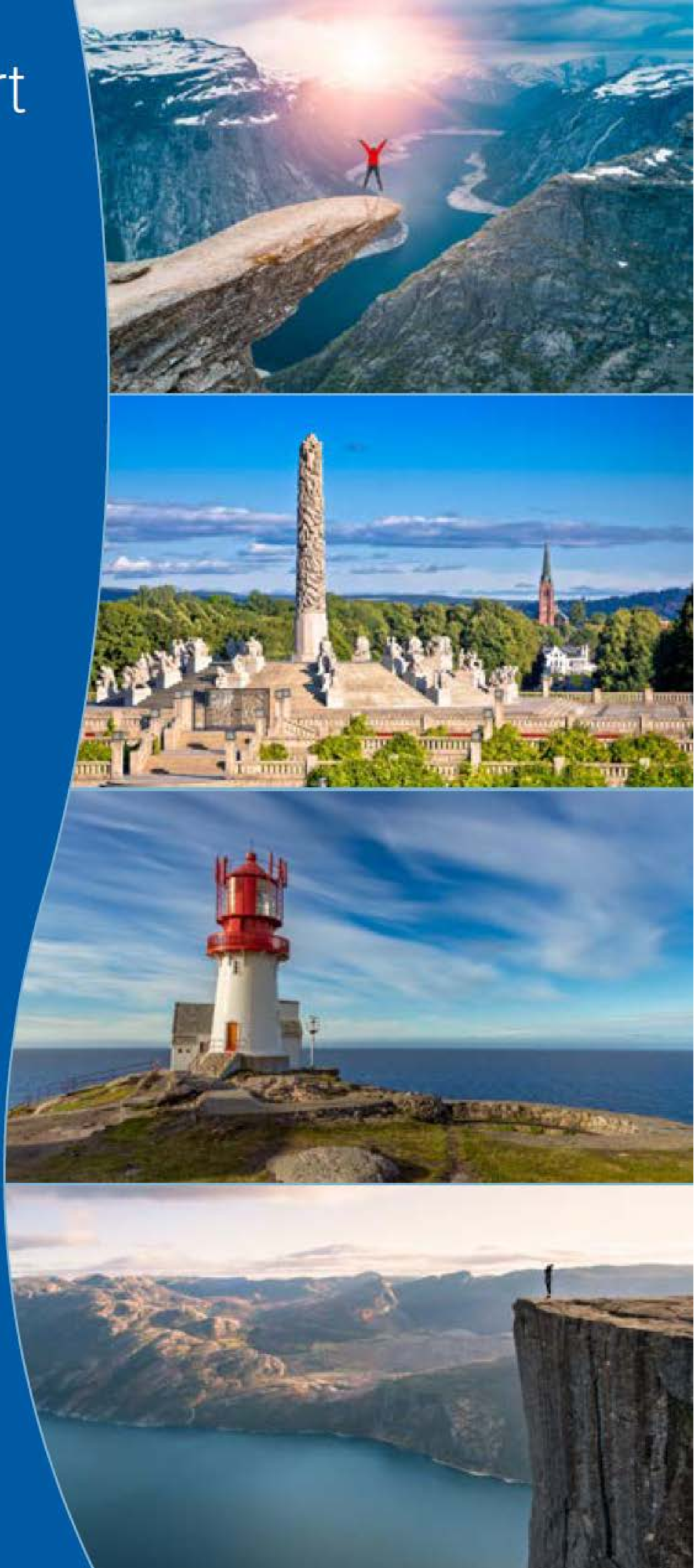
Annual Report
2023

SR-Boligkreditt



Annual accounts

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Annual report for 2023

SR-Boligkreditt AS ("Company") has an office in Stavanger and is a fully owned subsidiary of SpareBank 1 SR-Bank ASA ("SR-Bank"). The Company is a finance company that issues covered bonds. The assets consist primarily of residential mortgages. At the end of 2023 the Company's total loans to customers amounted to NOK 100.2 billion, compared to NOK 104.5 billion at the end of 2022. Debt in the form of covered bonds amounted to NOK 84.0 billion (NOK 87.4 billion).

The market

Covered bonds is an important asset class in the Norwegian market, and foreign investors have also shown great interest in buying Norwegian covered bonds. SR-Boligkreditt AS is rated A1 (positive outlook) by Moody's Investor Service, the Company's bonds have been assigned an Aaa rating.

Corporate governance

SR-Boligkreditt AS's principles and policy for corporate governance are built on the Norwegian code of practice for corporate governance issued by the Norwegian Corporate Governance Board (NCGB). The Company has adapted the code mentioned above, and SR-Boligkreditt AS's principles and policy are intended to ensure that corporate governance is in line with generally accepted perceptions and standards and is in compliance with applicable laws and regulations. Furthermore, corporate governance shall ensure good cooperation among the various interests such as shareholders, lenders, customers, employees, governing bodies, management and society at large. It is the opinion of the Board of Directors that SR-Boligkreditt AS's corporate governance is satisfactory and in accordance with applicable principles and policy.

During 2023, 9 board meetings were held. The Board's focal areas have been following up operations, strategy, risk and capital governance and surveillance of markets and framework terms and conditions. The Board has prepared an annual schedule for its work, and emphasis is placed on ensuring sufficient knowledge and expertise among board members.

As a fully owned subsidiary of SR-Bank, SR-Boligkreditt AS is exempt from having a separate audit committee. The Company has an independent and effective external and internal audit. Risk management and internal control is done continuously and any operational incidents that could cause disruptions and/or loss are recorded. SR-Boligkreditt AS conducts an annual review of these routines. The enterprise's risk strategy is adopted by the Board. Identified areas of risk and any significant control deviations concerning the Company's financial reporting are followed up by means of the Company's risk management and internal control system and reported to the Board at each board meeting. The Company's ethical guidelines include a duty to report in cases of blameworthy conditions, including breeches of internal guidelines, laws and regulations, as well as the method to be used to submit this information. Major enterprises shall submit information on their handling of social responsibility, cf. Section 3-3c of the Norwegian Accounting Act. SR-Bank submits such reports for the group, which also covers subsidiaries. Reference is made to the parent bank's annual report for further information. SR-Boligkreditt AS's activities are supervised by the Financial Supervisory Authority of Norway. The Board and administration endeavour to maintain an open and constructive dialogue with the Financial Supervisory Authority of Norway.

SpareBank 1 SR-Bank prepares and publishes a report in line with the Transparency Act. The report covers the group, including SR-Boligkreditt, and will be published on the bank's website www.sr-bank.no

Review of the annual accounts

Profit and loss account

SR-Boligkreditt AS reports in accordance with the IFRS. The Company's operating result before depreciation and tax amounted to NOK 177.3 million for the 2023 accounting year, compared to NOK 901.0 million in 2022. The result after depreciation and tax was NOK 138.3 million (NOK 702.1 million). The Company's interest income amounted to NOK 4,801.3 million (NOK 2,710.0 million). Net interest income amounted to NOK 651.8 (NOK 640.9 million). Net gain/losses from financial investments amounted to NOK -407.3 million (NOK 324.7 million), which for the most part is due to value regulation of swaps related to deferral hedge accounting of financial liabilities. The Company's operating costs and fee expenses in 2023 amounted to NOK 63.9 million (NOK 64.7 million). The Company purchases several services from SR-Bank. Purchase of services is formalised by means of various agreements and the Company is thereby ensured competencies in central professional areas, while also maintaining cost-efficient operations. SR-Boligkreditt AS had impairments losses of NOK 3.2 million in 2023, compared with NOK 0.9 million in 2022. There are no individual write-downs on loans in 2023. The Company had no realised losses in 2023. Tax expense for 2023 is estimated at NOK 39.0 million (NOK 198.1 million). Net profit after tax for the year 2023 was NOK 138.3 million (NOK 702.1 million). The Board considers the result as satisfactory. Pursuant to Section 3-3a of the Norwegian Accounting Act, the Board confirms that the accounts have been prepared on a going concern basis.

