



Annual report

2025



*bustadkreditt
sogn og fjordane*

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This report is a translation of the official Norwegian report.

Front cover photo: SpareBank 1

GRAPHIC DESIGN: SpareBank 1 Sogn og Fjordane · E. Natvik Prenteverk AS

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Key figures

FIGURES IN 000S OF NOK

INCOME STATEMENT

	31 Dec. 2025	31 Dec. 2024
Profit/loss after taxation	185 464	199 470
Net interest margin	1,01 %	1,00 %
Profit/loss after tax as a % of average total assets	0,78 %	0,74 %

KEY BALANCE SHEET FIGURES

Gross loans to customers	19 138 047	26 057 654
Loss allowance	14 771	26 999
Equity	1 398 363	2 362 299
Total assets	19 907 293	27 897 754
Average total assets	23 830 690	26 847 733

OTHER KEY FIGURES

Cost-to-income ratio	6,18 %	5,35 %
Impairment loss as a % of gross loans	- 0,07 %	- 0,04 %
Loss allowance as a % of gross loans	0,08 %	0,10 %
Return on equity after tax	8,35 %	8,70 %
Capital adequacy ratio	23,33 %	21,90 %
Liquidity Coverage Ratio (LCR)	1 399,66 %	240,42 %
Net Stable Funding Ratio (NSFR)	110,98 %	109,45 %

YEAR-ON-YEAR BALANCE SHEET GROWTH

Growth in total assets	- 28,64 %	8,10 %
Growth in customer lending	- 26,55 %	3,70 %

INFORMATION ABOUT THE LOAN PORTFOLIO

Surplus value of cover pool (NOK millions)	2 362	3 890
Surplus value of cover pool (%)	14,50 %	18,03 %
Loan-to-value ratio, indexed	49,63 %	53,20 %
Loan-to-value ratio, not indexed	57,27 %	58,00 %
Face value of converted bonds issued (NOK millions)	16 396	21 617
Substitute assets other than loans (NOK millions)	121,00	112,20
Weighted average time since issued of loans (years)	5,25	4,02
Weighted average remaining term of loans (years)	17,58	19,20
Proportion of variable-rate loans	88,07 %	90,80 %
Proportion of fixed-rate loans	11,93 %	9,20 %
Proportion of flexible mortgages	16,87 %	14,10 %
Average loan value (NOK millions)	1,64	1,71
Number of loans	11 646	15 231
Proportion of loans secured by an overseas property	0,00 %	0,00 %

Board of Directors' Report 2025

Highlights

Bustadkreditt Sogn og Fjordane AS (BSF) is a wholly-owned subsidiary of SpareBank 1 Sogn og Fjordane, based at the bank's head office in Førde.

Bustadkreditt Sogn og Fjordane AS has given the SpareBank 1 Sogn og Fjordane group access to long-term funding on competitive terms. It finances itself by issuing covered bonds. Services such as customer care, loan servicing, management and administrative services are supplied by SpareBank 1 Sogn og Fjordane.

At the end of 2025, the Company had 11,646 mortgages with a total face value of NOK 19.1 billion. The loans in the cover pool were issued by SpareBank 1 Sogn og Fjordane and subsequently bought by Bustadkreditt Sogn og Fjordane AS. At the close of December, 88.1% of the loans were variable rate loans. 16.9% of the loan book was made up of flexible mortgages.

The weighted average loan-to-value ratio was 49.6%, the weighted average loan term was 17.6 years and the weighted average time since the loans were granted was 5.3 years. The average loan per customer was NOK 1.64 million. The volume of covered bonds issued by the Company was NOK 16.4 billion. The total value of the cover pool is NOK 18.7 billion, which is 14.5% higher than the volume of covered bonds issued.

The geographic distribution of our mortgage portfolio, based on the addresses of the borrowers, was as follows:

5 BIGGEST COUNTIES MEASURED BY LOAN VOLUME

County	Percentage
Vestland	73,8 %
Oslo	10,8 %
Akershus	6,8 %
Møre og Romsdal	1,7 %
Rogaland	1,3 %
Rest of Norway	5,6 %
Total	100 %

Income statement

In 2025, the Company made an operating profit before loan impairment losses and tax of NOK 224.6 million. For the full year, the Company recognised a NOK 13.2 million gain for changes in expected credit losses.

Profit for the year after tax came to NOK 185.5 million, equivalent to a return on equity of 8.35%. In 2024, profit for the year after tax was NOK 199.5 million, and the return on equity was 8.70%.

Net interest income in 2025 amounted to NOK 240.7 million, which is equivalent to 1.0% of average total assets. The equivalent figure for 2024 was NOK 269.4 million in net interest income, which was 1.0% of average total assets.

In 2025, operating expenses were NOK 14.8 million, which was 6.2% of total operating income. Operating expenses in 2024 were NOK 13.9 million (5.4% of total operating income).

The Company has no employees, and it buys services from SpareBank 1 Sogn og Fjordane. All services are bought on market terms. The Company's biggest expense was the purchase of services from its parent company.

Expected credit losses and trends in assets in default

The Company follows SpareBank 1 Sogn og Fjordane's guidelines for assessing expected credit losses on loans, guarantees and undrawn credit facilities.

At the end of 2025, the Company had 35 loans that were more than 90 days past due. In 2025, a NOK 13.2 million gain was recognised for net changes in expected credit losses. The total loss allowance on the balance sheet was NOK 14.8 million at the end of the year, equivalent to 0.08% of gross outstanding loans. For more details, see Note 13. Default levels are monitored carefully.

Balance sheet and capital adequacy

The Company had total assets of NOK 19.9 billion at 31 December 2025. This represented a decline of NOK 8 billion (28.6%) over the past 12 months, which is due to the fact that the parent bank also uses SpareBank 1 Boligkreditt for funding.

The Company borrows money from financial markets using covered bonds. In addition, the Company has good, long-term credit facilities with SpareBank 1 Sogn og Fjordane.

In 2025, it paid NOK 199.4 million in dividends to its parent company. This amount was equal to the Company's profit for 2024.

Equity at the close of the year 2025 was NOK 1,398 million. In December 2025, the Company carried out a NOK 950 million capital reduction in order to reflect the new risk weights under CRR3. This capital was returned to its shareholder.

All of the Company's equity is core Tier 1 capital, and its core Tier 1 capital adequacy ratio was 23.33%. Capital adequacy has been calculated by measuring credit risk and operational risk using the standardised approach. The Board of Directors considers the Company's equity to be satisfactory and adequate in relation to its activities and operations.

International rating

In 2011, Bustadkreditt Sogn og Fjordane AS's covered bond programme was given a long-term rating of Aaa by the ratings agency Moody's, and the TPI Leeway was set at 2. At the end of 2023, the long-term rating was still Aaa, while the TPI Leeway was 4. In June 2023, Bustadkreditt Sogn og Fjordane AS was assigned an A1 issuer rating by Moody's.

Guarantees and mortgages

The Company has not issued any kind of guarantees. Nor has it issued any collateral, except residential mortgages and the substitute assets in the cover pool. Residential mortgages and substitute assets are collateral for the covered bonds.

Risk management

Under its licence as a credit provider, BSF is subject to laws, regulations and rules that limit the level of risk to which it can be exposed. The Board of Directors and CEO are responsible for establishing risk management procedures and internal controls, and for ensuring that they are in compliance with laws and regulations.

Bustadkreditt Sogn og Fjordane AS is exposed to credit risk, operational risk (including ESG risk), liquidity risk and market risk. Credit risk is the most significant of these. Limits have been set on exposure to the various classes of risk. The Board considers it a priority for the Company to maintain a low risk exposure.

Credit risk

Credit risk is the danger of losing money as a result of customers or counterparties being unable or unwilling to meet their obligations to Bustadkreditt Sogn og Fjordane AS.

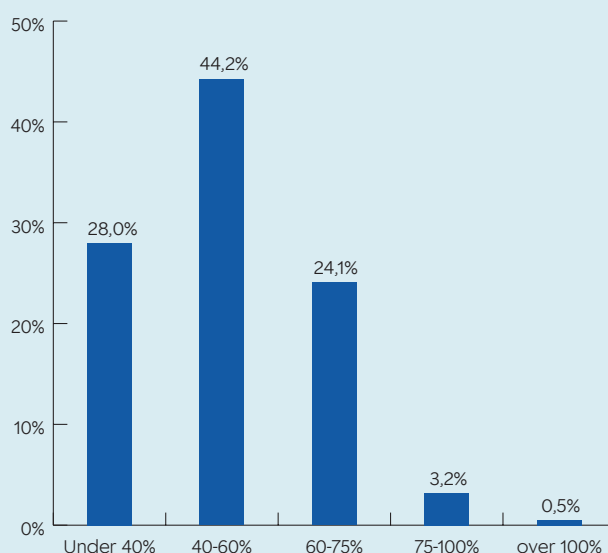
The Company has its own rules on which loans it can buy from its parent company. The rules are strict, which means that in principle the credit risk is low. The rules specify requirements relating to the type of loan, loan-to-value ratio, risk class and type of collateral. At the end of 2025, the Company's average loan-to-value

ratio was 49.6%, based on the approved valuations of the collateral established by Eiendomsverdi AS.

The Board of Directors considers the loan portfolio to be of high quality, and to be associated with a low credit risk.

The figure below shows the weighted loan-to-value ratio for the loans held by the Company.

Loan-to-value ratio



Market risk

Market risk is the risk arising from the Company's open positions relating to loans and financial instruments whose values fluctuate over time in response to changes in market prices. BSF does not have any investments in shares or foreign currencies, so all of its market risk is related to interest rate risk. The Company's risk management framework sets limits on the Company's exposure to market risk. The Board considers it a priority for the Company to maintain a low exposure to market risk.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfil its obligations, or finance an increase in assets, without significant additional cost, either because it has to realise losses on the sale of assets or because it has to make use of unusually expensive financing. The Company has good credit facilities with its parent company which reduce its liquidity risk.

The Board has decided that the Company should maintain a low exposure to liquidity risk. This is, amongst other things, reflected in the size of the required liquidity buffer.

Operational risk

Operational risk is defined as the risk of losses due to human error, external actions or failures and defects in the Company's systems, procedures and processes.

Bustadkreditt Sogn og Fjordane has signed an agreement with SpareBank 1 Sogn og Fjordane on the provision of services in areas such as customer service, anti-corruption, supplier management, administration, IT, finance and risk management. In these areas, the parent company is responsible for resolving any mistakes, and it handles the operational risk. The Board believes that it handles this area well. The risk management department is responsible for assessing whether the Company has an adequate first line of defence.

ESG risk covers risks relating to the climate and environment, social issues and corporate governance.

Climate risk is currently the most important risk within ESG. Climate risk is the risk associated with climate change that could increase risks and losses associated with the Company's loans to its customers.

Laws and regulations set out specific requirements relating to various records that have to be kept. Establishing and monitoring these records helps the Board and CEO to uncover errors or inadequacies in the running of the Company.

Internal controls also play a very important role in reducing the Company's operational risk. We consider the control activities and the system for risk assessment and internal control to be comprehensive and good in relation to the size and complexity of the Company's operations.

The Board of Directors considers the level of operational risk at the Company to be low.

Equal opportunity and discrimination

The Board of Directors consists of three men and two women. The CEO is a woman. The Board of Directors and management believe, like the rest of the bank, in proactively promoting equal opportunity and preventing discrimination at the workplace.

Corporate governance

The Company's corporate governance principles are based on the Norwegian Code of Practice for Corporate Governance, as drawn up by the Norwegian Corporate Governance Board (NUES).

The AGM (Annual General Meeting) is the Company's highest decision-making body. Amongst other things, the AGM elects the Board of Directors and auditor, and supervises the Board and CEO's management of the Company.

The election of the Board is governed by Section 3 of the articles of association. Board members are elected for a two-year term. The Board is responsible for ensuring that the Company is managed and governed in accordance with laws, regulations, the

articles of association and specific guidelines adopted by the AGM. The Board of Directors is made up of four members from within the Group and one external member. Five board meetings were held during 2025. The Board has drawn up an annual plan for its activities, and one of its main priorities is ensuring that the Board members have sufficient knowledge and expertise between them.

The CEO is responsible for the management of the Company, and must follow the guidelines and rules laid down by the Board. The Company must be managed in accordance with the regulatory framework provided by laws, regulations, the Financial Supervisory Authority of Norway's circulars, government rules and the Company's articles of association.

Over the course of the year numerous reports enable the CEO to follow developments in the Company's various areas of risk. These reports are produced on a daily, monthly or quarterly basis, and provide the necessary information for managing risks and implementing any required risk-reduction measures. The reports are also sent to the Board for review. Once a year, the CEO prepares an overall assessment of risks and internal controls, which is presented to the Board.

