



sparebanken
sogn og fjordane

Interim report

2. quarter 2021

Headlines Q2 2021

(Figures in brackets are for the same period last year)



Nice growth in loans to customers: 5,3% over the past year



Increase in net interest income: NOK 231 mill. (NOK 202 mill.)



Reduction in results from financial instruments: NOK 60 mill (NOK 129 mill.)



Loan losses: NOK 9 mill. (NOK 6 mill)



Solid liquidity and solidity:

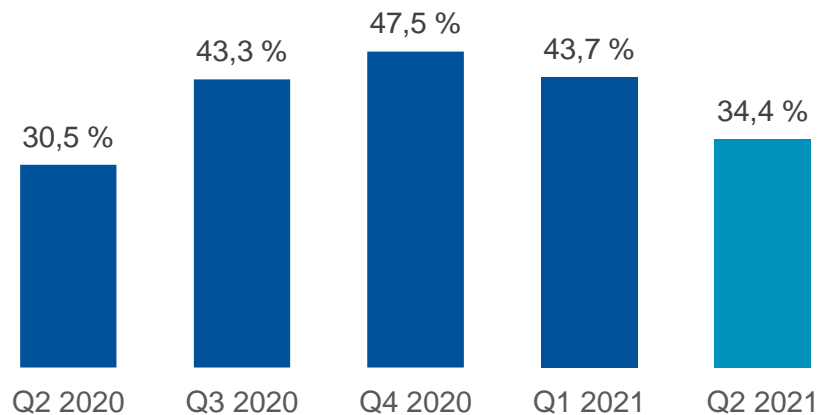
- LCR 194 % (162 %)
- Core Tier 1 Capital adequacy ratio: 15,8 % (15,5 %)



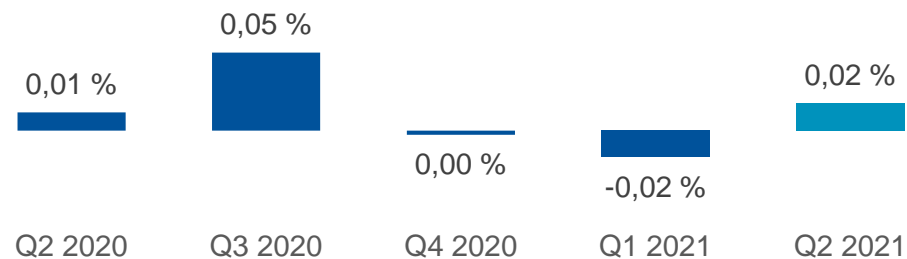
Return on equity: 12,8 % p.a. (17,6 % p.a.)

Development important key figures

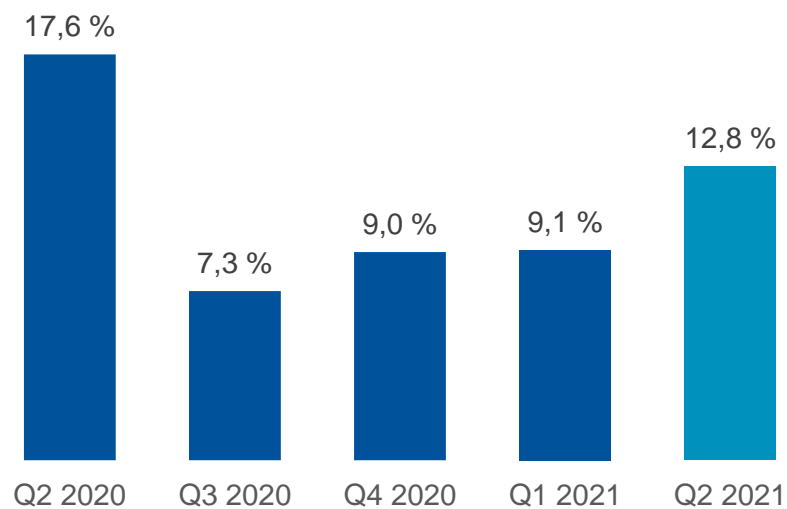
Cost/income ratio



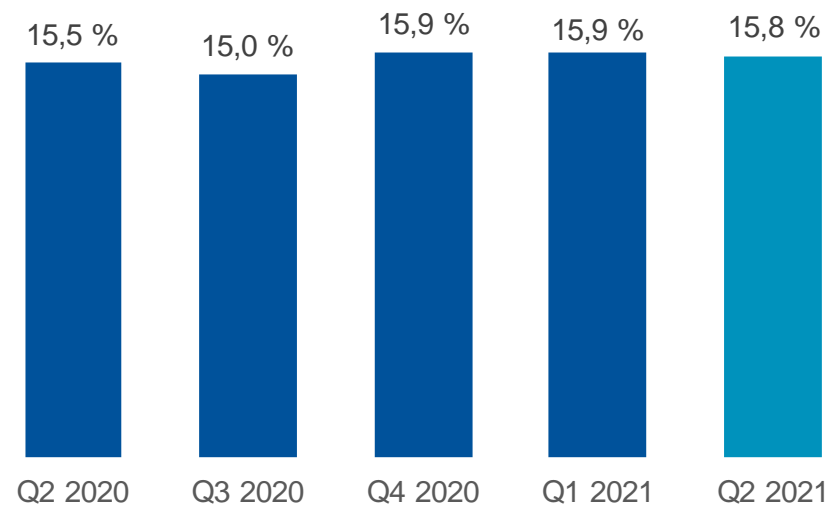
Impairment loss



Return on equity



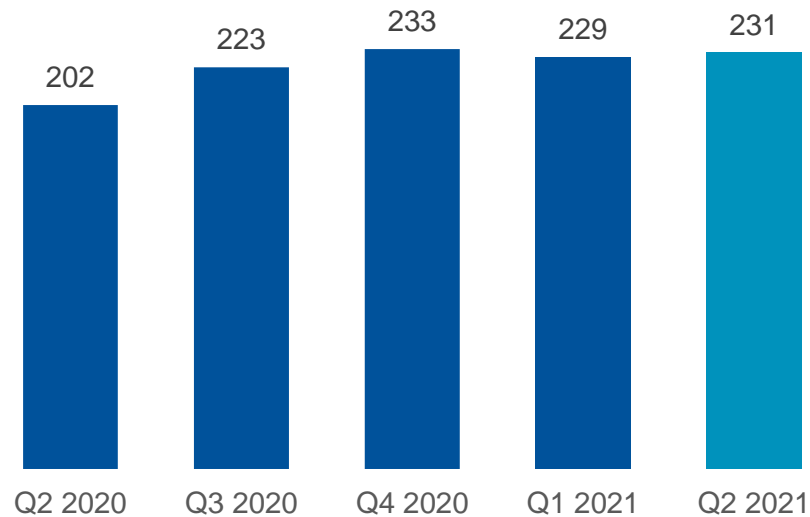
Core Tier 1 capital adequacy ratio



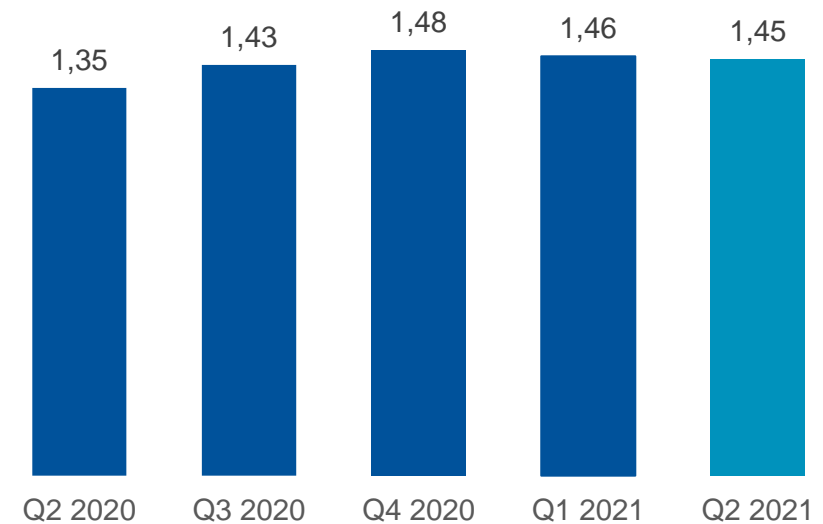
Stable net interest income in recent quarters

