

Q4 Interim report 2023

KLP Boligkreditt AS

KLP



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KLP Boligkreditt AS

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KLP Boligkreditt AS

Q4 2023

Interim Financial Statements 4/2023

Main features by fourth quarter end:

- Increased net interest income
- Lower costs
- Stable loan volume

Objective

The Company's purpose is to finance KLP Banken's mortgage lending at preferable terms, mainly through the issuance of covered bonds.

KLP Boligkreditt AS is a wholly owned subsidiary of KLP Banken AS. The KLP Banken Group is owned by Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP).

Income statement

Pre-tax profit at the end of the fourth quarter was NOK 14.9 (-2.3)¹ million. The change in profit is mainly due to increased net interest income, reduced net result effect of financial instruments, and lower operating costs.

Net interest income per fourth quarter was NOK 80.8 (74.0) million. The change is mainly related to higher interest rates and slightly higher average lending margins.

Net result effects of changes in market values of financial instruments at the end of the quarter were NOK -3.7 (-10.5) million. This is mainly due to changes in the value of liquid investments and restructuring of the company's borrowing. Realized and unrealized changes in the value of the liquidity portfolio have had a result effect of NOK 0.2 (-4.6) million.

Restructuring of the borrowing portfolio is done regularly to adjust the average maturity. This can result in both profit and loss. Accounting losses resulting from repurchase of own debt amounted to a total of NOK -3.9 (-6.0) million in 2023.

¹ Figures in parenthesis are from the corresponding period last year.

Operating costs at the end of 2023 were NOK 62.2 (65.8) million. The company has not had any realized losses on loans and has very low loss provisions.

Lending

The company's loans to customers as of 31 December 2023 amounted to NOK 12.7 (12.3) billion. Loans were purchased from the parent company KLP Banken AS for NOK 4.5 (4.5) billion in 2023. The assets under management were NOK 13.7 (14.1) billion.

Liquid investments

KLP Boligkreditt AS has strict requirements for which assets can be included in the security mass. In addition to mortgages, the security mass consists of securities and deposits in other banks. The securities consist mainly of certificates and bonds with very good security, mainly covered bonds. As of December 31, 2023, the company's interest-bearing securities had a market value of NOK 0.5 (1.4) billion.

Borrowing

The company's external financing consists of issued covered bonds (OMF) and loans from KLP Banken AS. The company has NOK 1.7 (0.5) billion in intra-group debt at the end of the quarter. Outstanding OMF debt was NOK 11.1 (12.6) billion. Covered bonds for NOK 1.0 (2.5) billion were issued in 2023. All covered bonds issued have achieved an Aaa rating from Moody's.

Risk and capital adequacy

KLP Boligkreditt AS has established a risk management framework aimed at ensuring that risks are identified, analyzed, and managed using guidelines, limits, routines, and instructions. The company should have a cautious risk profile, and earnings should primarily be a result of lending and borrowing activities and liquidity management. This means that the company should have low market risk. Interest rate risk arising from lending and borrowing activities is reduced using derivatives. The company should have sufficient long-term financing within established frameworks. The credit risk in the company is very low, and loans are limited to those with collateral in housing. The company's liquidity is placed in banks with high credit quality requirements and in securities in accordance with board-approved credit lines.

Core capital according to capital adequacy regulations at the end of the fourth quarter of 2023 was NOK 931.2 (918.7) million. Loans for residential purposes are risk-weighted at 35 percent according to government regulations for capital adequacy. KLP Boligkreditt AS has a core capital adequacy and capital adequacy of 18.7 (19.7) percent per fourth quarter. The minimum requirement for total capital adequacy is 17.5 percent. Leverage ratio was 6.8 (6.5) percent. The requirement here is 3.0 percent.

