



*bustadkreditt
sogn og fjordane*

Interim report

Q3 2021 (unaudited)

Contents

3	Key figures
4	Q3 interim report 30.09.2021
7	Income statement
8	Balance sheet
9	Cash flow statement
10	Equity statement
11	Notes
19	Information about the company

Key figures

FIGURES IN 000S OF NOK	Q1-Q3 2021	Q1-Q3 2020	Full-year 2020
INCOME STATEMENT			
Profit/loss after taxation	138 354	99 451	145 903
Net interest margin	1,05 %	0,88 %	0,94 %
Profit/loss after tax as a % of average total assets	0,78 %	0,63 %	0,68 %
KEY BALANCE SHEET FIGURES			
Gross loans to customers	23 368 136	20 826 818	21 829 282
Loss allowance	8 785	8 848	9 144
Equity	1 899 612	1 859 807	1 906 259
Total assets	23 855 082	21 492 017	22 383 824
Average total assets	23 565 654	20 980 378	21 308 308
OTHER KEY FIGURES			
Cost-to-income ratio	4,97 %	5,88 %	5,45 %
Impairment loss as a % of gross loans	0,00 %	0,00 %	0,01 %
Loss allowance as a % of gross loans	0,04 %	0,04 %	0,04 %
Return on equity after tax *)	10,22 %	7,25 %	8,03 %
Capital adequacy ratio	18,94 %	20,60 %	20,60 %
Liquidity Coverage Ratio (LCR)	774 %	448 %	511 %
YEAR-ON-YEAR BALANCE SHEET GROWTH			
Growth in total assets	11,00 %	11,55 %	12,50 %
Growth in customer lending	12,20 %	11,86 %	12,37 %
INFORMATION ABOUT THE LOAN PORTFOLIO			
Surplus value of cover pool (NOK millions)	2 919	2 838	2 924
Surplus value of cover pool (%)	14,3 %	15,8 %	15,5 %
Loan-to-value ratio, indexed	54,4 %	56,2 %	56,6 %
Loan-to-value ratio, not indexed	59,6 %	59,2 %	59,4 %
Face value of covered bonds issued (NOK millions)	20 400	18 000	18 900
Substitute assets other than loans (NOK millions)	226,6	145,6	121,6
Weighted average time since issue of loans (years)	3,4	3,4	3,4
Weighted average remaining term of loans (years)	19,1	18,8	18,9
Proportion of variable-rate loans	99,6 %	99,2 %	99,3 %
Proportion of fixed-rate loans	0,4 %	0,8 %	0,7 %
Proportion of flexible mortgages	14,0 %	15,6 %	14,7 %
Average loan value (NOK millions)	1,54	1,50	1,49
Number of loans	15 175	13 867	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

30 September 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 September 2021, the Company had 15,175 mortgages with a total face value of NOK 23.4 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 September, 99.6% of the loans were variable rate loans and 0.4% were fixed-rate loans. 14.0% of the loan book was made up of flexible mortgages.

The weighted average loan-to-value ratio was 54.4%, the weighted average loan term was 19.1 years and the weighted average time since the loans were granted was 3.4 years. The average loan per customer was NOK 1.54 million. The Company's total loan portfolio grew by NOK 2.5 billion (12.2%) over the past year.

The volume of covered bonds issued by the Company was NOK 20.4 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 third 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 down-grade 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 138.4 million (99.5 million)
- Net interest income of NOK 184.9 million (139.0 million)
- Operating expenses of NOK 9.3 million (8.0 million)
- Net change in the value of financial instruments of NOK 0.3 million (-4.3 million)
- Impairment gain of NOK 0.4 million (loss of NOK 0.8 million)
- Annualised return on equity of 10.22% (7.25%) after tax
- Core Tier 1 capital adequacy ratio of 18.94% (20.6%)

Profitability

In the first nine months of 2021, the Company made a pre-tax profit of NOK 177.4 million. Profit after tax was NOK 138.4 million, giving an annualised return on equity of 10.22%. The equivalent figures for the previous year were NOK 127.5 million in pre-tax profit, NOK 99.5 million in profit after tax and return on equity of 7.25%. Profit after tax was equivalent to 0.78% of average total assets, compared with 0.63% in the year-earlier period.

Net interest income

Net interest income totalled NOK 184.9 million. The net interest margin for the nine months to 30 September 2021 was 1.05%. The equivalent figures for the year-earlier period were NOK 139.0 million and 0.88%.

