



sparebanken
sogn og fjordane



Interim report

Q1 2022 (unaudited)

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FRONT COVER: PHOTOEVENT

GRAPHIC DESIGN: SPAREBANKEN SOGN OG FJORDANE

E. NATVIK PRENTEVERK AS

ENGLISH TRANSLATION: SPRÅKVERKSTADEN

Key figures, consolidated

AMOUNTS IN MILLIONS OF NOK

	Q1 2022	Q1 2021	Full-year 2021
INCOME STATEMENT			
Net interest income	257	229	945
Dividends and gains/losses on financial instruments	29	14	173
Other operating income	34	37	157
Operating expenses	118	130	483
Profit/loss before impairment loss (incl. securities)	203	149	791
Profit/loss before impairment loss (excl. securities)	174	136	618
Impairment loss	17	- 9	- 37
Profit/loss before taxation	186	159	827
Tax expense	39	36	161
Profit/loss after taxation	147	123	666
Other comprehensive income	0	0	0
Comprehensive income	147	123	666
BALANCE SHEET			
Assets			
Gross loans and advances to customers	58 183	55 118	57 651
Loss allowance	- 324	- 336	- 307
Security investments (shares, fixed income funds, commercial paper and bonds)	7 885	8 078	7 368
Debt and equity			
Deposits from and debt to customers	33 226	30 828	32 536
Debt securities and debt to credit institutions	26 201	26 029	25 835
Equity	6 204	5 717	6 249
Total assets	67 323	63 864	65 808
Average total assets	66 364	63 389	64 604
KEY FIGURES			
Profitability			
Net interest margin	1,57 %	1,46 %	1,46 %
Other operating income (excl. inc. from fin. instr.) as a % of average total assets	0,21 %	0,23 %	0,24 %
Operating expenses as a % of average total assets	0,71 %	0,82 %	0,75 %
Profit/loss before impairment loss as a % of average total assets	1,22 %	0,94 %	1,22 %
Profit/loss before tax as a % of average total assets	1,12 %	1,00 %	1,28 %
Profit/loss after tax as a % of average total assets	0,88 %	0,77 %	1,03 %
Comprehensive income as a % of average total assets	0,88 %	0,77 %	1,03 %
Oper. exp. as a % of oper. income excl. inc. from fin. instr.	40,36 %	48,82 %	43,87 %
Oper. exp. as a % of oper. income incl. inc. from fin. instr.	36,74 %	46,46 %	37,93 %
Impairment loss as a % of gross loans	0,03 %	- 0,02 %	- 0,06 %
Return on equity before tax 1)	12,60 %	11,81 %	15,38 %
Return on equity after tax 1)	9,95 %	9,13 %	12,39 %
Pre-tax return on equity (comprehensive income) 1)	9,95 %	9,13 %	12,39 %
Consolidated comprehensive income per equity certificate, in NOK	6,59	5,51	29,91
Dividend payable per equity certificate, in NOK			9,00
1) Return on equity is calculated based on opening equity excl. hybrid capital			
Capital and liquidity position			
Capital adequacy ratio	19,65 %	18,79 %	19,44 %
Core capital adequacy ratio	17,84 %	16,94 %	17,66 %
Core Tier 1 capital adequacy ratio	16,79 %	15,87 %	16,62 %
Leverage ratio	8,65 %	8,40 %	8,86 %
Liquidity Coverage Ratio (LCR)	162 %	176 %	140 %
Balance sheet history			
Growth in total assets (year-on-year)	5,42 %	8,53 %	5,02 %
Growth in gross customer lending (year-on-year)	5,56 %	6,62 %	5,04 %
Growth in customer deposits (year-on-year)	7,78 %	7,19 %	6,10 %
Deposits as a % of consolidated gross lending	57,11 %	55,93 %	56,44 %
Deposits as a % of parent company's gross lending	99,70 %	95,29 %	94,84 %
Employees			
Full-time equivalent employees	269	272	273

Interim report 31.03.2022

All of the figures specified below refer to the consolidated accounts unless otherwise stated. The figures in brackets are for the first quarter of 2021.

Q1 2022 highlights

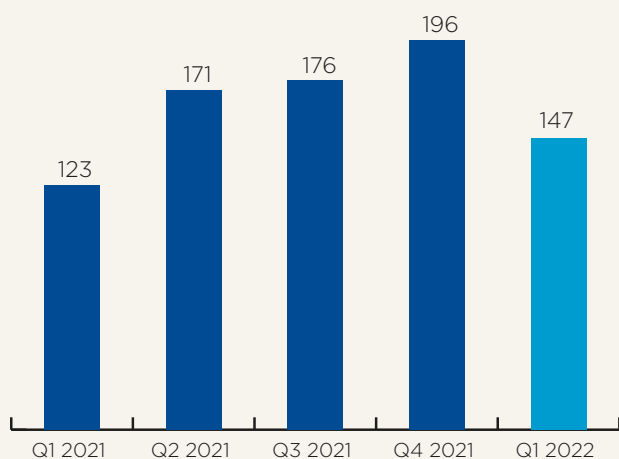
- NOK 257 million (229 million) of net interest income
- Net gain on financial instruments of NOK 29 million (14 million)
- Operating expenses of NOK 118 million (130 million)
- Impairment loss of NOK 17 million (gain of NOK 9 million)
- Profit after taxation of NOK 147 million (123 million)
- Return on equity of 10.0% (9.1%)
- Capital adequacy ratio of 19.6% (18.8%)

Q1 financial results

The Group made a pre-tax profit of NOK 186 million, compared with NOK 159 million in the same quarter of last year. This improvement was thanks to healthy growth in net interest income and a strong contribution from financial instruments. Another contributing factor was that operating expenses were reduced in comparison with the first quarter of last year.

The Group made a profit after tax of NOK 147 million in the first quarter, compared with NOK 123 million in the same quarter last year. The profit for the first quarter gives a return on equity of 10.0%, against 9.1% in the year-earlier period.

Graph of profit after taxation by quarter:

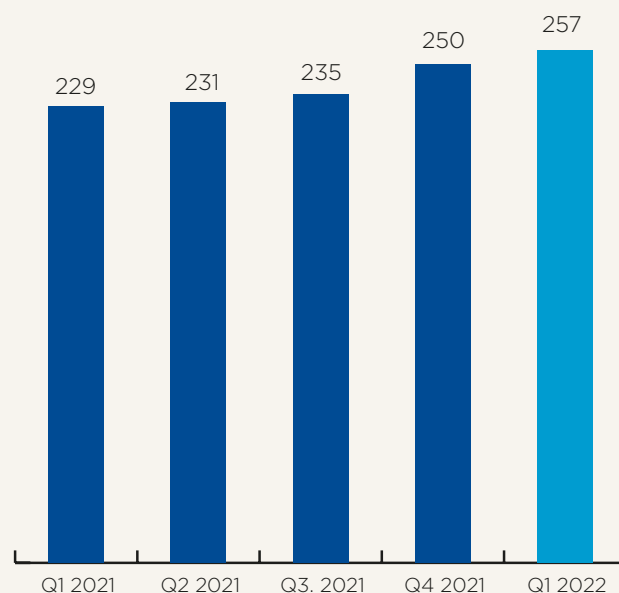


Net interest income in Q1

Net interest income totalled NOK 257 million, which was an improvement of NOK 29 million (12.6%) over the same quarter of last year. Loan growth came to 5.6% over the past 12 months, and deposits grew by 7.8%. The overall customer margin for the first quarter was higher than the margin for the first quarter of the previous year.

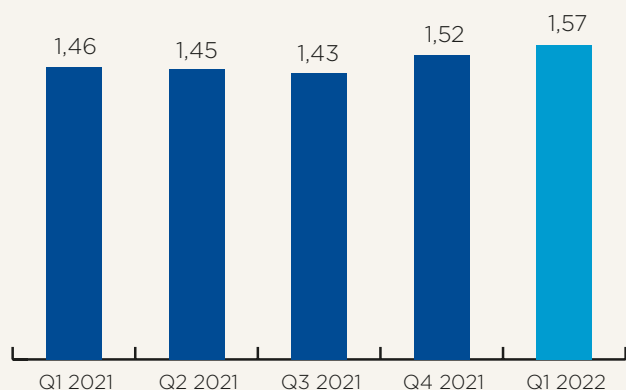
Healthy growth in deposits and lending, together with a higher customer margin, led to strong growth in net interest income. However, the cost of funding through debt securities was higher than in the year-earlier quarter, as the 3-month Nibor has risen, and viewed in isolation that had a negative impact on net interest income. The bank has notified its customers that it will be putting up interest rates on loans and deposits, which in isolation will improve its net interest income next quarter. The overall impact on net interest income is uncertain, because there is an expectation that the cost of funding debt securities will increase further in response to rises in the 3-month NIBOR.

Graph of quarterly net interest income in millions of NOK:



The graph below shows the net interest margin (net interest income measured as a percentage of average total assets). The net interest margin was 1.57% in the first quarter, which was 0.11 percentage points higher than in the first quarter of the previous year. It is also a significant improvement on the other quarters in 2021.

Graph of net interest margin:

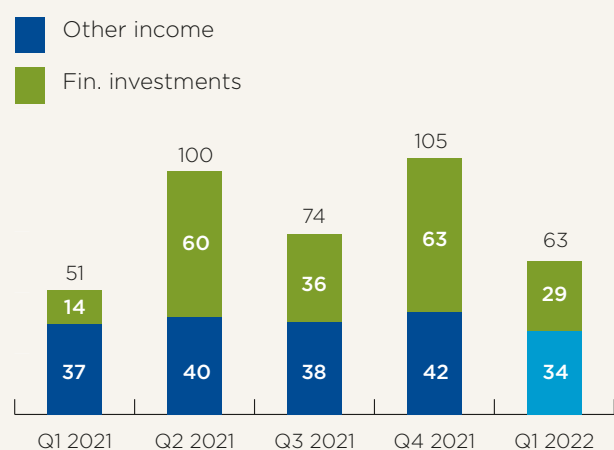


Net other operating income in Q1

In the first quarter, net other operating income came to NOK 63 million, compared with NOK 51 million in the year-earlier period. This increase was primarily due to a strong performance from financial instruments, which contributed NOK 29 million, compared with NOK 14 million in the first quarter of 2021. The gain in the first quarter of 2022 came mainly from investments in shares.

