SpareBank 1

Annual Report 2023

SpareBank 1 Boligkreditt

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13 BANKS. HUNDREDS OF YEARS OF EXPERIENCE:

The SpareBank Alliance

Early in the 19th century the savings banks were started all across Norway, by the communities themselves, to have a savings vehicle and to help grow local economies and infrastructure.

The savings banks history begin in Norway in 1822 when the first savings bank opened in Christiania, today's Oslo. The following year, in 1823, the first banks, which are today part of the SpareBank 1 Alliance, were founded.

In 1996, The SpareBank 1 Alliance was formed. The goal was to make the banks stronger by working together. Later, several opportunities for offering the public other financial services than lending were integrated. At the same time the SpareBank 1 brand was born. Today it is a household brand name all over Norway. The number of savings banks in the Alliance has changed over time. Smaller units have merged, forming larger banks, and further banks have joined the Alliance because of the benefits the cooperation offers.

The Alliance strengthens each of today's 12 local bank's competitiveness and profitability and it ensures each bank's future independence and regional ties. The shares of SpareBank 1 banks listed on the Oslo stock exchange have provided strong investment returns since the Alliance was formed, through the financial crisis and the corona pandemic, as well as business cycles in between.

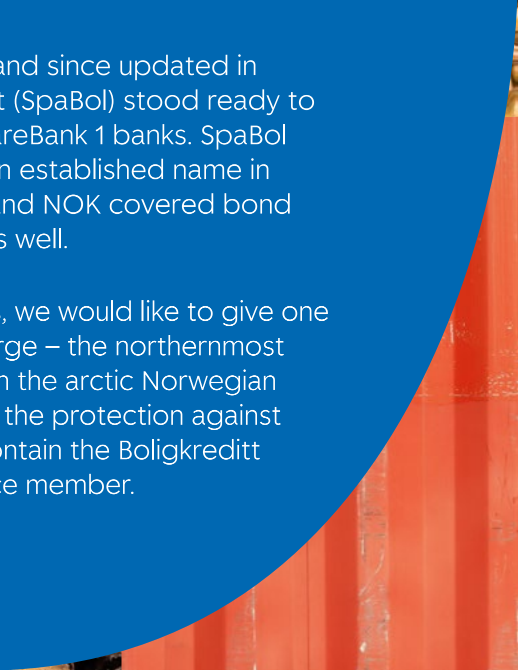
A key contributing reason is sound lending. Part of the core strategy for the banks is a regional banking principle, intimate knowledge of the customer base and in the last couple of years a strong focus on sustainability.

SpareBank 1 is Norway's second largest finance group in terms of assets. It plays a key role in the country's residential mortgage market. At year-end 2023, the banks in the SpareBank 1 Alliance finance approximately 25 per cent of all residential mortgage loans in Norway.

Big or small, two hundred years old or established in the 21st century: All the banks in the SpareBank 1 Alliance have made a difference for Norwegians and their daily lives, businesses and local initiatives all over the country – and they still do. Today the one-time traditional saving account and lending banking concept of the 19th century is, as a SpareBank 1 Alliance member, a fully-fledged universal bank which shares a part of its profits with the society in which it operates.

When the covered bond legislation was enacted in Norway in 2007 (and since updated in 2022), the SpareBank 1 banks' joint subsidiary SpareBank 1 Boligkreditt (SpaBol) stood ready to fund residential mortgages with covered bonds on behalf of the SpareBank 1 banks. SpaBol has been a regular EUR benchmark issuer in since and has become an established name in the covered bond market. SpaBol comes regularly to both the EUR and NOK covered bond markets in public benchmark format, and issues in other currencies as well.

Even though a successful alliance always is dependent on its members, we would like to give one of our banks some extra attention in this report: SpareBank 1 Nord-Norge – the northernmost bank in the Alliance, and probably also in the world, with a presence on the arctic Norwegian island of Svalbard (where rifles inside the bank branch are allowed, for the protection against visiting polar beers outside). So even though the next pages mainly contain the Boligkreditt story and numbers of 2023, we will also salute our northernmost alliance member.



The banks in the SpareBank 1 Alliance have made a difference for Norwegians and their daily lives, businesses and local initiatives all over the country – and they still do.

Ski touring in the Lyngen Alps outside Tromsø

Annual Statement 2023 of the Board of Directors of SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt AS ('Boligkreditt', 'SpaBol', or 'The Company') is a specialized covered bond issuer. It is regulated as a credit institution and licensed by the Norwegian Financial Supervisory Authority (Finanstilsynet) and is operating according to the legislation for covered bonds in Norway[1].

The Company, which is based in Stavanger, Norway, is owned by the SpareBank 1 banks throughout Norway (the SpareBank 1 Alliance banks), which are contractually obligated to maintain the Company's equity capitalization at or above regulatory requirements.

The sole purpose of the Company is to provide funding via covered bonds for the owner banks in the SpareBank 1 Alliance. To this purpose, the owner banks transfer qualifying mortgage loans (mortgages that follow from a specific rule set) with a loan-to-value ("LTV") of up to 75 per cent[2]. The Company pays the net interest margin earned on mortgages to the banks, after deductions for its funding and operating costs. This net interest margin is accounted for as commissions to the owner banks in the Company's financial statement. The Company is thus an integrated part of the financing operations of its owner banks. All customer aspects for the residential mortgages transferred remain with the originating bank.

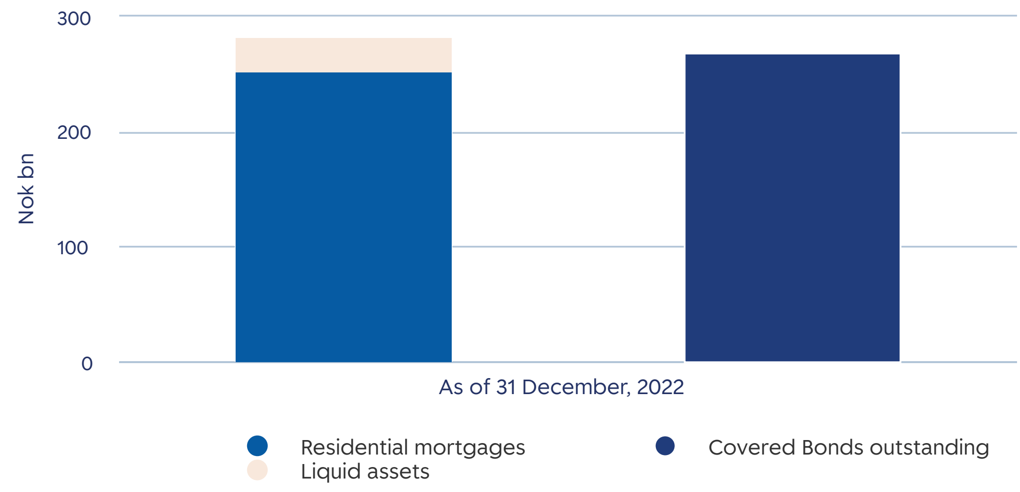
The Company's issuances of covered bonds mainly take place under the EUR 35 billion Global Medium Term Covered Note Programme (GMTCN Programme). This Programme was last updated on May 8, 2023. The programme is available on the Company's home page: https://spabol.sparebank1.no/programme-documents

Moody's Ratings Service evaluate the credit quality of the issuances under the GMTCN Programme. The issued covered bonds are rated Aaa.

Cover pool and outstanding covered bonds[3]

SpareBank 1 Boligkreditt's cover pool consists of residential mortgages and liquid, highly rated assets as well as derivatives hedging liabilities in a foreign currency and/or at fixed rates. The chart below illustrates the balances as of December 31, 2023. The balances are based on a nominal principle where bonds (covered bonds issued as well as bonds held within liquid assets) are presented at par. This means that derivatives hedging these instruments are effectively incorporated within the nominal values of the bonds in the illustration. A swap exactly converts each fixed coupon payment in any currency to a NOK 3-month floating rate basis over the tenor of a bond.

[1] The covered bond legislation in Norway is updated July 2022 and incorporates the Directive (EU) 2019/2162
[2] The limit for instalment mortgages is 75 per cent, while mortgages which have no scheduled repayment structure are limited to 60 per cent. There is a regulatory minimum amortization requirement of 2.5 per cent annually for new mortgages with a LTV at 60 per cent or above.
[3] The source is the cover pool asset liability test for overcollateralization as of September 30, 2023 (note to the financial statements).



The amount of **liquid assets** varies over time, and the variation is solely a result of the Issuer's liquidity risk management (and regulatory requirements), whereby upcoming redemptions are refinanced prior to the maturity of outstanding bonds (minimum 180 days) with bond proceeds invested as liquid assets. Liquid assets are covered bonds with a triple-A rating, SSA or government bonds with a triple-A rating, or short-term cash deposits and repos (please see the cover pool statistical reports on spabol.no for details on the composition of liquid assets).

The table below provides an overview of the **residential mortgages** in the cover pool, as well as the overcollateralization.

Residential mortgages key figures

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Weighted Average Current LTV (%)	53.3 %	51.2 %	51.1 %	51.9 %	49.2 %
Weighted Average Original LTV (%)	59.9 %	60.3 %	60.1 %	60.1 %	60.1 %
Average Loan Balance (NOK)	1,811,759	1,787,257	1,761,198	1,741,462	1,702,210
Number of Mortgages in Pool	152,420	151,623	150,818	151,075	148,328
Pct. of non first-lien mortgages	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Overcollateralization	5.3 %	5.4 %	5.4 %	5.3 %	5.3 %

Key developments in 2023

AThe domestic NOK covered bond market was important for the Company also in 2023 and SpaBol has issued a total of NOK 32.4 billion, of which approximately 10 per cent was in longer dated fixed rate covered bonds, and the remainder in FRN format. Two fixed EUR covered bond benchmarks were placed, a green, 7-year, EUR 750 million in May 2023 and a EUR 1 bn in October 2024. Boligkreditt called and issued new Subordinated debt (T2 capital bonds) of NOK 300 million in the 3rd quarter.

The Norwegian authorities presented the Near Zero Emissions Buildings Standard (NZEB) in early 2023. This definition is a requirement in the Energy Performance Buildings Directive 2010/31/EU and is a baseline for the green buildings definition under the EU Taxonomy for buildings constructed after 2020. A new threshold definition has just been proposed by the government, according to the EU Taxonomy, of the most energy efficient 15 per cent residential properties. This definition has not yet been finalized. SpaBol, which has operated with a top 15 per cent green mortgage definition since 2018, has updated its Green Bond Framework (GBF) to meet the EU Taxonomy criteria. The new GBF with an SPO paper is available on the Company's green bond webpage: https://spabol.sparebank1.no/green-bonds

A new Board member, Allan Troelsen, has replaced Knut Oscar Fleten in 2023. Mr. Troelsen is the CEO in SpareBank 1 Nordmøre. A presentation of the whole Boligkreditt board of directors is found here: https://spabol.sparebank1.no/about.

From fish to travel and tourism

Fisheries and aquaculture have always played a big part of the way of life in Northern Norway, and the salmon have in every way deserved the pride of place of this year's SpareBank 1 Boligkreditt's annual report, where we cast a glance at the environment of our northernmost Alliance bank member. SpareBank 1 Nord-Norge has advisors with specialized competencies in fisheries, aquaculture, travel and tourism and other industries important to the people of Northern Norway.

Accounts as per 31.12.2022

TThe accounts have been prepared in accordance with the International Reporting Standards (IFRS) as adopted by the EU.

The Board views the accounts as presented to be a true representation of SpareBank 1 Boligkreditt's operations and financial position as of the end of 2023. Numbers in brackets refer to the corresponding period last year for comparison.

The total balance sheet at December 31, 2023 amounted to 320 (288) billion kroner. The main reason behind this increase is the growth in the financed volume of mortgages of NOK 277 billion vs. NOK 253 billion a year earlier. The pre-tax result for the year 2023 of 479 (45) million is driven by the following[4]:

- The Company had net interest income of NOK 1,464 (1,644) million, which includes both mortgage interest and interest income from the portfolio of liquid assets. The decrease, despite a higher volume of mortgages on the balance sheet, is mainly due to a reduced mortgage net lending margin. This happens because the 3-month NIBOR rate, which is the funding basis for covered bonds, has increased faster and by more than the variable mortgage rate charged to customers. Variable mortgage rate increases must by law be delayed by 8 weeks after announcement before becoming effective. All of the Company's mortgages are at a variable rate, and Boligkreditt has the right to set and change the variable rate on its mortgage loans. However, for the interest rate decisions, Boligkreditt in practice defers to the SpareBank 1 bank which originated the loan. These banks set and change their variable mortgage rates in competition with other banks and choose to be guided by changes in the central bank policy rate when doing so.
- Commission expense to SpareBank 1 banks were 788 (1,249) million, which are the payments of the mortgages' net interest margin to the Issuer's loan originating owner banks. The reduction of these commissions, despite a growing loan book, is due to the reasons described above. Most of the difference between the Company's net interest income and the commissions to SpareBank 1 banks is interest income on the Company's liquidity portfolio, which has increased substantially in 2023 compared to 2022 due to higher market rates.
- The net gain from financial instruments was NOK 3,6 (-288) million. This figure incorporates all valuation changes in the Company's liquid assets (covered bonds and SSA) as well as issued debt hedged with derivatives. The aggregated figure can be volatile, as can be seen in the difference between 2023 and 2022. Changing NIBOR rates can drive temporary valuation changes on the asset and debt side, which are otherwise observed within liquid assets when market credit spreads change materially. EUR-NOK basis swaps valuation changes are not accounted for in the Company's ordinary result, but is included in Other Comprehensive Income (OCI)
- The cost of operations for 2023 was NOK 45,1 (44,3) million. The majority of operating costs are for expenses related to the Company's bond issuances, IT operations as well as personnel related expense.
- IFRS 9 loan loss provisions increased by NOK 16 (16.5) million to NOK 47.4 million. These are modelled losses under assumption about future developments. No actual loan losses have ever occurred in the Company's portfolio of mortgage assets.

[4] The result exclude interest paid on the Company's AT1 bonds of NOK 900 million in total. This interest is accounted for as an equity distribution. The result also does not take into account the changes in basis swap spreads and valuation thereof for currency swaps, which only effect other comprehensive income and equity.

Risk aspects

SpareBank 1 Boligkreditt, as a licensed and regulated covered bond issuer, is subject to strict rules regarding its exposure to credit, market, and liquidity risks. This fact, and the aim of the maintenance of the Moody's Aaa rating, means that the Company is subject to low levels of risk and places strong emphasis on risk control.

Credit Risk is defined as the risk that losses can occur as a consequence of that customers and others not having the ability or willingness to meet their obligations to SpareBank 1 Boligkreditt. Because the Company buys residential mortgages within 75% of the value of the objects on which the mortgages are secured, the Board of Directors concludes that the credit risk is lower than for Norwegian banks in general[5].

Market risk is defined as the risk of losses due to changes in market rates, ie. interest rates, exchange rates and the prices of financial instruments. SpareBank 1 Boligkreditt issues a materially larger share of covered bonds in currencies other than its operational currency NOK. However, all borrowing and investments in a foreign currency, as well as such with a fixed rate, have been hedged by financial currency- and/or interest rate swap agreements. Some natural hedging may occur with EUR assets matching EUR liabilities. The collective cash flow therefore matches borrowing in Norwegian kroner with floating rate conditions (NIBOR 3 months). The Company receives cash collateral from its counterparties in derivative agreements.

The bonds held in the Company's liquidity portfolio are mainly Nordic covered bonds and German supra sovereign and agencies (agencies guaranteed by the German government) with a triple-A rating from Fitch, Moody's or S&P. These bonds are held on a 3-month basis either as FRNs or as swapped fixed rate bonds. Deposits are placed in banks with a minimum rating of A/A2. Cash is also placed in reverse repos with approved counterparty banks, with AAA rated securities as collateral.

The Company had as of December 31, 2023 only moderate interest rate risk, and small amounts of currency risk.

Liquidity risk is defined as the risk that the Company is not able to meet its obligations at maturity or to finance the purchase of loans at normal terms and conditions. Liquidity risk is managed based upon a liquidity strategy approved by the Board of Directors. According to the strategy, SpareBank 1 Boligkreditt AS shall maintain a liquidity reserve with a minimum size equal to or more than all debt maturities within the next 6 months. The Board of Directors views SpareBank 1 Boligkreditt AS's liquidity situation as good.

Operational risk is defined as risk of loss due to error or neglect in transaction execution, weakness in the internal control, or information technology systems breakdowns or malfunction. Reputational, legal, ethical and competency risks are also elements of operational risk. The risk is assessed by the Board of Directors to be moderate.

The Company spends much time identifying, measuring, managing, and following up on central areas of risk in such a way that this contributes to meeting its strategic goals. The notes 24 through 28 in the 2023 annual accounts provide further information.

[5] The EU harmonized covered bond regulations, implemented in Norway, allow for LTV of up to 80 per cent. For mortgages in the cover pool. The Company has chosen to continue with a 75 per cent LTV maximum.

Employees and the working environment

SpareBank 1 Boligkreditt had seven direct employees as of 31.12.2023, of which five are male and two female. The Company is serviced by a number of other functions in the SpareBank 1 Alliance. The Company has a Transfer and Servicing Agreement with each shareholder bank which is handling the customer contact and servicing the mortgage portfolio on behalf of the Company. In addition, the Company purchases a significant amount of its support functions from SpareBank 1 SMN, e.g. accounting, HR and finance related back-office functions. Boligkreditt is served by a central SpareBank 1 Alliance unit for IT specific needs and further operational activities.

The Company has moved into new offices in downtown Stavanger, Norway in early 2020. These are energy efficient with a BREEAM-NOR certification of very good. The EPC label is B, while energy use is 85 kWh/m2 and running Co2 emissions are 12.9 kg Co2/m2. The company provides no car parking spaces. There has been no material per cent employee absence recorded in 2023 due to sickness. No workplace accidents which might have resulted in property and/or damage to any persons have occurred or been reported during the year.

The Board consists of seven persons of which five are male and two are female. SpareBank 1 Boligkreditt AS strives to achieve an even distribution between the genders in recruiting for the staff and the Board.

The covered bond issuer SpareBank 1 Naeringskreditt AS, which is smaller and finances commercial property lending, has identical staffing to Boligkreditt. Of the seven full time employees employed at year-end in both SpareBank 1 Boligkreditt and Naeringskreditt AS, 1.4 full time equivalents have been allocated to SpareBank 1 Naeringskreditt AS. The Boards of the two companies also have an identical composition at year-end 2023.

