

Annual report 2022



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Key figures

	2022	2021
Profitability		
1) Profit after tax	91	146
2) Net interest in % of average total assets	0.50 %	0.71 %
3) Profit before tax in % of total assets	0.46 %	0.68 %
4) Cost-to-income ratio ¹	7.0 %	4.9 %
5) Return on equity	4.8 %	7.4 %
Balance sheet		
6) Lending to customers	25 383	25 661
7) Loss in % of gross loans	-0.01 %	0.01 %
8) Defaults in % of gross loans ²	0.00 %	0.00 %
9) Total assets	25 695	25 757
10) Average total assets ³	25 726	24 597
11) Covered bonds issued	21 870	22 270
12) Overcollateralisation ⁴	16.3 %	15.2 %
Solidity		
13) CET 1 Capital ratio	23.9 %	20.0 %
14) T1 Capital ratio	23.9 %	20.0 %
15) Total capital ratio	23.9 %	20.0 %
16) Leverage ratio	7.3 %	7.3 %
17) Liquidity coverage ratio	N/A	19568.76 %
Staffing		
18) Number of permanent employees	0	0

Definitions

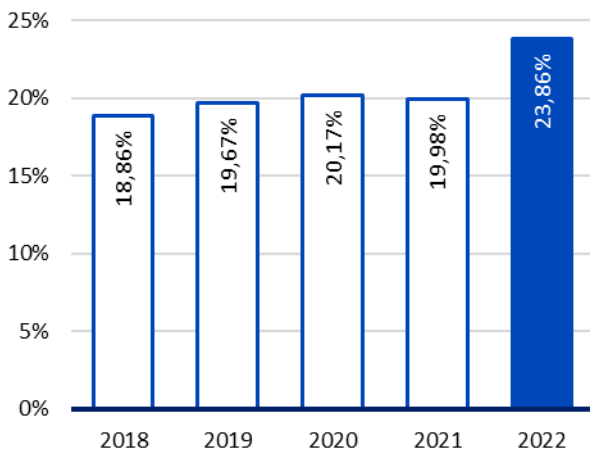
1) Sum operating expenses before losses, in % of net income

2) Defaulted commitments over 90 days in % of gross loans

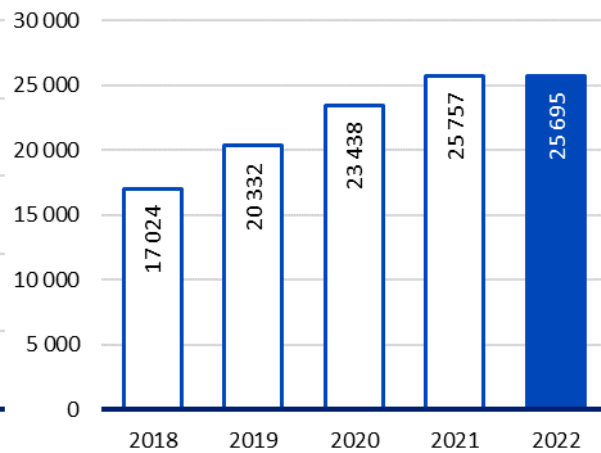
3) Average total assets per month

4) Cover pool in % of issued of cover bonds

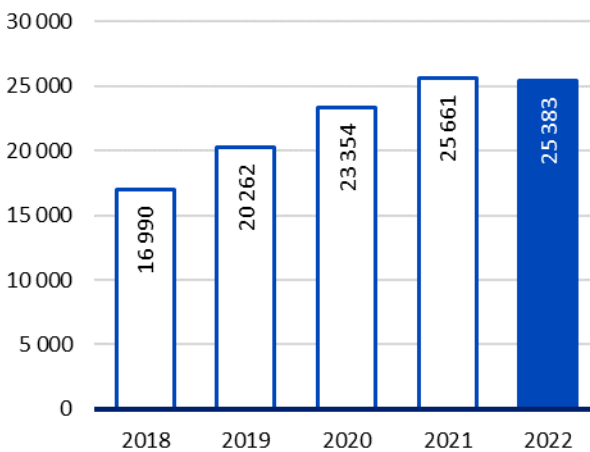
Total capital ratio



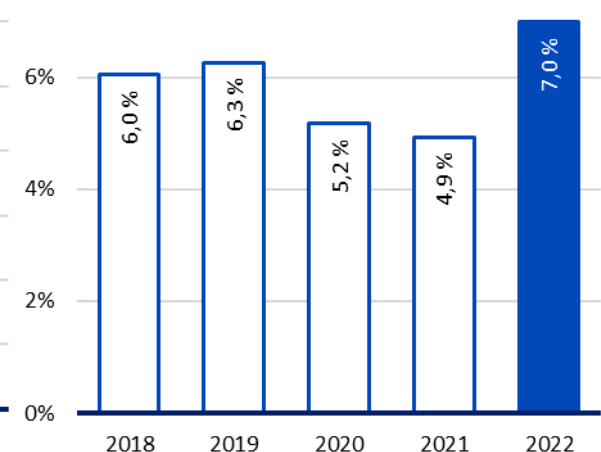
Total assets (MNOK)



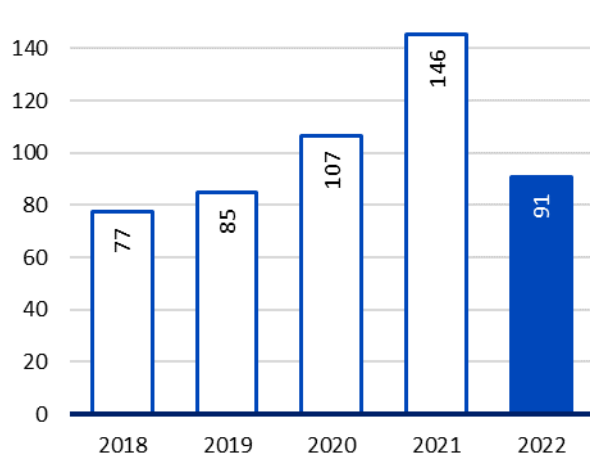
Lending (MNOK)



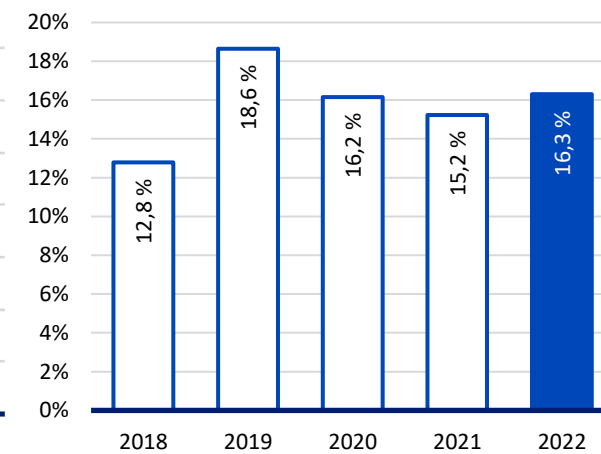
Cost-to-income ratio



Profit after tax (MNOK)



Overcollateralisation





Report from the Board of Directors

OBOS Boligkreditt AS is a wholly owned subsidiary of OBOS-banken, with registered offices in Oslo. The company started operations in 2016, with 2017 being the first full fiscal year. OBOS Boligkreditt is licensed to operate as a mortgage company and to issue covered bonds. The company is OBOS-banken's most important source of long-term market funding and an important part of the parent bank's funding strategy. The assets consist of home mortgage loans and housing co-operative loans originally underwritten by OBOS-banken.

