Annual Report 2024

Rogaland Sparebank Boligkreditt

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Rogaland Sparebank Boligkreditt is a wholly owned subsidiary of Rogaland Sparebank, and is the covered bond funding vehicle of the Group. Scope Ratings has rated the bonds issued by Rogaland Sparebank Boligkreditt as AAA.

The financial statements have been prepared in accordance with simplified application of the international financial reporting standards pursuant to section 3-9 of the Norwegian Accounting Act, hereinafter referred to as simplified IFRS. The accounting policies applied are described in note 2 to the financial statements. Figures in parentheses apply to the corresponding period last year.

Financial performance

The result for 2024 ended at NOK 85.2 (55.2) million after tax. This represents return on equity of 7.1% (5.4%).

The company had net interest income of NOK 129.3 (85.7) for the year as a whole. Net interest income has improved significantly despite continued pressure on lending rates, due to high price competition on mortgages. Norges Bank kept the key policy rate unchanged at 4.50% throughout 2024. At the end of the year, the average interest rate on the company's loan portfolio was 5.59%, a slight increase from 5.56% at the beginning of the year. Net interest income as a percentage of total assets was 0.85%, up from 0.62% the previous year.

Reduced credit premiums in the bond market and the associated increase in the value of the company's liquidity portfolio have, in isolation, contributed to a positive development in other operating income. Despite this, other income amounted to NOK -5.8 (-1.7) million for the year as a whole. A significant portion of these negative income is due to the repurchase and retirement of debt in the first quarter at a premium. The company took advantage of good market sentiment and completed a major refinancing and extension of the financing profile. The transaction reduces the refinancing risk and ensures competitive financing going forward.

Operating expenses were stable and amounted to NOK 14.1 (14.5) million for 2024. Cooperation with Rogaland Sparebank has been formalised through a management agreement, and the management fee is adjusted annually according to the CPI.

Recognised provisions for losses increased by NOK 0.2 million for the year as a whole, compared to a reduction of NOK 1.3 million in 2023.

Rogaland Sparebank Boligkreditt paid an additional dividend of NOK 85 (50) million to Rogaland Sparebank in 2024.

Balance sheet and asset management

At the end of 2024, Rogaland Sparebank Boligkreditt managed assets totalling NOK 15.7 (14.8) billion. Loans to customers constituted NOK 15.1 (14.0) billion. As of 31.12.2024, Rogaland Sparebank Boligkreditt had issued bonds with a net carrying amount of NOK 13.6 (11.7) billion. The company held none of its own bonds at the end of the year.

The overcollateralisation level was 16.0% as at 31.12.2024, 11.0 percentage points above the regulatory requirement of 5%. Please refer to note 22 for more details regarding the calculation.

The other liabilities item includes debt to the parent bank of NOK 0.9 (2.1) million. This is related to bridge financing of Rogaland Sparebank Boligkreditt's purchase of a loan portfolio from Rogaland Sparebank.

The financial statements have been prepared on the basis that the company will continue operating as a going concern, as this assumption is justified. The Board of Directors considers the company's financial strength and liquidity to be satisfactory.

Market conditions

Despite international uncertainty and macroeconomic challenges, the economy in Rogaland has performed well during the period, with continued positive development in the region. A large proportion of energy related industry has resulted in higher activity than in the rest of the country.

Unemployment in Rogaland was 1.8% at the end of the year, corresponding to 4,700 people. At the same time, there are a record number of unfilled positions in the region, with approximately 4,000 distributed across most occupational groups. Some sectors are struggling to attract qualified labour, especially medical, nursing and care services as well as engineering, ICT and industrial work. High levels of activity on the continental shelf and in the supply industry mean a need for labour in engineering, ICT and industrial work.

The oil price has been stable throughout 2024 despite international unrest, and is at USD 75 at the end of the year, down from USD 77 at the beginning of the year. For the economy in Rogaland, energy prices and investments related to oil, gas and electricity are an important economic factor. Investments in energy optimisation, together with the oil tax package valid until 2025, mean a higher level of activity than normal for many companies related to the oil and gas industry.

Norges Bank's regional network survey from December indicates positive, stable development ahead, but with great variation within industries and regions. Most industries expect stable positive production growth going forward. Building and construction report the greatest challenges, while energy-related industries report good market prospects.

The southwest region remains optimistic about future economic developments. This local optimism can be attributed to the increased activity in the energy sector, which accounts for a large proportion of the business sector in this region.

The housing market in Rogaland has developed positively in the last couple of years after several years of stable property prices. In the past 12 months, prices rose by 11.3%, compared with 6.4% on a national basis. The average time it takes to sell a home in the region is 26 days, compared to 73 nationally. An average time of 26 days is historically low and indicates a very tight housing market in the region.

The credit premium for financing in the covered bond market has steadily become slightly cheaper throughout the year. For Rogaland Sparebank Boligkreditt, the indicated credit premium for 5-year financing during the year fell from 62 to 51 basis points above 3-month NIBOR. During the same period, 3-month NIBOR fell from 4.73% to 4.68% at year-end. The average NIBOR for the year was 4.72% (4.16%).

Risk issues

Pursuant to laws and regulations stipulated by the authorities, companies with license to issue covered bonds (Obligasjoner med Fortrinnsrett - OMF) should have a low risk level. The Board of Directors of Rogaland Sparebank Boligkreditt places great emphasis on the company identifying, measuring and managing the various risk elements in order to maintain confidence in Rogaland Sparebank Boligkreditt in the market.

Credit risk
At the end of 2024, the company had a portfolio of residential loans valued at NOK 15.1 (14.0) billion. The average loan to value (LTV) of the cover pool is 53.8% (53.5%). At the end of the year, there were no defaults. The Board of Directors considers the quality of the loan portfolio as very good, and the credit risk as low.

Market risk
Market risk is defined as economic loss due to changes in observable market variables, such as interest rates, currency exchange rates and prices of financial instruments.

Rogaland Sparebank Boligkreditt shall carry a low level of market risk, and has established exposure limits for both interest rate and currency risk. The company uses financial derivatives in order to keep the above mentioned risks at a low level. All bonds issued with a fixed rate are hedged to a floating rate with interest rate derivatives.

The company has positions in Norwegian Kroner only. With respect to the lending volume, 100% of the loans carried a floating rate. The company uses financial derivatives to ensure a low interest rate risk and has no currency risk. The Board of Directors considers the overall market risk to be low.

Liquidity risk
Liquidity risk is the risk of the company not being able to refinance upon maturity, or not being able to finance its assets at market terms. As of year-end, the net debt financing becoming due during the next 12 months, was NOK 750 million. The Company's liquidity reserves were NOK 591 million, of which NOK 391 million are securities of high credit quality and NOK 200 million are deposits with the parent bank.

Furthermore, the covered bonds issued by Rogaland Sparebank Boligkreditt have a soft-bullet structure with an extended maturity as part of the loan agreement. Such a clause is standard in the Norwegian covered bond market and provides the issuer with the option of extend the maturity of its funding by 12 months if the company cannot manage to redeem the loan at the original maturity date. For bonds issued before 08.07.2022, it is the company itself that decides whether the term of the loan will be extended, while for bonds issued after 08.07.2022 (covered bond premium) an application must be submitted to the Financial Supervisory Authority of Norway to extend the term.

The Board of Directors considers the company's liquidity risk to be low.

Operational risk
Operational risk is the risk of loss due to errors or irregularities in the handling of transactions, lack of internal controls or irregularities in the systems used. Rogaland Sparebank Boligkreditt has entered a transfer and servicing agreement with Rogaland Sparebank that covers management, production, IT, and financial and risk management.

The Board of Directors considers the operational risk to be low.

The Board considers the total risk exposure in Rogaland Sparebank Boligkreditt to be low.

Organisation, employees and environment

The company has entered into an agreement with Rogaland Sparebank regarding the management of the company's loan portfolio. Prices and terms and conditions are adjusted annually. The company has no employees, and the CEO is formally employed by Rogaland Sparebank. The Board consists of three people, one of whom is not an employee of Rogaland Sparebank. The company does not pollute the external environment.

Rogaland Sparebank, together with the other companies in the Eika Alliance, has taken out insurance cover for board members and the CEO for their potential liability to the company and third parties. The insurance covers the insured's total business activities, including, but not limited to, subsidiaries and employees of the insured. The insurance coverage for directors' and officers' liability is NOK 300 million per injury and in total per year, while the insurance coverage for professional liability and crime insurance is NOK 400 million per injury and in total per year..

Future prospects

Macro conditions in the region are good, despite some challenges related to limited labour availability and higher interest rates. As at the end of the year, the situation for most of the bank's customers was stable. In general, lower house prices than in other cities have resulted in lower household debt, which means that interest rate increases have less impact on the private economy. Norges Bank said in January that "the key policy rate is likely to be reduced in March".

On the 1st of August 2024, Sandnes Sparebank and Hjelmeland Sparebank merged. After 149 years of operation, the parent bank is now entering a new phase with an expanded market area. The merged bank, now called Rogaland Sparebank, has a business capital of approximately NOK 40 billion and around 150 employees. The bank has a presence in central locations both in North Jæren and in Ryfylke. At the same time, SSB Boligkreditt AS changed its name to Rogaland Sparebank Boligkreditt AS. The head office is and will continue to be in Sandnes city centre. The merger has been completed according to plan, and the bank now operates on a common technological platform without creating challenges for customers. Employees are already well integrated into the new structure and common culture. The bank is experiencing positive momentum in the market after the merger and name change, and aims to be an attractive local bank for the region. The company has solid expertise, increasingly satisfied customers, a competitive cost base, good earnings and good financial strength.

Another priority area for the Rogaland Sparebank Group is to contribute to a more sustainable society. Rogaland Sparebank Boligkreditt has a green loan programme for issuing green bonds to secure green financing for energy-efficient housing. Quarterly reporting to external stakeholders contains detailed information about the green mortgage pool. This has been well received by analysts and investors both nationally and internationally.

The regulatory requirements are constantly changing, and the company is committed to complying with these requirements. As at 31.12.2024, Rogaland Sparebank Boligkreditt has a CET1 capital ratio of 21.0% and is well capitalised. The regulatory requirement for subordinated capital is currently 17.5%. The Board's objective for CET1 capital ratio is equal to the authorities' requirements for subordinated capital.

The introduction of new capital coverage regulations (CRR3) will provide significant capital relief for the bank. New regulations will be implemented on 01.04.2025. The best secured mortgages, with a loan to value rate of less than 55%, will be weighted less than today. Preliminary calculations indicate a reduction in the company's risk-weighted assets as a result of changes to credit weights of approximately NOK 1.5 billion, which entails an expected increase in the CET1 capital ratio of approximately 7.8 percentage points.

The company is well-prepared for the future with respect to operations, growth, profitability, liquidity and financial strength. Nevertheless, the Board of Directors would like to stress that all future estimates contain an element of uncertainty.

The company's covered bonds have a AAA-rating with a stable outlook from Scope Ratings, and this rating is expected to be maintained.

Proposal for the allocation of annual profits

Annual profits for 2024 were NOK 85.2 million. It is proposed that the entire profits for the year are transferred to retained earnings.

