



Annual Report for 2024

Sixteenth year of trading

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Key figures

	2024	2023	2022	2021	2020
1 Return on equity*	7.28	5.01	4.24	7.37	7.70
2 Net interest income as a % of average total assets (GFK)	0.99	0.77	0.68	0.95	1.04
3 Profit/loss after tax as a % of average total assets (GFK)	0.62	0.44	0.37	0.59	0.64
4 Costs as a % of income (before losses)*	18.06	25.00	27.02	18.04	17.88
5 Losses as a % of net lending to customers (OB)*	0.00	-0.01	0.00	0.01	0.00
6 Net non-performing commitments as a % of net lending*	0.25	0.20	0.14	0.14	0.01
7 Capital adequacy ratio in %	21.87	22.69	22.55	21.55	21.37
8 Tier 1 capital ratio in %	21.87	22.69	22.55	21.55	21.37
9 CET1 capital ratio (%)	21.87	22.69	22.55	21.55	21.37
10 Dividend/additional dividend	84.7	73.1	118.9	107.4	88.8
11 Average total assets (GFK) in NOK millions	20,095.2	19,224.4	19,998.8	20,050.2	16,659.8

*Defined as alternate profit target

For definition of key figures and a review of alternative performance targets, see p. 41.

Annual report

The business

Sparebanken Øst Boligkreditt AS was founded on 14 April 2009.

Sparebanken Øst Boligkreditt AS is a wholly owned subsidiary of Sparebanken Øst and is licensed as a credit institution with the right to issue covered bonds. The company's business address is in Drammen. In its participation in the market, Sparebanken Øst Boligkreditt AS has played a vital role in securing long-term and favourable financing for the Group.

Moody's Investors Service has given the company an Aaa credit rating on all its bond issues. This reflects the lowest risk and is important for ensuring market access and obtaining good borrowing terms.

In 2012, Sparebanken Øst and Sparebanken Øst Boligkreditt AS launched "Boligkreditt.no", an online market concept which only offers loans secured against property which can be approved in the cover pool for covered bonds, without a deposit account or other banking products.

Business concept

Sparebanken Øst Boligkreditt AS exists to grant or acquire residential mortgages, commercial mortgages, loans secured against other real estate assets, and public loans, as well as to finance lending operations primarily by issuing covered bonds.

Sparebanken Øst Boligkreditt AS aims to be a profitable company run in accordance with business principles and with high ethical standards.

Report on the Annual Accounts

Income Statement

Total interest income in 2024 amounted to NOK 1,151.7 million (NOK 915.0 million in 2023), of which NOK 1,080.5 million (NOK 878.6 million in 2023) relates to interest income on lending to customers. Net interest income totalled NOK 199.5 million, an increase compared to 2023 (NOK 147.4 million). Over the past year, the margins on customer loans relative to the 3-month NIBOR have been somewhat higher than the margins on funding, compared to the past couple of years. This is mainly due to stable money market rates and the absence of changes in Norges Bank's policy rate.

The company's operating profit before tax for 2024 amounted to NOK 160.4 million (NOK 108.5 million in 2023), while profit after tax amounted to NOK 125.1 million (NOK 84.7 million in 2023).

Total operating costs in 2024 amounted to NOK 35.5 million (NOK 35.8 million in 2023), of which NOK 27.6 million (NOK 27.3 million in 2023) relate to management fees paid to the parent bank. Sparebanken Øst Boligkreditt AS has a formal partnership with Sparebanken Øst regulated by a comprehensive management agreement which ensures competency within key fields related to the business and helps to ensure cost-effective operations. In line with the management agreement, the fee is calculated according to business principles and the portfolio being managed at the time.

Losses on loans and unused credit facilities amounted to NOK 0.6 million (NOK -1.1 million in 2023). There were no confirmed losses or changes in individual loan loss provisions in 2024, and the loss for the year as a whole represents a change in model-based loan loss provisions.

Tax costs amounted to NOK 35.3 million (NOK 23.9 million in 2023).

The accounts are prepared on the assumption of a going concern, and it is confirmed that the conditions for this assumption are present.

Balance sheet

The total balance sheet of Sparebanken Øst Boligkreditt AS amounted to NOK 19.952 billion at the end of 2024, an increase of NOK 954.5 million from the previous year. Of the total balance sheet, net lending to customers amounted to NOK 18,793.4 million, representing an increase of NOK 719.1 million from 2023. Throughout 2024, there has been a slight increase in the group's total mortgage portfolio, resulting in a slightly increased need for financing through the issuance of covered bonds. The managed volume originates from the acquisition of mortgage portfolios from Sparebanken Øst or lending through Boligkreditt.no. Other assets largely consist of deposits in the parent bank.

Bond debt at the end of the year amounted to NOK 17,519.9 million, equivalent to an increase of NOK 972.4 million from 2023.

Total loan loss provisions at the end of the year amounted to NOK 6.1 million, an increase of NOK 0.6 million from 2024. All of the loan loss provisions are model-based loss provisions in Step 1 and Step 2.

At the turn of the year, NOK 591.5 million was drawn from an approved credit facility with a credit limit of NOK 3,000 million, made available by Sparebanken Øst.

Net cash flow was positive in 2024, amounting to NOK 236.6 million. Net inflows from loans totaled NOK -719.4 million in 2024, and issued covered bonds increased by 986.7 million NOK (net inflow).

The share capital amounts to NOK 437.1 million, divided into 10.66 million shares with a nominal value of NOK 41 each.

Risk and corporate governance

Sparebanken Øst Boligkreditt AS seeks to maintain a low risk profile in line with regulatory requirements, which also ensures that the company has confidence in the market for covered bonds. The business requires a certain degree of risk-taking, but Sparebanken Øst Boligkreditt AS seeks to maintain a conscious and measured approach to this. This applies particularly to credit risk, interest rate risk, liquidity risk, and operational risk (including ICT risk).

Sparebanken Øst Boligkreditt AS aims to achieve its economic objectives over time. These objectives include a return on equity equivalent to, as a minimum, the risk-free interest rate over time, capital adequacy at the highest level, either as stipulated by regulations or the company's own evaluations, and liquidity management that reduces the risk related to future liquidity requirements.

As a subsidiary of Sparebanken Øst, the company is included in the Group's risk management and internal control. Good risk management is there to support the Group's development and achievement of objectives and should ensure financial stability and responsible business operations. This is achieved via a risk profile characterised by a strong risk culture and a high awareness of risk management.

Sparebanken Øst and its subsidiaries have director's liability insurance covering the members of the Board, the general manager, other members of management or similar governing bodies in the Group, and any past, current or future employees of the Group who could incur personal management liability. The insurance covers liability for economic loss, including personal liability for the Group's debts arising from claims raised against the Group during the insurance period relating to an alleged liability-bearing act or omission in the insured's capacity of general manager, Board member, or member of management or equivalent governing body in the Group. In this context, economic loss is any financial loss not directly arising from physical injury or damage to a person or object. The director's liability insurance has amount limits.

The Board of Directors of the company consists of 4 to 6 members and is elected by the general meeting for 2 years. The positions of Chair and Deputy Chair are elected by the general meeting. Board members may be re-elected.

The company has an independent auditor and internal audit function, plus an inspector. As a wholly owned subsidiary of Sparebanken Øst and given the company's purpose, there is no requirement for its own risk and audit committees.

The Board of Directors and senior management have ultimate responsibility for risk management and internal control. The Board adopts the overall risk strategy and approves principles for monitoring, control, and risk thresholds. The Board regularly evaluates strategies and guidelines pertaining to risk management and control. Organisation and control functions are in line with applicable legislation. The provisions concerning comprehensive risk management are found in the Financial Institutions Act, section 13-5, Prudent operation, good business practice. Section 13-5 (1) states that a financial institution shall be organised and run in a prudent manner. The institution shall have a clear organisation structure and distribution of responsibilities as well as clear and appropriate governance and control arrangements. The institution shall have appropriate policies and procedures for identifying, managing, monitoring and reporting risk to which the institution is, or may become, exposed. A clear organisation with clearly defined areas of responsibility and authorisations is a key element in good risk management and internal control.

The general manager is responsible for executing and implementing adequate internal controls and risk management. The company hires in resources from the parent bank's compliance department, which prepares quarterly risk reports using the existing portfolio as the basis for making spot-checks against credit risk and regulatory provisions. Checks and reports are also carried out for each portfolio transfer from the parent bank to Sparebanken Øst Boligkreditt AS. A quarterly Board and management report providing a picture of current

risks and trends will be submitted to the Board. The company has established guidelines and a framework for the management and control of various types of risk. Foreign exchange, interest rate, and liquidity risks are managed in accordance with Acts and Regulations for covered bonds, and the framework laid down by the company's Board. The general manager holds quarterly meetings with the parent bank to review the current status, trends, and prospects on the basis of the financial report that has been compiled. Separate minutes are prepared following these quarterly meetings. A financial report together with minutes is submitted to the Board on a quarterly basis. The Board judges the overall financial risk to be low.

The assets primarily consist of lending secured against real estate within legal requirements with regard to quality and loan-to-value ratio. The loan-to-value ratio is calculated in relation to the reasonable property value determined in accordance with applicable legislation. The general assessment criteria related to the approval and maintenance of the loan follow the guidelines established by Sparebanken Øst. All collateral is established by way of a value assessment conducted by a competent and independent third party. The Board judges the quality of the lending portfolio to be good. The over-collateralisation in the cover pool was 14 percent at year-end.

The Board is of the opinion that overall risk exposure in Sparebanken Øst Boligkreditt AS is very low.

Net primary capital amounted to NOK 1,714.8 million at year-end. This corresponded to capital adequacy of 21.87% and a Tier 1 capital ratio of 21.87%. The risk-weighted balance sheet at the end of 2024 was NOK 7,841.9 million. The company uses the standardised approach in its capital adequacy calculations. The Board deems the company's capital adequacy to be satisfactory in relation to the company's overall risk level, and the capital situation is helping to position the company for further growth.

Allocation of profit

The annual profit for 2024 amounted to NOK 125.1 million (NOK 84.7 million in 2023). The Board of Directors proposes that the profit for the year be transferred in its entirety to other equity.

Strategy

Through its collaboration with the parent bank, Sparebanken Øst Boligkreditt AS will help the Group to obtain competitive borrowing in a niche market which the bank cannot directly participate in itself. The activities of Sparebanken Øst Boligkreditt AS are, therefore, designed to limit the Group's liquidity risk, and thereby help the Group to achieve its long-term strategic objectives. Through its activities, Sparebanken Øst Boligkreditt AS shall help Sparebanken Øst to offer competitively priced mortgages. New mortgages are sold through the bank's distribution channels and in accordance with the bank's current guidelines and regulations. The bank is responsible for customer relations, marketing, product development, etc. The company's growth depends on the parent bank's borrowing requirements and capital structure.

The target group for the covered bonds issued is mainly national players, but issues in foreign currencies may occur.

Employees and the working environment

Sparebanken Øst Boligkreditt AS has no employees, but sources services from the parent bank equivalent to 1.4 FTEs.

The Board of Directors of Sparebanken Øst Boligkreditt AS currently comprises two men and two women.

Human rights, diversity and inclusion

The company is part of Sparebanken Øst, which has adopted a strategy and policies to safeguard human rights, diversity and inclusion, which apply to the Group.

Preventing economic crime and corruption

The Sparebanken Øst Group aims to combat financial crime and works systematically to prevent products and services from being used for e.g. money laundering and terrorist financing. The Group has zero tolerance for financial crime, and the bank's "Anti-money laundering and terrorist financing policy" provides guidelines for the Group's attitudes and work to prevent this.

Sustainability and corporate social responsibility

Sparebanken Øst Boligkreditt is part of the group's strategy for corporate social responsibility.

Emissions targets

The bank aims to reduce its own and financed emissions and in 2022 adopted the target of net zero emissions by the year 2050. In 2023, interim targets out to 2030 were also set. Emission cuts in its own operations and portfolio support UN Sustainable Development Goal no 13: "Climate action". This area concerns our ability and measures to reduce the greenhouse gas emissions that the Group generates directly through its operations, as well as those emissions that are generated by the companies and projects that we finance.

