



*bustadkreditt
sogn og fjordane*



Interim report

Q1 2021 (unaudited)

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English translation: Språkverkstaden AS

Key figures

FIGURES IN 000S OF NOK

INCOME STATEMENT	Q1 2021	Q1 2020	Full-year 2020
Profit/loss after taxation	42 369	31 119	145 903
Net interest margin	0,99 %	0,99 %	0,94 %
Profit/loss after tax as a % of average total assets	0,74 %	0,61 %	0,68 %

KEY BALANCE SHEET FIGURES	31.03.2021	31.03.2020	31.12.2020
Gross loans to customers	22 739 094	19 904 982	21 829 282
Loss allowance	6 801	12 323	9 144
Equity	1 803 628	1 791 475	1 906 259
Total assets	23 241 213	20 460 980	22 383 824
Average total assets	22 919 288	20 294 054	21 308 308

OTHER KEY FIGURES	Q1 2021	Q1 2020	Full-year 2020
Cost-to-income ratio	5,98 %	7,04 %	5,45 %
Impairment loss as a % of gross loans	- 0,01 %	0,02 %	0,01 %
Loss allowance as a % of gross loans	0,03 %	0,06 %	0,04 %
Return on equity after tax *)	8,94 %	6,50 %	8,03 %
Capital adequacy ratio	19,69 %	21,87 %	20,60 %
Liquidity Coverage Ratio (LCR)	416 %	279 %	511 %

YEAR-ON-YEAR BALANCE SHEET GROWTH	31.03.2021	31.03.2020	31.12.2020
Growth in total assets	13,59 %	10,03 %	12,50 %
Growth in customer lending	14,24 %	9,61 %	12,37 %

INFORMATION ABOUT THE LOAN PORTFOLIO

Surplus value of cover pool (NOK millions)	2 846	2 465	2 924
Surplus value of cover pool (%)	14,31 %	14,1 %	15,5 %
Loan-to-value ratio, indexed	54,6 %	57,1 %	56,6 %
Loan-to-value ratio, not indexed	59,4 %	59,2 %	59,4 %
Face value of covered bonds issued (NOK millions)	19 900	17 500	18 900
Substitute assets other than loans (NOK millions)	156,5	235,5	121,6
Weighted average time since issue of loans (years)	3,3	3,4	3,4
Weighted average remaining term of loans (years)	19,1	18,6	18,9
Proportion of variable-rate loans	99,4 %	99,2 %	99,3 %
Proportion of fixed-rate loans	0,6 %	0,8 %	0,7 %
Proportion of flexible mortgages	14,3 %	16,3 %	14,7 %
Average loan value (NOK millions)	1,51	1,46	1,49
Number of loans	15 075	13 638	14 686
Proportion of loans secured by an overseas property	0 %	0 %	0 %

*) Calculated using the opening equity balance adjusted for capital increases and dividend payments.

Interim report 31.03.2021

Highlights

Bustadkreditt Sogn og Fjordane AS is a wholly-owned subsidiary of Sparebanken Sogn og Fjordane, with its head office in Førde.

Bustadkreditt Sogn og Fjordane AS has given the Sparebanken Sogn og Fjordane group access to long-term funding on competitive terms. It finances itself by issuing covered bonds.

Services such as customer care, loan servicing, management and administrative services are supplied by Sparebanken Sogn og Fjordane.

At the end of March 2021, the Company had 15,075 mortgages with a total face value of NOK 22.7 billion.

The loans in the cover pool were issued by Sparebanken Sogn og Fjordane, and subsequently bought by Bustadkreditt Sogn og Fjordane AS. At the end of March, 99.4% of the loans were variable rate loans and 0.6% were fixed-rate loans. 14.3% of the loan book was made up of flexible mortgages.

The weighted average loan-to-value ratio was 54.6%, the weighted average loan term was 19.1 years and the weighted average time since the loans were granted was 3.3 years. The average loan per customer was NOK 1.51 million. The Company's total loan portfolio grew by NOK 2.8 billion over the past year.

The volume of covered bonds issued by the Company was NOK 19.9 billion.

Rating of covered bonds

In 2011, Bustadkreditt Sogn og Fjordane AS's covered bond programme was given a long-term rating of Aaa by the ratings agency Moody's, and the TPI Leeway was set at 2. At the end of the first quarter of 2021, the long-term rating was still Aaa, while the TPI Leeway was 4. This implies that the rating of the covered bond programme is less at risk of a downgrade now than it was in 2011.

Calculation of loan-to-value ratio

The loan-to-value ratio is calculated as the loan amount divided by the value of the collateral. The value of the collateral is based on Eiendomsverdi AS's estimation model. This model is used by all Norwegian credit institutions.

