This is the report for 2023

SSBboligkreditt

Annual Report 2023

Nature of the business

SSB Boligkreditt AS is a wholly owned subsidiary of Sandnes Sparebank, and is the covered bond funding vehicle of the Group. Scope Ratings has rated the bonds issued by SSB Boligkreditt as AAA.

The financial statements are reported pursuant to the International Financial Reporting Standards (IFRS) as approved by the EU. The accounting policies applied are described in note 2 to the financial statements. Figures in parentheses apply to the corresponding period last year.

Financial performance

The result for 2023 ended at NOK 55.2 (47.4) million after tax. This represents return on equity of 5.4% (5.7%).

The institution's net interest income amounted to NOK 85.7 (77.9) million for the full year. Net interest income is still under pressure due to delayed interest adjustment on the lending volume. Norges Bank raised its key policy rate from 2.75% to 4.50% in 2023. At the end of the year, the average interest rate on the institution's lending stock was 5.56%, up from 4.05% at the beginning of the year. Net interest income as a percentage of total assets was 0.62% (0.66%) for the year. Compared with the same period last year, increased balance sheet growth has compensated for some of the reduced net interest income.

Credit premiums increased for the year as a whole, and the associated fall in the value of the institution's liquidity portfolio contributed to a negative development in other income in 2023. Other income amounted to NOK -1.7 (-4.7) million for the year as a whole.

Operating costs rose somewhat and amounted to NOK 14.5 (13.6) million for 2023. Cooperation with Sandnes Sparebank has been formalised through a management agreement, and the management fee CPI is adjusted annually. In addition to the management agreement, the institution received external assistance in connection with the preparation of a business-oriented anti-money laundering risk assessment, as well as fees in connection with covered bonds monitoring, which was new for the year.

For the full year, recognised provisions for losses were reduced by NOK 1.3 (decreased by NOK 1.1) million.

In 2023, SSB Boligkreditt paid an additional dividend of NOK 50 million to Sandnes Sparebank.

Balance sheet and asset management

At the end of 2023, SSB Boligkreditt managed assets totalling NOK 14.8 (13.0) billion. Loans to customers constituted NOK 14.0 (11.9) billion. As at 31.12.2023, SSB Boligkreditt had issued bonds with a net carrying amount of NOK 11.6 (10.6) billion. The institution held none of its own bonds at the end of the year.

The overcollateralisation level was 27.1% as at 31.12.2023, 22.1 percentage points above the regulatory requirement of 5%. Please refer to Note 8 for more details regarding the calculation.

The other liabilities item includes debt to the parent bank of NOK 2.1 (1.3) million. This is related to bridge financing of SSB Boligkreditt's purchase of a loan portfolio from Sandnes Sparebank.

The financial statements have been prepared on the basis that the institution will continue operating as a going concern, as this assumption is justified. The Board of Directors considers the institution's financial strength and liquidity to be satisfactory.

Market conditions

In spite of the international macro challenges, the economy in Rogaland fared well during the period and the region saw positive growth. A large proportion of energy related industry in the region resulted in higher activity than in the rest of the country.

The unemployment rate in Rogaland was 1.7% at the start of the year, compared with 1.9% on a national basis. More than 2 500 vacancies were advertised in the region, covering most occupational groups. Some sectors are struggling to attract qualified labour, especially medical, nursing and care services. There were no signs of less activity in the region during the quarter, despite a steadily rising policy rate.

The price of oil at the end of the year was USD 77. North Sea oil prices remained relatively stable throughout the year. On the other hand, electricity and natural gas prices have fallen. Both gas and electricity prices are higher than what they have historically been, which reflects the security situation in parts of Europe. Energy prices are an important economic factor in Rogaland's economy. The high prices for energy mean a higher level of activity than normal for many companies involved in the oil and gas sector. At the same time, higher prices for energy, including electricity, present challenges for other industries.

The southwest region remains optimistic about future economic developments. This local optimism can probably be attributed to the increased activity in the energy sector, which accounts for a large proportion of the business sector in this region.

The housing market in Rogaland has developed positively in the last couple of years after several years of stable property prices. In the past year, prices rose by 5.3%, compared with 0.5% on a national basis. The average time it takes to sell a resident in the region at the end of the year was 34 days, compared with 62 on a national basis. In the past 10 years, it has normally taken longer to sell in the Stavanger region than it has on a national basis.

The credit premium for funding itself in the market for covered bonds increased in March due to the banking turmoil, but has since fallen back slightly and has been relatively stable over the last 6 months. For SSB Boligkreditt, the indicated credit premium for 5-year funding throughout the year has increased from 53 to 69 at its peak, to then end at 62 basis points over 3 months at the end of 2023. The average NIBOR for the year was 4.16%.

Risk issues

Pursuant to laws and regulations stipulated by the authorities, companies with license to issue covered bonds (Obligasjoner med Fortrinnsrett - OMF) should have a low risk level. The Board of Directors of SSB Boligkreditt emphasises that the institution shall identify, measure and manage the various risk factors in such a way that confidence in SSB Boligkreditt is maintained in the market.

Credit risk

At the end of 2023, the institution had a portfolio of residential mortgages valued at NOK 14.0 (11.9) billion. The average loan to value (LTV) of the cover pool is 53.5% (51.1%). At the end of the year, there were no defaults. The Board of Directors considers the quality of the loan portfolio as very good, and the credit risk as low.

Market risk

Market risk is defined as economic loss due to changes in observable market variables, such as interest rates, currency exchange rates and prices of financial instruments.

SSB Boligkreditt shall carry a low level of market risk, and has established exposure limits for both interest rate and currency risk. The institution uses financial derivatives in order to keep the above mentioned risks at a low level. All bonds issued with a fixed rate are hedged to a floating rate with interest rate derivatives. The institution has positions in Norwegian Kroner only. With respect to the lending volume, 100% of the loans carried a floating rate. The institution uses financial derivatives to hedge interest rate risk, in order to keep it low. The institution has no currency risk. The Board of Directors considers the overall market risk to be low.

Liquidity risk

This is the risk of the institution not being able to refinance upon maturity, or not being able to finance its assets at market terms. As at year end, the net debt financing becoming due during the next 12 months, is NOK 2 900 million. The institution's liquidity reserves were NOK 822 million, of which NOK 612 million are securities of high credit quality and NOK 210 million are deposits with the parent bank. Furthermore, the covered bonds issued by SSB Boligkreditt have a soft-bullet structure with an extended maturity as part of the loan agreement. Such a clause is standard in the Norwegian covered bond market. It provides the issuer with the option of extend the maturity of its funding by 12 months if the institution cannot manage to redeem the loan at the original maturity date. For bonds issued before 08.07.2022, it is the institution itself that decides whether the term of the loan will be extended, while for bonds issued after 08.07.2022 (covered bond premium) an application must be submitted to the Financial Supervisory Authority of Norway to extend the term.

The Board of Directors considers the institution's liquidity risk to be low.

Operational risk

This is the risk of loss due to errors or irregularities in the handling of transactions, lack of internal controls or irregularities in the systems used. SSB Boligkreditt has entered a transfer and servicing agreement with Sandnes Sparebank regarding management, production, IT, and financial and risk management. The Board of Directors considers the operational risk to be low.

The Board of Directors is of the opinion that the overall risk exposure of SSB Boligkreditt is low.

Organisation, employees and environment

The institution has entered an agreement with Sandnes Sparebank regarding the management of the institution's cover pool. Prices and terms and conditions are adjusted annually. The institution has no employees. Formally, the Managing Director is employed by Sandnes Sparebank. The Board of Directors consists of three men and one woman. One of the board members is not employed by Sandnes Sparebank. As at 11.04.2024, the female board member will step down from the Board since she has left the bank. A new board composition will be established by the end of 2024. The institution does not pollute the external environment.

Outlook for 2024

Macro conditions in the region have been improving, although there are some challenges in relation to the availability of labour, inflation and higher interest rates. As at the end of the year, the situation for most of the institution's customers was stable. In general, low house prices have resulted in less household debt than in other major cities. This means that the interest rate increases have had less impact on personal finances than is the case for people in other cities. Norges Bank increased its policy rate to 4.5% in December and reported stable interest rates "for quite some time to come". This is a signal that Norges Bank wants to see lower inflation before lowering interest rates. The institution is well-positioned in the market and expects increased growth in lending going forward.

The institution has solid expertise, satisfied customers, a competitive cost base, good earnings and good financial strength. The institution is well-equipped for profitable growth, and has, among other things, intensified its focus in order to take a stronger position in the local market.

Hjelmeland Sparebank and Sandnes Sparebank have decided to merge in 2024 under the name Rogaland Sparebank. The merger has been approved by both banks and is only awaiting the approval of the authorities. The merger will strengthen the bank and expand its market area to also include Ryfylke. Ryfylke is an exciting growth region and represents a natural expansion of Sandnes Sparebank's existing market area. Hjelmeland Sparebank has 25 employees and total assets of NOK 4.2 billion, which will become part of Rogaland Sparebank.

The regulatory requirements are constantly increasing and the institution is committed to complying with these requirements. As at 31.12.2023, SSB Boligkreditt has a CET1 capital ratio of 18.7% and is well capitalised. The regulatory requirement for own funds is currently 17.5%, as the system risk buffer requirement for smaller banks increased, as announced last year at the same time, from 3.0% to 4.5% applicable from the end of 2023. The Board's objective for CET1 capital ratio is equal to the authorities' requirements for subordinated capital. No further capital requirements have been announced at this time.

The institution is well-prepared for the future with respect to operations, growth, profitability, liquidity and financial strength. Nevertheless, the Board of Directors would like to stress that all future estimates contain an element of uncertainty.

The institution's covered bonds have a AAA-rating with a stable outlook from Scope Ratings, and this is expected to be maintained.

Allocation of the profit for 2023

Annual profits for 2023 were NOK 55.2 million. The entire profits for the year are proposed transferred to retained earnings.

