



Interim report

KLP BOLIGKREDIT AS
Q3 2022

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KLP BOLIGKREDITT AS

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Interim Financial Statement

KLP BOLIGKREDITT AS

Main features by third quarter:

- Reduced margins
- 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 third quarter were NOK 55.3 (84.5)¹ million. The change is mainly due to increased borrowing costs and thus reduced lending margins.

Net income effects of financial instruments by third quarter amounts to NOK -13,3 (-5.6) million. This mainly comprises reduced market values on liquid investments and one-off costs for covered bond refinancing. Realized and unrealized market value changes on the company's liquid investments so far this year had a P&L effect of NOK -7.4 (-0.7) million. Restructuring of the covered bond portfolio are done regularly to adjust average duration. This may cause both loss and gain. Accounting losses brought to book caused by covered bond refinancing is NOK -6.0 (-4.9) so far this year.

Operating expenses by third quarter amounted to NOK -51.7 (-48.5) million. The change is mainly due to general inflation and increased lending volume.

The Company has not had any credit losses and very low loan loss provisions.

The pre-tax profit at the end of the third quarter was NOK -9.7 (30.5) million. The change in earnings is mainly related to reduced lending margins, net P&L effects on financial instruments and increased operating expenses. P&L for third quarter isolated was nevertheless positive at NOK 1.7 (13.0) million.

LENDING/TOTAL ASSETS

The Company's loans to customers as of 30 September 2022 amounted to NOK 12.7 (11.7) billion. The Company has purchased loans from the parent company KLP Banken AS amounting to NOK 3.8 (4.3) billion so far this year.

Total assets were NOK 14.1 (13.1) billion. The company's core capital was extended by NOK 150 million during third quarter.

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 September 2022, the securities portfolio's market value was NOK 944 (1 028) million.

BORROWING

The Company's external financing comprise issued covered bonds (OMF) covered by mortgage loans and loans from KLP Banken AS. The Company's group-internal debt amounted to NOK 0.6 (0.8) billion at the end of the quarter. Outstanding covered bond debt was NOK 12.6 (11.6) billion. New covered bonds issued by third quarter amounts to NOK 2.5 (2.5) billion. All covered bonds issued have achieved AAA rating. The Norwegian Financial Supervisory Authority (Finanstilsynet) has after quarter-end approved the company's program for issuance of OMF Premium.

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 third quarter 2022, core capital according to the capital adequacy rules was NOK 913 (745) million. Mortgage loans are risk-weighted by 35 percent in accordance with the authorities' capital adequacy regulations. KLP Boligkreditt AS has a core capital adequacy and capital adequacy ratio of 19.2 (17.0) percent by third quarter. The minimum statutory requirement is 15.0 percent capital adequacy ratio. Leverage ratio was 6.5 (5.7) percent. The minimum statutory requirement is 3.0 percent.

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

Oslo, 25 October 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	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
	Interest income, effective interest method	80 787	45 972	199 254	138 860	186 905
	Other interest income	5 003	1 808	15 185	4 155	7 827
3	Total interest income	85 790	47 779	214 439	143 015	194 732
	Interest expense, effective interest method	-66 629	-16 482	-159 144	-58 519	-86 760
3	Total interest expense	-66 629	-16 482	-159 144	-58 519	-86 760
3	Net interest income	19 161	31 297	55 296	84 496	107 972
15	Net gain/(loss) on financial instruments	-1 400	-1 720	-13 309	-5 554	-8 512
	Total net gain/(loss) on financial instruments	-1 400	-1 720	-13 309	-5 554	-8 512
	Other operating expenses	-16 093	-16 539	-51 704	-48 487	-66 593
16	Net loan losses	3	-11	-11	3	-1
	Total operating expenses	-16 090	-16 550	-51 715	-48 484	-66 594
	Operating profit/loss before tax	1 671	13 027	-9 728	30 459	32 866
	Tax ordinary income	-368	-2 866	5 348	-5 331	-5 860
	Profit for the period	1 303	10 161	-4 380	25 128	27 005
	Other comprehensive income for the period	0	0	0	0	0
	Comprehensive income for the period	1 303	10 161	-4 380	25 128	27 005

