

KLP



# Interim report

KLP BOLIGKREDITT AS  
Q1 2021

# Table of contents

KLP BOLIGKREDITT AS

INTERIM FINANCIAL STATEMENT	3
INCOME STATEMENT	5
BALANCE SHEET	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOW	8
NOTES TO THE ACCOUNTS	9
<b>NOTE 1</b> General information	9
<b>NOTE 2</b> Accounting principles	9
<b>NOTE 3</b> Net interest income	10
<b>NOTE 4</b> Loans to customers	10
<b>NOTE 5</b> Categories of financial instruments	11
<b>NOTE 6</b> Fair value hierarchy	12
<b>NOTE 7</b> Securities liabilities - stock exchange listed covered bonds and certificates	13
<b>NOTE 8</b> Over-collateralisation	13
<b>NOTE 9</b> Liabilities to credit institutions	14
<b>NOTE 10</b> Transactions with related parties	15
<b>NOTE 11</b> Other assets	16
<b>NOTE 12</b> Other liabilities and provision for accrued costs and liabilities	16
<b>NOTE 13</b> Capital adequacy	17
<b>NOTE 14</b> Fixed-income securities	18
<b>NOTE 15</b> Net gain(loss) on financial instruments	18
<b>NOTE 16</b> Loan loss provision	19
Quarterly earnings trend	20
Key figures accumulated	20

# Interim Financial Statement

## KLP BOLIGKREDITT AS

Main features by first quarter end:

- Growth in lending
- Increased costs
- No recognized losses on lending

### OBJECTIVE

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

KLP Banken has, as part of a customer owned enterprise, taken its share of responsibility for handling the situation caused by the pandemic, through quick interest rate reductions and postponement of installments for members in need.

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

### INCOME STATEMENT

Net interest and credit commission revenues at the end of the first quarter were NOK 26.9 (20.0)<sup>1</sup> million. The change is essentially due to increased lending volumes.

Net profit effects of financial instruments in the quarter were NOK -2.0 (-3.9) million. This is mainly due to pricing effects when repurchasing loans.

Operating expenses for the first quarter amounted to NOK 15.7 (12.2) million. In addition to ordinary price increases, the change is mainly due to an increased share of KLP Banken AS' lending being transferred to the company. The Company has not had any credit losses and still have minimal loan loss provisions.

The pre-tax profit at the end of the first quarter was NOK 9.1 (3.9) million. The change in earnings is primarily an effect of lending growth.

### LENDING

The Company's loans to customers as of 31 March 2021 amounted to NOK 12.1 (10.0) billion. The Company has purchased loans from the parent company KLP Banken AS amounting to NOK 2.2 (3.4) billion this quarter. Total assets were NOK 12.7 (10.6) billion.

### LIQUIDITY INVESTMENTS

There are strict rules on which assets may be included in the securities holdings. In addition to mortgage loans, the securities holdings consist of secure bonds as well as

deposits in other banks. The securities consist of certificates and bonds of high credit quality, principally investments in covered bonds. As of 31 March 2021, the securities portfolio's market value was NOK 0.5 (0.4) billion. The net loss associated with realized and unrealized market value changes in the securities portfolio amounted to a gain of NOK 0.3 (-2.3) million.

### BORROWING

The company's borrowing consists of covered bonds in a loan portfolio consisting of mortgages and loans from KLP Banken AS. Outstanding intercompany debt amounted to NOK 1.6 (0.9) billion by quarters end. Covered bond debt was NOK 10.4 (9.0) billion. There were no new covered bonds issued in the first quarter, but the company completed net repurchases of previous issues amounting to NOK 1.2 billion. All covered bonds have achieved AAA rating.

The Company regularly restructures its borrowing with the purpose of adjusting average duration. This may cause profit or loss. Accounting losses from repurchase of own debt amounts to NOK -2.3 (-1.7) million so far this year.

### 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 activity are reduced using derivatives. The Company must 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 and leisure property. Management of the Company's liquidity is conducted through investments in banks and securities with high credit quality requirements.