Corporate Governance

SpareBank 1 Boligkreditt's principles for corporate governance are based on the Norwegian accounting law and regulations and the Norwegian practice for corporate governance. Through its financial accounting, Boligkreditt seeks to deliver relevant and timely information for its owner banks, regulatory authorities and participants in the capital markets. The Board evaluates and approves Management's proposed annual and quarterly financial accounts.

Boligkreditt maintains an administration which is suitable for the purposes, activities and extent of the business. The Management routinely evaluates risk factors to the business along with an evaluation of their probability and consequence. The Company aims to ensure that procedures and policies are in place to address these risks in an appropriate manner. Material breaches in the policy and procedures, and all breaches of financial risk limits or regulatory requirements, are reported to the Board of Directors.

The Company has insurance in place for professional responsibility for the Board of Directors and its employees, as well as insurance coverage regarding cyber related claims (hacking, ransom etc.) and for losses due to criminal acts towards the Company. All insurance policies are held jointly within the SpareBank 1 Alliance.

The Company has an ethical rule book. The rules provide guidelines for how to avoid conflicts of interest and unethical conduct towards customers, counterparties, and the society as a whole.

The Company publishes its Corporate Governance policies in a document available on the Company's website www.spabol.no.

Shareholders and Dividend

The Company's shareholders are solely banks in the SpareBank 1 Alliance (or banks owned by these banks) which have sold and transferred mortgages to the Company. The shareholder's agreement includes a clause that the Shareholders must maintain a minimum equity capitalization of Boligkreditt consistent with minimum regulatory requirements. In case of a rights issue, the shareholders are obliged to subscribe shares according to its current share of the shareholdings. The Company is not party to agreements which come into force, are amended, or are terminated as a result of a takeover bid. A dividend of NOK 416 million is proposed paid for the year 2023, which is NOK 5.34 per share.

Social responsibility

SpareBank 1 Boligkreditt is a specialized issuer of covered bonds, set up according to Norwegian law requirements for issuers of covered bonds. Despite the relatively large size of its balance sheet, Boligkreditt has strict limitations on its activities and has only seven full time employees. The nature of the business consists solely of buying residential mortgage loans from its shareholder banks in the SpareBank 1 Alliance, and to finance these by issuing covered bonds. Every other activity, such as entering into derivatives agreements, receiving collateral related to those and maintaining and investing own liquid assets, follow from this single business purpose.

In the area of mortgage finance the originating banks are obligated by Norwegian mortgage market regulations to analyse the financial sustainability of mortgage debt that borrowers are seeking. The banks are also obligated to not approve and provide advice to customers who are seeking debt levels which may be or become unsustainable. This is enshrined in the Norwegian government's residential mortgage lending legal rule book, and applies to all of the Company's financed mortgages. The Company publishes a report for the purpose of presenting its social responsibility, the report can be found here:
https://spabol.sparebank1.no/about

<u>Transparency Act</u>
A Norwegian Act with regard to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act "Act") came into effect on July 1, 2022. Boligkreditt is a Company, due to its size, which falls within the remit of the Act.

The Act requires that due diligence shall be carried out regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions. A key aspect to the Act is for an enterprise to assess and report any risks that might stem from its chain of suppliers, with regards to the purpose of the Act, which is to enhance and protect human rights and decent working conditions.

Because SpareBank 1 Boligkreditt solely is a specialist issuer of covered bonds, its activities are very limited. The SpareBank 1 owner banks, which transfer residential mortgages to the Company as a part of their funding, continue to service mortgages and maintain all aspects of the customer relationships for the loans that are transferred. This is regulated by a Transfer and Servicing Agreement which each owner bank has signed with its subsidiary. One large owner bank, SpareBank 1 SMN, functions in a special service capacity for Boligkreditt; it provides payments and settlements, a securities pricing function as well as accounting and reporting services and human resources. Other suppliers to Boligkreditt are legal firms in Norway and the UK, as well as internationally established auditing practices.

The Company purchases services and goods from SpareBank 1 Utvikling, a SpareBank 1 Alliance internal services company. SpareBank 1 Utvikling has, since 2019, on behalf of the SpareBank 1 Alliance, analysed, and, if needed, followed up its suppliers, to confirm or improve compliance with its sustainable and responsible business guidelines. The report of this work will be included in a report about the Transparency Act as it is understood to pertain to SpareBank 1 Boligkreditt. The report will be published on https://spabol.sparebank1.no/about, under Constitutional Documents and Corporate Governance.

Macroeconomic development and outlook[6]

After the interest rate increases, the outlook for the Norwegian economy is low growth for 2023 and 2024. Inflation is not expected back at the central bank's target of 2 per cent in 2024 as shown in the forecast in the table below. That means that interest rates probably will stay at a higher-than-normal level. The policy rate is currently 4.5 per cent. Reduced household consumption and investments in housing are outcomes of the higher rate. Norwegian households have a variable mortgage rate to a dominant degree, which transmits the higher rate directly and quickly. The economy-wide investment growth is negative from 2023 and the following two years in the forecast, but while housing and mainland business investment is expected to decline substantially in 2024, especially new housing construction, oil and gas investments are increasing materially (as they did in 2023).

Norway's current account surplus to GDP, due to energy export, is particularly high, at a record level of nearly 30 per cent in 2022, and stays elevated in the forecast below. Oil and gas investments are increasing, and this, alongside the export of energy, are drivers of GDP growth.

The variable mortgage interest rate, which most mortgage holders pay, is now above 5.5 per cent. The housing market price index appreciated by 0.5 for 2023, but declined 5.6 per cent over the last 6 months of the year. The house price index is expected to remain fairly flat in 2024, if not increase some. This is due to population growth, low levels of new construction as well as real income growth above inflation in 2024 (and 2025) for household (see table below).

Summarized for a few macroeconomic indicators, the recent data and forecast for the next period are as follows:

Recent data and forecast (per cent)	2021	2022	2023	2024	2025
Mainland GDP growth	4.5	3.8	0.7	0.9	1.7
Private consumption growth	5.1	6.2	-1.1	0.1	2.4
Investments growth	0.7	5.2	-1.0	-3.4	-0.6
Unemployment rate	4.4	3.2	3.6	3.9	4.1
CPI growth	3.5	5.8	5.6	4.5	2.5
Annual wage growth	3.5	4.3	5.6	5.4	4.3
Current account surplus to GDP	13.3	29.5	17.5	19.1	19.3

Source: Statistics Norway (SSB) December 8, 2023

[6] Macroeconomic projections have been sourced from Statistics Norway as of December 8, 2023.

Future prospects of the Company

The Company has a portfolio of residential mortgage loans with an average loan to value (LTV) around 50 per cent, and no loans are in default.

SpareBank 1 Boligkreditt's residential mortgage portfolio is well diversified, albeit weighted towards the eastern, central, and northern regions in Norway. Mortgage loans in the cover pool are very granular (average size of NOK 1.8 million). The banks in the SpareBank 1 Alliance are required to keep reserves of eligible (i.e. cover pool pre-qualified) mortgages in order to provide replacement assets should this become necessary (i.e. if residential price declines increase LTVs above the eligibility limit for mortgages in the pool). Such reserves in the banks are tested regularly to verify that a broad and general 30 per cent decline in real estate prices leaves each member bank with sufficient qualifying reserves for replenishing the cover pool.

The Board of Directors views Boligkreditt as sufficiently capitalized with a capital coverage ratio of 18.27 per cent against a total requirement, including all regulatory buffers, of 18.04 per cent. Pro forma for an additional equity capital injection, paid in by the shareholders on or by 29.02.2024, the capitalization, including the proposed dividend for 2023, is 19.65 per cent.

It is the Company's policy to maintain capital ratios slightly above the regulatory requirements (with a management buffer of currently 0.8 per cent). When required, additional common equity is paid in by the owner banks in the regular course of business, usually in connection with increases in transferred mortgage volume.

The Board of Directors views prospects for the Company to continue to be good and stable, despite the changed macroeconomic forecasts towards lower growth and more uncertainty ahead. This is based on several elements: a strict qualifying process for loans to become part of the cover pool (bank lending practices, mortgage lending regulations and cover pool qualification requirements), a high degree of diversification and granularity of the mortgages in the pool, as well as the robustness and financial position of the Norwegian economy. The Board also bases this conclusion on the low average LTV of the mortgage portfolio, no defaults or loans in arrears, and a strong history and institutional framework in Norway for mortgage loan performance.

* * *

The Board of Directors affirms its conviction that the financial accounts present a correct and complete picture of the Company's operations and financial position at the end of December 2023. The financial accounts including notes are produced under the assumption of a going concern.

Stavanger, March 15, 2024
The Board of Directors of SpareBank 1 Boligkreditt AS

/s/ Bengt Olsen
Chairman of the board

/s/ Geir-Egil Bolstad

/s/ Trond Søraas

/s/ Steinar Enge

/s/ Heidi Aas Larsen

/s/ Merete N Kristiansen

/s/ Allan Troelsen

Present where people live

SpareBank 1 Nord-Norge has approximately 350 000 retail customers, 40 000 small and medium sized company customers and around 1000 employees. The bank has a physical presence in the northernmost counties of Troms and Finnmark as well as in Nordland, with 15 physical bank branches. That means that the bank has more offices in the region that all other financial sector players combined. One function of the offices is showing interested customers how digital banking services are available on all digital screens and around the clock.

SpareBank 1 Boligkreditt AS

- Statement of the members of the board and the chief executive officer

The Board and the chief executive officer have today reviewed and approved the financial accounts as of December 31, 2023 for SpareBank 1 Boligkreditt AS. The accounts have been prepared in accordance with IFRS Accounting Standards, as adopted by the EU.

To the best knowledge of the Board and the chief executive officer the accounts have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole as of December 31, 2023.

The Board of Directors and the chief executive officer declare to the best of their knowledge that the quarterly report gives a true and fair view of the development and performance of the business of the Company, as well as a description of the principal risks and uncertainties facing the Company.

Stavanger, March 15, 2024
The Board of Directors of SpareBank 1 Boligkreditt AS

/s/ Bengt Olsen Chair	**/s/ Geir-Egil Bolstad**	**/s/ Trond Søraas**	**/s/ Heidi Aas Larsen**
/s/ Merete N. Kristiansen	**/s/ Allan Troelsen**	**/s/Steinar Enge**	**/s/Arve Austestad** CEO

From Northerns to Northerns

SpareBank 1's vision is simply For Northern Norway. Every day the people in the bank work to understand and do what is important to the people and businesses of Northern Norway better than anyone else. And when the largest owner of the bank are the people who live and work in the region – well, then the vision creates itself.

Northern lights in Tromsø

Management Statement Annual Report 2023

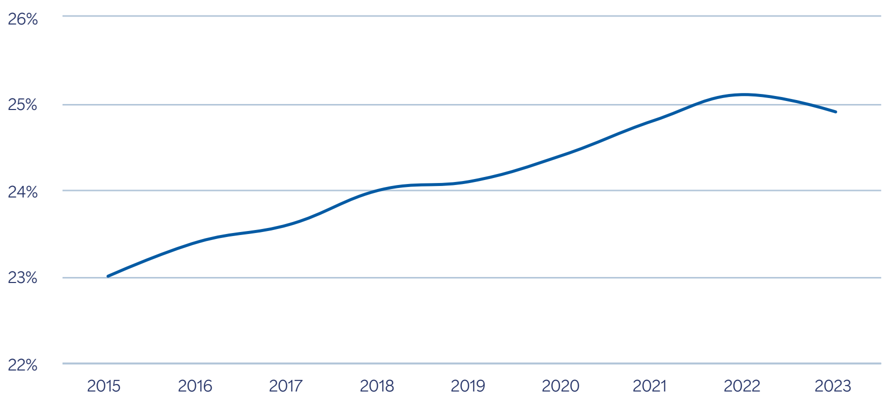
SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt (SpaBol, the Company or Issuer) is a Norwegian specialized issuer of covered bonds. The Company was set up in 2005 and issued an inaugural EUR denominated covered bond once the covered bond legislation was passed by parliament in 2007. SpaBol issues EU Covered Bonds (premium) in accordance with the EU's Covered Bond Directive 2019/2162 and the Capital Requirements Regulation and based solely on Norwegian residential mortgage collateral[1].

The uniqueness of SpaBol is that it is owned by the group of savings banks working closely together and organized under the SpareBank 1 Alliance and common brand. The Alliance consist of a group of 12 banks at the beginning of 2024, with another savings bank due to join shortly. The banks operate in different regions of Norway with a high degree of operational integration through a joint Company for operational solutions and technology, SpareBank 1 Utvikling (Development). The banks are together Norway's second largest financial institution by lending, and SpaBol is therefore an issuer of covered bonds of size and regularity in EUR and NOK.

The SpareBank 1 banks' market share in Norwegian residential mortgages is shown in the chart below. The source for the data is the real estate valuation firm Eiendomsverdi, which plays an important role in the automatic valuation of residences for all lenders in Norway. The chart is based on the number of residential mortgages (rather than NOK volume) and shows an increasing SpareBank 1 market share over time, including a small drop in 2023. The Alliance is one of the two largest lenders in the Norwegian residential mortgage market[2].

Chart 1: Relative market share SpareBank 1 Alliance banks in the aggregate



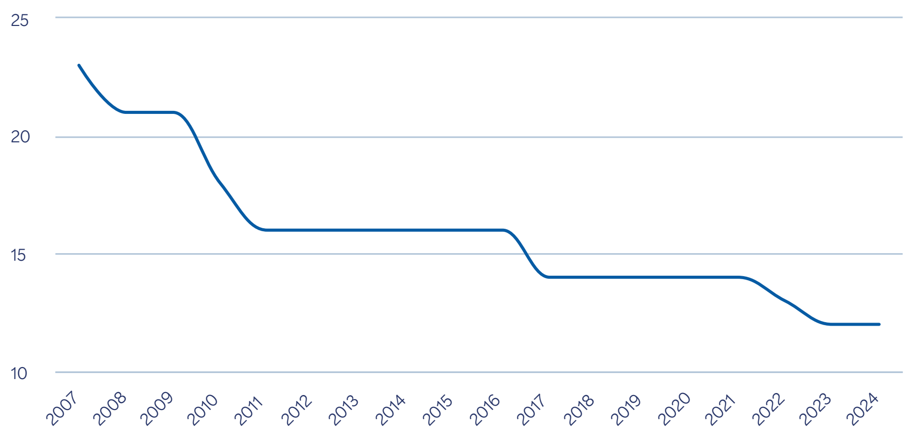
Source: Eiendomsverdi

[1] Liquidity is also part of cover assets
[2] The chart is inclusive and pro forma of SpareBank 1 Sogn og Fjordane in the process of joining the Alliance

Consolidation

50 years ago there were 473 savings banks in Norway, and at the end of 2023 there were 84 according to the savings banks association. The SpareBank 1 Alliance member banks, which in 2007 numbered 23 banks, will remain 12 banks in 2024; two existing banks within the Alliance are merging and a savings bank from outside is joining the Alliance. The line below charts this development, which also includes 4 banks which have joined and been merged into Alliance banks from outside, as well as one small bank which left (because it was merged with a savings bank outside the Alliance). SpareBank 1 Boligkreditt has been operating throughout this period in the chart, issuing a growing amount of covered bonds in several currencies from an Alliance consolidated cover pool.

Chart 2: Consolidation amongst the banks in the SpareBank 1 Alliance



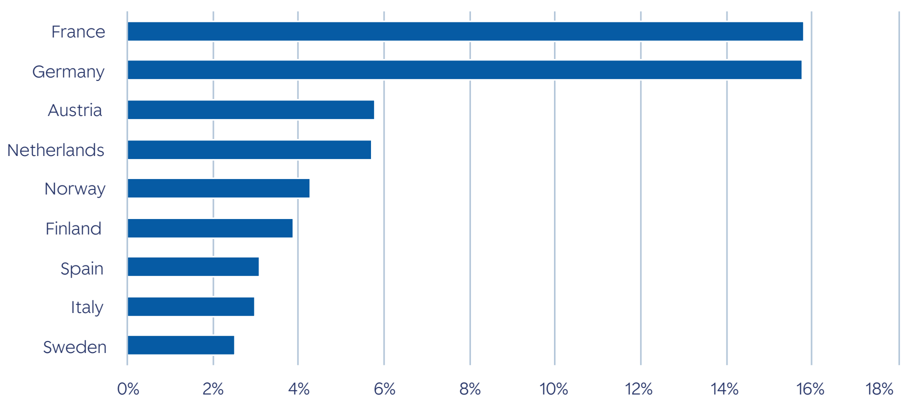
The Alliance, which was founded in 1996, benefitted each member bank's independence and regional anchoring. The close cooperation provided the banks with increased competitiveness, profitability, and solidity, as each bank was able to harness economies of scale and competency advantages through the Alliance. This work mainly took place through two jointly owned entities. The Alliance Group, which establish, consolidate, and run non-lending financial product companies, is one of the largest providers of such products in Norway. The Alliance Development Company coordinates and drive joint processes and project work, driving economies of scale for all member banks.

After the financial crisis in 2007-2008, increasing regulatory requirements and the need for increased digitalization, are two well-known factors influencing bank consolidation in many countries, and also among smaller banks in Norway. A bank's size drives costs efficiencies, but is also an important factor in achieving A-IRB status. These are the reasons for the consolidation trend within the Alliance charted above, as well as within the broader landscape of savings banks in Norway.