April 10 2024 | Board of Directors of SSB Boligkreditt AS

Tomas Nordbø	Arild Ollestad	Sara Marie Hanssen	Erik Kvia Hansen	Elisabeth Rosbach
Chair of the Board	Board member	Board member	Board member	Managing Director

Key figures as at 31.12.2023

Profit summary

Amounts in NOK thousands	Full year 2023	Full year 2022
Net interest income	85 750	77 945
Other operating income	-1 697	-4 652
Other operating costs	14 524	13 600
Net loss/impairments	-1 264	-1 056
Operating profit before tax	**70 792**	**60 749**
Tax expense	15 562	13 368
Operating profit after tax	**55 230**	**47 381**
Other comprehensive income (OCI) (after tax)		
Comprehensive income	**55 230**	**47 381**

Extract from balance sheet

Amounts in NOK millions	Full year 2023	Full year 2022
Total assets	14 827	12 988
Average total assets	13 908	11 783
Loans to customers	14 003	11 911
Certificates and bonds	612	874
Equity	1 014	1 008

Key figures

	Full year 2023	Full year 2022
PROFITABILITY		
Net interest income as % of average total assets	0.62 %	0.66 %
Total costs as % of average total assets	0.1 %	0.1 %
Return on equity before tax	6.9 %	7.4 %
Return on equity after tax	5.4 %	5.7 %
FINANCIAL STRENGTH		
Capital adequacy ratio	18.7 %	20.3 %
Tier 1 capital ratio	18.7 %	20.3 %
CET1 capital ratio	18.7 %	20.3 %
Risk-weighted capital	5 401 876	4 945 397

Income statement

Amounts in NOK thousands	Note	Full year 2023	Full year 2022
Interest income measured using the effective interest method	13	625 220	307 397
Interest income measured at fair value	13	32 970	15 842
Interest expenses and similar costs	13	572 440	245 294
Net interest and credit commission income		**85 750**	**77 945**
Commission income and income from banking services	14	30	28
Net change in value of financial instruments	15	-1 727	-4 680
Total other operating income		**-1 697**	**-4 652**
Personnel costs	16	44	42
Other operating costs	16	14 479	13 558
Depreciation/impairments	16		
Total operating costs		**14 524**	**13 600**
Impairments and losses on loans and guarantees	9	-1 264	-1 056
Operating profit before tax		**70 792**	**60 749**
Tax expense	17	15 562	13 368
Operating profit after tax		**55 230**	**47 381**
Other comprehensive income (OCI) (after tax)			
Comprehensive income		**55 230**	**47 381**
Allocation:			
Transferred to other equity		55 230	47 381

Balance sheet

Amounts in NOK thousands	Note	31.12.2023	31.12.2022
Bank deposits	18,19	210 487	187 309
Loans to customers at amortised cost	6-9,18,19	14 002 608	11 911 405
Certificates and bonds	18,19,20	612 043	874 099
Financial derivatives	11,18,19	1 097	7 809
Deferred tax asset	17	1 236	958
Prepaid costs and accrued income	18,19		6 843
Total assets		**14 827 472**	**12 988 422**
Liabilities to credit institutions	18,19		
Securities issued	18,19,21	11 654 975	10 580 727
Financial derivatives	11,18,19	64 912	70 828
Other liabilities	12,18,19,23	2 078 165	1 314 116
Tax payable	17	15 841	14 358
Deferred tax			
Accrued costs and received not accrued income	18,19	68	114
Total liabilities		**13 813 962**	**11 980 142**
Share capital	24	427 600	427 600
Share premium		242 500	242 500
Other equity		343 410	338 180
Total equity		**1 013 510**	**1 008 280**
Total equity and liabilities		**14 827 472**	**12 988 422**

April 10 2024 | Board of Directors of SSB Boligkreditt AS

Tomas Nordbø
Chair of the Board

Arild Ollestad
Board member

Sara Marie Hanssen
Board member

Erik Kvia Hansen
Board member

Elisabeth Rosbach
Managing Director

Equity

Amounts in NOK thousands	Share capital	Share premium	Other equity	Total equity
Equity as at 31.12.2021	**227 600**	**122 500**	**290 799**	**640 899**
Capital increase/equity issue	200 000	120 000		320 000
Annual profit			47 381	47 381
Equity as at 31.12.2022	**427 600**	**242 500**	**338 180**	**1 008 280**
Annual profit			55 230	55 230
Dividend paid			(50 000)	(50 000)
Equity as at 31.12.2023	**427 600**	**242 500**	**343 410**	**1 013 510**

Cash flow statement

Amounts in NOK thousands	Full year 2023	Full year 2022
Cash flow from operating activities		
Net receipts/payments of instalment loans, lines of credit	5 647 346	3 516 535
Receipts of interest, commission income and fees from customers	632 092	307 425
Net receipts/payments from trading interest-bearing securities	262 056	-315 490
Receipts of interest on securities	32 970	15 842
Net receipts/payments from trading of other financial assets	-931	102 875
Payments for operations	-14 927	-20 732
Tax	-14 080	-17 580
Net cash flow from operating activities	**6 544 526**	**3 588 875**
Cash flow from investing activities		
Payments on purchase of loan portfolio from parent bank	-7 129 273	-5 811 230
Receipts on sale of loan portfolio to parent bank	156 771	99 721
Net cash flow from investing activities	**-6 972 502**	**-5 711 510**
Cash flow from financing activities		
Net deposits/loans from credit institutions		-46 247
Raising of certificates and bond debt	2 000 000	3 100 000
Repayment of certificates and bond debt	-925 751	-975 214
Payout of dividends	-50 000	
Net receipts from equity issue/capital increase		320 000
Net interest payments on financing activities	-573 095	-244 321
Net cash flow from financing activities	**451 154**	**2 154 218**
Net cash flow for the period	23 177	31 583
Cash and cash equivalents at the start of the period	187 309	155 726
Cash and cash equivalents at the end of the period	210 487	187 309

Notes

Contents

1 GENERAL DISCLOSURES

SSB Boligkreditt AS is a wholly owned subsidiary of Sandnes Sparebank. The institution was established to be the Parent Bank's mortgage credit institution for issuing covered bonds. SSB Boligkreditt AS offers home mortgage loans when the collateral is within 80% of the value of the home. The institution started operations in February 2009.

SSB Boligkreditt has its headquarters in Sandnes Municipality, with office address Rådhusgata 3 Sandnes.

The annual financial statements for 2023 were approved by the Board of Directors on 10.04.2024.

2 ACCOUNTING POLICIES

General

SSB Boligkreditt AS is part of the Sandnes Sparebank group, which implemented IFRS for their group financial statements as at 01.01.2005.

The accounts of SSB Boligkreditt AS have been prepared in accordance with simplified application of the international financial reporting standards pursuant to section 3-9 of the Norwegian Accounting Act, hereinafter referred to as simplified IFRS. Simplified IFRS entails the right to declare dividends and group contributions in subsidiaries and to list the Board's proposal for dividends and group contributions as debt on the balance sheet date. According to full IFRS-standards, dividends are to be classified as equity until they are resolved at the general assembly. Otherwise, the regulation entails that the institution fully applies the accounting principles that follow from IFRS.

The measurement basis for the financial statements is historical cost, with the exception of financial derivatives and the financial assets and liabilities that are reported at fair value with changes in value through the income statement.

All amounts in the financial statements are presented as thousand amounts unless otherwise specifically stated, and Norwegian Kroner is the institution's presentation currency.

New standards and interpretations adopted from and including the 2023 financial year

IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements

Clarification of which accounting policies should be presented in the annual financial statements. Assessments of which information about accounting policies is material must be made in the same way as other assessments of what is material. This has also been clarified through amendments to IFRS Practice Statement 2.

The amendments are intended to help those preparing accounting information determine which accounting policies an institution must disclose in its annual financial statements. The current requirement is that information on material accounting policies must be disclosed, whereas before this applied to significant accounting policies.

Explanations of how institutions can identify material accounting policies have been added. An accounting policy may be material if the user of the financial statements requires information about the accounting policy to understand other material information in the annual financial statements. The amendment stresses that if non-material accounting policies appear in the notes, they must not influence the user's perception of the material accounting policies. Therefore, the material accounting policies must be stated clearly and be readily understood by the user.

No other changes to standards and/or interpretations relevant to the institution were made in 2023.

Foreign currency

The presentation currency is Norwegian Kroner (NOK), which is also the functional currency for the institution.

Income recognition

Interest income and costs are posted to the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of loans and deposits, as well as distributing interest income or interest costs within the expected maturity. The effective interest rate is determined by discounting contractual cash flows within the expected maturity. The method involves the ongoing income recognition of nominal interest rates with the addition of amortisation of establishment fees. If a loan has been impaired as a result of loss of value (included in Stage 3), interest income is recognised as an effective interest rate, calculated on impaired expected cash flows.

Commission income and costs are generally accrued as a service is ongoing and classified as "Commission Income" and "Commission Costs", respectively. Fees associated with interest-bearing instruments are included in the calculation of effective interest rates and recorded in the income statement accordingly.

Other fees subject to IFRS 15 are limited in scope for the institution. Fees are charged to the customer's account on an ongoing basis and on the date accrued, and are recognised as income on an ongoing basis.

The institution has only limited income containing significant elements of separate delivery obligations.

Financial instruments

Classification of financial instruments

Classification of financial instruments is carried out on the basis of the purpose of the acquisition and the characteristics of the instrument.

Financial assets are classified as:

- Financial instruments valued at amortised cost (AC)
- Financial instruments valued at fair value with change in value through profit or loss (FVTPL)
- Financial instruments at fair value with change in value through OCI (FVOCI)

Financial debt is classified as:

- Financial liabilities at fair value with changes in value through the income statement
- Other financial liabilities measured at amortised cost

The definition of a financial instrument is determined by IAS 32 and has not been changed due to IFRS 9. When determining the measurement category, IFRS 9 distinguishes between ordinary debt instruments and equity instruments, including derivatives. Ordinary debt instruments mean interest instruments where returns constitute compensation for the time value of money, credit risk and other relevant risks resulting from ordinary debt instruments.

Derivatives
All derivatives held by the institution are measured at fair value with valuation changes through the income statement, but derivatives designated as hedging instruments shall be recognised in line with the principles for hedge accounting.

Financial assets that are debt instruments
For ordinary debt instruments, the measurement category is determined according to the purpose of the investment. Debt instruments included in a portfolio for the purpose of receiving contractual cash flows through interest and instalments shall be measured at amortised cost.

Debt instruments included in a portfolio with the aim of both receiving cash flows and making sales shall be measured at fair value through other comprehensive income (FVOCI), with interest income, currency conversion effects and impairments presented through ordinary profit.

Instruments that at the outset should be measured at amortised cost or at fair value with valuation changes through comprehensive income (FVOCI), may be designated to be measured at fair value with valuation changes in value through the income statement if this will eliminate or significantly reduce an accounting mismatch (Fair Value Option/FVO).

Fixed income instruments in other business models shall be measured at fair value through profit and loss.

Financial liabilities
For financial liabilities that have been determined to be recognised at fair value through ordinary profit or loss, changes in value due to the institution's own credit risk shall be recognised through comprehensive income (OCI), unless the recognition through comprehensive income (OCI) creates or reinforces an accounting mismatch. The institution has a limited scope of liabilities determined at fair value and the effect on the Group is therefore considered immaterial.

