

Annual Report  
**2022**

SR-Boligkredit

# Annual accounts

<b>Contents</b>		<b>Page</b>
Report of the Board of Directors		3
Income statement		6
Balance sheet		7
Statement in changes of equity		8
Statement of cash flow		9
<b>Notes to the Accounts</b>		<b>10-36</b>
Note 1	General information	10
Note 2	Accounting policies	10
Note 3	Critical estimates and judgements concerning use of the accounting policies	15
Note 4	Capital adequacy	16
Note 5	Risk management	17
<b>Credit risk</b>		
Note 6	Lending to customers	19
Note 7	Amounts arising from ECL	20
Note 8	Credit risk exposure for each internal risk class	21
Note 9	Maximum credit risk exposure	22
Note 10	Credit quality per class of financial asset	22
<b>Market risk</b>		
Note 11	Market risk related to interest rate risk	23
Note 12	Market risk related to currency risk	24
<b>Liquidity risk</b>		
Note 13	Liquidity risk	24
Note 14	Maturity analysis of assets and debt/liabilities	25
<b>Income statement</b>		
Note 15	Net interest income	26
Note 16	Net income from financial instruments	26
Note 17	Other operating costs	26
Note 18	Tax	27
<b>Balance sheet</b>		
Note 19	Classification of financial instruments	27
Note 20	Financial derivatives	29
Note 21	Debt securities issued	31
Note 22	Asset coverage	32
Note 23	Other liabilities	32
<b>Other information</b>		
Note 24	Material transactions with related parties	32
Note 25	Salaries and other personnel expenses	33
Note 26	Share capital	33
Note 27	Events after the balance sheet date	33
Statement by the Board of Directors and Chief Executive Officer		34
Independent auditor's report		35

# Annual report for 2022

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 2022 the Company's total loans to customers amounted to NOK 104.5 billion, compared to NOK 89.7 billion at the end of 2021. Debt in the form of covered bonds amounted to NOK 87.4 billion (NOK 78.5 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 2021, 8 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 breaches 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.

## 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 901.0 million for the 2022 accounting year, compared to NOK 837.3 million in 2021. The result after depreciation and tax was NOK 702.1 million (NOK 654.2 million). The Company's interest income amounted to NOK 2,710.0 million (NOK 1,667.8 million). Net interest income amounted to NOK 640.9 (NOK 963.9 million). Net gain/losses from financial investments amounted to NOK 324.7 million (NOK -74.8 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 2022 amounted to NOK 64.7 million (NOK 59.5 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 0,9 million in 2022, compared with net reversals of NOK 1.5 million in 2021. There are no individual write-downs on loans in 2022. The Company had no realised losses in 2022. Tax expense for 2022 is estimated at NOK 198.1 million (NOK 184.5 million). Net profit after tax for the year 2022 was NOK 702.1 million (NOK 654.2 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 117.6 billion (NOK 95.0 billion). Net lending to customers was NOK 104.5 billion (NOK 89.7 billion). Liabilities in the form of covered bonds amounted to NOK 87.4 billion (NOK 78.5 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 (25.8

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 2,344.8 million (NOK 1,459.1 million), while the operating result before tax was NOK 900.1 million (NOK 838.7 million). Net cash flow in 2022 was positive at NOK 5,430.6 million. There have been no significant subsequent events that affect the financial statements for 2022.

### **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 53,63 percent as at 31.12.2022. 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 have been one change in Board membership during 2022.

## 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 2.0 percent with effect from 31 December 2022, and it has been decided to further increase this to 2.5 percent with effect from 31 March 2023. The systemic risk buffer is unchanged at 4,5 percentage points. The minimum requirement for common equity is 13.5 percent at year-end 2022, with a capital adequacy ratio of at least 16.0 percent. SR-Boligkreditt's common equity stood at 23.1 percent at year end.

## Outlook

The macroeconomic picture is tainted by the war in Europe and there is considerable uncertainty about future economic developments. At the same time, the activity in the Norwegian economy has been good in 2022. The extraordinary savings, that built up during the pandemic, have contributed to higher demand and consumer growth during the year. Inflation has risen in 2022 and Norges Bank increased its policy rate. Because of higher interest rates, high energy prices and lower real wages, lower consumption growth is expected going forward. SpareBank 1 SR-Bank's Business Barometer, which was launched in January 2023, shows that business expects a change from growth to downturn. High inflation and interest rates will curb profitability and investments, although there are major differences between industries.

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 2023 is expected to be approximately NOK 15 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 2023.

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 2022 amounted to NOK 702.1 million (654.2 million). The Board of Directors proposes to issue a NOK 705 million dividend to SR-Bank, the residual is added to the Company's equity.

Stavanger, 9 March 2023



Inge Reinertsen  
Chairman



Morten Forgaard



Merete Eik



Børge Henriksen



Dag Hjelte  
CEO

## Income statement

NOK 1 000	Note	2022	2021
Interest income effective interest method	15	2.669.849	1.651.961
Other interest income	15	40.115	15.830
Interest expense	15	2.069.034	696.232
<b>Net interest income</b>		<b>640.931</b>	<b>971.560</b>
Commission and fee expenses	24	60.811	56.240
<b>Net commission expense</b>		<b>60.811</b>	<b>56.240</b>
Net gains/losses on financial instruments	16	324.738	-74.754
<b>Net income on financial investments</b>		<b>324.738</b>	<b>-74.754</b>
<b>Total net income</b>		<b>904.857</b>	<b>840.566</b>
Other operating costs	17	3.841	3.275
<b>Total operating costs before impairment losses on loans</b>		<b>3.841</b>	<b>3.275</b>
<b>Operating profit before impairment losses on loans</b>		<b>901.017</b>	<b>837.290</b>
Impairment losses on loans and guarantees	7	903	-1.454
<b>Pre-tax profit</b>		<b>900.113</b>	<b>838.744</b>
Tax expenses	18	198.051	184.524
<b>Profit after tax</b>		<b>702.063</b>	<b>654.220</b>
Other comprehensive income			
Adjustments		-	-
<b>Comprehensive Income</b>		<b>702.063</b>	<b>654.220</b>

