

Q4 2024

Unaudited



Table of Contents

Board of Director's report	3
General	3
Income statement and balance sheet.....	3
Distribution of profit.....	4
Capital strength	4
Risks.....	4
Green Covered Bond.....	5
Rating	5
Future prospects.....	5
Subsequent events.....	6
Income statement	7
Statement of other comprehensive income.....	7
Balance sheet.....	8
Cash flow statement.....	9
Statement of changes in Equity.....	10
Notes.....	11
1. Accounting policies	11
2. Net interest income.....	12
3. Net income from financial instruments	12
4. Debt to value of assets ratio (LTV)	13
5. Debt to credit institutions	13
6. Capital adequacy.....	13
7. Loans to customers	14
8. Non-performing loans	15
9. Losses on loans and undrawn credit.....	15
10. Bonds and certificates.....	16
11. Debt securities issued as at 31.12.2024	17
12. Cover pool composition and OC	17
13. Related parties.....	18
Quarterly profit trend	19
Declaration in accordance with section 5-6 of the Norwegian securities trading act	20

Board of Director's report

General

Sparebanken Sør Boligkredit AS is a wholly owned subsidiary of Sparebanken Sør. The company is licensed by the Financial Supervisory Authority of Norway to operate as a mortgage company and issue covered bonds, and is a part of Sparebanken Sør's long-term financial strategy. All shares are owned by Sparebanken Sør and the financial statements are consolidated into the financial statements of the Sparebanken Sør Group.

The cover pool consists of secured mortgages, substitute assets in interest-bearing securities and financial derivatives. The mortgages are granted by Sparebanken Sør and later taken on by Sparebanken Sør Boligkredit AS. The secured mortgages meet the requirements established by the company for inclusion in the company's cover pool. One important requirement is that any outstanding loan balance taken on by the company, must not exceed 80 percent of the mortgaged property's market value at the date of acquisition.

At the end of Q4 2024, Sparebanken Sør Boligkredit AS had taken on a mortgage loan portfolio totalling NOK 60 652 million, transferred from Sparebanken Sør, of which NOK 60 354 million was included in the qualified cover pool. Corresponding figures at the end of Q4 2023 were NOK 55 832 million and NOK 55 459 million respectively.

The portfolio of bonds and certificates totalled NOK 5 606 million at the end of Q4 2024, of which NOK 4 500 million was included in the cover pool. Corresponding figures at the end of Q4 2023 were NOK 2 158 million and NOK 990 million respectively.

Sparebanken Sør Boligkredit AS had issued covered bonds totalling NOK 59 573 million, compared to NOK 49 732 million at the same time in 2023. The company had achieved diversified funding by issuing covered bonds outside the Norwegian bond market.

Income statement and balance sheet

The financial statement of Sparebanken Sør Boligkredit AS shows a profit after tax of NOK 362.3 million at the end of Q4 2024, compared to NOK 299.1 million in 2023.

The company had net interest income of NOK 615.2 million, compared to NOK 470.9 million in 2023.

Net income from financial instruments totalled minus NOK 28.3 million, compared to NOK 7.7 million in 2023. The negative effect on net income from financial instruments is related to buyback effects on own bonds, in addition to negative changes in value from certificates and bonds.

The company had issued covered bonds in Euros under the EMTCN (European Medium Term Covered Note) program. In order to control interest and currency exposure, the company had established swap arrangements (basis swaps), to convert foreign currency into NOK. The impact on earnings related to changes in the value of the basis swap, did not affect the income from financial instruments in 2024, but affected other comprehensive income by minus NOK 50.0 million at the end of Q4 2024. Assuming that the covered bonds in foreign currency are held to maturity, the total change in fair value is equal to zero. The accounting effects will therefore be reversed over time.

Operating expenses were NOK 116.8 million at the end of Q4 2024, compared to NOK 106.4 million in the same period in 2023.

Tax expenses were NOK 104.6 million at the end of Q4 2024. Corresponding figures at the end of Q4 2023 were NOK 75.3 million respectively.

Total assets as at 31.12.2024 were NOK 72 358 million, of which net loans to customers represented NOK 60 625 million. At the same time in 2023 total assets were NOK 60 057 million, of which net loans to customers were NOK 55 808 million. The loan portfolio has been financed through the issuance of bonds totalling NOK 59 573 million, and by equity and loans from Sparebanken Sør. At the end of Q4 2024, the company had a total paid-in capital of NOK 3 975 million, of which NOK 3 475 million was share capital and NOK 500 million was related to share premiums.