At the end of the first quarter 2021, core capital according to the capital adequacy rules was NOK 746 (629) million. Mortgage loans are risk-weighted by 35 per cent in accordance with the authorities' capital adequacy regulations. KLP Boligkreditt AS had a core capital adequacy and capital adequacy ratio of 16.9 (17.1) percent at the end of the first quarter. The minimum statutory requirement is 14.5 per cent capital adequacy ratio. Leverage ratio was 5.9 (6.0) percent. The minimum statutory requirement is 3 percent.

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

**Trondheim, 28 April 2021**

Aage Schaanning  
Chair

Aina Slettedal Eide

Lill Stabell

Kristian Lie-Pedersen

Christopher A. Steen  
Managing Director

# Income statement

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
	Interest income, effective interest method	46 567	62 642	209 790
	Other interest income	1 107	2 677	6 735
3	<b>Total interest income</b>	<b>47 674</b>	<b>65 319</b>	<b>216 525</b>
	Interest expenses, effective interest method	-20 824	-45 282	-118 398
3	<b>Total interest costs</b>	<b>-20 824</b>	<b>-45 282</b>	<b>-118 398</b>
3	<b>Net interest income</b>	<b>26 850</b>	<b>20 037</b>	<b>98 127</b>
15	Net gain/(loss) financial instruments	-2 056	-3 924	-20 114
	<b>Total other operating income</b>	<b>-2 056</b>	<b>-3 924</b>	<b>-20 114</b>
	Other operating expenses	-15 667	-12 189	-58 817
16	Net loan losses	13	-27	-2
	<b>Total operating expenses</b>	<b>-15 654</b>	<b>-12 216</b>	<b>-58 819</b>
	<b>Operating profit/loss before tax</b>	<b>9 140</b>	<b>3 897</b>	<b>19 194</b>
	Tax ordinary income	-641	297	-3 068
	<b>Profit for the period</b>	<b>8 500</b>	<b>4 194</b>	<b>16 126</b>
	<b>Other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Comprehensive income for the period</b>	<b>8 500</b>	<b>4 194</b>	<b>16 126</b>

# Balance sheet

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
<b>ASSETS</b>				
5	Loans to credit institutions	153 595	176 172	129 852
4,5	Loans to customers	12 055 253	9 997 593	10 823 740
5,6,14	Fixed-income securities	518 785	367 069	518 860
	Deffered tax assets	0	1 244	0
11	Other assets	2 784	16 184	3 239
<b>Total assets</b>		<b>12 730 417</b>	<b>10 558 263</b>	<b>11 475 690</b>
<b>LIABILITIES AND OWNERS EQUITY</b>				
<b>LIABILITIES</b>				
5,9	Debt to credit institutions	1 571 826	884 058	103 373
5,7	Debt securities issued	10 395 440	9 034 187	10 616 951
	Deffered tax liabilities	2 122	0	2 122
12	Other liabilities	7 368	5 425	6 955
12	Provision for accrued costs and liabilities	242	235	0
<b>Total liabilities</b>		<b>11 976 998</b>	<b>9 923 905</b>	<b>10 729 400</b>
<b>EQUITY</b>				
	Share capital	330 000	280 000	330 000
	Share premium	380 463	330 463	380 463
	Other owners' eqyity	34 457	19 701	35 827
	Unallocated profit/loss	8 500	4 194	0
<b>Total owners' equity</b>		<b>753 420</b>	<b>634 358</b>	<b>746 290</b>
<b>Total liabilities and equity</b>		<b>12 730 417</b>	<b>10 558 263</b>	<b>11 475 690</b>