Covered Bonds outstanding

Covered bonds are an important funding instrument for Norwegian banks. Norway has approximately 5.6 million inhabitants, but is nevertheless in 5th place regarding overall EUR covered bond benchmark bonds outstanding, when comparing European countries. The countries with the largest shares of outstanding EUR denominated covered bonds, with mortgage collateral in the cover pool and launched between January 1 2019 and 31 December 2023 are:

Chart 3: Outstanding EUR denominated covered bonds, mortgage collateral, by country



Source: The Covered Bond Report, February 2024

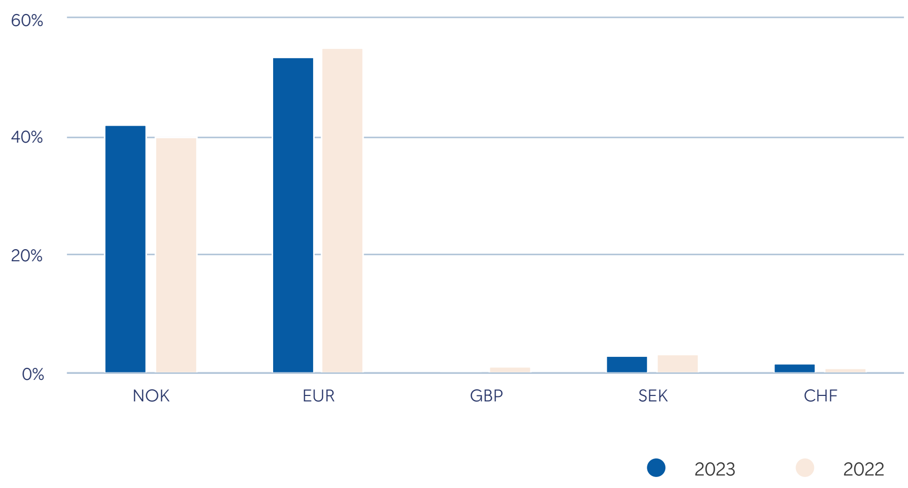
SpaBol EUR denominated bonds represent approximately 25% of the total Norwegian outstanding volume and represent 2,4% of the total volume for all the countries shown in the chart above.

Domestically the covered bond bid was strong and spreads competitive, so SpaBol used the domestic market to a high degree during 2022 and 2023. In addition to the EUR issuances of 3.5 bn in 2022 and 1.75 bn in 2023, NOK 32.4 billion of covered bonds were placed during 2023 (approximately 3 bn EUR equivalent). This issuance was spread evenly throughout the year.

One bank in 1836 – one bank today

Tromsø Sparebank was Northern Norway's first savings bank and was established in 1836. It was at the same time the 17th savings bank established in Norway. During the following decades of the 19th century, several more savings banks were established in the northern region. Much later, in 1988 Sparebanken Nord-Norge was established as a combination of Tromsø Sparebank and Sparebanken Nord. A little later Sparebanken Nord-Norge was rechristened to SpareBank 1 Nord-Norge, when the SpareBank 1 Alliance was born in 1996 with SNN as a founding member. Looking back over the time since the first Northern Norwegian savings bank was founded, a total of forty-some savings banks are part of what is today SpareBank 1 Nord-Norge.

Chart 4: Relative share of outstanding SpareBank 1 Boligkreditt covered bonds, by currency:



The chart above show the growing share of NOK issuance, which also was a trend from 2021 to 2022. All GBP outstanding matured during 2023 and no new bonds issued because the relative costs of doing so in GBP has been high. All foreign currency issuance is fully hedged to NOK with swaps, and swap counterparties are always external banks with a certain credit rating. Swaps are subject to collateral requirements in accordance with Moodys' criteria for such covered bond swaps. This is cover pool positive for investors as it represents a sound and full mitigation of both market and counterparty risk. It also explains the presence of collateral assets and swap valuation positions on the Issuer's balance sheet.

Green bonds

Green bonds were issued first in 2018 and again in 2020, and further green issuance will follow.

Green bonds were issued first in 2018 and repeated issuance has taken place in subsequent years, with the last green EUR denominated covered bond issued in May 2023.

The EU Taxonomy are now the definition of green mortgage collateral for SpaBol green covered bonds, after an update of the green bond framework in January 2024.

i. i. Buildings built ≥2021 : NZEB-10%
a. Selection criteria: all EPC A labels ; some EPC B labels (with delivered energy below NZEB-10% kWh/m2)

ii. Buildings built <2021 : Buildings within the top 15% low carbon buildings in Norway
a. Selection criteria: Buildings complying with the latest TEK10 & TEK17 building codes (built ≥2012) or, when applicable, new expected Kwh/m2 delivered energy limits when formulated by the Norwegian authorities

Green Asset Ratio

Based on estimates at the beginning of 2024, Boligkreditt's Green Asset Ratio (GAR) is 11.58 per cent. A GAR describes the amount of all assets covered by the rules of the EU Taxonomy, which are also aligned with these.

Green collateral and the Covered Bond Label

SpaBol is a labelled covered bond issuer (the Covered Bond Bond Label by the ECBC) and published the HTT reporting regarding its cover pool on the Label's home page (coveredbondlabel.com) and its own website Spabol.no. The HTT sustainable lending section has been populated with data about green mortgages, as well as the estimated energy consumption of the overall mortgage portfolio. The EPC A and B energy certified buildings financed are shown here and make up a share of 2.7 per cent of the overall mortgage portfolio. Because so many EPCs are missing from the public database, SpaBol has estimated green loans by building years since the start of its green bonds project. This figure is found in the HTT as 16.2 per cent of overall lending (including grandfathered mortgages for green covered bonds outstanding prior to the shift to the EU Taxonomy criteria).

Regulations in the Norwegian mortgage and covered bond market

The mortgage market regulatory framework, in place for a number of years, is seen as one of the key reasons for overall relative price stability on the residential market. This includes less price growth during the low interest rate period and no steep declines with vastly increased rates in 2023 in particular, despite the predominance of variable mortgage rates in Norway. A stress test, which means that new mortgage applications have to be approved from the perspective of the question of would the borrower be able to service the debt and maintain (reduced) living expenses in a scenario where interest rates rise.

The mortgage lending rules for a bank are:

- Loan to value: Maximum 85 per cent for all mortgages, and maximum 60 per cent for loans without instal-ments (revolving credit line mortgage loans).
- Repayment: Minimum 2.5 per cent per annum for loan to value mortgages at or above 60 per cent LTV.
- Income limitation: Total debt maximum is 5x a borrower's before-tax income.
- Stress test: Applications must now (from 2023) pass an affordability test of a 3 per cent increase in the offered mortgage rate.
- Flexibility: 10 per cent of each lender's mortgage lending contracts per quarter may be exempted

The Norwegian residential real estate market

Interest rates have increasing in Norway due to inflationary pressures. The central bank policy rate has increased from zero during the pandemic to 4.5 per cent as of February 2024. Variable mortgage rates have followed this development closely (banks in general increase their variable rate as and when the central bank acts on its policy rate). The average mortgage rate available on the market from most banks is close to 6 per cent in February 2024.

The charts below illustrate the house price development (index for all of Norway), including for the last twelve months from January 2023 through January 2024. The outlook is influenced by low unemployment, low new construction, wage settlements at or around the inflation rate and population growth on the one hand and materially higher mortgages rates on the other. Inflation is on a reducing trajectory as of January 2024, but certain elements like a weaker NOK may mean that interest rates stay higher for a time.

Chart 5: Residential real estate nominal price index changes last twelve months

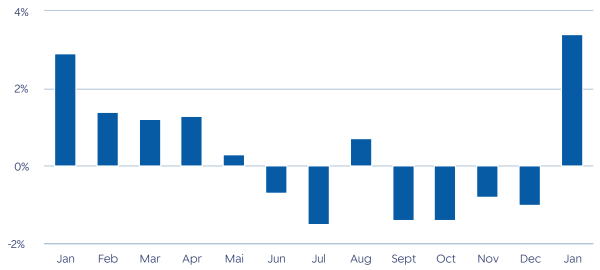
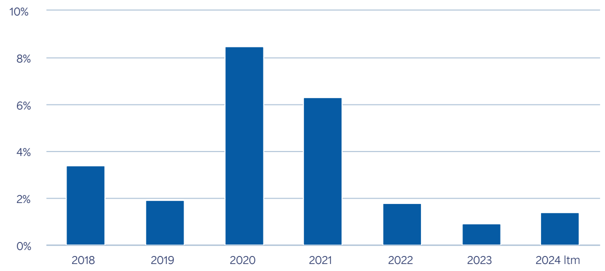


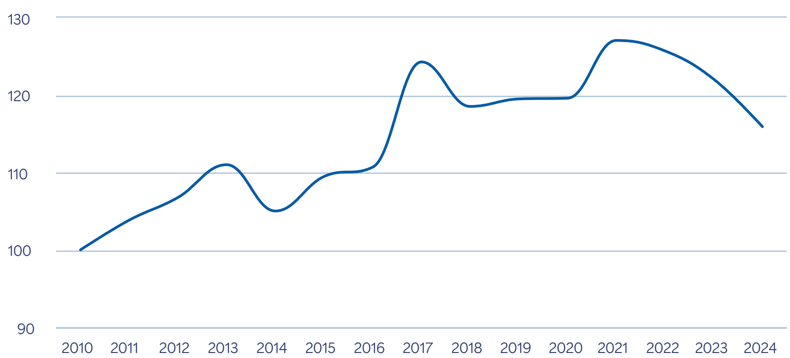
Chart 5: Residential real estate nominal price index changes last six years



Source: SSB, Eiendomsverdi

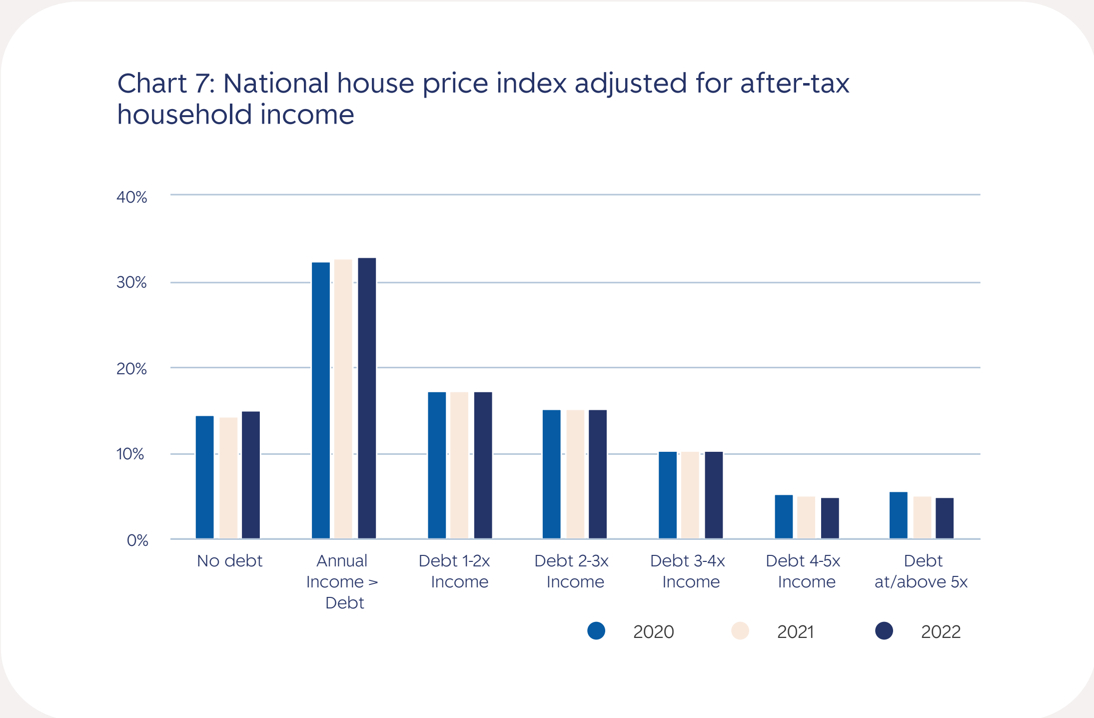
An analysis of house price affordability, by looking at the relationship between house price development and family income, shows that there has been a flat development of this measure over several years and house prices are on average 15 per cent higher in real terms compared to 2010. The increase in 2016 into 2017 came from a steep increase in the capital of Oslo, which influenced the national index.

Chart 6: National house price index adjusted for after-tax household income



Source: SSB, Eiendomsverdi

Chart 7: National house price index adjusted for after-tax household income
Households have a large degree of variation in debt levels, which is mostly all mortgage debt, which means that 50 per cent of households either have no or debt less than annual income, while about 10 per cent of households are highly indebted at four times annual income and up to the regulatory maximum of 5 times and in some cases above. These households are often found in cities with the highest real estate prices (Oslo) and amongst higher income households.



Source: SSB, Eiendomsverdi

Capital requirements

Norwegian bank capital requirements follow the EUs CRD and CRR, and Boligkreditt is capitalized at 18.27 per cent, a level slightly above the regulatory requirements of 18.04 per cent at year-end 2023. This includes an expected dividend due to shareholders. Additional capital is called and will be paid in by the SpareBank 1 banks during the first quarter of 2024 to prepare the capitalization for further growth and variability in underlying elements requiring capital. Boligkreditt's policy is to pay out the net interest margin per mortgage to the originating bank during the year, and any remaining surplus at year-end is distributed as dividends to the shareholding SpareBank 1 banks.

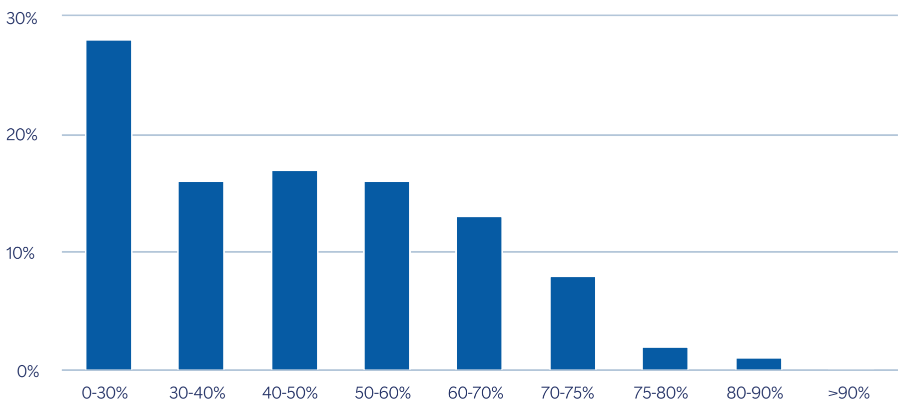
Specialized covered bond issuers in Norway are not subject to MREL requirements and have to meet a Leverage Ratio of 3 per cent, rather than 5 per cent for banks in general.

Cover Pool

The cover pool consist of residential mortgage loans which had a maximum 75 per cent loan to value at the time of transfer to the pool, as well as liquid, highly rated assets covering the 180 day minimum requirement in the covered bond regulation. Mortgages continue to exhibit a robust profile with an average weighted loan to value of approximately 50 per cent as of December 31, 2023. LTV has been largely stable for the cover pool through the years, influenced by quarterly revaluations of all residential collateral, scheduled repayments of mortgages and the regular in- and outflow of the portfolio.

The real estate values are updated for the entire cover pool each quarter based on an automated valuation model (AVM) from the Norwegian company Eiendomsverdi, used by most Norwegian banks. The model is independently tested and validated, and has certain parameters built into its valuation settings which allow for a cautious treatment of potential upside valuation outcomes for individual houses. The chart below shows the mortgage loans in the cover pool by LTV interval at year-end 2023.

Chart 8: SpareBank 1 Boligkreditt cover pool: number of loans by LTV interval



Mortgage loans in the pool at over 75 per cent LTV (illustrated by the three columns to the right in Chart 8) means that negative price migration has taken place since the transfer of such mortgages to the cover pool. The parts of these loans representing higher than 75 per cent LTV cannot be counted as cover assets. SpareBank 1 Boligkreditt continues to have no arrears beyond 90 days in the cover pool, and has never had a realized credit loss. The mortgage portfolio is stress tested for sharp house price declines monthly, which provides comfort with regard to mortgage valuation reserves in each SpareBank 1 bank for the cover pool.

According to the IFRS 9 rules for mortgage loans, expected cumulative modelled losses in the SpaBol mortgage pool at year-end 2023 are approximately 47 million kroner. This is an increase from a year ago, a result of (a) pool growth (b) some probable strain on household finances reflected in PD and LGD, as well as (c) the macroeconomic assumptions over the following five years. Expected modelled losses represents a small amount as a share of the mortgage volume financed (1.7 bps).

Outlook 2024

The mortgage volume that Boligkreditt finances has increased strongly over the last few years, including in 2023. Higher mortgage interest rates has both subdued the mortgage market growth and slowed new construction of residences, which supports prices for existing homes. The resilience of both the housing market price index and also mortgage market growth, albeit at a now reduced rate, has been surprising. SpareBank 1 residential lending continue to grow and we see no or few signs of increased NPLs or losses on residential mortgage lending, despite inflation and increased financing costs for households. We expect interest rates to start to move down during 2024, which could mean strong residential price growth for 2024 and/or 2025. Two new EUR benchmark covered bonds are highly probable (or minimum EUR 2 billion) in 2024, alongside issuances of NOK and other currencies. The SpaBol cover pool is both granular and geographically well diversified across the country, and the selection of mortgages for the pool follows strict criteria. This supports the credit quality of the mortgage pol. The Norwegian economy remains strong, albeit with lower growth rates, but also continued low unemployment. Households are in a consolidation mode, but energy investments and exports are growth engines.

46 per cent on the Stock Exchange

Fast credit growth and a later banking crisis unfolding from the end of the 1980-ies caused banks to need additional capital above and beyond what the business could generate over a shorter period of time. A change of the savings banks law made it possible for the savings banks to issue equity in the form of what today is called equity certificates. This opened up the savings banks to private ownership. SpareBank 1 Nord-Norge was introduced on the Oslo Stock Exchange in 1994. A total 46 per cent of the bank's equity capital are represented by the certificates traded on the Exchange. The remaining 54 per cent are still owned by what colloquially is referred to as society's capital, and on which the bank distributes a society dividend for worthy causes strengthening the Northern Norwegian region.

