



Foto: Nadia Frantsen

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Key figures & alternative performance measures

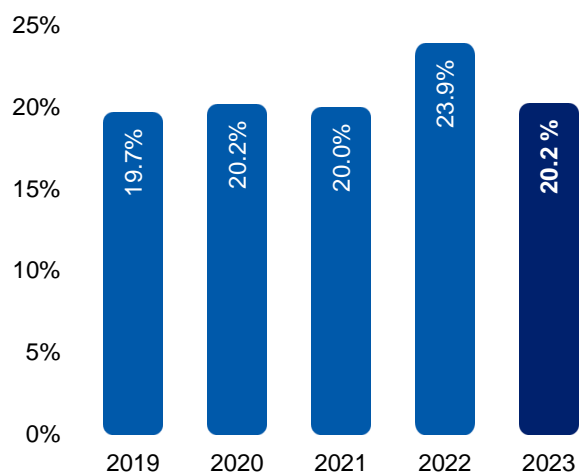
	2023	2022
Profitability		
1) Profit after tax	98	91
2) Net interest in % of average total assets	0.52 %	0.50 %
3) Profit before tax in % of total assets	0.39 %	0.46 %
4) Cost to income ratio	8.1 %	7.0 %
5) Return on equity	5.0 %	4.7 %
Balance sheet		
6) Lending to customers	32 139	25 383
7) Loss in % of gross loans	-0.01 %	-0.01 %
8) Defaults in % of gross loans	0.00 %	0.00 %
9) Total assets	32 773	25 695
10) Average total assets	29 234	25 726
11) Covered bonds issued	28 270	21 870
12) Overcollateralisation	13.4 %	16.3 %
Solidity		
13) CET 1 Capital ratio	20.2 %	23.9 %
14) T1 Capital ratio	20.2 %	23.9 %
15) Total capital ratio	20.2 %	23.9 %
16) Leverage ratio	6.0 %	7.3 %
17) Liquidity coverage ratio	N.M.	N.M.
Staffing		
18) Number of permanent employees	0	0

See www.obos.no/bedrift/ir for further definitions and calculations of the alternative performance measures

Definitions

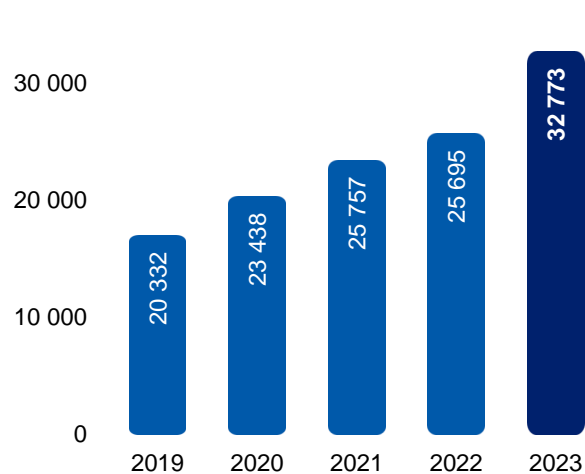
- 2) Net interest income, % of average total assets
- 3) Profit before tax, % of average total assets
- 4) Sum operating expenses before losses, divided by net operating income
- 5) Return on equity after tax, % of average equity
- 7) Loan losses of the period divided by the average loan volume of the period
- 8) Exposure overdue more than 90 consecutive days divided by gross loans
- 10) Average total assets per month
- 11) Covered bonds face value
- 12) Cover pool in % of issued of cover bonds
- 17) Liquidity coverage ratio (*N.M. means there are no liquidity outflows at the reporting date*)

CET1 capital ratio



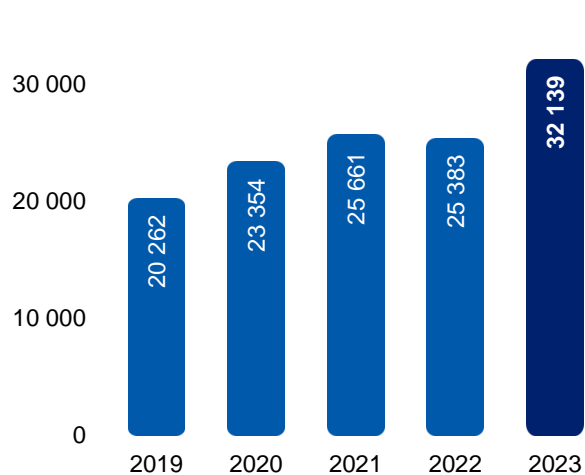
Total assets

MNOK

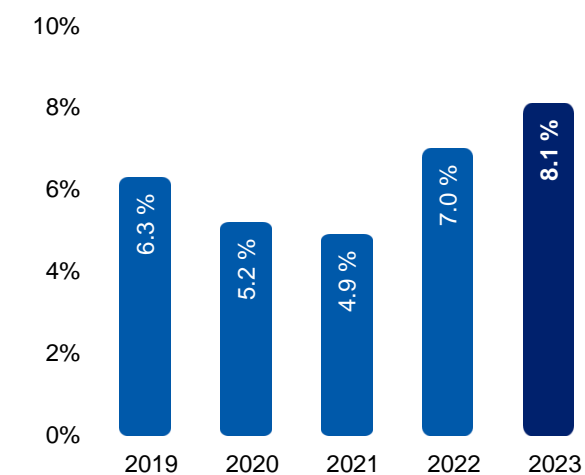


Lending

MNOK

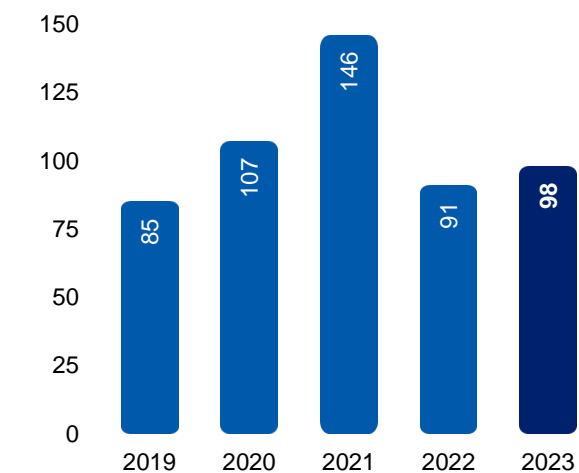


Cost-to-income ratio

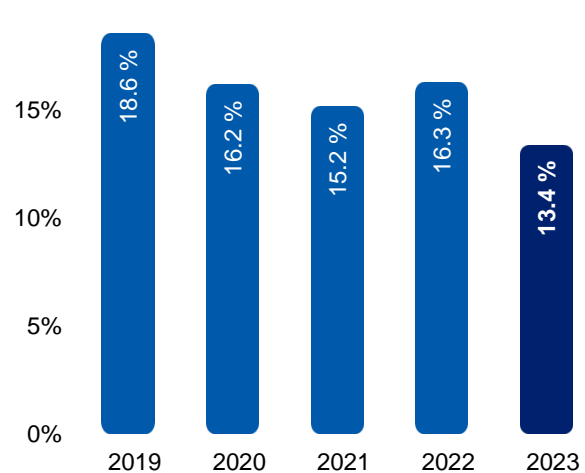


Profit after tax

MNOK



Overcollateralisation



Report from the Board of Directors

OBOS Boligkreditt AS (the Company) is a wholly owned subsidiary of OBOS-banken (the Parent), with registered offices in Oslo. The Company started operations in 2016. 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 2023 the Company's lending to customers totalled NOK 32,139 million. All loans are at the time of acquisition secured by residential properties and within 80 % of the property's estimated value.

One new NOK 4,000 million and one new NOK 6,000 million premium covered bond loan was issued in 2023. One covered bond loan of NOK 3,000 million matured during 2023. Liabilities in the form of covered bonds amounted to NOK 28,270 million at year-end 2023, compared with NOK 21,870 million at year-end 2022.

Rating

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

Annual Financial Statements

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

The Company recorded operating profit before loan losses and tax of NOK 130 million for the fiscal year 2023 (120). Profit after loan losses and tax amounted to NOK 98 million in 2023 (91).

The Company's net interest income amounted to NOK 151 million in 2023 (130). Total operating expenses amounted to NOK 11 million (9). 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 2023. Net loan losses were NOK 4 million (1).

Total assets at the end of 2023 amounted to NOK 32,773 million (25,695).

Overcollateralisation, calculated as the value of the cover pool relative to the value of outstanding covered bond debt, was 13.4 % as at 31 December 2023 (16.3 %). 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 612 million as at 31 December 2023 (269).

