



*bustadkreditt
sogn og fjordane*



Interim report

Q2 2022 (unaudited)

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Front cover photo: Vegard Fimland

GRAPHIC DESIGN: Sparebanken Sogn og Fjordane E. Natvik Prenteverk AS

English translation: Språkverkstaden AS

Key figures

FIGURES IN 000s OF NOK

	30 June 2022/ Q2 2022	30 June 2021/ Q2 2021	31 December 2021/ Full-year
INCOME STATEMENT			
Profit/loss after taxation	76 634	86 390	183 273
Net interest margin	0,85 %	1,00 %	1,04 %
Profit/loss after tax as a % of average total assets	0,61 %	0,74 %	0,77 %
KEY BALANCE SHEET FIGURES			
Gross loans to customers	25 529 360	23 193 411	23 309 972
Loss allowance	9 707	8 113	10 158
Equity	1 838 166	1 847 649	1 944 532
Total assets	26 168 930	23 687 857	23 716 815
Average total assets	24 942 491	23 396 098	23 692 219
OTHER KEY FIGURES			
Cost-to-income ratio	6,00 %	5,41 %	4,85 %
Impairment loss as a % of gross loans	0,00 %	0,00 %	0,00 %
Loss allowance as a % of gross loans	0,04 %	0,03 %	0,04 %
Return on equity after tax *)	8,29 %	9,45 %	10,21 %
Capital adequacy ratio	18,26 %	19,12 %	19,48 %
Liquidity Coverage Ratio (LCR)	1 242 %	556 %	707 %
Net Stable Funding Ratio (NSFR)	108,29 %		
YEAR-ON-YEAR BALANCE SHEET GROWTH			
Growth in total assets	10,47 %	12,84 %	5,96 %
Growth in customer lending	10,07 %	14,72 %	6,78 %
INFORMATION ABOUT THE LOAN PORTFOLIO			
Surplus value of cover pool (NOK millions)	5 308	2 725	2 779
Surplus value of cover pool (%)	26,68 %	13,3 %	13,6 %
Loan-to-value ratio, indexed	53,0 %	54,3 %	55,6 %
Loan-to-value ratio, not indexed	59,6 %	59,6 %	59,6 %
Face value of covered bonds issued (NOK millions)	19 910	20 400	20 400
Substitute assets other than loans (NOK millions)	173,5	178,1	142,1
Weighted average time since issue of loans (years)	3,3	3,3	3,4
Weighted average remaining term of loans (years)	19,5	19,1	19,2
Proportion of variable-rate loans	100,0 %	99,5 %	99,9 %
Proportion of fixed-rate loans	0,0 %	0,5 %	0,1 %
Proportion of flexible mortgages	13,2 %	14,3 %	13,9 %
Average loan value (NOK millions)	1,57	1,51	1,55
Number of loans	16 300	15 165	15 057
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 June 2022

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 June 2022, the Company had 16,300 mortgages with a total face value of NOK 25.5 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 June, all of the loans were variable rate loans. 13.2% of the loan book was made up of flexible mortgages.

The weighted average loan-to-value ratio was 53.0%, the weighted average loan term was 19.5 years and the weighted average time since the loans were granted was 3.3 years. The average loan per customer was NOK 1.57 million. The Company's total loan portfolio grew by NOK 2.3 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 second 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 76.6 million (86.4 million)
- Net interest income of NOK 104.7 million (116.1 million)
- Operating expenses of NOK 6.2 million (6.3 million)
- Net change in the value of financial instruments of NOK 1.7 million (1.2 million)
- Impairment gain of NOK -0.4 million (-1.0 million)
- Annualised return on equity of 8.29% (9.45%) after tax
- Core Tier 1 capital adequacy ratio of 18.26% (19.12%)

Profitability

In the first six months of 2022, the Company made a pre-tax profit of NOK 98.2 million. Profit after tax was NOK 76.6 million, giving an annualised return on equity of 8.29%. The equivalent figures for the previous year were NOK 110.7 million in pre-tax profit, NOK 86.4 million in profit after tax and return on equity of 9.45%. Profit after tax was equivalent to 0.61% of average total assets, compared with 0.74% in the year-earlier period.