Lofoten

Financial statements 2023

Income Statement 2023

NOK 1 000	Note	2023	2022
Total interest income	5	14,075,135	7,203,389
Total interest expenses	5	-12,610,685	-5,559,392
Net interest income		**1,464,450**	**1,643,997**
Commissions to SpareBank 1 banks	6	-787,664	-1,249,440
Net commission income		**-787,664**	**-1,249,440**
Net gains/losses from financial instruments	7	3,636	-287,945
Net other operating income		**3,636**	**-287,945**
Total operating income		**680,422**	**106,612**
Salaries and other ordinary personnel expenses	8,9,10	-14,593	-13,822
Other operating expenses	11	-30,519	-30,474
Total operating expenses		**-45,112**	**-44,296**
Operating result before loan loss provisions		635,309	62,316
Loan loss provisions	15	-16,016	-16,489
Pre-tax operating result		**619,294**	**45,826**
Taxes	**12**	**-140,025**	**-1,179**
Profit/(loss) for the period		**479,269**	**44,647**
Portion attributable to shareholders		416,476	4,454
Portion attributable to additional Tier 1 capital holders		62,793	40,193
Profit/(loss) for the period		**479,269**	**44,647**

Overview of Comprehensive Income

NOK 1 000	2023	2022
Profit/loss for the year	479,269	44,647
Items that will not be reclassified to profit/loss		
Actuarial gains and losses pensions	-14,548	1,223
Tax effect	3,637	-306
Items that may be reclassified to profit/loss later		
Basis swap valuation adjustment	-728,680	623,282
Tax effect	182,170	-155,821
Other comprehensive income for the period	-557,421	468,379
Comprehensive income for the period	**-78,152**	**513,026**

The Red Bank

SpareBank 1 Nord-Norge's main office is in the centre of the city of Tromsø, and in the landmark building named the Red Bank. The building was designed by architect Henrik Nissen in 1909 and built for Tromsø Sparebank during the years 1910-1915. The name derives from the characteristic red-orange colour of the building's stones, a permanent feature through its history. The Art Noveau character of the building is reflected in arches and round shapes, but it also carries elements of the neoclassical symmetry style.

The Red Bank

Balance sheet

NOK 1 000	Note	2023	2022
Assets			
Lending to and deposits with credit institutions	21,24	1,063,325	1,360,520
Certificates and bonds	21,22,24	33,094,399	29,426,208
Residential mortage loans	14,15,21,24	276,816,597	252,904,944
Financial derivatives	20,21,22,24	9,008,375	3,990,087
Deferred tax asset	12	420,076	133,671
Other assets	13,21,24	62,679	70,500
Total assets		**320,465,452**	**287,885,930**
Liabilities and equity			
Liabilities			
Debt incurred by issuing securities	17,19,21,22	296,226,162	260,848,557
Collateral received under derivatives contracts	19,20,21,24,32	4,896,717	714,730
Financial derivatives	19,20,21,22	3,841,473	11,822,504
Tax payable	12,21	269,808	115,171
Subordinated debt	18,19,21	1,485,180	1,436,805
Other Liabilities	10,21,23	1,068,669	129,777
Total Liabilities		**307,788,009**	**275,067,542**
Equity			
Share capital	9	7,797,215	7,797,215
Share premium		3,901,255	3,901,255
Declared dividends		416,371	-
Basis swap valuation reserve		-333,942	212,567
Other equity		-3,456	7,350
Hybrid capital	9,13	900,000	900,000
Total equity		**12,677,443**	**12,818,388**
Total liabilities and equity		**320,465,452**	**287,885,930**

Stavanger, den 15.03.2023

/s/ Bengt Olsen Chair	**/s/ Geir-Egil Bolstad**	**/s/ Trond Søraas**	**/s/ Heidi Aas Larsen**
/s/ Merete N. Kristiansen	**/s/ Allan Troelsen**	**/s/Steinar Enge**	**/s/Arve Austestad** CEO

Changes in Equity

NOK 1 000	Share capital	Share premium	Dividend	Basis swap valuation reserve	Other Equity	Hybrid capital	Total Equity
Balance as of 31 December, 2021	**7,797,215**	**3,901,255**	**73,294**	**-254,894**	**1,978**	**900,000**	**12,418,848**
Dividend 2021	-	-	-73,294		-	-	-73,294
Profit/(loss) for the period	-	-			44,647	-40,193	4,454
Paid interest on hybrid capital - directly against equity	-	-	-		-40,193	40,193	-0
Basis swap valuation change, net	-	-	-	467,462			467,462
Actuarial gain/loss pension					917		917
Other	-	-	-				-
Balance as of 31 December, 2022	**7,797,215**	**3,901,255**	**-0**	**212,567**	**7,350**	**900,000**	**12,818,387**
Dividend 2022	-	-	-		-	-	-
Profit/(loss) for the period	-	-	416,371		62,898	-62,793	416,476
Paid interest on hybrid capital - directly against equity	-	-	-		-62,793	62,793	-
Basis swap valuation change, net	-	-	-	-546,510			-546,510
Actuarial gain/loss pension					-10,911		-10,911
Other	-	-	-				-
Balance as of 31 December, 2023	**7,797,215**	**3,901,255**	**416,371**	**-333,942**	**-3,456**	**900,000**	**12,677,443**

Equity is paid in by the Company's parent banks when a requirement arises. The requirement arises regularly when the Company acquires larger portfolios of mortgage loans, and otherwise according to changes in capitalization rules because SpareBank 1 Boligkreditt is subject to the same capital adequacy rules under Pillar 1 as banks in general. Each parent bank has also signed a Shareholders agreement with the Company, which amongst other things stipulates when additional capital must be contributed.

Sustainability – form and substance

As the largest financial services provider in its region, SpareBank 1 Nord-Norge shall be a catalyst for a northern sustainable future and emphasize considerations especially applicable in arctic areas. Sustainability is incorporated into all decisions in the bank, from the internal operations to the requirements placed on suppliers, customers and employees and other parties. With this as the background, the bank produces climate accounts and is a member of global initiatives such as PCAF (Partnership for Carbon Accounting Financials)

Cash Flow Statement

NOK 1 000	Note	2023	2022
Cash flows from operations			
Interest received	5	13,763,334	6,927,219
Paid commissions to SpareBank 1 banks	6	-751,817	-1,366,740
Paid expenses, operations	8,10,11	-43,964	-42,121
Paid tax	12	-85,985	0
Net cash flow relating to operations		**12,881,567**	**5,518,357**
Cash flows from investments			
Net purchase of loan portfolio	14	-23,666,791	-29,889,709
Net payments on the acquisition of government certificates		-4,363,709	4,402,153
		1,001,181	-7,833,793
Net payments on the acquisition of bonds	13	-202	0
Net cash flows relating to investments		**-27,029,521**	**-33,321,349**
Cash flows from funding activities			
Net receipt/payment from the issuance of securities	17	21,270,531	35,381,101
Net receipt/payment from the issuance of subordinated debt	18	41,500	0
Net receipt/payment of loans to credit institutions		4,527,932	-2,903,043
Equity capital subscription	30	-10,911	917
Paid additional Tier 1 capital	16	-62,793	-40,193
Paid dividend		0	-73,294
Net interest payments on funding activity	5	-11,915,501	-4,636,068
Net cash flow relating to funding activities		**13,850,758**	**27,729,420**
Net cash flow in the period		**-297,195**	**-73,571**
Balance of cash and cash equivalents at beginning of period		**1,360,520**	**1,434,092**
Net receipt/payments on cash		-297,195	-73,571
Balance of cash and cash equivalents at end of period		**1,063,325**	**1,360,520**

Quarterly Financial Statements

These quarterly statements are not individually audited and are included as additional information to these accounts

Income Statement

NOK 1 000	4. quarter 2023	3. quarter 2023	2. quarter 2023	1. quarter 2023	4. quarter 2022
Total interest income	4,186,670	3,662,700	3,232,536	2,993,230	2,548,460
Total interest expenses	-3,864,463	-3,354,943	-2,822,047	-2,569,231	-2,254,730
Net interest income	**322,206**	**307,757**	**410,489**	**423,998**	**293,730**
Commissions to SpareBank 1 banks	-105,728	-138,499	-260,533	-282,904	-171,347
Net commission income	**-105,728**	**-138,499**	**-260,533**	**-282,904**	**-171,347**
Net gains/losses from financial instruments	-10,194	-67,877	1,359	80,348	-94,600
Net other operating income	**-10,194**	**-67,877**	**1,359**	**80,348**	**-94,600**
Total operating income	**206,284**	**101,380**	**151,316**	**221,442**	**27,783**
Salaries and other ordinary personnel expenses	-1,293	-4,649	-2,820	-5,831	-3,547
Other operating expenses	-8,166	-7,502	-7,704	-7,147	-10,340
Total operating expenses	**-9,459**	**-12,150**	**-10,524**	**-12,979**	**-13,887**
Operating result before losses	**-1,293**	**-4,649**	**-2,820**	**-5,831**	**-3,547**
Mortages IFRS 9 ECL	-10,667	-6,685	-974	2,309	-8,691
Pre-tax operating result	**186,159**	**82,545**	**139,818**	**210,772**	**5,206**
Taxes	-42,991	-16,629	-31,409	-48,996	2,022
Profit/loss for the year	**143,168**	**65,917**	**108,408**	**161,776**	**7,227**
Other income and expense	-336,794	-199,225	51,340	-72,742	-608,178
Total Profit/Loss	**-193,626**	**-133,308**	**159,748**	**89,034**	**-600,951**

Balance sheet

NOK 1 000	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022
Assets					
Lending to and deposits with credit institutions	1,063,325	1,556,716	5,136,178	2,377,752	1,360,520
Certificates and bonds	33,094,399	23,516,890	22,524,509	25,761,598	29,426,208
Residential mortage loans	276,816,597	271,576,198	266,112,296	263,545,096	252,904,944
Financial derivatives	9,008,375	6,793,630	10,123,240	9,632,070	3,990,087
Defered tax asset	420,076	207,213	140,805	157,918	133,671
Other assets	62,679	1,233,288	1,840,078	759,962	70,500
Total assets	**320,465,452**	**304,883,935**	**305,877,106**	**302,234,396**	**287,885,930**
Liabilities and equity					
Liabilities					
Debt incurred by issuing securities	296,226,162	276,851,122	276,674,637	275,597,731	260,848,557
Collateral received under derivatives contracts	4,896,717	2,947,543	6,862,876	4,828,201	714,730
Repurchase agreement	0	2,541,340	1,766,747	1,207,636	0
Financial derivatives	3,841,473	7,560,833	5,175,066	5,185,405	11,822,504
Deferred tax	0	0	0	0	0
Tax payable	269,808	126,043	109,590	164,167	115,171
Subordinated debt	1,485,180	1,440,022	1,437,962	1,436,639	1,436,805
Other Liabilities	1,068,669	528,172	812,029	921,986	129,777
Total Liabilities	**307,788,009**	**291,995,075**	**292,838,906**	**289,341,765**	**275,067,542**
Equity					
Share capital	7,797,215	7,797,215	7,797,215	7,797,215	7,797,215
Share premium	3,901,255	3,901,255	3,901,255	3,901,255	3,901,255
Declared dividends	416,371	0	0	0	0
Basis swap valuation reserve	-333,942	-8,060	191,165	139,825	212,567
Other equity	-3,456	-37,651	-21,621	-7,440	7,350
Net profit	0	336,102	270,185	161,776	0
Hybrid capital	900,000	900,000	900,000	900,000	900,000
Total equity	**12,677,443**	**12,888,860**	**13,038,199**	**12,892,632**	**12,818,388**
Total liabilities and equity	**320,465,452**	**304,883,935**	**305,877,106**	**302,234,396**	**287,885,930**

The bank's leading governance body

SpareBank 1 Nord-Norge is owned by the northern Norwegian society, and the assembly of owners (Norwegian: Representantskapet), meeting at least annually, is dominated by a majority of representatives elected by the bank's customers, employees and representatives of the local authorities. Holders of the bank's equity certificates are by law limited to a combined 40 per cent voting share.

Notes to the Accounts

Note 1 General information

SpareBank 1 Boligkreditt AS (the Company or Boligkreditt) is the SpareBank 1 Alliance's separate legal vehicle established according to the specialist banking principle within the Norwegian legislation for covered bonds. The Company's purpose is to acquire residential mortgages from its ownership banks organised in the SpareBank 1 Alliance and finance these by issuing covered bonds.

SpareBank1 Boligkreditt's office is located in Stavanger, Norway. Most of the supporting services and operations, such as trading back-office and settlement solutions, accounting and HR is located in SpareBank 1 SMN in Tronheim, Norway. All It services are located centrally within SpareBank 1 Group in Oslo, Norway

The financial statements of the Company have been prepared in accordance with the IFRS ® Accounting Standards as adopted by the EU, and published by "International Accounting Standards Board" (IASB).

The Financial Statements for 2023 is approved by the Board of Directors on March 15, 2024.

Note 2 Summary of significant accounting policies

Presentation Currency

The presentation currency is Norwegian Kroner (NOK), which is also the Company's functional currency. All amounts are given in NOK thousand unless otherwise stated.

Recognition and De-recognition of Assets and Liabilities on the Balance Sheet

Assets and liabilities are recognised on the balance sheet at the point in time when the Company establishes real control over the rights of ownership to assets and becomes effectively responsible for the discharge of liabilities.

Assets are de-recognised at the point in time when the real risk of the assets has been transferred and control over the rights to the assets has been terminated or expired. Liabilities are de-recognised when they have been effectively discharged.

Residential mortgage loans

Loans are measured at amortised cost. Amortised cost is the acquisition cost minus the principal payments, plus the cumulative amortisation using the effective interest rate method, adjusted for any loss allowance less write-off. Each of the Company's mortgage loans is made at a variable rate, which may be changed by the Company at any time, with a regulatory mandated notification time of eight weeks before such changes can become effective. Fixed rate mortgage loans are originated by the SpareBank 1 and can also be transferred to the cover pool, though this has not happend to date. Expected credit loss (ECL) is calculated according to IFRS 9, which was implemented January 1, 2018 (see below for a description of the application of IFRS 9).

Expected credit loss on mortgage loans; evaluation of impairments (write downs)

IFRS 9 was implemented effective January 1, 2018 . Loans for which there have not been a significant increase in credit risk since initial recognition (loans in stage 1) ECL is measures as 12-month expected credit losses. Loans for which there have been a significant increase in credit risk since initial recognition (loans in stage 2 or 3) ECL is measured at lifetime expected credit losses. Loans in stage 3 are loans that are credit-impaired.

The limits which determine when a mortgage loan is moved from Stage 1 to Stage 2 are:

- Payment delayed by 30 days or more
- Probability of default has increased by 150% (or two classes in the internal model estimating PD)
- A minimum PD of above 0.6%

The Company has no mortgage loans in Stage 3, which contains loans in default (90 days or more of missed payments).

Model for loan loss provisioning

To consider the uncertainty of the future the model applied in estimating ECL develops three scenarios. A base scenario, an upside scenario and a downside scenario and these are intended to reflect different states of the economic cycle. The scenarios are weighted, with the most weight assigned to the base scenario. The base scenario input variables are mostly derived from forecasts from Statistics Norway, while the downside scenario input variables are sourced from, but may not exactly replicate, the Financial Supervisory Authority of Norway's stress case scenario included in its annual risk outlook reports.

Within IFRS 9 it is the point-in-time probability of default (PD) which is critical for the estimates. The cases will reflect as a starting point the actual observed PD. This may be the average seen over the last period, which may be several years if the data is stable. Each scenario then develops, based on the macroeconomic input considerations (unemployment rate and interest rate level), a point-in-time PD for each year over a five-year future period. From five-years and out to the end of the mortgage maturity date, a terminal value is calculated for the loan's expected cumulative loss (ECL), which is PD x LGD (loss given default). The LGD rates are produced in each scenario, under the scenario specific assumptions. As defined in IFRS 9, loans that remain in Stage 1 are not evaluated for an ECL beyond 12 months, while loans with an observed negative risk migration since origination enter Stage 2 or 3, and are then asessed for ECL based on their contractual maturities.

Historically there has not been any mortgages in default in the Company's portfolio. LGDs are set to reflect the fact that for a cover bond issuer the law stipulates a maximum loan to value criteria of 75 per cent. The low loan to value ratio results in low expected loan losses if loans were to default. ECLs are updated quarterly based on a rescoring of the entire mortgage portfolio. Changes in the ECL is a charge or an income in the income statement for that period and is reflected on the balance sheet against the portfolio of mortgage loans.

According to the Transfer and Servicing Agreement which the SpareBank 1 banks each have entered into with the Company, SpareBank 1 Boligkreditt has the right to off-set any losses incurred on individual mortgage loans against the commissions due to all banks for the remainder of the calendar year. The Company has not since the commencement of its operations had any instances of off-sets against the commissions due. Mortgage loans which are renegotiated, where the terms are materially changed, are removed from the cover pool and transferred back the originating lender. All renegotiation of loans is always outsourced to the originating bank.

Segment

Segments are organised by business activities and the Company has only one segment, mortgage lending to private individuals. All of the mortgages have been acquired from the SpareBank 1 Alliance banks. The Company's results therefore represent the result of the mortgage lending to private customers segment, in addition to the results effects from the liquidity portfolio of bonds. Nearly all of the net interest income margin (customer interest income less funding costs) for the mortgages are paid out to the SpareBank 1 Alliance banks. The net result of the Company is therefore small in comparison to the overall portfolio of mortgage loans.

Securities

Securities consists of certificates and bonds. These are carried at fair value. Securities will either be part of a liquidity portfolio with a narrow mandate (highly rated, highly liquid securities and cash, including repos) or a collateral portfolio, which reflect the funds received from counterparties in swaps. All securities classified and recorded at fair value will have changes in value from the opening balance recorded in the income statement as net gains/losses from financial instruments.

Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

Hedge Accounting

The company has implemented fair value hedge accounting for fixed rate bonds in NOK and in foreign currencies. These bonds are designated as hedged items in hedging relationships with individually tailored interest rate swaps and cross currency interest rate swaps. The company values and documents the hedge effectiveness of the hedge both at first entry and consecutively. The cash flow is known for the entire contractual duration after the hedging relationship has been established. During the hedge relationship the measurement of the hedged item is adjusted for the change in fair value of the hedged risk which at the same time is recognised in profit or loss. The derivative hedging instruments is measured at fair value with changes in fair value recognised in profit or loss except for the change in fair value of the currency basis spread, which is recognised in other comprehensive income.

All hedges are deployed to exactly offset a cash flow for the duration of the hedged instrument, thus bringing financial liabilities (bonds outstanding) in fixed rate and/or foreign currency into a NOK 3 month NIBOR basis, while financial assets at fixed rates and/or foreign currency are transformed to a floating rate 3 month NIBOR asset through the derivative. Derivatives used are swap contracts only.

Valuation of Derivatives and Other Financial Instruments

The Company uses financial derivatives to manage essentially all market risk on balance-sheet items. All fixed interest rate exposures are thereby covered to a 3 months NIBOR basis and currencies are covered to NOK using currency swaps. In some cases currencies are hedged using a naturally offsetting position on the opposite side of the balance sheet.

