



Q1



First quarter 2021

(Unaudited)

Sbanken Boligkreditt AS

Key figures

In NOK thousand	Reference	Q1 21	Q1 20	2020
Summary of income statement				
Net interest income		87 774	59 853	354 180
Net other income		-2 981	-3 767	-21 154
Total income		84 793	56 086	333 026
Other operating expenses				
Operating profit before loan losses		82 422	52 923	320 304
Loan losses		-47	-1 213	-185
Earnings before tax		82 375	51 710	320 119
Tax expense		-17 527	-10 599	-67 771
Net profit		64 849	41 111	252 347
Balance sheet figures (in million NOK)				
Total loan volume		41 689	36 125	35 184
Covered bonds issued (nominal value)		37 155	30 005	30 805
Covered bonds issued (carried value)		37 629	31 122	31 395
Total assets, end of period		43 434	38 737	37 391
Losses and defaults				
Loss rate (%)	1	0.00 %	0.01 %	0.00 %
Solvency				
	2			
Common equity Tier 1 ratio		14.8 %	17.1 %	17.3 %
Tier 1 capital ratio		16.2 %	18.8 %	19.0 %
Total capital ratio		18.3 %	21.2 %	21.4 %
Leverage ratio		5.8 %	6.7 %	6.8 %
Other				
Loan to value	3	48.8 %	52.6 %	49.7 %
Cover Pool	4	42 432	36 455	35 972
Over-collateralisation (OC), (nominal)		14.2 %	20.5 %	16.8 %

Alternative Performance Measures

Sbanken Boligkreditt AS (the company) discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are commonly used by analysts, investors and other stakeholders to evaluate the performance of the company in isolation or relative to the financial industry. The measures are provided to give an enhanced insight into the operations, financing and future prospects of the company. Some of the measures are presented in detail in notes to the financial statement and not repeated here.

References

1) Loss rate is calculated as the loan losses of the period divided by the average loan volume of the period. The measure is commonly used by banks and industry analysts to indicate the performance and quality of the lending book. For interim periods the loan losses for the period is annualised using the number of days in the period to the total number of days in the year.

2) Solvency figures are presented including profit for the period. Please refer to note 3 for further detail.

3) Loan-to-Value (LTV) is calculated as the loan amount divided by the estimated value of the property. When calculating a weighted average of LTV for the entire loan book, the credit balance of mortgages is used as weights. The LTV is provided as a measure of lending risk exposure.

4) Cover pool consist of mortgages and supplementary assets eligible according to the covered bonds legislation in Norway. Please refer to note 9 for further detail.

First Quarter Results

Sbanken Boligkreditt AS had a net profit of NOK 64.8 million in the first quarter of 2021, compared to NOK 41.1 million in the first quarter of 2020.

At the end of the quarter, customer loans amounted to NOK 41.7 (36.1) billion. Outstanding covered bonds amounted to NOK 37.2 (30.0) billion. The average loan-to-value (LTV) ratio was 48.8 (52.6) per cent.

Sbanken Boligkreditt AS ("Sbanken Boligkreditt" or "the company") is a vehicle to fund the Sbanken group by issuing covered bonds based on residential mortgages. The company's offices are located in Bergen, Norway.

All comparable figures refer to the corresponding period previous year unless otherwise stated.

Important events during the quarter

Periodic increases in coronavirus infection rates and stricter containment measures have in the quarter continued to weigh on the economic activity in Norway.

Norges Bank kept the key policy rate unchanged at zero per cent, a record low level. The average three-month Nibor rate was 0.45 per cent, up 7 basis points from the previous quarter.

Operating income

Operating income increased to NOK 84.8 million, compared with NOK 56.1 million in the first quarter of 2020, following an increase in net interest income to NOK 87.8 (59.9) million and an increase in other operating income to NOK -3.0 (-3.8) million.

Operating expenses

Operating expenses amounted to NOK 2.4 (3.2) million in the quarter and consisted mainly of administrative expenses related to the company's hire of management and administrative resources from Sbanken ASA.

Impairments and losses

Loan losses amounted NOK 0.0 million in the quarter, compared with NOK 1.2 million in the first quarter of 2020. At the end of the quarter, expected credit losses (ECL) amounted to NOK 6.0 million. Gross exposure of credit impaired assets increased to NOK 158.3 million from NOK 84.7 million at year-end 2020, predominately a result of the implementation of EBA's new definition of default from 1 January 2021.

Taxes

The estimated tax expense was NOK 17.5 (10.6) million in the quarter, corresponding to an effective tax rate of 21.3 (20.5) per cent.

Loans to customers

Loans to customers increased to NOK 41.7 (36.1) billion.

Capitalisation, liquidity and financial position

Sbanken Boligkreditt had total equity of NOK 2.8 billion as of quarter-end. CET1 capital ratio 14.8 was per cent against a regulatory CET1 capital requirement of 12.5 per cent. The tier 1 capital ratio was 16.2 per cent and the total capital ratio 18.3 per cent. The leverage ratio was 5.8 per cent against a regulatory requirement of 3 per cent. The capital ratios do not include retained earnings for 2021.

As of quarter-end, Sbanken Boligkreditt had total liquid assets of NOK 1.5 (1.5) billion.

Sbanken Boligkreditt had NOK 37.2 (30.0) billion in outstanding debt issued as covered bonds as of 31 March 2021. Covered bonds issued by Sbanken Boligkreditt have been assigned the highest rating from Moody's Investors Service (Aaa) with stable outlook, last confirmed 19 April 2021.

