Annual Report 2022

SpareBank 1 Boligkreditt

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13 BANKS. HUNDREDS OF YEARS OF EXPERIENCE:

The SpareBank Alliance

Early in the 19th century the savings banks were started all across Norway, by the communities themselves, to have a savings vehicle and to help grow local economies and infrastructure.

Our history begins exactly 200 years ago, in 1823, when SpareBank 1 SMN opened its doors in Trondhjem.

More than 170 years later, in 1996, The SpareBank 1 Alliance was formed. The goal was to make the banks stronger by working together. Later, several opportunities for offering the public other financial services than lending were integrated. At the same time the SpareBank 1 brand was born. Today it is a household brand name all over Norway.

The Alliance strengthens each of the 13 local bank's competitiveness and profitability and it ensures each bank's future independence and regional ties. The shares of SpareBank 1 banks listed on the Oslo stock exchange have provided strong investment returns since the Alliance was formed, through the financial crisis and the corona pandemic, as well as business cycles in between.

A key contributing reason is sound lending. Part of the core strategy for the banks is a regional banking principle, intimate knowledge of the customer base and in the last couple of years a strong focus on sustainability.

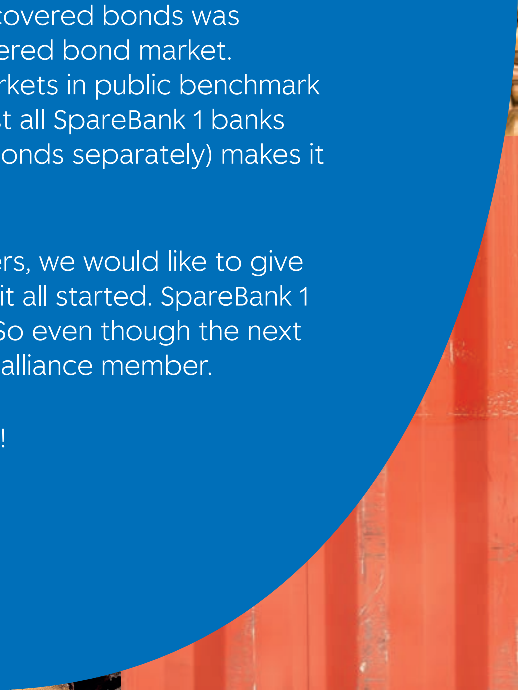
SpareBank 1 is Norway's second largest finance group in terms of assets. It plays a key role in the country's residential mortgage market.

Big or small, two hundred years old or established in the 20th century: All the banks in the SpareBank 1 Alliance have made a difference for Norwegians and their daily lives, businesses and local initiatives all over the country – and they still do. Today the old saving bank of the 19th century is, as a SpareBank 1 Alliance member, a fully fledged universal bank which shares a part of its profits with the society in which it operates.

When the covered bond legislation was enacted in Norway in 2007 (and since updated in 2022), the SpareBank 1 banks' joint subsidiary SpareBank 1 Boligkreditt stood ready to fund residential mortgages with covered bonds on behalf of the SpareBank 1 banks. The opportunity to issue sought-after and triple-A rated larger series of covered bonds was embraced and SpaBol became an established name on the EUR covered bond market. SpaBol comes regularly to both the EUR and NOK covered bond markets in public benchmark format. Its Norwegian national champion size, as the issuer for almost all SpareBank 1 banks (the exception is SpareBank 1 SR Bank which issues its own covered bonds separately) makes it a consequential covered bond brand name.

Even though a successful alliance allways is dependent on its members, we would like to give one of our banks some extra attention in this report: The bank where it all started. SpareBank 1 SMN – the oldest bank in the alliance, celebrating 200 years in 2023. So even though the next pages mainly contain the story of 2023, we will also salute our oldest alliance member.

Happy anniversary, SpareBank 1 SMN – let's go for another 200 years!



The banks in the SpareBank 1 Alliance have made a difference for Norwegians and their daily lives, businesses and local initiatives all over the country – and they still do.

Statement of the Board of Directors of SpareBank 1 Boligkreditt AS, for the year 2022

SpareBank 1 Boligkreditt's purpose

SpareBank 1 Boligkreditt AS ('Boligkreditt', 'SpaBol', or 'The Company') is a specialized covered bond issuer. It is regulated as a credit institution and licensed by the Norwegian Financial Supervisory Authority (Finanstilsynet) and is operating according to the legislation for covered bonds in Norway[1].

The purpose of the Company is solely to provide funding for its owner banks by buying qualifying residential mortgage loans from them with a loan-to-value ("LTV") of up to 75 per cent and financing these through the issuance of covered bonds[2]. The Company is an integrated part of the operations of its owner banks. When these banks transfer a portion of their residential mortgages to Boligkreditt for funding purposes, all customer relationship activities and aspects remain with the originating bank. The mortgages that may be transferred to the Company follow from a specific rule set.

The Company, which is based in Stavanger, Norway, is owned by banks throughout Norway and which are all members of the SpareBank 1 Alliance. The Company pays the net interest margin earned on mortgages to its owner banks, with deductions for its funding and operating costs. This margin is accounted for as commissions to owner banks, which are contractually committed to maintain the Company's equity capitalization at or above regulatory requirements.

The Company's issuances of covered bonds mainly take place under the EUR 35 billion Global Medium Term Covered Note Programme (GMTCN Programme). This Programme was updated on April 26, 2022 and is available on the Company's home page: https://spabol.sparebank1.no.

Moody's Ratings Service evaluate the credit quality of the issuances under the GMTCN Programme. The issued covered bonds are rated Aaa.

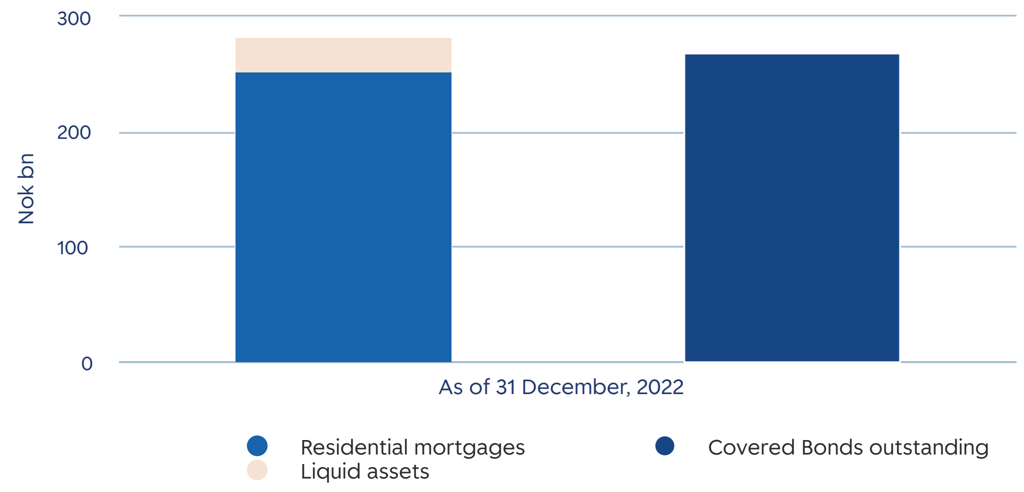
Cover pool and outstanding covered bonds[3]

SpareBank 1 Boligkreditt's cover pool consists of residential mortgages and liquid, highly rated assets as well as derivatives hedging liabilities in a foreign currency and/or at fixed rates. The chart below illustrates the balances as of December 31, 2022. The balances are based on a new nominal principle introduced from the 3rd quarter 2022 where bonds (covered bonds issued as well as bonds held within liquid assets) are presented at par. This means that derivatives hedging these instruments, tailored at the time of issuance to exactly transform a bond's fixed annual coupon to a NOK 3-month floating rate basis over the whole tenor of a bond, are effectively incorporated within the nominal values of the bonds.

[1]The covered bond legislation in Norway is from July 2022 incorporates the Directive (EU) 2019/2162

[2] The limit for instalment mortgages is 75 per cent, while mortgages which have no scheduled repayment structure are limited to 60 per cent. There is a regulatory minimum amortization requirement of 2.5 per cent annually for new mortgages with a LTV at 60 per cent or above.

[3] The source is the cover pool asset liability test for overcollateralization as of December 31, 2022 (also included as a note to the financial statements).



The amount of **liquid assets** varies over time and the variation is solely a result of the Issuer's liquidity risk management (and regulatory requirements), whereby upcoming redemptions are refinanced prior to the maturity of outstanding bonds (minimum 180 days) with bond proceeds invested as liquid assets. Liquid assets are covered bonds with a triple-A rating, SSA or government bonds with a triple-A rating, or short-term cash deposits and repos (please see the cover pool statistical reports on spabol.no for details on the composition of liquid assets).

Derivatives are used solely to hedge currency and interest rate risk. They are tailored to exactly match the cash flows related to the bonds they hedge, for the full duration of the bond. Swap counterparties are subject to certain rating criteria and are in all cases banks other than the Company's owner banks. Counterparties post collateral to Boligkreditt for its swap exposures.

The table below provides an overview of the **residential mortgages** in the cover pool, as well as the over-collateralization.

Residential mortgages key figures

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Weighted Average Current LTV (%)	49.2 %	48.3 %	48.3 %	50.0 %	51.0 %
Weighted Average Original LTV (%)	60.1 %	60.2 %	60.2 %	60.1 %	59.9 %
Average Loan Balance (NOK)	1,702,210	1,680,036	1,646,872	1,624,097	1,593,078
Number of Mortgages in Pool	148,328	145,739	144,086	141,872	139,495
Pct. of non first-lien mortgages	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Overcollateralization	5.3 %	5.3 %	5.4 %	5.6 %	5.7 %

Key developments in 2022

A total of NOK 37.22 billion was issued during all of 2022, a record. SpaBol also issued an inaugural CHF 210 million covered bond and EUR 3.5 bn during the year. Credit spreads on covered bonds have generally widened over 2022 in EUR and NOK, along with the broader market.

The residential mortgage lending volume which SpaBol finances grew by 13.5 per cent ove the year, which is strong growth. The volume of mortgages financed grew significantly above the underlying growth in mortgage lending among the SpareBank 1 banks, as the banks utilized covered bond funding more than from other sources during the year. The financed mortgage volume stands at NOK 253 billion at the end the year.

Norway has implemented the EU's harmonization directive for covered bonds, as well as changes to Article 129 in CRR (Capital Requirement Regulation). These changes became effective by the deadline in early July 2022. SpaBol will issue European Covered Bonds (Premium) forthwith. Of note is an increase in the regulatory overcollateralization requirement for cover pools to 5 per cent from 2.5 per cent prior. The Issuer has a 5.3 per cent overcollateralization as of December 31, 2022. Substantial additional cover pool reserves – qualified mortgages – are however available on the balance sheets of SpaBol's issuer banks.

The Norwegian authorities presented the Near Zero Emissions Buildings Standard (NZEB) in early 2023. This was a requirement in the Energy Performance Buildings Directive 2010/31/EU and is important because it is part of the green buildings definition under the EU Taxonomy, for buildings constructed after 2020. With this standard now available, Norwegian green bond issuers are probably going to amend their Green Bond Frameworks during 2023 to include the definition. SpaBol is now preparing this work.

Accounts as per 31.12.2022

The accounts have been prepared in accordance with the International Reporting Standards (IFRS) as adopted by the EU and published by the International Reporting Standards Board (IASB).

The Board views the accounts as presented to be a true representation of SpareBank 1 Boligkreditt's operations and financial position as of the end of Q4 2022. Numbers in brackets refer to the corresponding period last year for comparison.

The total balance sheet as at December 31, 2022 amounted to 288 (258) billion kroner. The main reason behind this increase is growth in the financed volume of mortgages of NOK 253 billion vs. NOK 223 billion a year earlier.

The Company had in 2022 net interest income of NOK 1.644 (2.344) million, which includes both mortgage interest and interest income from liquid assets. The decrease, despite a higher volume of mortgages on the balance sheet, is mainly due to a reduced mortgage net lending margin. This happens because the 3-month NIBOR rate, which is the funding basis for covered bonds, has increased faster and by more than the variable mortgage rate over the year. Mortgage rate increases must by law be delayed by 6 weeks (8 weeks from 2023) before becoming effective after announcement. All of the Company's mortgages are at a variable rate, and Boligkreditt has the right to set and change the variable rate on its mortgage loans. However, Boligkredtt will in practice always defer to the SpareBank 1 bank which originated the loan for this decision. Banks set and change their variable mortgage rates in competition with other banks and are often guided by changes in the central bank policy rate when doing so. Commission expense to SpareBank 1 banks, which are the payments of most of the net interest margin to the Issuer's loan originating owner banks, show a corresponding decrease.

The cost of operations for 2022 was NOK 44.3 (38.9) million. The majority of operating costs are for expenses related to the Company's bond issuances, IT operations as well as personnel related expense.

IFRS 9 loan loss provisions increased by NOK 16.5 million (decreased by 15) to NOK 31.5 million. No actual loan losses have occurred. Credit spread widening on the Company's bonds held in its liquidity portfolio produced unrealized valuation losses during the period, mainly during the first half of the year. These, along with increased loan loss provisions and temporary mark to market losses on the floating NOK leg of swaps hedging fixed rate issued covered bonds in EUR and NOK, is the main reason for a reduced operating result of NOK 45.8 million (131.5) before tax. This operating result includes no deduction for scheduled interest payments to Additional Tier 1 bondholders, which are classified as distribution to equity capital.

The Company's own liquid assets were approximately NOK 30.3 (23.9) billion as of the end of the fourth quarter 2022. The volume of Boligkreditt's liquid assets is rules driven. Liquid assets are cash and highly rated, highly liquid bonds being held as a function of refinancing the Company's upcoming bond maturities at least six months ahead of expected maturities. The volume of liquid assets is, at a minimum, managed to meet the 180-day minimum liquidity rule in the EU covered bond harmonization directive.

Risk aspects

SpareBank 1 Boligkreditt, as a licensed and regulated covered bond issuer, is subject to strict rules regarding its exposure to credit, market, and liquidity risks. This fact, and the aim of the maintenance of the Moody's Aaa rating, means that the Company is subject to low levels of risk and places strong emphasis on risk control.

Credit Risk is defined as the risk that losses can occur as a consequence of that customers and others not having the ability or willingness to meet their obligations to SpareBank 1 Boligkreditt. Because the Company buys residential mortgages within 75% of the value of the objects on which the mortgages are secured, the Board of Directors concludes that the credit risk is lower than for Norwegian banks in general.

Market risk is defined as the risk of losses due to changes in market rates, ie. Interest rates, exchange rates and the prices of financial instruments. SpareBank 1 Boligkreditt issues a materially larger share of covered bonds in currencies other than its operational currency NOK. However, all borrowing and investments in a foreign currency, as well as such with a fixed rate, have been hedged by financial currency- and/or interest rate swap agreements. Some natural hedging may occur with EUR assets matching EUR liabilities. The collective cash flow therefore matches borrowing in Norwegian kroner with floating rate conditions (NIBOR 3 months). The Company receives cash collateral from its counterparties in derivative agreements.

The bonds held in the Company's liquidity portfolio are mainly Nordic covered bonds and German supra sovereign and agencies (agencies guaranteed by the German government) with a triple-A rating from Fitch, Moody's or S&P. These bonds are held on a 3-month basis either as FRNs or as swapped fixed rate bonds. Deposits are placed in banks with a minimum rating of A/A2. Cash is also placed in reverse repos with approved counterparty banks, with AAA rated securities as collateral.

The Company had as of December 31, 2022 only moderate interest rate risk, and small amounts of currency risk.

Liquidity risk is defined as the risk that the Company is not able to meet its obligations at maturity or to finance the purchase of loans at normal terms and conditions. Liquidity risk is managed based upon a liquidity strategy approved by the Board of Directors. According to the strategy, SpareBank 1 Boligkreditt AS shall maintain a liquidity reserve with a minimum size equal to or more than all debt maturities within the next 6 months. The Board of Directors views SpareBank 1 Boligkreditt AS's liquidity situation as good.

Operational risk is defined as risk of loss due to error or neglect in transaction execution, weakness in the internal control, or information technology systems breakdowns or malfunction. Reputational, legal, ethical and competency risks are also elements of operational risk. The risk is assessed by the Board of Directors to be moderate.

The Company spends much time identifying, measuring, managing, and following up on central areas of risk in such a way that this contributes to meeting its strategic goals. The notes 24 through 28 in the 2021 annual accounts provide further information.

Employees and the working environment

SpareBank 1 Boligkreditt had seven direct employees as of 31.12.2022, of which six are male and one female. The Company is serviced by a number of other functions in the SpareBank 1 Alliance. The Company has a Transfer and Servicing Agreement with each shareholder bank which is handling the customer contact and servicing the mortgage portfolio on behalf of the Company. In addition, the Company purchases a significant amount of its support functions from SpareBank 1 SMN, e.g. accounting, HR and finance related back-office functions. Boligkreditt is served by a central SpareBank 1 Alliance unit for IT specific needs and further operational activities.

The Company has moved into new offices in downtown Stavanger, Norway in early 2020. These are energy efficient with a BREEAM-NOR certification of very good. The EPC label is B, while energy use is 85 kWh/m2 and running Co2 emissions are 12.9 kg Co2/m2. The company provides no car parking spaces. There has been no material per cent employee absence recorded in 2022 due to sickness. No workplace accidents which might have resulted in property and/or damage to any persons have occurred or been reported during the year.

The Board consists of seven persons of which four are male and two are female. SpareBank 1 Boligkreditt AS strives to achieve an even distribution between the genders in recruiting for the staff and the Board.

SpareBank 1 Naeringskreditt AS, which is smaller and finances commercial property lending, but also is a covered bond issuer, has identical staffing to Boligkreditt. Of the seven full time employees employed at year-end in both SpareBank 1 Boligkreditt and Naeringskreditt AS, 1.4 full time equivalents have been allocated to SpareBank 1 Naeringskreditt AS. The Boards of the two companies also have an identical composition at year-end 2022.

Corporate Governance

SpareBank 1 Boligkreditt's principles for corporate governance are based on the Norwegian accounting law and regulations and the Norwegian practice for corporate governance. Through its financial accounting, Boligkreditt seeks to deliver relevant and timely information for its owner banks, regulatory authorities and participants in the capital markets. The Board evaluates and approves Management's proposed annual and quarterly financial accounts.

Boligkreditt maintains an administration which is suitable for the purposes, activities and extent of the business. The Management routinely evaluates risk factors to the business along with an evaluation of their probability and consequence. The Company aims to ensure that procedures and policies are in place to address these risks in an appropriate manner. Material breaches in the policy and procedures, and all breaches of financial risk limits or regulatory requirements, are reported to the Board of Directors.

The Company has insurance in place for professional responsibility for the Board of Directors and its employees, as well as insurance coverage regarding cyber related claims (hacking, ransom etc.) and for losses due to criminal acts towards the Company. All insurance policies are held jointly within the SpareBank 1 Alliance.

The Company has ethical rules that prohibits corruption (engaging in bribes is a criminal offence in Norway). The rules provide guidelines for how to avoid conflicts of interest and unethical conduct towards customers, counterparties, and the society as a whole.

The Company publishes its Corporate Governance policies in a document available on the Company's website **www.spabol.no**.

Shareholders

The Company's shareholders are solely banks in the SpareBank 1 Alliance (or banks owned by these banks) which have sold and transferred mortgages to the Company. The shareholder's agreement includes a clause that the Shareholders must maintain a minimum equity capitalization of Boligkreditt consistent with minimum regulatory requirements. In case of a rights issue, the shareholders are obliged to subscribe shares according to its current share of the shareholdings. The Company is not party to agreements which come into force, are amended, or are terminated as a result of a takeover bid.

Social responsibility

SpareBank 1 Boligkreditt is a specialized issuer of covered bonds, set up according to Norwegian law requirements for issuers of covered bonds. Despite the relatively large size of its balance sheet, Boligkreditt has strict limitations on its activities and has only seven full time employees. The nature of the business consists solely of buying residential mortgage loans from its shareholder banks in the SpareBank 1 Alliance, and to finance these by issuing covered bonds. Every other activity, such as entering into derivatives agreements, receiving collateral related to those and maintaining and investing own liquid assets, follow from this single business purpose.

The banks in the SpareBank 1 Alliance operate as universal banks in the Norwegian market with an array of activities, including lending to businesses and households. These banks in total have around 6,000 employees and are together Norway's second largest financial group by assets and lending. Boligkreditt's parent banks set lending policies, service and handle all mortgage customer activity (including the customers whose mortgage loans have qualified for and been sold to the Company). Because of this, the ESG policy of the Company is aligned with its owner banks within the relevant areas for the Company. The SpareBank 1 banks present their ESG reports and further material on their websites and/or annual reports. The ESG reports, including GHG emissions reporting, of the main Boligkreditt shareholder banks can be found here:

- **For SpareBank 1 Ostlande**t; https://www.sparebank1.no/en/ostlandet/about-us/sustainability/sustainability-in-everything-we-do.html#par_title
- **For SpareBank 1 SMN:** https://www.sparebank1.no/en/smn/about-us/sustainability.html
- **For SpareBank 1 Nord-Norge**: https://www.sparebank1.no/en/nord-norge/about-us/about-us/sustainability.html

SpareBank 1 Boligkreditt is effectively an extension of its parents banks (a funding arm) and their ESG policies apply to the extent relevant to the Company. The Company adopts the same set of ESG values and goals as the owner banks (see in particular the document "ESG policy in SpareBank 1 Boligkreditt" under the Green Bonds section of the pabol.no website).