Liabilities:

- The Company applies fair value hedge accounting for fixed rate issued debt (covered bonds) utilizing derivatives (swaps) which hedge the fixed interest rate and currency elements of the issued bonds.
- There is also an element of amortized costs in issued fixed rate debt; where the issue price is different to par or 100 per cent, this difference is amortized over the life of the bond which is repayable at 100 per cent of par
- The interest rate curve used to discount cash flows in NOK is determined by NIBOR for various maturities less than 12 months and the swap rate curve in NOK for longer maturities.
- The interest rate curve used to discount cash flows in EUR is determined by EURIBOR for various maturities less than 12 months and the swap rate curve in EUR for longer maturities.
- Issued floating rate debt in NOK (which do not have any associated hedging swaps) are accounted for at amortized cost.

Assets:

- For liquidity management purposes the issuer maintains a portfolio of liquid assets (including bonds) which is valued at fair value at observable market prices
- Funds received for the purpose of collateralization of swap exposures which counterparties have to the Company may also be invested in bonds of a high rating, high liquidity and short maturities, in addition to cash and reverse repos . Such bond investments are held at fair value according to observable market prices
- Swaps which hedge liquidity assets denominated in foreign currencies or hedge interest rates from fixed to floating are valued at fair value according to changes in foreign currency rates and interest rates.

Though the Company hedges all material interest rate and currency risk on its balance sheet, net unrealized gains (losses) from financial instruments may occur for the following reasons:

- Temporary mark-to-market differences in the value of an interest rate swap may occur depending on the level at which the 3 months floating rate leg in the swap was last fixed, and the discounting of the remainder of this 3 month term using the rate level at the balance sheet date.
- There is a credit risk element which forms a part of the fair value of the assets in the trading portfolio, which is not reflected in the value of the associated interest and/or currency swaps hedging the trading portfolio assets.
- There may be floating rate assets (bonds) denominated in foreign currency which are hedged via a corresponding foreign exchange liability (issued debt) also on an effective floating rate basis. In such natural asset liability hedges there may be a small element of foreign currency risk which may impact the P&L in that the floating rate coupons on the asset and the liability are not reset on the same dates and/or may be of different magnitude. Also, a change in a market credit spread element would impact the price of some of the foreign currency assets held (bonds), though not the liability.

Temporary differences will result from changes in basis spread in cross currency swaps. Boligkreditt uses cross currency swaps in order to swap cash flows from floating interest rate foreign currency liabilities and assets into floating interest rate in NOK. The valuation change will only occur for the derivatives and not for the hedged instruments (which typically an issued foreign currency covered bond) and thus cannot be mitigated . The valuation change of basis swaps will only affect other comprehensive income and equity, and not the period's net income. All gains and losses from changes in foreign currencies basis spread reverse over time and reaches zero at the derivatives maturity date.

Intangible Assets

Purchased IT-systems and software are carried on the balance sheet at acquisition cost (including expenses incurred by making the systems operational) and will be amortised on a linear basis over the expected life of the asset. Expenses related to development or maintenance are expensed as incurred.

IFRS 16

The Company uses IFRS 16 to account for its leased office space, which is on a multi-year renewable contract. The cost of which is reflected in note 11, within other operating expenses and with the calculated asset balance in note 13.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and deposits, other short term available funds and investments with a maturity of less than three months.

Taxes

Tax in the income statement consists of tax payable on the annual taxable result before tax and deferred tax . Deferred tax is calculated in accordance with the liability method complying with IAS 12 . With deferred taxes the liability or asset is calculated based on temporary differences, which is the difference between tax due according to the statutory tax calculations and tax calculated according to the financial accounts, as long as it is probable that there will be a future reversal. The statutory tax rate for financial services companies is 25 per cent.

Pensions

SpareBank 1 Boligkreditt AS has a defined contribution pension plan for all employees. In addition to the defined contribution plan, the Company has other uncovered pension obligations accounted for directly in the profit and loss statement. These obligations exist for early pensions according to AFP ("avtalefestet pensjon") and other family pension benefits in conjunction with a previous Chief Executive Officer. For the current Chief Executive Officer of SpareBank 1 Boligkreditt, future pension benefits for remuneration above the defined contribution plan regulatory limit (12G) are also accounted for in the Company's accounts.

Defined Contribution Plan

In a defined contribution plan the company pays a defined contribution into the pension scheme.
The Company has no further obligations beyond the defined contributions. The contributions are recorded as salary expense in the accounts. Any prepaid contributions are recorded as assets in the balance sheet (pension assets) to the extent that the asset will reduce future payments when due.

Cash Flow Statement

The cash flow statement has been presented according to the direct method, the cash flows are grouped by sources and uses. The cash flow statement is divided into cash flow from operational, investment and finance activities .

Interest Income and Expense

Interest income and expense associated with assets and liabilities are recorded according to the effective rate of interest method. Any fees in connection with interest bearing deposits and loans will enter into the calculation of an effective rate of interest, and as such will be amortised over the expected maturity.

Commission Expense

Commissions are paid by the Company to its parents banks and represent most of the net interest margin earned in Boligkreditt.

Dividends

Proposed dividends are recorded as equity during the period up until they have been approved for distribution by the Company's general assembly.

Events after the Balance Sheet Date

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 material.

Share Capital and Premium

Ordinary shares are classified as equity capital. Expenses directly related to the issuing of new shares will be recorded in the accounts as a reduction in the proceeds received.

New IFRS standards that have not been adopted yet

New IFRS 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 Company's financial statements.

New IFRS standards that have been adopted

There are no new IFRS standards, amendments thereof or interpretations adopted since January 1, 2023 that materially affect the accounts of the Company.

Gender balance

SpareBank 1 Nord-Norge is also focused on creating a gender balance, in society at large and in the financial sector. By 2025 the goal is a 40 per cent share of each gender on all management levels and management advisory positions. In 2022 the mix in the bank was 42 per cent women and 58 per cent men. SpareBank 1 Nord-Norge is a founding partner of the initiative Women in Finance.

Note 3 Risk management

SpareBank 1 Boligkreditt AS is an institution which acquires residential mortgages from banks in the SpareBank 1 Alliance. This activity is predominantly financed by the issuance of covered bonds . The Company is therefore subject to the Norwegian legislation for covered bonds and the demands this imply for exposure to risk. In addition, the Company wishes to maintain the Aaa rating from Moody's, with regards to the covered bonds, which also requires a high degree of attention to risk management and a low risk exposure profile.

The purpose with the risk and capital adequacy management within SpareBank 1 Boligkreditt AS is to ensure a satisfactory level of capital and a responsible management of assets in accordance with the Company's statutes and risk profile. This is ensured through an adequate process for risk management and planning and implementation of the Company's equity capital funding and capital adequacy .

The Company's risk- and capital management are aiming to be in accordance to best practices - and this is ensured through:

- A risk culture characterised through high awareness about types of risk and the management thereof
- A competent risk analysis and control environment
- A good understanding of which material risks the Company is exposed to

Organisation and organisational culture

SpareBank 1 Boligkreditt AS is focused on maintaining a strong and alert organisational culture characterised by high awareness about risk management.

SpareBank 1 Boligkreditt AS is focused on independence and control, and the responsibilities are divided between different roles within the organisation:

- The Board of Directors determines the main principles for risk management, including determining the risk profile, limits and guidelines. The Board also carries the responsibility to review capital levels in accordance with the risk profile and the requirements of the regulatory authorities.
- The Chief Executive Officer is responsible for the day to day administration of the Company's business and operations according to laws, statutes, powers of attorney and instructions from the Board . Strategic items or operational items of an unusual nature or importance are discussed with and presented to the Board of Directors. The CEO may however decide a matter in accordance with a power of attorney from the Board. The CEO is responsible for implementing the Company's strategy and in cooperation with the Board to also develop and evolve the strategy .
- The risk manager reports both to both the CEO and to the Board, but is employed directly by the board and not the CEO. The risk manager is tasked with developing the framework for risk management including risk models and risk management systems. The position is further responsible for the independent evaluation and reporting of risk exposure in addition to maintain all relevant laws and regulations.
- The balance sheet committee is headed by the CEO and consists of the CFOs of the largest banks in the SpareBank 1 Alliance in addition to one representative from the smaller Alliance banks (Samspar). The balance sheet committee is an advisory group for the operational management of the Company's balance sheet within the framework determined by the Board of Directors. The committee is an important component of Boligkreditt's operative management of liquidity risks. The investment committee is an advisory council for the evaluation of counterparty exposure limits and for the composition of the liquidity portfolio.
  The committee is headed by the CEO. The committee advises on credit limits for counterparties and the composition of the liquidity portfolio. The CEO has been tasked by the Board to make decisions regarding credit limits for counterparties and individual investments.

Risk Categories:

In its risk management the Company's differentiates amongst the following categories of risk:

- Credit Risk: The risk of loss as a result of that counterparties are unwilling and/or unable to meet their obligations to the Company . Credit risk management is detailed in the Company's credit risk policy and this policy is approved by the Board of Directors annually .
- Liquidity Risk: The risk that the Company is unable to meet its obligations and/or finance its assets
- Market Risks: The risk of loss as a result of changes in observable market variables such as interest rates, foreign exchange rates and securities.

Further details about these risk categories are discussed in later Notes

- Climate risk: is the risk of loss as a result of assets becoming stranded, following regulatory changes or market practice. In order to mitigate global warming, assets which are contributing to emissions of carbon dioxide may be in an exposed position with regards to valuation losses in the future. Residential homes have a certain carbon footprint from the materials that to go into making the house and from the heating and other sources of energy after construction. Regulation for construction in Norway has materially changed to require much more energy efficient construction and heating requirements of houses compared today compared to earlier years. There have been revisions to the building code in 2007, 2010, 2017 and another one is expected in 2022. There is a risk that older properties may lose value as the building requirements change. SpareBank 1 Boligkreditt continually evaluates the valuation of its mortgage book's underlying security and report on the loan to value metrics every quarter. The SpareBank 1 Alliance banks are also engaged in incentivizing mortgage loan customers to upgrade to greener solutions, with interest rate discounts. The climate risks of the country's housing stock is also carried by the society at large and its government, and it is unlikely that legislation or regulation would suddenly render part of the housing stock uninhabitable and thus making it a stranded asset, but that change processes take time. The Company also issues green covered bonds according to its definition for green mortgages, which are mortgages for residences which are amongst the country's top 15 per cent energy efficient homes. There is a risk of loss of certain market access to funding if no further green covered bonds could be issued due to a lack of green mortgage collateral, but this risk is benign. SpareBank 1 Boligkreditt continues to source green mortgage loans from its owner banks, for which it is a financing unit.

Interest rate benchmark reform

The reform of interest rate benchmarks such as interbank offered rates (IBORs) caused changes to financial reporting requirements under IFRS Standards. The International Accounting Standards Board implemented the changes in two phases. Phase 1 amended specific hedge accounting requirements. Phase 2 addressed financial reporting issues that may arise when IBORs are either reformed or replaced. The amendments are effective for annual reporting periods beginning on or after 1 January 2021.

The benchmark reform does affect SpareBank 1 Boligkreditt's operations because the Company issues bonds with a benchmark that was replaced and others which may be reformed and /or replaced. NIBOR is very central to the Company's operations and a reform or replacement of this rate, should it happen, would probably lead to a larger implementation change, though it is not expected that this would have either material nor adverse consequences.

An interest rate in a foreign currency which may be or was replaced or reformed, is always hedged into the Norwegian interbank rate NIBOR. The basis for this hedging policy is enshrined both in the Norwegian covered bond legislation and in the Company's Board approved risk management policy.

When a rate is replaced or amended, the Company will in a timely manner follow the new regulation and market practice with regards to the timing of replacements, amendments and / or grandfathering of existing benchmarks as appropriate and possible. This means that the interest rate on the bond in question will most likely be attempted to be replaced in the Company's agreements, in agreement with investors in the bond, and the same interest rate will be attempted to be replaced with the swap hedge counterparties at the same time. There are therefore no material changes to valuation of the instruments in a hedge relationship which are expected. There are also no material financial reporting issues or hedging accounting issues which are expected to arise.

Note 4 Important estimates and considerations regarding application of accounting policies

The presentation of financial information in accordance with IFRS results in that management uses estimates and makes assumptions which affect the outcome of certain accounting principles, including the amounts accounted for assets, liabilities, income and cost.

Loan losses

Estimates are made regarding the future path of probability of default rates and loss given default rates under different economic scenarios. Each quarter the entire portfolio of mortgage loans are run through the Company's IFRS 9 loan loss model and the cumulative expected loss is a function of the current portfolio's risk classification, migration of the mortgage loans on the Company's risk scale since granting the loans and these scenarios for the future . See also the description above under Note 2 " Expected credit loss on mortgage loans; evaluation of impairments (write downs)" and note 14 and 15 for the expected loss details and figures.

Fair value of financial instruments

The fair value of financial instruments which are not traded in a liquid market are determined using valuation techniques . The Company utilises methods and assumptions which are as far as possible based on observable market data and which represent market conditions as of the date of the financial accounts . When valuing financial instruments where no observable market data are available, the Company estimates values based on what it is reasonable to expect that market participants would use as a basis for valuation of financial instruments. One element of estimates being delpoyed is for the calculatoin of basis swap valuations, see below.

Basis swaps

Basis swaps refer in general to the foreign currency swaps in which the Company engages to hedge its foreign exchange risk exposure. Currency swaps carry a basis swap cost or spread, which is the current market price in basis points to swap one reference rate for another, in the Company's case usually the reference rate of the currency in which a covered bond is issued (for example EURIBOR) and into NIBOR. This basis pricing element is valued at each balance sheet date, and its aggregate value is either an asset or a liability for the Company. The valuation change is recorded in other comprehensive income and other equity under IFRS 9.

Annual result as a share of average assets

SpareBank 1 Boligkreditt's annual after-tax profit is relatively small, considering it's balance sheet size and amount of residential mortgages financed. The reason for this is the payment of commissions to shareholder banks, an expense which substantially reduces net income. Alternatively, the Company could have paid this net interest income from residential mortgages as a dividend to its shareholder banks. Annual accounting regulations require reporting of after-tax net income as a share of the Company's average assets. For 2023 this figure is 0.16 per cent. For 2022 the same figure is 0.02 per cent.

Note 5 Net interest income

NOK 1 000	2023	2022
Interest income		
Interest income from certificates, bonds and deposits	1,231,720	538,839
Interest income from residential mortgage loans	12,843,415	6,664,550
Total interest income	**14,075,135**	**7,203,389**
Interest expense		
Interest expense and similar expenses to credit institutions	198,337	22,154
Interest expense and similar expenses on issued bonds	12,271,903	5,430,349
Interest expense and similar expenses on subordinated debt	87,441	50,230
Recovery and Resolution Fund *	51,583	52,246
Other interest expenses	1,421	4,413
Total interest expense	**12,610,685**	**5,559,392**
Net interest income	**1,464,450**	**1,643,996**

* From 2019, SPB1 Boligkreditt has been incorporated into the Norwegian Bank Recovery and Resolution Fund.

Note 6 Commission expence

NOK 1 000	2023	2022
Commission expense		
Commission expense to SpareBank 1 banks	787,664	1,249,440
Total commission expense	**787,664**	**1,249,440**

These amounts represent Boligkreditt's expenses in form of commissions to its owner banks, which originate the mortgage loans transferred to the Company. The amounts are calculated by subtracting all of the Company's funding costs and estimated operational costs, including costs for additional Tier 1 bonds outstanding, from each mortgage interest income.

Note 7 Net Gains from Financial Instruments

NOK 1 000	2023	2022
Net gains (losses) from financial liabilities	-11,327,762	15,955,802
Net gains (losses) from financial derivatives at fair value, hedging liabilities (hedging instrument)	4,252,475	-16,331,646
Net gains (losses) from financial assets	7,502,622	-206,058
Net gains (losses) from financial derivatives at fair value, hedging assets (hedging instrument)	-423,700	293,956
Net gains (losses)	**3,636**	**-287,945**

The Company utilizes hedge accounting as defined in IFRS for issued fixed rate bonds (covered bonds) with derivatives (swaps) which hedges fixed rates to floating and foreign currencies to Norwegian kroner. The hedges are individually tailored to each issued bond and exactly matches the cash flows and duration of the issued bonds. Some liabilities in foreign currency are hedged with natural hedges (corresponding assets in the same currency) and this may cause the valuation differences between assets and liabilities. There may also be valuation differences between liabilities and hedges due to the the amortization of issuance costs and bonds issued at or below par value.

SpareBank 1 Boligkreditt AS manages its liquidity risk by refinancing its outstanding bonds ahead of expected maturities and keeping proceeds as a liquidity portfolio. Fixed rate bonds and bonds in other currencies than Norwegian kroner are hedged using swaps, unless forming part of a natural hedge. These positions are valued at fair value though differences may occur because the valuation of the bonds include a credit risk/ spread element which the swaps do not contain. Included in assets in the table are also investments in short term, highly rated bonds from funds received from swap counterparties for collateral purposes, with a corresponding collateral liability. Such investments do not have swap hegdes.

All derivatives are valued at fair value according to changes in market interest rates and foreign exchange rates. Changes in valuations from the previous period is accounted for in profit and loss.

Note 8 - Salaries and Remuneration

NOK 1 000	2023	2022
Salaries	12,257	11,060
Salaries reinvoiced to SpareBank1 Næringskreditt*	-4,824	-3,344
Pension expenses	2,603	2,643
Social insurance fees	3,647	2,779
Other personnel expenses	909	684
Total salary expenses	**14,593**	**13,822**
Average number of full time equivalents (FTEs)	**7**	**7**

* The company's employees have shared employment between SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt. All remuneration is effectuated through SpareBank 1 Boligkreditt and a portion is reinvoiced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank 1 SMN and SpareBank 1 Gruppen.

Note 9 Salaries and other Remuneration of Management

Paid in 2023

NOK 1 000	Wage compensation	Bonus	Other compensation	Pension cost	Employee mortgage loan
Management					
Chief Executive Officer - Arve Austestad	2,688	-	178	818	1,613
Total for Management	**2,688**	**-**	**178**	**818**	**1,613**

Paid in 2022

NOK 1 000	Wage compensation	Bonus	Other compensation	Pension cost *)	Employee mortgage loan
Management					
Chief Executive Officer - Arve Austestad	2,547	-	177	1,367	1,706
Total for Management	**2,547**	**-**	**177**	**1,367**	**1,706**

*) NOK 560.217 of the pension cost refers to payment of premium for 2021.