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 2023.

Capital adequacy

OBOS Boligkreditt uses the standardised method to calculate capital adequacy. The total capital ratio was 20.2 % as of 31 December 2023 (23.9 %).

OBOS Boligkreditt is required to have a total capital ratio of at least 17.5 %, of which CET1 capital ratio must be at least 14.0 % of risk weighted assets. The countercyclical risk buffer increased from 2.0 % to 2.5 % with effect from 31 March 2023. The systemic risk buffer requirement increased from 3.0 % to 4.5 % effective from year end 2023.

OBOS Boligkreditt is well capitalized, and the Board assumes that the Parent bank will continue to be ready to increase the Company's capital base, should this be necessary.

Employees and the working environment

The Company had no employees in 2023. The CEO 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 were 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, will follow the personnel policy for gender equality and commits itself to:

- Facilitate job development opportunities
- Work methodically to increase the number of women in senior positions
- Ensure equal opportunities and rights and prevent discrimination due to ethnicity, complexion, language, religion, gender, sexual orientation, age or disability

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

Risk factors

OBOS Boligkreditt is subject to strict regulations and requirements regarding its exposure to credit, liquidity, and market risk. The Company's Board has a strong focus on managing, reviewing, and monitoring the Company's overall risk profile given that a fundamental element of the business is to take risk. One core tenet of the Company's risk management is to maintain the Aaa long-term rating from Moody's to its issued covered bonds. 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. With all this in mind the Board is of the opinion that the Company's overall risk exposure is within the target profile.

The Board reviews the overall framework for risk management annually. The framework is defined through separate risk strategies for each significant risk area. Each strategy is subsequently reviewed by the Board, annually or more frequently if needed. The various strategies form the framework for the Company's ICAAP, which is part of the 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 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 2023. Credit risk is the most significant risk area. The policy calls for a low level of credit risk. The Company has a board-approved framework and procedures for the sale and purchase of loans between the Parent bank and OBOS Boligkreditt. The 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 consist exclusively of home mortgage loans and loans to housing cooperatives where the outstanding balance on the loan does not exceed 80 % of the assessed value of the mortgaged property. Retail mortgage loans primarily consist of loans to members of OBOS. Housing cooperative mortgage loans are mostly related to cooperatives where OBOS is the business manager. There were no loans in default at the year end. The Board regards the quality of the lending portfolio as very good.

Liquidity risk

Liquidity risk is the risk that OBOS Boligkreditt will not be able to either 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 0 % at 31 December 2023 (0 %) as there were no cash outflows in the period.

OBOS Boligkreditt has a Revolving Credit Facility agreement with the Parent bank in which the bank will provide liquidity support to ensure payments related to issued covered bonds. Bonds issued by OBOS Boligkreditt have a soft bullet structure in which the Company has the option of extending the term of its borrowing by up to 12 months, provided that certain criteria are met and with the consent of the Norwegian Financial Supervisory Authority.

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

Market risk

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

OBOS Boligkreditt seeks to have low market risk. All loans the Company has issued have 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 on floating rate terms. One issued covered bond of NOK 520 million has fixed rate terms, which has been hedged with an interest swap agreement.

To the extent that OBOS Boligkreditt borrows at a fixed rate and or bonds are issued in foreign currency, any 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 keep 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 bears risk associated with errors in the deliveries and services provided by the Parent bank.

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

Business risk / strategic risk

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

Compliance risk

As a licensed entity, OBOS Boligkreditt is highly exposed to compliance risk. Compliance with laws and regulations has the highest attention, at department, management, and board level. 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.

Legislation

The Norwegian Financial Supervisory Authority has mandated an increase in the minimum regulatory requirement for overcollateralisation from 2 percent to 5 percent. OBOS Boligkreditt AS, in accordance with the EU Covered Bonds directive, is now required to report eligible mortgage volume in the cover pool with Loan-to-Value (LTV) ratios up to 80 percent.

Moreover, OBOS Boligkreditt AS' Covered Bond Premium Program has received approval from the Norwegian Financial Supervisory Authority. Covered bonds issued by OBOS Boligkreditt AS that complied with existing legislations before 8 July 2022 are considered grandfathered and will receive preferential treatment until maturity.

Under the new regulations in Norway, the role of the cover pool monitor cannot be filled by the Company's external auditor. PWC is appointed as OBOS Boligkreditt AS' cover pool monitor from December 2022.

Accounting policies

The annual accounts have been prepared in accordance with simplified IFRS® Accounting Standards approved by EU 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

The Board confirms its opinion that conditions in the Company validate the going concern assumption.

Social Responsibility

OBOS Boligkreditt is a wholly owned subsidiary of OBOS-banken AS. The Company adopts all environmental, social and governance (ESG) values and goals implemented by OBOS-banken. OBOS-banken also sets lending policies, and handles all mortgage customer activity of the loans acquired by OBOS Boligkreditt. Information regarding corporate social responsibility, including greenhouse gas (GHG) emissions reporting, is provided in OBOS-banken's Annual Report published on the website www.obos.no.

The Transparency Act was enacted on 1 July 2022, to improve enterprises' respect for fundamental human rights and decent working conditions. The law requires companies to conduct due diligence assessments of their suppliers and make information readily available to the public. The Parent bank carries out due diligence for the Group. OBOS-banken's work on the Transparency Act is supported by the OBOS Group's legal department, which published a comprehensive report on the due diligence assessments in 2023. Please visit this webpage to access the report and find more detailed information: <https://www.obos.no/dette-er-obos/strategi-og-styrende-dokumenter/informasjon-etter-apenhetsloven/>.

Future prospects

At the beginning of 2024, the Norwegian economy is marked by high inflation, rising interest rates against a backdrop of heightened activity. The labor market remains tight and unemployment levels are low. Interest rates have been raised substantial in a short time, and monetary policy has started to have a tightening effect on the economy. High price growth and a depreciating krone has dampened households' purchasing power, and growth in consumption is slowing.

Housing prices in Norway have increased over a long period of time, including in recent months. The rise in the past year has been unexpected as interest rates have increased and are now starting to have an effect on borrowers spending power. A low number of available units for sale may have helped push the prices up somewhat. Low housing construction, especially in Oslo, higher wage growth and increased net immigration will probably help to dampen the price drop somewhat. Furthermore, relaxations in the lending regulations, including the removal of the requirement for 40 per cent equity when buying a secondary home in Oslo. The

interest rate increase hits harder in the capital due to high house prices and high debt.

The policy rate was raised by 0.25 percentage points to 4.5 per cent in December 2023. Norges Bank stated that the policy rate will most likely remain at this level throughout 2024.

Looking ahead to 2024, the economic outlook remains influenced by ongoing conflicts in Ukraine and Gaza, which have instigated significant market volatility both domestically and internationally. Financial markets have experienced turbulence, while energy, raw material, and cargo transport prices have surged.

OBOS Boligkreditt's maintains a robust portfolio, boasting an average loan to value (LTV) ratio at a low 33.2 percent (34.4), with no defaults on loans. With an allowable LTV of 80 percent, there exist substantial buffer room to withstand even severe house price declines. Moreover, the Parent bank holds considerable volumes of loans eligible for transfer to OBOS Boligkreditt, ensuring flexibility in managing LTV ratios and changing market conditions.

Despite the rise in mortgage interest rates and household expenses, the Board remains optimistic about OBOS Boligkreditt's prospects. The combination of low unemployment and persistently high disposable household income is expected to drive further mortgage loan growth within the Parent bank. This growth trajectory will enable OBOS Boligkreditt AS to expand its mortgage loan portfolios from the Parent bank and increase the volume of outstanding bond loans.

Information about the Board

The Company's Board consist of the following members:

<i>Chair of the Board:</i>	<i>Øistein Gamst Sandlie</i>
<i>Board member:</i>	<i>Morten Dick</i>
<i>Board member:</i>	<i>Silje Strand Ekelund</i>
<i>Board member:</i>	<i>Lars Joachim Weedon Heide</i>
<i>Board member</i>	<i>Harald Evensen</i>

The Board of Directors consists of one woman and four men. Chair of the Board Øistein Gamst Sandlie is CEO of OBOS-banken.

The Board held 8 meetings in 2023. 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.

OBOS Boligkreditt is not required to have a separate audit committee due to its status as a wholly owned subsidiary of OBOS-banken AS and its role as a covered bond company. The Company has both independent external and an internal auditors, as well as an independent external cover pool monitor.

