



*bustadkreditt
sogn og fjordane*



Interim report

Q3 2022 (unaudited)

Contents

3	Key figures
4	Q3 interim report 30.09.2022
7	Income statement
8	Balance sheet
9	Cash flow statement
10	Equity statement
11	Notes
19	Information about the company

GRAPHIC DESIGN: Sparebanken Sogn og Fjordane E. Natvik Prenteverk AS
Front cover photo: Vegard Fimland
English translation: Språkverkstaden AS

Key figures

FIGURES IN 000S OF NOK

INCOME STATEMENT

	30 Sept. 2022/ Q1-Q3 2022	30 Sept. 2021/ Q1-Q3 2021	31 Dec. 2021/ Full-year
Profit/loss after taxation	108 875	138 354	183 273
Net interest margin	0,79 %	1,05 %	1,04 %
Profit/loss after tax as a % of average total assets	0,57 %	0,78 %	0,77 %

KEY BALANCE SHEET FIGURES

Gross loans to customers	26 007 769	23 368 136	23 309 972
Loss allowance	10 754	8 785	10 158
Equity	1 870 407	1 899 612	1 944 532
Total assets	27 493 284	23 855 082	23 716 815
Average total assets	25 266 388	23 565 654	23 692 219

OTHER KEY FIGURES

Cost-to-income ratio	6,19 %	4,97 %	4,85 %
Impairment loss as a % of gross loans	0,00 %	0,00 %	0,00 %
Loss allowance as a % of gross loans	0,04 %	0,04 %	0,04 %
Return on equity after tax *)	7,98 %	10,22 %	10,21 %
Capital adequacy ratio	17,96 %	18,94 %	19,48 %
Liquidity Coverage Ratio (LCR)	868 %	774 %	707 %
Net Stable Funding Ratio (NSFR)	108 %		

YEAR-ON-YEAR BALANCE SHEET GROWTH

Growth in total assets	15,25 %	11,00 %	5,96 %
Growth in customer lending	11,30 %	12,20 %	6,78 %

INFORMATION ABOUT THE LOAN PORTFOLIO

Surplus value of cover pool (NOK millions)	4 376	2 919	2 779
Surplus value of cover pool (%)	20,7 %	14,3 %	13,6 %
Loan-to-value ratio, indexed	53,3 %	54,4 %	55,6 %
Loan-to-value ratio, not indexed	59,8 %	59,6 %	59,6 %
Face value of covered bonds issued (NOK millions)	21 200	20 400	20 400
Substitute assets other than loans (NOK millions)	150,4	226,6	142,1
Weighted average time since issue of loans (years)	3,3	3,4	3,4
Weighted average remaining term of loans (years)	19,7	19,1	19,2
Proportion of variable-rate loans	100,0 %	99,6 %	99,9 %
Proportion of fixed-rate loans	0,0 %	0,4 %	0,1 %
Proportion of flexible mortgages	13,0 %	14,0 %	13,9 %
Average loan value (NOK millions)	1,59	1,54	1,55
Number of loans	16 334	15 175	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 September 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 September 2022, the Company had 16,334 mortgages with a total face value of NOK 26.0 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, all of the loans were variable rate loans. 13.0% of the loan book was made up of flexible mortgages.

The weighted average loan-to-value ratio was 53.3%, the weighted average loan term was 19.7 years and the weighted average time since the loans were granted was 3.3 years. The average loan per customer was NOK 1.59 million. The Company's total loan portfolio grew by NOK 2.6 billion (11.3%) over the past year.

The volume of covered bonds issued by the Company was NOK 21.2 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 2022, 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 108.9 million (138.4 million)
- Net interest income of NOK 149.9 million (184.9 million)
- Operating expenses of NOK 9.2 million (9.3 million)
- Net change in the value of financial instruments of NOK -2.1 million (-0.3 million)
- Impairment loss of NOK 0.6 million (gain of 0.4 million)
- Annualised return on equity of 7.98% (10.22%) after tax
- Core Tier 1 capital adequacy ratio of 17.96% (18.94%)

Profitability

In the first nine months of 2022, the Company made a pre-tax profit of NOK 139.6 million. Profit after tax was NOK 108.9 million, giving an annualised return on equity of 7.98%. The equivalent figures for the previous year were NOK 177.4 million in pre-tax profit, NOK 138.4 million in profit after tax and return on equity of 10.22%. Profit after tax was equivalent to 0.57% of average total assets, compared with 0.78% in the year-earlier period.

Net interest income

Net interest income totalled NOK 149.9 million. The net interest margin for the nine months to 30 September 2022 was 0.79%. The equivalent figures for the year-earlier period were NOK 184.9 million and 1.05%.