March 10 2025 | The Board of Directors of Rogaland Sparebank Boligkreditt AS

Tomas Nordbø	Arild Ollestad	Lene Nevland Sivertsen	Elisabeth Rosbach
Chair of the Board	Board Member	Board Member	CEO

Key figures as at 31.12.2024

Profit summary

Amounts in NOK thousands	Full year 2024	Full year 2023
Net interest income	129 325	85 750
Other operating income	(5 840)	(1 697)
Other operating costs	14 132	14 524
Net loss/impairments	168	(1 264)
Operating profit before tax	**109 185**	**70 792**
Tax expense	24 028	15 562
Operating profit after tax	**85 157**	**55 230**
Other comprehensive income (OCI) (after tax)		
Comprehensive income	**85 157**	**55 230**

Extract from balance sheet

Amounts in NOK millions	Full year 2024	Full year 2023
Total assets	15 744	14 827
Average total assets [1]	15 408	13 908
Loans to customers	15 131	14 003
Certificates and bonds	397	612
Equity	1 214	1 014

Key figures

	Full year 2024	Full year 2023
Profitability		
Net interest income as % of average total assets	0.84 %	0.62 %
Total costs as % of average total assets	0.1 %	0.1 %
Return on equity before tax [2]	9.1 %	6.9 %
Return on equity after tax [2]	7.1 %	5.4 %
Financial strength		
Capital adequacy ratio	21.0 %	18.7 %
Tier 1 capital ratio	21.0 %	18.7 %
CET1 capital ratio	21.0 %	18.7 %
Risk-weighted capital	5 767 383	5 401 876

1 Average total assets was calculated as the average of recognised total assets as at the end of 2023 (OB) and recognised total assets at the close of each quarter in 2024.
- Average total assets 01.01.2024-31.12.2024 = (14 827 472+15 264 788+15 688 710+15 513 714+15 744 266)/5 = 15 407 790.

2 Average equity in the period was calculated as the average of book equity as at the end of 2023 (OB) and recognised total assets at the close of each quarter in 2024.
- Average equity 01.01.2024-31.12.2024 = (1 013 510+1 227 974+1 251 954+1 276 617+1 213 667)/5 = 1 196 744.

Income statement

Amounts in NOK thousands	Note	Full year 2024	Full year 2023
Interest income measured using the effective interest method	13	832 785	625 220
Interest income measured at fair value	13	29 149	32 970
Interest expenses and similar costs	13	732 608	572 440
Net interest and credit commission income		**129 325**	**85 750**
Commission income and income from banking services	14	29	30
Net change in value of financial instruments	15	(5 869)	(1 727)
Total other operating income		**(5 840)**	**(1 697)**
Personnel costs	16	47	44
Other operating costs	16	14 085	14 479
Depreciation/impairments	16		
Total operating costs		**14 132**	**14 524**
Impairments and losses on loans and guarantees	9	168	(1 264)
Operating profit before tax		**109 185**	**70 792**
Tax expense	17	24 028	15 562
Operating profit after tax		**85 157**	**55 230**
Other comprehensive income (OCI) (after tax)			
Comprehensive income		**85 157**	**55 230**
Allocation:			
Transferred to retained earnings		85 157	55 230

Balance sheet

Amounts in NOK thousands	Note	31.12.2024	31.12.2023
Bank deposits	18,19	215 325	210 487
Loans to customers at amortised cost	6-9,18,19	15 130 712	14 002 608
Certificates and bonds	18,19,20	396 798	612 043
Financial derivatives	11,18,19	0	1 097
Deferred tax asset	17	1 431	1 236
Total assets		**15 744 266**	**14 827 472**
Securities issued	18,19,21	13 557 936	11 654 975
Financial derivatives	11,18,19	81 450	64 912
Other liabilities	12,18,19,23	866 909	2 078 165
Tax payable	17	24 224	15 841
Accrued costs and received not accrued	18,19	80	68
Total liabilities		**14 530 599**	**13 813 962**
Share capital	24	527 600	427 600
Share premium		342 500	242 500
Other equity		343 567	343 410
Total equity		**1 213 667**	**1 013 510**
Total equity and liabilities		**15 744 266**	**14 827 472**

March 10 2025 | The Board of Directors of Rogaland Sparebank Boligkreditt AS

Tomas Nordbø
Chair of the Board

Arild Ollestad
Board Member

Lene Nevland Sivertsen
Board Member

Elisabeth Rosbach
CEO

Equity

Amounts in NOK thousands	Share capital	Share premium	Other equity	Total equity
Equity as at 31.12.2022	**427 600**	**242 500**	**338 180**	**1 008 280**
Annual profit			55 230	55 230
Dividend paid			(50 000)	(50 000)
Equity as at 31.12.2023	**427 600**	**242 500**	**343 410**	**1 013 510**
Annual profit			85 157	85 157
Capital increase/equity issue	100 000	100 000		200 000
Dividend paid			(85 000)	(85 000)
Equity as at 31.12.2024	**527 600**	**342 500**	**343 567**	**1 213 667**

Cash flow statement

Amounts in NOK thousands	Full year 2024	Full year 2023
Cash flow from operating activities		
Net receipts/payments of instalment loans, lines of credit	4 265 482	5 647 346
Receipts of interest, commission income and fees from customers	832 814	632 092
Net receipts/payments from trading interest-bearing securities	215 245	262 056
Receipts of interest on securities	29 149	32 970
Net receipts/payments from trading of other financial assets	11 767	(931)
Payments for operations	(14 271)	(14 927)
Tax	(15 646)	(14 080)
Net cash flow from operating activities	**5 324 540**	**6 544 526**
Cash flow from investing activities		
Payments on purchase of loan portfolio from parent bank	(6 767 857)	(7 129 273)
Receipts on sale of loan portfolio to parent bank	162 802	156 771
Net cash flow from investing activities	**(6 605 055)**	**(6 972 502)**
Cash flow from financing activities		
Raising of certificates and bond debt	4 800 000	2 000 000
Repayment of certificates and bond debt	(2 897 039)	(925 751)
Payout of dividends	(85 000)	(50 000)
Net receipts from equity issue/capital increase	200 000	0
Net interest payments on financing activities	(732 608)	(573 095)
Net cash flow from financing activities	**1 285 353**	**451 154**
Net cash flow for the period	4 838	23 177
Cash and cash equivalents at the start of the period	210 487	187 309
Cash and cash equivalents at the end of the period	215 325	210 487

Notes

Content

1 General disclosures

Rogaland Sparebank Boligkreditt AS is a wholly owned subsidiary of Rogaland Sparebank. The company was established to be the Parent Bank's unit for issuing covered bonds. Rogaland Sparebank Boligkreditt AS offers residential mortgage loans when the collateral is within 80% of the value of the resident. The company started operations in February 2009.

Rogaland Sparebank Boligkreditt has its headquarters in Sandnes Municipality, with office address Rådhusgata 3 Sandnes.

The 2024 Financial Statements were approved by the Board of Directors on March 10, 2025.

2 Accounting policies

General

Rogaland Sparebank Boligkreditt AS is part of the Rogaland Sparebank group, which implemented IFRS for their group financial statements as at 01.01.2005.

The accounts of Rogaland Sparebank Boligkreditt AS have been prepared in accordance with simplified application of the international financial reporting standards pursuant to section 3-9 of the Norwegian Accounting Act, hereinafter referred to as simplified IFRS. Simplified IFRS entails the right to declare dividends and group contributions in subsidiaries and to list the Board's proposal for dividends and group contributions as debt on the balance sheet date. According to full IFRS-standards, dividends are to be classified as equity until they are resolved at the general assembly. Otherwise, the regulation entails that the company fully applies the accounting principles that follow from IFRS.

The measurement basis for the financial statements is historical cost, with the exception of financial derivatives and the financial assets and liabilities that are reported at fair value with changes in value through the income statement.

All amounts in the financial statements are presented as thousand amounts unless otherwise stated, and Norwegian Kroner is the company's presentation currency.

New standards and interpretations adopted from and including the 2024 financial year

IFRS 18 – Presentation and Disclosure in Financial Statements

This new standard will replace IAS 1 – Presentation of Financial Statements and sets requirements for the presentation of, and note disclosures in, financial statements. Some minor changes have also been made to other related standards such as IAS 7. These changes are designed to increase comparability and improve communication in annual financial statements. In the income statement, income and costs must be classified into one of five distinct categories: operations, investments, financing, tax and liquidated business. The first three represent new categories compared with IAS 1. New subtotals for operating profit and profit before financing and income tax are also being introduced in addition to the existing total for profit. Profit and comprehensive income will not be affected.

'Management-defined performance measures' is a new term. It is defined as a subtotal of income and costs that is used in public communications outside the financial statements. It reflects the management group's performance perspective for the accounting unit as a whole and is not defined or specified in the IFRS. Our preliminary assessment is that the company will not have management-defined performance measures.

The standard will take effect for periods beginning on or after 01.01.2027. The company is not planning to implement the standard early.

Foreign currency

The presentation currency is Norwegian Kroner (NOK), which is also the functional currency for the company.

Income recognition

Interest income and costs are posted to the income statement using the effective interest method. This method calculates the amortised cost of loans and deposits and distributes interest income or interest costs within the expected maturity. The effective interest rate is determined by discounting contractual cash flows within the expected maturity. The method involves the ongoing income recognition of nominal interest rates with the addition of amortisation of establishment fees. If a loan has been impaired as a result of loss of value (included in Stage 3), interest income is recognised as an effective interest rate, calculated on impaired expected cash flows.

2 Accounting policies

Commission income and costs are generally accrued as a service is ongoing and classified as ”Commission Income” and ”Commission Costs”, respectively. Fees associated with interest-bearing instruments are included in the calculation of effective interest rates and recorded in the income statement accordingly.

Other fees subject to IFRS 15 are limited in scope for the company. Fees are charged to the customer’s account on an ongoing basis and on the date accrued, and are recognised as income on an ongoing basis.

The company has revenues, to a very small extent, that contain significant elements of separate delivery obligations.

Financial instruments

Classification of financial instruments

Classification of financial instruments is carried out on the basis of the purpose of the acquisition and the characteristics of the instrument.

Financial assets are classified as:

- Financial instruments valued at amortised cost (AC)
- Financial instruments valued at fair value with change in value through profit or loss (FVTPL)
- Financial instruments at fair value with change in value through OCI (FVOCI).

Financial debt is classified as:

- Financial liabilities at fair value with changes in value through the income statement
- Other financial liabilities measured at amortised cost.

The definition of a financial instrument is determined by IAS 32 and has not been changed due to IFRS 9. When determining the measurement category, IFRS 9 distinguishes between ordinary debt instruments and equity instruments, including derivatives. Ordinary debt instruments mean interest instruments where returns constitute compensation for the time value of money, credit risk and other relevant risks resulting from ordinary debt instruments.

Derivatives

All derivatives in the company are measured at fair value with valuation changes through the income statement. However, derivatives designated as hedging instruments shall be recognised in accordance with the principles for hedge accounting.

Financial assets that are debt instruments

For ordinary debt instruments, the measurement category is determined according to the purpose of the investment. Debt instruments included in a portfolio for the purpose of receiving contractual cash flows through interest and instalments shall be measured at amortised cost.

Debt instruments included in a portfolio with the aim of both receiving cash flows and making sales shall be measured at fair value through other comprehensive income (FVOCI), with interest income, currency conversion effects and impairments presented through ordinary profit.