Balance sheet and capital adequacy

The total assets of SR-Boligkreditt AS at the end of the financial year amounted to NOK 111.8 billion (NOK 117.6 billion). Net lending to customers was NOK 100.2 billion (NOK 104.5 billion). Liabilities in the form of covered bonds amounted to NOK 84.0 billion (NOK 87.4 billion). SR-Boligkreditt AS has authorisation from the Financial Supervisory Authority of Norway to make use of the IRB approach to calculate the Company's capital. The EU regulations CRR/CRD IV was implemented in Norwegian law 31 December 2019. The capital adequacy ratio of SR Boligkreditt AS was at year end 23.1 percent (23.1 percent). Capital adequacy consists of common equity. The Company shall at all times maintain a capital adequacy ratio equal to the minimum regulatory requirement, with a buffer of 50 - 100 basis points. The cash flow from operating activities was NOK 4,543.8 million (NOK 2,344.8 million), while the operating result before tax was NOK 177.3 million (NOK 900.1 million). Net cash flow in 2023 was negative at NOK 5,785.4 million. There have been no significant subsequent events that affect the financial statements for 2023.

Risk factors

Laws and regulations for companies with a licence to issue covered bonds indicate that the level of risk is low. The Board emphasises that different types of risk are identified and measured. The Company has established guidelines and frameworks for the management and control of various risk areas. It is the Board's opinion that the overall risk exposure in the Company is low.

Credit risk

Credit risk is defined as the risk of a loan customer or counterparty failing to fulfil its obligations to SR-Boligkreditt AS. In the professional credit framework for the Company, requirements are established for loans that may be incorporated in the Company's loan portfolio. There have been no significant changes in the Company's credit risk profile throughout the fiscal year. The mortgages in the cover pool of SR-Boligkreditt AS cannot have a loan to value ("LTV") above 75 percent, average LTV was 53,81 percent at 31.12.2023. The Board considers the quality of the loan portfolio to be good, an assessment which is reinforced by the Company's low losses. The Board expects that losses on loans and guarantees will be kept at a low level in future. A fall in house prices will reduce the net value of the Company's cover pool. Stress tests are carried out regularly to calculate the effect of a fall in house prices. The Board is comfortable with the outcome of the stress tests.

Market risk

Market risk is defined as the risk of financial loss due to changes in observable market variables such as interest rates, exchange rates and prices of financial instruments. SR-Boligkreditt AS has low market risk, and limits are established for maximum exposure to fluctuations in the interest and currency market. To the extent that the Company borrows at fixed rates, and/or that the bonds are issued in foreign currency, interest rate and currency risks are eliminated by entering into swap agreements when the bonds are issued for the entire term of the loans. Swaps are entered into with counterparties of good credit quality. The agreements have been approved by the rating agency used by the Company and contribute to the good rating of the Company's covered bonds. The Board considers both interest and currency risks and the overall market risk of the Company to be low.

Liquidity risk

The Company's framework for managing liquidity risk shall reflect the Company's conservative risk profile.
All bonds are issued by SR-Boligkreditt AS based on agreements in which the Company has a unilateral right to extend the maturity of bonds by up to twelve months. This right may be used if the Company encounters difficulties refinancing by ordinary due date. The Company has an agreement with the parent bank in which the bank is obliged to provide emergency liquidity support, if necessary, to ensure that outstanding bonds and associated derivatives shall receive timely settlement by the ordinary due date. The Board considers the Company's liquidity risk as low.

Operational risk

Operational risk is the risk of loss due to errors and irregularities in the handling of transactions, lack of internal control or irregularities in the IT-systems that the Company uses. Identification of operational risk is done through assessments and management confirmations that are part of the internal control in the Company. A management agreement has been signed with SR-Bank that comprises administration, bank production, IT operations, finance, and risk management. According to the agreement, the bank must compensate the Company's expenses arising from any errors in the deliveries and services that the bank should provide. The operational risk is assessed continually. The Company uses EY as internal auditor, and any discrepancies are reported to the Board. The Board considers the Company's operational risk to be low.

Employees and the working environment

The CEO is formally employed by the parent bank and leased to SR-Boligkreditt as general manager. Other resources for operation of the Company are supplied by various departments in SR-Bank based on agreements between the Company and the parent bank. No serious workplace accidents have occurred or been reported over the year. The working environment in the Company is considered good, and the Company activities do not pollute the environment.

The Board of Directors consists of four people, of which one is a woman. Three of the Board members are employed in leading positions in SR-Bank. The other Board member is independent of the SR-Bank group. There has been one change in Board membership during 2023.

Insurance

Insurance has been taken out for the members of the Board of Directors and the CEO to cover their potential liability to the company and third parties through the SpareBank 1-alliance. This insurance covers the liability of the indemnified for economic loss resulting from claims arising from alleged liable actions or omissions.

Regulatory framework

The countercyclical buffer requirement increased by 0.5 percentage points to 2.5 percent with effect from 31 March 2023, and it has been decided to keep this unchanged in the first quarter of 2024. The systemic risk buffer is unchanged at 4,5 percentage points. The minimum requirement for common equity is 14 percent at year-end 2023, with a capital adequacy ratio of at least 17.5 percent. SR-Boligkreditt's common equity stood at 23.1 percent at year end.

Outlook

Norges Bank increased its policy rate from 4.25 to 4.50 percentage in December and indicated no further changes in the most immediate future. SpareBank 1 SR-Bank's Business Barometer for December reports that the businesses prepare for a more challenging situation in 2024, with profitability under pressure, lower investment, and decreasing order back-logs. However, there are large differences pending on regions and industries.House prices decreased further in December and the nominal annual growth in house prices ended at 0.5 percent. Stavanger and Kristiansand had the strongest growth with 5.4 and 5.3 percent, respectively. Eiendom Norge expect the nominal growth in house prices in Norway to end at around 4 percent for 2024.

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.

Allocations

Profit after depreciation and tax for the year 2023 amounted to NOK 138.3 million (702.1 million). The Board of Directors proposes to issue a NOK 138 million dividend to SR-Bank, the residual is added to the Company's equity.

Stavanger, 12 March 2024

Inge Reinertsen
Chairman

Morten Forgaard

Siv Solem

Børge Henriksen

Dag Hjelle
CEO

Income statement

NOK 1 000	Note	2023	2022
Interest income effective interest method	15	4.711.059	2.669.849
Other interest income	15	90.272	40.115
Interest expense	15	4.149.534	2.069.034
Net interest income		651.797	640.931
Commission and fee expenses	24	60.174	60.811
Net commission expense		60.174	60.811
Net gains/losses on financial instruments	16	-407.343	324.738
Net income on financial investments		-407.343	324.738
Total net income		184.280	904.857
Other operating expenses	17	3.756	3.841
Total operating expenses before impairment losses on loans		3.756	3.841
Operating profit before impairment losses on loans		180.524	901.017
Impairment losses on loans and guarantees	7	3.239	903
Pre-tax profit		177.286	900.113
Tax expense	18	39.003	198.051
Profit after tax		138.283	702.063
Other comprehensive income			
Adjustments		-	-
Comprehensive Income		138.283	702.063

Balance sheet

NOK 1 000	Note	2023	2022
Assets			
Balances with financial institutions		371.646	6.157.079
Loans to customers	6,7,8,9	100.221.577	104.514.373
Bonds	19	2.353.987	2.462.009
Financial derivatives	19, 20	8.778.258	4.452.830
Deferred tax assets	18	67.598	-
Other assets		0	0
Total assets		111.793.066	117.586.291
Liabilities and equity			
Liabilities			
Listed debt securities	21, 22	83.960.939	87.356.157
Debt to financial institutions		14.519.828	13.839.538
Financial derivatives	19, 20	7.030.988	9.518.914
Taxes payable	18	140.189	130.971
Deferred tax		-	33.589
Other liabilities	23	2.116	1.401
Total liabilities		105.654.061	110.880.569
Equity			
Share capital	26	6.000.000	6.000.000
Premium reserve		150	150
Retained earnings		138.855	705.572
Total equity		6.139.005	6.705.722
Total liabilities and equity		111.793.066	117.586.291

Stavanger, 12 March 2024

Inge Reinertsen
Chairman

Morten Forgaard

Siv Solem

Børge Henriksen

Dag Hjelle
CEO

Statement of changes in equity

NOK 1 000	Share capital	Premium reserve	Other equity	Total equity
Equity as of 31 December 2021	6.000.000	150	663.509	6.663.659
Dividend 2021, resolved in 2022			-660.000	-660.000
Profit for the period			702.063	702.063
Equity as of 31 December 2022	6.000.000	150	705.572	6.705.722
Dividend 2022, resolved in 2023			-705.000	-705.000
Profit for the period			138.283	138.283
Equity as of 31 December 2023	6.000.000	150	138.855	6.139.005

Cash flow statement

Accounting policies

The statement of cash flow shows cash flows grouped by source and application area. Cash is defined as cash, deposits in central banks, and deposits in financial institutions with no period of notice. The statement of cash flow is prepared using the direct method.

