Annual Report 2024

SR-Boligkreditt

Annual accounts

Contents **Page**

Annual report for 2024

SR-Boligkreditt AS ("Company") has an office in Stavanger and is a fully owned subsidiary of SpareBank 1 Sør-Norge ASA ("Sør-Norge"). The Company is a finance company that issues covered bonds.

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. Moody's rates SR-Boligkreditt AS's covered bond programme Aaa.

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 adapted the code mentioned above, and SR-Boligkreditt AS's principles and practices are intended to ensure sound corporate governance is in line with generally accepted standards and is in compliance with applicable laws and regulations. Furthermore, corporate governance shall ensure good cooperation among the various interests' stakeholders 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 practices.

The Board's focus areas during 2024 have been following up on 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 Sør-Norge, SR-Boligkreditt AS is exempt from having a separate audit committee. The Company has an independent and effective 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 include sustainability reporting for the enterprise in the annual report in accordance with § 2-4 of the Norwegian Accounting Act. Sør-Norge 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 Sør-Norge 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

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 net 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 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 80 percent. 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 Sør-Norge 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 seconded to SR-Boligkreditt as general manager. Other resources for operation of the Company are supplied by various departments in Sør-Norge 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 Sør-Norge. The other Board member is independent of the Sør-Norge group.

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.

Outlook
Norges Bank is expected to cut its policy rate during 2025 from today's 4.50 per cent. The company expects that 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.

Allocations

Profit after depreciation and tax for the year 2024 amounted to NOK 303 million (138 million). The Board of Directors proposes to issue the profit of NOK 303 million as dividend to Sør-Norge.

Stavanger, 21 March 2025

Inge Reinertsen
Chairman

Morten Forgaard

Siv Solem

Børge Henriksen

Dag Hjelle
CEO

Income statement

NOK 1 000	Note	2024	2023
Interest income effective interest method	15	6.100.423	4.711.059
Other interest income	15	113.316	90.272
Interest expense	15	5.313.825	4.149.534
Net interest income		**899.914**	651.797
Commission and fee expenses	24	66.338	60.174
Net commission expense		**66.338**	60.174
Net gains/losses on financial instruments	16	-429.018	-407.343
Net income on financial investments		**-429.018**	-407.343
Total net income		**404.558**	184.280
Other operating expense	17	3.891	3.756
Total operating expense before impairment losses on loans		**3.891**	3.756
Operating profit before impairment losses on loans		**400.667**	180.524
Impairment losses on loans and guarantees	7	12.157	3.239
Pre-tax profit		**388.510**	177.286
Tax expense	18	85.493	39.003
Profit after tax		**303.017**	138.283
Other comprehensive income			
Adjustments		-	-
Comprehensive Income		**303.017**	138.283

Balance sheet

NOK 1 000	Note	2024	2023
Assets			
Balances with financial institutions		32.293	371.646
Loans to customers	6,7,8,9	106.483.616	100.221.577
Bonds	19	2.452.728	2.353.987
Financial derivatives	13 ,19, 20	11.624.675	8.778.258
Deferred tax assets	18	117.311	67.598
Total assets		**120.710.623**	**111.793.066**
Liabilities and equity			
Liabilities			
Listed debt securities	13, 21, 22	104.117.572	83.960.939
Debt to financial institutions	13	4.557.851	14.519.828
Financial derivatives	13, 19, 20	5.584.929	7.030.988
Taxes payable	18	135.206	140.189
Other liabilities	23	11.042	2.116
Total liabilities		**114.406.601**	**105.654.061**
Equity			
Share capital	26	6.000.000	6.000.000
Premium reserve		150	150
Retained earnings		303.872	138.855
Total equity		**6.304.022**	**6.139.005**
Total liabilities and equity		**120.710.623**	**111.793.066**

Stavanger, 21 March 2025

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 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**
Dividend 2023, resolved in 2024			-138.000	-138.000
Profit for the period			303.017	303.017
Equity as of 31 December 2024	**6.000.000**	**150**	**303.872**	**6.304.022**