Net interest income

Net interest income totalled NOK 104.7 million. The net interest margin for the six months to 30 June 2022 was 0.85%. The equivalent figures for the year-earlier period were NOK 116.1 million and 1.0%.

Operating expenses

Operating expenses were NOK 6.2 million, compared with NOK 6.3 million for the same period of 2021. 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 6.0%, up from 5.4% 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 June 2022, the company had fifteen loans with a combined value of NOK 23.6 million that were more than 90 days past due. The Company has not realised any losses.

For the first six months of 2022, a NOK 0.4 million impairment gain was recognised for changes in expected credit losses. The total allowance for expected credit losses was NOK 9.7 million at the end of the quarter. The increase in the allowance since 30 June 2021 was due to the portfolio having a slightly higher average probability of default (PD). 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.

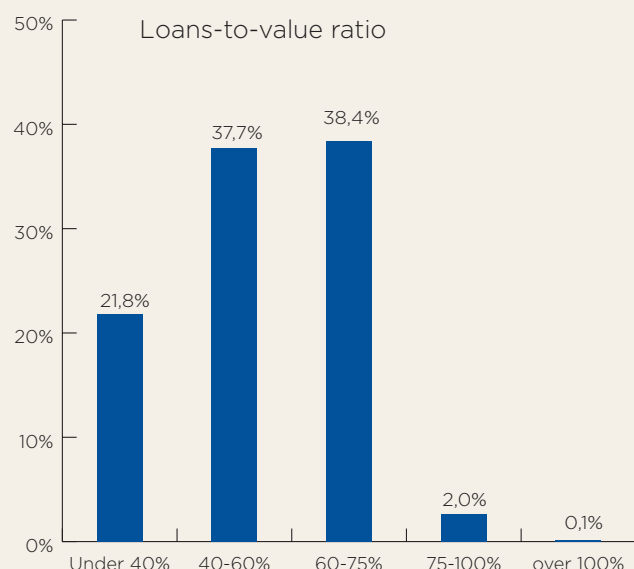
Balance sheet

The Company had total assets of NOK 26.2 billion at 30 June 2022. This represented an increase of NOK 2.3 billion (10.1%) over the past 12 months.

Customer loans and other substitute assets

In addition to the NOK 25.5 billion of mortgage loans, NOK 173.5 million of other substitute assets have been established. The total value of the cover pool is NOK 25.2 billion, which is 26.7% higher than the volume of covered bonds issued.

59.5% 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.



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

5 BIGGEST COUNTIES MEASURED BY LOAN VOLUME

County	Percentage
Vestland	73.6%
Oslo	10.4%
Viken	8.7%
Møre og Romsdal	1.7%
Rogaland	1.4%
Rest of Norway	4.2%
Total	100%

5 BIGGEST MUNICIPALITIES MEASURED BY LOAN VOLUME

Municipality	Percentage
Bergen	18.5%
Sunnfjord	15.7%
Kinn	12.1%
Oslo	10.4%
Sogndal	5.8%
Rest of Norway	37.5%
Total	100%

DISTRIBUTION BY LOAN VALUE

Loan value	Volume (NOK millions)
NOK 0-1 million	2,895
NOK 1-2 million	7,145
NOK 2-3 million	7,169
NOK 3-4 million	4,081
Over NOK 4 million	4,240
Total	25,529

Shareholders' equity and capital adequacy

At 30 June 2022, Bustadkreditt Sogn og Fjordane AS had NOK 1,847.6 million of equity. Its capital adequacy ratio was 18.26%. The equivalent figures for the previous year were NOK 1,838.1 million of equity and a capital adequacy ratio of 19.12%.

In the first quarter of 2022, the Company paid NOK 183.0 million in dividends to the parent company.

