

Annual report 2021



# Content

Key Figures.....	3
Report from the Board of Directors .....	5
Income statement .....	10
Balance sheet .....	11
Statement of changes in equity .....	12
Cash flow .....	13
Note information .....	14
Note 1 – Introduction .....	14
Note 2 – Accounting principles .....	14
Note 3 – Accounting estimates and discretionary assessments .....	17
Note 4 – Risk management and internal control.....	18
Note 5 – Net interest and credit commission income .....	21
Note 6 – Net gain/(loss) and change in value of financial instruments .....	21
Note 7a – Personnel.....	22
Note 7b – Remuneration to executive personnel, the Board and auditors.....	22
Note 8 – Impairment and losses .....	23
Note 9 – Credit risk exposure and collateral .....	27
Note 10 – Risk classification of loans and guarantees.....	28
Note 11 – Loans to customers divided in main segments.....	29
Note 12 – Certificates and bonds measured at fair value .....	29
Note 13 – Debt securities .....	30
Note 14 – Weighted average effective interest rate on financial obligation.....	30
Note 15 – Financial derivatives.....	31
Note 16 – Assets and liabilities that are subject to net settlement.....	32
Note 17 – Classification of financial instruments .....	32
Note 18 – Assets and liabilities measured at fair value.....	33
Note 19 – Assets and liabilities measured at amortised cost.....	34
Note 20 – Capital adequacy .....	34
Note 21 – Liquidity risk – financial obligations .....	35
Note 22 – Interest rate risk – time to rate reset.....	35
Note 23 – Market risk sensitivity by a parallel shift of the yield curve of 1 % .....	36
Note 24 – Maximum credit exposure, not taking collateral into account .....	37
Note 25 – Cover pool.....	37
Note 26 – Related parties .....	38
Note 27 – Tax.....	39
Note 28 – Share capital and shareholders information.....	40
Independent Auditor’s report.....	41

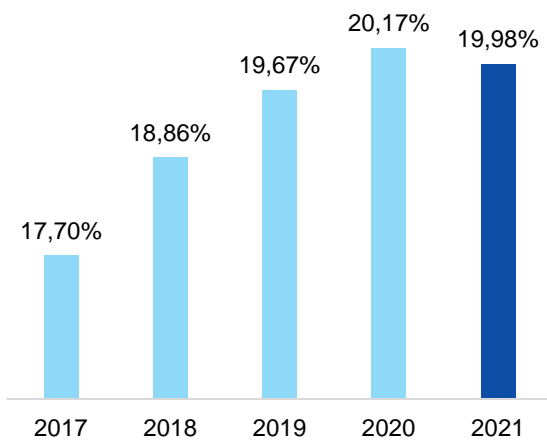
# Key Figures

	2021	2020
<b>Profitability</b>		
1) Profit after tax	146	107
2) Net interest in % of average total assets	0.71 %	0.67 %
3) Profit before tax in % of total assets	0.68 %	0.62 %
4) Cost-to-income ratio <sup>1</sup>	4.9 %	5.2 %
5) Return on equity	7.4 %	7.0 %
<b>Balance sheet</b>		
6) Lending to customers	25 661	23 354
7) Loss in % of gross loans	0.01 %	0.00 %
8) Defaults in % of gross loans <sup>2</sup>	0.00 %	0.00 %
9) Total assets	25 757	23 438
10) Average total assets <sup>3</sup>	24 597	21 885
11) Covered bonds issued	22 270	19 975
12) Overcollateralisation <sup>4</sup>	115.2 %	116.2 %
<b>Solidity</b>		
13) CET 1 Capital ratio	20.0 %	20.2 %
14) T1 Capital ratio	20.0 %	20.2 %
15) Total capital ratio	20.0 %	20.2 %
16) Leverage ratio	7.3 %	7.6 %
17) Liquidity coverage ratio	19568.76 %	2179.60 %
<b>Staffing</b>		
18) Number of permanent employees	0	0

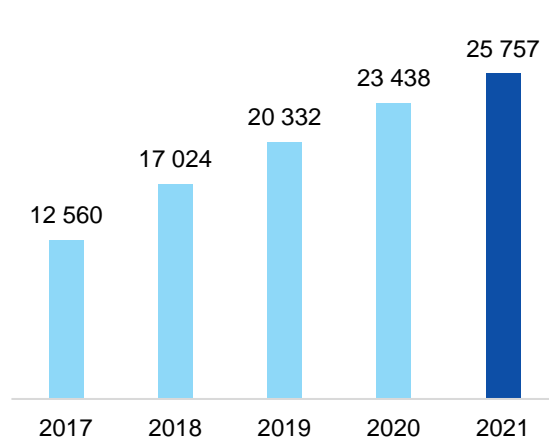
## Definitions

- 1) Sum operating expenses before losses, in % of net income
- 2) Defaulted commitments over 90 days in % of gross loans
- 3) Average total assets per month
- 4) Cover pool in % of issued of cover bonds

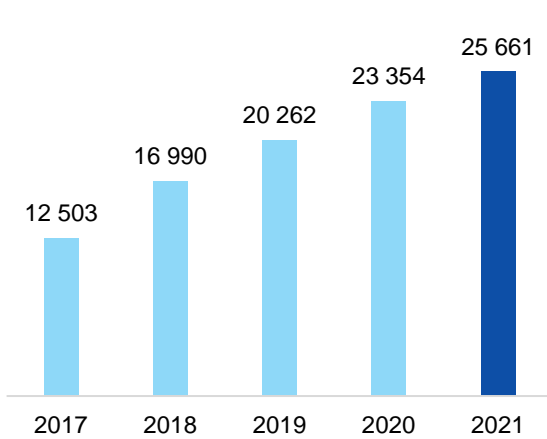
**Total capital ratio**



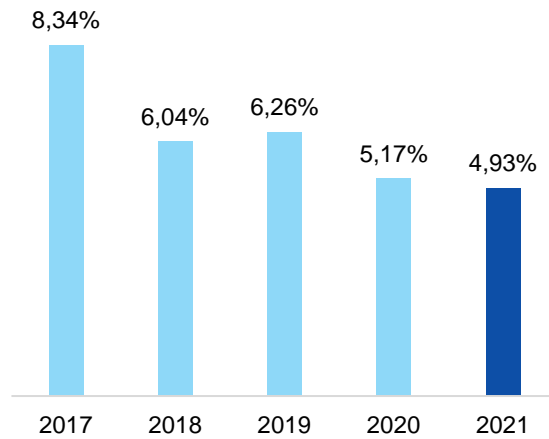
**Total assets (MNOK)**



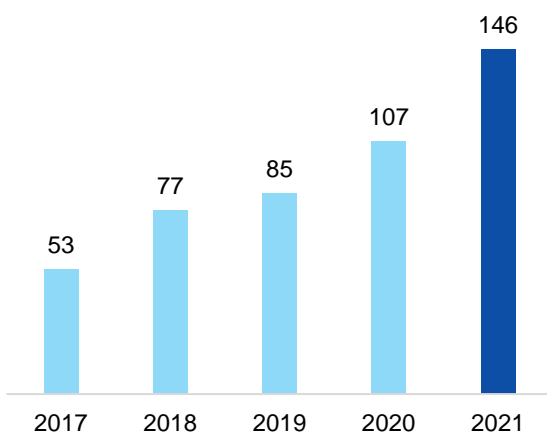
**Lending (MNOK)**



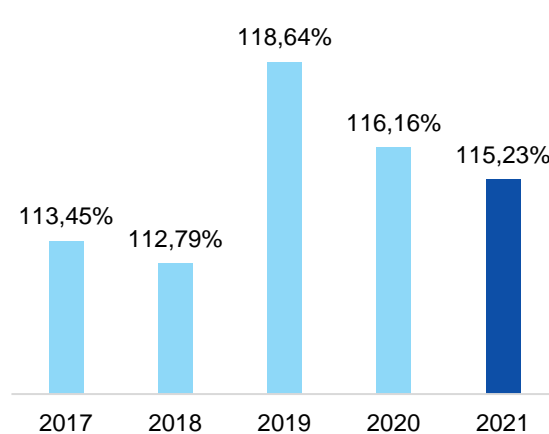
**Cost-to-income ratio**



**Profit after tax (MNOK)**



**Overcollateralisation**







# Report from the Board of Directors

OBOS Boligkreditt AS is a wholly owned subsidiary of OBOS-banken, with registered offices in Oslo. The company started operations in 2016, with 2017 being the first full fiscal year. OBOS Boligkreditt 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 parent bank's funding strategy. The assets consist of home mortgage loans and housing co-operative loans originally underwritten by OBOS-banken.

At year-end 2021 the company's lending to customers totalled NOK 25,661 million. Lending increased 10 % during the year, which amounted to 2,307 million. The full net growth is related to acquired loans from OBOS-banken. All loans are at the time of acquisition secured by residential properties and within 75 % of the property's estimated value.

In 2021 OBOS Boligkreditt issued bonds in a total of NOK 6,750 million through two new issues, one NOK 4,000 million floating rate note (NO0010922842) in February and one NOK 2,750 million floating rate note (N00011160962) in December. The note issued in December was an inaugural green covered bond issue for the company.

One covered bond note of NOK 2,455 million matured during 2021. Liabilities in the form of covered bonds amounted to NOK 22,270 million at year-end 2021, compared with NOK 19,975 million at year-end 2020.

## Rating

Moody's has assigned a Aaa-rating to all covered bonds issued by OBOS Boligkreditt AS.

## Annual Financial Statements

Numbers in brackets refer to the corresponding period last year for comparison.

The company recorded operating profit before loan losses and tax of NOK 172.7 million for the fiscal year 2021 (145.5). Profit after loan losses and tax amounted to NOK 145.5 million in 2021 (106.5).

The company's net interest income amounted to NOK 174.9 million in 2021 (147.1). Total operating expenses amounted to NOK 9.0 million (7.5). Cooperation with OBOS-banken AS is formalised in various agreements to ensure that the company has the required expertise and capacities in operational areas, while at the same time facilitating cost-efficient operations. OBOS Boligkreditt allocated no provisions for individual impairment in 2021. The calculation of expected credit losses (ECL) as defined by IFRS 9 resulted in an increase in impairments of NOK 0.2 million in 2021 (0.4). Profit after tax amounted to NOK 145.5 million in 2021 (106.5).

Total assets at the end of 2021 amounted to NOK 25,757 million compared with NOK 23,438 million at the end of 2020.

Overcollateralisation, calculated as the value of the cover pool relative to the value of outstanding covered bond debt, was 115.2 % as at 31 December 2021 (116.2 %). No substitute assets form part of the cover pool, and the cover pool as such consists exclusively of loans to customers.

OBOS Boligkredit's liquidity portfolio, consisting of Liquidity Coverage Ratio (LCR) eligible assets, amounted to NOK 40.4 million as at 31 December 2021 (30.5).

It is the opinion of the Board of Directors that the presented financial statements provide correct and adequate information about the company's operations and status as at 31 December 2021.

### Capital adequacy

OBOS Boligkredit uses the standard method to calculate capital adequacy. The capital adequacy ratio was 20.0 % as of 31 December 2021 (20.2).

