

KLP



# Interim report

KLP BOLIGKREDITT AS  
Q1 2022

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KLP BOLIGKREDITT AS

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# Interim Financial Statement

## KLP BOLIGKREDITT AS

Main features by first quarter end:

- Growth in lending
- Increased funding 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 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 19.1 (26.9)<sup>1</sup> million. The change is essentially due to increased funding costs and thus reduced lending margins.

Net profit and loss effects on financial instruments in the quarter were NOK -4.6 (-2.1) million. This is mainly due to market value changes on securities holdings and to the restructuring of issued bonds.

Operating expenses for the first quarter amounted to NOK 18.0 (15.7) million. In addition to ordinary price increase, the change is due to an increased share of KLP Banken AS' lending being bought by the company.

The Company has not had any credit losses and have minimal loan loss provisions.

The pre-tax profit at the end of the first quarter was NOK -3.5 (9.1) million. The change in earnings is primarily due to reduced lending margins and increased expenses.

### LENDING/TOTAL ASSETS

The Company's loans to customers as of 31 March 2022 amounted to NOK 12.7 (12.0) billion. The Company has purchased loans from the parent company KLP Banken AS amounting to NOK 1.5 (2.2) billion during the quarter. Total assets were NOK 14.7 (12.7) 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 2022, the securities portfolio's market value was NOK 1.7 (0.5) billion. Net profit and loss associated with realized and unrealized market value changes in the securities portfolio so far this year amounted to NOK -3.1 (0.3) million.

### BORROWING

The company's borrowing consists of covered bonds (OMF) secured by a loan portfolio of mortgages and loans from KLP Banken AS. Outstanding intercompany debt amounted to NOK 1.5 (1.6) billion by quarter end. Outstanding covered bond debt was NOK 12.4 (10.4) billion. New covered bonds issued in the first quarter amounted to NOK 1.5 billion and net repurchases of previous issues amounted to NOK 1.5 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 -1.5 (-2.3) 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 satisfying high credit quality requirements and in securities in accordance with Board-approved credit lines.

The Board is worried about the development following the war in Ukraine. The Company has no credit exposure in this area, but may as other Norwegian banks, be affected by the financial turmoil following the situation.

At the end of the first quarter 2022, core capital according to the capital adequacy rules was NOK 767.1 (745.8) 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 15.9 (16.9) percent at the end of the first quarter. The minimum statutory requirement is 14.5 per cent capital adequacy ratio. Leverage ratio was 5.2 (5.9) per cent. The minimum statutory requirement is 3 per cent.

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

Oslo, 27 April 2022

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 2022	Q1 2021	01.01.2021 -31.12.2021
	Interest income, effective interest method	53 659	46 567	186 905
	Other interest income	5 634	1 107	7 827
3	<b>Total interest income</b>	<b>59 293</b>	<b>47 674</b>	<b>194 732</b>
	Interest expense, effective interest method	-40 210	-20 824	-86 760
3	<b>Total interest expense</b>	<b>-40 210</b>	<b>-20 824</b>	<b>-86 760</b>
3	<b>Net interest income</b>	<b>19 083</b>	<b>26 850</b>	<b>107 972</b>
15	Net gain/(loss) on financial instruments	-4 585	-2 056	-8 512
	<b>Total net gain/(loss) on financial instruments</b>	<b>-4 585</b>	<b>-2 056</b>	<b>-8 512</b>
	Other operating expenses	-18 016	-15 667	-66 593
16	Net loan losses	8	13	-1
	<b>Total operating expenses</b>	<b>-18 007</b>	<b>-15 654</b>	<b>-66 594</b>
	<b>Operating profit/loss before tax</b>	<b>-3 510</b>	<b>9 140</b>	<b>32 866</b>
	Tax ordinary income	3 980	-641	-5 860
	<b>Profit for the period</b>	<b>470</b>	<b>8 500</b>	<b>27 005</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>470</b>	<b>8 500</b>	<b>27 005</b>

