



SPAREBANKEN SØR
BOLIGKREDITT AS

Q1 2020



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General

Sparebanken Sør Boligkreditt AS is a wholly-owned subsidiary of Sparebanken Sør, and the company's business is operated from Kristiansand. The company is licensed by the Financial Supervisory Authority of Norway to operate as a mortgage company and issue covered bonds, and is a part of Sparebanken Sør's long-term financial strategy. All shares are owned by Sparebanken Sør and the financial statements are consolidated into the financial statements of the Sparebanken Sør Group.

The cover pool consists of secured mortgages, interest bearing securities and financial derivatives. The mortgages are granted by Sparebanken Sør and later taken over by Sparebanken Sør Boligkreditt AS. The secured mortgages meet the requirements established by the company for inclusion in the company's cover pool. One important requirement is that any outstanding loan balance taken over by the company must not exceed 75 % of the mortgaged property's market value at the date of acquisition.

At the end of Q1 2020 Sparebanken Sør Boligkreditt AS had taken on a mortgage loan portfolio totalling NOK 44 642 million, transferred from Sparebanken Sør, of which NOK 44 514 million is included in the qualified cover pool. Corresponding figures at the end of Q1 2019 were NOK 38 924 million and NOK 38 811 million respectively.

Sparebanken Sør Boligkreditt AS has issued covered bonds totalling NOK 45 522 million, compared to NOK 35 896 million at the same time in 2019. The company has achieved a diversified funding by issuing covered bonds outside the Norwegian bond market.

Income statement and balance sheet

In Q1 2020 the financial statement of Sparebanken Sør Boligkreditt AS shows a profit after tax of NOK 55.9 million, compared to NOK 56.6 million in the same period in 2019.

The company had net interest income of NOK 109.1 million, compared to NOK 102.1 million in 2019. The increase in net interest income is mainly due to the increase in the mortgage portfolio, combined with an increase in interest rates on mortgages in 2019.

The company has issued covered bonds in Euros under the EMTCN (European Medium Term Covered Note) program. In order to control interest and currency exposure, the company has established swap arrangements (basis swaps), to convert foreign currency into NOK. The impact on earnings related to changes in the value of the basis swap, affected the income from financial instruments by NOK 0.8 million at the end of Q1 2020. Assuming that the covered bonds in foreign currency are held to maturity, the total change in fair value is equal to zero. The accounting effects will therefore be reversed over time.

Operating expenses were NOK 20.7 million and tax expenses were NOK 18.6 million at the end of Q1 2020. Corresponding figures at the end of Q1 2019 were NOK 19.8 million and NOK 18.9 million respectively.

Total assets at 31.03.2020 were NOK 56 866 million, of which net loans to customers represented NOK 44 628 million. At the same time in 2019 total assets were NOK 42 527 million, of which net loans to customers were NOK 38 916 million. The loan portfolio has been financed through the issuance of bonds totalling NOK 45 522 million, and through equity and drawing rights from Sparebanken Sør. At the end of Q1 2020, the company had at total paid-in capital of NOK 1 625 million, of which NOK 1 125 million was share capital and NOK 500 million related to share premiums.

Sparebanken Sør Boligkreditt AS has an overdraft facility of NOK 5 000 million with Sparebanken Sør that, at 31.03.2020, was drawn down by NOK 3 771 million. In addition, the company has a revolving credit facility with Sparebanken Sør, which can be used to refinance outstanding bonds.

Board of Director`s report

Capital strength

At the end of Q1 2020, the net subordinated capital in the company was NOK 3 171 million, compared to NOK 3 155 million at the same time in 2019. This corresponds to a common equity tier 1 capital ratio / tier 1 capital ratio / total capital ratio of 16.6 percent (19.3 percent in 2019), while regulatory minimums requirements constitute 12.0 percent, 13.5 percent and 15.5 percent respectively. The capital adequacy ratio has been calculated based on the standard method in the Basel II - regulations. The Board of Directors considers the company's solidity and risk-bearing ability to be good. The company's Leverage Ratio was 5.9 percent at the end of Q1 2020.