Cash flow statement

Accounting policies
The statement of cash flow shows cash flows grouped by sources and uses. Cash and cash equivalents 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	**2024**	**2023**
Interest receipts from lending to customers	15	6.220.683	4.738.664
Provisions to SpareBank 1 Sør-Norge	24	-66.338	-60.174
Payments for operations	17	1.742	-3.735
Taxes paid	18	-140.189	-130.971
Net cash flow relating to operations		**6.015.898**	**4.543.784**
Net purchase of loan portfolio	6	-6.277.803	4.352.926
Net payments on the acquisition of bonds		-93.824	109.316
Net cash flow relating to investments		**-6.371.627**	**4.462.242**
Debt raised by issuance of securities	21	19.946.520	-
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	25	-	-
Interest payments on debt raised by issuance of securities	15	-5.189.218	-4.065.339
Proceeds from settlement of other securities		1.245.300	731.850
Dividend paid		-138.000	-705.000
Net cash flow relating to funding activities		**16.376**	**-14.791.459**
Net cash flow during the period		**-339.353**	**-5.785.433**
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 General information

SR-Boligkreditt AS is a wholly owned subsidiary of SpareBank 1 Sør-Norge ASA (referred to as Sør-Norge) 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 Sør-Norge 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 2024.

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
There are no new standards, amendments to the standards or interpretations that materially affect the accounts of the company adopted since 1 January 2024.

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 Sør-Norge. 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	**2024**	**2023**
Share capital	6.000.000	6.000.000
Premium reserve	150	150
Other equity	303.872	138.855
Total equity	**6.304.022**	6.139.005
Deductions		
Proposed dividend	-303.000	-138.000
IRB shortfall of credit risk adjustments to expected losses	-131.650	-127.510
Value adjustment due to requirements concerning proper valuation	-2.732	-2.227
Common equity Tier 1 capital	**5.866.640**	5.871.268
Other paid in capital	-	-
Net primary capital	**5.866.640**	5.871.268
Credit risk Basel II		
Corporates - SME	9.162	6.567
Corporates - Specialised Lending	16.604	11.496
Retail - Secured by real estate SME	477.061	405.382
Retail - Secured by real estate non-SME	21.205.430	19.377.112
Retail - Other	51.246	55.988
Total credit risk, IRB approach	**21.759.502**	19.856.545
Institutions	2.177.183	1.888.138
Corporates	12.485	
Covered bonds	132.984	125.676
Other assets	398.161	277.393
Total credit risk, standardised approach	**2.720.813**	2.291.207
Operational risk	1.253.324	1.299.605
Other risk exposure amounts [1)]	1.515.465	2.011.088
Total risk exposure amount	**27.249.104**	25.458.445
Minimum requirement for Common Equity Tier 1 capital ratio 4,5 %	1.226.210	1.145.630
Buffer requirements:		
Capital conservation buffer 2,5 %	681.228	636.461
Systemic risk buffer 4,5 %	1.226.210	1.145.630
Countercyclical capital buffer 2,5 %	681.228	636.461
Total buffer requirement to common equity Tier 1 capital ratio	2.588.665	2.418.552
Available common equity Tier 1 capital ratio after buffer requirement	2.051.766	2.307.085

Capital ratio	21,53 %	23,06 %
Tier 1 capital ratio	21,53 %	23,06 %
Common equity Tier 1 capital ratio	21,53 %	23,06 %
Leverage Ratio	4,85 %	5,19 %

[1)] 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 Risk management

SR-Boligkreditt AS is part of the Sør-Norge Group and purchases home mortgages from Sør-Norge. 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 Sør-Norge 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. This position 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 106.5 billion. All mortgages carry a variable interest rate.