At year-end 2022 the company's lending to customers totalled NOK 25,383 million. All loans are at the time of acquisition secured by residential properties and within 75 % of the property's estimated value.

In April 2022, OBOS Boligkreditt issued a floating rate note in the amount of MNOK 4,000 (NO0012493941).

One covered bond note of NOK 3,000 million matured during 2022. Liabilities in the form of covered bonds amounted to NOK 21,870 million at year-end 2022, compared with NOK 22,270 million at year-end 2021.

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 119.7 million for the fiscal year

2022 (172.7). Profit after loan losses and tax amounted to NOK 90.5 million in 2022 (145.5).

The company's net interest income amounted to NOK 129.6 million in 2022 (174.9). Total operating expenses amounted to NOK 9.0 million (9.0). 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 2022. Net loan losses were NOK 1.3 (-3.5) million. Profit after tax amounted to NOK 90.5 million in 2022 (145.5).

Total assets at the end of 2022 amounted to NOK 25,695 million compared with NOK 25,757 million at the end of 2021.

Overcollateralisation, calculated as the value of the cover pool relative to the value of outstanding covered bond debt, was 16.3 % as at 31 December 2022 (15.2 %). 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 257.7 million as at 31 December 2022 (40.4).

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 2022.

Capital adequacy

OBOS Boligkreditt uses the standard method to calculate capital adequacy. The capital adequacy ratio was 23.9 % as of 31 December 2022 (20.0).

OBOS Boligkreditt is required to have a capital adequacy ratio of at least 15,5 %, of which core tier 1 capital must amount to at least 12.0 % of risk weighted assets. The countercyclical risk buffer increased by 1.0 % to 2.0 % in 2022, and will increase further to 2,5 % with effect from 31 March 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 2022. The managing director as well as other personnel performing services related to accounting and finance in the company are formally employed by the parent bank and hired to carry out work for OBOS Boligkreditt. Other resources required to run the company are provided by the relevant departments in OBOS-banken based on SLA-agreements between the company and the parent bank. No serious work accidents or incidents occurred or 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 banking group's ICAAP.

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

Credit risk

Credit risk is the risk that a borrower or counterparty will be unable to meet its obligations to OBOS Boligkreditt. The company's credit approval framework contains requirements stipulating which loans may be included in the company's loan portfolio. There were no significant changes in the credit risk policy in 2022. 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 75 % of the assessed value of the mortgaged property. Retail mortgage loans primarily consist of loans to members of OBOS. Housing cooperative mortgage loans are mostly related to cooperatives where OBOS is the business manager. There were no loans in default at the year end. The Board regards the quality of the lending portfolio as very good.

Liquidity risk

Liquidity risk is the risk that OBOS Boligkreditt will not be able 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 2022 (19.568,76 %) as there were no cash outflows in the period.

OBOS Boligkreditt has entered into a Revolving Credit Facility agreement with the parent bank in which the bank will provide liquidity support to ensure payments related to issued covered bonds. Bonds issued by OBOS Boligkreditt have a soft bullet structure in which the company has the option of extending the term of its borrowing by up to 12 months, 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 note of NOK 520 million has fixed rate terms, which has been hedged with an interest swap agreement.

To the extent that OBOS Boligkreditt borrows at 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 keeps the market risk of the portfolio low.

Operational risk

Operational risk is the risk of losses due to inadequate or failing internal processes, human error, system failures or external events. Services covered by the SLA-agreement include administration, IT operations, and financial and risk management. Although the operational risk of OBOS Boligkreditt is dependent of the parent bank's ability to manage this type of risk, OBOS Boligkreditt independently 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 levels. The company has had a strong focus on establishing all necessary strategies, management documents and procedures that are required and expected by such a company.

Accounting policies

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

Going concern

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. OBOS-banken's work on the Transparency Act is supported by OBOS' legal department, which will compile and publish a comprehensive report on the due diligence assessments no later than 30 June 2023.

Future prospects

At the start of 2023, the Norwegian economy is characterized by high inflation, interest rate increases and high electricity prices, but at the same time high activity. The labor market is still tight. 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 has dampened households' purchasing power, and growth in consumption is slowing. Households now save less, but overall still have a significant amount of saved funds.

Housing prices in Norway have increased over a long period of time and more than disposable income per inhabitant. In recent months, there has been a marked turnaround in the housing market, but house prices nevertheless increased in both January and February 2023. The rise has been unexpected as interest rates have increased. A low offer may have helped push the prices up somewhat. It is expected that the announced interest rate increases and high living costs will cause house prices to fall throughout the year. But low housing construction, especially in Oslo, higher wage growth and increased net immigration will probably help to dampen the price drop somewhat. So do relaxations in the requirements for serviceability in the lending regulations and 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 2.75 per cent in the interest rate meeting on 15 December 2022, and was kept unchanged in the meeting on 18 January 2023. Norges Bank stated that the policy rate will most likely be raised further in the 1st quarter of 2023.

The capital requirements in the form of a countercyclical capital buffer increased to 2.0 per cent with effect from 31 December 2022, but the increase in the systemic risk buffer was postponed at short notice and thus did not increase on the same date. The countercyclical capital buffer will increase further to 2.5 per cent with effect from 31 March 2023.

The economic outlook for 2023 will continue to be affected by the war in Ukraine. The war has caused major market unrest in both the Norwegian and international economy, with volatility in the financial markets and high prices for energy and raw materials. The uncertainty now seems to have subsided somewhat.

OBOS Boligkreditt's portfolio has an average loan to value (LTV) ratio at a low 34 percent, and no loans are in default. With an allowable LTV of 80 percent, there is significant headroom for even severe drops in house prices. The parent bank holds significant volumes of loans which qualify for transfer to OBOS Boligkreditt.

Should house prices decline and LTV ratios rise, replacement loans will be transferred.

The prospects for OBOS Boligkreditt remain stable. The Board believes that despite the increase in interest rates on mortgages and an increase in household costs, the low level of unemployment and still high disposable household income, will contribute to further mortgage loan growth in the parent bank. This mortgage growth will position OBOS Boligkreditt AS to further acquire mortgage loan portfolios from the parent bank and increase the volume of outstanding bond loans from OBOS Boligkreditt AS.

Allocations

The profit after tax amounted to NOK 90.5 million for 2022. The recommendation from the Board of Directors is to allocate the full profit for the year as a cash dividend to OBOS-banken AS.

