



Boligkreditt

1st Quarterly Report 2021

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Statement of the Board of Directors of SpareBank 1 Boligkreditt AS, 1st Quarter 2021

SpareBank 1 Boligkreditt's purpose

SpareBank 1 Boligkreditt AS ('Boligkreditt', 'SpaBol', or 'The Company') is a credit institution licensed by the Norwegian Financial Supervisory Authority (Finanstilsynet) and is operated according to the legislation for covered bond issuers in Norway which is included in the Financial Institutions Act ("Finansforetaksloven") chapter 11, section II and the detailed regulations thereof.

The purpose of the Company is solely to provide funding for its owner banks by buying qualifying residential mortgage loans from them with a loan-to-value ("LTV") of up to 75 percent and financing these through the issuance of covered bonds ¹.

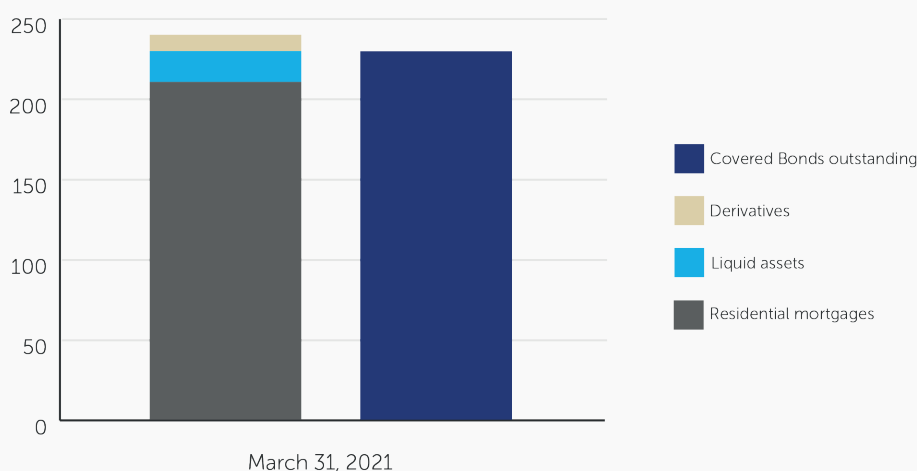
The Company, which is based in Stavanger, Norway, is owned by banks which are all members of the SpareBank 1 Alliance. A comprehensive agreement with each of these banks regulates the mortgage purchasing process and the obligations which the banks owe the Company and its mortgage customers ("Transfer and Servicing Agreement"). The Company pays out the interest margin earned to its owner banks, with deductions for estimated operating and financial expenses. This margin is accounted for as commissions to owner banks.

The Company's issuances of covered bonds mainly take place under the EUR 35,000,000,000 Global Medium Term Covered Note Programme (GMTCN Programme). This Programme was updated on April 20, 2021 and is available on the Company's home page: <https://spabol.sparebank1.no>.

Moody's Ratings Service evaluates the credit quality of the issuances under the GMTCN Programme. The covered bonds are rated Aaa.

Cover pool and outstanding covered bonds²

SpareBank 1 Boligkreditt's cover pool consists of residential mortgages and liquid, highly rated assets as well as derivatives hedging liabilities in a foreign currency and/or at fixed rates. The chart below illustrates the balances as of the end of the first quarter 2021:



¹ The limit for instalment mortgages is 75 percent, while mortgages which have no scheduled repayment structure are limited to 60 percent. There is a regulatory minimum amortization requirement of 2.5 percent annually for new mortgages with a LTV at 60 percent or above.

² The source is the cover pool asset liability test for overcollateralization as of March 31, 2021 (see notes to the financial statements). Norwegian covered bond issuers are required by law to group derivatives as part of cover pool assets, and not together with the issued covered bonds that they hedge (liability side). This is reflected in the chart.

The amount of **liquid assets** varies over time and the variation is solely a result of the Issuer's liquidity risk management (and regulatory requirements), whereby upcoming redemptions are refinanced prior to the maturity of outstanding bonds (minimum 180 days) with bond proceeds invested as liquid assets. Liquid assets are covered bonds with a triple-A rating, SSA or government bonds with a triple-A rating or short term cash deposits and repos (please see the cover pool statistical reports for details on the composition of liquid assets).

Derivatives are used solely to hedge currency and interest rate risk. They are tailored to exactly match the cash flows related to the bonds they hedge, for the full duration of the bond. Swap counterparties are subject to certain rating criteria and are in all cases banks other than the Company's owner banks.

The table below provides an overview of the **residential mortgages** in the cover pool, as well as the overcollateralization.

Residential mortgages key figures³

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Weighted Average Current LTV (%)	51.4 %	51.8 %	52.6 %	53.2 %	53.6 %
Weighted Average Original LTV (%)	59.7 %	59.3 %	59.4 %	59.3 %	59.7 %
Average Loan Balance (NOK)	1,507,205	1,488,367	1,470,921	1,456,844	1,443,119
Number of Mortgages in Pool	138,298	138,275	137,427	136,884	132,358
Pct. of non first-lien mortgages	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Overcollateralization	4.4 %	4.3 %	7.2 %	4.2 %	4.1 %

Key developments in the first quarter 2021

The covered bond markets have been receptive during the quarter, with less supply from many jurisdictions. However, there is no extraordinary central bank financial support in Norway, which means covered bond market funding is sought by banks, as is usual. SpareBank 1 Boligkreditt has issued 11 billion kroner in floating rate covered bonds (including 3 billion kroner in the month of April), and another 1 billion kroner in fixed rate covered bonds during the first quarter 2021. No other funding markets were utilized during the period.

The residential mortgage lending volume which SpaBol finances continue to increase, but at a more moderate pace compared to last year. During the first quarter 2021, residential mortgages increased by NOK 2.4 billion kroner or 1.1%.

Moody's requirement for overcollateralization remains 2.5 percent. Boligkreditt's cover pool overcollateralization at March 31, 2020 was 4.5 percent⁴. The Norwegian government is working in 2021 on implementing the EU's harmonization directive in covered bonds, as well as changes to Article 129 in CRR (Capital Requirement Regulation). This is expected to mean that the required regulatory overcollateralization increases to 5 percent from 2 percent.

Quarterly accounts

The accounts have been prepared in accordance with the International Reporting Standards (IFRS) as adopted by the EU and published by the International Reporting Standards Board (IASB).

The Board views the accounts as presented to be a true representation of SpareBank 1 Boligkreditt's operations and financial position as of the end of the first quarter 2021. Numbers in brackets refer to the corresponding period last year for comparison.

³ The latest cover pool data was not available at the time of writing. There are no material changes to the data during Q1 2021.

⁴ This is calculated according to the Norwegian regulation with derivatives hedging issued covered bonds included as a cover pool asset. Mathematically a different (higher) percentage emerges when netting derivatives with the issued debt they hedge, such as is calculated elsewhere (Moody's).

