

2nd quarter 2021

Unaudited



Key figures

	Q2 2021	Q2 2020	1.1-30.06 2021	1.1-30.06 2020	2020
Profitability					
1) Profit after tax	45	10	71	33	107
2) Net interest in % of average total assets	0,83 %	0,23 %	0,70 %	0,40 %	0,67%
3) Profit before tax in % of average total assets	0,20 %	0,19 %	0,34 %	0,19 %	0,62%
4) Cost-to-income ratio	4,4 %	11,5 %	4,9 %	7,4 %	5,2%
5) Return on equity	8,5 %	2,9 %	7,0 %	4,3 %	7,0%
Balance sheet					
6) Lending to customers	24 321	22 896	24 321	22 896	23 354
7) Loss in % of gross loans	0,00 %	0,00 %	0,00 %	0,00 %	0,00%
8) Defaults in % of gross loans	0,01 %	0,00 %	0,00 %	0,01 %	0,00%
9) Total assets	24 389	23 016	24 389	23 016	23 438
10) Average total assets	24 101	23 073	23 880	22 159	21 885
11) Covered bonds issued	21 209	20 190	21 209	20 190	19 975
12) Overcollateralization	114,6 %	113,0 %	114,2 %	113,0 %	116,2%
Capital and liquidity					
13) CET 1 capital ratio	20,0 %	19,4 %	20,0 %	19,4 %	20,2%
14) T1 capital ratio	20,0 %	19,4 %	20,0 %	19,4 %	20,2%
15) Total capital ratio	20,0 %	19,4 %	20,0 %	19,4 %	20,2%
16) Leverage ratio	7,3 %	7,4 %	7,3 %	7,4 %	7,6%
17) LCR	7051,9 %	1154,6 %	7051,9 %	1154,6 %	2179,6%

Definitions

2)	Net interest income, % of average total assets
4)	Sum operating expenses before losses, in % of net income
5)	Return on equity after tax, % of average equity
7)	Loan losses of the period divided by the average loan volume of the period
8)	Exposure overdue more than 90 consecutive days in % of gross loans
10)	Average total assets per month
11)	Covered bonds face value
12)	Cover pool in % of issued of cover bonds
13)	Common Equity Tier 1 Capital ratio
14)	Tier 1 Capital ratio
15)	Total capital ratio
16)	Leverage ratio
17)	Liquidity coverage ratio

Second quarter results

OBOS Boligkreditt AS (“The company”) is registered in Oslo, and it is a wholly owned subsidiary of OBOS-banken. OBOS Boligkreditt started operations in 2016 and is licensed to operate as a mortgage company and to issue covered bonds. The company is OBOS-banken’s most important source of long term market funding and an important part of the bank’s funding strategy. Its assets consist of retail mortgage loans and housing co-operative loans originally underwritten by OBOS-banken. Total lending at second quarter end 2021 amounted to NOK 24 321 million. All loans are at the time of acquisition from the bank within 75 % of the property’s estimated value. Total issued covered bond loans at second quarter end 2021 amounted to NOK 21 209 million. Overcollateralization was at 114,6 %.

Rating

All covered bonds issued by OBOS Boligkreditt AS have been assigned a Aaa-rating by Moody’s.

Second quarter results

The income statement and balance sheet are compared with last year’s figures (in parenthesis).

The company’s net interest income amounted to NOK 48.9 (11.9) million for the second quarter of 2021, compared to NOK 35.4 million in the previous quarter. The large increase from last year’s figure must be seen in light of Q2 2020 being a special quarter due to the immediate reduction of lending rates as a response to the covid-19 outbreak. Total operating expenses amounted to NOK 2.2 (1.6) million. These expenses are mainly related to payments for banking services provided by the parent bank. Profit before loan losses and taxes was NOK 48.7 (12.2) million in the second quarter of 2021. Net loan losses were NOK -0.4 (1.0) million. Profit after tax was NOK 44.9 million (10.3) in the second quarter of 2021.

OBOS Boligkreditt AS did not issue covered bonds in the quarter. Neither did OBOS Boligkreditt AS buy back own issued covered bonds, and no covered bonds matured during the quarter.

OBOS Boligkreditt AS had seven bond loans outstanding at 30 June 2021 with total debt securities issued of NOK 21 209 million face value, compared to seven bond loans and NOK 20 190 million face value outstanding at 30 June 2020.

Total assets at the end of the second quarter 2021 amounted to NOK 24 389 (23 016) million. Lending to customers amounted to NOK 24 321 (22 896) million. There are no substitute assets forming part of the cover

pool. Overcollateralisation, calculated as the value of the cover pool relative to the value of outstanding covered bond loan debt, was 114,6 percent as at 30 June 2021, compared to 113,0 percent at 30 June 2020. At second quarter end 2021, the mortgages in the cover pool had a weighted average loan-to-value ratio of 34 percent.

