

# Interim report

1. quarter 2019  
Unaudited



# Interim report from the Board of Directors

OBOS Boligkreditt AS' registered office is in Oslo, and it is a wholly owned subsidiary of OBOS-banken. OBOS Boligkreditt started operations in 2016. OBOS Boligkreditt is licensed to operate as a mortgage company and to issue covered bonds, and 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 consists of retail mortgage loans and housing co-operative loans originally underwritten by OBOS-banken. Total lending at first quarter end 2019 amounted to NOK 19 650 million. All loans are at the time of acquisition within 75% of the property's estimated value. Total issued covered bond loans at first quarter end 2019 amounted to NOK 17 565 million. Overcollateralization at first quarter end 2019 was 111.9 %.

Highlights (Figures in NOK 1000)	1. quarter 2019	1. quarter 2018	2018
Profit before tax	27 619	28 131	100 618
Profit after tax	21 543	21 659	77 474
Return on equity after tax	7,1 %	9,1 %	7,2 %
Loss on loans in % of gross loans	0,00 %	0,00 %	0,00 %
Gross loan to customers	19 650	13 555	16 990
- Retail mortgage loans	7 485	5 925	6 822
- Housing co-operative mortgage loans	12 165	7 630	10 168
Overcollateralization	111,9 %	112,7 %	112,8 %
Total assets (MNOK)	19 737	13 609	17 024
Core tier 1 capital ratio	16,57 %	22,80 %	18,86 %

## Rating

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

## First quarter results

The financial statements of OBOS Boligkreditt AS show a pre-tax profit of NOK 27.6 million in the first quarter of 2019, compared to NOK 28.1 million in the first quarter of 2018. Net interest income amounted to NOK 30.1 million, compared to NOK 29.7 million in the same quarter last year. Costs amounted to NOK 1.7 million in the first quarter of 2019, equal to the corresponding period in 2018.

The calculation of expected loss (ECL) for OBOS Boligkreditt AS resulted in an increase of impairments of NOK 0.6 million in the first quarter of 2019, compared to a reduction of NOK 0.2 million in the corresponding quarter in 2018. The ECL calculation as at 31 March 2019 shows expected credit loss of NOK 5.8 million, compared to NOK 3.8 million as at 31 March 2018.

OBOS Boligkreditt AS issued a new covered bond with an outstanding amount of NOK 2 500 million during the quarter. No outstanding debt matured in the first quarter of 2019. OBOS Boligkreditt AS had six bond loans outstanding at 31 March 2019 with total debt securities issued of NOK 17 565 million, compared to five bond loans and NOK 12 024 million outstanding at 31 March 2018.

Total assets at first quarter end 2019 amounted to NOK 19 737 million compared to NOK 13 609 million at first quarter end 2018. Gross lending amounted to NOK 19 650 million at first quarter end 2019, compared to NOK 13 555 million at first quarter end 2018. There is no substitute assets forming part of the cover pool. Overcollateralisation, calculated as the value of the cover pool relative to the value of outstanding covered bond loan debt was 111.9 per cent as at 31 March 2019, compared to 112.7 per cent as at 31 March 2018. At first quarter end 2019, the mortgages in the cover pool had a weighted average loan-to-value ratio of 36 per cent, calculated as mortgage amount relative to the value of the property used as collateral.

OBOS Boligkreditt AS' liquidity portfolio consisting of Liquidity Coverage Ratio (LCR) eligible assets amounted to NOK 61 million at 31 March 2019, reporting a total LCR of 412 per cent by first quarter end 2019.

## Capital strength

Paid in equity and retained earnings amounted to NOK 1 199 million by end of first quarter 2019, compared to NOK 1 121 million by end of first quarter 2018. Risk weighted assets amounted to NOK 7 102 million by end of first quarter 2019. The CET 1 capital ratio is 16.57 per cent as at 31 March 2019. OBOS Boligkreditt AS uses the standardised approach to calculate capital requirements for credit risk.

## Outlook

The upswing in the international macro environment continues in 2019, however at a more moderate pace than in 2018. Steady, but somewhat slower growth is expected in the US and China. Growth in the EURO-zone is lower. Trade wars between the US and China, Brexit along with debt levels in many countries colours the international macro outlook.