## Balance sheet

NOK 1 000	Note	2022	2021
<b>Assets</b>			
Balances with financial institutions		6.157.079	726.497
Loans to customers	6,7,8,9	104.514.373	89.618.804
Bonds	19	2.462.009	2.290.807
Financial derivatives	19, 20	4.452.830	2.291.924
Deferred tax assets	18	-	33.491
Other assets		-	12
<b>Total assets</b>		<b>117.586.291</b>	<b>94.961.535</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Listed debt securities	21, 22	87.356.157	78.522.596
Debt to financial institutions		13.839.538	7.885.514
Financial derivatives	19, 20	9.518.914	1.660.070
Taxes payable	18	130.971	210.657
Deferred tax		33.589	-
Other liabilities	23	1.401	19.037
<b>Total liabilities</b>		<b>110.880.569</b>	<b>88.297.875</b>
<b>Equity</b>			
Share capital	25	6.000.000	6.000.000
Premium reserve		150	150
Retained earnings		705.572	663.509
<b>Total equity</b>		<b>6.705.722</b>	<b>6.663.659</b>
<b>Total liabilities and equity</b>		<b>117.586.291</b>	<b>94.961.535</b>

Stavanger, 9 March 2022



Inge Reinertsen  
Chairman



Morten Forgaard



Merete Eik



Børge Henriksen



Dag Hjelte  
CEO

## Statement of changes in equity

NOK 1 000	Share capital	Premium reserve	Other equity	Total equity
<b>Equity as of 31 December 2020</b>	<b>6.000.000</b>	<b>150</b>	<b>639.289</b>	<b>6.639.439</b>
Dividend 2020, resolved in 2021			-630.000	-630.000
Profit for the period			654.220	654.220
<b>Equity as of 31 December 2021</b>	<b>6.000.000</b>	<b>150</b>	<b>663.509</b>	<b>6.663.659</b>
Dividend 2021, resolved in 2022			-660.000	-660.000
Profit for the period			702.063	702.063
<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>



## Cash flow statement

NOK 1 000	Note	2022	2021
Interest receipts from lending to customers	15	2.619.695	1.660.510
Provisions to SR-Bank	24	-60.811	-56.240
Payments for operations	17	-3.461	-1.822
Taxes paid	18	-210.657	-143.398
<b>Net cash flow relating to operations</b>		<b>2.344.766</b>	<b>1.459.051</b>
Net purchase of loan portfolio	6	-14.824.086	-4.064.875
Net payments on the acquisition of bonds		-166.618	1.000.056
<b>Net cash flow relating to investments</b>		<b>-14.990.704</b>	<b>-3.064.819</b>
Debt raised by issuance of securities	21	24.445.688	15.358.645
Redemption of issued securities		-10.262.480	-7.704.450
Net change in loans from financial institutions		5.954.024	-4.843.745
Paid in capital equity	25	-	-
Interest payments on debt raised by issuance of securities	15	-1.766.934	-664.495
Proceeds from settlement of other securities		366.222	742.566
Dividend paid		-660.000	-630.000
<b>Net cash flow relating to funding activities</b>		<b>18.076.521</b>	<b>2.258.521</b>
<b>Net cash flow during the period</b>		<b>5.430.582</b>	<b>652.753</b>
Balance of cash and cash equivalents start of period		726.497	73.744
Balance of cash and cash equivalents end of period		6.157.079	726.497

# *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 principles*

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

The annual financial statements cover the period 1 January - 31 December 2022.

The annual financial statements of SR-Boligkreditt AS ("the company") have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 1.1.2022.

### **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.

### **IFRS 9 Financial instruments**

#### **Financial assets**

According to IFRS 9, financial assets must be classified into three measurement categories: fair value with changes through profit or loss, fair value with changes through OCI and amortised cost. The measurement category must be determined upon initial recognition of the asset. Financial assets are classified on the basis of the contractual terms and conditions for the financial assets and business model used to manage the portfolio, or groups of portfolios, of which the assets are a part.

Financial assets with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows should initially be measured at amortised cost. Instruments with contractual cash flows that are only payments of interest and the principal on given dates and that

are held in a business model for the purpose of receiving contractual cash flows and sales, should initially be measured at fair value with value changes through OCI, with interest income, currency translation effects, and any impairments presented in the ordinary income statement. Value changes recognised through OCI must be reclassified to the income statement upon the sale or other disposal of the assets.

Instruments that are initially measured at amortised cost or at fair value with changes in value over the OCI can be designated at fair value through profit or loss if this eliminates or substantially reduces an accounting mismatch.

Other financial assets must be measured at fair value with value changes through profit or loss. This includes derivatives, equity instruments and other cash flow instruments that are not only payments of normal interest (time value of money, credit spread and other normal margins linked to loans and receivables) and the principal, and instruments that are held in a business model in which the main purpose is not the reception of contractual cash flows.