Other income (excluding gains on financial investments) totalled NOK 34 million, NOK 3 million lower than in the first quarter of 2021. The reduction was due to lower income from estate agency, amongst other things. On the other hand, income from investment funds, for instance, rose strongly.

Graph of other income and gains/losses on financial investments by quarter, in millions of NOK:



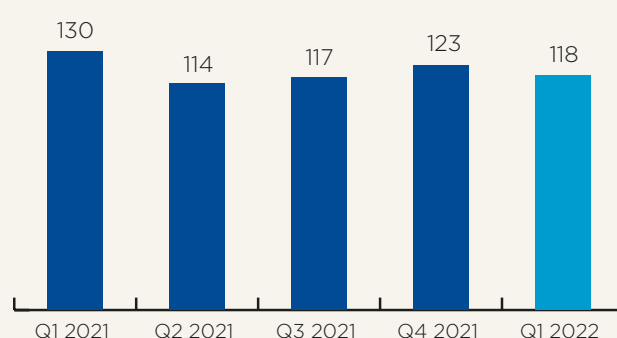
Operating expenses in Q1

First quarter operating expenses were NOK 118 million, down NOK 12 million (9.2%) from the first quarter of 2021.

This reduction was mainly due to lower expenses for wages, salaries, etc. In the first quarter of last year, a provision of NOK 11 million was made for agreed redundancy packages, which explains most of the cost reduction. Adjusted for that, operating expenses were NOK 1 million, or 0.6%, lower.

Many expense items have been cut as a result of a drive to make our business more cost-efficient. This includes a reduction in IT expenses/depreciation.

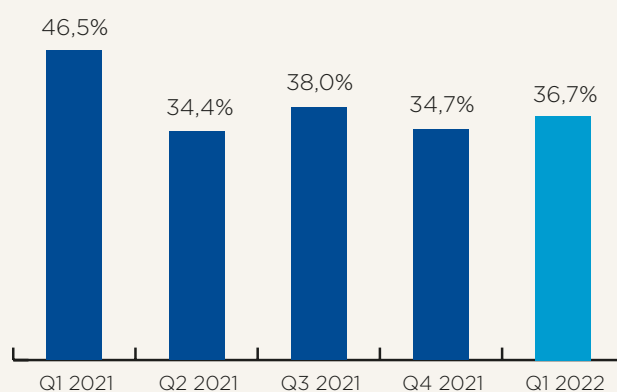
Graph of quarterly operating expenses in millions of NOK:



Operating expenses were equivalent to 0.71% of average total assets, against 0.82% for the first quarter of last year.

The cost-to-income ratio including financial instruments was relatively low, at 36.7%, against 46.5% in the first quarter of 2021.

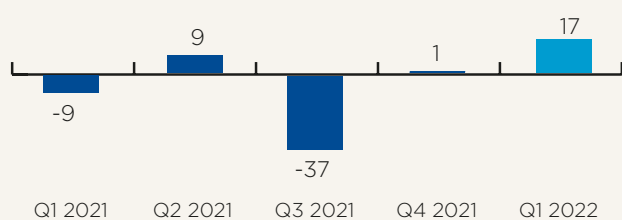
Graph of cost-to-income ratio by quarter:



Impairments in Q1

In the first quarter, the net impairment loss on loans and guarantees was NOK 17 million, compared with a NOK 9 million gain in the first quarter of the previous year. The loss for the first quarter of this year was equivalent to 0.03% of gross loans.

Graph of impairment loss by quarter in millions of NOK:



The loss allowance on the balance sheet for expected credit losses on loans, guarantees and undrawn credit facilities was NOK 337 million at 31 March 2022, compared with NOK 368 million at 31 March 2021. Of the loss allowance at 31 March 2022, NOK 324 million was for loans. This was equivalent to 0.56% of gross loans, compared with NOK 336 million (0.61%) a year earlier.

For further details, see notes 5 and 6.

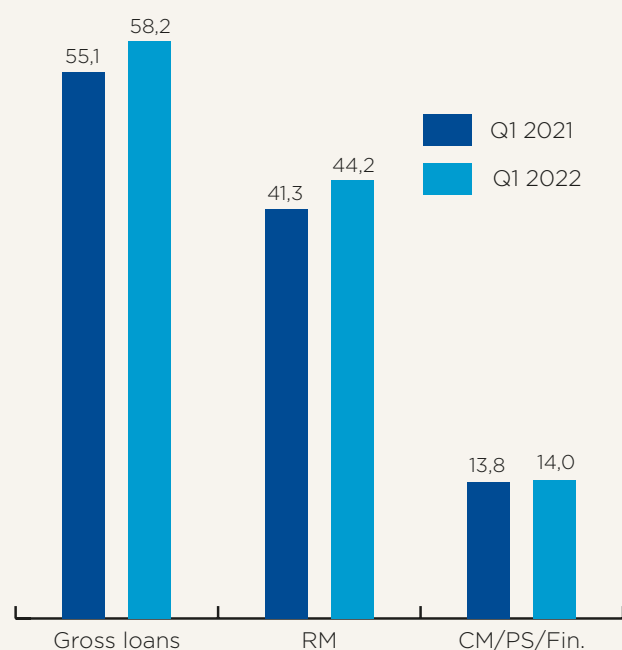
Balance sheet

The Group had total assets of NOK 67.3 billion at 31 March 2022. This represented an increase of NOK 3.5 billion (5.4%) over the previous 12 months. The increase in total assets was mainly due to strong growth in lending to customers and a larger liquidity buffer held as commercial paper and bonds.

Loans to customers

Gross loans to customers totalled NOK 58.2 billion at the end of the quarter. Growth over the past year was NOK 3.1 billion (5.6%).

Graph of gross loans by sector in millions of NOK: sektorar:



Over the past 12 months, lending to the retail market (RM) rose by 6.9%, while lending to the corporate market (CM) (including loans to the public and financial sectors) was up 1.5%.

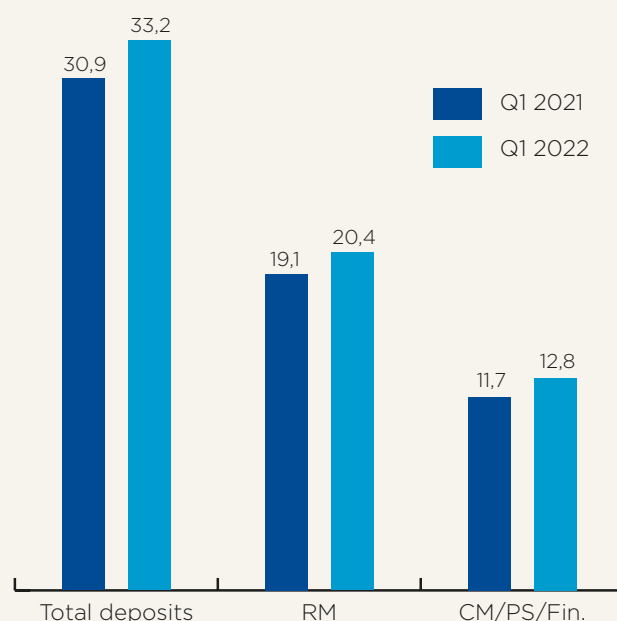
In the first quarter, loans to the retail market increased by 1.6%, whilst loans to the corporate market fell by 1.2%.

The Bank is working hard to attract new customers, particularly in the retail market, and it expects to see healthy growth in its lending activities in 2022.

Deposits

Customer deposits totalled NOK 33.2 billion at the end of the quarter. Growth over the past 12 months was NOK 2.4 billion (7.8%).

Graph of deposits by sector in millions of NOK:



Over the past 12 months, retail market deposits increased by 6.9%, while corporate market deposits (incl. deposits from the public and financial sectors) rose 9.1%.

In the first quarter, deposits from the retail market grew by 1.9% and those from the corporate market by 2.3%.

The Group's deposit/loan ratio was 57.1%, up from 55.9% at 31 March 2021.

Credit risk

The outstanding balance of loans over 90 days past due was NOK 145 million, down NOK 29 million from the equivalent figure at 31 March 2021.

We consider credit risk in the retail market to be low and stable. Payment defaults have fallen over the past 12 months. Looking ahead, the macro-economic situation, with higher interest rates, high electricity prices and higher inflation, may lead to a small increase in payment difficulties, but it is our assessment that the bank's customers are generally in a strong financial position.

Businesses in Sogn og Fjordane are doing well, and we consider the Bank's credit risk in the corporate market to be moderate. Nevertheless, rising costs and difficulties accessing important inputs are creating challenges for certain industries/customers. In the corporate market, the volume of loans over 90 days past due has fallen over the past twelve months.

As a proportion of outstanding loans, exposure to the corporate market was 24.0% at 31 March 2022, compared with 25.0% a year earlier. In both our corporate portfolio and our loans to the retail market, the proportion of assets classified as high-risk was roughly unchanged since 31 March 2021.

The amount of equity and subordinated debt required to meet credit risk rose to NOK 2,472 million, NOK 50 million (2,1 %) higher than at 31 March 2021.

Liquidity and financing

In managing its liquidity, the Bank focuses on its deposit/loan ratio, liquidity buffer and the maturity structure of its funding. We have increased our liquidity buffer by NOK 0.1 billion over the past year, which left it at NOK 8.1 billion at the end of the first quarter of 2022. The liquidity buffer is invested in short-term deposits with Norges Bank and other banks, as well as in freely negotiable bonds/commercial paper. The Liquidity Coverage Ratio (LCR) was at a satisfactory 162%, compared with 176% the previous year.

The Bank uses mortgages to issue covered bonds through its wholly-owned subsidiary Bustadkreditt Sogn og Fjordane AS.

At 31 March 2022, the latter company had covered bonds with a face value of NOK 20.9 billion trading on the market. The total value of its cover pool was NOK 24.8 billion. At 31 March 2022, the company's cover pool was worth NOK 3.9 billion more than the loans it was being used to secure.