A strong Norwegian household sector due to low interest rates, low unemployment levels, together with a solid public sector has kept Norwegian production levels high. Investments in the oil industry is expected to be the dominant growth driver. The still weak NOK is positive for the competitiveness of the export industry and the tourist industry. The Norwegian key policy rate was announced raised with 0.25 percentage points to 1.0 per cent 21 March 2019. Announcements of mortgage interest rate hikes from banks operating in the Norwegian mortgage market followed. The development of housing prices, together with the growth in debt, are the most important risk factors to Norwegian households. Important risk factors going forward are also the oil price development, macroeconomic growth in export markets, the concern for a global trade war and the NOK exchange rate.

Annual retail lending growth in OBOS-banken was high in 2018, but are expected to be more moderate in 2019. The lending growth however, combined with low level of unemployment, low interest rates and high disposable income will contribute to further mortgage loan growth in the parent bank. This will position OBOS Boligkreditt to acquire further mortgages from the parent bank, but it is expected that lending growth in OBOS Boligkreditt to be more moderate going forward than during the startup phase in 2016-2018.

Oslo 14.05.2019

The board of directors of OBOS Boligkreditt AS

# Key Figures

(Figures in NOK 1000)

	1. quarter 2019	1. quarter 2018	2018
<b>Return on assets</b>			
1) Net interest in % of average total assets	0,65 %	0,92 %	0,74 %
2) Combined ratio	5,7 %	5,7 %	6,0 %
3) Return on equity	7,1 %	9,1 %	7,2 %
<b>Key figures Balance</b>			
4) Lending to customers	19 650	13 555	16 990
5) Loss in % of gross loans	0,0033 %	0,0017 %	-0,0014 %
6) Defaults in % of gross loans	0,0000 %	0,0000 %	0,0000 %
7) Total assets	19 737	13 609	17 024
8) Average total assets	18 381	13 084	14 984
9) Overcollateralisation	111,89 %	112,74 %	112,79 %
<b>Solidity</b>			
10) Core tier 1 capital ratio	16,57 %	22,80 %	18,86 %
11) Tier 1 capital ratio	16,57 %	22,80 %	18,86 %
12) Total capital ratio	16,57 %	22,80 %	18,86 %
13) Equity in % of total assets	6,1 %	8,2 %	6,9 %
14) Liquidity coverage ratio	412,3 %	559,1 %	147,8 %
<b>Staffing</b>			
15) Number of permanent employees	0	0	0
16) Number of full-time positions at end of period	0	0	0

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## Definitions

- 1) Net interest income in % of average total assets
- 2) Sum operating expenses before loss on loans in % of net income
- 3) Return on equity after tax in % of average equity
- 6) Defaulted commitment over 90 days in % of gross loans
- 8) Average total assets pr month
- 9) Cover pool in % of issuance of cover bonds
- 10) Core equity capital to its total risk- weighted assets
- 11) Equity capital to its total risk -weighted assets
- 12) Total capital to risk weighted assets
- 13) Equity in % of total assets
- 14) Liquidity coverage ratio
- 15) Number of permanent employees inc permanent vacancy
- 16) Number of FTEs inc permanent vacancy

# Income statement

(Figures in NOK 1000)

	NOTE	1. quarter 2019	1. quarter 2018	2018
Interest income calculated using the effective interest method		106 507	71 091	314 653
Interest income from instrumets using fair value		133	-	255
Interest expenses		-76 540	-41 441	-206 416
<b>Net interest income</b>	<b>4</b>	<b>30 100</b>	<b>29 650</b>	<b>108 491</b>
Commission and banking service expenses		-85	-78	-269
<b>Net commission expenses</b>		<b>-85</b>	<b>-78</b>	<b>-269</b>
<b>Net gain/(loss) and change in value of fin. instruments</b>	<b>5</b>	<b>-28</b>	<b>-4</b>	<b>22</b>
<b>Net operating income</b>		<b>29 987</b>	<b>29 568</b>	<b>108 243</b>
Salaries and other personnel cost		-	-	-183
Administration cost		-111	-106	-235
Other operating expenses	6	-1 611	-1 567	-6 125
<b>Total operating expenses</b>		<b>-1 723</b>	<b>-1 673</b>	<b>-6 543</b>
<b>Profit before loan losses and taxes</b>		<b>28 265</b>	<b>27 895</b>	<b>101 700</b>
Net loan losses	12	-646	235	-1 083
<b>Profit before tax</b>		<b>27 619</b>	<b>28 130</b>	<b>100 617</b>
Income tax expense		-6 076	-6 470	-23 143
<b>Profit after tax</b>	<b>13</b>	<b>21 543</b>	<b>21 659</b>	<b>77 474</b>
<b>Attributabel to</b>				
Retained earnings	13	21 543	21 659	77 474
<b>Total</b>		<b>21 543</b>	<b>21 659</b>	<b>77 474</b>