Several of the owner banks offer 'environmental mortgages', where a discounted rate is offered to consumers planning to build energy efficient houses or for substantial energy efficiency upgrades. These loans will also to a large extent qualify for green bond issuance when transferred to SpareBank 1 Boligkreditt.

In the area of mortgage finance the originating banks are obligated by Norwegian mortgage market regulations to analyse the financial sustainability of mortgage debt that borrowers are seeking. The banks are also obligated to not approve and provide advice to customers who are seeking debt levels which may be or become unsustainable. This is enshrined in the Norwegian government's residential mortgage lending legal rule book, and applies to all of the Company's financed mortgages.

Transparency Act

A Norwegian Act with regard to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act "Act") came into effect on July 1, 2022. Boligkreditt is a Company, due to its size, which falls within the remit of the Act.

The Act requires that due diligence shall be carried out regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions. A key aspect to the Act is for an enterprise to assess and report any risks that might stem from its chain of suppliers, with regards to the purpose of the Act, which is to enhance and protect human rights and decent working conditions.

Because SpareBank 1 Boligkreditt solely is a specialist issuer of covered bonds, its activities are very limited. The SpareBank 1 owner banks, which transfer residential mortgages to the Company as a part of their funding, continue to service mortgages and maintain all aspects of the customer relationships for the loans that are transferred. This is regulated by a Transfer and Servicing Agreement which each owner bank has signed with its subsidiary. One large owner bank, SpareBank 1 SMN, functions in a special service capacity for Boligkreditt; it provides payments and settlements, a securities pricing function as well as accounting and reporting services and human resources. Other suppliers to Boligkreditt are legal firms in Norway and the UK, as well as internationally established auditing practices.

The Company purchases services and goods from SpareBank 1 Utvikling, a SpareBank 1 Alliance internal services company. SpareBank 1 Utvikling has, since 2019, on behalf of the SpareBank 1 Alliance, analysed, and, if needed, followed up its suppliers, to confirm or improve compliance with its sustainable and responsible business guidelines. The report of this work will be included in a report about the Transparency Act as it is understood to pertain to SpareBank 1 Boligkreditt. The report will be published on https://spabol.sparebank1.no/about, under Constitutional Documents and Corporate Governance.

Sheep, start-ups and proud entrepreneurs

The primary industries fishing, crops growing and animal husbandry have always been important activities in order to create a living for people in the geographically middle part of Norway (Midt-Norge), and SpareBank 1 SMN is the largest banking provider for these industries in the region. That's why the sheep's wool gets pride of place on the cover when Boligkreditt and the Alliance honours our 200 year old institution. Despite that fact, SMN is also the natural choice for a range of businesses in its region, and of course its many household mortgage customers.

Macroeconomic development and outlook[4]

There is an expectation of lower GDP growth in 2023, although slightly revised upwards in March 2023 from December 2022. Private consumption is seen as vulnerable after interest rate increases, though positive growth is projected for the year 2023 and this forecast is again higher in March 2023 compared to December 2022. Business investment, after energy price and interest rate increases, is lower, but also in positive growth territory for 2023, with the main driving being the oil and gas sector. Household real income growth was negative in 2022 and is expected zero in 2023, although the uncertainty around this is high. Unemployment is expected a little higher in 2023 on average compared to 2022.

Norway's current account surplus to GDP as an energy exporter is particularly high, at over 30 per cent in 2022 and a projected 17 per cent in 2023. Oil and gas investments are expected to increase significantly from 2023 onwards, due to the increased demand from Europe. However, uncertainties remain with regards to future energy prices.

Housing investment (construction) has over some years delivered negative GDP contributions and is expected negative also in 2023. This is tied to increased mortgage interest rates, which are expected around 5 per cent for variable mortgage loans later in 2023. The housing market price index appreciated by 1.5 per cent overall in 2022, though the 2nd half saw a correction of 6.7 per cent (July-December). Several analysts are expecting a low single digit contraction in 2023, but within a broader range of possible outcomes. In response to increased market rates, mortgage lending regulations where relaxed somewhat from January 2023. Most importantly the interest stress test currently requires banks to add 3 per centage points to the offered rate to stress the mortgage loan applicant's repayment ability (reduced from 5 per cent). This would enable borrowing which would have been rejected at the previous higher stress level and supports the market.

Summarized for a few macroeconomic indicators, the recent data and forecast for the next period are as follows:

Recent data and forecast (per cent)	2020	2021	2022	2023	2024
Mainland GDP growth	-2.8	4.2	3.8	1.3	1.6
Private consumption growth	-6.2	4.4	6.8	1.2	1.5
Investments growth	-4.1	-0.8	4.4	1.8	1.9
Unemployment rate	4.7	4.4	3.2	3.6	3.8
CPI growth	1.3	3.5	5.8	5.0	2.3
Annual wage growth	3.1	3.5	4.4	5.0	4.5
Current account surplus to GDP	1.1	13.6	30.4	16.6	16.8

Source: Statistics Norway (SSB) March 10, 2023

[4] Macroeconomic projections have been sourced from Statistics Norway as of March 19, 2023.

Future prospects of the Company

The Company has a portfolio of residential mortgage loans with an average loan to value (LTV) around 50 per cent, and no loans are in default. The maximum allowable level for a mortgage in a cover pool is 75 per cent LTV, with amounts above that level not being eligible as a cover pool asset.

SpareBank 1 Boligkreditt's residential mortgage portfolio is well diversified, albeit weighted towards the eastern, central, and northern regions in Norway. Mortgage loans in the cover pool are very granular (average size of 1.7 million kroner). The banks in the SpareBank 1 Alliance are required to keep reserves of eligible (i.e. cover pool pre-qualified) mortgages in order to provide replacement assets should this become necessary (i.e. if residential price declines increase LTVs above the eligibility limit for mortgages in the pool). Such reserves in the banks are tested regularly to verify that a 30 per cent decline in market real estate prices leaves each member bank with sufficient qualifying reserves for replenishing the cover pool.

The Board of Directors views Boligkreditt as well capitalized with a capital coverage ratio of 22.2 per cent against a total requirement, including all buffers, of 17.0 per cent (Pillar 1) plus 0.9 per cent (Pillar 2). The countercyclical buffer capital requirement increased to 2.0 per cent as of December 31, 2022 and will further increase to 2.5 per cent as of March 31, 2022.

Total equity Tier 1 capital is 19.9 per cent against a requirement, including buffers, of 15.9 per cent. Common equity capital was 18.4 per cent against a requirement, including all buffers, of 14.4 per cent. It is the Company's policy to maintain capital ratios slightly above the regulatory requirements (a management buffer). When required, additional common equity is paid in by the owner banks in the regular course of business, usually in connection with increases in transferred mortgage volume. Additional Tier 1 and Tier 2 capital is raised in the Norwegian domestic capital market.

The Board of Directors views prospects for the Company to continue to be good and stable, despite the changed macroeconomic forecasts towards lower growth ahead. This is based on several elements: a strict qualifying process for loans to become part of the cover pool (bank lending practices, mortgage lending regulations and cover pool qualification requirements), a high degree of diversification and granularity of the mortgages in the pool, as well as the robustness of the Norwegian economy, including the strong financial resources available to the Norwegian state. The Board also bases this conclusion on the low average LTV of the mortgage portfolio, no defaults or loans in arrears, and a strong history and institutional framework in Norway for mortgage loan performance.

The society of which we are a part

Almost 40% of SpareBank 1 SMN is owned by the local community. In 2022 the bank paid out 108 832 643 NOK of its net profits in the form of gifts to everything from artificial snow production to producing wooden hiking trails over wetlands to Norwegian language courses and a dancing festival. The bank received more than 4000 applications for the money earmarked for distribution in this way, and nearly half of these were successful.

* * *

The Board of Directors affirms its conviction that the financial accounts present a correct and complete picture of the Company's operations and financial position at the end of 2022. The financial accounts including notes are produced under the assumption of a going concern.

Hemsedal, March 22, 2023
The Board of Directors of SpareBank 1 Boligkreditt AS

/s/ Bengt Olsen
Chair

/s/ Geir-Egil Bolstad

/s/ Trond Søraas

/s/ Steinar Enge

/s/ Heidi Aas Larsen

/s/ Merete N. Kristiansen

/s/ Knut Oscar Fleten

SpareBank 1 Boligkreditt AS

- Statement of the members of the board and the chief executive officer

The Board and the chief executive officer have today reviewed and approved the financial accounts as of December 31, 2022 for SpareBank 1 Boligkreditt AS. The accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

To the best knowledge of the Board and the chief executive officer the accounts have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole as of December 31, 2022.

The Board of Directors and the chief executive officer declare to the best of their knowledge that the annual report gives a true and fair view of the development and performance of the business of the Company, as well as a description of the principal risks and uncertainties facing the Company.

Hemsedal, March 22, 2023
The Board of Directors of SpareBank 1 Boligkreditt AS

/s/ Bengt Olsen Chair	**/s/ Geir-Egil Bolstad**	**/s/ Trond Søraas**	**/s/ Heidi Aas Larsen**
/s/ Merete N. Kristiansen	**/s/ Knut Oscar Fleten**	**/s/Steinar Enge**	**/s/Arve Austestad** CEO

The church ruins in the basement

In the basement of SpareBank 1 SMNs main office in Trondheim you can visit old medieval church remains. These were discovered in the 1970ies during construction work. Everyone who works in the bank's building are proud of welcoming both children and adults who want to have a closer look at history.

Management Statement Annual Report 2022

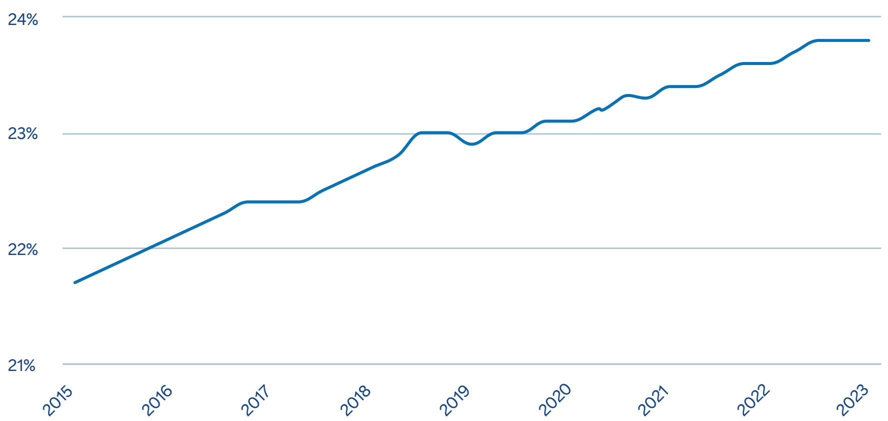
SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt (SpaBol, the Company or Issuer) is a Norwegian specialized issuer of covered bonds. The Company was set up in 2005 and issued an inaugural EUR denominated covered bond once the covered bond legislation was passed by parliament in 2007. SpaBol issues covered bonds based solely on Norwegian residential mortgage collateral[1].

The uniqueness of SpaBol is that it is owned by the group of savings banks working closely together and organized under the SpareBank 1 Alliance and common brand. The Alliance consist of a group of banks, 13 at the beginning of 2022. These operate in different regions of Norway with a high degree of operational integration. The banks are together Norway's second largest financial institution by lending, and SpaBol is therefore an issuer of covered bonds of size and regularity.

The SpareBank 1 banks' market share in Norwegian residential mortgages is shown in the chart below. The source for the data is the real estate valuation firm Eiendomsverdi, which plays an important role in the automatic valuation of residential structures for all lenders in Norway. The chart is based on the number of residential mortgages, rather than NOK volume and shows an increasing SpareBank 1 market share over time. The Alliance is now the country's largest lending group in the Norwegian residential mortgage market.

Chart 1: Relative market share SpareBank 1 Alliance banks in the aggregate



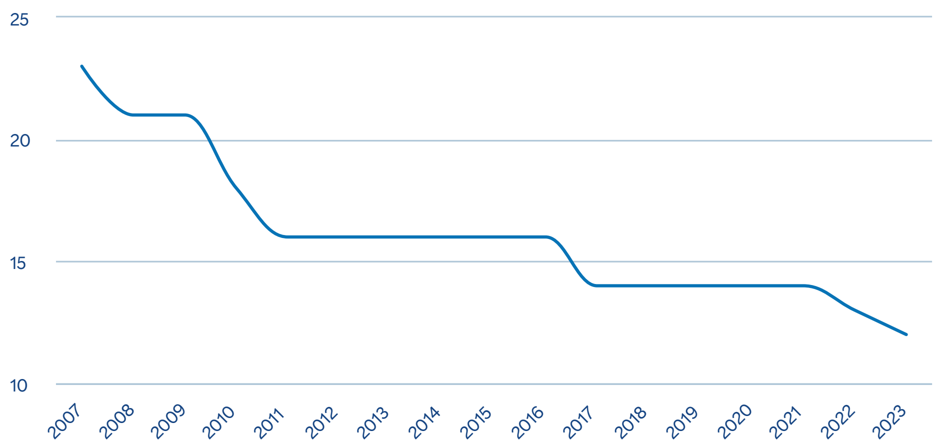
Source: Eiendomsverdi

[1] Liquidity is also part of cover assets

Consolidation

50 years ago there were 473 savings banks in Norway, and at the end of 2022 there were 91 according to the savings banks association. That figure will be down to 90 in early 2023 with an announced merger between two SpareBank 1 banks to take place. The SpareBank 1 Alliance member banks, which in 2007 numbered 23 banks, will be 12 later in the year as things stand in early 2023. The line below charts this development, which also includes 4 banks which have joined and been merged into Alliance banks from outside, as well as one small bank which left (because it was merged with a savings bank outside the Alliance). SpareBank 1 Boligkreditt has been operating throughout this period in the chart, issuing a growing amount of covered bonds in several currencies from an Alliance consolidated cover pool.

Chart 2: Consolidation amongst the banks in the SpareBank 1 Alliance



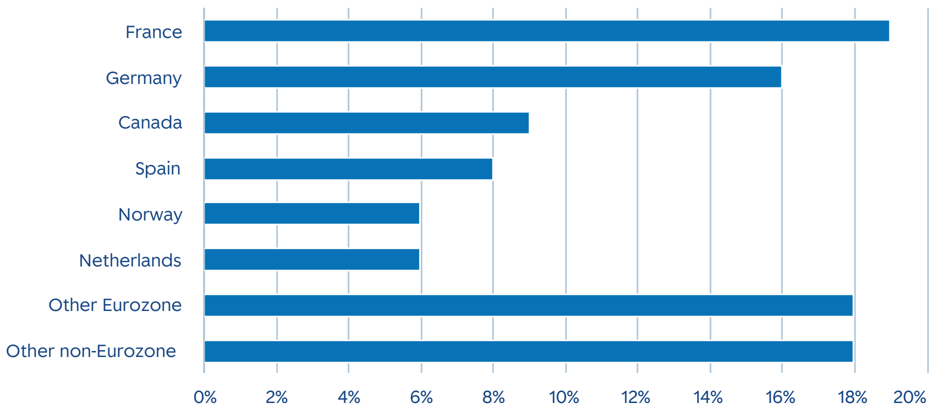
The Alliance, which was founded in 1996, benefitted each member bank's independence and regional anchoring. The close cooperation provided the banks with increased competitiveness, profitability, and solidity, as each bank was able to harness economies of scale and competency advantages through the Alliance. This work mainly took place through two jointly owned entities. The Alliance Group, which establish, consolidate, and run non-lending financial product companies, is one of the largest providers of such products in Norway. The Alliance Development Company coordinates and drive joint processes and project work, driving economies of scale for all member banks.

After the financial crisis in 2007-2008, increasing regulatory requirements and the need for increased digitalization, are two well-known factors influencing bank consolidation in many countries, and also among smaller banks in Norway. A bank's size drives costs efficiency, also on the lending side. That is the background for the consolidation trend within the Alliance charted above, as well as within the broader landscape of savings banks in Norway.

Covered Bonds outstanding

Covered bonds are an important funding instrument for Norwegian banks. Norway has approximately 5.5 million inhabitants, but is nevertheless in 5th place regarding overall EUR covered bond benchmark bonds outstanding. The countries with the largest shares of outstanding EUR denominated covered bonds, with mortgage collateral in the cover pool at year-end 2022 is shown in the following chart:

Chart 3: Outstanding EUR denominated covered bonds, mortgage collateral, by country



Source: The Covered Bond Report, January 2023

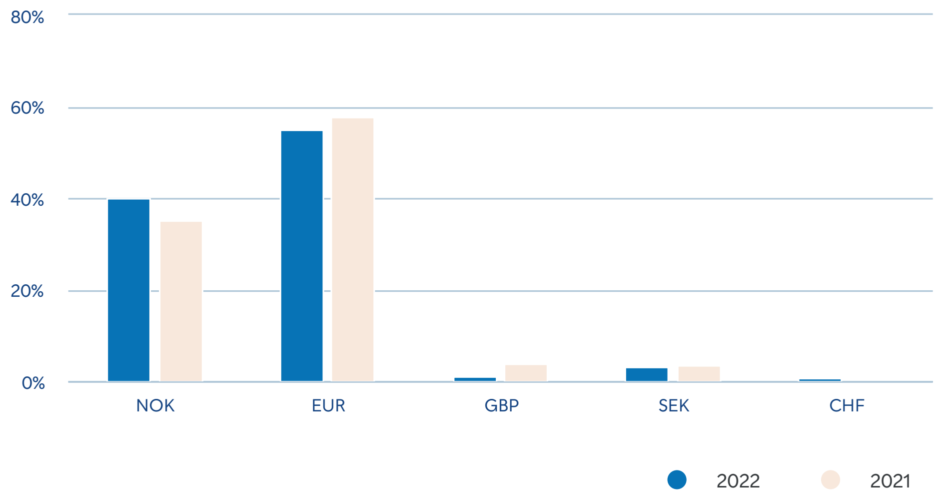
SpaBol EUR denominated bonds represent 28% of the total Norwegian outstanding volume in the chart, and the Issuer is the largest Norwegian EUR issuer. SpaBol issued EUR 3.25 bn during 2022, over three public benchmark bonds which were placed in January, May and August.

Domestically the covered bond bid was strong and spreads competitive, so SpaBol used the domestic market to a high degree during 2022. In addition to the EUR issuances, NOK 37 billion of covered bonds were placed during 2022 (approximately 3.7 bn EUR equivalent). This issuance was spread evenly throughout the year. The domestic market is characterized by tapping existing series, with new series starting according to demand, which are then built to above LCR Level 1 size.

Art exhibition in the bank

The bank maintains its own art exhibition in its main office, and this is open for everyone who wants a look. The focus of the works are artists with a connection to SpareBank 1 SMNs region in Norway.

Chart 4: Relative share of outstanding SpareBank 1 Boligkreditt covered bonds, by currency:



All foreign currency issuance is fully hedged to NOK, and swap counterparties are always external banks with a certain credit rating. Swaps are subject to collateral requirements in accordance with Moodys' criteria for such covered bond swaps. This is cover pool positive for investors as it represents a sound and full mitigation of both market and counterparty risk. It also explains the presence of collateral assets and swap valuation positions on the Issuer's balance sheet.

Green bonds

Green bonds were issued first in 2018 and again in 2020, and further green issuance will follow.

The EU green taxonomy, as it relates to residential mortgages, determines that EPC A labelled mortgages are green, or that alternatively the best 15 per cent of a residential market in terms of energy efficiency qualifies as green. For houses constructed from 2021, the Near Zero Energy (NZEB) building standard applies, and green residential units must be 10 per cent better than required by that benchmark. The NZEB standard was just established by the Norwegian government at the end of January 2023, and SpaBol is working with its advisors to establish how green mortgages are now identified for building years from 2021. It is likely that revised green criteria for residential mortgages will be updated in the Green Bond Framework later in 2023, and it is also likely that these will then be:

i. Buildings built ≥2021 : NZEB-10%

    a. Selection criteria: all EPC A labels ; some EPC B labels (with delivered energy ≤X kWh/m2)

ii. Buildings built <2021 : Buildings within the top 15% low carbon buildings in Norway

    a. Selection criteria: Buildings complying with TEK10 & TEK17 building codes (built ≥2012)

Regulations in the Norwegian mortgage and covered bond market

The tightening of the mortgage market regulatory framework, which took effect from January 2017, was seen as a key driver for the housing market approximate flat real price appreciation during the years 2017 - 2019. The same regulatory conditions continued to apply throughout 2022, but were then changed to allowing for less interest rate stress. Since market mortgage rates had already increased from low levels, the stress-test add on to the offered mortgage rate for a would-be borrower was reduced to 3 per centage points from 2023, from 5 percentage points previously.

