

Annual report 2020



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Key Figures

In NOK million	Reference	2020	2019
Profitability			
Profit after tax		107	85
Net interest in % of average total assets		0,67 %	0,62 %
Profit before tax in % of total assets		0,62 %	0,53 %
Cost-to-income ratio	1	5,2 %	6,3 %
Return on equity		7,0 %	6,4 %
Balance sheet			
Lending to customers		23 354	20 262
Loss in % of gross loans		0,00 %	0,01 %
Defaults in % of gross loans	2	0,00 %	0,00 %
Total assets		23 438	20 332
Average total assets	3	21 885	19 558
Covered bonds issued, nominal value		19 975	17 020
Overcollateralisation	4	116,2 %	118,6 %
Capital and liquidity			
Common Equity Tier 1 capital ratio		20,2 %	19,7 %
Tier 1 capital ratio		20,2 %	19,7 %
Total capital ratio		20,2 %	19,7 %
Leverage ratio		7,6 %	7,2 %
Liquidity coverage ratio		2179,6 %	472,9 %

References

- 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

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 2020, the company's lending to customers totalled NOK 23 354 million, an increase of 15 % during the year. The full net growth is related to acquired loans from OBOS-banken, and all loans are at the time of acquisition within 75% of the property's estimated value.

In 2020, OBOS Boligkreditt issued bonds in a total of NOK 5 000 million through one new issue of a NOK 2 500 million floating rate loan (N00010872757), one NOK 1 500 million tap issue (N00010872757) and lastly another tap issue of NOK 1 000 million (N00010786494).

One bond loan of NOK 2 500 million matured during 2020. Liabilities in the form of covered bonds amounted to NOK 19 975 million at year-end 2020, compared with NOK 17 020 million at the turn of the previous year.

Rating

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

Annual Financial Statements

The company recorded operating profit before loan losses and tax of NOK 145.5 million for the fiscal year 2020 (109.5). Profit after loan losses and tax amounted to NOK 106.5 million in 2020 (84.6).

The company's net interest income amounted to NOK 147.1 million in 2020 (116.9). Total operating expenses amounted to NOK 7.5 million (7.3). 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 2020. The calculation of expected credit losses (ECL) as defined by IFRS 9 resulted in an increase in impairments of NOK 0.4 million in 2020 (2.4). Profit after tax amounted to NOK 106.5 million in 2020 (84.6).

Total assets at the end of 2020 amounted to NOK 23 438 million compared with NOK 20 332 million at the end of 2019.

Over-collateralisation, calculated as the value of the cover pool relative to the value of outstanding covered bond loan debt was 116.2 % as at 31 December 2020 (118.6). No substitute assets form part of the cover pool, and the cover pool as such consists exclusively of loans to customers.

OBOS Boligkreditt's liquidity portfolio consisting of Liquidity Coverage Ratio (LCR) eligible assets amounted to NOK 30.5 million as at 31 December 2020 (30.7).

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 2020.

Capital adequacy

OBOS Boligkreditt uses the standard method to calculate capital adequacy. The capital adequacy ratio was 20.2 % as of 31 December 2020 (19.7).

OBOS Boligkreditt 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. OBOS Boligkreditt 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 2020. 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 Boligkreditt. 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 Boligkreditt, 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

During the start-up phase, OBOS Boligkreditt has focused on establishing the framework and routines that are essential for the company's operations. OBOS Boligkreditt is subject to strict regulations and requirements. A fundamental element of the business is to take risk, and the company's Board has a strong focus on managing, reviewing and following up of the company's overall risk profile. The Board notes that OBOS Boligkreditt has not had significant deviations, losses or events, and considers that prudent risk management and internal control measures are in place. 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 Boligkreditt'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 Boligkreditt 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 Boligkreditt. 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 2020. Credit risk is the company's most significant risk area. The company's policy calls for a low level of credit risk to be taken. The company has a Board-approved framework and procedures for the sale and purchase of loans between the parent bank and OBOS Boligkreditt. 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 Boligkreditt.

OBOS Boligkreditt'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 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 2 179,6 % as at 31 December 2020 (472,9 %).

OBOS Boligkreditt has entered into a Revolving Credit Facility agreement with the parent bank in which the bank will provide liquidity support in order to ensure payments related to issued covered bonds. Bonds issued by OBOS Boligkreditt have a soft bullet structure in which the company has the opportunity to extend 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 price 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, however with one and loan of NOK 520 million with fixed rate terms.

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 as a whole.

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 2020 financial statements are prepared on the basis of the "going concern"- assumption.

