Storebrand

Storebrand Boligkreditt AS

Annual report 2023

Company information

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Content

Key figures

Storebrand Boligkreditt AS

NOK million	31.12.2023	31.12.2022
Profit and loss account:		
Net interest income as % of avg. total assets	0.79 %	0.69 %
Main balance sheet figures:		
Total assets	46,650.0	39,113.1
Average total assets [1)]	41,163.9	32,020.0
Gross loans to customers	45,089.5	37,481.0
Equity	3,626.1	2,707.0
Other key figures:		
Loan losses and provisions as % of average total lending [2)]	0.02 %	0.02 %
Gross non-performing and loss-exposed loans as % of total loans	0.49 %	0.10 %
Cost/income ratio [3)]	49.6 %	56.9 %
Core equity Tier 1 (CET1) capital ratio	21.1 %	20.8 %
LCR [4)]	199.0 %	2,524.0 %

Definitions:
1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year respectively.
2) Loan losses and provisions consists of total loan loss provisions including change in statistical provisions for the period.
3) Total operating expenses as % of total income.
4) Liquidity coverage requirement.

Annual report

Highlights
Storebrand Boligkreditt AS is a wholly-owned subsidiary of Storebrand Bank ASA (parent bank). The company is connected to Storebrand Bank ASA's head office at Lysaker in the municipality of Bærum.

The company is a mortgage credit institution and has a concession from the Financial Supervisory Authority of Norway to issue covered bonds (OMFs). Assets consist primarily of securitized mortgages that are purchased from Storebrand Bank ASA. Storebrand Bank ASA manages the mortgages on behalf of Storebrand Boligkreditt AS. The established loan programme is AAA rated by the rating agency S&P Global Rating Services. At the end of 2023, Storebrand Boligkreditt AS had issued covered bonds worth approximately NOK 36.9 billion with an average remaining maturity of 2.7 years.

At the end of 2023, the lending volume had increased compared with the end of 2022 and amounted to 16,506 mortgages and residential mortgage products corresponding to NOK 45.1 billion (NOK 37.5 billion). The quality of the portfolio is excellent. At year-end, there were 67 loans in default, corresponding to NOK 219.6 million. This represents 0.49 per cent of the portfolio. The average loan-to-value ratio is 59 per cent.

Macroeconomic impact
High inflation and associated higher key rates have influenced the macroeconomic situation in Norway in recent years. Many Norwegians, including our customers, have faced greater challenges in coping with higher prices and borrowing rates, but a favourable labour market and low unemployment have meant that the private financial situation has nevertheless been manageable for the vast majority. The housing market held up surprisingly well in the first half of 2023, but stagnated in the second half with associated reduced turnover and falling prices. In 2024, it is expected that the key policy rate will begin to be cut later in the year, that inflation will decline and that unemployment will only increase slightly.

In the impairment assessments, an overall assessment has been made of the future outlook, where interest rates, inflation and unemployment are some of the factors considered. Developments in non-performing loans, arrears and interest-only loans are being closely monitored.

Financial performance
The company's operating profit before losses for 2023 was NOK 162 million (NOK 89 million). Net losses on lending accounted for a cost of NOK 9.3 million, compared with NOK 5.9 million in 2022. The annual profit after tax for Storebrand Boligkreditt AS was NOK 119 million, compared with NOK 65 million for 2022.

Net interest income
Net interest income amounts to NOK 327 million for the year (NOK 220 million).
Revenues are increasing as a result of both increased lending volumes and improved interest margins. The interest margins were negatively impacted by increased NIBOR. Net interest income as a percentage of average total assets amounted to 0.79 per cent in 2023, compared with 0.69 per cent in 2022.

Net financial income
Net financial income is negative NOK 6 million in 2023 against a cost of NOK 13 million in 2022. The negative effect is mainly related to net realized and unrealised losses on financial instruments.

Operating expenses
Operating expenses ended at NOK 159 million in 2023 and increased by NOK 41 million compared with 2022 The increase is mainly due to increased administration costs resulting from increased lending volumes. The company has no employees and buys services, primarily from Storebrand Bank ASA and Storebrand Livsforsikring AS.

Losses and defaults
Losses on loans amounted to NOK 9.3 million in 2023, compared with NOK 5.9 million in 2022. At the end of 2023, the default volume amounted to NOK 219.6 million (NOK 37.8 million). This volume corresponds to 0.49 per cent (0.10 per cent) of gross lending. All the loans have a loan-to-value ratio within 80 per cent of market value or are mostly written down.

Balance Sheet

The company's total assets under management at the end of 2023 were NOK 46.7 billion, compared with NOK 39.1 billion at the end of 2022.

Borrowing is in the form of covered bonds basically in Norwegian kroner and drawing facilities with Storebrand Bank ASA. The financing structure is balanced and customized to the credit company. In 2023, the company issued NOK 11.6 billion in covered bonds (OMF). At the end of 2023, covered bonds worth NOK 36.9 billion were issued, with an average remaining maturity of 2.7 years.

Risk management

A credit company's core activity is credit exposure with low risk. Storebrand Boligkreditt AS is proactive in managing the risks in its business activities and continuously works to develop its routines and processes for risk management. The risk profile is considered very low.

Risk in Storebrand Boligkreditt AS is monitored in accordance with the Board's adopted guidelines for risk management and internal control. For the individual forms of risk defined in the guidelines, policy documents are established that state the target parameters. The development of these parameters is monitored through risk reports to the company's Board.

Credit risk and liquidity risk are the most significant forms of risk for Storebrand Boligkreditt AS. The company is also exposed to operational risk, including IT risk, compliance risk and, to a lesser extent, market risk.

Credit risk

Storebrand Boligkreditt AS had loans totalling NOK 45.1 billion, in addition to unused credit facilities of NOK 2.4 billion as at 31 December 2023. Non-performing loans accounted for 0.49 per cent of gross lending.

Even though the non-performing volume is low, the default volume is monitored carefully. Storebrand Bank ASA, which manages the loans of Storebrand Boligkreditt AS, has a conservative lending practice with regard to the customers' ability to pay. Security is considered to be excellent. The average loan-to-value ratio in Storebrand Boligkreditt AS' portfolio is 59 per cent (55 per cent), and at the date of transfer the maximum loan-to-value ratio is 80 per cent. Loan-to-value ratio is calculated based on amounts drawn in the case of flexible secured loans. The risk in the lending portfolio is therefore considered to be very low. Approximately 91per cent of mortgages have a loan-to-value ratio within 80 per cent. Approximately 45 per cent of the mortgages have a loan-to-value ratio within 60 per cent.

The company has not issued any guarantees. Storebrand Boligkreditt AS has not deposited securities with Norges Bank as surety.

Liquidity risk

Liquidity in a credit company must always be sufficient to support balance sheet growth and to redeem loans that fall due. The company controls its liquidity position based on minimum liquid holdings and maximum volume per issue within a 6-month period. There are also requirements for 180-day liquidity and LCR in the company. The requirements are satisfied, and the company's LCR was 199 per cent at the end of the year. The company has an LCR requirement of 100 per cent.

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. One of these is a normal overdraft facility, with a ceiling of NOK 8 billion. This has no expiry date but can be terminated by the bank on 15 months' notice. The other facility must always have a sufficient ceiling to be able to cover interest and repayment on covered bonds and associated derivatives for the next 31 days. This drawing right may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity.

Storebrand Boligkreditt's covered bond programme received a AAA rating from Standard & Poor's Rating Services.

Market risk

The company's aggregate interest and foreign currency exposure is limited by means of low exposure limits in the risk policies.

Storebrand Boligkreditt AS has limited ceilings for interest risk, and this is assessed to be low, since all lending has administration-determined interest rates and borrowing is either on variable rates or swapped to three-month floating NIBOR.

At the end of 2023, Storebrand Boligkreditt AS had no interest rate risk. The company has one Euro denominated covered bond of 50 million, and a cross currency swap of identical nominal size.

Operational risk
To manage operational risk, the company's administration prioritises the establishment of good work and control routines. Systematic risk reviews are performed every six months, as well as with special transactions or unexpected events.

Pursuant to the management agreement between Storebrand Bank ASA and Storebrand Boligkreditt AS, the bank is responsible for establishing and managing loans in the company. The agreement is followed up by the company through daily checks of the balance, spot checks of block transfers from the bank to the company, and in connection with monthly reports to the external investigator. In addition, there is follow-up of the development of risk classes and defaults in the monthly risk reports.

The bank's IT systems are vital for credit approval in the bank and for portfolio follow-up and accounting in the company. Errors and disruptions can have consequences for the operation of the company and may impact on customer trust. In the worst case, abnormal situations may result in penalties from supervisory authorities. Operations of the IT systems are outsourced. The bank's system platform that is used by Storebrand Boligkreditt AS is based on purchased standard systems operated and monitored through service agreements. The bank group has established an intra-group management model with close supplier follow-up and internal control activities with the objective of reducing risk associated with the development, administration and operation of IT systems and information security.

Compliance risk
Compliance risk is the risk of the company incurring public sanctions, financial loss, compentastion claims and/or loss of reputation as a result of non-compliance with external or internal regulations.
Storebrand Boligkreditt AS is particularly aware of the risk in relation to compliance with and implementation of amendments to applicable laws concerning capital adequacy, liquidity management and the application of international accounting standards.

Capital management

Capital adequacy
Equity in the company at the end of the year amounted to NOK 3.6 billion (NOK 2.7 billion). The net capital base at year-end after giving group contributions amounted to NOK 3.6 billion (NOK 2.9 billion). Storebrand Boligkreditt AS' capital base consists entirely of pure core capital. The pure core capital adequacy ratio was 21.1 per cent (20.8 per cent) at the end of the year and the company satisfied the combined capital and capital buffer requirements by a good margin at the end of the year.

The Transparency Act

Purpose and delimitation
Storebrand Boligkreditt AS is obliged to conduct due diligence in accordance with the OECD Guidelines for Multinational Enterprises and Work on Fundamental Human Rights and Decent Working Conditions (Transparency Act) 01.07.2022 to conduct due diligence in accordance with the OECD Guidelines for Multinational Enterprises.

We will comply with universal human and labour rights, and minimise the risk of breaches through our own operations and supply chain. By own operations is meant influence through financial services offered and treatment of own employees.

The purpose of this report is to make it easier for consumers, organisations and other stakeholders to gain insight into how Storebrand Boligkreditt works with human and employee rights, and whether we have either caused, contributed to or are directly associated with violations of these.

In addition to this report, reference is made to the Storebrand Group's annual report and joint report pursuant to the Transparency Act. In Chapter 3, the latter describes group-wide guidelines that form the basis for the work on human rights at Storebrand Boligkreditt AS.

Organization
Group organisation
Responsible parties have been identified in each group company to ensure that risk assessments are regularly carried out and due diligence assessments are carried out of the supply chain and business partners, as well as their own operations. Reference is made to the Storebrand Group's annual report and joint report pursuant to chapter 2.1 of the Transparency Act for more information about the Group's organisation.

Organization and responsibility
Storebrand Boligkreditt AS is a wholly owned company of Storebrand Bank ASA. The company is a mortgage company and is licensed by Finanstilsynet (Financial Supervisory Authority of Norway) to issue covered bonds(OMF). The assets consist mainly of mortgage-backed mortgages purchased from Storebrand Bank ASA. Storebrand Bank ASA sells and manages the mortgages on behalf of Storebrand Boligkreditt AS.

Storebrand Bank ASA is a wholly owned subsidiary of Storebrand ASA, and is a commercial bank with licences under the Securities Trading Act. Storebrand Bank is a digital bank that offers traditional banking products, such as mortgages, account products, payment services and unsecured loans to the Norwegian retail market. The bank also offers investment advice and order communication to retail customers and companies, primarily in Norway, as distributor for the product companies Storebrand Asset Management AS and Storebrand Livsforsikring AS.

The CEO of Storebrand Boligkreditt AS is responsible for implementing the work on human rights and decent working conditions in the company. The management team in Storebrand Bank ASA handles risk and due diligence assessments of the supply chain and business partners, as well as operations within respective areas of responsibility and functions, including outsourced operations from Storebrand Boligkreditt AS. The Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) of Storebrand Bank ASA provide ongoing advice and monitor assessments and processes related to human rights and decent working conditions. The Bank also involves key group-wide specialist communities for assistance related to the procurement process, risk assessments, as well as legal and technical issues and requirements, in connection with procurement and entering into new agreements.

A common framework for compliance with the Transparency Act has been established, and Storebrand Boligkreditt AS follows established guidelines and procedures. The Group also has established systems for complaints and whistleblowing. Employees can notify both internally and externally via a third-party channel, and it is possible to submit a complaint from Storebrand's website or by contacting the customer center.

Supplier relationship
Storebrand has group-wide suppliers within IT and ICT operations, office services and cleaning, accounting and financial services and consultancy services. For a general overview of the Storebrand Group's suppliers, see section 2.2 of the Storebrand Group's annual report and joint statement pursuant to the Transparency Act.

Storebrand Boligkreditt AS has outsourced its business processes to Storebrand Bank ASA and indirectly uses the same suppliers.

For central system and service deliveries, Storebrand Bank ASA mainly uses large Nordic suppliers, which are established and well-known players in the banking sector in Norway. The deliveries include customer systems, online and mobile banking, payment infrastructure, card services and debt collection services. Storebrand Bank ASA has also outsourced certain business processes to a British company with international operations. These services are provided from the company's office in Lithuania.

Storebrand Bank ASA cooperates closely with all these suppliers, and has established follow-up processes which, through risk and due diligence assessments, ensure that the bank's expectations and requirements related to human rights and decent working conditions are met.

Guidelines
Storebrand wishes to be open and transparent about its work within human and labour rights. Therefore, we have a high degree of publicly available guidelines and documents. For an overview of governing documents and guidelines, see chapter 3 of the Storebrand Group's annual report and joint statement pursuant to the Transparency Act. These include all group companies.

Risk and due diligence assessments
Storebrand Bank ASA sells and manages the mortgages on behalf of Storebrand Boligkreditt AS. The business processes in Storebrand Boligkreditt AS are therefore similar to those in the bank related to residential mortgages, and with it the same underlying risks and mitigating measures.
Storebrand Bank ASA assesses the risk of human rights violations and decent working conditions through the use of suppliers and their subcontractors and through the distribution of financial services. The following presents the most significant risk areas for Storebrand Bank ASA and associated mitigating measures.

The overall risk level for Storebrand Bank ASA is considered low. In addition to group-wide risks, which are described in more detail in the Storebrand Group's annual report and a joint statement pursuant to the Transparency Act under chapter 4, there is an inherent risk in Storebrand Bank ASA that follows from the choice to be a digital bank. Customers gain access to information, buy and change products, and perform their own daily banking services on digital platforms such as the bank's website, as well as mobile and online banking. There is a certain risk that customers with limited digital capabilities find it challenging to relate to the bank's digital services. In order to meet this risk and be a publicly available bank, the bank has the possibility of communication over the phone. In connection with the taking of mortgages and investments, there will always be an advisor available.

Storebrand Bank ASA also has a strong focus on striving for equal treatment and advice to customers, without any form of discrimination based on background. An important measure for this is transparent and easily accessible information about contract terms, and transparency about the implications for the customer in connection with borrowing and purchasing savings products.

Methodology
The assessments are based on the extent to which the rights enshrined in the rights declarations below and the conventions are threatened, and what kind of consequences and harm a breach will entail.

