Storebrand Boligkreditt AS
Annual report

2022

Company information

ADRESSE:
Storebrand Boligkreditt AS
Professor Kohts vei 9
Postboks 474
1327 Lysaker

Telephone: +47 915 08 880
Website: www.storebrand.no
E-mail address: bank@storebrand.no

INVESTOR RELATIONS CONTACT PERSONS:
Einar Leikanger. CEO. E-mail: einar.andreas.leikanger@storebrand.no. Phone: + 47 934 20 379.
Kjetil Ramberg Krøkje. Group Head of Finance, Strategy and M&A. E-mail: kjetil.r.krokje@storebrand.no. Phone: + 47 934 12 155.

Content

Key figures Storebrand Boligkreditt AS

(NOK million)	2022	2021
Profit and loss account: (in % of average total assets)		
Net interest income	0.69 %	1.06 %
Main balance sheet figures:		
Total assets	39,113.1	28,114.4
Average total assets [1)]	32,020.0	25,063.8
Gross lending to customers	37,481.0	26,434.7
Equity	2,707.0	1,742.0
Other key figures:		
Loan losses and provisions as % of average total loans [2)]	0.00 %	0.00 %
Gross non-performing and loss-exposed loans as % of total loans	0.10 %	0.06 %
Cost/income ratio [3)]	56.9 %	35.8 %
Core equity Tier 1 (CET1) capital ratio	20.8 %	17.0 %
LCR [4)]	2,524.0 %	6,203.0 %

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.

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 2022, Storebrand Boligkreditt AS had issued covered bonds worth approximately NOK 28.8 billion with an average remaining maturity of 2.9 years.

At the end of 2022, the lending volume had increased compared with the end of 2021 and amounted to 15,361 mortgages and residential mortgage products corresponding to NOK 37.8 billion (NOK 26.4 billion). The quality of the portfolio is excellent. At year-end, there were 17 loans in default, corresponding to NOK 37.8 million. This represents 0.10 per cent of the portfolio. The average loan-to-value ratio is 55 per cent.

MACROECONOMIC IMPACT

Inflation and economic uncertainty continued to increase during 2022 and global GDP growth expectations were sharply revised downwards throughout the year. Inflation driven by supply chain bottlenecks, possible energy crisis and risk of recession, together with Russia's invasion of Ukraine, impacted both the news situation and economic uncertainty. Central banks have commenced a series of resolute interest rate increases in an attempt to avoid further rising and/or continued inflation. The equity markets have been volatile and experienced a severe decline since peaking around the New Year. Recession in the Eurozone has, in many ways, become the consensus, and the question now is to what extent future bailouts in the form of energy subsidies or for the labour market will curb the recession that was partly triggered by the war and subsequent energy crisis. Norges Bank has raised the key policy rate by 2.25 percentage points to 2.75 per cent and is signalling a further increase to around 3 per cent in mid-2023.

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 the 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.

FINANCIAL PERFORMANCE

The company's operating profit before losses for 2022 was NOK 89 million (NOK 171 million). Net losses on lending accounted for a cost of NOK 5.9 million, compared with NOK 0.5 million in 2021. The annual profit after tax for Storebrand Boligkreditt AS was NOK 65 million, compared with NOK 133 million for 2021.

NET INTEREST INCOME

Net interest income was NOK 220 million for the year (NOK 265 million), which was a decrease compared with the previous year despite of a higher average lending volume. The interest margins were negatively impacted by increased NIBOR. Net interest income as a percentage of average total assets was 0.69 per cent in 2022, compared with 1.06 per cent in 2021.

NET FINANCIAL INCOME

Net financial income was negative NOK 13 million in 2022, compared with income of NOK 2 million in 2021. The negative income is basically related to net realised and unrealised loss on financial instruments.

OPERATING EXPENSES

Operating expenses ended at NOK 118 million in 2022 and increased by NOK 22 million compared with 2021. The increase was primarily 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 5.9 million in 2022, compared with NOK 0.5 million in 2021. At the end of 2022, the default volume amounted to NOK 37.8 million (NOK 14.9 million). This volume corresponds to 0.10 per cent (0.06 per cent) of gross lending. All the loans have a loan-to-value ratio within 75 per cent of market value or are mostly written down.

BALANCE SHEET

The company's total assets under management at the end of 2022 were NOK 39.1 billion, compared with NOK 28.1 billion at the end of 2021.

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 2022, the company issued NOK 8.5 billion in covered bonds (OMF). At the end of 2022, covered bonds worth NOK 28.8 billion were issued, with an average remaining maturity of 2.9 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 37.5 billion, in addition to unused credit facilities of NOK 1.4 billion as at 31 December 2022. Non-performing loans accounted for 0.10 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 55 per cent (52 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 98 per cent of mortgages have a loan-to-value ratio within 80 per cent. Approximately 56 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 2,524 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 2022, Storebrand Boligkreditt AS had no interest rate risk. The company has one Euro denominated covered bond of 35 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

The risk that public sanctions or financial losses are incurred due to failure to comply with external and internal regulations is defined as the compliance risk. 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 2,707 million (NOK 1,742 million). The net capital base at year-end after giving group contributions amounted to NOK 2,918 million (NOK 1,715 million). Storebrand Boligkreditt AS' capital base consists entirely of pure core capital. The pure core capital adequacy ratio was 20.8 per cent (17.0 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.

SUSTAINABILITY

Storebrand Boligkreditt offers mortgage banking products to retail market customers. Our objective is to have a close relationship with our customers and to know them so well that we can always help them with what they need. Customers must be assured that we put their needs first. Our objective clearly and concisely states what is most important to us: Create a future to look forward to.

The financial sector has a key role to play in achieving the United Nations Sustainable Development Goals (SDGs). Companies with sustainability at the core of their business strategy are well positioned to manage climate and sustainability risks and to exploit the opportunities these represent. There is a continually growing consensus that companies which have a strategy in line with the Sustainable Development Goals and the Paris Agreement are better positioned than others to achieve a return over time.

Storebrand shall take sustainability into consideration, both through our products and services and through our cooperation with suppliers and partners. This is a key part of the Group's strategy and brand. Our work is based on the following principles:

- We base our activities on the United Nations Sustainable Development Goals.
- We will assist our customers in making more sustainable choices through the products and services that we offer.
- We are a responsible employer.
- We will consider sustainability in all processes and decisions – from the boards and executive management, who have ultimate responsibility, to each individual manager and employee.
- We cooperate with customers, suppliers, government authorities and partners in our work with sustainability.
- We are transparent about our sustainability work and about the results we achieve.

As an integrated part of the Storebrand Group, Storebrand Boligkreditt has the same principles for sustainability as the Group as a whole.

With Boliglån Fremtid and the associated communication concept, the company will encourage customers to have energy efficient homes. When borrowing, the customer is made aware of the home's energy label (energimerke). The customers then become part of a communication process, which involves tips and advice on possible measures for profitable energy efficiency in their homes. The company has also introduced the lowest list price for financing residential properties with energy labels A and B. The company has launched the Miljøtiltakslån (Environmental Initiative Loan) in cooperation with Huseierne. This cooperation provides customers with access to an energy advisor, Huseierne's purchasing agreements and favourable financing with Miljøtiltakslån. Storebrand Boligkreditt has also issued a covered green bond. The bond finances mortgages with energy classes A and B, as well as residential properties with a TEK 10 standard or newer.

CLIMATE RISK

Storebrand Boligkreditt is a mortgage credit institution which offers lending products secured by way of property mortgages. The company therefore has no direct exposure to companies in the fossil fuel sector, energy-intensive companies, or companies with high direct or indirect emissions of greenhouse gases (CO2). The climate risk for the mortgage company is considered to be low, both in terms of transition risk and physical risk, as well as specifically per risk.

TRANSITION RISK

The transition risk is greatest for the business when there is a rapid transition to low emissions. Rapid restructuring may lead to higher unemployment and lower employment. This has a negative effect on wage growth and may impact the ability of customers to service debt. Weaker developments in the labour market and wage growth, as well as potential political uncertainty, may have a negative impact on the housing and property markets. The transition risk could therefore result in a higher percentage of non-performing loans, weaker development in the value of security and thus higher losses given default that have a negative impact on earnings. Growth may be lower, which could also result in weaker profitability. The transition risk is considered low for the banking business.

ENERGY CLASSIFICATION AND ENERGY CONSUMPTION IN THE LOAN PORTFOLIO

Energy consumption in residential properties accounts for a large part of total energy consumption in Europe. Residential properties have highly varying degrees of energy efficiency. Energy classification of residential properties and properties shall provide an assessment of the energy efficiency, and energy classification is a requirement when selling residential properties.

In the event of a rapid transition to low emissions, residential properties with a poor energy classification may experience weaker price growth than residential properties with a good energy classification. This poses a transition risk. The risk is divided between customers and the bank. Such a development will result in weaker security and higher losses given default for the bank than for the average residential property in terms of energy class.