Key figures

(Figures in brackets are for the year-earlier period.)

- Profit after taxation of NOK 42.4 million (31.1 million)
- Net interest income of NOK 55.8 million (49.9 million)
- Operating expenses of NOK 3.3 million (3.3 million)
- Net change in the value of financial instruments of NOK -1.0 million (-3.2 million)
- Impairment gain of NOK 2.4 million (loss of NOK 4.1 million)
- Annualised return on equity of 8.94% (6.50% after tax)
- Core Tier 1 capital adequacy ratio of 19.69% (21.87%)

Profitability

In the first quarter of 2021, the Company made a pre-tax profit of NOK 54.3 million. Profit after tax was NOK 42.4 million, giving an annualised return on equity of 8.94%. The equivalent figures for the previous year were NOK 39.9 million in pre-tax profit, NOK 31.1 million in profit after tax and return on equity of 6.5%. Profit after tax was equivalent to 0.74% of average total assets, compared with 0.61% the previous year.

Net interest income

Net interest income totalled NOK 55.8 million. The net interest margin for the first quarter was 0.99%. The equivalent figures for the year-earlier period were NOK 49.9 million and 0.99%.

Operating expenses

Operating expenses were NOK 3.3 million, compared with NOK 3.3 million for the same period of 2020. The Company's biggest expense was the purchase of services from Sparebanken Sogn og Fjordane, followed by the purchase of services from Eiendomsverdi, credit rating agency fees and the cost of issuing bonds.

The cost-to-income ratio was 5.98%, down from 7.04% last year.

Expected credit losses on loans, etc.

The Company follows Sparebanken Sogn og Fjordane's guidelines for assessing expected credit losses on loans, guarantees and undrawn credit facilities.

At 31 March 2021, the Company had ten loans with a combined value of NOK 22.3 million that were more than 90 days past due. The Company has not realised any losses.

For the first quarter of 2021, a NOK 2.4 million impairment gain was recognised for changes in expected credit losses. The total allowance for expected credit losses was NOK 6.8 million at the end of the quarter. The loss allowance was reduced due to a combination of the curing of defaults and a reduction in the average probability of default (PD) of the portfolio.

For a more detailed explanation see Notes 3 and 4, which include a sensitivity analysis of how expected losses may be affected by various scenarios for macroeconomic parameters.

Balance sheet

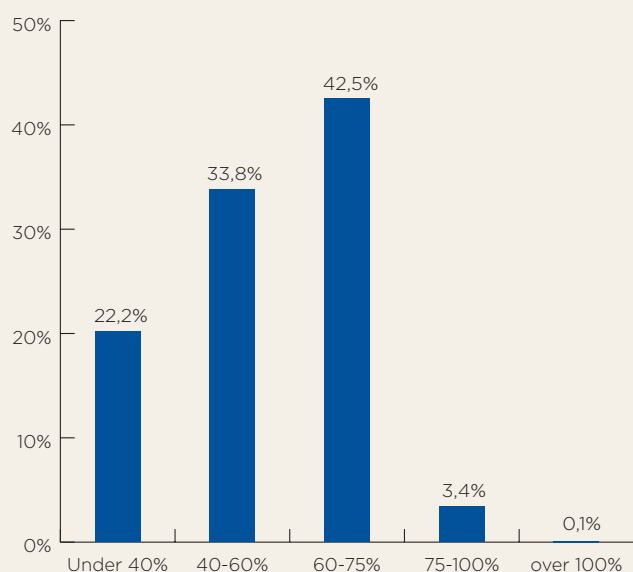
The Group had total assets of NOK 23.2 billion at 31 March 2021. This represented an increase of NOK 2.8 billion (13.6%) over the past 12 months.

Customer loans and other substitute assets

In addition to the NOK 22.7 billion of mortgage loans, NOK 156.5 million of other substitute assets have been established. The total value of the cover pool is NOK 22.7 billion, which is 14.31% higher than the volume of covered bonds issued.

54.0% of Bustadkreditt Sogn og Fjordane's loan portfolio has a loan-to-value ratio of less than 60%. The Company considers its loan portfolio to be low-risk. The figure shows the weighted loan-to-value ratio for the loans held by the Company.