- Universal Declaration of Human Rights (UDHR)
- International Covenant on Civil and Political Rights (ICCPR)
- International Covenant on Economic, Social and Cultural Rights (ICESCR)
- United Nations Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)
- United Nations Convention on the Rights of the Child (CRC)
- The fundamental rights of the International Labour Organization (ILO)

For a detailed description of the framework, see the Storebrand Group's report published in June 2023, chapter 6.1.

Sustainability

The Storebrand Group offers pensions, savings products, insurance and banking products to personal customers, business customers and public enterprises. Storebrand Boligkreditt AS strive to be closest to the customer and know them so well that we can always help them with what they need. Storebrand offer products and services that will give our customers increased financial security and freedom. The goal is to make it easier for customers to invest in the future by making good financial choices today. Our purpose clearly and simply states what is most important to us: Creating a future to look forward to.

Sustainability is of great importance to the Group, the customers and the outside world, and we contribute to financial security and freedom through good management of the customers' funds, disbursement of life, disability and P&C insurances and financing of home purchases. We believe that good work with sustainability contributes to the Group being able to deliver the best possible risk-adjusted future return to customers and owners, and is therefore important to achieving the commercial goals.

Storebrand's Group strategy is built around our purpose and vision to deliver financial security and freedom to private individuals and businesses. We want to motivate customers to make good financial choices for the future. By offering sustainable solutions so that customers can have a future to look forward to, we create value for customers, owners and society.

Our work with sustainability is threefold:

- Storebrand in society
- Sustainability in own business
- Sustainability in products and services

Storebrand must take sustainability into account, both through our products and services and through our collaboration with suppliers and partners. In our work, we base ourselves on these principles:

- Through our operations, we shall contribute to achieving the UN's sustainability goals, as well as the associated national and international goals to which the authorities where we operate have committed themselves.
- We shall prioritize work with selected sustainability goals where we can have a significant influence - and which significantly influence us.
- We will help our customers to make more sustainable choices, through the products and services we offer.
- We are a responsible employer.
- We must take sustainability into account in all processes and decisions – from the boards and group management, who have overall responsibility, to every manager and employee.
- We collaborate with customers, suppliers, authorities and partners in our work with sustainability.
- We are open about our sustainability work and about the results we achieve.

Storebrand Boligkreditt AS, as an integral part of the Storebrand Group, has the same principles for working with sustainability as the Group as a whole.

The Storebrand Group is open about our sustainability work and reports in accordance with several leading reporting standards, including the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD) and CDP (formerly the Carbon Disclosure Project), in line with the expectations of key stakeholders . Strategic ambitions, specific goals, reporting and communication about sustainability are important success criteria in our work. In addition, we engage in international initiatives such as the Net Zero Asset Owner Alliance, Net Zero Asset Manager Alliance, UN Principles for Responsible Investments (PRI) and Climate Action 100+ to collaborate with other like-minded actors to find solutions to global sustainability challenges and set requirements to reach zero emission targets.

Our sustainability report is integrated into the annual report of Storebrand ASA and follows GRI's (Global Reporting Initiative) standards for reporting. All information about the Group's sustainability work is available in Storebrand's sustainability library on our website. [1)]

Sustainable finance
Storebrand has the ambition to set the agenda for sustainable finance. We believe that to take sustainability into account provides the best possible future risk-adjusted return for customers and owners, and that not taking climate, nature and social conditions into account can pose a great risk of loss of value. As a financial player, Storebrand can both influence developments in society, and is also influenced by societal developments, which provide both risks and opportunities.

The financial industry plays an important role in financing the transition to a sustainable society, through investments, lending and insurance. This is recognized and institutionalized through the EU's Green Deal, which will ensure a climate-neutral and competitive Europe. One of ten initiatives in the Green Deal is about financing the transition, by turning capital towards more sustainable activities, establishing transparency about companies' work with sustainability and by integrating sustainability into risk assessments.

As an investor, Storebrand must ensure the best possible return for customers and owners, reduce financial risk and at the same time be a driving force behind lasting change in the way companies are managed. We believe that investments in companies that are well positioned to deliver solutions to the UN's sustainability goals will provide better risk-adjusted future returns for our customers. We believe that companies that manage sustainability risks and opportunities in a good way have a potential competitive advantage that can enable them to deliver better returns, while also contributing to positive development.

Storebrand's work with sustainable finance is described in more detail in the chapters ***A driver for sustainable investments and Sustainability in insurance*** in Storebrand's annual report.

Climate and environment
Storebrand's biggest impact on climate change comes from financed emissions through our investments. Because we are a significant asset owner with global positions, we see climate change as one of the areas where we can indirectly contribute positively or negatively to society - and this can affect us negatively. In order to reduce the negative impact on climate change, we have defined science-based and verified targets for investments and our own operations. Storebrand's overall ambition is to contribute to achieving the Paris Agreement and a maximum temperature increase of 1.5 °C.

In our own operations, we have a target of reducing greenhouse gas emissions by 7.6 per cent per year from the level in 2019, in line with the 1.5 degree target and the conclusions in the UN's Emissions Gap report 2019. We also have the following science-based targets. These have been verified by the Science Based Targets Initiative.

- Storebrand is commited to reduce absolute emissions (scope 1-2) by 52 per cent by 2030, with 2018 as the base year
- Storebrand is committed to continue with the annual purchase of 100 per cent renewable electricity until 2030 [2)]

To reduce emissions in our own operations, we work to become more energy efficient, reduce waste production, increase the proportion of waste that is sorted, and reduce our carbon footprint in connection with business trips and commuting. In Storebrand, we have an internal carbon tax for air travel that provides insight into the department's travel habits. The money from the carbon tax is used to buy climate quotas and other climate compensating activities. The system was further developed in 2023 to give us increased insight into the drivers behind flights and measures to reduce them. In 2023, the number of flights in the Group increased and we exceeded the target level of CO2 emissions from our flights. We are now back to roughly the same level as in 2019, before the pandemic. We are working with measures to reverse the trend, including through updated guidelines for business trips and assessment of the internal carbon pricing.

Storebrand has committed to an investment portfolio with net zero greenhouse gas emissions by 2050. Storebrand has its own climate policy for investments that sets the framework for this goal. We expect companies to address the effect their operations have on the climate, in terms of both risks and opportunities. We prioritize work with the companies in the portfolio with the most significant emissions across scope 1-3, as well as the companies with the highest climate risk. In order to realize the overall goal, several sub-goals have been established:

1) https://www.storebrand.no/en/sustainability/sustainability-library
2) We have used a location-based method for our scope 1-2 emission targets for our own operations, but also included a market-based target for the procurement of renewable electricity

- 32 per cent reduction in scope 1-2 [3] emissions from shares, corporate bonds and property investments by 2025 (vs. 2018)
- 15 per cent of invested funds in "solutions"[4] by 2025
- Dialogue and special follow-up of the 20 largest emitters

We also have the following science-based targets that have been verified by the Science Based Targets Initiative.

- 42 per cent of listed shares and corporate bonds (based on invested funds) must have defined validated, science-based targets (SBTi) by 2027
- Reduce scope 1-2 emissions from property investments by 64 per cent (per square meter) for residential buildings by 2030 (compared to base year 2019 [5]
- Reduce scope 1-2 emissions from real estate investments by 71 per cent for commercial buildings by 2030

Storebrand's work with climate is described in more detail in the chapter Climate change and A driving force for sustainable investments in Storebrand's annual report.

Customers and end users
We offer long-term savings and insurance products that help individuals and companies achieve financial security and freedom. This is how we can influence society in a positive way. Storebrand's ability to deliver financial security and freedom is crucial to attracting customers. When customers take action to secure their financial future with Storebrand, they should feel confident that they have made good choices. Customers should feel that we offer relevant and good products.

The principle "customer first" is the starting point for all customer contact. This is reflected in our service standards:

Credible – I keep my promises and I am professional
Care - I treat everyone individually, help them and provide advice
Enthusiastic – I am positive and exceed expectations
Effective - I make the customer journey easy and improve the organization

We want to increase the number of satisfied and loyal customers through good, digital customer experiences. The interaction between digital services and automated processes is the key to efficient distribution and service, and a prerequisite for a profitable and forward-looking Storebrand in the years to come. Through investments in technology and defined digitization programs in each business area, we ensure competitiveness in the market.

Storebrand's work with customer relations is described in more detail in the chapter ***Customers and end users*** in Storebrand's annual report.

Corporate governance and compliance
In order to build and preserve the trust our customers, shareholders, authorities and the rest of society have in us, we are aware of how mechanisms for management and control contribute to shaping the business culture at Storebrand. This is both about the values we promote, how each individual employee behaves and how we facilitate compliance with internal and external regulations. Our culture affects, among other things, how we interact, make decisions and how we behave in everyday work. All employees must take compulsory courses in sustainability, ethics, anti-corruption, privacy, information security, money laundering and terrorist financing and sustainability every year.

We have an approach of working purposefully to develop employees' skills, identify risks and opportunities, and develop our internal regulations. This helps to build a culture of open communication, trust and respect, while promoting diversity and inclusion, learning and accountability. Storebrand works actively to build and preserve an open business culture.

Privacy and digital trust
The digital development creates an increasing risk that personal data can go astray, be stolen or shared with unauthorized persons. The customers and our employees must be able to trust that we manage their personal data in a responsible manner. It requires that we have good security measures, a well-established framework for personal protection and good compliance with this. In addition, our employees must know how personal data must be handled properly in their daily work, and in general in our business.

Work against money laundering and terrorist financing
Storebrand must act consistently and in accordance with relevant legislation in matters relating to money laundering, terrorist financing and other financial crimes, and avoid our companies being misused for such purposes. This requires

3) Calculated as Weighted Average Carbon Intensity.
4) Solutions are defined as shares in solution companies, green bonds, green real estate and green infrastructure
5) Market-based methodology is used, but the priority will be to decarbonise managed properties through direct intervention in energy reduction and on-site renewable energy generation, and finally to procure renewable energy in the market

systematic and continuous work. We seek to achieve this through good routines, training and ongoing follow-up of our customers and partners.

Work against corruption
At Storebrand, we have zero tolerance for corruption and other financial fraud. Corruption can lead to economic instability and is punishable in all countries where Storebrand operates. The trust our customers and the wider world have in us, but also in the financial industry in general, will be negatively affected by a possible corruption case. It is therefore important for us to help promote ethics, active ownership and accountability because it helps to fight corruption. We continuously work to identify internal areas with a high risk of corruption. We also have a number of measures to prevent fraud.

Information security
As a financial institution, our digital solutions and our infrastructure are critical for society. We manage large amounts of information and assets for our customers. We can be an attractive target for a number of threat actors because of our market position, our customers, suppliers, partners and employees. We work with information security by seeing people, processes and technology as a whole. In order for Storebrand to be able to run a good financial business and increase our innovation power in the years to come, secure and stable IT solutions and infrastructure are a prerequisite. We therefore work continuously and strategically with information security to manage risk and to strengthen our resilience.

A responsible value chain
Procurement is an area where we can influence our suppliers in a more responsible direction. In our business, we have a significant proportion of outsourcing. This requires stricter procedures for monitoring working conditions, safeguarding human rights and handling environmental impacts in the value chain. A key objective is to avoid agreements with suppliers where production processes or products violate international agreements, national legislation or internal guidelines. Through our own operations and purchasing operations, we must contribute to sustainable development, and to ensure that human rights and workers' rights are not violated. Since 2020, we have set ambitious climate requirements for our suppliers. In 2023, we adjusted these requirements. We maintain high ambitions, while the requirements encourage suppliers to a greater extent to take concrete measures in their own operations rather than buying climate quotas in their work towards net zero, as well as reducing the risk of greenwashing. Our updated concrete targets mean that by 2050 the suppliers will achieve net zero greenhouse gas emissions from their operations through:

1. Measure and report the emissions of greenhouse gases from the business
2. By the end of 2025, set science-based climate targets in line with the relevant industry standard to reduce greenhouse gas emissions
3. Reduce emissions as much as possible through own actions and introduce appropriate measures to compensate for own emissions that cannot be avoided

Storebrand's work with business management is described in more detail in the chapter Business management and compliance in Storebrand's annual report.

Insurance for board members and company management
The Board and senior executives are covered by the company's ongoing directors' liability insurance. This has been placed with insurers with a solid rating.

Within the framework of the insurance coverage, the insurer will pay compensation for economic loss resulting from claims brought against the insured persons for personal management liability during the insurance period.

Corporate Governance Statement
Storebrand Boligkreditt AS's systems for internal control and risk management in connection with the accounting process comply with the Storebrand Group's guidelines. The guidelines are decided by the board annually. Storebrand Boligkreditt AS has established service agreements with Storebrand Livsforsikring AS that include the acquisition of all accounting expertise, accounting and reporting from Storebrand Livsforsikring AS.

The management and board of Storebrand ASA review the principles of corporate governance annually. Storebrand ASA established principles for corporate governance in 1998. Storebrand ASA, in accordance with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES), (which was most recently revised on 14 October 2021), presents a report on principles and practice for corporate governance. For a more detailed account of Storebrand's corporate governance and corporate governance and corporate governance pursuant to Section 3-3b of the Accounting Act, please refer to the chapter Corporate governance in the Storebrand Group's annual report for 2023.
The Code of Practice from the Norwegian Corporate Governance and Corporate Governance Board is available on www.nues.no

Storebrand Boligkreditt AS publishes four quarterly financial statements in addition to the ordinary annual financial statement. The financial reports must satisfy the requirements of laws and regulations and must be prepared in accordance with adopted accounting principles, as well as following deadlines set by the Board of Directors of Storebrand ASA. The company accounts for Storebrand Boligkreditt AS are prepared by the Group Accounts department of Storebrand Livsforsikring AS, which is organised under the Storebrand Group's CFO. Key managers in the Consolidated Financial Statements receive fixed annual compensation that is not affected by the Group's financial results. A number of risk assessment and control measures have been established in connection with the presentation of the financial reports. Internal meetings, as well as meetings attended by the external auditor, are held to identify risk conditions and measures related to material accounting items or other matters. Corresponding quarterly meetings are also held with various specialist communities in the Group, which are key in connection with the assessment and valuation of loans and financial instruments and other valuation items. In these meetings, particular focus is placed on any market changes, specific factors related to default trends, individual loans and individual investments, transactions and operational factors, etc. Assessments related to significant accounting items, as well as any changes in principles, etc., are described in a separate document (Assessment item memo). The external auditor participates in board meetings as required and at least annually, and in meetings of the audit committee of Storebrand ASA. Monthly and quarterly operating reports are prepared where results per business area and product area are analysed and assessed against predetermined budgets budgets. The operational reporting is reconciled with other financial reporting. In addition, there are regular reconciliations of professional systems etc. with the accounting system.

The Board's working method is regulated in separate instructions for the Board. The articles of association stipulate that between four and eight members are elected by the general meeting. The members of the board are elected for one year at a time. The Board of Directors of Storebrand ASA has also established an overarching "Management document for management and control in the Storebrand Group" as well as instructions for subsidiary boards. These documents describe how guidelines, plans and strategies adopted by the Group Board are expected to be followed and how risk management and control shall be implemented in the Group. The Board of Directors of Storebrand ASA has four advisory and preparatory working committees: the Strategy Committee, the Compensation Committee, the Audit Committee and the Risk Committee. The remuneration committee, the audit committee and the risk committee meet the requirements set for working committees in subsidiaries.