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

Corporate Governance

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

Allocations

The profit for the 2023 financial year after tax amounted to NOK 98 million. The recommendation from the Board of Directors is to allocate the full profit for the year to other equity.

Oslo, 13 March 2024

The Board of Directors of OBOS Boligkreditt AS

Øistein Gamst Sandlie, Chair of the Board

Morten Dick, Board member

Silje Strand Ekelund, Board member

Lars Joachim Weedon Heide, Board member

Harald Evensen, Board member

Tore Weldingh, CEO

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Income statement

(NOK million)

	NOTE	2023	2022
Interest income calculated using the effective interest method		1 366	662
Interest income from instruments using fair value		21	5
Interest expenses calculated using the effective interest method		-1 224	-524
Interest expenses from instruments using fair value		-13	-13
Net interest income	17,29	151	130
Commission and banking service expenses		-1	0
Net commission expenses		-1	0
Net gain/(loss) and change in value of fin. Instruments	18	-9	0
Net operating income		141	129
Salaries and other personnel cost	19	0	0
Administration cost	19	-1	0
Other operating expenses	29	-11	-8
Total operating expenses		-11	-9
Profit before loan losses and taxes		130	120
Net loan losses	10	-4	-1
Profit before tax		126	118
Income tax expense	20	-28	-28
Profit after tax		98	91
Attributable to			
Retained earnings		98	91
Total		98	91

Statement of comprehensive income

	NOTE	2023	2022
Profit after tax		98	91
Losses on loans and guarantees, fair value	8	1	0
Income tax expense on items that can be reclassified		0	0
Items that can be reclassified to profit or loss		1	0
Net change in values from own credit risk		0	8
Income tax expense on items that will not be reclassified		0	-2
Items that will not be reclassified to profit or loss		0	7
Comprehensive income for the periode		1	6
Total comprehensive income after tax		99	97
Attributable to			
Retained earnings		99	97
Total		99	97

Balance sheet

(NOK million)

	NOTE	31.12.2023	31.12.2022
ASSETS			
Loans and receivables to credit institutions	21,22	4	31
Loans and receivables to customers	7,10,21,22,25	32 139	25 383
Certificates and bonds	18,21,23,24,	612	269
Deferred tax asset	20	-	0
Other assets	29	18	11
TOTAL ASSETS		32 773	25 695
LIABILITIES AND EQUITY			
Loans from credit institutions	21,26,27	2 368	1 742
Financial derivatives	21,22,26,27	30	31
Debt securities issued		28 341	21 891
Other liabilities		0	97
Deferred tax		1	0
Tax payable	20	27	26
TOTAL LIABILITIES		30 767	23 788
Share capital		131	131
Share premium		1 369	1 369
Retained earnings		507	407
TOTAL EQUITY		2 007	1 907
TOTAL LIABILITIES AND EQUITY		32 773	25 695

Oslo, 13 March 2024

The board of directors of OBOS Boligkreditt AS

Øistein Gamst Sandlie, Chair of the Board

Morten Dick, Board member

Silje Strand Ekelund, Board member

Lars Joachim Weedon Heide, Board member

Harald Evensen, Board member

Tore Weldingh, CEO

This document is signed electronically.

Statement of changes in equity

(NOK million)

	Share Capital	Share Premium	Retained earnings	Total equity
Equity as at 01.01.2022	131	1 369	407	1 907
Proposed dividend			-97	-97
Result for the period 01.01.2022 - 31.12.2022			91	91
Losses on loans and guarantees, fair value			0	0
Income tax expense on items that can be reclassified			0	0
Net change in values from own credit risk			8	8
Income tax expense on items that will not be reclassified			-2	-2
Total comprehensive income 01.01.2022 - 31.12.2022			97	97
Equity as at 31.12.2022	131	1 369	407	1 907
Result for the period 01.01.2023 - 31.12.2023			98	98
Losses on loans and guarantees, fair value			1	1
Income tax expense on items that can be reclassified			0	0
Net change in values from own credit risk			0	0
Income tax expense on items that will not be reclassified			0	0
Total comprehensive income 01.01.2023 - 31.12.2023			99	99
Equity as at 31.12.2023	131	1 369	507	2 007

Cash flow

(NOK million)

	NOTE	31.12.2023	31.12.2022
Profit before tax		126	118
Interest income calculated using the effective interest method	17	-1 366	-662
Interest payments from customers and credit institutions		1 252	651
Net payments on loans to customers		5 337	5 163
Payment on certificates and bonds		-344	-229
Interest from certificates and bonds/bond funds		-13	39
Other net gain/(loss) on derivatives	18	4	-40
Payment for other assets		-6	18
Payment for other debt		-99	36
Net gain/(loss) on financial instruments	18	9	0
Net loan losses		2	1
Taxes paid		-26	-38
Change in accrued interests		49	59
Change in other accruals		0	0
(A) Net cash flow from operating activities		4 925	5 118
Purchase of loan portfolio		-12 082	-5 079
Sale of loan portfolio		102	203
(B) Net cash flow from investment activities		-11 980	-4 876
Net new lines of credit		626	226
Debt securities issued	26	10 000	4 000
Repayment of covered bonds	26	-3 600	-4 400
Issue of share capital		-	-
Change in other time limits related to financing activities		3	-52
(C) Net cash flow from financing activities		7 029	-226
(A) + (B) + (C) Net cash flow for the period		-26	16
Cash and cash equivalents at beginning of period		31	15
Cash and cash equivalents at end of period		4	31
Net change in cash and cash equivalents		-26	16
Liquidity reserves specified			
Loans and receivables to credit institutions		4	31
Cash and cash equivalents		4	31

Note 1 – Accounting principles

1.1 General information

OBOS Boligkreditt AS (the Company) is a wholly 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 Group (the Group). The annual accounts for 2023 were approved by the Board on 14 March 2024 and published the same day. The consolidated accounts can be obtained at Hammersborg torg 1.

1.2 Basis for the preparation

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

The following simplification from IFRS Accounting Standards 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)

1.3 Changes in accounting principles and presentation

No new standards have come into effect for the financial year 2023. There have been minor adjustments to certain existing standards, which have had no substantial impact on the financial statements. Notably, changes have been implemented in IFRS Accounting Standard IAS 1 Presentation of Financial Statements. These amendments pertain to the disclosure of applied accounting principles, specifying that information must be furnished on material accounting principles rather than those deemed significant. Furthermore, there has been a comprehensive review of accounting principles, resulting in a reduction in the scope of descriptions. Additionally, detailed textual information previously included in the Accounting principles note has been integrated into respective sections for enhanced coherence.

There are no known upcoming changes in accounting principles or interpretations that will have consequences for the accounts of OBOS Boligkreditt AS as of 31 December 2023.

1.4 Currency

All amounts in the accounts and notes are stated in Norwegian kroner (NOK) million, which is the Company's functional currency, unless otherwise specified.

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.

Note 2 – Classification and valuation of financial instruments

2.1 General

Financial assets and liabilities are valued and classified in accordance with IFRS Accounting Standard 9 Financial Instruments, and note disclosures have been prepared in accordance with IFRS Accounting Standard 7 Financial Instruments: Disclosures.

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.

All interest-bearing assets and liabilities are presented in the balance sheet inclusive of accrued interest.

2.2 Classifications

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

Financial assets:

- amortised cost
- fair value through profit or loss
- 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 21 provides an overview of the classification of the financial instruments in OBOS Boligkreditt.

2.2.1 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 22.

2.2.2 Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities designated for recognition at fair value through profit or loss are initially recorded at their fair value on the balance sheet as of the transaction date, while transaction costs are accounted for in the income statement. Subsequent changes in their fair value are then recognised in the income statement. This classification at fair value, coupled with changes reflected in profit or loss, serves to minimize inconsistencies in measurement, thereby mitigating accounting mismatches. The primary driver behind potential accounting mismatches stems from the requirement to value all financial derivatives at fair value, particularly the one utilised for hedging market risks associated with the Company's fixed-rate covered bond debt.

OBOS Boligkreditt holds the Company's bonds and financial derivatives within this classification. The Company has a liquidity portfolio comprising of interest-bearing bonds, financial derivatives, and deposits. Valuation of interest-bearing securities within this portfolio adheres to a fair value basis and is managed in alignment with the established investment strategy. Changes in the fair value of the bonds and financial derivatives are presented under 'Net gain/(loss) and change in value of financial instruments'. Interest income on interest bearing-bonds is presented under 'Interest income from instruments using fair value' and interest income and interest expense on derivatives is presented under 'Net gain/(loss) and change in value of financial instruments', please see Note 18. Further details regarding the financial instruments recognised at fair value through profit or loss is presented in Note 23.