The total balance sheet at 31.03.21 amounted to 255 (282) billion kroner. The balance sheet decreased primarily due to a decrease in the value of financial derivatives (and associated collateral), which is due that older debt matured and the NOK has strengthened. The Company had in Q1 2021 net interest income of 573 (480) million kroner. Commissions paid to the owner banks were 500 (358) million and represent most of the margin between mortgage interest rates and the Company's funding costs. The cost of operations for Q1 2021 was 10 (10) million kroner including depreciation and amortization. IFRS 9 expected loan losses decreased by 12 (increased by 9) million to 18 (21) million. No realized loan losses have occurred. This produces an operating result of 31.4 (-181.3) million kroner before tax, with the prior year's negative number determined by unrealized bond losses during the pandemic outbreak. The operating result includes scheduled payments to Additional Tier 1 bondholders, which are classified as distribution to equity capital.

Mortgage loans for residential properties amounted to 211 (200) billion kroner as of the end of 2020. The Company's own liquid assets were approximately 20 (20) billion kroner.

Liquid assets are cash and highly rated, highly liquid bonds being held as a function of refinancing early the Company's upcoming bond maturities at least six months ahead of expected maturities. Liquid assets are managed to meet the 180 day minimum liquidity rule in the EU covered bond harmonization directive, and the Net Stable Financing Rule (NSFR) rule.

Risk aspects

SpareBank 1 Boligkreditt, as a licensed and regulated covered bond issuer, is subject to strict rules regarding its exposure to credit, market, and liquidity risks. This fact, and the aim of the maintenance of the Moody's Aaa rating, means that the Company is subject to low levels of risk and places strong emphasis on risk control.

Credit Risk is defined as the risk that losses can occur as a consequence of customers and others not having the ability or willingness to meet their obligations to SpareBank 1 Boligkreditt. Because the Company buys residential mortgages within 75 percent of the value of the objects on which the mortgages are secured, the Board of Directors concludes that the credit risk is lower than for Norwegian banks in general.

Market risk is defined as the risk of losses due to changes in market rates, i.e. interest rates, exchange rates and the prices of financial instruments. At the end of the first quarter SpareBank 1 Boligkreditt had issued bonds for approximately 129 billion kroner in EUR, 8.9 billion kroner in GBP and 8.6 billion kroner in Swedish kroner, based on exchange rates at March 31, 2021. However, all borrowing and investments with a fixed rate and all borrowing and investments in a foreign currency, have been hedged by financial currency- and/or interest rate swap agreements or through natural hedges. The collective cash flow therefore matches borrowing in Norwegian kroner with floating rate conditions (NIBOR 3 months). The Company receives collateral from its counterparties in derivative agreements according to certain criteria.

The bonds held in the Company's liquidity portfolio are mainly Nordic covered bonds and German supra sovereign and agencies (agencies guaranteed by the German government) with a triple-A rating from Fitch, Moody's or S&P. Deposits are placed in banks with a minimum rating of A/A2. Cash is also placed in reverse repos with approved counterparty banks, with AAA rated securities as collateral.

The Company had as of March 31, 2021 only moderate interest rate risk, and immaterial amounts of currency risk.

Liquidity risk is defined as the risk that the Company is not able to meet its obligations at maturity or to finance the purchase of loans at normal terms and conditions. Liquidity risk is managed based upon a liquidity strategy approved by the Board of Directors. According to the strategy, SpareBank 1 Boligkreditt AS shall maintain a material liquidity reserve with a minimum size equal to or more than all debt maturities within the next 6 months, or to comply with the NSFR requirement as proposed, whichever is higher. The Board of Directors views SpareBank 1 Boligkreditt AS's liquidity situation as good.

Operational risk is defined as risk of loss due to error or neglect in transaction execution, weakness in the internal control, or information technology systems breakdowns or malfunction. Reputational, legal, ethical and competency risks are also elements of operational risk. The risk is assessed by the Board of Directors to be moderate.

The Company spends much time identifying, measuring, managing and following up on central areas of risk in such a way that this contributes to meeting its strategic goals. The notes 24 through 28 in the 2020 annual accounts provide further information.

Macroeconomic development and outlook⁵

With the outbreak of the pandemic, Norway saw a recession in 2020, like most other countries. The downturn in GDP, which was estimated to be more severe earlier in 2020, was reported at 2.5 percent. Looking ahead, it is private consumption that will provide a boost to growth once the pandemic ends, while aggregate investment will return to growth, but is expected to be slower to pick up, i.e. in 2022. Investment within the still important oil and gas sector is seen as continuing to shrink through 2022.

New housing investment has delivered negative contributions to growth during 2018 through 2020, which is seen to turn positive in 2021. The housing market, with a high activity level in 2020 (the number of transactions taking place) as well as relatively strong price appreciation, is likely influenced by the current low mortgage interest rates. Norway's central bank issued a projection in March which included an interest rate increase expectation in the fourth quarter of 2021, which if it takes place, may cool down the housing market.

Both the unemployment rate and trade contributions to GDP in 2020 show the effects of the pandemic. Unemployment increased in the travel and services sectors, and is expected to remain, even through 2022, at above 4 percent, which is higher than before the pandemic.

Summarized for a few macroeconomic indicators, the recent data and forecast for the next few years are as follows:

Recent data and forecast (percent)	2018	2019	2020	2021	2022
Mainland GDP growth	2.2	2.3	-2.5	3.3	3.6
Private consumption growth	1.6	1.4	-7.6	6.9	6.9
Mainland investments growth	1.5	4.0	-3.9	0.2	2.3
Unemployment rate	3.8	3.7	4.6	4.5	4.2
CPI growth	2.7	2.2	1.3	2.7	1.8
Annual wage growth	2.8	3.5	3.1	2.6	3.1
Current account surplus to GDP	8.0	2.8	1.9	8.7	10.2

Source: Statistics Norway (SSB) March 12, 2021

Future prospects of the Company

The Company has a portfolio of residential mortgage loans with an average loan to value (LTV) slightly above 50 percent, and no loans are in default. The maximum allowable level for a mortgage in a cover pool is 75 percent LTV, with amounts above that level not being eligible as a cover pool asset. There is no material volume of mortgages in the Company's portfolio that has been granted a covid-related repayment postponement.

⁵ Macroeconomic projections have been sourced from Statistics Norway as of March 12, 2021.

SpareBank 1 Boligkreditt's residential mortgage portfolio is well diversified, albeit weighted towards the eastern, central and northern regions in Norway (with little exposure in the southwest oil-industry dominated area of Norway). Mortgage loans in the cover pool are very granular (average size of 1.5 million kroner). The banks in the SpareBank 1 Alliance are required to keep reserves of eligible (i.e. cover pool pre-qualified) mortgages in order to provide replacement assets should this become necessary (i.e. if residential price declines increase LTVs above the eligibility limit for mortgages in the pool). Such reserves in the banks are tested regularly to verify that a 30 percent decline in real estate prices leaves banks with sufficient qualifying reserves for replenishing the cover pool.

The Board of Directors views Boligkreditt as well capitalized with a capital coverage ratio of 23.5 percent against a total requirement, including all buffers, of 16.0 percent (Pillar 1) plus 0.9 percent (Pillar 2). The countercyclical buffer capital requirement was lowered to 1 percent in March 2020, and remains at that reduced level as of March 31, 2021.