Future prospects

The corona pandemic led to a sharp setback in the Norwegian and international economies. However, the recovery is well underway and has gone faster than expected. Relief in infection control measures throughout the autumn and into the winter have boosted economic activity, but the consequence for the time being seems to be another surge in the spread of the

coronavirus. Infection rates are higher in several places in the country now than they were in the spring. Infection control measures are thus currently being tightened yet again.

The market effects in the wake of Covid-19 were very strong in the first half of the year but diminished somewhat through the spring and summer. Going through the autumn and into the winter credit spreads in the bond markets have fallen further. Norwegian money market interest rates are historically low, and mortgage rates are at record low levels. Activity in the housing market has picked up markedly, turnover has been high, and house prices have risen more than projected. Norges Banks policy rate forecast implies a gradual rise from the latter half of 2021.

Unemployment levels have declined, while they are still relatively high by Norwegian standards. The uncertainty about further recovery is still significant, not least in connection with the reintroduction of certain infection control measures. The effects of the pandemic and market uncertainty will therefore continue to characterize future developments.

OBOS Boligkreditt's portfolio has an average loan to value (LTV) ratio at a low 33 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 2020 compared to 2019. That, combined with good cost control and a low-risk loan portfolio with low loan losses, has resulted in an increased profitability in 2020. The macroeconomic environment is at the same time improving. The Board is satisfied with the improvement of the macroeconomic environment and the increased profitability.

Allocations

The profit after tax amounted to NOK 106.5 million for 2020. The recommendation from the Board of Directors is to allocate the profit to other equity.

Composition of the Board and Corporate Governance

The company's Board consist of the following members:

<i>Chairman of the Board:</i>	<i>Marit Midttun</i>
<i>Member of the Board:</i>	<i>Morten Dick</i>
<i>Member of the Board:</i>	<i>Svein Haugsvold</i>
<i>Member of the Board:</i>	<i>Marianne Aalby</i>

During 2020, the Board held ten 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 two women and two men. Marit Midttun is CEO of the parent bank.

OBOS BBL is in line with the «Norwegian Code of Practice for Corporate Governance» (NUES). OBOS Boligkreditt refers to the OBOS Group's statement in its own annual report. The Board has decided guidelines

and strategies to promote the goal of effective management of the company's business relationship. These clarify 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 the OBOS group, which will be published on www.obos.no.

Oslo, 23 March 2021

The Board in OBOS Boligkreditt AS

This document is signed electronically

Marit Midttun
Chairman

Svein Haugsvold

Morten Dick

Marianne Aalby

Tore Weldingh
CEO

Income statement

In NOK thousand

	NOTE	2020	2019
Interest income calculated using the effective interest method		453 385	475 008
Interest income, fair value		445	613
Interest expenses calculated using the effective interest method		-294 081	-350 746
Interest expenses, fair value		-12 606	-7 942
Net interest income	5,26	147 144	116 933
Commission and banking service expenses		-351	-338
Net commission expenses		-351	-338
Net gain/(loss) and change in value of fin. Instruments	6	6 253	238
Net operating income		153 046	116 833
Salaries and other personnel cost	7	-183	-183
Administration cost	7	-380	-316
Other operating expenses	26	-6 975	-6 816
Total operating expenses		-7 537	-7 314
Profit before loan losses and taxes		145 508	109 519
Net loan losses	8	414	-2 398
Profit before tax		145 923	107 121
Income tax expense	27	-39 378	-22 484
Profit after tax		106 545	84 637
Attributabel to			
Retained earnings		106 545	84 637
Total		106 545	84 637

Statement of comprehensive income

	NOTE	2020	2019
Profit after tax		106 545	84 637
Losses on loans and guarantees, fair value	8	704	296
Income tax expense on items that can be reclassified		-155	-65
Items that can be reclassified to profit or loss		549	231
Net change in values from own credit risk		-1 880	-3 707
Income tax expense on items that will not be reclassified		414	816
Items that will not be reclassified to profit or loss		-1 466	-2 891
Comprehensive income for the periode		-917	-2 660
Total comprehensive income after tax		105 628	81 976
Attributable to			
Retained earnings		105 628	81 976
Total		105 628	81 976