Hedge accounting
The institution uses hedge accounting for fair value hedging of some fixed rate funding (bond loans). Derivatives related to these fixed rated bonds are earmarked for hedging purposes. IFRS 9 requires that there should be a financial relationship between the hedging instrument and the hedging object, and that credit risk should not dominate the value changes of the hedging instrument. A prospective (forward-looking) efficiency test and the preparation of hedging documentation are also required.

Measurement

First posting

All financial instruments are measured at fair value on the trading day at the time it is first posted in the accounts. Transaction costs that are directly attributable to the establishment of the asset/liability are included in the cost price of all financial instruments that are not classified at fair value with changes in value through ordinary profits.

Subsequent measurement

Measuring at fair value
For all financial instruments traded in an active market, the listed price obtained from either a stock exchange, broker or pricing agency is used. Financial instruments that are not traded in an active market are valued according to various valuation techniques, which have been carried out in part by professional agencies. All changes in fair value are incorporated directly in the income statement unless the asset is classified as financial instruments at fair value with a change in value through other comprehensive income (FVOCI).

The institution has assessed the fair value of floating-rate loans to match nominal value, adjusted with the corresponding expected credit loss (ECL) of the loan. This is justified by the fact that such loans are reprised almost continuously, and that any deviation from the nominal value in an arm's length transaction between informed and willing parties is considered immaterial.

Measurement at amortised cost
Financial instruments that are not measured at fair value are valued at amortised cost and revenues/costs are calculated according to the effective interest method. The effective interest rate is determined by discounting contractual cash flows within the expected maturity. Amortised cost is the present value of the cash flows discounted at the effective interest rate.

Hedge accounting
The institution uses hedge accounting for fair value hedging of some fixed rate funding (bond loans). Derivatives related to these bonds are earmarked for hedging purposes. The hedging effectiveness is evaluated and documented both upon initial classification and upon each closing of accounts. In the case of fair value hedging, the hedging instrument is recognised at fair value and the value of the hedging

object is adjusted for the change in value related to the hedging risk. Changes in these values from the opening balance are recognised in the income statement. This method ensures that the presentation of these instruments in the financial statements complies with the institution's policies for managing interest rates and actual economic developments. If the hedging ratio is interrupted or sufficient hedging efficiency cannot be verified, a change in value associated with the hedging object is amortised throughout the remaining term.

Impairment of financial assets

Through IFRS 9, loss provisions shall be recognised based on expected credit losses (ECL). The general model for impairments of financial assets includes financial assets that are measured at amortised cost or at fair value with changes in value through other OCI. In addition, loan receivables, financial guarantee contracts that are not measured at fair value through profit, and receivables on leases are also included.

The measurement of provisions for expected losses in the general model depends on whether the credit risk has increased significantly since the initial balancing. Credit deterioration is measured by developments in probability of default (PD).

Upon initial capitalisation and when credit risk has not increased significantly after initial capitalisation, the 12-month expected loss is recognised. The 12-month expected loss is the loss expected to occur over the lifetime of the instrument, but which can be linked to default events occurring in the first 12 months. If credit risk has increased significantly after initial recognition, the provision shall correspond to expected losses over the lifetime.

In line with IFRS 9, the institution separates its loans into three stages;

STAGE 1

This is the starting point for all financial assets covered by the general loss model. All assets that do not have significantly higher credit risk than on initial recognition are calculated a loss cost equal to 12 months' expected loss.

STAGE 2

Stage 2 of the loss model are assets that have had a significant increase in credit risk since the initial recognition, but where no credit loss has occurred on the balance sheet date. A provision equal to expected losses over its lifetime is calculated for these assets. This group includes accounts with a significant degree of credit deterioration, but which on the balance sheet date belong to customers without any objective loss event. When it comes to delimitation towards stage 1, the institution defines a significant degree of credit deterioration by checking if an engagement's estimated probability of default (PD) has increased significantly or the customer has been granted payment reliefs.

STEG 3

Stage 3 contains assets which have had a significant increase in credit risk since granting and where there is an objective loss event on the balance sheet date. The institution creates an individual loss provision for these assets. On each balance sheet date, it is assessed if there exists objective evidence that the value of individually assessed loans has been reduced. The fall in value must be the result of one or more events occurring after initial balancing (a loss event) and the result of the loss event (or events) must also be reliably measured. Examples of such incidents are significant financial problems with the debtor, payment default or other breach of contract. If there is objective evidence that a reduction in value has occurred, the size of the loss is calculated. For loans recognised at amortised cost, the loss is calculated as the difference between the value recognised in the balance sheet and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The period's changes in the assessed value of loans are recognised in the income statement under "impairments and losses on loans and guarantees".

For further description of loss model please refer to Note 6.

More about other financial instruments

Loans and receivables

Loans and receivables are financial assets that are not listed on the market. Floating-rate loans are valued at amortised cost according to the effective interest method. The institution has no fixed rate funding or loans for any other purpose than to collect the contractual cash flows of its portfolio.

Certificates and bonds

The institution's liquidity portfolio of certificates and bonds is assessed at fair value through profit or loss (FVTPL) in line with the business model that governs management of the liquidity portfolio in accordance with IFRS 9. The business model gives a required rate of return for the liquidity portfolio and purchases and sales are made in order to maximise profits.

Financial derivatives

Derivatives are valued at fair value with changes in value through ordinary profit (FVTPL). Fair value is assessed on the basis of listed market prices in an active market, including recent market transactions as well as various valuation techniques. All derivatives are posted as assets if the fair value is positive, and as liabilities if the fair value is negative.

Deposits and other financial liabilities

Securities issued with floating interest are measured at amortised cost. For fixed-rate securities issued, hedge accounting is used where changes in the value of the hedged part of the securities are recognised over ordinary profit and loss.

Other financial debts are measured at amortised cost where differences between the amount received minus transaction costs and redemption value are distributed over the loan period using the effective interest method.

Calculation and derecognition of financial assets and liabilities

Financial assets and liabilities are recognised on the trade date, i.e. the time the bank becomes a party to the contractual terms and conditions of the instruments.

Financial assets are deducted when the contractual rights to the cash flows from the financial assets have expired, or when the rights to the cash flows from the assets have been transferred in such a way that risk and return related to ownership have been transferred.

Financial liabilities are waived when the contractual conditions have been met, expired or cancelled.

Buy-back of securities issued

Any premium or discount in the event of a buy-back of own bonds is recognised in the income statement and recognised under interest costs. Any purchase premium on buy-back of securities before maturity is regarded as a loss/profit and is presented and recognised in the income statement under the item "net change in value of financial instruments". Interest from other financial liabilities is recognised as "interest costs" in the income statement.

Modified assets and liabilities

If modifications or other changes are made to the terms of an existing financial asset or obligation, the instrument shall be treated as a new financial asset or obligation if the renegotiated terms have been significantly changed from the old terms. If the conditions for material change are met, the old asset or liability is waived, and a new asset or obligation is recognised.

If the modified instrument is not considered to have been significantly changed from the existing instrument, the instrument shall be considered to be a continuation of the existing instrument. In such cases, the new cash flows are discounted at the instrument's original effective interest rate and any difference to the existing capitalised amount will be recognised as ordinary profit in the income statement.

Income tax

Tax recognised in the income statement consists of payable tax and deferred tax. Tax payable is calculated tax on taxable income for the year. Deferred tax is recognised in accordance with the debt method in accordance with IAS 12. Liabilities or assets are calculated for deferred tax on temporary differences, which is the difference between the carrying amount and the tax value of assets and liabilities. However, no liability or asset is calculated on the initial recognition items that neither influence accounting nor taxable profits. An asset is estimated in the event of deferred tax on tax-related losses carried forward. Deferred tax assets are recognised in the balance sheet to the extent it is likely that they can be used against future taxable income.

As at 31.12.2023, the tax rate on ordinary income in Norway was 22%, and the tax rate remained unchanged in 2023.

Cash flow

The cash flow statements are prepared according to the direct method, and indicates the cash flows grouped by sources and areas of application. Liquids include cash and receivables from banks.

Approved standards and interpretations with future effective date

Only standards and interpretations that are considered relevant to the institution have been included.

Annual improvement projects

In connection with annual improvement projects, the IASB has made minor changes to a number of standards. The changes are considered not to have a material impact on the institution.

3 APPLICATION OF ESTIMATES

The preparation of financial statements in compliance with generally accepted accounting policies in some cases requires the management to make assumptions and to rely on estimates and discretionary assessments. Estimates and discretionary assessments are evaluated on an ongoing basis and are based on past experience and assumptions about future events that appear likely on the balance sheet date. Some uncertainty is associated with the assumptions and expectations that are used in estimates and discretionary assessments. Actual results may differ from the estimates and the assumptions.

Impairments of loans and guarantees

In the case of individually assessed loans and groups of loans that have been identified as problem loans, a calculation is made to determine the value of the loan or group of loans. This calculation requires the use of magnitudes that are based on judgements, and these affect the quality of the calculated value. Impairment assessments are conducted each quarter.

Stage 3 impairments (individual impairments)
If objective evidence exists of the impairment of a loan measured at amortised cost, the impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted by the loan's original effective interest rate. Future cash flows are estimated based on experience and discretionary assessments of likely outcomes of, for example, market developments and specific factors regarding each loan, including empirical data regarding the debtor's ability to manage a pressured financial situation. Measuring loan impairment includes an element of uncertainty in relation to identifying loans that have suffered an impairment loss, estimating the timing and amounts of future cash flows, and measuring collateral.

Stage 1 and 2 impairments (statistical impairments)
Loans that are not subject to individual impairment are included in the calculation of statistical impairment (IFRS 9 impairment) for loans and guarantees. The impairment is calculated based on developments in the customers' risk classification (as described in note 6), loss experience for the respective customer groups (PD and LGD) and the cyclical and market developments (macro conditions). For more information, please see note 6.

The statistical model for calculating expected credit losses (ECL) on loans is based on several critical assumptions, including probability of default, loss given default, expected lifetime of loans and macro developments. Due to significant estimate uncertainty, sensitivity analyses are required to present the effects of specific changes in various parameter. These are provided in note 9.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using various measurement techniques. Wherever possible, the institution strives to base such measurements on market conditions on the balance sheet date. If no empirical market data is available, assumptions are made concerning how the market would price the instrument, for example based on the pricing of similar instruments. Such measurements require the extensive application of judgement, including when measuring credit risk, liquidity risk and volatility. A change in one or more of these factors may affect the value set for the instrument. The fair value of financial instruments is presented in note 19.