## Statement of comprehensive income

(Figures in NOK 1000)

	NOTE	1. quarter 2019	1. quarter 2018	2018
<b>Profit after tax</b>	<b>13</b>	<b>21 543</b>	<b>21 659</b>	<b>77 474</b>
<b>Items that can be reclassified to profit or loss</b>				
Losses on loans and guarantees (step 1), fair value	12	488	-7	852
Income tax expense on items that can be reclassified		-107	2	-196
<b>Net loss of financial assets measured at FVOCI reclassified to profit or loss on disposal</b>		<b>381</b>	<b>-6</b>	<b>656</b>
<b>Comprehensive income for the periode</b>		<b>381</b>	<b>-6</b>	<b>656</b>
<b>Total comprehensive income after tax</b>		<b>21 924</b>	<b>21 654</b>	<b>78 130</b>
<b>Attributable to</b>				
Retained earnings	13	21 924	21 654	78 130
<b>Total</b>		<b>21 924</b>	<b>21 654</b>	<b>78 130</b>

# Balance sheet

(Figures in NOK 1000)

	NOTE	31.03.2019	31.03.2018	31.12.2018
<b>ASSETS</b>				
Loans to and receivables from credit institutions	7	30 286	21 931	2 159
Loans to and receivables from customers	7,12	19 650 106	13 555 424	16 990 450
Certificates and bonds	9	30 794	30 180	30 820
Deferred tax asset		166	6	166
Prepaid cost		160	-	-
Other assets	6	25 735	1 660	316
<b>TOTAL ASSETS</b>		<b>19 737 246</b>	<b>13 609 201</b>	<b>17 023 910</b>
<b>LIABILITIES AND EQUITY</b>				
	NOTE	31.03.2019	31.03.2018	31.12.2018
Loans from credit institutions	6,7,10	943 541	457 592	760 137
Debt securities issued	6,7,10	17 565 071	12 024 664	15 063 309
Other liabilities		247	230	185
Deferred tax		-	6 054	-
Tax payable		29 326	-	23 142,205
<b>TOTAL LIABILITIES</b>		<b>18 538 185</b>	<b>12 488 540</b>	<b>15 846 773</b>
Share capital	13	111 000	111 000	111 000
Share premium	13	989 039	989 039	989 039
Retained earnings	13	99 023	20 622	77 099
<b>TOTAL EQUITY</b>		<b>1 199 061</b>	<b>1 120 661</b>	<b>1 177 137</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>19 737 246</b>	<b>13 609 201</b>	<b>17 023 910</b>

# Cash flow

(Figures in NOK 1000)

	NOTE	31.03.2019	31.03.2018	31.12.2018
Profit before tax		27 619	28 130	100 617
Interest income calculated using the effective interest method	4	-106 640	-71 082	-314 908
Interest payments from customers and credit institutions		81 361	66 336	323 186
Loans to customers transferred from parent company		-2 659 656	-1 006 977	-4 487 004
Interest from certificates and bonds/bond funds	5	28	-4	-22
Payment for other assets		-25 419	-1 660	-316
Payment for other debt		42	-69 265	-69 035
Net gain/(loss) in value of bonds	5	-	-11	27
Net loan losses	12	-646	235	-1 083
Change in accrued interests		4 947	-41 269	9 767
Change in other accruals		-3 722	755	-921
Net new lines of credit	6	183 404	-216 625	85 920
<b>(A) Net cash flow from operating activities</b>		<b>-2 498 681</b>	<b>-1 311 436</b>	<b>-4 353 771</b>
Payments related to acquisition of shares and securities		-	-	-
<b>(B) Net cash flow from investment activities</b>		<b>-</b>	<b>-</b>	<b>-</b>
Issuance of covered bonds	10	2 526 785	1 007 406	4 029 970
Issue of share capital	13	-	300 000	300 000
<b>(C) Net cash flow from financing activities</b>		<b>2 526 785</b>	<b>1 307 406</b>	<b>4 329 970</b>
<b>(A) + (B) + (C) Net cash flow for the period</b>		<b>28 105</b>	<b>-4 029</b>	<b>-23 802</b>
Cash and cash equivalents at beginning of period		2 159	25 960	25 960
Cash and cash equivalents at end of period		30 263	21 931	2 159
<b>Net change in cash and cash equivalents</b>		<b>28 105</b>	<b>-4 029</b>	<b>-23 802</b>
<b>Liquidity reserves specified</b>				
Loans to and receivables from credit institutions 1)		30 263	21 931	2 159
<b>Cash and cash equivalents</b>		<b>30 263</b>	<b>21 931</b>	<b>2 159</b>

1) Hereof 0,0 TNOK in restricted deposits.