Internal controls comply with the Norwegian Internal Control Regulations. All of the reporting units within the Group, and hence also Bustadkreditt Sogn og Fjordane, are responsible for having an effective and appropriate internal control system to deal with their own risks. Units must assess risk levels prior to and after risk-reduction measures. They must then evaluate what internal controls are required to deal with the residual risk, and ensure that this risk is managed and monitored in a satisfactory manner.

The Company's internal auditor also produces an independent report on internal controls each year. The monitor and external auditor are two other important elements of the Company's control mechanisms. The scope of control mechanisms and oversight bodies makes it likely that any errors, defects or risks will be discovered, reported and corrected.

The Company has taken out liability insurance for the Board and CEO, through a joint scheme that SpareBank 1 has on behalf of the banks in the SpareBank 1 alliance.

Administration and management

Bustadkreditt Sogn og Fjordane has an agreement with SpareBank 1 Sogn og Fjordane setting out the terms on which loans are purchased, transferred and serviced. Tasks are carried out by employees at SpareBank 1 Sogn og Fjordane. The CEO is employed by SpareBank 1 Sogn og Fjordane and seconded to Bustadkreditt Sogn og Fjordane.

Internal controls and financial reporting

As part of its internal controls, the Company's management must also assess whether the Company's activities create a risk of inaccurate financial reporting.

Processes and internal control procedures have been established to quality assure financial reporting. These include rules on authorisation, the allocation of responsibilities, reconciliation, IT controls, etc. Financial reporting must at all times also satisfy external laws and regulations. SpareBank 1 Sogn og Fjordane's CFO is responsible for the Group's accounting and finance function, which includes overall responsibility for compliance with external legislation throughout the Group. The Group's senior management team also continuously monitors the financial results of the various business areas and subsidiaries.

The Board oversees financial reporting and internal controls and makes sure that they operate effectively. The annual financial statements are finally approved by the AGM, after they have been reviewed by the Board.

Each year the external auditor produces a report summarising the results of the financial audit. The report also includes information about any weaknesses and defects, as well as suggested corrective measures.

Employees and working environment

The Company has no employees. As a result, no special measures have been implemented to improve the working environment.

The Company buys services from SpareBank 1 Sogn og Fjordane. The parent company is certified as an Eco-Lighthouse. No inputs or production methods are used that directly pollute the environment. For more details, see SpareBank 1 Sogn og Fjordane's annual report.

Corporate social responsibility

Please refer to SpareBank 1 Sogn og Fjordane's annual report, which sets out how the Group, including Bustadkreditt Sogn og Fjordane, meets its corporate social responsibility.

Review of the annual financial

The income statement, balance sheet and notes provide sufficient information about the Company's operations and financial position at 31 December 2025. The Board confirms that the going concern assumption has been used in the preparation of the financial statements for 2025.

Post balance sheet events

The Board is not aware of any events after 31 December 2025 that have a material impact on the financial statements as presented.

Summary

The Company produced strong results and its operations were stable at the end of 2025. The Company generated NOK 185,5 million in profit after tax, which was NOK 14 million less than in the previous year. Its return on equity was 8.35%. Loan growth is continuously adjusted in view of the cover pool needed. The Company, which has a strong capital position, its costs firmly under control and low losses, will continue to meet all of its obligations in the future.

Allocation of profit for the year

Bustadkreditt Sogn og Fjordane made a profit after tax of NOK 185.5 million. The Board recommends that NOK 185 million be paid in dividends to the parent company. The remainder of the profit, NOK 0.5 million, will be transferred to other equity. This high dividend is considered justified in view of BSF's strong capital position.

Førde, 11 February 2025

The Board of Directors of Bustadkreditt Sogn og Fjordane AS

Frode Vasseth
Chair

Linda Vøllestad Westbye

Andrea Kvamsdal

Henrik Hundershagen

Peter Midthun

Irene Flølo
CEO

Income statement

	Note	2025	2024
Interest income, effective interest method	19	1 149 980	1 489 650
Other interest income		150 884	51 657
Total interest income and similar income		1 300 865	1 541 307
Interest expenses	19	1 060 204	1 271 928
Total interest expenses		1 060 204	1 271 928
Net interest income		240 661	269 379
Commission income		2 055	2 208
Net commission income		2 055	2 208
Net gains/losses on financial instruments	19	- 3 303	- 11 601
Total other operating income		- 3 303	- 11 601
Net other operating income		- 1 249	- 9 392
Total operating income		239 412	259 987
Wages, salaries, etc.	20	57	51
Other operating expenses	20	14 735	13 864
Total operating expenses		14 792	13 915
Operating profit/loss before impairment loss		224 620	246 072
Impairment loss(+)/gain (-)	13-15	- 13 155	- 9 659
Operating profit/loss		237 775	255 730
Tax expense	23	52 310	56 261
Profit/loss for the reporting period		185 464	199 470
COMPREHENSIVE INCOME			
Profit/loss for the reporting period		185 464	199 470
Other comprehensive income		0	0
Comprehensive income		185 464	199 470

Balance sheet

	Note	31.12.25	31.12.24
ASSETS			
Loans and advances to credit institutions	16, 19	120 989	111 882
Loans to customers	3,6-13,24	19 123 277	26 030 655
Commercial paper and bonds	24, 25, 26	626 655	1 717 524
Financial assets	24, 33	36 373	37 693
Total assets		19 907 293	27 897 754
DEBT AND EQUITY			
Liabilities			
Debt to credit institutions	18,24,27	1 897 196	3 624 281
Debt securities in issue	18,24,28	16 071 346	21 347 794
Financial derivatives	18, 33	483 668	498 767
Tax payable	23	43 929	59 160
Defferd tax	23	11 435	3 053
Other liabilities and provisions	29	1 356	2 399
Total liabilities		18 508 930	25 535 455
Paid-up equity			
Share capital	32	1 200 000	2 150 000
Total paid-up equity		1 200 000	2 150 000
Retained earnings			
Other equity		13 363	12 899
Allocated for dividends		185 000	199 400
Total paid-up equity		198 363	212 299
Total equity		1 398 363	2 362 299
Total liabilities and equity		19 907 293	27 897 754

Førde, 11 February 2025

The Board of Directors of Bustadkreditt Sogn og Fjordane AS

Frode Vasseth
Chair

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Andrea Kvamsdal

Henrik Hundershagen

Peter Midthun

Irene Flølo
CEO

Cash flow statement

	31.12.2025	31.12.2024
Profit/loss before taxation	237 775	255 730
Impairment loss	- 12 393	- 9 659
Tax paid	- 59 160	- 38 420
Reduction/increase (-) in loans and advances to customers	6 919 611	- 929 913
Reduction/increase (-) in investments in commercial paper/bonds/derivatives	1 092 189	- 1 267 777
Other non-cash transactions	- 882	446
A) Net cash flow from operating activities	8 177 139	- 1 989 592
B) Net cash flow from investment	0	0
Increase/reduction(-) in loans from credit institutions	- 1 727 086	1 017 831
Increase/reduction (-) in debt securities/derivatives	- 5 291 547	997 839
Increase/reduction(-) in paid-in share capital	- 950 000	0
Dividends	- 199 400	- 143 000
C) Net cash flow from financing activities	- 8 168 032	1 872 669
D) Net cash flow during the year (A + B + C)	9 107	- 116 922
Opening balance of cash and cash equivalents	111 882	228 804
Closing balance of cash and cash equivalents	120 989	111 882
Breakdown of cash and cash equivalents		
Deposits at other financial institutions	120 989	111 882
Total	120 989	111 882

Equity statement

	PAID-UP EQUITY Share capital	RETAINED EARNINGS Other equity	TOTAL EQUITY
Opening balance 01.01.24	2 150 000	155 829	2 305 829
Dividends paid	0	- 143 000	- 143 000
Profit/loss for the reporting period	0	199 470	199 470
Closing balance 31.12.24	2 150 000	212 299	2 362 299
Opening balance 01.01.25	2 150 000	212 299	2 362 299
Capital reduction	- 950 000	0	0
Dividends paid	0	- 199 400	- 199 400
Profit/loss for the reporting period	0	185 464	185 464
Closing balance 31.12.25	1 200 000	198 363	1 398 363

Notes to the financial statements

Note 1 Accounting principles

GENERAL

Bustadkreditt Sogn og Fjordane is a wholly-owned subsidiary of SpareBank 1 Sogn og Fjordane. The Company was established to issue covered bonds on behalf of the bank. Bustadkreditt Sogn og Fjordane AS was founded in 2009 and has its head office in Førde.

The 2025 financial statements for Bustadkreditt Sogn og Fjordane AS were reviewed and adopted at the Board meeting of 11 February 2026.

All amounts in the accounts and notes are given in thousands of NOK unless otherwise stated.

ACCOUNTING STANDARDS APPLIED

The financial statements have been prepared in accordance with the international accounting standards (IFRS – International Financial Reporting Standards) approved by the EU.

CHANGES TO ACCOUNTING PRINCIPLES AND CLASSIFICATION

In the event of fundamental accounting reforms/ changes to accounting principles, the figures for previous years must be adjusted to allow accurate comparison. If items in the accounts are reclassified, comparative figures for previous periods shall be calculated and reported in the financial statements.

In the income statement, interest income is presented separately as interest income calculated using the effective interest method, and other interest income in accordance with IAS 1:82 (a).

In the cash flow statement, changes in investments in commercial paper/bonds have been reclassified from investment activities to operating activities.

Under IAS 8, the Company must report any changes that it has implemented during the current accounting period and state what impact they have had on the annual financial statements

AMENDMENTS TO STANDARDS AND INTERPRETATIONS APPROVED BY THE EU

There were no changes to standards and/or interpretations that were relevant to the Company in 2025.

ESTIMATES

When preparing the financial statements, certain estimates are made that affect reported amounts. Note 2 sets out significant estimates and assumptions in greater detail.

Assets and liabilities are included on the balance sheet from the date on which the Company achieves genuine control over the assets and/or takes on genuine liabilities.

Assets are taken off the balance sheet on the date on which genuine risk relating to the assets is transferred and the Company no longer has genuine control over the assets.

FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one enterprise and a financial obligation or an equity instrument of another enterprise.

Classification and measurement under IFRS 9

Financial assets

Classification is based on whether the instruments are held within a business model whose object is both to collect the contractual cash flows and sell the instrument, and on whether the contractual cash flows are solely payments of principal and interest on fixed dates.

Financial assets are classified in one of the following categories:

- Debt instruments at amortised cost
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Financial assets measured at amortised cost

The Company measures financial assets at amortised cost if the following criteria are met:

- The financial asset is part of a business model whose objective is to collect contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that solely consist of payments of principal and interest on fixed dates

Subsequent valuations of financial assets measured at amortised cost are based on the effective interest rate method and the assets are tested for impairment. Gains and losses are recognised in the income statement if the asset is derecognised, modified or impaired.

The Company's assets at amortised cost include variable-rate loans to customers.

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

The following instruments are included in this measurement category:

- Derivatives measured at fair value through profit or loss
- Equity instruments, as a general rule

- Debt instruments with a business model whose objective involves collecting contractual cash flows from interest, fees and capital, as well as short-term trading of the instruments in the portfolio in order to make a profit, or with a business model that implies that the instruments are managed and evaluated on a fair value basis.

Bustadkreditt Sogn og Fjordane uses this category for commercial paper and bonds, fixed-rate loans to customers, derivatives and deposits held at other banks. The interest rates on fixed-rate loans are generally hedged with derivatives that are measured at fair value. To avoid an accounting mismatch the fixed-rate loans are also measured at fair value.

Derecognition of financial assets

A financial asset is derecognised if:

- The contractual rights to the cash flows from the financial asset expire, or
- The Company has either transferred the contractual rights to the cash flows from the financial asset, or retained the rights to the cash flows from the asset while assuming an obligation to pay the cash flows received from the asset to another party; and either
 - a. The Company has transferred substantially all of the risks and rewards of ownership of the asset, or
 - b. The Company has neither transferred nor retained substantially all of the risks and rewards of ownership of the asset, but has transferred control of the asset

Financial liabilities

Financial liabilities are classified in one of the following categories:

- Financial liabilities measured at amortised cost
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Debt securities at amortised cost, designated for fair value hedging.

Financial liabilities measured at amortised cost

Bustadkreditt Sogn og Fjordane uses this category for liabilities to credit institutions, for the majority of the interest-bearing debt securities that it has issued and for other financial liabilities.