Subsidiaries

Bustadkreditt Sogn og Fjordane AS

Bustadkreditt Sogn og Fjordane AS is a wholly-owned subsidiary of the Bank. At 31 March 2022, the company had a NOK 24.8 billion loan portfolio, up 9.2% over the past twelve months. The company had NOK 1.8 billion of equity. The Company made a profit before tax of NOK 51 million, against NOK 54 million in the first quarter of 2021. The decline in profit was mainly due to there being a loan impairment gain in the first quarter of last year.

Bankeigedom Sogn og Fjordane AS

Bankeigedom Sogn og Fjordane AS is a wholly-owned subsidiary, which owns the Group's largest buildings. It made a pre-tax profit of NOK 1.6 million, compared with NOK 1.3 million in the first quarter in 2021.

Eigedomsmekling Sogn og Fjordane AS

The estate agency Eigedomsmekling Sogn og Fjordane AS is a wholly-owned subsidiary of the Bank. It had NOK 5.2 million in operating revenues, which was NOK 1.7 million lower than the previous year. In the first quarter of 2022 it made a NOK 2.2 million loss, compared with a NOK 0.1 million profit in the equivalent quarter of last year. Seasonal factors mean it is normal for the company to have relatively low revenues in the first quarter, and its revenues in the first quarter of last year were unusually high.

Financial strength and return on equity

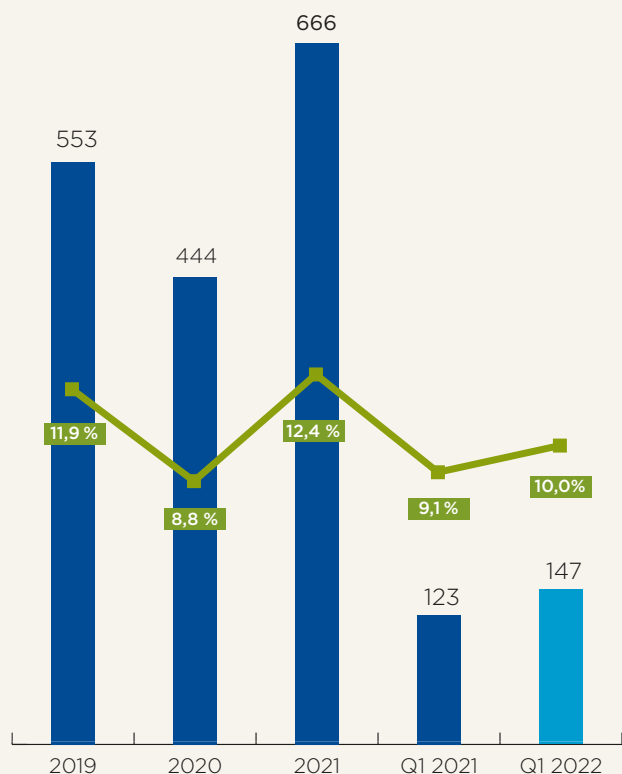
The Group's equity at 31 March 2022 totalled NOK 6.2 billion, NOK 487 million (8.5%) higher than the figure at 31 March 2021. The increase came from profit over the past year less dividends and gifts disbursed.

The Group's capital adequacy ratio at 31 March 2022 was 19.65%, compared with 18.79% at 31 March 2021. The core Tier 1 capital adequacy ratio was 16.79%, up from 15.87% a year earlier.

Including profit for the first three months of the year, less a proportionate share of expected dividends and gifts for 2022, the core Tier 1 capital adequacy ratio at 30 March 2022 is estimated to have been 17,1%.

The Group made a profit after tax of NOK 147 million in the first quarter, compared with NOK 123 million in the first quarter of 2021. This corresponds to a return on equity of 10.0%, against 9.1% in the first quarter of 2021. Sparebanken Sogn og Fjordane has consistently managed to achieve a satisfactory return on equity. The Board of Directors is satisfied with the Group's financial results and return on equity.

Graph of profit/loss after taxation in millions of NOK and return on equity in percent by year:



Rating

As of 31 March 2022, Sparebanken Sogn og Fjordane had a long-term rating of A1 from Moody's. Bustadkreditt Sogn og Fjordane's covered bond programme has a long-term rating of Aaa.

Summary

The Group made a profit after tax of NOK 147 million in the first quarter, compared with NOK 123 million in the first quarter of last year. This improvement was mainly thanks to healthy growth in net interest income and a strong contribution from financial instruments. Another contributing factor was that operating expenses have been reduced. The Group's return on equity was 10.0% in the first quarter, compared with 9.1% in the first quarter of 2021.

Førde, 4 May 2022

Sindre Kvalheim
Chair

Magny Øvrebø
Deputy Chair

Monica Rydland

Johnny Haugsbakk

Geir Opseth

Lise Mari Haugen

Marie Heieren

Ole Martin Eide

Trond Teigene
CEO

The net impairment loss on loans and guarantees was higher in the first quarter of this year than in the year-earlier period. The impairment loss this year was not particularly high, but as there was an impairment gain in the first quarter of last year, the change was relatively large. In 2020 the Bank made extra loss allowances due to the uncertainty surrounding the Covid-19 pandemic, and in 2021 some of those allowances were reversed, as a result of seeing that most of our customers had coped relatively well during the pandemic.

Loan growth came to 5.6% over the past 12 months, and deposits grew by 7.8%. Lending to the retail market is growing strongly, and the Bank has high ambitions to further increase this growth rate.

Net interest income, which is the Bank's most important source of income, was up a solid 12.6%. Net other operating income also performed well, and was up 25% on the equivalent period of last year. That was due to a strong contribution from financial instruments and growth in commission from investment funds, amongst other things. Lower operating expenses also helped to push profit higher. The cost-to-income ratio in the first quarter of 2022 was 36.7%, compared with 46.5% in the first quarter of 2021. The cost-reduction programme implemented in 2020 is bearing fruit, and the Bank runs its operations cost-efficiently.

We had a capital adequacy ratio of 19.6% at 31 March 2022, and a core Tier 1 ratio of 16.8%.

The bank has a strong capital adequacy ratio and a solid market position in Sogn og Fjordane, and it is also achieving solid growth in the retail market outside Sogn og Fjordane. For the past couple of years, the outlook and market conditions have been dominated by the Covid-19 pandemic. Most of the Bank's customers have coped well with the pandemic.

The Board is very happy with the Group's financial performance, and believes that it is in a strong position to continue growing and developing its business.

Consolidated income statement

AMOUNTS IN MILLIONS OF NOK	Note	Q1 2022	Q1 2021	2021
Interest income		417	347	1 420
Interest expenses		160	118	476
Net interest income		257	229	945
Commission income		36	35	149
Commission expenses		8	5	28
Net gains/losses on financial instruments		29	14	173
Other income		6	7	36
Net other operating income	3	63	51	329
Total revenues		320	279	1 274
Wages, salaries, etc.		64	74	263
Other expenses		46	46	182
Depreciation and impairment of assets, valuation changes and gains/losses on non-financial assets		8	10	39
Total operating expenses		118	130	483
Profit before impairment loss and net gain on fixed assets		203	150	791
Impairment loss	4	17	- 9	- 37
Profit/loss before taxation		186	159	827
Tax expense		39	36	161
Profit/loss for the reporting period		147	123	666
STATEMENT OF COMPREHENSIVE INCOME				
Profit/loss for the reporting period		147	123	666
Other comprehensive income				
Other items that will never be reclassified to profit or loss, after tax				
Remeasurements, pensions		0	0	0
Total other comprehensive income for the year, after tax		0	0	0
Comprehensive income		147	123	666
Comprehensive income per equity certificate (weighted), in NOK		6,59	5,51	29,91

Consolidated balance sheet

AMOUNTS IN MILLIONS OF NOK

ASSETS	Note	31.03.22	31.03.21	31.12.21
Cash and cash equivalents		19	21	22
Loans and advances to credit institutions/central banks	13	997	571	717
Loans to customers	4-7, 13	57 859	54 782	57 344
Commercial paper and bonds measured at fair value		7 123	7 416	6 603
Financial derivatives		315	249	185
Shares and other securities with variable returns		762	662	765
Investments in associates		3	3	3
Intangible assets and goodwill		23	35	26
Fixed assets		95	95	92
Deferred tax assets		11	889	11
Other assets		116	30	40
Total assets		67 323	63 864	65 808
DEBT AND EQUITY				
Debt to credit institutions	13	804	1 506	500
Deposits from and debt to customers	8, 13	33 226	30 828	32 536
Debt securities in issue	9, 13	25 397	24 523	25 335
Financial derivatives		378	176	121
Tax payable		40	96	172
Other liabilities and provisions		671	415	294
Subordinated debt instruments		602	601	602
Total liabilities		61 118	58 147	59 559
Equity share capital	12	4 416	4 139	4 416
Primary capital		645	593	645
Other equity		793	636	650
Hybrid capital		350	350	350
Proposed allocation for dividends and gifts		0	0	187
Total equity		6 204	5 717	6 249
Total debt and equity		67 323	63 864	65 808

Førde, 4 May 2022

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Chair

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Deputy Chair

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Trond Teigene
CEO

Consolidated cash flow statement

	Q1 2022	Q1 2021	Full-year 2021
Profit/loss before taxation	186	159	827
Increase/(reduction) in customer deposits	690	163	1 871
Reduction/(increase) in loans to customers	- 627	- 295	- 2 873
Depreciation and impairment of assets	8	10	39
Impairment loss	17	- 9	- 37
Losses/(gains) on disposal of fixed assets	0	0	2
Tax paid	- 170	- 60	- 120
Other non-cash transactions	- 61	- 95	- 163
Adjustment for other items	241	104	199
A) Net cash flow from operating activities	284	- 24	- 255
Reduction/(increase) in shares and other securities with variable returns	3	- 5	- 108
Reduction/(increase) in investments in commercial paper and bonds	- 541	- 906	- 106
Investments in fixed assets, intangible assets and goodwill	- 12	- 8	- 35
Sale of fixed assets	0	0	1
B) Net cash flow from investment activities	- 549	- 919	- 249
Increase/(decrease) in loans from credit institutions	304	- 297	- 1 302
Increase/(reduction) in debt securities in issue	239	1 461	2 297
Increase/(reduction) in subordinated debt	0	0	0
Dividends and gifts	- 1	- 1	- 122
C) Net cash flow from financing activities	542	1 163	872
D) Net cash flow during the year (A+B+C)	277	221	368
Opening balance of cash and cash equivalents	739	371	371
Closing balance of cash and cash equivalents	1 016	592	739
Breakdown of cash and cash equivalents			
Cash and cash equivalents	19	21	22
Deposits at other financial institutions and central banks	997	571	717
Total	1 016	592	739

