



**SPAREBANKEN SØR
BOLIGKREDITT AS**

Q1 2023

A company in the Sparebanken Sør Group



Contents

Board of Director's report	3
Income statement	6
Statement of other comprehensive income	6
Balance sheet	7
Cash flow statement	8
Statement of changes in Equity	9
Notes	10
Quarterly profit trend	17



General

Sparebanken Sør Boligkreditt AS is a wholly owned subsidiary of Sparebanken Sør, and the company's business is operated from Kristiansand. 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 Boligkreditt 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 % of the mortgaged property's market value at the date of acquisition.

At the end of Q1 2023, Sparebanken Sør Boligkreditt AS had taken on a mortgage loan portfolio totalling NOK 53 843 million, transferred from Sparebanken Sør, of which NOK 53 506 million was included in the qualified cover pool. Corresponding figures at the end of Q1 2022 were NOK 50 504 million and NOK 50 287 million respectively.

The portfolio of bonds and certificates totalled NOK 3 839 million at the end of Q1 2023, of which NOK 3 365 million was included in the cover pool. Corresponding figures at the end of Q1 2022 were NOK 5 003 million and NOK 3 745 million respectively.

Sparebanken Sør Boligkreditt AS has issued covered bonds totalling NOK 49 657 million, compared to NOK 46 760 million at the same time in 2022. The company has achieved diversified funding by issuing covered bonds outside the Norwegian bond market.

Income statement and balance sheet

The financial statement of Sparebanken Sør Boligkreditt AS shows a profit after tax of NOK 88.5 million at the end of Q1 2023, compared to NOK 72.2 million in 2022.

The company had net interest income of NOK 119.1 million, compared to NOK 126.5 million in 2022. The decrease is mainly due to the increase in market rates (Nibor) on issued covered bonds. Interest rates had an uplift during 2022. The Norwegian Central Bank, Norges Bank, has raised the key policy rate from 0 to 3.0 percent as of September 2021. Sparebanken Sør Boligkreditt has changed lending rates on mortgages, in line with hikes in the Norwegian key policy rate.

Net income from financial instruments totalled NOK 20.5 million, compared to minus NOK 6.4 million in 2022. The improvement is related to a reduced loss in value from certificates and bonds, and increased net income from hedging.

The company has issued covered bonds in Euros under the EMTCN (European Medium Term Covered Note) program. In order to control interest and currency exposure, the company has established swap arrangements (basis swaps), to convert foreign currency into NOK. The impact on earnings related to changes in the value of basis swaps, affected the income from financial instruments by NOK 0 million and other comprehensive income by minus NOK 2.6 million at the end of Q1 2023. 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 27.5 million at the end of Q1 2023, compared to NOK 24.4 million in the same period in 2022.

Tax expenses were NOK 25.0 million at the end of Q1 2023. Corresponding figures at the end of Q1 2022 were NOK 24.1 million respectively.

Total assets as at 31.03.2023 were NOK 59 228 million, of which net loans to customers represented NOK 53 818 million. At the same time in 2022 total assets were NOK 56 233 million, of which net loans to customers were NOK 50 493 million. The loan portfolio has been financed through the issuance of bonds totalling NOK 49 657 million, and by equity and loans from Sparebanken Sør. At the end of Q1 2023, the company had a total paid-in capital of NOK 2 575 million, of which NOK 2 075 million was share capital and NOK 500 million was related to share premiums.

Sparebanken Sør Boligkreditt AS has an overdraft facility of NOK 5 000 million with Sparebanken Sør for operational purposes that, as at 31.03.2023, was drawn down by NOK 3 923 million. In addition, the company has a revolving multicurrency loan facility, which can be used to refinance outstanding bonds.

Board of Director's report

Capital strength

At the end of Q1 2023, the net subordinated capital in the company was NOK 4 446 million, compared to NOK 4 197 million at the same time in 2022. This corresponds to a common equity tier 1 capital ratio/tier 1 capital ratio/total capital ratio of 20.4 percent (20.5 percent at the same time in 2022), while regulatory minimums requirements constitute 12.5 percent, 14.0 percent and 16.0 percent respectively. The capital adequacy ratio has been calculated based on the standard method in the Basel II - regulations. The Board of Directors consider the company's solidity and risk-bearing ability to be good. The company's Leverage Ratio was 7.2 percent at the end of Q1 2023.

