

Interim report 3rd quarter 2024

Storebrand Boligkreditt AS (unaudited)



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Important notice:

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

Storebrand Boligkreditt AS

- Interim report for the third quarter of 2024

(Profit figures for the corresponding period in 2023 are shown in brackets. Balance sheet figures in brackets are for the end of 2023)

- **Increased interest margins and increased net interest income**
- **Low loan losses**

Financial performance

Pre-tax profit was NOK 82 million (NOK 35 million) for the third quarter and a pre-tax of NOK 232 million (NOK 113 million) year to date.

Net interest income was NOK 125 million (NOK 80 million) in the third quarter and NOK 372 million (NOK 240 million) year to date. As a percentage of average total assets, net interest income was 1.09 per cent (0.80 per cent) for the third quarter and 1.09 per cent (0.80) year to date.

Other operating income amounted to NOK 0 million (NOK 0 million) in the quarter and minus NOK 4 million (minus NOK 7 million) year to date and relate mainly to net loss on financial instruments.

Operating expenses totalled NOK 44 million (NOK 40 million) in the third quarter and NOK 135 million (NOK 118 million) year to date. The increase was due to increased lending volume.

Loan losses in the third quarter amounted to NOK 1 million recognised as gain (NOK 5 million recognised as loss) and NOK 1 million (NOK 2 million) year to date.

Balance sheet development

The lending volume has decreased by NOK 1 billion since the end of 2023 and amounted to NOK 44.2 billion (NOK 45.1 billion). Storebrand Boligkreditt AS operate with restrictive lending practices. The average loan-to-value ratio in the portfolio was 57 per cent (59 per cent) at the end of the quarter. On the date of transfer, the loan-to-value ratio never exceeds 80 per cent. The company has over-collateralisation of 20 per cent (24 per cent).

Non-performing (defaulted) loans at the end of the third quarter amounted to NOK 287 million (NOK 220 million), equivalent to 0.65 per cent of gross loans in the company (0.49 per cent). The volume of non-performing loans has historically been very low but has increased somewhat in the past year and a half as a consequence of higher interest rate levels and living costs. The company is monitoring the development and ensuring proper measures both in the credit process and close customer contact. All the loans have a loan-to-value ratio within 80 per cent of market value or have mainly been written down. Loan loss provisions amounted to NOK 22 million (NOK 20 million) at the end of the third quarter.

The company's loan programme is AAA rated by S&P Global Ratings.

At the end of the third quarter of 2024, the company had a liquidity portfolio consisting of fixed-income securities with a AAA rating and AA+ rating from S&P Global Ratings with a market value of NOK 2,196 million, of which NOK 1,181 million is classified at amortised cost and NOK 1,015 million is classified at fair value with changes in value through profit and loss.

The company's total assets as of 30 September 2024 were NOK 46.7 billion (NOK 46.6 billion), an increase of NOK 0.1 billion compared with the end of 2023.

At the end of the third quarter of 2024, Storebrand Boligkreditt AS had issued covered bonds with a total carrying amount of NOK 37.8 billion. NOK 35 billion of these bonds have been placed in the market, while NOK 2.8 billion are being held by the parent bank. The weighted average duration of the bonds placed in the market was 2.8 years at the end of the quarter.

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. One of these is a normal overdraft facility, with a ceiling of NOK 8.0 billion. This has no expiry date but can be terminated by the bank on 15 months' notice. The other facility may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity.

Capital adequacy

Equity in the company at the end of the third quarter amounted to NOK 3.8 billion (NOK 3.6 billion), and own funds (Tier 1 capital + Tier 2 capital) at the end of the quarter amounted to NOK 3.6 billion (NOK 3.6 billion). The capital base of Storebrand Boligkreditt AS consists entirely of Common Equity Tier 1 (CET1) capital. The CET1 adequacy ratio in the company was 21.6 per cent (21.1 per cent) at the end of the quarter. The requirement for the capital base was 17.5 per cent as of 30 September 2024. The company has satisfactory solvency and liquidity based on the company's business activities. The company satisfied the combined capital and capital buffer requirements at the end of the quarter.

Storebrand Boligkreditt AS must comply with an LCR of 100 per cent. At the end of the third quarter of 2024, the company's LCR was 1,943 per cent.

Credit risk

There are no significant changes to PD, EAD and LGD estimates from 31 December 2023 to 30 September 2024. The LTV's are not significantly changed, and the average LTV is 57 per cent. Defaulted loans have increased approximately by NOK 67 million from 220 million to 287 million in the third quarter. Total credit losses increased by NOK 1 million year to date.