# Balance sheet

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	31.03.2022	31.03.2021	31.12.2021
<b>ASSETS</b>				
5	Loans to credit institutions	232 510	153 595	273 318
4,5	Loans to customers	12 749 418	12 055 253	12 331 526
5,6,14	Fixed-income securities	1 651 553	518 785	1 704 134
11	Other assets	20 724	2 784	4 687
<b>Total assets</b>		<b>14 654 205</b>	<b>12 730 417</b>	<b>14 313 666</b>
<b>LIABILITIES AND OWNERS EQUITY</b>				
<b>LIABILITIES</b>				
5,9	Debt to credit institutions	1 480 237	1 571 826	1 094 579
5,7	Debt securities issued	12 394 893	10 395 440	12 433 452
	Deferred tax liabilities	4 002	0	7 982
12	Other liabilities	5 886	7 368	5 700
12	Provision for accrued costs and liabilities	0	242	28
<b>Total liabilities</b>		<b>13 885 018</b>	<b>11 976 998</b>	<b>13 541 741</b>
<b>EQUITY</b>				
	Share capital	330 000	330 000	330 000
	Share premium	380 463	380 463	380 463
	Other owners' equity	58 254	34 457	61 462
	Unallocated profit/loss	470	8 500	0
<b>Total owners' equity</b>		<b>769 187</b>	<b>753 420</b>	<b>771 925</b>
<b>Total liabilities and equity</b>		<b>14 654 205</b>	<b>12 730 417</b>	<b>14 313 666</b>

# Statement of changes in equity

## KLP BOLIGKREDITT AS

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	470	470
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	470	470
Group contribution received	0	0	11 372	11 372
Group contribution made	0	0	-14 579	-14 579
Total transactions with the owners	0	0	-3 207	-3 207
<b>Equity 31 March 2022</b>	<b>330 000</b>	<b>380 463</b>	<b>58 724</b>	<b>769 187</b>
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>
2021 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2021	330 000	380 463	35 827	746 290
Income for the year	0	0	27 005	27 005
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	27 005	27 005
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 December 2021</b>	<b>330 000</b>	<b>380 463</b>	<b>61 462</b>	<b>771 925</b>

# Statement of cash flow

KLP BOLIGKREDITT AS

NOK THOUSANDS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
<b>OPERATING ACTIVITIES</b>			
Payments received from customers - interest, commission & charges	51 336	46 245	185 695
Disbursements on loans customers & credit institutions	-1 546 586	-2 237 563	-6 006 193
Receipts on loans customers & credit institutions	1 114 215	1 006 427	4 496 969
Disbursements on operations	-17 886	-16 781	-67 556
Net receipts/disbursements from operating activities	4 933	-1 460	-3 163
Net interest investment accounts	748	150	978
<b>Net cash flow from operating activities</b>	<b>-393 240</b>	<b>-1 202 981</b>	<b>-1 393 271</b>
<b>INVESTMENT ACTIVITIES</b>			
Payments on the purchase of securities	-104 618	-54 020	-1 748 791
Receipts on sale of securities	154 349	54 348	561 545
Receipts of interest from securities	5 337	1 132	6 133
<b>Net cash flow from investment activities</b>	<b>55 068</b>	<b>1 460</b>	<b>-1 181 113</b>
<b>FINANCING ACTIVITIES</b>			
Receipts on loans from credit institutions	1 500 000	0	3 500 000
Repayment and redemption of loans	-1 087 084	-1 452 000	-2 518 000
Change in securities debt, own funds	-454 000	1 231 619	834 899
Net payment of interest on loans	-37 014	-23 035	-87 463
Receipts in internal funding	1 545 258	2 511 727	7 427 296
Repayment in internal funding	-1 159 809	-1 043 614	-6 436 333
Net payment of interest on internal funding	-1 918	-899	-4 342
Group contribution paid	-3 207	0	-1 370
<b>Net cash flows from financing activities</b>	<b>302 226</b>	<b>1 223 799</b>	<b>2 714 686</b>
<b>Net cash flow during the period</b>	<b>-35 946</b>	<b>22 278</b>	<b>140 303</b>
Cash and cash equivalents at the start of the period	261 964	121 661	121 661
Cash and cash equivalents at the end of the period	226 018	143 939	261 964
<b>Net receipts/disbursements</b>	<b>-35 946</b>	<b>22 278</b>	<b>140 303</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 2022 – 31 March 2022, 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 2021, please see the annual report for further information.