Liquidity

At the close of the second quarter, Bustadkreditt Sogn og Fjordane had NOK 173.5 million of substitute assets consisting of deposits held at Sparebanken Sogn og Fjordane. The Company also had bonds with a carrying amount of NOK 425.6 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 second quarter of 2022, the Company's weighted loan-to-value ratio was 53.0%, 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.

Summary

The Company produced strong results and its operations were stable in the second quarter of 2022. The Company is experiencing strong growth in loans to customers.

The company achieved a return on equity of 8.29%, 1.16 percentage points lower than in the year-earlier period. Net interest income fell by 9.8%, on account of rising funding costs. 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, 9 August 2022

The Board of Directors of Bustadkreditt Sogn og Fjordane AS

Frode Vassetth
Chair

Linda Vøllestad Westbye

Ingeborg Aase Fransson

Peter Midthun

Irene Flølo
CEO

Income statement

	Note	Q2 2022	Q2 2021	H1 2022	H1 2022	Full-year 2021
Interest income		155 065	109 366	291 212	213 869	446 838
Interest expenses		106 492	49 013	186 518	97 758	200 475
Net interest income		48 574	60 353	104 694	116 111	246 363
Commission income		562	555	1 113	1 112	2 216
Net commission income		562	555	1 113	1 112	2 216
Net gains/losses on financial instruments		- 148	- 187	- 1 723	- 1 229	- 594
Total other operating income		- 148	- 187	- 1 723	- 1 229	- 594
Net other operating income		414	369	- 610	- 117	1 623
Total operating income		48 988	60 722	104 084	115 994	247 985
Wages, salaries, etc.		0	0	0	0	43
Other operating expenses		3 008	2 973	6 247	6 278	11 976
Total operating expenses		3 008	2 973	6 247	6 278	12 018
Operating profit/loss before impairment loss		45 980	57 749	97 837	109 716	235 967
Impairment loss (+)/gain (-)	3,4,5	- 1 385	1 311	- 410	- 1 041	1 001
Operating profit/loss		47 365	56 438	98 247	110 757	234 966
Tax expense		10 419	12 417	21 613	24 367	51 692
Profit/loss for the reporting period		36 946	44 021	76 634	86 390	183 273
COMPREHENSIVE INCOME						
Profit/loss for the reporting period		36 946	44 021	76 634	86 390	183 273
Other comprehensive income		0	0	0	0	0
Comprehensive income		36 946	44 021	76 634	86 390	183 273

Balance sheet

ASSETS	Note	30.06.22	30.06.21	31.12.21
Loans and advances to credit institutions		173 476	178 104	142 148
Loans to customers	3,4,5	25 519 653	23 185 298	23 299 814
Commercial paper and bonds		425 586	234 171	233 145
Financial assets		48 476	86 716	41 709
Deferred tax assets		0	2 240	0
Other assets		1 738	1 328	0
Total assets		26 168 930	23 687 857	23 716 815
DEBT AND EQUITY				
Liabilities				
Debt to credit institutions		4 229 208	1 141 911	1 149 260
Debt securities in issue	6	19 743 961	20 584 181	20 529 335
Financial derivatives		333 306	21 721	30 151
Tax payable		21 613	24 367	47 872
Deferred tax		1 581	0	1 581
Other liabilities and provisions		1 096	68 028	14 086
Total liabilities		24 330 764	21 840 208	21 772 284
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	88 166	97 649	11 532
Allocated for dividends		0	0	183 000
Total retained earnings		88 166	97 649	194 532
Total equity		1 838 166	1 847 649	1 944 532
Total liabilities and equity		26 168 930	23 687 857	23 716 815