Subsequent events

On 15 April, the Board of Directors of Sbanken ASA announced that an agreement had been reached with DNB for the launch of recommended voluntary cash offer to acquire the Sbanken group, including Sbanken Boligkreditt AS. The offer price of NOK 103.85 per share corresponds to a total valuation of approximately NOK 11.1 billion for the group. The announcement of the offer received significant attention from customers, media and other stakeholders.

On 22 April, the ordinary general meeting of Sbanken Boligkreditt AS approved the Board of Directors' proposal to distribute NOK 230 million in dividend for 2020 to the parent bank, Sbanken ASA.

Outlook

The short term economic outlook for the Norwegian economy is weighed down by coronavirus containment measures. Looking towards the second half of 2021, vaccine rollout is likely to substantially improve the growth outlook.

The low interest rate environment puts downward pressure on the bank's interest rate margin. Since the start of the year, Nibor rates have come down from elevated levels. In the short term, the key policy rate is expected to remain at the current level of zero per cent. The full effects on the net interest margin is dependent on changes in funding rates and competition.

Losses related to mortgages have historically been low, and are expected to remain at current levels going forward.

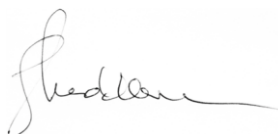
Irrespective of the outcome of the pending offer process for the Sbanken group, Sbanken Boligkreditt is well capitalised to acquire significant amounts of residential mortgages from Sbanken ASA to support lending growth in the group.

Bergen, 10 May 2021

The Board of Directors, Sbanken Boligkreditt AS



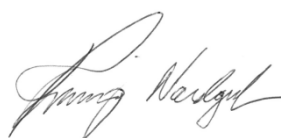
Mai-Lill Ibsen
(Chair)



Egil Møkleiv



Øyvind Thomassen



Henning Nordgulen
(CEO)

Income statement

In NOK thousand	Note	Q1 21	Q1 20	2020
Interest income	14	161 890	249 984	816 368
Interest expense	14	-74 116	-190 130	-462 188
Net interest income		87 774	59 853	354 180
Net gain (loss) on financial instruments	15	-2 981	-3 767	-21 154
Other income		0	0	0
Other operating income		-2 981	-3 767	-21 154
Personnel expenses	16	-92	-92	-366
Administrative expenses	16	-2 278	-3 071	-12 356
Profit before loan losses		82 422	52 923	320 304
Loan losses	10	-47	-1 213	-185
Profit before tax		82 375	51 710	320 119
Tax expense	17	-17 527	-10 599	-67 771
Profit for the period		64 849	41 111	252 347
Attributable to				
Shareholders		62 140	37 579	240 239
Tier 1 capital holders	13	2 709	3 532	12 109
Profit for the period		64 849	41 111	252 347

Statement of comprehensive income

In NOK thousand	Q1 21	Q1 20	2020
Profit for the period	64 849	41 111	252 347
Other comprehensive income			
Other comprehensive income that can be reclassified to profit or loss after tax	-1 298	21 131	2 355
Other items that can not be reclassified to profit or loss after tax	0	0	0
Total components of other comprehensive income (after tax)	-1 298	21 131	2 355
Total comprehensive income for the period	63 551	62 242	254 702
Attributable to			
Shareholders	60 842	58 710	242 593
Tier 1 capital holders	13 2 709	3 532	12 109
Total comprehensive income for the period	63 551	62 242	254 702

Balance sheet

In NOK thousand	Note	31.03.21	31.03.20	31.12.20
Assets				
Loans to and receivables from credit institutions	5,6	1 279 245	1 473 532	1 602 401
Loans to customers	5,6,7,8,18	41 683 334	36 118 072	35 177 564
Net loans to customers and credit institutions		42 962 579	37 591 604	36 779 965
Commercial paper and bonds at fair value through other comprehensive income (OCI)	18	205 217	76 016	76 007
Derivatives		262 640	1 069 828	531 772
Deferred tax assets		3 702	0	3 141
Other assets		0	0	0
Advance payment and accrued income		0	0	0
Total assets		43 434 139	38 737 448	37 390 885
Liabilities				
Loans from credit institutions	18	2 600 526	3 511 538	2 846 829
Debt securities issued	12,18	37 628 654	31 121 806	31 395 199
Deferred tax		0	1 167	0
Taxes payable	17	62 077	32 706	67 592
Other liabilities		20 889	1 193 558	20 957
Subordinated loan	12	325 000	325 000	325 000
Total liabilities		40 637 146	36 185 775	34 655 577
Equity				
Share capital		850 000	850 000	850 000
Share premium		849 880	849 880	849 880
Additional Tier 1 capital	13	226 680	226 084	225 837
Other equity		870 433	625 709	809 592
Total equity		2 796 993	2 551 673	2 735 308
Total liabilities and equity		43 434 139	38 737 448	37 390 885

Statement of changes in equity

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Changes in fair value through OCI	Other equity	Total equity
Balance sheet as at 01.01.20	850 000	849 880	226 102	-14 095	581 092	2 492 980
Profit for the period to other equity (01.01.20 - 31.03.20)					37 579	37 579
Profit for the period to Tier 1 capital holders (01.01.20 - 31.03.20)			3 532			3 532
Payments to Tier 1 capital holders (01.01.20 - 31.03.20)			-3 550			-3 550
Net change of financial instruments at fair value through other comprehensive income (01.01.20 to 31.03.20)				21 131		21 131
Balance sheet as at 31.03.20	850 000	849 880	226 084	7 036	618 671	2 551 673
Profit for the period to other equity (01.04.20 - 31.12.20)					202 660	202 660
Profit for the period to Tier 1 capital holders (01.04.20 - 31.12.20)			8 577			8 577
Payments to Tier 1 capital holders (01.04.20 - 31.12.20)			-8 824			-8 824
Net change of financial instruments at fair value through other comprehensive income (01.04.20 to 31.12.20)				-18 776		-18 776
Balance sheet as at 31.12.20	850 000	849 880	225 837	-11 740	821 331	2 735 308
Profit for the period to other equity (01.01.21 - 31.03.21)					62 140	62 140
Profit for the period to Tier 1 capital holders (01.01.21 - 31.03.21)			2 709			2 709
Payments to Tier 1 capital holders (01.01.21 - 31.03.21)			-1 866			-1 866
Net change of financial instruments at fair value through other comprehensive income (01.01.21 to 31.03.21)				-1 298		-1 298
Balance sheet as at 31.03.21	850 000	849 880	226 680	-13 038	883 471	2 796 993

Sbanken Boligkreditt AS is a wholly-owned subsidiary of Sbanken ASA.