NOK 1 000	Note	2023	2022
Interest receipts from lending to customers	15	4.738.664	2.619.695
Provisions to SR-Bank	24	-60.174	-60.811
Payments for operations	17	-3.735	-3.461
Taxes paid	18	-130.971	-210.657
Net cash flow relating to operations		4.543.784	2.344.766
Net purchase of loan portfolio	6	4.352.926	-14.824.086
Net payments on the acquisition of bonds		109.316	-166.618
Net cash flow relating to investments		4.462.242	-14.990.704
Debt raised by issuance of securities	21	-	24.445.688
Redemption of issued securities		-11.433.260	-10.262.480
Net change in loans from credit institutions		680.290	5.954.024
Paid in capital equity	25	-	-
Interest payments on debt raised by issuance of securities	15	-4.065.339	-1.766.934
Proceeds from settlement of other securities		731.850	366.222
Dividend paid		-705.000	-660.000
Net cash flow relating to funding activities		-14.791.459	18.076.521
Net cash flow during the period		-5.785.433	5.430.582
Balance of cash and cash equivalents start of period		6.157.079	726.497
Balance of cash and cash equivalents end of period		371.646	6.157.079

Notes to The Financial statements

Note 1 General information

SR-Boligkreditt AS is a wholly owned subsidiary of SR-Bank and was established in accordance with the special banking principle in Norwegian legislation concerning the issuing of covered bonds.

The purpose of the company is to acquire home mortgages from SR-Bank and fund lending activities, primarily through issuing covered bonds.

Note 2 Accounting policies

Basis for the preparation of the annual financial statements for SR-Boligkreditt AS

The annual financial statements cover the period 1 January - 31 December 2023.

The annual financial statements of SR-Boligkreditt AS ("the company") have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU. This includes interpretations from the IFRS Interpretations Committee and its predecessor the Standing Interpretations Committee (SIC).

SR-Boligkreditt is a limited company registered as based in Norway with its head office in Stavanger.

The basis for measurement used in the company's financial statements is amortised cost, with the following modifications: financial derivatives and some financial liabilities are recognised at fair value with value changes through profit or loss.

Preparing financial statements in accordance with IFRS requires the use of estimates. Furthermore, applying international reporting standards requires management to use its judgement. Areas that involve a great deal of discretionary estimates, a high degree of complexity, or areas where assumptions and estimates are significant for the company's financial statements are described in note 3.

New Standards that have not been adopted yet

A number of new standards, amendments to standards and interpretations will be compulsory in future annual financial statements. There are no standards or interpretations that have not entered into force which are expected to have a material impact on the group’s financial statements.

New Standards that have been adopted

Amendments to IAS 1 Presentation of Financial Statement have been adopted since 1 January 2023. There are no other new standards, amendments to the standards or interpretations that materially affect the accounts of the group or the parent company adopted.

The amendment amended IAS 1 to replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. Effective as of 1 Januar 2023.

Presentation currency

The presentation currency is Norwegian kroner (NOK), which is also the company's functional currency. All figures are in NOK 1 000 unless otherwise stated.

Segment reporting

The company only has one segment, the retail segment. The segment consists of loans to retail customers and all loans are purchased from SpareBank 1 SR-Bank. The company's total comprehensive income thus represents the entire retail segment.

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Note 3 Critical estimates and judgements concerning use of the accounting policies

The preparation of financial information pursuant to IFRS entails the executive management using estimates, judgements and assumptions that affect the effect of the application of the accounting policies and thus the amounts recognised for assets, liabilities, income, and costs.

Losses on loans and guarantees

The company carries out an impairment if there is objective evidence that can be identified for an individual commitment, and the objective evidence entails a reduction in future cash flows for servicing the commitment. Objective evidence may be default, bankruptcy, insolvency, or other significant financial difficulties.

Individual impairments are calculated as the difference between the loan's book (carrying) value and the present value of future cash flows based on the effective interest rate at the time of the calculation of the initial individual impairment. Account is taken of subsequent changes in interest rates for loan agreements with variable rates if these changes affect the expected cash flow.

According to IFRS 9, loss provisions are recognised for all commitments based on expected credit loss (ECL). The measurement of the provisions for expected losses on commitments that are not individually impaired depends on whether or not the credit risk has increased significantly since initial recognition. Upon initial recognition and when the credit risk has not increased significantly after initial recognition, provisions must be made for 12 months' expected losses. If the credit risk has increased substantially after initial recognition, provisions must be made for expected losses over the entire lifetime. Expected credit loss is calculated on the basis of the present value of all cash flows over the remaining expected lifetime.

The assessment of individual write-downs and expected credit losses will always call for a considerable degree of discretionary judgement. Predictions based on historical data may prove to be incorrect because of the uncertainty of the relevance of historical data as a decision-making basis. When the value of assets pledged as collateral is linked to special objects or industrial sectors in a crisis, it may be necessary to realise the collateral in markets that are rather illiquid and, therefore, the assessment of collateral securities' values may be subject to considerable uncertainty.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using various evaluation techniques. The company uses methods and assumptions that, insofar as it is possible, are based on observable market data and reflect the market conditions on the balance sheet date. When measuring financial instruments for which observable market data is not available, the company makes assumptions regarding what market actors would base their valuation on for equivalent financial instruments. Valuations require the extensive use of discretion, including when calculating liquidity risk, credit risk and volatility. Any change in the aforementioned factors will affect the fair value determined for the company's financial instruments. In the case of options, volatility will be either observed implicit volatility or calculated volatility based on historical price movements for the underlying object.

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	2023	2022
Share capital	6.000.000	6.000.000
Premium reserve	150	150
Other equity	138.855	705.572
Total equity	6.139.005	6.705.722
Deductions		
Proposed dividend	-138.000	-705.000
IRB shortfall of credit risk adjustments to expected losses	-127.510	-129.135
Value adjustment due to requirements concerning proper valuation	-2.227	-2.187
Common equity Tier 1 capital	5.871.268	5.869.401
Other paid in capital	-	-
Net primary capital	5.871.268	5.869.401
Credit risk Basel II		
Corporates - SME	6.567	6.612
Corporates - Specialised Lending	11.496	12.678
Retail - Secured by real estate SME	405.382	393.222
Retail - Secured by real estate non-SME	19.377.112	19.593.725
Retail - Other	55.988	66.234
Total credit risk, IRB approach	19.856.545	20.072.471
Institutions	1.888.138	1.390.400
Covered bonds	125.676	150.725
Other assets	277.393	76.611
Total credit risk, standardised approach	2.291.207	1.617.736
Operational risk	1.299.605	1.417.287
Other risk exposure amounts 1)	2.011.088	2.328.774
Total risk exposure amount	25.458.445	25.436.268
Minimum requirement for Common Equity Tier 1 capital ratio 4,5 %	1.145.630	1.144.632
Buffer requirements:		
Capital conservation buffer 2,5 %	636.461	635.907
Systemic risk buffer 4,5 %	1.145.630	1.144.632
Countercyclical capital buffer 2,5 %	636.461	508.725
Total buffer requirement to common equity Tier 1 capital ratio	2.418.552	2.289.264
Available common equity Tier 1 capital ratio after buffer requirement	2.307.085	2.435.504

Capital ratio	23,06 %	23,07 %
Tier 1 capital ratio	23,06 %	23,07 %
Common equity Tier 1 capital ratio	23,06 %	23,07 %
Leverage Ratio	5,19 %	5,14 %

1) Risk weights for residential mortgages are subject to a regulatory floor of 20 percent. Without this floor, the risk weight for residential mortgages would have been 18,16 percent as of 31 December 2023.