Risks

As a licensed mortgage company, Sparebanken Sør Boligkreditt AS is subject to a number of acts, regulations, recommendations and regulatory provisions. The objective of the company is to finance lending activities through the issuance of covered bonds with high rating. This means that Sparebanken Sør Boligkreditt AS strives to maintain risk at a low level. The company places emphasis on identifying, measuring and controlling risk elements in such a way that the market has high confidence in the company and that bonds issued by the company have high rating.

Therefore, the company's credit strategy and credit policy establish a framework of requirements imposed on borrowers, and collateral requirements for loans that may be taken on by the company. The Board of Directors considers the overall quality of the lending portfolio to be very good and the credit risk to be low.

The company's mortgages to customers are in Norwegian kroner (NOK) at floating interest rate. Financing is done by issuance of both floating and fixed interest rate bonds in NOK and EUR. Foreign currency debt is swapped to NOK and liabilities established at fixed rates are swapped to floating rates. Accounting of foreign currency debt and debt at fixed interest rates comply with the rules for hedge accounting.

The Board of Directors considers the overall market risk to be low.

The company issues covered bonds with the opportunity to extend the maturities by up to 12 months. In addition, financing needs are met by using equity and credit facilities with Sparebanken Sør. The Board of Directors considers the company's liquidity risk to be low. At 31.03.2020 the company satisfies the liquidity requirements imposed on European banks and finance companies (LCR - Liquidity Coverage Ratio).

A Management Service Agreement has been established with Sparebanken Sør that encompasses the supply of all necessary services for the operation of the company, and the Board of Directors considers the company's operational risk to be low.

Green Covered Bond

In October 2019 Sparebanken Sør Boligkreditt AS issued an inaugural euro benchmark covered bond with a seven years maturity. The deal was the fourth green covered bond issued out of Norway. The bond was issued under a Green and Sustainable Framework aligned with ICMA's Green Bond Principles. The proceeds of the first issuance were allocated to finance a portfolio of mortgages for energy efficient residential buildings in Norway.

Rating

Covered bonds issued by Sparebanken Sør Boligkreditt AS in NOK and EUR have been given an Aaa rating by Moody's.

Future prospects

The effect of the Covid 19 epidemic hit the Norwegian financial market in March. To dampen the market turbulence, the Norwegian Central Bank has offered banks extraordinary NOK and USD liquidity loans (F-loans) against collateral for maturities from a week until 12 months. These arrangements have helped to lower money market rates and spreadlevels.

Necessary measures to combat the epidemic have had a negative impact on world economic growth. Oil prices have fallen sharply. The corona crisis has so far led to a number of Norwegian businesses having to close up and to reduce their activities. Unemployment has risen sharply. Going forward, lower oil prices will have negative impact on the Norwegian economic growth.

Nevertheless, Norway's positive fiscal balance gives room for special measures. State guarantees and other arrangements for corporates and good welfare schemes for the private sector, in combination with lower borrowing costs due to cut in Norges Banks's policy rate, from 1.5 percent to 0.25 percent, will help Norwegian enterprises and households to relieve the current situation. Lower lending rates, favorable unemployment benefit schemes and increased flexibility for banks to deviate from strict mortgage lending regulations, will dampen a potential fall in house prices.

The Board of Directors anticipates the company's business to continue to be very satisfactory going forward. Sparebanken Sør Boligkreditt AS is well positioned to further acquire loans from Sparebanken Sør, and issue covered bonds towards investors in Norway and abroad.