Net interest income was particularly low in Q2 last year due to reduction of customer interest rates before we got the impact from lower funding costs

Net interest income



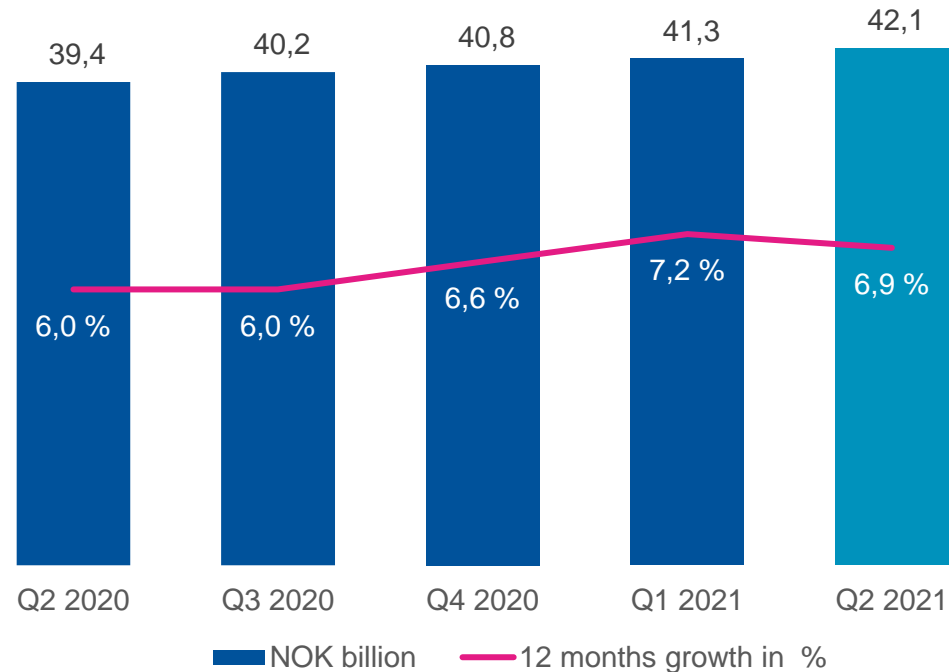
Net interest income as a percentage of average assets



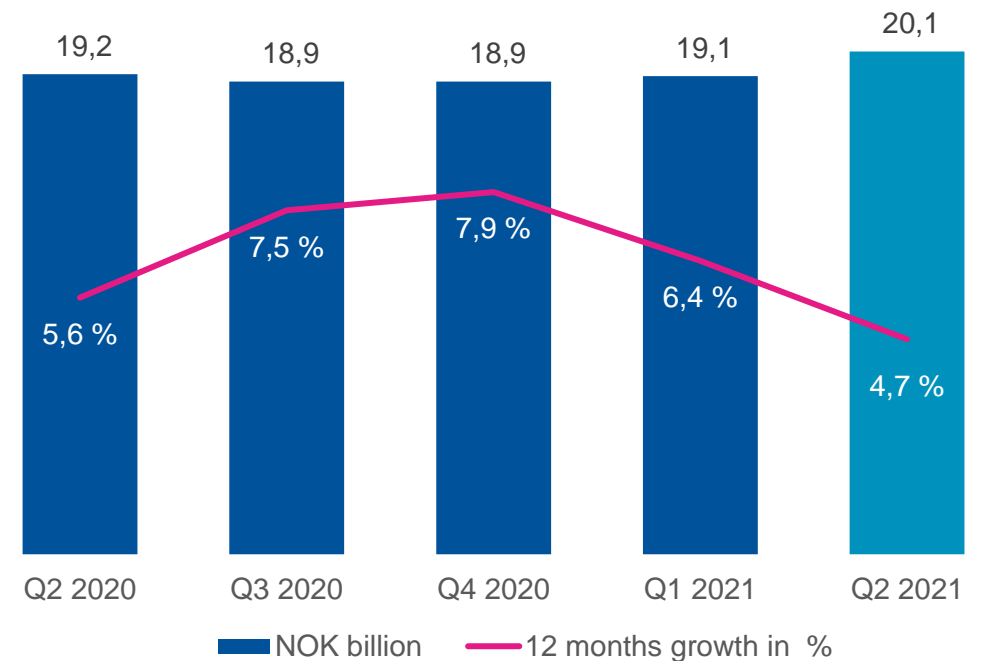
Net interest income in NOK million and as a percentage of average total assets