Operating expenses

Operating expenses were NOK 9.3 million, compared with NOK 8.0 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 4.97%, down from 5.88% 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 30 September 2021, the Company had fifteen loans with a combined value of NOK 24.1 million that were more than 90 days past due. The Company has not realised any losses.

For the first nine months of 2021, a NOK 0.4 million impairment gain was recognised due to changes in expected credit losses. The reduction in the loss allowance was mainly due to house price growth. The total allowance for expected credit losses was NOK 8.8 million.

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

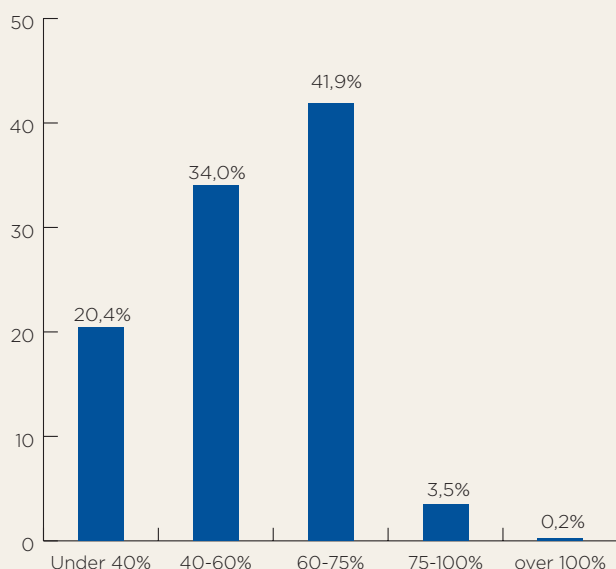
The Group had total assets of NOK 23.9 billion at 30 September 2021. This represented an increase of NOK 2.4 billion (11.0%) over the past 12 months.

Customer loans and other substitute assets

In addition to the NOK 23.4 billion of mortgage loans, NOK 226.6 million of other substitute assets have been established. The total value of the cover pool is NOK 23.4 billion, which is 14.3% higher than the volume of covered bonds issued.

54.4% 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 below shows the weighted loan-to-value ratio for the loans held by the Company.

Loan-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	9.3%
Viken	8.6%
Møre og Romsdal	1.7%
Rogaland	1.5%
Rest of Norway	3.8%
Total	100%

5 BIGGEST MUNICIPALITIES MEASURED BY LOAN VOLUME

Municipality	Percentage
Bergen	18.8%
Sunnfjord	16.3%
Kinn	12.6%
Oslo	9.3%
Sogndal	5.6%
Rest of Norway	37.4%
Total	100%

DISTRIBUTION BY LOAN VALUE

Loan value	Volume (NOK millions)
NOK 0-1 million	2,724
NOK 1-2 million	6,910
NOK 2-3 million.	6,688
NOK 3-4 million.	3,576
Over NOK 4 million	3,470
Total	23,368

Shareholders' equity and capital adequacy

At 30 September 2021, Bustadkreditt Sogn og Fjordane AS had NOK 1.90 billion of equity. The capital adequacy ratio was 18.94%. The equivalent figures for the previous year were NOK 1.86 billion of equity and a capital adequacy ratio of 20.60%.

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 third quarter, Bustadkreditt Sogn og Fjordane had NOK 226.6 million of substitute assets consisting of deposits held at Sparebanken Sogn og Fjordane. The Company also had bonds with a carrying amount of NOK 233.6 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 third quarter of 2021, the Company's weighted loan-to-value ratio was 54.4%, 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 third quarter of 2021. The Company's volume of loans to customers is experiencing strong growth, and net interest income rose due to funding costs falling over the course of the year.

