



Quarterly report 2024

Q3

SR-Boligkreditt

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Statement of the Board of Directors

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

Income statement as of 30 September 2024

Net income totalled NOK 239.7million as of 30 September 2024.

(Amounts in NOK millions)	01.01.24 - 30.09.24	01.01.23 - 30.09.23
Total income	393,7	250,0
Net interest income	682,9	487,7
Net commission cost	49,6	45,3
Net income on financial investments	-239,7	-192,3

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

Balance sheet

At end of September 2024, total assets stood at NOK 125.9 billion. SR-Boligkreditt AS has issued covered bonds amounting to NOK 100.9 billion.

Risk

SR-Boligkreditt AS has established guidelines and limits for management and control of the different types of risk. Currency and interest rate risk is eliminated using derivatives. Liquidity risk is managed in accordance with regulatory requirements and limits approved by the board. The company's overall financial risk is low. The servicing agreement with SR-Bank comprises administration, bank production, IT operations, and financial and liquidity management. Operational risk is assessed as low. Negative developments in the housing market will affect the company. A decline in house prices will reduce the value of the company's cover pool relative to the statutory asset coverage requirement. Quarterly stress tests are carried out to estimate effects of a negative development in house prices. One short-term measure to meet a significant fall in house prices would be to supply SR-Boligkreditt with home mortgages from SR-Bank. The board considers the company's total risk exposure to be low. At the end of September 2024, the company's equity totalled NOK 6.3 billion. The capital adequacy ratio was 20.81%.

Outlook

Norges Bank decided to keep its policy rate at 4.50 percentage in September 2024. Norges Bank expects to keep the policy rate at today's level for a period ahead but that the time to ease monetary policy is approaching.

The housing market has been strong and house prices have risen by 7.6 per cent in 2024. SpareBank 1 SR-Bank expects subdued growth going forward.

SR-Boligkreditt will continue to build the company's funding curve and to provide funding diversification for the parent bank. The volume of covered bond issues in 2024 is expected to be approximately NOK 20 billion, and to provide a sound basis for SR-Bank's lending activities. Defaults are expected to be low and SR-Boligkreditt AS's activities are expected to generate satisfactory profitability in 2024.

The board would like to emphasise that there is considerable uncertainty associated with all assessments of future conditions.

Statement pursuant to the Securities Trading Act

Statement pursuant to Section 5-6 of the Securities Trading Act.

These interim financial statements for SR-Boligkreditt AS cover the period 1 January – 30 June 2024. The financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken. To the best of our knowledge, the third quarter report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the financial statements
- description of the principal risks and uncertainties facing the company over the next accounting period
- description of major transactions with related parties

Stavanger, 30 October 2024

The Board of Directors of SR-Boligkreditt AS

Income statement

NOK 1 000	Note	Q3 2024	Q3 2023	01.01.24 - 30.09.24	01.01.23 - 30.09.23	2023
Interest income effective interest method		1.548.112	1.203.058	4.571.473	3.359.010	4.711.059
Other interest income		28.571	24.845	84.893	63.053	90.272
Interest expense		1.351.999	1.086.190	3.973.433	2.934.344	4.149.534
Net interest income		224.684	141.712	682.933	487.720	651.797
Commission and fee expenses		16.960	14.508	49.602	45.344	60.174
Net commission expense		16.960	14.508	49.602	45.344	60.174
Net gains/losses on financial instruments	8	-49.430	-157.113	-239.666	-192.332	-407.343
Net income on financial investments		-49.430	-157.113	-239.666	-192.332	-407.343
Total net income		158.294	-29.908	393.665	250.045	184.280
Other operating expense		1.093	1.363	2.913	3.040	3.756
Total operating expense before impairment losses on loans		1.093	1.363	2.913	3.040	3.756
Operating profit before impairment losses on loans		157.201	-31.271	390.751	247.005	180.524
Impairment losses on loans and guarantees	2	-1.022	-4.232	5.777	875	3.239
Pre-tax profit		158.223	-27.039	384.974	246.130	177.286
Tax expenses		34.809	-5.949	84.694	54.149	39.003
Profit after tax		123.414	-21.091	300.280	191.981	138.283
Other comprehensive income						
Adjustments		0	0	0	0	0
Comprehensive Income		123.414	-21.091	300.280	191.981	138.283