2.2.3 Loans and Receivables valued at fair value through OCI

Loans and receivable are financial assets with contractually bound cash flows, exclusively comprising of payments of principal and interest on the outstanding principal amount. They are held for the purpose of collecting contractual cash flows and for sale to OBOS-banken AS, thus being classified as measured at fairvalue through profit or loss. Loans subjected to refinancing or for which impairment for expected credit losses over the loan's life is required under IFRS Accounting Standard 9 rules are sold back to the Parent company at fair value.

OBOS Boligkreditt initially recognises loans and receivables at fair value plus transaction costs. In subsequent periods, fair value is considered to be equal to the principal amount plus accrued interest. Impairment is accounted for following the guidelines of IFRS Accounting Standard 9, please see 'Note 10 – Impairment and losses' for further description of the company's impairment model.

2.2.4 Financial liabilities at fair value through profit or loss and OCI

One of the bank's issued covered bonds is accounted for at fair value through profit or loss. Changes in the fair value of this debt resulting from changes in the credit risk in the liability are recognised as a separate item under 'Net change in values from own credit risk' in the statement of comprehensive income. Other changes in value are included in the profit

or loss under 'Net gain/(loss) and change in of financial instruments'. The bank estimates the amount of change in the fair value of the liability attributable to changes in credit risk by applying an approach similar to the method described in the guidance for the application of IFRS Accounting Standard 9 Financial Instruments, Chapter Gains and Losses (B5.7.18).

Note 3 – Accounting estimates and discretionary assessments

OBOS Boligkreditt conducts accounting estimates and exercises discretionary assessments, drawing upon historical experience, future assumptions, and other pertinent facts. These accounting estimates undergo continuous evaluation and may diverge from the actual results achieved. Nonetheless, they are founded on the best estimate available at the time of financial reporting. The following outlines the main areas where accounting estimates and discretionary assessments are used, and these may be subject to changes in capitalised values in future periods.

3.1 Fair value measurements

OBOS Boligkreditt estimates the fair value of financial instruments not listed in an active market using valuation techniques that may require significant judgement regarding the selection of valuation models and pricing inputs, as described in Note 23. The Company's approach and underlying assumptions are informed by market conditions prevailing at the balance sheet date. These financial instruments primarily consist of the credit institution's holdings of bond funds.

3.2 Impairment of financial assets

The Group relies heavily on judgement and estimates when determining the expected credit losses (ECL) on financial assets that are measured at amortised cost or FVOCI according to IFRS Accounting Standard 9. This is particularly evident when assessing credit risk increases and projecting future cash flows and collateral values, all of which are crucial in establishing the appropriate level of allowances for expected credit losses. The measurement of expected credit loss (ECL) involves complexity and judgement, including the estimation of probabilities of default (PD), loss given default (LGD), estimation of exposures at default (EAD) and assessing whether significant increases in credit risk have occurred. In addition, adjustments may be necessary to account for a range of unbiased future economic scenarios.

The Company's loss assessments will be the result of a process that involves the Parent bank's business areas and important credit environments. For more information on impairment of financial assets and the Company's ECL model, see Note 10.

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 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 adopted 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 with a sufficient margin to regulatory capital requirements. The Board will further ensure that risk management and internal control are sufficiently robust and in compliance with laws and regulations, statutes, external and internal guidelines. Further, the Board adopts strategies and guidelines for risk management within defined risk areas. The Board revise 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 execution of services and activities later being controlled by the function. 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/ ILAAP, which is implemented as part of the Group's process.

The compliance function is also independent and not involved in the execution of services and activities later being controlled by the function. The compliance function controls that the Company fulfil its obligations in accordance with laws and 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 laws and regulations, and ensure that relevant changes in the regulations are captured and that the changes within reasonable time before they come into force, are 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. It operates independently of the administration. The 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 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, which is revised 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 the debt with current income / earnings. Loans must have satisfactory mortgage security and be in line with the bank's internal framework.

OBOS Boligkreditt uses the standard method for calculating the required capital adequacy for 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 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 conservative lending policy and thorough knowledge of the customers 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, and

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 is low. The CEO has an executive role in liquidity management.

To ensure timely payment to covered bond 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 can be executed if certain criteria are met and with the consent of the Norwegian Financial Supervisory Authority (FSA). 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 2022.

In 2021, the Norwegian Ministry of Finance proposed new legislation to implement the Covered Bonds Directive in Norway. The EU Directive was based on the same principles as the current Norwegian covered bonds framework. Common rules and definitions will make it easier for Norwegian and international investors to assess the quality and risk of covered bonds, and they may accentuate the high quality of Norwegian covered bonds. The Covered Bonds Directive entered into force in Norway in parallel with the date of entry into force in the EU, which was 8 July 2022.

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 lending activities through the issuance of securities.

OBOS Boligkreditt has defined low appetite for market risk in its business. OBOS Boligkreditt does not take currency risk nor equity risk. The market risk strategy contains defined frames. The strategy is decided by the Board and gives the overall direction of the activity in the capital market.

4.2.4 Operational risk

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

OBOS Boligkreditt has defined low appetite for operational risk in the business. Measures that are of a preventive and risk-reducing nature are central and help reduce the risk either by reducing the number of events with a loss or by reducing loss per event.

4.2.5 Climate risk

The bank conducts an annual climate risk analysis, which considers both physical climate risk and transition risk, based on the recommendations from the Task Force on Climate-Related Disclosures (TCFD). The climate risk in OBOS Boligkreditt's loan portfolio is assessed as low. The analysis indicates some physical risk associated with impairment of collateral due to changing climate and moderate transition risk due to changing regulations, requirements, and expectations from the market. The opportunities identified mainly related to better reputation and to a greater extent provide loans for measures that reduce homes' physical climate risk. The Company has so far not seen a need to set exclusion requirements as the portfolio is mainly linked to existing buildings, and more emission-intensive industries (such as oil, coal and mining) are outside the Company's business area. The focus has instead been on advising and raising awareness in order to reduce the risk in the portfolio. In 2021, a project was initiated to include ESG risk, including climate risk, in credit assessments of housing cooperatives. The work provides better insight into how the business is exposed to climate risk in the future.

4.2.6 Business risk / strategic risk

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

Note 5 – Capital adequacy

(NOK million)

	31.12.2023	31.12.2022
Net own funds		
Share capital	131	131
Share premium	1 369	1 369
Retained earnings	407	407
Qualifying equity from this years result	99	-
Total equity	2 007	1 907
Adjustments in common tier 1 capital	-35	-28
Common equity tier 1 capital	1 972	1 880
Additional Tier 1 capital		
Tier 1 capital	1 972	1 880
Tier 2 instruments		
Own funds	1 972	1 880
Minimum requirement own funds	31.12.2023	31.12.2022
Institutions	0	1
Retail	0	18
Secured by mortgages on immovable property	746	586
Exposures in default	8	1
Covered bonds	4	1
Credit risk	758	607
Operational risk	23	0
CVA-risk	0	0
Minimum requirement own funds	781	630
Risk weighted assets	9 764	7 879
Capital adequacy ratio		
Common tier 1 capital ratio	20.2 %	23.9 %
Tier 1 capital ratio	20.2 %	23.9 %
Capital adequacy ratio	20.2 %	23.9 %

Note 6 – Leverage ratio

(NOK million)

	31.12.2023	31.12.2022
Total assets	32 773	25 695
Regulatory adjustments	2	2
Calculation basis for leverage ratio	32 775	25 697
Tier 1 capital	1 972	1 880
Leverage ratio	6.0 %	7.3 %

Note 7 – Risk classification of loans and guarantees

(NOK million)

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

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

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

31.12.2023

Loans broken down by risk groups based on probability of default and loss	12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
1 – Low risk	0-0,99	31 622	-	-	31 622
2 – Medium risk	1,00-3,99	-	277	-	277
3 – High risk	4,00-99,99	-	-	157	157
4 – Default	100,00	-	-	88	88
Total before loan loss provisions		31 622	277	245	32 144
- Loan loss provisions		-3	-2	-3	-8
Net loans and receivables from customers at 31.12.2023		31 619	275	242	32 136

31.12.2022

Loans broken down by risk groups based on probability of default and loss	12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
1 – Low risk	0-0,99	24 981	-	-	24 981
2 – Medium risk	1,00-3,99	-	243	-	243
3 – High risk	4,00-99,99	-	-	149	149
4 – Default	100,00	-	-	13	13
Total before loan loss provisions		24 981	243	162	25 386
- Loan loss provisions		-2	-3	-0	-5
Net loans and receivables from customers at 31.12.2022		24 980	240	162	25 381