Strategy and future prospects

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

The market trends and the non-performing loans are being closely monitored. Efforts to ensure good working procedures and high data quality will continue and thereby ensure that government and rating requirements continue to be fulfilled.

Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market

are regarded as the key risk factors that can affect the performance of Storebrand Boligkreditt AS.

New issues of covered bonds will be made available when the company decides it is favourable to do so and there is sufficient collateral. Storebrand Boligkreditt AS will continue to contribute to secure Storebrand Bank ASA a diversified financing.

The Board of Directors are not aware of any events of material importance to the preparation of the interim financial statements that have occurred since the balance sheet date.

Lysaker, 22 October 2024

The Board of Directors of Storebrand Boligkreditt AS

Income statement

NOK million	Notes	Q3		01.01 - 30.09		Full year 2023
		2024	2023	2024	2023	
<i>Interest income and similar income</i>						
Interest income calculated by using the effective interest method		644.1	499.0	1,929.2	1,349.4	1,928.0
Other interest income		17.5	6.7	47.5	19.5	33.7
Total interest income and similar income		661.7	505.6	1,976.6	1,368.9	1,961.7
<i>Interest expenses and similar expenses</i>						
Interest expenses calculated by using the effective interest method		-529.3	-421.1	-1,585.6	-1,117.2	-1,619.0
Other interest expenses		-7.2	-4.7	-18.9	-11.6	-16.1
Total interest expenses and similar expenses		-536.5	-425.8	-1,604.5	-1,128.7	-1,635.2
Net interest income		125.2	79.9	372.1	240.2	326.5
Fee and commission income from banking services		0.1	0.2	0.5	0.5	0.6
Fee and commission expense for banking services		-0.2		-1.0	-0.3	-0.3
Net change in fair value and gain/loss on foreign exchange and financial instruments		0.3	-0.2	-3.8	-7.6	-6.0
Total other operating income		0.2		-4.4	-7.4	-5.6
Staff expenses				-0.2	-0.1	-0.2
Other operating expenses		-44.2	-39.7	-134.4	-118.2	-158.9
Total operating expenses excl. credit loss on loans, etc.		-44.2	-39.7	-134.7	-118.4	-159.1
Profit before credit loss on loans, etc.		81.3	40.2	233.1	114.4	161.8
Credit loss on loans, guarantees and interest-bearing securities		0.9	-4.8	-0.8	-1.5	-9.3
Profit before tax for continued operations		82.1	35.4	232.3	112.9	152.5
Tax on profit from continued operations		-18.1	-7.8	-51.1	-24.8	-33.5
Profit before other comprehensive income		64.0	27.6	181.2	88.1	118.9
<i>Other comprehensive income</i>						
<i>Other income and expenses that may be reclassified to profit/loss</i>						
Change in unrealised gain/loss on loans valued at fair value through other comprehensive income (OCI)		-0.3	-1.1	-0.7	-1.1	0.2
Tax			0.2		0.2	
Total other income and expenses that may be reclassified to profit/loss		-0.3	-0.8	-0.7	-0.8	0.1
Total other comprehensive income		-0.3	-0.8	-0.7	-0.8	0.1
Total comprehensive income		63.7	26.8	180.5	87.2	119.1

Statement of financial position

NOK million	Notes	30.09.2024	31.12.2023
Loans to and deposits with credit institutions	3	89.9	69.5
Loans to customers	3, 6, 8	44,163.7	45,069.4
Interest-bearing securities	3	2,195.6	1,413.1
Derivatives	3	89.3	53.1
Other current assets		187.2	44.8
Total assets		46,725.7	46,650.0
Loans and deposits from credit institutions	3	4,843.3	5,580.0
Debt securities issued	3, 4	37,854.5	37,287.2
Derivatives	3	47.5	42.8
Other current liabilities		77.4	55.7
Tax payable		51.1	13.2
Deferred tax		45.0	45.0
Provisions for guarantees and unused credit facilities		0.2	
Total liabilities		42,919.1	43,023.9
Share capital		496.8	496.8
Share premium		1,993.3	1,993.3
Other paid in equity		952.0	905.3
Total paid in equity		3,442.1	3,395.3
Other equity		364.5	230.8
Total retained earnings		364.5	230.8
Total equity	5	3,806.6	3,626.1
Total liabilities and equity		46,725.7	46,650.0