Sparebanken Sør Boligkredit AS has an overdraft facility of NOK 6 000 million with Sparebanken Sør for operational purposes that, as at 31.12.2024, was drawn down by NOK 3 749 million.

Distribution of profit

Total profit after tax for 2024 is NOK 362.3 million. The Board of Directors proposes to the Annual General Meeting a dividend payment of NOK 310.0 million.

Capital strength

At the end of Q4 2024, the net subordinated capital in the company was NOK 5 757 million, compared to NOK 4 390 million at the same time in 2023. This corresponds to a common equity tier 1 capital ratio/tier 1 capital ratio/total capital ratio of 22.1 percent (19.0 percent in 2023), while regulatory minimums requirements constitute 14.0 percent, 15.5 percent and 17.5 percent respectively. The capital adequacy ratio was calculated based on the standard method in the Basel II - regulations.

The Board of Directors considers the company's solidity and risk-bearing ability to be good. The company's Leverage Ratio was 7.8 percent at the end of Q4 2024.

Risks

As a licensed mortgage company, Sparebanken Sør Boligkredit AS is under the regulation of The Act on the Supervision of Financial Institutions and is subject to a number of regulations, recommendations and regulatory provisions. The objective of the company is to finance lending activities through the issuance of covered bonds with a high rating. This means that Sparebanken Sør Boligkredit AS strives to maintain risk at a low level. The company emphasizes identifying, measuring and controlling risk elements in such a way that the market has high confidence in the company, and that bonds issued by the company have a high rating.

The company's credit strategy and policy constitute a framework, which includes lending regulations and loan-to-value requirements for any loan taken on by the company. The Board of Directors considers the overall quality of the lending portfolio to be very good and the credit risk is considered low.

The company's mortgage lending to customers is in Norwegian kroner (NOK) at both floating and fixed interest rates. Financing is based on both floating and fixed interest rate bonds in NOK and EUR. Foreign currency debt is swapped into NOK and liabilities established at fixed rates are swapped into floating rates.

Accounting for foreign currency debt and debt at fixed interest rates, complies with the rules for hedge accounting. The Board of Directors considers the overall market risk to be low.

The company issues covered bonds with the opportunity to extend the maturities by up to 12 months, given an approval by the FSA. In addition, financing needs are met by using equity and credit facilities with Sparebanken Sør. The Board of Directors considers the company's liquidity risk to be low.

As at 31.12.2024 the company had a liquidity portfolio in addition to substitute assets, and was compliant with the liquidity requirements imposed on financial institutions, with a LCR total ratio of 287.3 percent and LCR EUR ratio above the requirement of 100 percent. As at 31.12.2024 the mortgages in the cover pool had an average loan-to-value of 53.5 percent. Long term financing was well diversified and the NSFR ratio was reported at 120.8 percent. Over-collateralization was 15.1 percent, and given a stress test on assets prices of 30 percent, the OC was above the legislative OC level of 5 percent. The Board of Directors considers the company's liquidity risk to be low.

A Loan Service Agreement and Management Service Agreement are in place with Sparebanken Sør encompassing the supply of all services necessary for operating the company, and the Board of Directors considers the company's operational risk to be low.

Green Covered Bond

Sparebanken Sør Group has a Green and Sustainability Bond Framework in place, under which Sparebanken Sør Boligkredit AS has issued green covered bonds. The proceeds are allocated to a mortgage portfolio, financing energy-efficient residential buildings in Norway. The bond framework, which is aligned with ICMA Green Bond Principles, was last updated and approved by the Green Bond Committee in October 2024.

Rating

Covered bonds issued by Sparebanken Sør Boligkredit AS in NOK and EUR, have been given an Aaa rating by Moody's. Sparebanken Sør Boligkredit AS has as of June 2023 been assigned an A1/Prime-1 issuer rating by Moody's, in line with ratings assigned on the parent bank.

Future prospects

Growth in the Norwegian economy picked up in 2024 and is back to a normal pace. Economic activity was driven by high public demand and petroleum investment.

Unemployment is low and has shown little change but with a somewhat negative trend in recent months. As a consequence of an expected higher activity in the construction market in 2025, the development in the labour market is expected to be positive going forward.

Growth in household consumption and housing investments was negatively affected by the high interest rates. In 2025 consumer behaviour might change as a consequence of lower interest rates and a positive real wage growth. This will underpin a strong development in house prices, especially in the larger cities.