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

The following instruments are included in this measurement category:

- Derivatives measured at fair value through profit or loss
- Equity instruments, as a general rule
- Debt instruments, if the criteria for the Fair Value Option (FVO) are met or the business model implies that the instruments are managed and evaluated on a fair value basis.

Bustadkreditt Sogn og Fjordane uses this category for derivatives.

Further details about financial liabilities

On initial recognition, financial liabilities are classified either as borrowings and other liabilities, or as derivatives designated as hedging instruments in an effective hedge. On initial recognition, derivatives are measured at fair value. Borrowings and other liabilities are measured at fair value adjusted for transaction costs that are directly attributable to them.

Derivatives are considered financial liabilities if their fair value is negative, and for accounting purposes they are treated in an equivalent manner to derivatives that are assets.

Borrowings and other liabilities

After initial recognition, interest-bearing loans are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is derecognised. Amortised cost is calculated by taking into account any transaction costs, and any costs and fees that are an integral part of the effective interest. Effective interest is presented in the income statement under interest expenses.

Derecognition of financial liabilities

A financial liability is derecognised if the liability is redeemed, cancelled or expires. If an existing financial liability is replaced by a new financial liability issued by the same lender on significantly different terms, or the terms of an existing liability are significantly modified, the original liability is derecognised and the new liability is recognised. The difference in the carrying amount is recognised in the income statement.

Estimating expected credit losses

The impairment model for financial instruments in IFRS 9 is based on the principle that provisions should be made for expected credit losses. That requires us to estimate future credit losses regardless of whether or not a financial asset is impaired.

The IFRS 9 impairment model applies to financial assets that are debt instruments. It also covers undrawn credit facilities. See Note 11 for an explanation of the impairment model

Recognition of losses

A loss shall be recognised (i.e. recorded against the customer) when all collateral has been sold and it is not expected that the bank will receive further payments with respect to the asset. The claim against the customer shall still be pursued after a loss has been recognised, unless an agreement to cancel the debt has been reached with the customer.

PRESENTATION ON THE BALANCE SHEET AND IN THE INCOME STATEMENT

Loans

Depending on the counterparty, loans are included on the balance sheet as either "Loans and advances to credit institutions", "Loans to customers measured at amortised cost" or "Loans to customers measured at fair value". To simplify the balance sheet, all loans to customers are presented jointly on a single line, with the breakdown by category being presented in a note to the financial statements.

Interest income from financial instruments classified as loans is included under "Net interest income" using the effective interest rate method. The effective interest rate method is described under "Amortised cost method".

Impairment losses on loans measured at amortised cost and loans measured at fair value are included under "Impairment loss". Any portion of the change in the value of fixed-rate loans attributable to changes in interest rate levels is included under "Net gains/losses on financial instruments". For a fuller explanation of the valuation principles for loans, refer to the paragraph headed "Impairment model" earlier in this note.

Commercial paper and bonds

Commercial paper and bonds are managed and evaluated within a business model whose objective involves collecting contractual cash flows from interest, fees and capital, as well as short-term trading of the instruments in the portfolio in order to make a profit.

Interest income and expenses on commercial paper and bonds are included under "Net interest income" using the effective interest rate method. This method is described in the paragraph on amortised cost.

Other changes in value are included under "Net gains/losses on financial instruments".

Financial derivatives

A derivative is a financial instrument with the following characteristics:

- The value of the instrument changes as a result of changes to the interest rate, value or price of an underlying asset
- The instrument requires little or no initial investment
- The instrument is settled at a future date

Derivatives are initially recognised at their fair value on the date on which the contract was signed, and subsequently at fair value.

Financial derivatives are presented as an asset if they have a positive value and as a liability if they have a negative value. Assets and liabilities are offset against one another if the Company has a binding contract with its counterparty stating that they will be offset, and if the Company intends to sell the assets and redeem the liabilities at the same time.

Interest payments on financial derivatives are included under "Net interest income" using the effective interest rate method. This method is explained in the paragraph on amortised cost. Other changes in value are included under "Net gains/losses on financial instruments".

Debt to credit institutions

Debt to credit institutions is measured at amortised cost. Interest expenses on these instruments are included under "Net interest income" using the effective interest rate method.

Debt securities in issue

Debt securities include issued bonds, and they are measured either at amortised cost, at fair value through profit or loss, or at amortised cost designated for fair value hedging. To simplify the balance sheet, all debt securities in issue are presented jointly on a single line, with a more detailed breakdown in a note to the financial statements.

Interest expenses on these instruments are included under "Interest payable and similar charges on debt to credit institutions, measured at amortised cost". Interest expenses on instruments measured at fair value are included in "Other interest payable and similar charges on debt measured at fair value". Interest expenses on instruments measured at amortised cost and designated for fair value hedging are included in "Interest payable and similar charges on debt securities in issue measured at amortised cost, designated for fair value hedging". Other changes in value are included under "Net gains/losses on financial instruments".

Tax expense

The tax expense stated in the income statement includes both tax payable on income and assets, and changes to deferred tax for the financial period. Deferred tax liabilities/assets are calculated as 22% of temporary differences that exist between accounting and taxable values at the close of the year. Deferred tax is calculated using the tax rates and regulations that apply on the balance sheet date, or that are likely to be adopted and will apply when the deferred tax asset is realised or the deferred tax liability becomes payable.

Deferred tax assets are included on the balance sheet on the assumption that the Company will have taxable profits in future years.

Tax payable and deferred tax are charged to equity if the tax relates to items that in the current or previous periods have been taken to equity.

ACCRUAL OF INTEREST AND FEES

Interest and commission are recognised in the income statement as they accrue as income or expenses. Arrangement fees for loans are included in the cash flow when calculating the amortised cost, and are taken to income under "Net interest income" using the effective interest rate method.

RECOGNITION OF INTEREST INCOME

Interest income is recognised in the income statement using the effective interest rate method. This involves

taking arising nominal interest plus amortised set-up fees to income. Interest income is calculated using the effective interest rate method both for balance sheet items measured at amortised cost and for ones measured at fair value through profit or loss. Interest income on impaired loans is calculated as the effective interest rate on the carrying value.

CASH FLOW STATEMENT

The indirect method is used to produce the cash flow statement. This is then adjusted for the impact of non-cash transactions, the accrual of future receipts or payments related to operating activities, and revenues or expenses associated with cash flows arising from investing or financing activities.

HEDGE ACCOUNTING

The Company uses hedge accounting for fixed-rate bonds and derivatives designed to protect against fluctuations in the value of the bonds in question.

The hedged items (the fixed-rate bonds) are measured at their hedged value through “Net gains/losses on financial instruments” and the hedging instruments (the derivatives) are measured at fair value through “Net gains/losses on financial instruments”.

Amongst other things, IFRS 9 requires the hedged item and the hedging instrument to be formally designated as such. There must be a close economic relationship between the hedged item and the hedging instrument, the hedged item must be reliably measurable and the hedge must be effective. If the hedge no longer fulfils the hedge effectiveness requirement, hedge accounting shall be discontinued and the resulting adjustment shall be amortised through profit or loss. The amortisation shall be based on the recalculated effective interest rate at the date amortisation begins.

Gains or losses on hedging instruments are recognised in the income statement under “Net gains/losses on financial instruments”. Gains or losses on hedged items are considered an adjustment to the carrying amount of the hedged item and are recognised in the income statement under “Net gains/losses on financial instruments”.

POST BALANCE SHEET EVENTS

Post balance sheet events shall be reported in accordance with IAS 10. Events that are not covered by the financial statements, but that are material to any evaluation of the company, shall be disclosed.

ADOPTED ACCOUNTING STANDARDS AND OTHER CHANGES THAT MAY AFFECT FUTURE FINANCIAL REPORTING

Relevant standards and interpretations that have been adopted prior to the presentation of the Company’s financial statements, but that will be implemented at a later date, are listed below. The Company intends to implement the changes that are relevant as and when they come into force, provided that the EU approves them before the Company prepares its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to improve reporting of financial performance such as:

- Income statement – report new subtotals, in line with new requirements relating to the classification of income and expenses into categories.
- Notes – disclose performance measures defined by the management, which IFRS 18 refers to as management-defined performance measures (MPMs).
- Aggregation of information – stricter rules on aggregation and disaggregation of information, both in the financial statements and in the notes.
- Cash flows – IFRS 18 also introduces minor changes to the cash flow statement.

IFRS 18 was adopted on 9 April 2024 and comes into force as of financial periods starting on or after 1 January 2027.

- The bank will assess the impacts of the new standard and implement the necessary changes when the standard has been adopted by the EU. It is expected that the standard will be adopted during Q1 2026. The first year that the standard is implemented, enterprises must explain the impacts of the new standard in the notes to their annual and interim reports.

IFRS 7 and 9 Amendments to the classification and measurement of financial instruments

IASB has adopted the following changes to IFRS 7 and 9:

- Clarification of the rules on the recognition and derecognition of financial assets and liabilities
- Clarification that a financial liability is derecognised on the “settlement date” and introduction of an accounting option (if specific conditions are met) to derecognise financial liabilities before the settlement date if they are settled through an electronic payment system
- Further details about how contractual cash flows on financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarification of what “non-recourse features” are and of the characteristics of contractually linked instruments
- Introduction of disclosure requirement for financial instruments with contingent features and additional disclosure requirements for equity instruments measured at fair value through other comprehensive income (OCI)

The amendments were adopted on 30 May 2024 and come into force as of financial periods starting on or after 1 January 2026. The bank’s assessment is that the amendments will not result in significant changes.

No changes have been adopted that are considered relevant and that will have a significant impact on the financial statements.

Note 2 Critical accounting estimates and judgements

Estimates and judgements are continuously reassessed, and are based on past experience and other factors, such as expectations of probable future events. The Company prepares estimates and makes assumptions about future developments. Accounting estimates produced on the basis of this rarely entirely correspond with what actually happens. Estimates that constitute a significant risk of changes to the carrying amount of assets and liabilities over the coming financial year are discussed below.

FAIR VALUE OF FINANCIAL DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

For securities that are not listed and for which there is not an active market, the Group uses valuation techniques to determine their fair value. The Group makes its assessments and uses methods and assumptions that in so far as possible are based on market conditions on the balance sheet date.

Interest rate derivatives

Interest rate derivatives are valued using discounted cash flows based on the swap rate at the reporting date.

Fixed-rate loans to customers

The value of fixed-rate loans is calculated as the net present value of their future cash flows. For fixed-rate loans we use a yield curve that is derived from the average interest rates on fixed-rate products offered by competing banks to represent the market rate.

EXPECTED CREDIT LOSSES

From the first quarter of 2025, the Company applied SpareBank 1's IFRS 9 impairment model. There is a detailed explanation of the loan impairment model under IFRS 9 in Note 11. The method for calculating expected credit losses (ECLs) is based on estimates of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), for all loans and undrawn credit facilities. There are uncertainties associated with estimating ECLs, particularly in relation to the PD, but also to the LGD and EAD.

Uncertainties

Measuring expected credit losses is a complex process, and in the case of several of the assumptions used as inputs, the management must exercise its professional judgement.

For assets where a model is used to calculate ECLs, the main uncertainties relate to estimating PD, LGD and EAD. For assets in Stage 3, where expected credit losses are measured individually, judgement is involved in the assumptions used to estimate future cash flows and value collateral.

Measurement of expected credit losses under IFRS 9 is to a significant extent based on the Bank's probability of default (PD) models. These models form the core of the credit risk classification of lending exposures and have a substantial impact on whether loans are classified as Stage 1, Stage 2 or Stage 3, as well as on the level of loss

allowance. The Bank applies PD models that are mainly based on its internal application scorecards, adjusted through forward-looking calibration for use under IFRS 9. PD estimates represent a 12-month probability of default for Stage 1 exposures, and lifetime probabilities of default for Stage 2 and Stage 3 exposures. Uncertainty arises because the PD models are based on historical data and structures that do not necessarily reflect future conditions. A key source of uncertainty relates to the use of forward-looking variables in the PD models. The Bank applies multiple macroeconomic scenarios, including scenarios for unemployment and interest rate developments, each with an associated probability weighting.

The Bank has approved several bases for estimating residential property market values at loan origination, such as eTakst, Eiendomsverdi or observed transaction prices. For ongoing reporting purposes, the Bank primarily uses estimates provided by Eiendomsverdi. The values are updated quarterly, based on approved values from Eiendomsverdi, and the updated values are recorded in the collateral register. Eiendomsverdi provides two value estimates, where the approved value represents a downward-adjusted estimate based on market values. The adjustment reflects an uncertainty factor that varies with the degree of comparability of recent local transactions.

