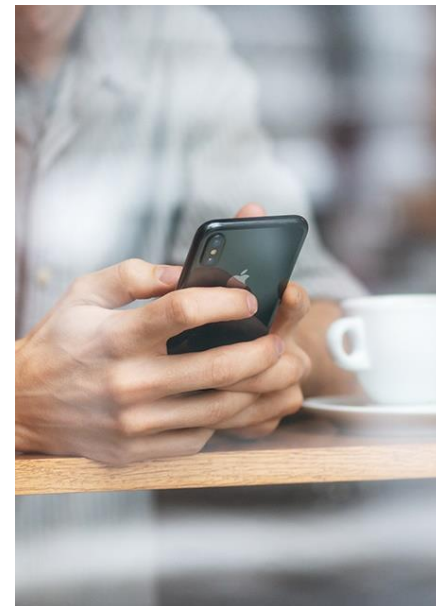
High profitability – average ROE of 13 per cent last three years



Most satisfied customers in the last 18 years

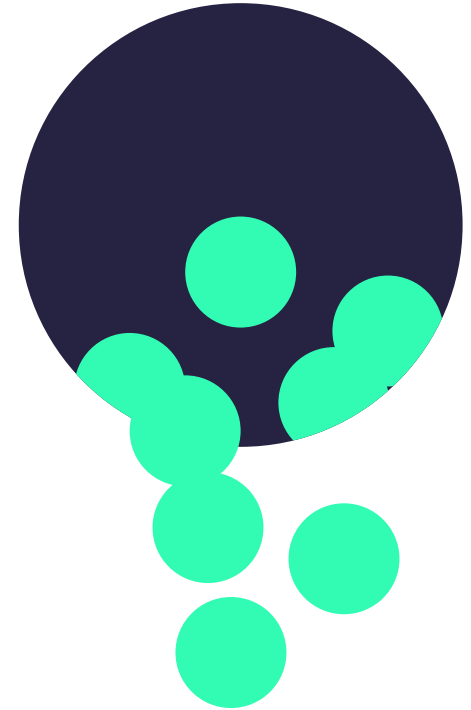


In 2019 launched game changing offering for SMEs and long-term savings



# Developments in the quarter

- Launched new platform and pricing model for fund distribution
- Growth in savings, FuM at NOK 14.0 billion
- Continuing SME solution rollout
- Loan book repricing supports improvement in net interest margin
- Robust lending growth, 2.2 per cent from previous quarter
- Result supported by lower than estimated resolution fund contribution
- Øyvind Thomassen new CEO