Sustainable loans and products

As a group, Sparebanken Øst has the greatest impact through close dialogue with its customers and in helping them to make sustainable choices in a transition process. The Group offers green mortgages, green first home loans, green credit lines, green mortgages for young people and environmental loans for energy efficiency measures.

Sustainable access to capital

In January 2023, the Group established a green framework. The framework has been verified by Cicero and is intended to define assets and projects that can be financed with green bonds and green loans. It is planned to update the criteria in the framework every two or three years.

Sparebanken Øst Boligkreditt AS has issued NOK 2.5 billion in a green covered bond (OMF) based on the green framework

The Norwegian Transparency Act

In 2023, a due diligence assessment was made of the company's suppliers in accordance with reporting requirements under the Transparency Act. The company has reviewed all agreements and assessed suppliers' risks including human rights violations, employee rights, the environment and corruption.

The report under the Transparency Act for 2024 will be published by June 30, 2025, in accordance with § 5 of the Transparency Act, and will be available at <https://www.oest.no/om-oss/baerekraft/apenhetsloven>.

The market

The credit spreads in the market have remained relatively stable throughout 2024. At the end of the year, Sparebanken Øst Boligkreditt AS had to pay approximately 50 basis points (hundredths of a percentage point) above the 3-month NIBOR for the issuance of such bonds with a five-year maturity. This is a few basis points higher than the average for the last three years. The availability of capital in the market for mortgage-backed bonds appears very good, and the company is being financed on terms similar to those of other comparable companies.

The cover pool contains secured mortgage loans from every county in the country. The majority of the homes are located in the central part of Eastern Norway, and loans from Buskerud, Akershus and Oslo account for 78 percent of the total. The loans in the cover pool have first priority mortgage charges on Norwegian residential properties.

The macro situation

Inflation, persistently high interest rates, and uncertain growth prospects have characterized the economy in 2024 as well. Price growth in Norway is declining after having remained very high and far above the inflation target for an extended period. In December, the consumer price index (CPI) rose by 2.2 percent compared to the same month last year. Core inflation (CPI-ATE) was 2.7 percent. Total inflation, on the other hand, has not shown a lower twelve-month growth rate since December 2020. The Norwegian krone has weakened further throughout the year, especially against the USD, but also against the euro. This has contributed to keeping imported inflation relatively high, despite inflation easing among our trading partners. High inflation has also contributed to high wage growth in this year's wage settlements, which will also make it more difficult to bring inflation down to the 2 percent target over time. Internationally, inflation is falling among several of Norway's key trading partners, but it remains high in many countries and economies. Expectations for interest rate cuts among our trading partners have also been reduced or postponed.

Overall, there has been modest economic growth in Norway in 2024, but growth in the third quarter is somewhat higher than in the first two quarters of the year. Mainland GDP increased by 0.5 percent in the third quarter of 2024. Household consumption has risen, driven by increased household incomes. Growth in public demand has been high, petroleum investments have increased significantly, and the depreciation of the krone has helped boost exports. A relatively high interest rate level and high costs have contributed to a decline in housing and corporate investments.

Unemployment has increased marginally in 2024. Both Statistics Norway's labor force survey (AKU) and NAV's figures for fully unemployed individuals, with or without participation in measures, show a barely noticeable increase in unemployment throughout the year. This indicates that the economy is in a very moderate downturn. NAV unemployment remains low compared to the unemployment levels in the ten years between the financial crisis and the pandemic, while the level in AKU is similar to this average. While NAV figures are consistent with the economy still being in a high-demand phase with capacity utilization above normal, AKU indicates that the situation is neutral.

Norges Bank's key policy rate was raised by 0.25 percentage points in December 2023 and has remained unchanged at 4.50 percent throughout 2024. Norges Bank has assessed that during this period, there has been a need for a tightening of monetary policy to bring inflation down toward the 2 percent target. At the same time, Norges Bank signals that the time is soon approaching to lower interest rates and that the current interest rate level will eventually lead to excessively high unemployment.

As a result of the unchanged key policy rate and low expectations of interest rate changes from the central bank throughout 2024, money market rates have been very stable. Market pricing has reflected that Norges Bank has signaled that the peak interest rate has been reached and that the next change in the key policy rate will be a rate cut.

In 2024, housing prices increased by 6.4 percent. In December alone, housing prices rose by 0.1 percent, resulting in a strong seasonally adjusted increase of 1 percent, the strongest growth since 2016. The strong transaction volume in the second-hand housing market has been evident throughout 2024. Additionally, far more second-hand homes were sold in 2024 than in 2022 and 2023. At the same time, construction activity remains very low, and the number of completed new homes is at a historically low level.

Future prospects

Economic growth in Norway has slowed, and Norges Bank estimates growth in GDP of 0.9 percent for mainland Norway in 2024. It is expected that activity will increase slightly, resulting in a growth of 1.4 percent in 2025. It is estimated that consumption growth will increase, alongside a rise in both housing and corporate investments. Public demand is expected to grow, but at a slower pace than in recent years. Petroleum investments are also anticipated to grow.

Unemployment is still low, and a large proportion of the population is in work. Unemployment has increased slightly from its lowest level in the summer of 2022, and there are signs that the pressure in the labour market is starting to ease somewhat. Norges Bank expects weak growth in employment in the coming years to lead to slightly higher unemployment, which will eventually return to the level it was at before the pandemic.

Inflation has decreased significantly from its peak, but it is expected to remain above the inflation target for some time. Expectations of lower inflation and delayed interest rate cuts among our trading partners have contributed to a further weakening of the krone. This, combined with gradual growth in the Norwegian economy, low and stable unemployment, and inflation still above the target, has raised doubts about whether Norges Bank will implement as many interest rate cuts in 2025 as previously forecasted. A rate cut is expected in March 2025, but the market has become more uncertain about whether there will be more than one additional cut later in the year.

A high price increase for housing is expected in 2025. The anticipated interest rate cuts from Norges Bank will lead to cheaper home loans, and low unemployment coupled with high wage growth will boost purchasing power. Changes to the lending regulations, including a reduction in the equity requirement for home loans from 15 to 10 percent, may also contribute to higher housing prices. Low housing construction results in fewer new homes entering the market. Both the sale and initiation of new homes have been low in the past couple of years, which will put pressure on second-hand home prices.

Credit growth to households has increased slightly from low levels, and a modest increase is expected going forward. Norges Bank estimates that growth will be around 3.8 percent in the coming years, up from 3.4 percent in 2023 and 3.6 percent in 2024.

In uncertain times, investors require higher returns to take on risk, which results in falling bond and stock prices. Sparebanken Øst Boligkreditt AS issues bond loans, and when bond prices fall, it becomes more expensive for the company to issue new bonds. The company also holds a bond portfolio for liquidity purposes, which is continuously valued at market value. When bond prices fall, the bond portfolio will decrease in value, and the company must recognize an unrealized loss.

Moderate growth in home loans is expected going forward, with a goal to contribute to continued loan growth within the group. Costs are well-controlled, and no significant expenses are anticipated beyond what will

naturally follow from an increased portfolio. The board therefore expects the established goal of satisfactory return on equity to be achieved.

The board believes that the company's capital base is sufficient to secure flexibility in the future. Lastly, it is expected that the market for covered bonds with a good rating will meet the company's needs for new financing and refinancing of existing bond loans.

Drammen, 11 February 2025

Kjell Engen
Chairman of the Board

Silje Wold Rørvik
Deputy Chair

Leif Ove Sørby
Board member

Hilde Draugsvoll
Board member

Vegard Kvamme
CEO

Statement according to the Norwegian Securities Trading Act, Section 5-5

We certify that, to best of our knowledge, the annual accounts for the period 1 January to 31 December 2024 have been prepared in accordance with IFRS and that the accounts give a true and fair view of the company's assets, liabilities, financial position, and results as a whole, and that the information in the annual report provides a true and fair view of the development, performance and position of the company, together with a description of the principal risks and uncertainties faced by the company.

Drammen, 11 February 2025

Kjell Engen
Chairman of the Board

Silje Wold Rørvik
Deputy Chair

Leif Ove Sørby
Board member

Hilde Draugsvoll
Board member

Vegard Kvamme
CEO

Income statement

(Figures in NOK thousands)	Notes	2024	2023
Interest income from assets valued at amortised cost	3,4	1,135.5	901.5
Interest income from assets valued at fair value	3.4	16.2	13.5
Interest costs	3.4	952.2	767.7
Net interest income		199.5	147.4
Commission income and income from banking services	3	0.0	0.0
Commission costs and costs for banking services	3	27.6	27.3
Net value adjustment and gain/loss on financial instruments	14	-3.0	-4.2
Other operating costs	3.6	7.9	8.5
PROFIT BEFORE LOSSES		161.0	107.4
Losses on loans and unused credit facilities	8	0.6	-1.1
PROFIT BEFORE TAX		160.4	108.5
Tax costs	9	35.3	23.9
PROFIT FOR THE YEAR		125.1	84.7

Comprehensive income

(Figures in NOK thousands)	Notes	2024	2023
PROFIT FOR THE YEAR		125.1	84.7
Other operating income and costs in comprehensive income		0.0	0.0
STATEMENT OF COMPREHENSIVE INCOME		125.1	84.7

Balance sheet

(Figures in NOK thousands)	Notes	31.12.24	31.12.23
Loans to and receivables from financial institutions	3,20,21,22	862.8	626.2
Loans to and receivables from customers	8,10,20,21,22	18,793.4	18,074.3
Certificates, bonds, etc, at fair value	19,21,22	285.1	286.5
Financial derivatives	11,19,21,25	0.0	0.0
Other assets	12	10.7	10.5
TOTAL ASSETS		19,952.0	18,997.5
Liabilities to financial institutions	3.13.15.20.21.22	591.5	691.8
Securities issued	3.15.17.20.21.22	17,519.9	16,547.5
Tax payable	11	77.8	49.7
Other liabilities	16	3.6	4.3
Accruals and deferred income	9	31.8	20.9
Other provisions	9	11.6	8.1
Deferred tax liability	8	0.6	0.6
TOTAL LIABILITIES		18,236.9	17,322.9
Paid-up equity		1,350.0	1,350.0
Retained earnings		365.1	324.7
Total equity	18.23	1,715.1	1,674.7
TOTAL LIABILITIES AND EQUITY		19,952.0	18,997.5

Drammen. 11 February 2025

Kjell Engen
Chairman of the Board

Silje Wold Rørvik
Deputy Chair

Leif Ove Sørby
Board member

Hilde Draugsvoll
Board member

Vegard Kvamme
CEO

Cash flow statement

(figures in NOK millions)	Notes	2024	2023
Operating activities			
Profit/loss before income tax		160.4	108.5
Adjusted for:			
Change in net interest income earned and accrued interest costs		29.9	16.8
Net receipts/payments of loans to customers		5,876.8	5,424.9
Change in certificates and bonds		1.4	-19.8
Net change in financial derivatives (net assets and liabilities)		0.0	30.2
Net change in other assets		-0.1	90.9
Net change in other debt		-0.6	1.0
Write-downs of financial assets		0.6	-1.2
Amortisation of premium/discount measured at amortised cost		-18.2	-18.9
Net gain/loss from financing activities		1.6	3.1
Taxes paid for the period		-20.9	-18.2
Net cash flow from operating activities	A	6,030.7	5,617.4
Investing activities			
Payment for purchase of lending portfolio from Sparebanken Øst		-7,395.0	-7,356.0
Proceeds from sale of lending portfolio to Sparebanken Øst		798.9	1,867.1
Net cash flow from investing activities	B	-6,596.1	-5,488.9
Financing activities			
Net receipts/disbursements on credit facilities from financial institutions		-100.0	-404.4
Payments on repayment of securities	15	-2,010.6	-2,494.2
Proceeds from issuance of securities	15	2,997.3	2,766.8
Payment of additional dividends		-84.7	-73.1
Net cash flow from financing activities	C	802.0	-204.8
Net change in cash and cash equivalents	A+B+C	236.6	-76.2
Cash and cash equivalents as at 01.01	3	626.2	702.5
Cash and cash equivalents as at 31.12		862.8	626.2

Liquid assets consist exclusively of bank deposits. Unused drawing rights at 31.12.24 were NOK 2,408.6 million. against NOK 2,308.6 million at 31.12.23.