Kristiansand, 6 May 2020

The Board of Directors of Sparebanken Sør Boligkreditt AS

Geir Bergskaug
Chairman

Seunn Smith-Tønnessen
Member

Gunnar P. Thomassen
Member

Steinar Vigsnes
Member

Marianne Lofthus
Managing Director

Income statement

NOK Thousand	Notes	31.03.2020	31.03.2019	31.12.2019
Interest income, assets recognised at amortized cost	2, 12	329 032	261 058	1 155 596
Interest income, assets recognised at fair value	2, 12	18 158	11 164	62 785
Interest expenses	2, 12	238 075	170 170	809 559
Net interest income	2	109 115	102 053	408 822
Commission income		57	39	186
Commission expenses		1 250	1 250	5 003
Net commission income		-1 193	-1 211	-4 817
Net income from financial instruments	3	-8 720	-4 854	-8 237
Personnel expenses		0	0	54
Other operating expenses		20 659	19 840	78 440
Total expenses		20 659	19 840	78 494
Profit before loss		78 543	76 149	317 275
Losses on loans and undrawn credit		4 064	645	3 543
Profit before taxes		74 479	75 503	313 732
Tax expenses	9	18 620	18 881	78 453
Profit for the period		55 860	56 622	235 279
Other comprehensive income				
Profit for the period		55 860	56 622	235 279
Net change in value from basis swaps		15 895	-16 104	-4 954
Tax effect		-3 974	4 026	1 239
Total profit for the period		67 781	44 544	231 563

NOK Thousand

	Notes	31.03.2020	31.03.2019	31.12.2019
ASSETS				
Loans to and receivables from credit institutions	12	4 362 799	155 131	399 399
Net loans to customers	4,7	44 627 661	38 915 645	40 199 609
Bonds and certificates		2 949 215	3 131 332	3 108 909
Financial derivatives		4 868 446	255 151	505 900
Deferred tax assets		19 686	35 301	24 342
Other assets		38 574	34 443	41 340
TOTAL ASSETS		56 866 381	42 527 003	44 279 500
LIABILITIES AND EQUITY				
Debt to credit institutions	5,12	8 044 615	3 339 064	3 883 843
Debt incurred due to issuance of securities	10	45 521 949	35 896 155	36 700 771
Financial derivatives	3	0	0	209 942
Payable taxes		52 543	68 564	73 492
Other liabilities		12 575	8 042	9 254
TOTAL LIABILITIES		53 631 682	39 311 825	40 877 302
EQUITY				
Paid-in equity		1 625 000	1 625 000	1 625 000
Retained earnings		1 609 699	1 590 179	1 777 197
TOTAL EQUITY CAPITAL		3 234 699	3 215 179	3 402 197
TOTAL LIABILITIES AND EQUITY CAPITAL		56 866 381	42 527 003	44 279 499

Kristiansand, 6 May 2020

The Board of Directors of Sparebanken Sør Boligkreditt AS

Geir Bergskaug
ChairmanSeunn Smith-Tønnessen
MemberGunnar P. Thomassen
MemberSteinar Vigsnes
MemberMarianne Lofthus
Managing Director

Cash flow statement

NOK Thousand	31.03.2020	31.03.2019	31.12.2019
Interest received	343 457	269 780	1 206 935
Interest paid	-257 581	-167 013	-765 568
Operating expenditure	-18 530	-21 752	-82 800
Changes in loans to customers	-4 428 293	-184 986	-1 464 284
Income tax paid	-38 887	-31 302	-82 279
Net cash flow from operating activities	-4 399 835	-135 272	-1 187 996
Payments received, securities	411 307	46 140	3 367 929
Payments made, securities	-251 613	-551 813	-3 851 175
Changes in other assets	2 766	-199 965	56 577
Changes in deposits from credit institutions	3 795 352	445 594	990 050
Changes in other liabilities	3 322	-701	511
Net cash flow from current financing activities	3 961 134	-260 745	563 892
Paid-in share capital	0	0	0
Paid dividend	-235 279	0	0
Payments received, bond debt	5 000 000	4 860 000	9 960 155
Payments made, bond debt	-362 620	-4 651 935	-9 279 735
Net cash flow from long-term financing activities	4 402 101	208 065	680 420
Net change in liquid funds	3 963 400	-187 952	56 316
Liquid funds as at 01.01.	399 399	343 083	343 083
Liquid funds at the end of the period	4 362 799	155 132	399 399