Operating expenses

Operating expenses were NOK 9.2 million, compared with NOK 9.3 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 6.19%, up from 4.97% 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 2022, the Company had seventeen loans with a combined value of NOK 14.3 million that were more than 90 days past due. The Company has not realised any losses.

For the first nine months of 2022, a NOK 0.6 million impairment loss was recognised for changes in expected credit losses. The total allowance for expected credit losses was NOK 10.8 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.

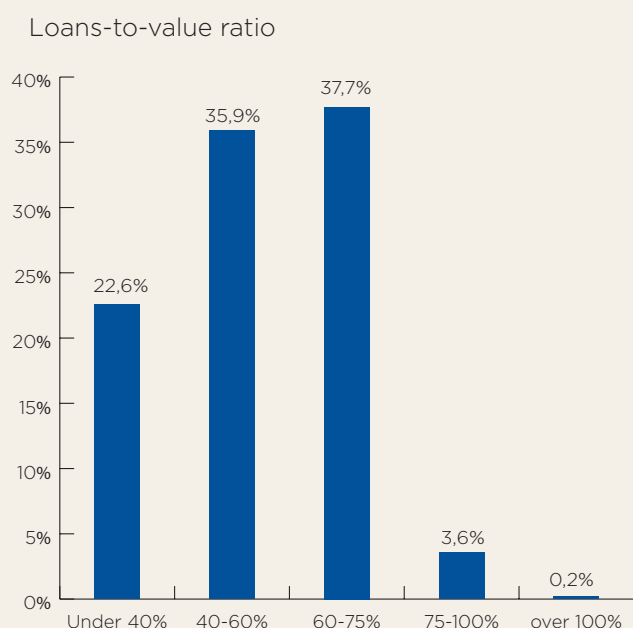
Balance sheet

The Company had total assets of NOK 27.5 billion at 30 September 2022. This represented an increase of NOK 3.6 billion (15.3%) over the past 12 months.

Customer loans and other substitute assets

In addition to the NOK 26.0 billion of mortgage loans, NOK 150.4 million of other substitute assets have been established. The total value of the cover pool is NOK 25.6 billion, which is 20.7% higher than the volume of covered bonds issued.

58.5% 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	73,5 %
Oslo	10,3 %
Viken	8,7 %
Møre og Romsdal	1,8 %
Rogaland	1,5 %
Rest of Norway	4,2 %
Total	100 %

5 BIGGEST MUNICIPALITIES MEASURED BY LOAN VOLUME

Municipality	Share
Bergen	18,5 %
Sunnfjord	15,6 %
Kinn	12,1 %
Oslo	10,3 %
Sogndal	5,8 %
Rest of Norway	37,7 %
Total	100 %

DISTRIBUTION BY LOAN VALUE

Loan value	Volume (NOK millions)
NOK 0-1 million	2.821
NOK 1-2 million	7.164
NOK 2-3 million	7.243
NOK 3-4 million	4.319
Over NOK 4 million	4.461
Total	26.008

Shareholders' equity and capital adequacy

At 30 September 2022, Bustadkreditt Sogn og Fjordane AS had NOK 1,870.4 million of equity. Its capital adequacy ratio was 17.96%. The equivalent figures for the previous year were NOK 1,899.6 million of equity and a capital adequacy ratio of 18.94%.

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 third quarter, Bustadkreditt Sogn og Fjordane had NOK 150.4 million of substitute assets consisting of deposits held at Sparebanken Sogn og Fjordane. The Company also had bonds with a carrying amount of NOK 333.7 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 2022, the Company's weighted loan-to-value ratio was 53.3%, 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, anti-corruption, 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

Loans to customers grew by 11.3%, which is a good performance. In spite of this solid growth, net interest income fell by 18.9%. This was due to a significant increase in the Company's funding costs. Norges Bank raised its key policy rate twice in the third quarter, which has led to customers being notified of two interest rate adjustments.