Oslo, February 8, 2024

AAGE E. SCHAANNING
Chair

JANICKE E. FALKENBERG

LILL STABELL

JONAS KÅRSTAD

CHRISTOPHER A. N. STEEN
Managing Director

Income statement

KLP Boligkreditt AS

| NOTE | NOK THOUSANDS | Q4 2023 | Q4 2022 | 01.01.2023 -31.12.2023 | 01.01.2022 -31.12.2022 |
|------|---|-----------------|-----------------|---------------------------|---------------------------|
| | Interest income, effective interest method | 171 788 | 114 071 | 591 812 | 313 325 |
| | Other interest income | 7 234 | 9 814 | 31 295 | 24 999 |
| 3 | Total interest income | 179 022 | 123 885 | 623 106 | 338 324 |
| | Interest expense, effective interest method | -157 273 | -105 162 | -542 313 | -264 306 |
| 3 | Total interest expense | -157 273 | -105 162 | -542 313 | -264 306 |
| 3 | Net interest income | 21 749 | 18 723 | 80 793 | 74 018 |
| 15 | Net gain/(loss) on financial instruments | 98 | 2 797 | -3 733 | -10 512 |
| | Total net gain/(loss) on financial instruments | 98 | 2 797 | -3 733 | -10 512 |
| | Other operating expenses | -15 205 | -14 107 | -62 162 | -65 811 |
| 16 | Net loan losses | -16 | -29 | 3 | -40 |
| | Total operating expenses | -15 222 | -14 136 | -62 159 | -65 851 |
| | Operating profit/loss before tax | 6 626 | 7 383 | 14 901 | -2 345 |
| | Tax ordinary income | -1 458 | -1 624 | -3 278 | 3 723 |
| | Profit for the period | 5 168 | 5 759 | 11 623 | 1 379 |
| | Other comprehensive income for the period | 0 | 0 | 0 | 0 |
| | Comprehensive income for the period | 5 168 | 5 759 | 11 623 | 1 379 |

Balance

KLP Boligkreditt AS

| NOTE | NOK THOUSANDS | 31.12.2023 | 31.12.2022 |
|--------------------------------------|-------------------------------------|-------------------|-------------------|
| ASSETS | | | |
| 5 | Loans to credit institutions | 469 974 | 364 166 |
| 4,5 | Loans to customers | 12 745 448 | 12 282 503 |
| 5,6,14 | Fixed-income securities | 516 406 | 1 424 079 |
| 11 | Other assets | 4 296 | 16 723 |
| | Total assets | 13 736 124 | 14 087 471 |
| LIABILITIES AND OWNERS EQUITY | | | |
| LIABILITIES | | | |
| 5,9 | Debt to credit institutions | 1 686 316 | 524 456 |
| 5,7 | Debt securities issued | 11 105 128 | 12 634 091 |
| | Deferred tax liabilities | 7 537 | 4 259 |
| 12 | Other liabilities | 5 424 | 4 569 |
| | Total liabilities | 12 804 406 | 13 167 375 |
| EQUITY | | | |
| | Share capital | 380 000 | 380 000 |
| | Share premium | 480 463 | 480 463 |
| | Other owners' equity | 71 256 | 59 633 |
| | Total owners' equity | 931 719 | 920 096 |
| | Total liabilities and equity | 13 736 124 | 14 087 471 |

Statement of changes in equity

KLP Boligkreditt AS

| 2023 NOK THOUSANDS | Share capital | Share premium | Other equity | Total owners' equity |
|---|------------------|------------------|-----------------|-------------------------|
| Equity 1 January 2023 | 380 000 | 480 463 | 59 633 | 920 096 |
| Income for the year | 0 | 0 | 11 623 | 11 623 |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total comprehensive income for the period | 0 | 0 | 11 623 | 11 623 |
| Group contribution received | 0 | 0 | 0 | 0 |
| Group contribution made | 0 | 0 | 0 | 0 |
| Total transactions with the owners | 0 | 0 | 0 | 0 |
| Equity 31 December 2023 | 380 000 | 480 463 | 71 256 | 931 719 |

| 2022 NOK THOUSANDS | Share capital | Share premium | Other equity | Total owners' equity |
|---|------------------|------------------|-----------------|-------------------------|
| Equity 1 January 2022 | 330 000 | 380 463 | 61 462 | 771 925 |
| Income for the year | 0 | 0 | 1 379 | 1 379 |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total comprehensive income for the period | 0 | 0 | 1 379 | 1 379 |
| Group contribution received | 0 | 0 | 11 372 | 11 372 |
| Group contribution made | 0 | 0 | -14 579 | -14 579 |
| Paid-up equity in the period | 50 000 | 100 000 | 0 | 150 000 |
| Total transactions with the owners | 50 000 | 100 000 | -3 207 | 146 793 |
| Equity 31 December 2022 | 380 000 | 480 463 | 59 633 | 920 096 |