Balance sheet

NOK 1 000	Note	30.09.24	30.09.23	31.12.23
Assets				
Balances with credit institutions		5.044.757	388.438	371.646
Loans to customers	2, 3	105.649.371	100.194.570	100.221.577
Bonds		2.457.714	2.355.784	2.353.987
Financial derivatives	7	12.718.690	8.803.227	8.778.258
Deferred tax assets		67.598	0	67.598
Other assets		4.054	4.112	-0
Total assets		125.942.184	111.746.130	111.793.066
Liabilities and equity				
Liabilities				
Listed debt securities	5	100.893.778	80.506.741	83.960.939
Balances with credit institutions		12.644.079	14.672.953	14.519.828
Financial derivatives	7	6.012.989	10.274.857	7.030.988
Taxes payable		84.694	54.149	140.189
Deferred tax		0	33.589	0
Other liabilities		5.359	11.138	2.116
Total liabilities		119.640.899	105.553.427	105.654.061
Equity				
Share capital		6.000.000	6.000.000	6.000.000
Premium reserve		150	150	150
Retained earnings		301.135	192.553	138.855
Total equity		6.301.285	6.192.703	6.139.005
Total liabilities and equity		125.942.184	111.746.130	111.793.066

Statement of changes in equity

NOK 1 000	Share capital	Premium reserve	Other equity	Total equity
Equity as of 31 December 2022	6.000.000	150	705.572	6.705.722
Dividend 2022, resolved in 2023			-705.000	-705.000
Profit for the period			191.981	191.981
Equity as of 30 September 2023	6.000.000	150	192.553	6.192.703
Equity as of 31 December 2023	6.000.000	150	138.855	6.139.005
Dividend 2023, resolved in 2024			-138.000	-138.000
Profit for the period			300.280	300.280
Equity as of 30 September 2024	6.000.000	150	301.135	6.301.285

Cash flow statement

NOK 1 000	30.09.24	30.09.23	31.12.23
Interest receipts from lending to customers	4.669.121	3.384.610	4.738.664
Provisions to SR-Bank	-49.602	-45.344	-60.174
Payments for operations	-7.224	-2.217	-3.735
Taxes paid	-140.189	-130.971	-130.971
Net cash flow relating to operations	4.472.106	3.206.079	4.543.784
Net purchase of loan portfolio	-5.442.810	4.361.192	4.352.926
Net payments on the acquisition of bonds	-94.669	107.938	109.316
Net cash flow relating to investments	-5.537.479	4.469.130	4.462.242
Debt raised by issuance of securities	11.636.350	0	0
Redemption of issued securities	0	-11.433.260	-11.433.260
Net change in loans from credit institutions	-1.875.749	833.415	680.290
Paid in capital equity	0	0	0
Interest payments on debt raised by issuance of securities	-3.884.118	-2.870.855	-4.065.339
Proceeds from settlement of other securities	0	731.850	731.850
Dividend paid	-138.000	-705.000	-705.000
Net cash flow relating to funding activities	5.738.483	-13.443.850	-14.791.459
Net cash flow during the period	4.673.111	-5.768.641	-5.785.433
Balance of cash and cash equivalents start of period	371.646	6.157.079	6.157.079
Balance of cash and cash equivalents end of period	5.044.757	388.438	371.646

Notes to The Financial statements

Note 1 Accounting policies

1.1. Basis of preparation

These interim financial statements for SR-Boligkreditt AS cover the period 1 January – 30 September 2024. The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements were also prepared in accordance with the applicable IFRS standards and IFRIC interpretations. The interim financial statements are unaudited. All amounts are stated in NOK thousands unless stated otherwise.

The interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual accounts for 2023.

New Standards that have not yet been adopted

There are no new standards or interpretations that are not currently in effect and could be expected to have a material effect on the financial statements.

New Standards that have been adopted

There are no new standards or interpretations as of 30 September 2024.

1.2. Critical accounting estimates and judgements

The preparation of financial information pursuant to IFRS entails the executive management making estimates, judgements and assumptions that affect the effect of the application of the accounting policies and thus the amounts recognized as assets, liabilities, income, and costs. Note 3 of the annual accounts for 2023 explains in more detail the use of critical estimates and judgements when applying the accounting policies.

Losses on loans and guarantees

There has not been any significant increase in credit losses during the year. Measurement of expected credit losses is described in Note 2 in the Annual Report 2023 and Note 2 and 3 in the interim report.

Note 2 Amounts arising from ECL

The following table show reconciliations from the opening to the closing balance of the loss allowance. Explanation of the terms 12-month ECL and lifetime ECL (stage 1-3) are included in note 2 in the annual account 2023.

