

KLP



# Interim report

KLP BOLIGKREDITT AS  
Q2 2023

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KLP BOLIGKREDITT AS

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# Interim Financial Statement

## KLP BOLIGKREDITT AS

Main features the first half year:

- Increased net interest income
- Reduced cost on financial instruments
- Reduced operating expenses

### 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 AS is owned by Kommunal Landspensjonskasse gjensidig forsikringssekskap (KLP).

### INCOME STATEMENT

The pre-tax profit at the end of the second quarter was NOK 10.3 (-11.4)<sup>1</sup> million. The change in earnings is mainly due to increased net interest income, reduced net profit effects on financial instruments and reduced operating expenses.

Net interest and credit commission revenues at the end of the second quarter were NOK 43.9 (-36.1) million. The change is mainly due to increased interest rate level, higher lending volume throughout the six months as well as somewhat higher lending margins in average.

Net income effects on financial instruments so far this year amounts to NOK -3.1 (-11.9) million. This mainly comprises reduced market values on liquid investments and one-off costs for covered bonds refinancing. Realized and unrealized loss caused by reduced market value of the company's liquid investments has so far this year had a P&L effect of NOK -1.1 (-6.0) million. Restructuring of the covered bond portfolio are done regularly to adjust average duration. This may cause both loss and gain. Accounting loss brought to book as a consequence of covered bond refinancing is NOK -2.0 (-6.0) so far this year.

Operating expenses in the period amounted to NOK -30.5 (-35.6) million. The Company has not had any credit losses and have minimal loan loss provisions.

### LENDING

The Company's loans to customers as of June 30th 2023 amounted to NOK 12.6 (12.9) billion. Net lending growth the first half of the year was NOK 315 million. The Company has purchased loans from the parent company KLP Banken AS amounting to NOK 2.4 (2.9) billion during the first half. Total assets were NOK 13.6 (14.2) billion.

### LIQUID INVESTMENTS

KLP Boligkreditt AS has strict rules on what assets may be included in the securities holdings. In addition to mortgage lending, the securities holdings comprise secure bonds as well as deposits in other banks. The securities comprise certificates and bonds of high credit quality, principally investments in covered bonds. As of June 30th 2023, the securities portfolio's market value was NOK 642 (944) million.

### BORROWING

The Company's external financing comprises covered bonds as well as borrowing from its parent company. Outstanding intercompany debt amounted to NOK 0.6 (1.1) billion at the end of the quarter. Covered bond debt was NOK 12.0 (12.2) billion. New covered bonds issued in the first half year period amounts to NOK 1.0 (2.5) billion. All covered bonds issued have achieved Aaa rating.

### RISK AND CAPITAL ADEQUACY

KLP Boligkreditt AS has established a framework for risk management aimed at ensuring that risks are identified, analyzed and subject to management, using policies, limits, procedures, and instructions. The Company is to have a prudent risk profile and earnings are to be principally a result of the borrowing and lending activity as well as liquidity management. This means that the Company is to have low market risk. Interest risk arising within the borrowing and lending activities are reduced using derivatives. The Company is to have sufficient long-term financing within set limits. The credit risk in the Company is low and the Company's lending is limited to loans with liens on housing property. Management of the Company's liquidity is conducted through investments in banks and securities satisfying high credit quality requirements.

At the end of the second quarter 2023, core capital according to the capital adequacy rules was NOK 919.5 (912.1) million. Mortgage loans are risk-weighted by 35 per cent in accordance with the authorities' capital adequacy regulations. KLP Boligkreditt AS has a core capital adequacy and capital adequacy ratio of 19.6 (18.9) per cent at the end of the second quarter. The minimum statutory requirement is 16.0 per cent capital adequacy ratio. Leverage ratio was 6.8 (6.4) per cent. The minimum statutory requirement here is 3.0 per cent.

<sup>1</sup>Figures in parenthesis are from the corresponding period last year.

## FUTURE PROSPECTS

KLP Boligkreditt AS is a licensed mortgage lender and will be further developed by purchasing mortgage loans from KLP Banken AS or KLP. The lending activities will mainly be funded by issuing covered bonds covered by a portfolio of mortgage loans.