Statement of cash flow

KLP Boligkreditt AS

| NOK THOUSANDS | 01.01.2023 -31.12.2023 | 01.01.2022 -31.12.2022 |
|---|---------------------------|---------------------------|
| OPERATING ACTIVITIES | | |
| Payments received from customers - interest, commission & charges | 567 810 | 294 362 |
| Disbursements on loans customers & credit institutions | -4 538 968 | -4 485 153 |
| Receipts on loans customers & credit institutions | 4 098 045 | 4 533 887 |
| Disbursements on operations | -61 722 | -67 210 |
| Net receipts/disbursements from operating activities | 1 547 | -3 593 |
| Net interest investment accounts | 14 873 | 7 537 |
| Net cash flow from operating activities | 81 586 | 279 829 |
| INVESTMENT ACTIVITIES | | |
| Payments on the purchase of securities | -219 829 | -684 123 |
| Receipts on sale of securities | 1 125 861 | 962 786 |
| Receipts of interest from securities | 33 063 | 21 759 |
| Net cash flow from investment activities | 939 094 | 300 421 |
| FINANCING ACTIVITIES | | |
| Receipts on loans from credit institutions | 1 000 000 | 2 500 000 |
| Repayment and redemption of loans | -2 000 000 | -2 500 000 |
| Change in securities debt, own funds | -548 349 | 171 215 |
| Net payment of interest on loans | -500 708 | -233 841 |
| Receipts in internal funding | 6 783 028 | 4 980 740 |
| Repayment in internal funding | -5 623 737 | -5 551 012 |
| Net payment of interest on internal funding | -23 558 | -6 890 |
| Change in owners' equity | 0 | 150 000 |
| Group contribution paid | 0 | -3 207 |
| Net cash flows from financing activities | -913 325 | -492 996 |
| Net cash flow during the period | 107 355 | 87 255 |
| Cash and cash equivalents at the start of the period | 349 219 | 261 964 |
| Cash and cash equivalents at the end of the period | 456 573 | 349 219 |
| Net receipts/disbursements | 107 355 | 87 255 |

Notes to the accounts

KLP Boligkreditt AS

Note 1 General information

KLP Boligkreditt AS was formed on 30 October 2013. The company is a housing credit enterprise, and finance the activity primary through issuing covered bonds (OMF).

KLP Boligkreditt AS is registered and domiciled in Norway. Its head office is at Beddingen 8 in Trondheim, with a branch office in Dronning Eufemiasgate 10, Oslo.

The company is a wholly owned subsidiary of KLP Banken AS which is in turn wholly owned by Kommunal Landspensjonskasse (KLP). KLP is a mutual insurance company.

Note 2 Accounting Principles

The interim report includes the interim Financial Statements of KLP Boligkreditt AS for the period 1 January 2023 – 31 December 2023, specifying the earnings trend in Q4. The interim Financial Statements has not been audited.

The interim financial statements for KLP Boligkreditt AS have been prepared in accordance with IAS 34 "Interim Financial Reporting".

Other accounting principles and calculations are the same in the interim financial statement as in the annual report for 2022, please see the annual report for further information.