**NOTE 3** Net interest income

NOK THOUSANDS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Interest income on loans to customers	52 840	46 412	185 929
Interest income on loans to credit institutions	819	155	976
<b>Total interest income, effective interest method</b>	<b>53 659</b>	<b>46 567</b>	<b>186 905</b>
Interest income on bonds and certificates	5 634	1 107	7 827
<b>Total other interest income</b>	<b>5 634</b>	<b>1 107</b>	<b>7 827</b>
<b>Total interest income</b>	<b>59 293</b>	<b>47 674</b>	<b>194 732</b>
Interest expenses on debt from KLP Banken AS	-2 127	-1 239	-4 586
Interest expenses on issued securities	-38 083	-19 585	-82 175
<b>Total interest expenses, effective interest method</b>	<b>-40 210</b>	<b>-20 824</b>	<b>-86 760</b>
<b>Total interest expense</b>	<b>-40 210</b>	<b>-20 824</b>	<b>-86 760</b>
<b>Net interest income</b>	<b>19 083</b>	<b>26 850</b>	<b>107 972</b>

**NOTE 4** Loans to customers

NOK THOUSANDS	31.03.2022	31.03.2021	31.12.2021
Loans to customers before write-downs	12 740 209	12 047 571	12 323 830
Provisions and write-downs	-17	-11	-25
<b>Loans to customers after write-downs</b>	<b>12 740 192</b>	<b>12 047 560</b>	<b>12 323 805</b>
Premium/discount	0	37	0
Accrued interest	9 226	7 656	7 722
<b>Loans to customers</b>	<b>12 749 418</b>	<b>12 055 253</b>	<b>12 331 526</b>

**NOTE 5** Categories of financial instruments

NOK THOUSANDS	31.03.2022		31.03.2021		31.12.2021	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
<b>FINANCIAL ASSETS AT FAIR VALUE</b>						
Fixed-income securities	1 651 553	1 651 553	518 785	518 785	1 704 134	1 704 134
<b>Total financial assets at fair value</b>	<b>1 651 553</b>	<b>1 651 553</b>	<b>518 785</b>	<b>518 785</b>	<b>1 704 134</b>	<b>1 704 134</b>
<b>FINANCIAL ASSETS AT AMORTIZED COST</b>						
Loans to and receivables from credit institutions	232 510	232 510	153 595	153 595	273 318	273 318
Loans to and receivables from customers	12 749 418	12 749 418	12 055 253	12 055 253	12 331 526	12 331 526
<b>Total financial assets at amortized cost</b>	<b>12 981 928</b>	<b>12 981 928</b>	<b>12 208 848</b>	<b>12 208 848</b>	<b>12 604 844</b>	<b>12 604 844</b>
<b>Total financial assets</b>	<b>14 633 482</b>	<b>14 633 482</b>	<b>12 727 633</b>	<b>12 727 633</b>	<b>14 308 979</b>	<b>14 308 979</b>
<b>FINANCIAL LIABILITIES AT AMORTIZED COST</b>						
Liabilities to credit institutions	1 480 237	1 480 237	1 571 826	1 571 826	1 094 579	1 094 579
Covered bonds issued	12 394 893	12 420 617	10 395 440	10 443 686	12 433 452	12 464 959
<b>Total financial liabilities at amortized cost</b>	<b>13 875 130</b>	<b>13 900 855</b>	<b>11 967 266</b>	<b>12 015 512</b>	<b>13 528 031</b>	<b>13 559 539</b>
<b>Total financial liabilities</b>	<b>13 875 130</b>	<b>13 900 855</b>	<b>11 967 266</b>	<b>12 015 512</b>	<b>13 528 031</b>	<b>13 559 539</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. 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