OBOS Boligkredit is required to have a capital adequacy ratio of at least 14.5 %, of which core tier 1 capital must amount to at least 11.0 % of risk weighted assets. The countercyclical buffer is unchanged at 1.0 % since 13 March 2020, however it will increase by 1.0 % in 2022. Systemic risk buffer will also increase by 1.5 % in 2022. OBOS Boligkredit is well capitalized, and the Board also assumes that the parent bank will continue to be ready to increase the company's capital base if this should be necessary.

### Employees and the working environment

The company had no employees in 2021. The managing director as well as other personnel performing services related to accounting and finance in the company are formally employed by the parent bank and hired to carry out work for OBOS Boligkredit. Other resources required to run the company are provided by the relevant departments in OBOS-banken based on SLA-agreements between the company and the parent bank. No serious work accidents or incidents occurred or was reported during the year. The working environment in and around the company is deemed to be good, and the company does not pollute the environment.

OBOS Boligkredit, like all other companies in the OBOS group, must follow the personnel policy for gender equality and commits itself to:

- Provide conditions for all employees and their opportunities for job development
- Work methodically to increase the number of women in senior positions

- Ensure equal opportunities and rights and prevent discrimination due to ethnicity, complexion, language, religion, gender, sexual orientation, age or disability

These principles are also applied to personnel employed on shorter term contracts.

### Risk factors

OBOS Boligkredit is subject to strict regulations and requirements regarding its exposure to credit, liquidity, and market risk. The company's Board has a strong focus on managing, reviewing, and following up of the company's overall risk profile given that a fundamental element of the business is to take risk. One core tenet of the company's risk management is to maintain Aaa long-term rating from Moody's to its issued covered bonds. The Board notes that OBOS Boligkredit has not had significant deviations, losses, or events, and considers that prudent risk management and internal control measures are in place. With all this in mind the Board is of the opinion that the company's overall risk exposure is within the target profile.

The Board reviews the overall framework for risk management annually. The framework is defined through separate risk strategies for each significant risk area. Each strategy is subsequently reviewed by the Board, annually or more frequently if needed. The various strategies form the framework for the company's ICAAP, which is part of the banking group's ICAAP.

OBOS Boligkredit's risk exposure and risk development are followed up by periodic reports to the administration and the Board. In addition to being reviewed in the Board of OBOS Boligkredit itself, the company's business is a topic in the banking group's Board, in light of it being the parent bank's most important source of long-term market funding.

### Credit risk

Credit risk is the risk that a borrower or counterparty will be unable to meet its obligations to OBOS Boligkredit. The company's credit approval framework contains requirements stipulating which loans may be included in the company's loan portfolio. There were no significant changes in the credit risk policy in 2021. Credit risk is the company's most significant risk area. The company's policy calls for a low level of credit risk. The company has a Board-approved framework and procedures for the sale and purchase of loans between the parent bank and OBOS Boligkredit. The company's current credit practice is managed by the parent bank through Service Level Agreements, and is operationalised in the bank's credit policy, as well as established procedures in OBOS Boligkredit.

OBOS Boligkredit's assets exclusively consist of home mortgage loans and loans to housing cooperatives where the outstanding balance on the loan does not

exceed 75 % of the assessed value of the mortgaged property. Retail mortgage loans primarily consist of loans to members of OBOS. Housing cooperative mortgage loans are mostly related to cooperatives where OBOS is the business manager. There were no loans in default at the year end. The Board regards the quality of the lending portfolio as very good.

### Liquidity risk

Liquidity risk is the risk that OBOS Boligkreditt will not be able either to refinance its commitments upon maturity or to finance an increase in its assets on market terms. Norwegian covered bond companies must meet the liquidity requirements introduced for European banks. The Liquidity Coverage Ratio (LCR) was 19,568.76 % as at 31 December 2021 (2,179.6 %).

OBOS Boligkreditt has entered into a Revolving Credit Facility agreement with the parent bank in which the bank will provide liquidity support to ensure payments related to issued covered bonds. Bonds issued by OBOS Boligkreditt have a soft bullet structure in which the company has the option of extending the term of its borrowing by up to 12 months. This right will only be exercised in the event the company were to experience refinancing problems and the parent bank would be unable to provide liquidity support.

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

### Market risk

Market risk is defined as the risk of financial loss as the result of changes in observable market variables such as interest and exchange rates and the prices of financial instruments.

OBOS Boligkreditt has low market risk. All loans the company has issued are running with variable interest rate terms that can be adjusted without notice for housing cooperatives and within six weeks' notice for retail mortgages. The company's covered bonds are mainly floating rate terms. One note of NOK 520 million has fixed rate terms, which has been hedged with an interest swap agreement.

To the extent that OBOS Boligkreditt borrows at fixed rate and or bonds are issued in foreign currency, interest rate risk and currency risk are mitigated by the company entering into swap agreements concurrently with the bonds being issued.

The liquidity portfolio consists of floating-rate instruments, which keeps the market risk of the portfolio low.

### Operational risk

Operational risk is the risk of losses due to inadequate or failing internal processes, human error, system failures or external events. Services covered by the

SLA-agreement include administration, IT operations, and financial and risk management. Although the operational risk of OBOS Boligkreditt is dependent of the parent bank's ability to manage this type of risk, OBOS Boligkreditt independently bear risk associated with errors in the deliveries and services provided by the parent bank.

Operational risk is identified through assessments and management confirmations which are part of the company's internal control and operational risk is assessed on an ongoing basis. Management considers the company's IT systems as central to operations, accounting and reporting of completed transactions, as well as obtaining the basis for important estimates and calculations. OBOS Boligkreditt uses BDO as its internal auditor, and any non-conformities are reported to the Board.

### Business risk / strategic risk

The company is exposed to business risk and strategic risk based on changes in the business cycle or through other major changes in the financial markets, the competitive situation, or the economy.

### Compliance risk

As a licensed entity, OBOS Boligkreditt is highly exposed to compliance risk. Compliance with laws and regulations has the highest attention, at department, management, and Board levels. The company has had a strong focus on establishing all necessary strategies, management documents and procedures that are required and expected by such a company.

### Accounting policies

The annual accounts have been prepared in accordance with simplified IFRS (International Financial Reporting Standards) in accordance with section 3-9 of the Norwegian Accounting Act and the regulations on annual accounts for Banks and Financing Companies § 1-5.

### Going concern

In the Board's view, prerequisites for the going concern assumption exist, and the Board confirms that the 2021 financial statements are prepared on the basis of the "going concern"- assumption.

### Social Responsibility

OBOS Boligkreditt is a wholly owned subsidiary of OBOS-banken AS. The Company adopts all environmental, social and governance (ESG) values and goals implemented by OBOS-banken Group. The bank's parent set lending policies, service and handle all mortgage customer activity of the loans acquired by OBOS Boligkreditt. The bank refers to OBOS-banken Group's Annual Report for information on corporate social responsibility, including greenhouse gas (GHG) emissions reporting, published on the company website obos.no.



## Macroeconomic developments

Norway and international economies experienced strong recovery and growth in 2021 after the economic downturn caused by the pandemic in 2020. Mainland GDP in Norway grew 4.2 % in 2021, a significant rebound from 2020 when the economy contracted by 2.3 %. The growth was fuelled by government expenditure, including on fiscal relief measures for companies and furloughed workers, and a return of household consumption.

Norges Bank, the Norwegian central bank, raised the key policy rate twice in 2021. From 0 per cent to 0.25 per cent in September and again to 0.50 per cent in December. Capacity utilisation in the economy is normalising and the central bank is starting to gradually phase out its powerful pandemic stimulus. The central bank has signalled further interest rate increases in 2022, with three to four rate hikes indicated.

Unemployment levels in Norway have gone down during 2021 following the gradual reopening of society and easing of covid-related restrictions. The number of unemployed as a percentage of the workforce declined from 3.8 per cent in December 2020 to 2.2 per cent in December 2021 according to Norwegian Labour and Welfare Service (NAV).

The housing market was strong in 2021, house prices rose by 5.2 per cent. Norges Bank estimates house price inflation will be moderate in the coming years. This is explained by a gradual increase in interest rates and higher consumption when the consumption pattern normalises after the pandemic. The expected increase in housing investment will also have a dampening effect on house price inflation.

## Future prospects

Before publishing this annual report, Russia has gone to war with and invaded Ukraine. Strong economic sanctions have been imposed on Russia and Belarus. It is uncertain what the long-term economic consequences of the war will be, but it will affect the economic development of the world. The mainland economy in Norway may also be affected, including housing prices, energy prices and the capital market. OBOS Boligkreditt's future level of activity and financial results are therefore indirectly affected by the war.

OBOS Boligkreditt's portfolio has an average loan to value (LTV) ratio at a low 36.7 percent, and no loans are in default. 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. Should house prices decline and LTV ratios rise, replacement loans will be transferred.

The prospects for OBOS Boligkreditt remain stable. Lending margins have increased in 2021 compared to

2020. That, combined with good cost control and a low-risk loan portfolio with low loan losses, has resulted in an increased profitability in 2021. The Board is satisfied with the improvement of the macroeconomic environment and the increased profitability.

## Allocations

The profit after tax amounted to NOK 145.5 million for 2021. The recommendation from the Board of Directors is to allocate the profit to retained earnings.

## Composition of the Board and Corporate Governance

The company's Board consist of the following members:

*Chairman of the Board:* Øistein Gamst Sandlie

*Member of the Board:* Morten Dick

*Member of the Board:* Lars Joachim Weedon Heide

*Member of the Board:* Marianne Aalby

During 2021, the Board held eight meetings. The topics of the meetings have been the company's status and financial development, risk management and internal control, business strategy process and approval of guidelines, procedures, and instructions.

The Board of Directors consists of one woman and three men. Chairman of the Board Øistein Gamst Sandlie is CEO of OBOS Banken.

The Board is covered by liability insurance held by the OBOS Group. The insurance policy covers any legal indemnification the board is held accountable for arising from their current, future, or past actions and or negligence. Furthermore, the insurance policy covers necessary defence costs arising from legal action brought against the board or management. The policy also provides the right to hire an external consultant to implement immediate measures that can prevent any claims which are covered by the insurance policy.

OBOS Boligkreditt's principles for corporate governance are based on the Norwegian accounting law and the Norwegian practice for corporate governance, hereunder the «Norwegian Code of Practice for Corporate Governance" (NUES). OBOS Boligkreditt refers to the OBOS Group's statement on corporate governance in its own annual report, published on the Company's website [www.obos.no](http://www.obos.no). The Board has decided guidelines and strategies to promote the goal of effective management of the company's business relationship. These clarifies the role between the Board and daily management beyond what is provided by the law and provide the basis for how the enterprise's goals are set, achieved, and monitored. The Board evaluates annually its work and its form of work. For statement of the corporate social responsibility (cf. lov om årsregnskap m.v. § 3-3 c), OBOS Boligkreditt refers to the annual report of parent company OBOS Banken.