OBOS Boligkreditt AS’ liquidity portfolio consisted of Liquidity Coverage Ratio (LCR) eligible assets of NOK 30.4 (30.5) million at 30 June 2021, resulting in a total LCR of 7 052 (1 155) percent.

Capital strength

Total equity amounted to NOK 1 834 (1 695) million at 30 June 2021. Total own funds for the purposes of capital adequacy amounted to NOK 1 773 (1 662) million. Risk weighted assets amounted to NOK 8 878 (8 547) million, the CET 1 capital ratio was 20.0 (19.4) percent. OBOS Boligkreditt AS uses the standardised approach to calculate capital requirements for credit risk.

Tax

A correction of tax for 2020 was made in the second quarter. This resulted in a reversal of a NOK 7.2 million provision in the quarter.

Macroeconomic development and outlook for the company

The pace of vaccination has increased and the authorities have now started a gradual reopening of society. Further easing of infection control measures contributes to improving conditions in the economy. The authorities’ reopening plan takes place in four stages, with the first in April, the second in May, and at the end of June, Norwegian society was further opened.

Based on improved prospects, Norges Bank in June signalled one interest rate hike in September 2021, and then three further increases by June 2022. In that case, the key policy rate will be 1 per cent in one year. There is also a significant probability of a further rise in September 2022. The pace of interest rate rises is somewhat slower thereafter, and the rate path reaches its peak with an average key policy rate in the fourth quarter of 2024 of 1.26 per cent, up from 1.36 per cent March.

Norges Bank argues that when there are clear signs that conditions in the economy are normalizing, it is considered appropriate to raise the key policy rate gradually to a more normal level. Norges Bank has also signaled that the countercyclical capital buffer will return to 2.5 per cent, and the first increase will take effect from June 2022.

House prices are 10.1 per cent higher than a year ago, and the peak in home prices seems to have been reached in March after a strong growth in prices since the summer of 2020. The first half of 2021 has also produced record-breaking sales of used and new homes. The key policy rate set down last spring has contributed to and stimulated activity in the housing market. There are now signs that the housing market is cooling. Prospects of higher interest rates are likely to lead to more moderate development in housing prices in the time ahead.

Higher oil prices and increased activity have so far not led to any strengthening of the Norwegian krone.

Risk premiums in the bond market have been relatively stable in the second quarter and are still lower than in the period before the covid-19 eruption. There is good access to financing.

There is strong price competition in the lending market, and competition was changed after the removal of the Basel 1 floor for IRB-banks. The introduction of the new standardized method for risk weighting is important in order to even out to a certain extent the imbalance in capital requirements associated with the same loans. The competitive situation in the second quarter was also characterized by potential structural changes in the banking market. Competitiveness is important for

OBOS Boligkreditt in several aspects. To strengthen the company's competitiveness, and as a result of a lower short term interest rates in the interbank market (3m Nibor), the company reduced its lending rates to its customers during the past quarter. It is expected that the strong price competition will continue, while it is likely that an increase in the general interest rate level will offset these market pressures and result in increased net interest income.

The parent bank has experienced a very strong deposit growth during the last 12 months. To a certain extent, this displaces the need for market funding in the shorter perspective. It is, however, expected that deposit levels will decline following the reopening of the society, which may impact funding plans for covered bonds.

OBOS Boligkreditt's portfolio has an average loan to value (LTV) ratio at a low 34 percent. With an allowable LTV of 75 percent, there is significant headroom for even severe drops in house prices. The parent bank holds significant volumes of loans which qualify for transfer to OBOS Boligkreditt. Combined with good cost control and an improving macroeconomic environment, outlook is stable for OBOS Boligkreditt AS.

Oslo 12.08.2021

The Board of Directors of OBOS Boligkreditt AS

Income statement

(Figures in NOK 1000)

	NOTE	Q2 2021	Q2 2020	1.1 - 30.06 2021	1.1 - 30.06 2020	1.1-31.12 2020
Interest income calculated using the effective interest method		96 670	109 904	194 066	259 442	453 385
Interest income from instruments using fair value		77	130	148	310	445
Interest expenses calculated using the effective interest method		-44 702	-94 990	-103 669	-209 631	-294 081
Interest expenses from instruments using fair value		-3 137	-3 133	-6 240	-6 262	-12 606
Net interest income	4	48 908	11 911	84 304	43 859	147 144
Commission and banking service expenses		-92	-92	-213	-186	-351
Net commission expenses		-92	-92	-213	-186	-351
Net gain/(loss) and change in value of fin. Instruments	5	2 141	1 946	3 440	2 414	6 253
Net operating income		50 957	13 765	87 531	46 087	153 046
Salaries and other personnel cost		-40	-	-80	-	-183
Administration cost		-124	-134	-208	-162	-380
Other operating expenses		-2 069	-1 454	-4 023	-3 253	-6 975
Total operating expenses		-2 233	-1 587	-4 311	-3 416	-7 537
Profit before loan losses and taxes		48 723	12 178	83 221	42 671	145 508
Net loan losses	10	-351	981	-914	172	414
Profit before tax		48 373	13 159	82 306	42 844	145 923
Income tax expense		-3 443	-2 895	-10 908	-9 426	-39 378
Profit after tax		44 930	10 264	71 398	33 418	106 545
Attributable to						
Retained earnings		44 930	10 264	71 398	33 418	106 545
Total		44 930	10 264	71 398	33 418	106 545