Total equity Tier 1 capital is 20.9 percent against a requirement, including buffers, of 14.9 percent. Common equity capital was 19.3 percent against a requirement, including all buffers, of 13.4 percent. It is the Company's policy to maintain capital ratios slightly above the regulatory requirements. When required, additional common equity is paid in by the owner banks in the regular course of business, usually in connection with increases in transferred mortgage volume. Additional Tier 1 and Tier 2 capital is raised in the Norwegian domestic capital market.

The Board of Directors views prospects for the Company to continue to be good and stable. This is based on several elements: a strict qualifying process for loans to become part of the cover pool (bank lending practices, mortgage regulations and cover pool qualification requirements), a high degree of diversification of the mortgages in the pool as well as the robustness of the Norwegian economy during the pandemic and future outlook, including the strong financial resources available to the Norwegian state. The Board also bases this conclusion on the low average LTV of the mortgage portfolio, no defaults or loans in arrears, and a strong history and institutional framework in Norway for loan performance.

* * *

The Board of Directors affirms its conviction that the financial accounts present a correct and complete picture of the Company's operations and financial position at the end of the first quarter 2021. The financial accounts including notes are produced under the assumption of a going concern.

There have been no incidents of a material nature after year-end which are expected to impact the accounts for the first quarter of 2021.

Stavanger, April 28, 2021
The Board of Directors of SpareBank 1 Boligkreditt AS



/s/ Kjetil Fordal
Chairman of the Board



/s/ Bengt Olsen



/s/ Merete N. Kristiansen



/s/ Geir-Egil Bolstad



/s/ Heidi C. Aas Larsen



/s/ Knut Oscar Fleten

SpareBank 1 Boligkreditt AS

- Statement of the Members of the Board and the Chief Executive Officer

The Board and the Chief Executive Officer have today reviewed and approved the financial accounts for the first quarter 2021 for SpareBank 1 Boligkreditt AS. The accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

To the best knowledge of the Board and the Chief Executive Officer the accounts have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole as of 31.03.2021.

The Board of Directors and the Chief Executive Officer declare to the best of their knowledge that the annual report gives a true and fair view of the development and performance of the business of the Company, as well as a description of the principal risks and uncertainties facing the Company.

Stavanger, April 28, 2021

The Board of Directors of SpareBank 1 Boligkreditt AS

/s/ Kjell Fordal
Chairman of the Board

/s/ Bengt Olsen

/s/ Merete N. Kristiansen

/s/ Geir-Egil Bolstad

/s/ Heidi C Aas Larsen

/s/ Knut Oscar Fleten

/s/ Arve Austestad
CEO

Financial statements

Income Statement 1st Quarter 2021

NOK 1 000	Note	01.01.2021- 31.03.2021	01.01.2020- 31.03.2020	2020
Total interest income	2	1,078,111	1,631,398	5,119,553
Total interest expense	2	-505,139	-1,151,751	-2,980,079
Net interest income		572,972	479,646	2,139,474
Commissions to SpareBank 1 banks	3	-500,416	-358,017	-1,769,898
Net commission income		-500,416	-358,017	-1,769,898
Net gains/losses from financial instruments	4	-43,583	-283,788	-142,200
Net other operating income		-43,583	-283,788	-142,200
Total operating income		28,972	-162,159	227,376
Salaries and other ordinary personnel expenses	5	-3,105	-3,154	-12,465
Other operating expenses	6	-6,896	-6,794	-28,065
Total operating expenses		-10,001	-9,949	-40,530
Operating result before losses		18,971	-172 107	186 846
Expected cumulative loss mortgages (IFRS 9)		12,382	-9,236	-18,429
Pre-tax operating result		31,354	-181,343	168,417
Taxes		-5,584	49,486	-29,239
Profit/loss for the year		25,770	-131,857	139,178
Portion attributable to shareholders		16,752	-148,459	86,001
Portion attributable to additional Tier 1 capital holders		9,018	16,602	53,177
Profit/loss for the period		25,770	-131,857	139,178

Overview of Comprehensive Income

NOK 1 000	01.01.2021- 31.03.2021	01.01.2020- 31.03.2020	2020
Profit/loss for the year	25,770	-131,857	139,178
Items which will not impact the income statement in future periods:	-	-	-
Change due to basis swap spread adjustment	-193,013	103,767	120,478
Tax effect of basis swap spread adjustment	48,253	-25,942	-30,120
Change in pensions for a previous period	-	-	-
Estimate deviation for pensions	-	-	1,537
Tax effect of the estimate deviation	-	-	-384
Total profit/loss accounted for in equity	-144,760	77,825	91,512
Total profit/loss	-118,990	-54,031	230,690

Balance Sheet

Balance Sheet 1st Quarter 2021

NOK 1 000		31.03.2021	31.03.2020	2020
Assets				
Lending to and deposits with credit institutions	13	1,977,185	4 471 962	6 473 876
Certificates and bonds	13,14	25,297,614	38 793 444	34 515 412
Residential mortgage loans	8,13	210,994,595	199 687 454	208 613 697
Financial derivatives	12,13,14	11,937,811	38 900 544	21 396 448
Deferred tax asset	13	300,014	233 644	281 880
Other assets	7,13	4,009,951	1 831	5 018
Total assets		254,517,170	282 088 878	271 286 332
Liabilities and equity				
Liabilities				
Debt incurred by issuing securities	10,13,14	225,652,744	239,812,029	239,372,170
Collateral received under derivatives contracts	19,13	7,190,519	23,685,075	16,838,423
Repurchase agreement	13	2,610,725	3,799,825	-
Financial derivatives	12,13,14	2,389,366	723,758	915,540
Deferred tax	13	0	-	30,120
Tax payable	13	3,685	230,533	123,196
Subordinated debt	11,13	1,430,181	1,433,354	1,429,990
Other Liabilities	13,15	3,085,914	284,635	209,078
Total Liabilities		242,363,133	269,969,209	258 918 517
Equity				
Paid-in equity	13	11,698,470	11,418,470	11,698,470
Other paid-in equity (not yet registered)	13	-	-	-
Hybrid capital	9,13	900,000	1,180,000	900,000
Accrued equity	13	-470,203	-346,945	-316,424
Net profit	13	25,770	-131,857	-
Declared dividends	13	-	-	85,769
Total equity		12,154,037	12,119,669	12,367,815
Total liabilities and equity		254,517,170	282,088,878	271,286,332

Stavanger, 28.04.2021

/s/ Kjell Fordal
Chairman of the Board

/s/ Bengt Olsen

/s/ Merete N. Kristiansen

/s/ Geir-Egil Bolstad

/s/ Heidi C Aas Larsen

/s/ Knut Oscar Fleten

/s/ Arve Austestad
CEO

Changes in Equity

NOK 1 000	Share capital	Additional paid in equity	Dividend	Other paid-in equity (not yet registered)	Other Equity	Interest on hybrid capital	Hybrid capital	Total Equity
Balance as of December 31, 2019	7,610,548	3,807,922	90,566	-	-408,168	-	1,180,000	12,280,868
Share increase May 22, 2020	186,667	93,333	-	-	-	-	-	280,000
Net income for the period	-	-	85,769	-	53,409	-53,177	-	86,001
Paid interest on hybrid capital - directly against equity	-	-	-	-	-53,177	53,177	-	-
OCI -basisswapsread	-	-	-	-	90,359	-	-	90,359
Dividend 2019	-	-	-90,566	-	-	-	-	-90,566
OCI - pension - annual estimate deviation	-	-	-	-	1,153	-	-	1,153
Other	-	-	-	-	-	-	-280,000	-280,000
Balance as of 31 December, 2020	7,797,215	3,901,255	85,769	-	-316,425	-	900,000	12,367,815
Dividend 2020	-	-	-85,769	-	-	-	-	-85,769
Net income for the period	-	-	-	-	25,770	-9,018	-	16,752
Paid interest on hybrid capital - directly against equity	-	-	-	-	-9,018	9,018	-	-
OCI -basisswapsread	-	-	-	-	-144,760	-	-	-144,760
Balance as of 31 March, 2021	7,797,215	3,901,255	-	-	-444,434	-	900,000	12,154,037