The company has no provisions in its articles of association and authorisations that permit the board to decide that the company shall buy back or issue its own shares or equity certificates. Guidelines for gender equality and diversity, including goals, implementation and effect, are discussed in the chapter "Own employees" in the annual report.

Changes in board composition
Camilla Leikvoll and Jan Birger Penne will be new to the board from 6 May 2023, replacing Karin Greve-Isdahl and Leif Helmich Pedersen, respectively.

Going concern
The Board confirms that the basis for continued operation as a going concern is in place and the annual financial report has been presented on this assumption.

Events after the balance date
The Board is not aware of any events that have occurred after the end of the financial year that have any significant effect on the annual financial statements that have been presented.

Strategy and outlook for 2024
In 2024, Storebrand Boligkreditt AS will continue its core activity, which is the acquisition and management of home mortgages from Storebrand Bank ASA. The company is aiming for growth in collateralisation during 2024.

The housing market and developments in total non-performing loans will be closely monitored after market rates have risen considerably through 2023. Efforts to ensure good working procedures and high data quality will continue. This will thereby ensure continued compliance with market, government, and rating requirements. Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of Storebrand Boligkreditt AS in 2024.

New covered bonds will be issued when the company finds it favourable and there is sufficient security. Storebrand Boligkreditt AS will continue to contribute to Storebrand Bank ASA having diversified financing.

Allocation of profit
The company's profit for the year amounted to NOK 118.9 million. The Board proposes to pay a group contribution of NOK 59.9 million before tax (NOK 46.7 million after tax) to Storebrand Bank ASA. The Board considers the company's capital situation to be good in relation to the risk profile and proposes the following allocation of the profit for the year to the company's general meeting:

Amounts in NOK million:	
Group contribution paid to parent company (after tax)	-46.7
Transferred to/from other equity	-72.2
Total allocation	**-118.9**

Lysaker, 6 February 2024
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Bernt Uppstad
Chairman of the Board

Camilla Leikvoll

Jan Birger Penne

Thor Bendik Weider

Einar A. Leikanger
CEO

Income statement

Storebrand Boligkreditt AS

1 January - 31 December

NOK million	Note	2023	2022
Interest income and similar income			
Interest income calculated by using the effective interest method		1,928.0	831.6
Other interest income		33.7	24.2
Total interest income and similar income	**11**	**1,961.7**	**855.8**
Interest expenses and similar expenses			
Interest expenses calculated by using the effective interest method		-1,619.0	-631.6
Other interest expenses		-16.1	-4.5
Total interest expenses and similar expenses	**11**	**-1,635.2**	**-636.1**
Net interest income	**11**	**326.5**	**219.6**
Fee and commission income from banking services		0.6	0.2
Fee and commission expense for banking services		-0.3	-0.2
Net change in fair value and gain/loss on foreign exchange and financial instruments	11, 29	-6.0	-12.6
Other operating income			
Total other operating income		**-5.6**	**-12.6**
Staff expenses	13	-0.2	-0.2
Other operating cost	12, 13	-158.9	-117.6
Total operating expenses excl. credit loss on loans, etc.		**-159.1**	**-117.8**
Profit before credit loss on loans, etc.		**161.8**	**89.2**
Credit loss on loans, guarantees etc. and interest bearing secuirities	14	-9.3	-5.9
Profit before tax for continued operations		**152.5**	**83.3**
Tax on profit from continued operations	15	-33.5	-18.3
Profit before other comprehensive income		**118.9**	**65.0**
Other comprehensive income			
Other income and expenses not to be reclassified to profit/loss			
Other income and expenses			
Tax on other income and expenses not to be reclassified to profit/loss			
Other income and expenses that may be reclassified to profit/loss			
Change in unrealised gain/loss on loans valued at fair valute through other comprehensive income (OCI)		0.2	
Other income and expenses			
Tax on other income and expenses that may be reclassified to profit/loss			
Total other income and expenses		**0.1**	
Total comprehensive income for the period		**119.1**	**65.0**

Statement of financial position

Storebrand Boligkreditt AS

31 December

NOK million	Note	2023	2022
Loans to and deposits with credit institutions	9, 16	69.5	25.0
Loans to customers	4, 9, 16, 21, 22, 23, 24, 25, 26, 27	45,069.4	37,470.3
Interest bearing securities	4, 9, 16, 17, 18	1,413.1	1,573.7
Derivatives	5, 9, 16, 19, 29	53.1	14.9
Deferred tax assets	15		
Other current assets	16, 28	44.8	29.3
Total assets		**46,650.0**	**39,113.1**
Loans and deposits from credit institutions	5, 9, 16	5,580.0	6,888.1
Debt securities issued	5, 9, 16, 28	37,287.2	29,420.7
Derivatives	19	42.8	45.5
Other current liabilities	5, 16, 30	55.7	21.0
Tax payable	15	13.2	6.2
Deferred tax	15	45.0	24.6
Provisions for guarantees and unused credit facilities	24		
Total liabilities		**43,023.9**	**36,406.1**
Share capital		496.8	494.2
Share premium		1,993.3	1,445.9
Other paid-in equity		905.3	633.1
Total paid-in equity		**3,395.3**	**2,573.2**
Other equity		230.8	133.8
Total retained earnings		**230.8**	**133.8**
Total equity	**33**	**3,626.1**	**2,707.0**
Total liabilities and equity		**46,650.0**	**39,113.1**

Lysaker, 6 February 2024
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Bernt Uppstad Chairman of the Board		Camilla Leikvoll
Jan Birger Penne	Thor Bendik Weider	Einar A. Leikanger CEO

Statement of changes in equity

Storebrand Boligkreditt AS

31. desember

NOK million	Share capital	Share premium	Other paid-in capital	Total paid-in capital	Other equity	Total other equity	Total equity
Equity at 31.12.2021	**490.0**	**550.1**	**521.4**	**1,561.5**	**180.6**	**180.6**	**1,742.0**
Profit for the period					65.0	65.0	65.0
Total comprehensive income for the period					**65.0**	**65.0**	**65.0**
Equity transactions with the owner:							
Capital increase	4.2	895.8		900.0			900.0
Group contribution received			111.7	111.7			111.7
Group contribution paid					-111.7	-111.7	-111.7
Equity at 31.12.2022	**494.2**	**1,445.9**	**633.1**	**2,573.2**	**133.8**	**133.8**	**2,707.0**
Profit for the period					118.9	118.9	118.9
Other comprehensive income					0.1	0.1	0.1
Total other comprehensive income					**0.1**	**0.1**	**0.1**
Total comprehensive income for the period					**119.1**	**119.1**	**119.1**
Equity transactions with the owner:							
Capital increase	2.6	547.4		550.0			550.0
Group contribution received			272.1	272.1			272.1
Group contribution paid					-22.1	-22.1	-22.1
Equity at 31.12.2023	**496.8**	**1,993.3**	**905.3**	**3,395.3**	**230.8**	**230.8**	**3,626.1**

Storebrand Boligkreditt AS is 100% owned by Storebrand Bank ASA. Number of shares are 35.483.333 at nominal value NOK 14,- per share.

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the balance sheet. Share capital, the share premium reserve and other equity is evaluated and managed together. The share premium fund may be used to cover a loss, and other equity may be used in accordance with the provisions of the Company Act.

Storebrand Boligkreditt AS actively manages the level of equity in the company. The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver. The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new capital, this must be issued by the parent bank Storebrand Bank ASA.

Storebrand Boligkreditt AS is a credit institution subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Boligkreditt AS, these legal requirements are most important in its capital management.

For further information on the company's fulfilment of the capital requirements, see note 33.

Statement of cash flow

Storebrand Boligkreditt AS

1 January - 31 December

NOK million	Note	2023	2022
Cash flow from operations			
Net receipts of interest, commissions and fees from customers		1,876.2	781.7
Net disbursement/payments on customer loans		-7,537.0	-11,034.7
Net receipts/payments on securities		117.5	99.2
Payments of operating costs		-126.7	-96.7
Net cash flow from operating activities		**-5,669.9**	**-10,250.6**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt	5	-4,000.0	-3,987.4
Receipts - new loans and issuing of bond debt	5	11,761.0	8,872.1
Payments - interest on loans		-1,532.2	-615.3
Receipts - new loans from credit institutions	5		5,130.8
Repayments of loans from credit institutions	5	-1,308.1	
Receipts - issuing of share capital and other equity		550.0	900.0
Receipts - group contribution		272.1	108.8
Payments - group contribution		-28.4	-139.5
Net cash flow from financing activities		**5,714.5**	**10,269.5**
Net cash flow in period		**44.6**	**18.9**
Net movement in cash and bank deposits		44.6	18.9
Cash and bank deposits at the start of the period		25.0	6.1
Cash and bank deposits at the end of the period		**69.5**	**25.0**

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.12.2023. See also Note 5.

See note 31 for information about undrawn credit limits.

Notes to the account Storebrand Boligkreditt AS

Notes

Storebrand Boligkreditt AS

Note 1 - Company information and accounting policies

1. Company information
Storebrand Boligkreditt AS is a Norwegian limited company with bonds listed on the Oslo Stock Exchange. The company's financial statements for 2023 were approved by the Board of Directors on 6 February 2024.

Storebrand Boligkreditt AS offers home mortgages to the Norwegian retail market. Storebrand Boligkreditt AS consists of the retail market business area. Storebrand Boligkreditt AS is headquartered at Professor Kohts vei 9, Lysaker.

2. Essential accounting policies

2.1. Basis for preparation of the accounts
The accounting policies applied in the company's financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

The consolidated financial statements of Storebrand Boligkreditt AS have been prepared in accordance with International Financial Reporting Standards (IFRS®) as adopted by the EU and appurtenant interpretations, as well as other Norwegian disclosure obligations pursuant to the law and regulations.

Use of estimates in preparing the annual financial statements.
The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

2.2. Changes in accounting policies
The company has implemented the amendments to IAS 1.117 regarding material disclosures of accounting principles. Beyond that, no new accounting standards have been implemented in 2023 that have had a material effect on Storebrand Boligkreditt AS's financial statements.

There are no new standards or changes to standards that have not been made applicable in the preparation of the 2023 financial statements that are expected to have a material effect on the company's accounts.

2.3. Income recognition
Net interest income
Income recognition of interest according to the effective interest method is used for interest-bearing balance sheet items that are valued at amortised cost and balance sheet items that are valued at fair value through other income and costs. The effective interest rate is the interest rate that causes the present value of future cash flows within the loan's expected term to be equal to the book value of the loan on initial recognition. Cash flows include start-up fees, as well as any residual value at the end of the expected term. Interest income on commitments that are credit impaired is calculated using the effective interest rate on impaired value. Interest income on commitments that have not been impaired by credit is calculated using the effective interest rate on gross amortised cost (amortised cost before provision for expected losses).

For interest-bearing balance sheet items that are valued at fair value through profit or loss, interest income is recognised based on nominal interest.

2.4. Financial assets and liabilities
2.4.1. Recognition
Ordinary purchases and sales of financial assets are booked on the transaction date and financial liabilities are booked on the settlement date.

2.4.2. Fair value
Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If a market for a financial instrument is not active, fair value is determined by using recognised valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties, where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market for pricing the instrument and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

When calculating the fair value of loans, the current market rate on similar loans is used. Changes in credit risk are taken into account.

2.4.3. Classification and measurement of financial assets and financial liabilities

Financial assets are classified and measured into one of the following categories:
- Financial assets measured at amortised cost
- Financial assets measured at fair value with change in value through other income and costs with a reclassification of accumulated gains and losses for the profit or loss.
- Financial assets measured at fair value through profit or loss

Financial assets classified and measured at amortised cost
A financial asset is classified and measured at amortised cost if it is:
- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates.

Financial assets measured at amortised cost are recognised at amortised cost using the effective interest method.

Storebrand Boligkreditt AS uses this category for lending to credit institutions, interest-bearing securities in a long-term investment portfolio and all items included in Other Assets.

Financial assets classified and measured at fair value through other comprehensive income, with a reclassification of accumulated gains and losses for the profit or loss
A significant share of the Storebrand Boligkreditt AS's financial instruments is classified under the category of fair value through other comprehensive income. A financial asset is classified and measured at fair value through other comprehensive income if the following condition is met:
- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates and for sale.

Financial assets in this category are recognised at fair value with change in value through other comprehensive income. Associated interest income, foreign currency translation differences and any impairments are recognised in the ordinary profit or loss.

The Storebrand Boligkreditt AS uses this category for all mortgages to customers with variable interest rates.

Financial assets classified and measured at fair value through profit or loss

Storebrand Boligkreditt AS has financial instruments that are classified under the category of fair value through profit or loss for the following reasons:
- the financial assets are included in a portfolio that is continuously measured and reported at fair value,
- the financial assets have cash flows generated not only by interest and instalments on the principal, or that
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities.

Interest income is recognised as income based on nominal interest, while other changes in value are presented as "Net change in value and gains/losses on currency and financial instruments".

Storebrand Boligkreditt AS uses this category for all derivatives and interest-bearing securities that are part of a short-term liquidity portfolio.

Financial liabilities
After initial recognition, all financial liabilities at amortised cost are measured by an effective interest rate method,

See also classification of financial instruments in note 16.

2.4.4. Impairment
Pursuant to IFRS 9, loss provisions are recognised based on expected credit loss (ECL).
To estimate expected credit loss, models have been developed to calculate three indicators: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These models have been derived from similar models used for

internal assessments of capital needs. The models used for IFRS 9 purposes are based on the current macroeconomic situation and forecasts, and the models for PD, LGD and EAD are thus point in time (PIT) models, as opposed to through the cycle (TTC) models, which are used for capital needs purposes. The risk parameters in IFRS 9 have also been calibrated to be more forward-looking. Since the future is always uncertain, different future scenarios are used to compute PD, LGD and EAD for the bank's financial instruments. The various future scenarios have different weights determined by their position in the economic cycle and the forecasts of future events and economic conditions. The final expected credit loss per financial instrument will be a weighted average of the expected credit losses in the various scenarios. Total expected credit loss for the portfolio is the sum of the weighted credit losses per financial instrument.

In the PD model, financial circumstances are a significant predictor, combined with behavioural data on the individual customer. The model is a statistical model based on logistic regression. Loan-to-value ratio is a significant factor in the LGD model. For EAD, the most significant factors are loan size for downpayment loans and credit limit for lines of credit. The models are validated annually. Forecasts affect the PD and LGD estimates in particular.

Storebrand Boligkreditt AS uses future scenarios to calculate expected credit losses. Storebrand Boligkreditt AS bases its future scenarios on the future scenarios presented by Norges Bank in its Financial Stability Report and assessments by Statistics Norway. The scenarios build on the current macroeconomic situation, economic forecasts, and the impact the macroeconomic situation is expected to have on the credit risk of the bank's financial instruments. These expectations affect the probability of default, exposure at default, and loss given default.

Among other things, PD is affected by unemployment, wage growth and interest rates. Higher unemployment and interest rates result in weaker capacity to service debt in the portfolio, and lower wage growth also entails weaker capacity to service debt and thus increased probability of default. Macrovariables will have different effects on the risk parameters, and the impact will vary significantly for the individual customers in the portfolio. Average PD will increase during periods of economic downturn.

Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD. For many financial instruments, the losses will be very small, given the existing market prices. The increase in loss given default as a result of falling house prices is greater than the reduction in loss given default when house prices are rising. Nonlinearities in expected credit loss are taken into account by estimating expected credit loss in a variety of scenarios.