Lysaker, 22 October 2024

The Board of Directors of Storebrand Boligkredit AS

Statement of changes in equity

NOK million	Share capital	Share premium	Other paid in capital	Total paid in equity	Other equity	Total retained earnings	Total equity
Equity at 31.12.2022	494.2	1,445.9	633.1	2,573.2	133.8	133.8	2,707.0
Profit for the period					118.9	118.9	118.9
Other comprehensive income					0.1	0.1	0.1
Total comprehensive income for the period					119.1	119.1	119.1
Equity transactions with the owner:							
Capital increase	2.6	547.4		550.0			550.0
Group contribution received			272.1	272.1			272.1
Group contribution paid					-22.1	-22.1	-22.1
Equity at 31.12.2023	496.8	1,993.3	905.3	3,395.3	230.8	230.8	3,626.1
Profit for the period					181.2	181.2	181.2
Other comprehensive income					-0.7	-0.7	-0.7
Total comprehensive income for the period					180.5	180.5	180.5
Equity transactions with the owner:							
Group contribution received			46.7	46.7			46.7
Group contribution paid					-46.7	-46.7	-46.7
Equity at 30.09.2024	496.8	1,993.3	952.0	3,442.1	364.5	364.5	3,806.6

Storebrand Boligkredit AS is 100 per cent owned by Storebrand Bank ASA. Number of shares are 35 483 333 of nominal value NOK 14 per share.

Statement of cash flow

NOK million	01.01 - 30.09	
	2024	2023
<i>Cash flow from operating activities</i>		
Net receipts of interest, commissions and fees from customers	1,919.2	1,323.2
Net disbursements/payments on customer loans	752.4	-2,937.3
Net receipts/payments on securities	-754.7	915.4
Payments of operating costs	-112.3	-84.5
Net cash flow from operating activities	1,804.6	-783.2
<i>Cash flow from financing activities</i>		
Payments - repayments of loans and issuing of bond debt	-4,917.7	-4,000.0
Receipts - new loans and issuing of bond debt	5,549.0	9,761.0
Payments - interest on loans	-1,665.5	-1,019.3
Payments - repayment of loans to credit institutions	-736.7	-4,153.4
Receipts - group contribution	46.7	272.1
Payments - group contribution	-59.9	-28.4
Net cash flow from financing activities	-1,784.2	832.1
Net cash flow in the period	20.4	48.9
Cash and bank deposits at the start of the period	69.5	25.0
Cash and bank deposits at the end of the period	89.9	73.9

Storebrand Boligkredit AS has credit facility agreements with Storebrand Bank ASA. The amount drawn on the credit facilities is recognised in the item "Liabilities to credit institutions" as at 30.09.2024.

Notes to the interim accounts

Note 1 Basis for preparation

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements. The financial statements of Storebrand Boligkredit AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and appurtenant interpretations.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2023 annual report, and the interim financial statements are prepared with respect to these accounting policies.

In preparing financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgment at the time the financial statements were prepared.

Critical accounting estimates and judgements are described in the 2023 annual financial statements' note 2 and valuation of financial instruments at fair value are described in note 9.

There are none new or changed accounting standards that entered into effect in 2024 that have significant effect on Storebrand Boligkredit AS's financial statements.

There have not been any substantial changes in the financial risk since 31.12.2023. Please see note 3 to 9 in the 2023 Annual report for more details.

Note 2 Related parties

Issued covered bonds

Storebrand Bank ASA has invested NOK 2.8 billion in covered bonds issued by Storebrand Boligkredit AS as of 30 September 2024.

Storebrand Livsforsikring AS has invested NOK 0.2 billion in covered bonds issued by Storebrand Boligkredit AS as of 30 September 2024.

Credit facilities with Storebrand Bank ASA

Storebrand Boligkredit AS has two credit facilities with Storebrand Bank ASA. One of these facilities is a normal overdraft facility, with a commitment of NOK 8 billion. This has no expiry date but can be terminated by the bank on 15 months' notice.

The amount of the other facility is the payment obligations of Storebrand Boligkredit AS the following 31 days on interest and principal amounts regarding Covered Bonds, including any connected derivatives. This facility may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity.

Note 3 Valuation of financial instruments

The Storebrand Group classify financial instruments valued at fair value in three different levels. The criteria for the classification and processes associated with valuing are described in more detail in note 9 in the annual report 2023 for Storebrand Boligkredit AS.

The company has established valuation models and gathers information from a wide range of well-informed sources with a view to minimize any uncertainty in the valuations.