31.03.2022 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	3 994	1 647 559	0	1 651 553
<b>Total assets at fair value</b>	<b>3 994</b>	<b>1 647 559</b>	<b>0</b>	<b>1 651 553</b>

  

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>

  

31.12.2021 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	3 997	1 700 138	0	1 704 134
<b>Total assets at fair value</b>	<b>3 997</b>	<b>1 700 138</b>	<b>0</b>	<b>1 704 134</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	31.03.2022	31.03.2021	31.12.2021
Bond debt, nominal amount	13 424 000	10 566 000	13 000 000
Adjustments	9 396	26 907	21 847
Accrued interest	11 498	2 533	7 605
Own holdings, nominal amount	-1 050 000	-200 000	-596 000
<b>Total debt securities issued</b>	<b>12 394 893</b>	<b>10 395 440</b>	<b>12 433 452</b>

Interest rate on borrowings through the issuance of securities on the reporting date: 1.60% 0.78% 1.10%

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 31.12.2021	Issued	Matured/ redeemed	Other adjustments	Balance sheet 31.03.2022
Bond debt, nominal amount	13 000 000	1 500 000	-1 076 000	0	13 424 000
Adjustments	21 847	0	0	-12 452	9 396
Accrued interest	7 605	0	0	3 893	11 498
Own holdings, nominal amount	-596 000	0	-454 000	0	-1 050 000
<b>Total debt securities issued</b>	<b>12 433 452</b>	<b>1 500 000</b>	<b>-1 530 000</b>	<b>-8 559</b>	<b>12 394 893</b>

**NOTE 8** Over-collateralisation

NOK THOUSANDS	31.03.2022	31.03.2021	31.12.2021
SECURITY POOL			
Loans to customers <sup>1</sup>	12 718 187	11 885 469	11 978 685
Additional collateral <sup>2</sup>	2 704 393	648 311	2 445 850
<b>Total security pool</b>	<b>15 422 580</b>	<b>12 533 780</b>	<b>14 424 536</b>
Outstanding covered bonds incl. own funds and premium/discount	13 465 671	10 443 686	13 060 145
<b>Coverage of the security pool</b>	<b>114.5%</b>	<b>120.0%</b>	<b>110.4%</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 percent of the value of the outstanding covered bonds.

**NOTE 9** Liabilities to credit institutions

31.03.2022 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2023	250 077	92	250 170
Debt to KLP Banken AS	15.12.2023	249 581	92	249 673
Debt to KLP Banken AS	15.12.2023	197 792	73	197 865
Debt to KLP Banken AS	15.12.2023	300 437	111	300 548
Debt to KLP Banken AS	15.12.2023	134 308	49	134 358
Debt to KLP Banken AS	15.12.2023	246 820	48	246 868
Debt to KLP Banken AS	15.12.2023	100 741	15	100 756
<b>Total liabilities to credit institutions</b>		<b>1 479 757</b>	<b>480</b>	<b>1 480 237</b>

Interest rate on debt to credit institutions at the reporting date: 0.78 %

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

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 %

31.12.2021 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2023	800 000	219	800 219
Debt to KLP Banken AS	15.12.2023	294 308	52	294 360
<b>Total liabilities to credit institutions</b>		<b>1 094 308</b>	<b>271</b>	<b>1 094 579</b>

Interest rate on debt to credit institutions at the reporting date: 0.58 %

**NOTE 10** Transactions with related parties

NOK THOUSANDS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
KLP Banken AS, interest on borrowing	-2 127	-1 239	-4 586
KLP Banken AS, interest on deposits	592	150	785
KLP Banken AS, administrative services (at cost)	-17 540	-15 092	-62 267
KLP Kapitalforvaltning AS, fees for services provided	0	0	-17
KLP Group companies, subsidised interest employee loans	1 912	1 879	7 273
KLP Banken AS, purchase of loans	-1 546 586	-2 237 563	-6 006 193