Risks

As a licensed mortgage company, Sparebanken Sør Boligkreditt AS is subject to a number of acts, 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 Boligkreditt 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 consider 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 to NOK and liabilities established at fixed rates are swapped to floating rates. Accounting for foreign currency debt and debt at fixed interest rates, comply with the rules for hedge accounting. The Board of Directors consider 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 31.03.2023 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 ratio of 302 percent. As at 31.03.2023 the mortgages in the cover pool had an average loan-to-value of 51.8 percent. Over-collateralization was 15.8 percent, and given a stress test on assets prices of 30 percent, the OC was above the legislative OC level of 5 percent.

A Management Service Agreement has been established with Sparebanken Sør that encompasses the supply of all necessary services for the operation of 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 Boligkreditt 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 updated in Q1 2022.

Rating

Covered bonds issued by Sparebanken Sør Boligkreditt AS in NOK and EUR have been given an Aaa rating by Moody's.

Future prospects

Activity in the Norwegian economy is high, with little spare capacity. Unemployment has fallen to a low level, and the labour market is tight. Price inflation is markedly above target according to Norges Bank, and key policy rate forecasts indicate that a further rise in interest rates during 2023 is needed to curb inflation. Uplifts in interest rates may lead to lower consumption and investments. The turbulence in the US and Swiss banking sector has led to a considerable financial market volatility and uncertainty.

Residential property prices in the Bank's main markets have shown positive, though moderate, growth over several years. Activity in the housing market in the region has been high and with inflated house prices during 2021 and 2022. House price inflation is projected to fall into 2023, owing to higher lending rates and a lower demand of mortgages. A strong labour market and wage growth will on the other hand have a positive effect on house prices.

The risk premiums on covered bonds have increased, a reflection of the financial market volatility. Sparebanken Sør Boligkreditt AS has ample access to wholesale funding and sufficient liquidity reserves to handle challenging financial market conditions.

The Board of Directors anticipates the company's business to continue to be very satisfactory going forward. Sparebanken Sør Boligkreditt AS is well-positioned to further acquire loans from Sparebanken Sør, and issue covered bonds towards investors in Norway and abroad.

Subsequent events

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

Kristiansand, 2 May 2023

The Board of Directors for Sparebanken Sør Boligkreditt AS

Geir Bergskaug
Chairman

Seunn Smith-Tønnessen
Member

Svein Ole Holvik
Member

Steinar Vigsnes
Member

Marianne Lofthus
Managing Director

Income statement

NOK Thousand	Notes	31.03.2023	31.03.2022	31.12.2022
Interest income, assets recognised at amortized cost	2, 13	594 653	283 238	1 498 771
Interest income, assets recognised at fair value	2, 13	50 818	16 356	111 230
Interest expenses	2, 13	526 383	173 136	1 163 574
Net interest income	2	119 087	126 457	446 427
Commission income		47	35	164
Commission expenses		1 308	1 293	5 140
Net commission income		-1 261	-1 257	-4 976
Net income from financial instruments	3	20 518	-6 365	-32 837
Personnel expenses		0	0	60
Other operating expenses	13	27 469	24 384	103 394
Total expenses		27 469	24 384	103 453
Profit before loss		110 875	94 451	305 161
Losses on loans and undrawn credit	9	-2 546	-1 805	15 645
Profit before taxes		113 421	96 256	289 516
Tax expenses		24 953	24 064	30 942
Profit for the period		88 468	72 192	258 574

Statement of other comprehensive income

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Profit for the period	88 468	72 192	258 574
Net change in value from basis swaps	-3 388	114 612	98 959
Tax effect	745	-28 653	-21 771
Total profit for the period	85 825	158 151	335 762