# Statement of changes in equity

## KLP BOLIGKREDITT AS

2021 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2021	330 000	380 463	35 827	746 290
Profit for the period	0	0	8 500	8 500
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	8 500	8 500
Group contribution received	0	0	4 857	4 857
Group contribution made	0	0	-6 227	-6 227
Total transactions with the owners	0	0	-1 370	-1 370
<b>Equity 31 March 2021</b>	<b>330 000</b>	<b>380 463</b>	<b>42 957</b>	<b>753 420</b>
2020 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2020	220 000	270 463	20 855	511 318
Profit for the period	0	0	4 194	4 194
Total comprehensive income for the period	0	0	4 194	4 194
Group contribution received	0	0	4 093	4 093
Group contribution made	0	0	-5 248	-5 248
Paid-up equity in the period	60 000	60 000	0	120 000
Total transactions with the owners	60 000	60 000	-1 155	118 845
<b>Equity 31 March 2020</b>	<b>280 000</b>	<b>330 463</b>	<b>23 895</b>	<b>634 358</b>
2020 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2020	220 000	270 463	20 855	511 318
Income for the year	0	0	16 126	16 126
Total comprehensive income for the period	0	0	16 126	16 126
Group contribution received	0	0	4 093	4 093
Group contribution made	0	0	-5 248	-5 248
Paid-up equity in the period	110 000	110 000	0	220 000
Total transactions with the owners	110 000	110 000	-1 155	218 845
<b>Equity 31 December 2020</b>	<b>330 000</b>	<b>380 463</b>	<b>35 827</b>	<b>746 290</b>

# Statement of cash flow

KLP BOLIGKREDITT AS

NOK THOUSANDS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
<b>OPERATING ACTIVITIES</b>			
Payments received from customers - interest, commission & charges	46 245	58 561	210 047
Disbursements on loans customers & credit institutions	-2 237 563	-3 384 738	-7 459 189
Receipts on loans customers & credit institutions	1 006 427	714 012	3 970 442
Disbursements on operations	-16 781	-11 623	-55 622
Net receipts/disbursements from operating activities	-1 460	-63 680	-2 933
Net interest investment accounts	150	611	1 268
<b>Net cash flow from operating activities</b>	<b>-1 202 981</b>	<b>-2 686 857</b>	<b>-3 335 985</b>
<b>INVESTMENT ACTIVITIES</b>			
Payments on the purchase of securities	-54 020	-4 084	-629 585
Receipts on sale of securities	54 348	94 878	570 298
Receipts of interest from securities	1 132	2 886	7 188
<b>Net cash flow from investment activities</b>	<b>1 460</b>	<b>93 680</b>	<b>-52 100</b>
<b>FINANCING ACTIVITIES</b>			
Receipts on loans from credit institutions	0	2 500 000	6 000 000
Repayment and redemption of loans	-1 452 000	-646 000	-1 127 457
Change in buyback of securities debt	1 231 619	150 000	-1 284 000
Net payment of interest on loans	-23 035	-40 991	-131 794
Receipts in internal funding	2 511 727	3 524 170	8 335 579
Repayment in internal funding	-1 043 614	-3 027 195	-8 619 111
Net payment of interest on internal funding	-899	-3 244	-5 652
Change in owners' equity	0	120 000	220 000
Group contribution paid	0	0	-1 155
<b>Net cash flows from financing activities</b>	<b>1 223 799</b>	<b>2 576 740</b>	<b>3 386 410</b>
<b>Net cash flow during the period</b>	<b>22 278</b>	<b>-16 437</b>	<b>-1 676</b>
Cash and cash equivalents at the start of the period	121 661	123 338	123 338
Cash and cash equivalents at the end of the period	143 939	106 901	121 661
<b>Net receipts/disbursements of cash</b>	<b>22 278</b>	<b>-16 437</b>	<b>-1 676</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 2021 – 31 March 2021, specifying the earnings trend in Q1. 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 2020, please see the annual report for further information.