The Board of Directors proposed to deviate from the company's zero dividend policy and distribute a dividend of NOK 230.0 million to the parent bank, Sbanken ASA, equivalent to 95.7 per cent of shareholders share of net profits as of 31.12.20. The dividend proposal has not been recognised in the accounts for 2020 and Q1 2021 as it does not qualify as a provision pursuant to IFRS.

Statement of cash flows

In NOK thousand	Note	Jan-Mar 21	Jan-Mar 20	2020
Cash flows from operating activities				
Net payments on loans to customers	5,6	-6 500 736	-1 752 728	-826 311
Interest received on loans to customers	14	155 544	247 596	824 818
Interest received on loans to credit institutions		854	695	3 852
Interest paid on loans and deposits from credit institution	14	-6 890	-15 071	-39 622
Net receipts/payments from buying and selling financial instruments at fair value	18	-129 205	9 927	9 927
Receipts of collateral related to derivatives used in hedge accounting		-252 096	874 936	320 684
Interest received from commercial paper and bonds	14	182	498	1 694
Other interest cost		0	0	-5 594
Payments related to administrative expenses	16	-2 098	-2 770	-12 023
Payments related to personnel expenses		-96	-96	-366
Taxes paid		-23 522	-25 175	-46 464
Other receipts/payments		-3 508	-1 823	41
Net cash flows from operating activities		-6 761 571	-664 011	230 636
Cash flows from investment activities				
Net cash flows from investment activities		0	0	0
Cash flows from financing activities				
Receipts on issued covered bonds	12	7 149 800	0	10 000 000
Payments on matured and redeemed covered bonds	12	-651 495	0	-9 224 928
Interest paid on covered bonds	14	-61 642	-171 581	-488 687
Net receipts on loans and deposits from credit institution	18	5 794	614 148	-593 293
Receipts on subordinated loan	12	0	0	0
Interest paid on subordinated loan	14	-2 176	-3 371	-10 850
Receipts on share capital and share premium	EQ	0	0	0
Receipts on issued additional Tier1 capital	13	0	0	0
Interest paid on additional Tier 1 capital	14	-1 866	-3 550	-12 374
Net cash flows from financing activities		6 438 415	435 646	-330 132
Total net cash flows		-323 156	-228 365	-99 496
Cash at the beginning of the period		1 602 401	1 701 897	1 701 897
Cash at the end of the period		1 279 245	1 473 532	1 602 401
Change in cash		-323 156	-228 365	-99 496
Cash				
Loans to credit institutions		1 279 245	1 473 532	1 602 401
Total cash		1 279 245	1 473 532	1 602 401

EQ = see statement of changes in equity.

Notes

Note 1 – Accounting Principles

The quarterly financial statement for Sbanken Boligkreditt AS has been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and adopted by the EU. A description of the accounting principles applied in the preparation of the financial statements appears in the annual report for 2020. There have been no changes or amendments to accounting principles in the period.

When preparing the financial statements, the management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the critical accounting estimates and areas where judgment is applied appear in note 2 in the annual report for 2020.

New definition of default from 1 January 2021:

As of 1 January 2021, a new definition of default applies for Sbanken Boligkreditt AS. The definition is adapted to the European Banking Authority (EBA) guidelines on the definition of default (EBA GL 2016/07), and requirements to materiality thresholds for credit obligations past due in the Norwegian CRR/CRD IV regulation.

According to the company's definition of default, an exposure is defaulted if at least one of the following criteria occurs:

- The exposure is overdue more than 90 consecutive days and the overdue amount exceeds the materiality threshold (over NOK 1 000 and over 1 per cent of the exposure amount).
- The overdue amount exceeds four instalment amounts.
- Debt settlement is registered on the exposure, the loan is written down, or the exposure has a debt collection status with a duration of more than 90 days.
- Default occurs on another exposure of the debtor in the same product category.
- Defaults occur on at least 20 per cent of the total obligation of the debtor.
- More than one forbearance measure is registered on the exposure or the total grace period exceeds six months of the last two years in combination with an overdue amount of at least two instalment amounts, a forbearance measure is granted for a defaulted exposure in probation, or the exposure is classified in FINREP as forborne non-performing. Payment deferrals the customer itself can initiate within the contract are not relevant in this context.

Before the defaulted exposure can return to a non-defaulted status, the exposure must go through a probation period.

For defaults triggered by the first criterion above, the probation period starts when the overdue amount is zero. For defaults triggered by the last criterion, the probation period starts when the overdue amount is zero and any grace period has expired. For other defaults, the probation period starts when the conditions that triggered the default no longer applies.

The probation period lasts for at least 90 days, or for at least 365 days for defaults triggered by forbearance measures. The exposure is reclassified to a non-defaulted status when certain recovery criteria are met the last 90 or 365 days. Among other things, there can be no overdue amount the last part of the probation period.

