

# 1<sup>st</sup> Quarterly Report 2023

SpareBank 1 Boligkreditt

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14 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.

Our history begins exactly 200 years ago, in 1823, when SpareBank 1 SMN opened its doors in Trondhjem.

More than 170 years later, 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 Alliance strengthens each of the 13 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.

Big or small, two hundred years old or established in the 20th 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 old saving bank 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 stood ready to fund residential mortgages with covered bonds on behalf of the SpareBank 1 banks. The opportunity to issue sought-after and triple-A rated larger series of covered bonds was embraced and SpaBol became an established name on the EUR covered bond market. SpaBol comes regularly to both the EUR and NOK covered bond markets in public benchmark format. Its Norwegian national champion size, as the issuer for almost all SpareBank 1 banks (the exception is SpareBank 1 SR Bank which issues its own covered bonds separately) makes it a consequential covered bond brand name.

Even though a successful alliance allways is dependent on its members, we would like to give one of our banks some extra attention in this report: The bank where it all started. SpareBank 1 SMN – the oldest bank in the alliance, celebrating 200 years in 2023. So even though the next pages mainly contain the story of 2023, we will also salute our oldest alliance member.

Happy anniversary, SpareBank 1 SMN – let's go for another 200 years!





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.



# Statement of the Board of Directors of SpareBank 1 Boligkreditt AS, for the first quarter 2023

## SpareBank 1 Boligkreditt's purpose

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<sup>1</sup>.

The purpose of the Company is solely to provide funding for its owner banks by buying qualifying residential mortgage loans from them with a loan-to-value ("LTV") of up to 75 per cent and financing these through the issuance of covered bonds<sup>2</sup>. The Company is an integrated part of the operations of its owner banks. When these banks transfer a portion of their residential mortgages to Boligkreditt for funding purposes, all customer relationship activities and aspects herein remain with the originating bank. The mortgages that may be transferred to the Company follow from a specific rule set.

The Company, which is based in Stavanger, Norway, is owned by banks throughout Norway and which are all members of the SpareBank 1 Alliance. The Company pays the net interest margin earned on mortgages to its owner banks, with deductions for its funding and operating costs. This margin is accounted for as commissions to the owner banks, which are contractually committed to maintain the Company's equity capitalization at or above regulatory requirements.

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 April 26, 2022 and is again at the end of April 2023 being updated. The programme is available on the Company's home page: <https://spabol.sparebank1.no>.

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

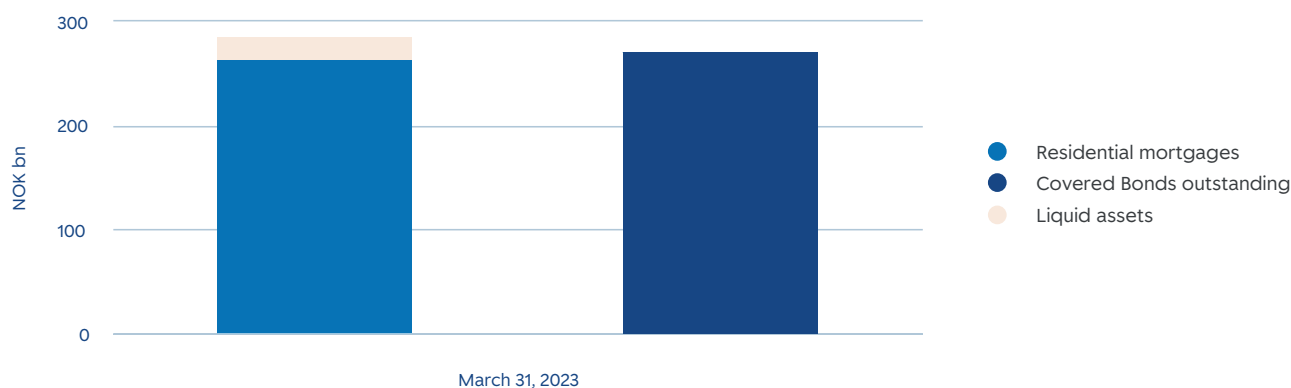
## Cover pool and outstanding covered bonds<sup>3</sup>

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 March 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, tailored at the time of issuance to exactly transform a bond's fixed annual coupon to a NOK 3-month floating rate basis over the whole tenor of a bond, are effectively incorporated within the nominal values of the bonds in the illustration.

<sup>1</sup> The covered bond legislation in Norway is from July 2022 incorporates the Directive (EU) 2019/2162.

<sup>2</sup> 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.

<sup>3</sup> The source is the cover pool asset liability test for overcollateralization as of March 31, 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](http://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

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Weighted Average Current LTV (%)	51.9 %	49.2 %	48.3 %	48.3 %	50.0 %
Weighted Average Original LTV (%)	60.1 %	60.1 %	60.2 %	60.2 %	60.1 %
Average Loan Balance (NOK)	1,741,462	1,702,210	1,680,036	1,646,872	1,624,097
Number of Mortgages in Pool	151,075	148,328	145,739	144,086	141,872
Pct. of non first-lien mortgages	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Overcollateralization	5.3 %	5.3 %	5.3 %	5.4 %	5.6 %

## Key developments in the first quarter 2023

The domestic NOK covered bond market was receptive in 2023 and SpaBol has issued a total of NOK 13.65 billion, of which one series, or 9% of the total, was in fixed rate, and the remainder in FRN format. As a consequence, no EUR funding has taken place during the first 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. SpaBol is preparing an update to its green bond framework to incorporate the new definition.

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

## Accounts as per 31.03.2023

The accounts have been prepared in accordance with the International Reporting Standards (IFRS) as adopted by the EU and published by the International Reporting Standards Board (IASB).

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 Q1 2023. Numbers in brackets refer to the corresponding period last year for comparison.