Instruments that at the outset should be measured at amortised cost or at fair value with valuation changes through comprehensive income (FVOCI), may be designated to be measured at fair value with valuation changes in value through the income statement if this will eliminate or significantly reduce an accounting mismatch (Fair Value Option/FVO).

Fixed income instruments in other business models shall be measured at fair value through profit and loss.

Financial liabilities

For financial liabilities that have been determined to be recognised at fair value through ordinary profit or loss, changes in value due to the company’s own credit risk shall be recognised through comprehensive income (OCI), unless the recognition through comprehensive income (OCI) creates or reinforces an accounting mismatch. The company has a limited scope of liabilities determined at fair value and the effect on the Group is therefore considered immaterial.

Hedge accounting

The company uses hedge accounting for fair value hedging of some fixed rate funding (bond loans). Derivatives related to these deposits are earmarked for hedging purposes. IFRS 9 requires that there should be a financial relationship between the hedging instrument and the hedging object, and that credit risk should not dominate the value changes of the hedging instrument. A prospective (forward-looking) efficiency test and the preparation of hedging documentation are also required.

Measurement

First posting

All financial instruments are measured at fair value on the trading day at the time it is first posted in the accounts. Transaction costs that are directly attributable to the establishment of the asset or liability are included in the cost price of all financial instruments that are not classified at fair value with changes in value through ordinary profits.

Subsequent measurement

Measuring at fair value

For all financial instruments traded in an active market, the listed price obtained from either a stock exchange, broker or pricing agency is used. Financial instruments that are not traded in an active market are valued according to various valuation techniques, which have been carried out in part by professional agencies. All changes in fair value are incorporated directly in the income statement unless the asset is classified as financial instruments at fair value with a change in value through other comprehensive income (FVOCI).

The company has assessed the fair value of floating-rate loans to match nominal value, adjusted with the corresponding expected credit loss (ECL) of the loan. This is justified by the fact that such loans are reprised almost continuously, and that any deviation from the nominal value in an arm’s length transaction between informed and willing parties is considered immaterial.

2 Accounting policies

Measurement at amortised cost

Financial instruments that are not measured at fair value are valued at amortised cost and revenues/costs are calculated according to the effective interest method. The effective interest rate is determined by discounting contractual cash flows within the expected maturity. Amortised cost is the present value of the cash flows discounted at the effective interest rate.

Impairment of financial assets

Through IFRS 9, loss provisions shall be recognised based on expected credit losses (ECL). The general model for impairments of financial assets includes financial assets that are measured at amortised cost or at fair value with changes in value through other OCI. In addition, the model includes loan receivables, financial guarantee contracts that are not measured at fair value through profit, and receivables on leases.

The measurement of provisions for expected losses in the general model depends on whether the credit risk has increased significantly since the initial balancing. Credit deterioration is measured by developments in probability of default (PD).

Upon initial capitalisation and when credit risk has not increased significantly after initial capitalisation, the 12-month expected loss is recognised. The 12-month expected loss is the loss expected to occur over the lifetime of the instrument, but which can be linked to default events occurring in the first 12 months. If credit risk has increased significantly after initial recognition, the provision shall correspond to expected losses over the lifetime.

In line with IFRS 9, the company separates its loans into three stages;

STAGE 1

This is the starting point for all financial assets covered by the general loss model. All assets that do not have significantly higher credit risk than on initial recognition are calculated a loss cost equal to 12 months' expected loss.

STAGE 2

Stage 2 of the loss model includes assets that have had a significant increase in credit risk since the initial recognition, but where no credit loss has occurred on the balance sheet date. A provision equal to expected losses over its lifetime is calculated for these assets. This group includes accounts with a significant degree of credit deterioration, but which on the balance sheet date belong to customers without any objective loss event. When it comes to delimitation towards stage 1, the company defines a significant degree of credit deterioration by checking if an engagement's estimated probability of default (PD) has increased significantly or if the customer has been granted payment reliefs.

STAGE 3

Stage 3 includes assets which have had a significant increase in credit risk since granting and where there is an objective loss event on the balance sheet date. The company creates an individual loss provision for these assets. On each balance sheet date, it is assessed if there exists objective evidence that the value of individually assessed loans has been reduced. The fall in value must be the result of one or more events occurring after initial balancing (a loss event) and the result of the loss event (or events) must also be reliably measured. Examples of such incidents are significant financial problems with the debtor, payment default or other breach of contract. If there is objective evidence that a reduction in value has occurred, the size of the loss is calculated. For loans recognised at amortised cost, the loss is calculated as the difference between the value recognised in the balance sheet and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The period's changes in the assessed value of loans are recognised in the income statement under "impairments and losses on loans and guarantees".

For further description of loss model please refer to note 6.

More about other financial instruments

Loans and receivables

Loans and receivables are financial assets that are not listed on the market. Floating-rate loans are valued at amortised cost according to the effective interest method. The company has no fixed rate funding or loans for any other purpose than to collect the contractual cash flows of its portfolio.

Certificates and bonds

The company's liquidity portfolio of certificates and bonds is assessed at fair value through profit or loss (FVTPL) in line with the business model that governs management of the liquidity portfolio in accordance with IFRS 9. The business model gives a required rate of return for the liquidity portfolio and purchases and sales are made with the aim of maximising profits.

Financial derivatives

Derivatives are valued at fair value with changes in value through ordinary profit (FVTPL). Fair value is assessed on the basis of listed market prices in an active market, including recent market transactions as well as various valuation techniques. All derivatives are posted as assets if the fair value is positive, and as liabilities if the fair value is negative.

Deposits and other financial liabilities

Securities issued with floating interest are measured at amortised cost. For fixed-rate securities issued, hedge accounting is used where changes in the value of the hedged part of the securities are recognised over ordinary profit and loss.

Other financial debts are measured at amortised cost where differences between the amount received minus transaction costs and redemption value are distributed over the loan period using the effective interest method.

2 Accounting policies

Calculation and derecognition of financial assets and liabilities

Financial assets and liabilities are recognised on the trade date, i.e. the time the bank becomes a party to the contractual terms and conditions of the instruments.

Financial assets are deducted when the contractual rights to the cash flows from the financial assets have expired, or when the rights to the cash flows from the assets have been transferred in such a way that risk and return related to ownership have been transferred.

Financial liabilities are waived when the contractual conditions have been met, expired or cancelled.

Buy-back of securities issued

Any premium or discount in the event of a buy-back of own bonds is recognised in the income statement and recognised under interest costs. Any purchase premium on buy-back of securities before maturity is regarded as a loss/profit and is presented and recognised in the income statement under the item ”net change in value of financial instruments”. Interest from other financial liabilities is recognised as ”interest costs” in the income statement.

Modified assets and liabilities

If modifications or other changes are made to the terms of an existing financial asset or obligation, the instrument shall be treated as a new financial asset or obligation if the renegotiated terms have been significantly changed from the old terms. If the conditions for material change are met, the old asset or liability is waived, and a new asset or obligation is recognised.

If the modified instrument is not considered to have been significantly changed from the existing instrument, the instrument shall be considered to be a continuation of the existing instrument. In such cases, the new cash flows are discounted at the instrument’s original effective interest rate and any difference to the existing capitalised amount will be recognised as ordinary profit in the income statement.

Income tax

Tax recognised in the income statement consists of payable tax and deferred tax. Tax payable is calculated tax on taxable income for the year. Deferred tax is recognised in accordance with the debt method in accordance with IAS 12. Liabilities or assets are calculated for deferred tax on temporary differences, which is the difference between the carrying amount and the tax value of assets and liabilities. However, no liability or asset is calculated on the initial recognition items that neither influence accounting nor taxable profits. An asset is estimated in the event of deferred tax on tax-related losses carried forward. Deferred tax assets are recognised in the balance sheet to the extent it is likely that they can be used against future taxable income.

As at 31.12.2024, the tax rate on ordinary income in Norway was 22%, and the tax rate remained unchanged in 2024.

Cash flow

The cash flow statements are prepared according to the direct method, and indicates the cash flows grouped by sources and areas of application. Liquids include cash and receivables from banks.

Approved standards and interpretations with future effective date

Only standards and interpretations that are considered relevant to the company have been included.

Annual improvement projects

In connection with annual improvement projects, the IASB has made minor changes to a number of standards. The changes are considered not to have a material impact on the company.

3 Application of estimates

The preparation of financial statements in compliance with generally accepted accounting policies in some cases requires the management to make assumptions and to rely on estimates and discretionary assessments. Estimates and discretionary assessments are evaluated on an ongoing basis and are based on past experience and assumptions about future events that appear likely on the balance sheet date. Some uncertainty is associated with the assumptions and expectations that are used in estimates and discretionary assessments. Actual results may differ from the estimates and the assumptions.

Impairments of loans and guarantees

In the case of individually assessed loans and groups of loans that have been identified as problem loans, a calculation is made to determine the value of the loan or group of loans. This calculation requires the use of magnitudes that are based on judgements, and these affect the quality of the calculated value. Impairment assessments are conducted each quarter.

Stage 3 impairments (individual impairments)

If objective evidence exists of the impairment of a loan measured at amortised cost, the impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted by the loan's original effective interest rate. Future cash flows are estimated based on experience and discretionary assessments of likely outcomes of, for example, market developments and specific factors regarding each loan, including empirical data regarding the debtor's ability to manage a pressured financial situation. Measuring loan impairment includes an element of uncertainty in relation to identifying loans that have suffered an impairment loss, estimating the timing and amounts of future cash flows, and measuring collateral.

Stage 1 and 2 impairments (statistical impairments)

Loans that are not subject to individual impairment are included in the calculation of statistical impairment (IFRS 9 impairment) for loans and guarantees. The impairment is calculated based on developments in the customers' risk classification (as described in note 6), loss experience for the respective customer groups (PD and LGD) and the cyclical and market developments (macro conditions). For more information, please see note 6.

The statistical model for calculating expected credit losses (ECL) on loans is based on several critical assumptions, including probability of default, loss given default, expected lifetime of loans and macro developments. Due to significant estimate uncertainty, sensitivity analyses are required to present the effects of specific changes in various parameter. These are provided in note 9.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using various measurement techniques. Wherever possible, the company strives to base such measurements on market conditions on the balance sheet date. If no empirical market data is available, assumptions are made concerning how the market would price the instrument, for example based on the pricing of similar instruments. Such measurements require the extensive application of judgement, including when measuring credit risk, liquidity risk and volatility. A change in one or more of these factors may affect the value set for the instrument. The fair value of financial instruments is presented in note 19.