4 CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

	31.12.2023	31.12.2022
CAPITAL ADEQUACY RATIO		
Share capital	427 600	427 600
Share premium	242 500	242 500
Other equity	343 410	338 180
Equity	1 013 510	1 008 280
Deduction for goodwill and other intangible assets	-1 236	-958
Deduction for prudent valuation	-678	-972
Total Tier 1 capital	1 011 596	1 006 350
Own funds	**1 011 596**	**1 006 350**
RISK-WEIGHTED CAPITAL		
Credit risk – standard method	5 233 188	4 778 515
Operational risk	165 871	161 275
CVA Risk	2 818	5 608
Risk-weighted assets	**5 401 876**	**4 945 397**
Capital adequacy ratio	**18.7**	**20.3**
Tier 1 capital ratio	**18.7**	**20.3**
CET1 capital ratio	**18.7**	**20.3**
SPECIFICATION OF RISK-WEIGHTED ASSETS		
Standard method		
Institutions	46 004	47 558
Enterprises	45 613	
Loans with collateral in real estate	5 091 778	4 630 632
Past due loans		
Covered bonds	49 794	79 042
Others		21 283
Credit risk	5 233 188	4 778 515
Operational risk	165 871	161 275
CVA risk	2 818	5 608
Total risk-weighted assets	**5 401 876**	**4 945 397**

The institution applies the standardised approach to the capital adequacy measurements.

The main objective of SSB Boligkreditt is to ensure the Sandnes Sparebank group access to satisfactory funding. This is effected through the issue of covered bonds (OMF).

The institution has an internal capitalisation policy which requires a CET1 capital ratio above the minimum total capital requirement set by the Financial Supervisory Authority of Norway. The adopted capitalisation policy shall contribute to the institution having equity capital of a sufficient size to enable effective use of equity relative to the scope and risk profile of the business. Access to liquidity shall be the dominant consideration with respect to the goal of achieving competitive returns on equity.

The equity capital shall also ensure that the institution will have sufficient capital buffers to withstand periods with losses.

The capitalisation of the institution is closely tied to the size of the portfolio of loans transferred to the institution. Limits have been set for the size of the portfolio relative to the loan portfolio of the parent bank. The limit is a total loan portfolio equivalent to up to 70% of the Group's total lending in the retail market.

5 RISK MANAGEMENT

The Board of Directors of SSB Boligkreditt AS puts great emphasis in risk management through the identification, measurement and management of the different risks to which the institution may be exposed. This maintains the confidence in SSB Boligkreditt AS that it is necessary to have in the market. SSB Boligkreditt AS shall have a low risk profile.

Organisation and authorisation structure

Board of Directors

The Board of Directors of SSB Boligkreditt AS is the institution's highest governing body with respect to risk and control. The Board of Directors is also responsible for ensuring that the institution has adequate equity relative to the risk and scope of the institution's operations, and for ensuring compliance with statutory capital adequacy requirements.

The Board of Directors determines the overall objectives, such as risk profile, required rates of return and capital levels. The Board of Directors also determines the framework and authorisations within the different risk areas. Guidelines for the institution's risk management are also the responsibility of the Board of Directors.

CEO

The CEO has the daily responsibility for risk management. This means that the Managing Director is responsible for implementing effective risk management systems, and ensuring that risk exposures are monitored and reported in a satisfactory manner.

Risk management

SSB Boligkreditt AS does not have a separate risk management unit, but is utilising the resources of Sandnes Sparebank. This also ensures the necessary autonomy.

Credit risk

Credit risk is defined as the risk of loss due to customers and other counterparties becoming unable to pay at the agreed time and according to written agreements, and due to collateral received not covering outstanding claims. The operating framework of the institution has defined limits for which loans that should be included in the loan portfolio of SSB Boligkreditt and sets the requirements for both borrowers and collateral. The institution is using a classification system that only allows the best risk classes to be part of the institution's cover pool.

As at 31.12.2023, the institution had a loan portfolio amounting to NOK 14.0 (11.9) billion, with an average loan to value ratio of 53.5% (51.1%). The Board of Directors considers the quality of the portfolio to be very good, which also entails low credit risk.

Liquidity and settlement risk

Liquidity risk is defined as the risk of the institution not being able to fulfil its obligations and/or finance an increase in assets without extra costs arising in the form of price reductions for assets that have to be realised, or in the form of increased funding cost. Liquidity risk is managed through limits set by the Board of Directors.

Market risk

Market risk is defined as risk of loss of market values of portfolios of financial instruments, due to fluctuations in share prices, currency exchange rates and interest rates. SSB Boligkreditt AS is not exposed to currency or equity instruments. Limits have been set for interest risk exposure.

Interest rate risk

Interest rate risk is the risk of incurring losses arising due to changes in interest rate levels. The risk arises primarily from funding by fixed income securities. The institution measures interest rate risk as the profit effect of a shift in the yield curve. The main principle of the institution's interest rate risk management is to neutralise the interest rate risk by matching the institution's assets and liabilities. The institution is constantly monitoring its interest rate exposure. Interest rate exposure is measured at 3 month intervals from 0-15 years.

Operational risk

Operational risk is defined as the risk of loss due to insufficient or deficient internal processes, human errors and system faults, or external events. Guidelines are in place to ensure reporting of undesirable events.

ESG risks

ESG risks are those arising from environmental, social and governance factors, which also include climate-related risk. Climate-related risk includes the risk of increased credit risk and financial losses for the bank as a result of climate change. The institution conducts an annual review of risk in the institution, which includes ESG and climate-related risk.

6 CREDIT RISK

Maximum exposure to credit risk	31.12.2023	31.12.2022
Bank deposits	210 487	187 309
Loans to customers	14 002 608	11 911 405
Financial derivatives	1 097	7 809
Prepaid costs and accrued income		6 843
Total credit risk exposure in balance sheet items	**14 214 193**	**12 113 366**
Unused credit facilities and loan commitments	1 156 183	1 184 339
Total credit risk exposure	**15 370 376**	**13 297 705**

As at 31.12.2023, the institution had a mortgage portfolio amounting to NOK 14.0 billion. At the same point in time, no substantial loan amounts were in default (over 90 days). The quality of the loan portfolio is considered to be very good, and the credit risk as low.

Score card models are used as part of the quantification of credit risk. These models calculate the customer's probability of default (PD) over the next 12 months.

SSB Boligkreditt AS uses the same models as Sandnes Sparebank. The models vary based on how much, and what kind of, information is available on the individual customer.

Probability of default

SSB Boligkreditt AS uses the same models for estimating probability of default (PD) as the other Eika banks. These are scorecards that were developed based on the entire Eika portfolio of customers, including Sandnes Sparebank's customers. The large pool of data on which their development was based makes it easier to produce models and, not least, validate and maintain them.

Customers are scored monthly using different credit models. The models vary on the basis of how much and what kind of information is available for each individual customer. This means that for new customers, the models use publicly available information, while for existing customers, behavioural history in the institution is also used. The publicly available information is from an external credit information agency. Scorecards for completely new customers, those without a history with us, are also based on data from, and the methods of, an external credit information agency. As the institution accumulates more internal information about customers, more and more internal data is weighted into the models over the course of up to four stages that culminate in a situation where eventually the data being used is mainly internal.

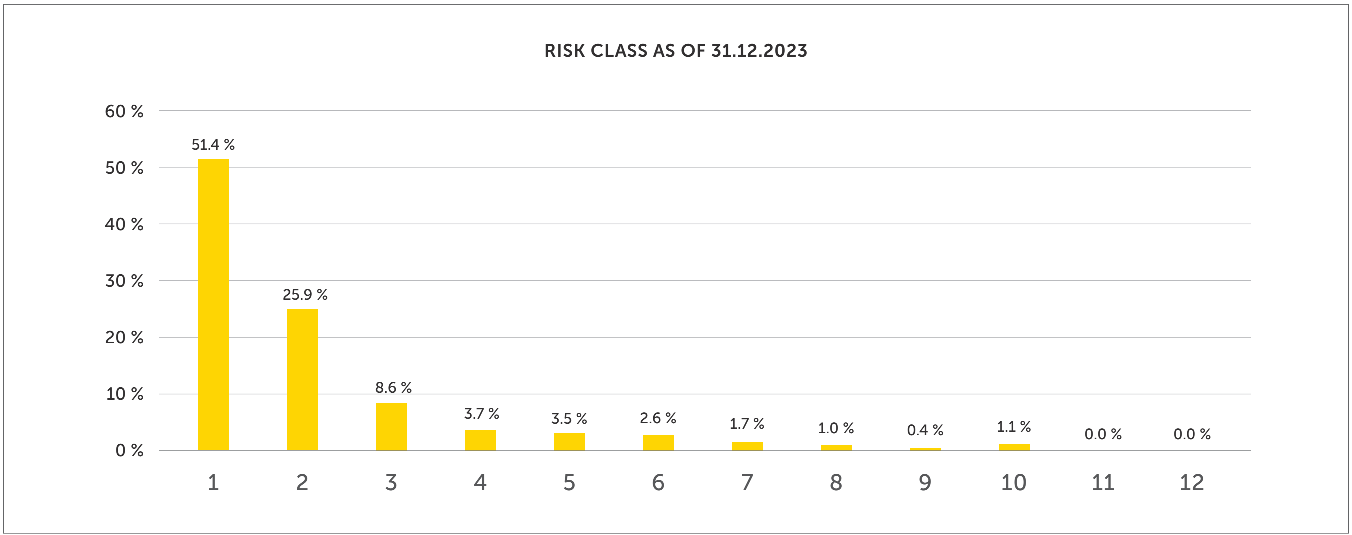
The models were developed on the basis of data from 2014-2019 and the old definition of default. This involved just a single absolute limit for default of NOK 1 000 and the fact that the arrears had to be more than 90 days past due. The new definition involves an additional relative limit of at least 1% of the loan, as well as manual assessments where the customer is not in default but where the institution believes that the customer is likely to have problems meeting their obligations. The updated definition of default, which was formulated in line with the European Banking Authority's guidelines, was used in the validation processes, which were conducted using data up to June 2023, without this having any significant impact on the quality of the model. The difference in the definitions primarily affects when defaults occur, which is somewhat later with the new definition than with the old definition. In other words, there is no significant difference in which customers default.

The models calculate a score that can be converted into a probability of default and then assigned a risk class. The institution currently uses a scale from 1 to 12, where 1 is the best and 11 and 12 are customers who are in default or have loans with individual impairment. The model is regularly tested both by the Eika Gruppen centrally, but also through own validation of Sandnes Sparebank which also includes SSB Boligkreditt AS. The results of the tests show that the model generally manages to distinguish good from bad customers, and also estimates the level of default within what is considered an acceptable range. The last two years' validation processes have produced estimated levels that are somewhat above the realised ones.