The total balance sheet as at March 31, 2023 amounted to 302 (267) billion kroner. The main reason behind this increase is the growth in the financed volume of mortgages of NOK 264 billion vs. NOK 231 billion a year earlier. The pre-tax result of 210 (negative 21) million is driven by the following<sup>4</sup>:

The Company had in the first quarter net interest income of NOK 424 (500) million, which includes both mortgage interest and interest income from 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. Effective from 2023, 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 banks which originated the loan. Banks set and change their variable mortgage rates in competition with other banks and are often guided by changes in the central bank policy rate when doing so. Commission expense to SpareBank 1 banks, which are the payments of most of the lending net interest margin to the Issuer's loan originating owner banks, show a corresponding decrease.

The net gain from liquid assets (highly rated and liquid bonds) was 80 (negative 94) million in the first quarter, largely due to unrealized valuation gains in the Company's issued bonds including swaps. The value of the Company's net hedged liability side, which is the 3 month NIBOR pay side, changes in market value according to changes in the 3 month NIBOR rate curve since the last rate fixing of the various positions and the balance sheet date. Market credit spread changes impact the Company's valuation of its liquidity portfolio (consisting of covered bonds, SSA and government bonds), which contributed moderately overall to the 80 million gain in the first quarter. The Company's holding of liquid assets is rules driven, covering a minimum of 180 days of bond redemptions at any point in time.

<sup>4</sup> The quarterly results 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 cost of operations for the first quarter 2023 was NOK 13 (10) million. The majority of operating costs are for expenses related to the Company's bond issuances, IT operations as well as personnel related expense. Costs of operations were higher in the recent quarter after a pension related one-off expense.

IFRS 9 loan loss provisions decreased by NOK 2.3 million (increased by 1.4) to NOK 29.5 million. No actual loan losses have occurred.

## 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 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<sup>5</sup>.

**Market risk** is defined as the risk of losses due to changes in market rates, i.e. 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 March 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 2022 annual accounts provide further information.

<sup>5</sup> 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.



## Macroeconomic development and outlook<sup>6</sup>

There is an expectation of lower, but not negative, GDP growth in 2023 and 2024. Private consumption is seen as vulnerable after interest rate increases and higher inflation, including higher energy prices. Household real income growth was negative in 2022 and is expected to be zero in 2023, although the uncertainty around this is high. Business investment's main driving is the oil and gas sector, but also renewable energy. Unemployment is expected a little higher in 2023 on average compared to 2022.

Norway's current account surplus to GDP as an energy exporter is particularly high, at over 30 per cent in 2022 and a projected 17 per cent in 2023. Oil and gas investments are expected to increase significantly from 2023 onwards, due to the increased demand from Europe. However, uncertainties remain with regards to future energy prices.

Housing investment (construction) has over some years delivered negative GDP contributions and is expected negative also in 2023 on higher interest rates. The variable mortgage interest rate, which most mortgage holders pay, is expected around 5 per cent later in 2023. The housing market price index appreciated by 5.8 per cent in the first quarter of 2023, but stands at -0.2% on a last twelve-month basis at the end of March 2023. A low single digit contraction is expected for 2023, but within a broader range of possible outcomes. The price index for used property may respond to population growth and very low levels of new constructions. Mortgage lending regulations were relaxed somewhat from January 2023. An interest stress test currently requires banks to add 3 percentage points to the offered rate to test the mortgage loan applicant's repayment ability (reduced from 5 per cent). This would enable borrowing which would have been rejected at the previous higher stress level.

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

Recent data and forecast (per cent)	2020	2021	2022	2023	2024
Mainland GDP growth	-2.8	4.2	3.8	1.3	1.6
Private consumption growth	-6.2	4.4	6.8	1.2	1.5
Investments growth	-4.1	-0.8	4.4	1.8	1.9
Unemployment rate	4.7	4.4	3.2	3.6	3.8
CPI growth	1.3	3.5	5.8	5.0	2.3
Annual wage growth	3.1	3.5	4.4	5.0	4.5
Current account surplus to GDP	1.1	13.6	30.4	16.6	16.8

Source: Source: Statistics Norway (SSB) March 19, 2023

<sup>6</sup> Macroeconomic projections have been sourced from Statistics Norway as of March 19, 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 1.7 million kroner). 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 well capitalized with a capital coverage ratio of 20.3 per cent against a total requirement, including all buffers, of 17.3 per cent (Pillar 1) plus 0.9 per cent (Pillar 2) for a total of 18.2 per cent. Total equity Tier 1 capital is 18.2 per cent against a requirement, including buffers, of 16.2 per cent (incl- Pillar 2).

It is the Company's policy to maintain capital ratios slightly above the regulatory requirements (a management buffer). 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. Additional Tier 1 and Tier 2 capital is raised in the Norwegian domestic capital market.

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 of the Norwegian economy, including the strong financial resources available to the Norwegian state. 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.



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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 the first quarter 2023. The financial accounts including notes are produced under the assumption of a going concern.

Stavanger, May 3, 2023  
The Board of Directors of SpareBank 1 Boligkreditt AS



/s/ Bengt Olsen

Chair



/s/ Geir-Egil Bolstad



/s/ Trond Søråas



/s/ Steinar Enge



/s/ Heidi Aas Larsen



/s/ Merete N. Kristiansen



/s/ Allan Troelsen

# 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 March 31, 2023 for SpareBank 1 Boligkreditt AS. The accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), 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 March 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, May 3, 2023