Balance sheet

In NOK thousand

	NOTE	31.12.2020	31.12.2019
ASSETS			
Loans and receivables to credit institutions	17,19	7 127	30 267
Loans and receivables to customers	10,11,17,19	23 353 909	20 261 577
Certificates and bonds	6,12,17,18	30 479	30 693
Financial derivatives		40 043	4 804
Deferred tax asset	27	2 413	1 899
Other assets	26	3 844	2 690
TOTAL ASSETS		23 437 816	20 331 931
	NOTE	31.12.2020	31.12.2019
LIABILITIES AND EQUITY			
Loans from credit institutions	13,14,17	1 595 572	1 745 367
Debt securities issued	13,14,17,19	20 037 858	17 103 759
Other liabilities		342	224
Deferred tax		-	-
Tax payable	27	39 302	23 468
TOTAL LIABILITIES		21 673 074	18 872 817
Share capital		131 000	121 000
Share premium		1 369 039	1 179 039
Retained earnings		264 703	159 075
TOTAL EQUITY		1 764 742	1 459 114
TOTAL LIABILITIES AND EQUITY		23 437 816	20 331 931

Oslo, 23 March 2021

The Board in OBOS Boligkreditt AS

This document is signed electronically

Marit Midttun
Chairman

Svein Haugsvold

Morten Dick

Marianne Aalby

Tore Weldingh
CEO

Statement of changes in equity

In NOK thousand

	Share Capital	Share Premium	Retained earnings	Total equity
Equity as at 01.01.2019	111 000	989 039	77 099	1 177 137
Issue of share capital	10 000	190 000	-	200 000
Result for the period 01.01 - 31.12.2019	-	-	87 105	87 105
Losses on loans and guarantees, fair value	-	-	153	153
Income tax expense on items that can be reclassified	-	-	-34	-34
Net change in values from own credit risk	-	-	-3 317	-3 317
Income tax expense on items that will not be reclassified	-	-	730	730
Effect of IFRS 9 implementation	-	-	-2 660	-2 660
Equity as at 31.12.2019	121 000	1 179 039	159 076	1 459 114
Issue of share capital	10 000	190 000	-	200 000
Result for the period 01.01 - 31.12.2020	-	-	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
Total comprehensive income 01.01.2020 - 31.12.2020	-	-	105 628	105 628
Equity as at 31.12.2020	131 000	1 369 039	264 704	1 764 742

Cash flow

In NOK thousand

	NOTE	31.12.2020	31.12.2019
Profit before tax		145 923	107 121
Interest income calculated using the effective interest method	5	-453 385	-475 008
Interest payments from customers and credit institutions		459 315	472 268
Loans to customers transferred from parent company		-3 097 138	-3 270 493
Interest from certificates and bonds/bond funds		-28 038	1 921
Other net gain/(loss) on derivatives	6	34 291	-1 556
Payment for other assets		-36 673	-7 169
Payment for other debt		234	167
Net gain/(loss) on financial instruments	6	-6 253	-238
Net loan losses		-1 123	2 106
Paid taxes		-23 468	-23 142
Change in accrued interests		-26 421	13 329
Change in other accruals		47	-137
Net new lines of credit	26	-149 795	985 230
(A) Net cash flow from operating activities		-3 182 485	-2 195 602
Payments related to acquisition of shares and securities		-	-
(B) Net cash flow from investment activities		-	-
Debt securities issued	13	5 004 345	4 523 710
Repayment of covered bonds	13	-2 045 000	-2 500 000
Issue of share capital		200 000	200 000
(C) Net cash flow from financing activities		3 159 345	2 223 710
(A) + (B) + (C) Net cash flow for the period		-23 140	28 109
Cash and cash equivalents at beginning of period		30 267	2 159
Cash and cash equivalents at end of period		7 127	30 267
Net change in cash and cash equivalents		-23 140	28 109
Liquidity reserves specified			
Loans to and receivables from credit institutions 1)		7 127	30 267
Cash and cash equivalents		7 127	30 267

1) Hereof 0,6 NOK thousand in restricted deposits.

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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 2020 were approved by the Board on 23 March 2021 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 with changes that came into force on 01.01.2020. From this date, the company has prepared company accounts in accordance with § 1-4 (2b) of the regulations. The changes do not have any consequences for classification and measurement, but the company will be required to follow a standardized presentation plan for profit and loss and balance sheet. This did not entail any significant changes for OBOS Boligkreditt.

OBOS Boligkreditt has chosen not to revise comparative figures in accordance with § 9-2 of the regulations, but comparative figures have been partially reworked with regard to classification so that this will fit as well as possible with the layout plan according to new 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 31.12.2020.

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: OBOS Boligkreditt has no financial instruments at level 3.

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

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.