The various risk classes and associated upper limit for probability of default are shown in the table below:

Risk class	Upper limit
1	0.10 %
2	0.25 %
3	0.50 %
4	0.75 %
5	1.25 %
6	2.00 %
7	3.00 %
8	5.00 %
9	8.00 %
10	99.99 %
11 and 12	100.00 %

The distribution of the portfolio in the various collateral classes is as follows:

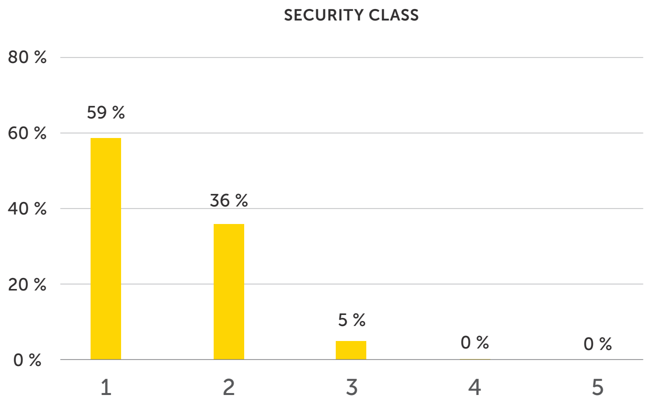


Loss given default

In order to reduce credit risk, all loans are secured on property. A combination of appraisal and statistical valuation based on sales prices from Eiendomsverdi is used to assess the value of the collateral. Valuations are then updated on a quarterly basis based on statistical data from Eiendomsverdi. To ensure that the models are accurate enough, the statistical models include, among other things, quality targets that specify the proportion of the portfolio that can be in areas with long sales times and thus low liquidity in the housing portfolio and thereby less certain estimates. Eiendomsverdi uses a scale that goes up to 20, where 20 is the best. The proportion of mortgages in areas that scored less than 10 was less than 3.0%, and less than 0.5% of the loans were in areas that scored less than 4.

The loans are then classified into up to six collateral classes, based on LTV ratios. Next, a loss given default (LGD) value is calculated for each collateral class.

Security class	Max loan to value	LGD
1	60 %	2.50 %
2	80 %	3.50 %
3	100 %	6.00 %
4	110 %	12.50 %
5	∞	25.00 %



Total risk

The expected credit loss for each loan is calculated based on the probability of default and loss given default. Three risk groups are defined for loans that are not impaired/defaulted based on expected credit loss.

Risk group	Expected credit loss lower limit	Expected credit loss upper limit
Low	0.00 %	0.25 %
Moderate	0.25 %	1.00 %
High	1.00 %	100.00 %

Further information about the ECL model

Risk classification is also used as a basis for calculating losses in Stages 1 and 2 pursuant to IFRS 9. In Stage 1, the expected credit loss over 12 months is calculated. In the event of a material increase in credit risk, the loan must be transferred to Stage 2 and the expected credit loss for the entire term of the loan calculated. SSB Boligkreditt AS defines a significant increase in credit risk as the customer experiencing an increase in probability of default in the next 12 months of at least 0.6 percentage points. At the same time, the probability of default over the term of the loan must have increased such that the loan as a minimum migrates by at least one risk class.

In addition, an account is defined as Stage 2 if it is flagged with forbearance or there have been arrears for, or the account has been overdrawn by, more than NOK 1 000 for more than 30 days.

Stage 3 is the same as the individual impairments that are evaluated subjectively in each case.

Since a change in PD of at least 0.6% is now required to constitute a significant risk, this can be viewed as the introduction of a low risk exception. This exception is regarded as appropriate in order to avoid loans with a low PD migrating to Stage 2, due to changes in PD that are small in absolute terms, before migrating back fairly soon afterwards. Not having such absolute limits for how much PD can change before an account migrates a stage would result in significant volatility and constant changes in stage classification given that customers' PD is updated on a monthly basis. In the opinion of the institution, the use of this exception has no material impact on the distribution of loans between the stages or for the total provisions for losses, although nor does it provide a more correct stabile impression of risk developments. The effect of this minimum change limit is a reduction in the institution's calculated ECL of NOK 1.5 million.

In order to determine expected credit losses over a loan's term to maturity in Stage 2, it is assumed that shifts in customers' risk class follow a so-called Markov process. Here, the institution applies a migration matrix based on historical risk class shifts to describe future risk class shifts. The expected changes in risk class one year into the future are a result of historical changes and expected changes. For example, 5 years into the future is the same as five 1-year changes in a row. This enables PD to be calculated for an arbitrary number of years into the future. The lifetime PD matrix specifies the probability for a given risk class a given number of years into the future.

When PD is 5% or less, the expected term to maturity is used. The expected term to maturity is calculated based on empirical data as an average per product type. When PD is more than 5%, the full term to maturity is used.

SSB Boligkreditt AS then adjusts provisions for losses by the expected developments in various macro variables that deemed to have an impact on expected credit losses. The model was adjusted for the current year and mainly uses external sources, which have both historical data as well as estimates for the future. This makes it possible to estimate future effects. Using regression analysis, correlations and explanatory power were established between different combinations of variables. Using estimates of how these variables will develop the future, we can estimate the effect on losses for the coming years.

As at 31.12.2023, the institution expects the macro variables to develop as follows:

Year	Mainland Norway GDP (annual change)	Housing prices Norway	Housing prices Stavanger	Unem-ployment Norway	Unem-ployment Rogaland	Money market rate	Oil invest-ments, 1 year lag (annual change)
2024	1.7 %	-0.6 %	0.6 %	3.8 %	1.9 %	4.7 %	8.0 %
2025	2.0 %	0.4 %	3.7 %	3.9 %	2.1 %	3.9 %	5.0 %
2026	2.0 %	2.9 %	4.5 %	4.0 %	2.3 %	3.3 %	1.0 %
2027	1.9 %	2.6 %	3.7 %	4.0 %	2.3 %	2.4 %	-1.0 %
2028	1.9 %	2.6 %	3.7 %	4.0 %	2.3 %	2.4 %	0.0 %

Sources: Statistics Norway, the Norwegian Labour and Welfare Administration (NAV), Social Economic Analysis.

The historical figures for the longest time series used to develop the models stretch back to 2000, while the shortest time series stretch back to 2009. Having data stretching back to 2009 means that the downturn in oil between 2015-2017 is included in the bank's data and that the model's source data includes a local period of economic downturn.

Special models have been created for the sub-portfolios listed below:
- Customers in Rogaland
- Customers outside Rogaland

For each of these, we develop one main scenario for the effect on PD and one for the effect on LGD, as well as upside and downside scenarios based on variations in relation to the main scenario with a standard deviation of 2.5 and thereafter decreasing over time.

It is the average effect on PD and LGD that is used, and this is based on the same weighting as the main scenario (70%), the upside scenario (10%) and the downside scenario (20%).

Exposure at default (EAD)

EAD for agreements in Stage 1 consists of outstanding receivables or obligations adjusted for cash flows in the next 12 months, and EAD for agreements in Stage 2 consists of the discounted cash flows for the expected lifetime of the agreement. Unused credit facilities have an EAD equal to the outstanding unused credit at time of reporting.

The tables below show the share of exposure at default by risk group and stage.

Share of exposure at default by risk group and stage

31.12.2023

	Risk group				
Stage	Low	Moderate	High	Default / impaired	Total
1	95 %	0 %	0 %	0 %	95 %
2	4 %	1 %	0 %	0 %	5 %
3	0 %	0 %	0 %	0 %	0 %
SUM	**99 %**	**1 %**	**0 %**	**0 %**	**100 %**

31.12.2022

	Risk group				
Stage	Low	Moderate	High	Default / impaired	Total
1	90 %	0 %	0 %	0 %	91 %
2	8 %	1 %	0 %	0 %	9 %
3	0 %	0 %	0 %	0 %	0 %
SUM	**99 %**	**1 %**	**0 %**	**0 %**	**100 %**

Total exposure by risk groups

31.12.2023

Risk groups	Loans to customers	Guarantees	Unused limit	Total loans and advances	%
Low	13 855 233		1 154 001	15 009 234	99.0 %
Moderate	143 535		2 182	145 717	1.0 %
High	3 840			3 840	0.0 %
Default / impaired					0.0 %
Total	**14 002 608**		**1 156 183**	**15 158 791**	**100 %**

31.12.2022

Risk groups	Loans to customers	Guarantees	Unused limit	Total loans and advances	%
Low	11 752 109		1 181 258	12 943 367	98.8 %
Moderate	142 553		3 102	145 655	1.1 %
High	5 577		-21	5 556	0.0 %
Default / impaired	1 166			1 166	0.0 %
Total	**11 911 405**		**1 184 339**	**13 095 744**	**100 %**

Age distribution of defaulted loans

The table shows overdue amounts on loans and overdrafts of credits/deposits distributed by the number of days overdue.

	31.12.2023	31.12.2022
1-30 days	5 223	26 773
31-60 days	276	3 205
61-90 days		
> 90 days		
Total	**5 499**	**29 978**

ESG

Wherever possible, the company automatically collects information on energy ratings, whether an individual property is in an area exposed to flooding, landslides, etc. and on the property's registered technical status. As at the end of 2023, the company had energy ratings for just under 60% of the loans. Of those loans with collateral in a property with an energy rating, 41% have one of the top three ratings (A, B and C), and 28% have the two lowest ratings (F and G). The proportion with the lowest ratings remained stable throughout the year, while the proportion with the top three ratings slightly increased last year (from 39%). The total proportion of loans for which the company has such information also increased by about 3 percentage points during the course of the year.

7 LENDING TO CUSTOMERS

Loans to customers

	31.12.2023	31.12.2022
Loans to customers at fair value		
Loans to customers at amortised cost	14 002 608	11 911 405
Net loans to customers	**14 002 608**	**11 911 405**

8 LOANS BY GEOGRAPHIC REGION AND BUSINESS SECTOR

Geographical distribution

	Lending		Unused credit facilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Rogaland	12 546 724	10 592 082	1 045 325	1 079 431
Oslo/Akershus	685 061	595 319	63 499	52 644
Other counties	762 952	717 930	46 802	50 144
Abroad	12 009	11 429	557	2 119
Total	**14 006 746**	**11 916 761**	**1 156 183**	**1 184 339**

Divided by industries

	Lending		Unused credit facilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Personal customers and others	14 006 746	11 916 761	1 156 183	1 184 339
Write-downs	-4 137	-5 356		
Net loans	**14 002 608**	**11 911 405**	**1 156 183**	**1 184 339**

9 IMPAIRMENTS AND LOSSES ON LOANS

Losses on loans and guarantees

	31.12.2023	31.12.2022
Period's changes in provisions for losses, Stage 1	186	523
Period's changes in provisions for losses, Stage 2	-1 450	-1 580
Period's changes in provisions for losses, Stage 3		
Recognition of earlier impairments		
Recognition without earlier impairments		
Reversals of previously recognised losses		
Losses on loans and guarantees	**-1 264**	**-1 056**

There are no significant doubtful or defaulted commitments as at 31.12.2023.