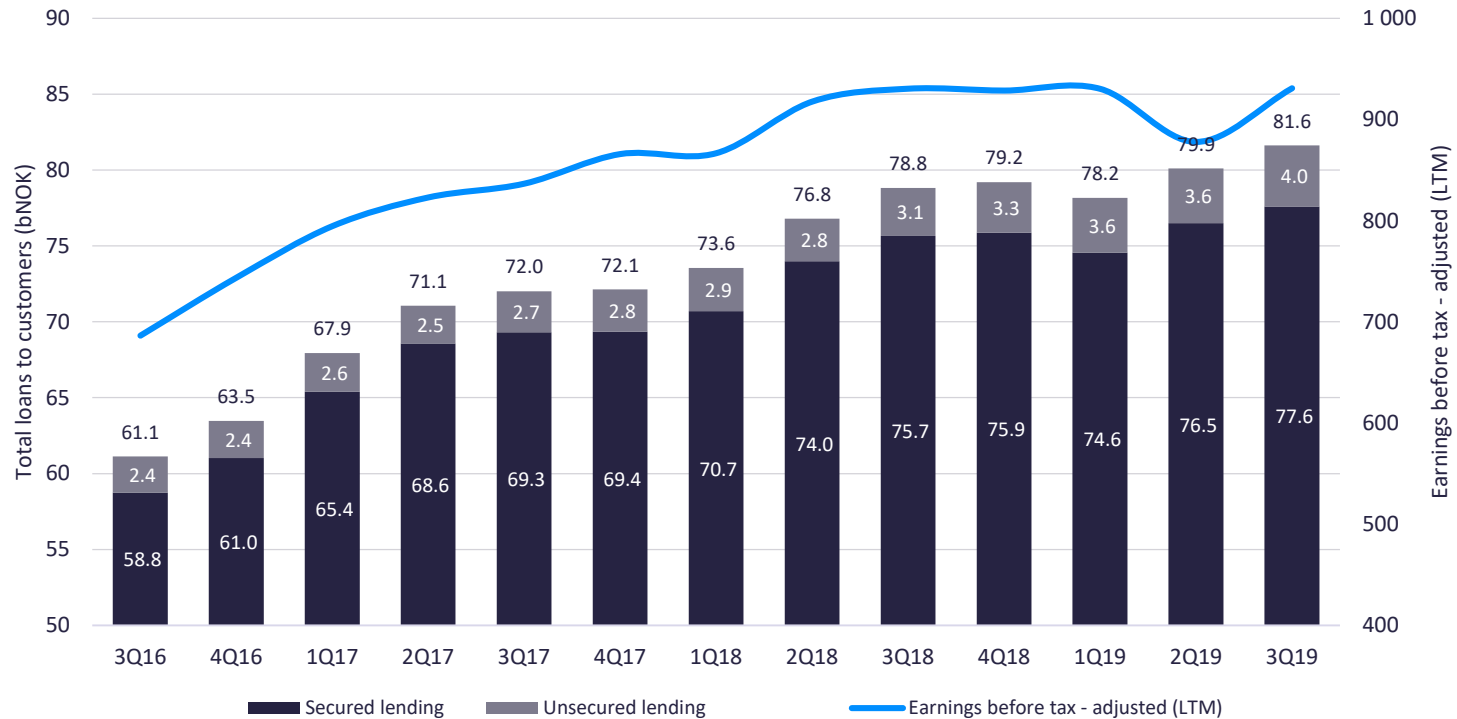


# Financial highlights

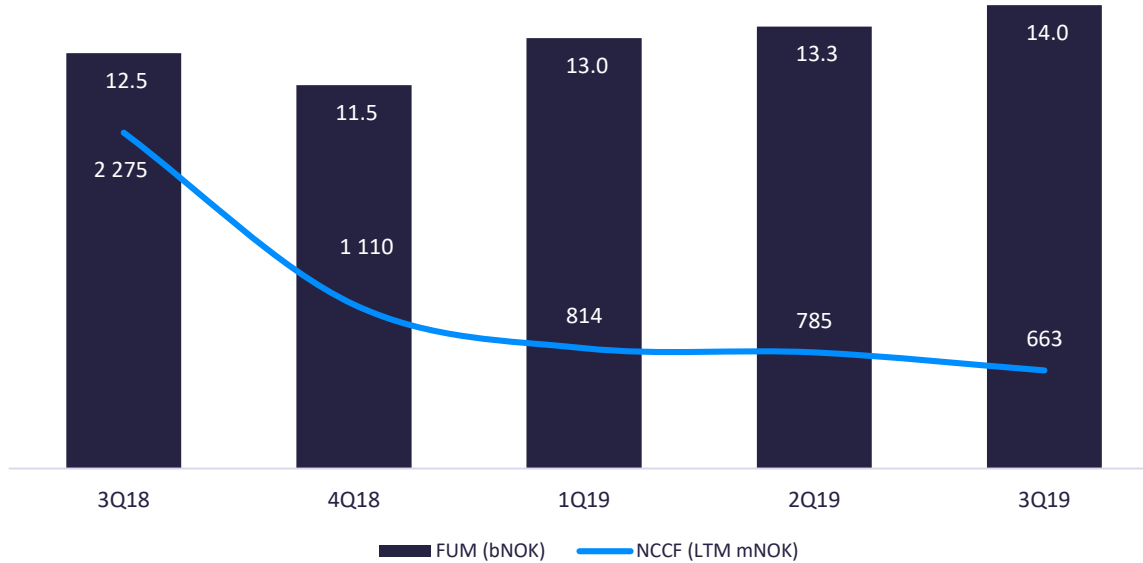
	Q3 – 2019	Q3 – 2018	12 month growth
Net interest income (NOK million)	420.8	333.3	26.3 %
Net fee and commission (NOK million)	63.8	62.8	1.7 %
Profit before loan losses (NOK million)	320.3	249.8	28.2 %
Net profit (NOK million)	217.7	178.0	22.3 %
Earning per share (NOK)	1.96	1.60	
ROE (per cent)	14.0	12.5	
Cost-to-income (per cent)	35.4	39.0	
NIM (per cent)	1.77	1.45	
Loan-loss-ratio (per cent)	0.18	0.10	
CET1* (per cent)	15.0	14.5	

