



Quarterly report 2024

Q4

SR-Boligkreditt

<b>Statement of the Board of Directors.....</b>	<b>3</b>
<b><i>Statement of changes in equity.....</i></b>	<b>6</b>
<b><i>Cash flow statement .....</i></b>	<b>7</b>
<b><i>Notes to The Financial statements .....</i></b>	<b>8</b>
<b><i>Note 1 Accounting policies .....</i></b>	<b>8</b>
<b><i>Note 2 Amounts arising from ECL .....</i></b>	<b>9</b>
<b><i>Note 3 Lending to customers .....</i></b>	<b>9</b>
<b><i>Note 4 Capital adequacy .....</i></b>	<b>10</b>
<b><i>Note 6 Asset coverage .....</i></b>	<b>12</b>
<b><i>Note 7 Financial derivatives .....</i></b>	<b>13</b>
<b><i>Note 8 Net income from financial instruments .....</i></b>	<b>13</b>
<b><i>Note 9 Events after the balance sheet date.....</i></b>	<b>13</b>

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## Statement of the Board of Directors

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

## Income statement as of 31 December 2024

Net income totalled NOK 404.6 million as of 31 December 2024.

(Amounts in NOK millions)	01.01.24 - 31.12.24	01.01.23 - 31.12.23
Total income	404,6	184,3
Net interest income	899,9	651,8
Net commission cost	66,3	60,2
Net income on financial investments	-429,0	-407,3

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

## Balance sheet

At end of December 2024, total assets stood at NOK 120.7 billion. SR-Boligkreditt AS has issued covered bonds amounting to NOK 104.1 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 the 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 the Bank. The board considers the company's total risk

exposure to be low. At the end of December 2024, the company's equity totalled NOK 6.3 billion. The capital adequacy ratio was 21,53%.

## Outlook

Norges Bank is expected to cut its policy rate during 2025 from today's 4.50 per cent. Low unemployment rate and growth in real wages will support the Norwegian economy and lead to moderate to high growth in house prices.

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 2025 is expected to be approximately NOK 20 billion, and to provide a sound basis for lending activities. Defaults are expected to be low and SR-Boligkreditt AS's activities are expected to generate satisfactory profitability in 2025.

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 December 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, 11 February 2025

The Board of Directors of SR-Boligkreditt AS

## Income statement

NOK 1 000	Note	Q4 2024	Q4 2023	01.01.24 - 31.12.24	01.01.23 - 31.12.23
Interest income effective interest method		1.528.950	1.352.049	6.100.423	4.711.059
Other interest income		28.423	27.219	113.316	90.272
Interest expense		1.340.392	1.215.190	5.313.825	4.149.534
<b>Net interest income</b>		<b>216.981</b>	<b>164.077</b>	<b>899.914</b>	<b>651.797</b>
Commission and fee expenses		16.736	14.830	66.338	60.174
<b>Net commission expense</b>		<b>16.736</b>	<b>14.830</b>	<b>66.338</b>	<b>60.174</b>
Net gains/losses on financial instruments	8	-189.352	-215.011	-429.018	-407.343
<b>Net income on financial investments</b>		<b>-189.352</b>	<b>-215.011</b>	<b>-429.018</b>	<b>-407.343</b>
<b>Total net income</b>		<b>10.893</b>	<b>-65.764</b>	<b>404.558</b>	<b>184.280</b>
Other operating expense		978	716	3.891	3.756
<b>Total operating expense before impairment losses on loans</b>		<b>978</b>	<b>716</b>	<b>3.891</b>	<b>3.756</b>
<b>Operating profit before impairment losses on loans</b>		<b>9.916</b>	<b>-66.480</b>	<b>400.667</b>	<b>180.524</b>
Impairment losses on loans and guarantees	2	6.379	2.364	12.157	3.239
<b>Pre-tax profit</b>		<b>3.536</b>	<b>-68.844</b>	<b>388.510</b>	<b>177.286</b>
Tax expenses		799	-15.146	85.493	39.003
<b>Profit after tax</b>		<b>2.737</b>	<b>-53.698</b>	<b>303.017</b>	<b>138.283</b>
<b>Other comprehensive income</b>					
Adjustments		0	0	0	0
<b>Comprehensive Income</b>		<b>2.737</b>	<b>-53.698</b>	<b>303.017</b>	<b>138.283</b>