All employees have an offer of an employee mortgage loan.

The Board of Directors	Paid in 2023	Paid in 2022
Bengt Olsen (Chair - from 31/03/2022)	123	95
Kjell Fordal (Chair - to 31/03/2022)	-	119
Geir-Egil Bolstad	99	95
Merete N. Kristiansen	99	95
Knut Oscar Fleten	99	95
Trond Sørås	99	26
Heidi Cathrine Aas Larsen	99	95
Steinar Enge (from 31/03/2022)	99	-
Total for the Board of Directors	**714**	**620**

Payments for the Board of Directors take place in the year following their year of service. The amount paid and the composition of the Board reflects that of the period prior to the periods listed under the column headings "Paid in".

Note 10 Pensions

SpareBank 1 Boligkreditt employees are members in a defined contribution pension scheme. The Company pays the agreed contribution into the pension scheme and has no further obligations. The remaining pension obligation on the balance sheet relates to survivor's pension, which has been accounted for as a defined benefit obligation.

	2023	2022
Net pension obligations on the balance sheet		
Present value pension obligation as of Dec 31	16,907	7,273
Pension assets as of Dec 31	4,790	5,171
Net pension obligation as of Dec 31	12,117	2,102
Employer payroll tax	2,518	682
Net pension obligation recorded as of Dec 31	**14,635**	**2,784**
Pension expense in the period		
Defined benefit pension accrued in the period	42	65
Defined contribution plan pension costs including AFP*	1,522	1,443
Pension expense accounted for in the income statement	**1,564**	**1,508**

* AFP is an abbreviation for the Company's membership in an optional early retirement program from age 62

The following economic assumptions have been made when calculating the value of the pension obligations which are not related to the defined contribution plan:

	2023	2022
Discount rate	3.10 %	3.00 %
Expected return on pension assets	3.10 %	3.00 %
Future annual compensation increases	3.25 %	3.25 %
Regulatory cap change	3.25 %	3.25 %
Pensions regulation amount	0.00 %	0.00 %
Employer payroll taxes	14.10 %	14.10 %
Finance tax	5.00 %	5.00 %

Note 11 Other Operating Expenses

NOK 1 000	2023	2022
IT and IT operations	11,932	12,107
Purchased services other than IT	15,153	15,549
Other Operating Expenses	3,316	2,741
Depreciation on fixed assets and other intangible assets	119	78
Total	**30,519**	**30,475**

Auditing

Remuneration to PWC and cooperating companies is allocated as follows:

NOK 1 000	2023	2022
Legally required audit	618	1,534
Other attestation services, incl. examination services of loan documents	161	195
Other services outside auditing	0	458
Total (incl VAT)	**779**	**2,187**

Society share

SpareBank 1 Nord-Norge runs a project to maximize the amount of considered worthy causes for the bank's society dividend distribution. For the year 2022 NOK 953 million were distributed to small and large teams and associations and projects in the northern Norwegian society. In addition, NOK 11.6 million were paid out to the bank's foundation through its ownership of equity certificates. The foundation pursues the same distribution policy, in addition to its role of maintaining its share ownership of the bank's equity certificates. In 2024 the town of Bodø is European capital for culture and the bank through its society distribution project is the proud general sponsor.

Note 12 Taxes

NOK 1 000	2023	2022
Profit before tax	619,294	45,826
Permanent differences	-62,776	-40,191
Change in temporary differences	416,940	470,300
Temporary differences from actuarial gains/losses pension, shown in other comprehensive	-14,548	1,223
Change in temporary differences - use of previous year's tax deficit	0	-136,798
Tax base/taxable income for the year	**958,909**	**340,361**
Tax payable for the year *)	239,727	85,090
Change in deferred tax	-286,405	72,445
Tax expense for the year	**-46,678**	**157,535**

The charge for the year can be reconciled to the profit before tax as follows:

25 % of profit before tax	154,823	11,457
25% of Non-taxable profit and loss items (permanent differences)	-15,694	-10,048
Correction for accrued tax previous years	895	-230
Tax expense in income statement	**140,024**	**1,179**
Tax expense on basis swap adjustment, recorded in OCI	-182,170	155,821
Tax expense of estimate deviation, recorded in OCI	-3,637	306
Total Tax expense for the year	**-45,783**	**157,305**
Spesification of deferred tax assets		
Financial instruments	305,166	203,946
Basisswap	111,314	-70,856
Pension liability	3,659	696
Other assets	-64	-115
Net deferred tax assets	**420,076**	**133,671**
Taxrate applied	25 %	25 %
Taxrate applied for temporary differences	25 %	25 %

*) Tax payable in the balance sheet include tax payable for previous years.

Note 13 Other Assets

NOK 1 000	2023	2022
Leases	967	2,010
Fixed assets	85	163
Intangible assets	342	382
Accounts receivables from SpareBank 1 Næringskreditt AS	381	350
Accounts receivable, securities	56,033	66,970
Other	4,871	626
Total	**62,679**	**70,500**

2023

NOK 1 000	Leases	Fixed assets	Intangible assets	Total
Acquisition cost 01.01.	4,655	385	1,755	6,794
Acquisitions	-	-	202	202
Disposals	-	-	-	-
Acquisition cost 31.12.	**4,655**	**385**	**1,957**	**6,996**
Accumulated depreciation and write-downs 01.01.	2,645	221	1,755	4,621
Periodical depreciation	1,043	78	40	1,161
Periodical write-down			-	-
Disposal ordinary depreciation			-	-
Accumulated depreciation and write-downs 31.12.	3,688	300	1,795	5,783
Book value as of 31.12.	**967**	**85**	**162**	**1,214**
Financial lifespan	5 years	5 years	5 years	
Depreciation schedule	linear	linear	linear	

2022

NOK 1 000	Leases	Fixed assets	Intangible assets	Total
Acquisition cost 01.01.	4,655	385	1,755	6,794
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Acquisition cost 31.12.	**4,655**	**385**	**1,755**	**6,794**
Accumulated depreciation and write-downs 01.01.	1,708	143	1,755	3,606
Periodical depreciation	937	78	-	1,015
Periodical write-down			-	-
Disposal ordinary depreciation			-	-
Accumulated depreciation and write-downs 31.12.	2,645	221	1,755	4,621
Book value as of 31.12.	**2,010**	**163**	**-**	**2,173**
Financial lifespan	5 years	5 years	3 years	
Depreciation schedule	linear	linear	linear	

Note 14 Residential mortage loans

Lending to customers are residential mortgages only. The mortgages generally have a low loan-to-value. The total amount of lending to customers at the end of 31.12.2022 were NOK 253 billion. All mortgages carry a variable interest rate.

NOK 1 000	2023	2022
Revolving loans - retail market	40,121,639	41,935,854
Amortising loans - retail market	236,084,689	210,603,683
Accrued interest	657,672	396,931
Total loans before specified and unspecified loss provisions	**276,864,001**	**252,936,468**
Stage 1	264,620,901	243,051,062
Stage 2	12,243,099	9,885,406
Stage 3	-	-
Gross loans	**276,864,001**	**252,936,468**
Impairments on groups of loans		
Expected credit loss, stage 1	15,166	10,584
Expected credit loss, stage 2, no objective proof of loss	32,238	20,941
Expected credit loss, stage 3, objective proof of loss	-	-
Total net loans and claims with customers	**276,816,597**	**252,904,944**
Liability		
Unused balances under customer revolving credit lines (flexible loans)	13,249,819	14,090,508
Total	**13,249,819**	**14,090,508**
Defaulted loans		
Defaults*	0.0 %	0.0 %
Specified loan loss provisions	0.0 %	0.0 %
Net defaulted loans	**0.0 %**	**0.0 %**
Loans at risk of loss		
Loans not defaulted but at risk of loss	0.0 %	0.0 %
- Write downs on loans at risk of loss	0.0 %	0.0 %
Net other loans at risk of loss	**0.0 %**	**0.0 %**

* The entire customer loan balance is considered to be in default and will be included in overviews of defaulted loans when overdue instalments and interest payments are not received within 90 days or if credit limits on revolving loans are exceeded for 90 days or more.

Loans sorted according to geography (Norwegian countries)

NOK 1 000		Lending 2023	Lending 2023 %	Lending 2022	Lending 2022 %
NO03	Oslo	37,831,756	13.67 %	33,050,229	13.07 %
NO11	Rogaland	4,333,974	1.57 %	1,623,859	0.64 %
NO15	Møre og Romsdal	19,782,169	7.15 %	16,891,249	6.68 %
NO18	Nordland	23,567,619	8.51 %	19,526,693	7.72 %
NO21	Svalbard	211,856	0.08 %	202,681	0.08 %
NO30	Viken	73,731,034	26.64 %	67,631,416	26.74 %
NO34	Innlandet	27,121,285	9.80 %	25,707,002	10.16 %
NO38	Vestfold og telemark	20,789,379	7.51 %	20,329,645	8.04 %
NO42	Agder	816,160	0.29 %	685,199	0.27 %
NO46	Vestland	1,679,138	0.61 %	3,747,460	1.48 %
NO50	Trøndelag	41,660,316	15.05 %	40,465,356	16.00 %
NO54	Troms og finnmark	25,291,913	9.14 %	23,044,155	9.11 %
Total		**276,816,597**	**100.0 %**	**252,904,944**	**100.0 %**

Loans sorted according to Risk Class: 12 months probability of default (NOK 1000)

Risk Class	*Classification*	2023	% share 2023	2022	% share 2022
A	1: Lowest	48,170,558	17.40 %	50,851,166	20.14 %
B	1: Lowest	92,858,092	33.54 %	89,325,271	35.37 %
C	1: Lowest	93,139,272	33.65 %	77,136,510	30.55 %
D	2: Low	24,785,069	8.95 %	20,590,818	8.15 %
E	2: Low	8,636,529	3.12 %	6,435,138	2.55 %
F	3: Medium	3,647,756	1.32 %	3,240,243	1.28 %
G	3: Medium	2,776,523	1.00 %	2,458,098	0.97 %
H	4: High	1,489,241	0.54 %	1,266,506	0.50 %
I	5: Highest	1,168,839	0.42 %	1,049,539	0.42 %
J	5: Highest	126,943	0.05 %	149,824	0.06 %
K	5: Highest	17,777	0.01 %	22,974	0.01 %
*	9: Missing	0	0.00 %	-109	0.00 %
Total		**276,816,597**	**100 %**	**252,525,977**	**100 %**

1000 jobs

SpareBank 1 Nord-Norge would very much like to contribute to make visible all possible career paths and possibilities in northern Norway and show that the region offers more than raw nature and culture. The bank, through its society dividend distribution programme therefore participates in the project 1000 jobs. This is a cooperation between the bank and the two main labour market organizations in Norway, LO for the employees and NHO representing the employers, and aims to provide young people summer jobs in the region.

Note 15 Provision for expected credit losses

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

NOK 1 000	2023			
Accrual for losses on loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	10,584	20,941	-	31,524
Originations or purchases	6,391	20,732	-	27,124
Transfer from stage 1 to stage 2	-10,932	10,932	-	-
Transfer form stage 2 to stage 1	563	-563	-	-
Derecognitions	-3,168	-13,079	-	-16,247
Changes due to changed input assumptions	11,728	-6,726	-	5,003
Closing balance	**15,166**	**32,238**	**-**	**47,403**
Total loans after specified loss provisions	**264,620,902**	**12,243,099**	**-**	**276,864,001**

NOK 1 000	2022			
Opening balance	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Originations or purchases	3,726	11,456	-	15,182
Transfer from stage 1 to stage 2	4,819	7,357	-	12,176
Transfer form stage 2 to stage 1	-5,951	5,951	-	-
Derecognitions	415	-415	-	-
Changes due to changed input assumptions	1,168	4,397	-	5,565
Closing balance	6,407	-7,806	-	-1,399
Closing balance	**10,584**	**20,941**	**-**	**31,524**
Total loans after specified loss provisions	**243,051,062**	**9,885,406**	**-**	**252,936,468**

SpareBank 1 Boligkreditt has estimated losses on residential mortgage lending according to the IFRS 9 model of NOK 47.3 million as of year-end 2023 (0,02% of lending). This is an increase of NOK 15.9 million compared to year-end 2022. The changes are detailed in the table above.

The macroeconomic assumptions in the IFRS 9 model are differentiated in three different scenarios, a base case weighted at 80%, and an upside and downside case each weighted at 10%.

The base case consists of the latest forecasts by Statistics Norway of unemployment rates and money market rates (3-month NIBOR) for the coming years together with an estimate of real estate prices, which are, in the base case, expected to increase by 1% in 2024 and 2% in 2025. Interest rates may now have reached a peak and these growth rates may therefore be low compared to the development if interest rates come down during 2024, but this development is reflected in the subsequent years of the assumptions.

These are the three main macroeconomic variables for the IFRS 9 scenarios

Scenario / Year	1	2	3	4	5
Base					
Unemployment	3.6 %	3.9 %	4.1 %	4.2 %	4.2 %
Money market rate	4.1 %	4.6 %	4.2 %	3.6 %	3.5 %
Resi. Real estate	1.0 %	2.0 %	5.0 %	8.0 %	6.0 %
Downside					
Unemployment	7.0 %	7.0 %	6.0 %	5.0 %	3.9 %
Money market rate	6.0 %	7.0 %	5.5 %	4.0 %	3.5 %
Resi. Real estate	-20.0 %	-10.0 %	15.0 %	5.0 %	10.0 %
Upside					
Unemployment	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
Money market rate	2.6 %	2.6 %	2.6 %	2.6 %	2.6 %
Resi. Real estate	5.0 %	5.0 %	6.0 %	6.0 %	6.0 %

Sensitivity: If each scenario alone is allocated a 100% weighting, then the base case would generate an estimated cumulative loss (ECL) of NOK 32 million or 0,01 % of lending (based on exposure at default, EAD), and the downside case approximately ca. NOK 210 million or 0,08% of lending (based on EAD).

If both the level of unemployment and interest rates turns out to be 1 per centage point higher in the base case in every year through the end of the forecast period, that will result in an ECL of approximately NOK 62 million or 0,02% of lending (based on EAD).

Note 16 Share Capital and Shareholder Information

	List of shareholders as of 2023		List of shareholders as of 2022	
	No of Shares	Percent and votes	No of Shares	Percent and votes
SpareBank 1 SMN	18,595,136	23.85 %	17,635,629	22.62 %
SpareBank 1 Østlandet	18,105,053	23.22 %	17,484,191	22.42 %
SpareBank 1 Nord-Norge	12,238,064	15.70 %	12,145,623	15.58 %
SpareBank 1 Sørøst-Norge	8,715,070	11.18 %	9,496,225	12.18 %
BN Bank ASA	5,220,080	6.69 %	5,457,882	7.00 %
SpareBank 1 Østfold Akershus	3,598,607	4.62 %	3,778,299	4.85 %
SpareBank 1 Ringerike Hadeland	3,444,581	4.42 %	3,597,797	4.61 %
SpareBank 1 Nordmøre	2,590,437	3.32 %	2,309,810	2.96 %
SpareBank1 Helgeland	2,408,406	3.09 %	1,957,985	2.51 %
SpareBank 1 Gudbrandsdal	1,225,207	1.57 %	1,216,092	1.56 %
SpareBank 1 Søre Sunnmøre	0	0.00 %	1,148,786	1.47 %
SpareBank 1 Hallingdal Valdres	1,106,186	1.42 %	1,040,179	1.33 %
SpareBank 1 Lom og Skjåk	725,322	0.93 %	703,651	0.90 %
Total	**77,972,149**	**100 %**	**77,972,149**	**100 %**

The share capital consists of 77.972.149 shares with a nominal value of NOK 100
The per cent share allocation and share of vote are identical

Hybrid capital

NOK 1000	ISIN	Interest rate	Issued year	Call option	2023	2022
Perpetual						
Hybrid (Tier 1)	NO0010850621	3M Nibor + 340 bp	2019	30.04.2024	350,000	350,000
Hybrid (Tier 1)	NO0010890825	3M Nibor + 300 bp	2020	26.08.2025	200,000	200,000
Hybrid (Tier 1)	NO0010993009	3M Nibor + 250 bp	2021	06.05.2026	250,000	250,000
Hybrid (Tier 1)	NO0012753591	3M Nibor + 390 bp	2022	16.11.2027	100,000	100,000
Book value					**900,000**	**900,000**

The issued bonds listed in the table abowe have status as Tier 1 capital instruments in the Company's capital coverage ratio.

Note 17 Liabilities incurred by issuing securities

	Nominal value*	Nominal value*
NOK 1 000	**2023**	**2022**
Senior unsecured bonds	-	-
Repurchased senior unsecured bonds	-	-
Covered bonds	288,942,535	267,908,851
Repurchased Covered bonds	-	-
Total debt incurred by issuing securities	288,942,535	267,908,851

* Nominal value is incurred debt at exchange rates (EUR/NOK and USD/NOK) at the time of issuance

	Book value	Book value
NOK 1 000	**2023**	**2022**
Senior unsecured bonds	-	-
Repurchased senior unsecured bonds	-	-
Covered bonds	294,828,642	259,999,992
Repurchased covered bonds	-	-
Activated costs incurred by issuing debt	-213,741	-222,883
Accrued interest	1,611,261	1,071,448
Total debt incurred by issuing securities	**296,226,162**	**260,848,557**

Covered bonds

Due in	2023	2022
2023	-40,213	26,120,200
2024	19,517,590	28,162,216
2025	34,831,320	37,713,750
2026	54,141,530	50,176,000
2027	52,698,945	39,843,585
2028	63,266,763	38,997,300
2029	28,176,000	25,462,800
2030	10,967,600	-
2031	11,003,000	11,003,000
2032	9,937,500	9,937,500
2033	1,250,000	-
2034	250,000	250,000
2035	900,000	-
2037	-38,900	-
2038	2,081,400	242,500
Total	**288,942,535**	**267,908,851**

* Nominal value is incurred debt at exchange rates (EUR/NOK, USD/NOK, SEK/NOK and GBP/NOK) at the time of issuance

Debt incurred by currency (book values at the end of the period)

NOK 1 000	2023	2022
NOK	124,467,577	104,077,916
EUR	158,579,800	143,669,469
GBP	0	2,873,911
SEK	8,685,839	8,087,303
CHF	4,492,946	2,139,958
Total	**296,226,162**	**260,848,557**

Note 18 Subordinated debt

NOK 1000	ISIN	Interest rate	Issued year	Call option from	Maturity	Nominal amount	2023	2022
With maturity								
Subordinated debt (Tier 2)	NO0010826696	3M Nibor + 153 bp	2018	22.06.2023	22.06.2028	250,000	-	250,000
Subordinated debt (Tier 2)	NO0010833908	3M Nibor + 180 bp	2018	08.10.2025	08.10.2030	400,000	400,000	400,000
Subordinated debt (Tier 2)	NO0010835408	3M Nibor + 167 bp	2018	02.11.2023	02.11.2028	425,000	-	475,000
Subordinated debt (Tier 2)	NO0010842222	3M Nibor + 192 bp	2019	24.01.2024	24.01.2029	300,000	41,500	300,000
Subordinated debt (Tier 2)	NO0012939133	3M Nibor + 265 bp	2023	13.09.2028	13.12.2033	300,000	300,000	-
Subordinated debt (Tier 2)	NO0013048132	3M Nibor + 240 bp	2023	17.10.2028	17.01.2034	355,000	355,000	-
Subordinated debt (Tier 2)	NO0013048157	3M Nibor + 243 bp	2023	17.04.2029	17.07.2034	370,000	370,000	-
Accrued interest							18,680	11,805
Book value							**1,485,180**	**1,436,805**

The issued bonds listed in the table above have status as Tier 2 capital instruments in the Company's capital coverage ratio.