Strong growth in the retail market

Loans retail market



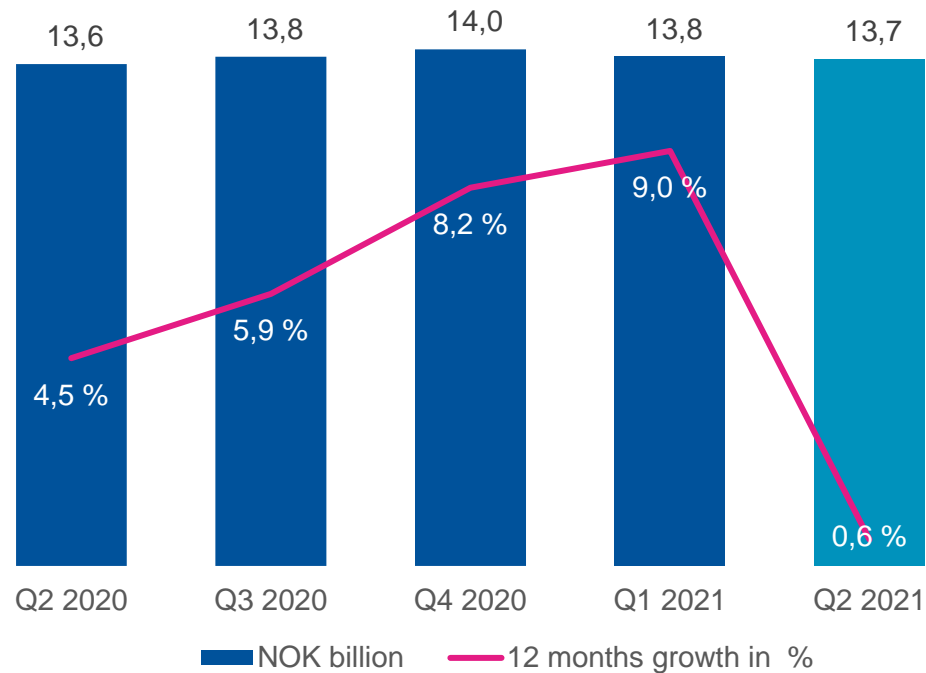
Deposits retail market



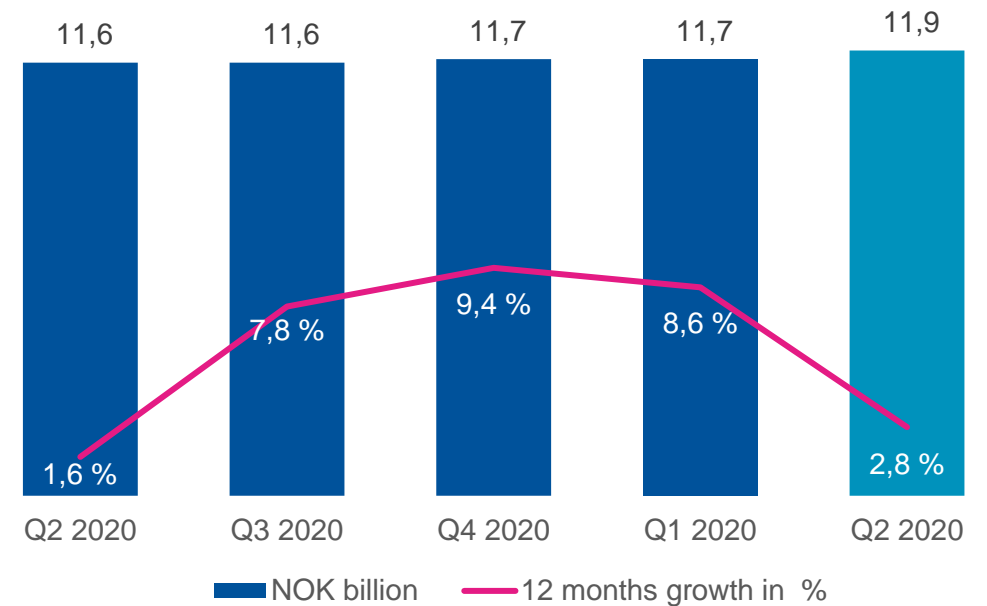
Reduced growth in the corporate market

Mainly as planned after strong growth in 2020

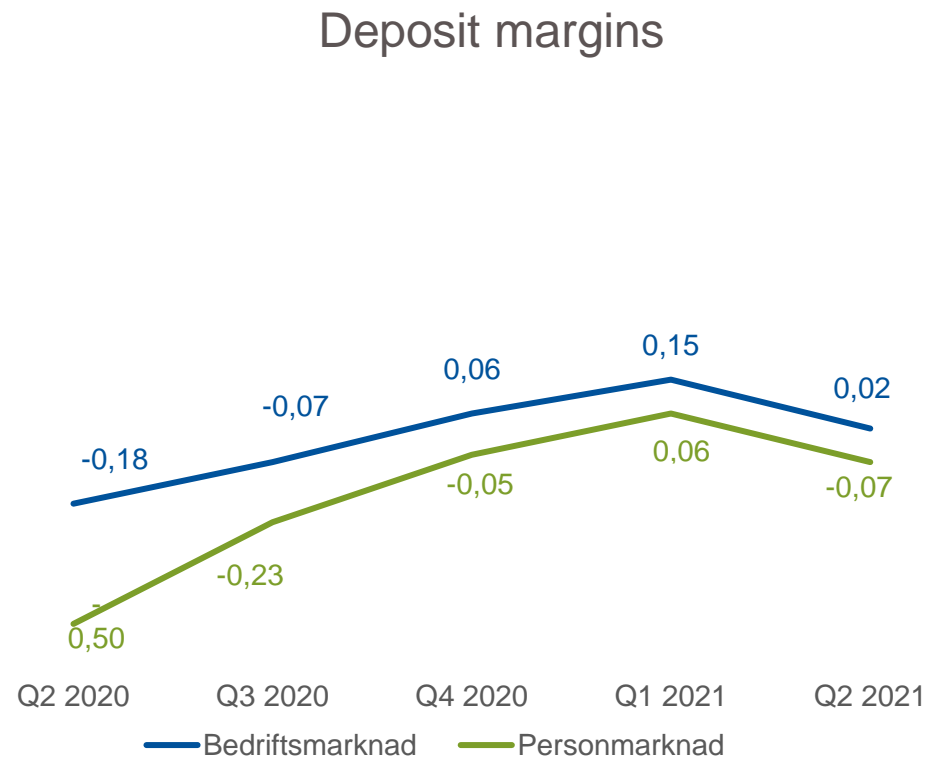
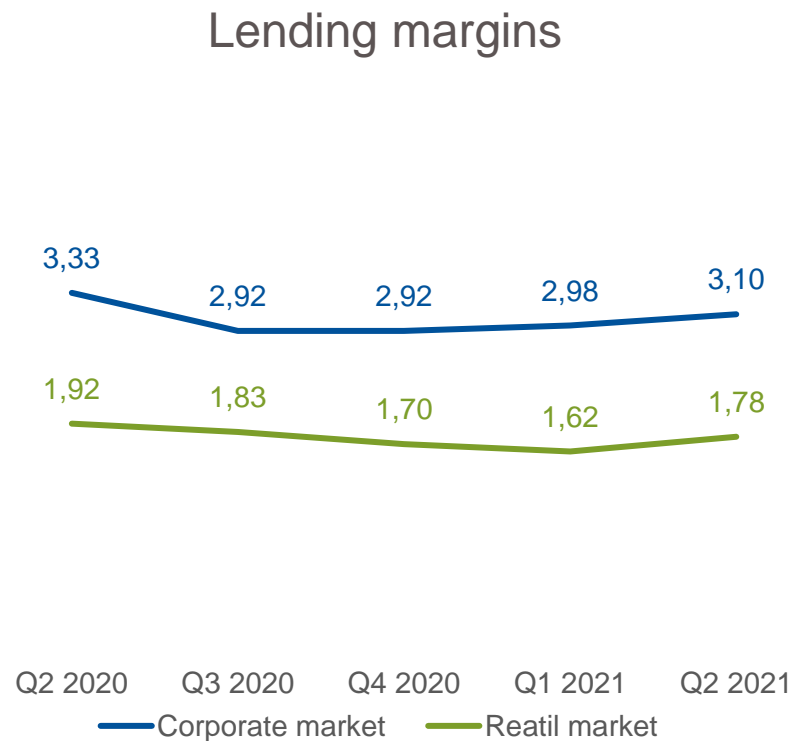
Loans corporate market



Deposits corporate market



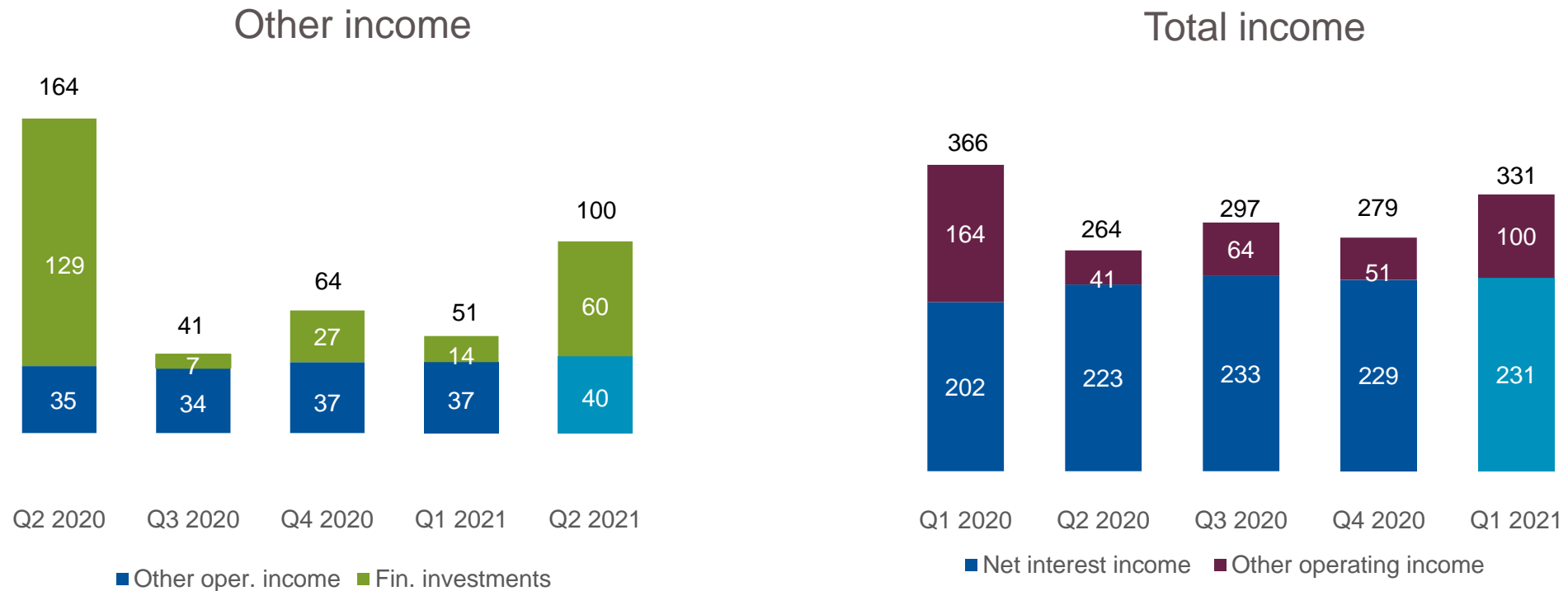
Increase in the lending margin the last quarter



Shows deposit and lending rates for deposits and loans from customers measured against 3 month. The graph includes both deposit and loans with floating and fixed interest rates. Deposits and loans in foreign currency are not included.