**NOTE 3** Net interest income

NOK THOUSANDS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Interest income on loans to customers	46 412	61 698	208 521
Interest income on loans to credit institutions	155	944	1 269
<b>Total interest income, effective interest method</b>	<b>46 567</b>	<b>62 642</b>	<b>209 790</b>
Interest income on bonds and certificates	1 107	2 677	6 735
<b>Total interest income</b>	<b>47 674</b>	<b>65 319</b>	<b>216 525</b>
Interest expenses on debt to KLP Banken AS	-1 239	-3 169	-5 399
Interest expenses on issued securities	-19 585	-42 113	-112 998
<b>Total interest expenses, effective interest method</b>	<b>-20 824</b>	<b>-45 282</b>	<b>-118 398</b>
<b>Net interest income</b>	<b>26 850</b>	<b>20 037</b>	<b>98 127</b>

**NOTE 4** Loans to customers

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Loans to customers before write-downs	12 047 571	9 985 112	10 816 200
Provisions and write-downs	-11	-50	-24
<b>Loans to customers after write-downs</b>	<b>12 047 560</b>	<b>9 985 063</b>	<b>10 816 176</b>
Premium/discount	37	379	74
Accrued interest	7 656	12 152	7 489
<b>Loans to customers</b>	<b>12 055 253</b>	<b>9 997 593</b>	<b>10 823 740</b>

**NOTE 5** Categories of financial instruments

NOK THOUSANDS	31.03.2021		31.03.2020		31.12.2020	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
<b>FINANCIAL ASSETS FAIR VALUE</b>						
Fixed-income securities	518 785	518 785	367 069	367 069	518 860	518 860
<b>Total financial assets fair value</b>	<b>518 785</b>	<b>518 785</b>	<b>367 069</b>	<b>367 069</b>	<b>518 860</b>	<b>518 860</b>
<b>FINANCIAL ASSETS AT AMORTIZED COST</b>						
Loans to and receivables from credit institutions	153 595	153 595	176 172	176 172	129 852	129 852
Loans to and receivables from customers	12 055 253	12 055 253	9 997 593	9 997 593	10 823 740	10 823 740
<b>Total financial assets at amortized cost</b>	<b>12 208 848</b>	<b>12 208 848</b>	<b>10 173 765</b>	<b>10 173 765</b>	<b>10 953 592</b>	<b>10 953 592</b>
<b>Total financial assets</b>	<b>12 727 633</b>	<b>12 727 633</b>	<b>10 540 834</b>	<b>10 540 834</b>	<b>11 472 452</b>	<b>11 472 452</b>
<b>FINANCIAL LIABILITIES AT AMORTIZED COST</b>						
Liabilities to credit institutions	1 571 826	1 571 826	884 058	884 058	103 373	103 373
Covered bonds issued	10 395 440	10 443 686	9 034 187	9 005 816	10 616 951	10 655 078
<b>Total financial liabilities at amortized cost</b>	<b>11 967 266</b>	<b>12 015 512</b>	<b>9 918 245</b>	<b>9 889 874</b>	<b>10 720 324</b>	<b>10 758 450</b>
<b>Total financial liabilities</b>	<b>11 967 266</b>	<b>12 015 512</b>	<b>9 918 245</b>	<b>9 889 874</b>	<b>10 720 324</b>	<b>10 758 450</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**

Bloomberg is used as a source for pricing Norwegian government bonds. The prices are compared with the prices from Nordic Bond Pricing 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. For companies where Nordic Bond Pricing do not deliver spread curves, the Group use spread curves from three Norwegian banks. When spread curves are available from more than one of these banks, an equal-weighted average is used. If a bond lacks an appropriate spread curve, spread from a comparable bond from the same issuer is used.

**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

31.03.2021 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	3 999	514 786	0	518 785
<b>Total assets at fair value</b>	<b>3 999</b>	<b>514 786</b>	<b>0</b>	<b>518 785</b>

  

31.03.2020 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	3 998	363 072	0	367 069
<b>Total assets at fair value</b>	<b>3 998</b>	<b>363 072</b>	<b>0</b>	<b>367 069</b>

  

31.12.2020 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	4 000	514 860	0	518 860
<b>Total assets at fair value</b>	<b>4 000</b>	<b>514 860</b>	<b>0</b>	<b>518 860</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.

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

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.