Balance sheet

NOK Thousand				
ASSETS	Notes	31.03.2023	31.03.2022	31.12.2022
Loans to and receivables from credit institutions	13	602 027	552 906	76 670
Net loans to customers	7,8,9,11	53 817 519	50 493 124	56 561 879
Bonds and certificates	10	3 839 467	5 003 609	6 458 757
Financial derivatives	12	889 600	144 334	493 132
Deferred tax assets		0	0	0
Other assets		79 233	39 054	73 973
TOTAL ASSETS		59 227 846	56 233 028	63 664 411
LIABILITIES AND EQUITY				
Debt to credit institutions	5,13	4 405 425	3 171 444	4 027 018
Debt incurred due to issuance of securities	11,12	49 656 761	46 759 844	53 277 192
Financial derivatives		564 686	1 925 167	1 821 055
Payable taxes		15 442	- 5	41 317
Deferred tax liabilities		35 269	39 726	32 171
Other liabilities		10 998	61 025	12 221
TOTAL LIABILITIES		54 688 583	51 957 201	59 210 973
EQUITY				
Paid-in equity	6	2 575 000	2 575 000	2 575 000
Retained earnings		1 964 263	1 700 827	1 878 438
TOTAL EQUITY CAPITAL		4 539 263	4 275 827	4 453 438
TOTAL LIABILITIES AND EQUITY CAPITAL		59 227 846	56 233 028	63 664 411

Kristiansand, 2 May 2023

The Board of Directors for Sparebanken Sør Boligkreditt AS

Geir Bergskaug
Chairman

Seunn Smith-Tønnessen
Member

Svein Ole Holvik
Member

Steinar Vigsnes
Member

Marianne Lofthus
Managing Director

Cash flow statement

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Interest received	645 388	295 740	1 562 326
Interest paid	- 569 491	- 219 158	-1 023 757
Operating expenditure	- 29 681	24 375	- 108 111
Changes in loans to customers	2 746 930	- 819 988	-6 861 995
Income tax paid	- 46 984	- 98 392	- 98 421
Net cash flow from operating activities	2 746 162	- 817 422	-6 529 958
Payments received, securities	6 774 210	1 785 524	8 956 716
Payments made, securities	-4 147 890	-1 718 929	-10 349 803
Changes in other assets	- 5 260	3 044	- 31 874
Changes in deposits from credit institutions	378 408	- 917 124	- 61 550
Changes in other liabilities	- 272	50 017	835
Net cash flow from current financing activities	2 999 195	- 797 468	-1 485 677
Paid-in share capital	0	700 000	700 000
Paid dividend	0	- 314 000	- 314 000
Payments received, bond debt	0	1 525 425	12 144 183
Payments made, bond debt	-5 220 000	0	-4 694 250
Net cash flow from long-term financing activities	-5 220 000	1 911 426	7 835 933
Net change in liquid funds	525 357	296 536	- 179 701
Liquid funds as at 01.01.	76 670	256 371	256 371
Liquid funds at the end of the period	602 027	552 906	76 670

Statement of changes in Equity

NOK Thousand	Share capital	Share premium reserve	Retained earnings	Total
Balance 31.12.2021	1 375 000	500 000	1 856 676	3 731 676
Dividend	0	0	-314 000	-314 000
Share capital increase	700 000	0	0	700 000
Profit 01.01.2022 - 31.03.2022	0	0	72 192	72 192
Other income/expenses	0	0	85 959	85 959
Balance 31.03.2022	2 075 000	500 000	1 700 828	4 275 827
Profit 01.04.2022 - 31.12.2022	0	0	186 382	186 382
Other income/expenses	0	0	-8 771	-8 771
Balance 31.12.2022	2 075 000	500 000	1 878 438	4 453 438
Profit 01.01.2023 - 31.03.2023	0	0	88 468	88 468
Other income/expenses	0	0	-2.643	-2 643
Balance 31.03.2023	2 075 000	500 000	1 964 263	4 539 263

1. ACCOUNTING POLICIES

The quarterly financial statements have been kept in accordance with the International Financial Reporting Standards, IFRS, including IAS 34. Sparebanken Sør Boligkreditt 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 2022 (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 2022 (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. This item was in 2020 and 2021 particularly challenging to quantify, due to the ongoing pandemic. In 2023, there are again major turmoil and fluctuations in the financial market. Many macro parameters pointed upward from the last six months of 2021 and 2022. At the end of the Q1 2023, there still is a pessimism in the market with increased raw material prices, an increasing key policy rate, an expected future fall in the property market and an expected future increase in unemployment. Models used to calculate future credit losses contains forward-looking macro data, and in events of major economic changes, the current models and parameters must be changed accordingly.