Good development in other income for the quarter

Good results from investments in shares for both Q2 this year and last year. Specially related to Frende Holding AS

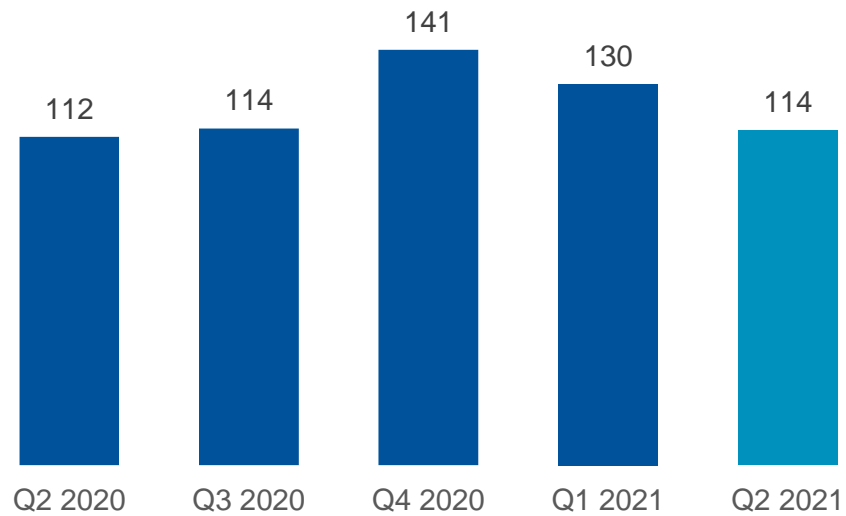


Figures per quarter in mill. NOK.

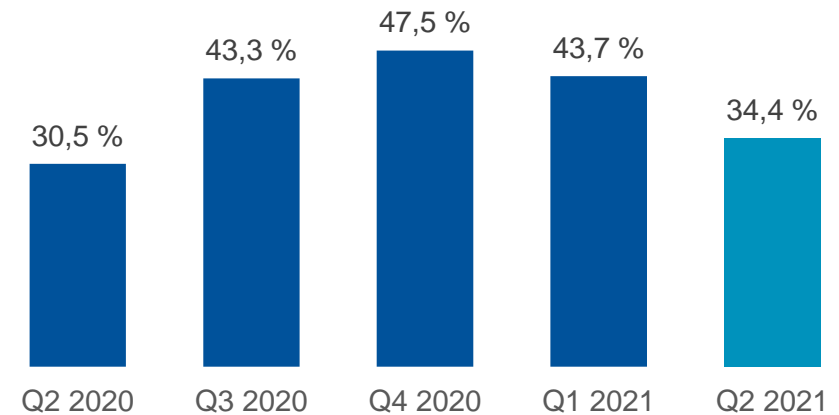
Good expense control- many expense items are reduced

Focus on measures that provide cost-effective operation

Operating expenses



Cost/income ratio

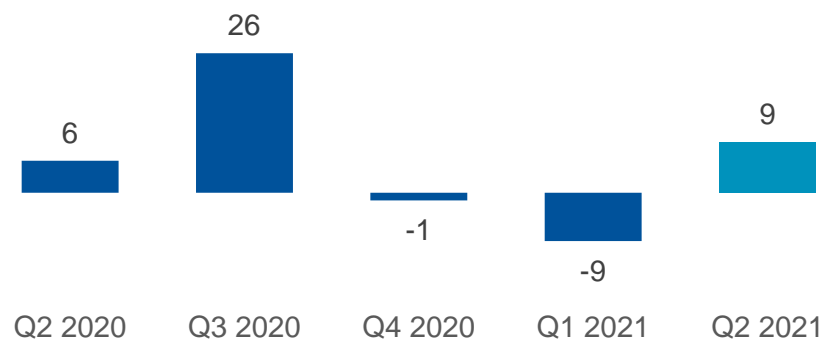


Figures per quarter in mill. NOK.

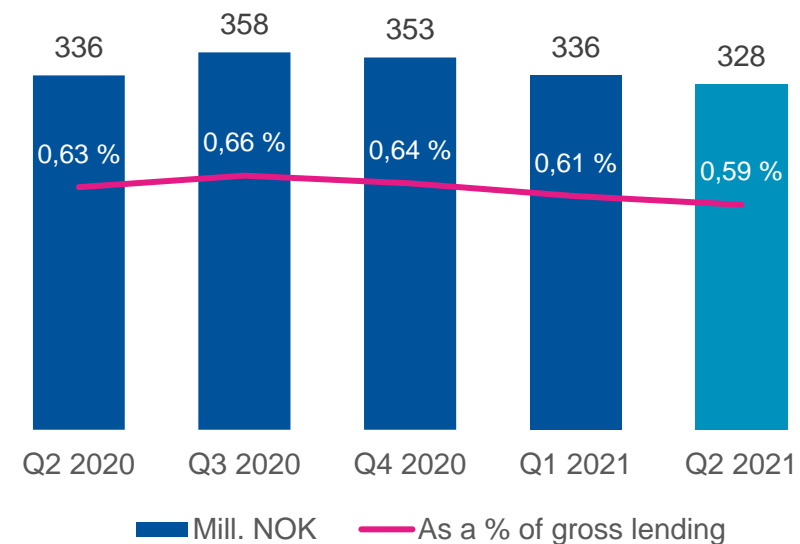
Low impairments and reduction in loss allowance