Valuation of financial instruments at fair value through profit and loss

NOK million	Level 1	Level 2	Level 3		
	Quoted prices	Observable assumptions	Non-observable assumptions	30.09.2024	31.12.2023
<i>Interest-bearing securities</i>					
Government and government guaranteed bonds		104.6		104.6	
Mortgage and asset backed bonds		910.0		910.0	1,309.2
Total interest-bearing securities 30.09.2024	1,014.5			1,014.5	
Total interest-bearing securities 31.12.2023		1,309.2			1,309.2
<i>Derivatives</i>					
Interest rate derivatives		41.7		41.7	10.3
Total derivatives 30.09.2024	41.7			41.7	
Derivatives with a positive fair value		89.3		89.3	53.1
Derivatives with a negative fair value		-47.5		-47.5	-42.8
Total derivatives 31.12.2023		10.3			10.3

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

Valuation of financial instruments at fair value through other comprehensive income

NOK million	Level 1	Level 2	Level 3		
	Quoted prices	Observable assumptions	Non-observable assumptions	30.09.2024	31.12.2023
Loans to customers - retail market					
			44,163.7	44,163.7	45,069.4
Total loans to customers			44,163.7	44,163.7	45,069.4

Financial instruments at fair value - level 3

		30.09.2024
NOK million		Loans to customers at fair value through other comprehensive income
Book value 01.01.2024		45,069.4
Net gains/losses on financial instruments		-1.4
Supply / disposal		10,865.1
Sales / due settlements		-11,769.4
Book value 30.09.2024		44,163.7

		31.12.2023
NOK million		Loans to customers at fair value through other comprehensive income
Book value 01.01.2023		37,470.3
Net gains/losses on financial instruments		-9.4
Supply / disposal		19,520.7
Sales / due settlements		-11,912.2
Book value 31.12.2023		45,069.4

Valuation of financial instruments at amortised cost

NOK million	Fair value	Book value	Fair value	Book value
	30.09.2024	30.09.2024	31.12.2023	31.12.2023
<i>Financial assets</i>				
Loans to and deposits with credit institutions	89.9	89.9	69.5	69.5
Interest-bearing securities	1,181.4	1,181.1	103.4	103.9
Total financial assets 30.09.2024	1,271.3	1,271.0		
Total financial assets 31.12.2023			173.0	173.5
<i>Financial liabilities</i>				
Loans and deposits from credit institutions	4,843.3	4,843.3	5,580.0	5,580.0
Debt securities issued	38,001.8	37,854.5	37,276.9	37,287.2
Total financial liabilities 30.09.2024	42,845.1	42,697.8		
Total financial liabilities 31.12.2023			42,856.9	42,867.2

Sensitivity assessments

Loans to customers

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

NOK million	Floating loans to customers		Floating loans to customers	
	Fair value through other comprehensive income (OCI)		Fair value through other comprehensive income (OCI)	
	Changes in market spread + 10 bp	- 10 bp	Changes in market spread + 25bp	- 25 bp
Increase/reduction in fair value at 30.09.2024	-5.1	5.1	-12.7	12.7
Increase/reduction in fair value at 31.12.2023	-5.2	5.2	-12.9	12.9

Note 4 | Debt securities issued

Change in debt securities issued

NOK million	Balance sheet 31.12.2023	Issued	Matured/ redeemed	Exchange movements	Other adjustments	Balance sheet 30.09.2024
Covered bonds	37,287.2	5,581.7	-5,050.6	26.6	9.7	37,854.5
Total debt securities issued	37,287.2	5,581.7	-5,050.6	26.6	9.7	37,854.5

Note 5 | Capital adequacy

The standard method is used for credit risk and market risk and the basis method is used for operational risk. Total requirement to Core Equity Tier 1 (CET1) and eligible capital (Tier 1 capital + Tier 2 capital) are 14 per cent and 17.5 per cent.