4 Capital management and capital adequacy

	31.12.2024	31.12.2023
CAPITAL ADEQUACY RATIO		
Share capital	527 600	427 600
Share premium	342 500	242 500
Other equity	343 567	343 410
Equity	1 213 667	1 013 510
Deduction for goodwill and other intangible assets	(1 431)	(1 236)
Deduction for prudent valuation	(478)	(678)
Total Tier 1 capital	1 211 757	1 011 596
Subordinated capital	**1 211 757**	**1 011 596**
RISK-WEIGHTED CAPITAL		
Credit risk – standard method	5 589 715	5 233 188
Operational risk	175 519	165 871
CVA Risk	2 149	2 818
Risk-weighted assets	**5 767 383**	**5 401 876**
Capital adequacy ratio	**21.0 %**	**18.7 %**
Tier 1 capital ratio	**21.0 %**	**18.7 %**
CET1 capital ratio	**21.0 %**	**18.7 %**
SPECIFICATION OF RISK-WEIGHTED ASSETS		
Institutions	45 921	46 004
Enterprises	69 775	45 613
Loans with collateral in real estate	5 445 646	5 091 778
Covered bonds	28 372	49 794
Credit risk	5 589 715	5 233 188
Operational risk	175 519	165 871
CVA risk	2 149	2 818
Total risk-weighted assets	**5 767 383**	**5 401 876**

The company applies the standardised approach to the capital adequacy measurements.

The main objective of Rogaland Sparebank Boligkreditt is to ensure the Rogaland Sparebank group access to satisfactory funding. This is effected through the issue of covered bonds (OMF).

The company has an internal capitalisation policy which requires a CET1 capital ratio above the minimum total capital requirement set by the Financial Supervisory Authority of Norway. The adopted capitalisation policy shall contribute to the company having equity capital of a sufficient size to enable effective use of equity relative to the scope and risk profile of the business. Access to liquidity shall be the dominant consideration with respect to the goal of achieving competitive returns on equity. The equity capital shall also ensure that the company will have sufficient capital buffers to withstand periods with losses.

The introduction of new capital coverage regulations (CRR3) will provide significant capital relief for the company. New regulations will be implemented on 01.04.2025. The best secured residential mortgages, with a loan to value rate of less than 55%, will be weighted less than today. Preliminary calculations indicate a reduction in the company's risk-weighted assets as a result of changes to credit weights of approximately NOK 1.5 billion, which entails an expected increase in the CET1 capital ratio of approximately 7.8 percentage points.

The company's capitalisation is closely tied to the size of the portfolio of residential loans transferred to the company. Limits have been set for the size of the portfolio relative to the loan portfolio of the parent bank. The limit is a total loan portfolio equivalent to up to 75% of the Group's total lending in the retail market.

5 Risk management

The Board of Directors of Rogaland Sparebank Boligkreditt AS puts great emphasis in risk management through the identification, measurement and management of the different risks to which the company may be exposed. This maintains the confidence in Rogaland Sparebank Boligkreditt AS that it is necessary to have in the market. Rogaland Sparebank Boligkreditt AS shall have a low risk profile.

Organisation and authorisation structure

Board of Directors

The Board of Directors of Rogaland Sparebank Boligkreditt AS is the company's highest governing body with respect to risk and control. The Board of Directors is also responsible for ensuring that the company has adequate equity relative to the risk and scope of the company's operations, and for ensuring compliance with statutory capital adequacy requirements.

The Board of Directors determines the overall objectives, such as risk profile, required rates of return and capital levels. The Board of Directors also determines the framework and authorisations within the different risk areas. Guidelines for the company's risk management are also the responsibility of the Board of Directors.

CEO

The CEO has the daily responsibility for risk management. This means that the Managing Director is responsible for implementing effective risk management systems, and to ensure that risk exposures are monitored and reported in a satisfactory manner.

Risk management

The company does not have a separate risk management unit, but is utilising the resources of Rogaland Sparebank. This also ensures the necessary autonomy.

Credit risk

Credit risk is defined as the risk of loss due to customers and other counterparties becoming unable to pay at the agreed time and according to written agreements, and due to collateral received not covering outstanding claims. The operating framework of the company has defined limits for which loans that should be included in the loan portfolio of Rogaland Sparebank Boligkreditt and sets the requirements for both borrowers and collateral. The company is using a classification system that only allows the best risk classes to be part of the company's cover pool.

As at 31.12.2024, the company had a portfolio of residential loans amounting to NOK 15.1 (14.0) billion, with an average loan to value ratio of 53.8% (53.5%). The Board of Directors considers the quality of the portfolio to be very good, which also entails low credit risk.

Liquidity and settlement risk

Liquidity risk is defined as the risk of the company not being able to fulfil its obligations and/or finance an increase in assets without extra costs arising in the form of price reductions for assets that have to be realised, or in the form of increased funding cost. Liquidity risk is managed through limits set by the Board of Directors.

Market risk

Market risk is defined as risk of loss of market values of portfolios of financial instruments, due to fluctuations in bond prices, currency exchange rates and interest rates. Rogaland Sparebank Boligkreditt AS is not exposed to currency or equity instruments. Limits have been set for interest risk exposure.

Interest rate risk

Interest rate risk is the risk of incurring losses arising due to changes in interest rate levels. The risk arises primarily from funding by fixed income securities. The company measures interest rate risk as the profit effect of a shift in the yield curve. The main principle of the company's interest rate risk management is to neutralise the interest rate risk by matching the company's assets and liabilities. The company is constantly monitoring its interest rate exposure. Interest rate exposure is measured at 3 month intervals from 0-15 years.

Operational risk

Operational risk is defined as the risk of loss due to insufficient or deficient internal processes, human errors and system faults, or external events. Guidelines are in place to ensure reporting of undesirable events.

ESG risiko

ESG risks are those arising from environmental, social and governance factors, which also include climate-related risk. Climate-related risk includes the risk of increased credit risk and financial losses for the bank as a result of climate change. The group conducts an annual risk review which includes ESG and climate-related risk.

6 Credit risk

Maximum exposure to credit risk	31.12.2024	31.12.2023
Bank deposits	215 325	210 487
Loans to customers at amortised cost	15 130 712	14 002 608
Financial derivatives	0	1 097
Total credit risk exposure in balance sheet items	**15 346 037**	**14 214 193**
Unused credit facilities and loan commitments	1 042 198	1 156 183
Total credit risk exposure	**16 388 235**	**15 370 376**

As at 31.12.2024, the company had a mortgage portfolio amounting to NOK 15.1 billion. At the same point in time, no substantial loan amounts were in default (over 90 days). The quality of the loan portfolio is considered to be very good, and the credit risk as low.

Score card models are used as part of the quantification of credit risk. These models calculate the customer's probability of default (PD) over the next 12 months.

Rogaland Sparebank Boligkreditt AS uses the same models as Rogaland Sparebank. The models vary based on how much, and what kind of, information is available on the individual customer.

Probability of default

Rogaland Sparebank Boligkreditt AS uses the same models for estimating probability of default (PD) as the other Eika banks. These are scorecards that were developed based on the entire Eika portfolio of customers, including Rogaland Sparebank's customers. The large pool of data on which their development was based makes it easier to produce models and, not least, validate and maintain them.

Customers are scored monthly using different credit models. The models vary on the basis of how much and what kind of information is available for each individual customer. This means that for new customers, the models use publicly available information, while for existing customers, behavioural history within the company is also used. The publicly available information is from an external credit information agency. Scorecards for completely new customers, those without a history with us, are also based on data from, and the methods of, an external credit information agency. As the company accumulates more internal information about customers, more and more internal data is weighted into the models over the course of up to four stages that culminate in a situation where eventually the data being used is mainly internal.

The models were developed on the basis of data from 2014-2019 and the old definition of default. This involved just a single absolute limit for default of NOK 1 000 and the fact that the arrears had to be more than 90 days past due. The new definition involves an additional relative limit of at least 1% of the loan, as well as manual assessments where the customer is not in default but where the company believes that the customer is likely to have problems meeting their obligations. The updated definition of default, which was formulated in line with the European Banking Authority's guidelines, was used in the validation processes, which were conducted using data up to June 2023, without this having any significant impact on the quality of the model. The difference in the definitions primarily affects when defaults occur, which is somewhat later with the new definition than with the old definition. In other words, there is no significant difference in which customers default.

The models calculate a score that can be converted into a probability of default and then assigned a risk class. The company currently uses a scale from 1 to 12, where 1 is the best and 11 and 12 are customers who are in default or have loans with individual impairment. The model is tested annually both by the Eika Gruppen centrally, but also through own validation of Rogaland Sparebank which also includes Rogaland Sparebank Boligkreditt AS. The results of the tests show that the model generally manages to distinguish good from bad customers, and also estimates the level of default within what is considered an acceptable range. The last two years' validation processes have produced estimated levels that are somewhat above the realised ones.

Definition of default

The definition of default conforms with the guidelines of the European Banking Authority, where a default is deemed to have occurred if one of the following criteria is met:

- The customer is overdrawn by an amount that both exceeds 1 per cent and a minimum of NOK 1 000 for more than 90 consecutive days.
- It is deemed likely that the customer will be unable to meet their credit obligations to the bank (unlikely to pay – UTP).
- The customer has been infected by another customer who is in default according to the first two criteria mentioned above.

Pursuant to an agreement with the parent bank, all loans are basically reversed to the parent bank before a default occurs

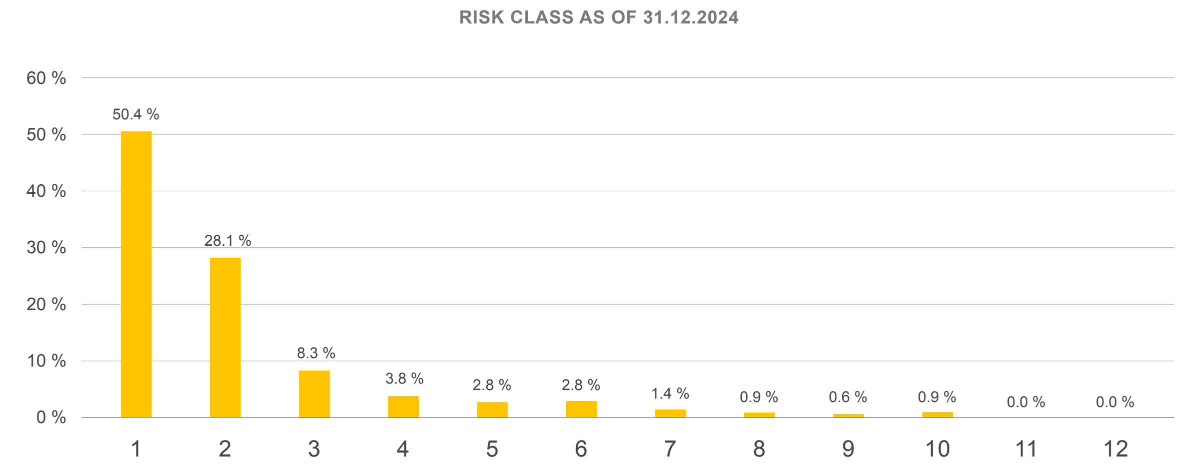
The various risk classes and associated upper limit for probability of default are shown in the table below:

Risk class	Upper limit
1	0.10 %
2	0.25 %
3	0.50 %
4	0.75 %
5	1.25 %
6	2.00 %

Risk class	Upper limit
7	3.00 %
8	5.00 %
9	8.00 %
10	99.99 %
11 og 12	100.00 %

6 Credit risk

The below table shows the intervals for the different risk classes:



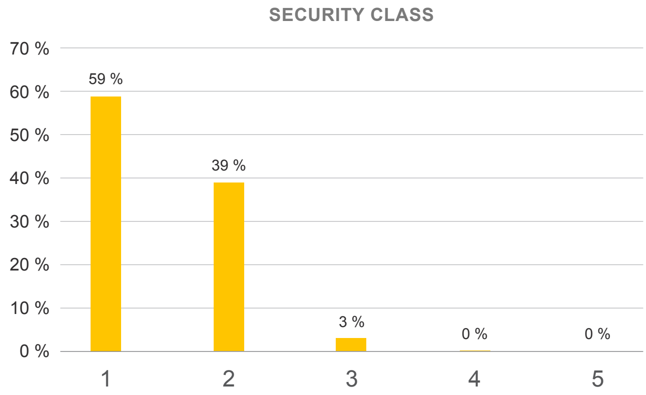
Loss given default

In order to reduce credit risk, all loans are secured on property. A combination of appraisal and statistical valuation based on sales prices from Eiendomsverdi is used to assess the value of the collateral. Valuations are then updated on a quarterly basis based on statistical data from Eiendomsverdi. To ensure that the models are sufficiently accurate, the bank monitors the proportion of mortgages in housing markets of satisfactory quality. This is measured by an area score from Eiendomsverdi, which is calculated based on the price level and number of sales in a defined area. The lowest score is 0 and the best score is 20. The proportion of mortgages in areas with a score below 10 is less than 2.0% and less than 0.3% of commitments are in areas with a score below 4 – both indicators show a decrease from the previous year, where the corresponding figures were 3% and 0.5%.