Additional information for operating activities concerning interest	2024	2023
Interest payments received	1,151.3	902.9
Interest payments made	940.2	757.3

Change in equity

(figures in NOK thousands)

31.12.24	Total equity	Share capital	Premium reserve	Other equity
Equity at 31.12.23	1,674.7	437.1	912.9	324.7
Profit for the year	125.1	0.0	0.0	125.1
Other operating income and costs in comprehensive income	0.0	0.0	0.0	0.0
Comprehensive income	125.1	0.0	0.0	125.1
Additional dividends	-84.7	0.0	0.0	-84.7
Equity at 31.12.24	1,715.1	437.1	912.9	365.1

On the basis of the profit for 2023, an additional dividend of NOK 84.7 million was paid out, equivalent to NOK 6.85 per share. The proposed dividend based on the profit for 2023 is NOK 0 million.

31.12.23	Total equity	Share capital	Premium reserve	Other equity
Equity at 31.12.22	1,663.1	437.1	912.9	313.1
Profit for the year	84.7	0.0	0.0	84.7
Other operating income and costs in comprehensive income	0.0	0.0	0.0	0.0
Comprehensive income	84.7	0.0	0.0	84.7
Additional dividends	-73.1	0.0	0.0	-73.1
Equity at 31.12.23	1,674.7	437.1	912.9	324.7

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NOTE 1 GENERAL INFORMATION

Sparebanken Øst Boligkreditt AS has its headquarters in Drammen and is a wholly owned subsidiary of Sparebanken Øst. The company was established in 2009. Its business address is Bragernes Torg 2, N-3017 Drammen, Norway.

The object of the company is to grant or acquire home mortgage loans, property mortgage loans, loans secured by liens on other registered assets or public loans, and to finance lending activities, mainly by issuing covered bonds.

The financial statements for 2024 were approved by the Board of Directors of Sparebanken Øst Boligkreditt AS on 11 February 2025.

The company is included in the consolidated financial statements of Sparebanken Øst, business address: Stasjonsgata 14, N-3300 Hokksund.

Unless otherwise specified, all amounts are stated in NOK millions in the notes.

NOTE 2 ACCOUNTING POLICIES

1. GENERAL

The financial statements for Sparebanken Øst Boligkreditt AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The basic principles of historical cost accounting are applied, with the exception of financial assets and liabilities measured at fair value. Where the company uses hedge accounting, the value of the hedging object is adjusted for changes in value related to the hedged risk. Interest-bearing balance sheet items include earned/accrued interest.

2. AMENDMENTS TO ACCOUNTING POLICIES

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current

The amendments pertain to the presentation in the financial statements to clarify how liabilities and other obligations should be classified as current or non-current. The amendments aim to promote consistent application of the requirements to determine whether liabilities and other obligations with an uncertain settlement date should be classified as current or if this is not relevant. The amendments came into effect on January 1, 2024. The amendments have had no impact on the financial statements.

There are no other amendments that have come into effect with a material impact on the financial statements.

3. CURRENCY

The accounts are presented in Norwegian kroner (NOK), which is also the company's functional currency.

4. INCOME

4.1 INTEREST INCOME AND COSTS

Interest income and costs are recognised in the income statement using the effective interest method. The effective interest rate is determined by discounting contractual cash flows within the expected term. Interest income on impaired commitments is calculated as the effective interest on the net written-down value. Recognition of interest income using the effective interest method is applied to balance sheet items measured at amortized cost, as well as balance sheet items measured at fair value through profit or loss.

4.2 COMMISSION INCOME AND COSTS

Commission income and expenses are recognised through profit and loss at the time the service is performed. Fees related to interest-bearing instruments are not recognised as commission, rather they are included in the calculation of the effective interest rate and are recognised through profit and loss accordingly.

5 FINANCIAL INSTRUMENTS

5.1 RECOGNITION AND DERECOGNITION

Financial assets and liabilities are recognised when the company becomes a party to the instrument's contractual conditions.

Financial assets are derecognized if:

- The contractual right to receive cash flows from the financial asset expires. or
- The company has transferred the contractual right to receive cash flows from the financial asset or retains the right to receive cash flows from a financial asset but has simultaneously assumed an obligation to transfer these to a counterparty; and either:
 - a) The company has transferred substantially all risks and rewards associated with the asset. or
 - b) The company has neither transferred nor retained substantially all risks and rewards associated with the asset but has transferred control of the asset.

Financial liabilities are derecognised when the liability stated in the contract is fulfilled. cancelled or expires.

5.2 CLASSIFICATION AND MEASUREMENT

The company's financial instruments subject to IFRS 9 are classified on initial recognition in one of the following categories:

Financial assets:

- Amortised cost: Loans to customers
- Fair value with value adjustments through profit and loss: Certificates. bonds and financial derivatives

Financial liabilities:

- Amortised cost: Securities issued and debt to credit institutions
- Fair value with value adjustments through profit and loss: Financial derivatives

Lending to customers

Loans and receivables are measured at amortised cost. The classification is based on the company's business model. where the purpose is to hold the instruments to receive contractual cash flows. The contractual terms of the financial asset give rise to cash flows that consist solely of principal and interest payments on specified dates. The establishment fee is recognized as income over the expected term of the loan.

Certificates and bonds

Holdings of certificates and bonds constitute the company's liquidity portfolio. which is managed and measured at fair value. Certificates and bonds are classified at fair value with value adjustments through profit or loss.

Securities issued

Securities issued are measured at amortised cost. Interest costs and the amortisation effects on instruments are included in "Interest costs" in the income statement.

Financial derivatives

Financial derivatives are recognised at fair value with value adjustment through profit or loss. The derivative is recognised as an asset if the fair value is positive and as a liability if the fair value is negative.

5.3 Hedge accounting

The company mainly uses financial derivatives to reduce interest rate and/or currency risk.

Fair value hedging of fixed-rate borrowing and currency borrowing is used. Changes in the fair value of financial derivatives classified as and meeting the requirements of fair value hedging are recognised in the income statement together with changes in the fair value of the hedged object which can be ascribed to the hedged risk. Interest rate swaps and combined interest rate and currency swaps (basis swaps) are the hedging instruments used by the company.

Accrued interest from financial derivatives, where hedge accounting is applied, is presented on the same line in the income statement as interest on the hedged item.

The company predominantly uses one-to-one hedging, which means, for example, that the nominal amount and principal, terms, repricing dates, dates of receipt and payment of interest and principal, as well as the basis for measuring interest rates, are the same for the hedging instrument and the hedging object.

5.4 Non-performing commitments, losses and loan loss provisions

5.4.1 Non-performing commitments

A non-performing commitment is defined as a payment default if the following criteria are met:

- Arrears over 90 days
- Amount due greater than NOK 1.000 for retail customers or greater than NOK 2.000 for business customers

- Arrears exceeding 1 per cent of the customer's total commitment

A commitment should also be classed as non-performing if situations arise which make it unlikely that the customer will be able to meet its obligations ("unlikeliness to pay" criteria). including:

- It is assumed that debt negotiations will be initiated, bankruptcy occurs, or the counterparty enters into public administration.
- The terms have been changed because of payment issues, and it is assumed that this will reduce the value of the cash flow by a not insignificant amount.
- A receivable is disposed of at a lower price and the reduction is not insignificant.
- It is assumed that the commitment will not be met for other reasons.

Commitments are reported as non-performing for a waiting period of at least three months after the default position ceased.

If a customer with a non-performing commitment has multiple commitments with the Bank, all of them will be treated as non-performing. For customers with joint commitments, default on the joint commitment will cause all joint commitments between the same customers to be treated as non-performing.

Non-performing commitments are assigned to Stage 3.

Declaring losses

Losses are only recognised when it is no longer considered possible to recover a commitment, when the bankruptcy of the debtor has been affirmed, when execution proceedings have not been successful, or when there is a final and enforceable judgement, or in instances in which the Bank has waived the loan or parts of it. or in other instances when it is highly likely that the losses are final. Established losses are recognised through profit and loss to the extent they are not covered by existing loan loss provisions.

5.4.2 Measurement of expected credit loss

Expected losses are calculated on financial assets that are debt instruments measured at amortised cost. Expected losses on loans, unused credits and guarantees are calculated. Expected credit loss is calculated per commitment. The company divides commitments into three stages in calculating the expected credit loss. See Note 8 for model-based loss costs and loan loss provisions per stage and Note 21 for commitment totals per risk class and distribution per stage.

Stage 1: Commitments that do not have a substantial increase in credit risk after initial recognition, measured by the change in the probability of default (PD), are included in Stage 1. For commitments in Stage 1, an expected 12-month loss is calculated on the basis of the commitment's exposure.

Stage 2: Commitments with a significant increase in credit risk after initial calculation, measured by the change in the probability of default (PD), including commitments overdue by more than 30 days, are included in Stage 2. For commitments in Stage 2, an expected lifetime loss is calculated on the basis of the commitment's exposure and expected duration. Commitments with forbearance are assigned to Stage 2 if they have not already been assigned to Stage 2 or Stage 3. If the credit risk is deemed to have significantly increased due to events that have occurred but that were not caught by the company's system for measuring probability of default (PD), commitments are assigned to Stage 2 if they have not already been assigned to Stage 2 or Stage 3.

Stage 3: Non-performing commitments, i.e. commitments that are in default or have objective evidence of loss, are included in Stage 3. The provisions for Stage 3 consist of both individually assessed loan loss provisions and model-based expected credit loss. For commitments that are assessed individually, estimates of any credit loss are based on the size of expected future cash flows from expected earnings, sale of collateral etc., when the cash flows are expected to be paid, and the discount rate. The amount of the loss is a direct function of the present value of contractual cash flows that one does not expect to receive, discounted by the original effective interest rate on the loan. Where there are several probable outcomes, the probability-weighted present value of discounted future cash flows is used. For commitments for which there is no individual loss assessment, expected credit loss is calculated on the basis of the commitment's exposure, the segment parameter for expected credit loss, and expected duration.

Principle for calculation of expected credit loss: Losses per commitment are calculated. The loss estimates are based on the estimated 12-month and lifelong probability of default (PD) per customer. The company's commitments are further classified into segments based on product, security, and other criteria, so each segment contains commitments with virtually the same risk profile. A loss given default (LGD) figure is determined for each segment. An expected commitment exposure is also determined. For repayment loans, the basis is an expected repayment plan. For credit lines and guarantees, the basis is an exposure at default (EAD). Expected credit loss (ECL) is calculated by multiplying probability of default (PD) x loss given default (LGD) x exposure at default (EAD). When calculating expected credit loss, probability-weighted calculations are made based on an

analysis of alternative outcomes of observed credit losses and projected trends, including macroeconomic developments.

Probability of default (PD) at initial recognition: When a loan application is processed, a scoring model is used to estimate a 12-month probability of default for the customer. This probability forms the basis for measuring any significant increase in credit risk.

Probability of default (PD): In subsequent measurements, the portfolio scoring model is used, based on the estimated 12-month probability of default (PD). The portfolios are scored on a monthly basis with an updated probability of default (PD). The expected probability of default during the term of the commitment, used to calculate the expected credit loss in Stage 2, is derived from the probability of default in the first 12 months. For risk classes J and K, which cover non-performing commitments, the probability of default is 100 per cent.

Loss given default (LGD): The loss given default must reflect the degree of uncovered losses given the cash flow from the customer and any realisation of the collateral for non-performing commitments. The loss ratio is assessed overall per segment and per product. Assessments of the realisation value of collateral reflect short and medium-term expectations.