## Balance sheet

NOK 1 000	Note	31.12.24	31.12.23
<b>Assets</b>			
Balances with credit institutions		32.293	371.646
Loans to customers	2, 3	106.483.616	100.221.577
Bonds		2.452.728	2.353.987
Financial derivatives	7	11.624.675	8.778.258
Deferred tax assets		117.311	67.598
Other assets		-0	-0
<b>Total assets</b>		<b>120.710.623</b>	<b>111.793.066</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Listed debt securities	5	104.117.572	83.960.939
Balances with credit institutions		4.557.851	14.519.828
Financial derivatives	7	5.584.929	7.030.988
Taxes payable		135.206	140.189
Deferred tax		0	0
Other liabilities		11.042	2.116
<b>Total liabilities</b>		<b>114.406.601</b>	<b>105.654.061</b>
<b>Equity</b>			
Share capital		6.000.000	6.000.000
Premium reserve		150	150
Retained earnings		303.872	138.855
<b>Total equity</b>		<b>6.304.022</b>	<b>6.139.005</b>
<b>Total liabilities and equity</b>		<b>120.710.623</b>	<b>111.793.066</b>

## Statement of changes in equity

NOK 1 000	Share capital	Premium reserve	Other equity	Total equity
<b>Equity as of 31 December 2022</b>	<b>6.000.000</b>	<b>150</b>	<b>705.572</b>	<b>6.705.722</b>
Dividend 2022, resolved in 2023			-705.000	-705.000
Profit for the period			138.283	138.283
<b>Equity as of 31 December 2023</b>	<b>6.000.000</b>	<b>150</b>	<b>138.855</b>	<b>6.139.005</b>
<b>Equity as of 31 December 2023</b>	<b>6.000.000</b>	<b>150</b>	<b>138.855</b>	<b>6.139.005</b>
Dividend 2023, resolved in 2024			-138.000	-138.000
Profit for the period			303.017	303.017
<b>Equity as of 31 December 2024</b>	<b>6.000.000</b>	<b>150</b>	<b>303.872</b>	<b>6.304.022</b>

## Cash flow statement

<b>NOK 1 000</b>	<b>31.12.24</b>	<b>31.12.23</b>
Interest receipts from lending to customers	6.220.683	4.738.664
Provisions	-66.338	-60.174
Payments for operations	1.742	-3.735
Taxes paid	-140.189	-130.971
<b>Net cash flow relating to operations</b>	<b>6.015.898</b>	<b>4.543.784</b>
Net purchase of loan portfolio	-6.277.803	4.352.926
Net payments on the acquisition of bonds	-93.824	109.316
<b>Net cash flow relating to investments</b>	<b>-6.371.627</b>	<b>4.462.242</b>
Debt raised by issuance of securities	19.946.520	0
Redemption of issued securities	-5.886.250	-11.433.260
Net change in loans from credit institutions	-9.961.977	680.290
Paid in capital equity	0	0
Interest payments on debt raised by issuance of securities	-5.189.218	-4.065.339
Proceeds from settlement of other securities	1.245.300	731.850
Dividend paid	-138.000	-705.000
<b>Net cash flow relating to funding activities</b>	<b>16.376</b>	<b>-14.791.459</b>
<b>Net cash flow during the period</b>	<b>-339.353</b>	<b>-5.785.433</b>
Balance of cash and cash equivalents start of period	371.646	6.157.079
Balance of cash and cash equivalents end of period	32.293	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 December 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 December 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
<b>Balance 1 January 2024</b>	8.879	30.992	0	39.871
Transfer from stage 1	-394	394	0	0
Transfer from stage 2	6.637	-6.637	0	0
Transfer from stage 3	0	0	0	0
Net remeasurement of loss allowance	-7.347	14.866	0	7.519
New financial assets originated or purchased	4.701	15.995	0	20.696
Change due to reduced portfolio	-2.762	-13.237	0	-15.999
Change in models/ risk parameters	0	0	0	0
Other movements	0	0	0	0
<b>Balance 31 December 2024</b>	9.714	42.372	0	52.086