The loans are then classified into up to six collateral classes, based on LTV ratios. Next, a loss given default (LGD) value is calculated for each collateral class.

The distribution of the portfolio in the various collateral classes is as follows:

Security class	Max loan to value	LGD
1	60 %	2.50 %
2	80 %	3.50 %
3	100 %	6.00 %
4	110 %	12.50 %
5	∞	25.00 %



Total risk

The expected credit loss for each loan is calculated based on the probability of default and loss given default. Three risk groups are defined for loans that are not impaired/defaulted based on expected credit loss.

Risk group	Expected credit loss lower limit	Expected credit loss upper limit
Lav	0.00 %	0.25 %
Middels	0.25 %	1.00 %
Høy	1.00 %	100.00 %

6 Credit risk

Further information about the ECL model

Risk classification is also used as a basis for calculating losses in Stages 1 and 2 pursuant to IFRS 9. In Stage 1, the expected credit loss over 12 months is calculated. In the event of a material increase in credit risk, the loan must be transferred to Stage 2 and the expected credit loss for the entire term of the loan calculated. Rogaland Sparebank Boligkreditt AS defines a significant increase in credit risk as the customer experiencing an increase in probability of default in the next 12 months of at least 0.6 percentage points. At the same time, the probability of default over the term of the loan must have increased such that the loan as a minimum migrates by at least one risk class.

In addition, an account is defined as Stage 2 if it is flagged with forbearance or there have been arrears for, or the account has been overdrawn by, more than NOK 1 000 for more than 30 days.

Stage 3 is the same as the individual impairments that are evaluated subjectively in each case.

Since a change in PD of at least 0.6% is now required to constitute a significant risk, this can be viewed as the introduction of a low risk exception. This exception is regarded as appropriate in order to avoid loans with a low PD migrating to Stage 2, due to changes in PD that are small in absolute terms, before migrating back fairly soon afterwards. Not having such absolute limits for how much PD can change before an account migrates a stage would result in significant volatility and constant changes in stage classification given that customers' PD is updated on a monthly basis.

In the opinion of the company, the use of this exception has no material impact on the distribution of loans between the stages or for the total provisions for losses, although nor does it provide a more correct stabile impression of risk developments. - The isolated effect on the company's ECL if all changes in PD, regardless of size, were to result in stage migration, would be an increase of NOK 2.7 million.

In order to determine expected credit losses over a loan's term to maturity in Stage 2, it is assumed that shifts in customers' risk class follow a so-called Markov process. Here, the company applies a migration matrix based on historical risk class shifts to describe future risk class shifts. The expected changes in risk class one year into the future are a result of historical changes and expected changes. For example, 5 years into the future is the same as five 1-year changes in a row. This enables PD to be calculated for an arbitrary number of years into the future. The lifetime PD matrix specifies the probability for a given risk class a given number of years into the future.

Rogaland Sparebank Boligkreditt AS then adjusts provisions for losses by the expected developments in various macro variables that deemed to have an impact on expected credit losses. The model uses external sources, which have both historical data as well as estimates for the future. This makes it possible to estimate future effects. Using regression analysis, correlations and explanatory power were established between different combinations of variables. Using estimates of how these variables will develop the future, we can estimate the effect on losses for the coming years.

As at 31.12.2024, the company expects the macro variables to develop as follows:

Year	Mainland Norway GDP (annual change)	Housing prices Norway	Housing prices Stavanger	Unemployment Norway	Unemployment Rogaland	Money market rate	Oil investments, 1 year lag (annual change)
2024	0.7 %	2.5 %	6.0 %	4.1 %	1.8 %	4.7 %	10.6 %
2025	2.1 %	3.8 %	6.0 %	4.1 %	2.0 %	4.3 %	11.0 %
2026	2.9 %	3.8 %	5.0 %	4.1 %	2.2 %	3.6 %	1.0 %
2027	2.8 %	4.0 %	4.0 %	4.0 %	2.4 %	3.5 %	-3.0 %
2028	2.8 %	4.0 %	4.0 %	4.0 %	2.4 %	3.5 %	-4.0 %

Sources: Statistics Norway, the Norwegian Labour and Welfare Administration (NAV), Social Economic Analysis.

The forecasts for the variables on which the model is based were updated and adopted in the fourth quarter. The variables are mainly obtained from Statistics Norway. Growth forecasts for housing prices affect the model's expectations concerning future loss given default as lower losses are expected with higher housing prices. The housing market is currently strong, and housing prices have been adjusted upwards in the new forecasts, both locally and for Norway. This, therefore, contributes to greater optimism and thus lower provisions for losses. Increased oil investments also make a positive contribution. On the other hand, unemployment figures for Norway and money market interest rates have been adjusted upwards, which pulls the provisions for losses up.

Overall, the forecast changes result in lower provisions for losses.

The bank also made a minor adjustment to how macro factors are calculated, where the weighting for the past 3 historical years in the model has been changed. This was done to reduce fluctuations from year to year. The change contributes to a slight increase in provisions for losses.

In sum, both changes to the model result in slightly lower provisions for losses.

6 Credit risk

Exposure at default (EAD)

EAD for agreements in Stage 1 consists of outstanding receivables or obligations adjusted for cash flows in the next 12 months, and EAD for agreements in Stage 2 consists of the discounted cash flows for the expected lifetime of the agreement. Unused credit facilities have an EAD equal to the outstanding unused credit at time of reporting.

The tables below show the share of exposure at default by risk group and stage.

Share of exposure at default by risk group and stage

31.12.2024

	Risk group				
Stage	**Low**	**Moderate**	**High**	**Default / impaired**	**Total**
1	95 %	0 %	0 %	0 %	95 %
2	4 %	1 %	0 %	0 %	5 %
3	0 %	0 %	0 %	0 %	0 %
TOTAL	**99 %**	**1 %**	**0 %**	**0 %**	**100 %**

31.12.2023

	Risk group				
Stage	**Low**	**Moderate**	**High**	**Default / impaired**	**Total**
1	95 %	0 %	0 %	0 %	95 %
2	4 %	1 %	0 %	0 %	5 %
3	0 %	0 %	0 %	0 %	0 %
TOTAL	**99 %**	**1 %**	**0 %**	**0 %**	**100 %**

6 Credit risk

Total exposure by risk groups

31.12.2024

Risk groups	Loans to customers	Guarantees	Unused limit	Total loans and advances	%
Low	14 977 791		1 036 920	16 014 711	99.0 %
Moderate	149 751		5 278	155 029	1.0 %
High	7 464		0	7 464	0.0 %
Default / impaired	0		0	0	0.0 %
Total	**15 135 006**		**1 042 198**	**16 177 204**	**100.0 %**

31.12.2023

Risk groups	Loans to customers	Guarantees	Unused limit	Total loans and advances	%
Low	13 855 233		1 154 001	15 009 234	99.0 %
Moderate	143 535		2 182	145 717	1.0 %
High	3 840		0	3 840	0.0 %
Default / impaired	0		0	0	0.0 %
Total	**14 002 608**		**1 156 183**	**15 158 791**	**100.0 %**

Age distribution, loans due

The table shows overdue amounts on loans and overdrafts of credits/deposits distributed by the number of days overdue.

	31.12.2024	31.12.2023
1-30 days	1 512	5 223
31-60 days	178	276
61-90 days	106	0
Over 90 days	0	0
Total	**1 797**	**5 499**

7 Lending to customers

Loans to customers

	31.12.2024	31.12.2023
Loans to customers at amortised cost	15 130 712	14 002 608
Net loans to customers	**15 130 712**	**14 002 608**

8 Loans by geographic region and business sector

Geographical distribution

	Lending		Unused credit facilities	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Rogaland	13 585 086	12 546 724	948 103	1 045 325
Oslo/Akershus	680 039	685 061	44 695	63 499
Other counties	858 273	762 952	48 967	46 802
Abroad	11 607	12 009	433	557
Total	**15 135 006**	**14 006 746**	**1 042 198**	**1 156 183**

Divided by industries

	Lending		Unused credit facilities	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Wholesale and retail trade				
Retail customers and others	15 135 006	14 006 746	1 042 198	1 156 183
Write-downs	(4 293)	(4 137)		
Net loans	**15 130 712**	**14 002 608**	**1 042 198**	**1 156 183**

9 Impairments and losses on loans

Losses on loans and guarantees

	31.12.2024	31.12.2023
Period's changes in provisions for losses, Stage 1	(20)	186
Period's changes in provisions for losses, Stage 2	189	(1 450)
Losses on loans and guarantees	**168**	**(1 264)**

There are no significant doubtful or defaulted commitments as at 31.12.2024.

9 Impairments and losses on loans

31.12.2024

Changes in provisions for losses

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impairments
Provisions for losses as at 01.01.2024	**1 222**	**2 983**		**4 205**
Movements affecting profit:				
Transfers:				
Transfers from Stage 1 to Stage 2	(64)	876		812
Transfers from Stage 2 to Stage 1	49	(627)		(577)
Additions of loans and advances during the period	517	936		1 453
Disposals of loans and advances during the period	(403)	(1 096)		(1 499)
Changes during the period for loans and advances not migrated	(120)	99		(20)
Provisions for losses as at 31.12.2024	**1 202**	**3 172**		**4 373**
Recognised as a reduction of loans to customers				4 293
Recognised as provisions for liability items				80
Total provisions for losses as at 31.12.2024				**4 373**

Gross capitalised loans and advances with impairment for expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Gross capitalised loans and advances as at 01.01.2024	**13 416 687**	**800 546**		**14 217 233**
Transfers:				
Transfers from Stage 1 to Stage 2	(200 651)	200 651		
Transfers from Stage 2 to Stage 1	262 092	(262 092)		
Additions of loans and advances during the period	1 531 979	53 242		1 585 221
Changed provisions for losses during the period for loans and advances not migrated incl. disposals	(434 232)	(17 891)		(452 124)
Gross capitalised loans and advances as at 31.12.2024 [1]	**14 575 875**	**774 456**		**15 350 331**

1 The table above is based on gross loans and advances at the time of reporting, including loans to customers and receivables from credit institutions. The table does not include accrued interest on loans and advances or guarantees/unused credit lines of credit.