Exposure at default (EAD): An expected repayment profile is determined per segment for repayment loans based on analyses of average maturity in the segments. For commitments with a credit limit, a determination is made of how much of the credit limit is expected to have been drawn at the time of default. The exposure at default is determined for guarantees.

Rules concerning a significant increase in credit risk:

The company uses the change in the 12-month probability of default (PD) measured against the probability of default (PD) at initial recognition as the primary criterion for a material increase in credit risk. As a general principle, a doubling of the 12-month probability of default (PD) entails a significant increase in credit risk, assuming that the new probability of default (PD) is greater than 0.5 per cent. Loans with a significant increase in credit risk are transferred from Stage 1 to Stage 2. Non-performing commitments are assigned to Stage 3. The company does not use the exemption for loans with low credit risk.

Reversal from Stage 2 and from Stage 3: When the criteria for a significant increase in credit risk (Stage 2) are no longer present, the commitment is transferred to Stage 1 after one month. For non-performing commitments in Stage 3, a quarantine period starts at least 90 days after the cause of the default has ceased. After the end of the quarantine period, the customer's behaviour and financial situation are assessed before they are given a clean bill of health.

Macroeconomic scenarios and probability weighting: Expected credit loss is calculated on the basis of the model parameters for the anticipated scenario. When assessing the macroeconomic situation and potential macroeconomic developments, two further scenarios are determined - one optimistic and the other pessimistic. On the basis of the anticipated scenario, a factor is set for how much the expected credit loss is expected to change in the optimistic and pessimistic scenarios respectively. The three scenarios are weighted in terms of probability and constituted the model-based expected credit loss. Factors and the probability of the scenarios are set based on the company's internal assessments, which include the expected development in key macroeconomic indicators, including economic growth (GDP), house prices, interest rate levels and unemployment, as well as observed credit losses. The factor and probability of the scenarios are set individually for each segment in the company.

6 CASH FLOW STATEMENT

The indirect method is used to prepare the cash flow statement.

7 EVENTS AFTER THE BALANCE SHEET DATE

New information after the balance sheet date concerning the company's financial position as at the balance sheet date will be included in the basis for assessing the accounting estimates in the accounts and will thus be taken into consideration in the annual financial statements. Events after the balance sheet date which do not affect the company's financial position on the balance sheet date, but which will affect the company's financial position in the future, are reported if such information is material.

8 FUTURE AMENDMENTS TO ACCOUNTING POLICIES

Standards and interpretations adopted at the time of the presentation of the annual financial statements, but where there is a later date of entry into force, except those assessed as irrelevant, are stated below. The company's intention is to implement the relevant changes on the date they enter into force, provided that the EU approves the changes before the presentation of the financial statements.

IFRS 18

Replaces IAS 1 and responds to investors' demands for better information on companies' financial performance. New requirements include: new categories and subtotals for profit or loss, disclosure of alternative performance measures, and enhanced requirements for the aggregation and disaggregation of information. The standard applies to annual reporting periods beginning on or after January 1, 2027, and must be applied retrospectively for comparative periods.

9 MANAGEMENT ASSESSMENTS. USE OF ESTIMATES AND ASSUMPTIONS

Due to the uncertainties associated with business activities, many accounting items cannot be accurately measured, but only estimated. The executive management team has exercised judgement in the application of the accounting policies and used assumptions and expectations of future events that are regarded as likely. Estimates and assessments are regularly evaluated and are based on the most recent reliable data available, as well as experience from similar assessments. There will always be an inherent uncertainty associated with financial items that are not measured accurately, and the executive management team's assessments and best estimates may differ significantly from actual results.

In the company's financial statements, the use of such estimates relates in particular to the measurement of losses on loans and unused credit facilities.

9.1 Model-based expected credit loss

Using a model to calculate expected credit loss requires the exercise of judgement, and a degree of estimate uncertainty is therefore associated with model-based expected credit loss. The management team has used its discretion when determining the parameters included in the calculation. An expected credit loss model uses a significant number of parameters. The parameters for which the model is most sensitive and subject to the most uncertainty are: Probability of default, expected loss given default and probability weighting of the scenarios. Please see Note 8 for quantitative information and sensitivity analyses for model-calculated expected credit loss.

9.2 Individually assessed loan loss provisions

Loans are written down for credit losses on a case by case (individual) basis if there is objective evidence of impairment.

Calculation of any credit loss is based on the following parameters; expected earnings, the value of the bank's security, and the date when repayments can be expected. The main uncertainty when estimating the size of credit losses stems from the assessment of the size of the cash flows and when they are expected to be received. Please refer to section 5.4 of the policy note for a more detailed description of the calculation and Note 8 for quantitative information.

NOTE 3 TRANSACTIONS WITH THE PARENT BANK

Sparebanken Øst Boligkreditt AS is a wholly owned subsidiary of Sparebanken Øst and is defined as a close associate. The company has entered into an agreement with Sparebanken Øst covering asset management, hire of a general manager, compliance, risk management, accounting analysis and reporting, and purchase of residential mortgages. Transactions between the company and the parent bank are conducted in accordance with normal commercial terms and principles.

Sparebanken Øst Boligkreditt AS regularly buys mortgages from the parent bank in order to replenish the cover pool in the mortgage company. This is either to increase the cover pool in connection with the issuance of new covered bonds or to compensate for mortgages that have been moved to other banks or back to the parent bank. In 2024, Sparebanken Øst Boligkreditt AS purchased mortgages from Sparebanken Øst with a net value of NOK 6,598 million, of which purchased mortgages amount to NOK 7,395 million and mortgages sold back amount to NOK 799 million. In 2023, mortgages with a net value of NOK 5,489 million were purchased from Sparebanken Øst, of which purchased mortgages amounted to NOK 7,356 million and mortgages sold back amounted to NOK 1,867 million.

Income statement	2024	2023
Interest income. deposits in parent bank	55.0	22.9
Interest costs. loans from parent bank	43.6	31.8
Interest costs. covered bond liabilities to parent bank	0.0	0.0
Commission costs to parent bank	27.6	27.3
Other operating costs to parent bank	3.8	3.1
Balance sheet	31.12.2024	31.12.2023
Deposits in parent bank	862.8	626.2

Other receivables from parent bank	10.7	10.5
Loans from parent bank	591.5	691.8
Covered bond debt to parent bank	0.0	0.0
Other liabilities to parent bank	2.4	2.3

NOTE 4 NET INTEREST INCOME

	2024	2023
Interest income from lending to and receivables from financial institutions	55.0	22.9
Interest income from lending to customers	1,080.5	878.6
Interest income from certificates and bonds	16.2	13.5
Interest income	1,151.7	915.0
Interest costs on liabilities to financial institutions	43.6	31.8
Interest costs on issued securities	906.1	732.5
Costs of the crisis action fund	2.5	3.3
Interest costs	952.2	767.7
Net interest income	199.5	147.4

NOTE 5 SALARIES AND OTHER REMUNERATION

Sparebanken Øst Boligkreditt AS has no employees, but has entered into an agreement with Sparebanken Øst to lease staff. The general manager has a 40% position, and the compliance controller and risk manager a 50% position. While accounting, analysis and reporting represent a 50% position, at a total cost of NOK 1,260,000 in 2024. The general manager is paid by Sparebanken Øst and had an annual salary of NOK 1,343,656 in 2023.

No contracted employees or Board members have severance package agreements, subscription rights, options, or bonus agreements. No employees of Sparebanken Øst are paid remuneration for serving on the Board. Remuneration to an external board member for 2024 amounts to NOK 94,000. The general manager, the Board of Directors, and close associates do not have any loans in Sparebanken Øst Boligkreditt AS. The company is not obliged to have an occupational pension scheme under the Act on Mandatory Occupational Pensions.

NOTE 6 OTHER OPERATING COSTS

	2024	2023
Consulting fees to Sparebanken Øst	1.4	1.4
External consultants and fees	3.0	3.6
Fees relating to own bonds	1.0	1.1
Other operating costs	0.1	0.7
IT costs	2.4	1.8
Other administrative costs	0.0	0.0
Other operating costs	7.9	8.5

NOTE 7 REMUNERATION TO THE AUDITOR

	2024	2023
Audit	0.3	0.3
Other certification services*	0.0	0.0
Tax consulting	0.0	0.0
Other services	0.0	0.0
Remuneration to auditor	0.3	0.3

The amounts are inclusive of value-added tax (VAT)

NOTE 8 LOSSES ON LOANS AND UNUSED CREDIT FACILITIES

Loss costs

	2024	2023
Change in model-based expected credit loss. Stage 1	0.1	0.0
Change in model-based expected credit loss. Stage 2	0.5	-1.1
Change in model-based expected credit loss. Stage 3	0.0	0.0
Increase in existing individual loan loss provisions	0.0	0.0
New individual loan loss provisions	0.0	0.0
Established losses covered by previous individual loan loss provisions	0.0	0.0
Reversals of previous individual loan loss provisions	0.0	0.0
Actual losses where no individual loan loss provisions have previously been made	0.0	0.0
Recovery of previously identified losses	0.0	0.0
Amortisation costs for the period	0.0	0.0
Losses on loans and unused credit facilities	0.6	-1.1
- Of which losses on unused credit facilities	0.0	0.0

Loss

Change in loan loss provisions	Expected credit loss. Stage 1	Expected credit loss. Stage 2	Expected credit loss. Stage 3*	Total
Opening balance at 01.01.24	3.4	3.2	0.0	6.6
Transferred to Stage 1	1.0	-1.0	0.0	0.0
Transferred to Stage 2	-0.1	0.1	0.0	0.0
Transferred to Stage 3	0.0	-0.4	0.4	0.0
Net change	-1.1	0.6	-0.4	-0.9
New losses	0.9	0.3	0.0	1.3
Deducted losses	-0.8	-0.7	0.0	-1.5
Change in risk model/parameters	0.0	0.0	0.0	0.0
Closing balance at 31.12.24	3.4	2.1	0.0	5.5
- Of which provision for unused credits	0.4	0.1	0.0	0.6

* The company has no commitments with individually assessed loan loss provisions as at 31.12.24

Change in loan loss provisions	Expected credit loss. Stage 1	Expected credit loss. Stage 2	Expected credit loss. Stage 3*	Total
Opening balance at 01.01.23	3.4	2.1	0.0	5.5
Transferred to Stage 1	0.6	-0.6	0.0	0.0
Transferred to Stage 2	-0.1	0.1	0.0	0.0
Transferred to Stage 3	0.0	0.0	0.0	0.0
Net change	-0.7	1.0	0.0	0.4
New losses	1.1	0.6	0.0	1.7
Deducted losses	-0.9	-0.6	0.0	-1.5
Change in risk model/parameters	0.0	0.0	0.0	0.0
Closing balance at 31.12.23	3.4	2.6	0.0	6.1
- Of which provision for unused credits	0.4	0.2	0.0	0.6

* The company has no commitments with individually assessed loan loss provisions as at 31.12.23

Gross lending

Change in gross lending, broken down by stage	Stage 1	Stage 2	Stage 3	Total
Opening balance at 01.01.2024	17,537.7	506.8	34.7	18,079.2
Transferred to Stage 1	178.2	-172.3	-5.8	0.0
Transferred to Stage 2	-287.4	287.4	0.0	0.0
Transferred to Stage 3	-9.6	-17.8	27.5	0.0
Net change	-450.1	-1.3	0.0	-451.4
New loans	5,687.9	131.6	2.4	5,821.9
Deducted lending	-4,528.2	-110.2	-12.6	-4,650.9
Closing balance at 31.12.2024	18,128.6	624.1	46.2	18,798.9
- of which loans with forbearance	0.0	94.1	23.7	117.8

Change in gross lending, broken down by stage	Stage 1	Stage 2	Stage 3	Total
Opening balance at 01.01.2023	17,509.9	468.6	25.2	18,003.7
Transferred to Stage 1	163.2	-160.8	-2.4	0.0
Transferred to Stage 2	-218.2	225.4	-7.2	0.0
Transferred to Stage 3	-5.9	-23.2	29.1	0.0
Net change	-1,293.2	-18.2	-3.4	-1,314.7
New loans	5,637.6	118.9	0.0	5,756.5
Deducted lending	-4,255.8	-103.9	-6.5	-4,366.2
Closing balance at 31.12.2023	17,537.7	506.8	34.7	18,079.2
- of which loans with forbearance	0.0	149.7	14.1	163.8

Commitments without loan loss provisions in Stage 3

In the case of individual assessment where the assessed present value of securities indicates that the company has not incurred losses, no loss provisions relating to the commitments are made. The sum of all non-performing commitments without loss provisions totals NOK 44.7 million (NOK 36.0 million in 2023). The estimated fair value of the collateral amounts to NOK 88.2 (83.6 million in 2023). The following table shows the loan-to-value (LTV) ratio for the collateral.