# Quarterly changes in income statement

(Figures in NOK 1000)

	1. quarter 2019	4. quarter 2018	3. quarter 2018	2. quarter 2018	1. quarter 2018
Interest income calculated using the effective interest method	106 507	93 831	77 648	72 083	71 091
Interest income from instruments using fair value	133	126	122	7	-
Interest expenses	-76 540	-62 706	-51 767	-50 502	-41 441
<b>Net interest income</b>	<b>30 100</b>	<b>31 252</b>	<b>26 002</b>	<b>21 587</b>	<b>29 650</b>
Commission and banking service expenses	-85	-72	-67	-53	-78
<b>Net Commission expenses</b>	<b>-85</b>	<b>-72</b>	<b>-67</b>	<b>-53</b>	<b>-78</b>
<b>Net gain/(loss) and change in value of fin. instruments</b>	<b>-28</b>	<b>-31</b>	<b>-52</b>	<b>109</b>	<b>-4</b>
<b>Net operating income</b>	<b>29 987</b>	<b>31 149</b>	<b>25 884</b>	<b>21 642</b>	<b>29 568</b>
Salaries and other personnel cost	-	-	-183	-	-
Administration cost	-111	49	-72	-106	-106
Other operating expenses	-1 611	-2 334	-812	-1 412	-1 567
<b>Total operating expenses</b>	<b>-1 723</b>	<b>-2 285</b>	<b>-1 066</b>	<b>-1 518</b>	<b>-1 673</b>
<b>Profit before loan losses and taxes</b>	<b>28 265</b>	<b>28 863</b>	<b>24 817</b>	<b>20 124</b>	<b>27 895</b>
Net loan losses	-646	237	-1 383	-172	235
<b>Profit before tax</b>	<b>27 619</b>	<b>29 101</b>	<b>23 435</b>	<b>19 953</b>	<b>28 130</b>
Income tax expense	-6 076	-6 694	-5 390	-4 589	-6 470
<b>Profit after tax</b>	<b>21 543</b>	<b>22 406</b>	<b>18 045</b>	<b>15 364</b>	<b>21 659</b>
<b>Attributabel to</b>					
Retained earnings	21 543	22 406	18 045	15 364	21 659
<b>Total</b>	<b>21 543</b>	<b>22 406</b>	<b>18 045</b>	<b>15 364</b>	<b>21 659</b>

## Quarterly changes in statement of comprehensive income

(Figures in NOK 1000)

	1. quarter 2019	4. quarter 2018	3. quarter 2018	2. quarter 2018	1. quarter 2018
<b>Profit after tax</b>	<b>21 543</b>	<b>22 406</b>	<b>18 045</b>	<b>15 364</b>	<b>21 659</b>
<b>Items that can be reclassified to profit or loss</b>					
Losses on loans and guarantees (step 1), fair value	488	119	710	31	-7
Income tax expense on items that can be reclassified	-107	-27	-163	-7	2
<b>Net loss of financial assets measured at FVOCI reclassified to profit or loss on disposal</b>	<b>381</b>	<b>91</b>	<b>546</b>	<b>24</b>	<b>-6</b>
<b>Comprehensive income for the periode</b>	<b>381</b>	<b>91</b>	<b>546</b>	<b>24</b>	<b>-6</b>
<b>Total comprehensive income after tax</b>	<b>21 924</b>	<b>22 498</b>	<b>18 591</b>	<b>15 387</b>	<b>21 654</b>
<b>Attributable to</b>					
Retained earnings	21 924	22 498	18 591	15 387	21 654
<b>Total</b>	<b>21 924</b>	<b>22 498</b>	<b>18 591</b>	<b>15 387</b>	<b>21 654</b>



# Quarterly changes in balance sheet

(Figures in NOK 1000)