Equity is paid in by the Company's parent banks when a requirement arises. The requirement arises regularly when the Company acquires larger portfolios of mortgage loans, and otherwise according to changes in capitalization rules because SpareBank 1 Boligkreditt is subject to the same capital adequacy rules under Pillar 1 as banks in general. Each parent bank has also signed a Shareholders agreement with the Company, which amongst other things stipulates when additional capital must be contributed.

Cash flow statement

NOK 1 000	31.03.2021	31.03.2020	2020
Cash flows from operations			
Interest received	1,103,081	1,399,409	5,189,270
Paid expenses, operations	19	8,450	-34,661
Paid tax	-123,196	-250,190	-251,521
Net cash flow relating to operations	979,904	1,157,669	4,903,088
Cash flows from investments			
Net purchase of loan portfolio	-2,884,423	-8,383,080	-19,108,681
Net payments on the acquisition of government bills	-699,564	-2,739,869	-2,099,005
Net payments on the acquisition of bonds	7,907,924	-5,281,335	-5,146,575
Net investments in intangible assets	0	-474	0
Net investments in fixed assets	0	0	-5,040
Net cash flows relating to investments	4,323,937	-16,404,758	-26,359,301
Cash flows from funding activities			
Net receipt/payment from the issuance of securities	-2,695,544	-2,565,537	16,016,622
Net receipt/payment from the issuance of subordinated debt	0	0	0
Net receipt/payment of loans to credit institutions	-6,617,735	13,832,350	5,157,620
Equity capital subscription	0	0	281,153
Paid dividend	0	0	-90,566
Net interest payments on funding activity	-487,253	-1,349,012	-3,235,991
Net cash flow relating to funding activities	-9,800,532	9,917,801	18,128,839
Net cash flow in the period	-4,496,692	-5,329,288	-3,327,374
Balance of cash and cash equivalents at beginning of period	6,473,877	9,801,250	9,801,251
Net receipt/payments on cash	-4,496,692	-5,329,288	-3,327,374
Balance of cash and cash equivalents at end of period	1,977,185	4,471,962	6,473,877

Quarterly Financial Statements

These quarterly statements are not individually audited and are included as additional information to these accounts.

Income Statement

	1. quarter	4. quarter	3th Quarter	2th Quarter	1th Quarter
NOK 1 000	2021	2020	2020	2020	2020
Total interest income	1,078,111	1,125,288	1,112,955	1,249,912	1,631,398
Total interest expenses	-505,139	-482,915	-466,886	-878,527	-1,151,751
Net interest income	572,972	642,373	646,069	371,385	479,646
Commissions to SpareBank 1 banks	-500,416	-600,887	-566,950	-244,043	-358,017
Net commission income	-500,416	-600,887	-566,950	-244,043	-358,017
Net gains/losses from financial instruments	-43,583	-36,041	5,734	171,895	-283,788
Net other operating income	-43,583	-36,041	5,734	171,895	-283,788
Total operating income	28,972	5,445	84,853	299,237	-162,159
Salaries and other ordinary personnel expenses	-3,105	-3,532	-3,844	-1,935	-3,154
Other operating expenses	-6,896	-7,985	-5,340	-7,945	-6,794
Total operating expenses	-10,001	-11,517	-9,185	-9,880	-9,949
Operating result before losses	18,971	-6,072	75,668	289,358	-172,107
Expected cumulative loss mortgages (IFRS 9)	12,382	-7,614	9,327	-10,905	-9,236
Pre-tax operating result	31,354	-13,687	84,995	278,452	-181,343
Taxes	-5,584	5,197	-18,169	-65,753	49,486
Profit/loss for the year	25,770	-8,490	66,826	212,699	-131,857
Other income and expense	-144,760	33,160	-53,827	34,353	77,825
Total Profit/Loss	-118,990	24,670	12,999	247,052	-54,031

Balance Sheet

NOK 1 000	31.03.2020	31.12.2020	30.09.2020	30.06.2020	31.03.2020
Assets					
Lending to and deposits with credit institutions	1,977,185	6,473,876	17,695,451	8,926,842	4,471,962
Certificates and bonds	25,297,614	34,515,412	33,852,412	28,950,758	38,793,444
Residential mortgage loans	210,994,595	208,613,697	205,998,995	202,356,280	199,687,454
Financial derivatives	11,937,811	21,396,448	30,074,324	28,051,937	38,900,544
Deferred tax asset	300,014	281,880	142,782	164,031	233,644
Other assets	4,009,951	5,018	798	4,479,081	1,831
Total assets	254,517,170	271,286,332	287,764,762	272,928,929	282,088,878
Liabilities and equity					
Liabilities					
Debt incurred by issuing securities	225,652,744	239,372,170	245,303,651	233,899,764	239,812,029
Collateral received under derivatives contracts	7,190,519	16,838,423	23,499,230	20,469,422	27,484,900
Repurchase agreement	2,610,725	-	250,003	2,507,625	-
Financial derivatives	2,389,366	915,540	726,670	734,333	723,758
Deferred tax	0	30,120	19,450	37,393	-
Tax payable	3,685	123,196	223,594	226,673	230,533
Subordinated debt	1,430,181	1,429,990	1,429,936	1,430,788	1,433,354
Other Liabilities	3,085,914	209,078	3,960,268	1,271,651	284,635
Total Liabilities	242,363,133	258,918,517	275,412,801	260,577,649	269,969,209
Equity					
Contributed equity	11,698,470	11,698,470	11,698,470	11,418,470	11,418,470
Other paid in equity (not yet registered)	-	-	-	-	-
Hybrid capital	900,000	900,000	900,000	1,180,000	1,180,000
Accrued equity	-470,203	-316,424	-394,177	-328,033	-346,945
Net profit	25,770	-	147,668	80,843	-131,857
Declared dividends	-	85,769	-	-	-
Total equity	12,154,037	12,367,815	12,351,961	12,351,280	12,119,669
Total liabilities and equity	254,517,170	271,286,332	287,764,762	272,928,929	282,088,878

Notes to the financial statements

Note 1 Accounting principles

1.1 Basis for preparation

SpareBank1 Boligkreditt AS quarterly accounts have been prepared in accordance with the International Financial Standards (IFRS). The accounts have been produced in accordance with IAS 34 reporting for a partial year. The Company's accounting principles and calculation methods have not materially changed since the annual accounts for 2020. IFRS 16- Leases have been adopted from 1 January 2019. This standard do not have any significant impacts for SPB1 Boligkreditt AS.