Non-performing commitments without loss provisions as a percentage of the market value of the securities	2024	2024	2023	2023
Less than 50%	13.2	29.6 %	19.1	53.0 %
50% to 70%	16.2	36.1 %	14.9	41.3 %
70% to 85%	15.3	34.3 %	0.0	0.0 %
85% to 100%	0.0	0.0 %	2.0	5.7 %
More than 100%	0.0	0.0 %	0.0	0.0 %
Unsecured	0.0	0.0 %	0.0	0.0 %
Total	44.7	100.0 %	36.0	100.0 %

Model-based expected credit loss

At the end of 2024, the economic outlook is generally considered not to have changed compared with what was assumed when the annual financial statements for 2023 were published.

The probability weighting of the macro scenarios used to calculate the model-based expected credit loss remained unchanged at the end of 2024 compared with what was used in the preparation of the annual financial statements for 2023. The factors for the different scenarios, which express the amount of expected credit loss in the optimistic and pessimistic scenarios compared with expected credit loss in the expected scenario, remained unchanged at the end of 2024 compared with what was used in the preparation of the annual financial statements for 2023.

Sensitivity analyses of model-based expected credit loss

Macroeconomic scenarios and probability weighting

Commitments in the company constitute one segment in model-based expected credit losses. The measurement of model-based expected credit loss takes account of the macro situation and expected macroeconomic developments, events occurring, developments in defaults and losses, changes in the credit quality of the portfolio, and trends in house prices. These assessments require a large amount of discretion. Expected credit losses in the

expected scenario are based on a normal economic situation over time and the factor is set to 100. Assessments are made in the optimistic and pessimistic scenarios based on the expected scenario. The expected credit losses in these scenarios compared with the expected scenario are expressed by an estimated factor. In the pessimistic scenario, the factor is estimated at 200. In assessing a pessimistic scenario, assessments are made that reflect a realistically sharp, negative macroeconomic development, where non-performance increases and the value of collateral decreases such that the losses will increase and repayment plans will be affected by refinancing becoming more difficult. When assessing an optimistic scenario, the factor is estimated to be 80.

The tables below show the expected credit loss in the different scenarios and the probability weights. Individually assessed loan loss provisions remain unchanged in the various scenarios.

31.12.24	Factor	Probability-weighted	Stage 1	Stage 2	Stage 3	Total
Optimistic scenario	80	0 %	2.1	1.6	0.0	3.7
Expected scenario	100	70 %	2.6	2.0	0.0	4.7
Pessimistic scenario	200	30 %	5.3	4.0	0.1	9.4
Loan loss provisions (weighted)		100 %	3.4	2.6	0.0	6.1

31.12.23	Factor	Probability-weighted	Stage 1	Stage 2	Stage 3	Total
Optimistic scenario	80	0 %	2.1	1.3	0.0	3.4
Expected scenario	100	70 %	2.6	1.6	0.0	4.2
Pessimistic scenario	200	30 %	5.2	3.3	0.0	8.4
Loan loss provisions (weighted)		100 %	3.4	2.1	0.0	5.5

Sensitivity to model parameters

A sensitivity analysis has been conducted based on the assumptions to which model-based expected credit loss is most sensitive, which are probability of default, expected loss given default and the probability weighting of the pessimistic scenario. The sensitivity analyses are based on the modelled expected loss and do not include commitments that have been individually loss-assessed.

An increase in the probability of default assumes a doubling of the estimated 12-month probability of default (PD). For expected loss given default (LGD), an increase of 50 per cent is used. The assumption used in setting the pessimistic scenario's probability weighting is that the probability will increase by 50 per cent and that the expected scenario will be reduced correspondingly.

Sensitivity to model parameters	Doubling of probability of default (PD)	50 per cent increase in loss given default (LGD)	50 per cent increase in probability weight of pessimistic scenario
31.12.24	7.4	3.0	0.7
31.12.23	6.6	2.7	0.6

NOTE 9 TAXES

Tax costs for the year in the income statement comprise the tax payable for the financial year, any over/under allocated tax payable from previous years, and deferred tax recognised in the income statement. These are recognised in the income statement as income or expenses under tax costs.

Deferred tax assets are entered as assets on the balance sheet to the extent it is expected that the company will have sufficient taxable profit in later periods to utilise the deferred tax assets. Deferred tax and deferred tax assets are calculated according to the tax rate expected to apply to temporary differences when they are reversed. based on applicable legislation at the time of reporting. Deferred tax and deferred tax assets are not discounted.

	2024	2023
The year's tax costs in the income statement are as follows		
Tax payable on the profit for the year	31.8	20.9
Recognised deferred tax	3.5	2.9
Recognised deferred tax due to change in tax rate	0.0	0.0
Total income tax for the year	35.3	23.9
Change in net deferred tax		
Recognised deferred tax in the income statement	3.5	2.9
Change in deferred tax carried directly to the balance sheet	0.0	0.0
Total change in net deferred tax	3.5	2.9
Reconciliation of income tax for the year		
Profit before tax	160.4	108.5
Tax at nominal rate of 22%	35.3	23.9
Tax effect of permanent differences	0.0	0.0
Tax effect of changed tax rate	0.0	0.0
Income tax	35.3	23.9
Tax payable in the balance sheet is as follows		
Tax payable on the profit for the year	31.8	20.9
Tax payable	31.8	20.9

	2024	2023	Change 2024	Change 2023
Deferred tax/deferred tax assets				
Temporary differences				
Financial derivatives	-77.8	-49.7	-28.1	38.5
Securities issued	137.6	92.1	45.5	-52.9
Securities	-7.2	-5.7	-1.4	1.1
Total temporary differences	52.7	36.7	15.9	-13.3
Deferred tax liability(+)/deferred tax asset(-)	11.6	8.1	3.5	-2.9

The tax rate for tax payable is 22% in both 2024 and 2023. Deferred tax liabilities/deferred tax assets are recognised on the basis of the future tax rate of 22%.

NOTE 10 LENDING TO CUSTOMERS

	31.12.24	31.12.23
Credit lines secured against residential property	5,869.1	6,039.6
Repayment mortgages secured against property	12,929.8	12,039.7
Total gross lending	18,798.9	18,079.2
Loss provisions on loans	5.5	4.9
Total net lending	18,793.4	18,074.3
Geographical distribution of lending to customers		
	31.12.24	31.12.23
Drammen	3,734.1	3,468.6
Øvre Eiker	1,066.1	915.9
Rest of Buskerud	1,017.2	833.2
Asker	2,674.4	2,238.4
Rest of Akershus	2,731.0	2,821.6
Oslo	3,510.4	3,840.5
Østfold	934.7	904.4
Vestfold	1,693.1	1,503.4
Rest of Norway	1,437.9	1,553.2
Total gross lending	18,798.9	18,079.2
Loss provisions on loans	5.5	4.9
Total net lending	18,793.4	18,074.3
Lending by customer groups		
	31.12.24	31.12.23
Salaried employees	18,664.8	17,938.5
Self-employed	134.1	140.7
Total gross lending	18,798.9	18,079.2
Loss provisions on loans	5.5	4.9
Total net lending	18,793.4	18,074.3
Non-performing commitments		
	31.12.24	31.12.23
Payments over 90 days past due		
Business	0.0	0.0
Retail	5.1	7.8
Gross payment defaults	5.1	7.8
Loan loss provisions*	0.0	0.0
Net payment defaults	5.1	7.8
Provisions ratio	0.0 %	0.0 %
Other non-performing commitments		
Business	1.5	0.0
Retail	39.6	28.2
Gross other non-performing commitments	41.1	28.2
Loan loss provisions	0.0	0.0
Net other non-performing commitments	41.0	28.2
Provisions ratio	0.0 %	0.0 %
Non-performing commitments		
Business	1.5	0.0
Retail	44.7	36.0
Gross non-performing commitments	46.2	36.0
Loan loss provisions	0.0	0.0
Net non-performing commitments	46.2	36.0
Provisions ratio	0.0 %	0.0 %

*Refer to Note 8 for further discussion of commitments without loan loss provisions in Stage 3.

NOTE 11 FINANCIAL DERIVATIVES

Interest rate derivatives have been entered into for the company's fixed-rate bonds to reduce interest rate risk. The hedging ratio is 1:1 and hedge accounting is used. The company only has debt in NOK.

Financial derivatives used for hedge accounting. 31.12.2024

	Contract sums	Recognised value of subject of merger	Fair value of hedging instruments		Value adjustment of hedging object
			Assets	Liabilities	Liabilities
Interest rate instruments					
Interest rate swaps	1,450.0	0.0	0.0	-77.8	0.0
Securities issued	0.0	1,385.5	0.0	0.0	-74.5
Total		1,385.5	0.0	-77.8	-74.5

No significant hedging inefficiencies have been reported in 2024. The difference between the fair value of hedging instruments and the value adjustment of a hedged item is due to accrued interest. The book value of the hedging instrument includes value adjustments and accrued interest. See Note 14.

Financial derivatives used for hedge accounting. 31.12.23

	Contract sums	Recognised value of subject of merger	Fair value of hedging instruments		Value adjustment of hedging object
			Assets	Liabilities	Liabilities
Interest rate instruments					
Interest rate swaps	1,450.0	0.0	0.0	-49.7	0.0
Securities issued	0.0	1,414.0	0.0	0.0	-46.1
Total		1,414.0	0.0	-49.7	-46.1

No significant hedging inefficiencies have been reported in 2023. The difference between the fair value of hedging instruments and the value adjustment of a hedged item is due to accrued interest. The book value of the hedging instrument includes value adjustments and accrued interest. See Note 14.

	Up to 1 month	From 1-3 months	From 3 months To 1 year	From 1-5 years	Over 5 years	Total
Interest rate instruments						
Interest rate swaps	0.0	0.0	0.0	750.0	700.0	1,450.0
Sum derivater	0.0	0.0	0.0	750.0	700.0	1,450.0

NOTE 12 OTHER ASSETS

	31.12.24	31.12.23
Outstanding accounts, parent bank	10.7	10.5
Other assets	10.7	10.5

NOTE 13 LIABILITIES TO FINANCIAL INSTITUTIONS

	31.12.24	31.12.23
Loans from financial institutions with an agreed term or notice period	591.5	691.8
Liabilities to financial institutions	591.5	691.8

NOTE 14 NET VALUE CHANGE AND GAINS/LOSSES FROM FINANCIAL INSTRUMENTS

	2024	2023
Change in value of certificates and bonds	-1.4	-1.1
Value change and gains/losses on financial instruments at fair value through profit or loss	-1.4	-1.1
Financial derivatives - hedge accounting	-28.5	-34.1
Financial liabilities - hedged	28.5	34.1
Net hedged items*	0.0	0.0
Realised gains/losses on securities issued - amortised cost	-1.6	-3.1
Value change and gains/losses on financial instruments at amortised cost	-1.6	-3.1
Total value change and gains/losses on financial instruments	-3.0	-4.2

* For hedged financial liabilities, the hedged risk is measured at fair value, while the rest of the instrument is measured at amortised cost. Hedging derivatives are measured at fair value. The company uses hedge accounting for fixed-rate bond borrowing and bonds in foreign currencies. These are hedged one-to-one.