Note 8 – Credit risk exposure and collateral

(NOK million)

	31.12.2023		31.12.2022	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, secured loans				
0 % - 40 %	35 %	2 969	38 %	2 996
40 % - 60 %	36 %	3 058	41 %	3 271
60 % - 75 %	22 %	1 868	20 %	1 565
75 % -80%	5 %	463	1 %	81
80 % - 90 %	1 %	87	0 %	22
90 % - 100 %	0 %	4	0 %	9
>100 %	0 %	12	0 %	18
Residential mortgages, secured by fixed property	100 %	8 461	100 %	7 960
0 % - 40 %	80 %	18 858	76 %	13 175
40 % - 60 %	19 %	4 382	24 %	4 195
60 % - 80 %	2 %	443	0 %	56
80 % - 90 %	0 %	-	0 %	-
90 % - 100 %	0 %	-	0 %	-
>100 %	0 %	-	0 %	-
Housing co-operatives, secured by fixed property	100 %	23 683	100 %	17 426
TOTAL LOANS TO CUSTOMERS, SECURED		32 144		25 386

	31.12.2023		31.12.2022	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, residential mortgage (relative distribution)				
0% - 85 %	100 %	8 424	100 %	7 930
85 % - 100 %	0 %	26	0 %	12
> 100 %	0 %	12	0 %	18
Residential mortgage, secured by fixed property	100 %	8 461	100 %	7 960

Note 9 – Maximum credit exposure, not taking collateral into account

(NOK million)

Assets	31.12.2023	31.12.2022
Loans to and receivables from credit institutions	4	31
Loans to and receivables from customers	32 144	25 386
Bond funds	612	269
Financial derivatives	-	-
Total credit exposure on balance sheet	32 761	25 686
Total credit exposure	32 761	25 686

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

Note 10 – Impairment and losses

(NOK million)

Description of the impairment model

The following note outlines OBOS Boligkredit's impairment model for financial assets categorised as debt instruments and not classified at fair value through profit or loss.

10.1 Methodology

The principles in IFRS Accounting Standard 9 relating to impairment of financial instruments are based on the approach that a provision shall be made for expected credit losses (ECL). OBOS Boligkredit assess on a forward-looking basis the ECL associated with its assets carried at FVOCI.

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

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

The bank's PD/LGD model was updated during the fourth quarter of 2022. The updated model takes into account the effect of Circular 4/2020 (identification of defaulted exposures), as well as a number of changes to the model's parameters in order to ensure the model takes into account forward looking information as required by the existing framework. The bank's macro criteria with respect to loss provisioning use the expected value of an upper, lower and base scenario. The macro criteria was changed at the start of the corona outbreak (2020) and was changed until 4th quarter 2022, to an even more pessimistic scenario.

The group implemented the default definition in accordance with EBA's guidelines January 2021. Loans are considered defaulted if the claim is due for more than 90 days and the amount is significant (default), or it is likely that the borrower will not meet its obligations ("unlikeliness to pay"). The guidelines also stipulates quarantine periods before defaulted loans can be declared healthy.

10.2 Grouping of financial assets

OBOS Boligkredit 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 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.

10.3 Significant increase in credit risk

An important factor for the size of the impairments after IFRS Accounting Standard 9 is the incident(s) leading to the migration of an asset from stage 1 to stage 2. OBOS Boligkredit 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. Number of days in arrears exceeding 30 days

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.

10.4 Incorporation of forward-looking information

The Company incorporates forward-looking information when measuring 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.

In 2023, the macro model, which affects the loss estimate (ECL), was adjusted to increase the likelihood of negative developments, while simultaneously sharpening the importance and consequences of a negative scenario. This was done in light of the increase in interest rates and inflation in recent years. This is expected to potentially have a more negative impact on the development of ECL going forward

The following factors for outcome and probabilities have been used for the portfolios as per 31.12.2023 and 31.12.2022;

Co-operatives	31.12.2023		31.12.2022	
	Factor	Probability	Factor	Probability
Base scenario	100 %	20 %	100 %	70 %
Lower scenario	200 %	70 %	200 %	20 %
Upper scenario	50 %	10 %	50 %	10 %

Retail	31.12.2023		31.12.2022	
	Factor	Probability	Factor	Probability
Base scenario	100 %	5 %	100 %	35 %
Lower scenario	200 %	90 %	200 %	55 %
Upper scenario	50 %	5 %	50 %	10 %

10.5 Sensitivity analysis

The bank has conducted a sensitivity analysis to examine changes in Expected Credit Loss (ECL) with hypothetical increases and decreases in housing prices. The upside scenario involves a 10% increase in housing prices, while the downside scenario has been divided into reductions of 10%, 20%, or 30%. These different factors have been chosen based on the current uncertainty in the housing market. The simulation is carried out to illustrate the sensitivity in the provision for losses and is based on the total housing loans as of December 31, 2023, with the baseline reported provision for losses.

Change in housing prices	Stage 1	Stage 2	Stage 3	Total change
Baseline (reported impairment provision)	5	7	13	25
10% increase	0	0	0	0
10% decrease	0	0	1	2
20% decrease	1	1	7	9
30% decrease	3	3	15	21

Changes in provisions and write-downs

Total	01.01.2023 - 31.12.2023				01.01.2022 - 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss at 01.01	2	3	0	5	2	1	1	4
Transfers to Stage 1 from stage 2 and 3	2	-2	-0	-	0	-0	-0	-
Transfers to Stage 2 from stage 1 and 3	-0	0	-0	-	-0	0	-0	-
Transfers to Stage 3 from stage 1 and 2	-0	-0	0	-	-	-0	0	-
Changes in expected credit loss for loans which have not transferred	-2	1	1	0	-0	2	-0	1
New loans	1	0	1	2	0	0	0	1
Disposal of loans	-0	-0	-0	-1	-0	-0	-0	-1
Change in risk model / parameters	1	0	1	2	0	0	0	0
Expected credit loss at 31.12	3	2	3	8	2	3	0	5
Net change 01.01 - 31.12	1	-0	3	4	-0	2	-1	1
Expected credit loss at 31.12 in percentage of gross lending at 31.12	0.01 %	0.90 %	1.42 %	0.02 %	0.01%	2.43%	2.4%	0.02%

Total 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.

	01.01.2023 - 31.12.2023				01.01.2022 - 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	2	-	-	2	2	-	-	2
Net change in expected losses	1	-	-	1	-0	-	-	-0
Closing balance	3	-	-	3	2	-	-	2

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. Expected loss is not expected to change significantly in different scenarios due to the risk profile of the Company.

	31.12.2023	31.12.2022
Expected loss total	8	5
Base scenario	6	4
Effect of forward-looking macro information	3	1

Housing co-operatives segment

Housing co-operatives segment	01.01.2023 - 31.12.2023				01.01.2022 - 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss at 01.01	1	-	-	1	1	-	-	1
Transfers to Stage 1 from stage 2 and 3	-	-	-	-	-	-	-	-
Transfers to Stage 2 from stage 1 and 3	-	-	-	-	-	-	-	-
Transfers to Stage 3 from stage 1 and 2	-	-	-	-	-	-	-	-
Changes in expected credit loss for loans which have not transferred	-0	-	-	-0	-0	-	-	-0
New loans	1	-	-	1	0	-	-	0
Disposal of loans	-0	-	-	-0	-0	-	-	-0
Change in risk model / parameters	1	-	-	1	-	-	-	-
Expected credit loss at 31.12	2	-	-	2	1	-	-	1
Net change 01.01 - 31.12	1	-	-	1	-0	-	-	-0
Expected credit loss at 31.12 in percentage of gross lending at 31.12	0.00 %	0.00 %	0.00 %	0.00 %	0.02%	0.00%	0.00%	0.02%

Housing co-operatives segment 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.