Composition of the Board and Corporate Governance

The company's Board consist of the following members:

Chairman of the Board: Øistein Gamst Sandlie

Member of the Board: Morten Dick

Member of the Board: Lars Joachim Weedon Heide

Member of the Board: Eva Marianne Aalby

During 2022, the Board held eight meetings. The topics of the meetings have been the company's status and financial development, risk management and internal control, business strategy process and approval of guidelines, procedures, and instructions.

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

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

OBOS Boligkreditt's principles for corporate governance are based on the Norwegian accounting law and the Norwegian practice for corporate governance, hereunder the «Norwegian Code of Practice for Corporate Governance» (NUES). OBOS Boligkreditt refers to the OBOS Group's statement on corporate governance in its own annual report, published on the Company's website www.obos.no. The Board has decided guidelines and strategies to promote the goal

of effective management of the company's business relationship. These clarifies the role between the Board and daily management beyond what is provided by the law and provide the basis for how the enterprise's goals are set, achieved, and monitored. The Board evaluates

annually its work and its form of work. For statement of the corporate social responsibility (cf. lov om årsregnskap m.v. § 3-3 c), OBOS Boligkreditt refers to the annual report of parent company OBOS-banken.

Oslo, 27 March 2023

The Board in OBOS Boligkreditt AS

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Øistein Gamst Sandlie
Chairman

Lars Joachim Weedon Heide

Morten Dick

Eva Marianne Aalby

Tore Weldingh
CEO

Income statement

In NOK thousand

	NOTE	2022	2021
Interest income calculated using the effective interest method		661 820	389 849
Interest income from instruments using fair value		4 633	394
Interest expenses calculated using the effective interest method		-524 296	-202 799
Interest expenses from instruments using fair value		-12 584	-12 584
Net interest income	5,26	129 573	174 860
Commission and banking service expenses		-451	-404
Net commission expenses		-451	-404
Net gain/(loss) and change in value of fin. Instruments	6	-419	7 231
Net operating income		128 703	181 687
Salaries and other personel cost	7	-188	-183
Administration cost	7	-483	-428
Other operating expenses	26	-8 320	-8 351
Total operating expenses		-8 990	-8 961
Profit before loan losses and taxes		119 713	172 726
Net loan losses	8	-1 285	3 535
Profit before tax		118 428	176 261
Income tax expense	27	-27 879	-30 738
Profit after tax		90 549	145 522
Attributable to			
Shareholder		90 549	145 522
Total		90 549	145 522

Statement of comprehensive income

	NOTE	2022	2021
Profit after tax		90 549	145 522
Losses on loans and guarantees, fair value	8	-68	-2 493
Income tax expense on items that can be reclassified		15	548
Items that can be reclassified to profit or loss		-53	-1 944
Net change in values from own credit risk		8 365	-1 340
Income tax expense on items that will not be reclassified		-1 840	295
Items that will not be reclassified to profit or loss		6 524	-1 045
Comprehensive income for the periode		6 471	-2 990
Total comprehensive income after tax		97 020	142 533
Attributable to			
Shareholder		97 020	142 533
Total		97 020	142 533

Balance sheet

In NOK thousand

	NOTE	31.12.2022	31.12.2021
ASSETS			
Loans and receivables to credit institutions	17,19	30 845	14 935
Loans and receivables to customers	8,10,11,17,19	25 383 230	25 660 744
Certificates and bonds	6,12,17,18	268 932	40 411
Financial derivatives		-	10 646
Deferred tax asset	27	409	3 732
Other assets	26	11 457	26 112
TOTAL ASSETS		25 694 873	25 756 580
LIABILITIES AND EQUITY			
Loans from credit institutions	13,14,17	1 742 266	1 516 385
Financial derivatives	13,14,17,19	30 555	-
Debt securities issued		21 891 180	22 294 295
Other liabilities		97 216	212
Tax payable	27	26 382	38 413
TOTAL LIABILITIES		23 787 599	23 849 305
Share capital		131 000	131 000
Share premium		1 369 039	1 369 039
Retained earnings		407 236	407 236
TOTAL EQUITY		1 907 275	1 907 275
TOTAL LIABILITIES AND EQUITY		25 694 873	25 756 580

Oslo, 27 March 2023
 The Board in OBOS Boligkreditt AS
This document is signed electronically

Øistein Gamst Sandlie
 Chairman

Lars Joachim Weedon Heide

Morten Dick

Eva Marianne Aalby

Tore Weldingh
 CEO

Statement of changes in equity

In NOK thousand

	Share Capital	Share Premium	Retained earnings	Total equity
Equity as at 01.01.2021	131 000	1 369 039	264 703	1 764 742
Result for the period 01.01.2021 - 31.12.2021			145 522	145 522
Losses on loans and guarantees, fair value			-2 493	-2 493
Net change in values from own credit risk			-1 340	-1 340
Income tax expense on items that will not be reclassified			843	843
Total comprehensive income 01.01.2021 - 31.12.2021			142 533	142 533
Equity as at 31.12.2021	131 000	1 369 039	407 236	1 907 275
Proposed dividend			-97 020	-97 020
Result for the period 01.01.2022 - 31.12.2022			90 549	90 549
Losses on loans and guarantees, fair value			-68	-68
Income tax expense on items that can be reclassified			15 030	15 030
Net change in values from own credit risk			8 365	8 365
Income tax expense on items that will not be reclassified			-1 840	-1 840
Total comprehensive income 01.01.2022 - 31.12.2022			97 020	97 020
Equity as at 31.12.2022	131 000	1 369 039	407 236	1 907 275

Cash flow

In NOK thousand

	NOTE	31.12.2022	31.12.2021
Profit before tax		118 428	176 261
Interest income calculated using the effective interest method	5	-661 820	-389 849
Interest payments from customers and credit institutions		650 743	388 046
Loans to customers transferred from parent company		287 234	-2 303 996
Payment on certificates and bonds		-228 521	-9 932
Interest from certificates and bonds/bond funds		39 085	36 376
Other net gain/(loss) on derivatives	6	-39 503	-29 145
Payment for other assets		18 245	7 117
Payment for other debt		35 943	-107
Net gain/(loss) on financial instruments	6	419	-7 231
Net loan losses		1 356	-1 036
Taxes paid		-38 413	-32 103
Change in accrued interests		58 695	6 311
Change in other accruals		-45	-9
(A) Net cash flow from operating activities		241 845	-2 159 297
Payments related to acquisition of shares and securities		-	-
Net new lines of credit	26	225 881	-79 187
(B) Net cash flow from investment activities		225 881	-79 187
Debt securities issued	13	4 000 000	6 750 000
Repayment of covered bonds	13	-4 400 000	-4 455 000
Issue of share capital		-	-
Change in other time limits related to financing activities		-51 817	-48 708
(C) Net cash flow from financing activities		-451 817	2 246 292
(A) + (B) + (C) Net cash flow for the period		15 910	7 808
Cash and cash equivalents at beginning of period		14 935	7 127
Cash and cash equivalents at end of period		30 845	14 935
Net change in cash and cash equivalents		15 910	7 808
Liquidity reserves specified			
Loans and receivables to credit institutions ¹⁾		30 845	14 935
Cash and cash equivalents		30 845	14 935

1) Hereof NOK 0.9 thousand in restricted deposits.