Førde, 9 August 2022

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

	30.06.22	30.06.21	31.12.21
Profit/loss before taxation	98 247	110 757	234 966
Impairment loss	- 410	- 1 041	1 001
Tax paid	- 47 872	- 42 139	- 42 139
Reduction/increase (-) in loans and advances to customers	- 2 219 388	- 1 364 129	- 1 480 690
Other non-cash transactions	- 14 770	- 53 427	- 106 039
A) Net cash flow from operating activities	- 2 184 192	- 1 349 979	- 1 392 901
Reduction/increase (-) in investments in commercial paper/bonds/derivatives	- 199 209	117 974	164 008
B) Net cash flow from investment activities	- 199 209	117 974	164 008
Increase/reduction (-) in loans from credit institutions	3 079 948	- 108 752	- 101 404
Increase/reduction (-) in debt securities/derivatives	- 482 219	1 542 276	1 495 860
Dividends	- 183 000	- 145 000	- 145 000
C) Net cash flow from financing activities	2 414 729	1 288 524	1 249 456
D) Net cash flow during the year (A+B+C)	31 328	56 519	20 563
Opening balance of cash and cash equivalents	142 148	121 586	121 586
Closing balance of cash and cash equivalents	173 476	178 104	142 148
Breakdown of cash and cash equivalents			
Deposits at other financial institutions	173 476	178 104	142 148
Total	173 476	178 104	142 148

Equity statement

	PAID-UP EQUITY Share capital	RETAINED EARNINGS Other equity	TOTAL EQUITY
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	183 273	183 273
Closing balance 31.12.2021	1 750 000	194 532	1 944 532
Opening balance 01.01.2022	1 750 000	194 532	1 944 532
Dividends paid	0	- 183 000	- 183 000
Profit/loss for the reporting period	0	76 634	76 634
Closing balance 30.06.2022	1 750 000	88 166	1 838 166

Notes to the financial statements

Note 1 Accounting principles and critical accounting estimates

BASIS OF PRESENTATION

Bustadkreditt Sogn og Fjordane AS's financial statements are prepared using International Financial Reporting Standards (IFRS). These interim financial statements have been presented in accordance with IAS 34 "Interim Financial Reporting". All figures are stated in thousands of NOK, unless otherwise specified.

GENERAL

For more detailed information about accounting policies and for information about critical accounting estimates, please see Bustadkreditt Sogn og Fjordane AS's 2021 annual report. See: www.ssf.no.

CHANGES TO ACCOUNTING STANDARDS

There were no changes to accounting standards or interpretations that were implemented by the Company in the second quarter of 2022.

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

	Q2 2022	Q2 2021	H1 2022	H1 2021	2021
Increase/reduction in individually assessed allowances	0	0	0	- 1 213	- 1 213
Increase/reduction in expected credit losses (model-based)	- 1 385	1 309	- 410	171	2 215
Losses realised during period for which a loss allowance had previously been made	0	0	0	0	0
Losses realised during the period for which a loss allowance had not previously been made	0	0	0	0	0
Recoveries against previous years' realised losses	0	0	0	0	0
Impairment loss for the period	- 1 385	1 309	- 410	- 1 043	1 001

Note 4 Loss allowances classified by IFRS9 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.

2022	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for loans at amortised cost at 01.01.2022	2 635	3 989	3 530	10 154
Transferred to Stage 1	109	- 825	- 89	- 805
Transferred to Stage 2	- 138	1089	- 164	786
Transferred to Stage 3	- 6	- 276	1160	878
New financial assets issued or acquired	1 142	1 279	90	2 512
Derecognised financial assets	- 397	- 951	- 2 288	- 3 636
Changes to model/macroeconomic parameters	281	375	- 238	418
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 394	- 270	64	- 601
Loss allowance for loans at amortised cost at 30.06.2022	3 233	4 408	2 066	9 707
Loss allowance for loans at fair value at 30.06.2022	0	0	0	0
Total loss allowance for loans at 30.06.2022	3 233	4 408	2 066	9 707
	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2022	45	17	0	62
Transferred to Stage 1	0	- 4	0	- 3
Transferred to Stage 2	- 1	12	0	11
Transferred to Stage 3	0	0	0	0
New financial assets issued or acquired	5	6	0	12
Derecognised financial assets	0	0	0	0
Changes to model/macroeconomic parameters	7	6	0	13
Actual losses covered by previous provisions	0	0	0	0
Other changes	9	0	0	9
Loss allowance for undrawn credit facilities and guarantees at 30.06.2022	65	38	0	103
	Stage 1	Stage 2	Stage 3	Total
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	138	- 1 111	- 274	- 1 247
Transferred to Stage 2	- 139	715	- 135	441
Transferred to Stage 3	0	- 293	447	154
New financial assets issued or acquired	789	2 050	176	3 015
Derecognised financial assets	- 437	- 536	- 566	- 1 539
Changes to model/macroeconomic parameters	- 159	414	- 28	227
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 423	- 625	- 1 029	- 2 077
Loss allowance for loans at amortised cost at 30.06.2021	2 541	4 406	1 129	8 076
Loss allowance for loans at fair value at 30.06.2021	7	7	23	37
Total loss allowance for loans at 30.06.2021	2 548	4 413	1 152	8 113
	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2021	63	12	0	75
Changes during the period	- 13	3	0	- 10
Loss allowance for undrawn credit facilities and guarantees at 30.06.2021	50	15	0	65