Note 5 Risk management

SR-Boligkreditt AS is part of the SR-Bank Group and purchases home mortgages from SR-Bank. This activity is primarily financed by issuing covered bonds. This means that the company is subject to the Norwegian legislation on covered bonds and the requirements this stipulates with regard to risk exposure. The company wishes to maintain an Aaa rating for covered bonds, which requires a heavy focus on risk management and low risk exposure.

The purpose of the risk and capital management in SR-Boligkreditt AS is to ensure satisfactory capital adequacy and prudent asset management in relation to the adopted business strategies and risk profile. These are ensured through an appropriate process for risk management and planning and monitoring the company's raising of capital and capital adequacy. The company's risk and capital management must comply with best practice. This is achieved by:

- A strong risk culture characterised by a high awareness of risk management
- A qualified control environment
- A good understanding of the material risks faced by the company

Organisation and organisational structure

SR-Boligkreditt AS purchases corporate services from SR-Bank as further regulated in service level agreements entered between the parties.

SR-Boligkreditt AS aims to maintain a strong, healthy organisational culture characterised by a high level of risk management awareness.

SR-Boligkreditt AS focuses on independence in management and control, and this responsibility is divided between the different roles in the organisation:

The board approves the general principles for risk management, including specifying risk profiles, limits, and guidelines. The board is also responsible for ensuring that the company has adequate primary capital given the adopted risk profile and regulatory requirements.

The chief executive is responsible for the day-to-day management of the company's activities in accordance with the law, by-laws, powers of attorney and instructions. Matters that are unusual in nature or of material importance to the company must be submitted to the board. The chief executive may, however, decide a matter with the authorization of the board. The chief executive shall implement the company's strategy and develop the strategy further in partnership with the board.

The Group risk manager reports directly to both the chief executive and the board. The risk manager is responsible for the ongoing development of the framework for risk management, including risk models and risk management systems. The post is also responsible for independently monitoring and reporting risk exposure and for ensuring the company complies with current laws and regulations. The chief executive has been delegated the necessary authority by the board to make decisions concerning lines of credit for counterparties and for individual commercial papers.

Financial risk management

The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk. The Group therefore invests significant resources in the further development of risk management systems and processes in line with leading international practice. SR-Boligkreditt AS is exposed to various types of risk:

- Credit risk: the risk of loss resulting from the customer's inability or unwillingness to fulfil his obligations

- Liquidity risk: is the risk that the Company is unable to refinance at maturity, or unable to fund increases in assets.
- Market risk: the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and securities markets
- Operational risk: the risk of losses due to weak or inadequate internal processes or systems, human error or external incidents
- Climate risk: the risk of losses or financial instability following physical climate changes and the society's response to these
- Compliance risk: the risk of incurring public sanctions/penalties or financial loss as a result of a failure to comply with legislation and regulations
- Business risk: the risk of unexpected income and cost variations due to changes in external factors such as market conditions or government regulations
- Reputation risk: the risk of a failure in earnings and access to capital because of lack of trust and reputation in the market, i.e. customers, counterparties, stock market and authorities
- Strategic risk: the risk of losses resulting from the wrong strategic decisions
- Concentration risk: the risk of an accumulation of exposure to an individual customer, sector or geographical area arising. Sectoral concentration risk is exposure that can arise across different types of risk or business areas in the company's, e.g. due to common underlying risk drivers such as the oil price.

Risk exposure

SR-Boligkreditt AS is exposed to various types of risk and the most important risk groups are described below:

SR-Boligkreditt AS is exposed to credit risk. The company only provides credit to the private market and the credit policy stipulates criteria such as first priority loans only and a maximum LTV of 80 percent. The credit risk is considered to be low.

Liquidity risk is managed via the company's general liquidity strategy, which is reviewed and adopted by the board at least once a year. Liquidity management is based on conservative limits and reflects the company's moderate risk profile. The Group's treasury department is responsible for liquidity management, while the Group's risk management and compliance department monitors and reports on the utilisation of limits in accordance with the liquidity strategy. The company's lending is mainly funded by long-term security debt. Liquidity risk is minimised by diversifying the securities issued in terms of markets, funding sources, instruments, and maturity periods.

Market risk is managed through the market risk strategy, which defines the company's willingness to assume risk. The strategy and the associated specification of the necessary risk ceilings, reporting procedures and authorities are reviewed and adopted by the board at least once a year. The market risk in SR-Boligkreditt AS primarily relates to the company's long-term investments in securities. The company's market risk is measured and monitored on the basis of conservative limits that are renewed and approved by the board at least once a year. The size of the limits is determined on the basis of stress tests and analyses of negative market movements. The company's exposure to market risk is low.

Interest rate risk is the risk of losses incurred due to changes in interest rates. The company's interest rate risk is regulated by limits for maximum value change following a change in the interest rate level of 1 percent. The interest rate commitments for the company's instruments are short-term and the company's interest rate risk is low.

Currency rate risk is the risk of losses due to fluctuations in foreign exchange rates. The company measures currency risk on the basis of net positions in the different currencies in which the company has exposure. Currency risk is regulated by nominal limits for maximum aggregate currency positions and maximum positions within individual currencies. The scope of the company's trading in foreign currency is modest and the currency rate risk is considered to be low.

Price risk is the risk of losses that arise following changes in the value of the company's commercial paper, bonds, and equity instruments. Spread risk is defined as the risk of changes in the market value of bonds because of general changes in the credit spreads. In other words, credit spread risk expresses the potential loss in the bond portfolios beyond the bankruptcy risk. Quantification of the risk-adjusted capital for spread risk in the bond portfolios is calculated based on the Financial Supervisory Authority of Norway's model for risk-based supervision of market risk in insurance companies. The company's risk exposure to this type of risk is regulated through limits for maximum investments in the different portfolios.

Operational risk is managed via the risk strategy, which is set annually. According to this strategy, the company will maintain a low risk profile. This will be achieved through a very good corporate risk culture, continuously learning from adverse events, and developing leading methods for identifying, quantifying, and balancing risk based on a cost/benefit assessment. This requires the company to strive for a good balance between trust and control that ensures efficiency is safeguarded, at the same time as ensuring it is not exposed to unnecessary risk.

Climate risk and the assessment of this is an integrated part of the groups risk management processes. The group identifies and assess climate related risks and opportunities that can affect its customers, business areas and operations on different levels. The groups lending portfolio are subject to annual stress tests and evaluation.

Compliance risk is managed via the framework regulations for compliance that are primarily based on EBA Internal Governance GL44, Basel Committee on Banking Supervision, 'Compliance and the compliance function in banks', ESMA 'Guidelines on certain aspects of the MiFID compliance function requirements ESMA/2012/388', and the Financial Supervisory Authority of Norway's 'Module for evaluating overriding management and control'. The Group's compliance policy is intended to ensure that the company does not incur any public sanctions/penalties, or any financial loss, due to a failure to implement or comply with legislation and regulations. The Group's compliance policy is adopted by the board and describes the main principles for responsibility and organisation. SR-Boligkreditt AS stresses the importance of good processes to ensure compliance with the current laws and regulations. Focus areas are continuous monitoring of compliance with the current regulations and ensuring that the company has adapted to future regulatory changes as best as it can. SR-Boligkreditt AS's compliance function is performed by the Group's risk management and compliance department, which is organised independently of the business units. The department bears overall responsibility for the framework, monitoring and reporting within the area.