The Board believes that the potential for further development of the Company is present, and that a significant proportion of KLP Banken's lending to residential purposes can be financed by KLP Boligkreditt AS, including forms of financing that contribute positively to environment protection and sustainability. The Company will contribute to reduce the KLP Banken Group's

borrowing costs and thus be an important contributor to the financing of home loans to KLP's members.

Norwegian society is in a turbulent time with great macroeconomic uncertainty, and this also has consequences for households. In particular, high price growth and increased interest rates have an impact on people's private finances. The KLP group's members, who are mainly public employees and their households, are shielded to a greater extent than other groups from risks linked to their employment status as employees in municipalities and health institutions. The KLP Banken group therefore assumes that the growth ambitions can continue and that the risk of default and loss will be limited also in the future.

Trondheim, 10 August 2023

Aage Schaanning  
Chair

Janicke E. Falkenberg

Lill Stabell

Jonas V. Kårstad

Christopher A. N. Steen  
Managing Director

# STATEMENT PURSUANT TO SECTION § 5-6 OF THE SECURITIES TRADING ACT

## KLP BOLIGKREDITT AS

We hereby confirm that the half yearly financial statement for the company for the period 1 January through 30 June 2023 to the best of our knowledge have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair overview of important events that occurred during the accounting period and their impact on the half-yearly financial statement, and a description of the principal risks and uncertainties facing the company over the next accounting period.

Trondheim, 10 August 2023

Aage Schaanning  
Chair

Janicke E. Falkenberg

Lill Stabell

Jonas V. Kårstad

Christopher A. Steen  
Managing Director

# Income statement

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
	Interest income, effective interest method	137 529	64 807	266 256	118 466	313 325
	Other interest income	6 331	4 549	16 493	10 183	24 999
3	<b>Total interest income</b>	<b>143 860</b>	<b>69 356</b>	<b>282 749</b>	<b>128 649</b>	<b>338 324</b>
	Interest expense, effective interest method	-124 049	-52 305	-238 870	-92 514	-264 306
3	<b>Total interest expense</b>	<b>-124 049</b>	<b>-52 305</b>	<b>-238 870</b>	<b>-92 514</b>	<b>-264 306</b>
3	<b>Net interest income</b>	<b>19 810</b>	<b>17 052</b>	<b>43 879</b>	<b>36 135</b>	<b>74 018</b>
15	Net gain/(loss) on financial instruments	-467	-7 323	-3 051	-11 908	-10 512
	<b>Total net gain/(loss) on financial instruments</b>	<b>-467</b>	<b>-7 323</b>	<b>-3 051</b>	<b>-11 908</b>	<b>-10 512</b>
	Other operating expenses	-14 373	-17 595	-30 545	-35 611	-65 811
16	Net loan losses	12	-22	37	-14	-40
	<b>Total operating expenses</b>	<b>-14 360</b>	<b>-17 617</b>	<b>-30 508</b>	<b>-35 625</b>	<b>-65 851</b>
	<b>Operating profit/loss before tax</b>	<b>4 984</b>	<b>-7 889</b>	<b>10 320</b>	<b>-11 399</b>	<b>-2 345</b>
	Tax ordinary income	-1 096	1 736	-2 270	5 715	3 723
	<b>Profit for the period</b>	<b>3 887</b>	<b>-6 153</b>	<b>8 050</b>	<b>-5 683</b>	<b>1 379</b>
	<b>Other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Comprehensive income for the period</b>	<b>3 887</b>	<b>-6 153</b>	<b>8 050</b>	<b>-5 683</b>	<b>1 379</b>