Note information

Note 1 – Introduction

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

The company is included in the consolidation of the OBOS Group and the sub-group OBOS-banken. The annual accounts for 2022 were approved by the Board on 27 March 2023 and published the same day. The consolidated accounts can be obtained at Hammersborg torg 1.

Note 2 – Accounting principles

2.1 General

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

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

2.2 Currency

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

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

2.3 Financial instruments

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

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

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

2.3.1 Classifications

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

Financial assets:

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

Financial liabilities:

- amortised cost
- fair value through profit or loss

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

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

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

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

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

instruments recognised at fair value is presented in note 17.

2.3.1.2 Loans and Receivables valued at amortised cost

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

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

2.3.1.3 Loans and Receivables valued at fair value through OCI

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

2.3.2 Measurement

2.3.2.1 Measurement at fair value

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

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

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

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

Level 1: Market price (not adjusted) listed in an active market for identical assets or liabilities. OBOS Boligkreditt has no instruments at level 1 as of 31.12.2022.

Level 2: Market price (not listed), observable for assets or liabilities, either directly or indirectly. Fair value of bond funds/bonds is based on net asset value obtained from relevant providers in the market.

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

2.3.2.2 Measurement at amortised cost

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

2.3.2.3 Impairment of financial assets

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

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

The bank's PD/LGD model was updated during the fourth quarter of 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.

2.3.2.4 Grouping of financial assets

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

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

2.3.2.5 Significant increase in credit risk

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

1. An increase in the PD with a factor of 2.5 since the last period of measurement, given that the PD at the time of reporting is over 0.6%
2. 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.

2.3.2.6 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.

The following factors for outcome and probabilities have been used for the portfolios per 31 December 2022:

Private marked	Factor	Probability
Base scenario	100 %	35 %
Lower scenario	200 %	55 %
Upper scenario	50 %	10 %

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

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

2.3.3 Presentation of financial assets and liabilities

2.3.3.1 Loans and receivables

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

2.3.3.2 Loans from credit institutions

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

2.3.3.3 Certificates and bonds

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

2.3.3.4 Debt securities issued

This category includes bond debt that initially were recognised on the balance sheet at fair value, adjusted for any transaction costs, and subsequently at

amortised cost in accordance with the effective interest rate method.

2.3.3.5 Derivatives

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

Derivatives are presented as a financial asset if the value is positive and as a financial liability if the value is negative. According to IFRS 9, an entity shall apply the hedge accounting requirements to a financial asset or a financial liability that is designated as a hedged item.

OBOS Boligkreditt AS doesn't apply the hedge accounting requirements under IFRS 9 but applies interest rate swap agreements to reduce interest rate risk between fixed-rate and market rate. Swap interest rate and change in value are recognized through profit or loss under "Net gain/(loss) and change in value of financial instruments".

2.3.3.6 Net presentation of assets and liabilities

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

2.4 Revenue recognition / expense

Interest income and interest expense

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

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

Commissions and fees

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

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

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

Other operating expenses

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

2.5 Taxes

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

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

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

2.6 Other liabilities

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

2.7 Other commitments

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

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

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

2.8 New and amended standards and interpretations

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

Note 3 – Accounting estimates and discretionary assessments

OBOS Boligkreditt prepares accounting estimates and makes discretionary assessments based on historical experience, assumptions about the future and other

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

Fair value measurements

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

Impairment of financial assets

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

Note 4 – Risk management and internal control

4.1 Guidelines and basis for risk management in OBOS Boligkreditt

OBOS Boligkreditt's risk management includes identification, measurement and assessment of 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 banking 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 entire company's risk management and risk profile. For the most important risk areas, individual strategy papers have been created. In addition, it is implemented an overall management and control strategy.

4.2.1 Credit risk

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

In NOK thousand

	2022	2021
Interest and similar income from loans to credit institutions, amortised cost	1 120	24
Interest and similar income from loans to customers, amortised cost	660 528	389 805
Other interest and similar income, amortised cost	171	20
Total Interest income calculated using the effective interest method	661 820	389 849
Interest and similar income from certificates and bonds, fair value	4 633	394
Total Interest income, fair value	4 633	394
Interest and similar expenses from loans to credit institutions, amortised cost	-46 014	-16 595
Interest and similar expenses of issued securities, amortised cost	-474 362	-183 221
Other interest and similar expenses, amortised cost	-3 921	-2 983
Total Interest expenses calculated using the effective interest method	-524 296	-202 799
Interest and similar expenses of issued securities, fair value	-12 584	-12 584
Total Interest expenses, fair value	-12 584	-12 584
Net interest and credit commission income	129 573	174 860

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

In NOK thousand

	2022	2021
Net gain/(loss) and change in value on certificates and bonds	-887	-205
Net interest income on derivatives ¹	1 230	7 965
Other net gain/(loss) and change in value on derivatives	-39 503	-29 145
Net gain/(loss) and change in value on fixed rate covered bonds ²	38 742	28 616
Net gain/(loss) and change in value of financial instruments	-419	7 231

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

2) OBOS Boligkreditt has used the Fair Value Option (FVO) when valuing fixed rate covered bonds in accordance with IFRS 9. The principle implies that changes in value as a result of changes in own credit risk are recognized in the OBOS-banken group's comprehensive income. The amount that has been deducted from OBOS Boligkreditt's result and transferred to the Group is -8.4 million Norwegian kroner on 31 December 2022.

Note 7a – Personnel

OBOS Boligkreditt had no employees in 2022. The managing director as well as other services are formally employed by the parent bank and hired to carry out work for OBOS Boligkreditt.

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

In NOK thousand

Remuneration to executive personnel

The company's general manager is hired from OBOS-banken AS (equivalent to a 50% position). Salary for management have been invoiced from the parent company OBOS-banken AS to OBOS Boligkreditt AS amounting to NOK 0.8 million for the fiscal year 2022

Fees to the Board	2022	2021
Øistein Gamst Sandlie - chairman of the board from June 2021	-	-
Marit Sigrid Midttun - chairman of the board to June 2021	-	-
Morten Dick - board member	-	-
Eva Marianne Aalby - board member	160	-
Lars Joachim Weedon Heide - board member from May 2021	-	-
Svein Haugsvold - board member to May 2021	-	160
Total Fees	160	160

Remuneration to the auditor	2022	2021
Statutory audit	119	98
Remuneration for other services	153	76
Total Remunerations	271	173

Remuneration to the statutory auditor is presented including VAT.

Until July 2022, the statutory auditor for OBOS Boligkreditt has been PricewaterhouseCoopers (PWC). From July 2022, the statutory auditor for the company has been Ernst & Young AS (EY).