New and revised standards effective from 1 January 2021

Sbanken Boligkreditt AS has applied the new accounting standards effective from 1 January 2021, including changes in IAS 1 and IAS 8 regarding materiality and changes in IFRS 9 and IFRS 7 relating to hedge accounting as a result of the IBOR-reform.

New and revised standards effective from 1 January 2022 or later

Standards and interpretations that will enter into force for the annual periods beginning 1 January 2022 or later have not been used in the preparation of the financial statements. For Sbanken Boligkreditt AS no new standards will have material effect.

Note 2 – Segment information

Sbanken Boligkreditt AS has only one reporting segment, which comprises residential mortgages to private individuals. Management monitors the company only in relation to this segment.

Note 3 – Capital adequacy

The capital adequacy regulations are intended to improve institutions' risk management and achieve closer concordance between risk and capital. The applicable regulations for Norwegian banks are adapted to the EU's capital adequacy regulations for credit institutions and investment firms (CRD IV/CRR). Sbanken Boligkreditt AS uses the standard method to establish the risk weighted volume for credit risk and the standardised approach for operational risk. At the balance sheet date, no exposure was included in the volume for market risk.

In NOK thousand	31.03.21		31.03.20		31.12.20	
	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume	Nominal exposure	Risk-weighted volume
Central governments	25 517	0	25 896	0	25 606	0
Regional governments	3 702	9 255	0	0	3 141	7 852
Multilateral Development Banks	53 673	0	0	0	0	0
Institutions	1 327 295	265 459	1 521 582	304 316	1 664 770	332 954
Secured by mortgages on immovable property	41 532 677	14 551 209	36 046 976	12 651 094	35 092 857	12 313 772
Exposures in default	150 657	150 657	71 096	71 096	84 706	84 706
Covered bonds	126 028	12 603	50 120	5 012	50 401	5 040
Total credit risk, standardised method ¹	43 219 549	14 989 183	37 715 670	13 031 518	36 921 481	12 744 324
Credit value adjustment risk (CVA risk)		19 544		28 465		28 301
Operational risk		432 159		357 665		432 159
Total risk- weighted volume		15 440 886		13 417 648		13 204 784
Capital base						
Share capital		850 000		850 000		850 000
Share premium		849 880		849 880		849 880
Other equity		808 293		588 130		569 352
Additional Tier 1 capital		226 680		226 084		225 837
Profit for the period		62 140		37 579		240 239
Total booked equity		2 796 993		2 551 673		2 735 308
Additional Tier 1 capital instruments included in total equity		-226 680		-226 084		-225 837
Common equity Tier 1 capital instruments		2 570 313		2 325 589		2 509 471
<i>Deductions</i>						
Value adjustment due to the requirements for prudent valuation (AVA)		-205		-76		-76
Part of interim or year-end profit not eligible ²		-292 140		-37 579		-230 000
Common equity Tier 1 capital		2 277 968		2 287 934		2 279 395
Additional Tier 1 capital		225 000		225 000		225 000
Tier 1 capital		2 502 968		2 512 934		2 504 395
Tier 2 capital		325 000		325 000		325 000
Own funds (primary capital)		2 827 968		2 837 934		2 829 395
Specification of capital requirements						
Minimum requirements CET1 capital	4.5%	694 840	4.5%	603 794	4.5%	594 215
Capital conservation buffer	2.5%	386 022	2.5%	335 441	2.5%	330 120
Systemic risk buffer	3.0%	463 227	3.0%	402 529	3.0%	396 144
Countercyclical capital buffer	1.0%	154 409	1.0%	134 176	1.0%	132 048
Additional Tier 1 capital	1.5%	231 613	1.5%	201 265	1.5%	198 072
Tier 2 capital	2.0%	308 818	2.0%	268 353	2.0%	264 096
Total minimum and buffer requirements own funds (primary capital)	14.5%	2 238 928	14.5%	1 945 559	14.5%	1 914 694
<i>Available CET1 capital after buffer requirements</i>		<i>572 857</i>		<i>811 992</i>		<i>826 869</i>
<i>Available Own funds (primary capital)</i>		<i>589 039</i>		<i>892 374</i>		<i>914 702</i>
Capital ratio %						
Common equity Tier 1 capital		14.8%		17.1%		17.3%
Additional Tier 1 capital		1.5%		1.7%		1.7%
Tier 2 capital		2.1%		2.4%		2.5%
Total capital ratio		18.3%		21.2%		21.4%

¹ The specification is according to EBA reporting framework.

² Including 0 per cent of the profit for the first quarter of 2021 and 2020. Year-end 2020 adjusted for 2020 dividend.

Note 4 – Leverage ratio

The leverage ratio requirements is a supplement to the risk-weighted minimum capital requirements and states that the capital base in financial institutions shall also comprise a defined percentage of the value of the company's assets and off-balance-sheet liabilities, calculated without risk weighting. The capital ratio consists of Tier 1 capital and the exposure target follows the rules in the Commission Delegated Regulation (EU) 2015-62. The minimum leverage ratio requirement for Norwegian banks and credit institutions is three per cent and an additional buffer requirement of two per cent for banks.

The table below shows the calculation for the company, on the basis of existing rule proposals and with credit conversion factors based on the current standardised approach, subject to a floor of 10 per cent.