Note 3 Net interest income

| NOK THOUSANDS | Q4 2023 | Q4 2022 | 01.01.2023 -31.12.2023 | 01.01.2022 -31.12.2022 |
|---|-----------------|-----------------|---------------------------|---------------------------|
| Interest income on loans to customers | 167 446 | 110 362 | 576 938 | 305 788 |
| Interest income on loans to credit institutions | 4 342 | 3 710 | 14 873 | 7 537 |
| Total interest income, effective interest method | 171 788 | 114 071 | 591 812 | 313 325 |
| Interest income on bonds and certificates | 7 234 | 9 814 | 31 295 | 24 999 |
| Total other interest income | 7 234 | 9 814 | 31 295 | 24 999 |
| Total interest income | 179 022 | 123 885 | 623 106 | 338 324 |
| Interest expenses on debt from KLP Banken AS | -14 257 | -1 966 | -26 129 | -7 039 |
| Interest expenses on issued securities | -143 016 | -103 196 | -516 185 | -257 267 |
| Total interest expenses, effective interest method | -157 273 | -105 162 | -542 313 | -264 306 |
| Total interest expense | -157 273 | -105 162 | -542 313 | -264 306 |
| Net interest income | 21 749 | 18 723 | 80 793 | 74 018 |

Note 4 Loans to customers

| NOK THOUSANDS | 31.12.2023 | 31.12.2022 |
|---|-------------------|-------------------|
| Loans to customers before write-downs | 12 717 235 | 12 263 421 |
| Provisions and write-downs | -62 | -65 |
| Loans to customers after write-downs | 12 717 173 | 12 263 355 |
| Accrued interest | 28 276 | 19 148 |
| Loans to customers | 12 745 448 | 12 282 503 |

Note 5 Categories of financial instruments

| NOK THOUSANDS | 31.12.2023 | | 31.12.2022 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Capitalized value | Fair value | Capitalized value | Fair value |
| FINANCIAL ASSETS AT FAIR VALUE | | | | |
| Fixed-income securities | 516 406 | 516 406 | 1 424 079 | 1 424 079 |
| Total financial assets at fair value | 516 406 | 516 406 | 1 424 079 | 1 424 079 |
| FINANCIAL ASSETS AT AMORTIZED COST | | | | |
| Loans to and receivables from credit institutions | 469 974 | 469 974 | 364 166 | 364 166 |
| Loans to and receivables from customers | 12 745 448 | 12 745 448 | 12 282 503 | 12 282 503 |
| Total financial assets at amortized cost | 13 215 422 | 13 215 422 | 12 646 669 | 12 646 669 |
| Total financial assets | 13 731 829 | 13 731 829 | 14 070 748 | 14 070 748 |
| FINANCIAL LIABILITIES AT AMORTIZED COST | | | | |
| Liabilities to credit institutions | 1 686 316 | 1 686 316 | 524 456 | 524 456 |
| Covered bonds issued | 11 105 128 | 11 102 781 | 12 634 091 | 12 611 328 |
| Total financial liabilities at amortized cost | 12 791 444 | 12 789 097 | 13 158 547 | 13 135 784 |
| Total financial liabilities | 12 791 444 | 12 789 097 | 13 158 547 | 13 135 784 |

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. A financial instrument is considered to be listed in an active market if the listed price is simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length. If the market for the security is not active, or the security is not listed on a stock market or similar, valuation techniques are used to set fair value. These are based for example on information on recently completed transactions carried out on business terms and conditions, reference to trading in similar instruments and pricing using externally collected yield curves and yield spread curves. As far as possible the estimates are based on externally observable market data and rarely on company-specific information.

The different financial instruments are thus priced in the following way:

Fixed-income securities - government

Nordic Bond pricing is used as a source for pricing Norwegian government bonds.

Fixed-income securities - other than government

Norwegian fixed-income securities are generally priced based on rates from Nordic Bond Pricing. Securities not covered by Nordic Bond Pricing are priced theoretically. The theoretical price should be based on the discounted value of the security's future cash flows. Discounting is done using a swap curve adjusted for credit spread and liquidity spread. The credit spread should, to the extent possible, be based on a comparable bond from the same issuer. Liquidity spread is determined at the discretion of the evaluator.

Fair value of loans to retail costumers

Fair value of lending without fixed interest rates is considered virtually the same as book value since the contract terms are continuously changed in step with market interest rates. Fair value of fixed rate loans is calculated by discounting contractual cash flows by the marked rate including a relevant risk margin on the reporting date.

Fair value of loans to and receivables from credit institutions

All receivables from credit institutions (bank deposits) are at variable interest rates. Fair value of these is considered virtually the same as book value since the contract terms are continuously changed in step with marked interest rates.