### NOK 1 000

ECL on remaining credit lines (flexible loans)	Stage 1	Stage 2	Stage 3	Total
<b>Balance 1 January 2024</b>	319	105	0	423
Transfer from stage 1	-4	4	0	0
Transfer from stage 2	55	-55	0	0
Transfer from stage 3	1	-1	0	0
Net remeasurement of loss allowance	-104	31	0	-72
New financial assets originated or purchased	55	16	0	71
Change due to reduced portfolio	-39	-19	0	-58
Change in models/ risk parameters	0	0	0	0
Other movements	0	0	0	0
<b>Balance 31 December 2024</b>	283	81	0	364

## 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 106.5 billion. All mortgages carry a variable interest rate.

<b>NOK 1 000</b>	<b>31.12.24</b>	<b>31.12.23</b>
Flexible loans - retail market	23.196.786	23.429.433
Amortising loans - retail market	83.094.302	76.616.126
Accrued interest	208.944	215.889
<b>Gross loans</b>	<b>106.500.032</b>	<b>100.261.447</b>
Impairment provisions	-52.086	-39.871
<b>Loans to customers</b>	<b>106.447.946</b>	<b>100.221.577</b>

<b>Liability</b>		
Remaining credit lines (flexible loans)	10.084.060	9.294.395
<b>Total</b>	<b>10.084.060</b>	<b>9.294.395</b>
<b>Expected credit loss on remaining credit lines (flexible loans)</b>	<b>-364</b>	<b>-423</b>

<b>Gross loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Balance 1 January 2024</b>	94.585.146	5.676.302	0	100.261.447
Transfer from stage 1	-2.346.301	2.346.301	0	0
Transfer from stage 2	1.536.469	-1.536.469	0	0
Transfer from stage 3	0	0	0	0
Net increase/decrease balance existing loans	2.570.926	130.627	0	2.701.553
Originated or purchased during the period	37.230.850	2.008.229	0	39.239.079
Loans that have been derecognised	-33.298.283	-2.368.094	0	-35.666.377
<b>Balance 31 December 2024</b>	<b>100.278.806</b>	<b>6.256.896</b>	<b>0</b>	<b>106.535.702</b>

## 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.

<b>NOK 1 000</b>	<b>31.12.24</b>	<b>31.12.23</b>	<b>31.12.23</b>
Share capital	6.000.000	6.000.000	6.000.000
Premium reserve	150	150	150
Other equity	303.872	138.855	138.855
<b>Total equity</b>	<b>6.304.022</b>	<b>6.139.005</b>	<b>6.139.005</b>
<b>Deductions</b>			
Proposed dividend	-303.000	-138.000	-138.000
IRB shortfall of credit risk adjustments to expected losses	-131.650	-127.510	-127.510
Profit for the period that cannot be included in total Tier 1 capital			
Value adjustment due to requirements concerning proper valuation	-2.732	-2.227	-2.227
<b>Common equity Tier 1 capital</b>	<b>5.866.640</b>	<b>5.871.268</b>	<b>5.871.268</b>
Other paid in capital	0	0	0
<b>Net primary capital</b>	<b>5.866.640</b>	<b>5.871.268</b>	<b>5.871.268</b>

<b>Credit risk Basel II</b>			
Corporates - SME	9.162	6.567	6.567
Corporates - Specialised Lending	16.604	11.496	11.496
Retail - Secured by real estate SME	477.061	405.382	405.382
Retail - Secured by real estate non-SME	21.205.430	19.377.112	19.377.112
Retail - Other	51.246	55.988	55.988
<b>Total credit risk, IRB approach</b>	<b>21.759.502</b>	<b>19.856.545</b>	<b>19.856.545</b>
Institutions	2.177.183	1.888.138	1.888.138
Corporates	12.485		
Covered bonds	132.984	125.676	125.676
Other assets	398.161	277.393	277.393
<b>Total credit risk, standardised approach</b>	<b>2.720.813</b>	<b>2.291.207</b>	<b>2.291.207</b>
Operational risk	1.253.324	1.299.605	1.299.605
Other risk exposure *	1.515.465	2.011.088	2.011.088
<b>Total risk exposure amount</b>	<b>27.249.104</b>	<b>25.458.445</b>	<b>25.458.445</b>
Minimum requirement for CET 1 capital ratio 4,5 %	1.226.210	1.145.630	1.145.630
Buffer requirements:			
Capital conservation buffer 2,5 %	681.228	636.461	636.461
Systemic risk buffer 4,5 %	1.226.210	1.145.630	1.145.630
Countercyclical capital buffer 2,5 %	681.228	636.461	636.461
Total buffer requirement to CET 1 capital ratio	2.588.665	2.418.552	2.418.552
Available CET 1 capital ratio after buffer requirement	2.051.766	2.307.085	2.307.085
Capital ratio	21,53 %	23,06 %	23,06 %
Tier 1 Capital ratio	21,53 %	23,06 %	23,06 %
CET 1 capital ratio	21,53 %	23,06 %	23,06 %
Leverage ratio	4,85 %	5,19 %	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 18,7% as at 31 December 2024.