The mortgage lending rules for a bank are:

- Loan to value: Maximum 85 per cent for all mortgages, and maximum 60 per cent for loans without instalments (revolving credit line mortgage loans).
- Repayment: Minimum 2.5 per cent per annum for loan to value mortgages at or above 60 per cent LTV.
- Income limitation: Total debt maximum is 5x a borrower's before-tax income.
- Stress test: Applications must pass an affordability test of a 3 per cent increase in the offered mortgage rate.
- Flexibility: 10 per cent of each lender's mortgage lending contracts per quarter may be exempted (8 pct in Oslo)

The Norwegian parliament legislated, and regulations were in place in Norway, by the July 8, 2022 deadline, to harmonize the covered bond legislation and regulations to the EU Covered Bonds Directive and changes in Article 129 of the CRR, in order to issue European Covered Bonds (Premium). The regulatory changes from an operational point of view were not material for SpaBol. The highlights of som specific decisions within the new framework are now:

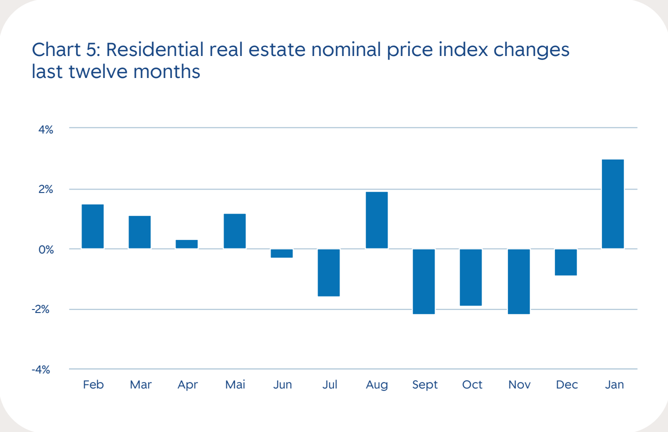
- The loan to value limit for residential mortgages to be transferred to the cover pool was increased to 80 per cent from 75 per cent, but SpaBol remains at the 75 per cent limit.
- The over collateralization requirement increased to 5 per cent, a level which was already in place.
- The 180 days minimum liquidity requirement for the cover pool is at SpaBol calibrated on the expected maturity of a covered bond (which are all soft-bullet according to objective triggers). This means that actual liquidity is held onbalance sheet ahead of upcoming maturities[2].

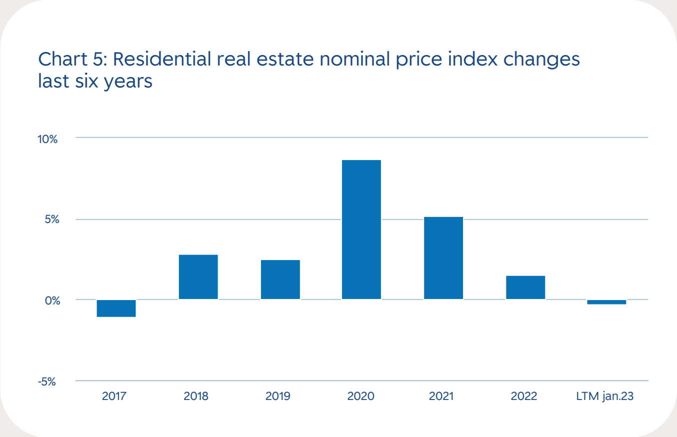
The Norwegian residential real estate market

Interest rates are increasing in Norway as well, due to inflationary pressures. The central bank policy rate has increased from zero during the pandemic to 2.75 per cent as of February 2023, with some further increase expected.

As a result of the run up in house prices during the pandemic years with low interest rates, this development was followed by a contraction in house prices in the second half of 2022. The charts below illustrate the latest development, which includes a negative reading for the last twelve months from January 2022 through January 2023. The month of January is usually a positive month, and January 2023 was no different, though seasonally adjusted a flat month. The outlook is now uncertain, but with what seems like a majority of views tending towards a further price contraction of some percentage points for the year (with year over year CPI reading of 7 per cent from January 2022 through January 2023).

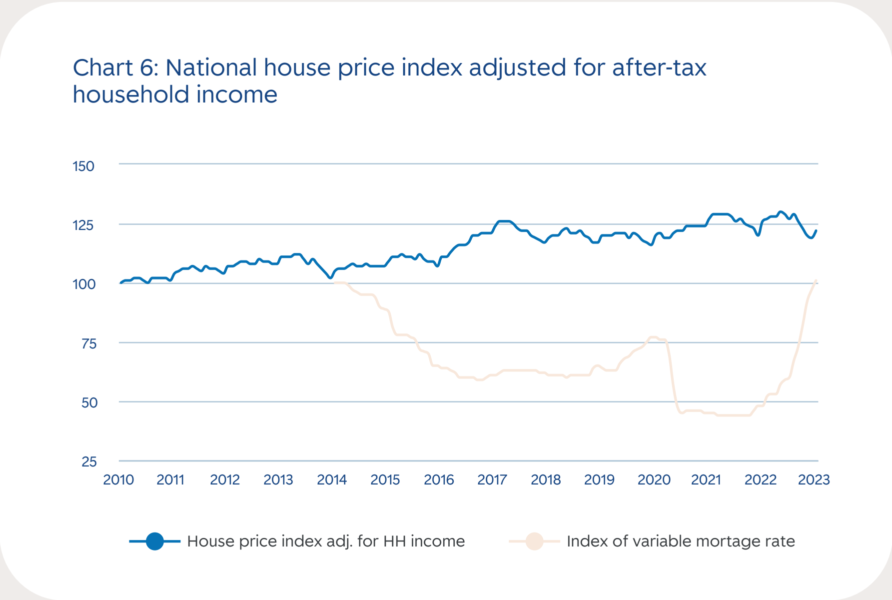
[4] This will be different in the regulatorily permissible case when an issuer decides to calibrate it's cover pool liquidity requirement on extended covered bond maturities, when there is no need for the issuer to hold actual liquidity in the normal course of business.





Source: SSB, Eiendomsverdi

The chart below shows the result of dividing the house price index by an index of after-tax household income, as calculated by Statistics Norway (SSB) (including an estimate for 2022 pertaining to income). This presentation of real house prices illustrates that residential real estate has become more expensive in Norway, by approximately 20 per cent, now compared to January 2010. In 2016, after a strong run up in the Oslo market (following interest rate contractions), national real indexed prices increased, and with a further increase during the corona pandemic, which has since corrected. Overall, the increase in the national index is driven by the residential market in the capital Oslo, but it is likely that also new standards of the building code for construction of new residences play a role (revisions with higher energy efficiency standard in 2007, 2010 and 2017).



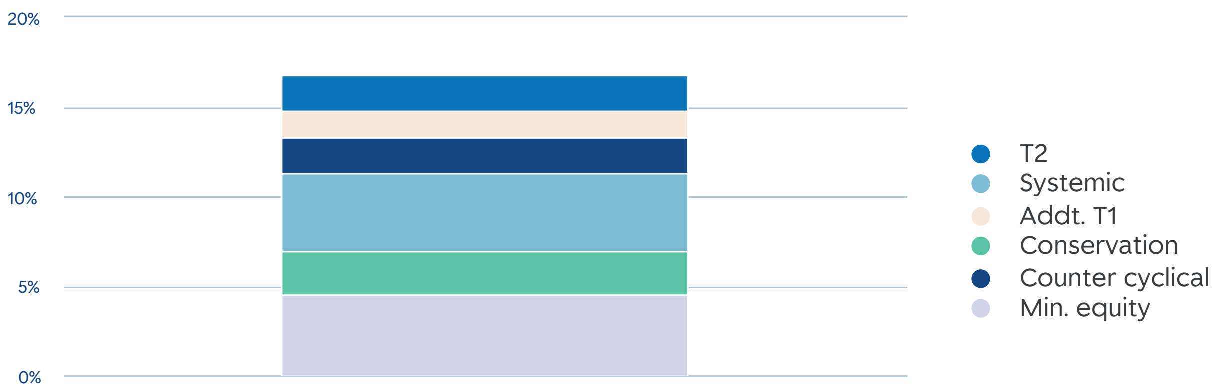
Source: SSB, Eiendomsverdi

The mortgage rate depicted as an index is the market average rate for mortgages, which at year-end 2022 is back up to the level last experienced in 2014. This is potentially what might be weighing on the real estate market, and might bring a further correction in 2023.

Capital requirements

Norwegian bank capital requirements follow the EUs CRD and CRR, and are set at these levels for the Issuer as of the start of 2023:

Chart 7: Capital requirements for SpareBank 1 Boligkreditt year-end 2022



The total requirement is 16.8 per cent as shown in the illustration with all buffers. In addition, the Issuer has a 0.9 per centage points Pillar 2 requirement, and operates with a management buffer above this. Adding all together, the operational requirement is 18.1 per cent against a capital ratio of 22.7 per cent as of year-end 2022. Boligkreditt calls on its owner banks for capital contributions as and when needed, and in connection with larger transfers of mortgages from the banks (mortgage loan growth). The SpareBank 1 owner banks are required to always maintain minimum regulatory capitalization requirements at Boligkreditt (part of the Shareholders Agreement). Ownership levels are reset annually to reflect the relative shares of mortgages transferred by each one of the SpareBank 1 Alliance banks. During the year, Boligkreditt pays out commissions to its owner banks, which is most of its net interest margin. Surpluses at the end of a year are paid out as dividends.

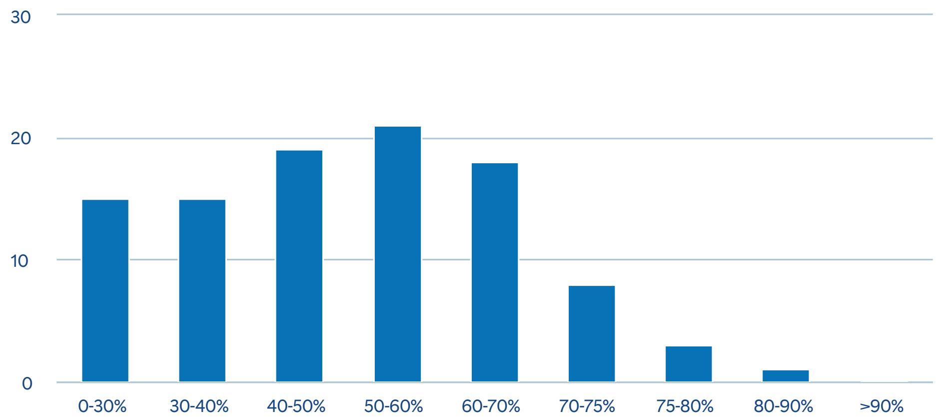
Specialized covered bond issuers in Norway are not subject to MREL requirements and have to meet a Leverage Ratio of 3 per cent, rather than 5 per cent for banks in general.

Cover Pool

The cover pool consist of residential mortgage loans which had a maximum 75 per cent loan to value at the time of transfer to the pool, as well as liquid, highly rated assets covering the 180 day minimum requirement in the covered bond regulation. Mortgages continue to exhibit a robust profile with an average weighted loan to value of approximately 50 per cent as of December 31, 2022. LTV has been largely stable for the cover pool throughout the years.

The real estate values are updated for the entire cover pool each quarter based on an automated valuation model (AVM) from the Norwegian company Eiendomsverdi, used by most Norwegian banks. The model is independently tested and validated, and has certain parameters built into its valuation settings which allow for a cautious treatment of potential upside valuation outcomes for individual houses. The chart below shows the mortgage loans in the cover pool by LTV interval at year-end 2022.

Chart 8: SpareBank 1 Boligkreditt cover pool: number of loans by LTV interval



Mortgage loans in the pool at over 75 per cent LTV (illustrated by the three columns to the right in Chart 6) means that some negative price migration has taken place since the transfer of such mortgages to the cover pool. The parts of these loans representing higher than 75 per cent LTV cannot be counted as cover assets. SpareBank 1 Boligkreditt continues to have no arrears beyond 90 days in the cover pool, and has never experienced a realized credit loss. The mortgage portfolio is regularly stress tested for potential sharp house price declines, which provides comfort with regard to the valuation reserves. Each owner bank must have also maintain a minimum amount of mortgage reserves that are pool pre-qualified and can be added to the cover pool if necessary.

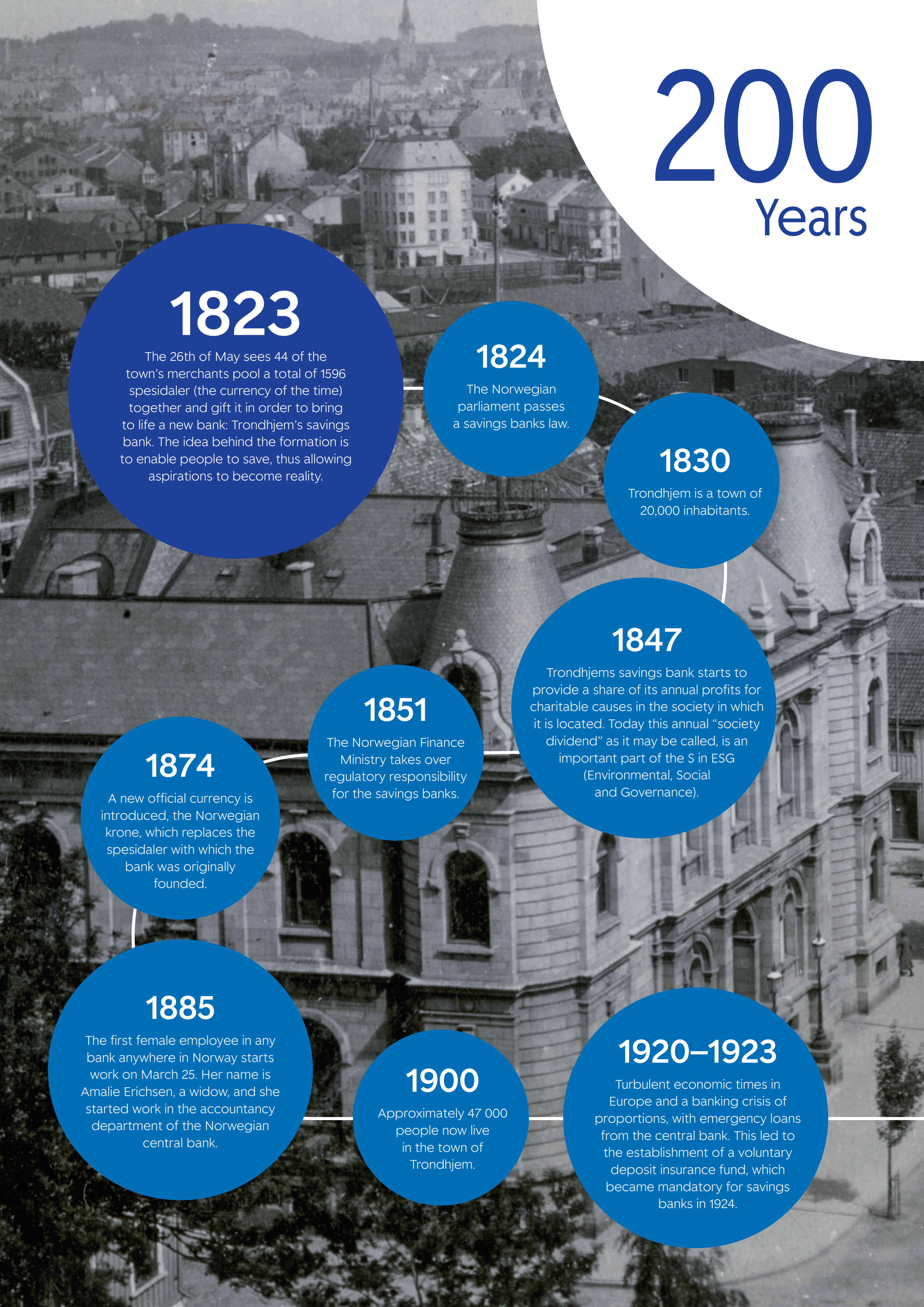
According to the IFRS 9 rules for mortgage loans, expected cumulative modelled losses in the SpaBol mortgage pool at year-end 2022 are approximately 32 million kroner. This is an increase from a year ago, mostly due to a more negative macro outlook, but represents a small amount as a share of the mortgage volume financed (1.2 bps).

Outlook 2023

The mortgage volume that Boligkreditt funds has increased strongly over the last few years, but this growth is expected to abate in 2023. The reasons for this are both MREL issuing requirements in SpaBol's owner banks, potentially more attractive senior preferred terms in the capital market, and lower growth of mortgage production. The latter comes as a consequence of higher interest rates and a possible further correction in the housing market this year. The combination has already slowed new construction and purchases, and it is therefore likely that the market for used residences also will slow down during the year. Nevertheless, cover pool mortgage growth will be positive in 2023 as well, albeit at a lower level compared to during 2021 and 2022. Covered bond issuance will continue at largely a normal annual pace, to finance both growth and bond redemptions. Two new EUR benchmark covered bonds are highly probable (or minimum EUR 2 billion), alongside a volume of NOK covered bonds. The SpaBol cover pool is very granular and geographically well diversified across the country, and the selection of mortgages for the pool follows strict criteria agreed between all the Alliance banks. Credit quality of mortgages will therefore likely remain strong. GDP growth is unlikely to be negative in Norway for 2023, predominantly due to investments in the energy sector and trade surpluses relating to energy. Because of higher interest rates combined with reduced growth, as well as an uptick in unemployment already registered at the beginning in 2023, we will continue to model a modest level of loan losses in the IFRS 9 model. These are unlikely to lead to any realised losses.

Work together – and run together

In September 2022 hundreds of SpareBank 1 SMN employees contributed to a distinct blue colour environment in the streets of Trondheim as they participated in the Trondheim maraton. Physical achievements have parallels to daily deliveries at work or at the office. Someone in good physical shape often finds it easier to reach goals at work. Exercise together with colleagues also creates and strengthens the community of work. That is why SpareBank 1 SMN sponsors the marathon and is also why the bank offers various forms of exercise options through work.



200 Years

1823
The 26th of May sees 44 of the town's merchants pool a total of 1596 spesidaler (the currency of the time) together and gift it in order to bring to life a new bank: Trondhjem's savings bank. The idea behind the formation is to enable people to save, thus allowing aspirations to become reality.

1824
The Norwegian parliament passes a savings banks law.

1830
Trondhjem is a town of 20,000 inhabitants.

1847
Trondhjems savings bank starts to provide a share of its annual profits for charitable causes in the society in which it is located. Today this annual "society dividend" as it may be called, is an important part of the S in ESG (Environmental, Social and Governance).

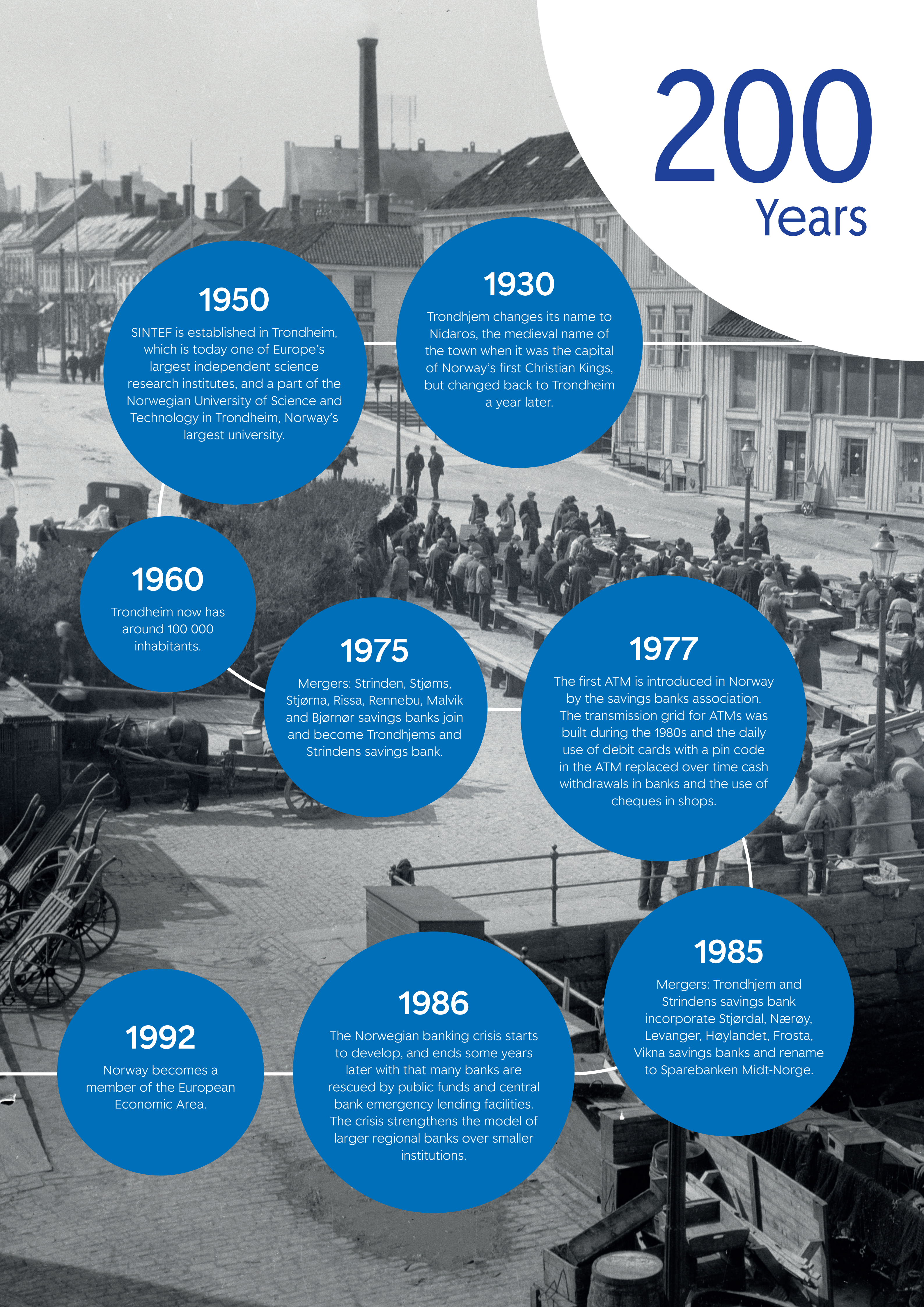
1851
The Norwegian Finance Ministry takes over regulatory responsibility for the savings banks.