Inflation has fallen markedly since the peak, and stood at 2.2 percent at year's end. This is close to the targeted inflation level of the Norwegian Central Bank, at 2 percent, but was to a large extent driven by lower

energy prices in December compared to previous year. International inflation has declined and moved closer to inflation targets. As a consequence, several central banks have reduced the key policy rates. Markets participants expect further rate cuts going forward, but the expectations are somewhat dampened compared to the situation earlier in 2024.

The Norwegian Central Bank's assessment of the outlook as at December, is that the key policy rate will probably be reduced by 25 basis points from 4.5 percent as of March. A further easing of the monetary policy with one additional cut is expected to take place during the pace of 2025.

Sparebanken Sør Boligkredit AS has ample access to wholesale funding both from the domestic as well as from the bond market abroad. The Board of Directors anticipates the company's business to continue to be satisfactory going forward. Sparebanken Sør Boligkredit AS is well-positioned to further acquire loans from Sparebanken Sør, and issue covered bonds towards investors in Norway and abroad.

Proposed merger with Sparebanken Vest Boligkredit AS

In August 2024 it was announced that the Boards of Directors of Sparebanken Sør and Sparebanken Vest had approved a plan for merging the two banks. Sparebanken Vest will be the overtaking entity and will thus assume all rights and liabilities upon the completion of the proposed merger. The aim is to complete the proposed merger in the early part of May 2025, upon which the new bank will be rebranded to Sparebanken Norge.

Following the completion of the bank merger it is proposed that Sparebanken Sør Boligkredit AS will merge with Sparebanken Vest Boligkredit AS, and the new boligkredit company will be rebranded to Sparebanken Norge Boligkredit AS. The boligkredit merger has been approved by an extraordinary general meeting of each of Sparebanken Sør Boligkredit AS and Sparebanken Vest Boligkredit AS. The boligkredit merger is conditional on the completion of the merger between Sparebanken Sør and Sparebanken Vest and will be completed immediately after this. Sparebanken Vest Boligkredit AS (Sparebanken Norge Boligkredit AS) will assume all rights and liabilities upon the proposed merger.

Subsequent events

Negative events of major significance to the accounts have not occurred after the balance sheet date.

Kristiansand, 5 February 2025

The Board of Directors for Sparebanken Sør Boligkredit AS



Geir Bergskaug
Chairman



Seunn Smith-Tønnessen
Member



Steinar Vigsnes
Member



Marianne Lofthus
Managing Director

Income statement

NOK Thousand	Notes	Q4 2024	Q4 2023	31.12.2024	31.12.2023
Interest income effective interest method	<u>2, 13</u>	873 582	763 321	3 402 933	2 643 220
Other interest income	<u>2, 13</u>	77 665	32 149	189 362	169 446
Interest expenses	<u>2, 13</u>	789 298	675 753	2 977 049	2 341 755
Net interest income	<u>2</u>	161 949	119 716	615 246	470 911
Commission income		52	47	206	180
Commission expenses		28	-1 214	59	2 664
Net commission income		24	1 261	146	-2 483
Net income from financial instruments	<u>3</u>	-15 565	-4 574	-28 310	7 683
Other income		-	-	-	80
Total other income		-15 565	-4 574	-28 310	7 763
Personnel expenses		89	86	89	86
Other operating expenses	<u>13</u>	30 925	28 081	116 726	106 319
Total expenses		31 015	28 166	116 816	106 404
Profit before loss		115 394	88 237	470 266	369 786
Losses on loans and undrawn credit	<u>9</u>	3 145	927	3 328	-4 615
Profit before taxes		112 249	87 310	466 938	374 401
Tax expenses		24 627	19 449	104 602	75 279
Profit for the period		87 622	67 862	362 337	299 123

Statement of other comprehensive income

NOK Thousand	Notes	Q4 2024	Q4 2023	31.12.2024	31.12.2023
Profit for the period		87 622	67 862	362 337	299 123
Net change in value from basis swaps		-9 944	-60 814	-64 039	-118 914
Tax effect		2 188	13 379	14 089	26 161
Total profit for the period		79 866	20 427	312 386	206 370