# Balance sheet

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	30.06.2023	30.06.2022	31.12.2022
<b>ASSETS</b>				
5	Loans to credit institutions	336 283	341 529	364 166
4,5	Loans to customers	12 597 524	12 919 676	12 282 503
5,6,14	Fixed-income securities	641 846	944 496	1 424 079
11	Other assets	23 925	21 271	16 723
<b>Total assets</b>		<b>13 599 578</b>	<b>14 226 972</b>	<b>14 087 471</b>
<b>LIABILITIES AND OWNERS EQUITY</b>				
<b>LIABILITIES</b>				
5,9	Debt to credit institutions	619 485	1 092 132	524 456
5,7	Debt securities issued	12 040 413	12 213 946	12 634 091
	Deferred tax liabilities	4 259	2 267	4 259
12	Other liabilities	7 275	5 593	4 569
<b>Total liabilities</b>		<b>12 671 432</b>	<b>13 313 938</b>	<b>13 167 375</b>
<b>EQUITY</b>				
	Share capital	380 000	380 000	380 000
	Share premium	480 463	480 463	480 463
	Other owners' equity	59 633	58 254	59 633
	Unallocated profit/loss	8 050	-5 683	0
<b>Total owners' equity</b>		<b>928 146</b>	<b>913 034</b>	<b>920 096</b>
<b>Total liabilities and equity</b>		<b>13 599 578</b>	<b>14 226 972</b>	<b>14 087 471</b>

# 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
Profit for the period	0	0	8 050	8 050
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	8 050	8 050
Group contribution received	0	0	0	0
Group contribution made	0	0	0	0
Total transactions with the owners	0	0	0	0
<b>Equity 30 June 2023</b>	<b>380 000</b>	<b>480 463</b>	<b>67 683</b>	<b>928 146</b>
2022 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2022	330 000	380 463	61 462	771 925
Profit for the period	0	0	-5 683	-5 683
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	-5 683	-5 683
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
<b>Equity 30 June 2022</b>	<b>380 000</b>	<b>480 463</b>	<b>52 571</b>	<b>913 034</b>
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
<b>Equity 31 December 2022</b>	<b>380 000</b>	<b>480 463</b>	<b>59 633</b>	<b>920 096</b>



# Statement of cash flow

KLP BOLIGKREDITT AS

NOK THOUSANDS	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
<b>OPERATING ACTIVITIES</b>			
Payments received from customers - interest, commission & charges	258 563	113 917	294 362
Disbursements on loans customers & credit institutions	-2 426 781	-2 880 916	-4 485 153
Receipts on loans customers & credit institutions	2 107 651	2 279 931	4 533 887
Disbursements on operations	-31 706	-36 861	-67 210
Net receipts/disbursements from operating activities	6 321	-831	-3 593
Net interest investment accounts	6 015	1 731	7 537
<b>Net cash flow from operating activities</b>	<b>-79 938</b>	<b>-523 029</b>	<b>279 829</b>
<b>INVESTMENT ACTIVITIES</b>			
Payments on the purchase of securities	-178 853	-121 670	-684 123
Receipts on sale of securities	958 154	874 686	962 786
Receipts of interest from securities	18 310	10 805	21 759
<b>Net cash flow from investment activities</b>	<b>797 610</b>	<b>763 821</b>	<b>300 421</b>
<b>FINANCING ACTIVITIES</b>			
Receipts on loans from credit institutions	1 000 000	2 500 000	2 500 000
Repayment and redemption of loans	-2 000 000	-2 500 000	-2 500 000
Change in securities debt, own funds	399 629	-227 281	171 215
Net payment of interest on loans	-227 489	-86 999	-233 841
Receipts in internal funding	2 630 435	2 880 499	4 980 740
Repayment in internal funding	-2 535 597	-2 882 920	-5 551 012
Net payment of interest on internal funding	-6 427	-3 739	-6 890
Change in owners' equity	0	150 000	150 000
Group contribution paid	0	-3 207	-3 207
<b>Net cash flows from financing activities</b>	<b>-739 449</b>	<b>-173 648</b>	<b>-492 996</b>
<b>Net cash flow during the period</b>	<b>-21 777</b>	<b>67 145</b>	<b>87 255</b>
Cash and cash equivalents at the start of the period	349 219	261 964	261 964
Cash and cash equivalents at the end of the period	327 442	329 109	349 219
<b>Net receipts/disbursements</b>	<b>-21 777</b>	<b>67 145</b>	<b>87 255</b>