1874
A new official currency is introduced, the Norwegian krone, which replaces the spesidaler with which the bank was originally founded.

1885
The first female employee in any bank anywhere in Norway starts work on March 25. Her name is Amalie Erichsen, a widow, and she started work in the accountancy department of the Norwegian central bank.

1900
Approximately 47 000 people now live in the town of Trondhjem.

1920–1923
Turbulent economic times in Europe and a banking crisis of proportions, with emergency loans from the central bank. This led to the establishment of a voluntary deposit insurance fund, which became mandatory for savings banks in 1924.



200 Years

1930

Trondhjem changes its name to Nidaros, the medieval name of the town when it was the capital of Norway's first Christian Kings, but changed back to Trondheim a year later.

1950

SINTEF is established in Trondheim, which is today one of Europe's largest independent science research institutes, and a part of the Norwegian University of Science and Technology in Trondheim, Norway's largest university.

1960

Trondheim now has around 100 000 inhabitants.

1975

Mergers: Strinden, Stjøms, Stjørna, Rissa, Rennebu, Malvik and Bjørnør savings banks join and become Trondhjems and Strindens savings bank.

1977

The first ATM is introduced in Norway by the savings banks association. The transmission grid for ATMs was built during the 1980s and the daily use of debit cards with a pin code in the ATM replaced over time cash withdrawals in banks and the use of cheques in shops.

1985

Mergers: Trondhjem and Strindens savings bank incorporate Stjørdal, Nærøy, Levanger, Høylandet, Frosta, Vikna savings banks and rename to Sparebanken Midt-Norge.

1986

The Norwegian banking crisis starts to develop, and ends some years later with that many banks are rescued by public funds and central bank emergency lending facilities. The crisis strengthens the model of larger regional banks over smaller institutions.

1992

Norway becomes a member of the European Economic Area.

200 Years

1996

The SpareBank 1 Alliance is established by several savings banks, including Sparebanken Midt-Norge. The Alliance company SpareBank 1 Gruppen is founded. It takes over responsibility for cooperative processes amongst the banks, including innovation in technology, brand building (SpareBank 1 is established as a brand), competency development and procurement.

2005

SpareBank 1 Boligkreditt is established as a covered bond issuer by the SpareBank 1 Alliance in anticipation of the Norwegian covered bond legislation being passed by parliament.

2008

The financial crisis erupts in Norway and around the world, but Norway escapes relatively unscathed. Banks are supported via the new covered bond instruments, which provide easy collateral for central bank funding.

2008

Sparebanken Midt-Norge changes its name to SpareBank 1 SMN

2010

SpareBank 1 SMN opens a new head office in Søndre gate 4 in Trondheim.

2023

Trondheim now has 212 660 inhabitants and is Norway’s 4th largest city (after Oslo, Bergen and the larger Stavanger area).

May 26

2023

SpareBank 1 SMN celebrates its 200 years anniversary!

Financial statements 2022

Income Statement 2022

NOK 1 000	Note	2022	2021
Total interest income	5	7,203,389	4,360,791
Total interest expenses	5	-5,559,392	-2,016,385
Net interest income		**1,643,997**	**2,344,406**
Commissions to SpareBank 1 banks	6	-1,249,440	-2,097,594
Net commission income		**-1,249,440**	**-2,097,594**
Net gains/losses from financial instruments	7	-287,945	-91,327
Net other operating income		**-287,945**	**-91,327**
Total operating income		**106,612**	**155,485**
Salaries and other ordinary personnel expenses	8,9,10	-13,822	-10,701
Other operating expenses	11	-30,474	-28,205
Total operating expenses		**-44,296**	**-38,906**
Operating result before loan loss provisions		62,316	116,579
Loan loss provisions	15	-16,489	14,960
Pre-tax operating result		**45,826**	**131,539**
Taxes	**12**	**-1,179**	**-24,514**
Profit/(loss) for the period		**44,647**	**107,026**
Portion attributable to shareholders		4,454	73,541
Portion attributable to additional Tier 1 capital holders		40,193	33,484
Profit/(loss) for the period		**44,647**	**107,026**

Overview of Comprehensive Income

NOK 1 000	2022	2021
Profit/loss for the year	44,647	107,026
Items that will not be reclassified to profit/loss		
Actuarial gains and losses pensions	1,223	-459
Tax effect	-306	115
Items that may be reclassified to profit/loss later		
Basis swap valuation adjustment	623,282	85,082
Tax effect	-155,821	-21,271
Other comprehensive income for the period	**468,379**	**63,467**
Comprehensive income for the period	**513,026**	**170,493**

Sustainable banking

With the UN Sustainability Goals as the guiding principles, SpareBank 1 has identified five themes which both strengthen the bank's goals and ambitions: Innovation, customer offers, climate footprint, competency and diversity.

Balance sheet 2022

NOK 1 000	Note	2022	2021
Assets			
Lending to and deposits with credit institutions	21,24	1,360,520	1,434,091
Certificates and bonds	21,22,24	29,426,208	26,195,602
Residential mortage loans	14,15,21,24	252,904,944	222,812,873
Financial derivatives	20,21,22,24	3,990,087	7,586,258
Deferred tax asset	12	133,671	205,886
Other assets	13,21,24	70,500	4,111
Total assets		**287,885,930**	**258,238,820**
Liabilities and equity			
Liabilities			
Debt incurred by issuing securities	17,19,21,22	260,848,557	237,522,824
Collateral received under derivatives contracts	19,20,21,24,32	714,730	3,892,723
Financial derivatives	19,20,21,22	11,822,504	2,766,866
Tax payable	12,21	115,171	30,081
Subordinated debt	18,19,21	1,436,805	1,430,860
Other Liabilities	10,21,23	129,777	176,618
Total Liabilities		**275,067,542**	**245,819,972**
Equity			
Share capital	9	7,797,215	7,797,215
Share premium		3,901,255	3,901,255
Declared dividends		-	73,294
Basis swap valuation reserve		212,567	-254,894
Other equity		7,350	1,978
Hybrid capital	9,13	900,000	900,000
Total equity		**12,818,388**	**12,418,848**
Total liabilities and equity		**287,885,930**	**258,238,820**

Hemsedal, March 22, 2023

/s/ Bengt Olsen Chair	**/s/ Geir-Egil Bolstad**	**/s/ Trond Søraas**	**/s/ Heidi Aas Larsen**
/s/ Merete N. Kristiansen	**/s/ Knut Oscar Fleten**	**/s/Steinar Enge**	**/s/Arve Austestad** CEO

Changes in Equity

NOK 1 000	Share capital	Share premium	Dividend	Basis swap valuation reserve	Other Equity	Hybrid capital	Total Equity
Balance as of 31 December, 2020	**7,797,215**	**3,901,255**	**85,769**	**-318,706**	**2,280**	**900,000**	**12,367,814**
Dividend 2020	-	-	-85,769		-	-	-85,769
Profit/(loss) for the period	-	-	73,294		248	-33,484	40,058
Paid interest on hybrid capital - directly against equity	-	-	-		-	33,484	33,484
Basis swap valuation change, net	-	-	-	63,812		-	63,812
Actuarial gain/loss pension	-	-	-		-345	-	-345
Other	-	-	-		-205	-	-205
Balance as of 31 December, 2021	**7,797,215**	**3,901,255**	**73,294**	**-254,894**	**1,978**	**900,000**	**12,418,848**
Dividend 2021	-	-	-73,294		-	-	-73,294
Profit/(loss) for the period	-	-			44,647	-40,193	4,454
Paid interest on hybrid capital - directly against equity	-	-	-		-40,193	40,193	-0
Basis swap valuation change, net	-	-	-	467,462			467,462
Actuarial gain/loss pension					917		917
Other	-	-	-				-
Balance as of 31 December, 2022	**7,797,215**	**3,901,255**	**-0**	**212,567**	**7,350**	**900,000**	**12,818,387**

Equity is paid in by the Company's parent banks when a requirement arises. The requirement arises regularly when the Company acquires larger portfolios of mortgage loans, and otherwise according to changes in capitalization rules because SpareBank 1 Boligkreditt is subject to the same capital adequacy rules under Pillar 1 as banks in general. Each parent bank has also signed a Shareholders agreement with the Company, which amongst other things stipulates when additional capital must be contributed.

The Basis Swap Valuation Reserve was in previous years and periods (prior to the 4th quarter 2022) shown as part of Other Equity.

Together we make things happen

SpareBank 1 has a vision: Together we make things happen. The vision is about creating energy and enthusiasm, results, change and development – together with others: Customers, colleagues, suppliers, subsidiaries and partners.

Cash Flow Statement

NOK 1 000	2022	2021
Cash flows from operations		
Interest received	6,927,219	4,364,213
Paid commissions to SpareBank 1 banks	-1,366,740	-2,124,745
Paid expenses, operations	-42,121	-42,105
Paid tax	0	-93,081
Net cash flow relating to operations	**5,518,357**	**2,104,283**
Cash flows from investments		
Net purchase of loan portfolio	-29,889,709	-14,162,127
Net payments on the acquisition of government certificates	4,402,153	-1,420,376
Net payments on the acquisition of bonds	-7,833,793	8,597,611
Net cash flows relating to investments	**-33,321,349**	**-6,984,891**
Cash flows from funding activities		
Net receipt/payment from the issuance of securities	35,381,101	14,106,168
Net receipt/payment from the issuance of subordinated debt	0	0
Net receipt/payment of loans to credit institutions	-2,903,043	-12,312,780
Equity capital subscription	917	-550
Paid additional Tier 1 capital	-40,193	-33,484
Paid dividend	-73,294	-85,769
Net interest payments on funding activity	-4,636,068	-1,832,760
Net cash flow relating to funding activities	**27,729,420**	**-159,176**
Net cash flow in the period	**-73,571**	**-5,039,785**
Balance of cash and cash equivalents at beginning of period	**1,434,092**	**6,473,877**
Net receipt/payments on cash	-73,571	-5,039,785
Balance of cash and cash equivalents at end of period	**1,360,520**	**1,434,092**

Quarterly Financial Statements

These quarterly statements are not individually audited and are included as additional information to these accounts.

Income Statement

NOK 1 000	4. quarter 2022	3. quarter 2022	2. quarter 2022	1. quarter 2022	4. quarter 2021
Total interest income	2,548,460	1,820,052	1,526,422	1,308,454	1,151,894
Total interest expenses	-2,254,730	-1,436,847	-1,059,989	-807,825	-597,236
Net interest income	**293,730**	**383,205**	**466,433**	**500,629**	**554,658**
Commissions to SpareBank 1 banks	-171,347	-296,817	-365,648	-415,628	-491,099
Net commission income	**-171,347**	**-296,817**	**-365,648**	**-415,628**	**-491,099**
Net gains/losses from financial instruments	-94,600	6,439	-105,910	-93,874	-60,177
Net other operating income	**-94,600**	**6,439**	**-105,910**	**-93,874**	**-60,177**
Total operating income	**27,783**	**92,827**	**-5,124**	**-8,874**	**3,383**
Salaries and other ordinary personnel expenses	-3,547	-3,557	-2,830	-3,887	-1,149
Other operating expenses	-10,340	-7,712	-5,925	-6,498	-6,198
Total operating expenses	**-13,887**	**-11,269**	**-8,755**	**-10,385**	**-7,346**
Operating result before losses	**-3,547**	**-3,557**	**-13,880**	**-19,259**	**-3,964**
Mortages IFRS 9 ECL	-8,691	-6,665	226	-1,360	1,646
Pre-tax operating result	**5,206**	**74,894**	**-13,654**	**-20,619**	**-2,317**
Taxes	2,022	-16,260	5,700	7,359	2,521
Profit/loss for the year	**7,227**	**58,633**	**-7,954**	**-13,260**	**204**
Other income and expense	-608,178	665,522	73,027	338,008	164,934
Total Profit/Loss	**-600,951**	**724,155**	**65,074**	**324,748**	**165,138**

Balance sheet

NOK 1 000	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
Assets					
Lending to and deposits with credit institutions	1,360,520	4,816,899	2,518,479	4,026,358	1,434,091
Certificates and bonds	29,426,208	27,625,296	30,451,050	27,784,216	26,195,602
Residential mortage loans	252,904,944	245,162,243	237,573,557	230,689,401	222,812,873
Financial derivatives	3,990,087	5,976,104	6,375,186	2,397,900	7,586,258
Defered tax asset	133,671	0	68,874	93,217	205,886
Other assets	70,500	602,519	1,636,995	1,976,628	4,111
Total assets	**287,885,930**	**284,183,060**	**278,624,141**	**266,967,719**	**258,238,820**
Liabilities and equity					
Liabilities					
Debt incurred by issuing securities	260,848,557	256,447,029	253,916,041	243,627,664	237,522,824
Collateral received under derivatives contracts	714,730	1,122,032	2,113,394	340,877	3,892,723
Repurchase agreement	0	0	250,021	0	0
Financial derivatives	11,822,504	11,024,074	7,508,626	8,291,753	2,766,866
Deferred tax	0	152,966	0	0	0
Tax payable	115,171	33,282	17,021	22,722	30,081
Subordinated debt	1,436,805	1,433,996	1,432,116	1,431,504	1,430,860
Other Liabilities	129,777	537,968	669,512	591,714	176,618
Total Liabilities	**275,067,542**	**270,751,347**	**265,906,730**	**254,306,235**	**245,819,972**
Equity					
Share capital	7,797,215	7,797,215	7,797,215	7,797,215	7,797,215
Share premium	3,901,255	3,901,255	3,901,255	3,901,255	3,901,255
Declared dividends	0	0	0	0	73,294
Basis swap valuation reserve	212,567	793,845	138,175	74,296	-254,894
Other equity	7,350	1,978	1,978	1,978	1,978
Net profit	0	37,420	-21,213	-13,260	0
Hybrid capital	900,000	900,000	900,000	900,000	900,000
Total equity	**12,818,388**	**13,431,713**	**12,717,411**	**12,661,484**	**12,418,848**
Total liabilities and equity	**287,885,930**	**284,183,060**	**278,624,141**	**266,967,719**	**258,238,820**

Our values

SpareBank 1 SMN is working in keeping with the values all-embracing, responsible, friendly and affable and professional.

To the General Meeting of SpareBank 1 Boligkreditt AS

Independent Auditor's Report

Opinion

We have audited the financial statements of SpareBank 1 Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

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

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

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 29 March 2019 for the accounting year 2019.

Key Audit Matters

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

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

Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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.

Stavanger, 22 March 2023
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant

Notes to the Accounts

Note 1 General information

SpareBank 1 Boligkreditt AS (the Company or Boligkreditt) is the SpareBank 1 Alliance's separate legal vehicle established according to the specialist banking principle within the Norwegian legislation for covered bonds. The Company's purpose is to acquire residential mortgages from its ownership banks organised in the SpareBank 1 Alliance and finance these by issuing covered bonds.

SpareBank1 Boligkreditt's office is located in Stavanger, Norway. Most of the supporting services and operations, such as trading back-office and settlement solutions, accounting and HR is located in SpareBank 1 SMN in Trondheim, Norway. All It services are located centrally within SpareBank 1 Group in Oslo, Norway.

The accounts are prepared in accordance with "International Financial Reporting Standards" (IFRS), as determined by the EU and published by "International Accounting Standards Board" (IASB).

The Financial Statements for 2022 is approved by the Board of Directors on March 22, 2023.

Note 2 Summary of significant accounting policies

Presentation Currency

The presentation currency is Norwegian Kroner (NOK), which is also the Company's functional currency. All amounts are given in NOK thousand unless otherwise stated.

Recognition and De-recognition of Assets and Liabilities on the Balance Sheet

Assets and liabilities are recognised on the balance sheet at the point in time when the Company establishes real control over the rights of ownership to assets and becomes effectively responsible for the discharge of liabilities.

Assets are de-recognised at the point in time when the real risk of the assets has been transferred and control over the rights to the assets has been terminated or expired. Liabilities are de-recognised when they have been effectively discharged.

Residential mortgage loans

Loans are measured at amortised cost. Amortised cost is the acquisition cost minus the principal payments, plus the cumulative amortisation using the effective interest rate method, adjusted for any loss allowance less write-off. Each of the Company’s mortgage loans is made at a variable rate, which may be changed by the Company at any time, with a regulatory mandated notification time of six weeks (eights week from 01.01.2023) before such changes can become effective. Fixed rate mortgage loans are originated by the SpareBank 1 and can also be transferred to the cover pool, but none are currently in the cover pool. Expected credit loss (ECL) is calculated according to IFRS 9, which was implemented January 1, 2018 (see below for a description of the application of IFRS 9).

Expected credit loss on mortgage loans; evaluation of impairments (write downs)

IFRS 9 was implemented effective January 1, 2018 . Loans for which there have not been a significant increase in credit risk since initial recognition (loans in stage 1) ECL is measures as 12-month expected credit losses. Loans for which there have been a significant increase in credit risk since initial recognition (loans in stage 2 or 3) ECL is measured at lifetime expected credit losses. Loans in stage 3 are loans that are credit-impaired.

The limits which determine when a mortgage loan is moved from Stage 1 to Stage 2 are:

- Payment delayed by 30 days or more
- Probability of default has increased by 150% (or two classes in the internal model estimating PD)
- A minimum PD of above 0.6%

The Company has no mortgage loans in Stage 3, which contains loans in default (90 days or more of missed payments).

Model for loan loss provisioning

To consider the uncertainty of the future the model applied in estimating ECL employs three scenarios. A base scenario, an upside scenario and a downside scenario and these are intended to reflect different states of the economic cycle. The scenarios are weighted, with the most weight assigned to the base scenario. The base scenario input variables are mostly derived from forecasts from Statistics Norway, while the downside scenario input variables are sourced from, but may not exactly replicate, the Financial Services Authority of Norway's stress case scenario included in its annual risk outlook reports.

Within IFRS 9 it is the point-in-time probability of default (PD) which is critical for the estimates.   The cases will reflect as a starting point the actual observed PD. This may be the average seen over the last period, which may be several years if the data is stable. For each scenario ta point-in-time PD for each year over a five-year future horizon is developed, based on the macroeconomic input considerations (unemployment rate and interest rate level). From five-years and out to the end of each mortgage maturity date, a terminal value is calculated for the loan's expected cumulative loss (ECL), which is each's period and the terminal value's PD x LGD. The LGD (loss given default) rates are produced in each scenario, under the scenario specific assumptions. As defined in IFRS 9, loans that remain in Stage 1 are not evaluated for ECL beyond 12 months, while loans with an observed negative risk migration since origination enter Stage 2 or 3, and are then asessed for ECL based on their contractual maturities.

Historically there has not been any mortgages in default in the Company's portfolio. LGDs are set to reflect the fact that for a cover bond issuer the law stipulates a maximum loan to value criteria of 80 per cent. The low loan to value ratio results in low expected loan losses if loans where to default. ECLs are updated quarterly based on a rescoring of the entire mortgage portfolio. Changes in the ECL is a charge or an income in the income statement for that period and is reflected on the balance sheet against the portfolio of mortgage loans.

According to the Transfer and Servicing Agreement which the SpareBank 1 banks each have entered into with the Company, SpareBank 1 Boligkreditt has the right to off-set any losses incurred on individual mortgage loans against the commissions due to all banks for the remainder of the calendar year. The Company has not since the commencement of its operations had any instances of off-sets against the commissions due to its owner banks. Mortgage loans which are renegotiated, where the terms are materially changed, are always removed from the Company's cover pool and transferred back to the originating lender. All renegotiation of loans is always outsourced to the originating bank.

