



# Interim report

KLP BOLIGKREDIT AS  
Q2 2022

# Table of contents

KLP BOLIGKREDITT AS

INTERIM FINANCIAL STATEMENT	3
STATEMENT PURSUANT TO SECTION § 5-6 OF THE SECURITIES TRADING ACT	5
INCOME STATEMENT	6
BALANCE SHEET	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOW	9
NOTES TO THE ACCOUNTS	10
<b>NOTE 1</b> General information	10
<b>NOTE 2</b> Accounting principles	10
<b>NOTE 3</b> Net interest income	11
<b>NOTE 4</b> Loans to customers	11
<b>NOTE 5</b> Categories of financial instruments	12
<b>NOTE 6</b> Fair value hierarchy	13
<b>NOTE 7</b> Debt securities issued - stock exchange listed covered bonds and certificates	14
<b>NOTE 8</b> Over-collateralisation	14
<b>NOTE 9</b> Liabilities to credit institutions	15
<b>NOTE 10</b> Transactions with related parties	16
<b>NOTE 11</b> Other assets	17
<b>NOTE 12</b> Other liabilities and provision for accrued costs and liabilities	17
<b>NOTE 13</b> Capital adequacy	18
<b>NOTE 14</b> Fixed-income securities	19
<b>NOTE 15</b> Net gain(loss) on financial instruments	19
<b>NOTE 16</b> Loan loss provision	20
Quarterly earnings trend	21
Key figures accumulated	21

# Interim Financial Statement

## KLP BOLIGKREDITT AS

Main features the first half year:

- Increased lending balance
- Reduced operating income
- Reduced market value on liquid investments

### OBJECTIVE

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

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

### INCOME STATEMENT

Net interest and credit commission revenues at the end of the second quarter were NOK 36.1 (53.2)<sup>1</sup> million. The change is mainly due to increased borrowing costs and reduced lending margins.

Net income effects of financial instruments so far this year amounts to NOK -11.9 (-3.8) million. This mainly comprises reduced market values on liquid investments and one-off costs for covered bond 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 -6.0 (-0.3) 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 -6.0 (-3.6) so far this year.

Operating expenses in the period amounted to NOK -35.6 (-31.9) million. In addition to ordinary inflation, the change is due to an increased proportion of mortgage loans in KLP Banken AS being purchased 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 second quarter was NOK -11.4 (17.4) million. The change in earnings is mainly related to reduced lending margins, net P&L effects on financial instruments and increased operating expenses.

### LENDING

The Company's loans to customers as of 30 June 2022 amounted to NOK 12.9 (11.6) billion. The Company has purchased loans from the parent company KLP Banken AS amounting to NOK 2.9 (3.0) billion during the first half. Total assets were NOK 14.2 (13.0) 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 30 June 2022, the securities portfolio's market value was NOK 944 (1 029) million.

### BORROWING

The Company's external financing comprises covered bonds as well as borrowing from its parent company. Outstanding intercompany debt amounted to NOK 1.1 (0.6) billion at the end of the quarter. Covered bond debt was NOK 12.2 (11.6) billion. New covered bonds issued in the first half year period amounts to NOK 2.5 (2.5) billion. All covered bonds 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 2022, core capital according to the capital adequacy rules was NOK 912.1 (745.3) 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 18.9 (17.1) per cent at the end of the second quarter. The minimum statutory requirement is 15.0 per cent capital adequacy ratio. Leverage ratio was 6.4 (5.7) per cent. The minimum statutory requirement is 3 per cent.

### 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

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

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.

The Board is concerned about the consequences of the war in Ukraine. The Company has no credit exposure in the area, but will, like other Norwegian financial institutions, be affected by the financial turmoil caused by the war. Increase in inflation and interest rate levels over the last year may in the long run lead to a decrease in the customer's ability to serve loans. This will therefore be closely monitored ahead.