Macro parameters and measures that have been used as input in the loss model is presented in note 9.

2. NET INTEREST INCOME

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Interest income recognised at amortized cost			
Interest on loans to customers	594 411	281 976	1 496 712
Interest on loans to and receivables from credit institutions	242	1 262	2 059
Total interest income recognised at amortized cost	594 653	283 238	1 498 771
Interest income recognised at fair value			
Interest on certificates/bonds/interest-bearing securities	50 818	16 356	111 230
Total interest income recognised at fair value	50 818	16 356	111 230
Total interest income	645 470	299 594	1 610 001
Interest expenses recognised at amortized cost			
Interest on debt to credit institutions	38 847	14 915	85 862
Interest on issued securities	484 861	156 316	1 068 408
Other interest expenses	2 676	1 905	9 304
Total interest expenses recognised at amortized cost	526 383	173 136	1 163 574
Total interest expenses	526 383	173 136	1 163 574
Net interest income	119 087	126 457	446 427

3. NET INCOME FROM FINANCIAL INSTRUMENTS

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Profit (loss) and changes in value from certificates and bonds	- 697	- 8 451	- 24 424
Net income from certificates and bonds	- 697	- 8 451	- 24 424
Change in value fixed rate loans - interest	0	- 128	55
Change in value fixed rate loans - margin	0	- 8	- 76
Expected credit loss IFRS9	0	0	0
Net change in value fixed rate loans	0	- 136	- 21
Change in value fixed rate bonds - hedge accounting			
Change in value derivatives fixed rate bonds	-1 623 383	2 044 332	1 542 750
- designated as hedging instruments	1 644 598	-2 042 110	-1 551 142
Net income hedging	21 214	2 222	- 8 391
<i>Whereof effects from basis swaps (1)</i>	<i>0</i>	<i>3 171</i>	<i>5 021</i>
Profit (loss) buyback own bonds - amortised cost	0	0	0
Currency gains (losses)	0	0	0
Net other financial instruments and derivatives	0	0	0
Net income from financial instruments	20 518	- 6 365	- 32 837

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 ASSETS RATIO

	31.03.2023	31.03.2022	31.12.2022
Average debt to assets ratio in %	51.8 %	51.8 %	53.0 %
Portfolio broken down by intervals of debt to assets ratio			
Less than or equal to 40 %	20.9 %	20.6 %	19.5 %
41 - 50 %	19.9 %	19.0 %	18.5 %
51 - 60 %	28.9 %	30.8 %	27.9 %
61 - 70 %	23.2 %	25.4 %	24.2 %
71 - 75 %	5.1 %	2.6 %	6.9 %
76 - 80 %	1.1 %	0.6 %	2.2 %
Above 80 %	0.9 %	0.9 %	1.0 %
Total	100.0 %	100.0 %	100.0 %

5. DEBT TO CREDIT INSTITUTIONS

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Credit facility with Sparebanken Sør	3 922 544	3 103 759	4 013 403
Received collaterals	482 882	67 685	13 615
Total debt to credit institutions	4 405 425	3 171 444	4 027 018

Sparebanken Sør Boligkreditt AS has entered into an agreement with Sparebanken Sør for a credit facility of NOK 5 000 million for operational purposes. In addition, the company has a revolving multicurrency loan facility, which can be used to refinance outstanding bonds.