The company achieved a return on equity of 10.22%, 2.96 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, 25 October 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	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Full-year 2020
Interest income		111 441	103 661	325 310	378 667	483 579
Interest expenses		42 609	44 854	140 367	239 701	282 825
Net interest income		68 832	58 808	184 944	138 965	200 754
Commission income		555	566	1 667	1 702	2 260
Net commission income		555	566	1 667	1 702	2 260
Net gains/losses on financial instruments		884	280	- 346	- 4 314	- 3 978
Total other operating income		884	280	- 346	- 4 314	- 3 978
Net other operating income		1 438	846	1 321	- 2 612	- 1 718
Total operating income		70 270	59 654	186 264	136 354	199 036
Wages, salaries, etc.		0	0	0	0	40
Other operating expenses		2 976	1 983	9 254	8 013	10 804
Total operating expenses		2 976	1 983	9 254	8 013	10 844
Operating profit/loss before impairment loss		67 294	57 671	177 010	128 341	188 191
Impairment loss (+)/gain (-)	3, 4, 5	675	281	- 366	839	1 136
Operating profit/loss		66 619	57 390	177 377	127 502	187 055
Tax expense		14 656	12 626	39 023	28 051	41 152
Profit/loss for the reporting period		51 963	44 764	138 354	99 451	145 903
COMPREHENSIVE INCOME						
Profit/loss for the reporting period		51 963	44 764	138 354	99 451	145 903
Other comprehensive income		0	0	0	0	0
Comprehensive income		51 963	44 764	138 354	99 451	145 903

Balance sheet

ASSETS	Note	30.09.21	30.09.20	31.12.20
Loans and advances to credit institutions		226 647	145 618	121 586
Loans to customers	3,4,5	23 359 351	20 817 971	21 820 137
Commercial paper and bonds		233 626	295 184	295 187
Financial assets		32 246	230 807	143 674
Deferred tax assets		2 240	1 253	2 240
Other assets		970	1 184	0
Total assets		23 855 082	21 492 017	22 382 824
DEBT AND EQUITY				
Liabilities				
Debt to credit institutions		1 357 389	1 144 182	1 250 663
Debt securities in issue	6	20 515 691	18 226 890	19 043 018
Financial derivatives		30 948	21 573	20 607
Tax payable		39 023	28 051	42 139
Other liabilities and provisions		12 418	211 513	120 138
Total liabilities		21 955 469	19 632 210	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	149 612	109 807	11 259
Allocated for dividends		0	0	145 000
Total retained earnings		149 612	109 807	156 259
Total equity		1 899 612	1 859 807	1 906 259
Total liabilities and equity		23 855 082	21 492 017	22 382 824

Førde, 25 October 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

	Q1-Q3 2021	Q1-Q3 2020	Full-year 2020
Profit/loss before taxation	177 377	127 502	187 055
Impairment loss	- 366	839	1 136
Tax paid	- 42 139	- 42 900	- 42 900
Reduction/increase (-) in loans and advances to customers	- 1 538 855	- 1 401 152	- 2 403 615
Other non-cash transactions	- 108 683	209 819	119 626
A) Net cash flow from operating activities	- 1 512 666	- 1 105 892	- 2 138 697
Reduction/increase (-) in investments in commercial paper/bonds/derivatives	172 989	- 396 965	- 309 835
B) Net cash flow from investment activities	172 989	- 396 965	- 309 835
Increase/reduction (-) in loans from credit institutions	106 726	- 10 787	95 694
Increase/reduction (-) in debt securities/derivatives	1 483 013	1 450 323	2 265 486
Dividends	- 145 000	- 140 000	- 140 000
C) Net cash flow from financing activities	1 444 739	1 299 536	2 221 180
D) Net cash flow during the year (A+B+C)	105 062	- 203 320	- 227 352
Opening balance of cash and cash equivalents	121 586	348 938	348 938
Closing balance of cash and cash equivalents	226 647	145 618	121 586
Breakdown of cash and cash equivalents			
Deposits at other financial institutions	226 647	145 618	121 586
Total	226 647	145 618	121 586

Equity statement

	PAID-UP EQUITY Share capital	RETAINED EARNINGS Other equity	TOTAL EQUITY
Opening balance 01.01.2020	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 31.12.2020	1 750 000	156 259	1 906 259
Opening balance 01.01.2021	1 750 000	156 259	1 906 259
Dividends paid	0	- 145 000	- 145 000
Profit/loss for the reporting period	0	138 354	138 354
Closing balance 30.09.2021	1 750 000	149 612	1 899 612

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 third quarter of 2021.

CRITICAL ACCOUNTING ESTIMATES

In the first quarter of 2021, the Bank adjusted its impairment model to the new definition of default. Amongst other things, there are new rules on how one account being in default affects other accounts held by the same customer (the "pulling effect"). Previously, if one account was in default all of the customer's accounts were considered in default. With the new definition, a customer may default on an unsecured loan without any secured loans being considered in default. The new definition of default has also resulted in a probation period of at least 3 months for payment defaults and at least 12 months for defaults involving debt restructuring.