Balance sheet

ASSETS (NOK Thousand)	Notes	31.12.2024	31.12.2023
Loans to and receivables from credit institutions	<u>13</u>	3 308 704	973 207
Net loans to customers	<u>7,8,9,11</u>	60 624 841	55 807 966
Bonds and certificates	<u>10</u>	5 605 847	2 158 343
Financial derivatives	<u>12</u>	2 752 872	1 071 168
Deferred tax assets		46 675	16 714
Other assets		19 490	29 879
TOTAL ASSETS		72 358 429	60 057 278
LIABILITIES AND EQUITY			
Debt to credit institutions	<u>5,13</u>	6 530 493	5 411 372
Debt incurred due to issuance of securities	<u>11, 12</u>	59 572 945	49 732 184
Financial derivatives		-	138 210
Payable taxes		120 833	105 259
Deferred tax liabilities		-	-
Other liabilities		11 965	10 446
TOTAL LIABILITIES		66 236 236	55 397 471
EQUITY			
Paid-in equity	<u>6</u>	3 975 000	2 575 000
Retained earnings	<u>6</u>	2 147 193	2 084 807
TOTAL EQUITY CAPITAL	<u>6</u>	6 122 193	4 659 807
TOTAL LIABILITIES AND EQUITY CAPITAL		72 358 429	60 057 278

Kristiansand, 5 February 2025

The Board of Directors for Sparebanken Sør Boligkreditt AS



Geir Bergskaug
Chairman



Seunn Smith-Tønnesen
Member



Steinar Vigsnes
Member



Marianne Lofthus
Managing Director

Cash flow statement

NOK Thousand	31.12.2024	31.12.2023
Interest received	3 592 693	2 774 496
Interest paid	-2 959 633	-2 341 940
Operating expenditure	-117 388	-108 213
Changes in loans to customers	-4 819 539	796 583
Income tax paid	-104 899	-41 343
Net cash flow from operating activities	-4 408 767	1 079 583
Payments received, securities	2 289 362	10 088 748
Payments made, securities	-5 759 316	-5 775 719
Changes in other assets	10 389	44 094
Changes in deposits from credit institutions	1 119 121	1 384 354
Changes in other liabilities	2 035	-2 535
Net cash flow from current financing activities	-2 338 409	5 738 941
Paid-in share capital	1 400 000	-
Paid dividend	-250 000	-
Payments received, bond debt	12 238 000	-
Payments made, bond debt	-4 305 325	-5 921 987
Net cash flow from long-term financing activities	9 082 675	-5 921 987
Net change in liquid funds	2 335 498	896 537
Liquid funds as at 01.01.	973 207	76 670
Liquid funds at the end of the period	3 308 704	973 207

Statement of changes in Equity

NOK Thousand	Share capital	Share premium reserve	Retained earnings	Total
Balance 31.12.2022	2 075 000	500 000	1 878 438	4 453 438
Profit 01.01.2023 - 31.12.2023	-	-	299 123	299 123
Other income/expenses			-92 753	-92 753
Balance 31.12.2023	2 075 000	500 000	2 084 807	4 659 807
Dividend	-	-	-250 000	-250 000
Share capital increase	1 400 000	-	-	1 400 000
Profit 01.01.2024 - 31.12.2024	-	-	362 337	362 337
Other income/expenses	-	-	-49 951	-49 951
Balance 31.12.2024	3 475 000	500 000	2 147 193	6 122 193

Notes

1. Accounting policies

The quarterly financial statements have been kept in accordance with IFRS Accounting Standards ("IFRS"), including IAS 34. Sparebanken Sør Boligkredit AS is a part of the Sparebanken Sør Group and follows the same accounting principles as the Group. Please refer to the annual financial statements for 2023 (Note 1 – Accounting policies) for further details.

The company's financial statements are presented in Norwegian kroner, which is the functional currency. All totals in the financial statements are stated in thousands of NOK unless indicated otherwise.

A tax rate of 22 percent is assumed.

Discretionary assessments, estimates and assumptions

With the preparation of the financial statements, the management makes discretionary assessments, estimates and assumptions that affect the accounting policies and financial records. Please refer to the annual financial statements for 2023 (Note 2 - Discretionary assessments, estimates and assumptions) for further details

The financial item losses on loans and undrawn credit are subject to a significant degree of discretionary assessments. The global turmoil caused by the aftermath of the pandemic and Russia's aggressive warfare is gradually coming under control. In most countries, the key interest rates were reduced several times during 2024. Norway, however, stands as an exception, with interest rates remaining at peak levels. As of the end of Q4 2024, these conditions have been considered in the assessment of macroeconomic parameters used as inputs in the loss assessments.

Housing prices in the Group's primary markets have shown positive but moderate growth over several years. Statistics as of Q4 2024 indicated that developments in the bank's main area were approximately in line with the national average over the past 12 months.

The model used to calculate future credit losses contains forward-looking macro data and must take future events into account. In the event of changes in business cycles or macro conditions, relevant parameters in the model must be changed accordingly.