9 Impairments and losses on loans

31.12.2023

Changes in provisions for losses

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impairments
Provisions for losses as at 01.01.2023	**1 036**	**4 433**		**5 469**
Movements affecting profit:				
Transfers:				
Transfers from Stage 1 to Stage 2	(53)	808		755
Transfers from Stage 2 to Stage 1	43	(992)		(948)
Additions of loans and advances during the period	701	950		1 651
Disposals of loans and advances during the period	(332)	(1 609)		(1 941)
Changes during the period for loans and advances not migrated	(173)	(607)		(780)
Provisions for losses as at 31.12.2023	**1 222**	**2 983**		**4 205**
Recognised as a reduction of loans to customers				4 137
Recognised as provisions for liability items				68
Total provisions for losses as at 31.12.2023				**4 205**

Gross capitalised loans and advances with impairment for expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Gross capitalised loans and advances as at 01.01.2023	**10 958 413**	**1 145 657**		**12 104 070**
Transfers:				
Transfers from Stage 1 to Stage 2	(232 060)	232 060		
Transfers from Stage 2 to Stage 1	373 793	(373 793)		
Additions of loans and advances during the period	3 298 410	(85 405)		3 213 005
Changed provisions for losses during the period for loans and advances not migrated incl. disposals	(981 870)	(117 972)		(1 099 841)
Gross capitalised loans and advances as at 31.12.2023 [1]	**13 416 687**	**800 546**		**14 217 233**

1 The table above is based on gross loans and advances at the time of reporting, including loans to customers and receivables from credit institutions. The table does not include accrued interest on loans and advances or guarantees/unused credit lines of credit.

9 Impairments and losses on loans

Sensitivity analyses

The impairment model for calculating expected credit losses (ECL) for loans is based on a number of important assumptions, including probability of default, loss given default, and general macroeconomic developments. The model and the loss estimates are thus vulnerable to changes in the assumptions.

To better understand how the portfolio can be expected to develop in the event of changes in various macroeconomic scenarios, the bank has chosen to conduct sensitivity analyses for the following factors and scenarios;

- The future will remain as today (expectations unchanged)
- The future will be like the negative macroeconomic scenario
- The future will be like the positive macroeconomic scenario
- Probability of default (PD) +10%
- Probability of default (PD) -10%
- House prices -20%
- House prices -30%.

In the two adjustments of PD, it is assumed that the PD for all customers except those in default will increase or decrease by 10%, respectively.

As at the end of the year, an analysis based on expectations for the future indicates that on balance increased defaults and losses should be expected. In the "future will remain as today" scenario, the expectation = 1. While this is in theory a neutral scenario, it is at the same time a relatively positive scenario in that for most banks the situation today is that they are experiencing historically low losses and default figures, which is also reflected in the low number of bankruptcies among enterprises and relatively low debt collection figures for private individuals. It is thus more optimistic than the company's base case. Meanwhile, in the negative scenario, the negative scenario is fully weighted in the calculation of the future. The effects of weighting the negative scenario 100% is based on the difference to the main expectation. The effect of weighting the positive scenario 100% has also been added for the last year. This has not been done before but provides an insight into a potential upside.

The last two scenarios are based on changing house prices. Here, expected losses with a 20% and 30% fall in prices, respectively, are tested.

The result of the sensitivity analysis is as follows;

	Unchanged future outlook	Negative macro scenario	Positive macro scenario	PD +10%	PD -10%	House prices -20%	House prices -30%
2024	(4.2 %)	38.3 %	(37.2 %)	9.5 %	(9.4 %)	51.6 %	153.2 %
2023	0.4 %	38.7 %	(40.9 %)	8.3 %	(6.9 %)	51.8 %	143.5 %

10 Interest rate risk

Rogaland Sparebank Boligkreditt is not exposed to currency exchange risk or equity instrument risk. Thus, market risk only arises due to open holdings on the fixed income market. The risk is related to loss of earnings due to interest rate fluctuations.

Interest rate risk is the risk of incurring losses due to changes in interest rates. The risk primarily arises from fixed rate loans and fixed rate funding.

The company has adopted new tools for measuring interest rate risk during 2024, adapted to new requirements. Interest rate risk is, therefore, measured based on six different scenarios:

- Parallel shift up
- Parallel shift down
- Steeper (short interest rates down, long interest rates up)
- Flatter (short interest rates up, long interest rates down)
- Short interest rates up
- Short interest rates down.

The risk is measured as the scenario that at any given time results in the highest loss. At year-end, it was short-term interest rates that had the greatest impact, with NOK 19.7 million.

The effects of up and down parallel shifts in interest rates on net interest income were also measured.

10 Interest rate risk

Time to repricing date (gap) for assets and liabilities

31.12.2024	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No interest exposure	31.12.2024
Bank deposits	215 325						215 325
Loans to customers		15 130 712					15 130 712
Certificates and bonds	169 853	226 945					396 798
Other assets						1 431	1 431
Total assets	**385 178**	**15 357 657**				**1 431**	**15 744 266**
Securities issued	5 248 673	6 583 392		1 425 872	300 000		13 557 936
Financial derivatives	720 660	1 044 955		(1 402 920)	(281 245)		81 450
Other liabilities	891 213						891 213
Equity						1 213 667	1 213 667
Total equity and liabilities	**6 860 545**	**7 628 347**		**22 951**	**18 755**	**1 213 667**	**15 744 266**
Net liquidity exposure, balance sheet items	(5 754 707)	8 774 265		(1 425 872)	(300 000)	(1 212 235)	81 450
Notional amount, derivatives	(720 660)	(1 044 955)		1 402 920	281 245		(81 450)
Net total all items	**(6 475 367)**	**7 729 310**		**(22 951)**	**(18 755)**	**(1 212 235)**	

NOK 0 (Loans to customers) in the Without interest rate exposure column relates to loss impairments.

31.12.2023	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No interest exposure	31.12.2023
Bank deposits	210 487						210 487
Loans to customers		14 002 608					14 002 608
Certificates and bonds	190 777	421 265					612 043
Financial derivatives	(412 853)		267	413 683			1 097
Other assets						1 236	1 236
Total assets	**(11 588)**	**14 423 874**	**267**	**413 683**		**1 236**	**14 827 472**
Securities issued	4 240 553	5 187 545	499 957	1 127 275	599 646		11 654 976
Financial derivatives	311 602	1 656 980	-603 576	(720 154)	(579 939)		64 912
Other liabilities	2 094 074						2 094 074
Equity						1 013 510	1 013 510
Total equity and liabilities	**6 646 228**	**6 844 526**	**(103 620)**	**407 121**	**19 706**	**1 013 510**	**14 827 472**
Net liquidity exposure, balance sheet items	(5 933 362)	9 236 328	(499 957)	(1 127 275)	(599 646)	(1 012 274)	63 815
Notional amount, derivatives	(724 454)	(1 656 980)	603 844	1 133 836	579 939		(63 815)
Net total all items	**(6 657 816)**	**7 579 348**	**103 887**	**6 561**	**(19 706)**	**(1 012 274)**	

NOK 0 (Loans to customers) in the Without interest rate exposure column relates to loss impairments.

11 Financial derivatives and hedge accounting

Financial derivatives

Interest-related instruments are used to minimise interest rate risk on the company's loans to customers. The company uses interest rate swaps to minimise the interest risk on its fixed rate funding. As at 31.12.2024, the company had no fixed rate loans or deposits.

The Board of Directors has approved limits for the company's exposure to any counterparty in order to reduce the settlement risk related to the use of financial instruments.

The company's right of set-off conforms to ordinary Norwegian law. Rogaland Sparebank Boligkreditt uses ISDA agreements with counterparties in relation to financial derivatives. The agreements ensure set-off rights if the counterparties default on their obligations. CSA agreements have also been entered with all important financial counterparties.

	2024	Fair value as at 31.12.2024		2023	Fair value as at 31.12.2023	
	Notional amount	Positive market value [1]	Negative market value [1]	Notional amount	Positive market value [1]	Negative market value [1]
Interest rate agreements [2]	1 725 000		81 450	2 425 000	1 097	64 912
Foreign exchange rate agreements						
Total financial derivatives	**1 725 000**		**81 450**	**2 425 000**	**1 097**	**64 912**
[2] Of which used for hedging purposes	1 725 000		81 450	2 425 000	1 097	64 912

1 Market values of financial derivatives are presented inclusive of accrued (not capitalised) interest as at 31.12.

Hedge accounting

The company uses hedge accounting for fair value hedging of fixed rate funding (bond loans). Only interest rate hedging is used using interest rate swaps. All interest rate swaps are NOK denominated since the company is not exposed to foreign currency debt. Each individual hedging transaction is documented with a reference to the company's risk management strategy, clear identification of the hedging object and hedging instrument, a clear description of the hedged risk, a description of why the hedging is expected to be effective, and a description of when and how the Group will document that the hedging has been effective during the accounting period and is expected to be effective in the next accounting period.

The company has defined the hedged risk as changes in value related to the NIBOR component of the funding. The hedging effectiveness is evaluated and documented both upon initial classification and upon each closing of accounts. In the case of fair value hedging, the hedging instrument is recognised at fair value and the value of the hedging object is adjusted for the change in value related to the hedged risk.

Changes in these values from the opening balance are recognised in the income statement as hedging ineffectiveness. This method ensures that the presentation of these instruments in the financial statements complies with the company's policies for managing interest rates and actual economic developments. Ineffectiveness in the bank's hedging can arise due to actual changes in fair value of the floating leg of the hedging instrument. See note 15 for the recognised amounts in the income statement.

As at 31.12.2024, in all hedging arrangements, the hedging object and the hedging instruments have the same principal and the same duration and coupon on the fixed leg (1:1 hedging). The fixed rate is swapped to a floating rate on a 3-month basis.

11 Financial derivatives and hedge accounting

Information about hedging instruments 31.12.2024

Type of hedging instrument	Nominal amount of hedging instrument	Capitalised amount of hedging instrument		Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate agreements	1 725 000	0	81 450	Financial derivatives	(14 030)
Total	**1 725 000**	**0**	**81 450**		**(14 030)**

Information about hedging objects

Type of hedging object	Nominal amount of hedging object	Capitalised amount of hedging object [1]	Accumulated change in value of hedging object due to fair value hedging	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Fair value hedging (interest rate risk)					
Securities issued in NOK	1 725 000	1 715 116	(92 747)	Securities issued	13 310
Total	**1 725 000**	**1 715 116**	**(92 747)**		**13 310**

Information on ineffectiveness in hedging

Ineffectiveness is recognised through ordinary profit or loss (gain/loss on financial instruments)	(720)

1 Carrying amount of hedging object includes accrued (not capitalised) interest but is not part of the change in value of the hedging object.