Balance sheet

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
ASSETS				
5	Loans to credit institutions	481 333	383 695	273 318
4,5	Loans to customers	12 671 368	11 690 652	12 331 526
5,6,14	Fixed-income securities	943 965	1 028 427	1 704 134
11	Other assets	13 279	21 600	4 687
Total assets		14 109 945	13 124 374	14 313 666
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,9	Debt to credit institutions	564 197	758 491	1 094 579
5,7	Debt securities issued	12 624 040	11 583 526	12 433 452
	Deferred tax liabilities	2 634	752	7 982
12	Other liabilities	4 393	11 208	5 700
12	Provision for accrued costs and liabilities	343	350	28
Total liabilities		13 195 607	12 354 327	13 541 741
EQUITY				
	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	-4 380	25 128	0
Total owners' equity		914 337	770 048	771 925
Total liabilities and equity		14 109 945	13 124 374	14 313 666

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	-4 380	-4 380
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	-4 380	-4 380
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
Equity 30 September 2022	380 000	480 463	53 874	914 337

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	25 128	25 128
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	25 128	25 128
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
Equity 30 September 2021	330 000	380 463	59 585	770 048

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
Equity 31 December 2021	330 000	380 463	61 462	771 925

Statement of cash flow

KLP BOLIGKREDITT AS

NOK THOUSANDS	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
OPERATING ACTIVITIES			
Payments received from customers - interest, commission & charges	190 436	139 044	185 695
Disbursements on loans customers & credit institutions	-3 794 524	-4 332 557	-6 006 193
Receipts on loans customers & credit institutions	3 451 917	3 446 624	4 496 969
Disbursements on operations	-53 466	-50 502	-67 556
Net receipts/disbursements from operating activities	3 033	865	-3 163
Net interest investment accounts	3 294	399	978
Net cash flow from operating activities	-199 309	-796 127	-1 393 271
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-131 604	-582 263	-1 748 791
Receipts on sale of securities	884 666	72 348	561 545
Receipts of interest from securities	14 877	3 790	6 133
Net cash flow from investment activities	767 939	-506 125	-1 181 113
FINANCING ACTIVITIES			
Receipts on loans from credit institutions	2 500 000	2 500 000	3 500 000
Repayment and redemption of loans	-2 500 000	-2 216 000	-2 518 000
Change in securities debt, own funds	171 244	684 218	834 899
Net payment of interest on loans	-140 696	-61 596	-87 463
Receipts in internal funding	3 922 201	4 673 024	7 427 296
Repayment in internal funding	-4 452 526	-4 018 084	-6 436 333
Net payment of interest on internal funding	-5 131	-3 253	-4 342
Change in owners' equity	150 000	0	0
Group contribution paid	-3 207	-1 370	-1 370
Net cash flows from financing activities	-358 115	1 556 939	2 714 686
Net cash flow during the period	210 515	254 687	140 303
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	472 479	376 348	261 964
Net receipts/disbursements	210 515	254 687	140 303

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 September 2022, specifying the earnings trend in Q3. 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	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Interest income on loans to customers	78 926	45 841	195 427	138 441	185 929
Interest income on loans to credit institutions	1 862	131	3 827	419	976
Total interest income, effective interest method	80 787	45 972	199 254	138 860	186 905
Interest income on bonds and certificates	5 003	1 808	15 185	4 155	7 827
Total other interest income	5 003	1 808	15 185	4 155	7 827
Total interest income	85 790	47 779	214 439	143 015	194 732
Interest expenses on debt from KLP Banken AS	-1 360	-775	-5 073	-3 431	-4 586
Interest expenses on issued securities	-65 269	-15 708	-154 071	-55 088	-82 175
Total interest expenses, effective interest method	-66 629	-16 482	-159 144	-58 519	-86 760
Total interest expense	-66 629	-16 482	-159 144	-58 519	-86 760
Net interest income	19 161	31 297	55 296	84 496	107 972