Consolidated statement of changes in equity

	EQUITY SHARE CAPITAL							Allocated dividends and gifts	Total
	Equity certificates	Dividend equalisation reserve	Share premium account	Primary capital	Hybrid capital	Reserve for unrealised gains	Other equity		
Balance at 31.12.20	1 948	2 175	16	593	350	354	163	129	5 727
Allocated for dividends and gifts	0	0	0	0	0	0	0	- 129	- 129
Change in hybrid capital	0	0	0	0	0	0	0	0	0
Interest paid to investors in hybrid capital	0	0	0	0	- 4	0	0	0	- 4
Proposed allocation of profit/loss for reporting period	0	0	0	0	4	0	119	0	123
Other comprehensive income	0	0	0	0	0	0	0	0	0
Balance at 31.03.21	1 948	2 175	16	593	350	354	282	0	5 717
Balance at 31.12.20	1 948	2 175	16	593	350	354	163	129	5 727
Allocated for dividends and gifts	0	0	0	0	0	0	0	- 129	- 129
Change in hybrid capital	0	0	0	0	0	0	0	0	0
Interest paid to investors in hybrid capital	0	0	0	0	- 15	0	0	0	- 15
Proposed allocation of profit/loss for reporting period	0	277	0	53	15	100	33	187	666
Other comprehensive income	0	0	0	0	0	0	0	0	0
Balance at 31.12.21	1 948	2 452	16	645	350	454	196	187	6 249
Balance at 31.12.21	1 948	2 452	16	645	350	454	196	187	6 249
Allocated for dividends and gifts	0	0	0	0	0	0	0	- 187	- 187
Change in hybrid capital	0	0	0	0	0	0	0	0	0
Interest paid to investors in hybrid capital	0	0	0	0	- 4	0	0	0	- 4
Proposed allocation of profit/loss for reporting period	0	0	0	0	4	0	143	0	147
Other comprehensive income	0	0	0	0	0	0	0	0	0
Balance at 31.03.22	1 948	2 452	16	645	350	454	339	0	6 204

Statement of changes in equity (cont.)

Explanation of the various types of equity:

Equity share capital:

Equity share capital comprises capital that in accordance with the articles of association is linked to equity certificates. Profit after taxation attributable to equity share capital is allocated to the dividend equalisation reserve in proportion to the ownership ratio, after deducting dividends and a proportionate share of interest paid to investors in hybrid capital. The dividend equalisation reserve may be used to maintain the payment of dividends to the equity certificate holders, if the Bank's equity position allows it.

Primary capital:

Primary capital comprises capital that is not equity share capital. Profit after taxation attributable to primary capital is allocated to primary capital, after deducting gifts and a proportionate share of interest paid to investors in hybrid capital.

Hybrid capital:

Hybrid capital consists of hybrid debt that meets the criteria for being defined as equity and core capital under rules on capital adequacy. Interest on hybrid capital is split between the dividend equalisation reserve and primary capital in proportion to the ownership ratio, and is in practice allocated together with profit.

Reserve for unrealised gains:

The reserve for other unrealised gains comprises unrealised gains on financial instruments whose valuation is different under IFRS and Norwegian accounting principles. Amongst other things, it includes unrealised gains on shares.

Other equity:

Other equity comprises retained earnings from various subsidiaries and unallocated profit.

Dividends and gifts:

Proposed dividends and gifts are included under equity until their disbursement is adopted by the AGM.

Notes to the financial statements

Note 1 Accounting principles and critical accounting estimates

BASIS OF PRESENTATION

Sparebanken Sogn og Fjordane's parent company and consolidated accounts have been prepared in accordance with international accounting standards (IFRS). These interim financial statements have been presented in accordance with IAS 34 "Interim Financial Reporting".

All figures are stated in millions of NOK, unless otherwise specified.

GENERAL

For more detailed information about accounting policies and for information about critical accounting estimates, please see Sparebanken Sogn og Fjordane's 2021 annual report on our website: www.ssf.no.

CHANGES TO ACCOUNTING STANDARDS

There have been no changes to accounting standards or interpretations in 2022 that have affected the financial statements of Sparebanken Sogn og Fjordane.

Note 2 Segment reporting

Geographic segments

All of the segments operate in Norway.

General information about segments

Segments reflect the organisational structure of the Group.

Finance

- Responsible for financing and for managing liquidity

Corporate banking market/public sector/financial sector

- Offers a wide range of financial products and services, such as various types of financing, deposits, investments, insurances, foreign currency services and interest rate instruments to small and medium-sized enterprises, the public sector and financial sector

Retail market including Bustadkreditt

- Offers a wide range of financial products and services, such as various types of financing, deposits, investments, insurances, foreign currency services and interest rate instruments to retail customers

Other

- Includes the supply of services to Sparebankstiftinga Sogn og Fjordane and managing various properties

Estate agency

- Offers estate agency services in conjunction with the purchase and sale of properties

Property management

- Manages the Group's largest properties

Note 2 Segment reporting (cont.)

	Total for group	Finance	Corp. Market/ PS/ FS	Retail market including Bustad- kreditt	Other	Estate agency	Pro- perty man- age- ment	Elimina- tions
INCOME STATEMENT Q1 2022								
Net interest income and credit commissions	257	1	103	154	0	0	0	0
Net other operating income	63	24	15	21	1	5	2	- 5
Total operating income	320	25	117	174	1	5	2	- 4
Operating expenses	118	4	36	72	3	7	0	- 4
Profit/loss before impairment loss	203	21	82	102	- 2	- 2	1	0
Net gain on fixed assets	0	0	0	0	0	0	0	0
Impairment loss	17	0	16	1	0	0	0	0
Profit/loss before taxation	186	21	66	102	- 2	- 2	1	0
BALANCE SHEET AT 31.03.22								
Net loans and advances to customers	57 859	0	13 447	44 412	0	0	0	0
Other assets	9 464	12 097	1 741	2 636	0	21	42	- 7 072
Total assets	67 323	12 097	15 188	47 048	0	21	42	- 7 072
Deposits from and debt to customers	33 226	0	12 799	20 447	0	0	0	- 19
Other liabilities	27 892	9 509	133	23 482	0	7	6	- 5 244
Equity (incl. profit/loss for the period)	6 204	2 588	2 256	3 120	0	14	35	- 1 809
Total debt and equity	67 323	12 097	15 188	47 048	0	21	42	- 7 072

	Total for group	Finance	Corp. Market/ PS/ FS	Retail market including Bustad- kreditt	Other	Estate agency	Pro- perty man- age- ment	Elimina- tions
INCOME STATEMENT Q1 2021								
Net interest income and credit commissions	229	2	88	138	0	0	0	0
Net other operating income	51	9	14	21	1	7	2	- 4
Total operating income	279	11	103	160	1	7	2	- 4
Operating expenses	130	4	39	82	1	7	0	- 4
Profit/loss before impairment loss	150	7	63	77	0	0	2	0
Net gain on fixed assets	0	0	0	0	0	0	0	0
Impairment loss	- 9	0	1	- 10	0	0	0	0
Profit/loss before taxation	159	7	63	87	0	0	1	0
BALANCE SHEET AT 31.03.21								
Net loans and advances to customers	54 782	0	13 224	41 558	0	0	0	0
Other assets	9 082	12 050	715	2 062	0	22	48	- 5 815
Total assets	63 864	12 050	13 939	43 620	0	22	48	- 5 815
Deposits from and debt to customers	30 828	0	11 734	19 119	0	0	0	- 25
Other liabilities	27 319	9 669	126	21 488	0	7	8	- 3 979
Equity (incl. profit/loss for the period)	5 717	2 381	2 078	3 013	0	15	40	- 1 811
Total debt and equity	63 864	12 050	13 939	43 620	0	22	48	- 5 815

Note 2 Segment reporting (cont.)

	Total for group	Finance	Corp. Market/ PS/ FS	Retail market including Bustad- kredditt	Other	Estate agency	Pro- perty man- age- ment	Elimina- tions
2021 INCOME STATEMENT								
Net interest income and credit commissions	945	- 8	373	580	0	0	0	0
Net other operating income	329	156	57	88	4	33	8	- 17
Total operating income	1 274	148	429	668	4	33	8	- 17
Operating expenses	483	14	147	293	11	31	3	- 16
Profit/loss before impairment loss	791	134	283	375	- 7	2	5	- 1
Net gain on fixed assets	0	0	0	0	0	0	0	0
Impairment loss	- 37	0	- 40	3	0	0	0	0
Profit/loss before taxation	827	134	323	372	- 7	2	5	- 1
BALANCE SHEET AT 31.12.21								
Net loans and advances to customers	57 344	0	13 647	43 697	0	0	0	0
Other assets	8 464	11 408	1 296	1 437	0	25	51	- 5 754
Total assets	65 808	11 408	14 943	45 134	0	25	51	- 5 754
Deposits from and debt to customers	32 536	0	12 507	20 061	0	0	0	- 32
Other liabilities	27 023	8 916	163	21 841	0	8	8	- 3 913
Equity (incl. profit/loss for the period)	6 249	2 492	2 273	3 232	0	17	43	- 1 808
Total debt and equity	65 808	11 408	14 943	45 134	0	25	51	- 5 754