/s/ Bengt Olsen  
Chair

/s/ Geir-Egil Bolstad

/s/ Trond Søråas

/s/ Heidi Aas Larsen

/s/ Merete N. Kristiansen

/s/ Allan Troelsen

/s/ Steinar Enge

/s/ Arve Austestad  
CEO



# Financial statements 1st quarter 2023

## Income Statement

NOK 1 000	Note	01.01.2023 31.03.2023	01.01.2022 31.03.2022	2022
Total interest income	2	2,993,230	1,308,454	7,203,389
Total interest expenses	2	(2,569,231)	(807,825)	(5,559,392)
<b>Net interest income</b>		<b>423,998</b>	<b>500,629</b>	<b>1,643,997</b>
Commissions to SpareBank 1 banks	3	(282,904)	(415,628)	(1,249,440)
<b>Net commission income</b>		<b>(282,904)</b>	<b>(415,628)</b>	<b>(1,249,440)</b>
Net gains/losses from financial instruments	4	80,348	(93,874)	(287,945)
<b>Net other operating income</b>		<b>80,348</b>	<b>(93,874)</b>	<b>(287,945)</b>
<b>Total operating income</b>		<b>221,442</b>	<b>(8,874)</b>	<b>106,612</b>
Salaries and other ordinary personnel expenses	5	(5,831)	(3,887)	(13,822)
Other operating expenses	6	(7,147)	(6,498)	(30,474)
<b>Total operating expenses</b>		<b>(12,979)</b>	<b>(10,385)</b>	<b>(44,296)</b>
<b>Operating result before loan loss provisions</b>		<b>208,463</b>	<b>(19,259)</b>	<b>62,316</b>
Loan loss provisions		2,309	(1,360)	(16,489)
<b>Pre-tax operating result</b>		<b>210,772</b>	<b>(20,619)</b>	<b>45,826</b>
Taxes		(48,996)	7,359	(1,179)
<b>Profit/(loss) for the period</b>		<b>161,776</b>	<b>(13,260)</b>	<b>44,647</b>
Portion attributable to shareholders		146,987	(22,078)	4,454
Portion attributable to additional Tier 1 capital holders		14,790	8,818	40,193
<b>Profit/(loss) for the period</b>		<b>161,776</b>	<b>(13,260)</b>	<b>44,647</b>

## Overview of Comprehensive Income

NOK 1 000	01.01.2023 31.03.2023	01.01.2022 31.03.2022	2022
Profit/loss for the year	161,776	(13,260)	44,647
<b>Items that will not be reclassified to profit/loss</b>			
Actuarial gains and losses pensions	-	-	1,223
Tax effect	-	-	(306)
<b>Items that may be reclassified to profit/loss later</b>			
Basis swap valuation adjustment	(96,990)	450,677	623,282
Tax effect	24,247	(112,669)	(155,821)
Other comprehensive income for the period	(72,742)	338,008	468,379
<b>Comprehensive income for the period</b>	<b>89,034</b>	<b>324,748</b>	<b>513,026</b>



## Balance Sheet

NOK 1 000	Note	31.03.2023	31.03.2022	2022
<b>Assets</b>				
Lending to and deposits with credit institutions	13	2,377,752	4,026,358	1,360,520
Certificates and bonds	13,14	25,761,598	27,784,216	29,426,208
Residential mortgage loans	8,13	263,545,096	230,689,401	252,904,944
Financial derivatives	12,13,14	9,632,070	2,397,900	3,990,087
Deferred tax asset		157,918	93,217	133,671
Other assets	7	759,962	1,976,628	70,500
<b>Total assets</b>		<b>302,234,396</b>	<b>266,967,719</b>	<b>287,885,930</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Debt incurred by issuing securities	10,14	275,597,731	243,627,664	260,848,557
Collateral received under derivatives contracts	13,19	4,828,201	340,877	714,730
Repurchase agreement		1,207,636	-	-
Financial derivatives	12,13,14	5,185,405	8,291,753	11,822,504
Deferred tax		-	-	-
Tax payable		164,167	22,722	115,171
Subordinated debt	11,13	1,436,639	1,431,504	1,436,805
Other liabilities	15	921,986	591,714	129,777
<b>Total liabilities</b>		<b>289,341,765</b>	<b>254,306,235</b>	<b>275,067,542</b>
<b>Equity</b>				
Share capital	9	7,797,215	7,797,215	7,797,215
Share premium		3,901,255	3,901,255	3,901,255
Declared dividends		-	-	-
Basis swap valuation reserve		139,825	83,113	212,567
Other equity		(7,440)	(6,839)	7,350
Hybrid capital	9,13	900,000	900,000	900,000
Profit/(loss) for the period		161,776	(13,260)	-
<b>Total equity</b>		<b>12,892,632</b>	<b>12,661,484</b>	<b>12,818,388</b>
<b>Total liabilities and equity</b>		<b>302,234,396</b>	<b>266,967,719</b>	<b>287,885,930</b>

Stavanger, 03.05.2023

/s/ Bengt Olsen  
Chair

/s/ Geir-Egil Bolstad

/s/ Trond Søråas

/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
<b>Balance as of 31 December, 2021</b>	<b>7,797,215</b>	<b>3,901,255</b>	<b>73,294</b>	<b>-254,894</b>	<b>1,978</b>	<b>900,000</b>	<b>12,418,848</b>
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	-	-	-				
<b>Balance as of 31 December, 2022</b>	<b>7,797,215</b>	<b>3,901,255</b>	<b>-0</b>	<b>212,567</b>	<b>7,350</b>	<b>900,000</b>	<b>12,818,387</b>
Dividend 2022	-	-	-		-	-	-
Profit/(loss) for the period	-	-			161,776	-14,790	146,987
Paid interest on hybrid capital - directly against equity	-	-	-		-14,790	14,790	-
Basis swap valuation change, net	-	-	-	-72,742			-72,742
Actuarial gain/loss pension							-
Other	-	-	-				
<b>Balance as of 31 March, 2023</b>	<b>7,797,215</b>	<b>3,901,255</b>	<b>-0</b>	<b>139,825</b>	<b>154,337</b>	<b>900,000</b>	<b>12,892,632</b>

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.