Loans-to-value ratio



The geographic distribution of the residential mortgage portfolio was as follows:

5 BIGGEST COUNTIES MEASURED BY LOAN VOLUME

County	Percentage
Vestland	75.1%
Oslo	9.8%
Viken	8.2%
Møre og Romsdal	1.7%
Rogaland	1.4%
Rest of Norway	3.8%
Total	100%

5 BIGGEST MUNICIPALITIES MEASURED BY LOAN VOLUME

Municipality	Percentage
Bergen	18.9%
Sunnfjord	16.4%
Kinn	12.5%
Oslo	9.8%
Sogndal	5.6%
Rest of Norway	36.8%
Total	100%

DISTRIBUTION BY LOAN VALUE

Loan value	Volume (NOK millions)
NOK 0-1 million	2.800
NOK 1-2 million	6.822
NOK 2-3 million	6.432
NOK 3-4 million	3.436
over NOK 4 million	3.249
Total	22.739

Shareholders' equity and capital adequacy

At 31 March 2021, Bustadkreditt Sogn og Fjordane AS had NOK 1,803.6 million of equity. The capital adequacy ratio was 19.69%. The equivalent figures for the previous year were NOK 1,791.5 million of equity and a capital adequacy ratio of 21.87%.

In the first quarter of 2021, the Company paid NOK 145.0 million in dividends to the parent company.

Liquidity

At the close of the first quarter, Bustadkreditt Sogn og Fjordane had NOK 156.5 million of substitute assets consisting of deposits held at Sparebanken Sogn og Fjordane. The Company also had bonds with a carrying amount of NOK 294.9 million. These bonds are not included as substitute assets.

Bustadkreditt Sogn og Fjordane AS has excellent credit facilities with Sparebanken Sogn og Fjordane. These will allow the Company to make interest and principal payments to the owners of covered bonds, enable it to make advances to customers with flexible mortgages, provide bridge financing when loans are being transferred to it from the parent bank, and fund the necessary surplus in the cover pool.

Risk

Under its licence as a credit provider, Bustadkreditt Sogn og Fjordane is subject to laws, regulations and rules that limit the level of risk to which it can be exposed. The Board of Directors and CEO are responsible for establishing risk management procedures, and for ensuring that they are adequate and in compliance with laws and regulations.

Bustadkreditt Sogn og Fjordane is exposed to credit risk, operational risk, liquidity risk and interest rate risk. The Board considers it a priority for the Company to maintain a low risk exposure. Limits have been set on exposure to the various classes of risk, and a system has been established for measuring, managing and monitoring each of them.

Credit risk

Credit risk is the danger of losing money as a result of customers or counterparties being unable or unwilling to meet their obligations to Bustadkreditt Sogn og Fjordane.

The Company has its own rules on which loans it can buy from its parent company. The rules are strict, which means that in principle the credit risk is low. The rules specify requirements relating to the type of loan, loan-to-value ratio, risk class and type of collateral. At the end of the first quarter of 2021, the Company's weighted loan-to-value ratio was 54.6%, measured using the approved valuation of the collateral by Eiendomsverdi AS. The Board of Directors considers the loan portfolio to be of high quality, and to be associated with a low credit risk.

Market risk

Market risk is the risk arising from the Company's open positions relating to loans and financial instruments whose values fluctuate over time in response to changes in market prices. Bustadkreditt Sogn og Fjordane AS has not invested in shares or in foreign currencies, so all of its market risk consists of interest rate risk. The Company's risk management framework sets limits on the Company's exposure to market risk. The Board of Directors considers it important for Bustadkreditt Sogn og Fjordane AS to maintain a low exposure to market risk.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfil its obligations and/or finance an increase in assets without significant additional cost, either because it has to realise losses on the sale of assets or because it has to make use of unusually expensive financing.

The Board has decided that the Company should maintain a low exposure to liquidity risk. This is, amongst other things, reflected in the size of the required liquidity buffer. The Company's credit agreements with its parent also play an important role in reducing its liquidity risk.

Operational risk

Operational risk is defined as the risk of losses due to human error, external actions or failures and defects in the Company's systems, procedures and processes.

Bustadkreditt Sogn og Fjordane AS has signed an agreement with Sparebanken Sogn og Fjordane on the provision of services in areas such as customer service, administration, IT, finance and risk management. In these areas, the parent company is responsible for resolving any mistakes and for handling the operational risk. The Board believes that it handles this well.

Outlook

The Company produced strong results and its operations were stable in the first quarter of 2021. In spite of an ongoing pandemic for the past year, the Company's lending to customers grew strongly. House prices have risen over the past year, which is positive for the value of the Company's collateral.

There were several interest rate cuts in 2020, which put downward pressure on our net interest margin. Nevertheless, the company achieved a satisfactory return on equity of 8.94%, 2.45 percentage points higher than in the year-earlier period. The Company's costs are tightly controlled, and it has not realised any losses.

Looking forward, BSF will remain an important source of long-term funding for the Sparebanken Sogn og Fjordane group.