Note 3 Other operating income

	Q1 2022	Q1 2021	Full-year 2021
NET COMMISSION INCOME			
Payment services	16	14	65
Security trading	7	6	26
Guarantee commissions	3	4	16
Currency services and international payments	1	1	5
Insurance services	4	6	21
Other commission income	5	4	16
Total charges and commission income	36	35	149
Interbank fees	0	0	1
Payment services	6	4	21
Cash back Visa credit	2	1	7
Total commission expenses	8	5	28
Net commission income	29	30	121
NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS			
Net gains/losses on foreign currency	5	4	15
Net gains/losses on financial derivatives	- 122	- 97	- 87
Net gains/losses on loans measured at fair value	- 95	- 52	- 96
Net gains/losses on deposits measured at fair value	- 1	0	1
Net gains/losses on commercial paper and bonds	- 20	4	- 8
Net gains/losses on shares	24	8	152
Net gains/losses on financial liabilities	237	147	195
Net gains/losses on financial instruments measured at fair value	29	14	173
OTHER INCOME			
Income from property	0	0	1
Estate agency	5	7	33
Other operating income	0	0	2
Total other income	6	7	36
TOTAL NET OTHER OPERATING INCOME	63	51	329

Note 4 Impairment loss on loans, guarantees and undrawn credit facilities

	Q1 2022	Q1 2021	Full-year 2021
Increase/reduction in individually assessed allowances	15	- 2	3
Increase/reduction in model-based expected credit losses	3	- 8	- 53
Losses realised during period for which a loss allowance had previously been made	0	1	15
Losses realised during period for which a loss allowance had not previously been made	0	0	3
Recoveries against previous years' realised losses	- 1	- 1	- 4
Impairment loss for the period	17	- 9	- 37

Note 5 Loss allowance

When calculating expected credit losses, loans are split into three stages in line with the requirements in IFRS 9. When a loan is recognised, as a general rule it is allocated to Stage 1. If its credit risk has increased significantly since initial recognition, it is transferred to Stage 2. Assets in default are allocated to Stage 3. Where an individually assessed allowance has been made, this takes precedence over the impairment calculated by the model. Individually assessed allowances are included in Stage 3.

Consolidated

2022	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for loans at amortised cost at 01.01.2022	35	69	196	300
Transferred to Stage 1	2	- 5	- 3	- 6
Transferred to Stage 2	- 1	12	0	11
Transferred to Stage 3	0	- 3	12	9
New financial assets issued or acquired	3	6	0	9
Derecognised financial assets	- 1	- 3	- 1	- 6
Changes to model/macroeconomic parameters	- 1	- 4	0	- 6
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 2	5	4	6
Loss allowance for loans at amortised cost at 31.03.2022	34	77	206	317
Loss allowance for loans at fair value at 31.03.2022	1	2	5	7
Total loss allowance for loans at 31.03.2022	35	78	211	324
<i>Of which in the retail market</i>	8	9	20	37
<i>Of which in the corporate and public sector markets</i>	27	70	191	287
	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2022	4	9	3	15
Changes during the reporting period	0	- 2	- 1	- 2
Loss allowance for undrawn credit facilities and guarantees at 31.03.2022	4	7	2	13
<i>Of which in the retail market</i>	1	0	0	1
<i>Of which in the corporate and public sector markets</i>	3	7	2	12

Note 5 Loss allowance (cont.)

2021	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for loans at amortised cost at 01.01.2021	42	123	179	344
Transferred to Stage 1	1	- 7	- 1	- 6
Transferred to Stage 2	- 2	10	- 5	3
Transferred to Stage 3	0	- 2	4	3
New financial assets issued or acquired	2	4	1	7
Derecognised financial assets	- 3	- 21	- 3	- 28
Changes to model/macroeconomic parameters	1	0	0	1
Actual losses covered by previous provisions	0	0	- 1	- 1
Other changes	- 2	3	4	5
Loss allowance for loans at amortised cost at 31.03.2021	39	111	178	328
Loss allowance for loans at fair value at 31.03.2021	1	2	6	8
Loss allowance for loans at 31.03.2021	40	112	184	336
<i>Of which in the retail market</i>	6	6	15	27
<i>Of which in the corporate and public sector markets</i>	34	106	168	309
	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2021	6	12	8	25
Changes during the reporting period	- 1	1	6	6
Loss allowance for undrawn credit facilities and guarantees at 31.03.2021	5	13	13	31
<i>Of which in the retail market</i>	1	0	0	1
<i>Of which in the corporate and public sector markets</i>	4	13	13	31

Future scenarios in the impairment model under IFRS 9

Under IFRS 9, impairment allowances shall take into account expectations for future defaults and impairment losses. In 2018 and 2019, the bank used a statistical model to estimate how expected changes in macroeconomic parameters will affect the future probability of default amongst the bank's customers. The Covid-19 pandemic led to such great fluctuations in macroeconomic variables used as independent variables in the model that the model was no longer suitable for predicting future defaults. We have therefore performed a qualitative assessment of what is likely to happen to the probability of default and house prices over the coming five years, based on the impacts of past crises, long-term expectations prior to the coronavirus crisis and the outlook in Norges Bank's monetary policy report. Expected credit losses are calculated using a weighted average of the losses under the 3 different scenarios; see below.

Future scenarios for retail market used to measure estimated expected credit losses at 31.03.2022	Probability of default starting from 31.03.2022					House prices	
	Year 1	Year 2	Year 3	Year 4	Year 5	Annual average growth	Weighting of scenario
Scenario 1: Optimistic scenario for retail market	1,53	1,70	1,87	1,87	1,70	3,0 %	25 %
Scenario 2: Base scenario for retail market	1,80	2,00	2,20	2,20	2,00	2,0 %	50 %
Scenario 3: Pessimistic scenario for retail market	2,25	2,50	2,75	2,75	2,50	- 0,1 %	25 %
Future scenarios for corporate market used to measure estimated expected credit losses at 31.03.2022	Probability of default starting from 31.03.2022					Collateral values	
	Year 1	Year 2	Year 3	Year 4	Year 5	Annual average growth	Weighting of scenario
Scenario 1: Optimistic scenario for corporate market	1,70	1,70	1,62	1,53	1,45	3,9 %	25 %
Scenario 2: Base scenario for corporate market	2,00	2,00	1,90	1,80	1,70	2,4 %	50 %
Scenario 3: Pessimistic scenario for corporate market	2,50	2,50	2,38	2,25	2,13	- 0,6 %	25 %

Note 5 Loss allowance (cont.)

Impact on profit of changing weighting of each scenario

The table below shows the impact on pre-tax profit of changing the weighting of the base, optimistic and pessimistic scenarios. When calculating expected losses, the base scenario is given a 50% weighting, while the pessimistic and optimistic scenarios are each given a 25% weighting. For example, if the pessimistic scenario were to be given a 35% weighting, and the optimistic scenario a 15% weighting, expected credit losses would be NOK 6 million higher. This would reduce pre-tax profit by an equivalent amount.

Weighting of Scenario 1: Optimistic	Weighting of Scenario 2: Base	Weighting of Scenario 3: Pessimi	Impact on pre-tax profit/loss
15 %	50 %	35 %	- 6
35 %	50 %	15 %	6
100 %	0 %	0 %	25
0 %	100 %	0 %	4
0 %	0 %	100 %	- 33

Note 6 Changes in gross loans and exposures

2022	Stage 1	Stage 2	Stage 3	Total
Gross loans at amortised cost at 01.01.2022	47 903	4 654	1 043	53 600
Transferred to Stage 1	949	- 925	- 24	0
Transferred to Stage 2	- 939	948	- 10	0
Transferred to Stage 3	- 20	- 92	112	0
New financial assets issued or acquired	3 790	264	3	4 057
Derecognised financial assets	- 2 634	- 301	- 18	- 2 953
Other changes	- 481	0	- 51	- 532
Gross loans at amortised cost at 31.03.2022	48 569	4 547	1 055	54 172
Loss allowance for loans at amortised cost at 31.03.2022	34	77	206	317
Net loans at amortised cost at 31.03.2022	48 536	4 471	849	53 855
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 31.03.2022	3 618	368	26	4 011
Loss allowance for loans at fair value at 31.03.2022	1	2	5	7
Net loans at fair value at 31.03.2022	3 617	366	21	4 004
	Stage 1	Stage 2	Stage 3	Total
Gross loans at 31.03.2022	52 187	4 915	1 081	58 183
<i>Of which in the retail market</i>	<i>40 938</i>	<i>2 948</i>	<i>315</i>	<i>44 201</i>
<i>Of which in the corporate and public sector markets</i>	<i>11 249</i>	<i>1 967</i>	<i>766</i>	<i>13 982</i>
Loss allowance for loans at 31.03.2022	35	78	211	324
Net loans at 31.03.2022	52 152	4 837	870	57 859
	Stage 1	Stage 2	Stage 3	Total
Undrawn credit facilities and guarantees at 31.03.2022	5 596	446	232	6 274
<i>Of which in the retail market</i>	<i>3 505</i>	<i>50</i>	<i>2</i>	<i>3 557</i>
<i>Of which in the corporate and public sector markets</i>	<i>2 091</i>	<i>396</i>	<i>230</i>	<i>2 717</i>
Loss allowance for guarantees and undrawn credit facilities at 31.03.2022	4	7	2	13
Net exposure to undrawn credit facilities and guarantees at 31.03.2022	5 593	439	230	6 261

Note 6 Changes in gross loans and exposures (cont.)