NOTE 15 SECURITIES ISSUED

Change in securities issued	31.12.24	Issued	Due/ redeemed	Other changes incl. currency	31.12.23
Covered bonds. nominal value	17,496.6	2,997.3	2,010.6	-16.7	16,526.6
Value adjustment	-74.5	0.0	0.0	-28.5	-46.1
Accrued interest	97.8	0.0	0.0	30.8	67.0
Total securities issued	17,519.9	2,997.3	2,010.6	-14.3	16,547.5

Change in securities issued	31.12.23	Issued	Due/ redeemed	Other changes incl. currency	31.12.22
Covered bonds. nominal value	16,526.6	2,766.8	2,494.2	14.4	16,239.5
Value adjustment	-46.1	0.0	0.0	-34.1	-11.9
Accrued interest	67.0	0.0	0.0	24.8	42.2
Total securities issued	16,547.5	2,766.8	2,494.2	5.1	16,269.8

31.12.24	Outstanding volume*	Avg. balance	Weighted effective interest rate
Covered bonds NOK	17,422.1	17,375.9	5.21
Securities issued	17,422.1	17,375.9	5.21

*Measured at amortised cost, value adjusted for hedged risk, excl. accrued interest on the balance sheet date.

31.12.23	Outstanding volume*	Avg. balance	Weighted effective interest rate
Covered bonds NOK	16,480.5	16,715.4	4.38
Securities issued	16,480.5	16,715.4	4.38

*Measured at amortised cost, value adjusted for hedged risk, excl. accrued interest on the balance sheet date.

Securities issued and drawing rights by maturity date

31.12.24	Drawing right*	Covered bonds	Total
2025	0.0	2.500.0	2.500.0
2026	197.1	4.750.0	4.947.1
2027	197.1	4.000.0	4.197.1
2028	197.1	2.500.0	2.697.1
2029	0.0	3.000.0	3.000.0
2030	0.0	700.0	700.0
2031	0.0	0.0	0.0
2032	0.0	0.0	0.0
2033 and after	0.0	0.0	0.0
No term	0.0	0.0	0.0
Gross borrowing	591.4	17.450.0	18.041.4
Accrued interest	0.1	97.8	97.9
Direct costs and premium/discount	0.0	46.6	46.6
Value adjustments. hedge accounting	0.0	-74.5	-74.5
Net borrowing	591.5	17,519.9	18,111.5

*Approved overdraft limit of NOK 3.000 million.

31.12.23	Drawing right*	Covered bonds	Total
2024	0.0	2,009.0	2,009.0
2025	230.5	2,500.0	2,730.5
2026	230.5	4,750.0	4,980.5
2027	230.5	4,000.0	4,230.5
2028	0.0	2,500.0	2,500.0
2029	0.0	0.0	0.0
2030	0.0	700.0	700.0
2031	0.0	0.0	0.0
2032 and after	0.0	0.0	0.0
No term	0.0	0.0	0.0
Gross borrowing	691.4	16,459.0	17,150.4
Accrued interest	0.3	67.0	67.3
Direct costs and premium/discount	0.0	67.9	67.9
Value adjustments. hedge accounting	0.0	-46.1	-46.1
Net borrowing	691.8	16,547.5	17,239.3

*Approved overdraft limit of NOK 3.000 million.

NOTE 16 OTHER LIABILITIES

	31.12.24	31.12.23
Accrued management fees	2.4	2.3
Customer deposits*	1.1	0.6
Other costs	0.2	1.3
Other liabilities	3.6	4.3

*Deposits from customers are exclusively positive balances on credit lines

NOTE 17 COVERED BONDS AND PROVISION OF COLLATERAL

Pursuant to Section 11-7 of the Norwegian Financial Institutions Regulations, the company must maintain over-collateralisation of the cover pool of at least five per cent of the nominal value of outstanding covered bonds at all times. The cover pool consists mainly of secured mortgage loans, but this also includes derivative contracts and substitute assets in the form of a liquidity buffer. Secured mortgage loans in the cover pool had a loan-to-value ratio of 80 per cent or lower at the time of acquisition. Non-performing loans (stage 3), loan loss provisions and loans with a loan-to-value ratio of more than 80 per cent are excluded from the cover pool.

Over-collateralisation

	31.12.24	31.12.23
Qualified lending secured against property*	18,711.6	18,004.5
Financial derivatives (net)	-77.8	-49.7
Other substitute assets (bank deposits and securities)	1,146.4	911.2
Total cover pool	19,780.2	18,866.1
Covered bonds	17,422.1	16,480.5
Cover pool utilisation	114 %	114 %

*NOK 53.7 million of gross lending in the company is held outside the cover pool as of 31.12.2024 (NOK 41.4 million at 31.12.23).

NOTE 18 CAPITAL ADEQUACY

	31.12.24	31.12.23
CET1 capital		
Book equity	1,715.1	1,674.7
Deduction items in CET1 capital		
Additional value adjustments (prudent valuation requirement) (AVA)	-0.4	-0.3
Total CET1 capital	1,714.8	1,674.3
Other Tier 1 capital	0.0	0.0
Total Tier 1 capital	1,714.8	1,674.3
Net subordinated loan capital	1,714.8	1,674.3
Calculation basis		
Calculation basis for credit and counterparty risk	7,592.7	7,137.3
Calculation basis for currency risk	0.0	0.0
Calculation basis for operational risk	244.6	235.1
Calculation basis for impaired counterparty credit valuation adjustment (CVA)	4.6	6.5
Deductions from calculation basis	0.0	0.0
Total calculation basis	7,841.9	7,379.0
CET1 capital ratio	21.87 %	22.69 %
Tier 1 capital ratio	21.87 %	22.69 %
Capital adequacy	21.87 %	22.69 %

Buffers		
Capital conservation buffer	196.0	184.5
Countercyclical buffer	196.0	184.5
Systemic risk buffer	352.9	332.1
Total buffer requirements	745.0	701.0
Available buffer capital	1,087.4	1,084.0
Leverage ratio	8.16 %	8.37 %

Sparebanken Øst Boligkreditt AS uses the standardised approach to calculate minimum equity and primary capital requirements for credit risk. The calculation related to operational risk is calculated based on the basic approach. The capital charge for credit value adjustment (CVA) is calculated using the standardised approach. Exposure amounts for derivatives are calculated using SA-CCR.

The credit institution's primary capital must comply with minimum capital adequacy requirements at all times, with the addition of a buffer equivalent to the company's accepted risk tolerance.

See also the Group's Pillar III document, which is available from Sparebanken Øst's website.

NOTE 19 FINANCIAL INSTRUMENTS AT FAIR VALUE

Sparebanken Øst Boligkreditt AS' financial instruments in this category at fair value consist of derivatives certificates and bonds.

Valuation of financial instruments at fair value

General information

Sparebanken Øst Boligkreditt AS classifies fair value measurements using a hierarchy with the following levels:

Level 1: Observable trading prices in active markets.

Level 2: Observable market prices in less active markets, or the use of inputs which are either directly or indirectly observable.

Level 3: Valuation techniques not based on observable market data.

Certificates and bonds

The company's portfolio of certificates and bonds is valued based on prices received from Nordic Bond Pricing. The prices from Nordic Bond Pricing are based on reported spreads from the brokers active in the Norwegian market.

Assessments are made of whether the prices from Nordic Bond Pricing appear correct.

The company believes that the valuation estimates used are within reasonable intervals for fair value and that the credit and liquidity risk development has been considered in the valuation. In the opinion of the bank, the prices used represent the best estimate of the securities' fair value. All of the company's certificate and bond holdings are placed in the pricing hierarchy's level 2. This is due to the fact that there is insufficient trading in any of the listed instruments for a market price can be read at any given time.

Derivatives

Sparebanken Øst Boligkreditt AS only has derivatives where the fair value is based on observable yield curves and exchange rates and which are therefore placed at level 2 of the pricing hierarchy.

31.12.24	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value				
Certificates and bonds	0.0	285.1	0.0	285.1
Financial derivatives	0.0	0.0	0.0	0.0
Total assets at fair value	0.0	285.1	0.0	285.1
Financial derivatives	0.0	77.8	0.0	77.8
Total liabilities at fair value	0.0	77.8	0.0	77.8

31.12.23	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value				
Certificates and bonds	0.0	286.5	0.0	286.5
Financial derivatives	0.0	0.0	0.0	0.0
Total assets at fair value	0.0	286.5	0.0	286.5
Financial derivatives	0.0	49.7	0.0	49.7
Total liabilities at fair value	0.0	49.7	0.0	49.7

NOTE 20 FINANCIAL INSTRUMENTS AT AMORTISED COST

Lending

All of the company's lending is at variable interest rates. The fair value of loans at variable interest rates is subject to the influence of changing interest rate levels and credit margins, but can be re-priced on an ongoing basis in the short term. The Norwegian Act on Financial Contracts and Financial Assignments permits re-pricing with two months' notice. Sparebanken Øst Boligkreditt AS' assessment is that the amortised cost of the lending portfolio, excluding loss provisions in Step 1, gives a good approximation of fair value.

Securities issued

The company's securities issued are placed in level 2 of the pricing hierarchy because there is not enough turnover in any of the loans to derive a market price at any given time. The company uses estimated prices and credit spreads from Nordic Bond Pricing.

31.12.24	Fair value	Book value
Assets and liabilities measured at amortised cost		
Loans to and receivables from financial institutions	862.8	862.8
Loans to customers	18,796.4	18,793.4
Total assets at amortised cost	19,659.3	19,656.2
Liabilities to financial institutions	591.5	591.5
Securities issued	17,570.1	17,519.9
Total liabilities at amortised cost	18,161.6	18,111.5
31.12.23		
Assets and liabilities measured at amortised cost		
Loans to and receivables from financial institutions	626.2	626.2
Loans to customers	18,077.3	18,074.3
Total assets at amortised cost	18,703.5	18,700.5
Liabilities to financial institutions	691.8	691.8
Securities issued	16,565.0	16,547.5
Total liabilities at amortised cost	17,256.8	17,239.3

NOTE 21 RISK AND RISK MANAGEMENT

Sparebanken Øst Boligkreditt AS seeks to maintain a low risk profile to ensure that the company's issued securities are attractive to external investors. The company's Board has adopted a strategy for financial risk, which sets out the company's policy and framework for risk-taking in the different risk areas. The company's Board revises the strategy at least annually.

The use of a framework as set out in the strategy is measured at least quarterly and reported to the Board. Sparebanken Øst Boligkreditt AS and the rest of the Group are measured and assessed as part of annual capital adequacy requirement evaluations (ICAAP). Monthly accounts reports are prepared on a monthly basis for the Board, the general manager, and the bank's management.

Reports from the external auditor and internal audit function are presented to and considered by the Board. The general manager makes an annual report regarding the overall assessment of the risk situation and internal controls. The compliance departments report on ongoing checks to the general manager, and present an annual status report to the Board.

Sparebanken Øst Boligkreditt AS is exposed to the following risks:

- operational risk associated with the business's internal operating structure
- commercial risk associated with exposure to external parties and general market conditions

Operational risk

Operational risk is the risk of losses resulting from inadequate or failing internal processes, the failure of people and systems, or external events.

Operational risk in Sparebanken Øst Boligkreditt AS arises primarily in relation to the approval of loans, the use of IT systems, the issue of covered bond debt, and compliance with laws and regulations. The approval of loans takes place at Sparebanken Øst in accordance with an agreement between the companies. The credit process is subject to strict routines and the associated control procedures. IT systems are subject to the same control procedures that apply to Sparebanken Øst with operations and maintenance carried out by the bank in accordance with an agreement between the companies. The same applies to the issue of covered bond debt/liquidity management carried out by the bank as agreed. Compliance checks are carried out in Sparebanken Øst Boligkreditt AS by the Compliance department, which is part of the company's contracted resources. A monitor (BDO AS) carries out independent quarterly checks. KPMG performs internal auditing for Sparebanken Øst Boligkreditt AS.