The Directive on the Energy Performance of Building (Building Directive) will have a significant impact on residential properties in the weakest energy class "G". The proposal from the European Commission is that these types of residential properties must be renovated and have a minimum energy class of "F" from 2030. It can therefore be challenging to have a large portfolio of Class "G" residential properties. Pursuant to the Building Directive, all new properties from 2030 must be zero-emission properties. This may also lead to restructuring effects in the housing market.

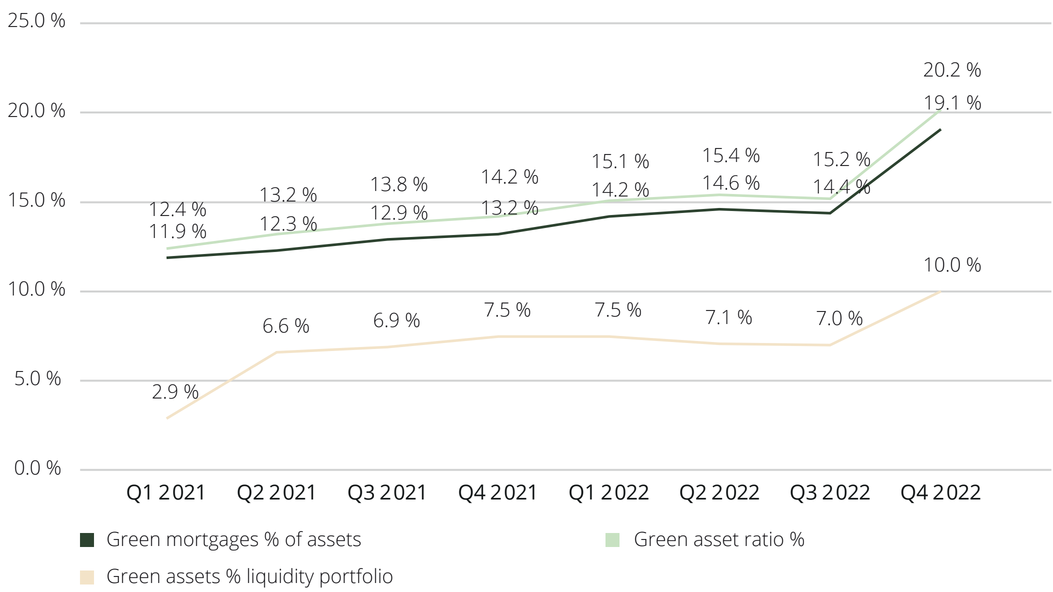
Storebrand has an energy class for a larger proportion of the mortgage portfolio than the rest of the market. The probable reason is that large parts of the bank's portfolio are in Oslo and central parts of Eastern Norway, where there is the greatest housing market liquidity. The bank's primary lending product "Boliglån Fremtid" presupposes the implementation of energy classification, which has a positive effect on the proportion of energy-classified residential properties. The table below shows the bank's loan portfolio based on energy labels. A separate row has also been added for residential properties with the standards TEK 10 and TEK 17. It is expected that these residential properties will have a minimum energy label of "B".

LENDING VOLUME AT STOREBRAND BOLIGKREDITT

Divided into energy classes and technical standard at the end of the fourth quarter of 2022. The green share is the volume in "A", "B" or "TEK 10 / TEK 17" in relation to the lending volume.

Energy label/technical standard	Lending volume (NOK million)
A	373
B	4,892
TEK 10 / TEK 17	2,751
C	1,304
D	5,568
E	6,628
F	4,119
G	9,813
Missing data	1,978
Green share	20.2%

The green share of the loan portfolio is defined as loans with security in residential properties with an "A", "B" or "TEK 10/TEK 17" classification in relation to the loan portfolio. Storebrand's green share was therefore 20.2% at the end of the fourth quarter of 2022. .



PHYSICAL RISK FROM THE LOAN PORTFOLIO

Storebrand's loan portfolio is to some extent exposed to physical risk. This particularly applies to physical risk associated with the mortgaged items. Eiendomsverdi (online portal that provides property information) collects various data on property mortgages where the risk of various natural hazards has been included. The data is collected from the Norwegian Water Resources and Energy Directorate (NVE). The most significant natural hazards are quick clay, various forms of landslides and flood risk, which includes both storm surges and flood zones. The mortgaged items are exposed to these risks to varying degrees. It is a requirement that the mortgaged items are insured, and that the policyholder is insured against this type of natural damage. However, the development in market value may be weaker for items that are at a greater risk from natural hazards than items that are less exposed.

THE BANK'S LOAN PORTFOLIO DIVIDED INTO DIFFERENT PRECAUTIONARY AREAS

Physical Risk	NOK million	Share
Precautionary Area - Flood	2,630	7 %
Precautionary Area - Avalanche	791	2 %
Precautionary Area - land flood	180	0 %
Hazard level - Quick Clay	569	2 %
Not exposed	33,311	89 %
Lending balance	**37,481**	**100.0 %**

STORM SURGE RISK IN LOAN PORTFOLIO OF MORTGAGES BUSINESS – IN 2022, IN 2050 AND IN 2090

Loans in NOK million	2022	2050	2090
Mean high water	87	87	92
Mean high water, storm surge - 20-year storm surge	61	79	124
20 - 200-year storm surge	19	30	84
200 - 1,000-year storm surge	51	60	60
Not exposed	37,263	37,224	37,121
Lending balance	**37,481**	**37,481**	**37,481**

LENDING BALANCE ACCORDING TO DIFFERENT PRECAUTIONARY AREAS FOR FLOODING

	Lending balance (NOK million)	Lending balance - share
Precautionary Area - Flood	2,630	7,03 %
Precautionary Area – Flood zone 10 years	17	0,05 %
Flood zone 10 years – 20 years	6	0,02 %
Flood zone 20 years – 50 years	1	0,00 %
Flood zone 50 years – 100 years	24	0,07 %
Flood zone 100 years – 200 years	76	0,20 %
Flood zone 200 years – 500 years	12	0,03 %
Flood zone 500 years – 1,000 years	94	0,25 %
Not exposed	34,621	92,36 %
Lending balance	**37,481**	**100 %**

The physical climate risk for the company is considered low because the proportion of loans that are approved in areas with established physical risk is limited. However, there is uncertainty associated with the risk of natural hazards. For the lending portfolio, it is difficult to determine the risk associated with damage caused by urban runoff. This particularly applies in urban areas, where urban runoff measures and drainage systems may be undersized in relation to the amount and intensity of rainfall.

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

CORPORATE GOVERNANCE AND COMPLIANCE: PRIVACY, INFORMATION SECURITY, CORRUPTION, ANTI-MONEY LAUNDERING AND TERROR FINANCING

Ethical practices at all levels of the organisation are a prerequisite for us being able to retain and continue to build trust among our customers, government authorities, shareholders, and society in general. Their trust in us is based on how we manage our business activities and the conduct of each individual employee. All employees must complete compulsory courses in ethics, anti-corruption, privacy, information security and anti-money laundering each year.

1) https://www.storebrand.no/en/sustainability/sustainability-library

PRIVACY AND DIGITAL TRUST

In today's digital world, we live with an increased risk that personal data may go astray, be stolen or be shared with unauthorised parties. Our customers must be able to trust that we manage their personal data in a responsible manner. This requires us to have good security measures, a well-established framework for privacy and proper compliance with this. In addition, our employees need to know how to manage personal data in a prudent manner in both their day-to-day work and in our activities in general.

ANTI-CORRUPTION WORK

Corruption is a criminal offence in all countries where Storebrand operates. It is also one of the most important causes of poverty in many parts of the world. Potential corruption cases reduce trust in us as a company and can also contribute to reducing trust in the financial and insurance industry in general. Corruption is also detrimental to healthy competition in all industries. We therefore need to work purposefully to combat this form of crime.

At Storebrand, we have zero tolerance for corruption and other financial misconduct. We work continuously to identify internal areas where the risk of corruption is high or higher than elsewhere in the business. We also have several measures in place to prevent fraud. Furthermore, we work systematically with our suppliers and partners to ensure that corruption does not take place in our relations with them, and that they have a conscious attitude towards combating corruption in their operations.

INFORMATION SECURITY

Storebrand is a company with significant influence over the society in which we live. The financial industry has been extensively digitalised, and as a financial institution, our digital solutions and infrastructure are critical to society. We manage large amounts of information for our customers. We are also an attractive target for several threat actors due to our market position, customers, suppliers, partners, and employees.

Cyberattacks are becoming increasingly more sophisticated. When combined with a hybrid working day, this increases the risk of not being able to detect undesirable activity. If we are hit by a cyber-attack, this can test customer trust, lead to temporary loss of services, and potentially involve a high cost in connection with restoring systems and data. Information security is therefore important for creating assurance and is a prerequisite for retaining the trust of our customers, the Group's reputation, and our competitiveness.

Information security involves ensuring that information is correct and that it is accessible to those who shall have access to the information, when they need it. We work with information security by viewing people, processes, and technology as a whole. For Storebrand to operate a sustainable financial business and increase our innovative power in the years ahead, secure, and stable IT solutions and infrastructure will be required. We therefore continuously work with information security to manage risk and to strengthen our resilience. This also contributes to sustainable value creation for Storebrand, our owners, and our customers.

WORK TO COMBAT MONEY LAUNDERING AND TERROR FINANCING

Storebrand is a key player in the Nordic financial market. We therefore have a special responsibility to avoid being misused in connection with terrorist financing, money laundering or other forms of financial crime. Our customers, owners and society in general expect us to effectively fulfil this responsibility.

We work systematically and continuously to ensure that Storebrand's companies are not used for money laundering, terror financing or other forms of financial crime. Among other things, this means that we act consistently and in compliance with relevant legislation in connection with matters relating to money laundering, terror financing and other forms of financial crime.

RESPONSIBLE RESOURCE USE

At Storebrand, sustainability is an integrated part of our business strategy. We set requirements for suppliers and partners. However, we also want to lead by example. That is why we work to ensure that our business activities are as sustainable as possible.
We have committed to setting science-based targets for our emissions that are in line with the Paris Agreement.

A SUSTAINABLE VALUE CHAIN

Procurement is an area where we can have a major impact by influencing our suppliers into engaging in more sustainable practices. To make our business activities more efficient, we have increased the use of outsourcing. This requires stricter procedures for monitoring working conditions, safeguarding human rights, and managing the environmental impact 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 business operations and procurement activities, we aim to contribute to sustainable development and to ensure that human rights and workers' rights are not infringed. In order to identify risks associated with human rights violations and protection of labour rights, Storebrand has established joint routines at the Group in accordance with the Transparency Act in order to assess risk in relation to suppliers and own operations.[2] The chapter in the Group's annual report entitled "Keeping our house in order" provides a more detailed description of how Storebrand has worked to identify risk and prepare the organisation for compliance with the reporting requirements. We are also working to maintain a high proportion of environmentally certified suppliers in order to meet climate-related targets.[3]

We have defined three specific climate targets for all our suppliers and partners:

- By 2025, the goal is that all suppliers have set short- and medium-term verifiable emission reduction targets.
- By 2025, the goal is that all suppliers will be climate neutral [4]
- The goal is that the entire value chain for our deliveries will be climate neutral by 2030.

PERSONNEL AND ORGANISATION

At the end of 2022 there were no employees at Storebrand Boligkreditt AS. For this reason, no special working environment measures have been taken.

The company 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.

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.

DIVERSITY

At the end of 2022, 25 per cent of the company's board members were women.

2) A report concerning the Transparency Act will be published in the Sustainability Library (bærekraftsbiblioteket) by 30 June 2023. Read more about our policies at the Sustainability Library: https://www.storebrand.no/en/sustainability/sustainability-library

3) Eco-Lighthouse, EMAS, ISO14001 and Swan Mark.

4) This objective allows suppliers to compensate for emissions they are unable to cut in the short-term through the purchase of emission allowances.

CORPORATE GOVERNANCE

Storebrand Boligkreditt AS' systems for internal control and risk management linked to the accounting process adhere to Storebrand Group guidelines. These guidelines are determined annually by the Board. Storebrand Boligkreditt AS has established service agreements with Storebrand Livsforsikring AS that include the purchase of all accounting competence, accounting and reporting from Storebrand Livsforsikring AS.

The management and Board of Storebrand ASA consider the principles for corporate governance every year. Storebrand ASA established principles for corporate governance in 1998. In accordance with Section 3-3b of the Accounting Act and the Norwegian recommendation for corporate governance (most recently revised on 14 October 2021), Storebrand ASA presents a report on its principles and practices for corporate governance. For a more detailed report on Storebrand's corporate governance in accordance with Section 3-3b of the Accounting Act, see the specific article on this in the Storebrand Group's annual report for 2021.

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 presented in accordance with adopted accounting principles, as well as following the deadlines determined by the Board of Storebrand ASA. The company accounts for Storebrand Boligkreditt AS are prepared by the Group Accounts department of Storebrand Livsforsikring AS, which is under the Storebrand Group's CFO. Key managers in Group Accounts have a fixed annual remuneration 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 are held, as well as meetings in which external auditors participate, to identify risk conditions and measures in connection with significant accounting items or other circumstances. Corresponding quarterly meetings are also held with various professional centres in the Group that are key to the assessment and valuation of lending and financial instruments, as well as other items for assessment. These meetings have a particular focus on any market changes, specific conditions relating to default trends, individual loans and investments, transactions, and operational conditions etc. Assessments relating to significant accounting items and any changes in principles etc. are described in a separate document (assessment item memo). The external auditor participates in board meetings as needed and at least once a year, as well as in meetings of the audit committee of Storebrand ASA. Monthly and quarterly operating reports are prepared in which results by business area and product area are analysed and assessed against predetermined budgets. The operating reports are reconciled against other financial reporting. Otherwise, there is ongoing reconciliation of technical systems etc. against the accounting system.

The Board's method of working is regulated by specific instructions to the Board. The Board of Storebrand ASA has also established a general "Governing Document for Risk Management and Internal Control in Storebrand 2014" as well as instructions to the boards of subsidiaries. These documents describe how guidelines, plans and strategies adopted by the Group's Board of Directors are expected to be followed, as well as how risk management and control is to be performed in the Group. The Board of Storebrand ASA has three advisory sub-committees that are common to the Storebrand Group: The Compensation Committee, Audit Committee and Risk Committee.

The company has no articles or authorities that enable the Board to decide that the company may buy back or issue own shares or capital certificates.

CHANGES TO THE COMPOSITION OF THE BOARD

There were no changes to the Board or management in 2022.

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 2023

In 2023, 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 2023.

The housing market and developments in total non-performing loans will be closely monitored. 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 2023. The long-term effects of the Coronavirus pandemic remain uncertain, and developments are being closely monitored. .

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 65.0 million. The Board proposes to pay a group contribution of NOK 28.3 million before tax (NOK 22.1 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	Beløp
Group contribution paid to parent company (after tax)	-22.1
Transferred to/from other equity	-42.9
Total allocation	**-65.0**

Lysaker, 7. February 2023
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Bernt Uppstad
Chairman of the Board

Karin Greve-Isdahl

Thor Bendik Weider

Leif Helmich Pedersen

Einar A. Leikanger
CEO

Income statement
1 January - 31 December

(NOK million)	Note	2022	2021
Interest income and similar income			
Interest income calculated by using the effective interest method		831.6	439.2
Other interest income		24.2	11.2
Total interest income and similar income		**855.8**	**450.4**
Interest expenses and similar expenses			
Interest expenses calculated by using the effective interest method		-631.6	-182.3
Other interest expenses		-4.5	-3.4
Total interest expenses and similar expenses		**-636.1**	**-185.7**
Net interest income	11	**219.6**	**264.7**
Fee and commission income from banking services		0.2	0.1
Fee and commission expense for banking services		-0.2	-0.3
Net change in fair value and gain/loss on foreign exchange and financial instruments	11	-12.6	2.0
Other operating income			
Total other operating income		**-12.6**	**1.8**
Staff expenses	13	-0.2	-0.2
Other operating cost	12, 13	-117.6	-95.2
Total operating expenses excl. credit loss on loans, etc.		**-117.8**	**-95.4**
Profit before credit loss on loans, etc.		**89.2**	**171.0**
Credit loss on loans, guarantees etc. and interest bearing secuirities	14	-5.9	-0.5
Profit before tax for continued operations		**83.3**	**170.6**
Tax on profit from continued operations	15	-18.3	-37.5
Profit before other comprehensive income		**65.0**	**133.0**
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)			
Other income and expenses			
Tax on other income and expenses that may be reclassified to profit/loss			
Total other income and expenses		**0.0**	**0.0**
Total comprehensive income for the period		**65.0**	**133.0**

Statement of financial position
31 December

(NOK million)	Note	2022	2021
Loans to and deposits with credit institutions	9, 16	25.0	6.1
Loans to customers	4, 9, 16, 21, 22, 23, 24, 25, 26	37,470.3	26,430.0
Interest bearing securities	4, 9, 16, 17, 18	1,573.7	1,654.3
Derivatives	19	14.9	2.6
Deferred tax assets	15		
Other current assets	16, 27	29.3	21.5
Total assets		**39,113.1**	**28,114.4**
Loans and deposits from credit institutions	5, 9, 16	6,888.1	1,757.3
Debt securities issued	5, 9, 16, 28	29,420.7	24,570.8
Derivatives	19	45.5	
Other current liabilities	5, 16, 29	21.0	0.2
Tax payable	15	6.2	30.7
Deferred tax	15	24.6	13.4
Provisions for guarantees and unused credit facilities	24		
Total liabilities		**36,406.1**	**26,372.4**
Share capital		494.2	490.0
Share premium		1,445.9	550.1
Other paid-in equity		633.1	521.4
Total paid-in equity		**2,573.2**	**1,561.5**
Other equity		133.8	180.6
Total retained earnings		133.8	180.6
Total equity	32	**2,707.0**	**1,742.0**
Total liabilities and equity		**39,113.1**	**28,114.4**

Lysaker, 7. February 2023
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Bernt Uppstad
Chairman of the Board

Karin Greve-Isdahl

Thor Bendik Weider

Leif Helmich Pedersen

Einar A. Leikanger
CEO

Statement of changes in equity

(NOK million)	Share capital	Share premium	Other paid-in capital	Total paid-in capital	Other equity	Total other equity	Total equity
Equity at 31.12.2020	490.0	550.1	467.0	1,507.0	102.0	102.0	1,609.0
Profit for the period					133.0	133.0	133.0
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**133.0**	**133.0**	**133.0**
Equity transactions with the owner:							
Group contribution received			54.4	54.4			54.4
Group contribution paid					-54.4	-54.4	-54.4
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	**0.0**	**0.0**	**0.0**	**0.0**	**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	**490.0**	**550.1**	**633.1**	**1,673.2**	**133.8**	**133.8**	**2,707.0**

Storebrand Boligkreditt AS is 100% owned by Storebrand Bank ASA. Number of shares are 35.300.000 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 32.

Statement of cash flow
1 January - 31 December

(NOK million)	Note	2022	2021
Cash flow from operations			
Net receipts of interest, commissions and fees from customers		781.7	431.8
Net disbursement/payments on customer loans		-11,034.7	-5,369.2
Net receipts/payments on securities		99.2	-149.8
Payments of operating costs		-96.7	-95.2
Net cash flow from operating activities		**-10,250.6**	**-5,182.5**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt	5	-3,987.4	-1,067.5
Receipts - new loans and issuing of bond debt	5	8,872.1	6,441.8
Payments - interest on loans		-615.3	-223.3
Receipts - new loans from credit institutions	5	5,130.8	44.6
Repayments of loans from credit institutions	5		
Receipts - issuing of share capital and other equity		900.0	
Receipts - group contribution		108.8	54.4
Payments - group contribution		-139.5	-69.8
Net cash flow from financing activities		**10,269.5**	**5,180.2**
Net cash flow in period		**18.9**	**-2.2**
Net movement in cash and bank deposits		18.9	-2.2
Cash and bank deposits at the start of the period		6.1	8.3
Cash and bank deposits at the end of the period		**25.0**	**6.1**

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.12.2022. See also Note 5.
See note 30 for information about undrawn credit limits.

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 2022 were approved by the Board of Directors on 7 February 2023.

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. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the company accounts 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) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL BALANCE SHEET ITEMS

The asset side of the company's balance sheet position primarily consists of financial instruments. Loans with variable interest are measured at fair value with the change in value through other income and costs (OCI). Interest bearing securties are measured at amortised cost or at fair value through profit an loss. Derivatives are measured at fair value through profit and loss. The liabilities side primarily consists of financial instruments (liabilities) and are measured at amortised cost.

The accounting policies are described in more detail below.

4. CHANGES IN ACCOUNTING POLICIES

No new accounting standards were implemented in 2022 that have had a significant impact on the company financial statements.

There are no new standards or changes in standards that have not been applied in the presentation of the annual accounts 2022 that are expected to have a significant effect on the accounts.

5. 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.

OTHER INCOME

Fees are recognised when the income can be measured reliably and earned, fixed fees are recognised as income in line with delivery of the service, and performance fees are recognised as income once the success criteria have been met.

6. FINANCIAL INSTRUMENTS

6-1. GENERAL POLICIES AND DEFINITIONS

RECOGNITION AND DERECOGNITION

Financial assets and liabilities are recognised in the balance sheet on the trading date, i.e. from such time Storebrand Boligkreditt AS becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial assets are booked on the transaction date and financial liabilities are booked on the settlement date. When a financial asset or a financial liability is initially recognised, it is measured at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a financial liability at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the rights to the cash flows from the asset are transferred in such a manner that virtually all of the risk and return associated with ownership of the asset is transferred.

Financial liabilities are derecognised once the contractual liabilities have been fulfilled, cancelled or have expired.

MODIFIED ASSETS AND LIABILITIES

If modifications or changes to the terms of an existing financial asset or liability are made, the instrument is treated as a new financial asset if the renegotiated terms differ materially from the old terms. If the terms differ significantly, the old financial asset or liability is derecognised and a new financial asset or liability is recognized. In general, a loan is considered to be a new financial asset if new loan documentation is issued, while a new credit process is being conducted with new loan terms

If the modified instrument is not considered to be significantly different from the existing instrument, in accounting terms, the instrument is considered to be a continuation of the existing instrument. In the case of a modification recognized as a continuation of existing instruments, the new cash flows are discounted using the instrument's original effective interest rate and any difference between the existing book value is recognized in profit and loss.

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.

IMPAIRMENT OF FINANCIAL ASSETS

Under IFRS 9, loan loss provisions are recognised on the basis of expected credit loss (ECL). The general model for impairments is used for financial assets that are measured at amortised cost or at fair value through other comprehensive income and for which no losses were determined at initial recognition. Loan commitments, financial guarantee contracts not measured at fair value through profit or loss, and lease receivables are also encompassed by the general model for impairments. The measurement of the provision for expected loss in the general model depends on whether the credit risk has increased significantly since initial recognition. On initial recognition and when the credit risk has not increased significantly since initial recognition, provisions must be made for the 12-month expected losses. The 12-month expected loss is the loss that is expected to occur over the lifetime of the instrument, but that can be linked to events occurring during the initial 12 months. If the credit risk has increased significantly since initial recognition, a loss provision must be made for expected losses over the full lifetime of the instrument. The expected credit losses are calculated on the basis of the present value of all cash flows over the remaining life expectancy, i.e. the difference between the contractual cash flows according to the contract and the cash flows expected to be received, minus the effective interest on the instrument.

Separate principles for impairment are used for issued loans, including renegotiated loans that are treated as new, and bought loans where there is accrued credit loss on initial recognition in the balance sheet. For these, an effective interest rate will be calculated that takes into account expected credit losses, and in the event of any changes in expected cash flows, the change will be discounted with the originally set effective interest rate and recognised in the income statement. For these assets, there is thus no need to monitor whether there has been a substantial increase in credit risk after initial recognition, as the expected losses over the entire lifetime are taken into account.

For loans with accrued credit losses, an interest income is calculated and presented based on effective interest from amortised cost. For loans without accrued credit losses, an interest income is calculated and presented based on the effective interest on the gross carrying amount before provisions for loss.

For accounts receivables without a significant financing component, a simplified model will be used. For these, provisions will be made for expected loss over the entire lifetime from initial recognition. Storebrand Boligkreditt AS has also chosen to use the simplified model as the accounting policy for accounts receivables with a significant financing component and lease receivables.

6-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND 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 Storebrand Boligkreditt AS' financial instruments are classified under the category of fair value through other comprehensive income (OCI). A financial asset is classified and measured at fair value through other comprehensive income if the following 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. For realisation of the instrument, accumulated changes in value from other comprehensive income are reclassified for the profit or loss. Associated interest income, foreign currency translation differences and any impairments are recognised in the ordinary profit or loss.

Storebrand Boligkreditt AS uses this category for all home loans 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.

See also classification of financial instruments in note 16.

6-3. IMPAIRMENT - GENERAL METHOD

In order 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 even more forward-looking. Since the future is uncertain, different future scenarios are used to calculate PD, LGD and EAD for the commitments. 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 commitment 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 commitment.

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, macroeconomic forecasts, and the impact the macroeconomic situation is expected to have on the credit risk of the credit company's commitments. 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 PD. 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 commitments, the losses will be very small, given the existing market prices. The increase in LGD as a result of falling house prices is greater than the reduction in LGD when house prices are rising. Nonlinearities in ECL are taken into account by estimating ECL 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 changed 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. In order 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 event 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 probable, 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, and 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. This exemption rule is not presently used in the retail market. 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. The expected maturity at the time of loan approval is estimated at 9 years for credit cards and 9 years for credit accounts. 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

The retail market portfolio consists of housing loans and housing credits.

6-4. 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.

6-5. 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 for further information.

6-6. FINANCIAL LIABILITIES

Following initial recognition, all financial liabilities are measured at amortised cost using an effective interest method.

7. TAX

The tax expense in the income statement comprises current tax and changes to deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised in the statement of total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the company's tax loss carryforwards, deductible temporary differences and taxable temporary differences. Any deferred tax asset is recognised if it is considered probable that the tax asset will be recovered. Deferred tax assets and liabilities are recognized as a net amount when there is a legal right to offset taxable assets and liabilities and the company is capable of and intends to settle net current taxes.

Changes in deferred tax assets and liabilities due to changes in tax rates are recognised as a starting point in the income statement.

8. PROVISION FOR GROUP CONTRIBUTIONS

In accordance with IAS 10 which pertains to events after the balance sheet date, proposed group contributions are to be classified as equity until approved by the general meeting.

9. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the direct method and shows cash flows grouped by 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.

Inflation and economic uncertainty continued to increase during 2022 and global GDP growth expectations were sharply revised downwards throughout the year. Inflation driven by supply chain bottlenecks, possible energy crisis and risk of recession, together with Russia's invasion of Ukraine, impacted both the news situation and economic uncertainty. Central banks have commenced a series of resolute interest rate increases in an attempt to avoid further rising and/or continued inflation. The equity markets have been volatile and experienced a severe decline since peaking around the New Year. Recession in the Eurozone has, in many ways, become the consensus, and the question now is to what extent future bailouts in the form of energy subsidies or for the labour market will curb the recession that was partly triggered by the war and subsequent energy crisis. Norges Bank has raised the key policy rate by 2.25 percentage points to 2.75 per cent and is signalling a further increase to around 3 per cent in mid-2023.

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 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 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.

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.

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 16 per cent. Similarly, with a 10 per cent reduction of all 12-month PD estimates, expected losses would have been reduced by about 7 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 9 per cent.

See also section 6.3 of Note 1 - Company information and accounting policies, for more information regarding write-downs.

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, and for these investments, various valuation techniques are applied in order to determine the fair value. These 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 otherwise made to Note 8 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 the company operating within the risk limits stipulated by the board. The CEO has the 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.

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 million)	Book value	Guarantees, unused credits and loan commitments	2022 Maximum credit exposure	2021 Maximum credit exposure
Loans to and deposits with credit institutions	25.0		25.0	6.1
Interest-bearing securities at amortised cost	459.3		459.3	288.2
Total financial instruments at amortised cost	**484.3**	**0.0**	**484.3**	**294.2**
Interest-bearing securities at fair value through profit and loss	1,114.3		1,114.3	1,366.1
Interest swaps	14.9		14.9	2.6
Total financial instruments at fair value through profit and loss	**1,129.2**	**0.0**	**1,129.2**	**1,368.7**
Loans to customers at fair value through other comprehensive income (OCI)	37,470.3	1,369.2	38,839.5	27,379.9
Total financial instruments at fair value through other comprehensive income (OCI)	**37,470.3**	**1,369.2**	**38,839.5**	**27,379.9**
Total exposure for credit risk [1), 2), 3)]	**39,083.9**	**1,369.2**	**40,453.0**	**29,042.9**
[1)] of which financial assets in stage 1:				
Loans to and deposits with credit institutions	25.0		25.0	6.1
Loans to customers	34,983.9	1,352.6	36,336.5	26,246.8
Interest-bearing securities	459.3		459.3	288.2
Total exposure to credit risk on financial assets in stage 1	**35,468.2**	**1,352.6**	**36,820.9**	**26,541.1**
[2)] of which financial assets in stage 2:				
Loans to customers	2,450.7	16.5	2,467.2	1,119.2
Total exposure to credit risk on financial assets in stage 2	**2,450.7**	**16.5**	**2,467.2**	**1,119.2**
[3)] of which financial assets in stage 3:				
Loans to customers	35.7		35.7	13.8
Total exposure to credit risk on financial assets in stage 3	**35.7**	**0.0**	**35.7**	**13.8**

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 54,9 percent, and approximately 98 percent of mortgages have a loan-to-value ratio within 80 percent. Nearly 57 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 50.4%, and the largest observed loan-to-value ratio for loans in default at the end of December 2022 is 84%. Security pledged in the retail market is sold. It is not overtaken by the bank.

Storebrand Boligkreditt AS has a volume of NOK 169 million of loans with forbearence at the end of 2022. 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

		2022		
(NOK million)	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**

		2021		
(NOK million)	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
0% - 40%	20.0 %	4,928.5	553.7	5,482.2
40% - 60%	35.7 %	9,445.5	335.4	9,780.9
60% - 80%	42.7 %	11,658.4	42.7	11,701.0
80% - 90%	1.0 %	255.7	14.4	270.1
90% - 100%	0.3 %	88.3	2.1	90.4
> 100%	0.2 %	57.4	1.7	59.1
Total secured loans	**100.0 %**	**26,433.9**	**950.0**	**27,383.9**
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		**26,433.9**	**950.0**	**27,383.9**

RISK RELATED TO SECURED LOANS

	2022			
(NOK million)	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**

	2021			
(NOK million)	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	94.1 %	24,813.8	949.2	25,763.0
Medium risk	5.5 %	1,491.8	0.7	1,492.5
High risk	0.4 %	114.1	0.0	114.1
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.1 %	14.2	-	14.2
Total secured loans	**100.0 %**	**26,433.9**	**950.0**	**27,383.9**
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		**26,433.9**	**950.0**	**27,383.9**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

	Liquidity portfolio	
(NOK million)	2022	2021
Book value maximum exposure for credit risk	1,114.3	1,366.1
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	**0.5**	**-0.8**
Accumulated change in fair value of financial assets due to change in credit risk	**0.2**	**-0.8**
This year's change in value of related credit derivatives		
Accumulated change in value of related credit derivatives		

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 months - 12 months	2 - 3 years	4 - 5 years	More than 5 years	Total	Book value 2022	Book value 2021
Loans and deposits from credit institutions	6,888.1					6,888.1	6,888.1	1,757.3
Debt securities issued	4,566.5	519.0	13,045.5	13,388.0	922.1	32,441.1	29,420.7	24,570.8
Other liabilities	21.0					21.0	21.0	0.2
Undrawn credit limits	1,369.2					1,369.2		
Total financial liabilities 2022	**12,844.7**	**519.0**	**13,045.5**	**13,388.0**	**922.1**	**40,719.3**	**36,329.7**	
Derivatives related to liabilites 31.12.2022	**0.1**	**8.6**	**11.9**	**9.9**	**19.2**	**49.7**	**30.6**	
Total financial liabilities 2021	6,909.0	202.4	9,825.7	10,834.7	862.8	28,634.6		26,328.3
Derivatives related to liabilites 31.12.2021	-6.9	3.4	-2.4	0.2	-2.7	-8.5		-2.6

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2022 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)	2022	2021
Loans to and deposits with credit institutions without fixed maturity	6,888.1	1,757.3
Total loans to and deposits with credit institutions	**6,888.1**	**1,757.3**

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 2022 all covenants are fulfilled.

COVERED BONDS

(NOK million)

ISIN CODE	Nominal value	Currency	Maturity [1]	Book value 2022	Book value 2021
NO0010786726	4,000.0	NOK	15.06.2022		4,004.6
NO0010813959	4,000.0	NOK	20.06.2023	4,005.3	4,003.0
NO0010873177	5,000.0	NOK	19.06.2024	5,004.5	4,998.9
NO0010894199	6,500.0	NOK	25.06.2025	6,619.0	5,130.1
NO0011073140	7,000.0	NOK	03.06.2026	7,138.5	5,638.9
NO0012526211	5,500.0	NOK	20.05.2027	5,519.0	
XS2553532255	35.0	EUR	11.11.2027	382.6	
NO0010936917	300.0	NOK	21.02.2031	312.9	313.4
NO0010951528	480.0	NOK	15.04.2031	439.0	481.8
Total commercial papers and bonds issued [2]				**29,420.7**	**24,570.8**

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 2022 all covenants are fulfilled.

FINANCING ACTIVITIES - CHANGES DURING THE YEAR

	2022	
(NOK million)	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**

	2021	
(NOK million)	Liabilities to credit institutions	Liabilities to credit institutions
Book value 01.01.2021	1,712.7	19,243.1
New loans / bond debt issued	44.6	6,441.8
Repayment of loans/liabilites		-1,067.5
Changes in accrued interest		-46.6
Book value 31.12.2021	**1,757.3**	**24,570.8**

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 35 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.

EFFECT ON ACCOUNTING INCOME

(NOK million)	2022	2021
Interest -2.0%	-14.4	-11.8
Interest +2.0%	14.4	11.8

EFFECT ON ACCOUNTING PROFIT/EQUITY [1)]

(NOK million)	2022	2021
Interest -2.0%	-14.4	-11.8
Interest +2.0%	14.4	11.8

1) Before taxes

FIANCIAL INTEREST RATE RISK

(NOK million)	2022	2021
Interest -2.0%	-6.6	-12.9
Interest +2.0%	6.6	12.9

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.

Note 7 - 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

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.

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 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 as a result of non-compliance with external or internal rules. 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.

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.

Reference is made to further descriptions of climate risk in the annual report under the chapter "Climate risk".

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.
The value of home loans with a floating interest rate is considered to be approximately equal to the amortised cost.

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 31.12.2022	Book value 31.12.2021
Mortgage and asset backed bonds		1,114.3		1,114.3	1,366.1
Total bonds 31.12.2022	**0.0**	**1,114.3**	**0.0**	**0.0**	
Total bonds 31.12.2021		1,456.1			
Interest rate derivatives	0.0	-30.6	0.0	-30.6	
Total derivatives 31.12.2022	**0.0**	**-30.6**	**0.0**	**-30.6**	
Derivatives with a positive fair value		14.9		14.9	
Derivatives with a negative fair value		-45.5		-45.5	
Total derivatives 31.12.2021		2.6			2.6

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 31.12.2022	Book value 31.12.2021
Net loans to customers - retail market			37,470.3	37,470.3	26,430.0
Total net loans to customers	**0.0**	**0.0**	**37,470.3**	**37,470.3**	**26,430.0**

FINANCIAL INSTRUMENTS AT FAIR VALUE - LEVEL 3

(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**

(NOK million)	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2021	21,065.5
Net gains/losses on financial instruments	-0.6
Supply / disposal	11,502.2
Sales / due settlements	-6,137.2
Book value 31.12.2021	**26,430.0**

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

(NOK million)	Level 1 Quoted prices	evel 2 Observable assumptions	Level 3 Non-observable assumptions	Fair value 31.12.2022	Book value 31.12.2022	Fair value 31.12.2021	Book value 31.12.2021
Financial assets							
Loans to and deposits with credit institutions		25.0		25.0	25.0	6.1	6.1
Interest-bearing securities		459.3		459.3	459.3	288.2	288.2
Total financial assets 31.12.2022	**0.0**	**484.3**	**0.0**	**484.3**	**484.3**		
Total financial assets 31.12.2021		50.0				294.2	294.2
Financial liabilities							
Loans and deposits from credit institutions		6,888.1		6,888.1	6,888.1	1,757.3	1,757.3
Debt securities issued		29,411.5		29,411.5	29,420.7	24,628.9	24,570.8
Total financial liabilities 31.12.2022	**0.0**	**36,299.5**	**0.0**	**36,299.5**	**36,308.7**		
Total financial liabilities 31.12.2021	0.0	21,036.4				26,386.2	26,328.1

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 instrument. 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 is considered to be approximately equal to the amortised cost.

	Floating loans to customers Fair value through other comprehensive income (OCI) Change in market spread		Floating loans to customers Fair value through other comprehensive income (OCI) Change in market spread	
Increase/reduction in fair value	+ 10 bp	- 10 bp	+ 25 bp	- 25 bp
Increase/reduction in fair value at 31.12.2022 (MNOK)	**(4.3)**	**4.3**	**(10.8)**	**10.8**
Increase/reduction in fair value at 31.12.2021 (MNOK)	(3.0)	3.0	(7.6)	7.6

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 2022 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)	2022	2021
Interest on loans to credit institutions	0.3	0.1
Interest on loans to customers - loans valued at fair value with change in value through other comprehensive income (OCI)	824.5	438.4
Interest on interest-bearing securities valued at amortised cost	6.8	0.7
Total interest income calculated by using the effective interest method	**831.6**	**439.2**
Interest on interest-bearing securities valued at fair value with change in value through profit and loss	24.2	6.0
Interest on derivatives		5.2
Total other interest income	**24.2**	**11.2**
Total interest income	**855.8**	**450.4**
Interest on loans from credit institutions	-76.0	-17.5
Interest on debt securities issued	-555.6	-164.9
Total interest expenses calculated by using the effective interest method	**-631.6**	**-182.3**
Interest on derivatives	-0.7	
Other interest expenses	-3.8	-3.4
Total other interest expenses	**-4.5**	**-3.4**
Total interest expenses calculated by using the effective interest method	**-636.1**	**-185.7**
Net interest income	**219.6**	**264.7**

NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

(NOK million)	2022	2021
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	-0.3	1.8
Unrealised gain/loss on interest-bearing securities	0.6	-1.5
Net change in value and gain/loss on interest-bearing securities	**0.3**	**0.2**
Realised gain/loss on financial liabilities	-2.1	-0.2
Unrealised gain/loss on financial liabilities	42.8	5.2
Net change in value and gain/loss on financial liabilities (except financial derivatives)	**40.7**	**5.1**
Realised gain/loss on foreign exchange and financial derivatives	-14.1	
Unrealised gain/loss on foreign exchange and financial derivatives	-39.4	-3.5
Net change in value and gain/loss on foreign exchange and financial derivatives	**-53.4**	**-3.5**
Total change in value and net gain/loss on financial assets and financial liabilities	**-12.6**	**2.0**

Note 12 - Remuneration paid to auditor

REMUNERATION INCL. VALUED ADDED TAX

(NOK 1000)	2022	2021
Statutory audit	-176	-194
Other reporting duties	-100	-80
Other non-audit services	-160	-150
Total	**-435**	**-424**

Note 13 - Operating expenses

(NOK million)	2022	2021
Other staff expenses	-0.2	-0.2
Total staff expenses	**-0.2**	**-0.2**
IT costs	-0.2	-0.1
Foreign services	-0.5	-0.5
Purchase from group companies	-116.7	-94.2
Other operating expenses	-0.2	-0.3
Total other operating expenses	**-117.6**	**-95.2**
Total operating expenses	**-117.8**	**-95.4**

Note 14 - Losses on loans, guarantees and unused credits

	2022		
(NOK million)	Loans to customers and securities valued at amortised cost and loans to customers 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.

	2021		
(NOK million)	Loans to customers and securities valued at amortised cost and loans to customers through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	-0.3		-0.3
The periods change in impairment losses stage 2	-0.5		-0.5
The periods change in impairment losses stage 3	0.3		0.3
Loss expense for the period	**-0.5**	**0.0**	**-0.5**

The company has no outstanding contractual amounts for realised losses during 2021 that are still subject to enforcement activities.

Note 15 - Tax

TAX CHARGE FOR THE YEAR

(NOK million)	2022	2021
Tax payable for the period	6.2	30.7
Changes in deferred tax/deferred tax asset	12.1	6.8
Total tax charge	**18.3**	**37.5**

TAX BASE FOR THE YEAR

(NOK million)	2022	2021
Ordinary pre-tax profit	83.3	170.6
Change in temporary differences	-54.9	-31.0
Tax base for the year	**28.4**	**139.5**

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

(NOK million)	2022	23019
Ordinary pre-tax profit	83.3	170.6
Expected tax on income at nominal rate (22%)	-18.3	-37.5
Tax charge	**-18.3**	**-37.5**
Effective tax rate	22 %	22 %

TAX PAYABLE

(NOK million)	2022	2021
Tax payable	6.2	30.7
- tax effect of group contribution paid	-6.2	-30.7
Tax payable in the balance sheet	**0.0**	**0.0**

The company has provided a group contribution with tax effect for 2022. The group contribution will be recognised after the general meeting is held in 2023. 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)	2022	2021
Tax-increasing temporary differences		
Securities	156.2	68.7
Total tax-increasing temporary differences	**156.2**	**68.7**
Tax-reducing temporary differences		
Derivatives	-34.5	-2.4
Other	-9.8	-5.5
Total tax-reducing temporary differences	**-44.2**	**-7.9**
Losses/allowances carried forward		
Net base for deferred tax/tax assets	**112.0**	**60.8**
Net deferred tax/deferred tax asset in the balance sheet	**-24.6**	**-13.4**
Booked in the balance sheet:		
Deferred tax asset		
Deferred tax	-24.6	-13.4

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.

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 2022	Total book value 2021
Financial assets					
Loans to and deposits with credit institutions	25.0			25.0	6.1
Interest bearing securities	459.3	1,114.3		1,573.7	1,654.3
Derivatives		14.9		14.9	2.6
Net loans to customers			37,470.3	37,470.3	26,430.0
Other assets	29.3			29.3	21.5
Total financial assets 2022	**513.6**	**1,129.2**	**37,470.3**	**39,113.1**	
Total financial assets 2021	315.8	1,368.7	26,430.0		28,114.4
Financial liabilities					
Loans and deposits from credit institutions	6,888.1			6,888.1	1,757.3
Debt securities issued	29,420.7			29,420.7	24,570.8
Derivatives		45.5		45.5	
Other liabilities	21.0			21.0	0.2
Total financial liabilities 2022	**36,329.7**	**45.5**	**0.0**	**36,375.2**	
Total financial liabilities 2021	20,956.6				26,328.3

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

(NOK million)	2022 Fair value	2021 Fair value
Mortgage and asset backed bonds	1,114.3	1,366.1
Total interest-bearing securities at fair value	**1,114.3**	**1,366.1**
Modified duration	0.17	0.17
Average effective yield per 31.12.	3.39 %	0.89 %

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

	2022		2021	
(NOK million)	Book value	Fair value	Book value	Fair value
Public issuers and Government Guaranteed Bonds	459.3	459.3	288.2	288.1
Total interest-bearing securities at amortised cost	**459.3**	**459.3**	**288.2**	**288.1**
Modified duration		0.09		0.03
Average effective yield per 31.12.		3.08 %		0.73 %

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.

					Net amounts taken into account netting agreements		
(NOK million)	Gross nom. volume [1]	Gross recognised fin. assets	Gross recognised debt	Net fin. assets / debt in the statement of financial position	Fin. assets	Fin. debt	Net amount
Interest derivatives [2]	847.1	14.9	45.5				-30.6
Total derivatives 31.12.2022	**847.1**	**14.9**	**45.5**	**0.0**	**0.0**	**0.0**	**-30.6**
Total derivatives 31.12.2021	480.0	2.6					2.6

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 Cash (+/-)	Collateral Securities (+/-)	Net exposure
Total 2022	**14.9**	**45.5**	**-30.6**			**-30.6**
Total 2021	2.6		2.6			2.6

Note 20 - Foreign exchange risk

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCY

(NOK million)	Balance sheet items excluding currency derivatives Net in the balance sheet	Currency forwards Net sales	Net position 2022 in currency	Net position 2022 in NOK	Net position 2021 in NOK
EUR	-33.0	35.0	2.0	20.5	
Total net currency positions	**-33.0**	**35.0**	**2.0**	**20.5**	**0.0**

Storebrand Boligkreditt AS has issued a covered bond of EUR 35 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 1.95 million as of 31.12.2022.
That amount is included in the company's net position.

Note 21 - Loan to value ratios and collateral

(NOK million)	2022	2021
Gross lending [1]	37,481.0	26,434.7
Average loan balance	3.0	2.8
No. of loans	15,361	10,660
Weighted average seasoning (months)	29	34
Weighted average remaning term (months)	291	291
Average loan to value ratio	55 %	55 %
Over-collateralisation [2]	32 %	11 %
Cover pool:		
Residential mortgages [1]	36,970.3	26,315.0
Supplementary security	1,143.5	865.2
Total	**38,113.8**	**27,180.1**

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 2022 the company had NOK 65 million that exceeds the loan to value limit and has therefore not been included in the cover pool. In addition, NOK 407 million are not included in the cover pool due to incorrect tranfers of loans from Storebrand Bank to the company. The loans have been returned to the bank in January 2023. As per 31 December 2022, the company has 14 non-performing loans without evidence of impairment, equivalent to NOK 32.7 million. There are 3 non-performing loans with evidence of impairment of NOK 5.1 million where the impairment is assessed to be NOK 1.1 million. Non-performing loans with and without evidence of impairment, are not included in the cover pool.
2) Over-collateralisation has been calculated based on total volume of issued covered bonds of NOK 28.8 billion (nominal value).

Note 22 - Loans, guarantees and unused credits

(NOK million)	2022	2021
Loans to customers at fair value through other comprehensive income (OCI)	37,481.0	26,434.7
Total gross lending to customers	**37,481.0**	**26,434.7**
Provision for expected loss stage 1	-2.3	-1.1
Provision for expected loss stage 2	-6.4	-2.5
Provision for expected loss stage 3	-2.1	-1.1
Net lending to customers	**37,470.3**	**26,430.0**

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)

	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	0.0
Transfer to stage 2	-729.0	730.1	-1.2	0.0
Transfer to stage 3	-5.8	-11.9	17.7	0.0
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**

	2021			
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2021	19,211.8	1,817.1	40.9	21,069.7
Transfer to stage 1	824.5	-823.1	-1.4	0.0
Transfer to stage 2	-148.9	160.9	-12.0	0.0
Transfer to stage 3	0.0	-5.9	5.9	0.0
New loans	10,990.1	512.1		11,502.2
Derecognition	-5,250.1	-534.3	-18.2	-5,802.7
Other changes	-328.5	-5.8	-0.2	-334.5
Gross loans 31.12.2021	**25,298.9**	**1,120.9**	**14.9**	**26,434.7**

CHANGE IN MAXIMUM EXPOSURE FOR GUARANTEES AND UNUSED CREDITS

	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		0.0
Transfer to stage 2	-5.5	5.5		0.0
Transfer to stage 3				0.0
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**

	2021			
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2021	1,073.3	17.4		1,090.7
Transfer to stage 1	15.6	-15.6		0.0
Transfer to stage 2	-0.6	0.6		0.0
Transfer to stage 3				
New guarantees and unused credits	27.0	0.0		27.0
Dereceognition	-196.1	-1.0		-197.1
Other	29.9	-0.5		29.3
Maximum exposure 31.12.2021	**949.1**	**0.9**	**0.0**	**950.0**

TOTAL COMMITMENTS AMOUNT BY REMAINING TERM TO MATURITY

	2022			
(NOK million)	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	1.4			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**

	2022			
(NOK million)	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	10.9		1.0	11.9
From 1 month up to 3 months	66.5		20.5	87.0
From 3 months up to 1 year	137.1		107.3	244.4
From 1 year to 5 years	779.2		328.2	1,107.4
More than 5 years	25,440.9		493.0	25,934.0
Total	**26,434.7**	**0.0**	**950.0**	**27,384.6**

Note 23 - Engagement by customer groups and geographical area

ENGAGEMENT BY CUSTOMER GROUP

	2022			
(NOK million)	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total engagement
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**

	2021			
(NOK million)	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total engagement
Wage-earners	26,294.7		939.1	27,233.8
Other	0.7			0.7
Abroad	139.3		10.8	150.1
Total	**26,434.7**	**0.0**	**950.0**	**27,384.6**
Provision for expected loss stage 1	-1.1			-1.1
Provision for expected loss stage 2	-2.5			-2.5
Provision for expected loss stage 3	-1.1			-1.1
Total loans, guarantees and undrawn credit limits	**26,430.0**	**0.0**	**949.9**	**27,379.9**
Distribution by geographical area				
Eastern Norway	21,720.9		727.6	22,448.5
Western Norway	2,774.2		162.8	2,937.0
Southern Norway	387.7		15.1	402.8
Mid-Norway	685.3		13.8	699.0
Northern Norway	760.4		19.7	780.2
Rest of world	106.3		10.8	117.1
Total	**26,434.7**	**0.0**	**950.0**	**27,384.6**
Provision for expected loss stage 1	-1.1			-1.1
Provision for expected loss stage 2	-2.5			-2.5
Provision for expected loss stage 3	-1.1			-1.1
Total loans, guarantees and undrawn credit limits	**26,430.0**	**0.0**	**949.9**	**27,379.9**

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)	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		0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-0.1	0.1		0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)		-0.2	0.2	0.0
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
Loan loss provisions on guarantees and unused credit limits				
Total loans loss provisions	**2.3**	**6.4**	**2.1**	**10.7**

(NOK million)	2021 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 01.01.2021	0.8	2.0	1.4	4.1
Transfer to stage 1 (12-month ECL)	0.3	-0.3		0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)				
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)				
Net remeasurement of loan losses	-0.3	0.1		-0.2
New financial assets originated or purchased	0.9	1.9		2.8
Financial assets that have been derecognised	-0.2	-1.0	-0.2	-1.5
ECL changes of balances on financial assets without changes in stage in the period	-0.4	-0.2		-0.6
Loan loss provisions at 31.12.2021	**1.1**	**2.5**	**1.1**	**4.7**
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	1.1	2.5	1.1	4.7
Loan loss provisions on guarantees and unused credit limits				
Total loans loss provisions	**1.1**	**2.5**	**1.1**	**4.7**

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.

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

DISTRIBUTION OF LOAN LOSS PROVISIONS

	2022			
(NOK million)	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
Unsecured retail exposures including credit cards exposures				
Other exposures including SME exposures			0.5	0.5
Total loan loss provisions	**2.3**	**6.4**	**2.1**	**10.7**

	2021			
(NOK million)	Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	1.1	2.5	0.6	4.2
Unsecured retail exposures including credit cards exposures				
Other exposures including SME exposures			0.5	0.5
Total loan loss provisions	**1.1**	**2.5**	**1.1**	**4.7**

DISTRIBUTION OF EXPOSURE INCL. UNUSED CREDIT FACILITIES AND GUARANTEES

	2022			
(NOK million)	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
Unsecured retail exposures including credit cards exposures				
Other exposures including SME exposures			0.5	0.5
Total exposure	**36,338.8**	**2,473.5**	**37.8**	**38,850.2**

	2021			
(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	26,248.0	1,129.0	6.9	27,383.9
Unsecured retail exposures including credit cards exposures				
Other exposures including SME exposures			0.7	0.7
Total exposure	**26,248.0**	**1,129.0**	**7.6**	**27,384.6**

Note 26 - Non-performing and loss-exposed loans

(NOK million)	2022	2021
Non-performing loans		
Non-performing loans without evidence of impairment	32.7	9.5
Loss-exposed loans with evidence of impairment	5.1	5.4
Gross non-performing and loss-exposed loans	**37.8**	**14.9**
Loan loss provisions stage 3	-2.1	-1.1
Net non-performing and loss-exposed loans	**35.7**	**13.8**

NON-PERFORMING LOANS PER CUSTOMER GROUP

(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
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.

(NOK million)	2021 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	5.4	9.5	14.9	1.1	13.8
Total	**5.4**	**9.5**	**14.9**	**1.1**	**13.8**

*) 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

(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.

(NOK million)	2021 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	8.3	0.2	8.5		8.4
Western Norway		4.8	4.8	0.6	4.2
Southern Norway	1.2		1.2		1.2
Mid-Norway		0.4	0.4	0.4	0.0
Total	**9.5**	**5.4**	**14.9**	**1.1**	**13.8**

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

AGE DISTRIBUTION OF OVERDUE COMMITMENTS WITHOUT IMPAIRMENT

2022

(NOK million)	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.

2021

(NOK million)	Total loans to customers at fair value through other comprehensive income OCI*)	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	13.2			13.2
Overdue 31 - 60 days	6.7			6.7
Overdue 61- 90 days	0.1			0.1
Overdue more than 90 days**)	9.5			9.5
Total	**29.4**	**0.0**	**0.0**	**29.4**
Commitments overdue more than 90 days by geographical area:				
Eastern Norway	8.3			8.3
Southern Norway	**1.2**			**1.2**
Total	**9.5**	**0.0**	**0.0**	**9.5**

*) 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

	2022				
(NOK million)	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
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures					
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	19.9	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures	0.5	-0.5	0.0		
Total loss-exposed loans with evidence of impairment	**5.1**	**-1.1**	**4.1**		

Storebrand Boligkrditt 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.

	2021				
(NOK million)	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	9.5		9.4	27.4	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures					
Total non-performing loans without evidence of impairment	**9.5**	**0.0**	**9.4**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	4.8	-0.6	4.2	18.1	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures	0.7	-0.5	0.2		commercial real estate
Total loss-exposed loans with evidence of impairment	**5.4**	**-1.1**	**4.4**		

Storebrand Boligkrditt AS has loans of NOK 4.8 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

Note 27 - Other current assets

	2022	2021
(NOK million)	Book value	Book value
Due from Storebrand group companies	21.9	14.5
Other current assets	7.4	7.1
Total other current assets	**29.3**	**21.5**

Note 28 - 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 5.05%. 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.

	2022			2021		
		Fair value [1), 2)]			Fair value [1), 2)]	
(NOK million)	Nominal value 7 - 10 years	Assets	Liabilities	Nominal value 7 - 10 years	Assets	Liabilities
Interest rate swaps	480.0		48.9	480.0		3.5
Total interest rate derivatives	480.0		48.9	480.0		3.5
Total derivatives	480.0		48.9	480.0		3.5

		Hedging value [1), 2)]			Hedging value [1), 2)]	
	Nominal value 7 - 10 years	Assets	Liabilities	Nominal value 7 - 10 years	Assets	Liabilities
Underlying objects :						
Bonds issued	480.0		431.9	480.0		474.8
Hedging effectiveness - prospective			101.9 %			102.7 %

Gain/loss on fair value hedging: [3)]

(NOK million)	2022 Gain / loss	2021 Gain / loss
On hedging instruments	-45.4	-3.5
On items hedged	42.8	5.2

1) Book value at 31.12.
2) Includes accrued interest.
3) Amounts included in the line "Net change in fair value and gain/loss on foreign exchange and financial intruments".

Note 29 - Other liabilities

(NOK million)	2022 Book value	2021 Book value
Tax payable	0.2	0.2
Collateral	20.5	
Other liabilities	0.3	0.1
Total other liabilities	**21.0**	**0.2**

Note 30 - Off balance sheet liabilities and contingent liabilities

(NOK million)	2022	2021
Undrawn credit limits	1,369.2	950.0
Total contingent liabilities	**1,369.2**	**950.0**

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

Note 31 - Collateral

COLLATERAL AND SECURITY PLEDGED

(NOK million)	2022	2021
Collateral received in connection with Derivatives trading	20.5	
Provided collateral		
Total	**20.5**	**0.0**

Note 32 - Capital Adequacy

NET PRIMARY CAPITAL

(NOK million)	2022	2021
Share capital	494.2	490.0
Other equity	2,212.8	1,252.0
Total equity	**2,707.0**	**1,742.0**
Deductions		
AVA justments	-38.7	-27.3
Provision for group contribution	-22.1	-108.8
Addition		
Group contribution received	272.1	108.8
Core capital exc. Hybrid Tier 1 capital	**2,918.4**	**1,714.7**
Additional Tier 1 capital (§3a Beregningsforskrift)		
Additions (§8 Beregningsforskrift)		
Core capital	**2,918.4**	**1,714.7**
Tier 2 capital (§4.3- Beregningsforskrift)		
Tier 2 capital deductions (§7 Beregningsforskrift)		
Net primary capital	**2,918.4**	**1,714.7**

MINIMUM CAPITAL REQUIREMENT

(NOK million)	2022	2021
Credit risk	1,088.9	773.4
Of which:		
Institutions	0.9	0.5
Loans secured against real estate	1,044.5	733.2
Loans past-due	3.1	0.5
Covered bonds	8.9	10.9
Other	31.5	28.3
Total minimum requirement for credit risk	**1,088.9**	**773.4**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	32.7	30.3
CVA risk	0.8	1.2
Minimum requirement for net primary capital	**1,122.4**	**804.8**

The standard method is used for credit risk and market risk and the basis method is used for operational risk. Total requirement to Core Equity Tier 1 (CET1) and eligible capital (Tier 1 capital + Tier 2 capital) are 12 per cent and 15.5 per cent.

CAPITAL ADEQUACY

	2022	2021
Capital ratio	20.80 %	17.04 %
Core (tier 1) capital ratio	20.80 %	17.04 %
Core capital ratio excl. Hybrid Tier 1 capital	20.80 %	17.04 %

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

(NOK million)	2022	2021
Credit risk	13,610.8	9,667.0
Of which:		
Institutions	10.8	6.1
Loans secured against real estate	13,056.3	9,164.6
Loans past-due	39.2	6.5
Covered bonds	111.3	136.5
Other	393.2	353.4
Total minimum requirement for credit risk	**13,610.8**	**9,667.0**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	409.1	378.5
CVA risk	10.1	14.9
Minimum requirement for net primary capital	**14,030.0**	**10,060.4**

Note 33 - Remuneration and related parties

REMUNERATION OF SENIOR EMPLOYEES AND ELECTED OFFICERS

(NOK 1000)	Ordinary salary	Other benefits [2]	Total remuneration earned in the year	Pension accrued for the year	Pension accrued for the year	Loans [3]	No. of shares owned [4]
Senior employees							
Einar Leikanger (CEO) [1]	1,373	123	1,496	164		7,500	1,560
Total 2022	**1,373**	**123**	**1,496**	**164**		**7,500**	**1,560**
Total 2021	1,248	142	1,390	147		7,500	1,040

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 while 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 1000)	Remuneration	Loans	No. of shares owned [1]
Styret			
Bernt Uppstad [2]		494	3,745
Karin Greve-Isdahl [2]		18,596	35,705
Thor Bendik Weider	98		
Leif Helmich Pedersen	98		
Total 2022	**196**	**19,090**	**39,450**
Total 2021	190	19,190	42,776

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 nor Karin Greve-Isdahl receive any remuneration from Storebrand Boligkreditt AS for their appointments as members of the Board.

TRANSACTIONS WITH GROUP COMPANIES

	2022		2021	
(NOK million)	Storebrand Bank ASA	Other group companies	Storebrand Bank ASA	Other group companies
Interest income				
Interest expense	95.6		28.2	
Services sold				
Services purchased	116.7		93.6	0.6
Due from	21.9		14.5	
Liabilities to	6,888.1		1,757.3	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 0.4 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 2022.

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)	2022	2021
To Storebrand Boligkreditt AS - accumulated transfers	37,481.0	26,434.7
From Storebrand Boligkreditt AS - last years transfers	5,294.9	420.2

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

LOANS TO EMPLOYEES

(NOK million)	2022	2021
Loans to employees of Storebrand Group	2,265.3	1,585.8

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 2022 financial year and as of 31 December 2022 (2022 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 2022.

In the best judgement of the Board and the CEO, the annual financial statements for 2021 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 2022. 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, 7 February 2023
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Bernt Uppstad (sign.)
Chairman of the Board

Karin Greve-Isdahl
Deputy Chairman of the Board

Thor Bendik Weider
Board Member

Leif Helmich Pedersen
Board Member

Einar A. Leikanger (sign.)
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 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the accounts, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by 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 4 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 concluded that there are no key audit matters to describe in our auditor's 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 appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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

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

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 International Financial Reporting 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 or the Group'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 and the Group'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 and the Group 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 2022-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, and iXBRL tagging of the consolidated financial statements.

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 evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 7 February 2023
PricewaterhouseCoopers AS

Thomas Steffensen
State Authorised Public Accountant

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

Storebrand Boligkreditt AS
Professor Kohts vei 9, P.O. Box 474, N-1327 Lysaker, Phone: +47 915 08 880, storebrand.no