Segment

Segments are organised by business activities and the Company has only one segment, mortgage lending to private individuals. All of the mortgages have been acquired from the SpareBank 1 Alliance banks. The Company's results therefore largely represent the result of the mortgage lending to private customers, in addition to the income effects from the liquidity portfolio. Nearly all of the net interest income margin (customer interest income less funding costs) for the mortgages are paid out to the SpareBank 1 Alliance banks as commissions. The net result of the Company is therefore small in comparison to the overall portfolio of mortgage loans.

Securities

Securities consists of certificates and bonds. These are carried at fair value. Securities will either be part of a liquidity portfolio with a narrow mandate (highly rated, highly liquid securities and cash, including repos) or a collateral portfolio, which reflect the funds received from counterparties in swaps. All securities classified and recorded at fair value will have changes in value from the opening balance recorded in the income statement as net gains/losses from financial instruments.

Hedge Accounting

The company has implemented fair value hedge accounting for fixed rate bonds in NOK and in foreign currencies. These bonds are designated as hedged items in hedging relationships with individually tailored interest rate swaps and cross currency interest rate swaps. The company values and documents the hedge effectiveness of the hedge both at first entry and consecutively. During the hedge relationship the measurement of the hedged item is adjusted for the change in fair value of the hedged risk which at the same time is recognised in profit or loss. The derivative hedging instruments is measured at fair value with changes in fair value recognised in profit or loss except for the change in fair value of the currency basis spread, which is recognised in other comprehensive income.

All hedges are deployed to exactly offset a cash flow for the duration of the hedged instrument, thus bringing financial liabilities (bonds outstanding) in fixed rate and/or foreign currency into a NOK 3 month NIBOR basis, while financial assets at fixed rates and/or foreign currency are transformed to a floating rate 3 month NIBOR asset through the derivative. Derivatives used are swap contracts only.

Valuation of Derivatives and Other Financial Instruments

The Company uses financial derivatives to manage essentially all market risk on balance-sheet items. All fixed interest rate exposures are thereby converted to a 3 months NIBOR basis and currencies are converted to NOK using currency swaps. In some cases currencies are hedged using a naturally offsetting position on the opposite side of the balance sheet.

Liabilities:

- The Company applies fair value hedge accounting for fixed rate issued debt (covered bonds) utilizing derivatives (swaps) which hedge the fixed interest rate and currency elements of the issued bonds.
- There is also an element of amortized costs in issued fixed rate debt; where the issue price is different to par or 100 per cent, this difference is amortized over the life of the bond which is repayable at 100 per cent of par
- The interest rate curve used to discount cash flows in NOK is determined by NIBOR for various maturities less than 12 months and the swap rate curve in NOK for longer maturities .
- The interest rate curve used to discount cash flows in EUR is determined by EURIBOR for various maturities less than 12 months and the swap rate curve in EUR for longer maturities.
- Issued floating rate debt in NOK (which do not have any associated hedging swaps) are accounted for at amortized cost.

Assets:

- For liquidity management purposes the issuer maintains a portfolio of liquid assets (including bonds) which is valued at fair value at observable market prices
- Funds received for the purpose of collateralization of swap exposures which counterparties have to the Company may also be invested in bonds of a high rating, high liquidity and short maturities, in addition to cash and reverse repos . Such bond investments are held at fair value according to observable market prices
- Swaps which hedge liquidity assets denominated in foreign currencies or hedge interest rates from fixed to floating are valued at fair value according to changes in foreign currency rates and interest rates.

Though the Company hedges all material interest rate and currency risk on its balance sheet, net unrealized gains (losses) from financial instruments may occur for the following reasons:

- Temporary mark-to-market differences in the value of an interest rate swap may occur depending on the level at which the 3 months floating rate leg in the swap was last fixed, and the discounting of the remainder of this 3 month term using the rate level at the balance sheet date.
- There is a credit risk element which forms a part of the fair value of the assets in the trading portfolio, which is not reflected in the value of the associated interest and/or currency swaps hedging the trading portfolio assets .
- There may be floating rate assets (bonds) denominated in foreign currency which are hedged via a corresponding foreign exchange liability (issued debt) also on an effective floating rate basis. In such natural asset liability hedges there may be a small element of foreign currency risk which may impact the P&L in that the floating rate coupons on the asset and the liability are not reset on the same dates and/or may be of different magnitude. Also, a change in a market credit spread element would impact the price of some of the foreign currency assets held (bonds), though not the liability

Temporary differences will result from changes in basis spread in cross currency swaps. Boligkreditt uses cross currency swaps in order to swap cash flows from floating interest rate foreign currency liabilities and assets into floating interest rate in NOK. The valuation change will only occur for the derivatives and not for the hedged instruments (which typically an issued foreign currency covered bond) and thus cannot be mitigated . The valuation change of basis swaps will only affect other comprehensive income and equity, and not the period's net income. All gains and losses from changes in foreign currencies basis spread reverse over time and reaches zero at the derivatives maturity date.

Intangible Assets

Purchased IT-systems and software are carried on the balance sheet at acquisition cost (including expenses incurred by making the systems operational) and will be amortised on a linear basis over the expected life of the asset. Expenses related to development or maintenance are expensed as incurred.

IFRS 16

The Company uses IFRS 16 to account for its leased office space, which is on a multi-year renewable contract. The cost of which is reflected in note 11, within other operating expenses and with the calculated asset balance in note 13.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and deposits, other short term available funds and investments with a maturity of less than three months.

Taxes

Tax in the income statement consists of tax payable on the annual taxable result before tax and deferred tax . Deferred tax is calculated in accordance with the liability method complying with IAS 12 . With deferred taxes the liability or asset is calculated based on temporary differences, which is the difference between tax due according to the statutory tax calculations and tax calculated according to the financial accounts, as long as it is probable that there will be a future reversal. The statutory tax rate for financial services companies is 25 per cent.

Pensions

SpareBank 1 Boligkreditt AS has a defined contribution pension plan for all employees. In addition to the defined contribution plan, the Company has other uncovered pension obligations accounted for directly in the profit and loss statement. These obligations exist for early pensions according to AFP ("avtalefestet pensjon") and other family pension benefits in conjunction with a previous Chief Executive Officer. For the current Chief Executive Officer of SpareBank 1 Boligkreditt, future pension benefits for remuneration above the defined contribution plan regulatory limit (12G) are also accounted for in the Company's accounts.

Defined Contribution Plan

In a defined contribution plan the company pays a defined contribution into the pension scheme. The Company has no further obligations beyond the defined contributions. The contributions are recorded as salary expense in the accounts. Any prepaid contributions are recorded as assets in the balance sheet (pension assets) to the extent that the asset will reduce future payments when due.

Cash Flow Statement

The cash flow statement has been presented according to the direct method, the cash flows are grouped by sources and uses. The cash flow statement is divided into cash flow from operational, investment and finance activities .

Interest Income and Expense

Interest income and expense associated with assets and liabilities are recorded according to the effective rate of interest method. Any fees in connection with interest bearing deposits and loans will enter into the calculation of an effective rate of interest, and as such will be amortised over the expected maturity.

Commission Expense

Commissions are paid by the Company to its parents banks and represent most of the net interest margin earned in Boligkreditt.

Dividends

Proposed dividends are recorded as equity during the period up until they have been approved for distribution by the Company's general assembly.

Events after the Balance Sheet Date

Events that take place before the date on which the financial statements are approved for publication, and which affect conditions that were already known on the balance sheet date, will be incorporated into the pool of information that is used when making accounting estimates and are thereby fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are material.

Share Capital and Premium

Ordinary shares are classified as equity capital. Expenses directly related to the issuing of new shares will be recorded in the accounts as a reduction in the proceeds received.

Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

New IFRS standards that have not been adopted yet

New IFRS standards, amendments to standards and interpretations will be compulsory in future annual financial statements. There are no standards or interpretations that have not entered into force which are expected to have a material impact on the Company's financial statements.

New IFRS standards that have been adopted

There are no new IFRS standards, amendments thereof or interpretations adopted since January 1, 2022 that materially affect the accounts of the Company.

What does SMN mean?

SMN literally refers to the region of middle Norway, Midt-Norge in Norwegian. This could be translated to 'central Norway'. But since the capital area usually is referred to as central Norway, middle Norway, further north of the capital, has stuck. The history of the region's name staid on in the bank's name, SpareBank 1 SMN.

Note 3 Risk management

SpareBank 1 Boligkreditt AS is an institution which acquires residential mortgages from banks in the SpareBank 1 Alliance. This activity is predominantly financed by the issuance of covered bonds. The Company is therefore subject to the Norwegian legislation for covered bonds and the demands this imply for exposure to risk. In addition, the Company wishes to maintain the Aaa rating from Moody's, with regards to the covered bonds, which also requires a high degree of attention to risk management and a low risk exposure profile.

The purpose with the risk and capital adequacy management within SpareBank 1 Boligkreditt AS is to ensure a satisfactory level of capital and a responsible management of assets in accordance with the Company's statutes and risk profile. This is ensured through an adequate process for risk management and planning and implementation of the Company's equity capital funding and capital adequacy.

The Company's risk- and capital management are aiming to be in accordance to best practices - and this is ensured through:

- A risk culture characterised through high awareness about types of risk and the management thereof
- A competent risk analysis and control environment
- A good understanding of which material risks the Company is exposed to

Organisation and organisational culture

SpareBank 1 Boligkreditt AS is focused on maintaining a strong and alert organisational culture characterised by high awareness about risk management.

SpareBank 1 Boligkreditt AS is focused on independence and control, and the responsibilities are divided between different roles within the organisation:

- The Board of Directors determines the main principles for risk management, including determining the risk profile, limits and guidelines. The Board also carries the responsibility to review capital levels in accordance with the risk profile and the requirements of the regulatory authorities.
- The Chief Executive Officer is responsible for the day to day administration of the Company's business and operations according to laws, statutes, powers of attorney and instructions from the Board. Strategic items or operational items of an unusual nature or importance are discussed with and presented to the Board of Directors. The CEO may however decide a matter in accordance with a power of attorney from the Board. The CEO is responsible for implementing the Company's strategy and in cooperation with the Board to also develop and evolve the strategy.
- The risk manager reports both to both the CEO and to the Board, but is employed directly by the board and not the CEO. The risk manager is tasked with developing the framework for risk management including risk models and risk management systems. The position is further responsible for the independent evaluation and reporting of risk exposure in addition to maintain all relevant laws and regulations.
- The balance sheet committee is headed by the CEO and consists of the CFOs of the largest banks in the SpareBank 1 Alliance in addition to one representative from the smaller Alliance banks (Samspar). The balance sheet committee is an advisory group for the operational management of the Company's balance sheet within the framework determined by the Board of Directors. The committee is an important component of Boligkreditt's operative management of liquidity risks. The investment committee is an advisory council for the evaluation of counterparty exposure limits and for the composition of the liquidity portfolio. The committee is headed by the CEO. The committee advises on credit limits for counterparties and the composition of the liquidity portfolio. The CEO has been tasked by the Board to make decisions regarding credit limits for counterparties and individual investments.

Risk Categories:

In its risk management the Company's differentiates amongst the following categories of risk:

- Credit Risk: The risk of loss as a result of that counterparties are unwilling and/or unable to meet their obligations to the Company. Credit risk management is detailed in the Company's credit risk policy and this policy is approved by the Board of Directors annually.
- Liquidity Risk: The risk that the Company is unable to meet its obligations and/or finance its assets.
- Market Risks: The risk of loss as a result of changes in observable market variables such as interest rates, foreign exchange rates and securities.

  Further details about these risk categories are discussed in later notes.

- Climate risk: is the risk of loss as a result of assets becoming stranded, following regulatory changes or market practice. In order to mitigate global warming, assets which are contributing to emissions of carbon dioxide may be in an exposed position with regards to valuation losses in the future. Residential homes have a certain carbon footprint from the materials that to go into making the house and from the heating and other sources of energy after construction. Regulation for construction in Norway has materially changed to require much more energy efficient construction and heating requirements of houses compared today compared to earlier years. There have been revisions to the building code in 2007, 2010, 2017 and another one is expected in 2022. There is a risk that older properties may lose value as the building requirements change. SpareBank 1 Boligkreditt continually evaluates the valuation of its mortgage book's underlying security and report on the loan to value metrics every quarter. The SpareBank 1 Alliance banks are also engaged in incentivizing mortgage loan customers to upgrade to greener solutions, with interest rate discounts. The climate risks of the country's housing stock is also carried by the society at large and its government, and it is unlikely that legislation or regulation would suddenly render part of the housing stock uninhabitable and thus making it a stranded asset, but that change processes take time. The Company also issues green covered bonds according to its definition for green mortgages, which are mortgages for residences which are amongst the country's top 15 per cent energy efficient homes. There is a risk of loss of certain market access to funding if no further green covered bonds could be issued due to a lack of green mortgage collateral, but this risk is benign. SpareBank 1 Boligkreditt continues to source green mortgage loans from its owner banks, for which it is a financing unit.

Interest rate benchmark reform

The reform of interest rate benchmarks such as interbank offered rates (IBORs) caused changes to financial reporting requirements under IFRS Standards. The International Accounting Standards Board implemented the changes in two phases. Phase 1 amended specific hedge accounting requirements. Phase 2 addressed financial reporting issues that may arise when IBORs are either reformed or replaced. The amendments are effective for annual reporting periods beginning on or after 1 January 2021.

The benchmark reform does affect SpareBank 1 Boligkreditt's operations because the Company issues bonds with a benchmark that was replaced and others which may be reformed and /or replaced. NIBOR is very central to the Company's operations and a reform or replacement of this rate, should it happen, would probably lead to a larger implementation change, though it is not expected that this would have either material nor adverse consequences.

An interest rate in a foreign currency which may be or was replaced or reformed, is always hedged into the Norwegian interbank rate NIBOR. The basis for this hedging policy is enshrined both in the Norwegian covered bond legislation and in the Company's Board approved risk management policy.

When a rate is replaced or amended, the Company will in a timely manner follow the new regulation and market practice with regards to the timing of replacements, amendments and/or grandfathering of existing benchmarks as appropriate and possible. This means that the interest rate on the bond in question will most likely be attempted to be replaced in the Company's agreements, in agreement with investors in the bond, and the same interest rate will be attempted to be replaced with the swap hedge counterparties at the same time. There are therefore no material changes to valuation of the instruments in a hedge relationship which are expected. There are also no material financial reporting issues or hedging accounting issues which are expected to arise.

Note 4 Important estimates and considerations regarding application of accounting policies

The presentation of financial information in accordance with IFRS results in that management uses estimates and makes assumptions which affect the outcome of certain accounting principles, including the amounts accounted for assets, liabilities, income and cost.

Loan losses

Estimates are made regarding the future path of probability of default rates and loss given default rates under different economic scenarios. Each quarter the entire portfolio of mortgage loans are run through the Company's IFRS 9 loan loss model and the cumulative expected loss is a function of the current portfolio's risk classification, migration of the mortgage loans on the Company's risk scale since granting the loans and these scenarios for the future. See also the description above under note 2 " Expected credit loss on mortgage loans; evaluation of impairments (write downs)" and note 14 and 15 for the expected loss details and figures.

Fair value of financial instruments

The fair value of financial instruments which are not traded in a liquid market are determined using valuation techniques. The Company utilises methods and assumptions which are as far as possible based on observable market data and which represent market conditions as of the date of the financial accounts. When valuing financial instruments where no observable market data are available, the Company estimates values based on what it is reasonable to expect that market participants would use as a basis for valuation of financial instruments. One element of estimates being delpoyed is for the calculatoin of basis swap valuations, see below.

Basis swaps

Basis swaps refer in general to the foreign currency swaps in which the Company engages to hedge its foreign exchange risk exposure. Currency swaps carry a basis swap cost or spread, which is the current market price in basis points to swap one reference rate for another, in the Company's case usually the reference rate of the currency in which a covered bond is issued (for example EURIBOR) and into NIBOR. This basis pricing element is valued at each balance sheet date, and its aggregate value is either an asset or a liability for the Company. The valuation change is recorded in other comprehensive income and other equity under IFRS 9.

Note 5 Net interest income

NOK 1 000	2022	2021
Interest income		
Interest income from certificates, bonds and deposits	538,839	146,460
Interest income from residential mortgage loans	6,664,550	4,214,331
Total interest income	**7,203,389**	**4,360,791**
Interest expense		
Interest expense and similar expenses to credit institutions	22,154	2,920
Interest expense and similar expenses on issued bonds	5,430,349	1,925,289
Interest expense and similar expenses on subordinated debt	50,230	31,078
Recovery and Resolution Fund *	52,246	48,195
Other interest expenses	4,413	8,903
Total interest expense	**5,559,392**	**2,016,385**
Net interest income	**1,643,996**	**2,344,405**

* From 2019, SPB1 Boligkreditt has been incorporated into the Norwegian Bank Recovery and Resolution Fund.

Note 6 Commission expence

NOK 1 000	2022	2021
Commission expense		
Commission expense to SpareBank 1 banks	1,249,440	2,097,594
Total commission expense	**1,249,440**	**2,097,594**

These amounts represent Boligkreditt's expenses in form of commissions to its owner banks, which originate the mortgage loans transferred to the Company. The amounts are calculated by subtracting all of the Company's funding costs and estimated operational costs, including costs for additional Tier 1 bonds outstanding, from each mortgage interest income.

Note 7 Net Gains from Financial Instruments

NOK 1 000	2022	2021
Net gains (losses) from financial liabilities	15,955,802	11,065,296
Net gains (losses) from financial derivatives at fair value, hedging liabilities (hedging instrument)	-16,331,646	-10,762,189
Net gains (losses) from financial assets	-206,058	-498,643
Net gains (losses) from financial derivatives at fair value, hedging assets (hedging instrument)	293,956	104,209
Net gains (losses)	**-287,945**	**-91,327**

The Company utilizes hedge accounting as defined in IFRS for issued fixed rate bonds (covered bonds) with derivatives (swaps) which hedges fixed rates to floating and foreign currencies to Norwegian kroner. The hedges are individually tailored to each issued bond and exactly matches the cash flows and duration of the issued bonds. Some liabilities in foreign currency are hedged with natural hedges (corresponding assets in the same currency) and this may cause the valuation differences between assets and liabilities. There may also be valuation differences between liabilities and hedges due to the the amortization of issuance costs and bonds issued at or below par value.

SpareBank 1 Boligkreditt AS manages its liquidity risk by refinancing its outstanding bonds ahead of expected maturities and keeping proceeds as a liquidity portfolio. Fixed rate bonds and bonds in other currencies than Norwegian kroner are hedged using swaps, unless forming part of a natural hedge. These positions are valued at fair value though differences may occur because the valuation of the bonds include a credit risk/spread element which the swaps do not contain. Included in assets in the table are also investments in short term, highly rated bonds from funds received from swap counterparties for collateral purposes, with a corresponding collateral liability. Such investments do not have swap hegdes.

All derivatives are valued at fair value according to changes in market interest rates and foreign exchange rates. Changes in valuations from the previous period is accounted for in profit and loss.

Note 8 - Salaries and Remuneration

NOK 1 000	2022	2021
Salaries	11,060	10,650
Salaries reinvoiced to SpareBank1 Næringskreditt*	-3,344	-2,524
Pension expenses	2,643	-1,219
Social insurance fees	2,779	3,379
Other personnel expenses	684	415
Total salary expenses	**13,822**	**10,701**
Average number of full time equivalents (FTEs)	**7**	**7**

* The company's employees have shared employment between SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt. All remuneration is effectuated through SpareBank 1 Boligkreditt and a portion is reinvoiced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank 1 SMN and SpareBank 1 Gruppen.

Note 9 Salaries and other Remuneration of Management

Paid in 2022

NOK 1 000	Wage compensation	Bonus	Other compensation	Pension cost *)	Accrued Pensions	Employee mortgage loan
Management						
Chief Executive Officer - Arve Austestad	2,547	-	177	1,367	-	1,706
Total for Management	2,547	-	177	1,367	-	1,706

*) NOK 560.217 of the pension cost refers to payment of premium for 2021.

Paid in 2021

NOK 1 000	Wage compensation	Bonus	Other compensation	Pension cost	Accrued Pensions	Employee mortgage loan
Management						
Chief Executive Officer - Arve Austestad	2,431	-	4,192	182	-	1,027
Total for Management	2,431	-	4,192	182	-	1,027

Other compensation includes a settlement payment for closing the defined benefit pension plan. Refer to note 10 for further information about the pension arrangement.

All employees have an offer of an employee mortgage loan.

Board of Directors	Paid in 2022	Paid in 2021
Bengt Olsen (Chair - from 31/03/2022)	95	93
Kjell Fordal (Chair - to 31/03/2022)	119	116
Geir-Egil Bolstad	95	93
Merete N. Kristiansen	95	93
Inger Marie Stordal Eriksen (to 01/12/20)	-	62
Knut Oscar Fleten	95	93
Trond Sørås	26	26
Heidi Aas Larsen	95	31
Steinar Enge (from 31/03/2022)	-	-
Total for the Board of Directors	**620**	**607**

Payments for the Board of Directors take place in the year following their year of service.