The new definition of default has had no significant impact on the volume of defaults or loss allowances.

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-Q3 2021	Q1-Q3 2020	2020
Increase/reduction in individually assessed allowances	- 1 213	1 214	1 214
Increase/reduction in expected credit losses (model-based)	847	- 375	- 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	- 366	839	1 136

Note 4 Loss allowances classified by IFRS 9 stage

Upon initial recognition, a loan is generally 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. In the table below, individually assessed allowances are included under Stage 3.

2021	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for loans at amortised cost at 01.01.2021	2 772	3 793	2 538	9 103
Transferred to Stage 1	109	- 978	- 257	- 1 126
Transferred to Stage 2	- 131	799	- 174	494
Transferred to Stage 3	- 3	- 483	1702	1 216
New financial assets issued or acquired	1 095	1 480	301	2 876
Derecognised financial assets	- 657	- 885	- 810	- 2 351
Changes to model/macroeconomic parameters	215	797	127	1 139
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 626	- 728	- 1 253	- 2 607
Loss allowance for loans at amortised cost at 30.09.2021	2 773	3 795	2 176	8 744
Loss allowance for loans at fair value at 30.09.2021	8	0	34	41
Total loss allowance for loans at 30.09.2021	2 780	3 795	2 209	8 785
	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2021	63	12	0	75
Transferred to Stage 1	0	- 3	0	- 2
Transferred to Stage 2	- 1	7	0	6
Transferred to Stage 3	0	0	0	0
New financial assets issued or acquired	5	1	0	6
Derecognised financial assets	- 1	- 1	0	- 2
Changes to model/macroeconomic parameters	3	4	0	8
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 19	- 3	0	- 22
Loss allowance for undrawn credit facilities and guarantees at 30.09.2021	50	18	0	68
	Stage 1	Stage 2	Stage 3	Total
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	358	- 1 669	- 99	- 1 410
Transferred to Stage 2	- 85	689	- 176	429
Transferred to Stage 3	- 4	- 188	794	602
New financial assets issued or acquired	1 026	1 017	58	2 101
Derecognised financial assets	- 370	- 1 060	- 1 703	- 3 133
Changes to model/macroeconomic parameters	514	848	- 68	1 294
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 273	- 609	1 162	280
Loss allowance for loans at amortised cost at 30.09.2020	2 736	3 789	2 290	8 815
Loss allowance for loans at fair value at 30.09.2020	13	20	0	33
Total loss allowance for loans at 30.09.2020	2 748	3 809	2 290	8 848
	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2020	41	13	0	55
Changes during the period	22	- 2	0	19
Loss allowance for undrawn credit facilities and guarantees at 30.09.2020	63	11	0	74

Note 4 Loss allowances classified by IFRS 9 stage, continued

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 macroeconomic 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 30.09.2021	Probability of default starting from 30 September 2021					House prices	
	Year 1	Year 2	Year 3	Year 4	Year 5	Annual average growth	Weighting of scenario
Scenario 1: Base scenario	1,60	1,70	1,70	1,80	1,90	2,2 %	50 %
Scenario 2: Optimistic scenario	1,36	1,45	1,45	1,53	1,62	3,2 %	25 %
Scenario 3: Pessimistic scenario	2,00	2,13	2,13	2,25	2,38	0,2 %	25 %
Impact on profit of giving 100% weighting to each scenario	Impact on profit/loss						
Scenario 1: Base scenario	- 363						
Scenario 2: Optimistic macroeconomic scenario	1 619						
Scenario 3: Pessimistic macroeconomic scenario	- 2 345						