	31.03.2019	31.12.2018	30.09.2018	30.06.2018	31.03.2018
<b>Assets</b>					
Loans to and receivables from credit institutions	30 286	2 159	10 571	30 018	21 931
Loans to and receivables from customers	19 650 106	16 990 450	15 969 942	13 388 101	13 555 424
Certificates and bonds	30 794	30 820	30 845	30 900	30 180
Deferred tax asset	166	166	6	6	6
Prepaid cost	160	-	-	-	-
Other assets	25 735	316	1 394	1 551	1 660
<b>Total Assets</b>	<b>19 737 246</b>	<b>17 023 910</b>	<b>16 012 758</b>	<b>13 450 577</b>	<b>13 609 201</b>
	<b>31.03.2019</b>	<b>31.12.2018</b>	<b>30.09.2018</b>	<b>30.06.2018</b>	<b>31.03.2018</b>
<b>Liabilities and equity</b>					
Loans from credit institutions	943 541	760 137	1 297 614	272 528	457 592
Debt securities issued	17 565 071	15 063 309	13 544 075	12 030 871	12 024 664
Other liabilities	247	185	226	478	230
Deferred tax	-	-	16 204	10 651	6 054
Tax payable	29 326	23 142	-	-	-
<b>Total Liabilities</b>	<b>18 538 185</b>	<b>15 846 773</b>	<b>14 858 119</b>	<b>12 314 528</b>	<b>12 488 540</b>
Share capital	111 000	111 000	111 000	111 000	111 000
Share premium	989 039	989 039	989 039	989 039	989 039
Retained earnings	99 023	77 099	54 601	36 010	20 622
<b>Total Equity</b>	<b>1 199 061</b>	<b>1 177 137</b>	<b>1 154 639</b>	<b>1 136 048</b>	<b>1 120 661</b>
<b>Total Liabilities and Equity</b>	<b>19 737 246</b>	<b>17 023 910</b>	<b>16 012 758</b>	<b>13 450 577</b>	<b>13 609 201</b>

# Notes

## **Note 1 – Introduction**

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

## **Note 2 – Accounting principles**

The interim report for OBOS Boligkreditt (Credit Company) has been prepared in accordance with IAS 34. The interim comprises the period 01.01.2019-31.03.2019, and has been prepared in accordance with simplified IFRS.

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

### **IFRS 16 Leases**

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

The annual report for OBOS Boligkreditt 2018 gives a more detailed description of accounting principles used. The interim report is not audited.

### **Note 3 – Accounting estimates and discretionary Assessments**

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

#### **3.1 Value measurement at fair value**

OBOS Boligkreditt estimates the fair value of their financial instruments, which are not listed in an active market, using valuation methods described in note 15 in annual report 2018 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.

#### **3.2 Write-down of financial assets**

The method for measurement on write-downs for expected loss on financial assets in IFRS 9 depends on credit risk increase since initial recognition, instead of an incurred loss model as in IAS 39. The assets are divided into three stages, based on the credit impairment degree. At initial recognition, and if credit risk has not increased significantly, provision will be made for 12 months 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 total lifetime (stage 2). If credit risk has increased significantly and there is objective evidence for loss, provision will be made for total lifetime (stage 3). In addition, the interest income for the financial assets under stage 3 will be calculated on net balance value of the loan, after deduction of write-down on expected loss over total lifetime. This is different from stage 1 and 2 where the interest income is calculated on gross balance value.

For a more detailed description of the method used for measurement on write-down, see the annual report 2018 note 2 and 8.

## Note 4 – Net interest and credit commission income

(Figures in NOK 1000)

	1. quarter 2019	1. quarter 2018	2018
Interest and similar income from loans to credit institutions, amortised cost	23	10	42
Interest and similar income from loans to customers, amortised cost	106 479	71 082	314 603
Other interest and similar income, amortised cost	5	-	8
<b>Total interest income calculated using the effective interest method</b>	<b>106 507</b>	<b>71 092</b>	<b>314 654</b>
Interest and similar income from certificates and bonds, fair value	133	-	255
<b>Total interest income, fair value</b>	<b>133</b>	<b>-</b>	<b>255</b>
Interest and similar expenses from loans to credit institutions, amortised cost	-3 210	-2 555	-12 357
Interest and similar expenses of issued securities, amortised cost	-73 329	-38 886	-194 059
<b>Total interest expenses</b>	<b>-76 540</b>	<b>-41 441</b>	<b>-206 416</b>
<b>Net interest and credit commission income</b>	<b>30 100</b>	<b>29 651</b>	<b>108 492</b>