	01.01.2023 - 31.12.2023				01.01.2022 - 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	1	-	-	1	1	-	-	1
Net change in expected losses	1	-	-	1	-0	-	-	-0
Closing balance	2	-	-	2	1	-	-	1

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

Retail segment

Retail segment	01.01.2023 - 31.12.2023				01.01.2022 - 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss at 01.01	1	3	0	4	1	1	1	3
Transfers to Stage 1 from stage 2 and 3	2	-2	-0	-	0	-0	-0	-
Transfers to Stage 2 from stage 1 and 3	-0	0	-0	-	-0	0	-0	-
Transfers to Stage 3 from stage 1 and 2	-0	-0	0	-	-	-0	0	-
Changes in expected credit loss for loans which have not transferred	-2	1	1	0	-0	2	-0	1
New loans	0	0	1	1	0	0	0	0
Disposal of loans	-0	-0	-0	-1	-0	-0	-0	-1
Change in risk model / parameters	0	0	1	1	0	0	0	0
Expected credit loss at 31.12	1	2	3	7	1	3	0	4
Net change 01.01 - 31.12	0	-0	3	3	-0	2	-1	1
Expected credit loss at 31.12 in percentage of gross lending at 31.12	0.01 %	0.90 %	1.53 %	0.05 %	-0.02%	2.43%	0.00%	0.02%

Retail segment 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.

	01.01.2023 - 31.12.2023				01.01.2022 - 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	1	-	-	1	1	-	-	1
Net change in expected losses	0	-	-	0	-0	-	-	-0
Closing balance	1	-	-	1	1	-	-	1

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

Changes in gross lending and transfers between stages

Total	01.01.2023 - 31.12.2023				01.01.2022 - 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross lending at 01.01	25 259	113	15	25 386	25 562	67	33	25 662
Transfers to Stage 1 from stage 2 and 3	63	-53	-10	-	13	-7	-6	-
Transfers to Stage 2 from stage 1 and 3	-64	65	-1	-	-61	61	-0	-
Transfers to Stage 3 from stage 1 and 2	-70	-6	76	-	-1	-1	2	-
Changes in carrying amount which have not transferred	-1 056	-5	-3	-1 063	-1 069	-3	-2	-1 074
New loans	11 221	10	23	11 254	4 538	18	1	4 557
Disposal of loans	-3 416	-14	-3	-3 433	-3 724	-23	-12	-3 760
Gross lending at 31.12	31 937	109	98	32 144	25 259	113	15	25 386
Loss write-down				-8				-5
Net lending recognised at amortised cost in the balance sheet at 31.12				32 136				25 381
Loans valued at fair value				3				2
Capitalised lending at 31.12				32 139				25 383
Housing co-operatives segment	01.01.2023 - 31.12.2023				01.01.2022 - 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross lending as at 01.01	17 426	-	-	17 426	17 080	-	-	17 080
Transfers to Stage 1 from stage 2 and 3	-	-	-	-	-	-	-	-
Transfers to Stage 2 from stage 1 and 3	-	-	-	-	-	-	-	-
Transfers to Stage 3 from stage 1 and 2	-	-	-	-	-	-	-	-
Changes in carrying amount which have not transferred	-748	-	-	-748	-739	-	-	-739
New loans	8 420	-	-	8 420	2 640	-	-	2 640
Disposal of loans	-1 415	-	-	-1 415	-1 555	-	-	-1 555
Gross lending at 31.12	23 683	-	-	23 683	17 426	-	-	17 426
Loss write-down				-2				-1
Net lending recognised at amortised cost in the balance sheet at 31.12				23 681				17 425
Loans valued at fair value				2				1
Capitalised lending at 31.12				23 683				17 426
Retail segment	01.01.2023 - 31.12.2023				01.01.2022 - 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross lending at 01.01	7 832	113	15	7 960	8 482	67	33	8 582
Transfers to Stage 1 from stage 2 and 3	63	-53	-10	-	13	-7	-6	-
Transfers to Stage 2 from stage 1 and 3	-64	65	-1	-	-61	61	-0	-
Transfers to Stage 3 from stage 1 and 2	-70	-6	76	-	-1	-1	2	-
Changes in carrying amount which have not transferred	-307	-5	-3	-315	-330	-3	-2	-335
New loans	2 801	10	23	2 834	1 898	18	1	1 918
Disposal of loans	-2 001	-14	-3	-2 018	-2 170	-23	-12	-2 205
Gross lending at 31.12	8 255	109	98	8 461	7 832	113	15	7 960
Loss write-down				-7				-4
Net lending recognised at amortised cost in the balance sheet at 31.12				8 455				7 956
Loans valued at fair value				1				1
Capitalised lending at 31.12				8 456				7 957

Impaired loans broken down by collateral

	31.12.2023		31.12.2022	
	Amount	%	Amount	%
Secured loans	98	100 %	15	100 %
Total	98	100 %	15	100 %

OBOS Boligkreditt AS has no expected loans in stage 3 where no write-downs have been made due to the value of the collateral.

Forbearance

Commitments that are granted forbearance may fall into two categories: performing or initially non-performing. These commitments are documented within the data warehouse under the designation of forbearance. Forbearance typically arises due to various factors, such as changes in repayment terms, including installment postponements and refinancing, prompted by payment difficulties.

When a commitment is flagged for forbearance, it is automatically moved to stage 2. However, if the commitment is already in stage 2 or stage 3, no automatic transfers occur in response to forbearance. In the event that a commitment initially labeled as forbearance later proves to be performing, it undergoes a quarantine period before being transferred back to stage 1.

	31.12.2023	31.12.2022
Stage 2	-	3
Stage 3	79	7
Total exposures with forbearance measures	79	9

Note 11 – Financial derivatives

(NOK million)

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

As at 31.12.2023

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	10	-34	-2
Net accrued interest		4	
Total financial derivative contracts	10	-30	-2
Financial derivative asset			
Financial derivative liability		-30	
Net asset / liability derivatives		-30	

As at 31.12.2022

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	-36	40
Net accrued interest		5	
Total financial derivative contracts	520	-31	40
Financial derivative asset			
Financial derivative liability		-31	
Net asset / liability derivatives		-31	

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 12 – Assets and liabilities subject to net settlement

(NOK million)

	Gross financial assets / liabilities	Net settlement of Gross financial assets/liabilities	Book value	Cash collateral	Net value
31.12.2023					
Derivatives assets	-	-	-	-	-
Derivatives liabilities	-30	-	-30	-	-30
31.12.2022					
Derivatives assets	-	-	-	-	-
Derivatives liabilities	-31	-	-31	-	-31

This note shows derivative positions in the balance sheet of OBOS Boligkreditt AS. As at 31.12.2023 the bank has one active ISDA agreement and with a major Nordic bank, with a supplementary collateral agreement (CSA).

Note 13 – Interest rate risk – time to rate reset

In NOK millions

	0-1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years	Without exposure	Total
As at 31.12.2023							
Loans to and receivables from credit institutions	4	-	-	-	-	-	4
Loans to customers	-	32 139	-	-	-	-	32 139
Certificates and bonds	87	525	-	-	-	-	612
Financial Derivatives	-	-	-	-	-	-	-
Total assets	91	32 664	-	-	-	-	32 756
Deposit from and debt to credit institutions	- 2 368	-	-	-	-	-	- 2 368
Debt securities	-	- 27 848	- 493	-	-	-	- 28 341
Financial Derivatives	-	- 30	-	-	-	-	- 30
Total liabilities	- 2 368	- 27 877	- 493	-	-	-	- 30 739
Net interest rate exposure	- 2 277	4 787	- 493	-	-	-	
Net interest rate exposure as percentage of total liabilities	7,41 %	-15,57 %	1,60 %	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.

	0-1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years	Without exposure	Total
As at 31.12.2022							
Loans to and receivables from credit institutions	31	-	-	-	-	-	31
Loans to customers	-	25 383	-	-	-	-	25 383
Certificates and bonds	98	171	-	-	-	-	269
Financial Derivatives	-	-	-	-	-	-	-
Total assets	129	25 554	-	-	-	-	25 683
Deposit from and debt to credit institutions	- 1 742	-	-	-	-	-	- 1 742
Debt securities	-	- 21 399	- 492	-	-	-	- 21 891
Financial Derivatives	-	- 31	-	-	-	-	- 31
Total liabilities	- 1 742	- 21 399	- 492	-	-	-	- 23 664
Net interest rate exposure	- 1 614	4 155	- 492	-	-	-	
Net interest rate exposure as percentage of total liabilities	6,82 %	-17,56 %	2,08 %	0,00 %	0,00 %	0,00 %	

Note 14 – Market risk sensitivity by a parallel shift of the yield curve of 1 %

(NOK million)

Sensitivity	31.12.2023	31.12.2022
Assets		
Loans to and receivables from credit institutions	- 0	- 0
Certificates and bonds	- 1	- 0
Loans to customers, floating	- 35	- 28
Derivatives	- 24	- 28
Total assets	- 59	- 57
Liabilities		
Issued securities, fixed	23	27
Issued securities, floating	45	33
Other liabilities	3	3
Derivatives	-	-
Total liabilities	71	64
Net	11	7