Stress tests and sensitivity tests are used in the assessment of expected credit loss. Sensitivity assessments of stage migration are carried out by assessing the change in expected credit losses if certain commitments migrate from stage 1 to stage 2. Sensitivity analyses are carried out in ICAAP on a regular basis.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macrovariables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

Definition of default

Storebrand Boligkreditt AS has determined the definition of default in line with the recommendation given in the European Banking Authority's (EBA's) guide to implementing the default definition in accordance with Article 178 (EU Regulation 575/2013). The definition of default is applied at debtor level with absolute and relative thresholds for arrears/overdrafts. Arrears/overdrafts for each individual commitment are measured in relation to the total debtor exposure. The absolute threshold is set at NOK 1,000 (per commitment), and the relative threshold is 1% of total debtor exposure.

Joint commitments (commitments with multiple debtors) are defined as a separate risk point and are not included in the overall exposure for the respective individual customers. Default occurs after 90 days with arrears/overdrafts above both absolute and relative thresholds. All debtor commitments are considered defaulted if default has occurred for at least one of these.

In line with the guidance provided by the European Banking Authority (EBA), a probation period of 3 months is used. The probation period starts when default criteria are no longer in place. For the probation period to end, the arrears/overdrafts must be below the threshold values for the entire probation period.

A customer is deemed to be in default if one of the following criteria is met (unlikeliness to pay (UTP) criteria):
- the customer is in personal bankruptcy,
- the customer is in or has been placed in debt settlement proceedings,
- the bank has conducted an enforced sale of the customer's security,
- the customer no longer has an income that will adequately service the loan.

Definition of credit loss

Credit loss is a loss that arises from a credit risk where the loss is the difference between the value of the contractual cash flow and the expected cash flow discounted by the original effective interest rate.

The expected credit loss is the difference between the present value of the contractual cash flow and the expected probability-weighted cash flow.

An expected credit loss is estimated either by means of an individual assessment (individual impairment) or by using statistical models (model-based impairment) to calculate the expected probability-weighted cash flow. An individual assessment with subsequent booking of individual impairments is carried out for commitments with objective evidence of loss and that the loss reduces the future cash flows of the commitment. Individually assessed commitments are moved to stage 3 (see a more detailed description of stage 3 below). Objective loss incidents can be significant financial problems involving a debtor, defaults, debt and/or bankruptcy proceedings for the debtor, or that this is likely, or forbearance caused by financial problems. The calculation of cash flow and the impairments are assessed based on the expected values.

For other commitments, expected credit loss is estimated using model-based impairment. The commitments are divided into different stages (see the section below on calculating expected credit loss). Model-based impairment depends on the stage to which the commitment belongs, parameter estimates for PD, EAD, LGD and expected maturity

Calculating expected credit losses

The classification and changing of stages are described below.

Stage 1

The starting point for all financial assets is stage 1. Stage 1 encompasses all financial assets that do not have substantially higher credit risk than at initial recognition. Financial assets with low credit risk can be exempted and will still always be in Stage 1 even if the credit risk is significantly higher.
Storebrand Biligkreditt AS does not currently apply this exemption rule. In stage 1, expected credit loss is calculated over 12 months.

Stage 2

Stage 2 consists of financial assets where there has been a significant increase in credit risk since initial recognition, but that are not in default or where there is objective evidence of loss. For financial assets in stage 2, expected credit loss is calculated over the expected term of the loan. The expected term deviates from the contractual term and is estimated on the basis of historically observed performance.

Stage 3

Stage 3 includes financial assets that are in default and/or which have objective evidence of loss. For commitments that have objective evidence of loss, an assessment of whether there must be individual impairment is carried out. For other commitments without individual impairment, the expected credit loss is calculated over the expected maturity of the asset.

Migrating to a lower stage

A commitment that no longer meets the criterion for stage 2 is moved to stage 1. The risk models ensure that there has been a sufficiently long period of payment before reducing and returning the risk to stage 1. A commitment in stage 3 can be moved both to stage 2, if stage-2 criteria are met, or directly to stage 1 once the criteria for stage 3 are no longer met.

Substantial increase in credit risk

Substantial increase in credit risk is assessed on the basis of the financial instrument's probability of default (PD) at the time of measurement compared with at initial recognition. The assessment is based on both changes in probability of default during the expected lifetime (lifetime PD) and changes in probability of default in the next 12 months (12 months PD). The assessments are based on absolute changes and relative changes.

For commitments where the 12-month probability of default (PD) upon initial recognition is less than 0.5 per cent, both a relative and an absolute criterion must be satisfied for the commitment to be considered to have a significant increase in credit risk. The relative criterion is a relative increase in lifetime PD of 150 per cent or more from initial recognition until the measurement date. The criterion is equivalent to the lifetime PD at the measurement date being greater than 2.5 multiplied by the lifetime PD at the recognition date. The absolute criterion is that the 12-month PD at the measurement date is 0.6 percentage points higher than the 12-month PD upon initial recognition.

For commitments where the 12-month probability of default (PD) upon initial recognition is more than or equal to 0.5 per cent, either a relative or an absolute criterion must be satisfied for the commitment to be considered to have a significant increase in credit risk. The relative criterion is identical to that stated above, i.e. an increase in lifetime PD of 150 per cent or more from initial recognition until the measurement date. The absolute criterion is that 12-month PD at the measurement date is 1.5 percentage points higher than 12-month PD upon initial recognition.

Commitments for which scheduled payment is overdue by 30 days or more are assessed, irrespective of whether this has caused a significant increase in the credit risk. The same applies to commitments for which forbearance has been granted on the basis of the customers' deteriorating financial situation, however is not serious enough to classify commitments as credit impaired.

Expected maturity
Expected maturity is estimated for various financial instruments. Expected maturity is significant because for commitments with a substantial increase in credit risk, i.e. commitments in stage 2, expected credit loss shall be calculated over the expected maturity of the commitments. The overall probability of default increases over the time horizon being measured, and the expected credit loss over the expected maturity of the commitment is therefore higher than the expected credit loss over one year, provided that the loan's remaining expected maturity is more than 12 months.

For stage 3 commitments, the agreed (contractual) maturity is used to measure expected losses.

Expected maturity is calculated for different products. Expected maturity is estimated at around five years for downpayment loans and six years for lines of credit. Expected maturity is also contractual maturity for top-up loans (loan share greater than LTV of 70%), building credit and bridging loans. Expected maturity is reassessed and validated regularly.

For ongoing commitments, expected maturity is adjusted by a maturity coefficient: The maturity coefficient is the ratio of expected maturity to contractual maturity. The remaining expected maturity is the expected maturity of the product multiplied by the maturity coefficient.

Categorisation into portfolios
Storebrand Boligkreditt AS only has a retail portfolio, housing loans and housing credit.

2.4.5. Derivatives
Derivatives that do not meet the criteria for hedging are classified and measured at fair value through profit or loss. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

2.4.6. Hedge accounting
Fair value hedging
Storebrand Boligkreditt AS uses fair value hedging. The items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss. See Note 28.

2.4.7. Statement of cash flows
The statement of cash flows is prepared using the direct method and shows cash flows grouped according to sources and uses. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice. The statement of cash flows is classified according to operating, investing and financing activities.

Note 2 - Key accounting estimates and judgements
In preparing the company's financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis, and they are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.
Actual results may differ from these estimates.

The company's critical estimates and judgments that could result in material adjustment of recognised amounts are discussed below.

High inflation and associated higher key rates have influenced the macroeconomic situation in Norway in recent years. Many Norwegians, including our customers, have faced greater challenges in coping with higher prices and borrowing rates, but a favourable labour market and low unemployment have meant that the private financial situation has nevertheless been manageable for the vast majority. The housing market held up surprisingly well in the first half of 2023, but stagnated in the second half with associated reduced turnover and falling prices. In 2024, it is expected that the key policy rate will begin to be cut later in the year, that inflation will decline and that unemployment will only increase slightly.

When assessing impairment, overall evaluations have been made of future prospects, which have considered factors such as interest rates, inflation and high energy prices. Prospects of tighter liquidity among our customers due to higher costs of living and interest rate burden, have been taken into account in the macro adjustment of the probability of default. Developments in non-performing loans, loans in arrears and loans with grace periods are being closely monitored.

Loan loss provisions

For loans valued at amortised cost or at fair value through other comprehensive income, loss provisions are recognised based on the Expected Credit Loss (ECL) in accordance with the general method. The models in IFRS9 are based on present values ("Point In Time") of PD and LGD, which are estimated based on default and loss history. In the projections, PD and LGD are adjusted according to three scenarios. The three scenarios are weighted by a specified percentage:

- "base case" scenario that is expected development, 60 percent probability,
- "worst-case" scenario which is economic downturn, 20 percent probability,
- "best case" that is better than expected developments, 20 percent probability.

The models used for IFRS 9 are based on the current macroeconomic situation and forecasts, and the models for probability of default (PD), loss given default (LGD) and exposure at default (EAD) are thus point in time (PIT) models. Future scenarios are used to calculate PD, LGD and EAD for the commitments.

Forecasts affect the PD and LGD estimates in particular.

Among other things, PD is affected by unemployment, wage growth and interest rates. Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD.

Scenario-adjusted PD and LGD are included in the expected loss (ECL) calculation.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macro variables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

A sensitivity analysis has been carried out of the expected loss for commitments in stages 1 and 2 in the event of a change in all 12-month PD estimates. If all 12-month PD estimates had increased by 10 per cent, expected losses would have increased by approximately 12 per cent. Similarly, with a 10 per cent reduction of all 12-month PD estimates, expected losses would have been reduced by about 9 per cent.

A sensitivity analysis of expected losses for stage 2 commitments was also conducted. If the agreed maturity had been used instead of expected maturity, stage 2 expected losses would have increased by approximately 11 per cent.

See also section 2.4.4. of Note 1 - Company information and accounting policies, for more information regarding impairment.

Financial instruments at fair value

There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true of the types of securities priced on the basis of non-observable assumptions. Various valuation techniques are applied to these investments to determine the fair value. They include fixed-rate loans and other financial instruments where theoretical models are used for pricing. Any changes to the assumptions could affect recognised amounts.

Reference is also made to Note 9 in which the valuation of financial instruments at fair value is described in more detail.

Contingent liabilities

The company can be a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 3 - Risk Management

Continuous monitoring and active risk management are core areas of the bank's activities and organisation. The strategy and planning process provides guidance for the business for the next few years. The board determines the risk appetite and risk limits for the different forms of risk on an annual basis.

Organisation of Risk Management

The board of Storebrand Boligkreditt AS has ultimate responsibility for monitoring and managing the organisation's risks. The board determines the annual risk appetite and risk strategy as well as ceilings and guidelines for the risks taken by the business, receives reports of actual risk levels and provides a forward assessment of risks.

The CEO is responsible for operationalising the risk management and internal control system, including ensuring that the enterprise is within the risk limits set by the board. The CEO has overall responsibility for implementing risk management routines.

The Storebrand Group's organisation of risk management responsibility follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and group level.

First line of defence
Storebrand Boligkreditt AS has entered into an agreement with Storebrand Bank ASA regarding terms and conditions for the purchase, transfer and management of loans. The company's tasks are performed by employees of Storebrand Bank ASA and other companies in the Storebrand Group. The services purchased are regulated through service agreements and price agreements that are updated annually.

At the Storebrand Group, responsibility for risk management and internal control is an integral part of management responsibility. Managers at all levels of the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks and events, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

A high level of awareness of risks and risk management are vital elements of the group's culture.

The CEO of Storebrand Boligkreditt AS submits an annual confirmation documenting the unit's risk management activities.

Second line of defence
Storebrand Boligkreditt AS has independent control functions for the company's risk management (Chief Risk Officer, CRO) and for compliance (Chief Compliance Officer, CCO). The CRO and CCO are directly subordinate to the CEO and both report directly to the board of the company. CCO also holds the role of compliance officer according to money laundering regulations. In terms of function the independent control functions are affiliated with the Group CRO in the Storebrand Group, who is responsible to the Group CEO and reports to the board of Storebrand ASA.

Third line of defence
Internal auditing is under the direct authority of the board and is intended to give the board confirmation of the appropriateness and effectiveness of the organisation's risk management, including how the lines of defence are functioning.

Note 4 - Credit risk

Credit risk is the risk of loss associated with customers or counterparties not fulfilling their debt obligations. The risk includes risk associated with lending to customers and counterparty risk on loans to credit institutions, securities and financial derivatives. Credit risk includes potential concentration risk in the loan portfolio. Credit risk is the most significant risk in Storebrand Boligkreditt AS. Credit risk for loans, guarantees and unused credits is most important both in terms of volume and risk level in general. This risk is discussed in the tables below. There is limited credit risk in connection with other exposure. See notes 17 and 18 for more information on the composition of the liquidity portfolio and note 19 for information on derivatives.

Risk Management
All loans of Storebrand Boligkreditt AS are granted in Storebrand Bank ASA. Credit risk is assessed in relation to the capacity and willingness of customers, including any co-participants, to service debt and potential security. The bank uses credit risk models to conduct risk classifications of customers with regard to probability of default (PD) and loss given default (LGD) and expected exposure resulted in default (EAD). The credit assessments are mainly assessed in automated and semi-automated processes with automatic calculations.

The bank's routines for credit management are set forth in credit manuals. The credit manuals are primarily designed for account managers and others who are involved in case management processes. The credit manuals contain common guidelines for the bank group's credit activities, and are intended to ensure uniform and consistent credit management practices.

The loan portfolio is assessed in terms of sustainability risk on the basis of double materiality, i.e. where risk is assessed both for the bank and for the rest of the world. Environmental risk is considered to be the Bank's greatest sustainability risk, and it is climate risk that is assessed highest in the environmental risk. Climate risk is divided into physical risk and transition risk. For physical risk, the safety objects are assessed in relation to physical climate risk. For transition risk, energy classification is assessed, as well as estimated energy consumption and CO2 consumption.

Counterparty risk in connection with bank deposits, securities and financial derivatives with counterparties is included under credit risk and is managed according to a specific policy on the basis of an assessment of the counterparty's repayment capacity, rating and amount under management.

The CRO reports to the board on credit risk trends on an ongoing basis.

Maximum credit exposure

NOK mill.	Book value	Guarantees, unused credits and loan commitments	2023 Maximum credit exposure	2022 Maximum credit exposure
Loans to and deposits with credit institutions	69.5		69.5	25.0
Interest-bearing securities at amortised cost	103.9		103.9	459.3
Total financial instruments at amortised cost	**173.5**	**0.0**	**173.5**	**484.3**
Interest-bearing securities at fair value through profit and loss	1,309.2		1,309.2	1,114.3
Interest swaps	53.1		53.1	14.9
Total financial instruments at fair value through profit and loss	**1,362.2**	**0.0**	**1,362.2**	**1,129.2**
Loans to customers at fair value through other comprehensive income (OCI)	45,069.4	2,398.6	47,468.1	38,839.5
Total financial instruments at fair value through other comprehensive income (OCI)	**45,069.4**	**2,398.6**	**47,468.1**	**38,839.5**
Total exposure for credit risk 1), 2), 3)	**46,605.2**	**2,398.6**	**49,003.8**	**40,453.0**
1) of which financial assets in stage 1:				
Loans to and deposits with credit institutions	69.5		69.5	25.0
Loans to customers	40,651.4	2,362.8	43,014.2	36,336.5
Interest-bearing securities	103.9		103.9	459.3
Total exposure to credit risk on financial assets in stage 1	**40,824.9**	**2,362.8**	**43,187.7**	**36,820.9**
2) of which financial assets in stage 2:				
Loans to customers	4,210.3	35.8	4,246.1	2,467.2
Total exposure to credit risk on financial assets in stage 2	**4,210.3**	**35.8**	**4,246.1**	**2,467.2**
3) of which financial assets in stage 3:				
Loans to customers	207.7		207.7	35.7
Total exposure to credit risk on financial assets in stage 3	**207.7**	**0.0**	**207.7**	**35.7**

Storebrand Boligkreditt AS has no financial assets that are purchased or originated credit-impaired financial assets.