### **Financial liabilities**

Financial liabilities shall still be measured at amortised cost with the exception of financial derivatives measured at fair value, financial instruments included in a trading portfolio, and financial liabilities it has been decided to recognise at fair value with value changes through profit or loss.

A financial asset and a financial liability can be offset, and the net amount presented on the balance sheet if there is a right to offset the recognised amounts and the intent is to settle them on a net basis or to realise the asset and settle the liability at the same time.

### **Hedge accounting**

SR-Boligkreditt applies hedge accounting in accordance with the criteria for fair value hedging. The hedge accounting is carried out when this is in accordance with the company's risk management strategy. Hedge accounting requires documentation that the hedge is in accordance with the company's risk management, that there is a financial connection between the hedging instrument and the hedged item, and that credit risk cannot dominate the value changes of the hedging instrument.

### **Recognition and derecognition of financial assets and liabilities**

Financial assets and liabilities are recognised on the trading day, that is, when the company becomes a party to the instruments' contractual terms. Loans that are purchased from an original issuer is recognised as loans as of the date when the seller according to IFRS is to derecognise the loan.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset have expired or when the rights to the cash flows from the asset have been transferred in such a way that the risk and return on ownership are substantially transferred.

Financial liabilities are derecognised when the contractual terms have been settled, cancelled, or expired.

### **Modified assets and liabilities**

If modifications or changes to the terms of an existing financial asset or liability are made, the instrument is treated as a new financial asset if the renegotiated terms differ materially from the old terms. If the terms differ significantly, the old financial asset or liability is derecognised, and a new financial asset or liability is recognised. In general, a loan is considered to be a new financial asset if new loan documentation is issued, while a new credit process is being issued with new loan terms.

If the modified instrument is not considered to be significantly different from the existing instrument, the instrument is considered to be a continuation of the existing instrument. In the case of a modification recognised as a continuation of existing instruments, the new cash flows are discounted using the instrument's original effective interest rate and any difference between the existing book value is recognised in profit and loss.

### **Impairment on loans**

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 negotiations, 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.

### **Repossessed assets**

As part of the handling of non-performing loans and guarantees, the group acquires, in some cases, assets that have been lodged as security for such commitments. At the time of takeover, the assets are valued at their assumed realisation value and the value of the loan commitment is adjusted accordingly. Repossessed assets that are to be realised are classified as operations that will be sold and holdings or fixed assets held for sale are recognised in accordance with the relevant IFRS standards (normally IAS 16, IAS 38, IFRS 9 or IFRS 5). This has not happened during 2022.

### **Securities**

Securities consists of certificates and bonds. These are either financial assets at fair value through profit or loss or investments at amortised costs. All financial instruments that are classified at fair value with value change through profit or loss, are measured at fair value, and changes in the value from the opening balance are recorded as income from financial investments.

Certificates and bonds that are classified at amortised cost, are measured at amortised cost using an effective interest rate method. See description of this method in the section on lending.

### **Derivatives and hedging**

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. See note 20 for further information

### **Funding**

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.

### **Contingent liabilities**

Provisions are made for other uncertain liabilities if it is more probable than not that the liability will materialise, and the financial consequences can be reliably calculated. Information is disclosed about contingent liabilities that do not satisfy the criteria for balance sheet recognition if they are significant.

Provisions are made for restructuring costs when the company has a contractual or legal obligation, payment is probable and the amount can be estimated, and the size of the obligation can be estimated with sufficient reliability.

### **Dividends**

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

### **Interest income and interest costs**

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 effective interest rate is the interest rate that results in the present value of the expected cash flow over the expected life of a financial asset or liability being equal to the book value (before provisions for losses) of the respective financial asset or liability. In calculating the effective interest rate, the cash flow effect stated in the agreement is estimated, but without considering future credit losses. 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.

Interest income and expense related to financial instruments measured at amortised costs or fair value are classified as interest income and interest expense, respectively. A breakdown of interest income and expense measured at amortised cost and fair value is provided in note 15. Other changes in value are classified as income from financial instruments.

#### **Commissions and commission costs**

Commissions and commission costs are generally accrued in line with the delivery/receipt of a service. The same applies to day-to-day management services. Fees and charges related to the sale or brokerage of financial instruments, properties or other investment objects that do not generate balance sheet items in the company's financial statements, are recognised when the transaction is completed.

#### **Transactions and balance sheet items in foreign currency**

Transactions involving foreign currencies are converted into Norwegian kroner using the exchange rates at the time of the transactions. Gains and losses linked to executed transactions, or to the conversion of holdings of balance sheet items, in foreign currency are recognised on the balance sheet date. Gains and losses on non-monetary items are included in the income statement in the same way as the corresponding balance sheet item. The exchange rate on the balance sheet date is used when converting balance sheet items.

#### **Taxes**

Taxes consist of payable tax and deferred tax. Payable tax is the estimated tax on the year's taxable profit.

Payable tax for the period is calculated according to the tax laws and regulations enacted or substantively enacted on the balance sheet date.

Deferred taxes are accounted for using the liability method in accordance with IAS 12. Deferred tax assets or liabilities are calculated based on all the temporary differences, which are the differences between the book values of assets and liabilities for accounting purposes and for taxation purposes. Nonetheless, no deferred tax liability or benefit is calculated on goodwill that does not provide tax-related deductions, or on initially recognised items that affect either the accounting or taxable result.

Deferred tax assets are calculated for tax loss carry forwards. Assets with deferred tax are included only to the extent that future taxable profits are expected to make it possible to exploit the related tax benefit.

#### **Cash flow statement**

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.

#### **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.

#### **Events after the balance sheet date**

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.