2. Net interest income

NOK Thousand	Q4 2024	Q4 2023	31.12.2024	31.12.2023
<i>Interest income recognised at amortized cost</i>				
Interest on loans to customers	869 082	762 192	3 380 838	2 640 354
Interest on loans to and receivables from credit institutions	4 500	1 128	22 095	2 866
Total interest income recognised at amortized cost	873 582	763 321	3 402 933	2 643 220
Interest income effective interest method	873 582	763 321	3 402 933	2 643 220
<i>Interest income recognised at fair value</i>				
Interest on certificates/bonds/interest-bearing securities	77 665	32 149	189 362	169 446
Total interest income recognised at fair value	77 665	32 149	189 362	169 446
Other interest income	77 665	32 149	189 362	169 446
Total interest income	951 247	795 470	3 592 295	2 812 666
<i>Interest expenses recognised at amortized cost</i>				
Interest on debt to credit institutions	64 781	36 507	265 007	130 337
Interest on issued securities	721 382	636 570	2 701 022	2 200 775
Other interest expenses	3 135	2 676	11 021	10 643
Total interest expenses recognised at amortized cost	789 298	675 753	2 977 049	2 341 755
Total interest expenses	789 298	675 753	2 977 049	2 341 755
Net interest income	161 949	119 716	615 246	470 911

3. Net income from financial instruments

NOK Thousand	Q4 2024	Q4 2023	31.12.2024	31.12.2023
Profit (loss) and changes in value from certificates and bonds	-14 803	-2 340	-21 532	-4 319
Net income from certificates and bonds	-14 803	-2 340	-21 532	-4 319
Change in value fixed rate bonds - hedge accounting	-330 883	-857 557	-1 878 854	-2 417 635
Change in value derivatives fixed rate bonds - designated as hedging instruments	330 204	857 310	1 877 401	2 431 624
Net income hedging	-679	-248	-1 453	13 989
<i>Whereof effects from basis swaps (1)</i>	-	-	-	-
Profit (loss) buyback own bonds - amortised cost	-83	-1 987	-5 325	-1 987
Currency gains (losses)	-	-	-	-
Net other financial instruments and derivatives	-83	-1 987	-5 325	-1 987
Net income from financial instruments	-15 565	-4 574	-28 310	7 683

1) The company has issued covered bonds in Euro that have been hedged by using basis swaps. Changes in the value of the basis swaps as a result of changes in market conditions, are presented as hedging-inefficiency. This ineffective portion is recognized in the income statement.

Basis swaps are derivative contracts used to convert obligations in foreign currency into NOK. Basis swaps are used when the company has entered into long-term funding in international capital markets. These are hedging instruments, and assuming the underlying bond is held to maturity, the change in market value over the instrument's duration equals zero. Accounting effects are therefore reversed over time.

4. Debt to value of assets ratio (LTV)

	31.12.2024	31.12.2023
Average debt to value of assets ratio in %	53.5 %	53.9 %
Portfolio divided into intervals of debt to value of assets ratio		
Less than or equal to 40 %	20.1 %	19.6 %
41 - 50 %	18.0 %	17.8 %
51 - 60 %	25.1 %	25.4 %
61 - 70 %	23.3 %	22.5 %
71 - 75 %	10.4 %	9.1 %
76 - 80 %	2.0 %	4.2 %
Above 80 %	1.2 %	1.3 %
Total	100.0 %	100.0 %

5. Debt to credit institutions

NOK Thousand	31.12.2024	31.12.2023
Credit facility with Sparebanken Sør	3 749 376	4 544 202
Received collaterals	2 781 117	867 169
Total debt to credit institutions	6 530 493	5 411 372

Sparebanken Sør Boligkreditt AS has entered into an agreement with Sparebanken Sør for a credit facility of NOK 6 000 million for operational purposes.

6. Capital adequacy

Sparebanken Sør Boligkreditt AS implements the standard method for credit and market risk and the basic method for operational risk to calculate capital adequacy in accordance with the current capital adequacy rules - Basel II.