Other areas involving uncertainty include the choice of various future economic scenarios (including their weighting), assessing significant increases in credit risk and decisions relating to whether the criterion for default has been met.

Notes on collateral pool and loan-to-value ratio

The notes are based on PD and estimates of market values that are subject to uncertainty. The estimates are values obtained from Eiendomsverdi.

Macroeconomic scenarios

ECLs should be calculated by weighting several macroeconomic scenarios. The Company has chosen three future macroeconomic scenarios: a base scenario with an 80% weighting, and one downside and one upside scenario each with a 10% weighting. Expected credit losses are weighted based on the outcomes of the three scenarios.

Expected developments in macroeconomic parameters, such as unemployment, interest rates, and property price trends, are based on Norges Bank's monetary policy and financial stability reports, as well as the Financial Supervisory Authority of Norway's financial outlook report. The macroeconomic assumptions are reviewed on a quarterly basis.

The relationship between macroeconomic parameters and the development of probability of default (PD) over a five-year horizon, is based on empirical evidence and expert judgement.

Note 3 Segments

The Company has one main segment. This segment consists of loans to retail customers and a small volume of loans to private businesses. All of the Company's loans have been bought from SpareBank 1 Sogn og Fjordane. The Company does not have any operations outside Norway. Customers with overseas addresses are classified as part of the Norwegian operations.

Note 4 Capital adequacy

EQUITY AND SUBORDINATED DEBT	31.12.25	31.12.24
Share capital and share premium account	1 200 000	2 150 000
Other equity	13 363	12 899
Equity	1 213 363	2 162 899
Other core capital	0	0
Deductions:		
Valuation adjustment (prudent valuation rules)	- 2 994	- 4 209
Other deductions	0	- 1 841
Net core capital	1 210 369	2 156 849
Core Tier 1 capital	1 210 369	2 156 849
Net supplementary capital	0	0
Net equity and subordinated debt	1 210 369	2 156 849
BASIS FOR CALCULATION		
Credit risk		
Institutions	56 758	48 983
Retail loans	7 766	124 025
Residential mortgage loans	4 591 810	8 981 972
Exposures in default	118 976	145 687
Covered bonds	41 620	114 587
Other items	0	28 879
Total calculation basis for credit risk	4 816 930	9 444 132
Operational risk	371 390	406 399
Total calculation basis	5 188 320	9 850 531
Excess equity and subordinated debt	795 304	1 368 807
CAPITAL ADEQUACY		
Capital adequacy ratio	23,33 %	21,90 %
Core capital adequacy ratio	23,33 %	21,90 %
Core Tier 1 capital adequacy ratio	23,33 %	21,90 %
Unweighted core capital ratio	6,04 %	7,64 %

From 1 April 2025, the capital adequacy is calculated in accordance with the CRR3 capital adequacy regulation. The standardised approach is applied for credit risk and operational risk. The original exposure method is used for derivative activities.

As of 31 December 2025, the minimum requirement for Core Tier 1 capital adequacy ratio in Bustadkreditt Sogn og Fjordane AS is 4.5%, the capital conservation buffer 2.5%, the systemic risk buffer 4.5%, and the countercyclical capital buffer 2.5%. In total, the minimum Core Tier 1 capital adequacy ratio requirement amounts to 17.5%. The combined 3,5% requirement for Additional Tier 1 and Tier 2 capital, is covered by Core Tier 1 capital adequacy ratio.

Note 5 Risk

Bustadkreditt Sogn og Fjordane AS (BSF) is primarily exposed to the following risks affecting the financial reporting: credit risk, liquidity risk, market risk and ESG risk. Limits have been set on exposure to the various classes of risk. The Board considers it a priority for the Company to maintain a low risk exposure. The most important goals of the risk management strategy are to ensure: that the Company meets its goals and deals with risks that might prevent it from doing so; that internal and external reporting is of a high standard; and that the Company operates in keeping with internal guidelines and relevant legislation.

Credit risk

Bustadkreditt Sogn og Fjordane AS is exposed to credit risk through residential mortgages, and to counterparty risk through its investments in financial markets.

Loans purchased from SpareBank 1 Sogn og Fjordane have good collateral. At the time of purchase, the loan must represent no more than 80 percent of the approved value of the collateral. The values of properties used as collateral for residential mortgage loans at BSF are updated quarterly. Estimated values provided by Eiendomsverdi AS, used alone or in combination with valuations from surveyors or estate agents, determine the approved values for properties.

The loans held by BSF are granted by SpareBank 1 Sogn og Fjordane, and the credit scoring of mortgage customers follows the credit scoring procedures of the parent company. The Company considers its loan portfolio to be low-risk. Customers who apply for a mortgage are carefully assessed on the basis of the collateral and their ability to service the loan. Procedures have also been put in place for transferring loans to BSF, specifying the criteria that must be fulfilled by the loans in order for them to be moved to the Company. These criteria comply with all regulatory requirements. Furthermore, the bank has additional internal restrictions on which kinds of loans that can be transferred to the Company. Loans that are held by BSF are also monitored very carefully in relation to credit impairment. BSF also has risk management procedures in place that have been approved by the Board, which set out the checks that must be made in order to minimise credit risk, and allocate responsibility for carrying out the checks and for reporting.

The development of the loan portfolio is monitored through a daily status report and a credit report, which, among other things, presents the risk distribution of the portfolio, developments in defaults, and the impact that a decline in housing prices and increased defaults would have on the cover pool.

The Company's counterparty risk derives from investments in financial markets and exposure to other financial institutions.

There are limits on BSF's exposure to any given counterparty. In order to protect itself against losses, BSF only has exposure to financially sound counterparties.

In accordance with the stipulations of IFRS 9, BSF makes an allowance for expected credit losses on all of its loans and other exposures. See Note 11 of the annual financial statements for a more detailed description of loss allowances. Normally, a loss is realised when all collateral has been sold and it is not expected that the Company will receive further payments with respect to the asset. The claim against the customer is still pursued unless an agreement to cancel the remaining debt has been reached with the customer.

Liquidity risk

Liquidity risk is the risk that BSF will be unable to meet its obligations when they fall due. The company's liquidity buffer shall be sufficient to allow it to meet all of its obligations when they fall due. The company always maintains the minimum liquidity buffer required by the Board and sufficient liquidity to cover its net obligations over the next six months.

Bustadkreditt Sogn og Fjordane AS shall maintain a low exposure to liquidity risk. That is important in order to maintain the confidence of financial markets and ensure acceptable funding costs. Without good liquidity, the Company would be more exposed to unfavourable and turbulent conditions in financial markets. It is important that the Company's liquidity position gives it the security and flexibility needed to allow it to borrow on competitive terms.

BSF's primary source of funding is covered bonds. In order to ensure access to a wide range of funding sources, BSF issues bonds with varying terms to maturity, including both fixed and variable rate bonds. The rating of the Company's covered bond programme is important for ensuring access to funding and for keeping liquidity risk low.

The Company has credit facilities with its parent company that ensure good access to liquidity even during challenging market conditions. These credit facilities can be used to settle the purchase of mortgage loans from the parent company, to finance available credit within flexible mortgages, and to buy instruments that qualify for inclusion in the liquidity buffer.

Market risk

Interest rate risk

The company shall manage its exposure to interest rate risk in order to minimise its exposure to interest rate fluctuations. There are limits on exposure to changes in the absolute level of interest rates, which are monitored and reported monthly. The Company uses interest rate swaps to manage its interest rate risk

Spread risk

BSF has a portfolio of bonds that acts as a liquidity buffer. The portfolio is designed to qualify for inclusion in the Company's liquidity coverage ratio (LCR), which means it has low credit risk and is primarily made up of covered bonds issued by Norwegian institutions. These bonds have ratings from international rating agencies. BSF has rules governing the credit quality, concentration and term to maturity of its portfolio.

ESG risk

ESG risk covers risks relating to the climate and environment, social issues and corporate governance. The EU has created a classification system that defines the criteria for judging whether or not an economic activity can be considered sustainable. The aim is to establish a shared understanding of what is sustainable, and to avoid "greenwashing".

Climate risk is currently the most important risk within ESG. Climate risk is the risk associated with climate change leading to an increase in the Bank's risks and losses. Climate risk is usually split into three areas:

1. **Physical risk:** The risk that climate change will lead to temperature changes and more extreme weather events. This has the potential to reduce the value of assets, and thereby cause major financial losses to both the customers of banks and the banks themselves.
2. **Transition risk:** Risks associated with the transition to a net zero society. These include political, regulatory and technological factors that may affect demand for goods and services.
3. **Liability risk:** Companies may be held liable for damage from climate change caused by their decisions, or failure to take decisions.

There is also a risk of loss of reputation if the financial services industry fails to live up to what is expected and required of it by the regulations governing the role of financial institutions in the battle against climate change. Here the ability of financial institutions to set appropriate sustainability requirements of their customers comes in, as well as the ability of individuals and businesses to comply with them.

BSF provides financing to individual customers with mortgages with strong collateral. Of the various forms of climate risk, physical risk and transition risk are the ones that could have some impact on its activities.

Climate change could mean that the locations of some of the homes the Company has a mortgage over become more at risk of flooding, landslides or other natural disasters than is currently the case. The Company could incur losses from this if the values of the homes in these areas fall. It should be noted that in order for the Company to suffer losses, its customers must both default on their loans and live in an area where climate risk affects the value of their collateral. Default rates on mortgage loans are generally low. Moreover, most mortgaged properties can lose quite a lot of value before the collateral value becomes lower than the value of the loan to the customer. Therefore, BSF is currently considered to have low exposure to rising credit risk as a result of potential climate change.

The transition risk is considered low based on the nature of BSF's business. Any rules setting strict requirements to raise energy ratings could affect the types of loans and collateral held by BSF, but we do not envisage any difficulty obtaining a sufficiently large cover pool to meet the needs of BSF based on its strategy for developing its balance sheet.

REPORTING

Bustadkreditt Sogn og Fjordane AS considers it a priority to report its risk exposure and capital position accurately and completely. It has therefore established various periodic reports for the Board to review, as well as reports that form part of the day-to-day running of the Company, which are designed to ensure compliance with current legislation and internal guidelines at all times. These reports keep Board members up-to-date on whether the Company is on target to achieve the goals that have been set for it, and whether risk exposure is within the established limits. Financial performance reports are prepared monthly. Credit reports, financing reports, liquidity reports and anti-money laundering reports are prepared quarterly. All of these reports are reviewed by the Board. In addition, there is a monthly report on loans in default and a daily report to show that lending volumes and the cover pool comply with current legislation and internal guidelines.

An ICAAP is performed and reported each year. Internal control reports are produced annually. The report includes an assessment of, and comments on, internal controls at the Company, a review of all important areas of risk, an assessment of compliance with legislation and proposals for improvements.

Each year the internal auditor performs an independent review of the Company's internal controls, which is presented to the Board, as are the monitor's quarterly reports.

In its capital adequacy reporting, BSF uses the standardised approach for credit risk and operational risk.

Note 6 Risk classification of loans to customers

The bank's PD models predict the likelihood of customers going into default over the coming 12 months. More information about the models can be found in Note 11. The Bank uses the models to classify all of its loans monthly, in the risk classes A-K, with A being the lowest risk class and K being loans in default. Based on that, it places its customers in three main groups: Low risk (PD of A to D), medium risk (E-G) and high risk (H-K).

Risk class	Probability of default (PD)					
	from	up to				
A	0,00 %	0,10 %				
B	0,10 %	0,25 %				
C	0,25 %	0,50 %				
D	0,50 %	0,75 %				
E	0,75 %	1,25 %				
F	1,25 %	2,50 %				
G	2,50 %	5,00 %				
H	5,00 %	10,00 %				
I	10,00 %	100,00 %				
J	100,00 %	0,00 %				
K	100,00 %	0,00 %				

	Gross loans		Guarantees and undrawn credit facilities		Loss allowances	
	2025	2024	2025	2024	2025	2024
Low risk (A-D)	17 158 419	20 238 368	2 104 635	2 180 716	1 875	3 757
Medium risk (E-G)	1 527 078	4 947 315	480	82 979	2 930	6 262
High risk (H-K)	476 980	871 971	21	334	12 966	17 202
Total	19 162 477	26 057 654	2 105 135	2 264 029	17 771	27 221

Note 7 Loans in default and debt relief

Payment default

Assets are considered past due when at least one of the customer's accounts is overdue or overdrawn by at least NOK 1,000, and the overdue/overdrawn amount exceeds 1% of the customer's total loans.

The number of days that a customer is considered to have been in payment default is determined by the account that has been past due for longest.