Per 31 December 2020 the assessed development in macroeconomic variables are as follows;

	Yearly average assessment	
	2020	2021
BNP for mainland Norway	-3,6%	3,6 %
Employment growth	-1,8%	-0,7 %
Wage increase	1,9 %	1,9 %
Disposable real income	1,8 %	1,5 %
Unemployment	4,7 %	4,3 %
Three months NIBOR,	0,7 %	0,3 %
Mortgage rate on credit lines	2,0 %	2,1 %
The development in housing prices	3,7 %	5,0 %
New housing investments	6,3 %	4,0 %

Assesed debt growth is 4,7 % and population growth are 0,74% per 31 December 2020.

The following factors for outcome and probabilities have been used for both portfolios per 31 December 2020:

	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

The accounting policies adopted are consistent with those of the previous financial year, with the exception of the early adoption of Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) which was applied from 1 January 2020

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 2020.

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 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 Boligkreditt'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

	2020	2019
Interest and similar income from loans to credit institutions, amortised cost	78	208
Interest and similar income from loans to customers, amortised cost	453 211	474 765
Other interest and similar income, amortised cost	96	36
Total Interest income calculated using the effective interest method	453 385	475 008
Interest and similar income from certificates and bonds, fair value	445	613
Total Interest income, fair value	445	613
Interest and similar expenses from loans to credit institutions, amortised cost	-17 024	-26 441
Interest and similar expenses of issued securities, amortised cost	-274 231	-322 797
Other interest and similar expenses, amortised cost	-2 826	-1 509
Total Interest expenses calculated using the effective interest method	-294 081	-350 746
Interest and similar expenses of issued securities, fair value	-12 606	-7 942
Total Interest expenses, fair value	-12 606	-7 942
Net interest and credit commission income	147 144	116 933

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

In NOK thousand

	2020	2019
Net gain/(loss) and change in value on certificates and bonds	-150	-158
Net gain/(loss) and change in value on bond funds	-	-
Net interest income on derivatives ¹	5 609	992
Other net gain/(loss) and change in value on derivatives	34 291	-1 556
Net gain/(loss) and change in value on fixed rate covered bonds ²	-33 497	960
Net gain/(loss) and change in value of financial instruments	6 253	238

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

2) OBOS Boligkredit has used the Fair Value Option (FVO) when valuing fixed rate covered bonds in accordance with IFRS 9. The principle implies that changes in value as a result of changes in own credit risk are recognized in the OBOS-banken group's comprehensive income. The amount that has been deducted from OBOS Boligkredit's result and transferred to the Group is 1,9 million Norwegian kroner on 31 December 2020.

Note 7a – Personnel

OBOS Boligkreditt had no employees in 2020. 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

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 2020.

In NOK thousand

Fees to the Board	2020	2019
Marit Sigrid Midttun	-	-
Martin H. Arnholdt - from February 2018 to September 2019	-	-
Eva Marianne Aalby - from July 2020	-	-
Morten Dick - from September 2019	-	-
Svein Haugsvold	160	160
Total Fees	160	160

Remuneration to the auditor	2020	2019
Statutory audit	128	112
Remuneration for other services	98	91
Total Remunerations	226	203

Note 8 – Impairment and losses

In NOK thousand

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

Changes in gross carrying amount

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 01.01.2020	20 124 542	134 376	6 545	20 265 462
Migration to Stage 1	5 543	-5 543	-	-
Migration to Stage 2	-245 641	245 641	-	-
Migration to Stage 3	-	-	-	-
Changes in carrying amount which have not migrated	-525 356	-8 444	-	-533 799
New loans	6 361 751	60 652	-	6 422 403
Disposal of loans	-2 762 818	-28 032	-6 545	-2 797 395
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 31.12.2020	22 958 022	398 649	-	23 356 671

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	
	Stage 1	Stage 2	Stage 3	Total
ECL 01.01.2020	3 673	2 111	1 770	7 554
Migration to Stage 1	32	-32	-	-
Migration to Stage 2	-172	172	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL for loans which have not migrated	-530	-44	-	-573
New loans	1 352	298	-	1 649
Disposal of loans	-919	-433	-1 770	-3 122
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	941	690	-	1 632
Other changes	-	-	-	-
ECL 31.12.2020	4 377	2 762	-	7 140
Provisions (%) of gross capitalised values	0,02 %	0,69 %	0,00 %	0,03 %
Net change (01.01.2020-31.12.2020)	704	651	-1 770	-414

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	3 673	-	-	3 673
Net change in expected losses	704		-	704
Closing balance	4 377	-	-	4 377