Førde, 4 May 2021

The Board of Directors of Bustadkreditt Sogn og Fjordane AS

Frode Vasseth
Chair

Linda Vøllestad Westbye

Ingeborg Aase Fransson

Peter Midthun

Irene Flølo
CEO

Income statement

	Note	Q1 2021	Q1 2020	Full-year 2020
Interest income		104 504	158 840	483 579
Interest expenses		48 745	108 932	282 825
Net interest income		55 758	49 908	200 754
Commission income		557	569	2 260
Net commission income		557	569	2 260
Net gains/losses on financial instruments		- 1 043	- 3 181	- 3 978
Total other operating income		- 1 043	- 3 181	- 3 978
Net other operating income		- 486	- 2 612	- 1 718
Total operating income		55 272	47 296	199 036
Wages, salaries, etc.		0	0	40
Other operating expenses		3 305	3 330	10 804
Total operating expenses		3 305	3 330	10 844
Operating profit/loss before impairment loss		51 968	43 966	188 191
Impairment loss (+)/gain (-)	3, 4, 5	- 2 352	4 069	1 136
Operating profit/loss		54 319	39 896	187 055
Tax expense		11 950	8 777	41 152
Profit/loss for the reporting period		42 369	31 119	145 903
COMPREHENSIVE INCOME				
Profit/loss for the reporting period		42 369	31 119	145 903
Other comprehensive income		0	0	0
Comprehensive income		42 369	31 119	145 903

Balance sheet

ASSETS	Note	31.03.21	31.03.20	31.12.20
Loans and advances to credit institutions		156 472	235 398	121 586
Loans to customers	3,4,5	22 732 293	19 892 602	21 820 137
Commercial paper and bonds		294 915	111 404	295 187
Financial assets		55 292	220 322	143 674
Deferred tax assets		2 240	1 253	2 240
Total assets		23 241 213	20 460 980	22 382 824
DEBT AND EQUITY				
Liabilities				
Debt to credit institutions		1 391 013	2 993 643	1 250 663
Debt securities in issue	6	19 955 992	15 429 778	19 043 018
Financial derivatives		36 140	22 388	20 607
Tax payable		33 020	31 405	42 139
Other liabilities and provisions		21 421	192 292	120 138
Total liabilities		21 437 585	18 669 505	20 476 566
Paid-up equity				
Share capital		1 750 000	1 750 000	1 750 000
Total paid-up equity		1 750 000	1 750 000	1 750 000
Retained earnings				
Other equity	7	53 628	41 475	11 259
Allocated for dividends		0	0	145 000
Total retained earnings		53 628	41 475	156 259
Total equity		1 803 628	1 791 475	1 906 259
Total liabilities and equity		23 241 213	20 460 980	22 382 824

Førde, 4 May 2021

The Board of Directors of Bustadkreditt Sogn og Fjordane AS

Frode Vasseth
Chair

Linda Vøllestad Westbye

Ingeborg Aase Fransson

Peter Midthun

Irene Flølo
CEO

Cash flow statement

	31.03.21	31.03.20	31.12.20
Profit/loss before taxation	54 319	39 896	187 055
Impairment loss	- 2 352	4 069	1 136
Tax paid	- 21 070	- 20 273	- 42 900
Reduction/increase (-) in loans and advances to customers	- 909 812	- 479 004	- 2 403 615
Other non-cash transactions	- 98 708	191 772	119 626
A) Net cash flow from operating activities	- 977 623	- 263 538	- 2 138 697
Reduction/increase (-) in investments in commercial paper/bonds/derivatives	88 654	- 202 700	- 309 835
B) Net cash flow from investment activities	88 654	- 202 700	- 309 835
Increase/reduction (-) in loans from credit institutions	140 349	1 838 674	95 694
Increase/reduction (-) in debt securities/derivatives	928 506	- 1 345 975	2 265 486
Dividends	- 145 000	- 140 000	- 140 000
C) Net cash flow from financing activities	923 855	352 699	2 221 180
D) Net cash flow during the year (A+B+C)	34 886	- 113 540	- 227 352
Opening balance of cash and cash equivalents	121 586	348 938	348 938
Closing balance of cash and cash equivalents	156 472	235 398	121 586
Breakdown of cash and cash equivalents			
Deposits at other financial institutions	156 472	235 398	121 586
Total	156 472	235 398	121 586

Equity statement

	PAID-UP EQUITY Share capital	RETAINED EARNINGS Other equity	TOTAL EQUITY
Opening balance 01.01.20	1 750 000	150 356	1 900 356
Dividends paid	0	- 140 000	- 140 000
Profit/loss for the reporting period	0	145 903	145 903
Closing balance 31.12.20	1 750 000	156 259	1 906 259
Opening balance 01.01.21	1 750 000	156 259	1 906 259
Dividends paid	0	- 145 000	- 145 000
Profit/loss for the reporting period	0	42 369	42 369
Closing balance 31.03.21	1 750 000	53 628	1 803 628

Notes to the financial statements

Note 1 Accounting principles and critical accounting estimates

Bustadkreditt Sogn og Fjordane AS's financial statements are prepared in accordance with the simplified application of IFRS and the relevant regulations issued by the Norwegian Ministry of Finance on 3 March 2014. These interim financial statements have been presented in accordance with IAS 34 "Interim Financial Reporting".