Oslo, 28 March 2022  
The Board in OBOS Boligkreditt AS  
*This document is signed electronically*

Øistein Gamst Sandlie  
Chairman

Lars Joachim Weedon Heide

Morten Dick

Marianne Aalby

Tore Weldingh  
CEO

# Income statement

In NOK thousand

	NOTE	2021	2020
Interest income calculated using the effective interest method		389 849	453 385
Interest income from instruments using fair value		394	445
Interest expenses calculated using the effective interest method		-202 799	-294 081
Interest expenses from instruments using fair value		-12 584	-12 606
<b>Net interest income</b>	5,26	<b>174 860</b>	<b>147 144</b>
Commission and banking service expenses		-404	-351
<b>Net commission expenses</b>		<b>-404</b>	<b>-351</b>
<b>Net gain/(loss) and change in value of fin. Instruments</b>	6	<b>7 231</b>	<b>6 253</b>
<b>Net operating income</b>		<b>181 687</b>	<b>153 046</b>
Salaries and other personnel cost	7	-183	-183
Administration cost	7	-428	-380
Other operating expenses	26	-8 351	-6 975
<b>Total operating expenses</b>		<b>-8 961</b>	<b>-7 537</b>
<b>Profit before loan losses and taxes</b>		<b>172 726</b>	<b>145 508</b>
Net loan losses	8	3 535	414
<b>Profit before tax</b>		<b>176 261</b>	<b>145 923</b>
Income tax expense	27	-30 738	-39 378
<b>Profit after tax</b>		<b>145 522</b>	<b>106 545</b>
<b>Attributable to</b>			
Retained earnings		145 522	106 545
<b>Total</b>		<b>145 522</b>	<b>106 545</b>

## Statement of comprehensive income

	NOTE	2021	2020
<b>Profit after tax</b>		<b>145 522</b>	<b>106 545</b>
Losses on loans and guarantees, fair value	8	-2 493	704
Income tax expense on items that can be reclassified		-	-155
<b>Items that can be reclassified to profit or loss</b>		<b>-2 493</b>	<b>549</b>
Net change in values from own credit risk		-1 340	-1 880
Income tax expense on items that will not be reclassified		843	414
<b>Items that will not be reclassified to profit or loss</b>		<b>-497</b>	<b>-1 466</b>
<b>Comprehensive income for the periode</b>		<b>-2 990</b>	<b>-917</b>
<b>Total comprehensive income after tax</b>		<b>142 533</b>	<b>105 628</b>
<b>Attributable to</b>			
Retained earnings		142 533	105 628
<b>Total</b>		<b>142 533</b>	<b>105 628</b>

# Balance sheet

In NOK thousand

	NOTE	31.12.2021	31.12.2020
<b>ASSETS</b>			
Loans and receivables to credit institutions	17, 19	14 935	7 127
Loans and receivables to customers	8,10,11,17,19	25 660 744	23 353 909
Certificates and bonds	6,12,17,18	40 411	30 479
Financial derivatives		10 646	40 043
Receivables		-	-
Deferred tax asset	27	3 732	2 413
Other assets	26	26 112	3 844
<b>TOTAL ASSETS</b>		<b>25 756 580</b>	<b>23 437 816</b>
<b>LIABILITIES AND EQUITY</b>			
Loans from credit institutions	13,14,17	1 516 385	1 595 572
Debt securities issued	13,14,17,19	22 294 295	20 037 858
Other liabilities		212	342
Deferred tax		-	-
Tax payable	27	38 413	39 302
<b>TOTAL LIABILITIES</b>		<b>23 849 305</b>	<b>21 673 074</b>
Share capital		131 000	131 000
Share premium		1 369 039	1 369 039
Retained earnings		407 236	264 703
<b>TOTAL EQUITY</b>		<b>1 907 275</b>	<b>1 764 742</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>25 756 580</b>	<b>23 437 816</b>

Oslo, 28 March 2022

The Board in OBOS Boligkreditt AS

*This document is signed electronically*

Øistein Gamst Sandlie  
Chairman

Lars Joachim Weedon Heide

Morten Dick

Marianne Aalby

Tore Weldingh  
CEO

# Statement of changes in equity

In NOK thousand

	Share Capital	Share Premium	Retained earnings	Total equity
<b>Equity as at 01.01.2020</b>	<b>121 000</b>	<b>1 179 039</b>	<b>159 075</b>	<b>1 459 114</b>
Issue of share capital	10 000	190 000		200 000
Result for the period 01.01.2020 - 31.12.2020			106 545	106 545
Losses on loans and guarantees, fair value			704	704
Income tax expense on items that can be reclassified			-155	-155
Net change in values from own credit risk			-1 880	-1 880
Income tax expense on items that will not be reclassified			414	414
<b>Total comprehensive income 01.01.2020 - 31.12.2020</b>			<b>105 628</b>	<b>105 628</b>
<b>Equity as at 31.12.2020</b>	<b>131 000</b>	<b>1 369 039</b>	<b>264 703</b>	<b>1 764 742</b>
Result for the period 01.01.2021 - 31.12.2021			145 522	145 522
Losses on loans and guarantees, fair value			-2 493	-2 493
Net change in values from own credit risk			-1 340	-1 340
Income tax expense on items that will not be reclassified			843	843
<b>Total comprehensive income 01.01.2021 - 31.12.2021</b>			<b>142 533</b>	<b>142 533</b>
<b>Equity as at 31.12.2021</b>	<b>131 000</b>	<b>1 369 039</b>	<b>407 236</b>	<b>1 907 275</b>



# Cash flow

	NOTE	2021	2020
Profit before tax		176 261	145 923
Interest income calculated using the effective interest method	5	-389 849	-453 385
Interest payments from customers and credit institutions		388 046	459 315
Loans to customers transferred from parent company		-2 303 996	-3 097 138
Payment on certificates and bonds		-9 932	-
Interest from certificates and bonds/bond funds		36 376	-28 038
Other net gain/(loss) on derivatives	6	-29 145	34 291
Payment for other assets		7 117	-36 673
Payment for other debt		-107	234
Net gain/(loss) on financial instruments	6	-7 231	-6 253
Net loan losses		-1 036	-1 123
Paid taxes		-32 103	-23 468
Change in accrued interests		6 311	-26 421
Change in other accruals		-9	47
Net new lines of credit	26	-79 187	-149 795
<b>(A) Net cash flow from operating activities</b>		<b>-2 238 484</b>	<b>-3 182 485</b>
Payments related to acquisition of shares and securities		-	-
<b>(B) Net cash flow from investment activities</b>		<b>-</b>	<b>-</b>
Debt securities issued	13	6 701 292	5 004 345
Repayment of covered bonds	13	-4 455 000	-2 045 000
Issue of share capital		-	200 000
<b>(C) Net cash flow from financing activities</b>		<b>2 246 292</b>	<b>3 159 345</b>
<b>(A) + (B) + (C) Net cash flow for the period</b>		<b>7 808</b>	<b>-23 140</b>
Cash and cash equivalents at beginning of period		7 127	30 267
Cash and cash equivalents at end of period		14 935	7 127
<b>Net change in cash and cash equivalents</b>		<b>7 808</b>	<b>-23 140</b>
<b>Liquidity reserves specified</b>			
Loans and receivables to credit institutions <sup>1</sup>		14 935	7 127
Cash and cash equivalents		<b>14 935</b>	<b>7 127</b>

1) Hereof 0,8 NOK thousand in restricted deposits.

# Note information

## 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.

The company is included in the consolidation of the OBOS Group and the sub-group OBOS-banken. The annual accounts for 2021 were approved by the Board on 25 March 2022 and published the same day. The consolidated accounts can be obtained at Hammersborg torg 1.

## Note 2 – Accounting principles

### 2.1 General

The financial statements of the Company are prepared in accordance with regulations on annual accounts for Banks, Mortgage companies and Financial institutions. The company has prepared company accounts in accordance with § 1-4 (b) of the regulations..

The following simplification from IFRS has been applied: IAS 10 no. 12 and 13 and IAS 18 no. 30, dividends and group contributions are accounted for in accordance with the provisions of the Norwegian Accounting law (NGAAP)

### 2.2 Currency

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

Foreign currency monetary items are converted at the balance sheet date exchange rate. The effect of changes in exchange rates is recognised on the income statement. Foreign currency transactions are recorded initially at the rate of exchange at the date of the transaction.

### 2.3 Financial instruments

Financial assets and liabilities are recognised in the balance sheet on the date when OBOS Boligkreditt becomes a party to the contractual provisions of the instrument. Purchase of financial instruments are recognised at the trade date.

Financial assets are derecognised at the time the actual risk related to the assets has been transferred and the control of the rights to the asset has ended or expired.

Financial liabilities are derecognised when the obligation under the liability is settled, cancelled or expired. Upon repurchase of own bonds, the repurchased bonds are derecognised with the result of difference between the consideration and the book value of the bond.

#### 2.3.1 Classifications

According to IFRS 9 financial instruments are to be classified into the following categories:

Financial assets:

- fair value through profit or loss
- amortised cost
- fair value through other comprehensive income (OCI)

Financial liabilities:

- amortised cost
- fair value through profit or loss

The classification of the financial asset depends on how the assets are managed and whether contractual cash flow are solely payments of principal and interest.

Note 17 provides an overview of the classification of the financial instruments in OBOS Boligkreditt.

##### 2.3.1.1 Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities classified for recognition at fair value through profit or loss are recognised at fair value in the balance sheet at the time of the transaction. Transaction cost are recognised in the income statement. Financial assets and liabilities are classified at fair value with changes in profit or loss in order to significantly reduce inconsistency in measurement (accounting mismatch). The most important reason why an accounting mismatch would otherwise arise is that all financial derivatives are to be measured at fair value and that these are mainly used for financial hedging of market risk for the bank's fixed-rate borrowing.

OBOS Boligkreditt has the company's bonds and financial derivatives in this category. The company has a liquidity portfolio invested in interest-bearing bond and financial derivatives, in addition to deposits. Investments in interest-bearing securities are valued on a fair value basis and is managed in accordance to the investment strategy. A description of the financial

instruments recognised at fair value is presented in note 17.

### **2.3.1.2 Loans and Receivables valued at amortised cost**

Loans and receivables valued at amortised cost are initially recognised on the balance sheet at fair value, including transaction cost. Subsequently the instruments are measured at amortised cost where the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

A description of the financial instruments recognised at amortised cost is presented in note 19.

### **2.3.1.3 Loans and Receivables valued at fair value through OCI**

According to IFRS 9, loans and receivables from customers have been classified at fair value in the balance sheet, and changes in value are recognised in comprehensive income (OCI). The company has a business model where the objective for realising these assets is both collecting contractual cash flows and selling these assets. These assets are measured at fair value through OCI (FVOCI) according to IFRS 9.

## **2.3.2 Measurement**

### **2.3.2.1 Measurement at fair value**

Fair value of financial instruments traded in active markets is determined at the end of the reporting period with reference to market prices or rates from traders of financial instruments, without deduction of transaction costs. The market is active if it is possible to obtain external observable prices, rates or interest levels, and these prices represent actual and frequent market transactions. When measuring interest on items classified at fair value, contractual interest is applied.

For financial instruments not traded on an active market, fair value is determined applying a suitable valuation method. Such valuation methods include:

- Recent market transactions at arm's length between well-informed and voluntary parties, if available
- Reference to current fair value for another instrument that is practically identical
- Discounted cash flow calculation or other valuation models

OBOS Boligkreditt AS apply the following classification of levels when assessing fair value (see note 18).