Statement of changes in Equity

	Equity capital	Share premium reserve	Retained earnings	Total
NOK Thousand				
Balance 31.12.2018	1 125 000	500 000	1 545 635	3 170 635
Profit 01.01.2019 - 31.03.2019	0	0	56 622	56 622
Other income/expenses	0	0	-12 078	-12 078
Balance 31.03.2019	1 125 000	500 000	1 590 179	3 215 179
Profit 01.04.2019 - 31.01.2019	0	0	178 656	178 656
Other income/expenses			8 363	8 363
Balance 31.12.2019	1 125 000	500 000	1 777 197	3 402 197
Profit 01.01.2020 - 31.03.2020	0	0	55 860	55 860
Other income/expenses	0	0	11 921	11 921
Dividend	0	0	-235 279	-235 279
Balance 31.03.2020	1 125 000	500 000	1 609 699	3 234 699

1. ACCOUNTING POLICIES

The quarterly financial statements have been drawn up in accordance with International Financial Reporting Standards, IFRS, including IAS 34. Sparebanken Sør Boligkreditt AS is a part of the Sparebanken Sør Group and follows the same accounting principles as the Group. Please refer to the annual financial statements for 2019 (Note 1 – Accounting policies) for further details.

All totals in the financial statements are stated in thousands of NOK unless indicated otherwise. The company's financial statements are presented in Norwegian kroner, which is the functional currency.

A tax rate of 25 percent is assumed.

The quarterly financial statements have not been audited.

2. NET INTEREST INCOME

NOK Thousand	31.03.2020	31.03.2019	31.12.2019
Interest income recognised at amortized cost			
Interest on loans to customers	328 870	260 870	1 155 139
Interest on loans to and receivables from credit institutions	163	188	458
Total interest income recognised at amortized cost	329 032	261 058	1 155 596
Interest income recognised at fair value			
Interest on certificates/bonds/interest-bearing securities	18 158	11 164	62 785
Total interest income recognised at fair value	18 158	11 164	62 785
Total interest income	347 190	272 223	1 218 381
Interest expenses recognised at amortized cost			
Interest on debt to credit institutions	23 582	14 315	68 066
Interest on issued securities	213 068	155 833	736 920
Other interest expenses	1 425	22	4 572
Total interest expenses recognised at amortized cost	238 075	170 170	809 559
Total interest expenses	238 075	170 170	809 559
Net interest income	109 115	102 053	408 822

3. NET INCOME FROM FINANCIAL INSTRUMENTS

NOK Thousand	31.03.2020	31.03.2019	31.12.2019
Profit (loss) and changes in value from covered bonds	-11 431	3 020	-6 878
Net income from covered bonds	-11 431	3 020	-6 878
Change in value fixed rate bonds - hedge accounting	-4 246 299	280 832	42 207
Change in value derivatives fixed rate bonds - designated as hedging instruments	4 250 235	-280 772	-19 852
Net income hedging	3 936	60	22 356
Whereof effects from basis swaps (1)	838	839	17 808
Profit (loss) buyback own bonds - amortised cost	-1 225	-7 935	-23 715
Net other financial instruments and derivatives	-1 225	-7 935	-23 715
Net income from financial instruments	-8 720	-4 854	-8 237

1) The company has issued covered bonds in Euro that have been hedged using basis swaps. Change in the value of the basis swaps as a result of changes in market conditions, is presented as hedging-inefficiency. This ineffective portion is recognized in the income statement.

Basis swaps are derivative contracts used to convert obligations in foreign currency into NOK. Basis swaps are used when the company has entered into long term funding in international capital markets. These are hedging instruments, and assuming the underlying bond is held to maturity, the change in market value over the instruments duration equals zero. Accounting effects are therefore reversed over time.