Commercial risks

The most significant commercial risks in Sparebanken Øst Boligkreditt AS include:

- Credit risk
- Market risk
- Liquidity risk

Credit risk

Credit risk is the potential for losses as a result of customers and other counterparties failing to honour their commitments at the agreed time, and any security pledged for the relationship failing to cover the outstanding account. Concentration risk on geographic areas and individual customers is also included here.

Sparebanken Øst Boligkreditt AS acquires mortgages from two sources. Loans may be granted via Boligkreditt.no, a concept owned by the mortgage company, or they may be purchased from the parent bank. The latter is the company's main source of mortgages.

Loans transferred to or provided by Sparebanken Øst Boligkreditt AS are approved against real estate (residential mortgage) up to 80% of the property's market value. The loans are granted in accordance with conservative credit approval procedures so as to minimise the risk of losses. The credit policy of lending to customers is addressed daily through credit manuals, frameworks, and powers of attorney handled by the bank's credit department. The development in credit risk related to lending is monitored on an ongoing basis with framework control, periodic analyses and reports, and the use of random sampling at customer level. The loan-to-value ratio in the cover pool (LTV) was 47.6% at the end of 2024, compared to 46.7% at the end of 2023.

Boligkreditt and the parent bank's Internet concepts, in the shape of Nybygger.no and DinBank.no, along with the parent bank's existing branch network in the central area of the Eastern Norway region, are helping to reduce the geographical concentration found in the lending portfolio. Sparebanken Øst Boligkreditt AS is the legal and beneficial owner of all loans transferred to the cover pool, and shall have seniority if the same collateral secures loans in both the parent bank and the company.

Maximum credit exposure in excess of capitalised amount	31.12.24	31.12.23
Liabilities		
Loan pledges	0.0	0.0
Overdraft facilities	3,153.1	3,084.2
Total liabilities	3,153.1	3,084.2

Sparebanken Øst Boligkreditt AS' portfolio is based on credit ratings made by Sparebanken Øst and is subject to its organisation of the decision-making process. The decision-making process in the retail market is based on a centralised processing unit. The control measures implemented in the bank show that there is limited operational risk within this area. It is believed, therefore, that losses will primarily be linked to, and conditional upon, general future developments in the market.

Risk classification of mortgage customers is an integral part of the credit process for granting loans and overall management of the portfolio. Customers are classified according to the rules set out in Sparebanken Øst's credit handbook for the retail market, based on an automatic scoring model which estimates the probability of default (PD) in the next 12 months from information about the customer's finances and behaviour. Risk classification is performed when new loan applications are assessed, then reclassified each month based on available information about changes in the customer's finances and behaviour.

The risk classification scale in Sparebanken Øst Boligkreditt AS consists of 11 categories from A to K, where risk class A represents the lowest credit risk and risk class I represents the highest risk for customers not in default. Risk classes J and K comprise commitments where there is objective evidence of non-performance, and these commitments are placed under special surveillance. Loans purchased by the parent bank must be within categories A-F.

Probability of default (12-month PD) by risk class

Risk class	From	To
A	0,00 %	0,10 %
B	0,10 %	0,25 %
C	0,25 %	0,50 %
D	0,50 %	0,75 %
E	0,75 %	1,50 %
F	1,50 %	2,75 %
G	2,75 %	5,00 %
H	5,00 %	10,00 %
I	10,00 %	99,99 %
J and K	99,99 %	100,0 %

Lending by risk classes, 31.12.24

	Gross lending	Gross overdraft facilities	Commitments	%	Commitments Stage 1	Loss prov. Stage 1	Commitments Stage 2	Loss prov. Stage 2	Commitments Stage 3	Loss prov. Stage 3
A	6.932,2	1.165,0	8.088,2	37	8.054,6	0,4	33,7	0,0	0,0	0,0
B	8.411,5	1.868,1	10.279,7	47	10.211,1	1,7	68,6	0,1	0,0	0,0
C	2.374,8	92,9	2.467,7	11	2.403,9	0,8	63,8	0,1	0,0	0,0
D	630,6	17,5	648,1	3	448,6	0,3	199,5	0,4	0,0	0,0
E	178,6	2,1	180,6	1	97,7	0,1	82,9	0,3	0,0	0,0
F	151,8	2,0	153,8	1	39,0	0,1	114,8	0,5	0,0	0,0
G	21,0	0,2	21,2	0	4,4	0,0	16,8	0,1	0,0	0,0
H	37,7	0,2	37,8	0	3,7	0,0	34,1	0,4	0,0	0,0
I	23,5	5,7	29,2	0	1,1	0,0	28,1	0,7	0,0	0,0
J	46,2	0,0	46,2	0	0,0	0,0	0,0	0,0	46,2	0,0
K	0,0	0,0	0,0	0	0,0	0,0	0,0	0,0	0,0	0,0
Total	18.798,9	3.153,7	21.952,6	100	21.264,1	3,4	642,3	2,6	46,2	0,0

Lending by risk classes, 31.12.23

	Gross lending	Gross overdraft facilities	Commitments	%	Commitments Stage 1	Loss prov. Stage 1	Commitments Stage 2	Loss prov. Stage 2	Commitments Stage 3	Loss prov. Stage 3
A	6.458,8	1.022,8	7.481,6	35	7.465,2	0,4	16,4	0,0	0,0	0,0
B	8.844,9	1.958,8	10.803,7	51	10.716,5	1,8	87,1	0,1	0,0	0,0
C	1.950,9	78,0	2.028,5	10	1.969,0	0,7	59,5	0,1	0,0	0,0
D	454,1	13,0	467,1	2	327,0	0,2	140,2	0,3	0,0	0,0
E	158,8	5,0	163,8	1	85,1	0,1	78,7	0,2	0,0	0,0
F	123,3	1,8	125,1	1	36,6	0,1	88,5	0,4	0,0	0,0
G	20,8	0,1	20,8	0	3,6	0,0	17,2	0,1	0,0	0,0
H	6,5	0,0	6,5	0	0,0	0,0	6,5	0,1	0,0	0,0
I	26,4	4,0	30,4	0	5,1	0,1	25,3	0,8	0,0	0,0
J	35,2	1,3	36,5	0	0,0	0,0	0,5	0,0	36,0	0,0
K	0,0	0,0	0,0	0	0,0	0,0	0,0	0,0	0,0	0,0
Total	18.079,2	3.084,7	21.164,0	100	20.608,1	3,4	519,9	2,1	36,0	0,0

The pricing of loans to retail customers is primarily based on security coverage (loan-to-value ratio) and the size of the loan. Pricing throughout the year will still be influenced by developments in the general interest rate market, the parent bank's overall growth objectives, and the overall competitive situation.

The main parameter in relation to the credit rating is the borrower's financial situation and loan-to-value ratio. Loans at Sparebanken Øst Boligkreditt AS are secured against real estate, properties on leased land, or housing society dwellings within the statutory limits for loan-to-value ratios. The loan-to-value ratio is calculated on the basis of the loan amount in relation to the carefully assessed value of the collateral. For loans transferred to Sparebanken Øst Boligkreditt AS, the basis for determining the value is also ensured by a valuation undertaken by an approved independent third party.

Market risk

Market risk is the risk of losses in the market value of financial assets and liabilities in the event of a change in financial market prices. Sparebanken Øst is primarily exposed to market risk through changes in the level of interest rate and changes in the credit spread on bonds.

Interest rate risk

Interest rate risk arises when repricing interest rates for assets differs from the point of repricing for liabilities. The company does not offer fixed-rate loans. Interest-rate and currency derivatives to reduce interest-rate and currency risk are entered into for the company's fixed-rate and foreign currency debenture loans. Interest rate risk is measured as the effect on net interest income and equity from changes in the yield curve. The interest rate risk at Sparebanken Øst Boligkreditt AS is limited.

The net interest rate sensitivity of a parallel shift in the yield curve of 1 percentage point is shown below. The effect is calculated based on a permanent shift in the yield curve occurring on the measurement date, amounting to one year's effect on profit. The table shows that an immediate increase in interest rates of 1 percentage point will lead to higher net interest. Correspondingly, an immediate reduction in interest rates will give reduced net interest.

Interest rate sensitivity

Currency	Increase in basis points	Sensitivity on earnings 2024	Sensitivity on earnings 2023	Sensitivity on equity 2024	Sensitivity on equity 2023
NOK	+100	21,2	23,3	0,0	0,0
Total		21,2	23,3	0,0	0,0

Currency	Reduction in basis points	Sensitivity on earnings 2024	Sensitivity on earnings 2023	Sensitivity on equity 2024	Sensitivity on equity 2023
NOK	-100	-21,2	-23,3	0,0	0,0
Total		-21,2	-23,3	0,0	0,0

Time until expected interest rate change as at 31.12.24

	Up to 1 month	From 1-3 months	3 months to 1 year	From 1-5 years	Over 5 years	No fixed- rate period	Total
Assets							
Loans to and receivables from financial institutions	862.1	0.0	0.0	0.0	0.0	0.7	862.8
Loans to customers	133.7	18,626.2	0.0	0.0	0.0	0.0	18,759.9
Certificates and bonds	81.7	201.8	0.0	0.0	0.0	0.0	283.5
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accrued interest, not yet due	0.0	0.0	0.0	0.0	0.0	35.1	35.1
Other assets	0.0	0.0	0.0	0.0	0.0	10.7	10.7
Total	1,077.5	18,828.0	0.0	0.0	0.0	46.5	19,952.0
Liabilities							
Liabilities to financial institutions	591.4	0.0	0.0	0.0	0.0	0.0	591.4
Securities issued	3,744.0	13,678.1	0.0	0.0	0.0	0.0	17,422.1
Financial derivatives	0.0	0.0	0.0	0.0	0.0	74.5	74.5
Accrued interest	0.0	0.0	0.0	0.0	0.0	101.2	101.2
Other liabilities	0.1	1.0	0.0	0.0	0.0	0.6	1.7
Total	4,335.6	13,679.2	0.0	0.0	0.0	176.3	18,191.0
Net exposure	-3,258.0	5,148.9	0.0	0.0	0.0	-129.8	

Time until expected interest rate change as at 31.12.23

	Up to 1 month	From 1-3 months	3 months to 1 year	From 1-5 years	Over 5 years	No fixed- rate period	Total
Assets							
Loans to and receivables from financial institutions	625.3	0.0	0.0	0.0	0.0	0.9	626.2
Loans to customers	140.4	17,900.7	0.0	0.0	0.0	0.0	18,041.1
Certificates and bonds	82.7	202.2	0.0	0.0	0.0	0.0	285.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accrued interest, not yet due	0.0	0.0	0.0	0.0	0.0	34.7	34.7
Other assets	0.0	0.0	0.0	0.0	0.0	10.5	10.5
Total	848.4	18,102.9	0.0	0.0	0.0	46.2	18,997.5
Liabilities							
Liabilities to financial institutions	691.4	0.0	0.0	0.0	0.0	0.0	691.4
Securities issued	751.0	15,729.6	0.0	0.0	0.0	0.0	16,480.5
Financial derivatives	0.0	0.0	0.0	0.0	0.0	46.1	46.1
Accrued interest	0.0	0.0	0.0	0.0	0.0	70.9	70.9
Other liabilities	0.1	0.6	0.0	0.0	0.0	0.6	1.2
Total	1,442.5	15,730.1	0.0	0.0	0.0	117.5	17,290.1
Net exposure	-594.1	2,372.8	0.0	0.0	0.0	-71.3	

Currency risk

Currency risk is the risk of a loss of value due to a change in the market rate of a foreign currency. Such risk is reduced by matching asset and liability positions with each other on the balance sheet or by using currency derivatives.

The company has no items in foreign currency as at 31.12.24 or 31.12.23.

Liquidity risk

Liquidity risk is the risk of the company failing to meet its debt obligations or other receivables obligations when due for payment, or having to pay a significantly higher price. Cash flows from lending in the cover pool must always exceed payment obligations to holders of covered bonds and derivative counterparties.