*Level 1:* Market price (not adjusted) listed in an active market for identical assets or liabilities. OBOS Boligkreditt has no instruments at level 1 as of 31.12.2021.

*Level 2:* Market price (not listed), observable for assets or liabilities, either directly or indirectly. Fair value of

bond funds/bonds is based on net asset value obtained from relevant providers in the market.

*Level 3:* If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for loans and receivables to customers at fair value in OBOS Boligkreditt AS.

### **2.3.2.2 Measurement at amortised cost**

Financial instruments not measured at fair value are measured at amortised cost. Financial assets and liabilities measured at amortised cost are initially recognised on the balance sheet at fair value, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method. Interest on assets and liabilities classified at amortised cost is recognised in the income statement.

### **2.3.2.3 Impairment of financial assets**

The principles in IFRS 9 relating to impairment of financial instruments are based on the approach that a provision shall be made for expected credit losses (ECL). OBOS Boligkreditt assess on a forward-looking basis the ECL associated with its assets carried at FVOCI. The IFRS 9 standard outline a three-stage model for impairment based on changes in credit quality since initial recognition. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. At initial recognition, and if credit risk has not increased significantly, provision will be made for 12 month expected loss (stage 1). If the credit risk had increased significantly after initial recognition, but there is no objective evidence for loss, provision will be made for lifetime ECL (stage 2). If the financial asset is considered credit-impaired the assets is moved into stage 3. Interest revenue is calculated by using the effective interest method. For assets in stage 1 and stage 2 this is calculated applying the effective interest to the gross carrying amount of the financial asset. For assets that are credit impaired and hence in stage 3, the EIR is applied to the amortised cost (i.e. Gross carrying amount minus loan loss provision).

The balance sheet item "loans and receivables to credit institutions" consists of deposits in DNB and the parent company. ECL for such balance sheet items is estimated to zero.

The bank's PD/LGD model was updated during the fourth quarter of 2021. The updated model takes into account the effect of Circular 4/2020 (identification of defaulted exposures), as well as a number of changes to the model's parameters in order to ensure the model takes into account forward looking information as

required by the existing framework. The bank's macro criteria with respect to loss provisioning use the expected value of an optimistic, pessimistic and normal scenario. The criteria have not been updated since the outbreak of the corona pandemic.

From 01.01.2021, the group has implemented a new default definition in accordance with EBA's guidelines where a loan will be considered defaulted if the claim is due for more than 90 days and the amount is significant (default), or it is likely that the borrower will not meet its obligations ("unlikeliness to pay"). The guidelines stipulate quarantine periods before defaulted loans can be declared healthy, specify the 90-day limit, and stipulate which criteria must be considered as a minimum to define "unlikeliness to pay".

#### 2.3.2.4 Grouping of financial assets

OBOS Boligkreditt has grouped instruments with corresponding credit risk characteristics in two portfolios;

1. Mortgage loans to the private market. Calculation of provision in this portfolio is based on the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).
2. Secured loans to housing co-operatives. Calculation of provision in this portfolio is based on a simplified loss ratio approach.

#### 2.3.2.5 Significant increase in credit risk

An important factor for the size of the impairments after IFRS 9 is the incident(s) leading to the transition of an asset from stage 1 to stage 2. OBOS Boligkreditt has identified such incidents that significantly increases credit risk as follows;

1. An increase in the PD with a factor of 2.5 since the last period of measurement, given that the PD at the time of reporting is over 0.6%
2. Assets on "watch list"
3. Number of days in arrears exceeding 30 days

Loan in arrears over 60 days and LTV over 60 % with individual write downs according to internal guidelines, are transferred to stage 3. Loans in arrears over 90 days will be transferred to stage 3. The company has maintained the presumption in the standard that there is a significant increase in credit risk if the contractual cash flows are more than 30 days overdue and that there is a default in contractual cash flows when they are more than 90 days overdue.

The company defines low risk assets as mortgage loans to the private market with a PD lower than 0.6 %. Provisions for assets with a lower PD than 0.6 % is calculated for 12 months expected loss (stage 1) regardless if the increase in PD is 2.5.

Assets in stage 2, where the PD decreases back to a level consistent with 12 month provisions, are subject to a cure period of three months.

#### 2.3.2.6 Incorporation of forward-looking information

The company incorporates forward-looking information into measurement of ECL. OBOS Boligkreditt incorporates a qualitative assessment of development in macroeconomic variables across three scenarios in the measurement of ECL; base, lower and upper. The variables are BNP for mainland Norway, employment growth, wage increase, disposable real income, unemployment, three months NIBOR, mortgage rate on credit lines, the development in housing prices, new housing investments, debt growth, and population growth.

The following factors for outcome and probabilities have been used for both portfolios per 31 December 2021:

	Factor	Probability
Base scenario	100 %	80 %
Lower scenario	200 %	10 %
Upper scenario	50 %	10 %

For information on effects of incorporated forward-looking macro information on loss provisions, see note 8.

### 2.3.3 Presentation of financial assets and liabilities

#### 2.3.3.1 Loans and receivables

All loans and receivables to customers are presented in the balance sheet as "Loans and receivables to customers". Changes in value attributable to write-downs of loans are included in "Net loan losses".

#### 2.3.3.2 Loans from credit institutions

Loans from credit institutions are carried at amortised cost. Interest expense is included in "Interest expenses calculated using the effective interest method".

#### 2.3.3.3 Certificates and bonds

This category includes certificate- and bond funds recognised at fair value. Interest income is included in "Interest income, fair value". Other value changes are a part of "Net gain/(loss) on change in value of financial instruments".

#### 2.3.3.4 Debt securities issued

This category includes bond debt that initially were recognised on the balance sheet at fair value, adjusted for any transaction costs, and subsequently at amortised cost in accordance with the effective interest rate method.



### 2.3.3.5 Derivatives

Derivatives are recorded at fair value at the time the derivative contracts are entered into and are recognized at fair value through profit or loss subsequently. 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 applies 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".

### 2.3.3.6 Net presentation of assets and liabilities

Financial assets and liabilities are offset, and the net amount reported in the balance sheet if the instruments have a legally enforceable right to be offset at their recognised amounts and intends to be settled on a net basis or realised and settled simultaneously.

## 2.4 Revenue recognition / expense

### Interest income and interest expense

Interest income- and expenses from assets and liabilities measured at amortised cost are recognised using the effective interest rate method. All fees connected to interest bearing loans are included in the calculations of effective interest rate and is subject to amortisation over the expected lifetime of the asset or liability. Effective interest income method is applied for interest income stemming from impaired assets. In case of buyback of issued bonds that are measured at amortised cost, profit / loss is recorded at the transaction date.

Interest income on loans at amortised cost and FVOCI, and interest expense on financial liabilities held at amortised cost are calculated using the effective interest method. This implies that interest is recorded when incurred, with the addition of amortized fees which are regarded as an integral part of the effective interest rate. The effective interest rate is set by discounting contractual cash flows based on the expected life of the asset.

### Commissions and fees

Commissions are recorded in accordance with the matching principle. Fees related to interest bearing instruments are not recorded as commissions but are an integral part of the effective interest rate.

### Net gain/(loss) and change in value of financial Instruments

Changes in value of bond funds and bonds are accounted for in this category.

### Other operating expenses

Operating expenses are accrued and expensed within the accounting period. Operating expenses includes administration cost, group overhead and other operating expenses.

## 2.5 Taxes

Taxes in the income statement includes both tax payable for the period and net change in deferred tax. Deferred tax in the balance sheet is net differences between accounting and tax values on assets and liabilities. Tax-reducing temporary differences are reversed against tax-increasing temporary differences in the same period.

The deferred tax asset is capitalised based on expectations of taxable income through future earnings.

Deferred tax and deferred tax assets are presented as net values in the balance sheet.

## 2.6 Other liabilities

Accounts payable and other short-term liabilities in the balance sheet are reported at nominal value on the date of establishment and are not subject to changes in value stemming from interest rate changes.

## 2.7 Other commitments

OBOS Boligkreditt will establish an allowance for any legal requirements, improvements or restructuring if the three following criteria are met:

1. There is an obligation arising from past events
2. It is probable that the commitment will be settled
3. A reliable estimate of the commitment amount can be made

Allowances are calculated as the present value of expected payments required to meet the obligation.

## 2.8 New and amended standards and interpretations

No other approved standards and interpretations, which have not entered into force, are expected to have a significant impact on OBOS Boligkreditt's accounts.

## 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.

#### **Fair value measurements**

OBOS Boligkreditt estimates the fair value of their financial instruments, which are not listed in an active market, through the application of valuation techniques which can involve the exercise of significant judgement in relation to the choice of the valuation models, pricing inputs as described in note 18 and the accounting principles. The credit institution's choice of method and associated assumptions are based on market conditions at the balance sheet date. Financial instruments comprise the credit institutions holdings of bond funds. Impairment of financial assets

According to IFRS 9 one shall recognise a loss allowance for expected credit losses on a financial asset that is measured at amortised cost or FVOCI. The measurement of ECL involves complexity and judgement, including estimation of probabilities of default (PD), loss given default (LGD), estimation of exposures at default (EAD) and assessing significant increases in credit risk. In addition, adjustments is needed to take into account a range of unbiased future economic scenarios.

## **Note 4 – Risk management and internal control**

### **4.1 Guidelines and basis for risk management in OBOS Boligkreditt**

OBOS Boligkreditt's risk management includes identification, measurement and assessment of all risks that may affect the company's objectives. The overall purpose of risk management is to ensure that the company achieves the stated goals, ensure efficient operations, managing risks that can hinder achievement of business goals, ensure internal and external reporting of high quality, and ensure that the company operates in accordance with current laws, rules and internal guidelines.

The Board of OBOS-Banken has defined the overall risk management and internal control guidelines applicable to the entire group, including OBOS Boligkreditt. The Board of OBOS Boligkreditt has also defined its own strategies and guidelines. The company shall have a low risk in its operations. This means undertaking risks that are understood, can be monitored, and that will not harm the Group's reputation. Earnings should be a result of the company's lending business and financing in the covered bonds market. The risk profile is an expression of how much risk the company is willing to undertake and thus lay the foundation for its operations.

The Board of OBOS Boligkreditt shall ensure that risks are kept within the agreed risk profile, and in accordance with decided strategies and guidelines. The Board has the overall responsibility to ensure that the company has sufficient capital adequacy based on its risk exposure and ensure that the company is capitalised in terms of regulatory requirements. The Board will further ensure that risk management and internal control are sufficiently robust and in compliance with laws and regulations, statutes, orders, external and internal guidelines. Further, the Board determines strategies and guidelines for risk management within defined risk areas. The Board revises the strategies regularly, at least annually.

The administration's task is to adapt the business to the risk profile decided by the Board and facilitate a result that corresponds to the Board's performance targets. The CEO is responsible for the establishment of sound risk management and internal control based on strategies and guidelines established by the Board. Further, the CEO is responsible for establishing a robust control environment, to continuous follow-up of changes in the company's risks, and to see that these are properly taken care of in accordance with the Board's guidelines. The CEO also ensures that risk management and internal control are documented in accordance with laws, rules, regulations and statutes. This includes an annual review of the overall risk situation, which is presented the Board. The CEO is outsourced from OBOS-Banken AS.