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

Note 8 – Impairment and losses

In NOK thousand

Changes in gross carrying amount

	Expected loss	Expected loss	Expected loss	Total
	over 12 months	over the lifetime of the instrument	over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	
Gross carrying amount 31.12.2021	25 562 358	67 475	32 637	25 662 470
Migration to Stage 1	13 230	-7 182	-6 048	-
Migration to Stage 2	-61 244	61 473	-229	-
Migration to Stage 3	-665	-1 162	1 827	-
Changes in carrying amount which have not migrated	-1 068 709	-2 935	-2 156	-1 073 801
New loans	4 537 929	17 885	1 457	4 557 271
Disposal of loans	-3 724 386	-22 854	-12 388	-3 759 628
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 31.12.2022	25 258 514	112 699	15 100	25 386 312

Impaired loans broken down by collateral

	31.12.2022		31.12.2021	
	Amount	%	Amount	%
Secured loans	15 100	16,5 %	32 637	22,1 %
Total	15 100	16,5 %	32 637	22,1 %

OBOS Boligkreditt AS has no expected loans in stage 3 where no write-downs have been made due to the value of the collateral, the corresponding figure for 2021 was 0 million.

Movements in provisions and write-downs

	Expected loss	Expected loss	Expected loss	Total
	over 12 months	over the lifetime of the instrument	over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	
ECL 31.12.2021	1 884	866	854	3 605
Migration to Stage 1	322	-124	-197	-
Migration to Stage 2	-32	36	-5	-
Migration to Stage 3	-	-29	29	-
Changes in ECL for loans which have not migrated	-414	1 793	-79	1 300
New loans	349	231	14	594
Disposal of loans	-349	-227	-307	-884
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	57	195	22	274
Other changes	-	-	-	-
ECL 31.12.2022	1 816	2 741	332	4 890
Provisions (%) of gross capitalised values	0,01 %	2,43 %	2,20 %	0,02 %
Net change (01.01.2022-31.12.2022)	-68	1 876	-522	1 285

Estimated Stage 1 losses on assets measured at fair value

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

	Stage 1	Stage 2	Stage 3	Total
Opening balance	1 884	-	-	1 884
Net change in expected losses	-68		-	-68
Closing balance	1 816	-	-	1 816

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

Effects of forward-looking macro information on loss provisions

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

	31.12.2022	31.12.2021
Expected loss total	4 890	3 605
Base scenario	3 456	2 077
Effect of forward-looking macro information	1 434	1 528

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

Breakdown of loan provisions per. segment and stage

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

Changes in gross carrying amount - Housing co-operatives segment

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 31.12.2021	17 079 979	-	-	17 079 979
Migration to Stage 1	-	-	-	-
Migration to Stage 2	-	-	-	-
Migration to Stage 3	-	-	-	-
Changes in carrying amount which have not migrated	-738 600	-	-	-738 600
New loans	2 639 578	-	-	2 639 578
Disposal of loans	-1 554 665	-	-	-1 554 665
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 31.12.2022	17 426 291	-	-	17 426 291

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

	Expected loss	Expected loss	Expected loss	Total
	over 12 months	over the lifetime of the instrument	over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	
ECL 31.12.2021	965	-	-	965
Migration to Stage 1	-	-	-	-
Migration to Stage 2	-	-	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL for loans which have not migrated	-59	-	-	-59
New loans	146	-	-	146
Disposal of loans	-88	-	-	-88
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
ECL 31.12.2022	965	-	-	965
Provisions (%) of gross capitalised values	0,01 %	0,00 %	0,00 %	0,01 %
Net change (01.01.2022-31.12.2022)	-	-	-	-

Changes in gross carrying amount - Retail segment

	Expected loss	Expected loss	Expected loss	Total
	over 12 months	over the lifetime of the instrument	over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	
Gross carrying amount 31.12.2021	8 482 379	67 475	32 637	8 582 491
Migration to Stage 1	13 230	-7 182	-6 048	-
Migration to Stage 2	-61 244	61 473	-229	-
Migration to Stage 3	-665	-1 162	1 827	-
Changes in carrying amount which have not migrated	-330 109	-2 935	-2 156	-335 201
New loans	1 898 352	17 885	1 457,16	1 917 693
Disposal of loans	-2 169 720	-22 854	-12 388	-2 204 962
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 31.12.2022	7 832 222	112 699	15 100	7 960 021

Movements in provisions and write-downs - Retail segment

	Expected loss	Expected loss	Expected loss	Total
	over 12 months	over the lifetime of the instrument	over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	
ECL 31.12.2021	919	866	854	2 640
Migration to Stage 1	322	-124	-197	-
Migration to Stage 2	-32	36	-5	-
Migration to Stage 3	-	-29	29	-
Changes in ECL for loans which have not migrated	-356	1 793	-79	1 359
New loans	203	231	14	448
Disposal of loans	-262	-227	-307	-796
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	57	195	22	274
Other changes	-	-	-	-
ECL 31.12.2022	851	2 741	332	3 925
Provisions (%) of gross capitalised values	0,01 %	2,43 %	0,00 %	0,05 %
Net change (01.01.2022-31.12.2022)	-68	1 876	-522	1 285

Changes in gross carrying amount

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

Impaired loans broken down by collateral

	31.12.2021		31.12.2020	
	Amount	%	Amount	%
Secured loans	32 637	22,1 %	-	0,0 %
Total	32 637	22,1 %	-	0,0 %

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

Movements in provisions and write-downs

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

Estimated Stage 1 losses on assets measured at fair value

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

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

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

Effects of forward-looking macro information on loss provisions

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

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

Breakdown of loan provisions per. segment and stage

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

Changes in gross carrying amount - Housing co-operatives segment

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Gross carrying amount 31.12.2020	16 592 213	-	-	16 592 213
Migration to Stage 1	-	-	-	-
Migration to Stage 2	-	-	-	-
Migration to Stage 3	-	-	-	-
Changes in carrying amount which have not migrated	-595 845	-	-	-595 845
New loans	2 508 358	-	-	2 508 358
Disposal of loans	-1 424 746	-	-	-1 424 746
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Other changes	-	-	-	-
Gross carrying amount 31.12.2021	17 079 979	-	-	17 079 979

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

	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
ECL 31.12.2020	3 091	-	-	3 091
Migration to Stage 1	-	-	-	-
Migration to Stage 2	-	-	-	-
Migration to Stage 3	-	-	-	-
Changes in ECL for loans which have not migrated	-35	-	-	-35
New loans	142	-	-	142
Disposal of loans	-81	-	-	-81
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-	-	-	-
Other changes	-	-	-	-
ECL 31.12.2021	3 117	-	-	3 118
Provisions (%) of gross capitalised values	0,02 %	0,00 %	0,00 %	0,02 %
Net change (01.01.2021-31.12.2021)	26	-	-	27