NOTE 4 Loans to customers

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
Loans to customers before write-downs	12 658 692	11 683 788	12 323 830
Provisions and write-downs	-36	-21	-25
Loans to customers after write-downs	12 658 656	11 683 767	12 323 805
Accrued interest	12 712	6 885	7 722
Loans to customers	12 671 368	11 690 652	12 331 526

NOTE 5 Categories of financial instruments

NOK THOUSANDS	30.09.2022		30.09.2021		31.12.2021	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE						
Fixed-income securities	943 965	943 965	1 028 427	1 028 427	1 704 134	1 704 134
Total financial assets at fair value	943 965	943 965	1 028 427	1 028 427	1 704 134	1 704 134
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	481 333	481 333	383 695	383 695	273 318	273 318
Loans to and receivables from customers	12 671 368	12 671 368	11 690 652	11 690 652	12 331 526	12 331 526
Total financial assets at amortized cost	13 152 701	13 152 701	12 074 348	12 074 348	12 604 844	12 604 844
Total financial assets	14 096 665	14 096 665	13 102 775	13 102 775	14 308 979	14 308 979
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities to credit institutions	564 197	564 197	758 491	758 491	1 094 579	1 094 579
Covered bonds issued	12 624 040	12 550 818	11 583 526	11 633 703	12 433 452	12 464 959
Total financial liabilities at amortized cost	13 188 237	13 115 015	12 342 017	12 392 194	13 528 031	13 559 539
Total financial liabilities	13 188 237	13 115 015	12 342 017	12 392 194	13 528 031	13 559 539

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

30.09.2022 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	9 938	934 026	0	943 965
Total assets at fair value	9 938	934 026	0	943 965

30.09.2021 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	3 999	1 024 428	0	1 028 427
Total assets at fair value	3 999	1 024 428	0	1 028 427

31.12.2021 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	3 997	1 700 138	0	1 704 134
Total assets at fair value	3 997	1 700 138	0	1 704 134

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	30.09.2022	30.09.2021	31.12.2021
Bond debt, nominal amount	13 000 000	12 302 000	13 000 000
Adjustments	-2 292	23 727	21 847
Accrued interest	26 332	3 800	7 605
Own holdings, nominal amount	-400 000	-746 000	-596 000
Total debt securities issued	12 624 040	11 583 526	12 433 452

Interest rate on borrowings through the issuance of securities on the reporting date: 2.88% 0.82% 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 30.09.2022
Bond debt, nominal amount	13 000 000	2 500 000	-2 500 000	0	13 000 000
Adjustments	21 847	0	0	-24 139	-2 292
Accrued interest	7 605	0	0	18 727	26 332
Own holdings, nominal amount	-596 000	0	196 000	0	-400 000
Total debt securities issued	12 433 452	2 500 000	-2 304 000	-5 412	12 624 040

NOTE 8 Over-collateralisation

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
SECURITY POOL			
Loans to customers ¹	12 655 103	11 284 762	11 978 685
Additional collateral ²	1 795 726	2 135 528	2 445 850
Total security pool	14 450 829	13 420 290	14 424 536
Outstanding covered bonds incl. own funds and premium/discount	12 952 001	12 389 982	13 060 145
Coverage of the security pool	111.6%	108.3%	110.4%

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

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

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

NOTE 9 Liabilities to credit institutions

30.09.2022 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2023	250 844	101	250 946
Debt to KLP Banken AS	15.12.2023	149 407	45	149 452
Debt to KLP Banken AS	15.12.2023	163 733	66	163 799
Total liabilities to credit institutions		563 984	213	564 197