Statement of comprehensive income

(Figures in NOK 1000)

	NOTE	Q2 2021	Q2 2020	1.1 - 30.06 2021	1.1 - 30.06 2020	1.1 - 31.12 2020
Profit after tax		44 930	10 264	71 398	33 418	106 545
Losses on loans and guarantees, fair value	10	347	83	630	890	704
Income tax expense on items that can be reclassified		-76	-18	-139	-196	-155
Items that can be reclassified to profit or loss		271	65	492	694	549
Net change in values from own credit risk		311	-5 054	-2 809	2 659	-1 880
Income tax expense on items that will not be reclassified		-68	1 112	618	-585	414
Items that will not be reclassified to profit or loss		243	-3 942	-2 191	2 074	-1 466
Comprehensive income for the periode		514	-3 877	-1 699	2 769	-917
Total comprehensive income after tax		45 443	6 387	69 699	36 187	105 628
Attributable to						
Retained earnings		45 443	6 387	69 699	36 187	105 628
Total		45 443	6 387	69 699	36 187	105 628

Balance sheet

(Figures in NOK 1000)

	NOTE	30.06.2021	30.06.2020	31.12.2020
ASSETS				
Loans and receivables to credit institutions		7 754	8 779	7 127
Loans and receivables to customers	6,1	24 321 329	22 896 481	23 353 909
Certificates and bonds	8	30 454	30 520	30 479
Financial derivatives		15 282	51 592	40 043
Receivables		1 055	1 694	-
Deferred tax asset		2 413	1 899	2 413
Other assets		10 559	24 812	3 844
TOTAL ASSETS		24 388 846	23 015 778	23 437 816
LIABILITIES AND EQUITY				
	NOTE	30.06.2021	30.06.2020	31.12.2020
Loans from credit institutions	6,9	1 287 421	1 028 216	1 595 572
Debt securities issued	6,8,9	21 237 659	20 268 112	20 037 858
Other liabilities		3 393	1 544	342
Deferred tax		17 628	10 206	-
Tax payable		8 303	12 400	39 302
TOTAL LIABILITIES		22 554 405	21 320 478	21 673 074
Share capital		131 000	131 000	131 000
Share premium		1 369 039	1 369 039	1 369 039
Retained earnings		334 402	195 262	264 703
TOTAL EQUITY		1 834 440	1 695 301	1 764 742
TOTAL LIABILITIES AND EQUITY		24 388 846	23 015 778	23 437 816

Statement of changes in equity

(Figures in NOK 1000)

	Share Capital	Share Premium	Retained earnings	Total equity
Equity as at 01.01.2020	121 000	1 179 039	159 076	1 459 114
Issue of share capital	10 000	190 000	-	200 000
Result for the period 01.01 - 31.06.2020	-	-	33 418	33 418
Losses on loans and guarantees, fair value	-	-	890	890
Income tax expense on items that can be reclassified	-	-	-196	-196
Net change in values from own credit risk	-	-	2 659	2 659
Income tax expense on items that will not be reclassified	-	-	-585	-585
Total comprehensive income 01.01.2020 - 31.06.2020	-	-	36 187	36 187
Equity as at 30.06.2020	131 000	1 369 039	195 262	1 695 301
Total result 01.07 - 31.12.2020	-	-	70 358	70 358
Effect of IFRS 9 implementation	-	-	-917	-917
Equity as at 31.12.2020	131 000	1 369 039	264 703	1 764 742
Result for the period 01.01 - 30.06.2021	-	-	71 398	71 398
Losses on loans and guarantees, fair value	-	-	630	630
Income tax expense on items that can be reclassified	-	-	-139	-139
Net change in values from own credit risk	-	-	-2 809	-2 809
Income tax expense on items that will not be reclassified	-	-	618	618
Total comprehensive income 01.01.2021 - 30.06.2021	-	-	69 699	69 699
Equity as at 30.06.2021	131 000	1 369 039	334 402	1 834 440

Cash flow

(Figures in NOK 1000)