4. DEBT TO ASSETS RATIO

	31.03.2020	31.03.2019	31.12.2019
Average debt to assets ratio in %	56.2 %	57.0 %	57.4 %
Portfolio divided into intervals of debt to assets ratio			
Less than or equal to 40 %	16.0 %	15.9 %	16.8 %
41 - 50 %	13.0 %	12.7 %	13.3 %
51 - 60 %	22.9 %	19.8 %	21.9 %
61 - 70 %	36.2 %	33.8 %	35.2 %
71 - 75 %	8.4 %	12.9 %	9.3 %
More than 75 %	3.5 %	4.9 %	3.5 %
Total	100.0 %	100.0 %	100.0 %

5. DEBT TO CREDIT INSTITUTIONS

NOK Thousand	31.03.2020	31.03.2019	31.12.2019
Credit facility with Sparebanken Sør	3 771 030	3 337 159	3 881 408
Received collaterals	4 271 245	0	0
Total debt to credit institutions	8 042 275	3 337 159	3 881 408

Sparebanken Sør Boligkreditt AS has entered into an agreement with Sparebanken Sør for a credit facility of NOK 5 000 million. In addition, the company has revolving drawing rights with the parent bank, which can be used to refinance outstanding bonds.

In order to control risks related to counterparties and derivatives, the company has established ISDA-agreements. As a part of ISDA, the company has entered into credit supplementary agreements (CSA) with 5 institutional counterparties. The company has reclassified the recognition of received collaterals. These were presented in the context of financial derivatives in the balance sheet originally, but with effect from 01.01.2020, received collaterals are presented as debt to credit institutions. Comparative figures for 2019 have not been changed.

6. CAPITAL ADEQUACY

Sparebanken Sør Boligkreditt AS implements the standard method for credit and market risk and the basic method for operational risk to calculate capital adequacy in accordance with the current capital adequacy rules - Basel II.

NOK Thousand	31.03.2020	31.03.2019	31.12.2019
Equity capital			
Share capital	1 125 000	1 125 000	1 125 000
Share premium reserve	500 000	500 000	500 000
Other equity capital	1 553 840	1 533 556	1 777 197
Deductions	-7 818	-3 386	-3 825
Net subordinated capital (common equity tier 1)	3 171 022	3 155 170	3 398 372
Minimum requirements for equity capital			
Credit risk	1 472 307	1 254 406	1 290 307
Market risk	0	0	0
Operational risk	52 712	55 424	55 424
CVA addition	0	0	0
Deductions	0	0	0
Total minimum requirements for equity capital	1 525 019	1 309 830	1 345 731
Risk weight balance (calculation basis)	19 062 738	16 372 875	16 821 638
Common equity tier 1 capital ratio	16.6 %	19.3 %	20.2 %
Tier 1 capital ratio	16.6 %	19.3 %	20.2 %
Total capital ratio	16.6 %	19.3 %	20.2 %
Leverage Ratio	5.9 %	7.1	7.3 %

7. LOANS TO CUSTOMERS

NOK Thousand			
Loans assessed to amortised cost			
	31.03.2020	31.03.2019	31.12.2019
Flexi-loans	9 673 968	8 241 259	8 558 533
Loans with installments	34 967 872	30 682 688	31 651 280
Gross loans	44 641 840	38 923 947	40 209 813
Loss allowance	-14 178	-8 303	-10 204
Net loans	44 627 661	38 915 645	40 199 609
Undrawn credit on Flexi-loans	3 791 645	3 260 599	3 463 330

Loans broken down by sectors and industries			
	31.03.2020	31.03.2019	31.12.2019
Retail customers	44 588 368	38 883 213	40 160 075
Accrued interests	53 471	40 735	49 738
Gross loans	44 641 840	38 923 947	40 209 813
Loss allowance	-14 178	-8 303	-10 204
Net loans	44 627 661	38 915 645	40 199 609