Credit exposure for lending activities

Mortgage customers are assessed in relation to their ability and willingness to repay the loan. Ability to pay is calculated and a risk assessment of customers is made at the time of application. The loan-to-value ratio for customers of Storebrand Boligkreditt AS is less than 80% at the time of transfer from Storebrand Bank ASA.

Storebrand Boligkreditt AS provides loans with residential property as security. There is some volume where some or all of the security is in holiday and leisure property. For this type of security, the maximum loan-to-value ratio at the time of transfer is 60%.

When loans are entered into, information of significance to the value of the home is obtained. Updated, independent valuations of homes are obtained every quarter from the property valuation company Eiendomsverdi AS. For homes where Eiendomsverdi AS does not have an up-to-date valuation (such as housing cooperative apartments, owner-tenant apartments and some leisure properties) the most recent updated market value is used until further notice. Where Eiendomsverdi AS cannot determine the market value of a property with a high degree of certainty, a "haircut" is used so as to reduce the risk of giving an inflated estimate of market value. If Eiendomsverdi AS has never had information about the home's market value, the value registered on entering into the contract will be used. A list of collateral that has had no value update in the last three years is regularly reviewed so as to initiate measures to reduce the number of items on the list.

Average loan-to-value ratio in Storebrand Boligkreditt AS' portfolio is 59.4 percent, and approximately 91 percent of mortgages have a loan-to-value ratio within 80 percent. Nearly 45 percent of mortgages have a loan-to-value ratio within 60 percent in the company. The credit quality in the lending portfolio is therefore considered to be good.

The security in Storebrand Boligkreditt AS is security on residential property. Security for the portfolio is assessed as being extremely good.
Security for matured loans is also considered good.

Security for private-customer defaulted loans without value loss is good. Average weighted loan-to-value ratio for these loans is approximately 76.3 %, and the largest observed loan-to-value ratio for loans in default at the end of December 2023 is 97 %. Security pledged in the retail market is sold. It is not overtaken by the bank.

Storebrand Boligkreditt AS has a volume of NOK 260 million of loans with forbearence at the end of 2023. In exeptional cases, the company grants relief for commitments with mortgages in the form of a grace period for loans with a loan-to-value ratio above 60%.

Loan-to-value ratio, secured loans

	2023			
NOK million	**Distribution in per cent**	**Book value (gross)**	**Unused credit limits**	**Total commitments**
0% - 40%	19.4 %	7,269.0	1,924.8	9,193.9
40% - 60%	28.1 %	12,900.6	438.8	13,339.4
60% - 80%	44.0 %	20,861.4	34.4	20,895.7
80% - 90%	7.4 %	3,523.9		3,523.9
90% - 100%	0.9 %	407.9		407.9
> 100%	0.3 %	126.2	0.6	126.8
Total secured loans	**100.0 %**	**45,089.0**	**2,398.6**	**47,487.6**
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		**45,089.0**	**2,398.6**	**47,487.6**

NOK million	2022			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
0% - 40%	20.4 %	7,190.4	747.6	7,938.0
40% - 60%	36.2 %	13,579.8	493.8	14,073.6
60% - 80%	41.7 %	16,093.6	121.3	16,214.9
80% - 90%	1.3 %	498.3	1.9	500.2
90% - 100%	0.2 %	90.2	2.2	92.4
> 100%	0.1 %	28.2	2.4	30.5
Total secured loans	**100.0 %**	**37,480.5**	**1,369.2**	**38,849.7**
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		**37,480.5**	**1,369.2**	**38,849.7**

Risk related to secured loans

NOK million	2023			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	89.4 %	40,119.1	2,348.6	42,467.7
Medium risk	9.5 %	4,458.1	49.7	4,507.9
High risk	0.6 %	292.6	0.3	292.9
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.5 %	219.1		219.1
Total secured loans	**100.0 %**	**45,089.0**	**2,398.6**	**47,487.6**
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		**45,089.0**	**2,398.6**	**47,487.6**

NOK million	2022			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	92.0 %	34,363.6	1,360.0	35,723.6
Medium risk	7.4 %	2,884.6	9.0	2,893.6
High risk	0.5 %	195.0	0.1	195.1
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.1 %	37.4		37.4
Total secured loans	**100.0 %**	**37,480.5**	**1,369.2**	**38,849.7**
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		**37,480.5**	**1,369.2**	**38,849.7**

Financial assets at fair value through profit and loss (FVTPL)

NOK million	Liquidity portfolio 2023	2022
Book value maximum exposure for credit risk	1,309.2	1,114.3
Book value of related credit derivatives that reduce credit risk		
Collateral		
This year's change in fair value of financial assets due to change in credit risk	2.6	0.5
Accumulated change in fair value of financial assets due to change in credit risk	3.0	0.2
This year's change in value of related credit derivatives		
Accumulated change in value of related credit derivatives		
Akkumulert endring i virkelig verdi på tilknyttede kredittderivater		

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

Financial assets are designated at fair value through the profit and loss account (FVTPL) the first time they are recognised where another measurement would result in an inconsistency in the profit and loss account. Objective market prices are used for papers where these exist. Valuation techniques involving the use of interest rate curves from Reuters and credit spreads from external providers are used for the remaining papers.

Note 5 - Liquidity risk

Liquidity risk is the risk that the company will be unable to refinance its obligations or that the company will not be able to refinance its obligations without incurring substantial additional expenses.

The company's policy for liquidity risk describes principles for liquidity management and specifies stress testing, minimum liquidity holdings and indicators for measuring liquidity risk. Stress tests are used to identify anticipated effects of various scenarios in the balance sheet and cash flows.
Results of the stress tests are applied when assessing the framework for liquidity risk. A contingency plan is drawn up annually to safeguard proper management of the liquidity situation during stressful periods.

The company's liquidity is affected by relatively few large amounts falling due for payment on bonds. In order to ensure a sound liquidity situation, the company will as far as possible take up so-called soft bullet bonds, on which the due date can be extended by up to a year. There will also be limits to how large each amount due for payment can be. Due dates for new borrowing by Storebrand Boligkreditt AS must always be planned in such a way that no breach of any of the liquidity targets in any future period may be anticipated.

The Treasury function at Storebrand Bank ASA is responsible for the bank group's liquidity management and the bank's Middle Office monitors utilization of the ceilings in accordance with liquidity policy, while the CRO group reports to the board of Storebrand Boligkreditt AS.

Non-discounted cash flows - financial liabilities

NOK million	0 - 6 months	7 - 12 months	2 - 3 years	4 - 5 years	More than 5 years	Total	Book value 2023	Book value 2022
Loans and deposits from credit institutions	5,580.0					5,580.0	5,580.0	6,888.1
Debt securities issued	5,985.8	781.4	18,326.7	14,690.9	1,376.5	41,161.3	37,287.2	29,420.7
Derivatives	2.0	11.8	24.0	18.1	13.4	69.3	42.8	45.5
Other liabilities	55.7					55.7	55.7	21.0
Undrawn credit limits	2,398.6					2,398.6		
Total financial liabilities 2023	**14,022.2**	**793.2**	**18,350.8**	**14,709.0**	**1,389.9**	**49,265.0**	**42,965.6**	
Total financial liabilities 2022	12,844.8	527.6	13,057.4	13,397.9	941.3	40,769.1		36,375.2

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2023 are used to calculate interest for lending with FRN conditions. The maturity overview does not take account of the fact that the loans have extended due date, i.e. the original maturity date is used.

Loans to and deposits with credit institutions

NOK million	2023	2022
Loans to and deposits with credit institutions without fixed maturity	5,580.0	6,888.1
Total loans to and deposits with credit institutions	**5,580.0**	**6,888.1**

Loans to and deposits with credit institutions consist of drawn amount on the credit facility in Storebrand Bank ASA. Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. One of these is a normal overdraft facility, with a ceiling of NOK 8 billion. This has no expiry date, but can be terminated by the bank on 15 months' notice. The other facility may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity. Both agreements provide a minimum capacity to cover at least interests and payments on covered bonds and derivatives the following 31 days. In 2023 all covenants are fulfilled.

Covered bonds

NOK million ISIN code	Nominal value	Currency	Maturity 1)	Book value 2023	Book value 2022
NO0010813959	4,000.0	NOK	20.06.2023		4,005.3
NO0010873177	5,000.0	NOK	19.06.2024	5,008.5	5,004.5
NO0010894199	6,500.0	NOK	25.06.2025	6,574.3	6,619.0
NO0011073140	10,000.0	NOK	03.06.2026	10,152.0	7,138.5
NO0012526211	7,500.0	NOK	20.05.2027	7,544.4	5,519.0
XS2553532255	50.0	EUR	11.11.2027	583.1	382.6
NO0012807413	6,100.0	EUR	19.04.2028	6,160.9	
NO0010936917	800.0	NOK	21.02.2031	821.0	312.9
NO0010951528	480.0	NOK	15.04.2031	443.1	439.0
Total commercial papers and bonds issued 2)				**37,287.2**	**29,420.7**

1) Maturity date in this summary is the first possible maturity date (Call date).
2) For covered bonds (OMFs) that are allocated to the company's security, regulatory requirements for over-collateralisation of 5 per cent apply. In 2023 all covenants are fulfilled.

Financing activities - changes during the year

NOK million	Liabilities to credit institutions	Commercial papers and bonds issued
Book value 01.01.2023	6,888.1	29,420.7
New loans / bond debt issued		11,761.0
Repayment of loans/liabilites	-1,308.1	-4,000.0
Changes in accrued interest		112.2
Exchange differences foreign currency		9.1
Other		-15.8
Book value 31.12.2023	**5,580.0**	**37,287.2**

NOK mill.	Liabilities to credit institutions	Commercial papers and bonds issued
Book value 01.01.2022	1,757.3	24,570.8
New loans / bond debt issued	5,130.8	8,872.1
Repayment of loans/liabilites		-3,987.4
Changes in accrued interest		48.8
Exchange differences foreign currency		9.1
Other		-92.6
Book value 31.12.2022	**6,888.1**	**29,420.7**

Note 6 - Market risk

Market risk is risk of a change in value due to financial market prices (such as interest rates, exchange rates, credit spreads) or volatility differing from what was expected.

Risk policies for interest rate and currency risk set ceilings for market risk. Credit spread risk is regulated through ceilings on investments. The company may be exposed to currency risk to a minor extent. Storebrand Boligkreditt AS has issued a covered bond of EUR 50 million, see note 5, which is secured by a base swap. The company's net liability is in NOK, since the EUR interest liability has been swapped to NOK. For interest rate risk, all assets and liabilities have an interest maturity of 3 months or less.

The company's market risk is mainly managed and controlled through daily monitoring of risk exposure with regard to the policies and ongoing analyses of outstanding positions.

The ceilings for exposure are reviewed and renewed by the board at least once per year. The positioning of the ceilings is determined on the basis of stress tests and analyses of market movements.

Middle Office in the bank is responsible for the ongoing, independent monitoring of market risk. Risk control of market risk is performed, among other things, by monthly reports on indicators of market risk. Market risk indicators that are followed are described in the interest rate risk policy and currency risk policy and are included in the CRO's ongoing reporting to the board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as of 31 December 2023:

Effect on accounting income

NOK million	2023	2022
Interest -2,0%	50.2	-14.4
Interest +2,0%	-50.2	14.4

Effect on accounting profit/equity [1)]

NOK million	2023	2022
Interest -2,0%	50.2	-14.4
Interest +2,0%	-50.2	14.4

1) Before taxes

Fiancial interest rate risk

NOK million	2023	2022
Interest -2,0%	14.5	-6.6
Interest +2,0%	-14.5	6.6

The note presents the accounting effect over a 12-month period and the direct financial effect of an immediate parallel change in interest rates of +2.0% and -2.0% respectively. In calculating the accounting effect, consideration has been given to the one-time effect such an immediate interest rate change has on the items recognised at fair value and hedging value, and to the effects the interest rate change has on the result for the remainder of the interest rate duration before the interest rate change has income and costs-related effects.

Items that would be affected by the one-time effects and which are recorded at fair value are the investment portfolio and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. When calculating the financial effect, consideration has been given to the effect such an immediate change in interest rates would have on the market value of all items recorded in the statement of financial position.

See also note 20 regarding foreign exchange risk.

Note 7 - Operational risk

Operational risk

The assessment of operational risks is linked to the ability to achieve targets and to implement plans. Operational risk is defined as the risk of financial loss or damaged reputation due to inadequate or failing internal processes, control routines, systems, human error, or external events

Risk Management

The company seeks to reduce operational risk through an effective system for internal control with (1) clear descriptions of responsibilities, (2) clear routines, and (3) documented powers of attorney/authority. Risks are monitored through the management's risk review, with documentation of risks, measures and follow-up of events. In addition, internal audit carries out an independent control in accordance with audit projects adopted by the Board.

Risk Control

The CRO supports the risk review process and is responsible for compiling and reporting the area's risk scenario, following up on improvement measures and checking that risk registration is up to date in Easy Risk Manager (ERM). The results of the process are reported to the board of the company.

In order to be able to identify problem areas internally, the Storebrand Group has implemented routines for ongoing reporting of events to the CRO, who is responsible for logging and follow-up of reported events. The CRO reviews significant events with the board of the company.

In connection with monthly, quarterly and annual accounts, the bank's staff functions perform various checks and reconciliations so as to control and reduce operational risk. The compliance function performs control activities in order to ensure compliance with significant regulations.The compliance function and internal auditor also make spot checks in a number of the bank's most important work processes. The results of these are reported to the company's board.

Pursuant to the management agreement between Storebrand Bank ASA and Storebrand Boligkreditt AS, the bank is responsible for establishing and managing loans in the company. The agreement is followed-up by the company through daily controls of the balance, random checks of batch transfers from the bank to the company and in connection with monthly reports to the external investigator. In addition, there is follow-up of the development of risk classes and defaults in the monthly risk reports.

The bank group's IT systems are vital for credit approval in the bank and for portfolio follow-up and accounting in the company. Errors can have consequences for the operation of the company and may impact on customer trust. In the worst case, abnormal situations may result in penalties from supervisory authorities. Operations of the IT systems are outsourced. The bank's system platform that is used by Storebrand Boligkreditt AS is based on purchased standard systems operated and monitored through service agreements. The bank group has established an intragroup management model with close supplier follow-up and internal control activities to ensure that development, management and operations provide complete, precise and reliable financial reporting.

Compliance risk

Compliance risk is the risk of the company incurring public sanctions or financial loss, compentastion claims and/or loss reputation as a result of non-compliance with external or internal regulations. The bank's independent control function for regulatory compliance (CCO) is responsible for supporting the company's board and management in the work on complying with relevant laws and regulatory provisions.