Note 10 Pensions

SpareBank 1 Boligkreditt employees (eight in total) are all at a defined contribution pension scheme. The Company pays the agreed contribution into the pension scheme and has no further obligations. Prior to 2021, the Company's CEO had a defined benefit pension plan, which has been settled during that year, resulting in a settlement gain. The remaining pension obligation on the balance sheet relates to survivor's pension, which has been accounted for as a defined benefit obligation.

	2022	2021
Net pension obligations on the balance sheet		
Present value pension obligation as of Dec 31	7,273	9,344
Pension assets as of Dec 31	5,171	5,951
Net pension obligation as of Dec 31	2,102	3,393
Employer payroll tax	682	788
Net pension obligation recorded as of Dec 31	**2,784**	**4,181**
Pension expense in the period		
Defined benefit pension accrued in the period	65	-1,710
Defined contribution plan pension costs including AFP*	1,443	1,261
Pension expense accounted for in the income statement	**1,508**	**-450**

* AFP is an abbreviation for the Company's membership in an optional early retirement program from age 62.

The following economic assumptions have been made when calculating the value of the pension obligations which are not related to the defined contribution plan:

	2022	2021
Discount rate	3.00 %	1.50 %
Expected return on pension assets	3.00 %	1.50 %
Future annual compensation increases	3.25 %	2.00 %
Regulatory cap change	3.25 %	2.00 %
Pensions regulation amount	0.00 %	0.00 %
Employer payroll taxes	14.10 %	14.10 %
Finance tax	5.00 %	5.00 %

Note 11 Other Operating Expenses

NOK 1 000	2022	2021
IT and IT operations	12,107	12,545
Purchased services other than IT	15,549	13,676
Other Operating Expenses	2,741	1,821
Depreciation on fixed assets and other intangible assets	78	163
Total	**30,475**	**28,205**

Auditing

Remuneration to PWC and cooperating companies is allocated as follows:

NOK 1 000	2022	2021
Legally required audit	1,534	717
Other attestation services, incl. examination services, loan documents sample testing, comfort letters	195	194
Other services outside auditing	458	354
Total (incl VAT)	**2,187**	**1,265**

Note 12 Taxes

NOK 1 000	2022	2021
Profit before tax	45,826	131,539
Permanent differences	-40,191	-33,427
Change in temporary differences	470,300	-234,451
Temporary differences from basis swap spread adjustment, shown in other comprehensive income		
Temporary differences from pension estimate deviation, shown in other comprehensive income	1,223	-459
Change in temporary differences - use of previous tax deficit	-136,798	0
Tax base/taxable income for the year	**340,361**	**-136,798**
Tax payable for the year	85,090	0
Change in deferred tax	72,445	45,913
Tax expense for the year	**157,535**	**45,913**
The charge for the year can be reconciled to the profit before tax as follows:		
25 % of profit before tax	11,457	32,885
25% of Non-taxable profit and loss items (permanent differences)	-10,048	-8,357
Correction for accrued tax previous years	-230	0
Tax expense in income statement	**1,179**	**24,528**
Tax expense on basis swap adjustment, recorded in OCI	155,821	21,271
Tax expense of estimate deviation, recorded in OCI	306	115
Total Tax expense for the year	**157,305**	**45,913**
Spesification of deferred tax assets		
Financial instruments	203,946	85,918
Basisswap	-70,856	84,965
Pension liability	696	1,045
Other assets	-115	-12
Tax losses to be carried forward	0	33,970
Net deferred tax assets	**133,671**	**205,886**
Taxrate applied	25 %	25 %
Taxrate applied for temporary differences	25 %	25 %

Note 13 Other Assets

NOK 1 000	2022	2021
Leases	2,010	2,947
Fixed assets	163	241
Intangible assets	382	-
Accounts receivables from SpareBank 1 Næringskreditt AS	350	602
Accounts receivable, securities	66,970	-
Other	626	321
Total	**70,500**	**4,111**

2022

NOK 1 000	Leases	Fixed assets	Intangible assets	Total
Acquisition cost 01.01.	4,655	385	1,755	6,794
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Acquisition cost 31.12.	**4,655**	**385**	**1,755**	**6,794**
Accumulated depreciation and write-downs 01.01.	1,708	143	1,755	3,606
Periodical depreciation	937	78	-	1,015
Periodical write-down			-	-
Disposal ordinary depreciation			-	-
Accumulated depreciation and write-downs 31.12.	2,645	221	1,755	4,621
Book value as of 31.12.	**2,010**	**163**	**-**	**2,173**
Financial lifespan	5 years	5 years	3 years	
Depreciation schedule	linear	linear	linear	

2021

NOK 1 000	Leases	Fixed assets	Intangible assets	Total
Acquisition cost 01.01.	4,655	385	1,755	6,794
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Acquisition cost 31.12.	**4,655**	**385**	**1,755**	**6,794**
Accumulated depreciation and write-downs 01.01.	776	65	1,670	2,510
Periodical depreciation	933	78	85	1,096
Periodical write-down			-	-
Disposal ordinary depreciation			-	-
Accumulated depreciation and write-downs 31.12.	1,708	143	1,755	3,606
Book value as of 31.12.	**2,947**	**241**	**-**	**3,188**
Financial lifespan	5 years	5 years	3 years	
Depreciation schedule	linear	linear	linear	

Note 14 Residential mortage loans

Lending to customers are residential mortgages only. The mortgages generally have a low loan-to-value. The total amount of lending to customers at the end of 31.12.2022 were NOK 253 billion. All mortgages carry a variable interest rate. .

NOK 1 000	2022	2021
Revolving loans - retail market	41,935,854	38,368,426
Amortising loans - retail market	210,603,683	184,281,403
Accrued interest	396,931	178,226
Total loans before specified and unspecified loss provisions	**252,936,468**	**222,828,055**
		-
Stage 1	243,051,062	214,879,504
Stage 2	9,885,406	7,948,551
Stage 3	-	-
Gross loans	**252,936,468**	**222,828,055**
Impairments on groups of loans		
Expected credit loss, stage 1	10,584	3,726
Expected credit loss, stage 2, no objective proof of loss	20,941	11,456
Expected credit loss, stage 3, objective proof of loss	-	-
Total net loans and claims with customers	**252,904,944**	**222,812,873**
Liability		
Unused balances under customer revolving credit lines (flexible loans)	14,090,508	12,829,529
Total	**14,090,508**	**12,829,529**
Defaulted loans		
Defaults*	0.0 %	0.0 %
Specified loan loss provisions	0.0 %	0.0 %
Net defaulted loans	**0.0 %**	**0.0 %**
Loans at risk of loss		
Loans not defaulted but at risk of loss	0.0 %	0.0 %
- Write downs on loans at risk of loss	0.0 %	0.0 %
Net other loans at risk of loss	**0.0 %**	**0.0 %**

*The entire customer loan balance is considered to be in default and will be included in overviews of defaulted loans when overdue instalments and interest payments are not received within 90 days or if credit limits on revolving loans are exceeded for 90 days or more.

Loans sorted according to geography (Norwegian countries)

NOK 1 000		Lending 2022	Lending 2022 %	Lending 2021	Lending 2021 %
NO03	Oslo	33,050,229	13.07 %	29,424,945	13.20 %
NO11	Rogaland	1,623,859	0.64 %	1,400,749	1.20 %
NO15	Møre og Romsdal	16,891,249	6.68 %	14,614,238	6.60 %
NO18	Nordland	19,526,693	7.72 %	16,538,154	7.40 %
NO21	Svalbard	202,681	0.08 %	168,416	0.10 %
NO30	Viken	67,631,416	26.74 %	60,389,044	27.10 %
NO34	Innlandet	25,707,002	10.16 %	23,087,323	10.40 %
NO38	Vestfold og Telemark	20,329,645	8.04 %	18,732,694	8.40 %
NO42	Agder	685,199	0.27 %	538,111	0.20 %
NO46	Vestland	3,747,460	1.48 %	2,673,857	0.60 %
NO50	Trøndelag	40,465,356	16.00 %	33,979,202	15.30 %
NO54	Troms og Finnmark	23,044,155	9.11 %	21,266,141	9.50 %
Total		**252,904,944**	**100.0 %**	**222,812,873**	**100.0 %**

Loans sorted according to Risk Class: 12 months probability of default (NOK 1000)

Risk Class	*Classification*	2022	% share 2022	2021	% share 2021
A	1: Lowest	50,851,166	20.14 %	48,335,996	21.71 %
B	1: Lowest	89,325,271	35.37 %	80,217,226	36.03 %
C	1: Lowest	77,136,510	30.55 %	63,862,969	28.68 %
D	2: Low	20,590,818	8.15 %	16,963,571	7.62 %
E	2: Low	6,435,138	2.55 %	6,048,296	2.72 %
F	3: Medium	3,240,243	1.28 %	2,632,575	1.18 %
G	3: Medium	2,458,098	0.97 %	2,107,925	0.95 %
H	4: High	1,266,506	0.50 %	1,199,580	0.54 %
I	5: Highest	1,049,539	0.42 %	1,179,534	0.53 %
J	5: Highest	149,824	0.06 %	75,639	0.03 %
K	5: Highest	22,974	0.01 %	16,560	0.01 %
*	9: Missing	-109	0.00 %	-120	0.00 %
Total		**252,525,977**	**100 %**	**222,639,750**	**100 %**

2022 Milestone

During the first part of the year 2022, SpareBank 1 SMN crossed the 200 billon NOK mark of lending to customers, both a large amount in a Norwegian context and a symbolic parallel to its upcoming 200 year anniversary. Thereof, approximately 50 billion NOK had been transferred to Boligkreditt to be funded with covered bonds.

Note 15 Provision for expected credit losses

The following table show reconciliations from the opening to the closing balance of the loss allowance.

NOK 1 000	2022			
Accrual for losses on loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	3,726	11,456	-	15,182
Originations or purchases	4,819	7,357	-	12,176
Transfer from stage 1 to stage 2	-5,951	5,951	-	-
Transfer form stage 2 to stage 1	415	-415	-	-
Derecognitions	1,168	4,397	-	5,565
Changes due to changed input assumptions	6,407	-7,806	-	-1,399
Closing balance	**10,584**	**20,941**	**-**	**31,524**
Total loans after specified loss provisions	**243,051,062**	**9,885,406**	**-**	**252,936,468**

SpareBank 1 Boligkreditt has estimated losses on residential mortgage lending according to the IFRS 9 model of NOK 31.5 million as of year-end 2022 (0,01% of lending). This is an increase of NOK 16.3 million compared to year-end 2021. The change is mostly related to an increased volume of financed mortgage lending and to a lesser extent slightly more challenging macroeconomic scenarios as detailed in the table below. Approximately NOK 8.7 billion of a total volume of NOK 252.9 billion of residential mortgages are classified as Step 2 according to IFRS 9, which means that they have migrated sufficiently negative on a probability of default basis (no mortgage loans are classified as Step 3).

The macroeconomic assumptions in the IFRS 9 model are differentiated in three different scenarios, a base case weighted at 80%, and an upside and downside case each weighted at 10%.

The base case consists of the latest forecasts by Statistics Norway of unemployment rates and money market rates (3-month NIBOR) for the coming years together with an estimate of real estate prices, which are, in the base case, expected to decline in the first two years as mortgages interest rates are at a higher level compared to the average for 2022. The forecast for residential real estate prices in the table are cumulative from the starting point, which means that a prognosis of a 2% decline in year 1 (2023) is followed by a further decline of 3% in year 2 (2024) for the real estate prices to then have declined 5% from the end of 2022.

These are the three main macroeconomic variables for the IFRS 9 scenarios

Scenario / Year	1	2	3	4	5
Base					
Unemployment	3.7 %	3.7 %	4.1 %	3.7 %	3.5 %
Money market rate	3.4 %	3.3 %	3.0 %	3.0 %	3.0 %
Resi. Real estate	-2.0 %	-5.0 %	-2.0 %	0.0 %	0.0 %
Downside					
Unemployment	5.0 %	5.5 %	5.0 %	4.5 %	4.0 %
Money market rate	5.0 %	6.0 %	4.5 %	3.0 %	3.0 %
Resi. Real estate	-10.0 %	-15.0 %	-15.0 %	-5.0 %	0.0 %
Upside					
Unemployment	3.3 %	3.3 %	3.3 %	3.3 %	3.3 %
Money market rate	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Resi. Real estate	5.0 %	10.0 %	16.0 %	22.0 %	28.0 %

Sensitivity: If each scenario alone is allocated a 100% weighting, then the base case would generate an estimated cumulative loss (ECL) of NOK 29 million or 0,01 % of lending (based on exposure at default, EAD), and the downside case approximately ca. NOK 101.5 million or 0,04% of lending (based on EAD).

If the level of unemployment and interest rates turns out to be 1 per centage point higher in each of the base and downside cases and in every year through the end of the forecast period, that will result in an ECL of approximately NOK 56 million or 0,02% of lending (based on EAD).

Note 16 Share Capital and Shareholder Information

	List of shareholders as of 2022		List of shareholders as of 2021	
	No of Shares	Percent and votes	No of Shares	Percent and votes
SpareBank 1 SMN	17,635,629	22.62 %	16,325,637	20.94 %
SpareBank 1 Østlandet	17,484,191	22.42 %	18,048,408	23.15 %
SpareBank 1 Nord-Norge	12,145,623	15.58 %	12,414,801	15.92 %
SpareBank 1 Sørøst-Norge	9,496,225	12.18 %	8,325,220	10.68 %
BN Bank ASA	5,457,882	7.00 %	5,612,985	7.20 %
SpareBank 1 Østfold Akershus	3,778,299	4.85 %	3,877,452	4.97 %
SpareBank 1 Ringerike Hadeland	3,597,797	4.61 %	3,800,946	4.87 %
SpareBank 1 Modum	-	0.00 %	1,738,768	2.23 %
SpareBank 1 Nordmøre	2,309,810	2.96 %	2,086,521	2.68 %
SpareBank1 Helgeland	1,957,985	2.51 %	1,599,666	2.05 %
SpareBank 1 Gudbrandsdal	1,216,092	1.56 %	1,243,219	1.59 %
SpareBank 1 Søre Sunnmøre	1,148,786	1.47 %	1,236,264	1.59 %
SpareBank 1 Hallingdal Valdres	1,040,179	1.33 %	991,098	1.27 %
SpareBank 1 Lom og Skjåk	703,651	0.90 %	671,164	0.86 %
Total	**77,972,149**	**100 %**	**77,972,149**	**100 %**

The share capital consists of 77.972.149 shares with a nominal value of NOK 100
The per cent share allocation and share of vote are identical

Hybrid capital

NOK 1000	ISIN	Interest rate	Issued year	Call option	2022	2021
Perpetual						
Hybrid (Tier 1)	NO0010811318	3M Nibor + 310 bp	2017	01.12.2022	-	100,000
Hybrid (Tier 1)	NO0010850621	3M Nibor + 340 bp	2019	30.04.2024	350,000	350,000
Hybrid (Tier 1)	NO0010890825	3M Nibor + 300 bp	2020	26.08.2025	200,000	200,000
Hybrid (Tier 1)	NO0010993009	3M Nibor + 250 bp	2021	06.05.2026	250,000	250,000
Hybrid (Tier 1)	NO0012753591	3M Nibor + 390 bp	2022	16.11.2027	100,000	-
Book value					**900,000**	**900,000**

The issued bonds listed in the table abowe have status as Tier 1 capital instruments in the Company's capital coverage ratio.

Note 17 Liabilities incurred by issuing securities

	Nominal value*	Nominal value*
NOK 1 000	2022	2021
Senior unsecured bonds	-	-
Repurchased senior unsecured bonds	-	-
Covered bonds	267,908,851	231,799,097
Repurchased Covered bonds	-	-
Total debt incurred by issuing securities	267,908,851	231,799,097

* Nominal value is incurred debt at exchange rates (EUR/NOK and USD/NOK) at the time of issuancee.

	Book value	Book value
NOK 1 000	2022	2021
Senior unsecured bonds	-	-
Repurchased senior unsecured bonds	-	-
Covered bonds	259,999,992	237,100,545
Repurchased covered bonds	-	-
Activated costs incurred by issuing debt	-222,883	-201,573
Accrued interest	1,071,448	623,851
Total debt incurred by issuing securities	**260,848,557**	**237,522,824**

Covered bonds

Due in	2022	2021
2022	-	33,760,002
2023	26,120,200	30,525,750
2024	28,162,216	28,068,195
2025	37,713,750	37,713,750
2026	50,176,000	26,010,000
2027	39,843,585	28,041,050
2028	38,997,300	12,462,800
2029	25,462,800	23,972,050
2031	11,003,000	11,003,000
2032	9,937,500	
2034	250,000	
2038	242,500	242,500
Total	**267,908,851**	**231,799,097**
Total	**267,908,851**	**231,799,097**

*Nominal value is incurred debt at exchange rates (EUR/NOK, USD/NOK, SEK/NOK and GBP/NOK) at the time of issuance.

Debt incurred by currency (book values at the end of the period)

NOK 1 000	2022	2021
NOK	104,077,916	83,164,332
EUR	143,669,469	136,864,324
GBP	2,873,911	8,934,297
SEK	8,087,303	8,559,871
CHF	2,139,958	
Total	**260,848,557**	**237,522,824**

Note 18 Subordinated debt

NOK 1000	ISIN	Interest rate	Issued year	Call option from	Maturity	Nominal amount	2022	2021
With maturity								
Subordinated debt (Tier 2)	NO0010826696	3M Nibor + 153 bp	2018	22.06.2023	22.06.2028	250,000	250,000	250,000
Subordinated debt (Tier 2)	NO0010833908	3M Nibor + 180 bp	2018	08.10.2025	08.10.2030	400,000	400,000	400,000
Subordinated debt (Tier 2)	NO0010835408	3M Nibor + 167 bp	2018	02.11.2023	02.11.2028	475,000	475,000	475,000
Subordinated debt (Tier 2)	NO0010842222	3M Nibor + 192 bp	2019	24.01.2024	24.01.2029	300,000	300,000	300,000
Accrued interest							11,805	5,860
Book value							**1,436,805**	**1,430,860**

The issued bonds listed in the table above have status as Tier 2 capital instruments in the Company's capital coverage ratio.

Note 19 Reconciliation of liabilities arising from financing activities

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes.

NOK 1 000	2021	Changes from financing cash flows	Changes in foreign exchange rates	Changes in fair value	Other changes	2022
Liabilities						
Debt incurred by issuing securities and financial derivatives	240,289,690	35,381,101	-139,754	-3,223,290	363,312	272,671,060
Collateral received under derivates contracts	3,892,723	-2,903,043	-	-	-274,951	714,730
Subordinated debt	1,430,860	-	-	-	5,945	1,436,805
	245,613,273	32,478,058	-139,754	-3,223,290	94,307	274,822,595

Note 20 Financial Derivatives

NOK 1 000	2022	2021
Interest rate derivative contracts		
Interest rate swaps		
Nominal amount	31,562,031	33,293,120
Asset	348,546	803,181
Liability	-1,788,128	-90,305
Currency derivative contracts		
Currency swaps		
Nominal amount	136,856,600	143,520,577
Asset	3,358,118	6,783,076
Liability	-10,034,376	-2,336,702
Total financial derivative contracts		
Nominal amount	168,418,631	176,813,697
Asset	3,706,664	7,586,258
Liability	-11,822,504	-2,427,007

All derivative contracts exist for the purpose of hedging changes in interest rates and currency exchange rates.

* Change due to basis swap spread adjustment	2022	2021
Total asset(+)/liability(-) derivates	3,706,664	-2,427,007
Net gain (loss) on valuation adjustment of basisswap spreads	283,423	-339,859
Net asset(+)/liability(-) derivates	3,990,087	-2,766,866

Basis swaps are currency swaps and are entered into at a certain cost (basis swap spread) between SpareBank 1 Boligkreditt and banks which offer such swaps and which have signed an ISDA agreement with the Company. Changes in the cost are valued each quarter across all of the Company's swaps in accordance with the IFRS rules. The effect may be material from quarter to quarter because the Company's portfolio of swaps is extensive. All basisswap value changes will reverse over time towards the point of termination of the swaps. Changes in basis swap valuations are not included in net income, but is included in other comprehensive income and in equity.

Derivates include one or more referance rates which will be reformed. SpareBank 1 Boligkreditt will follow market standards and regulation. Sterling Libor on an outstanding GBP covered bond was changed to SONIA in 2021.