Note 6 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 100.3 billion. All mortgages carry a variable interest rate.

NOK 1 000	2023	2022
Flexible loans - retail market	23.429.433	20.550.971
Amortising loans - retail market	76.616.126	83.846.914
Accrued interest	215.889	153.222
Gross loans	100.261.447	104.551.106
Impairment provisions	-39.871	-36.733
Loans to customers	100.221.577	104.514.373
Liability		
Remaining credit lines (flexible loans)	9.294.395	7.609.589
Total	9.294.395	7.609.589
Expected credit loss on remaining credit lines (flexible loans)	-423	-323

		2023		
Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2023	100.948.208	3.602.898	-	104.551.106
Transfer from stage 1	-3.285.771	3.285.771	-	-
Transfer from stage 2	957.626	-957.626	-	-
Transfer from stage 3	-	-	-	-
Net increase/decrease balance existing loans	3.635.024	62.077	-	3.697.101
Originated or purchased during the period	25.572.262	1.060.046	-	26.632.308
Loans that have been derecognised	-33.242.202	-1.376.866	-	-34.619.068
Balance 31 December 2023	94.585.146	5.676.302	-	100.261.447

Gross loans by risk class	Stage 1	2023 Stage 2	Stage 3	Total
A-C	82.770.930	2.148.071	-	84.919.001
D-F	11.624.220	2.435.071	-	14.059.291
G-I	174.605	1.054.926	-	1.229.532
J-K	15.390	38.234	-	53.624
Total	94.585.146	5.676.302	-	100.261.447

Gross loans by geographic area	2023	2022
Rogaland	64.995.342	69.167.785
Agder	10.193.012	10.623.080
Vestland	15.115.195	15.905.583
Oslo and Viken	8.643.396	7.531.920
Other	1.314.502	1.322.738
Total	100.261.447	104.551.106

Note 7 Amounts arising from ECL

Accounting policies

According to IFRS 9, impairment losses must be recognised based on expected credit losses (ECL). The general model for impairment of financial assets in IFRS 9 applies to financial assets measured at amortised cost or at fair value with changes through OCI, and which had no incurred losses upon initial recognition. In addition, there are also loan commitments, financial guarantee contracts and unused credit lines that are not measured at fair value through profit or loss.

The measurement of expected losses in the general model depends on whether the credit risk has increased significantly since initial recognition. Upon initial recognition and when the credit risk has not increased significantly after initial recognition, provisions must be made for 12 months' expected losses. If the credit risk has increased substantially after initial recognition, provisions must be made for expected losses over the entire lifetime. Expected credit losses are calculated based on the present value of all cash flows over the remaining lifetime, i.e., the difference between the contractual cash flows under the contract and the cash flow that the bank expects to receive, discounted at the effective interest rate on the instrument.

The calculation of expected credit losses will create volatility in the profit or loss as and when changes in credit risk occur. Due to the forward-looking features in the expected credit loss calculation credit losses should be recognised before they are realised and may be significant at the start of an economic downturn.

More detailed description of the company's impairment model

An estimate of losses will be made each quarter based on data in the data warehouse, which contains a history of account and customer data for the entire credit portfolio. The loss estimates will be calculated on the basis of the 12-month and lifelong probability of default (PD), loss given default (LGD) and exposure at default (EAD). The data warehouse contains a history of observed PD and observed LGD. This will provide the basis for producing good estimates of future values for PD and LGD. In line with IFRS 9, the company groups its loans into three stages.

Stage 1:

This is the starting point for all financial assets covered by the general loss model. All assets that do not have a significantly higher credit risk, defined as lifetime probability of default, than they did upon initial recognition will have a loss provision equal to 12 months' expected losses. This category will contain all assets that have not been transferred to stages 2 or 3.

Stage 2:

Stage 2 of the loss model applies to assets that have seen a significant rise in credit risk since initial recognition, but that do not have objective evidence of a loss event. For these assets the loss provision must cover expected losses over the entire lifetime. As far as the demarcation with stage 1 is concerned, the bank bases its definition of a significant degree of credit deterioration on the extent to which the commitment's calculated probability of default (PD) has increased significantly. An increase in PD of more than 150 percent and which results in a PD higher than 0.6 percent is considered a significant change in credit risk. In addition, overdrafts, or arrears of at least 30 days will always be considered a significant increase in credit risk. Commitments subject to repayment relief may, based on an individual assessment, also be regarded as having experienced a significant increase in credit risk. A commitment migrates to a lower stage when the conditions for the original migration no longer exist.

Stage 3:
Stage 3 of the loss model applies to assets that have seen a significant rise in credit risk since being granted and where there is objective evidence of a loss event on the balance sheet date. For these assets the loss provision must cover expected losses over the lifetime.

Non-performing commitments

Defaults are defined in two categories:

1. Failures to pay are defined as substantial overdrafts that are more than 90 days past due.
2. Manual default flagging is largely based on technical credit ratings. Events that are included in this category are provisions for losses from customers, bankruptcy/debt negations, assessments of forbearance, periods of grace of more than 180 days or other indications that considerable doubt may exist about whether the customer will meet their obligations.

Realised losses

When it is highly probable that the losses are final, the losses are classified as realised losses. Realised losses that are covered by earlier specific loss provisions are recognised against the provisions. Realised losses without cover by way of impairments on loans and over or under coverage in relation to previous impairments on loans are recognised through profit or loss.

The following table show reconciliations from the opening to the closing balance of the loss allowance.

ECL on loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2023	9.690	27.043	-	36.733
Transfer from stage 1	-496	496	-	-
Transfer from stage 2	6.473	-6.473	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of loss allowance	-6.912	12.323	-	5.411
New financial assets originated or purchased	3.059	7.232	-	10.291
Change due to reduced portfolio	-2.936	-9.628	-	-12.563
Change in models/ risk parameters	-	-	-	-
Other movements	-	-	-	-
Balance 31 December 2023	8.879	30.992	-	39.871

ECL on remaining credit lines (flexible loans)	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2023	194	128	-	323
Transfer from stage 1	-2	2	-	-
Transfer from stage 2	79	-79	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of loss allowance	-16	16	-	0
New financial assets originated or purchased	83	43	-	126
Change due to reduced portfolio	-20	-6	-	-26
Change in models/ risk parameters	-	-	-	-
Other movements	-	-	-	-
Balance 31 December 2023	319	105	-	423

ECL on loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2022	7.518	28.380	-	35.898
Transfer from stage 1	-316	316	-	-
Transfer from stage 2	7.005	-7.005	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of loss allowance	-7.487	6.122	-	-1.365
New financial assets originated or purchased	5.172	9.281	-	14.453
Change due to reduced portfolio	-2.202	-10.051	-	-12.253
Change in models/ risk parameters	-	-	-	-
Other movements	-	-	-	-
Balance 31 December 2022	9.690	27.043	-	36.733

ECL on remaining credit lines (flexible loans)	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2022	214	41	-	255
Transfer from stage 1	-1	1	-	-
Transfer from stage 2	12	-12	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of loss allowance	-15	61	-	46
New financial assets originated or purchased	44	42	-	86
Change due to reduced portfolio	-59	-4	-	-63
Change in models/ risk parameters	-	-	-	-
Other movements	-	-	-	-
Balance 31 December 2022	194	128	-	323

Note 8 Credit risk exposure for each internal risk class

NOK 1 000	Average unsecured exposure 2) 2023	Total commitment 2023	Average unsecured exposure 2) 2022	Total commitment 2022
PD in % 1)				
0,00 - 0,50	6,5 %	94.296.405	7,0 %	96.253.473
0,50 - 2,50	11,7 %	13.952.972	12,3 %	14.493.949
2,50 - 10,00	10,0 %	975.372	10,1 %	1.032.974
10,00 - 99,9	9,1 %	331.092	8,3 %	380.300
Non-performance and written down	N/A	-	N/A	-
Total	7,2 %	109.555.842	7,7 %	112.160.695

1) PD = Probability of Default

2) Average unsecured exposure is the difference between the exposure at default (EAD) and the risk adjusted value of the property (40 percent reduction in value).