Changes in gross carrying amount - Retail segment

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

Movements in provisions and write-downs - Retail segment

	Expected loss	Expected loss	Expected loss	Total
	over 12 months	over the lifetime of the instrument	over the lifetime of the instrument	
	Stage 1	Stage 2	Stage 3	
ECL 31.12.2020	1 287	2 762	-	4 049
Migration to Stage 1	1 819	-1 819	-	-
Migration to Stage 2	-21	21	-	-
Migration to Stage 3	-3	-60	63	-
Changes in ECL for loans which have not migrated	-308	-42	28	-322
New loans	2 582	6	-	2 588
Disposal of loans	-921	-697	-	-1 617
Confirmed losses	-	-	-	-
Included in previously confirmed losses	-	-	-	-
Change in risk model / parameters	-5 668	695	763	-4 211
Other changes	-	-	-	-
ECL 31.12.2021	-1 233	866	854	487
Provisions (%) of gross capitalised values	-0,01 %	1,28 %	0,00 %	0,01 %
Net change (01.01.2021-31.12.2021)	-2 519	-1 896	854	-3 562

Note 9 – Credit risk exposure and collateral

In NOK thousand

	31.12.2022		31.12.2021	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, secured loans				
0 % - 40 %	38 %	2 995 512	45 %	3 833 397
40 % - 60 %	41 %	3 270 501	34 %	2 882 786
60 % - 75 %	20 %	1 564 860	19 %	1 602 367
75 % -80%	1 %	81 072	1 %	57 515
80 % - 90 %	0 %	21 740	1 %	72 706
90 % - 100 %	0 %	8 813	0 %	30 852
>100 %	0 %	17 522	1 %	102 867
Residential mortgages, secured by fixed property	100 %	7 960 021	100 %	8 582 491
0 % - 40 %	76 %	13 174 868	75 %	12 858 779
40 % - 60 %	24 %	4 195 093	23 %	3 939 171
60 % - 80 %	0 %	56 331	2 %	282 029
80 % - 90 %	0 %	-	0 %	-
90 % - 100 %	0 %	-	0 %	-
>100 %	0 %	-	0 %	-
Housing co-operatives, secured by fixed property	100 %	17 426 291	100 %	17 079 979
TOTAL LOANS TO CUSTOMERS, SECURED		25 386 312		25 662 470

	31.12.2022		31.12.2021	
	Distribution as percentage	Gross carrying amounts	Distribution as percentage	Gross carrying amounts
Loan-to-value, residential mortgage (relative distribution)				
0% - 85 %	100 %	7 930 020	98 %	8 410 398
85 % - 100 %	0 %	12 479	1 %	69 225
> 100 %	0 %	17 522	1 %	102 867
Residential mortgage, secured by fixed property	100 %	7 960 021	100 %	8 582 491

Note 10 – Risk classification of loans and guarantees

In NOK thousand

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

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

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

OBOS Boligkreditt AS

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	24 981 340	-	-	24 981 340
2 – Medium risk	1,00-3,99	-	242 729	-	242 729
3 – High risk	4,00-99,99	-	-	148 937	148 937
4 – Default	100,00	-	-	13 306	13 306
Total before loan loss provisions		24 981 340	242 729	162 243	25 386 312
- Loan loss provisions		-1 816	-2 741	-332	-4 889
Net loans and receivables from customers at 31.12.2022		24 979 524	239 988	161 911	25 381 423

31.12.2021

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

Note 11 – Loans to customers divided in main segments

In NOK thousand

As at 31.12.2022	Loans	Unused		ECL	OBOS Boligkreditt AS	
		credit	Guarantees		Total	o/w non-perf.
Retail	7 960 021	-	-	-1 771	7 958 250	13 306
Housing co-operatives	17 426 291	-	-	-3 118	17 423 173	-
Total	25 386 312	-	-	-4 890	25 381 423	13 306

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

Note 12 – Certificates and bonds measured at fair value

In NOK thousand

As at 31.12.2022	Risk class	Aquisition Cost	Book value	Market value	Unrealised change in
Sector					
Certificates and bonds	0 %	268 609	268 932	268 932	323
Total		268 609	268 932	268 932	323

Financial assets at fair value over profit

Balance sheet value as at 31.12.2021	40 411
Additions	245 000
Sales	-20 000
Realised profit (loss)	-69 400
Change in unrealised change in value	1 963
Interest income	4 633
Net received interest	-3 006
Balance sheet value as at 31.12.2022	268 932

As at 31.12.2021

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

Financial assets at fair value over profit

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

Average interest rate when calculating time-weighted return according to Newtons method "Current yield" give 3.85% per 31.12.2022. (1.49% per 31.12.2021). All certificates and bonds owned as at 31.12.2022 qualify as Level 1A under the LCR regulations.

Note 13 – Debt securities

In NOK thousand

Method:

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

	Balance 31.12.2022	New issues 2022	Maturity/ buy backs 2022	Other changes 2022	Balance 31.12.2021
Changes in debt securities					
Debt securities issued nominal value	21 870 000	4 000 000	-4 400 000	-	22 270 000
Net premium / discount on bonds payable	-	-12 550	-7 063	19 613	-
Bond interest receivable / payable	-	3 563	-16 712	13 149	-
Accrued interest	83 556	-	-	56 998	26 558
Amortisation	-26 117	-	-	-13 007	-13 110
Fair value adjustment	-36 259	-	-	-47 106	10 847
Total debt securities	21 891 180	3 991 013	-4 423 774	29 647	22 294 295

Loans issued as at 31.12.2022

ISIN	Type	Due date	Face value	Book value	Accrued interest	Book value incl. accrued interest	Maturity	Interest rate
Bonds at amortised cost								
NO0010795487	FRN	06.06.2023	2 600 000	2 600 895	7 398	2 608 293	0,4	3,94 %
NO0010841232	FRN	19.06.2024	4 000 000	4 003 772	5 330	4 009 102	1,5	3,69 %
NO0010872757	FRN	13.06.2025	4 000 000	3 984 930	7 494	3 992 424	2,5	3,55 %
NO0010922842	FRN	04.02.2026	4 000 000	3 997 507	23 522	4 021 029	3,1	3,65 %
NO0011160962	FRN	02.09.2026	2 750 000	2 747 969	8 502	2 756 471	3,7	3,71 %
NO0012493941	FRN	07.05.2027	4 000 000	3 988 811	23 344	4 012 155	4,4	3,82 %
Bonds at fair value								
NO0010851645	¹⁾ Fixed	15.05.2029	520 000	483 741	7 964	491 705	6,4	2,42 %
Total debt securities			21 870 000	21 807 624	83 556	21 891 180	2,7	3,68 %

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

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

Note 14 – Weighted average effective interest rate on issued securities

	31.12.2022	31.12.2021
Issued securities	3,68 %	1,22 %

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

Note 15 – Financial derivatives

In NOK thousand

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

As at 31.12.2022

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	520 000	- 35 913	39 503
Net accrued interest		5 358	
Total financial derivative contracts	520 000	- 30 555	39 503
Financial derivative asset			
Financial derivative liability		- 30 555	
Net asset / liability derivatives		- 30 555	

As at 31.12.2021

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

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

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

3) This financial year unrealised gain/loss.