31.12.2023

Changes in provisions for losses

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impairments
Provisions for losses as at 01.01.2023	**1 036**	**4 433**		**5 469**
Movements affecting profit:				
Transfers:				
Transfers from Stage 1 to Stage 2	-53	808		755
Transfers from Stage 2 to Stage 1	43	-992		-948
Additions of loans and advances during the period	701	950		1 651
Disposals of loans and advances during the period	-332	-1 609		-1 941
Changes during the period for loans and advances not migrated	-173	-607		-780
Other adjustments				
Provisions for losses as at 31.12.2023	**1 222**	**2 983**		**4 205**
Recognised as a reduction of loans to/receivables from credit institutions				
Recognised as a reduction of loans to customers				4 137
Recognised as provisions for liability items				68
Total provisions for losses as at 31.12.2023				**4 205**

Gross capitalised loans and advances with impairment for expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Gross capitalised loans and advances as at 01.01.2023	**10 958 413**	**1 145 657**		**12 104 070**
Transfers:				
Transfers from Stage 1 to Stage 2	-232 060	232 060		
Transfers from Stage 2 to Stage 1	373 793	-373 793		
Additions of loans and advances during the period	3 298 410	-85 405		3 213 005
Changed provisions for losses during the period for loans and advances not migrated incl. disposals	-981 870	-117 972		-1 099 841
Gross capitalised loans and advances as at 31.12.2023[1]	**13 416 687**	**800 546**		**14 217 233**

1 The table above is based on gross loans and advances at the time of reporting, including loans to customers and receivables from credit institutions. The table does not include accrued interest on loans and advances or guarantees/unused credit lines of credit.

31.12.2022

Changes in provisions for losses

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impairments
Provisions for losses as at 01.01.2022	**513**	**6 012**		**6 525**
Movements affecting profit:				
Transfers:				
Transfers from Stage 1 to Stage 2	-51	1 482		1 431
Transfers from Stage 2 to Stage 1	93	-2 284		-2 192
Additions of loans and advances during the period	144	109		253
Disposals of loans and advances during the period	-239	-2 428		-2 667
Changes during the period for loans and advances not migrated	34	-319		-286
Other adjustments	544	1 861		2 405
Provisions for losses as at 31.12.2022	**1 036**	**4 433**		**5 469**
Recognised as a reduction of loans to/receivables from credit institutions				
Recognised as a reduction of loans to customers				5 356
Recognised as provisions for liability items				114
Total provisions for losses as at 31.12.2022				**5 469**

Gross capitalised loans and advances with impairment for expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Gross capitalised loans and advances as at 01.01.2022	**8 561 637**	**1 417 608**		**9 979 245**
Transfers:				
Transfers from Stage 1 to Stage 2	-409 803	409 803		
Transfers from Stage 1 to Stage 3				
Transfers from Stage 2 to Stage 1	607 179	-607 179		
Transfers from Stage 3 to Stage 1				
Additions of loans and advances during the period	2 447 682	158 883		2 606 565
Changed provisions for losses during the period for loans and advances not migrated incl. disposals	-248 283	-233 458		-481 740
Gross capitalised loans and advances as at 31.12.2022[1]	**10 958 413**	**1 145 657**		**12 104 070**

1 The table above is based on gross loans and advances at the time of reporting, including loans to customers and receivables from credit institutions. The table does not include accrued interest on loans and advances or guarantees/unused credit lines of credit.

Sensitivity analyses

The impairment model for calculating ECL for loans is based on a number of critical assumptions, including probability of default, loss given default, and general macroeconomic developments. The model and the loss estimates are thus vulnerable to changes in the assumptions that have been set.

To better understand how the portfolio can be expected to develop in the event of changes in various macroeconomic scenarios, the bank has chosen to conduct sensitivity analyses for the following factors and scenarios;

- The future will remain as today (expectations unchanged)
- The future will be like the negative macroeconomic scenario
- The future will be like the positive macroeconomic scenario
- Probability of default (PD) +10%
- Probability of default (PD) -10%
- House prices -10%
- House prices -20%

In the two adjustments of PD, it is assumed that the PD for all customers except those in default will increase or decrease by 10%, respectively.

As at the end of the year, an analysis based on expectations for the future indicates that on balance increased defaults and losses should be expected. In the "future will remain as today" scenario, the expectation = 1. While this is in theory a neutral scenario, it is at the same time a relatively positive scenario in that for most banks the situation today is that they are experiencing historically low losses and default figures, which is reflected in the low debt collection figures. It is thus more optimistic than the bank's base case. Meanwhile, in the negative scenario, the negative scenario is fully weighted in the calculation of the future. The effects of weighting the negative scenario 100% is based on the difference to the main expectation. The effect of weighting the positive scenario 100% has also been added for the last year. This has not been done before but provides an insight into a potential upside.

The last two scenarios are based on changing house prices. A decision has been made to focus on the downside effect. In addition to last year's effect of a price reduction of 10%, a 20% price reduction adjustment has been added this year.

The result of the sensitivity analysis is as follows;

	Unchanged future outlook	Negative macro scenario	Positive macro scenario	PD +10%	PD -10%	House prices -10%	House prices -20%
2023	0.4 %	38.7 %	-40.9 %	8.3 %	-6.9 %	22.4 %	51.8 %
2022	-29.5 %	12.2 %	n/a	7.8 %	-12.1 %	14.0 %	n/a

10 INTEREST RATE RISK

SSB Boligkreditt is not exposed to currency exchange risk or equity instrument risk. Thus, market risk only arises due to open holdings on the fixed income market. The risk is related to loss of earnings due to interest rate fluctuations.

Interest rate risk is related to negative earnings impacts due to market rate fluctuations. Primarily, the balance sheet of SSB Boligkreditt consists of loans to the retail market with a floating rate of interest, and funding in the form of covered bonds.

Time to repricing date (gap) for assets and liabilities

31.12.2023	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No interest exposure	31.12.2023
Bank deposits	210 487						210 487
Loans to customers		14 002 608					14 002 608
Certificates and bonds	190 777	421 265					612 043
Financial derivatives	-412 853		267	413 683			1 097
Other assets						1 236	1 236
Total assets	**-11 588**	**14 423 874**	**267**	**413 683**		**1 236**	**14 827 472**
Liabilities to credit institutions							
Securities issued	4 240 553	5 187 545	499 957	1 127 275	599 646		11 654 976
Financial derivatives	311 602	1 656 980	-603 576	-720 154	-579 939		64 912
Other liabilities	2 094 074						2 094 074
Equity						1 013 510	1 013 510
Total equity and liabilities	**6 646 228**	**6 844 526**	**-103 620**	**407 121**	**19 706**	**1 013 510**	**14 827 472**
Net liquidity exposure, balance sheet items	-5 933 362	9 236 328	-499 957	-1 127 275	-599 646	-1 012 274	63 815
Notional amount, derivatives	-724 454	-1 656 980	603 844	1 133 836	579 939		-63 815
Net total all items	**-6 657 816**	**7 579 348**	**103 887**	**6 561**	**-19 706**	**-1 012 274**	

NOK 0 (Loans to customers) in the Without interest rate exposure column relates to loss impairments.

31.12.2022	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No interest exposure	31.12.2022
Bank deposits	187 309						187 309
Loans to customers		11 911 405					11 911 405
Certificates and bonds	160 587	713 511					874 099
Financial derivatives	-413 768			421 577			7 809
Other assets						7 800	7 800
Total assets	**-65 872**	**12 624 917**		**421 577**		**7 800**	**12 988 422**
Liabilities to credit institutions							
Securities issued	2 239 702	5 713 269	299 987	1 428 491	899 278		10 580 727
Financial derivatives	312 468	1 965 135	-301 695	-1 029 685	-875 396		70 828
Other liabilities	1 328 588						1 328 588
Equity						1 008 280	1 008 280
Total equity and liabilities	**1 482 913**	**6 463 403**		**1 090 291**	**899 161**	**640 899**	**12 988 422**
Net liquidity exposure, balance sheet items	-3 220 393	6 911 648	-299 987	-1 428 491	-899 278	-1 000 480	63 019
Notional amount, derivatives	-726 236	-1 965 135	301 695	1 451 262	875 396		-63 019
Net total all items	**-3 946 629**	**4 946 513**	**1 707**	**22 771**	**-23 882**	**-1 000 480**	

NOK 0 (Loans to customers) in the Without interest rate exposure column relates to loss impairments.

Interest rate sensitivity

The value of on- and off-balance sheet items is affected by changes in interest rates. Interest rate sensitivity is calculated as a potential gain/loss in the event of a parallel positive shift in the interest rate curve of two percentage points. As at 31.12.2023, there were no fixed-rate loans in the institution. The institution's interest rate risk is considered to be low.

11 FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

Financial derivatives

Interest-related instruments are used to minimise interest rate risk on the institution's loans to customers. The institution uses interest rate swaps to minimise the interest risk on its fixed rate funding. As at 31.12.2023, the institution had no fixed rate loans or deposits.

The Board of Directors has approved limits for the institution's exposure to any counterparty in order to reduce the settlement risk related to the use of financial instruments.

The institution's right of set-off conforms to ordinary Norwegian law. SSB Boligkreditt uses ISDA agreements with counterparties in relation to financial derivatives. The agreements ensure set-off rights if the counterparties default on their obligations. CSA agreements have also been entered with all important financial counterparties.

	2023	Fair value as at 31.12.2023		2022	Fair value as at 31.12.2022	
	Notional amount	Positive market value [1]	Negative market value [1]	Notional amount	Positive market value [1]	Negative market value [1]
Interest rate agreements [2]	2 625 000	1 097	64 912	2 625 000	7 809	70 828
Foreign exchange rate agreements						
Total financial derivatives	**2 625 000**	**1 097**	**64 912**	**2 625 000**	**7 809**	**70 828**
[2] Of which used for hedging purposes	2 625 000	1 097	64 912	2 625 000	7 809	70 828

1 Market values of financial derivatives are presented inclusive of accrued (not capitalised) interest as at 31.12.

Hedge accounting

The institution uses hedge accounting for fair value hedging of fixed rate funding (bond loans). Only interest rate hedging is used using interest rate swaps. All interest rate swaps are NOK denominated since the institution is not exposed to foreign currency debt. Each individual hedging transaction is documented with a reference to the institution's risk management strategy, clear identification of the hedging object and hedging instrument, a clear description of the hedged risk, a description of why the hedging is expected to be effective, and a description of when and how the Group will document that the hedging has been effective during the accounting period and is expected to be effective in the next accounting period.