## Cash Flow Statement

NOK 1 000	31.03.2023	31.03.2022	2022
<b>Cash flows from operations</b>			
Interest received	2,983,031	1,273,149	6,927,219
Paid commissions to SpareBank 1 banks	-201,511	-440,619	-1,366,740
Paid expenses, operations	-54,868	-1,950	-42,121
Paid tax	0	0	0
<b>Net cash flow relating to operations</b>	<b>2,726,652</b>	<b>830,580</b>	<b>5,518,357</b>
<b>Cash flows from investments</b>			
Net purchase of loan portfolio	-10,591,485	-7,853,582	-29,889,709
Net payments on the acquisition of government certificates	-2,198,578	3,652,877	4,402,153
Net payments on the acquisition of bonds	6,445,021	-5,411,468	-7,833,793
Net investments in intangible assets	0	0	0
Net investments in fixed assets	-202	0	0
<b>Net cash flows relating to investments</b>	<b>-6,345,245</b>	<b>-9,612,173</b>	<b>-33,321,349</b>
<b>Cash flows from funding activities</b>			
Net receipt/payment from the issuance of securities	1,881,843	15,412,469	35,381,101
Net receipt/payment from the issuance of subordinated debt	0	0	0
Net receipt/payment of loans to credit institutions	5,365,237	-3,317,087	-2,903,043
Equity capital subscription	0	0	917
Paid additional Tier 1 capital	-14,790	-8,818	-40,193
Paid dividend	0	0	-73,294
Net interest payments on funding activity	-2,596,466	-712,704	-4,636,068
<b>Net cash flow relating to funding activities</b>	<b>4,635,824</b>	<b>11,373,860</b>	<b>27,729,420</b>
<b>Net cash flow in the period</b>	<b>1,017,232</b>	<b>2,592,267</b>	<b>-73,571</b>
<b>Balance of cash and cash equivalents at beginning of period</b>	<b>1,360,520</b>	<b>1,434,092</b>	<b>1,434,092</b>
Net receipt/payments on cash	1,017,232	2,592,267	-73,571
<b>Balance of cash and cash equivalents at end of period</b>	<b>2,377,752</b>	<b>4,026,358</b>	<b>1,360,520</b>

## Quarterly Financial Statements

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

### Income Statement

NOK 1 000	1. quarter 2023	4. quarter 2022	3. quarter 2022	2. quarter 2022	1. quarter 2022
Total interest income	2,993,230	2,548,460	1,820,052	1,526,422	1,308,454
Total interest expenses	-2,569,231	-2,254,730	-1,436,847	-1,059,989	-807,825
<b>Net interest income</b>	<b>423,998</b>	<b>293,730</b>	<b>383,205</b>	<b>466,433</b>	<b>500,629</b>
Commissions to SpareBank 1 banks	-282,904	-171,347	-296,817	-365,648	-415,628
<b>Net commission income</b>	<b>-282,904</b>	<b>-171,347</b>	<b>-296,817</b>	<b>-365,648</b>	<b>-415,628</b>
Net gains/losses from financial instruments	80,348	-94,600	6,439	-105,910	-93,874
<b>Net other operating income</b>	<b>80,348</b>	<b>-94,600</b>	<b>6,439</b>	<b>-105,910</b>	<b>-93,874</b>
<b>Total operating income</b>	<b>221,442</b>	<b>27,783</b>	<b>92,827</b>	<b>-5,124</b>	<b>-8,874</b>
Salaries and other ordinary personnel expenses	-5,831	-3,547	-3,557	-2,830	-3,887
Other operating expenses	-7,147	-10,340	-7,712	-5,925	-6,498
<b>Total operating expenses</b>	<b>-12,979</b>	<b>-13,887</b>	<b>-11,269</b>	<b>-8,755</b>	<b>-10,385</b>
<b>Operating result before losses</b>	<b>-5,831</b>	<b>-3,547</b>	<b>-3,557</b>	<b>-13,880</b>	<b>-19,259</b>
Mortgages IFRS 9 ECL	2,309	-8,691	-6,665	226	-1,360
<b>Pre-tax operating result</b>	<b>210,772</b>	<b>5,206</b>	<b>74,894</b>	<b>-13,654</b>	<b>-20,619</b>
Taxes	-48,996	2,022	-16,260	5,700	7,359
<b>Profit/loss for the year</b>	<b>161,776</b>	<b>7,227</b>	<b>58,633</b>	<b>-7,954</b>	<b>-13,260</b>
Other income and expense	-72,742	-608,178	665,522	73,027	338,008
<b>Total Profit/Loss</b>	<b>89,034</b>	<b>-600,951</b>	<b>724,155</b>	<b>65,074</b>	<b>324,748</b>

## Balance Sheet

NOK 1 000	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
<b>Assets</b>					
Lending to and deposits with credit institutions	2,377,752	1,360,520	4,816,899	2,518,479	4,026,358
Certificates and bonds	25,761,598	29,426,208	27,625,296	30,451,050	27,784,216
Residential mortgage loans	263,545,096	252,904,944	245,162,243	237,573,557	230,689,401
Financial derivatives	9,632,070	3,990,087	5,976,104	6,375,186	2,397,900
Deferred tax asset	157,918	133,671	0	68,874	93,217
Other assets	759,962	70,500	602,519	1,636,995	1,976,628
<b>Total assets</b>	<b>302,234,396</b>	<b>287,885,930</b>	<b>284,183,060</b>	<b>278,624,141</b>	<b>266,967,719</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Debt incurred by issuing securities	275,597,731	260,848,557	256,447,029	253,916,041	243,627,664
Collateral received under derivatives contracts	4,828,201	714,730	1,122,032	2,113,394	340,877
Repurchase agreement	0	0	0	250,021	0
Financial derivatives	5,185,405	11,822,504	11,024,074	7,508,626	8,291,753
Deferred tax	0	0	152,966	0	0
Tax payable	164,167	115,171	33,282	17,021	22,722
Subordinated debt	1,436,639	1,436,805	1,433,996	1,432,116	1,431,504
Other liabilities	921,986	129,777	537,968	669,512	591,714
<b>Total liabilities</b>	<b>289,341,765</b>	<b>275,067,542</b>	<b>270,751,347</b>	<b>265,906,730</b>	<b>254,306,235</b>
<b>Equity</b>					
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	0	0	0	0	0
Basis swap valuation reserve	139,825	212,567	793,845	138,175	74,296
Other equity	-7,440	7,350	1,978	1,978	1,978
Net profit	0	0	37,420	-21,213	-13,260
Hybrid capital	161,776	900,000	900,000	900,000	900,000
<b>Total equity</b>	<b>12,892,632</b>	<b>12,818,388</b>	<b>13,431,713</b>	<b>12,717,411</b>	<b>12,661,484</b>
<b>Total liabilities and equity</b>	<b>302,234,396</b>	<b>287,885,930</b>	<b>284,183,060</b>	<b>278,624,141</b>	<b>266,967,719</b>