### *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.

The war in Ukraine has contributed to increased uncertainty regarding the macroeconomic development throughout 2022.

#### **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	2022	2021
Share capital	6.000.000	6.000.000
Premium reserve	150	150
Other equity	705.572	663.509
<b>Total Common Equity Tier 1 capital</b>	<b>6.705.722</b>	<b>6.663.659</b>
Deduction for proposed dividend	-705.000	-660.000
Deduction for expected losses on IRB, net of write-downs	-129.135	-112.064
Value of derivative liabilities at fair value	-2.187	-1.788
<b>Total Tier 1 capital</b>	<b>5.869.401</b>	<b>5.889.808</b>
Other paid in capital	-	-
<b>Net primary capital</b>	<b>5.869.401</b>	<b>5.889.808</b>
<b>Credit risk Basel II</b>		
SME	6.612	9.610
Specialised enterprises	12.678	9.946
Mass market SME	393.222	284.045
Mass market - mortgage on real estate	19.593.725	16.645.410
Other mass market	66.234	78.962
<b>Total credit and counterparty risk IRB</b>	<b>20.072.471</b>	<b>17.027.973</b>
Institutions	1.390.400	1.693.806
Covered bonds	150.725	162.580
Other assets	76.611	115.215
<b>Total credit and counterparty risk standard method</b>	<b>1.617.736</b>	<b>1.971.602</b>
Operational risk	1.417.287	1.414.040
Other risk exposure amounts <sup>1)</sup>	2.328.774	2.400.918
<b>Risk weighted balance</b>	<b>25.436.268</b>	<b>22.814.533</b>
Minimum requirement for Common Equity Tier 1 capital ratio 4,5 %	1.144.632	1.026.654
Buffer requirements:		
Capital conservation buffer 2,5 %	635.907	570.363
Systemic risk buffer 4,5 %	1.144.632	1.026.654
Countercyclical capital buffer 2 %	508.725	228.145
Total buffer requirement to common equity Tier 1 capital ratio	2.289.264	1.825.163
Available common equity Tier 1 capital ratio after buffer requirement	2.435.504	3.037.991



Capital ratio	23,07 %	25,82 %
Tier 1 capital ratio	23,07 %	25,82 %
Common equity Tier 1 capital ratio	23,07 %	25,82 %
Leverage Ratio	5,14 %	6,01 %

<sup>1)</sup> 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 17,9 percent as at 31 December 2022.

## *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
- 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.

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 104,5 billion. All mortgages carry a variable interest rate.

NOK 1 000	2022	2021
Flexible loans - retail market	20.550.971	19.132.897
Amortising loans - retail market	83.846.914	70.458.853
Accrued interest	153.222	62.952
<b>Gross loans</b>	<b>104.551.106</b>	<b>89.654.702</b>
Impairment provisions	-36.733	-35.898
<b>Loans to customers</b>	<b>104.514.373</b>	<b>89.618.804</b>
<b>Liability</b>		
Remaining credit lines (flexible loans)	7.609.589	7.552.937
<b>Total</b>	<b>7.609.589</b>	<b>7.552.937</b>
<b>Expected credit loss on remaining credit lines (flexible loans)</b>	<b>-323</b>	<b>-255</b>

Gross loans	2022			Total
	Stage 1	Stage 2	Stage 3	
<b>Balance 1 January 2022</b>	86.819.583	2.835.119	-	89.654.702
Transfer from stage 1	-1.473.493	1.473.493	-	-
Transfer from stage 2	782.078	-782.078	-	-
Transfer from stage 3	-	-	-	-
Net increase/decrease balance existing loans	2.702.051	59.369	-	2.761.420
Originated or purchased during the period	39.714.223	1.012.199	-	40.726.422
Loans that have been derecognised	-27.598.774	-992.663	-	-28.591.437
<b>Balance 31 December 2022</b>	<b>100.945.668</b>	<b>3.605.438</b>	<b>-</b>	<b>104.551.106</b>

Gross loans by risk class	2022			Total
	Stage 1	Stage 2	Stage 3	
A-C	88.106.024	818.595	-	88.924.619
D-F	12.638.222	1.615.245	-	14.253.467
G-I	201.422	1.155.899	-	1.357.321
J-K	-	15.699	-	15.699
<b>Total</b>	<b>100.945.668</b>	<b>3.605.438</b>	<b>-</b>	<b>104.551.106</b>

Gross loans by geographic area	2022	2021
Rogaland	69.167.785	61.684.670
Agder	10.623.080	8.863.901
Vestland	15.905.583	13.169.376
Oslo and Viken	7.531.920	4.957.551
Other	1.322.738	979.204
<b>Total</b>	<b>104.551.106</b>	<b>89.654.702</b>

## Note 7 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 Accounting policies.

ECL on loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Total
<b>Balance 1 January 2022</b>	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	-	-	-	-
<b>Balance 31 December 2022</b>	<b>9.690</b>	<b>27.043</b>	<b>-</b>	<b>36.733</b>

ECL on remaining credit lines (flexible loans)	Stage 1	Stage 2	Stage 3	Total
<b>Balance 1 January 2022</b>	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	-	-	-	-
<b>Balance 31 December 2022</b>	<b>194</b>	<b>128</b>	<b>-</b>	<b>323</b>