The presentation currency is Norwegian Kroner (NOK), which is also the Company's functional currency. All amounts are given in NOK thousand unless otherwise stated.

The interim financial statements are not audited.

1.2 Segments

The Company has only one segment, which is the mortgage lending to real customers. The segment consists of lending to private individuals and all loans have been acquired from the member banks of the SpareBank 1 alliance.

1.3 Estimates and assessments regarding the use of accounting principles

The preparation of the financial information is in accordance with IFRS and involves management's estimates which affect the implementation of accounting principles and thereby accounting values for assets, liabilities, revenue and costs. These estimates have been described in the notes to the annual accounts for 2020.

Note 2 Net interest income

NOK 1 000	31.03.2021	31.03.2020	2020
Interest income			
Interest income from, certificates, bonds and deposits	44,451	65,423	222,810
Interest income from residential mortgage loans	1,033,660	1,565,974	4,896,743
Total interest income	1,078,111	1,631,398	5,119,553
Interest expense			
Interest expense and similar expenses to credit institutions	-174	8,332	38,007
Interest expense and similar expenses on issued bonds	482,646	1,115,603	2,842,413
Interest expense and similar expenses on subordinated debt	7,745	12,808	37,900
Recovery and Resolution Fund *	12,846	12,550	51,385
Other interest expenses	2,075	2,458	10,374
Total interest expense	505,139	1,151,751	2,980,079
Net interest income	572,971	479,646	2,139,473

* From 2019, SPB1 Boligkreditt has been incorporated into the Norwegian Bank Recovery and Resolution Fund.

Note 3 Commissions to Sparebank 1 banks

NOK 1 000	31.03.2021	31.03.2020	2020
Commission expense			
Commission expense to SpareBank 1 banks	500,416	358,017	1,769,898
Total commission expense	500,416	358,017	1,769,898

These amounts represent Boligkreditt's expenses in form of commissions to its owner banks, which originate the mortgage loans transferred to the Company. The amounts are calculated by subtracting all of the Company's funding costs and estimated operational costs, including costs for additional Tier 1 bonds outstanding, from each mortgage interest rate.

Note 4 Net Gains on Financial Instruments

NOK 1 000	31.03.2021	31.03.2020	2020
Net gains (losses) from financial liabilities (1)	-1,135,811	-5,423,471	-6,074,987
Net gains (losses) from financial derivatives, hedging liabilities, at fair value, hedging instrument (1,3)	10,702,758	3,870,659	3,648,701
Net gains (losses) from financial assets (2)	-9,448,201	1,297,123	2,308,177
Net gains (losses) from financial derivatives, hedging assets, at fair value, hedging instrument (2,3)	-162,330	-28,098	-24,090
Net gains (losses)	-43,583	-283,788	-142,200

(1) The Company utilizes hedge accounting as defined in IFRS for issued fixed rate bonds (covered bonds) with derivatives (swaps) which hedges fixed rates to floating and foreign currencies to Norwegian kroner. The hedges are individually tailored to each issued bond and exactly matches the cash flows and duration of the issued bonds. Some liabilities in foreign currency are hedged with natural hedges (corresponding assets in the same currency) and this may cause the valuation differences between assets and liabilities. There may also be valuation differences between liabilities and hedges due to the amortization of issuance costs and bonds issued at or below par value.

(2) SpareBank 1 Boligkreditt AS manages its liquidity risk by refinancing its outstanding bonds ahead of expected maturities and keeping proceeds as a liquidity portfolio. Fixed rate bonds and bonds in other currencies than Norwegian kroner are hedged using swaps. These positions are valued at fair value though differences may occur because the valuation of the bonds include a credit risk/spread element which the swaps do not contain. Included in assets in the table are also investments in short term, highly rated bonds from funds received from swap counterparties for collateral purposes. Such investments do not have swap hedges.

(3) All derivatives are valued at fair value according to changes in market interest rates and foreign exchange rates. Changes in valuations from the previous period is accounted for in profit and loss.

Note 5 Salaries and Remuneration

NOK 1 000	31.03.2021	31.03.2020	2020
Salaries	2,805	2,925	10,922
Salaries reinvoyced to SpareBank1 Næringskreditt*	-776	-944	-3,275
Pension expenses	384	551	1,977
Social insurance fees	564	552	2,332
Other personnel expenses	129	70	510
Total salaries and remuneration	3,105	3,154	12,465
Average number of full time equivalents (FTEs)	8	7	8

* The company's employees have shared employment between SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt. All remuneration is effectuated through SpareBank 1 Boligkreditt and a portion is reinvoyced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank 1 SMN and SpareBank 1 Gruppen.

Note 6 Other Operating Expenses

NOK 1 000	31.03.2021	31.03.2020	2020
IT and IT operations	3,114	3,280	12,704
Purchased services other than IT	3,291	2,848	13,282
Other Operating Expenses	412	577	1,721
Depreciation on fixed assets and other intangible assets	79	89	359
Total	6,896	6,794	28,065

Note 7 Other assets

NOK 1 000	31.03.2021	31.03.2020	2020
Leases	3,646	-	3,879
Fixed assets	300	377	320
Intangible assets	26	297	85
Account receivables from SpareBank 1 Næringskreditt AS	342	1,146	515
Accounts receivable, securities	4,005,632	-	212
Other	6	11	7
Total	4,009,951	1,831	5,018

Note 8 Residential mortgage loans

Lending to customers are residential mortgages only. The mortgages generally have a low loan-to-value. The total amount of lending to customers at the end of 31.03.2021 were NOK 211,0 billion. All mortgages carry a variable interest rate.

NOK 1 000	31.03.2021	31.03.2020	2020
Revolving loans - retail market	38,867,401	43,720,736	40,078,412
Amortising loans - retail market	171,987,922	155,754,047	168,409,290
Accrued interest	157,076	233,652	156,170
Total loans before specified and unspecified loss provisions	211,012,399	199,708,435	208,643,872
Stage 1	204,026,270	192,182,539	199,787,000
Stage 2	6,986,129	7,525,896	8,856,872
Stage 3	-	-	-
Gross loans	211,012,399	199,708,435	208,643,872
Impairments on groups of loans			
Expected credit loss, stage 1	1,155	1,255	1,207
Expected credit loss, stage 2, no objective proof of loss	16,649	19,725	28,968
Expected credit loss, stage 3, objective proof of loss	-	-	-
Total net loans and claims with customers	210,994,595	199,687,454	208,613,697
Liability			
Unused balances under customer revolving credit lines (flexible loans)	12,435,095	12,536,488	12,328,559
Total	12,435,095	12,536,488	12,328,559
Defaulted loans			
Defaults*	0.0 %	0.0 %	0.0 %
Specified loan loss provisions	0.0 %	0.0 %	0.0 %
Net defaulted loans	0.0 %	0.0 %	0.0 %
Loans at risk of loss			
Loans not defaulted but at risk of loss	0.0 %	0.0 %	0.0 %
- Write downs on loans at risk of loss	0.0 %	0.0 %	0.0 %
Net other loans at risk of loss	0.0 %	0.0 %	0.0 %

* The entire customer loan balance is considered to be in default and will be included in overviews of defaulted loans when overdue instalments and interest payments are not received within 90 days or if credit limits on revolving loans are exceeded for 90 days or more.