Eligible capital

NOK million	30.09.2024	31.12.2023
Share capital	496.8	496.8
Other equity	3,309.8	3,129.3
Total equity	3,806.6	3,626.1

Deductions

Profit not included in the calculation of eligible capital	-181.2
AVA adjustments	-45.4
Provision for group contribution	-46.7

Additions

Group contribution received	46.7
Core Equity Tier 1 (CET1)	3,580.1

Additional Tier 1 capital

Tier 1 capital	3,580.1	3,579.6
Tier 2 capital		

Eligible capital (Tier 1 capital + Tier 2 capital)

3,580.1

3,579.6

Minimum capital requirements

NOK million	30.09.2024	31.12.2023
Credit risk	1,280.1	1,313.7
Of which:		
Institutions	4.9	1.8
Loans secured against real estate	1,239.1	1,265.3
Loans past-due	21.1	17.7
Covered bonds	7.3	10.5
Other	7.8	18.4
Total minimum requirement for credit risk	1,280.1	1,313.7
Total minimum requirement for market risk		
Operational risk	39.7	39.7
CVA risk ¹⁾	7.9	0.7
Minimum requirement for net primary capital	1,327.7	1,354.1

¹⁾Regulation on own funds requirements for credit valuation adjustment risk.

Capital adequacy

	30.09.2024	31.12.2023
Capital ratio	21.6%	21.1%
Tier 1 capital ratio	21.6%	21.1%
Core equity Tier 1 (CET1) capital ratio	21.6%	21.1%

Basis of calculation (risk-weighted volume)

NOK million	30.09.2024	31.12.2023
Credit risk	16,001.8	16,421.0
Of which:		
Institutions	61.1	22.4
Loans secured against real estate	15,488.7	15,816.7
Loans past-due	263.8	220.9
Covered bonds	90.9	130.8
Other	97.3	230.2
Total basis of calculation credit risk	16,001.8	16,421.0
Total basis of calculation market risk		
Operational risk	496.5	496.5
CVA risk	98.5	9.1
Total basis of calculation of minimum requirements for capital base	16,596.8	16,926.6

Leverage ratio

NOK million	30.09.2024	31.12.2023
Tier 1 capital	3,580.1	3,579.6
Total Leverage ratio exposure measure	47,256.0	47,285.9
Leverage ratio	7.6%	7.6%

Leverage ratio requirement is 3.0 percentage points as per 30.09.2024.

Note 6 | Loan portfolio and guarantees

NOK million	30.09.2024 Book value	31.12.2023 Book value
Loans to customers at fair value through other comprehensive income (OCI)	44,185.2	45,089.5
Total gross loans to customers	44,185.2	45,089.5
Provision for expected loss stage 1	-0.5	-1.7
Provision for expected loss stage 2	-5.2	-6.5
Provision for expected loss stage 3	-15.9	-11.9
Net loans to customers	44,163.7	45,069.4

There are no significant changes to Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) estimates from 31 December 2023 to 30 September 2024. There are also no significant changes between stage 1, 2 and 3. The LTV's are not significantly changed, and the average LTV is 57 per cent and 59 per cent at the end of 2023. Defaulted loans have increased approximately by NOK 67 million from NOK 220 million to NOK 287 million in the third quarter.

Note 7 | Off balance sheet liabilities and contingent liabilities

NOK million	30.09.2024	31.12.2023
Unused credit facilities	2,434.3	2,398.6
Total contingent liabilities	2,434.3	2,398.6

Unused credit facilities encompass unused flexible mortgage facilities.

Per 30 September 2024, the company has not pledged any collateral.

Note 8 | Loans to value ratio and collateral

NOK million	30.09.2024	31.12.2023
Gross loans ¹⁾	44,185.2	45,089.5
Average loan balance per customer	3.4	3.4
No. of loans	16,315.0	16,506.0
Weighted average seasoning (months)	31.8	28.8
Weighted average remaining term (months)	285.0	281.1
Average loan to value ratio	56.6%	59.4%
Over-collateralisation ²⁾	19.5%	24.3%
<i>Cover pool:</i>		
Residential mortgages ¹⁾	43,712.7	44,568.8
Derivatives	31.4	8.3
Supplementary security ³⁾	1,012.2	1,307.0
Total	44,756.3	45,884.1

¹⁾In accordance with the Regulation for credit institutions that issue covered bonds, lending cannot exceed 80% of the value of collateral (i.e. value of properties pledged as collateral). As per 30 September 2024, the company had NOK 187 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 30 September 2024, the company has 61 non-performing loans without evidence of impairment, equivalent to NOK 131 million. There are 27 non-performing loans with evidence of impairment of about NOK 155.9 million where the impairment is assessed to be about NOK 15 million. Non-performing loans with and without evidence of impairment, are not included in the cover pool. A total of NOK 383 million are not included in the cover pool.

²⁾Over-collateralisation has been calculated based on total volume of issued covered bonds of NOK 37.4 billion (nominal value).

³⁾Supplementary security is loans to and deposits with credit institutions and interest-bearing securities.

Financial calendar

February 2025 Results Q4 2024

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