Loans broken down by geographical areas *							
31.03.2020				31.03.2019		31.12.2019	
Agder	29 924 872	67.1 %	Vest-Agder	16 051 077	41.2 %	16 528 592	41.1 %
Vestfold and Telemark	4 977 171	11.2 %	Aust-Agder	10 304 451	26.5 %	10 713 475	26.7 %
Oslo	4 281 310	9.6 %	Telemark	3 774 317	9.7 %	4 004 896	10.0 %
Viken	2 678 748	6.0 %	Rogaland	1 141 249	2.9 %	1 299 637	3.2 %
Rogaland	1 528 625	3.4 %	Oslo	3 904 808	10.0 %	3 779 836	9.4 %
Other counties	1 236 935	2.8 %	Akershus	1 646 173	4.2 %	1 726 918	4.3 %
Total	44 627 661	100.0 %	Other counties	2 093 571	5.4 %	2 146 255	5.3 %
			Total	38 915 645	100.0 %	40 199 609	100.0 %

*As a result of a public sector reform introduced in 2019, a number of municipalities and counties have been merged. Hence, the 31.03.2020 setup and figures are not comparable to previous periods.

8. NON-PERFORMING LOANS

NOK Thousand			
	31.03.2020	31.03.2019	31.12.2019
Gross non-performing loans > 90 dager	25 502	9 201	9 469
Other non-performing loans	31 269	20 738	20 428
Total non-performing loans (stage 3)	56 771	29 939	29 898
Stage 3 impairment losses	1 747	1 350	958
Net non performing loans	58 518	28 589	30 856
Provision ratio impairment losses	3.08 %	4.51 %	3.21 %
Gross non-performing loans in % of gross loans	0.06 %	0.02 %	0.02 %
Gross loans	44 641 840	38 923 947	40 209 813

A non-performing loan is defined as the sum of a customer`s total loan amount, if part of the loan has been overdrawn or has arrears exceeding NOK 1,000 for more than 90 days.

9. LOSSES ON LOANS AND UNDRAWN CREDIT

NOK Thousand	31.03.2020	31.03.2019	31.12.2019
Changes in impairment losses for the period, stage 1	2 474	553	769
+ Changes in impairment losses for the period, stage 2	793	-54	1 983
+ Changes in impairments losses for the period, stage 3	796	147	790
= Total losses for the period	4 064	645	3 543

NOK Thousand	Stage 1 Expected losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Loss provisions as at 01.01.2020	2 646	6 685	958	10 289
Transfers				
Transferred to stage 1	2 365	-2 312	-53	0
Transferred to stage 2	-103	103	-1	0
Transferred to stage 3	-1	-273	274	0
Losses on new loans	1 336	146	0	1 482
Tap på fraregnet utlån	-188	-617	-186	-990
Losses on deducted loans*	-936	3 745	755	3 564
Loss provisions as at 31.03.2020	5 121	7 478	1 747	14 346
Loss provisions for loans	5 008	7 445	1 726	14 178
Loss provisions for undrawn credit	113	33	21	168
Total loss provisions as at 31.03.2020	5 121	7 478	1 747	14 346

* Losses on deducted loans are related to losses on fully repaid loans and loans transferred between the company and the parent bank.

NOK Thousand	Commitment		Calculated	
Stage	amount	In %	loss	In %
1	45 401 101	96,0 %	4 958	34,6 %
2	1 818 985	3,8 %	7 320	51,0 %
3	57 328	0,1 %	2 069	14,4 %
Total	47 277 414	100,0 %	14 346	100,0 %

NOK Thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans assessed at amortised cost				
Gross loans as at 01.01.2020 assessed at amortised cost	38 215 838	1 963 678	30 296	40 209 813
Transferred to stage 1	676 847	-674 201	-2 646	0
Transferred to stage 2	-718 140	718 284	-144	0
Transferred to stage 3	-8 445	-25 188	33 633	0
Net change on present loans	-193 786	-18 462	-299	-212 547
New loans	7 009 616	40 564	0	7 050 181
Derecognised loans	-2 236 208	-165 329	-4 070	-2 405 607
Gross loans as at 31.03.2020 assessed at amortised cost	42 745 723	1 839 347	56 771	44 641 840