Note 9 Share Capital and Shareholder Information

List of shareholders as of 2021

	No of Shares	in per cent	Share of votes
SpareBank 1 Østlandet	17,506,879	22,45 %	22,45 %
SpareBank 1 SMN	17,431,133	22,36 %	22,36 %
SpareBank 1 Nord-Norge	14,146,598	18,14 %	18,14 %
BN Bank ASA	5,436,118	6,97 %	6,97 %
SpareBank 1 BV	4,734,098	6,07 %	6,07 %
Sparebanken Telemark	3,894,956	5,00 %	5,00 %
SpareBank 1 Ringerike Hadeland	3,698,165	4,74 %	4,74 %
SpareBank 1 Østfold Akershus	3,694,453	4,74 %	4,74 %
SpareBank 1 Nordvest	1,633,728	2,10 %	2,10 %
SpareBank 1 SR-Bank ASA	-	0,00 %	0,00 %
SpareBank 1 Modum	1,856,509	2,38 %	2,38 %
SpareBank 1 Søre Sunnmøre	1,171,457	1,50 %	1,50 %
SpareBank 1 Gudbrandsdal	1,141,753	1,46 %	1,46 %
SpareBank 1 Hallingdal Valdres	983,950	1,26 %	1,26 %
SpareBank 1 Lom og Skjåk	642,352	0,82 %	0,82 %
Total	77,972,149	100 %	100 %

The share capital consists of 77.972.149 shares with a nominal value of NOK 100.

The percent share allocation and share of vote are identical.

Hybrid capital

NOK 1000	ISIN	Interest rate	Issued year	Call option	31.03.2021	31.03.2020	2020
Perpetual							
Hybrid (Tier 1 capital instrument)	NO0010745920	3M Nibor + 360 bp	2015	23.09.2020	-	300,000	-
Hybrid (Tier 1 capital instrument)	NO0010746191	3M Nibor + 360 bp	2015	29.09.2020	-	180,000	-
Hybrid (Tier 1 capital instrument)	NO0010767643	3M Nibor + 360 bp	2016	22.06.2021	250,000	250,000	250,000
Hybrid (Tier 1 capital instrument)	NO0010811318	3M Nibor + 310 bp	2017	01.12.2022	100,000	100,000	100,000
Hybrid (Tier 1 capital instrument)	NO0010850621	3M Nibor + 340 bp	2019	30.04.2024	350,000	350,000	350,000
Hybrid (Tier 1 capital instrument)	NO0010890825	3M Nibor + 300 bp	2020	26.08.2025	200,000	-	200,000
Book value					900,000	1,180,000	900,000

The issued bonds listed in the table above have status as Tier 1 capital instruments in the Company's capital coverage ratio.

Note 10 Liabilities incurred by issuing Securities

	Nominal value*	Nominal value*	Nominal value*
NOK 1 000	31.03.2021	31.03.2020	2020
Senior unsecured bonds	-	-	-
Repurchased senior unsecured bonds	-	-	-
Covered bonds	218,615,043	203,483,439	220,831,875
Repurchased Covered bonds	-3,495,000	-2,900,000	-2,500,000
Total debt incurred by issuing securities	215,120,043	200,583,439	218,331,875

* Nominal value is incurred debt at exchange rates (EUR/NOK and USD/NOK) at the time of issuance.

	Book value	Book value	Book value
NOK 1 000	31.03.2021	31.03.2020	2020
Senior unsecured bonds	-	-	-
Repurchased senior unsecured bonds	-	-	-
Covered bonds	228,568,038	241,829,641	240,993,020
Repurchased covered bonds	-3,496,439	-2,900,000	-2,500,013
Activated costs incurred by issuing debt	-189,734	-202,691	-201,926
Accrued interest	770,879	1,085,079	1,081,090
Total debt incurred by issuing securities	225,652,744	239,812,029	239,372,170

Covered bonds

Due in	31.03.2021	31.03.2020	2020
2020	-	8,461,000	-
2021	13,139,549	29,123,936	24,779,600
2022	41,449,200	41,349,200	41,749,200
2023	30,537,300	30,777,750	30,606,750
2024	28,081,054	24,232,723	28,158,375
2025	31,713,750	15,898,750	31,713,750
2026	22,710,000	22,710,000	22,710,000
2027	19,542,590	706,730	11,551,850
2028	2,712,800	2,712,800	2,712,800
2029	23,991,300	24,368,050	24,107,050
2032	1,000,000	-	-
2038	242,500	242,500	242,500
Total	215,120,043	200,583,439	218,331,875
Total	215,120,043	200,583,439	218,331,875

* Nominal value is incurred debt at exchange rates (EUR/NOK, USD/NOK, SEK/NOK and GBP/NOK) at the time of issuance.

Debt incurred by currency (book values at the end of the period)

NOK 1 000	31.03.2021	31.03.2020	2020
NOK	78,649,249	66,837,851	72,469,545
EUR	129,476,921	162,837,648	148,882,707
USD	-	-	-
GBP	8,901,527	9,856,979	8,845,102
SEK	8,625,047	279,551	9,174,816
Total	225,652,744	239,812,029	239,372,170

Note 11 Subordinated Debt

NOK 1000	ISIN	Interest rate	Issued year	Call option from	Maturity	Nominal amount	31.03.2021	31.03.2020	2020
With maturity									
Subordinated debt (Tier 2 capital instrument)	NO0010826696	3M Nibor + 153 bp	2018	22.06.2023	22.06.2028	250,000	250,000	250,000	250,000
Subordinated debt (Tier 2 capital instrument)	NO0010833908	3M Nibor + 180 bp	2018	08.10.2025	08.10.2030	400,000	400,000	400,000	400,000
Subordinated debt (Tier 2 capital instrument)	NO0010835408	3M Nibor + 167 bp	2018	02.11.2023	02.11.2028	475,000	475,000	475,000	475,000
Subordinated debt (Tier 2 capital instrument)	NO0010842222	3M Nibor + 192 bp	2019	24.01.2024	24.01.2029	300,000	300,000	300,000	300,000
Accrued interest							5,181	8,354	4,990
Book value							1,430,181	1,433,354	1,429,990

The issued bonds listed in the table above have status as Tier 2 capital instruments in the Company's capital coverage ratio.

Note 12 Financial Derivatives

NOK 1 000	31.03.2021	31.03.2020	2020
Interest rate derivative contracts			
Interest rate swaps			
Nominal amount	40,259,658	61,666,676	54,965,589
Asset	1,557,295	2,955,710	2,427,317
Liability	-194,574	-279,216	-192,716
Currency derivative contracts			
Currency swaps			
Nominal amount	131,280,325	158,076,919	139,210,375
Asset	10,380,516	35,944,833	18,969,131
Liability	-1,576,837	-	-297,883
Total financial derivative contracts			
Nominal amount	171,539,983	219,743,595	194,175,964
Asset	11,937,811	38,900,544	21,396,448
Liability	-1,771,411	-279,216	-490,599
All derivative contracts exist for the purpose of hedging changes in interest rates and currency exchange rates.			
*Change due to basis swap spread adjustment	31.03.2021	31.03.2020	2020
Liability	-1,771,411	-279,216	-490,599
Net gain (loss) on valuation adjustment of basis swap spreads	-617,955	-441,652	-424,941
Net asset (+) / liability (-) derivatives	-2,389,366	-720,868	-915,540

Basis swaps are currency swaps and are entered into at a certain cost (spread) between SpareBank 1 Boligkreditt and banks which offer such swaps and which have signed an ISDA agreement with the Company. Changes in the cost are valued each quarter across all of the Company's swaps in accordance with the IFRS rules. An increase in the cost would result in an increase in the value of the basis swaps while a cost decrease would reduce the value of the basis swaps. The effect may be material from quarter to quarter because the Company's portfolio of swaps is extensive. All basis swap value changes will reverse over time towards the point of termination of the swaps. Changes in basis swap valuations are not included in net income, but is included in other comprehensive income and in equity.

