



Quarterly report 2024

Q1

SR-Boligkreditt

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Statement of the Board of Directors

SR-Boligkreditt AS is a wholly owned subsidiary of SpareBank 1 SR-Bank ("SR-Bank"). The company issues covered bonds backed by home mortgages acquired from SR-Bank. Moody's rates SR-Boligkreditt AS's covered bond programme Aaa.

Income statement as of 31 March 2024

Net income totalled NOK 181.7 million as of 31 March 2024.

(Amounts in NOK millions)	01.01.24 - 31.03.24	01.01.23 - 31.03.23
Total income	181,7	99,4
Net interest income	227,7	180,6
Net commission cost	15,3	15,7
Net income on financial investments	-30,7	-65,6

Operating expenses are kept low due to effective operation and synergies with SR-Bank. Net income on financial investments is volatile due to changes in value of basis swaps.

Balance sheet

At end of March 2024, total assets stood at NOK 124.2 billion. SR-Boligkreditt AS has issued covered bonds amounting to NOK 98.1 billion.

Risk

SR-Boligkreditt AS has established guidelines and limits for management and control of the different types of risk. Currency and interest rate risk is eliminated using derivatives. Liquidity risk is managed in accordance with regulatory requirements and limits approved by the board. The company's overall financial risk is low. The servicing agreement with SR-Bank comprises administration, bank production, IT operations, and financial and liquidity management. Operational risk is assessed as low. Negative developments in the housing market will affect the company. A decline in house prices will reduce the value of the company's cover pool relative to the statutory asset coverage requirement. Quarterly stress tests are carried out to estimate effects of a negative development in house prices. One short-term measure to meet a significant fall in house prices would be to supply SR-Boligkreditt with home mortgages from SR-Bank. The board considers the company's total risk exposure to be low. At the end of March 2024, the company's equity totalled NOK 6.3 billion. The capital adequacy ratio was 20.78%.

Outlook

Norges Bank decided to keep its policy rate at 4.50 percentage in March 2024 and indicated no further changes in immediate future.

The businesses in Norges Bank's regional network expect overall activity to remain unchanged in the first half of 2024. However, there are still large differences across sectors.

The strong development in house prices from the first two months of the year continued in March, and the 12-month growth in house prices is 1.2 percent. Eiendom Norge expect a strong second-hand housing market going forward, but that the price growth will probably slow somewhat in the coming months.

SR-Boligkreditt will continue to build the company's funding curve and to provide funding diversification for the parent bank. The volume of covered bond issues in 2024 is expected to be approximately NOK 20 billion, and to provide a sound basis for SR-Bank's lending activities. Defaults are expected to be low and SR-Boligkreditt AS's activities are expected to generate satisfactory profitability in 2024.

The board would like to emphasise that there is considerable uncertainty associated with all assessments of future conditions.

Statement pursuant to the Securities Trading Act

Statement pursuant to Section 5-6 of the Securities Trading Act.

These interim financial statements for SR-Boligkreditt AS cover the period 1 January – 31 March 2024. The financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken. To the best of our knowledge, the third quarter report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the financial statements
- description of the principal risks and uncertainties facing the company over the next accounting period
- description of major transactions with related parties

Stavanger, 24 April 2024

The Board of Directors of SR-Boligkreditt AS

Income statement

NOK 1 000	Note	01.01.24 - 31.03.24	01.01.23 - 31.03.23	2023
Interest income effective interest method		1.491.175	1.061.932	4.711.059
Other interest income		28.144	18.332	90.272
Interest expense		1.291.585	899.632	4.149.534
Net interest income		227.735	180.632	651.797
Commission and fee expenses		15.331	15.662	60.174
Net commission expense		15.331	15.662	60.174
Net gains/losses on financial instruments	8	-30.744	-65.588	-407.343
Net income on financial investments		-30.744	-65.588	-407.343
Total net income		181.660	99.383	184.280
Other operating expense		911	1.012	3.756
Total operating expense before impairment losses on loans		911	1.012	3.756
Operating profit before impairment losses on loans		180.749	98.371	180.524
Impairment losses on loans and guarantees	2	3.480	-966	3.239
Pre-tax profit		177.269	99.337	177.286
Tax expenses		38.999	21.854	39.003
Profit after tax		138.270	77.483	138.283
Other comprehensive income				
Adjustments		0	0	0
Comprehensive Income		138.270	77.483	138.283

