

Sbanken

Repositioning Consumer Loans



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Sbanken

We inspire our customers to make smart economic decisions for the future

Introduction

Sbanken (then Skandiabanken Norge) was established as a subsidiary of Skandibanken AB on the 27th of April 2000 as Norway's first pure Internet bank. With a vision of being a customer run bank that would enable their customers to become "their own bank manager". The concept of banking would be solved in a new way:

- Pure Internet bank
- No bank charges
- Self-service
- Open pricing
- Simple, understandable products

Sbanken's strategy is to be Norwegian customers' favorite bank by offering uncomplicated and simple products through self-service, digital solutions at competitive prices.

Sbanken's ideology is to put the customer first, inspire them to make smart decisions and to be brave and create change.

Sbanken is considering repositioning their consumer loans product. Consumer loans supply customers with liquidity when something unexpected happens. The loan is given without any form of security. This creates a high degree of flexibility and gives their customers economic security. When compared to credit cards, consumer loans from Sbanken have a significantly lower interest rate, and are a good alternative for customers who wish to move or refinance credit from other banks. In 2019, Sbanken's consumer loans increased by NOK 328.5 million, corresponding to growth of 17.0 per cent. At year-end 2019, outstanding consumer loans amounted to NOK 2.3 billion, accounting for 2.8 per cent of the bank's loans to customers. Net interest income from this product represented 8.6 per cent of the bank's total interest income during the year.¹

One of the reasons for Sbanken to reposition their consumer loans is that consumer loans have lately earned a bad reputation, with negative associations from TV-programmes like "luksusfellen" (the luxury trap) where people with enormous consumer loans from many suppliers are helped to straighten out their economy. The consumer loan suppliers are the culprits in these programmes. Sbanken have increased their focus on their Environmental, Social and Corporate Governance (ESG) policy and view the repositioning as part of this policy. In repositioning these loans Sbanken would like to offer consumer loans with good terms to customers with a sound economy. In addition they would like to offer customers

¹ <https://ml-eu.globenewswire.com/Resource/Download/fd357315-d931-4ba9-b1da-a2daa2842e5d> (Annual report)

with numerous, expensive small loans the opportunity to refinance these into one loan with better terms than they have.

Sbanken needs your help to reposition, sell and market this product. However, the repositioned product must:

1. Comply with the vision of helping the customer make smart economic decisions in an easy way.
2. Be aligned with Sbanken’s Environmental, Social and Corporate Governance (ESG) policy.
3. Create profitable growth for Sbanken’s owners.

The timeline for the project you propose should be three years.

Sbanken

History²

Sbanken was launched in April 2000, as Norway’s first online-only bank, under the name Skandiabanken. Back then, the bank operated as a Norwegian branch of Skandiabanken AB, part of the Swedish insurance group Skandia Liv. On 5 October 2015, Skandiabanken’s Norwegian branch was transformed into a standalone company, which was listed on Oslo Børs less than a month later (2 November 2015). With this, Skandiabanken became the fifth biggest listed company in Hordaland county. A condition for the transformation into a standalone company was that the bank had to change its name within three years, which happened two years later, on 6 November 2017, when the bank changed its name from Skandiabanken to Sbanken. In 2019, Sbanken launched a corporate banking initiative, thereby continuing the tradition from 2000 of challenging the big banks and their fees.