Assumptions made when calculating sensitivity

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

Note 15 – Cover pool

(NOK million)

Cover pool	31.12.2023	31.12.2022
Mortgages ¹⁾	32 008	25 365
Ineligible loans	-14	-1
Total Cover pool²⁾	31 994	25 363
Debt through the issuance of securities (excl. accrued interest)	28 209	21 808
The cover pool's overcollateralization	13.4 %	16.3 %
Regional distribution of mortgages	Housing	co-ops and Retail
Agder	25	38
Akershus ³⁾	2 497	-
Buskerud ³⁾	181	-
Finnmark ³⁾	-	-
Innlandet	1 952	1 313
Møre og Romsdal	230	177
Nordland	8	9
Oslo	22 019	16 474
Rogaland	834	556
Telemark ³⁾	17	-
Troms og Finnmark ³⁾	-	154
Troms ³⁾	44	-
Trøndelag	1 130	473
Vestfold ³⁾	664	-
Vestfold og Telemark ³⁾	-	738
Vestland	905	855
Viken ³⁾	-	4 579
Østfold ³⁾	1 501	-
Total Mortgages	32 008	25 365

1) The cover pools composition is defined in Finansforetaksloven §11-8. OBOS-banken use Eiendomsverdi or a real estate agent to define the value of the object being used to calculate the loan-to-value ratio. Mortgages transferred to OBOS Boligkreditt have a loan-to-value ratio under 75%. All mortgages over 30 days in default are transferred from OBOS Boligkreditt to OBOS-banken. Therefore, there are no mortgages in default in OBOS Boligkreditt.

2) According to Finansforetaksforskriften §11-7 the minimum value of the cover pool should be 105 per cent of the value of the bonds conferring a preferential claim of the cover pool. Overcollateralization consistent with current rating is 7%. For maturity structure of the cover pool see the cover pool report published on the website.

3) From January 1, 2024, the following three counties will be divided into seven different counties: Viken county will be divided into Østfold, Akershus and Buskerud. Vestfold and Telemark county will be divided into Vestfold and Telemark. Troms and Finnmark county will be divided into Troms and Finnmark.

Covered bonds ISIN	Type	Due date	Face value
NO0010841232	FRN	19.06.2024	3 000
NO0010872757	FRN	13.06.2025	4 000
NO0010922842	FRN	04.02.2026	4 000
NO0011160962	FRN	02.09.2026	2 750
NO0012493941	FRN	07.05.2027	4 000
NO0012811266	FRN	17.02.2028	4 000
NO0012918186	FRN	22.09.2028	6 000
NO0010851645	Fixed	15.05.2029	520
Total debt securities			28 270

Criteria for extending the maturity of a standard or premium covered bond:

The maturity of a standard or premium covered bond can, with the consent of the Norwegian Financial Supervisory Authority, be extended for 12 months when:

a) There is reason to assume the credit institution is expected to be affected by a crisis in the near future, cf. Finansforetaksloven § 20-15 second paragraph, and there is no reasonable prospect that other measures can prevent the institution from being affected by a crisis, or

b) The ministry of Finance has made a decision pursuant to Finansforetaksloven § 20-15 first paragraph or § 20-29 first paragraph.

An extended maturity can only be used if there is reasonable reason to assume that the obligations can be covered within 12 months.

Note 16 – Liquidity risk – financial obligations

In NOK million

As at 31.12.2023	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	-10	-21	-62	-2 368	-	-2 461
Debt securities	-	-350	-3 027	-26 830	-533	-30 740
Total liabilities	-10	-371	-3 089	-29 198	-533	-33 201

Financial derivatives

Contractual maturities outgoing cashflow	-	-7	-19	-72	-9	-107
Contractual maturities incoming cashflow	-	-	13	50	13	76

As at 31.12.2022	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	-5	-11	-33	-1 742	-	-1 791
Debt securities	-	-188	-1 769	-20 115	-545	-22 617
Total liabilities	-5	-198	-1 802	-21 857	-545	-24 408

Financial derivatives

Contractual maturities outgoing cashflow	-	-5	-15	-73	-28	-121
Contractual maturities incoming cashflow	-	-	13	50	25	88

See Note 4: Risk management and internal control for statement of the Company's liquidity risk.

Note 17 – Net interest and credit commission income

(NOK million)

	2023	2022
Interest and similar income from loans to credit institutions, amortised cost	4	1
Interest and similar income from loans to customers, amortised cost	1 362	661
Other interest and similar income, amortised cost	1	0
Total Interest income calculated using the effective interest method	1 366	662
Interest and similar income from certificates and bonds, fair value	21	5
Total Interest income, fair value	21	5
Interest and similar expenses from loans to credit institutions, amortised cost	-83	-46
Interest and similar expenses of issued securities, amortised cost	-1 136	-474
Other interest and similar expenses, amortised cost	-5	-4
Total Interest expenses calculated using the effective interest method	-1 224	-524
Interest and similar expenses of issued securities, fair value	-13	-13
Total Interest expenses, fair value	-13	-13
Net interest and credit commission income	151	130

Note 18 – Net gain/(loss) and change in value of financial instruments

(NOK million)

	2023	2022
Net gain/(loss) and change in value on certificates and bonds	0	-1
Net interest income on derivatives ¹	-11	1
Other net gain/(loss) and change in value on derivatives	4	-40
Net gain/(loss) and change in value on fixed rate covered bonds ²	-2	39
Net gain/(loss) and change in value of financial instruments	-9	0

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

2) OBOS Boligkreditt has used the Fair Value Option (FVO) when valuing fixed rate covered bonds in accordance with IFRS Accounting Standard 9. The principle implies that changes in value as a result of changes in own credit risk are recognized in the Group's comprehensive income. The amount that has been deducted from OBOS Boligkreditt's result and transferred to/from the Group is -0.1 million Norwegian kroner on 31 December 2023. The corresponding figure last year is -8.4 million Norwegian kroner.

Note 19 – Personnel

OBOS Boligkreditt had no employees in 2023. The CEO as well as other services are formally employed by the Parent bank and hired to carry out work for OBOS Boligkreditt.

Note 20 – Tax

(NOK million)

	2023	2022
Calculation of this year's tax:		
Profit before tax	126	118
Net changes in values from own credit risk	1	8
Permanent differences	-1	-7
Corrections in temporary differences in other securities	1	7
Change in temporary differences	-7	-7
Basis for tax payable	121	120
Tax payable (22%)	27	26
Overview of temporary differences		
Shares, other securities etc.	0	-1
Accrued interest swap contracts	6	0
Total temporary differences affecting the tax base	6	-1
Deferred tax asset (22%)	-1	0
Deferred tax over OCI	0	0
Deferred tax asset (22%)	-1	0
Tax expense		
Tax payable	27	26
Allocated too much / (little) previous years	-	0
Change in deferred taxes/deferred tax assets	1	1
Tax in OCI	0	2
Total taxes	28	30
Tax costs are divided into the following:		
Tax expense	28	28
Tax in OCI	0	2
Total taxes	28	30
Assessment of the year's tax expense		
Accounting profit before taxes	126	118
Tax (22%)	28	26
Tax expense (22%) on comprehensive income	0	2
Accounting tax expense	28	28
Difference	0	0
<i>Difference explained by:</i>		
Allocated too much / (little) previous years	-	-
22% of permanent differences	0	0
Sum Explanation	0	0

Note 21 – Classification of financial instruments

(NOK million)

As at 31.12.2023	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
Financial assets				
Loans and receivables to credit institutions			4	4
Loans to customers		32 139		32 139
Certificates and bonds	612			612
Financial derivatives	-			-
Total financial assets	612	32 139	4	32 756
Financial liabilities				
Debt to credit institutions			2 368	2 368
Securitised debt	493		27 848	28 341
Financial derivatives	30			30
Total financial liabilities	523	-	30 216	30 739

As at 31.12.2022	Financial instruments at fair value through profit and loss	Financial instruments at fair value through OCI	Financial instruments carried at amortised cost	Total
Financial assets				
Loans and receivables to credit institutions			31	31
Loans to customers		25 383		25 383
Certificates and bonds	269			269
Financial derivatives	-			-
Total financial assets	269	25 383	31	25 683
Finansielle liabilities				
Debt to credit institutions			1 742	1 742
Securitised debt	492		21 399	21 891
Financial derivatives	31			31
Total financial liabilities	522	-	23 142	23 664

Note 22 – Assets and liabilities measured 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.

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

Note 23 – Assets and liabilities measured at fair value

(NOK million)

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. OBOS Boligkreditt has no instruments at level 1 as of 31.12.2023.