NOK 1 000	**2024**	**2023**
Flexible loans - retail market	23.196.786	23.429.433
Amortising loans - retail market	83.129.972	76.616.126
Accrued interest	208.944	215.889
Gross loans	**106.535.703**	100.261.447
Impairment provisions	-52.086	-39.871
Loans to customers	**106.483.616**	100.221.577
Remaining credit lines (flexible loans)	10.084.060	9.294.395
Total	**10.084.060**	9.294.395
Expected credit loss on remaining credit lines (flexible loans)	**-364**	-423

		2024		
Gross loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 1 January 2024	94.585.146	5.676.302	-	100.261.447
Transfer from stage 1	-2.346.301	2.346.301	-	-
Transfer from stage 2	1.536.469	-1.536.469	-	-
Transfer from stage 3	-	-	-	-
Net increase/decrease balance existing loans	2.570.927	130.627	-	2.701.553
Originated or purchased during the period	37.230.850	2.008.229	-	39.239.079
Loans that have been derecognised	-33.298.283	-2.368.094	-	-35.666.377
Balance 31 December 2024	**100.278.806**	**6.256.896**	**-**	**106.535.703**

Gross loans by risk class	Stage 1	2024 Stage 2	Stage 3	Total
A-C	86.099.792	2.378.512		88.478.304
D-F	14.023.248	2.722.649		16.745.897
G-I	155.766	1.131.625		1.287.391
J-K	-	24.111		24.111
Total	**100.278.806**	**6.256.896**	**-**	**106.535.703**

Gross loans by geographic area	2024	2023
Rogaland	66.237.482	64.649.025
Agder	10.745.111	10.147.889
Vestland	16.390.345	15.037.543
Oslo and Akershus	10.459.453	7.964.540
Vestfold, Buskerud and Telemark	978.446	770.598
Other	1.724.866	1.691.853
Total	**106.535.702**	**100.261.447**

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 2024	8.879	30.992	-	**39.871**
Transfer from stage 1	-394	394	-	-
Transfer from stage 2	6.637	-6.637	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of loss allowance	-7.347	14.866	-	7.519
New financial assets originated or purchased	4.701	15.995	-	20.696
Change due to reduced portfolio	-2.762	-13.237	-	-15.999
Change in models/ risk parameters	-	-	-	-
Other movements	-	-	-	-
Balance 31 December 2024	9.714	42.372	-	**52.086**

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

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

Note 8 Credit risk exposure for each internal risk class

NOK 1 000	Average unsecured exposure [2] 2024	Total commitment 2024	Average unsecured exposure [2] 2023	Total commitment 2023
PD in % [1]				
0,00 - 0,50	6,8 %	98.599.100	6,5 %	94.296.405
0,50 - 2,50	12,1 %	16.648.984	11,7 %	13.952.972
2,50 - 10,00	9,8 %	1.008.451	10,0 %	975.372
10,00 - 99,9	9,4 %	363.227	9,1 %	331.092
Non-performance and written down	N/A	-	N/A	-
Total	**7,6 %**	**116.619.763**	7,2 %	109.555.842

[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]	2024	2023
LTV 0-70	76,5 %	78,3 %
LTV 70-85	22,4 %	20,2 %
LTV 85-100	0,7 %	1,0 %
LTV >100	0,4 %	0,5 %
	100,0 %	100,0 %

LTV >80 in Percentage of total commitment summarises to 3.3 percent at 31 December 2024.

[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	2024	2023
Assets		
Loans to and receivables from financial institutions	32.293	371.646
Loans to and receivables from custumers	106.535.703	100.261.447
Bonds	2.452.728	2.353.987
Derivatives	11.624.675	8.778.258
Total credit risk exposure balance sheet items	**120.645.399**	**111.765.339**
Financial guarantees and loan commitments		
Unused credit lines	10.084.060	9.294.395
Total financial guarantees and loan commitments	**10.084.060**	**9.294.395**
Total credit risk exposure	**130.729.459**	**121.059.734**

Banking operations	2024	2023
Rogaland	72.539.436	71.013.738
Agder	11.762.182	11.088.615
Vestland	17.941.761	16.431.547
Oslo and Akershus	11.449.485	8.702.866
Vestfold, Buskerud and Telemark	1.071.060	842.033
Other	1.888.132	1.848.690
Total by geograpich area	**116.652.056**	**109.927.489**
Bonds	2.452.728	2.353.987
Derivatives	11.624.675	8.778.258
Total Credit risk exposure	**130.729.459**	**121.059.734**

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).