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	31.03.2023	31.03.2022	31.12.2022
Equity capital			
Share capital	2 075 000	2 075 000	2 075 000
Share premium reserve	500 000	500 000	500 000
Other equity capital	1 875 795	1 628 635	1 878 438
Deductions	- 5 294	- 7 078	- 8 773
Dividend	0	0	0
Net subordinated capital (common equity tier 1)	4 445 501	4 196 557	4 444 665
Minimum requirements for equity capital			
Credit risk	20 925 736	19 555 528	21 942 354
Market risk	0	0	0
Operational risk	882 123	874 094	882 133
CVA addition	0	0	0
Deductions	0	0	0
Risk weight balance (calculation basis)	21 807 859	20 429 622	22 824 487
Common equity tier 1 capital ratio	20.4 %	20.5 %	19.5 %
Tier 1 capital ratio	20.4 %	20.5 %	19.5 %
Total capital ratio	20.4 %	20.5 %	19.5 %
Leverage Ratio	7.2 %	7.2 %	6.7 %

Minimum capital requirements:

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Minimum Tier 1 capital requirements	4.50 %	4.50 %	4.50 %
Conservation buffer	2.50 %	2.50 %	2.50 %
Systemic risk buffer	3.00 %	3.00 %	3.00 %
Counter-cyclical buffer	2.50 %	1.00 %	2.00 %
CET1 requirements	12.5 %	11.00 %	12.00 %
Tier1 Capital requirements	14.0 %	12.50 %	13.50 %
Total capital requirements	16.0 %	14.50 %	15.50 %
CET1 requirements	2 725 982	2 247 258	2 738 938
Tier1 Capital requirements	3 053 100	2 553 703	3 081 306
Total capital requirements	3 489 257	2 962 295	3 537 795
Above CET1 requirements	1 719 519	1 949 299	1 705 726
Above Tier1 Capital requirements	1 392 401	1 642 854	1 363 359
Above total capital requirements	956 244	1 234 262	906 869

7. LOANS TO CUSTOMERS

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Loans assessed to amortised cost			
Flexi-loans	15 746 803	13 047 271	15 499 817
Loans with installments - floating interest	38 008 294	37 407 790	41 002 210
Loans with installments - fixed interest	0	4 959	0
Gross loans	53 843 105	50 504 169	56 589 977
Loss allowance	- 25 586	- 11 045	- 28 098
Net loans	53 817 519	50 493 124	56 561 879
Undrawn credit on Flexi-loans	5 544 110	4 943 014	5 349 504

Loans broken down by sectors and industries	31.03.2023	31.03.2022	31.12.2022
Retail customers	53 756 209	50 461 177	56 503 164
Accrued interests	86 896	42 992	86 813
Gross loans	53 843 105	50 504 169	56 589 977
Loss allowance	- 25 586	- 11 045	- 28 098
Net loans	53 817 519	50 493 124	56 561 879

Loans broken down by geographical areas

NOK Thousand	31.03.2023		31.03.2022		31.12.2022	
Agder	34 715 144	64.5 %	33 002 526	65.4 %	36 629 215	64.8 %
Vestfold og Telemark	6 764 562	12.6 %	5 998 766	11.9 %	7 074 798	12.5 %
Oslo	5 045 119	9.4 %	4 773 852	9.5 %	5 313 447	9.4 %
Viken	3 746 556	7.0 %	3 467 022	6.9 %	3 809 776	6.7 %
Rogaland	2 022 360	3.8 %	1 871 053	3.7 %	2 151 928	3.8 %
Other counties	1 523 777	2.8 %	1 379 905	2.7 %	1 582 715	2.8 %
Total	53 817 519	100.0 %	50 493 124	100.0 %	56 561 879	100.0 %

8. NON-PERFORMING LOANS

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Total non-performing loans (stage 3)	196 063	137 324	173 159
Stage 3 impairment losses	4 909	3 039	4 500
Net non-performing-loans	191 154	134 285	168 659
Provision ratio non-performing loans	2.50 %	2.21 %	2.60 %
Total non-performing loans in % of gross loans	0.36 %	0.27 %	0.31 %
Gross loans	53 843 105	50 504 169	56 589 977

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

Unlikeliness 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	31.03.2023	31.03.2022	31.12.2022
Changes in impairment losses for the period, stage 1	- 2 109	- 1 426	6 867
+ Changes in impairment losses for the period, stage 2	- 845	- 1 001	6 556
+ Changes in impairments losses for the period, stage 3	408	622	2 222
= Total losses for the period	- 2 546	- 1 805	15 645