The institution has defined the hedged risk as changes in value related to the NIBOR component of the funding. The hedging effectiveness is evaluated and documented both upon initial classification and upon each closing of accounts. In the case of fair value hedging, the hedging instrument is recognised at fair value and the value of the hedging object is adjusted for the change in value related to the hedged risk. Changes in these values from the opening balance are recognised in the income statement as hedging ineffectiveness. This method ensures that the presentation of these instruments in the financial statements complies with the institution's policies for managing interest rates and actual economic developments. Ineffectiveness in the bank's hedging can arise due to actual changes in fair value of the floating leg of the hedging instrument. See note 15 for the recognised amounts in the income statement.

As at 31.12.2023, in all hedging arrangements, the hedging object and the hedging instruments have the same principal and the same duration and coupon on the fixed leg (1:1 hedging). The fixed rate is swapped to a floating rate on a 3-month basis.

Information about hedging instruments 31.12.2023

Type of hedging instrument	Nominal amount of hedging instrument	Capitalised amount of hedging instrument		Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate agreements	2 425 000	1 097	64 912	Financial derivatives	6 878
Total	**2 425 000**	**1 097**	**64 912**		**6 878**

Information about hedging objects

Type of hedging object	Nominal amount of hedging object	Capitalised amount of hedging object [1]	Accumulated change in value of hedging object due to fair value hedging	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Fair value hedging (interest rate risk)					
Securities issued in NOK	2 225 000	2 205 115	-79 437	Securities issued	-6 773
Total	**2 225 000**	**2 205 115**	**-79 437**		**-6 773**

Information on ineffectiveness in hedging

Ineffectiveness is recognised through ordinary profit or loss (gain/loss on financial instruments)	105

1 Carrying amount of hedging object includes accrued (not capitalised) interest but is not part of the change in value of the hedging object.

Information about hedging instruments 31.12.2022

Type of hedging instrument	Nominal amount of hedging instrument	Capitalised amount of hedging instrument		Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate agreements	2 625 000	7 809	70 828	Financial derivatives	-101 696
Total	**2 625 000**	**7 809**	**70 828**		**-101 696**

Information about hedging objects

Type of hedging object	Nominal amount of hedging object	Capitalised amount of hedging object [1]	Accumulated change in value of hedging object due to fair value hedging	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Fair value hedging (interest rate risk)					
Securities issued in NOK	2 625 000	2 574 036	-86 210	Verdipapirgjeld	101 696
Total	**2 625 000**	**2 574 036**	**-86 210**		**101 696**

Information on ineffectiveness in hedging

Ineffectiveness is recognised through ordinary profit or loss (gain/loss on financial instruments)	-

1 Carrying amount of hedging object includes accrued (not capitalised) interest but is not part of the change in value of the hedging object.

12 LIQUIDITY RISK

Liquidity risk entails that the institution is not able to refinance its debt as it matures, or unable to finance increases in its assets. The valuation of the institution's liquidity risk is based on a consideration of the institution's balance sheet structure, including the institution's dependence on funding and the additional cost related to having to obtain long maturity funding in the money market, compared to funding with shorter time to maturity.

The mortgage credit institution covers its funding needs by issuing covered bonds. Other financing needs are covered by short-term debt to the Parent Bank.

In the table below, cash flows related to liabilities with an agreed term to maturity are based on nominal contract sizes inclusive of estimated interest payments up to the maturity date.

Remaining period to maturity, main items

31.12.2023	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No residual maturity	2023
Liabilities to credit institutions							
Securities issued		13 250	2 901 693	8 140 387	599 646		11 654 975
Other liabilities						2 094 074	2 094 074
Financial derivatives, gross settlement	9 457	22 007	11 692				43 156
Contractual interest payments	55 462	63 418	99 947	164 850	21 480		388 610
Total disbursements	**64 919**	**98 675**	**3 013 331**	**8 305 237**	**621 126**	**2 094 074**	**14 180 815**

31.12.2022	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No residual maturity	2022
Liabilities to credit institutions							
Securities issued		52 248	849 932	8 779 268	899 278		10 580 727
Other liabilities						1 328 588	1 328 588
Financial derivatives, gross settlement	6 928	18 865	6 728				32 521
Contractual interest payments	20 757	64 275	83 155	207 435	44 100		419 722
Total disbursements	**27 685**	**135 389**	**939 815**	**8 986 703**	**943 378**	**1 328 588**	**12 361 558**

As at 31.12.2023, the liquidity risk is assumed to be low.

13 NET INTEREST INCOME

	2023	2022
INTEREST INCOME MEASURED USING THE EFFECTIVE INTEREST METHOD:		
Interest income on loans to credit institutions	10 958	7 497
Interest income on loans to customers	613 859	299 901
Other interest income	403	
Total interest income measured using the effective interest method	**625 220**	**307 397**
Interest income on securities	32 970	15 842
Total interest income measured at fair value	**32 970**	**15 842**
INTEREST EXPENSES		
Interest expenses on subordinated loan capital, measured using the effective interest method	65 998	28 636
Interest expenses on securities, measured using the effective interest method	461 504	219 056
Interest on financial derivatives as hedging instruments	43 164	(4 263)
Other interest expenses	1 775	1 865
Total interest expenses	**572 441**	**245 294**
Net interest income	**85 749**	**77 945**

14 NET COMMISSION INCOME AND INCOME FROM BANKING SERVICES

Other charges

	2023	2022
Commission income and income from banking services	30	28
Commission costs and costs of banking services		
Net commission income and income from banking services	**30**	**28**

15 NET CHANGE IN VALUE OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Net change in value of financial instruments

	2023	2022
Net change in the value of certificates and bonds, measured at fair value	-1 830	-4 250
Gain/loss retirement own bonds, measured at amortised cost	-2	-430
Net change in value of financial derivatives, hedging	6 878	-101 696
Net change in value of hedged financial liabilities	-6 773	101 696
Net change in value of financial instruments	**-1 727**	**-4 680**

16 OPERATING COSTS

Operating costs	2023	2022
Wages	39	37
Social costs	5	5
Wages and general administration costs	**44**	**42**
Agreed audit	229	165
Other services	94	17
Other audit-related services	425	158
Total remuneration to auditor incl. VAT	749	340
Management fees	12 146	12 072
Other administrative costs	27	53
Consultancy fees	730	333
Other operating costs	827	759
Total other operating costs	**14 479**	**13 558**
Total operating costs	**14 524**	**13 600**

In 2023, there were no employees of SSB Boligkreditt AS. The CEO is paid by the Parent Bank and his services charged to the mortgage credit institution through the management fee. NOK 39 000 has been disbursed for the payment of fees.

The management fee is related to an agreement with Sandnes Sparebank regarding the purchase of services for the management of the loan portfolio and other administrative functions.

17 TAX

TAX EXPENSE, ORDINARY PROFIT	2023	2022
Tax payable		
Tax expense for the year	15 841	14 358
Correction of tax in prior years		
Change in deferred tax	-279	-990
Total tax on ordinary profit	**15 562**	**13 368**

RECONCILIATION OF TAX EXPENSE AGAINST PROFIT BEFORE TAX	2023	2022
Profit before tax expense	70 792	60 749
22% of profit before tax	15 574	13 365
Permanent differences	-12	3
Change in deferred tax		
Effects of change in tax rules		
Correction of tax in prior years		
Total tax on ordinary profit	**15 562**	**13 368**
Effective tax rate	22 %	22 %

Deferred tax asset and deferred tax on the balance sheet distributed across temporary differences

DEFERRED TAX ASSET/DEFERRED TAX	31.12.2023	31.12.2022
Financial instruments	1 236	958
Total deferred tax asset/deferred tax	**1 236**	**958**

RECONCILIATION OF DEFERRED TAX ASSET/DEFERRED TAX	31.12.2023	31.12.2022
Deferred tax asset as at 1.1	958	-32
Change recognised in the income statement	279	990
Total deferred tax asset/deferred tax as at 31.12	**1 236**	**958**

BASIS FOR TAX PAYABLE IN THE BALANCE SHEET	31.12.2023	31.12.2022
Profit before tax expense	70 792	60 749
Basis for tax payable	**70 738**	**60 764**
22% of the basis for tax payable	15 562	13 368
Change in deferred tax	279	990
Tax payable on the balance sheet	**15 841**	**14 358**

18 CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following tables present the classification of financial assets and liabilities as at the balance sheet date in line with IFRS 9.

For a further description of the classification of financial instruments, please see note 2.

31.12.2023

31.12.2023	Financial assets and liabilities assessed at amortised cost	Financial instruments valued at fair value with change in value through profit or loss (FVTPL)	Financial derivatives as hedging instruments	Non-financial assets and liabilities	Total
ASSETS					
Cash and bank deposits	210 487				210 487
Loans to customers	14 002 608				14 002 608
Certificates and bonds		612 043			612 043
Financial derivatives			1 097		1 097
Accrued income not received					
Other assets				1 236	1 236
Total assets	**14 213 096**	**612 043**	**1 097**	**1 236**	**14 827 472**
LIABILITIES					
Liabilities to credit institutions					
Securities issued[1]	11 654 975				11 654 975
Financial derivatives			64 912		64 912
Accrued costs					
Provisions	68				68
Other liabilities	2 078 165			15 841	2 094 006
Total liabilities	**13 733 209**		**64 912**	**15 841**	**13 813 962**

1 Securities issued are recognised at amortised cost. Hedge accounting is used for the institution's fixed rate bonds. As at 31.12.2023, the book value of fixed rate bonds is NOK 2 246 (2 574) million.