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	517 210	- 507 159	- 10 051	0
Transferred to Stage 2	- 464 471	481 070	- 16 599	0
Transferred to Stage 3	- 10 315	- 58 873	69 188	0
New financial assets issued or acquired	6 061 508	390 044	17 109	6 468 661
Derecognised financial assets	- 3 781 638	- 347 242	- 9 583	- 4 138 464
Other changes	- 692 513	- 32 190	- 1 214	- 725 917
Gross loans at amortised cost at 30.09.2021	21 745 037	1 438 772	98 925	23 282 734
Loss allowance for loans at amortised cost at 30.09.2021	2 773	3 795	2 176	8 744
Net loans at amortised cost at 30.09.2021	21 742 265	1 434 977	96 749	23 273 991
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 30.09.2021	84 466	154	782	85 402
Loss allowance for loans at fair value at 30.09.2021	8	0	34	41
Net loans at fair value at 30.09.2021	84 458	154	748	85 361
	Stage 1	Stage 2	Stage 3	Total
Total gross loans at 30.09.2021	21 829 503	1 438 926	99 707	23 368 136
Total loss allowance for loans at 30.09.2021	2 780	3 795	2 209	8 785
Total net loans at 30.09.2021	21 826 723	1 435 131	97 497	23 359 351
	Stage 1	Stage 2	Stage 3	Total
Guarantees and undrawn credit facilities at 30.09.2021	1 825 899	31 022	0	1 856 921
Loss allowance for guarantees and undrawn credit facilities at 30.09.2021	50	18	0	68
Net exposure to guarantees and undrawn credit facilities at 30.09.2021	1 825 849	31 004	0	1 856 853
	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	1 383 191	- 1 378 624	- 4 567	0
Transferred to Stage 2	- 300 263	307 340	- 7 076	0
Transferred to Stage 3	- 6 817	- 15 859	22 676	0
New financial assets issued or acquired	5 330 347	374 797	3 554	5 708 698
Derecognised financial assets	- 3 044 961	- 595 985	- 17 155	- 3 658 101
Other changes	- 598 599	- 42 211	- 368	- 641 177
Gross loans at amortised cost at 30.09.2020	19 158 615	1 458 234	51 017	20 667 866
Loss allowance for loans at amortised cost at 30.09.2020	2 736	3 789	2 290	8 815
Net loans at amortised cost at 30.09.2020	19 155 879	1 454 445	48 727	20 659 051
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 30.09.2020	142 044	16 909	0	158 953
Loss allowance for loans at fair value at 30.09.2020	13	20	0	33
Net loans at fair value at 30.09.2020	142 031	16 888	0	158 920
	Stage 1	Stage 2	Stage 3	Total
Total gross loans at 30.09.2020	19 300 659	1 475 142	51 017	20 826 818
Total loss allowance for loans at 30.09.2020	2 748	3 809	2 290	8 848
Total net loans at 30.09.2020	19 297 911	1 471 333	48 727	20 817 971
	Stage 1	Stage 2	Stage 3	Total
Guarantees and undrawn credit facilities at 30.09.2020	1 705 200	22 247	12	1 727 460
Loss allowance for guarantees and undrawn credit facilities at 30.09.2020	63	11	0	74
Net exposure to guarantees and undrawn credit facilities at 30.09.2020	1 705 137	22 237	12	1 727 386

Note 6 Debt securities in issue

	30.09.21	30.09.20	31.12.20
Face value			
Commercial paper and other short-term borrowings	0	0	0
Bonds in issue at amortised cost	18 400 000	16 000 000	16 900 000
Own unamortised commercial paper/bonds at amortised cost	0	0	0
Bonds in issue at fair value	2 000 000	2 000 000	2 000 000
Total debt securities in issue	20 400 000	18 000 000	18 900 000
Term to maturity			
Remaining term to maturity (face value)			
2021	0	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	3 000 000	3 000 000
2027	3 900 000	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	20 400 000	18 000 000	18 900 000
New borrowings in 2021	4 000 000		
Repaid during the reporting period	2 500 000		

ISIN NUMBER	Face value	Interest rate	Coupon margin	Maturity date *)	Carrying amount 30.09.21
NO0010770019	2 500 000	3 MTH NIBOR	0,67	15.06.22	2 501 447
NO0010782543	2 500 000	3 MTH NIBOR	0,60	15.06.23	2 502 053
NO0010819170	2 500 000	3 MTH NIBOR	0,42	15.04.24	2 502 566
NO0010843311	3 000 000	3 MTH NIBOR	0,49	23.04.25	3 004 486
NO0010881048	4 000 000	3 MTH NIBOR	0,49	18.06.26	4 016 997
NO0011008377	3 000 000	3 MTH NIBOR	0,75	27.05.27	3 084 623
NO0010895329	900 000	3 MTH NIBOR	0,40	12.10.27	901 709
NO0010871643	500 000	Fixed-rate	2,30	19.06.30	505 532
NO0010830524	500 000	Fixed-rate	2,68	31.08.33	519 737
NO0010863772	1 000 000	Fixed-rate	2,04	20.09.34	976 542
Total debt securities in issue					20 515 691