Note 4 Loss allowances classified by IFRS9 stage, continued

Future scenarios in the impairment model under IFRS9

Under IFRS9, 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 30.06.2022	Probability of default starting from 30 June 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	1,70	1,87	2,04	2,04	1,87	3,7 %	25 %
Scenario 2: Base scenario for retail market	2,00	2,20	2,40	2,40	2,20	2,7 %	50 %
Scenario 3: Pessimistic scenario for retail market	2,50	2,75	3,00	3,00	2,75	0,7 %	25 %

Note 5 Assets classified by IFRS9 stage

2022	Stage 1	Stage 2	Stage 3	Total
Gross loans at amortised cost at 01.01.2022	21 611 310	1 552 094	115 217	23 278 621
Transferred to Stage 1	463 698	- 455 840	- 7 858	0
Transferred to Stage 2	- 420 964	430 029	- 9 065	0
Transferred to Stage 3	- 14 507	- 50 284	64 790	0
New financial assets issued or acquired	5 361 776	392 645	8 365	5 762 786
Derecognised financial assets	- 2 653 810	- 244 103	- 22 954	- 2 920 867
Other changes	- 565 256	- 24 561	- 1 362	- 591 179
Gross loans at amortised cost at 30.06.2022	23 782 248	1 599 980	147 132	25 529 360
Loss allowance for loans at amortised cost at 30.06.2022	3 233	4 408	2 066	9 707
Net loans at amortised cost at 30.06.2022	23 779 015	1 595 571	145 067	25 519 653
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 30.06.2022	0	0	0	0
Loss allowance for loans at fair value at 30.06.2022	0	0	0	0
Net loans at fair value at 30.06.2022	0	0	0	0
	Stage 1	Stage 2	Stage 3	Total
Total gross loans at 30.06.2022	23 782 248	1 599 980	147 132	25 529 360
Total loss allowance for loans at 30.06.2022	3 233	4 408	2 066	9 707
Total net loans at 30.06.2022	23 779 015	1 595 571	145 067	25 519 653
	Stage 1	Stage 2	Stage 3	Total
Guarantees and undrawn credit facilities at 30.06.2022	1 966 144	36 194	0	2 002 338
Loss allowance for guarantees and undrawn credit facilities at 30.06.2022	65	38	0	103
Net exposure to guarantees and undrawn credit facilities at 30.06.2022	1 966 079	36 156	0	2 002 235
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	547 851	- 534 027	- 13 824	0
Transferred to Stage 2	- 423 291	438 634	- 15 343	0
Transferred to Stage 3	- 1 799	- 36 642	38 441	0
New financial assets issued or acquired	4 479 758	280 695	13 940	4 774 393
Derecognised financial assets	- 2 569 954	- 241 471	- 4 418	- 2 815 843
Other changes	- 528 310	- 27 703	- 219	- 556 231
Gross loans at amortised cost at 30.06.2021	21 619 514	1 392 609	68 652	23 080 775
Loss allowance for loans at amortised cost at 30.06.2021	2 541	4 406	1 129	8 076
Net loans at amortised cost at 30.06.2021	21 616 973	1 388 203	67 523	23 072 698
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 30.06.2021	102 933	8 921	782	112 636
Loss allowance for loans at fair value at 30.06.2021	7	7	23	37
Net loans at fair value at 30.06.2021	102 926	8 914	759	112 599
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 30.06.2021	21 722 447	1 401 530	69 434	23 193 411
Loss allowance for loans at fair value at 30.06.2021	2 548	4 413	1 152	8 113
Net loans at fair value at 30.06.2021	21 719 899	1 397 116	68 282	23 185 298
	Stage 1	Stage 2	Stage 3	Total
Guarantees and undrawn credit facilities at 30.06.2021	1 803 073	30 346	0	1 833 419
Loss allowance for guarantees and undrawn credit facilities at 30.06.2021	50	15	0	65
Net exposure to guarantees and undrawn credit facilities at 30.06.2021	1 803 023	30 331	0	1 833 354