The risk management function is independent and shall not be involved in the performance of services and activities being controlled. The risk management function is responsible for monitoring the overall risk situation and the framework for risk management, including internal control and aggregation of risk. Risk management is furthermore responsible for controlling the risk strategy and other risk management guidelines, further developing methods and tools associated with risk management, as well as responsibility for ICAAP. ICAAP is implemented as part of the banking group's process.

The compliance function is also independent and not involved in the performance of services and activities being controlled. The compliance function controls that the company fulfil its obligations in accordance with the regulations, conducts regular checks that internal guidelines, procedures and measures are sufficiently effective, consider any measures that must be implemented to remedy non-compliance with the regulations, ensure that relevant changes in the regulations are captured and that the changes within reasonable time before they come into force, is known. The compliance function provides further advice and guidance on obligations under the regulations. When introducing new products or significant changes in organization, routines and similar events, the compliance function considers the changes in the light

of the regulations. The risk management function and the Compliance function are also outsourced from OBOS-Banken AS

The Internal Audit performs systematic risk assessments and inspections of the internal control system to ensure that it works in an appropriate and satisfactory manner, and that it operates independently of the administration. Internal auditor has the right to attend Board meetings. Internal auditors prepare annual plans based on their own risk assessment and carry out projects that are regularly reported to the Board. Internal audit is outsourced to BDO AS.

## 4.2 Identified risk areas

OBOS Boligkreditt has decided an overall risk strategy that provides a description of the entire company's risk management and risk profile. For the most important risk areas, individual strategy papers have been created. In addition, it is implemented an overall management and control strategy.

### 4.2.1 Credit risk

Credit risk is defined as the risk of loss resulting from OBOS Boligkreditt's customers and other counterparties not fulfilling their obligations. The credit risk area includes counterparty risk, impairment and concentration risk. These risks are considered both at a portfolio level and at an individual level. OBOS Boligkreditt has defined low appetite for credit risk and has a conservative lending policy, which is based on OBOS-banken's lending policy. The Board approves the credit strategy, and this is assessed annually.

The company has Board-approved frameworks and procedures for buying and selling loans between the parent bank and the company. The company's current credit practices are managed by the parent bank through an SLA agreement, and are operationalized in the bank's credit manual, as well as in established procedures in the company. Specific limits on the debt-serving ability and debt-serving will are established in the credit manual. Loans are granted only to customers with proven ability and willingness to pay. The customer shall be able to service his debt with current income / earnings. Loans must have satisfactory security and be within an approved internal framework.

OBOS Boligkreditt uses the standard method for calculating the required capital adequacy for the credit risk. In addition to regulatory minimum targets, the company's capital adequacy must include a buffer that corresponds to the company's accepted risk tolerance and is in line with the supervisory practices defined by the Norwegian Financial Supervisory Authority. OBOS Boligkreditt offers mortgage loans to the private market and housing cooperatives. A restrictive lending policy and thorough knowledge of the customers and their businesses contribute to low credit risk for OBOS Boligkreditt.

### 4.2.2 Liquidity risk

Liquidity risk is the risk that OBOS Boligkreditt is unable to meet its maturing obligations and the risk that the company cannot meet its liquidity obligations without increasing its cost dramatically. Liquidity is crucial for financial activities, but this risk category will often be conditional upon other events, internal or external, causing concern for the company's ability to meet its obligations.

The liquidity risk framework is included in OBOS Boligkreditt's Liquidity and Financing Strategy, which is revised as needed and at least annually. OBOS Boligkreditt's liquidity risk must be low. The CEO has an executive role in liquidity management.

To ensure timely payment to covered bonds owners, a revolving credit facility has been established between OBOS-Banken AS and OBOS Boligkreditt AS. OBOS-Banken AS guarantees for OBOS Boligkreditt's payment obligations over the next 12 months. Issued covered bonds also have 12 months soft bullet that provides a one-sided right to extend the agreed maturity. This right could be used if the company would have difficulty refinancing itself at ordinary maturity and if the parent bank is unable to provide liquidity support. Loans purchased from OBOS-Banken AS, which are not yet included in a portfolio funded by covered bonds issued, and loans that serve as over-indebtedness, are funded through a revolving credit facility in OBOS-Banken by equity. The long-term overdraft facility was NOK 3.00 billion at the end of 2021.

### 4.2.3 Market risk

Market risk is the risk of loss or reduced future earnings due to changes in market prices or market rates. The risk arises mainly in connection with investments in securities and because of lending activities through the issuance of securities.

OBOS Boligkreditt has defined low appetite for market risk in the business. OBOS Boligkreditt does not take currency risk and equity risk. The market risk strategy contains defined frames. The strategy is decided by the Board and gives the overall direction of the activity in the capital market.

### 4.2.4 Operational risk

Operational risk is the risk of loss due to insufficient or failing internal processes or systems, human errors, or external events. Operational risk also includes compliance risk, which is the risk of loss caused by breach of laws and regulations or equivalent obligations, as well as legal risk. This is a risk that often arises from issues relating to documentation and interpretation of contracts.

OBOS Boligkreditt has defined low appetite for operational risk in the business. Measures that are of a preventive and risk-reducing nature are central and help

reduce the risk either by reducing the number of events with a loss or by reducing loss per. event.

#### **4.2.5 Climate risk**

The bank conducts an annual climate risk analysis, which considers both physical climate risk and transition risk, based on the recommendations from the Task Force on Climate-Related Disclosures (TCFD). The climate risk in OBOS Boligkredit's loan portfolio is assessed as low. This year's analysis indicated some physical risk associated with impairment of collateral due to changing climate and moderate transition risk due to changing regulations, requirements, and expectations in the market. The opportunities identified mainly related to better reputation and to a greater extent provide loans for measures that reduce homes' physical climate risk. The company has so far not seen a need to set exclusion requirements as the portfolio is mainly linked to existing buildings, and more emission-

intensive industries (such as oil, coal and mining) which are outside the company's business area. The focus has instead been on advising and raising awareness in order to reduce the risk in the portfolio. In 2021, a project was initiated to include ESG risk, including climate risk, in credit assessments of housing cooperatives. The project will provide better insight into how the business is exposed to climate risk in the future.

#### **4.2.6 Business risk / strategic risk**

Business risk is the risk associated with fluctuations in earnings due to changes in external conditions such as the market condition, changes in regulations or loss of revenue due to impaired reputation. The handling of OBOS Boligkredit's business risk is primarily through the strategy process and ongoing work to preserve and improve the company's reputation.



## Note 5 – Net interest and credit commission income

In NOK thousand

	2021	2020
Interest and similar income from loans to credit institutions, amortised cost	24	78
Interest and similar income from loans to customers, amortised cost	389 805	453 211
Other interest and similar income, amortised cost	20	96
<b>Total Interest income calculated using the effective interest method</b>	<b>389 849</b>	<b>453 385</b>
Interest and similar income from certificates and bonds, fair value	394	445
<b>Total Interest income, fair value</b>	<b>394</b>	<b>445</b>
Interest and similar expenses from loans to credit institutions, amortised cost	-16 595	-17 024
Interest and similar expenses of issued securities, amortised cost	-183 221	-274 231
Other interest and similar expenses, amortised cost	-2 983	-2 826
<b>Total Interest expenses calculated using the effective interest method</b>	<b>-202 799</b>	<b>-294 081</b>
Interest and similar expenses of issued securities, fair value	-12 584	-12 606
<b>Total Interest expenses, fair value</b>	<b>-12 584</b>	<b>-12 606</b>
<b>Net interest and credit commission income</b>	<b>174 860</b>	<b>147 144</b>

## Note 6 – Net gain/(loss) and change in value of financial instruments

In NOK thousand

	2021	2020
Net gain/(loss) and change in value on certificates and bonds	-205	-150
Net interest income on derivatives <sup>1</sup>	7 965	5 609
Other net gain/(loss) and change in value on derivatives	-29 145	34 291
Net gain/(loss) and change in value on fixed rate covered bonds <sup>2</sup>	28 616	-33 497
<b>Net gain/(loss) and change in value of financial instruments</b>	<b>7 231</b>	<b>6 253</b>

1) Net interest income (expenses) from derivatives that have been entered into as hedging agreements against the ordinary portfolios of OBOS Boligkreditt'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 Boligkreditt 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 Boligkreditt's result and transferred to the Group is 1.3 million Norwegian kroner on 31 December 2021.

## Note 7a – Personnel

OBOS Boligkreditt had no employees in 2021. The managing director as well as other services are formally employed by the parent bank and hired to carry out work for OBOS Boligkreditt.

## Note 7b – Remuneration to executive personnel, the Board and auditors

In NOK thousand

### Remuneration to executive personnel

The company's general manager is hired from OBOS-banken AS (equivalent to a 50% position). Salary for management have been invoiced from the parent company OBOS-banken AS to OBOS Boligkreditt AS amounting to NOK 0.8 million for the fiscal year 2021.

<b>Fees to the Board</b>	<b>2021</b>	<b>2020</b>
Øistein Gamst Sandlie - chairman of the board from June 2021	-	-
Marit Sigrid Middtun - chairman of the board to June 2021	-	-
Morten Dick - board member	-	-
Eva Marianne Aalby - board member from July 2020	-	-
Lars Joachim Weedon Heide - board member from May 2021	-	-
Svein Haugsvold - board member to May 2021	160	160
<b>Total Fees</b>	<b>160</b>	<b>160</b>

<b>Remuneration to the auditor</b>	<b>2021</b>	<b>2020</b>
Statutory audit	98	128
Remuneration for other services	76	98
<b>Total Remunerations</b>	<b>173</b>	<b>226</b>

## Note 8 – Impairment and losses

In NOK thousand

### 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
<b>Gross carrying amount 31.12.2020</b>	<b>22 958 022</b>	<b>398 649</b>	<b>-</b>	<b>23 356 671</b>
Migration to Stage 1	244 030	-244 030	-	-
Migration to Stage 2	-31 153	31 153	-	-
Migration to Stage 3	-12 225	-21 135	33 361	-
Changes in carrying amount which have not migrated	-833 217	-1 923	-724	-835 864
New loans	6 298 032	10 993	-	6 309 025
Disposal of loans	-3 061 130	-106 232	-	-3 167 362
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
<b>Gross carrying amount 31.12.2021</b>	<b>25 562 358</b>	<b>67 475</b>	<b>32 637</b>	<b>25 662 470</b>

### Impaired loans broken down by collateral

	31.12.2021		31.12.2020	
	Amount	%	Amount	%
Secured loans	32 637	22,1 %	-	0,0 %
<b>Total</b>	<b>32 637</b>	<b>22,1 %</b>	<b>-</b>	<b>0,0 %</b>

OBOS Boligkreditt AS has no expected loans in stage 3 where no write-downs have been made due to the value of the collateral, the corresponding figure for 2020 was 0 million.