# Notes to the Accounts

## Note 1 Accounting principles

### 1.1 Basis for preparation

SpareBank1 Boligkreditt AS quarterly accounts have been prepared in accordance with the International Financial Standards (IFRS). The accounts have been produced in accordance with IAS 34 reporting for a partial year.

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.

The interim financial statements are not audited.

### 1.2 Segments

The Company has only one segment, which is the mortgage lending to real customers. The segment consists of lending to private individuals and all loans have been acquired from the member banks of the SpareBank 1 alliance.

### 1.3 Estimates and assessments regarding the use of accounting principles

The preparation of the financial information involves management's estimates which affect the implementation of accounting principles and thereby accounting values for assets, liabilities, revenue and costs. These estimates have been described in the notes.

## Note 2 Net Interest Income

NOK 1 000	31.03.2023	31.03.2022	2022
<b>Interest income</b>			
Interest income from certificates, bonds and deposits	255,674	64,397	538,839
Interest income from residential mortgage loans	2,737,556	1,244,057	6,664,550
<b>Total interest income</b>	<b>2,993,230</b>	<b>1,308,454</b>	<b>7,203,389</b>
<b>Interest expense</b>			
Interest expense and similar expenses to credit institutions	11,625	1,283	22,154
Interest expense and similar expenses on issued bonds	2,526,714	783,492	5,430,349
Interest expense and similar expenses on subordinated debt	17,821	9,588	50,230
Recovery and Resolution Fund *	12,896	12,048	52,246
Other interest expenses	176	1,414	4,413
<b>Total interest expense</b>	<b>2,569,231</b>	<b>807,825</b>	<b>5,559,392</b>
<b>Net interest income</b>	<b>423,998</b>	<b>500,628</b>	<b>1,643,996</b>

\* From 2019, SB1 Boligkreditt has been incorporated into the Norwegian Bank Recovery and Resolution Fund.

## Note 3 Commissions to SpareBank 1 banks

NOK 1 000	31.03.2023	31.03.2022	2022
<b>Commission expense</b>			
Commission expense to SpareBank 1 banks	282,904	415,628	1,249,440
<b>Total commission expense</b>	<b>282,904</b>	<b>415,628</b>	<b>1,249,440</b>

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 4 Net Gains from Financial Instruments

NOK 1 000	31.03.2023	31.03.2022	2022
Net gains (losses) from financial liabilities	-3,085,423	10,303,525	15,955,802
Net gains (losses) from financial derivatives at fair value, hedging liabilities (hedging instrument)	-8,037,019	-10,287,429	-16,331,646
Net gains (losses) from financial assets	11,091,721	-240,644	-206,058
Net gains (losses) from financial derivatives at fair value, hedging assets (hedging instrument)	111,069	130,674	293,956
<b>Net gains (losses)</b>	<b>80,348</b>	<b>-93,874</b>	<b>-287,945</b>

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 hedges.

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 5 Salaries and Remuneration

NOK 1 000	31.03.2023	31.03.2022	2022
Salaries	3,051	2,934	11,060
Salaries reinvoyced to SpareBank1 Næringskreditt*	-1,417	-934	-3,344
Pension expenses	3,285	1,189	2,643
Social insurance fees	706	640	2,779
Other personnel expenses	207	58	684
<b>Total salary expenses</b>	<b>5,831</b>	<b>3,887</b>	<b>13,822</b>
<b>Average number of full time equivalents (FTEs)</b>	<b>7</b>	<b>7</b>	<b>7</b>

\* 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 reinvoyced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank 1 SMN and SpareBank 1 Utvikling, Oslo.

## Note 6 Other Operating Expenses

NOK 1 000	31.03.2023	31.03.2022	2022
IT and IT operations	3,384	3,001	12,107
Purchased services other than IT	3,031	3,022	15,549
Other Operating Expenses	702	455	2,741
Depreciation on fixed assets and other intangible assets	30	20	78
<b>Total</b>	<b>7,147</b>	<b>6,498</b>	<b>30,475</b>

## Note 7 Other Assets

NOK 1 000	31.03.2023	31.03.2022	2022
Leases	1,774	2,712	2,010
Fixed assets	144	222	163
Intangible assets	372	180	382
Accounts receivables from SpareBank 1 Næringskreditt AS	409	549	350
Accounts receivable, securities	716,630	1,971,900	66,970
Other	40,633	1,065	626
<b>Total</b>	<b>759,962</b>	<b>1,976,628</b>	<b>70,500</b>



## Note 8 Residential mortgage 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 31.03.2023 were NOK 264 billion. All mortgages carry a variable interest rate.