NOK THOUSANDS	31.03.2022	31.03.2021	31.12.2021
<b>BALANCES</b>			
KLP Banken AS, borrowing Group current liabilities	-1 480 237	-1 571 826	-1 094 579
KLP Banken AS, deposit	201 644	100 417	201 052
KLP Banken AS, net internal liabilities	18 966	1 039	2 982
<b>Net outstanding accounts to:</b>			
KLP Banken AS	-5 886	-5 350	-5 612
KLP	1 148	1 127	1 118
KLP Group companies, net other internal accounts	611	618	587

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	31.03.2022	31.03.2021	31.12.2021
Intercompany receivables	20 724	2 784	4 687
<b>Total other assets</b>	<b>20 724</b>	<b>2 784</b>	<b>4 687</b>

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

NOK THOUSANDS	31.03.2022	31.03.2021	31.12.2021
Creditors	0	7	88
Intercompany payables	5 886	5 350	5 612
Other liabilities	0	2 011	0
<b>Total other liabilities</b>	<b>5 886</b>	<b>7 368</b>	<b>5 700</b>
VAT	0	0	28
Accrued expenses	0	242	0
<b>Total accrued costs and liabilities</b>	<b>0</b>	<b>242</b>	<b>28</b>



**NOTE 13** Capital adequacy

NOK THOUSANDS	31.03.2022	31.03.2021	31.12.2021
Share capital and share premium fund	710 463	710 463	710 463
Other owners' equity	58 254	35 827	61 462
<b>Total owners' equity</b>	<b>768 718</b>	<b>746 290</b>	<b>771 925</b>
Adjustments due to requirements for proper valuation	-1 652	-519	-1 704
<b>Core capital/Tier 1 capital</b>	<b>767 066</b>	<b>745 771</b>	<b>770 221</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)	767 066	745 771	770 221
Capital requirement	385 548	353 273	374 663
<b>Surplus of own funds (Tier 1 and Tier 2 capital)</b>	<b>381 518</b>	<b>392 498</b>	<b>395 558</b>
Estimate basis credit risk:			
Institutions	50 525	31 152	55 484
Investments with mortgage security in real estate	4 462 296	4 219 339	4 316 034
Covered bonds	164 756	51 479	170 014
Other holdings	611	618	587
<b>Calculation basis credit risk</b>	<b>4 678 187</b>	<b>4 302 588</b>	<b>4 542 119</b>
Credit risk	374 255	344 207	363 369
Operating risk	11 294	9 066	11 294
<b>Total capital requirement assets</b>	<b>385 548</b>	<b>353 273</b>	<b>374 663</b>
Core capital adequacy ratio	15.9 %	16.9 %	16.4 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
<b>Capital adequacy ratio</b>	<b>15.9 %</b>	<b>16.9 %</b>	<b>16.4 %</b>
<b>Leverage ratio</b>	<b>5.2 %</b>	<b>5.9 %</b>	<b>5.4 %</b>

CAPITAL REQUIREMENT PER 31.03.2022	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	31.03.2022		31.03.2021		31.12.2021	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	3 994	3 994	3 999	3 999	3 997	3 997
Bonds	1 650 733	1 647 559	514 235	514 786	1 700 645	1 700 138
<b>Total fixed-income securities</b>	<b>1 654 727</b>	<b>1 651 553</b>	<b>518 234</b>	<b>518 785</b>	<b>1 704 642</b>	<b>1 704 134</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 2022	Q1 2021	01.01.2021 -31.12.2021
Net gain/(loss) on fixed-income securities	-3 122	288	-3 622
Net gain/(loss) financial derivatives and realized repurchase of own debt	-1 463	-2 344	-4 890
<b>Total net gain/(loss) financial instruments</b>	<b>-4 585</b>	<b>-2 056</b>	<b>-8 512</b>