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

# Profitable growth through scale and diversification



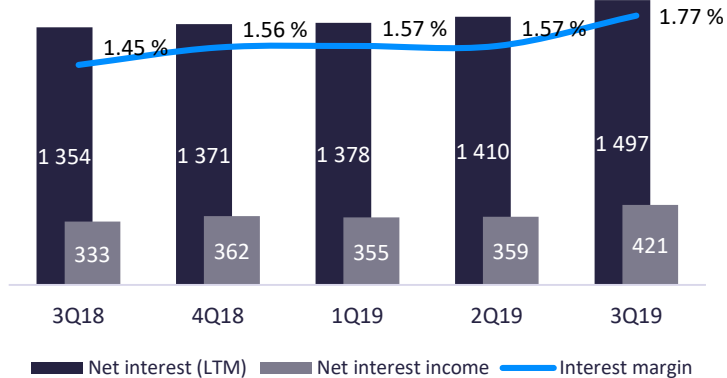
# Game changing price model in savings



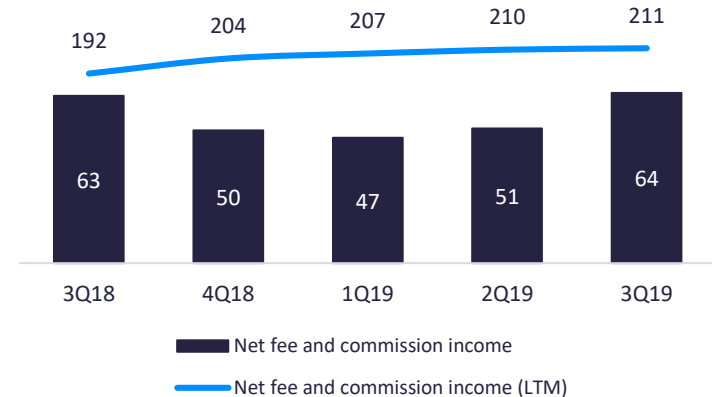
- Launched new platform and pricing model for fund distribution
- Kickbacks transferred to customers – introducing transparent platform fee