# 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. It's 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 – 30 June 2023, specifying the earnings trend in Q2. 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	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Interest income on loans to customers	134 037	63 661	260 026	116 501	305 788
Interest income on loans to credit institutions	3 492	1 147	6 229	1 965	7 537
<b>Total interest income, effective interest method</b>	<b>137 529</b>	<b>64 807</b>	<b>266 256</b>	<b>118 466</b>	<b>313 325</b>
Interest income on bonds and certificates	6 331	4 549	16 493	10 183	24 999
<b>Total other interest income</b>	<b>6 331</b>	<b>4 549</b>	<b>16 493</b>	<b>10 183</b>	<b>24 999</b>
<b>Total interest income</b>	<b>143 860</b>	<b>69 356</b>	<b>282 749</b>	<b>128 649</b>	<b>338 324</b>
Interest expenses on debt from KLP Banken AS	-3 509	-1 586	-6 619	-3 713	-7 039
Interest expenses on issued securities	-120 540	-50 719	-232 251	-88 802	-257 267
<b>Total interest expenses, effective interest method</b>	<b>-124 049</b>	<b>-52 305</b>	<b>-238 870</b>	<b>-92 514</b>	<b>-264 306</b>
<b>Total interest expense</b>	<b>-124 049</b>	<b>-52 305</b>	<b>-238 870</b>	<b>-92 514</b>	<b>-264 306</b>
<b>Net interest income</b>	<b>19 810</b>	<b>17 052</b>	<b>43 879</b>	<b>36 135</b>	<b>74 018</b>

**NOTE 4** Loans to customers

NOK THOUSANDS	30.06.2023	30.06.2022	31.12.2022
Loans to customers before write-downs	12 576 942	12 909 410	12 263 421
Provisions and write-downs	-29	-39	-65
<b>Loans to customers after write-downs</b>	<b>12 576 914</b>	<b>12 909 371</b>	<b>12 263 355</b>
Accrued interest	20 611	10 305	19 148
<b>Loans to customers</b>	<b>12 597 524</b>	<b>12 919 676</b>	<b>12 282 503</b>

**NOTE 5** Categories of financial instruments

NOK THOUSANDS	30.06.2023		30.06.2022		31.12.2022	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
<b>FINANCIAL ASSETS AT FAIR VALUE</b>						
Fixed-income securities	641 846	641 846	944 496	944 496	1 424 079	1 424 079
<b>Total financial assets at fair value</b>	<b>641 846</b>	<b>641 846</b>	<b>944 496</b>	<b>944 496</b>	<b>1 424 079</b>	<b>1 424 079</b>
<b>FINANCIAL ASSETS AT AMORTIZED COST</b>						
Loans to and receivables from credit institutions	336 283	336 283	341 529	341 529	364 166	364 166
Loans to and receivables from customers	12 597 524	12 597 524	12 919 676	12 919 676	12 282 503	12 282 503
<b>Total financial assets at amortized cost</b>	<b>12 933 807</b>	<b>12 933 807</b>	<b>13 261 205</b>	<b>13 261 205</b>	<b>12 646 669</b>	<b>12 646 669</b>
<b>Total financial assets</b>	<b>13 575 653</b>	<b>13 575 653</b>	<b>14 205 701</b>	<b>14 205 701</b>	<b>14 070 748</b>	<b>14 070 748</b>
<b>FINANCIAL LIABILITIES AT AMORTIZED COST</b>						
Liabilities to credit institutions	619 485	619 485	1 092 132	1 092 132	524 456	524 456
Covered bonds issued	12 040 413	12 004 601	12 213 946	12 207 357	12 634 091	12 611 328
<b>Total financial liabilities at amortized cost</b>	<b>12 659 898</b>	<b>12 624 085</b>	<b>13 306 078</b>	<b>13 299 489</b>	<b>13 158 547</b>	<b>13 135 784</b>
<b>Total financial liabilities</b>	<b>12 659 898</b>	<b>12 624 085</b>	<b>13 306 078</b>	<b>13 299 489</b>	<b>13 158 547</b>	<b>13 135 784</b>

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. The prices are compared with the prices from Bloomberg to reveal any errors.

**Fixed-income securities - other than government**

Norwegian fixed-income securities except government are generally priced using prices from Nordic Bond Pricing. Those securities that are not included in Nordic Bond Pricing are priced theoretically. The theoretical price is based on the assumed present value on the sale of the position. A zero-coupon curve is used for discounting. The zero-coupon curve is adjusted

upwards by means of a credit spread, which is to take account of the risk the bond entails. The credit spread is calculated on the basis of a spread curve taking account of the duration of the bond. Nordic Bond Pricing is the main source of spread curves. They provide company-specific curves for Norwegian saving banks, municipalities and energy. Saving banks have various spread curves based on total assets.