**NOTE 7** Securities liabilities - stock exchange listed covered bonds and certificates

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Bond debt, nominal amount	10 566 000	9 018 000	12 018 000
Adjustments	26 907	3 722	30 743
Accrued interest	2 533	12 465	2 208
Own holdings, nominal amount	-200 000	0	-1 434 000
<b>Total debt securities issued</b>	<b>10 395 440</b>	<b>9 034 187</b>	<b>10 616 951</b>

Interest rate on borrowings through the issuance of securities on the reporting date: 0.78 % 1.83 % 0.64 %

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 31.12.2020	Issued	Matured/ redeemed	Other adjustments	Balance sheet 31.03.2021
Bond debt, nominal amount	12 018 000	0	-18 000	-1 434 000	10 566 000
Adjustments	30 743	0	0	-3 836	26 907
Accrued interest	2 208	0	0	325	2 533
Own holdings, nominal amount	-1 434 000	0	1 234 000	0	-200 000
<b>Total debt securities issued</b>	<b>10 616 951</b>	<b>0</b>	<b>1 216 000</b>	<b>-1 437 511</b>	<b>10 395 440</b>

**NOTE 8** Over-collateralisation

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
SECURITY POOL			
Loans to customers <sup>1</sup>	11 885 469	9 703 549	10 800 414
Additional collateral <sup>2</sup>	648 311	517 849	2 060 109
<b>Total security pool</b>	<b>12 533 780</b>	<b>10 221 398</b>	<b>12 860 524</b>
Outstanding covered bonds incl. own funds and premium/discount	10 443 686	9 003 041	12 092 108
<b>Coverage of the security pool</b>	<b>120.0%</b>	<b>113.5%</b>	<b>106.4%</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 per cent of the value of the outstanding covered bonds.

**NOTE 9** Liabilities to credit institutions

31.03.2021 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2022	40 000	11	40 011
Debt to KLP Banken AS	15.12.2022	14 706	4	14 710
Debt to KLP Banken AS	15.12.2022	254 862	67	254 930
Debt to KLP Banken AS	15.12.2022	251 331	66	251 398
Debt to KLP Banken AS	15.12.2022	72 491	19	72 510
Debt to KLP Banken AS	15.12.2022	300 645	80	300 724
Debt to KLP Banken AS	15.12.2022	255 894	68	255 962
Debt to KLP Banken AS	15.12.2022	381 528	53	381 582
<b>Total liabilities to credit institutions</b>		<b>1 571 458</b>	<b>368</b>	<b>1 571 826</b>

Interest rate on debt to credit institutions at the reporting date: 0.56 %

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

31.03.2020 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2021	130 000	95	130 095
Debt to KLP Banken AS	15.12.2021	233 992	64	234 056
Debt to KLP Banken AS	15.12.2021	287 607	26	287 633
Debt to KLP Banken AS	15.12.2021	232 253	21	232 274
<b>Total liabilities to credit institutions</b>		<b>883 852</b>	<b>206</b>	<b>884 058</b>

Interest rate on debt to credit institutions at the reporting date: 1.64 %

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

31.12.2020 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2022	103 345	28	103 373
<b>Total liabilities to credit institutions</b>		<b>103 345</b>	<b>28</b>	<b>103 373</b>

Interest rate on debt to credit institutions at the reporting date: 0.56 %

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

**NOTE 10** Transactions with related parties

NOK THOUSANDS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
KLP Banken AS, interest on borrowing	1 239	3 169	5 399
KLP Banken AS, interest on deposits	-150	0	-267
KLP Banken AS, administrative services (at cost)	15 092	11 348	54 387
KLP Kapitalforvaltning AS, fees for services provided	0	0	20
KLP Group companies, subsidised interest employee loans	1 879	2 319	8 584
KLP Banken AS, purchase of loans	2 237 563	3 384 738	7 459 189