# Revenues

## Net interest income



## Net fee and commission income

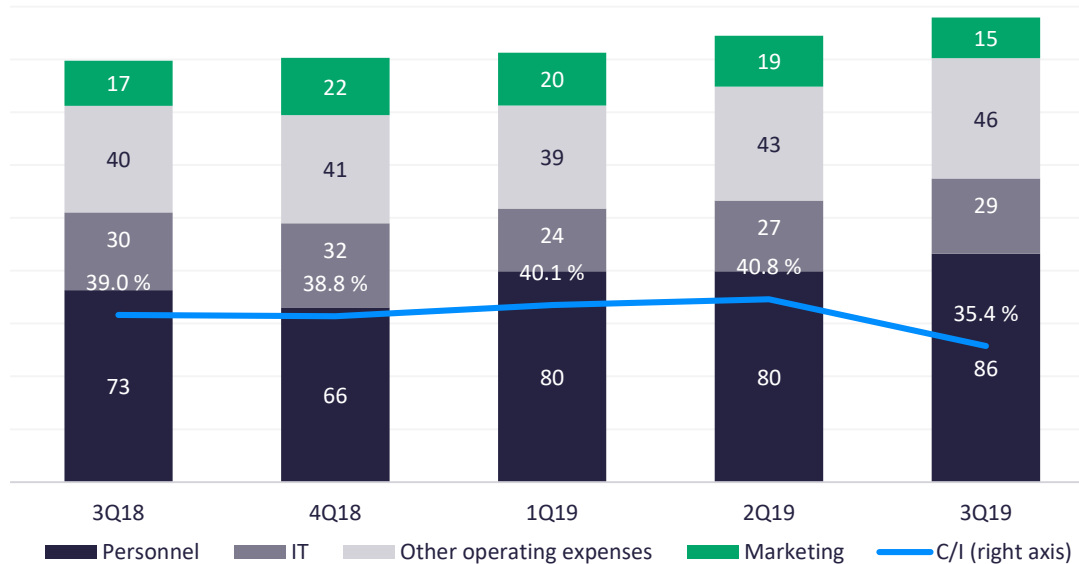


- NII increase with loan book repricing, lending growth and below forecast resolution fund
- Resolution fund contribution confirmed