2024	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	32.293					32.293
Gross loans to customers						
- Retail market	88.574.898	16.595.603	1.003.994	361.208		106.535.703
Total loans	**88.607.191**	**16.595.603**	**1.003.994**	**361.208**	**-**	**106.567.996**

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

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	2024	2023
Other loans and deposits	-207.470	-78.566
Securities issued	240.235	111.843
Other	-5.599	-3.793
Total interest rate risk	**27.165**	29.484
Maturity band		
0 - 3 months	27.165	29.484
Total interest rate risk	**27.165**	29.484
Currency		
NOK	27.165	29.484
EUR		
Total interest rate risks	**27.165**	29.484

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 27.1 million before tax, which corresponds to an impact on equity of positive NOK 20.6 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	2024	2023
Currency		
EUR	-	-
USD	-	-
Other	-	-
Total	**-**	**-**

The company`s net foreign currency exposure is zero related to currency risk in 2024 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.

2024	Upon request	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Debt to financial institutions	-	-	-	-	4.557.851	4.557.851
Listed debt securities	-	6.717.634	10.458.089	66.869.842	32.069.229	116.114.795
Total liabilities	**-**	**6.717.634**	**10.458.089**	**66.869.842**	**36.627.080**	**120.672.646**
Derivatives						
Contractual cash outflow	-	-1.399.746	-12.015.075	-51.447.395	-28.441.537	-93.303.754
Contractual cash inflow	-	875.697	11.346.752	50.071.131	29.892.095	92.185.674

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

Note 14 Maturity analysis of assets and debt/liabilities

The tables show cash flows excluding contractual interest maturity.

2024	Upon request	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Assets						
Balances with financial institutions	32.293	-	-	-	-	32.293
Loans to customers	23.201.301	811	12.571	406.660	82.914.360	106.535.703
Bonds	-	202.800	-	2.000.267	249.661	2.452.728
Financial derivatives	-	-	1.764.424	6.175.109	3.685.142	11.624.675
Other assets	117.311	-	-	-	-	117.311
Total assets	**23.350.905**	**203.611**	**1.776.995**	**8.582.036**	**86.849.162**	**120.762.710**
Liabilities						
Listed debt securities		6.046.839	9.287.521	60.542.071	28.241.141	104.117.572
Debt to financial institutions	-	-	-	-	4.557.851	4.557.851
Financial derivatives	-	-	163.164	2.412.581	3.009.184	5.584.929
Other liabilities	146.248	-	-	-	-	146.248
Total liabilities	**146.248**	**6.046.839**	**9.450.686**	**62.954.652**	**35.808.176**	**114.406.601**

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

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.

	2024			2023		
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	26.052	26.052	-	35.020	35.020	-
Interest on lending to customers	6.059.759	6.059.759	-	4.662.666	4.662.666	-
Interest on certificates and bonds	127.928	14.612	113.316	103.645	13.373	90.272
Total interest income	**6.213.739**	**6.100.423**	**113.316**	**4.801.331**	**4.711.059**	**90.272**
Interest expense						
Interest on debts to financial institutions	479.812	479.812	-	452.429	452.429	-
Interest on listed debt securities	4.834.014	1.835.334	2.998.679	3.697.105	956.054	2.741.051
Total interest expense	**5.313.825**	**2.315.146**	**2.998.679**	**4.149.534**	**1.408.483**	**2.741.051**
Net interest income	**899.914**	**3.785.277**	**-2.885.363**	**651.797**	**3.302.576**	**-2.650.779**

Note 16 Net income from financial instruments

NOK 1 000	2024	2023
Net gains for bonds and certificates	-2.801	-4.862
Net change in value, basis swap spread	-408.659	-396.749
Net change in value, other financial investments	-17.557	-5.732
Net change in value, currency effect	-	-
Net income from financial instruments	**-429.018**	**-407.343**