2021	Stage 1	Stage 2	Stage 3	Total
Gross loans at amortised cost at 01.01.2021	44 902	4 799	849	50 550
Transferred to Stage 1	1 055	- 1 016	- 40	0
Transferred to Stage 2	- 778	829	- 51	0
Transferred to Stage 3	- 9	- 125	135	0
New financial assets issued or acquired	3 531	203	32	3 766
Derecognised financial assets	- 2 813	- 578	- 26	- 3 417
Other changes	- 157	219	- 104	- 42
Gross loans at amortised cost at 31.03.2021	45 730	4 332	795	50 857
Loss allowance for loans at amortised cost at 31.03.2021	39	111	178	328
Net loans at amortised cost at 31.03.2021	45 691	4 221	617	50 529
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 31.03.2021	3 795	429	37	4 261
Loss allowance for loans at fair value at 31.03.2021	1	2	6	8
Net loans at fair value at 31.03.2021	3 794	427	32	4 253
	Stage 1	Stage 2	Stage 3	Total
Total gross loans at 31.03.2021	49 525	4 761	832	55 118
<i>Of which in the retail market</i>	<i>38 605</i>	<i>2 594</i>	<i>138</i>	<i>41 337</i>
<i>Of which in the corporate and public sector markets</i>	<i>10 920</i>	<i>2 167</i>	<i>694</i>	<i>13 781</i>
Loss allowance for loans at 31.03.2021	40	112	184	336
Net loans at 31.03.2021	49 485	4 648	649	54 782
	Stage 1	Stage 2	Stage 3	Total
Undrawn credit facilities and guarantees at 31.03.2021	5 865	413	139	6 417
<i>Of which in the retail market</i>	<i>3 423</i>	<i>42</i>	<i>1</i>	<i>3 465</i>
<i>Of which in the corporate and public sector markets</i>	<i>2 443</i>	<i>371</i>	<i>138</i>	<i>2 952</i>
Loss allowance for guarantees and undrawn credit facilities at 31.03.2021	5	13	13	31
Net exposure to undrawn credit facilities and guarantees at 31.03.2021	5 861	399	125	6 386

Payment default

Retail loans and residential mortgage loans

Accounts are considered to be in payment default when they are past due or overdrawn by an amount of at least NOK 1,000 and by at least 1% of the customer's total balance. If an account is in payment default, all of the customer's other accounts in the same product group are also considered in payment default. If an account that is in payment default represents over 20% of the total exposure to the customer, all of the customer's other accounts are considered in payment default.

For these purposes, the definition of retail loans covers mortgage loans that do not qualify for a 35% risk-weighting, building loans, consumer loans and advances to SMEs.

Other advances:

Customers are considered in payment default when at least one of their accounts is past due or overdrawn by an amount of at least NOK 2,000 and by at least 1% of the customer's total balance.

The number of days that a customer is considered to have been in payment default is determined by the account that has been past due for longest.

Note 6 Changes in gross loans and exposures (cont.)

	Gross loans			Guarantees and undrawn credit facilities			Loss allowance		
	31.03.22	31.03.21	31.12.21	31.03.22	31.03.21	31.12.21	31.03.22	31.03.21	31.12.21
11-30 days past due	106	97	25	1	16	0	1	5	0
31-90 days past due	46	20	12	0	0	0	1	1	0
More than 90 days past due	143	173	142	2	1	1	52	53	44
Total assets more than 10 days past due	296	290	179	3	17	1	54	60	45

Assets in default

Retail loans and residential mortgage loans

An account is considered in default if it is more than 90 days past due and the amount overdue is material. The threshold for being considered material has been set at NOK 1,000 and at least 1% of the customer's total balance. If an account is in default, all of the customer's other accounts in the same product group are also considered in default.

A customer is considered in default if the customer has an account in default that represents over 20% of the total exposure to the customer, or if there is an indication of unlikelihood to pay unless the collateral is realised.

Other advances

A customer is considered in default if at least one of their accounts is more than 90 days past due and the amount overdue is material, or if there is an indication of unlikelihood to pay unless the collateral is realised. The threshold for being considered material has been set at NOK 2,000 and at least 1% of the customer's total balance.

The following are automatically taken as indications of "unlikelihood to pay" and lead to assets being considered in default:

- An individually assessed allowance has been made for the customer
- Insolvency/Bankruptcy
- Debt restructuring
- Debt restructuring/relief that reduces the value of the asset by more than 1%
- Realisation of the collateral under compulsion or pressure from the bank (with some exceptions)
- Expectation of insolvency/bankruptcy or payment default

Other events that lead to an individual assessment of unlikelihood to pay, and which may lead to an asset being considered in default, include:

- Migration to a higher risk class
- Negative company-specific events (e.g. Board resigning)
- Industry downturn

Customers or accounts in payment default have a probation period of at least 3 months.

Customers or accounts in default in conjunction with debt restructuring have a probation period of at least 12 months.

Assets in default shall be considered equivalent to credit-impaired assets as defined in IFRS 9.

Note 6 Changes in gross loans and exposures (cont.)

	Gross loans			Guarantees and undrawn credit facilities			Loss allowance		
	31.03.22	31.03.21	31.12.21	31.03.22	31.03.21	31.12.21	31.03.22	31.03.21	31.12.21
More than 90 days past due	143	173	142	2	1	1	52	53	44
Other assets in default	938	660	928	230	138	151	160	144	159
Total assets in default	1 081	832	1 070	232	139	152	213	197	203
<i>Of which in the retail market</i>	<i>315</i>	<i>138</i>	<i>310</i>	<i>2</i>	<i>1</i>	<i>2</i>	<i>20</i>	<i>15</i>	<i>21</i>
<i>Of which in the corporate and public sector markets</i>	<i>766</i>	<i>693</i>	<i>760</i>	<i>230</i>	<i>85</i>	<i>150</i>	<i>192</i>	<i>182</i>	<i>181</i>

Debt relief

Debt relief refers to changes to the agreed terms and conditions granted because a customer is in financial difficulties that would not have been granted if the customer were in a stronger financial position.

	Gross loans			Guarantees and undrawn credit facilities			Loss allowance		
	31.03.22	31.03.21	31.12.21	31.03.22	31.03.21	31.12.21	31.03.22	31.03.21	31.12.21
Assets with debt relief that are not also in default	305	409	305	8	8	7	8	14	4
Assets with debt relief that are also in default	212	145	204	7	4	17	41	43	39
Total assets with debt relief	517	554	509	15	12	24	49	57	44
<i>Of which in the retail market</i>	<i>174</i>	<i>242</i>	<i>176</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3</i>	<i>2</i>	<i>3</i>
<i>Of which in the corporate and public sector markets</i>	<i>343</i>	<i>337</i>	<i>333</i>	<i>14</i>	<i>13</i>	<i>24</i>	<i>47</i>	<i>45</i>	<i>41</i>

Debt relief broken down by asset level

<i>Stage 2 assets</i>	305	409	305
<i>Stage 3 assets</i>	212	145	204

Note 7 Loans by customer groups

	Gross loans		Guarantees and undrawn credit facilities		Loans in default and at risk of default		Loss allowance	
	31.03.22	31.12.21	31.03.22	31.12.21	31.03.22	31.12.21	31.03.22	31.12.21
Consolidated								
Wage and salary earners and pensioners	44 201	43 498	3 559	3 504	316	312	37	36
Public sector	5	5	69	69	0	0	0	0
Farming and forestry	1 540	1 623	232	182	23	27	17	21
Fishing and hunting	1 970	1 981	152	147	162	161	10	4
Aquaculture and hatcheries	394	454	156	88	44	45	22	22
Industry and mining	764	830	415	389	248	61	21	26
Power/water supply	904	920	40	58	5	5	7	6
Building and construction	1 339	1 235	564	574	153	163	54	48
Commerce	738	835	354	293	60	64	33	34
Transport	520	408	134	146	22	23	4	4
Hotels and tourism	450	443	37	37	23	24	4	4
Services	928	862	109	113	89	89	44	41
Property management	4 430	4 556	453	433	168	247	83	76
Other	0	0	0	0	0	0	0	0
Total	58 183	57 651	6 274	6 032	1 312	1 222	336	322
<i>Of which in the retail market</i>	<i>44 201</i>	<i>43 498</i>	<i>3 559</i>	<i>3 504</i>	<i>316</i>	<i>312</i>	<i>37</i>	<i>36</i>
<i>Of which in the corporate and public sector markets</i>	<i>13 982</i>	<i>14 153</i>	<i>2 715</i>	<i>2 528</i>	<i>996</i>	<i>910</i>	<i>299</i>	<i>286</i>

Note 8 Customer deposits by sector and industry

	31.03.22	31.03.21	31.12.2021
Retail market	20 447	19 119	20 061
Corporate market	10 255	8 924	9 973
Public sector/other	2 525	2 786	2 502
Customer deposits	33 226	30 828	32 536
Breakdown of customer deposits, consolidated			
Deposits from and debt to customers at amortised cost	32 208	29 547	31 523
Deposits from and debt to customers at fair value	1 018	1 281	1 012
Customer deposits	33 226	30 828	32 536
Breakdown of customer deposits, parent company			
Deposits from and debt to customers at amortised cost	32 227	29 570	31 556
Deposits from and debt to customers at fair value	1 018	1 283	1 012
Customer deposits	33 245	30 853	32 568

Note 9 Debt securities in issue

CONSOLIDATED	FACE VALUE			CARRYING AMOUNT		
	31.03.22	31.03.21	31.12.21	31.03.22	31.03.21	31.12.21
Bonds in issue	21 050	21 750	21 220	21 155	21 789	21 340
- of which own bonds, not amortised	- 2 460	- 2 456	- 2 460	- 2 483	- 2 468	- 2 502
Debt securities in issue at amortised cost	18 590	19 294	18 760	18 672	19 321	18 838
Bonds in issue (MRELS)	1 400	500	1 400	1 404	500	1 403
- of which own bonds, not amortised	0	0	0	0	0	0
Debt securities in issue (MRELS) at amortised cost	1 400	500	1 400	1 404	500	1 403
Bonds in issue (MRELS)	500	0	500	467	0	495
- of which own bonds, not amortised	0	0	0	0	0	0
Debt securities (MRELS) measured at fair value	500	0	500	467	0	495
Bonds in issue	5 100	4 600	4 600	4 941	4 701	4 646
- of which own bonds, not amortised	- 86	0	- 46	- 87	0	- 47
Debt securities measured at fair value	5 014	4 600	4 554	4 854	4 701	4 599
Total debt securities in issue	25 504	24 394	25 214	25 397	24 523	25 335

MATURITY STRUCTURE OF DEBT SECURITIES (NET FACE VALUE)

	31.03.22	31.03.21	31.12.21
2021	0	1 344	0
2022	2 054	4 500	2 664
2023	3 950	3 950	3 950
2024	4 100	3 100	3 700
2025	4 800	3 900	4 800
2026	4 000	4 000	4 000
2027	3 400	1 400	3 400
2028	500	0	500
2030	1 000	500	500
2031	200	200	200
2033	500	500	500
2034	1 000	1 000	1 000
Total debt securities (net face value)	25 504	24 394	25 214

New debt securities issued in 2022 **860**

Net repayment of debt securities in 2022 **470**

PARENT COMPANY

Debt securities in issue by valuation method (carrying amount)

	31.03.22	31.03.21	31.12.21
Debt securities in issue at amortised cost	2 655	3 675	2 823
Debt securities in issue (MRELS) at amortised cost	1 404	500	1 403
Debt securities measured at fair value	2 500	2 680	2 587
Debt securities (MRELS) measured at fair value	467	0	495
Total debt securities in issue	7 026	6 856	7 308

The Bank uses hedge accounting for three fixed-rate covered bonds issued by its subsidiary Bustadkreditt Sogn og Fjordane AS. There is a ratio of virtually 1:1 between the hedged item (the bond) and the hedging instrument (the interest rate swap).