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
<b>BALANCES</b>			
KLP Banken AS, borrowing Group current liabilities	-1 571 826	-884 058	-103 373
KLP Banken AS, deposit	100 417	0	100 267
KLP Banken AS, net internal liabilities	1 039	14 050	1 262
<b>Net outstanding accounts to:</b>			
KLP Banken AS	-5 350	-4 223	-6 889
KLP	1 127	1 393	1 281
KLP Group companies, net other internal accounts	618	741	696

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	31.03.2021	31.03.2020	31.12.2020
Intercompany receivables	2 784	16 184	3 239
<b>Total other assets</b>	<b>2 784</b>	<b>16 184</b>	<b>3 239</b>

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

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Creditors	7	47	66
Intercompany payables	5 350	4 223	6 889
Other liabilities	2 011	1 155	0
<b>Total other liabilities</b>	<b>7 368</b>	<b>5 425</b>	<b>6 955</b>
Accrued expenses	242	235	0
<b>Total accrued costs and liabilities</b>	<b>242</b>	<b>235</b>	<b>0</b>



**NOTE 13** Capital adequacy

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Share capital and share premium fund	710 463	610 463	710 463
Other owners' equity	35 827	20 855	35 827
<b>Total owners' equity</b>	<b>746 290</b>	<b>631 318</b>	<b>746 290</b>
Adjustments due to requirements for proper valuation	-519	-367	-519
Deferred tax asset	0	-2 101	0
<b>Core capital/Tier 1 capital</b>	<b>745 771</b>	<b>628 850</b>	<b>745 771</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)	745 771	628 850	745 771
Capital requirement	353 273	294 604	318 069
<b>Surplus of own funds (Tier 1 and Tier 2 capital)</b>	<b>392 498</b>	<b>334 247</b>	<b>427 702</b>
Estimate basis credit risk:			
Institutions	31 152	35 175	26 479
Investments with mortgage security in real estate	4 219 339	3 499 158	3 788 309
Covered bonds	51 479	36 307	51 486
Other holdings	618	2 432	696
<b>Calculation basis credit risk</b>	<b>4 302 588</b>	<b>3 573 071</b>	<b>3 866 970</b>
Credit risk	344 207	285 846	309 358
Operating risk	9 066	8 758	8 711
<b>Total capital requirement assets</b>	<b>353 273</b>	<b>294 604</b>	<b>318 069</b>
Core capital adequacy ratio	16.9 %	17.1 %	18.8 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
<b>Capital adequacy ratio</b>	<b>16.9 %</b>	<b>17.1 %</b>	<b>18.8 %</b>
<b>Leverage ratio</b>	<b>5.9 %</b>	<b>6.0 %</b>	<b>6.5 %</b>

CAPITAL REQUIREMENT PER 31.03.2021	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	1.0 %	0.0 %	1.0 %
<b>Current capital requirement including buffers</b>	<b>11.0 %</b>	<b>3.5 %</b>	<b>14.5 %</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	31.03.2021		31.03.2020		31.12.2020	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	3 999	3 999	4 000	3 998	4 000	4 000
Bonds	514 235	514 786	364 746	363 072	514 855	514 860
<b>Total fixed-income securities</b>	<b>518 234</b>	<b>518 785</b>	<b>368 746</b>	<b>367 069</b>	<b>518 855</b>	<b>518 860</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	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Net gain/(loss) on fixed-income securities	288	-2 265	-290
Net gain/(loss) financial derivatives and realized repurchase of own debt	-2 344	-1 659	-19 824
<b>Total net gain/(loss) financial instruments</b>	<b>-2 056</b>	<b>-3 924</b>	<b>-20 114</b>

**NOTE 16** Loan loss provision

In the first quarter of 2021 the bank has made some minor adjustments in the expected loss model, but the level of loan loss provisions has not changed substantially, compared to the fourth quarter of 2020. As the loan loss provisions in the portfolio are small, changes in individual loans can have a large percentage effect on the loan loss provisions, which is the case in this quarter.