Note 19 Reconciliation of liabilities arising from financing activities

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes.

NOK 1 000	2022	Changes from financing cash flows	Changes in foreign exchange rates	Changes in fair value	Other changes	2023
Liabilities						
Debt incurred by issuing securities and financial derivatives	272,671,060	21,270,531	9,505,708	-3,302,730	-76,935	300,067,635
Collateral received under derivates contracts	714,730	4,527,932	-	-	-345,944	4,896,717
Subordinated debt	1,436,805	-	-	-	48,375	1,485,180
	274,822,595	25,798,463	9,505,708	-3,302,730	-374,504	306,449,532

Note 20 Financial Derivatives

NOK 1 000	2023	2022
Interest rate derivative contracts		
Interest rate swaps		
Nominal amount	28,598,221	31,562,031
Asset	384,087	348,546
Liability	-1,576,755	-1,788,128
Currency derivative contracts		
Currency swaps		
Nominal amount	139,208,663	136,856,600
Asset	9,069,545	3,358,118
Liability	-2,264,718	-10,034,376
Total financial derivative contracts		
Nominal amount	167,806,884	168,418,631
Asset	9,453,632	3,706,664
Liability	-3,841,473	-11,822,504

All derivative contracts exist for the purpose of hedging changes in interest rates and currency exchange rates.

* Change due to basis swap spread adjustment	2023	2022
Total asset(+)/liability(-) derivates	9,453,632	3,706,664
Net gain (loss) on valuation adjustment of basisswap spreads (before tax)	-445,257	283,423
Net asset(+)/liability(-) derivates	9,008,375	3,990,087

Basis swaps are currency swaps and are entered into at a certain cost (basis swap spread) between SpareBank 1 Boligkreditt and banks which offer such swaps and which have signed an ISDA agreement with the Company. Changes in the cost are valued each quarter across all of the Company's swaps in accordance with the IFRS rules. The effect may be material from quarter to quarter because the Company's portfolio of swaps is extensive. All basisswap value changes will reverse over time towards the point of termination of the swaps. Changes in basis swap valuations are not included in net income, but is included in other comprehensive income and in equity.

Derivates include one or more referance rates which will be reformed. SpareBank 1 Boligkreditt will follow market standards and regulation. Sterling Libor on an outstanding GBP covered bond was changed to SONIA in 2021.

The Company used the following hedging instruments for issued debt:

1. Fixed rate NOK bonds issued and swapped to 3 months NIBOR exposure
2. Three month EURIBOR bonds issued swapped to a 3 month NIBOR exposure
3. Fixed rate EUR bonds issued and swapped to 3 months EURIBOR exposure
4. Fixed rate EUR bonds issued and swapped to 3 months NIBOR exposure
5. Three months SONIA bonds issued and swapped to 3 months NIBOR exposure
6. Fixed rate GBP bonds issued and swapped to 3 months NIBOR exposure

Hedging instruments used in debt issued, excluding NIBOR contracts, nominal values	2023	2022
EURIBOR contracts under point 2 and 3 above	7,732,872	8,807,751
Total	**7,732,872**	**8,807,751**

Collateral received is a contractual feature in the Company’s ISDA contracts. For derivative (swap) contracts dated on or after March 1, 2017, all exposure that the Company has to counterparties is collateralized in cash from a threshold of zero. Contracts with a start date prior to 1 March 2017 may be subject to higher thresholds. The Company is entitled to offset all costs and other amounts it incurs with the collateral received, if the counterparty should not perform under the contract. The Company does not post out collateral it has not first received from counterparties.

NOK 1 000	2023	2022
Collateral received under derivatives contracts	4,896,717	714,730

Note 21 Classification of Financial Instruments

NOK 1 000	Financial instruments accounted for at fair value	Financial assets and debt accounted for at amortised cost	2023
Assets			
Lending to and deposits with credit institutions	-	1,063,325	1,063,325
Certificates and bonds	33,094,399	-	33,094,399
Residential mortgage loans	-	276,816,597	276,816,597
Financial derivatives	9,008,375	-	9,008,375
Total Assets	**42,102,775**	**277,879,923**	**319,982,697**
Liabilities			
Debt incurred by issuing securities*	-	296,226,162	296,226,162
Collateral received in relation to financial derivatives	-	4,896,717	4,896,717
Financial derivatives	3,841,473	-	3,841,473
Subordinated debt	-	1,485,180	1,485,180
Total Liabilities	**3,841,473**	**302,608,059**	**306,449,532**
Total Equity	**-**	**900,000**	**900,000**
Total Liabilities and Equity	**3,841,473**	**303,508,059**	**307,349,532**

* For issued securities,196 billion are hedged with swaps. This means that foreign currency and fixed rate exposure is effectively converted to a 3 month NIBOR exposure in Norwegian kroner.

NOK 1 000	Financial instruments accounted for at fair value	Financial assets and debt accounted for at amortised cost	2022
Assets			
Lending to and deposits with credit institutions	-	1,360,520	1,360,520
Certificates and bonds	29,426,208	-	29,426,208
Residential mortgage loans	-	252,904,944	252,904,944
Financial derivatives	3,990,087	-	3,990,087
Total Assets	**33,416,295**	**254,265,464**	**287,681,759**

Liabilities			
Debt incurred by issuing securities*	-	260,848,557	260,848,557
Collateral received in relation to financial derivatives	-	714,730	714,730
Financial derivatives	11,822,504	-	11,822,504
Subordinated dept	-	1,436,805	1,436,805
Total Liabilities	**11,822,504**	**263,000,091**	**274,822,595**
Total Equity	**-**	**900,000**	**900,000**
Total Liabilities and Equity	**11,822,504**	**263,900,091**	**275,722,595**

* For issued securities, 181 billion are hedged with swaps. This means that foreign currency and fixed rate exposure is effectively converted to a 3 month NIBOR exposure in Norwegian kroner.

Note 22 Financial Instruments at Fair Value

Methods in order to determine fair value

General

The interest rate curve that is used as input for fair value valuations of hedging instruments and hedging objects consists of the NIBOR-curve for maturities less than one year. The swap-curve is used for maturities exceeding one year.

Interest rate and currency swaps

Valuation of interest rate swaps at fair value is done through discounting future cash flows to their present values. Valuation of currency swaps will also include the element of foreign exchange rates.

Bonds

Valuation of bonds at fair value is done through discounting future cash flows to present value.

IFRS 7 require a presentation of the fair value measurement for each Level of financial instruments. We have the following three Levels for the fair value measurement:

Level 1: Quoted price in an active market. Fair value of financial instruments which are traded in active markets are based on the market price at the balance sheet date. A market is considered to be active if the market prices are easily and readily available from an exchange, dealer, broker, industry group, pricing service or regulating authority and that these prices represent actual and regular market transactions on an arm's length basis.

Level 2: Valuation based on observable factors. Level 2 consist of instruments which are not valued based on listed prices, but where prices are indirectly observable for assets or liabilities, but also includes listed prices in not active markets.

Level 3: The valuation is based on factors that are not found in observable markets (non-observable assumptions). If valuations according to Level 1 or Level 2 are not available, valuations are based on not-observable information. The Company has a matter of principle neither assets nor liabilities which are valued at this level.

The following table presents the company's assets and liabilities at fair value as of 31.12.2023

NOK 1 000	Level 1	Level 2	Level 3	Total
Certificates and bonds	33,094,399	-	-	33,094,399
Financial Derivatives	-	9,008,375	-	9,008,375
Total Assets	**33,094,399**	**9,008,375**	**-**	**42,102,775**
Financial Derivatives	-	3,841,473	-	3,841,473
Total Liabilities	**-**	**3,841,473**	**-**	**3,841,473**

Issued debt is formally accounted for at amortized cost, and is therefore not listed in the table above. However, when issued debt is hedged with derivatives it is accounted for at fair value with regards to changes in interest rates and currency rates, with changes of this fair value in profit and loss. This means that approximately NOK 196 billion (NOK 182 billion in 2022) of issued debt are also accounted for according to Level 2 above, while the remaining debt are accounted for at amortized cost.

The following table presents the company's assets and liabilities at fair value as of 31.12.2022

NOK 1 000	Level 1	Level 2	Level 3	Total
Certificates and bonds	29,426,208	-	-	29,426,208
Financial Derivatives	-	3,990,087	-	3,990,087
Total Assets	**29,426,208**	**3,990,087**	**-**	**33,416,295**
Financial Derivatives	-	11,822,504	-	11,822,504
Total Liabilities	**-**	**11,822,504**	**-**	**11,822,504**

Note 23 Other Liabilities

NOK 1 000	2023	2022
Employees tax deductions and other deductions	682	653
Employers national insurance contribution	1,302	1,071
Accrued holiday allowance	1,257	1,223
Commission payable to shareholder banks	75,423	39,576
Deposits*	676	4,646
Pension liabilities	14,635	2,784
Expected credit loss unused credit lines (flexible loans)	367	231
Accounts payable, secutities	11,274	73,863
Other accrued costs	963,052	5,731
Total	**1,068,669**	**129,777**

The Company does not have an overdraft facility or a revolving credit facility as of 31.12.2023
* Deposits represents temporary balances paid in by customers in excess of the original loan amount.

Accounts payable, securities, are such amounts that have been transacted, but not yet settled.

Note 24 Credit Risk

Credit risk is defined as the risk that losses can occur as a consequence of that customers and others do not have the ability or willingness to meet their obligations to SpareBank 1 Boligkreditt as and when agreed. Credit risk mainly includes loans to customers which are collateralised by private residences (residential mortgage loans), but also includes credit risk in hedging swaps (though any exposure must always be collateralized by the swap counterparty) and investment in bonds within the Company's liquidity portfolio. SpareBank 1 Boligkreditt AS maintains a credit policy and limits in order to manage and closely monitor all credit risk the company is exposed to.

According to the Transfer and Servicing agreement between SpareBank 1 Boligkreditt and each parent bank, the Company has the right to reduce commissions payable for the remainder of the current calendar year to all of its parents banks by an amount equal to any incurred losses on individual mortgage loans. The Company has not since the commencement of its operations had any instances of off-set against the commissions due to its parent banks.

Credit Exposure

NOK 1 000	2023	2022
Loans to customers	276,816,597	252,904,944
Loans to and deposits with credit institutions	1,063,325	1,360,520
Certificates and bonds	33,094,399	29,426,208
Financial derivatives	9,008,375	3,990,087
Other assets	482,754	204,171
Total assets	**320,465,452**	**287,885,930**
Unused credit on flexible loans	13,359,709	14,100,711
Received collateral in relation to derivative contracts	-4,896,717	-714,730
Total credit exposure	**328,928,443**	**301,271,911**

Lending to customers (residential mortgage loans)

The risk classification of the Company's lending is conducted on the basis of an evaluation of the exposures. The evaluation is based on the following main criteria:

- Ability of the customer to pay (income and debt)
- Willingness to pay (payment remarks)
- Size of the loan
- Loan to value (maximum loan to collateral value is 75% and the collateral must be valued by an independent source, Valuations are updated quarterly for the whole loan portfolio)
- Location

SpareBank 1 Boligkreditt AS utilizes the SpareBank 1 Alliance's IT platform and custom developed IT systems for the acquisition of loans from the banks in the SpareBank 1 Alliance. Credit risk is monitored by measuring the development of the mortgage portfolio's credit quality, details about missed payments, defaults and over the limit withdrawals. For defaults and losses in the portfolio the Company has set the following limits:

- Expected loss in the portfolio: < 0.05 % of the loan volume
- Unexpected loss in the portfolio (at a 99.97% confidence level): < 0,5 % of the loan volume

The following risk classification, step 1 to 3 is executed monthly based on objective data

1. Probability of default (PD): The customers are classified in PD classes depending on the likelihood for default within the next 12 months based on a long average (through cycle). The PD is calculated on the basis of historical dataseries for financial key numbers tied to income and source of income, as well as on the basis of non-financial criteria such as age and behaviour. In order to group the customers according to PD, nine classes of probability of default are used (A to I). In addition the Company has to default classes (J and K) for customers with defaulted and/or written down exposures.
2. Exposure at default: This is a calculated number which provides the exposure with a customer at the point of default. This exposure is usually of lending volume and the approved but not utilized credit lines. Customers approved but not utilized credit lines are multiplied with a 100 per cent conversion factor.
3. Loss given default (LGD): This is a calculated number which expresses how much the Company potentially stands to lose if a customer defaults on his or her obligations. The assessment takes into consideration the collateral and the cost the Company could incur by foreclosing and collecting on the defaulted exposure. The Company determines the realizable value on the collateral based on the experience of the SpareBank 1 banks over time, and so that the values reflect a cautious assessment in the lower point of an economic cycle. Seven classes (1 to 7) are used to classify the exposures according to LGD.

SpareBank 1 Boligkreditt AS will only purchase loans from the shareholder banks that have a high servicing capacity and low loan to value. This implies that the loans bought by the Company are in lower risk groups. The Company utilizes the same risk classification as the other banks in the SpareBank 1 Alliance. Presented below is an overview that shows how loans are allocated over the risk groups. The allocation in risk groups is based on expected loss (PD multiplied by LGD for each individual loan).

Definition of risk groups - based on probability of default

			Distribution in %		Total lending *	
Risk group	**Lower limit**	**Upper limit**	**2023**	**2022**	**2023**	**2022**
Lowest	0.00 %	0.01 %	84.6 %	86.1 %	234,167,861	217,638,959
Low	0.01 %	0.05 %	12.1 %	10.7 %	33,421,644	27,066,514
Medium	0.05 %	0.20 %	2.3 %	2.3 %	6,424,288	5,706,893
High	0.20 %	0.50 %	0.5 %	0.5 %	1,489,243	1,268,406
Highest	0.50 %	100 %	0.5 %	0.5 %	1,313,561	1,224,171
Total			**100.0 %**	**100.0 %**	**276,816,597**	**252,904,944**

* Total lendings are presented as lend at default exclusive of accrued interest and before group loan loss provisions.

Full speed downhill

With cold winters and spectacular mountain ranges, northern Norway is an adventure ground for ski top-touring enthusiasts and randonnée devotees. SpareBank 1 Nord-Norge has contributed, through its society dividend programme, to the construction of ski facilities in order to let many more big and small ones experience full speed downhill.

Bonds and deposits with credit intitutions

Rating class		2023	2022
AAA/Aaa	Covered Bonds	24,249,316	22,683,464
	Norw. Government bills	-	37,279
	Other government or gov guaranteed bonds	8,164,802	6,016,458
	Financial institutions	-	-
	Total	**32,414,118**	**28,737,202**
AA+/Aa1 to AA-/Aa3	Other government bonds	680,281	689,006
	Covered Bonds	-	-
	Financial institutions	1,063,325	168,093
	Total	**1,743,607**	**857,099**
A+/A1 - A/A2	Financial institutions	-	1,192,427
	Total	**-**	**1,192,427**
Total		**34,157,725**	**30,786,728**

Fitch/Moody's/S&P rating classes are used. If the ratings differ, the lowest counts. All bonds are publicly listed.

Financial derivatives
Derivative contracts are only entered into with counterparties with a certain minimum rating by Moody's Ratings Service. Counterparties must post cash collateral. SpareBank 1 Boligkreditt does not post collateral to a counterparty which has previously not been received.

Note 25 Liquidity Risk

Liquidity risk is defined as the risk that the business is not able to meet its obligations at maturity. SpareBank 1 Boligkreditt AS issues covered bonds at shorter maturities than the residential mortgages which make up the largest portion of assets on the Company's balance sheet. The Liquidity risk which arises is closely monitored and is in compliance with the Norwegian covered bond legislation which amongst other things requires that the cash flow from the cover pool is sufficient to cover outgoing cash flows for holders of preferential claims on the cover pool (holders of covered bonds and counterparties in associated hedging contracts (swaps). In order to manage the liquidity risk certain limits and liquidity reserves have been approved by the Board of Directors. SpareBank 1 Boligkreditt AS maintains a liquidity reserve which will cover bond maturities for the next six months according to the proposed Harmonized Legislation for Covere Bonds Liquidity risk is monitored on a regular basis and weekly reports are presented to the management and monthly reports to the Board.

Boligkreditt's shareholder banks have committed themselves to buying covered bonds in a situation where the primary market for issuance of covered bonds is not functioning. This commitment has no liquidity effects on the SpareBank 1 banks because the covered bonds can be deposited with the central bank at any time. The Company may require its shareholder banks to acquire covered bonds from it in an amount which is capped at the amount of the next 12 months upcoming maturities less what the Company holds as its own liquidity reserve. Each shareholder bank's responsibility is pro rata in accordance with its ownership stake in the Company and secondary up to a level of twice its pro rata stake if other banks are unable or unwilling to meet their commitment. Each bank may make a deduction in its commitment for bonds already purchased under this commitment. The table below include expected interest payments, which makes the figures higher than the correspondnig numbers in the balance sheet.