In NOK thousand		31.03.21	31.03.20	31.12.20
Derivatives market value			0	14 318
Potential future exposure on derivatives		48 050	48 050	48 050
Loans and advances and other assets		43 171 499	37 667 620	36 859 113
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		43 219 549	37 715 670	36 921 481
Tier 1 capital		2 502 968	2 512 934	2 504 395
Leverage ratio % ¹⁾		5.8 %	6.7 %	6.8 %
Leverage Ratio requirements				
Minimum requirements	3.0%	1 296 586	1 131 470	1 107 644
Buffer requirements credit institutions	0.0%	0	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0%	1 296 586	1 131 470	1 107 644
Available Tier 1 capital after minimum and buffer requirements		1 206 382	1 381 464	1 396 751

¹⁾ Including 0 per cent of the profit for the first quarter of 2021 and 2020. Year-end 2020 adjusted for 2020 dividend.

Note 5 – Maximum exposure to credit risk

Credit risk is defined as the risk of loss resulting from a counterparty not fulfilling its obligations, and any pledged collateral not covering the outstanding claim. The company's maximum credit exposure is the book value of financial assets and any associated off-balance sheet liabilities. The following table shows the company's maximum credit risk exposure to financial instruments, by measurement categories.

31.03.21			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Loans to and receivables from credit institutions	1 279 245	0	1 279 245
Loans to and receivables from central bank and credit institutions	1 279 245	0	1 279 245
Loans to customers, secured	41 689 338	0	41 689 338
Loans to and receivables from customers	41 689 338	0	41 689 338
Other financial assets with credit risk	0	0	0
Financial instruments at amortised cost	42 968 583	0	42 968 583
Commercial paper and bonds	205 217	0	205 217
Financial instruments at fair value through other comprehensive income	205 217	0	205 217
Derivatives	262 640	0	262 640
Financial instruments at fair value through profit and loss	262 640	0	262 640
Gross exposure	43 436 440	0	43 436 440
Other financial assets without credit risk	3 702	0	3 702
Impairment	-6 004	0	-6 004
Total net exposure	43 434 139	0	43 434 138

31.12.20			
In NOK thousand	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Loans to and receivables from credit institutions	1 602 401	0	1 602 401
Loans to and receivables from central bank and credit institutions	1 602 401	0	1 602 401
Loans to customers, secured	35 183 521	0	35 183 521
Loans to and receivables from customers	35 183 521	0	35 183 521
Other financial assets with credit risk	0	0	0
Financial instruments at amortised cost	36 785 922	0	36 785 922
Commercial paper and bonds	76 007	0	76 007
Financial instruments at fair value through other comprehensive income	76 007	0	76 007
Derivatives	531 772	0	531 772
Financial instruments at fair value through profit and loss	531 772	0	531 772
Gross exposure	37 393 701	0	37 393 701
Other financial assets without credit risk	3 141	0	3 141
Impairment	-5 957	0	-5 957
Total net exposure	37 390 885	0	37 390 885

Note 6 – Loans to credit institutions and customers

Gross carrying amount - Loans to credit institutions				
31.03.21				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	1 602 401	0	0	1 602 401
Transfers between stages	0	0	0	0
Opening balance gross carrying amount (after transfers)	1 602 401	0	0	1 602 401
Net new financial assets originated or derecognised	0	0	0	0
Financial assets that have been derecognised	-323 156	0	0	-323 156
Changes in interest accrual	0	0	0	0
Closing balance gross carrying amount	1 279 245	0	0	1 279 245
Maturity:				
In NOK thousands				
Loans with agreed maturity	0	0	0	0
Loans without agreed maturity	1 279 245	0	0	1 279 245
Total	1 279 245	0	0	1 279 245
Gross carrying amount - Loans to customers				
31.03.21				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	33 601 597	1 497 218	84 706	35 183 521
Transfers to Stage 1 (12-months ECL)	284 500	-284 500	0	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-255 124	261 506	-6 382	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-36 542	-61 504	98 046	0
Net new financial assets originated or derecognised	6 528 804	-9 970	-18 343	6 500 491
Changes in interest accrual	5 251	-195	270	5 326
Other movements	0	0	0	0
Closing balance gross carrying amount 31.03.21	40 128 486	1 402 555	158 297	41 689 338

Gross carrying amount - Loans to credit institutions				
31.12.20				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	1 701 897	0	0	1 701 897
Transfers between stages	0	0	0	0
Opening balance gross carrying amount (after transfers)	1 701 897	0	0	1 701 897
Net new financial assets originated or derecognised	0	0	0	0
Financial assets that have been derecognised	-99 496	0	0	-99 496
Changes in interest accrual	0	0	0	0
Closing balance gross carrying amount	1 602 401	0	0	1 602 401

Maturity:

In NOK thousands

Loans with agreed maturity	0	0	0	0
Loans without agreed maturity	1 602 401	0	0	1 602 401
Total	1 602 401	0	0	1 602 401

Gross carrying amount - Loans to customers

31.12.20

In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance gross carrying amount (before transfers)	32 726 759	1 567 333	77 033	34 371 125
Transfers to Stage 1 (12-months ECL)	443 420	-441 909	-1 511	0
Transfers to Stage 2 (Lifetime ECL - not impaired)	-706 271	710 043	-3 772	0
Transfers to Stage 3 (Lifetime ECL - impaired)	-17 925	-32 249	50 174	0
Net new financial assets originated or derecognised	1 169 114	-304 883	-37 375	826 856
Changes in interest accrual	-13 500	-1 117	157	-14 460
Other movements	0	0	0	0
Closing balance gross carrying amount 31.12.20	33 601 597	1 497 218	84 706	35 183 521

Note 7 – Loans to customers by geographical area

Lending by geographical area

In NOK thousand	31.03.21		31.12.20	
	Percentage	Gross lending	Percentage	Gross lending
Eastern Norway ex. Oslo	45.1%	18 789 586	45.4%	15 962 711
Oslo	21.8%	9 101 162	20.9%	7 342 657
Southern Norway	1.8%	742 216	1.8%	650 124
Western Norway	19.7%	8 224 140	20.4%	7 183 395
Central Norway	4.6%	1 933 868	4.5%	1 582 336
Northern Norway	7.0%	2 898 366	7.0%	2 462 298
Total gross lending by geographical area	100.0%	41 689 338	100.0%	35 183 521

Note 8 – Credit risk exposure and collateral

The company's customer exposures comprise the bulk of the company's total credit exposure. A high percentage of the company's lending is collateralised. Collateral in the private retail market essentially comprise fixed property.