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	30.09.21	30.09.20	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)	- 384	- 507	- 421
Deferred tax assets	- 2 240	- 1 253	- 2 240
Net core capital	1 758 635	1 758 596	1 758 598
Core Tier 1 capital	1 758 635	1 758 596	1 758 598
Net supplementary capital	0	0	0
Net equity and subordinated debt	1 758 635	1 758 596	1 758 598
BASIS FOR CALCULATION			
Credit risk			
Institutions	51 524	36 149	30 317
Retail loans	991 064	1 216 172	591 355
Residential mortgage loans	7 682 335	6 670 808	7 305 167
Overdue advances	100 764	127 170	148 729
Covered bonds	12 043	18 065	18 060
Other advances	4 663	1 236	16 225
Total calculation basis for credit risk	8 842 392	8 069 599	8 109 852
Operational risk	367 806	362 493	367 806
CVA	73 178	103 266	60 773
Total calculation basis	9 283 376	8 535 358	8 538 430
Excess equity and subordinated debt	1 015 964	1 075 767	1 075 524
CAPITAL ADEQUACY RATIO			
Capital adequacy ratio	18,94 %	20,60 %	20,60 %
Core capital adequacy ratio	18,94 %	20,60 %	20,60 %
Core Tier 1 capital adequacy ratio	18,94 %	20,60 %	20,60 %
Unweighted core capital ratio	7,32 %	8,19 %	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

	30.09.21	30.09.20	31.12.20
Interest received from Sparebanken Sogn og Fjordane	819	1 774	2 062
Interest paid to Sparebanken Sogn og Fjordane	11 478	19 725	23 278
Interest paid to Sparebanken Sogn og Fjordane on covered bonds	15 969	25 245	28 960
Services bought from Sparebanken Sogn og Fjordane	5 053	4 533	6 112
Deposits at Sparebanken Sogn og Fjordane	226 648	145 618	121 586
Liabilities to Sparebanken Sogn og Fjordane	1 357 389	1 144 182	1 250 663
Covered bonds held by Sparebanken Sogn og Fjordane	2 435 997	1 945 893	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. Bustadkreditt 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 had a limit of NOK 750 million at 30/09/2021, but it 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 30/09/2021 was NOK 211 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 30/09/2021, the limit on the facility was NOK 1,857 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 30/09/2021, the limit on the facility was NOK 1,632 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

	30.09.21	30.09.20	31.12.20
Deposits at the parent company	226 647	145 618	121 586
Government-guaranteed commercial paper	0	0	0
Other commercial paper and bonds	0	0	0
Total substitute assets	226 647	145 618	121 586

Note 10 Fair value of financial instruments

Fair value of financial instruments measured at amortised cost

	30.09.21		30.09.20		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	226 647	226 647	145 618	145 618	121 586	121 586
Loans to customers (gross)	23 282 734	23 282 734	20 667 866	20 667 866	21 678 455	21 678 455
Total financial assets measured at amortised cost	23 509 382	23 509 382	20 813 484	20 813 484	21 800 041	21 800 041
<i>Financial liabilities</i>						
Debt to credit institutions	1 357 389	1 357 389	1 144 182	1 144 182	1 250 663	1 250 663
Securities in issue (covered bonds)	18 513 880	18 653 269	16 014 762	16 128 971	16 917 693	17 040 078
Total financial liabilities measured at amortised cost	19 871 270	20 010 659	17 158 944	17 273 153	18 168 356	18 290 742

Financial assets measured at fair value

	Level 1	Level 2	Level 3	Total at 30.09.21
<i>Financial assets at fair value through profit or loss</i>				
Loans and advances to customers at fair value	0	0	85 361	85 361
Commercial paper and bonds measured at fair value	9 953	223 674	0	233 626
Derivatives, trading portfolio	0	32 246	0	32 246
<i>Financial liabilities at fair value through profit or loss (gross)</i>				
Securities in issue (covered bonds)		2 001 811		2 001 811
Derivatives, trading portfolio		30 948		30 948

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

ADDRESS:

Bustadkreditt Sogn og Fjordane AS
Langebruvegen 12
6800 Førde

TEL. NO. +47 57 82 97 00

ORGANISATION NUMBER 946 917 990

MANAGEMENT

Irene Flølo CEO

BOARD OF DIRECTORS

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

CONTACT PERSON

Irene Flølo, CEO
Tel. no.: +47 97 66 76 15