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

	31.12.2020	31.12.2019
Expected loss total	7 140	7 554
Base scenario	4 615	7 194
Effect of forward-looking macro information	2 524	360

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 01.01.2020	13 231 377	-	-	13 231 377
Migration to Stage 1	-	-	-	-
Migration to Stage 2	-	-	-	-
Migration to Stage 3	-	-	-	-
Changes in carrying amount which have not migrated	-309 984	-	-	-309 984
New loans	4 568 075	-	-	4 568 075
Disposal of loans	-897 254	-	-	-897 254
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 31.12.2020	16 592 213	-	-	16 592 213

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
ECL 01.01.2020	2 828	-	-	2 828
Migration to Stage 1	-	-	-	-
Migration to Stage 2	-	-	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL for loans which have not migrated	-78	-	-	-78
New loans	258	-	-	258
Disposal of loans	-	-	-	-
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	82	-	-	82
Other changes	-	-	-	-
ECL 31.12.2020	3 091	-	-	3 091
Provisions (%) of gross capitalised values	0,02 %	0,00 %	0,00 %	0,02 %
Net change (01.01.2020-31.12.2020)	262	-	-	263

Changes in gross carrying amount - Retail segment

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 01.01.2020	6 893 165	134 376	6 545	7 034 085
Migration to Stage 1	5 543	-5 543	-	-
Migration to Stage 2	-245 641	245 641	-	-
Migration to Stage 3	-	-	-	-
Changes in carrying amount which have not migrated	-215 371	-8 444	-	-223 815
New loans	1 793 676	60 652	-	1 854 328
Disposal of loans	-1 865 564	-28 032	-6 545	-1 900 141
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 31.12.2020	6 365 809	398 649	-	6 764 458

Movements in provisions and write-downs - Retail segment

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	Total
ECL 01.01.2020	845	2 111	1 770	4 726
Migration to Stage 1	32	-32	-	-
Migration to Stage 2	-172	172	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL for loans which have not migrated	-452	-44	-	-496
New loans	1 093	298	-	1 391
Disposal of loans	-919	-433	-1 770	-3 122
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	860	690	-	1 550
Other changes	-	-	-	-
ECL 31.12.2020	1 287	2 762	-	4 049
Provisions (%) of gross capitalised values	0,02 %	0,69 %	0,00 %	0,06 %
Net change (01.01.2020-31.12.2020)	442	651	-1 770	-677

Note 9 – Credit risk exposure and collateral

In NOK thousand

	31.12.2020		31.12.2019	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, secured loans				
0 % - 40 %	47 %	3 173 901	45 %	3 136 979
40 % - 60 %	29 %	1 988 113	26 %	1 829 924
60 % - 75 %	16 %	1 112 826	27 %	1 881 142
75 % -80%	2 %	111 690	2 %	107 577
80 % - 90 %	2 %	132 197	0 %	20 517
90 % - 100 %	1 %	90 277	0 %	15 225
>100 %	2 %	155 454	1 %	42 721
Residential mortgages, secured by fixed property	100 %	6 764 458	100 %	7 034 085
0 % - 40 %	78 %	12 948 965	80 %	10 532 879
40 % - 60 %	21 %	3 528 548	19 %	2 552 008
60 % - 80 %	1 %	114 700	1 %	146 490
80 % - 90 %	0 %	-	0 %	-
90 % - 100 %	0 %	-	0 %	-
>100 %	0 %	-	0 %	-
Housing co-operatives, secured by fixed property	100 %	16 592 213	100 %	13 231 377
TOTAL LOANS TO CUSTOMERS, SECURED		23 356 671		20 265 462

	31.12.2020		31.12.2019	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, residential mortgage (relative distribution)				
0% - 85 %	96 %	6 468 519	99 %	6 968 098
85 % - 100 %	2 %	140 485	0 %	23 266
> 100 %	2 %	155 454	1 %	42 721
Residential mortgage, secured by fixed property	100 %	6 764 458	100 %	7 034 085

Note 10 – Risk classification of loans and guarantees

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".