Note 13 Classification of Financial Instruments

NOK 1 000	Financial instruments accounted for at fair value	Financial assets and debt accounted for at amortised cost	Non-financial assets and liabilities	31.03.2021
Assets				
Lending to and deposits with credit institutions	-	1,977,185	-	1,977,185
Certificates and bonds	25,297,614	-	-	25,297,614
Residential mortgage loans	-	210,994,595	-	210,994,595
Financial derivatives	11,937,811	-	-	11,937,811
Deferred tax asset	-	-	300,014	300,014
Other assets	-	-	4,009,951	4,009,951
Total Assets	37,235,425	212,971,780	4,309,966	254,517,170
Liabilities				
Debt incurred by issuing securities*	-	225,652,744	-	225,652,744
Collateral received in relation to financial derivatives	-	7,190,519	-	7,190,519
Repurchase agreement	-	-	-	-
Financial derivatives	2,389,366	-	-	2,389,366
Deferred taxes	-	-	0	0
Taxes payable	-	-	3,685	3,685
Subordinated debt	-	1,430,181	-	1,430,181
Other liabilities	-	-	3,085,914	3,085,914
Total Liabilities	2,389,366	234,273,444	3,089,599	239,752,408
Total Equity	-	900,000	11,254,037	12,154,037
Total Liabilities and Equity	2,389,366	235,173,444	14,343,636	251,906,445

* For issued securities, 194 billion are hedged with swaps. This means that foreign currency and fixed rate exposure is effectively converted to a 3 month NIBOR exposure in Norwegian kroner.

NOK 1 000	Financial instruments accounted for at fair value	Financial assets and debt accounted for at amortised cost	Non-financial assets and liabilities	31.03.2020
Assets				
Lending to and deposits with credit institutions	-	4,471,962	-	4,471,962
Certificates and bonds	38,793,444	-	-	38,793,444
Residential mortgage loans	-	199,687,454	-	199,687,454
Financial derivatives	38,900,544	-	-	38,900,544
Deferred tax asset	-	-	233,644	233,644
Other assets	-	-	1,831	1,831
Total Assets	77,693,988	204,159,416	235,474	282,088,878
Liabilities				
Debt incurred by issuing securities*	-	239,812,029	-	239,812,029
Collateral received in relation to financial derivatives	-	27,484,900	-	27,484,900
Repurchase agreement	-	-	-	-
Financial derivatives	723,758	-	-	723,758
Deferred taxes	-	-	-	-
Taxes payable	-	-	230,533	230,533
Subordinated debt	-	1,433,354	-	1,433,354
Other liabilities	-	-	284,635	284,635
Total Liabilities	723,758	268,730,283	515,168	269,969,209
Total Equity	-	1,180,000	10,939,669	12,119,669
Total Liabilities and Equity	723 758	269,910,283	11,454,837	282,088,878

*For issued securities, 194 billion are hedged with swaps. This means that foreign currency and fixed rate exposure is effectively converted to a 3 month NIBOR exposure in Norwegian kroner.

Note 14 Financial Instruments at Fair Value

Methods in order to determine fair value

General

The interest rate curve that is used as input for fair value valuations of hedging instruments and hedging objects consists of the NIBOR-curve for maturities less than one year. The swap-curve is used for maturities exceeding one year.

Interest rate and currency swaps

Valuation of interest rate swaps at fair value is done through discounting future cash flows to their present values. Valuation of currency swaps will also include the element of foreign exchange rates.

Bonds

Valuation of bonds at fair value is done through discounting future cash flows to present value.

With effect from 2009 SpareBank 1 Boligkreditt AS has implemented the changes in IFRS 7 in relation to the valuation of financial instruments as of the date of the financial accounts. The changes require a presentation of the fair value measurement for each Level. We have the following three Levels for the fair value measurement:

Level 1: Quoted price in an active market. Fair value of financial instruments which are traded in active markets are based on the market price at the balance sheet date. A market is considered to be active if the market prices are easily and readily available from an exchange, dealer, broker, industry group, pricing service or regulating authority and that these prices represent actual and regular market transactions on an arm's length basis.

Level 2: Valuation based on observable factors. Level 2 consist of instruments which are not valued based on listed prices, but where prices are indirectly observable for assets or liabilities, but also includes listed prices in not active markets.

Level 3: The valuation is based on factors that are not found in observable markets (non-observable assumptions). If valuations according to Level 1 or Level 2 are not available, valuations are based on not-observable information. The Company has a matter of principle neither assets nor liabilities which are valued at this level.

The following table presents the company's assets and liabilities at fair value as of 31.03.2021

NOK 1 000

	Level 1	Level 2	Level 3	Total
Certificates and bonds	10,998,834	14,298,780	-	25,297,614
Financial Derivatives	-	11,937,811	-	11,937,811
Total Assets	10,998,834	26,236,591	-	37,235,425
Financial Derivatives	-	2,389,366	-	2,389,366
Total Liabilities	-	2,389,366	-	2,389,366

The following table presents the company's assets and liabilities at fair value as of 31.03.2020

NOK 1 000

	Level 1	Level 2	Level 3	Total
Certificates and bonds	30,106,057	8,687,386	-	38,793,444
Financial Derivatives	-	38,900,544	-	38,900,544
Total Assets	30,106,057	47,587,930	-	77,693,988
Financial Derivatives	-	723,758	-	723,758
Total Liabilities	-	723,758	-	723,758

Note 15 Other Liabilities

NOK 1 000	31.03.2021	31.03.2020	2020
Employees tax deductions and other deductions	333	456	627
Employers national insurance contribution	713	596	702
Accrued holiday allowance	1,223	1,188	1,082
Commission payable to shareholder banks	167,642	124,185	184,028
Deposits*	3,238	3,922	4,361
Pension liabilities	10,598	11,633	10,448
Expected credit loss unused credit lines (flexible loans)	39	52	51
Accounts payable, securities	2,796,341	-	-
Other accrued costs	105,786	142,603	7,779
Total	3,085,914	284,635	209,078

The Company does not have an overdraft facility or a revolving credit facility as of 31.03.21

* Deposits represents temporary balances paid in by customers in excess of the original loan amount.

Accounts payable, securities, are such amounts that have been transacted, but not yet settled.

Note 16 Asset Coverage Test

The asset coverage is calculated according to the Financial Services Act § 2-31 (Covered Bond Legislation). There is a difference between this asset coverage test and the amounts in the balance sheet; for the purposes of the test mortgage loans which may have migrated above the 75% loan to value level are adjusted.