**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

30.06.2023 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	19 844	622 002	0	641 846
<b>Total assets at fair value</b>	<b>19 844</b>	<b>622 002</b>	<b>0</b>	<b>641 846</b>

30.06.2022 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	10 000	934 496	0	944 496
<b>Total assets at fair value</b>	<b>10 000</b>	<b>934 496</b>	<b>0</b>	<b>944 496</b>

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

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 and deposits. 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	30.06.2023	30.06.2022	31.12.2022
Bond debt, nominal amount	12 000 000	13 000 000	13 000 000
Adjustments	-2 721	-95	-2 926
Accrued interest	43 134	14 041	37 018
Own holdings, nominal amount	0	-800 000	-400 000
<b>Total debt securities issued</b>	<b>12 040 413</b>	<b>12 213 946</b>	<b>12 634 091</b>

Interest rate on borrowings through the issuance of securities on the reporting date: 4.33% 1.77% 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 30.06.2023
Bond debt, nominal amount	13 000 000	1 000 000	-2 000 000	0	12 000 000
Adjustments	-2 926	0	0	205	-2 721
Accrued interest	37 018	0	0	6 117	43 134
Own holdings, nominal amount	-400 000	0	400 000	0	0
<b>Total debt securities issued</b>	<b>12 634 091</b>	<b>1 000 000</b>	<b>-1 600 000</b>	<b>6 322</b>	<b>12 040 413</b>

**NOTE 8** Over-collateralisation

NOK THOUSANDS	30.06.2023	30.06.2022	31.12.2022
SECURITY POOL			
Loans to customers <sup>1</sup>	12 570 737	12 715 587	11 478 090
Additional collateral <sup>2</sup>	877 253	1 255 419	2 159 749
<b>Total security pool</b>	<b>13 447 990</b>	<b>13 971 005</b>	<b>13 637 839</b>
Outstanding covered bonds incl. own funds and premium/discount	12 004 601	12 177 607	13 012 603
<b>Coverage of the security pool</b>	<b>112.0%</b>	<b>114.7%</b>	<b>104.8%</b>

<sup>1</sup> Excluding mortgage loans that do not qualify for security pool.

<sup>2</sup> 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

30.06.2023 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	16.12.2024	197 967	245	198 213
Debt to KLP Banken AS	16.12.2024	170 000	211	170 211
Debt to KLP Banken AS	16.12.2024	250 906	156	251 061
<b>Total liabilities to credit institutions</b>		<b>618 873</b>	<b>612</b>	<b>619 485</b>
Interest rate on debt to credit institutions at the reporting date:				2.79 %
The interest rate is calculated as a weighted average of the act/360 basis.				

30.06.2022 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2023	206 569	60	206 629
Debt to KLP Banken AS	15.12.2023	394 546	114	394 660
Debt to KLP Banken AS	15.12.2023	43 820	13	43 833
Debt to KLP Banken AS	00.01.1900	145 895	21	145 916
Debt to KLP Banken AS	15.12.2023	301 057	38	301 095
<b>Total liabilities to credit institutions</b>		<b>1 091 886</b>	<b>245</b>	<b>1 092 132</b>
Interest rate on debt to credit institutions at the reporting date:				0.65 %

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
<b>Total liabilities to credit institutions</b>		<b>524 036</b>	<b>420</b>	<b>524 456</b>
Interest rate on debt to credit institutions at the reporting date:				1.72 %

**NOTE 10** Transactions with related parties

NOK THOUSANDS	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
KLP Banken AS, interest on borrowing	-6 619	-3 713	-7 039
KLP Banken AS, interest on deposits	3 690	1 320	4 177
KLP Banken AS, administrative services (at cost)	-28 363	-33 648	-60 693
KLP Kapitalforvaltning AS, fees for services provided	0	0	-19
KLP Group companies, subsidised interest employee loans	4 693	3 999	8 408
KLP Banken AS, purchase of loans	-2 426 781	-2 880 916	-4 485 153