In NOK thousand

OBOS Boligkreditt AS				
31.12.2020				
Commitments broken down by risk groups based on probability of default and loss	Loans	Guarantees	Unused credit	Total
1 – Low risk	23 218 299	-	-	23 218 299
2 – Medium risk	128 856	-	-	128 856
3 – High risk	9 516	-	-	9 516
4 – Default		-	-	-
Total before loan loss provisions	23 356 671	-	-	23 356 671
- Loan loss provisions	-7 140	-	-	-7 140
Net loans and receivables from customers at 31.12.2020	23 349 531	-	-	23 349 531

31.12.2019

Commitments broken down by risk groups based on probability of default and loss	Loans	Guarantees	Unused credit	Total
1 – Low risk	20 106 143	-	-	20 106 143
2 – Medium risk	135 649	-	-	135 649
3 – High risk	17 140	-	-	17 140
4 – Default	6 530	-	-	6 530
Total before loan loss provisions	20 265 462	-	-	20 265 462
- Loan loss provisions	-3 885	-	-	-3 885
Net loans and receivables from customers at 31.12.19	20 261 577	-	-	20 261 577

Note 11 – Loans to customers divided in main segments

In NOK thousand

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	-
Total	23 356 671	-	-	-7 140	23 349 531	

As at 31.12.2019	Loans	Unused credit	Guarantees	ECL	Total	o/w non-perf.
Retail	7 034 085	-	-	-3 886	7 030 200	-
Housing co-operatives	13 231 377	-	-	-	13 231 377	-
Total	20 265 462	-	-	-3 886	20 261 577	-

Note 12 – Certificates and bonds measured at fair value

In NOK thousand

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
Total		30 727	30 479	30 479 -	248

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
Balance sheet value as at 31.12.2020	30 479

As at 31.12.2019

Sector	Risk class	Aquisition Cost	Book value	Market value	Unrealised change in value
Certificates and bonds	0 %	30 755	30 693	30 693 -	62
Total		30 755	30 693	30 693 -	62

Financial assets at fair value over profit

Balance sheet value as at 31.12.2018	30 820
Additions	-
Sales	-
Realised profit (loss)	-
Change in unrealised change in value	- 246
Interest income	613
Net received interest	- 493
Balance sheet value as at 31.12.2019	30 693

Average interest rate when calculating time-weighted return according to Newtons method "Current yield" give 0,88% per 31.12.2020. (1,67% per 31.12.2019). All certificates and bonds owned as at 31.12.2020 qualify as Level 1A under the LCR regulations.

Note 13 – Debt securities

In NOK thousand

	Balance 31.12.2020	New issues 2020	Maturity/ buy backs 2020	Other changes 2020	Balance 31.12.2019
Changes in debt securities					
Debt securities issued nominal value	19 975 000	5 000 000	-2 045 000	-	17 020 000
Net premium / discount on bonds payable	-	-20 825	-2 593	23 418	-
Bond interest receivable / payable	-	3 605	-6 618	3 013	-
Accrued interest	20 247	-	-	-26 421	46 668
Amortisation	4 488	-	-	-29 856	34 344
Fair value adjustment	38 124	-	-	35 377	2 747
Total debt securities	20 037 858	4 982 780	-2 054 211	5 531	17 103 759

Method:

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

Loans issued in NOK as at 31.12.2020

ISIN	Type	Due date	Face value	Book value	Accrued interest	Book value incl. accrued interest	Maturity	interest rate
Bonds at amortised cost								
NO0010775588	FRN	07.10.2021	2 455 000	2 454 554	5 220	2 459 773	0,8	0,89 %
NO0010786494	FRN	15.06.2022	5 000 000	5 015 224	2 243	5 017 467	1,5	0,95 %
NO0010795487	FRN	06.06.2023	4 000 000	4 007 678	2 417	4 010 095	2,4	0,87 %
NO0010841232	FRN	19.06.2024	4 000 000	4 008 748	1 063	4 009 812	3,5	0,87 %
NO0010872757	FRN	13.06.2025	4 000 000	3 973 284	1 340	3 974 624	4,5	0,67 %
Bonds at fair value								
NO0010851645 ¹⁾	Fixed	15.05.2029	520 000	558 124	7 964	566 088	8,4	2,42 %
Total debt securities			19 975 000	20 017 612	20 247	20 037 858	2,7	0,89 %

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

	2020	2019
Issued securities	0,89 %	2,34 %

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 av all securities issued and multiplied by 100 to calculate the weighted average.

Note 15 – Financial derivatives

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.