Fair value of liabilities to credit institutions

These transactions are valued using a valuation model, including relevant credit spread adjustments obtained from the market.

Liabilities created on issuance of covered bonds

Fair value in this category is determined on the basis of internal valuation models based on external observable data.

Note 6 Fair value hierarchy

| 31.12.2023 NOK THOUSANDS | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------------|----------------|----------|----------------|
| ASSETS BOOKED AT FAIR VALUE | | | | |
| Fixed-income securities | 19 815 | 496 592 | 0 | 516 406 |
| Total assets at fair value | 19 815 | 496 592 | 0 | 516 406 |

| 31.12.2022 NOK THOUSANDS | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|------------------|----------|------------------|
| ASSETS BOOKED AT FAIR VALUE | | | | |
| Fixed-income securities | 9 943 | 1 414 136 | 0 | 1 424 079 |
| Total assets at fair value | 9 943 | 1 414 136 | 0 | 1 424 079 |

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for at normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as listed in an active market if listed prices are simply and regularly available from a stock market, dealer, broker, industry group, price-setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

LEVEL 1: Instruments at this level obtain fair value from listed prices in an active market for identical assets or liabilities to which the entity has access at the reporting date. Examples of instruments in Level 1 are stock market listed securities.

LEVEL 2: Instruments at this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is not therefore considered to be traded in an active market, as well as prices based on corresponding assets and price-leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed-income securities priced on the basis of interest rate paths.

LEVEL 3: Instruments at Level 3 contain non-observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded.

Note 5 discloses the fair value of financial assets and financial liabilities that are recognized at amortized cost. Financial assets measured at amortized cost comprise lending to and due to credit institutions, and retail customers. The stated fair value of these assets is determined on terms qualifying for level 2. Financial liabilities recognized at amortized cost consist of debt securities issued. The stated fair value of these liabilities is determined by methods qualifying for level 2.

There have been no transfers between Level 1 and Level 2.

Note 7 **Debt securities issued - stock exchange listed covered bonds and certificates**

| NOK THOUSANDS | 31.12.2023 | 31.12.2022 |
|---|-------------------|-------------------|
| Bond debt, nominal amount | 12 000 000 | 13 000 000 |
| Adjustments | -3 151 | -2 926 |
| Accrued interest | 54 278 | 37 018 |
| Own holdings, nominal amount | -946 000 | -400 000 |
| Total debt securities issued | 11 105 128 | 12 634 091 |
| Interest rate on borrowings through the issuance of securities on the reporting date: | 5.07% | 3.61% |

The interest rate is calculated as a weighted average of the act/360 basis. It includes interest rate effects and amortization costs.

| NOK THOUSANDS | Balance sheet 31.12.2022 | Issued | Matured/ redeemed | Other adjustments | Balance sheet 31.12.2023 |
|-------------------------------------|-----------------------------|------------------|----------------------|----------------------|-----------------------------|
| Bond debt, nominal amount | 13 000 000 | 1 000 000 | -2 000 000 | 0 | 12 000 000 |
| Adjustments | -2 926 | 0 | 0 | -224 | -3 151 |
| Accrued interest | 37 018 | 0 | 0 | 17 261 | 54 278 |
| Own holdings, nominal amount | -400 000 | 0 | -546 000 | 0 | -946 000 |
| Total debt securities issued | 12 634 091 | 1 000 000 | -2 546 000 | 17 037 | 11 105 128 |

Note 8 Over-collateralisation

| NOK THOUSANDS | 31.12.2023 | 31.12.2022 |
|--|-------------------|-------------------|
| SECURITY POOL | | |
| Loans to customers ¹ | 12 689 403 | 11 478 090 |
| Additional collateral ² | 1 833 583 | 2 159 749 |
| Total security pool | 14 522 986 | 13 637 839 |
| Outstanding covered bonds incl. own funds and premium/discount | 12 050 920 | 13 012 603 |
| Coverage of the security pool | 120.5% | 104.8% |

¹ Excluding mortgage loans that do not qualify for security pool.

² Additional collateral includes loans to and receivables from credit institutions and bonds and certificates. Liquid assets used in the LCR liquidity reserve are not included in additional collateral.