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

(Figures in NOK 1000)

	1. quarter 2019	1. quarter 2018	2018
Net gain/(loss) and change in value on certificates and bonds	-28	-	-23
Net gain/(loss) and change in value on bond funds	-	-4	45
<b>Net gain/(loss) and change in value of financial instruments</b>	<b>-28</b>	<b>-4</b>	<b>22</b>

## Note 6 – Related parties

(Figures in NOK 1000)

### Transactions within the group

	31.03.2019	31.03.2018	2018
<b>Income Statement</b>			
Other interest Income (OBOS-banken AS)	-	1	1
Other interest expense (OBOS-banken AS)	-8 791	-2 555	-15 986
Other operating costs (OBOS-banken AS)	-1 235	-1 161	-4 667
	<b>-10 026</b>	<b>-3 715</b>	<b>-20 652</b>
<b>Balance Sheet</b>			
Loans to and receivables from credit institutions (OBOS-banken AS)	-	1	-
Deposits from and debt to credit institutions (OBOS-banken AS)	-943 541	-457 592	-760 137
Other short-term assets	25 735	1 660	316
Debt through the issuance of securities	-1 512 327	-201 599	-701 920
	<b>-2 430 132</b>	<b>-657 530</b>	<b>-1 461 740</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 31.03.19, this debt was at NOK 1.2 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 31.03.19.

## Note 7 – Assets and liabilities measured at amortized cost

(Figures in NOK 1000)

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

## Note 8 – Capital adequacy

(Figures in NOK 1000)

<b>Net own funds</b>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.12.2018</b>
Share capital	111 000	111 000	111 000
Share premium	989 039	989 039	989 039
Retained earnings	77 099	160	78 291
Qualifying equity from this years result	-	-	78 131
<b>Total equity</b>	<b>1 177 138</b>	<b>1 100 198</b>	<b>1 178 330</b>
Adjustments in core tier 1 capital ratio to regulatory adjustments	-31	-	-18 218
<b>Core tier 1 capital ratio</b>	<b>1 177 107</b>	<b>1 100 198</b>	<b>1 160 112</b>
<b>Tier 1 capital ratio</b>	<b>1 177 107</b>	<b>1 100 198</b>	<b>1 160 112</b>
<b>Tier 2 capital ratio</b>	<b>1 177 107</b>	<b>1 100 198</b>	<b>1 160 112</b>
<b>Minimum requirement own funds</b>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.12.2018</b>
Institutions	480	377	40
Mortgage collateral in real estate	554 199	379 481	478 081
Overdue commitments	3 973	-	4 300
<b>Credit risk</b>	<b>558 651</b>	<b>379 859</b>	<b>482 421</b>
Operational risk	9 549	6 186	9 549
CVA-risk	-	-	-
<b>Minimum requirement own funds</b>	<b>568 200</b>	<b>386 045</b>	<b>491 970</b>
Calculation basis	7 102 503	4 825 563	6 149 623
<b>Capital adequacy ratio</b>			
Core tier 1 capital ratio	16,57 %	22,80 %	18,86 %
Tier 1 capital ratio	16,57 %	22,80 %	18,86 %
<b>Capital adequacy ratio</b>	<b>16,57 %</b>	<b>22,80 %</b>	<b>18,86 %</b>

## Note 9 – Assets and liabilities measured at fair value

(Figures in NOK 1000)

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

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

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

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

#### *Certificates, bonds and debt securities*

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

#### *Bond funds*

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

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

<b>As at 31.03.19</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Certificates and bonds	-	30 794	-	30 794
<b>Total assets</b>	<b>-</b>	<b>30 794</b>	<b>-</b>	<b>30 794</b>

<b>As at 31.03.18</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Certificates and bonds	-	30 180	-	30 180
<b>Total assets</b>	<b>-</b>	<b>30 180</b>	<b>-</b>	<b>30 180</b>

## Note 10 – Debt securities

(Figures in NOK 1000)

	Balance 31.03.2019	New issues 2019	Maturity/ buy backs 2019	Other changes 2019	Balance 31.12.2018
<b>Changes in securities debt</b>					
Debt securities issued	17 500 000	2 500 000	-	-	15 000 000
Amortisation	26 785	-1 625	-	-1 560	29 970
Accrued interest	38 286	-	-	4 947	33 339
<b>Total securities debt</b>	<b>17 565 071</b>	<b>2 498 375</b>	<b>-</b>	<b>3 388</b>	<b>15 063 309</b>