NOK THOUSANDS	30.06.2023	30.06.2022	31.12.2022
<b>BALANCES</b>			
KLP Banken AS, borrowing Group current liabilities	-619 485	-1 092 132	-524 456
KLP Banken AS, deposit	208 919	202 372	205 229
KLP Banken AS, net internal liabilities	20 270	18 401	14 697
<b>Net outstanding accounts to:</b>			
KLP Banken AS	-4 895	-5 372	-4 569
KLP	1 505	1 263	1 318
KLP Group companies, net other internal accounts	893	667	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	30.06.2023	30.06.2022	31.12.2022
Intercompany receivables	22 667	20 330	16 723
Prepaid expenses	1 258	941	0
<b>Total other assets</b>	<b>23 925</b>	<b>21 271</b>	<b>16 723</b>

**NOTE 12** Other liabilities and provision for accrued costs and liabilities

NOK THOUSANDS	30.06.2023	30.06.2022	31.12.2022
Creditors	109	220	0
Intercompany payables	4 895	5 372	4 569
Other liabilities	2 270	0	0
<b>Total other liabilities</b>	<b>7 275</b>	<b>5 593</b>	<b>4 569</b>

**NOTE 13** Capital adequacy

NOK THOUSANDS	30.06.2023	30.06.2022	31.12.2022
Share capital and share premium fund	860 463	860 463	860 463
Other owners' equity	59 633	52 571	59 633
<b>Total owners' equity</b>	<b>920 097</b>	<b>913 035</b>	<b>920 097</b>
Adjustments due to requirements for proper valuation	-642	-944	-1 424
<b>Core capital/Tier 1 capital</b>	<b>919 455</b>	<b>912 090</b>	<b>918 672</b>
Supplementary capital/Tier 2 capital	0	0	0
<b>Supplementary capital/Tier 2 capital</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total eligible own funds (Tier 1 and Tier 2 capital)	919 455	912 090	918 672
Capital requirement	375 547	386 428	373 302
<b>Surplus of own funds (Tier 1 and Tier 2 capital)</b>	<b>543 907</b>	<b>525 662</b>	<b>545 370</b>
Estimate basis credit risk:			
Institutions	71 612	72 238	76 036
Investments with mortgage security in real estate	4 409 133	4 521 887	4 298 876
Covered bonds	62 200	93 453	141 414
Other holdings	2 151	1 608	708
<b>Calculation basis credit risk</b>	<b>4 545 096</b>	<b>4 689 186</b>	<b>4 517 034</b>
Credit risk	363 608	375 135	361 363
Operating risk	11 940	11 294	11 940
<b>Total capital requirement assets</b>	<b>375 547</b>	<b>386 428</b>	<b>373 302</b>
Core capital adequacy ratio	19.6 %	18.9 %	19.7 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
<b>Capital adequacy ratio</b>	<b>19.6 %</b>	<b>18.9 %</b>	<b>19.7 %</b>
<b>Leverage ratio</b>	<b>6.8 %</b>	<b>6.4 %</b>	<b>6.5 %</b>

CAPITAL REQUIREMENT PER 30.06.2023	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	3.0 %	0.0 %	3.0 %
Counter-cyclical capital buffer	2.5 %	0.0 %	2.5 %
<b>Current capital requirement including buffers</b>	<b>12.5 %</b>	<b>3.5 %</b>	<b>16.0 %</b>
<b>Capital requirement leverage ratio</b>	<b>3.0 %</b>	<b>0.0 %</b>	<b>3.0 %</b>

**NOTE 14** Fixed-income securities

NOK THOUSANDS	30.06.2023		30.06.2022		31.12.2022	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	19 830	19 844	0	0	9 937	9 943
Bonds	619 689	622 002	947 477	944 496	1 411 555	1 414 136
<b>Total fixed-income securities</b>	<b>639 519</b>	<b>641 846</b>	<b>947 477</b>	<b>944 496</b>	<b>1 421 492</b>	<b>1 424 079</b>

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	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Net gain/(loss) on fixed-income securities	-329	-2 828	-1 083	-5 950	-4 554
Net gain/(loss) financial derivatives and realized repurchase of own debt	-138	-4 495	-1 968	-5 958	-5 958
<b>Total net gain/(loss) financial instruments</b>	<b>-467</b>	<b>-7 323</b>	<b>-3 051</b>	<b>-11 908</b>	<b>-10 512</b>