31.12.2022

31.12.2022					
ASSETS					
Cash and bank deposits	187 309				187 309
Loans to customers	11 911 405				11 911 405
Certificates and bonds		874 099			874 099
Financial derivatives			7 809		7 809
Accrued income not received				6 843	6 843
Other assets				958	958
Total assets	**12 098 714**	**874 099**	**7 809**	**7 809**	**12 988 422**
LIABILITIES					
Liabilities to credit institutions					
Securities issued	10 580 727				10 580 727
Financial derivatives			70 828		70 828
Accrued costs					
Provisions	114				114
Other liabilities	1 314 116			14 358	1 328 474
Total liabilities	**11 894 956**		**70 828**	**14 358**	**11 980 142**

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments measured at amortised cost	31.12.2023		31.12.2022	
	Carrying value	Fair value	Carrying value	Fair value
ASSETS				
Cash and bank deposits	210 487	210 487	187 309	187 309
Loans to customers	14 002 608	14 002 608	11 911 405	11 911 405
Prepaid costs and accrued income				
Total assets	**14 213 096**	**14 213 096**	**12 098 714**	**12 098 714**
LIABILITIES				
Liabilities to credit institutions				
Securities issued	11 654 975	11 559 264	10 580 727	10 551 443
Accrued costs and received not accrued income	68	68	114	114
Other liabilities	2 078 165	2 078 165	1 314 116	1 314 116
Total liabilities	**13 733 209**	**13 637 498**	**11 894 956**	**11 865 672**

With respect to financial instruments of short duration (less than three months), book value is assumed to represent fair value.

Loans to customers valued at amortised cost, include floating rate loans. Floating rate loans are adjusted for changes to the market interest rate and for changes in the credit risk. Consequently, the institution measures the fair value of these loans as being approximately equal to the carrying value. Loans that do not satisfy this ongoing repricing assumption are individually valued at fair value on the balance sheet date. Any excess or inferior values arising within any change of interest rate period are not considered to represent material for the institution.

Financial instruments rated at fair value

The institution employs the following valuation hierarchy when calculating fair value for financial instruments:

Level 1 – Observed prices in an active market for the current asset or liability

Level 2 – Noted prices in an active market for similar assets or liabilities, or any other valuation method where all material input is based on observable market data.

Level 3 – Valuation techniques that are essentially not based on observable market data.

Below is a description of how fair value is calculated for the financial instruments of levels 2 and 3, i.e. where a valuation technique has been used.

Financial Instruments classified in Level 2

Financial derivatives

Financial derivatives are valued at market value based on obtained information on exchange rates and swap curves. The category includes interest rate swaps, currency swaps and futures contracts where observable market values are available through Reuters or Bloomberg.

Financial Instruments classified in Level 3

SSB Boligkreditt did not have any financial derivatives under level 3 as at 31.12.2023.

Loans to customers

Fixed rate loans to customers are valued on the basis of the agreed cash flow from the loans, discounted by the effective interest rate The effective interest rate is based on the prevailing market terms for similar fixed rate loans.

Loans to customers subject to impairment are assessed based on probable cash flow for the loans discounted at the effective interest rate adjusted for market conditions for loans that are not impaired.

The year's increase is wholly related to the takeover of loans from the Parent Bank, Sandnes Sparebank.

20 CERTIFICATES AND BONDS

Certificates and bonds at fair value	31.12.2023	31.12.2022
Government-guaranteed bonds	112 707	83 679
Bonds (covered)	495 662	787 799
Accrued interest	3 674	2 621
Total certificates and bonds at fair value	**612 043**	**874 099**
Effective interest rate	4.47 %	2.43 %
Duration	2.20	1.69

21 SECURITIES ISSUED

Securities debt	31.12.2023	31.12.2022
Bond loans, minus share discount/plus share premium	11 560 411	10 514 500
Bond loans, own holdings		
Accrued interest	94 564	66 226
Total Securities issued	**11 654 975**	**10 580 727**
Average interest rate, bond loans:	**4,78 %**	**3,51 %**

Change in securities issued	31.12.2022	Issued	Matured/ redeemed	Other changes	31.12.2023
Bond debt, nominal value	10 575 000	2 000 000	950 000		11 625 000
Changes in value	-60 499			-4 090	-64 589
Accrued interest	66 226			28 338	94 564
Total securities issued	**10 580 727**				**11 654 975**

	31.12.2021	Issued	Matured/ redeemed	Other changes	31.12.2022
Bond debt, nominal value	8 355 000	3 1 00 000	880 000		10 575 000
Changes in value	63 263			-123 762	-60 499
Accrued interest	37 678			28 548	66 226
Total securities issued	**8 455 941**				**10 580 727**

As at 31.12.2023, SSB Boligkreditt had issued 12 bonds.

Covered bonds

Bonds	Face value	Final due date
NO0010886237	300 000 000	16.06.2025
NO0010753320	425 000 000	18.03.2026
NO0010822398	500 000 000	08.05.2024
NO0010833254	2 400 000 000	27.09.2024
NO0010834070	300 000 000	10.10.2028
NO0012810482	2 000 000 000	03.04.2028
NO0010849847	300 000 000	19.06.2029

Bonds	Face value	Final due date
NO0010868706	300 000 000	20.05.2030
NO0010952872	2 000 000 000	18.05.2026
NO0012748658	450 000 000	10.11.2025
NO0012699042	400 000 000	21.10.2027
NO0012422908	2 250 000 000	26.04.2027
Total face value issued bonds	**11 625 000 000**	

22 OVERCOLLATERALISATION

Overcollateralisation is calculated in accordance with the requirements of section 11-11 of the Financial Institutions Act for constant overcollateralisation.

As a minimum, the Act requires the value of the collateral to at all times to exceed 105% of the value of the covered bonds being covered by the cover pool.

Overcollateralisation - total nominal value issued covered bonds

(figures in NOK thousands)	31.12.2023	31.12.2022
Total nominal value issued covered bonds	**11 625 000**	**10 575 000**
Loans to customers	13 971 914	11 901 415
Bank deposits	200 301	187 268
Liquid assets	604 000	874 099
Total cover pool value	**14 776 215**	**12 962 782**
Overcollateralisation	**127.1 %**	**122.6 %**
Rating agency minimum requirement	106.0 %	104.0 %
Minimum regulatory overcollateralisation requirement	105.0 %	105.0 %

23 OTHER LIABILITIES

	31.12.2023	31.12.2022
Debt to Sandnes Sparebank	2 078 134	1 313 461
Other liabilities	32	655
Other liabilities	**2 078 166**	**1 314 116**

SSB Boligkreditt paid 3 month NIBOR + 0.27% as interest on the debt to the Parent Bank.

The debt to the Parent Bank of NOK 2 078 (1 313) million is related to temporary financing of SSB Boligkreditt's purchase of the loan portfolio from the Parent Bank.

24 EQUITY

The share capital of SSB Boligkreditt AS is NOK 427 600 000 divided into 4 276 000 shares, each with a nominal value of NOK 100. Each share gives the same voting right in the institution. All shares are owned by Sandnes Sparebank.

25 EVENTS AFTER THE BALANCE SHEET DATE

An issue of NOK 200 million was made on 19.02.2024.

26 TRANSACTIONS WITH RELATED PARTIES

SSB Boligkreditt AS is a wholly owned subsidiary of Sandnes Sparebank. Transactions between the institution and the Parent Bank are effected according to normal commercial terms and principles.

Summary of intergroup transactions:

Intragroup transactions

Income statement	Full year 2023	Full year 2022
Deposit interest	10 958	7 497
Interest and credit commissions paid	-65 998	-28 584
Management fee	-12 146	-12 072

Balance sheet	31.12.2023	31.12.2022
Loans to and claims on credit institutions	210 487	187 309
Derivatives	-18 677	-13 401
Other liabilities	2 078 134	1 313 461
Securities issued		

SSB Boligkreditt paid out an additional dividend of NOK 50 million in 2023.

Statement pursuant to§ 5-5 of the Norwegian Securities Trading Act

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Org.nr. 915 691 161
Swiftadr. saskno22

Statement pursuant to § 5-5 of the Norwegian Securities Trading Act

We confirm that the annual financial statements for the period from 1 January to 31 December 2023, to the best of our knowledge, have been prepared in accordance with IFRS, and that the information contained by the financial statements provides a true picture of the company's assets, liabilities, financial position, and overall profits, and that the information in the Annual Report provides a true summary of developments, results and the position of the company, together with the key risk and uncertainty factors facing the company.

April 10 2024 | Board of Directors of SSB Boligkreditt AS

Tomas Nordbø
Chairman of the Board

Arild Ollestad
Director

Sara Marie Hanssen
Director

Erik Kvia Hansen
Director

Elisabeth Rosbach
Managing Director

Auditor's report

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To the General Meeting of SSB Boligkreditt AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SSB Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2023, statement of profit and loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9.

Our opinion is consistent with our additional report to the Board of Directors.

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 SSB Boligkreditt AS for 13 years from the election by the general meeting of the shareholders on 31 March 2011 for the accounting year 2011 (with a renewed election on 23 March 2022).

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 2023. 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.

Deloitte.

side 2
Independent auditor's report
SSB Boligkreditt AS

IT SYSTEMS AND INTERNAL CONTROLS RELEVANT FOR FINANCIAL REPORTING

Description of the Key Audit Matter	How the matter was addressed in the audit
The IT systems within SSB Boligkreditt AS are key in the accounting and reporting of completed transactions, in obtaining the basis for key estimates and calculations, and in obtaining relevant information to be disclosed. The IT systems are standardized, and the management and operation of the systems are to a great extent outsourced to external service providers. Proper management and control of these IT systems both from SSB Boligkreditt AS and their service providers are of high importance in order to ensure precise, complete and reliable financial reporting, and this area is therefore considered to be a key audit matter. SSB Boligkreditt AS has during 2023 changed their core banking system and service provider from SDC to TietoEvry.	SSB Boligkreditt AS has established a general governance model and internal controls on their IT systems. We have obtained an understanding of the IT governance model of SSB Boligkreditt AS relevant for financial reporting. We assessed and tested the design of selected internal control activities relevant for financial reporting, including selected controls related to access management. For a sample of these controls, we tested their operating effectiveness in the reporting period. We also considered the third party report (ISAE 3402 Report) on Sandnes Sparebanks service provider of the core banking system focusing on whether they had adequate internal controls on areas that are of importance for the financial reporting of Sandnes Sparebank. In addition, we considered a third party confirmation (ISAE 3000 and ISRS 4400) related to the service provider with regards to the design and implementation of selected automated control activities in the IT-systems, including among others the calculation of interests and fees as well as if system generated reports was adequately designed and implemented. We have engaged our internal IT experts in the work related to understanding the governance model on IT and in assessing and testing the internal control activities related to IT. We have engaged our internal IT experts to assess and test selected control activities relevant for the conversion from SDC to TietoEvry. The audit team has performed substantive testing to verify that data has been accurately transferred from SDC to TietoEvry.

Other Information

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

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

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

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

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 simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, 10 April 2024
Deloitte AS

Else Høyland Joranger
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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