NOK 1 000				
ECL on loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2024	8.879	30.992	0	39.871
Transfer from stage 1	-412	412	0	0
Transfer from stage 2	6.247	-6.247	0	0
Transfer from stage 3	0	0	0	0
Net remeasurement of loss allowance	-6.010	11.352	0	5.342
New financial assets originated or purchased	4.162	9.351	0	13.513
Change due to reduced portfolio	-2.073	-11.089	0	-13.162
Change in models/ risk parameters	0	0	0	0
Other movements	0	0	0	0
Balance 30 September 2024	10.792	34.771	0	45.563

NOK 1 000				
ECL on remaining credit lines (flexible loans)	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2024	319	105	0	423
Transfer from stage 1	-5	5	0	0
Transfer from stage 2	47	-47	0	0
Transfer from stage 3	1	-1	0	0
Net remeasurement of loss allowance	-24	76	0	52
New financial assets originated or purchased	64	13	0	77
Change due to reduced portfolio	-27	-16	0	-44
Change in models/ risk parameters	0	0	0	0
Other movements	0	0	0	0
Balance 30 September 2024	375	133	0	508

Note 3 Lending to customers

Lending to customers are residential mortgages only. The mortgages generally have a low loan-to-value and losses have been very low. The total amount of lending to customers at the end of the period were NOK 105.6 billion. All mortgages carry a variable interest rate.

NOK 1 000	30.09.24	30.09.23	31.12.23
Flexible loans - retail market	23.306.464	21.319.029	23.429.433
Amortising loans - retail market	82.185.337	78.722.410	76.616.126
Accrued interest	203.133	190.675	215.889
Gross loans	105.694.934	100.232.115	100.261.447
Impairment provisions	-45.563	-37.545	-39.871
Loans to customers	105.649.371	100.194.570	100.221.577

Liability			
Remaining credit lines (flexible loans)	10.020.857	8.413.548	9.294.395
Total	10.020.857	8.413.548	9.294.395
Expected credit loss on remaining credit lines (flexible loans)	-508	-386	-423

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance 1 January 2024	94.585.146	5.676.302	0	100.261.447
Transfer from stage 1	-2.256.003	2.256.003	0	0
Transfer from stage 2	1.522.544	-1.522.544	0	0
Transfer from stage 3	0	0	0	0
Net increase/decrease balance existing loans	2.530.552	159.530	0	2.690.082
Originated or purchased during the period	28.448.459	1.270.701	0	29.719.160
Loans that have been derecognised	-25.064.570	-1.911.186	0	-26.975.756
Balance 30 September 2024	99.766.128	5.928.805	0	105.694.934

Note 4 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU's capital requirements for banks and securities undertakings (CRD IV/ CRR).

SR-Boligkreditt AS has permission from the Financial Supervisory Authority of Norway to use internal measurement methods (Internal Rating Based Approach) for quantifying credit risk. The use of IRB requires the company to comply with extensive requirements relating to organisation, expertise, risk models and risk management systems.

SR-Boligkreditt shall at all times maintain a capital adequacy ratio equal to the minimum regulatory requirement, with a buffer of 50 - 100 basis points.

NOK 1 000	30.09.24	30.09.23	31.12.23
Share capital	6.000.000	6.000.000	6.000.000
Premium reserve	150	150	150
Other equity	301.135	246.702	138.855
Total equity	6.301.285	6.246.852	6.139.005
Deductions			
Proposed dividend	0	0	-138.000
IRB shortfall of credit risk adjustments to expected losses	-133.572	-130.499	-127.510
Profit for the period that cannot be included in total Tier 1 capital	-300.280	-246.130	
Value adjustment due to requirements concerning proper valuation	-2.560	-2.047	-2.227
Common equity Tier 1 capital	5.864.874	5.868.176	5.871.268
Other paid in capital	0	0	0
Net primary capital	5.864.874	5.868.176	5.871.268

Credit risk Basel II			
Corporates - SME	9.254	6.393	6.567
Corporates - Specialised Lending	18.817	12.602	11.496
Retail - Secured by real estate SME	483.103	417.251	405.382
Retail - Secured by real estate non-SME	20.587.974	19.013.068	19.377.112
Retail - Other	195.830	70.323	55.988
Total credit risk, IRB approach	21.294.978	19.519.638	19.856.545
Institutions	3.367.985	243.089	1.888.138
Covered bonds	136.420	125.580	125.676
Other assets	275.056	99.904	277.393
Total credit risk, standardised approach	3.779.462	468.573	2.291.207
Operational risk	1.299.605	1.417.287	1.299.605
Other risk exposure *	1.807.464	2.206.052	2.011.088
Total risk exposure amount	28.181.509	23.611.551	25.458.445
Minimum requirement for CET 1 capital ratio 4,5 %	1.268.168	1.062.520	1.145.630
Buffer requirements:			
Capital conservation buffer 2,5 %	704.538	590.289	636.461
Systemic risk buffer 4,5 %	1.268.168	1.062.520	1.145.630
Countercyclical capital buffer 2,5 %	704.538	590.289	636.461
Total buffer requirement to CET 1 capital ratio	2.677.243	2.243.097	2.418.552
Available CET 1 capital ratio after buffer requirement	1.919.462	2.562.559	2.307.085
Capital ratio	20,81 %	24,85 %	23,06 %
Tier 1 Capital ratio	20,81 %	24,85 %	23,06 %
CET 1 capital ratio	20,81 %	24,85 %	23,06 %
Leverage ratio	4,96 %	5,63 %	5,19 %

* Risk weights for residential mortgages are subject to a regulatory floor of 20%. Without this floor, the risk weight for residential mortgages would have been 18,44% as at 30 September 2024.