Oslo, 11 August 2022

Aage Schaanning  
Chair

Aina Slettedal Eide

Lill Stabell

Kristian Lie-Pedersen

Christopher A. 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 2022 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, 11 August 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	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
	Interest income, effective interest method	64 807	46 322	118 466	92 888	186 905
	Other interest income	4 549	1 240	10 183	2 347	7 827
3	<b>Total interest income</b>	<b>69 356</b>	<b>47 561</b>	<b>128 649</b>	<b>95 236</b>	<b>194 732</b>
	Interest expense, effective interest method	-52 305	-21 212	-92 514	-42 036	-86 760
3	<b>Total interest expense</b>	<b>-52 305</b>	<b>-21 212</b>	<b>-92 514</b>	<b>-42 036</b>	<b>-86 760</b>
3	<b>Net interest income</b>	<b>17 052</b>	<b>26 349</b>	<b>36 135</b>	<b>53 199</b>	<b>107 972</b>
15	Net gain/(loss) on financial instruments	-7 323	-1 778	-11 908	-3 834	-8 512
	<b>Total net gain/(loss) on financial instruments</b>	<b>-7 323</b>	<b>-1 778</b>	<b>-11 908</b>	<b>-3 834</b>	<b>-8 512</b>
	Other operating expenses	-17 595	-16 280	-35 611	-31 947	-66 593
16	Net loan losses	-22	0	-14	14	-1
	<b>Total operating expenses</b>	<b>-17 617</b>	<b>-16 280</b>	<b>-35 625</b>	<b>-31 934</b>	<b>-66 594</b>
	<b>Operating profit/loss before tax</b>	<b>-7 889</b>	<b>8 291</b>	<b>-11 399</b>	<b>17 431</b>	<b>32 866</b>
	Tax ordinary income	1 736	-1 824	5 715	-2 465	-5 860
	<b>Profit for the period</b>	<b>-6 153</b>	<b>6 467</b>	<b>-5 683</b>	<b>14 966</b>	<b>27 005</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>-6 153</b>	<b>6 467</b>	<b>-5 683</b>	<b>14 966</b>	<b>27 005</b>

# Balance sheet

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	30.06.2022	30.06.2021	31.12.2021
<b>ASSETS</b>				
5	Loans to credit institutions	341 529	308 057	273 318
4,5	Loans to customers	12 919 676	11 627 503	12 331 526
5,6,14	Fixed-income securities	944 496	1 028 733	1 704 134
11	Other assets	21 271	9 271	4 687
<b>Total assets</b>		<b>14 226 972</b>	<b>12 973 564</b>	<b>14 313 666</b>
<b>LIABILITIES AND OWNERS EQUITY</b>				
<b>LIABILITIES</b>				
5,9	Debt to credit institutions	1 092 132	640 063	1 094 579
5,7	Debt securities issued	12 213 946	11 562 464	12 433 452
	Deferred tax liabilities	2 267	752	7 982
12	Other liabilities	5 593	10 399	5 700
12	Provision for accrued costs and liabilities	0	0	28
<b>Total liabilities</b>		<b>13 313 938</b>	<b>12 213 677</b>	<b>13 541 741</b>
<b>EQUITY</b>				
	Share capital	380 000	330 000	330 000
	Share premium	480 463	380 463	380 463
	Other owners' equity	58 254	34 457	61 462
	Unallocated profit/loss	-5 683	14 966	0
<b>Total owners' equity</b>		<b>913 034</b>	<b>759 886</b>	<b>771 925</b>
<b>Total liabilities and equity</b>		<b>14 226 972</b>	<b>12 973 564</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	-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 for 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>