11 Financial derivatives and hedge accounting

Information about hedging instruments 31.12.2023

Type of hedging instrument	Nominal amount of hedging instrument	Capitalised amount of hedging instrument		Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate agreements	2 425 000	1 097	64 912	Financial derivatives	6 878
Total	**2 425 000**	**1 097**	**64 912**		**6 878**

Information about hedging objects

Type of hedging object	Nominal amount of hedging object	Capitalised amount of hedging object [1]	Accumulated change in value of hedging object due to fair value hedging	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Fair value hedging (interest rate risk)					
Securities issued in NOK	2 225 000	2 205 115	(79 437)	Securities issued	(6 773)
Total	**2 225 000**	**2 205 115**	**(79 437)**		**(6 773)**

Information on ineffectiveness in hedging

Ineffectiveness is recognised through ordinary profit or loss (gain/loss on financial instruments)	105

1 Carrying amount of hedging object includes accrued (not capitalised) interest but is not part of the change in value of the hedging object.

12 Liquidity risk

Liquidity risk means that the company is unable to refinance its debt when it falls due, or is unable to finance an increase in assets. The valuation of the company's liquidity risk takes into account the company's balance sheet structure, including the reliance on financing and the additional costs of raising funding through the money market with longer maturities compared to funding with shorter time to maturity. The covered bond company covers its funding needs by issuing covered bonds. Other financing needs are covered by short-term debt to the Parent Bank.

In the table below, cash flows related to liabilities with an agreed term to maturity are based on nominal contract sizes inclusive of estimated interest payments up to the maturity date.

Remaining period to maturity, main items

31.12.2024	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No residual maturity	2024
Securities issued		22 597	749 934	11 685 254	1 100 152		13 557 936
Other liabilities						891 213	891 213
Financial derivatives, gross settlement	9 475	13 743	9 214				32 432
Contractual interest payments	66 047	91 684	115 613	127 785	7 140		408 269
Total disbursements	**75 522**	**128 024**	**874 761**	**11 813 039**	**1 107 292**	**891 213**	**14 889 849**

31.12.2023	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No residual maturity	2023
Securities issued		13 250	2 901 693	8 140 387	599 646		11 654 975
Other liabilities						2 094 074	2 094 074
Financial derivatives, gross settlement	9 457	22 007	11 692				43 156
Contractual interest payments	55 462	63 418	99 947	164 850	21 480		405 157
Total disbursements	**64 919**	**98 675**	**3 013 331**	**8 305 237**	**621 126**	**2 094 074**	**14 197 362**

As at 31.12.2024, the liquidity risk is assumed to be low.

13 Net interest income

	2024	2023
INTEREST INCOME MEASURED USING THE EFFECTIVE INTEREST METHOD:		
Interest income on loans to credit institutions	15 325	10 958
Interest income on loans to customers	817 459	613 859
Other interest income	0	403
Total interest income measured using the effective interest method	**832 785**	**625 220**
Interest income on securities	29 149	32 970
Total interest income measured at fair value	**29 149**	**32 970**
INTEREST EXPENSES		
Interest expenses on subordinated loan capital, measured using the effective interest method	37 689	65 998
Interest expenses on securities, measured using the effective interest method	645 385	461 504
Interest on financial derivatives as hedging instruments	47 870	43 164
Other interest expenses	1 664	1 775
Total interest expenses	**732 608**	**572 441**
Net interest income	**129 325**	**85 749**

14 Net commission income and income from banking services

Other charges	2024	2023
Commission income and income from banking services	29	30
Net commission income and income from banking services	**29**	**30**

15 Net change in value of financial instruments at fair value

Net change in value of financial instruments	2024	2023
Net change in the value of certificates and bonds, measured at fair value	(1 173)	(1 830)
Gain/loss retirement own bonds, measured at amortised cost	(3 976)	(2)
Net change in value of financial derivatives, hedging	(14 030)	6 878
Net change in value of hedged financial liabilities	13 310	(6 773)
Net change in value of financial instruments	**(5 869)**	**(1 727)**

16 Operating costs

Operating costs	2024	2023
Wages	41	39
Social costs	6	5
Wages and general administration costs	**47**	**44**
Agreed audit	228	229
Other services	0	94
Other audit-related services	482	425
Total remuneration to auditor incl. VAT	709	749
Management fees	12 374	12 146
Other administrative costs	22	27
Consultancy fees	18	730
Other operating costs	962	827
Total other operating costs	**14 085**	**14 479**
Total operating costs	**14 132**	**14 524**

In 2024, there were no employees of Rogaland Sparebank Boligkreditt AS. The CEO is paid by the Parent Bank, and their services are charged to the covered bond company through the management fee. NOK 41 000 has been disbursed for the payment of fees.

The management fee is related to an agreement with Rogaland Sparebank regarding the purchase of services for the management of the loan portfolio and other administrative functions.

17 Tax

TAX EXPENSE, ORDINARY PROFIT	2024	2023
Tax payable		
Tax expense for the year	24 224	15 841
Change in deferred tax	(-195)	(-279)
Total tax on ordinary profit	**24 028**	**15 562**

RECONCILIATION OF TAX EXPENSE AGAINST PROFIT BEFORE TAX	2024	2023
Profit before tax expense	109 185	70 792
22% of profit before tax	24 021	15 574
Permanent differences	8	(12)
Total tax on ordinary profit	**24 028**	**15 562**
Effective tax rate	22 %	22 %

Deferred tax asset and deferred tax on the balance sheet distributed across temporary differences

DEFERRED TAX ASSET/DEFERRED TAX	31.12.2024	31.12.2023
Financial instruments	1 431	1 236
Total deferred tax asset/deferred tax	**1 431**	**1 236**

RECONCILIATION OF DEFERRED TAX ASSET/DEFERRED TAX	31.12.2024	31.12.2023
Deferred tax asset as at 1.1	1 236	958
Change recognised in the income statement	195	279
Total deferred tax asset/deferred tax as at 31.12	**1 431**	**1 236**

BASIS FOR TAX PAYABLE IN THE BALANCE SHEET	31.12.2024	31.12.2023
Profit before tax expense	109 185	70 792
Basis for tax payable	**109 220**	**70 738**
22% of the basis for tax payable	24 028	15 562
Change in deferred tax	195	279
Tax payable on the balance sheet	**24 224**	**15 841**

18 Classification of financial instruments

The following tables present the classification of financial assets and liabilities as at the balance sheet date in line with IFRS 9.

For a further description of the classification of financial instruments, please see note 2.

31.12.2024	Financial assets and liabilities assessed at amortised cost	Financial instruments valued at fair value with change in value through profit or loss (FVTPL)	Financial derivatives as hedging instruments	Non-financial assets and liabilities	Total
ASSETS					
Cash and bank deposits	215 325				215 325
Loans to customers	15 130 712				15 130 712
Certificates and bonds		396 798			396 798
Other assets				1 431	1 431
Total assets	**15 346 037**	**396 798**		**1 431**	**15 744 266**
LIABILITIES					
Securities issued [1]	13 557 936				13 557 936
Financial derivatives			81 450		81 450
Provisions	80				80
Other liabilities	866 909			24 224	891 133
Total liabilities	**14 424 925**		**81 450**	**24 224**	**14 530 599**

31.12.2023	Financial assets and liabilities assessed at amortised cost	Financial instruments valued at fair value with change in value through profit or loss (FVTPL)	Financial derivatives as hedging instruments	Non-financial assets and liabilities	Total
ASSETS					
Cash and bank deposits	210 487				210 487
Loans to customers	14 002 608				14 002 608
Certificates and bonds		612 043			612 043
Financial derivatives			1 097		1 097
Other assets				1 236	1 236
Total assets	**14 213 096**	**612 043**	**1 097**	**1 236**	**14 827 472**
LIABILITIES					
Securities issued [1]	11 654 975				11 654 975
Financial derivatives			64 912		64 912
Provisions	68				68
Other liabilities	2 078 165			15 841	2 094 006
Total liabilities	**13 733 209**		**64 912**	**15 841**	**13 813 962**

1 Securities issued are recognised at amortised cost. Hedge accounting is used for the company's fixed rate bonds. As at 31.12.2024, the book value of fixed rate bonds is NOK 1.715 (2.205).

19 Fair value of financial instruments

Fair value of financial instruments measured at amortised cost	31.12.2024		31.12.2023	
	Carrying value	Fair value	Carrying value	Fair value
ASSETS				
Cash and bank deposits	215 325	215 325	210 487	210 487
Loans to customers	15 130 712	15 130 712	14 002 608	14 002 608
Total assets	**15 346 037**	**15 346 037**	**14 213 096**	**14 213 096**
LIABILITIES				
Securities issued	13 557 936	13 479 190	11 654 975	11 559 264
Accrued costs and received not accrued income	80	80	68	68
Other liabilities	866 909	866 909	2 078 165	2 078 165
Total liabilities	**14 424 925**	**14 346 179**	**13 733 209**	**13 637 498**

Assets and liabilities measured at amortised cost are at level 2 of the valuation hierarchy.

With respect to financial instruments of short duration (less than three months), book value is assumed to represent fair value.

Loans to customers valued at amortised cost, include floating rate loans. Floating rate loans are adjusted for changes to the market interest rate and for changes in the credit risk. Consequently, the company measures the fair value of these loans as being approximately equal to the carrying value. Loans that do not satisfy this ongoing repricing assumption are individually valued at fair value on the balance sheet date. Any excess or inferior values arising within any change of interest rate period are not considered to represent material for the company.

Financial instruments rated at fair value

The company employs the following valuation hierarchy when calculating fair value for financial instruments:

Level 1 – Observed prices in an active market for the current asset or liability
Level 2 – Noted prices in an active market for similar assets or liabilities, or any other valuation method where all material input is based on observable market data.
Level 3 – Valuation techniques that are essentially not based on observable market data.

Below is a description of how fair value is calculated for the financial instruments of levels 2 and 3, i.e. where a valuation technique has been used.

Financial Instruments classified in Level 2

Financial derivatives

Financial derivatives are valued at market value based on obtained information on exchange rates and swap curves. The category includes interest rate swaps, currency swaps and futures contracts where observable market values are available through Reuters or Bloomberg. The company's financial derivatives used for hedging are at level 2 in the hierarchy of valuation.

Financial Instruments classified in Level 3

Rogaland Sparebank Boligkreditt did not have any financial derivatives under level 3 as at 31.12.24.

Loans to customers

Fixed rate loans to customers are valued on the basis of the agreed cash flow from the loans, discounted by the effective interest rate The effective interest rate is based on the prevailing market terms for similar fixed rate loans.

Loans to customers subject to impairment are assessed based on probable cash flow for the loans discounted at the effective interest rate adjusted for market conditions for loans that are not impaired.

The year's increase is wholly related to the transfer of loans from the parent bank, Rogaland Sparebank.