Liquidity Risk - all amounts in 1000 NOK

	31.12.2023	No set term	Maturity 0 to 1 months	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Certificates and bonds	33,094,399			4,923,656	2,266,910	25,261,328	642,506
Lending to and deposits with credit institutions	1,063,325	1,063,325		0	0	0	0
Residential mortgage loans	511,498,393			5,451,428	16,291,042	85,599,252	404,156,670
Derivatives	9,008,375			1,492	1,639,640	5,963,898	1,403,345
Other assets with no set term	482,754	482,754					
Total Assets	555,147,247	1,546,080	0	10,376,577	20,197,592	116,824,478	406,202,520
Debt incurred when issuing securities	-391,292,985			-3,959,892	-33,305,654	-271,429,256	-82,598,183
Other liabilities with a set term	-4,896,717			-4,896,717			
Derivatives	-3,841,473			0	-186,416	-1,906,081	-1,748,976
Subordinated debt	-1,485,180						-1,485,180
Other liabilities	-1,338,477	-1,338,477					
Total liabilities	-402,854,832	-1,338,477	0	-8,856,609	-33,492,070	-273,335,337	-85,832,339
Net total all items		**207,603**	**0**	**1,519,968**	**-13,294,478**	**-156,510,859**	**320,370,181**

Liquidity Risk - all amounts in 1000 NOK

	31.12.2022	No set term	Maturity 0 to 1 months	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Certificates and bonds	29,426,208			4,022,032	4,571,543	20,437,360	395,273
Lending to and deposits with credit institutions	1,360,520	1,360,520		0	0	0	0
Residential mortgage loans	402,576,733			4,339,943	12,948,280	67,790,635	317,497,875
Derivatives	3,990,087			793,889	1,003,991	2,101,248	90,960
Other assets with no set term	275,027	275,027					
Total Assets	437,628,575	1,635,547	0	9,155,863	18,523,814	90,329,242	317,984,108

Debt incurred when issuing securities	-324,994,771			-12,979,010	-24,241,732	-216,327,915	-71,446,115
Other liabilities with a set term	-714,730			-714,730			
Derivatives	-11,822,504			-105,687	0	-3,560,986	-8,155,831
Subordinated debt	-1,436,805						-1,436,805
Other liabilities	-244,948	-244,948					
Total liabilities	-339,213,757	-244,948	0	-13,799,426	-24,241,732	-219,888,900	-81,038,751
Net total all items		**1,390,599**	**0**	**-4,643,563**	**-5,717,918**	**-129,559,658**	**236,945,357**

Note 26 Interest Rate Risk

The interest rate risk is the risk of a negative profit effect due to rate changes. The balance sheet of SpareBank 1 Boligkreditt consists in all essence of loans to retail clients with a variable interest rate that can be changed after a 8 week notice period, floating rate current deposits, bonds and certificates in the Company's liquidity portfolio and of issued bonds and certificates. In accordance with the Norwegian legislation applicable to Covered Bonds and internal guidelines, SpareBank 1 Boligkreditt hedges all interest rate risk by utilising interest rate swaps. The Board approves limits for interest rate risk for different terms. Reports to the Board are presented on a monthly basis. The table below reports the effect on market value in NOK for one per cent change in interest rates for the Company's portfolios of mortgages, derivatives and issued bonds. The interest rate sensitivity shows the expected effect from a 100 basis points parallel shift in the interest rate curve:

The table below include expected interest payments, which makes the figures higher than the correspondnig numbers in the balance sheet.

Interest rate risk - all amounts in 1 000 NOK

	31.12.2023	No set term	Maturity 0 to 3 month	Maturity 4 to 12 months	Maturity 2 to 3 years	Maturity 4 to 5 years	Maturity more than 5 years
Certificates and bonds	33,094,399		24,255,121	718,048	2,564,891	4,913,834	642,506
Lending to and deposits with credit institutions	1,063,325	1,063,325	0	0	0	0	0
Residential mortgage loans	511,498,393			511,498,393			
Other assets with no set term	482,754	482,754					
Total Assets	**546,138,872**	**1,546,080**	**24,255,121**	**512,216,441**	**2,564,891**	**4,913,834**	**642,506**
Debt incurred when issuing securities	-391,292,985			-29,279,764		-80,096,051	-82,598,183
Other liabilities with a set term	-4,896,717	-4,896,717					
Liabilities with no set term	-1,338,477	-1,338,477					
Subordinated debt	-1,485,180						-1,485,180
Equity	-12,677,443	-12,677,443					
Total liabilities and equity	-411,690,801	-18,912,637		-29,279,764		-80,096,051	-84,083,363

Net interest rate risk							
before derivatives	**134,448,070**	**-17,366,557**		**482,936,676**	**-83,483,356**	**-75,182,217**	**-83,440,858**
Derivatives	**5,166,902**	**0**		**16,838,791**	**37,877,935**	**61,976,803**	**61,023,259**
Net interest rate risk		**-17,366,557**		**499,775,468**		**-13,205,414**	**-22,417,599**
% of total assets		**3 %**	**47 %**	**90 %**	**8 %**	**2 %**	**4 %**

Interest Rate Risk - all amounts in 1000 NOK

	31.12.2022	No set term	Maturity 0 to 3 month	Maturity 4 to 12 months	Maturity 2 to 3 years	Maturity 4 to 5 years	Maturity more than 5 years
Certificates and bonds	29,426,208		20,374,672	4,078,393	1,972,102	2,605,767	395,273
Lending to and deposits with credit institutions	1,360,520	1,360,520		0	0	0	0
Residential mortgage loans	402,576,733			402,576,733			
Other assets with no set term	275,027	275,027					
Total Assets	**433,638,488**	**1,635,547**	**20,374,672**	**406,655,126**	**1,972,102**	**2,605,767**	**395,273**
Debt incurred when issuing securities	-324,994,771		-107,777,725	-20,224,374	-44,295,478	-81,251,079	-71,446,115
Other liabilities with a set term	-714,730	-714,730					
Liabilities with no set term	-244,948	-244,948					
Subordinated debt	-1,436,805						-1,436,805
Equity	-12,818,388	-12,818,388					
Total liabilities and equity	-340,209,641	-13,778,065	-107,777,725	-20,224,374	-44,295,478	-81,251,079	-72,882,919
Net interest rate risk							
before derivatives	**93,428,847**	**-12,142,518**	**-87,403,053**	**386,430,752**	**-42,323,376**	**-78,645,312**	**-72,487,646**
Derivatives	**-7,832,417**	**-**	**-156,593,196**	**10,979,953**	**25,642,765**	**47,200,777**	**64,937,284**
Net interest rate risk		**-12,142,518**		**397,410,705**	**-16,680,611**	**-31,444,535**	**-7,550,362**
% of total assets		**3 %**	**56 %**	**91 %**	**4 %**	**7 %**	**2 %**

The table below presents a net change in market value in NOK for all the Company's asset and liabilities given a one per cent parallel move of the interest rate curve.

Sensitivity of net interest rate expense in NOK 1000

Currency	Change in basis points	2023	2022
NOK	100	153,166	11,865

Mortgage rates (variable) are set by SpareBank 1 Boligkreditt AS, but for all practical purposes follow the recommendations from the local originating banks. The mortgage interest rates are set dependent on collateral and LTV, customer risk category and the competitive mortgage lending landscape.

Note 27 Currency Risk

The foreign exchange risk is the risk of a negative P&L impact as a result of changes in foreign currencies. SpareBank 1 Boligkreditt AS's balance sheet consists mainly of lending to private individuals in Norway and in NOK, current deposits in NOK and liabilities issued in the Norwegian or international capital markets. In accordance with the Norwegian covered bond legislation and its internal guidelines the Company hedges all currency risk, either by the utilisation of swaps or by way of asset liability management, i.e. maintaining exposures in assets and liabilities of the same currency. Weekly risk reports are created by the management team and reports to the Board of Directors have a monthly frequency. The currency risk (sensitivity to currency movements) are calculated by adding the exposure in the various currencies. No other currencies than the NOK had a material net position on the Company's balance sheet at the end of the year.

Net currency exposure in NOK 1000

Currency	2023	2022
EUR	**-175,175**	**-60,669**
- Bank Deposits	-56,863	31,857
- Issued Bonds	-158,575,550	-143,669,469
- Derivatives	150,904,322	135,055,362
- Bond investments	7,552,915	8,521,582
USD	**1**	**1**
- Bank Deposits	1	1
- Issued Bonds	-	-
- Derivatives	-	-
- Bond investments	-	-
SEK	**1,239**	**1,124**
- Bank Deposits	1,239	1,124
- Issued Bonds	-8,684,686	-8,087,303
- Derivatives	8,684,686	8,087,303
- Bond investments	-	-
GBP	**2,905**	**1,914**
- Bank Deposits	2,905	2,050
- Issued Bonds	-	-2,873,911
- Derivatives	-	2,873,775
- Bond investments	-	-
CHF	**932**	**-**
- Bank Deposits	-	-
- Issued Bonds	-4,492,809	-2,139,958
- Derivatives	4,493,741	2,139,958
- Bond investments	-	-
Total	**-170,098**	**-57,630**

P&L effect before tax, in NOK 1000

Currency	Change in Exchange Rate (per cent)	2023	2022
EUR	+10	-17,517	-21,830
USD	+10	0	0
SEK	+10	124	112
GBP	+10	291	205
CHF	+10	93	-
Total		**-17,010**	**-21,513**

Note 28 Operational Risk

Operational risk is defined as the risk of loss due to error or neglect in transaction execution, weakness in the internal control or information technology systems breakdowns. Reputational, legal, ethical and competency risks are also elements of operational risk.

The operational risk in SpareBank 1 Boligkreditt AS is limited. The Company is only involved in lending for residential real estate purposes, the placement of liquid assets in highly rated and liquid bonds and the financing of these activities.

Several of the operational processes and systems are supplied by third parties and the Company uses standardized systems for its own operations, such as Simcorp Dimension, for portfolio registration and valuation functions for liquid assets and debt issuances. Several tasks have been outsources to SpareBank 1 SMN, which is a larger organization with overlaps with the systems and tasks of the Company within several treasury functions. The Company also cooperates closely with its other larger parent banks. Evry is the provider of basic bank IT functions, as it is for most banks in Norway and all banks within the SpareBank 1 Alliance. The Evry systems manage the informational data with regards to each individual loan and calculates interest rate payments, installments due and in SpareBank 1 Boligkreditt's case also provisions due to parent banks on mortgage loans sold and transferred to the Company. Any potential changes and/or additions in the operations of the Company will be vetted thoroughly before implementation. The Company annually holds a risk-works shop to discuss and look for risks and improvements in any aspects of the operational systems. The Company's management and control of operational risks are satisfactory.

Based on these facts there are no reasons which would lead to a different conclusion than that the standard method for the calculation of capital for operational risks are required. The Company therefore applies the standard method under the capital adequacy rules (CRD IV, Pillar 1) as method to calculate the operational risk capital requirement. The capital so calculated amounts to 20 million for 31.12.2023 (see also the note for capital adequacy).

Midnight sun and twenty-four-hour bank

Sunshine 24 hours around the clock in summer causes us to experience time in the region in a different way. Perhaps we'll mow the lawn just before bedtime or play a round of croquet on the same lawn at midnight – or pay bills and do our banking in the early morning hours. SpareBank 1 in northern Norway provides live assistance from 7 am to midnight and digital banking 24-7.

Note 29 Asset Coverage Test

The asset coverage is calculated according to the Financial Services Act § 2-31 (Covered Bond Legislation). The asset coverage test excludes as a cover pool asset any shares of mortgages representing loan to value above the legal maximum of 75 percent.

In addition any defaulted loans, i.e. loans in arrears at or beyond 90 days, are excluded from the asset coverage. Substitute (liquid) assets are included at market values. Swaps are hedging instruments and are included with the hedged positons (currency and/or interest elements).

The covered bonds are currently rated by Moody's Investors Service. Outstanding bonds are rated Aaa, which has been a stable rating since commencement of the Company's operations. This same rating level is expected for future bond issuances, but is not a requirement, commitment or an obligation of the Company to achieve. One of several elements which forms a part of the covered bond rating determined by Moodys is the level of cover pool overcollateralization. Moody's may or may not utilize a different method for calculating the level of overcollateralization presented below. The current overcollateralization requirement from Moody's for the SpareBank 1 cover pool is 2.5 per cent, but is subject to the agency's discretion at any time. The required regulatory level of overcollateralization is currently 5 per cent (§11-7 Financial Institutions Regulation)

NOK 1 000	2023	2022
Covered Bonds	289,488,225	268,270,136
Total Covered Bonds	289,488,225	268,270,136
Residential mortgage loans	275,784,245	252,333,523
Public sector, SSA bond exposure	4,016,895	6,726,165
Reverse repo/ depo less than 100 days	563,555	620,438
Exposure to credit institutions (covered bonds)	24,590,563	22,776,142
Derivatives	0	0
Total Cover Pool	304,955,259	282,456,268
Asset-coverage	105.3 %	105.3 %

Liquidity Coverage Ratio (LCR)	2023	2022
Liquid assets	7,503,941	4,866,972
Cash outflow next 30 days	7,354,936	4,854,322
LCR ratio	102.0 %	100.3 %

Net Stable Funding Ratio (NSFR)	2023	2022
Available amount of stable funding	291,177,249	247,275,503
Required amount of stable funding	234,399,335	217,645,930
NSFR ratio	124.2 %	113.6 %

Note 30 Capital Adequacy

The primary goal for the Company's management of capital reserves is to ensure compliance with laws and regulatory requirements. The company's owner banks pay in additional core capital on an as-needed basis, according to the covered bond funding function that Boligkreditt delivers to its banks.

As of December 31, 2020 the Norwegian national implementation of the EU's CRR/CRD IV was amended, which means that the average risk weight on lending secured by residential property in Norway cannot be lower than 20 per cent.

The European Union has approved new regulatory requirements, CRD IV, which is implemented in Norway. The requirement of 18.04 percent total capital for SpareBank 1 Boligkreditt includes:

- Minimum core equity Pillar 1: 4.5 per cent.
- Additional Tier 1 equity capital 1.5 per cent and additiponal Tier 2 capital 2.0 per cent (can be held as Tier 1 and Tier 2, alternatively as core equity capital).
- Conservation buffer: 2.5 per cent core capital.
- Systemic risk buffer: 4.2 per cent core equity.
- Countercyclical buffer: 2.5 per cent core equity.
- Pillar 2: 0.8 per cent core equity

With a management buffer of 0.8 per cent added, the target for capital coverage is 18.84 per cent as of December 31, 2023.

Capital is called in from the Company's owner banks on an as-needed basis and generally as a consequence of growth in the amount of mortgages financed. With the total capitalization at 18.27 per cent, after deduction in capital for an expected dividend for 2023, the Company is calling in additional capital to restore its management buffer. This will be paid in during Q1 2024. .

Capital. NOK 1 000	2023	2022
Share capital	7,797,215	7,797,215
Premium share fund	3,901,255	3,901,255
Other equity capital	-337,399	219,917
Common equity	11,361,071	11,918,387
Intangible assets	-162	-
Declared share dividend	-	-
IRB shortfall of credit risk adjustments to expected losses	-513,437	-466,460
Prudent valuation adjustment (AVA)	-33,094	-29,426
Deferred taxes	-	-
Core equity capital	**10,814,378**	**11,422,501**
Hybrid bond	900,000	900,000
Tier 1 equity capital	**11,714,378**	**12,322,501**
Supplementary capital (Tier 2)	1,466,500	1,425,000
Total capital	**13,180,878**	**13,747,501**

Risk-weighted assets. NOK 1 000	2023	2022
Credit risk IRB		
First lien residential mortgages	58,822,307	53,524,365
Total credit risk IRB	**58,822,307**	**53,524,365**
Credit risk standardised approach		
Derivatives and exposures to credit institutions	3,994,290	2,296,985
Covered bonds	2,430,890	2,268,951
Regional governments or local authorities	81,748	-
Other items	1,385,509	536,173
Total credit risk standardised approach	**7,892,437**	**5,102,109**
Market risk	-	-
Operational risk	255,805	174,178
CVA Risk	5,192,865	3,200,335
Total risk-weighted assets	**72,163,415**	**62,000,988**

Capital coverage	2023	2022
Capital coverage (requirement w/all buffers, 17.7%)	18.27 %	22.17 %
Tier 1 capital coverage (requirement w/all buffers, 15.7%)	16.23 %	19.87 %
Core capital coverage (requirement w/all buffers, 14.2%)	14.99 %	18.42 %
Leverage ratio (requirement 3.0%)	3.61 %	4.20 %

Note 31 Related Parties

The Company has 276.817 MNOK loans to customers. These are loans acquired from shareholder banks at market values (i.e. nominal value).

SpareBank 1 SMN

The Company acquires significant support services, including accounting services, back-office and other banking services from SpareBank 1 SMN. These services were previously purchased from SpareBank SR Bank. A complete SLA is established between the Company and SpareBank 1 SMN.

SpareBank 1 - Alliance

In addition the Company has a Transfer and Servicing agreement in place with each individual shareholder bank regulating amongst other things the servicing of mortgage loans.

SpareBank 1 Næringskreditt AS

All employees within SpareBank 1 Boligkreditt AS are also to various degrees working for SpareBank 1 Næringskreditt AS. Twenty percent of the administrative expenses in SpareBank 1 Boligkreditt AS to be charged to SpareBank 1 Næringskreditt AS. This division of administrative expenses between the two companies reflect the actual resources utilisation in SpareBank 1 Boligkreditt AS

Note 32 Collateral Received

NOK 1 000	2023	2022
Collateral	4,896,717	714,730
Total	**4,896,717**	**714,730**

SpareBank 1 Boligkreditt has signed ISDA-agreements including CSAs (Credit Support Annexes) with a number of financial institutions that are counterparties in interest rate and currency swaps. These institutions post collateral in the form of cash deposits to SpareBank 1 Boligkreditt. The amount is included in the balance sheet, but represents restricted cash.

Note 33 Contingencies and events after balance sheet date

SpareBank 1 Boligkreditt AS is not a party to any ongoing legal proceedings.

No events have taken place after the balance sheet date which are expected to have any material impact on the financial statements as of the end of the period 31.12.2023.

Tromsø

pwc

To the General Meeting of SpareBank 1 Boligkreditt AS

Independent Auditor's Report

Opinion

We have audited the financial statements of SpareBank 1 Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, overview of comprehensive income, changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 29 March 2019 for the accounting year 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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

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

Our opinion on the Board of Director's report applies correspondingly to the 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 IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stavanger, 15 March 2024
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant

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