The company achieved a return on equity of 7.98%, 2.24 percentage points lower 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, 24 October 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

Income statement

	Note	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021.	Full-year 2021
Interest income		185 749	111 441	476 961	325 310	446 838
Interest expenses		140 523	42 609	327 040	140 367	200 475
Net interest income		45 227	68 832	149 921	184 944	246 363
Commission income		559	555	1 672	1 667	2 216
Net commission income		559	555	1 672	1 667	2 216
Net gains/losses on financial instruments		- 397	884	- 2 120	- 346	- 594
Total other operating income		- 397	884	- 2 120	- 346	- 594
Net other operating income		162	1 438	- 449	1 321	1 623
Total operating income		45 388	70 270	149 472	186 264	247 985
Wages, salaries, etc.		0	0	0	0	43
Other operating expenses		3 002	2 976	9 249	9 254	11 976
Total operating expenses		3 002	2 976	9 249	9 254	12 018
Operating profit/loss before impairment loss		42 386	67 294	140 223	177 010	235 967
Impairment loss (+)/gain (-)	3,4,5	1 049	675	639	- 366	1 001
Operating profit/loss		41 337	66 619	139 584	177 377	234 966
Tax expense		9 096	14 656	30 709	39 023	51 692
Profit/loss for the reporting period		32 241	51 963	108 875	138 354	183 273
COMPREHENSIVE INCOME						
Profit/loss for the reporting period		32 241	51 963	108 875	138 354	183 273
Other comprehensive income		0	0	0	0	0
Comprehensive income		32 241	51 963	108 875	138 354	183 273

Balance sheet

	Note	30 September 2022	30 September 2021	31 December 2021
ASSETS				
Loans and advances to credit institutions		150 376	226 647	142 148
Loans to customers	3,4,5	25 997 015	23 359 351	23 299 814
Commercial paper and bonds		333 716	233 626	233 145
Financial assets		10 863	32 246	41 709
Deferred tax assets		0	2 240	0
Other assets		1 001 314	970	0
Total assets		27 493 284	23 855 082	23 716 815
DEBT AND EQUITY				
Liabilities				
Debt to credit institutions		4 231 570	1 357 389	1 149 260
Debt securities in issue	6	20 975 337	20 515 691	20 529 335
Financial derivatives		380 486	30 948	30 151
Tax payable		30 709	39 023	47 872
Deferred tax		1 581	0	1 581
Other liabilities and provisions		3 194	12 418	14 086
Total liabilities		25 622 877	21 955 469	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	120 407	109 807	11 532
Allocated for dividends		0	0	183 000
Total retained earnings		120 407	109 807	194 532
Total equity		1 870 407	1 859 807	1 944 532
Total liabilities and equity		27 493 284	23 815 276	23 716 815

Førde, 24 October 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

	Q1-Q3 2022	Q1-Q3 2021	Full-year 2021
Profit/loss before taxation	139 584	177 377	234 966
Impairment loss	639	- 366	1 001
Tax paid	- 47 872	- 42 139	- 42 139
Reduction/increase (-) in loans and advances to customers	- 2 697 797	- 1 538 855	- 1 480 690
Other non-cash transactions	- 1 012 249	- 108 683	- 106 039
A) Net cash flow from operating activities	- 3 617 694	- 1 512 666	- 1 392 901
Reduction/increase (-) in investments in commercial paper/bonds/derivatives	- 69 725	172 989	164 008
B) Net cash flow from investment activities	- 69 725	172 989	164 008
Increase/reduction (-) in loans from credit institutions	3 082 311	106 726	- 101 404
Increase/reduction (-) in debt securities/derivatives	796 337	1 483 013	1 495 860
Dividends	- 183 000	- 145 000	- 145 000
C) Net cash flow from financing activities	3 695 648	1 444 739	1 249 456
D) Net cash flow during the year (A+B+C)	8 228	105 062	20 563
Opening balance of cash and cash equivalents	142 148	121 586	121 586
Closing balance of cash and cash equivalents	150 376	226 647	142 148
Breakdown of cash and cash equivalents			
Deposits at other financial institutions	150 376	226 647	142 148
Total	150 376	226 647	142 148

Equity statement

	PAID-UP EQUITY	RETAINED EARNINGS	
	Share capital	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	108 875	108 875
Closing balance 30.09.2022	1 750 000	120 407	1 870 407

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 third 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

	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	2021
Increase/reduction in individually assessed allowances	0	0	0	- 1 213	- 1 213
Increase/reduction in expected credit losses (model-based)	1 049	675	639	847	2 215
Losses realised during the 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	1 049	675	639	- 366	1 001

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.