	NOTE	30.06.2021	30.06.2020	31.12.2020
Profit before tax		82 306	42 844	145 923
Interest income calculated using the effective interest method	4	-194 066	-259 442	-453 385
Interest payments from customers and credit institutions		195 303	265 948	459 315
Loans to customers transferred from parent company		-968 943	-2 640 423	-3 097 138
Interest from certificates and bonds/bond funds		21 961	-49 623	-28 038
Other net gain/(loss) on derivatives	5	-18 521	52 037	34 291
Payment for other assets		19 648	-68 895	-36 673
Payment for other debt		2 779	1 494	234
Net gain/(loss) on financial instruments	5	-3 440	-2 414	-6 253
Net loan losses		286	-1 067	-1 123
Paid taxes		-23 799	-11 068	-23 468
Change in accrued interests		-8 608	-28 777	-26 421
Change in other accruals		-2 358	-1 710	47
Net new lines of credit		-308 151	-717 151	-149 795
(A) Net cash flow from operating activities		-1 205 604	-3 418 247	-3 182 485
Payments related to acquisition of shares and securities		-	-	-
(B) Net cash flow from investment activities		-	-	-
Debt securities issued	9	3 972 230	5 026 679	5 004 345
Repayment of covered bonds	9	-2 766 000	-1 830 000	-2 045 000
Issue of share capital		-	200 000	200 000
(C) Net cash flow from financing activities		1 206 230	3 396 679	3 159 345
(A) + (B) + (C) Net cash flow for the period		627	-21 568	-23 140
Cash and cash equivalents at beginning of period		7 127	30 267	30 267
Cash and cash equivalents at end of period		7 754	8 699	7 127
Net change in cash and cash equivalents		627	-21 568	-23 140
Liquidity reserves specified				
Loans and receivables to credit institutions 1)		7 754	8 699	7 127
Cash and cash equivalents		7 754	8 699	7 127

1) Hereof 0,7 TNOK in restricted deposits.

Quarterly changes in income statement

(Figures in NOK 1000)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Interest income calculated using the effective interest method	96 670	97 396	97 642	96 301	109 904
Interest income from instruments using fair value	77	71	56	80	130
Interest expenses calculated using the effective interest method	-44 702	-58 967	-41 638	-42 811	-94 990
Interest expenses from instruments using fair value	-3 137	-3 103	-3 172	-3 172	-3 133
Net interest income	48 908	35 396	52 887	50 397	11 911
Commission and banking service expenses	-92	-121	-88	-78	-92
Net Commission expenses	-92	-121	-88	-78	-92
Net gain/(loss) and change in value of fin. instruments	2 141	1 299	1 601	2 239	1 946
Net operating income	50 957	36 574	54 400	52 559	13 765
Salaries and other personnel cost	-40	-40	-63	-120	-
Administration cost	-124	-84	-183	-35	-134
Other operating expenses	-2 069	-1 954	-2 306	-1 416	-1 454
Total operating expenses	-2 233	-2 077	-2 552	-1 570	-1 587
Profit before loan losses and taxes	48 723	34 497	51 849	50 988	12 178
Net loan losses	-351	-563	409	-167	981
Profit before tax	48 373	33 934	52 258	50 821	13 159
Income tax expense	-3 443	-7 465	-18 772	-11 181	-2 895
Profit after tax	44 930	26 468	33 486	39 640	10 264
Attributable to					
Retained earnings	44 930	26 468	33 486	39 640	10 264
Total	44 930	26 468	33 486	39 640	10 264

Quarterly changes in statement of comprehensive income

(Figures in NOK 1000)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Profit after tax	44 930	26 468	33 486	39 640	10 264
Losses on loans and guarantees, fair value	347	283	2	-188	83
Income tax expense on items that can be reclassified	-76	-62	-0	41	-18
Items that can be reclassified to profit or loss	271	221	1	-146	65
Net change in values from own credit risk	311	-3 120	-2 221	-2 318	-5 054
Income tax expense on items that will not be reclassified	-68	686	489	510	1 112
Items that will not be reclassified to profit or loss	243	-2 434	-1 732	-1 808	-3 942
Comprehensive income for the periode	514	-2 213	-1 731	-1 955	-3 877
Total comprehensive income after tax	45 443	24 255	31 755	37 686	6 387
Attributable to					
Retained earnings	45 443	24 255	31 755	37 686	6 387
Total	45 443	24 255	31 755	37 686	6 387

Quarterly changes in balance sheet

(Figures in NOK 1000)