NOK 1 000	31.03.2023	31.03.2022	2022
Revolving loans - retail market	41,131,250	38,105,364	41,935,854
Amortising loans - retail market	221,999,772	192,398,046	210,603,683
Accrued interest	443,286	202,530	396,931
<b>Total loans before specified and unspecified loss provisions</b>	<b>263,574,309</b>	<b>230,705,941</b>	<b>252,936,468</b>
Stage 1	253,300,307	222,724,696	243,051,062
Stage 2	10,274,001	7,981,245	9,885,406
Stage 3	-	-	-
<b>Gross loans</b>	<b>263,574,309</b>	<b>230,705,941</b>	<b>252,936,468</b>
<b>Impairments on groups of loans</b>			
Expected credit loss, stage 1	-9,901	-4,394	-10,584
Expected credit loss, stage 2, no objective proof of loss	-19,311	-12,146	-20,941
Expected credit loss, stage 3, objective proof of loss	-	-	-
<b>Total net loans and claims with customers</b>	<b>263,545,096</b>	<b>230,689,401</b>	<b>252,904,944</b>
<b>Liability</b>			
Unused balances under customer revolving credit lines (flexible loans)	13,556,595	12,829,529	14,090,508
<b>Total</b>	<b>13,556,595</b>	<b>12,829,529</b>	<b>14,090,508</b>
<b>Defaulted loans</b>			
Defaults*	0.0 %	0.0 %	0.0 %
Specified loan loss provisions	0.0 %	0.0 %	0.0 %
<b>Net defaulted loans</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
<b>Loans at risk of loss</b>			
Loans not defaulted but at risk of loss	0.0 %	0.0 %	0.0 %
- Write downs on loans at risk of loss	0.0 %	0.0 %	0.0 %
<b>Net other loans at risk of loss</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>

\*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.

## Note 9 Share Capital and Shareholder Information

### List of shareholders as of 2023

	No of Shares	in per cent	Share og votes
SpareBank 1 SMN	17,635,629	22.62 %	22.62 %
SpareBank 1 Østlandet	17,484,191	22.42 %	22.42 %
SpareBank 1 Nord-Norge	12,145,623	15.58 %	15.58 %
SpareBank 1 Sørøst-Norge	9,496,225	12.18 %	12.18 %
BN Bank ASA	5,457,882	7.00 %	7.00 %
SpareBank 1 Østfold Akershus	3,778,299	4.85 %	4.85 %
SpareBank 1 Ringerike Hadeland	3,597,797	4.61 %	4.61 %
SpareBank 1 Nordmøre	2,309,810	2.96 %	2.96 %
SpareBank 1 Helgeland	1,957,985	2.51 %	2.51 %
SpareBank 1 Gudbrandsdal	1,216,092	1.56 %	1.56 %
SpareBank 1 Søre Sunnmøre	1,148,786	1.47 %	1.47 %
SpareBank 1 Hallingdal Valdres	1,040,179	1.33 %	1.33 %
SpareBank 1 Lom og Skjåk	703,651	0.90 %	0.90 %
<b>Total</b>	<b>77,972,149</b>	<b>100 %</b>	<b>100 %</b>

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	31.03.2023	31.03.2022	2022
<b>Perpetual</b>							
Hybrid (Tier 1)	NO0010811318	3M Nibor + 310 bp	2017	01.12.2022		100,000	
Hybrid (Tier 1)	NO0010850621	3M Nibor + 340 bp	2019	30.04.2024	350,000	350,000	350,000
Hybrid (Tier 1)	NO0010890825	3M Nibor + 300 bp	2020	26.08.2025	200,000	200,000	200,000
Hybrid (Tier 1)	NO0010993009	3M Nibor + 250 bp	2021	06.05.2026	250,000	250,000	250,000
Hybrid (Tier 1)	NO0012753591	3M Nibor + 390 bp	2022	16.11.2027	100,000		100,000
<b>Book value</b>					<b>900,000</b>	<b>900,000</b>	<b>900,000</b>

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

## Note 10 Liabilities incurred by issuing securities

	Nominal value*	Nominal value*	Nominal value*
NOK 1 000	31.03.2023	31.03.2022	2022
Senior unsecured bonds	500,000	-	-
Repurchased senior unsecured bonds	-	-	-
Covered bonds	270,049,079	247,285,919	267,908,851
Repurchased Covered bonds	-	-80,000	-
<b>Total debt incurred by issuing securities</b>	<b>270,549,079</b>	<b>247,205,919</b>	<b>267,908,851</b>

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

	Book value	Book value	Book value
NOK 1 000	31.03.2023	31.03.2022	2022
Senior unsecured bonds	499,975	-	-
Repurchased senior unsecured bonds	-	-	-
Covered bonds	274,092,023	243,202,219	259,999,992
Repurchased covered bonds	-	-80,012	-
Activated costs incurred by issuing debt	-211,580	-211,639	-222,883
Accrued interest	1,217,315	717,096	1,071,448
<b>Total debt incurred by issuing securities</b>	<b>275,597,731</b>	<b>243,627,664</b>	<b>260,848,557</b>

### Covered bonds

Due in	31.03.2023	31.03.2022	2022
2022	-	23,394,750	-
2023	15,746,804	30,487,050	26,120,200
2024	28,038,016	28,025,109	28,162,216
2025	36,257,494	37,713,750	37,713,750
2026	61,714,850	42,510,000	50,176,000
2027	54,103,105	22,683,910	39,843,585
2028	25,829,510	25,638,300	38,997,300
2029	25,676,300	25,257,550	25,462,800
2031	11,003,000	11,003,000	11,003,000
2032	9,937,500	-	9,937,500
2033	1,250,000	-	-
2034	250,000	250,000	250,000
2038	242,500	242,500	242,500
<b>Total</b>	<b>270,049,079</b>	<b>247,205,919</b>	<b>267,908,851</b>

\* 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	31.03.2023	31.03.2022	2022
NOK	116,040,775	93,619,889	104,077,916
EUR	145,475,746	131,234,646	143,669,469
GBP	3,164,364	8,547,256	2,873,911
SEK	8,637,988	8,245,784	8,087,303
CHF	2,278,858	1,980,090	2,139,958
<b>Total</b>	<b>275,597,731</b>	<b>243,627,664</b>	<b>260,848,557</b>