Note 8 - Climate risk

Storebrand Boligkreditt's lending activities consist of mortgages and almost the entire lending portfolio is secured by way of property mortgages. Based on this, we launched "boliglån fremtid" (mortgage future) in 2016. Boliglån fremtid is a mortgage with favourable interest, which gives customers tips and motivation to make smart energy choices for their homes. Storebrand Boligkreditt has identified the following climate risks:

Lower demand for loans and other banking services

A rapid transition to low emissions will affect the Norwegian economy in particular. Storebrand Boligkreditt has no direct exposure to the fossil fuel sector. The labour, housing and property markets and macroeconomic conditions in general are dependent on the fossil fuel sector. The transition may contribute to a recession and a long period of low interest rates in Norway. Demand for credit is lower during economic downturns and recessions.

Increased losses on lending as a result of climate change or the transition to low emissions

The macroeconomic situation in some areas/regions is weaker, particularly as a result of transition risks. The debtor risk increases as a result of this. The value of securities develops at a relatively weaker rate than other items due to physical risk (market values develop weaker in areas where, for example, there is a greater risk of floods, landslides, rainfall than the market in general) and/or the transition risk (market values fall more in areas with a higher transition risk due to weaker economic development). The risk manifests itself in the form of increased losses on lending. Climate risk is not measurable and has not affected loss provisions in the 2023 financial statements.

Green mortgages give low profitability

Storebrand Boligkreditt's focus on green mortgages meets low interest and demand. The investment then yields a weak return. A large investment in green mortgages may result in other initiatives receiving lower priority, and these initiatives may have greater demand among households, which cover the needs of other banks.

Regulatory risk from non-compliance with new requirements for climate adaptation or reporting

The risk is considered low, however the large number of new and comprehensive regulations require follow-up and reporting. The greatest challenge is a lack of consistency in customer communication and marketing. The risks include reputational risk.

Own objectives for climate adaptation are not achieved or the ambitions are too low

The risks include late/delayed issuing of green bonds/covered bonds in comparison with competitors. The risk is considered low, but it is important that the objectives are increased in line with higher expectations.

Note 9 - Valuation of financial instruments

Storebrand Boligkreditt AS conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters, Bloomberg and Nordic Bond Pricing. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Boligkreditt AS carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations

Level 1: Financial instruments valued on the basis of quoted prices in active markets for identical assets
Bonds, certificates or equivalent instruments issued by nation states are generally classified as level 1.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1
This category encompasses financial instruments that are valued based on market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 covers bonds and equivalent instruments. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified as level 2.

Level 3: Financial instruments valued on the basis of information that is not observable according to the definition for level 2
Investments classified as level 3 comprises variable home loans and loans to and deposits with credit institutions .

The value of home loans with a floating interest rate are valued at nominal value less expected credit loss. Loans without any substantially higher credit risk than at initial recognition are valued at nominal value. Loans where there has been a significant increase in credit risk since initial recognition or loans where there is objective evidence of loss, are valued at nominal value less expected credit loss over the lifetime of the loan.
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Valation of financial instruments at fair value

Valuation of financial instruments at fair value through profit and loss

NOK million	LEVEL 1 Quoted prices	LEVEL 2 Observable assumptions	LEVEL 3 Non-observable assumptions	Book value 31.12.2023	Book value 31.12.2022
Mortgage and asset backed bonds		1,309.2		1,309.2	1,114.3
Total bonds 31.12.2023	**0.0**	**1,309.2**	**0.0**	**0.0**	
Total bonds 31.12.2022		1,114.3			1,114.3
Interest rate derivatives		10.3		10.3	-30.6
Total derivatives 31.12.2023	**0.0**	**10.3**	**0.0**	**10.3**	
Derivatives with a positive fair value		53.1		53.1	14.9
Derivatives with a negative fair value		-42.8		-42.8	-45.5
Total derivatives 31.12.2022		-30.6			-30.6

There have not been any changes between quoted prices and observable assumptions on the various financial instruments in the year.

Valuation of financial instruments at fair value through other comprehensive income (FVOCI)

NOK million	LEVEL 1 Quoted prices	LEVEL 2 Observable assumptions	LEVEL 3 Non-observable assumptions	Book value 31.12.2023	Book value 31.12.2022
Net loans to customers - retail market			45,069.4	45,069.4	37,470.3
Total net loans to customers	**0.0**	**0.0**	**45,069.4**	**45,069.4**	**37,470.3**

Financial instruments at fair value - level 3

NOK million	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2023	37 470,3
Net gains/losses on financial instruments	-9,4
Supply / disposal	19 520,7
Sales / due settlements	-11 912,2
Book value 31.12.2023	**45 069,4**

NOK million	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2022	26,430.0
Net gains/losses on financial instruments	-6.0
Supply / disposal	20,869.4
Sales / due settlements	-9,823.0
Book value 31.12.2022	**37,470.3**

Valuation of financial instruments at amortised cost

NOK million	LEVEL 1 Quoted prices	LEVEL 2 Observable assumptions	LEVEL 3 Non-observable assumptions	Fair value 31.12.2023	Book value 31.12.2023	Fair value 31.12.2022	Book value 31.12.2022
Financial assets							
Loans to and deposits with credit institutions			69.5	69.5	69.5	25.0	25.0
Interest-bearing securities		103.4		103.4	103.9	459.3	459.3
Total financial assets 31.12.2023		**103.4**	**69.5**	**173.0**	**173.5**		
Total financial assets 31.12.2022		50.0				484.3	484.3
Financial liabilities							
Loans and deposits from credit institutions		5,580.0		5,580.0	5,580.0	6,888.1	6,888.1
Debt securities issued		37,276.9		37,276.9	37,287.2	29,411.5	29,420.7
Total financial liabilities 31.12.2023		**42,856.9**		**42,856.9**	**42,867.2**		
Total financial liabilities 31.12.2022		36,274.6	25.0			36,299.5	36,308.7

The fair value of interest-bearing securities, debt securities issued and subordinated loans is based on normal valuation techniques. Cash flows are discounted over the remaining term with the current discount factor. The discount factor used is based on a swap rate (mid swap) with a maturity that corresponds to the maturity of the underlying financial.

For the items loans to and deposits with credit institutions and deposits from credit institutions fair value is approximately equal to amortised cost.

Sensitivity analysis of financial instruments valued at fair value

Loans to customers at fair value through other comprehensive income (OCI)
The value of home loans with a floating interest rate are valued at nominal value less expected credit loss. Loans without any substantially higher credit risk than at initial rcognitaion are valued at nominal value. Loans where there has been a significant increase in credit risk since initial recognitation or loans where there is objective evidence of loss, are valued at nominal value less expected credit loss over the lifetime of the loan.

NOK million	Floating loans to customers Fair value through other comprehensive income (OCI)		Floating loans to customers Fair value through other comprehensive income (OCI)	
	Change in market spread		Change in market spread	
	+ 10 bp	- 10 bp	+ 25 bp	- 25 bp
Increase/reduction in fair value at 31.12.2023	**-5.2**	**5.2**	**-12.9**	**12.9**
Increase/reduction in fair value at 31.12.2022	-4.3	4.3	-10.8	10.8

Note 10 - Segment

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending. This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA.
The company's accounts for 2023 therefore relate entirely to the Retail Lending segment. Geographic segments form the company's secondary reporting segments. The company does not have any activities outside Norway. Customers from abroad are classified as part of the Norwegian activities. All operating income and the company's earnings therefore relate solely to its Norwegian activities.

Note 11 - Net income from financial instruments

Net interest income

NOK million	2023	2022
Interest on loans to credit institutions	0.8	0.3
Interest on loans to customers - loans valued at fair value with change in value through other comprehensive income (OCI)	1,919.1	824.5
Interest on interest-bearing securities valued at amortised cost	8.0	6.8
Total interest income calculated by using the effective interest method	**1,928.0**	**831.6**
Interest on interest-bearing securities valued at fair value with change in value through profit and loss	33.7	24.2
Total other interest income	**33.7**	**24.2**
Total interest income	**1,961.7**	**855.8**
Interest on loans from credit institutions	-110.7	-76.0
Interest on debt securities issued	-1,508.4	-555.6
Total interest expenses calculated by using the effective interest method	**-1,619.0**	**-631.6**
Interest on derivatives	-10.5	-0.7
Other interest expenses	-5.7	-3.8
Total other interest expenses	**-16.1**	**-4.5**
Total interest expenses calculated by using the effective interest method	**-1,635.2**	**-636.1**
Net interest income	**326.5**	**219.6**

Net income and gains from financial assets and liabilities

NOK million	2023	2022
Unrealised gain/loss on loans and receivable	-0.2	-0.2
Net change in value and gain/loss on loans and receivables	**-0.2**	**-0.2**
Realised gain/loss on interest-bearing securities	0.1	-0.3
Unrealised gain/loss on interest-bearing securities	2.2	0.6
Net change in value and gain/loss on interest-bearing securities	**2.3**	**0.3**
Realised gain/loss on financial liabilities	-4.6	-2.1
Unrealised gain/loss on financial liabilities	-4.1	42.8
Net change in value and gain/loss on financial liabilities (except financial derivatives)	**-8.7**	**40.7**
Realised gain/loss on foreign exchange and financial derivatives	8.3	-14.1
Unrealised gain/loss on foreign exchange and financial derivatives	-7.6	-39.4
Net change in value and gain/loss on foreign exchange and financial derivatives	**0.7**	**-53.4**
Total change in value and net gain/loss on financial assets and financial liabilities	**-6.0**	**-12.6**

Note 12 - Remuneration paid to auditor

Remuneration incl. valued added tax:

NOK thousand	2023	2022
Statutory audit	-242	-176
Other reporting duties	-374	-100
Other non-audit services	-119	-160
Total	**-734**	**-435**

Note 13 - Operating expenses

NOK million	2023	2022
Other staff expenses	-0.2	-0.2
Total staff expenses	**-0.2**	**-0.2**
IT costs	-0.3	-0.2
Foreign services	-1.0	-0.5
Purchase from group companies	-157.4	-116.7
Other operating expenses	-0.2	-0.2
Total other operating expenses	**-158.9**	**-117.6**
Total operating expenses	**-159.1**	**-117.8**

Note 14 - Losses on loans, guarantees and unused credits

NOK million	2023		
	Loans and securities valued at amortisert cost and loans valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	0.6		0.6
The periods change in impairment losses stage 2	-0.2		-0.2
The periods change in impairment losses stage 3	-9.8		-9.8
Other changes	0.1		0.1
Loss expense for the period	**-9.3**	**0.0**	**-9.3**

The company has no outstanding contractual amounts for realised losses during 2023 that are still subject to enforcement activities.

NOK million	2022		
	Loans and securities valued at amortisert cost and loans valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	-1.1		-1.1
The periods change in impairment losses stage 2	-3.9		-3.9
The periods change in impairment losses stage 3	-1.0		-1.0
Other changes	0.1		0.1
Loss expense for the period	**-5.9**	**0.0**	**-5.9**

The company has no outstanding contractual amounts for realised losses during 2022 that are still subject to enforcement activities.

Note 15 - Tax

Tax charge for the year

NOK million	2023	2022
Tax payable for the period	13.2	6.2
Changes in deferred tax/deferred tax asset	20.4	12.1
Total tax charge	**33.6**	**18.3**

Tax base for the year

NOK million	2023	2022
Ordinary pre-tax profit	152.5	83.3
Change in temporary differences	-92.7	-54.9
Tax base for the year	**59.8**	**28.4**

Reconciliation of expected and actual tax charge

NOK million	2023	2022
Ordinary pre-tax profit	152.5	83.3
Expected tax on income at nominal rate (22%)	-33.5	-18.3
Tax charge	**-33.5**	**-18.3**
Effective tax rate	22 %	22 %
Tax payable		
Tax payable	13.2	6.2
- tax effect of group contribution paid	-13.2	-6.2
Tax payable in the balance sheet	**0.0**	**0.0**

The company has provided a group contribution with tax effect for 2023. The group contribution will be recognised after the general meeting is held in 2024. Taking the group contribution into consideration, tax payable will be NOK 0.

Analysis of the tax effect of temporary differences and tax losses carried forward

NOK million	2023	2022
Tax-increasing temporary differences		
Securities	213.1	156.2
Total tax-increasing temporary differences	**213.1**	**156.2**
Tax-reducing temporary differences		
Derivatives	5.2	-34.5
Other	-13.6	-9.8
Total tax-reducing temporary differences	**-8.4**	**-44.2**
Net base for deferred tax/tax assets	**204.7**	**112.0**
Net deferred tax/deferred tax asset in the balance sheet	**-45.0**	**-24.6**
Booked in the balance sheet:		
Deferred tax asset		
Deferred tax	-45.0	-24.6

Storebrand Boligkreditt AS has activities within "Section K" (financing and insurance activities as defined in Standard Industrial Classification 2007) which exceed 30 per cent and are therefore subject to the financial tax, but since the company does not have any employees it is not subject to finance tax. A tax rate of 22 per cent has been used for capitalizing deferred tax asset in the balance sheet.

Pillar two – minimum taxation

During December 2023 and January 2024, both Swedish and Norwegian authorities adopted changes to tax legislation with effect from the income year 2024. The new legislation introduces a supplementary tax, a global minimum taxation which is intended to prevent profit movement between countries, and ensure an effective tax rate of at least 15 percent.

Storebrand is covered by the new regulations. The group is working on the introduction of a supplementary tax, and has not yet finished analyzing the effects. The Group does not operate in countries with a corporate tax rate below 15 per cent. So far, it seems that the tax consequences will be minimal for Storebrand. Deferred tax related to the new regulation has not been recognised in the 2023 financial statements.

Note 16 - Classification of financial assets and liabilities

NOK million	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income (OCI)	Total book value 2023	Total book value 2022
Financial assets					
Loans to and deposits with credit institutions	69.5			69.5	25.0
Interest bearing securities	103.9	1,309.2		1,413.1	1,573.7
Derivatives		53.1		53.1	14.9
Net loans to customers			45,069.4	45,069.4	37,470.3
Other assets	44.8			44.8	29.3
Total financial assets 2023	**218.3**	**1,362.2**	**45,069.4**	**46,650.0**	
Total financial assets 2022	513.6	1,129.2	37,470.3		39,113.1
Financial liabilities					
Loans and deposits from credit institutions	5,580.0			5,580.0	6,888.1
Debt securities issued	37,287.2			37,287.2	29,420.7
Other liabilities	55.7			55.7	21.0
Total financial liabilities 2023	**42,922.9**	**42.8**		**42,965.6**	
Total financial liabilities 2022	36,329.7	45.5			36,375.2

Note 17 - Interest-bearing securities at fair value through profit and loss account

	2023	2022
NOK million	Fair value	Fair value
Sovereign and Government Guaranteed bonds		
Mortgage and asset backed bonds	1,309.2	1,114.3
Total interest-bearing securities at fair value	**1,309.2**	**1,114.3**
Modified duration	0.18	0.17
Average effective yield per 31.12.	5.01 %	3.39 %

The portfolio is in NOK. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 18 - Interest-bearing securities at amortised cost

	2023		2023	
NOK million	Book value	Fair value	Book value	Fair value
Public issuers and Government Guaranteed Bonds	103.9	103.4	459.3	459.3
Total interest-bearing securities at amortised cost	**103.9**	**103.4**	**459.3**	**459.3**
Modified duration		0.16		0.09
Average effective yield per 31.12.		4.91 %		3.08 %

All securities are denominated in NOK. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 19 - Financial derivatives

Financial derivatives are linked to underlying amounts which are not recognised in the statement of financial position. In order to quantify the volume of derivatives, reference is made to underlying amounts like underlying principal, nominal volume, etc. Different calculation methods are applied to nominal volume for different types of financial derivatives, and this figure gives some expression of the scope and risk of the positions of financial derivatives.