CHANGES TO ACCOUNTING STANDARDS

There were no changes to accounting standards that were implemented by the Company in the first quarter of 2021.

GENERAL

For more detailed information about accounting policies and for information about critical accounting estimates, please see Bustadkreditt Sogn og Fjordane AS's 2020 annual report. See: www.ssf.no.

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

Note 2 Segments

The Company has one segment. This segment consists of loans to retail customers and a small volume of loans to private businesses. All of the loans have been bought from Sparebanken Sogn og Fjordane. The Company does not have any operations outside Norway. Customers with overseas addresses are classified as part of the Norwegian operations.

Note 3 Impairment loss on loans and undrawn credit facilities

	Q1 2021	Q1 2020	2020
Increase/reduction in individually assessed allowances	- 1 213	1 298	1 214
Increase/reduction in expected credit losses (model-based)	- 1 138	2 772	- 77
Losses realised during period for which a loss allowance had previously been made	0	0	0
Losses realised during the period for which a loss allowance had not previously been made	0	0	0
Recoveries against previous years' realised losses	0	0	0
Impairment loss for the period	- 2 352	4 069	1 136

Note 4 Loss allowances classified by IFRS 9 stage

In the first quarter of 2021, the loss allowance on the Company's balance sheet was reduced by NOK 2.35 million. This was due to a combination of the curing of defaults and a reduction in the average probability of default (PD) of the portfolio.

In the first quarter, the bank started using a new definition of default, which is described in the interim report of the parent company and Sparebanken Sogn og Fjordane Group. This change had little impact on overall credit losses.

2021	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for loans at amortised cost at 01.01.21	2 772	3 793	2 538	9 103
Transferred to Stage 1	158	- 1390	- 262	- 1 494
Transferred to Stage 2	- 118	852	- 234	500
Transferred to Stage 3	0	- 269	314	45
New financial assets issued or acquired	493	225	19	737
Derecognised financial assets	- 234	- 250	- 226	- 710
Changes to model/macro-economic parameters	- 248	171	- 2	- 78
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 218	- 115	- 1 011	- 1 344
Loss allowance for loans at amortised cost at 31.03.2021	2 605	3 018	1 137	6 759
Loss allowance for loans at fair value at 31.03.2021	10	9	22	41
Total loss allowance for loans at 31.03.2021	2 615	3 027	1 159	6 801
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2021	63	12	0	75
Transferred to Stage 1	1	- 3	0	- 3
Transferred to Stage 2	- 1	3	0	2
Transferred to Stage 3	0	0	0	0
New financial assets issued or acquired	2	0	0	2
Derecognised financial assets	0	0	0	0
Changes to model/macro-economic parameters	- 5	0	0	- 5
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 5	1	0	- 5
Loss allowance for undrawn credit facilities and guarantees at 31.03.2021	54	13	0	67
2020	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for loans at amortised cost at 01.01.2020	1 571	4 760	2 322	8 652
Transferred to Stage 1	126	- 984	- 399	- 1 257
Transferred to Stage 2	- 116	879	- 124	639
Transferred to Stage 3	0	- 175	620	445
New financial assets issued or acquired	358	646	35	1 038
Derecognised financial assets	- 101	- 407	- 340	- 848
Changes to model/macro-economic parameters	951	2 833	97	3 881
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 252	- 866	890	- 228
Loss allowance for loans at amortised cost at 31.03.2020	2 537	6 686	3 100	12 323
Loss allowance for loans at fair value at 31.03.2020	14	43	0	57
Total loss allowance for loans at 31.03.2020	2 550	6 730	3 100	12 380
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2020	41	13	0	55
Changes during the period	19	10	0	29
Loss allowance for undrawn credit facilities and guarantees at 31.03.2020	60	24	0	84

Note 4 Loss allowances classified by IFRS 9 stage (cont.)