The table below shows the relationship between total credit exposure and the associated collateral distributed to exposure class. Lending secured by mortgages includes the percentage distributed of exposure relating to the various loan-to-value levels. The property values on which the calculations are based are updated in the last month of each quarter and are therefore representative of the current market value. The calculation of loan-to-value does not take into account any additional collateral.

In NOK thousand	31.03.21			31.12.20		
	Distribution as percentage	Gross carrying amounts	Unutilised credit lines	Distribution as percentage	Gross carrying amounts	Unutilised credit lines
Loan-to-value, secured loans						
0 % - 40 %	30.3%	12 630 500	0	27.8%	9 795 268	0
40 % - 60 %	41.6%	17 359 979	0	42.1%	14 816 853	0
60 % - 80 %	27.5%	11 445 430	0	29.1%	10 229 873	0
80 % - 90 %	0.4%	164 623	0	0.6%	226 855	0
90 % - 100 %	0.1%	33 036	0	0.2%	56 756	0
> 100 %	0.1%	55 770	0	0.2%	57 916	0
Residential mortgages	100.0%	41 689 338	0	100.0%	35 183 521	0

The table below shows the percentage allocation of exposures for mortgages for various loan-to-value levels. Where the entire exposure in the table above is placed in a related loan-to-value level, the relative share of the loan exposure at each level is shown in the table below.

In NOK thousand	31.03.21		31.12.20	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, residential mortgages (relative distribution)				
0 % - 85 %	99.94%	41 665 181	99.91%	35 153 554
85 % - 100 %	0.03%	12 964	0.05%	18 192
> 100 %	0.03%	11 193	0.03%	11 775
Residential mortgages	100.0%	41 689 338	100.0%	35 183 521

Note 9 – Loan-to-value (LTV) and cover pool

In NOK thousand	31.03.21		31.12.20	
Debt related to securities issued, nominal value	37 155 000		30 805 000	
Debt related to securities issued, carried value	37 628 654		31 395 199	
Loans to customers (gross) ¹	41 648 823		35 148 061	
Average size of loan per customer	1 920		1 871	
Number of loans	21 688		18 783	
Weighted average since issuing of the loans (months)	52		55	
Weighted average remaining maturity (months)	261		258	
Average LTV (percent)	48.8		49.7	
Cover pool				
	31.03.21		31.12.20	
Loans secured with mortgages	41 648 823		35 148 061	
Not eligible for the over-collateralisation calculation	-206 799		-236 075	
Net loans that are in the over-collateralisation	41 442 023		34 911 985	
Supplementary assets	989 641		1 060 225	
Total cover pool for the over-collateralisation calculation	42 431 664		35 972 210	
	Nominal value	Carried value	Nominal value	Carried value
Over-collateralisation (percent)	14.2	12.8	16.8	14.6
Amount surpassing legal minimum requirements and requirements as indicated by rating agency	4 533 564	4 050 437	4 551 110	3 949 107

¹Excluding accrued interest.

Note 10 – Loan losses

Expected credit loss (ECL)				
January - March 2021				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.21	125	984	4 848	5 957
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	16	-155	0	-139
Transfers to Stage 2	-11	146	-182	-47
Transfers to Stage 3	-1	-44	461	416
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-68	-230	106	-192
<i>Other changes:</i>				
New financial assets originated	126	16	0	142
Financial assets that have been derecognised	-23	-57	-53	-133
Write-offs, covered by previous write-downs			0	0
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.03.21	164	660	5 180	6 004

Specification of loan losses				
In NOK thousands	Q1 21	Q1 20	2020	
Changes in ECL, stage 1	-39	-118	94	
Changes in ECL, stage 2	324	-439	306	
Changes in ECL, stage 3	-332	-656	-585	
Write-offs	0	0	0	
Recoveries of previously written off loans	0	0	0	
Net cost of loan losses in the period	-47	-1 213	-185	

Expected credit loss (ECL)				
January - December 2020				
In NOK thousand	Stage 1, 12-months ECL	Stage 2, Lifetime ECL (not impaired)	Stage 3, Lifetime ECL (impaired)	Total
Opening balance ECL 01.01.20	219	1 290	4 263	5 772
<i>Changes in PDs/LGDs/EADs on existing portfolio:</i>				
Transfers to Stage 1	6	-430	0	-424
Transfers to Stage 2	-39	509	-55	415
Transfers to Stage 3	-1	-37	537	499
Changes in PDs/LGDs/EADs on existing portfolio, with no transfers	-156	-325	287	-194
<i>Other changes:</i>				
New financial assets originated	352	372	0	724
Financial assets that have been derecognised	-256	-395	-184	-835
Write-offs, covered by previous write-downs			0	0
Changes to model assumption and methodologies	0	0	0	0
Other movements	0	0	0	0
Closing balance ECL 31.12.20	125	984	4 848	5 957

Note 11 – Credit-impaired assets and overdue loans

Credit-impaired assets		31.03.21					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Mortgages	Residential property	158 297	-5 180	153 117	153 117	0	100.0%
Total credit-impaired assets		158 297	-5 180	153 117	153 117	0	100.0%

Credit-impaired loans	
In NOK thousand	31.03.21
Overdue loans - more than 90 days	54 637
Other credit-impaired assets	103 660
Total	158 297

Credit-impaired assets		31.12.20					
In NOK thousand	Principal type of collateral held	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held	Net exposure	Provisioning ratio after collateral
Loans to customers:							
Mortgages	Residential property	84 706	-4 848	79 858	79 858	0	100.0%
Total credit-impaired assets		84 706	-4 848	79 858	79 858	0	100.0%

Overdue loans - age distribution

The table below shows the carrying value of overdue loans and overdrawn amounts on credits allocated by number of days after maturity. The table is intended to provide an analysis of exposure where there is inadequate ability or propensity to pay, rather than overdue amounts attributable to a delay in transferring funds. Based on this and the company's internal routines for monitoring overdue exposure, the default must exceed NOK 800 for more than 6 days to be included in the table below.