Gross nominal volume primarily provides information on the scope, while net nominal volume provides a certain expression of risk positions. However, the nominal volume for different instruments is not necessarily comparable, considering the risk exposure. As opposed to gross nominal volume, the calculation of net nominal volume also takes into account the sign for the instrument's market risk exposure, by differing between so-called asset positions and liability positions.

An asset position in a currency derivative generates a positive change in value if the exchange rate against the NOK increases. The average gross nominal volume is based on daily calculations of gross nominal volume.

NOK million	Gross nom. volume [1]	Gross recognised fin. assets	Gross recognised debt	Net fin. assets / debt in the statement of financial position	Net amounts taken into account netting agreements		Net amount
					Fin. assets	Fin. debt	
Interest derivatives [2]	1,041.8	53.1	42.8				10.3
Total derivatives 31.12.2023	**1,041.8**	**53.1**	**42.8**	**0.0**	**0.0**	**0.0**	**10.3**
Total derivatives 31.12.2022	847.1	14.9	45.5				-30.6

1) Values as at 31.12:
2) Interest derivatives include accrued, not due, interest..

Investments subject to netting agreements /CSA

NOK million	Recognised assets	Recognised liabilities	Net assets	Collateral		Net exposure
				Cash (+/-)	Securities (+/-)	
Total 2023	**53.1**	**42.8**	**10.3**	**55.3**		**-45.0**
Total 2022	14.9	45.5	-30.6	20.5		-51.1

Note 20 - Foreign exchange risk

Financial assets and liabilities in foreign currency

NOK million	Balance sheet items excluding currency derivatives	Currency forwards	Net position 2023		Net position 2022
	Net in the balance sheet	Net sales	in currency	in NOK	in NOK
EUR	4.9		4.9	55.3	20.5
Total net currency positions	**4.9**		**4.9**	**55.3**	**20.5**

Storebrand Boligkreditt AS has issued a covered bond of EUR 50 million, see note 5, which is secured by a base swap. The company's net liability is in NOK, since the EUR interest liability has been swapped to NOK. The baseswap is from derivative counterparty secured with cash collateral of EUR 4.9 million as of 31.12.2023. That amount is included in the company's net position.

The permitted limit for the bank's foreign exchange position is 0.30 per cent of primary capital, currently around NOK 13 million.

Note 21 - Loan to value ratios and collateral

NOK million	2023	2022
Gross lending [1)]	45,089.5	37,481.0
Average loan balance	3.4	3.0
No. of loans	16,506.0	15,361.0
Weighted average seasoning (months)	29	29
Weighted average remaning term (months)	281	291
Average loan to value ratio	59 %	55 %
Over-collateralisation [2)]	24 %	32 %
Cover pool:		
Residential mortgages [1)]	44,568.8	36,970.3
Derivatives	8.3	
Supplementary security [3)]	1,307.3	1,143.5
Total	**45,884.4**	**38,113.8**

1) In accordance with the Regulation for credit institutions that issue covered bonds, lending cannot exceed 80% of the value of collateral (i.e. value of properties pledged as collateral). As per 31 December 2023, the company had NOK 208 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 31 December 2023, the company has 55 non-performing loans without evidence of impairment, equivalent to NOK 163 million. There are 12 non-performing loans with evidence of impairment of NOK 56.6 million where the impairment is assessed to be NOK 7 million. Non-performing loans with and without evidence of impairment, are not included in the cover pool. A total of NOK 427.6 million are not included in the cover pool.
2) Over-collateralisation has been calculated based on total volume of issued covered bonds of NOK 36.9 billion (nominal value).
3) Supplementary security is loans to and deposits with credit institutions and interest-bearing securities.

Note 22 - Loans, guarantees and unused credits

NOK million	2023 Book value	2022 Book value
Loans to customers at amortised cost		
Loans to customers at fair value through profit and loss		
Loans to customers at fair value through other comprehensive income (OCI)	45,089.5	37,481.0
Total gross lending to customers	**45,089.5**	**37,481.0**
Provision for expected loss stage 1	-1.7	-2.3
Provision for expected loss stage 2	-6.5	-6.4
Provision for expected loss stage 3	-11.9	-2.1
Net lending to customers	**45,069.4**	**37,470.3**

See note 23 for analysis of engagement by customer groups and geographical area and note 24 for specification of loan loss provisions.

Change in gross loans to customers valued at fair value through other comprehensive income (OCI)

	2023			
NOK million	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2023	34,986.2	2,457.0	37.8	37,481.0
Transfer to stage 1	597.4	-594.7	-2.7	
Transfer to stage 2	-1,502.6	1,503.6	-1.0	
Transfer to stage 3	-83.4	-77.4	160.7	
New loans	17,849.2	1,629.5	42.0	19,520.7
Derecognition	-10,449.6	-668.6	-14.8	-11,133.0
Other changes	-744.1	-32.6	-2.5	-779.3
Gross loans 31.12.2023	**40,653.1**	**4,216.8**	**219.6**	**45,089.5**

	2022			
NOK million	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2022	25,298.9	1,120.9	14.9	26,434.7
Transfer to stage 1	271.0	-270.4	-0.7	
Transfer to stage 2	-729.0	730.1	-1.2	
Transfer to stage 3	-5.8	-11.9	17.7	
New loans	19,485.2	1,374.0	10.2	20,869.4
Derecognition	-8,782.5	-465.3	-3.2	-9,251.1
Other changes	-551.7	-20.3		-572.0
Gross loans 31.12.2022	**34,986.2**	**2,457.0**	**37.8**	**37,481.0**

Change in maximum exposure for guarantees and unused credits

	2023			
NOK million	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2023	1,352.6	16.5		1,369.2
Transfer to stage 1	4.2	-4.2		
Transfer to stage 2	-18.4	18.4		
Transfer to stage 3	-0.1	0.0	0.1	
New guarantees and unused credits	1,218.7	25.6		1,244.3
Dereceognition	-232.6	-8.5		-241.1
Other	38.3	-12.0	-0.1	26.2
Maximum exposure 31.12.2023	**2,362.8**	**35.9**	**0.0**	**2,398.6**

	2022			
NOK million	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2022	949.1	0.9		950.0
Transfer to stage 1	0.5	-0.5		
Transfer to stage 2	-5.5	5.5		
Transfer to stage 3				
New guarantees and unused credits	593.8	9.5		603.3
Dereceognition	-208.7	-0.1		-208.8
Other	23.4	1.3		24.7
Maximum exposure 31.12.2022	**1,352.6**	**16.5**	**0.0**	**1,369.2**

Total commitments amount by remaining term to maturity

NOK million	2023			
	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	9.3		7.1	16.4
From 1 month up to 3 months	120.5		16.1	136.5
From 3 months up to 1 year	178.9		54.7	233.6
From 1 year to 5 years	751.6		316.0	1,067.6
More than 5 years	44,029.3		2,004.8	46,034.0
Total	**45,089.5**	**0.0**	**2,398.6**	**47,488.1**

NOK million	2022			
	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	1.4		0.0	1.4
From 1 month up to 3 months	90.2		67.7	157.9
From 3 months up to 1 year	169.8		72.1	241.9
From 1 year to 5 years	809.2		241.0	1,050.1
More than 5 years	36,410.5		988.4	37,398.8
Total	**37,481.0**	**0.0**	**1,369.2**	**38,850.2**

Note 23 - Engagement by customer groups and geographical area

Engagement by customer group

NOK million	2023			
	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total engagements
Wage-earners	45,086.2		2,398.6	47,484.9
Other	3.3			3.3
Abroad				
Total	**45,089.5**	**0.0**	**2,398.6**	**47,488.1**
Provision for expected loss stage 1	-1.7			-1.7
Provision for expected loss stage 2	-6.5			-6.6
Provision for expected loss stage 3	-11.9			-11.9
Total loans, guarantees and undrawn credit limits	**45,069.4**	**0.0**	**2,398.6**	**47,468.0**
Distribution by geographical area				
Eastern Norway	39,254.5		2,094.3	41,348.9
Western Norway	3,323.4		195.2	3,518.6
Southern Norway	523.6		26.6	550.2
Mid-Norway	1,030.7		37.0	1,067.8
Northern Norway	800.2		31.5	831.6
Rest of world	157.0		14.1	171.1
Total	**45,089.5**	**0.0**	**2,398.6**	**47,488.1**
Provision for expected loss stage 1	-1.7			-1.7
Provision for expected loss stage 2	-6.5			-6.6
Provision for expected loss stage 3	-11.9			-11.9
Total loans, guarantees and undrawn credit limits	**45,069.4**	**0.0**	**2,398.6**	**47,468.0**

Engagement by customer group

NOK million	2022			
	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total engagements
Wage-earners	37,286.6		1,361.9	38,648.5
Other	3.9			3.9
Abroad	190.5		7.3	197.8
Total	**37,481.0**	**0.0**	**1,369.2**	**38,850.2**
Provision for expected loss stage 1	-2.3			-2.3
Provision for expected loss stage 2	-6.4			-6.4
Provision for expected loss stage 3	-2.1			-2.1
Total loans, guarantees and undrawn credit limits	**37,470.3**	**0.0**	**1,369.2**	**38,839.5**
Distribution by geographical area				
Eastern Norway	31,595.1		1,135.6	32,730.8
Western Norway	3,376.3		170.0	3,546.3
Southern Norway	522.5		15.4	538.0
Mid-Norway	932.1		20.2	952.2
Northern Norway	928.4		20.6	949.0
Rest of world	126.6		7.3	133.9
Total	**37,481.0**	**0.0**	**1,369.2**	**38,850.2**
Provision for expected loss stage 1	-2.3			-2.3
Provision for expected loss stage 2	-6.4			-6.4
Provision for expected loss stage 3	-2.1			-2.1
Total loans, guarantees and undrawn credit limits	**37,470.3**	**0.0**	**1,369.2**	**38,839.5**

Undrawn credit limits relate to the unused portion of lending limits on flexible mortgages.

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

Note 24 - Loss provisions of loans, guarantees and unused credits

NOK million	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions at 01.01.2023	2.3	6.4	2.1	10.7
Transfer to stage 1 (12-month ECL)	1.0	-1.0		
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-0.3	0.3		
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	-0.1	-1.4	1.5	
Net remeasurement of loan losses	-1.0	1.9	5.8	6.7
New financial assets originated or purchased	1.3	3.0	3.4	7.7
Financial assets that have been derecognised	-0.7	-1.9	-0.1	-2.7
ECL changes of balances on financial assets without changes in stage in the period	-0.8	-0.6	-0.9	-2.3
Loan loss provisions at 31.12.2023	**1.7**	**6.6**	**11.8**	**20.1**
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	1.7	6.5	11.9	20.1
Total loans loss provisions	**1.7**	**6.6**	**11.9**	**20.1**

NOK million	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions at 01.01.2022	1.1	2.5	1.1	4.7
Transfer to stage 1 (12-month ECL)	0.4	-0.4		
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-0.1	0.1		
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	0.0	-0.2	0.2	
Net remeasurement of loan losses	-0.4	1.7	0.8	2.1
New financial assets originated or purchased	2.0	4.0	0.1	6.1
Financial assets that have been derecognised	-0.5	-1.2	-0.1	-1.7
ECL changes of balances on financial assets without changes in stage in the period	-0.2	-0.3		-0.5
Loan loss provisions at 31.12.2022	**2.3**	**6.4**	**2.1**	**10.7**
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	2.3	6.4	2.1	10.7
Total loans loss provisions	**2.3**	**6.4**	**2.1**	**10.7**

Periodical changes in individual impairments and expected credit loss on loans, unused credit limits and guarantees are shown above. Storebrand Boligkreditt AS has not any expected loan loss provisions relatet to loans to credit institutions and interest-bearing securities. Recognised losses on loans, unused credits and guarantees in the profit and loss account are shown in note 14.

Loan loss provions by customer group

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total
Wage-earners	1.7	6.5	11.9	20.1
Total loan loss provions 31.12.2023	**1.7**	**6.6**	**11.9**	**20.1**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total
Wage-earners	2.2	6.3	2.1	10.6
Other	0.1	0.1	0.0	0.1
Total loan loss provions 31.12.2022	**2.3**	**6.4**	**2.1**	**10.7**

Note 25 - Distribution of loan loss provisions and exposure on secured and unsecured retail exposures

Distribution of loan loss provisions

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	1.7	6.6	11.4	19.6
Other exposures including SME exposures			0.5	0.5
Total loan loss provisions	**1.7**	**6.6**	**11.9**	**20.1**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	2.3	6.3	1.7	10.2
Other exposures including SME exposures			0.5	0.5
Total loan loss provisions	**2.3**	**6.4**	**2.1**	**10.7**

Distribution of exposure incl. unused credit facilities and guarantees

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	43,015.9	4,252.6	219.1	47,487.6
Other exposures including SME exposures			0.5	0.5
Total exposure	**43,015.9**	**4,252.7**	**219.6**	**47,488.1**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	36,338.8	2,473.5	37.4	38,849.7
Other exposures including SME exposures			0.5	0.5
Total exposure	**36,338.8**	**2,473.5**	**37.8**	**38,850.2**

Note 26 - Non-performing and loss-exposed loans

NOK million	2023	2022
Non-performing loans		
Non-performing loans without evidence of impairment	163.0	32.7
Loss-exposed loans with evidence of impairment	56.6	5.1
Gross non-performing and loss-exposed loans	**219.6**	**37.8**
Loan loss provisions stage 3	-11.9	-2.1
Net non-performing and loss-exposed loans	**207.7**	**35.7**

Misligholdte lån fordelt på kundegrupper

	2023				
NOK million	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Wage-earners	56.6	163.0	219.6	11.9	207.7
Total	**56.6**	**163.0**	**219.6**	**11.9**	**207.7**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

	2022				
NOK million	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Wage-earners	5.1	32.7	37.8	2.1	35.7
Total	**5.1**	**32.7**	**37.8**	**2.1**	**35.7**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

Non-performing and loss-exposed loans by geographical area

	2023				
NOK million	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Eastern Norway	147.0	22.2	169.2	6.1	163.1
Western Norway	9.7	19.4	29.0	2.9	26.1
Southern Norway	2.9	14.5	17.4	2.4	15.0
Mid-Norway		0.5	0.5	0.5	
Northern Norway	3.5		3.5		3.5
Total	**163.0**	**56.6**	**219.6**	**11.9**	**207.7**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

NOK million	2022				
	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Eastern Norway	19.8	0.1	19.9	0.1	19.8
Western Norway	12.9	4.5	17.5	1.6	15.9
Mid-Norway		0.5	0.5	0.5	0.0
Total	**32.7**	**5.1**	**37.8**	**2.1**	**35.7**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

Age distribution of overdue commitments without impairment

NOK million	2023			
	Total loans to customers at fair value through other comprehensive income (OCI)*)	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	88.4			88.4
Overdue 31 - 60 days	35.7		0.4	36.1
Overdue 61- 90 days	6.6			6.6
Overdue more than 90 days**)	163.0			163.0
Total	**293.7**	**0.0**	**0.4**	**294.1**
Commitments overdue more than 90 days by geographical area:				
Eastern Norway	147.0			147.0
Western Norway	9.7			9.7
Southern Norway	2.9			2.9
Northern Norway	3.5			3.5
Total	**163.0**	**0.0**	**0.0**	**163.0**

*) Storebrand Boligkreditt AS has no loans to customers at amortised cost nor at fair value through profit and loss.
**) Only non-performing and loss-exposed loans are classified by geographical area in this overview.