In NOK thousand

As at 31.12.2020

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

As at 31.12.2019

Interest rate swaps	Contract value ¹⁾	Fair value ²⁾	Unrealised gain/loss ³⁾
Receive floating interest, pay fixed interest	-	-	-
Receive fixed interest, pay floating interest	520 000	-1 556	1 556
Net accrued interest		6 361	
Total financial derivative contracts	520 000	4 804	1 556
Financial derivative asset		4 804	
Financial derivative liability		-	
Net asset / liability derivatives		4 804	

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

		Net settlement of Gross				
	Gross financial assets /	financial assets /	Book value	Cash	Net value	
31.12.2020	liabilities	liabilities		collateral		
Derivatives Assets	40 043	-	40 043	-		40 043
Derivatives Liabilities	-	-	-	-		-
31.12.2019						
Derivatives Assets	4 804	-	4 804	-		4 804
Derivatives Liabilities	-	-	-	-		-

This note shows the balance sheet derivative positions of OBOS Boligkreditt AS. As at 31.12.2020 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

	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
As at 31.12.2020				
Financial assets				
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
Total financial assets	70 522	23 353 909	7 127	23 431 558
Financial liabilities				
Debt to credit institutions			1 595 572	1 595 572
Securitised debt	566 088		19 471 771	20 037 858
Total financial liabilities	566 088	-	21 067 343	21 633 430

	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
As at 31.12.2019				
Financial assets				
Loans and receivables to credit institutions			30 267	30 267
Loans to customers		20 261 577		20 261 577
Certificates and bonds	30 693			30 693
Financial derivatives	4 804			4 804
Total financial assets	35 497	20 261 577	30 267	20 327 342
Finansielle liabilities				
Debt to credit institutions			1 745 367	1 745 367
Securitised debt	530 689		17 103 759	17 634 448
Total financial liabilities	530 689	-	18 849 126	19 379 815

Note 18 – Assets and liabilities measured at fair value

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.

See also note 2: accounting policies.

In NOK thousand

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

As at 31.12.2019	Level 1	Level 2	Level 3	Total
Assets				
Certificates and bonds	-	30 693	-	30 693
Financial derivatives	-	4 804	-	4 804
Assets valued at fair value through OCI				
Loans and receivables to customers		-	20 265 462	20 265 462
Total assets	-	35 497	20 265 462	20 300 959
Liabilities				
Debt securities issued	-	530 689	-	530 689
Total liabilities	-	530 689	-	530 689

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 to credit institutions.

Note 20 – Capital adequacy

In NOK thousand

Net own funds	31.12.2020	31.12.2019
Share capital	131 000	121 000
Share premium	1 369 039	1 179 039
Retained earnings	159 075	159 075
Qualifying equity from this years result	105 628	81 976
Total equity	1 764 742	1 459 114
Adjustments in common tier 1 capital	1 798	-3 742
Common equity tier 1 capital	1 766 540	1 455 371
Additional Tier 1 capital		
Tier 1 capital	1 766 540	1 455 371
Tier 2 instruments		
Own funds	1 766 540	1 455 371
Minimum requirement own funds	31.12.2020	31.12.2019
Institutions	765	831
Corporates	-	-
Secured by mortgages on immovable property	652 659	571 040
Exposures in default	22 171	3 371
Other items	1 167	192
Credit risk	676 763	575 434
Operational risk	18 906	14 902
CVA-risk	5 141	1 475
Minimum requirement own funds	700 811	591 811
Risk weighted assets	8 760 134	7 397 624
Capital adequacy ratio		
Common tier 1 capital ratio	20,17 %	19,67 %
Tier 1 capital ratio	20,17 %	19,67 %
Capital adequacy ratio	20,17 %	19,67 %

Note 21 – Liquidity risk – financial obligations

In NOK thousand

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
Total liabilities	-6 887	-38 559	-2 604 618	-19 057 197	-570 336	-22 277 597

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

As at 31.12.2019	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	-3 403	-6 807	-20 421	-1 745 367	-	-1 775 998
Debt securities	-25 862	-71 789	-2 307 302	-15 338 513	-582 920	-18 326 386
Total liabilities	-29 266	-78 596	-2 327 722	-17 083 880	-582 920	-20 102 384

Financial derivatives

Contractual maturities outgoing cashflow	-	-3 164	-9 053	-49 646	-58 591	-120 454
Contractual maturities incoming cashflow	-	-	12 584	50 336	62 920	125 840

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 31.12.2020	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
Total assets	27 590	23 403 968	-	-	-	-	23 431 558
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
Total liabilities	-4 055 345	-17 011 997	-566 088	-	-	-	-21 633 430
Net interest rate exposure	-4 027 755	6 391 971	-566 088	-	-	-	
Net interest rate exposure as percentage of total liabilities	18,62 %	-29,55 %	2,62 %	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 31.12.2019	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	30 267	-	-	-	-	-	30 267
Loans to customers	-	20 261 577	-	-	-	-	20 261 577
Certificates and bonds	10 596	20 097	-	-	-	-	30 693
Financial Derivatives	-	4 804	-	-	-	-	4 804
Total assets	40 864	20 286 479	-	-	-	-	20 327 342
Deposit from and debt to credit institutions	-1 745 367						-1 745 367
Debt securities	-4 522 927	-12 050 143	-530 689	-	-	-	-17 103 759
Total liabilities	-6 268 294	-12 050 143	-530 689	-	-	-	-18 849 126
Net interest rate exposure	-6 227 430	8 236 336	-530 689	-	-	-	
Net interest rate exposure as percentage of total liabilities	33,04 %	-43,70 %	2,82 %	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.