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	103	- 907	- 205	- 1 009
Transferred to Stage 2	- 141	1244	- 107	995
Transferred to Stage 3	- 10	- 290	1348	1 047
New financial assets issued or acquired	1 596	1 930	165	3 691
Derecognised financial assets	- 611	- 1 188	- 2 343	- 4 142
Changes to model/macroeconomic parameters	584	1 027	- 261	1 350
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 652	- 723	44	- 1 332
Loss allowance for loans at amortised cost at 30.09.2022	3 504	5 080	2 170	10 754
Loss allowance for loans at fair value at 30.09.2022	0	0	0	0
Total loss allowance for loans at 30.09.2022	3 504	5 080	2 170	10 754
	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	2	- 4	0	- 2
Transferred to Stage 2	- 1	6	0	6
Transferred to Stage 3	0	0	0	0
New financial assets issued or acquired	6	5	0	11
Derecognised financial assets	0	- 1	0	- 1
Changes to model/macroeconomic parameters	13	8	0	22
Actual losses covered by previous provisions	0	0	0	0
Other changes	9	- 1	0	8
Loss allowance for undrawn credit facilities and guarantees at 30.09.2022	74	31	0	105
	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	109	- 978	- 257	- 1 126
Transferred to Stage 2	- 131	799	- 174	494
Transferred to Stage 3	- 3	- 483	1 702	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
Changes during the period	- 13	6	0	- 7
Loss allowance for undrawn credit facilities and guarantees at 30.09.2021	50	18	0	68

Note 4 Loss allowances classified by IFRS 9 stage, continued

Future scenarios in the impairment model under IFRS 9

Under IFRS 9, impairment allowances shall take into account expectations for future defaults and impairment losses. In 2018 and 2019, the bank used a statistical model to estimate how expected changes in 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 30.09.2022	Probability of default starting from 30 September 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	1,87	2,04	2,21	2,21	2,04	3,1 %	25 %
Scenario 2: Base scenario for retail market	2,20	2,40	2,60	2,60	2,40	2,1 %	50 %
Scenario 3: Pessimistic scenario for retail market	2,75	3,00	3,25	3,25	3,00	0,1 %	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	480 606	- 457 031	- 23 575	0
Transferred to Stage 2	- 476 457	481 118	- 4 661	0
Transferred to Stage 3	- 19 870	- 50 846	70 717	0
New financial assets issued or acquired	7 336 965	557 777	12 620	7 907 362
Derecognised financial assets	- 3 987 230	- 360 374	- 26 639	- 4 374 242
Other changes	- 777 044	- 25 499	- 1 428	- 803 971
Gross loans at amortised cost at 30.09.2022	24 168 280	1 697 239	142 251	26 007 769
Loss allowance for loans at amortised cost at 30.09.2022	3 504	5 080	2 170	10 754
Net loans at amortised cost at 30.09.2022	24 164 776	1 692 158	140 081	25 997 015
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 30.09.2022	0	0	0	0
Loss allowance for loans at fair value at 30.09.2022	0	0	0	0
Net loans at fair value at 30.09.2022	0	0	0	0
	Stage 1	Stage 2	Stage 3	Total
Total gross loans at 30.09.2022	24 168 280	1 709 411	130 079	26 007 769
Total loss allowance for loans at 30.09.2022	3 504	5 080	2 170	10 754
Total net loans at 30.09.2022	24 164 776	1 704 330	127 909	25 997 015
	Stage 1	Stage 2	Stage 3	Total
Guarantees and undrawn credit facilities at 30.09.2022	1 980 965	28 856	0	2 009 821
Loss allowance for guarantees and undrawn credit facilities at 30.09.2022	74	31	0	105
Net exposure to guarantees and undrawn credit facilities at 30.09.2022	1 980 891	28 825	0	2 009 716
	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	65
Net exposure to guarantees and undrawn credit facilities at 30.09.2021	1 825 849	31 004	0	1 856 853

Note 6 Debt securities in issue

	30 September 2022	30 September 2021	31 December 2021
Face value			
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	4 300 000	2 000 000	2 000 000
Total debt securities in issue	21 200 000	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
2029	1 000 000	0	0
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
2037	300 000	0	0
Total	21 200 000	20 400 000	20 400 000

New borrowings in 2022	3 300 000
Net repayments during the reporting period	2 500 000

ISIN NUMBER	Face value	Interest rate	Coupon margin	Maturity date *)	Carrying amount 30.09.2022
NO0010782543	2 500 000	3 MTH NIBOR	0,60	15.06.2023	2 503 859
NO0010819170	2 500 000	3 MTH NIBOR	0,42	15.04.2024	2 511 324
NO0010843311	3 000 000	3 MTH NIBOR	0,49	23.04.2025	3 014 842
NO0010881048	4 000 000	3 MTH NIBOR	0,49	18.06.2026	4 016 539
NO0011008377	4 000 000	3 MTH NIBOR	0,75	27.05.2027	4 089 828
NO0010895329	900 000	3 MTH NIBOR	0,40	12.10.2027	904 599
NO0012713553	1 000 000	Fixed-rate	4,14	04.10.2029	1 004 432
NO0010871643	1 000 000	Fixed-rate	2,30	19.06.2030	904 382
NO0010830524	1 000 000	Fixed-rate	2,68	31.08.2033	895 517
NO0010863772	1 000 000	Fixed-rate	2,04	20.09.2034	831 520
NO0012654476	300 000	Fixed-rate	3,72	31.08.2037	298 496