	Gross loans		Guarantees and undrawn credit facilities		Loss allowances	
	31.12.25	31.12.24	31.12.25	31.12.24	31.12.25	31.12.24
11–30 days past due	924	22 163	0	0	9	261
31–90 days past due	8 846	23 813	0	0	144	319
More than 90 days past due	51 322	55 287	0	0	3 260	6 068
Total assets more than 10 days past due	61 091	101 263	0	0	3 412	6 647

Assets in default or at risk of default

An asset is considered in default or at risk of default if one or more of the following criteria apply:

- At least one of the customer's accounts is more than 90 days past due and the amount overdue is material
- Repayment of the outstanding exposure is considered unlikely without the realisation of collateral

	Gross loans allowances		Guarantees and undrawn credit facilities		Loss allowances	
	31.12.25	31.12.24	31.12.25	31.12.24	31.12.25	31.12.24
More than 90 days past due	51 322	55 287	0	0	3 260	6 068
Other assets in default	66 147	100 435	0	0	2 578	4 979
Total assets in default	117 469	155 722	0	0	5 838	11 047

Debt relief

Debt relief refers to changes to the agreed terms and conditions granted because a customer is in financial difficulties that would not have been granted if the customer were in a stronger financial position.

	Gross loans allowances		Guarantees and undrawn credit facilities		Loss allowances	
	31.12.25	31.12.24	31.12.25	31.12.24	31.12.25	31.12.24
Assets with debt relief that are not in default	161 869	259 678	0	126	838	2 531
Assets with debt relief that are in default	13 547	40 867	0	0	896	2 428
Total assets with debt relief	175 416	300 545	0	126	1 734	4 959

Note 8 Loans by sector

	Gross loans		Guarantees and undrawn credit facilities		Loss allowances	
	2025	2024	2025	2024	2025	2024
Wage and salary earners and pensioners	18 928 898	25 777 673	2 074 783	2 233 430	14 318	26 639
Self-employed	233 579	279 981	30 352	30 599	453	583
Total	19 162 477	26 057 654	2 105 135	2 264 029	14 771	27 221

Note 9 Loans by geographic area

	Gross loans		Percentage of gross loans	
	2025	2024	2025	2024
Vestland	14 140 574	19 167 612	73,8 %	73,6 %
Oslo	2 064 584	2 734 944	10,8 %	10,5 %
Akershus	1 308 618	1 816 329	6,8 %	7,0 %
Møre og Romsdal	334 698	431 928	1,7 %	1,7 %
Rogaland	247 047	355 566	1,3 %	1,4 %
Rest of Norway and international	1 066 955	1 551 275	5,6 %	6,0 %
Total gross loans	19 162 477	26 057 654	100,0 %	100,0 %

Note 10 Loans by loan-to-value ratio

The table below shows the Company's assets by various ranges of loan-to-value ratio. The loan-to-value ratio is calculated as the value of the asset divided by the value of the properties used to secure the asset. Valuations by Eiendomsverdi AS are used to determine the values of the properties.

	Gross loans		Guarantees and undrawn credit facilities		Loss allowances	
	2025	2024	2025	2024	2025	2024
LTV ratio from 0% up to and including 40%	5 361 587	6 030 323	1 182 973	1 233 000	3 749	6 667
LTV ratio from 40% up to and including 60%	8 475 120	9 703 360	773 432	839 759	4 860	6 496
LTV ratio from 60% up to and including 75%	4 616 526	8 544 740	103 362	147 142	4 478	9 632
LTV ratio from 75% up to and including 100%	618 322	1 665 904	33 908	32 926	836	3 084
LTV ratio over 100%	90 923	113 327	11 460	11 202	848	1 341
Unsecured	0	0	0	0	0	0
Total	19 162 477	26 057 654	2 105 135	2 264 029	14 771	27 221

In accordance with legal requirements, only the portion of the loans that falls within the 80% loan-to-value ratio is included in the cover pool. Loans in default are not included in the cover pool.

Note 11 Explanation of impairment model under IFRS 9

As of Q1 2025, the Bank started using SpareBank 1's IFRS 9 impairment model. The model calculates the Expected Credit Loss (ECL) for all loan accounts, guarantees and undrawn credit facilities. The ECL is an unbiased estimate based on several future scenarios.

The model splits loans into three stages. Upon initial recognition, a loan is generally allocated to Stage 1. If the account's credit risk has increased significantly since initial recognition, it is moved to Stage 2. Assets in default are allocated to Stage 3, using the same definition of default as used for internal risk management, as stated in Note 7. An account shall always be allocated to the highest stage that it qualifies for.

For assets in Stage 1, expected credit losses are calculated for the coming 12 months, whereas for Stages 2 and 3, expected credit losses are calculated for the expected lifetime of the asset.

The ECL is calculated using parameters that estimate the exposure at default (EAD) and loss given default (LGD), as well as the probability of default (PD) for any given period.

Individually assessed allowances

As a general rule, the Company does not make individually assessed allowances for loans to the retail market. Nevertheless, as an exception to that rule, an individually assessed allowance can be made for individual high-value loans where the model-based impairment is considered too low.

Individually assessed allowances are determined by a probability-weighted calculation of various possible outcomes. Where an individually assessed allowance has been made, this takes precedence over the impairment calculated by the model. Individually assessed allowances are included in Stage 3.

Probability of default (PD)

The Bank started using SpareBank 1's PD models as of Q1 2025. The models estimate the likelihood of a financial asset defaulting over the coming 12 months (12-month PD).

The models, which assess PD at customer level, are used both when a customer applies for a loan and to estimate the PD for all existing assets at the end of each month.

Loss given default (LGD)

The LGD represents how much the Company expects to lose in the event of a default, and it incorporates the following components:

- The likelihood that an asset in default will be cured
- The projected collateral ratio for the exposure
- The expected recovery rate for the unsecured part of an exposure
- External costs associated with realization of collateral

An account is considered cured if it was in default and is closed without any losses being realised.

When calculating the collateral ratio, the expected sales value of the underlying collateral is used. In the case of residential properties, when calculating losses the sales value is set at 60% of the valuation. The projected sales values are based on three future scenarios for house prices.

Exposure at default (EAD)

The EAD represents the expected credit exposure to the customer at the time of default. For loans with a contractual loan repayment schedule, that schedule is used as a basis for determining the EAD. An adjustment is made to take into account the likelihood of the customer repaying the loan more quickly than is stipulated by the loan repayment schedule (prepayment). This includes the likelihood of the customer paying off the loan completely before the maturity date. For credit facilities, it is assumed that the whole credit limit has been drawn at the time of default.

Expected life

For loans and advances in Stage 2, the ECL shall be calculated for the remaining expected life of the asset. For loans and advances with a contractual term, this is the remaining term to maturity at the reporting date. For undrawn credit facilities, the expected life is based on the average observed life of discontinued credit facilities.

Significant increase in credit risk

Transfers from Stage 1 to Stage 2 are governed by the definition of a significant increase in credit risk. The Company itself is responsible for defining what constitutes a significant increase in credit risk. There are three elements to how it does this: a quantitative element, a qualitative element and the back stop. The quantitative element is the main driver of transfers from Stage 1 to Stage 2.

Quantitative element: An asset is considered to have experienced a significant increase in credit risk if the PD on the reporting date is at least 150% of the expected PD calculated at the recognition date, and the PD on the reporting date is at least 0.5%. Assets with a PD higher than 10% are always transferred to Stage 2 regardless of their PD at the recognition date.

Qualitative element: If the customer has been given debt relief on at least one loan, or if the customer is on the Company's watch list for customers with increased credit risk, all of the customer's accounts shall be transferred to Stage 2 if they don't qualify for Stage 3.

Back stop: If an account is more than 30 days past due, it shall be transferred to Stage 2 regardless of whether or not it meets the requirements of the quantitative and qualitative tests. In the event of default exceeding 90 days, the account shall be transferred to Stage 3.

Transfer to lower stages

An account in Stage 2 can be transferred back to Stage 1 if it no longer meets any of the three criteria described above. If a loan has been on the Company's watch list, it must complete a three month probation period before it can be moved to Stage 1.

Assets that are in default will be transferred from Stage 3 to Stage 1 or 2 when they are no longer identified as in default, and once they have completed a three month probation period without any further default events.

In the case of customers who have been considered in default on account of receiving debt relief on two or more occasions during a two-year period, or who become overdrawn/more than 30 days past due in the two-year period after receiving debt relief, there is a probation period of 12 months.

Derecognition of loans

A loan is shown as being derecognised if it has been repaid and the loan account has been closed. This applies both if the loan has been repaid by the customer and if it has been refinanced with our bank or another bank.

Macroeconomic scenarios

As previously mentioned, the Company takes into account information about the future when estimating ECLs. This is done by incorporating three macroeconomic scenarios into the calculation: a base scenario with an 80% weighting, and one downside and one upside scenario each with a 10% weighting. ECLs are calculated based on the weighted outcomes of the three scenarios.

Expected changes in macroeconomic parameters, such as unemployment, interest rates and property prices, are based on Norges Bank's monetary policy and financial stability reports, as well as the Financial Supervisory Authority of Norway's risk outlook reports. Macroeconomic assumptions are reviewed every quarter.

The impact of the macroeconomic parameters on the PD in five years' time is based on empirical data and our best judgement.

All of the Company's loans to customers are secured with a property collateral, with the collateral values in the scenarios being projected based on the house price forecast in the monetary policy report.

As of the current time, no climate-related scenarios have been included when calculating expected losses.

More information about the macroeconomic scenarios can be found in Note 15.

Uncertainties

Measuring expected credit losses is a complex process, and when deciding on several of the assumptions used as inputs, the management must exercise its professional judgement.

For assets where a model is used to calculate ECLs, the main uncertainties relate to estimating PD, LGD and EAD, as well as to the rules on what constitutes a significant increase in credit risk (Stage 2) and decisions as to whether the criteria for unlikeliness to pay have been met. For individually assessed allowances, we have used our best judgement to determine the assumptions for future cash flows and the valuation of the collateral.

Other areas involving uncertainty include the choice of various future scenarios for PD and house prices, including their weighting. There is also great uncertainty surrounding future climate change and how it will affect losses on mortgage loans.

Corporate governance

The Company's procedures and guidelines establish a clear system for determining losses. This system gives different departments at the parent company and different companies within the alliance responsibility for different areas, such as developing and maintaining models, preparing macroeconomic scenarios, assessing scenarios and calculating expected credit losses.

Note 12 Assets classified by IFRS 9 stage

2025	Stage 1	Stage 2	Stage 3	Total
Gross loans at amortised cost at 01.01.2025	21 006 447	2 506 036	155 722	23 668 206
Transferred to Stage 1	258 542	- 258 018	- 5 687	- 5 162
Transferred to Stage 2	- 388 921	405 766	- 25 364	- 8 518
Transferred to Stage 3	- 9 195	- 40 507	50 513	812
New financial assets issued or acquired	3 987	0	0	3 987
Derecognised financial assets	- 5 103 376	- 286 254	- 102 117	- 5 491 746
Other changes	- 33 356	- 1 297 010	39 841	- 1 290 525
Gross loans at amortised cost at 31.12.2025	15 734 129	1 030 014	112 909	16 877 052
Loss allowance for loans at amortised cost at 31.12.2025	1 775	6 389	5 838	14 002
Net loans at amortised cost at 31.12.2025	15 732 354	1 023 625	107 070	16 863 050
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 31.12.2025	2 166 890	113 974	4 560	2 285 425
Loss allowance for loans at fair value at 31.12.2025	0	0	0	768
Net loans at fair value at 31.12.2025	0	0	0	2 284 657
	Stage 1	Stage 2	Stage 3	Total
Total gross loans at 31.12.2025	17 901 020	1 143 988	117 469	19 162 477
Loss allowance for loans at amortised cost at 31.12.2025	1 775	6 389	5 838	14 002
Loss allowance for loans at fair value at 31.12.2025	0	0	0	768
Value adjustment fixed-rate lending	0	0	0	24 430
Total net loans at 31.12.2025	0	0	0	19 123 277
	Stage 1	Stage 2	Stage 3	Total
Guarantees and undrawn credit facilities at 31.12.2025	2 102 279	2 852	4	2 105 135
Loss allowance for guarantees and undrawn credit facilities at 31.12.2025	55	2	0	57
Net exposure to guarantees and undrawn credit facilities at 31.12.2025	2 102 224	2 850	4	2 105 078
	Stage 1	Stage 2	Stage 3	Total
2024	Stage 1	Stage 2	Stage 3	Total
Gross loans at amortised cost at 01.01.2024	21 833 253	3 056 419	238 068	25 127 741
Transferred to Stage 1	814 436	- 797 380	- 17 056	0
Transferred to Stage 2	- 764 999	792 039	- 27 040	0
Transferred to Stage 3	- 16 331	- 46 535	62 866	0
New financial assets issued or acquired	5 856 000	522 087	0	6 378 087
Derecognised financial assets	- 5 385 715	- 890 358	- 102 178	- 6 378 251
Other changes	- 1 330 198	- 130 236	1 062	- 1 459 372
Gross loans at amortised cost at 31.12.2024	21 006 447	2 506 036	155 722	23 668 206
Loss allowance for loans at amortised cost at 31.12.2024	4 812	9 771	11 046	25 630
Net loans at amortised cost at 31.12.2024	21 001 635	2 496 265	144 676	23 642 575
	Stage 1	Stage 2	Stage 3	Total
Gross loans at fair value at 31.12.2024	2 139 829	249 620	0	2 389 448
Loss allowance for loans at fair value at 31.12.2024	693	676	0	1 369
Net loans at fair value at 31.12.2024	2 139 136	248 943	0	2 388 079
	Stage 1	Stage 2	Stage 3	Total
Total gross loans at 31.12.2024	23 146 276	2 755 655	155 722	26 057 654
Total loss allowance for loans at 31.12.2024	5 505	10 448	11 046	26 999
Loss allowance for loans at fair value at 31.12.2024	0	0	0	0
Value adjustment fixed-rate lending	0	0	0	0
Total net loans at 31.12.2024	23 140 771	2 745 208	144 676	26 030 655
	Stage 1	Stage 2	Stage 3	Total
Guarantees and undrawn credit facilities at 31.12.2024	2 206 420	57 603	6	2 264 029
Loss allowance for guarantees and undrawn credit facilities at 31.12.2024	161	61	0	222
Net exposure to guarantees and undrawn credit facilities at 31.12.2024	2 206 259	57 541	6	2 263 807