### Movements in provisions and write-downs

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
<b>ECL 31.12.2020</b>	<b>4 377</b>	<b>2 762</b>	<b>-</b>	<b>7 140</b>
Migration to Stage 1	1 819	-1 819	-	-
Migration to Stage 2	-21	21	-	-
Migration to Stage 3	-3	-60	63	-
Changes in ECL for loans which have not migrated	-343	-42	28	-357
New loans	2 724	6	-	2 730
Disposal of loans	-1 001	-697	-	-1 698
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-5 668	695	763	-4 211
Other changes	-	-	-	-
<b>ECL 31.12.2021</b>	<b>1 884</b>	<b>866</b>	<b>854</b>	<b>3 605</b>
Provisions (%) of gross capitalised values	0,01 %	1,28 %	2,62 %	0,01 %
<b>Net change (01.01.2021-31.12.2021)</b>	<b>-2 493</b>	<b>-1 896</b>	<b>854</b>	<b>-3 535</b>

#### Estimated Stage 1 losses on assets measured at fair value

The table below show changes in fair value and expected losses on loans to customers measured at fair value through profit or loss, which are reversed over other comprehensive income.

	Stage 1	Stage 2	Stage 3	Total
Opening balance	4 377	-	-	4 377
Net change in expected losses	-2 493		-	-2 493
Closing balance	1 884	-	-	1 884

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

#### Effects of forward-looking macro information on loss provisions

The table below show the effect of forward-looking macro information on calculated loan loss provision. The base scenario shows loss provision before recognition of forward-looking macro information.

	31.12.2021	31.12.2020
Expected loss total	3 605	7 140
Base scenario	2 077	4 615
Effect of forward-looking macro information	1 528	2 524

#### 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	-595 845	-	-	-595 845
New loans	2 508 358	-	-	2 508 358
Disposal of loans	-1 424 746	-	-	-1 424 746
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 31.12.2021	17 079 979	-	-	17 079 979

**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	
	Stage 1	Stage 2	Stage 3	Total
<b>ECL 31.12.2020</b>	<b>3 091</b>	-	-	<b>3 091</b>
Migration to Stage 1	-	-	-	-
Migration to Stage 2	-	-	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL for loans which have not migrated	-35	-	-	-35
New loans	142	-	-	142
Disposal of loans	-81	-	-	-81
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
<b>ECL 31.12.2021</b>	<b>3 117</b>	-	-	<b>3 118</b>
Provisions (%) of gross capitalised values	0,02 %	0,00 %	0,00 %	0,02 %
<b>Net change (01.01.2021-31.12.2021)</b>	<b>26</b>	-	-	<b>27</b>

**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
<b>Gross carrying amount 31.12.2020</b>	<b>6 365 809</b>	<b>398 649</b>	-	<b>6 764 458</b>
Migration to Stage 1	244 030	-244 030	-	-
Migration to Stage 2	-31 153	31 153	-	-
Migration to Stage 3	-12 225	-21 135	33 361	-
Changes in carrying amount which have not migrated	-237 372	-1 923	-724	-240 018
New loans	3 789 674	10 993	-	3 800 667
Disposal of loans	-1 636 384	-106 232	-	-1 742 615
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
<b>Gross carrying amount 31.12.2021</b>	<b>8 482 379</b>	<b>67 475</b>	<b>32 637</b>	<b>8 582 491</b>



**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
<b>ECL 31.12.2020</b>	<b>1 287</b>	<b>2 762</b>	<b>-</b>	<b>4 049</b>
Migration to Stage 1	1 818,66	-1 819	-	-
Migration to Stage 2	-21	21	-	-
Migration to Stage 3	-3	-60	63	-
Changes in ECL for loans which have not migrated	-308	-42	28	-322
New loans	2 582	6	-	2 588
Disposal of loans	-921	-697	-	-1 617
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-5 668	695	763	-4 211
Other changes	-	-	-	-
<b>ECL 31.12.2021</b>	<b>-1 233</b>	<b>866</b>	<b>854</b>	<b>487</b>
Provisions (%) of gross capitalised values	-0,01 %	1,28 %	0,00 %	0,01 %
<b>Net change (01.01.2021-31.12.2021)</b>	<b>-2 519 -</b>	<b>1 896</b>	<b>854</b>	<b>-3 562</b>

## Note 9 – Credit risk exposure and collateral

In NOK thousand

	31.12.2021		31.12.2020	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
<b>Loan-to-value, secured loans</b>				
0 % - 40 %	45 %	3 833 397	47 %	3 173 901
40 % - 60 %	34 %	2 882 786	29 %	1 988 113
60 % - 75 %	19 %	1 602 367	16 %	1 112 826
75 % -80%	1 %	57 515	2 %	111 690
80 % - 90 %	1 %	72 706	2 %	132 197
90 % - 100 %	0 %	30 852	1 %	90 277
>100 %	1 %	102 867	2 %	155 454
<b>Residential mortgages, secured by fixed property</b>	<b>100 %</b>	<b>8 582 491</b>	<b>100 %</b>	<b>6 764 458</b>
<b>Housing co-operatives, secured by fixed property</b>				
0 % - 40 %	75 %	12 858 779	78 %	12 948 965
40 % - 60 %	23 %	3 939 171	21 %	3 528 548
60 % - 80 %	2 %	282 029	1 %	114 700
80 % - 90 %	0 %	-	0 %	-
90 % - 100 %	0 %	-	0 %	-
>100 %	0 %	-	0 %	-
<b>Housing co-operatives, secured by fixed property</b>	<b>100 %</b>	<b>17 079 979</b>	<b>100 %</b>	<b>16 592 213</b>
<b>TOTAL LOANS TO CUSTOMERS, SECURED</b>		<b>25 662 470</b>		<b>23 356 671</b>

	31.12.2021		31.12.2020	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
<b>Loan-to-value, residential mortgage (relative distribution)</b>				
0% - 85 %	98 %	8 410 398	96 %	6 468 519
85 % - 100 %	1 %	69 225	2 %	140 485
> 100 %	1 %	102 867	2 %	155 454
<b>Residential mortgage, secured by fixed property</b>	<b>100 %</b>	<b>8 582 491</b>	<b>100 %</b>	<b>6 764 458</b>

## Note 10 – Risk classification of loans and guarantees

In NOK thousand

Credit risk represents the most significant area of risk and is defined as the risk of losses associated with customers being unable to fulfil their obligations at the agreed time and pursuant to written agreements, and the received collateral not covering outstanding claims. The company's credit risk strategy is revised and approved annually by the Board and sets forth the company's risk profile in the area of credit.

The risk classification systems are used as decision support, monitoring and reporting. The risk parameters used in the classification systems are an integral part of the credit process and ongoing risk monitoring, including the follow-up of credit strategies. Probability of default, PD, is used to measure quality for private customers. The risk classification system is based on the probability of default which is an estimate of the likelihood of a counterparty defaulting on its contractual obligations within the next 12 months. For housing cooperatives, a simplified ECL-approach is used.

In the table below, all loans to customers are presented according to risk groups. The amounts are based on the nominal amounts before adjustments for impairment. Loans for which payments are overdue with more than 90 days are considered non-performing and transferred to "Default".

**31.12.2021**

Loans broken down by risk groups based on probability of default and loss	12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
1 – Low risk	0-0,99	25 347 677	-	-	25 347 677
2 – Medium risk	1,00-3,99	-	209 837	-	209 837
3 – High risk	4,00-99,99	-	-	72 549	72 549
4 – Default	100,00	-	-	32 408	32 408
<b>Total before loan loss provisions</b>		<b>25 347 677</b>	<b>209 837</b>	<b>104 956</b>	<b>25 662 470</b>
- Loan loss provisions		-1 884	-866	-854	-3 604
<b>Net loans and receivables from customers at 31.12.2021</b>		<b>25 345 793</b>	<b>208 971</b>	<b>104 102</b>	<b>25 658 866</b>

**31.12.2020**

Loans broken down by risk groups based on probability of default and loss	12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
1 – Low risk	0-0,99	23 218 299	-	-	23 218 299
2 – Medium risk	1,00-3,99	-	128 856	-	128 856
3 – High risk	4,00-99,99	-	-	9 516	9 516
4 – Default	100,00	-	-	-	-
<b>Total before loan loss provisions</b>		<b>23 218 299</b>	<b>128 856</b>	<b>9 516</b>	<b>23 356 671</b>
- Loan loss provisions		-4 377	-2 762	-	-7 139
<b>Net loans and receivables from customers at 31.12.2020</b>		<b>23 213 922</b>	<b>126 094</b>	<b>9 516</b>	<b>23 349 532</b>

## Note 11 – Loans to customers divided in main segments

In NOK thousand

As at 31.12.2021	Loans	Unused credit	Guarantees	ECL	Total	o/w non-perf.
Retail	8 582 491	-	-	-487	8 582 004	32 408
Housing co-operatives	17 079 979	-	-	-3 117	17 076 862	-
<b>Total</b>	<b>25 662 470</b>	<b>-</b>	<b>-</b>	<b>-3 604</b>	<b>25 658 866</b>	<b>32 408</b>

As at 31.12.2020	Loans	Unused credit	Guarantees	ECL	Total	o/w non-perf.
Retail	6 764 458	-	-	-4 049	6 760 409	-
Housing co-operatives	16 592 213	-	-	-3 091	16 589 122	-
<b>Total</b>	<b>23 356 671</b>	<b>-</b>	<b>-</b>	<b>-7 140</b>	<b>23 349 531</b>	<b>-</b>

## Note 12 – Certificates and bonds measured at fair value

In NOK thousand

As at 31.12.2021

Sector	Risk class	Aquisition Cost	Book value	Market value	Unrealised change in value
Certificates and bonds	0 %	40 781	40 411	40 411	-370
<b>Total</b>		<b>40 781</b>	<b>40 411</b>	<b>40 411</b>	<b>-370</b>

### Financial assets at fair value over profit

Balance sheet value as at 31.12.2020	30 479
Additions	110 000
Sales	-100 000
Realised profit (loss)	-
Change in unrealised change in value	-184
Interest income	394
Net received interest	-278
<b>Balance sheet value as at 31.12.2021</b>	<b>40 411</b>

As at 31.12.2020

Sector	Risk class	Aquisition Cost	Book value	Market value	Unrealised change in value
Certificates and bonds	0 %	30 727	30 479	30 479	-248
<b>Total</b>		<b>30 727</b>	<b>30 479</b>	<b>30 479</b>	<b>-248</b>

### Financial assets at fair value over profit

Balance sheet value as at 31.12.2019	30 693
Additions	10 000
Sales	-10 000
Realised profit (loss)	-30
Change in unrealised change in value	-237
Interest income	445
Net received interest	-392
<b>Balance sheet value as at 31.12.2020</b>	<b>30 479</b>

Average interest rate when calculating time-weighted return according to Newtons method "Current yield" give 1.49% per 31.12.2021. (0.88% per 31.12.2020). All certificates and bonds owned as at 31.12.2021 qualify as Level 1A under the LCR regulations.