Note 6 Debt securities in issue

Face value	30.06.22	30.06.21	31.12.21
Commercial paper and other short-term borrowings	0	0	0
Bonds in issue at amortised cost	16 900 000	18 400 000	18 400 000
Own unamortised commercial paper/bonds at amortised cost	0	0	0
Bonds in issue at fair value	3 000 000	2 000 000	2 000 000
Total debt securities in issue	19 900 000	20 400 000	20 400 000

Term to maturity

Remaining term to maturity (face value)			
2022	0	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	4 000 000	4 000 000
2027	4 900 000	3 900 000	3 900 000
2030	1 000 000	500 000	500 000
2033	1 000 000	500 000	500 000
2034	1 000 000	1 000 000	1 000 000
Total	19 900 000	20 400 000	20 400 000

New borrowings in 2022	2 000 000
Net repayments during the reporting period	2 500 000

ISIN NUMBER	Face value	Interest rate	Coupon margin	Maturity date *)	Carrying amount 30.06.22
NO0010782543	2 500 000	3 MTH NIBOR	0,60	15.06.23	2 502 604
NO0010819170	2 500 000	3 MTH NIBOR	0,42	15.04.24	2 507 541
NO0010843311	3 000 000	3 MTH NIBOR	0,49	23.04.25	3 009 345
NO0010881048	4 000 000	3 MTH NIBOR	0,49	18.06.26	4 015 552
NO0011008377	4 000 000	3 MTH NIBOR	0,75	27.05.27	4 089 578
NO0010895329	900 000	3 MTH NIBOR	0,40	12.10.27	903 655
NO0010871643	1 000 000	Fixed-rate	2,30	19.06.30	912 557
NO0010830524	1 000 000	Fixed-rate	2,68	31.08.33	935 648
NO0010863772	1 000 000	Fixed-rate	2,04	20.09.34	867 481

Total debt securities in issue

19 743 961

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	30.06.22	30.06.21	31.12.21
Share capital and share premium account	1 750 000	1 750 000	1 750 000
Other equity	11 532	11 259	11 532
Equity	1 761 532	1 761 259	1 761 532
Other core capital	0	0	0
Deductions:			
Valuation adjustment (prudent valuation rules)	- 523	- 522	- 349
Deferred tax assets	0	- 2 240	0
Net core capital	1 761 009	1 758 497	1 761 183
Core Tier 1 capital	1 761 009	1 758 497	1 761 183
Net supplementary capital	0	0	0
Net equity and subordinated debt	1 761 009	1 758 497	1 761 183
BASIS FOR CALCULATION			
Credit risk			
Institutions	54 198	41 886	34 430
Retail loans	176 339	877 257	429 203
Residential mortgage loans	8 776 887	7 685 160	7 941 394
Overdue advances	146 938	70 196	114 930
Covered bonds	25 253	12 053	12 031
Other advances	37 218	27 384	15 509
Total calculation basis for credit risk	9 216 834	8 713 934	8 547 497
Operational risk	398 886	367 806	398 886
CVA	27 796	117 697	92 671
Total calculation basis	9 643 515	9 199 437	9 039 054
Excess equity and subordinated debt	989 528	1 022 542	1 038 059
CAPITAL ADEQUACY			
Capital adequacy ratio	18,26 %	19,12 %	19,48 %
Core capital adequacy ratio	18,26 %	19,12 %	19,48 %
Core Tier 1 capital adequacy ratio	18,26 %	19,12 %	19,48 %
Unweighted core capital ratio	6,66 %	7,38 %	7,37 %