Total debt securities in issue

20 975 337

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 five 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

	30 September 2022	30 September 2021	31 December 202
EQUITY AND SUBORDINATED DEBT			
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)	- 359	- 384	- 349
Deferred tax assets	0	- 2 240	0
Net core capital	1 761 172	1 758 635	1 761 183
Core Tier 1 capital	1 761 172	1 758 635	1 761 183
Net supplementary capital	0	0	0
Net equity and subordinated debt	1 761 172	1 758 635	1 761 183
BASIS FOR CALCULATION			
Credit risk			
Institutions	45 801	51 524	34 430
Retail loans	222 740	991 064	429 203
Residential mortgage loans	8 922 827	7 682 335	7 941 394
Overdue advances	142 115	100 764	114 930
Covered bonds	23 186	12 043	12 031
Other advances	5 639	4 663	15 509
Total calculation basis for credit risk	9 362 307	8 842 392	8 547 497
Operational risk	398 886	367 806	398 886
CVA	45 923	73 178	92 671
Total calculation basis	9 807 116	9 283 376	9 039 054
Excess equity and subordinated debt	976 603	1 015 964	1 038 059
CAPITAL ADEQUACY			
Capital adequacy ratio	17,96 %	18,94 %	19,48 %
Core capital adequacy ratio	17,96 %	18,94 %	19,48 %
Core Tier 1 capital adequacy ratio	17,96 %	18,94 %	19,48 %
Unweighted core capital ratio	6,33 %	7,32 %	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 September 2022	30 September 2021	31 December 2021
Interest received from Sparebanken Sogn og Fjordane	3 691	819	1 347
Interest paid to Sparebanken Sogn og Fjordane	54 233	11 478	17 343
Interest paid to Sparebanken Sogn og Fjordane on covered bonds	20 887	15 969	23 807
Services bought from Sparebanken Sogn og Fjordane	5 498	5 053	6 789
Deposits at Sparebanken Sogn og Fjordane	150 376	226 648	142 148
Liabilities to Sparebanken Sogn og Fjordane	4 231 570	1 357 389	1 149 260
Covered bonds held by Sparebanken Sogn og Fjordane	82 537	2 435 997	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) A NOK 4,000 million credit facility to be used to settle the purchase of mortgage loans from SSF. This is a revolving credit facility with a 15-month notice period on the part of SSF. BSF can cancel or change the limit on the facility with SSF at 14 days' notice.
- 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 30.09.2022 was NOK 546 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 30.09.2022, the limit on the facility was NOK 2,010 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 30.09.2022, the limit on the facility was NOK 1,696 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 September 2022	30 September 2021	31 December 2021
Deposits at the parent company	150 376	226 647	142 148
Government-guaranteed commercial paper	0	0	0
Other commercial paper and bonds	0	0	0
Total substitute assets	150 376	226 647	142 148

Note 10 Fair value of financial instruments

Fair value of financial instruments measured at amortised cost

	30 September 2022		30 September 2021		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<i>Financial assets</i>						
Loans and advances to credit institutions	150 376	150 376	226 647	226 647	142 148	142 148
Loans to customers (gross)	26 007 769	26 007 769	23 282 734	23 282 734	23 278 621	23 278 621
Total financial assets measured at amortised cost	26 158 146	26 158 146	23 509 382	23 509 382	23 420 769	23 420 769
<i>Financial liabilities</i>						
Debt to credit institutions	4 231 570	4 231 570	1 357 389	1 357 389	1 149 260	1 149 260
Securities in issue (covered bonds)	17 040 990	16 919 192	18 513 880	18 653 269	18 516 863	18 605 970
Total financial liabilities measured at amortised cost	21 272 561	21 150 762	19 871 270	20 010 659	19 666 122	19 755 229

Financial assets measured at fair value

<i>Financial assets at fair value through profit or loss</i>				TOTAL AT
	Level 1	Level 2	Level 3	30.09.2022
Loans and advances to customers at fair value	0	0	0	0
Commercial paper and bonds measured at fair value	0	333 716	0	333 716
Derivatives, trading portfolio	0	10 863	0	10 863
<i>Financial liabilities at fair value through profit or loss (gross)</i>				
Securities in issue (covered bonds)		3 934 347		3 934 347
Derivatives, trading portfolio		380 486		380 486

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