	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020
Assets					
Loans and receivables to credit institutions	7 754	22 751	7 127	76 800	8 779
Loans and receivables to customers	24 321 329	23 714 141	23 353 909	23 647 594	22 896 481
Certificates and bonds	30 454	30 478	30 479	30 494	30 520
Financial derivatives	15 282	20 918	40 043	56 036	51 592
Receivables	1 055	605	-	2 541	1 694
Deferred tax asset	2 413	2 413	2 413	1 899	1 899
Other assets	10 559	21 491	3 844	7 482	24 812
Total Assets	24 388 846	23 812 798	23 437 816	23 822 845	23 015 778
	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020
Liabilities and equity					
Loans from credit institutions	1 287 421	739 886	1 595 572	1 899 674	1 028 216
Debt securities issued	21 237 659	21 248 672	20 037 858	20 167 811	20 268 112
Other liabilities	3 393	999	342	205	1 544
Deferred tax	17 628	6 841	-	20 836	10 206
Tax payable	8 303	27 402	39 302	1 332	12 400
Total Liabilities	22 554 405	22 023 801	21 673 074	22 089 858	21 320 478
Share capital	131 000	131 000	131 000	131 000	131 000
Share premium	1 369 039	1 369 039	1 369 039	1 369 039	1 369 039
Retained earnings	334 402	288 958	264 703	232 948	195 262
Total Equity	1 834 440	1 788 997	1 764 742	1 732 986	1 695 301
Total Liabilities and Equity	24 388 846	23 812 798	23 437 816	23 822 845	23 015 778

Notes

Note 1 – Introduction

OBOS Boligkreditt AS is a fully owned subsidiary of OBOS-banken AS. The company was formally founded 13 May 2016, with the sole purpose of acquiring mortgages from OBOS-banken AS. The company will finance the business through the issuance of covered bonds. OBOS Boligkreditt received the required permit for operation from the Norwegian Financial Supervision 15 August 2016. OBOS Boligkreditt is registered and domiciled in Norway. The bank has business- and visiting address at Hammersborg Torg 1, 0129 Oslo.

Note 2 – Accounting principles

The interim report for OBOS Boligkreditt has been prepared in accordance with IAS 34. The interim comprises the period 01.01.2021-30.06.2021 and has been prepared in accordance with simplified IFRS.

All amounts in the accounts and notes are stated in Norwegian kroner (NOK) unless otherwise specified. The company's functional currency is NOK.

From 01.01.2021 a new definition of default has been implemented in accordance with the EBA's guidelines. Under these new guidelines, a commitment will be considered non-performing if the claim is due for more than 90 days and the amount is significant (default), or it is plausible that the borrower will not fulfil its obligations ("unlikeliness to pay"). The guidelines provide criteria for the quarantine period needed before defaulted commitments can be declared healthy, specifies the 90-day limit, and provides provisions on which criteria as a minimum must be considered to define "unlikeliness to pay".

IFRS 16 Leases

According to IFRS 16 all leases should be reported on the balance sheet as assets or liabilities. Previous classifications of leases as either operational or financial leases have been removed. All leases will be treated as financial leasing. Short-term leases (less than 12 months) and leasing of assets of low value are exempted from the requirements. IFRS 16 was implemented from 1 January 2019. The implementation does not have any effect on the accounts.

IFRS 9 Financial Instruments

OBOS Boligkreditt AS applies IFRS 9 for measurement of financial instruments. Financial assets and/or financial liabilities are reported on the balance sheet according to IFRS 9.

Derivatives

Derivatives are recorded at fair value at the time the derivative contracts are entered into, and are

subsequently recognized at fair value through profit or loss. Derivatives are presented as a financial asset if the value is positive and as a financial liability if the value is negative. According to IFRS 9, an entity shall apply the hedge accounting requirements to a financial asset or a financial liability that is designated as a hedged item. OBOS Boligkreditt AS doesn't apply the hedge accounting requirements under IFRS 9, but the company utilises interest rate swap agreements to reduce interest rate risk between fixed-rate and market rate. Swap interest rate and change in value are recognized through profit or loss under "Net gain/(loss) and change in value of financial instruments".

Net gain/loss on financial instruments

For interest bearing financial instruments that are measured at fair value, interest income is classified as "Interest income, fair value", and interest expense is classified as "Interest expense, fair value". Interest on derivative contracts is an exception to this principle. Interests paid and received in interest rate swaps, as well as changes in accrued interest, are recognized as "Net gain/(loss) and change in value of financial instruments". Other changes in value of financial instruments are also recognized in this note.

The 2020 Annual Report for OBOS Boligkreditt gives a more detailed description of accounting principles used. This interim report is not audited.

Note 3 – Accounting estimates and discretionary Assessments

OBOS Boligkreditt prepares accounting estimates and makes discretionary assessments based on historical experience, assumptions about the future and other factors. The accounting estimates are evaluated continuously and may deviate from the results achieved. However, they are based on the best estimate available at the time of the financial reporting. Below are the most important areas where accounting estimates and discretionary assessments are used and these may be subject to changes in capitalized values in future periods.