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

# Operating cost

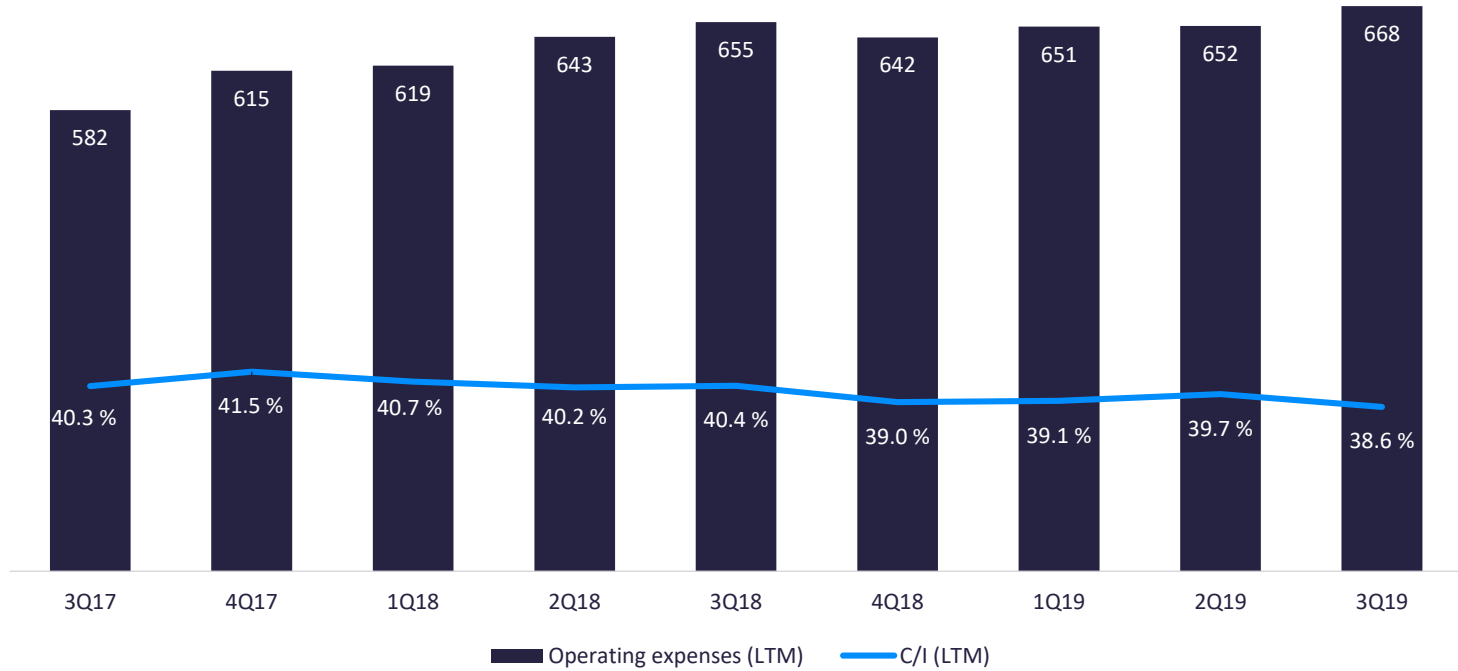
NOK million



- Higher other operating costs due to consultancy hires related to SME and savings initiatives
- Costs associated to CEO change booked in Q3
- Cost-to-income of 35.4 per cent in the quarter, including estimate change for resolution fund contribution

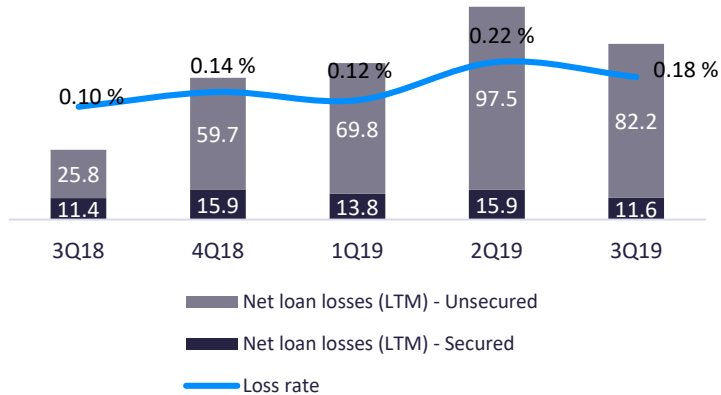


# Cost and cost-to-income



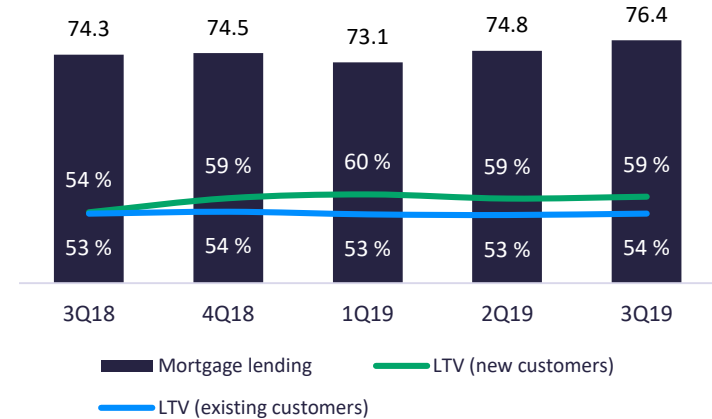
# Asset quality

Net loan losses and loss ratio



- Losses for consumer loans increased slightly
- Stable development in secured portfolio
- Expected loss level below 0.20 % for 2019