ECL on loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Total
<b>Balance 1 January 2021</b>	9.424	27.895	-	37.319
Transfer from stage 1	-290	290	-	-
Transfer from stage 2	8.113	-8.113	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of loss allowance	-10.164	11.586	-	1.422
New financial assets originated or purchased	3.389	6.707	-	10.096
Change due to reduced portfolio	-2.954	-9.985	-	-12.939
Change in models/ risk parameters	-	-	-	-
Other movements	-	-	-	-
<b>Balance 31 December 2021</b>	<b>7.518</b>	<b>28.380</b>	<b>-</b>	<b>35.898</b>

ECL on remaining credit lines (flexible loans)	Stage 1	Stage 2	Stage 3	Total
<b>Balance 1 January 2021</b>	247	40	-	287
Transfer from stage 1	-1	1	-	-
Transfer from stage 2	21	-21	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of loss allowance	-30	31	-	1
New financial assets originated or purchased	28	2	-	30
Change due to reduced portfolio	-50	-13	-	-63
Change in models/ risk parameters	-	-	-	-
Other movements	-	-	-	-
<b>Balance 31 December 2021</b>	<b>214</b>	<b>41</b>	<b>-</b>	<b>255</b>

### *Note 8 Credit risk exposure for each internal risk class*

NOK 1 000	Average unsecured exposure <sup>2)</sup>	Total commitment	Average unsecured exposure <sup>2)</sup>	Total commitment
	2022		2021	
<b>PD in % <sup>1)</sup></b>				
0,00 - 0,50	7,0 %	96.253.473	6,8 %	84.495.709
0,50 - 2,50	12,3 %	14.493.949	11,3 %	11.363.641
2,50 - 10,00	10,1 %	1.032.974	9,3 %	952.681
10,00 - 99,9	8,3 %	380.300	8,3 %	395.609
Non-performance and written down	-	-	-	-
<b>Total</b>	<b>7,7 %</b>	<b>112.160.695</b>	<b>7,4 %</b>	<b>97.207.639</b>

<sup>1)</sup> PD = Probability of Default

<sup>2)</sup> 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 <sup>3)</sup>	2022	2021
LTV 0-70	80,4 %	81,8 %
LTV 70-85	18,5 %	16,8 %
LTV 85-100	0,7 %	0,8 %
LTV >100	0,4 %	0,6 %
	100,0 %	100,0 %

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

LTV >80 in Percentage of total commitment summarises to 2,6 percent at 31 December 2022.

## 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	2022	2021
<b>Assets</b>		
Balances with financial institutions	6.157.079	726.497
Loans to and receivables from costumers	104.551.106	89.654.702
Bonds	2.462.009	2.290.807
Derivatives	4.452.830	2.291.924
<b>Total credit risk exposure balance sheet items</b>	<b>117.623.024</b>	<b>94.963.929</b>
<b>Financial guarantees and loan commitments</b>		
Unused credit lines	7.609.589	7.552.937
<b>Total financial guarantees and loan commitments</b>	<b>7.609.589</b>	<b>7.552.937</b>
<b>Total credit risk exposure</b>	<b>125.232.613</b>	<b>102.516.866</b>
<b>Banking operations</b>	<b>2022</b>	<b>2021</b>
Rogaland	80.359.133	67.607.775
Agder	11.396.264	9.610.638
Vestland	17.063.246	14.278.827
Oslo and Viken	8.080.119	5.375.199
Other	1.419.011	1.061.697
<b>Total by geograpich area</b>	<b>118.317.774</b>	<b>97.934.135</b>
Bonds	2.462.009	2.290.807
Derivatives	4.452.830	2.291.924
<b>Total credit risk exposure</b>	<b>125.232.613</b>	<b>102.516.866</b>

## 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).

2022	0,00 - 0,50 %	0,50 - 2,50 %	2,50 - 10,0 %	10,0 - 99,9 %	Commitments in default	Total
<b>Loans</b>						
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
<b>Total loans</b>	<b>94.840.254</b>	<b>14.456.909</b>	<b>1.030.988</b>	<b>380.034</b>	<b>-</b>	<b>110.708.185</b>

2021	0,00 - 0,50 %	0,50 - 2,50 %	2,50 - 10,0 %	10,0 - 99,9%	Commitments in default	Total
<b>Loans</b>						
Balances with financial institutions	726.497					726.497
Gross loans to customers						
- Retail market	77.015.743	11.304.028	933.609	401.322	-	89.654.702
<b>Total loans</b>	<b>77.742.240</b>	<b>11.304.028</b>	<b>933.609</b>	<b>401.322</b>	<b>-</b>	<b>90.381.198</b>

## 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	2022	2021
Other loans and deposits	-84.395	-91.590
Securities issued	125.281	88.901
Other	-4.485	-4.042
<b>Total interest rate risk</b>	<b>36.400</b>	<b>-6.731</b>
Maturity band		
0 - 3 months	36.400	-6.731
<b>Total interest rate risk</b>	<b>36.400</b>	<b>-6.731</b>
Currency		
NOK	36.400	-6.731
EUR		
<b>Total interest rate risks</b>	<b>36.400</b>	<b>-6.731</b>

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 36.4 million before tax, which corresponds to an impact on equity of positive NOK 27.7 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	2022	2021
<b>Currency</b>		
EUR	-	-
USD	-	-
Other	-	-
<b>Total</b>	-	-

The company's net foreign currency exposure is zero related to currency risk in 2021 and 2022. 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.