Section 11-7 of the Regulations on Financial Institutions lays down a requirement for over-collateralisation by at least 2 percent of the value of the outstanding covered bonds.

Note 9 Liabilities to credit institutions

| 31.12.2023 NOK THOUSANDS | Due date | Nominal | Accrued interest | Book value |
|---|------------|------------------|------------------|------------------|
| Debt to KLP Banken AS | 15.12.2025 | 1 537 488 | 2 817 | 1 540 306 |
| Debt to KLP Banken AS | 15.12.2025 | 145 838 | 173 | 146 011 |
| Total liabilities to credit institutions | | 1 683 326 | 2 990 | 1 686 316 |

Interest rate on debt to credit institutions at the reporting date:

The interest rate is calculated as a weighted average of the act/360 basis.

3.88 %

| 31.12.2022 NOK THOUSANDS | Due date | Nominal | Accrued interest | Book value |
|---|------------|----------------|------------------|----------------|
| Debt to KLP Banken AS | 15.12.2024 | 494 036 | 401 | 494 437 |
| Debt to KLP Banken AS | 15.12.2024 | 30 000 | 19 | 30 019 |
| Total liabilities to credit institutions | | 524 036 | 420 | 524 456 |

Interest rate on debt to credit institutions at the reporting date:

1.72 %

Note 10 Transactions with related parties

| NOK THOUSANDS | 01.01.2023 -31.12.2023 | 01.01.2022 -31.12.2022 |
|---|---------------------------|---------------------------|
| KLP Banken AS, interest on borrowing | -26 129 | -7 039 |
| KLP Banken AS, interest on deposits | 8 646 | 4 177 |
| KLP Banken AS, administrative services (at cost) | -56 169 | -60 693 |
| KLP Kapitalforvaltning AS, fees for services provided | -20 | -19 |
| KLP Group companies, subsidised interest employee loans | 9 988 | 8 408 |
| KLP Banken AS, purchase of loans | -4 538 968 | -4 485 153 |

| NOK THOUSANDS | 31.12.2023 | 31.12.2022 |
|--|------------|------------|
| BALANCES | | |
| KLP Banken AS, borrowing Group current liabilities | -1 686 316 | -524 456 |
| KLP Banken AS, deposit | 213 875 | 205 229 |
| KLP Banken AS, net internal liabilities | 1 778 | 14 697 |
| Net outstanding accounts to: | | |
| KLP Banken AS | -5 316 | -4 569 |
| KLP | 1 608 | 1 318 |
| KLP Group companies, net other internal accounts | 890 | 708 |

There are no direct salary cost in KLP Boligkreditt AS. Personnel costs (administrative services) are allocated from KLP Banken AS.

Transactions with related parties are carried out at general market terms, with the exception of the Company's share of common functions, which is allocated at cost. Allocation is based on actual use. All internal receivables are settled as they arise.

Note 11 Other assets

| NOK THOUSANDS | 31.12.2023 | 31.12.2022 |
|---------------------------|--------------|---------------|
| Intercompany receivables | 4 296 | 16 723 |
| Total other assets | 4 296 | 16 723 |

Note 12 Other liabilities and provision for accrued costs

| NOK THOUSANDS | 31.12.2023 | 31.12.2022 |
|--------------------------------|--------------|--------------|
| Creditors | 88 | 0 |
| Intercompany payables | 5 336 | 4 569 |
| Total other liabilities | 5 424 | 4 569 |