Refer to Note 15 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, AMORTIZED COST</b>				
Opening balance ECL 01.01.2021	22	3	0	25
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-9	-2	0	-11
New losses	3	0	0	3
Write-offs	-5	0	0	-5
Change in risk model	0	0	0	0
<b>Closing balance ECL 31.03.2021</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>12</b>
Changes (01.01.2021-31.03.2021)	-11	-2	0	-13

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 - AMORTIZED COST</b>				
Gross lending 01.01.2021	10 722 112	101 578	0	10 823 690
Transfers to stage 1	8 290	-8 290	0	0
Transfers to stage 2	-2 326	2 326	0	0
Transfers to stage 3	0	0	0	0
Net changes	-145 283	-612	0	-145 895
New lending	2 136 484	0	0	2 136 484
Write-offs	-753 854	-5 198	0	-759 052
<b>Gross lending 31.03.2021</b>	<b>11 965 423</b>	<b>89 804</b>	<b>0</b>	<b>12 055 227</b>

## Quarterly earnings trend

NOK MILLIONS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Interest income	47.7	50.0	47.6	53.6	65.3
Interest expense	-20.8	-15.5	-18.2	-39.4	-45.3
<b>Net interest income</b>	<b>26.9</b>	<b>34.5</b>	<b>29.4</b>	<b>14.2</b>	<b>20.0</b>
Net gain/ (loss) financial instruments	-2.1	-3.1	-11.1	-2.0	-3.9
<b>Total other operating income</b>	<b>-2.1</b>	<b>-3.1</b>	<b>-11.1</b>	<b>-2.0</b>	<b>-3.9</b>
Other operating expenses	-15.7	-19.3	-11.2	-16.1	-12.2
<b>Total operating expenses</b>	<b>-15.7</b>	<b>-19.3</b>	<b>-11.2</b>	<b>-16.1</b>	<b>-12.2</b>
<b>Operating profit/loss before tax</b>	<b>9.1</b>	<b>12.1</b>	<b>7.1</b>	<b>-3.9</b>	<b>3.9</b>
Tax ordinary income	-0.6	-2.7	-1.6	0.9	0.3
<b>Profit for the period</b>	<b>8.5</b>	<b>9.4</b>	<b>5.5</b>	<b>-3.0</b>	<b>4.2</b>

## Key figures accumulated

NOK MILLIONS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Pre-tax income	9.1	19.2	7.1	0.0	3.9
Net interest income	26.9	98.1	63.7	34.2	20.0
Other operating expenses	-15.7	-58.8	-39.5	-28.3	-12.2
Net gain/ (loss) financial instruments	-2.1	-20.1	-17.1	-6.0	-3.9
Housing mortgage lending	12 055.3	10 823.7	10 572.3	10 274.7	9 997.6
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	10 395.4	10 617.0	10 418.2	10 383.8	9 034.2
Other borrowing	1 571.8	103.4	130.0	65.1	884.1
Total assets	12 730.4	11 475.7	11 289.1	11 086.7	10 558.3
Average total assets	12 103.1	9 703.1	9 609.8	9 508.6	9 244.4
Equity	753.4	746.3	736.9	631.3	634.4
Interest net	0.22 %	1.01 %	0.66 %	0.36 %	0.22 %
Profit/loss from ordinary operation before taxes	0.08 %	0.20 %	0.07 %	0.00 %	0.04 %
Return on equity	1.22 %	3.75 %	1.86 %	0.00 %	3.05 %
Capital adequacy ratio	16.9 %	18.8 %	18.8 %	16.6 %	17.1 %
Liquidity coverage ratio (LCR)	7 506 %	68 894 %	1 134 %	2 711 %	1 378 %



**KLP BOLIGKREDITT AS**

Beddingen 8, 7042 Trondheim  
Organization no: 912 719 634

**VISITOR ADDRESS**

Trondheim: Beddingen 8  
Oslo: Dronning Eufemias gate 10  
[klpbanken.no](http://klpbanken.no)  
Phone: 55 54 85 00  
[klpbanken@klp.no](mailto:klpbanken@klp.no)