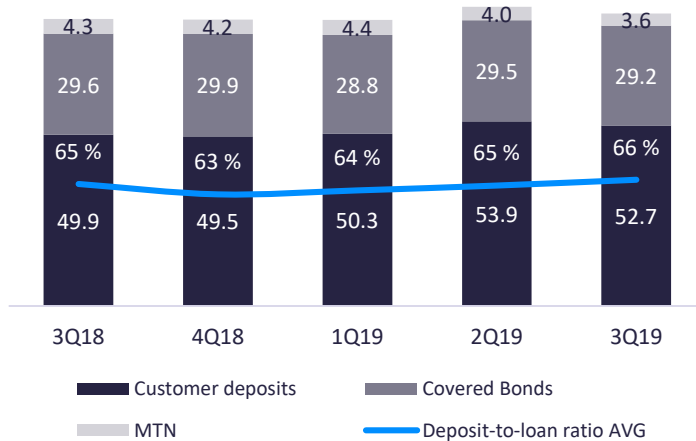
Mortgage lending and LTV



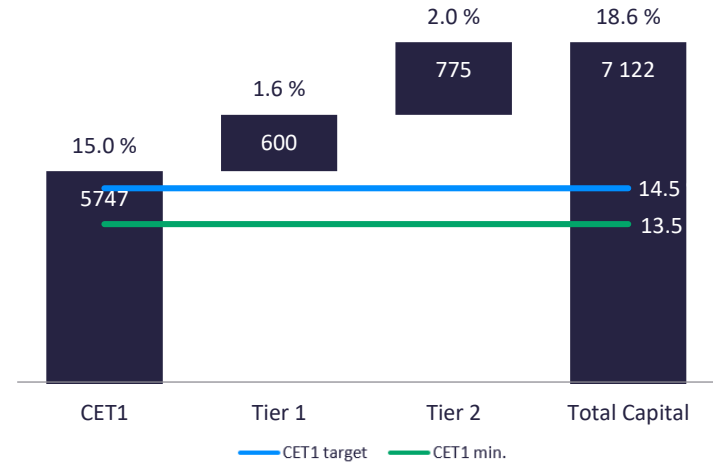
- Average LTV stable both for existing portfolio and new loans

# Funding and capital

## Funding



## Capital

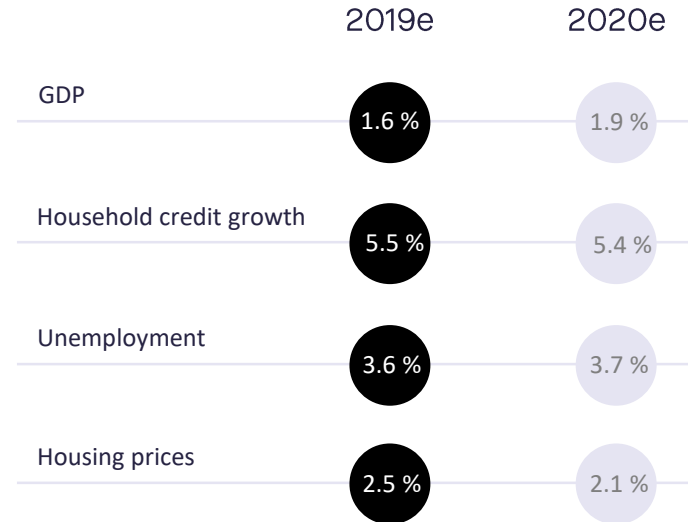


- Sbanken has addressed proposal from MoF regarding increased systemic risk buffer via consultation response
- Decision is expected in the fourth quarter






# Outlook 2019 and 2020



- Stable outlook for the Norwegian economy
- Norges Bank indicates stable policy rates going forward
- Strengthened net interest margin from reprising of lending book and lower than estimated resolution fund
- Well positioned in the savings market with game changing price move
- Overall loss level expected to be below 20 basis points
- Increased deposits by inflow of SME customers



# Targets 2019 - 2021

	Q3 2019	2018	Targets 2019 - 2021
 <b>Return on equity</b>	14.0 %	12.9 %	<b>14.0 %</b>
 <b>LTM EPS growth</b>	-2.3 %	9.9 %	<b>&gt; 10 %</b>
 <b>Pay-out-ratio</b>	N/A	26.8 %	<b>Up to 30 %</b>
 <b>CET1 ratio</b>	15.0 %*	14.5 %*	<b>14.5 %</b>
 <b>Cost-to-income ratio</b>	35.4 %	39.0 %	<b>&lt; 34 %</b>