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

Note 16 – Assets and liabilities subject to net settlement

In NOK thousand

31.12.2022	Gross financial assets / liabilities	Net settlement of Gross financial	Book value	Cash collateral	Net value
Derivatives assets	-	-	-	-	-
Derivatives liabilities	-30 555	-	-30 555	-	-30 555

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

This note shows derivative positions in the balance sheet of OBOS Boligkreditt AS. As at 31.12.2022 the bank has one active ISDA agreement and with a major Nordic bank, with a supplementary collateral agreement (CSA).

Note 17 – Classification of financial instruments

In NOK thousand

As at 31.12.2022	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			30 845	30 845
Loans to customers		25 383 230		25 383 230
Certificates and bonds	268 932			268 932
Financial derivatives	-			-
Total financial assets	268 932	25 383 230	30 845	25 683 007
Financial liabilities				
Debt to credit institutions			1 742 266	1 742 266
Securitised debt	491 705		21 399 474	21 891 180
Financial derivatives	30 555			30 555
Total financial liabilities	522 260	-	23 141 741	23 664 001

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

Note 18 – Assets and liabilities measured at fair value

In NOK thousand

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

Level 1: Market price (non-adjusted) quoted in an active market for identical assets or liabilities.

Level 2: Market price that is not listed, but is observable for assets or liabilities either directly (for example in the form of prices) or indirectly (for example derived from prices)

Level 3: Information that is not based on observable market data.

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

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

Certificates, bonds and debt securities

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

Financial derivatives

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

Loans and receivables to customers

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

See also note 2: accounting policies.

As at 31.12.2022	Level 1	Level 2	Level 3	Total
Assets				
Certificates and bonds	-	268 932	-	268 932
Financial derivatives	-	-	-	-
Assets valued at fair value through OCI				
Loans and receivables to customers			25 386 312	25 386 312
Total assets	-	268 932	25 386 312	25 655 244

Liabilities				
Debt securities issued	-	491 705	-	491 705
Financial derivatives		30 555		30 555
Total liabilities	-	522 260	-	522 260

As at 31.12.2021	Level 1	Level 2	Level 3	Total
Assets				
Certificates and bonds	-	40 411	-	40 411
Financial derivatives	-	10 646	-	10 646
Assets valued at fair value through OCI				
Loans and receivables to customers			25 662 470	25 662 470
Total assets	-	51 057	25 662 470	25 713 527

Liabilities				
Debt securities issued	-	538 811	-	538 811
Financial derivatives		-		-
Total liabilities	-	538 811	-	538 811

Note 19 – Assets and liabilities measured at amortised cost

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

Note 20 – Capital adequacy

In NOK thousand

	31.12.2022	31.12.2021
Net own funds		
Share capital	131 000	131 000
Share premium	1 369 039	1 369 039
Retained earnings	407 236	407 236
Qualifying equity from this years result		
Total equity	1 907 275	1 907 275
Adjustments in common tier 1 capital	-27 639	-19 274
Common equity tier 1 capital	1 879 636	1 888 000
Additional Tier 1 capital		
Tier 1 capital	1 879 636	1 888 000
Tier 2 instruments		
Own funds	1 879 636	1 888 000
Minimum requirement own funds		
Institutions	706	408
Retail	18 005	15 023
Secured by mortgages on immovable property	585 691	713 786
Exposures in default	1 295	2 542
Covered bonds	1 286	-
Credit risk	606 984	731 760
Operational risk	23 172	22 578
CVA-risk	162	1 791
Minimum requirement own funds	630 318	756 129
Risk weighted assets	7 878 975	9 451 614
Capital adequacy ratio		
Common tier 1 capital ratio	23,86 %	19,98 %
Tier 1 capital ratio	23,86 %	19,98 %
Capital adequacy ratio	23,86 %	19,98 %

Note 21 – Liquidity risk – financial obligations

In NOK thousand

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	- 5 459	- 10 918	- 32 755	- 1 742 266		- 1 791 398
Debt securities		- 187 534	- 1 769 008	- 20 114 963	- 545 168	- 22 616 674
Total liabilities	- 5 459	- 198 452	- 1 801 763	- 21 857 230	- 545 168	- 24 408 072

Financial derivatives

Contractual maturities outgoing cashflow		- 5 076	- 14 841	- 73 070	- 28 113	- 121 101
Contractual maturities incoming cashflow			12 584	50 336	25 168	88 088

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

Financial derivatives

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

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

Note 22 – Interest rate risk – time to rate reset

In NOK thousand

As at 31.12.2022	0-1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years	Without exposure	Total
Loans to and receivables from credit institutions	30 845						30 845
Loans to customers		25 383 230					25 383 230
Certificates and bonds	97 708	171 224					268 932
Financial Derivatives							
Total assets	128 553	25 554 453					25 683 007
Deposit from and debt to credit institutions	- 1 742 266						- 1 742 266
Debt securities		- 21 399 474	- 491 705				- 21 891 180
Financial Derivatives		- 30 555					- 30 555
Total liabilities	- 1 742 266	- 21 430 029	- 491 705				- 23 664 001
Net interest rate exposure	- 1 613 713	4 124 424	- 491 705				
Net interest rate exposure as percentage of total liabilities	6,82 %	-17,43 %	2,08 %	0,00 %	0,00 %	0,00 %	

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

As at 31.12.2021	0-1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years	Without exposure	Total
Loans to and receivables from credit institutions	14 935						14 935
Loans to customers		25 660 744					25 660 744
Certificates and bonds	40 411						40 411
Financial Derivatives		10 646					10 646
Total assets	55 347	25 671 389					25 726 736
Deposit from and debt to credit institutions	- 1 516 385						- 1 516 385
Debt securities		- 21 755 483	- 538 811				- 22 294 295
Total liabilities	- 1 516 385	- 21 755 483	- 538 811				- 23 810 680
Net interest rate exposure	- 1 461 038	3 915 906	- 538 811				
Net interest rate exposure as percentage of total liabilities	6,14 %	-16,45 %	2,26 %	0,00 %	0,00 %	0,00 %	

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

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

In NOK thousand

Sensitivity	31.12.2022	31.12.2021
Assets		
Loans to and receivables from credit institutions	-308	-149
Certificates and bonds	-260	-22
Loans to customers, floating	-28 291	-29 325
Derivatives	-27 771	-
Total assets	-56 631	-29 497
Liabilities		
Issued securities, fixed	27 416	35 104
Issued securities, floating	33 299	38 833
Other liabilities	2 838	2 367
Derivatives	-	-35 175
Total liabilities	63 552	41 128
Net	6 922	11 631