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	10 percent increase in unemployment
Loan loss provision	12 342	27 648	46 009	5 875	2 737
Total	12 342	27 648	46 009	5 875	2 737

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
Transfers				
Transferred to stage 1	3 432	-2 929	-502	0
Transferred to stage 2	-543	692	-148	0
Transferred to stage 3	-25	-247	272	0
				0
Losses on new loans	506	12	0	518
Losses on deducted loans*	-939	-1 240	-119	-2 298
Losses on older loans and other changes	-4 539	2 868	905	-765
Loss provisions as at 31.03.2023	9 872	11 213	4 909	25 993
Loss provisions for loans	9 548	11 133	4 906	25 586
Loss provisions for undrawn credit	324	80	3	407
Total loss provisions as at 31.03.2023	9 872	11 213	4 909	25 993

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 01.01.2022	5 114	5 502	2 416	13 032
Transfers				
Transferred to stage 1	1 671	- 1 365	- 305	0
Transferred to stage 2	- 207	280	- 73	0
Transferred to stage 3	- 4	- 201	206	0
Losses on new loans				
Losses on deducted loans*	592	51	6	649
Losses on older loans and other changes	- 364	- 490	- 22	- 876
Losses on older loans and other changes	- 3 114	725	811	- 1 578
Loss provisions as at 31.03.2022	3 687	4 502	3 038	11 227
Loss provision for loans				
Loss provision for loans	3 569	4 443	3 032	11 045
Loss provisions for undrawn credit	118	58	6	182
Total loss provision as at 31.03.2022	3 687	4 502	3 038	11 227

* 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 01.01.2023 assessed at amortised cost	53 491 301	2 924 288	174 388	56 589 977
Transferred to stage 1	807 439	- 782 468	- 24 971	0
Transferred to stage 2	-1 283 787	1 295 765	- 11 979	0
Transferred to stage 3	- 43 755	- 28 082	71 837	0
Net change on present loans	- 757 152	- 21 927	- 4 679	- 783 758
New loans	1 765 381	4 927	0	1 770 308
Derecognised loans	-3 450 927	- 273 879	- 8 616	-3 733 421
Gross loans as at 31.03.2023 assessed at amortised cost	50 528 501	3 118 624	195 980	53 843 105

NOK Thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans assessed at amortised cost				
Gross loans as at 01.01.2022 assessed at amortised cost	47 402 143	2 186 818	91 388	49 680 350
Transferred to stage 1	657 080	- 642 377	- 14 703	0
Transferred to stage 2	- 982 012	986 188	- 4 176	0
Transferred to stage 3	- 34 482	- 33 815	68 297	0
Net change on present loans	- 664 386	- 31 691	- 1 605	- 697 682
New loans	4 680 323	23 393	1 311	4 705 027
Derecognised loans	-2 975 897	- 204 441	- 3 188	-3 183 526
Gross loans as at 31.03.2022 assessed at amortised cost	48 082 770	2 284 074	137 324	50 504 169

10. BONDS AND CERTIFICATES

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Short-term investments designated at fair value through profit			
Certificates and bonds issued by public sector	1 291 462	3 483 469	2 042 255
Certificates and bonds issued by others	2 533 364	1 504 760	4 387 875
Accrued interests	14 641	15 381	28 627
Total	3 839 467	5 003 609	6 458 757