**NOTE 16** Loan loss provision

In the second 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
<b>EXPECTED CREDIT LOSS (ECL) - LOANS TO CUSTOMERS - MORTGAGE</b>				
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	-5	3	0	-2
New losses	3	0	0	3
Write-offs	-3	-36	0	-38
<b>Closing balance ECL 30.06.2023</b>	<b>20</b>	<b>9</b>	<b>0</b>	<b>29</b>
Changes (01.01.2023-30.06.2023)	-5	-32	0	-37

NOK THOUSANDS	12-month ECL stage 1	Lifetime ECL not credit impaired stage 2	Lifetime ECL credit impaired stage 3	Total
<b>VALUE OF LENDING AND RECEIVABLES FOR CUSTOMERS RECOGNISED IN THE BALANCE SHEET - MORTGAGE</b>				
Lending 01.01.2023	12 033 405	249 164	0	12 282 569
Transfers to stage 1	41 513	-41 513	0	0
Transfers to stage 2	-147 553	147 553	0	0
Transfers to stage 3	0	0	0	0
Net changes	-254 634	-3 909	0	-258 543
New lending	2 198 495	3 694	0	2 202 190
Write-offs	-1 572 634	-56 027	0	-1 628 662
<b>Lending 30.06.2023</b>	<b>12 298 592</b>	<b>298 962</b>	<b>0</b>	<b>12 597 554</b>

## Quarterly earnings trend

NOK MILLIONS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Interest income	143.9	138.9	123.9	85.8	69.4
Interest expense	-124.0	-114.8	-105.2	-66.6	-52.3
<b>Net interest income</b>	<b>19.8</b>	<b>24.1</b>	<b>18.7</b>	<b>19.2</b>	<b>17.1</b>
Net gain/ (loss) on financial instruments	-0.5	-2.6	2.8	-1.4	-7.3
<b>Total net gain/(loss) on financial instruments</b>	<b>-0.5</b>	<b>-2.6</b>	<b>2.8</b>	<b>-1.4</b>	<b>-7.3</b>
Other operating expenses	-14.4	-16.1	-14.1	-16.1	-17.6
<b>Total operating expenses</b>	<b>-14.4</b>	<b>-16.1</b>	<b>-14.1</b>	<b>-16.1</b>	<b>-17.6</b>
<b>Operating profit/loss before tax</b>	<b>5.0</b>	<b>5.3</b>	<b>7.4</b>	<b>1.7</b>	<b>-7.9</b>
Tax ordinary income	-1.1	-1.2	-1.6	-0.4	1.7
<b>Profit for the period</b>	<b>3.9</b>	<b>4.2</b>	<b>5.8</b>	<b>1.3</b>	<b>-6.2</b>

## Key figures accumulated

NOK MILLIONS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Pre-tax income	10.3	5.3	-2.3	-9.7	-11.4
Net interest income	43.9	24.1	74.0	55.3	36.1
Other operating expenses	-30.5	-16.1	-65.9	-51.7	-35.6
Net gain/ (loss) financial instruments	-3.1	-2.6	-10.5	-13.3	-11.9
Housing mortgage lending	12 597.5	12 810.5	12 282.5	12 671.4	12 919.7
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	12 040.4	12 458.6	12 634.1	12 624.0	12 213.9
Other borrowing	619.5	449.9	524.5	564.2	1 092.1
Total assets	13 599.6	13 842.9	14 087.5	14 109.9	14 227.0
Average total assets	13 843.5	13 965.2	14 200.6	14 211.8	14 270.3
Equity	928.1	924.3	920.1	914.3	913.0
Interest net	0.32 %	0.17 %	0.52 %	0.39 %	0.25 %
Profit/loss from ordinary operation before taxes	0.07 %	0.04 %	-0.02 %	-0.07 %	-0.08 %
Return on equity	2.24 %	2.32 %	-0.30 %	-1.68 %	-2.95 %
Capital adequacy ratio	19.6 %	19.2 %	19.7 %	19.2 %	18.9 %
Liquidity coverage ratio (LCR)	1 004 %	239 %	483 %	723 %	1 160 %



**KLP BOLIGKREDITT AS**

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