## Note 11 Subordinated debt

NOK 1000	ISIN	Interest rate	Issued year	Call option from	Maturity	Nominal amount	31.03.2023	31.03.2022	2022
<b>With maturity</b>									
Subordinated debt (Tier 2)	NO0010826696	3M Nibor + 153 bp	2018	22.06.2023	22.06.2028	250,000	250,000	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	400,000
Subordinated debt (Tier 2)	NO0010835408	3M Nibor + 167 bp	2018	02.11.2023	02.11.2028	475,000	475,000	475,000	475,000
Subordinated debt (Tier 2)	NO0010842222	3M Nibor + 192 bp	2019	24.01.2024	24.01.2029	300,000	300,000	300,000	300,000
Accrued interest							11,639	6,504	11,805
<b>Book value</b>							<b>1,436,639</b>	<b>1,431,504</b>	<b>1,436,805</b>

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



## Note 12 Financial Derivatives

NOK 1 000	31.03.2023	31.03.2022	2022
<b>Interest rate derivative contracts</b>			
<b>Interest rate swaps</b>			
Nominal amount	25,759,615	38,024,919	31,562,031
Asset	475,360	449,117	348,546
Liability	-1,660,820	-731,067	-1,788,128
<b>Currency derivative contracts</b>			
<b>Currency swaps</b>			
Nominal amount	129,315,850	147,419,225	136,856,600
Asset	8,970,276	1,837,966	3,358,118
Liability	-3,524,585	-7,560,685	-10,034,376
<b>Total financial derivative contracts</b>			
Nominal amount	155,075,465	185,444,144	168,418,631
Asset	9,445,637	2,287,083	3,706,664
Liability	-5,185,405	-8,291,753	-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	31.03.2023	31.03.2022	2022
Total asset(+)/liability(-) derivatives	9,445,637	2,287,083	3,706,664
Net gain (loss) on valuation adjustment of basisswap spreads	186,433	110,818	283,423
<b>Net asset(+)/liability(-) derivatives</b>	<b>9,632,070</b>	<b>2,397,900</b>	<b>3,990,087</b>

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.

## Note 13 Classification of Financial Instruments

NOK 1 000	Financial instruments accounted for at fair value	Financial assets and debt accounted for at amortised cost	31.03.2023
<b>Assets</b>			
Lending to and deposits with credit institutions	-	2,377,752	2,377,752
Certificates and bonds	25,761,598	-	25,761,598
Residential mortgage loans	-	263,545,096	263,545,096
Financial derivatives	9,632,070	-	9,632,070
Other assets	-	-	-
<b>Total assets</b>	<b>35,393,668</b>	<b>265,922,848</b>	<b>301,316,516</b>
<b>Liabilities</b>			
Debt incurred by issuing securities*	-	275,597,731	275,597,731
Collateral received in relation to financial derivatives	-	4,828,201	4,828,201
Financial derivatives	5,185,405	-	5,185,405
Deferred taxes	-	-	-
Taxes payable	-	-	-
Subordinated debt	-	1,436,639	1,436,639
Other liabilities	-	-	-
<b>Total liabilities</b>	<b>5,185,405</b>	<b>281,862,571</b>	<b>287,047,976</b>
<b>Total equity</b>	<b>-</b>	<b>900,000</b>	<b>900,000</b>
<b>Total liabilities and equity</b>	<b>5,185,405</b>	<b>282,762,571</b>	<b>287,947,976</b>

\* For issued securities, 178 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	31.03.2022
<b>Assets</b>			
Lending to and deposits with credit institutions	-	4,026,358	4,026,358
Certificates and bonds	27,784,216	-	27,784,216
Residential mortgage loans	-	230,689,401	230,689,401
Financial derivatives	2,397,900	-	2,397,900
Deferred tax asset	-	-	-
Other assets	-	-	-
<b>Total assets</b>	<b>30,182,116</b>	<b>234,715,759</b>	<b>264,897,875</b>
<b>Liabilities</b>			
Debt incurred by issuing securities*	-	243,627,664	243,627,664
Collateral received in relation to financial derivatives	-	340,877	340,877
Repurchase agreement	-	-	-
Financial derivatives	8,291,753	-	8,291,753
Taxes payable	-	-	-
Subordinated debt	-	1,431,504	1,431,504
Other liabilities	-	-	-
<b>Total liabilities</b>	<b>8,291,753</b>	<b>245,400,046</b>	<b>253,691,799</b>
<b>Total equity</b>	<b>-</b>	<b>900,000</b>	<b>900,000</b>
<b>Total liabilities and equity</b>	<b>8,291,753</b>	<b>246,300,046</b>	<b>254,591,799</b>

\* For issued securities, 173 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 14 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.

With effect from 2009 SpareBank 1 Boligkreditt AS has implemented the changes in IFRS 7 in relation to the valuation of financial instruments as of the date of the financial accounts. The changes require a presentation of the fair value measurement for each Level. 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 31.03.2023

NOK 1 000				
	Level 1	Level 2	Level 3	Total
Certificates and bonds	25,761,598	-	-	25,761,598
Financial derivatives	-	9,632,070	-	9,632,070
<b>Total assets</b>	<b>25,761,598</b>	<b>9,632,070</b>	<b>-</b>	<b>35,393,668</b>
Financial derivatives	-	5,185,405	-	5,185,405
<b>Total liabilities</b>	<b>-</b>	<b>5,185,405</b>	<b>-</b>	<b>5,185,405</b>

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 in effect accounted for using hedge accounting and fair value option. This means that approximately NOK 178 billion 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 31.03.2022

NOK 1 000				
	Level 1	Level 2	Level 3	Total
Certificates and bonds	27,784,216	-	-	27,784,216
Financial derivatives	-	2,397,900	-	2,397,900
<b>Total assets</b>	<b>27,784,216</b>	<b>2,397,900</b>	<b>-</b>	<b>30,182,116</b>
Financial derivatives	-	8,291,753	-	8,291,753
<b>Total liabilities</b>	<b>-</b>	<b>8,291,753</b>	<b>-</b>	<b>8,291,753</b>

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 in effect accounted for using hedge accounting and fair value option. This means that approximately NOK 173 billion of issued debt are also accounted for according to Level 2 above, while the remaining debt are accounted for at amortized cost.