Note 5 Debt securities issued

NOK 1 000	Total	NOK	Currency
Covered bonds	104.714.739	21.372.554	83.342.184
Value adjustments	-4.326.766	-255.362	-4.071.404
Accrued interests	505.805	130.583	375.223
Total securities issued	100.893.778	21.247.775	79.646.003

Securities issued by maturity date

Public covered bonds		Total	NOK	Currency
	2024	5.913.573	0	5.913.573
	2025	15.316.133	6.047.081	9.269.053
	2026	5.619.054	0	5.619.054
	2027	20.590.106	12.058.923	8.531.182
	2028	16.999.888	0	16.999.888
	2029	8.550.728	0	8.550.728
	2030	5.205.153	0	5.205.153
	2031	10.276.700	0	10.276.700
	2032	9.289.417	3.141.771	6.147.646
	2038	2.935.824	0	2.935.824
	2041	197.202	0	197.202
Total debt		100.893.778	21.247.775	79.646.003

Change in debt raised through issuance of securities

	Balance 30.09.24	Issued 2024	Matured/ redeemed 2024	Exchange rate and other changes 2024	Balance 31.12.23
Covered bonds	104.714.739	11.636.350	0	3.724.271	89.354.117
Adjustments	-4.326.766			1.433.560	-5.760.326
Accrued interests	505.805			138.657	367.148
Total debt raised through issuance of securities	100.893.778	11.636.350	0	5.296.488	83.960.939

Note 6 Asset coverage

Asset coverage is calculated according to the Act on Financial Institutions, section 11-11. There is a discrepancy between the balance sheet amounts, partly because lending will be reduced due to non-performing loans (no occurrences of non-performance as of 30 June 2024), loans with a loan-to-value ratio in excess of 80 percent (60 percent for holiday homes) and the use of market values.

NOK 1 000	30.09.24	30.09.23	31.12.23
Covered bonds	93.344.375	81.681.525	81.681.525
Total covered bonds	93.344.375	81.681.525	81.681.525
Loans to customers	105.189.072	99.813.442	99.878.455
Substitute collateral	7.464.757	2.708.438	2.691.646
Total cover pool	112.653.830	102.521.879	102.570.102
Asset coverage	120,7 %	125,5 %	125,6 %

Note 7 Financial derivatives

At fair value through profit and loss NOK 1 000	Contract amount 30.09.24	Fair value at 30.09.24	
		Assets	Liabilities
Hedging / Interest and exchange rate instruments			
Interest rate swaps (including cross currency)	171.034.188	12.681.779	5.873.010
Total hedging / Interest and exchange rate instruments	171.034.188	12.681.779	5.873.010
Total currency and interest rate instruments			
Total interest and exchange rate instruments	171.034.188	12.681.779	5.873.010
Total accrued interests		36.911	139.979
Total financial derivatives	171.034.188	12.718.690	6.012.989

SR-Boligkreditt AS has an ISDA agreement with a CSA supplement with the counterparty for derivatives. The agreement is one-way, which means only the counterparty must pledge security when the market value of derivatives fluctuates.

IBOR reform

The table below shows derivatives that have IBOR reference interest rates and could be affected by changes caused by the IBOR-reform.

Interest rate swaps	Contract amount	Average maturity
EURIBOR EUR (3 months)	83.366.140	4,2
NIBOR NOK (3 months)	3.536.000	7,7
Total interest rate swaps	86.902.140	
Cross currency swaps		
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	71.589.797	4,2
Total cross currency swaps	71.589.797	

Note 8 Net income from financial instruments

NOK 1 000	Q3 2024	Q3 2023	30.09.24	30.09.23	31.12.23
Net gains for bonds and certificates	-1.114	593	1.253	-2.755	-4.862
Net change in value, basis swap spread	-42.642	-136.336	-232.514	-192.553	-396.749
Net change in value, other financial investments	-5.674	-21.370	-8.405	2.976	-5.732
Net change in value, currency effect	0	0	0	0	0
Net income from financial instruments	-49.430	-157.113	-239.666	-192.332	-407.343

Note 9 Events after the balance sheet date

No material events that affect the prepared interim financial statements have been recorded after 30 September 2024.

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