The Company used the following hedging instruments for issued debt:

1. Fixed rate NOK bonds issued and swapped to 3 months NIBOR exposure
2. Three month EURIBOR bonds issued swapped to a 3 month NIBOR exposure
3. Fixed rate EUR bonds issued and swapped to 3 months EURIBOR exposure
4. Fixed rate EUR bonds issued and swapped to 3 months NIBOR exposure
5. Three months SONIA bonds issued and swapped to 3 months NIBOR exposure
6. Fixed rate GBP bonds issued and swapped to 3 months NIBOR exposure

Hedging instruments used in debt issued, excluding NIBOR contracts, nominal values	2022	2021
EURIBOR contracts under point 2 and 3 above	8,807,751	5,846,520
SONIA contracts under point 5 above (effective Feb 15, 2021)	0	5,955,000
Total	**8,807,751**	**11,801,520**

Collateral received is a contractual feature in the Company's ISDA contracts. For derivative (swap) contracts dated on or after March 1, 2017, all exposure that the Company has to counterparties is collateralized in cash from a threshold of zero. Contracts with a start date prior to 1 March 2017 may be subject to higher thresholds. The Company is entitled to offset all costs and other amounts it incurs with the collateral received, if the counterparty should not perform under the contract. The Company does not post out collateral it has not first received from counterparties.

NOK 1 000	2022	2021
Collateral received under derivatives contracts	714,730	3,892,723

Note 21 Classification of Financial Instruments

NOK 1 000	Financial instruments accounted for at fair value	Financial assets and debt accounted for at amortised cost	2022
Assets			
Lending to and deposits with credit institutions	-	1,360,520	1,360,520
Certificates and bonds	29,426,208	-	29,426,208
Residential mortgage loans	-	252,904,944	252,904,944
Financial derivatives	3,990,087	-	3,990,087
Total Assets	**33,416,295**	**254,265,464**	**287,681,759**
Liabilities			
Debt incurred by issuing securities*	-	260,848,557	260,848,557
Collateral received in relation to financial derivatives	-	714,730	714,730
Financial derivatives	11,822,504	-	11,822,504
Subordinated debt	-	1,436,805	1,436,805
Total Liabilities	**11,822,504**	**263,000,091**	**274,822,595**
Total Equity	**-**	**900,000**	**900,000**
Total Liabilities and Equity	**11,822,504**	**263,900,091**	**275,722,595**

*For issued securities, 181 billion are hedged with swaps. This means that foreign currency and fixed rate exposure is effectively converted to a 3 month NIBOR exposure in Norwegian kroner.

NOK 1 000	Financial instruments accounted for at fair value	Financial assets and debt accounted for at amortised cost	2021
Assets			
Lending to and deposits with credit institutions	-	1,434,091	1,434,091
Certificates and bonds	26,195,602	-	26,195,602
Residential mortgage loans	-	222,812,873	222,812,873
Financial derivatives	7,586,258	-	7,586,258
Total Assets	**33,781,859**	**224,246,964**	**258,028,824**

Liabilities			
Debt incurred by issuing securities*		237,522,824	237,522,824
Collateral received in relation to financial derivatives	-	3,892,723	3,892,723
Financial derivatives	2,766,866	-	2,766,866
Subordinated dept	-	1,430,860	1,430,860
Total Liabilities	**2,766,866**	**242,846,407**	**245,613,273**
Total Equity	**-**	**900,000**	**900,000**
Total Liabilities and Equity	**2,766,866**	**243,746,407**	**246,513,273**

*For issued securities, 176 billion are hedged with swaps. This means that foreign currency and fixed rate exposure is effectively converted to a 3 month NIBOR exposure in Norwegian kroner.

Note 22 Financial Instruments at Fair Value

Methods in order to determine fair value

General

The interest rate curve that is used as input for fair value valuations of hedging instruments and hedging objects consists of the NIBOR-curve for maturities less than one year. The swap-curve is used for maturities exceeding one year.

Interest rate and currency swaps

Valuation of interest rate swaps at fair value is done through discounting future cash flows to their present values. Valuation of currency swaps will also include the element of foreign exchange rates.

Bonds

Valuation of bonds at fair value is done through discounting future cash flows to present value.

With effect from 2009 SpareBank 1 Boligkreditt AS has implemented the changes in IFRS 7 in relation to the valuation of financial instruments as of the date of the financial accounts. The changes require a presentation of the fair value measurement for each Level. We have the following three Levels for the fair value measurement:

Level 1: Quoted price in an active market. Fair value of financial instruments which are traded in active markets are based on the market price at the balance sheet date. A market is considered to be active if the market prices are easily and readily available from an exchange, dealer, broker, industry group, pricing service or regulating authority and that these prices represent actual and regular market transactions on an arm's length basis.

Level 2: Valuation based on observable factors. Level 2 consist of instruments which are not valued based on listed prices, but where prices are indirectly observable for assets or liabilities, but also includes listed prices in not active markets.

Level 3: The valuation is based on factors that are not found in observable markets (non-observable assumptions). If valuations according to Level 1 or Level 2 are not available, valuations are based on not-observable information. The Company has a matter of principle neither assets nor liabilities which are valued at this level.

The following table presents the company's assets and liabilities at fair value as of 31.12.2022

NOK 1 000	Level 1	Level 2	Level 3	Total
Certificates and bonds	29,426,208	-	-	29,426,208
Financial derivatives	-	3,990,087	-	3,990,087
Total Assets	**29,426,208**	**3,990,087**	**-**	**33,416,295**
Financial derivatives	-	11,822,504	-	11,822,504
Total Liabilities	**-**	**11,822,504**	**-**	**11,822,504**

Issued debt is formally accounted for at amortized cost, and is therefore not listed in the table above. However, when issued debt is hedged with derivatives it is in effect accounted for using hedge accounting and fair value option. This means that approximately NOK 181 billion of issued debt are also accounted for according to Level 2 above, while the remaining debt are accounted for at amortized cost.

The following table presents the company's assets and liabilities at fair value as of 31.12.2021

NOK 1 000	Level 1	Level 2	Level 3	Total
Certificates and bonds	26,195,602	-	-	26,195,602
Financial Derivatives	-	7,586,258	-	7,586,258
Total Assets	**26,195,602**	**7,586,258**	**-**	**33,781,859**
Financial Derivatives	-	2,766,866	-	2,766,866
Total Liabilities	**-**	**2,766,866**	**-**	**2,766,866**

Issued debt is formally accounted for at amortized cost, and is therefore not listed in the table above. However, when issued debt is hedged with derivatives it is in effect accounted for using hedge accounting and fair value option. This means that approximately NOK 176 billion of issued debt are also accounted for according to Level 2 above, while the remaining debt are accounted for at amortized cost.

Note 23 Other Liabilities

NOK 1 000	2022	2021
Employees tax deductions and other deductions	653	2,475
Employers national insurance contribution	1,071	1,617
Accrued holiday allowance	1,223	1,120
Commission payable to shareholder banks	39,576	156,877
Deposits*	4,646	2,134
Pension liabilities	2,784	4,181
Expected credit loss unused credit lines (flexible loans)	231	84
Accounts payable, secutities	73,863	2,387
Other accrued costs	5,731	5,744
Total	**129,777**	**176,618**

The Company does not have an overdraft facility or a revolving credit facility as of 31.12.2022
* Deposits represents temporary balances paid in by customers in excess of the original loan amount.

Accounts payable, securities, are such amounts that have been transacted, but not yet settled.

Present where people live

The main office of SpareBank 1 SMN is in Trondheim, but the bank has 68 offices throughout its region. Some are banks only, others offer a broader set of products and services. 15 offices are called financial houses, where SMNs banking services, accountancy services and real estate brokerage are co-located.

Note 24 Credit Risk

Credit risk is defined as the risk that losses can occur as a consequence of that customers and others do not have the ability or willingness to meet their obligations to SpareBank 1 Boligkreditt as and when agreed. Credit risk mainly includes loans to customers which are collateralised by private residences (residential mortgage loans), but also includes credit risk in hedging swaps (though any exposure must always be collateralized by the swap counterparty) and investment in bonds within the Company's liquidity portfolio. SpareBank 1 Boligkreditt AS maintains a credit policy and limits in order to manage and closely monitor all credit risk the company is exposed to.

According to the Transfer and Servicing agreement between SpareBank 1 Boligkreditt and each parent bank, the Company has the right to reduce commissions payable for the remainder of the current calendar year to all of its parents banks by an amount equal to any incurred losses on individual mortgage loans. The Company has not since the commencement of its operations had any instances of off-set against the commissions due to its parent banks.

Credit Exposure

NOK 1 000	2022	2021
Loans to customers	252,904,944	222,812,873
Loans to and deposits with credit institutions	1,360,520	1,434,091
Certificates and bonds	29,426,208	26,195,602
Financial derivatives	3,990,087	7,586,258
Other assets	275,027	209,997
Total assets	**287,956,786**	**258,238,821**
Unused credit on flexible loans	14,100,711	12,829,529
Received collateral in relation to derivative contracts	-714,730	-3,892,723
Total credit exposure	**301,342,768**	**267,175,627**

Lending to customers (residential mortgage loans)

The risk classification of the Company's lending is conducted on the basis of an evaluation of the exposures. The evaluation is based on the following main criteria:

- Ability of the customer to pay (income and debt)
- Willingness to pay (payment remarks)
- Size of the loan
- Loan to value (maximum loan to collateral value is 75% and the collateral must be valued by an independent source, Valuations are updated quarterly for the whole loan portfolio)
- Location

SpareBank 1 Boligkreditt AS utilizes the SpareBank 1 Alliance's IT platform and custom developed IT systems for the acquisition of loans from the banks in the SpareBank 1 Alliance. Credit risk is monitored by measuring the development of the mortgage portfolio's credit quality, details about missed payments, defaults and over the limit withdrawals. For defaults and losses in the portfolio the Company has set the following limits:

• Expected loss in the portfolio: < 0.05 % of the loan volume

• Unexpected loss in the portfolio (at a 99.97% confidence level): < 0,5 % of the loan volume

The following risk classification, step 1 to 3 is executed monthly based on objective data

1. Probability of default (PD): The customers are classified in PD classes depending on the likelihood for default within the next 12 months based on a long average (through cycle). The PD is calculated on the basis of historical dataseries for financial key numbers tied to income and source of income, as well as on the basis of non-financial criteria such as age and behaviour. In order to group the customers according to PD, nine classes of probability of default are used (A to I). In addition the Company has to default classes (J and K) for customers with defaulted and/or written down exposures.
2. Exposure at default: This is a calculated number which provides the exposure with a customer at the point of default. This exposure is usually of lending volume and the approved but not utilized credit lines. Customers approved but not utilized credit lines are multiplied with a 100 per cent conversion factor.
3. Loss given default (LGD): This is a calculated number which expresses how much the Company potentially stands to lose if a customer defaults on his or her obligations. The assessment takes into consideration the collateral and the cost the Company could incur by foreclosing and collecting on the defaulted exposure. The Company determines the realizable value on the collateral based on the experience of the SpareBank 1 banks over time, and so that the values reflect a cautious assessment in the lower point of an economic cycle. Seven classes (1 to 7) are used to classify the exposures according to LGD.

SpareBank 1 Boligkreditt AS will only purchase loans from the shareholder banks that have a high servicing capacity and low loan to value. This implies that the loans bought by the Company are in lower risk groups. The Company utilizes the same risk classification as the other banks in the SpareBank 1 Alliance. Presented below is an overview that shows how loans are allocated over the risk groups. The allocation in risk groups is based on expected loss (PD multiplied by LGD for each individual loan).

Definition of risk groups - based on probability of default

			Distribution in %		Total lending *	
Risk group	**Lower limit**	**Upper limit**	**2022**	**2021**	**2022**	**2021**
Lowest	0.00 %	0.01 %	86.1 %	86.4 %	217,638,959	192,565,692
Low	0.01 %	0.05 %	10.7 %	10.3 %	27,066,514	23,029,760
Medium	0.05 %	0.20 %	2.3 %	2.1 %	5,706,893	4,744,187
High	0.20 %	0.50 %	0.5 %	0.5 %	1,268,406	1,200,513
Highest	0.50 %	100 %	0.5 %	0.6 %	1,224,171	1,272,722
Total			**100.0 %**	**100.0 %**	**252,904,944**	**222,812,874**

* Total lendings are presented as lend at default exclusive of accrued interest and before group loan loss provisions.

Bonds and deposits with credit intitutions

Rating class		2022	2021
AAA/Aaa	Covered Bonds	22,683,464	14,664,991
	Norw. Government bills	37,279	1,097,449
	Other government or gov guaranteed bonds	6,016,458	9,060,408
	Financial institutions	-	-
	Total	**28,737,202**	**24,822,848**
AA+/Aa1 to AA-/Aa3	Other government bonds	689,006	1,361,254
	Covered Bonds	-	-
	Financial institutions	168,093	623,071
	Total	**857,099**	**1,984,325**
A+/A1 - A/A2	Financial institutions	1,192,427	811,020
	Total	**1,192,427**	**811,020**
Total		**30,786,728**	**27,618,193**

Fitch/Moody's/S&P rating classes are used. If the ratings differ, the lowest counts. All bonds are publicly listed.

Financial derivatives
Derivative contracts are only entered into with counterparties with a certain minimum rating by Moody's Ratings Service. Counterparties must post cash collateral. SpareBank 1 Boligkreditt does not post collateral to a counterparty which has previously not been received.

Note 25 Liquidity Risk

Liquidity risk is defined as the risk that the business is not able to meet its obligations at maturity. SpareBank 1 Boligkreditt AS issues covered bonds at shorter maturities than the residential mortgages which make up the largest portion of assets on the Company's balance sheet. The Liquidity risk which arises is closely monitored and is in compliance with the Norwegian covered bond legislation which amongst other things requires that the cash flow from the cover pool is sufficient to cover outgoing cash flows for holders of preferential claims on the cover pool (holders of covered bonds and counterparties in associated hedging contracts (swaps). In order to manage the liquidity risk certain limits and liquidity reserves have been approved by the Board of Directors. SpareBank 1 Boligkreditt AS maintains a liquidity reserve which will cover bond maturities for the next six months according to the proposed Harmonized Legislation for Covered Bonds Liquidity risk is monitored on a regular basis and weekly reports are presented to the management and monthly reports to the Board.

Boligkreditt's shareholder banks have committed themselves to buying covered bonds in a situation where the primary market for issuance of covered bonds is not functioning. This commitment has no liquidity effects on the SpareBank 1 banks because the covered bonds can be deposited with the central bank at any time.

The Company may require its shareholder banks to acquire covered bonds from it in an amount which is capped at the amount of the next 12 months upcoming maturities less what the Company holds as its own liquidity reserve. Each shareholder bank's responsibility is pro rata in accordance with its ownership stake in the Company and secondary up to a level of twice its pro rata stake if other banks are unable or unwilling to meet their commitment. Each bank may make a deduction in its commitment for bonds already purchased under this commitment. The table below include expected interest payments, which makes the figures higher than the correspondnig numbers in the balance sheet.

Liquidity Risk - all amounts in 1000 NOK

	31.12.2022	No set term	Maturity 0 to 1 months	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Certificates and bonds	29,426,208			4,022,032	4,571,543	20,437,360	395,273
Lending to and deposits with credit institutions	1,360,520	1,360,520		0	0	0	0
Residential mortgage loans	402,576,733			4,339,943	12,948,280	67,790,635	317,497,875
Derivatives	3,990,087			793,889	1,003,991	2,101,248	90,960
Other assets with no set term	275,027	275,027					
Total Assets	437,628,575	1,635,547	0	9,155,863	18,523,814	90,329,242	317,984,108
Debt incurred when issuing securities	-324,994,771			-12,979,010	-24,241,732	-216,327,915	-71,446,115
Other liabilities with a set term	-714,730			-714,730			
Derivatives	-11,822,504			-105,687	0	-3,560,986	-8,155,831
Liabilities with no set term	-1,436,805						-1,436,805
Subordinated debt	-244,948	-244,948					
Equity	-12,818,388	-12,818,388					
Total liabilities and equity	-352,032,145	-13,063,335	0	-13,799,426	-24,241,732	-219,888,900	-81,038,751
Net total all items		**-11,427,788**	**0**	**-4,643,563**	**-5,717,918**	**-129,559,658**	**236,945,357**

Liquidity Risk - all amounts in 1000 NOK

	31.12.2021	No set term	Maturity 0 to 1 months	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Certificates and bonds	26,195,602			7,208,791	3,656,240	13,909,418	1,421,153
Lending to and deposits with credit institutions	1,434,091	1,434,091		0	0	0	0
Residential mortgage loans	284,703,032			3,125,844	9,327,224	48,517,639	223,732,325
Derivatives	7,586,258			796,745	1,422,188	4,207,619	1,159,707
Other assets with no set term	209,997	209,997					
Total Assets	320,128,980	1,644,088	0	11,131,379	14,405,652	66,634,677	226,313,184

Debt incurred when issuing securities	-271,123,607			-9,568,393	-29,023,825	-157,461,981	-75,069,407
Other liabilities with a set term	-3,892,723			-3,892,723			
Derivatives	-2,766,866			-2,101	-3,132	-852,261	-1,909,373
Liabilities with no set term	-1,430,860						-1,430,860
Subordinated debt	-206,699	-206,699					
Equity	-12,418,848	-12,418,848					
Total liabilities and equity	-291,839,603	-12,625,547	0	-13,463,217	-29,026,957	-158,314,242	-78,409,640
Net total all items		**-10,981,459**	**0**	**-2,331,838**	**-14,621,305**	**-91,679,565**	**147,903,544**

Note 26 Interest Rate Risk

The interest rate risk is the risk of a negative profit effect due to rate changes. The balance sheet of SpareBank 1 Boligkreditt consists in all essence of loans to retail clients with a variable interest rate that can be changed after a 6 week notice period, floating rate current deposits, bonds and certificates in the Company's liquidity portfolio and of issued bonds and certificates. In accordance with the Norwegian legislation applicable to Covered Bonds and internal guidelines, SpareBank 1 Boligkreditt hedges all interest rate risk by utilising interest rate swaps. The Board approves limits for interest rate risk for different terms. Reports to the Board are presented on a monthly basis. The table below reports the effect on market value in NOK for one per cent change in interest rates for the Company's portfolios of mortgages, derivatives and issued bonds. The interest rate sensitivity shows the expected effect from a 100 basis points parallel shift in the interest rate curve:

The table below include expected interest payments, which makes the figures higher than the correspondnig numbers in the balance sheet.

Interest rate risk - all amounts in 1 000 NOK

	31.12.2022	No set term	Maturity 0 to 1 months	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Certificates and bonds	29,426,208			20,315,291	4,137,774	4,577,870	395,273
Lending to and deposits with credit institutions	1,360,520	1,360,520		0	0	0	0
Residential mortgage loans	402,576,733			402,576,733			
Other assets with no set term	275,027	275,027					
Total Assets	**433,638,488**	**1,635,547**	**0**	**422,892,024**	**4,137,774**	**4,577,870**	**395,273**
Debt incurred when issuing securities	-324,994,771			-107,777,725	-20,224,374	-125,546,558	-71,446,115
Other liabilities with a set term	-714,730	-714,730					
Liabilities with no set term	-244,948	-244,948					
Subordinated debt	-1,436,805						-1,436,805
Equity	-12,818,388	-12,818,388					
Total liabilities and equity	-340,209,641	-13,778,065	0	-107,777,725	-20,224,374	-125,546,558	-72,882,919

Net interest rate risk							
before derivatives	**93,428,847**	**-12,142,518**	**0**	**315,114,299**	**-16,086,600**	**-120,968,688**	**-72,487,646**
Derivatives	**-7,832,417**	**0**		**-156,593,196**	**10,979,953**	**72,843,542**	**64,937,284**
Net interest rate risk		**-12,142,518**	**0**	**158,521,103**	**-5,106,647**	**-48,125,146**	**-7,550,362**
% of total assets		**3 %**	**0 %**	**36 %**	**1 %**	**11 %**	**2 %**

Interest Rate Risk - all amounts in 1000 NOK

	31.12.2021	No set term	Maturity 0 to 1 months	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Certificates and bonds	26,195,602			18,589,949	2,681,509	4,083,215	840,927
Lending to and deposits with credit institutions	1,434,091	1,434,091		0	0	0	0
Residential mortgage loans	284,703,032			284,703,032			
Other assets with no set term	209,997	209,997					
Total Assets	**312,542,722**	**1,644,088**	**0**	**303,292,982**	**2,681,509**	**4,083,215**	**840,927**
Debt incurred when issuing securities	-271,123,607			-85,480,495	-17,567,139	-107,112,985	-60,962,988
Other liabilities with a set term	-3,892,723	-3,892,723					
Liabilities with no set term	-206,699	-206,699					
Subordinated debt	-1,430,860						-1,430,860
Equity	-12,418,848	-12,418,848					
Total liabilities and equity	-289,072,737	-16,518,270	0	-85,480,495	-17,567,139	-107,112,985	-62,393,847
Net interest rate risk							
before derivatives	**23,469,985**	**-14,874,182**	**0**	**217,812,487**	**-14,885,630**	**-103,029,769**	**-61,552,920**
Derivatives	**4,819,391**	**-**		**-142,018,948**	**15,008,798**	**74,521,762**	**57,307,779**
Net interest rate risk		**-14,874,182**	**0**	**75,793,539**	**123,168**	**-28,508,007**	**-4,245,141**
% of total assets		**5 %**	**0 %**	**24 %**	**0 %**	**9 %**	**1 %**

The table below presents a net change in market value in NOK for all the Company's asset and liabilities given a one per cent parallel move of the interest rate curve.