Assumptions made when calculating sensitivity

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

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

In NOK thousand

Assets	31.12.2022	31.12.2021
Loans to and receivables from credit institutions	30 845	14 935
Loans to and receivables from customers	25 386 312	25 662 470
Bond funds	268 932	40 411
Financial derivatives	-	10 646
Total credit exposure on balance sheet	25 686 089	25 728 462
Total credit exposure	25 686 089	25 728 462

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

Note 25 – Cover pool

In NOK thousand

Cover pool	31.12.2022	31.12.2021
Mortgages ¹⁾	25 364 768	25 652 002
Ineligible loans	-1 368	-1 870
Total Cover pool²⁾	25 363 400	25 650 131
Debt through the issuance of securities (excl. accrued interest)	21 807 624	22 267 737
The cover pool's overcollateralization	116,3 %	115,2 %

Regional distribution of mortgages	Housing co-ops and Retail	
Viken	4 579 075	4 921 859
Agder	38 014	26 770
Troms og Finnmark	153 882	163 300
Innlandet	1 312 877	1 189 009
Vestland	855 182	945 398
Møre og Romsdal	176 543	158 036
Nordland	8 797	14 743
Trøndelag	472 718	438 217
Oslo	16 473 722	16 447 586
Rogaland	555 598	582 114
Vestfold og Telemark	738 359	764 970
Total Mortgages	25 364 768	25 652 002

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. For information on market-, credit- and liquidity risk see the latest annual report. There have been no significant changes in these aspects since last year.

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.

Covered bonds ISIN	Type	Due date	Face value
NO0010795487	FRN	06.06.2023	2 600 000
NO0010841232	FRN	19.06.2024	4 000 000
NO0010872757	FRN	13.06.2025	4 000 000
NO0010922842	FRN	04.02.2026	4 000 000
NO0011160962	FRN	02.09.2026	2 750 000
NO0012493941	FRN	07.05.2027	4 000 000
NO0010851645	Fixed	15.05.2029	520 000
Total debt securities			21 870 000

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 26 – Related parties

In NOK thousand

Transactions within the group

	31.12.2022	31.12.2021
Income Statement		
Other interest expense (OBOS-banken AS)	-61 702	-17 596
Other operating costs (OBOS-banken AS)	-6 514	-6 264
	-68 216	-23 859
Balance Sheet		
Deposits and debt to credit institutions (OBOS-banken AS)	-1 742 266	-1 516 385
Other short-term assets	11 457	26 112
	-1 730 809	-1 490 273

OBOS Boligkreditt AS has ongoing transactions with related parties. All transactions are carried out as part of the ordinary business and at market terms. OBOS Boligkreditt buys management services from OBOS-banken AS and is charged through the parent company to a share of the OBOS Group's joint costs, which are settled at full cost after actual use. OBOS Boligkreditt has established a NOK 3.0 billion credit facility with the parent company OBOS-banken AS for the coverage of current assets, including the transfer of the loan portfolio. The company is charged with the NIBOR + 50 bp. Collateral and a credit commission fee of 0.15% of the credit limit of NOK 3.0 billion. The company uses employees in OBOS-banken AS and the OBOS Group, as well as payroll systems, invoice processing systems and banking / finance systems, and in this connection has an intermediary with OBOS-banken AS to cover current operating payments. As at 31.12.22, this debt was at NOK 6.5 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 31.12.22.

Note 27 – Tax

In NOK thousand

	2022	2021
Calculation of this year's tax:		
Profit before tax	118 428	176 261
Net changes in values from own credit risk	8 296	-3 833
Permanent differences	-6 785	2 069
Corrections in temporary differences in other securities	6 785	-2 053
Change in temporary differences	-6 808	2 163
Basis for tax payable	119 917	174 606
Tax payable (22%)	26 382	38 413
Overview of temporary differences		
Shares, other securities etc.	-957	-7 743
Accrued interest swap contracts	-51	-74
Total temporary differences affecting the tax base	-1 009	-7 817
Deferred tax asset (22%)	222	1 720
Deferred tax over OCI	187	2 012
Deferred tax asset (22%)	409	3 732
Tax expense		
Tax payable	26 382	38 413
Allocated too much / (little) previous years	-	-7 199
Change in deferred taxes/deferred tax assets	1 498	-476
Tax in OCI	1 825	-843
Total taxes	29 705	29 895
Tax costs are divided into the following:		
Tax expense	27 879	30 738
Tax in OCI	1 825	-843
Total taxes	29 705	29 895
Assessment of the year's tax expense		
Accounting profit before taxes	118 428	176 261
Tax (22%)	26 054	38 777
Tax expense (22%) on comprehensive income	1 825	-843
Accounting tax expense	27 879	30 738
Difference	-	7 196
<i>Difference explained by:</i>		
Allocated too much / (little) previous years	-	7 199
22% of permanent differences	-	-3
Sum Explanation	-	7 196

Note 28 – Share capital and shareholders information

OBOS Boligkredit's share capital at 31 December 2022 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 – Events after the reporting date

On 9 January 2023, OBOS Boligkreditt AS issued a new NOK 4 billion covered bond (Premium). The maturity date is 17 February 2028, it is listed on Nordic ABM and pays a coupon of 3M Nibor + 0.50% p.a.

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

Opinion

We have audited the financial statements of OBOS Boligkreditt AS (the Company), which comprise the balance sheet as of 31 December 2022, income statement, statement of comprehensive income, statement of changes in equity and statement of 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 2022 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 1 year from the election by the general meeting in 2022 for the accounting year 2022.

Other matters

The financial statements for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 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 2022. 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.

Issued covered bonds – compliance with regulation

Basis for the key audit matter

The company issues covered bonds as their prime source of funding and is therefore subject to detailed requirements of the Norwegian Financial Institutions Act and related regulation (the "Regulation"). The covered bonds represent total liabilities, measured at amortized cost, of NOK 21 891 million, which are collateralized against a pool of assets, the cover pool. The cover pool consists of assets deemed eligible by management in accordance with the Regulation referred to above, in all material aspects mortgage loans within certain loan-to-value ratios and other explicit thresholds. In addition, the cover pool may hold derivatives for financial hedging purposes and other supplementary assets, also within the thresholds defined in the Regulation. At all times, the Company is required to be compliant with the Regulation and align its operations with the requirements of the Regulation. Since such compliance is significant for the operations of as the Company, we considered this a key audit matter.

Covered bonds are disclosed in note 13 and note 25 in the financial statements.

Our audit response

We obtained an understanding of the Company's process for complying with the Regulation. We have tested controls over amortized cost measurement of issued cover bonds presented as debt securities issued in the balance sheet. We have performed procedures on the cover pool as set out the Regulation with respect to loan-to-value (LTV) ratios as well as the valuation of financial instruments held as supplementary assets. We have also tested the calculation of collateralization in percent, as described in note 25 of the entity's 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 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 contains 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 statement, there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is 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 and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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 skepticism 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.

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, 27. March 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Kjetil Rimstad
State Authorised Public Accountant (Norway)



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