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	14 966	14 966
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	14 966	14 966
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 30 June 2021</b>	<b>330 000</b>	<b>380 463</b>	<b>49 423</b>	<b>759 886</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	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
<b>OPERATING ACTIVITIES</b>			
Payments received from customers - interest, commission & charges	113 917	93 237	185 695
Disbursements on loans customers & credit institutions	-2 880 916	-3 044 667	-6 006 193
Receipts on loans customers & credit institutions	2 279 931	2 234 548	4 496 969
Disbursements on operations	-36 861	-32 637	-67 556
Net receipts/disbursements from operating activities	-831	-7 468	-3 163
Net interest investment accounts	1 731	279	978
<b>Net cash flow from operating activities</b>	<b>-523 029</b>	<b>-756 708</b>	<b>-1 393 271</b>
<b>INVESTMENT ACTIVITIES</b>			
Payments on the purchase of securities	-121 670	-578 253	-1 748 791
Receipts on sale of securities	874 686	68 348	561 545
Receipts of interest from securities	10 805	2 112	6 133
<b>Net cash flow from investment activities</b>	<b>763 821</b>	<b>-507 793</b>	<b>-1 181 113</b>
<b>FINANCING ACTIVITIES</b>			
Receipts on loans from credit institutions	2 500 000	2 500 000	3 500 000
Repayment and redemption of loans	-2 500 000	-1 983 000	-2 518 000
Change in securities debt, own funds	-227 281	430 779	834 899
Net payment of interest on loans	-86 999	-45 217	-87 463
Receipts in internal funding	2 880 499	3 384 325	7 427 296
Repayment in internal funding	-2 882 920	-2 847 723	-6 436 333
Net payment of interest on internal funding	-3 739	-2 568	-4 342
Change in owners' equity	150 000	0	0
Group contribution paid	-3 207	-1 370	-1 370
<b>Net cash flows from financing activities</b>	<b>-173 648</b>	<b>1 435 226</b>	<b>2 714 686</b>
<b>Net cash flow during the period</b>	<b>67 145</b>	<b>170 725</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	329 109	292 386	261 964
<b>Net receipts/disbursements</b>	<b>67 145</b>	<b>170 725</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 – 30 June 2022, 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 2021, please see the annual report for further information.

**NOTE 3** Net interest income

NOK THOUSANDS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Interest income on loans to customers	63 661	46 189	116 501	92 600	185 929
Interest income on loans to credit institutions	1 147	133	1 965	288	976
<b>Total interest income, effective interest method</b>	<b>64 807</b>	<b>46 322</b>	<b>118 466</b>	<b>92 888</b>	<b>186 905</b>
Interest income on bonds and certificates	4 549	1 240	10 183	2 347	7 827
<b>Total other interest income</b>	<b>4 549</b>	<b>1 240</b>	<b>10 183</b>	<b>2 347</b>	<b>7 827</b>
<b>Total interest income</b>	<b>69 356</b>	<b>47 561</b>	<b>128 649</b>	<b>95 236</b>	<b>194 732</b>
Interest expenses on debt from KLP Banken AS	-1 586	-1 417	-3 713	-2 656	-4 586
Interest expenses on issued securities	-50 719	-19 795	-88 802	-39 380	-82 175
<b>Total interest expenses, effective interest method</b>	<b>-52 305</b>	<b>-21 212</b>	<b>-92 514</b>	<b>-42 036</b>	<b>-86 760</b>
<b>Total interest expense</b>	<b>-52 305</b>	<b>-21 212</b>	<b>-92 514</b>	<b>-42 036</b>	<b>-86 760</b>
<b>Net interest income</b>	<b>17 052</b>	<b>26 349</b>	<b>36 135</b>	<b>53 199</b>	<b>107 972</b>

**NOTE 4** Loans to customers

NOK THOUSANDS	30.06.2022	30.06.2021	31.12.2021
Loans to customers before write-downs	12 909 410	11 620 663	12 323 830
Provisions and write-downs	-39	-11	-25
<b>Loans to customers after write-downs</b>	<b>12 909 371</b>	<b>11 620 652</b>	<b>12 323 805</b>
Accrued interest	10 305	6 851	7 722
<b>Loans to customers</b>	<b>12 919 676</b>	<b>11 627 503</b>	<b>12 331 526</b>