LTV in Percentage of total commitment 3)	2023	2022
LTV 0-70	78,3 %	80,4 %
LTV 70-85	20,2 %	18,5 %
LTV 85-100	1,0 %	0,7 %
LTV >100	0,5 %	0,4 %
	100,0 %	100,0 %

LTV >80 in Percentage of total commitment summarizes to 4.6 percent on 31 December 2023.

3) LTV= Loan-to-value, the ratio of the loan as a percentage of the appraised value of the property.

Note 9 Maximum credit risk exposure

Maximum exposure to credit risk for balance sheet components, including derivatives. Exposure is shown gross before assets pledged as security and permitted offsetting.

NOK 1000	2023	2022
Assets		
Loans to and receivables from financial institutions	371.646	6.157.079
Loans to and receivables from customers	100.261.447	104.551.106
Bonds	2.353.987	2.462.009
Derivatives	8.778.258	4.452.830
Total credit risk exposure balance sheet items	111.765.339	117.623.024
Financial guarantees and loan commitments		
Unused credit lines	9.294.395	7.609.589
Total financial guarantees and loan commitments	9.294.395	7.609.589
Total credit risk exposure	121.059.734	125.232.613

Banking operations	2023	2022
Rogaland	71.020.885	80.359.133
Agder	11.137.920	11.396.264
Vestland	16.516.398	17.063.246
Oslo and Viken	9.444.653	8.080.119
Other	1.436.359	1.419.011
Total by geographic area	109.556.214	118.317.774
Bonds	2.353.987	2.462.009
Derivatives	8.778.258	4.452.830
Total Credit risk exposure	120.688.460	125.232.613

Note 10 Credit quality per class of financial asset

The company manages the credit quality of financial assets in accordance with its internal credit rating guidelines. The table shows the credit quality per class of asset for loan-related assets in the balance sheet, based on the customer's probability of default (PD).

2023	0,00 - 0,50 %	0,50 - 2,50 %	2,50 - 10,0 %	10,0 - 99,9%	Commitments in default	Total
Loans						
Balances with financial institutions	371.646					371.646
Gross loans to customers						
- Retail market	85.077.185	13.882.631	970.805	330.826		100.261.447
Total loans	85.448.831	13.882.631	970.805	330.826	-	100.633.093

2022	0,00 - 0,50 %	0,50 - 2,50 %	2,50 - 10,0 %	10,0 - 99,9%	Commitments in default	Total
Loans						
Balances with financial institutions	6.157.079					6.157.079
Gross loans to customers						
- Retail market	88.683.175	14.456.909	1.030.988	380.034		104.551.106
Total loans	94.840.254	14.456.909	1.030.988	380.034	-	110.708.185

Note 11 Market risk related to interest rate risk

The table shows the effect on earnings of a positive parallel shift in the yield curve of one percentage point, before tax, if all financial instruments were measured at fair value.

NOK 1 000	2023	2022
Other loans and deposits	-78.566	-84.395
Securities issued	111.843	125.281
Other	-3.793	-4.485
Total interest rate risk	29.483	36.400
Maturity band		
0 - 3 months	29.483	36.400
Total interest rate risk	29.483	36.400
Currency		
NOK	29.483	36.400
EUR		
Total interest rate risks	29.483	36.400

Interest rate risk arises because the company's assets and liabilities may be subject to different fixed rate periods. Interest rate instrument trading must at all times comply with the adopted limits and authorities. The company's limits define quantitative targets for the maximum potential loss.

The company shall not have a net interest rate exposure (exposure assets - exposure debt) in excess of 1,25 percent of total capital. The potential for gain / loss is calculated from a parallel shift of the yield curve by 1 percentage point.

The table shows that a positive parallel shift in the yield curve of one percentage point will result in an overall impact on earnings of positive NOK 29.5 million before tax, which corresponds to an impact on equity of positive NOK 22.4 million after tax.

Note 12 Market risk related to currency risk

The table shows the net foreign currency exposure including financial derivative as of 31 December as defined by the Capital Requirements Regulations.

NOK 1000	2023	2022
Currency		
EUR	-	-
USD	-	-
Other	-	-
Total	-	-

The company`s net foreign currency exposure is zero related to currency risk in 2022 and 2023. Currency risk arises when differences exist between the company's assets and liabilities in the individual currency. Currency trading must, at all times, comply with the adopted limits and authorities. The company's limits define quantitative targets for the maximum net exposure in currency, measured in NOK.

Note 13 Liquidity risk

The tables show cash flows including contractual interest maturity. Also see note 5 Risk Management for information about liquidity risk management.

2023	Upon request	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Debt to financial institutions	-	-	-	-	14.519.828	14.519.828
Listed debt securities	-	348.256	6.419.141	54.852.373	33.427.890	95.047.659
Total liabilities	-	348.256	6.419.141	54.852.373	47.947.718	109.567.487
Derivatives						
Contractual cash outflow	-	-1.544.874	-9.389.506	-54.038.026	-31.563.644	-96.536.050
Contractual cash inflow	-	846.766	8.017.114	49.503.989	32.113.318	90.481.188

2022	Upon request	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Debt to financial institutions	-	-	-	-	13.839.538	13.839.538
Listed debt securities	-	6.623.155	5.699.366	41.925.114	47.627.475	101.875.110
Total liabilities	-	6.623.155	5.699.366	41.925.114	61.467.014	115.714.648
Derivatives						
Contractual cash outflow	-	-6.650.043	-2.825.988	-38.589.037	-46.150.114	-94.215.182
Contractual cash inflow	-	6.722.640	1.205.391	33.002.499	45.717.526	86.648.056

Note 14 Maturity analysis of assets and debt/liabilities

The tables show cash flows excluding contractual interest maturity.

2023	Upon request	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Balances with financial institutions	371.646	-	-	-	-	371.646
Loans to customers	23.444.881	1.718	17.122	384.366	76.413.360	100.261.447
Bonds	-	-	803.700	1.550.287	-	2.353.987
Financial derivatives	-	-	982.848	4.329.287	3.466.123	8.778.258
Other assets	67.598	-	-	-	-	67.598
Total assets	23.884.125	1.718	1.803.670	6.263.941	79.879.483	111.832.937
Liabilities						
Listed debt securities	-	-	5.501.330	49.919.435	28.540.173	83.960.939

Debt to financial institutions	-	-	-	-	14.519.828	14.519.828
Financial derivatives	-	-	184.979	2.675.178	4.170.831	7.030.988
Other liabilities	142.306	-	-	-	-	142.306
Total liabilities	142.306	-	5.686.309	52.594.613	47.230.832	105.654.061

2022	Upon request	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Balances with financial institutions	6.157.079	-	-	-	-	6.157.079
Loans to customers	20.554.599	5.561	25.900	420.145	83.544.901	104.551.106
Bonds	-	161.003	453.999	1.847.006	-	2.462.009
Financial derivatives	-	3.077.746	1.375.085	-	-	4.452.830
Other assets	-	-	-	-	-	-
Total assets	26.711.678	3.244.310	1.854.984	2.267.151	83.544.901	117.623.024
Liabilities						
Listed debt securities	-	6.349.529	5.017.344	36.590.535	39.398.749	87.356.157
Debt to financial institutions	-	-	-	-	13.839.538	13.839.538
Financial derivatives	-	146.740	-	2.504.697	6.867.477	9.518.914
Other liabilities	132.371	-	-	-	-	132.371
Total liabilities	132.371	6.496.268	5.017.344	39.095.232	60.105.765	110.846.980

Note 15 Net interest income

Accounting policies

Interest income and interest expense related to financial assets and financial liabilities that are measured at amortised cost are recognised continuously in the income statement in accordance with the effective interest rate method. The calculation thus includes fees, transaction costs, premiums, and discounts.

Interest income for assets measured at amortised costs is calculated using their gross book value unless there is objective evidence of a loss in relation to the asset.