Sensitivity analysis of 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 macro-economic parameters will affect the future probability of default amongst the bank's customers. The Covid-19 pandemic led to such great fluctuations in the macroeconomic variables that are 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 used to measure estimated expected credit losses at 31.03.2021	Probability of default starting from 31 March 2021					House prices		
	Year 1	Year 2	Year 3	Year 4	Year 5	Annual average growth	Expected credit losses	Weighting of scenario
Scenario 1: Base scenario	1,50	1,60	1,60	1,50	1,40	2,5 %	6 570	50 %
Scenario 2: Optimistic scenario	1,28	1,36	1,36	1,28	1,19	3,5 %	5 485	25 %
Scenario 3: Pessimistic scenario	1,88	2,00	2,00	1,88	1,75	0,5 %	8 844	25 %
Impact on profit of giving 100% weighting to each scenario	Impact on ECLs/profit							
Scenario 1: Base scenario	297							
Scenario 2: Optimistic macro-economic scenario	1 382							
Scenario 3: Pessimistic macro-economic scenario	- 1 977							

Note 5 Assets classified by IFRS 9 stage

2021	Stage 1	Stage 2	Stage 3	Total
Gross loans at amortised cost at 01.01.2021	20 115 257	1 513 123	50 075	21 678 455
Transferred to Stage 1	555 963	- 544 763	- 11 200	0
Transferred to Stage 2	- 332 649	356 439	- 23 790	0
Transferred to Stage 3	- 1 553	- 24 203	25 756	0
New financial assets issued or acquired	2 440 814	115 813	2 876	2 559 504
Derecognised financial assets	- 1 208 299	- 123 282	- 2 088	- 1 333 669
Other changes	- 294 336	- 16 286	- 24	- 310 646
Gross loans at amortised cost at 31.03.2021	21 275 198	1 276 841	41 605	22 593 644
Loss allowance for loans at amortised cost at 31.03.2021	2 605	3 018	1 137	6 759
Net loans at amortised cost at 31.03.2021	21 272 593	1 273 823	40 468	22 586 884
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 31.03.2021	132 995	11 673	782	145 450
Loss allowance for loans at fair value at 31.03.2021	10	9	22	41
Net loans at fair value at 31.03.2021	132 985	11 664	760	145 409
	Stage 1	Stage 2	Stage 3	Total
Total gross loans at 31.03.2021	21 408 193	1 288 514	42 387	22 739 094
Total loss allowance for loans at 31.03.2021	2 615	3 027	1 159	6 801
Total net loans at 31.03.2021	21 405 578	1 285 487	41 228	22 732 293
	Stage 1	Stage 2	Stage 3	Total
Guarantees and undrawn credit facilities at 31.03.2021	1 775 558	27 815	0	1 803 373
Loss allowance for guarantees and undrawn credit facilities at 31.03.2021	54	13	0	67
Net exposure to guarantees and undrawn credit facilities at 31.03.2021	1 775 504	27 802	0	1 803 306
	Stage 1	Stage 2	Stage 3	Total
2020				
Gross loans at amortised cost at 01.01.2020	16 395 717	2 808 777	53 953	19 258 446
Transferred to Stage 1	768 844	- 753 960	- 14 884	0
Transferred to Stage 2	- 601 187	604 924	- 3 737	0
Transferred to Stage 3	- 588	- 12 746	13 334	0
New financial assets issued or acquired	1 599 387	219 085	653	1 819 125
Derecognised financial assets	- 877 329	- 201 007	- 910	- 1 079 246
Other changes	- 240 339	- 20 468	- 1 798	- 262 605
Gross loans at amortised cost at 31.03.2020	17 044 505	2 644 605	46 611	19 735 721
Loss allowance for loans at amortised cost at 31.03.2020	2 537	6 686	3 100	12 323
Net loans at amortised cost at 31.03.2020	17 041 968	2 637 919	43 511	19 723 398
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 31.03.2020	138 875	30 386	0	169 261
Loss allowance for loans at fair value at 31.03.2020	14	43	0	57
Net loans at fair value at 31.03.2020	138 862	30 342	0	169 204
	Stage 1	Stage 2	Stage 3	Total
Total gross loans at 31.03.2020	17 183 380	2 674 991	46 611	19 904 982
Total loss allowance for loans at 31.03.2020	2 550	6 730	3 100	12 380
Total net loans at 31.03.2020	17 180 830	2 668 261	43 511	19 892 602
	Stage 1	Stage 2	Stage 3	Total
Guarantees and undrawn credit facilities at 31.03.2020	1 623 448	42 776	5	1 666 229
Loss allowance for guarantees and undrawn credit facilities at 31.03.2020	60	24	0	84
Net exposure to guarantees and undrawn credit facilities at 31.03.2020	1 623 388	42 753	5	1 666 145