Interest rate on debt to credit institutions at the reporting date: 0.91 %

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

30.09.2021 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2022	298 532	81	298 612
Debt to KLP Banken AS	15.12.2022	297 984	81	298 065
Debt to KLP Banken AS	15.12.2022	161 770	44	161 814
Total liabilities to credit institutions		758 285	206	758 491

Interest rate on debt to credit institutions at the reporting date: 0.61 %

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
Total liabilities to credit institutions		1 094 308	271	1 094 579

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

NOTE 10 Transactions with related parties

NOK THOUSANDS	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
KLP Banken AS, interest on borrowing	-5 073	-3 431	-4 586
KLP Banken AS, interest on deposits	2 490	422	785
KLP Banken AS, administrative services (at cost)	-47 320	-44 870	-62 267
KLP Kapitalforvaltning AS, fees for services provided	0	-9	-17
KLP Group companies, subsidised interest employee loans	6 236	5 413	7 273
KLP Banken AS, purchase of loans	-3 794 524	-4 332 557	-6 006 193

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
BALANCES			
KLP Banken AS, borrowing Group current liabilities	-564 197	-758 491	-1 094 579
KLP Banken AS, deposit	203 541	100 689	201 052
KLP Banken AS, net internal liabilities	10 738	19 678	2 982
Net outstanding accounts to:			
KLP Banken AS	-4 393	-4 507	-5 612
KLP	1 335	1 040	1 118
KLP Group companies, net other internal accounts	736	578	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	30.09.2022	30.09.2021	31.12.2021
Intercompany receivables	12 809	21 295	4 687
Prepaid expenses	470	304	0
Total other assets	13 279	21 600	4 687

NOTE 12 Other liabilities and provision for accrued costs and liabilities

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
Creditors	0	0	88
Intercompany payables	4 393	4 507	5 612
Other liabilities	0	6 701	0
Total other liabilities	4 393	11 208	5 700
VAT	343	350	28
Total accrued costs and liabilities	343	350	28

NOTE 13 Capital adequacy

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
Share capital and share premium fund	860 463	710 463	710 463
Other owners' equity	53 874	35 827	61 462
Total owners' equity	914 338	746 290	771 925
Adjustments due to requirements for proper valuation	-944	-1 028	-1 704
Core capital/Tier 1 capital	913 394	745 261	770 221
Supplementary capital/Tier 2 capital	0	0	0
Supplementary capital/Tier 2 capital	0	0	0
Total eligible own funds (Tier 1 and Tier 2 capital)	913 394	745 261	770 221
Capital requirement	381 555	351 141	374 663
Surplus of own funds (Tier 1 and Tier 2 capital)	531 839	394 121	395 558
Estimate basis credit risk:			
Institutions	98 681	80 883	55 484
Investments with mortgage security in real estate	4 434 979	4 091 728	4 316 034
Covered bonds	93 401	102 443	170 014
Other holdings	1 206	882	587
Calculation basis credit risk	4 628 268	4 275 936	4 542 119
Credit risk	370 261	342 075	363 369
Operating risk	11 294	9 066	11 294
Total capital requirement assets	381 555	351 141	374 663
Core capital adequacy ratio	19.2 %	17.0 %	16.4 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	19.2 %	17.0 %	16.4 %
Leverage ratio	6.5 %	5.7 %	5.4 %

CAPITAL REQUIREMENT PER 30.09.2022	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 %
Current capital requirement including buffers	11.5 %	3.5 %	15.0 %
Capital requirement leverage ratio	3.0 %	0.0 %	3.0 %

NOTE 14 Fixed-income securities

NOK THOUSANDS	30.09.2022		30.09.2021		31.12.2021	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	0	0	3 999	3 999	3 997	3 997
Bonds	947 445	943 965	1 024 335	1 024 428	1 700 645	1 700 138
Total fixed-income securities	947 445	943 965	1 028 335	1 028 427	1 704 642	1 704 134

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	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Net gain/(loss) on fixed-income securities	-1 400	-435	-7 351	-685	-3 622
Net gain/(loss) financial derivatives and realized repurchase of own debt	0	-1 285	-5 958	-4 869	-4 890
Total net gain/(loss) financial instruments	-1 400	-1 720	-13 309	-5 554	-8 512

NOTE 16 Loan loss provision

In the third quarter of 2022 the company has made a recalibration of the PD-model and data from 2020 and 2021 have been included. The recalibration has given a general decrease in the PD for the portfolio.