Overall the economic outlook is improving

Impairments



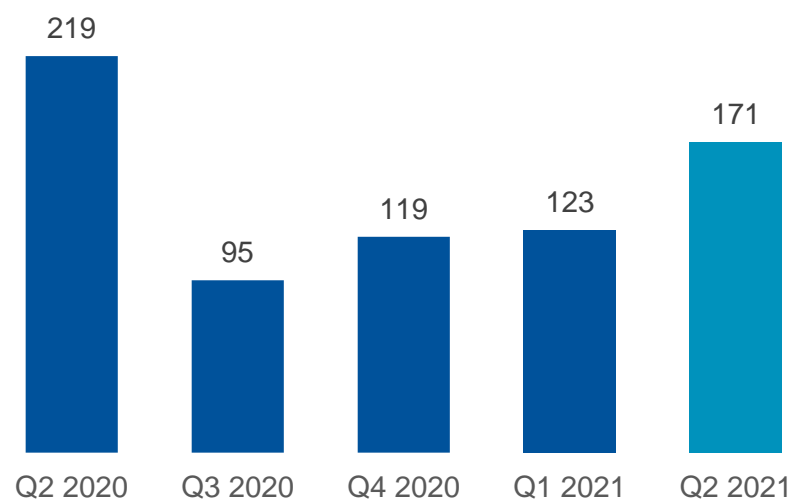
Impairment provisions



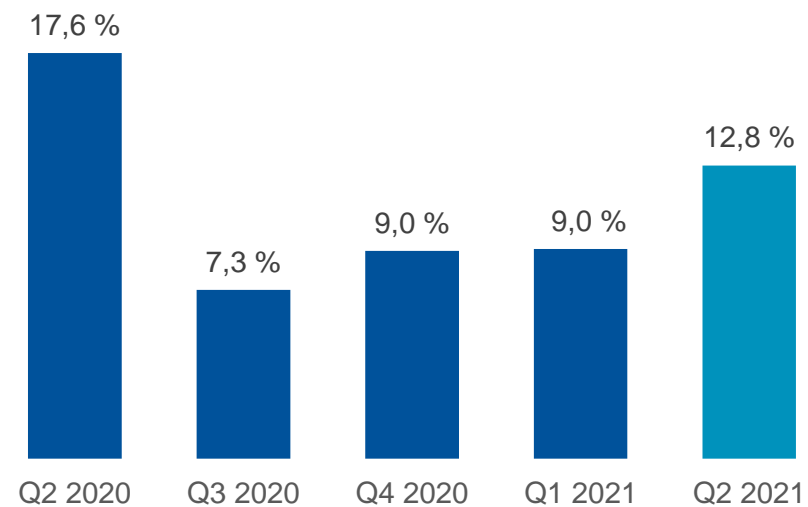
Figures per quarter in mill. NOK.

Good results for the quarter

Total comprehensive income



Return on equity

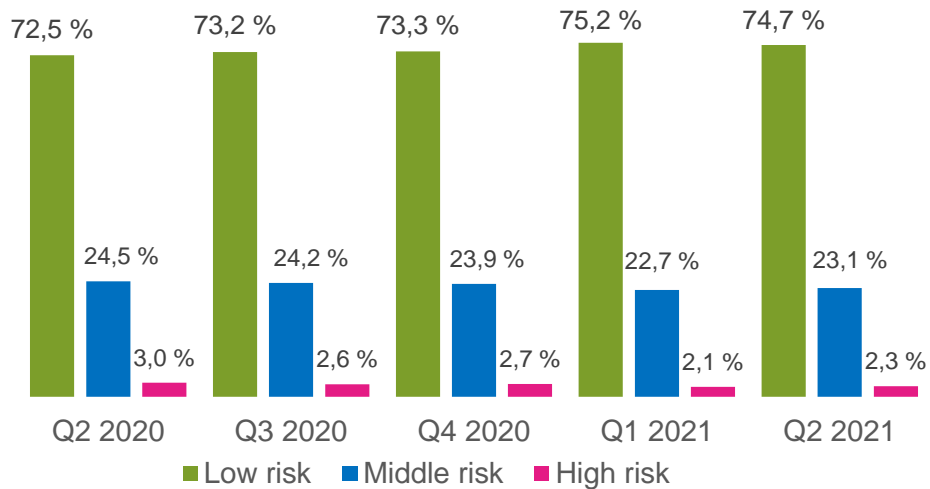


Figures for the quarters in NOK mill. Return on equity is calculated based on the opening equity excl. hybrid capital.

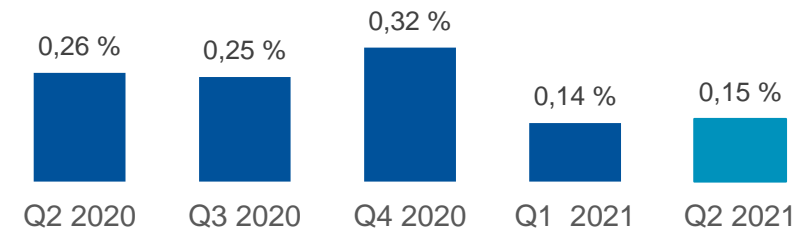
Low and stable credit risk in the retail market

Defaults over 90 days have been reduced and payment relief to customers back at the same level as before the pandemic

Composition of risk for loans to RM



Loans to the RM in default >90 days

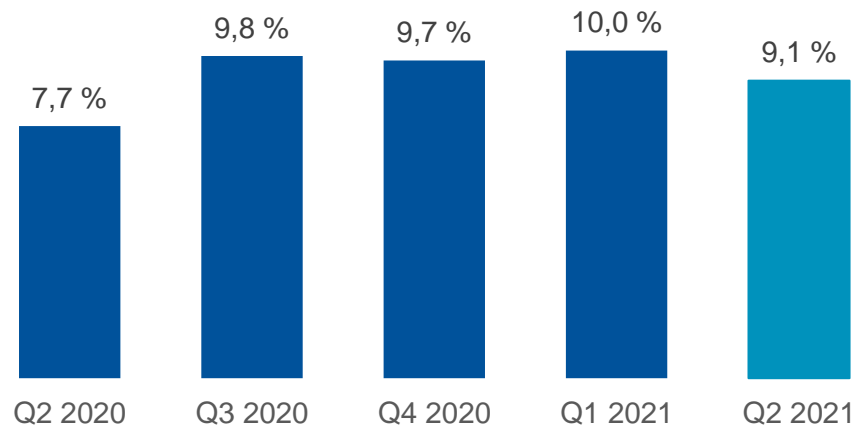


New default definition adopted Q1-21. The figures are therefore not entirely comparable

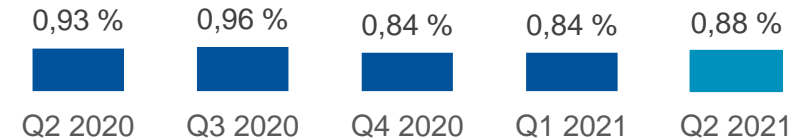
Credit risk in the in the corporate reduced

We still consider the risk in the CM market to be higher than before the Covid-19 pandemic

Loans to the corporate market at high risk



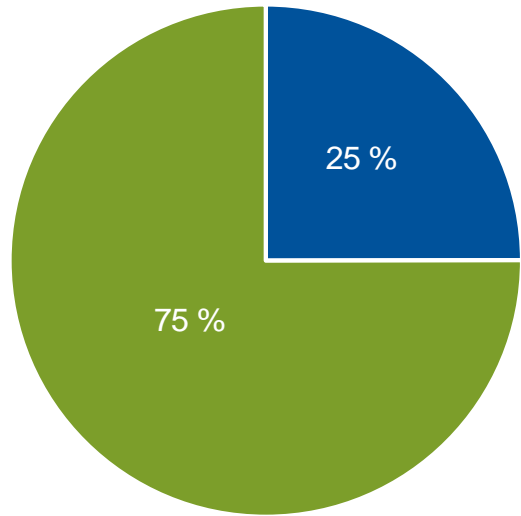
Loans to the corporate market in default > 90 days



New default definition adopted Q1-21. The figures are therefore not entirely comparable.