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
<b>Total liabilities</b>	-	<b>6.623.155</b>	<b>5.699.366</b>	<b>41.925.114</b>	<b>47.627.475</b>	<b>115.714.648</b>
<b>Derivatives</b>						
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

2021	Upon request	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
Debt to financial institutions	-	-	-	-	7.885.514	7.885.514
Listed debt securities	-	86.944	10.702.009	35.709.571	33.594.968	80.093.492
<b>Total liabilities</b>	-	<b>86.944</b>	<b>10.702.009</b>	<b>35.709.571</b>	<b>41.480.482</b>	<b>87.979.006</b>
<b>Derivatives</b>						
Contractual cash outflow	-	-241.621	-5.835.664	-25.788.988	-33.212.503	-65.078.777
Contractual cash inflow	-	111.107	5.742.429	25.248.544	31.973.075	63.075.156



## Note 14 Maturity analysis of assets and debt/liabilities

The tables show cash flows excluding contractual interest maturity.

2022	Upon request	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
<b>Assets</b>						
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	-	-	-	-	-	-
<b>Total assets</b>	<b>26.711.678</b>	<b>3.244.310</b>	<b>1.854.984</b>	<b>2.267.151</b>	<b>83.544.901</b>	<b>117.623.024</b>

<b>Liabilities</b>						
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
<b>Total liabilities</b>	<b>132.371</b>	<b>6.496.268</b>	<b>5.017.344</b>	<b>39.095.232</b>	<b>60.105.765</b>	<b>110.846.980</b>

2021	Upon request	Less than 3 months	3-12 months	1 - 5 years	More than 5 years	Total
<b>Assets</b>						
Balances with financial institutions	726.497	-	-	-	-	726.497
Loans to customers	19.134.207	1.807	14.648	362.490	70.141.552	89.618.804
Bonds	-	-	1.625.799	665.008	-	2.290.807
Financial derivatives	-	-	229.598	1.410.775	651.551	2.291.924
Other assets	33.503	-	-	-	-	33.503
<b>Total assets</b>	<b>760.000</b>	<b>1.807</b>	<b>1.870.045</b>	<b>2.438.273</b>	<b>89.891.410</b>	<b>94.961.535</b>

<b>Liabilities</b>						
Listed debt securities	-	-	10.415.264	42.761.076	25.346.256	78.522.596
Debt to financial institutions	-	-	-	-	7.885.514	7.885.514
Financial derivatives	-	-	-	60.889	1.599.181	1.660.070
Other liabilities	229.696	-	-	-	-	229.696
<b>Total liabilities</b>	<b>229.696</b>	<b>-</b>	<b>10.415.264</b>	<b>42.821.965</b>	<b>34.830.951</b>	<b>88.297.876</b>

## Note 15 Net interest income

NOK 1000	2022			2021		
	Total	Measured at effective interest method	Measured at fair value	Total	Measured at effective interest method	Measured at fair value
<b>Interest income</b>						
Interest on balances with financial institutions	26.521	26.521	-	579	579	-
Interest on lending to customers	2.630.265	2.630.265	-	1.646.912	1.646.912	-
Interest on certificates and bonds	53.179	13.063	40.115	20.301	4.470	15.830
<b>Total interest income</b>	<b>2.709.965</b>	<b>2.669.849</b>	<b>40.115</b>	<b>1.667.791</b>	<b>1.651.961</b>	<b>15.830</b>
<b>Interest expense</b>						
Interest on debt to financial institutions	233.180	233.180	-	50.625	50.625	-
Interest on listed debt securities	1.835.854	580.146	1.255.708	645.607	486.527	159.080
<b>Total interest expense</b>	<b>2.069.034</b>	<b>813.326</b>	<b>1.255.708</b>	<b>696.232</b>	<b>537.151</b>	<b>159.080</b>
<b>Net interest income</b>	<b>640.931</b>	<b>1.856.523</b>	<b>-1.215.593</b>	<b>971.560</b>	<b>1.114.810</b>	<b>-143.250</b>

## Note 16 Net income from financial instruments

NOK 1 000	2022	2021
Net gains for bonds and certificates	-8.816	-6.382
Net change in value, basis swap spread	367.066	-70.202
Net change in value, other financial investments	-33.513	1.830
Net change in value, currency effect	-	-
<b>Net income from financial instruments</b>	<b>324.738</b>	<b>-74.754</b>

## Note 17 Other operating expenses

NOK 1 000	2022	2021
IT expenses	346	326
Other administrative expenses	121	-3
External fees	3.374	2.766
Other operating expenses	0	187
<b>Total other operating expenses</b>	<b>3.841</b>	<b>3.275</b>
<b>Fees for external auditor - specification of audit fees</b>		
Statutory audit	350	266
Tax advice <sup>1)</sup>	-	-
Other certification services	376	327
Other non-auditing services <sup>1)</sup>	-	-
<b>Total</b>	<b>726</b>	<b>593</b>

<sup>1)</sup> 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	2022	2021
Pre-tax profit	900.113	838.744
Permanent differences	117	-
Group contribution	-	-
Change in temporary differences	-304.909	118.790
<b>Tax base/ taxable income for the year</b>	<b>595.322</b>	<b>957.534</b>
Of which payable tax 22 %	130.971	210.657
Tax effect of group contribution	-	-
Change in deferred tax	67.080	-26.134
Excess payable tax allocation in previous years	-	-
<b>Total tax expense</b>	<b>198.051</b>	<b>184.524</b>
Deferred tax asset		
- deferred tax asset that reverses in more than 12 months	-	-33.491
- deferred tax asset that reverses within 12 months	-	-
<b>Total deferred tax asset</b>	<b>-</b>	<b>-33.491</b>
Deferred tax		
- deferred tax that reverses in more than 12 months	33.589	-
- deferred tax that reverses within 12 months	-	-
<b>Total deferred tax</b>	<b>33.589</b>	<b>-</b>
<b>Net deferred tax/ deferred tax asset</b>	<b>33.589</b>	<b>-33.491</b>
<b>Change in deferred tax asset</b>		
Year's change in deferred tax asset on the balance sheet	33.491	-26.134
Change in deferred tax asset not recorded in income statement	-	-
<b>Change recorded in income statement</b>	<b>33.491</b>	<b>-26.134</b>
<b>Specification of temporary differences</b>		
Differences related to financial items	152.677	-152.232
Group contribution paid	-	-
Losses carried forward	-	-
<b>Total temporary differences</b>	<b>152.677</b>	<b>-152.232</b>