Note 13 Loss allowances classified by IFRS 9 stage

Upon initial recognition, a loan is generally allocated to Stage 1. If its credit risk has increased significantly since initial recognition, it is transferred to Stage 2. Assets in default are allocated to Stage 3. Where an individually assessed allowance has been made, this takes precedence over the impairment calculated by the model. In the table below, individually assessed allowances are included under Stage 3.

In Q1 2025, we moved over to using SpareBank 1's impairment model. This resulted in a NOK 3.5 million increase in impairments.

In Q4 2025, significant adjustments were made to the parameters and the model, resulting in a NOK 8.2 million reduction in the loss allowance.

The biggest changes in Q4 2025 were:

- Adjustment to LGD calibration – approximately 30% reduction in the loss allowance
- Adjustment to the PD premium during probation periods and introduction of a PD floor in Stage 1 – increase of approximately 3.5%
- Adjustment to PD outlook – reduction of approximately 3.2%
- Adjustment to prepayment rates – increase of approximately 1.8%

2025	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for loans at amortised cost at 01.01.2025	4 812	9 771	11 046	25 630
Transferred to Stage 1	74	– 2 193	– 361	– 2 479
Transferred to Stage 2	– 272	2 327	– 1 173	882
Transferred to Stage 3	– 78	– 1 144	2 192	969
New financial assets issued or acquired	0	0	0	0
Derecognised financial assets	– 1 428	– 3 128	– 2 545	– 7 101
Changes to model/macroeconomic parameters	– 643	726	– 4 685	– 4 602
Actual losses covered by previous provisions	0	0	0	0
Other changes	– 691	30	1 363	702
Loss allowance for loans at amortised cost at 31.12.25	1 775	6 389	5 838	14 002
Loss allowance for loans at fair value at 31.12.25	0	0	0	768
Total loss allowance for loans at 31.12.25	1 775	6 389	5 838	14 771
	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2025	284	61	0	222
Changes in the period	– 229	– 59	0	– 288
Loss allowance for undrawn credit facilities and guarantees at 31.12.25	55	2	0	57

Note 13 Loss allowances classified by IFRS 9 stage (cont.)

2024	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for loans at amortised cost at 01.01.2024	6 948	16 904	12 735	36 588
Transferred to Stage 1	530	- 3 878	- 928	- 4 276
Transferred to Stage 2	- 513	3 334	- 993	1 827
Transferred to Stage 3	- 17	- 554	2 086	1 515
New financial assets issued or acquired	1 494	1 898	0	3 392
Derecognised financial assets	- 2 188	- 5 635	- 4 594	- 12 418
Changes to model/macroeconomic parameters	- 1 006	- 1 161	- 694	- 2 862
Actual losses covered by previous provisions	0	0	0	0
Other changes	- 435	- 1 136	3 434	1 863
Loss allowance for loans at amortised cost at 31.12.24	4 812	9 771	11 046	25 630
Loss allowance for loans at fair value at 31.12.24	0	0	0	1 369
Total loss allowance for loans at 31.12.24	0	0	0	26 999
	Stage 1	Stage 2	Stage 3	Total
Opening loss allowance for undrawn credit facilities and guarantees at 01.01.2024	198	94	0	292
Changes in the period	- 37	- 33	0	- 70
Loss allowance for undrawn credit facilities and guarantees at 31.12.24	161	61	0	222

Future Scenario in model for write-downs according to IFRS 9

Under IFRS 9, impairment allowances shall take into account expectations for future defaults and impairment losses. Future default levels are predicted based on expected development in money market interest rates and unemployment. Future loss levels are simulated based on collateral values and expectations for price developments. Qualitative assessments have been made of expected developments in default levels and house prices 5 years ahead, based on the outlook in Norges Bank's Monetary Policy Report, Financial Stability and Financial outlook.

Expected credit losses are calculated using a weighted average of the losses under the 3 different scenarios; see below.

Future scenarios used to measure estimated expected credit losses at 31.12.2025	Probability of default starting from 31.12.2025					House prices	
	Year 1	Year 2	Year 3	Year 4	Year 5	Annual average growth	Weighting of scenario
Scenario 1: Base scenario for retail market	1,12	1,05	0,97	0,94	0,76	5,6 %	80 %
Scenario 2: Downside scenario for retail market	1,61	2,49	2,85	2,64	0,76	- 4,0 %	10 %
Scenario 3: Upside scenario for retail market	0,73	0,51	0,51	0,61	0,76	6,2 %	10 %

Note 14 Impairment loss on loans and undrawn credit facilities

	2025	2024
Increase/reduction in individually assessed allowances	0	0
Increase/reduction in expected credit losses (model-based)	- 13 155	- 9 659
Losses realised during period for which a loss allowance had previously been made	0	0
Losses realised during the period for which a loss allowance had not previously been made	0	0
Recoveries against previous years' realised losses	0	0
Impairment loss for the period	- 13 155	- 9 659

Note 15 Macroeconomic scenarios in the impairment model under IFRS 9

Impairments shall, in accordance with the IFRS 9 framework, incorporate expectations of future developments in defaults and losses. Expected developments in macroeconomic parameters, such as unemployment, interest rates and property price trends, are based on Norges Bank's Monetary Policy Report and Financial Stability Report, as well as the Financial Supervisory Authority of Norway's Financial Outlook report. The relationship between macroeconomic parameters and the development of probability of default (PD) over a five-year horizon is established through a model developed by SpareBank 1, based on empirical evidence and management judgement.

Expected credit losses are calculated on the basis of three macroeconomic scenarios, with scenario 1 being the base scenario. In addition, there is a downside macroeconomic scenario (scenario 2) where the Norwegian economy performs worse than expected, and an upside macroeconomic scenario (scenario 3) where the Norwegian economy performs better than expected.

The table below shows the future scenarios used to calculate expected credit losses at 31.12.2025.

Future scenarios for retail market used to measure estimated expected credit losses at 31.12.25.	Probability of default starting from 31.12.25.					House prices	
	Year 1	Year 2	Year 3	Year 4	Year 5	Annual average growth	Weighting of scenario
Scenario 1: Basic scenario	1,12	1,05	0,97	0,94	0,76	5,6 %	80 %
Scenario 2: Downside scenario	1,61	2,49	2,85	2,64	0,76	- 4,0 %	10 %
Scenario 3: Upside scenario	0,73	0,51	0,51	0,61	0,76	6,2 %	10 %

Sensitivity analysis of changes to assumptions in impairment model under IFRS 9

The table below shows how sensitive the Bank's profitability would be to changes in the parameters presented above. For example, if we had put the probability of default in all of the scenarios 10% higher across the whole 5 years, expected credit losses would have been NOK 0.68 million higher. This would reduce pre-tax profit by an equivalent amount.

	Change to parameter	Impact on pre-tax profit/loss
Probability of default compared with central assumption	- 50 %	3 841
	- 20 %	1 441
	- 10 %	707
	+ 10 %	- 682
	+ 20 %	- 1 342
	+ 50 %	- 3 207
Annual change in house prices	- 5 %.	- 270
	- 2 %.	- 83
	- 1 %.	- 39
	+ 1 %.	36
	+ 2 %.	67
	+ 5 %.	139

The table below shows the impact on pre-tax profit of changing the weighting of the upside and downside scenarios. For example, if the downside scenario were to be given a 20 % weighting, and the basic scenario a 70% weighting, expected credit losses would be NOK 1.56 million higher. This would reduce pre-tax profit by an equivalent amount.

Weighting of Scenario 1: Base	Weighting of Scenario 2: Downside	Weighting of Scenario 3: Upside	Impact on pre-tax profit/loss
70 %	20 %	10 %	- 1 563
60 %	30 %	10 %	- 3 127
50 %	40 %	10 %	- 4 690
100 %	0 %	0 %	1 340
0 %	100 %	0 %	- 14 292
0 %	0 %	100 %	3 569

Note 16 Loans and advances to credit institutions

	2025	2024
Total loans and advances to credit inst. without an agreed term at amortised cost *)	120 989	111 882
Total loans and advances to credit inst. with an agreed term at amortised cost *)	0	0
Total loans and advances to credit institutions, measured at amortised cost	120 989	111 882

*) Overdraft/running account between Bustadkreditt Sogn og Fjordane AS and SpareBank 1 Sogn og Fjordane.

Note 17 Sensitivity analysis

Based on the balance sheet at 31.12.2025, any changes in market risk taking place over the coming year will have the following impact on profit and equity.

Impact on profit/equity

	INTEREST RATE	
	- 1,50 %	1,50 %
Loans and advances to credit institutions	- 1 186	1 186
Bonds and other fixed-interest securities	- 5 538	5 538
Loans to customers	- 131 022	131 022
Debt securities in issue	95 981	- 95 981
Financial derivatives	3 302	- 3 302
Debt to credit institutions	18 338	- 18 338
Total	- 20 124	20 124

This note sets out the impact on the financial statements over a period of 12 months of an immediate parallel change in interest rates of +1.5 percentage points and -1.5 percentage points. It takes into account the change in ongoing interest income and expenses, the one-off impacts that any such immediate change in interest rates would have on items measured at fair value and the impact of the change on profit in the remaining fixed interest term prior to the change impacting income and expenses. The Company uses hedge accounting in its financial statements.

Note 18 Liquidity risk

Undiscounted cash flows required to meet financial obligations

Amounts in 000s of NOK	0–1 months	1–3 months	3–12 months	1–5 years	>5 years	Perpe- tual loans	Total
Debt to credit institutions	3 383	18 989	67 953	1 919 697	0	0	2 010 022
Debt securities in issue	53 624	78 361	2 907 041	11 936 212	3 882 952	0	18 858 191
Other liabilities	0	21 964	21 964	0	0	0	43 929
Unused credit facilities	2 105 135	0	0	0	0	0	2 105 135
Financial derivatives, gross payments	21 528	61 276	247 713	1 096 736	474 113	0	1 901 367
Total 2025	2 183 670	180 591	3 244 672	14 952 645	4 357 065	0	24 918 644
Financial derivatives, gross receipts	10 181	12 304	228 466	784 810	357 904	0	1 393 665
Financial derivatives, net (negative figure implies net receipts)	11 346	48 972	19 247	311 926	116 209	0	507 702
Amounts in 000s of NOK	0–1 months	1–3 months	3–12 months	1–5 years	>5 years	Perpe- tual loans	Total
Debt to credit institutions	15 264	30 528	137 377	3 732 823	0	0	3 915 993
Debt securities in issue	802 341	120 758	7 736 054	12 134 556	4 465 826	0	25 259 534
Other liabilities	0	29 580	29 580	0	0	0	59 160
Unused credit facilities	2 264 029	0	0	0	0	0	2 264 029
Financial derivatives, gross payments	13 983	8 493	95 106	465 212	1 178 655	0	1 761 448
Total 2024	3 095 617	189 359	7 998 117	16 332 591	5 644 481	0	33 260 164

The tables above include interest payable. In order to calculate the interest expense on variable-rate borrowing, current interest rates on the reporting date were used.