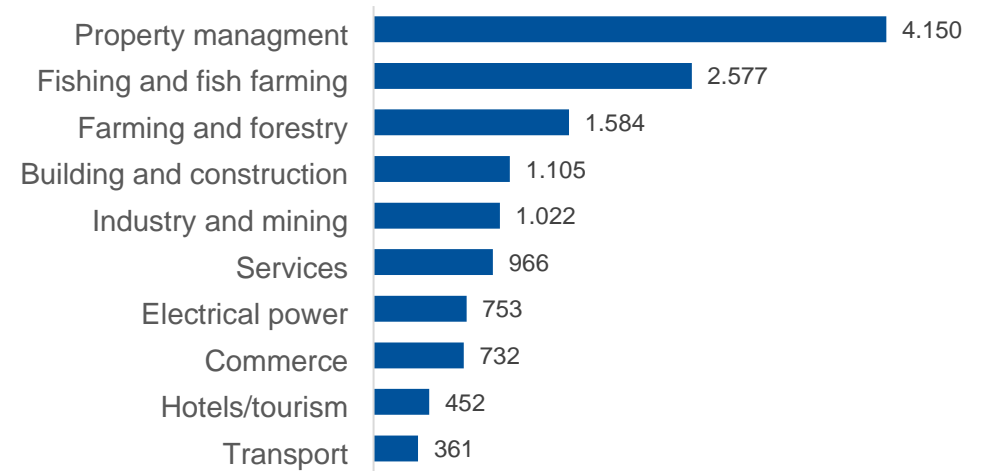
Segments and industries

Lending segments



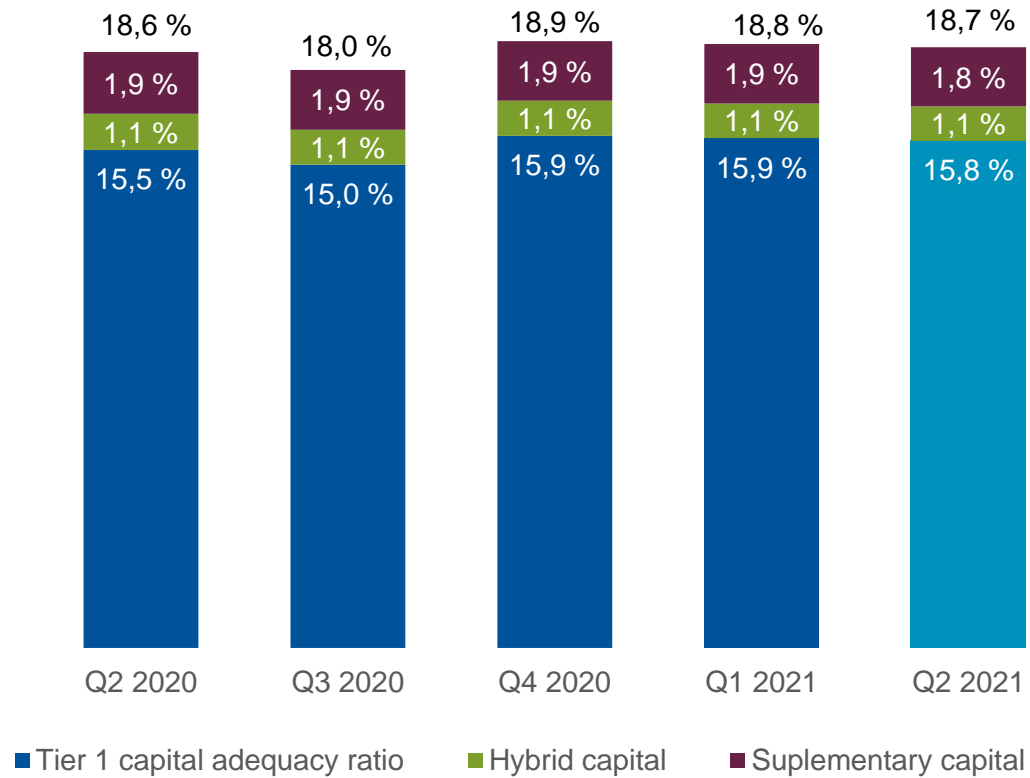
■ Corporate market ■ Retail market

Lendings to the corporate market in NOK mill.

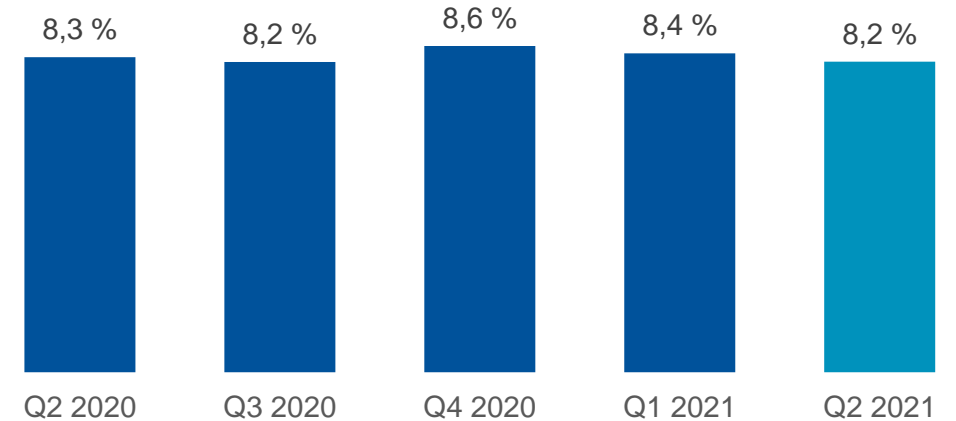


Solid capital adequacy ratio

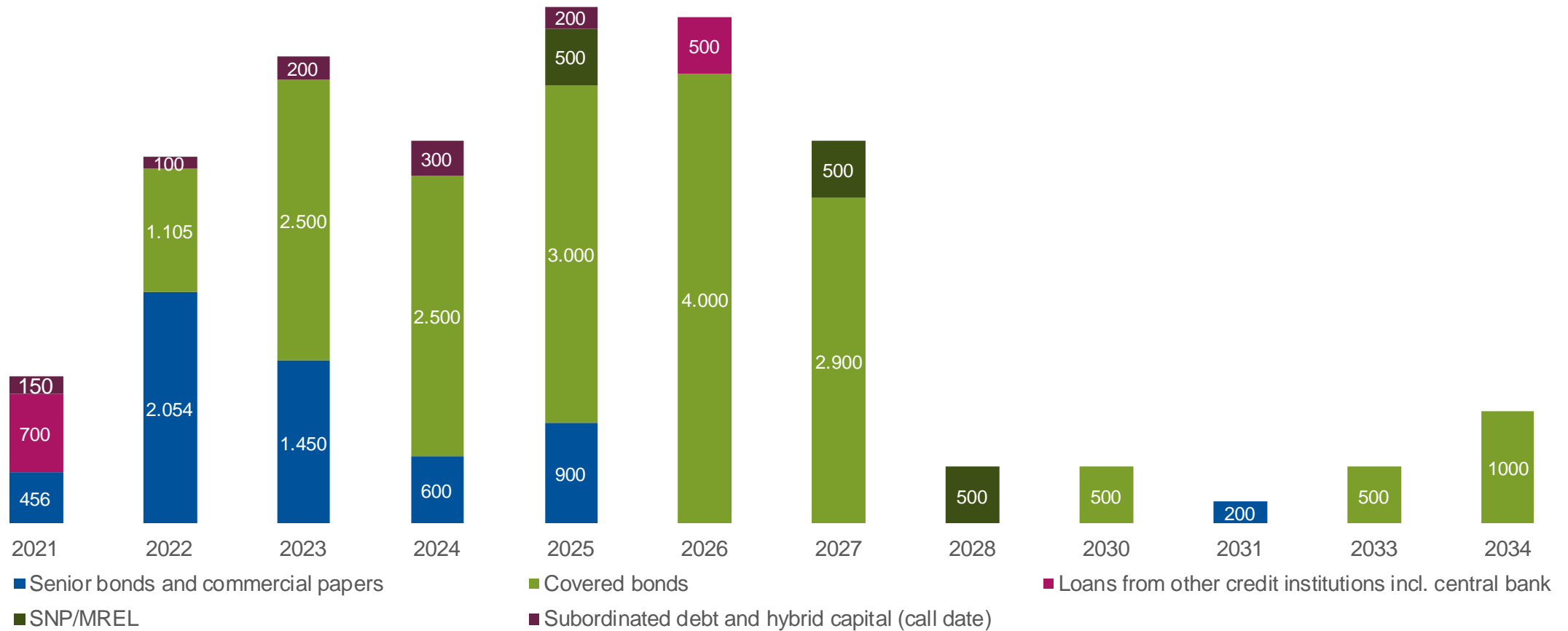
Capital adequacy ratio



Leverage ratio



Maturity structure of funding



Figures in NOK mill.