Overdue loans		31.12.20			
In NOK thousand	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Mortgages	223 457	40 775	8 780	84 706	357 718
Total	223 457	40 775	8 780	84 706	357 718

Note 12 – Issued debt

Carried at amortised cost:

In NOK thousand	Currency	31.03.21	31.12.20
Bonds issued	NOK	37 628 654	31 395 199
Subordinated loan	NOK	325 000	325 000
Total debt securities issued		37 953 654	31 720 199

Specification of covered bonds as at 31.03.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Covered bonds						
NO0010745342	Sbanken Boligkreditt AS	1 350 000	NOK	Floating	14.10.21	1 349 094
NO0010786999	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	27.04.22	7 011 456
NO0010790603	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	10.02.23	7 015 110
NO0010887078	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	17.06.24	5 000 000
NO0010878978	Sbanken Boligkreditt AS	5 000 000	NOK	Floating	20.06.25	5 000 000
NO0010958093	Sbanken Boligkreditt AS	7 000 000	NOK	Floating	20.11.26	7 149 800
XS1813051858	Sbanken Boligkreditt AS	500 000	EURO	Fixed	26.04.23	5 103 194
Total covered bonds						37 628 654
All covered bond loans have “soft bullet” with the possibility to extend the maturity with one year.						
Subordinated loan						
NO0010768120	Sbanken Boligkreditt AS	175 000	NOK	Floating	22.06.2026 ¹	175 000
NO0010821853	Sbanken Boligkreditt AS	150 000	NOK	Floating	26.04.2028 ²	150 000
Total subordinated loan						325 000

¹ First possible call date for the issuer is 22 June 2021. The loan agreement has covenants to qualify as Tier 2 capital.

² First possible call date for the issuer is 26 April 2023. The loan agreement has covenants to qualify as Tier 2 capital.

Changes of debt securities:

	31.12.20	January - March 2021				31.03.21
		Issued	Matured	Redeemed	Other adjustments	
Covered bonds (nominal)	30 805 000	7 000 000	0	-650 000	0	37 155 000
Subordinated loan	325 000	0	0	0	0	325 000
Total	31 130 000	7 000 000	0	-650 000	0	37 480 000

Note 13 – Additional Tier 1 Capital (hybrid capital)

In NOK thousand	Currency	31.03.21	31.12.20
Additional Tier 1 capital	NOK	225 000	225 000
Total Additional Tier 1 capital		225 000	225 000

Specification of additional Tier 1 capital as at 31.03.21:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity*	Carrying amounts
Additional Tier 1 capital						
NO0010768138	Sbanken Boligkreditt AS	125 000	NOK	3M Nibor + 5.3 %	Perpetual ¹	125 000
NO0010821861	Sbanken Boligkreditt AS	100 000	NOK	3M Nibor + 3.25 %	Perpetual ²	100 000
Total additional Tier 1 capital						225 000

¹ The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first time being 22 June 2021.

² The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first time being 26 April 2023.

Change of Additional Tier 1 capital

	31.12.20	January - March 2021				31.03.21
		Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	225 000	0	0	0	0	225 000
Total	225 000	0	0	0	0	225 000

As at 31 March 2021, NOK 1.7 million in accrued interest related to additional Tier 1 capital.

This has been recognised against additional Tier 1 capital and the carried value including accrued interest is NOK 226.7 million.

Note 14 – Net interest income

Net interest income

In NOK thousand	Q1 21	Q1 20	2020
Loans to and receivables from credit institutions	854	695	3 852
Loans to customers	160 625	248 800	810 902
Commercial paper and bonds	411	489	1 613
Total interest income	161 890	249 984	816 368
Loans and deposits from credit institutions	-6 890	-15 071	-39 622
Debt securities issued	-63 648	-170 363	-406 544
Subordinated loan	-2 177	-3 346	-10 427
Other interest expense	-1 401	-1 350	-5 594
Total interest expense	-74 116	-190 130	-462 188
Net interest income	87 774	59 853	354 180

All interest income from customers is related to residential mortgages.