### Method:

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

### Loans issued in NOK as at 31.03.2019

ISIN	Type	Due date	Face value	Book value	Accrued interest	Book value incl. Accrued interest	Maturity	interest rate
<b>Bonds to amortised cost</b>								
NO0010775570	FRN	07.10.2019	2 500 000	2 499 507	9 683	2 509 190	0,5	1,66 %
NO0010775588	FRN	07.10.2021	2 500 000	2 498 509	10 908	2 509 417	2,5	1,87 %
NO0010806870	FRN	05.10.2020	2 000 000	1 999 388	7 140	2 006 528	1,5	1,53 %
NO0010786494	FRN	15.06.2022	4 000 000	4 017 878	3 664	4 021 542	3,2	1,94 %
NO0010795487	FRN	06.06.2023	4 000 000	4 013 075	5 229	4 018 304	4,2	1,81 %
NO0010841232	FRN	19.06.2024	2 500 000	2 498 429	1 661	2 500 090	5,2	1,84 %
<b>Total securities debt</b>			<b>17 500 000</b>	<b>17 526 785</b>	<b>38 286</b>	<b>17 565 071</b>	<b>3,0</b>	<b>1,80 %</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.

## Note 11 – Cover pool

(Figures in NOK 1000)

Cover pool	31.03.2019	31.03.2018	31.12.2018
Loans secured by a home mortgage (housing mortgage loan) <sup>1)</sup>	19 650 106	13 555 424	16 990 450
Deducted the share of debt to assets ratios above 75%	-39 492	-27 038	-38 647
<b>Total Cover pool</b>	<b>19 610 613</b>	<b>13 528 386</b>	<b>16 951 802</b>
<b>Debt through the issuance of securities (excl. accrued interest)</b>	<b>17 526 785</b>	<b>11 999 980</b>	<b>15 029 970</b>
The cover pool's overcollateralisation	111,9 %	112,7 %	112,8 %

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



## Note 12 – Impairment and losses

(Figures in NOK 1000)

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

### Changes in gross carrying amount

The table below shows changes in gross carrying amount to explain the significance of changes in loan provisions.

	Classification at first-time capitalisation and fresh loans	Significant increase in credit risk since the time of the first capitalisation	Significant increase in credit risk since the time of the first capitalisation and objective evidence of loss	
	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 01.01.2019</b>	<b>16 876 460</b>	<b>113 990</b>	<b>-</b>	<b>16 990 450</b>
Migration to Stage 1	15 183	-15 183	-	-
Migration to Stage 2	-1 663	1 663	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL in the period for loans which have not migrate	30 997	-585	-	30 412
New loans	3 454 757	12 603	-	3 467 360
Disposal of loans	-827 814	-8 367	-	-836 181
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
<b>Gross carrying amount 31.03.2019</b>	<b>19 547 920</b>	<b>104 122</b>	<b>-</b>	<b>19 652 042</b>

## Movements in provisions and write-downs

The table below shows the loss provisions broken down by the various steps of the transition to IFRS 9 for the period.

	Classification at first-time capitalisation and fresh loans	Significant increase in credit risk since the time of the first capitalisation	Significant increase in credit risk since the time of the first capitalisation and objective evidence of loss	
	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 01.01.2019</b>	<b>3 377</b>	<b>1 779</b>	<b>-</b>	<b>5 156</b>
Migration to Stage 1	13	-13	-	-
Migration to Stage 2	-9	9	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL in the period for loans which have not migrate	-59	-21	-	-79
New loans	868	232	-	1 100
Disposal of loans	-325	-50	-	-376
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
<b>ECL 31.03.2019</b>	<b>3 865</b>	<b>1 936</b>	<b>-</b>	<b>5 802</b>
Provisions (%) of gross capitalised values	0,02 %	1,86 %	-	0,03 %
<b>Net change (01.01.2019-31.03.2019)</b>	<b>488</b>	<b>157</b>	<b>-</b>	<b>646</b>

## Breakdown of loan provisions per. segment and stage

The table below shows the provisions broken down by the various segments and the stages, as well as net change in loan provisions during the period.