Sparebanken Øst Boligkreditt AS covers its borrowing needs from two sources; the company can issue covered bonds and/or draw on a credit facility in Sparebanken Øst. In the company's financial strategy, there are limits for the proportion of market financing that can be due within the next 12 months, and there are requirements for liquidity reserves that enable the company to redeem covered bonds maturing for a given time into the future.

The drawing facility the company has agreed with the parent bank can be used to pay down covered bond debt as it falls due. It is also used as a source of funding for organic growth through boligkreditt.no and to purchase substitute assets and bonds for liquidity purposes. Purchases of mortgages from the parent bank are also financed with the drawing rights in the period until a bond loan is issued.

Should there be an urgent need for financing at the maturity of previously issued covered bond borrowing, new covered bond borrowing can be issued and sold to Sparebanken Øst. Parts of the loan may be pledged as collateral for D and/or F loans in Norges Bank. All of the covered bond agreements entered into by the company have a "soft bullet" whereby the mortgage credit company can defer redemption by one year.

Covered bonds issued by Sparebanken Øst Boligkreditt AS have an AAA rating from Moody's Investor Services. However, there are no external or internal requirements for AAA ratings on covered bonds issued in loan agreements, strategy or other guidelines.

Financial liabilities

The mortgage company's financial liabilities are shown below at nominal value. All liabilities are added to the category for first possible payment when a contractual payment date is provided. The principal of the liability including future interest payments is what is stated. Interest rates and currency rates are as at 31.12.2023. Liabilities associated with derivatives are shown on a separate line, and related inflows from derivatives are shown under each table.

Maturity analysis for financial liabilities as at 31.12.24

	Up to 1 month	From 1-3 months	3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Liabilities to financial institutions	0.0	0.0	31.8	655.1	0.0	0.0	686.9
Securities issued	40.2	169.1	3,101.3	15,560.8	719.5	0.0	19,590.9
Other liabilities	0.0	0.0	122.3	0.0	0.0	0.0	122.3
Unused credit	3,153.1	0.0	0.0	0.0	0.0	0.0	3,153.1
Financial liabilities excluding derivatives	3,193.3	169.1	3,255.4	16,215.9	719.5	0.0	23,553.3
Financial derivatives (outflows)	10.4	9.5	59.6	192.9	37.8	0.0	310.1
Financial liabilities	3,203.7	178.6	3,315.0	16,408.8	757.3	0.0	23,863.4
Financial derivatives (inflows)	0.0	0.0	53.6	112.0	19.5	0.0	185.0

Maturity analysis for financial liabilities as at 31.12.23

	Up to 1 month	From 1-3 months	3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Liabilities to financial institutions	0.0	0.0	37.5	766.5	0.0	0.0	804.1
Securities issued	0.0	200.5	2,581.6	14,928.8	738.9	0.0	18,449.9
Other liabilities	0.0	0.0	83.6	0.0	0.0	0.0	83.6
Unused credit	3,084.2	0.0	0.0	0.0	0.0	0.0	3,084.2
Financial liabilities excluding derivatives	3,084.2	200.5	2,702.7	15,695.3	738.9	0.0	22,421.7
Financial derivatives (outflows)	10.5	9.5	60.3	237.1	76.4	0.0	393.8
Financial liabilities	3,094.7	210.1	2,763.0	15,932.4	815.3	0.0	22,815.5
Financial derivatives (inflows)	0.0	0.0	53.6	146.1	38.9	0.0	238.6

Climate risk

Climate risk consists of physical climate risk and transition risk. Physical risk can be landslides, floods, rising sea levels, droughts or other risks related to climate change. Transition risk is the risk associated with the transition

to a low-emission society, where changes in climate policy/regulation, development of new technology, changed customer preferences and investor demands may lead to abrupt changes in the market value of financial and other assets. Climate risk can lead to increased credit risk, financial losses or reduced access to capital. Increased exposure to climate risk also increases the risk of stranded assets. Stranded assets are defined as assets that have suffered from unanticipated or premature reductions in value.

The Norwegian Water Resources and Energy Directorate (NVE) has mapped and published a national dataset that provides an overview of areas that may be exposed to physical climate risk. Through its assessments, NVE provides indications as to whether residential properties lie within specified zones for flooding, landslides, or sea level rise. NVE's assessments are based on areas rather than individual properties. NVE's evaluations do not take into account individual and local protective measures. The bank gains access to NVE's assessments of mortgaged properties through Eiendomsverdi AS. Starting in 2024, Eiendomsverdi AS offers a risk scoring system, where they assign a score between 0 and 6 for various subcategories within physical risk. A score of 0 represents no indication, while a score of 6 expresses exposure to physical risk. To simplify, the bank has chosen to group scores of 1-2 as low, 3-4 as medium, and 5-6 as high. In 2024, Eiendomsverdi AS has expanded to provide an overview of properties exposed to surface water. Thirty-three percent of Norwegian homes are exposed to surface water, and the bank's portfolio is no exception. As a result, the outcomes, as shown below, will be significantly higher than in previous years. The bank has chosen to present a table without surface water for comparison.

Pr. 31.12.24

Risikokategori	Number of securities	Commitments	Percentage of portfolio
High	295	519.2	2.37 %
Medium	1,402	2,533.4	11.54 %
Low	3,566	6,598.3	30.06 %
None	4,330	12,301.7	56.04 %
Total	9,593	21,952.6	100.00 %

Pr. 31.12.24 - without surface water

Risikokategori	Number of securities	Commitments	Percentage of portfolio
High	183	326.6	1.49 %
Medium	476	699.3	3.19 %
Low	637	1,079.9	4.92 %
None	8,297	19,846.8	90.41 %
Total	9,593	21,952.6	100.00 %

In 2023, the bank reported engagements with exposure to physical risk using two defined risk categories. Although the bank considers the updated methodology from Eiendomsverdi for 2024 to be more relevant and of better quality, for comparison purposes, the bank has chosen to include tables with the same format as in 2023. Risk Category 1 consists of scenarios involving flooding and storm surges with a 20-year interval, quick clay in the high-risk category, as well as avalanche hazard areas. Risk Category 2 consists of scenarios involving flooding and storm surges with intervals of 50 to 200 years, and quick clay in the medium-risk category. The number of risks in the tables below represents the number of main categories of physical risk an engagement is exposed to. The bank assesses the physical risk as low and within an acceptable level.

Risk class 1 at 31.12.24

Number of risks	Number of securities	Commitments	Percentage of portfolio
1	291	578.5	2.64 %
2	56	99.1	0.45 %
3	2	5.0	0.02 %
Total	349	682.6	3.11 %

Risk class 1 + 2 at 31.12.24

Number of risks	Number of securities	Commitments	Percentage of portfolio
1	592	1,104.3	5.03 %
2	88	171.7	0.78 %
3	4	9.0	0.04 %
Total	684	1,285.0	5.85 %

Risk class 1 at 31.12.23

Number of risks	Number of securities	Commitments	Percentage of portfolio
1	312	561.1	2.65 %
2	57	82.6	0.39 %
3	1	2.7	0.01 %
Total	370	646.4	3.05 %

Risk class 1 + 2 at 31.12.23

Number of risks	Number of securities	Commitments	Percentage of portfolio
1	556	976.9	4.62 %
2	115	184.6	0.87 %
3	2	4.5	0.02 %
Total	673	1,166.0	5.51 %

NOTE 22 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

31.12.24	Mandatory fair value through profit or loss	Designated fair value through profit or loss	Measured at amortised cost	Total
Loans to and receivables from financial institutions	0.0	0.0	862.8	862.8
Loans to customers	0.0	0.0	18,793.4	18,793.4
Certificates and bonds	285.1	0.0	0.0	285.1
Financial derivatives	0.0	0.0	0.0	0.0
Total financial assets	285.1	0.0	19,656.2	19,941.3
Liabilities to financial institutions	0.0	0.0	591.5	591.5
Securities issued	0.0	0.0	17,519.9	17,519.9
Financial derivatives	77.8	0.0	0.0	77.8
Total financial liabilities	77.8	0.0	18,111.5	18,189.3

31.12.23	Mandatory fair value through profit or loss	Designated fair value through profit or loss	Measured at amortised cost	Total
Loans to and receivables from financial institutions	0.0	0.0	626.2	626.2
Loans to and receivables from customers	0.0	0.0	18,074.3	18,074.3
Certificates and bonds	286.5	0.0	0.0	286.5
Financial derivatives	0.0	0.0	0.0	0.0
Total financial assets	286.5	0.0	18,700.5	18,987.0

Liabilities to financial institutions	0.0	0.0	691.8	691.8
Securities issued	0.0	0.0	16,547.5	16,547.5
Financial derivatives	49.7	0.0	0.0	49.7
Total financial liabilities	49.7	0.0	17,239.3	17,289.0

NOTE 23 OWNERSHIP STRUCTURE

The share capital of Sparebanken Øst Boligkreditt AS amounts to NOK 437.1 million divided into 10.66 million shares each with a nominal value of NOK 41. All shares in Sparebanken Øst Boligkreditt AS are owned by Sparebanken Øst.

NOTE 24 OPERATING SEGMENTS

Sparebanken Øst Boligkreditt AS operates in only one customer-facing segment. This is also how the management have organised the company for operational and management purposes.

Information regarding the geographic distribution of the lending portfolio is provided in Note 10. No customer may be deemed more important to the company than others based on size and similar. The company is not dependent on individual customers. No single customer accounts for more than 10%.

NOTE 25 NETTING RIGHT, FINANCIAL DERIVATIVES

Sparebanken Øst Boligkreditt AS's netting is in accordance with general rules set out in Norwegian legislation.

Sparebanken Øst Boligkreditt AS has entered into standardised and mainly bilateral ISDA agreements with several financial institutions entitling the parties to netting in the event of any defaults. Additional agreements have also been entered into concerning provision of security (CSA) for the same counterparts.

As at 31.12.24 the exposure was as follows:	Gross amount	Set off in the balance sheet	Book value	Amount subject to net settlement	Exchanged collateral security	Amount following any net settlement
Financial derivatives, assets	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives, liabilities	77.8	0.0	77.8	0.0	0.0	77.8

As at 31.12.23 the exposure was as follows:	Gross amount	Set off in the balance sheet	Book value	Amount subject to net settlement	Exchanged collateral security	Amount following any net settlement
Financial derivatives, assets	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives, liabilities	49.7	0.0	49.7	0.0	0.0	49.7

Auditor's Report

Definitions of key figures and alternative performance targets

1 Return on equity*	Profit/loss after tax as a % of average equity The key figure provides relevant information about the company's profitability by measuring its ability to generate profitability on equity.
2 Net interest income as a % of average total assets (GFK)	Net interest income as a % of average total assets.
3 Profit/loss after tax as a % of average total assets (GFK)	Profit/loss after tax as a % of average total assets.
4 Costs as a % of income (before losses)*	Com. costs, admin. costs and other operating costs as a % of net interest, com. income and gains/losses on financial instruments. The key figure is used to provide information about the ratio between income and costs.
5 Losses as a % of net lending to customers (OB)*	Losses as a % of OB net loans to customers for the period This key figure indicates the recognised loss in relation to net lending at the beginning of the fiscal period and provides relevant information on the extent of the losses incurred by the company in relation to loan volume.
6 Net non-performing commitments as a % of net lending*	Net non-performing commitments as a % of net lending. This key figure provides relevant information about credit risk and is deemed useful additional information in addition to that stated in the loss notes.
7 Capital adequacy ratio in %	Total primary capital as a % of the risk-weighted volume (calculation basis).
8 Tier 1 capital ratio in %	Tier 1 capital as a % of the risk-weighted volume (calculation basis).
9 CET1 capital ratio (%)	CET1 capital as a % of the risk-weighted volume (basis for calculation)
10 Dividend/additional dividend	Dividend/additional dividend in NOK millions.
11 Average total assets (GFK)	Average total assets based on day-to-day balance sheet figures.

*Defined as alternate profit target