Sensitivity of net interest rate expense in NOK 1000

Currency	Change in basis points	2022	2021
NOK	100	11,865	11,924

Mortgage rates (variable) are set by SpareBank 1 Boligkreditt AS, but for all practical purposes follow the recommendations from the local originating banks. The mortgage interest rates are set dependent on collateral and LTV, customer risk category and the competitive mortgage lending landscape.

Note 27 Currency Risk

The foreign exchange risk is the risk of a negative P&L impact as a result of changes in foreign currencies. SpareBank 1 Boligkreditt AS's balance sheet consists mainly of lending to private individuals in Norway and in NOK, current deposits in NOK and liabilities issued in the Norwegian or international capital markets. In accordance with the Norwegian covered bond legislation and its internal guidelines the Company hedges all currency risk, either by the utilisation of swaps or by way of asset liability management, i.e. maintaining exposures in assets and liabilities of the same currency. Weekly risk reports are created by the management team and reports to the Board of Directors have a monthly frequency. The currency risk (sensitivity to currency movements) are calculated by adding the exposure in the various currencies. No other currencies than the NOK had a material net position on the Company's balance sheet at the end of the year.

Net currency exposure in NOK 1000

Currency	2022	2021
EUR	**-60,669**	**-136,346**
- Bank Deposits	31,857	10,821
- Issued Bonds	-143,669,469	-136,864,324
- Derivatives	135,055,362	130,959,994
- Bond investments	8,521,582	5,757,164
USD	**1**	**1,005**
- Bank Deposits	1	1,005
- Issued Bonds	-	-
- Derivatives	-	-
- Bond investments	-	-
SEK	**1,124**	**36**
- Bank Deposits	1,124	36
- Issued Bonds	-8,087,303	-8,559,871
- Derivatives	8,087,303	8,559,871
- Bond investments	-	
GBP	**1,914**	**2,265**
- Bank Deposits	2,050	2,180
- Issued Bonds	-2,873,911	-8,934,297
- Derivatives	2,873,775	8,934,382
- Bond investments	-	
CHF	**-**	
- Bank Deposits	-	
- Issued Bonds	-2,139,958	
- Derivatives	2,139,958	
- Bond investments	-	
Total	**-57,630**	**-133,040**

P&L effect before tax, in NOK 1000

Currency	Change in Exchange Rate (per cent)	2022	2021
EUR	+10	-21,830	-18,740
USD	+10	0	100
SEK	+10	112	4
GBP	+10	205	226
CHF	+10	-	-
Total		**-21,513**	**-18,409**

Note 28 Operational Risk

Operational risk is defined as the risk of loss due to error or neglect in transaction execution, weakness in the internal control or information technology systems breakdowns. Reputational, legal, ethical and competency risks are also elements of operational risk.

The operational risk in SpareBank 1 Boligkreditt AS is limited. The Company is only involved in lending for residential real estate purposes, the placement of liquid assets in highly rated and liquid bonds and the financing of these activities.

Several of the operational processes and systems are supplied by third parties and the Company uses standardized systems for its own operations, such as Simcorp Dimension, for portfolio registration and valuation functions for liquid assets and debt issuances. Several tasks have been outsources to SpareBank 1 SMN, which is a larger organization with overlaps with the systems and tasks of the Company within several treasury functions. The Company also cooperates closely with its other larger parent banks. Evry is the provider of basic bank IT functions, as it is for most banks in Norway and all banks within the SpareBank 1 Alliance. The Evry systems manage the informational data with regards to each individual loan and calculates interest rate payments, installments due and in SpareBank 1 Boligkreditt's case also provisions due to parent banks on mortgage loans sold and transferred to the Company. Any potential changes and/or additions in the operations of the Company will be vetted thoroughly before implementation. The Company annually holds a risk-works shop to discuss and look for risks and improvements in any aspects of the operational systems. The Company's management and control of operational risks are satisfactory.

Based on these facts there are no reasons which would lead to a different conclusion than that the standard method for the calculation of capital for operational risks are required. The Company therefore applies the standard method under the capital adequacy rules (CRD IV, Pillar 1) as method to calculate the operational risk capital requirement. The capital so calculated amounts to 14 million for 31.12.2022 (see also the note for capital adequacy).

SpareBank 1 SMN cheers on young talents

Everyone from the middle region of Norway between 18 and 30 years of age may apply for a talent grant. The purpose of this is to promote, develop and inspire local talents within culture, sports, entrepreneurship and innovation, for them to more easily reach their goals.

Note 29 Asset Coverage Test

The asset coverage is calculated according to the Financial Services Act §11-11 and regulations thereto §11-7. The asset coverage test excludes as a cover pool asset any shares of mortgages representing loan to value above the legal maximum of 75 per cent.

In addition any defaulted loans, i.e. loans in arrears at or beyond 90 days, are excluded from the asset coverage. Substitute (liquid) assets are included at market values. Swaps are hedging instruments and are included with the hedged positons (currency and/or interest elements).

The covered bonds are currently rated by Moody's Investors Service. Outstanding bonds are rated Aaa, which has been a stable rating since commencement of the Company's operations. This same rating level is expected for future bond issuances, but is not a requirement, commitment or an obligation of the Company to achieve. One of several elements which forms a part of the covered bond rating determined by Moodys is the level of cover pool overcollateralization. Moody's may or may not utilize a different method for calculating the level of overcollateralization presented below. The current overcollateralization requirement from Moody's for the SpareBank 1 cover pool is 2.5 per cent, but is subject to the agency's discretion at any time. The required regulatory level of overcollateralization is currently 5 per cent (§11-7 Financial Institutions Regulation).

NOK 1 000	2022	2021
Covered Bonds	268,270,136	231,871,400
Total Covered Bonds	260,836,091	231,871,400
Residential mortgage loans	252,333,523	222,108,302
Public sector, SSA bond exposure	6,726,165	8,399,310
Reverse repo/depo less than 100 days	620,438	540,660
Exposure to credit institutions (covered bonds)	22,776,142	14,476,016
Derivatives	0	0
Total Cover Pool	282,456,268	245,524,289
Asset-coverage	105.3 %	105.9 %

Liquidity Coverage Ratio (LCR)	2022	2021
Liquid assets	4,866,972	11,528,387
Cash outflow next 30 days	4,854,322	11,244,655
LCR ratio	100.3 %	102.5 %

Net Stable Funding Ratio (NSFR)	2022	2021
Available amount of stable funding	247,275,503	224,551,972
Required amount of stable funding	217,645,930	228,545,479
NSFR ratio	113.6 %	98.3 %

Note 30 Capital Adequacy

The primary goal for the Company's management of capital reserves is to ensure compliance with laws and regulatory requirements. The company's owner banks pay in additional core capital on an as-needed basis, according to the covered bond funding function that Boligkreditt delivers to its banks.

As of December 31, 2020 the Norwegian national implementation of the EU's CRR/CRD IV was amended, which means that the average risk weight on lending secured by residential property in Norway cannot be lower than 20 per cent.

The European Union has approved new regulatory requirements, CRD IV, which is implemented in Norway. The requirement of 16.8 percent total capital for SpareBank 1 Boligkreditt includes:

- Minimum core equity Pillar 1: 4.5 per cent.
- Additional Tier 1 equity capital 1.5 per cent and additiponal Tier 2 capital 2.0 per cent (can be held as Tier 1 and Tier 2, alternatively as core equity capital).
- Conservation buffer: 2.5 per cent core capital.
- Systemic risk buffer: 4.3 per cent core equity.
- Countercyclical buffer: 2.0 per cent core equity.

The Issuer has an additional Pillar 2 requirement which is 0.9 per cent core equity capital. The total requirement for the Issuer is therefore to have capital of minimum 17.7 percent of risk weighted assets. With a management buffer added, the target for capital coverage is 18.1 per cent as of December 31, 2022.

The Company's parent banks have committed themselves to keep the Company's Equity Tier 1 capital at the minimum regulatory level (in the Shareholders Agreement). Primarily this commitment is pro rata according to the ownership stakes in the Company, but it is a joint undertaking if one or more ownership banks are unable to comply up to the maximum of twice the initial pro rata amount.

Capital. NOK 1 000	2022	2021
Share capital	7,797,215	7,797,215
Premium share fund	3,901,255	3,901,255
Other equity capital	219,917	-179,622
Common equity	11,918,387	11,518,848
Intangible assets	-	-
Declared share dividend	-	-73,294
100% deduction of expected losses exceeding loss provisions IRB (CRD IV)	-466,460	-427,206
Prudent valuation adjustment (AVA)	-29,426	-23,150
Deferred taxes	-	-33,970
Core equity capital	**11,422,501**	**10,961,228**
Hybrid bond	900,000	900,000
Tier 1 equity capital	**12,322,501**	**11,861,228**
Supplementary capital (Tier 2)	1,425,000	1,425,000
Total capital	**13,747,501**	**13,286,228**

Risk-weighted assets. NOK 1 000	2022	2021
Credit risk IRB		
First lien residential mortgages	53,524,365	47,307,890
Total credit risk IRB	**53,524,365**	**47,307,890**
Credit risk standardised approach		
Derivatives and exposures to credit institutions	2,296,985	2,855,157
Covered bonds	2,268,951	1,466,499
Regional governments or local authorities	334,177	429,790
Other items	201,996	95,769
Total credit risk standardised approach	**5,102,109**	**4,847,215**
Market risk	-	-
Operational risk	174,178	659,432
CVA Risk	3,200,335	3,231,217
Total risk-weighted assets	**62,000,988**	**56,045,754**

Capital coverage	2022	2021
Capital coverage (requirement w/all buffers, 17.7%)	22.17 %	23.71 %
Tier 1 capital coverage (requirement w/all buffers, 15.7%)	19.87 %	21.16 %
Core capital coverage (requirement w/all buffers, 14.2%)	18.42 %	19.56 %
Leverage ratio (requirement 3.0%)	4.20 %	4.57 %

Note 31 Related Parties

The Company has 252.905 MNOK loans to customers. These are loans acquired from shareholder banks at market values (i.e. nominal value).

SpareBank 1 SMN

The Company acquires significant support services, including accounting services, back-office and other banking services from SpareBank 1 SMN. These services were previously purchased from SpareBank SR-Bank. A complete SLA is established between the Company and SpareBank 1 SMN.

SpareBank 1 - Alliance

In addition the Company has a Transfer and Servicing agreement in place with each individual shareholder bank regulating amongst other things the servicing of mortgage loans.

SpareBank 1 Næringskreditt AS

All employees within SpareBank 1 Boligkreditt AS are also to various degrees working for SpareBank 1 Næringskreditt AS. Twenty percent of the administrative expenses in SpareBank 1 Boligkreditt AS to be charged to SpareBank 1 Næringskreditt AS. This division of administrative expenses between the two companies reflect the actual resources utilisation in SpareBank 1 Boligkreditt AS.

Note 32 Collateral Received

NOK 1 000	2022	2021
Collateral	714,730	3,892,723
Total	**714,730**	**3,892,723**

SpareBank 1 Boligkreditt has signed ISDA-agreements including CSAs (Credit Support Annexes) with a number of financial institutions that are counterparties in interest rate and currency swaps. These institutions post collateral in the form of cash deposits to SpareBank 1 Boligkreditt. The amount is included in the balance sheet, but represents restricted cash.

Note 33 Contingencies and events after balance sheet date

SpareBank 1 Boligkreditt AS is not a party to any ongoing legal proceedings.

No events have taken place after the balance sheet date which are expected to have any material impact on the financial statements as of the end of the period 31.12.2022.

SINTEF's climate fund

In addition to reducing emissions, SpareBank 1 SMN contributes to research targeting new climate positive solutions through its SINTEF climate fund. The contributions to this fund is based on the bank's climate accounts: for each ton of Co2 emissions the SMN group emits in a year, 1000 NOK is paid into the fund.

Energy and climate report 2022 for SpareBank 1 Boligkreditt

The purpose of this report is to show the overview of the covered bond issuer SpareBank 1 Boligkreditt's (the Company) greenhouse gas emissions (GHG emissions) on an annual basis. A climate account is an important tool in the work of identifying specific measures to reduce its energy consumption and associated GHG emissions. This annual report enables the Company to measure key figures and thus evaluate itself over time.

The report aims to cover all greenhouse gas emissions from SpareBank 1 Boligkreditt's activities, directly and indirectly, in 2022.

The information used in the report comes from both external and internal sources and is converted to CO2 equivalents measured in metric tons. The analysis is based on the international standard "A Corporate Accounting and Reporting Standard", which has been developed by "The Greenhouse Gas Protocol Initiative" - the GHG protocol. This is the most widely used method worldwide for measuring greenhouse gas emissions. ISO standard 14064-I is based on this.

Emission from own activities (*)

Source	Consumption	Unit	Emissions (tCO2e) 2021	Emissions (tCO2e) 2022	Change 2022 vs 2021	Share of emissions 2021	Share of emissions 2021
Transportation total			0	0		0.0 %	0.0 %
Gasoline		liter				0.0 %	0.0 %
Diesel (NO)						0.0 %	0.0 %
Scope 1 total						**0.0 %**	**0.0 %**
Electricity total			2.9	2.9	2 %	28.8 %	22.8 %
Electricity	21,623	kWh	2.9	2.9	2 %	28.8 %	22.8 %
District heating					2 %	0.0 %	0.0 %
Scope 2 total			**2.9**	**2.9**	**2 %**	**28.8 %**	**22.8 %**
Waste total			0.4	0.0	-87 %	3.9 %	0.4 %
Residual waste, incineration	807	kilo	0.3	0.0	-86 %	2.8 %	0.3 %
Paper, recycled	172	kilo	0.1	0.0	-89 %	1.1 %	0.1 %
Metal, recycled						0.0 %	0.0 %
Plastic, recycled						0.0 %	0.0 %
Electrical, recycled						0.0 %	0.0 %

Business travel total			6.7	9.8	47 %	67.3 %	76.8 %
Fligths continental/Europe			2.6	5.8	119 %	26.6 %	45.2 %
Fligths intercontinental						0.0 %	0.0 %
Fligths domestic			4.0	4.0	0 %	40.6 %	31.5 %
Milage allowance (NO)						0.0 %	0.0 %
Purchased goods and services total			0.0	0.0	0 %	0.1 %	0.1 %
Paper	10	kilo	0.0	0.0	0 %	0.1 %	0.1 %
Scope 3 total			7.1	9.9	40 %	71.2 %	77.2 %
Total			9.9	12.8	29 %	100.0 %	100.0 %

CO2-emissions from flights undertaken in 2022 are sourced from https://www.sas.no/barekraft/klimakalkulator/
* Electricity and waste-numbers from DSD Front (landlord for our office)
* SpareBank 1 Boligkreditt has 7 employees and a Board of Directors of 6 persons (who are included in the table above for travel related to their Board engagements)

The analysis shows that most of the CO2-emissions arises from business travel (71%). The C02 emissions from travel in 2022 are 47% higher than in 2021 due to Covid 19-travel restrictions in 2021. We believe that business travel will not reach the same level as before Covid 19 due to that more business is conducted on digital platforms.

Almost 30% of the CO2-emissions comes from the electricity consumption in our office building. The building is newly built and was finished in 2020. It has a BREEAM-NOR-certification of Very Good and the electricity consumption is thus low compared to standard office buildings.

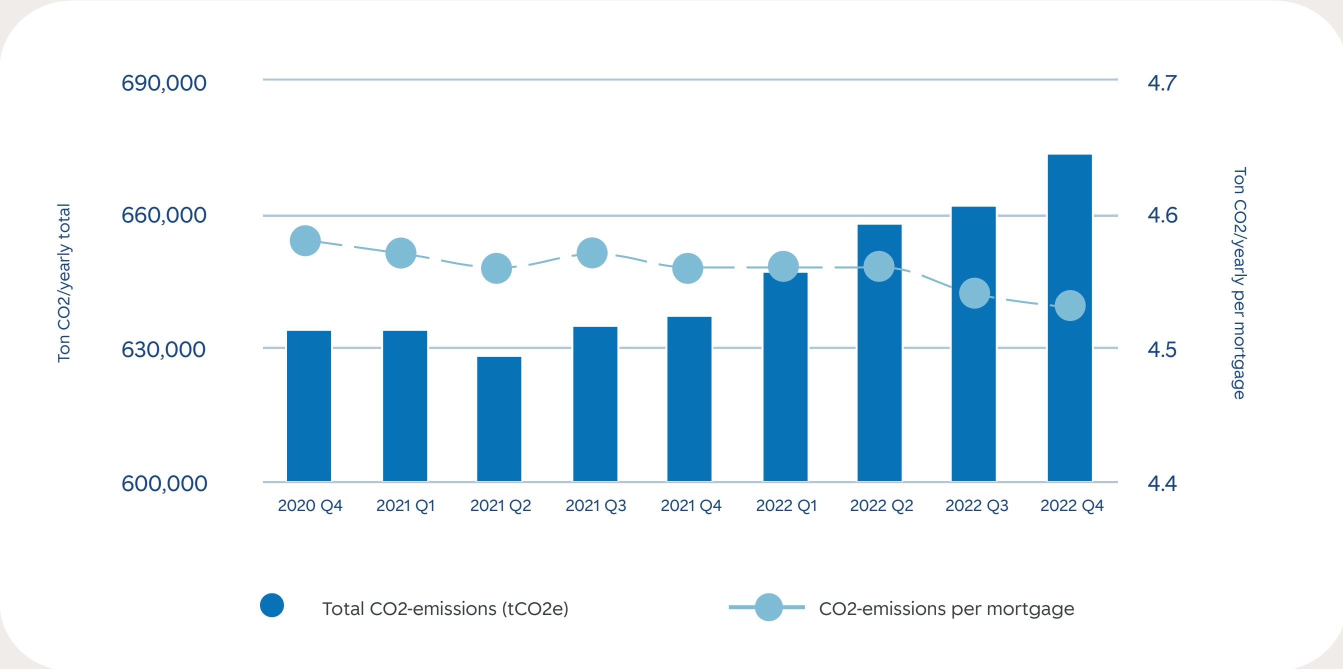
Emissions from residential mortgages on the balance sheet of SpareBank 1 Boligkreditt

The emissions from the residential mortgages on the balance sheet of SpareBank 1 Boligkreditt are far greater than the emissions caused by the operations of the company itself.

One of the main drivers of energy demand (and thereby carbon footprint) is housing. Therefore, energy efficiency in residential housing is of key importance to reduce energy demand. To follow up on the development in the mortgage portfolio's energy efficiency, we make our own estimates and calculations of emissions per property, taking energy label, building year and building size into consideration.

By using the principles found in Multiconsult's report, https://spabol.sparebank1.no/green-bonds one is able to estimate the CO2-emissions stemming from the electricity-consumption on an annual basis for the total building stock securing the mortgages. Norway's renewable electricity production covers approximately 100 per cent of the electricity demand from households and industry. However, Norway both exports and imports electricity over cables connecting the Norwegian grid to the countries in north-western Europe, including Germany and the UK. Therefore, a European electricity generating producing mix is assumed in the emissions calculations. The primary source for producing heating in Norwegian residences is electricity. Fossil fuels are not permitted by law. There are elements of district heating as well. Electricity in Norway is produced mainly by hydropower and to a smaller extent wind.

Based on a building's year of construction, and/or the EPC-label, as well as the size of the building in square meters, we have estimated the total CO2-emissions of the portfolio:



The chart shows the quarterly development of annualized emissions. The estimated CO2-emissions from all the residential properties securing the mortgages are approximately 675.000 tCO2e, and per mortgage approximately 4,53 tCO2e*. The emissions increase shown in the chart is due to the growing loan portfolio volume which Boligkreditt finances on behalf of the SpareBank 1 banks.

The indirect emissions from the lending portfolio are considerably higher than the emissions arising from the operations of the company. SpareBank 1 Boligkreditt will continue to measure and report on the development of the estimated energy consumption and CO2-emissions and aim to, at a later stage, set a target for CO2-emissions per mortgage for the entire loan book. Such a target is dependent on and must be developed in conjunction with the Company's owner banks which are the originators of all mortgages in SpareBank 1 Boligkreditt's cover pool.

(* Calculations performed by SpareBank 1 Boligkreditt and are based on assumptions and approximations. For around 17% of the buildings there are no data of building year. These buildings have been assigned average numbers of CO2-emissions. Numbers from 2021 have been recalculated).

Contact Information

SpareBank 1 Boligkreditt AS

Mailing address:
SpareBank 1 Boligkreditt
P.O. Box 243 Sentrum
4002 Stavanger
Norway

Visiting address:
Børehaugen 1
4006 Stavanger
Norway

Managing Director
Arve Austestad
Phone: +47 950 39 769

Director Finance and
Investor Relations
Eivind Hegelstad
Phone: +47 954 13 379

Director Risk and
Operations
Henning Nilsen
Phone: +47 905 47 432