## Note 15 Other Liabilities

NOK 1 000	31.03.2023	31.03.2022	2022
Employees tax deductions and other deductions	475	415	653
Employers national insurance contribution	826	652	1,071
Accrued holiday allowance	1,561	1,444	1,223
Commission payable to shareholder banks	120,969	131,886	39,576
Deposits*	1,636	142	4,646
Pension liabilities	2,784	4,181	2,784
Expected credit loss unused credit lines (flexible loans)	233	85	231
Accounts payable, securities	786,892	361,128	73,863
Other accrued costs	6,609	91,782	5,731
<b>Total</b>	<b>921,986</b>	<b>591,714</b>	<b>129,777</b>

The Company does not have an overdraft facility or a revolving credit facility as of 31.03.2023

\* 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 16 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.

NOK 1 000	31.03.2023	31.03.2022	2022
Covered Bonds	270,636,939	249,526,870	268,270,136
Total Covered Bonds	270,636,939	249,526,870	268,270,136
Residential mortgage loans	262,859,502	230,069,464	252,333,523
Public sector, SSA bond exposure	2,842,179	5,253,757	6,726,165
Reverse repo/ depo less than 100 days	163,133	3,845,055	620,438
Exposure to credit institutions (covered bonds)	19,232,415	21,986,974	22,776,142
Derivatives	-	2,231,735	-
Total Cover Pool	285,097,229	257,015,500	282,456,268
Asset-coverage	105.34 %	103.00 %	105.29 %

Liquidity Coverage Ratio (LCR)	31.03.2023	31.03.2022	2022
Liquid assets	3,666,279	6,519,795	4,866,972
Cash outflow next 30 days	3,507,950	1,102,523	4,854,322
LCR ratio	104.51 %	591.35 %	100.26 %

Net Stable Funding Ratio (NSFR)	31.03.2023	31.03.2022	2022
Available amount of stable funding	273,104,692	229,165,637	247,275,503
Required amount of stable funding	226,365,654	236,001,463	217,645,930
NSFR ratio	120.65 %	97.10 %	113.61 %

## Note 17 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 (related to the amount of mortgages transferred), 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 requirements for capital for SpareBank 1 Boligkreditt are:

- Minimum core equity Pillar 1: 4.5 per cent.
- Additional Tier 1 equity capital 1.5 per cent and additional 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: 4.3 per cent core.
- Countercyclical buffer: 2.5 per cent core equity.

The Issuer has an additional Pillar 2 requirement which is 0.9 per cent core equity capital. The total requirement for the Issuer is therefore to have capital of minimum 18.2 percent of risk weighted assets. With a management buffer added, the target for capital coverage is 18.6 per cent as of March 31, 2023.

The Company's parent banks have committed themselves to keep the Company's Equity Tier 1 capital at the minimum regulatory level (in the Shareholders Agreement). Primarily this commitment is pro rata according to the ownership stakes in the Company, but it is a joint undertaking if one or more ownership banks are unable to comply up to the maximum of twice the initial pro rata amount.

Capital. NOK 1 000	31.03.2023	31.03.2022	2022
Share capital	7,797,215	7,797,215	7,797,215
Premium share fund	3,901,255	3,901,255	3,901,255
Other equity capital	132,385	63,014	219,917
Common equity	11,830,855	11,761,484	11,918,387
Intangible assets	-192	-	-
Declared share dividend	-	-	-
100 % deduction of expected losses exceeding loss provisions IRB (CRD IV)	-483,226	-433,955	-466,460
Prudent valuation adjustment (AVA)	-25,762	-27,784	-29,426
Deferred taxes	-	-33,970	-
<b>Core equity capital</b>	<b>11,321,676</b>	<b>11,265,775</b>	<b>11,422,501</b>
Hybrid bond	900,000	900,000	900,000
<b>Tier 1 equity capital</b>	<b>12,221,676</b>	<b>12,165,775</b>	<b>12,322,501</b>
Supplementary capital (Tier 2)	1,425,000	1,425,000	1,425,000
<b>Total capital</b>	<b>13,646,676</b>	<b>13,590,775</b>	<b>13,747,501</b>

Risk-weighted assets. NOK 1 000	31.03.2023	31.03.2022	2022
<b>Credit risk IRB</b>			
First lien residential mortgages	55,511,707	48,914,072	53,524,365
<b>Total credit risk IRB</b>	<b>55,511,707</b>	<b>48,914,072</b>	<b>53,524,365</b>
<b>Credit risk standardised approach</b>			
Derivatives and exposures to credit institutions	3,855,569	1,948,080	2,296,985
Covered bonds	1,960,135	2,377,067	2,268,951
Regional governments or local authorities	394,796		334,177
Other items	226,096	105,993	201,996
<b>Total credit risk standardised approach</b>	<b>6,436,596</b>	<b>4,431,141</b>	<b>5,102,109</b>
<b>Market risk</b>	-	-	-
Operational risk	174,178	310,416	174,178
CVA Risk	5,013,334	1,857,744	3,200,335
<b>Total risk-weighted assets</b>	<b>67,135,814</b>	<b>55,513,372</b>	<b>62,000,988</b>

Capital Coverage	31.03.2023	31.03.2022	2022
Capital coverage (requirement w/all buffers, 18.2%)	20.33 %	24.48 %	22.17 %
Tier 1 capital coverage (requirement w/all buffers, 16.2%)	18.20 %	21.92 %	19.87 %
Core capital coverage (requirement w/all buffers, 14.7%)	16.86 %	20.29 %	18.42 %
Leverage ratio (requirement 3.0%)	4.01 %	4.52 %	4.20 %

## Note 18 Related parties

The Company has 263,545 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 19 Collateral received

NOK 1 000	31.03.2023	31.03.2022	2022
Collateral	4,828,201	340,877	714,730
<b>Total</b>	<b>4,828,201</b>	<b>340,877</b>	<b>714,730</b>

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.

# Contact Information

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