Note 6 Debt securities in issue

	31.03.21	31.03.20	31.12.20
Face value			
Commercial paper and other short-term borrowings	0	0	0
Bonds in issue at amortised cost	17 900 000	15 500 000	16 900 000
Own unamortised commercial paper/bonds at amortised cost	0	- 2 303 000	0
Bonds in issue at fair value	2 000 000	2 000 000	2 000 000
Total debt securities in issue	19 900 000	15 197 000	18 900 000
Term to maturity			
Remaining term to maturity (face value)			
2020	0	197 000	0
2021	2 500 000	2 500 000	2 500 000
2022	2 500 000	2 500 000	2 500 000
2023	2 500 000	2 500 000	2 500 000
2024	2 500 000	2 500 000	2 500 000
2025	3 000 000	3 000 000	3 000 000
2026	4 000 000	0	3 000 000
2027	900 000	0	900 000
2030	500 000	500 000	500 000
2033	500 000	500 000	500 000
2034	1 000 000	1 000 000	1 000 000
Total	19 900 000	15 197 000	18 900 000
New borrowings in 2021	1 000 000		
Repaid during the reporting period	0		

ISIN NUMBER	Face value	Interest rate	Spread	Maturity date *)	Carrying amount
NO0010743586	2 500 000	3 MTH NIBOR	0,43	16.06.21	2 500 483
NO0010770019	2 500 000	3 MTH NIBOR	0,67	15.06.22	2 501 587
NO0010782543	2 500 000	3 MTH NIBOR	0,60	15.06.23	2 502 298
NO0010819170	2 500 000	3 MTH NIBOR	0,42	15.04.24	2 503 671
NO0010843311	3 000 000	3 MTH NIBOR	0,49	23.04.25	3 005 372
NO0010881048	4 000 000	3 MTH NIBOR	0,49	18.06.26	4 018 887
NO0010895329	900 000	3 MTH NIBOR	0,40	12.10.27	902 141
NO0010871643	500 000	Fixed-rate	2,30	19.06.30	515 175
NO0010830524	500 000	Fixed-rate	2,68	31.08.33	526 286
NO0010863772	1 000 000	Fixed-rate	2,04	20.09.34	980 092

Total debt securities in issue

19 955 992

The table shows the agreed maturity date.

*) The terms allow for the maturity date to be extended by one year.

All of the loans are denominated in NOK.

All loan agreements are subject to standard loan terms.

The Company has issued three fixed-rate bonds. A hedge has been initiated to counteract fluctuations in the values of the bonds, and hedge accounting was introduced in conjunction with that. There is a ratio of virtually 1:1 between the hedged item (the bond) and the hedging instrument (the interest rate swap).

Note 7 Capital adequacy

Equity and subordinated debt	31.03.21	31.03.20	31.12.20
Share capital and share premium account	1 750 000	1 750 000	1 750 000
Other equity	11 259	10 356	11 259
Equity	1 761 259	1 760 356	1 761 259
Other core capital	0	0	0
Deductions:			
Valuation adjustment (prudent valuation rules)	- 553	- 711	- 421
Deferred tax assets	- 2 240	- 1 253	- 2 240
Net core capital	1 758 465	1 758 392	1 758 598
Core Tier 1 capital	1 758 465	1 758 392	1 758 598
Net supplementary capital	0	0	0
Net equity and subordinated debt	1 758 465	1 758 392	1 758 598
BASIS FOR CALCULATION			
Credit risk			
Institutions	37 294	53 246	30 317
Retail loans	747 708	994 193	591 355
Residential mortgage loans	7 597 371	6 471 174	7 305 167
Overdue advances	41 455	66 685	148 729
Covered bonds	18 059	8 034	18 060
Other advances	26 942	17 899	16 225
Total calculation basis for credit risk	8 468 830	7 611 231	8 109 852
Operational risk	367 806	362 493	367 806
CVA	94 324	66 677	60 773
Total calculation basis	8 930 960	8 040 401	8 538 430
Excess equity and subordinated debt	1 043 988	1 115 160	1 075 524
CAPITAL ADEQUACY RATIO			
Capital adequacy ratio	19,69 %	21,87 %	20,60 %
Core capital adequacy ratio	19,69 %	21,87 %	20,60 %
Core Tier 1 capital adequacy ratio	19,69 %	21,87 %	20,60 %
Unweighted core capital ratio	7,51 %	8,60 %	7,83 %

The capital adequacy ratio has been calculated using the new capital adequacy regulations (Basel II). The standardised approach has been used for credit risk and market risk, whilst the basic indicator approach has been used for operational risk.

There are three pillars to the Basel II regulations. Pillar 1 relates to minimum capital adequacy requirements, and builds on the previous regulations in Basel I. Pillar 2 relates to the institution's internal assessment of total capital requirements (ICAAP), whilst Pillar 3 covers disclosure requirements for financial information.