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

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

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

Certificates, bonds and debt securities

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

Financial derivatives

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

Loans and receivables to customers

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

See also Note 2: Classification and valuation of financial instruments.

As at 31.12.2023	Level 1	Level 2	Level 3	Total
Assets				
Certificates and bonds	-	612	-	612
Financial derivatives	-	-	-	-
Assets valued at fair value through OCI				
Loans and receivables to customers	-	-	32 144	32 144
Total assets	-	612	32 144	32 757
Liabilities				
Debt securities issued	-	493	-	493
Financial derivatives	-	30	-	30
Total liabilities	-	523	-	523
As at 31.12.2022				
Assets				
Certificates and bonds	-	269	-	269
Financial derivatives	-	-	-	-
Assets valued at fair value through OCI				
Loans and receivables to customers	-	-	25 386	25 386
Total assets	-	269	25 386	25 655
Liabilities				
Debt securities issued	-	492	-	492
Financial derivatives	-	31	-	31
Total liabilities	-	522	-	522

Note 24 – Certificates and bonds measured at fair value

(NOK million)

As at 31.12.2023

Sector	Risk class	Aquisition Cost	Book value	Market value	Unrealised change in value
Certificates and bonds	0 %	609	612	612	3
Total		609	612	612	3

Financial assets at fair value over profit

Balance sheet value as at 31.12.2022	269
Additions	449
Sales	-110
Realised profit (loss)	1
Change in unrealised change in value	-1
Interest income	21
Net received interest	-16
Balance sheet value as at 31.12.2023	612

As at 31.12.2022

Sector	Risk class	Aquisition Cost	Book value	Market value	Unrealised change in value
Certificates and bonds	0 %	269	269	269	0
Total		269	269	269	0

Financial assets at fair value over profit

Balance sheet value as at 31.12.2021	40
Additions	245
Sales	-20
Realised profit (loss)	0
Change in unrealised change in value	2
Interest income	5
Net received interest	-3
Balance sheet value as at 31.12.2022	269

Average interest rate when calculating time-weighted return according to Newtons method "Current yield" give 5.26% per 31.12.2023. (3.85% per 31.12.2022). All certificates and bonds owned as at 31.12.2023 qualify as Level 1A under the LCR regulations.

Note 25 – Loans to customers divided in main segments

(NOK million)

As at 31.12.2023						OBOS Boligkreditt AS	
	Loans	credit	Guarantees	ECL	Total	perf.	
Retail	8 461	-	-	-7	8 455	88	
Housing co-operatives	23 683	-	-	-2	23 681	-	
Total	32 144	-	-	-8	32 136	88	

As at 31.12.2022						OBOS Boligkreditt AS	
	Loans	credit	Guarantees	ECL	Total	perf.	
Retail	7 960	-	-	-2	7 958	13	
Housing co-operatives	17 426	-	-	-3	17 423	-	
Total	25 386	-	-	-5	25 381	13	

Note 26 – Debt securities

(NOK million)

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.

Changes in debt securities	Balance	New	Maturity/	Other	Balance
	31.12.2023	issues	buy backs	changes	31.12.2022
Debt securities issued nominal value	28 270	10 000	-3 600	-	21 870
Net premium / discount on bonds payable	-	-7	-6	13	-
Bond interest receivable / payable	-	3	-19	16	-
Accrued interest	132	-	-	48	84
Amortisation	-26	-	-	0	-26
Fair value adjustment	-35	-	-	1	-36
Total debt securities	28 341	9 996	-3 625	79	21 891

Loans issued as at 31.12.2023

ISIN	Type	Due date	Face value	Book value	Book value incl.		Maturity	Interest rate
					Accrued interest	accrued interest		
Bonds at amortised cost								
NO0010841232	FRN	19.06.2024	3 000	3 001	6	3 007	0.5	5.25 %
NO0010872757	FRN	13.06.2025	4 000	3 991	10	4 001	1.5	4.92 %
NO0010922842	FRN	04.02.2026	4 000	3 998	31	4 029	2.1	4.92 %
NO0011160962	FRN	02.09.2026	2 750	2 749	10	2 759	2.7	4.89 %
NO0012493941	FRN	07.05.2027	4 000	3 991	31	4 023	3.4	5.11 %
NO0012811266	FRN	17.02.2028	4 000	3 997	26	4 023	4.1	5.27 %
NO0012918186	FRN	22.09.2028	6 000	5 997	9	6 006	4.7	5.39 %
Bonds at fair value								
NO0010851645	¹⁾ Fixed	15.05.2029	520	485	8	493	5.4	2.42 %
Total debt securities			28 270	28 209	132	28 341	3.0	5.08 %

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 27 – Weighted average effective interest rate on issued securities

	31.12.2023	31.12.2022
Issued securities	5.08 %	3.68 %

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

Note 28 – Share capital and shareholders information

OBOS Boligkreditt's share capital at 31 December 2023 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.

Note 29 – Related parties

(NOK million)

Transactions within the group

	31.12.2023	31.12.2022
Income Statement		
Other interest expense (OBOS-banken AS)	-83	-62
Other operating costs (OBOS-banken AS)	-8	-7
	-91	-68
Balance Sheet		
Deposits and debt to credit institutions (OBOS-banken AS)	-2 368	-1 742
Other short-term assets	18	11
	-2 350	-1 731

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 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 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 31.12.23, this debt was at NOK 8.1 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 31.12.23.

Note 30 – Remunerations

(NOK thousand)

Remuneration to executive personnel

The Company's CEO is hired from OBOS-banken AS (equivalent to a 50% position). Salary for management have been invoiced from the Parent to OBOS Boligkreditt AS amounting to NOK 0.8 million for the fiscal year 2023

Fees to the Board	2023	2022
Øistein Gamst Sandlie - chairman of the board	-	-
Morten Dick - board member	-	-
Lars Joachim Weedon Heide - board member	-	-
Silje Strand Ekelund - board member from May 2023	-	-
Harald Evensen - board member from May 2023	-	-
Eva Marianne Aalby - board member to May 2023	160	160
Total Fees	160	160

Remuneration to the auditor	2023	2022
Statutory audit	290	119
Other services	-	-
Tax consultancy	-	-
Remuneration for other services	200	153
Total Remunerations	490	271

Remuneration to the statutory auditor is presented including VAT.

Until July 2022, PricewaterhouseCoopers (PWC) served as the statutory auditor for OBOS Boligkreditt. Since July 2022, Ernst & Young AS (EY) has had this role.

From December 2022 PWC has been the independent external cover pool monitor for the Company.

In 2022 the audit fee to Ernst & Young AS (EY) is NOK 54 244,- relating to the statutory audit.

Note 31 – Subsequent events

On January 8, 2024, OBOS Boligkreditt AS issued a new NOK 3 billion covered bond (Premium), maturing on February 12, 2029. The bond is listed on Nordic ABM and pays a coupon of 3M Nibor + 0.58% p.a.

No other significant events have occurred between the balance sheet date on December 31, 2023, and the Board's final consideration of the accounts on March 13, 2024.

Independent Auditor's report



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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of OBOS Boligkreditt AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OBOS Boligkreditt AS (the Company), which comprise the balance sheet as at 31 December 2023, income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

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

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

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders in 2022 for the accounting year 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

IT environment supporting financial reporting

Basis for the key audit matter

The Company has a complex and automated IT environment and is dependent on IT processes for reporting of financial information. The operation of the IT environment is partly outsourced to various service providers. To ensure complete and accurate presentation of financial information, it is important that controls over transaction processing and measurement are designed and operate effectively. Likewise controls to ensure appropriate access rights and system changes also need to be designed and operate effectively both within the Company's organization as well as within the service provider's organization. The IT environment supporting financial reporting is considered a key audit matter as the IT environment is critical to ensure accurate, complete and reliable financial reporting.

Our audit response

We obtained an understanding of the Company's IT environment relevant for financial reporting. We tested IT general controls over access management, change management and IT operations. For the IT environment outsourced to service providers we evaluated third party attestation reports (ISAE 3402 reports) and assessed and tested the effectiveness of key controls. Further we tested key automated controls in the IT environment supporting financial reporting related to amongst others, effective interest rate and amortization including subsequent recoding to the general ledger. We involved specialists on our team in understanding the IT environment and in assessing and testing the operative effectiveness of controls.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. 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 board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Oslo, 14 March 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Kjetil Rimstad
State Authorised Public Accountant (Norway)

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Kjetil Rimstad

Statsautorisert revisor

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OBOS

Boligkreditt

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