Note 19 Net income from financial instruments

	2025	2024
Net interest income		
Interest receivable and similar income on loans and advances to credit institutions, measured at amortised cost	18 373	17 146
Interest receivable and similar income on loans and advances to customers, measured at amortised cost	1 131 607	1 472 504
Total interest income, effective interest method	1 149 980	1 489 650
Interest receivable and similar income on loans and advances to customers, measured at fair value	103 073	20 255
Interest receivable and similar income on commercial paper and other interest-bearing securities at fair value	47 811	31 402
Other interest income	150 884	51 657
Total interest income	1 300 865	1 541 307
Interest payable and similar charges on debt to credit institutions, measured at amortised cost	156 070	157 543
Interest payable and similar charges on debt securities in issue measured at amortised cost	655 694	843 937
Interest payable and similar charges on debt securities in issue measured at amortised cost, designated for fair value hedging	243 223	264 382
Guarantee Fund contribution/emergency response fee	3 113	3 709
Other interest payable and similar charges on debt measured at fair value	2 105	2 357
Total interest expenses	1 060 204	1 271 928
Total net interest income	240 661	269 379
Net gains/losses on financial instruments		
Fair value adjustments to fixed-rate loans to customers	12 729	- 18 558
Commercial paper and bonds – holdings	- 9 503	1 599
Bonds in issue	- 34 849	204 230
Derivatives	28 319	- 198 871
Net gains/losses on financial instruments	- 3 303	- 11 601

Note 20 Operating expenses

	2025	2024
Wages, salaries, etc.	57	51
IT expenses*	1 459	2 064
Marketing expenses	113	114
Purchase of services from the Group	7 353	7 665
Auditor's fee	116	116
Inspection	452	264
Securities-related expenses	5 044	3 514
Other expenses	198	127
Total other expenses	14 735	13 864
Total operating expenses	14 792	13 915

* Change in the presentation of other operating expenses compared to the prior year.

Note 21 Remuneration of senior management and the Board of Directors. Transactions with related parties

Remuneration of senior management and the Board of Directors

The Company hires its CEO from SpareBank 1 Sogn og Fjordane on a contract basis. The CEO received no remuneration from the Company. The Board of Directors has one external member. The external member receives a fee.

	Remuneration	Outstanding loans at 31.12.2025
Board of Directors		
Frode Vasseth	0	3 638
Linda Vøllestad Westbye	0	12 752
Henrik Hundershagen	0	3 297
Andrea Kvamsdal	0	1 906
Peter Midthun	50	0
CEO		
Irene Flølo (on a contract basis; employed by the bank)	0	0

Intra-group transactions

	2025	2024
Interest received from Sparebank 1 Sogn og Fjordane	18 373	17 146
Interest paid to Sparebank 1 Sogn og Fjordane	158 175	159 900
Interest paid to Sparebank 1 Sogn og Fjordane on covered bonds	21 027	30 970
Services bought from Sparebank 1 Sogn og Fjordane	7 251	7 665
Deposits at Sparebank 1 Sogn og Fjordane	120 989	111 882
Liabilities to Sparebank 1 Sogn og Fjordane	1 897 196	3 624 281
Covered bonds held by Sparebank 1 Sogn og Fjordane	0	0

Bustadkreditt Sogn og Fjordane AS has no employees. An agreement has been signed with SpareBank 1 Sogn og Fjordane on the supply of loan servicing and administrative services. All of the Company's loans have been acquired from SpareBank 1 Sogn og Fjordane, and an agreement has been signed with the bank on the servicing of the portfolio. Bustadkreditt Sogn og Fjordane AS takes on all of the risk associated with the loans that it acquires from its parent. Bustadkreditt Sogn og Fjordane AS has been given access to good credit facilities with SpareBank 1 Sogn og Fjordane. These will allow it to make advances to customers with flexible mortgages, provide bridge financing when loans are being transferred, and fund the necessary surplus in the cover pool.

Further details of the credit facilities:

Bustadkreditt Sogn og Fjordane AS (BSF) has four credit facilities with SpareBank 1 Sogn og Fjordane (SSF):

- A NOK 600 million credit facility to be used to settle the purchase of mortgage loans from SSF. This is a revolving credit facility with a 15-month notice period on the part of SSF. BSF can cancel or change the limit on the facility with SSF at 14 days' notice. At 31.12.2025 the credit facility was 1.8 million.
- A credit facility that can be used to finance advances to customers with available credit within their flexible mortgages. At 31.12.2025, the limit on the facility was NOK 2 105 million.
- A credit facility related to overcollateralisation. The facility shall only be used to buy loans for inclusion in the cover pool, and to buy instruments that qualify as part of a liquidity buffer. At 31.12.2025, the limit on the facility was NOK 1 312 million, but this limit depends on the volume of covered bonds issued at any given time.
- A long-term credit facility. The limit on the facility is NOK 1,000 million, which was fully drawn at 31.12.2025.

In addition to these four credit agreements, Bustadkreditt Sogn og Fjordane and SpareBank 1 Sogn og Fjordane have signed an ISDA agreement. The ISDA agreement regulates all derivative transactions between the parties. The ISDA agreement has the same structure as agreements between SpareBank1 Sogn og Fjordane and external entities, which means that changes in the value of interest rate swaps are measured daily and there is an exchange of collateral. When fixed-rate covered bonds are issued, SpareBank 1 Sogn og Fjordane hedges the relevant amount with an external party and then performs an internal swap with Bustadkreditt Sogn og Fjordane.

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

Note 22 Auditor's fee

	2025	2024
Statutory audit incl. VAT	116	116
Inspection fees incl. VAT	0	0
Other services not related to auditing incl. VAT	0	0
Total	116	116

Note 23 Tax expense

	2025	2024
Tax payable for the period	43 929	59 160
Excess tax provision for last year	0	0
Total tax payable	43 929	59 160
Change in deferred tax/tax assets		
Deferred tax relating to the origination and reversal of temporary differences	8 382	- 2 900
Total change in deferred tax/tax assets	8 382	- 2 900
Total tax expense	52 310	56 261
Reconciliation of expected tax expense with actual tax expense		
Profit/loss before taxation	237 775	255 730
Expected income tax applying nominal tax rate of 22%	52 310	56 261
Shortfall in tax provision last year	0	0
Other differences	0	0
Tax expense	52 310	56 261
Tax payable	52 310	59 160
Tax payable on balance sheet	52 310	59 160

BREAKDOWN OF THE TAX IMPACT OF TEMPORARY DIFFERENCES

Deductible temporary differences		
Financial instruments	0	0
Profit and loss account	29	37
Total deductible temporary differences	29	37
Taxable temporary differences		
Financial instruments	52 007	13 915
Profit and loss account	0	0
Total taxable temporary differences	52 007	13 915
Net deferred tax liabilities (-) / assets (+)	- 51 977	- 13 879
Net deferred tax liabilities (-) / assets (+) on the balance sheet	- 11 435	- 3 053

The tax rate for tax payable and deferred tax assets/liabilities was 22%, both in 2024 and 2025.

Deferred tax assets are only recognised to the extent that it is probable that it will be possible to offset them against future taxable income.

Note 24 Classification of financial instruments

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Net loans and advances to credit institutions				
Total loans and advances to credit institutions measured at amortised cost	120 989	120 989	111 882	111 882
Total loans and advances to credit institutions	120 989	120 989	111 882	111 882
Bonds and commercial paper				
Commercial paper and bonds designated at fair value	626 655	626 655	1 717 524	1 717 524
Total bonds and other securities	626 655	626 655	1 717 524	1 717 524
Net loans to customers				
Gross loans and advances to customers measured at amortised cost	16 877 052	16 877 052	23 668 206	23 668 206
Gross loans and advances to customers measured at fair value	2 260 995	2 260 995	2 389 448	2 389 448
Total loans before individually and collectively assessed impairment provisions	19 138 047	19 138 047	26 057 654	26 057 654
– Individually assessed allowances	0	0	0	0
– Model-based allowances	– 14 771	– 14 771	– 26 999	– 26 999
Total net loans to customers	19 123 277	19 123 277	26 030 655	26 030 655
Other assets				
Financial derivatives, fair value	36 373	36 373	37 693	37 693
Other assets, amortised cost	0	0	0	0
Total other assets	36 373	36 373	37 693	37 693
Total financial assets	19 907 293	19 907 293	27 897 754	27 897 754
Financial assets grouped by category				
Financial assets designated at fair value	2 924 023	2 924 023	4 143 296	4 143 296
Financial assets measured at amortised cost, loans and advances	16 983 270	16 983 270	23 754 457	23 754 457
Total financial assets	19 907 293	19 907 293	27 897 754	27 897 754
Debt to credit institutions				
Loans and deposits from credit institutions measured at amortised cost	1 897 196	1 897 196	3 624 281	3 624 281
Total debt to credit institutions	1 897 196	1 897 196	3 624 281	3 624 281
Debt securities in issue				
Issued bonds measured at amortised cost	10 959 386	10 867 496	16 755 734	16 654 934
Issued bonds measured at amortised cost, designated for fair value hedging	5 111 960	5 056 217	4 592 060	4 542 000
Total debt securities in issue	16 071 346	15 923 712	21 347 794	21 196 934
Other financial liabilities				
Financial derivatives, fair value	483 668	483 668	498 767	498 767
Other debt measured at amortised cost	56 720	56 720	64 613	64 613
Total other financial liabilities	540 388	540 388	563 380	563 380
Total financial liabilities	18 508 930	18 361 296	25 535 455	25 384 595
Financial liabilities grouped by category				
Financial liabilities designated at fair value	483 668	483 668	498 767	498 767
Financial liabilities measured at amortised cost, designated for fair value hedging	5 111 960	5 056 217	4 592 060	4 542 000
Financial liabilities measured at amortised cost, loans and advances	12 913 302	12 821 411	20 444 628	20 343 828
Total financial liabilities	18 508 930	18 361 296	25 535 455	25 384 595

Note 24 Classification of financial instruments (cont.)

Financial instruments measured at fair value

	Level 1	Level 2	Level 3	TOTAL 2025
<i>Financial assets at fair value through profit or loss</i>				
Loans and advances to customers at fair value	0	0	2 260 995	2 260 995
Commercial paper and bonds measured at fair value	0	626 655	0	626 655
Derivatives, trading portfolio	0	36 373	0	36 373
<i>Financial liabilities at fair value through profit or loss</i>				
Derivatives, trading portfolio	0	483 668	0	483 668

Fair value hierarchy

Financial instruments measured at fair value are split into three levels:

Level 1: Prices quoted in active markets

Level 2: Valuation is directly or indirectly based on observable prices for similar assets

Level 3: Valuation is not based on observable prices, and instead relies on e.g. our own valuation models

Note 25 Valuation of financial assets

Breakdown of financial assets measured at fair value

	Quoted prices and observable assumptions		Carrying amount	
	2025	2024	2025	2024
Finance, banking and insurance	416 201	1 145 871	416 201	1 145 871
Government and government-backed	210 454	571 653	210 454	571 653
Total	626 655	1 717 524	626 655	1 717 524

Valuation method

Norwegian bonds and securities are measured at fair value based on valuation techniques. The valuation techniques incorporate prices supplied by an external party.

Note 26 Commercial paper and bonds

Commercial paper and bonds at fair value through profit or loss	2025			2024		
	Certificate	Bonds	Total	Certificate	Bonds	Total
Commercial paper and bonds, carrying amount	0	626 655	626 655	0	1 717 524	1 717 524
Of which listed on a stock exchange	0	626 655	626 655	0	1 717 524	1 717 524
Face value	0	619 000	619 000	0	1 692 000	1 692 000
Distribution by sector						
Finance, banking and insurance	0	210 454	210 454	0	1 145 871	1 145 871
Government and government-backed	0	416 201	416 201	0	571 653	571 653
Total	0	626 655	626 655	0	1 717 524	1 717 524
Modified duration (years)	0,00	0,13	0,13	0,00	0,14	0,14
Weighted average effective interest rate at 31 Dec	0,00 %	3,65 %	3,65 %	0,00 %	4,61 %	4,61 %
Maturity structure of investments in bonds and commercial paper (market value)						
2026	0	251 071	251 071	0	810 236	810 236
2027	0	204 261	204 261	0	283 262	283 262
2028	0	70 740	70 740	0	349 580	349 580
2029	0	100 584	100 584	0	70 729	70 729
2030	0	0	0	0	203 717	203 717
Total	0	626 655	626 655	0	1 717 524	1 717 524

All securities are NOK-denominated.