**NOTE 5** Categories of financial instruments

NOK THOUSANDS	30.06.2022		30.06.2021		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	944 496	944 496	1 028 733	1 028 733	1 704 134	1 704 134
<b>Total financial assets at fair value</b>	<b>944 496</b>	<b>944 496</b>	<b>1 028 733</b>	<b>1 028 733</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	341 529	341 529	308 057	308 057	273 318	273 318
Loans to and receivables from customers	12 919 676	12 919 676	11 627 503	11 627 503	12 331 526	12 331 526
<b>Total financial assets at amortized cost</b>	<b>13 261 205</b>	<b>13 261 205</b>	<b>11 935 560</b>	<b>11 935 560</b>	<b>12 604 844</b>	<b>12 604 844</b>
<b>Total financial assets</b>	<b>14 205 701</b>	<b>14 205 701</b>	<b>12 964 292</b>	<b>12 964 292</b>	<b>14 308 979</b>	<b>14 308 979</b>
<b>FINANCIAL LIABILITIES AT AMORTIZED COST</b>						
Liabilities to credit institutions	1 092 132	1 092 132	640 063	640 063	1 094 579	1 094 579
Covered bonds issued	12 213 946	12 207 357	11 562 464	11 610 628	12 433 452	12 464 959
<b>Total financial liabilities at amortized cost</b>	<b>13 306 078</b>	<b>13 299 489</b>	<b>12 202 527</b>	<b>12 250 691</b>	<b>13 528 031</b>	<b>13 559 539</b>
<b>Total financial liabilities</b>	<b>13 306 078</b>	<b>13 299 489</b>	<b>12 202 527</b>	<b>12 250 691</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

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>

  

30.06.2021 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	4 000	1 024 733	0	1 028 733
<b>Total assets at fair value</b>	<b>4 000</b>	<b>1 024 733</b>	<b>0</b>	<b>1 028 733</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	30.06.2022	30.06.2021	31.12.2021
Bond debt, nominal amount	13 000 000	12 535 000	13 000 000
Adjustments	-95	25 661	21 847
Accured interest	14 041	1 803	7 605
Own holdings, nominal amount	-800 000	-1 000 000	-596 000
<b>Total debt securities issued</b>	<b>12 213 946</b>	<b>11 562 464</b>	<b>12 433 452</b>

Interest rate on borrowings through the issuance of securities on the reporting date: 1.77% 0.53% 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 30.06.2022
Bond debt, nominal amount	13 000 000	2 500 000	-2 500 000	0	13 000 000
Adjustments	21 847	0	0	-21 942	-95
Accured interest	7 605	0	0	6 436	14 041
Own holdings, nominal amount	-596 000	0	-204 000	0	-800 000
<b>Total debt securities issued</b>	<b>12 433 452</b>	<b>2 500 000</b>	<b>-2 704 000</b>	<b>-15 506</b>	<b>12 213 946</b>

**NOTE 8** Over-collateralisation

NOK THOUSANDS	30.06.2022	30.06.2021	31.12.2021
SECURITY POOL			
Loans to customers <sup>1</sup>	12 715 587	11 458 466	11 978 685
Additional collateral <sup>2</sup>	1 255 419	1 311 573	2 445 850
<b>Total security pool</b>	<b>13 971 005</b>	<b>12 770 039</b>	<b>14 424 536</b>
Outstanding covered bonds incl. own funds and premium/discount	12 177 607	11 610 628	13 060 145
<b>Coverage of the security pool</b>	<b>114.7%</b>	<b>110.0%</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

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	15.12.2023	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 %

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

30.06.2021 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2022	231 528	62	231 590
Debt to KLP Banken AS	15.12.2022	408 418	54	408 473
<b>Total liabilities to credit institutions</b>		<b>639 947</b>	<b>116</b>	<b>640 063</b>

Interest rate on debt to credit institutions at the reporting date: 0.60 %

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	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
KLP Banken AS, interest on borrowing	-3 713	-2 656	-4 586
KLP Banken AS, interest on deposits	1 320	279	785
KLP Banken AS, administrative services (at cost)	-33 648	-30 787	-62 267
KLP Kapitalforvaltning AS, fees for services provided	0	-9	-17
KLP Group companies, subsidised interest employee loans	3 999	3 688	7 273
KLP Banken AS, purchase of loans	-2 880 916	-3 044 667	-6 006 193