**NOTE 16** Loan loss provision

In the first quarter of 2022 the companies has not made adjustments in the expected loss model. 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 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 01.01.2022	23	3	0	25
Transfers to stage 1	3	-3	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-10	0	0	-10
New losses	3	0	0	3
Write-offs	-2	0	0	-2
<b>Closing balance ECL 31.03.2022</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>17</b>
Changes (01.01.2022-31.03.2022)	-5	-3	0	-8

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 01.01.2022	12 055 831	275 721	0	12 331 551
Transfers to stage 1	255 564	-255 564	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-154 216	0	0	-154 217
New lending	1 455 897	0	0	1 455 897
Write-offs	-863 641	-20 156	0	-883 796
<b>Lending 31.03.2022</b>	<b>12 749 435</b>	<b>0</b>	<b>0</b>	<b>12 749 435</b>

## Quarterly earnings trend

NOK MILLIONS	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Interest income	59.3	51.3	47.8	47.6	47.7
Interest expense	-40.2	-28.2	-16.5	-21.2	-20.8
<b>Net interest income</b>	<b>19.1</b>	<b>23.5</b>	<b>31.3</b>	<b>26.4</b>	<b>26.9</b>
Net gain/ (loss) on financial instruments	-4.6	-3.0	-1.7	-1.8	-2.1
<b>Total net gain/(loss) on financial instruments</b>	<b>-4.6</b>	<b>-3.0</b>	<b>-1.7</b>	<b>-1.8</b>	<b>-2.1</b>
Other operating expenses	-18.0	-18.1	-16.5	-16.3	-15.7
<b>Total operating expenses</b>	<b>-18.0</b>	<b>-18.1</b>	<b>-16.5</b>	<b>-16.3</b>	<b>-15.7</b>
<b>Operating profit/loss before tax</b>	<b>-3.5</b>	<b>2.4</b>	<b>13.0</b>	<b>8.3</b>	<b>9.1</b>
Tax ordinary income	4.0	-0.5	-2.9	-1.8	-0.6
<b>Profit for the period</b>	<b>0.5</b>	<b>1.9</b>	<b>10.2</b>	<b>6.5</b>	<b>8.5</b>

## Key figures accumulated

NOK MILLIONS	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Pre-tax income	-3.5	32.9	30.5	17.4	9.1
Net interest income	19.1	108.0	84.5	53.2	26.9
Other operating expenses	-18.0	-66.6	-48.5	-31.9	-15.7
Net gain/ (loss) financial instruments	-4.6	-8.5	-5.6	-3.8	-2.1
Housing mortgage lending	12 749.4	12 331.5	11 690.7	11 627.5	12 055.3
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	12 394.9	12 433.5	11 583.5	11 562.5	10 395.4
Other borrowing	1 480.2	1 094.6	758.5	640.1	1 571.8
Total assets	14 654.2	14 313.7	13 124.4	12 973.6	12 730.4
Average total assets	14 483.9	12 894.7	12 300.0	12 224.6	12 103.1
Equity	769.2	771.9	770.0	759.9	753.4
Interest net	0.13 %	0.84 %	0.69 %	0.44 %	0.22 %
Profit/loss from ordinary operation before taxes	-0.02 %	0.25 %	0.25 %	0.14 %	0.08 %
Return on equity	-1.82 %	4.40 %	5.44 %	4.67 %	-0.45 %
Capital adequacy ratio	15.9 %	16.4 %	17.0 %	17.1 %	16.9 %
Liquidity coverage ratio (LCR)	580 %	789 %	1 844 %	5 138 %	7 506 %



**KLP BOLIGKREDITT AS**

Beddingen 8, 7042 Trondheim  
Organization no: 912 719 634

**VISITOR ADDRESS**

Trondheim: Beddingen 8  
Oslo: Dronning Eufemias gate 10  
klpbanken.no  
Phone: +47 55 54 85 00  
klpbanken@klp.no