Note 8 Transactions with related parties

Intra-group transactions

	31.03.21	31.03.20	31.12.20
Interest received from Sparebanken Sogn og Fjordane	372	1 177	2 062
Interest paid to Sparebanken Sogn og Fjordane	4 142	9 420	23 278
Interest paid to Sparebanken Sogn og Fjordane on covered bonds	4 569	9 621	28 960
Services bought from Sparebanken Sogn og Fjordane	1 650	1 490	6 112
Deposits at Sparebanken Sogn og Fjordane	156 472	235 398	121 586
Liabilities to Sparebanken Sogn og Fjordane	1 391 013	2 993 643	1 250 663
Covered bonds held by Sparebanken Sogn og Fjordane	2 288 184	0	2 283 099

Bustadkreditt Sogn og Fjordane AS has no employees. An agreement has been signed with Sparebanken Sogn og Fjordane on the supply of loan servicing and administrative services. All of the Company's loans have been acquired from Sparebanken Sogn og Fjordane, and an agreement has been signed with the bank on the servicing of the portfolio. Bustadkreditt Sogn og Fjordane AS takes on all of the risk associated with the loans that it acquires from its parent. Sogn og Fjordane AS has been given access to good credit facilities with Sparebanken Sogn og Fjordane. These will allow it to make interest and principal payments to the owners of covered bonds, enable it to make advances to customers with flexible mortgages, provide bridge financing when loans are being transferred, and fund the necessary surplus in the cover pool.

Further details of the credit facilities:

Bustadkreditt Sogn og Fjordane AS (BSF) has four credit facilities with Sparebanken Sogn og Fjordane (SSF):

- a) A 3-year credit that matures in January 2023. The credit facility is to be used for buying mortgage loans from SSF. It has a limit of NOK 1,000 million, but can only be used for the bulk transfer of loans.
- b) A credit agreement to ensure that owners of covered bonds will be paid even if the mortgage credit subsidiary is unable to meet its obligations. The limit on the facility at 31/03/2021 was NOK 198 million. Under the agreement, the obligations of the Bank relate to all payments due to the owners of the covered bonds over the coming year.
- c) A credit facility that can be used to finance advances to customers with available credit within their flexible mortgages. At 31.03.2021, the limit on the facility was NOK 1,803 million.
- d) A credit facility related to overcollateralisation. The facility shall only be used to buy loans for inclusion in the cover pool, and to buy instruments that qualify as part of a liquidity buffer. At 31.03.2021, the limit on the facility was NOK 1,592 million, but this limit depends on the volume of covered bonds issued at any given time.

In addition to these four credit agreements, BSF and SSF have signed an ISDA agreement. The ISDA agreement regulates all derivative transactions between the parties. The ISDA agreement has the same structure as agreements between SSF and external entities, which means that changes in the value of interest rate swaps are measured daily and there is an exchange of collateral. When fixed-rate covered bonds are issued, SSF hedges the relevant amount with an external party and then performs an internal swap with BSF. The same applies to interest rate hedging for fixed-rate loans.

All agreements and transactions adhere to arm's length principles.

Note 9 Substitute assets

	31.03.21	31.03.20	31.12.20
Deposits at the parent company	156 472	235 398	121 586
Government-guaranteed commercial paper	0	0	0
Other commercial paper and bonds	0	0	0
Total substitute assets	156 472	235 398	121 586

Note 10 Fair value of financial instruments

Fair value of financial instruments measured at amortised cost

	31.03.21		31.03.20		31.12.20	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<i>Financial assets</i>						
Loans and advances to credit institutions	156 472	156 472	235 398	235 398	121 586	121 586
Loans to customers (gross)	22 593 644	22 593 644	19 735 721	19 735 721	21 678 455	21 678 455
Total financial assets measured at amortised cost	22 750 116	22 750 116	19 971 119	19 971 119	21 800 041	21 800 041
<i>Financial liabilities</i>						
Debt to credit institutions	1 391 013	1 391 013	2 993 643	2 993 643	1 154 969	1 154 969
Securities in issue (covered bonds)	17 934 439	18 068 877	13 224 205	13 216 625	16 917 693	17 040 078
Total financial liabilities measured at amortised cost	19 325 452	19 459 889	16 217 848	16 210 268	16 918 848	17 041 233

Financial assets measured at fair value

Financial assets at fair value through profit or loss

	Level 1	Level 2	Level 3	31.03.21 TOTAL
Loans to customers	0	0	145 409	145 409
Commercial paper and bonds	10 365	284 550	0	294 915
Financial derivatives	0	55 292	0	55 292

Financial liabilities at fair value through profit or loss (gross)

Securities in issue (covered bonds)	0	2 021 553	0	2 021 553
Financial derivatives	0	36 140	0	36 140

Fair value hierarchy

Financial instruments measured at fair value are split into three 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

Information about the company

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ORGANISATION NUMBER 946 917 990

MANAGEMENT

Irene Flølo CEO

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Frode Vasseth	Chair
Linda Vøllestad Westbye	Board member
Ingeborg Aase Fransson	Board member
Peter Midthun	Board member

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