Note 13 Capital adequacy

| NOK THOUSANDS | 31.12.2023 | 31.12.2022 |
|---|------------------|------------------|
| Share capital and share premium fund | 860 463 | 860 463 |
| Other owners' equity | 71 256 | 59 633 |
| Total owners' equity | 931 719 | 920 097 |
| Adjustments due to requirements for proper valuation | -516 | -1 424 |
| Core capital/Tier 1 capital | 931 203 | 918 672 |
| Supplementary capital/Tier 2 capital | 0 | 0 |
| Supplementary capital/Tier 2 capital | 0 | 0 |
| Total eligible own funds (Tier 1 and Tier 2 capital) | 931 203 | 918 672 |
| Capital requirement | 397 569 | 373 302 |
| Surplus of own funds (Tier 1 and Tier 2 capital) | 533 634 | 545 370 |
| Estimate basis credit risk: | | |
| Institutions | 94 672 | 76 036 |
| Retail | 401 637 | |
| Investments with mortgage security in real estate | 4 273 476 | 4 298 876 |
| Covered bonds | 49 659 | 141 414 |
| Other holdings | 910 | 708 |
| Calculation basis credit risk | 4 820 354 | 4 517 034 |
| Credit risk | 385 628 | 361 363 |
| Operating risk | 11 940 | 11 940 |
| Total capital requirement assets | 397 569 | 373 302 |
| Core capital adequacy ratio | 18.7 % | 19.7 % |
| Supplementary capital ratio | 0.0 % | 0.0 % |
| Capital adequacy ratio | 18.7 % | 19.7 % |
| Leverage ratio | 6.8 % | 6.5 % |

| CAPITAL REQUIREMENT PER 31.12.2023 | Core capital/ Tier 1 capital | Supplementary capital/Tier 2 capital | Own funds |
|--|------------------------------|--------------------------------------|---------------|
| Minimum requirement excl. buffers | 4.5 % | 3.5 % | 8.0 % |
| Protective buffer | 2.5 % | 0.0 % | 2.5 % |
| Systemic risk buffer | 4.5 % | 0.0 % | 4.5 % |
| Counter-cyclical capital buffer | 2.5 % | 0.0 % | 2.5 % |
| Current capital requirement including buffers | 14.0 % | 3.5 % | 17.5 % |
| Capital requirement leverage ratio | 3.0 % | 0.0 % | 3.0 % |

Note 14 Fixed-income securities

| NOK THOUSANDS | 31.12.2023 | | 31.12.2022 | |
|--------------------------------------|------------------|----------------|------------------|------------------|
| | Acquisition cost | Market value | Acquisition cost | Market value |
| Certificates | 0 | 0 | 9 937 | 9 943 |
| Bonds | 513 138 | 516 406 | 1 411 555 | 1 414 136 |
| Total fixed-income securities | 513 138 | 516 406 | 1 421 492 | 1 424 079 |

Fixed income securities are brought to account at market value, including accrued but not due interests.

Note 15 Net gain/(loss) on financial instruments

| NOK THOUSANDS | Q4 2023 | Q4 2022 | 01.01.2023 -31.12.2023 | 01.01.2022 -31.12.2022 |
|---|------------|--------------|---------------------------|---------------------------|
| Net gain/(loss) on fixed-income securities | 325 | 2 797 | 179 | -4 554 |
| Net gain/(loss) financial derivatives and realized repurchase of own debt | -227 | 0 | -3 912 | -5 958 |
| Total net gain/(loss) financial instruments | 98 | 2 797 | -3 733 | -10 512 |

Note 16 Loan loss provision

In the fourth quarter of 2023 the company has not made any adjustments in the expected loss models. There are only small changes in the loan loss provisions in this quarter compared to the previous. Refer to Note 8 and Note 2 in the annual report for more details of the model.

| NOK THOUSANDS | 12-month ECL stage 1 | Lifetime ECL not credit impaired stage 2 | Lifetime ECL credit impaired stage 3 | Total |
|---|-------------------------|---|--|-----------|
| EXPECTED CREDIT LOSS (ECL) - LOANS TO CUSTOMERS - MORTGAGE | | | | |
| Opening balance ECL 01.01.2023 | 25 | 41 | 0 | 66 |
| Transfers to stage 1 | 1 | -1 | 0 | 0 |
| Transfers to stage 2 | -1 | 1 | 0 | 0 |
| Transfers to stage 3 | 0 | 0 | 0 | 0 |
| Net changes | 9 | 14 | 0 | 23 |
| New losses | 12 | 2 | 0 | 14 |
| Write-offs | -4 | -36 | 0 | -41 |
| Closing balance ECL 31.12.2023 | 41 | 22 | 0 | 63 |
| Changes (01.01.2023-31.12.2023) | 17 | -20 | 0 | -3 |