Note 17 Other operating expenses

NOK 1 000	2024	2023
IT expenses	365	315
Other administrative expenses	42	6
External fees	3.482	3.433
Other operating expenses	2	1
Total other operating expenses	**3.891**	**3.756**
Fees for external auditor - specification of audit fees		
Statutory audit	533	344
Tax advice [1)]	-	-
Other attestation and other related services	328	554
Other non-auditing services [1)]	-	-
Total	**861**	898

[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	2024	2023
Pre-tax profit	388.510	177.286
Permanent differences	95	-
Group contribution	-	-
Change in temporary differences	225.968	459.939
Tax base/ taxable income for the year	**614.573**	**637.225**
Of which payable tax 22 %	135.206	140.189
Tax effect of group contribution	-	-
Change in deferred tax	-49.713	-101.187
Excess payable tax allocation in previous years	-	-
Total tax expense	**85.493**	**39.003**
Deferred tax asset		

- deferred tax asset that reverses in more than 12 months	117.311	67.598
- deferred tax asset that reverses within 12 months	-	-
Total deferred tax asset	**117.311**	**67.598**
Deferred tax		
- deferred tax that reverses in more than 12 months	**-**	**-**
- deferred tax that reverses within 12 months	**-**	**-**
Total deferred tax	**-**	**-**
Net deferred tax/ deferred tax asset	**117.311**	**67.598**
Change in deferred tax asset		
Year's change in deferred tax asset on the balance sheet	49.713	67.598
Change in deferred tax asset not recorded in income statement	-	-
Change recorded in income statement	**49.713**	**67.598**
Specification of temporary differences		
Differences related to financial items	-533.230	-307.262
Group contribution paid	-	-
Losses carried forward	-	-
Total temporary differences	**-533.230**	**-307.262**

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		
2024	**Financial derivatives as hedging instruments**	**Financial assets and liabilities assessed at amortised cost**	**Total**
Assets			
Balances with financial institutions	-	32.293	32.293
Loans to customers	-	106.483.616	106.483.616
Certificates and bonds at fair value	2.146.441	306.287	2.452.728
Financial derivatives	11.624.675	-	11.624.675
Total assets	**13.771.116**	**106.822.196**	**120.593.312**
Liabilities			
Debt to financial institutions	-	4.557.851	4.557.851
Listed debt securities	-	104.117.572	104.117.572
Financial derivatives	5.584.929	-	5.584.929

Total liabilities	**5.584.929**	**108.675.423**	**114.260.353**

2023			
Assets			
Balances with financial institutions	-	371.646	371.646
Loans to customers	-	100.221.577	100.221.577
Certificates and bonds at fair value	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**

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).

2024	**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	-	2.146.441	-	**2.146.441**
Financial derivatives	-	11.624.675	-	**11.624.675**
Liabilities				
Financial derivatives	-	5.584.929	-	**5.584.929**
2023				
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**

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 31.12.2024, the net fair value of the hedging instruments was NOK 6.017 million (NOK 11.577 million in assets and NOK 5.560 million in liabilities). The corresponding figures for 2023 were NOK 1.909 million (NOK 8.802 million in assets and NOK 6.893 million in liabilities). There was no ineffective result for hedging instruments in 2024..

All financial derivatives are entered into with SpareBank 1 Sør-Norge as the counterparty.

At fair value through profit and loss	**Contract amount**	**Fair value at 31.12.24**		**Contract amount**	**Fair value at 31.12.23**	
	31.12.24	**Assets**	**Liabilities**	**31.12.23**	**Assets**	**Liabilities**
Interest and exchange rate instruments, hedging						
Interest rate swaps (including cross currency)	161.120.994	11.576.731	5.559.899	152.241.752	8.801.762	6.893.066
Interest and exchange rate instruments, hedging	**161.120.994**	**11.576.731**	**5.559.899**	152.241.752	8.801.762	6.893.066
Total currency and interest rate instruments						
Total interest and exchange rate instruments	161.120.994	11.576.731	5.559.899	152.241.752	8.801.762	6.893.066
Total accrued interests		47.944	25.031		-23.503	137.923
Total financial derivatives	**161.120.994**	**11.624.675**	**5.584.929**	152.241.752	8.778.258	7.030.988

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.