NOK Thousand	31.12.2024	31.12.2023
Equity capital		
Share capital	3 475 000	2 075 000
Share premium reserve	500 000	500 000
Other equity capital	2 147 193	2 084 807
Deductions	-8 359	-20 082
Deferred tax liabilities	-46 675	
Dividend	-310 000	-250 000
Net subordinated capital (common equity tier 1)	5 757 159	4 389 725
Minimum requirements for equity capital		
Credit risk	24 784 910	21 752 321
Market risk	-	-
Operational risk	919 929	868 489
CVA addition		-
Deductions	344 942	448 605
Risk weighted balance (calculation basis)	26 049 781	23 069 415
Common equity tier 1 capital ratio	22.1 %	19.0 %
Tier 1 capital ratio	22.1 %	19.0 %
Total capital ratio	22.1 %	19.0 %
Leverage Ratio	7.8 %	7.0 %

Minimum capital requirements:

NOK Thousand	31.12.2024	31.12.2023
Minimum Tier 1 capital requirements	4.50 %	4.50 %
Conservation buffer	2.50 %	2.50 %
Systemic risk buffer	4.50 %	4.50 %
Counter-cyclical buffer	2.50 %	2.50 %
CET1 requirements	14.00 %	14.00 %
Tier1 Capital requirements	15.50 %	15.50 %
Total capital requirements	17.50 %	17.50 %
CET1 requirements	3 646 969	3 229 718
Tier1 Capital requirements	4 037 716	3 575 759
Total capital requirements	4 558 712	4 037 148
Above CET1 requirements	2 110 190	1 160 007
Above Tier1 Capital requirements	1 719 443	813 966
Above total capital requirements	1 198 448	352 577

7. Loans to customers

Loans assessed to amortised cost (NOK Thousand)	31.12.2024	31.12.2023
Flexi-loans	14 712 988	12 513 558
Loans with installments - floating interest	45 811 995	43 191 886
Loans with installments - fixed interest	-	-
Gross loans	60 651 704	55 831 510
Loss allowance	-26 863	-23 543
Net loans	60 624 841	55 807 966
Undrawn credit on Flexi-loans	6 530 668	5 886 227

Loans broken down by sectors and industries	31.12.2024	31.12.2023
Retail customers	60 527 118	55 706 526
Accrued interests	124 586	124 984
Gross loans	60 651 704	55 831 510
Loss allowance	-26 863	-23 543
Net loans	60 624 841	55 807 966

Loans broken down by geographical areas (NOK Thousand)	31.12.2024	31.12.2023
Agder	38 355 854	63.4 %
Telemark	6 358 783	10.5 %
Vestfold	1 442 190	2.4 %
Vestfold og Telemark	-	0.0 %
Oslo	5 858 029	9.7 %
Akershus	3 093 079	5.1 %
Viken	-	0.0 %
Rogaland	2 420 547	4.0 %
Other counties	3 096 359	5.0 %
Total	60 624 841	100.0 %
		55 807 966
		100.0 %

As a result of policy changes in the public sector, some municipalities and counties have been merged and divided. Hence, the 31.12.2024 setup and figures are not comparable to previous period.

8. Non-performing loans

NOK Thousand	31.12.2024	31.12.2023
Total non-performing loans (stage 3)	106 101	166 906
Stage 3 impairment losses	3 890	3 493
Net non-performing loans	102 211	163 413
Provision ratio non-performing loans	3.67 %	2.09 %
Total non-performing loans in % of gross loans	0.17 %	0.30 %
Gross loans	60 651 704	55 831 510

NON-PERFORMING LOANS:

All commitments in stage 3 are defined as non-performing. Non-performing loans are based on a minimum amount of NOK 1 000 for retail customers, and NOK 2 000 for corporate customers respectively. There is also introduced a relative limit of 1 percent of the customer's total commitment. Both claims must be met in order to a non-performing loan to occur.

In addition to the requirements mentioned above, a non-performing loan may occur as well if causes of objective nature, qualitative assessments and loss allowances are available.

The following may also lead to a non-performing loan:

Forbearance – a combination of financial problems and concessions from the bank

Unlikelihood to pay – breach of covenants or other information relevant to non-performing assessments

There are also introduced rules related to infections and quarantine, which implies an infected co-borrower if a loan is defaulted. A quarantine period of 3 to 12 months will be applied until the situation is clarified and the customer is declared performing.

9. Losses on loans and undrawn credit

NOK Thousand	31.12.2024	31.12.2023
Changes in impairment losses for the period, stage 1	122	-3 489
+ Changes in impairment losses for the period, stage 2	2 796	-119
+ Changes in impairments losses for the period, stage 3	410	-1 007
= Total losses for the period	3 328	-4 615

The sensitivity analyses presented below, are related to parameters that the company considers to have the most significant effect on LGD (loss given default) in the current situation

NOK Thousand	10 percent collateral decline	20 percent collateral decline	30 percent collateral decline	100 percent increase of PD	1 percent increase in unemployment
Loan loss provision	13 627	31 458	52 229	4 562	926
Total	13 627	31 458	52 229	4 562	926