| NOK THOUSANDS | 12-month ECL stage 1 | Lifetime ECL not credit impaired stage 2 | Lifetime ECL credit impaired stage 3 | Total |
|--|-------------------------|---|--|-------------------|
| VALUE OF LENDING AND RECEIVABLES FOR CUSTOMERS RECOGNISED IN THE BALANCE SHEET - MORTGAGE | | | | |
| Lending 01.01.2023 | 12 033 405 | 249 164 | 0 | 12 282 569 |
| Transfers to stage 1 | 53 977 | -53 977 | 0 | 0 |
| Transfers to stage 2 | -178 111 | 178 111 | 0 | 0 |
| Transfers to stage 3 | 0 | 0 | 0 | 0 |
| Net changes | -423 514 | -7 713 | 0 | -431 227 |
| New lending | 3 764 783 | 30 388 | 0 | 3 795 171 |
| Write-offs | -2 815 838 | -85 164 | 0 | -2 901 002 |
| Lending 30.12.2023 | 12 434 702 | 310 809 | 0 | 12 745 511 |

Quarterly earnings trend

| NOK MILLIONS | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 |
|---|--------------|--------------|--------------|--------------|--------------|
| Interest income | 179.0 | 161.3 | 143.9 | 138.9 | 123.9 |
| Interest expense | -157.3 | -146.2 | -124.0 | -114.8 | -105.2 |
| Net interest income | 21.7 | 15.2 | 19.8 | 24.1 | 18.7 |
| Net gain/ (loss) on financial instruments | 0.1 | -0.8 | -0.5 | -2.6 | 2.8 |
| Total net gain/(loss) on financial instruments | 0.1 | -0.8 | -0.5 | -2.6 | 2.8 |
| Other operating expenses | -15.2 | -16.4 | -14.4 | -16.1 | -14.1 |
| Total operating expenses | -15.2 | -16.4 | -14.4 | -16.1 | -14.1 |
| Operating profit/loss before tax | 6.6 | -2.0 | 5.0 | 5.3 | 7.4 |
| Tax ordinary income | -1.5 | 0.4 | -1.1 | -1.2 | -1.6 |
| Profit for the period | 5.2 | -1.6 | 3.9 | 4.2 | 5.8 |

Key figures accumulated

| NOK MILLIONS | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 |
|---|------------|------------|------------|------------|------------|
| Pre-tax income | 14.9 | 8.3 | 10.3 | 5.3 | -2.3 |
| Net interest income | 80.8 | 59.0 | 43.9 | 24.1 | 74.0 |
| Other operating expenses | -62.2 | -46.9 | -30.5 | -16.1 | -65.9 |
| Net gain/ (loss) financial instruments | -3.7 | -3.8 | -3.1 | -2.6 | -10.5 |
| Housing mortgage lending | 12 745.4 | 12 627.9 | 12 597.5 | 12 810.5 | 12 282.5 |
| Non-performing loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total liabilities created on issuance of securities | 11 105.1 | 11 239.0 | 12 040.4 | 12 458.6 | 12 634.1 |
| Other borrowing | 1 686.3 | 1 568.8 | 619.5 | 449.9 | 524.5 |
| Total assets | 13 736.1 | 13 745.7 | 13 599.6 | 13 842.9 | 14 087.5 |
| Average total assets | 13 911.8 | 13 916.6 | 13 843.5 | 13 965.2 | 14 200.6 |
| Equity | 931.7 | 926.6 | 928.1 | 924.3 | 920.1 |
| Interest net | 0.58 % | 0.42 % | 0.32 % | 0.17 % | 0.52 % |
| Profit/loss from ordinary operation before taxes | 0.11 % | 0.06 % | 0.07 % | 0.04 % | -0.02 % |
| Return on equity | 1.62 % | 1.20 % | 2.24 % | 2.32 % | -0.30 % |
| Capital adequacy ratio | 18.7 % | 19.4 % | 19.6 % | 19.2 % | 19.7 % |
| Liquidity coverage ratio (LCR) | 697 % | 753 % | 1 004 % | 239 % | 483 % |

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