Only that part of the mortgage loan corresponding to a loan to value up to 75% of the collateral is considered. Market values are used for all substitute collateral in the test. In addition any defaulted loans, i.e. loans in arrears at or beyond 90 days, are excluded from the test.

NOK 1 000	31.03.2021	31.03.2020	2020
Covered Bonds	229,347,589	242,915,442	242,074,324
Total Covered Bonds	229,347,589	242,915,442	242,074,324
Residential mortgage loans	210,189,899	198,214,563	207,697,380
Public sector, SSA bond exposure	2,390,282	1,208,564	3,858,900
-of which allocated to LCR	140,151	50,455	1,245,478
Reverse repo/ depo less than 100 days	1,260,673	1,888,263	4,402,964
-of which allocated to LCR	276,427	0	-
Exposure to credit institutions (covered bonds)	15,561,671	13,094,122	15,852,466
-of which allocated to LCR	1,751,018	125,370	1,948,134
Derivatives	10,166,400	38,621,328	20,905,849
Total Cover Pool	237,401,330	252,851,014	249,523,946
Asset-coverage	103,5 %	104,1 %	103,1 %
Cover pool including amounts allocated to LCR	239,568,926	253,026,839	252,717,558
Assets-coverage including amounts allocated to LCR	104,5 %	104,2 %	104,4 %
Liquidity Coverage Ratio (LCR)	31.03.2021	31.03.2020	2020
Liquid assets	7,147,149	27,574,549	17,332,393
Cash outflow next 30 days	5,121,702	11,750,954	12,783,956
LCR ratio	139,5 %	234,7 %	135,6 %
Net Stable Funding Ratio (NSFR)	31.03.2021	31.03.2020	2020
Available amount of stable funding	217,421,934	233,818,645	217,574,186
Required amount of stable funding	217,948,809	213,236,883	227,169,644
NSFR ratio	99,8 %	109,7 %	104,4 %

Note 17 Capital Adequacy

The primary goal for the Company's management of capital reserves is to ensure compliance with laws and regulatory requirements and maintain solid financial ratios and a high quality credit assessment in order to best support its business.

As of 31. December 2020 the CRR/CRD IV regulation changed so that the average riskweight on exposures secured by residential property in Norway can not be lower than 20 percent.

The European Union has approved new regulatory requirements, CRD IV, which is implemented in Norway. The requirement of 16.0 percent total capital for SpareBank 1 Boligkreditt includes:

- Minimum core equity Pillar 1: 4.5 percent.
- Additional Tier 1 equity capital 1.5 percent. and additional Tier 2 capital 2.0 percent (can be held as Tier 1 and Tier 2, alternatively as core equity capital)
- Conservation buffer: 2.5 percent core capital
- Systemic risk buffer: 4.5 percent. core equity for exposures in Norway. For exposures in other countries, the rate in each country shall be used.
- Countercyclical buffer: 1.0 percent, core equity.

The Issuer has an additional Pillar 2 requirement which is 0.9 percent core equity capital. The total requirement for the Issuer is therefore to have capital of minimum 16.9 percent of risk weighted assets. With a management buffer added, the target for capital coverage is 17.3 percent at 31 March 2021.

The Company's parent banks have committed themselves to keep the Company's Equity Tier 1 capital at the minimum regulatory level (in the Shareholders Agreement). Primarily this commitment is pro rata according to the ownership stakes in the Company, but it is a joint and several undertaking if one or more ownership banks are unable to comply, up to the maximum of twice the initial pro rata amount.

Capital. NOK 1 000	31.03.2021	31.03.2020	2020
Share capital	7,797,215	7,610,548	7,797,215
Premium share fund	3,901,255	3,807,922	3,901,255
Other equity capital	-461,185	-478,801	-282,363
Common equity	11,237,285	10,939,669	11,416,107
Intangible assets	-26	-297	-85
Declared share dividend	-	-	-85,769
100% deduction of expected losses exceeding loss provisions IRB (CRD IV)	-405,660	-403,839	-409,225
Prudent valuation adjustment (AVA)	-20,105	-18,106	-19,711
Deferred taxes	-	-45,336	-
Core equity capital	10,811,494	10,472,092	10,901,316
Hybrid bond	900,000	1,180,000	900,000
Tier 1 equity capital	11,711,494	11,652,092	11,801,316
Supplementary capital (Tier 2)	1,425,000	1,425,000	1,425,000
Total capital	13,136,494	13,077,092	13,226,316
Minimum requirements for capital. NOK 1 000	31.03.2021	31.03.2020	2020
Credit risk	3,983,967	3,887,930	4,040,496
Market risk	-	-	-
Operational risk	56,724	59,537	56,724
Depreciation on groups of loans	-	-	-
CVA Risk	439,438	538,319	334,910
Difference in capital requirement resulting from transitional floor	-	-	-
Minimum requirement for capital	4,480,129	4,485,786	4,432,130
Capital coverage	31.03.2021	31.03.2020	2020
Risk-weighted assets incl. transitional floor*	56,001,609	56,072,328	55,401,623
Capital coverage (requirement w/all buffers, 16.9%)	23,46 %	23,32 %	23,87 %
Tier 1 capital coverage (requirement w/all buffers, 14.9%)	20,91 %	20,78 %	21,30 %
Core capital coverage (requirement w/all buffers, 13.4%)	19,31 %	18,68 %	19,68 %
Leverage ratio (requirement 3.0%)	4,64 %	4,54 %	4,53 %

Note 18 Related parties

The Company has 210.994 MNOK mortgage loans to customers. These are loans acquired from shareholder banks at market values (i.e. nominal value).

SpareBank 1 SMN

The Company acquires significant support services, including accounting services, back-office and other banking services from SpareBank 1 SMN. These services were previously purchased from SpareBank SR Bank. A complete SLA is established between the Company and SpareBank 1 SMN.

SpareBank 1 - Alliance

In addition the Company has a Transfer and Servicing agreement in place with each individual shareholder bank regulating amongst other things the servicing of mortgage loans.

SpareBank 1 Næringskreditt AS

All employees within SpareBank 1 Boligkreditt AS are also to various degrees working for SpareBank 1 Næringskreditt AS. Twenty percent of the administrative expenses in SpareBank 1 Boligkreditt AS to be charged to SpareBank 1 Næringskreditt AS. This division of administrative expenses between the two companies reflect the actual resources utilisation in SpareBank 1 Boligkreditt AS.

Note 19 Collateral received

SpareBank 1 Boligkreditt has signed ISDA-agreements including CSAs (Credit Support Annexes) with a number of financial institutions that are counterparties in interest rate and currency swaps. These institutions post collateral in the form of cash deposits to SpareBank 1 Boligkreditt. At the end of the period 31.03.2021 this collateral amounted to NOK 7.191 million. This amount is included in the balance sheet, but represents restricted cash.

Note 20 Contingencies and Events after Balance Sheet Date

SpareBank 1 Boligkreditt AS is not a party to any ongoing legal proceedings.

No events have taken place after the balance sheet date which are expected to have any material impact on the financial statements as of the end of the period 31.03.2021.

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