NOK Thousand	Expected losses in the next 12 months	Stage 1	Stage 2	Stage 3	Total
		Lifetime expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Loss provisions as at 01.01.2024		8 492	11 939	3 493	23 924
<i>Transfers</i>					
Transferred to stage 1	2 816	(2 596)	(220)	0	0
Transferred to stage 2	(649)	1 166	(517)	-	-
Transferred to stage 3	(1)	(126)	127	-	-
<i>Losses on new loans</i>	3 989	3 535	24	7 548	
Losses on deducted loans*	(2 262)	(3 790)	(526)	(6 578)	
Losses on older loans and other changes	(3 770)	4 606	1 509	2 345	
Loss provisions as at 31.12.2024	8 614	14 734	3 890	27 239	
Loss provisions for loans	8 303	14 670	3 890	26 863	
Loss provisions for undrawn credit	311	65	0	376	
Total loss provisions as at 31.12.2024	8 614	14 734	3 890	27 239	

NOK Thousand	Stage 1	Stage 2	Stage 3	Total
	Expected losses in the next 12 months	Lifetime expected credit losses	Lifetime expected credit losses	
Loss provisions as at 01.01.2023	11 981	12 058	4 500	28 539
<i>Transfers</i>				
Transferred to stage 1	3 508	-2 896	-612	0
Transferred to stage 2	-726	1 493	-767	-
Transferred to stage 3	-33	-370	403	0
				-
Losses on new loans	3 245	2 585	221	6 051
Losses on deducted loans*	-3 280	-4 125	-870	-8 275
Losses on older loans and other changes	-6 203	3 193	619	-2 391
Loss provisions as at 31.12.2023	8 492	11 939	3 493	23 924
Loss provisions for loans	8 189	11 865	3 490	23 543
Loss provisions for undrawn credit	303	74	4	380
Total loss provisions as at 31.12.2023	8 492	11 939	3 493	23 924

* Losses on deducted loans are related to losses on fully repaid loans and loans transferred between the company and the parent bank.

Changes in gross loans in the balance sheet

NOK Thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans assessed at amortised cost				
Gross loans as at 01.01.2024 assessed at amortised cost	51 986 809	3 677 988	166 712	55 831 510
Transferred to stage 1	972 843	-950 735	-22 108	-0
Transferred to stage 2	-2 407 115	2 443 119	-36 004	-0
Transferred to stage 3	-12 223	-30 640	42 864	-0
Net change on present loans loans	-1 406 472	-89 114	-15 053	-1 510 639
New loans	18 519 947	855 081	2 137	19 377 164
Derecognised loans	-11 882 263	-1 131 621	-32 447	-13 046 331
Gross loans as at 31.12.2024 assessed at amortised cost	55 771 525	4 774 078	106 101	60 651 704

NOK Thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans assessed at amortised cost				
Gross loans as at 01.01.2023 assessed at amortised cost	53 491 301	2 924 288	174 388	56 589 977
Transferred to stage 1	884 983	-844 914	-40 069	-0
Transferred to stage 2	-2 083 592	2 110 513	-26 921	-0
Transferred to stage 3	-55 492	-44 880	100 372	-
Net change on present loans	-2 386 969	-104 396	-5 688	-2 497 052
New loans	14 574 786	546 787	11 484	15 133 057
Derecognised loans	-12 438 209	-909 409	-46 854	-13 394 471
Gross loans as at 31.12.2023 assessed at amortised cost	51 986 809	3 677 988	166 712	55 831 510

10. Bonds and certificates

NOK Thousand	31.12.2024	31.12.2023
Short-term investments designated at fair value through profit		
Certificates and bonds issued by public sector	1 708 307	827 767
Certificates and bonds issued by others	3 862 968	1 314 518
Accrued interests	34 572	16 058
Total	5 605 847	2 158 343