## Note 13 – Debt securities

In NOK thousand

### 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.

	Balance	New	Maturity/	Other	Balance
	31.12.2021	issues	buy backs	changes	31.12.2020
Changes in debt securities		2021	2021	2021	
Debt securities issued nominal value	22 270 000	6 750 000	-4 455 000	-	19 975 000
Net premium / discount on bonds payable	-	-6 613	-19 935	26 548	-
Bond interest receivable / payable	-	-	-6 578	6 578	-
Accrued interest	26 558	-	-	6 311	20 247
Amortisation	-13 110	-	-	-17 598	4 488
Fair value adjustment	10 847	-	-	-27 276	38 124
<b>Total debt securities</b>	<b>22 294 295</b>	<b>6 743 388</b>	<b>-4 481 513</b>	<b>-5 439</b>	<b>20 037 858</b>

### Loans issued as at 31.12.2021

ISIN	Type	Due date	Face value	Book value	Accrued interest	Book value incl. accrued interest	Maturity	Interest rate
<b>Bonds at amortised cost</b>								
NO0010786494	FRN	15.06.2022	3 000 000	3 002 879	1 927	3 004 806	0,5	1,36 %
NO0010795487	FRN	06.06.2023	4 000 000	4 004 548	3 871	4 008 419	1,4	1,34 %
NO0010841232	FRN	19.06.2024	4 000 000	4 006 283	1 733	4 008 016	2,5	1,30 %
NO0010872757	FRN	13.06.2025	4 000 000	3 979 036	2 322	3 981 359	3,5	1,10 %
NO0010922842	FRN	04.02.2026	4 000 000	3 996 713	6 380	4 003 093	4,1	0,99 %
NO0011160962	FRN	02.09.2026	2 750 000	2 747 430	2 360	2 749 791	4,7	1,03 %
<b>Bonds at fair value</b>								
NO0010851645	<sup>1)</sup> Fixed	15.05.2029	520 000	530 847	7 964	538 811	7,4	2,42 %
<b>Total debt securities</b>			<b>22 270 000</b>	<b>22 267 737</b>	<b>26 558</b>	<b>22 294 295</b>	<b>2,9</b>	<b>1,22 %</b>

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 14 – Weighted average effective interest rate on financial obligation

	2021	2020
<b>Issued securities</b>	<b>1,22 %</b>	<b>0,89 %</b>

Weighted average effective interest rate is calculated by multiplying the face value each issued security by its interest rate as at end of period to obtain per loan weight factor. The sum total of the per loan weight factor for all issued securities is then divided by the total face value of all securities issued and multiplied by 100 to calculate the weighted average.



## Note 15 – Financial derivatives

In NOK thousand

OBOS Boligkreditt uses interest rate swaps for the purpose of hedging changes in interest rate on covered bond debt issued with fixed interest. All interest rate swaps are recorded at fair value, with any changes in value through the income statement, and recognised gross per contract, as either asset or liability.

**As at 31.12.2021**

<b>Interest rate swaps</b>	<b>Contract value <sup>1)</sup></b>	<b>Fair value <sup>2)</sup></b>	<b>Unrealised gain/loss <sup>3)</sup></b>
Receive floating interest, pay fixed interest			
Receive fixed interest, pay floating interest	520 000	3 590	- 29 145
Net accrued interest		7 055	
<b>Total financial derivative contracts</b>	<b>520 000</b>	<b>10 646</b>	<b>- 29 145</b>
Financial derivative asset		10 646	
Financial derivative liability			
<b>Net asset / liability derivatives</b>		<b>10 646</b>	

**As at 31.12.2020**

<b>Interest rate swaps</b>	<b>Contract value <sup>1)</sup></b>	<b>Fair value <sup>2)</sup></b>	<b>Unrealised gain/loss <sup>3)</sup></b>
Receive floating interest, pay fixed interest			
Receive fixed interest, pay floating interest	520 000	32 735	34 291
Net accrued interest		7 308	
<b>Total financial derivative contracts</b>	<b>520 000</b>	<b>40 043</b>	<b>34 291</b>
Financial derivative asset		40 043	
Financial derivative liability			
<b>Net asset / liability derivatives</b>		<b>40 043</b>	

1) Contract value is defined as gross nominal underlying principal.

2) Fair value is calculated through discounting future cash flows to their present value.

3) This financial year unrealised gain/loss.

As at year end OBOS Boligkreditt has one active interest rate swap agreement. The credit risk of the swap contract is considered low as the counterparty is a large nordic financial institution.

## Note 16 – Assets and liabilities that are subject to net settlement

In NOK thousand

31.12.2021	Gross financial assets / liabilities	Net settlement of Gross financial assets/liabilities	Book value	Cash collateral	Net value
Derivatives assets	10 646	-	10 646	-	10 646
<b>Derivatives liabilities</b>	-	-	-	-	-

31.12.2020	Gross financial assets / liabilities	Net settlement of Gross financial assets/liabilities	Book value	Cash collateral	Net value
Derivatives assets	40 043	-	40 043	-	40 043
<b>Derivatives liabilities</b>	-	-	-	-	-

This note shows derivative positions in the balance sheet of OBOS Boligkreditt AS. As at 31.12.2021 the bank has one active ISDA agreement and with a major Nordic bank, with a supplementary collateral agreement (CSA).

## Note 17 – Classification of financial instruments

In NOK thousand

As at 31.12.2021	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
<b>Financial assets</b>				
Loans and receivables to credit institutions			14 935	14 935
Loans to customers		25 660 744		25 660 744
Certificates and bonds	40 411			40 411
Financial derivatives	10 646			10 646
<b>Total financial assets</b>	<b>51 057</b>	<b>25 660 744</b>	<b>14 935</b>	<b>25 726 736</b>
<b>Financial liabilities</b>				
Debt to credit institutions			1 516 385	1 516 385
Securitised debt	538 811		21 755 483	22 294 295
<b>Total financial liabilities</b>	<b>538 811</b>	<b>-</b>	<b>23 271 868</b>	<b>23 810 680</b>

As at 31.12.2020	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
<b>Financial assets</b>				
Loans and receivables to credit institutions			7 127	7 127
Loans to customers		23 353 909		23 353 909
Certificates and bonds	30 479			30 479
Financial derivatives	40 043			40 043
<b>Total financial assets</b>	<b>70 522</b>	<b>23 353 909</b>	<b>7 127</b>	<b>23 431 558</b>
<b>Finansielle liabilities</b>				
Debt to credit institutions			1 595 572	1 595 572
Securitised debt	566 088		19 471 771	20 037 858
<b>Total financial liabilities</b>	<b>566 088</b>	<b>-</b>	<b>21 067 343</b>	<b>21 633 430</b>

## Note 18 – Assets and liabilities measured at fair value

In NOK thousand

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.

#### 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.

#### Loans and receivables to customers

Mortgages to customers mainly consists of loans to the private market. Mortgages to customers, at a floating interest rate, has contractual cash flows that are only payment of interest and principal on given dates and is held in a business model for the purpose of receiving both contractual cash flows and sales. This is because the OBOS-Bank sells mortgages with floating interest rates to OBOS Boligkreditt AS. These loans are recognized at fair value through comprehensive income. The bank calculates contractual cash flows on fixed-rate loans discounted by market interest rates including a credit premium at the balance sheet date. The yield curve is derived from observable market interest rates.

See also note 2: accounting policies.

As at 31.12.2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Certificates and bonds	-	40 411	-	40 411
Financial derivatives	-	10 646	-	10 646
<b>Assets valued at fair value through OCI</b>				
Loans and receivables to customers			25 662 470	25 662 470
<b>Total assets</b>	-	51 057	25 662 470	25 713 527
<b>Liabilities</b>				
Debt securities issued	-	538 811	-	538 811
<b>Total liabilities</b>	-	538 811	-	538 811

As at 31.12.2020	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Certificates and bonds	-	30 479	-	30 479
Financial derivatives	-	40 043	-	40 043
<b>Assets valued at fair value through OCI</b>				
Loans and receivables to customers			23 356 671	23 356 671
<b>Total assets</b>	-	70 522	23 356 671	23 427 193
<b>Liabilities</b>				
Debt securities issued	-	566 088	-	566 088
<b>Total liabilities</b>	-	566 088	-	566 088

## Note 19 – Assets and liabilities measured at amortised cost

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 securities issued.

## Note 20 – Capital adequacy

In NOK thousand

<b>Net own funds</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Share capital	131 000	131 000
Share premium	1 369 039	1 369 039
Retained earnings	264 703	159 075
Qualifying equity from this years result	142 533	105 628
<b>Total equity</b>	<b>1 907 275</b>	<b>1 764 742</b>
Adjustments in common tier 1 capital	-19 274	1 798
<b>Common equity tier 1 capital</b>	<b>1 888 000</b>	<b>1 766 540</b>
Additional Tier 1 capital		
<b>Tier 1 capital</b>	<b>1 888 000</b>	<b>1 766 540</b>
Tier 2 instruments		
<b>Own funds</b>	<b>1 888 000</b>	<b>1 766 540</b>
<b>Minimum requirement own funds</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Institutions	408	765
Retail	15 023	-
Secured by mortgages on immovable property	713 786	652 659
Exposures in default	2 542	22 171
Other items	-	1 167
<b>Credit risk</b>	<b>731 760</b>	<b>676 763</b>
Operational risk	22 578	18 906
CVA-risk	1 791	5 141
<b>Minimum requirement own funds</b>	<b>756 129</b>	<b>700 811</b>
<b>Risk weighted assets</b>	<b>9 451 614</b>	<b>8 760 134</b>
<b>Capital adequacy ratio</b>		
Common tier 1 capital ratio	19,98 %	20,17 %
Tier 1 capital ratio	19,98 %	20,17 %
<b>Capital adequacy ratio</b>	<b>19,98 %</b>	<b>20,17 %</b>

## Note 21 – Liquidity risk – financial obligations

In NOK thousand

As at 31.12.2021	0-1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Deposit from and debt to credit institutions	- 1 832	- 3 665	- 10 994	- 1 516 385		- 1 532 876
Debt securities		- 65 217	- 3 253 456	- 19 712 999	- 557 752	- 23 589 424
<b>Total liabilities</b>	<b>- 1 832</b>	<b>- 68 881</b>	<b>- 3 264 449</b>	<b>- 21 229 384</b>	<b>- 557 752</b>	<b>- 25 122 299</b>

### Financial derivatives

Contractual maturities outgoing cashflow		- 1 661	- 6 672	- 50 253	- 30 704	- 89 290
Contractual maturities incoming cashflow			12 584	50 336	37 752	100 672

As at 31.12.2020	0-1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Deposit from and debt to credit institutions	- 1 303	- 2 606	- 7 818	- 1 595 572		- 1 607 299
Debt securities	- 5 584	- 35 953	- 2 596 800	- 17 461 625	- 570 336	- 20 670 297
<b>Total liabilities</b>	<b>- 6 887</b>	<b>- 38 559</b>	<b>- 2 604 618</b>	<b>- 19 057 197</b>	<b>- 570 336</b>	<b>- 22 277 597</b>

### Financial derivatives

Contractual maturities outgoing cashflow		- 1 170	- 3 346	- 30 580	- 36 812	- 71 909
Contractual maturities incoming cashflow			12 584	50 336	50 336	113 256

See note 4: Risk management and intern control for statement of the company liquidity risk.