20 Certificates and bonds

Certificates and bonds at fair value	31.12.2024	31.12.2023
Government-guaranteed bonds	111 677	112 707
Bonds (covered)	282 311	495 662
Accrued interest	2 810	3 674
Total certificates and bonds at fair value	**396 798**	**612 043**
Effective interest rate	5.50 %	4.47 %
Duration	2.75	2.20

21 Securities issued

Securities debt	31.12.2024	31.12.2023
Bond loans, minus share discount/plus share premium	13 441 721	11 560 411
Bond loans, own holdings	0	0
Accrued interest	116 215	94 564
Total Securities issued	**13 557 936**	**11 654 975**
Average interest rate, bond loans:	**4.94 %**	**4.78 %**

Change in securities issued	31.12.2023	Issued	Matured/ redeemed	Other changes	31.12.2024
Bond debt, nominal value	11 625 000	4 800 000	2 900 000		13 525 000
Changes in value	(64 589)			(18 690)	(83 279)
Accrued interest	94 564			21 651	116 215
Total securities issued	**11 654 975**				**13 557 936**

	31.12.2022	Issued	Matured/ redeemed	Other changes	31.12.2023
Bond debt, nominal value	10 575 000	2 000 000	950 000		11 625 000
Changes in value	(60 499)			(4 090)	(64 589)
Accrued interest	66 226			28 338	94 564
Total securities issued	**10 580 727**				**11 654 975**

21 Securities issued

As at 31.12.2024, Rogaland Sparebank Boligkreditt had issued 12 bonds.

Covered bonds

Bonds	Face value	Maturity
NO0010886237	300 000 000	16.06.2025
NO0012748658	450 000 000	10.11.2025
NO0010753320	425 000 000	18.03.2026
NO0010952872	2 000 000 000	18.05.2026
NO0012422908	2 250 000 000	26.04.2027
NO0012699042	400 000 000	21.10.2027
NO0012810482	3 000 000 000	03.04.2028
NO0010834070	300 000 000	10.10.2028
NO0013132993	3 000 000 000	05.03.2029
NO0010849847	300 000 000	19.06.2029
NO0013210476	800 000 000	07.02.2030
NO0010868706	300 000 000	20.05.2030
Total securities issued	**13 525 000 000**	

22 Overcollateralisation

Overcollateralisation is calculated in accordance with the requirements of section 11-11 of the Financial Institutions Act for constant overcollateralisation.

As a minimum, the Act requires the value of the collateral to at all times to exceed 105% of the value of the covered bonds being covered by the cover pool.

Overcollateralisation - total nominal value issued covered bonds

(figures in NOK thousands)	31.12.2024	31.12.2023
Total nominal value issued covered bonds	**13 525 000**	**11 625 000**
Loans to customers	15 102 268	13 971 914
Bank deposits	200 000	200 301
Liquid assets	391 000	604 000
Total cover pool value	**15 693 268**	**14 776 215**
Overcollateralisation	**116.0 %**	**127.1 %**
Rating agency minimum requirement	106.0 %	106.0 %
Minimum regulatory overcollateralisation requirement	105.0 %	105.0 %

23 Other liabilities

	31.12.2024	31.12.2023
Debt to Rogaland Sparebank	866 909	2 078 134
Other liabilities	0	32
Other liabilities	**866 909**	**2 078 166**

Rogaland Sparebank Boligkreditt paid 3 month NIBOR + 0.57% as interest on the debt to the parent bank.

The debt to the parent bank of NOK 0.867 (2.078) million is related to temporary financing of Rogaland Sparebank Boligkreditt's purchase of the loan portfolio from the Parent Bank.

24 Equity

The share capital of Rogaland Sparebank Boligkreditt AS is NOK 527 600 000 divided into 5 276 000 shares, each with a nominal value of NOK 100. Each share gives the same voting right in the company. All shares are owned by Rogaland Sparebank.

Other information

25 Events after the balance sheet date

No events of material significance for the prepared annual financial statements have taken place after the balance sheet date of 31.12.2024.

26 Transactions with related parties

Rogaland Sparebank Boligkreditt AS is a wholly owned subsidiary of Rogaland Sparebank. Transactions between the company and the Parent Bank are effected according to normal commercial terms and principles.

Summary of intergroup transactions:

Intragroup transactions

Income statement	2024	2023
Deposit interest	15 325	10 958
Interest and credit commissions paid	(37 689)	(65 998)
Management fee	(12 374)	(12 146)

Balance sheet	31.12.2024	31.12.2023
Loans to and claims on credit institutions	215 325	210 487
Derivatives	(33 653)	(18 677)
Other liabilities	866 909	2 078 134
Securities issued	0	0

In 2024, an issue of NOK 200 million was also made by the parent bank.
A dividend of NOK 85 million has also been paid.

Statement pursuant to§ 5-5 of the Norwegian Securities Trading Act

Rogaland Sparebank
Boligkreditt

Rådhusgata 3, 4306 Sandnes
Boks 1133, 4391 Sandnes
Org nr. 993 153 036
www.rogalandsparebank.no/investor-relations/rogaland-sparebank-boligkreditt

Statement pursuant to § 5-5 of the Norwegian Securities Trading Act

We confirm that the financial statements for the period 01.01-31.12.2024 were, to the best of our knowledge, prepared in accordance with simplified IFRS. The information in the financial statements provides a true and fair view of the company's assets, liabilities, financial position and results as a whole. Furthermore, the information in the annual report provides a true and fair view of the performance, results and position of the company, together with a description of the key risk and uncertainty factors facing the company.

March 10 2025 | Styret i Rogaland Sparebank Boligkreditt AS

Tomas Nordbø	Arild Ollestad	Lene Nevland Sivertsen	Elisabeth Rosbach
Chair of the Board	Board Member	Board Member	CEO

Auditor's report cont.

Deloitte.

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To the General Meeting of Rogaland Sparebank Boligkreditt AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rogaland Sparebank Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2024, statement of profit and loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9.

Our opinion is consistent with our additional report to the Board of Directors.

Basis for Opinion

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

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

We have been the auditor of Rogaland Sparebank Boligkreditt AS for 14 years from the election by the general meeting of the shareholders on 31 March 2011 for the accounting year 2011 (with a renewed election on 23 March 2022).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Registrert i Foretaksregisteret
Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282

Auditor's report cont.

IT SYSTEMS AND INTERNAL CONTROLS RELEVANT FOR FINANCIAL REPORTING

Description of the Key Audit Matter	How the matter was addressed in the audit
The IT systems within Rogaland Sparebank Boligkreditt AS are key in the accounting and reporting of completed transactions, in obtaining the basis for key estimates and calculations, and in obtaining relevant information to be disclosed. The IT systems are standardized, and the management and operation of the systems are to a great extent outsourced to external service providers. Proper management and control of these IT systems both from Rogaland Sparebank Boligkreditt AS and their service providers are of high importance in order to ensure precise, complete and reliable financial reporting, and this area is therefore considered to be a key audit matter.	Rogaland Sparebank Boligkreditt AS has established a general governance model and internal controls on their IT systems. We have obtained an understanding of the IT governance model of Rogaland Sparebank Boligkreditt AS relevant for financial reporting. We assessed and tested the design of selected internal control activities relevant for financial reporting, including selected controls related to access management. For a sample of these controls, we tested their operating effectiveness in the reporting period. We also considered the third party report (ISAE 3402 Report) on Sandnes Sparebanks service provider of the core banking system focusing on whether they had adequate internal controls on areas that are of importance for the financial reporting of Sandnes Sparebank. In addition, we considered a third party confirmation (ISAE 3000 and ISRS 4400) related to the service provider with regards to the design and implementation of selected automated control activities in the IT-systems, including among others the calculation of interests and fees as well as if system generated reports was adequately designed and implemented. We have engaged our internal IT experts in the work related to understanding the governance model on IT and in assessing and testing the internal control activities related to IT.

Other Information

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

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

Auditor's report cont.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's report cont.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

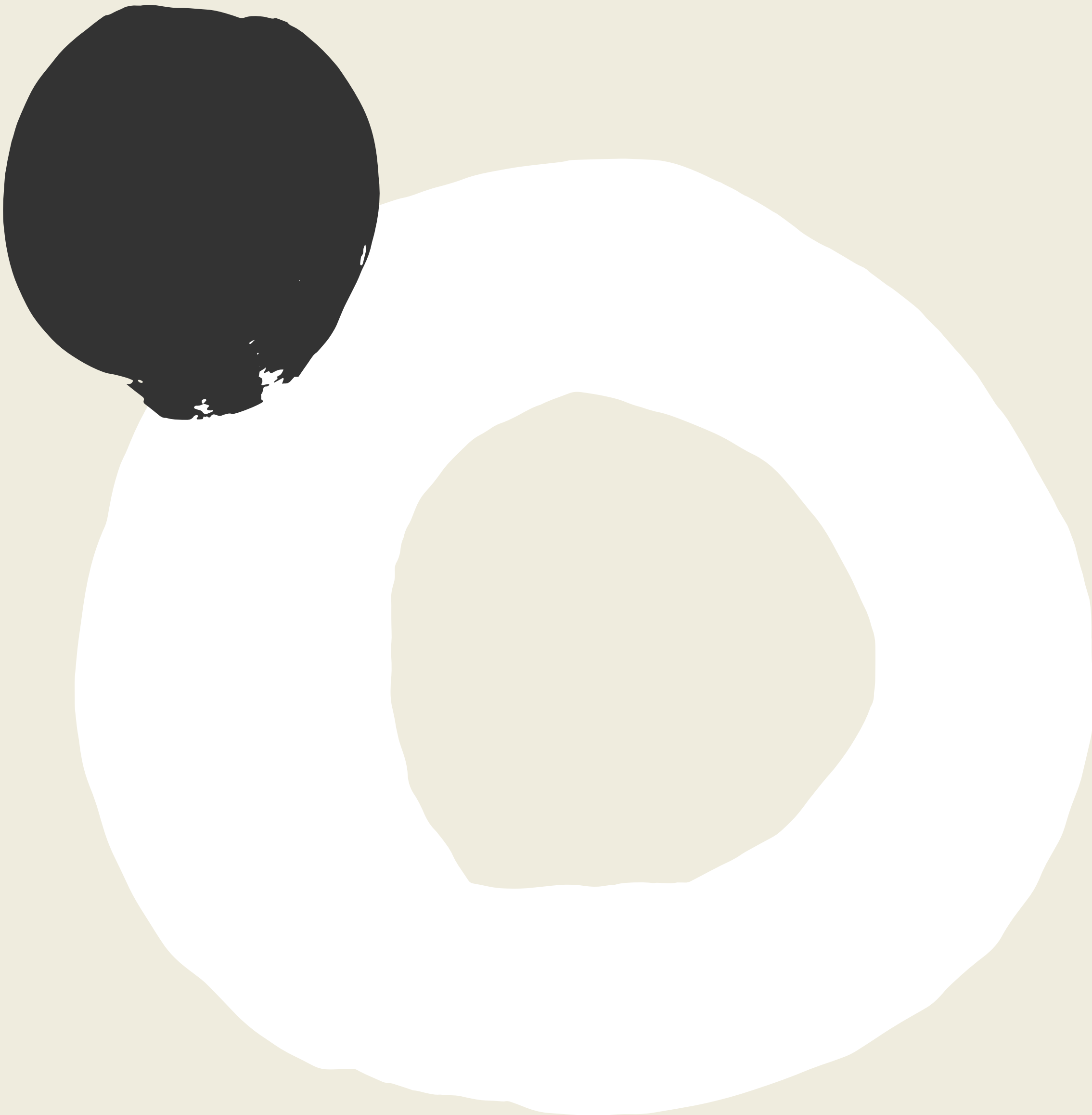
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stavanger, 10 March 2025
Deloitte AS

Else Høyland Joranger
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Design: Fasett 2025



Rogaland
Sparebank
Boligkreditt

www.rogalandsparebank.no/investor-relations/rogaland-sparebank-boligkreditt

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