## Note 19 Classification of financial instruments

2022	Financial instruments at fair value through profit or loss	Financial assets and liabilities assessed at amortised cost	Total
	Financial derivatives as hedging instruments		
<b>Assets</b>			
Balances with financial institutions	-	6.157.079	6.157.079
Loans to customers	-	104.514.373	104.514.373
Certificates and bonds at fair value	1.988.049	473.959	2.462.009
Financial derivatives	4.452.830	-	4.452.830
<b>Total assets</b>	<b>6.440.880</b>	<b>111.145.412</b>	<b>117.586.291</b>

<b>Liabilities</b>			
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
<b>Total liabilities</b>	<b>9.518.914</b>	<b>101.195.695</b>	<b>110.714.609</b>

## 2021

### Assets

Balances with financial institutions	-	726.497	726.497
Loans to customers	-	89.618.804	89.618.804
Certificates and bonds at fair value	1.626.353	664.455	2.290.807
Financial derivatives	2.291.924	-	2.291.924
<b>Total assets</b>	<b>3.918.276</b>	<b>91.009.755</b>	<b>94.928.032</b>

### Liabilities

Debt to financial institutions	-	7.885.514	7.885.514
Listed debt securities	-	78.522.596	78.522.596
Financial derivatives	1.660.070	-	1.660.070
<b>Total liabilities</b>	<b>1.660.070</b>	<b>86.408.110</b>	<b>88.068.181</b>

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).

	Valuation according to prices in an active market	Valuation according to observable market data	Valuation according to factors other than observable market data	Total
<b>2022</b>				
<b>Assets</b>				
Certificates and bonds at fair value	-	1.988.049	-	1.988.049
Financial derivatives	-	4.452.830	-	4.452.830
<b>Liabilities</b>				
Financial derivatives	-	9.518.914	-	9.518.914
<b>2021</b>				
<b>Assets</b>				
Certificates and bonds at fair value	-	1.626.353	-	1.626.353
Financial derivatives	-	2.291.924	-	2.291.924
<b>Liabilities</b>				
Financial derivatives	-	1.660.070	-	1.660.070

## Note 20 Financial derivatives

### 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 31.12.2022, the net fair value of the hedging instruments was NOK -4.953 million (NOK 4.596 million in assets and NOK 9.549 million in liabilities). The corresponding figures for 2021 were NOK 529 million (NOK 2.185 million in assets and NOK 1.656 million in liabilities). There was no ineffective result for hedging instruments in 2022.

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

At fair value through profit and loss	Contract amount		Fair value at 31.12.22		Contract amount		Fair value at 31.12.21	
	31.12.22		Assets	Liabilities	31.12.21		Assets	Liabilities
<b>Interest and exchange rate instruments, hedging</b>								
Interest rate swaps (including cross currency)	155.070.805		4.595.803	9.548.647	121.409.000		2.185.145	1.655.730
<b>Interest and exchange rate instruments, hedging</b>	<b>155.070.805</b>		<b>4.595.803</b>	<b>9.548.647</b>	<b>121.409.000</b>		<b>2.185.145</b>	<b>1.655.730</b>
<b>Total currency and interest rate instruments</b>								
Total interest and exchange rate instruments	155.070.805		4.595.803	9.548.647	121.409.000		2.185.145	1.655.730
Total accrued interests			-142.972	-29.733			106.779	4.341
<b>Total financial derivatives</b>	<b>155.070.805</b>		<b>4.452.830</b>	<b>9.518.914</b>	<b>121.409.000</b>		<b>2.291.924</b>	<b>1.660.070</b>

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.

	2022		2021	
	Contract amount	Average maturity	Contract amount	Average maturity
<b>Interest rate swaps</b>				
EURIBOR EUR (3 months)	75.425.753	5,2	54.163.200	6,1
LIBOR USD (3 months)	0		5.286.660	0,3
NIBOR NOK (3 months)	3.536.000	9,5	2.060.000	10,5
<b>Total interest rate swaps</b>	<b>78.961.753</b>		<b>61.509.860</b>	
<b>Cross currency swaps</b>				
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	71.628.357	5,2	54.386.574	6,1
LIBOR USD (3 months) to NIBOR NOK (3 months)	0		5.161.200	0,3
<b>Total cross currency swaps</b>	<b>71.628.357</b>		<b>59.547.774</b>	

Fair value interest rate risk 2022	Book value	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness		
<b>Hedging instrument</b>					
Interest rate swaps (including cross currency)				9.198.580	
<b>Hedged item</b>					
Listed debt securities	69.825.447	9.609.359		-9.214.066	
<b>Hedged item</b>	<b>Under 3 måneder</b>	<b>3-12 måneder</b>	<b>1 - 5 år</b>	<b>over 5 år</b>	<b>Totalt</b>
Listed debt securities	6.307.380	-	26.753.804	46.373.623	79.434.806