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
EXPECTED CREDIT LOSS (ECL) - LOANS TO CUSTOMERS - MORTGAGE				
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	17	0	6
New losses	11	0	0	11
Write-offs	-6	0	0	-6
Closing balance ECL 30.09.2022	17	20	0	36
Changes (01.01.2022-30.09.2022)	-6	17	0	11

NOK THOUSANDS	12-month ECL stage 1	Lifetime ECL not credit impaired stage 2	Lifetime ECL credit impaired stage 3	Total
VALUE OF LENDING AND RECEIVABLES FOR CUSTOMERS RECOGNISED IN THE BALANCE SHEET - MORTGAGE				
Lending 01.01.2022	12 055 831	275 721	0	12 331 551
Transfers to stage 1	163 800	-163 800	0	0
Transfers to stage 2	-54 478	54 478	0	0
Transfers to stage 3	0	0	0	0
Net changes	-408 291	-1 549	0	-409 840
New lending	3 204 047	0	0	3 204 047
Write-offs	-2 410 922	-43 432	0	-2 454 354
Lending 30.09.2022	12 549 986	121 418	0	12 671 404

Quarterly earnings trend

NOK MILLIONS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Interest income	85.8	69.4	59.3	51.3	47.8
Interest expense	-66.6	-52.3	-40.2	-28.2	-16.5
Net interest income	19.2	17.1	19.1	23.5	31.3
Net gain/ (loss) on financial instruments	-1.4	-7.3	-4.6	-3.0	-1.7
Total net gain/(loss) on financial instruments	-1.4	-7.3	-4.6	-3.0	-1.7
Other operating expenses	-16.1	-17.6	-18.0	-18.1	-16.5
Total operating expenses	-16.1	-17.6	-18.0	-18.1	-16.5
Operating profit/loss before tax	1.7	-7.9	-3.5	2.4	13.0
Tax ordinary income	-0.4	1.7	4.0	-0.5	-2.9
Profit for the period	1.3	-6.2	0.5	1.9	10.2

Key figures accumulated

NOK MILLIONS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Pre-tax income	-9.7	-11.4	-3.5	32.9	30.5
Net interest income	55.3	36.1	19.1	108.0	84.5
Other operating expenses	-51.7	-35.6	-18.0	-66.6	-48.5
Net gain/ (loss) financial instruments	-13.3	-11.9	-4.6	-8.5	-5.6
Housing mortgage lending	12 671.4	12 919.7	12 749.4	12 331.5	11 690.7
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	12 624.0	12 213.9	12 394.9	12 433.5	11 583.5
Other borrowing	564.2	1 092.1	1 480.2	1 094.6	758.5
Total assets	14 109.9	14 227.0	14 654.2	14 313.7	13 124.4
Average total assets	14 211.8	14 270.3	14 483.9	12 894.7	12 300.0
Equity	914.3	913.0	769.2	771.9	770.0
Interest net	0.39 %	0.25 %	0.13 %	0.84 %	0.69 %
Profit/loss from ordinary operation before taxes	-0.07 %	-0.08 %	-0.02 %	0.25 %	0.25 %
Return on equity	-1.68 %	-2.95 %	-1.82 %	4.40 %	5.44 %
Capital adequacy ratio	19.2 %	18.9 %	15.9 %	16.5 %	17.0 %
Liquidity coverage ratio (LCR)	723 %	1 160 %	580 %	789 %	1 844 %



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