Note 10 Capital adequacy

EQUITY AND SUBORDINATED DEBT	31.03.22	31.03.21	31.12.21
Equity share capital	1 948	1 948	1 948
Primary capital	645	593	645
Share premium account	16	16	16
Dividend equalisation reserve	2 452	2 175	2 452
Allocated dividends and gifts	0	0	187
Reserve for unrealised gains	454	354	454
Other equity	192	159	196
Share of interim profit/loss	0	0	0
Equity	5 708	5 244	5 899
Other core capital			
Hybrid capital	350	350	350
Deductions			
Deferred tax assets	- 11	- 1	- 11
Other intangible assets	- 17	- 26	- 20
Other deductions	- 101	- 67	- 278
Net core capital	5 928	5 500	5 939
Core Tier 1 capital	5 578	5 150	5 589
Supplementary capital			
Subordinated debt instruments	600	600	600
Net supplementary capital	600	600	600
Net equity and subordinated debt	6 528	6 100	6 539
BASIS FOR CALCULATION			
Credit risk	31.03.22	31.03.21	31.12.21
Local and regional authorities	4	132	4
Institutions	146	223	143
Enterprises	2 670	3 140	2 675
Retail loans	3 682	4 064	4 572
Residential mortgage loans	20 620	19 015	20 222
Overdue advances	1 014	838	1 045
Particularly high-risk assets (property development projects)	307	665	310
Equity investments	1 749	1 519	1 690
Covered bonds	489	482	491
Other advances	221	198	151
Total calculation basis for credit risk	30 902	30 278	31 305
Currency risk	0	0	0
Operational risk	2 245	2 116	2 245
CVA	80	68	82
Total calculation basis	33 227	32 462	33 631
Excess equity and subordinated debt	3 870	3 504	3 849
CAPITAL ADEQUACY			
Capital adequacy ratio	19,65 %	18,79 %	19,44 %
Core capital adequacy ratio	17,84 %	16,94 %	17,66 %
Core Tier 1 capital adequacy ratio	16,79 %	15,87 %	16,62 %
Unweighted core capital ratio	8,65 %	8,61 %	8,86 %

Note 11 Transactions with related parties

Agreements and transactions between the parties have been made on market terms, as if they had been agreed between two totally independent parties.

In the consolidated financial statements, transactions between the parent and its subsidiaries have been eliminated.

Note 12 Equity share capital and ownership structure

Parent company

The equity share capital was raised as follows:

Year	Equity share capital (NOK)	Face value of each equity certificate (NOK)	Number of equity certificates
2010 Initial issue of equity certificates	1 894 953 000	100	18 949 530
2016 Equity certificates issued to existing shareholders	50 000 000	100	500 000
2016 Equity certificates issued to employees and Board	3 365 700	100	33 657
	1 948 318 700		19 483 187

Figures in NOK '000s unless otherwise specified

		31.03.22	31.03.21	31.12.21
Equity share capital				
Equity certificates		1 948 319	1 948 319	1 948 319
Share premium account		15 608	15 608	15 608
Dividend equalisation reserve		2 452 130	2 174 775	2 452 130
Total equity share capital (A)		4 416 057	4 138 702	4 416 057
Primary capital (B)		645 461	592 636	645 461
Reserve for unrealised gains		454 086	354 185	454 086
Hybrid capital		350 000	350 000	350 000
Proposed allocation for dividends and gifts		0	0	187 349
Other equity		297 312	230 186	0
Total equity		6 162 916	5 665 709	6 052 953
Equity share capital ratio A / (A+B) after disbursal of dividends		87,25 %	87,47 %	87,25 %
Parent company's earnings per equity certificate (weighted), in NOK		13,52	10,50	28,41
Consolidated earnings per equity certificate (weighted), in NOK		6,59	5,51	29,91
Consolidated book equity per equity certificate in NOK (excl. hybrid capital)		262,16	240,97	264,16
Proposed allocation for dividends				
Dividend payable per equity certificate, in NOK				9,00
Total dividends				175 349
Proposed allocation for gifts				
Charitable donations				12 000
Total proposed allocation for dividends and gifts				187 349
Dividends and gifts as a % of consolidated profit after taxation				28,1 %

Note 12 Equity share capital and ownership structure (cont.)

20 largest holders of equity certificates with an interest of at least 1%

	Number of equity certificates	31.03.22	
Sparebankstiftinga Sogn og Fjordane	18 229 997		93,57 %
Sparebankstiftinga Fjaler	1 152 992		5,92 %
Other *)	100 198		0,51 %
Total	19 483 187		100,00 %

*) Other owners of equity certificates comprise employees, Board members and former employees at Sparebanken Sogn og Fjordane.

Equity certificates held by key personnel

Equity certificates held by the CEO, senior management team, members of the Board of Directors and their personal related parties, as defined by Section 7-26 of the Norwegian Accounting Act.

	Number of equity certificates
Trond Teigene, CEO	3 400
RLK Holding AS represented by Johnny Haugsbakk, Board member	3 000
Harald Slettvoll, Director of Risk Management and Compliance	3 000
Frode Vassest, CFO	2 250
Linda Marie Vøllestad Westbye, Retail Banking Director	1 300
Sindre Kvalheim, Chair of the Board	1 000
Incubate AS represented by Sindre Kvalheim, Chair	1 000
Ole Martin Eide, Board member, employee representative	900
Eirik Rostad Ness, Director of Human Resources	850
Roy Stian Farsund, Corporate Banking Director	650
Reiel Haugland, Technology Director	601
Marie Heieren, Board member	300
Lise Mari Haugen, Board member	100
Silje Mari Sunde, Director of Business Support	50
Johanne Viken Sandnes, Director of Marketing and Communication	25
Total equity certificates held by key personnel and Board members	18 426

Information about voting rights, etc.

Representatives elected by the equity certificate owners shall have 40% of the votes at the AGM.

Representatives elected by and from our customers shall have 36% of the votes at the AGM.

Representatives elected by and from our employees shall have 24% of the votes at the AGM.

As well as requiring majority support at the AGM in the same way as for changes to the articles of association, the following matters require the support of at least 2/3 of the votes representing the equity certificate holders:

- Buying back equity certificates (Financial Institutions Act, Section 10-5)
- Any reduction or increase in the equity share capital (Financial Institutions Act, Sections 10-21 and 10-22)
- Establishing subscription rights (Financial Institutions Act, Section 10-23)
- Loans with a right to require that equity certificates be issued (Financial Institutions Act, Section 10-24)
- Decisions relating to mergers and demergers (Financial Institutions Act, Section 12-3)
- Decisions about restructuring (Financial Institutions Act, Section 12-14)

The articles of association entitle the Bank to issue negotiable equity certificates.

Note 13 Fair value of financial instruments

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

Consolidated	Carrying amount 31.03.22	Fair value 31.03.22	Carrying amount 31.12.21	Fair value 31.12.21
Assets				
Cash and cash equivalents	19	19	22	22
Loans and advances to credit institutions/central banks	997	997	717	717
Loans to customers	53 855	53 855	53 300	53 300
Total financial assets measured at amortised cost	54 871	54 871	54 039	54 039
Liabilities				
Debt to credit institutions	804	804	500	500
Deposits from and debt to customers	32 208	32 208	31 523	31 523
Debt securities in issue	20 076	20 135	20 241	20 370
Subordinated debt instruments	602	602	602	602
Total financial liabilities measured at amortised cost	53 690	53 749	52 866	52 995

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Classification by level

Consolidated

Assets at 31.03.22	Level 1	Level 2	Level 3	Total
Loans to customers	0	0	4 004	4 004
Commercial paper and bonds	10	7 113	0	7 123
Financial derivatives	0	315	0	315
Shares	0	400	362	762
Total financial assets measured at fair value	10	7 828	4 366	12 204
Liabilities at 31.03.22				
Deposits from and debt to customers	0	0	1 018	1 018
Debt securities in issue	0	2 967	0	2 967
Debt securities in issue used as hedging instruments	0	2 354	0	2 354
Financial derivatives	0	378	0	378
Total financial liabilities measured at fair value	0	5 699	1 018	6 717

Assets and liabilities measured at fair value shall be classified according to how reliable the fair value estimate is.

There are three classification levels:

- Level 1: Prices quoted in active markets
- Level 2: Valuation is directly or indirectly based on observable prices for similar assets
- Level 3: Valuation is not based on observable prices, and instead relies on e.g. our own valuation models.

Breakdown of fair value, level 3

Consolidated	Financial assets		Financial liabilities	
At 31.03.2022	Loans to customers	Shares	Customer deposits	
Nominal value/cost	4 095	356	1 017	
Fair value adjustment	- 91	6	1	
Total fair value	4 004	362	1 018	

Note 13 Fair value of financial instruments (cont.)