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The bank's role in the community

Market shares in Sogn og Fjordane

Retail Market* **47,8 %**

Corporate Market* **37,6 %**

Estate Agency** **40,0 %**

* Source: SSB, earlyWarning SSF, figures as of Q1 2021

**Source: Property values, figures as of Q2-2021

VISION

A driving force for Sogn og Fjordane

STRATEGIC GOALS

Independence and partnerships
Financial performance in line with comparable regional savings banks

VALUE PROPOSITION



Community engagement
Personal and approachable
Smart digital services

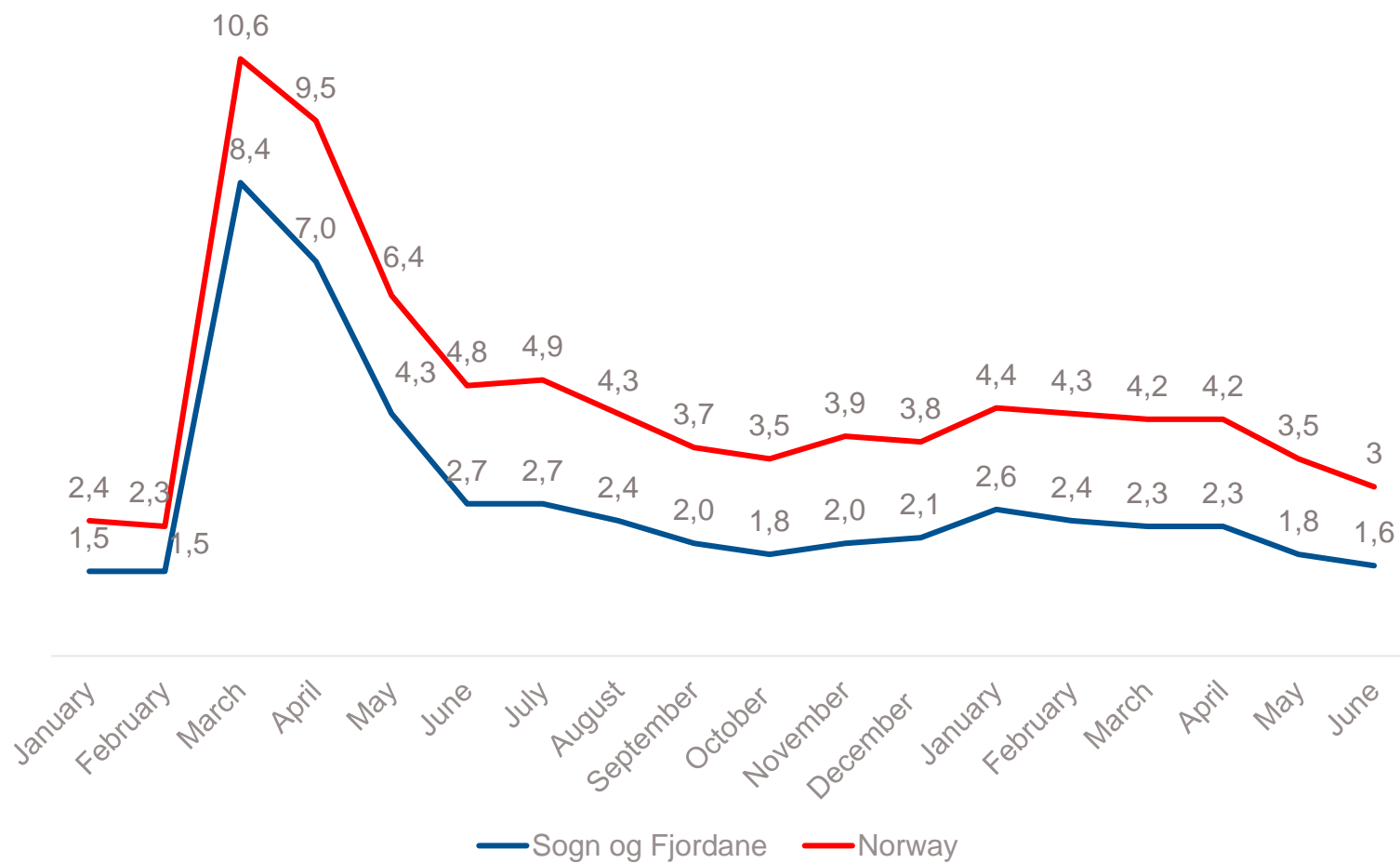
STRATEGIC PRIORITIES FOR 2021

Simplify people's
financial lives

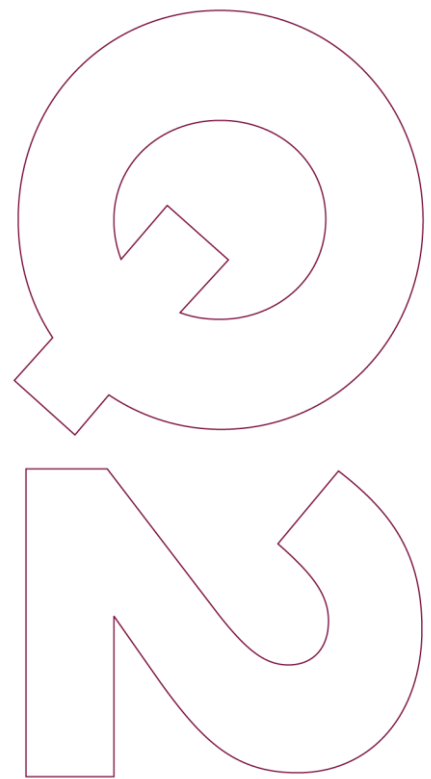
Renew personal touch

Sustainability

Low unemployment and few payment relief



- ▶ Sogn og Fjordane continues to have Norway's lowest unemployment rate
- ▶ Payment reliefs are back to the same level as before the pandemic



We are helping to establish a new business conference called “Heilekonferansen” in Sunnfjord, which will take place on 19 and 20 August 2021. We are proud sponsor of Malakoff, Førdefestivalen and Utkant who carried out a corona-suited event this summer.

We have moved to new office premises in Måløy.

We gave via our owner foundation NOK 450 000 to Hub for Ocean for the sustainability project « Havrom 2050».

Community centres in Fjaler and Holmedal, Malakoff Rock Festival’s environmental project and the beach at Eide in Sogndal were just a few of those who received donations from our profits.

The Furore grant goes to talented young people from Sogn og Fjordane. In the second quarter, the ski jumper Johannes Årdal (16) and musician Kristina Aase Fransson (21) both received grants from our profits.

Society is finally reopening more fully. Our biggest owner, Sparerbankstiftinga Sogn og Fjordane, increased the maximum grant available through a “simplified application” to NOK 30,000, in order to help clubs and associations quickly restart their activities.



House prices in Sogn og Fjordane continue to rise

- ▶ In the first quarter, we reported that 10 percent more homes were sold in Sogn og Fjordane in 2021 than the recent average, and that house prices had risen by 10.6 percent over the past 12 months
- ▶ In the second quarter, prices continued to rise. In the second quarter they rose by 3.7 percent, bringing the 6-month increase to almost 9 percent



Webinar for customers



Our in-house studio was completed in January 2021.

From the studio, we broadcast live webinars to our customers.