3.1 Value measurement at fair value

OBOS Boligkreditt estimates the fair value of its financial instruments, which are not listed in an active market, using valuation methods described in note 17 in the 2020 Annual Report and in general accounting principles. The credit institution's choice of method and associated assumptions are based on market conditions at the balance sheet date.

3.2 Write-down of financial assets

The method for measurement on write-downs for expected loss on financial assets in IFRS 9 depends on

the increase in credit risk since initial recognition, instead of an incurred loss model as in IAS 39. The assets are divided into three stages, based on the credit impairment degree. At initial recognition, and if credit risk has not increased significantly, a provision will be made for 12 months' expected loss (stage 1). If the credit risk has increased significantly after initial recognition, but there is no objective evidence for loss, a provision will be made for the total lifetime of such asset (stage 2). If credit risk has increased significantly and there is objective evidence for loss, a provision will

be made for the total lifetime of the asset (stage 3). In addition, the interest income for the financial assets under stage 3 will be calculated on the net balance value of the loan, after deduction of write-down on expected loss over its total lifetime. This is different from stage 1 and 2 where the interest income is calculated on gross balance value.

For a more detailed description of the method used for the evaluation and measurement of write-downs, see the 2020 Annual Report, note 2 and 8.

Note 4 – Net interest and credit commission income

(Figures in NOK 1000)

	Q2 2021	Q2 2020	1.1 - 30.06 2021	1.1 - 30.06 2020	2020
Interest and similar income from loans to credit institutions, amortised cost	-	4	-	80	78
Interest and similar income from loans to customers, amortised cost	96 667	109 878	194 060	259 276	453 211
Other interest and similar income, amortised cost	3	22	6	86	96
Total Interest income calculated using the effective interest method	96 670	109 904	194 066	259 442	453 385
Interest and similar income from certificates and bonds, fair value	77	130	148	310	445
Total Interest income, fair value	77	130	148	310	445
Interest and similar expenses from loans to credit institutions, amortised cost	-2 994	-3 913	-6 908	-9 912	-17 024
Interest and similar expenses of issued securities, amortised cost	-40 945	-90 387	-95 236	-198 313	-274 231
Other interest and similar expenses, amortised cost	-763	-691	-1 525	-1 407	-2 826
Total Interest expenses calculated using the effective interest method	-44 702	-94 990	-103 669	-209 631	-294 081
Interest and similar expenses of issued securities, fair value	-3 137	-3 133	-6 240	-6 262	-12 606
Total Interest expenses, fair value	-3 137	-3 133	-6 240	-6 262	-12 606
Net interest and credit commission income	48 908	11 911	84 304	43 859	147 144

Note 5 – Net gain/(loss) and change in value of financial instruments

(Figures in NOK 1000)

	Q2 2021	Q2 2020	1.1 - 30.06 2021	1.1 - 30.06 2020	2020
Net gain/(loss) and change in value on certificates and bonds	-24	-45	-29	-129	-150
Net gain/(loss) and change in value on bond funds	0	0	0	0	0
Net interest income on derivatives ¹	2 057	1 207	3 965	1 337	5 609
Other net gain/(loss) and change in value on derivatives	3 681	6 561	-18 521	52 037	34 291
Net gain/(loss) and change in value on fixed rate covered bonds ²	-3 574	-5 778	18 025	-50 831	-33 497
Net gain/(loss) and change in value of financial instruments	2 141	1 946	3 440	2 414	6 253

1) Net interest income (expenses) from derivatives that have been entered into as hedging agreements against the ordinary portfolios of OBOS Boligkredit's fixed rate covered bonds is classified as net gain/(loss) and change in value of financial instruments in accounting terms. Net interest income on derivatives is included in relevant key figures.

2) OBOS Boligkredit has used the Fair Value Option (FVO) when valuing fixed rate covered bonds in accordance with IFRS 9. The principle implies that changes in value as a result of changes in own credit risk are recognized in the OBOS-banken group's comprehensive income. The amount that has been deducted from OBOS Boligkredit's result and transferred to the Group is 2,8 million Norwegian kroner on 30 June 2021.

Note 6 – Assets and liabilities measured at amortized cost

(Figures in NOK 1000)

For all items booked at amortised cost, the book value is approximately equal to the fair value. This applies to the following balance sheet items: Loans and receivables to credit institutions, Loans and receivables to customers and Debt to credit institutions.