## Note 22 – Interest rate risk – time to rate reset

In NOK thousand

As at 31.12.2021	0-1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years	Without exposure	Total
Loans to and receivables from credit institutions	14 935						14 935
Loans to customers		25 660 744					25 660 744
Certificates and bonds	40 411						40 411
Financial Derivatives		10 646					10 646
<b>Total assets</b>	<b>55 347</b>	<b>25 671 389</b>					<b>25 726 736</b>

Deposit from and debt to credit institutions	- 1 516 385						- 1 516 385
Debt securities		- 21 755 483	- 538 811				- 22 294 295
<b>Total liabilities</b>	<b>- 1 516 385</b>	<b>- 21 755 483</b>	<b>- 538 811</b>				<b>- 23 810 680</b>

Net interest rate exposure	- 1 461 038	3 915 906	- 538 811				
----------------------------	-------------	-----------	-----------	--	--	--	--

### Net interest rate exposure as percentage of total liabilities

	6,14 %	-16,45 %	2,26 %	0,00 %	0,00 %	0,00 %	
--	--------	----------	--------	--------	--------	--------	--

OBOS Boligkreditt measures interest rate risk by a parallel shift of the yield curve by one percentage point, and consequently the result of all interest-sensitive items on and off the balance sheet.



As at 31.12.2020	0-1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years	Without exposure	Total
Loans to and receivables from credit institutions	7 127						7 127
Loans to customers		23 353 909					23 353 909
Certificates and bonds	20 463	10 016					30 479
Financial Derivatives		40 043					40 043
<b>Total assets</b>	<b>27 590</b>	<b>23 403 968</b>					<b>23 431 558</b>
Deposit from and debt to credit institutions	- 1 595 572						- 1 595 572
Debt securities	- 2 459 773	- 17 011 997	- 566 088				- 20 037 858
<b>Total liabilities</b>	<b>- 4 055 345</b>	<b>- 17 011 997</b>	<b>- 566 088</b>				<b>- 21 633 430</b>
Net interest rate exposure	- 4 027 755	6 391 971	- 566 088				
<b>Net interest rate exposure as percentage of total liabilities</b>	<b>18,62 %</b>	<b>-29,55 %</b>	<b>2,62 %</b>	<b>0,00 %</b>	<b>0,00 %</b>	<b>-</b>	

OBOS Boligkreditt measures interest rate risk by a parallel shift of the yield curve by one percentage point, and consequently the result of all interest-sensitive items on and off the balance sheet.

## Note 23 – Market risk sensitivity by a parallel shift of the yield curve of 1 %

In NOK thousand

Sensitivity	31.12.2021	31.12.2020
<b>Assets</b>		
Loans to and receivables from credit institutions	-149	-71
Certificates and bonds	-22	-24
Loans to customers, floating	-29 325	-26 826
<b>Total assets</b>	<b>-29 497</b>	<b>-26 921</b>
<b>Liabilities</b>		
Issued securities, fixed	35 104	41 830
Issued securities, floating	38 833	35 157
Other liabilities	2 367	2 521
Derivatives	-35 175	-42 370
<b>Total liabilities</b>	<b>41 128</b>	<b>37 137</b>
<b>Net</b>	<b>11 631</b>	<b>10 216</b>

### Assumptions made when calculating sensitivity

Equal notification time for loans to and deposits from customers. All amounts before tax.

## Note 24 – Maximum credit exposure, not taking collateral into account

In NOK thousand

<b>Assets</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Loans to and receivables from credit institutions	14 935	7 127
Loans to and receivables from customers	25 662 470	23 356 671
Bond funds	40 411	30 479
Financial derivatives	10 646	40 043
<b>Total credit exposure on balance sheet</b>	<b>25 728 462</b>	<b>23 434 320</b>
<b>Total credit exposure</b>	<b>25 728 462</b>	<b>23 434 320</b>

The table shows maximum exposure against the credit risk in the balance, included derivatives. The exposure is gross before any pledges.

## Note 25 – Cover pool

In NOK thousand

<b>Cover pool</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Mortgages <sup>1)</sup>	25 660 744	23 353 909
Ineligible loans	-1 870	-101 472
<b>Total Cover pool</b>	<b>25 658 873</b>	<b>23 252 437</b>
<b>Debt through the issuance of securities (excl. accrued interest)</b>	<b>22 267 737</b>	<b>20 017 612</b>
The cover pool's overcollateralisation	115,2 %	116,2 %

1) The cover pools composition is defined in Finansforetaksloven § 11-8.

## Note 26 – Related parties

In NOK thousand

### Transactions within the group

	31.12.2021	31.12.2020
<b>Income Statement</b>		
Other interest expense (OBOS-banken AS)	-17 596	-35 287
Other operating costs (OBOS-banken AS)	-6 264	-5 264
	<b>-23 859</b>	<b>-40 551</b>
<b>Balance Sheet</b>		
Deposits and debt to credit institutions (OBOS-banken AS)	-1 516 385	-1 595 572
Other short-term assets	26 112	3 831
Debt through the issuance of securities	-	-1 111 064
	<b>-1 490 273</b>	<b>-2 702 804</b>

OBOS Boligkreditt AS has ongoing transactions with related parties. All transactions are carried out as part of the ordinary business and at market terms. OBOS Boligkreditt buys management services from OBOS-banken AS and is charged through the parent company to a share of the OBOS Group's joint costs, which are settled at full cost after actual use. OBOS Boligkreditt has established a NOK 3.0 billion credit facility with the parent company OBOS-banken AS for the coverage of current assets, including the transfer of the loan portfolio. The company is charged with the NIBOR + 50 bp. Collateral and a credit commission fee of 0.15% of the credit limit of NOK 3.0 billion. The company uses employees in OBOS-banken AS and the OBOS Group, as well as payroll systems, invoice processing systems and banking / finance systems, and in this connection has an intermediary with OBOS-banken AS to cover current operating payments. As at 31.12.21, this debt was at NOK 6.3 million, which is included in the drawn credit facility. All short-term deposits are settled on a continuous basis.

The credit institution entered into an agreement with OBOS-banken AS on a rolling liquidity facility, which at any time covers the expected liquidity that matures the coming 12 months. This liquidity facility is unused at 31.12.21.

## Note 27 – Tax

In NOK thousand

	2021	2020
<b>Calculation of this years's tax:</b>		
Profit before tax	176 261	145 923
Net changes in values from own credit risk	-3 833	-1 176
Permanent differences	2 069	33 940
Corrections in temporary differences in other securities	-2 053	-1 205
Change in temporary differences	2 163	1 162
<b>Basis for tax payable</b>	<b>174 606</b>	<b>178 644</b>
<b>Tax payable (22%)</b>	<b>38 413</b>	<b>39 302</b>
<b>Overview of temporary differences</b>		
Shares, other securities etc.	-7 743	-5 689
Accrued interest swap contracts	-74	36
<b>Total temporary differences affecting the tax base</b>	<b>-7 817</b>	<b>-5 654</b>
<b>Deferred tax asset (22%)</b>	<b>1 720</b>	<b>1 244</b>
Deferred tax over OCI	2 012	1 169
<b>Deferred tax asset (22%)</b>	<b>3 732</b>	<b>2 413</b>
<b>Tax expense</b>		
Tax payable	38 413	39 302
Allocated too much / (little) previous years	-7 199	332
Change in deferred taxes/deferred tax assets	-476	-256
Tax in OCI	-843	-259
<b>Total taxes</b>	<b>29 895</b>	<b>39 119</b>
<b>Tax costs are divided into the following:</b>		
Tax expense	30 738	39 378
Tax in OCI	-843	-259
<b>Total taxes</b>	<b>29 895</b>	<b>39 119</b>
<b>Assessment of the year's tax expense</b>		
Accounting profit before taxes	176 261	145 923
Tax (22%)	38 777	32 103
Tax expense (22%) on comprehensive income	-843	-259
Accounting tax expense	30 738	23 236
<b>Difference</b>	<b>7 196</b>	<b>-7 533</b>
<i>Difference explained by:</i>		
Allocated too much / (little) previous years	7 199	-332
22% of permanent differences	-3	-7 202
<b>Sum Explanation</b>	<b>7 196</b>	<b>-7 533</b>

## **Note 28 – Share capital and shareholders information**

OBOS Boligkreditt share capital at 31 December 2021 was 131 000 000 NOK. Total numbers of shares are 13 100 with par value of 10 000 NOK. All shares have equal voting rights. OBOS-banken AS is the owner of 100% of the shares.



# Independent Auditor's report



To the General Meeting of OBOS Boligkreditt AS

## *Independent Auditor's Report*

### *Opinion*

We have audited the financial statements of OBOS Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and cash flow 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 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### *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 laws and regulations 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 the Company for 6 years from the election by the general meeting of the shareholders on 13 May 2016 for the accounting year 2016.

### *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 the current period. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
------------------	--

#### *Loans to the public*

At the end of 2021, gross lending totalled NOK 25,66 billion and the mortgage

To ensure that the requirements in the regulations on the mortgage credit institution's bonds are met,

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo

T: 02316, org. no.: 987 009 713 MVA, www.pwc.no

Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførselskap



credit institution has issued covered bonds. Routines and processes have been established to ensure that the company complies with requirements set for collateral with mortgage on real estate when issuing covered bonds. This implies that collateral always is within 75% of value of the underlying real estate asset.

The mortgage credit institution has historically not had significant losses on loans. Due to requirements being of fundamental importance for the mortgage credit institution's operations we have focused on this topic in our audit.

Note 2.3 and note 11 in the financial statements provide additional information on residential mortgage loans.

processes have been established in which loan documentation is reviewed. This process is performed prior to the loans being transferred from other group companies to the mortgage credit institution. We have gone through the company's processes in this area.

Our performed procedures include testing aimed at the company's financial reporting systems relevant for financial reporting. The company uses external service providers to operate certain IT-systems. The external auditor of the relevant service organizations has been used to evaluate the design and efficiency of – and test established controls that ensure the integrity of the IT systems used in financial reporting. The auditor's testing included whether key calculations made by the core systems were performed in line with expectations, including interest rate calculations and amortization. Testing also included integrity of data, change management and access to the systems.

In order to be able to base our assessments on information in the auditor's reports, we assessed the auditor's competence and objectivity, reviewed issued reports and assessed possible exceptions and measures implemented. We also performed controls related to access management on the system utilized for financial reporting.

Our assessments and test substantiate that we could assume that the data handled in – and the calculations made by the company's external core system were reliable. This was necessary basis for our audit.

The company's processes involving the realizable value of underlying collateral are calculated using external tariffs. In order to determine whether LTV was within 75% requirement, we reviewed the collateral related to the transferred loans to the mortgage credit institution.

We conducted our audit by gathering documents and data on the control operation to support that the process had been carried out correctly, and that the conclusions the mortgage Company had drawn in regard to whether the requirements of law and regulation were fulfilled.

Deviations found in our testing were not significant.

We have read the notes and found them to be adequate and to give a balanced overview of the models, parameters and judgmental assumptions used.

(2)



---

### *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 appears 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.

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 legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Social Responsibility.

---

### *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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

---

### *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:

(3)





- 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.

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.

Oslo, 28 March 2022

**PricewaterhouseCoopers AS**

Anne Lene Stensholdt

State Authorised Public Accountant

(This document is signed electronically)

(4)



OBOS Boligkreditt  
C/O OBOS-Banken  
Postboks 6666, St. Olavs plass  
0129 Oslo