	2023			2022		
NOK 1000	Total	Measured at effective interest method	Measured at fair value	Total	Measured at effective interest method	Measured at fair value
Interest income						
Interest on balances financial institutions	35.020	35.020	-	26.521	26.521	-
Interest on lending to customers	4.662.666	4.662.666	-	2.630.265	2.630.265	-
Interest on certificates and bonds	103.645	13.373	90.272	53.179	13.063	40.115
Total interest income	4.801.331	4.711.059	90.272	2.709.965	2.669.849	40.115
Interest expense						
Interest on debts to financial institutions	452.429	452.429	-	233.180	233.180	-
Interest on listed debt securities	3.697.105	956.054	2.741.051	1.835.854	580.146	1.255.708
Total interest expense	4.149.534	1.408.483	2.741.051	2.069.034	813.326	1.255.708
Net interest income	651.797	3.302.576	-2.650.779	640.931	1.856.523	-1.215.593

Note 16 Net income from financial instruments

NOK 1 000	2023	2022
Net gains for bonds and certificates	-4.862	-8.816
Net change in value, basis swap spread	-396.749	367.066
Net change in value, other financial investments	-5.732	-33.513
Net change in value, currency effect	-	-
Net income from financial instruments	-407.343	324.738

Note 17 Other operating expenses

NOK 1 000	2023	2022
IT expenses	315	346
Other administrative expenses	6	121
External fees	3.433	3.374
Other operating expenses	1	0
Total other operating expenses	3.756	3.841
Fees for external auditor - specification of audit fees		
Statutory audit	344	350
Tax advice [1]	-	-
Other certification services	554	376
Other non-auditing services [1]	-	-
Total	898	726

[1] Fees to the law firm PricewaterhouseCoopers included in tax advice and other non-auditing services

All figures include VAT

Note 18 Tax

NOK 1 000	2023	2022
Pre-tax profit	177.286	900.113
Permanent differences	-	117
Group contribution	-	-
Change in temporary differences	459.939	-304.909
Tax base/ taxable income for the year	637.225	595.322
Of which payable tax 22 %	140.189	130.971
Tax effect of group contribution	-	-
Change in deferred tax	-101.187	67.080
Excess payable tax allocation in previous years	-	-
Total tax expense	39.003	198.051
Deferred tax asset		
- deferred tax asset that reverses in more than 12 months	67.598	-

- deferred tax asset that reverses within 12 months	-	-
Total deferred tax asset	67.598	-
Deferred tax		
- deferred tax that reverses in more than 12 months	-	33.589
- deferred tax that reverses within 12 months	-	-
Total deferred tax	-	33.589
Net deferred tax/ deferred tax asset	67.598	33.589
Change in deferred tax asset		
Year's change in deferred tax asset on the balance sheet	67.598	33.491
Change in deferred tax asset not recorded in income statement	-	-
Change recorded in income statement	67.598	33.491
Specification of temporary differences		
Differences related to financial items	-307.262	152.677
Group contribution paid	-	-
Losses carried forward	-	-
Total temporary differences	-307.262	152.677

Note 19 Classification of financial instruments

Accounting policies

Certificates and bonds are either financial assets at fair value through profit or loss or investments at amortised costs.

Financial derivatives are presented as an asset when the fair value is positive and as debt when negative.

Funding is initially recognised at the cost at which it is raised, which is the fair value of the proceeds received after deducting transaction costs. Funding is thereafter measured at amortised cost, and any discount/premium is accrued over the term of the borrowing. Fixed-rate funding is subject to hedging, which results in measurement at fair value with discounting according to the applicable interest curve, though not taking into account changes in own credit spreads.

SR-Boligkreditt applies hedge accounting in accordance with the criteria for fair value hedging.

	Financial instruments at fair value through profit or loss		
2023	Financial derivatives as hedging instruments	Financial assets and liabilities assessed at amortised cost	Total
Assets			
Balances with financial institutions	-	371.646	371.646
Loans to customers	-	100.221.577	100.221.577
Certificates and bonds	2.044.318	309.669	2.353.987
Financial derivatives	8.778.258	-	8.778.258
Total assets	10.822.576	100.902.893	111.725.469
Liabilities			
Debt to financial institutions	-	14.519.828	14.519.828
Listed debt securities	-	83.960.939	83.960.939
Financial derivatives	7.030.988	-	7.030.988
Total liabilities	7.030.988	98.480.767	105.511.755

2022			
Assets			
Balances with financial institutions	-	6.157.079	6.157.079
Loans to customers	-	104.514.373	104.514.373
Certificates and bonds	1.988.049	473.959	2.462.009
Financial derivatives	4.452.830	-	4.452.830
Total assets	6.440.880	111.145.412	117.586.291
Liabilities			
Debt to financial institutions	-	13.839.538	13.839.538
Listed debt securities	-	87.356.157	87.356.157
Financial derivatives	9.518.914	-	9.518.914
Total liabilities	9.518.914	101.195.695	110.714.609

1) Fair value of loans to customers approximates book value due to the floating interest rate

2) Listed debt securities contain secured debt.

Information about fair value

The table below shows financial instruments at fair value according to their valuation method. The different levels are defined as follows:

Listed price in an active market for an identical asset or liability (level 1).
Valuation based on observable factors other than listed price (used in level 1) either direct (price) or indirect (deduced from prices) for the asset or liability (level 2).

Valuation based on factors not obtained from observable markets (non-observable assumptions) (level 3).

2023	Valuation according to prices in an active market	Valuation according to observable market data	Valuation according to factors other than observable market data	Total
Assets				
Certificates and bonds at fair value	-	2.044.318	-	2.044.318
Financial derivatives	-	8.778.258	-	8.778.258
Liabilities				
Financial derivatives	-	7.030.988	-	7.030.988
2022				
Assets				
Certificates and bonds at fair value	-	1.988.049	-	1.988.049
Financial derivatives	-	4.452.830	-	4.452.830
Liabilities				
Financial derivatives	-	9.518.914	-	9.518.914

Note 20 Financial derivatives

Accounting policies
Derivatives consist of currency and interest rate instruments. Derivatives are recognised at fair value through profit or loss.

The company uses derivatives for operational and accounting (funding) hedging purposes to minimise the interest rate risk in fixed-rate instruments (fixed-rate funding and fixed-rate loans), bonds (assets and liabilities), and certificates (assets and liabilities). The efficiency of the hedging is assessed and documented both when the initial classification is made and on an ongoing basis. When fair value hedging is used the hedging instrument is recognised at fair value, but as far as the hedged item is concerned changes in fair value linked to the hedged risk are recognised through profit and loss and against the hedged item. The company makes use of basis swaps and interest rate and currency swaps to convert borrowing in one currency to the desired currency. When a basis swap is designated as a hedging instrument for hedging a specifically identified loan, changes in the value of the hedging instrument linked to changes in the “basis spread” are recognised through profit and loss.

General description:
The fair value of financial derivatives is determined using valuation methods where the price of the underlying object, for example interest and currency rates, are obtained from the market.

SR-Boligkreditt’s hedges fixed-rate covered bond funding. Each hedge is documented with a reference to risk management strategy, a clear identification of the item being hedged, the hedging instrument used, a description of the hedged risk, a description of why hedging is regarded as highly probable and a description of how and when the group shall determine the effectiveness of the hedge during the accounting period and that it is expected to be very effective during the next accounting period. The group has defined the hedged risk as value changes linked to the NIBOR component of the hedged fixed interest rates in NOK and value changes linked to the reference rate components of the hedged fixed interest rates in foreign currencies.

SR-Boligkreditt makes use of basis swaps to convert borrowing in one currency to NOK. A typical example would be the bank raising a loan in EUR that is converted to NOK via a basis swap. The value of basis swaps spreads can change significantly from day-to-day due to changes in market spreads. This basis spread risk is not hedged and results in unrealised gains and losses which are recognized in profit and loss.

As at 31.12.2023, the net fair value of the hedging instruments was NOK 1.909 million (NOK 8.802 million in assets and NOK 6.893 million in liabilities). The corresponding figures for 2022 were NOK -4.953 million (NOK 4.596 million in assets and NOK 9.549 million in liabilities). There was no ineffective result for hedging instruments in 2023.