11. DEBT SECURITIES ISSUED AT 31.03.2023

NOK Thousand

ISIN Number	Ticker	Currency	Nominal value	Interest	Due date	Book value	Fair value
NO0010882632	SORB30	NOK	5 000 000	Floating 3M Nibor	19.11.2024	5 022 866	5 032 506
NO0010832637	SORB28	NOK	5 750 000	Floating 3M Nibor	24.09.2025	5 761 788	5 769 270
XS2555209381		EUR	500 000	Fixed 0.31 %	14.11.2025	5 706 862	5 706 052
XS1947550403		EUR	500 000	Fixed 0.50 %	06.02.2026	5 465 536	5 243 397
XS2069304033		EUR	500 000	Fixed 0.01 %	26.10.2026	4 812 012	5 056 610
NO0012535824	SORB32	NOK	5 500 000	Floating 3M Nibor	31.05.2027	5 511 934	5 525 447
NO0011002529	SORB31	NOK	7 000 000	Floating 3M Nibor	20.09.2027	7 155 520	7 072 996
NO0010670409	SORB08	NOK	500 000	Fixed 4.00 %	24.01.2028	508 785	507 800
XS2291901994		EUR	500 000	Fixed 0.01 %	28.01.2028	4 904 196	4 860 617
XS2389362687		EUR	500 000	Fixed 0.01 %	25.09.2028	4 807 264	4 759 642
TOTAL						49 656 761	49 534 335

12. COVER POOL COMPOSITION AND OC

NOK Thousand	Nominal value		
	31.03.2023	31.03.2022	31.12.2022
Loans secured by mortgages on residential properties	53 756 209	50 504 169	56 503 164
Deductions on ineligible loans*	-250 512	-216 750	-237 935
Pool of eligible loans	53 505 697	50 287 419	56 265 229
Certificates and bonds	3 365 000	3 745 000	5 950 000
Total cover pool	56 870 697	54 032 419	62 215 229
Debt incurred due to issuance of securities	49 096 750	48 381 750	54 316 750
Total	49 096 750	48 381 750	54 316 750
Collateralisation ratio (OC)	15.8 %	11.7 %	14.5 %

NOK Thousand	Fair value		
	31.03.2023	31.03.2022	31.12.2022
Loans secured by mortgages on residential properties	53 817 519	50 493 124	56 561 879
Deductions on ineligible loans*	-250 512	-216 750	-237 935
Pool of eligible loans	53 567 007	50 276 374	56 323 944
Sertificates and bonds	3 401 760	3 804 113	6 032 542
Financial derivatives (assets)	0	58 855	0
Total cover pool	56 968 767	54 139 342	62 356 486
Debt incurred due to issuance of securities	49 534 335	46 827 921	53 242 213
Financial derivatives (debt)	-324 914	1 839 688	1 327 922
Total	49 209 421	48 667 609	54 570 136
Collateralisation ratio (OC)	15.8 %	11.2 %	14.3 %

* Non-performing loans and loans above 80 % LTV (LTV limit changed from 75 % to 80 % in Q4 2022).

13. RELATED PARTIES

NOK Thousand	31.03.2023	31.03.2022	31.12.2022
Income statement			
Interest income from Sparebanken Sør on deposits	242	1 262	1 698
Interest expenses/commission from Sparebanken Sør on loans/credit	40 097	16 208	90 862
Interest expenses on bond debts to Sparebanken Sør	0	26 096	4 088
Paid administration fees to Sparebanken Sør	25 670	23 374	98 603
Balance sheet			
Bank deposit in Sparebanken Sør	602 024	552 906	76 666
Covered bonds owned by Sparebanken Sør	0	757 500	0
Loans/credit in Sparebanken Sør	3 922 544	3 103 759	4 013 403

QUARTERLY PROFIT TREND

NOK Thousand	Q1	Q4	Q3	Q2	Q1
	2023	2022	2022	2022	2022
Net interest income	119 087	96 005	106 155	117 809	126 457
Net other operating income	19 256	- 23 043	- 6 296	- 852	- 7 622
Operating expenses	27 469	27 308	24 845	26 917	24 384
Profit before losses on loans	110 875	45 655	75 014	90 041	94 451
Losses on loans and undrawn credits	- 2 546	10 089	2 187	5 174	- 1 805
Profit before taxes	113 421	35 566	72 827	84 867	96 256
Tax expenses	24 953	- 32 546	18 207	21 217	24 064
Profit for the period	88 468	68 111	54 620	63 650	72 192
Liquidity coverage ratio (LCR)	302 %	578 %	1 413 %	805 %	892 %
Total capital ratio	20.4 %	19.5 %	20.8 %	19.5 %	20.5 %
Leverage Ratio	7.2 %	6.7 %	7.3 %	7.0 %	7.2 %



SPAREBANKEN SØR
BOLIGKREDITT AS