NOK THOUSANDS	30.06.2022	30.06.2021	31.12.2021
<b>BALANCES</b>			
KLP Banken AS, borrowing Group current liabilities	-1 092 132	-640 063	-1 094 579
KLP Banken AS, deposit	202 372	100 546	201 052
KLP Banken AS, net internal liabilities	18 401	6 979	2 982
<b>Net outstanding accounts to:</b>			
KLP Banken AS	-5 372	-5 347	-5 612
KLP	1 263	1 120	1 118
KLP Group companies, net other internal accounts	667	564	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	30.06.2022	30.06.2021	31.12.2021
Intercompany receivables	20 330	8 662	4 687
Prepaid expenses	941	609	0
<b>Total other assets</b>	<b>21 271</b>	<b>9 271</b>	<b>4 687</b>

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

NOK THOUSANDS	30.06.2022	30.06.2021	31.12.2021
Creditors	220	1 216	88
Intercompany payables	5 372	5 347	5 612
Other liabilities	0	3 835	0
<b>Total other liabilities</b>	<b>5 593</b>	<b>10 399</b>	<b>5 700</b>
VAT	0	0	28
<b>Total accrued costs and liabilities</b>	<b>0</b>	<b>0</b>	<b>28</b>

**NOTE 13** Capital adequacy

NOK THOUSANDS	30.06.2022	30.06.2021	31.12.2021
Share capital and share premium fund	860 463	710 463	710 463
Other owners' equity	52 571	35 827	61 462
<b>Total owners' equity</b>	<b>913 035</b>	<b>746 290</b>	<b>771 925</b>
Adjustments due to requirements for proper valuation	-944	-1 029	-1 704
<b>Core capital/Tier 1 capital</b>	<b>912 090</b>	<b>745 261</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)	912 090	745 261	770 221
Capital requirement	386 428	347 986	374 663
<b>Surplus of own funds (Tier 1 and Tier 2 capital)</b>	<b>525 662</b>	<b>397 275</b>	<b>395 558</b>
Estimate basis credit risk:			
Institutions	72 238	63 231	55 484
Investments with mortgage security in real estate	4 521 887	4 069 626	4 316 034
Covered bonds	93 453	102 473	170 014
Other holdings	1 608	1 173	587
<b>Calculation basis credit risk</b>	<b>4 689 186</b>	<b>4 236 503</b>	<b>4 542 119</b>
Credit risk	375 135	338 920	363 369
Operating risk	11 294	9 066	11 294
<b>Total capital requirement assets</b>	<b>386 428</b>	<b>347 986</b>	<b>374 663</b>
Core capital adequacy ratio	18.9 %	17.1 %	16.4 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
<b>Capital adequacy ratio</b>	<b>18.9 %</b>	<b>17.1 %</b>	<b>16.4 %</b>
<b>Leverage ratio</b>	<b>6.4 %</b>	<b>5.7 %</b>	<b>5.4 %</b>

CAPITAL REQUIREMENT PER 30.06.2022	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	1.5 %	0.0 %	1.5 %
<b>Current capital requirement including buffers</b>	<b>11.5 %</b>	<b>3.5 %</b>	<b>15.0 %</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	30.06.2022		30.06.2021		31.12.2021	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	0	0	4 000	4 000	3 997	3 997
Bonds	947 477	944 496	1 024 335	1 024 733	1 700 645	1 700 138
<b>Total fixed-income securities</b>	<b>947 477</b>	<b>944 496</b>	<b>1 028 335</b>	<b>1 028 733</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	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Net gain/(loss) on fixed-income securities	-2 828	-538	-5 950	-250	-3 622
Net gain/(loss) financial derivatives and realized repurchase of own debt	-4 495	-1 240	-5 958	-3 584	-4 890
<b>Total net gain/(loss) financial instruments</b>	<b>-7 323</b>	<b>-1 778</b>	<b>-11 908</b>	<b>-3 834</b>	<b>-8 512</b>

**NOTE 16** Loan loss provision

In the second 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	1	-1	0	0
Transfers to stage 2	-2	2	0	0
Transfers to stage 3	0	0	0	0
Net changes	-11	13	0	2
New losses	15	0	0	15
Write-offs	-4	0	0	-4
<b>Closing balance ECL 30.06.2022</b>	<b>23</b>	<b>16</b>	<b>0</b>	<b>39</b>
Changes (01.01.2022-30.06.2022)	1	14	0	14

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	144 496	-144 496	0	0
Transfers to stage 2	-66 514	66 514	0	0
Transfers to stage 3	0	0	0	0
Net changes	-299 566	-3 147	0	-302 714
New lending	2 591 948	0	0	2 591 948
Write-offs	-1 669 911	-31 159	0	-1 701 071
<b>Lending 30.06.2022</b>	<b>12 756 283</b>	<b>163 432</b>	<b>0</b>	<b>12 919 715</b>

## Quarterly earnings trend

NOK MILLIONS	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Interest income	69.4	59.3	51.3	47.8	47.6
Interest expense	-52.3	-40.2	-28.2	-16.5	-21.2
<b>Net interest income</b>	<b>17.1</b>	<b>19.1</b>	<b>23.5</b>	<b>31.3</b>	<b>26.3</b>
Net gain/ (loss) on financial instruments	-7.3	-4.6	-3.0	-1.7	-1.8
<b>Total net gain/(loss) on financial instruments</b>	<b>-7.3</b>	<b>-4.6</b>	<b>-3.0</b>	<b>-1.7</b>	<b>-1.8</b>
Other operating expenses	-17.6	-18.0	-18.1	-16.5	-16.3
<b>Total operating expenses</b>	<b>-17.6</b>	<b>-18.0</b>	<b>-18.1</b>	<b>-16.5</b>	<b>-16.3</b>
<b>Operating profit/loss before tax</b>	<b>-7.9</b>	<b>-3.5</b>	<b>2.4</b>	<b>13.0</b>	<b>8.3</b>
Tax ordinary income	1.7	4.0	-0.5	-2.9	-1.8
<b>Profit for the period</b>	<b>-6.2</b>	<b>0.5</b>	<b>1.9</b>	<b>10.2</b>	<b>6.5</b>

## Key figures accumulated

NOK MILLIONS	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Pre-tax income	-11.4	-3.5	32.9	30.5	17.4
Net interest income	36.1	19.1	108.0	84.5	53.2
Other operating expenses	-35.6	-18.0	-66.6	-48.5	-31.9
Net gain/ (loss) financial instruments	-11.9	-4.6	-8.5	-5.6	-3.8
Housing mortgage lending	12 919.7	12 749.4	12 331.5	11 690.7	11 627.5
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	12 213.9	12 394.9	12 433.5	11 583.5	11 562.5
Other borrowing	1 092.1	1 480.2	1 094.6	758.5	640.1
Total assets	14 227.0	14 654.2	14 313.7	13 124.4	12 973.6
Average total assets	14 270.3	14 483.9	12 894.7	12 300.0	12 224.6
Equity	913.0	769.2	771.9	770.0	759.9
Interest net	0.25 %	0.13 %	0.84 %	0.69 %	0.44 %
Profit/loss from ordinary operation before taxes	-0.08 %	-0.02 %	0.25 %	0.25 %	0.14 %
Return on equity	-2.95 %	-1.82 %	4.40 %	5.44 %	4.67 %
Capital adequacy ratio	18.9 %	15.9 %	16.5 %	17.0 %	17.1 %
Liquidity coverage ratio (LCR)	1 160 %	580 %	789 %	1 844 %	5 138 %



**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: +47 55 54 85 00  
[klpbanken@klp.no](mailto:klpbanken@klp.no)