All financial derivates are entered into with SpareBank 1 SR-Bank as the counterparty.

At fair value through profit and loss	Contract amount	Fair value at 31.12.23		Contract amount	Fair value at 31.12.22	
	31.12.23	Assets	Liabilities	31.12.22	Assets	Liabilities
Interest and exchange rate instruments, hedging						
Interest rate swaps (including cross currency)	152.241.752	8.801.762	6.893.066	155.070.805	4.595.803	9.548.647
Interest and exchange rate instruments, hedging	152.241.752	8.801.762	6.893.066	155.070.805	4.595.803	9.548.647
Total currency and interest rate instruments						
Total interest and exchange rate instruments	152.241.752	8.801.762	6.893.066	155.070.805	4.595.803	9.548.647
Total accrued interests		-23.503	137.923		-142.972	-29.733
Total financial derivatives	152.241.752	8.778.258	7.030.988	155.070.805	4.452.830	9.518.914

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 has to 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.

	2023		2022	
Interest rate swaps	Contract amount	Average maturity	Contract amount	Average maturity
EURIBOR EUR (3 months)	73.987.160	4,7	75.425.753	5,2
NIBOR NOK (3 months)	3.536.000	8,5	3.536.000	9,5
Total interest rate swaps	77.523.160		78.961.753	
Cross currency swaps				
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	65.926.947	4,7	71.628.357	5,2
Total cross currency swaps	65.926.947		71.628.357	

Fair value interest rate risk 2023	Book value	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedging instrument			
Interest rate swaps (including cross currency)			-3.141.000
Hedged item			
Listed debt securities	70.852.000	6.671.000	3.164.000

Hedged item	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Listed debt securities	-	5.626.400	39.385.000	32.512.000	77.523.400

Fair value interest rate risk 2022	Book value	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedging instrument			
Interest rate swaps (including cross currency)			9.198.580
Hedged item			
Listed debt securities	69.825.447	9.609.359	-9.214.066

Hedged item	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Listed debt securities	6.307.380	-	26.753.804	46.373.623	79.434.806

Note 21 Debt securities issued

2023 NOK 1 000	Total	NOK	Currency
Covered bonds, nominal value	89.354.117	15.362.562	73.991.555
Value adjustments	-5.760.326	-237.544	-5.522.781
Accrued interests	367.148	107.728	259.420
Total securities issued	83.960.939	15.232.745	68.728.194

2022 NOK 1 000	Total	NOK	Currency
Covered bonds, nominal value	95.961.098	20.343.331	75.617.767
Value adjustments	-8.924.192	-242.998	-8.681.194
Accrued interests	319.251	108.471	210.780
Total securities issued	87.356.157	20.208.803	67.147.353

Securities issued by maturity date

Public covered bonds		Total	NOK	Currency
	2024	5.500.927	-	5.500.927
	2025	14.697.251	6.045.275	8.651.977
	2026	5.231.850	-	5.231.850
	2027	13.972.872	6.022.243	7.950.629
	2028	16.007.073	-	16.007.073
	2029	8.041.116	-	8.041.116
	2030	4.841.007	-	4.841.007
	2031	9.553.036	-	9.553.036
	2032	3.165.228	3.165.228	-
	2038	2.766.959	-	2.766.959
	2041	183.620	-	183.620
Total debt		83.960.939	15.232.745	68.728.194

Change in debt raised through issuance of securities

	Balance 31.12.23	Issued 2023	Matured/ redeemed 2023	Exchange rate and other changes 2023	Balance 31.12.22
Covered bonds, nominal value	89.354.117	-	-11.433.260	-	95.961.098
Adjustments	-5.760.326			-	-8.924.192
Accrued interests	367.148			-	319.251
Total debt raised through issuance of securities	83.960.939	-	-11.433.260	-	87.356.157

Note 22 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 December 2023), 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	2023	2022
Covered bonds	81.681.525	92.382.935
Total covered bonds	81.681.525	92.382.935
Loans to customers	99.878.455	104.215.118
Substitute collateral	2.691.646	8.590.080
Total cover pool	102.570.102	112.805.198
Asset coverage	125,6 %	122,1 %

Note 23 Other liabilities

NOK 1 000	2023	2022
Expected credit loss on remaining credit lines	423	323
Accrued expenses and prepaid revenue	1.693	1.078
Total other liabilities	2.116	1.401

Note 24 Material transactions with related parties

SR-Boligkreditt AS uses SpareBank 1 SR-Bank ASA, the parent, as counterparty for a large number of banking transactions including loans, deposits and financial derivatives. All transactions are carried out at market terms and are regulated in the "Transfer and Servicing agreement" and service level agreements. The Transfer and Servicing agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds, while the servicing level agreements regulates purchase of services, including bank production, distribution, customer contact, IT-operations, and financial and liquidity management.

The most important transactions with SpareBank 1 SR-Bank ASA

2023	Balances with SR-Bank	Financial derivatives	Covered bonds	Interest income	Interest expenses	Operating expenses	Management fee
SpareBank 1 SR-Bank ASA	-14.148.182	1.747.270	754.343	35.020	448.170	1.461	60.174
Total	-14.148.182	1.747.270	754.343	35.020	448.170	1.461	60.174

2022	Balances with SR-Bank	Financial derivatives	Covered bonds	Interest income	Interest expenses	Operating expenses	Management fee
SpareBank 1 SR-Bank ASA	-7.682.459	-5.066.084	3.367.355	26.521	229.551	1.461	60.811
Total	-7.682.459	-5.066.084	3.367.355	26.521	229.551	1.461	60.811

Note 25 Salaries and other personnel expenses

The company has no employees.

The CEO is formally employed by the parent bank and leased to SR-Boligkreditt as general manager. The salary expense is charged through operating cost in note 24.

Note 26 Share Capital

The share capital consists of 6 000 000 shares each with a nominal value of NOK 1 000. All shares and voting rights of the company are owned by SR-Bank. SR-Boligkreditt AS is included in the consolidated financial statements of SR-Bank, the consolidated financial statement is available on www.sr-bank.no.

	2023	2022
Total number of shares 1 January	6.000.000	6.000.000
Issue of new shares		
Total number of shares 31 December	6.000.000	6.000.000

Note 27 Events after the balance sheet date

Accounting policies
The financial statements are published after the board of directors has approved them. The supervisory board, the annual general meeting, and the regulatory authorities may refuse to approve the published financial statements subsequent to this, but they cannot change them.

Events that take place before the date on which the financial statements are approved for publication, and which affect conditions that were already known on the balance sheet date, will be incorporated into the pool of information that is used when making accounting estimates and are thereby fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are significant.

Dividends are recognised as equity in the period prior to being approved by the company's annual general meeting.

No material events that affect the prepared financial statements have been recorded after 31 December 2023. The company is not involved in any legal proceedings.

The proposed dividend is NOK 23 per share and will total NOK 138 million.

Statement by the Board of Directors and Chief Executive Officer

We hereby confirm that the financial statements for the period 1 January to 31 December 2023 have, to the best of our knowledge, been prepared pursuant to applicable accounting standards, and that the information provided presents a true and fair picture of the company's assets, liabilities, financial positions, and profit as a whole.

We also confirm that the Report of the Board of Directors provides a true and fair presentation of the performance, result and position of the company, together with a description of the most important risk and uncertainty factors that the company face.

Stavanger, 12 March 2024

Inge Reinertsen Chairman	Morten Forgaard	
Siv Solem	Børge Henriksen	Dag Hjelle CEO

To the General Meeting of SR-Boligkreditt AS

Independent Auditor's Report

Opinion

We have audited the financial statements of SR-Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and cash flow statement 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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), 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 the Company for 9 years from the election by the general meeting of the shareholders on 17 March 2015 for the accounting year 2015.

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 the current period. 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.

We have determined that there are no key audit matters to communicate in our report.

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 appears 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.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Governance.

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.

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.

Stavanger, 12 March 2024
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant