Storebrand Boligkreditt AS
Annual report

2021

Company information

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Content

Important notice

This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group assumes no responsibility to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make. This document contains alternative performance measures (APM) as defined by The European Securities and Market Authority (ESMA). An overview of APM can be found at www.storebrand.com/ir.

Key figures Storebrand Boligkreditt AS

NOK million	2021	2020
Profit and loss account: (in % of average total assets)		
Net interest income	1.06 %	0.93 %
Main balance sheet figures:		
Total assets	28,114.4	22,587.5
Average total assets [1]	25,063.8	21,249.2
Gross lending to customers	26,434.7	21,069.7
Equity	1,742.0	1,609.0
Other key figures:		
Loan losses and provisions as % of average total loans [2]	0.00 %	0.01 %
Gross non-performing and loss-exposed loans as % of total loans	0.06 %	0.19 %
Cost/income ratio [3]	35.8 %	46.7 %
Core equity Tier 1 (CET1) capital ratio	17.0 %	19.7 %
LCR [4]	6,203.0 %	991.0 %

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 2021, Storebrand Boligkreditt AS had issued covered bonds worth approximately NOK 24.3 billion with an average remaining maturity of 2.9 years.

At the end of 2021, the lending volume had increased compared with the end of 2020 and amounted to 8,123 mortgages and residential mortgage products corresponding to NOK 26.4 billion (NOK 21.1 billion). The quality of the portfolio is extremely good. At year-end, there were 10 loans in default, corresponding to NOK 14.9 million. This represents 0.06 per cent of the portfolio. The average loan-to-value ratio is 55 per cent.

COVID 19

Covid-19 and the uncertain macroeconomic situation have resulted in greater uncertainty regarding several estimates when compared with the situation prior to the pandemic at the end of 2019/start of 2020. The uncertainty surrounding cash flows relating to expected losses on lending was reduced during 2021. The State has provided general support schemes, there have been vaccine rollouts for large parts of the population and the measures to combat the pandemic have been gradually normalised. The macroeconomic situation has also improved.

FINANCIAL PERFORMANCE

The company's operating profit before losses for 2021 was NOK 171 million (NOK 97 million). Net losses on lending accounted for a cost of NOK 0.5 million, compared with NOK 2.7 million in 2020. The annual profit after tax for Storebrand Boligkreditt AS was NOK 133 million, compared with NOK 73 million for 2020.

NET INTEREST INCOME

Net interest income was NOK 265 million for the year (NOK 198 million), which was an increase compared with the previous year and was primarily due to a higher average lending volume and increased lending margins. Net interest income as a percentage of average total assets was 1.06 per cent in 2021, compared with 0.93 per cent in 2020.

NET FINANCIAL INCOME

Net financial income was NOK 2 million in 2021, compared with negative income of NOK 16 million in 2020. The buy-back of own bonds was the principal reason for the negative financial income in 2020.

OPERATING EXPENSES

Operating expenses ended at NOK 95 million in 2021 and increased by NOK 11 million compared with 2020. 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 0.5 million in 2021, compared with NOK 2.7 million in 2020. At the end of 2021, the default volume amounted to NOK 14.9 million (NOK 40.9 million). This volume corresponds to 0.06 per cent (0.19 per cent) of gross lending. All the loans have a loan-to-value ratio within 75 per cent of market value or are generally written down.

BALANCE SHEET

The company's total assets under management at the end of 2021 were NOK 28.1 billion, compared with NOK 22.6 billion at the end of 2020.

Borrowing is in the form of covered bonds in Norwegian kroner and drawing facilities with Storebrand Bank ASA. The financing structure is balanced and adapted to a credit company. In 2021, the company issued NOK 6.3 billion in covered bonds (OMF). At the end of 2021, covered bonds worth NOK 24.3 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 prepared 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 26.4 billion, in addition to unused credit facilities of NOK 0.9 billion as at 31 December 2021. Non-performing and doubtful loans accounted for 0.06 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 75 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 99 per cent of mortgages have a loan-to-value ratio within 80 per cent. Just over 55 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 at all times 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.

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. One of these is a normal overdraft facility, with a ceiling of NOK 6 billion. This has no expiry date, but can be terminated by the bank on 15 months' notice. The other facility must have a sufficient ceiling at all times 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.

The company has an LCR requirement of 100 per cent. At the end of the year, the company's LCR was 6,203 per cent.

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 2021, Storebrand Boligkreditt AS had no interest rate risk, since all the company's lending and borrowing is in NOK.

OPERATIONAL RISK

In order 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.

Among other things, 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 1,742 million (NOK 1,609 million). The net capital base at year-end after giving group contributions amounted to NOK 1,715 million (NOK 1,586 million). Storebrand Boligkreditt AS' capital base consists entirely of pure core capital. The pure core capital adequacy ratio was 17.0 per cent (19.7 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.

CLIMATE RISK

Storebrand Boligkreditt's lending activities primarily 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.

The risk function at Storebrand ASA is responsible for the company's climate risk work, and this is included in the same framework for assessing other risks. Climate risk concerns how climate change, or the measures taken to reduce climate change, can lead to risks and opportunities for the business. In 2020, a risk assessment was carried out for Storebrand Bank which also applied to Storebrand Boligkreditt. This assessment resulted in risks being identified. The work on assessing these risks continued during 2021.

Risk 1: Lower demand for loans and other banking services.
Risk 2: Increased losses on lending as a result of climate change or the transition to low emissions.
Risk 3: Green mortgages give low profitability.
Risk 4: Non-compliance with new requirements relating to climate adaptation or reporting.
Risk 5: We do not achieve our own objectives for climate adaptation or our ambitions are too low.

Climate risk is divided into physical climate risk, which is due to consequences of changes in the climate and environment, and transition risk, which is due to consequences of the transition to a low-emission society.

The extent of the physical climate risk depends on how much and how quickly the climate changes. The reference point can be either the current climate or the climate situation in pre-industrial times. A normal reference point for overall physical climate risk is an increase in average global temperature since pre-industrial times. The United Nations estimates that the global temperature has already increased by 1.1 degrees. Over the next decade, the development will largely be a consequence of past emissions, which means that the risk is a given. In the long term, the choices that are made in the next few years will have a significant impact on the risk.

The extent of the transition risk is determined by how rapid and dynamic the conversion to low emissions will be. This depends on the structure and strength of climate policies implemented by government authorities, technological developments and how companies and consumers choose to adapt. The transition risk may also vary greatly in the short and medium terms, and important choices and consequences are likely to be clarified in the coming decades.

PURPOSE OF THE CLIMATE RISK ASSESSMENT

The purpose of the climate risk assessment is to understand the potential financial, regulatory and reputational impact that climate risk may have on Storebrand Boligkreditts's operations. Climate change and the transition to low emissions present both risks and opportunities for the Bank. The climate risk assessment provides a basis for assessing which measures can reduce risk or enable us to realise opportunities.

The Storebrand Group has a climate strategy which has the objective of contributing to limiting global warming to approximately 1.5 degrees Celsius. A key means for achieving this is that investments must be carbon neutral no later than 2050 and that there are specific sub-goals along the way. This will enable the Storebrand Group to make a contribution towards limiting physical climate change.

The climate risk assessment must not be confused with the climate strategy, however the measures and objectives in the climate strategy will influence the risk and limit the choices we can make. An offensive strategy to limit climate change will also contribute to reducing the physical climate risk for the Storebrand Group and Storebrand Boligkreditt. In terms of transition risk, an offensive climate strategy may reduce or increase risk, and may result in losses due to being both premature and waiting too long to make adaptations. The outcome will depend on future developments, and the risk should therefore be assessed in different scenarios.

FRAMEWORK FOR THE CLIMATE RISK ASSESSMENT

Storebrand Boligkreditt assesses climate risk within the same framework as other operational risks. The Storebrand Group's strategic choice to be a leader in sustainability provides guidance for Storebrand Bank's strategy in this area. It is therefore natural to include climate risk in the ICAAP.

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

Ethical guidelines and ethical practices at all levels of the organisation are prerequisites for gaining trust from customers, authorities, shareholders, and society in general. This trust is based on how we manage our business activities and the conduct of each individual employee.

PRIVACY AND DIGITAL TRUST

We live in a digital world with an increased risk that personal data may go astray, be stolen or be shared with unauthorized parties. Our customers must be able to trust that we manage their personal data in a responsible manner. Therefore, we are reliant on proper security measures, established procedures and processes for data protection. Moreover, our employees receive training to ensure they have expertise in how to manage personal information in a prudent manner.

New technology combined with smart use of information and personal data enable us to better understand our customers and their needs. As long as our customers continue to have high levels of trust, we can use this technology to develop better, more relevant products and services.

Our ambition is to engage our customers and build long-term relationships by delivering first-class customer experiences across all channels. This requires us to safeguard our customers' rights in accordance with the Personal Data Act.

COUNTERING CORRUPTION

Corruption is one of the biggest causes of poverty in many parts of the world. It is also important in Scandinavia to work purposefully against this form of crime. Corruption is a criminal offence in all countries where Storebrand operates.   Corruption is a criminal offence for both the party making the offer and the recipient, and companies can face sanctions if they have not taken sufficient measures to avoid corruption.

Corruption can result in reduced trust in us as a company, and to the financial and insurance industry in general. Corruption is detrimental to healthy competition in all industries.

At Storebrand, we have zero tolerance for corruption and other financial misconduct. We work methodically to identify internal areas with increased risk and have initiated measures to prevent violations. Furthermore, we work systematically with our suppliers and partners.
All employees and board members must complete the Group's anti-corruption program. Exceptions are made for employees on leave or long-term sick leave. The goal is that 90 per cent of all employees will complete the program each year. Consultants who have been assigned for more than six months shall also complete the program, however are not included in the results for this year's measurement.

INFORMATION SECURITY

Storebrand is a company with significant influence over the society in which we live. As a financial institution, our digital infrastructure is critical to society. Our customers, partners, employees, and market position make us an attractive target for a number of threat actors. 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. This challenge applies not only to us at Storebrand, but also our partners and suppliers. If we are the victim of a cyberattack, this may negatively impact the trust customers have in us being able to effectively safeguard their capital and assets.

Information security involves ensuring that information is correct and that it is accessible only to those people who shall have access to the information, when they need it. Our approach to information security work is through people, processes and technology. Storebrand's business operations involve the extensive use, communication and storage of various types of information - both electronically and physically. It is therefore extremely important for Storebrand to work systematically and continuously with information security. Good information security is a prerequisite for retaining the trust of our customers, the Group's reputation and our competitiveness.

To engage our customers while also developing and building long-term relationships with them, we continually work to provide first-class customer experiences. This requires us to have stable and secure IT solutions.

Stable and secure IT solutions are also a prerequisite for Storebrand to be able to conduct financial activities and increase our innovative power. Our ongoing work with information security helps us to manage cyber risk and maintain an acceptable threat level.

ANTI-MONEY LAUNDERING AND TERROR FINANCING

We are a key player in the Nordic financial market and therefore have a special responsibility to avoid being misused in connection with terror financing, money laundering or other forms of financial crime. Our stakeholders expect us to effectively fulfil this responsibility. Routines and management are important for upholding our reputation.

Storebrand shall act consistently and in compliance with relevant legislation in connection with matters relating to money laundering, terror financing and financial crime in general.

We work systematically to ensure that our companies are not used for money laundering, terror financing or other forms of financial crime. All employees must complete mandatory training each year.

RESPONSIBLE RESOURCE USE

At Storebrand, sustainability is an integrated part of our business strategy. We set requirements for the companies in which we invest, as well as 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. The plan is to set science-based targets in line with the 1.5-degree target[1] for the entire business, including our own operations, by 2021. For our own operations, we aim to reduce greenhouse gas emissions by 7.6 per cent per annum with 2019 as a baseline year, in line with the 1.5-degree target and the findings of the UN Emissions Gap Report 2019.[2]

We are continuously working to become more energy efficient, reduce waste production, increase the proportion of waste that is sorted, and reduce our carbon footprint in connection with flights and commuting.

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. In order 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.

Our ambition for 2021 was to maintain the share of environmentally certified[3] purchases at 60 per cent after having exceeded this target in 2020. Despite having exceeded the target in 2020, the dynamics of our supply chain and market conditions still make the 60 per cent target a challenge. Therefore, our aim is to work on maintaining a share of purchases from environmentally certified suppliers of over 60%.

We have defined three specific climate targets for 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 carbon neutral.[4]
- The goal is that the entire value chain for our deliveries will be carbon neutral by 2030.

8.7 Through our procurement practices, we strive to contribute to effective efforts to end modern slavery and eliminate child labour in our value chain.
8.8 We aim to protect workers' rights and promote a safe and secure working environment for all employees, contractors and suppliers.

12.5 We aim to significantly reduce the amount of waste through prevention, reduction, recycling and reuse in the supply chain.
12.6 We encourage companies to introduce sustainable working methods and integrate information about sustainability into their reporting routines.
12.7 We promote sustainable procurement practices.

13.2 We incorporate action on climate change into our policies, strategies and plans.

PERSONNEL AND ORGANISATION

At the end of 2021 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.

1) To achieve the goal of limiting average global warming to 1.5 °C by 2050 in accordance with the Paris Agreement.
2) https://wedocs.unep.org/bitstream/handle/20.500.11822/30797/EGR2019.pdf?sequence=1&isAllowed=y
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.

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 2021, 40 per cent of the company's board members were women.

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 2021.

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 2022

In 2022, 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 2022.

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 2022. The long-term effects of the Coronavirus pandemic remain uncertain, and developments are being closely monitored.

New issues of covered bonds will be made available when the company decides it is prudent to do so 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 133.0 million. The Board proposes to pay a group contribution of NOK 139.5 million before tax (NOK 108.8 million after tax) to Storebrand Bank ASA. The Board considers the company's capital situation to be good in relation to the risk profile and proposes the following allocation of the profit for the year to the company's general meeting:

Amounts in NOK million:	
Group contribution paid to parent company (after tax)	-108.8
Transferred to/from other equity	-24.2
Total allocation	**-133.0**

Lysaker, 8 February 2022
The Board of Directors of Storebrand Boligkreditt AS

Translation –not to be signed

Bernt Uppstad
Chairman of the Board

Karin Greve-Isdahl
Deputy Chairman of the Board

Thor Bendik Weider
Boardmember

Leif Helmich Pedersen
Boardmember

Einar A. Leikanger
CEO

Income statement
1 January - 31 December

NOK million	Note	2021	2020
Interest income and similar income			
Interest income calculated by using the effective interest method		439.2	462.7
Other interest income		11.2	3.2
Total interest income and similar income		**450.4**	**465.8**
Interest expenses and similar expenses			
Interest expenses calculated by using the effective interest method		-182.3	-265.0
Other interest expenses		-3.4	-3.4
Total interest expenses and similar expenses		**-185.7**	**-268.4**
Net interest income	11	**264.7**	**197.5**
Fee and commission income from banking services		0.1	0.1
Fee and commission expense for banking services		-0.3	-0.3
Net change in fair value and gain/loss on foreign exchange and financial instruments	11	2.0	-16.2
Total other operating income		**1.8**	**-16.5**
Staff expenses	13	-0.2	-0.2
Other operating cost	12, 13	-95.2	-84.2
Total operating expenses excl. credit loss on loans, etc.		**-95.4**	**-84.5**
Profit before credit loss on loans, etc.		**171.0**	**96.5**
Credit loss on loans, guarantees etc. and interest bearing secuirities	14	-0.5	-2.7
Profit before tax for continued operations		**170.6**	**93.8**
Tax on profit from continued operations	15	-37.5	-20.6
Profit before other comprehensive income		**133.0**	**73.2**
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 year		**133.0**	**73.2**

Statement of financial position
31 December

NOK million	Note	2021	2020
Loans to and deposits with credit institutions	9, 16	6.1	8.3
Loans to customers	4,9, 16, 20, 21, 22, 23, 24, 25	26,430.0	21,065.6
Interest bearing securities	4, 9, 16, 17, 18	1,654.3	1,497.8
Derivatives	19	2.6	
Deferred tax assets	15		
Other current assets	16, 26	21.5	15.8
Total assets		**28,114.4**	**22,587.5**
Loans and deposits from credit institutions	5, 9, 16	1,757.3	1,712.7
Debt securities issued	5, 9, 16, 27	24,570.8	19,243.1
Derivatives	19		
Other current liabilities	5, 16, 28	0.2	0.7
Tax payable	15	30.7	15.3
Deferred tax	15	13.4	6.6
Provisions for guarantees and unused credit facilities	23		
Total liabilities		**26,372.4**	**20,978.5**
Share capital		490.0	490.0
Share premium		550.1	550.1
Other paid-in equity		521.4	467.0
Total paid-in equity		**1,561.5**	**1,507.0**
Other equity		180.6	102.0
Total retained earnings		**180.6**	**102.0**
Total equity	27	**1,742.0**	**1,609.0**
Total liabilities and equity		**28,114.4**	**22,587.5**

Lysaker, 8 February 2022
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Bernt Uppstad
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
Statutory 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 31.12.2019	490.0	550.1	404.3	1,444.4	91.4	91.4	1,535.8
Profit for the period					73.2	73.2	73.2
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**73.2**	**73.2**	**73.2**
Equity transactions with the owner:							
Group contribution received			62.6	62.6			62.6
Group contribution paid					-62.6	-62.6	-62.6
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**

Storebrand Boligkreditt AS is 100% owned by Storebrand Bank ASA. Number of shares are 35.000.000 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 30.

Statement of cash flow
1 January - 31 December

NOK million	Note	2021	2020
Cash flow from operations			
Receipts of interest, commissions and fees from customers		431.8	470.5
Net disbursement/payments on customer loans		-5,369.2	-668.5
Net receipts/payments - securities at fair value		-149.8	-1,367.2
Payments of operating costs		-95.2	-91.1
Net cash flow from operating activities		**-5,182.5**	**-1,656.2**
Cash flow from financing activities			
Payments - repayments debt securities	5	-1,067.5	-5,433.0
Receipts - new debt securities issued	5	6,441.8	10,175.0
Payments - interest on loans		-223.3	-310.9
Net receipts/payments of liabilities to credit institutions	5	44.6	-2,755.8
Receipts - group contribution		54.4	62.6
Payments - group contribution		-69.8	-80.3
Net cash flow from financing activities		**5,180.2**	**1,657.7**
Net cash flow in period		**-2.2**	**1.5**
Net movement in cash and bank deposits		-2.2	1.5
Cash and bank deposits at the start of the period		8.3	6.8
Cash and bank deposits at the end of the period		**6.1**	**8.3**

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.12.2021. See also Note 5.

See note 29 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 2020 were approved by the Board of Directors on 9 February 2021.

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), while loans with fixed interest are measured at fair value though profit or loss. Shares and derivatives are measured at fair value through profit or loss. Other financial instruments are measured at amortised cost. Intangible assets are also included on the balance sheet. Intangible assets are measured at cost and are tested for impairment at least once a year. The liabilities side primarily consists of financial instruments (liabilities).

The accounting policies are described in more detail below.

4. CHANGES IN ACCOUNTING POLICIES

No new accounting standards were implemented in 2021 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 2021 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 15.

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.

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 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 and changes in probability of default in the next 12 months. The assessments are based on absolute changes and relative changes. A criterion for relative change is a 150 per cent increase in the probability of default over the expected maturity of the asset, and absolute change is an increase of 1.5 percentage points in the probability of default over the next 12 months. Both assessments are done at the time of measurement in relation to the time of 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 loans for which temporary postponement of payment has been granted (forbearance). Storebrand Boligkreditt AS has a limited volume of loans with forbearance and, in exceptional cases, the bank grants relief for commitments with mortgages in the form of a grace period for loans with a loan-to-value ratio above 60%. This does not constitute a significant factor for migration/write-downs.

EXPECTED MATURITY

Expected maturity is estimated for various commitments. Expected maturity is significant because for commitments with a substantial increase in credit risk, including defaulted commitments, i.e. commitments in stage 2 and stage 3, 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.

Expected maturity is calculated for different products. Expected maturity is estimated at around 5 years for downpayment loans and 6 years for lines of credit. Expected maturity is also contractual maturity for top-up loans (loan share greater than LTV of 70%), building credit and bridging loans. Expected maturity is reassessed and validated regularly. 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 home loans and home 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, where the items hedged are financial assets and 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 19.

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 – Important 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 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 judgements that could result in material adjustment of recognised amounts are discussed below.

COVID-19

Covid-19 and the uncertain macroeconomic situation have resulted in greater uncertainty associated with several estimates in comparison with the situation prior to the pandemic at the end of 2019/start of 2020. The uncertainty surrounding cash flows relating to expected losses on loans was reduced during 2021. The state has provided general support schemes, vaccine rollouts have been carried out for large parts of the population and the measures to combat the pandemic have been gradually normalised. The macroeconomic situation has also improved.

LOAN WRITE-DOWNS

For loans valued at amortised cost or at fair value through other comprehensive income, loss provisions are recognised based on the Expected Credit Loss (ECL) in accordance with the general method. The models 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.

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 9 in which the valuation of financial instruments at fair value is described in more detail.

CONTINGENT LIABILITIES

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

Note 3 - Risk management

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

ORGANISATION OF RISK MANAGEMENT

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

The CEO is responsible for 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	2021 Maximum credit exposure	2020 Maximum credit exposure
Loans to and deposits with credit institutions	6.1		6.1	8.3
Interest-bearing securities at amortised cost	288.2		288.2	41.7
Total financial instruments at amortised cost	**294.2**	**0.0**	**294.2**	**50.0**
Interest-bearing securities at fair value through profit and loss	1,366.1		1,366.1	1,456.1
Interest swaps	2.6		2.6	
Total financial instruments at fair value through profit and loss	**1,368.7**	**0.0**	**1,368.7**	**1,456.1**
Loans to customers at fair value through other comprehensive income (OCI)	26,430.0	950.0	27,379.9	22,160.4
Total financial instruments at fair value through other comprehensive income (OCI)	**26,430.0**	**950.0**	**27,379.9**	**22,160.4**
Total exposure for credit risk [1), 2), 3)]	**28,092.9**	**950.0**	**29,042.9**	**23,666.5**
[1)] of which financial assets in stage 1:				
Loans to and deposits with credit institutions	6.1		6.1	8.3
Loans to customers	25,297.8	949.1	26,246.8	20,285.1
Interest-bearing securities	288.2		288.2	41.7
Total exposure to credit risk on financial assets in stage 1	**25,592.0**	**949.1**	**26,541.1**	**20,335.1**
[2)] of which financial assets in stage 2:				
Loans to customers	1,118.4	0.9	1,119.2	1,834.5
Total exposure to credit risk on financial assets in stage 2	**1,118.4**	**0.9**	**1,119.2**	**1,834.5**
[3)] of which financial assets in stage 3:				
Loans to customers	13.8		13.8	40.9
Total exposure to credit risk on financial assets in stage 3	**13.8**	**0.0**	**13.8**	**40.9**

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 75% 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 55 percent, and approximately 99 percent of mortgages have a loan-to-value ratio within 80 percent. Nearly 55 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 36%, and the largest observed loan-to-value ratio for loans in default at the end of December 2021 is 60%. Security pledged in the retail market is sold. It is not overtaken by the bank.

LOAN-TO-VALUE RATIO, SECURED LOANS

	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**

	2020			
NOK million	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
0% - 40%	27.2 %	4,999.2	1,023.7	6,023.0
40% - 60%	31.9 %	7,013.7	62.0	7,075.8
60% - 80%	39.8 %	8,806.7	4.9	8,811.6
80% - 90%	0.6 %	139.8		139.8
90% - 100%	0.3 %	69.2		69.2
> 100%	0.2 %	40.7		40.7
Total secured loans	**100.0 %**	**21,069.4**	**1,090.7**	**22,160.1**
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		**21,069.4**	**1,090.7**	**22,160.1**

RISK RELATED TO SECURED LOANS

	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		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**

NOK million	Distribution in per cent	2020 Book value (gross)	Unused credit limits	Total commitments
Low risk	94.2 %	19,795.3	1,088.6	20,884.0
Medium risk	5.2 %	1,144.8	2.1	1,146.8
High risk	0.4 %	88.7		88.8
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.2 %	40.6		40.6
Total secured loans	**100.0 %**	**21,069.4**	**1,090.7**	**22,160.1**
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		**21,069.4**	**1,090.7**	**22,160.1**

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

NOK million	Liquidity portfolio 2021	2020
Book value maximum exposure for credit risk	1,366.1	1,456.1
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 credi risk	**-14.5**	**1.6**
Accumulated change in fair value of financial assets due to change in credit risk	**-14.1**	**0.4**
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 2021	Book value 2020
Loans and deposits from credit institutions	1,757.3					1,757.3	1,757.3	1,712.7
Debt securities issued	4,201.5	202.4	9,825.7	10,834.7	862.8	25,927.1	24,570.8	19,243.1
Other liabilities	0.2					0.2	0.2	0.7
Undrawn credit limits	950.0					950.0		
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**	
Total financial liabilities 2020	3,984.4	84.4	8,366.7	10,204.0		22,639.5		20,956.6
Derivatives related to liabilites 31.12.2020								

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2021 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	Book value 2021	Book value 2020
Loans to and deposits with credit institutions without fixed maturity	1,757.3	1,712.7
Total loans to and deposits with credit institutions	**1,757.3**	**1,712.7**

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 6 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 2021 all covenants are fulfilled.

COVERED BONDS

NOK million

ISIN CODE	Nominal value	Currency	Maturity [1]	Book value 2021	Book value 2020
NO0010760192	1,067.0	NOK	16.06.2021		1,068.5
NO0010786726	4,000.0	NOK	15.06.2022	4,004.6	4,008.3
NO0010813959	4,000.0	NOK	20.06.2023	4,003.0	4,003.1
NO0010873177	5,000.0	NOK	19.06.2024	4,998.9	4,997.0
NO0010894199	5,000.0	NOK	25.06.2025	5,130.1	5,166.2
NO0011073140	5,500.0	NOK	03.06.2026	5,638.9	
NO0010951528	480.0	NOK	15.04.2031	481.8	
NO0010936917	300.0	NOK	21.02.2031	313.4	
Total commercial papers and bonds issued [2]	**23,500.0**		**24,570.8**	**19,243.1**	**19 243,1**

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 102 per cent and an over-collateralisation requirement of 109.5 per cent apply for bonds issued prior to 21 June 2017.

In 2021 all covenants are fulfilled.

FINANCING ACTIVITIES - CHANGES DURING THE YEAR

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

	2020	
NOK million	Liabilities to credit institutions	Commercial papers and bonds issued
Book value 01.01.2020	4,467.4	14,538.5
New loans / bond debt issued	1,711.6	10,175.0
Repayment of loans/liabilites	-4,467.4	-5,433.0
Changes in accrued interest	1.1	-37.4
Book value 31.12.2020	**1,712.7**	**19,243.1**

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 no obligations or property in any foreign currency as at 31.12.2021.

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

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

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

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as of 31 December 2021:

EFFECT ON ACCOUNTING INCOME

NOK million	2021	2020
Interest -2,0%	-11.8	-21.7
Interest +2,0%	11.8	21.7

EFFECT ON ACCOUNTING PROFIT/EQUITY [1)]

NOK million	2021	2020
Interest -2,0%	-11.8	-21.7
Interest +2,0%	11.8	21.7

1) Before taxes.

FIANCIAL INTEREST RATE RISK

NOK million	2021	2020
Interest -2,0%	-12.9	-22.0
Interest +2,0%	12.9	22.0

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 is exposed to climate risk. This risk is not only commercial, but also applies to investments. Both physical climate change and risks associated with the transition to low emissions may have an impact. For Storebrand Boligkreditt AS, the transition risk is of the greatest importance, particularly in the short and medium term. A rapid transition to low emissions could impact the Norwegian economy in general and the fossil fuel sector in particular. For investments, the effect of climate risk is difficult to differentiate from other factors that influence financial market developments. 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 31.12.2021	Book value 31.12.2020
Mortgage and asset backed bonds		1,366.1		1,366.1	1,456.1
Total bonds 31.12.2021	**0.0**	**1,366.1**	**0.0**	**0.0**	
Total bonds 31.12.2020		1,456.1			
Interest rate derivatives		2.6		2.6	
Total derivatives 31.12.2021	**0.0**	**2.6**	**0.0**	**2.6**	
Derivatives with a positive fair value		2.6		2.6	
Derivatives with a negative fair value					
Total derivatives 31.12.2020					

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 31.12.2021	Book value 31.12.2020
Net loans to customers - retail market			26,430.0	26,430.0	21,065.6
Total net loans to customers	**0.0**	**0.0**	**26,430.0**	**26,430.0**	**21,065.5**

FINANCIAL INSTRUMENTS AT FAIR VALUE - LEVEL 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**

NOK million	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2020	20,403.3
Net gains/losses on financial instruments	-2.6
Supply / disposal	7,425.1
Sales / due settlements	-6,760.3
Book value 31.12.2020	**21,065.5**

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Fair value 31.12.2021	Book value 31.12.2021	Fair value 31.12.2020	Book value 31.12.2020
Financial assets							
Loans to and deposits with credit institutions		6.1		6.1	6.1	8.3	8.3
Interest-bearing securities		288.2		288.2	288.2	41.7	41.7
Total financial assets 31.12.2021	**0.0**	**294.2**	**0.0**	**294.2**	**294.2**		
Total financial assets 31.12.2020		50.0				50.0	50.0
Financial liabilities							
Loans and deposits from credit institutions		1,757.3		1,757.3	1,757.3	1,712.7	1,712.7
Debt securities issued		24,628.9		24,628.9	24,570.8	19,323.7	19,243.1
Total financial liabilities 31.12.2021	**0.0**	**26,386.2**	**0.0**	**26,386.2**	**26,328.1**		
Total financial liabilities 31.12.2020		21,036.4				21,036.4	20,955.9

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		**Floating loans to customers**	
	Fair value through other comprehensive income (OCI)		Fair value through other comprehensive income (OCI)	
	Change in market spread		Change in market spread	
Increase/reduction in fair value	+ 10 bp	- 10 bp	+ 25 bp	- 25 bp
Increase/reduction in fair value at 31.12.2021 (MNOK)	**(3.0)**	**3.0**	**(7.6)**	**7.6**
Increase/reduction in fair value at 31.12.2020 (MNOK)	(2.4)	2.4	(6.1)	6.1

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 2021 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	2021	2020
Interest on loans to credit institutions	0.1	0.5
Interest on loans to customers - loans valued at fair value with change in value through other comprehensive income (OCI)	438.4	461.8
Interest on interest-bearing securities valued at amortised cost	0.7	0.4
Total interest income calculated by using the effective interest method	**439.2**	**462.7**
Interest on interest-bearing securities valued at fair value with change in value through profit and loss	6.0	3.2
Interest on derivatives	5.2	
Total other interest income	**11.2**	**3.2**
Total interest income	**450.4**	**465.8**
Interest on loans from credit institutions	-17.5	-27.1
Interest on debt securities issued	-164.9	-237.8
Total interest expenses calculated by using the effective interest method	**-182.3**	**-265.0**
Other interest expenses	-3.4	-3.4
Total other interest expenses	**-3.4**	**-3.4**
Total interest expenses calculated by using the effective interest method	**-185.7**	**-268.4**
Net interest income	**264.7**	**197.5**

NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

NOK million	2021	2020
Unrealised gain/loss on loans and receivable	0.2	
Net change in value and gain/loss on loans and receivables	**0.2**	**0.0**
Realised gain/loss on interest-bearing securities	1.8	
Unrealised gain/loss on interest-bearing securities	-1.5	0.9
Net change in value and gain/loss on interest-bearing securities	**0.2**	**0.9**
Realised gain/loss on financial liabilities	-0.2	-17.0
Unrealised gain/loss on financial liabilities	5.2	
Net change in value and gain/loss on financial liabilities (except financial derivatives)	**5.1**	**-17.0**
Unrealised gain/loss on foreign exchange and financial derivatives	-3.5	
Net change in value and gain/loss on foreign exchange and financial derivatives	**-3.5**	**0.0**
Total change in value and net gain/loss on financial instruments	**2.0**	**-16.2**

Note 12 - Remuneration paid to auditor

REMUNERATION INCL. VALUED ADDED TAX

(NOK 1000)	2021	2020
Statutory audit	-194	-98
Other reporting duties	-80	
Other non-audit services	-150	
Total	**-424**	**-98**

Note 13 - Operating expenses

NOK million	2021	2020
Other staff expenses	-0.2	-0.2
Total staff expenses	**-0.2**	**-0.2**
IT costs	-0.1	
Foreign services	-0.5	-0.1
Purchase from group companies	-94.2	-83.7
Other operating expenses	-0.3	-0.4
Total other operating expenses	**-95.2**	**-84.2**
Total operating expenses	**-95.4**	**-84.5**

Note 14 - Losses on loans, guarantees and unused credits

	2021		
NOK million	Loans and securities valued at amortised cost and loans valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	-0.3		-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
Realised losses			
Other changes			
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.

	2020		
NOK million	Loans and securities valued at amortised cost and loans valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	-0.5		-0.5
The periods change in impairment losses stage 2	-1.4		-1.4
The periods change in impairment losses stage 3	-0.6		-0.6
Realised losses	-0.2		-0.2
Other changes	0.1		0.1
Loss expense for the period	**-2.7**	**0.0**	**-2.7**

The company had NOK 0.2 million in outstanding contractual amounts for realised losses during 2020 that still was subject to enforcement activities at the end of 2020.

Note 15 - Tax

TAX CHARGE FOR THE YEAR

NOK million	2021	2020
Tax payable for the period	30.7	15.3
Changes in deferred tax/deferred tax asset	6.8	5.3
Total tax charge	**37.5**	**20.6**

TAX BASE FOR THE YEAR

NOK million	2021	2020
Ordinary pre-tax profit	170.6	93.8
Change in temporary differences	-31.0	-24.1
Tax base for the year	**139.5**	**69.8**

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK million	2021	23019
Ordinary pre-tax profit	170.6	93.8
Expected tax on income at nominal rate (22%)	-37.5	-20.6
Tax charge	**-37.5**	**-20.6**
Effective tax rate	22 %	22 %

TAX PAYABLE

NOK million	2021	2020
Tax payable	30.7	15.3
- tax effect of group contribution paid		
Tax payable in the balance sheet	**30.7**	**15.3**

The company has provided a group contribution with tax effect for 2021. The group contribution will be recognised after the general meeting is held in 2022. 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	2021	2020
Tax-increasing temporary differences		
Securities	68.7	33.4
Total tax-increasing temporary differences	**68.7**	**33.4**
Tax-reducing temporary differences		
Derivater	-2.4	
Other	-5.5	-3.7
Total tax-reducing temporary differences	**-7.9**	**-3.7**
Losses/allowances carried forward		
Net base for deferred tax/tax assets	**60.8**	**29.8**
Net deferred tax/defferd tax asset in the balance sheet	**-13.4**	**-6.6**
Booked in the balance sheet:		
Deferred tax asset		
Deferred tax	-13.4	-6.6

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

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 2021	Total book value 2020
Financial assets					
Loans to and deposits with credit institutions	6.1	0.0		6.1	8.3
Interest bearing securities	288.2	1,366.1		1,654.3	1,497.8
Derivatives		2.6		2.6	
Net loans to customers			26,430.0	26,430.0	21,065.6
Other assets	21.5			21.5	15.8
Total financial assets 2021	**315.8**	**1,368.7**	**26,430.0**	**28,114.4**	
Total financial assets 2020	65.8	1,456.1	21,065.6		22,587.5
Financial liabilities					
Loans and deposits from credit institutions	1,757.3			1,757.3	1,712.7
Debt securities issued	24,570.8			24,570.8	19,243.1
Other liabilities	0.2			0.2	0.7
Total financial liabilities 2021	**26,328.3**	**0.0**	**0.0**	**26,328.3**	
Total financial liabilities 2020	20,956.6				20,956.6

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

NOK million	2021 Fair value	2020 Fair value
Sovereign and Government Guaranteed bonds		
Mortgage and asset backed bonds	1,366.1	1,456.1
Total interest-bearing securities at fair value	**1,366.1**	**1,456.1**
Modified duration	0.17	0.14
Average effective yield per 31.12.	0.89 %	0.45 %

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

	2021		2020	
NOK million	Book value	Fair value	Book value	Fair value
Public issuers and Government Guaranteed Bonds	288.2	288.1	41.7	41.7
Total interest-bearing securities at amortised cost	**288.2**	**288.1**	**41.7**	**41.7**
Modified duration		0.03		0.03
Average effective yield per 31.12.		0.73 %		0.26 %

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]	480.0	2.6					2.6
Total derivatives 31.12.2021	**480.0**	**2.6**	**0.0**	**0.0**			**2.6**
Total derivatives 31.12.2020							

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 (+/-)	Securities (+/-)	Net exposure
Investments subject to netting agreements / CSA 2021	**2.6**		**2.6**			**2.6**
Total 2020						

Note 20 - Loan to value ratios and collateral

NOK million	2021	2020
Gross lending [1]	26,434.7	21,069.7
Average loan balance	2.8	2.3
No. of loans	10,660.0	9,560.0
Weighted average seasoning (months)	34	36
Weighted average remaning term (months)	291	279
Average loan to value ratio	55 %	52 %
Over-collateralisation [2]	111 %	116 %
Cover pool:		
Residential mortgages [1]	26,315.0	20,966.3
Supplementary security	865.2	1,355.7
Total	**27,180.1**	**22,321.9**

1) In accordance with the Regulation for credit institutions that issue covered bonds, lending cannot exceed 75% of the value of collateral (i.e. value of properties pledged as collateral).
As per 31 December 2021 the company had NOK 105 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 31 December 2021, the company has 6 non-performing loans without evidence of impairment, equivalent to NOK 9.5 million. There are 4 non-performing loans with evidence of impairment of NOK 5.4 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 24.3 billion (nominal value).

Note 21 - Loans, guarantees and unused credits

NOK million	2021 Book value	2020 Book value
Loans to customers at fair value through other comprehensive income (OCI)	26,434.7	21,069.7
Total gross lending to customers	**26,434.7**	**21,069.7**
Provision for expected loss stage 1	-1.1	-0.8
Provision for expected loss stage 2	-2.5	-2.0
Provision for expected loss stage 3	-1.1	-1.4
Net lending to customers	**26,430.0**	**21,065.6**

See note 22 for analysis of engagement by customer groups and geographical area and note 23 for specification of loan loss provisions.

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

	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		-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**

	2020			
NOK million	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2020	19,225.6	1,144.6	34.8	20,404.9
Transfer to stage 1	221.3	-218.4	-2.9	0.0
Transfer to stage 2	-775.6	782.8	-7.1	0.0
Transfer to stage 3	-8.5	-23.2	31.7	0.0
New loans	6,863.7	559.0	2.3	7,425.1
Derecognition	-5,959.2	-401.8	-17.4	-6,378.4
Other changes	-355.4	-26.0	-0.5	-381.9
Gross loans 31.12.2020	**19,211.8**	**1,817.1**	**40.9**	**21,069.7**

CHANGE IN MAXIMUM EXPOSURE FOR GUARANTEES AND UNUSED CREDITS

	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			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**

2020				
NOK million	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2020	1,225.3	3.9		1,229.2
Transfer to stage 1	2.6	-2.6		0.0
Transfer to stage 2	-14.6	14.6		0.0
Transfer to stage 3				
New guarantees and unused credits	19.4	1.1		20.5
Dereceognition	-239.8	-0.7		-240.5
Other	80.4	1.0		81.5
Maximum exposure 31.12.2020	**1,073.3**	**17.4**	**0.0**	**1,090.7**

TOTAL COMMITMENTS AMOUNT BY REMAINING TERM TO MATURITY

2021				
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**

2020				
NOK million	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	1.0		2.0	3.0
From 1 month up to 3 months	25.3		23.2	48.5
From 3 months up to 1 year	176.7		117.6	294.3
From 1 year to 5 years	742.4		444.6	1,186.9
More than 5 years	20,124.4		503.3	20,627.6
Total	**21,069.7**	**0.0**	**1,090.7**	**22,160.4**

Note 22 - Engagement by customer groups and geographical area

ENGAGEMENT BY CUSTOMER GROUP

	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**

	2020			
NOK million	Loans to customers at fair value through other comprehensive income (OCI)	Guarantees	Undrawn credit limits	Total engagement
Wage-earners	20,984.2		1,079.0	22,063.2
Other	0.7			0.7
Abroad	84.8		11.7	96.5
Total	**21,069.7**	**0.0**	**1,090.7**	**22,160.4**
Provision for expected loss stage 1	-0.8			-0.8
Provision for expected loss stage 2	-2.0			-2.0
Provision for expected loss stage 3	-1.4			-1.4
Total loans, guarantees and undrawn credit limits	**21,065.6**	**0.0**	**1,090.7**	**22,156.3**
Distribution by geographical area				
Eastern Norway	16,856.9		832.5	17,689.3
Western Norway	2,589.9		188.4	2,778.3
Southern Norway	326.8		14.8	341.6
Mid-Norway	527.3		21.1	548.3
Northern Norway	690.5		22.3	712.8
Rest of world	78.3		11.7	90.0
Total	**21,069.7**	**0.0**	**1,090.7**	**22,160.4**
Provision for expected loss stage 1	-0.8			-0.8
Provision for expected loss stage 2	-2.0			-2.0
Provision for expected loss stage 3	-1.4			-1.4
Total loans, guarantees and undrawn credit limits	**21,065.6**	**0.0**	**1,090.7**	**22,156.3**

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 23 - Loss provisions of loans, guarantees and unused credits

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**

NOK million	2020 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 01.01.2020	0.3	0.6	0.8	1.6
Transfer to stage 1 (12-month ECL)	0.1		-0.1	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	-0.1	0.5	0.8	1.2
New financial assets originated or purchased	0.4	0.3		0.7
Financial assets that have been derecognised	-0.1	-0.2		-0.3
ECL changes of balances on financial assets without changes in stage in the period	0.2	0.8	0.1	1.1
ECL allowance on written-off (financial) assets			-0.2	-0.2
Loan loss provisions at 31.12.2020	**0.8**	**2.0**	**1.4**	**4.1**
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	0.8	2.0	1.4	4.1
Loan loss provisions on guarantees and unused credit limits				
Total loans loss provisions	**0.8**	**2.0**	**1.4**	**4.1**

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

DISTRIBUTION OF LOAN LOSS PROVISIONS

	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**

	2020			
NOK million	Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	0.8	2.0	1.3	4.1
Unsecured retail exposures including credit cards exposures				
Other exposures including SME exposures			0.1	0.1
Total loan loss provisions	**0.8**	**2.0**	**1.4**	**4.1**

DISTRIBUTION OF EXPOSURE INCL. UNUSED CREDIT FACILITIES AND GUARANTEES

	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**

	2020			
NOK million	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	20,285.1	1,834.5	40.6	22,160.1
Unsecured retail exposures including credit cards exposures				
Other exposures including SME exposures			0.3	0.3
Total exposure	**20,285.1**	**1,834.5**	**40.9**	**22,160.4**

Note 25 - Non-performing and loss-exposed loans

NOK million	2021	2020
Non-performing loans		
Non-performing loans without evidence of impairment	9.5	33.1
Loss-exposed loans with evidence of impairment	5.4	7.8
Gross non-performing and loss-exposed loans	**14.9**	**40.9**
Loan loss provisions stage 3	-1.1	-1.4
Net non-performing and loss-exposed loans	**13.8**	**39.5**

DEFAULT DEFINITION

Storebrand Boligkreditt AS has changed the definition of default in line with the recommendation given by 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 several debtors) are defined as a separate risk point, and they are not included in the total 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 on at least one of them. In accordance with the guidelines, 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.

NON-PERFORMING LOANS PER CUSTOMER GROUP

	2021				
NOK million	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	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.

	2020				
NOK million	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Wage-earners	7.8	33.1	40.9	1.4	39.5
Total	**7.8**	**33.1**	**40.9**	**1.4**	**39.5**

*) 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

	2021				
NOK million	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	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

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2020 NOK million	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Eastern Norway	25.5	0.3	25.8	0.2	25.5
Western Norway	6.0	7.1	13.0	0.7	12.3
Mid-Norway	1.6	0.4	2.1	0.4	1.6
Total	**33.1**	**7.8**	**40.9**	**1.4**	**39.5**

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

AGE DISTRIBUTION OF OVERDUE COMMITMENTS WITHOUT IMPAIRMENT

NOK million	2021 Total loans to customers at fair value through other comprehensive income (OCI) *)
Overdue 1 - 30 days	13.2
Overdue 31 - 60 days	6.7
Overdue 61- 90 days	0.1
Overdue more than 90 days **)	9.5
Total	**29.4**
Commitments overdue more than 90 days by geographical area:	
Eastern Norway	8.3
Southern Norway	1.2
Total	**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.

NOK million	2020 Total loans to customers at fair value through other comprehensive income (OCI) *)
Overdue 1 - 30 days	114.4
Overdue 31 - 60 days	23.1
Overdue 61- 90 days	9.4
Overdue more than 90 days **)	33.1
Total	**180.0**
Commitments overdue more than 90 days by geographical area:	
Eastern Norway	25.5
Western Norway	6.0
Mid-Norway	1.6
Total	**33.1**

*) 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

	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		
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.

	2020				
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	33.1	-0.2	32.9	83.1	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures					
Total non-performing loans without evidence of impairment	**33.1**	**-0.2**	**32.9**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	7.5	-1.1	6.4	17.6	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures	0.3	-0.1	0.2		
Total loss-exposed loans with evidence of impairment	**7.8**	**-1.2**	**6.6**		

Storebrand Boligkrditt AS has loans of NOK 23.1 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

Note 26 - Other current assets

NOK million	2021 Book value	2020 Book value
Due from Storebrand group companies	14.5	10.2
Other current assets	7.1	5.6
Total other current assets	**21.5**	**15.8**

Note 27 - 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.

	2021			2020		
	Nominal value	Fair value [1), 2)]		Nominal value	Fair value [1), 2)]	
NOK million	7 - 10 years	Assets	Liabilities	0 - 3 years	Assets	Liabilities
Interest rate swaps	480.0	-3.5				
Total interest rate derivatives	480.0	-3.5				
Total derivatives	480.0	-3.5				

	Nominal value	Hedging value [1), 2)]		Nominal value	Hedging value [1), 2)]	
	7 - 10 years	Assets	Liabilities	0 - 3 years	Assets	Liabilities
Underlying objects :						
Bonds issued	480.0		474.8			
Hedging effectiveness - prospective			102.7 %			

GAIN/LOSS ON FAIR VALUE HEDGING: [3)]

NOK million	2021 Gain / loss	2020 Gain / loss
On hedging instruments	-3.5	
On items hedged	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 28 - Other liabilities

NOK million	2021 Book value	2020 Book value
Tax payable	0.2	0.6
Other liabilities	0.1	0.1
Total other liabilities	**0.2**	**0.7**

Note 29 - Off balance sheet liabilities and contingent liabilities

NOK million	2021	2020
Undrawn credit limits	950.0	1,090.7
Total contingent liabilities	**950.0**	**1,090.7**

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

Note 30 - Capital Adequacy

NET PRIMARY CAPITAL

NOK million	2021	2020
Share capital	490.0	490.0
Other equity	1,252.0	1,119.0
Total equity	**1,742.0**	**1,609.0**
Deductions		
AVA justments	-27.3	-22.5
Provision for group contribution	-108.8	-54.4
Addition		
Group contribution received	108.8	54.4
Core capital exc. Hybrid Tier 1 capital	**1,714.7**	**1,586.5**
Additional Tier 1 capital (§3a Beregningsforskrift)		
Additions (§8 Beregningsforskrift)		
Core capital	**1,714.7**	**1,586.5**
Tier 2 capital (§4.3- Beregningsforskrift)		
Tier 2 capital deductions (§7 Beregningsforskrift)		
Net primary capital	**1,714.7**	**1,586.5**

MINIMUM CAPITAL REQUIREMENT

NOK million	2021	2020
Credit risk	773.4	621.3
Of which:		
Institutions	0.5	0.3
Loans secured against real estate	733.2	584.5
Loans past-due	0.5	3.3
Covered bonds	10.9	11.6
Other	28.3	21.6
Total minimum requirement for credit risk	**773.4**	**621.3**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	30.3	22.6
CVA risk	1.2	0.0
Minimum requirement for net primary capital	**804.8**	**644.0**

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 11 per cent and 14.5 per cent. The Ministry of Finance has set an increase of the countercyclical capital buffer requirement by 1 percentage points from 31 December 2022.

CAPITAL ADEQUACY

	2021	2020
Capital ratio	17.04 %	19.71 %
Core (tier 1) capital ratio	17.04 %	19.71 %
Core capital ratio excl. Hybrid Tier 1 capital	17.04 %	19.71 %

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

NOK million	2021	2020
Credit risk	9,667.0	7,766.6
Of which:		
Institutions	6.1	3.7
Loans secured against real estate	9,164.6	7,306.2
Loans past-due	6.5	41.7
Covered bonds	136.5	145.5
Other	353.4	269.5
Total minimum requirement for credit risk	**9,667.0**	**7,766.6**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	378.5	283.0
CVA risk	14.9	
Minimum requirement for net primary capital	**10,060.4**	**8,049.6**

Note 31 - Remuneration and related parties

REMUNERATION OF SENIOR EMPLOYEES AND ELECTED OFFICERS

(NOK 1000)	Ordinary salary	Other benefits [2]	Total remune-ration earned in the year	Pension accrued for the year	Post termi-nation salary (months)	Loans [3]	No. of shares owned [4]
Senior employees							
Einar Leikanger (CEO) [1]	1,248	142	1,390	147		7,500	1,040
Total 2021	**1,248**	**142**	**1,390**	**147**		**7,500**	**1,040**
Total 2020	1,128	168	1,296	159		7,500	520

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 influ-ence, cf. the Accounting Act, Section 7-26.

(NOK 1000)	Remuneration	Loans	No. of shares owned [1]
Board of Directors			
Bernt Uppstad [2]		592	3,225
Karin Greve-Isdahl [2]		18,598	29,551
Thor Bendik Weider	95		
Leif Helmich Pedersen	95		10,000
Total 2021	**190**	**19,190**	**42,776**
Total 2020	231	19,288	23,667

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

	2021		2020	
NOK million	Storebrand Bank ASA	Other group companies	Storebrand Bank ASA	Other group companies
Interest income				
Interest expense	28.2		34.7	
Services sold				
Services purchased	93.6	0.6	83.1	0.6
Due from	14.5		10.2	
Liabilities to	1,757.3		1,712.7	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 4.0 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 2021.

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	2021	2020
To Storebrand Boligkreditt AS - accumulated transfers	26,434.7	21,069.7
From Storebrand Boligkreditt AS - last years transfers	420.2	423.7

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

LOANS TO EMPLOYEES

NOK million	2021	2020
Loans to employees of Storebrand Group	1,585.8	1,133.4

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 2021 financial year and as of 31 December 2021 (2021 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 2021.

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 2021. 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, 8 February 2022
The Board of Directors of Storebrand Boligkreditt AS

Translation – not to be signed

Bernt Uppstad
Chairman of the Board

Karin Greve-Isdahl
Deputy Chairman of the Board

Leif Helmich Pedersen
Board Member

Thor Bendik Weider
Board Member

Einar A. Leikanger
CEO

To the General Meeting of Storebrand Boligkreditt AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Storebrand Boligkreditt AS (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of changes in equity and statement of cash flow 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 2021, 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 laws and regulations 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.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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. The Company's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or events of material significance for the 2021 financial statements that qualified as new Key Audit Matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Loans to customers	
The mortgage Company's assets primarily consist of securitized mortgages and issued covered bonds (OMFs). Processes and routines are established to ensure compliance with applicable laws and restrictions relating to the securities under the covered bonds. Mainly, the property value must exceed 75% of the mortgage value in the covered pool. Historically there has not been any material losses on the Company loans to customers. Because the restrictions and process in place are of fundamental value to the Company's continued operations, we have focused on the area during our audit.	To ensure compliance with the regulations in place for the Company's covered bonds, a set of processes and procedures has been established to review documentation and loan applications. The process entails formal controls and division of labour to ensure compliance before the loan is approved, or before it is transferred to the mortgage Company from other group companies. We have reviewed the Company's processes in this area. Our work also included tests aimed at the Company's financial reporting systems relevant to financial reporting. The Company use external service providers to operate some central core IT systems. The auditor of the relevant service organizations is used to evaluate the design and effectiveness of and test established controls to ensure the integrity of the IT systems relevant to financial reporting. The auditor's testing included, among other things, whether key calculations made by the core systems were performed in line with expectations, including interest rate calculations and amortization. The testing also included data integrity, changes to and access to the systems. In order to decide whether we could use the information in the auditor's reports as the basis for our assessments, we examined the auditor's competence and objectivity and reviewed the reports sent and considered possible deviations and measures taken. We also carried out testing of access controls to IT systems and segregation of duties where necessary for the sake of our own specific audit procedures. Our assessments and tests substantiate that we could rely on that the data handled in- and the calculations made by the Company's external core system were reliable. This was a necessary basis for our audit. The Company's processes included calculating the realizable value of underlying collateral using external

tariffs or internal assessments. To determine whether the realizable value of the collateral was within the 75% requirement, we reviewed the collateral related to transferred loans to the mortgage Company.

We conducted our audit by gathering documents and data on the control operation to support that the process has been carried out correctly, and that the conclusions the mortgage Company had drawn in regards of whether the requirements of law and regulations were fulfilled.

Deviations uncovered was deemed immaterial.

Note 4, 14, 20, 21, 22, 23, 24 and 25 in the annual report gives further information regarding securitized. We have read the notes and found the information to be adequate and comprehensive

Other Information

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

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

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

- is consistent with the financial statements and
- contains the information required by applicable legal 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 internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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

Oslo, 8 February 2022
PricewaterhouseCoopers AS

Thomas Steffensen
State Authorised Public Accountant

(This document is signed electronically)

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

Storebrand Boligkreditt AS
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