10. DEBT SECURITIES ISSUED AT 31.03.2020

ISIN Number	Ticker	Currency	Nominal value	Interest	Due date	Book value	Fair value
NO0010714058	SORB24	NOK	403 000	Floating 3M Nibor	24.06.2020	403 161	403 403
XS1383921803		EUR	500 000	Fixed 0,250 %	22.03.2021	5 809 321	5 778 146
NO0010778954	SORB27	NOK	5 000 000	Floating 3M Nibor	22.11.2021	5 011 715	5 038 888
NO0010877970	SORB29	NOK	5 000 000	Floating 3M Nibor	25.03.2022	5 000 917	5 001 042
XS1622285283		EUR	500 000	Fixed 0,125 %	30.05.2022	5 850 092	5 795 733
NO0010671597	SORB09	NOK	350 000	Fixed 3,85 %	13.02.2023	351 790	378 762
XS1775786145		EUR	500 000	Fixed 0,375 %	20.02.2023	5 869 510	5 843 274
NO0010832637	SORB28	NOK	5 000 000	Floating 3M Nibor	24.09.2025	4 993 283	4 970 552
XS1947550403		EUR	500 000	Fixed 0,50 %	06.02.2026	6 015 109	5 756 528
XS2069304033		EUR	500 000	Fixed 0,01 %	26.10.2026	5 713 687	5 756 528
NO0010670409	SORB08	NOK	500 000	Fixed 4,00 %	24.01.2028	503 485	593 944
TOTAL						45 521 949	45 316 799

11. COVER POOL COMPOSITION AND OC

	Fair value		
NOK Thousand	31.03.2020	31.03.2019	31.12.2019
Loans secured by mortgages on residential properties	44 641 604	38 915 645	40 199 609
Deductions on ineligible loans	-158 464	-104 996	-84 101
Pool of eligible loans	44 483 140	38 810 649	40 115 508
Certificates and bonds	2 275 758	2 670 854	2 178 549
Financial derivatives	4 868 446	255 151	295 958
Total cover pool	51 627 344	41 736 654	42 590 015
Debt incurred due to issuance of securities	45 504 976	36 040 478	36 814 704
Collateralisation ratio (OC)	13.5 %	15.8 %	15.7 %
	Nominal value		
	31.03.2020	31.03.2019	31.12.2019
OC based on nominal value - eligibles only	15.3 %	16.5 %	16.5 %
OC based on nominal value - total loans	15.7 %	16.8 %	16.7 %

12. RELATED PARTIES

NOK Thousand	31.03.2020	31.03.2019	31.12.2019
Income statement			
Interest income from Sparebanken Sør on deposits	163	188	458
Interest expenses/commission from Sparebanken Sør on loans/credit	24 833	15 565	73 068
Interest expenses on bond debts to Sparebanken Sør	950	17 328	45 955
Paid administration fees to Sparebanken Sør	19 430	18 334	73 582
Balance sheet			
Bank deposit in Sparebanken Sør	4 362 799	155 131	399 399
Covered bonds owned by Sparebanken Sør	5 103 000	2 500 000	0
Loans/credit in Sparebanken Sør	3 771 030	3 336 949	3 881 408

QUARTERLY PROFIT TREND

NOK Thousand	Q1	Q4	Q3	Q2	Q1
	2020	2019	2019	2019	2019
Net interest income	109 115	111 580	98 555	96 634	102 053
Net other operating income	-9 913	-21 401	1 649	12 762	-6 065
Operating expenses	20 659	20 437	19 484	18 733	19 840
Profit before losses on loans	78 543	69 742	80 720	90 663	76 149
Losses on loans and undrawn credits	4 064	1 997	1 145	-244	645
Profit before taxes	74 479	67 744	79 576	90 908	75 504
Tax expenses	18 620	16 945	19 900	22 727	18 881
Profit for the period	55 860	50 799	59 676	68 181	56 623
Liquidity coverage ratio (LCR)	Net liquidity inflows	1275 %	1575 %	1363 %	294 %
Total capital ratio	16.6 %	20.2 %	19.3 %	19.2 %	19.3 %
Leverage Ratio	5.6 %	7.3 %	7.0 %	7.1 %	7.1 %



**SPAREBANKEN SØR
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