Fair value interest rate risk 2021	Book value	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness		
<b>Hedging instrument</b>					
Interest rate swaps (including cross currency)				2.018.274	
<b>Hedged item</b>					
Listed debt securities	62.306.979	11.979.960		-2.022.224	
<b>Hedged item</b>	<b>Under 3 måneder</b>	<b>3-12 måneder</b>	<b>1 - 5 år</b>	<b>over 5 år</b>	<b>Totalt</b>
Listed debt securities	-	220.278	17.786.496	32.760.800	50.767.574

## Note 21 Debt securities issued

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
<b>Total securities issued</b>	<b>87.356.157</b>	<b>20.208.803</b>	<b>67.147.353</b>

2021			
NOK 1 000	Total	NOK	Currency
Covered bonds, nominal value	78.012.759	18.018.021	59.994.737
Value adjustments	289.874	-1.165	291.038
Accrued interests	219.964	41.185	178.779
<b>Total securities issued</b>	<b>78.522.596</b>	<b>18.058.042</b>	<b>60.464.555</b>

### Securities issued by maturity date

Public covered bonds	Total	NOK	Currency
2023	11.366.873	5.017.344	6.349.529
2024	5.002.874	-	5.002.874
2025	13.880.058	6.031.606	7.848.451
2026	4.653.204	-	4.653.204
2027	13.054.399	6.017.543	7.036.856
2028	14.153.069	-	14.153.069
2029	7.100.688	-	7.100.688
2030	4.200.104	-	4.200.104
2031	8.240.923	-	8.240.923
2032	3.142.311	3.142.311	-
2038	2.401.355	-	2.401.355
2041	160.300	-	160.300
<b>Total debt</b>	<b>87.356.157</b>	<b>20.208.803</b>	<b>67.147.353</b>

### Change in debt raised through issuance of securities

	Balance 31.12.22	Issued 2022	Matured/ redeemed 2022	Exchange rate and other changes 2022	Balance 31.12.21
Covered bonds, nominal value	95.961.098	24.445.688	-10.262.480	3.765.131	78.012.759
Adjustments	-8.924.192	-	-	-9.214.066	289.874
Accrued interests	319.251	-	-	99.287	219.964
<b>Total debt raised through issuance of securities</b>	<b>87.356.157</b>	<b>24.445.688</b>	<b>10.262.480</b>	<b>-5.349.648</b>	<b>78.522.596</b>

## 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 2022), loans with a loan-to-value ratio in excess of 80 percent (60 percent for holiday homes) and the use of nominal values.

NOK 1 000	2022	2021 <sup>1)</sup>
Covered bonds	92.382.935	78.522.596
<b>Total covered bonds</b>	<b>92.382.935</b>	<b>78.522.596</b>
Loans to customers	104.215.118	89.440.566
Substitute collateral	8.590.080	2.547.057
<b>Total cover pool</b>	<b>112.805.198</b>	<b>91.987.623</b>
<b>Asset coverage</b>	<b>122,1 %</b>	<b>117,1 %</b>

<sup>1)</sup> The LTV ratio was 75 percent at 31.12.21 and the policy for calculating asset coverage changed during Q4 2022 from market to nominal value. The asset coverage at 31.12.21 is presented in accordance with the principles valid at that time.

## Note 23 Other liabilities

NOK 1 000	2022	2021
Expected credit loss on remaining credit lines	323	255
Accrued expenses and prepaid revenue	1.078	18.782
<b>Total other liabilities</b>	<b>1.401</b>	<b>19.037</b>

## 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

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
<b>Total</b>	<b>-7.682.459</b>	<b>-5.066.084</b>	<b>3.367.355</b>	<b>26.521</b>	<b>229.551</b>	<b>1.461</b>	<b>60.811</b>



2021	Balances with SR-Bank	Financial derivatives	Covered bonds	Interest income	Interest expenses	Operating expenses	Management fee
SpareBank 1 SR-Bank ASA	-7.159.017	631.854	362.909	579	52.131	1.261	56.240
<b>Total</b>	<b>-7.159.017</b>	<b>631.854</b>	<b>362.909</b>	<b>579</b>	<b>52.131</b>	<b>1.261</b>	<b>56.240</b>

## *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](http://www.sr-bank.no).

	2022	2021
Total number of shares 1 January	6.000.000	6.000.000
Issue of new shares		
<b>Total number of shares 31 December</b>	<b>6.000.000</b>	<b>6.000.000</b>

## *Note 27 Events after the balance sheet date*

No material events that affect the prepared financial statements have been recorded after 31 December 2022. The company is not involved in any legal proceedings.

The proposed dividend is NOK 117.5 per share and will total NOK 705 million.

## *Statement by the Board of Directors and Chief Executive Officer*

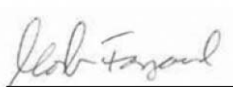
We hereby confirm that the financial statements for the period 1 January to 31 December 2022 have, to the best of our knowledge, been prepared pursuant to applicable accounting standards, and that the information provided presents a true and fair picture of the company's assets, liabilities, financial 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, 9 March 2023



Inge Reinertsen  
Chairman



Morten Forgaard



Merete Eik



Børge Henriksen



Dag Hjerle  
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 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by 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 8 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 appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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

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

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

### **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 International Financial Reporting 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, 9 March 2023  
**PricewaterhouseCoopers AS**

**Arne Birkeland**  
State Authorised Public Accountant

## Revisjonsberetning

---

### Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Birkeland, Arne	BANKID_MOBILE	2023-03-09 21:51



**This document package contains:**

- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.