11. Debt securities issued as at 31.12.2024

ISIN Number	Ticker	Currency	Nominal value	Interest		Due date	Book value	Fair value
NO0010832637	SORB28	NOK	5 750 000	Floating	3M Nibor	24.09.2025	5 755 938	5 765 865
XS2555209381		EUR	500 000	Fixed	0.31%	14.11.2025	5 955 998	5 957 441
XS1947550403		EUR	500 000	Fixed	0.50%	06.02.2026	5 797 765	5 806 188
XS2069304033		EUR	500 000	Fixed	0.01%	26.10.2026	5 658 671	5 659 013
NO0012535824	SORB32	NOK	5 500 000	Floating	3M Nibor	31.05.2027	5 522 494	5 556 392
NO00111002529	SORB31	NOK	7 000 000	Floating	3M Nibor	20.09.2027	7 101 330	7 090 655
NO0010670409	SORB08	NOK	500 000	Fixed	4.00%	24.01.2028	507 725	509 926
XS2291901994		EUR	500 000	Fixed	0.01%	28.01.2028	5 521 974	5 472 989
XS2389362687		EUR	500 000	Fixed	0.01%	25.09.2028	5 430 492	5 374 940
NO0013214841	SORB33	NOK	6 000 000	Floating	3M Nibor	23.05.2029	6 026 696	6 043 066
NO0013388454	SORB34	NOK	6 250 000	Floating	3M Nibor	06.11.2029	6 293 862	6 287 818
TOTAL							59 572 945	59 524 292

12. Cover pool composition and OC

NOK Thousand	Nominal value	
	31.12.2024	31.12.2023
Loans secured by mortgages on residential properties	60 527 118	55 706 526
Deductions on ineligible loans *	-173 278	-248 008
Pool of eligible loans	60 353 840	55 458 518
Certificates and bonds	4 500 000	990 000
Total cover pool	64 853 840	56 448 518
Debt incurred due to issuance of securities	56 346 750	48 396 750
Total	56 346 750	48 396 750
Collateralisation ratio (OC)	15.1 %	16.6 %

NOK Thousand	Fair value	
	31.12.2024	31.12.2023
Loans secured by mortgages on residential properties	60 624 841	55 807 966
Deductions on ineligible loans *	-173 278	-248 008
Pool of eligible loans	60 451 563	55 559 959
Certificates and bonds	4 558 879	1 002 797
Financial derivatives (assets)	-	-
Total cover pool	65 010 442	56 562 755
Debt incurred due to issuance of securities	59 524 292	49 680 085
Financial derivatives (debt)	-2 752 872	-932 958
Total	56 771 421	48 747 126
Collateralisation ratio (OC)	14.5 %	16.0 %

* Loans above 80 % LTV and loans in default.

13. Related parties

NOK Thousand	31.12.2024	31.12.2023
Income statement		
Interest income from Sparebanken Sør on deposits	22 095	2 836
Interest expenses/commission from Sparebanken Sør on loans/credit	265 007	132 837
Interest expenses on bond debts to Sparebanken Sør	1 987	-
Paid administration fees to Sparebanken Sør	109 832	100 197
Balance sheet		
Bank deposit with Sparebanken Sør	3 308 675	973 173
Covered bonds owned by Sparebanken Sør	251 987	-
Loans/credit with Sparebanken Sør	3 749 376	4 544 202
Dividend payment to Sparebanken Sør	250 000	-

Quarterly profit trend

NOK Thousand	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Net interest income	161 949	150 758	157 878	144 661	119 716
Net other operating income	-15 541	-2 981	-9 501	-141	-3 313
Operating expenses	31 015	28 214	30 205	27 382	28 166
Profit before losses on loans	115 394	119 563	118 172	117 138	88 237
Losses on loans and undrawn credits	3 145	-4 032	430	3 785	927
Profit before taxes	112 249	123 595	117 742	113 352	87 310
Tax expenses	24 627	27 863	26 432	25 680	19 449
Profit for the period	87 622	95 732	91 309	87 673	67 862
Liquidity coverage ratio (LCR)	287.3 %	342.3 %	348.3 %	318.7 %	443.0 %
Net stable funding ratio (NSFR)	120.8 %	123.2 %	123.4 %	122.6 %	120.1 %
Total capital ratio	22.1 %	19.8 %	19.3 %	20.5 %	19.0 %
Leverage Ratio	7.8 %	6.9 %	7.0 %	7.5 %	7.0 %

Declaration in accordance with section 5-6 of the Norwegian securities trading act

The Board of Directors and CEO of Sparebanken Sør Boligkreditt AS, hereby confirm that the Company`s financial statements for the second half of 2024 have been prepared in accordance with applicable accounting standards, and the information provided in the financial statements provides a true and fair view of the company`s assets, liabilities, financial position and overall result.

In addition, we confirm that the report provides a true and fair view of the Company`s development, result and position, together with a description of the most significant risks and uncertainty factors facing the Company.

Kristiansand, 5 February 2025

The Board of Directors for Sparebanken Sør Boligkreditt AS



Geir Bergskaug
Chairman



Seunn Smith-Tønnessen
Member



Steinar Vigsnes
Member



Marianne Lofthus
Managing Director