Balance sheet

NOK 1 000	Note	31.03.24	31.03.23	31.12.23
Assets				
Balances with credit institutions		275.731	368.499	371.646
Loans to customers	2, 3	109.431.162	100.655.736	100.221.577
Bonds		2.458.666	2.298.879	2.353.987
Financial derivatives	7	11.911.225	9.488.262	8.778.258
Deferred tax assets		67.598	0	67.598
Other assets		11.871	12.098	-0
Total assets		124.156.252	112.823.474	111.793.066
Liabilities and equity				
Liabilities				
Listed debt securities	5	98.118.644	86.639.963	83.960.939
Balances with credit institutions		11.875.911	9.683.010	14.519.828
Financial derivatives	7	7.766.290	9.590.489	7.030.988
Taxes payable		113.703	87.339	140.189
Deferred tax		0	33.589	0
Other liabilities		4.429	5.879	2.116
Total liabilities		117.878.978	106.040.269	105.654.061
Equity				
Share capital		6.000.000	6.000.000	6.000.000
Premium reserve		150	150	150
Retained earnings		277.125	783.055	138.855
Total equity		6.277.275	6.783.205	6.139.005
Total liabilities and equity		124.156.252	112.823.474	111.793.066

Statement of changes in equity

NOK 1 000	Share capital	Premium reserve	Other equity	Total equity
Equity as of 31 December 2022	6.000.000	150	705.572	6.705.722
Dividend 2022, resolved in 2023				
Profit for the period			77.483	77.483
Equity as of 31 March 2023	6.000.000	150	783.055	6.783.205
Equity as of 31 December 2023	6.000.000	150	138.855	6.139.005
Dividend 2023, resolved in 2024				
Profit for the period			138.270	138.270
Equity as of 31 March 2024	6.000.000	150	277.125	6.277.275

Cash flow statement

NOK 1 000	31.03.24	31.13.23	31.12.23
Interest receipts from lending to customers	1.479.665	1.080.746	4.738.664
Provisions to SR-Bank	-15.331	-15.662	-60.174
Payments for operations	-12.347	-12.873	-3.735
Taxes paid	-65.485	-65.485	-130.971
Net cash flow relating to operations	1.386.501	986.726	4.543.784
Net purchase of loan portfolio	-9.171.518	3.863.371	4.352.926
Net payments on the acquisition of bonds	-96.638	161.262	109.316
Net cash flow relating to investments	-9.268.157	4.024.632	4.462.242
Debt raised by issuance of securities	11.636.350	0	0
Redemption of issued securities	0	-6.433.260	-11.433.260
Net change in loans from credit institutions	-2.643.917	-4.156.528	680.290
Paid in capital equity	0	0	0
Interest payments on debt raised by issuance of securities	-1.206.694	-941.999	-4.065.339
Proceeds from settlement of other securities	0	731.850	731.850
Dividend paid	0	0	-705.000
Net cash flow relating to funding activities	7.785.740	-10.799.938	-14.791.459
Net cash flow during the period	-95.916	-5.788.580	-5.785.433
Balance of cash and cash equivalents start of period	371.646	6.157.079	6.157.079
Balance of cash and cash equivalents end of period	275.731	368.499	371.646

Notes to The Financial statements

Note 1 Accounting policies

1.1. Basis of preparation

These interim financial statements for SR-Boligkreditt AS cover the period 1 January – 31 March 2024. The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements were also prepared in accordance with the applicable IFRS standards and IFRIC interpretations. The interim financial statements are unaudited. All amounts are stated in NOK thousands unless stated otherwise.

The interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual accounts for 2023.

New Standards that have not yet been adopted

There are no new standards or interpretations that are not currently in effect and could be expected to have a material effect on the financial statements.

New Standards that have been adopted

There are no new standards or interpretations as of 31 March 2024.

1.2. Critical accounting estimates and judgements

The preparation of financial information pursuant to IFRS entails the executive management making estimates, judgements and assumptions that affect the effect of the application of the accounting policies and thus the amounts recognized as assets, liabilities, income, and costs. Note 3 of the annual accounts for 2023 explains in more detail the use of critical estimates and judgements when applying the accounting policies.

Losses on loans and guarantees

There has not been any significant increase in credit losses during the year. Measurement of expected credit losses is described in Note 2 in the Annual Report 2023 and Note 2 and 3 in the interim report.

Note 2 Amounts arising from ECL

The following table show reconciliations from the opening to the closing balance of the loss allowance. Explanation of the terms 12-month ECL and lifetime ECL (stage 1-3) are included in note 2 in the annual account 2023.