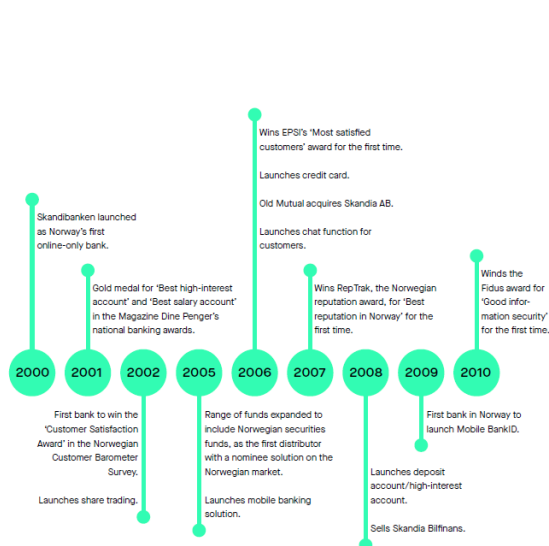


Fig 1 Sbanken’s history 2000 – 2010

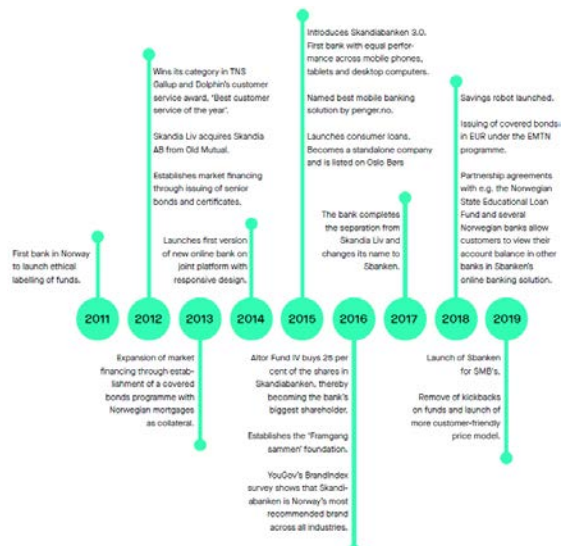


Fig 2 Sbanken’s history 2010 – 2019

² Annual report 2019

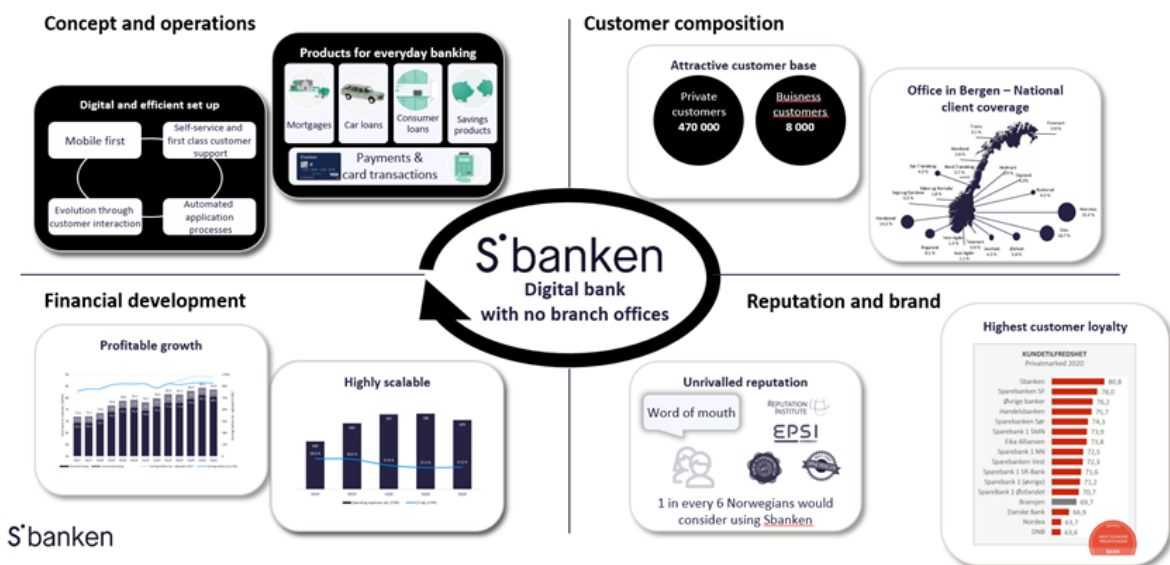
Sbanken today

Sbanken at a glance:

Sbanken's lending consists of credit to individuals, primarily in the form of home loans, car loans, consumer loans, account credit and credit cards, as well as loans secured by securities.

According to the Norwegian Customer Satisfaction Barometer survey, Sbanken has had the most satisfied banking customers in the country for 18 years in a row. In 2019, Sbanken won a total of six awards for innovation, brand, customer loyalty and customer satisfaction.

Sbanken today



Customers

Since the launch in 2000, it has been Sbanken's goal to offer uncomplicated, simple products through digital self-service solutions at competitive prices. Combined, this has earned us the position of customers' favourite bank. Since the bank was listed in 2015, the lending portfolio has grown from NOK 55 to 81 billion. This corresponds to an average annual growth of around 9.4 per cent, which means that the bank has won market shares. The customer portfolio has grown steadily during the same period. The bank gained 13 000 new customers in 2019 and had a total of 465 000 customers at year-end.

Sbanken has:

- 470 000 active customers
- > 167 000 total customers
- > 15 000 beta customers, testing new products, services and functionality
- > 250 customers building their own bank services in a development portal

Owners

Sbanken is an attractive investment object, fast growing and technologically advanced. The bank is on the front line of PSD2 (Second / Revised Payment Services Directive) integration, working with other banks and other institutions like Lånekassen (Governmental loans for students). Sbanken was the first Norwegian bank with open API (Application Programming Interface) towards their customers. Sbanken actively involve their customers in developing new product and services. Changes in regulations are seen as opportunities.

76% of the permanent employees have shares in the bank.

The five largest owners are (at 31st December 2019):

- Altor Fund IV (25%)
- Lannebo Fonder AB (4.6%)
- Fidelity Management (4.5%)
- Odin Forvaltning AS (3.7%)
- DWS Investment GmbH (3.4%)

Corporate Social Responsibility³

Sbanken's ideology is to put the customer first. Sbanken shall inspire customers to make smart financial choices, to be bold and create positive change, by making their services simple and accessible to the general public. They wish to create a fair deal between the stakeholders: customers, owners and employees.



The customer can expect Sbanken to:

- be open, honest and fair.
- give good advice based on the customer's needs and financial situation.
- keep the customer up to date about how the savings are managed through the funds distributed on Sbanken's platform.
- facilitate dialogue that allows them to make suggestions on how the bank's products and services can be improved.
- sell and market financial services in an informative, transparent manner.
- have a high level of accessibility based on customers' expectations and needs.

Sbanken uses all the SDGs to guide its work on corporate social responsibility and sustainability, focusing on the following in particular:

³ Annual report 2019



Goal 5: Gender Equality

Goal 8: Decent Work and Economic Growth

Goal 9: Industry, Innovation and Infrastructure

Goal 10: Reduced Inequalities

Goal 13: Climate Action

Goal 17: Partnership for the Goals

Corporate social responsibility and sustainability is about more than being environmentally and climate friendly. It is about identifying new opportunities, fresh thinking and investing in people and a greener future. The value we create today must be long-term and provide financial predictability and good living conditions in healthy surroundings for the next generation. Sustainable development is development that is profitable in the long term.

It is Sbanken's ambition to influence people, the environment and society around them in a positive way. They seek to strengthen their positive impact and reduce their negative impact on all stakeholders:

- *Balance between the stakeholders in Fair Deal means long term value creation for all stakeholders.*
- *ESG criteria must be implemented in all operations in the bank.*
- *The bank's vision is to make sound economic advice available and uncomplicated for most people.*
- *To address the ESG issues material for its operations, Sbanken focus on the following SDGs highlighted above.*

Conclusion

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The people at Sbanken are looking forward to hearing your solutions.

Good luck!