NOK million	2022			
	Total loans to customers at fair value through other comprehensive income (OCI)*)	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	17.8			17.8
Overdue 31 - 60 days	28.7		1.9	30.6
Overdue 61- 90 days	16.8			16.8
Overdue more than 90 days**)	32.7			32.7
Total	**96.0**	**0.0**	**1.9**	**97.9**
Commitments overdue more than 90 days by geographical area:				
Eastern Norway	19.8			19.8
Western Norway	12.9			12.9
Total	**32.7**	**0.0**	**0.0**	**32.7**

*) Storebrand Boligkreditt AS has no loans to customers at amortised cost nor at fair value through profit and loss.
**) Only non-performing and loss-exposed loans are classified by geographical area in this overview.

Overview of loan loss provisions and securities on loans in stage 3

NOK million	2023				
	Gross amount	Loan loss provisions	Net value	Value of collateral	Type of collateral
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	163.0	-4.8	158.2	300.4	residential property
Total non-performing loans without evidence of impairment	**163.0**	**-4.8**	**158.2**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	56.1	-6.6	49.5	80.0	residential property
- other exposures including SME exposures	0.5	-0.5			
Total loss-exposed loans with evidence of impairment	**56.6**	**-7.0**	**49.6**		

Storebrand Boligkreditt AS has loans of NOK 69.9 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

NOK million	2022				
	Gross amount	Loan loss provisions	Net value	Value of collateral	Type of collateral
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	32.7	-1.1	31.7	66.1	residential property
Total non-performing loans without evidence of impairment	**32.7**	**-1.1**	**31.7**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	4.7	-0.6	4.1	18.1	residential property
- other exposures including SME exposures	0.5	-0.5			commercial real estate
Total loss-exposed loans with evidence of impairment	**5.1**	**-1.1**	**4.1**		

Storebrand Boligkreditt AS has loans of NOK 16.9 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

Note 27 - Forbearance

Loans with payment forbearance are loans where relief has been granted as the customer has payment problems, and the bank would not have granted these terms in an ordinary loan issue.

	31.12.2023			31.12.2022		
NOK million	**Stage 2**	**Stage 3**	**Total**	**Stage 2**	**Stage 3**	**Total**
Loans to customers secured:						
Forbearance loans to customers, gross	257.4	2.5	259.9	169.1		169.1
Expected credit loss (ECL)	-0.2		-0.2	-0.1		-0.1
Forbearance loans to customers (secured loans), net	**257.2**	**2.5**	**259.7**	**169.0**	**0.0**	**169.0**
Total loans to customers:						
Forbearance loans to customers, gross	257.4	2.5	259.9	169.1		169.1
Expected credit loss (ECL)	-0.2		-0.2	-0.1		-0.1
Forbearance loans to customers (secured and unsecured loans), net	**257.2**	**2.5**	**259.7**	**169.0**	**0.0**	**169.0**

In exceptional cases, Storebrand Boligkreditt AS grants relief for commitments with mortgages in the form of a grace period for loans with a loan-to-value ratio above 60%.

Note 28 - Other current assets

NOK million	**2023 Book value**	**2022 Book value**
Due from Storebrand group companies	35.3	21.9
Other current assets	9.6	7.4
Total other current assets	**44.8**	**29.3**

Note 29 - Hedge accounting

Storebrand Boligkreditt AS has chosen IFRS 9 for hedge accounting. The Storebrand Boligkreditt AS's interest rate risk strategy is defined in the interest rate risk policy, which sets frameworks for limiting the company's interest rate risk exposure.

The company uses fair value hedging to reduce the interest rate risk on borrowings with fixed interest terms. The risk that is hedged in accordance with the interest rate risk policy is Nibor. This entails that separate credit risk is not hedged by keeping the credit spread constant as when established. Hedged risk accounts for approximately 85 % of the total interest rate risk exposure in the loans. Fair value hedging of the hedged item is interest rate hedged by entering into an interest rate swap in which we swap from fixed to variable interest to reduce the risk associated with future changes in interest rates. The hedging satisfies the requirements for hedge accounting at individual transaction level by a hedging instrument being directly linked to a hedged item and the hedging relationship being adequately documented.

All hedging relationships are established with an identical fixed interest profile, i.e. fixed interest, principal, coupon dates and maturity, both in the object and the instrument. The instrument swaps from fixed interest to variable interest quoted on Nibor three months. The fixed leg is between 2% to 4 %. The hedging relationship is expected to be highly effective in counteracting the effect of changes in fair value due to changes in interest rates. Net recognised changes in value of fair value hedges are due to changes in value resulting from changed market interest rates, i.e. hedged risk. This is entered in the accounts under "Net unrealised changes in value of financial instruments". The hedging efficiency is measured based on the basic "Dollar Offset" method with regard to prospective efficiency.

We have identified the following sources of inefficiency:
- Change in value of the short leg (Nibor 3 months).
- Credit risk for counterparty.

It is not expected that these factors will create significant inefficiency. No other sources of inefficiency were identified during the financial year.

NOK million	2023			2022		
	Nominal value	Fair value 1), 2)		Nominal value	Fair value 1), 2)	
	7 - 10 years	Assets	Liabilities	7 - 10 years	Assets	Liabilities
Interest rate swaps	480.0		44.6	480.0		48.9
Total interest rate derivatives	**480.0**		**44.6**	**480.0**		**48.9**
Total derivatives	**480.0**		**44.6**	**480.0**		**48.9**

NOK million	2023			2022		
	Nominal value	Hedging value 1), 2)		Nominal value	Hedging value 1), 2)	
	7 - 10 years	Assets	Liabilities	7 - 10 years	Assets	Liabilities
Underlying objects :						
Bonds issued	480.0		436.0	480.0		431.9
Hedging effectiveness - prospective			101.6 %			101.9 %

1) Book value at 31.12.
2) Includes accrued interest.

Gain/loss on fair value hedging: 3)

NOK million	2023	2022
	Gain / loss	Gain / loss
On hedging instruments	4.3	-45.4
On items hedged	-4.1	42.8

3) Amounts included in the line "Net change in fair value and gain/loss on foreign exchange and financial intruments".

Note 30 - Other liabilities

NOK million	2023 Book value	2022 Book value
Tax payable		0.2
Collateral	55.3	20.5
Other liabilities	0.4	0.3
Total other liabilities	**55.7**	**21.0**

Note 31 - Off balance sheet liabilities and contingent liabilities

NOK million	2023	2022
Undrawn credit limits	2,398.6	1,369.2
Total contingent liabilities	**2,398.6**	**1,369.2**

Undrawn credit limits relate to the unused portion of credit limits on residential mortgage loans to customers.

Note 32 - Collateral

Collateral and security pledged

NOK million	2023	2022
Collateral received in connection with Derivatives trading	55.3	20.5
Provided collateral		
Total	**55.3**	**20.5**

Note 33 - Capital Adequacy

Net primary capital

NOK million	2023	2022
Share capital	496.8	494.2
Other equity	3,129.3	2,212.8
Total equity	**3,626.1**	**2,707.0**
Deductions		
AVA justments	-46.5	-38.7
Deferred tax assets		
Provision for group contribution	-46.7	-22.1
Addition		
Group contribution received	46.7	272.1
Core capital exc. Hybrid Tier 1 capital	**3,579.6**	**2,918.4**
Additional Tier 1 capital (§3a Beregningsforskrift)		
Additions (§8 Beregningsforskrift)		
Core capital	**3,579.6**	**2,918.4**
Tier 2 capital (§4.3- Beregningsforskrift)		
Tier 2 capital deductions (§7 Beregningsforskrift)		
Net primary capital	**3,579.6**	**2,918.4**

Minimum capital requirement

NOK million	2023	2022
Credit risk	1,313.7	1,088.9
Of which:		
Institutions	1.8	0.9
Loans secured against real estate	1,265.3	1,044.5
Loans past-due	17.7	3.1
Covered bonds	10.5	8.9
Other	18.4	31.5
Total minimum requirement for credit risk	**1,313.7**	**1,088.9**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	39.7	32.7
CVA risk	0.7	0.8
Minimum requirement for net primary capital	**1,354.1**	**1,122.4**

The standard method is used for credit risk and market risk and the basis method is used for operational risk. The systemic risk buffer requirement has increased by 1.5 percent as of 31 December 2023. Total requirement to Core Equity Tier 1 (CET1) and eligible capital (Tier 1 capital + Tier 2 capital) are 14 per cent and 17.5 per cent.

Capital adequacy

NOK million	2023	2022
Capital ratio	21.15 %	20.80 %
Core (tier 1) capital ratio	21.15 %	20.80 %
Core capital ratio excl. Hybrid Tier 1 capital	21.15 %	20.80 %

Basis of calculation (risk-weighted volume)

NOK million	2023	2022
Credit risk	16,421.0	13,610.8
Of which:		
Institutions	22.4	10.8
Loans secured against real estate	15,816.7	13,056.3
Loans past-due	220.9	39.2
Covered bonds	130.8	111.3
Other	230.2	393.2
Total minimum requirement for credit risk	**16,421.0**	**13,610.8**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	496.5	409.1
CVA risk	9.1	10.1
Minimum requirement for net primary capital	**16,926.6**	**14,030.0**

Leverage ratio

NOK million	2023	2022
Tier 1 capital	3,579.6	2,918.4
Total Leverage ratio exposure measure	47,285.9	39,440.4
Leverage ratio	7.6 %	7.4 %

Leverage ratio requirement is 3.0 percentage points as per 31.12.2023.

Note 34 - Remuneration and related parties

Remuneration of senior employees and elected officers

NOK thousand	Ordinary salary	Other benefits [2]	Total remuneration for the year	Pension accrued for the year	Post termination salary (months)	Loan [3]	No. of shares owned [4]
Senior employees							
Einar Leikanger (CEO) [1]	1,477	113	1,590	182		7,499	520
Total 2023	**1,477**	**113**	**1,590**	**182**		**7,499**	**520**
Total 2022	1,373	123	1,496	164		7,500	1,560

1) Einar Leikanger does not receive any remuneration from Storebrand Boligkreditt AS for his appointment as CEO. The company purchases all administrative services including the CEO service from Storebrand Bank ASA. Einar Leikanger is not covered by Storebrand's bonus bank scheme.
2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.
3) Employees can borrow up to 7 million kroner at subsidized prices and this interest rate is currently 4.89% p.a. Any excess loan amounts follow market interest rates.
4) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

NOK thousand	Remuneration	Loans	No. of shares owned [1]
Board of Directors			
Bernt Uppstad [2]		494	3,745
Karin Greve-Isdahl [2][3]			35,705
Camilla Leikvoll [2][3]		12,758	12,758
Thor Bendik Weider	103		
Jan Birger Penne	69		
Leif Helmich Pedersen [4]	33		
Total 2023	**205**	**13,252**	**52,208**
Total 2022	196	19,090	39,450

1) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.
2) Neither Bernt Uppstad, Karin Greve-Isdahl and Camilla Leikvoll receive any remuneration from Storebrand Boligkreditt AS for their appointments as members of the Board.
3) Karin Greve-Isdahl served on the board until 6 May 2023. Camilla Leikvoll joined the Board from 6 May 2023.
4) Leif Helmich Pedersen served on the board until 6 May 2023.

Transactions with group companies

	2023		2022	
NOK million	Storebrand Bank ASA	Other group companies	Storebrand Bank ASA	Other group companies
Interest expense	180.4		95.6	
Services purchased	157.4		116.7	
Due from	85.6		21.9	
Liabilities to	5,580.0		6,888.1	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 0.8 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 2023.

Transactions with group companies are based on the principle of transactions at arm's length.

Storebrand Boligkreditt AS does not have any employees, and purchases personnel services from Storebrand Bank ASA and other services including bookkeeping from Storebrand Livsforsikring AS. All loans in the company are purchased from Storebrand Bank ASA after the loan purchase agreement has been signed with Storebrand Bank ASA, and a management agreement has been signed with Storebrand Bank ASA concerning management of the lending portfolio. In brief, the management agreement involves the company paying a fee to Storebrand Bank ASA for administering the company's lending portfolio. When purchasing the loans, Storebrand Boligkreditt AS assumes all the risks and rewards incidental to ownership of the lending portfolio. Storebrand Boligkreditt AS receives all the cash flows from the borrower. The bank and Storebrand Boligkreditt AS have not signed agreements for guarantees, options, repurchases or similar in connection with the lending portfolio in Storebrand Boligkreditt AS. It is Storebrand Boligkreditt AS that is exposed to any losses that may result from non-performance. Non-performing loans remain in the company, but are not included in the securities portfolio.

The company has also signed an agreement with Storebrand Bank ASA concerning a credit facility for funding purchased loans (see note 5).

Analysis of transferred loans to/from Storebrand Boligkreditt AS

NOK million	2023	2022
To Storebrand Boligkreditt AS - accumulated transfers	45,089.5	37,481.0
From Storebrand Boligkreditt AS - last years transfers	833.1	5,294.9

Storebrand Bank ASA have not granted Storebrand Boligkreditt AS any guarantees related to the transferred loans.

Loans to employees

NOK million	2023	2022
Loans to employees of Storebrand Group	4,017.3	2,265.3

Employees can borrow up to 7 million kroner at subsidized prices while excess loan amounts follow market interest rates.

Headcount and personnel information

There are no employees in the company.

Storebrand Boligkreditt AS

- Statement from the Board of Directors and the CEO

Today the Board members and the CEO have considered and approved the annual report and annual financial statements of Storebrand Boligkreditt AS for the 2023 financial year and as of 31 December 2023 (2023 annual report).

The annual accounts have been prepared in accordance with International Financial Reporting Standards approved by the EU and appurtenant interpretations, as well as the other disclosure obligations stipulated by the Norwegian Accounting Act and the current applicable regulations relating to annual accounts of banks and finance companies etc. The annual report complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as at 31 December 2023.

In the best judgement of the Board and the CEO, the annual financial statements for 2023 have been prepared in accordance with the applicable accounting standards, and the information presented in the the financial accounts provides a true and fair view of company's assets, liabilities, financial position and results as a whole as of 31 December 2023. In the best judgement of the Board and the CEO, the annual report provides a true and fair view of the material events that occurred during the accounting period and their effects on the annual financial statements of Storebrand Boligkreditt AS. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the company faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 6 February 2024
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Bernt Uppstad
Chairman of the Board

Camilla Leikvoll

Jan Birger Penne

Thor Bendik Weider

Einar A. Leikanger
CEO

To the General Meeting of Storebrand Boligkreditt AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 9 April 2018 for the accounting year 2018.

Key Audit Matters

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

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

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the

Board of Directors’ report or the other information accompanying the financial statements. We have nothing to report in this regard.

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events

in a manner that achieves a true and fair view.

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

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

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Storebrand Boligkreditt AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 2023-storebrand-boligkreditt-arsrapport.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 6 February 2024
PricewaterhouseCoopers AS

Thomas Steffensen
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only.