Note 27 Debt to credit institutions

	2025	2024
Total debt to credit inst. without an agreed term at amortised cost	11 902	1 031 785
Total debt to credit inst. with an agreed term at amortised cost	1 885 294	2 592 497
Total debt to credit institutions, measured at amortised cost	1 897 196	3 624 281

The Company has several agreements with SpareBank 1 Sogn og Fjordane regulating various matters relating to its operations and credit facilities. For further details about these agreements, please see Note 21. The comparative figures for 2024 have been restated.

Note 28 Debt securities in issue

	31.12.25	31.12.24
Commercial paper and other short-term borrowings	0	0
Bonds in issue at amortised cost	10 871 000	16 592 000
Own unamortised commercial paper/ bonds at amortised cost	0	0
Bonds in issue measured at amortised cost, designated for fair value hedging	5 525 000	5 025 000
Total debt securities in issue (face value)	16 396 000	21 617 000

Term to maturity

Remaining term to maturity (net face value) on issued covered bonds

2025	0	7 692 000
2026	2 403 000	4 000 000
2027	4 468 000	4 900 000
2029	1 000 000	1 000 000
2030	5 000 000	1 000 000
2032	525 000	525 000
2033	1 000 000	1 000 000
2034	1 000 000	1 000 000
2037	1 000 000	500 000
Total	16 396 000	21 617 000
New borrowings in 2025	4 500 000	
Repaid during the reporting period	9 721 000	
Net change during the year	- 5 221 000	

2025 Overview of outstanding covered bonds

ISIN number	Face value	Interest rate	Coupon margin	Maturity date *)	Carrying amount 31.12.25
NO0010881048	2 403 000	3 MTH NIBOR	0,49	18.06.26	2 408 547
NO0010895329	468 000	3 MTH NIBOR	0,40	12.10.27	472 869
NO0011008377	4 000 000	3 MTH NIBOR	0,75	27.05.27	4 042 561
NO0013465393	4 000 000	3 MTH NIBOR	0,44	24.01.30	4 035 410
NO0010830524	1 000 000	2,68% FIXED-RATE	0,00	31.08.33	895 347
NO0010863772	1 000 000	2,04% FIXED-RATE	0,00	20.09.34	837 093
NO0010871643	1 000 000	2,30% FIXED-RATE	0,00	19.06.30	929 527
NO0012654476	1 000 000	3,72% FIXED-RATE	0,00	31.08.37	946 192
NO0012713553	1 000 000	4,14% FIXED-RATE	0,00	04.10.29	994 695
NO0012767963	525 000	3,80% FIXED-RATE	0,00	30.08.32	509 106
Total debt securities in issue					16 071 346

Note 28 Debt securities in issue (cont.)

2024

ISIN number	Face value	Interest rate	Coupon margin	Maturity date *)	Carrying amount 31.12.24
NO0012916818	692 000	3 MTH NIBOR	0,21	15.01.25	699 250
NO0010843311	3 000 000	3 MTH NIBOR	0,49	23.04.25	3 029 735
NO0013181529	4 000 000	3 MTH NIBOR	0,23	15.10.25	4 043 015
NO0010881048	4 000 000	3 MTH NIBOR	0,49	18.06.26	4 012 448
NO0011008377	4 000 000	3 MTH NIBOR	0,75	27.05.27	4 061 123
NO0010895329	900 000	3 MTH NIBOR	0,40	12.10.27	910 164
NO0012713553	1 000 000	4,14 % FIXED-RATE		04.10.29	988 396
NO0010871643	1 000 000	2,30 % FIXED-RATE		19.06.30	911 331
NO0012767963	525 000	3,80 % FIXED-RATE		30.08.32	506 860
NO0010830524	1 000 000	2,68 % FIXED-RATE		31.08.33	886 220
NO0010863772	1 000 000	2,04 % FIXED-RATE		20.09.34	826 026
NO0012654476	500 000	3,72 % FIXED-RATE		31.08.37	473 227
Total debt securities in issue					21 347 794

The tables show the agreed maturity date.

*) The terms allow for the maturity date to be extended by one year.

All of the loans are denominated in NOK.

All loan agreements are subject to standard loan terms.

The covered bond volume is fully secured by pledged residential mortgage loans, including a requirement for overcollateralisation.

Note 29 Other liabilities and provisions

	2025	2024
Accrued costs and advance income		
Other liabilities	1 299	2 177
Loss allowance for undrawn credit facilities	57	222
Total other liabilities and provisions	1 356	2 399

Note 30 Off-balance-sheet obligations

The company has no off-balance-sheet obligations.

Note 31 Disputes

Bustadkreditt Sogn og Fjordane AS was not involved in any disputes in 2025.

Note 32 Share capital and shareholder information

At 31.12.25, the Company's share capital was made up of the following classes of shares

	Number	Face value	Carrying amount (in NOK 000s)
Class A shares	12 000 000	100	1 200 000
Total	12 000 000		1 200 000

Ownership structure

Biggest shareholders in the Company at 31.12.25

	Class A shares	Ownership interest	Share of voting rights
SpareBank 1 Sogn og Fjordane	12 000 000	100 %	100 %
Total number of shares	12 000 000	100 %	100 %

Neither the members of the Board of Directors nor the CEO own any shares or options.

Note 33 Financial derivatives

Bustadkreditt Sogn og Fjordane AS trades in financial derivatives in order to hedge and manage market risk and in conjunction with issuing fixed-rate bonds and hedging fixed-rate mortgages. It does not trade in foreign exchange contracts, so all of its financial derivatives are interest rate contracts. The contracts are measured at fair value.

	2025			2024		
	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Interest rate contracts						
Swaps	7 640 000	36 373	483 668	7 140 000	37 693	498 767
Total financial derivatives	7 640 000	36 373	483 668	7 140 000	37 693	498 767

Note 34 Hedge accounting

Bustadkreditt Sogn og Fjordane AS uses hedge accounting for fixed-rate debt securities in issue. The aim is to counteract fluctuations in the value of the bond in issue. The hedged item (the bond in issue) is measured at fair value through "Net gains/losses on financial instruments" and the hedging instrument (the derivative) is measured at fair value of the hedged item with changes in value recognised through "Net gains/losses on financial instruments".

SpareBank 1 Sogn og Fjordane is the counterparty to all of the derivatives contracts, and there is an ISDA master agreement between the parties governing all of their derivatives trading. Within this framework, changes in the value of derivative contracts are measured daily and collateral is exchanged between the parties in the event of any fluctuations, in order to reduce the risks for both parties.

At 31.12.2025, hedge accounting was used for thirteen hedge relationships where the hedged item and hedging instrument were closely related through being subject to exactly the same terms and conditions (interest rate, term to maturity, face value). The hedge effectiveness has been calculated based on 1% shifts in the yield curve and what the impact on profit of this would be.

	2025	2024
Hedging instrument		
Nominal opening value	5 525 000	5 025 000
Change in value (+gain/-loss)	- 45 085	198 053
Hedged item		
Nominal opening value	5 525 000	5 025 000
Change in value (+gain/-loss)	44 046	- 194 736
Net change in value – hedge ineffectiveness (+gain/-loss)	- 1 039	3 316
Hedge ratio	100,00 %	100,00 %
Weighted hedge effectiveness	100,75 %	100,16 %

Hedge accounting has been used for the following covered bonds and their associated hedging instruments

	Nominell verdi	Restløpetid
SSFBK15PRO		
Hedged item	1 000 000	31.08.2033
Hedging instrument	1 000 000	31.08.2033
SSFBK17PRO (split in three tranches)		
Hedged item	1 000 000	20.09.2034
Hedging instrument	1 000 000	20.09.2034
SSFBK18PRO		
Hedged item	1 000 000	19.06.2030
Hedging instrument	1 000 000	19.06.2030
SSFBK22PRO		
Hedged item	1 000 000	31.08.2037
Hedging instrument	1 000 000	31.08.2037
SSFBK23PRO		
Hedged item	1 000 000	04.10.2029
Hedging instrument	1 000 000	04.10.2029
SSFBK24PRO		
Hedged item	525 000	30.08.2032
Hedging instrument	525 000	30.08.2032

Note 35 Mortgages

In accordance with Section 11-7 of the Financial Institutions Regulations, the Company's cover pool shall at all times be overcollateralized by at least 5% of the face value of the outstanding covered bonds. The cover pool primarily consists of residential mortgage loans, but there are also other substitute assets comprising bank deposits. At the time of their purchase, the mortgage loans in the cover pool had a loan-to-value ratio of no more than 80%. Credit-impaired loans (Stage 3), loss allowances on loans and any portion of loans which exceeds a loan-to-value ratio of 80% are not included in the cover pool.

	31.12.25	31.12.24
Qualifying loans secured with a home mortgage *)	19 000 751	25 813 913
Derivatives	– 447 539	– 460 785
Other substitute assets (bank deposits)	120 989	112 198
Total substitute assets	18 674 201	25 465 326
Covered bonds excl. accrued interest	16 312 462	21 575 012
Surplus value of cover pool	2 361 739	3 890 315
Surplus value of cover pool	14,5 %	18,0 %

*) NOK 120 million of gross loans held by the Company were excluded from the cover pool at 31.12.2025 (NOK 224 million at 31.12.2024)

DECLARATION BY THE BOARD OF DIRECTORS AND CEO

We declare that, to the best of our knowledge, the financial statements for 2025 have been prepared in accordance with applicable reporting standards, and that the information contained therein provides a true picture of the assets, liabilities, financial position and results of the Company. The Board believes that the annual report gives a true and fair view of the performance, results and financial position of the Company, and assesses the most important areas of uncertainty and potential risks it faces.

Førde, 11 February 2025

The Board of Directors of Bustadkreditt Sogn og Fjordane AS

Frode Vasseth
Chair

Linda Vøllestad Westbye

Andrea Kvamsdal

Henrik Hundershagen

Peter Midthun

Irene Flølo
CEO

To the General Meeting of Bustadkreditt Sogn og Fjordane AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bustadkreditt Sogn og Fjordane AS (the Company), which comprise the balance sheet as at 31 December 2025, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Bustadkreditt Sogn og Fjordane AS for nine years from the election by the general meeting of the shareholders on 5th of May 2017 for the accounting year 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IT-systems and internal controls relevant for Financial Reporting

Description of the Key Audit Matter	How the matter was addressed in the audit
<p>The IT systems within Bustadkreditt Sogn og Fjordane are key in the accounting and reporting of completed transactions, in obtaining the basis for key estimates and calculations, and in obtaining relevant information to be disclosed.</p> <p>The management and operations of the IT systems are outsourced to SpareBank 1 Sogn og Fjordane.</p> <p>The IT systems are standardized, and SpareBank 1 Sogn og Fjordane has to a great extent outsourced the management and operations of the systems to external service providers.</p> <p>Proper governance and control of the IT systems are of great importance in order to ensure precise, complete and reliable financial reporting, and this area is therefore considered a key audit matter.</p>	<p>SpareBank 1 Sogn og Fjordane has established a general governance model and control activities related to its IT systems. We have obtained an understanding of SpareBank 1 Sogn og Fjordane`s IT governance model relevant for financial reporting.</p> <p>We assessed and tested the design of selected control activities in the banking IT system relevant for financial reporting related to access controls. For a sample of these control activities, we tested their operating effectiveness in the reporting period.</p> <p>We reviewed the third-party attestation report (ISAE 3402 Report) from SpareBank 1 Sogn og Fjordane`s service provider of the banking IT system focusing on whether they had adequate internal controls on areas that may have an impact on the financial reporting.</p> <p>In addition, we considered the third-party confirmation (ISAE 3000 Report) from SpareBank 1 Sogn og Fjordane`s service provider of the banking IT system with regards to whether selected automated control activities in the banking IT system, including among others the calculation of interests and fees, as well as system generated reports were satisfactorily designed and if they had operated effectively in the period.</p> <p>We engaged our internal IT specialists to understand the IT-systems governance model and in the assessment and testing of the internal control activities related to IT systems.</p>

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 11th of February 2026
Deloitte AS

Henrik Woxholt
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Information about the company

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ORGANISATION NUMBER 946 917 990

MANAGEMENT

Irene Flølo CEO

BOARD OF DIRECTORS

Frode Vasseth	Chair
Linda Vøllestad Westbye	Board member
Andrea Kvamsdal	Board member
Henrik E. Hundershagen	Board member
Peter Midthun	Board member

CONTACT PERSON

Irene Flølo, CEO
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