	ECL 31.03.2019			
Segment	Stage 1	Stage 2	Stage 3	Total
Housing co-operatives	624	-	-	624
Retail	3 242	1 936	-	5 178
<b>Total loans and customer receivables</b>	<b>3 865</b>	<b>1 936</b>	<b>-</b>	<b>5 802</b>

	ECL 01.01.2019			
Segment	Stage 1	Stage 2	Stage 3	Total
Housing co-operatives	522	-	-	522
Retail	2 855	1 779	-	4 634
<b>Total loans and customer receivables</b>	<b>3 377</b>	<b>1 779</b>	<b>-</b>	<b>5 156</b>

	Change in ECL entered in the income statement 01.01.2019-31.03.2019			
Segment	Stage 1	Stage 2	Stage 3	Total
Housing co-operatives	101	-	-	101
Retail	387	157	-	544
<b>Total change provision</b>	<b>488</b>	<b>157</b>	<b>-</b>	<b>646</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 extended earnings.

	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>3 377</b>	-	-	<b>3 377</b>
Net change in expected losses	488	-	-	488
<b>Closing balance</b>	<b>3 865</b>	-	-	<b>3 865</b>

Net change in losses on stage 1 on loans measured at fair value, is reversed over extended earnings for OBOS Boligkredit AS.

### Movements in provisions and write-downs

The table below shows the loss provisions broken down by the various steps of the transition to IFRS 9 as of 01.01.2018 and as of 31.03.2018.

	Classification at first-time capitalisation and fresh loans	Significant increase in credit risk since the time of the first capitalisation	Significant increase in credit risk since the time of the first capitalisation and objective evidence of loss	
	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 01.01.2018 according to IFRS 9</b>	<b>2 525</b>	<b>1 548</b>	-	<b>4 073</b>
Migration to Stage 1	89	-89	-	-
Migration to Stage 2	-9	9	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL in the period for loans which have not migrate	-156	-227	-	-382
New loans	264	83	-	347
Disposal of loans	-196	-4	-	-200
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
<b>ECL 31.03.2018</b>	<b>2 518</b>	<b>1 320</b>	-	<b>3 838</b>
Provisions (%) of gross capitalised values	0,02 %	1,44 %	-	0,03 %
<b>Net change (01.01.2018-31.03.2018)</b>	<b>-7</b>	<b>-228</b>	-	<b>-235</b>

### Movements in provisions and write-downs

The table below shows the loss provisions broken down by the various steps of the transition to IFRS 9 as of 01.01.2018 and as of 31.12.2018.

	Classification at first-time capitalisation and fresh loans	Significant increase in credit risk since the time of the first capitalisation	Significant increase in credit risk since the time of the first capitalisation and objective evidence of loss	
	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 01.01.2018 according to IFRS 9</b>	<b>2 525</b>	<b>1 548</b>	<b>-</b>	<b>4 073</b>
Migration to Stage 1	783	-783	-	-
Migration to Stage 2	-54	54	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL in the period for loans which have not migrated	-874	1 122	-	248
New loans	1 641	162	-	1 803
Disposal of loans	-645	-324	-	-969
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
<b>ECL 31.12.2018</b>	<b>3 377</b>	<b>1 779</b>	<b>-</b>	<b>5 156</b>
Provisions (%) of gross capitalised values	0,02 %	1,56 %		0,03 %
<b>Net change (01.01.2018-31.12.2018)</b>	<b>852</b>	<b>231</b>	<b>-</b>	<b>1 083</b>

### Note 13 – Statement of changes in equity

(Figures in NOK 1000)

	Share Capital	Share Premium	Retained earnings	Total equity
<b>Equity as at 01.01.2018</b>	<b>101 000</b>	<b>699 039</b>	<b>160</b>	<b>800 198</b>
Issue of share capital	10 000	290 000	-	300 000
Total result 01.01 - 31.12.2018	-	-	78 131	78 131
Effect of IFRS 9 implementation	-	-	-1 192	-1 192
<b>Equity as at 31.12.2018</b>	<b>111 000</b>	<b>989 039</b>	<b>77 099</b>	<b>1 177 137</b>
Result for the period 01.01 - 31.03.2019	-	-	21 543	21 543
Losses on loans and guaranties, fair value	-	-	488	488
Tax on items that are not reclassified to the result	-	-	-107	-107
<b>Total comprehensive income 01.01.2019 - 31.03.2019</b>	<b>-</b>	<b>-</b>	<b>21 924</b>	<b>21 924</b>
<b>Equity as at 31.03.2019</b>	<b>111 000</b>	<b>989 039</b>	<b>99 023</b>	<b>1 199 061</b>