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

In NOK thousand

Sensitivity	31.12.2020	31.12.2019
Assets		
Loans to and receivables from credit institutions	-71	-303
Certificates and bonds	-24	-33
Loans to customers, floating	-26 826	-22 927
Total assets	-26 921	-23 262
Liabilities		
Issued securities, fixed	41 830	42 796
Issued securities, floating	35 157	25 120
Other liabilities	2 521	2 726
Derivatives	-42 370	-43 702
Total liabilities	37 137	26 940
Net	10 216	3 677

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

	31.12.2020	31.12.2019
Assets		
Loans to and receivables from credit institutions	7 127	30 267
Loans to and receivables from customers	23 356 671	20 261 577
Bond funds	30 479	30 693
Financial derivatives	40 043	4 804
Total credit exposure on balance sheet	23 434 320	20 327 342
Total credit exposure	23 434 320	20 327 342

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

Cover pool	31.12.2020	31.12.2019
Mortgages ¹⁾	23 353 909	20 261 577
Ineligible loans	-101 472	-24 570
Total Cover pool	23 252 437	20 237 007
Debt through the issuance of securities (excl. accrued interest)	20 017 612	17 057 091
The cover pool's overcollateralisation	116,2 %	118,6 %

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

Note 26 – Related parties

In NOK thousand

Transactions within the group

	31.12.2020	31.12.2019
Income Statement		
Other interest income (OBOS-banken AS)	0	2
Other interest expense (OBOS-banken AS)	-35 287	-35 607
Other operating costs (OBOS-banken AS)	-5 264	-5 264
	-40 551	-40 869
Balance Sheet		
Loans to and receivables from credit institutions (OBOS-banken AS)	-	2
Deposits from and debt to credit institutions (OBOS-banken AS)	-1 595 572	-1 745 367
Other short-term assets	3 831	2 681
Debt through the issuance of securities	-1 111 064	-
	-2 702 804	-1 742 684

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 31.12.20, this debt was at NOK 5.3 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 31.12.20.

Note 27 – Tax

In NOK thousand

	2020	2019
Profit before tax	145 923	107 121
Net changes in values from own credit risk	-1 176	-3 411
Permanent differences	33 940	2 953
Corrections in temporary differences in other securities	-1 205	-4 461
Change in temporary differences	1 162	4 468
Basis for tax payable	178 644	106 671
Tax payable (22%)	39 302	23 468
	2020	2019
Overview of temporary differences		
Shares, other securities etc.	-5 689	-4 484
Accrued interest swap contracts	36	-7
Total temporary differences affecting the tax base	-5 654	-4 492
Deferred tax asset (22%)	1 244	988
Deferred tax over OCI	1 169	911
Deferred tax asset (22%)	2 413	1 899
	2020	2 019
Tax expense		
Tax payable	39 302	23 468
Allocated too much / (little) previous years	332	1
Change in deferred taxes/deferred tax assets	-256	-983
Tax in OCI	-259	750
Total taxes	23 235	23 236
Assessment of the year's tax expense		
Accounting profit before taxes	145 923	107 121
Tax (22%)	32 103	23 567
Tax expense (22%) on comprehensive income	-259	-
Accounting tax expense	23 236	23 236
Difference	-7 533	331
<i>Difference explained by:</i>		
Allocated too much / (little) previous years	-332	-1
22% of permanent differences	-7 202	332
Sum Explanation	-7 533	331

Note 28 – Share capital and shareholders information

OBOS Boligkreditt share capital at 31 December 2020 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.

Auditor's report



To the General Meeting of OBOS Boligkreditt AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OBOS Boligkreditt AS, which comprise the balance sheet as at 31 December 2020, 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 accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm



Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.



Oslo, 23 March 2021
PricewaterhouseCoopers AS

Anne Lene Stensholdt
State Authorised Public Accountant
(This document is signed electronically)