\* Including 70 per cent retained earnings

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

# Important information

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

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

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

# Appendix

# Income statement

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



# Balance sheet

In NOK thousand	Note	30.09.19	30.09.18	31.12.18
<b>Assets</b>				
Cash and receivables with central bank	5	581 892	568 346	393 148
Loans to and receivables from credit institutions	5	1 108 269	1 747 245	229 401
Loans to customers	5, 6, 7, 17, 18	81 354 441	78 644 266	79 020 747
<b>Net loans to customers, central bank and credit institutions</b>		<b>83 044 602</b>	<b>80 959 857</b>	<b>79 643 295</b>
Commercial paper and bonds at fair value through OCI	17, 19	10 214 745	9 627 240	11 244 999
Shares and funds	17, 18, 19	169 089	164 096	156 769
Derivatives	19	265 675	0	201 977
Intangible assets		158 627	90 383	110 624
Deferred tax assets	16	16 489	9 125	17 253
Property, plant and equipment		152 039	18 867	18 607
Other assets		56 381	119 744	93 702
Advance payment and accrued income		29 446	35 547	23 481
<b>Total assets</b>		<b>94 107 095</b>	<b>91 024 860</b>	<b>91 510 707</b>
<b>Liabilities</b>				
Loans and deposits from credit institutions	17, 18	0	0	0
Deposits from customers	17, 18	52 653 797	49 930 355	49 534 250
Debt securities issued	10, 17, 18	32 769 320	33 764 518	34 309 941
Derivatives		0	91 265	0
Taxes payable	16	160 130	149 098	209 036
Pension commitments		30 797	37 217	30 797
Other liabilities		1 079 950	353 909	578 022
Subordinated loans	10, 17, 18	774 544	649 211	649 294
<b>Total liabilities</b>		<b>87 468 537</b>	<b>84 975 574</b>	<b>85 311 340</b>
<b>Equity</b>				
Share capital		1 068 693	1 068 693	1 068 693
Share premium		2 625 895	2 625 895	2 625 895
Additional Tier 1 capital	11	605 505	504 916	504 978
Other equity		2 338 465	1 849 781	1 999 801
<b>Total equity</b>		<b>6 638 558</b>	<b>6 049 285</b>	<b>6 199 367</b>
<b>Total liabilities and equity</b>		<b>94 107 095</b>	<b>91 024 860</b>	<b>91 510 707</b>

# Change in profit before tax

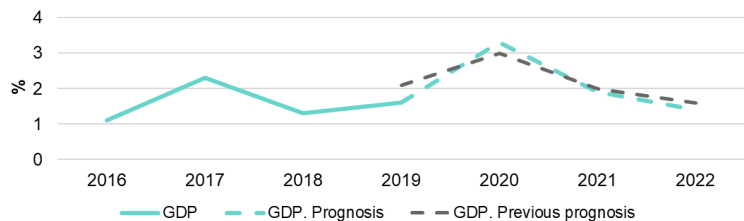
NOK million



# Norwegian macro development

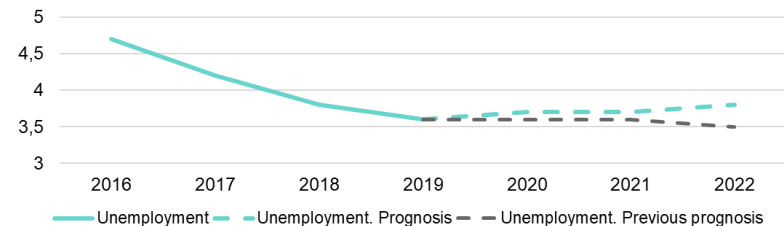
## GDP

Gross domestic product. SSB (y/y)



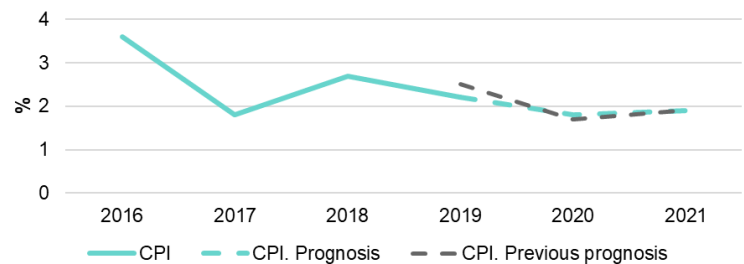
## Unemployment (AKU)