## Note 5 Debt securities issued

<b>NOK 1 000</b>	<b>Total</b>	<b>NOK</b>	<b>Currency</b>
Covered bonds	107.345.618	28.870.691	78.474.927
Value adjustments	-3.895.653	-362.962	-3.532.690
Accrued interests	667.606	239.798	427.808
<b>Total securities issued</b>	<b>104.117.572</b>	<b>28.747.528</b>	<b>75.370.044</b>

### Securities issued by maturity date

Public covered bonds		Total	NOK	Currency
	2025	15.334.360	6.046.839	9.287.521
	2026	5.672.242	0	5.672.242
	2027	21.494.326	12.059.943	9.434.383
	2028	17.157.273	0	17.157.273
	2029	16.218.230	7.582.980	8.635.250
	2030	5.263.595	0	5.263.595
	2031	10.414.510	0	10.414.510
	2032	9.304.600	3.057.765	6.246.835
	2038	3.054.007	0	3.054.007
	2041	204.429	0	204.429
	0	0	0	0
<b>Total debt</b>		<b>104.117.572</b>	<b>28.747.528</b>	<b>75.370.044</b>

### Change in debt raised through issuance of securities

	Balance 31.12.24	Issued 2024	Matured/ redeemed 2024	Exchange rate and other changes 2024	Balance 31.12.23
Covered bonds	107.345.618	19.128.850	-5.886.250	4.748.901	89.354.117
Adjustments	-3.895.653			1.864.673	-5.760.326
Accrued interests	667.606			300.458	367.148
<b>Total debt raised through issuance of securities</b>	<b>104.117.572</b>	<b>19.128.850</b>	<b>-5.886.250</b>	<b>6.914.032</b>	<b>83.960.939</b>

## 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 December 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	31.12.24	31.12.23
Covered bonds	96.203.425	81.681.525
<b>Total covered bonds</b>	<b>96.203.425</b>	<b>81.681.525</b>
Loans to customers	109.135.296	99.878.455
Substitute collateral	2.452.239	2.691.646
<b>Total cover pool</b>	<b>111.587.535</b>	<b>102.570.102</b>
<b>Asset coverage</b>	<b>116,0 %</b>	<b>125,6 %</b>

## Note 7 Financial derivatives

At fair value through profit and loss NOK 1 000	Contract amount 31.12.24	Fair value at 31.12.24	
		Assets	Liabilities
<b>Hedging / Interest and exchange rate instruments</b>			
Interest rate swaps (including cross currency)	161.120.994	11.576.731	5.559.899
<b>Total hedging / Interest and exchange rate instruments</b>	<b>161.120.994</b>	11.576.731	5.559.899
<b>Total currency and interest rate instruments</b>			
Total interest and exchange rate instruments	161.120.994	11.576.731	5.559.899
Total accrued interests		47.944	25.031
<b>Total financial derivatives</b>	<b>161.120.994</b>	11.624.675	5.584.929

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)	78.409.007	4,2
NIBOR NOK (3 months)	3.536.000	7,5
<b>Total interest rate swaps</b>	<b>81.945.007</b>	
<b>Cross currency swaps</b>		
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	67.766.517	4,2
<b>Total cross currency swaps</b>	<b>67.766.517</b>	

## Note 8 Net income from financial instruments

NOK 1 000	Q4 2024	Q4 2023	31.12.24	31.12.23
Net gains for bonds and certificates	-4.055	-2.107	-2.801	-4.862
Net change in value, basis swap spread	-176.146	-204.196	-408.659	-396.749
Net change in value, other financial investments	-9.152	-8.708	-17.557	-5.732
Net change in value, currency effect	0	0	0	0
<b>Net income from financial instruments</b>	<b>-189.352</b>	-215.011	<b>-429.018</b>	-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 December 2024.

## **Contact Information**

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