Note 7 – Capital adequacy

(Figures in NOK 1000)

Net own funds	30.06.2021	30.06.2020	31.12.2020
Share capital	131 000	131 000	131 000
Share premium	1 369 039	1 369 039	1 369 039
Retained earnings	264 703	159 075	159 075
Qualifying equity from this years result	69 699	36 187	105 628
Total equity	1 764 742	1 659 114	1 764 742
Adjustments in common tier 1 capital	8 314	2 577	1 798
Common equity tier 1 capital	1 773 056	1 661 691	1 766 540
Additional Tier 1 capital			
Tier 1 capital	1 773 056	1 661 691	1 766 540
Tier 2 instruments			
Own funds	1 773 056	1 661 691	1 766 540
Minimum requirement own funds	30.06.2021	30.06.2020	31.12.2020
Institutions	386	475	765
Corporates	-	-	-
Retail	10 708	-	-
Secured by mortgages on immovable property	674 809	636 602	652 659
Exposures in default	3 081	24 934	22 171
Other items	-	134	1 167
Credit risk	688 984	662 145	676 763
Operational risk	18 906	14 902	18 906
CVA-risk	2 373	6 709	5 141
Minimum requirement own funds	710 263	683 756	700 811
Risk weighted assets	8 878 292	8 546 947	8 760 134
Capital adequacy ratio			
Common tier 1 capital ratio	19,97 %	19,44 %	20,17 %
Tier 1 capital ratio	19,97 %	19,44 %	20,17 %
Capital adequacy ratio	19,97 %	19,44 %	20,17 %

Note 8 – Assets and liabilities measured at fair value

(Figures in NOK 1000)

OBOS Boligkreditt uses the following valuation hierarchy for financial instruments measured at fair value:

Level 1:	Market price (non-adjusted) quoted in an active market for identical assets or liabilities.
Level 2:	Market price that is not listed, but is observable for assets or liabilities either directly (for example in the form of prices) or indirectly (for example derived from prices)
Level 3:	Information that is not based on observable market data.

There was no movement between level 1 and 2 during the periods.

Method for calculating fair value of financial instruments measured at fair value:

Certificates, bonds and debt securities

The bank obtains market prices and credit spreads from independent brokers in major financial institutions in order to calculate fair value.

Bond funds

The bank obtains the market value of fund units from the individual fund manager.

Financial derivatives

The fair value of financial derivatives is calculated based on discounted cash flows based on exchange rates and current interest rate curves at the balance sheet date.

See also the description provided in note 2: accounting policies.

As at 30.06.2021	Level 1	Level 2	Level 3	Total
Assets				
Certificates and bonds	-	30 454	-	30 454
Financial derivatives	-	15 282	-	15 282
Assets valued at fair value through OCI				
Loans and receivables to customers			24 324 377	24 324 377
Total assets	-	45 736	24 324 377	24 370 113
Liabilities				
Debt securities issued	-	550 712	-	550 712
Total liabilities	-	550 712	-	550 712
As at 30.06.2020	Level 1	Level 2	Level 3	Total
Assets				
Certificates and bonds	-	30 779	-	30 779
Financial derivatives	-	-	-	-
Assets valued at fair value through OCI				
Loans and receivables to customers			22 899 299	22 899 299
Total assets	-	30 779	22 899 299	22 930 078
Liabilities				
Debt securities issued	-	533 588	-	533 588
Total liabilities	-	533 588	-	533 588

Note 9 – Debt securities

(Figures in NOK 1000)

	Balance 30.06.2021	New issues 2021	Maturity/ buy backs 2021	Other changes 2021	Balance 31.12.2020
Changes in debt securities					
Debt securities issued nominal value	21 209 000	4 000 000	-2 766 000	-	19 975 000
Net premium / discount on bonds payable	-	-4 000	-16 128	20 128	-
Bond interest receivable / payable	-	-	-2 812	2 812	-
Accrued interest	11 639	-	-	-8 608	20 247
Amortisation	-5 887	-	-	-10 375	4 488
Fair value adjustment	22 908	-	-	-15 216	38 124
Total debt securities	21 237 659	3 996 000	-2 784 940	-11 259	20 037 858

Method:

Debt securities is classified at amortised cost or at fair value by "fair value option". Book value at amortised cost corresponds to cost adjusted for amortisation.

Loans issued in NOK as at 30.06.2021

ISIN	Type	Due date	Face value	Book value	Accrued interest	Book value incl. accrued interest	Maturity	interest rate
Bonds at amortised cost								
NO0010775588	FRN	07.10.2021	689 000	688 956	1 611	690 566	0,3	0,99 %
NO0010786494	FRN	15.06.2022	4 000 000	4 008 061	1 440	4 009 501	1,0	0,81 %
NO0010795487	FRN	06.06.2023	4 000 000	4 006 131	2 000	4 008 131	1,9	0,75 %
NO0010841232	FRN	19.06.2024	4 000 000	4 007 531	744	4 008 276	3,0	0,67 %
NO0010872757	FRN	13.06.2025	4 000 000	3 976 119	1 001	3 977 120	4,0	0,53 %
NO0010922842	FRN	04.02.2026	4 000 000	3 996 315	3 222	3 999 537	4,6	0,50 %
Bonds at fair value								
NO0010851645	¹⁾ Fixed	15.05.2029	520 000	542 908	1 620	544 528	7,9	2,42 %
Total debt securities			21 209 000	21 226 020	11 639	21 237 659	2,9	0,71 %

All bond loans are listed on the Nordic ABM stock exchange. They have a bullet structure and fall due in their entirety on the maturity date. See obos.no for further information and agreements on each of the above-mentioned bond loans.