NOK 1 000				
ECL on loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2024	8.879	30.992	0	39.871
Transfer from stage 1	-261	261	0	0
Transfer from stage 2	4.272	-4.272	0	0
Transfer from stage 3	0	0	0	0
Net remeasurement of loss allowance	-4.472	6.318	0	1.846
New financial assets originated or purchased	2.082	3.375	0	5.457
Change due to reduced portfolio	-669	-3.158	0	-3.827
Change in models/ risk parameters	0	0	0	0
Other movements	0	0	0	0
Balance 31 March 2024	9.830	33.516	0	43.346

NOK 1 000				
ECL on remaining credit lines (flexible loans)	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2024	319	105	0	423
Transfer from stage 1	-2	2	0	0
Transfer from stage 2	19	-19	0	0
Transfer from stage 3	0	0	0	0
Net remeasurement of loss allowance	-22	9	0	-14
New financial assets originated or purchased	33	6	0	39
Change due to reduced portfolio	-8	-13	0	-21
Change in models/ risk parameters	0	0	0	0
Other movements	0	0	0	0
Balance 31 March 2024	338	90	0	428

Note 3 Lending to customers

Lending to customers are residential mortgages only. The mortgages generally have a low loan-to-value and losses have been very low. The total amount of lending to customers at the end of the period were NOK 109.5 billion. All mortgages carry a variable interest rate.

NOK 1 000	31.03.24	31.03.23	31.12.23
Flexible loans - retail market	23.631.200	22.057.251	23.429.433
Amortising loans - retail market	85.587.766	78.481.568	76.616.126
Accrued interest	255.543	152.740	215.889
Gross loans	109.474.508	100.691.559	100.261.447
Impairment provisions	-43.346	-35.823	-39.871
Loans to customers	109.431.162	100.655.736	100.221.577

Liability			
Remaining credit lines (flexible loans)	9.821.938	8.388.723	9.294.395
Total	9.821.938	8.388.723	9.294.395
Expected credit loss on remaining credit lines (flexible loans)	-428	-267	-423

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2024	100.948.208	3.602.898	0	104.551.106
Transfer from stage 1	-1.327.349	1.327.349	0	0
Transfer from stage 2	962.542	-962.542	0	0
Transfer from stage 3	0	0	0	0
Net increase/decrease balance existing loans	1.256.381	65.714	0	1.322.095
Originated or purchased during the period	16.305.985	555.355	0	16.861.341
Loans that have been derecognised	-14.751.767	1.491.733	0	-13.260.034
Balance 31 March 2024	103.394.001	6.080.507	0	109.474.508

Note 4 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU's capital requirements for banks and securities undertakings (CRD IV/ CRR).

SR-Boligkreditt AS has permission from the Financial Supervisory Authority of Norway to use internal measurement methods (Internal Rating Based Approach) for quantifying credit risk. The use of IRB requires the company to comply with extensive requirements relating to organisation, expertise, risk models and risk management systems.

SR-Boligkreditt shall at all times maintain a capital adequacy ratio equal to the minimum regulatory requirement, with a buffer of 50 - 100 basis points.

NOK 1 000	31.03.24	31.03.23	31.12.23
Share capital	6.000.000	6.000.000	6.000.000
Premium reserve	150	150	150
Other equity	277.125	783.055	138.855
Total equity	6.277.275	6.783.205	6.139.005
Deductions			
Proposed dividend	-138.000	-705.000	-138.000
IRB shortfall of credit risk adjustments to expected losses	-137.886	-126.421	-127.510
Profit for the period that cannot be included in total Tier 1 capital	-138.270	-77.483	
Value adjustment due to requirements concerning proper valuation	-2.353	-2.100	-2.227
Common equity Tier 1 capital	5.860.766	5.872.200	5.871.268
Other paid in capital	0	0	0
Net primary capital	5.860.766	5.872.200	5.871.268

Credit risk Basel II			
Corporates - SME	11.086	7.471	6.567
Corporates - Specialised Lending	14.995	13.926	11.496
Retail - Secured by real estate SME	470.445	371.490	405.382
Retail - Secured by real estate non-SME	21.367.081	19.047.934	19.377.112
Retail - Other	83.252	68.121	55.988
Total credit risk, IRB approach	21.946.859	19.508.942	19.856.545
Institutions	2.650.161	240.249	1.888.138
Covered bonds	136.244	150.658	125.676
Other assets	309.140	88.468	277.393
Total credit risk, standardised approach	3.095.545	479.375	2.291.207
Operational risk	1.299.605	1.417.287	1.299.605
Other risk exposure *	1.860.773	2.276.484	2.011.088
Total risk exposure amount	28.202.782	23.682.088	25.458.445
Minimum requirement for CET 1 capital ratio 4,5 %	1.269.125	1.065.694	1.145.630
Buffer requirements:			
Capital conservation buffer 2,5 %	705.070	592.052	636.461
Systemic risk buffer 4,5 %	1.269.125	1.065.694	1.145.630
Countercyclical capital buffer 2,5 %	705.070	592.052	636.461
Total buffer requirement to CET 1 capital ratio	2.679.264	2.249.798	2.418.552
Available CET 1 capital ratio after buffer requirement	1.912.377	2.556.708	2.307.085
Capital ratio	20,78 %	24,80 %	23,06 %
Tier 1 Capital ratio	20,78 %	24,80 %	23,06 %
CET 1 capital ratio	20,78 %	24,80 %	23,06 %
Leverage ratio	4,64 %	5,62 %	5,19 %

* Risk weights for residential mortgages are subject to a regulatory floor of 20%. Without this floor, the risk weight for residential mortgages would have been 18,40% as at 31 March 2024.