Breakdown of changes in level 3:

Consolidated	Financial assets		Financial liabilities
	Loans to customers	Shares	Deposits from and debt to customers
Carrying amount at 31.12.21	4 044	765	1 012
Net gains/losses on financial instruments through profit or loss	- 94	5	0,7
Acquisitions over the period	54	0	5
Sales/redemptions over the period	0	- 9	0
Moved into level 3	0	0	0
Moved out of level 3	0	- 400	0
Carrying amount at 31.03.22	4 004	362	1 018

Loans to customers and customer deposits measured at fair value comprise fixed-rate loans and deposits. The acquisitions/purchases or sales/redemptions shown for the period represent the net change excluding changes in market value. Fixed-rate deposits and fixed-rate loans are valued based on discounted cash flows. The discount rate that we use is supposed to represent the interest rate on an equivalent new product issued at the reporting date. To help us value retail loans, we use the fixed rates offered by a representative sample of our competitors. For the corporate market we use our own internal calculation models for those products.

Sensitivity analysis, level 3

For fixed-rate deposits the average remaining term is approx. 0.60 years. Using a simple duration-based approach, a 1% fall in interest rates will increase the value of our fixed-rate deposits by approx. NOK 6.1 million. For fixed-rate loans the weighted average remaining term is approx. 3.8 years. Calculated simply, a 1% rise in the discount rate will reduce the value of our fixed-rate loans by approx. NOK 151 million.

Shares defined as level 3 assets are not listed on a stock exchange, have no known transactions and are shares for which the Bank has no observable assets that can be used for valuation purposes. In such cases we use our own valuations based on discounted cash flows or an analysis of key figures. For companies valued using a cash flow model, a required rate of return on equity of 9.03% has been used. A 10% reduction in the price to book ratio of a company valued using key figures and a 1 percentage point increase in the required rate of return in the cash flow models would cut the value by approximately NOK 37 million.

Method used to calculate fair value of financial instruments

For more information about how the fair value of financial instruments is calculated, please see our 2021 annual report.

Note 14 Off balance sheet items

Guarantees	31.03.22	31.03.21	31.12.21
Payment guarantees	569	790	612
Contract guarantees	288	317	305
Other guarantee liabilities	60	61	60
Commitments to investments in shares	3	3	3
Total in NOK	921	1 171	981

Income statement, parent company

AMOUNTS IN MILLIONS OF NOK	Q1 2022	Q1 2021	Full-year 2021
Interest income	300	251	1 016
Interest expenses	99	79	318
Net interest income	201	173	698
Commission income	36	34	147
Commission expenses	8	5	28
Net gains/losses on financial instruments	223	170	328
Other income	3	3	11
Net other operating income	254	201	458
Total revenues	455	374	1 156
Wages, salaries, etc.	59	69	244
Other expenses	43	44	169
Depreciation and impairment of assets, valuation changes and gains/losses on non-financial assets	9	10	40
Total operating expenses	111	123	453
Profit before impairment loss and net gain on fixed assets	344	251	703
Impairment loss	15	- 7	- 38
Profit/loss before taxation	329	258	741
Tax expense	28	24	108
Profit/loss for the reporting period	301	234	633
STATEMENT OF COMPREHENSIVE INCOME			
Profit/loss for the reporting period	301	234	633
Other comprehensive income			
Other items that may be reclassified subsequently to profit or loss, after tax			
Remeasurements, pensions	0	0	0
Total other items that will never be reclassified to profit or loss, after tax	0	0	0
Comprehensive income	301	234	633

Balance sheet, parent company

AMOUNTS IN MILLIONS OF NOK	31.03.22	31.03.21	31.12.21
ASSETS			
Cash and cash equivalents	19	21	22
Loans and advances to credit institutions/central banks	3 312	1 962	1 866
Loans to customers	33 037	32 052	34 047
Commercial paper and bonds measured at fair value	9 442	9 409	8 871
Financial derivatives	500	285	215
Shares and other securities with variable returns	762	662	765
Investments in associates	3	3	3
Investments in subsidiaries	1 812	1 812	1 812
Intangible assets and goodwill	21	33	24
Fixed assets	82	84	79
Deferred tax assets	18	5	18
Other assets	108	40	44
Total assets	49 115	46 368	47 768
DEBT AND EQUITY			
Debt to credit institutions	974	1 662	642
Deposits from and debt to customers	33 245	30 853	32 568
Debt securities in issue	7 026	6 856	7 308
Financial derivatives	415	232	162
Tax payable	28	62	121
Other liabilities and provisions	662	437	312
Subordinated debt instruments	602	601	602
Total liabilities	42 953	40 702	41 715
Equity share capital	4 416	4 139	4 416
Primary capital	645	593	645
Other equity	751	584	454
Hybrid capital	350	350	350
Proposed allocation for dividends and gifts	0	0	187
Total equity	6 163	5 666	6 053
Total debt and equity	49 115	46 368	47 768

Consolidated income statement

As a % of average total assets

	Q1 2022	Q1 2021	Full-year 2021
Interest income	2,55 %	2,22 %	2,20 %
Interest expenses	0,98 %	0,76 %	0,74 %
Net interest income	1,57 %	1,46 %	1,46 %
Commission income	0,22 %	0,22 %	0,23 %
Commission expenses	0,05 %	0,03 %	0,04 %
Net gains/losses on financial instruments	0,17 %	0,09 %	0,27 %
Other income	0,03 %	0,05 %	0,06 %
Net other operating income	0,38 %	0,32 %	0,51 %
Total revenues	1,93 %	1,76 %	1,97 %
Wages, salaries, etc	0,38 %	0,46 %	0,41 %
Other expenses	0,28 %	0,29 %	0,28 %
Depreciation and impairment of assets, valuation changes and gains/losses on non-financial assets	0,05 %	0,06 %	0,06 %
Total operating expenses	0,71 %	0,82 %	0,75 %
Profit before impairment loss and net gain on fixed assets	1,22 %	0,94 %	1,22 %
Impairment loss	0,10 %	- 0,06 %	- 0,06 %
Profit/loss before taxation	1,12 %	1,00 %	1,28 %
Tax expense	0,24 %	0,23 %	0,25 %
Profit/loss for the reporting period	0,88 %	0,77 %	1,03 %
STATEMENT OF COMPREHENSIVE INCOME			
Profit/loss for the reporting period	0,88 %	0,77 %	1,03 %
Other comprehensive income			
Remeasurements, pensions	0,00 %	0,00 %	0,00 %
Total other comprehensive income for the year, after tax	0,00 %	0,00 %	0,00 %
Comprehensive income	0,88 %	0,77 %	1,03 %
AVERAGE TOTAL ASSETS	66 364	63 389	64 604

Consolidated financial results by quarter

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net interest income	257	250	235	231	229
Other operating income	34	42	38	40	37
Dividends and gains/losses on financial instruments	29	63	36	60	14
Net other operating income	63	105	74	100	51
Total revenues	320	355	309	331	279
Operating expenses	118	123	117	114	130
Profit/loss before impairment loss and net gain on fixed assets	203	232	192	217	149
Impairment loss	17	1	- 37	9	- 9
Profit/loss before taxation	186	231	229	208	159
Tax expense	39	35	53	37	36
Profit/loss after taxation	147	196	176	171	123
Remeasurements, pensions	0	0	0	0	0
COMPREHENSIVE INCOME	147	196	176	171	123

	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net interest income	233	223	202	250
Other operating income	37	34	35	32
Dividends and gains/losses on financial instruments	27	7	129	- 49
Net other operating income	64	41	164	- 17
Total revenues	297	264	366	233
Operating expenses	141	114	111	124
Profit/loss before impairment loss and net gain on fixed assets	155	149	254	109
Impairment loss	- 1	26	6	80
Profit/loss before taxation	156	124	248	29
Tax expense	37	29	29	17
Profit/loss after taxation	119	95	219	12
Remeasurements, pensions	0	0	0	0
COMPREHENSIVE INCOME	119	95	219	12

Consolidated financial results by quarter

As a % of average total assets

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net interest income	1,57 %	1,52 %	1,43 %	1,45 %	1,46 %
Other operating income	0,21 %	0,26 %	0,23 %	0,25 %	0,23 %
Dividends and changes in the value of fin. instr.	0,17 %	0,38 %	0,22 %	0,37 %	0,09 %
Net other operating income	0,38 %	0,64 %	0,45 %	0,62 %	0,32 %
Total revenues	1,93 %	2,17 %	1,89 %	2,04 %	1,76 %
Operating expenses	0,71 %	0,75 %	0,72 %	0,70 %	0,82 %
Impairment loss	0,10 %	0,00 %	- 0,23 %	0,06 %	- 0,06 %
Profit/loss before taxation	1,12 %	1,41 %	1,40 %	1,28 %	1,00 %
Tax expense	0,24 %	0,22 %	0,32 %	0,23 %	0,23 %
Profit/loss after taxation	0,88 %	1,20 %	1,08 %	1,05 %	0,77 %
Remeasurements, pensions	0,00 %	0,00 %	0,00 %	0,00 %	0,00 %
COMPREHENSIVE INCOME	0,88 %	1,20 %	1,08 %	1,05 %	0,77 %
	Q4 2020	Q3 2020	Q2 2020	Q1 2020	
Net interest income	1,48 %	1,43 %	1,35 %	1,73 %	
Other operating income	0,24 %	0,22 %	0,23 %	0,22 %	
Dividends and changes in the value of fin. instr.	0,17 %	0,04 %	0,86 %	- 0,34 %	
Net other operating income	0,41 %	0,27 %	1,09 %	- 0,11 %	
Total revenues	1,90 %	1,71 %	2,44 %	1,61 %	
Operating expenses	0,90 %	0,74 %	0,74 %	0,85 %	
Impairment loss	0,00 %	0,17 %	0,04 %	0,55 %	
Profit/loss before taxation	1,00 %	0,80 %	1,65 %	0,20 %	
Tax expense	0,24 %	0,19 %	0,20 %	0,12 %	
Profit/loss after taxation	0,76 %	0,61 %	1,46 %	0,08 %	
Remeasurements, pensions	0,00 %	0,00 %	0,00 %	0,00 %	
COMPREHENSIVE INCOME	0,76 %	0,61 %	1,46 %	0,08 %	

Information about the company

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