Ownership structure and corporate social responsibility



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skape og dele
Sparebankstiftinga **FJALER**



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sogn og fjordane*



During the spring of 2021 we have
granted

NOK15 millions

to socially beneficial gifts from our
surplus

Contact information

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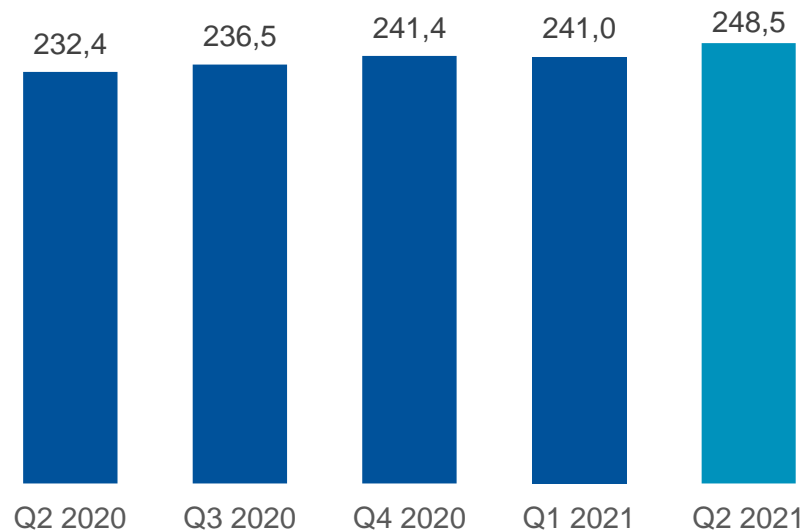


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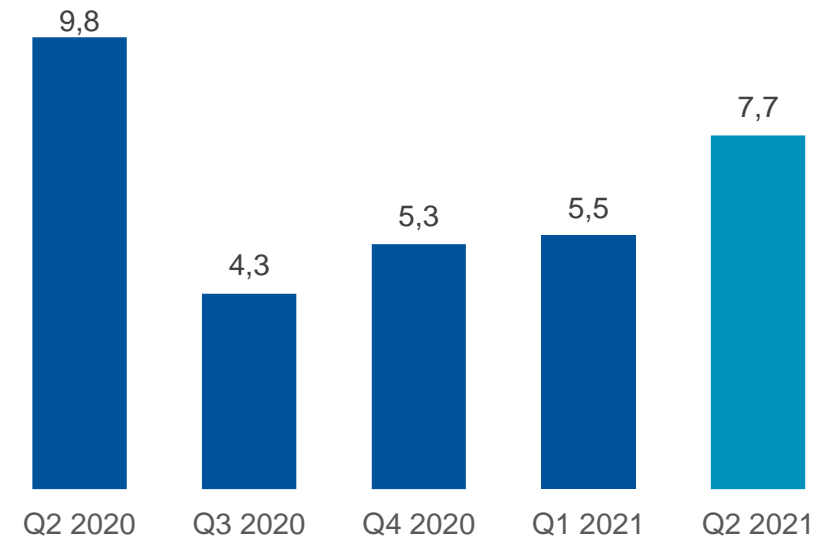
Attachments

Book value per equity certificate

Book value per equity certificate



Comprehensive income per equity certificate



Figures in NOK per quarter

Consolidated financial results by quarter

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net interest income	231	229	233	223	202
Other operating income	40	37	37	34	35
Dividends and gains/losses on financial instruments	60	14	27	7	129
Net other operating income	100	51	64	41	164
Total revenues	331	279	297	264	366
Operating expenses	114	130	141	114	112
Profit/loss before impairment loss and net gain on fixed assets	217	150	155	149	254
Net gain on sale of fixed assets	0	0	0	0	0
Impairment loss	9	- 9	- 1	26	6
Profit/loss before taxation	208	159	156	124	248
Tax expense	37	36	37	29	29
Profit/loss after taxation	171	123	119	95	219
Remeasurements, pensions	0	0	0	0	0
COMPREHENSIVE INCOME	171	123	119	95	219

Consolidated financial results by quarter

	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net interest income	250	248	241	230
Other operating income	32	38	36	37
Dividends and gains/losses on financial instruments	- 49	53	45	20
Net other operating income	- 17	90	81	56
Total revenues	233	338	322	286
Operating expenses	124	132	119	119
Profit/loss before impairment loss and net gain on fixed assets	109	206	203	168
Net gain on sale of fixed assets	0	0	0	0
Impairment loss	80	22	9	8
Profit/loss before taxation	29	183	194	159
Tax expense	17	21	46	42
Profit/loss after taxation	12	163	148	117
Remeasurements, pensions	0	- 1	0	0
COMPREHENSIVE INCOME	12	162	148	117

Key figures, consolidated

AMOUNTS IN MILLIONS OF NOK

INCOME STATEMENT	H1 2021	H2 2020	Full-year 2020
Net interest income	459	452	907
Dividends and gains/losses on financial instruments	74	80	114
Other operating income	77	67	138
Operating expenses	243	236	491
Profit/loss before impairment loss (incl. securities)	367	363	668
Profit/loss before impairment loss (excl. securities)	293	283	554
Impairment loss	0	86	112
Profit/loss before taxation	367	277	557
Tax expense	73	47	113
Profit/loss after taxation	294	230	444
Other comprehensive income	0	0	0
Comprehensive income	294	230	443
BALANCE SHEET			
Assets			
Gross loans and advances to customers	55 861	53 063	54 883
Loss allowance	- 328	- 336	- 353
Security investments (shares, fixed income funds, commercial paper and bonds)	8 753	7 291	7 166
Debt and equity			
Deposits from and debt to customers	32 036	30 807	30 665
Debt securities and debt to credit institutions	26 593	23 604	25 012
Equity	5 885	5 521	5 727
Total assets	65 690	61 333	62 661
Average total assets	63 964	59 271	60 722

Key figures, consolidated

	H1 2021	H2 2020	Full-year 2020
Profitability			
Net interest margin	1,45 %	1,53 %	1,49 %
Other operating income (excl. inc. from fin. instr.) as a % of average total assets	0,24 %	0,23 %	0,23 %
Operating expenses as a % of average total assets	0,76 %	0,80 %	0,81 %
Profit/loss before impairment loss as a % of average total assets	1,15 %	1,23 %	1,10 %
Profit/loss before tax as a % of average total assets	1,15 %	0,93 %	0,92 %
Profit/loss after tax as a % of average total assets	0,92 %	0,78 %	0,73 %
Comprehensive income as a % of average total assets	0,92 %	0,78 %	0,73 %
Oper. exp. as a % of oper. income excl. inc. from fin. instr.	45,34 %	45,43 %	46,98 %
Oper. exp. as a % of oper. income incl. inc. from fin. instr.	39,87 %	39,34 %	42,35 %
Impairment loss as a % of gross loans	0,00 %	0,16 %	0,20 %
Return on equity before tax 1)	13,65 %	10,99 %	11,05 %
Return on equity after tax 1)	10,94 %	9,14 %	8,80 %
Pre-tax return on equity (comprehensive income) 1)	10,94 %	9,14 %	8,80 %
Consolidated comprehensive income per equity certificate, in NOK	13,20	10,35	19,93
Dividend payable per equity certificate, in NOK			6,00
<i>1) Return on equity is calculated based on opening equity excl. hybrid capital</i>			
Capital and liquidity position			
Capital adequacy ratio	18,69 %	18,58 %	18,88 %
Core capital adequacy ratio	16,85 %	16,65 %	17,02 %
Core Tier 1 capital adequacy ratio	15,78 %	15,53 %	15,94 %
Leverage ratio	8,18 %	8,30 %	8,59 %
Liquidity Coverage Ratio (LCR)	194 %	162 %	157 %
Balance sheet history			
Growth in total assets (year-on-year)	7,10 %	8,81 %	8,54 %
Growth in gross customer lending (year-on-year)	5,27 %	6,55 %	7,42 %
Growth in customer deposits (year-on-year)	3,99 %	7,58 %	7,23 %
Deposits as a % of consolidated gross lending	57,35 %	58,06 %	55,87 %
Deposits as a % of parent company's gross lending	98,14 %	93,87 %	92,88 %
Employees			
Full-time equivalent employees	271	270	276