Unemployment rate (level). SSB



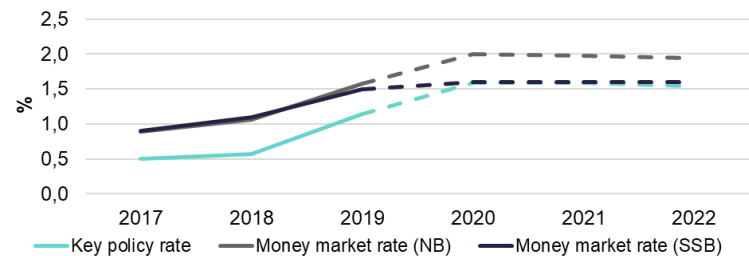
## CPI

CPI. SSB (y/y)



## Interest rates

Key policy rate and Money market rate



# Interest bearing lending and funding

## Interest bearing lending

NOKm		2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Home loans	Volume	74 495	74 276	74 495	73 139	74 838	76 447
	Interest income	1 733	431	463	473	475	513
	Effective rate <sup>1</sup>	2.41 %	2.36 %	2.48 %	2.57 %	2.59 %	2.71 %
Car loans	Volume	1 188	1 200	1 188	1 184	1 180	1 154
	Interest income	60	15	15	15	16	15
	Effective rate <sup>1</sup>	4.91 %	4.90 %	5.00 %	5.01 %	5.36 %	5.23 %
Consumer loans	Volume	1 934	1 772	1 934	2 209	2 325	2 341
	Interest income	157	39	45	52	59	63
	Effective rate <sup>1</sup>	9.80 %	9.56 %	9.96 %	9.92 %	10.44 %	10.68 %
Other credit products <sup>2</sup>	Volume	1 596	1 569	1 596	1 632	1 521	1 681
	Interest income	178	43	46	46	47	46
	Effective rate <sup>1</sup>	10.96 %	10.71 %	11.14 %	11.52 %	11.26 %	11.03 %
Interest bearing securities	Volume	11 245	9 627	11 245	10 244	10 080	10 215
	Interest income	136	37	37	43	45	50
	Effective rate <sup>1</sup>	1.27 %	1.25 %	1.37 %	1.61 %	1.71 %	1.87 %
Total	Volume	91 511	91 029	91 511	91 072	94 959	94 107
	Interest income	2 275	568	609	633	647	694
	Effective lending rate <sup>1</sup>	2.55 %	2.48 %	2.64 %	2.76 %	2.83 %	2.94 %

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

## Interest bearing funding

NOKm		2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Deposits	Volume	49 534	49 930	49 534	50 256	53 930	52 654
	Interest expense	340	84	95	102	104	108
	Effective rate <sup>1</sup>	0.69 %	0.66 %	0.76 %	0.83 %	0.82 %	0.81 %
	Bank guarantee fee	37	9	9	25	26	-8
	Effective rate incl. fee <sup>1</sup>	0.77 %	0.74 %	0.83 %	1.03 %	1.02 %	0.75 %
Debt securities in issue	Volume	34 310	33 765	34 310	32 817	33 050	32 769
	Interest expense	507	135	137	142	151	151
	Effective rate <sup>1</sup>	1.51 %	1.57 %	1.56 %	1.71 %	1.83 %	1.98 %
Other int. bearing funding <sup>3</sup>	Volume	0	0	0	0	0	0
	Interest expense	0	0	0	0	0	0
	Effective rate <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Total	Volume	84 493	84 435	84 493	83 847	87 755	87 469
	Interest expense	904	234	246	277	288	273
	Effective funding rate <sup>1</sup>	1.01 %	1.02 %	1.06 %	1.22 %	1.26 %	1.15 %

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

# Non-performing and doubtful loans per product

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

# Financial calendar

14.11.2019

Quarterly report Q3 2019

14.02.2020

Quarterly report Q4 2019