1) The bonds are hedged from fixed to floating interest rates.

Note 10 – Impairment and losses

(Figures in NOK 1000)

Provisions for losses are calculated based on the expected credit loss (ECL) using the 3-step method in IFRS 9, as described in Note 3.

Changes in gross carrying amount

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 31.12.2020	22 958 022	398 649	-	23 356 671
Migration to Stage 1	280 069	-280 069	-	-
Migration to Stage 2	-69 041	69 041	-	-
Migration to Stage 3	-3 093	-	3 093	-
Changes in carrying amount which have not migræ	-376 661	-2 890	-48	-379 599
New loans	3 104 828	19 510	-	3 124 338
Disposal of loans	-1 717 959	-59 074	-	-1 777 033
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 30.06.2021	24 176 166	145 166	3 044	24 324 377

Movements in provision and write-downs

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	4 377	2 762	-	7 140
Migration to Stage 1	1 419	-1 419	-	-
Migration to Stage 2	-61	61	-	-
Migration to Stage 3	-1	-	1	-
Changes in ECL for loans which have not migrated	-1 326	1 266	368	308
New loans	1 163	487	-	1 650
Disposal of loans	-564	-480	-	-1 044
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
ECL 30.06.2021	5 007	2 677	369	8 054
Provisions (%) of gross capitalised values	0,02 %	1,84 %	0,00 %	0,03 %
Net change (01.01.2021-30.06.2021)	630	-85	369	914

Estimated Stage 1 losses on assets measured at fair value

	Stage 1	Stage 2	Stage 3	Total
Closing balance	4 377	-	-	4 377
Net change in expected losses	630	-	-	630
Closing balance	5 008	-	-	5 008

Net change in losses on stage 1 on loans measured at fair value, is reversed over other comprehensive income for OBOS Boligkreditt AS.

Breakdown of loan provisions per. segment and stage

Changes in gross carrying amount-Housing co-operatives segment

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 31.12.2020	16 592 213	-	-	16 592 213
Migration to Stage 1	-	-	-	-
Migration to Stage 2	-	-	-	-
Migration to Stage 3	-	-	-	-
Changes in carrying amount which have not migrated	-247 968	-	-	-247 968
New loans	1 349 477	-	-	1 349 477
Disposal of loans	-789 903	-	-	-789 903
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 30.06.2021	16 903 819	-	-	16 903 819

Movements in provisions and write-downs - Housing co-operatives segment

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	3 091	-	-	3 091
Migration to Stage 1	-	-	-	-
Migration to Stage 2	-	-	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL for loans which have not migrated	-13	-	-	-13
New loans	76	-	-	76
Disposal of loans	-45	-	-	-45
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
ECL 30.06.2021	3 109	-	-	3 110
Provisions (%) of gross capitalised values	0,02 %	0,00 %	0,00 %	0,02 %
Net change (01.01.2021-30.06.2021)	19	-	-	19

Changes in gross carrying amount - Retail segment

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 31.12.2020	6 365 809	398 649	-	6 764 458
Migration to Stage 1	280 069	-280 069	-	-
Migration to Stage 2	-69 041	69 041	-	-
Migration to Stage 3	-3 093	-	3 093	-
Changes in carrying amount which have not migrated	-128 692	-2 890	-48	-131 631
New loans	1 755 351	19 510	-	1 774 861
Disposal of loans	-928 056	-59 074	-	-987 130
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 30.06.2021	7 272 347	145 166	3 044	7 420 558

Movements in provisions and write-downs - Retail segment

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	Total
ECL 31.12.2020	1 287	2 762	-	4 049
Migration to Stage 1	1 419	-1 419	-	-
Migration to Stage 2	-61	61	-	-
Migration to Stage 3	-1	-	1	-
Changes in ECL for loans which have not migrated	-1 313	1 266	368	321
New loans	1 087	487	-	1 573
Disposal of loans	-519	-480	-	-1 000
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
ECL 30.06.2021	1 898	2 677	369	4 943
Provisions (%) of gross capitalised values	0,03 %	1,84 %	0,00 %	0,07 %
Net change (01.01.2021-30.06.2021)	612	-85	369	895



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