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

	30.06.22	30.06.21	31.12.21
Interest received from Sparebanken Sogn og Fjordane	1 661	582	1 347
Interest paid to Sparebanken Sogn og Fjordane	23 951	8 134	17 343
Interest paid to Sparebanken Sogn og Fjordane on covered bonds	18 648	9 929	23 807
Services bought from Sparebanken Sogn og Fjordane	3 636	3 337	6 789
Deposits at Sparebanken Sogn og Fjordane	173 476	178 104	142 148
Liabilities to Sparebanken Sogn og Fjordane	4 229 208	1 141 911	1 149 260
Covered bonds held by Sparebanken Sogn og Fjordane	515 305	2 435 675	2 501 824

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 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 750 million, but up until 30.09.2022 this has been raised to NOK 4,000 million. It can only be used for the bulk transfer of loans.
- 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 30.06.2022 was NOK 389 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.
- A credit facility that can be used to finance advances to customers with available credit within their flexible mortgages. At 30.06.2022, the limit on the facility was NOK 2,002 million.
- 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 30.06.2022, 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.

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

Note 9 Substitute assets

	30.06.22	30.06.21	31.12.21
Deposits at the parent company	173 476	178 104	142 161
Government-guaranteed commercial paper	0	0	0
Other commercial paper and bonds	0	0	0
Total substitute assets	173 476	178 104	142 161

Note 10 Fair value of financial instruments

Fair value of financial instruments measured at amortised cost

	30.06.22		30.06.21		31.12.21	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<i>Financial assets</i>						
Loans and advances to credit institutions	173 476	173 476	178 104	178 104	142 148	142 148
Loans to customers (gross)	25 529 360	25 529 360	23 080 775	23 080 775	23 278 621	23 278 621
Total financial assets measured at amortised cost	25 702 836	25 702 836	23 258 879	23 258 879	23 420 769	23 420 769
<i>Financial liabilities</i>						
Debt to credit institutions	4 229 208	4 229 208	1 141 911	1 141 911	1 149 260	1 149 260
Securities in issue (covered bonds)	17 028 274	16 960 199	18 517 885	18 653 045	18 516 863	18 605 970
Total financial liabilities measured at amortised cost	21 257 482	21 189 406	19 659 796	19 794 956	19 666 122	19 755 229

Financial assets measured at fair value

	Level 1	Level 2	Level 3	30.06.22 TOTAL
<i>Financial assets at fair value through profit or loss</i>				
Loans and advances to customers at fair value	0	0	0	0
Commercial paper and bonds measured at fair value	9 969	415 618	0	425 586
Derivatives, trading portfolio	0	48 476	0	48 476
<i>Financial liabilities at fair value through profit or loss (gross)</i>				
Securities in issue (covered bonds)		2 715 686		2 715 686
Derivatives, trading portfolio		333 306		333 306

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

Declaration by the Board of Directors and CEO

We declare that, to the best of our knowledge, the interim financial statements for the first half of 2021 have been prepared in accordance with current accounting standards, and that the information contained therein provides a true picture of the assets, liabilities, financial position and results of the Company. The Board believes that the interim report gives a true picture of the performance, results and financial position of the Company, and assesses the most important areas of uncertainty and potential risks it faces.

Førde, 9 August 2022

The Board of Directors of Bustadkreditt Sogn og Fjordane AS

Frode Vasseth
Chair

Linda Vøllestad Westbye

Ingeborg Aase Fransson

Peter Midthun

Irene Flølo
CEO

Information about the company

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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

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