Interest rate swaps	2024 Contract amount	2024 Average maturity	2023 Contract amount	2023 Average maturity
EURIBOR EUR (3 months)	78.409.007	4,2	73.987.160	4,7
NIBOR NOK (3 months)	3.536.000	7,5	3.536.000	8,5
Total interest rate swaps	**81.945.007**		77.523.160	
Cross currency swaps				
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	67.766.517	4,2	65.926.947	4,7
Total cross currency swaps	**67.766.517**		65.926.947	

Fair value interest rate risk 2024	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)			-1.864.272
Hedged item			
Listed debt securities	77.962.927	4.749.060	1.864.673

Hedged item	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Listed debt securities	-	9.380.762	42.537.919	30.793.307	82.711.987

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

Note 21 Debt securities issued

2024 NOK 1 000	Total	NOK	Currency
Covered bonds, nominal value	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
Total securities issued	**104.117.572**	**28.747.528**	**75.370.044**

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**

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	-	5.672.242
	2027	21.494.326	12.059.943	9.434.383
	2028	17.157.273	-	17.157.273
	2029	16.218.230	7.582.980	8.635.250
	2030	5.263.595	-	5.263.595
	2031	10.414.510	-	10.414.510
	2032	9.304.600	3.057.765	6.246.835
	2038	3.054.007	-	3.054.007
	2041	204.429	-	204.429
Total debt		**104.117.572**	**28.747.528**	**75.370.044**

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, nominal value	107.345.618	19.946.520	-5.886.250	3.931.231	89.354.117
Adjustments	-3.895.653			1.864.673	-5.760.326
Accrued interests	667.606			300.458	367.148
Total debt raised through issuance of securities	**104.117.572**	**19.946.520**	**-5.886.250**	**6.096.362**	**83.960.939**

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 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	2024	2023
Covered bonds	96.770.655	81.681.525
Total covered bonds	**96.770.665**	**81.681.525**
Loans to customers	106.166.255	99.878.455
Substitute collateral	2.452.293	2.691.646
Total cover pool	**108.618.548**	**102.570.102**
Asset coverage	**112,2 %**	**125,6 %**

Note 23 Other liabilities

NOK 1 000	2024	2023
Expected credit loss on remaining credit lines	364	423
Accrued expenses and prepaid revenue	10.678	1.693
Total other liabilities	**11.042**	2.116

Note 24 Material transactions with related parties

SR-Boligkreditt AS uses SpareBank 1 Sør-Norge 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 Sør-Norge ASA

2024	Balances with Sør-Norge	Financial derivatives	Covered bonds	Interest income	Interest expenses	Operating expenses	Management fee
SpareBank 1 Sør-Norge ASA	-4.525.558	6.039.746	1.907.922	26.052	473.056	1.461	66.338
Total	**-4.525.558**	**6.039.746**	**1.907.922**	**26.052**	**473.056**	**1.461**	**66.338**

2023	Balances with Sør-Norge	Financial derivatives	Covered bonds	Interest income	Interest expenses	Operating expenses	Management fee
SpareBank 1 Sør-Norge 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**

Note 25 Salaries and other personnel expenses

The company has no employees.

The CEO is formally employed by the parent bank and seconded 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 Sør-Norge. SR-Boligkreditt AS is included in the consolidated financial statements of Sør-Norge, the consolidated financial statement is available on www.sr-bank.no.

	2024	**2023**
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

No material events that affect the prepared financial statements have been recorded after 31 December 2024. The company is not involved in any legal proceedings.

The proposed dividend is NOK 50.5 per share and will total NOK 303 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 2024 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, 21 March 2025

Inge Reinertsen
Chairman

Morten Forgaard

Siv Solem

Børge Henriksen

Dag Hjelle
CEO