Note 15 – Net gain (loss) on financial instruments

In NOK thousand	Q1 21	Q1 20	2020
1) Financial instruments at fair value through profit and loss:			
Gain/(loss) on derivatives (used in hedge accounting)	-885	-3 716	776
Total gain/(loss) on financial instruments at fair value through profit and loss	-885	-3 716	776
2) Financial instruments at amortised cost:			
Gain (loss) by repurchase of own bonds at amortised cost	-2 096	0	-21 943
Total gain (loss) on financial instruments at amortised cost	-2 096	0	-21 943
3) Currency items:			
Gain (loss) on currency items	0	-51	13
Total gain (loss) on currency items	0	-51	13
4) Realisation of financial instruments at fair value through other comprehensive income			
Gain/(loss) by realisation of financial instruments:	0	0	0
Total gain/(loss) by realisation of financial instruments at fair value through other comprehensive income	0	0	0
Total gain (loss) on financial instruments recognised through profit and loss	-2 981	-3 767	-21 154

Note 16 – Administrative expenses

Other administrative expenses

In NOK thousand	Q1 21	Q1 20	2020
Consultants and other external services	-2 268	-3 065	-12 148
Other operating expenses	-10	-6	-208
Total other administrative expenses	-2 278	-3 071	-12 356

Personnel expenses

In NOK thousand	Q1 21	Q1 20	2020
Board remuneration	-81	-81	-323
Payroll tax	-11	-11	-43
Total personnel expenses	-92	-92	-366

Note 17 – Tax expense

In NOK thousand	Q1 21	Q1 20	2020
Taxes payable	17 721	11 417	67 592
Change in deferred tax	-194	-818	170
Correction of taxes payable previous year	0	0	9
Total tax expense	17 527	10 599	67 771
Reconciliation of the tax expense:			
Profit before tax	82 375	51 710	320 119
Expected tax expense at nominal rate of 22 % (in 2021) and 22 % (in 2020)	18 123	11 376	70 426
Tax effect from interest to Tier 1 capital holders	-596	-777	-2 664
Tax effect from unrealised financial instruments	0	0	0
Correction of taxes payable previous year	0	0	9
Total tax expense	17 527	10 599	67 771
Effective tax rate	21.3%	20.5%	21.2%

Note 18 – Fair value of financial instruments

In NOK thousand	31.03.21		31.12.20	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Loans to and receivables from credit institutions (ac)	1 279 245	1 279 245	1 602 401	1 602 401
Loans to customers (ac)	41 683 334	41 683 334	35 177 564	35 177 564
Commercial paper and bonds at fair value through OCI	205 217	205 217	76 007	76 007
Derivatives (used in hedge accounting)	262 640	262 640	531 772	531 772
Other assets (ac)	3 702	3 702	3 141	3 141
Total assets financial instruments	43 434 138	43 434 138	37 390 885	37 390 885
Liabilities				
Loans and deposits from credit institutions (ac)	2 600 526	2 600 526	2 846 829	2 846 829
Debt securities issued (ac)	37 628 654	37 788 706	31 395 199	31 541 238
Other liabilities (ac)	20 889	20 889	20 957	20 957
Subordinated loan (ac)	325 000	326 348	325 000	326 485
Total liabilities financial instruments	40 575 069	40 736 469	34 587 985	34 735 509

(ac) = assets and liabilities booked at amortised cost.

31.03.2021

	Level 1	Level 2	Level 3	Total
Derivatives (used in hedge accounting)	0	262 640	0	262 640
Commercial paper and bonds at fair value through OCI	0	205 217	0	205 217
Total	0	467 857	0	467 857
Derivatives (used in hedge accounting)	0	0	0	0
Total	0	0	0	0

Financial instruments measured at fair value level 3

In NOK thousand

	Total
Opening balance 1 January 2021	0
Net gain/(loss) on financial instruments (unrealised)	0
Acquisitions / exits	0
Sale	0
Settlement	0
Transferred from Level 1 or Level 2	0
Transferred to Level 1 or Level 2	0
Other	0
Closing balance at 31 March 2021	0

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to March 2021.

31.12.2020

	Level 1	Level 2	Level 3	Total
Derivatives (used in hedge accounting)	0	531 772	0	531 772
Commercial paper and bonds at fair value through OCI	0	76 007	0	76 007
Total	0	607 779	0	607 779
Derivatives (used in hedge accounting)	0	0	0	0
Total	0	0	0	0

Financial instruments measured at fair value level 3

In NOK thousand

	Total
Opening balance 1 January 2020	0
Net gain/(loss) on financial instruments (unrealised)	0
Acquisitions / exits	0
Sale	0
Settlement	0
Transferred from Level 1 or Level 2	0
Transferred to Level 1 or Level 2	0
Other	0
Closing balance at 31 December 2020	0

There were no transfers of financial instruments between Level 1 and Level 2 in the period January to December 2020.

Note 19 – Related party transactions

Liabilities to and receivables from Sbanken ASA

In NOK thousand	31.03.21	31.03.20	31.12.20
Liability related to overdraft facility to Sbanken ASA	2 309 891	3 511 538	2 304 097
Receivables related to deposits in Sbanken ASA	1 279 088	376 372	1 602 401
Sbanken ASAs ownership of covered bonds issued by Sbanken Boligkreditt AS	12 165 684	3 289 120	5 714 265
Sbanken ASAs ownership of subordinated loan issued by Sbanken Boligkreditt AS	325 000	325 000	325 000
Sbanken ASAs ownership of additional Tier 1 capital issued by Sbanken Boligkreditt AS	225 000	225 000	225 000

Transactions with Sbanken ASA

In NOK thousand	01.01.21 - 31.03.21	01.01.20 - 31.03.20	01.01.20 - 31.12.20
Purchase of services in line with service agreement	2 047	2 002	8 249
Interest expense on overdraft facility	6 890	15 071	39 508
Interest income on deposits	280	386	1 373
Interest on covered bonds issued by Sbanken Boligkreditt AS	10 918	14 400	55 799
Interest on subordinated loan issued by Sbanken Boligkreditt AS	2 177	3 346	10 427
Share of result related to Sbanken ASAs ownership of additional Tier 1 capital in Sbanken Boligkreditt AS	2 709	3 532	12 109

Note 20 – Subsequent events

On 22 April, the ordinary general meeting of Sbanken Boligkreditt AS approved the Board of Directors' proposal to distribute NOK 230 million in dividend for 2020 to the parent bank, Sbanken ASA.



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