Note 5 Debt securities issued

NOK 1 000	Total	NOK	Currency
Covered bonds	103.831.597	21.361.744	82.469.853
Value adjustments	-6.082.963	-321.173	-5.761.790
Accrued interests	370.010	165.459	204.551
Total securities issued	98.118.644	21.206.030	76.912.614

Securities issued by maturity date

Public covered bonds	Total	NOK	Currency
2024	5.762.622	0	5.762.622
2025	15.046.674	6.045.318	9.001.355
2026	5.419.812	0	5.419.812
2027	20.280.840	12.055.735	8.225.105
2028	16.355.858	0	16.355.858
2029	8.311.959	0	8.311.959
2030	5.002.334	0	5.002.334
2031	9.874.983	0	9.874.983
2032	9.004.131	3.104.976	5.899.155
2038	2.869.109	0	2.869.109
2041	190.322	0	190.322
Total debt	98.118.644	21.206.030	76.912.614

Change in debt raised through issuance of securities

	Balance 31.03.24	Issued 2024	Matured/ redeemed 2024	Exchange rate and other changes 2024	Balance 31.12.23
Covered bonds	103.831.597	11.636.350	0	2.841.130	89.354.117
Adjustments	-6.082.963			-322.637	-5.760.326
Accrued interests	370.010			2.862	367.148
Total debt raised through issuance of securities	98.118.644	11.636.350	0	2.521.355	83.960.939

Note 6 Asset coverage

Asset coverage is calculated according to the Act on Financial Institutions, section 11-11. There is a discrepancy between the balance sheet amounts, partly because lending will be reduced due to non-performing loans (no occurrences of non-performance as of 31 March 2024), loans with a loan-to-value ratio in excess of 80 percent (60 percent for holiday homes) and the use of market values.

NOK 1 000	31.03.24	31.03.23	31.12.23
Covered bonds	93.344.375	86.681.525	81.681.525
Total covered bonds	93.344.375	86.681.525	81.681.525
Loans to customers	108.915.583	100.333.262	99.878.455
Substitute collateral	2.695.731	2.641.499	2.691.646
Total cover pool	111.611.314	102.974.761	102.570.102
Asset coverage	119,6 %	118,8 %	125,6 %

Note 7 Financial derivatives

At fair value through profit and loss NOK 1 000	Contract amount 31.03.24	Fair value at 31.03.24	
		Assets	Liabilities
Hedging / Interest and exchange rate instruments			
Interest rate swaps (including cross currency)	169.783.268	11.939.794	7.562.630
Total hedging / Interest and exchange rate instruments	169.783.268	11.939.794	7.562.630
Total currency and interest rate instruments			
Total interest and exchange rate instruments	169.783.268	11.939.794	7.562.630
Total accrued interests		-28.569	203.660
Total financial derivatives	169.783.268	11.911.225	7.766.290

SR-Boligkreditt AS has an ISDA agreement with a CSA supplement with the counterparty for derivatives. The agreement is one-way, which means only the counterparty must pledge security when the market value of derivatives fluctuates.

IBOR reform

The table below shows derivatives that have IBOR reference interest rates and could be affected by changes caused by the IBOR-reform.

Interest rate swaps	Contract amount	Average maturity
EURIBOR EUR (3 months)	82.743.540	4,7
NIBOR NOK (3 months)	3.536.000	8,2
Total interest rate swaps	86.279.540	
Cross currency swaps		
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	71.589.797	4,7
Total cross currency swaps	71.589.797	

Note 8 Net income from financial instruments

NOK 1 000	31.03.24	31.03.23	31.12.23
Net gains for bonds and certificates	544	-1.666	-4.862
Net change in value, basis swap spread	-26.237	-84.863	-396.749
Net change in value, other financial investments	-5.050	20.941	-5.732
Net change in value, currency effect	0	0	0
Net income from financial instruments	-30.744	-65.588	-407.343

Note 9 Events after the balance sheet date

No material events that affect the prepared interim financial statements have been recorded after 31 March 2024.

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